

Vinh Hoan Corp (VHC)

Steady growth potential

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4Q2024 earnings reflect a strong recovery across most markets

In 4Q2024, VHC reported net revenue and net profit of VND9,329 billion (+22% YoY) and VND808 billion (-4.8% YoY), respectively. This performance was primarily driven by a double-digit recovery in sales volume across most markets and the reversal of inventory devaluation provisions.

Pangasius processing and export will further benefit from the US imposing an additional 10% tariff on Chinese imports

Looking ahead, we expect the additional 10% tariff on Chinese imports to the US in 2025 (raising the total to 20%) to favorably impact demand for Vietnamese pangasius. Amid rising global trade protectionism, we anticipate modest growth in pangasius exports in both volume and price, leveraging its cost-competitiveness as consumers worldwide tighten their spending.

Net profit is expected to grow by 26% in 2025 on higher selling prices and low input costs

Low fish feed costs are expected to enhance the gross profit margin and EBIT margin by approximately 170bps/180bps, respectively. Improved farm gate profit margins should also ease the raw fish supply shortage in the latter half of 2025. As a result, net profit is projected to reach VND1,550 billion (up 26% YoY) in 2025, driven by stronger selling prices and sales volume.

We upgrade VHC to BUY with a target price of VND82,800/share

Given these favorable factors, we upgrade VHC to BUY with a target price of VND82,800 per share for 2025, representing a 16% upside potential. However, global trade risks and workforce downsizing policies that could weigh on consumer income remain key risks to monitor in 2025.

Buy change

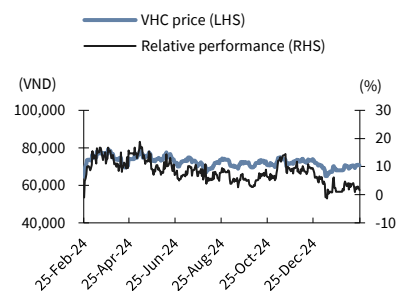
Target price	VND82,800
Upside	15%
Current price (Feb 28, 2025)	VND71,900
Consensus target price	VND84,100
Market cap (VNDtn/USDbn)	16.0/0.64

Trading data	
Free float	35.2%
3M avg trading value (VNDbn/USDmn)	192.9/7.7
Foreign ownership	28.5%
Major shareholder	Truong Thi Le Khanh (42.3%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	3.5	-1.5	-4.1	9.1
Relative	0.4	-7.2	-5.6	1.5

Forecast earnings & valuation

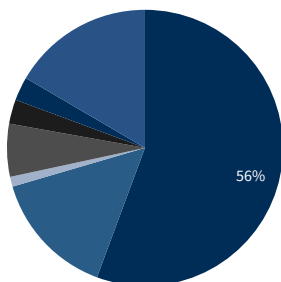
FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	10,033	12,535	13,791	14,471
Operating income/loss (VNDbn)	1,118	1,461	1,844	2,041
NPAT-MI (VNDbn)	919	1,234	1,550	1,714
EPS (VND)	4,914	5,497	6,905	7,638
EPS growth (%)	-54	12	26	11
P/E (x)	17.6	12.8	10.3	9.3
P/B (x)	1.9	8.1	7.4	6.7
ROE (%)	11	14	17	17
Dividend yield (%)	0	5.7	2.8	2.8



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2024)

■ Fillet ■ By-product ■ Value-added products ■ Collagen & Gelatin ■ Shrimp chips ■ Noodles & rice paper ■ Others



Source: Vinh Hoan Corporation, KB Securities Vietnam

Business operation

Vinh Hoan Corporation (VHC) is a leading pangasius exporter, operating a closed-loop value chain encompassing feed production, self-owned farms, and processing & export. In addition to pangasius fillets (accounting for over 60% of revenue), VHC also produces and trades by-products such as fish meal, fish oil, collagen, and gelatin, utilizing the residuals from fish processing.

Investment Catalysts

An additional 20% US tariff on Chinese tilapia is expected to boost Vietnamese pangasius exports, particularly VHC, with the US market (32% of VHC's 2024 revenue) driving growth.

