

Vietnam

HOLD (previously ADD)

Consensus ratings*: Buy 6 Hold 0 Sell 0

Current price:	VND23,850
Target price:	VND25,400
Previous target:	VND29,500
Up/downside:	6.5%
CGS-CIMB / Consensus:	7.2%
Reuters:	GMD.HM
Bloomberg:	GMD VN
Market cap:	US\$305.7m
	VND7,081,660m
Average daily turnover:	US\$0.43m
	VND10,012m
Current shares o/s:	296.9m
Free float:	85.0%

*Source: Bloomberg

Key changes in this note

- FY20-22F EPS forecasts cut by 21.6-36.8%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	3.9	21.4	-13.1
Relative (%)	-2.3	16.9	-4.8

Major shareholders	% held
Vietnam Investment Fund II, Limited	14.4
SSJ Consulting Co., LTD	10.0
KIM Vietnam Growth Equity Fund	5.2

Analyst(s)

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Gemadept Corporation

Waiting for the Gemalink

- In 1H20, GMD's revenue dropped 6.9% yoy to VND1,209bn, and net profit fell 24.7% yoy to VND217bn. 1H20 NP was below at 40.2% of our FY20F.
- GMD's largest project, the Gemalink deep sea container port, is ready for test runs in Nov 2020 and should come onstream in Jan 2021.
- We downgrade GMD from Add to Hold with a lower DCF-based TP of VND25,400 (WACC: 12.2%) to reflect the FY20-22F EPS cuts.

1H20 results hampered by growing competition at Hai Phong Port

Gemadept Corporation's (GMD) revenue decreased 6.9% yoy to VND1,209bn in 1H20, of which revenue from port service fell 13.5% yoy mostly due to fierce competition at Hai Phong port resulting in a 5% yoy drop in total volume throughput and 9% yoy drop in average handling fee. Meanwhile, revenue from logistics jumped 51.9% yoy thanks to growing cold storage for aquatic, marine and agricultural products. Although GMD's blended GM edged up 0.8% pt, 1H20 NP fell 24.7% yoy due to 1) lower profit from associates (-35.4% yoy), 2) a plunge in financial income (-78.3% yoy), and 3) higher financial expense (+20.3% yoy).

Headwinds to drag FY20F earnings down by 20.9% yoy

We expect the excess capacity rate in Hai Phong to jump to 42.1% in FY20F, which is the key reason leading to a 4.5% yoy decline in total volume throughput and a 7.3% yoy fall in average handling fee. Thus, we expect FY20F total revenue to dip 5% yoy to VND2,510bn. We expect FY20F gross margin to expand 0.3% pt from 38.3% in FY19 thanks to lower oil prices and the company's cost-cutting efforts. However, we expect the impact of 1) a 14.2% yoy drop in associates' profit, and 2) a 245.8% yoy surge in net financial loss to dampen NP by 20.9% yoy to VND409bn in FY20F.

Gemalink to drive earnings growth in FY21-23F

Due to the delay of GMD's Nam Dinh Vu phase 2 project, all eyes are now on Gemalink, the largest deep sea container port in Vietnam. In FY21F, we expect Gemalink to operate at 60% designed capacity and record a positive EBIT of VND226.8bn. But high interest expense in the project's early years would drag Gemalink's NP down to a net loss of VND105.3bn in FY21F, of which GMD would bear a loss of VND68.6bn. Once Gemalink runs at full capacity in 2023, we estimate Gemalink to contribute net profit of VND230.4bn in FY23F, accounting for 34.5% of GMD's FY23F NP.

Downgrade from Add to Hold with a lower TP of VND25,400

We downgrade GMD to Hold as the current price is close to fair value. We cut FY20-22F EPS by 21.6-36.8% due to 1) lower cargo volume throughput and average handling fee and 2) lower associates' profit. Hence, we lower our DCF-based TP to VND25,400. Downside risks are 1) uncertainties arising from the pandemic or geopolitics hindering global trade, and 2) lower-than expected handling fees due to keen competition.

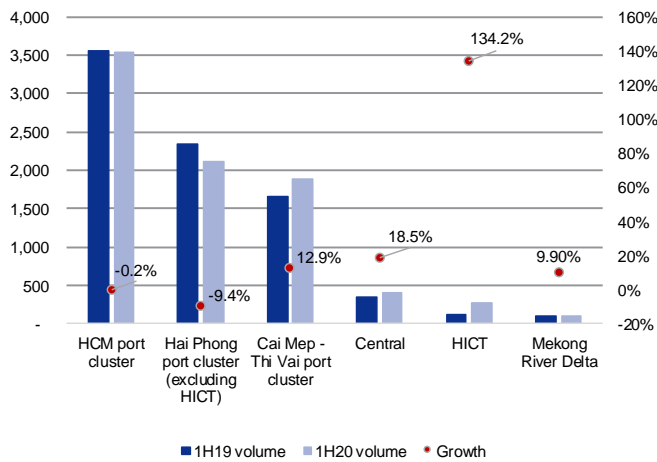
Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (VNDb)	2,708	2,643	2,510	2,871	3,161
Operating EBITDA (VNDb)	880.8	910.2	892.6	932.0	984.6
Net Profit (VNDb)	1,848	517	409	404	531
Normalised EPS (VND)	1,861	1,741	1,378	1,361	1,789
Normalised EPS Growth	5.6%	(6.4%)	(20.9%)	(1.2%)	31.5%
FD Normalised P/E (x)	12.96	13.75	17.31	17.52	13.33
DPS (VND)	9,500	1,500	1,000	1,000	0
Dividend Yield	39.8%	6.3%	4.2%	4.2%	0.0%
EV/EBITDA (x)	8.12	7.84	7.59	7.33	7.22
P/FCFE (x)	3.2	13.0	21.2	23.7	628.1
Net Gearing	30.4%	28.1%	22.5%	23.1%	27.1%
P/BV (x)	1.21	1.21	1.18	1.16	1.07
ROE	8.84%	8.80%	6.90%	6.69%	8.35%
% Change In Normalised EPS Estimates			(21.6%)	(31.0%)	(36.8%)
Normalised EPS/consensus EPS (x)			1.07	0.94	0.97

