

Globaltruck

FY2020 results: well set for forwarding

► **Globaltruck (MOEX: GTRK) publishes FY2020 audited results.**

The company reported a 5% YoY increase in revenue to RUB10,031m in FY2020, driven by 49% YoY growth in its forwarding (Expedition) operations to RUB1,500m. The contribution of forwarding to total revenues rose from 10.6% in FY2019 to 15.0% in FY2020. Globaltruck, one of the largest Russian FTL-trucking operators, is developing an IT platform for third-party logistics operators, freight forwarders, and drivers to fulfill customer orders, and launched its “Digital Forwarder” platform in mid-2020. Digital support of transportation services, both for third parties and Globaltruck’s own operations, is an asset-light business model, which should boost the company’s revenue stream with a relatively stable margin. Globaltruck has a fleet of 1,303 trucks with an average age of 3.6 years as of the end of 2020. Despite a challenging business environment due to COVID-19 restrictions, Globaltruck improved its loaded run ratio from 92.6% in FY2019 to 92.8% in FY2020 and reported an increase in total distance covered to 270m km in FY2020 from 266m km in FY2019. Covered distance per truck increased from 16,500 km in 2020 to 17,140 km in FY2020, mainly due to the expansion of the Cargo Pipeline operations to 377 trucks over the year from 120 trucks in FY2019. The Cargo Pipeline business tripled its share of Globaltruck volumes to 23% in FY2020. Despite these positives, Globaltruck saw pressure on the margins in all segments, including from price competition in its premium Cargo Pipeline segment. The price in the Cargo Pipeline segment was 1% above the price in the Classic segment. Overall, the growth in the freight rate did not keep pace with inflation, rising from RUB34.10 per km in FY2019 to RUB34.14 per km in FY2020. However, the freight rate started to improve in 2H20, offering potential for an upward trend in 2021. The company’s operating profit was down 61% YoY in FY2020 due to increased expenses for forwarding services (up 48% YoY, in line with the revenue growth in this segment), and also driven by an increase in wages and social expenses. Fuel costs were cut by 5% YoY, but salaries increased by 10% YoY with a related rise in social insurance contributions of 12% YoY. EBITDA declined 31% YoY to RUB963m in FY2020, and the EBITDA margin shrank to 10% from 15% in FY2019. The company reported a profit for FY2020 of RUB66.6m, down 74% YoY. Globaltruck’s net debt was RUB2.9bn as of the end of 2020, down from RUB3.4bn at end 2019. Net debt/EBITDA was 3.0x.

► **Globaltruck’s strategy targets 2.5x revenue growth over a three-year horizon, driven by expansion of asset-light business model.**

The company is going to focus on the further development of its forwarding (Expedition) services. We expect at least a 70% YoY increase in Expedition revenue and over 12% YoY growth in Transportation segment revenue in FY2021. The recovery of industrial transportation volumes will contribute to a better YoY performance by the Russian transportation companies. On the negative side, we expect higher cost inflation and for the expansion plans of fleet owners to be constrained by the low availability of new fleet due to automotive sector production cuts. Globaltruck will increase the number of trucks used in its Cargo Pipeline business to 400-450 by the end of 2021 from 377 trucks at the start of the year. That will imply higher salary costs, but the business will also carry some freight premium and provide a guaranteed high load run ratio going forward. The company expects high demand for Cargo Pipeline’s fast transportation service with freight rates soaring YoY in 2021. We adjust our forecasts based on 2020 figures. The stock is trading at EV/EBITDA of 3.1-4.3x based on our FY2021-22 estimates representing 17-35% discount to its peer group. Our 12-month indicative valuation range is RUB5,187-8,375mn for Globaltruck’s market capitalization.

