

Port operations & maritime transportation

Positive service rates & throughput

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December 30, 2024

Positive maintain

Recommendations

GMD	BUY
Price target	VND75,400

Cargo throughput showed positive developments in 2024

The total cargo throughput through the Vietnam seaport system in 9M24 hit more than 640 million tons (+14% YoY). Container cargo throughput reached 22 million TEUs (+19% YoY). The strong growth was attributable to (1) trade recovery and (2) many projects to upgrade seaport infrastructure completed and put into operation in 2024.

Revenue of port operating and ocean shipping enterprises bounced back compared to the same period in 2023

Revenue of port operators and maritime shippers all witnessed positive growth YoY thanks to the strong rebound of cargo output. The steady increase in port service rates each year and the surge in spot freight and vessel charter rates YoY have widened GPM, leading to higher growth in corporate NPAT.

The port operation industry may achieve sustainable growth in the long term

The volume of goods passing through seaports nationwide should increase in the long term thanks to (1) stable FDI capital flows and (2) promoted investment in upgrading the connecting transport system and port infrastructure. In the short term, throughput growth will be reinforced by the trend of countries boosting trade activities before the new tariffs are officially issued by Trump in his new presidential term. Port service rates have steadily climbed 3–10%/year, depending on the type of service and port, with the increase of Southern ports being higher than that of Northern ports, boosting stable long-term growth of businesses.

We are positive about the business prospects of the ocean shipping industry in 2025

The business performance of self-propelled barges and chartered vessels of shipping enterprises are expected to be positive, given (1) transport volume and spot freight rates remaining high as trade activities increase to avoid new US tariff policies and (2) charter rates continuously increasing after a long period of stagnation.

Contents

I. Business performance in 9M24	3
II. Business outlook for 2025	6
III. Companies	10
Gemadep (GMD, BUY)	11

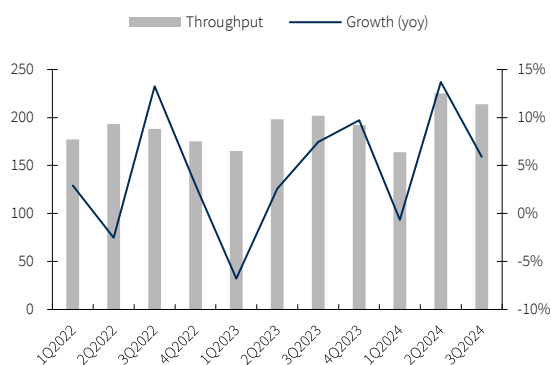
I. Business performance in 9M24

Total cargo throughput through Vietnam's seaports maintained strong growth momentum vs 9M23

According to statistics from the Vietnam Maritime Administration, in the first nine months of 2024, the total cargo throughput through Vietnam's seaport system hit more than 640 million tons (+14% YoY). Of that, import cargo was 200 million tons (+21% YoY), export cargo weighed 150 million tons (+21% YoY), and domestic transport output reached 290 million tons (+10% YoY). Container throughput through the entire Vietnam port system reached 22 million TEUs, gaining 19% YoY. The growth rate somewhat slowed compared to the beginning of the year due to the low base effect of 2023 lasting only in the first half of the year.

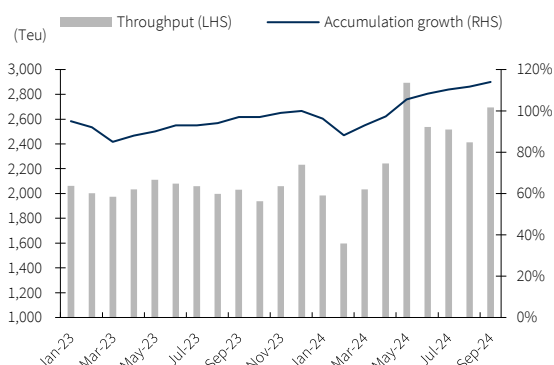
The strong performance came from both the Northern and Southern ports, supported by (1) the direct impact from the recovery of trade activities with total import-export turnover in 9M25 reaching USD578 billion (+16.3% YoY) and (2) improved transport and port infrastructure. The completion of the Ha Nam and Cai Mep waterway upgrading projects helped improve the efficiency and productivity of regional ports, attracting many new partners.

