

Seafood

3Q24F Preview: A robust growth trajectory

3Q24F pangasius industry: The divergent prospects

In 8M24, total pangasius export turnover sat at USD1.3bn (+7.3% yoy), thanks to the growth of export volume (+17.4% yoy). Whereas, pangasius average selling prices (ASPs) were still dragged on, posting to USD2.16/kg (-8.6% yoy). In 3Q24F, we expect that the US market could maintain a rosy growth thanks to gaining higher US fillet market share. In contrast, the Chinese and EU markets could be glimmer due to some obstacles in these markets. In terms of input costs, we expect aquafeeds and raw pangasius prices could be at a low level in 3Q24F, thereby supporting the gross margin (GM) of enterprises.

3Q24F shrimp industry: Awaiting clearer signs of recovery

In 8M24, per Agromonitor, total shrimp export turnover reached at USD2.35bn (+8.1% yoy). Particularly, export volume swelled on +12.3% yoy, but shrimp ASPs inched down by 3.8% yoy, to USD8.94/kg. Based on this trend, we expect 3Q24F's shrimp export value could reach at USD1.08bn thanks to the resumption of export volume (around +15% yoy), shrimp ASPs will likely stay at USD8.8/kg ~ USD9.0/kg (-2~3% yoy). We expect shrimp export volume will likely keep resurging, while shrimp ASPs could be still dragged on due to the abundant supply in key markets. The GM of shrimp exporting enterprises could face to the risk of contraction due to high raw shrimp costs in 3Q24F, but these companies possess large-farmed self-farmed areas that could minimize this risk.

The sector's earnings swell thanks to low base effect

In terms of business results of listed companies, we believe that the 3Q24F's earnings for most enterprises in the sector could experience high growth due to the low base effect in 3Q23. Regarding the pangasius industry, VHC could record growth in both volume and pangasius ASPs in 3Q24F. Meanwhile, ANV and IDI are facing some challenges in the Chinese market (their key market), which will likely drag on pangasius ASPs; they are expected to maintain a low-price strategy to stimulate export orders. For shrimp industry, FMC is capitalizing on the high-efficiency farming areas to reduce input costs and meet export demand in 3Q24F. However, global shrimp supply pressures remain high, making it unlikely that FMC's shrimp ASPs will improve in the short-term

Recommendation

We reaffirm **BUY** rating for VHC (TP: VND88,400; upside: +25% vs to closing price on 01/10/2024) and ANV (TP: VND38,150; upside: +14% vs to closing price on 01/10/2024), but maintain a **HOLD** rating for IDI. We reaffirm **HOLD** rating for FMC shares due to ongoing concerns about competitive pressures, which may impact shrimp ASPs for an extended period.

Overweight (Maintain)

Company	Rating	TP (VND)
Vinh Hoan Corp	BUY	88,400
Nam Viet Corp	BUY	38,150
I.D.I Corp	HOLD	
Sao Ta Foods	HOLD	

Table 1. Coverage valuation

Recommendation & TP			Earnings & Valuation										
Company				Sales	OP	NP	EPS	BPS	PE	PB	ROE	EV/EBITDA	DY
				(VNDbn)	(VNDbn)	(VNDbn)	(VNDbn)	(VNDbn)	(X)	(X)	(%)	(X)	(%)
VHC	Recommendation	BUY	2022A	13,231	2,254	1,975	10,771	41,027	11.1	1.3	29.7	5.8	2.9
	TP (VND)	88,400	2023A	10,033	969	919	4,914	44,629	14.3	1.7	11.6	14.6	2.6
	Price (Oct 1, VND)	71,000	2024F	11,985	1,246	1,215	5,422	40,165	12.8	1.8	14.0	13.3	3.4
	Market cap. (VNDbn)	15,936	2025F	14,903	2,002	1,655	7,384	45,049	9.4	1.6	17.3	8.3	3.4
			2026F	14,687	2,038	1,702	7,592	50,141	9.2	1.5	16.0	8.1	3.4
ANV	Recommendation:	BUY	2022A	4,897	864	676	5,302	22,604	11.1	1.3	25.9	5.1	4.4
	TP (VND)	38,150	2023A	4,439	183	39	293	21,326	105.6	1.5	1.4	32.5	3.1
	Price (Oct 1, VND)	33,450	2024F	4,458	308	192	1,437	22,763	22.1	1.4	6.5	19.0	-
	Market cap. (VNDbn)	4,453	2025F	5,147	735	542	4,051	26,814	7.8	1.2	16.4	8.0	-
			2026F	5,147	743	559	4,184	30,998	7.6	1.0	14.5	7.9	-
IDI	Recommendation:	HOLD	2022A	7,931	726	563	2,404	14,033	11.1	1.3	17.7	6.8	13.8
	TP (VND)	N/A	2023A	7,221	303	73	254	14,266	35.4	0.8	1.8	18.4	-
	Price (Oct 1, VND)	9,400	2024F	7,835	283	83	288	14,553	32.1	0.8	2.0	20.4	-
	Market cap. (VNDbn)	2,567	2025F	8,319	472	233	807	15,360	11.4	0.8	5.4	12.2	-
			2026F	7,951	468	254	879	16,016	10.5	0.7	5.6	12.3	1.9
FMC	Recommendation:	HOLD	2022A	5,702	307	322	4,726	29,423	11.1	1.3	16.7	7.2	6.2
	TP (VND)	N/A	2023A	5,087	292	302	4,221	31,024	9.7	1.5	14.0	11.7	4.4
	Price (Oct 1, VND)	46,900	2024F	6,217	273	333	4,650	35,675	9.2	1.3	13.9	14.2	4.1
	Market cap. (VNDbn)	3,067	2025F	6,872	451	461	6,444	42,119	6.7	1.1	16.6	8.6	4.1
			2026F	7,209	423	441	6,159	48,278	7.0	1.0	13.6	9.2	4.1

Source: Bloomberg, KISVN estimate

Table 2: 3Q24F business results forecast, KIS's coverage

(VNDbn, %)

	Revenue			NPAT-MI		
	3Q24F	yoy	qoq	3Q24F	yoy	qoq
VHC	3,345	24	4.7	335	75.5	6.6
ANV	1,304	18.7	9.3	72	68x	3.12x
IDI	1,714	2	11.5	20	3.3	22.6
FMC	2,067	15.3	66.3	101	23.6	52.2
KIS's coverage	8,432	14.9	11.4	526	79.7	27.0

