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LOGISTIC INDUSTRY

Revolution begin



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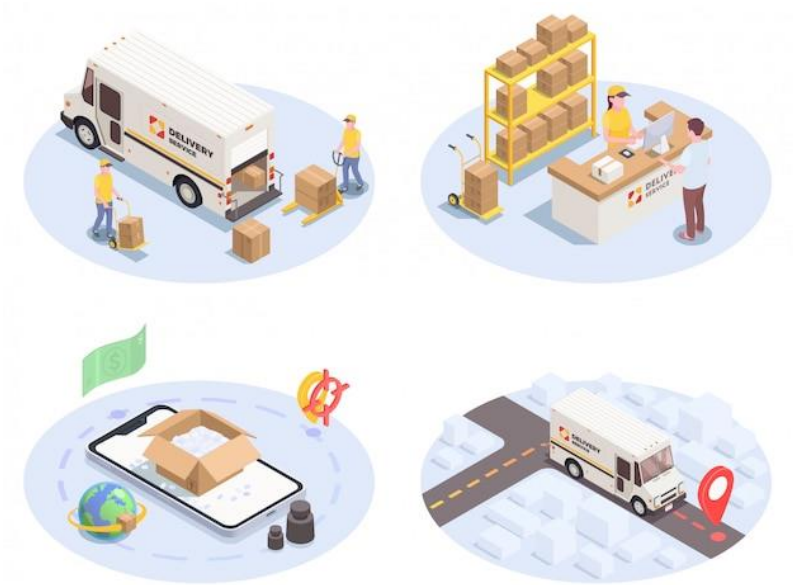
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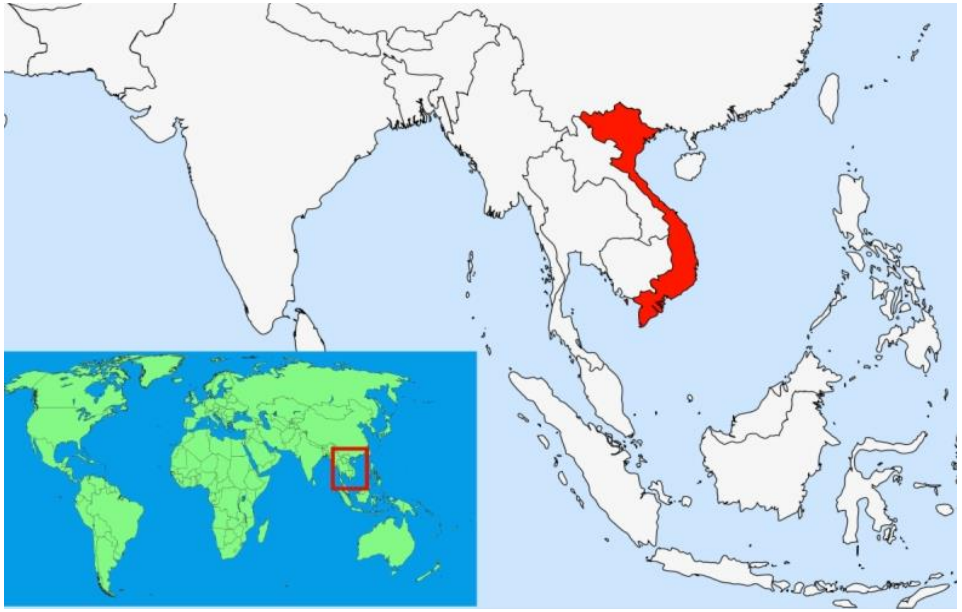
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Location of Vietnam



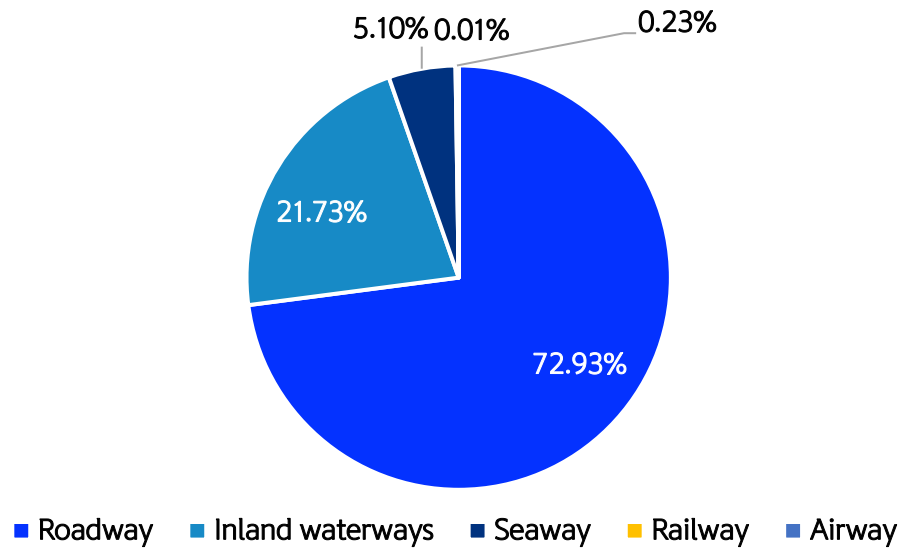


Strategic location to develop logistic sectors

- Vietnam is located in the East Sea, a crucial part of the international shipping route that carries products from Asia to other parts of the world. This includes Southeast Asia (which accounts for 14% of world-transported commodities) and the Asia Pacific (accounting for 56% of world-transported commodities).
- With 3,260 km of coastline and numerous deep-water bays close to international shipping lanes, Vietnam is well-suited for developing seaports and maritime transportation. Vietnam is now ranked 13th based on the Liner shipping connectivity index (an index that indicates how well countries are connected to global shipping networks based on the status of their maritime transport sector). Vietnam, therefore, has a lot of potential for developing the logistic industry, especially in the Maritime sector.
- Vietnam is also one of the most open country in the world with the ratio of import – export value / GDP at about 184.7% in 2021, which is at the second rank in ASEAN and at 4th rank in the World. This rate remains high with 179% in 2022

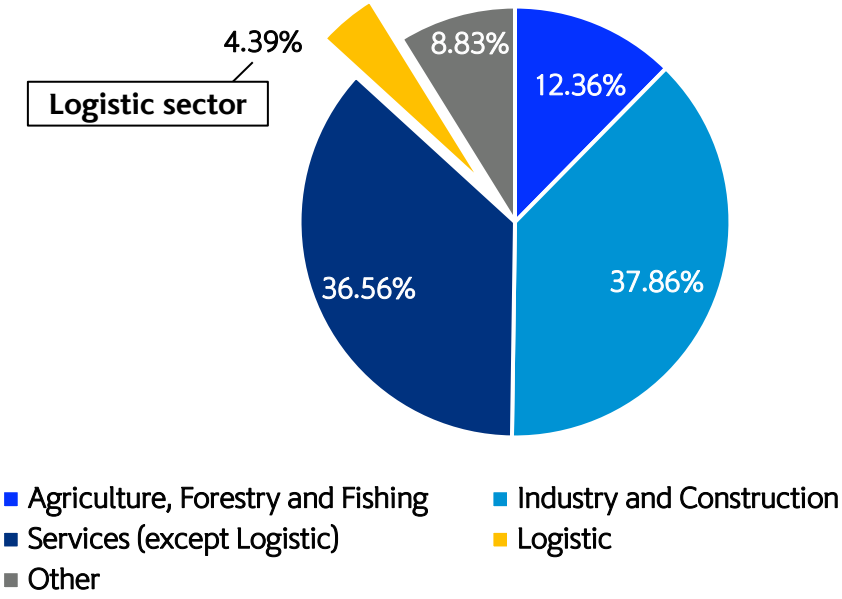
The Vietnam Logistic sector's contribution

Logistic transportation shares by vehicle



Source: GSO

Vietnam GDP by sector in 2021



Source: GSO

Large amount of cargo is transported through road and rivers

- The Logistic sector of Vietnam has a total value of VND 368 trillion in 2021 and accounts for 4.39% of the GDP.
- The Logistic sector handle 1,620 trillion tons of cargo in 2021, which are mainly through roads and rivers. The average growth rate of total amount of cargo is around 6% per year for the period 2015 – 2021.
- Cargos transported by road accounted for the largest share of the logistic sector, with 1,290,578 thousand tons in 2021. The inland waterways had 265,835 thousand tons of cargo being transported and ranked the second place with 21.73% shares. The remainder were seaway with 78,141 tons, railway with 5,660 tons, and airway with 284 tons.
- The government expects that by 2025, the GDP contribution of the logistic services sector would be between 8% and 10%, with a growth rate of between 15% and 20%.

The infrastructure of Vietnam

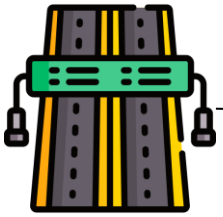
Roadway infrastructure



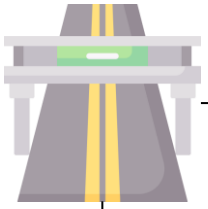
Population: 97 million people



Total area: 331 thousand km2



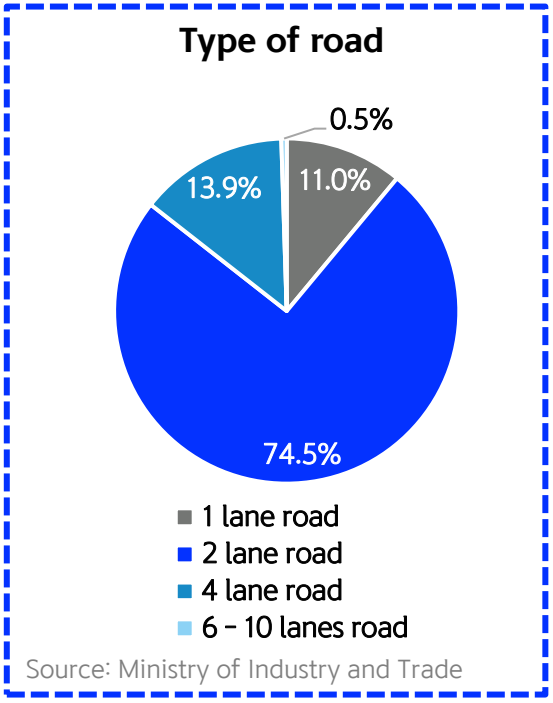
National highway
25,079 km with 125 route



Highway 1,163 km



Under construction 916 km



Roadway serves as the main way to connect the country

- The entire country is covered by a road network, which serves as the primary means of connection for the transportation system linking regions, airports, seaports, borders, and important traffic hubs. The length of all roads in the country is around 595,125 km, of which 25,484 km are Highway roads (National highways and highways).

