

21 Jan 2025

Sao Ta Foods (FMC)

Led by KAF...

- Shrimp export volumes surged by +13.9% yoy in 4Q24
- Khang An's revenue soared by 66% yoy
- Maintain HOLD rating for FMC

Facts: Khang An Foods drove growth in 4Q24

In 4Q24, FMC released a revenue of VND1,364bn (+8.9% yoy) of which shrimp products revenue: +8.9% yoy, posting to VND1,334bn while agricultural products revenue: +6.9% yoy (VND30bn). In particular:

- **Shrimp products (Figure 3):**
 - Shrimp volumes reached 4,889 tonnes (+13.9% yoy), driven by the significant contribution of Khang An Foods (KAF), a 51%-owned subsidiary of FMC;
 - Average selling prices (ASPs) sat at VND272,809/kg in 4Q24 (-4.3% yoy/ -13.1% qoq), per our estimate.
- **Agricultural products:** the volume sales inched up +2.4% yoy, to 266.8 tonnes, while ASPs slightly increased to VND113,700/kg (+4.4% yoy/ +8.4% qoq), per our estimates.

4Q24's gross margin (GM) rose to 15.2% (+4.03%p yoy/ +4.4%p qoq, figure 4), despite a bad harvest in 4Q24 due to unfavorable weather and a disease outbreak. As our estimate, costs per kg finished goods slumped by 13~15% yoy in 4Q24 thanks to partial self-sufficiency in raw shrimp, thereby widening GM.

Notably, we observed that KAF experienced an exceptional growth in 4Q24, thus primarily contribution to FMC's consolidation growth (Figure 6, 7), per our estimates:

- **KAF's revenue:** It significantly surged by 66% yoy. Meanwhile, the parent company (FMC) inched down by 5% yoy;
- **KAF's GM:** rising to 40.5% (+30.5%p yoy/ +29.4%p qoq) and reaching an all-high time, while FMC's parent company saw its GM decline to 4.2%.

4Q24's SG&A/revenue edged down to 5.1% (+0.1%p yoy/ -1.56%p qoq, figure 5) due to the decline in shipping costs. Notably, financial income surged by 2.1x% yoy, to VND60bn, primarily driven by foreign exchange gains, which reached VND49bn. At the bottom line, NPAT-MI stood at VND110bn (+33.7% yoy/ +38.3% qoq).

12M rating **HOLD (Maintain)**

12M TP
Up/Downside

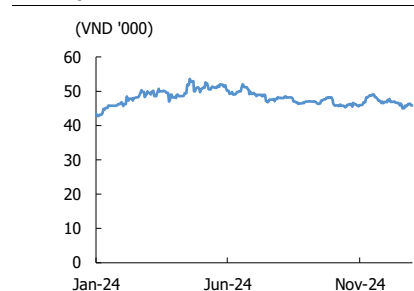
Stock Data

VNIndex (21 Jan, pt)	1,246
Stock price (21 Jan, VND)	45,900
Market cap (USD mn)	119
Shares outstanding (mn)	65
52-Week high/low (VND)	53600 / 42800,
6M avg. daily turnover (USD mn)	0.07
Free float / Foreign ownership (%)	23/31
Major shareholders (%)	
PAN Group	37.8
C.P Vietnam	24.9

Performance

	1M	6M	12M
Absolute	(2.1)	(6.8)	9.1
Relative	(1.3)	(6.2)	1.7

Stock price trend



Source: Bloomberg

Research Dept

Researchdept@kisvn.vn

Table 1. Quarterly earnings snapshot in 4Q24

(VND bn, %, %p)

	4Q23	1Q24	2Q24	3Q24	4Q24	QoQ	YoY
Sales	1,253	1,461	1,243	2,845	1,364	(52.1)	8.9
OP	89	57	84	91	190	1.09x	1.14x
OP margin (%)	7	4	7	3.2	13.9	10.7	6.9
EBT	89	57	84	91	190	1.09x	1.14x
NPAT-MI	82	50	66	80	110	38.3	33.7

