Shinhan Securities



Sao Ta Foods JSC

[Vietnam / Fisheries]

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

HOLD

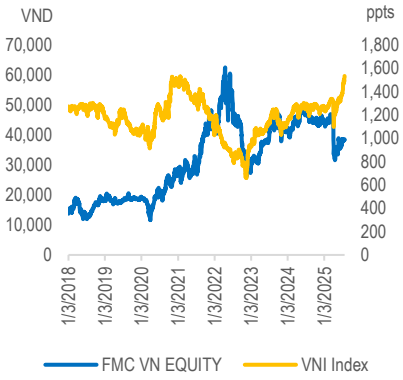
Update Report

Target price (12 months)	**43,300VND**
Current price (08/06/2025)	38,500 VND
Return (%)	12.4%

VNINDEX	1,573
HNXINDEX	268
Market Cap (bn VND)	2,587
Outstanding shares (mn)	65
Free float (1mn)	15
52-week high/low (VND)	50,200/32,400
90-day avg. trading volume (1mn)	0.13
90-day avg.turnover (bn VND)	5

Major shareholders (%)	The PAN Group	37.75
	C.P. Vietnam Livestock Co., Ltd	24.90

Performance	3M	6M	12M
Abs (%)	7.4	-17.1	-21.2
Rel to VN-Index (%)	-19.0	-39.6	-45.5



Source: Bloomberg

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Cost and tax pressure

Update recommendation HOLD, target price at VND 43,300

Sao Ta Foods Corporation (HoSE: FMC) is one of the leading shrimp exporters in Vietnam, always maintaining its position in the top 5 largest shrimp exporters in the country. FMC currently owns 30% of raw shrimp and a farming area of 540ha. In the first half of 2025, revenue reached VND 3,870 bn (+43% YoY), while PBT was VND 133 bn (-10% YoY), fulfilling only 33% of the annual plan. Strong growth in revenue was driven by a sharp increase in shrimp import demand ahead of new tariff. However, this was offset by high input costs and provisions for risks related to anti-dumping (AD), countervailing (CVD), and reciprocal tax for the US market. In the second half of 2025, we note that business performance will continue to face pressure. We believe market diversification and good cost control will be key for FMC to achieve its annual targets. Based on FCFF and PE methods, with a weight of 50:50, we update FMC's target price at 43,300 VND.

In the first half of 2025, revenue saw a strong increase driven by the demand for frontloading. However, profits were pressured by rising costs and various taxes.

The Q2 business results showed strong growth. Revenue reached VND 1,880 bn (+51% YoY) increase, and PBT reached VND 100 bn (+20% YoY). Consumption of finished shrimp products hit 5,333 tons, a 31% YoY increase, while the average selling price is estimated to have risen by 16% YoY. This was driven by strong demand from the US market and a highly successful second shrimp farming season in 2025.

Conversely, a decline in Q1 business results affected FMC's profit in the first half of 2025. PBT reached 133 bn VND, a decrease of 10% year-over-year. This was due to high domestic raw shrimp prices, which impacted production costs. Additionally, selling expenses rose by 120% year-over-year, mainly from anti-dumping (AD) duties, countervailing duties (CVD), and reciprocal tax for the US market, which also affected profit.

Efforts for the remainder of 2025

Accelerating alternative markets: FMC has been preparing for a market shift for five years and won't be overly passive if U.S. market sales decline in the short term. FMC will push to diversify its markets, focusing on regions like Canada, Australia (a market with strict standards that FMC is confident it can meet thanks to its high-quality farming areas), and South Korea.

To control costs and quality, in 2025, FMC expanded its shrimp farming area by 50 hectares, bringing the total to 540 hectares. The company's self-raised shrimp ratio reached around 30%, which is a high level for the industry, and is expected to be maintained or slightly increased over the next two years. This expansion allows FMC to be more proactive in controlling its shrimp supply and quality, while also giving it some leverage to control costs and improve its margins.

We project FMC's 2025 revenue to reach VND 7,936 bn (+14.8% YoY) and after-tax profit to reach VND 395 bn (−6.1% YoY) due to: (1) an acceleration in import demand in the first half of 2025, (2) the reversal of VND 42 billion in anti-dumping duties from POR19 that were provisioned in 2023, corresponding to an anti-dumping tax rate of approximately 4.58%, and (3) an expected slight increase of 3% YoY in the average export price.

