

Sao Ta Foods JSC

[Vietnam / Fisheries]

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

HOLD

Update Report

Target price (12 months) 40,100VND

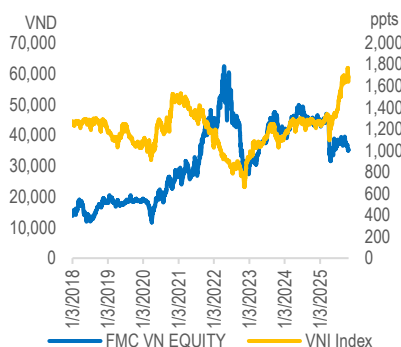
Current price (10/22/2025) 35,150 VND

Return (%) 14.1%

VNINDEX	1,678
HINXINDEX	268
Market Cap (bn VND)	2,298
Outstanding shares (mn)	65
Free float (1mn)	15
52-week high/low (VND)	50,200/32,400
90-day avg. trading volume (1mn)	0.11
90-day avg. turnover (bn VND)	4

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

Performance	3M	6M	12M
Abs (%)	-7.3	5.8	-22.4
Rel to VN-Index (%)	-18.6	-33.2	-54.8



Source: Bloomberg

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Breaking through the ring of taxes

Update recommendation HOLD, target price at VND 40,100

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 9 months of 2025 (9M/2025), revenue reached VND 6,856 bn (+23% YoY), and PBT reached VND 251 bn (+6.8% YoY), achieving only 58% of the annual plan. The lower profit growth compared to the revenue increase was due to the cost of setting aside risk provisions for anti-dumping duties (AD), countervailing duties (CVD), and reciprocal tax for the US market. In the fourth quarter, we assess that business performance may slow down after October 15th, as the US Department of Commerce's final decision on anti-dumping duties will be announced on December 9th. Based on FCFF and PE methods, with a weight of 50:50, we update FMC's target price at 40,100 VND.

In the first nine months of 2025, profit grew despite pressure from various taxes

The third-quarter business results recorded good growth. Revenue reached VND 2,989 billion (+5% YoY) and PBT reached VND 108 bn (+19% YoY). Specifically in the third quarter, FMC provisioned nearly VND 254 bn (+370% YoY) for various costs related to AD, CVD, and reciprocal tax for the US market. However, thanks to improved gross profit margin along with increased financial revenue, FMC still recorded a net profit growth of about 20%.

In the first 9M/2025, revenue reached VND 6.856 bn (+23% YoY), and PBT reached VND 251 bn (+6.8% YoY). The modest increase in pre-tax profit compared to the increase in revenue was due to selling expenses nearly doubling, rising to over VND 511 billion. The largest expenditure within this was the retaliatory tariff of nearly VND 193 bn—a new expense incurred this year. The output of finished shrimp reached 19,554 tons (+18% YoY), and the estimated selling price increased (+10% YoY), primarily driven by stable demand from the US and Japan, and the increase in orders from regional markets.

The slowdown picture for Q4/2025

The business situation is expected to slow down in Q4 after October 15th, pending the final decision on the anti-dumping (AD) duty by the US Department of Commerce on December 9th. However, with a strong advantage in the value-added shrimp segment (such as fried shrimp, breaded shrimp) which is not subject to the AD duty, FMC can still leverage this to maintain exports to the US, despite the high preliminary tariff.

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 bn in duties reimbursed and is estimated to have to pay an additional VND 300 bn. This will negatively impact the company's profit. However, with many years of experience in the shrimp industry and the proactive shift in market direction over the past 5 years, FMC has diversified its markets to include Canada, Australia, South Korea, Japan,..., avoiding being reliant on the US market.

We forecast FMC's 2025 revenue to reach VND 7,982 bn (+15.5% YoY) and profit after tax to reach VND 317 bn (-24.9% YoY), due to the impact of various tax costs. In 2026, the shrimp industry's situation is expected to slow down, largely dependent on the results of the upcoming AD duty review. If a high AD tax rate is announced, businesses will face retroactive AD tax collection for shipments exported in 2023 and, when exporting to the US after December 9, 2025, they will be forced to pay a deposit equal to that AD tax rate.

