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RESEARCH DIVISION

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RECOVERY TOWARDS YEAR-END

- Port industry output in 9M24 recovery from the low base of 2023, and handling fees improved, supported by Circular 39/2023/TT-BGTVT.
- We expect container throughput to maintain its recovery, though at a slower pace than in Q3/2024, as US import demand is anticipated to decrease by 10% QoQ in the final months of the year due to the seasonal import peak. However, it is still projected to be higher than the same period last year (+8% YoY). Additionally, gross profit margin improved compared to the previous period, driven by higher loading/unloading prices and the accelerated divestment of non-core business activities to focus on core operations.
- We recommend an OVERWEIGHT position in GMD and VSC stocks, as their current stock prices are discounted compared to previous levels, despite a business outlook that is not strong for 2025.

9M2024 Developments: Improvement After a Gloomy Year

The port industry showed positive growth in the first nine months of 2024, with national output increasing by +19.2% YoY, driven by (i) recovery from a low base and (ii) macroeconomic factors, such as the US imposing tariffs on Chinese goods and port congestion in Singapore. Additionally, Circular 39/2023/TT-BGTVT, effective from February 2024, has helped boost service prices by an average of 3-10%, depending on the region.

In terms of business performance, the port industry saw a 42% YoY growth in profit after tax in 9M2024, supported by the factors mentioned above (estimated excluding extraordinary profits).

Business Outlook for 2025

We maintain a **NEUTRAL** outlook for the port industry, based on the following:

(1) **Port throughput is expected to improve, albeit at a slow pace, with differentiation primarily driven by import demand and consumption prospects in China and the US.** Specifically:

- **China:** We anticipate that the impact of economic policies aimed at boosting consumption will take time to materialize. While the outlook for orders in 2025 is not expected to improve significantly, we do not foresee substantial growth in goods throughput at northern ports in 2025.
- **US:** We expect that goods throughput at southern Vietnam ports will depend on domestic consumption prospects, influenced by the FED's interest rate cuts rather than the delayed implementation of new tax policies under the upcoming administration. Additionally, the high inventory levels in the US may lead importers to increase inventory imports closer to the time of tax imposition. Therefore, we project that southern port throughput will improve in the second half of 2025, driven by the positive effects of the FED's interest rate cuts, which should stimulate consumer demand.