



VIETNAM DAILY NEWS



November 11th, 2021

Table of content

Table of content

1. Shares gain slightly on petroleum stocks
2. PV GAS's market cap exceed US\$10 billion
3. Petroleum sector seeks protective policies to counter contraction
4. Seafood industry expects strong recovery in operations in coming months
5. Retailers in HCM City adapt to customer trends after social distancing
6. Việt Nam grants conditional approval for India's COVID-19 vaccine COVAXIN
7. New approach, mindset on industrialisation, modernisation discussed
8. KDC: Kido raises the ownership ratio at Vocarimex
9. HVN: Postponement of the disclosure of Q3.2021 FS

Market Analysis

1. Shares gain slightly on petroleum stocks

Viet Nam's stock market rebounded slightly on Wednesday thanks to the growth of petroleum stocks but the decline of large-caps in the banking group curbed the rise of indices.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) gained 0.24 per cent to end at 1,465.02 points.

The index had lost 0.41 per cent to end Tuesday at 1,461.50 points.

The market's liquidity was positive with 258 stocks rising, while 194 slid.

Investors poured over VND29.7 trillion (US\$1.3 billion) into the southern exchange, equivalent to a trading volume of 985.5 million shares.

On HOSE, foreign investors were net sellers of VND695 billion for the first time after five consecutive days of net buying, mainly focusing on Pan Group (PAN), Hoa Phat Group (HPG), Nam Long Group (NLG) and Vinamilk (VNM).

The 30 biggest stocks tracker VN30-Index lost 0.22 per cent, to end at 1,523.79 points. Thirteen in the VN30 basket climbed, while 13 decreased and four stayed flat.

Many stocks in the VN-30 basket lost ground and pressured the market, including Hoa Phat Group (HPG) falling 2.1 per cent, Asia Commercial Bank

(ACB) dropping 0.1 per cent, Vietinbank (CTG) losing 1.4 per cent, Techcombank (TCB) falling 1.1 per cent and VPBank (VPB) down 0.9 per cent.

On the other side, Petroleum stocks attracted strong cash flow as a series of stocks in the group gained ground, such as Viet Nam National Petroleum Group (PLX), soaring 7 per cent, PVPower (POW) gaining 2 per cent and PetroVietnam Gas JSC (GAS) rising 1 per cent.

On a sector basis, 21 out of 25 sector indices on the market gained ground, including real estate, securities, oil and gas, wholesale, retail, information and technology, food and beverage, rubber production, construction, and seafood processing.

On the other side, losers were construction materials, banking, insurance and logistics.

On the Ha Noi Stock Exchange (HNX), the HNX-Index gained 1.30 per cent to end Wednesday at 438.24 points.

The index had gained 0.12 per cent to end Tuesday at 432.64 points.

During the trading session, more than 150.8 million shares were traded on HNX, worth nearly VND3.9 trillion.

Macro & Policies

2. PV GAS's market cap exceed US\$10 billion

PetroVietnam Gas Joint Stock Corporation (PV GAS) has become one of the five businesses with market capitalisation of over US\$10 billion in November.

The rest four enterprises in the list are Vinhomes, Vingroup, Vietcombank, and Hoa Phat Group.

Statistics from the HCM City Stock Exchange (HoSE), the market capitalisation of companies listed at the floor reached over VND5.6 quadrillion (US\$247.7 billion) in late October, up 9.1 per cent over the previous month and accounting for 89 per cent of the national GDP in 2020.

Particularly, the HoSE reported that it has seen 45 enterprises with market capitalisation exceeding \$1 billion, up 15 per cent compared to that in September with some new names.

With its stock price rising 48 per cent since the beginning of this year, PV GAS has made a record in the price at VND125,000 per share in October, pushing the firm's market cap to VND238.28 trillion (\$10.54 billion).

Earlier this year, PV GAS has been named among the top 50 listed companies 2021 by Forbes Vietnam for the 9th consecutive year.