Report date:	6 May 2021
Ticker	GTRK
Main exchange	MOEX
Current Price, RUB	35.7
Number of shares issued	58,462,120
Number of shares outstanding	56,869,102
Current MCap, RUB mn	2,030
Free float, %	16.9%
Treasury shares, %	2.72%

Globaltruck is a road cargo transportation company with primary operations in Russia and Europe. Globaltruck operated the fleet of 1,303 trucks as of 31/12/2020. The average fleet age is 3.6 years. Globaltruck is one of the largest FTL companies in Russia.

Globaltruck Management is a research client of Hypothesis Research Limited.

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Figure 1. Globaltruck consolidated statement of profit and loss, RUB mn

RUB mn	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	6637	8196	9540	10031	12152	14709	16718	18345	19491
Cost of sales	-5286	-6449	-7875	-8766	-10391	-12522	-14108	-15254	-16228
Gross profit	1351	1747	1665	1266	1761	2187	2610	3091	3263
Gross margin	20%	21%	17%	13%	14%	15%	16%	17%	17%
General and administrative expenses	-564	-745	-860	-945	-1064	-1095	-1136	-1165	-1157
Other operating income and expenses, net	-47	-110	13	2	-5	-6	-6	-7	-7
Gain arising from the business combination	0	0	0	0	0	0	0	0	0
Operating profit	741	892	818	322	693	1086	1467	1919	2098
Operating margin	11%	11%	9%	3%	6%	7%	9%	10%	11%
Finance income	22	46	14	96	11	11	11	11	11
Finance costs	-398	-396	-437	-321	-308	-273	-243	-229	-229
Share of profit of associate	0	0	0	0	0	0	0	0	0
Profit before tax	364	543	395	97	396	824	1236	1702	1880
Income tax expense	-85	-112	-134	-30	-124	-258	-386	-532	-588
Profit for the year attributable to the company's owners	280	431	260	67	272	567	850	1170	1293
Net margin	4%	5%	3%	1%	2%	4%	5%	6%	7%
EBITDA	1221	1379	1392	963	1310	1707	2091	2545	2726
EBITDA margin	18%	17%	15%	10%	11%	12%	13%	14%	14%

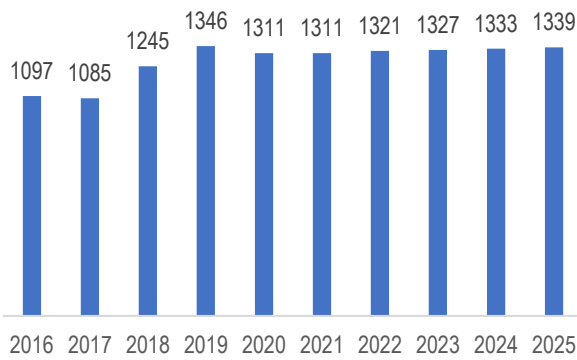
Source: company data, Hypothesis research estimates

Figure 2. Globaltruck condensed balance sheet, RUB mn

RUB mn	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total non-current assets	5124	7734	7485	7270	7325	7373	7414	7450	7484
Total current assets, excluding non-current assets held for sale	2925	2122	2239	2627	2873	3336	3705	4382	5273
Non-current assets held for sale	34	232	225	15	15	15	15	15	15
Total current assets	2959	2354	2464	2641	2887	3351	3720	4396	5288
Total assets	8083	10088	9949	9912	10212	10724	11134	11846	12772
Total Equity attributable to the company's owners	4350	4771	4910	4926	5062	5345	5770	6355	7001
Total non-current liabilities	2012	3747	2892	2194	2579	2580	2556	2514	2651
Total current liabilities	1721	1569	2147	2793	2571	2799	2808	2976	3120
Total liabilities	3733	5317	5039	4986	5150	5379	5364	5491	5771
Total liabilities and equity	8083	10088	9949	9912	10212	10724	11134	11846	12772

