



VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index plunges to two and a half-year low

The VN-Index tumbled 3.12 percent to 811.35 points Wednesday, its lowest point since October 10, 2017.

296 stocks lost and 77 gained on the Ho Chi Minh Stock Exchange (HoSE), Vietnam's main bourse on which VN-Index is based, with 42 hitting their floor prices, the lowest they can go in a single session.

Order-matched transactions remained high Wednesday compared to last month's average of VND2.77 trillion (\$119.12 million) per session, at VND4.11 trillion (\$177.11 million).

The VN30-Index for the bourse's 30 biggest market caps plunged further at 3.97 percent, with 28 stocks in the red and two keeping their opening prices.

10 stocks closed at their floor prices this session, four of them in the banking sector, and the rest from different industries.

BID of BIDV, one of Vietnam's three biggest state-owned lender by assets, and VJC of budget carrier VietJet both topped losses this session with 7 percent.

Shares of private mid-sized lenders, VPB of VPBank, TCB of Techcombank, and STB of Sacombank shed 6.9 percent, 6.8 percent, and 6.6 percent respectively.

CTD of construction giant Coteccons and GAS of energy giant PetroVietnam Gas both dropped 6.9 percent this session, while SSI of brokerage Saigon Securities Inc. went down 6.8 percent.

In the retail sector, MWG of electronics store chain Mobile World and PNJ of jewelry store chain PhuNhan Jewelry both fell 6.9 percent.

Other major losers included PLX of petroleum distributor Petrolimex, down 6.6 percent, POW of electricity generator PetroVietnam Power, 5.1 percent, ROS of real estate developer FLC Faros, 6.6 percent, and BVH of insurance giant Bao Viet Group, 6.4 percent.

Only three stocks in the red lost less than 1 percent this session. One was VIC of private conglomerate Vingroup, HoSE's biggest market cap, which fell 0.7 percent.

Prior to the coronavirus epidemic in Vietnam, which has rattled the stock market in the past 6 weeks, VIC had been one of the VN30's most stable stocks, seldom gaining or losing above 0.3 percent.

The other two were EIB of private Eximbank, down 0.9 percent, and VNM of the country's biggest dairy firm Vinamilk, 0.1 percent.

NVL of real estate developer Novaland and VHM of real estate developer Vinhomes were the two tickers that kept their opening prices by session-end.

The HNX-Index for stocks on Hanoi Stock Exchange, Vietnam's second main bourse for small and midcap stocks, shed 0.64 percent, and the UPCoM-Index for unlisted public companies lost 1.74 percent.

Foreign investors were net sellers again on all three bourses, with a net sell value of VND281 billion (\$12.09 million). Selling pressure was mostly focused on VJC of VietJet Air and HPG of leading steelmaker Hoa Phat Group, which fell 5.1 percent.

Macro & Policies

2. Viet Nam News Economy Ministry asks for lower pork prices

Cường stressed this during a trip to check pig reproduction in the northern province of Phú Thọ on Tuesday.

He pointed out that some big companies were selling live hog at VNĐ75,000 (US\$3.2) per kilo, at which level they already were making large profits. In some retail spots, live hog prices were even higher.

According to Nguyễn Xuân Lộc, head of the management board of Hà Nam cattle and poultry wholesale market, said that live hog prices were on a downward trend in recent days after hitting a record of VNĐ90,000 per kilo in early March in the northern region. In the market, hog prices were currently at around VNĐ79-84,000 per kilogramme.

Pork prices were pushed up mainly due to scarcity caused by African swine fever in 2019. Recently, the novel coronavirus outbreak also affected pork prices as consumers raced to store food over fears of the epidemic.

“There is room to further lower pork prices,” Cường said, stressing that it was a must to bring pork prices to reasonable levels so as to promote the sustainable development of the husbandry industry.

Cường said that the ministry would ask big husbandry companies which played significant roles in the market to lower pork prices.

He also said that the African swine fever was already wiped out in 98 per cent of communes nationwide and now the focus should be placed on pig reproduction.

Cường also urged farmers and husbandry companies to comply with bio-safety standards in pig raising to prevent the diseases and ensure product quality.

Prime Minister Nguyễn Xuân Phúc on Monday issued Directive No 12/CT-TTg to hasten measures to prevent and fight against diseases affecting livestock and poultry.