Fig 1. Vietnam – Total cargo throughput (million tons)



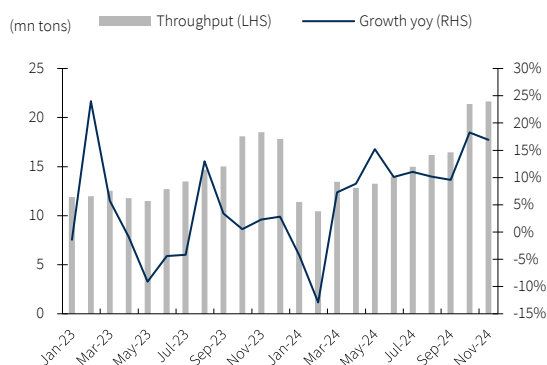
Source: Vietnam Port Authority

Fig 2. Vietnam – Total container throughput (TEU)



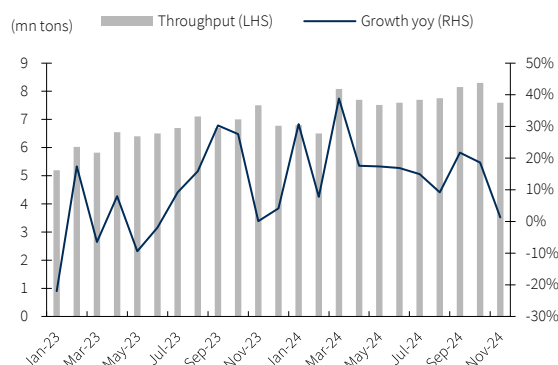
Source: Vietnam Maritime Administration

Fig 3. Hai Phong – Total cargo throughput (million tons)



Source: Hai Phong Statistical Office, KB Securities Vietnam

Fig 4. Cai Mep Thi Vai – Total cargo throughput (million tons)



Source: Ba Ria Vung Tau Statistical Office, KB Securities Vietnam

Ports in Hai Phong are still competitive in terms of freight rate, while service rates at ports in the Cai Mep area are on the rise

The current average efficiency of ports in Hai Phong is nearly 80%, in which goods are mainly concentrated in downstream ports of the Cam River due to the advantage of receiving larger vessels. The operation of Nam Dinh Vu 2 port from 2024 while many ports in Hai Phong are still operating below their designed capacity has increased price competition in the area, with some types of services at many ports at the floor rate.

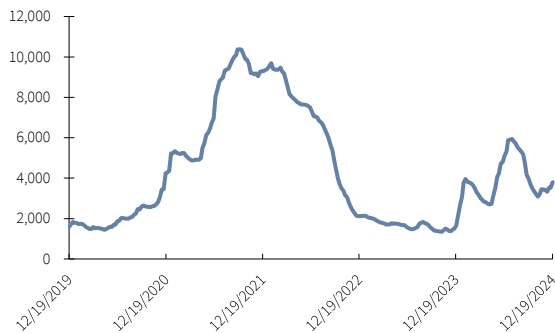
Meanwhile, ports in the Cai Mep – Thi Vai area are having a relatively high annual rate increase adjustment compared to the Northern region, many services are at the ceiling rate because (1) there is almost no new port in the Cai Mep – Thi Vai port area in the next five years except for the Gemalink 2 project that should be put into operation from the end of 2026, while most ports are operating at high capacity. Gemalink and TCCT have exceeded capacity. (2) Ba Ria – Vung Tau (BR-VT) ports mainly compete through strategic partners such as shipping lines and maritime alliances, not in rates.

Spot freight rates rebound slightly on concerns over a possible January strike at US East Coast ports

The Drewry freight rate index has rebounded slightly after halving between mid-July and early October (as severe congestion at Asian ports was cleared), currently standing at USD3,803/40ft, dropping 63% from its peak during the Covid pandemic, and 168% above the pre-pandemic average due to the prolonged Red Sea crisis. The recent recovery in spot freight rates has been driven by: (1) businesses stockpiling in preparation for the year-end holidays and (2) concerns about a major strike on the US East Coast in January 2025. After a slight rate reduction in July, Vietnamese shipping lines have applied additional surcharges on international cargoes at a rate of 7–13%, and domestic and intra-Asian freight rates have increased by about 10–15% YTD.