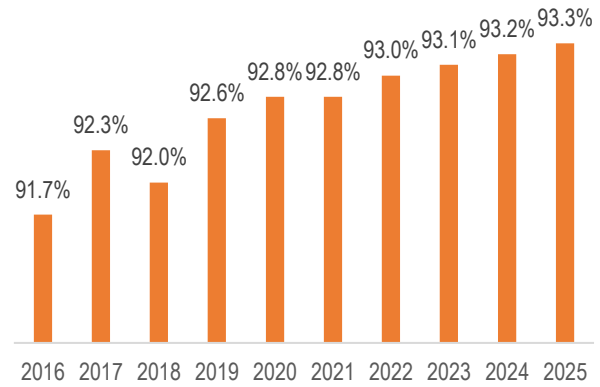
Source: company data, Hypothesis research estimates

Figure 3. GTM average number of trucks, units



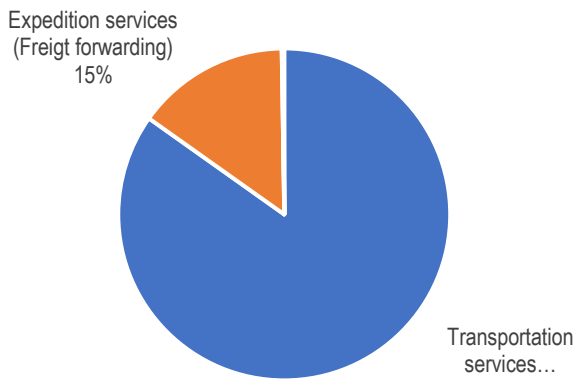
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Figure 4. GTM loaded run ratio, %



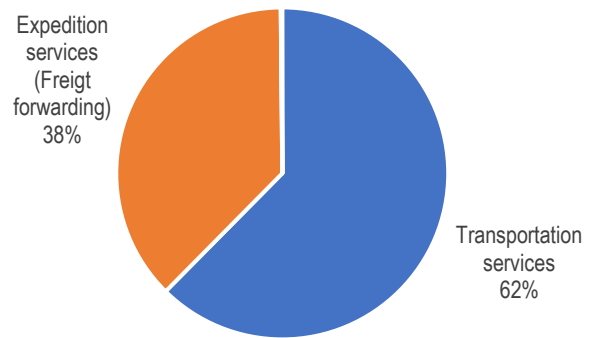
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Figure 5. GTM revenue structure - 2020



