

Minh Phu Corporation (MPC)

Key beneficiary of rebounding shrimp exports

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We initiate coverage with a BUY rating and VND31,700 target price as the top beneficiary of rebounding shrimp exports from 4Q

We initiate coverage of Minh Phu Corporation (MPC) with a BUY recommendation and a target price of VND31,700 based on our DCF valuation. As Vietnam's largest shrimp exporter, we believe MPC will benefit most from our expectations for resumed momentum in exports from 4Q. Near-term factors supporting our 4Q outlook include: 1) pick up in China demand as the pandemic continues to disrupt supply from Vietnam's two-largest competitors (India and Ecuador); and 2) improved competitiveness in the price-sensitive EU market when the EVFTA immediately removes the 4.2% tariff for frozen shrimp exports from August.

The US and Japan should also add to export momentum into 2021E

The US and Japan should also add to export momentum in 2021E, due to: 1) share gains in the US market with the ongoing US-China trade war applying punitive tariffs on Chinese competitors; and 2) higher shrimp consumption from Japan – one of MPC's most profitable markets – with the start of the Tokyo Summer Olympics in mid-2021E.

Upgrading farming methods to meet stricter rules of origin, food safety and environmental sustainability requirements

Management is currently upgrading farming methods to boost internally-sourced output by increasing the number of harvests. MPC's new "2-3-4" farming technique should also improve MPC's ability to meet stricter global requirements for food safety, environmental sustainability and, most importantly, rules of origin. MPC is currently undergoing an antidumping investigation in the US for using of cheaper Indian shrimp for its prepared shrimp products.

Buy initiate

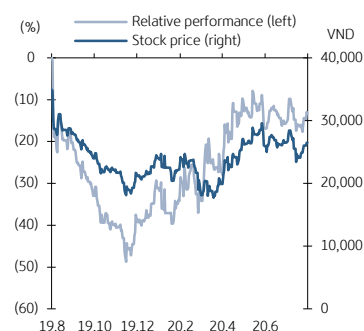
Target Price	VND31,700
Total return (%)	27.2%
Current price (Aug 12)	VND26,500
Consensus target price	VND21,600
Mkt capitalization (USDbn)	USD228mn

Trading data	
Free float (%)	50.1%
Avg trading value (3M)	USD0.13mn
Foreign available (%)	11.7%
Major shareholders (%)	Mitsui (35.1%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	0.0	-2.2	14.7	-24.1
Relative	2.9	-3.6	27.0	-13.3

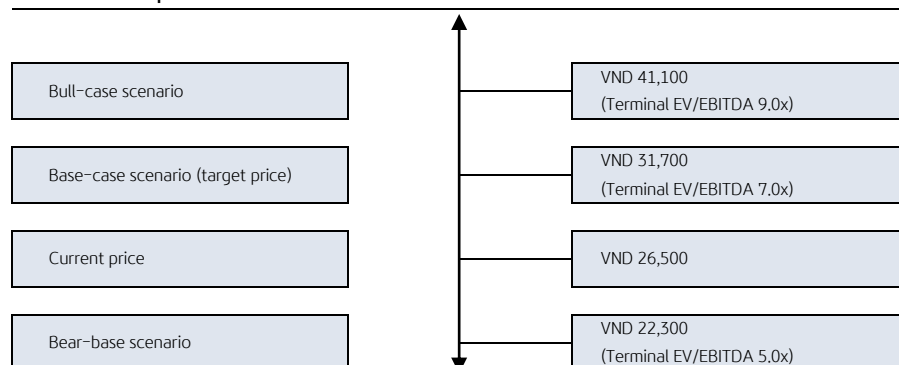
Forecast earnings & valuation

Fiscal year-end	2019A	2020E	2021E	2022E
Revenue (VNDbn)	16,998	14,826	17,289	18,458
EBIT	611	991	987	1,080
NP attributable to parent	441	924	881	954
EPS (VND)	2,531	4,619	4,403	4,771
EPS growth (%)	(64.5)	82.5	(4.7)	8.4
P/E (x)	10.5	5.7	6.0	5.6
EV/EBITDA (x)	8.8	6.4	6.7	6.2
P/B (x)	1.1	0.9	0.9	0.9
ROE (%)	10.1	17.4	15.3	15.8
Div yield (%)	15.4	7.6	11.3	12.1



Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Base-case scenario: catalysts

- 1) Export momentum into 2021E
- 2) New "2-3-4" model from 2021E
- 3) No antidumping tariff

Bull-case scenario: upside risk

- 1) Stronger momentum in 2021E
- 2) Full operation of "2-3-4" model
- 3) Positive antidumping outcome

Bear-case scenario: downside risk

- 1) Weaker export momentum
- 2) Widespread disease in shrimp farms
- 3) Negative antidumping outcome

Revised earnings estimates

(VNDbn, %)	Revised		Previous		Change	
	2020E	2021E	2020E	2021E	2020E	2021E
Revenue						
EBIT						
OP						
NP after MI						

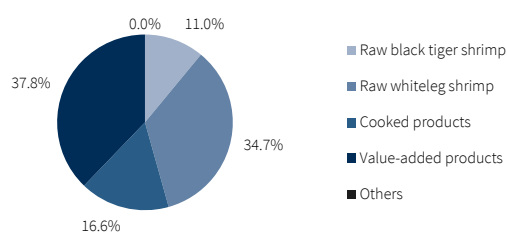
Source: Bloomberg, KB Securities Vietnam

KBSV estimate vs consensus

(VNDbn, %)	KBSV estimates		Consensus		Difference	
	2020E	2021E	2020E	2021E	2020E	2021E
Revenue	14,826	17,289	na	na	na	na
EBIT	991	987	na	na	na	na
OP	1,035	973	na	na	na	na
NP after MI	924	881	na	na	na	na

Source: Bloomberg, KB Securities Vietnam

Revenue composition (2019)



Source: Company reports, KB Securities Vietnam

Peer group comparison

(USDbn, x, %)	Mkt Cap	12m fwd P/E	3y EPS CAGR	12m fwd ROE	12m fwd P/B
VHC VN	0.3	6.9	-10.0	17.7	1.2
MPC VN	0.2	na	na	na	na
ANV VN	0.1	10.5	-28.8	8.5	0.9
FMC VN	0.1	na	na	na	na

Source: Bloomberg, KB Securities Vietnam

Valuation & target price

- 1) Valuation method:
Discounted cash flow (DCF) model

- 2) Target price calculation
Terminal EV/EBITDA 7x
WACC 11.1%

- 3) Target price range:
VND22,300 – VND41,100

- 4) Valuation at target price
6.9x P/E
1.1x P/B

Key beneficiary of rebounding shrimp exports

**Minh Phu Corporation (MPC):
Momentum in shrimp exports to
continue into 2021E**

We initiate our coverage of MPC with a BUY rating and a target price of VND31,700. Our target price is based on a discounted cash flow model using the free cash flow to the firm approach. Vietnam's shrimp exports have been unhindered by the pandemic and momentum should continue into 2021E, with MPC to benefit the most as Vietnam's largest shrimp exporter.

**2Q earnings surge despite the
pandemic; 2H more earnings
momentum as delayed shrimp
orders are booked in 3Q/4Q**

Preliminary 2Q earnings surged by 155% YoY to VND179 billion on VND2,736 billion in revenue (down 34% YoY) due to: 1) higher gross profit margins to 12% from 11% last year with the pandemic leading to lower shrimp input costs; 2) lower interest expenses (down 49% YoY) after paying down debt using proceeds from last year's Mitsui stake sale; and 3) drop in selling expenses (down 48% YoY) on lower logistics and storage costs. For 2H, the sharp recovery in shrimp exports from as early as July should accelerate earnings momentum and we expect earnings to jump by 57% YoY in 3Q and 509% YoY in 4Q due mainly to: 1) low base effect with last year's sharp drop in exports following the US antidumping investigation; 2) completion of initial response to the antidumping case; and 3) push back in delayed deliveries to 2H.

**We estimate a CAGR of 11.2%
between 2021E and 2025E to
determine our 12-month target
price**

Over our forecast period, we estimate an earnings CAGR of 11.2% between 2021E and 2025E and a high base effect to drop 2021E earnings by 8% YoY. Our forecasts assume: 1) positive outcome from the US antidumping case; 2) some contraction/normalization in the gross profit margin as competitors recover from production disruptions caused by the pandemic; and 3) more internally-sourced supply with the completion of the "2-3-4" farming system from 2021E. We have refrained from including any gross margin improvements until the "2-3-4" farming system begins full operations from pilot tests now.

We determine our 12-month target prices using DCF valuations to reflect the lack of consistent dividend payouts

Our valuations are based on discounted cash flow models (DCF) that utilize the capital asset pricing model (CAPM) to estimate the cost of equity and cost of debt for individual stocks. This allows us to determine the appropriate weighted cost of capital (WACC) to discount projected free cash flows to the firm (FCFF approach). The lack of consistent dividend policies from Vietnam's fishery companies make our DCF models the preferred method to set our 12-month target prices, especially in light of the severe swings in profitability arising from the cyclicity of the sector's commodity products. That said, we expect the volatility of cash flows – and ability of companies to adopt sustainable dividend payout policies – to improve over our forecast period as companies upgrade farming methods to satisfy stricter global quality standards.

Table 1. Minh Phu Corp (MPC) – Valuation (DCF) & target price (VND, %)

Line item	Notation		Notes
WACC	W	11.09%	$(E/(E+D) * k_e) + ((D/(E+D)) * k_D * (1-t))$
Cost of equity	k_e	13.48%	$r_f + (\beta_e * m)$
Re-levered beta	β_e	1.175	$\beta_A(1+((1-t)*D/E))$
Unlevered beta	β_A	0.810	Weighted-average sector unlevered beta
Cost of debt	k_D	7.00%	$r_f + (\beta_D * m)$
Debt beta	β_D	0.448	d / m
Assumptions			
Target gearing	D/E	50.00%	Long-term debt/equity ratio
Statutory tax rate	t	10.00%	Marginal corporate tax rate
Debt premium	d	4.00%	Estimated investment grade spread
Market risk premium	m	8.93%	Expected market return – risk free rate
Risk free rate	r_f	3.00%	10-year government bond
<hr/>			
Terminal value as % of firm value		77.0%	
PV of future cash flows (VNDbn)		1,963	
PV of terminal value (VNDbn)		6,581	
PV of Firm (VNDbn)		8,544	
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Total return		27.2%	
Target price (VND)		31,700	
Dividend per share (VND)		2,000	

Source: KB Securities Vietnam

Enjoying antidumping exemption in the US market, albeit investigation still underway

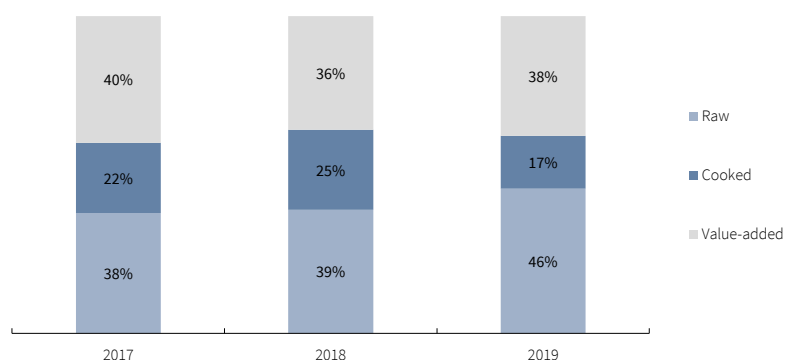
We expect MPC to gain share in the US market against Chinese competitors burdened with punitive tariffs from the US-China trade war. This can already be seen in rising market share for prepared shrimp exports from India, Indonesia and Vietnam at the expense of China and Thailand (prepared shrimp makes up 50%-60% of MPC's revenue). For now, MPC also benefits in the US from zero antidumping tariffs since 2016 but US authorities are investigating the company for evading tariffs on Indian shrimp. MPC used raw Indian shrimp for prepared shrimp exports to the US (Indian shrimp are subject to an antidumping tariff).

