



VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index falls to seven-day low

Vietnam's benchmark VN-Index dropped 1.33 percent to 1,162.01 points Wednesday, the lowest since February 17, with foreign investors once again turning net sellers.

The index stayed mostly in the green during the morning but plunged early afternoon and ended with a 15.63-point decrease.

Trading volume on the Ho Chi Minh City Stock Exchange (HoSE), on which the index is based, fell 2.5 percent to VND15.02 trillion (\$652 million). The bourse saw 93 stocks gain and 357 lose.

The VN30 basket, which comprises the 30 largest capped stocks on the HoSE, saw 26 tickers in the red, led by TCH of trucks distributor and assemblers Hoang Huy Investment Financial Services Jsc, down 3.3 percent.

It was followed by STB of Ho Chi Minh City-based lender Sacombank and VHM of real estate giant Vinhomes, both down 2.4 percent.

The rest of the top five losers were BID of state-owned lender BIDV, down 2.2 percent; and TPB of private TPBank, down 2 percent.

In terms of trading volume, VIC of biggest conglomerate Vingroup, VCB of state-owned lender Vietcombank and VHM were the top tickers that dragged the VN-Index down.

Only four blue chips ended in the green, led by CTG of state-owned lender VietinBank, up 1.2 percent, and REE of industrial appliance maker Refrigeration Electrical Engineering Corporation (REE), up 1.1 percent.

Foreign investors were net sellers for the fourth session in a row to the tune of VND684 billion, with selling pressure highest on VNM of dairy giant Vinamilk, VHM and FPT of IT giant FPT Corporation.

The HNX-Index for stocks on the Hanoi Stock Exchange, home to mid and small caps, fell 0.37 percent, while the UPCoM-Index for stocks on the Unlisted Public Companies Market dropped 0.32 percent.

Macro & Policies

2. Danang: Mega IT projects to lift up growth

Central city of Danang is now home to a pipeline of mega IT projects by leading local players, including privately-held CMC Group's creative space.

According to Nguyen Trung Chinh, CMC chairman, the first phase of CMC Creative Space in Hoa Xuan ward with the investment value of VND12 trillion (\$521.74 million) aims to bring jobs to about 2,000 people, which will increase to 10,000 people more in the second phase.

CMC's target is to turn Danang into an international gateway and major data centre that is part of the strategy to turn Vietnam into a digital hub in the Asia-Pacific.

Through a survey, Danang has the potential to grow into the fourth regional digital hub, following Japan, Hong Kong, and Singapore.

In light of the approved detailed planning, CMC Creative Space will consist of an R&D space; an IT and software production space; an internet transit station; a data centre; and housing blocks and associated services for experts and employees with a full suite of high-standard utilities.

Deemed as an important pilot project, efforts were taken to ensure speedy approval, paving the way to kick-off the project's construction in March 2021.

Meanwhile in Ngu Hanh Son district, FPT Corporation, Vietnam's leading IT firm, has come up with a string of capital-intensive IT projects.

Besides the 5.9ha FPT Complex which has been put into operation attracting more than 3,400 labourers, the company has pumped tens of millions of US dollars into building data centres and a system of educational facilities (schools for all grades and universities).

Nguyen Tuan Phuong, chairman of FPT Software in the central region, unveiled that in the next two years, FPT Group would inject about VND6.7 trillion (\$291.3 million) into FPT Technological Urban Area (FPT City Danang) of which about VND1.5 trillion

(\$65.2 million) will be dedicated to building residential blocks and VND1 trillion (\$43.5 million) will be earmarked for the second and third phases of its existing IT service centre to accommodate 10,000 programmers.

The company would further improve FPT City Danang's infrastructure system with about VND800 billion (\$34.8 million) set for building educational facilities.

A string of other projects are promptly in the legal setup phase, awaiting deployment such as VNPT's IT space (Danang Bay) of more than 35,000 square metres of space in Lien Chieu district with an estimated investment value in the range of VND700 billion to VND1 trillion (\$30.43-43.5 million) or the VND2 trillion (\$86.96 million) high-tech and software centre of leading military-run telecom group Viettel in Hai Chau district.

