



VIETNAM DAILY NEWS



March 29th, 2022

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Market Analysis

1. Market faces strong correction on selling pressure

The market opened the week on a negative note, with both benchmark indices losing more than 1 per cent, as selling pressure weighed on investors' sentiment from the beginning of the session.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) declined by 15.32 points, or 1.02 per cent, to 1,483.18 points. The index gained 2 per cent last week.

The market's breadth was negative with more stocks dropping, while liquidity was strong with more than 1.06 billion shares traded on the southern market, worth nearly VND33 trillion (US\$1.43 billion).

The benchmark's strong correction was due to losses in many large-cap stocks, especially in banking, manufacturing, real estate and utilities sectors. Thereby, the 30 biggest stocks tracker, VN30-Index also posted a fall of 14.2 points, or 0.95 per cent, to 1,484.16 points.

In the VN30 basket, only three stocks increased, while 24 slid and three ended flat.

Data compiled by vietstock.vn showed that BIDV (BID) reported the biggest loss on Monday, down 4.26 per cent. It was followed by Vinhomes (VHM), Vinamilk (VNM), Viet Nam Rubber Group (GVR) and Development Investment Construction JSC (DIG), with DIG posting a maximum daily loss of 7 per cent.

Other big stocks contributing to the downtrend were Sacombank (STB), Hoa Phat Group (HPG), VPBank (VPB), Novaland (NVL) and two stocks of the Vin family - Vingroup (VIC) and Vincom Retail (VRE). The stocks dropped in a range of 0.62-2.14 per cent.

The index was also pulled down by the medium and small stock groups yesterday, with Hoang Quan Consulting-Trading-Service Real Estate Corporation (HQC) down 7 per cent, LDG Investment JSC (LDG) down 7 per cent and Ho Chi Minh City Infrastructure Investment JSC (CII) down 6.24 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index decreased by 6.86 points, or 1.49 per cent, to 454.89 points.

During the session, nearly VND4.7 trillion worth of stocks, equivalent to a trading volume of more than 154.8 million shares, was traded on the northern market.

Meanwhile, foreign investors continued to withdraw from HoSE with a net sell value of VND86.91 billion. They net bought a value of VND51 billion in the morning trade.

On the other hand, they net bought VND3.44 billion worth of shares on HNX.

Macro & Policies

2. Cement company shares skyrocket to historic highs

Shares of cement companies are skyrocketing to record highs amid positive market forecasts.

Shares of VVMi La Hien Cement Joint Stock Company (CLH) soared by more than 200 per cent to reach VND39,300 per share in the past year, the highest price recorded so far since its inception on the stock market.

Vicem Hai Van Cement JSC (HVX) witnessed a sharp rise of 99.3 per cent during the past year, from VND4,000 (US\$0.17) per share to VND7,970 per share.

Ha Tien 1 Cement (HT1) experienced a significant increase of 45 per cent, from VND17,500 per share to VND25,400 per share.

Vicem But Son Cement JSC (BTS) saw its shares climbing five per cent in the past year.

Prosperous earnings

Regarding the business results, in 2021, although domestic cement consumption decreased by about five per cent, the cement industry still set a record consumption of 105.6 million tonnes of products.

Production output of VVMi La Hien Cement Joint Stock Company (CLH) increased by thr per cent to nearly 806 million tonnes.

Total revenue increased 12 per cent to VND734 billion, of which revenue from the cement segment was almost flat compared to 2020, reaching VND680 billion. Revenue of commercial clinker increased sharply by 117 per cent over the same period of 2020 to more than VND51 billion, exceeding 68 per cent of the yearly plan.

Thanks to cost savings, CLH's profit before tax in 2021 reached more than VND68 billion, up 19 per cent compared to the previous year and exceeding 73 per cent of the yearly target.

As of December 31, 2021, CLH's total assets reached VND308 billion, a slight increase compared to the beginning of the year, mainly due to the value of production machinery lines. The enterprise had more than VND51 billion of undistributed profit after tax.

On April 12, CLH will hold the 2022 Annual General Meeting of Shareholders to summarise the operation results as well as tasks for 2022. According to the company, CLH expects the production and consumption of cement and clinker in 2022 to reach 690,000 tonnes and 50,000 tonnes, respectively.

Total revenue in 2022 is expected to reach VND680 billion and profit after tax is estimated at VND56 billion.