Table 2. Vietnam fisheries – Final results of antidumping tariffs on shrimp (%)

	Period of Review	VN-wide	Minh Phu	Stapimex	Camimex	Fimex	NTSF
POR 5	2009-2010	25.76	1.15	1.04	0.83	1.04	0
POR 6	2010-2011	25.76	1.27	1.25	1.25	1.25	1.23
POR 7	2011-2012	25.76	0	0	0	0	0
POR 8	2012-2013	25.76	4.98	9.75	6.37	6.37	6.37
POR 9	2013-2014	25.76	1.39	0.91	0.91	0	0.91
POR 10	2014-2015	25.76	0	4.78	4.78	4.78	4.78
POR 11	2015-2016	25.76	0	4.78	4.78	4.78	4.78
POR 12	2016-2017	25.76	0	4.58	4.58	4.58	4.58
POR 13	2017-2018	25.76	0	0	0	0	0

Source: US Department of Commerce

Fig 1. Minh Phu Corp (MPC) – Revenue breakdown by product, 2017–2019 (%)

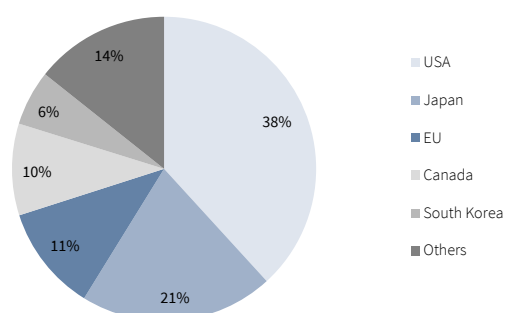


Source: Company reports

Popularity of MPC's value-added products make Japan one of the most profitable markets

Imports make up about 40% of Japan's annual seafood consumption and Vietnam supplies about 22% of Japan's total frozen shrimp imports and 38% of Japan's total prepared shrimp imports. MPC is Vietnam's largest shrimp exporter to Japan at 25% of total shrimp exports. Moreover, MPC's most popular products are higher-value added items (eg, tempura shrimp, butterfly shrimp), making Japan one of the company's most profitable markets. We expect the Tokyo Summer Olympics to boost shrimp consumption in Japan when the games begin in mid-2021E.

Fig 2. Minh Phu Corp (MPC) – Export revenue breakdown by market, 2019 (%)



Source: Company reports

Improved competitiveness in the price-sensitive EU market from the EVFTA's tariff removal

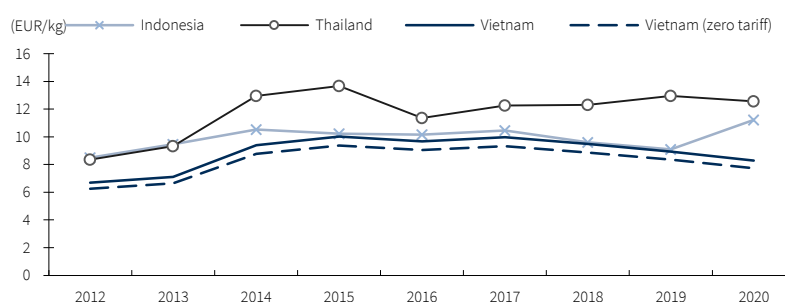
Currently, Vietnam's export prices for frozen raw shrimp average about EUR8.70 per kilogram vs Ecuador's EUR6.00 per kilogram (cost leader and no import tariff since 2017) and India's EUR6.60. But frozen raw shrimp is highly price sensitive in the EU and we believe the elimination of Vietnam's 4.2% import tariff should still allow MPC to gain market share despite weaker price competitiveness. That said, MPC's main focus should continue to be the prepared shrimp market in the EU, where Vietnam leads in market share at one-third of the market and the most price competitive at EUR8.30 per kilogram vs Indonesia's EUR11.20 per kilogram and India's EUR12.60 per kilogram. The EVFTA will only reduce import tariffs for prepared shrimp to 5.0% in 2025E, 2.5% in 2026E and removal by 2027E.

Table 3. Vietnam fisheries – EVFTA tariff removal schedule, 2020E–2027E (%)

	Current tariff	2020	2021	2022	2023	2024	2025	2026	2027
Frozen shrimp	4.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Prepared shrimp	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	5.0%	2.5%	0.0%

Source: Vietnam Association of Seafood Exporters & Producers, Vietnam Customs, KB Securities Vietnam

Fig 3. EU fisheries – After-tariff prices of prepared shrimp imports, 2012–4M20 (EUR/kg)



Source: Eurostat, Europa, Vietnam Chamber of Commerce & Industry, KB Securities Vietnam

New “2-3-4” farming method to boost harvests, reduce costs and improve quality

MPC’s long-term strategy is to internally-source 50% of production (vs 10% now) and to co-operate with partner farms for the remaining 50%. As part of this plan, we expect the company’s new “2-3-4” farming system to gradually raise internal production to 30% when all ponds are fully stocked by 2021E. The “2-3-4” system aims to triple the number of harvests and boost crop yields by 3.6 times by using partial harvesting techniques and separating out the nursery phase to increase survival rates. Initially, the extra production will be needed to replace raw shrimp imports from India used for prepared shrimp exports to the US due to MPC’s antidumping investigation. The higher proportion of internal production should also help reduce costs (by about 5% per metric ton according to our estimates) and improve the company’s ability to meet global quality standards. MPC has upgraded 400 ponds at the *Loc An* farm and 360 ponds at the *Kien Giang* farm or about 50%-60% of total ponds.

MPC introducing nursery habitats and partial harvesting methods to increase harvests and fishery yields

Minh Phu Corporation’s (MPC) new “2-3-4” farming model consists of: 1) “2” development stages for shrimp, with the first 30 days spent in a nursery pond and remaining days in a larger farming pond; 2) “3” harvesting cycles, with 50% harvested after 60 days at sizes equivalent to 65-70 shrimp per kilogram, 45% harvested after 85 days at sizes equivalent to 40-45 shrimp per kilogram, and the remaining 5% harvested after 115 days at sizes equivalent to 20-25 shrimp per kilogram; and 3) “4” key principles to ensure food safety and environmental sustainability, including disease-free fingerlings, clean water, stringent controls on antibiotics and protection of surrounding ecosystems. As this project is not completed as of 2020E – and shrimp exporters rely less on internally-sourced shrimp stocks – we have not included the “2-3-4” farming model into our current MPC forecasts.

Table 4. Minh Phu Corp (MPC) – Traditional vs “2-3-4” farming methods

Line item	Units	“2-3-4” method	Traditional method	Change
Number of seasons per year	seasons	1.5	2.0	
Number of harvests per year	times	4.5	2.0	
Number of ponds per hectare	ponds	2.5	2.5	

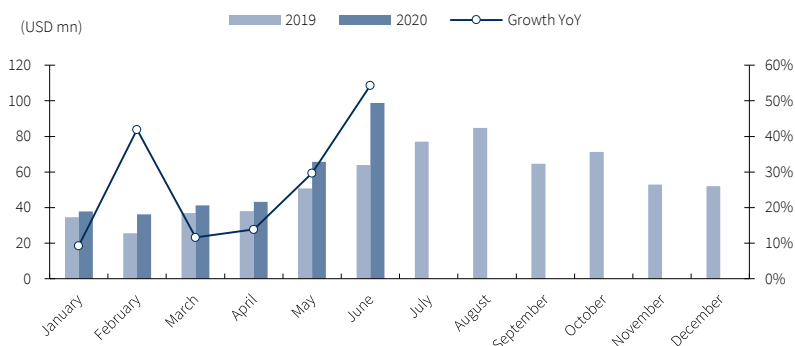
Annual cost	VNDmn/ha	3,225	930	2.5 times
Input cost per season	VNDmn/pond/season	860		

Annual harvest	tons/ha	23.6	6.5	2.6 times
Productivity	tons/pond/season	7.0	2.0	
1st Harvest		1.3		
2nd Harvest		2.2		
3rd Harvest		3.5		
Survival rate	%	90%	65%	

Cost per ton	VNDmn/ton	137	143	-5%

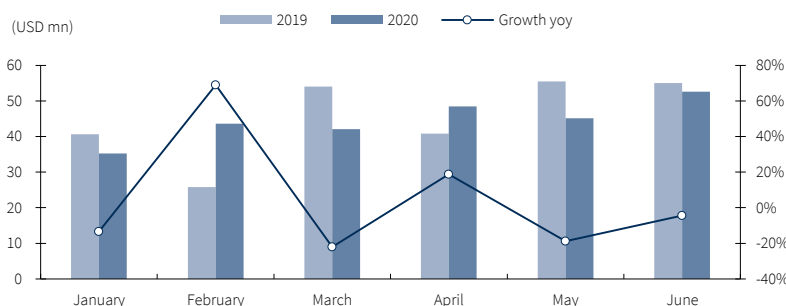
Source: Company reports, KB Securities Vietnam

Fig 4. Vietnam fisheries – Monthly overall shrimp export values to the US & growth, Jan 2019–Jun 2020 (million USD, % YoY)



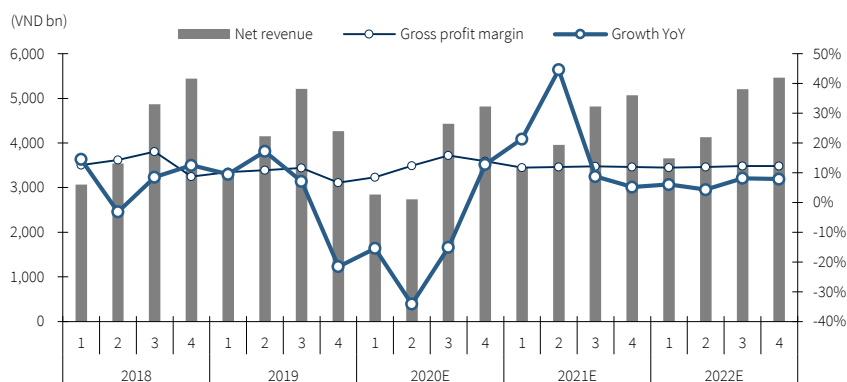
Source: Vietnam Association of Seafood Exporters & Producers, KB Securities Vietnam

Fig 5. Vietnam fisheries – Monthly shrimp export values to Japan & growth, Jan 2019–Jun 2020 (million USD, % YoY)



Source: Vietnam Association of Seafood Exporters & Producers, KB Securities Vietnam

Fig 6. Minh Phu Corp (MPC) – Quarterly revenue, growth & gross profit margin forecasts, 2018–2022E (billion VND, %)



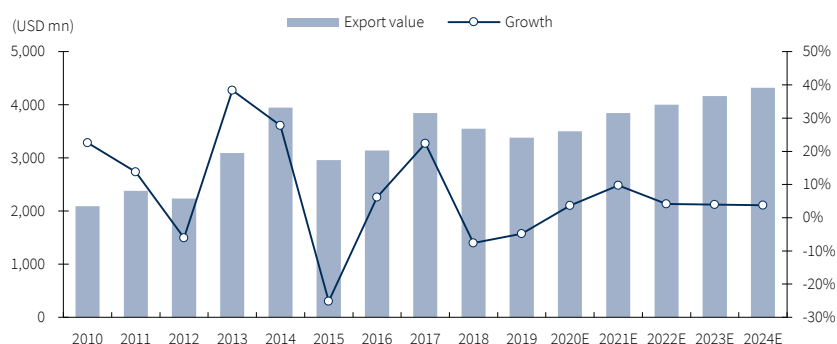
Source: KB Securities Vietnam

Shrimp Momentum into 2021E

Growth in shrimp exports should be unhindered by the coronavirus and continue in 2020E and 2021E

Modest growth in overseas markets and share gains – with gains being the more critical of the two – have allowed Vietnam’s shrimp exports to record stable growth at a 10% CAGR between 1998 to 2019. We expect this to continue in 2020E and 2021E, with several events supporting our view: 1) more China growth as Vietnam’s two-largest competitors struggle with the coronavirus pandemic; 2) market share gains against Chinese competitors in the US with the ongoing US-China trade war; 3) August’s start of EVFTA that will immediately eliminate tariffs on frozen shrimp imports and narrow the gap in Vietnam’s price competitiveness in the EU market; and 4) boost in shrimp consumption from Japan with the Tokyo Summer Olympics in mid-2021E.

