

ANALYSIS REPORT

Recommendation	BUY
Target price	12,000 VND
Present price	7,100 VND
Length of time	1 - 2 years

Advisory Opinion: We advise investors to buy AVF at the target price 12,000 VND/share. We should keep them about 1-2 year.

Key financial figures	2011	2012	2013F	2014F
Revenue(bil VND)	1,863.53	1,873.12	1,686	4,070
+/- yoy (%)	17.43%	0.51%	-9.99%	141.40%
Net profit (bil VND)	61.37	32.31	26.4	70
+/- yoy	-24.19%	-47.35%	-18.29%	165.15%
Total Asset(bil VND)	1,890.92	1,659.86	1,800	2,068
+/- yoy	24.36%	-12.22%	8.44%	14.89%
Equity (bil VND)	390.03	439.12	480	547
+/- yoy	9.31%	12.59%	9.31%	13.96%
Liabilities/ Total Asset	79.37%	73.54%	73.33%	73.55%
Gross profit margin	16.82%	15.63%	20.00%	25.00%
After tax profit margin	3.29%	1.72%	1.57%	1.72%
EPS (VND)	1346	2527	0.97	1.62
ROA	3.25%	1.95%	1.47%	3.38%
ROE	15.73%	7.36%	5.50%	12.80%

DEPARTMENT OF ANALYSIS &
INVESTMENT
APEC SECURITIES ., JSC

Analyst:

Do Thanh Hang
hangdt@apec.com.vn

Hanoi, January 6, 2014

APEC SECURITIES ., JSC

Address: APEC Building, No. 14, Le Dai Hanh Street, Hai Ba Trung Ward, Hanoi
Tel : 04.35730200 Ext: 692
Fax: 04.35771966

Highlights:

- ❖ Viet An Joint Stock Company (Anvifish) is one of TOP ten biggest companies in exporting Pangasius Hypophthalmus of Vietnam. It has large market in America and Europe.
- ❖ According to the VASEP, 2012 is a difficult year with Vietnam fishery but Anvifish continued to expand the market, its export turnover reduced slightly, gain 77.9 million USD. Anvifish was the fourth biggest company in export turnover, accounted for 4.74% market share.
- ❖ Anvifish's profitability ratios (2008-2010) were always higher than the average of this sector. This shows the development ability and overcome the crisis of Anvifish.
- ❖ In March 2013, U.S. Department of Commerce (DOC) announced the final result of the 8th administrative review on anti-dumping tax (POR 8) (period 1/8/2010 -31/7/2011). Accordingly, Anvifish tax rate will increase up to 1.34 USD per kg, while it was only 0% in 2008. VASEP with Anvifish and other Vietnamese catfish exporters filled a petition to the US Court of International Trade (CIT) over the final decision of DOC's POR8. The lawsuit is expected to take 2-3 years. So that Anvifish's business activities will be not affected by this tax rate in this time.
- ❖ Anvifish's board of directors also anticipated the possible risks of applying the US anti-dumping tax so they had the plan to diversify the market in early 2013. Accordingly, Anvifish expanded the market in Eastern Europe and Australia and found new importers.

OVERVIEW

Basic information	
Price on 06/01/2014 (VND)	7.0
EPS trailing (VND)	1.61
P/E	4.30
Book value /share (VND)	16.41
beta	1.33
Average 10 days matching trading volume	198,919
Outstanding shares	27,960,000
Market capitalization (billion VND)	192.92

Viet An Joint Stock Company (Anvifish Co.) which has the forerunner was An Giang – Basa Limited Company was established in 8/2004. Its head-quarter is at Long Xuyen city, An Giang Province. In 12/2004, it was renamed Viet An Limited Company. In 2/2007, it was converted to a joint stock company with the initial charter capital 50 billion VND. In 2008, the company increased the charter capital up to 150 billion VND through the private placement. In 2010, the company increased the charter capital up to 225 billion VND through issuing stock.

AVF is officially listed on HOSE on 23/11/2010. In 2012, Anvifish increased the charter capital up to 279.6 billion VND through issuing shares to the public.

