

SEAPORT INDUSTRY

**POSITIVE GROWTH IN AN
UNSTABLE ENVIRONMENT**



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Negative

Neutral

Positive

Overview

In 2024, there has been a strong recovery in trade flows and container throughput nationwide. This rebound was due to the low base of 2023 when inflation eroded consumer purchasing power in two major export markets, the US and Europe. Additionally, the US's tariffs on electronic and medical products from China intensified demand for goods stockpiling in the short term before the tariff barriers took effect in August 2024. Shipping rates, charter rates, and container throughput peaked from June to August 2024.

The overall picture for the seaport industry value chain in 2025 shows positive growth in trade flows and global container throughput. Deep-water ports will benefit from expanding fleets with larger vessels, although the benefit level will depend on strategic partners, namely shipping companies. Meanwhile, adding new deep-water ports will have a mixed impact on river ports in the two key regions of Hai Phong and Ho Chi Minh City. However, underlying this dynamic are two major battles between industry giants that could reshape the ports' market share in Vietnam. These are (1) the US-China trade war and (2) the reshuffling of alliances among significant shipping lines and the race to expand transport capacity.

Highlights

Serving as the gateway to Vietnam's economy, the seaport industry value chain is forecast to maintain double-digit growth in 2025, driven by the recovery in consumer demand. Vietnam has become a preferred destination for shipping lines due to (1) its attractiveness to global manufacturers thanks to low production costs and (2) its strategic geographical location and political stability.

Listed companies owning deep-water ports, such as GMD (Gemalink), SGP (CMIT-SSIT), and PHP (Lach Huyen berths 3 & 4), are expected to benefit from advantageous draft capacity. This is in line with new shipping alliances are "racing" to expand fleets with large vessels and increase frequency on key maritime routes

- The market share of ports globally will experience significant fluctuations as the benefits for shipping lines shift. In February 2025, Maersk will partner with Hapag-Lloyd to form Gemini, while The Alliance will be rebranded as Premier Alliance. MSC will operate independently, collaborating only with Premier Alliance on the Asia-Europe route.
- Competition on key maritime routes will put pressure on freight rates. However, this will create opportunities for feeder vessels in transportation and long-term chartering, which can be utilized to handle cargo on regional routes.

The river ports in the two major regions of Hai Phong and Ho Chi Minh City will experience contrasting impacts as three deep-water ports are brought into operation in 2025.

- **Hai Phong area:** The competitive landscape intensifies as the two deep-water ports, Lach Huyen Berths 3&4 and Berths 5&6, begin operations from Q1-FY25. The two listed companies, GMD and VSC, are expected to lose market share as shipping giants MSC and Maersk shift their operations to Lach Huyen.
- **Ho Chi Minh area:** Although market share is decreasing, it still maintains positive growth due to the benefits of the deep-water port. HCM area is a key link between southern industrial zones and Cai Mep – Thi Vai. Binh Duong port cluster and Phuoc Long PIP of GMD stand to benefit from this trend.



Negative

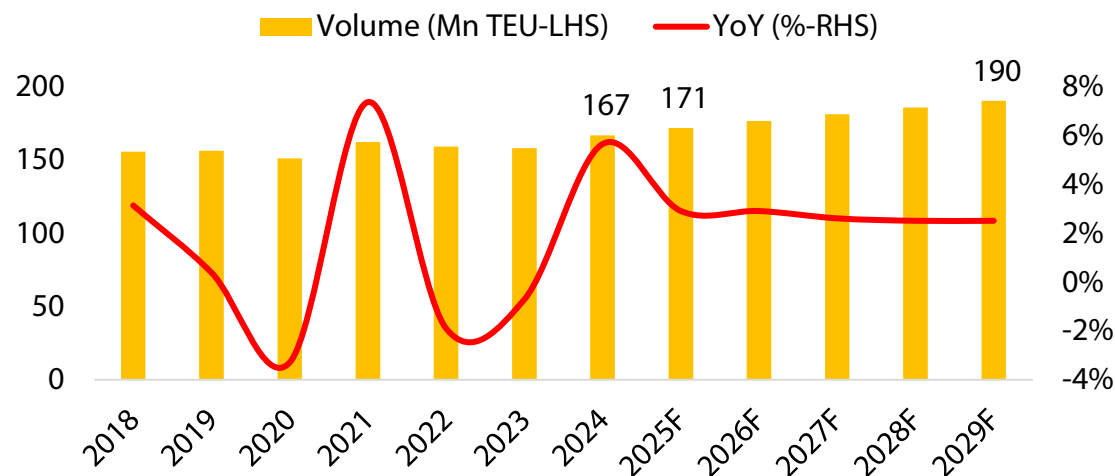
Neutral

Positive

Risks to our call

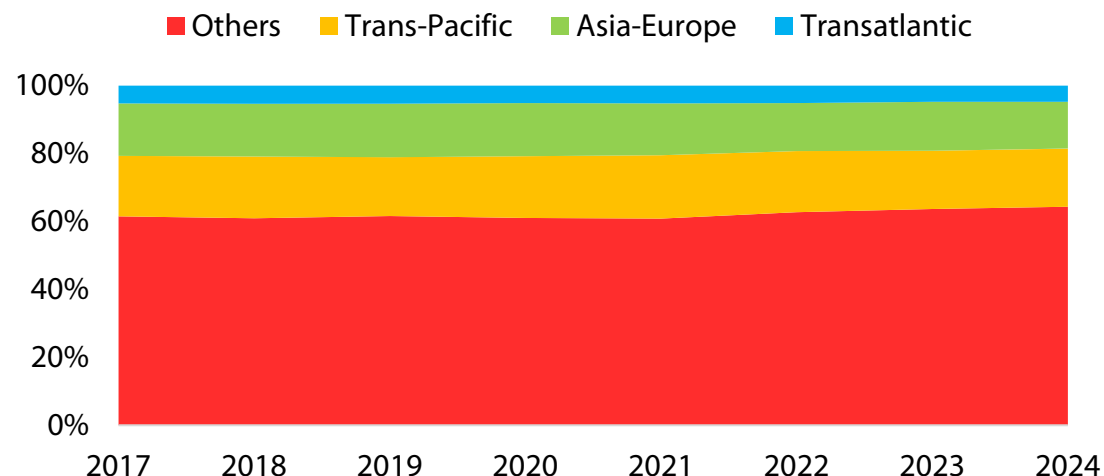
- **Upside risk:** The US tariff policy on China may cause an unusual increase in output in the short term.
- **Downside risk:** An oversupply of vessels and resolving tensions in the Middle East could result in a sharper-than-expected decline in shipping freight rates.

Figure 1: Global container transportation volume



Source: UNCTAD, RongViet Securities

Figure 2: Container throughput market share by trade routes

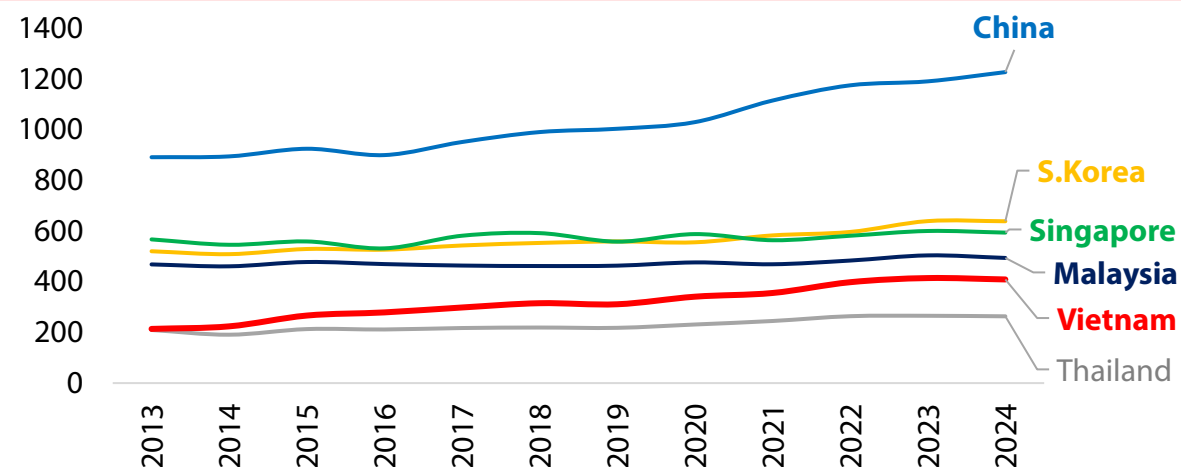


Source: UNCTAD, RongViet Securities

We project global container throughput to reach 963 million TEUs (+4% YoY) in 2025:

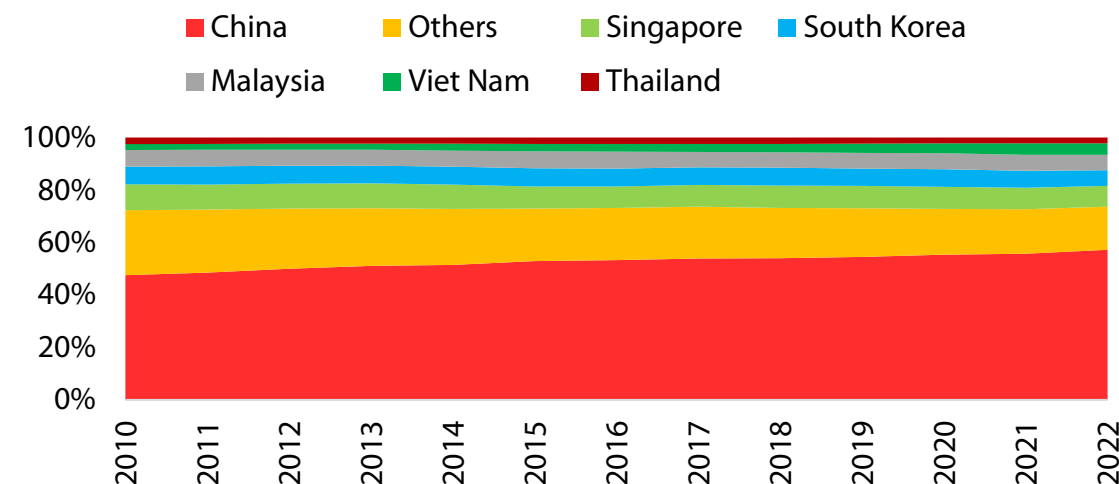
- According to UNCTAD, global seaborne container cargo volume is projected to grow at a CAGR of 3% from 2025 to 2029, reaching 171 million TEUs in 2025 and 190 million TEUs by 2029. This forecast is based on global GDP growth expectations of around 3.1% to 3.4% and trade flow growth of approximately 2.7% to 3.0%. The growth is driven by intense export activity in major Asian economies, particularly in technology, green energy, and artificial intelligence....
- Global port throughput is estimated to be 5.5 times higher than cargo volume due to containers passing through multiple ports (transshipment) before reaching their final destination. This ratio is expected to grow at an average rate of 1.6% annually, driven by the rapid development of deep-water ports worldwide. The implication is that the global supply chain is becoming increasingly sophisticated, with enhanced connectivity between regions as more ports participate in the international goods movement process.

