November 01st, 2024

Shinhan Securities



Hai An Transport & Stevedoring Joint Stock Company

[Vietnam / Logistics]

Bloomberg Code (HAH VN) | Reuters Code (HAH.HM)

BUY

Update

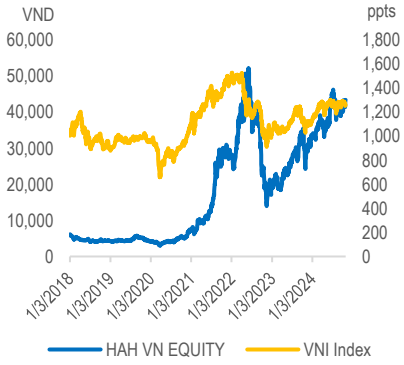
Target price (12 months)	**51,300 VND**
Current price (31/10/24)	43,900 VND
Upside/downside (%)	16.8%

VNINDEX	1,264
HNXINDEX	226
Market Cap (bn VND)	5,326
Outstanding shares (mn)	121
Free-Floating (mn)	31
52-Wk High/Low (VND)	47,150/23,826
90-day avg. trading volume (mn)	2.93
90-day avg. turnover (bn VND)	98

Major shareholders (%)	Hai Ha Investment and Transport JSC	16.8

Performance	3T	6T	12T
Absolute (%)	3.1	22.1	80.3
Relative to VN-Index (%)	2.7	18.3	58.2

Source: Bloomberg



After rain comes sunshine

Maintain BUY rating and target price of VND 51,300

Hai An Transport & Stevedoring Company (HAH) is a pioneer in shipping sector in Viet Nam. After 9M/2024, HAH's NPAT reached VND 452 bn (+42.1% YoY), with Q3/2024 NPAT alone reaching VND 276 bn (+146% YoY). HAH's profit has accelerated since Q2/2024 thanks to the addition of new vessels, the opening of new domestic & international routes, and the strong growth in cargo volume. Based on DCF methods, we update HAH's target price at VND 51,300.

Update business results in 9M/2024 and prospects

In Q3/2024, HAH recorded revenue of VND 1,128 bn (+65.6% YoY) and NPAT of VND 276 bn (+146% YoY). After 9M/2024, revenue reached VND 2,781 bn (+42.8% YoY) and NPAT reached VND 452 bn (+42.1% YoY). HAH's profit has begun to improve significantly since Q2/2024, when HAH added 3 new ships, opened new domestic routes (Nghi Sơn, Chân Mây, Long An...) and international routes (Singapore, Malaysia, India...). In addition, the recovery in demand also contributed to the high growth in cargo handling volume. With these results, HAH has achieved 75% of our forecast.

- Stevedoring revenue is estimated to to grow 42% YoY with a significant increase in cargo throughput (estimated to grow 30% YoY). The main growth driver comes from the recovery of import and export demand.
- Shipping revenue is estimated to grow 51% YoY in Q3/2024, driven by improvements in both ocean freight rates and charter rates compared to the same period last year. Additionally, HAH has put three new vessels into operation during Q3, significantly boosting its vessel operation revenue

Furthermore, at the end of July, Hai An successfully completed the construction of 4 new containers this year, bringing HAH's fleet to 15 vessels and increasing HAH's total capacity by 30% compared to the end of 2023. Of which, the company self-operates 8 vessels and leases out 7, primarily operating on domestic, intra-Asia and Middle East routes. In the context of favorable freight rates, we expect the deployment of 4 new vessels to help HAH's profits continue to grow in Q4/2024 and throughout 2025

We remain optimistic about HAH's business performance for the remainder of 2024 due to (1) the 4 newly acquired vessels in 2024 with favorable freight rates, (2) the renewal of some time-charter contracts starting from the second quarter of 2024, and (3) the recovery of goods demand.

Risk: (1) a sharp decrease of world sea freight rates, (2) a global recession and (3) sharply rising fleet growth.