Fig 7. Vietnam fisheries – Shrimp export value & growth forecasts, 2010–2024E (million USD, % YoY)

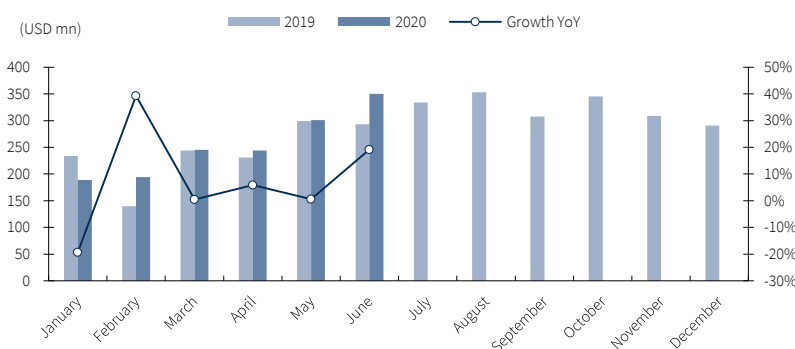


Source: Vietnam Association of Seafood Exporters & Producers, KB Securities Vietnam

Vietnam’s shrimp exports grew by 5.7% YoY despite the pandemic

Vietnam shrimp exports totaled VND1.5 billion or up 5.7% YoY for the first half of 2020E. Monthly growth in shrimp exports remained positive since February 2020E and were not held back by the pandemic.

Fig 8. Vietnam fisheries – Total shrimp export values & growth, Jan 2019–June 2020 (million USD, % YoY)

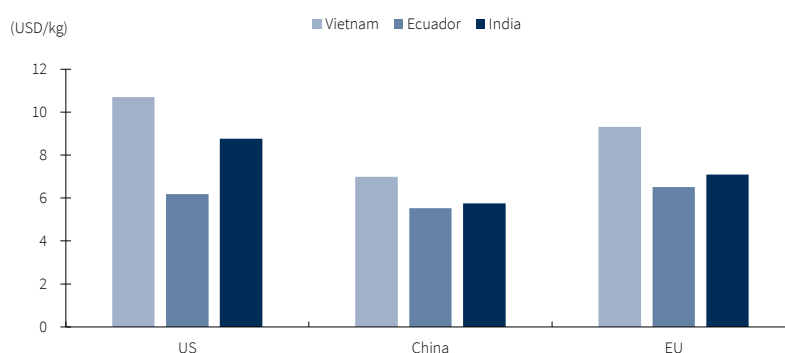


Source: Vietnam Association of Seafood Exporters & Producers, KB Securities Vietnam

But Vietnam's shrimp exports keep losing competitiveness against Ecuador

Of the world's top three shrimp exporters – India, Ecuador and Vietnam – shrimp from Vietnam ranks highest in terms of price in every major market despite only average quality product. Ecuador leads in terms of both price and quality, with Ecuadorian shrimp considered to have a high degree of uniformity, relatively large harvest sizes and the lowest export prices among the top three exporters. This allowed Ecuador to surpass Vietnam in 2019 to become the world's second-largest shrimp exporter after India.

Fig 9. Global fisheries – Average shrimp export prices of world's top three exporting countries to US, China & EU, 2020E (USD/kg)



Source: US Department of Agriculture, International Trade Centre, Eurostat, KB Securities Vietnam

Top three countries competing to improve the productivity of shrimp farms

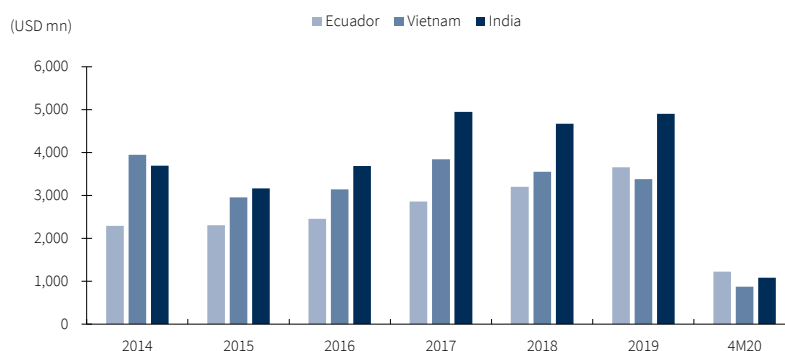
Productivity at the farm level is critical to compete in global markets given intensifying competition from countries like Ecuador and India in the coming years. All are currently increasing investments to improve production output:

India: Focusing on economies of scale by expanding farming areas outside its shrimp capital in the Andhra Pradesh state to boost supply.

Ecuador: Concentrating on reducing production costs by upgrading farming techniques to improve yields/quality instead of expanding the number of ponds.

Vietnam: Boosting production by separating out the nursery phase to improve survival rates and introducing partial harvesting techniques to increase the number of harvests and crop yields.

Fig 10. Global fisheries – Shrimp export values of world's top three exporting countries, 2014–April 2020 (million USD)



Source: Vietnam Association of Seafood Exporters & Producers, Camara Nacional de Acuicultura de Ecuador, Undercurrentnews

Fig 11. Global fisheries – Shrimp trade flow by major importer–exporter, Jan 2019–Mar 2020 (% of world total)

Jan 2019–Mar 2020		Exporter									World
		India	Ecuador	Vietnam	China	EU	Thailand	Indonesia	Argentina	Others	
Importer	US	11.35%	2.69%	2.81%	0.46%	0.03%	2.10%	5.53%	0.69%	2.62%	28.28%
	EU	2.51%	3.41%	3.07%	0.57%	6.37%	0.30%	0.43%	2.34%	8.25%	27.25%
	Vietnam	0.75%	1.14%	0.00%	0.00%	0.01%	0.04%	0.01%	0.08%	0.16%	2.18%
	Japan	1.48%	0.07%	2.60%	0.40%	0.00%	1.74%	1.52%	0.68%	0.95%	9.45%
	China	4.00%	9.23%	2.01%	0.00%	0.00%	1.18%	0.27%	1.33%	1.90%	19.91%
	South Korea	0.07%	0.30%	1.51%	0.13%	0.00%	0.26%	0.01%	0.10%	0.38%	2.77%
	Canada	0.59%	0.07%	0.68%	0.36%	0.01%	0.24%	0.10%	0.04%	0.11%	2.19%
	Others	0.78%	0.65%	1.57%	1.03%	0.29%	0.65%	0.16%	0.83%	2.01%	7.96%
	World	21.53%	17.58%	14.26%	2.95%	6.71%	6.50%	8.02%	6.08%	16.38%	100.00%

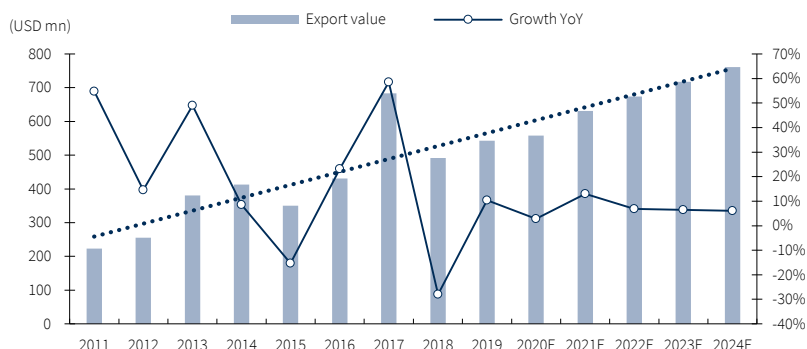
% of world total

Source: International Trade Centre, Vietnam Association of Seafood Exporters & Producers, KB Securities Vietnam

CHINA MARKET: Pandemic-induced production disruptions at competing countries to aid quick bounceback for Vietnam's exporters

China's shrimp market is highly price sensitive and Vietnam's shrimp exports are the least price competitive among the top three. Nonetheless, exports to China have been on a clear uptrend since 2011 and recorded a CAGR of 12% between 2011 and 2019 (primarily frozen shrimp). June exports to China have already jumped by 23% YoY after bottoming out in February and narrowed the contraction in shrimp export values to minus 3% YoY in 1H to USD227 million. Despite Vietnam's higher shrimp prices, we expect Vietnam's exporters to bounce back the quickest in 2020E and 2021E as disruptions from the coronavirus continue to hamper supply from India and Ecuador. Despite the end of nationwide lockdowns in both countries, shrimp production chains are still suffering from disruptions at farms and processing centers. Moreover, China implemented tight inspections for refrigerated food products imported from high-risk countries since June – including India and Ecuador – after finding shrimp packages from Ecuador contaminated with the coronavirus.