Stable fish farming costs and rising export prices should boost profit margins, with earnings projected to grow 26% in 2025 and 11% in 2026.

Global demand for affordable essentials remains strong as trade tensions and geopolitical risks drive consumer cost-cutting.

Notes

Please find more details below

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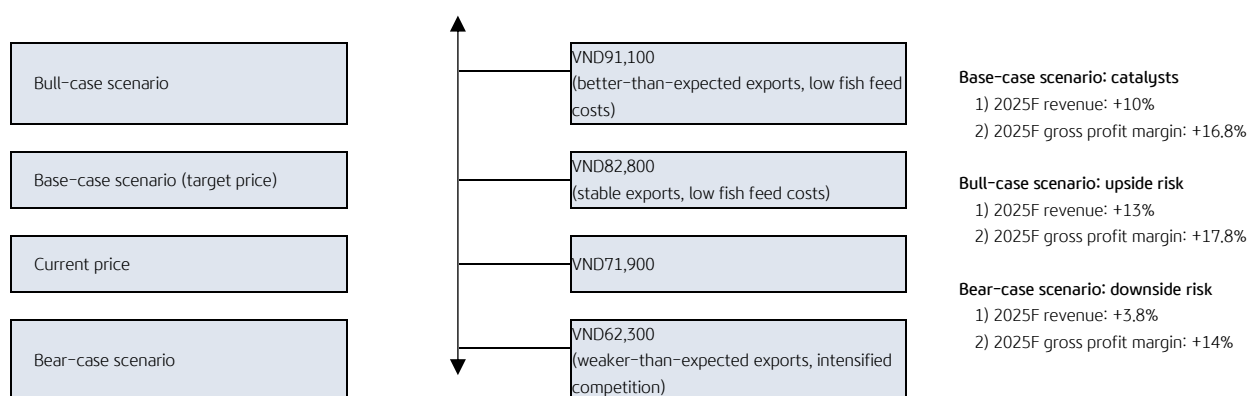
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Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	13,791	14,471	5%	4%	14,427	16,386	-4%	-12%
EBIT	1,630	1,834	1%	2%	1,555	1,927	5%	-5%
NP after MI	1,550	1,714	18%	16%	1,570	1,916	-1%	-11%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

Net profit jumped 505%, fueled by higher margins and stronger demand

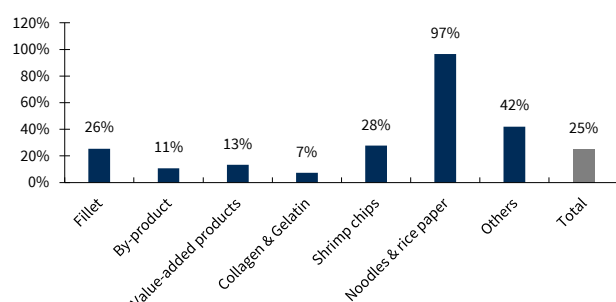
In 4Q2024, VHC's revenue remained flat YoY but surged 34% YoY, driven by a strong recovery in key markets. The gross profit margin for the quarter held steady at 17.9%, similar to 3Q2024. For the full year, the gross profit margin reached 15.1%, aligning with our projections. As a result, net profit soared to VND425 billion, up 505% YoY.

