

16 Sep 2021

Viconship (VSC)

Deal & Results briefing: To further strengthen

M&A completed

- On Sep 14, VSC acquired a 36.0% stake in VIMC Dinh Vu Port JSC, pending the information of the total deal value and the sellers.
- VIMC Dinh Vu Port JSC has charter capital of VND200bn and is owned by Vietnam National Shipping Lines (UpCOM: MVN) as the biggest shareholder with 51% stake. VIMC Dinh Vu Port JSC launched Vinalines Dinh Vu port in 2019 and is investing in additional capacity.

Acquire to ride on a favourable background

- Vinalines Dinh Vu port was developed on a 21-hectare land plot in Dinh Vu – Cat Hai economic zone, with three piers with 210 meters length per each that can accommodate ships weighing up to 20,000 tons (DWT) and an annual volume of 520,000 tonnes/years. Vinalines Dinh Vu port is close to the Hanoi-Hai Phong-Lao Cai-China highways.
- According to Vietnam Maritime Administration, in the 8M21, despite adopting social distancing during the fourth COVID-19 wave, total volume via Vietnam's seaports is expected to be above 480.4mn tonnes, +4.0% yoy and container throughput volume is estimated at nearly 16.7mn TEUs. Hai Phong is one of the locations with highest container traffic growth (+17.0% yoy in TEUs).

8M21 – Couldn't be better

- In Aug 2021, VSC achieved revenue of VND178bn, +14.6% yoy and PBT of VND54bn, +67.5% yoy. For 8M21, VSC announced its earnings results with revenue of VND1,254bn and PBT of VND319bn, complete 74.0% and 95.0% of the 2021 business plan, respectively.
- Despite the severe COVID-19 pandemic, VSC was able to post favorable financial results owing to a strong increase in throughput volumes and key service sectors. The company also adopts cost-cutting strategies and improves labor productivity.

	2017A	2018A	2019A	2020A	2021G
Sales (VND bn)	1,303	1,694	1,793	1,689	1,700
chg. (% YoY)	20.4	30.1	5.8	(5.8)	0.7
Operating profit (VND bn)	332	406	340	320	335
Net profit (VND bn)	237	300	234	240	285
EPS (VND)	4,305	5,450	4,245	4,349	n.a
chg. (% YoY)	(5.6)	26.6	(22.1)	2.4	n.a
EBITDA (VND bn)	505	607	545	523	n.a
PE (x)	17.7	14.0	18.0	17.5	n.a
EV/EBITDA (x)	8.6	6.8	7.9	7.8	n.a
PB (x)	2.9	2.6	2.4	2.3	n.a
ROE (%)	16.8	19.3	13.9	13.6	n.a
Dividend yield (%)	2.2	2.4	3.2	4.1	n.a

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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12M rating **Non-rated**

12M TP **N. A**

Up/Downside **N. A**

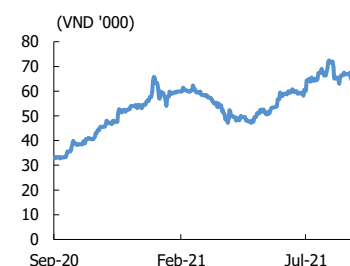
Stock Data

VNIndex (Sep 15, pt)	1,346
Stock price (Sep 15, VND)	68,000
Market cap (USD mn)	165
Shares outstanding (mn)	55
52-Week high/low (VND)	72,400/32,772
6M avg. daily turnover (USD mn)	0.23
Free float / Foreign ownership (%)	50.0/6.9
Major shareholders (%)	
Sea And Air Freight International	9.6
Sao A D.C Investment JSC	7.6
Doan Thi To	7.1
Ta Kim Chi	6.9
Doan Quang Huy	5.7

Performance

	1M	6M	12M
Absolute (%)	(4.9)	17.0	106.3
Relative to VNIndex (%p)	(4.3)	2.6	53.7

Stock price trend



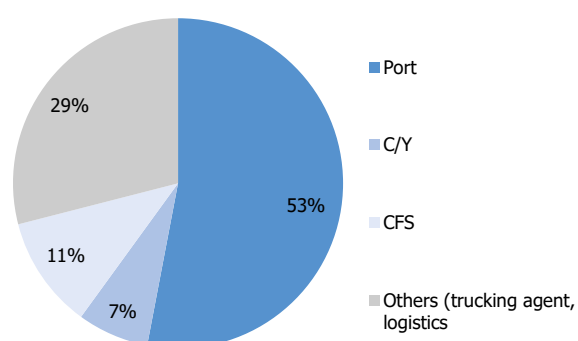
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Ambitious plans ahead

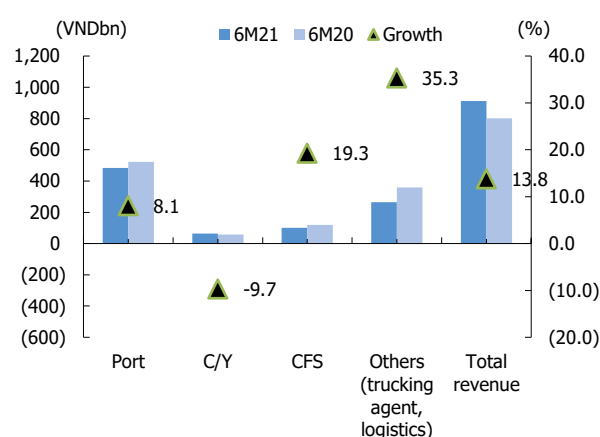
- We note that VSC is also planning to invest in deep-water ports at Cat Hai (Hai Phong) and Lien Chieu (Da Nang). Currently, VSC is still in the process of applying for a license because according to regulations, the company needs a charter capital of over VND1,000bn. At AGM 2020, VSC was approved to issue new shares to existing shareholders at a ratio of 1:1 to increase charter capital to VND1,100bn.
- Currently, Vinalines Dinh Vu port is not profitable because the company is still investing in a new wharf in Hai Phong, which is expected to start operations in the second half of 2021, per management. Although competition in Hai Phong port cluster is still high, the company expects Vinalines Dinh Vu port will perform well as it has a strategic shareholder of MVN.

Figure 1. 1H21 Revenue breakdown



Source: Company data, KIS Vietnam

Figure 2. 1H21 Revenue growth



Source: Company data, KIS Vietnam

Figure 3. Volume via VSC's ports in 1H21

No.	Item	Unit	6M20	6M21	%yoy
1	Port throughput	TEU	499,053	549,716	10.15
2	Depot volume	TEU	432,332	547,070	26.54
3	CFS	m ³	460,300	514,994	11.88
4	Trucking	TEU	508,586	632,652	24.39
5	Container agent	TEU	23,517	27,380	16.43
6	Logistics	TEU	3,514	3,637	3.50

Source: Company data, KIS Vietnam

Figure 4. Vinalines Dinh Vu in expanding



Source: Company data, KIS Vietnam

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