

Evergreen Marine (2603.TW/2603 TT)

3Q23 earnings underpinned by one-off gains

FTSE4Good TIP Taiwan ESG Index stock

Neutral · Maintained

Price as of November 14 (NT\$)	114.0
12M target price (NT\$)	125.0
Previous target price (NT\$)	121.0
Revised up (%)	3.3
Upside (%)	9.6

Key message

- Destocking to extend into 1Q24F; freight rate to remain range-bound.
- 3Q23 earnings bolstered by disposal gains & gains from bargain purchases.
- Investors are advised to revisit the counter only after the 2022-24F downcycle bottoms.

Trading data

Mkt cap (NT\$bn/US\$m)	241.3 / 7,456	
Outstanding shares (mn)	2,116	
Foreign ownership (mn)	602	
3M avg. daily trading (mn)	11.80	
52-week trading range (NT\$)	93.50 -174.5	

Performance	3M	6M	12M
Absolute (%)	7	-25.3	-26.7
Relative (%)	3.8	-34.4	-46

Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2022	19.16A	19.33A	37.25A	7.78A
2023	2.38A	2.41A	10.35F	3.92F
2024	0.12F	0.23F	2.15F	1.01F

Share price chart



Source: TEJ

Event

Since 4Q23, SCFI US West Coast, US East Coast, and European route freight indices have fallen a respective 13%, 1%, and 16%. We project inventory digestion will extend into 1Q24 and shipping operators will continue to face loss pressure.

Impact

Destocking to extend into 1Q24F; freight rate to remain range-bound. We now forecast inventory digestion will persist into 1Q24, versus our prior estimate of 4Q23, as the volume of inbound containers to US ports will stay largely flattish YoY, mainly as retail sales will slow to a YoY decline in 4Q23. Since 3Q23, spot freight rates have been lingering in a range-bound cycle of voyage reduction, price hikes, voyage expansion, and then price contraction, with the low end of the range having reached new lows recurrently. We believe this range-bound cycle will extend into 4Q23-2Q24.

3Q23 earnings bolstered by disposal gains & gains from bargain purchases. Evergreen Marine reported 3Q23 EPS of NT\$10.35, beating our forecast of NT\$5.23, primarily as: (1) US routes implemented lower contract freight rates; (2) shipping volume rose QoQ on seasonality; (3) Evergreen Marine (Singapore) (SG) was incorporated via merger, boosting overall sales by 19%, while recognition of gains from bargain purchases should contribute NT\$2.35 to EPS; (4) recognition of forex gains; (5) higher interest income as the interest rate remains high; and (6) disposal of 7.0% of EVA Airways (2618 TT, NT\$29.35, N) shares, which should contribute NT\$2.96 to EPS. We revise up 2023-24F EPS to a respective NT\$19.06 and NT\$3.51, mainly to reflect: (a) Evergreen Marine (Singapore) expanding its business scale; (b) an upward revision of estimated interest income; and (c) recognition of gains from bargain purchases. We assume full disposal of 7.4% of EVA Airways (2618 TT, NT\$29.35, N) shares in 4Q23, which should contribute NT\$2.24 to EPS. We believe Evergreen Marine will suffer operating losses in 1Q24, versus our previous estimate of 4Q23.

Valuation & Action

We maintain Neutral and raise our target price to NT\$125, based on 0.6x 2024F BVPS of NT\$208 (previously 0.6x BVPS of NT\$203), to reflect a higher 2023 earnings estimate. Our target PB is below the trough of 0.7x in previous downcycles. The new target price is equivalent to 1.0x 4Q23F net cash per share of NT\$127. Investors are advised to revisit the counter only after the 2022-24F downcycle bottoms.

Risks

Weaker-than-expected cargo demand.