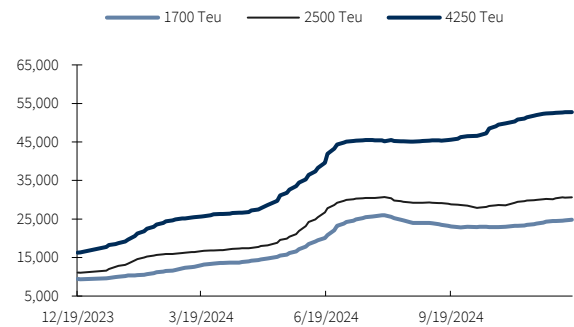
After a long period of stagnation, global charter rates have also increased again. International charter rates for 1,700 TEU vessels have reached an average of USD22,000–24,000/day compared to USD13,000–15,000/day at the beginning of this year.

Fig 5. Global – World Container Index (USD/40ft)



Source: Drewry

Fig 6. Global – Harpex for small vessels (USD/day)

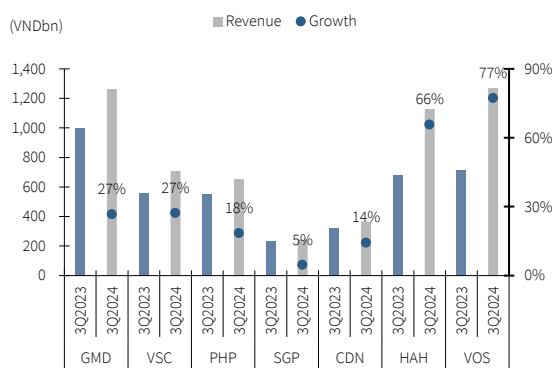


Source: Harper Petersen

Most logistics businesses posted growth

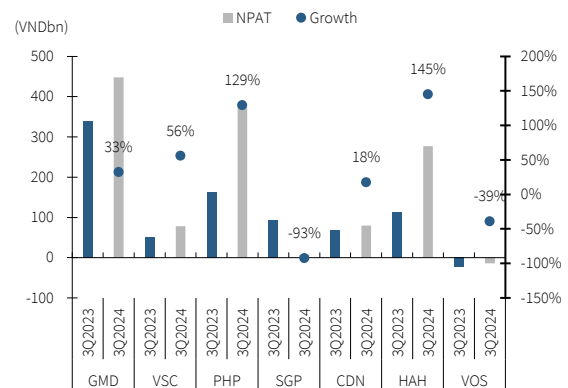
Port operating and shipping enterprises witnessed significant growth in business results, underpinned by (1) a strong trade recovery, boosting cargo throughput and demand for shipping, (2) Circular 39 on adjusting the price framework for seaport services that helped port enterprises be more flexible in rate changes and (3) freight rates rising by 10–15% YoY and ship charter rates surging. Improved gross margin led to further strong growth in NPAT of businesses, except for Saigon Port (SGP), which had negative growth due to no more provision reversals recorded in 3Q23, and Viet Nam Ocean Shipping (VOS), which continued to record losses due to operating below cost of capital and being affected by exchange losses.

Fig 7. Vietnam – Revenue of port operators & ocean shippers (VNDbn)



Source: Company reports, KB Securities Vietnam

Fig 8. Vietnam – NPAT of port operators & ocean shippers (VNDbn)



Source: Company reports, KB Securities Vietnam

II. Business outlook in 2025

The total cargo throughput of the whole country should maintain growth momentum in 2025

Despite still facing many difficulties from economic and political instability in the world, we expect the country's total cargo throughput to continue to develop positively thanks to:

