



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. VN-Index drops over 1 pct for third time in a week

Vietnam's benchmark index dropped 1.81 percent to 882.19 points Friday, the third time it has lost over one percent in the past week.

The VN-Index, which represents stocks on the Ho Chi Minh Stock Exchange (HoSE), Vietnam's main bourse, has lost 5.45 percent since opening at 933.09 points Monday.

294 stocks fell and 81 rose on HoSE. Order-matched transactions surged to VND3.2 trillion (\$139 million) from VND2.6 trillion (\$112.92 million) last session, making Friday one of the busier trading sessions this month.

The VN30-Index for the bourse's 30 biggest market caps fell even further at 1.93 percent, with 29 losing and only one gaining. Six stocks fell at least 4 percent this session, two of them in the construction sector.

ROS of real estate developer FLC Faros topped losses once again with 6.7 percent, almost hitting its floor price. The blue chip has been the most volatile VN30 stock, swinging from floor to ceiling prices for most sessions in the past month.

It was followed by SAB of Vietnam's largest brewer Sabeco, down 6.5 percent, GAS of state-owned energy giant PetroVietnam Gas, with 4.1 percent.

Next were VPB of private mid-sized lender VPBank, which dropped 4.1 percent, and CTD of construction giant Cotecons, 4 percent.

Of Vietnam's three biggest state-owned lenders by assets, BID of BIDV lost the most with 3.4 percent, followed by VCB of Vietcombank with 1.9 percent, and CTG of VietinBank with 1.7 percent.

The stock market's two biggest market caps, VIC of private conglomerate Vingroup, and VHM of its real estate subsidiary Vinhomes, were two of the four better performing stocks this session, losing only 0.2 percent and 0.5 percent respectively.

PLX of state-owned petroleum distributor Petrolimex was the only ticker that gained, rising 0.8 percent.

Meanwhile, the HNX-Index for stocks on Hanoi Stock Exchange, Vietnam's second main bourse for small and midcap stocks, surged 1.48 percent, and the UPCoM-Index for unlisted public companies shed 0.85 percent.

Foreign investors were net sellers for the 14th consecutive session on all three bourses, with a net sell value of VND410 billion (\$17.788 million). Selling pressure was mostly focused on VNM of Vinamilk and VCB of Vietcombank.

Vietnam's benchmark index mirrored movements in global and Asian equity markets, some of which are seeing their worst weeks since the 2008 financial crisis as the Covid-19 epidemic prompts investors worldwide to sell off shares.

The MSCI World Index was down 9.4 percent Friday, the worst performance since November 2008.

Japan's Topix dropped 3.7 percent, Australia's S&P/ASX 200 and South Korea's Kospi both lost 3.3 percent.

China's CSI 300 index of Shanghai Composite and Shenzhen Component-listed equities dropped 3.6 percent, and Hong Kong's Hang Seng fell 2.4 percent.

## Macro & Policies

### 2. Hanoi hotels close in droves as coronavirus hits bookings

Pham Thi Hang owns eight hotels in Hanoi's Old Quarter, but three has stopped operating since the outbreak.

Hang's targeted customers are middle-aged tourists from China, South Korea and Japan, but as these countries are all combating large numbers of infections, most bookings have been canceled since December.

With revenues plummeting, she has let some of her staff go to reduce costs.

"Income from my hotels reached VND300 million (\$13,000) a day before the outbreak, but now I lose about VND180 million (\$7,800) a day."

Hang had to use her dwindling reserves to pay her remaining staff their VND1.5 million (\$65) a month in the hope of keeping them on during the epidemic.

Hanoi tourist arrivals in the first two months fell 25 percent year-on-year to 3.56 million, with related revenues falling 32 percent, according to the city's department of tourism.

The capital has shut down its downtown walking street next to tourist attraction Hoan Kiem Lake to limit the gathering of large crowds, with authorities preparing for different scenarios in case the epidemic advances.

Although Vietnam has not recorded new cases of coronavirus infections in weeks and all 16 patients have been discharged, insiders say fear of contagion will cause severe damage to the tourism industry, which accounts for seven percent of the country's GDP.

This put hotel owners like Tony Dinh in trouble. Since the outbreak, he has shut down three of his

10 hotels near Hoan Kiem Lake, costing him VND8 billion (\$346,500) so far.