SOURCES: VND RESEARCH, COMPANY REPORTS

Waiting for the Gemalink

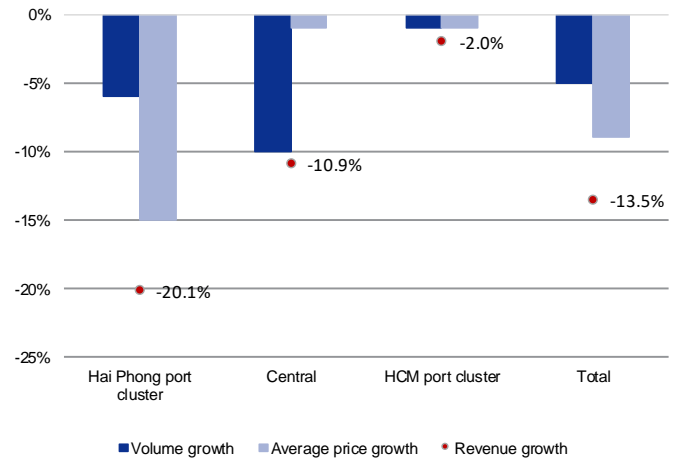
1H20 results hampered by growing competition at Hai Phong port cluster

Figure 1: Container throughput volume via country's port clusters in 1H20 (TEUs)



SOURCES: VNDIRECT RESEARCH, VPA, COMPANY REPORTS

Figure 2: GMD experienced slumps in both volume and price across port clusters in 1H20



SOURCES: VNDIRECT RESEARCH, VPA, COMPANY REPORTS

GMD's 1H20 revenue declined 6.9% yoy to VND1,209bn, of which revenue from port service fell 13.5% yoy to VND1,010bn, while logistic service revenue jumped 51.9% yoy to VND199bn. The fall in GMD's 1H20 port service revenue was due mostly to the growing competition at Hai Phong port cluster:

- The Hai Phong port area, which mainly serves Intra-Asia shipment and transshipment to Europe, was hit by the Covid-19 pandemic, resulting in a 2.6% yoy decrease in container volume throughput in 1H20. In addition, since 2018 Hai Phong International Container Terminal (HICT) has emerged as a busy deep sea port thanks to its capacity to accommodate vessels with deadweight up to DWT160,000 (versus the maximum DWT48,000 of the other ports), which led to a 9.4% yoy drop in the total container volume throughput of remaining ports including those operated by GMD in 1H20. In the context of growing competition, GMD had to lower its handling fee at Hai Phong port area by 15% in 1H20 which is close to floor price regulated by Ministry of Transport in order to retain customers. Consequently, GMD's container volume throughput dropped just 6% yoy in 1H20. Altogether, GMD's 1H20 port service revenue in Hai Phong port area fell 20.1% yoy.
- In the central region, GMD's Dung Quat port was hit more severely than other ports as it has high exposure to bulk cargo for China and Japan clients, who suffered more than other nations during the period. The cargo volume throughput decreased 10% yoy while the handling fee edged down 1% yoy, resulting in a 10.9% yoy decline in GMD's 1H20 revenue from the central port.
- In the southern region, Ho Chi Minh City (HCMC) port cluster's container volume dipped 0.2% yoy, leading to a slight decrease of 1% yoy in GMD's volume throughput here while handling fee dipped 1% yoy in 1H20. Overall, GMD's 1H20 revenue from the southern port eased 2% yoy.

1H20's port service gross margin expanded 0.7% pt yoy thanks to 1) lower oil price, 2) a 23.7% yoy labour cost per output savings, and 3) an 8.5% yoy outsource and others cost per output savings. Combined with the 6% pts expansion in logistic service 1H20 gross margin on lower oil price, GMD's 1H20 blended GM inched up 0.8% pt to 40.9%. However, the 1H20 net profit fell 24.7% yoy due to 1) a 35.4% yoy drop in associates' profit as the pandemic

hampered their logistics business, 2) a 78.3% yoy plunge in financial income due to the absence of one-off gains, and 3) a 20.3% yoy hike in financial expense as GMD recorded VND21bn in FX loss in 1H20. Consequently, 1H20 net profit was only VND217bn (-24.7% yoy), 40.2% of our full-year forecast.

