

# IR NEWSLETTER

4<sup>th</sup> Quarter/2019

## GEMADEPT (GMD) ACHIEVED ITS TARGET FOR PROFIT BEFORE TAX OF 2019

Income statement highlights (VND billions)	FY19	FY18	YoY	2019 target	% /2019 target
<b>Net revenue</b>	2,641	2,707	(2.5%)	2,800	95%
<b>Profit before tax from ordinary businesses</b>	705	603	117%	695	101%

Despite the fact that the economy of 2019 experienced many difficulties, challenges and unpredictable fluctuations globally and regionally, GMD - with utmost determination of its business units - continued to achieve encouraging results: Profit before tax (PBT) reached VND 705 billion, exceeding the target set by the General Meeting of Shareholders. Gross profit (GP) increased by 3% compared to 2018; Gross profit margin increased from 36% to 38% (2019). GP in 2019 was improved positively, mainly thanks to GMD's optimizing asset exploitation, efficient utilization of integrated supply chain, promoting the strength of the port system and cutting operation costs.

In 2019, GMD had no extraordinary earnings from divestment of its subsidiaries. As for the joint ventures and associates of GMD, a key highlight regarding their business performance was the profit contribution of VND 239 billion, accounting for 34% of GMD's total PBT, increasing by 80% compared to 2018.

Debt / Equity ratio was maintained at 0.5x, ensuring a safe asset ratio.

Total assets and equity increased steadily. ROA and ROE ratios were maintained at 6% and 9% respectively (since 2017, the index has excluded extraordinary earnings from divestment of subsidiaries).

**Gross margin** 38% 36%  
FY19 FY18

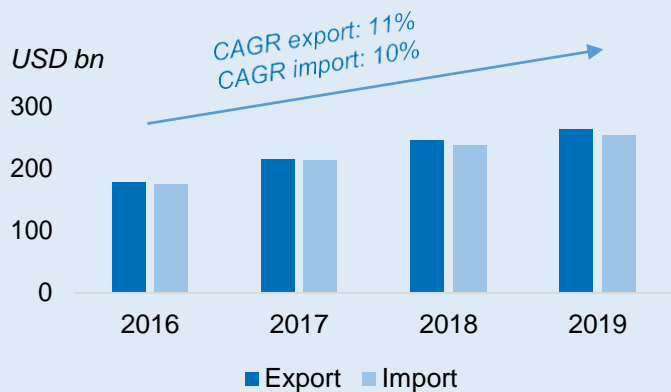
**PBT margin  
of ordinary  
businesses** 27% 22%  
FY19 FY18

**EBITDA margin** 34% 33%  
FY19 FY18

**Debt/Equity** 0.5x 0.5x  
FY19 FY18

## 2019 MARKET OVERVIEW

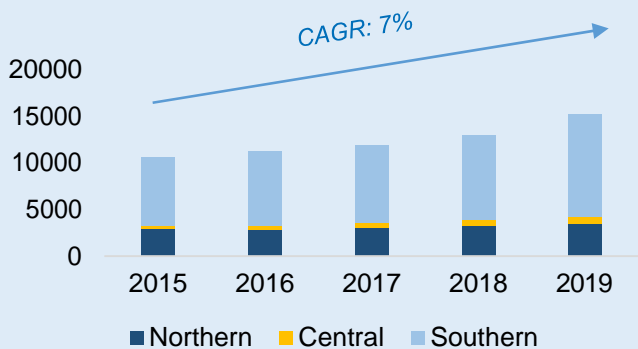
Vietnam's Export – Import in 2019



By the end of 2019, the country's total export-import turnover reached USD 517.26 billion, up 7.6% (equivalent to an increase of USD 36.69 billion) compared to 2018.