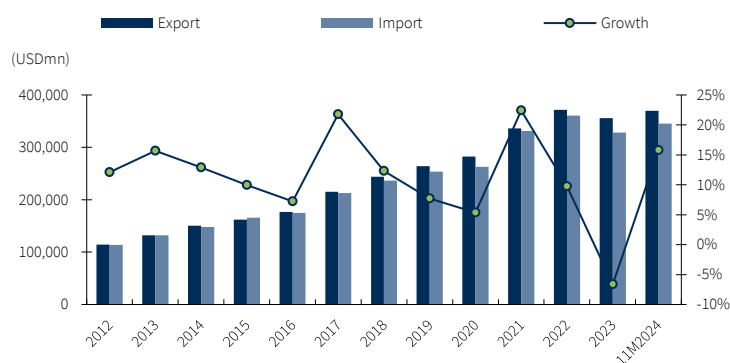
- Import-export turnover should continue its growth trajectory of the first 11 months of the year (totaling USD716 billion, up 15.4% YoY) in the context of (1) stable FDI capital flow as Vietnam is a country that directly benefits from the China +1 trend, many trade agreements, and bilateral cooperation with Korea, the US and China, showing greater potential for international trade in the coming time. (2) Furthermore, global trade is expected to record strong growth in the short term before the tariff changes are officially approved after Trump takes office.
- Public investment in the connecting transport system and seaport infrastructure is increasingly focused on. The Ha Nam and Cai Mep waterway upgrade projects completed this year have improved the capacity of ports in the region, attracting more new partners. According to the Inland Waterway Infrastructure Plan 2021–2030, with a vision to 2050, the Prime Minister approved the planning of seven central waterways connecting Hai Phong with neighboring localities. In addition, the Ministry of Transport has recently approved the policy of dredging the remaining waterway of the upstream ports of Nam Dinh Vu port.

The People's Committee of BR-VT has recently proposed developing the Cai Mep Ha free trade zone in association with the seaport in the Cai Mep – Thi Vai area and Long Thanh international airport. If approved and implemented, the project will attract more large economic groups, supporting the growth of seaports in this area. Companies owning deep-water ports in the Cai Mep – Thi Vai port cluster such as Gemadept (GMD) and SGP will gain many benefits once the project comes into operation.

During Trump's first term as US President, Vietnam's import-export turnover achieved a strong growth rate of nearly 22% in the first year (2017) and then gradually decreased in the following years.

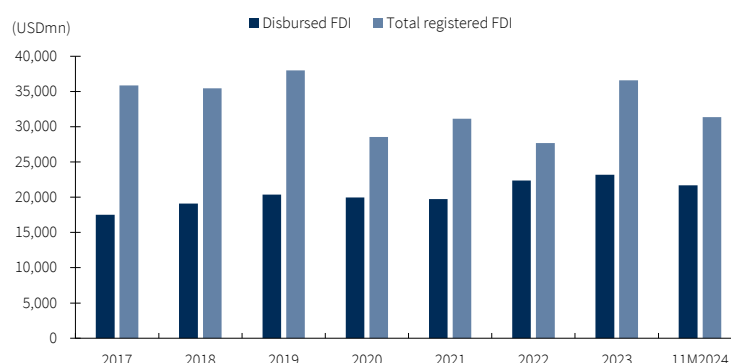
It is expected that it will take at least nearly one year for tax changes to be completed and approved during Trump's second term. Global trade in general and Vietnam in particular should record significant growth in the short term due to the need to stockpile goods in the face of concerns about tariff-related risks in the coming time.

Fig 9. Vietnam – Import-export turnover (USDmn)



Source: UNCTAD

Fig 10. Vietnam – Registered & disbursed FDI (USDmn)



Source: General Statistics Office of Vietnam

Port service rates in Hai Phong are unlikely to increase due to higher competition in the region

Lach Huyen 3, 4 (contractor Port of Hai Phong – PHP) and Lach Huyen 5, 6 (contractor Hateco) are capable of handling vessels with a capacity of up to 100,000 DWT and are expected to be put into operation from the first quarter of 2025, increasing the design capacity of the Hai Phong port area by 2.2 million TEUs. The operation of these two port clusters may lead to a trend of shifting goods from ports in the Cam River area to Lach Huyen deep-water port. As a result, competition for cargo sources in the Hai Phong port area will become more intense, and service rates will therefore be more difficult to increase, expected growing by a mere of 2–3%. In addition, the Nam Dinh Vu 3 port project with a capacity of 800,000 TEUs, planned to be put into operation from 2026, is expected to continue to increase the level of competition in the Northern region.

Port service prices at Cai Mep – Thi Vai should maintain an increase of 8–10%

In contrast, the Cai Mep Thi Vai port area will not have any new port in the coming years except for Gemalink 2 (phase 2A is expected to start operating from the end of 2026), while most ports are already operating at their designed capacity. The other two major projects, Cai Mep Ha and Can Gio, have not yet had a specific decision and are expected to take at least four to five years to be put into operation. Port service rates in this area are expected to continue to increase by an average of 8–10% in 2025, reflecting an overloaded supply while demand remains high.