Source: Company data, KISVN

Pros & cons: FMC signals earnings momentum for 1Q25F

In 1Q25F, we still peg shrimp segment could see a double-digit growth:

- *Shrimp export volume*: We expect that shrimp export volume prospects could remain intact as in 1Q245F, climbing by 15~17% yoy in 4Q24F;
- *Shrimp ASPs*: The recovery momentum may be moderate due to the continued pressure of global shrimp supply, as we discussed in ["2025F Seafood Sector Outlook"](#). At the same time, demand is only in the early stages of recovery. Therefore, we believe that more time will be needed to absorb the excess supply, and as a result, shrimp ASPs are likely to be moderate in key markets.

Regarding input costs, from the BODs' perspective, FMC remains confident in stocking shrimp during the off-season with a substantial production volume in 4Q24. Currently, farming efficiency is performing well. As a result, we anticipate FMC's self-sufficient shrimp production to reach a high level, enabling effective cost control and consequently supporting GM throughout 1H25F.

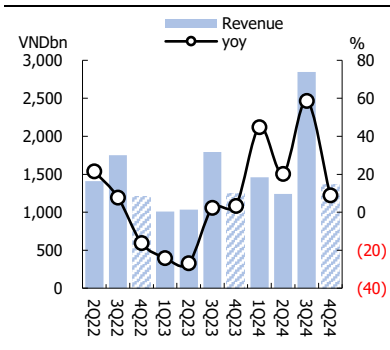
However, transportation costs remain a potential risk for FMC in 2025F, as freight rates, particularly for shipments to the EU and the US, show no signs of easing (*Figure 8*). Additionally, anti-dumping duty refunds may not be recognized in 1Q25F. As a result, we anticipate a slight increase in FMC's SG&A/revenue for 1Q25F.

As such, we peg that FMC's NPAT-MI could grow by 15% yoy in 1Q25F.

Action: Maintain HOLD rating for FMC

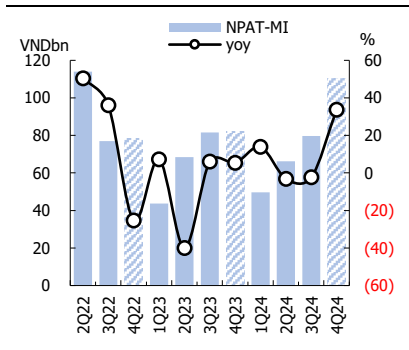
We maintain **HOLD recommendation for FMC**. Although NPAT-MI in 2025F is expected to be positive, fueled by shrimp volume growth and stable GM, as well as anti-dumping tax refunds, a more significant positive shift in shrimp ASPs is necessary for the valuation to be genuinely attractive. Therefore, we believe it is essential to monitor global shrimp supply-demand dynamics to better predict shrimp ASPs trends before making any changes to our recommendations.

Fig 1. Revenue inched up +8.9% yoy



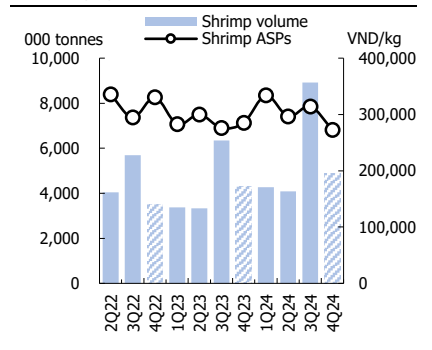
Source: Company data, FiinX, KIS Research

