



VIETNAM DAILY NEWS

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Market Analysis

1. Shares rise on growth of pillars and energy stocks

Shares ended on a positive note on Tuesday thanks to cash flow that continued pouring into pillars as well as oil and gas stocks.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) rose 0.32 per cent, equivalent to 3.91 points, to 1,239.96 points. The market breadth was negative as 190 stocks climbed while 248 stocks fell and 47 ended flat.

The market liquidity was high with a trading volume of over 694 million shares, worth over VND16.9 trillion (US\$737 million).

“The VN-Index dropped from the beginning but quickly regained the rally and closed with a slight increase. In the market, investment cash flow improved,” said BIDV Securities Co.

Foreign investors were net sellers on both HoSE and HNX. Besides, market breadth turned negative with an increase in liquidity compared to the previous session.

According to the current assessment, VN-Index can continue to fluctuate in the coming sessions and it is likely that there will be a slight decrease, the company said.

Foreign investors net sold VND2.43 billion on HOSE, including Vietinbank (CTG) (VND297.8 billion), dairy firm Vinamilk (VNM) (VND50.8 billion) and Masan Group (MSN) (VND34.7 billion). They were net sellers on the HNX with a value of VND48.73 billion.

The VN30-Index, which tracks the 30 biggest stocks on the southern bourse, increased 0.44 per cent, equivalent to 5.46 points, to 1,255.36 points.

In the VN30 basket, 14 stocks rose, while 13 declined and three stayed unchanged.

The afternoon trading session was somewhat quiet as system overload from the morning session continued to worry traders, said financial news site cafe.vn. But pillar stocks and energy stocks still posted good performance on Tuesday, supporting indices.

Notable gainers included insurer Bao Viet Holdings (BVH), Vietinbank (CTG), Eximbank (EIB), Hoa Phat Group (HPG), Novaland (NVL), VinGroup (VIC), Vincom Retail (VRE), PetroVietnam Technical Services Corporation (PVS), The PetroVietnam Drilling & Well Service Corporation (PVD), PetroVietnam Construction Corporation (PVC), PetroVietnam Gas JSC (GAS) and Binh Son Refining and Petrochemical Company Limited (BSR).

On the Ha Noi Stock Exchange (HNX), the HNX-Index rose 0.15 per cent to close Tuesday at 291.68 points.

In Tuesday’s trade, some 198 million shares were traded on the northern bourse, worth nearly VND3.7 trillion.

The market is expected to encounter fluctuations with alternating increases and decreases in the next session, said Bao Viet Securities Co.

“VN-Index may correct to 1,225-1,230 points before challenging the resistance zone of 1,250-1,265 points. The domestic cash flow continues to be the key driver supporting the current market’s trend.

“Large-cap stocks, especially the leading ones, will increase to support the market’s uptrend,” it said.

Macro & Policies

2. What awaits logistics in Vietnam

Vietnam ranked among world's top 10 emerging logistics markets

2021 has witnessed a bright start for Vietnam's logistics sector, which ranked among the world's top 10 emerging logistics markets in the 2021 Emerging Markets Logistics Index with a score of 5.67 out of 10. It jumped three spots to eighth in this year's global index of emerging logistics markets after emerging as a popular manufacturing hub, particularly with the recent mass relocation of production out China. The report emphasised Vietnam's improved performance across domestic logistics opportunities, international logistics opportunities and business fundamentals.

Logistics industry forecast to grow in 2021 on global recovery

According to the Vietnam Logistics Business Association's latest survey, there are around 30,000 logistics companies in the country, 4,000 of them foreign-owned. Furthermore, the industry has been growing at 12-14 per cent annually and is now worth over \$40 billion.

According to SSI Securities, the growth prospect of the seaport and logistics industry is positive in 2021, forecasted to grow significantly on the possibility of global trade recovery this year when the COVID-19 vaccine is administered worldwide. The securities company expects the revenue of the seaport and logistics industry would expand by 10 per cent in 2021. The expansion of Cai Mep-Thi Vai and Lach Huyen seaports, for example, would attract big ships to Vietnam instead of Singapore and Hong Kong.

