

30 Oct 2020

Nam Viet Corp (ANV)

Earning growth to elevate qoq in 4Q20

- 3Q20 NPAT increased 24.6% qoq
- 4Q20 NPAT growth to elevate qoq
- Waiting for new colors from solar power post-2020

Facts: 3Q20 NPAT increased 24.6% qoq

In 3Q20, Nam Viet recorded VND808bn revenue and VND40bn NPAT, decreasing 28.3% yoy and 73.8% yoy, respectively. Aggregate 9M20, Nam Viet recorded VND2,503bn revenue (-19.3% yoy), dragged down by total volume decrease of 16.8% yoy and avg export price decrease of 24.0% yoy.

In 9M20, Nam Viet's pangasius export witnessed revenue plunge in all markets. Particularly, Nam Viet's pangasius export revenue to Asia, America, EU recorded USD41mn (-16.5% yoy), USD7mn (-69.8% yoy), USD10.8mn (-30.0% yoy), respectively. Overall, Nam Viet recorded export revenue of VND66mn in 9M20, decreasing 36.7% yoy.

Due to revenue decrease (-19.3% yoy) and narrowing gross margin (-7.7%p yoy), Nam Viet recorded only VND115bn NPAT in 9M20, plunging 77.2% yoy and completing nearly 58% 2020 NPAT guidance.

Pros & cons: 4Q20 NPAT growth to elevate qoq

We maintain our view for the whole 2020 that Nam Viet's NPAT will drop to 3-year low. We estimate Nam Viet will post VND3,361bn (-25.0% yoy) and VND171bn (-75.8% yoy) in 2020, completing 112% revenue target and 85% NPAT target of 2020 business guidance.

In 4Q20, we expect that Nam Viet will reach more optimistic business results, compared to 3Q20 results. We estimate Nam Viet will reach VND857bn revenue (+6.0% qoq) and VND55bn (+37.8% qoq) in 4Q20, premised by (1) qoq export price improvement, based on pangasius material price surge starting from Oct 2020 and (2) qoq widening gross margin of 0.58%p, thanks to qoq export price increase amid stable input pangasius material price as input volume has been almost harvested from Nam Viet's owned farms (sizing nearly 400ha).

Action: Waiting for new colors from solar power post-2020

Although Nam Viet is expected to extend recovery trend in 4Q20, we view that recovery trend of export price still imply high volatility as basing on material price surge. However, we see potential income growth for Nam Viet from solar power segment post-2020. Therefore, after posting cautious view in 2Q20 review report, we will make re-evaluation for ANV share in 4Q20 review report.

Stock data

VNIndex (29 Jul, pt)	919
Stock price (29 Jul, VND)	18,800
Market cap (USD mn)	103
Shares outstanding (mn)	127
52-Week high/low (VND)	24,883/11,829
6M avg. daily turnover (USD mn)	0.21
Free float / Foreign ownership (%)	13.6/1.3
Major shareholders (%)	
Chairman and Affiliates	80.4

Valuation

	2019A	2020F	2021F
PE (x)	3.4	14.0	11.5
PB (x)	1.0	1.0	1.0
ROE (%)	33.3	7.2	8.8
DY (%)	10.6	8.0	8.0
EV/EBITDA (x)	3.5	8.4	8.8
EPS (VND)	5,541	1,343	1,640
BPS (VND)	18,778	18,621	18,761

Performance

	1M	6M	12M
Absolute (%)	1.1	10.9	(25.5)
Relative to VNIndex (%p)	(0.7)	(9.9)	(19.6)

Stock price



Source: Bloomberg

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Table 1. Earnings and outlook

(VND bn, %, %p)

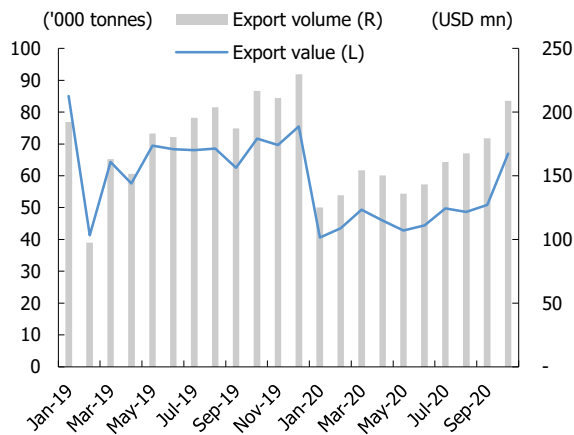
	2019				2020				2019A	2020F	3Q20		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QF			QoQ	YoY	Consensus
Sales	910	1,064	1,127	1,379	811	884	808	857	4,481	3,361	(8.6)	(28.3)	N.A
Gross profit	277	225	237	304	121	90	107	119	1,043	437	19.0	(54.7)	
Gross margin	30.5	21.1	21.0	22.1	15.0	10.2	13.2	13.8	23.3	13.0	3.1	(7.7)	
Operating expenses	54	53	57	74	68	48	52	54	237	221	7.8	(9.1)	N.A
Selling expense	42	46	47	56	55	36	38	40	191	151	4.6	(18.9)	
G&A expense	12	7	10	18	13	12	14	14	47	70	17.9	36.5	
Depreciation	20	20	20	21	21	21	21	30	81	99	(0.7)	6.1	
Operating profit	223	172	180	231	53	42	55	65	805	216	31.8	(69.2)	N.A
EBT	231	178	174	247	52	38	52	60	831	201	36.6	(70.3)	N.A
Net profit	200	153	153	198	43	32	40	55	704	171	24.6	(73.8)	
NP of controlling interest	200	153	153	198	43	32	40	55	704	171	24.6	(73.8)	
EBITDA	244	192	199	252	74	63	76	95	886	315	21.0	(61.8)	N.A
EBITDA margin	26.8	18.0	17.7	18.3	9.2	7.1	9.4	11.1	19.8	9.4	2.3	(8.3)	
OP margin	24.5	16.1	15.9	16.7	6.6	4.7	6.8	7.6	18.0	6.4	2.1	(9.1)	

