



VIETNAM DAILY NEWS



April 24th, 2019

Table of content

Table of content

- 1. Strong demand spurs Vietnam shares**
- 2. VN stocks up on weak bottom-fishing purchases**
- 3. More than 35 million tonnes of cement sold in four months**
- 4. PM Nguyen Xuan Phuc to attend Belt and Road Forum in Beijing**
- 5. Fair treatment guarantees long-term appeal of Vietnam's business environment**
- 6. Q1: FDI sector exports over US\$ 41 bln**
- 7. Largest bio-organic fertiliser plant in northern region opens**
- 8. DPM: Consolidated Net Profit Tumbles 71% YoY to 53.6Bln in Jan-Mar 2019 Period**
- 9. DPM sharply decreased expenses in the first quarter of 2019**
- 10. CTD: Reports VND188.8Bln Consolidated Net Profit in Q1/2019, Down 35% YoY**

Market Analysis

1. Strong demand spurs Vietnam shares

In the morning, rubber producer VHG posted its 25th straight daily rise, from the VND400 on March 18 to VND2,070. This stock has advanced significantly despite its poor business performance from 2016 to 2018.

Except for the strong VHG sell-off, the southern bourse was on a muted note this morning since investors took caution.

Closing the day, the benchmark VN-Index managed to add 2.14 points, or 0.22%, against the previous session at 968 points. Market breadth was positive with 156 gainers and 122 decliners.

The HCMC exchange saw roughly 155 million shares worth VND4.1 trillion changing hands, down 28.4% and up 3%, respectively. Block deals contributed over VND1.6 trillion to the total value.

Among the major stocks, property developer VIC handed the strongest push to the index as it inched up 0.98% at VND113,000 while its associated firm VRE added 2.51% at VND34,700. Gas group GAS picked up 3.31% at VND113,000.

Other large-cap stocks such as lenders CTG and STB, petroleum group PLX, and insurer BVH also made positive contributions to the index.

Construction firm ROS led the market by liquidity with 9.72 million shares traded, and inched up 0.65% at VND31,200.

Foreign investors net sold more than 5.4 million shares worth around VND193 billion in securities firm VCI after VCI shareholders approved lower-than-expected business targets for 2019.

In contrast, these investors net bought over 727,000 STB shares worth some VND8.6 billion.

On the Hanoi Stock Exchange, the HNX-Index rose 0.62% to close the day at 106.29 points, with 89 stocks advancing and 66 others falling. Around 29.5 million shares worth VND370 billion were transacted on the northern bourse.

Among the top 10 stocks by market capitalization, lender ACB recovered with a 1.02% rise to finish the day at VND29,600. Construction firm VCG also made a sharp turnaround, adding 2.29% at VND26,800.

Meanwhile, petroleum technical service firm PVS and building materials manufacturer VGC increased a slight 0.44% and 0.53% at VND22,900 and VND18,900.

2. VN stocks up on weak bottom-fishing purchases

The benchmark VN-Index on the Ho Chi Minh Stock Exchange gained 0.22 per cent to close at 968.00 points.

The VN-Index inched down 0.04 per cent on Monday.

Nearly 155 million shares were traded on the southern bourse, worth VND4.13 trillion (US\$177.5 million).

The market breadth improved in comparison to Monday with 156 gaining stocks and 122 decliners.

According to Thanh Cong Securities JSC (TCSC), trading was cautious on Tuesday as investors were concerned with the market's short-term prospects.

A slight increase in trading liquidity on Tuesday compared to previous days proved investors started scooping stocks up, especially those that had fallen sharply, TCSC said in its daily report.

Insurance-finance, real estate, tech firms, and plastic and rubber producers were the major driving factors of the stock market on Tuesday.

The five industry indices rose between 0.5 per cent and 1.4 per cent, data on vietstock.vn showed.

Large-cap stocks were mixed with the blue-chip VN30-Index ending Tuesday at 878.29 points.

