



VIETNAM DAILY NEWS



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Market Analysis

1. Shares advance thanks to real estate, coal stocks

Shares advanced on Friday thanks to the support of stocks in the real estate and coal sectors, attracting large cash flow into the market.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) gained 0.75 per cent to end at 1,473.37 points.

The index had edged down 0.18 per cent to close Thursday at 1,462.35 points.

The market's liquidity was positive with 271 stocks rising, while 182 slid.

Investors poured over VND26.5 trillion (US\$1.16 billion) into the southern exchange, equivalent to a trading volume of 955.6 million shares.

The 30 biggest stocks tracker VN30-Index gained 0.90 per cent, to end at 1,527.94 points. Nineteen in the VN30 basket climbed, while nine decreased and two stayed flat.

Coal stocks outperformed on Friday with many notable gainers such as Vinacomin - Ha Tu Coal JSC (THT), Vinacomin - Ha Tu Coal JSC (TVD), Vinacomin - Vietbac Mining Industry Holding Corporation (MVB), and Vinacomin - DeoNai Coal JSC (TDN).

In the real estate group, stocks with small and medium capitalisation continued to attract money with many strong gainers during the session. They included Nam Long Group (NLG), Investment and Construction Development Joint Stock Corporation (DIG), Licogi 14 JSC (L14), C.E.O Group JSC (CEO),

Tan Tao Investment and Industry Corporation (ITA), Phat Dat Real Estate (PDR) and Khang Dien House (KDH).

“After a slight correction in the morning session, the market prospered in the afternoon,” said BIDV Securities Co.

“Market breadth tilted to the positive side. Regarding transactions of foreign investors, today they were net buyers on the HSX and net sellers on the HNX.

“In general, VN-Index still kept a positive trend with cash flow supporting the market's uptrend. VN-Index may retest 1,480 points next week,” it said.

Foreign investors net bought VND212.90 billion on HOSE, including Vietinbank (CTG) with VND117.07 billion, Masan Group (MSN) with VND103.05 billion and Sacombank (STB) with VND78.40 billion. They were net sellers on HNX with a value of VND14.92 billion.

On the Ha Noi Stock Exchange (HNX), the HNX-Index gained 0.66 per cent to end Friday at 441.63 points.

The index had climbed 0.11 per cent to end Thursday at 438.73 points.

During the trading session, nearly 163 million shares were traded on HNX, worth nearly VND3.7 trillion.

Macro & Policies

2. VN's growth and recovery require strong public investment: economists

Financing public investment to generate future growth and to speed up economic recovery post-COVID-19 remained Viet Nam's most important challenge in the near future, said economists and policymakers.

A recent report by the United Nations Development Programme highlighted a number of the Southeast Asian economy's shortcomings and limitations. From 2002 to 2019, public investment (as a share of GDP) was said to fall from 22 per cent to 11 per cent while demand for infrastructure had been increasing.

This is especially true in coping with climate change, a rising threat to Viet Nam – a densely populated country with two low-lying deltas and a long coastline.

The Southeast Asian economy must also commit significant investments to reduce its logistics costs, transit time, modernise cities and improve digital connectivity to stay competitive internationally. While some progress has been made, the country is still behind regional rivals such as Malaysia and Thailand on this front.

Innovation has been slow. Viet Nam typically spends just 0.5 per cent of its GDP on research and development in recent years, far below what is required to maintain a competitive edge in the region. In comparison, Thailand spends over 1 per cent and Malaysia close to 1.5 per cent.

To make matter worse, disbursement of public investment has slowed to a crawl since the beginning of the year, especially after the fourth outbreak of the virus in April.

Disbursement of public investment during the first ten months of the year was VND257.387 trillion (US\$11.3 billion) or nearly 55.8 per cent of the year's target, according to the latest report by the Ministry of Finance.

