



VIETNAM DAILY NEWS

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Market Analysis

1. Shares suffer worst daily decline since mid-Jan

Vietnamese stocks logged their biggest daily drop since mid-January as losses in large-cap and financial securities stocks outweighed the boost from banking shares.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) lost 2.25 per cent, to close at 1,439.71 points.

The market's breadth was negative with the number of decliners six times more than the number of gainers by 419 to 66.

On the HoSE, investors poured over VND24.8 trillion (US\$1.1 billion) into the market, equivalent to a trading volume of nearly 828 million shares.

The benchmark's bearish trend was due to the sharp falls in the VN30-Index pressured by securities stocks. The VN30-Index, tracking the 30 biggest stocks on HoSE, lost 2.05 per cent, to 1,471.31 points.

Of the VN30 basket, six stocks rose, while 24 declined.

In the VN-30 basket, the worst performers were FPT Corporation (FPT) losing 3.3 per cent, Hoa Phat Group (HPG) falling 6 per cent, Khang Dien

House declining 3.3 per cent, Masan Group (MSN) losing 5.3 per cent, Mobile World Group (MWG) falling 2.5 per cent, Novaland (NVL) decreasing 2.4 per cent, Phat Dat Real Estate (PDR) losing 4.9 per cent, Vinhomes (VHM) declining 4 per cent and Vincom Retail (VRE) dropping 6.3 per cent.

Securities stocks also suffered selling pressure during the session with many losers, namely SSI Securities Inc (SSI), Ho Chi Minh City Securities Corporation (HCM), Viet Capital Inc (VCI), VNDirect Securities Co (VND), Asia - Pacific Securities Joint Stock Company (APS), Viet Nam Bank For Industry & Trade Securities JSC (CTS), VNDirect Securities Co (VND), Bank for Investment & Development of Vietnam Securities Company (BSI) and VIX Securities Joint Stock Company (VIX).

On the positive side, the market's fall was lessened by the growth of some blue-chips in the banking group, such as Bank for Investment and Development of Vietnam (ACB), gaining 2.7 per cent, Vietinbank (CTG) rising 0.3 per cent, Military Bank (MBB) increasing 0.9 per cent, Techcombank (TCB) up 1 per cent and Vietcombank (VCB) moving up 4.3 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index lost 4.09 per cent, to close at 400.76 points.

Macro & Policies

2. Securities companies report record profits

Securities companies reported huge revenues and profits last year on the back of impressive growth by the stock market.

SSI Securities Corporation achieved revenues and pre-tax profits of VNĐ7.77 trillion (US\$342 million) and VNĐ3.33 trillion (\$146.57 million), increases of 71.7 per cent and 112.6 per cent from 2020.

Viet Capital Securities reported profit before tax of VNĐ1.85 trillion (\$81.43 million) on net revenues of VNĐ 3.73 trillion (\$164.18 million), 95 per cent and 115 per cent up.

Viet Dragon Securities Corporation said its revenues were 123 per cent up at nearly VNĐ1.04 trillion and pre-tax profit was VNĐ 534.9 billion, 185 per cent up.

Agribank Securities Corporation and KB Securities Vietnam JSC and Tecom Securities also reported higher profits.

Despite being affected by the COVID-19 pandemic, the stock market saw a record year. The VN-Index repeatedly rose to new highs, market capitalisation rose sharply, liquidity continued to rise after starting in 2020, and the number of investors exploded.

3. VN's auto market to bounce back this year

The Vietnamese automotive market is expected to rebound this year, returning to its growth track after sluggish sales in 2021, according to industry insiders.

This assessment was based on the continuous increase in sales volume of Vietnamese auto manufacturers and assemblers in the fourth quarter of 2021.

Automobile experts have attributed this growth to the Government's preferential policies, which are the main drivers for the recovery of the local auto industry in 2022.

In October last year, the Ministry of Finance conducted a draft decree to collect suggestions from ministries and agencies to cut the registration fee on domestically manufactured and assembled cars.

The Decree clearly states that the registration fee rate for domestically manufactured and assembled cars will be 50 per cent compared to the previous one, applicable from December 1, 2021, to the end of May 31, 2022.

Most representatives of auto brands in Việt Nam expect a recovery in sales in 2022 as the COVID-19 pandemic seems to be under control.

