

Seafood

Slowed down in 4Q22

The gradual declines of topline in 4Q22

The seafood industry exported USD2.5bn (-7% yoy and -6% qoq) in 4Q22 due to the decrease of pangasius and shrimp export by -15.4% yoy and -13% qoq, also both exports decreased by -14.9% qoq, respectively. As a result, the revenue growth rate of listed pangasius inched slightly by 3.9% yoy while shrimp exporters fell by 23.9% yoy. Meanwhile, the listed pangasius and shrimp exporters' revenue recorded -16.2% qoq and -24.7% qoq export declines, especially the top tiers which gradually shrunk qoq.

Neutral

Tumble ASP narrowed pangasius exporters' margin

In 4Q22, shrimp exporters' GM improved 2.4%p yoy and slightly decreased by 1.9%p qoq to 7.3% since material cost downward by -6% yoy while selling price fell by -1% yoy to -4% qoq to post VND390bn NPAT (+21.9% yoy and +56.7% qoq). In contrast, 4Q22 listed pangasius exporters' decreased by -4.1%p yoy and -2.1% qoq since the ASP (average selling price) decelerated gradually while the input cost stayed lofty, dragging down NPAT by -44.1% yoy and -51.7% qoq to VND354bn.

A historic year in Vietnam seafood industry

In 2022, seafood industry marked a new high-record about USD11bn value (+23.8% yoy) backed by the seafood demand soaring on most markets in 1H22, especially in US and EU markets. The high demand but shortage supply sources lifted the export volume and selling price to new historical peak for some products. As such, shrimp and pangasius export USD4.2bn (+13% yoy) and USD2.4bn (+70% yoy) value, respectively. Listed shrimp and pangasius exporters' revenue posted VND21.3tn (-11.2% yoy) and VND32.9tn (+38.9% yoy), while shrimp and pangasius NPAT reached VND1.2tn (+16% yoy) and VND3.5tn (+159.6% yoy), respectively in 2022.

Pangasius export looks forward to China rebound in 1Q23

We considered that the high inflation and importers' vast inventory after accelerating shrimp and pangasius import in last 2 years would bring down the consumption in markets. As such, we estimate that seafood exporters' revenue growth would slow down since lower seafood export volume in most markets in 1Q23. Yet, export to China seems brighter since this government have been canceling the testing process of import products to reduce the hefty cost and clearance time. The re-open after 2 years of COVID-19 restrictions and the less testing process of import products could boost the seafood demand recovery of largest market in 2023. Since seafood exporter activities could be soft landing in 1Q23, we rated **Neutral** as we considered that slowing down of business condition in 1H23.

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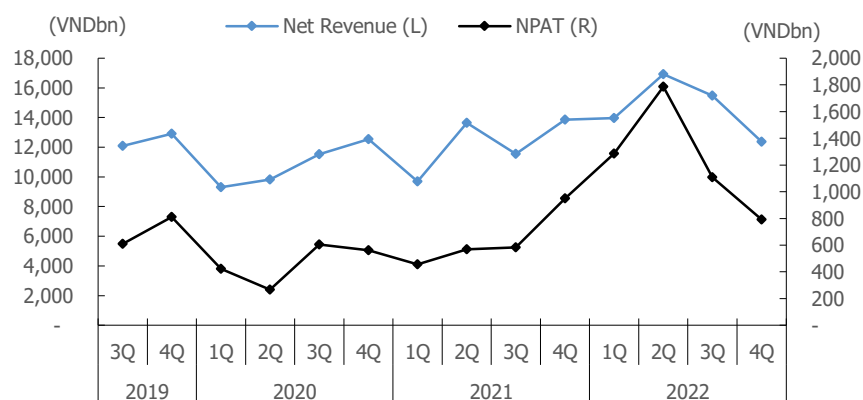
23 listed seafood exporters recorded a VND12,356bn revenue (-10.9% yoy) and VND791bn NPAT (-16.6% yoy) in 4Q22, GPM and net margin posted 12.8% (+0.78%p yoy) and 6.4% (-0.44%p yoy). Also, the business results growth rate continued to cool down qoq, decreasing revenue and NPAT by -20.2% qoq and -28.6% qoq, respectively, due to both shrimp and pangasius exporters' results downwards.

