MO
& LLN

April 2030

Fishery Industry Evaluation

Outlook

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Recent sparked in Fishery Industry in Vietnam cause many concerns whether the growth is sustainable. Thus, we identify the answer through 2 main factors: 1) **Macro environment**, and 2) **Industry performance**.

From the result, we conclude that the exponential growth is temporary due to FOMO effect driven from media and F0 investors, and soon will lose momentum in the second half of 2022. Nonetheless, 6% growth at the end of 2022 is forecasted driven by the surge in export demand, due to favorable trade agreement, and the rebound of Vietnam economy will have positive spillover effect for the fishery industry by the end of 2022.

Stock Recommendation: **ANV**

ANV is our top choice within the Fishery Industry based financial indicators and fundamental aspects. Specifically, we recommend the buy level at **37,000 – 43,000 VND** and profit level at **58,000** – **62,000 VND** regarding to our DCF, P/E, and Technical Analysis models.

Disclaimer: Please be advised that the analysis is purely based on subjective view. Invest at your own risk

NAM VIET CORP. (NAVICORP)

Code: ANV | Platform: HOSE | Industry: Fishery

Buy

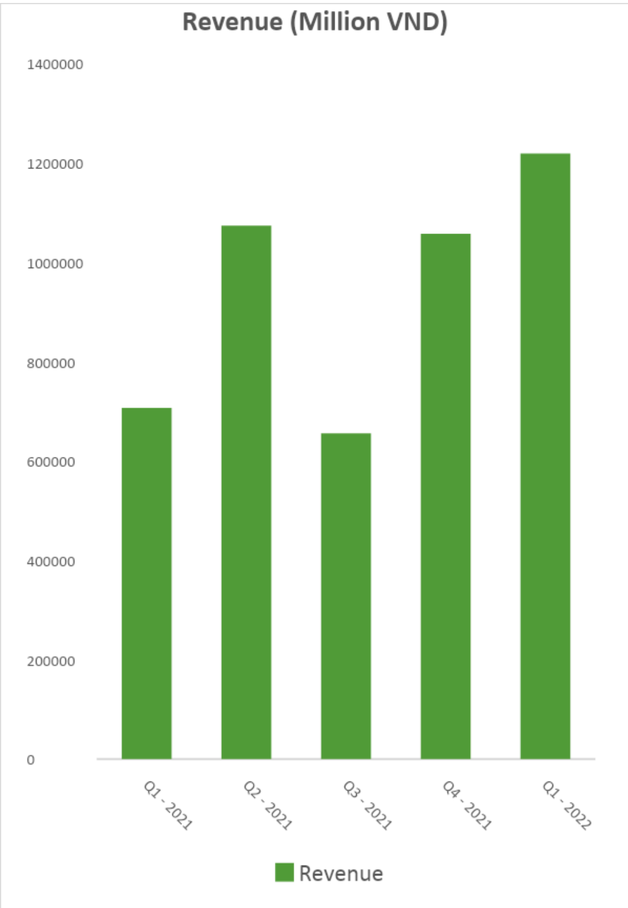
Buy level: (29/6/2022)
- 44,000 VND
- 38,000 VND

Price target: 58,000 – 61,500 VND
Market price: 51,600 VND

Stock Information

Shares outstanding:	132,122,875
Market cap:	5,561,844,531,250 VND
Foreign owned:	2.5%
IPO:	7/12/2007
Z-Score:	<2.99

Revenue in Quarters



ANV's Highlights:

✔ Profit after tax in Q1 2022 increased 3.8 times more than Q4 2021 Invest in multi-brand companies as branches in various sectors.

✔ Follow lots of standards such as HACCP, GMP, SQF which comply to almost every market in the world.

✔ Closed-breeding environment Of ANV helps them to self-produce in different stages of production which reduce pangasius fish' price 15% lower than the market.

✔ Due to Ukraine - Russian war, oil prices and sanctions applied on Russia led to the price of white fish increase, thus, ANV can take advantage of this to export more to US and EU.

✔ EVFTA - RCEP helps Vietnam's fishing sector to reduce tariffs when export to EU and Asia.

✔ Ally Shanghai Feinglei International Trading helps ANV to penetrate Chinese market for 10 years

- China's "Zero Covid" restricts imported goods to their market which causes problems for ANV.
- IUU Yellow card to Vietnamese seafood exported to EU for not complying IUU regulations. May affect ANV even if they comply with it.
- Focusing more on Exports may lead to problems with exchange rates since the world is in recession stage this problem will be huge.

Stock valuation & recommendation

	We evaluate the true value of ANV is at 58,000 - 61,500 VND through P/E trailing and DCF model valuation. The purchasing level is 37,000 VND – 43,000 VND.

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Part I: Fishery Industry Analysis

1.1 Vietnam Macroeconomic

1.1.1 Overall

Besides the positive outlook that Vietnam's 2022 GDP growth will reach its old peak at 7% based on the rebound acceleration during Q1 and Q2, 5% and 7. 7% respectively (VNA 2022), the effect of COVID-19 on consumer confidence has faded remarkably ever since the reopen of the economy. Thus, CPI increased by 2.64% to the same period last year (Hang 2022) pinpoint that spendings have returned. In addition, the credit growth has expanded 8.15 % indicating the SBV's commitment in providing sufficient capital for economic development (Mai 2022). Although this will have inflationary pressure (especially during the spike in fuel price due to supply shock resulted from Ukraine-Russia war), fully-recovered economy is at top priority as the support packages given during COVID recovery were modest compared to regional countries which could result in losing growth momentum and not achieving the economic target in the next 5 years (Yen 2022).

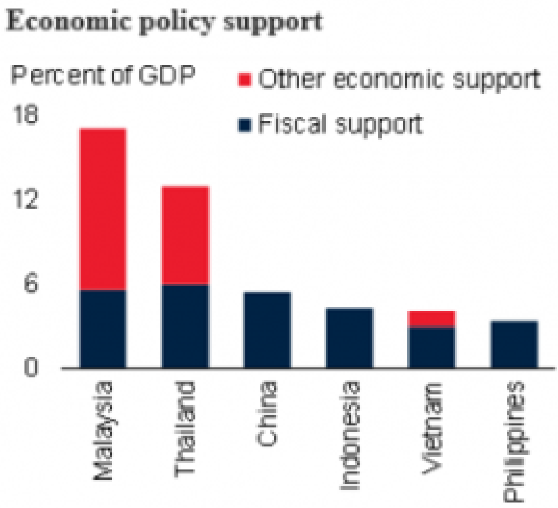

Figure 1*: In comparison to other nations, the amount of support was minimal and mostly took the form of tax and land rental exemptions (Thu 2021)*

Moreover, other factors including the reopen of the economy allows the return of production that stimulate exports and the rally of FDI project participate in reviving the economy. As borders between countries started to fall off, the recent signed RCEP and FTA partake (has signed 15 FTAs with more than 60 partners) play a significant role in Vietnam's economic recovery through boosting trades and improving labors standards (Samuel 2022). Vietnam has been working with APEC member economies to promote regional economic integration in accordance with the APEC Putrajaya Vision 2040, including the future realization of the FTAAP, which involve 21 Pacific Rim nations to have free trade. Also, traveling gradually returning to normal creates favorable environment for investors to survey and carry out investment procedures in Vietnam, which has massive advantage in labor costs and geographical location.