Along with this, the number of IT firms in Danang has been reportedly growing by 25 per cent annually, accounting for 20 per cent of the city's total number of businesses.

Recent statistics show that Danang accommodates 2.1 IT firms over 1,000 residents, more than quadruple the country's average. By the end of 2020, the city had 40,500 IT personnel, 20,000 of whom of them 20,000 have been working in the fields of software and digital content creation with per capita monthly wages averaging VND17.8 million (\$770).

Nguyen Tuan Phuong from FPT Software shared that digital transmission is taking the whole world by storm, especially amid recent COVID-19 complexities.

"This movement is favourable for Vietnam's IT industry generally and Danang in particular. The city needs to work on policies to accelerate the development of the IT sector, placing emphasis on training high-quality IT personnel. Availing itself of this opportunity effectively could bring numerous tailwinds to Danang in its digital transformation journey," Phuong said.

3. GE in deal to build first wind farm in Lam Dong

The turbines, which have a hub height of 111.5 meters and a rotor diameter of 137 meters, are ideally suited to exploit the wind conditions in the mountainous range of Lam Dong Province.

The contract also provides a 10-year full-service agreement for the operation and maintenance of the wind farm.

This is the first partnership between GE and Dalat based Ocean Renewable Energy JSC. Both companies have been working closely for a year on the wind farm design, layout, transportation and engineering.

The construction of the Cau Dat Wind Farm, which is expected to be completed by the third quarter of 2021, will provide immense benefits for the economy of the province, creating jobs during the initial construction period and ongoing employment opportunities in operations, maintenance and project support services throughout the agreement period.

“We are delighted to sign this important deal with GE Renewable Energy for our first wind farm project,” said Do Van Binh, general director of Ocean Renewable Energy JSC.

The Cau Dat Wind Farm is built on an area covering 350 hectares in Xuan Truong and Tram Hanh communes, Dalat City. It has an installed capacity of

50 MW and annual average output of 150 million KWh.

According to Binh, this project will help Lam Dong Province contribute to the renewable energy goal of the country as well as lay the foundation for the expansion of the project in the coming years.

GE is a long-term partner in supporting Vietnam's energy transition by bringing its innovative technology to support Vietnam in its efforts to power households with sustainable energy.

Vietnam has seen an increase in the demand for energy and this wind project further expands GE's contribution in providing technological support for a variety of power generation projects throughout the country.

GE Vietnam has more than 1,600 employees in Vietnam and is the only wind original equipment manufacturer with a manufacturing footprint in the country.

“We thank Ocean Renewable Energy JSC and their leadership team for selecting GE on this project. The award of the Cau Dat Wind Farm further validates our commitment to Vietnam and underscores our important contribution to the country's energy transition,” said Gilan Sabatier, regional leader for GE Renewable Energy's Onshore Wind Business in South Asia and ASEAN.

4. EU based Credendo: Vietnam continues successful economic story beyond a contained pandemic

The study emphasised that the Southeast Asian country is continuing its successful economic story after its good performance in controlling the COVID-19 pandemic.

The article quoted the latest country study of Credendo, saying that Vietnam has been one of the few highly resilient countries during the unprecedented COVID-19 shock.

The swift, strict and very effective containment of the virus after the outbreak in neighbouring China largely explains this, it said, noting that an early travel ban, testing and wide-scale contact tracing on top of the containment measures have helped keep the virus under control.

While most countries were severely hit and hindered by the economic impact of the virus, Vietnam's economy continued to operate at a good

albeit slower pace despite an initial high level of business disruption, it said.

Credeno's study shows that in 2020, Vietnam had exceptional economic performance while advanced and emerging economies in all the world's regions have suffered a record recession.

The study said for Vietnam, the global demand slump was more than offset by the strong global demand for medical products, electronics and computers resulting from the COVID-19 crisis. Hence, exports of goods grew last year.