This year will also witness Gemalink Port – Vietnam's largest deep seaport – put into use at least 80 per cent of its designed capacity and reach its full capacity of 1.5 million TEU by 2022. Beginning construction in February 2019, Gemalink is the biggest seaport in the Cai Mep-Thi Vai complex with a total investment of \$520 million and becoming one of the world's 19 largest deep seaports with the capability to receive the world's largest ships (up to 200,000 DWT) today.

Despite being affected by the pandemic last year, the industry was confident about the country's trade growth thanks to positive impacts of free trade agreements (FTAs) which were signed recently, including the EU-Vietnam FTA (EVFTA) and the Regional Comprehensive Economic Partnership (RCEP). In addition, expectations on investment inflow triggered by the global production shift out of China is another driver instilling confidence in the sector's recovery.

Statistics from the General Statistics Office showed that Vietnam's total import-export value reached \$543.9 billion in 2020, up 5.1 per cent on-year. It is also predicted by SSI that Vietnam's import-export value and total goods via seaports would increase by approximately 10 per cent in 2021, pushed by global recovery, FTAs, and the global production shift out of China.

Warehousing demand continues to rise

This expectation was also driving demand for logistics infrastructure. For example, total warehouse area increased significantly in recent years and the price escalated over 5-10 per cent on-year. According to Savills Vietnam figures, the average warehouse rental price in the North and South Economic Zones in 2020 was \$4.1 per square metre per month and \$4.4 per sq.m per month, respectively.

New warehousing and distribution centre projects are sprawling to Long An and Dong Nai as Ho Chi Minh City and Binh Duong province have restricted supply. In Long An for example, JD.com invested in a new 10-hectare warehouse project in Duc Hoa district and Cianiao Network (Alibaba logistics provider) has a new 15ha project in Ben Luc district. Last year also witnessed the announcement of LOGOS Property entering the market with a \$350 million logistics development joint venture. The Australian developer has also invested in its own warehousing project in Can Giouc district, Long An.

Global warehousing costs, Savills Research

According to Savills Global Warehousing Costs report by Paul Tostevin, director of Savills Research,

when it comes to analysing total warehousing property costs, aside from rental rates, it is also important to factor in labour costs which are typically the single largest component of a warehousing operation (often making up half of all operational costs). Electricity and diesel costs, for the running of buildings and their vehicle fleets, are also a major factor in warehousing operations. The report stated that very low labour costs coupled with extremely low energy costs make operations in Vietnam the cheapest location of the reports sample (54 markets across 21 countries), led by Hanoi. These low costs make Vietnam highly attractive to multinationals setting up operations in the country, but the government is actively targeting higher value companies. Troy Griffiths, deputy managing director of Savills Vietnam, said, “The government has been investing heavily in all manner of infrastructure while promoting industrial clusters to attract businesses higher up the value chain. High levels of corporate taxation relief are also available to ensure healthy regional competition.”

Suez blockage threatens Vietnam trade

The Suez Canal blockage caused by the Taiwanese container vessel Ever Given is threatening to delay some of Vietnam's exports and imports with Europe and the US, leaving exporters concerned. As the situation continues, Vietnamese seafood exporters will suffer as they have to ship seafood to their partners, according to Truong Dinh Hoe, general secretary of the Vietnam Association of Seafood Exporters and Producers (VASEP).

The Ministry of Industry and Trade has advised exporters to adopt the necessary measures to limit any economic damage posed by the situation. For example, the Vietnamese Trade Office in Egypt recommended Vietnamese firms to coordinate closely with shipping companies for updates on the transport capacity, time of docking, and goods loading.

It was also advised to take out insurance against delays or possible damage of goods, especially aquatic products. Businesses would also need to contact the Vietnam Trade Office and work with importers to address possible problems related to slow delivery to avoid any trade disputes.

3. Vietnam's export to EU hit nearly \$10 billion in first quarter

According to figures from the Ministry of Industry and Trade (MoIT), since the landmark EU-Vietnam Free Trade Agreement (EVFTA) came into force, Vietnamese exports to EU member states managed impressive growth and hit nearly \$10 billion in the first quarter of 2021, up 18 per cent on-year.

The best-performing sectors were textile and clothing, electronics, and agro-fishery products, among others. In particular, shrimp exports surpassed \$150 million, up 11 per cent over the same period of last year.

