February 7th, 2025

Shinhan Securities



Gemadept Corporation Joint Stock Company (GMD VN)

[Vietnam / Logistics]

Bloomberg Ticker (GMD VN) | Reuters Ticker (GMD.HM)

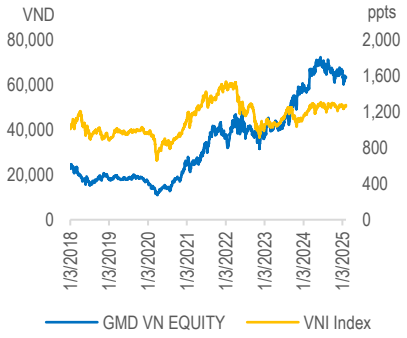
BUY

Update

Target price (12 months)	**78,000 VND**
Current price (02/06/25)	63,000 VND
Upside/downside (%)	24.7%

VNINDEX		1,271
HNXINDEX		476
Market Cap (bn VND)		26,028
Outstanding shares (mn)		414
Free-Floating (mn)		387
52-Wk High/Low (VND)		74,778/58,170
90-day avg. trading volume (mn)		0.94
90-day avg. turnover (bn VND)		57
Major shareholders (%)	VI Fund II, l.P	13.81
	KIM investment fund	9.31

Performance	3T	6T	12T
Absolute (%)	-0.8	-1.5	8.2
Relative to VN-Index (%)	-2.7	-8.4	1.2



Source: Bloomberg

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Solid growth momentum

Maintain BUY rating and target price of VND 78,000

Gemadept Corporation (GMD) is a pioneer in port and logistics service sector in Viet Nam. In 2024, GMD recorded revenue of VND 4,832 bn (+25.6% YoY), the highest revenue in its history. PBT reached VND 2,079 bn (exceeding the set plan by 23%). In which, the core business is estimated to grow by 39%, with an estimated output increase of 60% YoY thanks to the strong growth in throughput volume. In 2025, we expect GMD to continue maintaining its growth momentum thanks to the demand for stocking up on goods ahead of new tariff policy changes and the adjusted increase in service fees. Based on SOTP methods, we update GMD's target price at VND 78,000.

The core profit in 2024 is estimated to increase by 39% thanks to the recovery of import and export activities

In Q4 2024, GMD recorded revenue of VND 1,411 bn (+36.5% YoY) and NPAT-Mi reached VND 234 bn (+104.3% YoY). However, profit in Q4 was affected when GMD recorded other expenses of more than VND 460 bn (we found this to be a provision for the rubber project and a provision for losses to be compensated during transportation).

In 2024, GMD recorded revenue of VND 4,832 bn (+25.6% YoY), PBT of VND 2,079 bn (-33.9% YoY). Excluding the divestment, we estimate that PBT from core business operations grew by 39% YoY. In which:

(1) Revenue from port operations in 2024 reached VND 4,200 bn (+44.4% YoY) and the cargo volume through Nam Dinh Vu port in 2024 increased by nearly 49.7% YoY. The cargo volume through the Hai Phong port cluster increased significantly thanks to the recovery and growth of import-export activities on a low base in 2023.

(2) Profits from joint ventures and associated companies also increased significantly, reaching VND 815 bn (+197% YoY), primarily driven by improved business results from Gemalink Port. In 2024, Gemalink's estimated profit is approximately 825 billion VND (a 31-fold increase compared to the same period. Business performance was supported by a 79% YoY increase in 2024 volume and a 3-10% increase in service fees thanks to Circular 39/2023/TT-BGTVT, which increased the ceiling price of port services, taking effect on February 15, 2024.

Bright prospects for 2025

In the short term, we expect GMD to benefit from frontloading ahead of US tariff policy changes. We forecast NPAT to reach VND 1,790 billion (+10.2% YoY) thanks to: (1) estimated throughput volume growth of 8% YoY as both the Nam Dinh Vu Port Phase 2 and Gemalink Port have been operating near full capacity in 2024, and (2) service fee increases of 5% - 8% per year.

Risk: (1) economic downturn scenario and (2) slow down in demand.