The infrastructure of Vietnam

Inland waterway infrastructure



298 Inland waterway ports



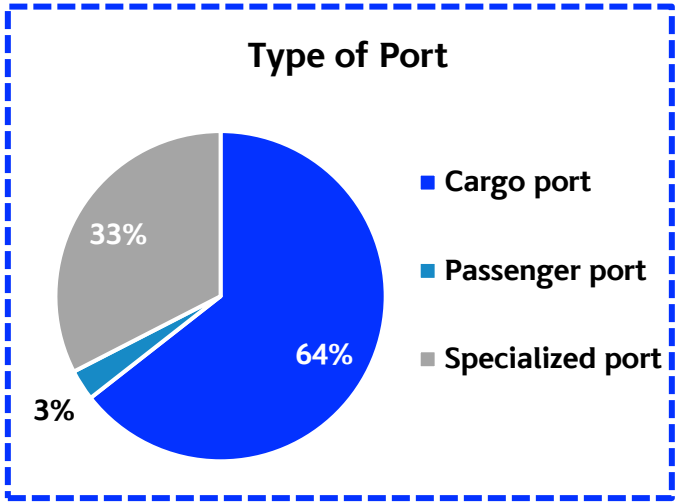
235,000 inland waterway vessels



Total tonnage: 19.6 million tons



total carrying capacity > 515,000 people



Vietnam has the advantage to develop inland waterways, however, current systems can not fully exploit

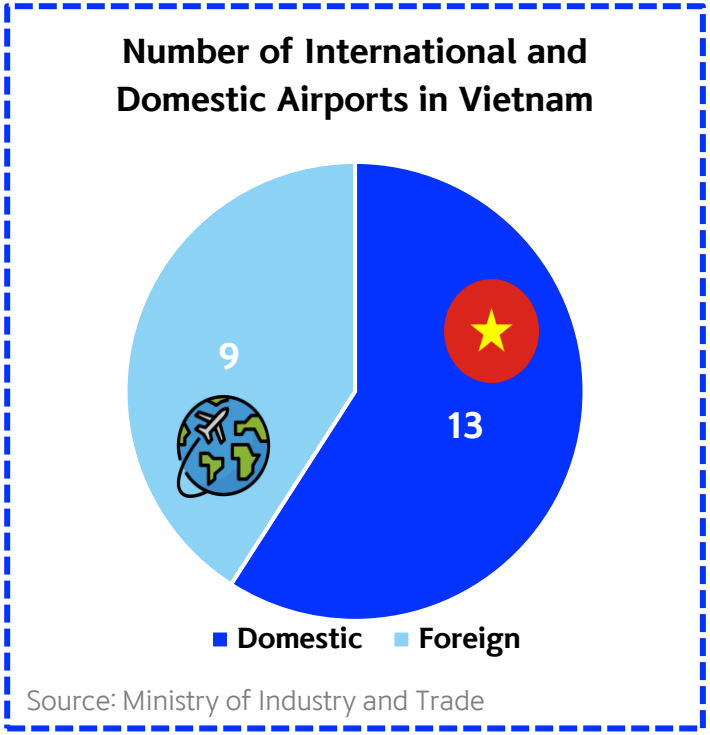
- Vietnam currently has 2,360 rivers over 10 km long, of which 93% are short and small rivers.
- The total length of the country's inland waterways being managed and exploited is 17,253 km, accounting for 41.2% of the total length of rivers and canals in the country.
- Most of the mining is concentrated mainly in the North and South where large rivers and deltas are concentrated.
- The growth rate of volume transport via inland waterways reaches about 5% annually.
- Despite the advantages of price, large transport volume, safety, and limited emissions to the environment, so far the current exploit level of inland waterway transport is still very modest with the potential. Inland ports and wharves have limited scale, outdated loading and unloading equipment, and long loading and unloading time. The connection between inland waterway transport and other modes of transport, especially by road and seaport, is not convenient, which is the main reason for the low growth rate of inland waterway transport.

Source: Ministry of Industry and Trade

The infrastructure of Vietnam

Airway infrastructure





Airway has an outstanding growth before the Covid-19 period

- The period 2012-2019 has recorded an explosive growth of the air transport market from airport infrastructure to fleet and route network. Between 2012 and 2019, the growth rate of products passing through the airport was, on average, 18%/year. The Covid-19 epidemic had a significant negative influence on the whole economy, especially the aviation sector, in the two years between 2020 and 2021. In comparison to 2019, the number of passengers transported decreased by 54.1% in 2020, while the volume of goods transported fell by 39%.

The infrastructure of Vietnam

Railway infrastructure



The railway network has 7 routes passing through 34 provinces



277 Rail station



The railway network has a total length of 3,143 km



There are 4 railway projects to be completed (total investment of 7,000 billion VND).



The current railway density is 9.5 km/1000 km2, reaching the average level of ASEAN and the world, ranking 58/141 in terms of network density.

Railway infrastucture remains underinvested and lack of competitiveness

- Currently, developed countries are using the third technology - electrification technology and the fourth technology - electromagnetism, Vietnam is still on the second technology platform, which is diesel technology.
- Although there have been improvements, the overall railway system is underinvested . Outdated locomotives and wagons have resulted in low productivity, high costs, loss of competitiveness of railway system. The railway system of Vietnam is considered to be inefficient when compared to the aviation and road sectors.
- The government has planned to develop the railway sector of Vietnam in order to enhance the competitiveness and cost efficiency

The infrastructure of Vietnam

Seaway infrastructure



36 Harbours



286 Ports



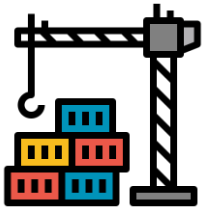
588 Wharfs



Total length: 96,275 m

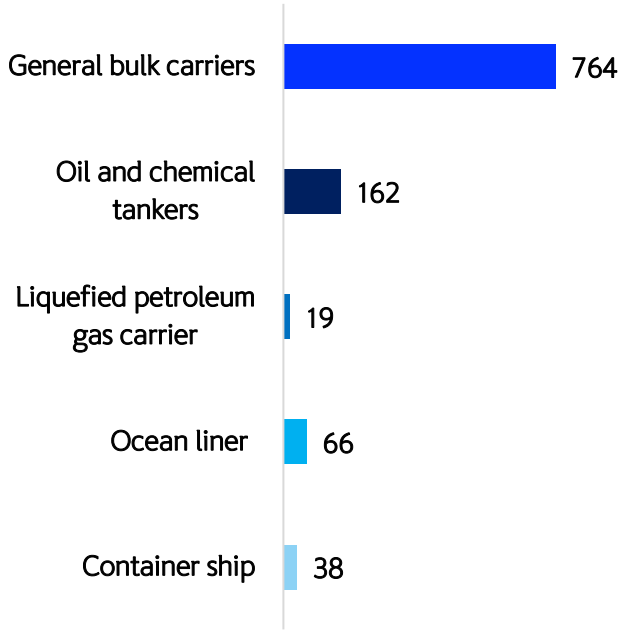


Maximum receiving capacity:
214,000 tons ≈ 20,000 TEUs



Total design capacity:
543.7 million tons/year

Number of ships in Vietnam

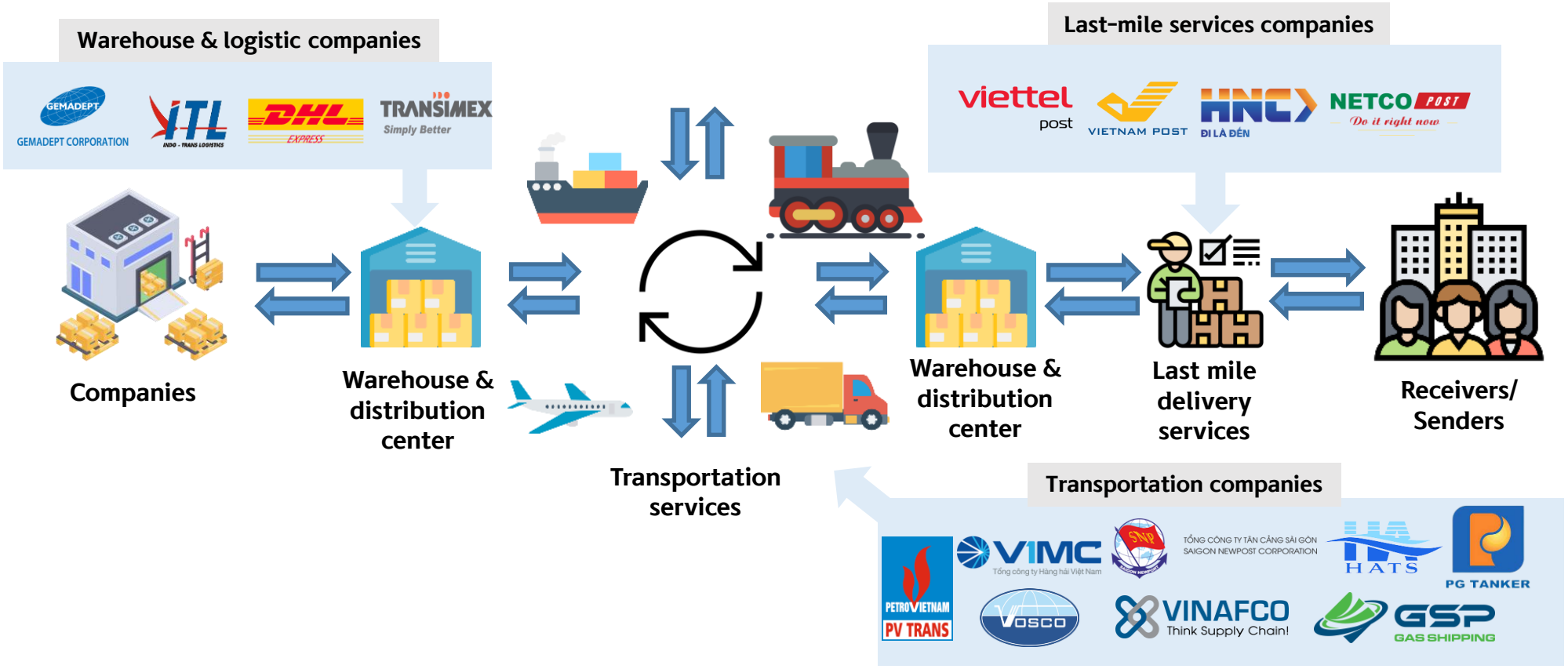


Source: Ministry of Industry and Trade

Seaway has a substantial growth rate taking advantage from the port system

- Vietnam ports serve as transshipment ports to move commodities to international transport channels thanks to the advantages of location. Vietnam has one of the highest growth rates in Southeast Asia for the volume of goods transiting via seaports, with an average growth rate of 9% from 2010 to 2019 (compare to the average of 5% of other ASEAN countries). Vietnam ranked fourth among ASEAN countries with 13.7 million TEUs of cargo handled at its seaports.
- According to statistics from the United Nations Conference on Trade and Development (2020), Vietnam's fleet is currently ranked 4th in the ASEAN region (after Singapore, Indonesia, and Malaysia) and 30th in the world. The Vietnamese fleet is nearly 5 years younger than the world fleet.