We note the preliminary anti-dumping duty rate for the 19th review is 35.29%, with final results pending later this year. If this rate remains unchanged, FMC will not have the VND 42 billion in duties reimbursed and is estimated to have to pay an additional VND 300 billion. This will negatively impact the company's profit

Risk (1) Risk of unfavorable weather and macroeconomic conditions, (2) Risk of weak demand, (3) Tax risks

Year to Dec.	**2023**	**2024**	**2025F**	**2026F**	**2027F**
Revenue (bn VND)	**5,087**	**6,913**	**7,938**	**7,495**	**8,510**
OP (bn VND)	292	363	329	320	410
NP (bn VND)	**302**	**423**	**395**	**433**	**484**
EPS (VND)	4,222	4,675	4,375	4,795	5,355
BPS (VND)	31,026	33,151	39,199	45,828	53,231
OPM	5.7%	5.3%	4.1%	4.3%	4.8%
NPM	5.9%	6.1%	5.0%	5.8%	5.7%
ROE	13.5%	17.1%	13.3%	12.3%	11.7%
PER (x)	13.2	11.9	10.8	9.8	8.8
PBR (x)	1.8	1.7	1.2	1.0	0.9
EV/EBITDA (x)	7.0	5.3	5.3	4.7	4.3

Source: Company data, Shinhan Securities Vietnam

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Valuation and Recommendation

We use Discounted Cash Flow (DCF) and PE valuation methods to value FMC with 50%-50% weighted. We maintain our HOLD recommendation with a target price of VND 43,300, upside 12.4%.

Weighted Average Cost of Capital (WACC)	
WACC (%)	**9.0**
Risk-free rate (%)	3.10
Equity risk premium (%)	8.35
Beta	0.98
Cost of debt (%)	4.50
Cost of equity (%)	11.4
Debt-to-equity ratio	0.36
Total debt (bn VND)	1,703

Source: Company data, Shinhan Securities Vietnam

DCF valuation					
Unit: billion VND	**2025F**	**2026F**	**2027F**	**2028F**	**2029F**
NPAT-Mi	**286**	**314**	**350**	**401**	**450**
Plus: After-tax interest expense	39	49	42	37	37
Plus: Depreciation & Amortization	139	160	182	206	232
Minus: Change in working capital	178	21	83	173	198
Minus: CapEx	181	192	218	247	255
Free Cash Flow to Firm (FCFF)	**105**	**310**	**273**	**223**	**265**
PV of FCF	941				
Growth rate (%)	1%				
Present value of long-term value	2,197				
Enterprise value	**3,138**				
Minus: Debt	(1,703)				
Plus: Cash and cash equivalents	1,652				
Owner's equity value	3,087				
Number of shares oustanding (million)	65.3				
Target price (VND/share)	**47,212**				

