



VIETNAM DAILY NEWS



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Table of content

Table of content

- 1. Shares decline on securities and real estate stocks**
- 2. Fertiliser makers see rising earnings but stock prices may become less attractive**
- 3. Weighing steel ticker appeal in the rest of 2021**
- 4. Banks continually cut lending rates to aid pandemic affected customers**
- 5. Factories continue 'three on-site' model in HCM City amid stay-at-home policy**
- 6. Ministries work on draft circular to ease congestion at seaports**
- 7. Boeing opens first office in Vietnam**
- 8. EVS: EVS issues 40 million individual shares, price is less than half of market price**
- 9. VIB: Relatives of VIB's CFO have opposite transactions**

Market Analysis

1. Shares decline on securities and real estate stocks

Shares ended lower on Tuesday as profit-taking activities weighed on securities and real estate stocks.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange was down 0.01 per cent to close at 1,298.74 points.

The index had plunged 2.3 per cent to end Monday at 1,298.86 points.

More than 714 million shares were traded on the southern bourse, worth VND23.4 trillion (US\$1 billion).

Market breadth was negative with 145 gaining stocks and 228 losers.

The VN30-Index edged 0.44 per cent lower to 1,418.26 points. Of the VN30 basket, 22 stocks rose while six slid and two stayed unchanged.

“The market had a struggling session around 1,300 points. Market breadth remained negative with market liquidity declining compared to the previous session,” said BIDV Securities Co.

“The struggle around the psychological threshold of 1,300 points may continue in the short term as cautious sentiment dominates trading activities in the market,” it said.

Foreign investors net bought VND132.39 billion on HOSE. They were net sellers on HNX with a value of VND122.48 billion.

Towards the end of the session, the VN-Index's loss was significantly expanded as securities stocks declined strongly, such as Viet Dragon Securities Co (VDS), Ho Chi Minh City Securities Corporation (HCM), Viet Nam Bank For Industry and Trade Securities JSC (CTS), VIX Securities Joint Stock Company (VIX) and Petrovietnam Securities Incorporated (PSI) losing 7 per cent.

Viet Capital Incorporation (VCI), FPT Securities Joint Stock Company (FTS) and Bao Viet Securities (BVS) also declined sharply.

The real estate and construction sectors also traded quite negatively with many losers such as Development Investment Construction JSC (DIG), Hoa Binh Construction JSC (HBC), Hudland Real Estate Investment and Development JSC (HLD) and Cotecons Construction Joint Stock Company (CTD).

On the other side, petroleum stocks and steel stocks performed well and helped limit the fall of indices with gainers such as PetroVietnam gas JSC (GAS), PV Drilling (PVD), PV Coating (PVB), Binh Son Refinery (BSR), Hoa Phat Group (HPG), Nam Kim Group (NKG), Hoa Sen Group (HSG).

On the Ha Noi Stock Exchange, the HNX-Index lost 0.91 per cent to end Tuesday at 331.79 points.

The index had lost 0.95 per cent to close Monday at 334.84 points.

More than 161 million shares were traded on the northern market, worth VND4 trillion.

Macro & Policies

2. Fertiliser makers see rising earnings but stock prices may become less attractive

Fertiliser businesses witnessed galloping growth in profits in the first half of this year. Petrovietnam Fertiliser and Chemicals Corporation (DPM) witnessed post-tax profit up 110 per cent year-on-year, PetroVietnam Ca Mau Fertiliser JSC (DCM) up 20 per cent, Binh Dien Fertiliser Joint Stock Company (BFC) up 88 per cent and The Southern Fertiliser JSC (SFG) up 362 per cent.

As for DPM, although in the second quarter its factory had to stop production due to periodic maintenance for nearly a month, six-month revenue only increased by 26 per cent, but profit doubled thanks to the sharp increase in prices. Compared to the annual plan, DPM has fulfilled 59 per cent of the revenue target, but has exceeded nearly 140 per cent of the profit plan for the whole year.

DCM in the first half of this year completed 55.4 per cent of the revenue plan and exceeded 108.2 per cent of the annual plan. At a shareholders' meeting last month, General Director Van Tien Thanh said the first half of this year was an unprecedented period in the past 10 years as the prices of fertiliser products witnessed a sudden increase which was difficult to control.

Many other fertiliser enterprises also exceeded their profit target for the whole year in just six months, including Lam Thao Fertilisers and Chemicals JSC (LAS), with after-tax profit of VND52.7 billion (US\$2.3 million), exceeding the whole year's plan by 86 per cent.