Source: Company data, KISVN estimate

CONTENTS

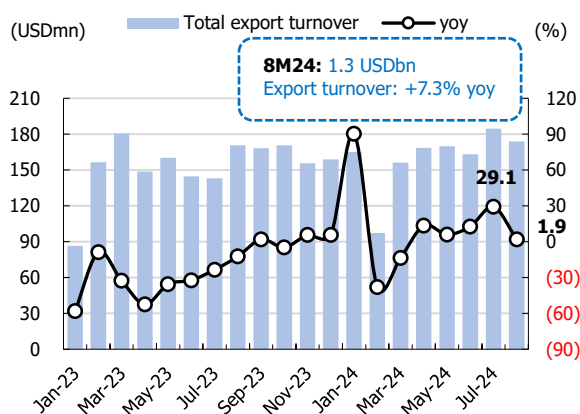
I. Pangasius: The divergent prospects	4
3Q24F – Export volume continues to be a highlight	4
Gross margin could stabilize in 3Q24F thanks to aquafeeds prices ease	6
II. Shrimp: Awaiting clearer signs of recovery	8
3Q24F – Export volumes rebounds whilst selling prices inch up slowly	8
Input costs soar in 3Q24F that could weigh on the GM of industry	7
III. 3Q24F business results of listed enterprises	12
VHC - Rosy growth in 3Q24F thanks to the US market	12
ANV – Earnings will likely rebound to normal level	13
IDI - Bleak prospects in China partially hindered the pace of recovery	14
FMC - High export volume is a key catalyst for growth	14

I. Pangasius: The divergent prospects

3Q24F – Export volume continues to be a highlight

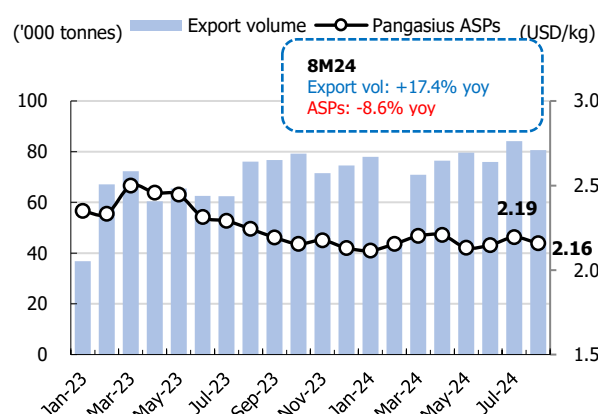
In 8M24, total pangasius export turnover stayed at USD1.3bn (+7.3% yoy), thanks to the growth of export volume (+17.4% yoy). In contrast, pangasius ASPs persisted low, posting to USD2.16/kg (-8.6% yoy) due to the slowdown of pangasius consumption in Chinese and EU markets. Meanwhile, the US market kept resuming in both export volume and ASPs. (Figure 1, 2, and 3)

Figure 1. Export turnover is on recovery path



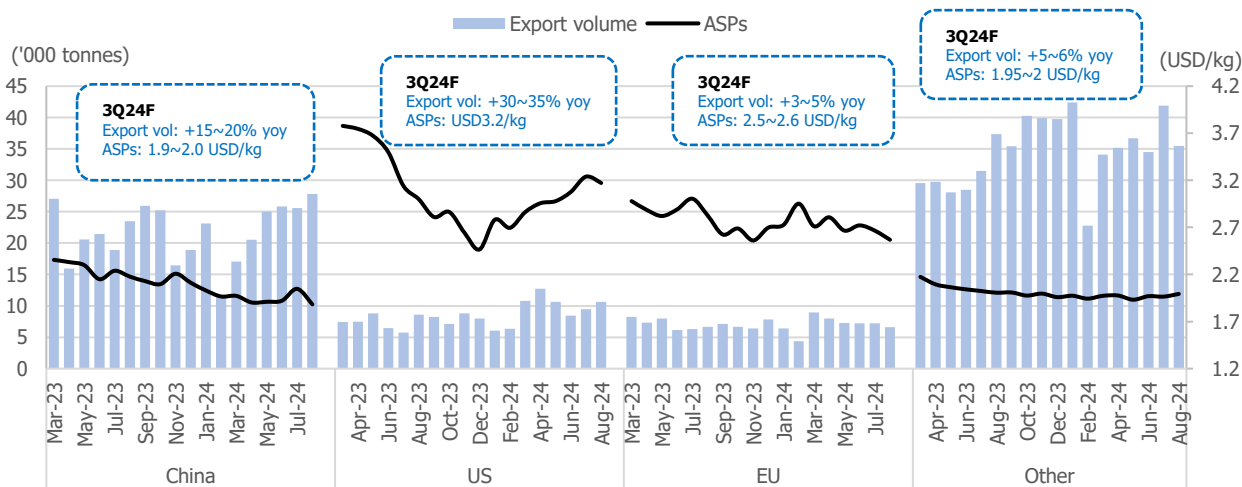
Source: Agromonitor, KISVN estimate

Figure 2. Export volume plays a key role for growth



Source: Agromonitor, KISVN estimate

Figure 3. Summary forecast of export volume and pangasius ASPs to key markets in 3Q24F



Source: Agromonitor, KISVN estimate

In 3Q24F, we make some forecast in terms of export volume and ASPs in key markets. Specifically:

- **The US market – On a growth path**

In Jul- and Aug-24, pangasius export to US was at USD64.6mn (+47.3% yoy). Particularly, the export volume surged by 40.5% yoy, it was driven by the supply shortages of Chinese tilapia exporting to US (main substitute of pangasius) that lead to higher ASPs than pangasius (Figure 5). Therefore, Vietnam's pangasius benefited from this event and gaining more fillet fish market share in US market thanks to affordable ASPs (Figure 4).

Alongside this, pangasius ASPs picked up to USD3.2/kg (+5% yoy) and most of pangasius exporters to US which inched up in ASPs during 8M24, per our estimate (Figure 6).

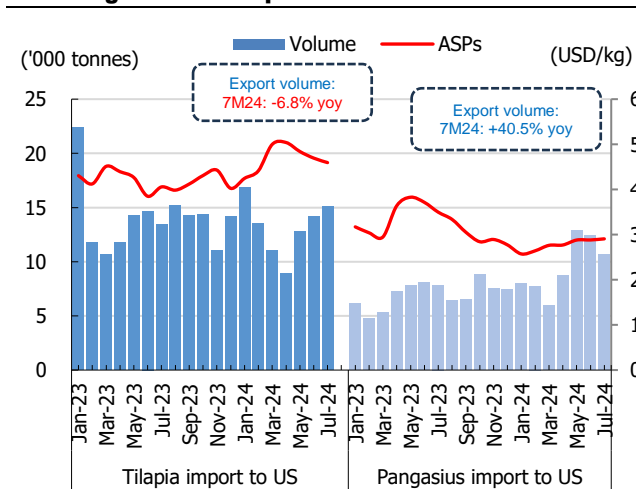
In our forecasts, we expect 3Q24F's export volume to US could soar by 30~35% yoy and ASPs will likely sit at USD3.2/kg ~ USD3.3/kg (+6~8% yoy).