Year to Dec.	2023	2024F	2025F	2026F	2027F
Revenue (bn VND)	**2,613**	**3,844**	**4,042**	**4,145**	**4,251**
OP (bn VND)	447	803	904	966	1,000
NP (bn VND)	**358**	**634**	**722**	**771**	**797**
EPS (VND)	3,648	5,406	6,154	6,574	6,800
BPS (VND)	25,240	31,247	38,085	45,389	52,944
OPM	17.1%	20.9%	22.4%	23.3%	23.5%
NPM	13.7%	16.5%	17.8%	18.6%	18.8%
ROE	**11.2%**	**16.3%**	**15.4%**	**14.0%**	**12.5%**
PER (x)	15.0	10.1	8.9	8.3	8.0
PBR (x)	2.2	1.7	1.4	1.2	1.0
EV/EBITDA (x)	3.8	2.6	2.3	2.2	2.1

Source: Company data, Shinhan Securities Vietnam

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Valuation and Recommendation

Maintain BUY rating and target price of VND 51,300

We apply a DCF valuation method to value HAH. We update our BUY recommendation with a target price of 51,300 VND equivalent to a return of 16.8%.

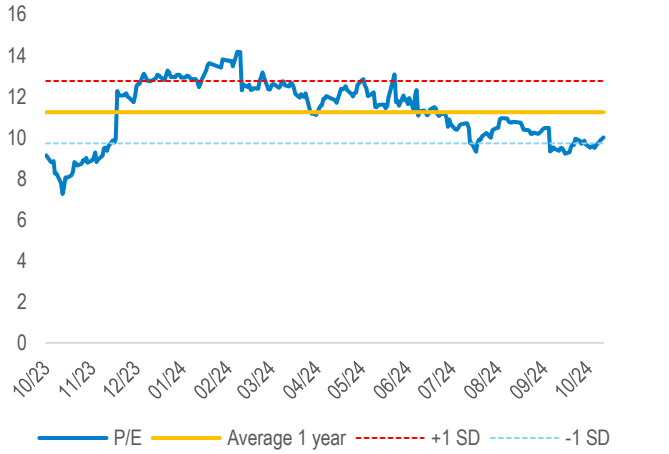
Valuation

DCF valuation					
Unit: billion VND	**2025F**	**2026F**	**2027F**	**2028F**	**2029F**
NPAT-Mi	649	694	717	769	835
Plus: After-tax interest expense	85	95	104	115	129
Plus: Depreciation & Amortization	456	506	549	597	648
Minus: Change in working capital	24	11	0	10	0
Minus: CapEx	685	506	549	597	648
Free Cash Flow (FCF)	**482**	**777**	**822**	**874**	**964**
PV of FCF	2,549				
Growth rate	0%				
Present value of long-term value	4,992				
Enterprise value	**7,541**				
Debt	2,112				
Cash and cash equivalents	804				
Equity value	6,233				
Number of shares outstanding (mn units)	121				
Target price (VND)	**51,300**				

WACC	**12.7%**
Risk-free rate	2.9%
Equity risk premium	9%
Beta	1.13
Debt cost	8%
The cost of equity	14.5%
Debt-to-equity ratio	60.4%
Total debt (VND bn)	2,112

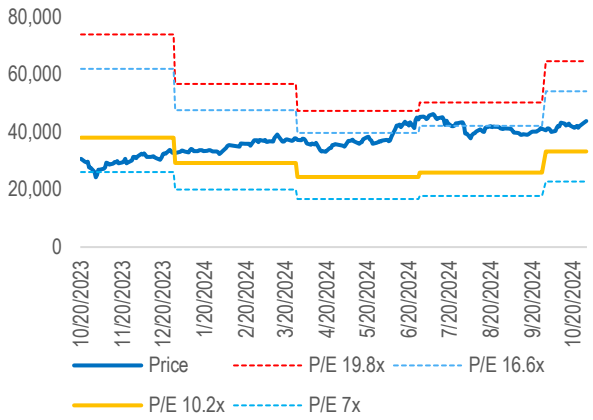
Source: Company data, Shinhan Securities Company