Even when the money was spent, issues have been raised over its efficiency. The country's decentralised approach has resulted in the

fragmentation of its planning system in which local projects were approved in isolation and without sufficient reference to national strategic priorities. In addition, the implementation of hundreds of small projects incurred unnecessary costs and slowed delivery.

This has called for policymakers to carry out reforms of economic institutions with an emphasis on seeking new sources of long-term financing for its infrastructure projects.

Outbreak

While initially experiencing some slowdown, the country was able to mount a strong comeback in the latter half of 2020, ending the year with positive GDP growth, an impressive feat against a backdrop of a bleak global economy.

However, the fourth outbreak of the virus in Viet Nam has been a game-changer. As major towns, provinces and industrial hubs across the country were forced to go into lockdown during the fourth outbreak, the economy has suffered a massive blow. Viet Nam's GDP growth forecast has been lowered to 2.25 per cent this year in the latest report by World Bank.

A recent survey by the Centre for Analysis and Forecasting of the Viet Nam Academy of Social Sciences in July indicated 63.5 per cent of Vietnamese households experienced an income drop of at least 30 per cent compared to the pre-pandemic level, which has resulted in a nosedive in demand for goods and services.

"Viet Nam's fiscal response to the pandemic was inadequate," said Jonathan Pincus, UNDP senior international economist specialised in Southeast Asia.

Pincus said contraction of private consumption would result in considerable suffering and slower GDP growth than was necessary. Recovery would be slower because the shortfall of demand would cause bankruptcies.

He urged policymakers to implement financial reforms and to create new financial institutions to increase the supply of long-term credit to finance new infrastructure and national competitiveness. He also called for curbs on over-lending to properties and equities, a halt to capital inflows during periods of excessive credit growth and deficit spending while demand is slowing down.

Vo Tri Thanh, former vice-president of the Central Institute for Economic Management (CIEM) and a member of the National Financial and Monetary Policy Advisory Council, said the pandemic had forced Viet Nam to reconsider their approaches to national development and implement policies that were unprecedented.

"Developing countries may consider two consecutive quarters with negative growth as a recession. For Viet Nam, a 2 per cent growth could be considered a recession," Thanh told Viet Nam News.

There has been a reverse of fortune as Viet Nam's GDP growth this year has been reduced to 2-2.5 per

cent while the global economy was expected to grow by 5-6 per cent. Last year, Viet Nam recorded a 2.91 per cent GDP growth while the global economy was at negative 4 per cent.

"Viet Nam's economy is not without bright spots including strong macroeconomic indicators, growing exports and a healthy inflow of FDI," he said. However, the government's priorities, for now, were stimulating demand, investment and economic recovery.

Thanh said the government-sponsored recovery programme must cover and focus on the economy's key sectors with fiscal policies to play an important role. Thanh said a short-term budget deficit may be tolerable to shore up the programme's financial strength.

He called on the government to turn the pandemic into an opportunity to initiate reforms and implement new policies to improve productivity and the business environment and to boost innovation and start-up culture.

3. More than 700km of North-South Expressway to be built

The Ministry of Transport has submitted plans to build more than 700 kilometres of extra road on the east sections of the North-South Expressway.

The proposals form part of a pre-feasibility study for the 2021-25 period into development of the road infrastructure.

The additional 729km of the east sections will be divided into 12 sub-projects which will be built independently.

The total investment is estimated at VND148.49 trillion (US\$6.52 billion), VND131.2 trillion from State funds and the rest from non-state mobilised capital.

Of the 12 sub-projects, the ministry proposed to implement eight in the form of public investment (Vung Ang-Bung, Bung-Van Ninh, Van Ninh-Cam Lo, Quang Ngai-Hoai Nhon, Hoai Nhon-Quy Nhon, Quy Nhon-Chi Thanh, Can Tho-Hau Giang, Hau Giang-Ca Mau).