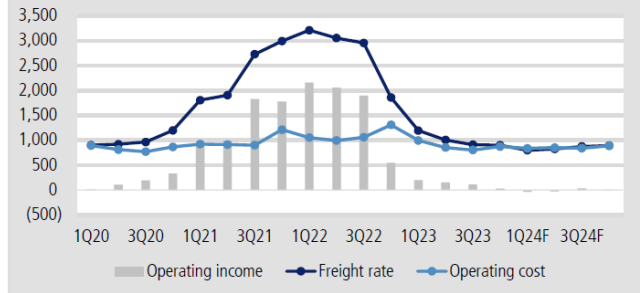
Key financials and valuations

	Dec-20A	Dec-21A	Dec-22A	Dec-23F	Dec-24F
Revenue (NT\$m)	207,078	489,407	627,284	274,676	239,785
Gross profit (NT\$m)	45,487	301,995	398,442	51,176	13,785
Operating profit (NT\$m)	34,560	284,386	372,563	32,176	(1,215)
Net profit (NT\$m)	24,365	239,015	334,201	40,345	7,426
EPS (NT\$)	5.06	45.57	87.07	19.06	3.51
Cash DPS (NT\$)	2.49	18.00	70.00	7.60	2.00
EPS growth (%)	20310.6	800.3	91.0	(78.1)	(81.6)
PE (x)	22.5	2.5	1.3	6.0	32.5
PB (x)	5.9	1.8	0.4	0.5	0.5
EV/EBITDA (x)	7.9	1.7	(0.5)	(0.8)	(1.7)
Net debt to equity (%)	66.9	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	2.2	15.8	61.4	6.7	1.8
Return on average equity (%)	29.7	113.5	76.0	8.1	1.7

Source: Company data, KGI Research estimates

Figure 1: Evergreen Marine's freight rates to decline quarterly going forward

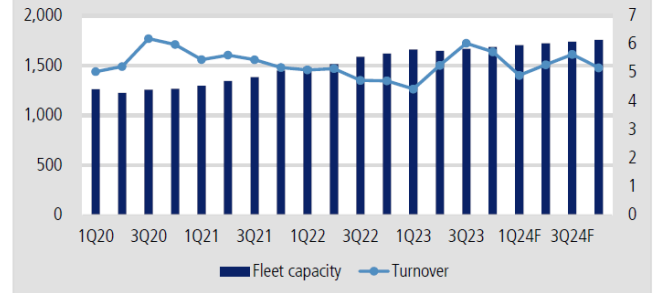
Average freight rate, unit cost & operating profit, US\$/TEU



Source: Company data; KGI Research

Figure 2: Evergreen Marine's capacity is rising, but turnover is low, resulting in flattish shipping volume

Shipping capacity, '000 TEU (LHS); turnover rate, trips/year (RHS)



Source: Alphaliner; Company data; KGI Research

Figure 3: Breakdown of 3Q23 results & 4Q23 forecast revisions vs. consensus

NT\$m	3Q23						4Q23F							
	Result	KGI forecast	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	72,812	66,918	8.8	8.1	(57.3)	72,067	1.0	67,652	58,806	15.0	(7.1)	(39.1)	64,646	4.6
Gross profits	13,800	11,018	25.3	0.0	(87.8)	14,884	(7.3)	8,768	4,060	116.0	(36.5)	(80.7)	9,202	(4.7)
Operating income	8,760	7,518	16.5	(6.8)	(91.9)	10,750	(18.5)	2,146	(1,102)	-	(75.5)	(93.4)	4,755	(54.9)
Pretax Income	25,196	13,734	83.5	62.7	(78.6)	16,943	48.7	10,206	11,064	(7.8)	(59.5)	(73.1)	7,688	32.8
Net income	21,909	11,062	98.1	330.2	(78.2)	13,096	67.3	8,302	10,780	(23.0)	(62.1)	(72.2)	6,207	33.8
EPS (NT\$)	10.35	5.23	98.1	330.2	(78.2)	6.19	67.3	3.92	5.09	(23.0)	(62.1)	(72.2)	2.86	33.8
Gross margin (%)	19.0	16.5	2.5 ppts	(1.5)ppts	(47.4)ppts	20.7	(1.7)ppts	13.0	6.9	6.1 ppts	(6.0)ppts	(28.0)ppts	14.2	(1.3)ppts
OP margin (%)	12.0	11.2	0.8 ppts	(1.9)ppts	(51.8)ppts	14.9	(2.9)ppts	3.2	(1.9)	5.0 ppts	(8.9)ppts	(25.9)ppts	7.4	(4.2)ppts
Net margin (%)	30.1	16.5	13.6 ppts	22.5 ppts	(29.0)ppts	18.2	11.9 ppts	12.3	18.3	(6.1)ppts	(17.8)ppts	(14.6)ppts	9.6	2.7 ppts