Analysts from VNDirect Securities JSC expect that the Government's reduction on registration fees will help the domestic auto industry to recover in 2022.

Besides, listed auto companies experienced strong growth in the first half of last year thanks to the launch of many new models and promotional policies to attract customers. However, their net profit in the third quarter of 2021 was still hit hard by the pandemic.

The pandemic outbreak in the third quarter last year forced many cities and provinces to apply social distancing measures. The Vietnam Automobile Manufacturers Association (VAMA) estimates that more than 200 auto dealers had to close in August and September 2021.

But the domestic auto market rebounded later on. The VAMA said that in October 2021, some 29,797 cars were sold, an increase of 120 per cent compared to September 2021.

The VAMA announced that the total market sales of its member units reached 38,656 vehicles in November 2021. The sales of passenger, commercial and special-purpose vehicles expanded by 40 per cent, 8 per cent and 39 per cent, respectively, compared to the previous month.

VAMA's member units had total sales of 257,390 vehicles in the first 11 months of 2021, up 3 per cent over the same period last year.

With 50 per cent reduction in the registration fee, which came into effect in December 2021 have also helped push up sales.

VAMA's members sold 43,526 units in December alone, the highest last year. December was the fourth month in a row that auto sales rose.

The growth came as the pandemic was under control, social distancing measures in many provinces and cities across the country were lifted and there was a 50 per cent reduction of registration fees for cars manufactured and assembled in Viet Nam applied from early December 2021.

In addition, VinFast, the Vietnamese automaker, has begun delivering its first battery-electric SUV — the VF-34 — to customers in its home market. The company already offers a full line of conventional automobiles in Asia.

The company has also announced its first fleet customer to buy electric cars. Artemis DNA, a biotech company dealing in genetics, has reserved 100 EVs from VinFast and expects delivery in late 2022 when VinFast will turn into an all-electric car manufacturer.

Experts believe that VinFast's electric cars will create a new trend for the Vietnamese auto market in 2022-2023 when other EV models are expected to launch in the Vietnamese market in the first half of 2022 such as the Kia EV6, Mercedes Benz EQB, Mercedes Benz EQE and Mercedes Benz EQS.

However, they have shown their concern that the development of the pandemic could have a direct effect on the performance of listed auto companies.

4. Viet Nam a rising star in Southeast Asia's startup scene

Viet Nam is a rising star of Southeast Asia startup scene and will become the third-largest ecosystem in the region in 2022, according to venture fund Nextrans Viet Nam.

A report by Nextrans said that there were about 3,800 startups in Viet Nam, of which four were unicorns and 11 were valued at over US\$100 million.

In 2021, investment poured into Vietnamese startups reached more than \$1.3 billion. Fintech was the leading sector in terms of total deal value, with two deals worth over \$100 million.

Notably, VNLife successfully raised more than \$250 million in a Series B funding round in July. In December, Momo followed suit with an investment of \$200 million.

After Fintech, e-commerce is the second most attractive sector to investors. Tiki made the largest

contribution with a Series E funding round of \$258 million led by AIA.

Undoubtedly, Viet Nam has emerged as a startup hub that is catching up with countries like Indonesia and Singapore, the report added.

Speaking at The National Startup Festival 2022, Pham Tan Cong, president of Viet Nam Chamber of Commerce and Industry (VCCI), noted that Vietnamese people have a strong startup spirit.

The country was ranked 44th out of 132 countries in the Global Innovation Index and 59th out of 100 regarding the startup ecosystem in 2021. It also came third in the list of most-active startup ecosystems in Southeast Asia.

He believed such achievements could be attributed to the favourable government policies on startups in recent years.

“Vietnamese government has gone great lengths to improve the business environment in favour of startups”, Cong said.

A report jointly prepared by National Startup Support Centre and BambuUp highlighted that Viet Nam was emerging as a dynamic economy and a development hub for innovative startups in Asia-Pacific.

Last year’s first nine months saw a record high number of \$500K-3M deals in fundraising, 2.58 times higher than the same period of 2020.

There was a shift in the investment allocation ratio at different stages as well. The proportion of rounds \$500K-3M and \$3M-10M went up whereas investments in pre-seed and seed stages fell.

