Shinhan Securities



Vinh Hoan Corporation

[Vietnam / Fisheries]

Bloomberg Code (VHC VN) | Reuters Code (VHC.HM)

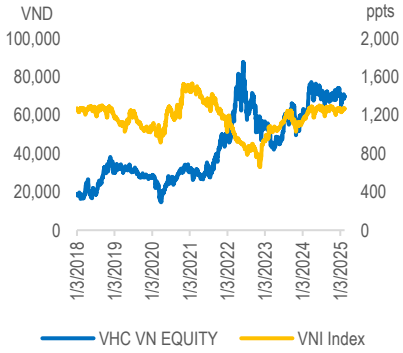
BUY

Update Report

Target price (12 months)	**81,700 VND**
Current price (02/19/2025)	70,600 VND
Return (%)	15.7%

VNINDEX	1,288
HNXINDEX	237
Market Cap (bn VND)	15,846
Outstanding shares (1mn)	224
Free float (1mn)	112
52-week high/low (VND)	82,200/63,100
90-day avg. trading volume (1mn)	0.7
90-day avg.turnover (bn VND)	54
Major shareholders (%) Truong Thi Le Khanh	42.32
Major shareholders (%) Mitsubishi Corporation	6.42

Performance	3M	6M	12M
Abs (%)	-5.5	1.3	6.2
Rel to VN-Index (%)	-7.3	-1.7	0.2



Source: Bloomberg

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Positive signals

Update recommendation BUY, target price at VND 81,700

Vinh Hoan Corporation is the leading pangasius producer in Vietnam, accounting for over 17% of the country's total pangasius export turnover. In 2024, net revenue reached VND 12,535 bn (+24.9% YoY), PAT reached VND 1,311 billion (+34.6% YoY). Profit increased sharply thanks to the increase in output and selling prices of pangasius products. The explosive profit in Q4 2024 brought positive signals for VHC's business results in 2025. We expect VHC's business results to remain positive in 2025 as farming and transportation costs are expected to decrease, and Chinese tilapia, directly competitive products to pangasius, may be subject to higher tariffs when exported to the US. Based on the FCFF and P/E methods, with a weight of 50:50, the target price for VHC is VND 81,700.

The explosive profit in Q4 has led to the 2024 annual profit surpassing expectations.

In Q4 2024, VHC recorded a net revenue of VND 3,220 bn (+34% YoY) and net profit of VND 440 bn (+388% YoY). For the year 2024, net revenue reached VND 12,535 bn (+24.9% YoY), and net profit after tax was VND 1,311 bn (+34.6% YoY). The positive business results were driven by growth in production volume and selling prices of pangasius products.

Revenue by main product: Pangasius segment revenue reached 6,949 billion VND (+25% YoY). Revenue from collagen & gelatin, by-products and Sa Giang recorded 773 billion VND (+7% YoY), VND 1,850 bn (+11% YoY) and VND 701 bn (+54% YoY), respectively, accounting for 6%, 15%, and 6% of revenue.

Revenue by key market: Revenue from the US market reached 3.937 trillion VND (+33% YoY), the Chinese market reached 1.248 trillion VND (+6% YoY). The domestic market continues to play an important role, reaching 3.492 trillion VND (+26% YoY).

The year 2025: more opportunities than challenges

In early 2025, VHC was the only enterprise that qualified to be removed from the scope of anti-dumping duties when exporting pangasius and basa fish to the US. We expect this agreement to help VHC maintain stable exports to the US market. Amidst the possibility of the US implementing new policies on imported pangasiu, we expect pangasiu products to maintain better competitiveness compared to Chinese tilapia.

