

BUY [+22.4%]

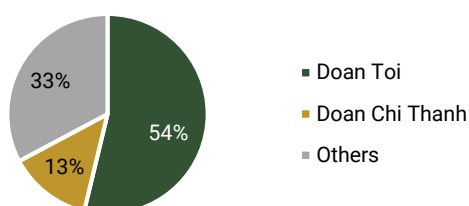
Updated: 18/09/2023

Fair price 44,600 VND
Current price 36,450 VND

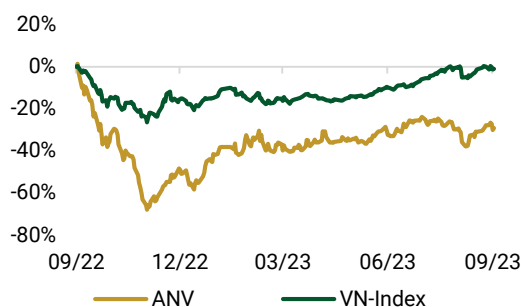
STOCK INFORMATION

Outstanding shares (mil) 133.1
Free float (mil) 40
Market cap. (VND billion) 4,686.1
3m avg. volume (shares) 2,059.3
Foreign ownership (%) 3.93%
First listing date 12/07/2007

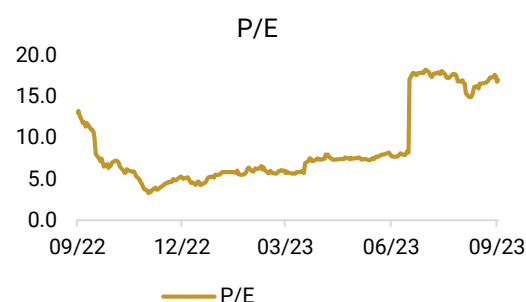
MAJOR SHAREHOLDERS



PRICE MOVEMENT COMPARED TO THE INDEX



HISTORICAL VALUATION



Sustainable competitive advantage from Closed-loop Value Chain

Business results 2Q2023: Ending 2Q2023, ANV reported a less favorable financial results due to a sharp decline in purchasing power in key consumer markets, coupled with rising input costs and continuous price reductions. As a result, ANV's Net Revenue decreased by 17% YoY to VND 1,074 billion. NPAT, in the same period, also saw a significant decline of 121.2% YoY to report a loss of VND 51 billion. In 1H2023, ANV's Net Revenue dropped by 11.3% YoY to VND 2,229 billion, achieving 43% of the 2023 plan while NPAT dragging down by 16% YoY increase in COGS, reported a sharp decline to VND 41 billion (-90.8% YoY). Consequently, the Gross Profit Margin fell significantly to 11.3%.

Investment highlights:

Enhancing the ability to self-sufficiency raw materials and controlling costs by maintaining closed-loop value chain: ANV is one of the few fishery businesses in Vietnam that owns a closed-loop value chain, from breeding, feed production, aquaculture, processing, to distributing the finished products. The ability to be self-sufficient in 30% of fingerlings, 100% of feed, and 100% of raw fish materials contributes to controlling the input cost, the quality of fish and stabilizing the profit margins.

Growth drivers from diversified market structure: ANV is a leading pangasius exporter with an export network to over 100 countries across continents worldwide. Key export markets include China, Thailand, and Malaysia in Asia, the UK and France in EU, and the US, Mexico, and Brazil in America. In the context of increasing political instability which is adversely affecting pangasius consumption, a diverse export market portfolio is an advantage for ANV to minimize the risk of reducing orders.

Long-term growth potential from Collagen Peptide and Gelatin products: ANV is currently deploying the Collagen Peptide and Gelatin (C&G) health care product segment from the Aminavico factory, a joint venture with the South Korean partner Amicogen. In April 2023, Phase 1 of Aminavico was put into trial operation with a processing capacity of 780 tons/year. Due to the ongoing trial phase and declining demand, the plant's capacity utilization rate is still low at 30%. When operating at full capacity, this project is expected to generate annual revenue and profit of USD 36 million and USD 1.5 million, respectively. Following this, Navico and Amicogen will continue to collaborate on the deployment of Phases 2 and 3, increasing the capacity from 780 to 1,200 and 2,400 tons/year. It is expected that the C&G products will contribute to 10% of the group's profits in 2025F.

Valuation and recommendation: Due to the pressure from weakened demand in consumer markets, we cautiously forecast ANV's 2023F Net Revenue to VND 4,855 billion (-0.9% YoY), with a 45.5% YoY decrease in NPAT to VND 367 billion. However, we still have confidence in long-term growth potential and the expectation of recovery in 2024 for ANV due to (1) closed-loop value chain, (2) diversified market structure and (3) long-term growth potential from C&G products. Using the Discounted Cash Flow (DCF) and EV/EBITDA valuation methods, we derive the fair price for ANV at 44,600 VND/share. Therefore, we make **Buy** recommendation for ANV with a potential upside of 22.4%.

Risks: (1) Risk of disease and environmental pollution; (2) Risk of input raw material; (3) FX risk; (4) Interest rate risk; (5) Risk of export market.

Financial Indicators	2019A	2020A	2021A	2022A	2023F	2024F
Net Revenue (billion VND)	4,481	3,439	3,494	4,897	4,855	5,342
Net Profit (billion VND)	704	202	129	674	367	574
EPS (VND)	5,541	1,590	1,013	5,300	2,760	4,313
EPS Growth (%)	15%	-71%	-36%	423%	-48%	56%
Book Value (VND)	18,708	18,300	18,313	22,598	23,137	26,177
P/E	4.1	15.7	32.9	10.9	16.2	10.3
P/B	1.2	1.4	1.8	1.0	1.9	1.7
Cash Dividend (VND)	20%	10%	20%	10%	N/A	N/A