Year to Dec.	2023	2024	2025F	2026F	2027F
Revenue (bn VND)	**3,846**	**4,832**	**5,308**	**5,805**	**6,123**
OP (bn VND)	1,116	1,345	1,585	1,734	1,830
NP (bn VND) (*)	**1,085**	**1,594**	**1,790**	**2,075**	**2,348**
EPS (VND)	2,439	3,483	4,234	4,909	5,698
BPS (VND)	28,395	29,920	31,992	34,402	37,440
OPM	29.0%	27.8%	29.9%	29.9%	29.9%
NPM	28.2%	33.0%	33.7%	35.8%	38.4%
ROE	**10.1%**	**10.7%**	**10.9%**	**11.8%**	**12.6%**
PER (x)	32.8	22.7	18.3	15.8	13.6
PBR (x)	2.7	2.6	2.4	2.3	2.1
EV/EBITDA (x)	14.5	10.1	9.5	8.4	7.7

Source: Company data, Shinhan Securities Vietnam

(*) We have excluded the abnormal profit from the divestment of Nam Hai Dinh Vu and Nam Hai ports

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Valuation and Recommendation

Maintain BUY rating and target price of VND 78,000

We apply the Sum-of-the-part (SOTP) valuation method to value GMD. We update our BUY recommendation with a target price of VND 78,000, equivalent to a return of 24.7%.

Valuation

(Unit: billion VND)	Method	Value	GMD's ownership	Equity value attributed to GMD
Port and consolidated logistics	DCF	20,223	100%	20,233
SCS	DCF	7,685	34.5%	2,654
Rubber	BV	1,084	100%	1,084
Gemalink	DCF	12,186	65.1%	7,937
CJ Gemadept Logistics & Shipping	P/E	1,296	49.1% - 51%	617
Total Equity Value				32,458
Target price (VND/share)				**78,000**

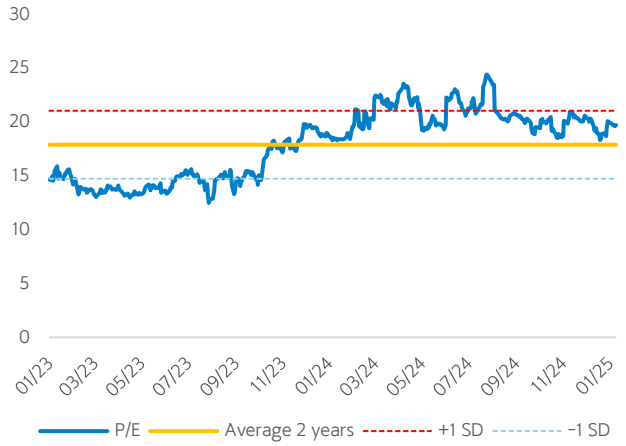
Port and consolidated logistics DCF valuation

Unit: billion VND	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F
EBIT	1,585	1,734	1,830	1,819	1,833	1,849	1,867	1,885	1,876	1,893
Minus: Tax	-222	-243	-256	-291	-293	-296	-299	-302	-300	-303
Plus: Depreciation & Amortization	556	584	595	606	617	627	638	654	681	724
Minus: Change in working capital	-833	-180	-180	-180	-180	-180	-180	-180	-180	-180
Minus: CapEx	202	-161	-103	-10	-14	-16	-18	-18	-13	-20
Free Cash Flow (FCF)	1,288	1,735	1,886	1,943	1,962	1,985	2,008	2,039	2,064	2,115
PV of FCF	11,492									
Growth rate	0%									
Present value of long-term value	7,278									
Enterprise value	**18,769**									
Debt	2,164									
Cash and cash equivalents (inlcude the cash from the divestment)	4,985									
Minority interest	1.367									
Equity value	**20,223**									

WACC	**10.9%**
Risk-free rate	3.1%
Equity risk premium	8.35%
Beta	1.0
Debt cost	10%
The cost of equity	12%
Debt-to-equity ratio	30%
Total debt (VND bn)	2,164

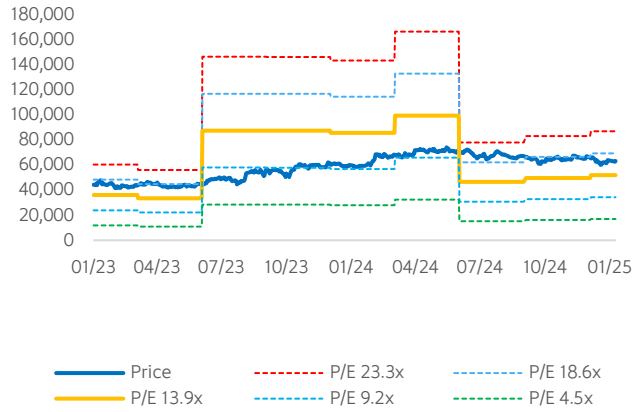
Source: Company data, Shinhan Securities Company