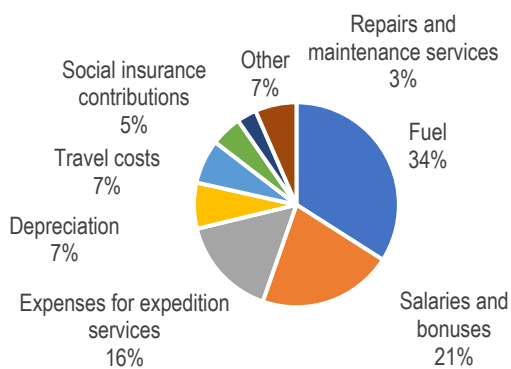
Source: company data

Figure 6. GTM revenue structure - 2024



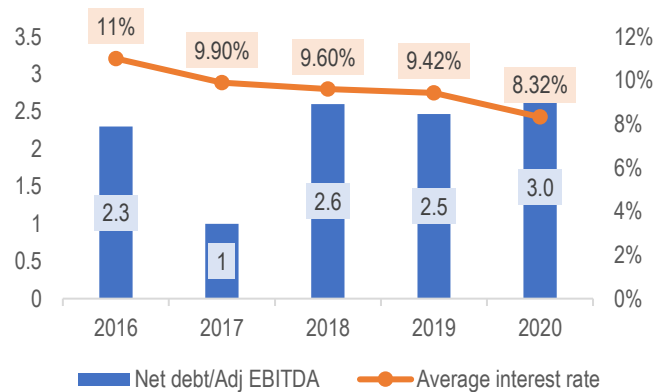
Source: Hypothesis Research

Figure 7. GTM CoGS structure in 2020



Source: company data

Figure 8. GTM debt dynamics



Source: company data

Figure 9. Comparable multiples

Company name	Market Cap., \$mn	EV, \$mn	P/E Fwd 1Y	P/E Fwd 2Y	P/E Fwd 3Y	EV/ EBITDA 1Y fwd	EV/ EBITDA 2Y fwd	EV/ EBITDA 3 fwd	EV/ Revenues 1y fwd	EV/ Revenues 2y fwd	EV/ Revenues 3y fwd
Globaltruck	28	60	32.5	8.0	3.8	5.8	4.3	3.3	0.6	0.5	0.4
<i>Discount to Russian peers</i>			235%	0%	-47%	2%	-19%	-34%	-79%	-82%	-84%
<i>Discount to European peers</i>			90%	-44%	-71%	-17%	-35%	-48%	-33%	-42%	-53%
Russian peers											
Globaltrans	1110	1567	11.1	9.4	8.3	5.5	5.0	4.7	2.2	2.1	2.0
Globalports	665	1276	8.3	6.5	6.2	5.9	5.5	5.3	3.1	2.9	2.8
Russian peers average			9.7	8.0	7.2	5.7	5.3	5.0	2.7	2.5	2.4
Peers - Europe											
Waberer's International	104	247	24.5	7.0	5.4	3.4	2.9	2.8	0.4	0.3	0.3
Compania de Distribucion Integral Logista Holdings	2778	845	10.9	10.7	10.3	2.1	2.0	2.0	0.6	0.6	0.6
PostNL	2657	3079	10.1	11.2	10.9	5.5	5.7	5.5	0.7	0.7	0.7
ld Logistics	1630	2138	36.6	31.3	30.3	7.2	7.0	6.1	1.0	0.9	0.9
Wincanton	742	822	13.7	13.0	11.1	6.3	5.8	5.3	0.5	0.5	0.5
Clasquin	138	181	18.4	17.8	16.0	8.5	8.1	7.2	0.4	0.4	0.3
CTT Correios de Portugal	699	2307	17.8	14.7	11.5	15.8	14.5	14.0	2.4	2.3	2.2
Xpediator	118	155	12.6	11.7	NaN	6.1	5.7	NaN	0.5	0.4	NaN
Jetpak Top Holding	133	152	14.5	12.5	11.2	8.8	8.1	7.7	1.3	1.2	1.2
Stef	1455	2534	12.4	11.9	11.4	6.6	6.2	6.4	0.6	0.6	0.6
Peers - Asia											
Tiong Nam Logistics	108	357	94.1	39.5	43.3	14.3	13.3	11.9	2.5	2.3	2.2
Synergetic Auto Performance	58	375	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Perak Transit	117	166	9.6	8.8	8.3	8.2	7.5	7.4	5.0	4.6	4.2
Beijing Changjiu Logistics	646	827	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Tiong Nam Logistics	108	357	94.1	39.5	43.3	14.3	13.3	11.9	2.5	2.3	2.2
Synergetic Auto Performance	58	375	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Blue Bird Tbk PT	224	253	NaN	35.3	14.5	12.1	6.7	4.5	1.8	1.3	1.1
VRL Logistics Ltd	258	302	45.5	17.6	14.4	9.1	6.5	5.8	1.3	1.0	0.9
United International Transportation Company	787	728	15.0	13.3	12.1	4.5	3.9	3.7	2.8	2.4	2.2
Global peers average			28.7	18.5	16.9	8.3	7.3	6.8	1.5	1.4	1.3
European peers' average			17.2	14.2	13.1	7.0	6.6	6.3	0.8	0.8	0.8
Asian peers average			51.7	25.7	22.7	10.4	8.6	7.5	2.6	2.3	2.1

Source: Datastream, Hypothesis Research

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