Fourteen of the 30 largest stocks by market capitalisation in the VN30 basket advanced while 11 declined.

Among the 14 gaining large-cap stocks, Sacombank (STB) and PetroVietnam Fertiliser and Chemical Corporation (DPM) jumped 4.3 per cent and 3.8 per cent, respectively.

The two companies' shares had dropped total 4.5 per cent and 6.8 per cent in the previous five trading days.

In addition, oil and gas stocks continued rising as crude prices advanced further on global trade.

Brent crude was up 0.6 per cent to trade at \$74.53 a barrel.

But the slight growth of the VN-Index meant investors were only scanning for stocks' bottom levels, TCSC added.

Investors were not yet willing to make big purchases as bottom-fishing occurred only in some individual stocks, not the whole market, TCSC added.

"It means investors are not confident enough in a strong rebound of the stock market in the short term," the company said.

On the opposite side, seafood processors and consumer staple firms still weighed on the market.

Securities firms also extended losses following their recent lower-than-expected Q1 earnings reports and modest full-year earnings forecast for 2019.

On the Ha Noi Stock Exchange, the HNX-Index grew by 0.62 per cent to finish at 106.29 points.

The northern market index slid 0.23 per cent on Monday.

More than 29.5 million shares were traded on the northern bourse, worth VND370 billion. — VNS.

Macro & Policies

3. More than 35 million tonnes of cement sold in four months

According to the Construction Ministry's Department of Construction Materials, total cement consumption is estimated to hit 9.18 million tonnes in April, equivalent to the same period last year.

Of the figure, about 6.48 million tonnes were consumed on the domestic market, up 0.43 million tonnes month-on-month and up slightly year-on-year.

The Vietnam Cement Industry Corporation alone sold roughly 2.54 million tonnes in April and 8.42 million tonnes in the four months.

In the four months, some 21.65 million tonnes were sold domestically compared to the yearly target of 66-67 million tonnes.

Meanwhile, approximately 2.7 million tonnes were exported during April, down 0.7 million tonnes month-on-month and 2 percent year-on-year. However, four-month cement exports rose annually by 23 percent to about 13.8 million tonnes.

Cement prices in April remained stable compared to the same period last year.

4. PM Nguyen Xuan Phuc to attend Belt and Road Forum in Beijing

According to a press release by the Ministry of Foreign Affairs, the trip will be made at the invitation of General Secretary of the Communist Party of China Central Committee and President Xi Jinping.

According to the National Development and Reform Commission of China, the country's investment in projects related to the Belt and

Road initiative has totalled 60 billion USD since 2013. Most of China's upcoming overseas investments will be put towards the initiative's member nations.

Once completed, the Belt and Road Initiative is expected to create a large economic and trade network, covering a region with 4.4 billion people and a combined GDP of 21 trillion USD.

5. Fair treatment guarantees long-term appeal of Vietnam's business environment

Fair treatment among investors regardless of their nationality would ensure long-term attractiveness and sustainability of Vietnam's business environment, according to economist Pham Chi Lan.

Vietnam is expected to draft the new FDI strategy based on the provision of the same incentives for both FDI and domestic enterprises, Lan said in an interview with the governmental portal.

Under this context, both domestic and overseas investors putting money in Vietnam's priority fields or projects using cutting-edge and

environmentally-friendly technologies would receive the same preferential treatments.

The move, according to Lan, would not impact Vietnam's international commitments, mainly thanks to the widely recognized "national treatment" rule of the WTO, which gives foreign players the same treatment as one country's own nationals have.

Moreover, a fair treatment-based policy would help Vietnam address some pending issues regarding the country's ongoing efforts to attract FDI, Lan added.

Despite the global recognition as one of Vietnam's success stories, Vietnam has not been able to take advantage of technology transfer from foreign capital inflow, she said.

Additionally, the spillover effects from the FDI enterprises to the domestic sector remain modest, while the linkage between the two has left much to be desired.