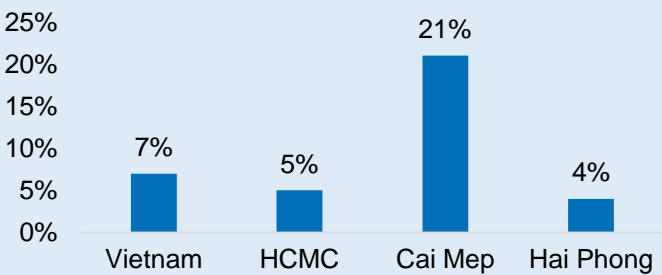
Source: General Statistics Office

Vietnam's container throughput (thousand TEUs)



Source: VPA

2015 – 2019 CAGR of container volume of Vietnam's port clusters



Source: VPA

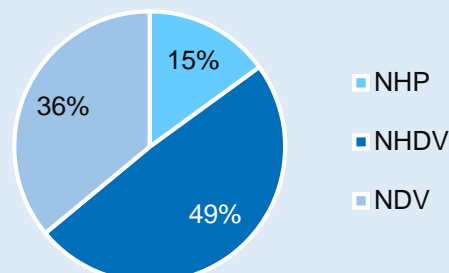


## GMD OPTIMIZED ITS PORT CAPACITY AND INVESTED IN FACILITIES FOR ENHANCING BUSINESS PRODUCTIVITY

**GMD's total throughput reached  
2 million TEUs.**

**Port utilization rate in 2019 was over  
90%\***

**GMD's 2019 container volume breakdown  
in Hai Phong**



### ***The Strength of the Eight-Port Network from North to South***

2019 was a successful year to Gemadept's ports in the South including Phuoc Long ICD Port (PIP) and Binh Duong Port. These ports' business results exceeded all targets set out in 2019 Business Plan and recorded a high growth rate. In particular, revenue increased by 18% and profit increased by 41% compared to 2018. In the coming time, PIP and Binh Duong Port will continue to promote their advantages and act as strategic satellite ports for Gemalink – a deep-sea port project with a capacity of 1.5 million TEUs for Phase 1 which will be put into operation from Q4/ 2020 (The total capacity of Gemalink including 2 phases is 2.4 million TEUs).

For the Northern region, the US-China trade war had certain short-term effects, the import-export of Hai Phong area in 2019 only grew at 2% in average. As of the Bach Dang Bridge's operation starting in late 2018, the container cargo tended to move from upstream to downstream. In such situation, with the strength of operating 3 ports and ICD, which is largest in the area, as well as superior service quality and speedy handling of vessels, GMD's port throughput in Hai Phong showed higher growth compared to others in the region. Nam Dinh Vu Port phase 1 is planned to operate at maximum capacity in 2020. Concerning the potentials in the coming years, with the tendency of relocation of logistics center and manufacturing plants to Vietnam, the cargo flow via Hai Phong will increase remarkably, we do expect that GMD's port throughput in Hai Phong will continue to grow in line with GMD's port development strategy.

At the gateway to the Central region, under difficult circumstances, Gemadept Dung Quat International Port made great efforts to successfully achieve our business performance targets. Revenue increased by 10% and profit increased by 27% compared to 2018. This was the highest profit growth within the last 10 years.

Also in 2019, GMD was determined to continue investing and upgrading equipment to increase port operation capacity, including expanding and investing 6 additional RTG cranes for Binh Duong Port, 8 RTG cranes for Nam Hai Dinh Vu Port, 6 RTG cranes for Nam Dinh Vu Port phase 1 and building more barges for river transportation....

Overall, Gemadept's ports in 2019 operated effectively and exceeded the plan, creating a solid basis for GMD's strategy to promote port operation in the coming period, contributing to the economic growth and Vietnam's import-export development.

*\* Note: Nam Dinh Vu Phase 1 being put into operation in mid 2018 reached 70% of its capacity.*



**Gemalink Deep-Sea Port under speedy construction**



## SHIPPING ACHIEVED IMPRESSIVE BUSINESS RESULTS LOGISTICS KEPT ON DEVELOPING, CONTINUED TO BE THE KEY PLAYER

Shipping's performance	% Plan
Volume	110%
Revenue	107%
Profit before tax	312%

By the end of 2019, GMD's Shipping business outperformed the profit target. The achievement was resulted from our market development, effective partnership with shipping lines, taking advantage of GMD's port network to optimize resources, as well as reducing vessels and barges' fuel costs and restructuring business governance.