Increased public investments in infrastructure also played a significant role in supporting economic activity. A more accommodative monetary policy – including the State Bank of Vietnam's policy interest rate cut from 6 percent to 4 percent – brought an extra stimulus.

According to Credendo, Vietnam remains largely immune to the further waves of the virus that are currently affecting many parts of the world. Hence, the Vietnamese authorities will take time to vaccinate the population.

Vietnam is confidently looking ahead to continue the country's economic success story, which has been characterised by average growth of 6.8 percent in the past two decades, it said.

The study stressed that an impressive outcome in the COVID-19 context lies in the fact that Vietnam's economic and financial risks have not increased. Even though GDP growth reached its lowest level since the mid-1980s, it was in positive territory in 2020 – unlike for most of the country's peers in the region – and is expected to accelerate strongly this year and towards 6.5 percent – 7 percent in 2022.

Meanwhile, Vietnam's external debt ratios remain low and debt service has barely increased, whereas the current account surplus is persisting despite some narrowing, it said, adding that post-COVID-19 prospects are positive for those risk factors on the back of a global economic recovery.

So far, Vietnam has been benefiting from the changing commercial environment and ongoing supply chain re-organization.

The study said COVID-19 has shaken global supply chains, which could benefit Vietnam in the long term, as it is seen as a stable investment location for business relocation in South-East Asia.

In addition, free trade agreements (FTAs) that Vietnam signed in the period 2019-2020 such as the European Union-Vietnam FTA (EVFTA) or the Regional Comprehensive Economic Partnership agreement (RCEP) will help boost its trade and FDI inflows.

Over the past few years, Vietnam has become a magnet for the biggest multinationals such as Samsung and Apple, which are attracted in particular by strong growth prospects, a low-cost workforce and an investment-friendly climate, to set up large manufacturing sites.

Credendo also stressed that at the 13th National Congress of the Communist Party of Vietnam, which ended in early February, the general political direction for the coming years was confirmed, with the economy and its continued liberalisation as a key priority and guarantor of the stability of the one-party regime.

During the COVID-19 pandemic, Credendo has kept its political risk ratings unchanged. The ST political risk rating is likely to remain at a solid 2/7 thanks to resilient liquidity. It forecast that the assessment will be improved further after the COVID-19 pandemic ends, the global economic situation normalises and Vietnam's strong economic momentum resumes.

Credendo is a Belgium based credit insurance group with its offices across the world. This group operates in all areas of commercial credit insurance and political risk insurance, as well as provides risk insurance products worldwide.

5. Vietnam's First COVID-19 vaccine batch arrived

Vietnamese deputy health minister Trương Quốc Cường and Emily Hamblin, Consul General in HCM City, each holding their respective country's flags, and representatives from the importer, Việt Nam Vaccine JSC (VNVC), were present at the Tân Sơn Nhất airport to welcome the delivery of 117,600 doses.

This is a part of the initial order 204,000 which was given import emergency approval by the health ministry, after a surge in community outbreaks in the last 27 days.

VNVC has signed a contract with AstraZeneca last November to procure a total of 30 million doses that will be delivered in phases throughout 2021.

This is in addition to about 30 million doses of Oxford/AstraZeneca vaccines that will be made available to Việt Nam via the WHO-led Vaccines Global Access (COVAX) initiative.

The containers, delivered on a Korean Air flight KE351 (using Boeing cargo plane B77L) from Seoul, South Korea (SK Bioscience is one of the three global producers of the AstraZeneca vaccines), were disinfected then transported to specialised cold chain storage facility run by VNVC.

Deputy health minister Cường said the first double-jab doses will be given to around 50,000 high-risk frontline workers.

Nitin Kapoor, President of AstraZeneca Việt Nam, said he was pleased the Vietnamese Government and health ministry had confidence in the products.

Also today, the flag carrier Vietnam Airlines said they have resources available – including cold containers, trained staff, and other logistical conditions – to satisfy the stringent requirements to

transport vaccines, and have set up a specialised task force on the ready to respond to requests from the Government.