The new FDI strategy, therefore, would require more from FDI projects, including environmental protection, greater spillover effects and tackling transfer pricing issues, Lan continued.

As of present, FDI remains an essential part of Vietnam's economy, added Lan, saying even the most advanced countries such as the US or Japan pay great attention to their respective FDI attraction policies.

As Vietnam is going through a transitional period to a new phase of development based on technologies and science, FDI plays a key role for the country to create new breakthroughs in labor productivity.

Nevertheless, Lan said Vietnam must be clear on what fields FDI enterprises are allowed to invest

in, which is important to prevent projects with high risks to the economy.

For long-term and sustainable growth, Lan expected Vietnam to maintain FDI policies that ensure a balance for the economy, society and environment. In addition, according to international practices, the host country can reject an FDI project which may pose threats to its security or national defense.

FDI commitments in Vietnam totaled US\$10.8 billion in the first quarter of 2019, the best first-three-month performance to date, and soaring 86.2% year-on-year, according to the Ministry of Planning and Investment.

Additionally, disbursement of FDI projects jumped to US\$4.12 billion in the year to February 20, representing an increase of 6.2% year-on-year.

The data shows that 74 countries and territories invested in Vietnam in the three-month period, with Hong Kong (China) taking the lead with US\$4.4 billion, accounting for 40.7% of total investment. Singapore came second with US\$1.46 billion or 13.5% of total investment, while the third place belonged to South Korea with US\$1.3 billion or 12.2%.

6. Q1: FDI sector exports over US\$ 41 bln

Including crude oil, the FDI sector earned US\$41.46 billion of export turnover, occupying 70.9% of total export volume.

Overseas shipment of the processing and manufacturing industry grew 6.1% in Q1, contributing 83.8% of total export turnover.

Nine commodities earned over US\$ 1 billion of export turnover of which seven gained over US\$ 2 billion of export turnover.

The MoIT reported that in Q1, FDI enterprises engaged in 18 sectors especially the processing and manufacturing industry which absorbed US\$ 8.4 billion, accounting for 77.7% of total registered capital.

On the other hand, in Q1, the FDI sector imported US\$ 33.89 billion of goods, up 6% against the same period last year.

Hence, in the first three months, the sector ran a trade surplus of US\$ 7.57 billion./.

7. Largest bio-organic fertiliser plant in northern region opens

Covering 4 hectares, the plant - the largest of its kind in the northern region - has an annual production capacity of 250,000 tonnes of fertiliser.

The Que Lam Group's General Director Nguyen Thanh Vinh said the plant is developed to meet the rising demand for quality organic fertiliser products in 25 northern provinces and cities. It is also the second plant of his company in Binh Xuyen district.

Minister of Agriculture and Rural Development Nguyen Xuan Cuong described the launch of the plant as good news for the country's farming industry which is under a restructuring process towards a 'green, clean, safe and sustainable' sector.

He called on the Que Lam Group and other firms to accompany the State to overcome current challenges and improve the value of their farm produce in global supply chains.

The Que Lam Group is among the leading firms producing and trading organic fertiliser. It is now

operating eight organic fertiliser plants across Vietnam, providing 500,000 tonnes of products each year.

The company aims to produce 1.5 million tonnes of organic fertiliser by 2020, two million tonnes by 2025 and 3.5 million tonnes by 2035.

Vietnam's agricultural sector uses 11 million tonnes of fertilisers, only 8 percent of which is organic, according to the Ministry of Agriculture and Rural Development.

The ministry said fertiliser plays a key role in farming. Vietnam has 10 million hectares of farmland. Organic production covers only 43,000ha of land which means organic fertiliser has not been widely used.

If each hectare of farmland needs 10 tonnes of organic fertiliser, it is estimated Vietnam needs 100 million tonnes of organic fertiliser to have safe products, recover soil and protect the environment.-VNA.