Source: KGI Research

Figure 4: Breakdown of 2023-24 forecast revisions vs. consensus

NT\$m	2023F						2024F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	274,676	259,935	5.7	(56.2)	264,957	3.7	239,785	221,340	8.3	(12.7)	249,153	(3.8)
Gross profit	51,176	43,685	17.1	(87.2)	51,616	(0.9)	13,785	8,340	65.3	(73.1)	31,857	(56.7)
Operating income	32,176	27,685	16.2	(91.4)	35,774	(10.1)	(1,215)	(4,660)	-	(103.8)	14,700	-
Pretax profit	67,845	57,241	18.5	(82.9)	53,503	26.8	10,835	1,440	652.4	(84.0)	16,572	(34.6)
Net profit	40,345	33,241	21.4	(87.9)	29,357	37.4	7,426	1,253	492.8	(81.6)	13,797	(46.2)
EPS (NT\$)	19.06	15.71	21.4	(87.9)	13.17	37.4	3.51	0.59	492.8	(81.6)	6.02	(46.2)
Gross margin (%)	18.6	16.8	1.8 ppts	(44.9)ppts	19.5	(0.8)ppts	5.7	3.8	2.0 ppts	(12.9)ppts	12.8	(7.0)ppts
OP margin (%)	11.7	10.7	1.1 ppts	(47.7)ppts	13.5	(1.8)ppts	(0.5)	(2.1)	1.6 ppts	(12.2)ppts	5.9	(6.4)ppts
Net margin (%)	14.7	12.8	1.9 ppts	(38.6)ppts	11.1	3.6 ppts	3.1	0.6	2.5 ppts	(11.6)ppts	5.5	(2.4)ppts

Source: KGI Research

Figure 5: Annual results

(NT\$m)	2015	2016	2017	2018	2019	2020	2021	2022	2023F	2024F
Revenue	133,814	124,468	150,583	169,237	190,589	207,078	489,407	627,284	274,676	239,785
Shipment(k TEU)						7,040	7,430	7,630	8,950	9,100
Fleet capacity	952	956	1,031	1,124	1,262	1,254	1,369	1,552	1,667	1,897
Annual turnover (x)						5.6	5.4	4.9	5.4	4.8
Freight rate(US\$/TEU)						1,000	2,365	2,752	990	850
Operating cost	137,582	132,310	145,750	168,316	185,968	172,412	204,484	252,483	242,500	241,000
Unit cost(US\$/TEU)						832	988	1,108	874	854
Depreciation	8,193	8,106	7,692	8,804	20,450	20,760	22,324	27,437	33,500	36,000
Unit cost(US\$/TEU)						100	108	120	121	128
Variable cost	124,001	119,850	132,002	152,968	155,622	140,831	165,088	201,404	190,000	190,000
Unit cost(US\$/TEU)						680	798	884	685	674
Operating expense	5,387	4,354	6,057	6,545	9,897	10,821	17,072	23,642	19,000	15,000
Unit cost(US\$/TEU)						52	82	104	68	53
Operating income	(3,847)	(7,848)	4,817	926	4,658	34,668	284,862	374,808	32,176	(1,215)
Unit profit(US\$/TEU)						167	1,376	1,644	116	(4)
OP margin(%)	(3)	(6)	3	1	2	17	58	60	12	(1)
Non-op income	(835)	(961)	2,630	269	(3,879)	(2,828)	3,372	24,616	35,670	12,050
Equity-method inv income	988	2,484	2,484	754	667	451	5,727	9,035	6,000	3,000
EVA Airways	1,059	567	938	1,069	642	(538)	983	1,053	3,500	2,000
Net interest expense	(756)	(968)	(944)	(1,317)	(4,927)	(4,195)	(2,850)	3,124	10,500	9,000
Pretax income	(4,682)	(8,809)	7,448	1,195	779	31,840	288,235	399,424	67,845	10,835
Tax	57	(244)	786	1,117	1,002	3,073	25,125	53,252	23,000	1,409
Minority interest	(331)	(1,957)	(344)	(215)	(336)	4,402	24,095	11,972	4,500	2,000
Net profit	(4,408)	(6,608)	7,005	294	113	24,365	239,015	334,201	40,345	7,426
Unit profit(US\$/TEU)						118	1,155	1,466	145	26
Outstanding shares(mn)	3,512	3,512	3,549	4,241	4,537	4,813	5,245	3,839	2,116	2,116
EPS(NT\$)	-1.26	-1.88	1.97	0.07	0.02	5.06	45.57	87.07	19.06	3.51
Book value	58,001	50,987	63,399	66,844	70,046	94,282	326,785	552,214	460,513	451,855
BVPS(NT\$)	16.5	14.5	17.9	15.8	15.4	19.6	62.3	143.9	217.6	213.5
ROE(%)	(8)	(13)	11	0	0	26	73	61	9	2