GMD's PER



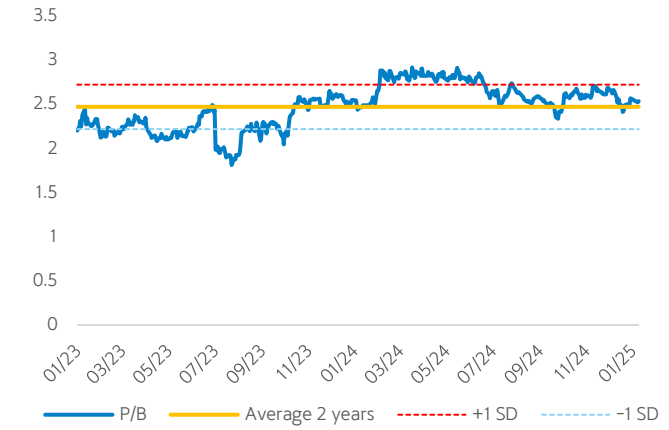
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PER band chart of GMD



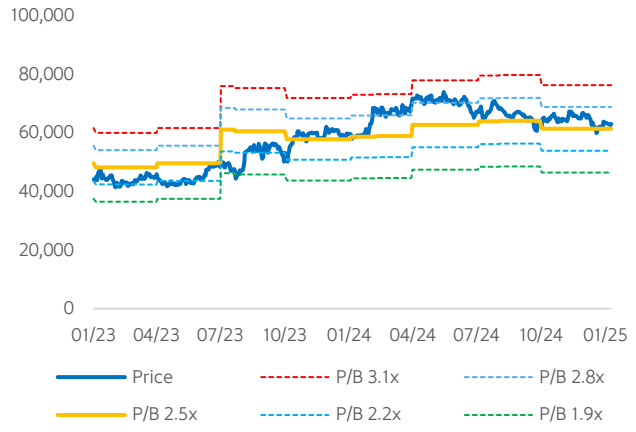
Source: Bloomberg, Company data, Shinhan Securities Vietnam

GMD's PBR



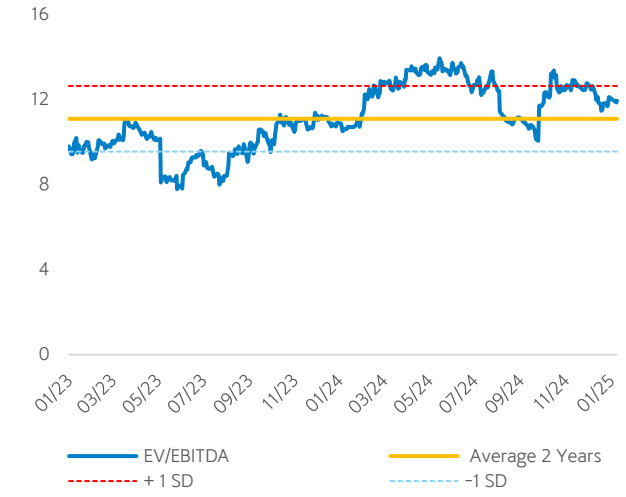
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR band chart of GMD



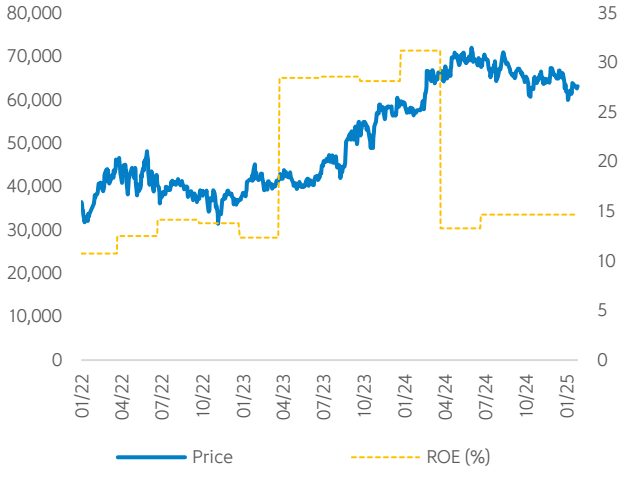
Source: Bloomberg, Company data, Shinhan Securities Vietnam

