



VIETNAM DAILY NEWS

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Market Analysis

1. Profit-taking send stocks down

The VN-Index on the Ho Chi Minh Stock Exchange dropped 0.21 per cent to end Thursday at 998.82 points.

Nearly 219 million shares were traded on the southern bourse, worth VND4.3 trillion (US\$184 million).

The southern index increased 0.50 per cent to end Wednesday at 1,000.89 points.

On a sector basis, banking, insurance and logistics moved up.

On the opposite side, securities, real estate, healthcare, seafood production, retail, wholesale, construction, construction material, agriculture, food and beverage, and oil and gas declined.

According to news site vietstock.vn, in 256 of the 4,641 VN-Index trading sessions so far, the index closed above 1,000 points. This shows the 1,000-point mark is an important threshold.

Today, the VN-Index started the session with a smooth and even approach near the 1,004-point level, creating positive momentum.

However, the index reversed to decrease in the final minutes of trading as profit-taking pressure increased among banking stocks and some individual large-cap stocks.

Decliners today included dairy firm Vinamilk (VNM) (-1.5 per cent), Hoa Phat Group (HPG) (-0.9 per cent), Vietinbank (CTG) (-0.7 per cent),

Vincom Retail (VRE) (-0.2 per cent), Vietcombank (VCB) (-0.1 per cent), Sabeco (SAB) (-0.2 per cent), Techcombank (TCB) (-0.4 per cent), Military Bank (MBB) (-0.2 per cent) and Mobile World Group (MWG) (-0.2 per cent).

Gainers included Vinhomes (VHM) (+0.2 per cent), Bank for Investment and Development of Viet Nam (BID) (+1 per cent), insurer Bao Viet Holdings (BVH) (+1.8 per cent), PetroVietnam Gas JSC (GAS) (+0.3 per cent), HDBank (HDB) (+1.9 per cent), Masan Group (MSN) (+0.3 per cent), PVPower (POW) (+0.8 per cent) and Novaland (NVL) (+0.3 per cent).

HDBank (HDB) witnessed a significant increase as it soared by 1.9 per cent to VND29,450 per share. HDB recorded a trading volume of 4.6 million shares, the highest level so far this year.

On the Ha Noi Stock Exchange, the HNX-Index lost 0.66 per cent to close at 105.19 points.

The northern index rose 1.15 per cent to close at 105.89 points on Wednesday.

The US Federal Reserve decided to lower interest rates for the third consecutive time this year in a statement last night. According to Sai Gon-Ha Noi Securities Company (SHS), this information aided investor sentiment.

In the next trading session, the VN-Index might recover to challenge the 1,000 point level. Medium and long-term investors should hold their portfolios to take advantage of the market's positive trend, SHS said.

Macro & Policies

2. Sugar sector faces multiple difficulties

On October 30, the National Steering Committee against Smuggling, Trade Fraud and Counterfeit Goods, also known as National Steering Committee 389, held a conference to seek ways to prevent the smuggling of sugar and help the sugar sector out of the doldrums, the Government news website reported.

According to a report by the Vietnam Sugarcane and Sugar Association delivered at the conference, the sugarcane farming area has plunged by 30%-60%. The lack of input material has forced sugar mills to operate at low capacity.

In the 2017-2018 crop season, 37 sugar mills nationwide produced nearly 1.5 tons of sugar, but the figure dropped to nearly 1.2 tons in the 2018-2019 crop season.

Meanwhile, farmers have to spend some VND7 million on every 1,000 square meters of sugarcane, but they can earn only VND3-4 million, resulting in heavy debt.

Under the roadmap of the ASEAN Trade in Goods Agreement, the tax on sugar imports from other ASEAN countries will be slashed to 5% from January 1 next year, putting more pressure on the local sugar sector.

Although domestic sugar processors are willing to compete with their rivals in the region, they need the State's support in the fight against smuggled and counterfeit sugar products.

According to the Vietnam Sugarcane and Sugar Association, trade fraud has caused heavy losses for the local sugar sector. In the past two years, the smuggling of sugar from Thailand has led to the shutdown of one third of the sugar mills in Vietnam.