HAH's PER 1 year



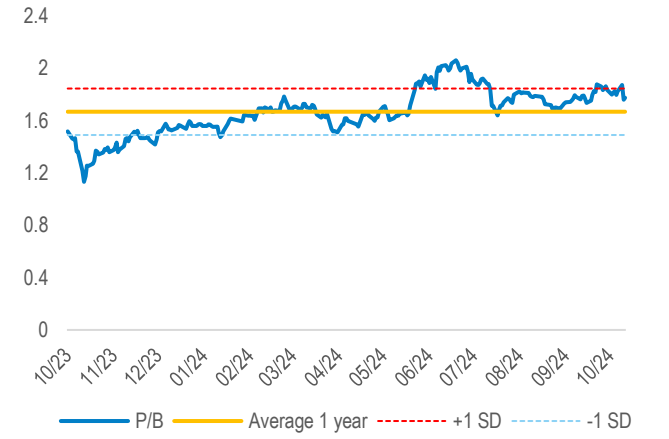
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PER band chart of HAH



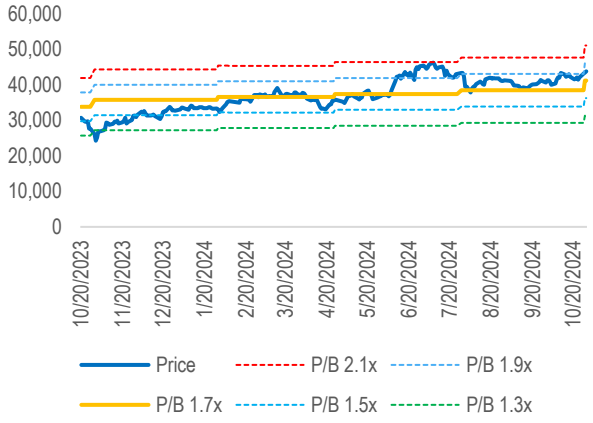
Source: Bloomberg, Company data, Shinhan Securities Vietnam

HAH's PBR 1 year



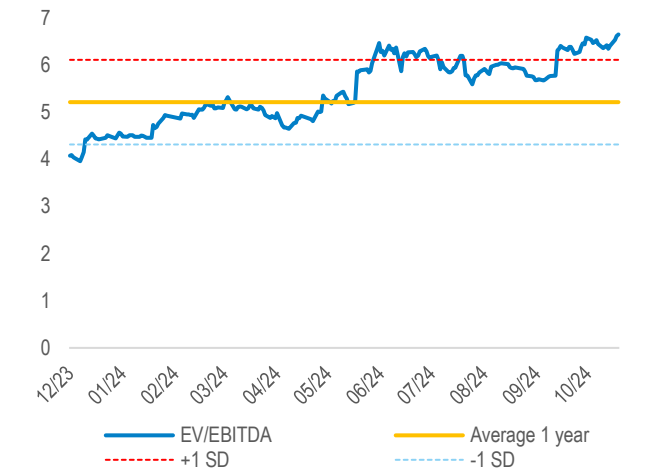
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR band chart of HAH



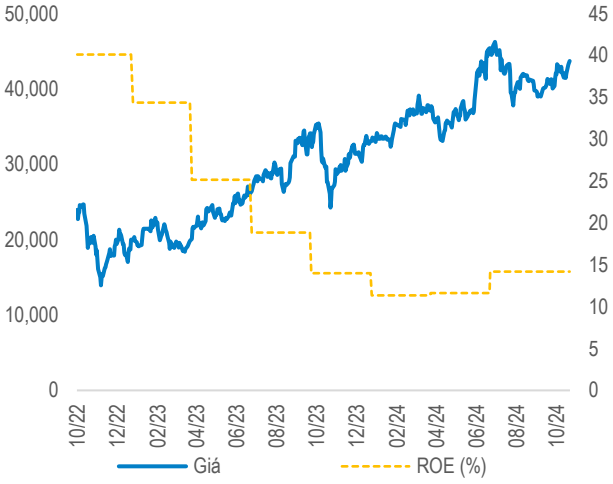
Source: Bloomberg, Company data, Shinhan Securities Vietnam