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	7,982	7,458	8,474
OP (bn VND)	292	363	233	229	307
NP (bn VND)	302	423	317	361	400
EPS (VND)	4,222	4,675	3,511	3,989	4,424
BPS (VND)	31,026	33,151	38,004	43,519	49,635
OPM	5.7%	5.3%	2.9%	3.1%	3.6%
NPM	5.9%	6.1%	4.0%	4.8%	4.7%
ROE	13.5%	17.1%	11.1%	10.8%	10.4%
PER (x)	13.2	11.9	13.1	11.5	10.4
PBR (x)	1.8	1.7	1.2	1.1	0.9
EV/EBITDA (x)	7.0	5.3	6.1	5.3	4.9

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 40,100, upside 14.1%.

Weighted Average Cost of Capital (WACC)

WACC (%)	9.2
Risk-free rate (%)	4.0
Equity risk premium (%)	8.66
Beta	0.98
Cost of debt (%)	4.50
Cost of equity (%)	12.6
Debt-to-equity ratio	0.36
Total debt (bn VND)	1,757

Source: Company data, Shinhan Securities Vietnam

DCF valuation

Unit: billion VND	2026F	2027F	2028F	2029F	2030F
NPAT-Mi	261	289	340	403	468
Plus: After-tax interest expense	49	42	37	36	41
Plus: Depreciation & Amortization	160	182	206	232	259
Minus: Change in working capital	12	85	174	198	225
Minus: CapEx	192	218	247	255	285
Free Cash Flow to Firm (FCFF)	266	209	161	218	258
PV of FCF	862				
Growth rate (%)	1%				
Present value of long-term value	2,027				
Enterprise value	2,889				
Minus: Debt	(1,757)				
Plus: Cash and cash equivalents	1,770				
Owner's equity value	2,902				
Number of shares outstanding (million)	65.3				
Target price (VND/share)	44,380				

Source: Company Data, Shinhan Securities Vietnam

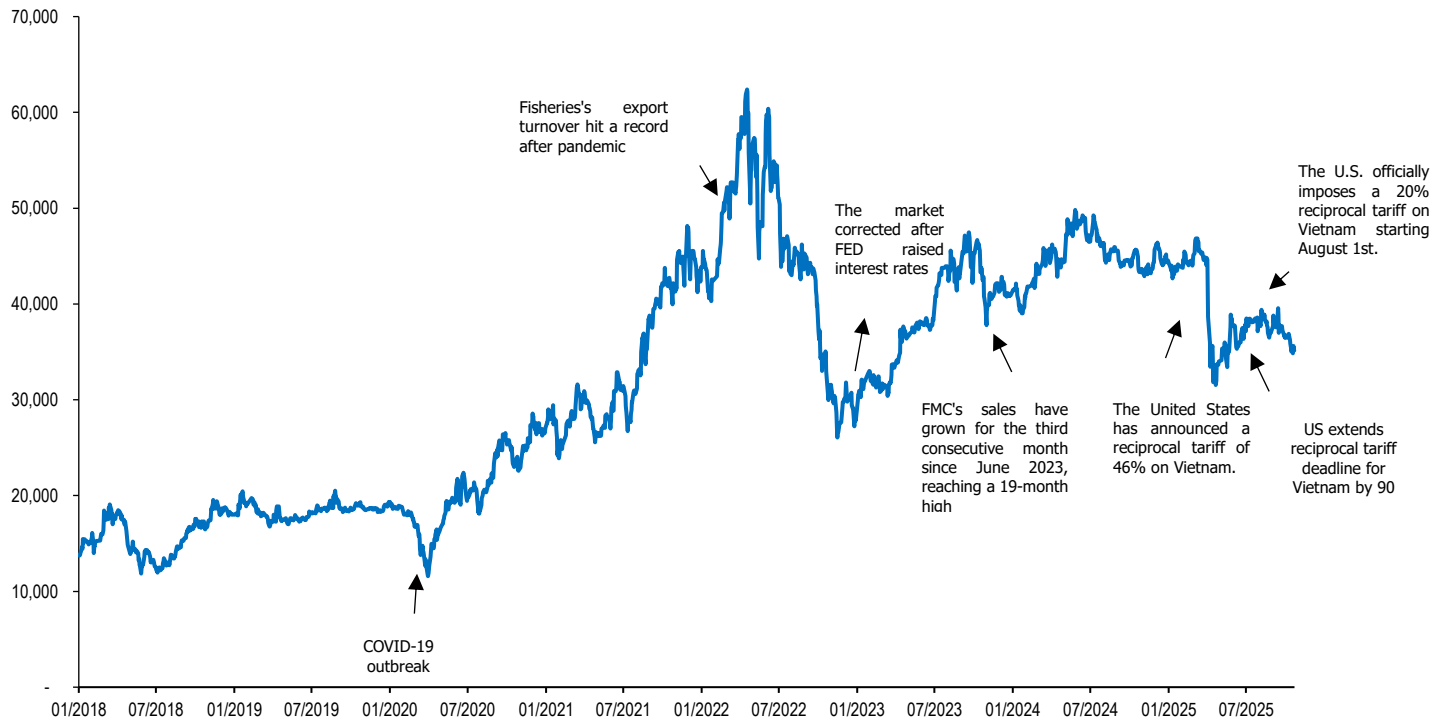
Based on the P/E method, we collected data from companies in 3 year average. We estimate FMC's target P/E at 9x, reflecting the challenges the shrimp industry may face in the near future in the US market. With the 2026 forward EPS at VND 3,989, VHC's target price is VND 35,900.