The Vietnam Logistic value chain



Logistic value chain involves different parties

- The value chain starts with businesses producing products for customers. After that, the goods are sent to warehouses or logistic centers to be gathered for transport. Products can be delivered by road, air, rail or sea to other logistic centers depending on the distance and characteristics of the goods. Then, last-mile delivery services will gather the goods and send them to clients. Through last-mile delivery, customers can also send their goods to others, the process will be the same as companies sending their goods to customers.

Warehouse & distribution center

There is a huge demand for warehouses in Vietnam as the growth of trade in Vietnam



Cold storage Warehouse

- The country has 48 cold warehouses with a capacity of 600,000 pallets. Which, the South has 36 cold warehouses with a capacity of 526,364 pallets. The Central has 1 cold warehouse with a capacity of 21,000 pallets and the North has 11 cold warehouses with a capacity of 54,780 pallets. About 80% of cold storage has a high utilization rate.
- The whole country has more than 700 refrigerated trucks and 450 train carriages transporting refrigerated containers.
- Before Covid-19, the annual growth rate in this segment was at 11%-12%.



Bonded Warehouse

- Bonded warehouses are areas where goods have been cleared from customs procedures and are accumulated for export, or goods sent from abroad and accumulated to be imported into Vietnam. There are a total of 180 bonded warehouses nationwide.
- Bonded warehouses operate in locations with high traffic volume such as seaports (Hai Phong, Ba Ria - Vung Tau, Ho Chi Minh City...), borders (Quang Ninh, Lang Son,).
- There are a number of bonded warehouses in the country serving storage services for enterprises located in industrial parks



Listed companies

BTSC – Best to Serve & Care
Ticker: BSC
Exchange: HNX
Mkt Cap: VND 41 bn

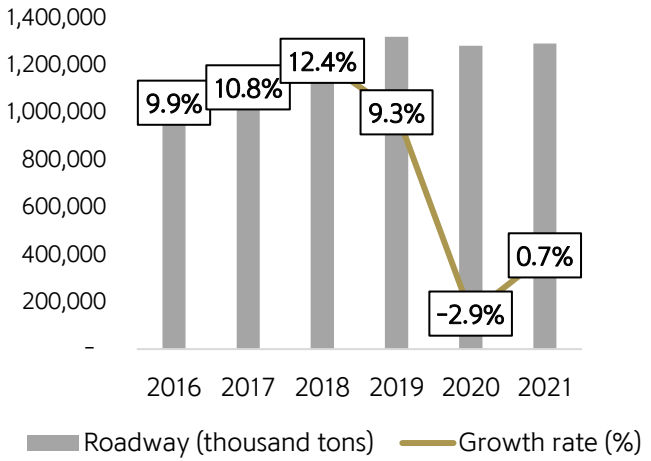
TAN CANG LONG BINH ICD – TRUST IS ALL
Ticker: ILB
Exchange: HOSE
Mkt Cap: VND 808 bn

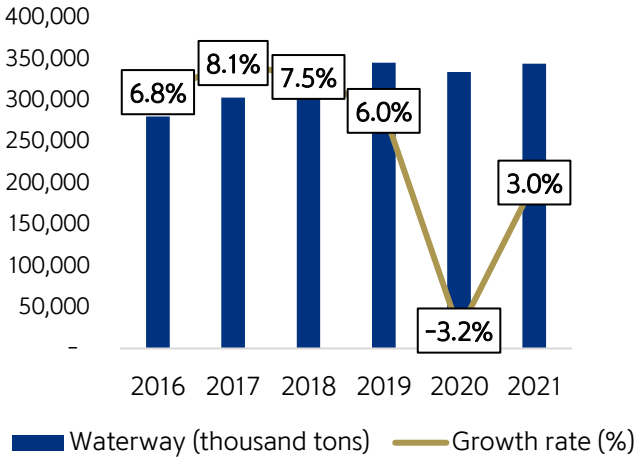
SOTRANS – We make it simple !
Ticker: STG
Exchange: HOSE
Mkt Cap: VND 3,782 bn

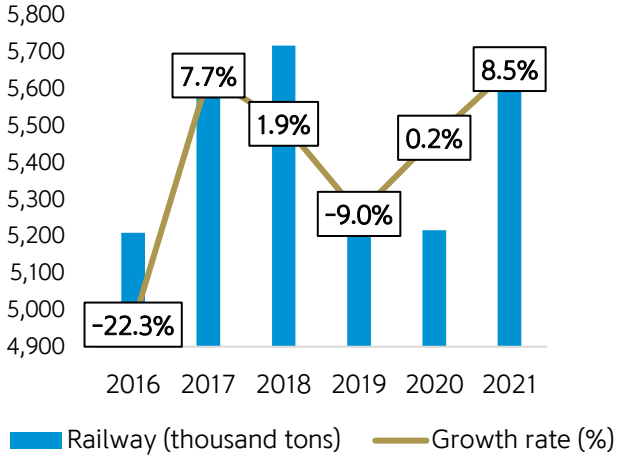
Source: Bloomberg

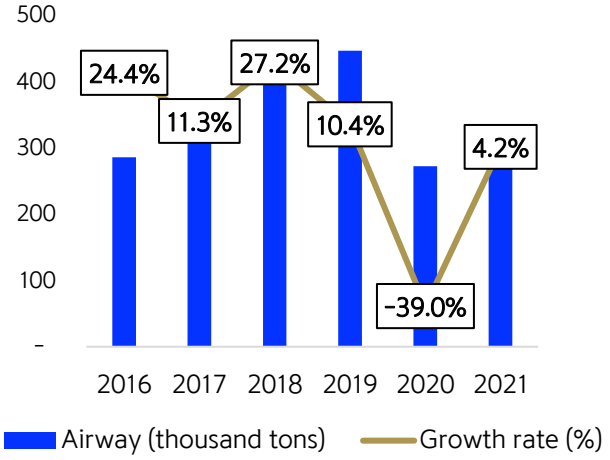
Overview of the transport situation over the years

Goods transported by means of transport from 2016 - 2021









Source: Ministry of Industry and Trade

The transportation sector remains attractive after Covid-19

- Prior to the Covid-19 period, the transportation sector grew rapidly and steadily. Covid-19, however, exerted pressure on the demand for commodities as well as the trading networks. Additionally, it compelled the government to impose limitations and lockdown period, which severely hurt the economy.
- Since the government has made significant investments in infrastructure and has signed numerous Free Trade Agreements, the potential growth for the transportation sectors after the Covid-19 is still favorable.
- The three modes of transportation that have the greatest future potential are **air, water, and land** as they benefit from the open economy and will receive most of the investment in the future.
- The railway sector remains constant as the current network is not well connected with other mode of transportation. In addition, the railway industry needs significant investment because the current technology is inefficient and expensive.

Shinhan Securities

Overview of listed transport companies

Listed roadway companies

Ticker: PJC
Exchange: HNX
Mkt Cap: VND 169 bn

Ticker: HHG
Exchange: HNX
Mkt Cap: VND 59 bn

Listed companies has roadway, waterway & warehouse services

Ticker: TMS
Exchange: HOSE
Mkt Cap: VND 6,549 bn

Ticker: GMD
Exchange: HOSE
Mkt Cap: VND 16,937 bn

Ticker: HAH
Exchange: HOSE
Mkt Cap: VND 2,779 bn

Ticker: VSC
Exchange: HOSE
Mkt Cap: VND 3,607 bn

Listed roadway support companies

Ticker: DL1
Exchange: HNX
Mkt Cap: VND 382 bn

Ticker: WCS
Exchange: HNX
Mkt Cap: VND 408 bn

Listed waterway companies

Ticker: PVT
Exchange: HOSE
Mkt Cap: VND 6,198 bn

Ticker: VOS
Exchange: HOSE
Mkt Cap: VND 1,491 bn

Listed waterway support companies

Ticker: PHP
Exchange: Upcom
Mkt Cap: VND 5,623 bn

Ticker: CDN
Exchange: HNX
Mkt Cap: VND 2,851 bn

Listed Airlines companies

Ticker: HVN
Exchange: HOSE
Mkt Cap: VND 26,904 bn

Ticker: VJC
Exchange: HOSE
Mkt Cap: VND 57,360 bn

Listed Airlines support companies

Ticker: SCS
Exchange: HOSE
Mkt Cap: VND 7,178 bn

Ticker: NCT
Exchange: HOSE
Mkt Cap: VND 2,284 bn

Ticker: ACV
Exchange: HOSE
Mkt Cap: VND 183,971 bn

Source: Bloomberg

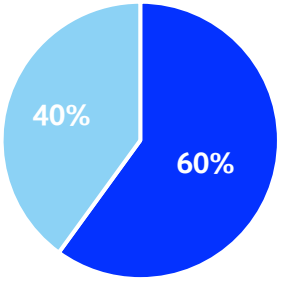
Last-mile services companies

- Vietnam ranks 8th in Agility's 2021 Emerging Market Logistic Index Report

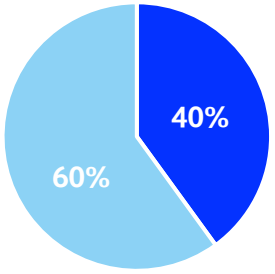
- According to a report released by Allied Market Research in 2021, Vietnam's express delivery service market has a revenue of 632.6 million USD in 2019 and is estimated to reach 2.19 billion USD in 2027, at a CAGR of 22.4% in the period 2020 - 2027

- More than four-fifths of the express delivery market income in Vietnam comes from the e-commerce sector, which currently holds the greatest market share and is expected to continue to hold the top spot in the coming years.