From early last year to September this year, the competent agencies uncovered 876 sugar smuggling cases, fining violators over VND1 billion and seizing more than 3,000 tons of sugar worth some VND12.5 billion.

Truong Van Ba, deputy head of the office of the National Steering Committee 389, said that the cross-border smuggling of sugar remains rampant. To reduce the smuggling of sugar, localities should enhance their inspections of paths and rivers in border areas and closely cooperate with the competent agencies, Ba advised.

In addition, farmers and sugar firms should apply advanced technology to produce high-quality sugar to meet the demands of consumers and compete with imported products.

3. Việt Nam ready to catch up with Industry 4.0, says expert

Can you evaluate Việt Nam's adaptability to new technologies in the fourth industrial revolution?

GE sees that Việt Nam is embracing the trend with high commitment. A 2018 study by the Institute for Global Leadership under the US-based Tufts University showed Việt Nam ranks 48th out of 60 countries globally in terms of rapidly switching to a digital economy.

The Vietnamese market's readiness is high with a large young population who can rapidly adapt to new technologies. The country has great potential

to stand at the forefront of the trend with a high number of internet users and smartphone app usage, both in urban and rural areas. Việt Nam is also striving to become one of the world's 10 largest nations producing software and providing digital content, with about one million people working in the IT sector by 2020.

That readiness and potential will build a solid springboard for the country to catch up with the revolution.

Speaking from a technological point of view, the digital revolution is changing the face of every

industry. Besides bringing into Việt Nam relevant technology in power, renewables, healthcare and aviation, GE's wind turbine generator manufacturing facility in Hải Phòng is also at the forefront of this change. After 10 years of operation and two years of transformation, GE Haiphong is now a fully-fledged member of our five brilliant factories across the world, which make full use of connected digital solutions, advanced manufacturing and radical optimisation to stand on the front line of Industry 4.0. The plant has generated hundreds of millions of dollars in export revenue annually. It has also given Hải Phòng and Việt Nam a much-needed and appreciated boost by bringing to the country world-class technology and management expertise while striving to ensure ample benefits trickle down to the local economy – not only in training and employment, but by the localisation of supply and the promotion of 4.0-compatible governance principles. This is a clear example of the adaptability of Việt Nam in the fourth industrial revolution.

Việt Nam's Politburo has recently issued Resolution No 52-NQ/TW with a number of guidelines and policies to ensure active participation in Industry 4.0. In your opinion, what are the most important things to turn it into a reality?

Digitalisation is extremely powerful to help infrastructure stay agile and resilient for whatever that is coming. Modern society is incredibly complex. It will take years to discover how to fully exploit the new capabilities in products and services and to then develop organisations that can deliver them. Earlier industrial revolutions played out over decades. There is no reason to think that this one will be different. But one thing is certain, those who lead in embracing the new digital business playbook will see strong advances.

From our experience in digital transformation around the world, industry/innovation collaboration and developing workforces of the future are critical. The digital journey requires industry-wide collaboration; start-ups, governments and multi-national corporations are required co-create technologies together. All sectors –private, public and academia –have a shared responsibility to close the skills gap and make sure our workforce is prepared for the

future. We're doing our part by actively investing in developing the workforce of the future through training, attracting new talent and encouraging innovation across our global workforce.

What challenges does Việt Nam face in the digital transformation?

It is very encouraging that the Vietnamese Government includes digital transformation as a target in its development agenda. I think one of the key challenges with digital transformation is that there is no “one-size-fits-all” solution or a recipe for success. Digital transformation is a learning process for all parties involved, knowledge is the ultimate power, and the will and skill of people to embrace the change is critical. The ability to use and make the most of technology is also important, which could be fostered through education policies that focus on skills developments. Digital transformation is not happening overnight. It requires collaboration across all sectors and it usually takes time to prepare the workforce.

Finally, the digital transformation must be balanced with sustainable development and to be an instrument to ensure sustainability. Thus, more creativity and responsibility will be required to integrate sustainable benefits into new innovations.

Can you share with us GE's action plan in the Vietnamese market?

