

Hai An Transport and Stevedoring JSC

[Vietnam/ Logistic]

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

BUY

(Initial Coverage)

Target price (12 months)	**VND 104,302**
Current price (09/08/22)	VND 70,100
Return (%)	49%

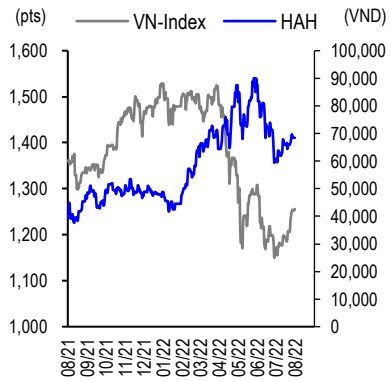


[Analyst]

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VNINDEX		1259
HNXINDEX		301
Market cap (bn VND)		4,788
Outstanding shares (1mn)		68
Free float (1mn)		44
52-week high/low (VND)		92,900/ 36,857
90-day avg. trading volume		1.81
90-day avg. turnover (bn VND)		135
Foreign ownership (%)		18
Major shareholders (%)	Hai Ha Transport and Investment JSC	11%
	TM Holding Fund JSC	9%

Performance	3M	6M	12M
Absolute (%)	-21.7	41.2	84.4
Relative with VN-Index (%)	-16.2	57.5	90.8



Shinhan Securities

Leading container shipping line in VN

Initial coverage with a BUY recommendation at a target price of VND 104,302

Hai An Transport and Stevedoring JSC (HAH) is one of the leading shipping companies in Vietnam. Hai An owns the largest container fleet, operating both domestic and foreign shipping. With a strong investment plan for the future fleet, Hai An increasingly asserts its leading position in the field of container ship transportation. We first price HAH at VND 104,302 corresponding to 49% profitability. We use P/E and DCF valuation methods with weights of 20% and 80% respectively. We expect Hai An's business will continue to grow in the period 2022 - 2024 thanks to the investment and development of the fleet combine with the growth prospect of Vietnam's imports and export.

Import and export growth promotes the shipping industry

The main drivers of Vietnam's imports and export in the future are economic agreements like the EVFTA and RCEP as well as the ongoing expansion of FDI capital. The Vietnamese government anticipates a 14% rise in import and export turnover in 2022. At the same time, the government also plans to grow export by 7.5% in the period 2023-2025 and 4.5-5.5% in the period 2025-2030.

Benefit from sea freight rates continue to remain high in 2022

Sea freight rates in the country and the world have had a strong increase in the period from 2021 to 2022. In addition to the increase in freight rates caused by the epidemic situation, Hai An continues to benefit in terms of profit due to the expansion of the Intra-Asia route and the leasing ship activities.

Strong investment in container fleet and partnership with top 10 shipping lines

Hai An continues to have a significant investment in its fleet with 5 ships in the period of 2023 – 2025. New ships will have larger tonnage and lower vessel age, thereby significantly improving efficiency. In addition, the cooperation with a top 10 shipping company - Zim will help Hai An effectively exploit international transport routes and benefit from vessel leasing.

Investment risks related to the world economic situation and oil price

Factors such as war, epidemics that directly affect the world economic situation, and high oil prices are risks that directly affect Hai An's results.

Year to Dec.	2020	2021	2022F	2023F	2024F
Revenue (bn VND)	**1,192**	**1,955**	**3,089**	**3,201**	**3,821**
OP (bn VND)	171	629	1,176	869	904
NP (bn VND)	**147**	**551**	**990**	**744**	**771**
EPS (VND)	2,734	8,750	11,731	8,813	9,137
BPS (VND)	26,408	37,356	38,581	46,394	54,531
OPM (%)	14%	32%	38%	27%	24%
NPM (%)	12%	28%	32%	23%	20%
ROE (%)	**10%**	**23%**	**30%**	**19%**	**17%**
PER (x)	6.17	7.24	5.97	7.94	7.66
PBR (x)	0.64	1.74	1.81	1.51	1.28
EV/EBITDA (x)	4.09	4.62	3.38	3.84	3.45

Source: Company data, Shinhan Securities Vietnam

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Content

3 **Industry overview & Company background**

8 **Investment catalysts & Theses**

11 **Earnings estimates**

13 **Valuation & Recommendation**

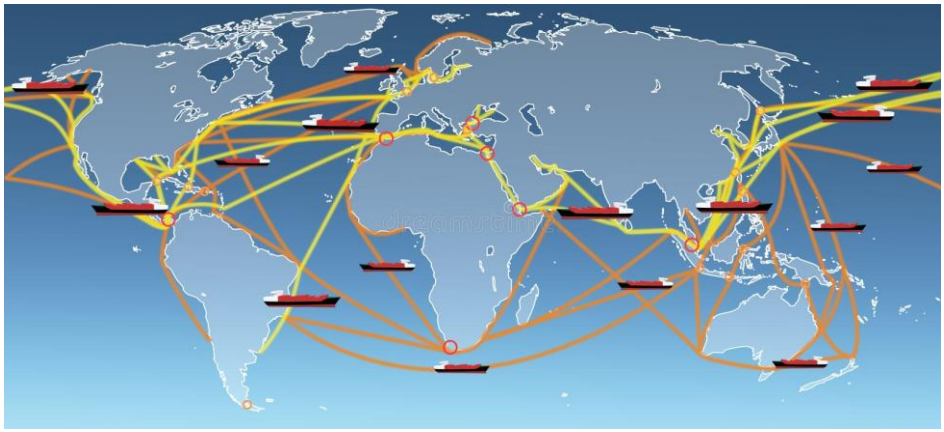
15 **Investment risk**

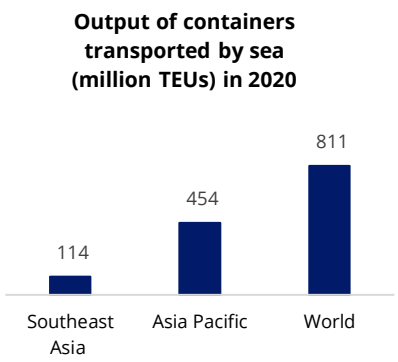
18 **Appendix: Financial statements**

Industry overview & Company background

Vietnam's shipping industry

Vietnam's strategic position in the shipping industry







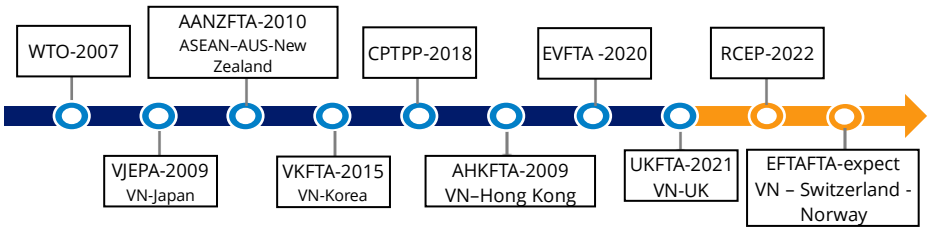
Source: World Bank

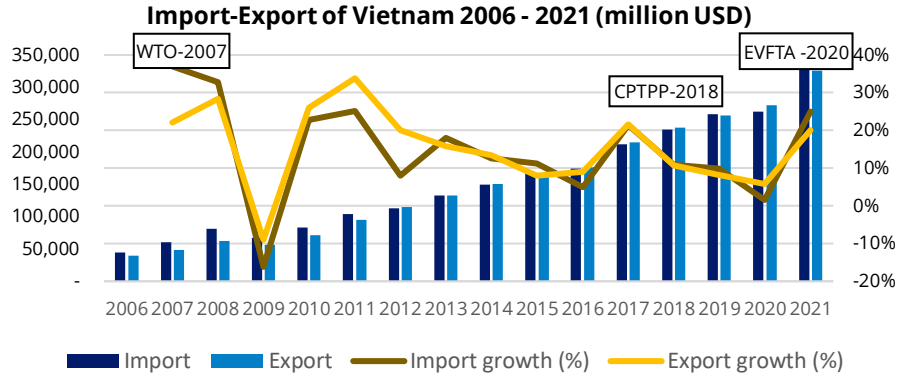
Liner shipping connectivity index	
Country	**Rank**
China	1
Singapore	2
South Korea	3
US	4
Malaysia	5
...	...
Vietnam	13

The East Sea, which is a crucial part of the international shipping route that carries products from Asia to other parts of the world, is next to Vietnam. With 3,260 km of coastline and numerous deep-water bays close to international shipping lanes, Vietnam is well-suited for the development of seaports, therefore, helping to develop maritime transportation. Vietnam is now ranked 13th in the world by the World Bank's national marine connectivity index, the Liner shipping connectivity index. Vietnam, therefore, has a lot of potential for improving maritime transportation, as there are 2 key maritime routes: Southeast Asia (which accounts for 14% of world transported commodities) and the Asia Pacific (accounting for 56% of world transported commodities).