The remaining four projects will be implemented under Public-Private Partnership (PPP) including Bai Vot-Ham Nghi, Ham Nghi-Vung Ang, Chi Thanh-Van Phong, and Van Phong-Nha Trang.

Project preparation will begin this year, site clearance and resettlement between 2022 and 2023, construction is slated to start at the end of 2023 to be completed by mid 2026.

The construction of the east sections of the North-South Expressway was approved by the National Assembly.

In order to ensure the feasibility of the four sub-projects implemented in the form of PPP, the ministry proposes to allow the proportion of State capital participating in PPP projects from 54 per cent to 65 per cent of the total investment of the project.

The ministry also proposes the Government report to the National Assembly for consideration and decision on the conversion of investment forms in

case the implementation of PPP in these sub-projects fails.

4. 2021's profit outlook mostly reflected in stock prices: FiinGroup

The Vietnamese stock market's valuation is equivalent to 18.2 times 2021's profit and 14.3 times 2022's profit forecast, said Fiin Trade, showing that the profit prospects for 2021 are reflected in share prices.

Statistics from Fiin Trade showed that as of November 7, a total of 897 enterprises and banks, accounting for 94.5 per cent of market capitalisation, officially released or have announced business results for the third quarter.

The list includes 826 enterprises, accounting for 93.1 per cent of the non-financial sector, 27 banks, accounting for 23.4 per cent of total market capitalisation, and 44 securities, insurance and other financial companies.

The third quarter profit after tax of these companies on average increased by 14.7 per cent year-on-year. However, the growth slowed down compared to the first and second quarters of 2021.

In the banking group, profit in the third quarter jumped by 19 per cent over the year, but was down nearly 16 per cent compared to the previous quarter, Fiin Trade said. Meanwhile, it was less positive in the enterprise group as it faced the negative impact of the COVID-19 pandemic, resulting in a rise of only 7.6 per cent year-on-year in profit after tax. Compared to the second quarter of 2021, profit declined nearly 24 per cent.

The profit growth mainly came from businesses that benefit from surges in commodity prices and sudden high demand during the pandemic. According to statistics, the best growth in profit is the steel group (170 per cent), followed by residential real estate

(28 per cent), and office for lease (4.2 per cent). And even though the public investment group was expected to benefit from the pandemic, it witnessed a fall over the same period last year.

The boom of global commodity prices also supported sectors including fertilisers, wood, chemicals, rubber or plastic. On the contrary, as Vietnamese coal prices are not vulnerable to international prices, profit of coal producers still slid nearly 81 per cent over last year.

Up to three of five industries related to highly defensive products that maintained good profit growth in the third quarter were electricity (65 per cent), information technology (19 per cent) and pharmaceuticals (5 per cent), while the water and telecommunications industry recorded negative growth compared to the third quarter of 2020. In addition, the improvement in demand also supported the profit growth of five of seven consumer goods industries in pandemic hotspots.

In the first nine months of 2021, the whole market's profit after tax rose 56.3 per cent over last year. Of which, the banking sector's profit after tax increased by nearly 445 per cent and the business sector's climbed more than 60 per cent, completing about 86 per cent of the 2021 plan.

Fiin Trade estimated that the whole year's profit after tax of 897 listed companies and banks might rise by at least 38 per cent, on the assumption that listed companies would maintain profit after tax equivalent to that of the fourth quarter of 2020. This is a cautious forecast as some industries are expected to recover strongly thanks to higher demand during the period of 'living with COVID-19'.

5. Small steel companies struggle in Q3 due to COVID-19

As the domestic market has been heavily affected by the COVID-19 pandemic, many small steel enterprises experienced a sharp decline in profit in the third quarter of 2021.

In its third quarter financial statement, Pomina Steel Corporation (POM) said that its net profit dropped 78 per cent on-year to VND3.5 billion (US\$153,267).

However the company's consolidated net revenue still rose 38.9 per cent to VND3.1 trillion.

