



## 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 defense 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

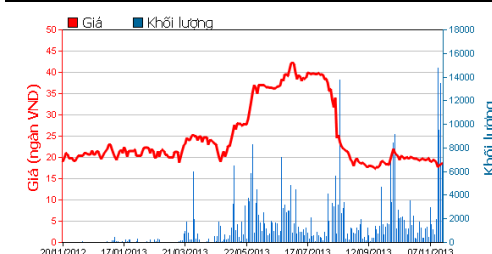
Source: AGF, RongViet Securities' compilation

## MONITOR

<b>CMP (VND)</b>	<b>18.600</b>
<b>Target Price (VND)</b>	<b>N/A</b>
<b>Investment Period</b>	<b>N/A</b>

### 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

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## 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% to10%	-15% to- 5%	<-15%
Long-term (over 6 months)	>30%	15% to 30%	-10% to 15%	-15% to -10%	<-15%

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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

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