Rollout plan

The Vietnamese Government said the COVID-19 vaccines (supplied via COVAX initiative) will be given free to the population under the National Expanded Immunisation Programme, but there will still be 'paid service' doses.

Health authorities yesterday revealed its vaccine rollout plan, designating 11 priority groups to be given the first jabs: medical workers; people directly involved anti-pandemic efforts (COVID-19 prevention and control steering committees of all levels, quarantine facility staff, reporters, etc.); diplomats, customs officers and people working entry and exit procedures; military personnel; public security forces; teachers; elders above 65 years old; essential service workers (aviation, transport, tourism staff, utility workers, etc.); people with chronic health issues; people who want to study or work overseas; and people in virus-hit regions.

The priority ranking is evaluated based on criteria such as areas where COVID-19 cases are present, areas with COVID-19 deaths occurred, major cities with high population density and localities considered traffic and transit hubs.

Việt Nam aims to inoculate 80 per cent of its over 90 million population to achieve herd immunity against coronavirus.

6. RCEP offers opportunity to expand Vietnamese agricultural exports

Lê Duy Minh, chairman of the Việt Nam Farms and Agricultural Enterprises Association, said the Regional Comprehensive Economic Partnership - RCEP provides the country's farm produce with access to a larger market and opportunity to improve their competitiveness.

The trade deal brings together the 10 ASEAN member countries, Australia, China, Japan, New Zealand, and South Korea, which account for 29 per cent of the world's GDP and have a population of 2.2 billion.

The trade pact promises to help increase Việt Nam's exports since many of the other members have huge demand for its farm produce and processed foods.

Thanks to the harmonisation of rules of origin between the members, Việt Nam's exports could meet all the requirements to benefit from preferential tariffs in countries like Japan, South Korea, Australia, and New Zealand, Minh said.

These countries also have relatively similar import standards and consumer tastes, not to mention the lower transportation and logistics costs they offer thanks to their proximity.

It also opens new opportunities for trade with China in new categories such as communications, financial services, logistics, and e-commerce.

Nguyễn Phúc Nguyên, general secretary of the Việt Nam Fruit and Vegetable Association, said the trade deal would further increase the country's agricultural exports to China, already a major market.

The RCEP removes tariffs on at least 64 per cent of tariff lines.

In 15-20 years Việt Nam will abolish 89.6 per cent of tariff lines while its partner countries will remove 92 per cent of its tariffs.

Other ASEAN members will remove 85.9 per cent of all tariffs for Việt Nam.

Nguyễn Đình Tùng, the general director of Vina T&T Company, said the RCEP was enabling talks on opening up export markets to more of the country's agricultural products.

Commitments and trade facilitation measures under the deal are also expected to promote the growth of new supply chains, thus boosting international standard agricultural production in ASEAN.

However, experts also pointed to a host of challenges such as satisfying rules of origin and quality standards and competition from foreign rivals in both the domestic and foreign markets.

Tùng said businesses should view free trade deals, including the RCEP, as a chance to improve their product quality, bolster supply chain management and promote competitiveness.

7. Textile companies hope for better days ahead

Viet Tien Garment Corporation (VGG) recorded a sharp decline in net profit by 65 per cent in 2020 to VND143 billion (US\$6.2 million), the lowest profit rate in the last 10 years.

VGG attributed the decline to the negative impact of the COVID-19 pandemic around the world, especially in Japan, the US and the EU, the main export market of the corporation. Importers in these countries reduced their orders, leading to a decrease in VGG's sales.

DamSan Joint Stock Company (ADS) reported net profit rising sharply to VND23 billion, nearly three times higher than the previous year, thanks to the increase in the price of finished cotton fibre products and sales of fixed assets.

Thanh Cong Textile Garment Investment Trading Joint Stock Company (TCM) during the pandemic in 2020 invested heavily in masks, medical protective

gear and developed antibacterial fabrics. Thus its net profit in 2020 increased by 28 per cent to VND275 billion.

For the first year in 25 years, Viet Nam's textile and garment export growth was negative 10.5 per cent, only reaching US\$35.2 billion compared to \$39 billion in 2019.

