Shinhan Securities

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Saigon Port JSC.

5/6/2021

Ticker	**SGP**
RATING	**NOT RATING**
Current price (VND)	**17,400**
Target price (VND)	**N/A**
Upside	**N/A**

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COMPANY INFORMATION

Industry	Industrial Transportation
Stock Exchange	UPCOM

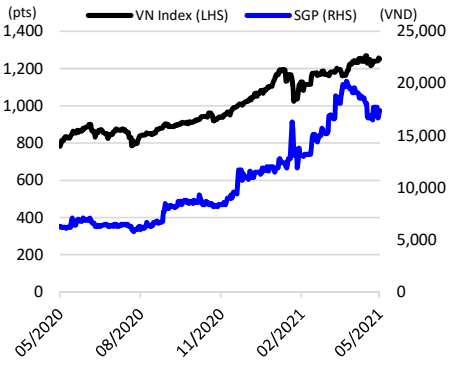
STOCK TRADING DATA

VN INDEX	1,251
Market Cap. (bn VND)	3,764
Outstanding Shares (1mn)	216
Free Floating Shares (1mn)	53
52-week High (VND)	20,600
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	32.8	107.1	176.2
Relative	21.9	73.9	116.4

STOCK PRICE PERFORMANCE



AGM KEY NOTE

We attended the 2021 Annual General Meeting of Saigon Port jsc (Upcom: SGP) and noted the company's future business plan as follows:

1) 2020 Business result:

- The company recorded revenue of VND936 bn (-16.5%YoY) and gross profit of VND338 bn (-26%YoY), equivalent 85% of the business plan for 2020. The main reasons that the company did not meet the target revenue are: 1) The throughput volume at ports decreased sharply compared to 2019 (container throughput volume decreased by 20% YoY, imported fertilizer volume decreased by 11% YoY), and 2) Revenue from passenger ship services is lost due to the Covid-19 epidemic.
- However, the company still record profit growth, with parent company's profit after tax is VND230 bn (+ 13%YoY), thanks to: 1) Financial income is VND92.6 bn (+ 43.6%YoY), 2) General and administrative expenses were well controlled and decreased to VND137.8 bn (-10.6% YoY), and 3) The company started to recognize profits from joint ventures (mainly from deep-water sea ports, in Cai Mep Thi Vai area, which company has capital contribution - SSIT, CMIT, SP-PSA)
- Additional information about SGP's 2 main joint ventures in Cai Mep area: 1) SSIT Joint Venture had net profit of VND16.7 bn (compared with a loss of VND225 bn in 2019) and ran at 70 % capacity; It is expected that in 2021, SSIT port will operate at 100% capacity. 2) CMIT Joint Venture had net profit of VND153 bn (compared with a loss of VND45 bn in 2019) and operated at 100% capacity; and there is no room for CMIT to increase their throughput volume in 2021.
- The company does not pay dividends for fiscal year 2020 due to accumulated losses on its balance sheet

2) 2021 business plan:

- The company sets a conservative business plan for fiscal year 2021: cargo volume reaches 10.1 mn tons (+ 15% YoY, equivalent to volume in 2019), revenue is VND 1,200 bn (+ 28%YoY), pre-tax profit is vnd270 bn (-5.6%YoY) and cash dividend is VND600/share. We asses that SGP may exceed its profit target because: 1) SSIT JV has just started making profits since 2020 and not fully exploited its designed capacity, and 2) In 1Q2021, the company recorded pre-tax profit of VND115 bn (+ 153% YoY) and fulfilled 43% of target profit

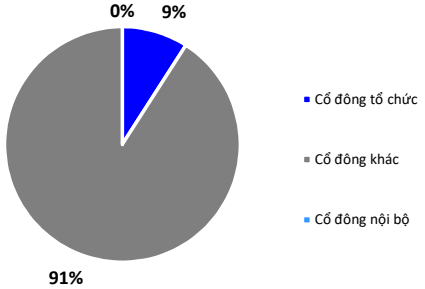
3) New Board of Directors for the office term of 2021-2025

- Company has elected 9 members of the Board of Directors for the term of 2021-2025, with: 1) 7 members represent the parent company - Vinalines Corporation, 2) 1 member represents the group of shareholders Vietinbank- VPbank and 1 member represents BRG Group

4) Investment plan

- Hiep Phuoc Port: In 2021, the company will dredge and maintain the wharf to accommodate large vessels. However, since the ring road connecting the port has not been completed, mid-term breakthrough factors for the volume growth as well as revenue have not appeared yet
- Nha Rong - Khanh Hoi port: On march 15, Permanent members of the Government has looked at the relocation of ports along the Sai Gon River (including SGP's Nha Rong - Khanh Hoi port) in Ho Chi Minh City, in line with the Prime Minister's Decision No. 46/2010/QD-TTg, and assigned the finance ministry to coordinate with other relevant ministries, agencies, and Ho Chi Minh City to set forth an assessment plan, and submit it to the government and Prime Minister for consideration. The successful relocation will bring SGP at least VND 1,200 bn, in term of other profits, because of accounting advanced fund to support the relocation of Nha Rong - Khanh Hoi port.