Forbes Vietnam said despite the COVID-19 pandemic, the companies included in the list have sought business opportunities, achieved good results and contributed to the country's economic development.

The firms have made the best performances on the HCM City Stock Exchange (HoSE) and the Hanoi Exchange (HNX).

Forbes Vietnam made the assessment based on such indicators as Compound Annual Growth Rate

(CAGR), Return On Equity (ROE), Return On Capital (ROC) and Earning Per Share (EPS) during the 2016-20 period.

The companies have recorded combined post-tax profits of over VND174.48 trillion (\$7.58 billion), a year-on-year increase of 26 per cent.

Other firms in the oil and gas sector were also named in the list, including PetroVietnam Power Corporation, PetroVietnam Technical Services Corporation, PetroVietnam Drilling and Well Service Corporation, and PetroVietnam Ca Mau Fertiliser JSC.

Despite the recovery of petrol prices, profits of many businesses in the oil and gas sector dropped in the third quarter of this year due to impacts of the COVID-19 pandemic.

In September this year, PV GAS and US-based AES Corporation signed a joint venture agreement on the establishment and operation of Son My LNG port warehouse limited company in New York under the witness of President Nguyen Xuan Phuc.

The joint venture agreement was based on the main terms of the joint venture contract of Son My LNG (liquefied gas) port warehouse project signed in October 2020.

The Son My LNG port warehouse is one among a series of LNG power projects in the south central province of Binh Thuan, with an estimated total investment of \$1.31 billion, and a capacity of 3.6 million tonnes a year in the first phase and up to 9 million tonnes in the next phase.

The port will receive, process and supply LNG reprocessed as fuel for Son My 1 and Son My 2 power plants, expected to be put into operation by the end of 2025.

3. Petroleum sector seeks protective policies to counter contraction

Output contraction is an inevitable part of exploiting finite oil and gas fields worldwide. In Viet Nam, most

of the active fields have been exploited since 1986. The Viet Nam petroleum sector is calling for more

favourable policies from the government, to offset an output drop in the sector.

After decades of extraction, many high-performance fields are approaching the end of their lifespan. Output shrank by 15-25 per cent per year. With current fields running out, discovering new fields is the only way to maintain output.

Unfortunately, exploration activities are declining, due to adverse policies. The Viet Nam Petroleum Club (PCV) and the Viet Nam Oil and Gas Group (PVN) are calling for a change in the government's policies to boost petroleum exploration.

In the past, the government directly reinvested 10-15 per cent of petroleum revenue into exploration activities. Now, petroleum revenue has to be submitted in full to the state budget, before any portion of it can be reinvested in the petroleum sector.

This mechanism delays money flow and has caused a fall in reinvestment in recent years. On top of that, it takes up to US\$10-15 million to explore potential petroleum wells, which has a success rate of about 20 per cent. Therefore, a favourable reinvestment mechanism is needed to ensure such risky activities can be carried out.

Inappropriate administrative procedures for getting project approval is another hindrance to new projects. PVN is urging the government to allow the firm to approve projects without regard to the projects' capital. Furthermore, they want the authority to change technical details in field development plans, as approved by the Prime Minister.

Meanwhile, many regulations in Petroleum Law are believed to discourage investments in small,

marginal and depleting fields. PCV suggested the government adjust the profit-sharing mechanism between the State and contractors to attract more investments to such types of fields.

In the short and medium-term, PCV is requesting the government clear a backlog in two major projects, namely Lo B and Ca Voi Xanh, so the two could be placed on production as planned. Likewise, PCV also proposes an operation mechanism be in place for petroleum block 01/97&02/97 and that contractual terms are developed for block 01/17&02/17. It is hoped that these moves will encourage more investments.

Along with oil output, PVN's gas extraction is planned to be cut next year due to difficulties in selling gas, especially gas for electricity production. It is worth noting that 80 per cent of PVN's gas sales were marked for electricity production.