Nine-month Series A investments hit a record of 37 deals, the highest in years. As for Series B, the deals reached the largest average value (\$13 million) since 2013.

The report also showed that the weakness facing most startups was reaching customers and generating revenues.

Stiff competition from direct and indirect competitors was the biggest concern for those involved in innovative activities.

Vietnamese startups are expecting the Government to step up investment in digital infrastructure to make business operations faster and more efficient.

The Government was also urged to supplement and clarify more detailed regulations to support domestic firms in terms of facilities, equipment and tax incentives, the report added.

At the national festival, the director of National Agency for Technology Entrepreneurship and Commercialisation Development Pham Hong Quat revealed that Viet Nam had more than 200 venture funds, 100 business promotion organisations and 130 universities and colleges that nurture innovations to date.

As the room for growth was still ample, Quat called for more favourable mechanisms that would pave the way for new innovative startups.

To this end, the Government was recommended to use public procurement as a stimulus to foster technology innovations.

The director also suggested a “startup visa” policy that would enable foreign entrepreneurs and startup founders to initiate their businesses in Viet Nam with ease.

As crowdfunding was becoming a norm in the world, this practice of fundraising should be piloted in Vietnamese startups to test its feasibility, Quyet added.

“Many countries in the region have introduced trading floors for the startups that are not eligible for Initial Public Offering. We should do likewise”, said the director.

Ivo Sieber, the Swiss ambassador to Viet Nam, stressed that a favourable legal framework was the key to the success of innovative startups. Education was another factor that would play a major role in startup incubation.

“Entrepreneurial spirit and startup spirit should be nurtured in the educational system”, said the Swiss ambassador.

5. Used and new car market sees rising demand as Tet approaches

With one week until the Lunar New Year Festival (Tet), which falls on February 1 this year, it is the 'hottest' time of the year for the domestic auto market.

Clients are rushing to buy used and new cars, leading to a shortage in the market, according to car dealerships in Ha Noi.

"These days it is hard to buy a used car at a reasonable price because of high demand as Tet comes near," said Nguyen Thach Thang, a car dealer in Le Van Luong street.

According to car dealers in Ha Noi, it is quite different from a few months ago. The price of a used

car could be a few million to 10 million dong higher than usual.

Expensive cars with prices ranging from VND500 million (US\$21,000) to a few billion are still available, but cars with prices below VND500 million have become rare.

Nguyen Thanh Vinh, a car dealer in Nguyen Van Cu Street, said that this demand for used cars was very high, especially those with prices ranging between VND200-300 million.

The most sought-after used cars are mainly Japanese and Korean, such as the Toyota Vios, Yaris, Corolla Altis; Kia Forte, Kia Morning, Hyundai Grand i10, Getz, Honda City or Daewoo Lacetti CDX.

Duong Ngoc Duy, a customer seeking a used car for about VND300 million, said he had visited many used car dealerships and e-commerce sites to find a reasonable one but he had not had any luck.

Duy has just received a Tet bonus.

"I would like to purchase an automatic sedan car like Kia K3 or Mazda 3 but it is hard to find a suitable one. Some showrooms have them but they offer them at a high price," he said.

Dinh Thanh Binh ordered a new car one month ago but has to wait for delivery until after Tet. The only way to get guaranteed delivery before Tet is to buy from someone who registered earlier.

Thach Thang, a car dealer said a car dealership could only get around 15-20 units per month but demand was two or three times that currently.

Car dealerships attribute the rising demand for used and new cars to long vacations during the Tet holiday. In addition, the development of the pandemic remains complicated resulting in limited public transport and taxis, so demand for private cars to travel during Tet is higher than usual.

However, car experts have warned that buyers should be careful when buying used cars to avoid purchasing smuggled ones. Users are also recommended to find qualified car dealerships or ask those who can tell if a vehicle is in good condition or not.

The price of the most sought-after new cars has suddenly increased by VND5 million to VND20 million per unit. This has been attributed to the difficulties in importing accessories for domestic car assembly as a result of the pandemic.

6. Investors looking forward to green energy stocks in 2022

With a solid financial foundation, bright prospects in the medium and long term, stocks of renewable energy companies are attracting more and more investors.