Peer valuation

3 yrs average of FMC	9.0
Target P/E	9
EPS forward	3,989
Target price (VND/share)	35,900

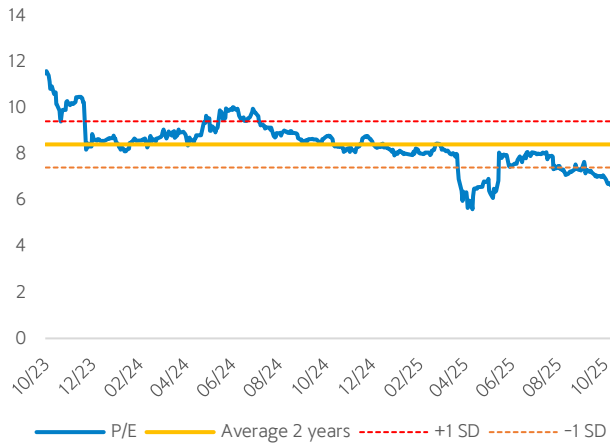
Source: Company Data, Shinhan Securities Vietnam

Key important events of FMC

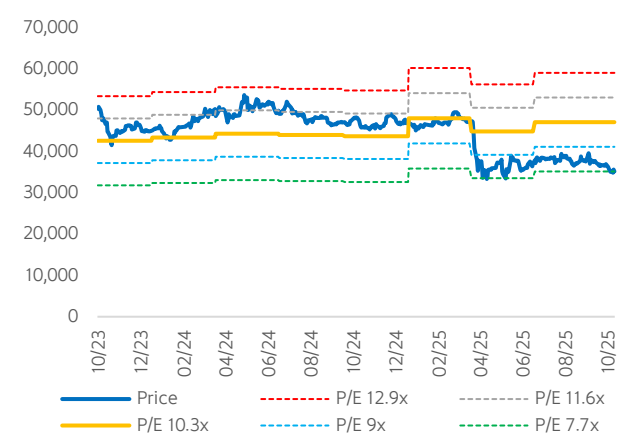


Source: Bloomberg, Company data, Shinhan Securities Vietnam

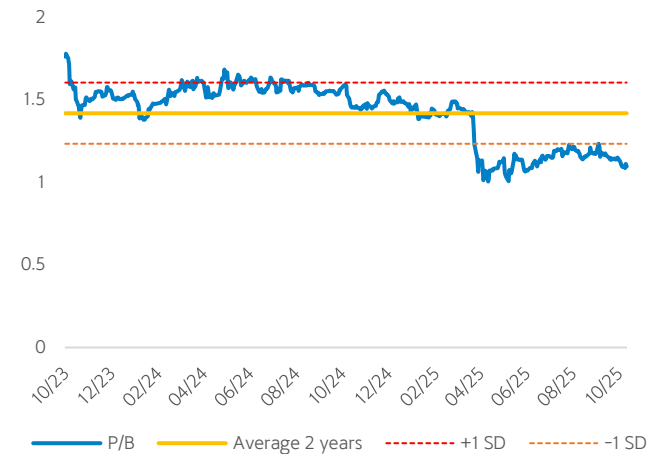
PER of FMC



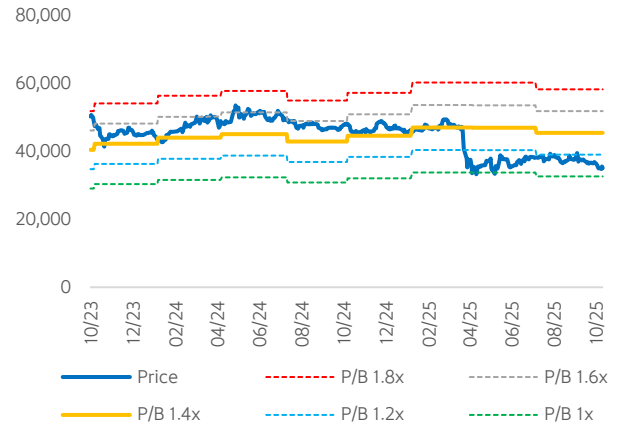
PER band chart of FMC



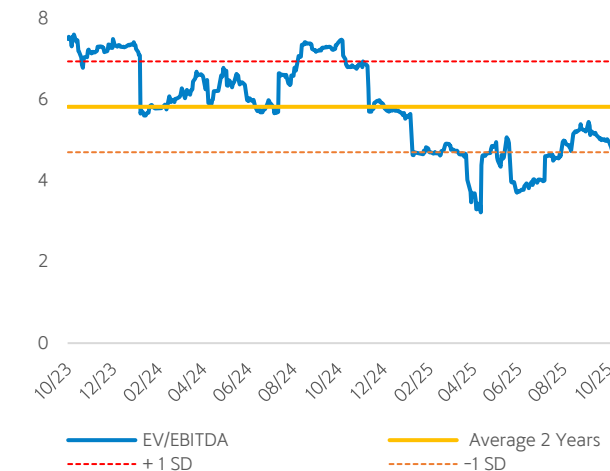
PBR of FMC



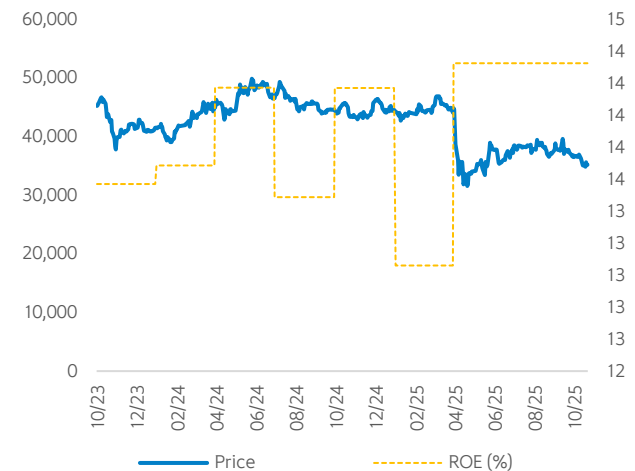
PBR band chart of FMC



EV/EBITDA of FMC



Correlation between FMC's price and ROE



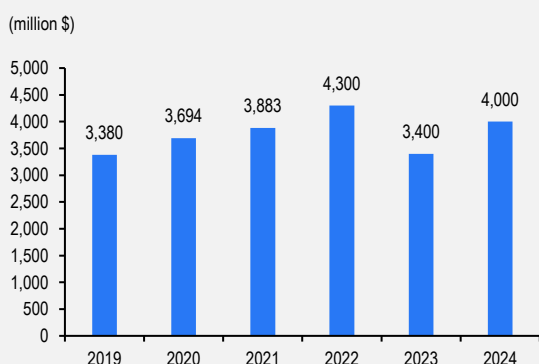
Company background

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%

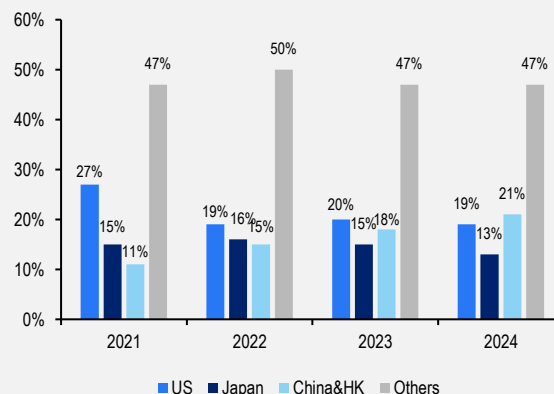
In 2025, the shrimp industry aims for an export turnover of 4 to 4.3 billion USD. According to VASEP, shrimp exports are expected to grow in 2025 thanks to adjustments in production strategies and the expansion of export markets. However, competition from leading shrimp-producing countries such as Ecuador, 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