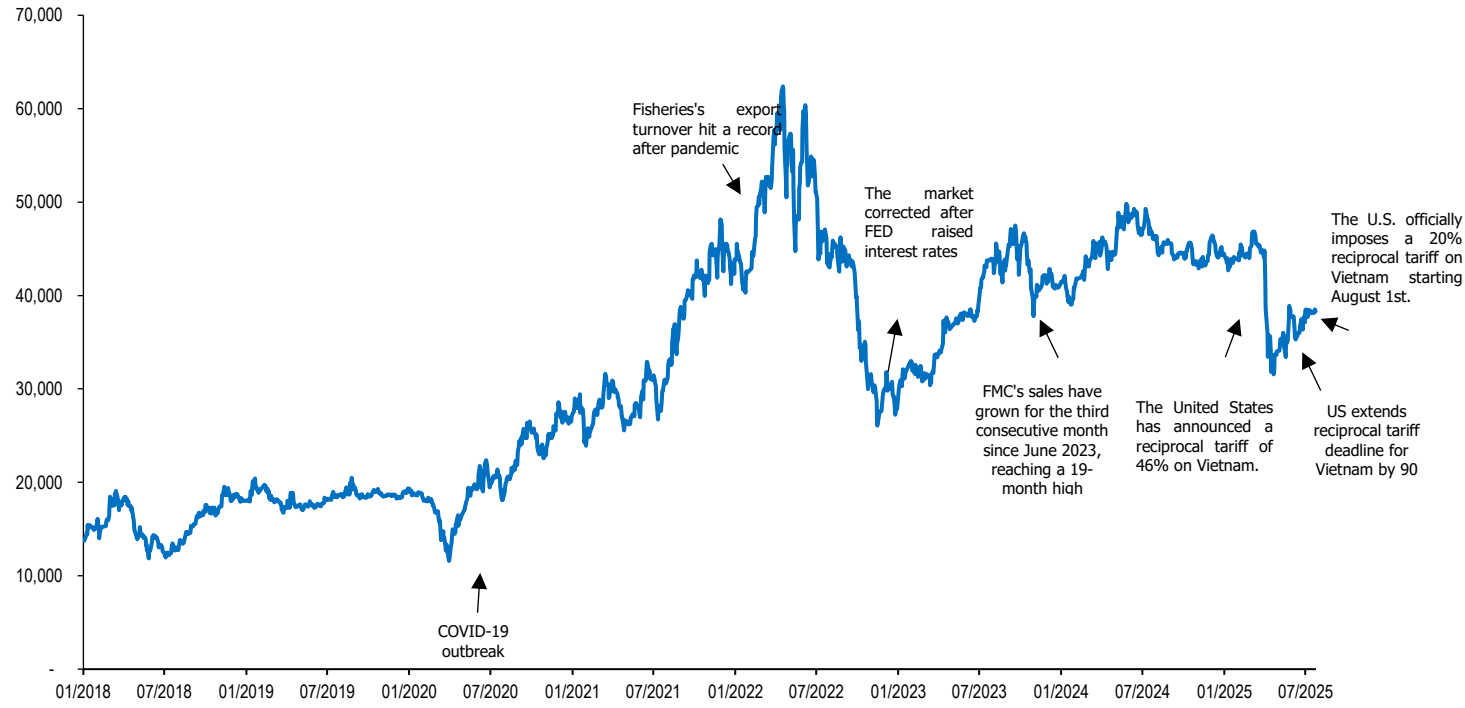
Source: Company Data, Shinhan Securities Vietnam

Based on the P/E method, we collected data from companies in 3 year average. We estimate FMC's target P/E at 9x, reflecting the challenges the shrimp industry may face in the near future in the US market. With the 2025 forward EPS at VND 4,375, VHC's target price is VND 39,374.

Peer valuation	
3 yrs average of FMC	9.0
Target P/E	9
EPS forward	4,375
Target price (VND/share)	**39,374**

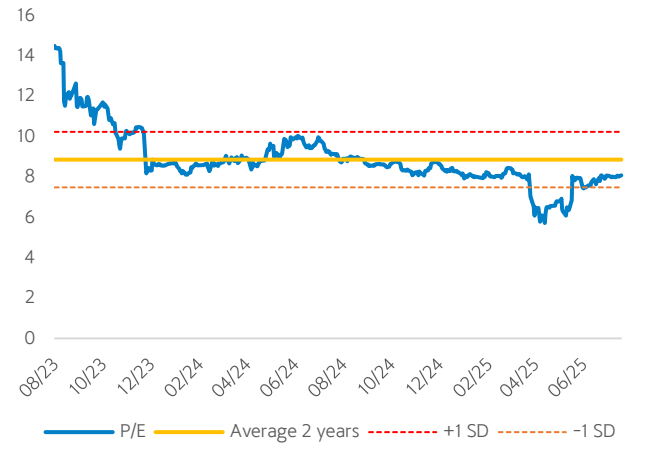
Source: Company Data, Shinhan Securities Vietnam

Key important events of FMC



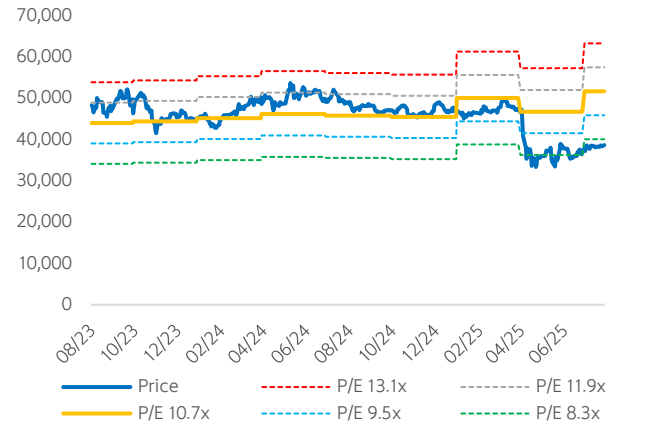
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PER of FMC