HAH's EV/EBITDA 1 year



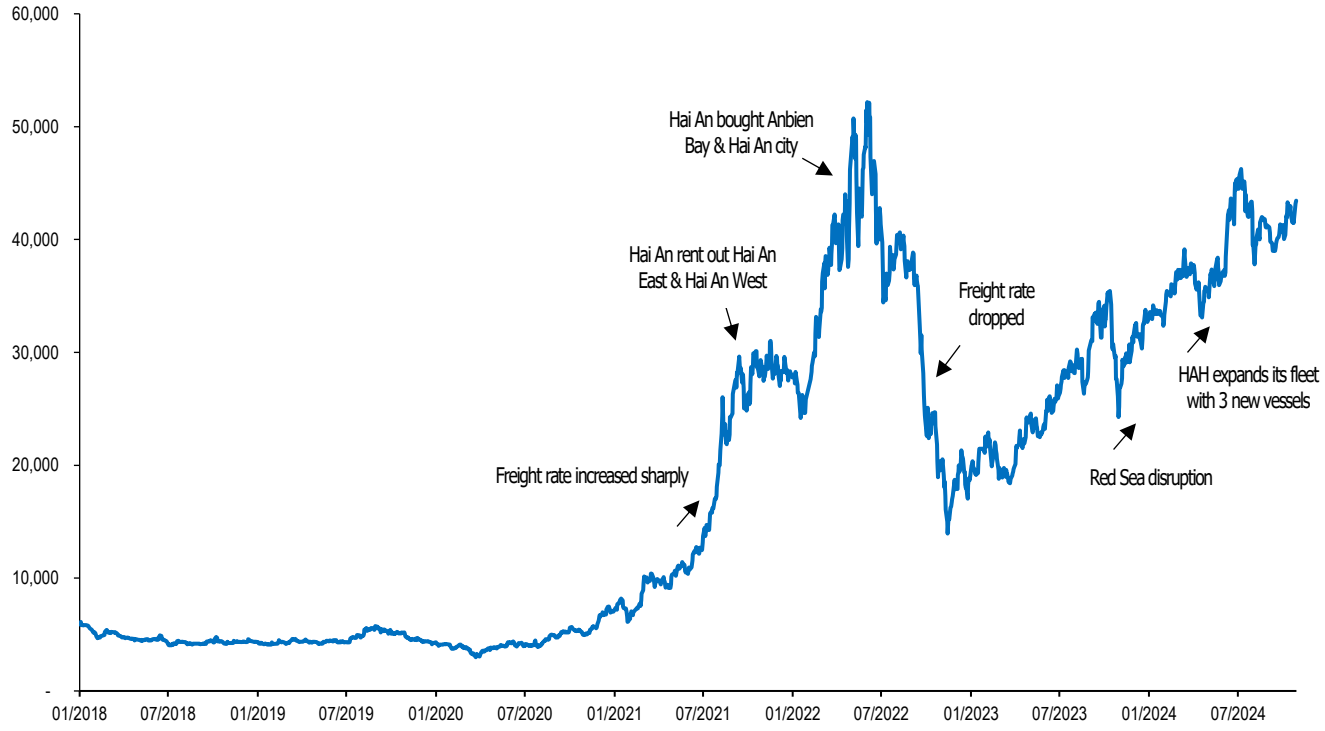
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Correlation of HAH's price and ROE



Source: Bloomberg, Company data, Shinhan Securities Vietnam

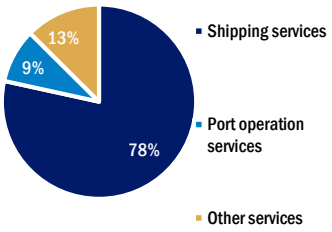
Key event chart of HAH



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Appendix: Company background

