Tan Cang Logistics JSC.

03/08/2021

Shinhan Securities

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RATING	HOLD
Current price (VND)	29,750

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COMPANY INFORMATION

Industry	Industrial Transportation
Ticker	TCL
Stock Exchange	HOSE

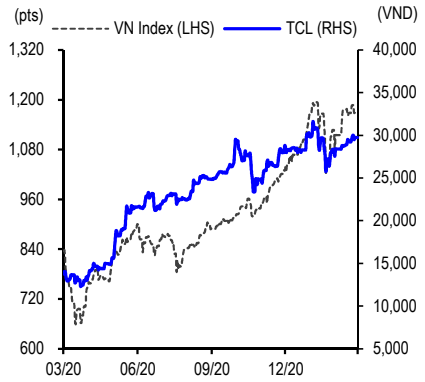
STOCK TRADING DATA

VN INDEX	1,168.3
Market Cap. (bn VND)	897.2
Outstanding Shares (1mn)	30.2
Free Floating Shares (1mn)	19.2
52-week High (VND)	33,500
52-week Low (VND)	14,300
Avg. Trading Volume (mn)	0.26
Avg. Reading T/O (bn VND)	7.6

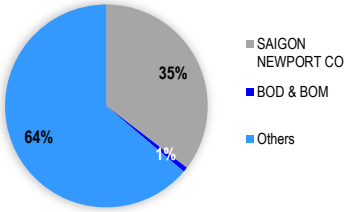
STOCK PERFORMANCE

(%)	3M	6M	12M
Absolute	3.3	8.2	51.0
Rel. to VNIDEX	(10.2)	(23.1)	20.0

STOCK PRICE PERFORMANCE



SHAREHOLDER STRUCTURE



INVESTMENT THESIS

1. Core Businesses: Depot exploitation in Cat Lai port cluster (57% of revenue), container handling in ICD Tan Cang Nhon Trach and Cat Lai port (24% of revenue)

2. Business Position:

- Target customers: Export-import enterprises in the Southern Vietnam
- Partners: Saigon New Port Corporation and affiliates
- Competitors: Depot exploitation companies in Cat Lai port cluster, warehousing companies in Nhon Trach area

3. Investment Thesis/Catalysts

- In the long term, when the seaport infrastructure in Ho Chi Minh City (HCMC) is completed, the throughput of HCMC seaports (Cat Lai, Hiep Phuoc, etc.) will have significant growth. With 57% of revenue comes from Depot exploitation in Cat Lai port cluster, TCL will get benefit directly.
- TCL continues to focus on investment and development of ICD Tan Cang Nhon Trach as a gathering and transshipment point for import/export goods between major ports (Cai Mep, Hiep Phuoc and Cat Lai) and Nhon Trach Industrial Park, because: 1)The Dong Nai - Nhon Trach region is the second largest production center in the Southern Vietnam, and enterprises here have high demand for warehouses, yards and logistic services; 2) ICD has an advantageous geographic location; 3) As a subsidiary of Saigon Newport, TCL is capable of providing a full chain of logistics services to customers. According to the plan, the company will: 1) Expand and increase the clearance capacity of ICD to 320,000 TEUs/year (45% higher than current capacity); 2) By 2025, 5 more warehouses will be invested in with a total area of more than 60,000 m2, of which a 6,750 m2 warehouse will be put into operation from 2021.

4. Risks

- Depending on mother company - Saigon Newport Corporation: As of 2020, 62.5% of the company's total revenue will come from services provided to the mother company; TCL is also expected to benefit from the mother company's policy. The mother company's policy change can negatively affect the company's business expectations and business results.
- Because Cat Lai port is operating beyond the designed capacity, cargo from this port is diverted to Cai Mep - Thi Vai area, which will negatively affects the growth of depots around this area (including depots of TCL)

FINANCIAL INFORMATION

	2016	2017	2018	2019	2020
Sales (bn VND)	**821**	**833**	**887**	**952**	**1,090**
OP (bn VND)	98	100	96	94	106
Pre-tax (bn VND)	113	117	121	122	119
NP (bn VND)	**94**	**97**	**99**	**100**	**95**
EPS (VND)	2,801	2,865	2,717	2,731	2,555
BPS (VND)	19,427	21,240	23,615	24,997	20,269
PER (x)	7.2	6.6	6.4	7.5	11.6
EV/EBITDA (x)	3.8	2.4	2.3	2.8	4.1
PBR (x)	1.0	0.9	0.7	0.8	1.5
ROE (%)	15.1	14.1	12.1	11.2	11.2

(*) Database information provided by Bloomberg

[FLASHNOTE]

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