

AN GIANG FISHERIES IMPORT EXPORT JSC (AGF – HSX)

Unfulfilled targets despite positive growth

Business activities kept growing despite difficulties in the industry although things have not been going quite as planned. By the end of September, Agifish (AGF)'s revenue reached VND 2,348 billion, up by 9% yoy and fulfilling 78% of the Company's annual plan, primarily due to volume growth. 9-month exports were USD 79 million and volume was about 24,500 tons. Although export prices continued to decline during this period, AGF was able to reap a 12-percent gross profit margin thanks to the fact that it self-produces nearly 50% of materials. Net income was posted up 24% yoy at VND 34.2 billion, which completed 40% of the whole-year target.

4Q2013 exports are estimated at USD 26 million and export volume about 9,000 tons. 2013 revenue and NPAT is expected around VND3.146 billion (+ 12.7% yoy) and VND42.8 billion (+25.8% yoy), meaning that Company may outperform its revenue plan by 5% but only finish 50% of profit target. The main reason for this is below-expectation export price driven by dumping acts.

At increasing weight, the United State continued to be the main export market of AGF. In recent years, AGF has been favored by low anti-dumping duties which were about of 0.02 USD/kg in the most recent POR7 and POR8 imposed on Vietnamese pangasius when entering the US market. Besides, a purchasing power decline in the EU has rerouted more exports to the US, levying the portion of this market in total exports to 50%. In 2011 and 2012, the percentage was about 35% and 43%, respectively.

POR9 judgment may hurt. In September, the US Department of Commerce (DOC) announced the preliminary results of its antidumping probe, which imposed a duty of \$2.15/kg on products of Hung Vuong Group (including AGF). The final decision is to be announced in March 2014 but AGF management has already been taking measures to defend their well-being, which includes a legal protest against the sanction and a plan to seek new markets and shift exports to the EU. In our opinion, however, now that AGF has found itself an appellant in the Ninth Antidumping Duty Administrative Review (POR9), it is unlikely that the Company will enjoy lower duty. Sales in the US market, which currently account for over 50% of AGF export revenue, thus should be anything but easy. Meanwhile, any temporary measure to tackle the issue still yields many legal risks.

Particulars(VND bn)	3QFY13	2QFY13	% Chg. (qoq)	3QFY12	% Chg. (yoy)
Net revenue	840.6	861.9	-2%	732.3	15%
NPAT	8.8	8.7	1%	9.4	-7%
EBIT	23.9	(22.0)	-209%	24.9	-4%
EBIT margin	2.8%	-2.6%	541bps	3.4%	-55bps

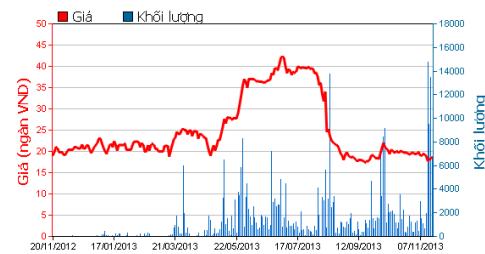
Source: AGF, RongViet Securities' compilation

MONITOR

CMP (VND)	18,600
Target Price (VND)	N/A
Investment Period	N/A

Stock Info

Sector	Fishery
Market Cap (VND bn)	475.3
Shares O/S	25,554,450
Beta	0.4
Free float (%)	20.0
52 weeks High	29,000
52 weeks Low	12,000
Avg. Daily Volume (in 20 sessions)	31,410



Performance (%)

	3M	1Y	3Y
AGF	-15.8	46.5	32.9
Distribution	-3.3	N/A	N/A
HN30 Index	0.6	24.9	26.7
HNX Index	-1.2	31.7	18.3

Major Shareholders (%)

HVG (HSX)	51.4
PAN (HSX)	20.4
SCIC	8.2
Foreigner Investor Room (%)	47.4

Nguyen Dang

(084) 08- 6299 2006 – Ext 318

nguyen.dt@vdsc.com.vn

Outlook

The fishery in general and pangasius sector in particular still face challenges. Unresolved bad debts have led to constant price dumping among pangasius producers, which in turn, has driven export prices downward. As for AGF, the duty of \$2.15/kg may put a cap on the Company's growth prospect in the coming year. We suggest investor watching and wait for further information on the judgment of POR9 as well as commercial banks' involvement in the resolution of bad debts of the fishery companies.