Figure 3: Results comparison

Unit: VNDbn	2Q20	2Q19	%yoy chg	1H20	1H19	%yoy chg	vs previous forecast	Comments
Net revenue	608	669	-9.1%	1,209	1,298	-6.9%	41.3%	
Port service	506	607	-16.7%	1,010	1,167	-13.5%	39.9%	Total volume throughput dropped 5% yoy and average handling fee dropped 9% yoy.
Logistic service	102	62	64.3%	199	131	51.9%	50.3%	In line with our expectation.
Gross profit	257	271	-5.0%	495	521	-5.0%	43.0%	
Blended gross margin	42.3%	40.5%	1.8% pts	40.9%	40.1%	0.8% pts	1.6% pts	
GM of port service	45.4%	42.2%	3.2% pts	42.1%	41.4%	0.7% pts	0.6% pts	
GM of logistics service	27.2%	23.8%	3.4% pts	35.1%	29.1%	6% pts	10.1% pts	Higher than our expectation as fuel price fell sharply in 1H20.
SG&A	100	112	-10.6%	219	214	2.6%	53.5%	
Associates' profit	19	75	-74.7%	78	121	-35.4%	40.4%	Lower than our expectation as GMD's associates were hit hard by the Covid-19 pandemic in 2Q20.
Financial income	5	94	-94.4%	22	102	-78.3%	N/A	
Financial expenses	41	38	9.5%	102	85	20.3%	67.8%	Higher than our expectation as GMD recorded VND21bn FX loss in 1Q20.
Net profit	102	169	-39.6%	217	288	-24.7%	40.2%	Lower than our expectation mainly due to higher competition in Hai Phong port cluster.
Net margin	16.8%	25.3%	-8.5% pts	18.0%	22.2%	-4.2% pts	-3.6% pts	
EBITDA	256	247	3.6%	478	486	-1.7%	43.5%	
EBITDA margin	42.2%	37.0%	5.2% pts	39.5%	37.5%	2% pts	2% pts	

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Headwinds to drag FY20F earnings down by 20.9% yoy

In 2H20F, we expect GMD's total volume throughput to dip 4% yoy due to the following reasons:

- We expect GMD's 2H20F volume throughput at Hai Phong port cluster to slump 7.1% yoy as competition will become tougher with the launch of Mipec port and Vinalines-Dinh Vu port in 2H20F which brings Hai Phong port cluster's total designed capacity up by 14.6%.
- In the central region, we expect GMD's Dung Quat port volume throughput to be flat yoy as we expect the sea freight from China and Japan to recover to pre-Covid-19 level in 2H20F.
- In the southern region, we expect GMD's Phuoc Long ICD 2H20F volume throughput to inch up by 1% yoy.

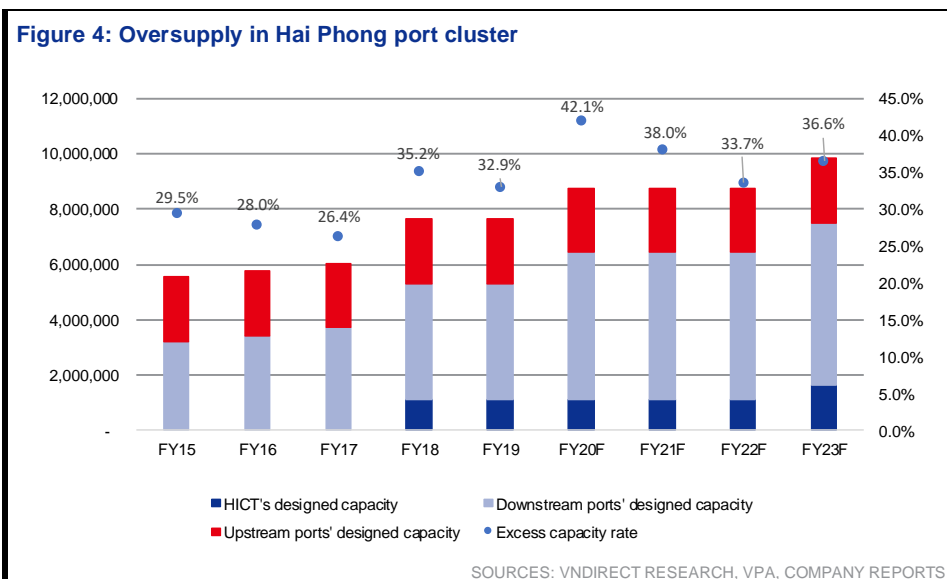
Overall, we estimate GMD's FY20F total volume throughput to ease 4.5% yoy while average handling fee should fall 7.3% yoy, resulting in an 11.5% yoy drop in GMD's FY20F port service revenue. We forecast FY20F logistic service revenue to jump 45% yoy with a strong showing in 1H20.

We expect revenue to decrease 5% yoy to VND2,510bn in FY20F. A 14.2% yoy drop in associates' profit, and a 245.8% yoy surge in net financial loss could bring FY20F net profit down by 20.9% yoy to VND409bn.