Figure 2*: More investors and FDI projects are attracted to Vietnam's potential growth*

RCEP Partners	Rates with immediate removal	Rates to be eliminated at the end of the roadmap	Maximum roadmap for tariff removal
Australia	75%	98%	20 years
Brunei	76%	98%	20 years
Cambodia	30%	87%	20 years
South Korea	64%	91%	20 years
Indonesia	65%	92%	20 years
Laos	30%	86%	20 years
Malaysia	70%	90%	20 years
Myanmar	30%	86%	20 years
New Zealand	65%	91%	15 years
Japan	56%	82%	21 years
Philippines	81%	91%	20 years
Singapore	100%	100%	0 year
Thailand	66%	91%	20 years
China	68%	90%	20 years

Table 1*: Vietnam to benefit the most from RCEP with high trade and income gains among member countries (World Bank 2022)*

Nonetheless, one of the biggest concerns is about the inflationary pressure. With the gasoline price to soared by 82% since the war, it is expected to have major impact on price level for other commodities such as food (Minh 2022). Thus, forecasted the inflation rate to hit at 5.5%. However, this is the period of loose credit cycle that is essential for the economy reboot. Therefore, the pressure on inflation is needed to maintain Vietnam previous growth momentum prior the pandemic.

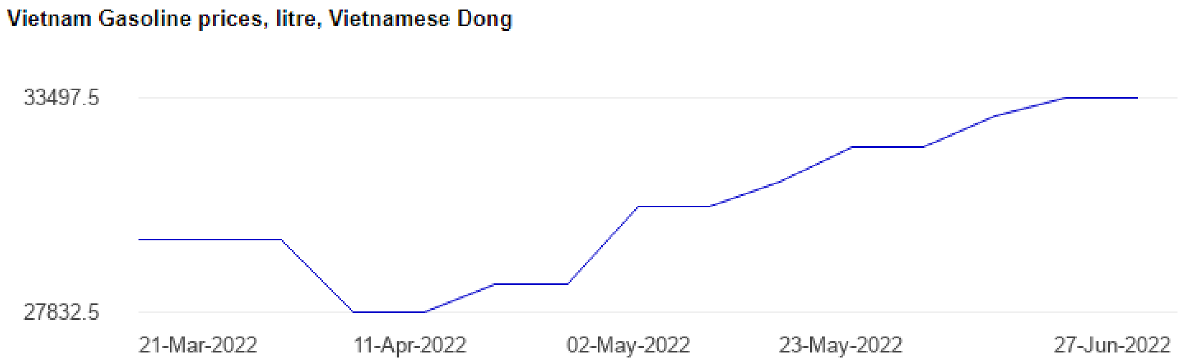

Figure 3: *Supply shock of oil has caused gasoline price to search 82%*

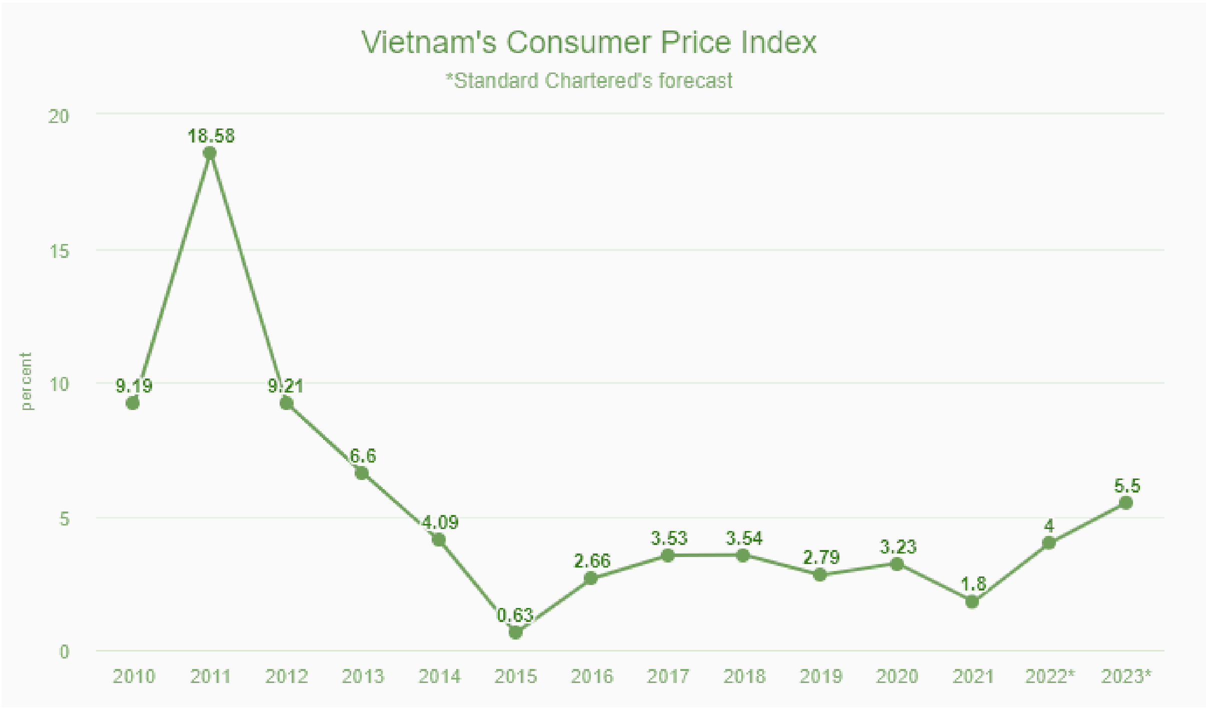

Figure 4: *Amid economic reboot, the consumer price index is forecasted to stay about the 4% target*

1.1.2 Policies

Expansionary Fiscal Initiatives

Continuing lowering VAT for specific industry from 10% to 8%, together with expanding development investment policy: spending maximum VND176,000 billion during 2022 and 2023. Especially speeding 65% for developing infrastructure: traffic, information technology, digital transformation, prevention and control of riverbank and coastal erosion, ensuring lake safety water storage, climate change adaptation, disaster recovery (thuvienphapluat 2022).

Expansionary Monetary Initiatives

Besides lowering the interest rate by 0.5-1%, the government continues to provide support for employers to pay for wages for work stoppage and for restoration of production (thuvienphapluat 2022).

