

24 Jul 2024

Nam Viet Corp (ANV)

Earnings appear to be rebounding

NPAT showed signs of bottoming out in 2Q24

- In 2Q24, ANV reported a revenue of VND1,193bn (+11% yoy and +17.5% qoq) (Figure 1). Pangasius export value inched up by 1.5% yoy, to USD29.5mn (Agromonitor data), thanks to the strong resurgence of pangasius export volume. The export volume posted to 16,300 tonnes (+15% yoy and +25% qoq). Specifically:
 - *Chinese market (the most important market)*: reviving to 6,000 tonnes (+20% yoy and 21% qoq). Although consumption in China remains weak, ANV has tended to lower average selling prices (ASPs) to boost export volume.
 - *The spotlight came from the US market*, where ANV stepped in to expand its market share, with export volume surging to 2,000 tonnes (+64% yoy).
 - *The other market (including: EU, ASEAN, South America)*: recorded to 1,860 tonnes (+13% yoy), 2,523 tonnes (+33% yoy), and 1,852 tonnes (+96% yoy) thanks to the gradual resumption of consumption in these countries.
 - The gross margin (GM) reached 12% in 2Q24, increasing by 7.5%p yoy and 2%p qoq.
 - The improvement of GM was attributed to lower input costs (aquafeed costs, which accounted for 70~75% of raw pangasius).
 - In contrast, pangasius ASPs kept sliding to USD1.81/kg (-11% yoy and -2.8% qoq). As discussed above, bleak consumption and intense competition in key markets forced ANV to lower its ASPs in an effort to stimulate orders and clear high stockpiles. (Figure 5, 6)
 - 2Q24 Selling expenses/revenue posted to 5.8%, surging by 1.8%p yoy and 2.4%p qoq due to the upturn of transportation costs. In addition, ANV suddenly incurred other losses, about VND12bn in 2Q24.
 - The bottom line, 2Q24's NPAT-MI posted VND17.5bn (turnaround from loss yoy). NPAT-MI could be confirmed to have bottomed out, as it has recorded two consecutive positive quarters.
 - ANV has fulfilled 44% and 11% in revenue/NPAT guidance, respectively.
- ### 3Q24F – Export volumes are expected to rebound
- ANV's factories are at full capacity due to a strong recovery in export orders, expected to reach 1,500 containers (~36,000 tonnes) in 2H24F, per BOD view. Therefore, we expect export volume to continue improving in 3Q24F, similar to 2Q24.

12M rating **Non-rated**

12M TP **N.A**

Up/Downside **N.A**

Stock Data

VNIndex (24 Jul, pt)	1,238
Stock price (24 Jul, VND)	33,600
Market cap (USD mn)	176
Shares outstanding (mn)	133
52-Week high/low (VND)	39,700/24,600
6M avg. daily turnover (USD mn)	2.62
Free float / Foreign ownership (%)	31.1/1.2
Major shareholders (%)	
Doan Toi	53.9
Doan Chi Thanh	12.9
Doan Chi Thien	3.1

Performance

	1M	6M	12M
Absolute (%)	5.7	13.3	(6.8)
Relative to VNIndex (%p)	6.7	6.8	(12.9)

Stock price trend



Source: Bloomberg

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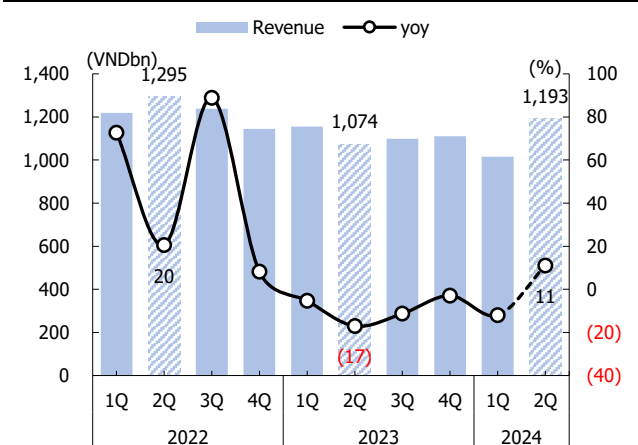
- However, in [“2H24F Seafood sector outlook”](#), we think the recovery prospects of Chinese market which could still face to some obstacles: (1) The slow recovery of consumption in foodservices, and (2) Harsh competition to snakehead fishes. Meanwhile, the other key markets of ANV are also less catalyst for growth in 2H24F. Therefore, we expect pangasius ASPs that will likely remain bleak.
- Regarding the ANV's GM trend, we believe that the slump in aquafeed prices could continue in 3Q24F, thus supporting ANV's GM amid prolonged subdued ASPs.
- Global container freight rates have surged by 300% since the Red Sea shipping crisis. As a result, high shipping costs have eroded the earnings of pangasius exporters, including ANV. Particularly in the context of weak demand, pangasius exporters find it difficult to switch to FOB terms. We think this problem could persist in 2H24F.