In the first nine months of 2021, sales of gas for power generation amounted to just 72 per cent of the firm's figure in the same period last year, and just 70 per cent of its plan.

Compared to the targets assigned by the Ministry of Industry and Trade, gas sales only reached 84 per cent in the southeast region and 70 per cent in the southwest region. Due to various risks associated with extraction activities, PVN allows a mismatch of 10 per cent between planned and real output.

PVN's General Director Le Manh Hung underlined the group has made its exploration and extraction activities a top priority. As the potential of Viet Nam's petroleum sector remains enormous, those activities should be carried out smoothly in order to attract more investors and generate new income for the country.

4. Seafood industry expects strong recovery in operations in coming months

The seafood industry expects that the Government's support policies will go a long way towards helping businesses restore production and export activities as the end of the year approaches, after the latest outbreak of COVID-19 stemmed business activities.

Last month, the Government issued Resolution 128, which provides guidance on the "safe adaptation,

flexibility and effective control of the COVID-19 pandemic". It is intended to create conditions for resuming production and economic development across the economy, including in the seafood industry.

Deputy Prime Minister Le Van Thanh has requested that the Ministries of Agriculture and Rural

Development, Labour, War Invalids and Social Affairs, Health, Industry and Trade, and Finance, as well as the State Bank of Viet Nam, cooperate to remove barriers to the production, consumption and export of agricultural products and seafood caused by the pandemic.

"After Resolution 128 was issued, the Vietnamese seafood processing and exporting enterprises quickly restarted production to complete signed export contracts. The production had been suspended temporarily during the social distancing period," said Nguyen Hoai Nam, Deputy General Secretary of the Viet Nam Association of Seafood Exporters and Producers (VASEP).

Huynh Hai Trieu, Deputy Director of Minh Hai Seafood Export Processing Joint Stock Company, said his company must speed up production if they are to meet orders from domestic and foreign partners as planned.

Bui Vinh Hoang Chuong, Chairman of the Director Board of Ca Mau Seafood Joint Stock Company (Seaprimexco), said its factories have increased capacity from 30 per cent to nearly 70 per cent to deliver goods to partners in October and November.

Along with boosting exports by the end of the year, Le Van Quang, General Director of the Minh Phu Seafood Joint Stock Company, has proposed localities encourage farmers to reproduce shrimp for processing export products. This reproduction is expected to ensure supply for shrimp processing.

Nguyen Hoai Nam, VASEP Deputy General Secretary, said: "At present, localities are implementing measures to control the pandemic according to Resolution 128, but the seafood industry still faces issues."

Those difficulties include a lack of raw materials, labour shortages, higher input costs (labour, transportation, equipment for epidemic prevention and production in new conditions), and a lack of capital.

"VASEP has proposed the Ministry of Agriculture and Rural Development (MARD) support enterprises in resuming production and business after COVID-19. The ministry needs to quickly deploy vaccinations for workers, including

fishermen, to maintain production activities," Nam said.

The global supply of shrimp decreased due to the impact of COVID-19 around the world. This will, in turn, lead to an increase in prices in the future, said Ho Quoc Luc, Chairman of the Director Board of FIMEX Vietnam.

Nguyen Quang Hung, Deputy Director of the General Department of Fisheries, said many large fishery producers are still suffering from a lack of labour, including Binh Dinh, Ba Ria – Vung Tau, Ben Tre, Ca Mau and Kien Giang. In addition, export markets continue to strictly control quality and import procedures, especially China.

Therefore, Hung suggested that "MARD prioritises funds for production recovery of fishing supply chains, including the building of cold storage and product distribution systems, and modernisation of infrastructure at fishing ports."

"At the same time, the ministry needs to strengthen negotiations to expand the export market and remove trade barriers for Vietnamese seafood products, especially negotiation with China, to boost goods circulation at the border gates."

Le Van Su, Vice Chairman of the Ca Mau Provincial People's Committee, has suggested the Government introduce more supportive policies to overcome those difficulties and help recover operations in the fishing industry.