Gemalink to drive earnings growth in FY21-23F

Nam Dinh Vu phase 2 may be delayed until 2023F ➤

The oversupply situation in Hai Phong port cluster has hindered the topline growth of local seaport operators, including GMD. Together with the impact of the pandemic which would trim the total container volume throughput at Hai Phong port cluster by 1% to 5.437m TEUs in FY20F, the excess capacity rate may jump to 42.1% in FY20F from 32.9% in FY19.



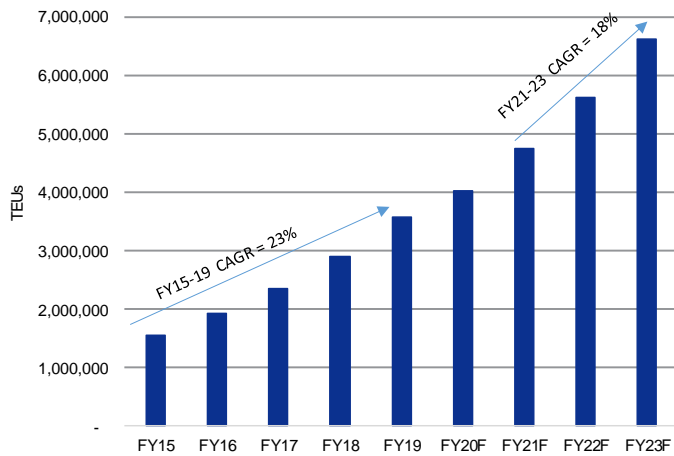
Given the oversupply in Hai Phong cluster, GMD's Nam Dinh Vu phase 1 is running at 70% capacity. Thus, GMD has delayed investing in phase 2 of Nam Dinh Vu. However, we estimate Hai Phong port cluster's container volume throughput to grow at 7% FY20-23F CAGR, while only 550,000 TEU could be added to total capacity from Lach Huyen 3 in 2023F. Thus, we expect the oversupply to ease, which could trigger new investment projects. We expect Nam Dinh Vu phase 2 to restart construction in 2H21F and come onstream in 2023F.

Gemalink to be the earnings growth engine in FY21-23F ➤

Due to the delay of GMD's Nam Dinh Vu phase 2 project, all eyes are now on Gemalink, the largest deep sea container port in Cai Mep-Thi Vai port cluster. Located in the southern gateway of the country, the busiest port cluster of Vietnam, Cai Mep-Thi Vai has great advantages in terms of having advanced infrastructure with berth depth at 14 metres, which can accommodate large vessels with deadweight of up to DWT200,000. Poor connectivity to manufacturing and consumption sites which has been a major problem hindering the growth of Cai Mep – Thi Vai port cluster, has been resolved by the acceleration of construction of roads connecting the Cai Mep – Thi Vai port complex with Phuoc An bridge, Ben Luc – Long Thanh expressway and Bien Hoa city.

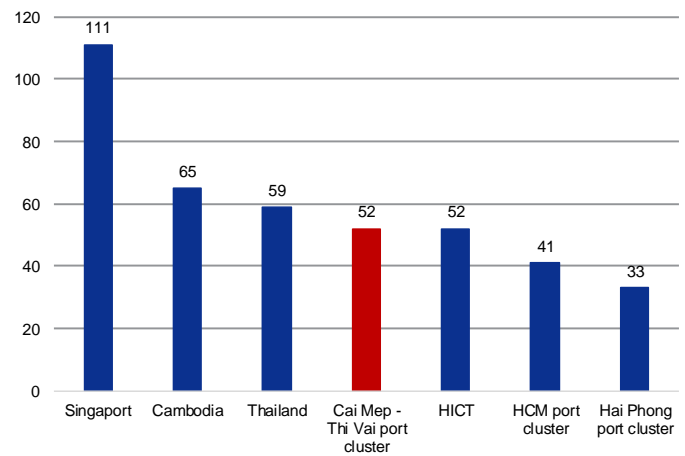
Container throughput volume increased at a rate of 23% FY15-19 CAGR and rose 12.9% yoy in 1H20. Hence, the Cai Mep-Thi Vai port cluster is becoming a promising deep sea port area in Vietnam. We expect the cluster's container volume throughput to grow 13% in FY20F, accelerating to 18% in FY21-23F, driven by 1) an additional 5m TEU of container volume throughput shifted to Cai Mep - Thi Vai from Ho Chi Minh port cluster to avoid Ho Chi Minh port from being overloaded in FY25F, according to Vietnam Seaports Association (VPA), and 2) an attractive handling fee, which is among Asia's lowest in 2020.