With an average growth rate of 9% from 2010 to 2019, Vietnam has one of the greatest growth rates in Southeast Asia for the volume of products passing via seaports (compare with the average 5% of other ASEAN countries). Vietnamese seaports handled 13.7 million TEUs of cargo, placing them in the fourth position among ASEAN nations. International trade agreements and the increase of FDI flow into Vietnam have a significant impact on the growth rate of products passing via seaports.

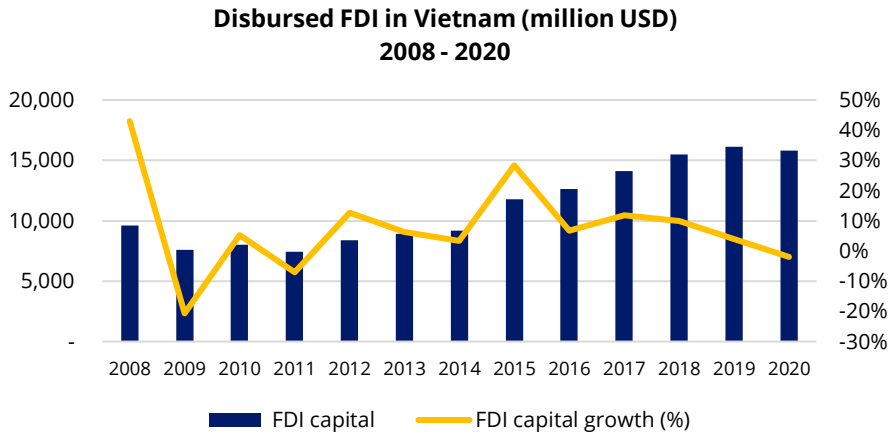
Strong growth potential through economic agreements





Source: Bloomberg

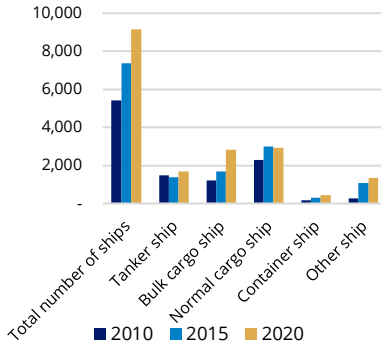
The shipping industry is heavily dependent on the volume of domestic imports and exports. With the policy of opening up the economy, Vietnam has signed many important economic agreements in recent years, which contribute to promoting import and export growth. In 2021, one year after the economic cooperation agreement with European countries - EVFTA, the total two-way trade turnover increased by 12% to USD 54.6 billion, including USD 16.2 billion in exports from the EU to Vietnam and USD 38.5 billion exports from Vietnam to the EU. By the end of 2021, export value increased by 20%.



Source: World Bank

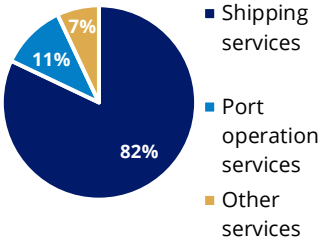
Economic agreements between countries play an important role in FDI investment in Vietnam, thereby contributing to the growth of imports and export. FDI enterprises investing in Vietnam will contribute to increasing imports by importing raw materials from other countries and increasing exports by exporting products to foreign countries. The amount of FDI inflows into Vietnam grows annually by about 10%, but in 2020 due to the Covid-19 situation affecting world economic activities, the amount of FDI capital decreased slightly by 2%. We expect FDI will continue to grow well in 2022 after the epidemic situation is under control and consumption demand recovers.

Vessel in VN (thousands of DWT)2010 - 2020



Source: UNCTAD

Revenue breakdown in 2021



Source: Hai An financial report 2021

Shareholder structure	%
Hai Ha Transport and Investment JSC	11%
TM Holding Fund JSC	9%
Sao A D.C Investment JSC	8%
America LLC	5%
CTBC Vietnam Equity Fund	4%
Samarang Ucits - Samarang Asian Prosperity	4%
Multimodal Transport and Agent Co., Ltd	4%
MACS Marine Joint Stock Company	3%
MHC Joint Stock Company	3%
Nam Duong Maritime Joint Stock Company	3%

The State puts a lot of effort into promoting and investing in the maritime sector.

The shipping industry continues to receive the attention of the State to improve the position of Vietnam's shipping fleet to compete with international fleets. The Vietnam Maritime Administration has requested authorities to continue to support Vietnamese ship owners develop their fleet with larger tonnage and lower age vessels to gradually replace the current small and old ships. Import tax exemption is allowed for ship owners who replace existing old ships with new ones under 15 years old or with larger tonnage or specialized features. In particular, 50% of tonnage fees are exempted for 5 years when ship owners buy and operate container ships of 1,500 TEU or more or ships powered by clean energy. Enterprise income tax exemption for 10 years for Vietnamese logistics enterprises with a monthly export and import container volume of 500 TEU or more.

The Government also issued Decision No. 1579/QD-TTG dated September 22, 2021, to master the planning and development of Vietnam's seaport system from 2021 to 2030, with a vision of 2050, contributing to the development of infrastructure of seaports in Vietnam for the shipping industry.

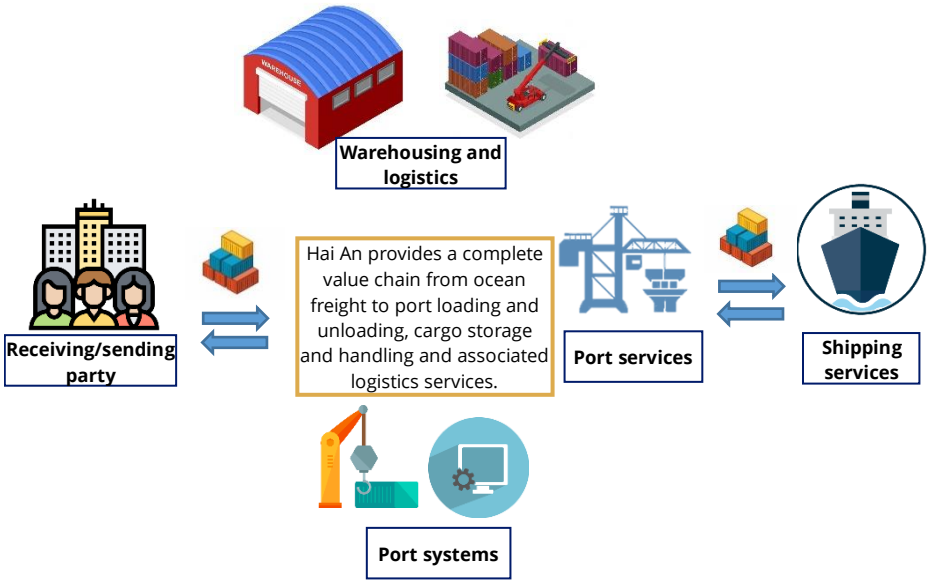
Company background

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.