Fig 12. Vietnam fisheries – Shrimp export value to China & growth forecasts, 2011–2024E (million USD, % YoY)

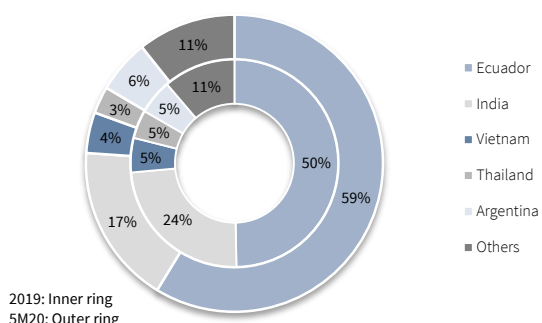


Source: International Trade Centre, Vietnam Association of Seafood Exporters & Producers, KB Securities Vietnam

China bounce back should extend to 2021E but slower growth from 2022E

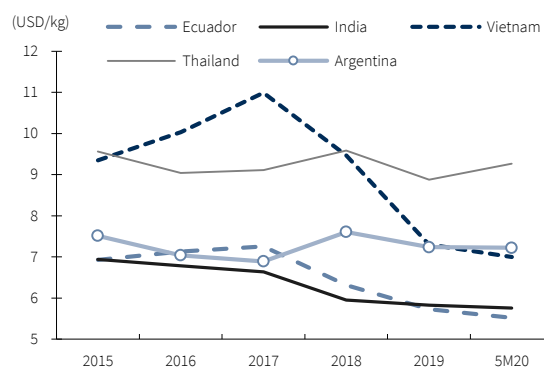
We expect Vietnam’s rebound in shrimp exports to China to extend into 2021E at 13% YoY growth from 2020E’s 3% YoY growth. But Vietnam’s lack of price competitiveness will likely slow export growth in China to around 6%–7% from 2022E onwards. Vietnam is still a small player in China when compared to India and Ecuador due to less competitive selling prices. China’s shrimp imports are almost all frozen raw shrimps – which is not Vietnam’s strength – and a highly price sensitive market. Vietnam’s high prices has kept market share in China low at only 5% vs Ecuador’s 50% and India’s 24% in 2019. Competition is also heating up as more countries target China for exports after the country lowered tariffs to 2% from 5% in 2018.

Fig 13. China fisheries – Frozen shrimp import market share by major country, 2019–May 2020 (%)



Note: Direct imports only.
Source: International Trade Centre, Undercurrentnews, KB Securities Vietnam

Fig 14. China fisheries – Shrimp import prices by country, 2015–May 2020 (USD/kg)

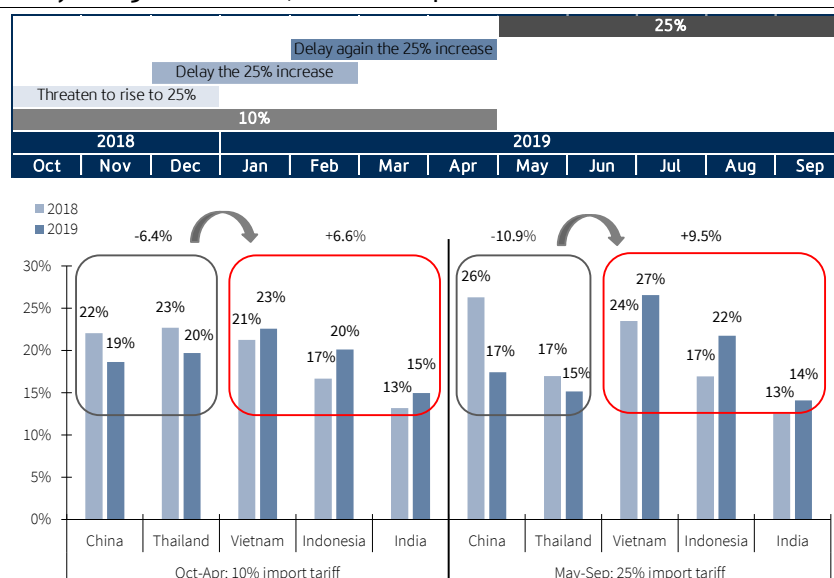


Note: Direct imports only.
Source: International Trade Centre, Undercurrentnews, KB Securities Vietnam

**US MARKET:
Chance to grab market share from
Chinese competitors**

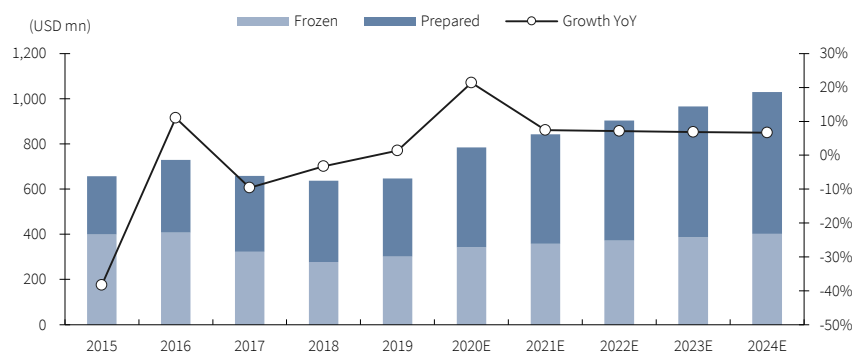
The ongoing US-China trade war slapped a 10% tariff on China’s prepared shrimp exports to the US in October 2018, which has since increased to 25% in May 2019 and remains in place despite January’s “Phase One” trade deal. China’s market share has since shifted to Vietnam, Indonesia and India and we expect this to continue (albeit some of Vietnam’s exporters – excluding MPC – have been paying antidumping tariffs since 2003 and are currently at 4.58%). China and Thailand’s market share fell by 6.4 percentage points between October 2018 to April 2019 when the US first imposed a punitive 10% tariff on China imports that roughly equaled the 6.4 percentage point gain in market share for Vietnam, Indonesia and India during that time. A similar shift in market share was also seen between May 2019 and September 2019 when the tariff was increased further to 25%. Thailand’s market share has been falling in the US since 2013’s EMS (Early Mortality Syndrome) shrimp disease outbreak.

Fig 15. US fisheries – Change in prepared shrimp import market share by major country during the trade war, Oct 2018–Sep 2019 (%)



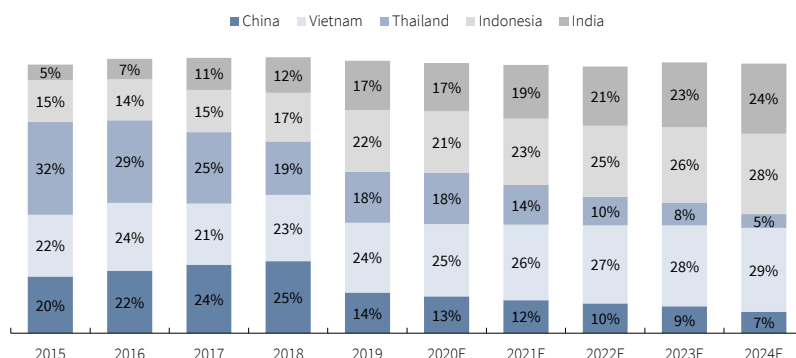
Source: US Department of Agriculture, KB Securities Vietnam

Fig 16. Vietnam fisheries – Shrimp export value to the US & growth forecasts, 2015–2024E (million USD, % YoY)



Source: International Trade Centre, Vietnam Association of Seafood Exporters & Producers, US Department of Agriculture, KB Securities Vietnam

Fig 17. US fisheries – Prepared shrimp import market share by major country, 2015–2024E (%)

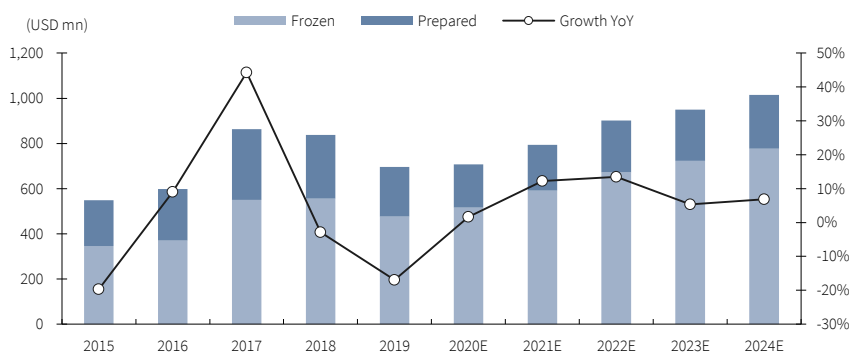


Source: International Trade Centre, Vietnam Association of Seafood Exporters & Producers, US Department of Agriculture, KB Securities Vietnam

**EU MARKET:
Frozen shrimp to benefit from the EVFTA**

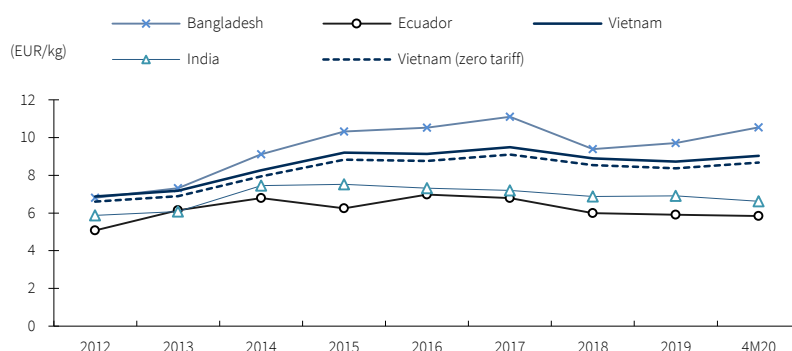
The EVFTA will immediately eliminate the 4.2% import tariff on Vietnam’s frozen shrimp when the treaty comes into force in August. This should allow Vietnamese shrimp exporters to gain market share, especially against Indian exporters that will need to keep paying this tariff. Market share for frozen warm water shrimps is price sensitive in the EU market, with Vietnam ranking third at 9% of the market in 2019 vs Ecuador’s 25% and India’s 15%. Ecuador has benefitted most from tariff-free status, having been exempt from paying the 4.2% tariff for frozen shrimp since 2017 when the country signed a free trade agreement with the EU. That said, Vietnam’s stronger market position in prepared shrimp at about one-third of the market should benefit less from the EVFTA. Tariffs on prepared shrimp will remain unchanged at 7% before falling to 5% in 2025E and being gradually eliminated by 2027E. We expect growth in prepared shrimp to be driven more by shifting demand for farmed shrimp (Vietnam, Indonesia and Thailand) from wild-caught shrimp (Canada and Iceland).

Fig 18. Vietnam fisheries – Shrimp export value to the EU & growth forecasts, 2015–2024E (million USD, % YoY)



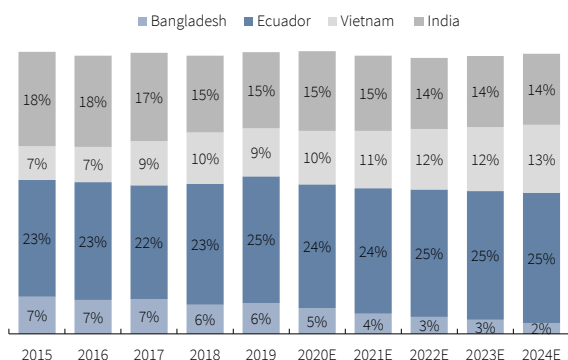
Source: Vietnam Association of Seafood Exporters & Producers, Eurostat, KB Securities Vietnam

Fig 19. EU fisheries – After-tariff prices of frozen shrimp imports, 2012–4M20 (EUR/kg)



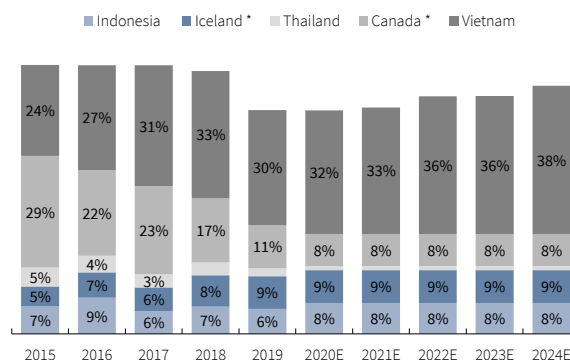
Source: Eurostat, Europa, Vietnam Chamber of Commerce & Industry, KB Securities Vietnam