Besides, Vietnam's leather and footwear export turnover in the first eight months of 2020 dropped more than 10 per cent due to the COVID-19 pandemic but quickly regained its growth momentum after the EVFTA took effect. In January alone, the turnover expanded 26 per cent compared to the corresponding period in 2020.

Key import markets including Belgium, Portugal, Denmark, and Italy have shown rosy growth of 20-35 per cent between January and March. Many

shipments touched down at the EU, passed customs clearance, and received preferential treatment.

Tran Thanh Hai, deputy director of the MoIT's Agency of Foreign Trade, said that businesses have taken advantage of the EVFTA to increase foreign trade.

Key import markets including Belgium, Portugal, Denmark, and Italy have shown rosy growth of 20-35 per cent between January and March.

For instance, under the agreement, the EU provides an exemption from tariffs with a quota of 80,000 tonnes to Vietnam and will completely abolish tariffs on broken rice after five years. Therefore, some firms have signed orders to sell fragrant rice with higher values. Some rice export shipments even fetched a record price level of more than \$1,000 per tonne, casting very positive impacts on Vietnam's rice export situation both in volume and pricing.

Besides, other items are also enjoying tax exemption such as passion fruit, shrimp, pomelo, dragon fruit, suitcase, bag, or shoes.

According to Le Van Quang, chairman of Minh Phu Seafood JSC, the shrimp export value has been growing impressively amidst the COVID-19 pandemic. He added that this year his company had set a target to export 71,000 tonnes of processed shrimp worth \$790 million.

Vinatex deputy director Cao Huu Hieu said that even as COVID-19 became a global threat, many enterprises including May 10, Donagamex, and Nha Be maintained growth by ramping up operations in the personal equipment segment.

With export value surpassing \$6 billion annually, the footwear and handbag sector is making good use of EVFTA advantages. Phan Thi Thanh Xuan, general secretary of the Vietnam Leather, Footwear and

Handbag Association informed that sports shoes enjoyed more than 10 per cent hike in export value in the first quarter this year. In addition, the footwear and handbag sector is forecast to see double growth by 2025 based on the Ministry of Planning and Investment's EVFTA impact assessment.

Moreover, a cooperation programme to connect Vietnamese businesses with EU partners has been launched recently by the MoIT's E-Commerce and Digital Economy Agency, the Vietnam Institute of Digital Economy and Management Science (VIDEM) and Vietnam Association of Small and Medium Enterprises, helping to boost the export of Vietnamese items to the EU.

The MoIT commented that new-generation FTAs would be one of the important factors driving Vietnam's exports in the forthcoming time.

4. Vietnamese fruit and vegetable sector targets export revenue of \$10 billion

Dang Phuc Nguyen, general secretary of the Viet Nam Vegetables Association, said that new-generation free trade agreements (FTAs) such as the EU-Viet Nam Free Trade Agreement (EVFTA); the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP); or Regional Comprehensive Economic Partnership (RCEP) were helping pave the way for Vietnamese businesses to increase fruit and vegetable export turnover this year.

Regarding the market, vegetables and fruit exported mainly to the Chinese market in the first two months of this year, reached \$352.83 million, up 17.5 per cent over the same period last year, accounting for 62.5 per cent of the total export value of vegetables and fruit of Viet Nam.

The increase in exports to the Chinese market is due to a sharp growth in consumption demand during the Lunar New Year. Besides China, some other major markets for Vietnamese fruits and vegetables are the US, Thailand, Japan, and South Korea.

Notably, the export value of vegetables and fruits to Taiwan, Australia and Malaysia rose significantly. Export value to the Taiwanese market reached \$12.87 million, up 43.1 per cent; Australian market reached \$11.9 million, up 30.6 per cent; and the

Malaysian market reached \$9.2 million, up 32.5 per cent over the same period last year.

In addition to familiar markets, Viet Nam's fruit and vegetable industry has also been promoted for export to many other large potential markets, such as Egypt, Kuwait, Ukraine, and Senegal.

The UK – Viet Nam Free Trade Agreement (UKFTA) promises to create a new driving force for economic co-operation in the future, said Nguyen.

When the agreement takes effect, more than 94 per cent of the total 547 tax lines for vegetables and fruit will have a tax rate of 0 per cent.

