



VIETNAM DAILY NEWS

March 22nd, 2022



Table of content

Table of content

1. Shares climb on real estate, insurance stocks
2. Insurance companies see profits soar
3. Overseas Vietnamese invest US\$1.72 billion in Viet Nam in 2021
4. MoIT tells coal producers to maintain production capacity
5. Reopening of tourism this month offers hope to businesses
6. Pharmaceutical retailers race to expand
7. Gasoline prices slip for the first time in three months
8. NVL: Novaland eyes expansion into provinces with growing infrastructure
9. VJC: Vietjet Air offers free PCR tests to passengers on international flights

Market Analysis

1. Shares climb on real estate, insurance stocks

Shares had a good start on Monday thanks to the growth of real estate and insurance stocks.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index rose 1.76 per cent to close the trading session at 1,494.95 points.

More than 792 million shares were traded on the southern exchange, worth VND24.2 trillion (US\$1.06 billion).

The benchmark's rallies were driven by large-cap stocks, mostly in the real estate and insurance sectors. Thereby, the 30 biggest stocks tracker VN30-Index climbed 1.74 per cent to 1,502.67 points.

Twenty-seven stocks of the VN30 basket posted positive performance on Monday, while two slid and one ended flat.

Data compiled by vietstock.vn showed that cash flow was moving into real estate and insurance stocks as there were many strong gainers with abundant liquidity like Vietnam National Reinsurance Corporation (VNR) (3.7 per cent), Military Insurance Company (MIG) (6.9 per cent), Bao Minh Insurance Corporation (BMI) (6 per cent), Bao Viet Holdings (BVH) (4.3 per cent), Novaland (NVL) (6.9 per cent), Dat Xanh Group (DXG) (6.9 per cent) and Phat Dat Real Estate (PDR) (6.9 per cent).

"After a series of cautious sessions, investors pounded their money into the market today," said BIDV Securities Co.

"The reaction of markets around the world including Viet Nam after the Fed increased rates was quite positive as the Fed only raised 0.25 per cent instead of 0.5 per cent. This phenomenon has made investor sentiment become more positive and return to trading in the market," it said.

"Foreign investors were strong net buyers on the HoSE while net sellers on the Ha Noi Stock Exchange (HNX). The liquidity increased again, the cash flow spread to many sectors as well as the weakening effect of negative macro information is making the VN-Index become quite attractive," it said.

Foreign investors net bought VND1.09 trillion on HOSE, including Sacombank (STB) with VND116.22 billion, Geleximco (GEX) with VND113.40 billion and PetroVietnam Gas JSC (GAS) with VND60.87 billion. Foreign investors were net sellers on HNX with a value of VND12.89 billion.

On the Ha Noi Stock Exchange, the HNX-Index closed Monday at 458.29 points, up 1.57 per cent.

During the session, nearly 100.4 million shares were traded on the bourse, worth over VND3 trillion.

Macro & Policies

2. Insurance companies see profits soar

The country's top insurers have reported double-digit increases in profits thanks to growth in business and windfall income from financial activities.

Petrolimex Joint Stock Insurance Company (PJICO) saw its profits double from VND175.5 billion (\$7.6 million) in 2020 to VND352 billion last year.

BIDV Insurance Corporation's profits rose by 34 percent to VND400 billion, and Bao Minh Insurance's by 28.5 percent to VND250.6 billion.

Baoviet's profits only grew by 20.5 percent but were the highest in the industry at VND1.99 trillion.

Its management attributed the growth to the financial investment. The company invested VND2.84 trillion in the market last year, mainly in listed stocks.

Analysts said profits also rose due to a surge in new business and rise in premium income.

SSI Research forecast revenues from insurance premiums could rise by 18 percent to VND256 trillion this year, driven by the recovery in demand and growing online insurance and collaboration with insurtech firms.

But it warned profits could fall this year as claims increase from last year's low caused by social distancing.

3. Overseas Vietnamese invest US\$1.72 billion in Viet Nam in 2021

By the end of 2021, overseas Vietnamese in 29 countries and territories had invested in 376 projects in Viet Nam with a total investment of US\$1.72 billion.