Fig 20. EU fisheries – Frozen shrimp import market share by major country, 2015–2024E (%)



Source: Eurostat, KB Securities Vietnam

Fig 21. EU fisheries – Prepared shrimp import market share by major country, 2015–2024E (%)

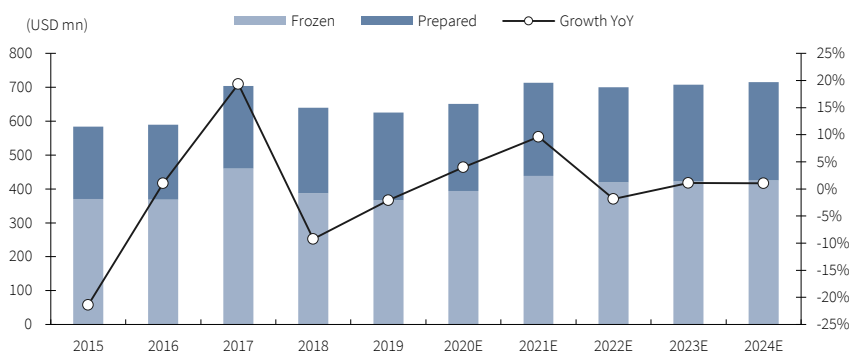


Note: Wild-caught shrimps for Canada & Iceland and farmed shrimp for other countries. Source: Eurostat, KB Securities Vietnam

**JAPAN MARKET:
Tokyo’s 2020 Summer Olympics will start in mid-2021E and boost consumption from one of Vietnam’s most profitable markets**

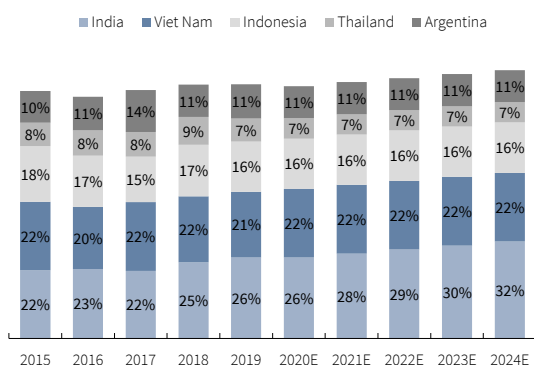
The start of Tokyo’s 2020 Summer Olympics in mid-2021E should lead to additional consumption from Japan as seen during 2002’s World Cup event. Japan is Vietnam’s third-largest but one of the most profitable overseas markets, with careful preparation and meticulous packaging appealing to Japanese consumers and ranking Vietnam as Japan’s second-largest overseas shrimp supplier. Specifically, Vietnam’s packaged shrimp sets (eg. butterfly shrimp) and shrimp products (eg. tempura shrimp) sell well in Japan. We estimate that additional demand from the delayed Tokyo Summer Olympics will boost shrimp exports to Japan by 9% YoY in 2021E vs our expectations for 3% YoY growth in 2020E. Given the dominant market position of Vietnam’s exporters, we also expect prices to remain steady during 2020E and 2024E at USD11.50 per kilogram for frozen shrimp and USD10.10 per kilogram for processed shrimp.

Fig 22. Vietnam fisheries – Shrimp export value to Japan & growth forecasts, 2015–2024E (million USD, % YoY)



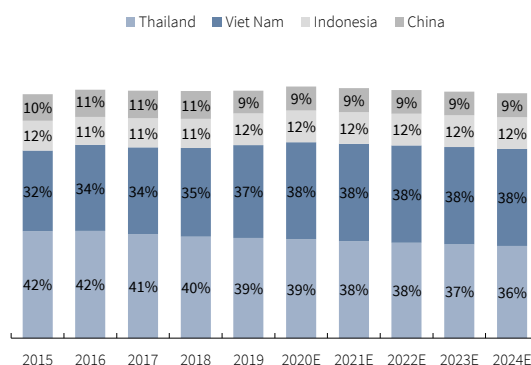
Source: International Trade Centre, Vietnam Association of Seafood Exporters & Producers, KB Securities Vietnam

Fig 23. Japan fisheries – Frozen shrimp import market share by major country, 2015–2024E (%)



Source: International Trade Centre, KB Securities Vietnam

Fig 24. Japan fisheries – Prepared shrimp import market share by major country, 2015–2024E (%)



Source: International Trade Centre, KB Securities Vietnam

Minh Phu Corp (MPC) – Discounted cash flow model

DCF VALUATION

	Terminal value (VND in billions)					Terminal value (US\$ in millions)				
	7,953	9,543	11,134	12,725	14,315	342	410	478	547	615
	Present value of firm					Present value of firm				
WACC	5.0x	6.0x	7.0x	8.0x	9.0x	5.0x	6.0x	7.0x	8.0x	9.0x
9.1%	7,111	8,140	9,170	10,199	11,229	304	348	392	437	481
10.1%	6,881	7,865	8,848	9,832	10,815	294	336	379	421	463
11.1%	6,664	7,604	8,544	9,484	10,424	285	325	365	406	446
12.1%	6,458	7,357	8,255	9,154	10,053	276	314	353	392	430
13.1%	6,262	7,122	7,982	8,842	9,702	267	304	341	378	415
	Present value of equity per share					Present value of equity per share				
WACC	5.0x	6.0x	7.0x	8.0x	9.0x	5.0x	6.0x	7.0x	8.0x	9.0x
9.1%	24,500	29,600	34,800	39,900	45,100	1.00	1.30	1.50	1.70	1.90
10.1%	23,300	28,300	33,200	38,100	43,000	1.00	1.20	1.40	1.60	1.80
11.1%	22,300	27,000	31,700	36,400	41,100	0.90	1.10	1.40	1.60	1.80
12.1%	21,200	25,700	30,200	34,700	39,200	0.90	1.10	1.30	1.50	1.70
13.1%	20,200	24,500	28,800	33,100	37,400	0.90	1.00	1.20	1.40	1.60

Projected Unlevered Free Cash Flows (VNDbn)	2014A	2015A	2016A	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E
EBIT	1,164	178	194	930	1,104	611	991	987	1,080	1,231	1,393	1,569
Taxes on EBIT @ 10.0%	116	18	19	93	110	61	99	99	108	123	139	157
Earnings before interest	1,047	160	174	837	994	550	892	888	972	1,108	1,253	1,412
Depreciation & provisions	149	193	149	172	178	153	207	218	241	235	231	227
(Profit)/loss from investing	-83	-95	-37	-1	-7	-14	-100	-42	-42	-42	-42	-42
Other adj for oper activities	-15	-259	38	-6	-85	-578	67	-5	-5	-6	-7	-7
Cash flow from operations	1,100	0	324	1,002	1,079	112	1,065	1,060	1,166	1,295	1,436	1,591
Change in working capital	-2,349	104	1,231	-1,108	-830	2,348	-2,089	-268	-170	-110	-102	-161
Capital expenditures	-146	-84	-39	15	-253	-287	-234	-201	-214	-210	-206	-202
Decrease in investments	-4	-101	5	0	-6	-63	-9	-4	-4	-4	-4	-4
Unlevered free cash flow	-1,399	-81	1,521	-91	-10	2,109	-1,266	586	778	971	1,125	1,224
Forecasted exchange rate	21,388	22,445	22,761	22,698	23,175	23,173	23,266	23,359	23,453	23,547	23,641	23,736
Unlevered FCF (US\$mn)	-65	-4	67	-4	0	91	-54	25	33	41	48	52

Firm Value Calculations

WACC	11.1%	PV of future cash flows (VNDbn)	1,963	2020E Total debt (VNDbn)	3,204
DCF period	5 Yrs	PV of terminal value (VNDbn)	6,581	2020E Cash (VNDbn)	991
Terminal EBITDA (VNDbn)	1,591	PV of Firm (VNDbn)	8,544	Terminal value as % of firm value	77.0%
Terminal multiple (x)	7.0x	Current exchange rate (VND)	23,270	Current shares outstanding (mn)	200.0

Cost Of Capital Calculations

WACC	11.1%	Re-levered beta	1.175	Risk free rate	3.0%
Cost of equity	13.5%	Debt beta	0.448	Market risk premium	8.9%
Cost of debt	7.0%	Unlevered beta	0.810	Target gearing	50.0%
		Statutory corporate tax rate	10.0%	Debt premium	4.0%

Memorandum

(VNDbn, US\$mn)	2014A	2015A	2016A	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E
Discount Factor	0.00	0.00	0.00	0.00	0.00	0.00	1.05	1.17	1.30	1.44	1.60	1.78
Present value in VND	0	0	0	0	0	0	-1,206	503	600	674	703	689
Present value in US\$	0	0	0	0	0	0	-52	22	26	29	30	29

Source: Company reports, KB Securities Vietnam

Appendix

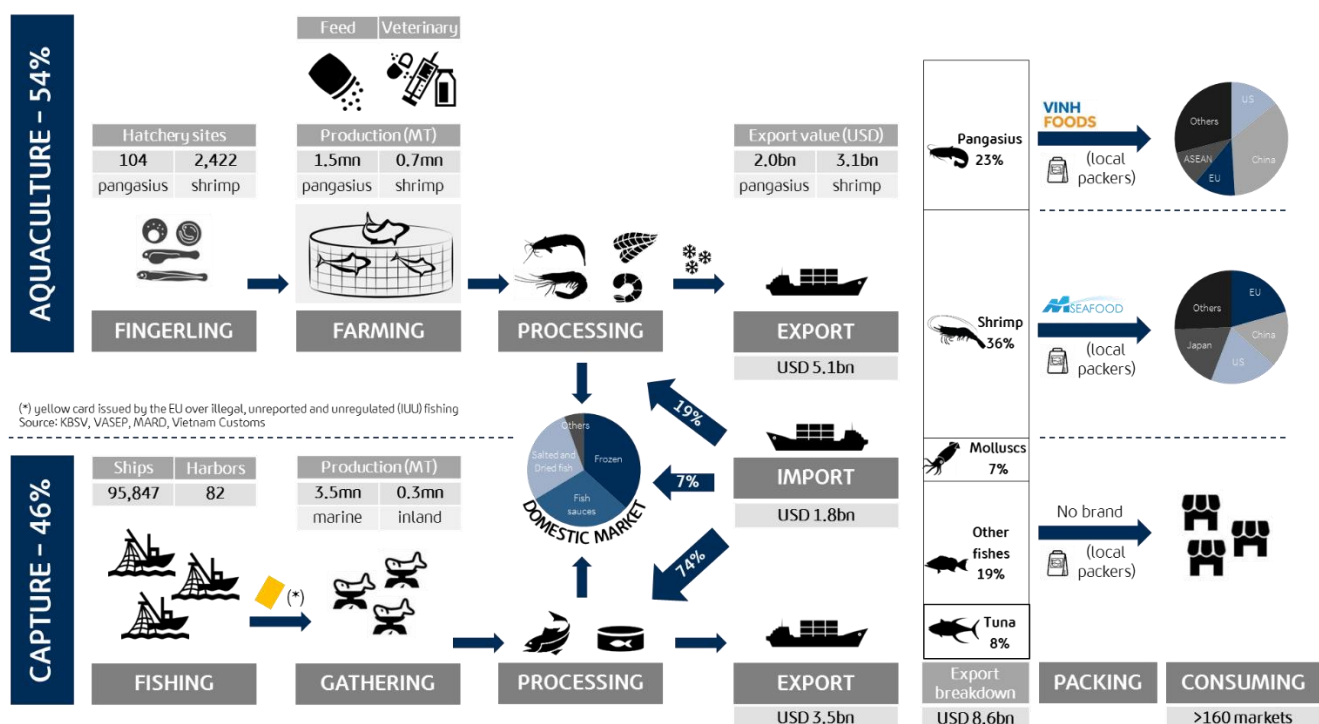
Vietnam’s fishery industry is undergoing meaningful changes that will change the nature of the upcoming cycle

Vietnam’s fishery sector is transforming from basic commodity-goods suppliers of frozen and semi-processed fishery products to prepared consumer products able to meet strict global quality standards. Infrastructure investments are currently underway that will upgrade farming methods to meet global specifications for rules of origin, food safety and environmental sustainability. Main growth drivers include: 1) rising global fish consumption; 2) increase in aquaculture production, especially new facilities to meet global standards; and 3) trade deals to further Vietnam’s global economic integration.

