

26 Jun 2020

Vinh Hoan Corp (VHC)

Export volume to fully recover in Jun 2020

COVID-19 hit export to the U.S. in May 2020

- Vinh Hoan announced business results of May 2020. On 24 Jun, we also have a call with Vinh Hoan's IR to update more details about its business situation.
- Vinh Hoan's export revenue recorded VND551bn (-3% yoy) in May 2020, which was dragged down by poor export to the U.S. Due to weak consumption of restaurant channel amid pandemic and low export price compared to May 2019, export value to the U.S. recorded only VND109bn (-45% yoy).
- Pangasius export to China and EU reached VND111bn (+49% yoy) and VND143bn (+29% yoy), respectively. Thanks to demand recovery, the rebound of export to China offset the value decrease of export to the U.S. in May 2020.

Pangasius export volume to fully recover in Jun 2020

- In Jun 2020, Vinh Hoan expects export volume to see full recovery of its normal level and reach qoq positive volume growth, including the U.S., China and EU, thanks to the recovery of restaurant channel in the U.S. after re-opening the economy and high demand in China and EU. In case the second wave of COVID-19 occurs in China, pangasius export can see a volume surge, driven by the increasing pangasius stockpiling to deal with pandemic.
- In EU market, while Vietnam industry's pangasius export recorded negative volume growth, Vinh Hoan has achieved double-digit volume growth, backed by improved prestige of Vinh Hoan's pangasius and worldwide confirmed high product quality. Coupled with tax incentives from EVFTA, Vinh Hoan believes pangasius export to EU will maintain optimistic prospect in coming years.
- Pangasius material price has kept stable at the 5-year low. Vinh Hoan expects pangasius material price to remain flat in 2H20 as farmers will not expand farming area until pangasius demand becomes more stable in core export markets.

	2017A	2018A	2019A	2020F	2021F
Sales (VND bn)	8,151	9,271	7,867	8,498	9,273
chg. (% YoY)	11.6	13.7	(15.1)	8.0	9.1
Operating profit (VND bn)	761	1,685	1,132	1,296	1,419
Net profit (VND bn)	605	1,442	1,179	1,232	1,362
EPS (VND)	6,118	15,489	6,371	6,660	7,377
chg. (% YoY)	3.3	153.2	(58.9)	4.5	10.8
EBITDA (VND bn)	960	1,842	1,298	1,489	1,652
PE (x)	6.1	2.4	5.9	5.6	5.1
EV/EBITDA (x)	8.1	4.0	4.7	3.8	3.1
PB (x)	1.2	0.9	1.4	1.2	1.0
ROE (%)	22.7	41.5	26.5	23.2	21.9
Dividend yield (%)	5.3	10.7	-	5.3	5.3

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

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12M rating **BUY (Maintain)**

12M TP **37,000** from 37,000

Up/Downside **+4%** (incl 5% cash dividend)

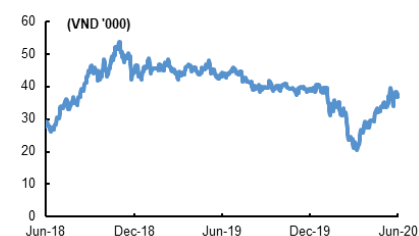
Stock Data

VNIndex (25 Jun, pt)	855
Stock price (25 Jun, VND)	37,500
Market cap (USD mn)	294
Shares outstanding (mn)	182
52-Week high/low (VND)	45,900/20,500
6M avg. daily turnover (USD mn)	0.60
Free float / Foreign ownership (%)	50.1/33.1
Major shareholders (%)	
Truong Thi Le Khanh	43.5
Mitsubishi Corp	6.6

Performance

	1M	6M	12M
Absolute (%)	7.1	(4.2)	(12.8)
Relative to VNIndex (%p)	7.6	6.4	(3.2)

Stock price trend



Source: Bloomberg

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