We forecast VHC's revenue in 2025 to reach VND 14,423 billion (+15% YoY) and net profit to be VND 1,543 billion (+18% YoY), driven by (1) an improvement in gross profit margin thanks to a decline in farming and transportation costs, (2) The US's pangasius consumption is expected to grow as inventory levels remain low, and (3) Chinese tilapia, directly competitive products to pangasius, may be subject to higher tariffs when exported to the US

Risk (1) Risk of export; (2) Shortage of supply

Year to Dec.	2023	2024	2025F	2026F	2027F
Net Revenue (bn VND)	**10,033**	**12,535**	**14,423**	**15,295**	**13,489**
OP (bn VND)	969	1,253	1,585	1,633	1,527
NP (bn VND)	**974**	**1,311**	**1,569**	**1,622**	**1,449**
EPS (VND)	4,914	5,496	6,578	6,802	6,078
BPS (VND)	44,629	38,685	45,674	52,901	59,358
OPM	9.7%	10.0%	11.0%	10.7%	11.3%
NPM	9.7%	10.5%	10.9%	10.6%	10.7%
ROE	**11.3%**	**14.6%**	**14.7%**	**13.1%**	**10.4%**
PER (x)	18.6	16.6	13.9	13.4	15.0
PBR (x)	2.0	2.4	2.0	1.7	1.5
EV/EBITDA (x)	9.4	7.8	6.5	6.3	6.8

Source: Company data, Shinhan Securities Vietnam

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Valuation and Recommendation

We use Discounted Cash Flow (DCF) and P/E valuation methods to value VHC with 50%-50%. We recommend BUY at a valuation of VND 81,700, equivalent to a return of 15.7%.

Weighted Average Cost of Capital (WACC)	
WACC (%)	**10.4**
Risk-free rate (%)	3.10
Equity risk premium (%)	8.35
Beta	1.03
Cost of debt (%)	4.0
Cost of equity (%)	11.8
Debt-to-equity ratio	0.22
Total debt (bn VND)	2,243

Source: Company data, Shinhan Securities Vietnam

DCF valuation					
Unit: billion VND	**2025F**	**2026F**	**2027F**	**2028F**	**2029F**
NPAT-Mi	**1,476**	**1,527**	**1,364**	**1,636**	**2,004**
After-tax interest expense	110	121	117	112	119
Depreciation & Amortization	410	428	446	465	484
Change in working capital	1,081	326	-605	333	402
CapEx	123	128	134	140	145
Free Cash Flow to Firm (FCFF)	**792**	**1,622**	**2,399**	**1,741**	**2,060**
PV of FCF	6,342				
Growth rate (%)	1%				
Present value of long-term value	13,538				
Enterprise value	19,880				
Minus: Debt	(2,243)				
Plus: Cash and cash equivalents	2,842				
Owner's equity value	**20,479**				
Number of shares oustanding (million)	224.453				
Target price (VND/share)	**91,237**				

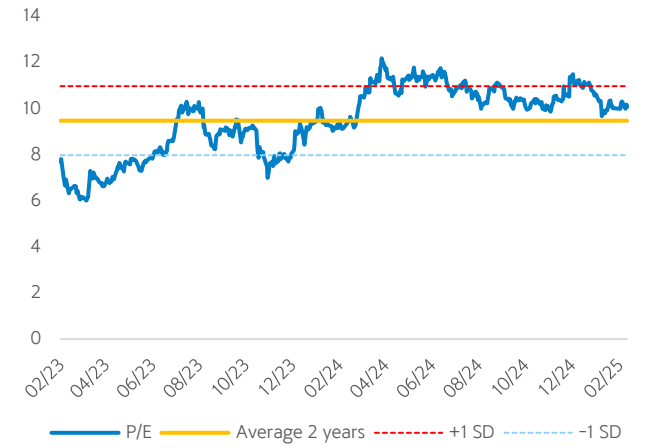
Source: Company Data, Shinhan Securities Vietnam

Based on the P/E method, we collected data from companies in 3 year average. We estimate VHC's target P/E at 11x, thanks to positive signals from the boom in Vietnam's pangasius exports from Q3 2024. With the 2025 forward EPS at VND 6,578, VHC's target price is VND 72,356.