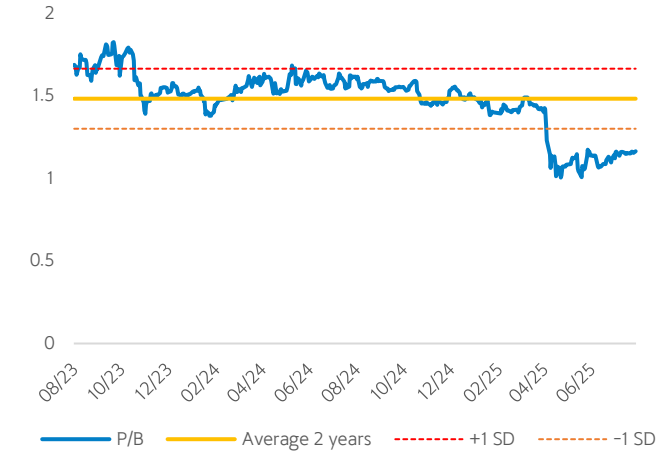
Source: Bloomberg, Company Data, Shinhan Securities Vietnam

PER band chart of FMC



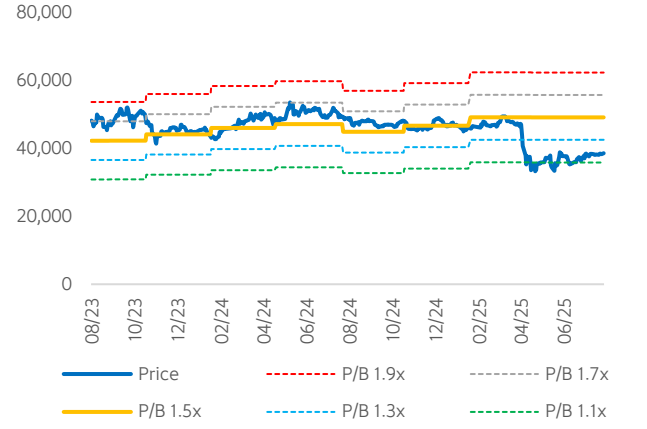
Source: Bloomberg, Company Data, Shinhan Securities Vietnam

PBR of FMC



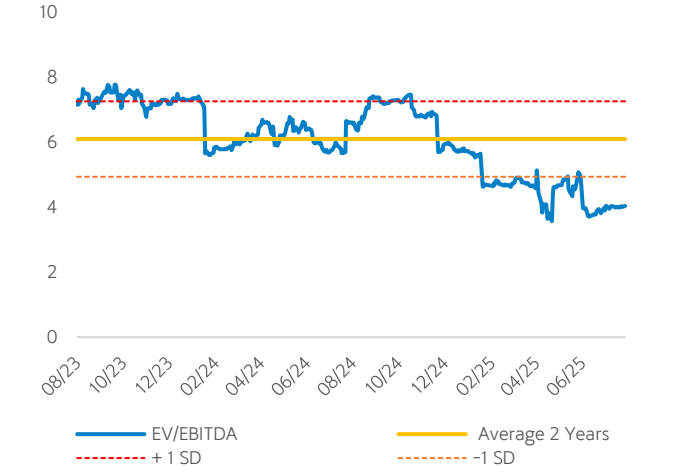
Source: Bloomberg, Company Data, Shinhan Securities Vietnam