Many key products such as litchi, longan, rambutan, dragon fruit and pineapple will have additional market access advantages as tropical fruits originating from competing countries such as Brazil, Thailand and Malaysia do not have FTAs with the UK.

To take advantage of market opportunities and boost exports, businesses need to improve the quality of fruit and vegetable products and meet the standards required by the importing market, said experts.

Recently, the Prime Minister has approved a project to develop the fruit and vegetable processing industry in the 2021-2030 period with the goal that export turnover of fruits and vegetables will reach \$8-10 billion by 2030.

Of which, the proportion of export turnover of processed fruit and vegetable products will reach 30 per cent or more; fruit and vegetable processing capacity will reach two million tonnes per year, nearly double that of last year.

On the other hand, the project also aims to attract investment for 50-60 new large and medium-sized fruit and vegetable processing establishments by 2030; to build and successfully develop a number of modern fruit and vegetable processing groups and enterprises at regional and international level.

To achieve these goals, the agricultural sector will boost investment in improving the capacity of fruit and vegetable processing in the future; develop establishments for preliminary processing and preservation of fresh fruits and vegetables as well as promoting key fruit and vegetable products and high value-added products.

In addition, the agricultural sector will promote deep processing, diversify products from raw vegetables and fruits and from post-processing by-products. The industry will also strive for value-added growth of 10 per cent per year on average in the 2021-2030 period.

The sector will also build and form specialised areas in vegetable and fruit production to ensure the supplied materials to have quality and food safety for processing activities.

5. Lower rice prices will make it easier to sell: exporters

Reducing prices

According to the Viet Nam Food Association, since March 29, the rice export price has dropped sharply by \$20 per tonne after reaching the highest price in the past nine years.

Currently, the asking price of 5 per cent broken white rice was at US\$498-502 per tonne, the price of 25 per cent broken white rice was \$473-477 per tonne and 100 per cent broken white rice was at \$428-432 per tonne.

The association also said prices of 5 per cent broken white rice from Thailand stood at \$490-494 per tonne while that from India was at \$408-412 per tonne.

The news wire service Reuters reported that Thailand's rice price has fallen to its lowest level in the past four months due to the decline in domestic prices and exchange rates when the Thai baht has weakened by 3.5 per cent compared to the previous year since the beginning of March 2021, while the prices in India have been adjusted to reflect the decline in the Indian rupee.

Phan Van Co, director of Vrice Co Ltd, said: "The reduction in selling prices for Vietnamese exporters will help sell local rice in the export market."

Co said recently, Vietnamese rice prices were always higher than competitors' such as Thailand and India, which made it difficult to compete because some importers were turning to India to buy 5 per cent broken white rice at lower prices though they were still buying fragrant rice from Viet Nam.

Co said that Indian rice was cheap and had stable quality while transporting costs from India to Africa was also cheaper than from Viet Nam, adding the lower prices also made major rice importing countries such as China, the Philippines, and Indonesia buy Indian rice for their reserves.

Vietnamese 5-per cent broken rice was now too expensive compared to the international market, each tonne of the rice was about \$100 higher than Indian rice, plus with the higher transportation costs, it was difficult to compete.

Nguyen Van Thanh, director of Phuoc Thanh IV Company, said: "Though the asking prices of local rice decreased, it is still high compared to the current prices and much higher than in the last year."

Thanh also said the reduction will help Vietnamese rice compete better amid expensive freight.

When prices of 5-per cent broken rice fell, exporters said they would keep the prices high-end rice such as Dai Thom, Jasmine and ST 24, stable.

Pham Thai Binh, general director of Trung An High-Tech Agriculture Joint Stock Company, said: “Trung An's orders still maintain a high price from \$600 to nearly \$1,000 per tonne.”

Binh said as his business has a good grasp of the market tastes, the products still win customers' hearts and are sold at good prices.

Vrice's director Phan Van Co, stated since 2020, the prices of fragrant rice exported to markets in the EU has not changed, saying: “We have long-term business with our partners, in addition, Vietnamese rice has found a stable customer segment for many years, so exports are good.”

Like Vrice, Phuoc Thanh IV Company currently exports fragrant Dai 8, OM 5451 rice products to

countries in Asia and the Middle East with relatively good prices, of which, Dai fragrant 8 rice is purchased by partners at \$545-550 per tonne.