GMD's EV/EBITDA



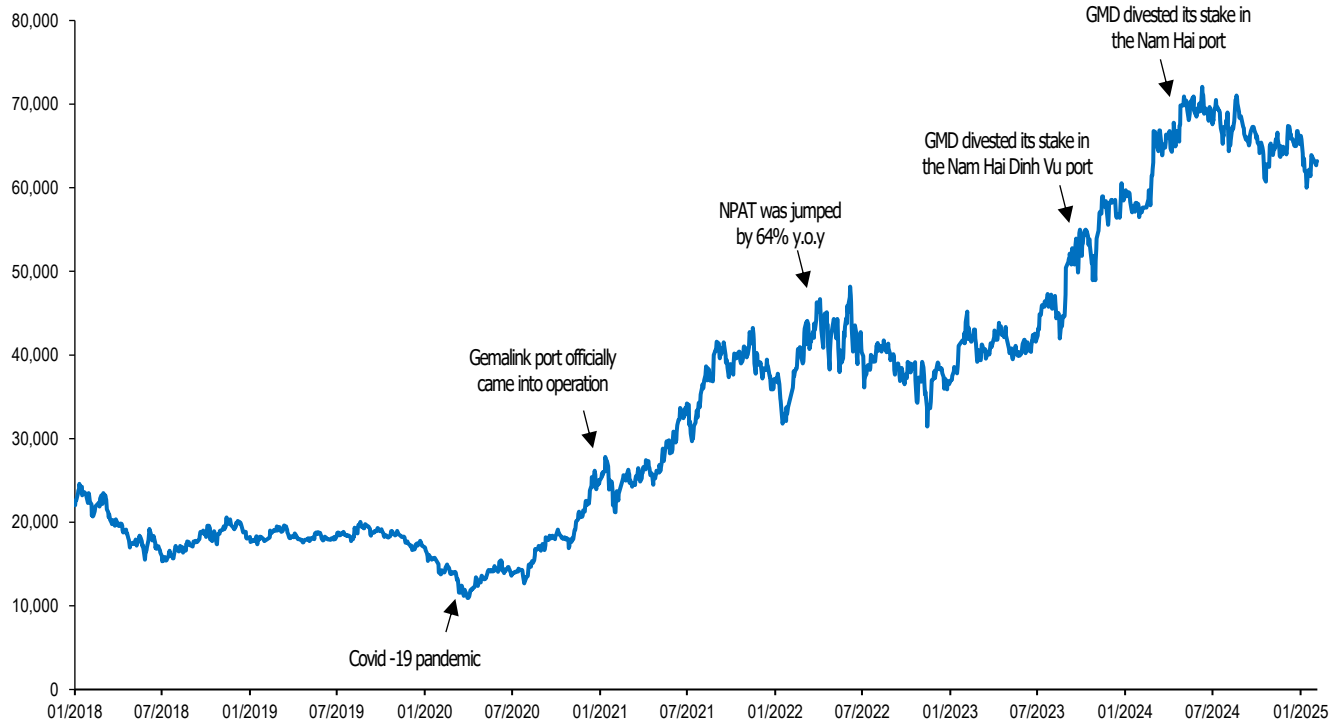
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Correlation of price and ROE



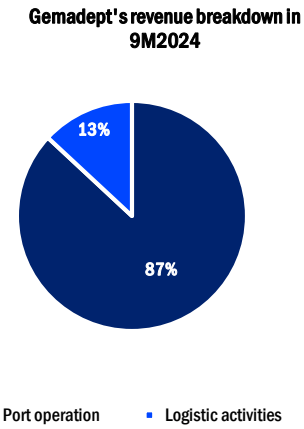
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Key event chart of GMD



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Appendix: Company Background



