Shinhan Securities

Before you invest, ask us!

Saigon Port JSC.

06/02/2021

Ticker	**SGP**
RATING	**HOLD**
Current price (VND)	**22,300**
Target price (VND)	**22,579**
Upside	**1.3%**

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COMPANY INFORMATION

Industry	Industrial Transportation
Stock Exchange	UPCOM

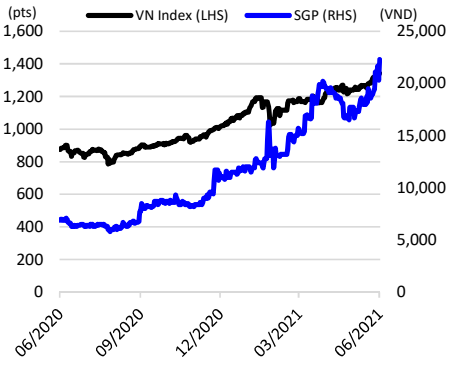
STOCK TRADING DATA

VN INDEX	1,341
Market Cap. (bn VND)	4,823
Outstanding Shares (1mn)	216
Free Floating Shares (1mn)	53
52-week High (VND)	22,500
52-week Low (VND)	5,700
Avg. Trading Volume (mn)	0.3
Avg. Reading T/O (bn VND)	4

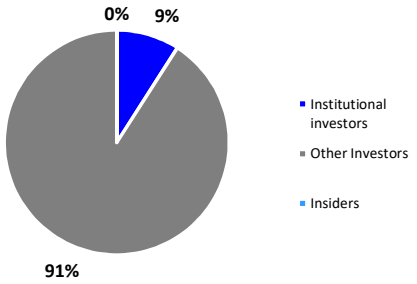
SGP's PERFORMANCE VS VN INDEX

(%)	3M	6M	12M
Absoulute	42.9	102.7	223.2
Relative	30.0	70.5	169.9

STOCK PRICE PERFORMANCE



SHAREHOLDER STRUCTURE



INVESTMENT THESIS

1)Core business: Port operation (Exploiting Nha Rong - Khanh Hoi port, Tan Thuan port and Hiep Phuoc port)

2) Business position:

- The second largest port operators in Hochiminh city, they also have joint ventures (mainly from deep-water sea ports, in Cai Mep Thi Vai area - SSIT, CMIT, SP-PSA)
- Competitors: Saigon New Port Corporation, Gemadept

3) Investment catalyst:

-The recovery of port operations: The throughput volume of their ports in 2020 decreased sharply compared to 2019 (container throughput volume decreased by 20% YoY, imported fertilizer volume decreased by 11% YoY) due to the Covid-19 pandemic. However, we expect the throughput volume will recover to 2019 levels (equivalent to the growth of +18%YoY), supported by: 1) Major Trade Agreements (EVFTA, RCEP, UKVFTA) will boost import and export value of Vietnam as well as cargo volume at seaports, 2) Hiep Phuoc Port will officially exploit all 800 meters of wharf this year, 3) Exploit equipment items which contribute large amount of revenue (mainly wind turbine) - and SGP is one of the few companies those have capable of exploiting these cargos.

-Profits from associates/joint ventures (SSIT): 1) This company is operating a port in Cai Mep-Thi Vai area - the port cluster with highest growth rate in Vietnam and will continue to maintain double-digit growth in long term, 2) SSIT port is located near the river mouth, can accommodate mother vessels with total size more than 14,000 Teus, 3) SSIT joint venture has started making profit since 2020 and not fully exploited its designed capacity (reached 70% of designed capacity) and 4) In 2021, SSIT and MSC opened new direct container service connecting Vietnam/South East Asia to the U.S. West Coast, thereby increasing SSIT port's throughput volume. We estimate the 2021 profit recorded by SGP from the SSIT joint venture will reach VND143 bn

-Relevant ministries are surveying, planning and reporting to the Government for decision on the relocation of ports along the Saigon River (including SGP's Nha Rong-Khanh Hoi port). The successful relocation will bring SGP other potential income from accounting advanced fund to support the relocation of port (Including VND600 bn from Government budget and VND800 bn from Ngoc Vien Dong Ltd).

4)Risk:

- Lower than expected revenue from port operation: Operations at Nha Rong - Khanh Hoi port will gradually be transferred to Hiep Phuoc port, but the unresolved difficulties of Hiep Phuoc port (the ring road connecting the port has not been completed, the company is still dredging and maintaining the wharf to accommodate large vessels) which may affect the company's volume growth in mid-term.
- The project to relocate ports along Saigon river has lasted for many years and the completion time has not been determined yet.

5) Outlook for 2021

We forecast the company's business results in 2021, with revenue of VND1,105 bn (+18% YoY), thanks to the throughput volume growth. The company's gross profit is VND442 bn (+30% YoY) and the parent company's after-tax profit is VND420 bn (+80% YoY), equivalent to EPS 2021 of VND1,882/share. With target P/E ratio of 12, SGP's target price is VND22,600/share (upside + 1.3%).