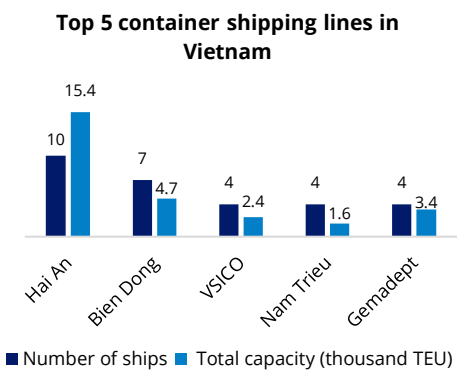
The shareholder structure of Hai An company includes 60% institutional investors including domestic and foreign shipping companies, port services companies, and investment funds. The diversified and active shareholder structure in the maritime sector contributes to the sustainable cooperation relationship between Hai An and the companies in the ownership structure. This creates a great competitive advantage for Hai An when the fleets of shareholder companies will prioritize cooperation with Hai An in business.

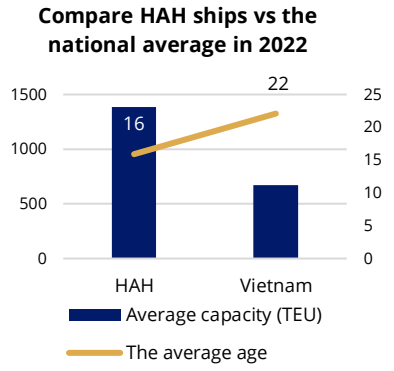
Hai An Company owns a complete value chain in the shipping industry



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 continues to invest and develop the container fleet

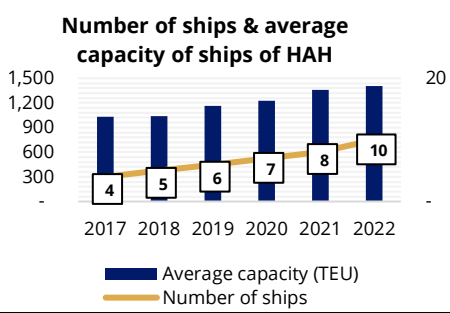


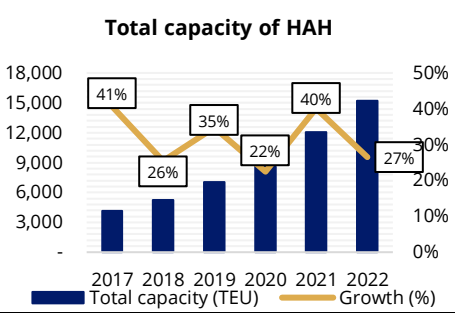


Source: Shinhan synthesis

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.

Hai An Partners'





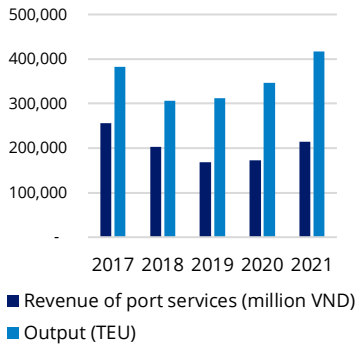
Source: Hai An annual report

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.

Output and revenue from seaport services of HAH



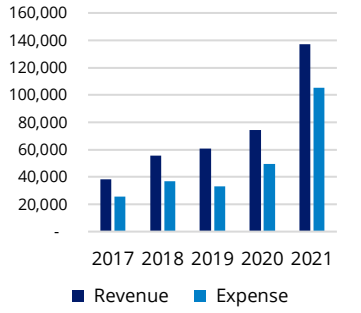
Source: Hai An's financial statement

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.

Revenue & expenses from support service of HAH (million VND)



Source: Hai An's Financial Statements

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.

Investment catalysts & Theses

Import and export growth promotes the shipping industry

Economic agreements continue to boost import and export growth

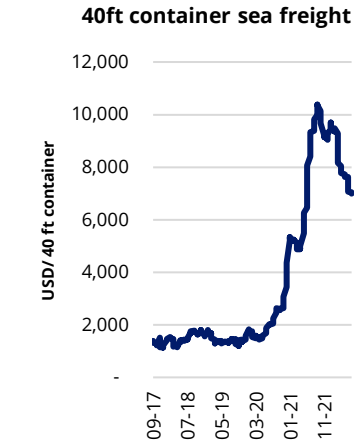


Source: Vietnam government plan 2023 - 2030

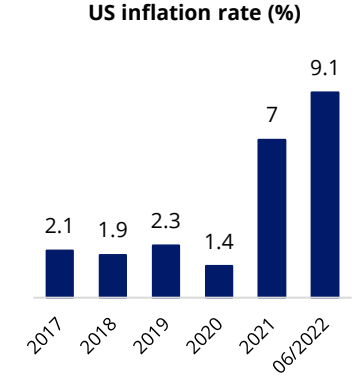
Economic agreements such as EVFTA, UKFTA, EFTAFTA, and RCEP continue to be a growth engine for import and export, the government expects Vietnam's export turnover to grow by 14% in 2022. At the same time, the government also plans to grow exports by 7.5% from 2023 to 2025 and 4.5 – 5.5% in the period 2025 – 2030. Import and export growth will strongly promote the demand for sea transport in the future.

Benefiting from sea freight rates continue to remain high in 2022

World ocean freight rates continue to remain high in 2022 and 2023



Source: Bloomberg



Source: Bloomberg

World freight rates increased from USD 2,000 for a 40-foot container in 2020 to USD 10,000 in October 2021 before went down to USD 7,000 in July 2022. Although the world freight rate has dropped, it is still 2-3 times higher than the period before the Covid-19 epidemic. The main cause of this situation is the disruption of the supply chain, which is due to the difference in import and export activities between the two sides of the Pacific (including Vietnam and China):

- Vietnam and China are among the main exporting countries to the US. The situation of the Covid-19 epidemic affected the production situation in the US, which leads to a trade deficit with Vietnam and China. The volume of containers exported to the US lacks a large number of goods to return, leading to a situation where one side lacks containers to export and the other side has an excess of empty containers. This leads to increased transportation costs due to container shortages and the costs incurred to transport empty containers back to Vietnam and China.

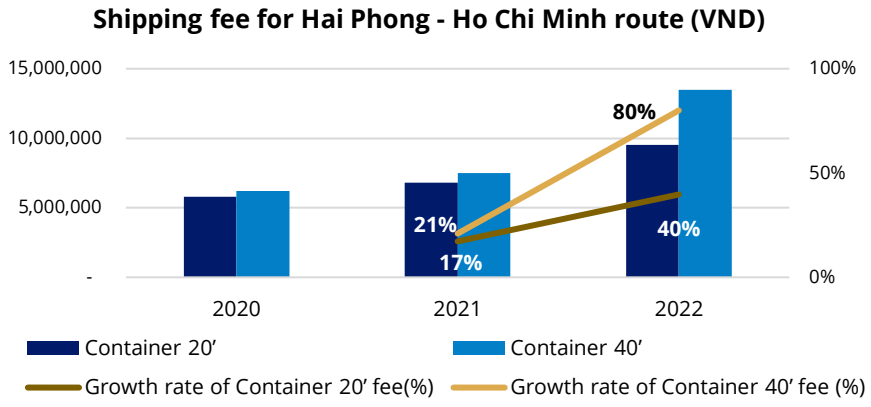
We assess container freight rates after reduction in early 2022 will stay at the current price range until 2023 for the following reasons:

- Shipping fees decreased in the early period of 2022 due to China's blockade to prevent the Covid-19 epidemic. This has reduced the production and export capacity of China. After lifting the blockade and returning to production in June 2022, the large volume of exports from China as well as the need to import to reserve goods will contribute to increasing imports and export. This will have a strong impact on shipping, contributing to an increase in freight rates.
- The US production and exports have not been able to recover quickly due to high

inflation. The US government was forced to raise interest rates to control inflation. This negatively affects the situation of domestic production. Besides, the increase in interest rates makes the USD stronger, negatively affecting exports and increasing imports. The trade balance will continue to be unbalanced and affect the logistics supply chain.