Peer valuation	
3 yrs average of VHC	9.4
Target P/E	11
EPS forward	6,578
Target price (VND/share)	**72,356**

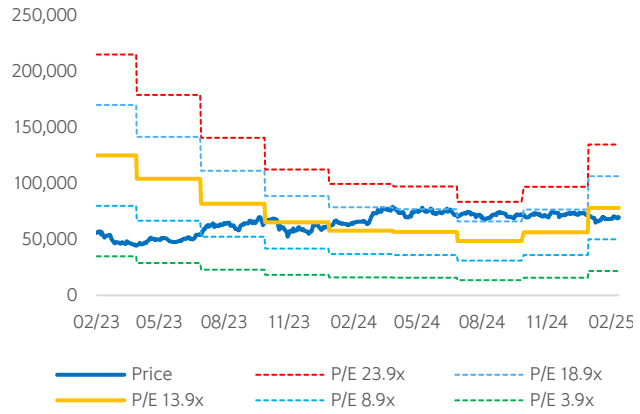
Source: Company Data, Shinhan Securities Vietnam

PER of VHC



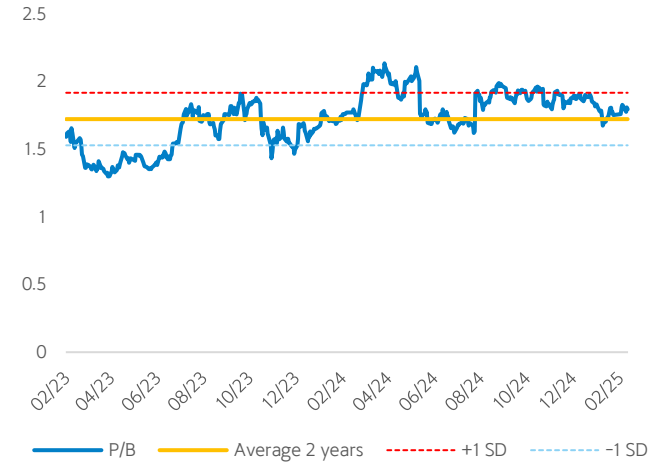
Source: Bloomberg, Company Data, Shinhan Securities Vietnam

PER band chart of VHC



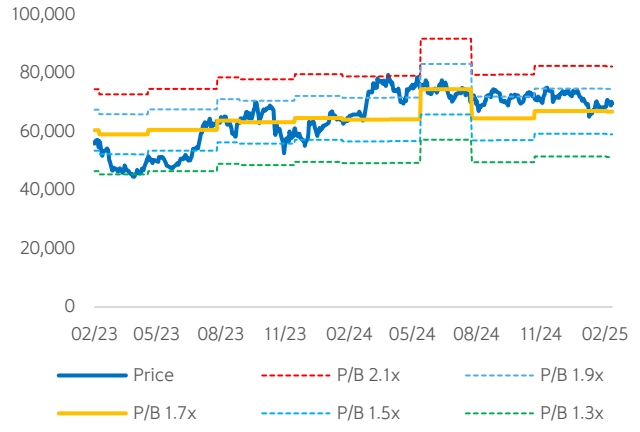
Source: Bloomberg, Company Data, Shinhan Securities Vietnam

PBR of VHC



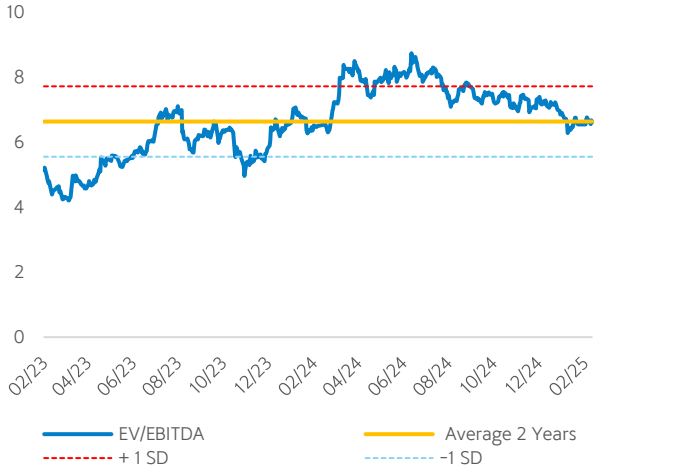
Source: Bloomberg, Company Data, Shinhan Securities Vietnam