His 200 staff are now working 16 days a month instead of 26, with managers' salaries cut by 20 percent, all to lower costs.

Dinh is making all efforts to find new markets, but with half of rooms empty, he could have to shut down more hotels. "In my 20 years in the industry, things have never been this difficult."

Other hotel owners are struggling to pay their debts. Quoc Binh, owner of a 25-room hotel in Hoan Kiem, said the present average occupancy of 15 percent does not cover the VND300 million (\$13,000) monthly rent.

"We won't be profitable until the occupancy rate reaches 85 percent. We might have to close the hotel for three months."

Hanoi last year welcomed 29 million tourists, up 10 percent year-on-year, with related revenues hitting VND103.8 trillion (\$4.5 billion), up 34 percent.

The city targets to repeat the 10 percent growth this year, but with limited flights to and from China and South Korea, Vietnam's two largest travel markets, insiders are concerned there will be obstacles in meeting the goal.

Amid the challenges, Hang in the Old Quarter said she has lost almost 10 kilograms (22 pounds) since the outbreak due to stress and loss of sleep.

"Worst case scenario - I'll have to shut down all my hotels and work for a bigger company."

### 3. Pharma initiatives to cure the needy

Last month, with investment of \$6 million, the Swiss medicines group Novartis inaugurated its new legal entity in Vietnam under the name

Novartis Vietnam Co., Ltd. On the occasion, the company announced the arrival of its first medicine shipment at the port of Ho Chi Minh City.

“We strive to enhance Vietnam's access to high-quality, innovative medicine, and will invest in strengthening local research and development capabilities,” said Roeland Roelofs, country president of Novartis Vietnam.

According to Roelofs, as a committed partner of the government, Novartis has been supporting the healthcare system with various initiatives and continues to contribute to socio-economic progress.

One of the initiatives is the Glivec International Patient Assistance Program. This was a scheme to support patients with chronic myeloid leukaemia and gastrointestinal stromal tumours who have health insurance for no less than 36 months, with medicine completely free of charge. The programme has been implemented by Novartis since 2001 to support patients globally in over 80 low- and middle-income countries through the Max Foundation.

In Vietnam, the programme has been implemented since 2005, and supported 100 per cent of the cost of Glivec drug treatment for 8,000 patients in seven hospitals nationwide.

Besides this, Novartis also implemented the Vietnam Patient Assistance Program to support patients with leukaemia or intestinal tumours to receive Glivec or Tasigna completely free of charge. The costs of this programme were covered by the Health Insurance Fund and Novartis.

According to Novartis' plan, the two programmes were to end last year but have been extended for an extra two months. The calculation of the Ministry of Health (MoH) shows that without the support, on average, each patient would need to pay about VND500 million (\$21,750) per year. The market price for the drug is about VND1.2-1.6 million (\$50-70) per day.

Although the company has made no official announcement about its next support programme, Novartis is expected to reduce the drug's price by one-third.

Another multinational that has been granted leave to import and export medicine in Vietnam is AstraZeneca.

“Our company will invest VND5 billion (\$220 million) in the next five years to promote clinical trials research and increase patients' access to the healthcare system,” Nitin Kapoor, president of AstraZeneca Vietnam, said. “We will create 500 highly-qualified jobs in biomedical sciences, pharmaceuticals, and business administration, thereby providing Vietnamese talent with many opportunities for professional development and participation in the global AstraZeneca system.”

The company has established 130 research units throughout the country and is committed to promoting scientific development and offering life-changing drugs.

Since 2013, AstraZeneca has invested about \$37 million to support the implementation of clinical trial studies in Vietnam. The 28 ongoing studies raise hopes for more than 3,300 Vietnamese participants and patients who might profit from the results.

According to Kapoor, his company aims to reduce incidences of non-communicable diseases through building a patient-centred ecosystem which will bring about positive improvements throughout the healthcare journey.

Meanwhile, Zuellig Pharma, one of the largest healthcare service groups in Asia, has supported Vietnam by presenting more than 600 innovative eZCooler boxes to representatives of the northern provinces of Hai Duong, Bac Ninh, Son La, Yen Bai, Ha Giang, and Quang Ninh to enhance access to vaccines in these areas.

