

28 Oct 2024

Nam Viet Corp (ANV)

NPAT has gradually improved qoq

- 3Q24's revenue surged by 22% yoy
- Gross margin sat at 12.9% (+5.2%p yoy/ +0.05%p qoq)
- Maintain BUY rating for ANV shares in mid- and long-term

Facts: Pangasius segment drove topline growth

In 3Q24, ANV released revenue of VND1,341bn (+22% yoy/ +12.4% qoq). Pangasius segment (ANV's core business) contributed VND1,310bn (+22.1% yoy/ +14.5% qoq). We observed a rosy growth of both export and domestic markets in 3Q24 (Figure 1, 2). Specifically:

- Export revenue reached at VND909bn (+22.3% yoy):
 - *Pangasius export volume*: Per our estimates, the pangasius export volume of ANV reached 19.4mn tonnes (+22.9% yoy). We see the pickup in export volume to key market, including China: +0.8% yoy, Latin America: +26.4% yoy, ASEAN: +30.8% yoy....
 - *Pangasius average selling prices (ASPs)*: Pangasius ASPs of ANV inched up in 3Q24 vs. to 2Q24, posting to USD1.89/kg (+4.5% qoq), though still below 3Q23 levels (USD1.93/kg). Notably, pangasius to China (ANV's primary market) remained subdued due to the weak consumption and intense competition, at USD1.65/kg (-7.7% yoy/ -5.2% qoq).
- Domestic revenue posted to VND401bn, increasing by 21.6% yoy.

3Q24's gross margin (GM) was at 12.9% (+5.2%p yoy/ +0.05%p qoq). We think the recovery of GM was attributed to the lower input costs, particularly the aquafeed prices. Per our estimates, raw material per kg finished pangasius products plummeted around -15% yoy.

Table 1. Quarterly earnings snapshot in 3Q24 (VND bn, %, %p)

	3Q23	4Q23	1Q23	2Q24	3Q24	QoQ	YoY
Sales	1,099	1,111	1,016	1,193	1,341	12.4	22
OP	3.5	1.8	29.2	34.2	44.8	30.9	11.9x
OP margin	0.3	0.2	2.9	2.9	3.3	0.4	3.1
EBT	7.1	4.3	30.5	(2.8)	37.1	Turnaround	4.2x
NP	1	(0.5)	16.9	(2.3)	27.9	Turnaround	25.8x

Source: Company data, KISVN

12M rating **BUY (Maintain)**

12M TP **VND38,150**

Up/Downside +17%

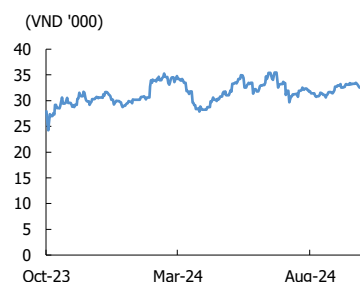
Stock Data

VNIndex (28 Oct, pt)	1,255
Stock price (28 Oct, VND)	32,700
Market cap (USD mn)	172
Shares outstanding (mn)	133
52-Week high/low (VND)	35,466/24,236
6M avg. daily turnover (USD mn)	1.82
Free float / Foreign ownership (%)	31.3/9
Major shareholders (%)	
Doan Toi	53.9
Doan Chi Thanh	12.9
Doan Chi Thien	3.1

Performance

	1M	6M	12M
Absolute	(0.2)	15.7	17.4
Relative	2.6	10.5	(3.3)

Stock price trend



Source: Bloomberg

3Q24 SG&A/revenue came in at 6.1% (+2.7%p yoy/ +0.02%p qoq) due to high shipping costs incurred by ANV. At the bottom line, NPAT-MI posted VND27.9bn, strongly reviving compared to 2Q24 (loss of VND2.3bn) and 3Q23 (VND1bn). This is a positive signal for earnings recovery.

9M24 revenue and NPAT-MI have fulfilled 80%/ 25% of our 2024 forecasts.