Figure 3: Liner Shipping Connectivity Index (LSCI) measured by six factors, reflecting improvements in Vietnam's port capacity



Source: UNCTAD, RongViet Securities

Figure 4: Throughput market share in East Asia and Southeast Asia



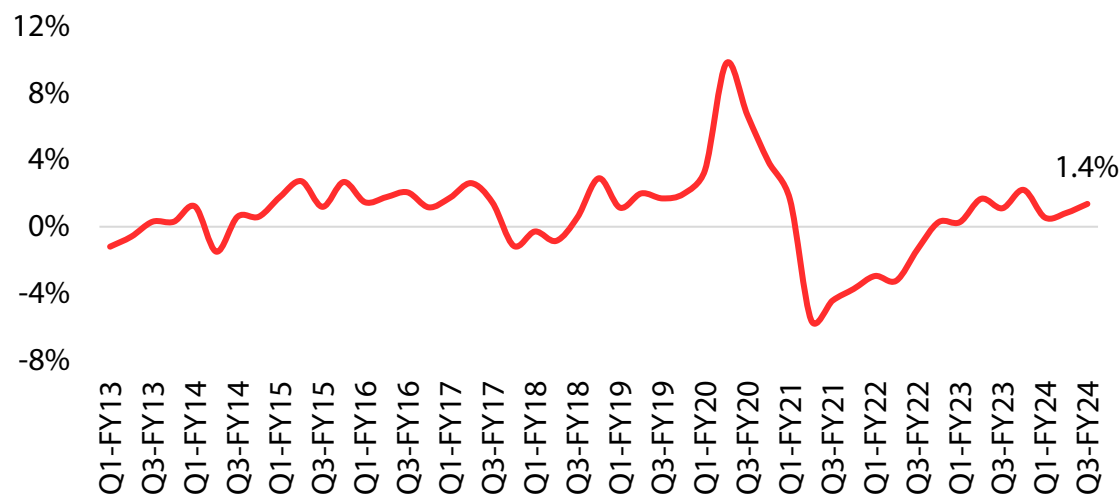
Source: UNCTAD, RongViet Securities

Vietnam's throughput will reach 23 million TEUs (+13% YoY) in 2025. We believe Vietnam will continue to expand its market share, as its container throughput market share in East Asia and Southeast Asia has surged from 2.24% to 4.36% between 2010 and 2022, driven by the rapid development of its deep-water port system. We expect Vietnam to increase its market share in this region as it becomes a preferred destination for shipping lines.

Vietnam's Logistics Performance Index (LSCI) has made significant progress over the past decade, increasing from 214 points in 2013 to 410 points in 2024. This narrowing gap with other countries in the region suggests that Vietnam is becoming an attractive hub for global shipping lines.

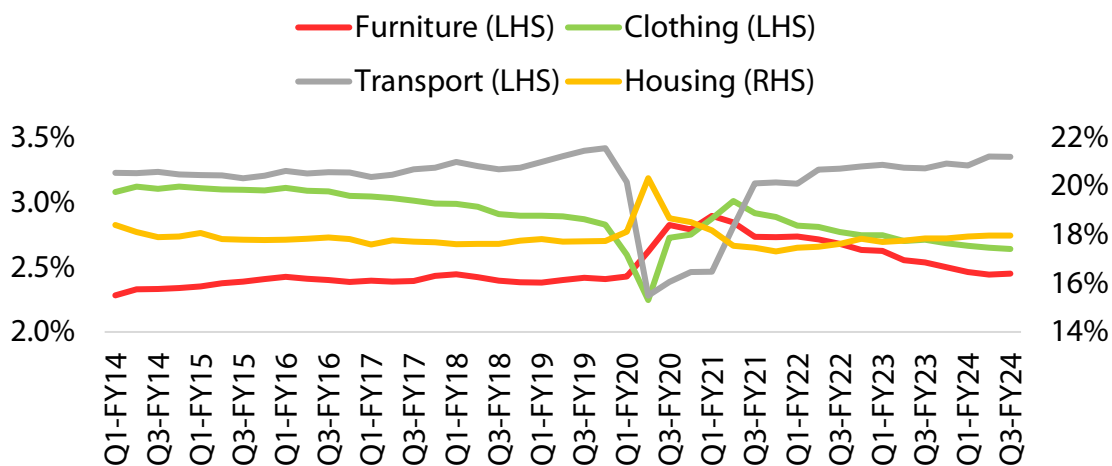
(*) The Logistics Performance Index (LSCI) is used in the maritime industry to measure connectivity between countries and the global container shipping network. A higher LSCI score indicates shorter loading and unloading times, reduced port waiting times, lower costs, and increased reliability for shipping lines. This index is based on six factors: (1) the number of vessel calls per week, (2) operational capacity, (3) the number of service routes, (4) the number of shipping lines, (5) the largest vessel size on each route, and (6) the number of directly connected national ports (or terminals).

Figure 5: Real income of U.S. residents increased by 1.4% YoY



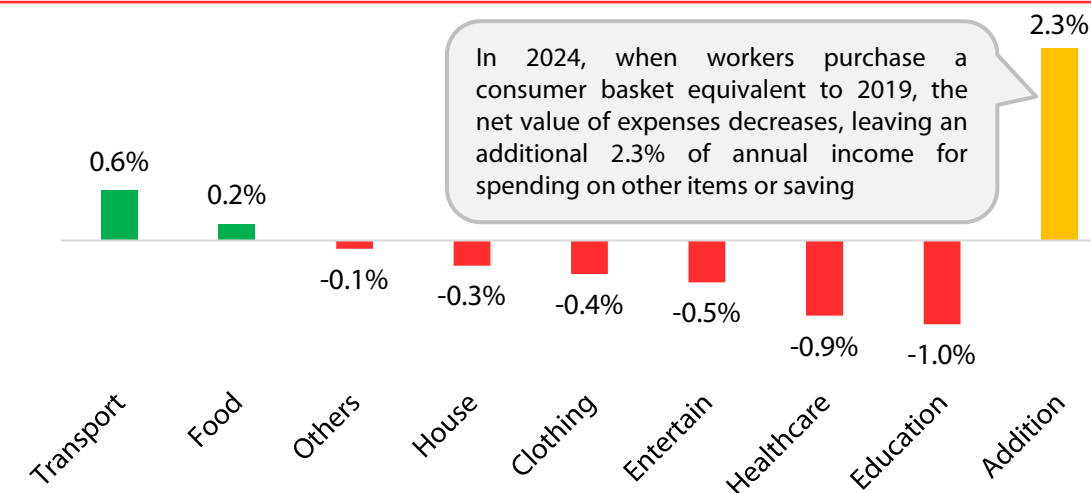
Source: Bloomberg, RongViet Securities

Figure 7: Downward trend in spending on non-essential goods



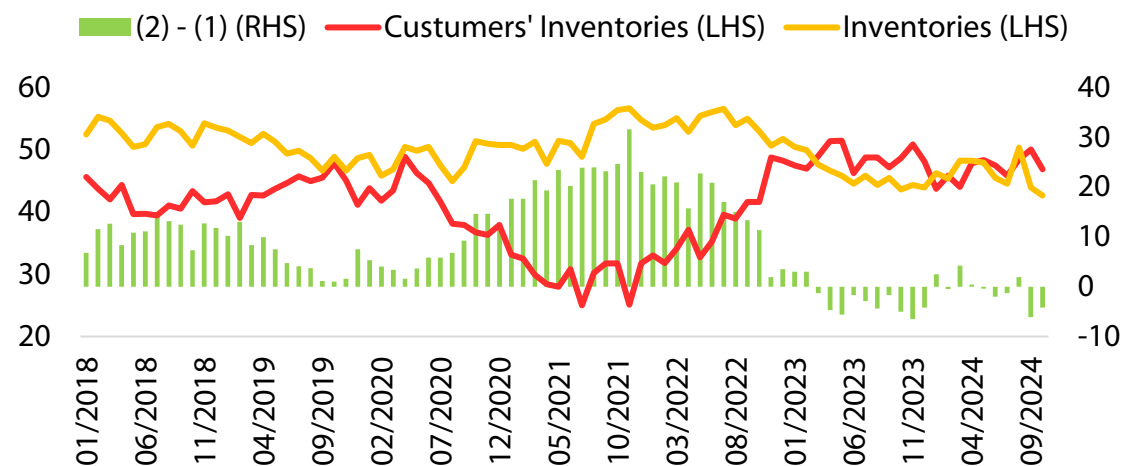
Source: BEA, RongViet Securities, US consumer spending proportion by product group

Figure 6: Changes in US purchasing power by product category



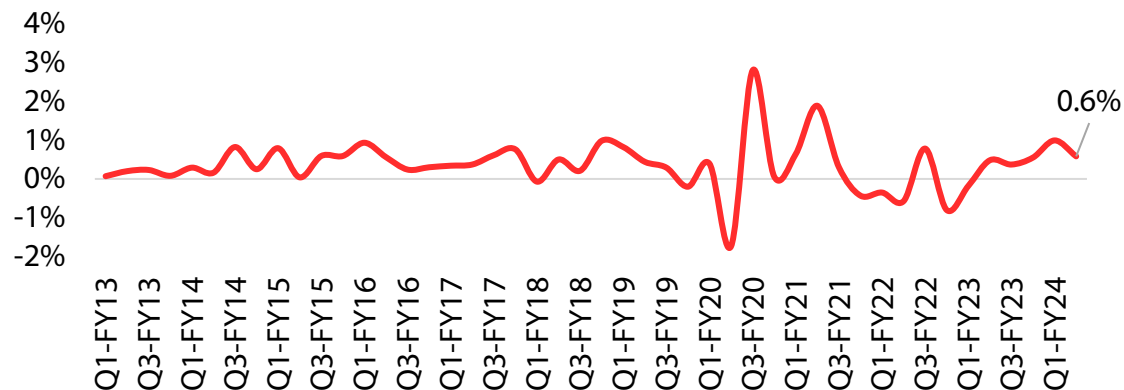
Source: US Treasury, RongViet Securities

Figure 8: Inventory levels in the U.S. remain high



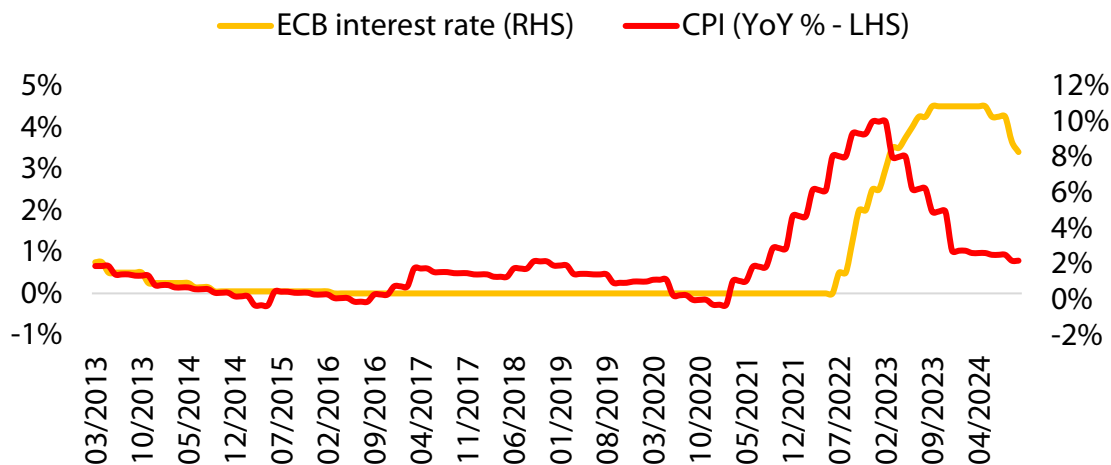
Nguồn: Bloomberg, CTCK Rong Việt

Figure 9: Real household income in the EU has shown an improving trend (QoQ) since early 2023