Figure 5: We expect Cai Mep-Thi Vai port cluster to deliver 18% FY21F-23F CAGR in throughput volume



SOURCES: VNDIRECT RESEARCH, VPA, COMPANY REPORTS

Figure 6: Cai Mep – Thi Vai port cluster has an attractive price compared to regional sea ports (US\$/TEU)



SOURCES: VNDIRECT RESEARCH, VPA, COMPANY REPORTS

By end-Jul 2020, GMD completed about 95% of infrastructure construction and 70% of superstructure and equipment installment of Gemalink project. Under GMD’s plan, the construction and installation of all six ship to shore (STS) cranes, the world’s most modern container cranes, along with 18 rubber tyred gantry (RTG) cranes and other facilities will be completed in Oct 2020 and ready for test runs from Nov 2020 onwards. Once officially coming onstream in early 2021, we expect Gemalink’s container volume throughput to reach 900,000 TEUs (60% of capacity) thanks to cargo from CMA-CMG Group (CMA-CMG), who currently owns a 25% stake in Gemalink. CMA-CMG could also lure other carriers in Ocean Alliance to transfer their cargo from Cambodia and the Philippines to Gemalink in order to enjoy its attractive handling fee.

In FY21F, we expect Gemalink to record a positive EBIT of VND226.8bn, however, high interest expense in the project’s early years would drag Gemalink’s net profit down to a net loss of VND105.3bn, of which GMD would bear a loss of VND68.6bn. Once running at full capacity in 2023, we forecast that Gemalink might contribute VND230.4bn net profit in FY23F, accounting for 34.5% of GMD’s FY23F net profit.

Figure 7: Gemalink’s net profit contribution to GMD, based on our estimates

	FY21F	FY22F	FY23F
Container throughput (TEUs)	900,000	1,170,000	1,521,000
% capacity	60%	78%	101%
% market share of Cai Mep Thi Vai port cluster	19%	21%	23%
Net profit attributed to GMD (VNDbn)	(68.6)	82.6	230.4

SOURCES: VNDIRECT RESEARCH, VPA, COMPANY REPORTS

Earnings revision

Figure 8: Forecast revisions

	2020F			2021F			2022F			Note
	Old	New	%Δ	Old	New	%Δ	Old	New	%Δ	
Volume by port										
Nam Dinh Vu 1 (1,000 TEUs)	450	400	-11.1%	500	480	-4.0%	550	528	-4.0%	Nam Dinh Vu phase 1 is GMD's current main source of growth in Hai Phong port cluster. However, due to the oversupply, we expect Nam Dinh Vu phase 1 to grow at a lower rate than previous forecast.
Nam Dinh Vu 2 (1,000 TEUs)	-	-	N/A	150	-	-100.0%	240	-	-100.0%	Nam Dinh Vu phase 2 might be put into operation in 2023F when Nam Dinh Vu phase 1 reaches 106% designed capacity.
Nam Hai Dinh Vu (1,000 TEUs)	317	360	13.6%	285	360	26.3%	285	360	26.3%	Nam Hai Dinh Vu has completed the wharf upgrade, becoming the first port in the Dinh Vu area to handle ships of 48,000 DWT, providing outstanding services in the trend of increasing ship size. We expect container volume throughput via Nam Hai Dinh Vu to remain stable in FY20-23F, thereby we increase container volume throughput here from previous forecast.
Nam Hai (1,000 TEUs)	78	108	38.9%	70	108	54.4%	70	108	54.4%	Nam Hai services are rated as the best among the upstream ports in Hai Phong port cluster. We expect Nam Hai to retain its container volume throughput in FY20-23F as it is still the best choice for small-medium size carriers, thereby we increase its container volume throughput during the period.
Nam Hai ICD (1,000TEUs)	288	340	18.0%	294	358	21.5%	300	365	21.5%	As Nam Hai ICD output in FY19 exceeded 28% compared to FY18, we revise up the output here for the FY20-22F period.
Dung Quat (1,000 tonnes)	2,337	1,995	-14.6%	2,454	2,195	-10.6%	2,503	2,304	-8.0%	Due to a 1% drop of Dung Quat output in FY19 combining with poor outlook in FY20F, we revise down the volume throughput for the FY20-22F period.
Phuoc Long ICD (1,000 TEUs)	962	840	-12.6%	1,067	882	-17.4%	1,163	882	-24.2%	As Phuoc Long ICD is operating at 140% designed capacity, it has less room to increase the output, thereby we revise down the output for the FY20-22F period.
Revenue (VNDbn)	2,929	2,510	-14.3%	3,393	2,871	-15.4%	3,870	3,161	-18.3%	
Port service(VNDbn)	2,533	2,069	-18.3%	2,879	2,275	-21.0%	3,176	2,388	-24.8%	
Logistic service(VNDbn)	393	440	11.9%	511	594	16.2%	690	772	11.9%	We revise up growth of logistic service as this segment achieved growth of 51.9% yoy in 1H20.
Other service(VNDbn)	3	2	-49.8%	3	2	-49.8%	3	2	-49.8%	
Gross profit (VNDbn)	1,150	969	-15.7%	1,292	1,048	-18.9%	1,487	1,107	-25.5%	
Blended GM	39.3%	38.6%	-0.6% pt	38.1%	36.5%	1.6% pts	38.4%	35.0%	3.4% pts	
GM of port service	41.5%	39.4%	-2.1% pt	40.4%	38.2%	-2.2% pt	41.3%	36.7%	4.7% pts	We lower average handling price by 10.5%/13.1%/15.5% in FY20F/FY21F/FY22F from our previous forecast to reflect the higher level of competition in GMD's port clusters.
GM of logistic service	25.0%	34.9%	+9.9% pt	25.0%	29.9%	+4.9% pt	25.0%	29.9%	4.9% pts	Higher logistic service GM due to lower fuel price.
SG&A (VNDbn)	410	443	7.9%	492	498	1.3%	542	543	0.3%	
Associates' profit	193	203	5.0%	247	180	-26.9%	475	364	-23.3%	
Gemalink	(82)	(19)	N/A	-73	-69	N/A	109	83	-24.3%	Gemalink will go into operation in FY21F instead of FY20F as in previous forecast.
SCS	200	165	-17.4%	237	192	-19.2%	278	218	-21.5%	Based on out updated business results of SCS.
Others	75	56	-25.3%	82	57	-30.3%	87	63	-27.6%	
Financial income	(7)	9	N/A	-7	9	N/A	-7	9	N/A	
Financial expense	150	144	-4.3%	158	151	-4.5%	128	176	37.7%	
Net profit	541	409	-24.4%	624	404	-35.2%	920	531	-42.3%	
EPS (VND)	1,757	1,378	-21.6%	1,972	1,361	-31.0%	2,831	1,789	-36.8%	We expect GMD to not issue ESOP in FY20-22F as in previous forecast.