DAP - VINACHEM JSC (DDV) achieved after-tax profit of VND54.6 billion in the first half of the year, exceeding the whole year's profit plan by 32.5 per cent. South-East PetroVietnam Fertiliser & Chemicals JSC (PSE) also exceeded the profit plan for 2021 by 63.8 per cent in just 6 months.

According to analysts of SSI Securities Company, in 2022, fertiliser enterprises will continue to witness increasing profits. First, China faces a shortage of fertiliser supplies, which will reduce the supply of fertiliser worldwide. Second, fertiliser-importing countries suffer from unusually high transportation

costs due to COVID-19, which will drive up fertiliser prices.

These two factors would cause a shortage of fertiliser supply and increasing prices in 2022, SSI said.

Domestically, fertiliser output will increase from the third quarter of 2021 because the fertiliser factories of Petrovietnam Fertiliser and Chemicals Corporation (DPM), Ninh Binh Phosphate Fertiliser Joint Stock Company (NFC), Habac Nitrogenous Fertiliser & Chemicals Joint Stock Company (DHB) will resume operations.

Although supply may be in excess, fertiliser prices in Viet Nam are still forecast to increase to offset the increase in input gas prices. With excess production in the third quarter of 2021, fertiliser companies can export and continue to enjoy huge profits, SSI said.

With the current world fertiliser price movement, SSI raised the profit growth forecast of Petrovietnam Fertiliser and Chemicals Corporation (DPM) in 2021 to 75 per cent and PetroVietnam Ca Mau Fertiliser JSC (DCM) to 62 per cent.

Stock prices

Along with the strong increase in profits, since the beginning of this year, fertiliser stocks have been on the rise with many surging by 60-120 per cent.

Lam Thao Fertilisers and Chemicals JSC (LAS) increased by nearly 109 per cent, Petrovietnam Fertiliser and Chemicals Corporation (DPM) rose by 95 per cent, PetroVietnam Ca Mau Fertiliser JSC (DCM) up 73 per cent, Binh Dien Fertiliser Joint Stock Company (BFC) up 120 per cent, and The Southern Fertiliser JSC (SFG) gained 57 per cent.

Despite the positive assessment of the world fertiliser market, SSI Securities Company said that the fertiliser stock prices will still increase in 2022 but these stocks would no longer be as attractive as in 2021.

As for DCM, SSI company said that in 2022, the input gas price will increase by 39 per cent while the selling price of urea will increase slightly by 1 per cent, the consumption of urea will increase by 3 per cent, while its NPK fertiliser manufacturing plant will begin operations from the first quarter of 2022 with an output of about 90,000 tonnes.

“DCM's gross profit margin has increased from 17.4 per cent to 19.3 per cent in 2021, but may decrease slightly to 18.1 per cent in 2022. With this

assumption, SSI believes that DCM's profit in 2022 will only rise 2 per cent,” SSI said.

For DPM, SSI said in 2022, the selling prices of the company's products will increase insignificantly while the input gas price will continue to rise, the gross profit margin will decrease to 24 per cent from 26 per cent in 2021. At the same time, DPM's profit in 2022 will decrease by 15 per cent compared to 2021.

3. Weighing steel ticker appeal in the rest of 2021

Favourable prices and high consumption volumes helped many steel firms set record second-quarter profits since going on the bourse. According to figures from VNDirect Securities, steel firms cashed in on higher prices and increased sales volumes and saw a more than 326 per cent jump in profits in Q2/2021 compared to a year ago.

Meanwhile, figures from Viet Dragon Securities (VDSC) figures show that the cumulative first-half profits of 98 per cent of steel firms almost reached their full-year profit targets. Some firms even surpassed the targets, despite having set them much higher than last year.

The outstanding growth in profits of most steel firms in H1/2021 came in the wake of soaring demands for steel both in Vietnam and globally.

In the local stock market, steel tickers were making a splash, attracting investors with rising prices, particularly for leading players like Hoa Phat Group JSC (HSX: HPG), Hoa Sen Group JSC (HSX: HSG), and Nam Kim Steel JSC (HSX: NKG).

HPG jumped nearly 45 per cent since early April. In May alone, this ticker registered an 18 per cent hike. The growth of HPG, however, was less impressive than Tien Len Steel Group's TLH which soared 45.6 per cent in two months. In May alone, TLH rose 21.6 per cent.