Vietnam exports about 40% of its fishery production to overseas markets

Vietnam’s fishery industry is split between aquaculture at about 54% of production and live capture at 46%. Aquaculture primarily focuses on farming of pangasius (about 1.5 million metric tons per year) and shrimp (about 0.7 million metric tons per year) and includes hatcheries to breed fingerlings, farming ponds to grow fish to maturity, local feed producers and processors to clean, peel, fillet and package fish for domestic consumption (fresh) and exports (frozen). Exports are usually sold to wholesalers and distributed to consumers via local distribution networks or under local brands. Branded exports are limited to VHC’s VinhFoods for pangasius and MPC’s MSeafood for shrimp sold directly to consumers in the US and Japan. Vietnam’s live capture production consists of small companies or individual boat owners that sell catches to individually-owned processors for domestic distribution or export.

Fig 25. Vietnam fisheries – Sector overview, 2019

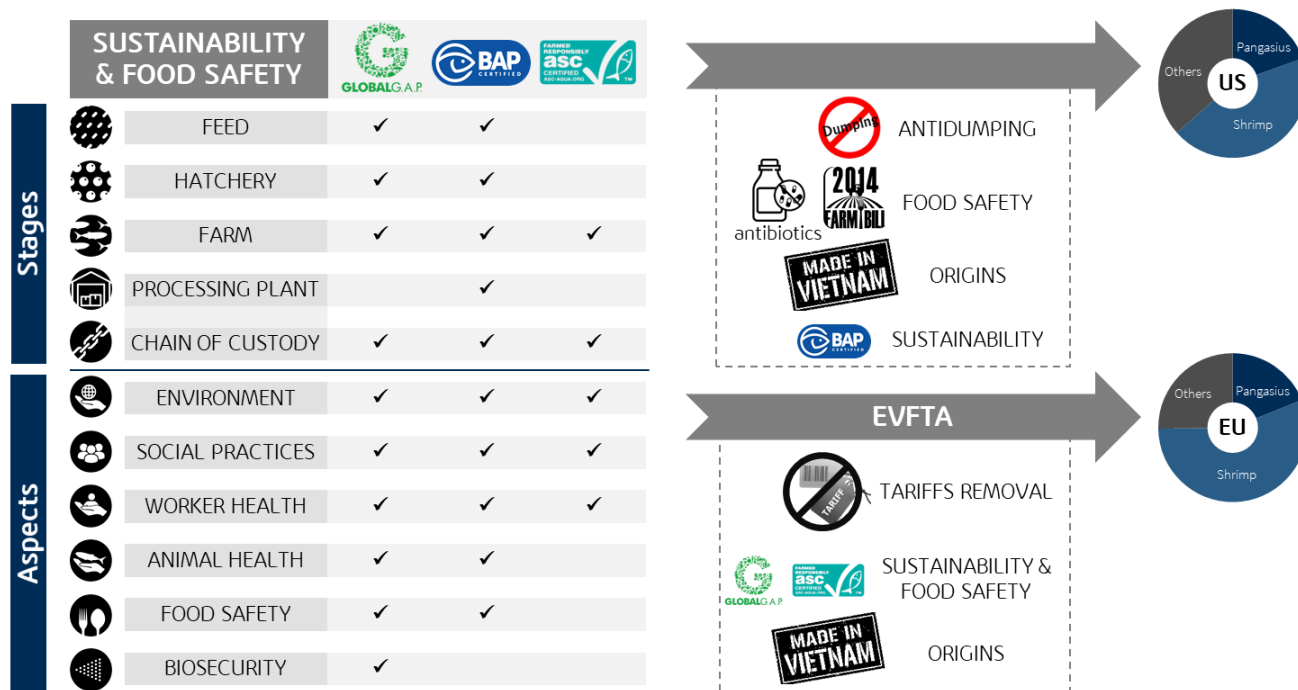


Source: Vietnam Association of Seafood Exporters & Producers, Ministry of Agriculture & Rural Development, Vietnam Customs, KB Securities Vietnam

Vietnam is adopting new farming methods to meet global standards for rules of origin, food safety and environmental sustainability

The popularity of *pangasius* peaked in overseas markets in 2011 when many consumers were attracted to the low price and texture of the white fish. This changed after consumer groups raised questions on food safety (antibiotics, feed quality and use of wild stock for culturing) and environmental sustainability of open-cage farming methods in the Mekong Delta (disease outbreaks and infections of wild populations). Shrimp has also seen concerns on food safety (antibiotics), rules of origin (exports of Indian shrimp into the US to bypass tariffs) and antidumping investigations. Food safety impacted US exports the most, while environmental sustainability issues have affected shipment volumes to the EU. To overcome these issues, Vietnam’s fisheries sector is increasing the use of aquaculture to upgrade farm operating and environmental standards to meet global requirements for rules of origin, food safety and environmental sustainability. Vietnam’s major exporters are initially targeting ASC certification requirements (Aquaculture Stewardship Council) by focusing on the greater use of inland farming ponds and chain of custody for fish stocks via stricter documentation. Many are also internally-sourcing more production by cultivating fingerlings in their own hatcheries and purchasing raw material from overseas markets to produce their own feed meal to meet the more stringent requirements for BAP (Best Aquaculture Practices) and GlobalG.A.P. (Good Agricultural Practice) certifications. The BAP certification is recognized in the US, while the EU market uses the ASC and GlobalG.A.P. certifications. Moreover, US anti-dumping investigations are tightening the rules of origin needed to track costs for anti-dumping tariffs and countervailing duties. The start of the EVFTA will also require tougher enforcement of the rules of origin to qualify for tariff exemptions under the trade deal.

Fig 26. Vietnam fisheries – Global quality standards, 2019

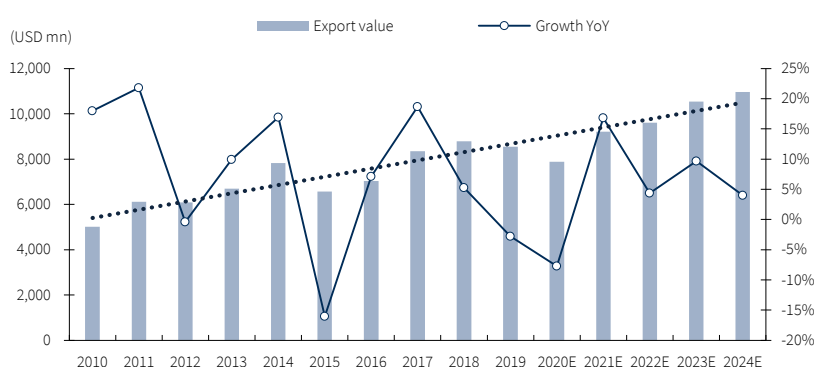


Source: Global Good Agricultural Practices (GlobalG.A.P.), Aquaculture Stewardship Council (ASC), Best Aquaculture Practices (BAP), KB Securities Vietnam

We expect Vietnam’s fishery exports to grow at a 5.1% CAGR between 2020E and 2024E

The coronavirus will likely cause Vietnam’s fishery exports to fall by 7.7% YoY for 2020E to USD7.9 billion according to our estimates. But over our full forecast period, we expect Vietnam’s fishery exports to grow at a 5.1% CAGR between 2020E–2024E. This compares to the 4.3% CAGR for exports between 2012 and 2019 and the minus 2.5% YoY performance in 2019 after exports fell to USD8.5 billion from 2018’s record high. Exports have grown to 41% of domestic production based on 2019’s live weight statistics compared to 30% in 2009.

Fig 27. Vietnam fisheries – Total fishery export value & growth forecasts, 2010–2024E (million USD, % YoY)



Source: Vietnam Customs, KB Securities Vietnam

Fig 28. Vietnam fisheries – Fishery balance by live weight, 2009–2019 (million metric tons)



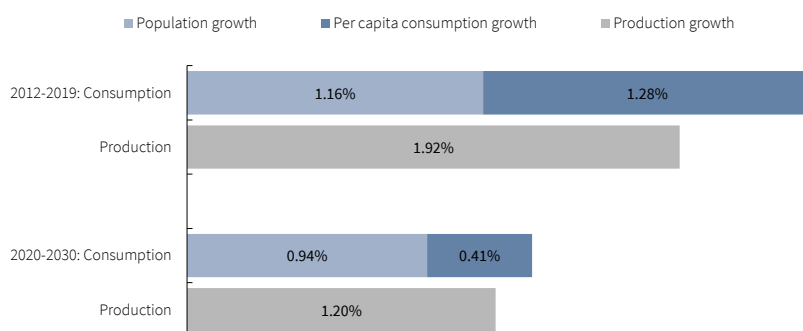
Note: OECD = Organisation for Economic Co-operation & Development, FAO = Food & Agriculture Organization of the United Nations

Source: OECD-FAO 2020, KB Securities Vietnam

Global fish consumption driven by population growth

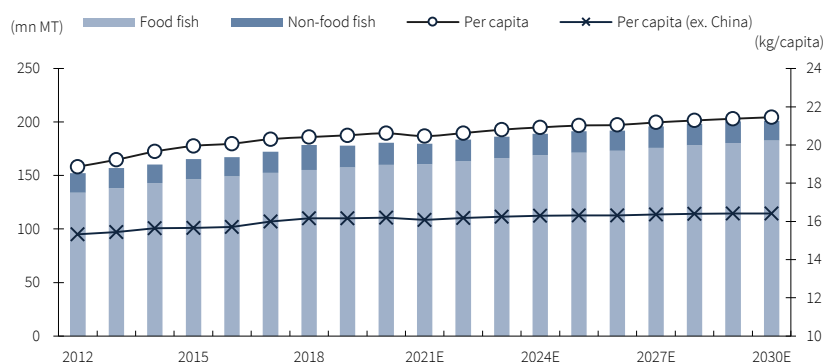
Population growth should be the main driver behind rising global fish consumption. The FAO (Food & Agriculture Organization of the United Nations) estimates that global per-capita fish consumption will grow by 0.41% per annum to reach 21.4 kg/year by 2030E from 2020E's 20.6 kg/year after falling by 1.28% per year in the last decade due to the slowdown in global fish production. Most of this rise will likely come from China and excluding China per-capita fish consumption was only 16.2 kg/year in 2019 and is expected to remain flat over the next decade. But this forecast also assumes the world's population will grow at a 0.94% CAGR or more than double the rise in per-capita consumption, making population growth an important factor for overall global fish consumption. The FAO attributes the sharp slowdown in per-capita fish consumption to lower production growth that may fall to a CAGR of 1.20% between 2020E and 2030E from the 1.92% CAGR seen between 2012 and 2019. In contrast, population growth should slow less from 1.16% CAGR seen between 2012 and 2019.