Type of delivery companies



Shares of income by delivery segment



Source: Ministry of Industry and Trade

- Most of delivery companies serve B2C customers. The domestic delivery segment contributes the largest proportion in terms of revenue. However, the international delivery segment is expected to experience the fastest CAGR of 23.7% from 2020 to 2027.

Typical companies in Vietnam

ninja van, GHN GIAO HÀNG NHANH TOÀN QUỐC, Giaohangtietkiem, J&T EXPRESS, NHẤT TÍN logistics, VIETNAM POST

Listed Last-mile delivery companies

viettel post

Ticker: VTP
Exchange: UPCOM
Mkt Cap: VND 3,068 bn

Source: Bloomberg

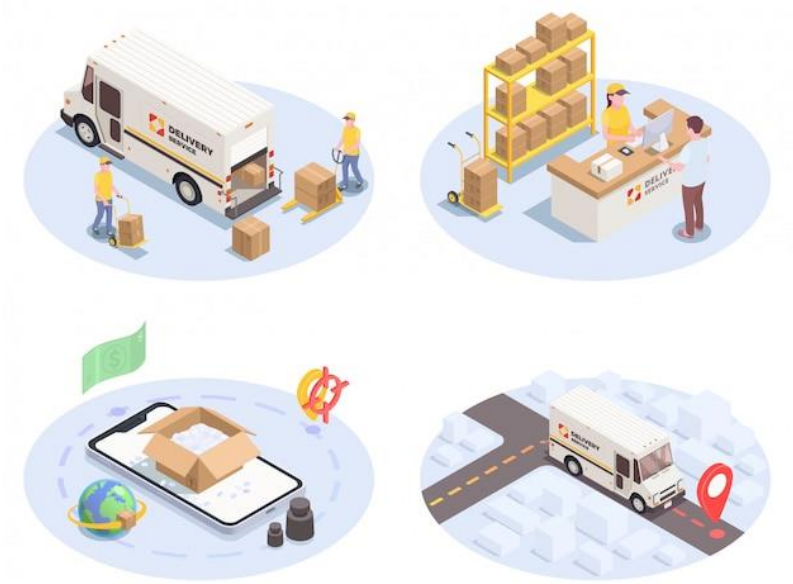
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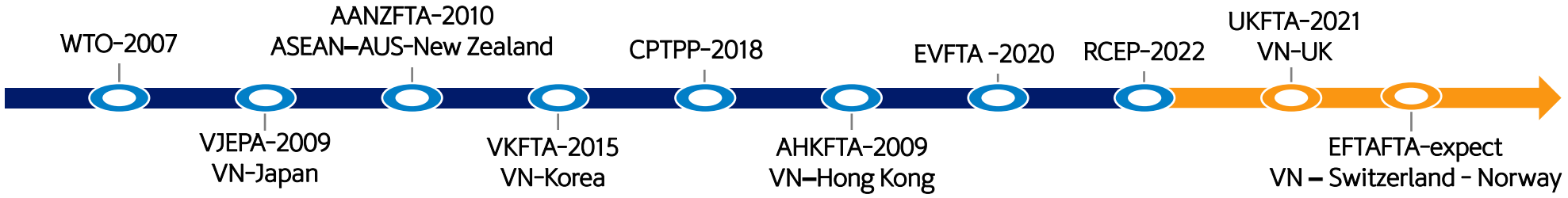
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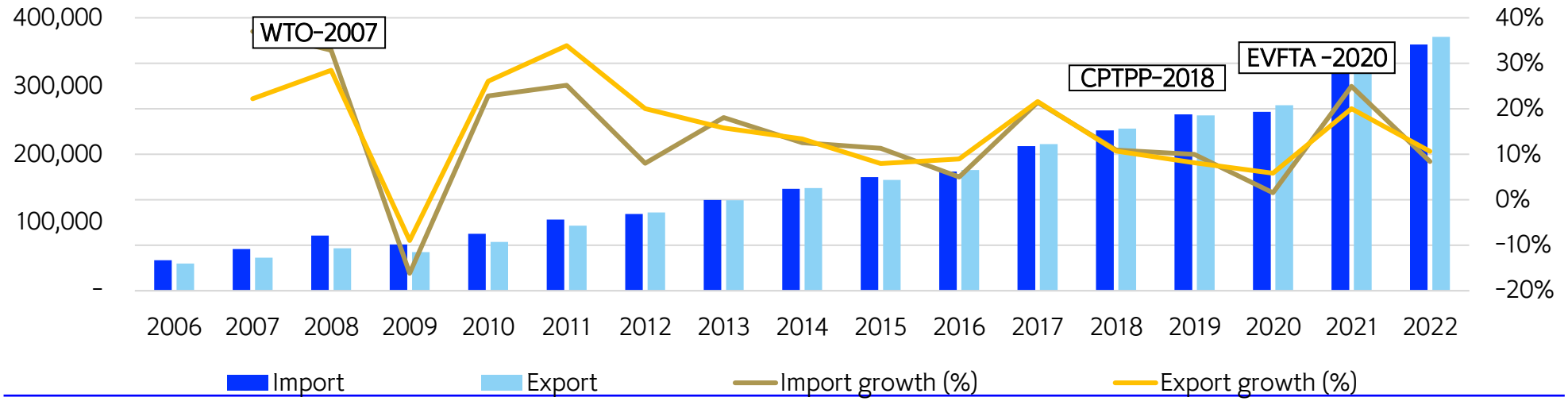
IV. Key stocks pitching



Free trade agreement promotes the logistic sector



Import-Export of Vietnam 2006 - 2022 (million USD)

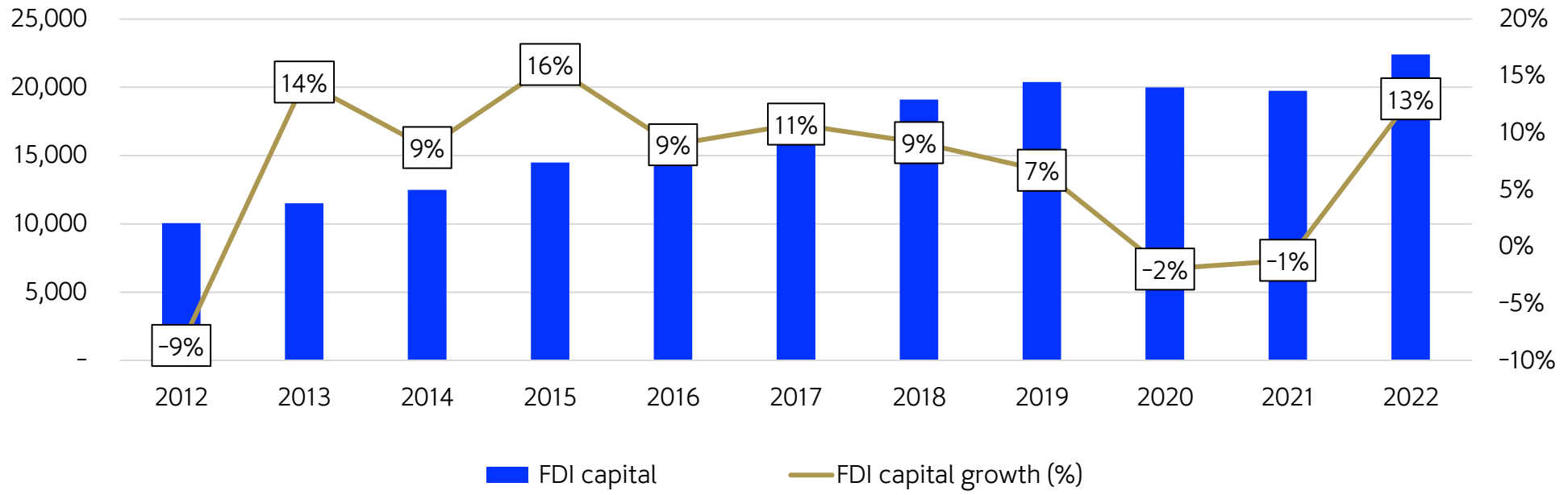


Source: GSO

- The shipping logistic 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. For the year 2022, import recorded an increase of 8.4%, while export grew at 10.6%.

Free trade agreement promotes the logistic sector

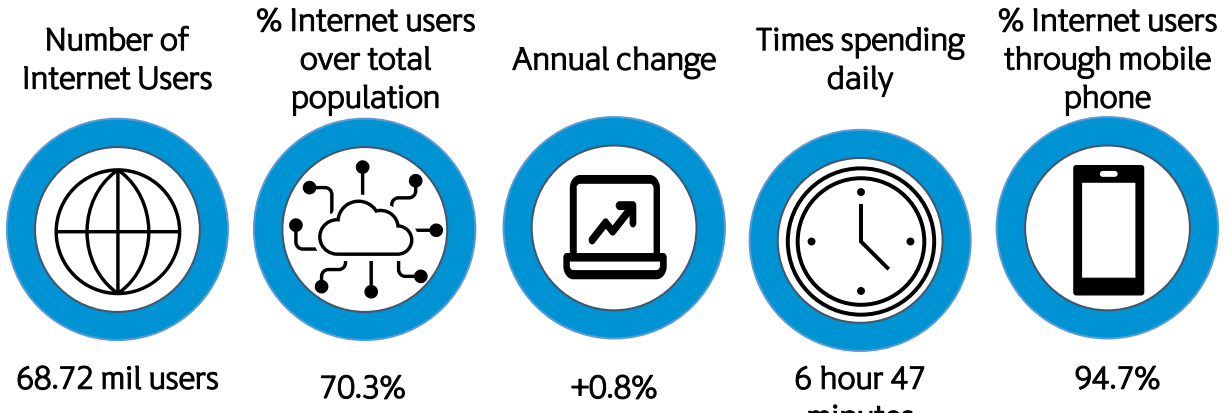
Disbursed FDI in Vietnam (million USD) 2008 - 2022