Currently, in the term of shareholders structure: Mr. Luu Bach Thao holds 3,000,000 shares (10.73% stake), Far East Ventures LLC (Mr. Daniel Yet is the representative) holds 2,400,000 shares (8.85% stake).

In 12/2013, Anvifish announced that it will issue 15,378,000 shares, in which 1,398,000 shares are bonus shares given to the employees through option program for the employees, 13,980,000 shares will be issuing for existing shareholders with the ratio of rights 2:1. The total fund raised will supply the working capital for production and develop 2 farms Binh Thuan and Phu Thuan. Selling price will be 5,000 VND/ share.

THE BUSINESS

Field Operations

Anvifish's activities are in the field of mining, farming, processing and exporting seafood. The key products are many types of Pangasius fillet, breaded fish, skewered fish, sea bass, goby. In particular, the types of Pangasius fillet accounted for over 98% of output and export volume.

Anvifish exports to the 2 main markets America (accounts for over 70%) and Europe (accounts for over 20%). In 2013 and the future, Anvifish had the strategy to diversify the markets, expand the market to Eastern Europe and Australia and also find new importers in Europe.

Prospect of Fishery

Since Vietnam joined the World Trade Organization (WTO), seafood export of Vietnam constantly achieve the positive export turnover and growth. Specifically, seafood export reached nearly 3.4 billion USD in 2006, achieved the high growth of 22.6%. In 2007, the figure was 3.76 billion USD, increased by 12.1% compared to the previous year. In 2009, due to the impact of the world economic crisis, the export turnover reached 4.25 billion USD, declined by 5.7%. In 2010 and 2011, seafood export improved with the export turnover and the growth reached 5.02 billion USD, 18% and 6.11 billion USD. 21.8%. In 2012, the export turnover reached 6.09 billion USD, went down slightly by 0.4% compared to 2011.

In the third quarter of 2013, the seafood export turnover gained over 1.9 billion USD, increased by 17.4% compared to the same period in previous year. In early 10 months 2013, the seafood turnover reached 5,481 billion USD. In which, shrimp export turnover jumped continuously from the second quarter, because the world shrimp supply reduced and shrimp import price increased. In early 9 months 2013, shrimp export turnover reached over 2 billion USD. While shrimp went up reasonably, catfish export went down because the demand has not recovered. Catfish export turnover was 1.3 billion USD in 9 months 2013, decreased by 1.4%, and continued to go down by over 6% in October. In which, two biggest export market, America which accounts for 45% rose slightly by 2.2% and Europe fell by 11.2% compared to the same period.

Faced with the difficulty of exporting pangasius, Vietnam Association of Seafood Exporters and Producers (VASEP) has written to the Ministry of Agriculture and Rural the 83/2012/VASEP-VPDD in which they proposed 5 measures to reduce hard difficulties of farming, processing and exporting pangasius. The Ministry of Finance is finalizing draft of Decree No. 75 of the Government on investment credit and export credit. Accordingly, businesses demand loans to buy feed for aquaculture export can borrow 85 % value of the total demand for animal feed according to the plan was evaluated and approved by the Vietnam Development Bank. The State Bank of Vietnam also has directed five state-owned commercial banks to consider rescheduling debts and making new loans for aquaculture enterprises with

suitable interest rates (currently a maximum of 9%/year). These efforts of the Government hope to reduce the difficulties of the pangasius industry in 2014.

Exporting pangasius has more difficulties than exporting shrimp. However, the pangasius produced with good qualities are popular in the fastidious markets, especially Europe. For instance, in Germany, the pangasius is ranked fifth among the most popular seafood products. In Belgium, Greece and Latvia, pangasius import production and consumption continues to increase. According to FAO, seafood consumption per person in Europe is estimated to go up from 22 kg/person/year to 24 kg/person/year. Therefore, in the coming years, Europe continues to be an important market in importing seafood in general and pangasius in particular. We can see that Vietnam still has potential to achieve the high pangasius export turnover in the coming years.