Pros & cons: Maintaining recovery momentum but is unlikely to deliver a breakthrough in 4Q24F

In 4Q24F, we think ANV's revenue could be on the recovery path. Particularly, pangasius export volume is expected to surge +15~20% yoy. It is attributed to high demand for the holiday season at the end of year.

The upturn of 4Q24F ANV's GM could remain intact, thanks to:

- *Pangasius ASPs* will likely edge up in 4Q24F, thanks to the demand revival in key markets (Latin America, ASEAN, and EU markets). Meanwhile, the domestic supply of pangasius materials tends to be shrinking. However, we assess that an increase in ASPs will likely be moderate, as ANV keeps a reasonable pricing strategy.
- *The input material prices* could stay flat, thereby minimizing the risks of squeezing margins.
- On the other hand, we observed that domestic sales proportions have surged recently, implying that amidst the sluggish export market, ANV has had to boost domestic consumption to reduce inventory. However, domestic ASPs are not as high as export. Therefore, we believe that the improvement in GM may not be significant in 4Q24F.

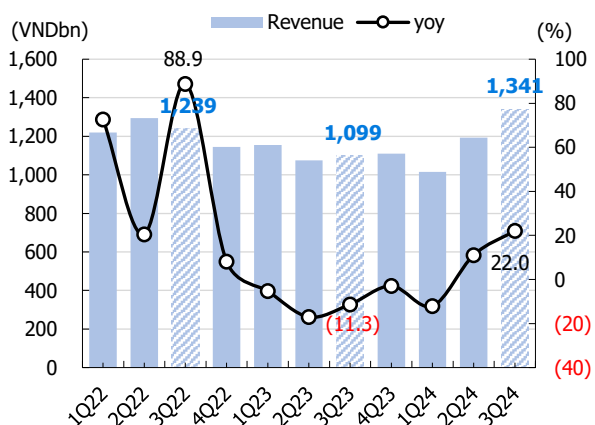
Based on these rationales, we peg ANV's NPAT to show positive growth in 4Q24F. It is worth noting that 4Q23 was a low base, so the forecasted growth is expected to be high compared to yoy.

Action: Maintain BUY rating for ANV

Our forecast projects that ANV's business results could improve in 4Q24F, driven by its core business – pangasius fillet - thanks to increasing export volumes and stable input material prices. However, ANV's pangasius ASPs have not yet risen high enough to create a breakthrough in growth, partly due to the glimmer prospects from the Chinese market. Therefore, in the short-term view, we think valuation could not create positive change.

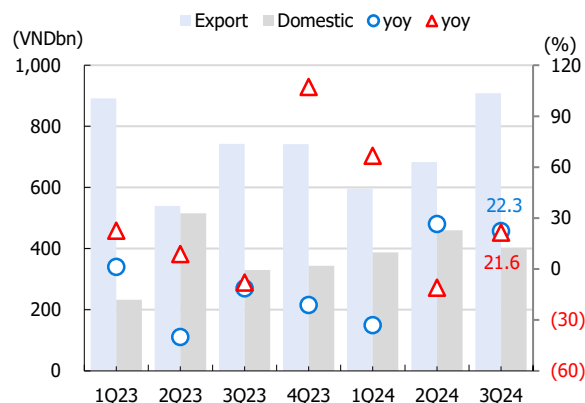
However, we expect an up-cycle in the pangasius industry in 2025F which could boost ANV's earnings during this period. As such, we maintain **BUY rating** for ANV for mid- and long-term, with a TP of VND38,150/share.