Table 1. 4Q22 business result of 23 listed seafood exporters

	2021				2022				4Q22	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	YoY
Revenue	9,610	13,508	11,441	13,763	13,844	16,726	15,282	12,356	(20.1)	(10.9)
Gross profit	1,023	1,538	1,462	1,647	2,334	3,137	2,197	1,582	(28.5)	(5.4)
SG&A expenses	(546)	(742)	(758)	(885)	(890)	(1,081)	(899)	(801)	(13.8)	(12.5)
NPAT	464	574	579	950	1,292	1,793	1,117	791	(28.5)	(16.6)

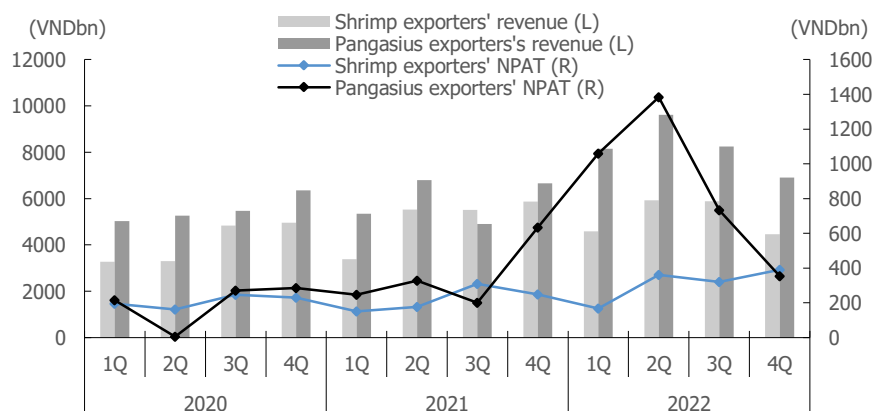
Source: Companies, KISVN

Figure 1. 4Q22 spectacular performance of 23 listed seafood exporters



Source: Company data, Fiinpro

Figure 2. Strongly tumble pangasius exporters' NPAT dragged total 4Q22 results



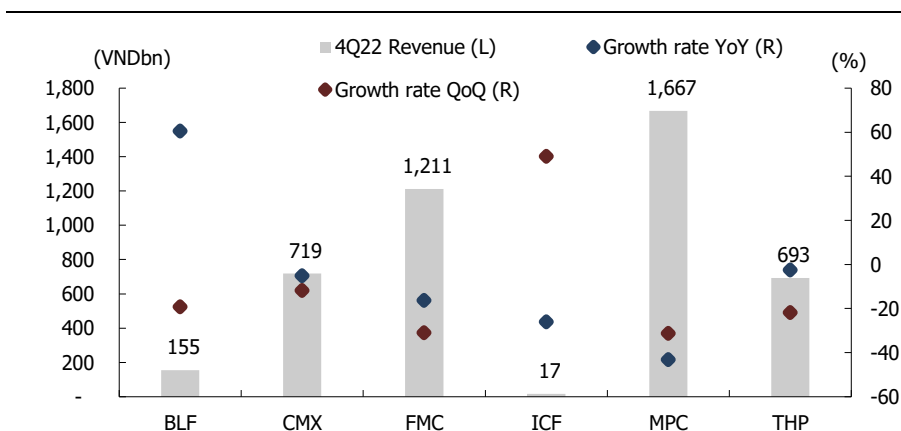
Source: Company data, Fiinpro

1. Shrimp exporters' revenue mostly dropped in 4Q22

In 4Q22, shrimp export decreased by -15% qoq and -13% yoy since the export reduction in most markets such as Japan, EU and US. In particular, shrimp export to US, as the largest market, significantly dropped by 35% qoq and 4% yoy. Because the high inflation made hefty costs (of transportation and warehouses) for importers while high stockpiles remained, the purchasing power of shrimp products decreased gradually in US market, -22% qoq and -43% yoy volume from Vietnam in 4Q22.