PBR band chart of FMC



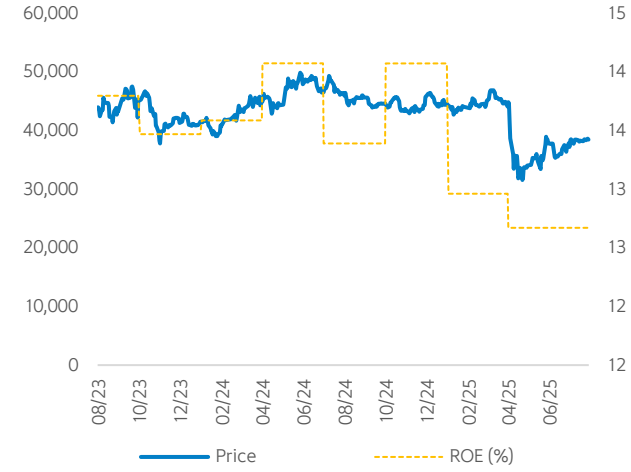
Source: Bloomberg, Company Data, Shinhan Securities Vietnam

EV/EBITDA of FMC



Source: Bloomberg, Company Data, Shinhan Securities Vietnam

Correlation between FMC's price and ROE



Source: Bloomberg, Company Data, Shinhan Securities Vietnam

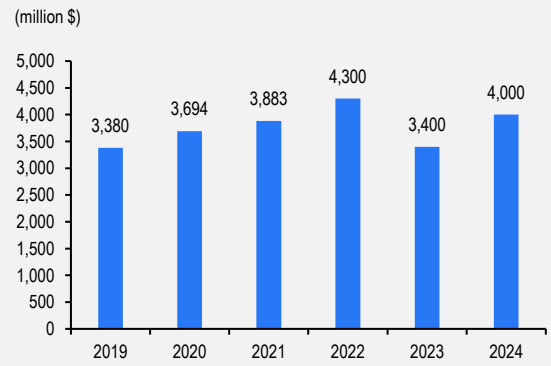
Company background

Overview of the shrimp industry

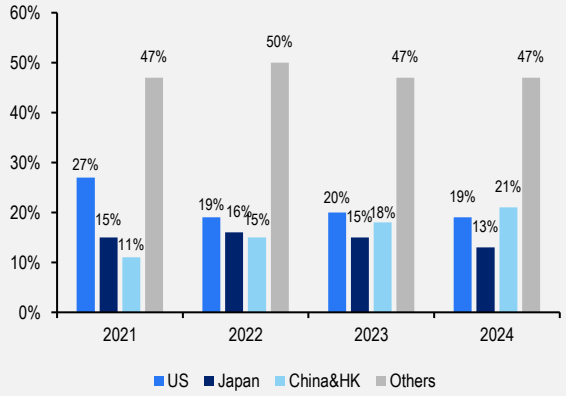
Shrimp is a key export commodity for Vietnam, accounting for 39% of Vietnam's total seafood export revenue in 2024. Shrimp exports in 2024 reached USD 3.9 billion, a 14% increase compared to 2023. The structure of exported shrimp products in 2024 is as follows: Whiteleg shrimp increased by 8% and accounted for 70.2% of the turnover. Black tiger shrimp decreased by 3% and accounted for 11.5% of the turnover, other shrimp varieties increased by 71% and accounted for 18.3% of the turnover. Other shrimp exports increased by 71% thanks to the surge in live/fresh/frozen shrimp products (mainly lobsters) by 127%

In 2025, the shrimp industry aims for an export turnover of 4 to 4.3 billion USD. According to VASEP, shrimp exports are expected to grow in 2025 thanks to adjustments in production strategies and the expansion of export markets. However, competition from leading shrimp-producing countries such as Ecuador, India, and Thailand remains a significant challenge. Additionally, strict regulations from the US and EU markets regarding traceability and quality standards are making it necessary for Vietnamese export businesses to enhance their competitiveness in order to maintain market share. Shrimp exports are expected to perform well in potential markets like Australia, the Middle East, the UK, and South Korea. With supportive measures and the resolution of internal issues in production, processing, and the entire value chain, shrimp exports in 2025 could reach the target of over 4 billion USD.