PBR band chart of VHC



Source: Bloomberg, Company Data, Shinhan Securities Vietnam

EV/EBITDA of VHC



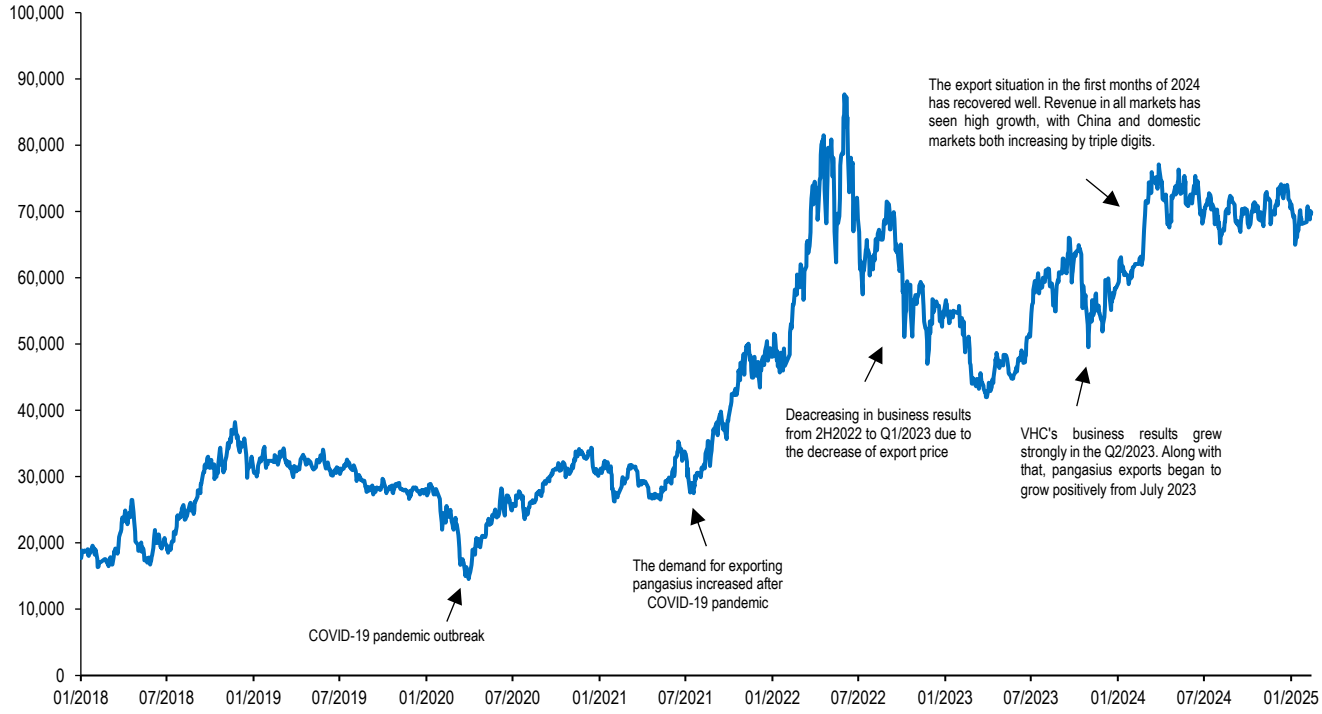
Source: Bloomberg, Company Data, Shinhan Securities Vietnam