- Shipbuilding orders increase rapidly, but the number of ships is expected to be delivered in 2023 - 2024. However, the consolidation process of the shipping industry in the past years will help shipping lines better manage the supply of ships as well as better price management due to reduced price competition. The volume of ships produced will contribute to the reduction of freight rates, but freight rates will be difficult to return to pre-pandemic levels

Benefit from the increase in domestic fee



Source: Hai An domestic shipping fee

Hai An's domestic freight charges have grown strongly in recent years. According to the latest updated fee schedule (April 1, 2022), sea freight charges have increased from 40% to 80% compared to the beginning of 2021.

Exploiting Inner Asia shipping route with higher sea freight rates

Domestic Route			International Route	
Container Type	Route	Fee (VND)	Route	Fee (VND)
Container 20'	HP => HK	5,000,000	HP => HCM	9,500,000
	HP => Nansha	10,000,000	HP => Da Nang	8,500,000
Container 40'	HP => HK	10,000,000	HP => HCM	13,500,000
	HP => Nansha	20,000,000	HP => Da Nang	12,500,000
Nguồn: Hai An transportation fee schedule, April 2022				

*HP: Hai Phong
HCM: Ho Chi Minh
HK: Hong Kong

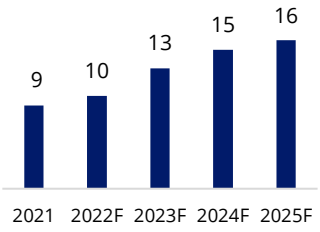
Hai An officially opens the Intra-Asia route in 2022. The international shipping route will bring higher fees, contributing to Hai An's growth. Compared with the Hai Phong - HCM route, the transport route from Hai Phong - Nansha has a higher fee but a shorter distance (the Hai Phong - HCM route costs 13.5 million VND; the Hai Phong Nansha (Guangzhou) route costs 20 million VND).

Benefit from chartering ships at high prices

Based on the situation that international ship leasing rates are at a high level, Hai An has taken the opportunity to lease ships. Currently, Hai An is leasing 4 ships, of which 2 are chartered at the end of 2021 and 1 at the beginning of 2022. Lease contracts are usually signed for 2-3 years, therefore Hai An can ensure a high level of profit by signing a charter contract at a high price. During the first quarter of

2022, Hai An has just purchased a vessel for USD 27 million and leased it immediately after with a contract from June 2022 to June 2025 - for USD 40,000/day. With this fee, we estimate a return on investment of about 40%/year, which will contribute significantly to Hai An's profit.

Number of ships of Hai An



Source: Website Hai An

Strong investment in container fleet to maintain leader position

Hai An plans to continue to invest in a new fleet in the period from 2022 to 2024. In 2022, Hai An completed the purchase of 2 ships with a total investment of USD 53 million. In the year 2023 - 2025, the company plans to invest in 5 more ships. In which the new ships will have a tonnage of about 1,800 TEUs. The company also plans to buy 4,500-TEU ships to run directly from China to India.

With the number of ships increasing, and the tonnage and age of ships also improving, Hai An's fleet can take advantage to exploit international transport routes with higher fees. Besides, Hai An can also take the opportunity to lease ships.

Growth potential from the partnership with Zim - the world's top 10 shipping lines

Strong future development from Zim - Hai An joint venture

Hai An has just cooperated with ZIM Integrated Shipping Services Ltd to establish ZIM - Hai An Container Shipping Joint Venture Company. This partnership establishment will help Hai An invest in their container ships, and container shells, acquire technology, and take advantage of the partner's network. Along with that, the partnership will open new shipping routes to China, Northeast Asia, and Southeast Asia, then gradually expand to South Asia, the Middle East, Australia, America, and Europe.

Joint venture USD 2 million

With a charter capital of USD 2 million, ZIM - Hai An Joint Venture will not invest in its fleet, instead, it will hire ships from Hai An and ZIM. This joint venture will bring two sources of income for Hai An, including Vessel rental revenue and profit sharing from the fleet operation.

By leveraging ZIM's established international network, Hai An's fleet can access the Inner Asian market as a feeder vessel for the long-distance services operated by ZIM. The joint venture, in addition to inheriting the international network and management experience of ZIM Lines, is also received financial support from ZIM Lines to continue buying and building new container ships that have suitable tonnage for the development of new international routes in the coming years.

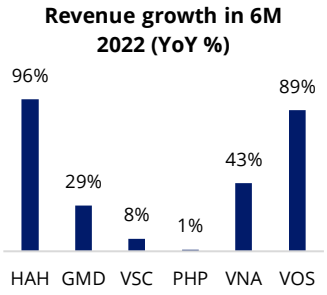
ZIM - Hai An Joint Venture will start operating the first service line in the fourth quarter of 2022 and the second service in 2023. The joint venture can break even in the first year of operation, and at the same time contribute to Hai An's vessel leasing revenue.

Strength from Zim - Israeli shipping lines

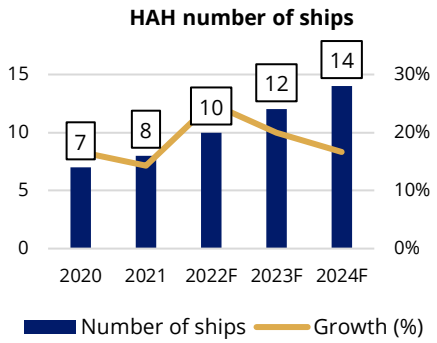
Zim Integrated Shipping Services Ltd commonly known as ZIM is an Israeli international freight company. ZIM is the 10th largest container shipping company in the world, currently operating more than 100 container ships with a total tonnage of nearly 438,000 TEUs. Zim has experience in operating many container routes around the world. ZIM Company is actively investing in new ships, in 2021 alone, the company invested in more than 30 ships, which increased 30% capacity than the previous year.

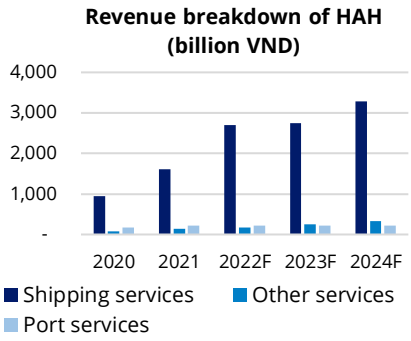
Earnings estimates

The shipping segment contributes greatly to revenue growth



Source: Shinhan synthesis

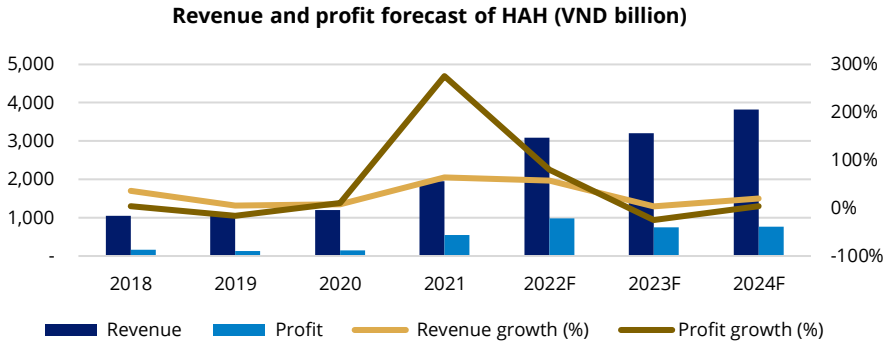




Hai An's revenue is expected to continue to grow strongly in the future with the main driving force coming from the shipping segment. Port operation will not change much because Hai An port has reached its maximum capacity. Other services, including warehousing and logistics services, will grow steadily.