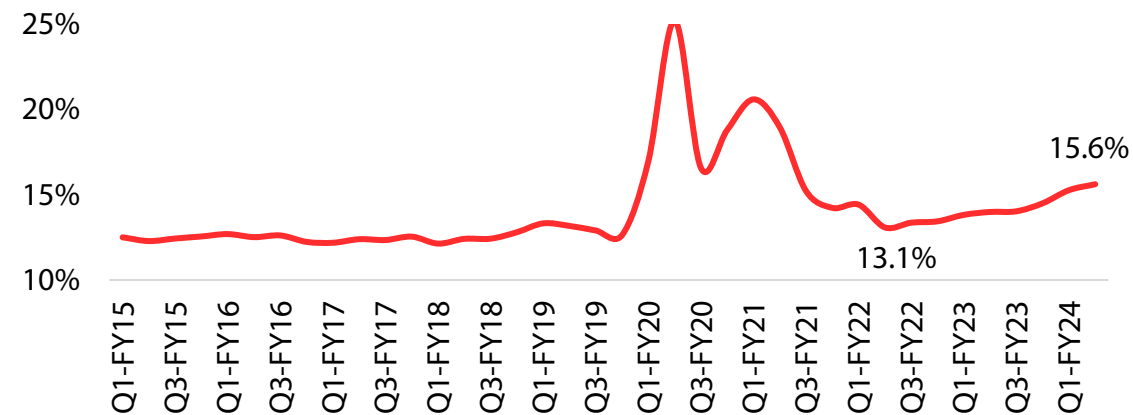
Source: EuroStat, RongViet Securities

Figure 11: Spending is expected to rise as interest rates fall



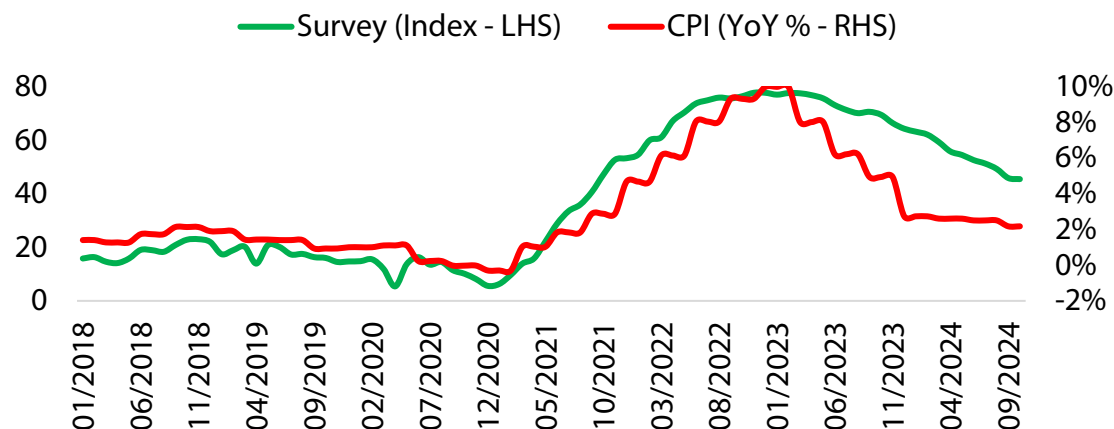
Source: Bloomberg, RongViet Securities

Figure 10: Since the ECB raised interest rates, Europeans have increased their savings rates to benefit more



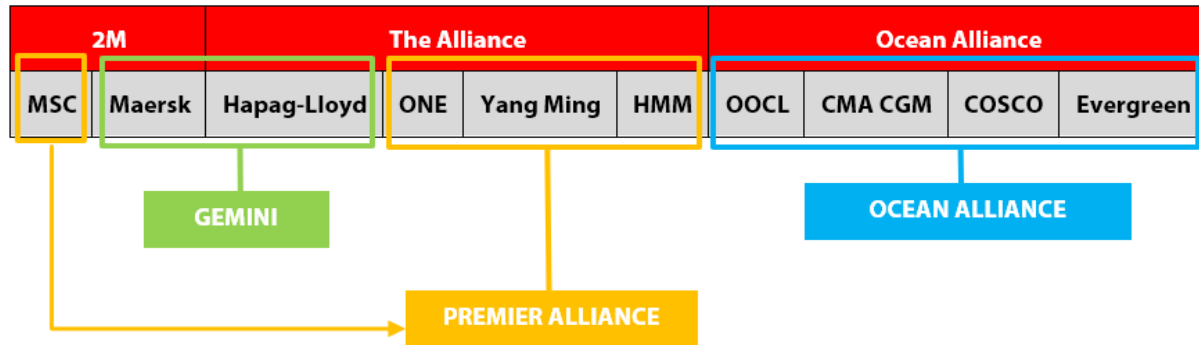
Source: EuroStat, RongViet Securities

Figure 12: Europeans are more aware of declining inflation, an early indicator of rising consumption in the near future



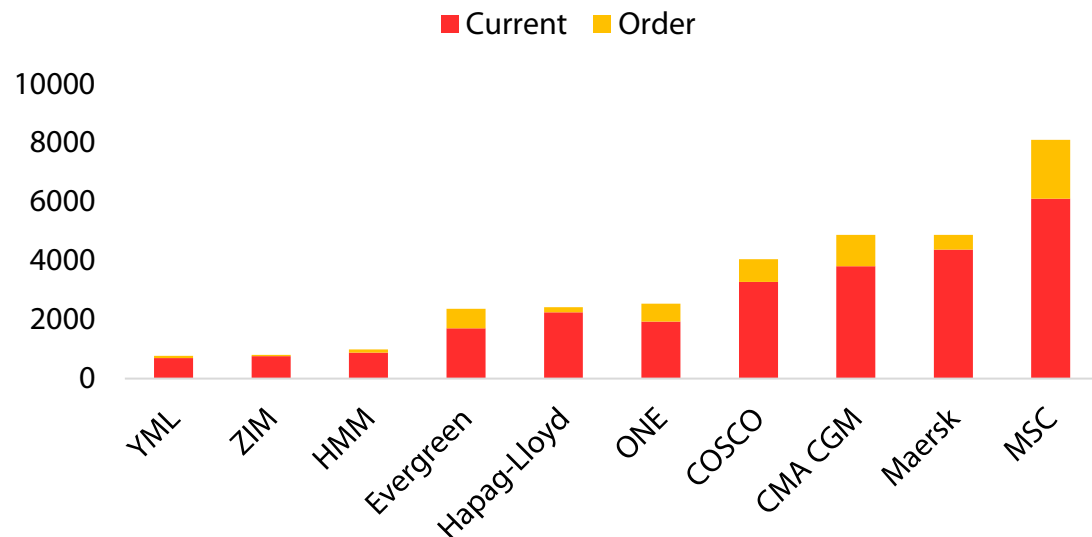
Source: Euro Commission, RongViet Securities, Consumer Survey on Price Trends Over the Past 12 Months

Figure 13: Maritime market welcomes new shipping alliances



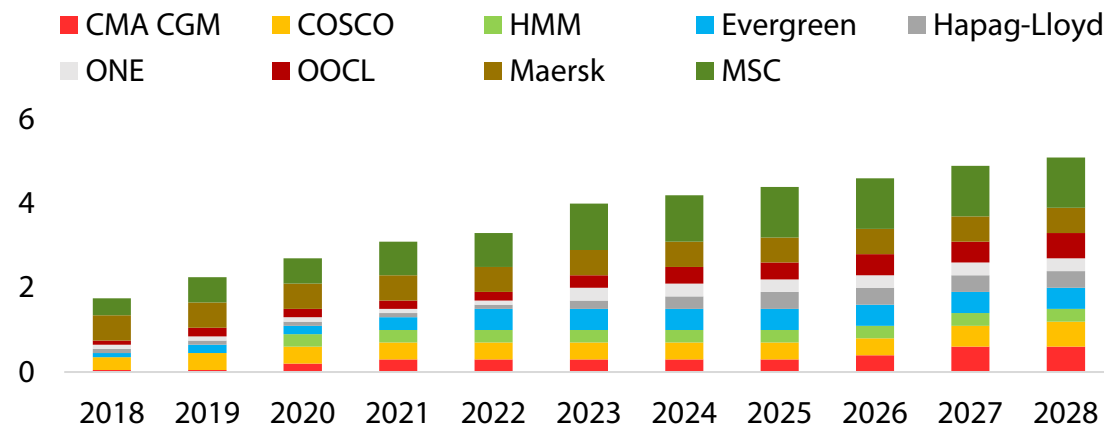
Source: Carrier Websites, RongViet Securities

Figure 15: Shipping lines race to expand capacity



Source: Alphaliner, RongViet Securities

Figure 14: New Megamax vessel supply (over 20,000 TEU) expected to grow at 5% CAGR (2024–2028)



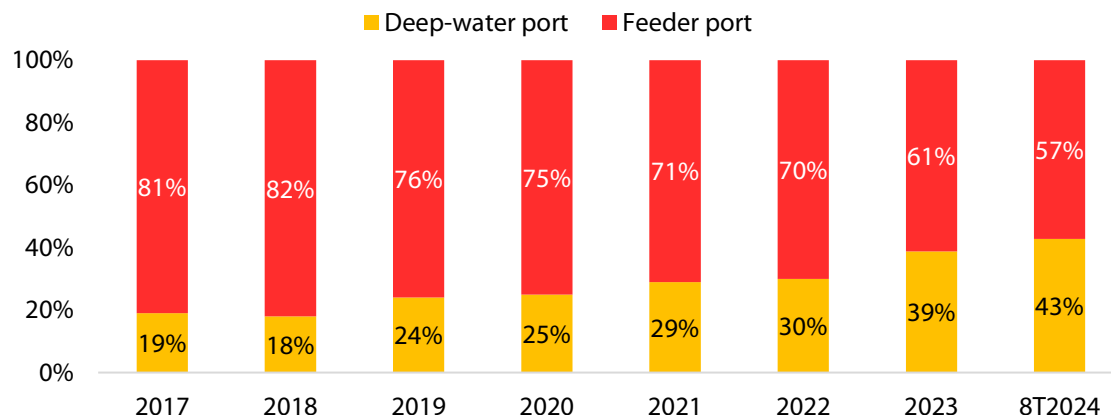
Source: WTO, RongViet Securities

Table 1: Throughput depends on shipping line benefits

Deep-water port	Strategic partners	Alliances in operation
Lach Huyen berth 1&2	Wanhai, ONE, Itochu	The Alliance, 2M
Lach Huyen berth 3&4	MSC	N/A
Lach Huyen berth 5&6	Maersk	N/A
Gemalink	CMA CGM	The Alliance, Ocean Alliance
TCIT	Wanhai, Hanjin	The Alliance
TCTT	N/A	N/A
SSIT	SSA Marine	N/A
CMIT	Maersk	2M

Source: Company Websites, RongViet Securities

Figure 16: Deep-water port market share increases annually



Source: VPA, Vinamarine, RongViet Securities, export-import container volume market share

Table 2: Upcoming deep-water port projects

Deep-water port	Total investment (VND bn)	Expected completion date	Design capacity (Mn TEU)
Lien Chieu – Da Nang	3,420	Q4-FY25	2.5
Lach Huyen berth 3&4	6,946	Q1 - FY25	1.1
Lach Huyen berth 5&6	8,950	Q1 - FY25	N/A
Gemalink phase 2A	3,700	Q2-FY26	0.6

Source: Company Websites, RongViet Securities

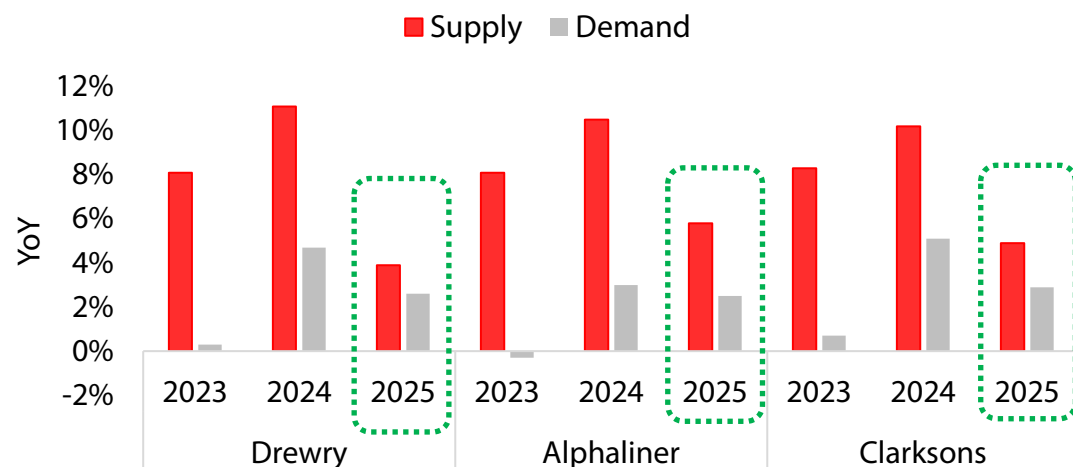
Listed companies own deep-water port, such as GMD (Gemalink), PHP (Lach Huyen Berths 3&4), and SGP (SSIT & CMIT), are set to gain long-term benefits. The extent of benefits depends on the market share of their strategic shipping line partners:

- Deep-water ports are expanding market share with superior draft depths (16.5 meters compared to 8.5 meters), allowing them to accommodate vessels with a capacity of up to 250,000 DWT, in line with the trend of expanding carrier fleets with larger vessels.
- Shipping lines are adding new routes to strengthen their presence and optimize capacity with larger fleets.