In the context of a decline in global demand by more than 22 per cent, from \$740 billion to \$600 billion, competing countries all witnessed an export decrease between 15-20 per cent, making Viet Nam's reduction rate small.

From 2010 to 2020, the total revenue of Vietnamese textile and garment enterprises has increased four times from VND12.35 trillion to VND54.14 trillion.

Among large garment firms, the revenue of Viet Nam National Garment and Textile Group (Vinatex)

increased from VND489 billion to a five-digit number during the period 2014 - 2020 and peaked at VND19.1 trillion in 2018.

The Viet Nam Textile and Apparel Association (VITAS) forecasts that export value in 2021 may recover to 2019 levels, reaching \$39 billion, equivalent to a growth rate of 10.6 per cent year-on-year.

According to the Ministry of Industry and Trade, the textile and garment industry has great development opportunities from new free trade agreements, especially the potential to expand exports to major markets around the world. High-end brands will benefit greatly.

Notably, in 2021, many new features of the supply chain will be established such as the falling prices trend that dominates the whole market and the online business model which requires digital

communication with all components of the supply chain.

Many businesses plan to invest in new projects in 2021 to improve production capacity. Vinatex will focus on supplementing, training and developing high-quality human resources, connecting chains in member enterprises and increasing the performance of subsidiaries.

Thanh Cong Textile Garment Investment Trading Joint Stock Company (TCM) plans to boost investment to expand its factories to serve export orders, while at the same time meeting the increasing orders for yarn and fabric for domestic textile enterprises to benefit from trade deals.

In terms of fashion items, the company plans to develop online instead of opening a retail chain to catch up with modern shopping trends..

Corporate News

8. VPB: VPBank breaks into Brand Finance's top 250 value banks in 2021

↓ -1.98%

The Vietnam Prosperity Joint Stock Commercial Bank (VPBank) has jumped 37 spots to enter the Brand Finance's top 250 in rankings of the world's most valuable banks in 2021.

According to the Brand Finance Banking 500 2021 ranking, VPBank ranked 243rd in banking brand value this year.

Its brand value grew 41 percent to 502 million USD this year from 354 million USD in 2019. It also represents a nine-fold increase against 2016 when the bank's brand value was first evaluated at 56 million USD.

The 2021 ranking was calculated based on a brand's market share, growth rate, property size,

financial capacity, operating efficiency and prestige, said Lai Tien Manh from Brand Finance Vietnam.

In the face of COVID-19 that has taken a heavy toll on the global financial system, VPBank's brand value growth is spectacular, he added.

Ending 2020, the bank's total asset reached 419 trillion VND (nearly 18.2 billion USD), outstanding loans exceeded 320 trillion VND, while non-performing loan rate was kept at below 3 percent.

Eight other Vietnamese banks have also been named in the Brand Finance Banking 500, namely Agribank, Vietcombank, VietinBank, BIDV, Techcombank, MB, Sacombank and ACB.

9. KDC: KIDO Group doubles revenues, triples profits in January

↓ -0.83%

Food company KIDO Group has reported a 100 per cent year-on-year jump in revenues in January to VNĐ1.1 trillion (US\$48 million).

Its profit before tax was up an impressive 342 per cent to VNĐ90 billion (\$3.9 million).

The company attributed the surge to Lunar New Year demand.

Acquisitions helped it increase distribution to 450,000 points for canned foods and 120,000 for chilled products, it said.

Besides, after a gap, it returned to the confectionery market before the Lunar New Year.

In 2021 KIDO targets revenues of VNĐ11.5 trillion (\$500 million), and a profit of VNĐ800 billion (\$34.7 million).

To achieve them, it plans to diversify its oil products and strengthen distribution, and maintain its leadership in the ice-cream segment. It has a market share of 43.5 per cent.

KIDO had announced plans to bring more snacking products to the market in 2021 and develop its moon cake business.

It expects snacks to be the major contributor to its revenues and profits this year, alongside their new products from their joint venture with Vinamilk. In addition, the company has also recently entered the potentially lucrative coffee market.

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