Company's position in the industry

Starting from 2010, Anvifish always has been one of the TOP 10 biggest enterprises in exporting seafood in Vietnam. In 2012, although fishery industry had many difficulties, Anvifish still ranked fourth in export turnover. In 6 months early 2013, Anvifish ranked sixth in export turnover. The three biggest competitors are Vinh Hoan, Hung Vuong, Agifish.

Growth Speed

Unit: billion VND	2009	2010	2011	2012	TTM Q3
Net Revenue	1221.19	1586.94	1863.53	1873.12	1586.04
<i>Net Revenue Growth</i>	37.30%	29.95%	17.43%	0.51%	-15.33%
Profit after tax	74.87	80.95	61.37	32.31	27.08
<i>Profit after tax Growth</i>	909.03%	8.12%	-24.19%	-47.35%	-16.19%
Total asset	1089.09	1520.55	1890.91	1659.86	1651.18
<i>Total asset Growth</i>	56.54%	39.62%	24.36%	-12.22%	-0.52%
Equity	178.26	356.8	390.03	439.12	458.8
<i>Equity Growth</i>	57.21%	100.16%	9.31%	12.59%	4.48%

Anvifish's profit after tax is estimated to decline by over 10% in 2013. In the third quarter 2013, the revenue reached 372.46 billion VND, reduced by 73.68 billion VND (16.51%), profit after tax reached 5.99 billion USD, reduced by 7.34 billion USD (55%) compared to the same period in 2012. In 9 months early 2013, accumulated profit reached 20.31 billion USD, reduced by 11.38 billion USD (35.91%) compared to the same period in 2012. Anvifish's revenue went down because the export production reduced, cost of goods sold/revenue increased slightly from 84.75% to 86.04% compared to the same period in 2012. This was consistent with the general difficult situation of Fishery in 2013, especially in processing and exporting pangasius. While many Fishery companies suffered losses or even went bankrupt, the fact that Anvifish still had profit showed its great efforts.

From 2009 to 2011, revenue and profit of Anvifish always had reasonable increase. Besides, its export turnover also grew, in particular: in 2010, the export turnover reached 67.4 million USD, in 2011 reached 80.1 million USD, in 2012 which was a very difficult year with the Vietnam Fishery but the export turnover only went down slightly, reached 77.9 million USD; 6 months early 2013, its export turnover reached 27.8 million USD, ranked sixth in the pangasius export turnover in Vietnam. This showed the great efforts of Anvifish in maintaining the stable pangasius export turnover, especially in the difficult situation of fishery.

FINANCIAL ANALYSIS

Key Financial Figures

Unit: billion USD	2009	2010	2011	2012	TTM Q3
Liquidity ratios					
Current ratio	0.92	1.15	1.09	1.09	1.12
Quick ratio	0.54	0.83	0.78	0.66	0.60
Cash/Current Liabilities	0.08	0.03	0.05	0.02	0.02
Capital structure					
Long-term loans/Total Asset	0.01	0.07	0.005	0.002	0.001
Total loans / Total Asset	0.64	0.61	0.67	0.64	0.65
Liabilities/ Total Asset	0.84	0.76	0.79	0.74	0.71
Assets turnover ratios					
Average collection period	97	122	150	153	130
Inventory period	101	95	91	113	156
Payment period	45	43	28	22	18

Monetary circle	153	174	213	244	268
Profitability ratios					
Gross profit/Revenue	18.9%	19.7%	16.8%	15.6%	15.9%
Net operating/ Revenue	6.8%	5.7%	3.4%	2.1%	2.5%
Profit before tax/ Revenue	6.8%	5.7%	3.5%	1.9%	2.5%
Profit after tax/ Revenue	6.1%	5.1%	3.3%	1.7%	2.2%
ROA	8.4%	6.2%	3.6%	1.8%	4.4%
ROE	51.3%	30.3%	16.4%	7.6%	7.9%

Liquidity ratios

Generally, Anvifish always maintains the payment ability within the safe limit with the liquidity ratios approximately at the field average. This shows that Anvifish always attaches special importance to risk management.