Vietnam's shrimp export turnover



Vietnam's shrimp export turnover



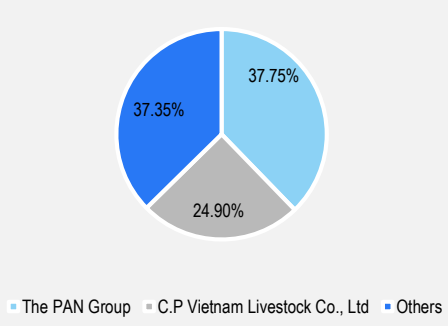
Source: VASEP, Shinhan Securities Vietnam

History of development

Sao Ta Foods Joint Stock Company was established in 1996 with the main business of processing frozen shrimp for export. Since its establishment until now, FMC has always maintained its position in top 5 shrimp exporters of Vietnam. The company's main export markets are the US, Japan, and Western Europe...

In 2006, Sao Ta was officially listed on the Ho Chi Minh City Stock Exchange under the ticker "FMC".

Shareholder's structure



Revenue structure by products



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	3,356	3,775	5,439	5,645	6,084
Current assets	2,127	2,641	4,423	4,497	4,955
Cash & equivalents	452	1,077	2,620	2,702	3,021
Short-term financial asset	97	140	140	140	140
Accounts receivable	492	370	441	484	473
Inventories	1,000	1,002	1,171	1,121	1,269
Non-current assets	1,229	1,134	1,266	1,389	1,516
Net fixed assets	848	768	900	1,023	1,150
Investment assets	96	91	91	91	91
Other long-term assets	285	275	275	275	275
Total liabilities	1,122	1,309	2,468	2,121	1,942
Current liabilities	1,112	1,297	2,456	2,110	1,930
Accounts payable	106	118	137	127	144
Short-term borrowings	824	902	1,999	1,681	1,447
Others	199	265	319	302	339
Non-current liabilities	10	12	12	12	12
Long-term borrowings	0	0	0	0	0
Other financial liabilities	10	12	12	12	12
Total shareholders' equity	2,234	2,466	2,971	3,524	4,142
Capital stock	654	654	654	654	654
Capital surplus	594	594	594	594	594
Other capital	0	0	0	0	0
Retained earnings	781	920	1,316	1,749	2,233
Non-controlling interest equity	205	298	408	528	661
*Total debt	824	902	1,999	1,681	1,447
*Net debt (cash)	275	(316)	(761)	(1,161)	(1,714)

Statement of comprehensive income

Year to Dec. (bn VND)	2023	2024	2025F	2026F	2027F
Revenue	5,087	6,913	7,938	7,495	8,510
Growth (%)	-10.8%	35.9%	14.8%	-5.6%	13.6%
COGS	4,594	6,161	7,141	6,724	7,615
Gross profit	493	752	797	770	895
GPM (%)	9.7%	10.9%	10.0%	10.3%	10.5%
SG&A	201	388	468	450	485
Operating profit	292	363	329	320	410
Growth (%)	-4.8%	24.3%	-9.5%	-2.5%	27.9%
OPM (%)	5.7%	5.3%	4.1%	4.3%	4.8%
Non-operating profit	11	59	70	116	78
Financial income	73	112	139	196	150
Financial expense	61	53	69	80	72
In which: interest expenses	28	23	39	50	42
Net other non-operating profit	1	0	0	0	0
Pre-tax profit	305	422	398	437	488
Income tax	2	-1	3	3	3
Net profit	302	423	395	433	484
Growth (%)	-5.8%	39.8%	-6.4%	9.6%	11.7%
NPM (%)	5.9%	6.1%	5.0%	5.8%	5.7%
Controlling interest	276	306	286	314	350
Non-controlling interest	26	117	109	120	134
EBIT	333	445	437	486	530
Growth (%)	-3.7%	33.7%	-1.7%	11.1%	9.0%
EBIT Margin (%)	6.5%	6.4%	5.5%	6.5%	6.2%
EBITDA	487	629	577	646	712
Growth (%)	11.9%	29.1%	-8.3%	12.1%	10.2%
EBITDA margin (%)	9.6%	9.1%	7.3%	8.6%	8.4%

Statement of cash flow

Year to Dec. (bn VND)	2023	2024	2025F	2026F	2027F
Cash flow from operations	207	580	647	603	769
Net profit	302	423	395	433	484
Depreciation expense	106	128	139	160	182
(Gain) from investing activities					
Change in working capital	48	-211	-178	-21	-83
Others	-222	358	400	150	320
Cash flow from investments	-505	111	-181	-192	-218
Change in fixed assets	-438	-217	-181	-192	-218
Change in investment assets	-288	180	0	0	0
Others	221	148	0	0	0
Cash flow from financing	163	-74	1,076	-329	-231
Change in equity	0	0	109	120	134
Net borrowing	306	77	1,098	-318	-234
Dividends	-143	-151	-131	-131	-131
Change in total cash	-135	617	1,543	82	320
Beginning cash	585	452	1,077	2,620	2,702
Change in FX rates					
Ending cash	452	1,077	2,620	2,702	3,021