Figure 4: Pangasius fillet export to US gain more market share in 7M24 thanks to the lower ASPs compared to other fishes

	2019	2020	2021	2022	2023	7M23	7M24	YoY
SALMON	36.5%	39.5%	39.6%	38.1%	44.9%	44.5%	41.1%	-3.5%
CATFISH (pangasius)	12.6%	12.4%	14.6%	15.7%	11.4%	10.8%	15.3%	4.5%
TILAPIA	17.9%	18.9%	16.7%	15.1%	15.1%	15.2%	13.6%	-1.6%
COD	7.7%	7.2%	7.2%	7.2%	6.4%	7.2%	7.0%	-0.2%
TUNA	5.8%	4.5%	4.7%	5.6%	4.8%	4.3%	5.0%	0.7%
UNCLASSIFIED	0.3%	0.2%	0.2%	0.3%	0.3%	4.7%	4.9%	0.2%
DOLPHINFISH	1.7%	2.1%	2.7%	2.7%	2.4%	2.7%	2.9%	0.2%
HADDOCK	2.3%	2.2%	1.8%	2.3%	1.7%	1.5%	2.1%	0.7%
POLLOCK	3.1%	2.2%	1.8%	2.2%	1.9%	2.1%	1.7%	-0.4%
TROUT	1.5%	1.2%	1.2%	1.5%	1.6%	1.7%	1.5%	-0.2%

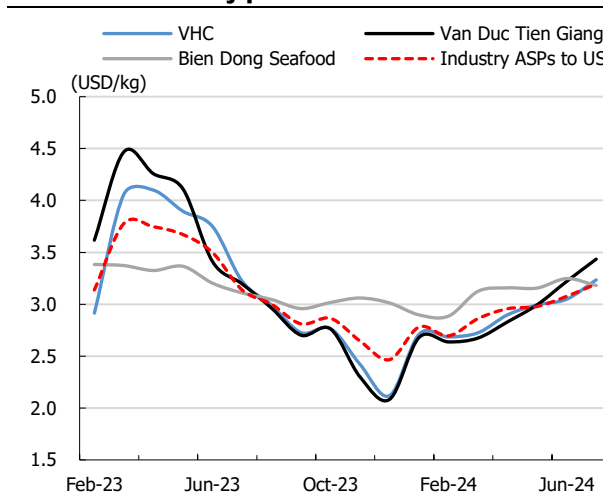
Source: NOAA, KISVN

Figure 5. Pangasius could take advantages amidst shrinking Chinese tilapia in the US market



Source: NOAA, KISVN estimate

Figure 6. Pangasius ASPs of large exporters to US are on the recovery path



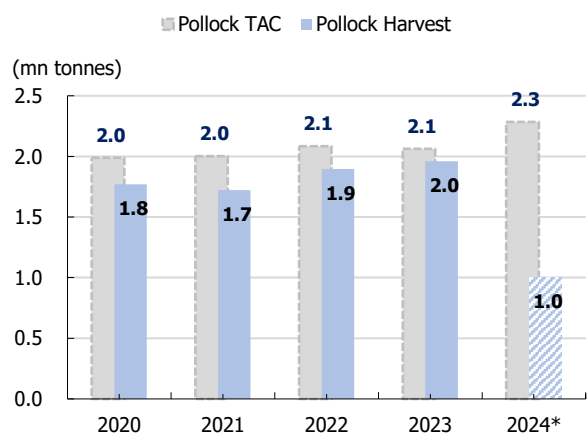
Source: Vietnam Custom, KISVN

- **The EU market – Oversupply of pollock keeps persisting**

Pangasius export to EU still faces to some challenges, as such export turnover edged down -4.1% yoy in Jul- and Aug-24, including: export volume (13,800 tonnes, +6.7% yoy), but pangasius ASPs (USD2.62/kg, -10.1% yoy). The glimmer export outlook in EU was attributed to the oversupply of Russian pollock which heat up an intense competition and weighing on in pangasius ASPs to the EU market.

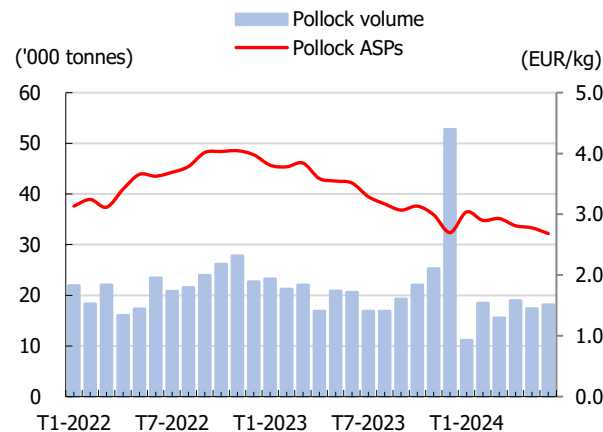
In 3Q24F, we expect export volume could be moderate +3~5% yoy, but the ASPs will likely not rebound in short-term due to the abundant whitefishes' supply in this market, posting to USD2.5/kg ~ USD2.6/kg (-6~7% yoy).

Figure 7. Pangasius export to EU faces to potential competition from abundant Russian pollock supply



Source: NMFS, KISVN, (*) Harvesting during 4M24 vs. TAC 2024

Figure 8. Oversupply of pollock exported to the EU lowers ASPs



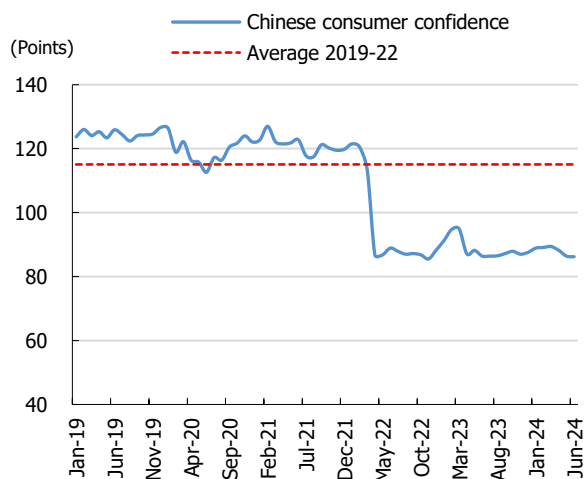
Source: EUMOFA, KISVN

- **The Chinese market – Weak consumption drags on selling prices**

The bleak consumption keeps persisting and directly impacting on foodservice channel (Figure 9, 10). Most of exporter tended to lower its ASPs to push export orders amidst slow consumption and fierce competition. As such, the pangasius ASPs to China slid by 11.2% yoy, to USD1.96/kg in Jul- and Aug-24, meanwhile, export volume increased by 26.1% yoy (53,400 tonnes).

