

11 Oct 2022

Vinh Hoan Corp (VHC)

Monthly updates: Take rest for a while

Slowed down yoy export growth to US and China markets

- Vinh Hoan announced September IR News on Oct 11, 2022, which delivered a preliminary 35% yoy revenue growth in September.
- Vinh Hoan posted total revenue of VND917bn, increasing 35% compared to low base in Sep, 2021 as the serious outbreak of COVID-19 slowed down the business activity in 3Q21.
- The pangasius products reached VND540bn revenue (+14.6% yoy) mainly thanks to the average selling price (ASP) hike by +33% yoy, in our view. The revenue of Collagen & Gelatin delivered VND57bn revenue (+50% yoy), while by-products contributed VND207bn revenue (+61.7% yoy).
- Of note, the export value to US and China decreased slightly by 7% yoy and 3.6% yoy while revenue soared by 29% yoy and 143% yoy of EU export and domestic markets.

3Q22 revenue could be second highest record

- In terms of month-on-month basis, VHC's total revenue slumped 28% mom, backed by -37% mom and -52% mom revenue growth of US and China export.
- According to Agromonitor, the export volume and average selling price (ASP) of pangasius gradually decreased by 20% mom/ 16% mom. As such, pangasius revenue growth was dragged by -30.8% mom in September.
- 3Q22 preliminary revenue posted VND3,383bn (+51% yoy and -19% qoq). Even though tepid September revenue, the 3Q22 revenue is the second highest record, only after the all-time-high record 2Q22 revenue, assisted by lofty ASP of pangasius export (+33% yoy and +2% qoq).
- Overall, 9M22 revenue increased by 71% yoy to VND10,853bn, fulfilling 79% of our 2022F forecast.
- We maintain BUY rating with target price of VND121,500.

| | 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) | 11.7 | 18.1 | 11.7 | 8.0 | 6.3 |
| EV/EBITDA (x) | 15.1 | 22.2 | 13.8 | 4.4 | 5.8 |
| PB (x) | 2.7 | 2.6 | 2.3 | 1.7 | 1.5 |
| 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

12M rating **BUY (Maintain)**

12M TP **VND121,500**

Stock Data

| | |
|------------------------------------|----------------|
| VNIndex (11 Oct, pt) | 1,006 |
| Stock price (11 Oct, VND) | 71,900 |
| Market cap (USD mn) | 552 |
| Shares outstanding (mn) | 183 |
| 52-Week high/low (VND) | 114,500/55,299 |
| 6M avg. daily turnover (USD mn) | 5.52 |
| Free float / Foreign ownership (%) | 50.6/28.1 |
| Major shareholders (%) | |
| Truong Thi Le Khanh | 43.2 |
| Mitsubishi Corp | 6.5 |

Performance

| | 1M | 6M | 12M |
|--------------------------|--------|--------|------|
| Absolute (%) | (20.3) | (21.4) | 29.7 |
| Relative to VNIndex (%p) | (0.9) | 10.0 | 56.5 |

Stock price trend



Source: Bloomberg

Linh Pham

linh.pt@kisvn.vn

Table 1. VHC revenue overview in 9M22

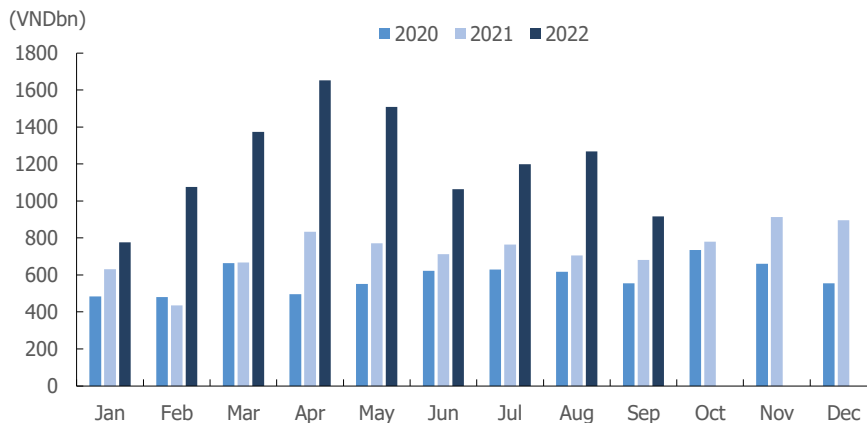
| | Monthly | | | | Accumulated | | | |
|--------------------|------------|------------|---------------|-------------|--------------|---------------|-------------|-------------------------|
| | Sep-21 | Sep-22 | MoM (%) | YoY (%) | 9M21 | 9M22 | YoY (%) | % of our 2022F estimate |
| Total sales | 681 | 917 | (27.7) | 34.7 | 6,361 | 10,853 | 70.6 | 79 |
| By product | | | | | | | | |
| Pangasius | 471 | 540 | (30.8) | 14.6 | 4,219 | 7,073 | 67.6 | |
| By-product | 128 | 207 | (21.3) | 61.7 | 1,179 | 1,814 | 53.9 | |
| Wellness | 38 | 57 | (1.7) | 50.0 | 478 | 624 | 30.5 | |
| Value added | 13 | 7 | (41.7) | (46.2) | 107 | 116 | 8.4 | |
| Miscellaneous | 8 | 83 | (30.8) | 937.5 | 134 | 902 | 573.1 | |
| Rice products | 6 | 5 | (80.8) | (16.7) | 153* | 303* | 98.0 | |
| Shrimp chip | 17 | 18 | 100.0 | 5.9 | | | | |
| By location | | | | | | | | |
| U.S | 344 | 320 | (37.0) | (7.0) | 2,446 | 4,997 | 104.3 | |
| Europe | 87 | 107 | (10.1) | 23.0 | 1,030 | 1,345 | 30.6 | |
| China | 84 | 81 | (52.1) | (3.6) | 931 | 1,131 | 21.5 | |
| Vietnam | 107 | 260 | (16.1) | 143.0 | | | | |
| ROW (incl HK) | 59 | 149 | (8.0) | 152.5 | 1,796** | 3,380** | 88.2 | |

Note: * Revenue combined of rice products and shrimp chip

** Revenue includes Vietnam market

Source: Company data, KISVN

Figure 1. September VHC's revenue remained high despite being lower than 2022 monthly average of revenue



Source: Company data, KISVN

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Prepared by: Linh Pham

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