

14 Aug 2024

Vinh Hoan Corp (VHC)

A rosy growth of pangasius fillet exports

On 13th Aug, Vinh Hoan Corp. (VHC) released the performance report for July 2024. Here are some notable updates:

Maintaining an impressive topline's growth in Jul-24

- In Jul-24, VHC released monthly revenue which sat at VND1,120bn (+29% yoy and 9% mom). The impressive growth was mainly driven by these products (Table 2):
 - o *Pangasius products*: It recorded VND608bn (+54% yoy and 24% mom). Notably, the US market (the largest pangasius's importer of VHC) steeply soared by 91% yoy and 44% mom, to VND384bn. From our observations, this revenue's segment is obviously improving month-by-month. Meanwhile, we witness pangasius export to Chinese and EU market could experience a slowdown in Jul-24.
 - o *Miscellaneous products (fish meal, fish oil...)*: Posting to VND173bn (+24% yoy and -18% mom). Demand for processing animal feed could remain high, thereby pushing fish meal and fish oil sales in Jul-24.
 - o *Wellness (Collagen & Gelatin)*: Reaching at VND71bn (+8% yoy and +16% mom), we think the growth that could be supported by new capacity contribution and recovery of foodservice & healthcare sectors.
- *Accumulating 7M24*, VHC's revenue posted to VND7,183bn (+24.3% yoy) and it has fulfilled 59% our forecast.

Short-term prospects are gradually favorable VHC's performance

- Based on Agromonitor detailed data, pangasius export volume continued to surge by 21.6% yoy (~7,000 tonnes) in Jul-24. Notably, Vietnam's pangasius ASPs to the US steadily grew to USD3.2/kg (+2% yoy, +4% mom), exceeding our expectations (Figure 1, 2)

The faster-than-anticipated recovery in pangasius ASPs to US, along with stable input costs (feeds & raw pangasius prices), could mark the beginning of VHC's gross margin (GM) expansion from core business in 3Q24F. Therefore, VHC's NPAT is expected to gain a rosy growth from 3Q24F onwards (a double-digit yoy increase), driven by high export volume growth and an expanded GM.

- As discussed in "[2H24 Seafood Sector Outlook](#)", we assess short-term valuation of VHC which must wait until the brighter pangasius export performance. And these expectations could partially confirm in Jul-24. Therefore, we reaffirm BUY recommendations for VHC, with a TP of VND85,500/share (Upside: +24% vs. to closing price on 13 Aug-24).

12M rating **Buy (Maintain)**

12M TP **VND85,500**

Up/Downside +24%

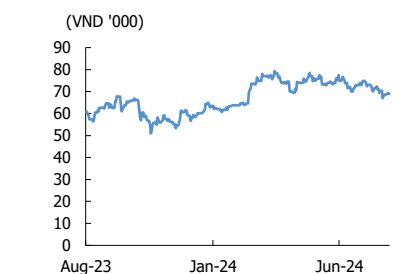
Stock Data

VNIndex (13 Aug, pt)	1,230
Stock price (13 Aug, VND)	69,000
Market cap (USD mn)	617
Shares outstanding (mn)	224
52-Week high/low (VND)	79,300/50,926
6M avg. daily turnover (USD mn)	2.89
Free float / Foreign ownership (%)	49.8/29.8
Major shareholders (%)	
Truong Thi Le Khanh	43.2
Mitsubishi Corp	6.4
Dragon Capital	6.8

Performance

	1M	6M	12M
Absolute (%)	(7.8)	8.1	13.8
Relative to VNIndex (%p)	(3.9)	4.5	12.5

Stock price trend



Source: Bloomberg

Research Dept

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Table 1. VHC business results and KIS's forecasts