Director Thanh of the firm said they could sell their high-quality products at good prices as his enterprise has created a habit for foreign consumers to use quality rice products originating in Viet Nam. Thanh estimated a more exciting export market for Viet Nam from April as there would be more customers than in the first quarter.

According to the latest statistics by the General Department of Customs, in the first 15 days of March, the country exported 203,320 tonnes of rice with the turnover at more than \$111 million. Accumulated from the beginning of the year to March 15, the rice export volume reached 858,605 tonnes with turnover of more than \$470 million. The average value of rice export in the first months of 2021 reached \$548 per tonne, higher than the same period last year. The price was \$464 in the same term last year. The main rice export markets of Viet Nam were the Philippines, mainland China, Malaysia, Hong Kong and Singapore.

6. Hanoi GRDP growth expands by 1.25-fold to 5.17% in Q1

While the city's economy continues to face severe Covid-19 impacts, the gross regional domestic product (GRDP) growth expanded by 5.17% year-on-year in the first quarter, 1.25-fold increase against the 4.13% recorded in the same period of last year.

Director of the municipal Planning and Investment Do Anh Tuan revealed the figure at a meeting on April 2.

“Such result is thanks to the city's strong push for the twin targets of containing the pandemic and boosting economic growth,” Tuan noted, saying this helps create the momentum for further growth in subsequent quarters of the year.

According to Tuan, the construction – industry sector was among key contributors for economic growth by an expansion rate of 7.99% year-on-year, representing an increase of 1.43-fold year-on-year, and services by 4.54%, rising 1.17-fold.

Among positive notes of the local economy, Tuan pointed out a surge of 12.9% year-on-year in the index of industrial production (IIP) in March against last month, while state budget revenue reached VND72.75 trillion (US\$3.16 billion), up 1% year-on-year and equivalent to 30.9% of the yearly's estimate.

In March, Hanoi has 34 new foreign invested projects worth US\$30.5 million and nine existing ones with additional capital of US\$47.8 million.

The local authorities also gave business license for 2,622 new enterprises with an average registered capital of VND23.6 billion (US\$1 million).

For the second quarters and the rest of the year, Tuan said the city continues to identify the dual targets as a backbone to ensure the realization of socio-economic development targets.

“For long-term, Hanoi is expected to push for administrative reform and create the utmost convenience for the people and businesses,” he said.

This year, Hanoi sets a growth target of 7.5% from an estimated of 3.94% in 2020.

7. Vietnam's new leaders expected to adopt opening-up policies: Int'l media

Vietnam's new set of leaders comes from requirements of the actual situation and are expected to adopt a more open-door policy for greater modernization of the local economy.

Economist Daniel Mueller at the German Asia-Pacific Business Association (OAV) was quoted by the Vietnam News Agency (VNA) as saying.

According to Mueller, the country's new State President [Nguyen Xuan Phuc], Chairman of the National Assembly [Vuong Dinh Hue] and Prime Minister [Pham Minh Chinh] are all pragmatists and result-oriented, adding he expected the Vietnamese government would continue to boost for the industrialization process with higher labor productivity.

Mueller said as the country aims to accelerate the digital transformation process, administrative costs would soon be reduced.

While the Covid-19 pandemic showed the significant impact of digitalization for economic recovery, the German economist said Vietnam would focus its resources for the adoption of new technologies, including AI or big data.

Prime Minister Chinh with his experience gained from working in various positions, would carry out the ongoing works from his predecessor to streamline the government apparatus for greater efficiency, Mueller added.

Under the “Indo-Pacific strategy”, both Germany and the EU expect to further their relations with the Asian region, including ASEAN, and Vietnam has a good opportunity to prove itself as an attractive partner and a bridge to connect ASEAN with the world, he stated.

Sharing Mueller's view on Vietnam's new prime minister, Professor Thomas Engelbert from Hamburg University said Chinh as the Secretary of Quang Ninh province Party Committee [2011-2015]

had worked on various initiatives to boost local economy and attract foreign investment capital, which were major reasons for the strong economic growth that the northern province Quang Ninh is enjoying today.

Meanwhile, Wolfgang Bork, an expert on administrative law and a member of the Germany – Vietnam association, said both the old and new governments of Vietnam are having major responsibility in the Covid-19 fight.