According to statistics from January last year to January this year, stocks of renewable energy companies all grew significantly, Trường Thành Energy and Real Estate JSC (TEG) grew 175.59 per cent, Licogi 13 JSC (LIG) rose 167.21 per cent, Gelex Group JSC (GEX) gained 163.28 per cent, Fecon JSC (FCN) increased 142.02 per cent, Bamboo Capital Joint Stock Company (BCG) rose 141.22 per cent.

"There are a few reasons why renewable energy stocks have risen sharply in recent times, such as predictions that this power source will account for the largest proportion in the total capacity of Việt Nam's power sources. The commitment of the

Vietnamese Government to achieve net emissions of "zero" in the recent COP26 is a great motivation for businesses to continue participating in and expanding the exploitation of renewable energy sources, namely solar power, wind power," said Hà Đức Tùng, analyst of VNDirect Securities JSC.

Bamboo Capital Joint Stock Company (BCG) has signed cooperation deals with international enterprises like Siemens Gamesa Renewable Energy, SP Group, Sembcorp Utilities. Gelex Group JSC (GEX) has established a subsidiary named Gelex Electrical Equipment JSC specialised in renewable energy listed on UPCOM.

Many enterprises have positive business results in the first nine months of 2021. Trường Thành Energy and Real Estate JSC (TEG)'s nine-month revenue reached VNĐ199.4 billion, up nearly 44 per cent

over the same period last year. The company's net profit reached more than VNĐ19 billion, an increase of more than 2,300 per cent - the highest growth rate of profit after tax among renewable energy companies.

Bamboo Capital Joint Stock Company (BCG)'s net profit in nine months reached VNĐ701 billion, up nearly 579 per cent over the same period last year. According to BCG, this growth was achieved thanks to the cash flow earned from renewable energy projects that were energised at the end of 2020.

Gelex Group JSC (GEX) earned a profit of VNĐ1.16 trillion, up 81.3 per cent, KOSY Joint Stock Company (KOS) reported VNĐ15 billion, up 68.9 per cent, Alpha Seven Group JSC (DL1) achieved VNĐ35 billion, up 57.3 per cent.

In terms of efficiency per dollar spent, Bamboo Capital Joint Stock Company (BCG) ranked first with return on equity (ROE) reaching 13.74 per cent, followed by Power Construction JSC No.1 (PC1) (12.52 per cent), Refrigeration Electrical Engineering Corporation (REE) 12.27 per cent, Gelex Group JSC (GEX) 8.56 per cent.

As for the return on asset (ROA), Refrigeration Electrical Engineering Corporation (REE) was the champion as its ROA reached 6.68 per cent, followed by Power Construction JSC No.1 (PC1) 4.78 per cent, Sao Mai Group Corporation (ASM) 3.26 per cent and Truong Thanh Energy and Real Estate JSC (TEG) 3.02 per cent.

Many analysts forecast renewable energy stocks still have room for growth in the long term.

Yunta Securities Vietnam Joint Stock Company forecast that electricity demand will grow by 9.8 per cent per year to support the expected GDP growth in the 2021-2030 period from 6.5-7.0 per cent.

With the same opinion, Agriseco Research assesses that the electricity industry will achieve good growth this year following the recovery of the economy. In the medium and long term, thermoelectric power and renewable energy are expected to gradually replace traditional energy sources such as coal and hydroelectricity.

Under the Government's plan, the installed capacity of solar and wind power will reach 35GW and 41GW by 2045, accounting for 20 per cent and 23.3 per cent of the total installed capacity of power sources in the country. Thanks to the incentives on electricity generation prices, the capacity of solar power has reached 16,500 MW.

According to Agriseco Research, thanks to the application of technology and price competition among the world's turbine and solar cell suppliers, net costs, which include installation costs, management costs, operation management, repair costs, in the life cycle of renewable energy projects tend to decline sharply.

As a result, the installation costs of solar and wind power projects onshore may be cheaper than coal power projects in the next few years when the equipment market is saturated.

Meanwhile, in a recent analysis report, VNDirect Securities JSC highly valued the stocks of companies with renewable energy projects with attractive preferential feed-in-tariff (FIT) mechanism prices and low-cost development.

The government's supportive policies may facilitate wind power companies to develop in the future such as Hà Đô Group JSC (HDG), Gelex Group JSC (GEG), Refrigeration Electrical Engineering Corporation (REE) and Power Construction JSC No.1 (PC1).

