

15 Nov 2022

# Vinh Hoan Corp (VHC)

## Monthly updates: Rise from minor segments

### Export to US and China markets kept slowing down yoy

- In October, Vinh Hoan delivered a preliminary VND1,014bn revenue, 30% yoy, mainly contributed by the increasing growth of small segments as Collagen & Gelatin (+115.6% yoy), by-products (+48.8% yoy), miscellaneous (+745.5% yoy). Meanwhile, the revenue of pangasius products slightly inched up VND601bn (+0.8% yoy) on the back of the significant high average selling price (ASP) by + 21% yoy offset the lower volume yoy.
- Of note, the export revenue to US and China kept a downtrend by 12.9% yoy and 43.4% yoy, respectively, while export revenue to EU and domestic markets soared by 112% yoy and 156% yoy in Oct.

### But export to US market was better mom

- In terms of month-on-month basis, VHC's total revenue increased 10.6% mom, backed by +28.8% mom and +22.4% mom revenue growth of US and EU export. Yet, the export to China market kept gloomy as revenue growth rate dropped by 30.9% mom in Oct.
- According to Agromonitor, VHC's export volume of pangasius gradually decreased mom while the ASP increased 7.9% mom. As such, pangasius revenue rose 11.3% mom. The revenue of Colagen & Gelatin, value-add, rice-related products boomed 70.2% mom, 57.1% mom and 160% mom, respectively.
- Overall, 10M22 revenue spiked by 70% yoy to VND11.845bn, fulfilling 88% 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

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12M rating **BUY (Maintain)**

12M TP **VND121,500**

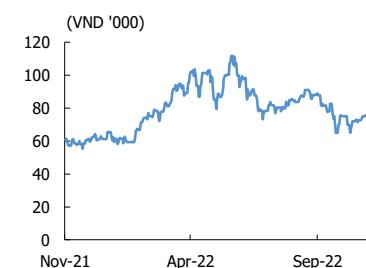
### Stock Data

VNIndex (15 Nov, pt)	910
Stock price (15 Nov, VND)	74,000
Market cap (USD mn)	547
Shares outstanding (mn)	183
52-Week high/low (VND)	111,526/55,280
6M avg. daily turnover (USD mn)	4.38
Free float / Foreign ownership (%)	50.2/29.7
Major shareholders (%)	
Truong Thi Le Khanh	43.2
Mitsubishi Corp	6.5
Dragn Capital	5.1

### Performance

	1M	6M	12M
Absolute (%)	(1.3)	(13.2)	22.3
Relative to VNIndex (%p)	12.9	9.1	59.8

### Stock price trend



Source: Bloomberg

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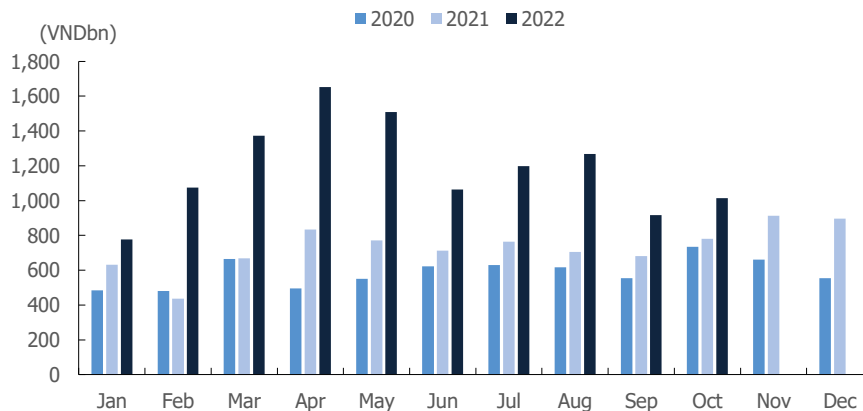
**Table 1. VHC revenue overview in 10M22**

	Monthly				Accumulated			
	Oct-21	Oct-22	YoY (%)	MoM (%)	10M21	10M22	YoY (%)	% of our 2022F estimate
<b>Total sales</b>	<b>780</b>	<b>1,014</b>	<b>30.0</b>	<b>10.6</b>	<b>6,983</b>	<b>11,845</b>	<b>69.6</b>	<b>88</b>
<b>By product</b>								
Pangasius	596	601	0.8	11.3	4,815	7,674	59.4	
By-product	121	180	48.8	(13.0)	1,300	1,994	53.4	
Wellness	45	97	115.6	70.2	523	721	37.9	
Value added	7	11	57.1	57.1	114	127	11.4	
Miscellaneous	11	94	754.5	13.3	145	996	586.9	
Rice products	5	13	160.0	160.0	86*	333*	287.2	
Shrimp chip	23	18	(21.7)	0.0				
<b>By location</b>								
U.S	473	412	(12.9)	28.8	2,919	5,409	85.3	
Europe	59	131	122.0	22.4	1,089	1,476	35.5	
China	99	56	(43.4)	(30.9)	1,030	1,187	15.2	
Vietnam	100	256	156.0	(1.5)				
ROW (incl HK)	61	159	160.7	6.7	1,945**	3,773**	94.0	

Note: \* Revenue combined of rice products and shrimp chip

\*\* Revenue includes the Vietnam market

Source: Company data, KISVN

**Figure 1. October VHC's revenue remained high assisted by the increased growth rate of minor segments**

Source: Company data, KISVN

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