

The PAN Group (PAN)

Looking for 2H23

In Aug 2023, PAN Group (PAN) held AGM for 2022. Here are some noticeable updates.

Decreased revenue in 1H23

- PAN reached the net revenue of VND2.8tn in 2022, fell by 12% yoy, met 35% of 2023 guidance. In which, seafood contributed 43%, agriculture contributed 42% and packaged foods contributed 15%.
- GPM in 2Q23 was 20%, slightly downed 1%p yoy.
- NPAT collapsed by 30% yoy to VND160bn, completed 32% of 2023 guidance. NPM in 2Q23 downed 1.3%p yoy to 5.8%.
- PAN borrowed the short-term loan of VND3.3tn to invest in certificate of deposit, according to BOD.
- PAN issued bonds valued VND200bn to finance the agriculture projects.
- PAN will delay the capital raising plan until the market is more favorable.

Decrease of paddy's GPM due to costly inputs

- Revenue decreased by 8% yoy to VND583bn.
- NPAT of agriculture was VND55bn, downed 34% yoy, contributed to 34% of PAN's NPAT.
- GPM fell by 5.7%p yoy to 28.8% in 2Q23 mainly due to rising cost of input paddy. However, rice sales that contributed 15% of NSC's total revenue, rose 15% yoy in terms of revenue and 50% yoy in terms of profit.
- In 2H23, PAN's management expected that high demand of rice will enable high selling price of paddy seeds for the Summer-Autumn season.

12M rating **Non-rated**

12M TP **N.A**

Up/Downside N.a

Stock Data

NIndex (31 Jul, pt)	1,223
Stock price (31 Jul, VND)	23,200
Market cap (USD mn)	205
Shares outstanding (mn)	209
52-Week high/low (VND)	26,600/12,900
6M avg. daily turnover (USD mn)	1.31
Free float / Foreign ownership (%)	72.4/18.2
Major shareholders (%)	
SSI Securities JSC	12.73
NDH Invest Co. Ltd.	11.41
CSC Vietnam JSC	4.99

Performance

	1M	6M	12M
Absolute (%)	17.8	33.3	1.5
Relative to VNIndex (%p)	8.5	22.5	(1.2)

Stock price trend



Source: Bloomberg

	2018A	2019A	2020A	2021A	2022A
Sales (VND bn)	7,829	7,813	8,329	9,249	13,655
chg. (% YoY)	92.1	(0.2)	6.6	11.0	47.6
Operating profit (VND bn)	385	476	336	450	870
Net profit (VND bn)	334	257	188	296	374
EPS (VND)	1,751	1,122	612	1,008	1,394
chg. (% YoY)	0.9	(35.9)	(45.5)	64.8	38.3
EBITDA (VND bn)	696	795	726	844	1,299
PE (x)	13.0	20.4	37.4	22.7	16.4
EV/EBITDA (x)	6.83	6.89	9.89	8.76	6.24
PB (x)	0.52	0.64	0.80	0.65	0.63
ROE (%)	11.19	7.46	5.41	7.43	10.28
Dividend yield (%)	1.74	1.25	1.17	3.75	3.04

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

Research Department

Researchdept@kisvn.vn

Seafood export was sluggish

- Revenue in 2Q23 downed by 24.6% yoy to VND1.2tn due to low demand from large markets USA and EU, additional to the high base in 2Q22.
- The net profit decreased by 19% yoy, slower than the revenue decline, mostly driven by the self-production of inputs and declined logistic costs.
- Seafood segment recorded the increasing number of export orders since late-May, thus PAN expects sales to recover on the quarterly basis.
- In FMC, the new raising zone of 205 ha has been operating at 10% of capacity and expected to reach full capacity in 3 years.

Packaged food sector is looking to the year-end holidays

- Revenue remained stable at VND413bn in 2Q23 while gross profit fell by 12% yoy.
- Net income increased 48% yoy to VND10bn in 2Q23.
- 2H23 is the peak season of confectionery sales with Mid-Autumn and Tet holiday preparation.

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