Phung Duc Tien, Deputy Minister of Agriculture and Rural Development, confirmed that the market potential is very good for seafood products, especially towards the end of the year. On the other hand, the higher prices of seafood on the global market is an opportunity for the domestic fishery industry to resume business and recover some losses sustained over the past few months.

Exports in 2021

According to VASEP, seafood exports in the first ten months of this year increased slightly to 2.4 per cent year on year to US\$7.1 billion, including \$918 million in October, up 47 per cent compared to September.

The main products that saw an increase in exports were tuna, squid, octopus and shrimp. Molluscs in particular grew in export value by 39 per cent in the first ten months of the year, to \$113 million.

The US is still the largest export market for Vietnamese seafood, accounting for 24 per cent of the total export value at \$1.7 billion, up 25 per cent year on year. Japan accounts for 15 per cent, or \$1.08 billion, of the market. China and Europe both account for 12 per cent at \$872 million and \$864 million, respectively. Exports to the South Korean market accounted for 9 per cent, reaching \$643 million.

According to Nam, there is great potential in seafood exports by the end of this year, but the fishery

industry will still find it difficult to achieve its target of \$8.8-9 billion set at the beginning of the year.

The demand for seafood import markets is still high and domestic seafood processing activities are resuming. This is expected to ensure that seafood exports grow by the year's end, he said. The US and EU markets have quickly recovered thanks to vaccination and the economy has almost completely re-opened. The Australian and Russian markets also have increased import demands, due to a decrease in domestic output.

However, domestic transport costs and freight rates of ports increased significantly to affect production costs. This is a big obstacle for the seafood export enterprises, according to Nam.

5. Retailers in HCM City adapt to customer trends after social distancing

Many retailers in HCM City have adapted after strict social distancing measures, combining local and foreign brands.

At the same time, the launch of new brands contributes to attracting customers after prolonged closures.

The Business Association of High-Quality Vietnamese Products has cooperated with Japan's Uniqlo chain to bring local agriculture products from the 'Green Market' programme into Uniqlo stores, marking the beginning of a tie-up between the two groups.

Consumers in HCM City can buy fashion items and agricultural products at Uniqlo stores in Van Hanh Mall, District 10, including Vinamid dried fruit, Cay Thi porridge, Tue Vien organic agriculture and Khanh Hoa bird's nests.

Ikezoe Osamu, CEO of Uniqlo Viet Nam, said that through a series of cooperative activities with the association, "Uniqlo hopes to offer practical support to local businesses and production firms," adding at the same time, creating conditions for output during the recovery and development phase after the impacts of the COVID-19 pandemic.

Meanwhile, as one of the top phone retailers in Viet Nam, The Gioi Di Dong (Mobile World) has refreshed

its retail chain by officially launching TopZone – Apple's latest high-end authorised retail brand in Viet Nam and selling the company's flagship iPhone 13. At TopZone, customers will find a full and diverse range of products such as iPhones, iPads, Apple Watches, MacBooks and Apple accessories.

According to the firm, the first four stores have been opened, including two in Ha Noi and two in HCM City. It set an ambition to dominate the retail market of Apple products with a plan to open the Apple system at 50 to 60 stores from now until the end of March 2022.

Doan Van Tue Em, general director of Mobile World Joint Stock Company, said: "The company hopes TopZone will bring a fresh vibe to the retail market. TopZone completed negotiations with Apple at the peak of the pandemic and opened the first four stores at the same time right after social distancing."

Em said they expected the average revenue for each TopZone store to be VND2 billion (US\$96,956) to VND3 billion per month for small stores and VND8 billion to VND10 billion per month for a large-scale store.

Accompanying businesses in the city after the outbreak, Bui Ta Hoang Vu, director of the city's department of Industry and Trade, said following the direction of the city's People's Committee, the

department has just launched the Golden Brand Award of HCM City for the second time in 2021 and expects to hand out prizes in December.