Source: Gemadept report 2024

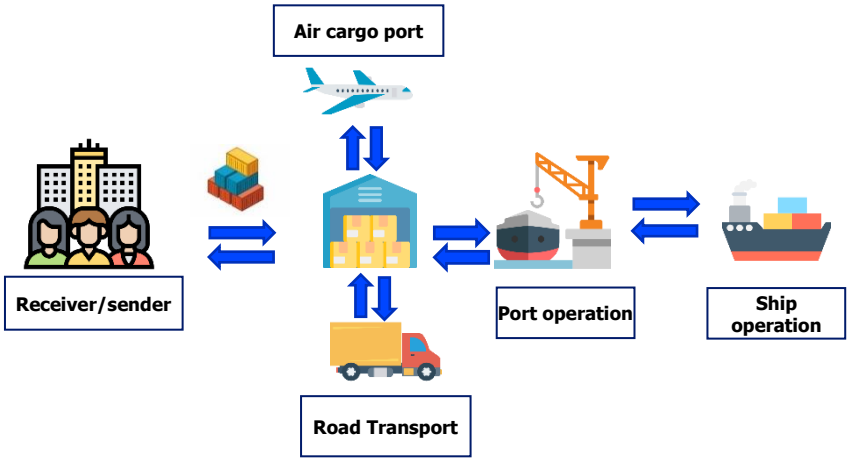
List of shareholders (as of 02/05/2025)	%
VI Fund II, L.P	13.81
SSJ Consulting (Vietnam) Co., Ltd.	7.17
KIM Vietnam Fund Management	9.31



Gemadept Corporation description

Gemadept was established in 1990. GMD was one of the first three companies selected by the government for equitization in 1993. In 2002, Gemadept was officially listed on the Vietnam stock market with the stock code GMD. After nearly 30 years of establishment and development, Gemadept is one of the leading enterprises in the country in logistics and port operations. Of which, port operation accounted for 86% of the revenue structure, Logistic activities accounted for 14%, and other services accounted for the remainder, including real estate and afforestation. The company is planning to divest from other fields and focus entirely on the port operation and logistics activities.

Gemadept Corporation's logistics value chain



Gemadept owns a system of ports in all three regions of the country in key areas and major economic zones. With a total of 8 seaports, the annual capacity of GMD reaches to 3.5 million TEUs and 2 million tons of bulk cargo. Combined with a modern logistics system, GMD prove its efficiency of domestic goods transportation.

Efficient port operation with many seaports located in prime locations

Gemadept currently has 4 ports in the North operating in the Hai Phong seaport area, 1 port in the central region operating in Dung Quat - Quang Ngai industrial park, and 3 ports in Binh Duong, Ho Chi Minh, and Ba Ria – Vung Tau areas. Gemadept's seaports are located in important areas for port operation. Hai Phong and Ba Ria Vung Tau port areas are the only two areas of the country that are specially designed for port operation. Ho Chi Minh and Quang Ngai are classified as Class I locations for port operation.

According to state regulations, all Vietnamese ports are graded according to 4 levels from special ports, to ports of class I, II, and III. The ports that ranked high are those that have a large volume of goods through the seaport, the ability to receive large ships, and have a direct influence on the development of the national economy. Therefore, Gemadept has a special advantage in exploiting and developing the seaport.

The leading logistics services in providing a variety of services





According to the evaluation report of Vietnam Report in 2021, Gemadept ranked first in the Top 10 prestigious Logistics companies in the categories of international freight forwarding, warehousing, and logistics services. With a comprehensive logistics system, Gemadept effectively exploits the logistics supply chain in 6 different fields: air cargo terminal, distribution center, OOG cargo transport, shipping, cold chain logistics, and Auto logistics.

- Gemadept is currently the largest shareholder of Saigon Cargo Services Joint Stock Company (SCS), with a market capitalization of more than VND 7,000 billion. SCS is in charge of operating the airport logistics at Tan Son Nhat airport. Gemadept's current airport operation segment has a capacity of 350,000 tons.
- Gemadept currently owns a logistics network including 19 distribution centers with a total area of up to 400,000 m2, concentrated mainly in key economic centers such as Ho Chi Minh City, Binh Duong, Hanoi, Hai Phong, Bac Ninh, Hung Yen… Gemadept is currently serving more than 300 domestic and foreign customers and partners, including large Vietnamese enterprises and famous global names. GMD's annual output is currently around 11 million CBM.
- Currently, Gemadept's transport capacity is about 18,000 TEUs, serving both road transport and water transport. Besides, Gemadept also undertakes the transportation of super-heavy items in Vietnam and is considered one of the top 3 leading companies in the field of super-heavy cargo transportation.
- Gemadept exploits the logistics of refrigerated goods through Mekong Logistics, a joint venture between Gemadept Joint Stock Company and "King Shrimp" - Minh Phu Seafood Corporation (currently Gemadept accounts for 25% and Minh Phu accounts for 41%). Mekong Logistics is a modern cold storage with the largest scale in the region, which has an area of 4.8 hectares and a capacity of up to 50,000 pallets.
- The automotive logistics segment is strongly developed through the joint venture K line – Gemadept Logistics (KGL), in which Gemadept holds 50% of the shares. With the current scale of 55,000 m2, the joint venture provides services for the world's leading automobile manufacturers such as Isuzu, Honda, Ford, and Mercedes...