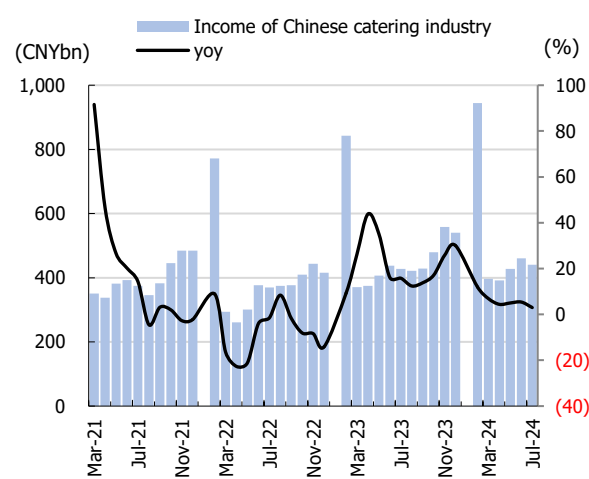
Based on this trend, we forecast pangasius export volume to China will likely surge +15~20% yoy thanks to the lower selling prices strategy. Meanwhile, pangasius ASPs could stay around USD1.9/kg ~ USD2.0/kg in 3Q24F.

Figure 9. Glimmer consumer confidence which caused heavy discounts in foodservice chains



Source: China Custom, KISVN

Figure 10. Slow growth of foodservice sales



Source: Bloomberg, KISVN

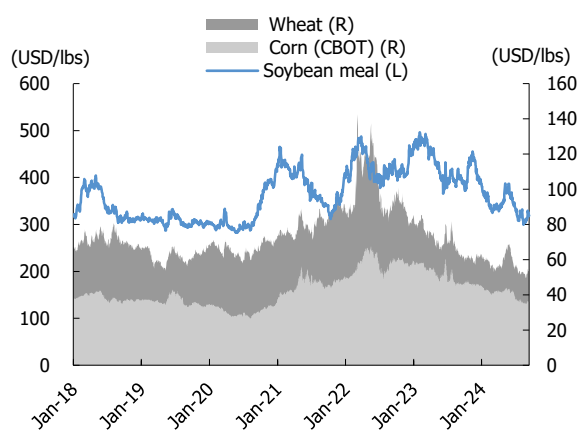
Gross margin (GM) could stabilize in 3Q24F thanks to aquafeeds prices ease

We see the trend of agricultural commodities keep sliding during 3Q24 (Figure 11) thanks to favorable harvest seasons in major supplying countries such as Brazil and Argentina. Given the decline in commodity prices, we believe that the aquafeed prices will likely edge down, supporting the GM of enterprises that manage large pangasius farming areas (VHC, ANV).

Recently, the prices of fingerlings and raw fish have seen an inch up after months of sluggish trading (Figure 12). However, we believe that this short-term rise remains modest and insignificantly impacting the production costs.

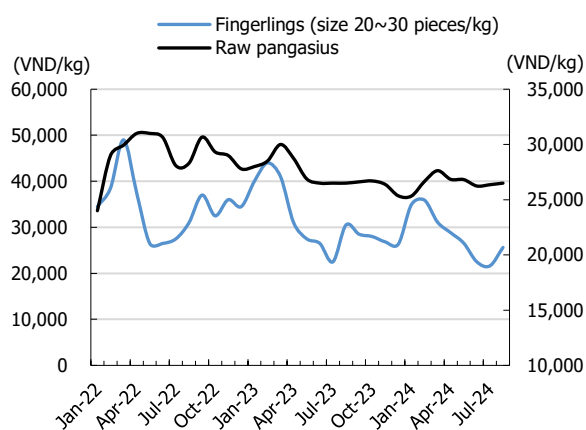
Meanwhile, the raw pangasius inventory has been shrinking at a faster pace recently (Figure 13), influenced by (1) The bleak export outlook, prompting farmers and businesses to be cautious with new stocking, and (2) Rainy weather, outbreak diseases are emerging. Therefore, we maintain our view that the supply may be shrinking if demand surges strongly again by late 2024F and into 2025F.

Figure 11. Agricultural commodity prices plummeted, thereby dragging on aquafeeds prices



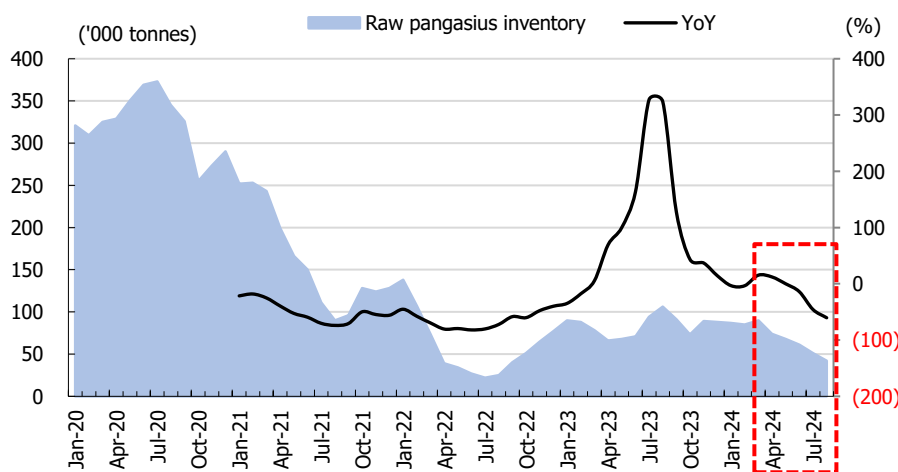
Source: Bloomberg, KISVN

Figure 12. Bleak fingerlings and raw pangasius prices keep persisting



Source: VASEP, KISVN

Figure 13. Domestic raw pangasius inventory persists to reduce



Source: Agromonitor, KISVN

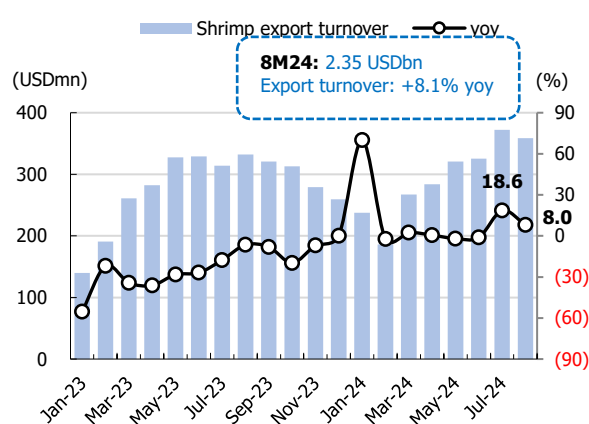
II. Shrimp: Awaiting clearer signs of recovery