1.2 Vietnam Market

1.2.1 Overview

The recent downside breakout of the VN-Index is due to 3 main reasons: 1) Strong profit-taking pressure on trending industries (such as steel) 2) the cool-down of many large industries 3) together with many negative macro-economic news:

- Vietnam stock market manipulation investigations and tightening bond issuance conditions also weighed on the local stock market
- China strict lockdown causes supply chain disruption
- Russia-Ukraine War cause supply shortage in oil
- All-time peak in US interest rate and other central banks around the world to contain inflation

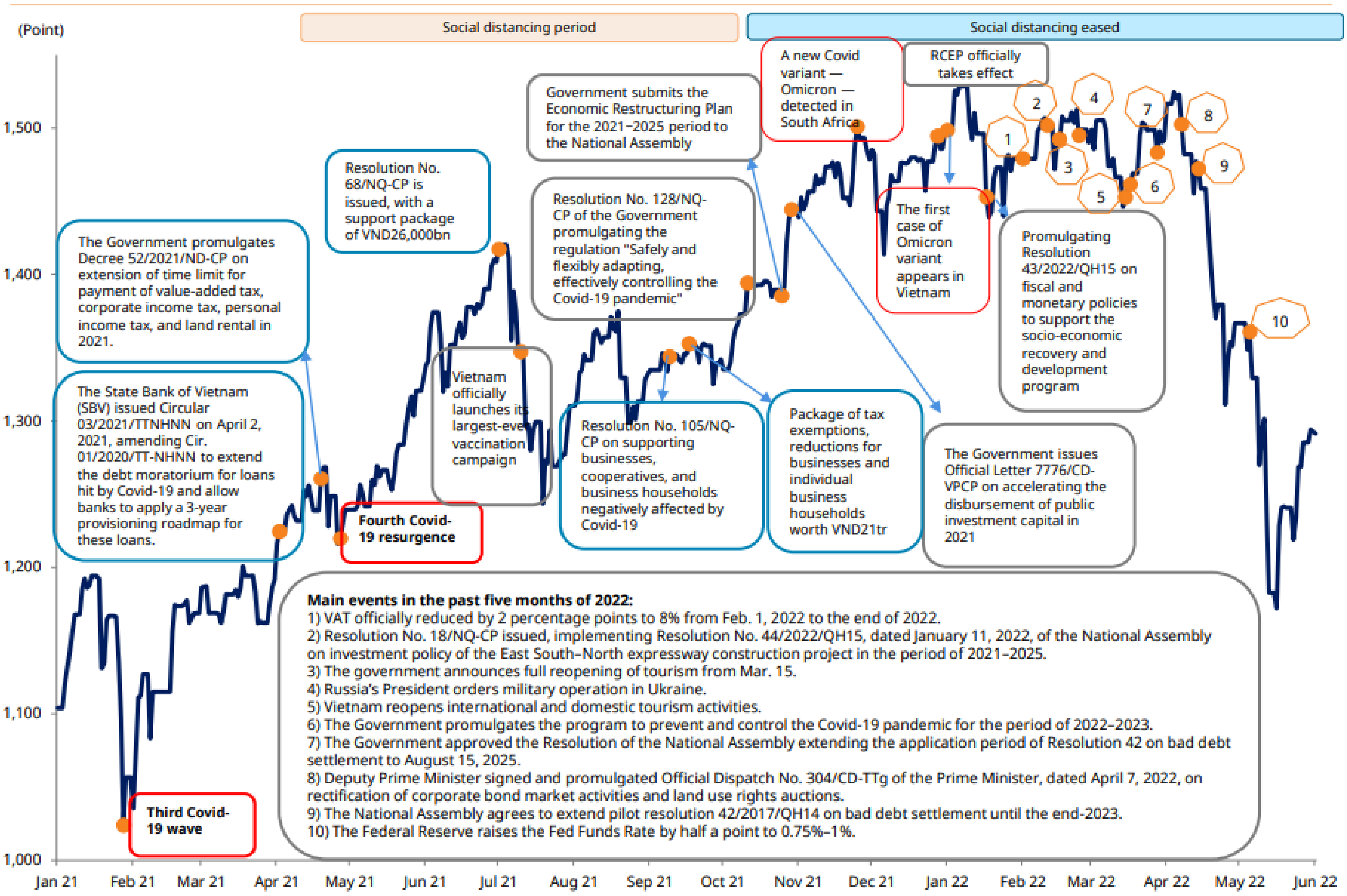

***Figure 5**: VN-Index and Key Driving Events (Mirae Asset 2022)*

These events have caused many investors to lose confidence and is less likely to recover anytime soon, at least not until the market has been stabilized (Nguyen 2022). However, numerous stocks have plummeted and become attractive in relation to their outstanding business results in Q2 2022. In fact, the oversold price of the stock market has caused foreign investors to buy the potential "dip" during the sales month in May. Thus, with the positive macroeconomic outlook, underpriced outperforming corporate fundamentals prospect, along with initiatives for improving transparency are the factors that will maintain the attractiveness of Vietnam stock market.

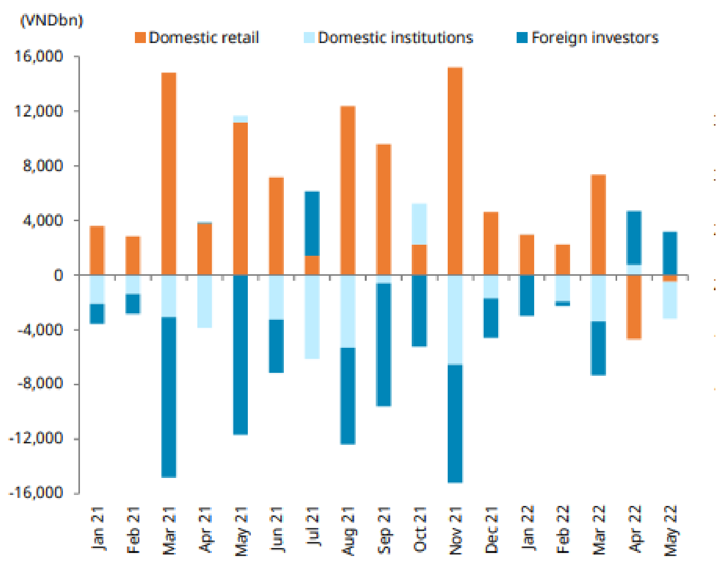

***Figure 6**: VN-Index net purchases by investor type (Mirae Asset 2022)*

1.2.2 Industry Performance

GICS Industry group	Total market cap (VNDbn)	Earnings growth (% YoY)			2022 AGM stats	
		2020	2021	YoY growth	% of total market cap	PBT growth target
Automobiles & Components	9,501	13.2%	0.3%	11.9%	90%	13%
Banks	1,563,909	16.4%	32.1%	31.9%	100%	33%
Capital Goods	260,470	1.2%	19.9%	28.8%	93%	31%
Commercial & Professional Services	5,435	-21.3%	-4.2%	28.0%	95%	1%
Consumer Durables & Apparel	54,544	37.0%	8.7%	37.6%	89%	32%
Consumer Services	7,684	-89.2%	46.6%	168.2%	43%	13%
Diversified Financials	129,453	38.4%	152.6%	29.0%	80%	14%
Energy	78,314	-58.7%	92.1%	-46.4%	15%	-23%
F&B	533,612	-12.1%	28.9%	44.4%	98%	-3%
Health Care	3,198	-37.0%	65.6%	873.9%	63%	5%
Household & Personal Products	1,442	28.7%	-27.3%	-0.2%	100%	7%
Insurance	52,870	28.5%	27.1%	5.8%	26%	-8%
Materials	432,161	56.9%	117.7%	45.8%	72%	-16%
Media & Entertainment	1,517	59.1%	140.5%	108.7%		
Pharmaceuticals	30,480	8.4%	8.0%	31.6%	93%	5.5%
Real Estate	1,143,569	-1.6%	8.4%	-11.9%	98%	12.4%
Retailing	135,525	0.3%	41.3%	19.7%	100%	22.0%
Software & Services	108,005	13.3%	23.8%	37.4%	93%	20.5%
Telecommunication	2,131	-3.5%	38.9%	516.3%	82%	192.7%
Transportation	195,221	-176.2%	-10.9%	94.4%	75%	47.5%
Utilities	361,450	-20.5%	12.0%	54.0%	85%	-23.3%
Total HOSE-listed firms	**5,131,527**	**-0.5%**	**37.6%**	**34.0%**	**92%**	**15.8%**