Correlation between VHC's price and ROE



Source: Bloomberg, Company Data, Shinhan Securities Vietnam

Key events chart of VHC



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Company background

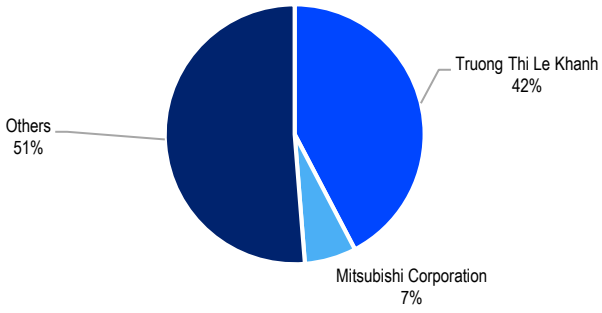
History of development

Vinh Hoan was established in 1997 in Dong Thap province, located in the Mekong Delta, specializing in farming and processing frozen pangasius products. In 2010, Vinh Hoan rose to the top of Vietnam's pangasius industry in export turnover, according to the Vietnam Association of Seafood Exporters and Producers ("VASEP"). Currently, Vinh Hoan is the enterprise with the largest export market share in the industry, accounting for 17% (in 2021), nearly three times higher than the remaining competitors. The company's chairman is Mrs. Truong Thi Le Khanh, with more than 20 years of work in the pangasius industry. Beside her are effective assistants taking on many segments from farming and processing to sales strategy, such as: Ms. Nguyen Ngo Vi Tam has been in charge of anti-dumping lawsuits in the US; at the end of last year, Mrs. Khanh's daughter, Le Ngoc Tien, became the company's strategic director with the direction of digital transformation within the next 3 years, as well as managing the company's investment activities. Therefore, in the past year, Vinh Technology has invested in two companies specializing in alternative protein aquafeeds, Entobel and Shiok Meats.

Vinh Hoan has main business activities in farming and processing pangasius products. Vinh Hoan's revenue by product can be listed as: fillet, collagen & gelatine, and by-products. The fillet segment brought Vinh Hoan's largest revenue source, accounting for 66%, along with by-products and collagen & gelatine contributed 19% and 7% of total revenue in 2021, respectively. In 2022, Vinh Hoan has returned with an aqua feed factory project and many new segments that promise to help improve the gross profit when the frozen pangasius export segment faces fluctuations.

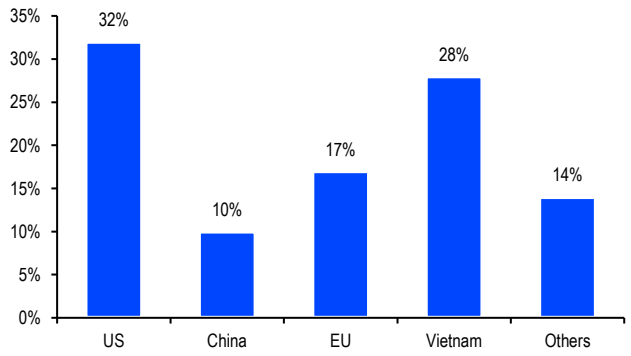
Vinh Hoan Corp. has been officially listed on the Ho Chi Minh Stock Exchange since 2007, under the ticker 'VHC'.

Shareholder's structure as of 02/19/2025



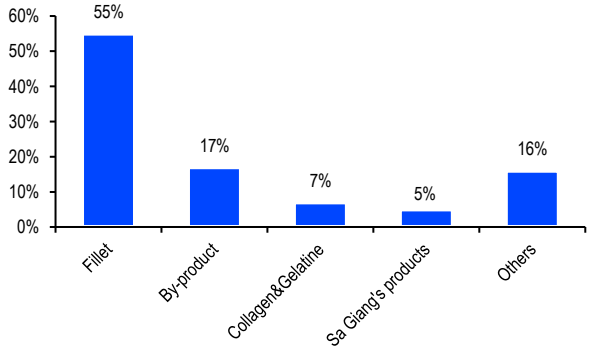
Source: Company Data, Shinhan Securities Vietnam