The trend is showing divergence for Feeder ports in the two main regions:

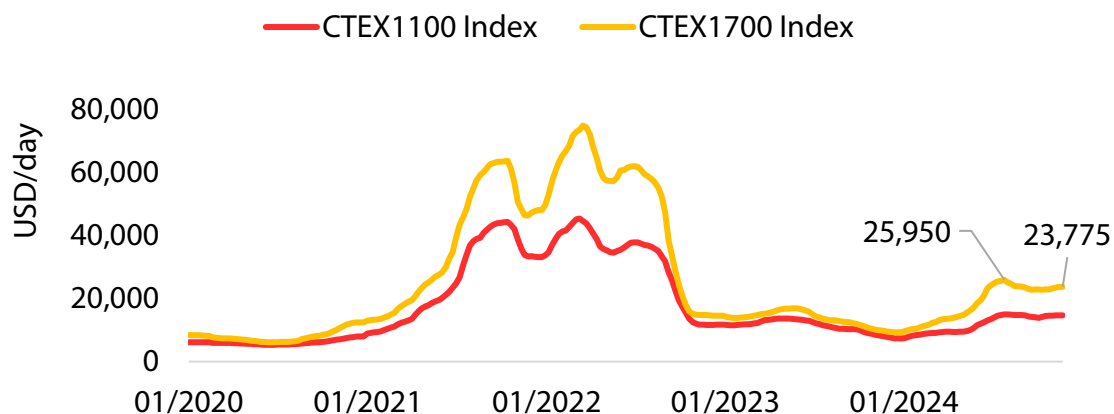
- **Hai Phong:** Competition will rise as LH Berths 3&4 and 5&6 start in Q1-FY25. The demand for cargo consolidation from river ports to transshipment ports in Singapore and Hong Kong will decrease due to new direct routes from LH to the US and EU markets being introduced.
- **Ho Chi Minh:** Although market share is decreasing, it will still maintain positive growth due to the benefits of the deep-water port. HCM is a key link between southern industrial zones and the Cai Mep – Thi Vai port.

Figure 17: Freight rates under pressure as supply exceeds demand



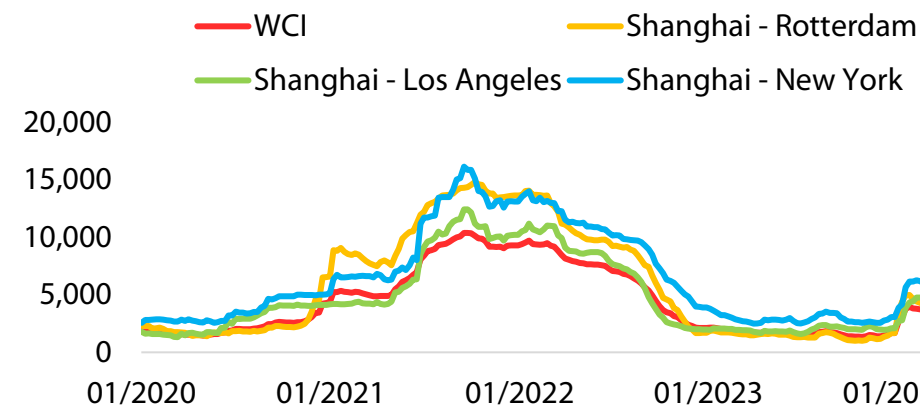
Source: Drewry, Alphaliner, Clarksons, RongViet Securities

Figure 19: Meanwhile, Charter rates rebounded early, with only an 8% drop from the July 2024 peak



Source: Bloomberg, RongViet Securities

Figure 18: After peaking in July 2024, global freight rates dropped 44% (USD/40ft)

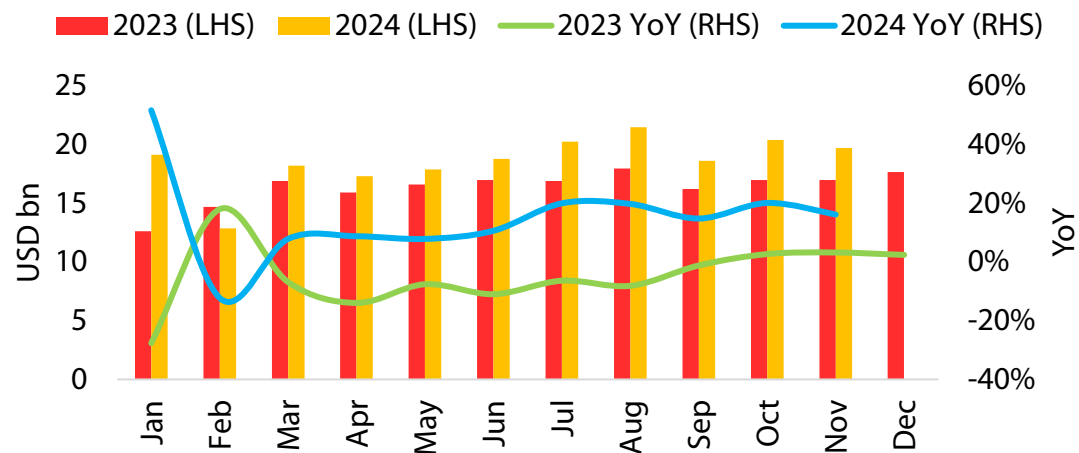


Source: Bloomberg, RongViet Securities

Although part of the excess vessel supply is absorbed by a longer route via the Cape of Good Hope, freight rates will decline in 2025 due to price competition among shipping alliances on key service routes.

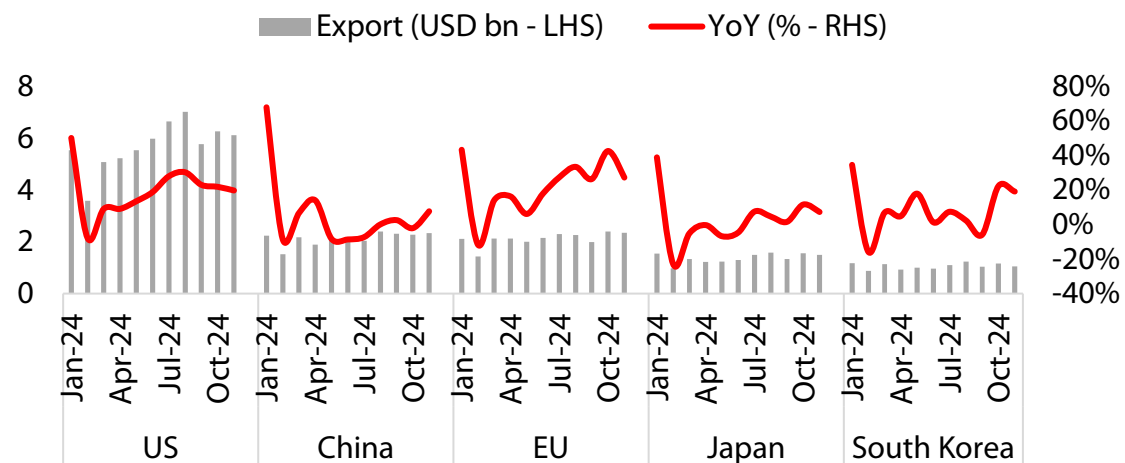
The ship chartering market will perform more positively than shipping due to strong demand for vessel rentals: (1) Increased demand for Feeder vessels operating on regional routes or for cargo consolidation (following the Hub & Spoke model), as shipping lines focus on large-scale fleets for long-haul routes, (2) Charter rates are cheaper than investing in new vessels and (3) Chartering offers flexibility for seasonal adjustments in volatile markets.