Fig 2. NPAT-MI resurged by 33.7% yoy thanks to contribution of KAF



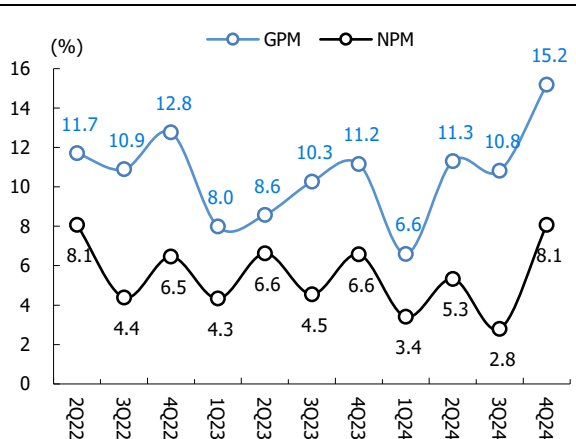
Company data, FiinX, KIS Research

Fig 3. Shrimps volumes increased by 13.9% yoy



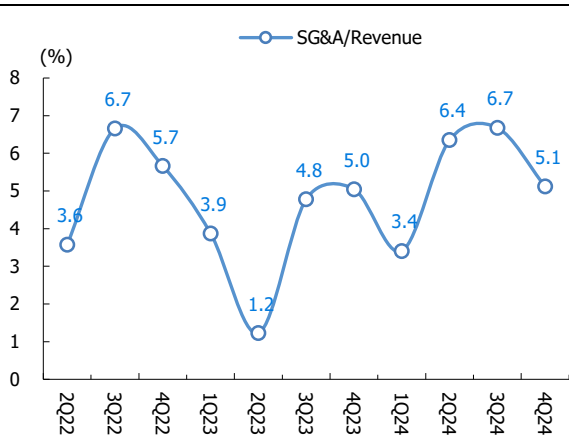
Company data, FiinX, KIS Research

Figure 4. GPM rebounded strongly to 15.2% in 4Q24



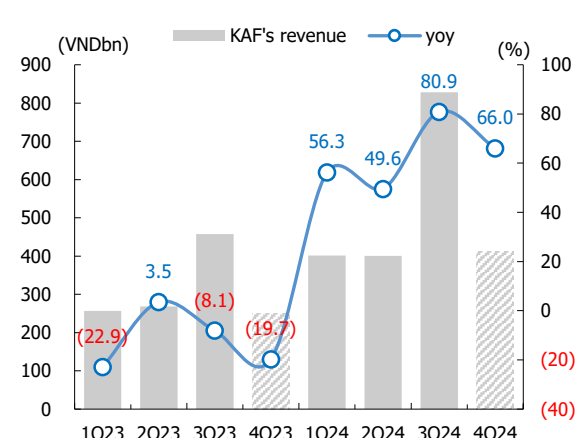
Company data, FiinX, KIS Research

Figure 5. SG&A/revenue gradually relieved in 4Q24



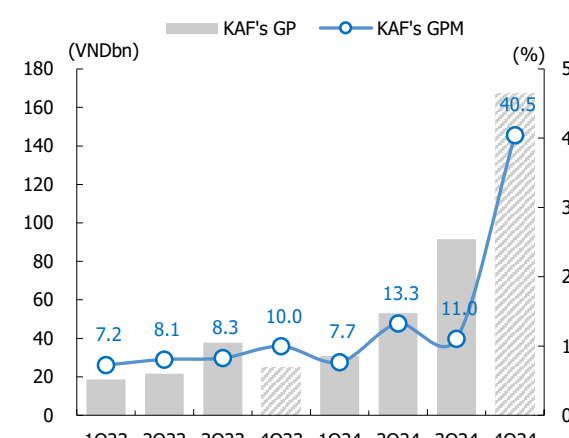
Company data, FiinX, KIS Research

Figure 6. KAF's revenue kept a growth stage in 4Q24

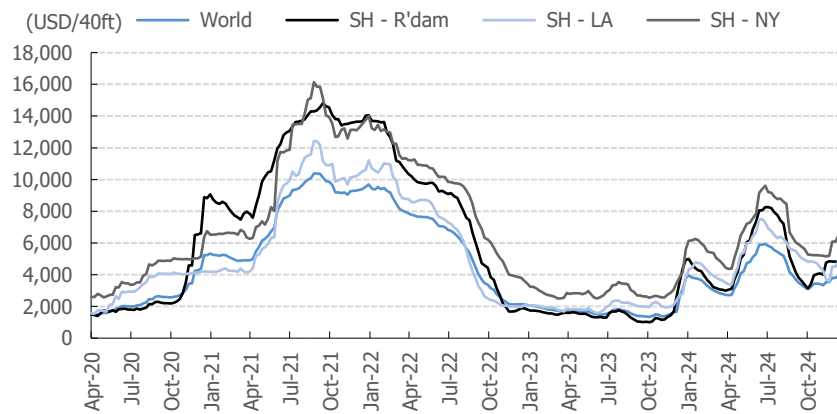


Company data, FiinX, KIS Research

Figure 7. Alongside, GM hit an all-high time



Company data, FiinX, KIS Research

Figure 8. Transportation costs are a potential risk to FMC

Source: Drewry, KIS Research

(*) Note: SH - R'dam: Shanghai to Rotterdam; SH - LA: Shanghai to Los Angeles; SH - NY: Shanghai to New York

■ Company overview

Sao Ta Foods JSC was established in 1996 in Soc Trang Province. The company specialized in farming, processing, and exporting shrimp products. FMC has been top 3 shrimp exporters of Vietnam, accounting for 5% of shrimp market shares. The products are distributed in Japan, the US, EU, Korea and other.

Balance sheet

(VND bn)

FY-ending Dec.	2021A	2022A	2023A	2024A	2025F
Current assets	2,150	1,877	2,132	2,641	3,051