Source: Mirae Asset Securities (Vietnam) Research, FiinPro data (update as of May. 31, 2022)

***Figure** 7: Total earning growth and growth target by industry in 2022*

After a strong recovery in 2021, earnings growth is expected to be normalized in 2022. As global inflation rises, profit margins are tightened from surging transportation and material costs. Interestingly, F&B industry (include the Fishery sector) depicts to have negative growth rate (-3%) by the end of 2022. Thus, investigation on global and domestic perspective of this industry will be evaluated to better understand the sustainability of Fishery industry in the near future.

1.2.3 Vietnam Fishery Industry Outlook

Global Perspective

Category	Description	Evaluation
International Trade	The effect of RCEP has taken place with immediate effect on Fishery Industry, with 63% of total Vietnam aquatic export is conducted by the RCEP (VNA 2022). RCEP creates a much favorable trade environment with loosen regulation and barriers for exporting to other partner countries: including major aquatic market like Japan, Korea, and China (Chung 2022). In fact, China is a giant market with extreme import surge: $15 billion in 2021, double its 2015-2016 figures (Chung 2022). Besides, Malaysia is another promising market of Vietnam due to its demand for aquatic products derived from religious beliefs. Specifically, total export of aquatic products has surged 40.7% within 4 months of 2022, indicating expansion opportunity for Fishery Industry	Positive
The US Market	Shrimp and Tra Fish earn record high exports to US market. Specifically, Tra Fish export to US increased 130% y-o-y (VNA 2022) due to the announcement of anti-dumping tax POR17, which allow free-trade for Tra fish (HNN 2022). Moreover, the high inflation driven by broken supply chain and Ukraine-Russia war emerged to US has paved the opportunity of rising demand for food, necessity, and seafood (ibid.). However, due to increasing interest rate, the appreciation of VND/USD will affect unfavorable costs.	Neutral
Recovering demand from European market	Tra fish is also an important export to this market having the same reason of exempting anti-dumping tax (HNN 2022). Especially, this action is vital in the current circumstances of	Positive

	European demand recovered from COVID19, having Tra fish export surged by 86.2% y-o-y.	
Russia – Ukraine war	Due to lack of supply of white fish from Russia, Vietnam's tra fish became the nearest substitution, due to competitive price and quality (Thao 2022). However, fishermen are experiencing difficulties in increasing fuel price causing increasing transportation cost. Yet, the aqua-catches volume fell slightly, 0.7% y-o-y.	Positive

Table 2*: Global Perspective Factors*

Domestic Perspective

Category	**Description**	**Evaluation**
Supply Reinforced	Total aquatic production in the first 5 months of 2022 up 2.6% compared to same period last year (Thao 2022). The model of intensive farming of white leg shrimp applying high technology is increasingly developing and bringing efficiency and high productivity (GSO 2022). Having a large production and farming output, when the markets are short of supply, Vietnam is completely proactive in exporting goods, especially to the European, American and Russian markets (Nhung 2022).	Positive
Surge in Demand	According to the Ministry of Agriculture and Rural Development, currently the demand for seafood products in the markets is very high, businesses receive many orders. Therefore, the agricultural sector is directing localities to keep the supply of aquatic materials for processing and export in any circumstances. Thus, indicating the positive demand shock for the fishery industry.	Positive
Recovering demand from reopening F&B services sector	As society return to normal, increasing "eat out" demand has been shown through its revenue increase by 1.5 times y-o-y (Lang 2022). In fact, F&B will continue to grow due to government favorable stimulus policies for the recovery of tourism. In fact, sea tourism in Vietnam is leading the sector, due to country's beautiful beaches and long coastline, thus, Fishery sector will benefit from this recovery (Giang 2022).	Positive

Increasing biodiversity protection initiatives	Increasing focus in providing a suitable condition to protect, conserve, restore and develop aquatic resources while effectively and sustainably exploit fishery products in line with international requirements by 2030.	Neutral
Q3 – Q4 2022, cool down period	The low-cost aquatic stocks in 2021 will be sold out, which, the new harvest supply with the increased in price will started to fill the inventory at the beginning of Q3 2022. Thus, have direct impact on industry profit.	Negative

Table 3*: Domestic Perspective Factors*

1.3 Fishery Industry Evaluation

	2014	2015	2016	2017	2018	2019	2020	2021	2022F
Real GDP growth (%, YoY)	6.0%	6.7%	6.2%	6.8%	7.1%	7.0%	2.9%	2.6%	5.9%
CPI (%YoY)	4.1%	0.6%	2.7%	3.5%	3.5%	2.8%	3.2%	1.8%	3.9%
Credit growth (%YoY)	14.2%	17.3%	18.2%	18.3%	10.7%	13.6%	12.2%	13.6%	13.0%
Change in VND/USD (%)	1.4%	5.1%	1.2%	-0.3%	2.1%	0.5%	-0.2%	-1.6%	2.5%
Export growth (%YoY)	13.8%	8.1%	9.0%	21.1%	13.2%	8.4%	6.5%	19.0%	22.0%
Import growth (%YoY)	12.0%	12.1%	5.6%	20.8%	11.1%	6.8%	3.6%	26.5%	21.0%
Industry growth (%YoY)	5.15%	3.95%	4.41%	6.40%	6.29%	5.53%	2.68%	3.68%	**5.84%**

Table 4: *Economic Dashboard*

1.3.1 Business Cycle

In Vietnam, this cycle is apparently tightened by real GDP growth, CPI, and credit growth (Le et al. 2020). During 2020-2021, the GDP growth, inflation and credit growth has declined, having evidence of a trough due to COVID19. Thus, this event drives a momentum for the 2022 enormous growth.

Correlation between industry growth and Business cycle

According to the past performances, the positive relationship between Industry growth and the Business cycle, having GDP growth represent is spotted.

