



VIETNAM DAILY NEWS



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Market Analysis

1. Market inches higher on pillar stocks

Markets settled higher on Tuesday, boosted by gains in large-cap stocks as investor sentiment improved.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) rose 20.79 points, or 1.41 per cent, to 1,492.75 points. The index recovered after falling nearly 30 per cent in the previous session.

The market's breadth was positive with 266 stocks climbing, while 164 stocks slid. However, liquidity decreased by 26.7 per cent compared to the last trade. Of which 66.4 million shares were traded on HoSE, worth nearly VND19.2 trillion (US\$842.5 million).

The benchmark's recovery was thanks to strong gains in large-cap stocks, with bank stocks rebounding after strong sell-off in the previous session. The VN30-Index, tracking 30 biggest stocks on the southern bourse, jumped 22.29 points, or 1.48 per cent, to 1,527.36 points.

Twenty-seven stocks of the VN30 basket increased, while only three stocks plunged.

Of the top five stocks influencing the index's rally trend, Masan Group (MSN) was the biggest gainer yesterday with a rise of 5.87 per cent. It was followed by Vinhomes (VHM), BIDV (BID), Vingroup (VIC) and Vietcombank (VCB). These stocks were up at least 1.16 per cent.

Other stocks supporting the benchmark were Vincom Retail (VRE), Novaland (NVL), Becamex (BCM), VPBank (VPB), Vietinbank (CTG), Sacombank (STB), PV Gas (GAS), and Sabeco (SAB).

On the Ha Noi Stock Exchange (HNX), the HNX-Index also bounced back, up 2.83 points, or 0.67 per cent, to 423.84 points.

During the trading session, investors poured nearly VND1.65 trillion into the market, equivalent to a trading volume of 52.5 million shares.

Meanwhile, foreign investors were net buyers on the market, with a net value of VND969.71 billion. Of which, they net bought a value of VND976.78 billion on HoSE, while net sold a value of VND7.07 billion on HNX.

Macro & Policies

2. Viet Nam could fully reopen international tourism from mid-March

Viet Nam is considering fully reopening international tourism from the middle of next month, earlier than the previously proposed April target, with stringent movement restrictions imposed at the start of the pandemic set to be abolished.

This formed part of the discussions between seven ministries – the Ministry of Culture, Sports and Tourism, the Ministry of Health, Foreign Affairs, Transport, Public Security and National Defence – on restarting travels and tourism activities in new normal held in Ha Noi on Tuesday, chaired by Deputy Prime Minister Vu Duc Dam.

Tourism minister Nguyen Van Hung stressed the reopening of tourism must take into account Viet Nam's situations and lessons learned from other countries and regions.

Viet Nam's own pilot vaccine passport tourism programme, which was launched late November last year, had welcomed in 9,000 foreign tourists as of February 10, 2022, in a safe manner while still ensuring they were left with good impressions of Viet Nam, he noted, and the ministry had agreed to let all eligible localities welcome the international tourists instead of just certain provinces.

With the proposal to lift the ban on foreign tourists, general disease prevention and control like wearing masks and keeping a safe distance will still be in effect.

Representatives of ministries present at the meeting agreed they would report to the Government on halting the restrictions on the issuance of visas for foreign tourists, and resume pre-pandemic visa policy, including e-visa issuance, unilateral visa exemption for eight countries and bilateral visa exemption for 88 countries/territories.

The current requirement for tourists to register closed-loop tours like in the pilot programme will also be lifted, with tourists only needing to satisfy the health ministry's requirements.

Phan Trong Lan, head of the preventive medicine department, under the health ministry, said children under 11 years old would not have to be vaccinated against COVID-19 as Viet Nam itself had not started inoculation for this age group.

However, tourists from 12 years old and above must have received at least two doses of COVID-19 vaccines, with the second dose administered not more than six months at the time of entry, or they have proof of COVID-19 recovery within six months that were issued by relevant authorities of the countries where they were treated, and that Viet Nam recognises.

Tourists would also need proof of negative COVID-19 tests before the flight into Viet Nam, valid within 24 hours with rapid antigen tests and 72 hours with RT-PCR tests.

They would be required to install Viet Nam's COVID-19 app and the app would need to be on during their entire stay in the country.