He said the award would raise awareness of businesses about the role and importance of building and developing a brand, alongside developing competitiveness.

In 2020, the award encouraged businesses to actively innovate, create, and develop sustainably, contributing to enhancing competitive advantages, strengthening the city's brand names in domestic and international markets, said Vu.

In particular, a preliminary survey of 30 firms which won the award in 2020, showed that, despite difficulties and impacts of the COVID-19 pandemic, production and business activities were still guaranteed to follow a sustainable trend.

As the country's economy was gradually adapting to "living with the pandemic", enterprises must balance production and business plans and measure possible solutions by developing internal resources to reconnect broken lines in the value chain and

operate the business according to the requirements of the "new normal".

HCM City is the economic hub of the southern region. Consumers are now looking for sustainable, green consumption, choosing reputable brands so businesses and retailers need to quickly adapt to new consumer tastes and keep pace with market movements after social distancing.

Regarding the recent cooperation between domestic and foreign retailers, Vu Tuan Anh, chairman of the Junior Chamber International (JCI) in Viet Nam, said JCI Viet Nam will focus on diversifying trade programmes, helping members connect resources according to JCI World's COVID-19 pandemic response campaign – JCI RISE.

Relying on the JCI network in more than 120 countries around the globe, JCI Viet Nam promotes domestic and international trade connections, bringing practical opportunities to businesses facing difficulties due to the COVID-19 pandemic.

6. Việt Nam grants conditional approval for India's COVID-19 vaccine COVAXIN

The Vietnamese health ministry on Wednesday gave conditional approval for India's COVID-19 vaccine COVAXIN, making it the ninth to receive emergency use authorisation in the country.

The move followed the World Health Organisation (WHO)'s emergency use listing (EUL) for COVAXIN on November 3.

The WHO's Strategic Advisory Group of Experts on Immunisation (SAGE) recommended use of the vaccine in two doses, with a dose interval of four weeks, in all age groups 18 and above.

COVAXIN was found to have 78 per cent efficacy against COVID-19 of any severity, two weeks or more after the second dose, WHO noted, adding that the standard 2-8 degrees Celsius temperature requirements for storing the vaccine is "extremely suitable for low- and middle-income countries," WHO's announcement said.

According to the Vietnamese health ministry, each dose of 0.5mg of intramuscular injection solution contained 6mcg of whole-virion inactivated SARS-CoV-2 antigen (strain NIV-2020-770) and other inactive ingredients.

The vaccine is presented in single dose vials and multidose vials of 5, 10, and 20 doses, with 16 vials in each box.

The vaccine is manufactured by Bharat Biotech International Limited.

It is not publicly available at the moment what purchase order or agreements Việt Nam has for the Indian vaccines.

The other eight types of vaccines that were given approval for use in Việt Nam are Oxford/AstraZeneca (AstraZeneca); Sputnik V (Russia's Gamaleya Research Institute of Epidemiology and Microbiology); Janssen (Johnson & Johnson); Spikevax (Moderna); Comirnaty (Pfizer-

BioNTech); Vero Cell (China National Biotech Group (CNBG)/Sinopharm); Hayat-Vax (CNBG); and Abdala (Cuba's AICA Laboratories, Base Business Unit AICA).

To date, 92.2 million COVID-19 vaccine shots have been administered in Việt Nam, including 30.3 million being second doses.

As of Tuesday, 12 localities – Quảng Ninh, Ninh Bình, Lào Cai, Đà Nẵng, Thừa Thiên-Huế, HCM City, Cà Mau, Bình Dương, Vĩnh Long, Đồng Nai, Kiên Giang, and Sóc Trăng, started giving Pfizer/BioNTech COVID-19 vaccines to children aged 12-17.

About a million doses have been administered to this age group.