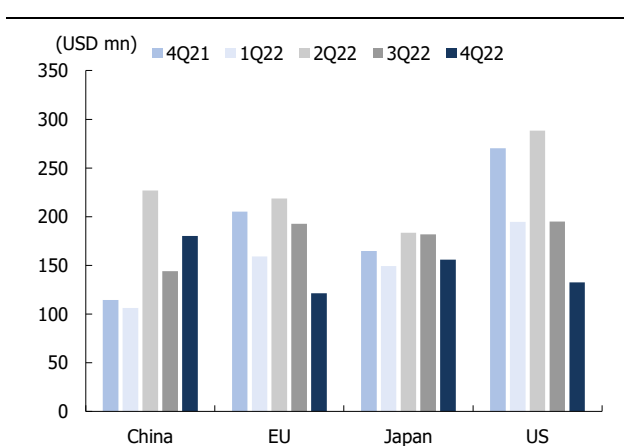
As such, the lower demand of US market slumped MPC's revenue growth rate by 31% qoq and 43% yoy to VND1,667bn. Also, FMC focuses on Japan market, posting VND1,211bn revenue (-31% qoq and -16% yoy).

Figure 3. Shrimp topline qoq and yoy decreased in 4Q22



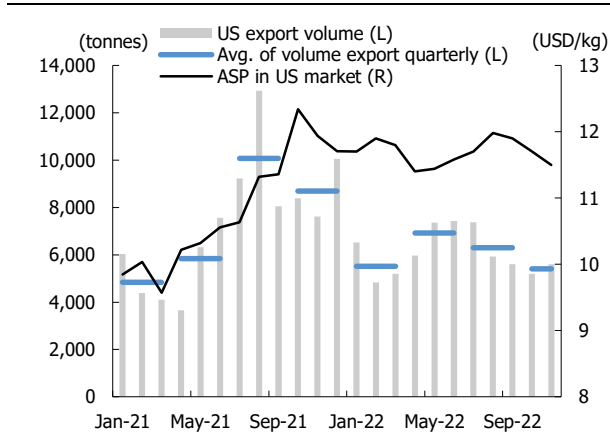
Source: Company data, KISVN

Figure 4. Export to the US stagnant in 4Q22



Source: VASEP, KISVN

Figure 5. Export volume and ASP slumped to US market



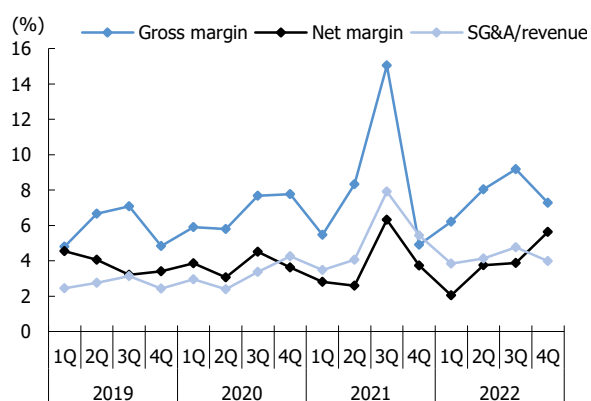
Source: NOAA, KISVN

2. 4Q22 shrimp net margin improved slightly

Listed shrimp exporters' GM posted 7.3% (+2.4%p yoy) since material cost downward by -6% yoy while selling price fell by -1% yoy to -4% yoy. Also, the lower freight rates to export markets led SG&A/revenue drop by -1.5%p yoy. Compared quarter-over-quarter, GM slightly dropped by 1.9%p qoq, while SG&A/revenue also improved by -0.79%p qoq. As such, the net margin increased by 1.9%p yoy to VND390bn (+56% yoy and +21.9% qoq).

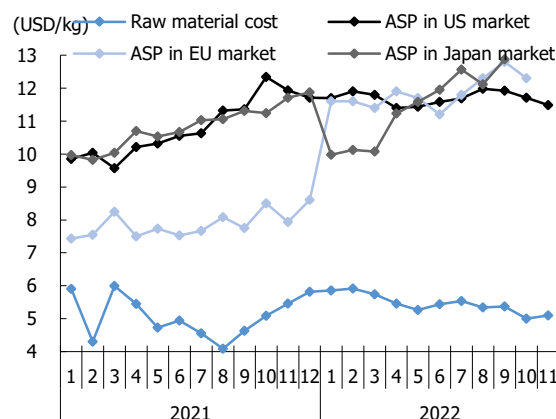
Amid tepid demand for shrimp in US, top listed shrimp exporters such as MPC and FMC accelerated export to Japan and other markets with hectic demand, better ASP, and lower freight rates. Their 4Q22 GM and net margin were only volatile slightly yoy and qoq. MPC's (parent company) net margin topped the shrimp industry with 18.8% (+15%p yoy and +10.7%p qoq), recording VND314bn NPAT (+156% yoy and +59% qoq). Meanwhile, FMC reached 6.7% net margin (-1%p yoy and +2.2%p qoq), translating NPAT to VND81bn (-22% yoy and -2% qoq).