The restructuring of shipping alliances will affect the distribution of cargo among ports

The change in shipping alliances from February 2025 will affect the rearrangement of freight routes and the choice of port of destination, leading to a redistribution of cargo between ports based on partner shipping lines. In addition, new alliances are expected to create greater competition, especially in the early stages, with spot freight rates likely to decline slightly in the short term as shipping lines compete to attract partners.

Table 11. Vietnam – Shipping lines & ports in the North

Shipping line	Port
Maersk	Tan Vu, VIP Green, HICT, Nam Hai Dinh Vu
CMA CGM	Nam Dinh Vu, Nam Hai Dinh Vu, VIP Green, HICT, Tan Vu
Cosco	HICT, PTSC Dinh Vu, Nam Hai Dinh Vu
ONE	VIMC Dinh Vu, HPH Chua Ve, Nam Hai, Nam Dinh Vu, Hai An, HICT, PTSC Dinh Vu, Tan Vu
Evergreen	Tan Vu, VIP Green, HICT, Nam Hai Dinh Vu, Green

Source: FiinRatings

Table 12. Vietnam – Shipping alliances in Cai Mep – Thi Vai

Port	Local shareholders	Foreign shareholders
CMIT	VIMC, Saigon Port	Maersk
SSIT	VIMC, Saigon Port	MSC
TCIT	Tan Cang Saigon	Wan Hai
Gemalink	Gemadep	CMA – CGM
SP-PSA	VIMC, Saigon Port	MSC

Source: FiinRatings

Table 13. Vietnam – Top 10 shipping lines in market share

Shipping line	Market share	Former alliance	New alliance
MSC	19.80%	ZM	
Maersk	14.30%	ZM	Gemini
CMA-CGM	12.50%	Ocean	Ocean
COSCO	10.70%	Ocean	Ocean
Hapag-Lloyd	7.10%	THE	Gemini
ONE	6.30%	THE	THE
Evergreen	5.50%	Ocean	Ocean
HMM	2.80%	THE	THE
ZIM	2.50%		
Yang Ming	2.30%	THE	THE

Source: Alphaliner

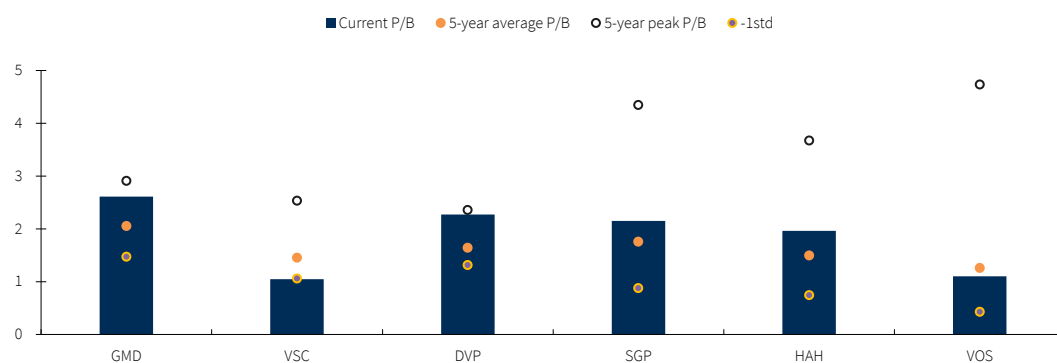
Port operators have long-term growth potential

Port enterprises should continue to grow in the medium and long term with (1) the potential for sustainable growth in output as analyzed above and (2) stable freight rates growing at an average of 5–10%/year, especially after the ceiling and floor rates have been adjusted significantly according to Circular 39. Currently, the prices of port stocks have witnessed slight corrections compared to mid-year, but most stocks are still trading at high prices, with P/B higher than the five-year average. Investors may consider port enterprise stocks with a healthy financial structure and port capacity expansion projects in strategic locations such as GMD, SGP, and PHP when they reach attractive prices.