Table 1. VHC – 2023A–2024A financial results

(VNDbn)	4Q2023	4Q2024	+/-%YoY	2023A	2024A	+/-%YoY	Notes
Revenue	2,390	3,277	37%	10,033	12,535	25%	
Pangasius fillet	1,209	1,850	53%	5,537	6,949	26%	Sales volume surged by 35%, backed by recovery in the US market and expansion into CPTPP member markets.
By-products	364	505	39%	1,669	1,850	11%	
Value-added products	26	29	12%	128	145	13%	
Collagen & Gelatin	214	142	-34%	720	773	7%	
Shrimp chips and rice-based products	150	185	23%	454	701	54%	
Others	455	492	8%	1,457	2,069	42%	Sa Giang revamped its packaging and continued to boost exports.
Gross profit	243	578	137%	1,493	1,891	27%	Higher selling prices encouraged farmers to expand fish feed production
Gross profit margin	10.2%	17.7%	744bps	14.9%	15.1%	21bps	4Q2024 gross margin recovered to 17.7%, similar to 3Q2024, thanks to the reversal of provisions.
Financial income	80	148	85%	377	428	14%	
Financial expenses	44	50	14%	229	222	-3%	Boosted by a higher USD/VND exchange rate, driving foreign exchange gains
SG&A	155	202	30%	524	639	22%	
Operating income/loss	125	475	281%	1,118	1,461	31%	SG&A expenses rose by 22%, mainly due to higher shipping costs.
Profit before tax (PBT)	136	481	254%	1,145	1,497	31%	
Net profit after tax (NPAT)	90	441	387%	974	1,311	35%	
NPAT-MI	70	425	505%	919	1,234	34%	
NPAT margin	7%	10%	300bps	9%	10%	68bps	

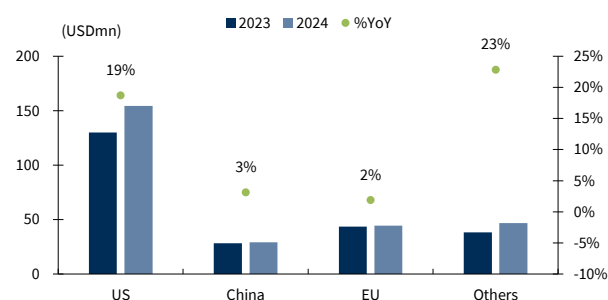
Source: Vinh Hoan Corporation, KB Securities Vietnam

Fig 2. VHC – Revenue growth by segment in 2024 (%YoY)



Source: Vinh Hoan Corporation, KB Securities Vietnam

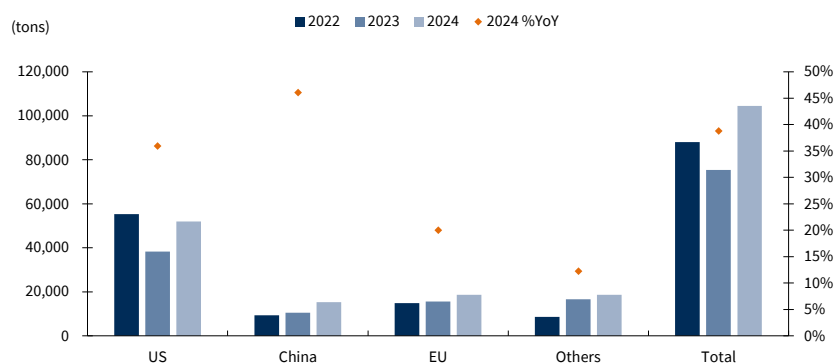
Fig 3. VHC – Revenue growth by market in 2024 (%YoY)



Source: Vinh Hoan Corporation, KB Securities Vietnam

According to our estimates, VHC's pangasius export volume (including fillets, whole fish, and value-added products) grew strongly by 35% YoY in 2024, while the average selling price declined by 17%, due to inflationary pressures among developed nations (the US and EU), rising container shipping costs, and prolonged unfavorable consumer sentiment in China. We expect VHC to maintain competitive pricing in 2025 to further expand its market share.

Fig 4. VHC – Pangasius export volume (tons)

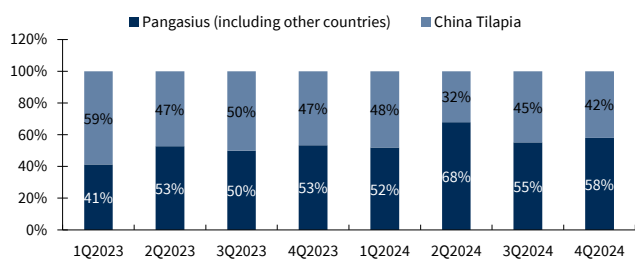


Source: KB Securities Vietnam

Pangasius processing and export will further benefit from the US imposing an additional 10% tariff on Chinese imports