Fig 29. Global fisheries – Fish consumption CAGR decomposition & total production CAGR, 2012–2030E (%)



Source: United Nations, *OECD-FAO 2020*, KB Securities Vietnam

Fig 30. Global fisheries – Total & annual per-capita fish consumption, 2012–2030E (million metric tons, kg per capita)

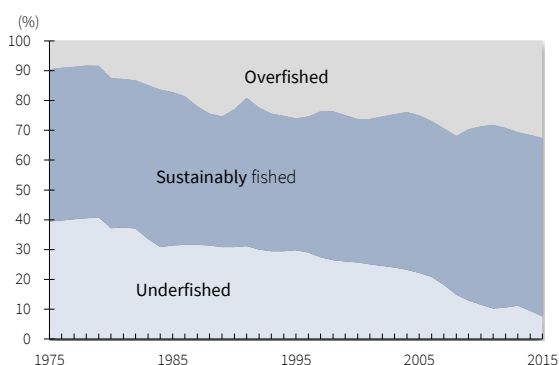


Source: *OECD-FAO 2020*, KB Securities Vietnam

Static growth in live capture and limited opportunities to expand aquaculture has hindered global fish consumption

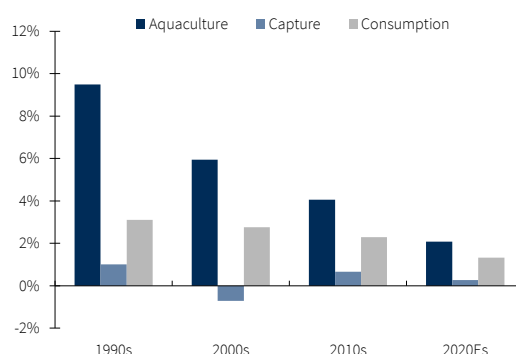
Global fish consumption has been hindered by static growth in live capture fishing and limited opportunities to expand aquaculture capacity. Live capture fishing reached its natural limit in the late 1980s when catches from newly accessed fish stocks failed to replace overfished fishing grounds and led to static growth since then. Growth in aquaculture has also slowed to 2% levels after peaking at 10% in the 1980s and 1990s due to the lack of suitable new farming locations, spread of disease from intensive aquaculture and stricter environmental regulations.

Fig 31. Global fisheries – Marine fish stocks breakdown by sustainability, 1975–2015 (%)



Source: *FAO 2018*

Fig 32. Global fisheries – Annual growth rate of fishery production & consumption, 1980s–2020Es (%)

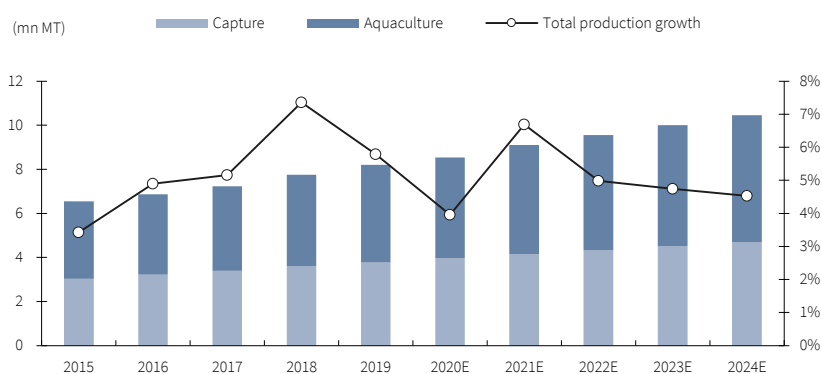


Source: *OECD-FAO 2020, KBSV*

Increasing aquaculture production to support export growth

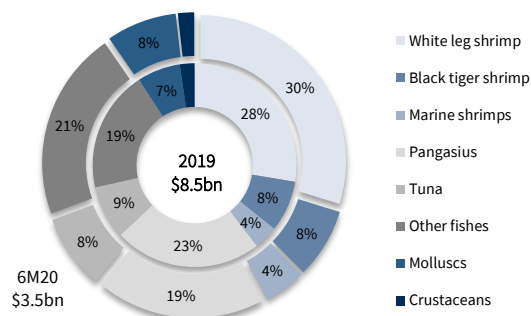
Growth in both wild-caught fishing and aquaculture production should support Vietnam's exports during our 2020E–2024E forecast period (albeit likely to see a slowdown in wild-caught catches). Notably, additional stocks from the South China Sea's large fishing grounds have allowed Vietnam's wild-caught fishing industry to maintain positive growth for the past 15 years to total 8.2 million tons in 2019 or a CAGR of 5.21% between 2012 and 2019 when world wild-caught fishing recorded a CAGR of only 0.09%. But this should slow to a CAGR of 4.5% between 2020E and 2024E as we expect offshore tensions to reduce catches from the South China Sea. Vietnam's live-capture production has fallen on several occasions due to maritime tensions, including 2011's *Binh Minh* event, 2014's *Haiyang Shiyou* event and 2019's *Haiyang Dizhi* event. Moreover, Vietnam is still under a "yellow card" from 2017's IUU action from the EU. The IUU or illegal, unreported and unregulated fishing regulatory framework requires flag states to certify the origin and legality of fish caught and exported to the EU. That said, we expect the growth in aquaculture production to offset this slowdown and support overall export growth. Productivity improvements in shrimp farming and expansion of *pangasius* ponds – Vietnam's two major fishery export items – have allowed aquaculture production to grow at a CAGR of 5.3% between 2012 and 2019. These trends should continue and we forecast aquaculture to record a CAGR of 5.4% between 2020E and 2024E. Aquaculture has represented over half of Vietnam's total fishery production since 2008 and is now at 54% or inline with the global trend.

Fig 33. Vietnam fisheries – Capture & aquaculture fishery production & total growth forecasts, 2015–2024E (million metric tons, % YoY)



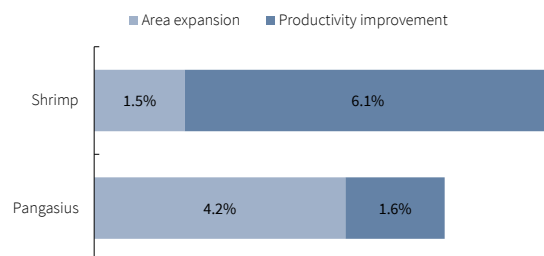
Source: General Statistics Office of Vietnam, KB Securities Vietnam

Fig 34. Vietnam fisheries – Total fishery export breakdown by species, 2019–6M20 (billion USD, %)



Source: Vietnam Association of Seafood Exporters & Producers, KB Securities Vietnam

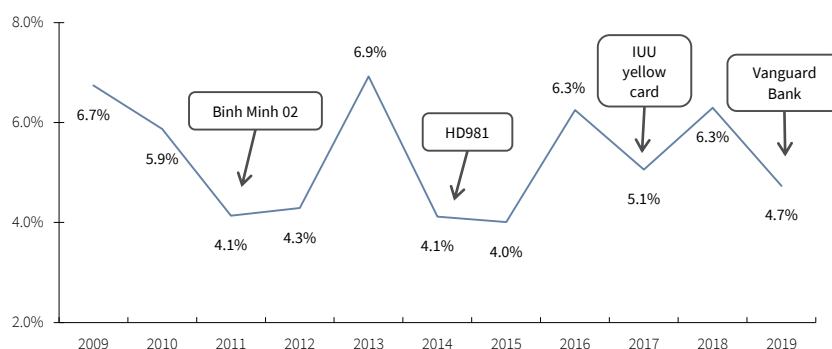
Fig 35. Vietnam fisheries – CAGR decomposition of shrimp & pangasius production, 2015–2019 (%)



Source: Ministry of Agriculture & Rural Development, KB Securities Vietnam

- 2011: China’s patrol vessels accused of severing exploration cables on Vietnam’s *Binh Minh 02* survey ship
- 2014: China’s *Haiyang Shiyou 981* (HD981) rig drills by the Parcel Islands in waters claimed by Vietnam
- 2017: European Commission issues IUU “yellow card” warning on Vietnam’s fishery exports into the EU
- 2019: *Haiyang Dizhi 8* (HD8) survey ship sparks standoff at Vanguard Bank

Fig 36. Vietnam fisheries – Capture fishery production growth, 2009–2019 (% YoY)

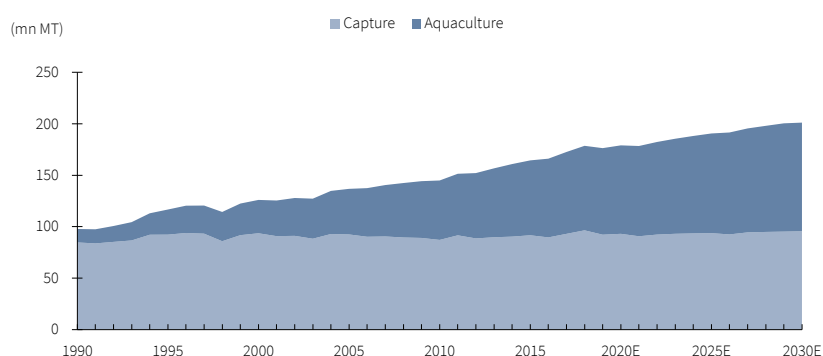


Source: General Statistics Office of Vietnam, KB Securities Vietnam

Aquaculture taking larger role to meet growing fishery demand over the longer term

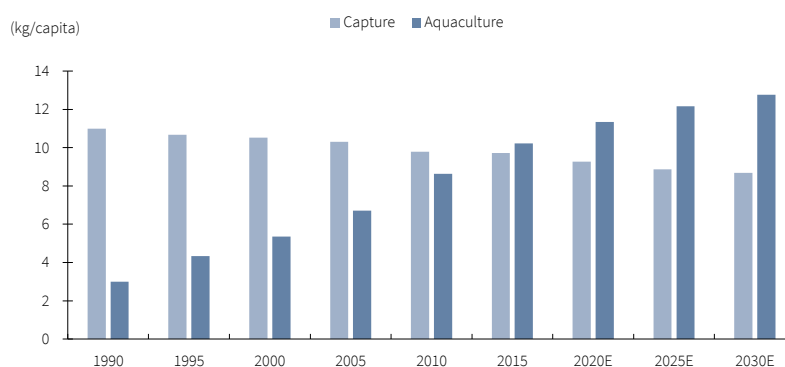
The mid- to long-term global competitiveness of Vietnam's fishery sector will largely depend on its ability to meet growing demand from rising populations around the world as well as changing consumer preferences that place a higher priority on food safety and environmental sustainability. We expect Vietnam to increasingly rely on aquaculture to face these challenges given advantages over live-capture, including the ability to boost harvest sizes by expanding *pangasius* farming areas and improving productivity at shrimp farms, as well as greater control over the entire production process to strengthen the sustainability and tracking of fish. Live-capture fishing faces the difficulties of limited natural resources (South China Sea tensions), enforcement (the EU's IUU yellow card imposed on Vietnam) and rules of origin (US antidumping investigations). These issues largely explain why live-capture fishing volumes have remained flat after reaching a natural limit in the 1980s and the rise of aquaculture since 1990 to meet increasing demand. Reflecting this, per-capita consumption of farmed fish already reached 11.2kg/year by 2019 after surpassing wild-caught fish in 2015.