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Valuation and recommendation

Downgrade from Add to Hold with a lower TP of VND25,400 ►

We lower our DCF-based TP by 13.9% to VND25,400 to reflect the downward revisions to FY20-22F EPS. Thereby, we downgrade GMD from Add to Hold as the current price is close to fair value. Our WACC of 12.2% is derived from: 1) a risk-free rate of 4%, 2) beta of 0.87, and 3) equity risk premium of 11%.

In our view, GMD is still interesting for long-term investment, based on 1) Gemalink's growth potential, and 2) riding on the growth of Vietnam's seaport logistics thanks to various FTAs and the wave of manufacturing relocating away from China. Upside risks are the successful divestments of GMD's non-core businesses. In our view, the most likely one to be divested is the rubber plantation project due to the following reasons:

- Latex price is in a recovery stage, rising 18.6% since the beginning of 2020.
- GMD's rubber trees have reached the diameter of more than 50-55cm and are ready to be exploited. However, as the latex price is still in the low cycle, GMD is focusing on taking care of the plantation in line with the minimum care standards and seeking investors to sell the project to.
- The project's book value at end-1H20 is VND1,592.5bn.

Key downside risks are 1) uncertainties arising from the Covid-19 pandemic or geopolitics might hinder the growth of global trade including Vietnam's, and 2) lower-than expected handling fees due to fierce competition.

Figure 9: DCF model – Summary of free cash flow (FCF) (VND bn)

General assumption	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F
EBIT	729	730	928	1,120	1,207	1,295	1,314	1,375	1,421	1,475
Add: Depreciation	366	382	421	421	421	421	421	421	421	421
Less: Capital Expenditure	-100	-501	-1,102	-100	-100	-100	-100	-100	-100	-100
Changes in working capital	-15	-43	-123	-244	-156	-190	-200	-199	-213	-277
Free Cashflow (FCF)	980	568	124	1,197	1,371	1,426	1,435	1,496	1,529	1,519
Less: Tax Paid	-72	-71	-94	-118	-133	-149	-154	-165	-174	-180
Free Cashflow To Firm	908	497	30	1,079	1,238	1,278	1,281	1,331	1,355	1,339
Terminal Value										
PV of FCFF	908	443	24	764	782	719	643	595	540	476
PV of Terminal Value										3,924
Present value of future cashflow to firm (VNDbn)	5,894									
Present value of Terminal Value (VNDbn)	3,924									
Enterprise value (VNDbn)	9,818									
Less: Net debt (VNDbn)	(1,745)									
Plus: Cash and short-term investment (VNDbn)	223									
Less: Minority interest (VNDbn)	(768)									
Equity value (VNDbn)	7,528									
No. of outstanding share (m)	297									
Equity value/per share (VND)	25,400									

SOURCES: VNDIRECT RESEARCH

Figure 10: Cost of equity

Cost of equity	
Beta	0.87
Risk free rate %	4
Equity risk premium %	11
Cost of equity %	13.6

SOURCES: VNDIRECT RESEARCH

Figure 11: WACC

	%
Cost of debt	8.5
Target debt to capital	20.5%
Tax rate	20
WACC	12.2
Terminal growth rate	5.00%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