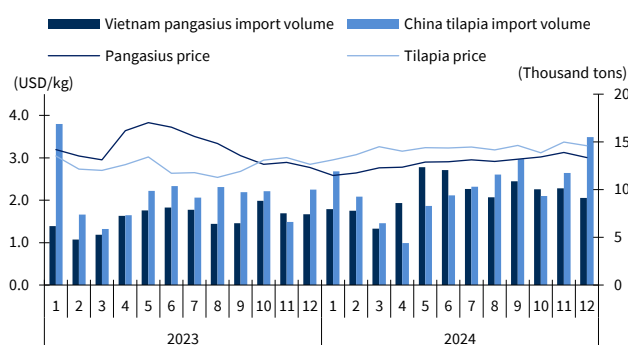
The US government imposed an additional 10% tariff on Chinese imports in February 2025, with another 10% hike expected in March. Alongside the existing 25% tariff on Chinese tilapia, this will drive up tilapia prices in the US, creating a competitive advantage for Vietnamese pangasius. As a result, pangasius is expected to sustain growth in both volume and price. Recent data indicates that US pangasius imports have surpassed tilapia for two consecutive years (Figure 5), supported by stable supply, competitive pricing, and stricter environmental regulations in China, which have constrained raw fish supply and pushed input costs higher. According to National Oceanic and Atmospheric Administration (NOAA) (2024), Chinese tilapia prices have risen by an average of 15% over the past two years (Figure 6), while Vietnamese pangasius prices have remained low since 4Q2023, ranging from USD2.5 to USD3 per kg, 11% lower than Chinese tilapia prices in 2024.

Fig 5. US – Pangasius vs. Chinese tilapia import share (%)



Source: NFI, Umer Barry

Fig 6. US – Vietnamese pangasius vs. Chinese tilapia: Import volumes and prices (tons, USD/kg)



Source: National Oceanic and Atmospheric Administration

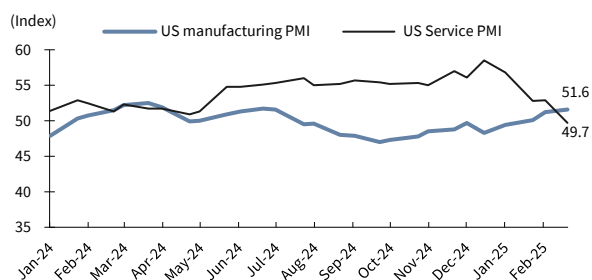
Cautious consumer spending across major markets will drive demand for affordable products

Morgan Stanley's Global Outlook 2025 report forecasts cautious global consumer spending in 2025, with slower growth compared to 2024 due to economic uncertainty. Rising trade tensions and global workforce downsizing are expected to pressure the world economy.

- **US:** Consumer spending is projected to experience sluggish growth in 2025, despite increased real incomes resulting from easing inflation. However, rising commodity prices driven by new tariffs may dampen growth. The services PMI dipped to 49.7, signaling a contraction in consumer-driven services activity. Notably, restaurant sales reached a record high of USD98.6 billion in January 2025, marking a 5.4% YoY increase, as reported by the US National Restaurant Association (NRA). This growth occurred even as off-premise dining revenue saw a 1.9% YoY decline.
- **EU:** The European Commission (EC) expects a modest labor market recovery, with employment rising by 0.4% and unemployment dropping to 5.9%. Inflation is projected to continue its downward trend, falling from 3.5% in 2024 to 2.4% in 2025. Consumer spending may see a slight boost as the European Central Bank (ECB) lowers policy rates to 2.9% from 3.15%–4.5% in 2024.
- **China:** Essential food demand is expected to maintain growth albeit at a slower 10% rate compared to 2024. McKinsey reports that Chinese consumers are prioritizing essential expenditures while cutting luxury purchases and increasing savings. The Consumer Confidence Index (CCI) and real estate transactions remain at historically low levels.