Source: VASEP, Shinhan Securities Vietnam

Vietnam's shrimp export turnover

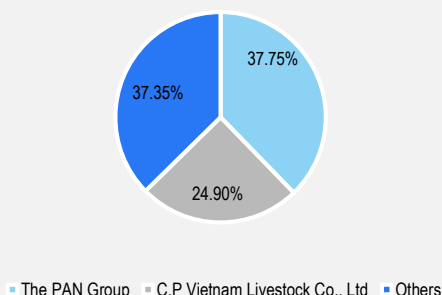


History of development

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...

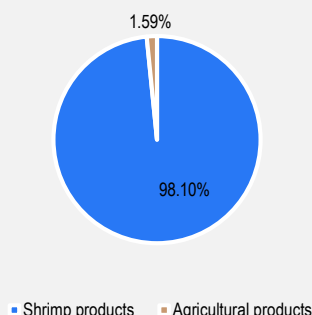
In 2006, Sao Ta was officially listed on the Ho Chi Minh City Stock Exchange under the ticker "FMC".

Shareholder's structure



Source: Company data, Shinhan Securities Vietnam

Revenue structure by products



Appendix : Financial statements

Statement of financial position

Year to Dec. (bn VND)	2023	2024	2025F	2026F	2027F
Total assets	3,356	3,775	5,328	5,431	5,771
Current assets	2,127	2,641	4,334	4,325	4,707
Cash & equivalents	452	1,077	2,534	2,543	2,784
Short-term financial asset	97	140	140	140	140
Accounts receivable	492	370	443	481	471
Inventories	1,000	1,002	1,166	1,109	1,261
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	2,457	2,100	1,929
Current liabilities	1,112	1,297	2,446	2,088	1,918
Accounts payable	106	118	137	126	143
Short-term borrowings	824	902	1,991	1,664	1,437
Others	199	265	318	299	337
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	2,871	3,331	3,842
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	1,237	1,598	1,998
Non-controlling interest equity	205	298	386	486	596
*Total debt	824	902	1,991	1,664	1,437
*Net debt (cash)	275	(316)	(683)	(1,019)	(1,487)

Statement of cash flow

Year to Dec. (bn VND)	2023	2024	2025F	2026F	2027F
Cash flow from operations	207	580	591	559	706
Net profit	302	423	317	361	400
Depreciation expense	106	128	139	160	182
(Gain) from investing activities					
Change in working capital	48	-211	-178	-12	-85
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	1,046	-358	-247
Change in equity	0	0	88	100	111
Net borrowing	306	77	1,089	-327	-226
Dividends	-143	-151	-131	-131	-131
Change in total cash	-135	617	1,457	9	241
Beginning cash	585	452	1,077	2,534	2,543
Change in FX rates					
Ending cash	452	1,077	2,534	2,543	2,784