For arrivals via air routes, all people with suspect COVID-19 symptoms must be tested for the virus right at the airport (rapid tests), while others can leave for their registered accommodation/hotels, self-quarantine for 24 hours and undergo a COVID-19 test.

Arrivals via roads can have their COVID-19 tests done at the border gates prior to entry.

The tourism ministry's proposal to set the mandated COVID-19 insurance at US\$10,000 to cover the costs of COVID-19 treatment when needed.

When a foreign tourist is found positive with coronavirus, accommodation/hotels must work with local health authorities to manage and ensure quarantine just like with Vietnamese citizens.

Deputy PM Vu Duc Dam said after two years of the pandemic, Viet Nam's economy and in particular the tourism sector, suffered many challenges.

In the spirit of flexible adaptation and safe, effective control of pandemic, each relevant ministry and

sector must be urgent in their assigned role to reopen tourism in a safe manner, and soon submit their respective guidances related to tourism reopening and report to the Government on the matter.

Starting from today, Viet Nam has also lifted all pandemic-era restrictions on frequency and destinations of outbound and inbound flights.

3. Shareholders of banks enjoy fruitful earnings as stocks flourish

The banking group, one of the most favoured stock groups on the Vietnamese stock market, is yielding fruitful earnings for investors.

Plenty of businesses who have persistently held bank stocks for the last 10-20 years, even in the most difficult periods, are enjoying sweet results as this group of stocks has sky-rocketed in the last two years.

There are currently many businesses holding bank shares valued up to tens of trillions of Vietnamese dong such as Masan, Viettel, SCIC and Vietnam Helicopter Corporation (Vietnam Helicopter).

Masan Group is currently holding more than 524 million shares of Techcombank (TCB) with an initial amount of VND4.38 trillion (US\$192.6 million). Meanwhile, TCB is now priced at VND53,700 per share, thus Masan's investment value is now equivalent to VND28.15 trillion. That means Masan has made a profit of VND23.78 trillion, or over \$1 billion.

In addition, Mapleleaf - a subsidiary of Masan also owns TCB shares worth VND9.37 trillion.

Similar to the case of Masan investing in Techcombank, many units have also made huge profits when making strategic investments in banks such as the case of T&T Group with SHB, Sovico with HDBank, Geleximco with ABBank, FPT and Vinare with TPBank.

In September 2015, SCIC poured nearly VND1.8 trillion to buy 10 per cent of MB shares, now the value of these shares has increased to more than VND12 trillion.

On February 23, VNpost will divest 10.2 per cent of the capital in Lien Viet Post Bank with a starting price of more than VND3.5 trillion, while its initial price was only VND811 billion.

Vietnam National Petroleum Group (PLX) owns 40 per cent of shares in PGB bank, equivalent to 120 million shares. At the current price of VND32,200 per share, these 120 million shares are valued at VND3.86 trillion. The amount PLX spent was only VND1.08 trillion, meaning that PLX has made a profit of VND2.79 trillion.

In addition to the above cases where long-term shareholders have a great influence on the bank's operations, there are also cases where enterprises had only made short-term investments but have also enjoyed large profits.

At the end of September 2021, Tien Phong Commercial Joint Stock Bank (TPB) announced that it had successfully offered 100 million in private placement. Transport and Industry Development Investment Joint Stock Company (TCD) spent VND957 billion to buy 29 million shares. The investment value has now increased to VND1.68 trillion, meaning TCD had made a profit of VND721 billion.

TNS Holdings Trading and Service Joint Stock Company (TN1) only invests in one stock code which is Vietnam Maritime Commercial Joint Stock Bank (MSB). The cost of each MSB share is about VND12,900 per share. Currently, MSB price is VND27,550 per share. Thus, the total value of TN1's investment in MSB is now VND1.64 trillion, which means TN1 made a profit of about VND869 billion.

Saigon-Hanoi Securities Joint Stock Company (SHS) has also made a big profit when buying two banking stocks of Saigon-Hanoi Bank (SHB) and Techcombank (TCB). The original amount the company spent to buy SHB shares was VND275 billion. According to SHB's price currently at VND23 per share, the value of SHB's shares has increased to VND932 billion. Compared to the initial capital spent, SHS made a profit of VND657 billion. As for TCB, the company spent VND403 billion to buy

shares of the bank, which are currently worth VND622 billion.