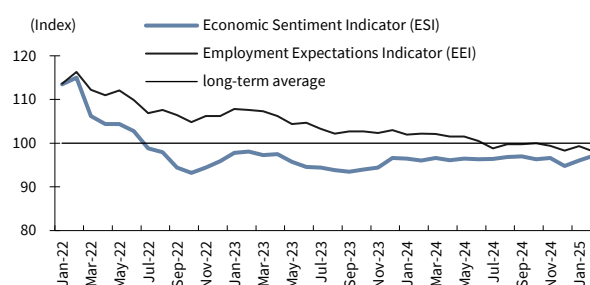
Overall, pangasius demand is expected to grow strongly in the US, remain stable in the EU, and weaken in China. Competitive pricing and proven product quality will allow VHC to expand into CPTPP and Halal markets. We project pangasius export revenue growth of 9% in the US, 1% in China, 8% in the EU, and 7% in other markets compared to 2024.

Fig 7. US – Manufacturing PMI, Service PMI (points)



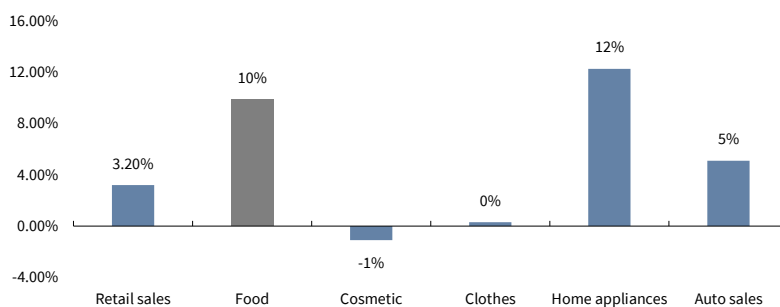
Source: S&P Global

Fig 8. EU – Economic Sentiment Indicator (ESI), Employment Expectations Indicator (EEI) (points)



Source: European Commission

Fig 9. China – Retail sales growth (%)

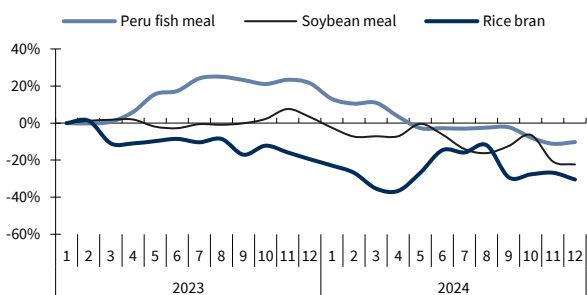


Source: Mckinsey, NBS

Input costs are expected to decrease, supporting higher profit margins

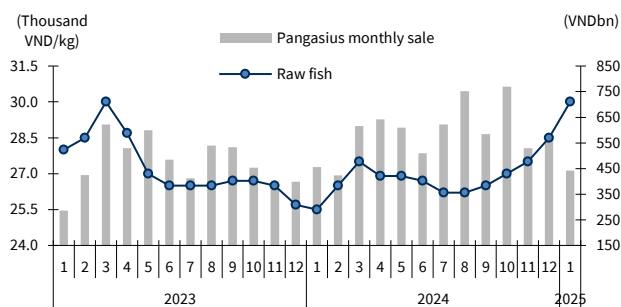
We maintain our view that feed costs will remain low and stable compared to 2024, supported by steady crop production and fish meal supply (according to the US Department of Agriculture (USDA) and Peru's Ministry of Production). In contrast, raw fish prices are trending upward, rising from the 2024 average of VND27,000/kg to VND31,500/kg (+17%), driven by tightening supply amid improving exports. We expect VHC's raw fish costs to increase slightly in 1H2025 before easing, as higher farm gate profit margins may incentivize farmers to expand production.

