

1 Sep 2020

Vinh Hoan Corp (VHC)

12M rating **Hold (Maintain)**

EU market in the spotlight

Vinh Hoan's revenue dropped 9% yoy in Jul 2020

- Vinh Hoan announced business results in Jul 2020, which delivered lower negative revenue growth, compared to Jun 2020's figures.
- Vinh Hoan recorded VND629bn revenue in Jul 2020 (-9% yoy), which were mainly hit by the decrease of export revenue to the U.S. (-16% yoy), China (-13% yoy) and rest of world excluding the U.S., EU, China (-20% yoy), due to the weakening demand of restaurant channel amid pandemic. However, Vinh Hoan's export volume to the U.S showed sign of recovery as we estimate Vinh Hoan's export volume to this market rebounded to Jul 2019's level.
- On the contrary, Vinh Hoan's export to EU maintained the spotlight as reaching export revenue of VND112bn (+54% yoy) in Jul 2020, premised by volume blossom via modern retail growth in this market, which we estimate to reach volume growth of over 100% yoy.
- Comparing to Jun 2020's figures, Vinh Hoan's revenue has still reached mom revenue growth of 1% in Jul 2020, mainly driven by the mom 49% revenue growth of Vinh Hoan's export to the U.S. On the contrary, export revenue to EU and China dropped 16% mom and 17% mom, respectively.

Vietnam pangasius export value dropped 30% yoy in 7M20

- Vietnam pangasius export value recorded USD791mn in 7M20 (-30% yoy) due to profound impact of pandemic and low export price compared to last year.
- In 7M20, Vietnam pangasius export value to China recorded worst growth as export value plunged 44% yoy, due to undermining demand of restaurant channel and price competition in Chinese off-premise channel.
- Vietnam pangasius export to the U.S. and EU dropped 21% yoy and 13% yoy, respectively. On the contrary, Vietnam pangasius export to the U.K. surged 75% yoy and contributed 5% to Vietnam total pangasius export value in 7M20.

	2017A	2018A	2019F	2020F	2021F
Sales (VND bn)	8,151	9,271	7,867	7,270	7,931
chg. (% YoY)	11.6	13.7	(15.1)	(7.6)	9.1
Operating profit (VND bn)	761	1,685	1,132	977	1,146
Net profit (VND bn)	605	1,442	1,179	919	1,100
EPS (VND)	6,118	15,489	6,371	4,944	5,937
chg. (% YoY)	3.3	153.2	(58.9)	(22.4)	20.1
EBITDA (VND bn)	960	1,842	1,298	1,166	1,369
PE (x)	6.2	2.5	6.0	7.7	6.4
EV/EBITDA (x)	8.3	4.1	4.8	4.9	3.9
PB (x)	1.2	0.9	1.4	1.3	1.1
ROE (%)	22.7	41.5	26.5	17.9	19.1
Dividend yield (%)	5.2	10.5	-	5.2	5.2

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

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Stock Data

VNIndex (31 Aug, pt)	882
Stock price (31 Aug, VND)	38,100
Market cap (USD mn)	301
Shares outstanding (mn)	182
52-Week high/low (VND)	41,800/20,500
6M avg. daily turnover (USD mn)	0.81
Free float / Foreign ownership (%)	50.1/32.2
Major shareholders (%)	
Truong Thi Le Khanh	43.5
Mitsubishi Corp	6.6

Performance

	1M	6M	12M
Absolute (%)	11.7	23.9	(4.2)
Relative to VNIndex (%p)	1.2	22.6	4.2

Stock price trend



Source: Bloomberg

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