Source: Alphaliner; Company data; KGI Research

Figure 6: Quarterly results

(NT\$m)	1Q23	2Q23	3Q23	4Q23F	1Q24F	2Q24F	3Q24F	4Q24F
Revenue	66,827	67,385	72,812	67,652	51,906	58,183	66,646	63,049
Shipment(k TEU)	1,840	2,170	2,520	2,420	2,093	2,275	2,457	2,275
Fleet capacity	1,662	1,650	1,670	1,688	1,706	1,723	1,741	1,759
Annual turnover (x)	4.4	5.3	6.0	5.7	4.9	5.3	5.6	5.2
Freight rate(US\$/TEU)	1,196	1,005	912	902	800	825	875	894
Operating cost	55,689	57,253	64,052	65,505	54,400	60,100	63,900	62,600
Unit cost(US\$/TEU)	997	854	803	873	838	852	839	888
Unit depreciation	133	118	114	121	139	128	118	128
Unit variable cost	798	681	626	664	644	674	674	700
Unit SG&A	66	55	63	88	55	51	47	60
Operating income	11,137	10,132	8,760	2,146	(2,494)	(1,917)	2,746	449
Unit operating profit(US\$/TEU)	199	151	110	29	(38)	(27)	36	6
OP margin(%)	17	15	12	3	(5)	(3)	4	1
Non-op income	5,091	6,083	16,436	8,060	3,360	3,090	3,050	2,550
Income tax	9,895	9,754	2,141	1,211	113	188	753	355
Net income	5,043	5,092	21,909	8,302	254	485	4,543	2,145
Outstanding shares(mn)	2,116	2,116	2,116	2,116	2,116	2,116	2,116	2,116
EPS(NT\$)	2.38	2.41	10.35	3.92	0.12	0.23	2.15	1.01
Book value	553,776	418,611	452,212	460,513	460,767	445,168	449,710	451,855
BVPS(NT\$)	261.7	197.8	213.7	217.6	217.7	210.3	212.5	213.5

Source: Alphaliner; Company data; KGI Research

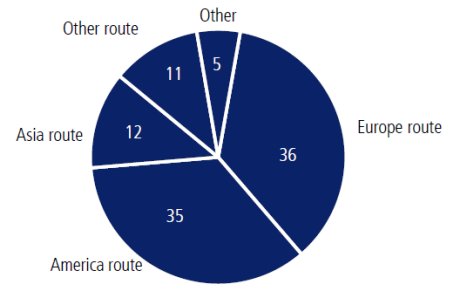
Figure 7: Company profile

Established in 1968, Evergreen Marine is the world's sixth largest container shipper, with US, Europe, and Asia routes contributing a respective 35%, 36%, and 15% of 2021 sales. The firm also provides dock loading and discharging, as well as cargo forwarding services. The firm has exposure to air cargo and passenger transport businesses via a 15.11% stake in Eva Airways (2618 TT, NT\$29.35, N).