As the country has gradually contained the pandemic, its economy would continue to grow along with higher income per capita.

Vietnam should continue to attract FDI, pursue administrative reform and ensure lawful rights for foreign investors, said Bork.

A more prominent regional role

The Singapore-based S. Rajaratnam School of International Studies (RSIS) published an article from author Yang Razali Kassim stressing the leadership renewal in Vietnam marks a combination of experience and freshness, calling it a “suitable formula for Vietnam's planned transition towards developed status by 2045.”

Kassim expected General Secretary Trong will continue to oversee the fight against corruption where his success has been proven, while State President Phuc will “leverage on his experience as prime minister to expand and strengthen Vietnam's relations with other countries.”

The biggest attention will be on Prime Minister Chinh, “whose decisiveness is seen as a quality needed for a head of government.”

“He will have the unenviable task of steering the country towards the dual goal of rolling back and containing the pandemic while maintaining and

promoting economic growth. For the new leadership, this goal is foremost,” stated Kassim.

In addition, foreign policy under the new team is likely to continue the strategy of “openness, multilateralization and diversification.”

International economic integration will continue with more free trade agreements (FTAs) being signed, thereby creating new impetus for the nation's economic recovery. On the other hand, Vietnam's diplomatic foray will continue to deepen

following its chairmanship of ASEAN in 2020 while its entry into the UN Security Council as a non-permanent member for one year has raised its voice on the global stage, Kassim wrote.

By the end of the National Assembly's elections on April 8, the new Vietnamese core leadership will be ready to take over. This new “Group of Four” – communist party veterans backed by a set of younger leaders – will steer Vietnam towards a more prominent regional role, concluded Kassim.

Corporate News

8. TCB: Techcombank eyes consolidated pre-tax profit of 863 million USD

↑ 1.69%

The Technological and Commercial Joint Stock Bank (Techcombank) has set a target of posting consolidated pre-tax profit of 19.8 trillion VND (863.76 million USD) this year, a year-on-year surge of 25.3 percent.

It also targets credit growth of 12 percent or higher and deposit growth of at least 14.7 percent, while keeping bad debts under 2 percent.

More than 6 million bonds worth 10,000 VND each will be issued under an employee stock ownership plan (ESOP). Techcombank's charter capital is then to surpass 35.1 trillion VND.

The bank posted a pre-tax profit of 15.8 trillion VND in 2020, an increase of 23.1 percent against 2019.

As of the end of December, its total assets had risen 14.6 percent from the start of the year to nearly 440 trillion VND.

Mobilised capital hit 289.78 trillion VND last year, up 22.1 percent year on year, while outstanding loans were valued at 318.03 trillion VND, up 23.3 percent.

Its capital adequacy ratio stood at 16.1 percent, higher than the 8 percent stipulated by the State Bank of Vietnam. Bad debts contracted to 0.5 percent from 1.3 percent, after overdue outstanding debts of 3.36 trillion VND were handled.

According to Brand Finance, Techcombank's brand value rose 30 percent last year to 524 million USD, from 401 million USD a year earlier.

It also leapt 57 places to 270th in the world's 500 most valuable banking brands in 2021.

9. VJC: Vietjet Air to launch five routes to Phu Quoc

↑ 0.53%

The Civil Aviation Authority of Vietnam (CAAV) has given the greenlight to Vietjet Air to launch five routes to Phu Quoc Island in the Mekong Delta province of Kien Giang.

The carrier had earlier sought the authority's permission to conduct flights from Thua Thien-Hue, Quang Nam, Quang Binh, Binh Dinh, and Quang Ninh provinces to Phu Quoc.

The CAAV said it will consider flight frequency and schedules.

Vietjet is a fully-fledged member of the International Air Transport Association (IATA) with an IATA Operational Safety Audit (IOSA) certificate.

Vietnam's largest private carrier, it was awarded the highest ranking for safety, with 7 stars, in 2018 and 2019 by the world's only safety and product rating website, airlineratings.com, and was listed as one of the world's 50 best airlines in healthy financing and operations by Airfinance Journal in 2018 and 2019. The carrier has also been named "Best Low-Cost Carrier" by renowned organisations such as Skytrax, CAPA, Airline Ratings, and many others.

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