Revenue breakdown in 9M2024

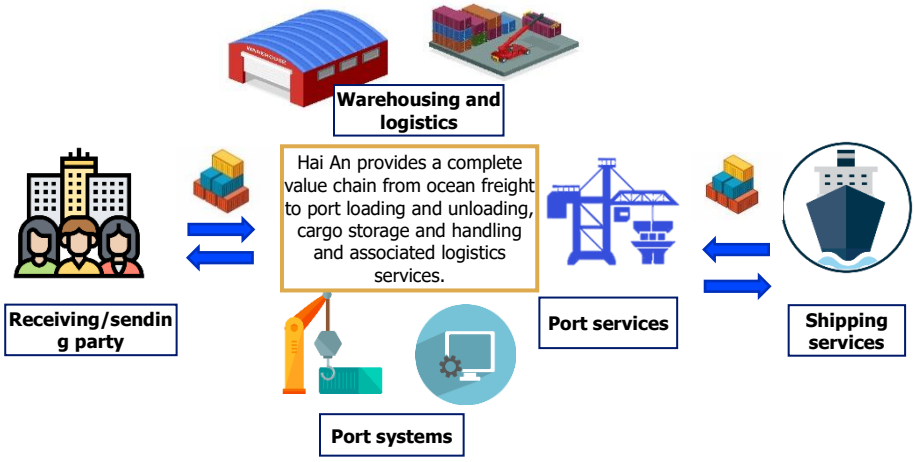


Source: Hai An financial report 2024

History of Hai An Transport and Stevedoring JSC

On May 8th 2009, Hai An Transport and Stevedoring Joint Stock Company was established in Hanoi by merging 5 companies: Hanoi Maritime Joint Stock Company (MHC - HOSE), Joint Stock Company Maritime Technical Supply and Services (MAC - HNX), Hai Minh Joint Stock Company (HMH - HNX), Hai An Shipbuilding Joint Stock Company, Hai Ha Transport and Investment Joint Stock Company. Hai An was established with a total capital charter of VND 150 billion. The company's main business includes shipping services (accounting for 82%), port operations (accounting for 11%), and other services (accounting for 7%) such as shipping agency, logistics, etc. On March 11th 2015, the Company was listed on the Ho Chi Minh Stock Exchange with the stock code HAH.

Hai An Company owns a complete value chain in the shipping industry

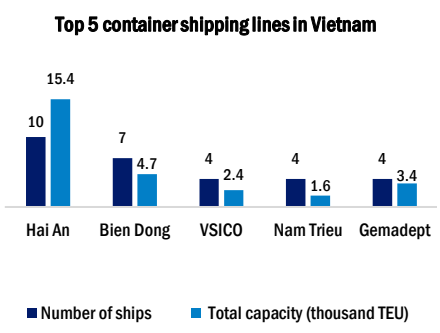


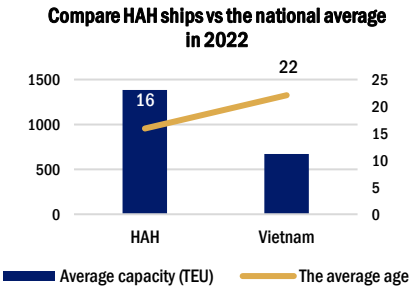
Hai An is one of the few companies with a complete value chain in the shipping industry. Hai An provides a full range of shipping services including freight services (for North-South routes and international maritime routes), shipping agency (distributing international shipping lines services), port operation services through Hai An port (such as receiving ships, loading, and unloading goods), warehousing services (withdrawing and storing goods) and logistics services (multimodal transport of domestic goods). The complete value chain helps Hai An operate efficiently and optimize costs.

Hai An Partners'