Figure 20: Estimated value of container exports by sea



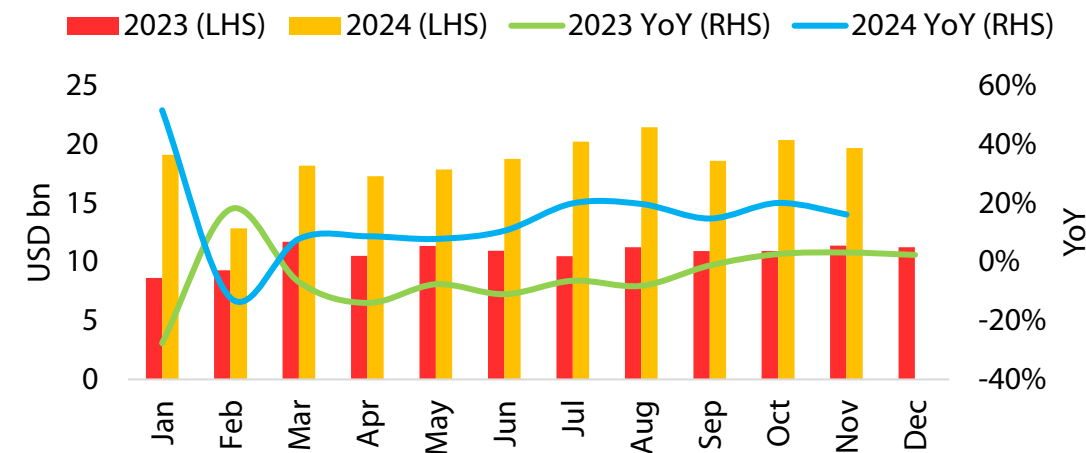
Source: Customs, RongViet Securities

Figure 22: Export values by sea to major markets



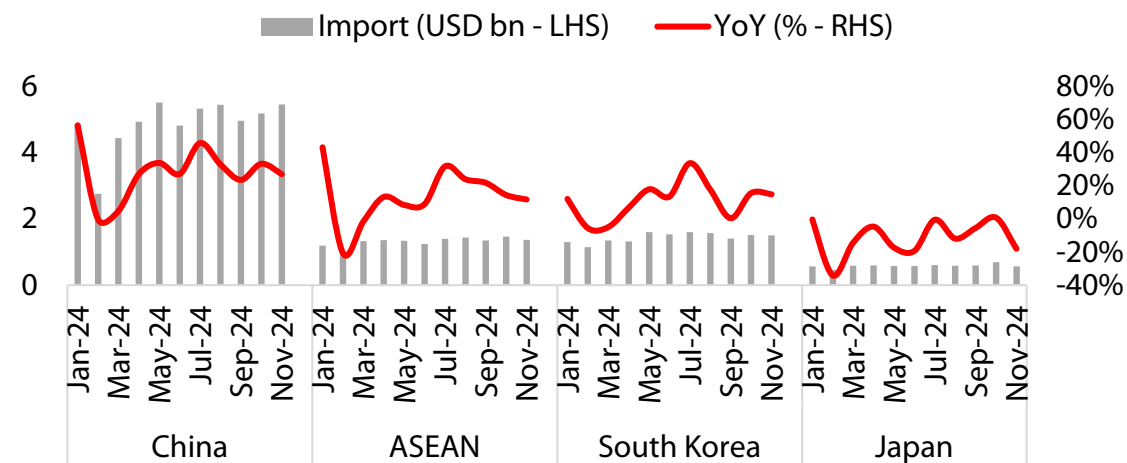
Source: Customs, RongViet Securities

Figure 21: Estimated value of container imports by sea



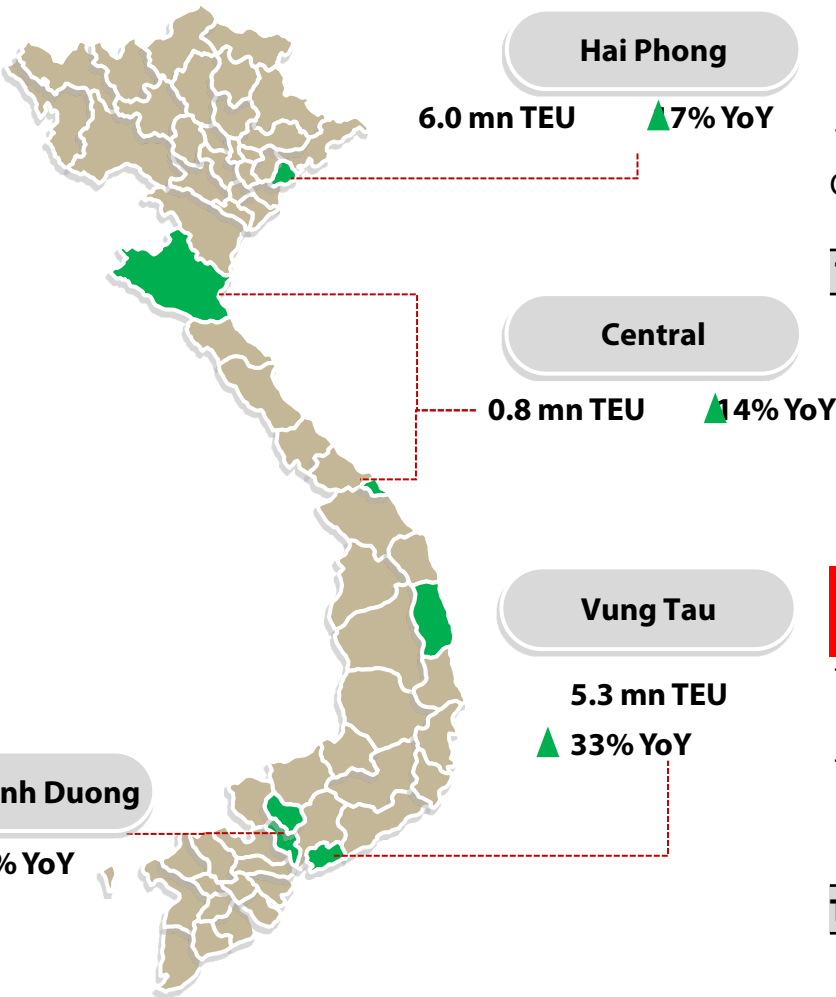
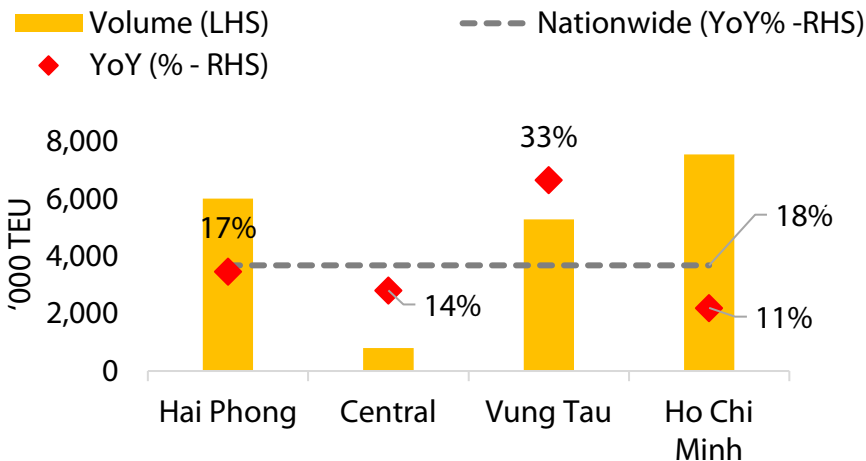
Source: Customs, RongViet Securities

Figure 23: Import values by sea from major markets



Source: Customs, RongViet Securities

Figure 24: Throughput in major port clusters during 10M2024



Units : '000 TEUs	10M2024	+/- YoY	MS
PHP	1,457	2%	24%
HICT	1,364	36%	23%
GMD	1,057	19%	18%
VSC	949	17%	16%
Others	750	18%	12%
HAH	439	25%	7%
Total	6,017	17%	100%

Unit: ' 000 TEUs	10M2024	+/- YoY	MS
Cat Lai	4,819	10%	64%
Binh Duong	672	53%	9%
Dong Nai	554	23%	7%
ITC	485	3%	6%
VITC	389	-10%	5%
Ben Nghe	286	-5%	4%
Sai Gon	211	11%	3%
Others	139	2%	2%
Total	7,554	11%	100%

Unit: '000 TEUs	10M2024	YoY %	MS
TCIT	1,612	2%	31%
GML	1,434	88%	27%
TCTT	895	35%	17%
CMIT	802	53%	15%
SSIT	554	28%	10%
Total	5,297	33%	100%

Source: VPA, RongViet Securities

Ticker	Market Cap. (USD mm)	3M.daily turnover AVG. (USD mn)	Current P/E (x)	Current P/B (x)	Trailing 12 M ROE (%)	Target price	Market price as of 01/10/25	Expected return	2023A		2024E		2025F		Revenue Growth		NPAT Growth	
									EPS	BVPS	EPS	BVPS	EPS	BVPS	2024E	2025F	2024E	2025F
Seaport																		
GMD	1,012	65,925	24.27	2.49	14.7%	73,100	62,000	17.9%	6,138	23,890	3,752	30,485	2,823	31,553	22.1%	-1.6%	-24.0%	-24.8%
VSC	177	48,058	18.50	1.06	5.9%	17,800	15,650	26.5%	531	13,591	725	16,129	808	16,937	24.6%	7.3%	64.9%	11.5%
PHP	543	9,077	29.88	2.76	11.8%	N.R	42,100	n.a	1,735	15,253	n.a	n.a	n.a	n.a	N.R	N.R	N.R	N.R
SGP	224	2,692	19.40	2.11	11.3%	N.R	26,300	n.a	1,367	12,449	n.a	n.a	n.a	n.a	N.R	N.R	N.R	N.R
DVP	132	775	10.92	2.35	23.3%	N.R	83,800	n.a	8,267	34,400	n.a	n.a	n.a	n.a	N.R	N.R	N.R	N.R
Maritime																		
HAH	237	112,026	15.24	2.00	14.2%	58,000	49,500	17.2%	2,883	21,929	3,635	26,030	5,067	30,204	43.9%	11.1%	41.3%	37.7%
PVT	363	49,491	10.59	1.22	15.2%	34,600	25,850	33.8%	2,572	19,130	3,297	22,154	3,641	25,295	25.6%	12.6%	25.8%	10.4%
VNL	10	219	6.21	0.85	14.3%	N.R	17,200	n.a	2,586	19,072	n.a	n.a	n.a	n.a	N.R	N.R	N.R	N.R

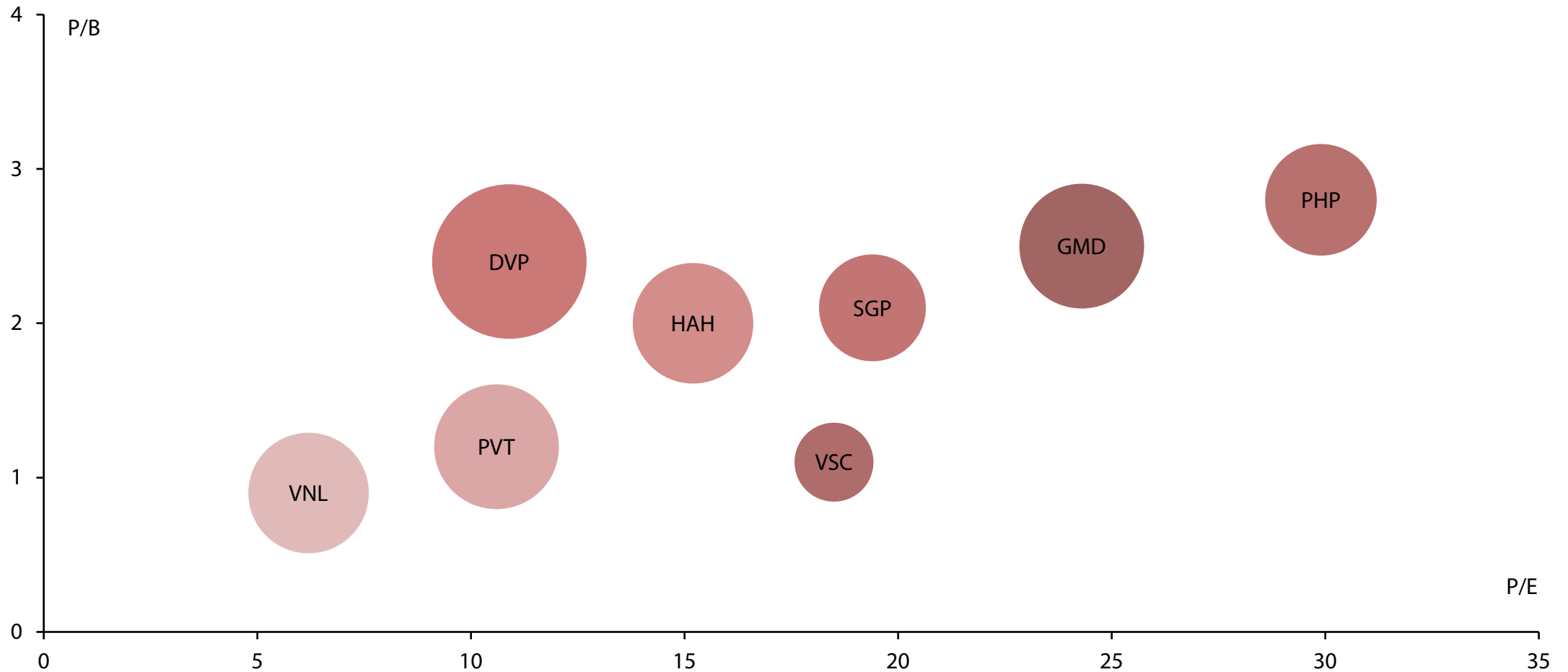
Source: Bloomberg, RongViet Securities. Data was updated as of 01/10/2025.

N.R: Non rate

N.A: Not available

EPS: Earning per share

BVPS: Book value per share



Source: FiinGroup, RongViet Securities. Bubble size equals respective ROE. Share price á of 10 Jan 2025.