Table 1. ANV business results

	2019A	2020A	2021A	2022A	2023A
Sales (VND bn)	4,481	3,439	3,494	4,897	4,439
chg. (% YoY)	9	(23)	2	40	(9)
Operating profit (VND bn)	805	243	216	863	186
Net profit (VND bn)	704	202	129	674	42
EPS (VND)	5,541	1,590	1,013	5,300	317
chg. (% YoY)	15	(71)	(36)	423	(94)
EBITDA (VND bn)	886	333	339	984	301
PE (x)	3.38	14.2	30.7	4.11	92.5
EV/EBITDA (x)	4.1	13.9	16.5	4.47	19.8
PB (x)	0.99	1.23	1.69	0.96	1.36
ROE (%)	33.2	8.56	5.51	25.8	1.45
Dividend yield (%)	8.00	8.84	6.43	4.59	3.43

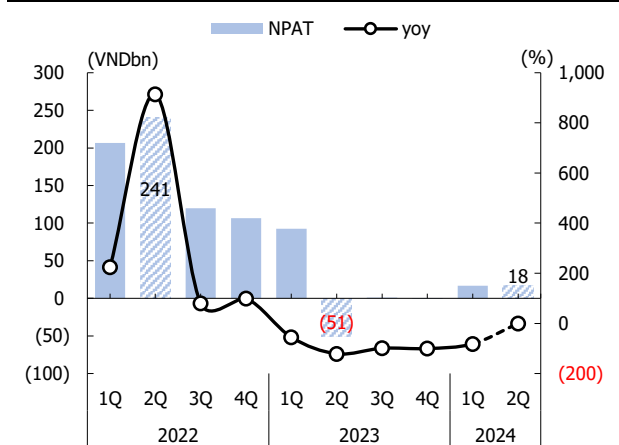
Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

Figure 1. ANV's revenue increased by 11% yoy in 2Q24



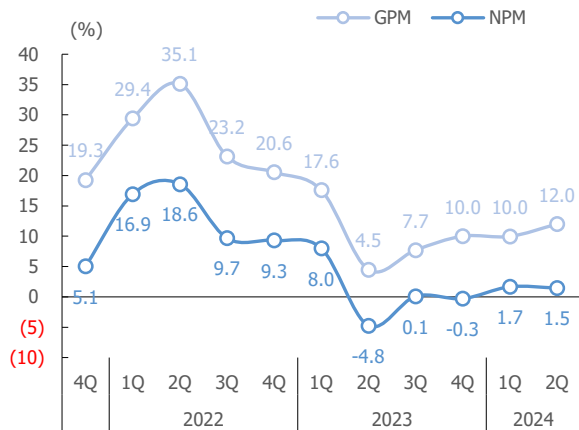
Source: Company data, KISVN

Figure 2. NPAT-MI showed signs of bottoming out, posting to VND17.5bn



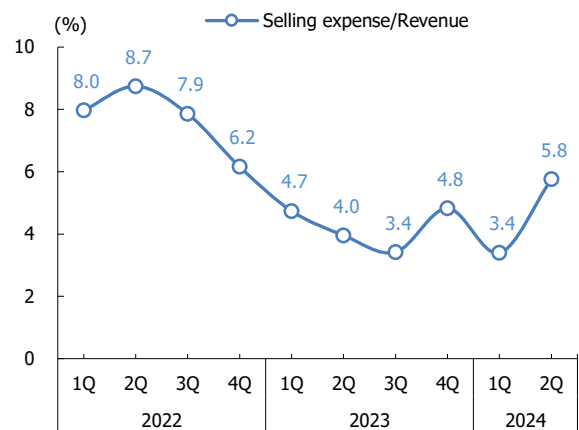
Source: Company data, KISVN

Figure 3. GP was on the recovery path thanks to lower input costs



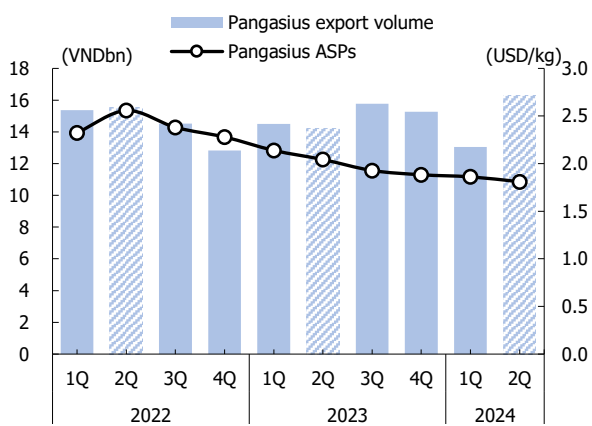
Source: Company data, KISVN

Figure 4. High shipping costs hit hard on ANV's earning in 2Q24



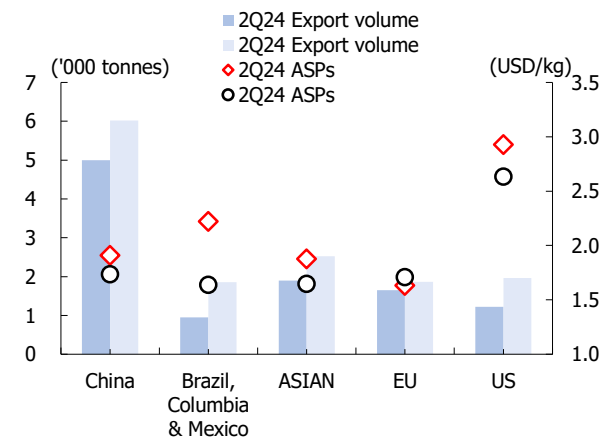
Source: Company data, KISVN

Figure 5. Export volumes have hit the highest level since 1Q22 thanks to low ASPs strategy



Source: Agromonitor, KISVN

Figure 6. All key markets recorded a revival in export volume



Source: Agromonitor, KISVN

Company overview

Nam Viet (ANV: HSX) is the third largest Vietnam pangasius exporter with value starting from farming, processing and exporting. Nam Viet is focusing on China, ASEAN and EU, which accounts for more than 65% of total export revenue per year. Nam Viet has scaled up quickly its capacity by launching Binh Phu high-tech farming area.

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