Source: KGI Research

Figure 8: US & Europe routes account for bulk of sales

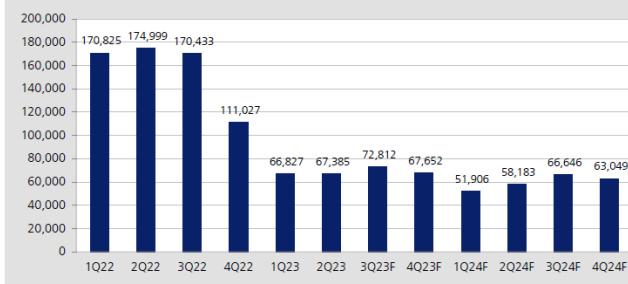
2021 sales by shipping route, percent



Source: KGI Research

Figure 9: Sales

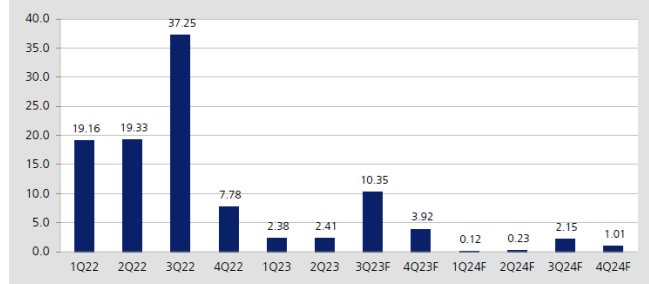
Sales, NT\$m



Source: KGI Research

Figure 10: EPS

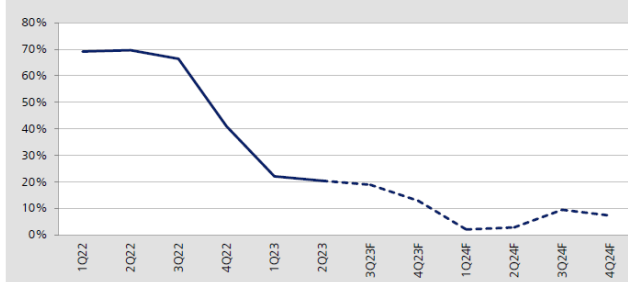
EPS, NT\$



Source: KGI Research

Figure 11: Gross Margin

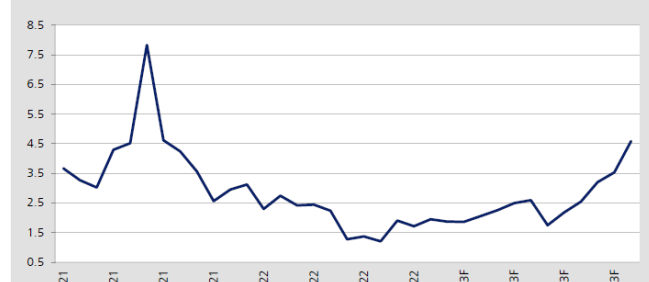
Gross margin, percent



Source: KGI Research

Figure 12: Rolling PE

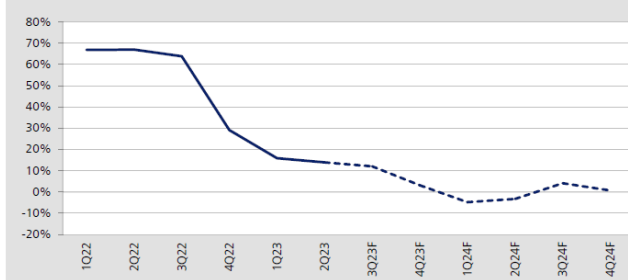
Rolling PE, times



Source: KGI Research

Figure 13: Operating Margin

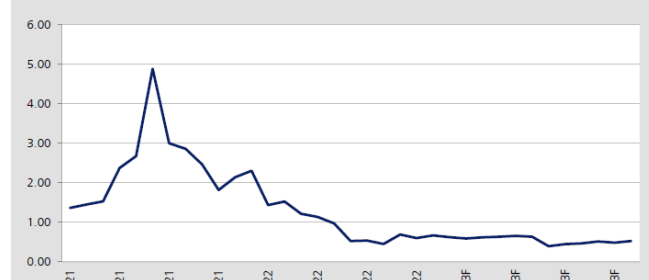
Operating margin, percent



Source: KGI Research

Figure 14: Rolling PB

Rolling PB, times



Source: KGI Research

Income statement

	Quarterly								Annually		
	Mar-23A	Jun-23A	Sep-23F	Dec-23F	Mar-24F	Jun-24F	Sep-24F	Dec-24F	Dec-22A	Dec-23F	Dec-24F
Income statement (NT\$m)											
Revenue	66,827	67,385	72,812	67,652	51,906	58,183	66,646	63,049	627,284	274,676	239,785
Cost of goods sold	(52,025)	(53,589)	(59,012)	(58,884)	(50,800)	(56,500)	(60,300)	(58,400)	(228,841)	(223,500)	(226,000)
Gross profit	14,801	13,795	13,800	8,768	1,106	1,683	6,346	4,649	398,442	51,176	13,785
Operating expenses	(4,206)	(4,397)	(5,040)	(6,622)	(3,600)	(3,600)	(3,600)	(4,200)	(25,887)	(19,000)	(15,000)
Operating profit	10,600	9,404	8,760	2,146	(2,494)	(1,917)	2,746	449	372,563	32,176	(1,215)
Depreciation of fixed assets	(7,453)	(7,898)	(7,750)	(7,900)	(7,750)	(7,750)	(7,750)	(7,750)	(27,437)	(31,000)	(31,000)
Amortisation of intangible assets	(84)	(85)	(80)	(72)	(80)	(80)	(80)	(80)	(321)	(321)	(321)
EBITDA	18,138	17,386	16,591	10,118	5,337	5,913	10,576	8,280	400,322	63,497	30,106
Interest income	3,539	4,119	3,881	3,961	3,770	3,380	3,250	2,600	6,380	15,500	13,000
Investment income	1,322	2,306	1,666	756	750	750	800	750	9,188	6,050	3,050
Other non-op income	87	250	12,339	6,444	0	-	-	-	458	19,120	-
Non-operating income	4,949	6,675	17,886	11,160	4,520	4,130	4,050	3,350	16,026	40,670	16,050
Interest expense	(942)	(1,202)	(1,450)	(1,406)	(1,160)	(1,040)	(1,000)	(800)	(3,255)	(5,000)	(4,000)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	1,085	609	-	(1,694)	-	-	-	-	11,845	-	-