Meanwhile due to the complexity of the COVID-19 outbreak in southern localities such as HCM City, Binh Duong and Ba Ria - Vung Tau, construction consumption also stopped, resulting in lower prices. Moreover, extra costs due to the "three-on-site" model triggered a decline of 14.7 per cent in gross profit to VND119.7 billion. Its gross profit margin inched down to 3.8 per cent from 6.3 per cent.

The company's revenue growth was boosted by exports with revenue of VND1.9 trillion, 4.5 times higher than the same period last year.

The strong rise in exports offset the decline in domestic consumption that was down 55 per cent.

For the first nine months of the year, Pomina recorded net revenue of VND9.6 trillion, up nearly 32 per cent over last year, while posting a profit after tax of VND205.9 billion. In the same period last year it lost VND127.8 billion.

This year, the company set a target of VND12 trillion in revenue and VND600 billion in profit after tax. Thus, after nine months, it respectively completed 80.35 per cent of the revenue target and 34.3 per cent of the profit target.

Other steel enterprises operating in the south also recorded a sharp drop in business results in the third quarter as both consumption and production were seriously hit by the pandemic.

Of which, Thu Duc Steel JSC (TDS) in its financial statement reported a net loss of VND643.7 million, while in the same period last year it posted a net profit of nearly VND2.2 billion.

The fall was due to losses of 31.8 per cent year-on-year in net revenue, while production costs increased sharply. Because of the pandemic, it could only arrange the "three-on-site" for one production shift. Therefore the production cost was very high, while output was low.

The company's production cost climbed sharply because of rising debts, transportation costs, and raw material costs.

Viet Nam - Italy Steel JSC (VIS) also suffered a net loss of VND92.3 billion in the third quarter of 2021, despite an 18.4 per cent increase in net revenue. In the same period of 2020 it recorded a profit of VND26.7 billion.

The reason was the sharp rise in cost of goods sold, up 30.9 per cent over last year, eroding the company's profit. In addition, financial revenue decreased by 42.2 per cent while interest expenses jumped by 21.6 per cent.

As of September 30, the company still witnessed a net loss of VND18.6 billion although net revenue rose 56.1 per cent year-on-year.

It explained that the implementation of the COVID-19 prevention measures in many localities had delayed construction activities, freezing the output of steel products. Both its billet and steel mills had to stop operating at times, but the company still paid fixed costs.

Also adding to the pressure, the prices of raw materials increased while the company could not sharply raise the price of semi-finished products, and inventories rose sharply, causing the company to pay extra costs for holding goods.

Similarly, the financial statements of Vicasa (VCA) showed that its profit after tax slid 48 per cent in the third quarter of 2021, while revenue only decreased by 4 per cent.

On the contrary, leading steel producers still performed well during the period thanks to strong export demand and higher global steel prices.

Hoa Sen Group (HSG) posted an increase of 89 per cent in revenue and double in profit. While Hoa Phat Group (HPG)'s profit was 2.73 times higher than the same period last year.

6. HCM City districts consider fixed areas for street vendors

Districts in HCM City are looking into setting up designated areas for food street vendors in an effort to ensure pandemic safety and order on the streets.

Pham Thi Hien, a street vendor in District 7, told Sai Gon Giai Phong newspaper that she and her husband had to stop selling food on the street due to the pandemic, and would like to resume the activity.

“I hope that district 7 and the city will soon come up with solutions to help us street vendors make a living.”

District 7 has asked the city to carry out a trial run of fixed, concentrated areas for street vendors to work to ensure food safety and social distancing, as well as order on the streets and street hygiene.

The trial run could play a big part in controlling self-organised street vendor activities, which take up street and pavement space.

Go Vap District is also cracking down on self-organised street vendors. Nguyen Ngoc Anh, deputy chairman of the district’s People’s Committee, said that local wards were monitoring and encouraging locals to officially register their selling activities.

