

### COMPANY RESULTS

## COSCO SHIPPING Ports (1199 HK)

2024: Core Earnings In Line; Expect Low Single-digit Throughput Growth In 2025

**CSP's 2024 core net profit of US\$301.8m (+4.9% yoy) was in line with our expectation, at 101.2% of our forecast. The miss at the operating profit level was more than offset by strong JV/associate performance and interest cost savings from debt refinancing. Management guides CSP's portfolio equity throughput to grow in line with the industry average at a low-single-digit growth rate in 2025. CSP is trading at 7.6x/7.2x 2025/26F PE and offers decent yields of 5.4%/5.6%. Maintain BUY. Target price: HK\$5.90.**

### 2024 RESULTS

Year to 31 Dec (US\$m)	4Q24	4Q23	yoy % chg	3Q24	qoq % chg	2024	2023	yoy % chg	UOBKH 2024F	Actual as % of 2024F
Revenue	394.2	406.6	-3.0	399.0	-1.2	1,503.0	1,454.4	3.3	1,527	98.4%
Gross profit	108.1	126.3	-14.4	110.1	-1.8	416.8	420.9	-1.0	432	96.5%
Operating profit	77.1	78.5	-1.7	69.4	11.1	267.1	274.8	-2.8	269	99.4%
Core operating profit	61.3	82.9	-26.0	68.4	-10.3	248.0	256.3	-3.2	264	93.9%
Net interest cost	-24.7	-38.4	-35.7	-30.9	-20.2	-123.2	-143.2	-13.9	-131	94.4%
JV/asso. contribution	80.7	60.8	32.8	84.0	-3.9	320.1	297.9	7.5	302	105.9%
PAT	119.1	114.0	4.4	102.9	15.8	390.9	394.3	-0.8	362	107.9%
Net profit	87.7	91.0	-3.5	81.9	7.2	308.8	324.6	-4.8	294	105.0%
Core net profit	75.6	94.2	-19.7	81.1	-6.8	301.8	287.7	4.9	298	101.2%
Margins (%)										
GPM	27.4	31.1	-3.6ppt	27.6	-0.2ppt	27.7	28.9	-1.2ppt	28.3	
Core OPM	15.6	20.4	-4.8ppt	17.1	-1.6ppt	16.5	17.6	-1.1ppt	17.3	
Core NPM	19.2	23.2	-4.0ppt	20.3	-1.1ppt	20.1	19.8	+0.3ppt	19.5	

Source: CSP, UOB Kay Hian

### RESULTS

- 2024 core net profit in line.** COSCO SHIPPING Ports' (CSP) 2024 core net profit of S\$301.8m (+4.9% yoy) was in line with our expectations, at 101.2% of our full-year forecast. Core operating profit (-3.2% yoy) missed our projection, at 93.9% of our full-year forecast. The miss was mainly due to yoy weaker performances of a few subsidiary entities, including: a) Xiamen Ocean Gate Container Terminal, whose throughput was impacted by changes in some shipping routes as a result of the Red Sea disruption, b) Tianjin Container Terminal, whose performance was affected a change in business structure and yoy higher labour costs, and c) Wuhan CSP Terminal, which saw higher gestation costs due to the early stage of operations.
- Nevertheless, the miss at the operating profit level was more than offset by stronger-than-expected earnings contribution by JV/associate entities, thanks to improved performances of Yantian Terminals, Dalian Terminal and Antwerp Terminal. In addition, net financial expenses (-13.9% yoy) also came in lower than our projections, as CSP successfully refinanced part of its outstanding borrowings at cheaper interest costs during the year.

### KEY FINANCIALS

Year to 31 Dec (US\$m)	2023	2024	2025F	2026F	2027F
Net turnover	1,454	1,503	1,529	1,585	1,650
EBITDA	526	523	513	528	546
Operating profit	275	267	252	259	269
Net profit (rep./act.)	325	309	311	325	344
Net profit (adj.)	288	302	306	321	340
EPS (US\$ cent)	8.3	8.3	8.1	8.5	9.0
PE (x)	7.4	7.4	7.6	7.2	6.8
P/B (x)	0.4	0.4	0.4	0.4	0.4
EV/EBITDA (x)	7.5	7.3	7.4	7.1	6.8
Dividend yield (%)	6.1	5.5	5.4	5.6	6.0
Net margin (%)	22.3	20.5	20.3	20.5	20.9
Net debt/(cash) to equity (%)	29.6	30.4	35.3	34.4	33.2
ROE (%)	5.7	5.3	5.2	5.2	5.4
Consensus net profit (US\$m)	-	-	295	313	333
UOBKH/Consensus (x)	-	-	1.04	1.03	1.02

Source: CSP, Bloomberg, UOB Kay Hian

### BUY

(Maintained)

Share Price	HK\$4.78
Target Price	HK\$5.90
Upside	+23.3%
(Previous TP)	HK\$5.72

### COMPANY DESCRIPTION

COSCO SHIPPING Ports is a globally leading port developer, investor and operator. It can tap on its parent shipping group COSCO SHIPPING Holdings' cargo flows and network to expand its global footprint.