Regarding the May growth alone, the ticker of Hoa Sen Group remained the champion with 28.3 per cent growth, followed by NKG at 23.5 per cent, while that of HPG was at 18.3 per cent.

The steel demand in Europe is forecast to pick up 10.2 per cent in 2021, and 4.8 per cent in 2022, pushing exports of coated steel products of local firms

According to VDSC analysts, in the latter months of 2021, local steel makers will be benefitting from higher steel prices that are poised to remain climbing until mid-2022 thanks to rising production costs and reduced output in the Chinese market, along with robust demand in the EU and US. Escalating demand for steel has been infused by the car industry's booming development and a rebound of the global construction industry.

The steel demand in Europe is forecast to pick up 10.2 per cent in 2021, and 4.8 per cent in 2022, pushing exports of coated steel products of local firms. In addition, extended safeguard measures that the EU imposed on imported items have mostly been targeting products from China, India, South Korea, and Turkey.

Analyst Pham Minh Tu from VDSC noted that as price differences of hot-rolled steel items between the EU and Vietnam are expanding, ranging around \$300-530 per tonne, accrued profit margins of domestic steel exporters will fluctuate around 15-25 per cent in H2/2021 and then abate to about 14 per cent in 2022, which is still higher than that in 2018 and 2019.

As for coated steel, the demand for Vietnamese products in the EU and North America remains stable. Leading performers in this field like Hoa Sen Group and Nam Kim Steel have orders until November, with their sales volume in H2 expected to jump 15 and 32 per cent on-year, respectively.

Amid soaring steel demand, large steel production centres like the EU, the US, Japan, and South Korea likely focus on meeting domestic demand and restrict imports. China – the world's largest steel maker with 55 per cent of the market – may increase imports to meet soaring local demand against dwindling local supply, after the country restricted steel production to reduce carbon emissions.

In Vietnam, accelerated public investment may provide a boost to steel firms. On August 16, the prime minister enacted Dispatch No.1082/CD-TTg on accelerating the disbursement of public investment in 2021, striving to a disbursement rate of 95 per cent. In the first seven months, only \$7.36

billion of public investment capital was disbursed, equal to 36.7 per cent of the target.

Despite diverse factors underpinning the surge of steel tickers in the months ahead, analysts at Viet Capital Securities warned that these mostly reflect expectations of a sharp increase in these firms' profits. Meanwhile, their profit margins will most likely go down in H2 as production costs rise. This would slow down growth.

In addition, steel consumption might experience its seasonal rebound in Q4 while delayed projects pick up pace from Q3, but this also depends on the COVID-19 situation.

4. Banks continually cut lending rates to aid pandemic affected customers

Commercial banks have continuously announced lending interest rate reductions to support and accompany customers to overcome the adverse impacts of the COVID-19 pandemic.

Vietcombank was the latest to announce a rate cut for loans from August 18, 2021 to December 31, 2021 for all businesses and individuals severely affected by the pandemic in 19 southern provinces and cities and currently applying social distancing according to the Government's Directive 16.

This was Vietcombank's ninth interest rate reduction to support businesses and people affected by the pandemic and natural disasters since the beginning of 2020.

Specifically, Vietcombank has continued to reduce interest rates of up to 0.5 per cent per year for all outstanding loans of customers in HCM City and Binh Duong Province. The decreasing rate for customers in other southern provinces and cities under the application of social distancing including Dong Nai, Can Tho, Binh Phuoc, Tay Ninh, Ba Ria - Vung Tau, Tien Giang, Long An, Vinh Long, Dong Thap, Ben Tre, Hau Giang, An Giang, Bac Lieu, Soc Trang, Tra Vinh, Ca Mau, Kien Giang is 0.3 per cent per year.

Previously, Vietcombank implemented a policy of reducing interest rates worth up to VND1.8 trillion to support customers affected by the pandemic nationwide from July 15, 2021 to December 31,

2021 with a reduction of 0.5-1 per cent per year depending on the customers.

BIDV has announced to set aside up to VND1 trillion to reduce lending interest rates for existing loans, and deploy new loan packages with low interest rates from this month to December 31, 2021.

Specifically, BIDV's interest rate has been reduced by 0.5-1.5 per cent per year for existing outstanding loans up to July 15, 2021 of enterprises whose business and production have faced difficulties due to the impact of the COVID-19 pandemic. The maximum reduction has been applied for loans that have been heavily affected in industries including transportation, healthcare, education, accommodation services, restaurant services, hotels and resorts.

