

22 Jan 2021

Vinh Hoan Corp (VHC)

Contracting gross margin hit 4Q20 NPAT

Revenue to decrease 8.3% yoy in 4Q20

- Vinh Hoan announced official 4Q20 business results, which delivered worse NPAT results than our expectation.
- In 4Q20, Vinh Hoan posted nearly VND1,947bn revenue (-8.3% yoy), which was mainly dragged down by 21.4% yoy decrease and 11.2% yoy decrease of export revenue to the U.S. and China, posting VND628bn and VND500bn, respectively. On the contrary, Vinh Hoan's export revenue to the EU reached revenue growth of 9.2% yoy, equivalent to VND249bn in 4Q20.
- In 4Q20, revenue of Collagen & Gelatin delivered VND139bn, decreasing 8.6% yoy and increasing 5.3% qoq.

NPAT dropped 23.1% yoy in 4Q20 due to contracting gross margin

- Thanks to the increase of pangasius material price, Vinh Hoan recognized inventory provision reversal in 4Q20. However, gross margin still narrowed nearly 2.4%p yoy to post 11.6% in 4Q20, mainly due to flattening average pangasius export price amid the increase of pangasius material price.
- Vinh Hoan reached financial income of VND73bn in 4Q20 (+35.2% yoy) thanks to VND27bn income of financial investment.
- Overall, Vinh Hoan's 4Q20 NPAT posted VND153bn (-23.1% yoy) in 4Q20, mainly dragged down by yoy narrowing gross margin.

	2017A	2018A	2019A	2020U	2021F
Sales (VND bn)	8,151	9,271	7,867	7,037	9,037
chg. (% YoY)	11.6	13.7	(15.1)	(11.0)	24.8
Operating profit (VND bn)	761	1,685	1,132	683	1,159
Net profit (VND bn)	605	1,442	1,179	705	1,120
EPS (VND)	6,118	15,489	6,371	3,874	6,044
chg. (% YoY)	3.3	153.2	(58.9)	(40.2)	31.2
EBITDA (VND bn)	960	1,842	1,298	883	1,394
PE (x)	6.8	2.7	6.5	11.0	6.9
EV/EBITDA (x)	8.9	4.4	5.3	10.0	4.3
PB (x)	1.3	1.0	1.5	2.0	1.2
ROE (%)	22.7	41.5	26.5	14.0	19.6
Dividend yield (%)	4.8	9.6	-	4.8	4.8

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

12M rating **BUY (Maintain)**

12M TP **50,000** from 50,000

Up/Downside **+25.3%** (incl 4.8% cash dividend)

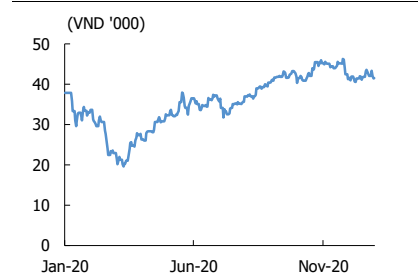
Stock Data

VNIndex (21 Jan, pt)	1,164
Stock price (21 Jan, VND)	41,500
Market cap (USD mn)	331
Shares outstanding (mn)	182
52-Week high/low (VND)	46,250/19,590
6M avg. daily turnover (USD mn)	1.54
Free float / Foreign ownership (%)	50.2/27.0
Major shareholders (%)	
Truong Thi Le Khanh	43.5
Mitsubishi Corp	6.6

Performance

	1M	6M	12M
Absolute (%)	0.5	17.5	11.0
Relative to VNIndex (%p)	(7.4)	(20.6)	(9.1)

Stock price trend



Source: Bloomberg

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