GE helps generate more than 30 per cent of Việt Nam's power capacity and our equipment is powering many key energy projects, from thermal to hydropower. Renewable energy is also something we are involved in and demand has great potential. We have also helped upgrade thousands of kilometres of national transmission lines and have supplied transmission equipment to many projects in Việt Nam.

In healthcare, more than 50 per cent of hospitals around the country use at least one piece of GE's healthcare technology every single day. Our aircraft technologies, meanwhile, are also helping Vietnam Airlines, Vietjet and Bamboo Airways operate their aircraft engines.

Việt Nam will continue to experience an increase in the size of its middle class. This requires not only greater access to healthcare but also better healthcare. I think GE's healthcare business will play a critical role in public-private partnerships with hospitals to guarantee that Vietnamese people obtain the level of healthcare they need.

Việt Nam will also continue to see rising demand for power, like the rest of the world, but must address its energy mix and challenges in terms of the environment and the need to reduce emissions as soon as possible. This means increasing the use of renewable energy, gas and other environmentally-friendly sources of energy. The use of more efficient technology such as the 9HA gas turbine is also critical in helping the government archiving its energy target.

Meanwhile, Việt Nam's aviation industry is poised for strong growth, and the number of air passengers is expected to triple between now and 2030. As more people fly, airlines are likely to expand their fleets and that is good news for high-quality engine makers like GE. That's a huge growth opportunity for us in Việt Nam, and also why we're eager to partner with airlines here.

4. Water resources exhibition returns to HCM City

VIETWATER 2019, Vietnam's leading water supply, sanitation, water resources and purification exhibition, will return to Ho Chi Minh City in November, announced organisers on October 30.

Covering more than 10,000sq.m, the event will draw the participation of over 400 exhibitors from 38 nations and territories including Australia, China, Czech Republic, England, France, Germany,

5. Vinh Phuc has 53 major energy users

There are 53 major energy users in the northern province of Vinh Phuc, more than 98 percent of them are industrial enterprises.

Are you going to open training courses for Vietnamese staff in the future?

Globally, GE invests US\$1 billion each year on training and education, making us the world's best company for leaders in 2015. GE offers numerous development, training and leadership programmes to our employees across the region, including Việt Nam.

As a company, GE believes in a tailored approach for every country, we call it a “Company to Country” approach. We adopt our approach and strategy in Việt Nam and in other countries, looking at what is needed to support development and making sure we bring the right solutions. In order to do that, it is critical to build a strong local team and I'm very proud that 100 per cent of our 2,000 employees in Việt Nam are Vietnamese.

The biggest advantage of having a strong local team is the local insight. Meanwhile, GE's learning and development system equips leaders with the necessary knowledge and skills that enable them to grow and work more efficiently. GE also provides customised training programmes (both technical and soft skills) for individual development at various stages on the career ladder.

the Republic of Korea, Poland, Singapore, Taiwan (China) and Thailand.

On the sidelines of the exhibition, an international conference titled “Urban flooding – current status and solutions” will be held by the Vietnam Water Supply and Sewerage Association (VWSA).

Earlier, on July 24-26, VIETWATER 2019 took place in the capital city of Hanoi, welcoming over 200 exhibitors from 30 nations and regions/.

Under Decision No.1469/QĐ-TTg dated October 28, 2019, Vietnam has more than 2,600 key energy consumers, including over 2,100 industrial producers, 11 agricultural production facilities, over 70 transporters, and 410 construction works.

Decree No.21/2011/ND-CP regulated that major energy users are industrial and agricultural production establishments and transport units which annually consume energy of a total of 1,000 tonnes of oil equivalent (1,000 TOE) or higher, and construction works used as offices and houses, educational, medical, entertainment, physical training and sports establishments, hotels, supermarkets, restaurants and shops which annually consume 500 tonnes of oil equivalent (500 TOE) or higher.

The key energy consumers must build annual and five-year plans on using energies in an effective manner and in line with their production and business plans, and they are required to report their plans to local authorities, according to the Law on Economical and Efficient Use of Energy.

Besides, they must carry out energy audit every three years, and apply energy management models as instructed by competent authorities./.