7. China border logjam means farm produce needs domestic, new export markets

The Government and businesses should have a sustainable strategy to promote the domestic market and find other markets to consume farm products that cannot be exported to China.

Thousands of tonnes of agricultural produce are currently held up at the China border, because China strengthens COVID-19 prevention measures.

Nguyen Binh Phuong, deputy director of the Thu Duc Wholesale Market Company, which runs the

namesake HCM City market, said the volume of goods exported to China was very large to be transferred to the domestic market.

Nguyen Quoc Trinh, chairman of the Long An Province Dragon Fruit Association, said the province's annual output of the fruit was 400,000 tonnes, and with exports to China becoming difficult in recent times, it was necessary to promote domestic consumption.

It had urged authorities to step up promotion to help find customers elsewhere, especially in India, and develop the domestic market through supermarkets to reduce dependence on China.

Farmers needed to convert to a farming model based on VietGAP and GlobalGAP standards to be able to export to choosy markets like Japan or EU, he said.

The EU has large demand for agricultural produce and, thanks to the EU-Viet Nam Free Trade Agreement, Vietnamese businesses have a unique opportunity to take advantage of this, but they need to strictly comply with European regulations to avoid losses, according to the chairman.

The EU has strict requirements and regulations for food products in terms of quality and pesticide residue levels.

But dragon fruit growers have not converted from traditional farming methods to VietGAP and GlobalGAP standards because output is still unstable and produce do not fetch much higher prices though costs are much higher.

Nguyen Lam Vien, general director of Vinamit JSC, said official channels were the key to sustainable trade, but many firms still exported their goods unofficially to avoid taxes.

“A value-added tax of 7 per cent applies to goods exported via official channels.”

He said local authorities should establish information centres at agricultural zones to communicate with the Chinese market, gather information about it and disseminate it to farmers to ensure production is in line with demand.

Firms should shift their focus to processing to expand their global footprint and become less dependent on fresh exports, he added.

Corporate News

8. TCD: Announcement of the change of listing

↓ -6.83%

On January 20, 2022, HOSE issued Announcement No.99/TB-SGDHCM regarding the change of listing of Transport and Industry Development Investment Joint Stock Company (stock code: TCD) as follows:

- Additional listing volume: 87,209,152 shares
- Reason of change: This is the number of shares issued to the existing shareholders.
- Total listing volume after change: 174,418,304 shares

- Total listing value after change (based on par value): VND1,744,183,040,000

- Effective date of the listing license: January 24, 2022

- Official trading date:

+ 86,929,244 shares: January 28, 2022

+ 279,908 shares: January 12, 2023.

9. KDC: KIDO Group eyes one-third increase in revenues in 2022

↓ -0.74%

Food producer KIDO Group has announced targets for this year, including a one-third jump in net revenues to VND14 trillion (US\$615.5 million).

The profit target is VND900 billion (\$40 million), 32 per cent up from 2021.

To achieve the goals, it said it would strengthen key cooking oil products to become the leading company in the sector, and research to bring new margarine, confectionery, snack, beverage, and ice cream products into the market.

In the food and beverage business, it plans to expand Chuk Chuk, the new food and beverage brand it introduced last year, by opening more stores in HCM City and elsewhere taking it to foreign markets.

For 2021 KIDO reported revenues of VND10.5 trillion (\$462 million) and profits of VND681 billion (\$30 million), 64 per cent up in both cases.

The group attributed the excellent results to new products it introduced last quarter, including beverages made in co-operation with Vinamilk, the start of the Chuk Chuk chain and return to the snacking industry after six years.

Subsidiary Tuong An Vegetable Oil Joint Stock Company achieved net revenue of nearly VND6.3 trillion (\$277 million), a 20 per cent increase, and profit before tax was VND220 billion (\$9.7 million), presenting 95 per cent of annual target.

Another subsidiary, Vocarimex, reported net revenues of nearly VND1.5 trillion (\$66 million), a 42 per cent decline.

KIDO Nha Be Company achieved revenues of VND1.6 trillion (\$70 million), up 36 per cent, and profits of VND101 billion (\$4.4 million), a 36 per cent rise.

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