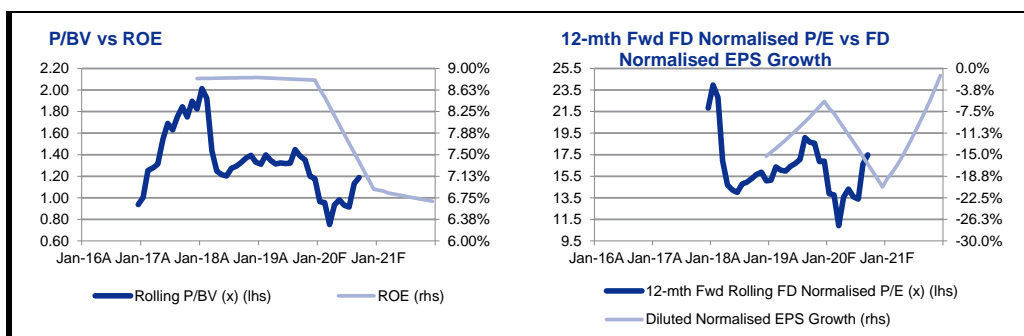
Figure 12: Peer comparison

Company name	Ticker	Price	TP	Recom.	Market Cap (US\$ m)	3-year EPS CAGR (%)	P/E		P/BV		ROE (%)		Dividend yield (%)		EV/EBITDA	
		(Local curr)	(Local curr)				2020F	2021F	2020F	2021F	2020F	2021F	2020F	2021F	2020F	2021F
Gemadep Corp	GMD VN	23,850	25,400	HOLD	305.7	18.1	17.3	17.5	1.2	1.2	6.9	6.7	4.3	4.3	7.7	7.6
Vietnam Containe	VSC VN	34,700	N/A	NR	82.6	-0.3	8.9	8.1	1.0	1.0	13.7	13.6	5.8	6.2	3.3	3.1
Vietnam average							13.1	12.8	1.1	1.1	10.3	10.1	5.0	5.3	5.5	5.3
Vietnam median							13.1	12.8	1.1	1.1	10.3	10.1	5.0	5.3	5.5	5.3
Adani Ports And	ADSEZ IN	348	N/A	NR	9,611.4	-0.7	17.3	14.0	2.4	2.1	15.0	16.0	1.1	1.3	12.1	10.0
Xiamen Interna-A	600897 CH	18	N/A	NR	800.0	9.6	22.4	11.0	1.4	1.3	6.3	12.1	1.3	2.7	7.9	4.6
Gujarat Pipavav	GPPV IN	88	N/A	NR	575.9	6.8	19.5	15.1	NA	NA	NA	NA	NA	NA	8.7	7.7
Gateway Distripa	GDPL IN	89	N/A	NR	150.6	93.6	21.4	15.4	0.7	0.7	2.7	4.3	3.5	4.1	7.8	7.1
Namyong Terminal	NYT TB	3	N/A	NR	126.3	32.5	20.5	19.3	1.1	1.1	5.2	6.3	4.6	4.6	7.9	7.3
Navkar Corp Ltd	NACO IN	25	N/A	NR	52.0	NA	8.2	6.9	NA	NA	2.5	3.0	NA	NA	5.6	5.2
World average							18.2	13.6	1.4	1.3	6.3	8.3	2.6	3.2	8.3	7.0

All prices are based on the closing prices on 21 September 2020. All estimates for Non-rated (NR) stocks are based on Bloomberg consensus estimates.

SOURCES: VND RESEARCH, BLOOMBERG, COMPANY REPORT

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	2,708	2,643	2,510	2,871	3,161
Gross Profit	968	1,013	969	1,048	1,107
Operating EBITDA	881	910	893	932	985
Depreciation And Amortisation	(335)	(366)	(366)	(382)	(421)
Operating EBIT	546	544	527	550	564
Financial Income/(Expense)	(4)	(39)	(135)	(142)	(167)
Pretax Income/(Loss) from Assoc.	133	236	203	180	364
Non-Operating Income/(Expense)	(86)	(37)	(37)	(37)	(37)
Profit Before Tax (pre-EI)	588	705	558	551	724
Exceptional Items	1,594				
Pre-tax Profit	2,182	705	558	551	724
Taxation	5	(91)	(72)	(71)	(94)
Exceptional Income - post-tax	(287)	0			
Profit After Tax	1,900	614	486	480	631
Minority Interests	(53)	(97)	(76)	(75)	(99)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
Net Profit	1,848	517	409	404	531
Normalised Net Profit	593	614	486	480	631
Fully Diluted Normalised Profit	540	517	409	404	531

Cash Flow

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	881	910	893	932	985
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(37)	420	(15)	(43)	(123)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	106	(29)	(37)	(37)	(37)
Net Interest (Paid)/Received	(131)	(144)	(144)	(151)	(176)
Tax Paid	(273)	(101)	(72)	(71)	(94)
Cashflow From Operations	545	1,057	625	630	555
Capex	(876)	(379)	(100)	(501)	(1,102)
Disposals Of FAs/subsidiaries	1,899	165	44	0	0
Acq. Of Subsidiaries/investments	(238)	(300)	0	0	0
Other Investing Cashflow	224	138	98	89	98
Cash Flow From Investing	1,008	(377)	42	(412)	(1,004)
Debt Raised/(repaid)	626	(133)	(333)	81	460
Proceeds From Issue Of Shares	86	0	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	(2,841)	(478)	(297)	(297)	0
Preferred Dividends		0	0	0	0
Other Financing Cashflow	(33)	(56)	0	0	0
Cash Flow From Financing	(2,161)	(668)	(630)	(216)	460
Total Cash Generated	(607)	13	37	2	11
Free Cashflow To Equity	2,180	548	334	299	11
Free Cashflow To Firm	1,685	825	811	369	(272)