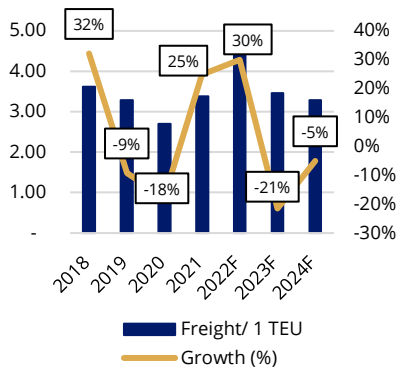
According to business results in the first 6 months of 2022, Hai An grew by 96%, much higher than other enterprises in the shipping industry. The key reason for this significant growth is the sharp increase in freight charges and Hai An's fleet expansion, with increasingly large scale and high efficiency.

Transport volume will be a key driver for the future growth

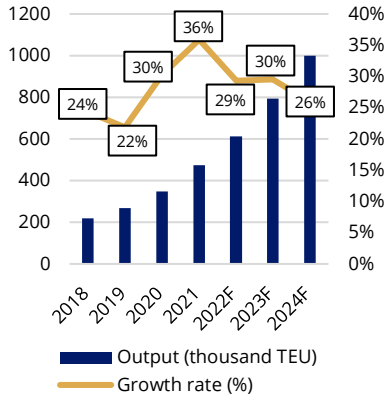


We expect Hai An's revenue to grow strongly in 2022 as freight rates remain high and Hai An's transport volume will also increase significantly. We forecast revenue in 2022 to grow by 58% and profit by 85%. Profits will increase sharply due to a significantly improved freight rate. Hai An will take advantage of the increased freight rate and charter to benefit from the high price. We estimate freight rates will decrease in 2023 after the logistical problems are resolved and the epidemic is completely under control.

Forecast HAH avegage freight (million VND)



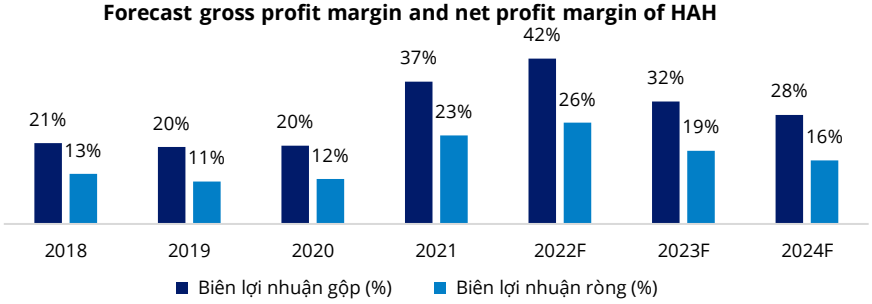
Transport volume forecast HAH



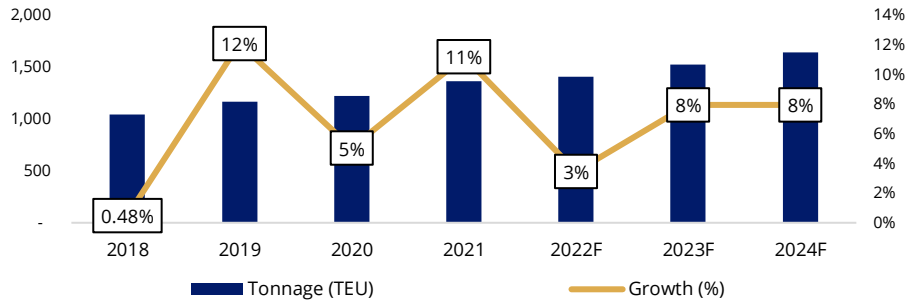
We assume that Hai An's current freight rates will return to the pre-epidemic range (in 2018 - 2019). However, after 2023, Hai An's revenue and profit will continue to grow. Future growth prospects mainly come from transport volume, with an increase of 25% annually thanks to an increase in the number of ships and ships' quality.

Gross profit margin improves thanks to increased shipping efficiency

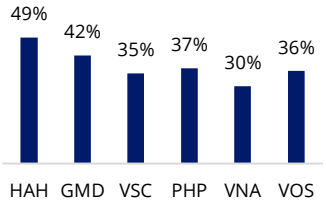
Forecast gross profit margin and net profit margin of HAH



Forecast average tonnage of per HAH ship



6M gross profit margin in 2022



Source: Shinhan synthesis

The gross profit margin in 2021 and 2022 has a significant growth due to high freight rates. The fact that freight charges are likely to return before the epidemic in 2023 may reduce Hai An's profit margin. However, Hai An's profit margin will be improved compared to the time before the epidemic because Hai An's fleet is increasingly expanding its transport scale. Hai An continuously invests in new ships with lower age and larger capacity. The average tonnage of a Hai An ship has improved markedly over the years. For example, in 2018, an average Hai An ship can carry 1000 TEUs, however, an average Hai An ship can carry 1,400 TEUs in 2022 (an increase of 40% compared to 2018).

Hai An is also one of the top profit margin enterprises in the shipping and seaport industry, because Hai An has a complete transportation value chain, and Hai An's fleet has a larger tonnage than other shipping lines.

Valuation & Recommendation

We recommend a BUY at a target price of VND 104,302

We offer an initial valuation for Hai An Transport and Stevedoring JSC with a buy recommendation at a target price of VND 104,302, representing an increase of 49% from the current price. With a strong prospect from the shipping segment, we expect growth for Hai An will come from these drivers:

1) Import and export growth promotes the shipping industry
2) Benefiting from sea freight rates continue to remain high in 2022
3) Strong investment in container fleet to maintain leader position
4) Growth from the partnership with Zim - the world's top 10 shipping lines

Valuation method

The discounted cash flow method (FCFF)

We apply a combination of P/E and Discounted Cash Flow (FCFF) valuation methods with the weights of 20% and 80% respectively to value Hai An company. For the FCFF method, we assume a strong growth in revenue in 2022 due to high volume growth and high freight rates. After freight rates returned to the time before the epidemic, the growth in 2023 - 2024 is mainly due to the number of new ship investments and the potential to exploit future shipping routes. The number of newly invested vessels with larger capacity as well as lower age will increase Hai An's vessel operating capacity.

For the weighted average cost of capital (WACC), we use the 5-year Vietnamese government bond yield at 3% as the risk-free rate. Beta is calculated based on historical data for the last 2 years of HAH and VNINDEX. Based on those assumptions, Hai An's FCFF target price is valued at VND 102,517.

Method	Weight	Price
FCFF	80%	102,517
P/E	20%	111,444
Target price		104,302
Current price		70,100
Upside (%)		49%

Variable	Value
D/E	17%
Beta	0.95
Risk-free rate	3%
Cost of equity	16%
Cost of debt	5%
WACC	14%

Unit: Billion VND	2022F	2023F	2024F	2025F	2026F
EBIT*(1-Tax rate)	1,025	780	814	936	1,022
Depreciation	273	387	496	593	634
Minus: Changes in WC	102	77	(2)	(6)	(21)
Minus: CAPEX	(1,318)	(1,413)	(1,369)	(696)	(345)
Cashflow (FCFF)	**81**	**(170)**	**(61)**	**826**	**1,290**
Terminal growth rate (%)	2%	-	-	-	-
WACC (%)	14%	-	-	-	-
Terminal value	-	-	-	-	10,964
DCF	**77**	**(141)**	**(44)**	**525**	**6,830**
Firm value	7,247	-	-	-	-
- Debt	793	-	-	-	-
+ Cash and cash equivalent	485	-	-	-	-
Equity value	6,939	-	-	-	-
Target price (VND)	**102,517**				

P/E method

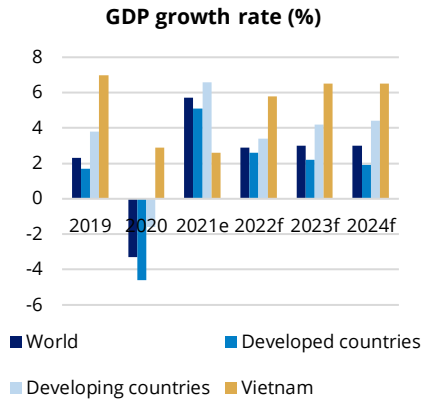
Based on the P/E method, we collect data from shipping industries in different countries. Along with that, with the average 4-year historical P/E of HAH at 9.35x, we estimate HAH's target P/E at 9.50. Combined with the 2022 forward EPS at VND 11,731, the target price of HAH is valued at VND 111,444.