Cash & cash equivalents	770	585	492	1,077	732
Accounts & other receivables	377	280	280	370	819
Inventory	941	929	1,000	1,002	1,241
Non-current assets	1,381	1,292	1,640	1,564	2,319
Fixed assets	263	419	848	768	794
Investment assets	-	-	-	-	-
Others	287	693	364	366	468
Total assets	2,700	2,989	3,344	3,775	4,313
Advances from customers	6	21	3	15	4
Unearned revenue	-	-	-	-	-
Trade payables	98	83	94	118	135
Others	195	244	179	262	275
ST debt & due bonds	415	515	824	902	1,160
LT debt & bonds	-	-	-	-	-
Total liabilities	723	873	1,110	1,309	1,587
Controlling interest	1,782	1,924	2,029	2,168	2,411
Capital stock	654	654	654	654	654
Capital surplus	594	594	594	594	594
Other reserves	0	0	(0)	(0)	(0)
Retained earnings	534	676	781	920	1,164
Minority interest	195	192	205	298	314
Shareholders' equity	1,977	2,116	2,234	2,466	2,725

Cash flow

(VND bn)

FY-ending Dec.	2021A	2022A	2023A	2024A	2025F
C/F from operations	178	436	197	581	290
Net profit	289	329	305	423	423
Dep'n & Amort'n	83	89	154	184	255
Net incr. in W/C	372	422	467	620	673
C/F from investing	(233)	(515)	(455)	216	(157)
Capex	(277)	(438)	(212)	41	(209)
Incr. in investment	45	(78)	(243)	175	52
C/F from financing	555	(101)	163	4	(40)
Incr. in equity	682	(0)	-	(74)	-
Incr. in debt	-	-	306	1,202	91
Dividends	(98)	(142)	(143)	-	(131)
C/F from others	0	(3)	1	9	-
Increase in cash	501	(183)	(93)	810	93

Income Statement

(VND bn)