The district was creating favourable conditions for street vendors. It was planning to renovate several

streets in the district that have many street vendors, and allocate spaces for them to operate.

“Locals who do not register and take up vendor spaces on streets and pavements will be handled appropriately,” he said.

District 6 is also working on providing fixed areas for street vendors, which will help the district monitor its pandemic situation.

Le Thi Thanh Thao, chairwoman of the district’s People’s Committee, said there would be two options: allocating designated street vendor spaces along certain streets, or setting up a night street food market for registered businesses, as well as an area where other street vendors can freely enter to sell their goods.

Nguyen Ngoc Tuong, deputy chief of the HCM City Traffic Safety Committee, told Sai Gon Giai Phong newspaper that districts wanting to pilot spaces for street vendors must consider many factors such as traffic safety, urban order and hygiene.

Many locals in HCM City make a living selling food along the streets. Their livelihood has been greatly affected by COVID-19 and social distancing orders, and currently they are among business activities not allowed to reopen, together with bars and karaokes. The city has been making an effort to support these local vendors financially.

7. Businesses explore opportunities of serving elderly in Việt Nam

Việt Nam’s service market for the elderly is large with lots of potential, but is currently untapped, said experts during a forum in HCM City on November 11.

The forum aimed to mitigate the negative impacts of COVID-19 on vulnerable population groups.

Võ Tân Thành, vice chairman of VCCI and Director of VCCI Ho Chi Minh City, told the forum: “The current development of service industries for the elderly has

not met the increasing and diverse needs of this group.”

Attending the forum with about 100 domestic and international representatives, Naomi Kitahara, the United Nations Population Fund – UNFPA Representative for Vietnam, said the forum was significant and showed that the participation of businesses in the care industry for older persons was limited.

Attendees aimed to promote the private sector's participation in the development of services for older persons amid the pandemic and the new normal context in Việt Nam.

According to a Report on Market Outlook for Elderly Care Service in Việt Nam presented at the forum, Việt Nam's service market for the elderly is very promising, with 20 million "potential customers" by 2035.

The report notes that as an extremely valuable intellectual and experience pool, the elderly are an important asset contributing to the development of the country. The elderly are also a crucial driving force for a special emerging market, which can generate good sales, income and jobs for society.

Naomi Kitahara said: "While the virus spreads among persons of all ages, older persons and those with underlying medical conditions are at increased risk of developing severe conditions and having higher death rates. Meanwhile, Việt Nam's population ageing is progressing fast and the country will transition from "ageing" to "aged" society by 2036. While this presents implications on the need for care and support for the elderly population, it can also present a business opportunity for the care industry."

Minister Okabe from the Japanese Embassy told the forum: "Japan shares the same trend of population ageing and low fertility, and a lot of private sector businesses, many of which are very unique and innovative, have developed in the past decades to provide care and services to the elderly population. The Government of Japan is honoured to support UNFPA and VCCI to engage the businesses in dialogue with policy makers, particularly with regards to the Government's policies for the care industry."

Considering the elderly care industry as the potential market, the forum explored the current situation of the industry, in which businesses asked policy makers for policies to maximise the opportunities resulting from population ageing.

Thành, from VCCI, said the business forum constituted a timely intervention, especially when HCM City and many other provinces and cities across the country were impacted by the fourth wave of COVID-19, causing negative effects on the country's socio-economic development.

He mentioned several factors which can hinder further development of the industry. They include under-developed infrastructure, lack of incentive policies to encourage the private sector to invest, limited financial and human resources as well as unavailability of technology.

Bùi Thị Ninh, director of the Bureau of Employers' Activities (BEA), said due to better incomes, the demand for elderly care was increasing in Việt Nam.

Ninh said despite the potential, the policies for the industry had not yet encouraged investors to join in development.

Bùi Anh Trung, director of Bình Mỹ Nursing Home in Củ Chi District, HCM City, said: "There are lots of risks and complicated issues in the elderly care industry but there is mostly no legal basis for it."