Meanwhile, at VietinBank, a VND20 trillion preferential credit package with an interest rate of 4.0 per cent per year has just been added, increasing the total value of the package to VND150 trillion.

Agribank has also continued to spend VND5.5 trillion to cut lending rates for customers until the end of this year.

Many other banks such as ACB, SeABank, MSB, HDBank, Sacombank have also announced a popular interest rate reduction of 1 per cent per

year for customers with difficulties, applied from July 15, 2021.

Regarding the implementation of interest rate reduction and free banking services provision to support customers affected by the pandemic, the State Bank of Vietnam (SBV) recently issued Official Dispatch No. 5901/NHNN-TD, requiring commercial banks to reduce lending interest rates as per their previous commitments.

Previously, under the SBV's direction, the Vietnam Banks Association held a meeting with the participation of 16 commercial banks who voluntarily agreed to cut interest rates of about VND20.3 trillion from now until the end of this year, depending on the size of the bank, to support the economy amid the pandemic.

SBV's Deputy Governor Dao Minh Tu said the central bank would strengthen supervision of the implementation of the dispatch.

5. Factories continue 'three on-site' model in HCM City amid stay-at-home policy

Companies in industrial parks (IPs) and export processing zones (EPZs) in HCM City will continue to operate despite stricter COVID-19 prevention and control measures being applied for two weeks starting on Monday.

The HCM City Industrial Parks and Export Processing Zones Authority (HEPZA) has asked companies to continue the 'three on-site' model (work, eat, and rest at workplaces) or the 'one route, two destinations' model (workers travel between their accommodation and the factory, with no stops on the way, on a set route).

The move aims to avoid disruption of production and supply chains, and maintain income for workers during this difficult period.

Strict COVID-19 prevention and control measures are in effect from Monday until September 6 as the number of cases remains high.

The city is the country's COVID-19 epicentre with more than 180,000 cases as of the morning of August 24.

A quarter of the staff for each company at IPs and EPZs are allowed to work, and were required to be present at the workplace before midnight Monday.

The city People's Committee has asked the Department of Industry and Trade, HEPZA and the

people's committees of 21 districts and Thu Duc City to allow businesses to operate if they meet pandemic prevention and control requirements.

HEPZA told businesses that if they decide to suspend operation or reduce staff before August 23, they must ensure safe conditions for their workers to return to their residences.

Newly employed workers must have a negative COVID-19 test using the RT-PCR method, and stay in a temporary isolation area separate from on-site accommodation and production areas.

Employees continuing to work are not allowed to leave the workplace except for medical or other emergencies. Companies also must continue conducting tests for their workers every seven days at the workplace.

From August 23 to September 6, HEPZA will not deal with requests to change, add or reduce the number of workers at businesses or the new registration of businesses.

In addition, it will not accept any new registrations for having workers live in factories.

The city has 17 IPs and EPZs and a high-tech park with around 320,000 workers. More than 600 businesses in IPs and EPZs are operating in the city amid the pandemic.

6. Ministries work on draft circular to ease congestion at seaports

Ministries are urgently working on a circular to allow imported goods to move from one seaport to another in case the first is overrun.

Authorities want to provide new regulations as overloading occurred at Cat Lai Port in HCM City recently, while the country has no official policy on the issue. To deal with the overloading, the Ministry of Finance (MoF)'s General Department of Customs had to apply temporary measures, allowing the movement of goods stored at Cat Lai Port to other seaports.

The Ministry of Finance (MoF) has finalised the draft circular and sent it to the Ministry of Industry and Trade (MoIT) for consultation before approval.

In response to the MoF's request, the MoIT said it has basically agreed with the draft circular.

Regarding the basis for determining the goods stuck at a port and needing to move to another following the rules of the draft circular, the MoIT suggested the congestion should be determined when goods at the port reach the maximum permissible design capacity as announced previously by the port enterprise.

The congestion of the port must be inspected and approved by the provincial customs departments.

Earlier this month, the number of imported containers waiting at Cat Lai Port increased rapidly because many factories and enterprises have reduced production or stopped working due to pandemic prevention requirements and were unable to receive or release shipments.

7. Boeing opens first office in Vietnam

The Boeing Company has this week opened its first office in Viet Nam which is expected to support the company's growth objectives across its commercial airplanes, defence and services businesses.