Figure 1. ANV's revenue soared by 22% yoy



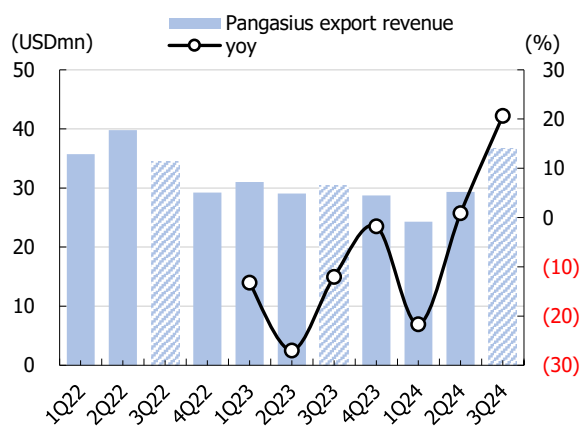
Source: Company data, KISVN

Figure 2. Export and domestic revenue recorded strong growth in 3Q24



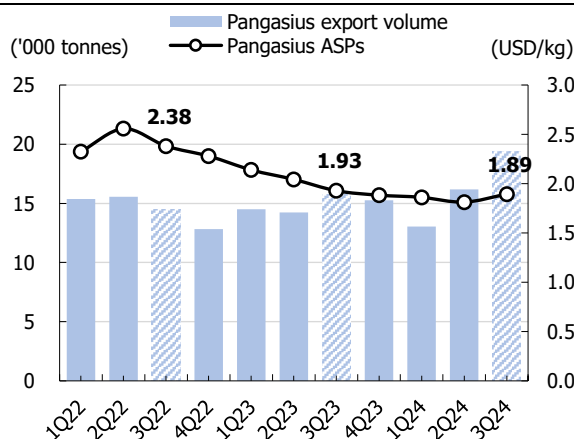
Source: Company data, KISVN

Figure 3. Pangasius export was fueled by export volume



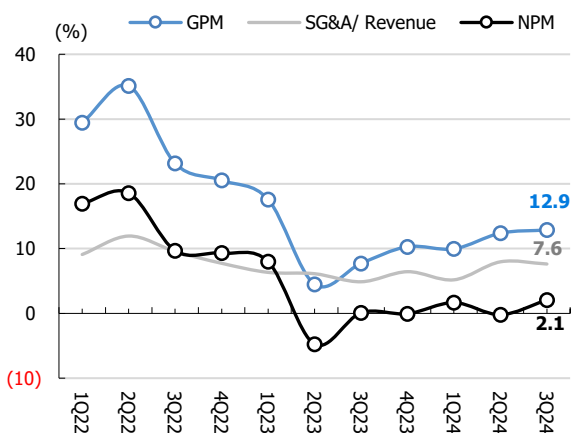
Source: Agromonitor, KISVN estimate

Figure 4. Pangasius ASPs edged up compared to 2Q24



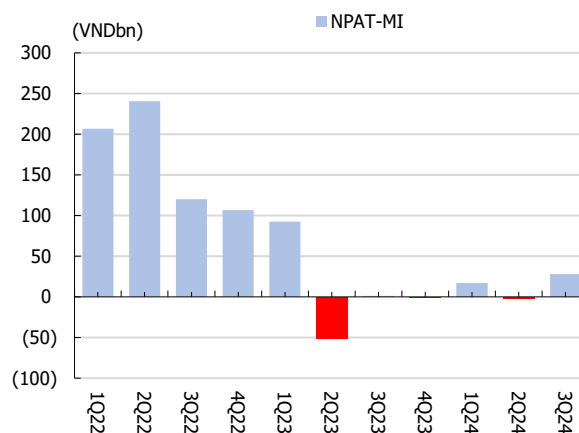
Source: Company data, KISVN

Figure 5. 3Q24's GM recovered thanks to lower input costs



Source: Company data, KISVN

Figure 6. NPAT-MI rebounded, but it is not significant



Source: Company data, 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.