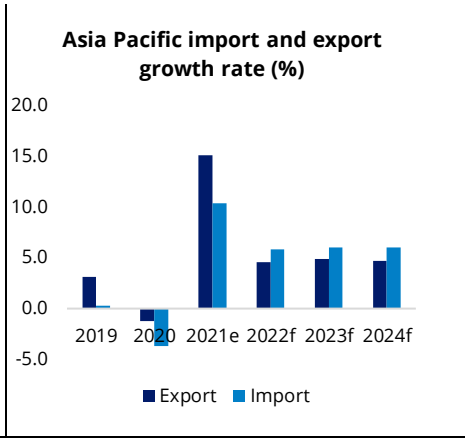
	2018	2019	2020	2021
P/E	6.4	7.5	10.6	12.9
Average historical P/E			9.35	

Country	Company name	Market cap (Thousand billion VND)	P/E	ROE	ROA
Chile	Puerto Ventanas Sa	4.17	7.02	18%	7%
Greece	Thessaloniki Port Authority	6.01	12.73	12%	8%
India	Navkar Corp Ltd	3.20	16.21	4%	3%
Israel	Gold Bond Group	4.13	19.82	4%	3%
Japan	Nissin Corp	5.88	4.24	10%	5%
Japan	Meiko Trans	6.10	6.83	5%	4%
Japan	Isewan Terminal Service Co	3.27	7.58	6%	5%
Kuwait	Jassim Transport & Stevedori	3.83	16.41	5%	5%
New Zealand	Marsden Maritime	3.50	17.39	8%	7%
New Zealand	South Port New Zealand Ltd	3.13	20.16	23%	17%
Oman	Salalah Port	5.69	21.61	6%	4%
Korea	Sebang Co Ltd	4.26	4.14	4%	3%
Vietnam	HAH	4.73	7.55	31%	16%
Average		4.45	12.44	10%	7%
Median		4.17	12.73	6%	5%
Average historical P/E					9.35
Target P/E					9.50
HAH EPS Forward					11,731
Target price		**111,444**			

Investment risk

Risks related to the world economic situation





Source: World bank

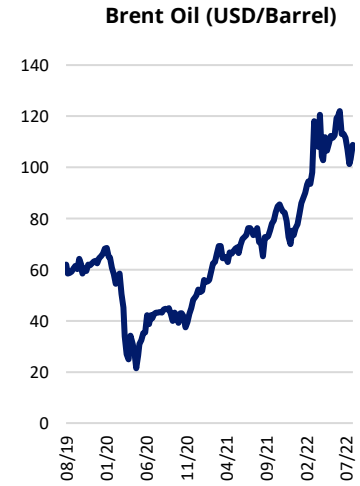
The shipping industry depends greatly on the economic development of countries around the world. The GDP growth rate has a great influence on the increase in imports and exports, thereby directly affecting shipping. Factors affecting the economic growth rate such as the Russia-Ukraine war or the continuing epidemic situation are risks that can affect economic development. The International Monetary Fund (IMF) has lowered its forecast for global GDP growth in 2022 to 3.2%, from a 3.6% forecast in April due to factors related to economic growth such as wars and epidemics. However, we see that Vietnam's growth is still stable and imports and exports are still in good growth.

The drop in world sea freight rate

Ocean freight rates have a direct impact on the profitability of the shipping industry. The epidemic situation and the difference in economic recovery in the world have caused supply chain disruptions, leading to an increase in sea freight rates by nearly 10 times compared to the time before the epidemic occurred. When the epidemic is under control and the economic situation gradually recovers, freight rates will decrease. At the same time, the situation of ship production completed in 2023 will also affect the supply of ships to the market, contributing to reducing international shipping rates. All of the above risks have been reflected in our valuation model for Hai An company. To ensure safety in valuation, we assume ocean freight rates will return to the average in the period 2018 – 2019.

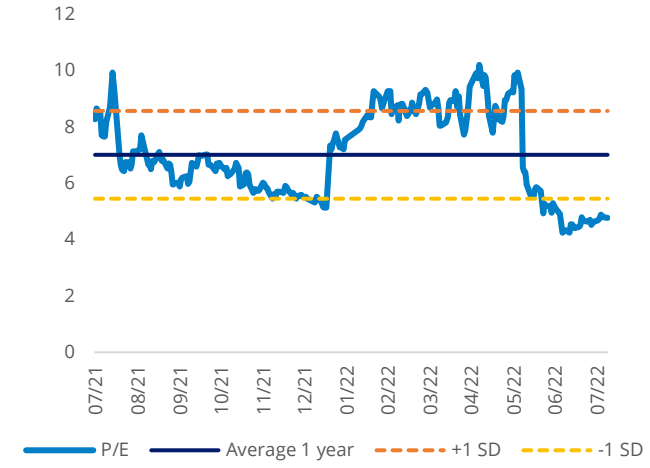
The sharp increase in oil prices causes shipping costs to increase

Oil prices in the world have increased sharply in recent years due to the Russia-Ukraine war and uncertainties related to the world political situation such as the embargo on goods from Russia by the US and European countries, the unstable situation in Libya, and the US announcement of new sanctions against Iran. Although gasoline prices are at a high level, they have shown signs of going down since June 2022. The increase in gasoline prices will increase transportation costs due to increased input costs. Petrol prices account for about 50% of the cost structure of sea transportation. However, the fact that Hai An has signed a long-term rental contract for 2-3 years helps Hai An not be affected by gasoline prices with the leasing fleet. We estimate that a 10% increase in gasoline prices could increase Hai An's costs in the shipping segment by about 2%.