3. Vietnam Airlines' profit predicted to drop due to COVID-19 outbreak

The report was released as the corporation has had to cancel many flights to its key markets in Asia and Europe and spend money sterilising its service system to ensure safety for passengers.

It is predicted that the corporation's revenue could drop 16 per cent, or VNĐ12.5 trillion (US\$538 million), compared with its plan this year, marking a loss of VNĐ4.3 trillion (while the profit plan is nearly VNĐ1.6 trillion). Therefore, it is difficult to complete the production and business plan previously approved by the CMSC.

It said that 17 companies, which contribute to the corporation's capital, will also have a sharp decrease in revenue and corresponding profit. These companies' pre-tax profit is estimated to fall by at least VNĐ320 billion, dividends profit sharing for the corporation will also drop by at least VNĐ250 billion.

CEO of Vietnam Airlines Dương Trí Thành said the corporation is being directly affected by the COVID-19 outbreak, which is “unprecedented in aviation history.”

“The key markets of Việt Nam aviation are all affected by the coronavirus. China has now closed, while South Korea and Japan, where are the two most important markets of Vietnam Airlines in Northeast Asia, are also suffering the spread of the COVID-19. The outbreak in Italy makes the European route very difficult,” Thành said.

“Reduced ticket prices and increased operating costs due to sterilisation to ensure safety for passengers will erode the profit of Vietnam Airlines in 2020,” he added.

Thành said the outbreak of COVID-19 has caused 40 per cent of Vietnam Airlines aircraft to be

'exposed to the sun'. Its 20,000 domestic and foreign employees are affected by the epidemic as the corporation applies unprecedented solutions including senior leadership salaries reduced by 40 per cent and subordinate officials reduced by 30 per cent, meanwhile employees rotate to be off work, foreign pilots take temporary leave and some representative offices are closed.

"The goal of Vietnam Airlines now is no longer about profits but cash flow and how to survive in the current context," Thành said.

Coping the on-going COVID-19 epidemic, Vietnam Airlines said it would conduct sterilisation of all international flights to Việt Nam. Flights that record passengers with abnormal health are also reported to the authorities and disinfected immediately.

Disinfection is carried out after the aircraft arrives at the apron. The entire cabin area, cockpit and flight attendant preparation area are disinfected. The most important areas for disinfection are places where there are many people contacting by

hand such as luggage compartment locks, armrests on the seats and toilet door handles. Disinfection spray CH2200 is used according to the standards of functional health units, approved by the aircraft manufacturers for use on aircraft and does not affect passenger health.

To limit the spread of COVID-19 virus, Vietnam Airlines takes body temperature measurements of all passengers departing from Europe before boarding and provides passengers with masks to use during the flight. Passengers are encouraged to stabilise their seats, limit movement and communication during the flight.

For domestic flights, Vietnam Airlines has conducted disinfection spray immediately after each flight at places where passengers are usually in manual contact. Used headsets are disinfected with Chloramin B solution. The equipment to serve passengers at Nội Bài and Tân Sơn Nhất international airports include ladders and passenger cars are also frequently cleaned with disinfectant solutions.

4. Funding for airport repairs not available

Early this year, the Ministry of Transport proposed the Government add two upgrade projects for the airports' severely deteriorated taxiways and aprons to a list of projects funded by the State budget for the 2016-2020 period and the Government's mid- and long-term finances for the 2021-2025 period.

These projects cost an estimated VND4.152 trillion (around US\$179 million).

The taxiways and aprons of the airports are being used well beyond their designed capacities. Meanwhile, local airlines are receiving scores of new-generation aircraft with high steam pressure and load capacity.

Consequently, their taxiways and aprons have quickly deteriorated over the past three years.

As the State-run Airports Corporation of Vietnam (ACV) went public several years ago, the taxiways and aprons of many airports under its umbrella

were excluded from its corporate value during the equitization process.

Instead, the Government controls these taxiways and aprons and allows ACV to manage and operate them. Since they are State properties, ACV is barred from repairing and upgrading these facilities with its own funding despite its handsome profits.

In response, the Ministry of Finance noted that a plan to divide funding for the upgrade and repair work into two phases is aligned with the laws on the State budget and public investment.

However, two projects for the renovation and upgrade of the taxiways and aprons of the two airports are not on the list of mid-term public investments, drawing from the State budget's allocation to the Ministry of Transport.