ACCUMULATE: 17%

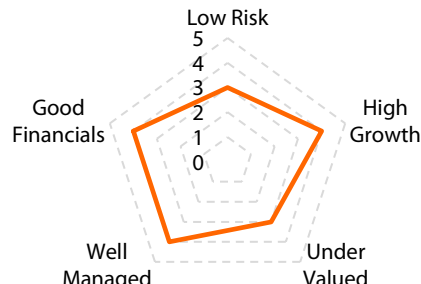
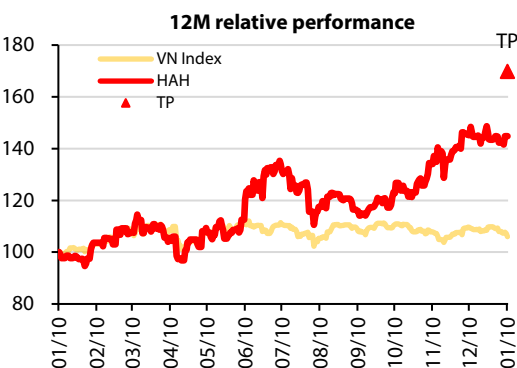
MP: 49,500

TP: 58,000

STOCK INFO

FINANCIALS

2023A 2024F 2025F



Sector
Market Cap (USD Mn)
Current Shares O/S (Mn shares)
3M Avg. Volume (K)
3M Avg. Trading Value (VND bn)
Remaining foreign room (%)
52-week range ('000 VND)

Industrial Goods
& Services
237
121
2,437
113
16.5
32 - 51.3

Revenue (VND bn)	2,613	3,759	4,176
NPATMI (VND bn)	385	544	749
ROA (%)	7.4	7.2	8.9
ROE (%)	14.9	15.2	17.1
EPS (VND)	3,648	3,635	5,067
Book Value (VND)	25,240	26,030	30,204
Cash dividend (VND)	0	0	0
P/E (x)	9.0	13.6	9.8
P/B (x)	1.3	1.9	1.6

INVESTMENT THESIS

The improved performance of the fleet will drive significant revenue in 2025.

• **Container transportation and related logistics activities may "lose momentum" as new vessel supply enters the market....**

- Throughput is expected to remain flat compared to the high base in 2024 as China increases its shipments to the US from June to August 2024.
- Freight rates are forecasted to decrease by 7% YoY due to the influx of new vessel supply, which puts pressure on intra-Asia and domestic routes. Supply is expected to increase by around 5% YoY, with major shipping lines actively operating on intra-Asia routes. Meanwhile, the domestic market will also see the addition of four new vessels from GMD.

• **...However, the positive outlook for time charter activities will drive growth in 2025.**

- HAIAN OPUS and HAIAN GAMA, leased at high charter rates, will generate new revenue streams following their investment in 2H2024.
- HAIAN VIEW, WEST, and EAST have been rechartered at rates 30% higher than the previous contracts.

The in-house fleet ensures consistent cargo throughput for Hai An Port, providing stable cash flow for HAH. With 50% of the vessels serving the transportation and long-term client SM Line, Hai An Port consistently receives an average of 6-7 weekly vessel calls, ensuring stable throughput.

Profit margins are expanding due to the increased share of rental income. The gross margin for the leasing segment averages 60-70%, which is 15-20% higher than the average for the transportation sector.

RISKS TO OUR CALL

- Freight rates are highly volatile due to political influences.
- High volatility in the fleet composition between chartering and operations has caused the financial results to deviate from forecasts.

Table 1: HAH's fleet

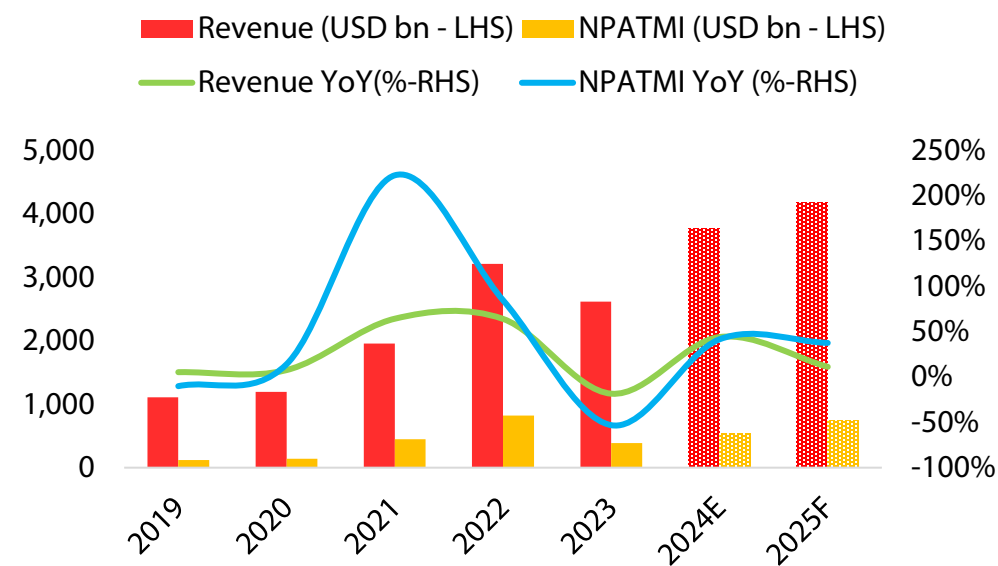
No	Name	Capacity	BCC	Operation form	Time-charter rate (USD/day)	Schedule
1	HAIAN PARK	787	100%	Self-operated		
2	HAIAN TIME	1,032	100%	Self-operated		
3	HAIAN BELL	1,200	81%	Self-operated		
4	HAIAN LINK	1,060	100%	Self-operated		
5	HAIAN MIND	1,794	67%	Time-charter	24,000	10/2024 – 09/2025
6	HAIAN VIEW	1,577	70%	Time-charter	13,400	05/2024 – 04/2025
7	HAIAN WEST	1,740	90%	Time-charter	18,000	01/2024 – 01/2025
8	HAIAN EAST	1,702	90%	Time-charter	18,000	01/2024 – 01/2025
9	HAIAN CITY	1,577	65%	Self-operated		
10	HAIAN ROSE	1,708	84%	Self-operated		
11	ANBIEN BAY	1,700	44%	Time-charter	40,000	07/2022 – 11/2024
12	HAIAN ALFA	1,700	97%	Self-operated		
13	HAIAN BETA	1,700	100%	Self-operated		
14	HAIAN OPUS	1,700	81%	Time-charter	24,000	08/2024 – 08/2026
15	ANBIEN SKY	1,700	0%	Time-charter	15,950	05/2024 – 01/2025
16	HAIAN GAMA	3,500	100%	Time-charter	30,000	11/2024 – 06/2025

Table 2: Valuation of maritime industry peers

Indicator	2018	2019	2020	2021	2022	2023	Industry average
Weight	15%	15%	15%	15%	20%	20%	
EV/EBITDA							
Mean	15.1x	14.x	8.x	8.2x	4.6x	4.7x	8.7x
Median	11.8x	10.2x	7.9x	3.x	.8x	4.2x	5.9x
P/E							
Mean	66.4x	150.1x	24.5x	3.4x	1.4x	5.8x	38.1x
Median	40.8x	37.1x	9.7x	3.1x	1.4x	6.7x	15.2x
P/B							
Mean	0.9x	1.0x	1.5x	1.6x	0.8x	0.7x	1.0x
Median	0.8x	1.0x	1.5x	1.5x	0.8x	0.6x	1.0x

Source: HAH, Bloomberg, RongViet Securities

Figure 1: Forecast revenue and NPATMI

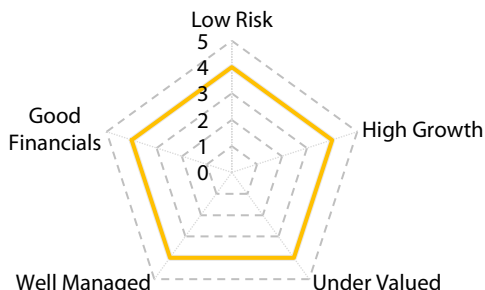
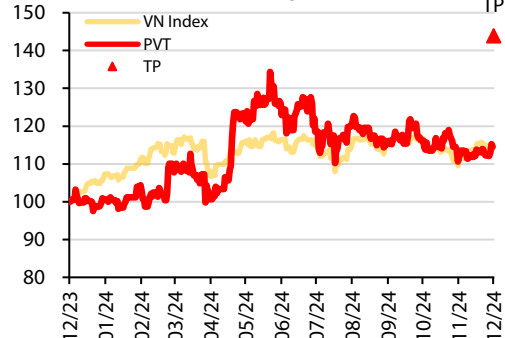


BUY: 24.5%

MP: 27,800

TP: 34,600

12M relative performance



STOCK INFO

Sector	Oil & Gas
Market Cap (\$mn)	389
Current Shares O/S (mn shares)	356
3M Avg.Volume (K)	1,839
3M Avg.Trading Value (VND Bn)	51
Remaining foreign room (%)	37
52-week range ('000 VND)	23,36 - 32,7

FINANCIALS

	2023	2024F	2025F
Revenue (VND Bn)	9,556	12,001	13,511
NPATMI (VND Bn)	972	1,223	1,350
ROA (%)	5.6	6.0	6.3
ROE (%)	14.3	15.5	15.0
EPS (đồng)	2,829	3,297	3,641
Book Value (đồng)	21,044	22,154	25,295
Cash dividend (đồng)	800	300	500
P/E (x)	8.5	8.4	7.6
P/B (x)	1.1	1.3	1.1

INVESTMENT RATIONALES

Fleet expansion and modernization to enhance market reach

- In 2024, PVT has invested in an additional 8 vessels, including product tankers, chemical carriers, LPG tankers, and bulk carriers, increasing its fleet to 58 vessels (49 owned directly and 9 leased under bareboat charter), resulting in a year-on-year fleet capacity increase of 23% to 1.6 million DWT.
- With a strategy focused on expanding operations and leveraging management cost advantages that are 10-15% lower than those of foreign companies, PVT has successfully entered high-demand markets such as Europe and North America, rather than limiting its focus to Asia and the Middle East. Currently, over 85% of PVT's fleet is engaged in international transportation routes.

Disposal of aging vessels for reinvestment in new builds

- Our observations indicate that PVT primarily invests in used transport vessels with an average age of 8 to 15 years, as well as divests vessels with an average age of 20 to 35 years.
- The company currently operates two LPG carriers over 30 years old and one chemical tanker over 20 years old. This vessels face challenges in both domestic and international transport. Therefore, we believe it is likely that the company will soon divest these vessels to reinvest in a younger fleet in the coming years.

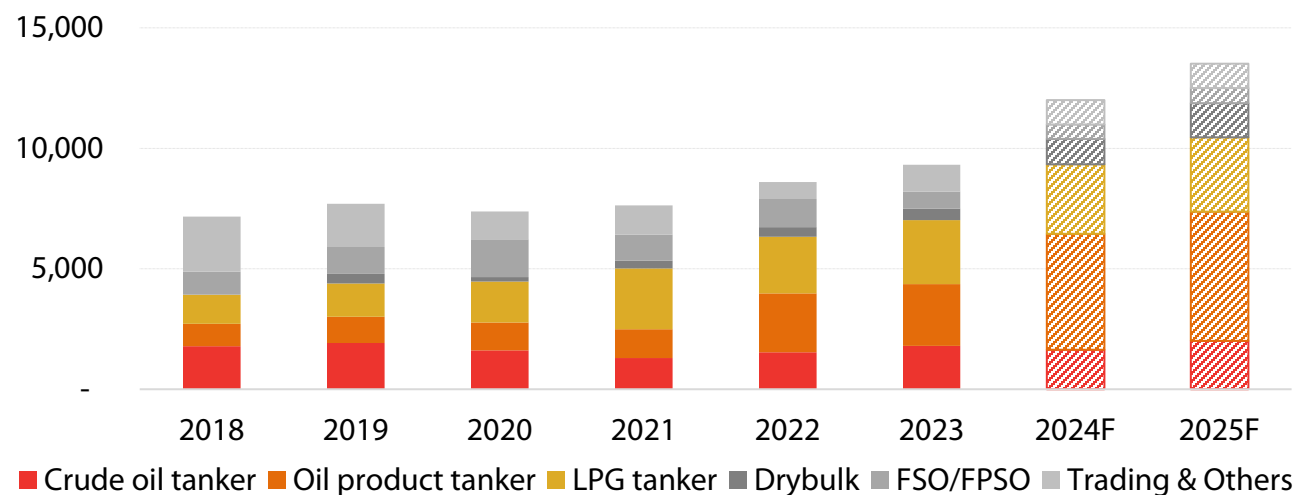
Growth in 2025 driven by new vessel contributions

- In 2025, we expect that the time charter rate of oil and gas transportation will remain high for crude oil while experiencing a slight decline for product oil.
- The revenue from PVT's oil and gas transportation segment is expected to grow, driven by two key factors: (1) we estimate that the transportation volume of crude oil and product oil from BSR will increase by over 20% following maintenance, and (2) the revenue contributions from the new vessels will offset the decline in freight rates for product oil.
- Revenue estimates for various business segments indicate growth: product oil/chemical transport (+11.5% YoY), LPG transport (+6.9% YoY), bulk transport (+34.6% YoY), and crude oil transport (+22.4% YoY).