Fig 10. Global – Fish feed price fluctuations (%)



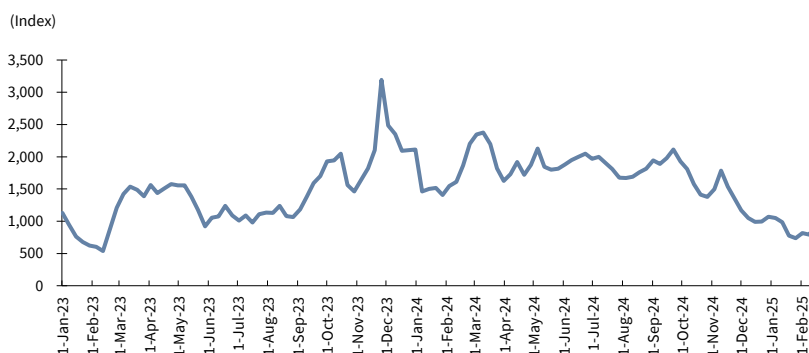
Source: FRED, Investing, Wichart

Fig 11. VHC – Selling prices, pangasius revenue ('000 VND/kg, VNDbn)



Source: Wichart, Vinh Hoan Corporation

Fig 12. Global – Baltic Dry Index (BDI)



Source: Investing

Forecast & valuation

Table 13. VHC – 2024A–2026F financials & forecasts

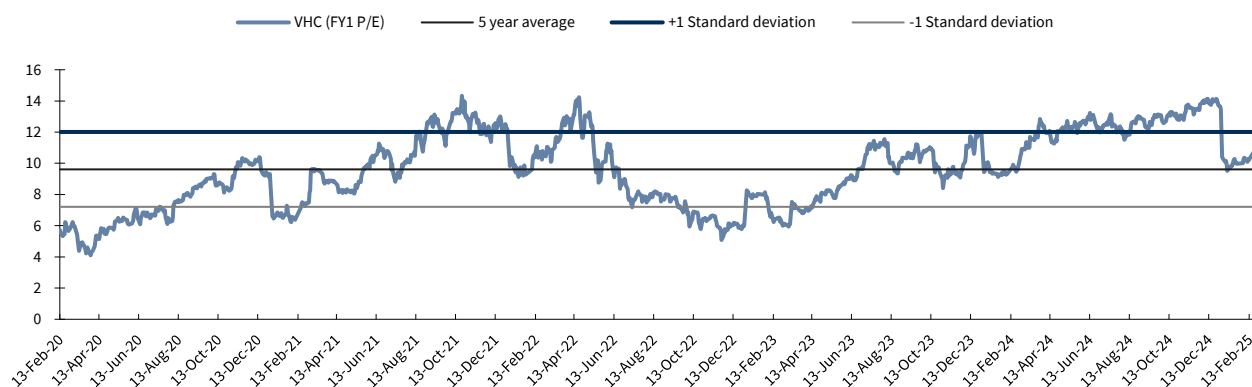
(VNDbn)	2024A	2025F	+/-%YoY	2026F	+/-%YoY	Notes
Revenue	12,535	13,791	10.0%	14,471	4.9%	
Pangasius	7,094	7,711	8.7%	7,951	3.1%	We project an 8.7% increase in pangasius and value-added product revenue in 2024, driven by a 4% rise in demand and a 3.5% increase in average fillet prices.
Collagen & Gelatin	773	857	10.9%	1,035	20.8%	The Collagen & Gelatin segment is expected to continue its sales volume growth, with capacity set to double from 3,500 tons/year to 7,000 tons/year during 2025–2026. However, we anticipate a slight decline in selling prices, given the ongoing global economic weakness.
By-products	1,850	2,115	14.3%	2,181	3.1%	
Sa Giang	701	841	20.0%	967	15.0%	Shrimp chip and rice-based product sales are expected to maintain strong growth, albeit at a slower pace than the 54% recorded in 2024, driven by packaging enhancements and expanded exports, leveraging VHC's established expertise.
Others (Fish feed, farm produce)	2,069	2,266	9.5%	2,337	3.1%	
Gross profit	1,891	2,320	22.7%	2,557	10.2%	
Gross profit margin	15.1%	16.8%	174bps	17.7%	85bps	2025F gross profit margin is projected to recover to late-2024 levels.
Financial income	428	456	6.6%	458	0.4%	
Financial expenses	222	242	9.1%	251	4.0%	
SG&A	639	691	8.2%	723	4.7%	We expect the SG&A-to-revenue ratio to decline from 5.1% in 2024 to 5.0% in 2025, driven by a 9% revenue increase and reduced legal expenses following the termination of the anti-dumping investigation.
SG&A/revenue	5.1%	5.0%	-8bps	5.0%	-1bps	
Profit before tax (PBT)	1,497	1,875	25.3%	2,074	10.6%	Earnings growth will primarily stem from higher selling prices throughout the year, while lower farming costs would boost farm gate margins.
PBT margin	11.9%	13.6%	166bps	14.3%	74bps	
Net profit after tax (NPAT)	1,311	1,631	24.5%	1,805	10.6%	
NPAT-MI	1,234	1,550	25.6%	1,714	10.6%	
NPAT margin	9.8%	11.2%	140bps	11.8%	61bps	

