

Vietnam's pangasius exports: signs of recovery?

A gloomy year 2023

Experiencing slack demand from the international market, Vietnam's seafood exports delivered 2.1m tons in volume and nearly USD9bn in value, sliding by 8% YoY and 17.9% YoY, respectively, in 2023. Shrimp and pangasius remained the two largest categories accounting for 37.8% and 20.5%, respectively, of the total value.

Pangasius exports generated USD1.8bn, tumbling by 24.8% YoY (compared to a 20.4% slump in shrimp exports) in 2023. This was driven by a fall in both volume and the average export price due to evaporated demand or switching to lower-priced products as a response to economic difficulties and inflationary pressure in many countries (especially China, the US and Europe – the most important seafood consuming markets), according to Vietnam Association of Seafood Exporters and Producers (VASEP).

Vietnam's pangasius exports	2023	2022	YoY growth
Value (USDbn)	1.8	2.4	-24.8%
Volume (000 tons)	807	874	-7.6%
Average export price (thousand USD/ton)	2.3	2.8	-18.6%

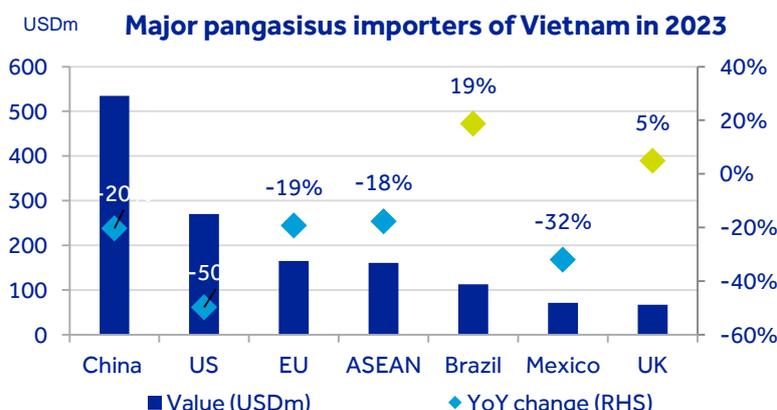
Source: MoIT's newsletters, Agromonitor, ACBS

Furthermore, the result was compared to a high base in 2022 (+46% YoY), when consuming markets propelled imports as supply chain disruption faded and to meet increased consumption post Covid-19, which were believed to lead to high inventories in importing countries. Tension between Russia and Ukraine might also have impaired the whitefish supply from Russia, benefitting pangasius in this period.

Imports of fish fillets and other fish meat, whether or not minced, fresh, chilled or frozen (HS code: 0304) in some countries/regions (USDbn)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023
US	5.5	5.6	6.1	6.7	6.4	6.1	7.5	9.6	8.5
Growth		3.3%	8.9%	9.3%	-4.2%	-5.0%	22.5%	28.2%	-11.1%
EU	7.7	8.3	8.8	9.4	9.3	9.0	10.1	11.2	5.6
Growth		7.8%	6.0%	6.8%	-1.1%	-3.2%	12.2%	10.9%	-50.0%
China	0.1	0.2	0.2	0.4	0.7	0.5	0.4	0.7	0.5
Growth		15.4%	53.3%	91.3%	47.7%	-20.0%	-23.1%	85.0%	-32.4%

Source: <https://www.trademap.org>

In 2023, Vietnam's pangasius exports witnessed double-digit slump in most major markets, including China (-20% YoY), the US (-50% YoY), the EU (-19% YoY), etc. Frozen fillets remained Vietnam's key export product, responsible for c.81% of the export value.



Source: VASEP, MoIT's newsletters, Agromonitor, ACBS

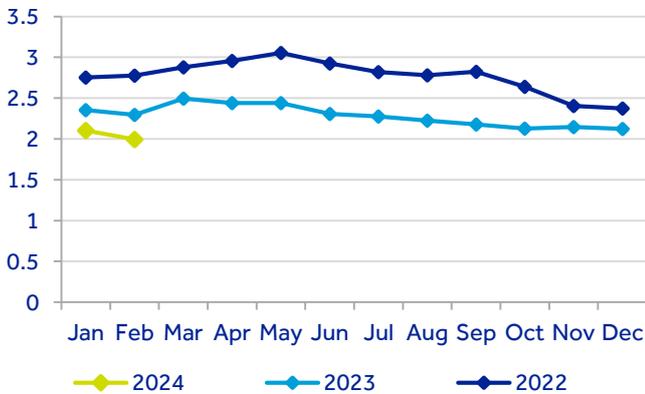
Returning to growth in late 2023 and early 2024

The YoY decline in pangasius export value narrowed over months in 2H2023 and growth returned in Nov-Dec 2023 and 1Q2024. In 1Q2024, Vietnam’s pangasius export value grew by 0.4% YoY (compared to 15.1% YoY growth in shrimp exports and 8.2% YoY growth in total seafood exports), including 6% YoY growth in 2M driven by a 19.3% YoY increase in volume. Details about export prices and volume in 1Q2024 have yet been disclosed.