Fig 37. Global fisheries – Capture & aquaculture fishery production, 1990–2030E (million metric tons)



Source: OECD-FAO 2020

Fig 38. Global fisheries – Aquaculture & capture contribution to per-capita consumption, 1990–2030E (kg/capita)

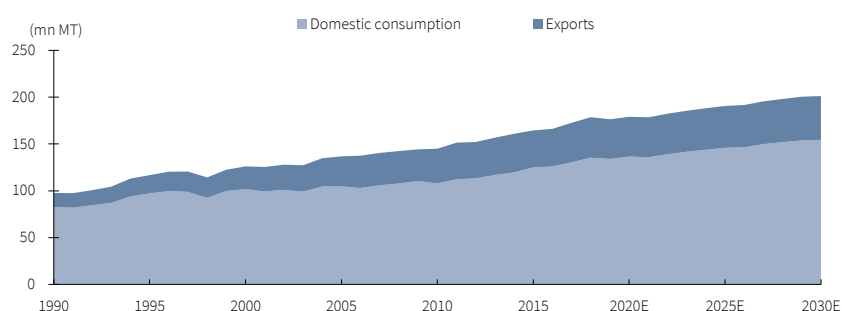


Source: OECD-FAO 2020

Trade deals also facilitating more global trade in fishery products

Developing nations like Vietnam are benefitting from free trade agreements that remove duplicate customs fees, reduce tariffs and facilitate access to new overseas markets. These trade deals also impose tighter regulations on rules of origin, illegal fishing and environmental sustainability. Lower trade barriers are becoming increasingly important as the ratio of fishery exports has risen to 25% of total global production since 2006 from 15% in 1990. Moreover, the FAO estimates that global fishery production will grow to 201.1 million metric tons by 2030E from 2019's 176.3 million metric tons.

Fig 39. Global fisheries – Total fish production breakdown by purpose, 1990–2030E (million metric tons)

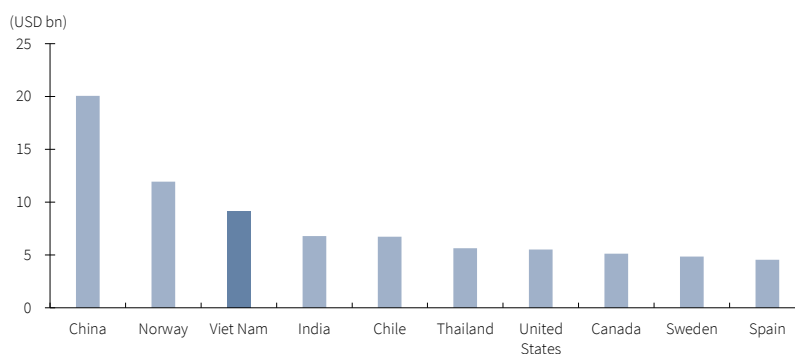


Source: OECD-FAO 2020, KB Securities Vietnam

Vietnam ranks as the world's third-largest fishery exporter

Vietnam ranked third among the world's largest fishery exporters in 2018 at USD8.8 billion. Among the specialty exporters, Vietnam's two main export items are *pangasius* and shrimp, while Norway is famous for salmon and India for shrimp. The outlook is also promising for exports to the EU when the EVFTA comes into effect in August and immediately removes about half of Vietnam's tariffs on fishery exports and the remaining eliminated over the next three to seven years according to the EVFTA schedule.

Fig 40. Global fisheries – Export value of major fishery exporters, 2018 (billion USD)



Source: UN Comtrade, KB Securities Vietnam

Little threat seen in global markets for Vietnam’s specialization in pangasius

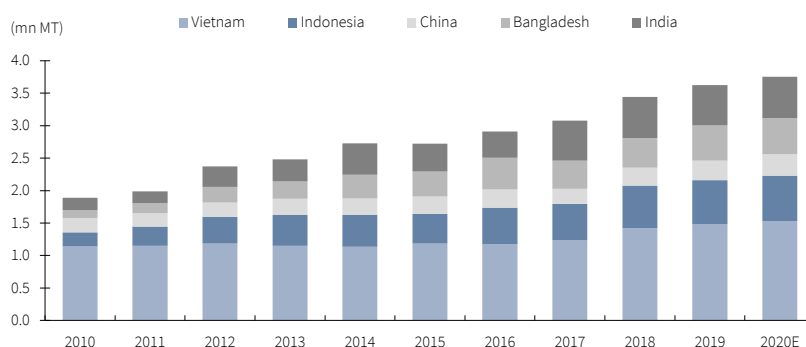
Competition in the *pangasius* market will likely be contained to existing local exporters due to Vietnam’s dominance in the global *pangasius* market. Although some concerns have been raised about potential supply from China, India and Indonesia – and plans by India and Indonesia to focus on exports over the next couple of years – volumes remain small in global markets and most production is consumed domestically. Natural barriers to *pangasius* production include fresh water that needs to be: 1) within a temperature range of 22–30 degrees Celsius; 2) at a pH greater than 5; and 3) salinity under 0.1%. In particular, *pangasius* cultivation is highly sensitive to salinity and saltwater intrusion that has negatively impacted fish farms in the past. Environmental conditions that meet these requirements are only found in the Lower Mekong River in the *An Giang* and *Dong Thap* provinces, where all of Vietnam’s *pangasius* production is concentrated. VHC has led *pangasius* exports for the past ten years at 15% market share and the next-largest companies have been at 6%–7%. Vietnam’s other major *pangasius* companies include (in order of size): Bien Dong (traded in the OTC market), ANV, I.D.I (IDI and listed on Ho Chi Minh Stock Exchange) and Hung Vuong (HVG and listed on UPCoM).

Table 5. Vietnam fisheries – Top 3 pangasius exporters by export value, 2010–2019 (million USD)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Vinh Hoan 126	Vinh Hoan 151	Vinh Hoan 155	Vinh Hoan 166	Vinh Hoan 207	Vinh Hoan 228	Vinh Hoan 251	Vinh Hoan 270	Vinh Hoan 345	Vinh Hoan 286
Hung Vuong 101	Hung Vuong 124	Hung Vuong 112	AGIFISH 113	Hung Vuong 140	Bien Dong 117	Bien Dong 134	Hung Vuong 121	Bien Dong 218	Nam Viet 136
Viet An 62	AGIFISH 84	AGIFISH 92	Hung Vuong 106	Nam Viet 110	Hung Vuong 96	Hung Vuong 102	Bien Dong 114	Nam Viet 154	Bien Dong 130

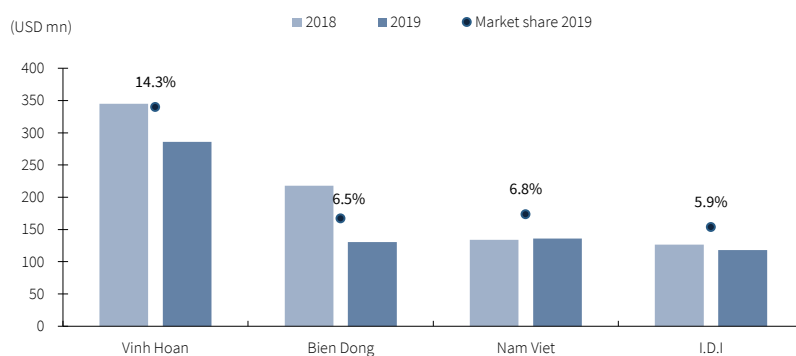
Source: Company reports, KB Securities Vietnam

Fig 41. Global fisheries – *Pangasius* production by country, 2010–2020E (million metric tons, % YoY)



Source: Food & Agricultural Organization, National Fisheries Institute, Global Seafood Market Conference (2019 & 2020)

Fig 42. Vietnam fisheries – Export values and market share of major *pangasius* exporters, 2018–2019 (million USD, %)

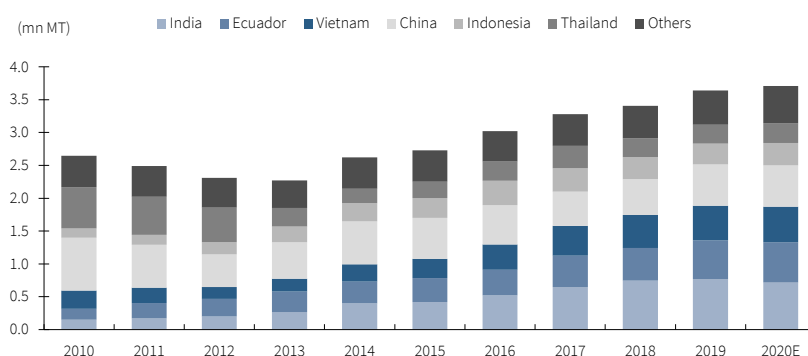


Source: Company reports, Vietnam Association of Seafood Exporters & Producers, KB Securities Vietnam

Vietnam's competitive landscape for shrimp concentrated locally but many global players

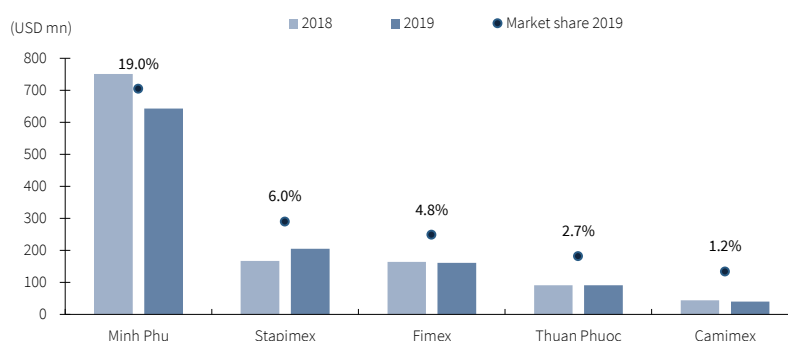
Vietnam's competitive landscape for shrimp exporters is relatively stable, with MPC at 19% market share and the next-largest players having market shares of less than 6% each. Vietnam's main shrimp exporters are (in order of size): Stapimex (traded in the OTC market), Fimex (FMC and listed in the Ho Chi Minh Stock Exchange), Thuan Phuoc (THP and traded in UPCoM) and Camimex (CMX listed on the Ho Chi Minh Stock Exchange). We expect MPC to maintain its leading role as Vietnam's biggest shrimp exporter that also ranks among the world's largest shrimp producers. Global competition remains intense but has eased somewhat after Thailand and China lost their dominance in global farmed shrimp production following the EMS (Early Mortality Syndrome) outbreak in 2013. Since 2014, India, Ecuador, Vietnam and Indonesia all have increased shrimp production to become the world's leading largest shrimp producing countries.

Fig 43. Global fisheries – Farmed shrimp production, 2010–2020E (million metric tons)



Source: Food & Agricultural Organization, National Fisheries Institute, Global Seafood Market Conference 2020

Fig 44. Vietnam fisheries – Export values and market share of major shrimp exporters, 2018–2019 (million USD, %)



Source: Company reports, Vietnam Association of Seafood Exporters & Producers, KB Securities Vietnam

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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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