RISK TO OUR CALL

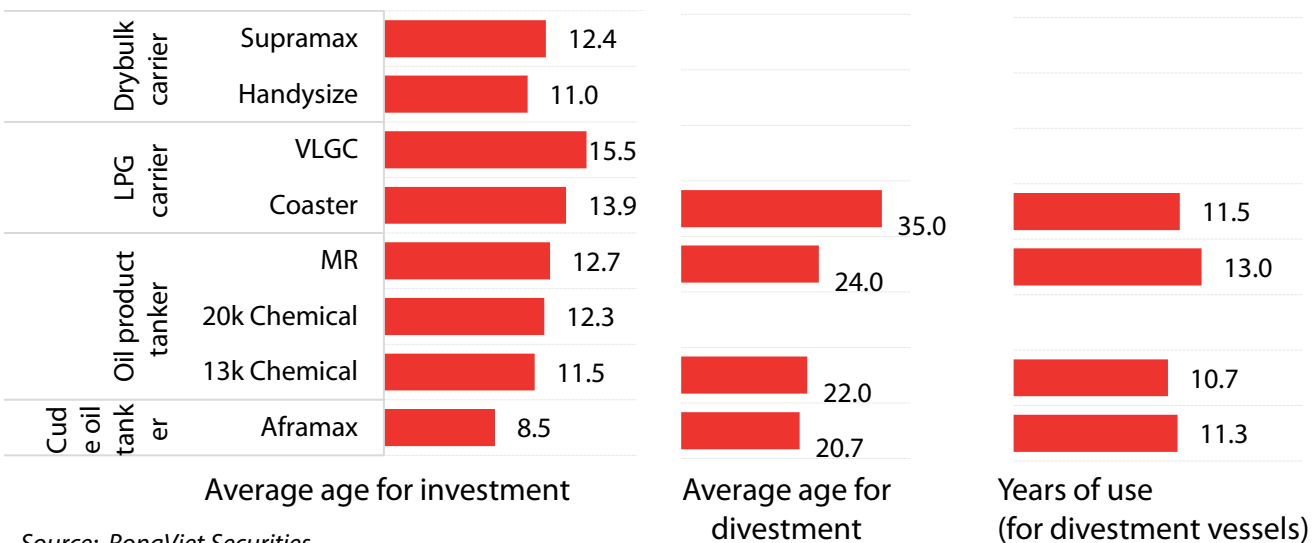
- Freight rates for maritime transport may decline more rapidly than anticipated due to increased vessel supply, which could impact profit margins.
- A reduction in geopolitical tensions may lead to shorter transportation routes for oil and gas.

Revenue by segment for PVT from 2018 to 2025 (VND Bn)



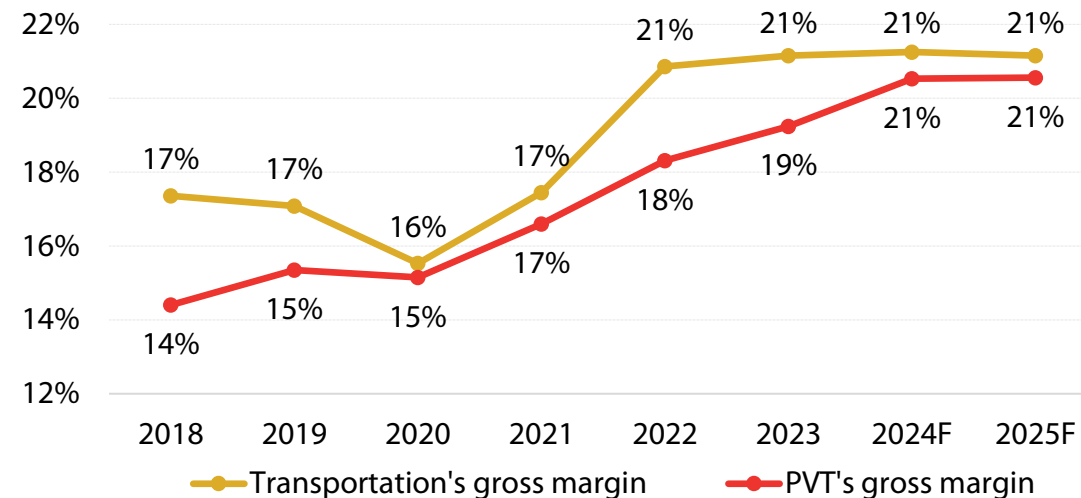
Source: RongViet Securities

Average age of PVT's Fleet



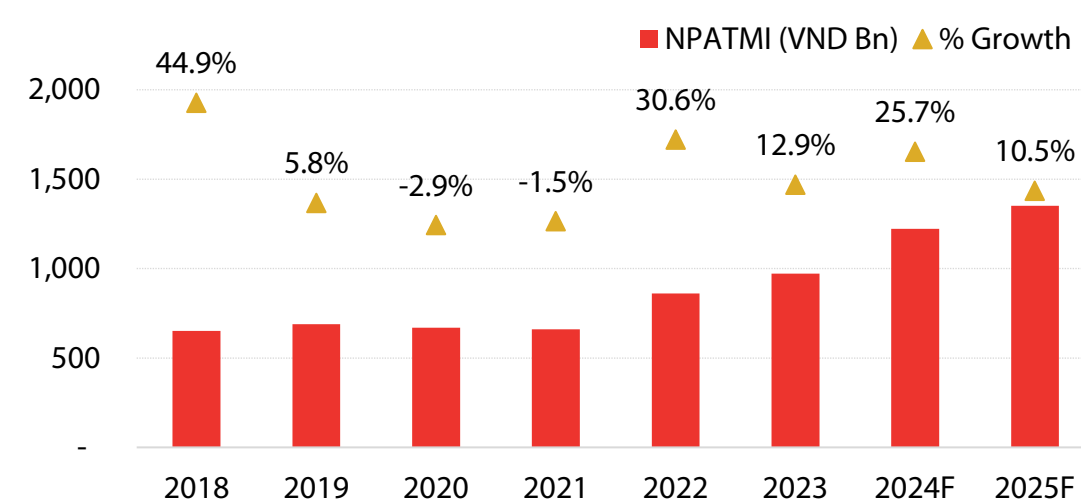
Source: RongViet Securities

Profit margin of PVT from 2018 to 2025 (%)



Source: PVT, RongViet Securities

Net profit of PVT from 2018 to 2025 (VND Bn)



Source: PVT, RongViet Securities

ACCUMULATE: 18%

MP: 62,000

TP: 73,100

STOCK INFO

Sector

Market Cap (USD Mn)

Current Shares O/S (Mn shares)

3M Avg. Volume (K)

3M Avg. Trading Value (VND bn)

Remaining foreign room (%)

52-week range ('000 VND)

Industrial Goods
& Services

1,012

414

1,017

66

0.3

57.32 - 74.78

FINANCIALS

2023A 2024F 2025F

Revenue (VND bn)

3,846 4,694 4,621

NPATMI (VND bn)

2,222 1,688 1,270

ROA (%)

16.7 10.6 7.7

ROE (%)

32.3 16.2 12.1

EPS (VND)

7,333 3,752 2,823

Book Value (VND)

27,975 30,485 31,553

Cash dividend (VND)

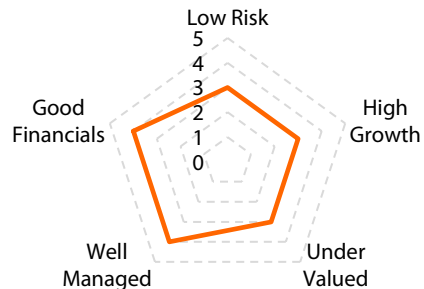
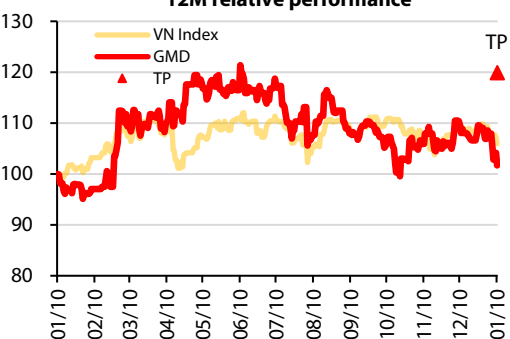
2,200 2,000 2,000

P/E (x)

8.2 17.4 22.0

P/B (x)

2.1 2.1 2.0



INVESTMENT THESIS

Northern region faces challenges with Lach Huyen Berths 3&4 starting operations, but Southern cluster activity will help slow revenue decline in 2025

- **Nam Dinh Vu Port:** Throughput is forecasted to decline by 8% YoY in 2025 due to the loss of two service routes from MSC. MSC will shift its operations to Lach Huyen Berths 3&4, following its strategic partnership agreement with Hai Phong Port.
- **PIP and Binh Duong Ports:** As the connection point between southern industrial zones and Vung Tau, export demand to the US and European markets is expected to improve in 2H2025, supporting growth for both PIP and Binh Duong ports.

Gain from JVs contributes up to 60% of GMD's NPAT-MI

- **Gemalink:** Throughput is projected to grow by 4% YoY in 2025, lower than the overall industry growth rate as it has already exceeded its design capacity by 25%. At the same time, changes in shipping alliances are not expected to impact Gemalink's market share because MSC is expected to replace Hapag-Lloyd's position on the Asia-Europe route.
- **SCS:** The company performs efficiently in the air cargo services sector, maintaining a very high net profit margin of over 60%. SCS is projected to contribute 20% to GMD's NPAT-MI in 2025.

The gross margin has narrowed due to increased depreciation costs from the commissioning of Phase 3 of Nam Dinh Vu Port and investments in expanding the fleet.

- Total depreciation costs are expected to increase by VND 200 billion in 2025 as GMD invests in three new vessels with a capacity of 1,800 TEUs, totaling VND 2,200 billion, and Nam Dinh Vu Port, with a total investment of VND 2,800 billion, scheduled to operate in Q3-FY25.
- The gross margin has decreased by 6 pps YoY as the company has not yet reached the breakeven point in its operations, compounded by the loss of market share in Hai Phong.

RISKS TO OUR CALL

- Changes in shipping alliances and the operation of Lach Huyen Berths 3-6 could lead to a greater-than-expected decline in throughput.
- The GML Phase 2A project has been further delayed.

