

19 May 2023

# Vinh Hoan Corp (VHC)

## April sales dropped in most markets

### Export to the main market plunged strongly

- Vinh Hoan delivered a preliminary VND869bn revenue, decreasing 47.4% yoy since most product sales declined compared to a high base in Apr 2022. Especially the pangasius export shrunk by 55.5% yoy as we estimated the average selling price (ASP) to US and EU markets dropped strongly by 15% yoy and 23% yoy, respectively. Also, the pangasius export volume decreased sharply by 48% yoy due to the lessened import volume of US by -64.5% yoy.
- In Apr, VHC's revenue exported to the US strongly reducing by 68.7% yoy mainly due to the 2022 high base. Also, EU, China and Vietnam markets recorded negative growth rates in Apr by 12.7% yoy/13.4% yoy/23.7% yoy.

### Low 4M23 sales compared to 2022 high base

- On a monthly basis, VHC's total revenue declined by 36.1% mom in Apr, mainly due to the decrease in most products. The pangasius export was reduced by 14.9% mom, assisted mainly by the ASP downturn of 3% mom. Most exports to markets slumped mom, especially key markets such as US, EU, China, and Vietnam plunged by 21.6%/29.2%/11.3%/12.5% mom.
- 4M23 preliminary revenue posted VND3,116bn (-36.1% yoy), backed by (1) high base in 4M22, and (2) the tumble revenue of most products yoy and qoq, especially pangasius. The pangasius export decreased by 45.1% yoy as we estimated the ASP drop significantly 19% yoy, while the pangasius volume export decreased in key markets including US (-52.5% yoy), EU (-3.5% yoy), and China (-3.5% yoy) in 4M23.
- Overall, 4M23 revenue fulfills 26% of our estimates. We maintain a HOLD rating.

12M rating **HOLD**

#### Stock Data

VNIndex (19 May, pt)	1,064
Stock price (19 May, VND)	57,100
Market cap (USD mn)	446
Shares outstanding (mn)	183
52-Week high/low (VND)	111,526/53,400
6M avg. daily turnover (USD mn)	1.26
Free float / Foreign ownership (%)	49.8/30.4
Major shareholders (%)	
Truong Thi Le Khanh	43.2
Mitsubishi Corp	6.5
Dragon Capital	6.9

#### Performance

	1M	6M	12M
Absolute (%)	(4.8)	(15.9)	(35.6)
Relative to VNIndex (%p)	(6.3)	(26.4)	(22.8)

#### Stock price trend



Source: Bloomberg

	2019A	2020A	2021A	2022F	2023F
Sales (VND bn)	7,867.1	7,037.2	9,054.2	14,253.0	12,125.5
chg. (% YoY)	(15.1)	(10.5)	28.7	57.4	(14.9)
Operating profit (VND bn)	1,132.5	682.7	1,196.2	2,791.0	2,084.7
Net profit (VND bn)	1,177.8	722.4	1,130.0	2,467.9	1,834.1
EPS (VND)	6,154.8	3,970.6	6,161.9	13,441.7	9,942.6
chg. (% YoY)	(61.5)	(35.5)	55.2	118.1	(25.7)
EBITDA (VND bn)	1,297.7	883.2	1,481.6	3,143.1	2,487.8
PE (x)	11.7	18.1	11.7	5.4	7.2
EV/EBITDA (x)	9.2	13.5	8.0	3.8	4.8
PB (x)	2.7	2.5	2.3	1.7	1.4
ROE (%)	24.2	14.0	19.4	31.2	19.6
Dividend yield (%)	0.0	2.0	2.0	2.0	2.0

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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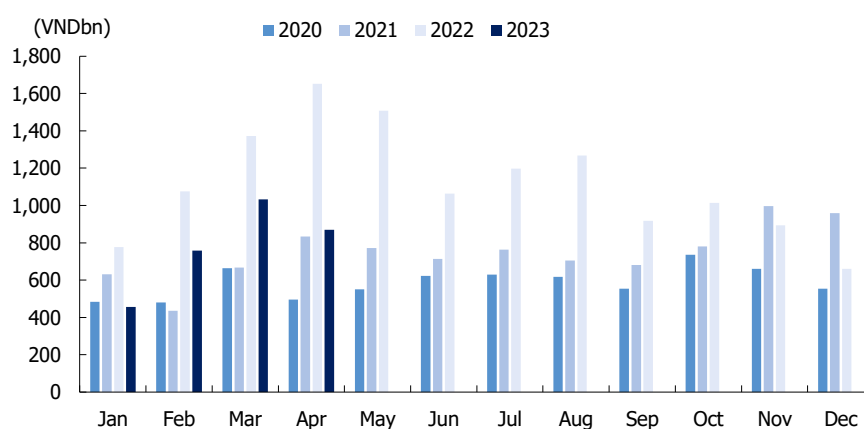
#### Research Dept

researchdept@kisvn.vn

**Table 1. VHC revenue overview in 4M23**

	Monthly				Accumulated			
	Apr-22	Apr-23	YoY (%)	MoM (%)	4M22	4M23	YoY (%)	% of our 2023F estimate
<b>Total sales</b>	<b>1,652</b>	<b>869</b>	<b>(47.4)</b>	<b>(15.8)</b>	<b>4,877</b>	<b>3,116</b>	<b>(36.1)</b>	<b>26</b>
<b>By product</b>								
Pangasius	1,166	519	(55.5)	(14.9)	3,311	1,819	(45.1)	
By-product	230	151	(34.3)	(6.8)	642	504	(21.5)	
Wellness	15	17	13.3	54.5	37	42	13.5	
Value added	34	18	(47.1)	(21.7)	134	84	(37.3)	
Miscellaneous	17	11	(35.3)	(8.3)	55	43	(21.8)	
Rice products	77	55	(28.6)	(26.7)	282	233	(17.4)	
Shrimp chip	113	97	(14.2)	(30.2)	438	396	(9.6)	
<b>By location</b>								
U.S	983	308	(68.7)	(21.6)	2,593	1,015	(60.9)	
Europe	158	138	(12.7)	(29.2)	541	643	18.9	
China	127	110	(13.4)	(11.3)	395	336	(14.9)	
Vietnam	266	203	(23.7)	(12.5)	943	761	(19.3)	
ROW (incl HK)	118	110	(6.8)	25.0	405	361	(10.9)	

Source: Company data, KISVN

**Figure 1. April VHC's revenue slowed down compared to 2022 high base**

Source: Company data, KISVN

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Prepared by: Research Dept

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