Capital structure

Compared to the field average, Anvifish's financial leverage is quite high. Short-term loans make up majority of Anvifish's loans (over 85% of the liabilities) to supply the working capital for the business. These loans are judged to be low risky. In 2012 and 9 months early 2013, Anvifish also attached special importance to reduce the liabilities to cut costs.

In 2012, AVF increased the charter capital up to 279.6 billion VND so that the debt ratio improved. In particular, the liabilities / equity ratio went down from 3.85 in 2011 to 2.78 in 2012. Until 31/9/2013, Anvifish reduced the liabilities/equity ratio to 2.59. On 5/12/2013, Anvifish announced it will issue 15.4 million shares to the public. Therefore, the debt ratio is estimated to decline in the future.

Bussiness performance

Anvifish's average collection period tends to increase, because the company has the expansionary credit policy for closed customers in the difficult period. However, in 2012, the company had quite large receivables, in which some customers of Anvifish did not make the payment on time due to the impact of the world economic crisis. Anvifish has implemented necessary methods to recover these receivables.

Inventory period tends to go up during 2011-2013. This is suitable with the difficult situation of the Vietnam Fishery, especially exporting pangasius.

Profitability ratios

Anvifish's profitability ratios are quite good during 2009-2010, in particular:

- ❖ In 2009: Anvifish's profitability was much higher than the field average, ROA reached 8.01% and ROE reached 42.48%, while ROA average was 7% and ROE average was 14%.
- ❖ In 2010: While ROA average was 7% and ROE average was 17%, Anvifish had good profitability compared to the companies in the same sector, in particular: ROA reached about 5.32% and ROE reached about 21.73%.
- ❖ In 2011: Anvifish's ROA was only 3.25% and ROE was only 15.73%, lower than field average (ROA average was 8% and ROE average was 20%).
- ❖ In 2012 and 9 months early 2013: Anvifish's ROA and ROE declined compared to the period 2009-2011. The reason of this is that its profit went down compared to the previous year. One another reason is due to the decline of profitability.
- ❖ In general, Anvifish's financial figures in 2012 and 9 months early 2013 were affected reasonably by the difficult situation of economy and business environment in 2012-2013.

EXPECTATION AND EVALUATION

Combination of P/E and P/B methods

We expect Anvifish's EPS will go up to 1,620 VND and the book value will go up to 19,140 VND/ share because its profit is expected to grow in 1-2 years. P/E average and P/B average are expected to be approximately 7.24 and 0.64.

Unit: VND

Stock	Floor	Price	EPS	P/E	P	BV	P/B
AAM	HSX	14.9	1.4	10.6	14.84	25.74	0.58
ACL	HSX	9.5	1.4	6.8	9.52	14.45	0.66
AGF	HSX	20	2.8	7.2	20.16	26.66	0.76
ANV	HSX	8.9	1	9.3	9.3	21.19	0.44
ATA	HSX	3.9	0.5	7.9	3.95	12.89	0.31
HVG	HSX	24.8	3.9	6.4	24.96	19.17	1.30
IDI	HSX	7.4	0.9	8	7.2	14.84	0.49
TS4	HSX	9.4	1.4	6.7	9.38	17.75	0.53
VHC	HSX	23.7	4.5	5.2	23.4	24.23	0.97
AVF	HSX	6.9	1.61	4.3	6.923	16.41	0.42
Field Average				7.24			0.64
EPS and BV forward AVF (VND)			1.62			19.14	
Estimated price (VND)							11.99

Accordingly, we recommend the investors to buy AVF at the target price 12,000 VND/share. We should keep them about 1-2 years.

This report was made by analysts of Asia-Pacific Securities Joint Stock Company (APECS). The contents of this report should only be used for reference. APECS does not have responsibility in using this report.



Issued by: Department of Analysis & Investment – Asia-Pacific Securities Joint Stock Company - APEC

Headquarter:

Address: APEC Building, No.14 Le Dai Hanh Street, Hai Ba Trung Ward, Hanoi City

Tel: (84- 4) 3573 0200 EXT: 692

Fax: (84- 4) 35771966

Email: research@apec.com.vn; Website: <http://www.apec.com.vn>