Non-operating expenses	143	(592)	(1,450)	(3,100)	(1,160)	(1,040)	(1,000)	(800)	8,590	(5,000)	(4,000)
Pre-tax profit	15,692	15,487	25,196	10,206	866	1,173	5,796	2,999	397,179	67,845	10,835
Current taxation	(9,895)	(9,754)	(2,141)	(1,211)	(113)	(188)	(753)	(355)	(53,252)	(23,000)	(1,409)
Minorities	(1,291)	(1,369)	(1,146)	(694)	(500)	(500)	(500)	(500)	(11,972)	(4,500)	(2,000)
Normalised net profit	4,506	4,364	21,909	8,302	254	485	4,543	2,145	331,955	40,345	7,426
Extraordinary items	537	728	-	-	-	-	-	-	2,245	-	-
Net profit	5,043	5,092	21,909	8,302	254	485	4,543	2,145	334,201	40,345	7,426
EPS (NT\$)	2.38	2.41	10.35	3.92	0.12	0.23	2.15	1.01	87.07	19.06	3.51
Margins (%)											
Gross profit margin	22.2	20.5	19.0	13.0	2.1	2.9	9.5	7.4	63.5	18.6	5.7
Operating margin	15.9	14.0	12.0	3.2	(4.8)	(3.3)	4.1	0.7	59.4	11.7	(0.5)
EBITDA margin	27.1	25.8	22.8	15.0	10.3	10.2	15.9	13.1	63.8	23.1	12.6
Pretax profit margin	23.5	23.0	34.6	15.1	1.7	2.0	8.7	4.8	63.3	24.7	4.5
Net profit margin	7.5	7.6	30.1	12.3	0.5	0.8	6.8	3.4	53.3	14.7	3.1
Sequential growth (%)											
Revenue growth	(39.8)	0.8	8.1	(7.1)	(23.3)	12.1	14.5	(5.4)			
Gross profit growth	(67.5)	(6.8)	(0.0)	(36.5)	(87.4)	52.1	277.0	(26.7)			
Operating profit growth	(67.2)	(11.3)	(6.8)	(75.5)	(216.2)	(23.1)		(83.6)			
EBITDA growth	(54.4)	(4.1)	(4.6)	(39.0)	(47.3)	10.8	78.9	(21.7)			
Pretax profit growth	(58.7)	(1.3)	62.7	(59.5)	(91.5)	35.4	394.1	(48.3)			
Net profit growth	(83.1)	1.0	330.2	(62.1)	(96.9)	91.3	835.8	(52.8)			
YoY growth (%)											
Revenue growth	(60.9)	(61.5)	(57.3)	(39.1)	(22.3)	(13.7)	(8.5)	(6.8)	28.2	(56.2)	(12.7)
Gross profit growth	(87.5)	(88.7)	(87.8)	(80.7)	(92.5)	(87.8)	(54.0)	(47.0)	32.0	(87.2)	(73.1)
Operating profit growth	(90.7)	(92.0)	(91.9)	(93.4)	(123.5)	(120.4)	(68.7)	(79.1)	31.0	(91.4)	(103.8)
EBITDA growth	(85.0)	(86.0)	(85.7)	(74.6)	(70.6)	(66.0)	(36.3)	(18.2)	30.4	(84.1)	(52.6)
Pretax profit growth	(86.6)	(87.6)	(78.6)	(73.1)	(94.5)	(92.4)	(77.0)	(70.6)	38.0	(82.9)	(84.0)
Net profit growth	(95.0)	(95.0)	(78.2)	(72.2)	(95.0)	(90.5)	(79.3)	(74.2)	39.8	(87.9)	(81.6)

