

October exports (VHC)

On track to meet 2019 earnings guidance

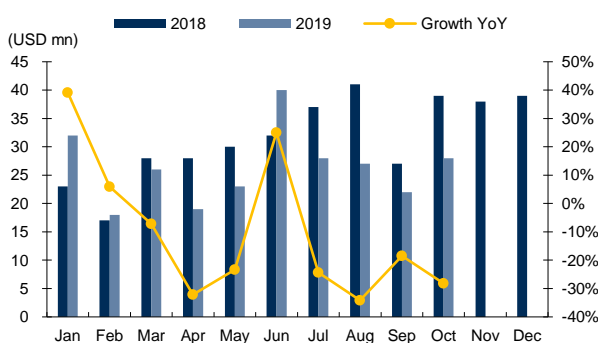
October 2019 exports values down again versus 2018

- VHC's export values for October 2019 reached USD 28 million, down 28% YoY but up 27% MoM. Fourth quarter usually sees strong seasonality and higher export volume of *pangasius* due to the holiday season in most overseas markets.
- Export values for VHC totaled USD 263 million in the first 10 months of the year and down 13% over the same period last year versus 2018's bumper crop year for Vietnam's *pangasius* industry. This compares to the 10% YoY drop for the entire Vietnam's *pangasius* export value, which reached USD 1.6 billion for the year until October.
- Overall yearly growth numbers for export values continue to suffer from a strong base effect when compared to the 2018 record (when the shortage of fingerlings caused input *pangasius* prices to reach as high as VND36,500/kg last year). Moreover, the hangover from the 2018 boom continues and current prices are now down to VND19,500/kg – and *pangasius* fingerling prices trading at three-year lows since mid-2019 – after last year's strong market conditions encouraged farmers to raise more *pangasius* in 2019.
- The biggest hit to total exports has been the important US market, where stockpiling ahead of China tariffs has seen Vietnam's *pangasius* exports to the US falling by 45.8% YoY for the first ten months of the year to only USD 233 million. This hurts VHC, with its exports values falling below 2018 levels for seven out of ten months in 2019, due to its high proportion of US exports of nearly 60% seen between 2014–2018.

Nonetheless, VHC remains on track to meet its earnings guidance for 2019

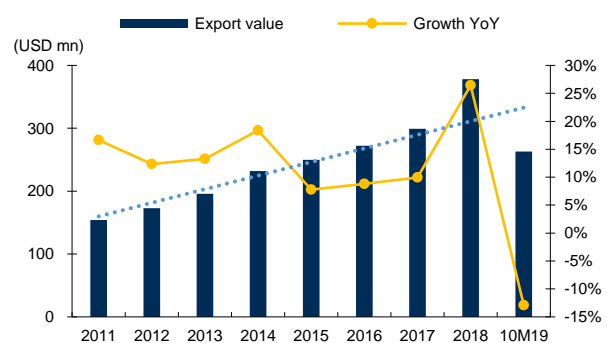
- With 9 months' after-tax profit of VND 981 billion, VHC has completed 78% of its 2019 profit plan. Input prices for materials are expected to remain low for the last months of the year.

Fig 1. VHC export value by months during 2018–2019



Source: VHC, KBSV

Fig 2. VHC export value during 2011–Oct 2019



Source: VHC, KBSV

KB SECURITIES VIETNAM RESEARCH

Head of Research – Nguyen Xuan Binh

binhnx@kbsec.com.vn

Macro/Strategy

Head of Macro & Strategy – Tran Duc Anh

anhtd@kbsec.com.vn

Macro Analyst – Thai Thi Viet Trinh

trinhtt@kbsec.com.vn

Market Strategist – Le Anh Tung

tungla@kbsec.com.vn

Equity (Hanoi)

Head of Equity Research (Hanoi) – Duong Duc Hieu

hieudd@kbsec.com.vn

Information Technology & Logistics Analyst – Nguyen Anh Tung

tungna@kbsec.com.vn

Property Analyst – Pham Hoang Bao Nga

ngaphb@kbsec.com.vn

Power & Construction Material Analyst – Le Thanh Cong

congl@kbsec.com.vn

Financials Analyst – Nguyen Thi Thu Huyen

huyenntt@kbsec.com.vn

Equity (Ho Chi Minh)

Head of Equity Research (Ho Chi Minh) – Harrison Kim

harrison.kim@kbf.com

Consumer & Retailing Analyst – Dao Phuc Phuong Dung

dungdpp@kbsec.com.vn

Fisheries & Pharmaceuticals Analyst – Nguyen Thanh Danh

danhnt@kbsec.com.vn

Oil & Gas & Chemicals Analyst – Nguyen Vinh

vinhn@kbsec.com.vn

Research Marketing

Korea Marketing Analyst – Seon Yeong Shin

shin.sy@kbsec.com.vn

KB SECURITIES VIETNAM (KBSV)

Head Office:

Levels G, 2 & 7, Sky City Tower, 88 Lang Ha Street, Dong Da District, Hanoi, Vietnam
Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

Hanoi Branch:

Level 1, VP Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam
Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

Ho Chi Minh Branch:

Level 2, TNR Tower Nguyen Cong Tru, 180-192 Nguyen Cong Tru Street, District 1, HCMC, Vietnam
Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, HCMC, Vietnam
Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

CONTACT INFORMATION

Institutional Client Center: (+84) 28 7303 5333 – Ext: 2656
Private Customer Care Center: (+84) 24 7303 5333 – Ext: 2276
Email: ccc@kbsec.com.vn
Website: www.kbsec.com.vn

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 |

Opinions in this report reflect the professional judgment of the research analyst(s) as of the date hereof and are based on information and data obtained from sources that KBSV considers reliable. KBSV makes no representation that the information and data are accurate or complete and the views presented in this report are subject to change without prior notification. Clients should independently consider their own particular circumstances and objectives and are solely responsible for their investment decisions and we shall not have liability for investments or results thereof. These materials are the copyright of KBSV and may not be reproduced, redistributed or modified without the prior written consent of KBSV. Comments and views in this report are of a general nature and intended for reference only and not authorized for use for any other purpose.