The projects have been invested in 42 out of 63 cities and provinces, mainly focusing on manufacturing and processing. In addition, overseas Vietnamese have also invested in Viet Nam through other indirect channels.

According to the Foreign Investment Agency (FIA), projects of overseas Vietnamese into Viet Nam have not been increased in terms of scale but had a significant contribution to the local economic development by creating jobs, providing vocational training and increasing the State budget.

Vu Van Trung, FIA deputy head, said that this number was approximate because it was statistics of foreign direct investment in Viet Nam, while indirect investment through remittance, relatives and other channels was very large.

Trung said the average annual remittance to Viet Nam was over US\$10 billion. In 2021, it was about

\$12.5 billion. This was a great source to serve the socio-economic development of Viet Nam.

He also said that investment through the form of FDI by expatriates to Viet Nam was still limited. This was a point that would need further discussion to promote the investment of overseas Vietnamese entrepreneurs.

According to the State Committee on Overseas Vietnamese under the Ministry of Foreign Affairs, the overseas Vietnamese community currently has about 5.3 million people living, working and studying in over 130 countries and territories, with over 80 per cent are in developed countries.

Deputy Foreign Minister Pham Quang Hieu, Chairman of the State Committee on Overseas Vietnamese, said at a recent forum that the world economy continued to recover, but the growth rate was slow and uneven with potential risks of instability. The latest issue was the conflict in Ukraine.

Viet Nam continued to be a bright spot in the region in terms of trade and investment as all criteria had

been given positive evaluation from international investors.

Along with the Government's determination in socio-economic management, the Deputy Minister hopes that positive economic signals will also be realised this year.

In Viet Nam's key trading partners and markets with many Vietnamese people, taking advantage of signed trade agreements, many Vietnamese products have been well received.

He expects that the overseas Vietnamese community will continue to promote its role to help

domestic businesses penetrate developed markets. The country still has many untapped opportunities with potential future development.

He said he hoped that ministries, sectors and localities would continue to co-ordinate with the State Committee on Overseas Vietnamese to promote the interest of overseas Vietnamese, and join hands in building a more favourable environment for the development of overseas Vietnamese in operation, investment, production and business as well as bringing successful overseas models to Viet Nam.

4. MoIT tells coal producers to maintain production capacity

Ministry of Industry and Trade (MoIT) has said the Viet Nam Coal and Mineral Industries Group (Vinacomin) and Dong Bac Corporation must immediately implement measures to ensure coal production capacity for thermal power plants.

MoIT said in its Document No 1225/BCT-DK that in accordance with signed coal sale and supply contracts, especially BOT thermal power plants using domestic coal to avoid compensation for stopping thermal plants, the groups must keep production as committed in the signed contracts.

The MoIT also requested Viet Nam Electricity (EVN) to direct the National Load Dispatch Centre (A0) to have a dispatch solution, notify the monthly updated mobilisation plan to the owner, and invest in coal-fired power plants to promptly arrange coal sources for electricity production.

Previously, the ministry received several documents from coal-fired power plant investors reporting that Vinacomin and Dong Bac Corporation did not supply enough coal in the first two months of 2022 as per the purchase contracts.

In February, the total volume of coal supplied by Vinacomin and Dong Bac Corporation to EVN's coal-fired power plants was 69.24 per cent of the volume signed, and much lower than the demand of the plants.

Vinh Tan 1 BOT coal-fired power plant was not supplied with enough coal according to the supply

contract signed at the end of 2013, which may lead to the Vietnamese side having to compensate due to the shutdown.

Vinacomin made a written explanation about the reason for not recently supplying enough coal for electricity production, citing the impact of COVID-19 leading to a shortage of staff at coal mines,

The Russia-Ukraine conflict was also a remarkable development affecting the international energy market, it said.

The price of oil and gas in the global market is increasing rapidly.

For the first time in history, the price of European gas has reached US\$3,600 per 1,000cu.m, according to data from the ICE Commodity Exchange in London, UK, on March 7, 2022.

The gas futures price for April delivery at the TTF hub in the Netherlands increased to \$3,639.1 per 1,000cu.m.

