

BUY [+36%]

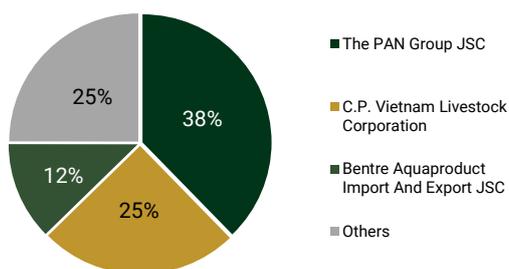
Fair price 59,400 VND
Current price 43,700 VND

Updated: 03/11/2023

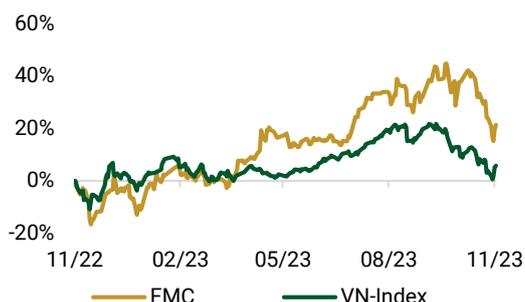
STOCK INFORMATION

Outstanding shares (mil) 65.3
Free float (mil) 13
Market cap. (VND billion) 2,814.99
3m avg. volume (shares) 63,073
Foreign ownership (%) 30.55%
First listing date 12/07/2006

CƠ CẤU CỔ ĐÔNG



PRICE MOVEMENT COMPARED TO THE INDEX



HISTORICAL VALUATION



Long-term prospects thanks to improved processing productivity and expansion of farming areas

Business results 9M2023: FMC's business operations have outperformed others peers, recording a 3Q23 Net Revenue of VND 1,793 billion (+2.3% YoY) and Net Profit of VND 89 billion (+11.9% YoY). The GPM improved to 10.3% from 8.6% in 2Q2023 thanks to the sustained export of processed products to Japan. In October 2023, FMC adjusted its revenue target to VND 4,870 billion (a 17.5% decrease compared to the initial annual plan). In 9M2023, FMC's Net Revenue decreased by 14.6% YoY to VND 3,835 billion, achieving 78.7% of the 2022 revenue plan. Net Profit decreased by 11.2% YoY to VND 213 billion, lower than PHS estimated due to the continuous low prices of shrimp. FMC stated that the situation of processed shrimp orders remains stable in November and December thanks to the improved year-end consumption.

Investment highlights:

Boosting processing productivity creates long-term growth engine: In 2022, FMC expanded two more processing plants, increasing FMC's processing capacity by 80% to 45,000 tons/year. At maximum capacity in 2027F, we expect shrimp consumption to increase by approximately 40% compared to 2022.

Expanding the farming area improves the self-sufficiency of raw materials and boosts processed shrimp products: In July 2022, FMC expanded 200ha of new farming area, raising the total farming area to 520ha. The expansion of farming area would help the company maintain the self-sufficiency rate up to 30% (compared to 20% - 25% previously). FMC also focuses on promoting the strength of processed shrimp products with a Profit Margin nearly double that of fresh shrimp products and pushing into the Japanese market, thereby contributing to stabilizing Gross Profit Margin.

Benefiting from the EVFTA and CPTPP: The preferential tax rates from the EVFTA and CPTPP would bring many advantages to FMC with the strength of processed shrimp products to expand exports to the EU and Japan. Accordingly, Japan and EU are the two main export markets of FMC with the proportion always accounting for about 50% - 60% in the structure of export revenue.

Valuation and recommendation: PHS project that FMC's Net Revenue and NPAT for 2023F would reach VND 5,235 billion (-8.2% YoY) and VND 272 billion (-15.1% YoY) respectively, decreasing by 1.3% and 13.4% compared to our previous forecast due to the ongoing low shrimp prices. We also anticipate a rebound for FMC in 2024F with Net Revenue and NPAT reaching VND 5,661 billion (+8.1% YoY) and VND 318 billion (+16.5% YoY), respectively. Using the DCF and EV/EBITDA valuation methods, we come up with the fair price for FMC at VND 59,400/share. Hence we make recommendation: Buy for FMC with potential upside of 36%.

Investment risks: (1) Competitive risk; (2) Raw material risk; (3) FX risk; (4) Revenue concentration risk; (5) Disease risk; (6) Inflation risk.

Financial Indicators	2019A	2020A	2021A	2022A	2023F	2024F
Net Revenue (billion VND)	3,710	4,415	5,199	5,702	5,235	5,661
Net Profit (billion VND)	230	226	287	321	272	318
EPS (VND)	5,468	4,607	4,677	4,605	4,167	4,856
EPS Growth (%)	41%	-16%	2%	-2%	-10%	17%
Book Value (VND)	19,141	22,044	30,231	32,361	34,528	37,384
P/E	4.8	7.8	11.1	10.9	10.4	9.0
P/B	1.4	1.6	1.7	1.0	1.3	1.2
Cash Dividend (VND)	25%	25%	20%	20%	N/A	N/A