

Vinh Hoan Corp (VHC)

1Q25's NPAT trails our forecasts

- Revenue was down -7.3% yoy and -17.4% qoq
- Gross margin sat at 12.7% (+3.4%p yoy/ -5.3%p qoq)
- Maintain BUY rating for VHC shares

Facts: Muted pangasius export in 1Q25

In 1Q25, VHC released a revenue of VND2,648bn (-7.3% yoy/ -17.4% qoq), most of VHC's business segments were stagnant (Figure 1, 2). Specifically:

- Pangasius segment** slumped to VND1,354bn (-7.5% yoy/ -26.8% qoq):
 - Export volume:** As our estimates, pangasius export volume plummeted to 18.2mn tonnes (-18.6% yoy/ -38.6% qoq), due to muted export volume to US and Chinese markets, with a slump of -19% yoy and -46% yoy, respectively. Meanwhile, the EU market picked up by 11% yoy.
 - Average selling prices (ASPs):** In general, pangasius ASPs edged up to USD2.88/kg (+5.5% yoy and +2.7% qoq).
- Sa Giang (SGC)** sat at VND167bn (+3.2% yoy and -11.8% qoq). Export revenue stayed at VND117bn (+10.2% yoy but edging down -9.9% qoq),
- Miscellaneous** inched up by 4.5% yoy, to VND491bn. This was primarily contributed by the aquafeeds segment of Feed-One (VHC's subsidiary), other seafood export (Salmon, Surimi...) and dried fruit products (Thanh Ngoc Foods)
- Collagen & Gelatin, By-product & Value-added products:** respectively recorded to VND163bn (-31.5% yoy), VND445bn (+4.5% yoy), and VND27bn (+15.6% yoy).

Table 1. Quarterly earnings snapshot in 1Q25

(VND bn, %, %p)

	1Q24	2Q24	3Q24	4Q24	1Q25	QoQ	YoY
Sales	2,586	3,196	3,278	3,206	2,657	(17.4)	(7.3)
OP	207	386	394	474	247	(47.9)	19.4
OP margin	7.3	11.9	12	14.8	9.3	(5.5)	2.1
EBT	217	398	402	481	254	(47.1)	17.3
NP	170	318	321	418	193	(54.6)	13.8

Source: Company data, KIS Research

12M rating **BUY (Maintain)**

12M TP **VND77,200**

Up/Downside **+49.3%**

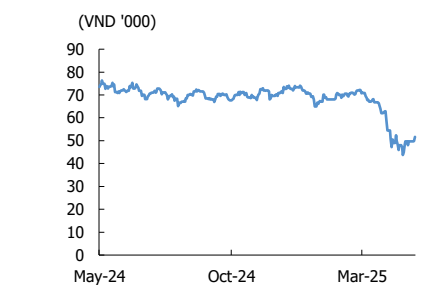
Stock Data

VNIndex (06 May, pt)	1,242
Stock price (06 May, VND)	51,700
Market cap (USD mn)	447
Shares outstanding (mn)	224
52-Week high/low (VND)	76,347/43,750
6M avg. daily turnover (USD mn)	2.31
Free float / Foreign ownership (%)	49.9/23.6
Major shareholders (%)	
Truong Thi Le Khanh	42.3
Mitsubishi Corp	6.5
Dragon Capital	6.8

Performance

	1M	6M	12M
Absolute	(5.1)	(26.3)	(29.7)
Relative	(7.8)	(25.2)	(31.5)

Stock price trend



Source: Bloomberg

Research Dept

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1Q25's gross margin (GM) was weaker-than-expected, posted to 12.7% (+3.4%p yoy, but -5.3%p qoq). This was attributed to higher raw pangasius prices during 4Q24 and 1Q25. Additionally, VHC faced a shortage of raw pangasius sized 800 grams, which forced the company to increase outsources, thereby raising the cost per kg of finished product. Moreover, VHC also recorded an inventory provision of VND41.5bn in 1Q25.

1Q25's SG&A/revenue stayed flat yoy and inched down by 1.7% qoq, to 4.6%. VHC reported financial revenue of VND90bn, primarily due to gains from foreign exchange (VND44.5bn) and interest income (VND29.2bn). Meanwhile, financial expenses were higher yoy as VHC continued to make provisions for investment devaluation (VND4.2bn vs. a reversal of VND12.3bn in 1Q24) and recorded foreign exchange losses (VND35.6bn in 1Q25 vs. VND28.4bn in 1Q24).