Figure 6. 4Q22 gross margin was normalized



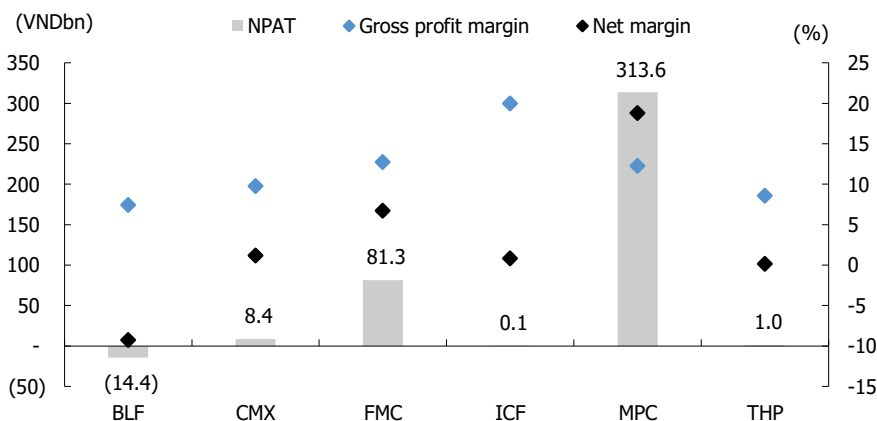
Source: Company data, Fiinpro

Figure 7. 4Q22 ASP slow down in EU and US markets



Source: UndercurrentData, NOAA

Figure 8. MPC's net margin maintain at high level compared to others



Source: Company data, KISVN

3. Pangasius volume and ASP decelerated in most markets

Pangasius industry decreased 14.9% qoq and 15.4% yoy export value after 9M22 phenomenal growth to USD458bn in 4Q22. The lower demand in main markets as US, EU in 4Q22 reduced 15.7% yoy and 6.6% qoq export volume with downward average selling price in 4Q22 (+0.5% yoy and -8.9% qoq).

As such, listed pangasius exporters' revenue posted VND6,914bn (+3.9% yoy and -16.2% qoq). Specially, the demand of US market slowed down swiftly due to the lower consumption but high stockpile, dragging -33.1% yoy/-16.5% qoq of export volume and -2.9% yoy/-24.2% qoq of ASP. Therefore, the topline of VHC (US market contributing the largest revenue) reached VND2,484bn (-8% yoy and -24% qoq). ANV and IDI, which mainly focus on ASEAN and China markets, posted VND1,144bn (+8% yoy and -8% qoq) and VND1,709bn (+21% yoy and -13% qoq).