FY-ending Dec.	2021A	2022A	2023A	2024A	2025F
Sales	5,199	5,702	5,087	6,913	8,155
COGS	(4,670)	(5,074)	(4,594)	(6,161)	(7,331)
Gross profit	529	628	493	752	824
SG&A expenses	(264)	(321)	(201)	(388)	(405)
Operating profit	265	307	292	363	418
Operating profit (Adj.)	265	307	292	363	418
Financial income	54	91	73	112	64
Interest income	12	13	34	-	26
Financial expenses	(33)	(74)	(61)	(53)	(59)
Interest expenses	(14)	(17)	(28)	(23)	(47)
Other non-operating profit	3	5	1	(0)	(0)
Gains (Losses) in associates, subsidiaries and JV	0	0	0	-	-
Earnings before tax	289	328	305	423	423
Income taxes	(2)	(9)	(2)	(1)	(3)
Net profit	287	322	302	424	420
Net profit (Adj.)	267	309	276	306	367
Net profit of controlling interest	267	308	276	306	367
Exceptional items	0	0	0	0	0
EBITDA	387	493	487	655	725

Key financial data

FY-ending Dec.	2021A	2022A	2023A	2024A	2025F
Per-share data (VND, adj.)					
EPS	4,042	4,703	4,221	4,675	5,608
BPS	27,252	29,400	31,024	33,151	36,878
DPS	2,000	2,000	2,000	2,000	2,000
Growth (%)					
Sales growth	17.8	9.7	(10.8)	35.9	14.8
OP growth	17.5	15.8	(4.8)	24.3	29.1
NP growth (Adj)	27.1	11.3	(5.4)	40.2	26.1
EPS growth (Adj)	0.9	16.3	(10.3)	10.8	32.1
EBITDA growth	15.7	11.8	(3.7)	24.3	29.1
Profitability (%)					
OP margin (Adj)	5.1	5.4	5.7	5.3	5.1
NP margin (Adj)	5.5	5.6	5.9	6.1	5.1
EBITDA margin	6.8	7.0	7.5	5.3	5.1
ROA	9.9	10.3	8.3	11.9	10.3
ROE	15.0	16.0	13.6	14.6	16.0
Dividend yield	5.2	6.2	5.4	4.4	4.4
Dividend payout ratio	36.4	31.6	47.4	43	33
Stability					
Net debt (VND bn)	(184.8)	111.2	263.5	431	429
Net debt/equity (%)	(10.4)	5.8	13.0	18	16
Valuation (x)					
PE	6.4	11.1	10.7	9.8	7.5
PB	1.2	1.3	1.5	1.4	1.2
EV/EBITDA	12.1	7.2	11.7	9.9	9.1

■ **Guide to KIS Vietnam Securities Corp. stock ratings based on 12-month forward performance**

- BUY: Expected total return will be 15% or more
- Hold: Expected total return will be between -5% and 15%
- Sell: Expected total return will be -5% or less
- KIS Vietnam Securities Corp. does not offer target prices for stocks with Hold or Sell ratings.

■ **Guide to KIS Vietnam Securities Corp. sector ratings for the next 12 months**

- Overweight: Recommend increasing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.
- Neutral: Recommend maintaining the sector's weighting in the portfolio in line with its respective weighting in the VNIndex based on market capitalization.
- Underweight: Recommend reducing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.

■ **Analyst Certification**

I/We, as the research analyst/analysts who prepared this report, do hereby certify that the views expressed in this research report accurately reflect my/our personal views about the subject securities and issuers discussed in this report. I/We do hereby also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report.

■ **Important compliance notice**

As of the end of the month immediately preceding the date of publication of the research report or the public appearance (or the end of the second most recent month if the publication date is less than 10 calendar days after the end of the most recent month), KIS Vietnam Securities Corp. or its affiliates does not own 1% or more of any class of common equity securities of the companies mentioned in this report.

There is no actual, material conflict of interest of the research analyst or KIS Vietnam Securities Corp. or its affiliates known at the time of publication of the research report or at the time of the public appearance.