3Q24F – Export volumes rebounds whilst ASPs inch up slowly

In 8M24, per Agromonitor, total shrimp export turnover sat at USD2.35bn (+8.1% yoy). Particularly, export volume swelled on 12.3% yoy, but shrimp ASPs still inched down by 3.8% yoy, to USD8.94/kg.

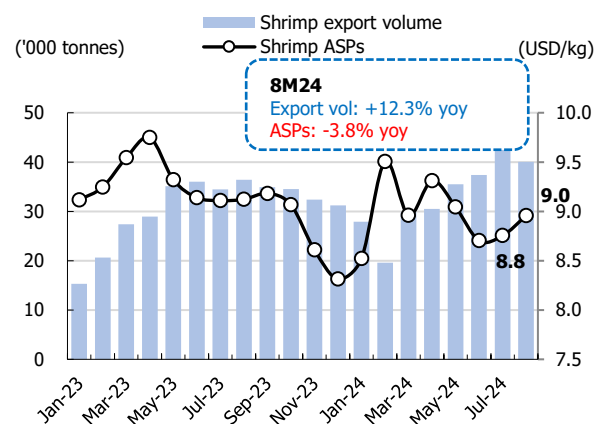
In Jul and Aug-24, we see the shrimp export volume strongly resurged by 16.5% yoy, while shrimp ASPs posted to USD8.85/kg, falling by -2.9% yoy. Based on this trend, we expect 3Q24F's shrimp export value could reach at USD1.08bn thanks to the resumption of export volume (around +15% yoy), shrimp ASPs will likely stay at USD8.8/kg ~ USD9.0/kg (-2~3% yoy).

Figure 14. Total shrimp export turnover edged up +8.1% yoy



Source: Agromonitor, KISVN

Figure 15. Shrimp export volume soared in Jul and Aug-24, shrimp ASPs gradually inch up



Source: Agromonitor, KISVN

In 3Q24F, our somewhat optimistic projections regarding volume and the slow recovery of ASPs are based on the following factors in major markets such as the US, EU, and Japan:

- **The US market – Risks of intense competition have not passed over**

During 7M24, we observed a contrasting trend in the structure of Vietnam's shrimp exports to the US market (Table 7). Specifically:

- *Preparation shrimps*: recorded -5.1% yoy decline in volume and -5.7% yoy slump in shrimp ASPs, indicating the weak demand for type of products.
- *Frozen warm shrimps*: In contrast to the sluggish performance of processed shrimp, Vietnam recorded strong growth in the volume of frozen shrimp products, soaring by 22.6% yoy. However, the high volume is driven by Vietnam's shrimp exporters accepting lower ASPs to boost orders (shrimp ASPs: -17.7% yoy).

In Jul-24, total shrimp import volume to US slid by 11.9% yoy, the slowdown trend has persisted recently. Particularly, Vietnam's shrimp export volume slumped -15.7% yoy. These trends partially reflect the slow shrimp consumption in US market (Figure 16, 17).

Overall, we believe that the outlook for shrimp exports in 3Q24F could face subdued ASPs due to ongoing competition and the lack of a strong rebound in consumer demand. On the positive side, we observe that the volume of shrimp

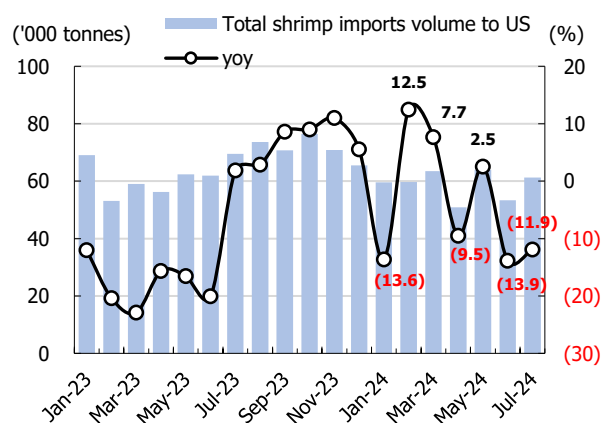
imports from Ecuador into the US has slowed significantly following the imposition of a preliminary CVD rate of 2.89% and an anti-dumping duty (AD) of approximately 10.58%. This development may somewhat ease supply pressure in the US market.

Table 3. Vietnam' frozen warm shrimps rebounded strongly in 7M24 while preparation shrimps was bleak

Preparations shrimp	Shrimp Volume (kg)			Shrimp ASPs (USD/kg)		
	7M2023	7M2024	YoY	7M2023	7M2024	YoY
INDONESIA	30,297,153	28,432,005	(6.2)	7.94	7.56	(4.7)
INDIA	24,514,494	23,841,603	(2.7)	9.98	9.11	(8.7)
VIETNAM	20,196,347	19,167,628	(5.1)	9.88	9.32	(5.7)
THAILAND	9,085,913	7,825,425	(13.9)	11.64	10.11	(13.1)
ECUADOR	4,952,193	4,939,748	(0.3)	8.79	8.43	(4.1)
Total	93,646,373	88,703,677	(5.3)	9.26	8.61	(7.0)
Warm-shrimps						
INDIA	129,817,271	132,255,000	1.9	7.67	7.07	(7.8)
ECUADOR	112,149,841	106,660,289	(4.9)	6.72	6.66	(0.9)
INDONESIA	54,205,670	43,644,248	(19.5)	8.18	7.46	(8.7)
VIETNAM	9,802,532	12,016,173	22.6	12.51	10.29	(17.7)
ARGENTINA	7,059,242	7,854,701	11.3	12.93	12.53	(3.0)
Total	331,825,066	318,858,467	(3.9)	7.96	7.44	(6.5)