Pangasius exports in 2023-2024



Average export price (thousand USD/ton)



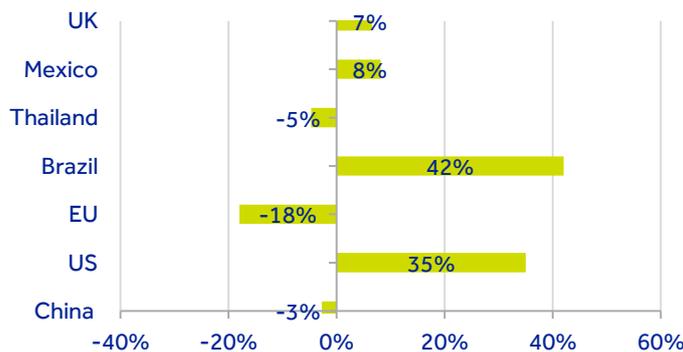
Average export price (thousand USD/ton)



Source: VASEP, MoIT’s newsletters, Agromonitor, ACBS

Growth was recorded in the US (+25% YoY), CPTPP countries (+19% YoY), Brazil (+42% YoY) despite an extended drop in China (-3% YoY), the EU (-18% YoY) in 2M2024. According to VASEP, pangasius export prices to the US and EU hit bottom in the last months of 2023 but have signs of recovery in the first months of 2024, while export prices to China were still significantly lower than that in previous years.

Import value growth of Vietnamese pangasius to some major markets in 2M2024



Source: VASEP, MoIT’s newsletters, Agromonitor, ACBS

Positive signs in late 2023 and early 2024 suggest a bounce for the sector in 2024, fostered by expectations about a better picture for the global economy this year (especially China, the US and Europe) and decreasing inventories. Additionally, in 2023, the US government tightened the ban on importing seafood that originate from Russia. Some predict that this could create an opportunity for Vietnamese pangasius to substitute pollock and cod, two major products that Russia exports to the US. The European Council also announced to remove fishery products originating from Russia from duty-free scheme in 2024-2026.

Nevertheless, there is still caution about how strong the recovery will be in 2024, given that economic difficulties are not forecast to subside drastically in short-term and the average export price is still in a downtrend. Besides, tension in the Red Sea region may cause exporters to face slower delivery to customers and increased transportation costs because of shifting to alternative routes.

According to VASEP, pangasius exports target USD1.9bn (+3.5% YoY) in 2024.

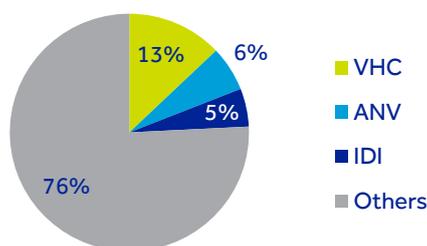
Sector earnings: expected to be bounced back in 2024

Ticker	Net revenue 2023 (VNDbn)	YoY revenue growth	GM 2022	GM 2023	EAT 2023 (VNDbn)	YoYEAT growth	Net debt/Equity	ROE 2023	ROA 2023
VHC	10,039	-24.1%	22.5%	14.4%	950	-52.8%	0.5%	12.0%	7.7%
IDI	7,221	-8.9%	13.8%	7.3%	88	-84.4%	66.8%	2.7%	0.9%
ANV	4,439	-9.3%	27.3%	10.2%	42	-93.8%	63.7%	1.5%	0.8%

Source: FiinPro, ACBS

Despite being the leading pangasius exporters listed on the stock exchange, VHC, IDI and ANV reported sluggish business results in 2023 shadowed by the sector's cloudy picture. Among these, VHC remains the leader in terms of both revenue and EAT –irrespective of a respective slump of 24.1% YoY and 52.8% YoY in 2023 – and other indicators. The company was ranked no.2 and no.3 among the largest Vietnamese seafood exporters to the US and the EU in 2023, while ANV and IDI played as the second and the third largest Vietnamese seafood exporter to China, respectively, in 2023. Entering 2024, VHC witnessed signs of improvement as the company posted 41.7% YoY revenue growth in 2M2024. The company continued to receive a tax rates of 0.00 USD/kg in the Final Conclusion of the 19th Anti-Dumping Tax Administration Review (POR19) for the period from August 1, 2021 to July 31, 2022 for Vietnamese pangasius.

Shares of listed companies in Vietnam's pangasius export value 2023



Source: Agromonitor, ACBS

We currently do not cover these stocks; however, given the industry's better outlook in 2024, they are expected to report decent earnings growth this year. While VHC proposes two earnings scenarios (base case: VND800bn; good case: VND1,000bn), IDI targets 277% YoY EAT growth to VND276bn in 2024. ANV has yet announced its business plan for 2024.

Ticker	Rating	2023 EAT (VNDbn)	2024 EAT (*; VNDbn)	EAT growth (%)	TTM P/E (times)	TTM P/B (times)
VHC	NA	950	800-1,000(**)	-12.9%/+8.8% (**)	19.0	2.1
IDI	NA	88	276	277%	108.7	1.6
ANV	NA	42	NA	NA	40.4	0.9

Source: Bloomberg; (*) companies' business plans; (**) NPAT targets.

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