

15 Sep 2022

Vinh Hoan Corp (VHC)

August revenue updates

Brisk yoy revenue growth as anticipated

- Vinh Hoan announced August IR News on Sep 15, 2022, which delivered a preliminary 73% yoy revenue growth in Aug.
- Vinh Hoan posted total revenue of VND1,270bn (+73% yoy) in August, mainly driven by the increase in export to US (VND508bn, +72% yoy), EU (VND119bn, +5% yoy), and China (VND169bn, +20% yoy). Especially, revenue increased strongly by 179% in domestic market (VND310bn).
- In August, the pangasius products keep soaring by 64% yoy to VND780bn revenue mainly thanks to export price hike by +41% yoy, in our view. The revenue of Collagen & Gelatin delivered VND58bn revenue (-15% yoy), while by-product contributed VND263bn revenue (+95% yoy).

Export to EU market decreased 40.5% mom

- In terms of month-on-month basis, VHC's total revenue inched up 6% mom, assisted by +17% mom and +75% mom revenue of US export and domestic market. Of note, export sale to EU and China markets decreased by 40.5% mom and 12.9% mom, respectively.
- According to Agromonitor, we estimated that the export volume and average selling price (ASP) of pangasius to EU market decreased by 26% mom/ 20% mom while exporting ASP to China declined by 10.2% mom. As such, pangasius revenue growth was dragged by -2% mom in August.
- Overall, 8M22 revenue increased by 82% yoy to VND9,915bn, fulfilling 73.5% of our 2022F forecast. Although pangasius export could be solid yoy, we consider that maintaining qoq revenue growth in 3Q22F could be challenging compared to the high base of 2Q22 growth. Thereby, we are under review of earnings.

	2019A	2020A	2021A	2022F	2023F
Sales (VND bn)	7,867.1	7,037.2	9,054.2	13,486.0	16,382.0
chg. (% YoY)	(15.1)	(10.5)	28.7	48.9	21.5
Operating profit (VND bn)	1,132.5	682.7	1,196.2	1,952.9	2,409.8
Net profit (VND bn)	1,177.8	722.4	1,130.0	1,654.2	2,080.9
EPS (VND)	6,154.8	3,970.6	6,162.9	9,020.3	11,349.9
chg. (% YoY)	(61.5)	(35.5)	55.2	46.4	25.8
EBITDA (VND bn)	1,297.7	883.2	1,481.6	2,305.0	2,830.8
PE (x)	16.8	26.2	17.1	11.8	9.4
EV/EBITDA (x)	15.1	22.2	13.8	8.9	7.1
PB (x)	3.9	3.6	3.3	2.8	2.3
ROE (%)	24.2	14.0	19.4	23.5	24.0
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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12M rating **BUY (Maintain)**

12M TP **VND121,500**

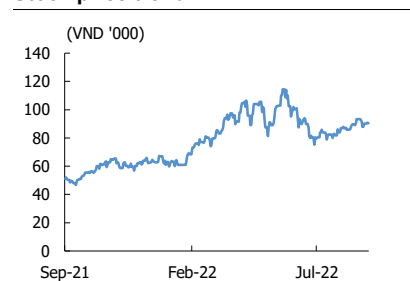
Stock Data

VNIndex (14 Sep, pt)	1,241
Stock price (14 Sep, VND)	90,300
Market cap (USD mn)	711
Shares outstanding (mn)	183
52-Week high/low (VND)	114,500/46,568
6M avg. daily turnover (USD mn)	5.85
Free float / Foreign ownership (%)	50.6/27.7
Major shareholders (%)	
Truong Thi Le Khanh	43.2
Mitsubishi Corp	6.5

Performance

	1M	6M	12M
Absolute (%)	43.8	3.8	7.6
Relative to VNIndex (%p)	60.1	5.4	21.2

Stock price trend



Source: Bloomberg

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	Monthly					Accumulated			
	Aug-21	Aug-22	MoM (%)	YoY (%)		8M21	8M22	YoY (%)	% of our 2022F estimate
Total sales	1,198	1,270	6.0	72.6		5,589	8,915	77.4	72.6
By product									
Pangasius	798	780	(2.3)	63.5		3,748	6,533	74.3	
By-product	211	263	24.6	94.8		1,051	1,607	52.9	
Wellness	73	58	(20.5)	(14.7)		440	567	28.9	
Value added	14	12	(14.3)	50.0		94	109	16.0	
Miscellaneous	76	120	57.9	605.9		126	819	550.0	
Rice products	11	26	136.4	188.9		130*	280*	115.4	
Shrimp chip	15	9	(40.0)	(65.4)					
By location									
U.S	434	508	17.1	72.2		2,102	4,677	122.5	
Europe	200	119	(40.5)	5.3		943	1,238	31.3	
China	194	169	(12.9)	19.9		847	1,050	24.0	
Vietnam	177	310	75.1	179.3		1,697	2,950	73.8	
ROW (incl HK)	193	163	(15.5)	120.3		2,102	4,677	122.5	

Note: * Revenue combined of rice products and shrimp chip
Source: Company data, KISVN

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