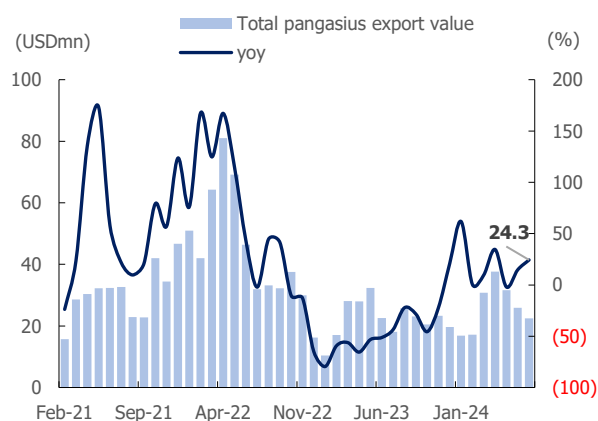
	2021A	2022A	2023A	2024F	2025F
Sales (VND bn)	9,054	13,231	10,033	12,129	14,713
chg. (% YoY)	29	46	(24)	21	21
Operating profit (VND bn)	1,199	2,254	969	1,289	2,031
Net profit (VND bn)	1,099	1,975	919	1,134	1,716
EPS (VND)	5,033	9,028	4,173	5,058	7,654
chg. (% YoY)	53	80	(54)	2.9	51
EBITDA (VND bn)	1,484	2,581	1,371	1,885	2,614
PE (x)	9.8	6.3	14	12.9	8.5
EV/EBITDA (x)	8.1	5.1	10.3	12.1	7.7
PB (x)	1.9	1.7	1.6	1.7	1.5
ROE (%)	20.1	29.7	11.6	13.1	18.1
Dividend yield (%)	3.4	3.0	3.1	3.6	3.6

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

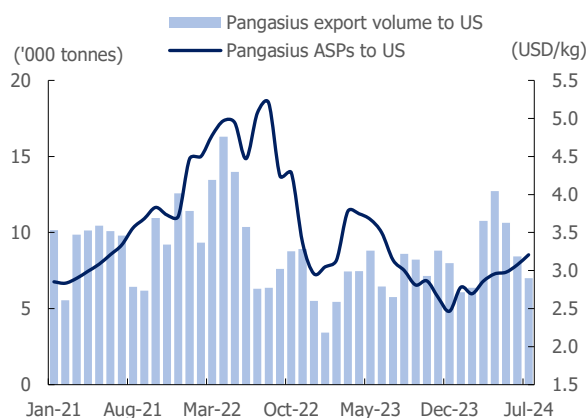
Table 2. Pangasius revenue strongly soared in Jul-24

	Monthly				Accumulating			KIS's forecast
	Jul-23	Jul-24	YoY (%)	MoM (%)	7M23	7M24	YoY (%)	
Total sales	865	1,120	29%	9%	5,781	7,183	24.3%	12,129
By product	864	1,121						
Pangasius	394	608	54%	24%	3,280	3,795	15.7%	
By-product	209	188	-10%	0%	991	1,085	9.5%	
Wellness	66	71	8%	16%	413	528	27.8%	
Value added	18	14	-22%	-26%	78	84	7.7%	
Miscellaneous	139	173	24%	-18%	779	1,276	63.8%	
Rice products	18	33	83%	3%	88	199	126.1%	
Shrimp chip	20	34	70%	21%	149	216	45.0%	
By location	865	1,120						
US	201	384	91%	44%	1,835	2,156	17.5%	
EU	153	159	4%	-2%	1,063	1,249	17.5%	
China	137	119	-13%	-17%	687	758	10.3%	
Vietnam	270	301	11%	-5%	1,522	2,035	33.7%	
ROW (incl HK)	104	157	51%	11%	674	985	46.1%	

Source: Company data, KISVN

Figure 1. Vietnam's pangasius export value to US surged +24.3% yoy

Source: Agromonitor, KISVN

Figure 2... Pangasius ASPs to the US exceeded expectations, reaching USD 3.21/kg in Jul-24, thereby widening VHC's GM from 3Q24F onward

Source: Agromonitor, KISVN

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