Despite the fiercely competitive shipping market, GMD became the rare unit to record profits far exceeding the initial plan in Shipping sector. Especially, GMD occupied the second largest market share in domestic transport, the Mekong Delta and Cambodia routes.

At the same time, GMD Logistics revenue increased by 20% over the same period; in which, warehousing service revenue increased by 18% and transportation service increased by 7%. Particularly, sales of the North branch increased by 85% over the same period, exceeding 17% compared to the plan. Profit from the Cold-storage Supply Chain (Mekong Logistics) increased by 115% compared to 2018, exceeding 83% of the plan.

The typical activities of GMD Logistics in 2019 included expanding integrated services, promoting the application of information technology, developing new customers, expanding warehouses and investing in the truck fleet...

The efforts and positive contributions of GMD in promoting the development of Vietnam's Logistics ecosystem have been highly appreciated by the market. In 2019, GMD was named as the "Top 100 Most Trusted Brands in Asia" enterprise at the 2019 Asia International Economic Forum and Asia Awards. Especially, GMD maintained its leading position in the Vietnam's Top 10 Prestigious Transport and Logistics in forwarding, warehousing and delivery industries.



## 2020-2025: GMD BREAKTHROUGH GROWTH – SUSTAINABLE DEVELOPMENT

The year of 2020 will mark the beginning of GMD's strategic development period (2020-2025), creating an important foundation when GMD doubles its port capacity with the **introduction of Gemalink Deep-sea Port in the 4<sup>th</sup> Quarter**. The Gemalink port project will contribute to solving the problem of serious congestion at the deep-sea port cluster in Cai Mep while ensure the strategic development direction of GMD in the South. Right in its first year of operation, with the cargo commitment from CMA-CGM, members in the Ocean alliance and the shipping lines that have been long-term partners of GMD, Gemalink will play the role of a reliable and attractive destination for shipping lines and become a strategic port contributing significantly to GMD's development process under Vision 2025.

In the Northern market, GMD has been preparing for the construction of Nam Dinh Vu Port phase 2, which will be ready for putting into operation, catching the high potential growth of the market.

In the sectors of Logistics and Shipping, Gemadept aims to increase profit margin through **cost optimization, asset utilization, focusing on bringing added values to customers and partners through GMD's integrated Port and Logistics network**. Developing Ports and Logistics following the green trend, 'SMART', and applying modern technology are also among Gemadept's goals for the upcoming period.



*Mr. Do Cong Khanh – Deputy CEO of GMD receiving the Profit500 award*



*GMD's representative receiving the award of Top 100 Enterprises with the best financial management capacity on the stock exchange*

## GMD IMPLEMENTED CENTRALIZED MANAGEMENT AND PROMOTING ENTERPRISE ROLE FOR THE COMMUNITY

### Management activities

GMD aims to develop sustainably with the implementation of centralized management throughout the whole Corporation. Specifically, the policies and management mechanisms are unified from the parent company to its subsidiaries and joint ventures. This helps GMD optimize its resources and synergize the strength of the whole system. At the same time, this creates the best conditions for business units to concentrate on their expertise and to improve their operational efficiency. The sectors that have been implemented centralized management include human resources, legal, information technology, etc. Especially in 2020, GMD continues to apply centralized management in Marketing - Business Development.

Concerning the COVID-19 epidemic situation, right after Tet holidays, GMD established steering committees for epidemic prevention at each unit, communicated and implemented measures to prevent the virus infection including strictly following the instructions of the Ministry of Health, equipped with masks, hand sanitizer, body temperature checking, working environment hygiene. The Company switched all direct meetings to online ones and closely monitored health condition of all employees returning from overseas, etc.

### Community activities

Being a responsible enterprise, GMD always focuses on environmental protection, maintaining green, clean and beautiful environment, saving energy and creating jobs for local people, etc. In addition, GMD regularly conducts volunteer programs to help people suffering from natural disasters, orphans, mentally ill and abandoned ones, etc. In the days before Tet, the Company organized a trip to the Social Protection Centre in Binh Duc village, Duc Hanh commune, Bu Gia Map district, Binh Phuoc province to donate heartwarming gifts to the students of the Center.



# Contacts

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