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Vinh Hoan Corp (VHC)

April turns positive & poised to beat full-year target

April exports turn positive for the first time in 9 months

— April exports were up 7% at VND525 billion and the first positive monthly growth figure since July 2019. Positive exports were largely due to retail sales from Europe and the removal of 2019's high base effect. Exports to the EU increased by 68% YoY and 14% MoM to VND142 billion on higher retail sales from consumer stockpiling during the coronavirus lockdowns. This boosted VHC's exports to Europe for the first four months of the year by 26% YoY to VND414 billion. Exports to the US were down 48% MoM to VND153 billion on fewer sales to food service companies with the closure of restaurants during the lockdown but the trough in 2019 monthly data allowed 35% YoY growth. Importantly, China's reopening saw exports move up 8% MoM to VND43 billion and was a promising early recovery sign for all the overseas markets as even the better April numbers still represented a drop of 48% YoY.

Sales for *Pangasius* products rise but dragged down by the fall in feed trading

— April's sales for *pangasius* products increased by 33% YoY, or VND86 billion, but better performance was dragged down by the 70% YoY drop of VND49 billion in feed trading. Feed trading is still plagued by last year's *pangasius* oversupply, with selling prices remaining low at VND18,000 per kg this year as slower farming leads to weak feed demand. Feed trading rose to as high as 14% of VHC's revenue during the *pangasius* boom at the beginning 2019 vs the normal level of 10%.

On track to meet or beat the optimistic scenario for revenue guidance in 2020

— VHC has completed 25% of its optimistic scenario for 2020 revenue with total exports at VND2,161 billion (-5% YoY) for the first four months of the year. The optimistic scenario assumes full recovery in *pangasius* exports by 3Q. But with the EVFTA expected to be approved on May 20 and become effective from June, the elimination of the 5.5% import tariff on *pangasius* shipments to the EU may accelerate the recovery in exports and could allow the company to even beat its optimistic sales outlook.

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Investment ratings & definitions

Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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