Before presenting these boxes, the company had co-operated with the National Institute for Control of Vaccines and Biologicals and Zuellig Pharma Vietnam to provide training courses to local healthcare staff. “This demonstrates our group's long-term commitment to supporting the community, especially in vaccinations – a key task for the sector in Vietnam,” said Marc Franck, chief executive of Zuellig Pharma Vietnam.

According to Franck, by providing the eZCooler boxes, his company is supporting Vietnam's expanded programme on immunisation and helps to deliver vaccines to areas that are geographically difficult to reach while ensuring the integrity of the vaccines during transport. “We are pleased to

be part of the effort of making high-quality vaccines more accessible,” Franck added.

Zuellig Pharma also carries out numerous corporate social responsibility activities and

works to promote development of the pharmaceutical industry in Vietnam together with the MoH.

#### 4. Vietnam consumer spending to outpace ASEAN peers: Fitch Solutions

The growth will exceed Singapore's projected 3 percent, Thailand's 3.9 percent, Malaysia's 6.3 percent, the Philippines' 5.8 percent and Indonesia's 5.5 percent, according to the macro research arm of credit ratings agency Fitch.

"We project high growth in consumer spending to continue over the medium term (2020-2024), at an average rate of 7.4 percent, allowing Vietnam to remain the top ASEAN performer," Fitch Solutions said.

Vietnam's grocery and pharmacy sectors are expected to particularly benefit from such growth, driven by increased consumer spending on food and drink, health and personal care.

In 2020, the sector might receive a temporary boost from the Covid-19 epidemic, as consumers stockpile groceries and purchase more health related products, Fitch Solutions said.

Consumer spending growth for Vietnam was recorded at 9.9 percent last year, the highest growth rate in ASEAN, the agency stated.

#### 5. Vietnam may back off from commitment to coal as plants get harder to build

The National Steering Committee for Power Development has recommended eliminating about 15 gigawatts of planned new coal plants by 2025 due to slow progress and the unwillingness of some regions to develop them, according to state-controlled news website VietnamPlus. The central government will have final say on the plan.

The recommendation underscores how coal's status as the cheapest and easiest option for developing countries to bring power to their people is being challenged on multiple fronts as richer nations shy away from the fuel. Global banks are refusing to lend, making it more difficult and costly to build plants that burn the dirtiest fossil fuel, while costs are tumbling for competing renewable generation.

Under the committee's proposal, coal would provide about 37 percent of Vietnam's electricity by 2025 instead of half as previously planned. Renewable power would help fill the gap, increasing to about a quarter of the country's power from 13 percent in the existing version. The share for natural gas and major hydropower plants, which comprise most of the remaining capacity, would be left little changed.

The Vietnamese government is likely to put a greater focus on renewables in its new power development plan, which it aims to complete by June, said Daine Loh, an analyst at Fitch Solutions. Even then, threats of power shortages and the need to support economic growth mean the government will probably maintain its commitment to coal, she said.

Vietnam is a flash point in the global debate about coal power. About 17 gigawatts of coal power is already under construction, with another 29 gigawatts at various pre-construction phases, Loh said. It has the fourth-largest pipeline of proposed plants, according to BloombergNEF, many of which have drawn financing in past years from lenders in Japan and other countries.

Several banks in Japan, as well as South Korea and Singapore, last year joined lenders from Europe and the U.S. in limiting financing for the fuel because of concerns that climate change would mean the polluting projects would have to be shut before loans could be paid off.

The departure of Asian lenders will likely be an inflection point in keeping new plants in places like Indonesia and Vietnam from being financed,



BNEF analyst Allen Tom Abraham said in a report on Tuesday.

Private-sector companies have proposed building about 20.3 gigawatts of coal plants in Vietnam through 2030, according to BNEF. Less than 8 gigawatts of that has reached financial close, and many of the remaining plants will never get financing, Abraham said.