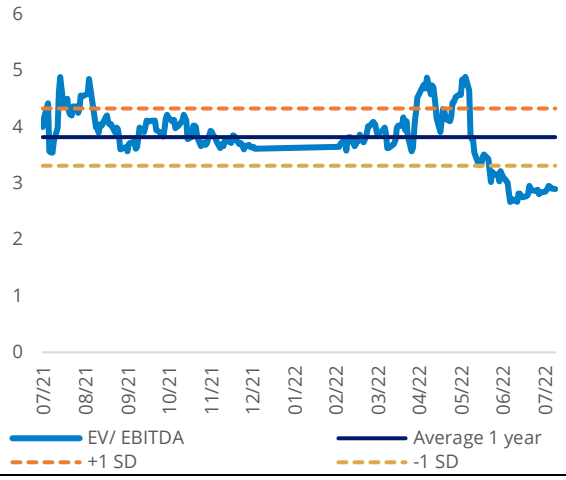


Source: Bloomberg

P/E 1 year

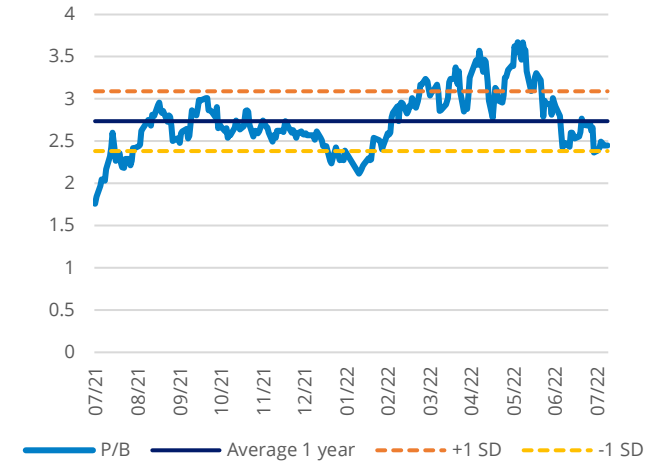


EV/EBITDA 1 year

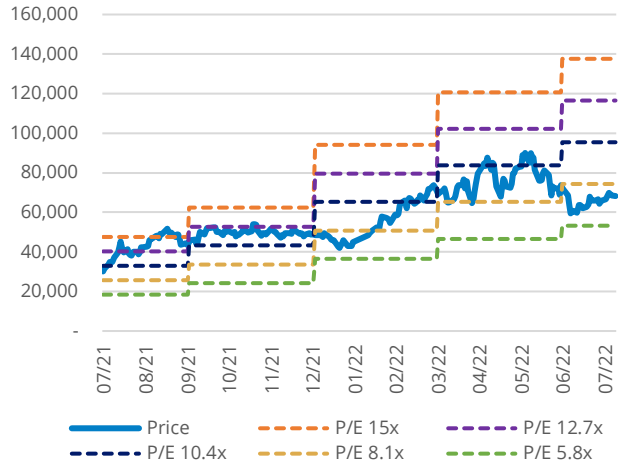


Source: Company data, Shinhan Securities Vietnam

P/B 1 year

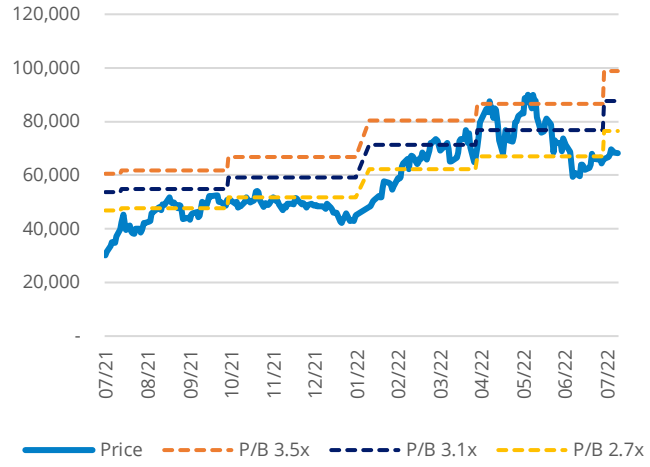


Price with multiple P/E

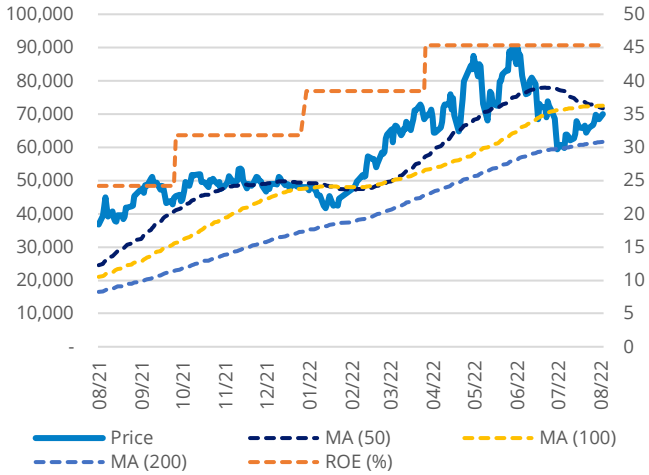


Source: Company data, Shinhan Securities Vietnam

Price with multiple P/B

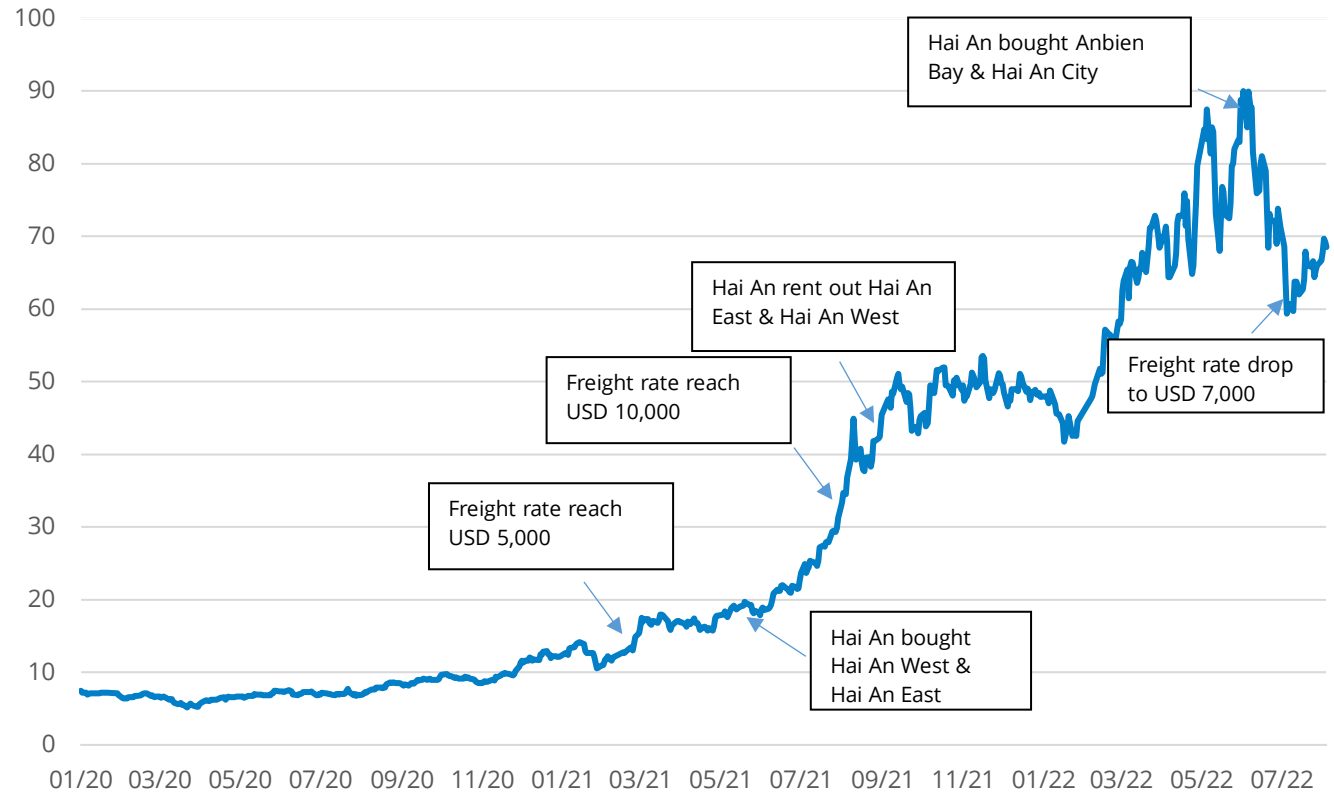


ROE & MA line



Source: Company data, Shinhan Securities Vietnam

Important Event of Hai An



Source: Company data, Shinhan Securities Vietnam

Appendix : Financial statements

Statement of financial position

Year to Dec. (bn VND)	2020	2021	2022F	2023F	2024F
Total assets	**2,095**	**3,232**	**4,285**	**4,969**	**5,896**
Current assets	695	1,287	1,279	936	991
Cash & equivalents	221	485	389	8	(100)
Short-term financial asset	80	87	87	87	87
Accounts receivable	308	633	693	725	869
Inventories	46	48	76	79	95
Non-current assets	1,400	1,945	3,006	4,033	4,906
Net fixed assets	1,098	1,536	2,587	3,614	4,487
Investment assets	-	-	-	-	-
Other long-term assets	301	409	418	418	418
Total liabilities	**759**	**1,330**	**1,650**	**1,800**	**2,172**
Current liabilities	320	621	841	962	1,172
Accounts payable	85	79	157	177	213
Short-term borrowings	111	234	265	274	327
Others	124	308	419	511	631
Non-current liabilities	438	710	809	838	1,001
Long-term borrowings	348	559	570	591	705
Other financial liabilities	90	151	239	247	295
Total shareholders' equity	**1,336**	**1,902**	**2,635**	**3,169**	**3,724**
Capital stock	488	488	488	488	488
Capital surplus	116	192	192	192	192
Other capital	252	592	1,325	1,858	2,414
Retained earnings	213	280	280	280	280
Non-controlling interest equity	267	350	350	350	350
*Total debt	460	793	835	865	1,033
*Net debt (cash)	239	308	446	857	1,132