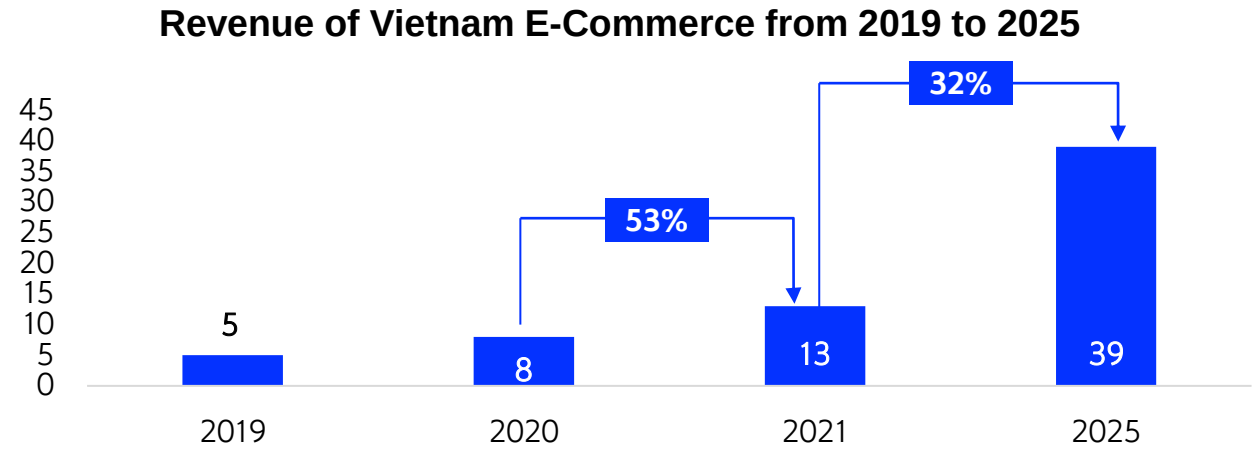
Source: GSO

- 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 disbursed FDI inflows into Vietnam grew annually by about 10%, but in 2020 due to the Covid-19 situation affecting world economic activities, the amount of disbursed FDI decreased slightly by 2%.
- FDI is expected to continue to grow well in the future after the epidemic situation is under control and consumption demand recovers. According to GSO, disbursed FDI in Vietnam in 2022, increased by 13% to VND 22.4 billion.

The logistic sector benefits from the explode of the E-commerce trend



Source: WeAreSocial & Hootsuite, 2021

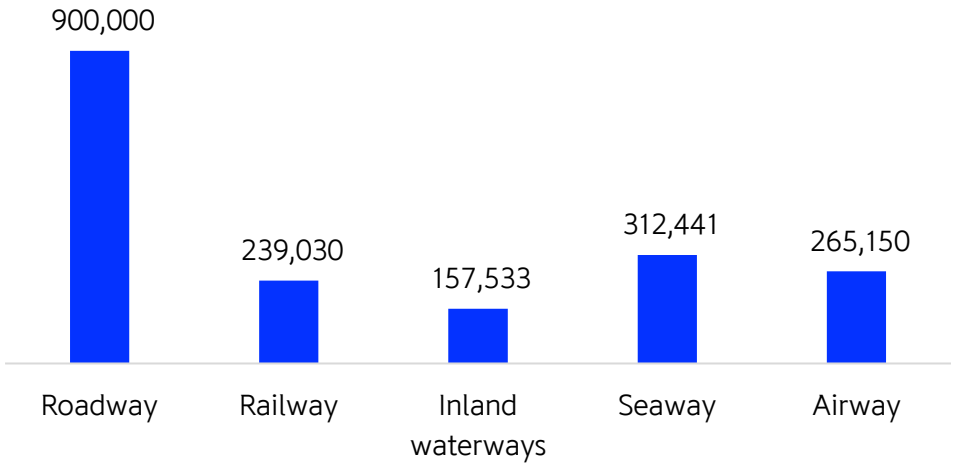


Source: Bain analysis, 2021

- The logistic sector is highly impacted by the E-commerce sector. Ecommerce creates demand for the transportation of goods and warehouse storage. Moreover, E-commerce also pushes international trades between nations.
- Vietnam has 70.3% of people using the Internet and 94.7% of people accessing the internet through mobile phones. This is a foundation for the E-commerce to develop in the future.
- During the time of Covid-19, quarantine and safety distance have changed the way customers behave. The number of people buying online has increased tremendously during the covid time. This led to a boom both in e-commerce activities and digital payments.
- E-commerce transactions also increased significantly in the past year with total revenue of USD 16.4 billion in 2022 (up 20% compared to the previous year).

The logistic sector will receive large investments from the government

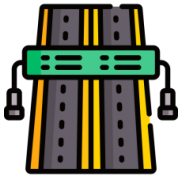
Government investment plan from 2021 to 2030 (Unit: Billion VND)



Source: Ministry of Industry and Trade

- A total of 1,874 trillion VND will be invested by the government during the period 2021 – 2030 in the logistic industry, of which 48% would come from the state budget and 52% from outside sources. The key infrastructures that are the focus of investment are the roads, seaways, and airways.
- A solid infrastructure investment will lay the groundwork for a flourishing logistic industry. Companies in the logistic sector will run more efficiently as they can combine different transportations to maximize freight capacity and costs.

Government's plan to 2030



National highway: Total length reach 32,000 km/174 routes
Highway: 5,000 km



The seaport system: Can handle goods from 1,140 to 1,423 million tons



Railway systems: Build 09 new railway lines with a total length of 2,362 km



Airport systems: Have 28 airports including 14 international airports and 14 domestic airports.



Inland waterway systems: Invest and upgrade 19 routes

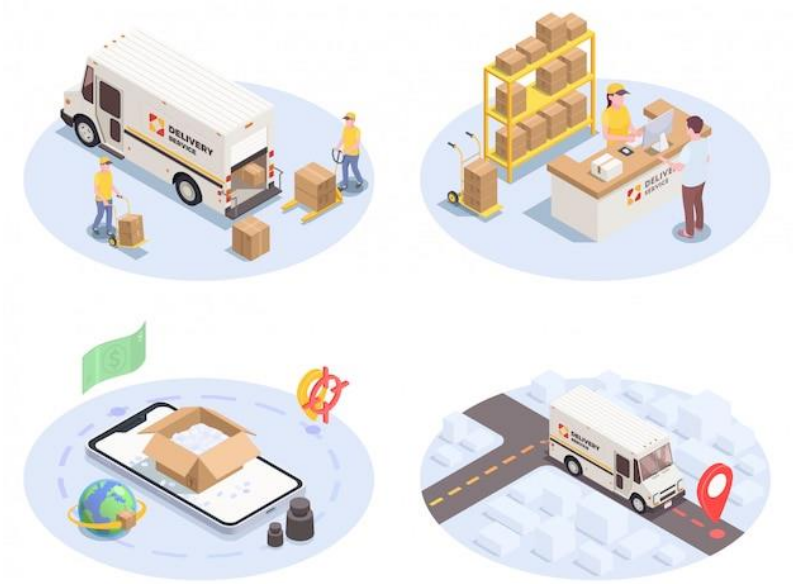
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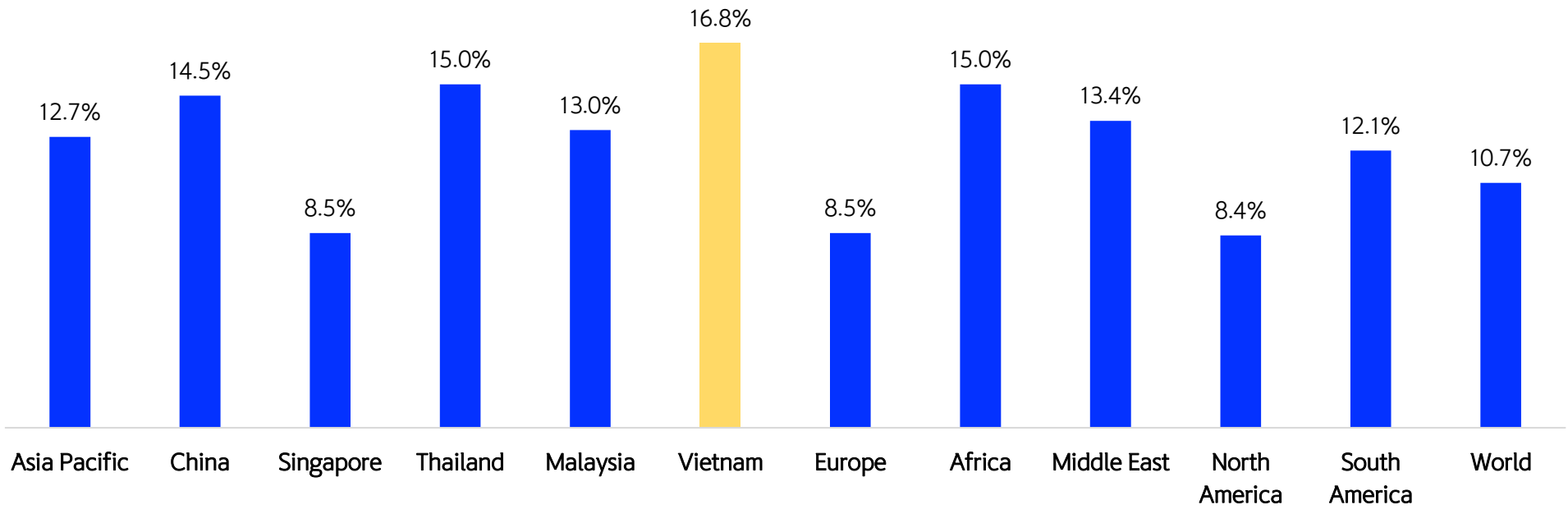
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Costs for the logistic sector remain high in Vietnam