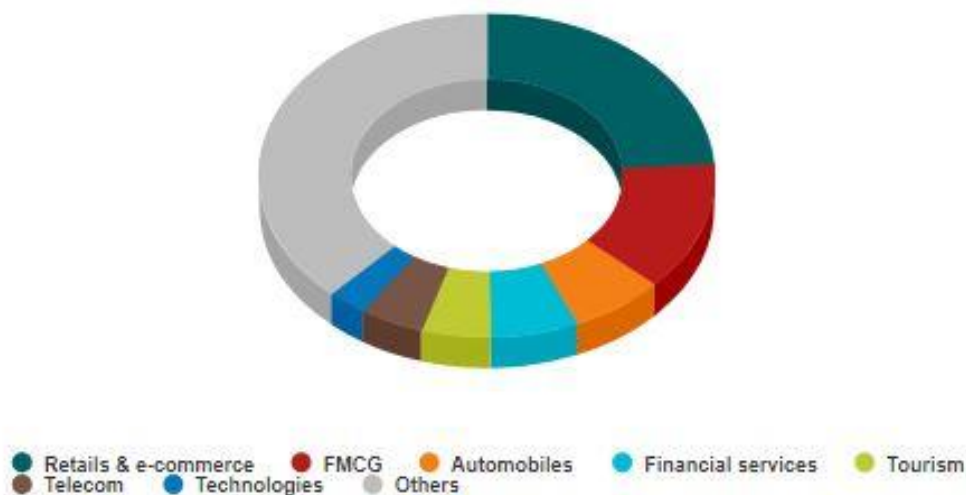
Coal also faces local opposition in light of air-quality problems throughout Asia. In early January, an alliance of social and professional organizations in Hanoi focused on health and environmental rights called for construction to be suspended for 14 coal-fired plant projects with a total capacity of 17.4 gigawatts, according to the Thanh Nien newspaper.

## 6. Retail, e-commerce biggest marketers in Vietnam

The category claimed 23.9 percent of \$1.26 billion spent on online ads in the country, Ho Chi Minh City-based advertising company Adsota reported.

It was followed by fast-moving consumer goods (FMCG) with 12.9 percent and automobiles with 6.7 percent.

Vietnam digital advertising spending by industry



"Figures indicate the resources e-commerce businesses are willing to invest in digital advertising in recent years, linked to the "money burning" race of Shopee, Lazada, Sendo and Tiki," the report stated.

Rising expenditure follows Vietnam's growing market of internet users. The country ranked 14th in the world in its number of smartphone users at 43.7 million last year, a rate of 44.9 percent.

In number of app downloads, Vietnam ranked second to Indonesia in ASEAN and seventh globally. The most popular app categories in Vietnam are games, photography and social.

Vietnamese spend 2 hours and 33 minutes on social networks, 17 minutes higher than the world average, according to U.K.-based We Are Social.

Vietnam's online advertising expenditure is set to reach \$1.4 billion in 2022.

## Corporate News

### 7. GDT: Notice of share repurchase for treasury stock

↓ -2.46%

Duc Thanh Wood Processing Joint Stock Company declared a plan for share repurchase as follows:

- |   |  |
|---|--|
| <ol style="list-style-type: none"> <li>1. Number of treasury shares before trading: 182,960 shares</li> <li>2. Number of shares to be repurchased: 11,800 shares</li> <li>3. Purpose: to increase the number of treasury shares under the rules of ESOP 2018</li> </ol> | <ol style="list-style-type: none"> <li>4. Resource for repurchase: capital surplus</li> <li>5. Expected date for repurchase: from March 11, 2020 to March 13, 2020</li> <li>6. Trading method: to revoke and transfer the ownership to Duc Thanh Wood Processing Joint Stock Company</li> <li>7. Repurchase price: equal to the par value</li> <li>8. Authorized securities company: Viet Capital Securities Joint Stock Company.</li> </ol> |
|---|--|

### 8. VSI: VSI asks for a delay in the disclosure of financial statements

↓ -6.81%

Water Supply Sewerage Construction and Investment Joint Stock Company sent documents to HOSE to ask for a delay in the disclosure of financial statements in 2020 as follows:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>- For the quarterly financial statements: within 30 days from the last day of quarter;</li> <li>- For the semi-annual reviewed financial statements: within 60 days from the last day of</li> </ul> | <p>first six months of fiscal year, but no more than 05 days from the day when the audit firm signs the reviewed financial statements;</p> <ul style="list-style-type: none"> <li>- For the annual audited financial statements: within 100 days from the last day of fiscal year.</li> </ul> <p>However, the request of VSI will be considered and approved by the State Securities Commission.</p> |
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