

Sector : Fisheries (Latest report: [Link](#)) | RETAIL RESEARCH

Recommendations BUY

Nam Viet Joint Stock Company (HSX: ANV) EXPECTATIONS FROM EXPORTS TO THE US

Current price:	56,600
Previous target price:	51,200
New target price:	68,900
Dividend yield	
Upside	22%

Report writing date	07/06/2022	SHAREHOLDER STRUCTURE	
Outstanding shares (million)	132.1	Doan To	56.3%
Capitalization (billion VND)	8,033	Doan Chi Thanh	13.4%
10 sessions average volume	1,862,890	Doan Chi Thien	6.8%
Foreign ownership	2.5%		

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Target price: VND 68,000
Cut-loss price: VND 51,800

VALUATION

BSC maintains its **BUY** recommendation for ANV with a new target price for 2022 of VND**68,900** per share (upside 22% compared to 06/06/2022 price) after (i) Adjusting the 2022 profit forecast (+29% compared to the previous forecast due to a price increase + 40%) and (ii) PE vs FCFE valuation with a density of 40%/60%.

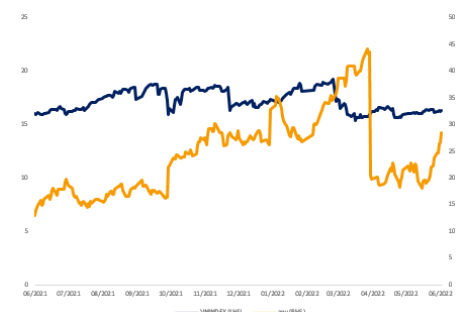
FORECAST BUSINESS RESULTS

BSC expects ANV's revenue and profit after tax in 2022 to reach 4.311 billion (+23% YoY) and 874 billion (5.8 times higher than the same period). EPS 2022 is expected to reach 6,360 VND/share, PE fw is 8.8, equivalent to the average P/E for the period 2017 - 2020.

ANV and VN-Index price comparison table



P/E comparison table of ANV and VN index



BUSINESS OUTLOOK FOR 2022

Benefiting from the positive outlook for the pangasius industry: expectations of exports to the US and the restoration of Chinese market exports in 2H.2022

Expect to have advantages when raw fish prices increase and reduce transportation costs in 2022

TECHNICAL ANALYSIS

ANV is in an uptrend. Technical indicators and abundant trading volume located above the MA20 line both support the stock's gains. Investors can open positions at the support level of 55.6 defined by Fibonacci, take profits at the target price of 68 and cut losses when the stock falls out of the support zone 51.8 defined by Fibonacci.

BUSINESS UPDATE

April's business results continued to grow strongly: revenue reached 433 billion and profit after tax reached 116 billion. Accumulated 4M.2022, revenue and profit after tax reached 1,644 billion and 323 billion, net profit margin reached 19.6%.

Revenue structure by product: frozen pangasius continued to account for the main proportion (~78%), followed by products from pangasius (fish oil, fish grilled chopped fish) accounting for 18%.

Revenue structure by market: Vietnam accounted for the largest proportion (~32%), then Thailand accounted for 16%, China increased again to account for 7%.

	2021	2022	Peer	VN-Index
PE (x)	15.6	27.3	17.8	13.7
PB (x)	1.3	2.9	1.8	2.1
PS (x)	0.9	1.8	0.7	1.7
ROE (%)	6%	12%	10.6%	15.8%
ROA (%)	3%	5%	4%	2.6%

	2019	2020	2021	2022F
Net Revenue	4,118	4,481	3,493	4,311
Gross profit	862	1,043	553	1,510
Profit after tax	604	704	127	875
EPS	5,541	1,590	1,006	6,360
EPS Growth	321%	-71%	-37%	532%

UPDATE BUSINESS RESULTS 4 MONTHS OF 2022

ANV announced its business in April 2022 with impressive results: revenue reached 433 billion and profit after tax reached 116 billion (x4.8 times the same period). Accumulated 4T.2022, revenue and profit after tax reached 1.644 billion and 323 billion, net profit margin reached 19.6%.