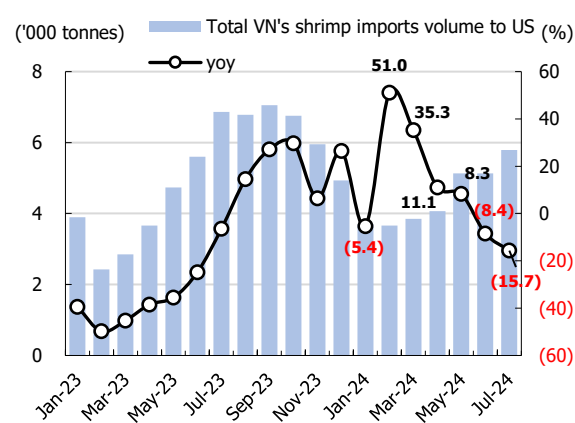
Source: NOAA, KISVN

Figure 16. Slow shrimp import to US showed the weak consumption



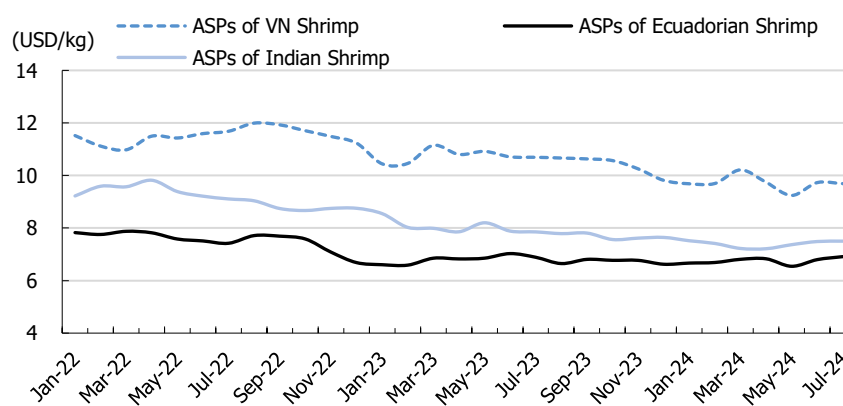
Source: NOAA, KISVN

Figure 17... Meanwhile, Vietnam's shrimp export to US also slumped



Source: NOAA, KISVN

Figure 18. Shrimp ASPs to US have less catalyst for rebound in 3Q24F



Source: NOAA, KISVN

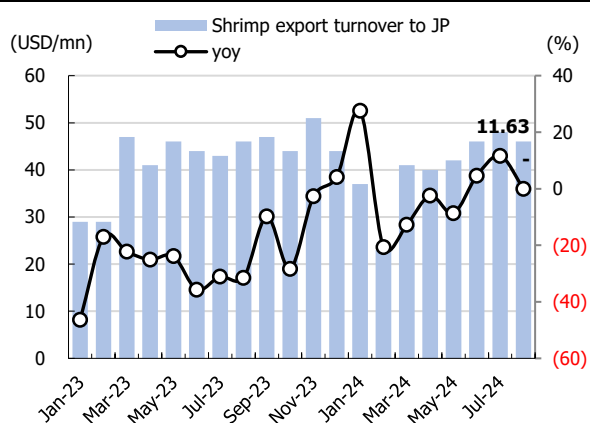
- **The Japanese market – Waiting for new signs from consumption revival**

We see Vietnam's shrimp exports to Japan that remain moderate growth in Jul- and Aug-24 (Jul: USD48mn, +11.6% yoy; Aug: USD46mn, 0% yoy, per VASEP).

According to Japan customs, Vietnam's shrimp exports have shown improvement in volume; however, shrimp ASPs remain subdued (Figure 23). Although there is no intense competition with Ecuadorian and Indian shrimp in this market, the primary reason for the lack of significant growth in shrimp exports to Japan is the incomplete demand revival.

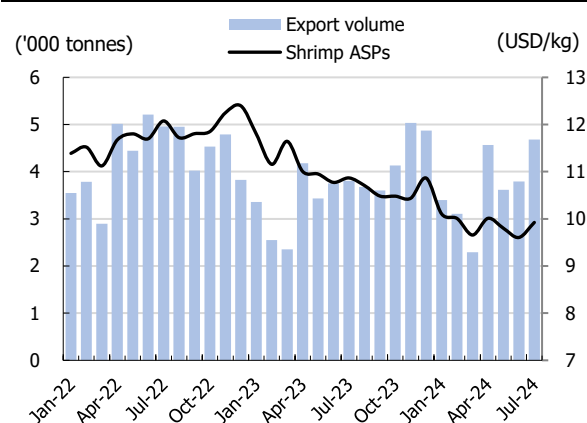
We believe that the outlook for 3Q24F will likely benefit from strong export volume, while shrimp ASPs could remain low to stimulate export orders.

Figure 19. Exporting shrimp to Japan that still be moderate



Source: VASEP, KISVN

Figure 20. Shrimp export volume and ASPs recover gradually



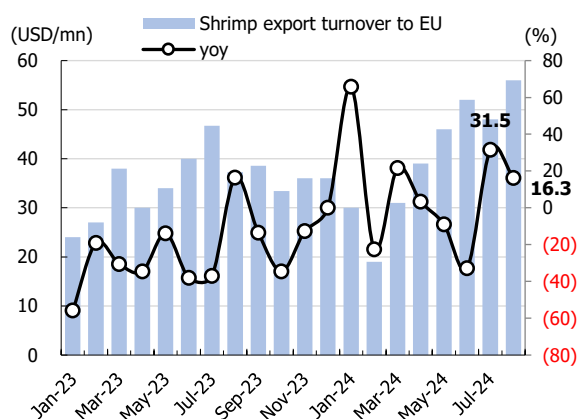
Source: Japan custom, KISVN estimate

- **The EU market – Better-than-expected consumption push shrimp exports**

Shrimp export to EU witnessed the rosy growth in Jul- and Aug-24, achieving 31.5% yoy and 16.3% yoy, respectively, per VASEP. As the EU economy gradually stabilizes and inflation cooled down.

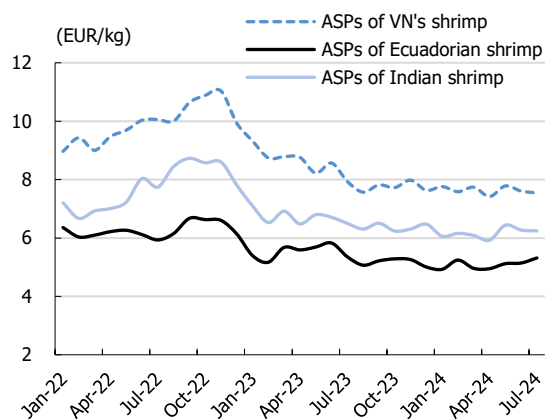
However, price competition pressure remains high among major exporting countries such as Ecuador and India, leaving less incentive for shrimp ASPs improvement in the EU market. We expect this situation to persist throughout 2H24F. Overall, growth drivers will come from volume growth, which will partially offset the low ASPs (Figure 25).