Key financials

Y/E Dec (VND bn)	FY2011	FY2012	FY2013E	FY2014F
Net sales	2,660.2	2,791.5	3,146.0	2,721.3
% chg	56.5	4.9	12.7	-13.5
Net profit	61.9	34.0	42.8	38.5
% chg	46.8	-45.1	26.0	-10.1
Net margin (%)	2.3	1.2	1.4	1.4
ROA (%)	4.0	2.1	2.3	1.9
ROE (%)	9.7	5.2	5.8	4.8
EPS (VND)	4,844	2,657	1,674	1,505
Book value (VND)	50,967	51,229	31,525	31,537
Dividend (VND)	2,000	2,000	2,000	1,500
P/E (x)*	3.8	7.0	11.1	12.4
P/BV (x)*	0.4	0.4	0.6	0.6

Source: AGF Financial statement. RongViet Securities' compilation and estimates. *As of 19/11/2013

BRIEF UPDATE

This report is created for the purpose of providing investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information with the objective which is to determine the reasonable value of the stock at the time such analyses are performed. Through this report, we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedbacks and/or receive more information, investors may contact the assigned analyst or our client support department.

RATING GUIDANCE

Ratings Return Potential	BUY	ACCUMULATE	NEUTRAL	REDUCE	SELL
Intermediate-term (up to 6 months)	>20%	10% to 20%	-5% to 10%	-15% to -5%	<-15%
Long-term (over 6 months)	>30%	15% to 30%	-10% to 15%	-15% to -10%	<-15%

ABOUT US

RongViet Securities Corporation (RongViet) was established in 2007, licensed to perform the complete range of securities services including: brokerage, financial investment, underwriting, financial and investment advisory and securities depository. RongViet now has an operating network that spreads across the country. Our major shareholders, also our strategic partners, are reputable institutions, i.e Eximbank, Satra, Viet Dragon Fund Management, etc... Along with a team of the professional and dynamic staffs, RongViet has the man power as well as the financial capability to bring our clients the most suitable and efficient products and services. Especially, RongViet was one of the very first securities firms to pay the adequate attention to the development of a team of analysts and the provision of useful research report to investors.

The **Analysis and Investment Advisory Department** of RongViet Securities provides research reports on the macro-economy, securities market and investment strategy along with industry and company reports and daily and weekly market reviews.

Network

Headquarter

Address: Floor 1-2-3-4, Viet Dragon Tower, 141 Nguyen Du, Ben Thanh Ward, Dist.1, Tp.HCM

Phone: 84.8 6299 2006 Fax: 84.8 6291 7986

Website: www.vdsc.com.vn

Ha Noi Branch

2C Thai Phien – Hai Ba Trung District
– Ha Noi

Nha Trang Branch

50Bis Yersin - Nha Trang

Can Tho Branch

08 Phan Dinh Phung – Càm Thơ

DISCLAIMERS

This report is prepared in order to provide information and analysis to Rong Viet's clients only. It is and should not be construed as an offer to sell or a solicitation of an offer to purchase or subscribe for any investment. No consideration has been given to the particular investment objectives, financial situation or particular needs of any recipient. The readers should be aware that Rong Viet may have a conflict of interest with investors when does this research. Investors are advised to make their own financial decisions based on their independent financial advisors as they believe necessary and based on their particular financial situation and investment objectives. Rong Viet will not take any responsibility for any loss/damages occurred as a result of using the information herein.

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

The information herein is believed by Rong Viet to be reliable and is based on public sources believed to be reliable. We do not warrant its accuracy or completeness. Opinions, estimations and projection expressed in this report represent the current views of the author as of the original publication date appearing on this report only and the information, including the opinions contained herein, are subject to change without notice.

Copyright 2013 Viet Dragon Securities Corporation. This report shall not be copied, reproduced, published or redistributed by any person for any purpose without the express permission of Rong Viet in writing.

Copyright 2013 Viet Dragon Securities Corporation.