At the bottom line, NPAT-MI posted VND193bn (+13.8% yoy/ -54.6% qoq) and it derailed our 1Q25's forecasts. These have fulfilled 20%/ 13.5% of our 2025F forecast.

Pros & Cons: 2Q25F's margin pressure expects to ease

In 2Q25F, we expect VHC's pangasius export volume to the US market to post single-digit growth, as VHC is likely to accelerate sales before the 90-day reciprocal tariff delay expires. Meanwhile, the EU market is expected to remain stable during 2Q25F. In contrast, weak consumer demand continues to weigh on the Chinese market, limiting the potential for a strong rebound in export volumes.

Regarding to pangasius ASPs, we expect VHC's pangasius ASPs staying flat qoq due to lack of strong catalyst for increasing in the short-term.

The trend of VHC's gross margin in 2Q25F could gradually recover, supported by easing input material prices as the high season for harvesting raw pangasius begins. We believe the shortage of raw pangasius could be resolved and is unlikely to weigh on VHC's margin.

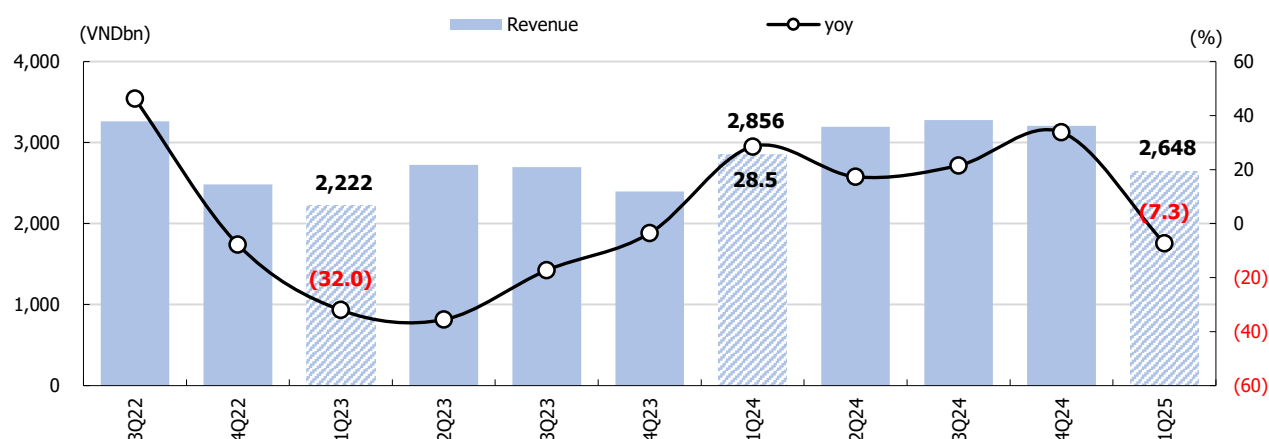
Action: Maintain BUY rating for VHC

We maintain **BUY recommendations for VHC**, with a TP of VND77,200/share. However, this TP is under review to reflect the impact of "reciprocal tariff" in the near-term.

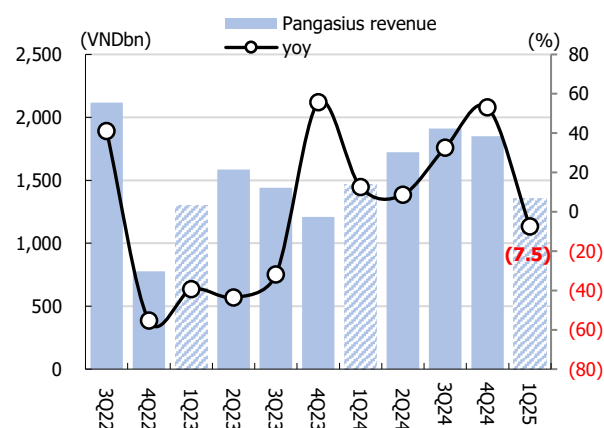
Table 1. Topline growth of VHC's products and countries in 1Q25