Figure 21. Positive sign of Vietnam's shrimp export to the EU market



Source: VASEP, KISVN

Figure 22. Meanwhile, shrimp ASPs stay flat due to intense competition



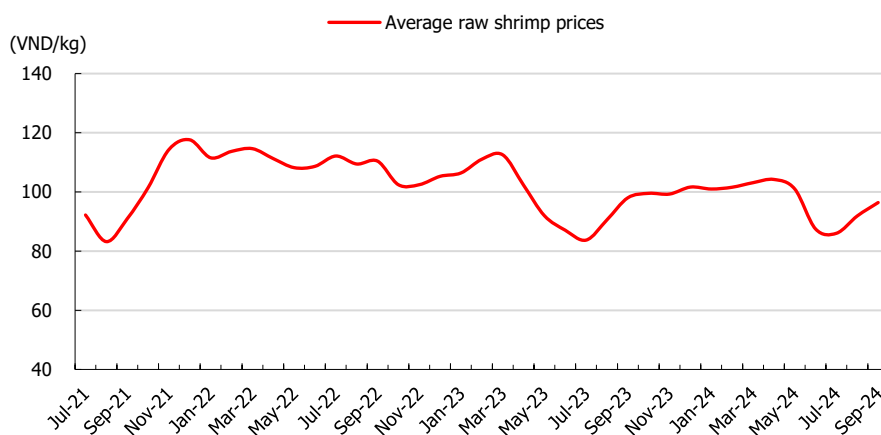
Source: Eurostat, KISVN estimate

Input costs soar in 3Q24F that could weigh on the GM of industry

After a subdued period in 2Q24, domestic raw shrimp prices have been on an upward since Jul-24, driven by increased demand for processing and export while domestic supply has gradually tightened.

This may lead to rising input material costs, especially as the export shrimp ASPs increases at a slower pace. As a result, we believe that the GM of shrimp processing and export companies could be impacted. However, companies with large self-farmed areas, may control input costs.

Figure 23. Raw shrimp prices have edged up since Jul-24



Source: Agromonitor, KISVN

III. 3Q24F business results of listed enterprises

VHC – Rosy growth in 3Q24F thanks to the US market

Table 4. VHC 3Q24F earnings forecast

(VNDbn, %)

	3Q23A	2Q24A	3Q24F		2024F		Consensus		
			yoy	qoq	yoy	qoq	3Q24F	2024F	
Revenue	2,698	3,196	3,345	24.0	4.7	11,985	19.5	N/A	12,287
Pangasius fillets & related products	2,369	2,761	2,951	24.6	6.9	10,314	17.4	-	-
Collagen & Gelatin	159	219	199	25.0	(9.2)	905	25.6	-	-
Sa Giang (SGC)	106	189	163	53.9	(13.5)	662	45.2	-	-
Thanh Ngoc Fruits		27	32		18.5	105	7.1x	-	-
GP	285	462	488	71.2	5.7	1,816	21.7	N/A	1,928
SG&A costs	134	141	148	10.0	4.7	570	8.8	-	-
OP	220	381	402	82.4	5.6	1,246	28.6	N/A	1,395
Non-operating P/L	8	12	12	47.5	-	47.15	10.4	-	-
EBT	229	393	415	81.1	5.5	1,502	31.2	N/A	1,526
NP	201	336	358	78.2	6.6	1,287	32.2	N/A	1,304
Controlling-int. NP	191	314	335	75.5	6.6	1,215	32.2	N/A	1,247

Source: Company data, Bloomberg, KISVN estimate

Forecast: In 3Q24F, we peg VHC's revenue to swell by +24% yoy/ +4.7% qoq to VND3,345bn. Particularly:

- Pangasius fillets:** We forecast export value could reach at USD80.8mn (+32.5% yoy/ +11.8% qoq), including export volume: +30.3% yoy and pangasius ASPs: +1.7% yoy/+5.1% qoq, to USD2.98/kg. As discussed above, the US market could play a crucial role of leading growth of VHC, we expect export volume and pangasius ASPs to US market could soar by 42.9% yoy and 9.4% yoy (USD3.23/kg), respectively.
- Meanwhile, the EU and Chinese markets still drag on the hardship, thereby VHC keep its low ASPs to these markets and pushing export orders. As a result, we expect export volume could resurge, but ASPs are expected to edge down yoy.
- Pangasius-related products:** We expect these products keep a favorable growth trend in 3Q24F. Particularly, the pickup in processed fillet of pangasius has led to a rise in the processing of by-products. Additionally, the growing demand for animal feed production has also contributed to the increase in sales of fishmeal and fish oil.
- Collagen & Gelatin (C&G):** forecasting to VND199bn (+25% yoy), thanks to the contribution of new capacity, along with high demand for foodservice and healthcare sectors.
- Sa Giang (SGC):** We forecast total revenue of VND162bn (+53.9% yoy/-13.5% qoq) in 3Q24F thanks to high demand for rice products and shrimp chips in domestic.

VHC's GM could expand to 14.6% (+4%p yoy/ +0.2%p qoq) thanks to an uptick in pangasius ASPs and the stabilization of raw material costs (aquafeed prices). As such, VHC could fare well with VND358bn NPAT (+78.6% yoy/ +6.6% qoq).

Recommendation: We reaffirm **BUY rating** for VHC (TP: VND88,400; upside: +25% vs. closing price on 01/10/2024) based on two key drivers (1) Export volume continue to resurge thanks to higher consumption in key markets (2) Pangasius ASPs are expected to enter to up-cycle in 2025F due to supply and demand imbalance.

ANV – Earnings will likely rebound to normal level

Table 5. ANV 3Q24F earnings forecast

(VNDbn, %)

	3Q23A	2Q24A	3Q24F	2024F		2024F		Consensus	
				yoy	qoq	yoy	3Q24F	2024F	
Revenue	1,099	1,193	1,304	18.7	9.3	4,458	0.4	N/A	4,499
Pangasius fillets & related products	1,073	1,143	1,269	18.3	11.0	4,307	(0.5)		
Construction & other	0	20	5	115x	(74.6)	33	26.6		
Solar	26	30	30	19.1	-	119	11.8		
GP	85	143	194	128.4	35.2	620	38.7	N/A	580
SG&A costs	54	90	98	83.5	9.5	312	18.3		
OP	3	37	84	237x	128.1	308	68.1	N/A	259
Non-operating P/L	4	(16)	-	-	-	(13)	-		
EBT	7	21	84	108x	305	235	2.64x	N/A	180
NP	1	18	72	684x	312	192	3.9x	N/A	153
Controlling-int. NP	1	18	72	684x	312	192	3.9x	N/A	153

Source: Company data, Bloomberg, KISVN estimate

Forecast: In 3Q24F, we peg ANV's revenue could grow by +18.7% yoy and 9.3% qoq, to VND1,304bn. Particularly, pangasius fillet export could strongly resurge (+23.5% yoy, to USD37.5mn) thanks to the rebound of export volume: +29.1% yoy.