For companies using oil and gas as input materials, increasing prices will increase product costs. Gas-fired power plants are less competitive, and the current situation also negatively affects the share of output offered in the power generation market.

Transporting fuel by all modes of transport was also difficult due to sanctions, including seagoing coal ships, limiting the volume of coal circulating in the

market and increasing the international coal price to an unprecedented record.

Last year, Vinacomin produced 4.2 million tonnes of coal while Dong Bac Corporation produced 7.28 tonnes in Quang Ninh Province.

5. Reopening of tourism this month offers hope to businesses

The official reopening of international tourism this month offers hope to tourism businesses who have been hit hard in the pandemic.

The Ministry of Culture, Sports and Tourism announced a plan to reopen tourism activities under the “new normal” state. Tourism businesses are hoping for recovery after 2 years of difficulties.

The financial report of the Airports Corporation of Vietnam (ACV) showed the business suffered a record loss of more than VND850 billion (US\$37 million) in the third quarter of 2021. For the whole of 2021, the net profit of this business was only over VND830 billion, down by nearly half compared to 2020.

Vietourist Travel JSC (VTD) has reported that revenue increased by 25 per cent, reaching VND130 billion in 2021, but its gross profit was only half of the previous year, only VND4.1 billion. The company's inventory increased 3 times, liabilities increased 1.7 times. Loans and finance leases accounted for 63.5 per cent of total liabilities.

Although main business activities declined, in 2021, the company's pre-tax profit jumped to VND12.6 billion, up 3.3 times over the previous year thanks to a 24-fold increase in financial income compared to 2020, reaching VND15 billion. The reason was that the company divested from Hoang Kim Tay Nguyen, selling 1.44 million shares of Hoang Kim Tay Nguyen Joint Stock Company.

Ninh Van Bay Travel Real Estate (NVT) recorded net revenue of VND86 billion in the first 9 months of 2021, down 87.6 per cent over the same period in 2020. Losses after tax reached nearly VND700 billion, an increase of VND38 billion compared to the previous year.

Tay Ninh Cable Car Tour Company (TCT) also suffered a heavy loss in the fourth quarter of 2021 with a revenue decrease of 8.7 times over the same period of 2020, causing the company to lose VND5.8

billion in the fourth quarter of 2021. For the whole year, TCT reported a profit after tax of more than VND2 billion, a sharp decrease compared to the time before the pandemic. In 2020, the company also recorded only VND417 million in profit.

Hotel businesses also faced difficulties. In 2021, Ocean Hotel and Services Joint Stock Company (OCH) only achieved revenue of VND103 billion, down 74 per cent compared to the previous year while profit decreased by 99.4 per cent.

The most profitable company among tourism businesses was Dong A Hotel Group Joint Stock Company (DAH). In 2021, this company achieved revenue of over VND680 billion, exceeding 135 per cent of the plan and a profit of over VND44 billion.

Tourism stocks

Before the COVID-19 pandemic occurred, Viet Nam's tourism industry welcomed over 18 million international visitors and served 85 million domestic tourists in 2019. However, in 2021, international visitors to Viet Nam only reached 157,300, the number of domestic tourists was only 40 million. The reopening of the tourism market is bringing opportunities for businesses in this industry.

According to analysts of SSI Securities Company, the travel and tourism group will directly benefit from a strong recovery in visitor arrivals after 2 years of being impacted by the pandemic. Promising stocks include VTD (Vietourist Travel JSC), VNG (Thanh Thanh Cong Tourist Joint Stock Company), CTC (Hoang Kim Tay Nguyen Group JSC), TCT (Tay Ninh Cable Car Tour Company). VTD is planning to issue shares to increase capital to buy more cars and repay bank loans, so the profit brought to shareholders will be reduced.

The tourist accommodation group also benefits from the rise of occupancy rate with the increase in tourists. They include DAH (Dong A Hotel Group

JSC), OCH (OCH Hotel and Service JSC) and NVT (Ninh Van Bay Travel Real Estate).

The tourist transport group only benefits from the transportation of passengers and goods on air, rail, road and sea routes. Stocks in this group are affected by the fact that petrol prices are staying at a high level.