		1Q24	4Q24	1Q25	yoy	qoq
Products	Pangasius	1,463	1,850	1,354	(7.5)	(26.8)
	By-product	448	505	445	(0.7)	(11.9)
	Wellness	238	142	163	(31.5)	14.8
	Value added	32	29	27	(15.6)	(6.9)
	Miscellaneous	470	492	491	4.5	(0.2)
	Rice products	66	94	88	33.3	(6.4)
	Shrimp chip	93	91	76	(18.3)	(16.5)
Countries	US	723	1,020	686	(5.1)	(32.7)
	EU	553	525	576	4.2	9.7
	China	339	317	217	(36.0)	(31.5)
	Vietnam	807	910	817	1.2	(10.2)
	ROW (incl HK)	389	431	347	(10.8)	(19.5)

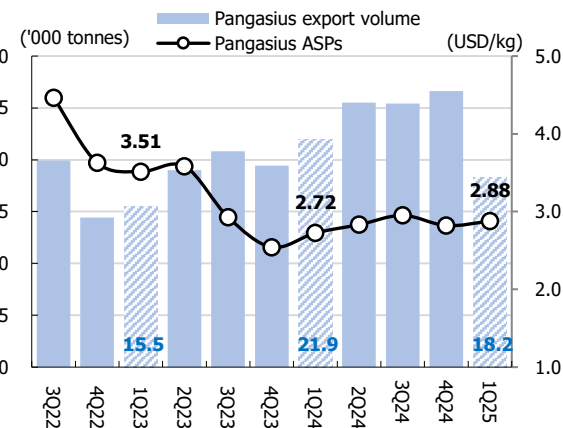
Source: Company data, KIS research

Figure 1. Total revenue gained VND2,648bn, inching down by 7.3% yoy and -17.4% qoq in 1Q25

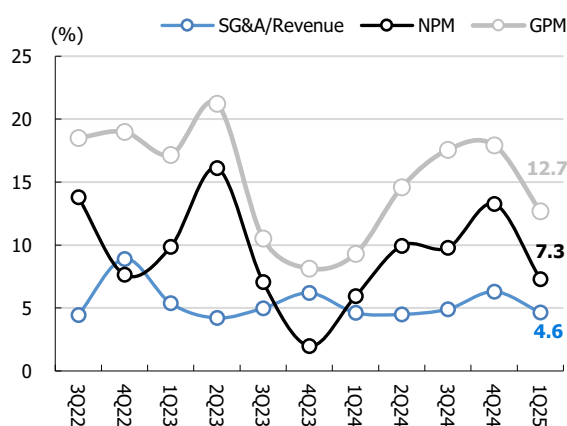
Source: Company data, FiinproX, KIS research

Figure 2. Pangasius revenue dragged on the hardship in 1Q25

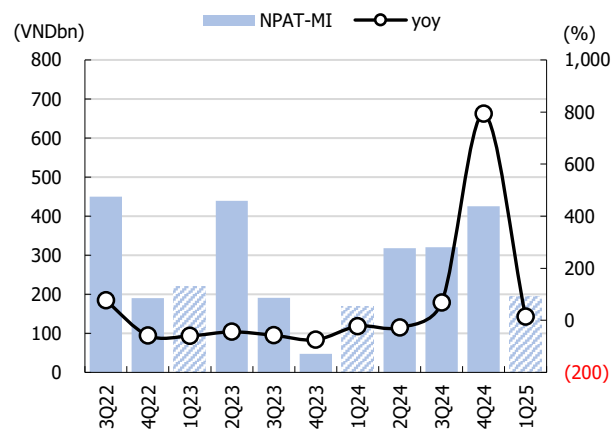
Source: Company data, KIS research

Figure 3... Due to the slump in pangasius export volume, while ASPs edged up

Source: Agromonitor, KIS research

Figure 4. GPM strongly plummeted due to high raw pangasius prices

Source: Company data, FiinproX, KIS research

Figure 5... Causing NPAT-MI trailed our expectations in 1Q25

Source: Company data, FiinproX, KIS research

■ Company overview

Vinh Hoan Corporation was established in 1997 in Dong Thap Province. The company specialized in farming, processing and exporting related-pangasius products, Collagen & Gelatin products. Since 2010, VHC has been the leading company in pangasius industry, accounting for 14% of industry shares. The products are available in well-known retail chain and distributing in leading food service companies globally.