Appendix: Financial statements

Statement of financial position

Year to Dec. (bn VND)	2023	2024	2025F	2026F	2027F
Total assets	10,141	11,310	13,500	13,750	14,115
Current assets	3,401	6,676	7,749	8,951	10,246
Cash & equivalents	1,474	3,964	4,856	5,883	7,065
Short-term financial asset	356	1,021	1,021	1,021	1,021
Accounts receivable	1,212	1,235	1,326	1,450	1,530
Inventories	68	83	137	150	158
Non-current assets	11,310	12,457	13,750	14,115	14,613
Net fixed assets	4,169	4,033	5,786	5,381	4,966
Investment assets	1,759	1,717	1,717	1,717	1,717
Other long-term assets	4,213	5,560	5,998	6,652	7,432
Total liabilities	3,836	4,232	4,768	4,765	4,698
Current liabilities	1,936	2,107	2,365	2,533	2,642
Accounts payable	508	462	805	882	932
Short-term borrowings	446	422	250	250	250
Others	666	884	971	1,062	1,120
Non-current liabilities	1,936	2,107	2,365	2,533	2,642
Long-term borrowings	1,518	1,745	1,985	1,800	1,615
Other financial liabilities	381	380	418	432	442
Total shareholders' equity					
Capital stock	3,059	4,140	4,140	4,140	4,140
Capital surplus	1,942	3,920	3,920	3,920	3,920
Other capital	619	705	705	705	705
Retained earnings	2,938	3,621	4,479	5,477	6,734
Non-controlling interest equity	1,149	1,368	1,761	2,218	2,687
*Total debt	1,964	2,167	2,235	2,050	1,865
*Net debt (cash)	490	(1,797)	(2,622)	(3,833)	(5,200)

Statement of comprehensive income

Year to Dec. (bn VND)	2023	2024	2025F	2026F	2027F
Revenue	3,846	4,832	5,308	5,805	6,123
Growth	-1.3%	25.6%	9.8%	9.4%	5.5%
COGS	2,069	2,671	2,938	3,220	3,403
Gross profit	1,776	2,162	2,369	2,585	2,721
GPM	46.2%	44.7%	44.6%	44.5%	44.4%
SG&A	660	816	784	851	891
Operating profit	1,116	1,345	1,585	1,734	1,830
Growth	6.1%	20.6%	17.8%	9.4%	5.5%
OPM	29.0%	27.8%	29.9%	29.9%	29.9%
Non-operating profit	(16)	(349)	8	23	40
Financial income	1,900	418	15	18	21
Financial expense	169	150	143	145	132
In which: interest expenses	(135)	(139)	(143)	(145)	(132)
Net other non-operating profit	272	816	588	750	935
Pre-tax profit	3,144	2,080	2,053	2,380	2,694
Income tax	155	154	291	338	382
Net profit	3,002	1,988	1,790	2,075	2,348
Growth	158.5%	-33.8%	-10.0%	16.0%	13.2%
NPM	78.1%	41.1%	33.7%	35.8%	38.4%
Controlling interest	2,721	1,542	1,396	1,619	1,879
Non-controlling interest	280	446	394	457	470
EBIT	3,037	2,219	2,196	2,525	2,826
Growth	211.0%	73.1%	98.9%	115.0%	111.9%
EBIT Margin	79.0%	45.9%	41.4%	43.5%	46.1%
EBITDA	3,432	2,624	2,752	3,110	3,421
Growth	87.3%	-23.5%	4.9%	13.0%	10.0%
EBITDA margin	89.2%	54.3%	51.8%	53.6%	55.9%