SHAREHOLDER STRUCTURE



FINANCIAL INFORMATION

	2017	2018	2019	2020	TTM
Sales (bn VND)	**1,161**	**1,079**	**1,121**	**936**	**936**
OP (bn VND)	315	332	306	201	201
Operating profit margin	27.1	30.8	27.3	21.4	21.4
NP(1bn VND)	**411**	**163**	**203**	**230**	**230**
Net profit margin	35.4	15.1	18.1	24.6	24.6
BPS(VND)	7,423	8,012	8,721	9,761	9,761
PER(x)	4.8	12.0	7.6	11.3	16.4
PBR(x)	1.2	1.1	0.8	1.2	1.8
ROE(%)	28.3	9.4	11.0	11.5	11.5
EPS (đồng)	1,871	722	921	1,064	1,064

(*) Database information provided by Bloomberg

[FLASHNOTE]

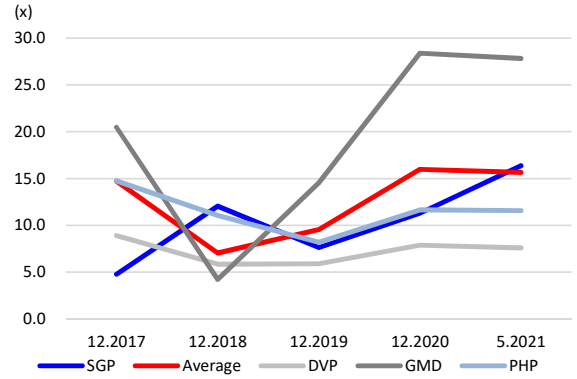
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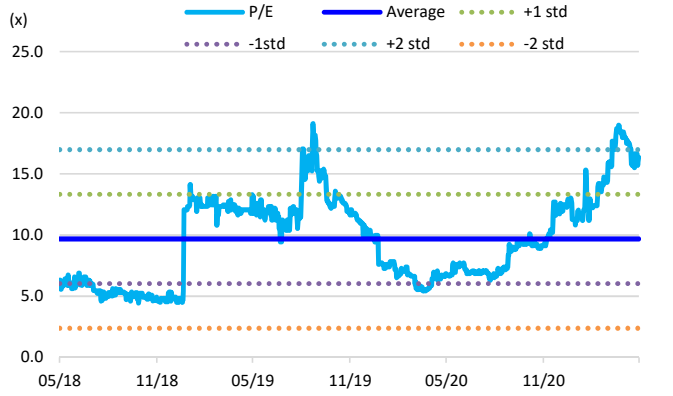
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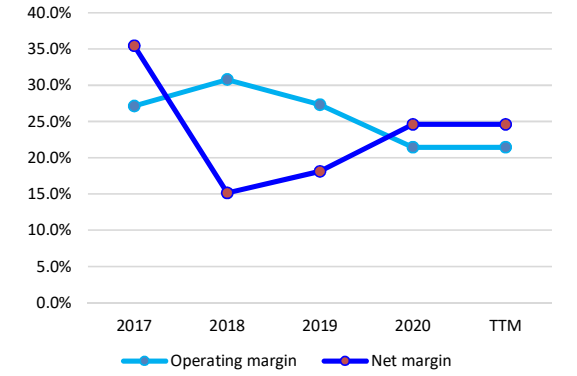
Relative valuation peers' PE



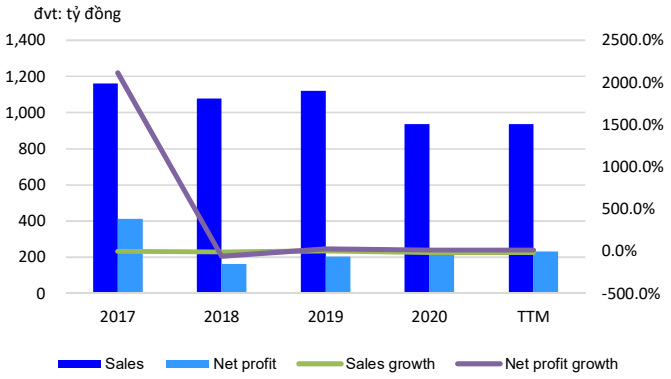
Average P/E 3 years of SGP



Operating and net margin in the past



Revenue - profit in the past



(*) Database information provided by Bloomberg



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