Balance sheet

(VND bn)

FY-ending Dec.	2022A	2023A	2024A	2025F	2026F
Current assets	7,640	7,888	8,241	8,927	10,256
Cash & cash equivalent	553	233	570	741	1,417
Accounts & other receivables	2,330	1,578	2,207	2,161	2,421
Inventory	2,818	3,763	2,911	3,518	3,878
Non-current assets (Adj.)	7,087	7,655	7,671	8,186	8,839
Fixed Asset	2,824	3,383	3,415	4,125	4,526
Investment assets	66	67	69	69	69
Others	1,053	604	523	603	657
Total assets	11,583	11,943	12,249	13,725	15,507
Advances from customers	23	16	36	49	55
Unearned revenue	-	-	-	-	-
Trade payables	448	309	272	596	668
Others	1,014	750	609	709	794
ST debt & bond	2,214	2,157	2,277	2,324	2,513
LT debt & bond	175	102	-	-	-
Total liabilities	3,889	3,351	3,247	3,697	4,051
Controlling interest	7,523	8,348	8,683	9,582	10,869
Capital stock	1,834	1,870	2,245	1,870	1,870
Capital surplus	264	264	264	264	264
Other Reserves	0	0	(0)	0	0
Retained earnings	5,426	6,213	6,175	7,448	8,735
Minority interest	171	244	319	446	586
Shareholders' equity	7,694	8,591	9,002	10,027	11,456

Cash flow

(VND bn)

FY-ending Dec.	2022A	2023A	2024A	2025F	2026F
C/F from operating	1,604	547	2,113	1,538	1,664
Net profit	2,323	1,145	1,496	1,825	2,226
Depreciation	327	402	456	489	560
Net incr. in W/C	3,064	1,502	1,711	2,213	2,694
C/F from investing	(1,528)	(793)	(863)	(651)	(732)
CAPEX	(1,122)	(672)	(694)	(862)	(960)
Incr. in investment	(407)	(121)	(169)	211	228
C/F from financing	284	(73)	(912)	(756)	(259)
Incr. in equity	154	57	-	-	-
Incr. in debts	-	(129)	(13)	(308)	189
Dividends	(367)	-	(899)	(448)	(448)
Others	(2)	(2)	(1)	-	-
Increase in cash	358	(320)	337	130	672

Income statement

(VND bn)

FY-ending Dec.	2022A	2023A	2024A	2025F	2026F
Sales	13,231	10,033	12,535	13,497	15,120
COGS	10,255	8,540	10,644	11,087	12,221
Gross profit	2,976	1,493	1,891	2,411	2,899
SG&A expense	721	524	639	686	765
Operating profit	2,254	969	1,253	1,724	2,134
Financial income	434	377	428	337	355
Interest income	81	117	-	120	137
Financial expense	370	229	222	237	263
Interest expense	97	133	73	110	136
Other non-operating profit	4	27	35	-	-
Gains (Losses) in associates, subsidiaries and JV	0	1	2	-	-
Earnings before tax	2,323	1,145	1,496	1,825	2,226
Income taxes	310	171	186	275	335
Net profit	2,013	974	1,311	1,550	1,894
Net profit of controlling interest	1,975	919	1,234	1,435	1,754
EBITDA	2,712	1,646	1,992	2,424	2,922

Key financial data

FY-ending Dec.	2022A	2023A	2024A	2025F	2026F
per share data (VND)					
EPS	10,771	4,914	5,441	6,338	7,745
BPS	41,027	44,629	38,685	42,751	48,496
DPS	2,000	1,961	4,007	2,000	2,000
Growth (%)					
Sales growth	46.1	(24.2)	24.9	8.1	12.0
OP growth	88.0	(57.0)	29.3	30.2	23.8
NP growth	81.9	(51.6)	34.6	23.3	22.2
EPS growth	79.7	(53.5)	34.2	22.6	22.2
EBITDA growth	88.0	(57.0)	29.3	30.2	23.8
Profitability (%)					
OP margin	17.0	9.7	10.0	12.8	14.1
NP margin	15.2	9.7	10.5	11.5	12.5
EBITDA margin	17.0	9.7	10.0	12.8	14.1
ROA	19.8	8.3	10.8	11.7	13.0
ROE	29.7	11.6	14.5	15.8	17.1
Dividend yield	2.9	2.6	5.6	2.8	2.8
Dividend payout ratio	16	51	33	19	40
Stability					
Net debt (VND bn)	1,835	2,026	1,707	1,583	1,097
Int.-bearing debt/equity (%)	24	24	19	16	10
Valuation (X)					
PE	11.1	15.1	12.8	11.0	9.0
PB	1.3	1.7	1.8	1.7	1.5
EV/EBITDA	5.8	14.6	12.4	9.0	7.3

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