Source: Company data, KGI Research estimates

Balance sheet

NTSmn	Dec-20A	Dec-21A	Dec-22A	Dec-23F	Dec-24F
Total assets	334,221	611,026	887,512	771,839	755,180
Current assets	85,838	283,115	483,935	317,084	300,797
Cash & ST securities	52,489	225,619	443,698	326,251	312,063
Inventory	385	597	610	2,185	2,185
Accounts receivable	21,919	41,538	25,801	20,439	20,439
Other current assets	11,045	15,362	13,827	(31,791)	(33,891)
Non-current assets	248,383	327,911	403,577	454,755	454,384
LT investments	37,098	44,701	52,093	83,740	86,690
Net fixed assets	118,643	153,903	211,065	217,264	214,264
Other assets	92,642	129,308	140,419	153,751	153,430
Total liabilities	232,727	253,705	304,962	288,316	278,316
Current liabilities	72,491	109,093	164,879	137,805	137,805
Accounts payable	20,567	30,375	46,228	45,952	45,952
Interest bearing ST liabilities	22,211	13,156	6,830	10,013	10,013
Other current liabilities	29,713	65,561	111,822	81,840	81,840
Non-current liabilities	160,236	144,612	140,083	150,511	140,511
Long-term debt	89,820	46,411	38,180	25,023	15,023
Other L-T liabilities	16,585	27,000	23,140	125,488	125,488
Total equity	101,494	357,322	582,550	483,523	476,865
Share capital	48,980	52,908	21,164	21,164	21,164
Retained earnings reserve	27,734	250,556	465,562	489,823	493,016
Minority interests	7,213	30,537	30,336	34,701	36,701
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-20A	Dec-21A	Dec-22A	Dec-23F	Dec-24F
Growth					
Revenue growth	8.7%	136.3%	28.2%	(56.2%)	(12.7%)
Operating profit growth	784.7%	722.9%	31.0%	(91.4%)	(103.8%)
EBITDA growth	125.5%	451.9%	30.4%	(84.1%)	(52.6%)
Net profit growth	21554.1%	881.0%	39.8%	(87.9%)	(81.6%)
EPS growth	20310.6%	800.3%	91.0%	(78.1%)	(81.6%)
Profitability					
Gross profit margin	22.0%	61.7%	63.5%	18.6%	5.7%
Operating margin	16.7%	58.1%	59.4%	11.7%	(0.5%)
EBITDA margin	26.9%	62.7%	63.8%	23.1%	12.6%
Net profit margin	11.8%	48.8%	53.3%	14.7%	3.1%
Return on average assets	7.6%	50.6%	44.6%	4.9%	1.0%
Return on average equity	29.7%	113.5%	76.0%	8.1%	1.7%
Stability					
Gross debt to equity	110.4%	16.7%	7.7%	7.2%	5.3%
Net debt to equity	66.9%	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	8.0	89.9	123.0	14.6	3.7
Interest & ST debt coverage (x)	0.5	0.9	1.0	0.8	0.3
Cash flow interest coverage(x)	11.4	93.0	129.8	15.9	10.0
Cash flow/int. & ST debt (x)	1.9	18.4	41.9	5.3	2.8
Current ratio (x)	1.2	2.6	2.9	2.3	2.2
Quick ratio (x)	1.2	2.6	2.9	2.3	2.2
Net debt (NT\$m)	67,934	(48,225)	(346,851)	(268,352)	(264,165)
Per share data					
EPS (NT\$)	5.06	45.57	87.07	19.06	3.51
CFPS (NT\$)	10.77	57.40	110.05	37.65	18.85
BVPS (NT\$)	19.25	61.76	260.92	212.07	207.98
Adj BVPS (NT\$)	19.59	62.31	143.86	212.07	207.98
SPS (NT\$)	43.02	93.32	163.42	129.78	113.30
EBITDA/share (NT\$)	11.56	58.54	104.29	30.00	14.23
Cash DPS (NT\$)	2.49	18.00	70.00	7.60	2.00
Activity					
Sales / avg assets	0.65	1.04	0.84	0.33	0.31
Days receivable	38.7	31.0	15.0	27.2	31.2
Days inventory	0.9	1.2	1.0	3.6	3.5
Days payable	46.6	59.2	73.7	75.0	74.4
Cash cycle	(7.0)	(27.0)	(57.7)	(44.3)	(39.7)

Source: Company data, KGI Research estimates

Profit & loss

NTSmn	Dec-20A	Dec-21A	Dec-22A	Dec-23F	Dec-24F
Revenue	207,078	489,407	627,284	274,676	239,785
Cost of goods sold	(161,591)	(187,412)	(228,841)	(223,500)	(226,000)
Gross profit	45,487	301,995	398,442	51,176	13,785
Operating expenses	(10,929)	(17,549)	(25,887)	(19,000)	(15,000)
Operating profit	34,568	284,386	372,563	32,176	(1,215)
Non-operating income	1,358	6,606	16,026	40,670	16,050
Interest income	342	387	6,380	15,500	13,000
Investment income	552	5,833	9,188	6,050	3,050
Other non-op income	464	386	458	19,120	-
Non-operating expenses	(4,186)	(3,233)	8,590	(5,000)	(4,000)
Interest expense	(4,537)	(3,237)	(3,255)	(5,000)	(4,000)
Investment loss	-	-	-	-	-
Other non-op expenses	351	4	11,845	-	-
Pre-tax profit	31,732	287,758	397,179	67,845	10,835
Current taxation	(3,073)	(25,125)	(53,252)	(23,000)	(1,409)
Minorities	(4,402)	(24,095)	(11,972)	(4,500)	(2,000)
Extraordinary items	108	477	2,245	-	-
Net profit	24,365	239,015	334,201	40,345	7,426
EBITDA	55,625	306,997	400,322	63,497	30,106
EPS (NT\$)	5.06	45.57	87.07	19.06	3.51