Revenue by market in 2024



Source: Company Data, Shinhan Securities Vietnam

Revenue by products in 2024



Source: Company Data, Shinhan Securities Vietnam

Appendix : Financial statements

Statement of financial position

Year to Dec. (bn VND)	2023	2024	2025F	2026F	2027F
Total assets	11,943	12,249	14,040	15,943	16,928
Current assets	7,888	8,241	10,317	12,203	13,095
Cash & equivalents	233	570	1,320	2,811	4,457
Short-term financial asset	2,069	2,340	2,340	2,340	2,340
Accounts receivable	1,578	2,207	2,539	2,693	2,453
Inventories	3,763	2,911	3,904	4,146	3,633
Non-current assets	4,125	4,113	3,941	3,757	3,560
Net fixed assets	3,383	3,415	3,243	3,059	2,862
Investment assets	160	115	115	115	115
Other long-term assets	581	583	583	583	583
Total liabilities	3,351	3,247	3,393	3,597	3,050
Current liabilities	3,233	3,193	3,339	3,543	2,997
Accounts payable	309	272	432	459	402
Short-term borrowings	2,157	2,277	2,178	2,313	1,914
Others	773	625	728	771	680
Non-current liabilities	119	54	54	54	54
Long-term borrowings	102	0	0	0	0
Other financial liabilities	17	54	54	54	54
Total shareholders' equity	8,591	9,002	10,648	12,346	13,877
Capital stock	1,870	2,245	2,245	2,245	2,245
Capital surplus	264	264	264	264	264
Other capital	0	0	0	0	0
Retained earnings	6,213	6,175	7,730	9,334	10,780
Non-controlling interest equity	244	319	410	505	590
*Total debt	2,259	2,277	2,178	2,313	1,914
*Net debt (cash)	(42)	(633)	(1,482)	(2,838)	(4,883)

Statement of comprehensive income

Year to Dec. (bn VND)	2022	2023	2024F	2025F	2026F
Revenue	10,033	12,535	14,423	15,295	13,489
Growth (%)	-24.2%	24.9%	15.1%	6.0%	-11.8%
COGS	8,540	10,644	12,103	12,852	11,261
Gross profit	1,493	1,891	2,321	2,444	2,228
GPM (%)	14.9%	15.1%	16.1%	16.0%	16.5%
SG&A	524	639	736	811	701
Operating profit	969	1,253	1,585	1,633	1,527
Growth (%)	-57.0%	29.3%	26.6%	3.0%	-6.5%
OPM (%)	9.7%	10.0%	11.0%	10.7%	11.3%
Non-operating profit	148	207	183	196	104
Financial income	377	428	457	483	387
Financial expense	229	222	275	287	282
In which: interest expenses	133	73	127	139	134
Net other non-operating profit	27	35	35	35	35
Pre-tax profit	1,145	1,496	1,803	1,864	1,666
Income tax	171	186	234	242	217
Net profit	974	1,311	1,569	1,622	1,449
Growth (%)	-51.6%	34.6%	19.7%	3.4%	-10.6%
NPM (%)	9.7%	10.5%	10.9%	10.6%	10.7%
Controlling interest	919	1,234	1,476	1,527	1,364
Non-controlling interest	55	77	92	95	85
EBIT	1,278	1,570	1,930	2,003	1,800
Growth (%)	-47.2%	22.8%	22.9%	3.8%	-10.1%
EBIT Margin (%)	12.7%	12.5%	13.4%	13.1%	13.3%
EBITDA	1,621	1,956	2,340	2,431	2,247
Growth (%)	-41.0%	20.6%	19.6%	3.9%	-7.6%
EBITDA margin (%)	16.2%	15.6%	16.2%	15.9%	16.7%

Statement of cash flow

Year to Dec. (bn VND)	2022	2023	2024F	2025F	2026F
Cash flow from operations	547	2,113	1,330	1,839	2,546
Net profit	974	1,311	1,569	1,622	1,449
Depreciation expense	343	386	410	428	446
(Gain) from investing activities					
Change in working capital	-1,254	-472	-1,081	-326	605
Others	539	965	524	210	130
Cash flow from investments	-793	-863	-123	-128	-134
Change in fixed assets	-1,122	-672	-123	-128	-134
Change in investment assets	-121	-169	0	0	0
Others	449	-22	0	0	0
Cash flow from financing	-73	-912	-44	-193	-704
Change in equity	57	0	92	95	85
Net borrowing	-129	-13	313	160	-340
Dividends	0	-899	-449	-449	-449
Change in total cash	-319	338	1,163	1,517	1,708
Beginning cash	553	233	570	1,733	3,250
Change in FX rates					
Ending cash	233	570	1,733	3,250	4,958