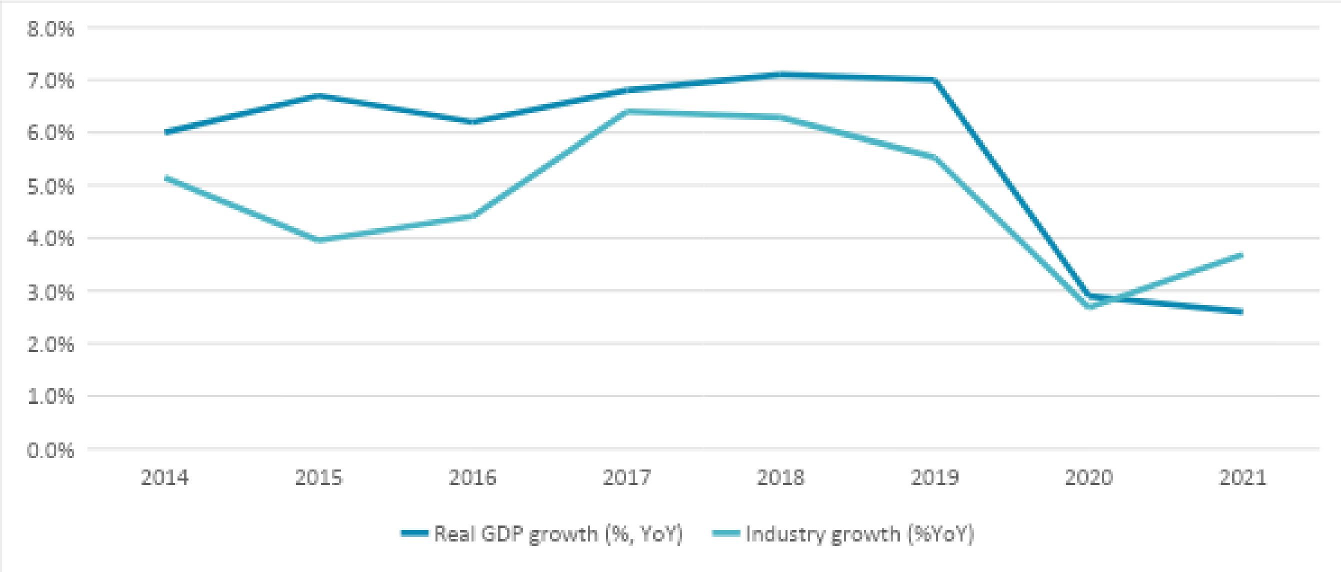

***Figure 8:** Correlation between Vietnam Market and Fishery Industry Growth*

1.3.2 Indicator related to Fishery industry, beside Business Cycle

Change in VND/USD (%)

After a surprising appreciation against USD in 2021, this year, the VND is forecasted to depreciated up to 2.5%, adjusted from the previous forecast of 1% in March 2022, due to the tightening monetary US policy and strengthening USD (VCSC 2022). Apparently, this would directly hurt the fishery industry due to its dependence on exports.

Export growth (%)

However, export growth is forecasted to remain high in 2022, which shall be explained by the deregulation in exporting regulation (tax incentive), and the advantage of the absent of the big exporter: Russia. Thus, this could balance the exchange rate disadvantage and reinforcing the upward trend in fishery industry.

1.3.3 Forecast of industry growth based on those indicators

Wrapping up, the industry growth depends on two main categories: business cycle and export indicators. Thus, we tested the significance of all factors above, and derived the most significance ones (p-value < 0.05) to project the fishery growth in 2022, which are GDP growth, credit growth, change in VND/USD and Export growth. Hence, the **2022 projected industry growth is 5.84%**, according to the regression model built in Appendix 1.

	Q1-2021	Q2-2021	Q3-2021	Q4-2021	Q1-2022	Q2-2022
GDP growth	4.72%	6.73%	-6.02%	5.22%	5.03%	
Industry growth (%yoy)	3.00%	3.30%	-5.20%	2.80%	2%	
Export growth	3.30%	10%	3%	23%	38.70%	36%

Part II: Stock Analysis

2.1 Vietnam Fishery Stock Evaluation

First, we calculate the average percentage changes in 1 year of all the indicators and indexes, from Q2-2021 to Q1-2022. We take the sum of all 4 quarters and divide them by 4 to get the result.

Average % change in 1 year (%)														
		Common Indicators								Operation Outcomes			Important Indicators	
Number	Name	EPS (VND)	P/E (%)	BVPS (VND	ROS (%)	ROEA (%)	ROAA (%)	profit ratio	D/A (%)	Revenue (Million VND)	Profit before tax (Million VND)	Profit after tax (Million VND)	Receivables turnover (times)	Inventory turnover (Times)
1	NGC	418.76	(13.46)	1.17	74.01	1,497.85	1,440.58	74.01	(20.10)	49.00	65.47	65.47	(44.31)	70.23
2	AAM	11.03	(1,983.47)	1.62	141.19	621.23	615.79	141.19	(22.38)	94.76	922.45	923.61	90.41	105.36
3	ICF	36.31	(224.16)	0.97	36.09	157.34	164.58	36.09	(0.86)	6.49	8.64	8.64	16.41	8.08
4	JOS	48.92	47.10	28.26	81.90	38.29	97.41	81.90	(1.22)	(0.46)	65.79	65.79	(11.96)	(10.48)
5	AGF	22.11	(15.31)	(1.80)	292.13	(333.23)	(331.83)	292.13	9.60	35.37	62.12	62.12	37.03	42.04
6	SPD	(7.85)	(764.80)	1.04	(365.07)	(126.13)	(126.15)	(365.07)	1.99	1.82	(312.28)	(312.28)	0.47	2.07
7	KHS	(8.88)	17.57	1.68	(2.18)	80.50	80.21	(2.18)	(7.21)	(2.85)	2.02	2.02	(2.63)	20.67
8	BLF	93.02	51.77	2.13	(775.61)	(295.86)	(300.31)	(775.61)	(2.60)	(2.74)	(870.60)	(870.60)	(7.12)	(1.39)
9	ABT	(8.47)	14.75	(21.97)	200.04	(2.10)	16.50	200.04	3,270.00	25.90	390.21	406.49	8.24	21.65
10	CCA	0.31	(12.89)	4.30	(154.37)	(31.93)	(35.91)	(154.37)	(1.44)	37.24	(192.79)	(172.36)	21.68	41.55
11	TS4	(400.85)	(24.58)	0.68	376.42	96.30	91.67	376.42	1.96	(18.54)	96.02	96.78	(7.78)	(5.56)
12	CAD	(184.09)	48.02	(0.58)	(2.20)	(23.91)	(23.53)	(2.20)	(1.52)	6.83	26.37	26.37	12.02	4.56
13	SJ1	59.39	1.08	0.33	21.07	(60.26)	(59.38)	21.07	1.36	2.92	29.73	34.81	10.21	5.18
14	SSN	33.35	(112.97)	5.86	(13.57)	2.63	2.38	(13.57)	1,869.05	(14.72)	(87.38)	(76.17)	(18.89)	31.41
15	THP	4.49	23.70	2.63	14.31	(51.90)	(47.26)	14.31	(2.29)	(6.56)	8.32	8.05	(3.00)	(0.89)
16	ACL	3.90	5.84	2.58	149.25	26.47	13.15	149.25	(2.05)	3.26	197.54	194.70	8.92	(4.55)
17	HLG	161.82	80.96	(58.66)	152.41	587.98	239.02	152.41	(0.81)	27.24	134.91	149.35	23.38	27.57
18	CMX	(6.73)	33.89	(3.84)	34.59	(29.03)	(32.14)	34.59	(8.02)	(6.90)	6.00	6.46	(17.03)	(22.53)
19	FMC	(7.44)	24.48	0.89	(2.53)	(235.38)	(221.05)	(2.53)	(9.37)	6.93	(4.88)	(3.52)	2.32	0.04
20	ANV	66.67	6.56	0.04	(102.57)	300.00	1,900.00	(102.57)	(2.87)	12.53	(139.16)	(125.21)	15.88	6.82
21	IDI	(15.78)	13.58	(0.33)	206.33	(80.47)	(82.43)	206.33	(2.51)	6.80	205.98	277.89	(0.19)	3.50
22	MPC	122.93	(0.58)	(9.50)	(11.86)	604.15	475.00	(11.86)	(1.81)	14.46	(21.21)	(18.02)	5.64	20.79
23	VHC	28.87	0.02	4.93	17.08	(4.99)	(7.29)	17.08	9.08	12.43	34.79	32.76	(7.24)	6.73
	Average	**20.51**	**(121.00)**	**(1.63)**	**15.95**	**119.02**	**168.22**	**15.95**	**220.69**	**12.66**	**27.31**	**34.05**	**5.76**	**16.21**