FINANCIAL INFORMATION

	2017	2018	2019	2020	2021
Sales (bn VND)	**1,161**	**1,079**	**1,121**	**936**	**1,105**
OP (bn VND)	315	332	306	201	290
Operating profit margin	27.1	30.8	27.3	21.4	26.3
NP(1bn VND)	**411**	**163**	**203**	**230**	**420**
Net profit margin	35.4	15.1	18.1	24.6	38.0
BPS(VND)	7,423	8,012	8,721	9,761	9,761
PER(x)	4.8	12.0	7.6	11.3	11.9
PBR(x)	1.2	1.1	0.8	1.2	2.3
ROE(%)	28.3	9.4	11.0	11.5	17.0
EPS (VND)	1,871	722	921	1,064	1,882

(*) Database information provided by Bloomberg

[FLASHNOTE]

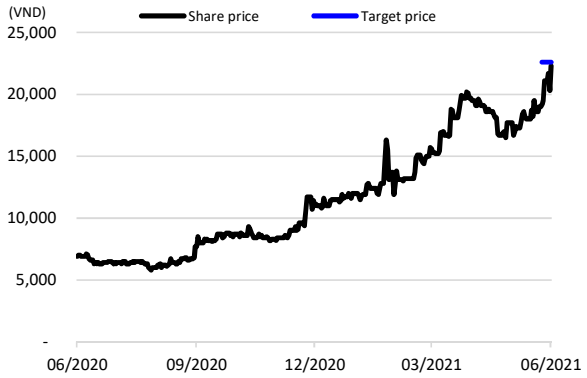
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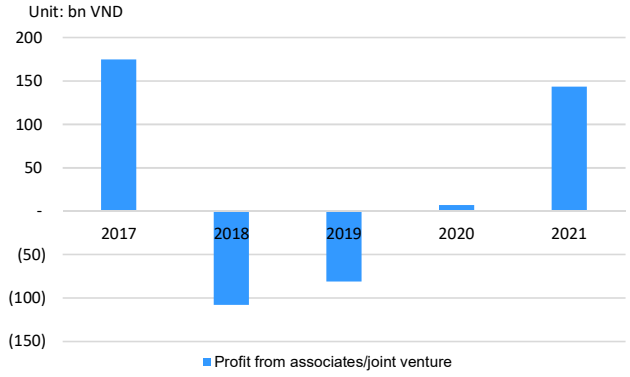
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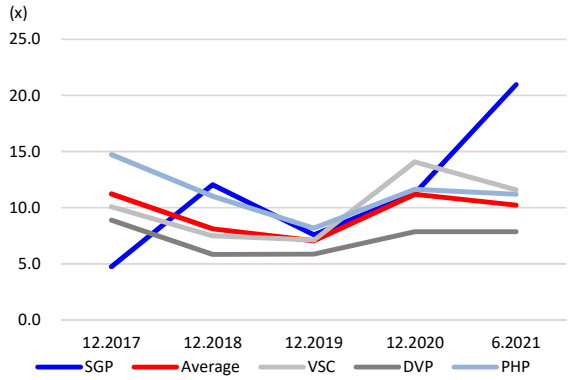
Recommendation History



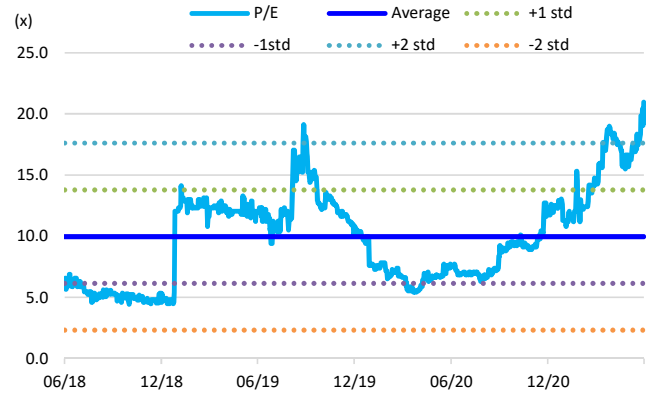
Investment points



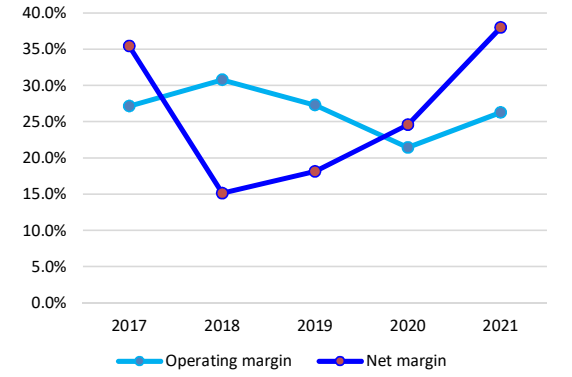
Relative valuation peers' PE



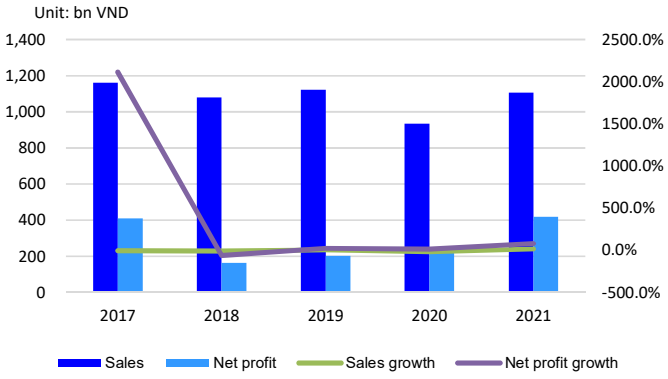
Average P/E 3 years of SGP



Operating and net margin over the years



Revenue - profit over the years



(*) Database information provided by Bloomberg



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