In this group, ACV stock is considered to be the strongest beneficiary. According to SSI's prediction, in 2022, ACV's after-tax profit will increase by 341 per cent from the low base in 2021 thanks to a strong increase in international visitors.

6. Pharmaceutical retailers race to expand

While many companies were driven out of business by the pandemic in the last two years, three drugstore chains have been in a race to open new outlets.

Pharmacy, Long Chau and An Khang have been opening up to several stores a day since the pandemic began, and their competition is expected to further heat up in the upcoming months.

Pharmacy, the country's largest drug retailer by number of stores, has added over 360 since 2020 and now has 959, more than the other two combined.

Long Chau belonging to FPT Retail, also the country's second largest electronics retailer, has 517 stores of which over 300 were opened in just the last two years.

FPT Retail's bigger rival, Mobile World, has 208 An Khang stores now. Both electronic retailers had entered the pharmaceutical retail market in late 2017, but Mobile World entered the race to open stores later than its competitor.

It only opened 48 in the first two years before adding another 140 in the next two.

Besides the "big three", the market also saw many newcomers like Phano Pharmacy and 7 Pharmacy.

These chains are also competing for prime locations and an increased presence in residential areas.

At the end of last year a landlord in the central coastal province of Binh Dinh prematurely terminated his lease contract with Mobile World, and Long Chau immediately offered a 20 percent higher rent and took the place.

The chairwoman of FPT Retail, Nguyen Bach Diep, said the firm strategically chooses locations where its competitors are already present and have achieved positive sales.

She said 60 percent of people prefer to buy medicines in their neighborhood and so Long Chau is eyeing expansion into small localities.

It is expected to open 300 new stores this year, she added.

Mobile World and Pharmacy also realize the potential of residential areas.

Pharmacy general director Chris Blank said the company envisages half of the country's population having its stores within a 10-minute drive, and so plans to have 5,000 stores in the next three years.

It is considering tying up with property developers to open shops in apartment complexes.

The race is also on in the recruitment market, with the three promising market-leading salaries for pharmacists.

Long Chau announced the highest Tet (Lunar New Year) bonus of five months' pay in January besides the mandatory 13th month's salary. Two months later it rewarded all employees with half a month's salary for achieving business plans ahead of time.

Its employees received 15-18 months' salaries on average last year.

Pharmacy raised salaries, commissions and bonuses by an equivalent of one to 12 months' wages.

It plans to increase its payroll to 35,000 by 2025 to meet its goal of 5,000 shops.

Nguyen Duc Tai, chairman of Mobile World, said pharmacists' proficiency is the "decisive factor in the success or failure of pharmacies, not prices or shopping experience".

While they all have the ambition of dominating the US\$8-billion market, the results of the three giants were very different last year.

Pharmacy reported revenues of VND1.9 trillion but net losses rose by 150 percent to VND420 billion. However, it seems undeterred by the losses thanks to the backing of its parent company and investment fund.

Leading private equity firm Mekong Capital invested an undisclosed amount in Pharmacy in 2018. The retailer raised VND730 billion in Series C funding a year later, while its parent company issued VND1 trillion worth of bonds.

Mobile World has lost VND17 billion on its investment in An Khang in the last four years, but remains optimistic about growth and breaking even soon.

Long Chau reported a 330 percent rise in revenues to VND4 trillion. It also reported profits for the first time last year, breaking even earlier than it had planned.

7. Gasoline prices slip for the first time in three months

Vietnam gasoline prices dropped by 2.2-2.3 percent Monday, the first time after seven consecutive upward adjustments since Dec. 10, 2021.

The price of popular gasoline RON 95 decreased by VND630 to VND28,330 per liter, while that of biofuel E5 RON 92 fell VND650 to VND29,190. (\$1 = VND22,875)

The prices of other fuels, including kerosene, diesel and mazut also lowered by 2.7-7.5 percent.

This is the first time authorities adjusted gasoline prices downward since last December. Gasoline prices have surged around 30 percent since, with the highest increase of 10 percent on March 11.

The Ministry of Industry and Trade, and Ministry of Finance, both responsible for adjusting gasoline

prices in Vietnam, stated the average global prices of petroleum products went down by 7.3-15.7 percent in the last 10 days.