In its announcement released yesterday, Boeing said that the inauguration of the Ha Noi-based office, along with a new one in Jakarta, Indonesia, aimed at expanding its presence in the region.

To solve the problem, the MoF's General Department of Customs allowed the movement of goods stored at Cat Lai Port to other seaports in HCM City and inland container depots (ICD).

According to the rules of the department, only goods that are not subject to customs procedures at the border gate (as prescribed in Decision No 23/2019/QD-TTg) and those that have not submitted an import declaration can be moved to different ports.

Moreover, the goods must not show signs of violation during inspection by the authorities and the entire shipment must belong to a single bill of lading, with the same owner and place of storage.

Regarding the destination, the goods must be transported to seaports in provinces where the enterprises are located.

Specifically, goods imported by Dong Nai enterprises will be transferred to Tan Cang Long Binh ICD or Tan Cang Nhon Trach ICD. Those for enterprises in Binh Phuoc will be transported to Tan Cang Song Than IDC. Meanwhile, goods belonging to enterprises in the western provinces will be transported to Tan Cang Hiep Phuoc Port.

Shipments will be managed and closely monitored while transported from Cat Lai Port until the importers complete customs procedures to remove the goods.

These measures are effective for 15 days from the date the People's Committee of HCM City has announced suspending the implementation of Directive 16.

The same day, Boeing announced the appointment of Alexander Feldman as the new president of the company's Southeast Asia business. Feldman will be based in Singapore and oversee the company's strategy and operations as Boeing expands its regional presence.

Previously, Feldman was president and CEO of the US-ASEAN Business Council (US-ABC) for more than 12 years and also served as its chairman in

2020-2021 helping to steer the Council through the COVID-19 pandemic.

“I am proud to join Boeing, one of the world’s iconic brands, and a strong and growing partner to one of the fastest-growing and most consequential markets in the world: Southeast Asia,” said Feldman.

“With over 380 million people under the age of 35, Southeast Asia will bolster Boeing’s growth for decades to come and support hundreds of thousands of American jobs as well as countless others across the region.”

Corporate News

8. EVS: EVS issues 40 million individual shares, price is less than half of market price

↓ -6.58%

The Board of Directors of EVS has just implemented the plan to issue shares according to the previous Resolution of the General Meeting of Shareholders on March 2, 2021.

In more details, EVS offers 40 million shares at the price of 16,000 VND/share, which is expected to earn 640 billion VND. This price is less than half of the market price on the floor (34,100 VND/share closing on 24/08).

The target of the offer is 4 professional investors, with distribution volume ranges from 5-20 million shares. EVS has not yet disclosed the specific identities of these four investors.

The offering is expected to take place in the third quarter to the fourth quarter of 2021. All shares offered for private issuance will be restricted from being transferred for 1 year.

With the expected amount of VND 640 billion, EVS will use it for the purpose of increasing capital for business activities, 75% of which is used to supplement capital for margin lending.

In the market, along with the wave of securities stocks, EVS' share price recorded an impressive increase of 292% since the beginning of the year, or nearly 4 times. EVS closed August 24 at 34,100 VND/share.

9. VIB: Relatives of VIB's CFO have opposite transactions

↓ -0.42%

After reportedly having sold only 870,000 VIB shares out of a total of 1 million shares previously registered for sale, Ms. Le Dieu Linh continued to register to sell 2.5 million VIB shares from August 27 to September 24, 2021. .

It is expected that after the transaction, the wife of VIB's CFO will reduce her ownership in the Bank from 2.77 million shares (0.18%) to 270,280 shares, equivalent to 0.02%.

Contrary to his daughter's transaction, Mr. Le Ngoc Bich registered to buy 1.5 million VIB shares from August 27 to September 24, 2021.

Previously, Mr. Linh's father-in-law bought 500,000 VIB shares out of a total of 1 million registered shares.

Thus, if this purchase is successful, the father-in-law of VIB's CFO will increase his ownership in the Bank from 1.9 million shares (0.122%) to 3.4 million shares, equivalent to 0.219%.

Mr. Hoang Linh - Finance Director of VIB personally owns 223,312 VIB shares , the rate is 0.014%.

On the market, VIB's stock price ended August 24, 2021 at 35,850 VND/share, up nearly 11% compared to the beginning of 2021. Based on this price, it is estimated that the relative of VIB's Finance Director traded at the price. worth more than 143 billion VND.

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