Figure 9. Small listed pangasius exporters slowed down yoy and qoq

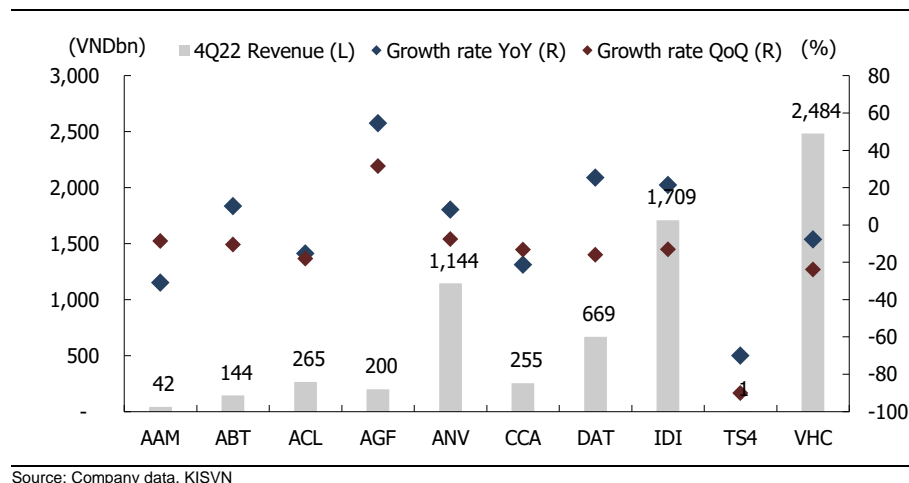


Figure 10. Export to markets tends to cool down

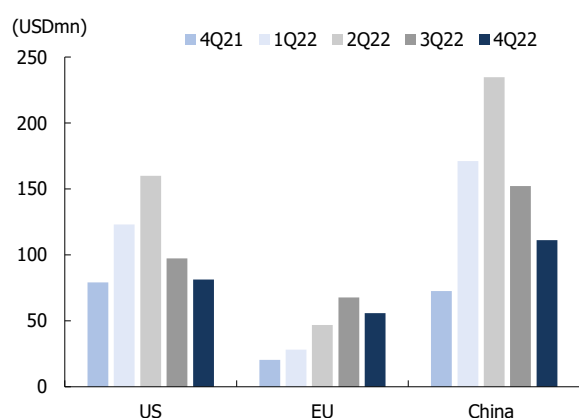
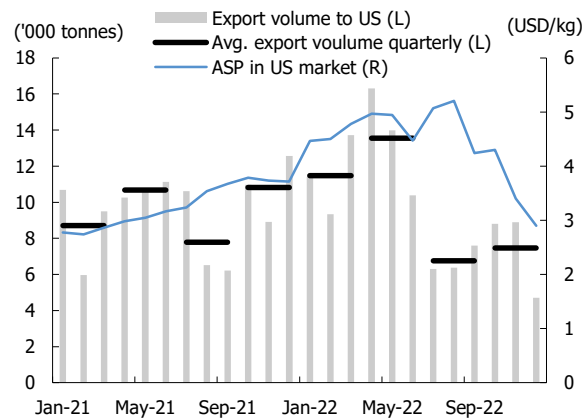


Figure 11. 4Q22 export to US cooled down quickly

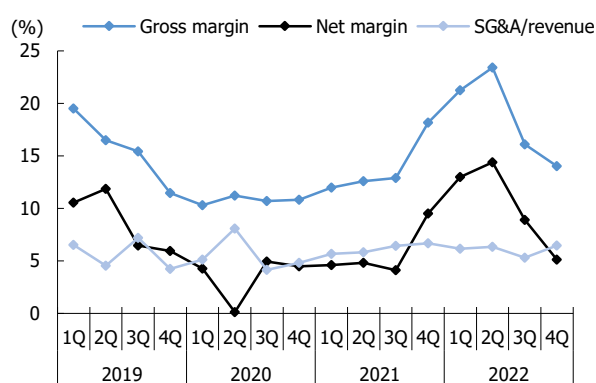


4. 4Q22 pangasius exporters' margins were thinner

4Q22 listed pangasius exporters' GM posted 14%, thinner than 4Q21 GM of 18.2% since the raw material price maintained hefty about VND29,000/kg, +25.7% yoy while ASP flattened yoy. Based on quarter-over-quarter, the demand maintains to slow down in many markets, making the ASP slump by -8.9% qoq while the raw material stayed at a high level. Thus, GM dropped significantly by 2.1%p qoq. Consequently, the net margin posted to 5.1% (-4.4%p yoy and -3.8%p qoq), making VND354bn NPAT (-44.1% yoy and -51.7% qoq.)

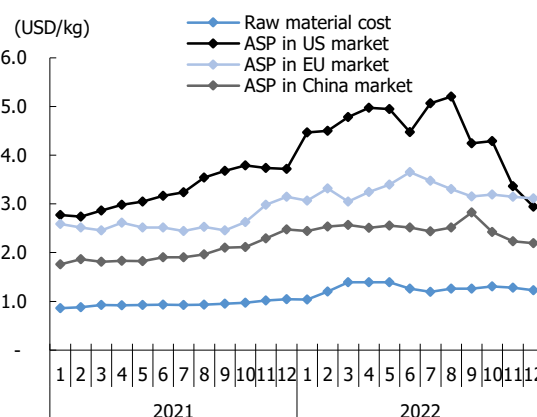
VHC's 4Q22 GM reached 19% yoy, (-5% yoy and flattened qoq) mainly due to the selling price downward strongly of US and EU markets. Thus, VHC 4Q22 NPAT posted VND200bn (-56% yoy and -57% qoq). Other listed pangasius exporters' NPAT also decreased yoy and qoq mainly due to thinner GM, 4Q22 NPAT of ANV and IDI VND107bn (+99% yoy and -11% qoq) and VND25bn (-70% yoy and -75% qoq).

