Dinh Vu Port Investment And Development JSC (DVP)

HOSE - Vietnam
Transportation
2011.06.02

Overweight

Price(2011/06/02):VND 37,200
Target Price: VND 48,300

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Key Data	
Chartered capital	VND 200 bn
Outstanding shares	20 mil shares
52-week price range	VND31,100~ VND 38,100
Market cap	VND 732 bn
Total assets (Q1/11)	VND 533 bn
Net Value (Q1/11)	VND 422 bn
Total Room for foreign investors	9.8 mil shares
Current Room for foreign investors	8.7 mil shares
Foreign Holding	5.3 %
EPS 2011E	VND 8,510
P/E	4.4
P/B	1.7
Dividend yield	8.2%
ROE 2011E(%)	41.3%
ROA 2011E(%)	30.8%

The holding cap for foreign strategic investors is 49%. For banking sector the cap is 30%.

Strong growth in Q1/2011

- **Company profile**: DVP provides sea port logistics services, such as cargo handling and warehousing. The company's port, which is located in Hai Phong city, can receive 20,000 ton vessels.
- **Industry overview**: (1) Export growth is a key catalyst: Last year, export growth was reported at 25% yoy. In recent years, Vietnam has attained high economic growth with 2010 GDP standing at 6.7%. Vietnam's GDP is expected to growth by 7% per annum in the next 5 years. The economic development has supported the transport and port service sector. (2) According to an evaluation of VMA (Vietnam Marine Agency), the demand for transportation by sea has developed faster than expected. If in 1995, it was predicted that by 2010 the volume of transport by sea of Viet Nam would be 200 million tons, the actual figure of 200 million tons was achieved in 2008. From 2000-2009, freight in marine transport grew at 17%/year. (3) There are few deep-water ports to receive big ships.
- **Earnings**: DVP's sales have shown strong and impressive growth during the past 4 years while net profit has grown even faster than its sales. Last year, DVP posted 327 bn VND in sales, up 23.7% yoy and net profit of 129 bn VND, up 75.8% yoy. 2010 EPS almost doubled compared to that of 2009, beating our expectation.
- In Q1/2011, DVP earned 84.6 bn VND in sales, up 60% yoy and net profit was posted at 34.8 bn VND, up 106% yoy. We expect DVP would have a higher sales growth this year than that of last year.
- **Strengths**: Healthy operating cash flow.
- **Weaknesses:** DVP can only receive small-sized ships under 20,000 DWT. However, in the next 5 years, this kind of vessel will still be popular.
- **Valuation:** DVP's stock price is traded at 37,200 VND. We retain DVP to an Overweight rating with a target price of VND 48,300/share, implying a P/E multiple of 5.7(x) EPS 2011E.

Financial Abstract: (VND bn)

Year	Revenue	(%)	Net Profit	(%)	Outstanding Shares	EPS (VND)	P/E (x)	ROE	ROA
2007	54.7	116.7%	14.9	174.0%	17,400,000	858	na	8.0%	6.5%
2008	152.7	179.0%	41.0	174.3%	19,650,000	2,084	na	19.2%	13.7%
2009	264.4	73.2%	73.4	79.1%	20,000,000	3,669	22.0	28.5%	18.5%
2010	327.0	23.7%	129.0	75.8%	20,000,000	6,450	6.0	34.4%	25.7%
2011E	443.4	35.6%	170.2	31.9%	20,000,000	8,510	4.4	41.3%	30.8%

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Ratings Definition

Overweight (OW) = Expected to outperform the local market by >10%
Neutral (N) = Expected to in line with the local market by +10%~ -10%
Underweight (UW) = Expected to underperform the local market by >10%.
Not Rated (NR) = The stock is not rated in Phu Hung's coverage universe or not listed yet.
Performance is defined as 12-month total return (including dividends).

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