***Figure 9**: Average changes of financial items in 1 year (%).*

We then rank each column (an index) with ranks from lowest to highest (1 to 23). For instance, in the EPS (VND) column, NGC has the average changes in 1 year equal 418.76, which is the highest in the column, so it will be given number 1 and TS4 equal -400.85 which is lowest and given number 23.

After repeating the common method, we will calculate the total score for each company. In 23 ranks, only the top 5 highest are scored. Then we used a “rating key” in which top 1 gain 5 marks, top 2 gain 4 marks, top 3 gain 3 marks, top 4 gain 2 marks, top 5 gain 1 mark. For each row (each company), the total score will then be calculated with the sum of that row of all the gain. For instance, the ANV has rank 5 for EPS, rank 5 for ROEA, rank 1 for ROAA, rank 1 for Debt, rank 5 for receivable turnover. So the score of ANV is 13.

Code	Common Indicator	Operation outcomes	Important Indicators	Risk Management	Rating
SSN	4⭐	☆	1⭐	5⭐	10⭐
ACL	☆	4⭐	☆	7⭐	11⭐
CMX	3⭐	2⭐	☆	7⭐	12⭐
FMC	☆	3⭐	☆	☆	3⭐
ANV	7⭐	☆	☆	6⭐	13⭐
IDI	6⭐	6⭐	☆	☆	12⭐
MPC	8⭐	☆	☆	3⭐	11⭐

Table 5*: Rating Mid-cap companies with 4 indicators*

Finally, we rounded up the companies that are classified as mid-cap and the one with the highest rank is the chosen one. From the result, it can be clearly stated that **ANV** is the most suitable one.

2.2 Stock Analysis

2.2.1 Company's introduction

History

- 1993 Nam Viet sole trader establish, mainly in construction sector
- 2000 expand to fish farming sector and become the core sector of the company
- 18/4/2007 IPO successfully with 6 million shares

Target market

The company products are "*pangasius fish in frozen fillet*" and "*fish cake*". The company focus on exporting to different kind of markets such as EU, US, Asia. One of the biggest customers are from China and EU. In 2022, US is expected to be the second largest market for Pangasius.

Projects analysis

Projects	Location	Charter capital (billion VND)	Estimated contribution to company
Collagen & Gelatin factory	Thot Not Industrial Zone – Can Tho	48.4	10% profit
Real estate	Long Xuyen, An Giang	9	Not stated
Nam Viet Solar Company Limited	Long Xuyen, An Giang	180	3% revenue 18% gross profit

Nam Viet Aquaculture Feed Processing Company Limited – An Giang branch	Long Xuyen, An Giang	N/A	N/A

***Table 6**: ANV's projects they are expanding*

After establishing the new aquaculture feed processing plant in An Giang, ANV reduced the charter capital of its real estate company from 81 billion to 9 billion VND, as well as raised that of Nam Viet Solar from 94 billion to 180 billion VND.

ANVs decision to increase charter capital for solar power projects is likely used for completing procedures for 3 solar power projects in Binh Phu farming area, with a total capacity of 650 kWh. The company's current solar power project generated 111 billion in revenue, equivalent to 3% of revenue in 2021 and gross profit of 101 billion, about 18% of gross profit in 2021.

2.2.2 SWOT analysis of ANV

Strengths

- **Second largest** Pangasius fish production and exportation company in the world. This means it can easily expand production and provide more to demanding markets.
- **Profits after tax** in the last quarter (Q1 2022) **have increased 3.8 times** more than the previous one (Q4 2021). This amount is also among the highest in the industry, therefore, indicating that it has great potential to have a higher stock price in the future.
- Pangasius fish, the Company's main product, has an **export value** in the first quarter of 2022 **44.3% higher** than the same quarter in the previous year, proving increasing demand for Tra fish in the international market and potentially more profit.
- **Total debt has decreased** over the last 4 quarters, proving good business outcomes
- The first company in Vietnam's industry to **have closed-breeding environment**. This means it can self-provide all the procedures – from materials to breeding process – which make its product have quality like no others. This also makes the Pangasius fish's price 15% lower than other companies in the industry, which is a big advantage.
- Production follows through lots of **standards like HACCP, GMP, SQF**, which helps the company to export its products to tough markets like European countries. This is a competitive advantage as ANV will have more potential customers than the competitors who have not applied these standards to their production.
- **Multi-brand companies** vary from exploit ore, real estate investment, collagen production, and gelatin. This creates the strength of income from multiple sources, for if there is a threat that one of the branches has an income deficit, other subsidiaries can provide support.
- **Shanghai Feinglei International Trading** helps ANV to penetrate to Chinese market since 2018 for 10 years which helps ANV to have stable income.

Weaknesses

- The material production part has not met up with the demand from the processing part. This is due to low organizing ability compared to the competitors
- The amount of input like chemicals or feeding material comes from importation, which is difficult to control the quality. This could affect the final quality of the product

Opportunities

- Pangasius fish price increased 20-25% compared to 2021. This is due to Covid-19 which Sea fish fishing is being limited by governments and increasing oil prices which leads to price of sea fish increases. According to Vinanet, it is an opportunity for Pangasius fish to have a place on global market. Mr Trần Văn Hùng CEO of Hung Ca limited also commented that export price will reach its peak in late 2022 – 2023. ANV's core industry is farming and processing Pangasius fish. The price increases will lead to **better financial performance and increase stock price.**
- **EVFTA** is a free trade agreement between Vietnam and EU. One of the 2 largest FTA that Vietnam signed. Aquatic products imported from Vietnam will be **100% tariff eliminated in 7 years**. This will make Pangasius fish from Vietnam to EU more competitive. This is good news for ANV since they are qualified to export to these countries.
- **RCEP** Regional Comprehensive Economic Partnership is a FTA among Asia-Pacific. Started in **1/1/2022**. Similar explanations above
- The US and EU have been applying sanctions on Russia which was the biggest supply for white fish meat. Without Russia, Vietnam gets this opportunity and export to not only US and EU but also Russia.