4. Prime Minister highlights opportunities for cooperatives

Chairing a conference on the collective economy and cooperatives, Prime Minister Pham Minh Chinh said the country had recorded important achievements after more than 35 years of "Doi moi" (Renewal).

These achievements have raised the position and stature of Viet Nam, resulting in continuous economic growth.

The conference, held on Tuesday, aimed to assess 20 years' of Resolution No. 13-NQ/TW on the collective economy, as well as 10 years' implementing the Law on Cooperatives.

Speaking to attendees, Minister of Planning and Investment Nguyen Chi Dung said small household businesses would struggle to survive amid the Fourth Industrial Revolution as they have low competitiveness. Dung who is also Deputy Head of the National Steering Committee for the Development of the Collective Economy and Cooperatives, said the Party, State and the Government of Viet Nam issued guidelines and policies to promote collective economic development and cooperatives.

For further development of the collective economy and cooperatives, the participation of society was needed. Heads of ministries, branches and localities must be fully aware of the spirit of the Resolution, as well as the role and position of the collective economic sector and cooperatives in national socio-economic development, Dung said.

"Cooperation is inevitable for mutual development," he said.

Over the past 20 years, along with the process of economic renewal and international economic integration, the collective economic sector underwent different stages of development with advantages and challenges, Dung said.

He added that the most prominent change was the shift from the inefficient cooperative model to the

self-responsible and autonomous cooperative model.

"The collective economic sector has partially overcome long-standing weaknesses, gradually innovating following market mechanisms, becoming the main contributor to the economy and ensuring social security and economic development of the country," Dung said.

The transformation and reorganisation of businesses in accordance with the Law on Cooperatives has been completed.

Newly-established cooperatives are mainly in the fields of agriculture, industry-handicrafts, commerce and services. They are concentrated in big cities, the Southern and North Central provinces and some Northern midland and mountainous province and the Central Highlands.

As of December 31, 2021, the whole country had 27,342 cooperatives, 2.5 times higher than in 2001. The cooperatives have nearly six million members and create jobs for about one million workers.

The average annual income of regular workers in cooperatives has increased, from VND44.6 million in 2017 to VND52.8 million in 2019, equaling 44.8 per cent and 47.3 per cent of the income of a worker in the private sector, respectively.

However, Dung said that after 20 years of implementing the Resolution, the collective economic sector made positive changes but it had not yet fully promoted its potential and it had not become a foundation of the economy.

For example, a number of objectives and tasks set by the Resolution had not been achieved or fully implemented. Specifically, the growth rate of the collective economic sector was still low and its contribution to GDP had decreased, failing to achieve the target set.

In the last 20 years, the growth rate of the collective economic sector and cooperatives was only about half that of the national economy. The collective economic economy contributed 8.06 per cent to national GDP in 2001 and decreased by 3.62 per cent in 2020.

Moreover, theoretical research on cooperatives was not systematic. Viet Nam had few organisations that conduct in-depth studies or offer training on cooperatives as well as the effectiveness and contribution of the collective economy in the economy.

Only the contribution of cooperatives to GDP was calculated, not including the contribution of cooperative groups and cooperative members. The omission in the calculation of the collective economy's contribution to GDP led to a reduction in the role and position of the collective economic sector in the country's economy, Dung said.

After 20 years of implementing the Resolution, the organisation of the state management apparatus of the collective economy has not met requirements.

Additionally, the legal framework and policies on cooperatives still have shortcomings that hinder development. For example, regulations and policies are not in line with the development of various types of collective economies. The country has not determined a management mechanism that could help ensure transparency and equality.

"The deepening participation in globalisation and international integration with commitments to open markets for trade in goods, services and investment under bilateral and multilateral free trade agreements together with the Fourth Industrial Revolution has created opportunities and

challenges for the collective economic sector and cooperatives," Prime Minister Chinh said at the conference.

He emphasised that there were opportunities for the collective economy and cooperatives to thrive, especially those in agriculture.

"A large and experienced workforce, together with infrastructure, especially in rural areas, will be the foundation for promoting the application of advanced and modern technologies and production methods," he said.