Source: Company data, Shinhan Securities Vietnam

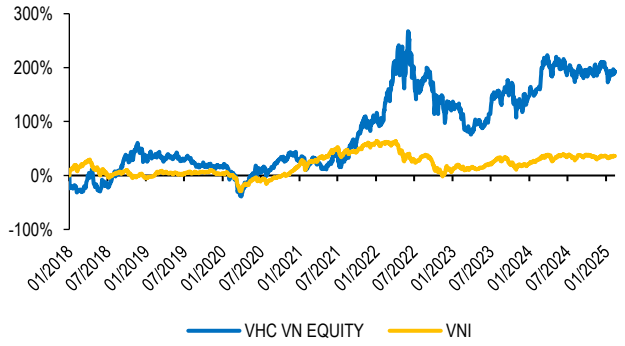
Key ratios

Năm	2022	2023	2024F	2025F	2026F
EPS (VND)	4,914	5,496	6,578	6,802	6,078
BPS (VND)	44,629	38,685	45,674	52,901	59,358
DPS (VND)	0	4,000	2,000	2,000	2,000
PER (x)	18.6	16.6	13.9	13.4	15.0
PBR (x)	2.0	2.4	2.0	1.7	1.5
EV/EBITDA (x)	9.4	7.8	6.5	6.3	6.8
Dividend payout ratio (%)	0%	73%	30%	29%	33%
Dividend yield (%)	0.0%	8.9%	4.4%	4.4%	4.4%
Profitability					
EBITDA margin (%)	16.2%	15.6%	16.2%	15.9%	16.7%
OPM (%)	9.7%	10.0%	11.0%	10.7%	11.3%
NPM (%)	9.7%	10.5%	10.9%	10.6%	10.7%
ROA (%)	8.2%	10.7%	10.8%	9.9%	8.3%
ROE (%)	11.3%	14.6%	14.7%	13.1%	10.4%
Stability					
Debt to equity ratio (%)	31.0%	26.3%	25.3%	24.3%	22.2%
Cash ratio (%)	15.0%	7.2%	17.9%	46.2%	81.7%
Interest coverage ratio (x)	23.2	7.3	17.1	12.5	11.8
Activity (%)					
Working capital turnover (days)	205	155	169	169	171
Inventory turnover (days)	161	100	118	118	118
Receivable turnover (days)	57	64	64	64	66

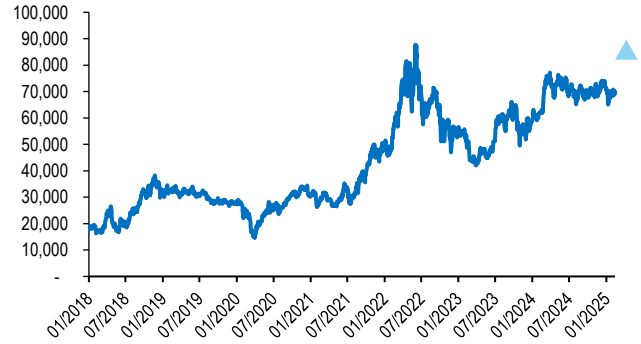
Source: Company data, Shinhan Securities Vietnam

VHC Corp. (VHC VN)

Share performance



Target price



Date	Rating	Target price (VND)	Target price gap (%)	
			Average	Max/Min
08/04/2022 (Initation)	BUY	84,526	39.8	-11.4/159.8
02/24/2023 (Update)	BUY	60,500	-10.7	-36.5/21.6
05/24/2023 (Update)	BUY	67,750	9.4	-31.1/52.5
08/07/2023 (Update)	BUY	85,600	49.9	11.7/92.9
11/20/2023 (Update)	BUY	88,583	57.5	26.5/99.1
02/21/2024 (Update)	HOLD	69,500	24.6	2.4/61.1
02/19/2025 (Update)	BUY	81,700	12.4	-0.6/29.5

Note: Calculation of target price gap based on past 12 months

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Stock	Sector
◆ **BUY:** Expected 12-month gain of 15% or more ◆ **HOLD:** Expected 12-month loss of 15% to gain of 15% ◆ **SELL:** Expected 12-month loss of 15% or more	◆ **OVERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated BUY ◆ **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD ◆ **UNDERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated SELL

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