Corporate News

8. DPM: Consolidated Net Profit Tumbles 71% YoY to 53.6Bln in Jan-Mar 2019 Period

↑ 3.81%

The corporation said it made VND53.6 billion consolidated net profit in January-March 2019 period, down 70.8% from VND183.2 billion consolidated net profit in January- March 2018 period.

Of which, the parent company enjoyed VND51.8 billion and minor shareholders enjoyed VND1.8 billion, the data showed.

Consolidated net revenue was at VND1,574 billion in Q1/2019, down 24.5% on year. Gross profit was at VND268.6 billion in Q1/2019, down 42.2% on year.

In addition, financial income was down by VND0.54 billion on year while financial expenses

soared by VND27.15 billion on year in the first quarter of this year, the data showed.

Selling expenses, general and administrative expenses and other profits were down in January-March 2019 period, compared to January- March 2018 period, the data showed.

Earnings per share (EPS) was at VND35 in Q1/2019 versus VND413 in Q1/2018

Total assets dropped to VND10,767 billion as of March 31, 2019 versus VND11,134 billion as of January 1, 2019. Inventories eased to VND1,538 billion as of March 31, 2019 versus VND1,663 billion as of January 1, 2019.

9. DPM sharply decreased expenses in the first quarter of 2019

↑ 3.81%

Due to the maintenance period of the factory, in the first quarter of this year, DPM's management and sales expenses had suffered from a sharp reduction. Accordingly, in the parent company, the management expenses decreased by 31%, the sales expenses decreased by nearly 36%, the reduction was 31.4% lower than the revenue reduction.

The sharp reduction in management and sales expenses is also due to the fact that DPM conducted active expense reduction throughout the system. According to the consolidated report, while the revenue reached VND 1,596 billion which is 23.4% lower than that of the same period, the management expenses decreased by 26.6%, the sales expenses decreased by 31%.

Interestingly, the reduction of consolidated revenue is lower than that of the parent company,

corresponding to a reduction of 23.4% compared to 31.4%.

The profit of parent company is 24%, the consolidated profit is VND 53.57 billion, reaching 30% compared to the same period of 2018. This shows that the subsidiaries that DPM calls as regional companies under DPM's distribution system have contributed positive revenue and profit to increase consolidated revenue and profit while the parent company is maintaining Phu My Fertilizer plant.

The fact that Phu My Fertilizer Plant has been maintained in the first 3 months of 2019, the period of a low season, has also reduced the impact of maintenance activities on revenue and profit in the year.

In the first quarter, due to general difficulties, the fertilizer companies have gained business results much lower than that of the same period in 2018.

It is estimated that Binh Dien Fertilizer Company (BFC) reached the profit of VND 7 billion in the first quarter, decreased 86% compared to the same period. Ca Mau Urea Plant (DCM) reached

the profit before tax of VND 116 billion in the first quarter of 2019, decreased 57% compared to the same period.

10.CTD: Reports VND188.8Bln Consolidated Net Profit in Q1/2019, Down 35% YoY

↑ 0.50%

The company said it made VND188.8 billion consolidated net profit in Q1/2019, down 35% from VND290.3 billion consolidated net profit in Q1/2018.

CTD generated VND4,249 billion consolidated net revenue in the quarter, down 1.4% on year. Gross profit was at VND273.3 billion, down 4.3 % on year.

Financial income was at VND72.7 billion in Q1/2019, down 13.5% from VND84 billion in Q1/2018.

Of note, profits from its investments in affiliates dropped to VND752 million in Q1 this year versus VND63.2 billion profits in Q1 last year.

In addition, other profits also fell to VND17.2 billion in Jan-Mar 2019 period vs.VND50.4 billion in Jan-Mar 2018 period, the data showed.

Earnings per share (EPS) at VND2,364 in Q1/2019 versus VND3,529 in Q1/2018.

Total assets were at VND15.1 trillion as of March 31, 2019, down 10.5% from VND16.82 trillion as of December 31, 2018. However, inventories reached VND1,542 billion as of March 31, 2019, up 6.8% from VND1,444 as of Dec 31, 2018.

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