We have a POSITIVE view on the outlook for the shipping companies in 2025

We expect the business results of the maritime shipping companies to continue to be **POSITIVE** in 2025 as (1) both output and spot freight rates are positively impacted by increased transportation demand as businesses tend to accelerate trade with the US before the new tariff policy takes effect while the Red Sea crisis has not been resolved yet; and (2) domestic businesses with international chartered vessels benefit directly as concerns about future freight rate fluctuations are pushing up demand and charter rates. However, freight rates are expected to peak in 2H25 and begin to cool down from 2026 after the new tariff policy is officially applied in the context of capacity growth from a series of newly built vessels being higher than the growth in demand for shipping. We picked Hai An Stevedoring Services (HAH) as it holds the leading position among domestic shipping companies with a young fleet and continuously expanding new routes, and its extensive relationships with international shipping lines that have signed many long-term charter contracts.

Fig 14. Vietnam – P/B of port operators & maritime shippers (x)



Source: Bloomberg, KB Securities Vietnam



Companies

Gemadep (GMD)

Gemadept (GMD)

Nam Dinh Vu, Gemalink exceeded capacity limits

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November 26, 2024

In 9M2024, GMD reported revenue of VND3,421 billion (+22% YoY) and net profit of VND1,549 billion (-33% YoY)

Port operations are experiencing robust growth, which is expected to persist through the end of 2025

Nam Dinh Vu 3 has commenced construction, and together with Gemalink 2A, it is expected to add over 1.4 million TEUs to GMD's capacity from 2026 onwards

We recommend BUY for GMD with a target price of VND75,400/share

In 9M2024, GMD obtained net revenue of VND3,421 billion (+22% YoY), meeting 86% of its 2024 target. The core port operations contributed VND2,924 billion (+38% YoY). However, NPAT totaled VND1,549 billion (-33% YoY). Barring one-off gains from the divestments of Nam Hai Dinh Vu and Nam Hai ports in 2Q2023 and 1Q2024, NPAT would have increased by 33% compared to 9M2023.

Total port throughput is projected to rise by over 40% this year, maintaining a strong growth trend into the following year. Nevertheless, cargo volume growth is anticipated to decelerate in 2025 compared to 2024. Steady increases in port service charges will be essential for sustaining revenue growth for GMD, given the limited potential for volume expansion next year.

Nam Dinh Vu 3 is currently under construction, while Gemalink 2A is in the final stages of legal approvals, with both projects set to begin operations in 1Q and 3Q of 2026. These expansions will add 800,000 TEUs and 650,000 TEUs of capacity to GMD's portfolio, playing a crucial role in securing long-term growth in cargo throughput for the company.

Based on the business outlook and valuation results, we reiterate our BUY recommendation for GMD with a target price of VND75,400 per share, which represents a 17.8% upside from the closing price on November 25, 2024.

Buy maintain

Target price	VND75,400
Upside	17.8%
Current price (Nov 25, 2024)	VND64,000
Consensus target price	VND73,400
Market cap (VNDtn/USDbn)	26.9/1.1

Forecast earnings & valuation

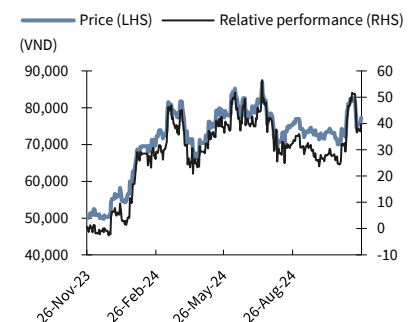
FY-end	2022A	2023A	2024F	2025F
Net revenue (VNDbn)	3,898	3,846	4,623	4,837
Operating income/loss (VNDbn)	1,309	3,177	2,446	2,402
NPAT-MI (VNDbn)	994	2,251	1,895	2,019
EPS (VND)	3,034	7,207	6,194	4,878
EPS growth (%)	62%	138%	-14%	-21%
P/E (x)	21.1	8.9	10.3	13.1
P/B (x)	2.5	2.0	1.5	1.9
ROE (%)	15%	26%	15%	16%
Dividend yield (%)	2%	3%	3%	2%

Trading data

Free float	94.7%
3M avg trading value (VNDbn/USDmn)	66.9/2.7
Foreign ownership	36.7%
Major shareholder	SSJ Consulting (9.56%)

Share price performance

(%)	1M	3M	6M	12M
Absolute	-8.7	-15.1	-17.5	26.9
Relative	-7.3	-11.6	-15.3	14.2



Source: Bloomberg, KB Securities Vietnam

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Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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