Source: Company data, Shinhan Securities Vietnam

Statement of comprehensive income

Year to Dec. (bn VND)	2020	2021	2022F	2023F	2024F
Revenue	**1,192**	**1,955**	**3,089**	**3,201**	**3,821**
Growth (%)	7%	64%	58%	4%	19%
COGS	**952**	**1,241**	**1,778**	**2,193**	**2,751**
Gross profit	**239**	**714**	**1,310**	**1,008**	**1,071**
GPM (%)	20%	37%	42%	32%	28%
SG&A	**68**	**85**	**134**	**139**	**166**
Operating profit	**171**	**629**	**1,176**	**869**	**904**
Growth (%)	13%	267%	87%	-26%	4%
OPM (%)	14%	32%	38%	27%	24%
Non-operating profit	**(1)**	**33**	**15**	**26**	**23**
Financial income	17	26	28	28	28
Financial expense	(25)	(33)	(42)	(33)	(33)
In which: interest expenses	(23)	(32)	(42)	(43)	(52)
Net other non-operating profit	6	40	29	31	28
Pre-tax profit	**170**	**662**	**1,191**	**895**	**928**
Income tax	(24)	(112)	(201)	(151)	(156)
Net profit	**147**	**551**	**990**	**744**	**771**
Growth (%)	10%	276%	80%	-25%	4%
NPM (%)	12%	28%	32%	23%	20%
Controlling interest	138.3	445.5	801.2	601.9	624.0
Non-controlling interest	8.3	105.1	189.0	142.0	147.2
EBIT	**194**	**694**	**1,233**	**938**	**979**
Growth (%)	12%	259%	78%	-24%	4%
EBIT Margin (%)	16%	36%	40%	29%	26%
EBITDA	**331**	**858**	**1,505**	**1,325**	**1,475**
Growth (%)	14%	159%	75%	-12%	11%
EBITDA margin (%)	28%	44%	49%	41%	39%

Source: Company data, Shinhan Securities Vietnam

Statement of cash flow

Year to Dec. (bn VND)	2020	2021	2022F	2023F	2024F
Cash flow from operations	**277**	**790**	**1,263**	**1,071**	**1,162**
Net profit	147	551	990	744	771
Depreciation & Amortization	137	164	273	387	496
(Gain) from investing activities	(13)	(40)	-	-	-
Interest expense	23	32	42	43	52
Change in working capital	(42)	(28)	(53)	(112)	(166)
Others	60	184	54	52	61
Cash flow from investments	**(383)**	**(650)**	**(1,333)**	**(1,413)**	**(1,369)**
CAPEX	(349)	(620)	(1,318)	(1,413)	(1,369)
Proceeds from liquidation and sale of fixed assets	-	53	-	-	-
Others	(34)	(83)	(16)	-	-
Cash flow from financing	**85**	**124**	**(26)**	**(38)**	**99**
Change in equity	(8)	99	-	-	-
Net borrowing	140	112	42	30	168
Dividends	(47)	(67)	(68)	(68)	(68)
Change in total cash	**(22)**	**264**	**(96)**	**(380)**	**(108)**
Begin	243	221	485	389	8
Change in FX rates	(0)	(0)	-	-	-
Ending cash	221	485	389	8	(100)

Source: Company data, Shinhan Securities Vietnam

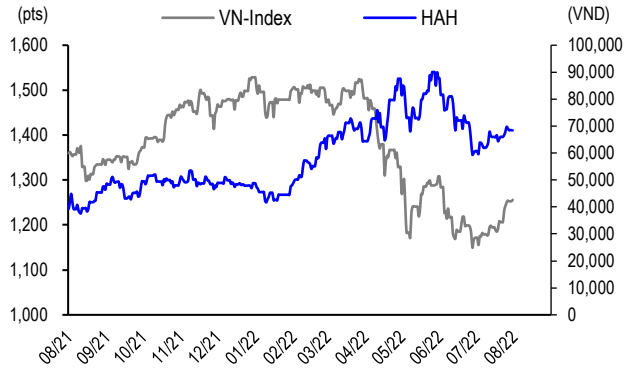
Key ratios

Year to Dec.	2020	2021	2022F	2023F	2024F
EPS (VND)	2,734	8,750	11,731	8,813	9,137
BPS (VND)	26,408	37,356	38,581	46,394	54,531
DPS (VND)	935	1,318	1,000	1,000	1,000
PER (x)	6.17	7.24	5.97	7.94	7.66
PBR (x)	0.64	1.74	1.81	1.51	1.28
EV/EBITDA (x)	4.09	4.62	3.38	3.84	3.45
Dividend payout ratio (%)	10%	10%	10%	10%	10%
Dividend yield (%)	34%	15%	9%	11%	11%
Profitability					
EBITDA margin (%)	28%	44%	49%	41%	39%
OPM (%)	14%	32%	38%	27%	24%
NPM (%)	12%	28%	32%	23%	20%
ROA (%)	7%	21%	26%	16%	14%
ROE (%)	11%	34%	44%	26%	22%
Stability					
Debt to equity ratio (%)	34%	42%	32%	27%	28%
Net debt ratio (%)	72%	36%	30%	65%	77%
Cash ratio (%)	69%	78%	46%	1%	-9%
Interest coverage ratio (x)	14.11	26.70	36.07	30.63	28.57
Activity					
Working capital turnover (days)	19.26	26.37	28.48	28.16	31.64
Inventory turnover (days)	4.15	4.16	4.66	4.51	4.80
Receivable turnover (days)	10.29	15.11	15.06	13.13	14.11

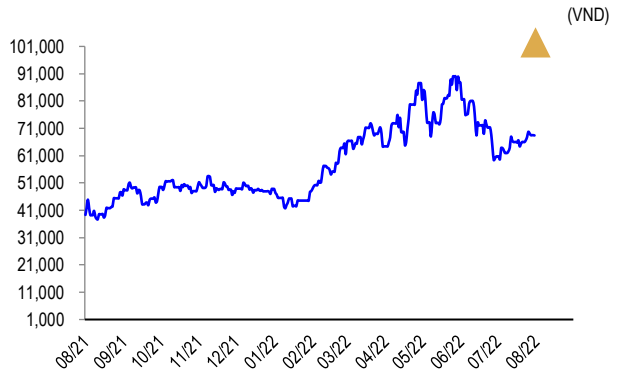
Source: Company data, Shinhan Securities Vietnam

HAH Corp. (HAH VN)

Share performance



Target price



Date	Rating	Target price (VND)	Target price gap (%)	
			Average	Max/Min
August 09th, 2021 (Initiation)	BUY	104,302	64,878	92,9/36,8

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

Compliance & Disclosure Notice

Analyst Certification

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