ONE OCEAN NETWORK EXPRESS
msc
CMA CGM
COSCO SHIPPING
Hapag-Lloyd
YANG MING
ZIM
MÆRSK
HMM

Hai An continues to invest and develop the container fleet

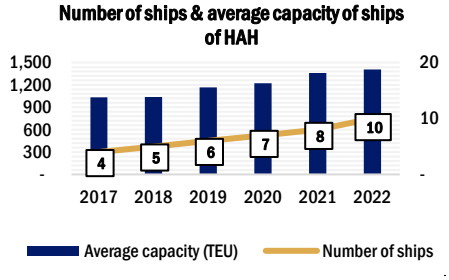


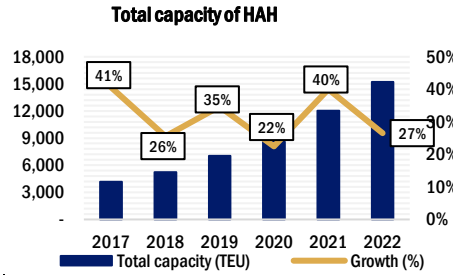


Source: Shinhan synthesis

Hai An is one of the companies with the largest container fleet in the country. Hai An owns a fleet of container ships with a capacity from 800 TEU to 1700 TEU. With the trend of shipping by containers in the future (because shipping by container saves cost and time in loading and unloading goods), Hai An constantly invests in the quantity and quality of container ships. Compared to the top 5 container fleets across the country, Hai An has a larger number of container ships as well as a larger total capacity than other shipping lines. This creates a competitive advantage for Hai An in operating in the shipping industry. According to the latest data from the Vietnam Shipowners Association, the country currently has 10 container shipping companies, owning 48 container ships with a total capacity of 39,519 TEUs. Thus, the total capacity of Hai An accounts for 38.5% of the total capacity of the country. Hai An's ships have a larger average capacity and a lower

average age. Therefore, Hai An's shipping capacity is more efficient than that of other companies.





Source: Hai An annual report

Hai An's number of ships has continuously increased in number and capacity. The new ships also have a lower age and are more modern than the old ones. The total capacity of Hai An has grown year by year with an average growth rate of about 30% per year. Hai An is currently in the ranking of the Top 100 largest fleets in the world by Alphaliner. Currently, Hai An owns 10 ships, of which 4 are rented out with a period of 2-3 years to take advantage of the rising sea freight rates in late 2021 and 6 shipping ships operate in domestic and foreign countries (including 3 domestic routes and 3 international routes).

Besides, Hai An has extensive relationships with many major international shipping companies, including 9 shipping lines in the top 10 in the world such as Maersk, Cosco, Hapag-Lloyd, CMA CMG, One, Yang Ming, HMM, MSC, and Zim. This helps Hai An to combine transportation and transshipment of goods with shipping lines.

Hai An port service operates stably



Hai An Port is located at Cam River - Hai Phong, with a loading and unloading capacity of 250,000 TEU/year. The port is capable of receiving ships up to 20,000 DWT. Hai An Port always maintains over 100% efficiency thanks to the support of cargo volume from Hai An's fleet and Hai An's partner fleet. Hai An is one of the few transport enterprises owning a rotation port for business activities. Currently, Hai An port has reached its maximum capacity. Compared to other ports, Hai An port has a great advantage thanks to the ability to concentrate cargo, which saves time waiting for goods. However, the location of Hai An port is not good as it is behind Bach Dang bridge, which limits the accessibility to the port.

Warehousing and logistics services support fleets and seaports

Hai An has a container yard with a total area of 150,000 m2, a CFS bonded warehouse with an area of nearly 4,000 m2, and more than 25,000 m2 of yards for closing, withdrawing, storing retail goods, and other operations. Hai An also has a depot of 55,000 m2. Besides, Hai An company entered into a joint venture with Korean company Pantos Holdings Incorporation to establish Pan Hai An Co., Ltd. The joint venture built and used the depot as a goods distribution center in Hai Phong. Pan Hai An was built in Nam Dinh Vu Industrial Park - Hai An - Hai Phong with a total exploitation area of 154,000 m2. The company has now been put into operation Depot & Off Dock with an area of 80,000 m2 and a designed capacity of 9,000 TEU, a repair container center of 10,000 m2, and 2 CFS & bonded warehouses with a total area of 20,000 m2.

Hai An's port support services are large-scale, which can meet the needs of domestic and foreign shipping lines, and also support the operation of Hai An's fleet.