Threats

- **The recent tension between Russia and Ukraine**
  Causing fuel price to increase drastically, hence, the fuel costs to ensure normal fishing activities increased by about 3,776 billion VND/month. 45-50% of fishing vessels, especially offshore ones, stopped running due to the high fuel price, causing the fishing output in May 2022 dropped 0.7% compared to last year.
- **China's "Zero Covid":**
  China's strict regulations on inspecting traces of Covid on imported seafood resulted in many businesses have their products returned and temporarily stopped exporting to the market.
  However, export to China is expected to recover soon because China is still a huge market with high demand due to the population size. By the end of May 2022, the total export value of pangasius to this market reached more than 317 million USD, up 124% over the same period last year. Besides, the consumer demand will increase when Covid restrictions are eased after the pandemic is under control.
- **"The IUU yellow card":**
  On 23/10/2017, the European Commissions (EC) sent a warning to Vietnamese seafood exported to Europe for not complying with the IUU regulations (combating illegal, unreported, and unregulated seafood products). While businesses have tried to avoid IUU fishing activities with the

help from the government, there are still vessels violating the regulations. The situation should be resolved soon, otherwise the EC will not lift the warning, or maybe even increase it to a red card. If a red card is applied, Vietnamese seafood will be banned from the EU market. It is estimated that the fishing industry will lose about 387 million USD/year and have negative impacts to aquaculture such as: reduced prestige or increased pressure of customs inspection.

- **Exchange Rate:**

  The recent tension between Russia and Ukraine has made many people worry that the USD/VND exchange rate of this year will have fluctuations. The appreciation of the US Dollar will make Vietnamese exports more expensive, thus reducing competitiveness in markets outside of the US.

Risk Analysis by Z-Score (see Appendix for calculation)

Z-score in 2020

Z-Score ANV 2020	Value	Rate	Final value
X1	0.092016682	1.2	0.110420018
X2	0.178421954	1.4	0.249790736
X3	0.049571377	3.3	0.163585543
X4	1.252465437	0.64	0.80157788
X5	0.719371214	0.999	0.718651843
Z score			2.044026019
			Z<2.99

***Table** 7: Z-Score of ANV in 2020*

Z-score in 2021

Z-Score ANV 2021	Value	Rate	Final value
X1	0.118683372	1.2	0.142420046
X2	0.191838443	1.4	0.26857382
X3	0.0309874	3.3	0.102258419
X4	1.659103243	0.64	1.061826076
X5	0.717065056	0.999	0.716347991
Z score			2.291426351
			Z<2.99

***Table 8**: Z-Score of ANV in 2021*

The analysis reveals that the Z-Score of ANV in both years were 2.04 and 2.29, which are both in the warning zone. This indicates that the company may become bankrupt. However, the higher score in 2021 shows signs that the company had readjusted to improve is performance. Therefore, we still recommend investing in the company.

Analysis of important indicators

Generally, the Receivable turnover indicators have an increasing overall trend. ANV's receivable turnover increased during Q1/2021 and Q2/2021, decreased during Q3/2021 due to Covid-19, the number of customers pay back to the companies reduced, increased drastically during Q4/2021 (more than double) as businesses came back to normal activity and customers paid their invoices and decreased during Q1/2021.

In overview, it can be stated that the Inventory turnover indicators have an increasing overall trend. ANV's inventory turnover increased during most quarters, except Q3/2021 with a decreasing or remaining trend. This is believed due to the Covid-19 that locked down the whole country which depreciate the number of sales of inventory.

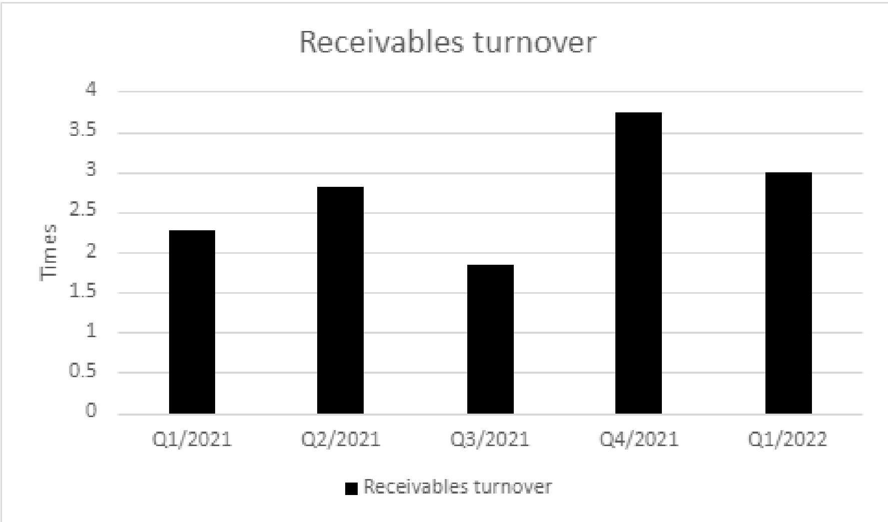

Figure 10*: Receivables Turnover over 5 quarters (times)*

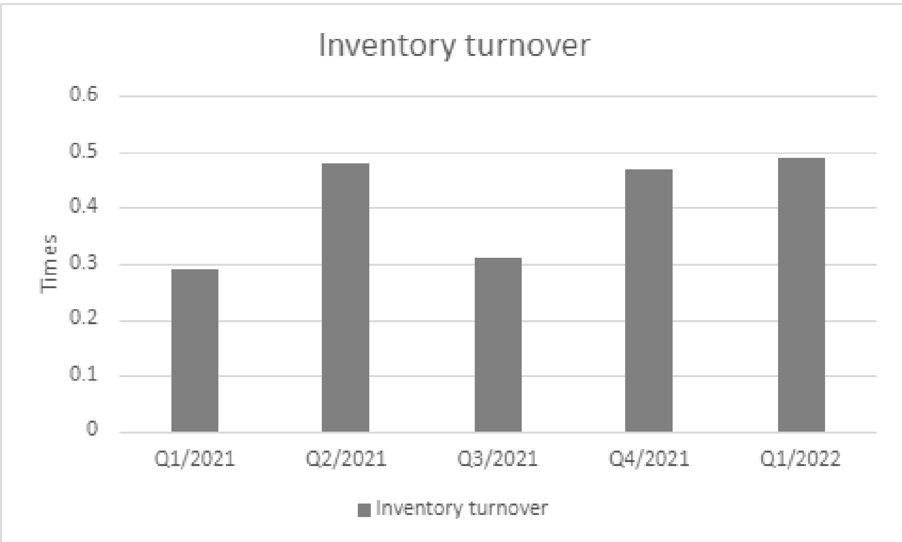

Figure 11*: Inventory Turnover over 5 quarters (times)*

2.3 ANV Valuation

2.3.1 DCF model

We use the DCF model to estimate the value of ANV based on predictions of its future cash flows.