6. Brazil ends anti-dumping duty on Vietnamese cold-rolled stainless steel

The Trade Remedies Authority of Vietnam under Ministry of Industry and Trade reported the Brazilian Ministry of Economy has decided to terminate anti-dumping duties on cold-rolled stainless steel imported from Germany, Finland, the Republic of Korea and Vietnam.

Earlier in 2012, Brazil launched an anti-dumping investigation into imports of cold-rolled stainless steel sheets from the six countries and territory. Accordingly, authorities in the American nation decided to impose a definitive anti-dumping tax ranging from 616.67 to 705.61 USD per tonne for Taiwanese exporters, from 1,030.2 to 1,076.86 USD for Finnish exporters, 952.9 USD for German exporters, from 267.84 to 940.47 USD for RoK exporters, and 568.27 USD for Vietnamese exporters. The duties entered into force on October 4, 2013 for a period of five years.

Under its sunset review's conclusion, the anti-dumping measures will be extended for steel sheets purchased from China and Taiwan (China) for five years.

The Trade Remedies Authority recommended local exporters to strictly follow the rules of origin to ensure stable export to Brazil./.

The products subject to the anti-dumping duty are coded 7219.32.00, 7219.33.00, 7219.34.00, 7219.35.00 and 7220.20.00.

On October 3, 2018, Brazil initiated the sunset review after receiving petition from domestic steel producer Aperam Inox America do Sul S.A.

7. Vietjet increases revenue and pre-tax profit by 17 per cent

With top-of-the-line cost management capabilities and a constant 88 per cent load factor, pre-tax profit from air transport increased by 17 per cent to VND1.310 trillion (\$56.96 million), consolidated profit reached VND1.912 trillion (\$83.13 million).

In air transport business, passenger transport revenue was VND9.992 trillion (\$434.43 million), of which the ancillary revenue contributed an important part in growth by reaching VND2.835 trillion (\$123.26 million), equivalent to 28.3 per cent of the total passenger transport revenue. In the sustainable development model of low-cost carriers (LCC), ancillary revenue is an important factor determining the success of an airline as it makes up more than 90 per cent of the profit margin.

Looking at the accumulated results till the end of September 2019, the consolidated revenue was VND38.134 trillion (\$1.66 billion) and pre-tax profit was VND4.206 trillion (\$182.87 million), including VND30.597 trillion (\$1.33 billion) of air transport revenue and VND2.864 trillion (\$124.52 million) pre-tax profit.

According to CarTrawler Ancillary YearBook 2019report, Vietjet was the 12th in terms of the

ancillary revenue to total air transport revenue ratio.

Compared to the same period last year, Vietjet maintained high growth in market expansion, especially in international routes. By the end of the third quarter, the total number of routes was 127, 24 more than last year, with most being international ones. The airline has operated 34,000 safe flights and transported more than six million passengers to domestic and Asia-Pacific destinations.

Regarding business results, the current liquidity ratio was 1.3. Debt-to-equity ratio was 0.6, with equity of VND14.847 trillion (\$645.52 million).

At the end of the quarter, Vietjet officially added to its young, modern fleet a new Airbus A321neo ACF (Airbus Cabin Flex), the first 240 seaters in the world. A321neo ACF aircraft help reduce fuel

consumption by a minimum of 16 per cent, reduce noise by up to 75 per cent, and emissions by 50 per cent. With a wide network of domestic and regional flights, Vietjet now operates a fleet with technical reliability of 99.64 per cent, among the highest in the world.

AirFinance Journal has just announced its 2019 rankings, assigning Vietjet the BBB ranking, maintaining its status as one of the world's top 50 airlines. This is the second consecutive year Vietjet made it into the top 50, along with prestigious airlines like Ryanair, Spirit Airlines, Japan Airlines, Air Canada, British Airways, and Southwest Airlines.

According to the ranking, the EBITDAR margin of Vietjet was laudable, ranking 'A' in the top 3 in the world. Besides, the average age of the Vietjet fleet is 2.9 years, reaching AAA level according to AirFinance, leading the world airline rankings.

Corporate News

8. Yeah1 acquires MediaOne despite consecutive quarterly losses

↓ -0.92%

Yeah1 Group Corporation's Board of Management has just approved to buy a 50 per cent stake in MediaOne for VND138.6 billion (\$6 million), including a 25 per cent stake offered by MediaOne via a private placement and the remaining by MediaOne director Bui Thien Ha.