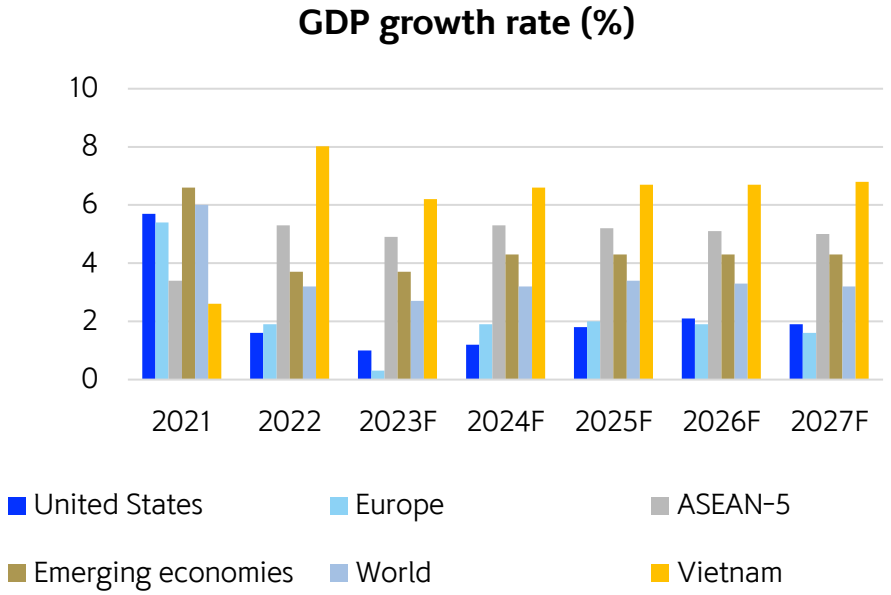
Cost of Logistic / GDP (%) in 2020

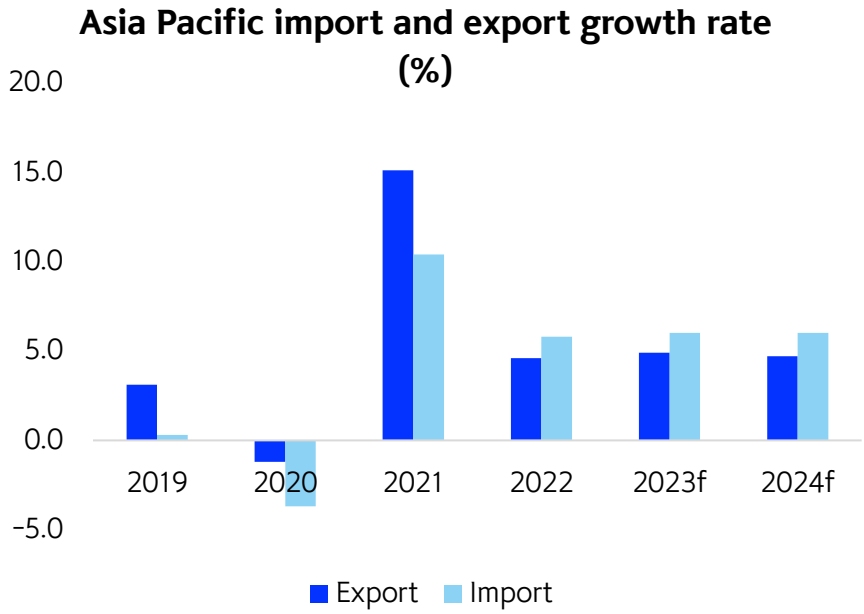


Source: Armstrong and Associates

- In comparison to other nations, Vietnam has significant logistic costs. In Vietnam, out of 4,000 businesses, 97% are small and micro businesses with poor service quality, limited scale, and little experience. Additionally, because FOB and CIF terms are the prevalent terms for purchasing and selling products, which together make up 91% of Vietnam's exports and imports. Foreign clients are the ones who manage the transportation services. As a result, cost optimization and control are not achievable. Customs approval for import and export goods takes a long time and drives up logistic expenses. The infrastructure and connectivity of the various modes of transportation are not very good. Additionally, only around 70–75% of the return capacity has been utilized by the fleet of trucks hauling goods, which is below capacity.

World economic situation impacts on the logistic industry



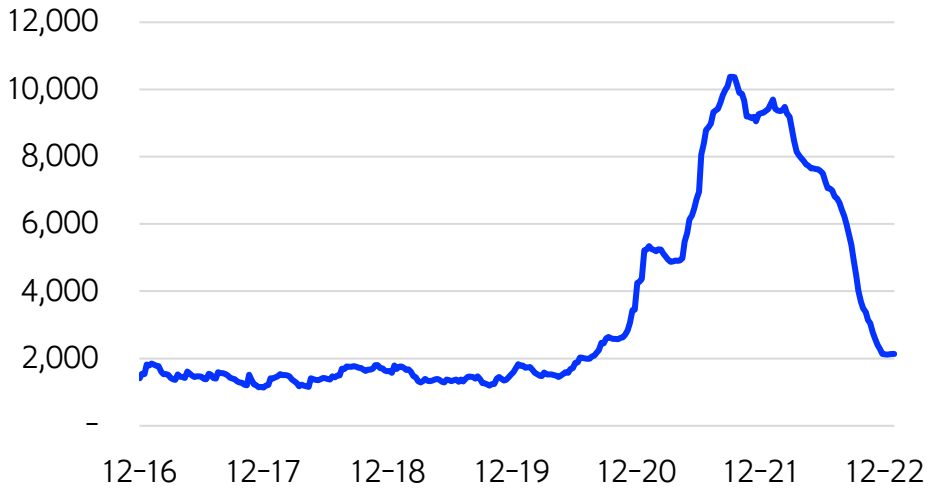


Source: IMF data

- The shipping industry depends greatly on the economic development of countries around the world. The GDP growth rate has a great influence on countries' demand, therefore, increase in imports and exports and directly affecting the logistic sectors. 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% and 2.7% for 2023, due to factors related to economic growth such as wars and epidemics. However, Vietnam's GDP in 2022 will grow at 8.02%, much higher than the IMF's prediction of 7%. With a projected growth rate of 6.2% in 2023, Vietnam is expected to have the highest growth rate in ASEAN-5.

World economic situation impacts on the logistic industry

Container sea freight rate (USD/40 ft)



Source: Bloomberg

Brent oil price (USD/barrel)



Source: Bloomberg

- Ocean freight rates have a direct impact on the profitability of the logistic 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. However, when the epidemic is under control, freight rates have decreased dramatically since January 2022. The future supply of new ships production in 2023 will also affect the supply of ships to the market, contributing to reducing international shipping rates.

- Fuel costs account for 40% of the input cost of road transport companies and 50% of ocean transport companies. Therefore, the profitability of transport companies is highly impacted by the oil price. An increase in oil prices can significantly impact the costs of transportation companies. The transportation companies will then have to increase the transportation prices for import and export products. This can dampen the demand for import and export goods. Other logistic sectors can also decline as a result of the lower trade of commodities within countries.

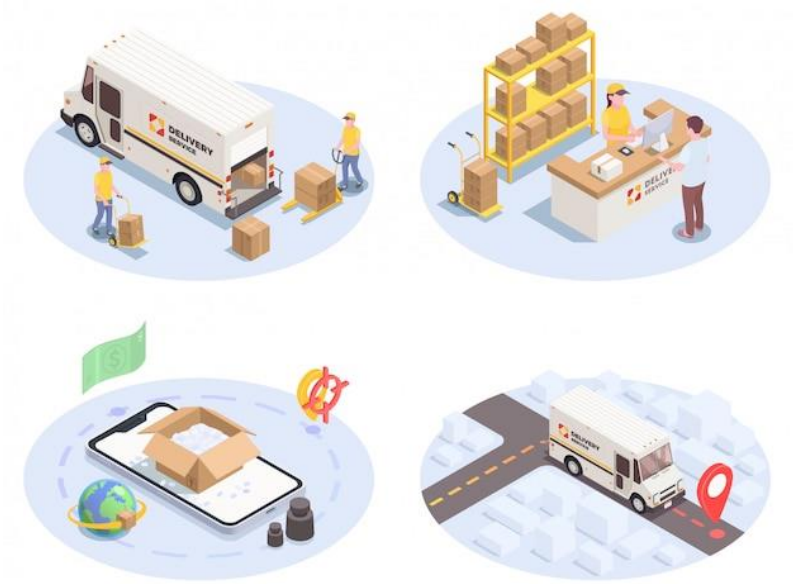
CONTENTS

I. Overview about the Vietnam Logistic sector

II. Opportunities in Logistic sector

III. Problem & risks of Logistic sector

IV. Key stocks pitching



Key stocks pitching: Company results update

No	Ticker	Sub-sector	Market Cap (bn VND)	Rev 2002	Profit 2022	Rev growth (YoY %)	EPS growth (YoY%)	NPM (%)	ROE (%)	ROA (%)	D/E	P/E	P/B
1	VJC	Airline	57,360	39,342	-2,171	206%	-3012%	-6%	-14%	-4%	1.23	-27.21	4.16
2	HVN	Airline	26,904	70,579	-10,369	153%	-19%	-15%	216%*	-17%	-2.77	-2.63	
3	VTP	Delivery	3,068	21,638	258	1%	-7%	1%	19%	5%	0.93	11.98	2.22
4	TMS	Roadway & seaway logistic	6,549	3,636	723	-43%	23%	20%	18%	12%	0.21	10.15	1.70
5	STG	Warehouse	3,782	2,639	258	-9%	6%	10%	12%	9%	0.09	15.86	1.91
6	PVT	Seaway logistics	6,197	9,048	1,161	21%	36%	13%	11%	6%	0.46	7.25	1.04
7	VOS	Seaway logistics	1,491	2,420	488	70%	0%	20%	38%	18%	0.00	3.04	0.97
8	VSC	Roadway & seaway logistic	3,607	2,008	393	6%	-13%	20%	10%	8%	0.28	11.57	1.30
9	PHP	Roadway & seaway logistic	5,623	2,350	714	3%	10%	30%	11%	9%	0.11	9.82	1.20
10	CDN	Seaway logistics	2,851	1,195	271	11%	24%	23%	18%	14%	0.17	10.03	1.72
11	GMD	Roadway & seaway logistic	16,937	3,916	1,157	22%	73%	30%	13%	8%	0.26	16.54	2.38
12	HAH	Roadway & seaway logistic	2,778	3,206	1,051	64%	34%	33%	34%	20%	0.45	3.34	1.14
13	ACV	Airline support	183,971	13,834	7,127	191%	915%	52%	17%	12%	0.26	25.86	4.21
14	SCS	Airline support	7,179	851	646	1%	-31%	76%	48%	43%	0.00	11.72	4.90

* Company has negative Equity

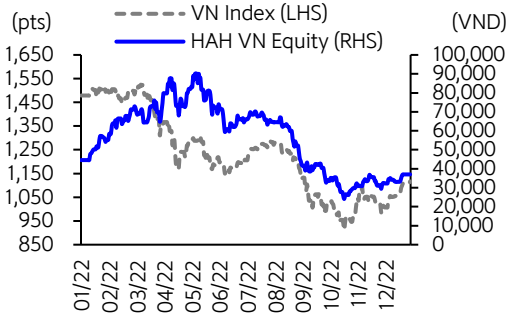
Update to 06/02/2023

Shinhan Securities

BUY

	(Company Update)
Target price (12 months)	**VND 50,200**
Current price(06/02/2023)	VND 39,500
Upside(%)	27%
VNINDEX	1,1089
HNXINDEX	214
Market Cap (bn VND)	2,779
Outstanding shares (1mn)	70
Free float (%)	42
52-week high (VND)	92,900
52-week low (VND)	22,400
90-day avg. trading volume (1mn)	2.08
90-day avg. turnover(bn VND)	63
Major shareholders (%)	Hai Ha Transport and Investment JSC 12%
	Sao A D.C Investment JSC 9%

Performance	3M	6M	12M
Absolute (%)	8.8	-42.5	-13.8
Rel to VN-Index (%)	3.3	-36.1	10.0



Leading container shipping line in VN

Investment catalysts & Theses

➢ **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. In 2022, export grew by 10.6% while import grew by 8.4%. 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.