Simple WACC:

1. **Debt & Equity Ratio**

	2022	2023	2024	2025	2026
Total equity (E)	2,766,874	2,769,105	2,771,344	2,773,592	2,775,850
Total Liabilities (D)	2,770,191	2,928,148	3,086,113	3,244,085	3,402,065
Total Asset (V)	5,537,065	5,697,252	5,857,457	6,017,677	6,177,915
Equity Ratio (E/V)	50.03%	48.60%	47.31%	46.09%	44.93%
Average Equity Ratio	**47.39%**				
Debt ratio (D/V)	50.03%	51.40%	52.69%	53.91%	55.07%
Average Debt Ratio	**52.62%**				

Table 9: *Debt & Equity Ratio of ANV (Unit: Million VND)*

2. **Cost of debt**

	2022	2023	2024	2025	2026
Interest Expense (IE)	87,209.782	94,055.203	102,013.080	111,151.897	112,010.735
Total Liabilities (D)	2,770,191	2,928,148	3,086,113	3,244,085	3,402,065
Cost of Debt (IE/D)	3.15%	3.21%	3.31%	3.43%	3.29%
Average Cost of Debt	**3.28%**				

Table 10: *Cost of debt of ANV (Unit: Million VND)*

3. **Cost of equity**

Market rate of Return	10.00%
Risk Free	9.26%
Beta	1.4
Cost of Equity re	10.30%

Table 11: *Cost of equity of ANV (%)*

4. **Simple WACC calculation**

Debt ratio (D/V)	52.62%
Equity Ratio (E/V)	47.39%
Cost of Debt (IE/D)	3.28%
Cost of Equity re	10.30%

Corporate Tax (tC)	20%
WACC	6.2591%

Table 12: *WACC calculation of ANV (%)*

DCF

Discounted cash flow	1	2	3	4	5	Terminal value
	2022	2023	2024	2025	2026	
Cash Flow	112,246	62,613	139,870	344,461	676,941	15,454,449
Discount factor	1.06	1.13	1.20	1.27	1.35	1.35
PV of Future Cash Flow	105,634	55,454	116,581	270,194	499,713	11,408,363
WACC	6.26%					
Perpetual Growth	1.80%					
Value as of December 31st, 2022	12,455,939					
Shares Outstanding	132,122,875					
Stock Price	**94,275**					
Forecasted Stock Price (-20%)	**75,420**					

Table 13: *DCF model of ANV (Unit: Million VND)*

Using the DCF model, we estimate the price for ANV stock is **75,420 VND**.

2.3.2 P/E Valuation

We used only Trailing EPS and P/E for better valuation since it gives the most up-to-update information on the financial health of the company and can forecast future valuation.

We won't use EPS and P/E after or before other revenue since there is not much difference between them.

Websites	Trailing EPS	Trailing P/E	Valuation (VND)
VietStock	1.013	32.88	33,300
VNDirect	2.13	25.12	53,500
TVSI	1.013	41.61	42,200
CafeF	2.13	26.3	56,000
VCBS	2.13	25	53,250
TCBS	2.13	22.6	48,100

Table 14: *Summary of Popular Stock Website on P/E Valuation*

The average price of ANV estimated by P/E and EPS is about **47,700 VND.**

Overall, the combination between DCF and P/E valuation, The price of ANV worth **61,500 VND**

2.3.3 Technical Analysis

All analysis will be conducted in 1D timeframe

VN-index analysis

First case: double bottom model

There will be a counter trend after break-out at 1300 or will create another bottom which is called 3 bottom model which may confirm the counter trend.

Second case: V wave model

There is a low chance that V wave will appear and confirm a downtrend in VN-index.

Third case: Triangle-Descending

This model is the strong model showing price will be up at the end of the triangle due to strong demand area.

Evaluation

Overall, third assumption is stronger than others, since the demand area at the Rectangle is very strong since February 2021. Meaning, VN-index may increase back to around 1350 in mid-term.

In short-term, the second case may happen that VN-Index will decrease.

ANV analysis

First case: Head and Shoulders

Since the head and shoulders indicate the counter trend. The price may go down with this strong model.

Second case: 3 bottom model

This model shows the counter trend may happen in the future where prices will increase.

Evaluation

As a result, Since VN-Index as a benchmark is going up which also expected for ANV to go up in mid-term second assumption will be used.

In short-term the first case will happen and decrease the price.

Select price level to buy

We use Ichimoku cloud to find price level destination that if the down trend happens.

We find the demand level by using Kijun-Sen and Senkou-Span B which are the orange and red lines existed as a flat line which shows there is a relatively strong demand. The expected price we should we for is either around 43,000 VND or 37,000 VND.

Recommendation

We should wait for the price to drop to the first level of 44,000 VND and then wait to increase back to area **58,000 – 62,000 VND from Ichimoku and our valution above.**

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Appendix

Appendix 1: Process of deriving the forecast industry growth

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.99873538
R Square	0.99747236
Adjusted R Square	0.99410217
Standard Error	0.00100748
Observations	8

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	4	0.001201644	0.00030041	295.969238	0.00031722
Residual	3	3.04502E-06	1.015E-06		
Total	7	0.001204689			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.01184083	0.00221708	5.34073074	0.01283516	0.00478509	0.01889656	0.00478509	0.01889656
Real GDP growth (%, YoY)	0.76803041	0.027335789	28.0961495	9.8981E-05	0.68103573	0.85502509	0.68103573	0.85502509
Credit growth (%YoY)	-0.1233805	0.014498794	-8.5097067	0.00340838	-0.1695221	-0.0772388	-0.1695221	-0.0772388
change in VND/USD (%)	-0.2017852	0.028351694	-7.1172168	0.00570828	-0.2920129	-0.1115574	-0.2920129	-0.1115574
Export growth (%YoY)	0.10142719	0.008732358	11.6150979	0.00137067	0.07363693	0.12921745	0.07363693	0.12921745

Table xx: *Regression Model deriving the relationship between 4 indicators and industry growth*

<u>Note: This model excludes the insignificant indicators (P-value > 0.05)</u>

Equation:

$$Industry\ growth \approx 0.011 + 0.768 \times real\ GDP\ growth - 0.123 \times credit\ growth - 0.201 \times change\ in \frac{VND}{USD} +$$

Appendix 2: Z-score calculation

There are three Z-Score for different type of company to evaluate.

Z-Score: Manufacturing company and on the stock market

Z'-Score: Manufacturing company and not on the stock market

Z''-score: non-manufacturing sector and on the stock market

We use Z-Score to evaluate the company's risk because the company is in Manufacturing sector and officially on the stock market.

2.99 < Z: safe zone, company is not going to be bankrupt

1.81 < Z < 2.99: Warning zone, company has chance of being bankruptcy

Z < 1.81: Red flag, the company is likely to bankrupt

Formula:

Z = 1.2X1 + 1.4X2 + 3.3X3 + 0.64X4 + 0.999X5

X1: Working Capitals/Total Assets)

X2: Retain Earnings/Total Assets

X3: EBIT/Total Assets

X4: Market Value of Total Equity / Book Values of Total Liabilities

X5: Sales/Total Assets