Figure 12. 4Q22 GM dragged net margin down



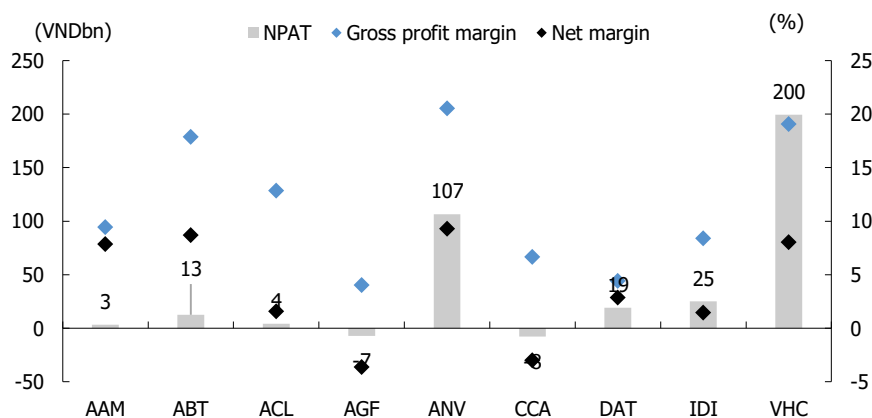
Source: Company data, Fiinpro

Figure 13. ASP to US market decelerated strongly



Source: Company data, Fiinpro

Figure 14. VHC and ANV kept better net margin in 4Q22

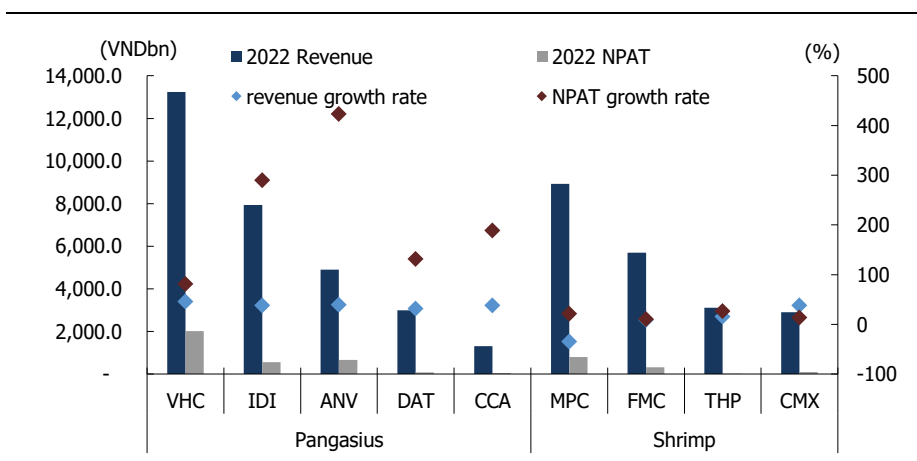


Source: Company data, KISVN

5. Looking forward to China rebound in 1Q23

In 2022, seafood industry marked a new high-record about USD11bn value (+23.8% yoy) backed by the seafood demand soaring on most markets in 1H22. The revival of most markets from the pandemic boosted the high demand, especially in US and EU markets. Also, the Ukraine – Russia war urged the Russian whitefish and seafood to lost market in EU, the US, and their allies country, creating the opportunity for Vietnam pangasius (whitefish) and other seafood to gain more shares in these markets. As such, shrimp and pangasius export USD4.2bn (+13% yoy) and USD2.4bn (+70% yoy) value, respectively. Listed shrimp and pangasius exporters' revenue posted VND21.3tn (-11.2% yoy) and VND32.9tn (+38.9% yoy), while shrimp and pangasius NPAT reached VND1.2tn (+16% yoy) and VND3.5tn (+159.6% yoy), respectively in 2022.

Figure 14. Pangasius exporters soar strongly in 2022



Source: Company data, KISVN

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