- We witness the resumption of export order in all ANV's key markets as China (+18.5% yoy); Latin America (+33.8% yoy); ASEAN (+25% yoy); EU (+1.28x % yoy); and the other (+20.8% yoy). We assess that the rapid growth in ANV's export volume is partly due to improved demand, but largely attributed to ANV's low ASPs strategy to push export orders.
- In terms of pangasius ASPs, we project ASPs could be at USD1.84/kg (-4.3% yoy/ +1.8% qoq). Notably, in the Chinese market (ANV's main market), due to the bleak industry outlook, the ASPs slide both yoy and qoq, reaching USD1.66/kg (-6.9% yoy / -4.4% qoq).

In contrast, the lower input costs (aquafeeds prices) play a key catalyst for ANV's GM rebound in 3Q24F. We forecast ANV's GM could sit at 14.8% (+7.1%p yoy/ +2.8%p qoq). In the bottom line, NPAT-MI are expected to bounce back normalized level (VND72bn vs. to VND1bn in 3Q23 and VND18bn in 2Q24).

Recommendation: We maintain **BUY rating** for ANV (TP: VND38,150; upside: +14% vs to closing price on 01/10/2024) in mid and long-term. However, we think without strong drivers to significantly boost pangasius ASPs in 2H24F. Therefore, valuation could not create positive change in the short term.

IDI – Bleak prospects in China partially hindered the pace of recovery

Table 6. IDI 3Q24F earnings forecast

(VNDbn, %)

	3Q23A	2Q24A	3Q24F	3Q24F		2024F		Consensus	
				yoy	qoq		yoy	3Q24F	2024F
Revenue	1,749	1,938	1,714	(2.0)	(11.5)	7,835	8.5		
Pangasius fillet product	769	686	692	(10.0)	0.9	3,108	7.3		
Fishmeal, fish oil	722	751	758	5.0	0.8	3,156	9.4		
Aquafeeds	247	483	247	-	(48.9)	1,501	9.4		
Services	11	18	18	56.0	-	70	-		
Real Estate	0	-	-	-	-	-	(100)		
GP	111	158	154	39.2	(2.3)	560	6.8		
SG&A costs	49	68	61	22.7	(11.5)	278	25.2		
OP	30	28	32	7.3	13.7	283	(6.7)		
Non-operating P/L	(4)	(2)	(2)	(44.1)	-	(2)	-		
EBT	26	26	30	15.3	14.9	104	(2.5)		
NP	23	20	24	3.5	22.6	83	13.3		
Controlling-int. NP	19	16	20	3.3	22.6	65	13.3		

Source: Company data, Bloomberg, KISVN estimate

Forecast: In 3Q24F, we peg IDI's revenue could sit at VND1,714bn (-2% yoy/ -11.5% qoq) due to the glimmer pangasius export. Specifically:

- **Pangasius fillet products:** We expect pangasius revenue will likely post to VND692bn (-10% yoy/ +0.9% qoq), it could be attributed to the weak consumption in Chinese market (one of the most important IDI's market), while The Mexican market partially compensates for glimmer prospect of Chinese market.
- Additionally, fishmeal and fish oil segment could grow by 5% yoy, to VND758bn, other segments could be stable in 3Q24F.

IDI's GM is forecasted to 9% (+2.7%p yoy/ +0.85%p qoq) thanks to the lower raw pangasius costs, thereby picking up GM of pangasius segment. As such, we peg NPAT-MI will likely be at VND20.1bn (+3.5% yoy/ +22.6% qoq).

Recommendation: We reaffirm **HOLD rating** for IDI due to the slow recovery of business results. Besides, we still concern about the risks related to inefficient investments in non-core businesses and large loans to the parent corporation.

FMC – High export volume is a key catalyst for growth

Table 7. FMC 3Q24F earnings forecast

(VNDbn, %)

	3Q23A	2Q24A	3Q24F	3Q24F		2024F		Consensus	
				yoy	qoq		yoy	3Q24F	2024F
Revenue	1,793	1,243	2,067	15.3	66.3	6,217	22.2	N/A	5,889
Shrimp products	1,750	1,211	2,024	15.7	67.2	6,078	23.3		
Agricultural products	43	32	43	(0.7)	34.7	139	(13)		
GP	184	141	209	13.6	48.8	594	493	N/A	595
SG&A costs	86	79	113	31.5	42.8	320	59.6		
OP	88	84	112	27.8	33.4	273	(6.4)	N/A	332
Non-operating P/L	0.5	(0.2)	(0.2)	(146.4)	-	(1)	(1.7)		
EBT	88	84	112	26.8	33.5	337	10.6	N/A	365
NP	89	83	110	23.6	33.5	333	10.1		
Controlling-int. NP	82	66	101	23.6	52.2	304	10.1	N/A	327

Source: Company data, Bloomberg, KISVN estimate

Forecast: In 3Q24F, FMC enters to high harvest season that could increase high volume of raw shrimp. We project the growth of FMC's revenue on the backdrop of:

- **Shrimp products:** We forecast total export revenue of VND2,036bn, of which: export volume of 7,458 tonnes (+10.7% yoy) and shrimp ASPs of USD10.82/kg (+4.5% yoy, higher than USD10.77/kg in 2Q23). The resurgence of export volume could be attributed to the resumption of consumption in key markets
- **Agricultural products:** we project that 3Q24F revenue of VND43bn (-0.7% yoy).

FMC's GM could sit at 10.1% (-0.1%p yoy/ -1.2%p qoq), despite a good harvest and a slight improvement in shrimp ASPs, the high demand in export volume has led FMC to increase its procurement of raw shrimp from outsources, which in turn has raised the cost of raw materials per finished product.

At the bottom line, we expect FMC's NPAT-MI could be at VND101bn (+23.6% yoy/ +52.2% qoq), thanks to higher export volume and stable GM in 3Q24F.

Recommendation: We reaffirm **HOLD rating** for FMC shares due to ongoing concerns about competitive pressures, which may impact shrimp ASPs for an extended period.

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