Source: Company data, KIS

■ Company overview

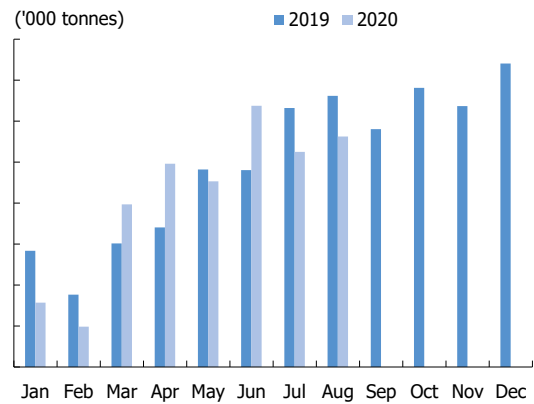
Nam Viet (ANV: HSX) is the third largest Vietnam pangasius exporter with value starting from farming, processing and exporting. Nam Viet is focusing on China, ASEAN and EU, which accounts for more than 65% of total export revenue per year. Nam Viet has scaled up quickly its capacity by launching Binh Phu high-tech farming area.

Figure 1. VN export volume and value, 2019-2020



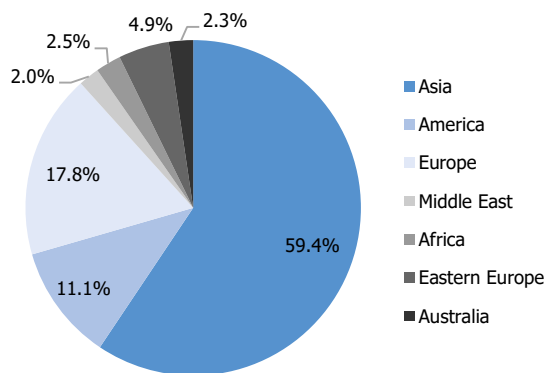
Source: AgroMonitor

Figure 2. VN pangasius export volume to China



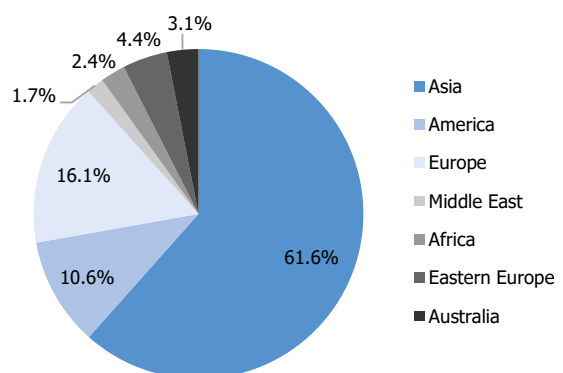
Source: Nam Viet Corp

Figure 3. Nam Viet's export volume by market, 9M20



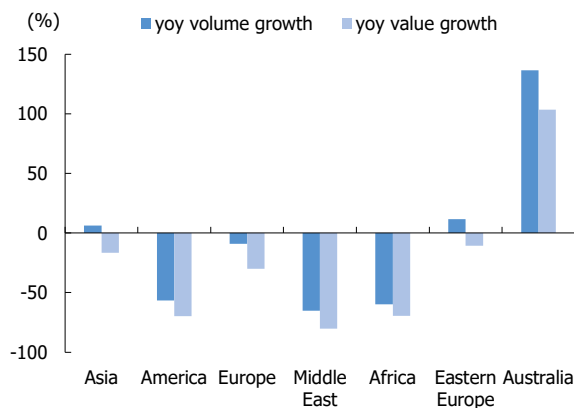
Source: Nam Viet Corp

Figure 4. Nam Viet's export value by market, 9M20



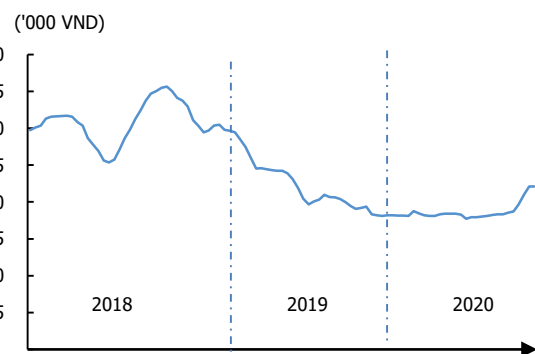
Source: AgroMonitor

Figure 5. Nam Viet's revenue growth and volume growth by market, 9M20



Source: Nam Viet Corp

Figure 6. VN pangasius material price, 2018-2020



Source: AgroMonitor

Balance sheet

(VND bn)