Source:

We upgrade VHC to BUY with a target price of VND82,800/share

Due to the cyclical nature of pangasius exports, we value VHC using the P/E method with a target multiple of 12x (equivalent to +1 standard deviation above the five-year historical average). This reflects improved stability, following the removal of anti-dumping investigations in the US. Accordingly, We upgrade VHC to BUY with a target price of VND 82,800, 16% higher than the closing price on February 26, 2024.

Fig 14. VHC – P/E in 2019–2024



Source: Bloomberg, KB Securities Vietnam

VHC – 2023A-2026F summarized financials & forecasts

Income Statement				
(VND billion)	2023	2024	2025F	2026F
Net sales	10,033	12,535	13,791	14,471
Cost of sales	8,540	10,644	11,471	11,914
Gross Profit	1,493	1,891	2,320	2,557
Financial income	377	428	456	458
Financial expenses	229	222	242	251
of which: interest expenses	133	73	79	81
Gain/(loss) from joint ventures (from 2015)	1	2	0	0
Selling expenses	216	293	321	337
General and admin expenses	308	346	369	386
Operating profit/(loss)	1,118	1,461	1,844	2,041
Other income	50	67	58	63
Other expense	23	32	27	30
Net other income/(expenses)	23	32	27	30
Income from investments in other entities	1	2	0	0
Net accounting profit/(loss) before tax	1,145	1,497	1,875	2,074
Corporate income tax expenses	169	190	244	270
Net profit/(loss) after tax	974	1,311	1,631	1,805
Minority interests	55	77	82	90
Attributable to parent company	919	1,234	1,550	1,714
Margin ratio				
	2023	2024	2025F	2026F
Gross profit margin	14.9%	15.1%	16.8%	17.7%
EBITDA margin	13.7%	13.6%	15.5%	16.4%
EBIT margin	9.7%	10.0%	11.8%	12.7%
Pre-tax profit margin	11.4%	11.9%	13.6%	14.3%
Operating profit margin	11.1%	11.7%	13.4%	14.1%
Net profit margin	9.2%	9.8%	11.2%	11.8%
Cash Flow Statement				
(VND billion)	2023	2024	2025F	2026F
Net profit/(loss) before tax	1,145	1,497	1,875	2,074
Depreciation and amortisation	402	456	502	546
Profit/loss from investing activities	-165	-154	-456	-458
Interest expense	133	73	79	81
Operating profit/(loss) before changes in Working Capital	1,516	1,872	1,999	2,242
(Increase)/decrease in receivables	719	-560	125	-103
(Increase)/decrease in inventories	-856	1,027	-685	-139
Increase/(decrease) in payables	-352	262	31	61
(Increase)/decrease in prepaid expenses	19	13	13	7
Operating cash flow	-499	-502	-478	-522
Purchases of fixed assets and other long term assets	547	2,113	1,006	1,547
Proceeds from disposal of fixed assets	-677	-705	-598	-566
Loans granted, purchases of debt instruments	4	11	0	0
Collection of loans, proceeds from sales of debts instrum	-3,552	-4,171	-250	-578
Investments in other entities	3,291	3,877	0	0
Proceeds from divestment in other entities	0	0	0	0
Dividends and interest received	0	0	0	0
Investing cash flow	140	126	456	458