The price of crude oil on the global market has risen from last week's low of \$95 per barrel to nearly \$110 per barrel on Monday.

The environmental tax on gasoline is expected to halve from April 1 if approved by the National Assembly.

The current tax rates are VND4,000 for gasoline and VND1,000-2,000 for other fuels.

Vietnam authorities make gasoline price adjustments on the 1st, 11th and 21st day of the month; therefore, changes follow global movements after a certain delay.

Corporate News

8. NVL: Novaland eyes expansion into provinces with growing infrastructure

↑ 6.87%

It plans to develop 100,000 products in 2021-25 totally valued at VND600 trillion (US\$26 billion).

This year it will sell projects like NovaWorld Mui Ne (700ha), NovaWorld Nha Trang (600ha) and NovaWorld Lang Co (280ha).

In HCM City, it will join hands with the Tai Nguyen Company to develop the Grand Sentosa in Nha Be District and is also considering some projects in the Thu Thiem area where authorities are soliciting investment.

Under construction are Aqua City, NovaWorld Ho Tram and NovaWorld Phan Thiet, which will be accelerated for completion in 2023.

But to expand, Novaland is developing projects in many parts of the country.

It said it had over 610ha in HCM City, was acquiring 600ha in neighbouring Dong Nai Province, and had

3,000ha in Ba Ria-Vung Tau and 3,700ha in Binh Thuan.

In Lam Dong, it planned to build NovaWorld Da Lat on an area of 1,000ha and another project on an area of 3,000ha in Lien Khuong.

Last year, despite the challenges caused by COVID-19, the company achieved sales of nearly VND654 trillion (\$28.5 billion) and profit after tax of VND3.5 trillion (\$152 million).

Five years after listing on HoSE as a housing developer, Novaland has become a giant property developer with its finger in various categories ranging from urban areas to hospitality.

It plans to expand to provinces where infrastructure is being developed like Lam Dong, Binh Thuan, Ninh Thuan, Khanh Hoa, Phu Yen, and Quang Nam.

9. VJC: Vietjet Air offers free PCR tests to passengers on international flights

↓ -3.31%

Budget carrier Vietjet Air is offering COVID-19 RT-PCR tests free of charge to passengers on international flights.

A representative from the airline said the programme aims to help passengers feel secure after staying home for a long time due to the pandemic.

Vietjet Air has also introduced new products and services such as SkyBoss Business ticket, spa products, new dishes and special cultural and art programmes during flights, the representative said.

Apart from flights connecting Hanoi and Ho Chi Minh City with Seoul (the Republic of Korea), Tokyo (Japan), Bangkok (Thailand) and Taipei (China) which were resumed early 2022, the

carrier plans to restore routes linking Hanoi, HCM City, Da Nang, Hai Phong and Phu Quoc with Phuket (Thailand), Tainan and Kaohsiung (Taiwan, China), Kuala Lumpur (Malaysia), New Delhi (India), Bali (Indonesia), Busan (the RoK) and Osaka (Japan) in late March and April.

There will be one to four two-way flights per week on each route, and the frequency would be increased to meet travel demand as economic and tourism activities have returned to normal globally.

The carrier plans to fly to Europe and Australia this year with wide-body aircraft to be put into service.

Vietjet is a fully-fledged member of International Air Transport Association (IATA) with the IATA Operational Safety Audit (IOSA) certificate. As

Vietnam's largest private carrier, the airline was awarded the highest ranking for safety with 7 stars in 2018 and 2019 by the world's only safety and product rating website airlineratings.com and listed as one of the world's 50 best airlines for

healthy financing and operations by Airfinance Journal in 2018 and 2019.

The airline has also been named as Best Low-Cost Carrier by renowned organizations such as Skytrax, CAPA, Airline Ratings, and many others./.

Research Team: Tsugami Shoji *Researcher* jsi@japan-sec.vn

Disclaimer:

Copyright 2015 Japan Securities Co., Ltd (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.

Japan Securities Co., Ltd – JSI

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818

Fax: (024) 3791 5805

Email: info@japan-sec.vn

Website: www.japan-sec.vn