

28/05/2024

RECOMMENDATION **HOLD**

| | |
|-----------------|--------|
| Fair price | 79,300 |
| Current price | 73,600 |
| Upside/downside | 8% |

STOCK INFORMATION

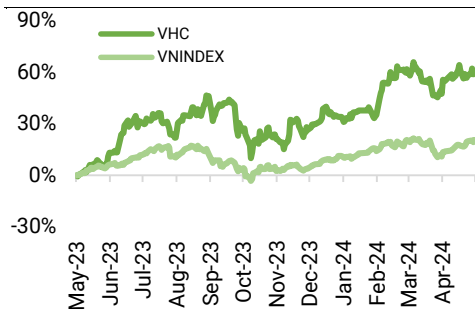
| | |
|---------------------------|------------|
| Outstanding shares (mil) | 224.45 |
| Free float (mil) | 50% |
| Market cap. (billion VND) | 16,429.97 |
| 3m avg. volume (shares) | 1,112,717 |
| Foreign ownership (%) | 30.91% |
| First listing date | 24/12/2007 |

SHAREHOLDER STRUCTURE

| | |
|------------------------------------|--------|
| Truong Thi Le Khanh | 42.32% |
| Lam Mau Diep | 4.47% |
| PYN Fund Management | 4.28% |
| Holberg Fondsforvaltning AS/Norway | 3.14% |
| Others | 45.79% |

KEY ATTRIBUTES

| | |
|--------------------|----------|
| TTM EPS (VND) | 3,812.27 |
| BVPS (VND) | 35,943 |
| Debt/Equity (%) | 45% |
| ROA (%) | 6.98% |
| ROE (%) | 10.37% |
| P/E | 19.2 |
| P/B | 2.0 |
| Dividend yield (%) | 2.73% |

PRICE PERFORMANCE**COMPANY PROFILE**

Vinh Hoan Corp. (HSX: VHC) was established in 1997, operating in the field of farming, processing, and exporting pangasius. VHC is the leading company in Vietnam's pangasius industry since 2010, holding a 15% market share of the entire industry. The company's products are present in prestigious retail chains: Walmart, Target, Trader Joe, and Kroger.

ANALYST(S)

Duong Trung Hoa
hoaduong@phs.vn

1Q24 UPDATE - THE WAITING HAS PAID OFF

- By the end of 4M2024, VHC recorded a positive recovery with Net Revenue increasing by 25.0% YoY to VND 3,901 bn, achieving 36.5% of the 2024 revenue plan in the base case scenario and reaching 102% of PHS's forecast.
- We believe that VHC would continue to achieve good growth in 2H2024 due to (1) an increase in pangasius export volume, benefiting from the tightening ban from the US on seafood processed from Russia and new EU regulations imposing a 13.7% tax from 0% on Russian pollock and cod, (2) the expected slight increase in the price of pangasius exports to the US, and (3) a low comparison base in 2H2023. We forecast that VHC would achieve Net Revenue and NPAT in 2024F of VND 11,426 bn (+13.8% YoY) and VND 1,117 bn (+17.6% YoY), respectively.
- We maintain a **HOLD** recommendation with a fair value for VHC of VND 79,300/share, corresponding to a potential upside of 8% compared to the current price.

4M2024 Business Results

In 4M2024, VHC recorded a positive recovery with Net Revenue increasing by 25.0% YoY to VND 3,901 bn, achieving 36.5% of the 2024 revenue plan under the base scenario and reaching 102% of PHS's forecast. For 1Q2024 alone, VHC reported Net Revenue and NPAT of VND 2,856 bn (+29% YoY) and VND 189 bn (-16% YoY), respectively.

Pangasius fillet exports continued to be the main growth driver for VHC, with revenue increasing by 15% YoY to VND 1,819 bn, accounting for 54% of the revenue structure. According to our estimates, this increase was mainly supported by the growth in consumption volume (+28% YoY), while the average export price of pangasius nationwide decreased to USD 2.2/kg (down 10%YoY).

Investment highlights

(1) Expecting strong recovery from pangasius exports to the US: Vietnamese pangasius is expected to benefit from exports to the US in 2024 and 2025, amid the tightening of the US ban on imported processed seafood from Russia from December 2023. In 1Q2024, the volume of imported fillet fish into the US decreased by 6% YoY, however, frozen pangasius fillet imports (HS code 030462) recorded positive growth with a volume of 21.5 million tons (+34.6% YoY). By the end of April 2024, the export price of pangasius fillet to the US has gradually recovered to 3.0 USD/kg (+20% compared to the end of 2023) and is expected to continue rising as demand improves. VHC is anticipated to benefit significantly with the US remaining the main export market, accounting for 29% of revenue in 4M2024.

(2) Diversifying product structure to enhance operational efficiency: In addition to pangasius fillets, VHC is planning to boost its development capabilities in the Collagen and Gelatin (C&G) segment and the miscellaneous product line, which respectively account for 8% and 17% of the revenue structure. For the C&G segment, VHC has upgraded an additional Gelatin production line that has been operational since April 2024 and plans to expand C&G capacity by 50% this year. Concurrently,