Regarding pangasius export activities, BSC continues to maintain a positive view of ANV's outlook for 2022 ([Link previously reported](#)):

+ US market: The company expects that it will begin producing orders in July 2022 and officially exporting to the US market in August. The company is currently finalizing the distribution route (establishing a subsidiary in the US). ANV confirmed that the company competes on quality, with a selling price that is not too low in comparison to the typical export price to the United States. ANV targets a monthly turnover target of 5-7 million USD for the US market (assuming a 12-month export (60 million USD) comparable to 39% of sales in 2021).

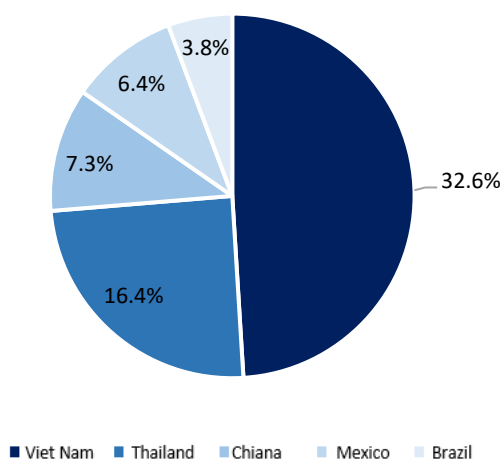
+ Chinese market: Continue to expect China to open up in the near future. In the recent period, the Chinese government's tightening of quarantine measures has made the export of pangasius enterprises to China quite risky: if containers appear Covid-19 virus will be banned from exporting to China for 3 to 4 weeks.

About other business activities:

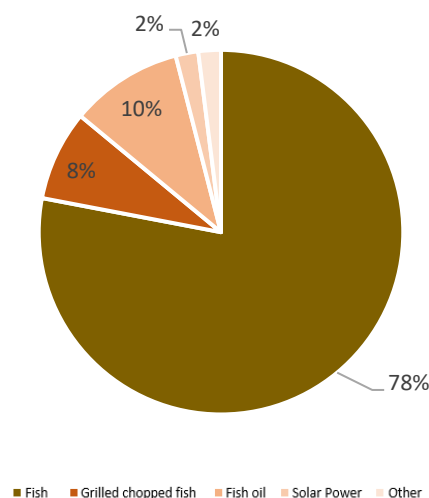
+ Solar Power Project: ANV continues to complete procedures for 3 solar power projects in Binh Phu farming area with a total capacity of 650 kwh. The company operates a solar power project that generates revenue of 111 billion (~3% of revenue in 2021) and gross profit of 101 billion (~18% of gross profit in 2021).

+ Real estate project: In early March, ANV announced the capital contribution to South Vietnam Real Estate Co., Ltd. with a charter capital of 81 billion animals represented by Mr. Doan Chi Thien (member of ANV's Board of Directors). The company said ANV's land fund has low capital prices. ANV expects to announce two real estate projects by the end of 2022 and two more in 2023.