Appendix: Financial statements

Statement of financial position

Year to Dec. (bn VND)	2022	2023	2024F	2025F	2026F
Total assets	5,049	5,379	6,943	8,001	9,086
Current assets	1,744	1,597	2,606	3,258	4,160
Cash & equivalents	415	245	1,064	1,651	2,519
Short-term financial asset	140	73	73	73	73
Accounts receivable	979	1,005	1,165	1,225	1,256
Inventories	78	93	124	129	132
Non-current assets	3,294	3,782	4,198	4,457	4,487
Net fixed assets	2,744	3,118	3,544	3,802	3,833
Investment assets	45	30	30	30	30
Other long-term assets	505	634	624	624	624
Total liabilities	2,162	2,183	3,060	3,324	3,561
Current liabilities	910	889	1,466	1,530	1,567
Accounts payable	148	155	234	244	250
Short-term borrowings	318	351	529	552	566
Others	444	382	703	734	751
Non-current liabilities	1,252	1,294	1,594	1,794	1,994
Long-term borrowings	1,004	1,035	1,335	1,535	1,735
Other financial liabilities	248	258	258	258	258
Total shareholders' equity	2,886	2,295	3,883	4,677	5,525
Capital stock	703	1,055	1,055	1,055	1,055
Capital surplus	192	192	192	192	192
Other capital	391	664	664	664	664
Retained earnings	1,025	0	1,387	2,108	2,879
Non-controlling interest equity	575	385	586	658	735
*Total debt	1,322	1,387	1,864	2,088	2,301
*Net debt (cash)	767	1,069	728	364	(290)

Statement of comprehensive income

Year to Dec. (bn VND)	2022	2023	2024F	2025F	2026F
Revenue	3,206	2,613	3,844	4,042	4,145
Growth		-18.5%	47.1%	5.1%	2.5%
COGS	1,784	2,002	2,808	2,932	3,002
Gross profit	1,422	611	1,036	1,111	1,143
GPM	44.4%	23.4%	27.0%	27.5%	27.6%
SG&A	114	125	196	194	199
Operating profit	1,300	447	803	904	966
Growth		-65.6%	79.6%	12.7%	6.8%
OPM	40.5%	17.1%	20.9%	22.4%	23.3%
Non-operating profit	-38	-54	-54	-30	2
Financial income	39	30	44	87	132
Financial expense	76	84	98	117	129
In which: interest expenses	57	73	88	107	119
Net other non-operating profit	-27	3	-6	3	3
Pre-tax profit	1,273	450	797	907	969
Income tax	232	92	163	186	199
Net profit	1,041	358	634	722	771
Growth		-65.6%	77.1%	13.8%	6.8%
NPM	32.5%	13.7%	16.5%	17.8%	18.6%
Controlling interest	823	385	570	649	694
Non-controlling interest	218	-27	63	72	77
EBIT	1,308	486	840	917	944
Growth		-62.9%	73.0%	9.1%	3.0%
EBIT Margin	40.8%	18.6%	21.9%	22.7%	22.8%
EBITDA	1,587	820	1,236	1,373	1,450
Growth		-48.3%	50.7%	11.0%	5.6%
EBITDA margin	49.5%	31.4%	32.2%	34.0%	35.0%

Statement of cash flow

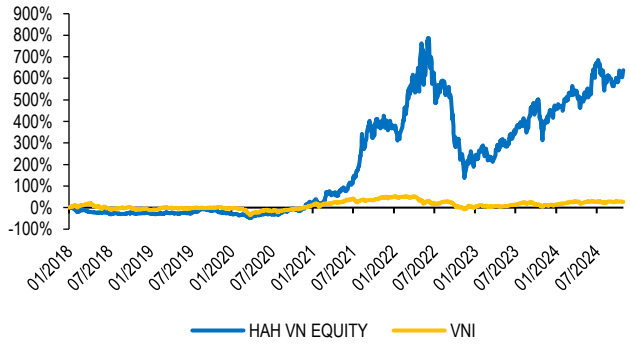
Year to Dec. (bn VND)	2022	2023	2024F	2025F	2026F
Cash flow from operations	1,294	575	1,176	1,082	1,188
Net profit	823	385	570	649	694
Depreciation expense	279	335	396	456	506
(Gain) from investing activities					
Change in working capital	-27	-145	209	-24	-11
Others	219	0	0	0	0
Cash flow from investments	-1,661	-746	-792	-685	-506
Change in fixed assets	-1,603	-866	-792	-685	-506
Change in investment assets	-58	109	0	0	0
Others	0	11	0	0	0
Cash flow from financing	299	259	435	190	185
Change in equity	20	300	63	72	77
Net borrowing	348	65	478	223	213
Dividends	-69	-106	-106	-106	-106
Change in total cash	-68	87	819	587	868
Beginning cash	485	415	245	1,064	1,651
Change in FX rates					
Ending cash	417	245	1,064	1,651	2,519