FY-ending Dec.	2017A	2018A	2019A	2020F	2021F
Current assets	1,527	2,055	2,636	2,599	2,834
Cash & cash equivalents	26	521	610	856	896
Accounts & other receivables	627	572	443	397	433
Inventory	874	962	1,583	1,346	1,505
Non-current assets	1,063	1,267	1,368	1,021	1,476
Fixed assets	585	942	1,224	877	1,332
Investment assets	478	326	144	144	144
Others	113	103	130	324	321
Total assets	2,702	3,425	4,135	3,944	4,632
Advances from customers	16	14	11	13	14
Unearned revenue	-	0.5	0.3	-	-
Trade payables	100	119	200	170	190
Others	91	183	222	133	155
ST debt & due bonds	1,025	1,251	1,295	1,243	1,869
LT debt & bonds	76	10	20	20	20
Total liabilities	1,308	1,577	1,749	1,578	2,248
Controlling interest	1,398	1,848	2,386	2,366	2,384
Capital stock	1,250	1,250	1,275	1,275	1,275
Capital surplus	22	22	21	21	21
Other reserves	(27)	(27)	(28)	(28)	(28)
Retained earnings	153	603	1,117	1,097	1,115
Minority interest	(4)	-	-	-	-
Shareholders' equity	1,394	1,848	2,386	2,366	2,384

Cash flow

(VND bn)

FY-ending Dec.	2017A	2018A	2019A	2020F	2021F
C/F from operations	746	721	328	489	173
Net profit	144	604	704	171	208
Dep'n & Amort'n	80	80	81	99	117
Net incr. in W/C	521	37	(457)	220	(152)
C/F from investing	(375)	(685)	(252)	-	(569)
Capex	(53)	(431)	(354)	-	(569)
Incr. in investment	(323)	(254)	102	-	-
C/F from financing	(366)	7	(120)	(243)	436
Incr. in equity	-	-	25	-	-
Incr. in debt	(282)	157	46	(52)	626
Dividends	(84)	(149)	(191)	(191)	(191)
C/F from others	(1)	451	133	-	-
Increase in cash	3	495	89	246	40

Income statement

(VND bn)

FY-ending Dec.	2017A	2018A	2019A	2020F	2021F
Sales	2,949	4,118	4,481	3,361	3,769
COGS	2,517	3,256	3,438	2,924	3,269
Gross profit	432	862	1,043	437	500
SG&A expenses	185	169	237	221	248
Operating profit	247	693	805	216	252
Financial income	20	74	52	53	61
Interest income	10	51	40	53	61
Financial expenses	64	75	60	67	67
Interest expenses	57	46	49	67	67
Other non-operating profit	(123)	4	16	-	-
Gains (Losses) in associates, subsidiaries and JV	(5)	(2)	-	-	-
Earnings before tax	167	690	831	201	246
Income taxes	23	86	126	31	37
Net profit	144	604	704	171	208
Net profit of controlling interest	142	600	704	171	208
EBITDA	328	773	886	315	368

Key financial data

FY-ending Dec.	2017A	2018A	2019A	2020F	2021F
Per-share data (VND, adj.)					
EPS	1,142	4,811	5,541	1,343	1,640
BPS	11,214	14,825	18,778	18,621	18,761
DPS	1,200	1,500	2,000	1,500	1,500
Growth (%)					
Sales growth	4.4	39.6	8.8	(25.0)	12.1
OP growth	170.6	180.2	16.2	(73.2)	16.7
NP growth	972.0	319.6	16.5	(75.8)	22.1
EPS growth	317.6	321.2	15.2	(75.8)	22.1
EBITDA growth	94.1	136.0	14.7	(64.5)	17.1
Profitability (%)					
OP margin	8.4	16.8	18.0	6.4	6.7
NP margin	4.9	14.7	15.7	5.1	5.5
EBITDA margin	11.1	18.8	19.8	9.4	9.8
ROA	5.0	19.7	18.6	4.2	4.9
ROE	10.5	37.0	33.3	7.2	8.8
Dividend yield	6.4	8.0	10.6	8.0	8.0
Dividend payout ratio	105.1	31.2	36.1	111.7	91.4
Stability					
Net debt (VND bn)	1,075	740	706	263	849
Net debt/equity (%)	77	40	30	11	36
Valuation (x)					
PE	16.5	3.9	3.4	14.0	11.5
PB	1.7	1.3	1.0	1.0	1.0
EV/EBITDA	10.6	4.0	3.5	8.4	8.8

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