SOURCES: VND RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	285	230	223	225	236
Total Debtors	949	787	748	855	942
Inventories	66	78	74	88	99
Total Other Current Assets	92	92	87	103	116
Total Current Assets	1,391	1,188	1,132	1,271	1,393
Fixed Assets	2,919	2,916	2,650	2,768	3,450
Total Investments	2,632	2,684	2,798	2,898	3,173
Intangible Assets	281	269	269	269	269
Total Other Non-Current Assets	2,760	3,062	3,062	3,172	3,351
Total Non-current Assets	8,593	8,932	8,779	9,107	10,243
Short-term Debt	675	652	572	662	761
Current Portion of Long-Term Debt					
Total Creditors	408	423	400	473	533
Other Current Liabilities	481	754	713	843	950
Total Current Liabilities	1,564	1,828	1,685	1,977	2,244
Total Long-term Debt	1,592	1,426	1,172	1,164	1,524
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	299	299	299	299	299
Total Non-current Liabilities	1,891	1,724	1,471	1,462	1,823
Total Provisions	0	0	0	0	0
Total Liabilities	3,455	3,553	3,156	3,440	4,066
Shareholders' Equity	5,880	5,876	5,988	6,095	6,627
Minority Interests	649	691	768	843	943
Total Equity	6,529	6,567	6,756	6,939	7,569

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	(32.0%)	(2.4%)	(5.0%)	14.4%	10.1%
Operating EBITDA Growth	(3.06%)	3.34%	(1.93%)	4.42%	5.64%
Operating EBITDA Margin	32.5%	34.4%	35.6%	32.5%	31.1%
Net Cash Per Share (VND)	(6,629)	(6,223)	(5,125)	(5,391)	(6,901)
BVPS (VND)	19,665	19,789	20,167	20,528	22,317
Gross Interest Cover	4.24	3.71	3.66	3.64	3.20
Effective Tax Rate	0.0%	12.9%	12.9%	12.9%	12.9%
Net Dividend Payout Ratio	526%	86%	73%	73%	NA
Accounts Receivables Days	69.79	54.03	52.16	47.49	48.34
Inventory Days	18.19	16.11	18.11	16.19	16.56
Accounts Payables Days	122.2	92.5	97.7	87.4	89.3
ROIC (%)	8.91%	8.81%	8.73%	9.51%	9.49%
ROCE (%)	6.30%	6.39%	6.24%	6.47%	6.15%
Return On Average Assets	5.61%	6.49%	6.20%	6.13%	7.25%

Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Volumes Moved (% Change)	10.0%	10.0%	10.0%	10.0%	10.0%
Rates Charged (% Change)	5.0%	5.0%	5.0%	5.0%	5.0%
Acquisitions (m)	N/A	N/A	N/A	N/A	N/A

SOURCES: VND RESEARCH, COMPANY REPORTS

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THAI, THANI, THG, TISCO, TKN, TMB, TOA, TOP, TPIPP, TQM, TRUE, TTW, TU, VGI, WHA, BEAUTY, JMART, LPN, SISB, WORK.

Corporate Governance Report:

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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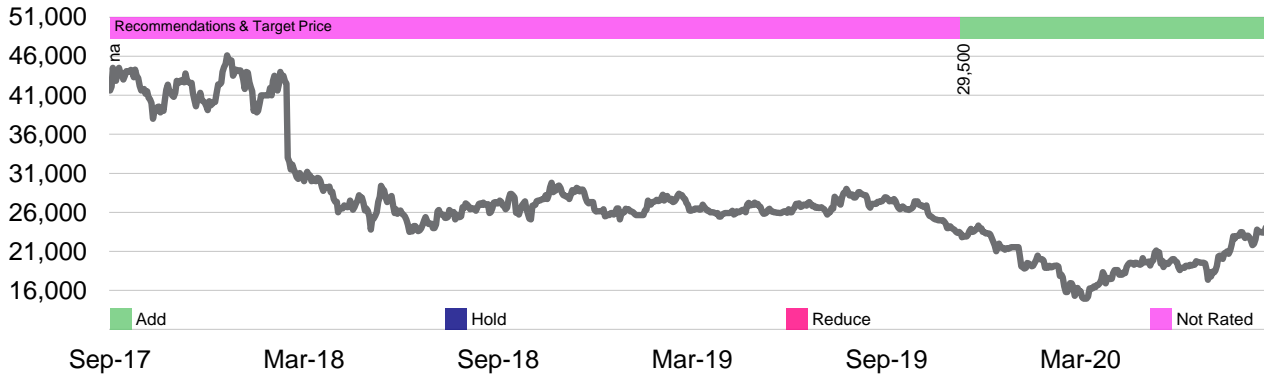
institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2020		
800 companies under coverage for quarter ended on 30 June 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.1%	0.4%
Hold	25.9%	0.1%
Reduce	14.0%	0.3%

Spitzer Chart for stock being researched (2 year data)

Gemadept Corporation (GMD VN)

— Price Close



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2019, Anti-Corruption 2019

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BPCG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, n/a, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** – Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** – Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TNR** – Very Good, Certified, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI) .

RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the:(i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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