Proceeds from issue of shares	-793	-863	-391	-685
Payments for share returns and repurchases	57	0	0	0
Proceeds from borrowings	0	0	0	0
Repayment of borrowings	11,256	10,802	2,454	2,549
Finance lease principal payments	-11,385	-10,815	-2,277	-2,454
Dividends paid	0	-900	-449	-449
Interests, dividends, profits received	0	0	0	0
Financing cash flow	-73	-912	-272	-354
Net increase in cash and cash equivalents	-319	338	342	508
Cash and cash equivalents - beginning	553	233	570	912
Cash and cash equivalents - ending	234	571	912	1,420
Balance Sheet				
(VND billion)	2023	2024	2025F	2026F
TOTAL ASSETS	11,727	12,070	13,354	14,736
CURRENT ASSETS	7,888	8,241	9,394	10,722
Cash and cash equivalents	233	570	912	1,420
Short-term investments	2,069	2,340	2,591	3,169
Accounts receivable	1,823	2,419	2,295	2,397
Inventories	3,763	2,911	3,597	3,736
LONG-TERM ASSETS	3,839	3,829	3,960	4,015
Long-term trade receivables	3	3	3	3
Fixed assets	3,383	3,415	3,485	3,512
Investment properties	160	115	176	205
Long-term incomplete assets	67	70	70	70
Long-term investments	225	225	225	225
LIABILITIES	3,351	3,247	3,468	3,631
Current liabilities	3,233	3,193	3,415	3,578
Trade accounts payable	309	272	313	325
Advances from customers	16	36	36	36
Short-term borrowings	119	54	54	54
Long-term liabilities	8	19	19	19
Long-term trade payables	0	29	29	29
Long-term advances from customers	102	0	0	0
Long-term borrowings	8,591	9,002	10,029	11,214
OWNER'S EQUITY	1,870	2,245	2,244	2,244
Paid-in capital	1,870	2,245	2,244	2,244
Share premium	264	264	264	264
Undistributed earnings	6,213	6,175	7,121	8,215
Treasury share	0	0	0	0
Investment and development fund	0	0	0	0
Minority interests	244	319	400	490
Key ratios				
(x, %, VND)	2023	2024	2025F	2026F
Multiple				
P/E	17.6	13.1	10.4	9.4
P/E diluted	17.6	13.1	10.4	9.4
P/B	1.9	1.9	1.7	1.5
P/S	1.6	1.3	1.2	1.1
P/Tangible Book	2.1	2.0	1.8	1.6
P/Cash Flow	-50.6	47.8	47.2	31.8
EV/EBITDA	11.7	9.4	7.6	6.8
EV/EBIT	16.6	12.8	9.9	8.8
Operating performance				
ROE	0.1	0.1	0.2	0.2
ROA	0.1	0.1	0.1	0.1
ROIC	0.2	0.1	0.1	0.1
Financial structure				
Cash Ratio	0.1	0.2	0.3	0.4
Quick Ratio	0.7	0.9	1.0	1.3
Current Ratio	2.4	2.6	2.8	3.0
LT Debt/Equity	0.0	0.0	0.0	0.0
LT Debt/Total Assets	0.0	0.0	0.0	0.0
Debt/Equity	0.4	0.4	0.3	0.3
Debt/Total Assets	0.2	0.2	0.2	0.2
ST Liabilities/Equity	0.0	0.0	0.0	0.0
ST Liabilities/Total Assets	0.0	0.0	0.0	0.0
Total Liabilities/Equity	0.0	0.0	0.0	0.0
Total Liabilities/Total Assets	0.0	0.0	0.0	0.0
Activity ratios				
Account Receivable Turnover	6.4	5.7	6.6	6.6
Inventory Turnover	2.3	3.7	3.2	3.2
Account Payable Turnover	27.7	39.2	36.7	36.7

Source: Company report, 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:	Neutral:	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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