Source: Company data, Shinhan Securities Vietnam

Statement of comprehensive income

Year to Dec. (bn VND)	2023	2024	2025F	2026F	2027F
Revenue	5,087	6,913	7,982	7,458	8,474
Growth (%)	-10.8%	35.9%	15.5%	-6.6%	13.6%
COGS	4,594	6,161	7,110	6,655	7,566
Gross profit	493	752	872	803	908
GPM (%)	9.7%	10.9%	10.9%	10.8%	10.7%
SG&A	201	388	639	574	602
Operating profit	292	363	233	229	307
Growth (%)	-4.8%	24.3%	-35.8%	-2.1%	34.2%
OPM (%)	5.7%	5.3%	2.9%	3.1%	3.6%
Non-operating profit	11	59	87	135	96
Financial income	73	112	156	214	168
Financial expense	61	53	69	79	72
In which: interest expenses	28	23	39	49	42
Net other non-operating profit	1	0	0	0	0
Pre-tax profit	305	422	320	363	403
Income tax	2	-1	2	3	3
Net profit	302	423	317	361	400
Growth (%)	-5.8%	39.8%	-24.9%	13.6%	10.9%
NPM (%)	5.9%	6.1%	4.0%	4.8%	4.7%
Controlling interest	276	306	230	261	289
Non-controlling interest	26	117	88	100	111
EBIT	333	445	359	412	445
Growth (%)	-3.7%	33.7%	-19.4%	15.0%	7.8%
EBIT Margin (%)	6.5%	6.4%	4.5%	5.5%	5.2%
EBITDA	487	629	498	572	627
Growth (%)	11.9%	29.1%	-20.8%	15.0%	9.5%
EBITDA margin (%)	9.6%	9.1%	6.2%	7.7%	7.4%

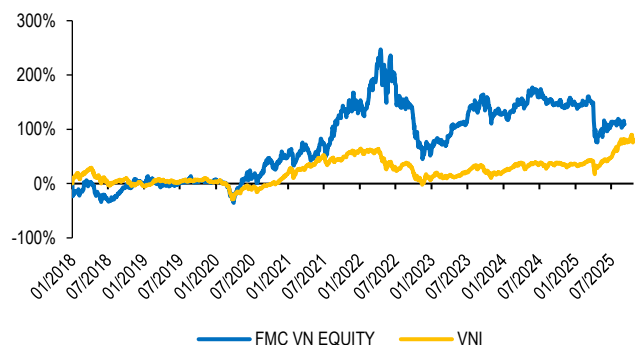
Key ratios

Năm	2023	2024	2025F	2026F	2027F
EPS (VND)	4,222	4,675	3,511	3,989	4,424
BPS (VND)	31,026	33,151	38,004	43,519	49,635
DPS (VND)	2,000	2,000	2,000	2,000	2,000
PER (x)	13.4	12.1	13.0	11.5	10.3
PBR (x)	1.8	1.7	1.2	1.1	0.9
EV/EBITDA (x)	7.0	5.3	6.1	5.3	4.9
Dividend payout ratio (%)	47%	43%	57%	50%	45%
Dividend yield (%)	4.4%	4.4%	4.4%	4.4%	4.4%
Profitability					
EBITDA margin (%)	8.6%	8.3%	6.2%	7.7%	7.4%
OPM (%)	5.7%	5.3%	2.9%	3.1%	3.6%
NPM (%)	5.9%	6.1%	4.0%	4.8%	4.7%
ROA (%)	9.0%	11.2%	6.0%	6.6%	6.9%
ROE (%)	13.5%	17.1%	11.1%	10.8%	10.4%
Stability					
Debt to equity ratio (%)	24.4%	36.9%	36.6%	69.3%	49.9%
Cash ratio (%)	67.9%	40.6%	83.1%	103.6%	121.8%
Interest coverage ratio (x)	17.8	10.4	15.7	6.0	4.6
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

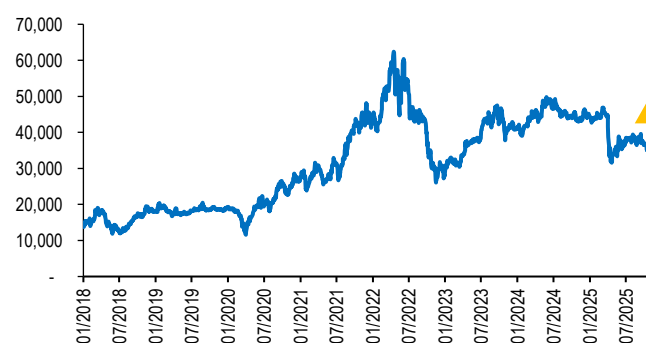
Source: Company data, Shinhan Securities Vietnam

Sao Ta Foods JSC (FMC VN)

Share performance



Target price



Date	Rating	Target price (VND)	Target price gap (%)	
			Average	Max/Min
07/12/2023 (Initiation)	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
10/22/2025 (Update)	HOLD	40,100	-2.9	-20.1/23.7

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

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