➢ **Strong investment in container fleet**

Hai An continues to have a significant investment in its fleet with 5 ships in the period of 2023 – 2025, from 10 to 15 ships. New ships will have larger tonnage and lower vessel age, thereby significantly improving efficiency.

➢ **Partnership with top 10 shipping lines**

The cooperation with a top 10 shipping company - Zim will help Hai An effectively exploit international transport routes. Moreover, Hai An can take this opportunity to rent out their ships and increase it ship utility

Update with a BUY recommendation at a target price of VND 50,200 based on DCF and P/E method

Risks: **(1) Risks related to the world economic situation** (factors such as war, epidemic),

(2) Drop in world sea freight rate,

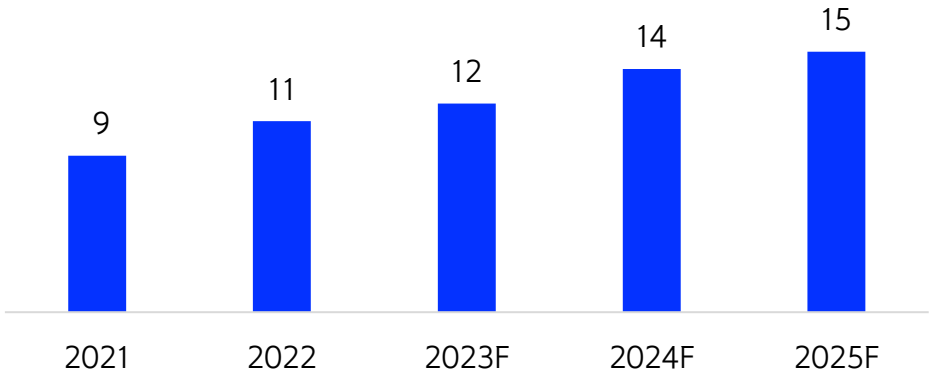
(3) The sharp increase in oil prices causes shipping costs to increase

Year to Dec.	2022	2023F	2024F	2025F	2026F
Revenue (bn VND)	**3,206**	**1,306**	**1,820**	**2,229**	**2,696**
OP (bn VND)	1,308	272	452	538	636
NP (bn VND)	**1,282**	**284**	**430**	**501**	**582**
EPS (VND)	14,750	3,262	4,944	5,760	6,692
BPS (VND)	41,769	44,032	47,975	52,736	58,427
OPM (%)	41%	21%	25%	24%	24%
NPM (%)	40%	22%	24%	22%	22%
ROE (%)	**35%**	**7%**	**10%**	**11%**	**11%**
PER (x)	2.43	11.43	7.54	6.48	5.57
PBR (x)	0.79	0.85	0.78	0.71	0.64
EV/EBITDA (x)	2.32	4.23	3.23	2.74	2.45

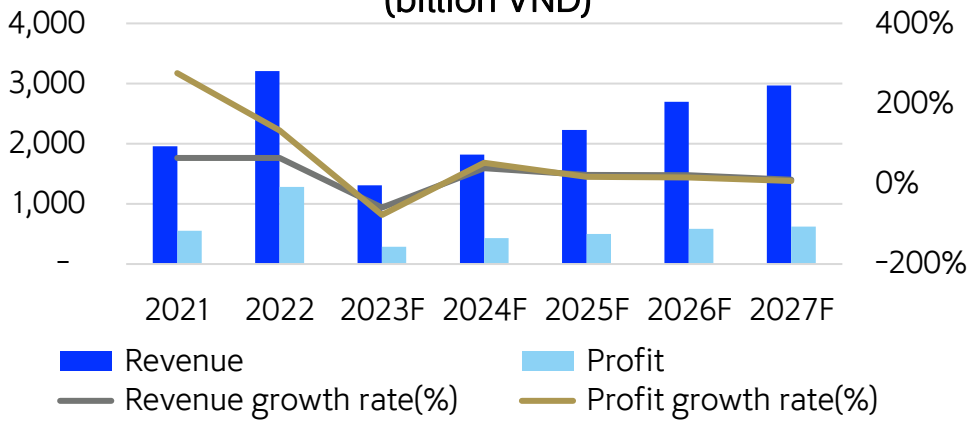
Key stocks pitching: Hai An Transport and Stevedoring JSC

Shinhan Securities

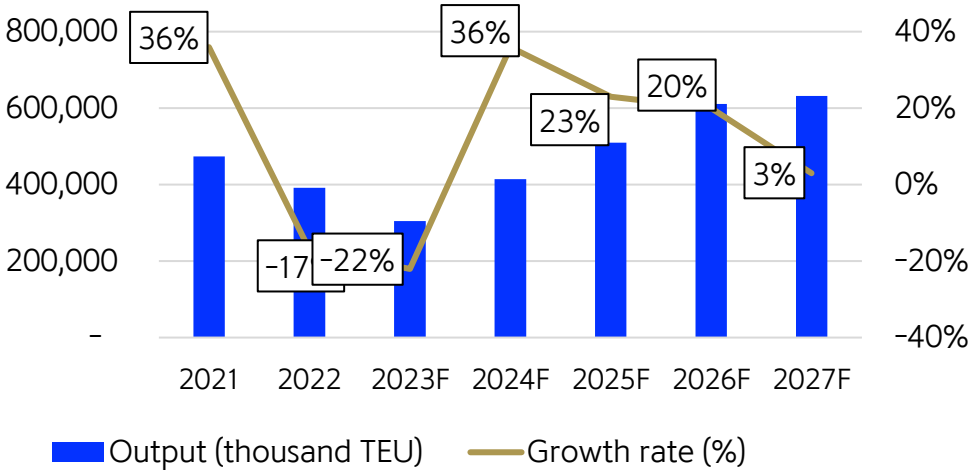
Number of ships of Hai An



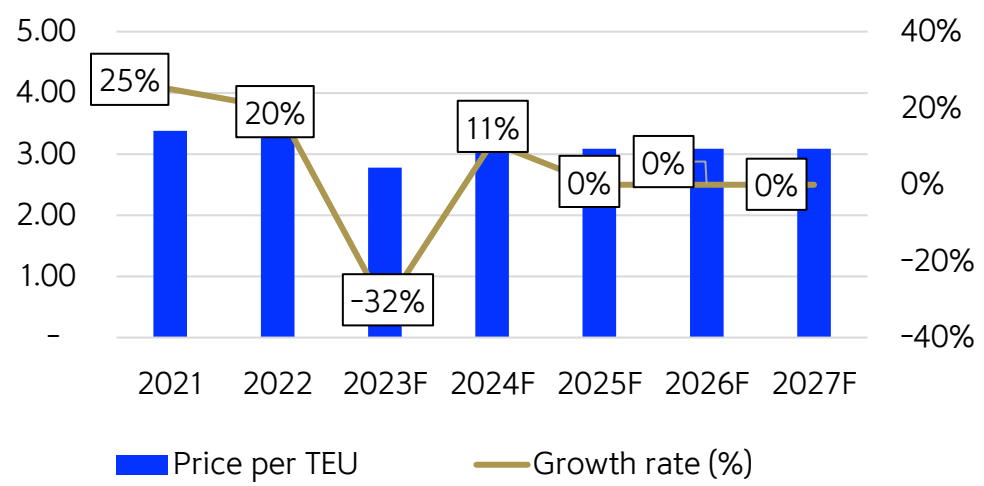
Revenue and profit forecast of HAH (billion VND)



Transport volume forecast HAH



Price per TEU forecasted



Source: HAH report & Shinhan Securities Vietnam

Shinhan Securities

Key stocks pitching: Hai An Transport and Stevedoring JSC

HAH Valuation

Method	Weight	Price
FCFF	80%	58,500
P/E	20%	17,000
Target price		**50,200**
Current price		39,500
Upside (%)		27%

Variable	Value
D/E	50%
Beta	0.95
Risk Free rate	5.00%
Cost of Equity	18.40%
Cost of Debt	6.00%
Tax rate	20.00%
WACC	13.84%
Discount rate	13.84%

	2018	2019	2020	2021
P/E	4.71	6.17	7.24	2.43
Average	5.14			
Target P/E	5.14			
EPS forward	3,300			
Target price (VND/share)	17,000			

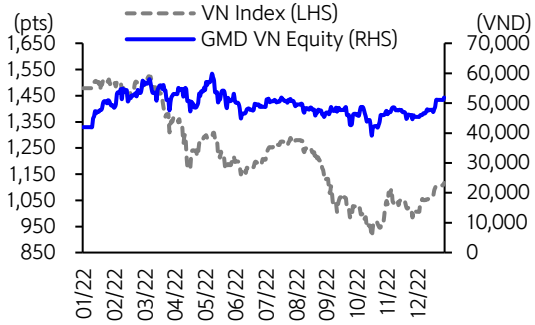
Unit: Billion VND	2023F	2024F	2025F	2026F	2027F
EBIT*(1-Tax rate)	334	463	542	631	677
Depreciation	417	514	612	653	690
Minus: Changes in WC	495	40	(70)	(10)	44
Minus: CAPEX	(1,347)	(1,369)	(696)	(345)	(363)
Cashflow (FCFF)	**(101)**	**(352)**	**387**	**929**	**1,048**
Terminal growth rate (%)	-	-	-	-	-
WACC (%)	-	-	-	-	-
Terminal value	-	-	-	-	7,570
DCF	**(78)**	**(238)**	**230**	**486**	**4,507**
Firm value	4,907	-	-	-	-
- Debt	1,322	-	-	-	-
+ Cash and cash equivalent	485	-	-	-	-
Equity value	4,070	-	-	-	-
Target price (VND/share)	58,500				

Hold

(Company Update)

Target price (12 months)	**VND 59,700**
Current price (06/02/2023)	VND 56,200
Upside(%)	6%
VNINDEX	1,1089
HNXINDEX	214
Market Cap (bn VND)	15,642
Outstanding shares (1mn)	301
Free float (%)	289
52-week high (VND)	62,200
52-week low (VND)	36,400
90-day avg. trading volume (1mn)	0.67
90-day avg. turnover(bn VND)	26
Major shareholders (%) VI FUND II, L.P	14.22%
Major shareholders (%) SSJ Consulting (Vietnam) Co., Ltd.	9.85%

Performance	3M	6M	12M
Absolute (%)	13.1	3.8	22.7
Rel to VN-Index (%)	7.5	10.3	46.5



Leading logistic company in VN

Investment catalysts & Theses

➢ **Import and export growth increase the demand for uploading and unloading goods**

Vietnam's imports and exports will be driven by economic agreements like the EVFTA and RCEP, as well as FDI capital growth. Imports and exports will increase the demand for uploading and unloading activities at the harbor.