"We have a domestic market with nearly 100 million people, the international market continues to expand after 17 free trade agreements were signed and negotiated. Moreover, we have many appropriate mechanisms and policies to attract investment, encourage innovative thinking, update new knowledge, boldly apply science and technology to improve productivity, quality, and efficiency and be deeply involved in the value chain," Chinh said.

The PM said that it was necessary to study and complete a legal framework to identify the nature of cooperatives and types of collective economic organisations.

"The autonomy and self-responsibility of each cooperative must be promoted. Transparency and efficiency in management and administration of cooperatives must be improved to create motivation for the cooperative sector to develop," he said, asking for further attention to be paid to accounting and auditing issues and digital transformation to properly adapt to the Fourth Industrial Revolution and climate change.

5. HCM City's success in containing COVID-19 helps manufacturing recover

Thanks to HCM City's success in controlling the COVID-19 pandemic, industry has made a smart recovery.

According to the city Department of Industry and Trade, exports through the city's border gate grew from 5.9 per cent in November to 8.1 per cent in December

Retail sales in January grew by 5.1 per cent to VND73.5 trillion (US\$3.17 billion).

Sales of goods increased by 7.1 per cent to VND47.9 trillion and revenues from accommodation and food sales grew by 6.7 per cent to VND2.78 trillion and from tourism by 8 per cent to VND285 billion.

Exports of goods through ports increased by 6.54 per cent to \$3.75 billion.

Bui Ta Hoang Vu, director of the Department of Industry and Trade, said most production and distribution companies have resumed operations, and retailers plan to co-ordinate with manufacturers and suppliers to increase the supply of essential goods.

All three wholesale markets and 213 out of 234 traditional markets in the city have reopened, ensuring smooth circulation of goods.

In the remaining months of this year the city will promote manufacturing and exports, its Department of Industry and Trade has said.

It targets 5 per cent industrial growth, 10 per cent growth in retail sales of goods and services and 9 per cent increase in foreign trade (excluding crude oil).

To revive the city's economy this year the department will focus on developing manufacturing, high-tech sectors, supporting industries, and the four key clusters.

It will pay greater attention to promoting key industrial products.

The city will also continue to transform exports with a focus on support services and products and services like software, digital content and others in which the city has advantages.

6. Việt Nam new Asian tiger: Business Times

Việt Nam is expected to accelerate its economic recovery from the pandemic this year after having recorded a 2.6 per cent increase in gross domestic product (GDP) in 2021, Singapore's Business Times reported.

Once among the poorest countries in the world, its economy is now booming and the World Bank describes it as one of the most dynamic and emerging countries in the entire East Asia region, Business Times said in an article published last week, calling Việt Nam a "new Asian tiger."

Singapore's DBS Group Research forecasts Việt Nam's GDP growth to reach 8 per cent in 2022, boosted by an accommodative monetary policy. The International Monetary Fund (IMF) has predicted that Việt Nam will climb three spots to rank third in GDP among ASEAN member states this year, thanks to the fast-growing middle class and the rise of ultra-rich people.

Knight Frank's latest Wealth Report estimates there were about 19,500 high-net-worth individuals in Việt Nam in 2020, defined as those with assets of at least US\$1 million, the article said. By 2025, that number is expected to grow by almost 25 per cent to top 25,000, it added.

Business Times attributed the robust growth of the economy to increasing flows of foreign investment

into the country. Many Singapore companies, including CapitaLand and Keppel, have invested heavily in the country as they seize abundant opportunities.

"Việt Nam has long been known as Southeast Asia's coding farm, where talent and wages are in a sweet spot for companies to use it as a base for their technical development," it noted.

The article also referred to Việt Nam as the largest solar power producer in Southeast Asia today with 16.6 gigawatts of installed capacity as of 2020. Việt Nam's construction industry was set to continue its recovery in 2022 as several large-scale infrastructure projects would move through different stages of development, it further said.

Việt Nam's economic prospects, challenges in 2022

Another article recently published on the East Asia Forum site also assessed prospects and challenges facing the Vietnamese economy this year.

As per the article, 2021 was a tough year as shutdowns made life difficult and GDP slowed to 2.6 per cent. Increasing supplies of vaccines eventually allowed more normal activities in the last few months of the year. Việt Nam's GDP shrank 6 per cent in the third quarter before bouncing back in the fourth quarter.