### STOCK DATA

GICS sector	Industrials
Bloomberg ticker:	1199 HK
Shares issued (m):	3,761.4
Market cap (HK\$m):	17,979.4
Market cap (US\$m):	2,313.1
3-mth avg daily t'over (US\$m):	3.5

### Price Performance (%)

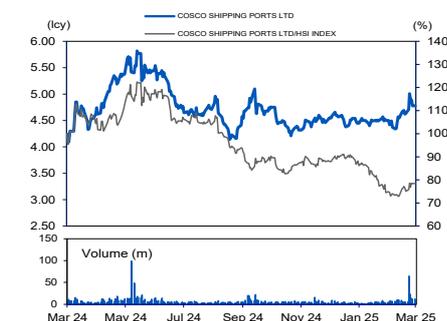
52-week high/low HK\$6.04/HK\$4.05

1mth	3mth	6mth	1yr	YTD
4.6	6.5	14.9	10.9	3.9

### Major Shareholders

Company	%
COSCO SHIPPING Holdings	71.0
-	-
FY24 NAV/Share (US\$)	1.62
FY24 Net Debt/Share (US\$)	0.89

### PRICE CHART



Source: Bloomberg

### ANALYST(S)

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- Broad-based throughput growth across major port regions.** In 2024, CSP's total gross throughput and equity throughput rose 6.1% yoy and 4.5% yoy to 144.0m TEUs and 45.3m TEUs respectively. In China, gross throughput of CSP's ports/terminals at Bohai Rim, Yangtze River Delta, Pearl River Delta, Southwest Coast and Southeast Coast rose 6.4%, 13.1%, 3.0%, 12.4% and 0.9% yoy in 2024 respectively. Gross throughput of CSP's overseas ports/terminals rose 4.5% yoy in 2024.
- Declared second interim dividend of 1.84 US cents (14.2 HK cents).** Ex-dividend date is 3 Apr 25. Together with the first interim dividend of 1.56 US cents, CSP's total 2024 dividend stands at 3.40 US cents (2023: 3.732 US cents), equivalent to a 40% payout ratio (unchanged yoy). This leads to a 2024 yield of 5.5% based on the current price.
- Balance sheet remains healthy.** CSP's net gearing remained healthy at 30.4% as of end-24 (end-23: 29.6%), providing scope for CSP to pursue M&A-driven growth in the overseas market.

### STOCK IMPACT

- Expect 2025 equity throughput growth to be in line with the industry at low single digits.** Despite a more volatile geopolitical environment in 2025, management seems confident in the overall stability of CSP's large and diversified port/terminal portfolio, seeing opportunities from China's higher domestic demand, deepening trade relationships with emerging markets and a reshaping/potential extension of the global supply chain. Management expects CSP's 2025 equity throughput growth to be in line with the industry, which, according to Drewry, will see a 2.8% yoy growth in container throughput in 2025.
- A good start to 2025: 2M25 gross throughput rose 7.9% yoy, partly due to low base a year ago.** In 2M25, gross throughput of CSP's port/terminal portfolio (excluding Qingdao Port and Container Terminal Tollerort, Germany, which do not report monthly throughput data) rose 7.9% yoy, driven by throughput growth of both China (+7.6% yoy) and overseas (+8.5% yoy) terminals. The growth was partly thanks to the low base of 2M24 when several of CSP's key ports/terminals experienced cargo delays due to the Red Sea disruption. We expect CSP's throughput growth to flatten for the rest of 2025, as the low base effect fades away and the Trump administration's unfavourable stance towards trade takes a toll on global trade growth outlook.
- Seeking expansion in emerging markets.** According to management, CSP will continue to explore investment and development opportunities in Southeast Asia, South Asia, the Middle East, South America and Africa. The group's ongoing acquisitions of stakes in two container terminals in Thailand remain on track and are expected to be closed in the next few months. Management refrained from commenting on the dispute related to CK Hutchison's sale of its global port assets, but noted that CSP would be interested to evaluate any M&A opportunities that align with the group's global expansion strategy.