KIS Vietnam Securities Corp. or its affiliates has not managed or co-managed a public offering of securities for the companies mentioned in this report in the past 12 months;

KIS Vietnam Securities Corp. or its affiliates has not received compensation for investment banking services from the companies mentioned in this report in the past 12 months; KIS Vietnam Securities Corp. or its affiliates does not expect to receive or intend to seek compensation for investment banking services from the companies mentioned in this report in the next 3 months.

KIS Vietnam Securities Corp. or its affiliates was not making a market in securities of the companies mentioned in this report at the time that the research report was published.

KIS Vietnam Securities Corp. does not own over 1% of shares of the companies mentioned in this report as of 21 Jan 2025.

KIS Vietnam Securities Corp. has not provided this report to various third parties.

Neither the analyst/analysts who prepared this report nor their associates own any shares of the company/companies mentioned in this report as of 21 Jan 2025.

Prepared by: Research Dept

Global Disclaimer

■ General

This research report and marketing materials for Vietnamese securities are originally prepared and issued by the Research Center of KIS Vietnam Securities Corp., an organization licensed with the State Securities Commission of Vietnam. The analyst(s) who participated in preparing and issuing this research report and marketing materials is/are licensed and regulated by the State Securities Commission of Vietnam in Vietnam only. This report and marketing materials are copyrighted and may not be copied, redistributed, forwarded or altered in any way without the consent of KIS Vietnam Securities Corp..

This research report and marketing materials are for information purposes only. They are not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This research report and marketing materials do not provide individually tailored investment advice. This research report and marketing materials do not take into account individual investor circumstances, objectives or needs, and are not intended as recommendations of particular securities, financial instruments or strategies to any particular investor. The securities and other financial instruments discussed in this research report and marketing materials may not be suitable for all investors. The recipient of this research report and marketing materials must make their own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser. KIS Vietnam Securities Corp. does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. KIS Vietnam Securities Corp., its affiliates, or their affiliates and directors, officers, employees or agents of each of them disclaim any and all responsibility or liability whatsoever for any loss (director consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or KIS Vietnam Securities Corp. The final investment decision is based on the client's judgment, and this research report and marketing materials cannot be used as evidence in any legal dispute related to investment decisions.

■ Country-specific disclaimer

United States: This report is distributed in the U.S. by Korea Investment & Securities America, Inc., a member of FINRA/SIPC, and is only intended for major U.S. institutional investors as defined in Rule 15a-6(a)(2) under the U.S. Securities Exchange Act of 1934. All U.S. persons that receive this document by their acceptance thereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or implied understanding that they will direct commission income to Korea Investment & Securities, Co., Ltd. or its affiliates. Pursuant to Rule 15a-6(a)(3), any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Korea Investment & Securities America, Inc., which accepts responsibility for the contents of this report in the U.S. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. person absent registration or an applicable exemption from the registration requirement.

United Kingdom: This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

Hong Kong: This research report and marketing materials may be distributed in Hong Kong to institutional clients by Korea Investment & Securities Asia Limited (KISA), a Hong Kong representative subsidiary of Korea Investment & Securities Co., Ltd., and may not otherwise be distributed to any other party. KISA provides equity sales service to institutional clients in Hong Kong for Korean securities under its sole discretion, and is thus solely responsible for provision of the aforementioned equity selling activities in Hong Kong. All requests by and correspondence with Hong Kong investors involving securities discussed in this report and marketing materials must be effected through KISA, which is registered with The Securities & Futures Commission (SFC) of Hong Kong. Korea Investment & Securities Co., Ltd. is not a registered financial institution under Hong Kong's SFC.

Singapore: This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Korea Investment & Securities Co., Ltd. has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person. Please contact Korea Investment & Securities Singapore Pte Ltd in respect of any matters arising from, or in connection with, the analysis or report (Contact Number: 65 6501 5600).

Copyright © 2025 KIS Vietnam Securities Corp.. All rights reserved. No part of this report may be reproduced or distributed in any manner without permission of KIS Vietnam Securities Corp..