This is said to be part of the corporation's media-commerce strategy, and the timeline of payment will depend on MediaOne's business results, according to bizlive.vn. The deal aims to develop a service of accumulating Mpoint e-wallet reward points for loyal customers, raising clients' revenues and decreasing costs of customers care. MediaOne has 128,000 users and 13,000 clients.

According to its financial statement, compared to the beginning of the year, Yeah1's total assets reduced by VND250 billion (\$10.87 million) to VND1.712 trillion (\$74.4 million); net working capital decreased to VND884 billion (\$38.43 million) from VND1.296 trillion (\$56.35 million).

Amidst the swarming difficulties after terminating its partnership with YouTube, Yeah1 withdrew

more than VND487 billion (\$21.17 million) of bank deposits in the first nine months of the year, and the outstanding loans in this period rose to VND708 billion (\$30.78 million), while it was VND356 billion (\$15.48 million).

Earlier, in August 2018, Yeah1 earned VND1.173 trillion (\$51 million) from a private placement. VND300 billion (\$13 million) of this has been poured into the digital sector, VND141 billion (\$6.13 million) into shares of funds, and VND192 billion (\$8.35 million) was allocated as additional capital.

VND100 billion (\$4.5 million) of the remaining amount has been poured into the bonds of Dai An Plastic (DAPC) and VND40 billion (\$1.74 million) into the bonds of Ho Chi Minh City Infrastructure Investment JSC (CII) and was deposited at banks.

As a result, Yeah1 reported losses more than VND100 billion (\$4.35 million) in the second consecutive quarter, raising its net loss in the first nine months to VND214 billion (\$9.3 million) and accumulated losses to VND133.5 billion (\$5.8 million).

9. MWG: Explanation for business result in Q3/2019

↓ -0.24%

Mobile World Investment Corporation has explained the increase in profit of Quarter 3/2019 compared to Quarter 3/2018:

By: billion dong.

	Quarter 3/2019	Quarter 3/2018	Difference
Net revenue	25,142	20,908	20%
Profit after tax	856	684	32%
Accumulated profit after tax	2,976		36%

Reason:

MWG's revenue in Q3/2019 increased because MWG went up 257 stone, refrigeration products and household appliances increased 35%.

10. Vietnam Airlines earns \$141.8m in pre-tax profit

↓ -0.43%

The group's consolidated revenue was more than VND76.7 trillion, reaching 97.9 per cent of the yearly target.

The report showed that the group's operating results recorded good growth in the first nine months of this year. Vietnam Airlines Group, including Vietnam Airlines, Jetstar Pacific and Vietnam Air Services (VASCO), transported more than 21.4 million passengers, an increase of 3.2 per cent year-on-year and more than 256,000 tonnes of goods.

The group continues to assert its leading position in the domestic market with 51.7 per cent market share of passenger transport. It still maintained average on-time performance (OTP) at approximately 90 per cent during the period.

Vietnam Airlines said that these positive financial and operating results come from efforts to promote the development of its aircraft fleet, routes and services.

The group received two more Boeing 787-10 and ten A321 NEO aircraft in the period, while opening many new domestic and international routes

including HCM City-Chu Lai, a series of routes between Da Nang and Thanh Hoa, Vinh, Da Lat, Phu Quoc, Can Tho, Busan (South Korea) and Taiwan (China).

The group has also strengthened co-operation with international carriers such as Delta Airlines and China Airlines to deploy connecting flights to the US, as a premise to develop products connecting Viet Nam and the US. Last month, Vietnam Airlines officially launched Vietnam-Singapore Technologies Engineering Aerospace (VSTEAS) that aims to enhance aircraft repair and maintenance capacity, gradually mastering modern technology and increasing operational efficiency.

In the last months of this year, Vietnam Airlines said it will focus on periodic maintenance of aircraft, enhancing training to ensure human resources for the year-end peak period.

It has planned to receive more new aircraft including four A321 NEO and one Boeing 787-10 and open new routes to Bali, Phuket, Macau and re-operate the Da Nang-Bangkok route.

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