Statement of cash flow

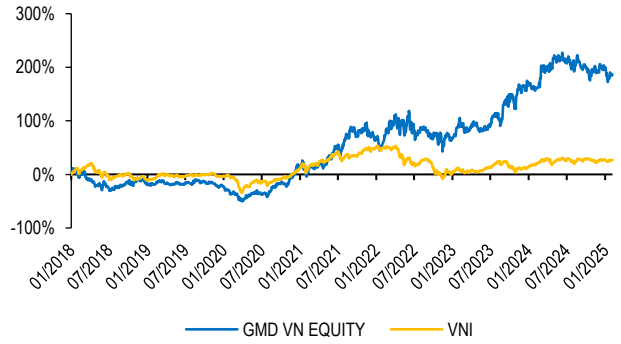
Year to Dec. (bn VND)	2022	2023	2024F	2025F	2026F
Cash flow from operations	(3)	1,647	1,983	1,746	1,894
Net profit	2,721	1,292	1,396	1,619	1,879
Depreciation expense	395	406	556	584	595
(Gain) from investing activities	(2,213)				
Change in working capital	(1,570)	69	202	(161)	(103)
Others	(1,549)	(120)	(156)	(279)	(456)
Cash flow from investments	915	(1,495)	(620)	87	94
Change in fixed assets	(1,153)	(1,586)	(833)	(180)	(180)
Change in investment assets	2,424	237	-	-	-
Others	(557)	(435)	-	-	-
Cash flow from financing	(808)	2,337	(471)	(806)	(806)
Change in equity	45	3,059	-	-	-
Net borrowing	(37)	220	67	(185)	(185)
Dividends	(780)	(917)	(538)	(621)	(621)
Change in total cash	105	2,489	892	1,027	1,182
Beginning cash	1,364	1,472	3,964	4,856	5,883
Change in FX rates	3	3	-	-	-
Ending cash	1,472	3,964	4,856	5,883	7,065

Key ratios

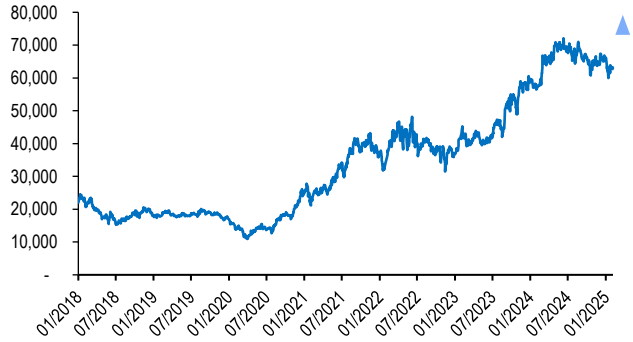
Year to Dec.	2022	2023	2024F	2025F	2026F
EPS (VND)	8,253	4,676	4,234	4,909	5,698
BPS (VND)	28,395	29,920	31,992	34,402	37,440
DPS (VND)	2,589	2,216	1,300	1,500	1,500
PER (x)	9.4	16.6	18.3	15.8	13.6
PBR (x)	2.7	2.6	2.4	2.3	2.1
EV/EBITDA (x)	14.5	10.1	9.5	8.4	7.7
Dividend payout ratio	31.4%	47.4%	30.7%	30.6%	26.3%
Dividend yield	4.1%	3.6%	2.1%	2.4%	2.4%
Profitability					
EBITDA margin	39.3%	36.2%	40.3%	39.9%	39.6%
OPM	29.0%	27.8%	29.9%	29.9%	29.9%
NPM	78.1%	41.1%	33.7%	35.8%	38.4%
ROA	22.6%	12.6%	9.1%	9.4%	10.0%
ROE	35.2%	14.7%	10.9%	11.8%	12.6%
Stability					
Debt to equity ratio	20.2%	15.8%	14.9%	12.5%	10.3%
Cash ratio	76.1%	188.1%	205.3%	232.2%	267.4%
Interest coverage ratio (x)	11.2	12.6	15.0	16.0	18.3
Activity					
Working capital turnover (times)	(3)	40	27	13	13
Inventory turnover (days)	13	10	14	16	17
Receivable turnover (days)	103	96	92	92	94

Gemadept Corporation Joint Company (GMD VN)

Share price



Target price (VND)



Date	Rating	TP (VND)	TP gap (%)	
			TB	Max/Min
12/03/2022 (Initiation)	BUY	46,750	25.8	-0.3/70.3
02/03/2023 (Update)	BUY	46,120	24.7	-1.1/68.9
06/22/2023 (Update)	BUY	46,750	34.4	10.6/71.4
11/09/2023 (Update)	HOLD	55,000	41.7	8.8/103.2
02/03/2024 (Update)	BUY	62,550	34.2	13.0/71.6
10/30/2024 (Update)	HOLD	69,300	13.2	-0.6/42.5
02/07/2025 (Update)	BUY	78,000	18.2	5.1/35.1

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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