According to the author, despite factory closures, exports rose 19 per cent in 2021 to an astonishing \$336 billion, while GDP was only \$271 billion in 2020 and grew only slightly in 2021. The high level of foreign direct investment (FDI) did not grow nor shrink much.

The article noted that prospects for Việt Nam in 2022 would be good. As factories and services return to normal, there would be a jump in output. Most projections were for 6–7 per cent real GDP growth. Tourism should start to recover from its over 95 per cent decline from 2019 levels. Exports should grow about 15 per cent and the trade balance would remain modestly positive. Inflation would

remain low and the Vietnamese đồng would continue to appreciate slightly against the US dollar.

The author also pointed out that one side effect of Việt Nam's rapid export growth had been a lag in domestic value-added in exports. Much of the work had been simple assembly rather than the development of a dense network of supplier industries that would make the FDI 'stickier' as wages rise and labour supplies tighten. The COVID-19 pandemic slowed progress on this front, as fewer new enterprises opened and many more temporarily closed. Many firms that were still in business were financially weaker and would need time to accumulate resources to improve machinery, training and marketing.

7. Ample space for Viet Nam to boost exports to US: experts

Viet Nam and the US should enhance connectivity and work to ensure continuity of supply chains and prevent adverse impacts on the production sector, which has already been affected by the COVID-19 pandemic, an official has said.

Deputy Minister of Industry and Trade Do Thang Hai suggested the two countries make full use of the policy dialogue mechanism of the Viet Nam-US Trade and Investment Council to form a favourable legal framework for bilateral trade and investment ties.

Bui Huy Son, Minister Counselor and head of Viet Nam Trade Office in the US, said a big population of 333 million along with a large number of Vietnamese people in the country made the US a promising market for Vietnamese goods.

Experts, however, have pointed to barriers regarding food safety and hygiene and technical barriers in labour and environment in the US, which is known as a demanding market.

In addition, Vietnamese goods have to face fierce competition with products made in the US, and other nations in Asia, South America and even Africa, they said.

Therefore, Vietnamese enterprises need to learn about the US culture, while improving product

quality, with attention to product legitimacy and safety, they suggested.

Amy Nguyen, founder at Dragonberry Produce that specialises in fruit for export and import, said Vietnamese businesses, particularly agricultural exporters, should observe US regulations on plant and animal quarantine, and upgrade preservation technologies.

According to the General Department of Customs, trade between Viet Nam and the US set a new milestone, hitting US\$111.56 billion in 2021, up nearly \$21 billion over the previous year.

The impressive figure made the US the second foreign trade partner of Viet Nam that has reached the \$100 billion mark in two-way turnover after China.

Last year Viet Nam's exports to the US rose 24.9 per cent to nearly \$96.3 billion, accounting for 28.6 per cent of the country's total exports.

Among Viet Nam's major export items to the US were machinery, equipment and parts with \$17.82 billion, up 46 per cent; textiles and garments (\$16.1 billion, up 15 per cent); computers, electronics and components (\$12.76 billion; up 23 per cent); handsets and parts (\$9.69 billion, up 10.3 per cent); footwear (\$7.42 billion, up 18 per cent); and wood and wooden products (\$8.8 billion, up 23 per cent).

In January 2022, the US was Viet Nam's biggest buyer, with revenue reaching some \$9 billion.

Last year, the country imported nearly \$15.27 billion worth of goods from the US, mainly computers, electronics and components as well as machinery, equipment and parts.

Corporate News

8. SSI: SSI signs \$440m loan deal with Vietinbank

↑ 1.01%

The loan has a tenor of no more than 12 months, carries a short-term interest rate and has been partially disbursed.

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Last year SSI got the largest foreign unsecured loan by any securities company of \$267.5 million.

The new deal is the largest unsecured loan provided by a bank to any brokerage in Việt Nam.

It will be used for business activities and buying valuable papers from financial institutions and corporate bonds.

Nguyễn Vũ Thùy Hương, managing director of treasury/principal investment at SSI, said Việt Nam's stock market was entering a new phase after two decades of development. To prepare for significant market growth and provide quality products and services at a low-cost and high efficiency to customers, SSI constantly improves its financial capacity.

