[FLASHNOTE]

Gemadept JSC.

01/21/2021

Shinhan Securities

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RATING	HOLD
Current price (VND)	32,700

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COMPANY INFORMATION

Industry	Industrial Transportation
Ticker	GMD
Stock Exchange	HOSE

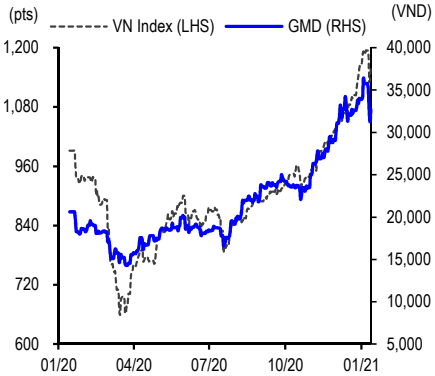
STOCK TRADING DATA

VN INDEX	1,164.2
Market Cap. (bn VND)	9,855.1
Outstanding Shares (1mn)	301.4
Free Floating Shares (1mn)	242.8
52-week High (VND)	37,300
52-week Low (VND)	14,100
Avg. Trading Volume (mn)	2.57
Avg. Reading T/O (bn VND)	102.6

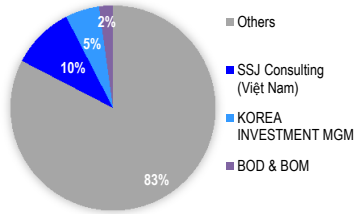
STOCK PERFORMANCE

(%)	3M	6M	12M
Absoulute	39.1	67.3	52.8
Percentage	15.2	32.2	34.8

STOCK PRICE PERFORMANCE



SHAREHOLDER STRUCTURE



INVESTMENT THESIS

1)Core business: Port operation, logistic service

2)Business position

- One of the largest port operators in Vietnam, owning major ports in all 3 regions. in which the most prominent are Nam Hai Dinh Vu port and Nam Dinh Vu port (Hai Phong city), Gemalink port (Vung Tau - in progress,Gemadept currently holds 65%, CMA-CGM holds 25% and other investors)
- Competitors: New Port Corporation, foreign logistic service providers
-- Substitutes: Rail freight transport

3)Investment catalyst

-Gemalink Port - Gemadept's deep-sea port in Cai Mep area - will be put into operation from 2021, with a total capacity of 1.5 million TEU in phase 1. According to the company's expectation, Gemalink will reach full capacity in 2023, which will be the business growth factor of Gemadept in period 2021-2023. We believe that GMD can achieve this goal because: 1) In long term, the Cai Mep - Thi Vai port cluster is expected to continue to be the port cluster with the highest growth rate in Vietnam and it will continue to maintain the double-digit growth; 2) Gemalink is the largest port in Cai Mep area, can accommodate mother vessel with total size up to 200,000 DWT, 3 berths for mother ships and 2 berths for feeder vessels, while rival ports (especially Tan Cang Corp's ports) was almost at full capacity; 3)The Port is closest to the river mouth compared to others in Cai Mep cluster; 4) It is expected that 90% of the cargos will be transshipped by feeder/river vessels to warehouses/ICD for customs clearance, thereby reducing transportation costs; 5)50% of Gemalink's output is guaranteed by CMA-CGM, a capital contributor and one of the biggest shipping companies.

4)Risk

- Fierce competition among ports in Hai Phong makes it difficult for Gemadept's ports in this area (Nam Hai Dinh Vu, Nam Dinh Vu) to increase their output. Although the Ministry of Transport has officially raised the floor price bracket for container loading and unloading services at Vietnamese ports, Gemadept has not immediately benefited because the offered price at their ports is currently higher than the floor price.
- The profit of joint ventures and associates accounts for a significant proportion in the company's profit structure (it accounts for 26% of profit before tax in 9M.2020), Gemadept does not control but is significantly affected by the business results of these companies.
- 24.2% of the company's assets are in term of rubber plantation project, while this project has not generated cash flow. The company is looking for an appropriate partner to sell the project.

FINANCIAL INFORMATION

	2016	2017	2018	2019	4Q TTM
Sales (tr VND)	**3,742**	**3,984**	**2,708**	**2,643**	**2,548**
OP (tr VND)	659	597	546	544	474
Pre-tax (tr VND)	481	650	2,182	705	520
NP(1mn VND)	**390**	**508**	**1,848**	**517**	**381**
EPS(VND)	2,009	1,962	6,207	1,602	1,179
BPS(VND)	28,810	22,005	19,804	19,789	19,589
PER(x)	13.4	20.5	4.2	14.5	27.7
EV/EBITDA(x)	7.7	14.7	11.8	10.4	10.8
PBR(x)	0.9	1.8	1.3	1.2	1.7
ROE(%)	7.1	8.1	29.6	8.1	5.8

(*) Database information provided by Bloomberg

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