The Ministry of Planning and Investment shared a similar view late last year. It added that the principles, criteria and allocation of investments

from the State budget had yet to be finalized, so there were no grounds for considering the upgrade proposal.

Late last month, the Tan Son Nhat International Airport sought permission from the Civil Aviation Authority of Vietnam to suspend the operations of a seriously degraded runway at night for repairs to ensure the safety of travelers.

The airport stated that Runway 07L/25R has seen a growing number of cracks and deformations in

its asphalt concrete layer. Skid marks and ruts are also clearly visible on the surface.

“The start of the runway has a large section where the asphalt concrete surface has subsided and been submerged by rain, creating a flight safety risk,” added the airport.

For the sake of operational safety, the airport sought the go-ahead from the country's aviation regulator to carry out repair and maintenance work on the runway at night from February 27 to March 9.

5. Mobile phones, spare parts lead billion-USD foreign currency earners

Mobile phones and spare parts continued leading the group of seven top hard currency earners that recorded over one billion USD in export turnover in the first two months of 2020.

According to the Ministry of Industry and Trade, Vietnam exported nearly 6.9 billion USD worth of mobile phones and spare parts in the reviewed period, a year-on-year rise of 2.3 percent.

Computers, electronic products and components came second with 5.36 billion USD in revenue, showing a yearly growth of 26.7 percent.

In January-February, the country raked in 36.92 billion USD from exports, up 2.4 percent from the same period last year.

The manufacturing-processing industry earned 31.39 billion USD, accounting for over 85 percent of the total export turnover./.

6. Cement producers face multiple problems

Cement producers in Vietnam are facing a double challenge with domestic demand falling due to a slowdown in the property market and delays in transport infrastructure works and exports declining due to the COVID-19 epidemic.

Nguyen Quang Cung, chairman of the Vietnam Cement Association, was quoted as saying by Dau Tu Bat Dong San (Real-estate Investment) magazine that demand in 2020 was expected to be huge before the troubles began.

While demand is low, competition in the cement industry is fierce, exacerbating the difficulties, he said.

The forecast had been for exports of around 34 million tonnes this year, but the epidemic has put paid to those hopes since China used to be the main clinker importer, he said.

Domestic sales in the first two months of this year were down 40 percent year-on-year.

Cement and clinker exports in the period were down 30 percent.

Cung said that his association had petitioned the Government, State Bank of Vietnam and sectors for support to help the industry overcome the current difficulties.

It had sought cuts in taxes and bank lending interest rates, he said.

“In addition to the epidemic, the industry also faces many other challenges like high materials and energy costs and fierce competition.”

Last year the Ministry of Construction had forecast demand this year to be 103 million

tonnes, with domestic consumption accounting for around 70 million tones, and it has yet to revise it.

Since the end of last year the industry has been struggling due to high costs, with many companies reporting a downtrend.

Bim Son Cement Joint Stock Company reported a 55 percent year-on-year fall in profits in the last quarter to 26.8 billion VND (1.2 million USD).

Vicem Hoang Mai Company reported an 11 percent fall in revenues and a 53 percent slump in profits.

Last year Vietnam exported nearly 34 million tonnes of cement and clinker worth 1.4 billion USD, according to a report by the Ministry of Industry and Trade.

Corporate News

7. MWG: MWG delays Annual General Meeting

↓ -6.92%

To comply with the recommendation of the Ministry of Health of Vietnam to limit crowded events due to coronavirus disease, Mobile World Investment Corporation announces the delay to the 2020 Annual General Meeting of Shareholders.

The Corporation will convene the 2020 Annual General Meeting of Shareholders within 30 days from the day when the State authorities declare the end of the disease but not later than June 30, 2020.

8. GAS: Board approves Addendum No.02 of Cooperation Agreement

↓ -6.86%

On March 09, 2020, the Board of Directors of PetroVietnam Gas Joint Stock Corporation (PVGas) issued Resolution No.24 approving main contents of Addendum No.02 of Cooperation Agreement for gas pipeline project of Lot B – O Mon among

Vietnam Oil and Gas Group, PVGas, Mitsui Oil Exploration Co., Ltd, MOECO Southwest Vietnam Pipeline B.V and PTTEP Southwest Vietnam Pipeline Company Limited.

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