Balance sheet

(VND bn)

FY-ending Dec.	2022A	2023A	2024F	2025F	2026F
Current assets	3,255	2,951	3,021	3,559	4,133
Cash & cash equivalent	31	40	408	927	1,422
Accounts & other receivables	435	369	491	441	454
Inventory	2,333	2,347	1,971	2,027	2,091
Non-current assets (Adj.)	3,224	2,911	2,613	2,632	2,711
Fixed Asset	1,102	1,032	975	1,003	1,013
Investment assets	76	72	72	72	72
Others	1,034	1,058	1,052	1,073	1,077
Total assets	5,467	5,113	5,121	5,707	6,295
Advances from customers	16	10	10	12	12
Unearned revenue	-	1	-	-	-
Trade payables	277	173	245	283	291
Others	356	135	135	156	161
ST debt & bond	1,769	1,784	1,573	1,587	1,635
LT debt & bond	153	145	114	84	53
Total liabilities	2,586	2,265	2,081	2,126	2,156
Controlling interest	2,882	2,848	3,040	3,581	4,139
Capital stock	1,275	1,335	1,335	1,335	1,335
Capital surplus	21	21	21	21	21
Other Reserves	(27)	(28)	(28)	(28)	(28)
Retained earnings	1,613	1,519	1,710	2,251	2,810
Minority interest	-	-	-	-	-
Shareholders' equity	2,882	2,848	3,040	3,581	4,139

Cash flow

(VND bn)

FY-ending Dec.	2022A	2023A	2024F	2025F	2026F
C/F from operating	268	(82)	614	676	608
Net profit	776	64	235	637	658
Depreciation	121	115	131	150	169
Net incr. in W/C	988	320	424	870	897
C/F from investing	57	416	(4)	(141)	(130)
CAPEX	(221)	106	(74)	(177)	(179)
Incr. in investment	278	310	70	36	49
C/F from financing	(333)	(326)	(242)	(16)	17
Incr. in equity	-	60	-	-	-
Incr. in debts	-	(40)	(211)	15	48
Dividends	(157)	(219)	-	-	-
Others	(1)	(0)	-	-	-
Increase in cash	(9)	9	369	519	495

Income statement

(VND bn)

FY-ending Dec.	2022A	2023A	2024F	2025F	2026F
Sales	4,897	4,439	4,458	5,147	5,293
COGS	3,561	3,992	3,838	4,110	4,239
Gross profit	1,336	447	620	1,038	1,054
SG&A expense	472	264	312	302	311
Operating profit	864	183	308	735	743
Financial income	80	32	39	36	49
Interest income	37	12	14	36	49
Financial expense	188	165	97	119	119
Interest expense	105	137	129	119	119
Other non-operating profit	20	18	-	-	-
Gains (Losses) in associates, subsidiaries and JV	-	(4)	(2)	(2)	(2)
Earnings before tax	776	64	235	637	658
Income taxes	100	25	43	96	99
Net profit	676	39	192	542	559
Net profit of controlling interest	676	39	192	542	559
EBITDA	978	325	495	906	945

Key financial data

FY-ending Dec.	2022A	2023A	2024F	2025F	2026F
per share data (VND)					
EPS	5,302	293	1,437	4,051	4,184
BPS	22,604	21,326	22,763	26,814	30,998
DPS	1,000	1,000	1,600	-	-
Growth (%)					
Sales growth	40.2	(9.4)	0.4	15.5	2.8
OP growth	300.0	(78.8)	68.1	138.6	1.0
NP growth	424.0	(94.2)	390.1	182.0	3.3
EPS growth	424.0	(94.2)	390.1	182.0	3.3
EBITDA growth	300.0	(78.8)	68.1	138.6	1.0
Profitability (%)					
OP margin	17.6	4.1	6.9	14.3	14.0
NP margin	13.8	0.9	4.3	10.5	10.6
EBITDA margin	17.6	4.1	6.9	14.3	14.0
ROA	13.1	0.7	3.8	10.0	9.3
ROE	25.9	1.4	6.5	16.4	14.5
Dividend yield	4.4	3.1	-	-	-
Dividend payout ratio					
Stability					
Net debt (VND bn)	1,891	1,889	1,279	744	266
Int.-bearing debt/equity (%)	66	66	42	21	6
Valuation (X)					
PE	11.1	105.6	22.1	7.8	7.6
PB	1.3	1.5	1.4	1.2	1.0
EV/EBITDA	5.1	32.5	19.0	8.0	7.9

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