Source: Company data, Shinhan Securities Vietnam

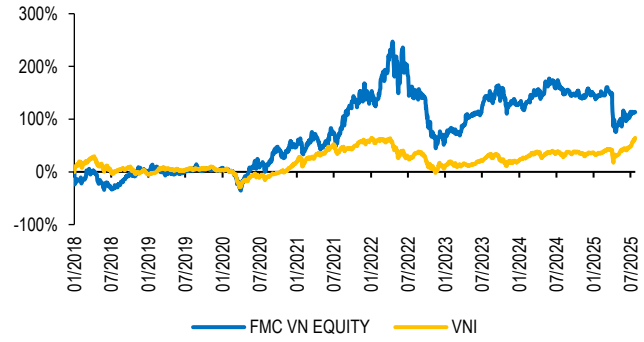
Key ratios

Năm	2023	2024	2025F	2026F	2027F
EPS (VND)	4,222	4,675	4,375	4,795	5,355
BPS (VND)	31,026	33,151	39,199	45,828	53,231
DPS (VND)	2,000	2,000	2,000	2,000	2,000
PER (x)	13.4	12.1	10.8	9.8	8.8
PBR (x)	1.8	1.7	1.2	1.0	0.9
EV/EBITDA (x)	7.0	5.3	5.3	4.7	4.3
Dividend payout ratio (%)	47%	43%	46%	42%	37%
Dividend yield (%)	4.4%	4.4%	4.4%	4.4%	4.4%
Profitability					
EBITDA margin (%)	8.6%	8.3%	7.3%	8.6%	8.4%
OPM (%)	5.7%	5.3%	4.1%	4.3%	4.8%
NPM (%)	5.9%	6.1%	5.0%	5.8%	5.7%
ROA (%)	9.0%	11.2%	7.3%	7.7%	8.0%
ROE (%)	13.5%	17.1%	13.3%	12.3%	11.7%
Stability					
Debt to equity ratio (%)	24.4%	36.9%	36.6%	67.3%	47.7%
Cash ratio (%)	67.9%	40.6%	83.1%	106.7%	128.1%
Interest coverage ratio (x)	17.8	10.4	15.7	8.4	6.5
Activity (%)					
Working capital turnover (days)	106	72	73	77	74
Inventory turnover (days)	79	59	60	61	61
Receivable turnover (days)	35	20	20	24	20

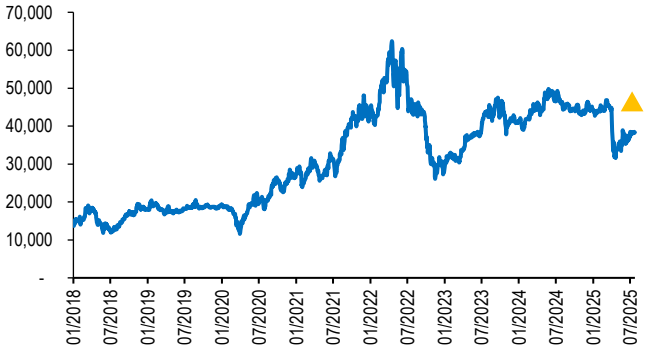
Source: Company data, Shinhan Securities Vietnam

Sao Ta Foods JSC (FMC VN)

Share performance



Target price



Date	Rating	Target price (VND)	Target price gap (%)	
			Average	Max/Min
07/12/2023 (Initation)	HOLD	49,900	21.4	-15.1/66.3
11/03/2023 (Update)	BUY	65,800	-10.7	-36.5/21.6
02/01/2024 (Update)	BUY	52,500	20.5	0.8/50.0
02/26/2025 (Update)	BUY	55,700	9.0	-0.1/21.8
08/06/2025 (Update)	HOLD	43,300	4.8	-13.8/33.6

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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