Revenue by country April 2022

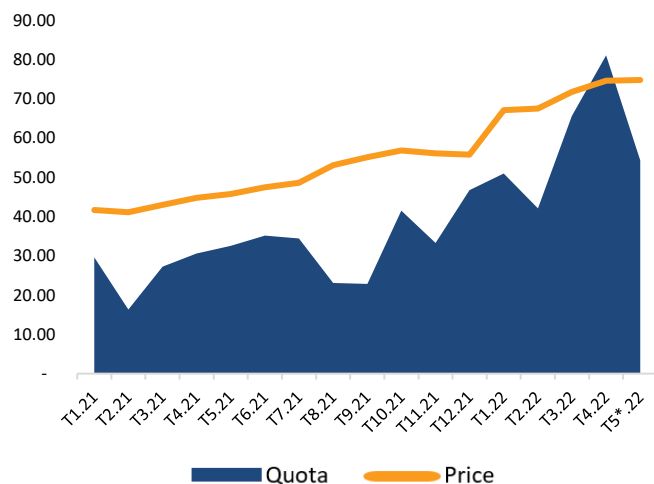


Revenue structure April 2022

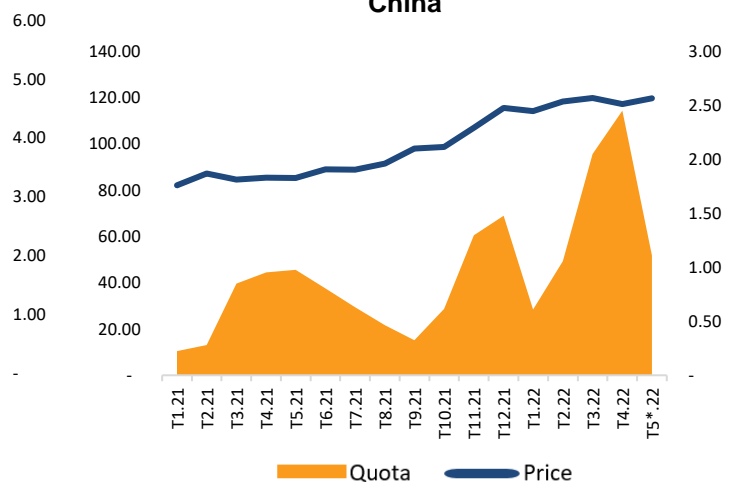


Source: ANV

Vietnam pangasius export turnover to the US



Vietnam pangasius export turnover to China



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source: BSC Research

FORECAST AND VALUATION

Forecast of business results in 2022: BSC expects ANV's revenue and profit after tax in 2022 to reach 4.311 billion (+23% YoY) and 874 billion (5.8 times higher than the same period) based on the assumption:

+ Pangasius segment is about to grow strongly: The average selling price in 2022 will reach 2.9 USD/kg to help gross profit margin increase by 35% (up + 40% compared to [Old report](#))

+ Solar power segment expects light revenue growth of +10% YoY. The BSC assess that solar power revenues are unlikely to spike in the coming years.

ANV's Business Performance Forecast Table

Unit: billion dong	2020	2021	2022F Old	2022F New
Net sales	3,438	3,493	6,858	4,830
Cost of goods sold	(2,953)	(2,940)	(5,449)	(2,800)
Gross profit	484	553	1,409	1,510
<i>Gross profit Margin</i>	<i>14.1%</i>	<i>15.8%</i>	<i>20.5%</i>	<i>35.0%</i>
Net financial profit	(37)	(75)	(79)	(79)
Selling expenses	(185)	(280)	(411)	(345)
<i>Sales cost margin</i>	<i>5.4%</i>	<i>8.0%</i>	<i>6.0%</i>	<i>8.0%</i>
Management costs	(56)	(56)	(103)	(65)
<i>Management cost margin</i>	<i>1.6%</i>	<i>1.6%</i>	<i>1.6%</i>	<i>1.6%</i>
Profit before tax	239	151	834	1,033

Profit after tax	201	127	675	874
EPS	1,588	1,006	5,027	6,485

+ PE method:

PE method	2021	2022F
EPS	1,006	6,360
PE		12.5
Fair value		76,300

+ Discount Cash flow method:

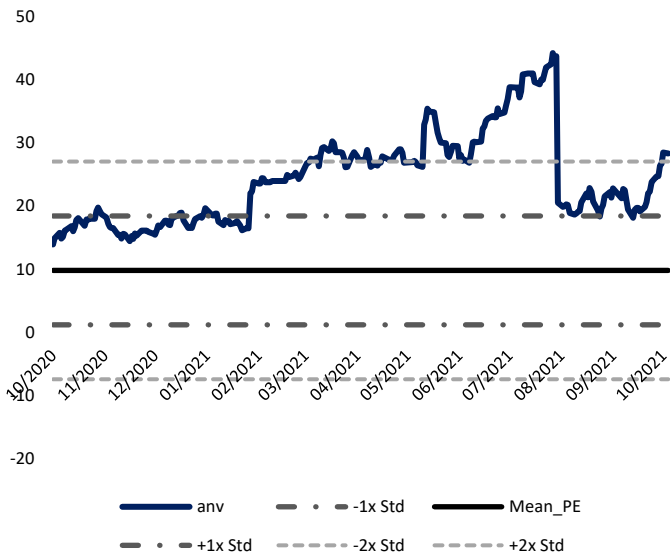
Average capital expenditure	
Rf	6%
Beta	0.8
Quay	1 1.8%
Kd	8%
E/A	60%
Tax	20%
WACC	10.6%
g	6%

	2022F	2023F	Terminal
CFFF	100	357	9,061
EV	10,208		
Debt	2,047		
Equity	8,160		
Number of shares	127,539,625		
Value per share (VND)	63,900		