7. New approach, mindset on industrialisation, modernisation discussed

The internal strength and competitiveness of Viet Nam's industry are poor while its added value also remains low. The local industry still largely depends on foreign resources such as foreign direct investment capital, spare parts and components, said Deputy Minister of Industry and Trade Do Thang Hai.

Deputy Minister Hai made the comments at a symposium on a new mindset and approach to industrialisation and modernisation to 2030, held by the Party Central Committee's Economic Commission in coordination with relevant agencies in Ha Noi on Tuesday.

This is one of 10 symposiums within the framework of the third Industry 4.0 Summit and Expo themed "Accelerating modernization and industrialization in digital era," which is taking place from November 9 to December 6.

Addressing the event, vice chairman of the Party Central Committee's Economic Commission Nguyen Duc Hien emphasised that Viet Nam has set a goal of becoming a developing country with modernity-oriented industry, surpassing the low-middle income level by 2025, and a developing nation with modern industry and high-middle income by 2030.

Viet Nam aimed to become a developed and high-income country by 2045, Hien added.

To achieve the above-mentioned goals, one of the key tasks is to promote industrialisation and modernisation on the basis of scientific and technological advances and innovations, Hien said.

At the same time, Viet Nam needed to identify the context and major trends of industrialisation and modernisation, thus introducing a new mindset and

approach to industrialisation and modernisation, he noted.

At the symposium, domestic and foreign participants shared and clarified issues about the context and major trends of industrialisation and modernisation in the world as well as international experience in realising industrialisation and modernisation, and innovation experience to accelerate post-COVID-19 economic recovery.

Deputy Minister Hai told participants that after 35 years of accelerating industrialisation and modernisation, Viet Nam's industry has made certain achievements. In 2020, the proportion of the processing and manufacturing industry reached 16.7 per cent of the country's GDP. Of the figure, the proportion of medium and high-tech industries accounted for 40 per cent of the added value and export turnover of the industry.

In the 2020 edition of the United Nations Industrial Development Organisation (UNIDO)'s CIP Index, Viet Nam ranked 38th among 152 countries in 2018, compared to 41st position in the previous year.

However, Hai said that the process of industrialisation and modernisation in the past three years has been relatively slow, with little change due to the limited resources and poor internal capacity of Vietnamese enterprises while enterprises did not get much support from the State.

Hai also attributed the slow pace of industrialisation and modernisation to unskilled human resources with a low ratio of trained workers and there was a lack of linkage between manufacturing businesses and training institutions. Managers of manufacturing businesses have less experiences in competitiveness in the global market.

The technological level of Vietnamese industrial businesses remained limited. According to a 4IR (Industrial revolution 4.0) readiness assessment conducted by the Ministry of Industry and Trade, most Vietnamese businesses are standing outside the 4IR. Viet Nam's industrial sector has low access to all pillars of smart manufacturing.

Hai said industrial production faces many difficulties in access to investment capital. The manufacturing sector required a large amount of long-term investment capital while social resources invested in production were limited due to the slow return on investment.

The deputy minister noted that the reason for the problems was a lack of attractive legal framework and policies in order to support domestic industrial enterprises to improve their productivity, competitiveness, and technological innovation thus becoming an important driving force for the country's development.

He suggested that 2025 could lead to further challenges that require great efforts of all stakeholders and breakthroughs are also needed to accelerate the growth of the local manufacturing industry.

Corporate News

8. KDC: Kido raises the ownership ratio at Vocarimex

↓ -0.17%

On November 09, 2021, after the share auction at HNX, KIDO Group Corporation successfully bought 44,211,900 Vocarimex shares, which are owned by

the State Capital Investment Corporation (SCIC), raising the ownership ratio of KIDO Group at Vocarimex to 106,329,900 shares, equivalent to 87.29%.

9. HVN: Postponement of the disclosure of Q3.2021 FS

↓ -0.60%

On October 29, 2021, Vietnam Airlines JSC sent an official document to the State Securities

Commission to ask for the permission to delay the disclosure of Quarter 3.2021 financial statements.

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