➢ **Possessing a network of extensive ports in strategic places and a nationwide logistical infrastructure**

Gemadept owns 8 ports, mainly in Hai Phong and Ba Ria Vung Tau. Combined with many years of experience and superior technology, Gemadept has a significant competitive edge in port operations. Gemadept operates 19 logistic distribution centers around the country, making it the industry leader.

➢ **Investment in new ports significantly boosts the current capacity**

Gemadept continues to affirm its position with strongly invested projects such as the second phase of Gemalink international port project, bringing the total capacity to 3 million TEUs, and the Nam Dinh Vu port project phase 2 and 3, bringing the total capacity to 1.5 million TEU. These two projects are expected to double Gemadept's current capacity in the future.

Initial coverage with a BUY recommendation at a target price of VND 59,700 based on DCF and P/E method

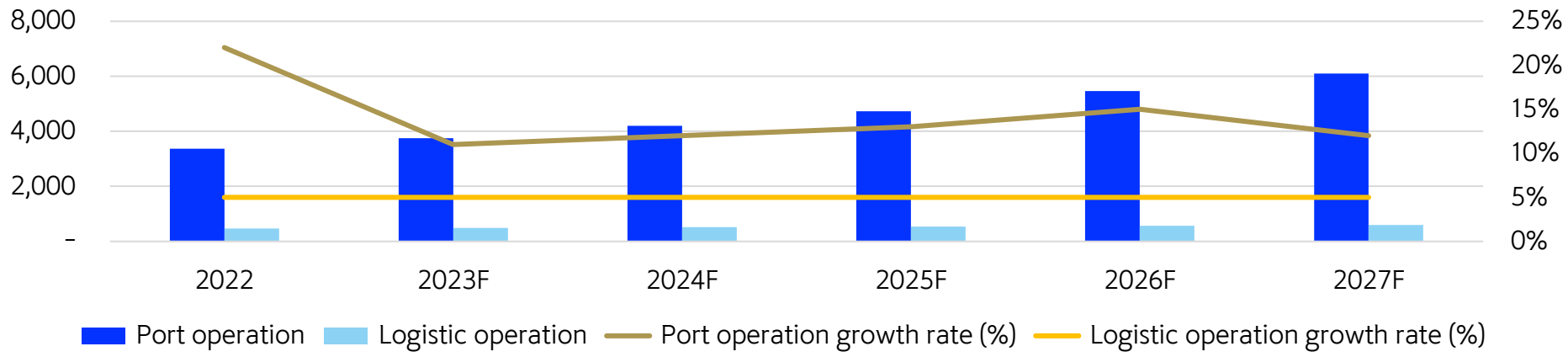
Risks: (1) Risks related to the world economic situation

(2) Drop in the demand for import and export

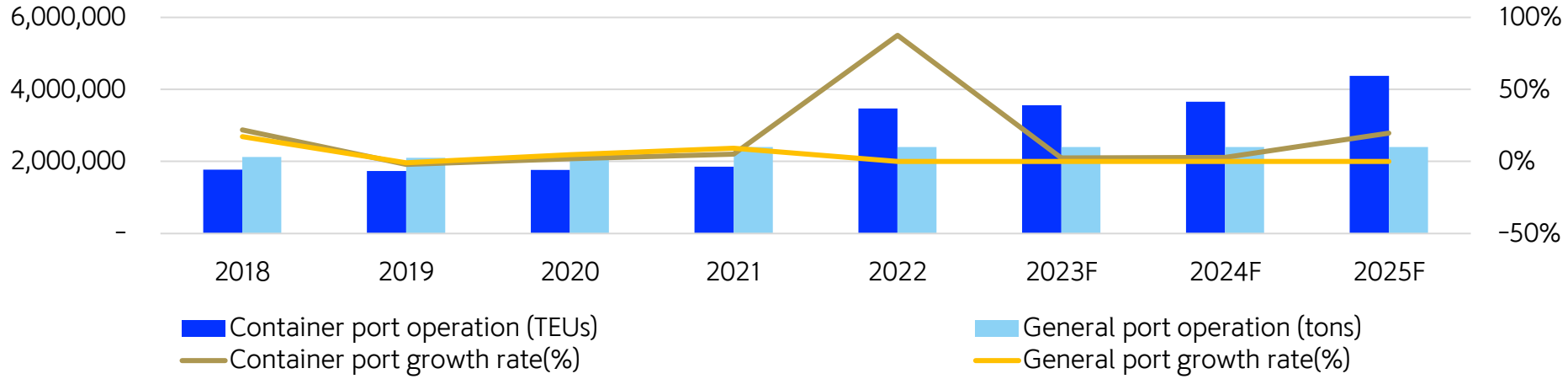
Year	2022	2023F	2024F	2025F	2026F
Revenue (bn VND)	**3,916**	**4,233**	**4,707**	**5,268**	**6,024**
OP (bn VND)	1,357	1,564	1,655	2,023	2,858
NI (bn VND)	**1,157**	**1,309**	**1,382**	**1,695**	**2,412**
EPS (VND)	3,037	3,735	3,945	4,838	6,883
BPS (VND)	24,246	35,560	38,305	41,942	47,625
OPM(%)	35%	37%	35%	38%	47%
NPM (%)	30%	31%	29%	32%	40%
ROE (%)	**13%**	**11%**	**10%**	**12%**	**14%**
PER (x)	23.28	13.07	12.37	10.09	7.09
PBR (x)	2.01	1.37	1.27	1.16	1.02
EV/EBITDA	12.46	8.48	7.29	6.98	5.65

Key stocks pitching: Gemadept Corporation

Revenue of Port operation and Logistic operation of GMD (billion VND)

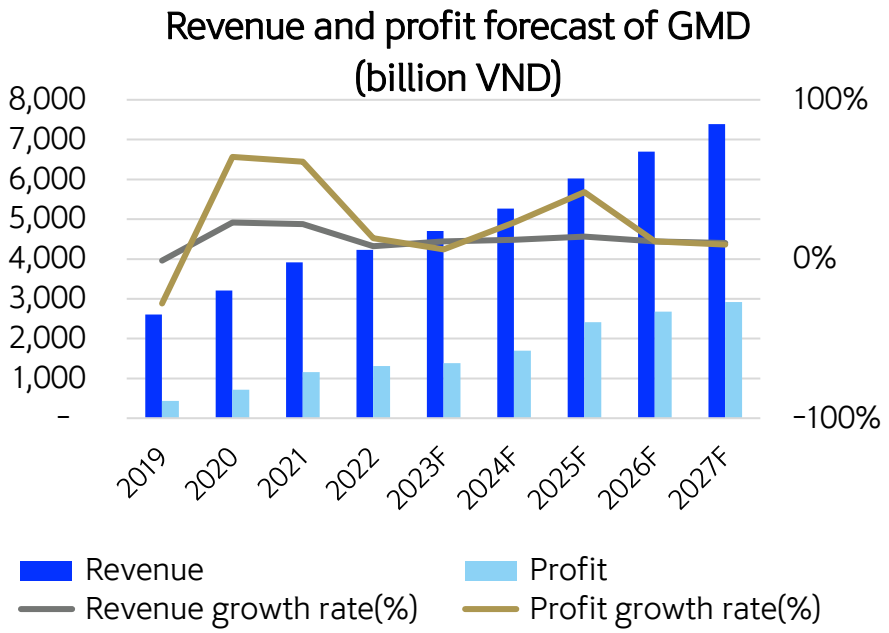


Container port and General port operation of GMD



Source: GMD report & Shinhan Securities Vietnam

Key stocks pitching: Gemadept Corporation



Method	Weight	Price
Sum of the part	80%	59,000
P/E (thousand VND)	10%	67,100
P/B (thousand VND)	10%	57,500
Target price		**59,700**
Current Price (thousand VND)		56,200
Upside		6%

	2023F	2024F	2025F	2026F	2027F
EBIT*(1-Tax rate)	1,031	1,190	1,265	1,483	1,676
Depreciation	474	477	611	658	698
Changes in WC	-389	-118	-139	-239	-294
CAPEX	-676	-1,257	-717	-460	-514
Free Cashflow	441	292	1,020	1,441	1,566
Sustainable Growth	0%	-	-	-	-
Discount rate	13%	-	-	-	-
Terminal Value	-	-	-	-	18,309
DCF	**391**	**231**	**713**	**895**	**7,163**
Firm value	9,487	-	-	-	-
Less: Total Debt	2,050	-	-	-	-
Plus: Cash and Equivalents	1,378	-	-	-	-
Equity Value (excluding Gemalink)	8,815	-	-	-	-
Value of Gemalink	3,776				
Value of SCS	2,826				
Value of other investment companies	803				
Value of Rubber and Real Estate	1,558				
Total value	17,778				
Target price (VND/share)	59,000				

Key stocks pitching: Gemadept Corporation

Name	Ticker	Mkt Cap (Billion VND)	P/E	P/B	ROE	ROA
GEMADEPT CORP	GMD	16,937	18.15	2.16	13%	8%
PORT OF HAI PHONG JSC	PHP	5,623	9.99	1.28	13%	9%
DANANG PORT JSC	CDN	2,851	9.82	1.68	18%	13%
DONG NAI PORT JSC	PDN	2,574	13.55	3.14	25%	16%
DINH VU PORT INVESTMENT & DE	DVP	1,904	7.42	1.63	22%	20%
TANCANG LOGISTIC AND STEV ED	TCL	1,040	10.17	2.21	21%	13%
CAT LAI PORT JSC	CLL	945	10.67	1.67	16%	13%
VIETNAM CONTAINER SHIPPIN G	VSC	3,607	10.87	1.56	16%	13%
SAI GON PORT JSC	SGP	2,811	4.77	1.75	39%	17%
Mean		4,255	10.60	1.90	20%	14%
Median		2,811	9.66	1.86	21%	14%
Expected P/E & P/B of GMD			17.00	1.50		
GMD EPS Forward			3,945	38,305		
Target price (VND/share)			67,100	57,500		

Appendix – Important Disclosure



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