SSI has assets of VNĐ 50.4 trillion (\$2.2 billion).

It has equity capital of VNĐ13.9 trillion, and shareholders recently approved issuance of shares to increase it to VNĐ15 trillion.

9. MSN: Masan conglomerate posts impressive results, boosting its stock value

↑ 5.87%

Growth from synergies

MCH is one of the leading FMCG companies with a wide range of products including fish sauce, seasoning, instant noodles, instant coffee, and many more. The company achieved outstanding growth thanks to new innovations in modern trade.

Initiatives such as the 7-day CHIN-SU breakfast set led to the trend of modern consumption and contributed \$117.8 million, or 9.3 per cent, to MCH's revenues in 2021.

Thanks to the momentum with WCM, sales of MCH's products through its network grew 80 per cent in 2021 on-year. MCH's net revenues grew dramatically, especially in Q4/2021. Net revenues reached \$443.95 million, equivalent to 32.3 per cent growth, helping net revenue of the whole year to reach \$1.26 billion.

WCM is the leading retailer with about a 20 per cent share of the \$7 billion modern grocery market,

according to the Bank of America. WCM delivered \$1.35 billion in net revenues in 2021 due to its network rationalisation.

The company put lots of effort into increasing profitability through better supplier terms, lower logistics costs, and improved distribution capabilities. Simultaneously, WCM also expanded new store formats, focusing on fresh products, private labels, and optimised assortment.

Masan set up Phuc Long kiosks at WinMart+ stores that serve a collection of best-selling items. In January, MSN acquired an additional 31 per cent stake in Phuc Long, increasing its ownership to 51 per cent.

Since MSN's initial investment, Phuc Long has demonstrated strong synergies with MSN's strategy, which can now be accelerated with Phuc Long as a consolidated subsidiary of MSN.

The group also launched a mini-mall model for their retail stores – WinMart+. Piloted since June, five mini-mall stores have proven their effectiveness by increasing foot traffic by 30 per cent while helping to reduce breakeven revenues required per day per location by 44 per cent.

At the end of last year, Masan announced a \$350-million primary investment in The CrownX by a consortium of investors, completing the last round of fundraising into this ecosystem.

Nguyen Dang Quang, chairman of Masan Group, said that 2022 will be the year that Masan digitalises its platform into an integrated system including manufacturing, logistics, and distribution all the way up to 100 million consumers. The partnership with Lazada and the acquisition of mobile network Reddi are also strategic steps to accelerate this process.

Reddi is the core connecting piece of Masan's loyalty programme, with co-branded customer acquisition schemes providing members with essentially no cost data plans as they shop across Masan's ecosystem through cash back plans.

Consumers are offered to choose carriers with the most interesting content and value-added services. Masan plans to roll out Reddi nationwide and target up to 1 million subscribers in 2022.

This will drive 10 per cent operational cost efficiencies and, most importantly, combine Masan's traditional consumer insights with AI and machine learning insights to better serve consumers products and services they truly desire.

In 2022, the group aims to open 2,000 mini-mall locations through five different formats based on catchment analysis in cities, suburban, and rural areas, in new and existing WCM stores.

This plan is expected to generate a net revenue within the range of \$1.67-1.76 billion in 2022, up 23-29 per cent on-year. Better synergies between WCM and MCH, premiumisation, and growth of core categories will continue to be drivers for MCH to reach a net revenue of \$40 trillion.

Positive outlook of the leading platform

TCX expects to deliver net revenues of up to \$3.34 billion in 2022, improving by up to 85 per cent.

Masan's strategy is highly appreciated by financial analysts. Masan's market capitalisation in 2021 has also increased significantly, rendering the group one of the largest consumer platforms by market capitalisation in Vietnam, surpassing Vinamilk in the dairy industry.

According to Bank of America, Masan Group is a top of ASEAN consumer picks. This financial institution also initiated the stock with a buy rating and public offering of \$8.7.

The bank also expects Masan's return on equity to improve from 8 per cent in 2019 to 18 per cent in 2025. Besides this, securities companies such as VietCapital Securities, Japan Securities, PetroVietnam Securities, and HSBC also initiated MSN VN with a buy rating of around \$8.79.

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