Key ratios

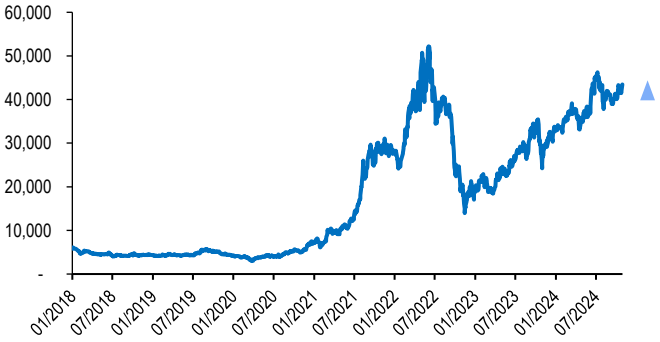
Year to Dec.	2022	2023	2024F	2025F	2026F
EPS (VND)	11,699	3,648	5,406	6,154	6,574
BPS (VND)	32,852	25,240	31,247	38,085	45,389
DPS (VND)	1,000	1,000	1,000	1,000	1,000
PER (x)	5.0	16.2	10.9	9.6	9.0
PBR (x)	1.8	2.3	1.9	1.5	1.3
EV/EBITDA (x)	2.0	3.8	2.6	2.3	2.2
Dividend payout ratio	9%	27%	18%	16%	15%
Dividend yield	0.3%	0.3%	0.3%	0.3%	0.3%
Profitability					
EBITDA margin	49.5%	31.4%	32.2%	34.0%	35.0%
OPM	40.5%	17.1%	20.9%	22.4%	23.3%
NPM	32.5%	13.7%	16.5%	17.8%	18.6%
ROA	20.6%	6.7%	9.1%	9.0%	8.5%
ROE	36.1%	11.2%	16.3%	15.4%	14.0%
Stability					
Debt to equity ratio	45.8%	43.5%	48.0%	44.6%	41.6%
Net debt ratio	-48.3%	-130.3%	-58.9%	-26.5%	20.0%
Cash ratio	45.6%	27.6%	72.6%	107.9%	160.7%
Interest coverage ratio (x)	22.9	6.6	9.5	8.6	7.9
Activity					
Working capital turnover (times)	97	129	96	96	96
Inventory turnover (days)	16	17	16	16	16
Receivable turnover (days)	111	140	111	111	111

Hai An Transport & Stevedoring Joint Company (HAH VN)

Share price



Target price (VND)



Date	Rating	TP (VND)	TP gap (%)	
			TB	Max/Min
09/08/2022 (Initiation)	BUY	72,800	61	12/183
04/11/2022 (Update)	BUY	45,570	5	-30/110
24/02/2023 (Update)	HOLD	39,000	-32.3	-57/75.4
07/02/2024 (Update)	BUY	44,670	67.8	24.8/154.2
01/11/2024 (Update)	BUY	51,300	26.8	-0.4/88.8

Note: Calculation of target price gap based on past 12 months

Shinhan Securities Vietnam

Stock	Sector
◆ **BUY:** Expected 12-month gain of 15% or more ◆ **HOLD:** Expected 12-month loss of 15% to gain of 15% ◆ **SELL:** Expected 12-month loss of 15% or more	◆ **OVERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated BUY ◆ **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD ◆ **UNDERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated SELL

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