Trung said this discouraged investment in nursing homes in Việt Nam.

Thành added there were no effective service models in line with the culture of the Vietnamese people while communications strategies and activities needed to be more effective to make older Vietnamese persons change their attitudes and practices.

Thành said the forum was an opportunity for stakeholders to discuss and create a breakthrough in this important industry.

Attending the forum, participants included managers from foreign-invested enterprises, local companies and manufacturers as well as Japanese companies. There were also representatives from international chambers of commerce, including JCCI, KoCham, AmCham, and EuroCham, and economic officers of international consulates.

Việt Nam's population is ageing quickly due to declines in mortality and fertility. In 2020, people aged 65 and above accounted for 8 per cent of the population, and it is estimated that by 2036, Viet Nam will transition from an "ageing" to an "aged" country where those aged 65 and above will make up 14 per cent of the total population.

The Ministry of Labour, Invalids and Social Affairs estimates that there are around 4 million older persons who require daily care in 2019, and the

number will increase to around 10 million people by 2030.

Corporate News

8. MSN: SK Group to spend \$345 million to increase stake in Masan's retail arm

↑ 1.84%

Masan Group Corporation (HSX: MSN) and SK Group today announced the signing of definitive agreements to buy secondary shares of The CrownX (TCX) for \$345 million in cash, with \$340 million coming from SK Group. After the acquisition is completed, Masan will control 85 per cent of The CrownX and SK will own 4.9 per cent, with Masan potentially raising its position in TCX in the near future.

After successfully turning around WinCommerce (WCM) which delivered its first profitable quarter in the third quarter of 2021, Masan will shift its priority towards scaling up TCX's mini-mall POL concept – a combination of WinMart+ (grocery), Phuc Long Kiosk (coffee and tea), pharmacy, Techcombank, and Mobicast JSC, a startup mobile virtual network operator (MVNO) transaction point into an integrated loyalty offering.

The initial pilot of the mini-mall has already yielded results as demonstrated by higher foot traffic and profitability. Management is setting a medium-term game plan to re-expand the network nationwide while maintaining profitability with the following key performance indicators.

Specifically, Masan will drive private label portfolio to comprise 20-25 per cent of modern retail sales. The group will grow online grocery to comprise

more than 5 per cent of total revenue or 50,000 orders per day. It will partner with 2,000-3,000 of Masan Consumer Holdings' GT retailers for Wincommerce franchising model; and develop a loyalty programme and payments system via mobile wallets to drive consumer lifetime value and maintain a lean cost of consumer acquisition model.

Danny Le, CEO of Masan Group said, "SK's investment is a validation that our 'mini-mall' concept, a winning nationwide model that will bring more value to consumers' daily lives. The next quantum leap for our platform is driving our loyalty platform and digitalising our offering from products to services to win consumers mindshare whether off or online."

Woncheol Park, representative director of SK Southeast Asia Investment said, "We stand fully behind Masan Group. We believe its growth strategy to rollout the 'mini-mall' concept and to build a consumer platform will reap a tremendous outcome for everyone involved."

The transaction is subject to customary corporate approvals and Masan aims to close out its capital raising round of \$200-300 million for TCX by the end of the year. Credit Suisse (Singapore) Limited acted as the financial advisor to Masan Group.

9. PNJ: Record date for seeking shareholders' approval

↑ 5.17%

The Hochiminh Stock Exchange announced the record date of Phu Nhuan Jewelry Joint Stock Company as follows:

- Ex-right date: November 23, 2021
- Record date: November 24, 2021

I. Purpose:

To seek shareholders' approval in writing.

II. Detailed content:

- Exercise ratio: 1:1 (01 share – 01 voting right)
- Time of implementation: expected in December 2021.

- Meeting venue: Phu Nhuan Jewelry Joint
Stock Company..

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