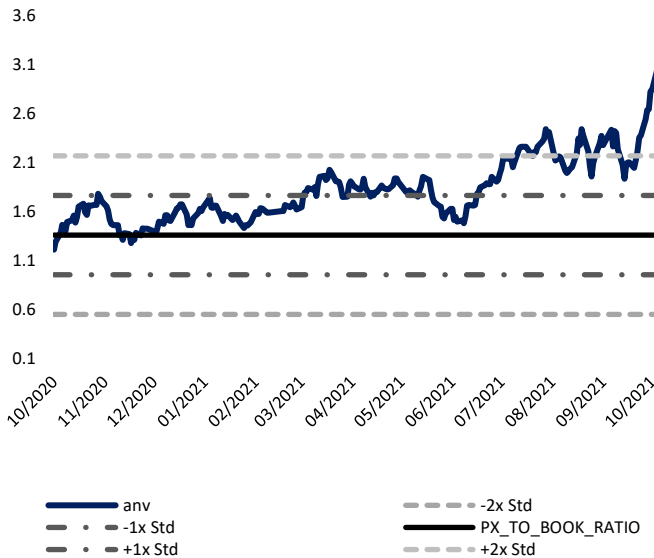
	Price	Density	Average price
FCFE	63,900	60%	38,400
P/E	76,300	40%	30,500
		Target price	68,900
		Current price	56,600
		Upside	22%

BSC maintains its **BUY** recommendation for ANV with a target price for 2022 of **VND68,900** per share, equivalent to 22% of the closing price on 06/06/2022.

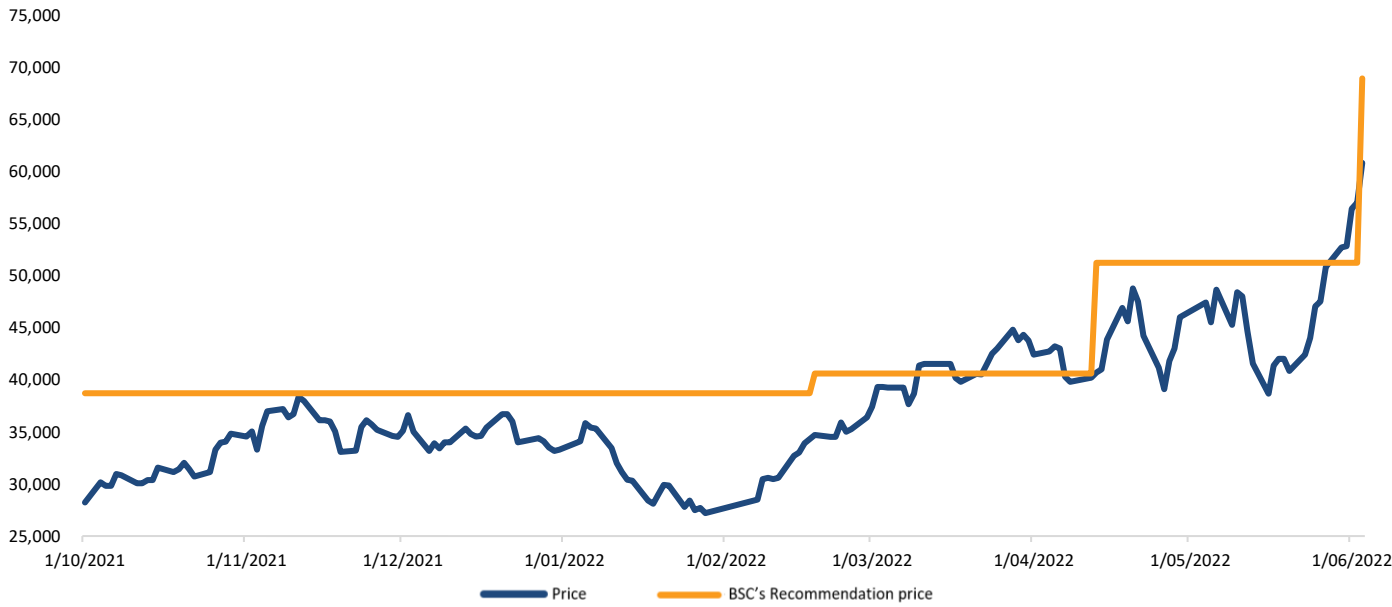
ANV PE



ANV PB



CHANGE OF ANV STOCK PRICE COMPLEX TO BSC's RECOMMENDATION



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