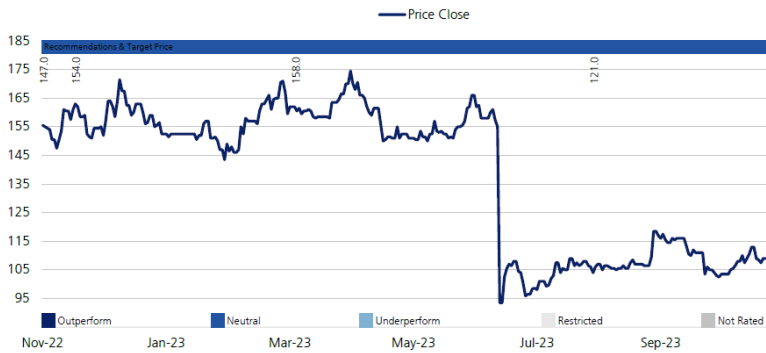
Cash flow

NTSmn	Dec-20A	Dec-21A	Dec-22A	Dec-23F	Dec-24F
Operations cash flow	51,858	301,058	422,430	79,676	39,898
Net profit	24,365	239,015	334,201	40,345	7,426
Depreciation & amortisation	21,065	22,611	27,759	31,321	31,321
Decrease in working capital	(1,685)	(12,995)	35,904	151,211	13,952
Other operating cash flow	8,113	52,427	24,566	(143,202)	(12,802)
Investing cash flow	(32,885)	(166,156)	26,276	(10,000)	(28,000)
Sale of ST investment	(5,012)	(111,372)	75,135	-	-
New investments	(158)	-	452	226	339
Capital expenditure	(5,471)	(14,944)	(17,835)	10,000	28,000
Others investing cashflow	(22,245)	(39,840)	(31,477)	(20,226)	(56,339)
Free cash flow	44,817	253,940	368,118	213,479	71,895
Financing cash flow	(11,092)	(69,408)	(168,395)	(158,149)	(26,085)
Increase in short term debt	(515)	(0)	(717)	-	-
Increase in long term loans	1,538	(44,402)	(24,079)	(19,977)	(10,000)
New ordinary shares issued	-	-	(31,746)	-	-
Ordinary dividends paid	-	(13,156)	(95,239)	(148,149)	(16,085)
Other financing cashflow	(12,115)	(11,849)	(16,614)	9,977	0
Forex effects	(1,656)	(1,799)	3,758		
Total cash generated	6,225	63,696	284,068	(88,473)	(14,187)

ROIC

	Dec-20A	Dec-21A	Dec-22A	Dec-23F	Dec-24F
1 - COGS/revenue					
- Operating exp./revenue	5.3%	3.6%	4.1%	6.9%	6.3%
= Operating margin	16.7%	58.1%	59.4%	11.7%	(0.5%)
1 / (Working capital/revenue	(0.1)	(0.1)	(0.2)	(0.5)	(0.6)
+ Net PPE/revenue	0.6	0.3	0.3	0.8	0.9
+ Other assets/revenue)	0.1	0.1	0.1	0.2	0.2
= Capital turnover	1.8	3.5	5.0	2.2	2.0
Operating margin	16.7%	58.1%	59.4%	11.7%	(0.5%)
x Capital turnover	1.8	3.5	5.0	2.2	2.0
x (1 - tax rate)	90.3%	91.3%	86.6%	66.1%	87.0%
= After-tax ROIC	26.9%	183.4%	255.5%	16.8%	(0.9%)

Source: Company data, KGI Research estimates

Evergreen Marine – Recommendation & target price history


Date	Rating	Target	Price
2023-08-16	Neutral	121.0	104.0
2023-05-15	Neutral	158.0	152.5
2023-03-20	Neutral	158.0	162.0
2022-11-30	Neutral	154.0	163.0
2022-10-13	Neutral	147.0	144.5
2022-09-02	Neutral	75.0	79.7
2022-06-29	Neutral	88.0	89.0

Source: TEJ, KGI Research

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