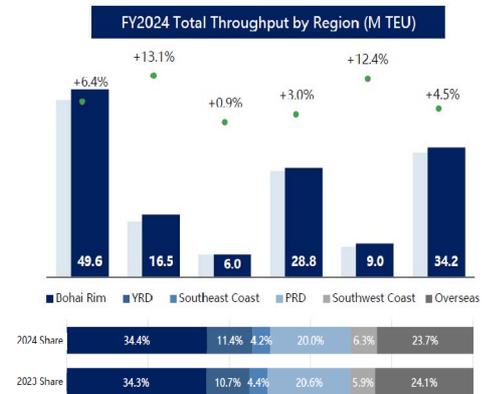
### EARNINGS REVISION/RISK

- Raise 2025/26 core earnings estimates by 5.6%/3.9% to US\$306.2m/US\$320.9m respectively** to reflect: a) favourable currency translation effects from recent rebound in Renminbi and Euro (CSP's functional currencies) against US\$ (CSP's reporting currency), and b) higher interest cost savings from CSP's debt refinancing.
- Key risks include:** a) weaker-than-expected container volume amid geopolitical tensions, and b) expensive M&As.

### VALUATION/RECOMMENDATION

- Maintain BUY with a slightly higher target price of HK\$5.90.** Our target price remains based on 9.2x 2025F PE, pegged to the port sector's historical mean PE. Despite trade tensions between the US and China, we think the negatives are likely priced in and CSP's financial performance should be largely stable thanks to its geographical diversifications (CSP's overseas ports/terminals are in non-US markets such as Europe, the Middle East, Southeast Asia, Africa and South America). CSP currently trades at a 7.6x/7.2x 2025F/26F PE and 0.38x 2025F P/B. It offers decent 2025/26 dividend yields of 5.4%/5.6% respectively based on a 40% payout ratio.

### GROSS THROUGHPUT (M TEU) AND GROWTH BY REGION



Source: CSP

### PROFIT & LOSS

Year to 31 Dec (US\$m)	2024	2025F	2026F	2027F
Net turnover	1,503	1,529	1,585	1,650
EBITDA	523	513	528	546
Deprec. & amort.	255	261	268	277
EBIT	267	252	259	269
Total other non-operating income	0	0	0	0
Associate contributions	320	312	324	339
Net interest income/(expense)	(123)	(107)	(107)	(107)
Pre-tax profit	464	458	476	501
Tax	(73)	(65)	(67)	(70)
Minorities	(82)	(82)	(84)	(87)
Net profit	309	311	325	344
Core net profit	302	306	321	340

### BALANCE SHEET

Year to 31 Dec (US\$m)	2024	2025F	2026F	2027F
Fixed assets	5,432	5,897	6,100	6,294
Other LT assets	5,321	5,470	5,512	5,556
Cash/ST investment	1,029	616	606	617
Other current assets	239	257	266	275
Total assets	12,021	12,241	12,484	12,743
ST debt	323	323	323	323
Other current liabilities	807	824	845	870
LT debt	3,640	3,640	3,640	3,640
Other LT liabilities	205	205	205	205
Shareholders' equity	5,931	6,110	6,308	6,518
Minority interest	1,115	1,137	1,161	1,185
Total liabilities & equity	12,021	12,241	12,484	12,743

### CASH FLOW

Year to 31 Dec (US\$m)	2024	2025F	2026F	2027F
Operating	640	446	473	491
Pre-tax profit	464	458	476	501
Tax	(73)	(65)	(67)	(70)
Deprec. & amort.	255	261	268	277
Associates	(320)	(312)	(324)	(339)
Working capital changes	54	(1)	13	15
Non-cash items	136	0	(0)	(0)
Other operating cashflows	123	107	107	107
Investing	(348)	(490)	(117)	(105)
Capex (maintenance)	(537)	(654)	(400)	(400)
Investments	189	274	283	295
Proceeds from sale of assets	0	0	0	0
Others	0	(110)	0	0
Financing	(448)	(369)	(366)	(375)
Dividend payments	(126)	(131)	(127)	(134)
Proceeds from borrowings	0	0	0	0
Loan repayment	(62)	0	0	0
Others/interest paid	(259)	(238)	(239)	(241)
Net cash inflow (outflow)	(156)	(413)	(10)	11
Beginning cash & cash equivalent	1,163	1,007	595	585
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	1,007	595	585	595

### KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
<b>Profitability</b>				
EBITDA margin	34.8	33.5	33.3	33.1
Pre-tax margin	30.9	29.9	30.1	30.3
Net margin	20.5	20.3	20.5	20.9
ROA	2.6	2.6	2.6	2.7
ROE	5.3	5.2	5.2	5.4
<b>Growth</b>				
Turnover	3.3	1.8	3.6	4.1
EBITDA	(0.7)	(1.8)	2.9	3.4
Pre-tax profit	8.0	(1.4)	4.1	5.1
Net profit	(4.8)	0.6	4.7	5.7
Core net profit	4.9	1.4	4.8	5.8
EPS	0.5	(2.1)	4.8	5.8
<b>Leverage</b>				
Debt to total capital	36.0	35.4	34.7	34.0
Debt to equity	66.8	64.9	62.8	60.8
Net debt/(cash) to equity	30.4	35.3	34.4	33.2

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