Table 1: Forecast for 2024 - 2025

Unit: VND bn	2024	+/- YoY	2025	+/- YoY
Throughput ('000 TEU)	4,406	44%	4,433	1%
Nam Dinh VU	1,305	18%	1,195	-8%
Binh Duong and PIP	1,317	41%	1,383	5%
Gemalink	1,785	76%	1,856	4%
Net revenue	4,694	22%	4,621	-2%
Container handling	4,016	36%	3,943	-2%
Logistics	678	-25%	678	0%
COGS	2,613	26%	2,870	10%
Gross profit	2,080	17%	1,751	-16%
Gain/loss from JVs	712	162%	739	4%
SG&A expenses	813	23%	801	-1%
Financial incomes	395	-80%	52	-87%
Financial expenses	123	-27%	109	-11%
PBT	2,251	-28%	1,631	-28%
NPATMI	1,688	-24%	1,270	-25%

Source: RongViet Securities

Table 2: Significant investment in 2025

Project	Total investment (VND bn)	Expected start date	Expected completion date	Design capacity (TEU/year)
Three vessel 1.800 TEU	2,200	Q1-FY25	Q1-FY25	N/A
NDV phase 3	2,800	Oct 2024	Q3-FY25	600,000
GML phase 2A	3,825	Q2-FY25	Q2-FY26	600,000
Taotal	8,825			1,200,000

Source: GMD, RongViet Securities

Table 3: SoTP valuation

Unit: VND bn	Method	Equity value	Ownership	Contribution
Ports và Logistics	FCFF (WACC: 12%, Exit EV/EBITDA: 10x)	11,089		11,089
Logistics & Shipping JVs		31,618		18,064
SCSC	P/E (@15x)	8,377	36.6%	3,066
CJ GMD Logistics	P/E (@10x)	564	49.1%	277
CJ GMD Shipping	Book value	339	51.0%	173
Gemalink	FCFF (WACC: 10%, Exit EV/EBITDA: 15x)	22,338	65.1%	14,549
Other assets		1,789		1,118
Other investment	Book value	447	100%	447
Rubber (*)	Book value	1.342	100%	671
Total				30,271
No. share outstanding				414
Target price				73,100

Source: GMD, RongViet Securities, (*) 50% discount on value due to ineffective investment

ACCUMULATE: 14%

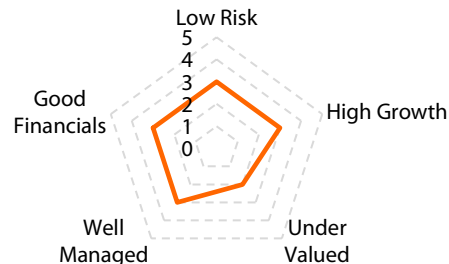
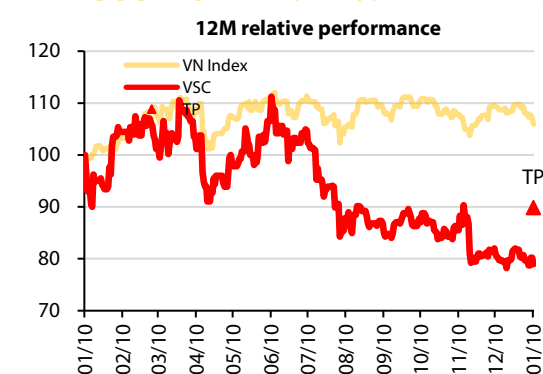
MP: 16.100

TP: 17.800

STOCK INFO

FINANCIALS

2023A 2024F 2025F



Sector
Market Cap (USD Mn)
Current Shares O/S (Mn shares)
3M Avg. Volume (K)
3M Avg. Trading Value (VND bn)
Remaining foreign room (%)
52-week range ('000 VND)

Industrial Goods
& Services
177
287
2,885
48
46.7
15.35 - 22.56

Revenue (VND bn)	2,181	2,718	2,917
NPATMI (VND bn)	126	208	232
ROA (%)	2.6	2.8	3.8
ROE (%)	7.1	4.4	5.9
EPS (VND)	904	725	808
Book Value (VND)	10,810	16,129	16,937
Cash dividend (VND)	0	0	0
P/E (x)	20.2	21.9	19.4
P/B (x)	1.7	1.0	0.9

INVESTMENT THESIS

Revenue is expected to grow in double digits following the consolidation of Nam Hai Dinh Vu Port (NHDV) starting from Q3/2024....

- NHDV Port was consolidated after VSC invested VND 3,300 billion to acquire complete control of the shares. The acquisition of NHDV allows VSC to unlock growth potential, schedule vessel flexibility at the port, and reduce operational costs by leveraging resources at the VIP Green Port.
- The revenue contribution from NHDV is expected to help VSC achieve an 18% YoY growth in 2025.

...However, the benefits from this M&A deal have not met expectations due to the low utilization rate of the operational capacity

- VSC owns 100% of the shares in NHDV without a strategic shipping line partner. Therefore NHDV's throughput comes from the reallocation of vessel from the VIP and Green ports.
- For 10M2024, throughput at NHDV Port reached only 42% of its design capacity, with a low utilization rate after more than a year under VSC's management.

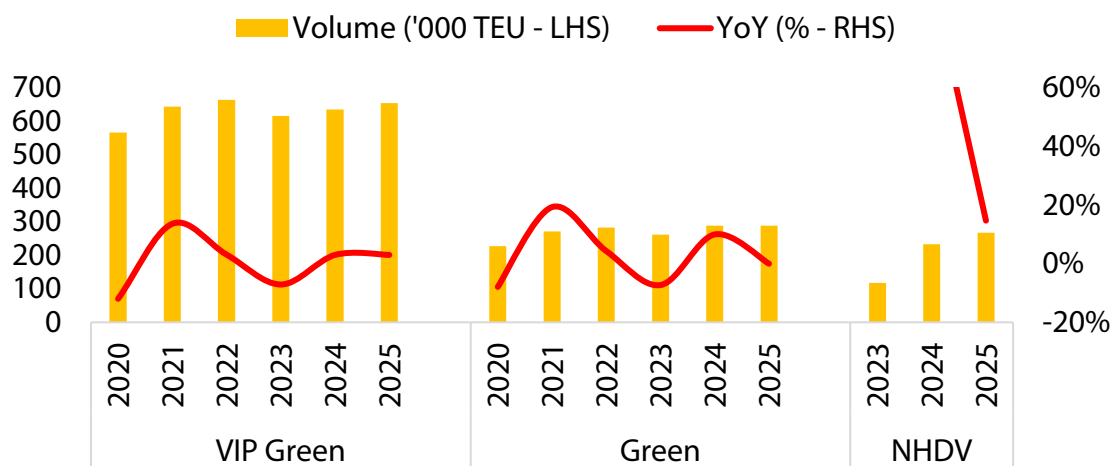
The debt-to-equity ratio is not a significant concern, but interest expenses will continue eroding profits in 2025

- VSC's total debt has continued to rise sharply in Q3-FY24 to finance the complete acquisition of shares in NHDV and investments in securities.
- Although VSC has recovered its investment in the Hyatt Place hotel, it invests outside its core business. This could reduce VSC's operational efficiency in the long term.

RISKS TO OUR CALL

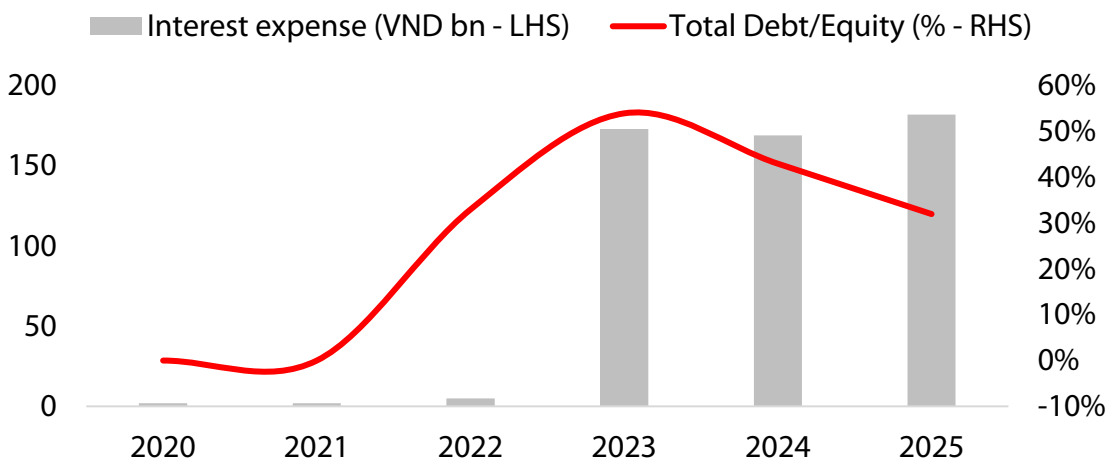
- Throughput depends on Evergreen Shipping so the port cluster's utilization rate may fall short of expectations if the shipping line operates inefficiently.
- VSC may continue to increase its leverage, which could reduce profit.
- The value of assets in the form of shares is large, which could be considered a risk for price fluctuations in VSC due to the high volatility of the stock market.

Figure 1: Forecast throughput at VSC port clusters



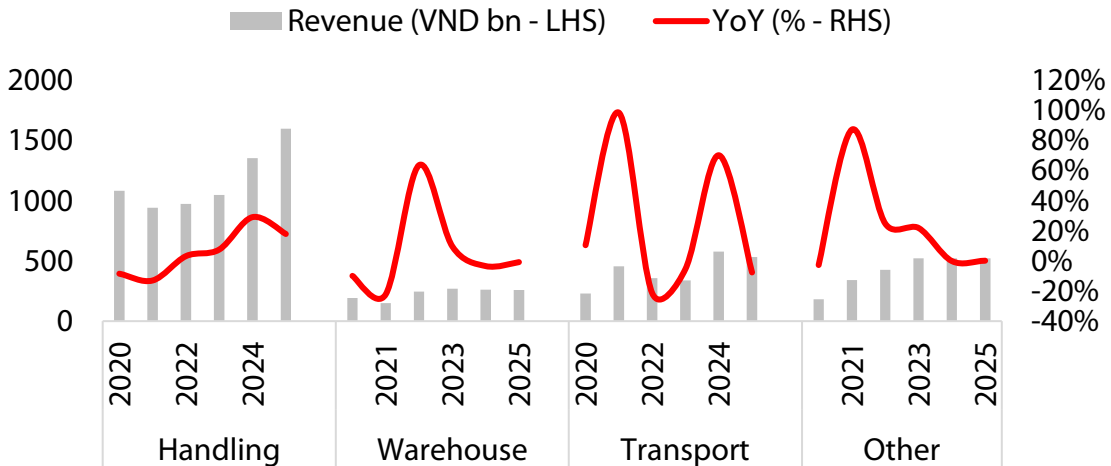
Source: VSC, RongViet Securities

Figure 3: Projected interest costs and debt ratio for VSC



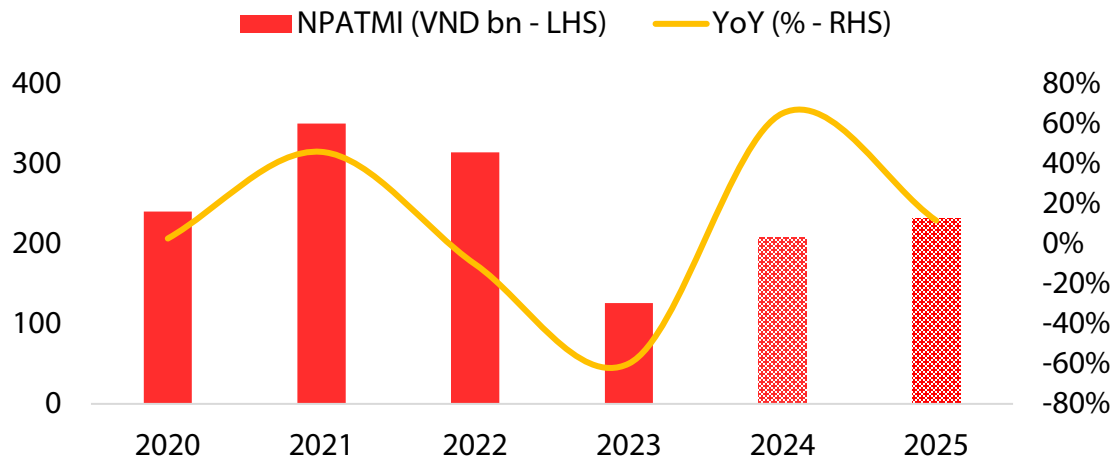
Source: VSC, RongViet Securities

Hình 2: Dự phóng doanh thu theo lĩnh vực kinh doanh



Source: VSC, RongViet Securities

Figure 4: Forecast NPATMI



Source: VSC, RongViet Securities



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