Regarding the investment plan, the total estimated value in 2022 is forecast at approximately VND17 billion, including VND910 million spent on the renovation of the furnace heat exchanger tower 2 project and preparing the technical report of the 120-tonne weighing station. The rest will be reserved for projects such as electronic weighing stations, upgrading automation system II or purchasing equipment for production.

The 2021 dividend payment plan underwent a significant change. Accordingly, although the plan was approved at the beginning of the year at a dividend rate of 15 per cent, the company adjusted the rate to 35 per cent.

According to statistics, CLH has had many years of continuous high dividend payments in the cement industry. The company's dividend payment rates in recent years have recorded a regular average of 15 per cent to 17 per cent in cash – a high level compared to the market price of only about VND10,000. Particularly in 2019, CLH paid dividends at a total rate of up to 40 per cent, including 20 per cent in cash and 20 per cent in shares.

By 2022, CLH's dividend is expected to remain as high as 25 per cent.

Vicem But Son Cement JSC (BTS) achieved a revenue of VND2.98 billion in 2021, down 2.6 per cent year-on-year. But post-tax profit totaled VND50 billion, a sharp rise of 360 per cent year-on-year.

Vicem Hai Van Cement JSC (HVX) reported revenue at VND678 million in 2021, up 6 per cent year-on-year.

In a report earlier this year on the outlook for the cement industry, SSI securities company forecast that domestic demand could return to a normal

growth rate of 5 per cent to 7 per cent in 2022 compared to the recovery of civil construction segment and public investment. On the other hand, export growth could slow down due to slowing Chinese demand.

SSI Research expects domestic cement production capacity to increase by 10 per cent to 15 per cent. Together with the deceleration of the export channel, this will lead to stronger competition in the domestic market.

3. Govt support solicited for Can Gio International Container Terminal

The Viet Nam Maritime Corporation has called on the Government and HCM City People's Committee for support for its proposed construction of the Can Gio International Container Terminal.

Along with its subsidiary, Saigon Port, it has signed an agreement with global container transporter Mediterranean Shipping Company for building infrastructure and offering logistics services at the port.

The US\$850 million port to be built on an area of 570 hectares can handle giant container ships of up to 250,000 DWT.

VIMC estimates the wharf will have a length of 6.8 kilometres and the terminal to be able to handle 15 million twenty-foot equivalent units (TEUs) annually.

It is expected that Saigon Port will turn into a leading seaport and logistics service centre capable of serving imports, exports and transshipment of goods.

4. Foreign investors turn buyers after 4 weeks

Foreign investors bought nearly VND2.5 trillion (\$109.32 million) worth of shares in Vietnam last week after four weeks of selling.

Their top purchases included Duc Giang Chemicals Group (DGC), Sacombank (STB), electrical equipment maker Gelex Group (GEX), conglomerate Masan Group (MSN).

They sold dairy giant Vinamilk, property developer Novaland Group and securities company VNDirect (VND).

They have pulled out nearly VND4 trillion from the market since the beginning of this month, which is

set to be the eighth consecutive month of net selling by them.

Domestic retail investors dumped over VND2 trillion worth of securities on the Ho Chi Minh Stock Exchange, ending four weeks of buying.

They sold DGC, VPBank and steelmaker Hoa Phat Group (HPG).

The VN-Index was at 1,484 points Monday morning, down nearly 1 percent since the beginning of the year.

5. Viet Nam's nickel demand expected to increase

Viet Nam has the opportunity to be at the forefront of the global movement towards the electrification of transport, so demand for nickel in Viet Nam will continue to rise, experts have said.

It is forecast that the demand for metals used to produce electric batteries, including nickel, will increase due to the rise in electric vehicles. Worldwide nickel reserves are currently estimated at around 89 million tonnes.

Nickel is one of many sought-after global resources, as is widely used in technologies such as batteries for vehicles.

Ngo Xuan Thanh from Ha Noi University of Mining and Geology told baochinhphu.vn that, about 70 per cent of the world's nickel is for stainless steel production, 17 per cent for "superalloys", and 7 per cent for the plating industry. The rest is used in other fields such as rechargeable batteries, catalysts and other chemical agents.

The proportion of nickel-metal used in producing batteries currently accounts for about 4 per cent of the world's nickel production.

As the amount of nickel used in batteries for electric vehicles is higher, the demand for nickel will increase significantly.

Moreover, in the context of the growing stainless steel manufacturing industry, nickel consumption is expected to continue to increase (from 2.4 million tonnes in 2019 to 2.8 million tonnes by 2025), with a growth rate of about 2.2 per cent a year.

According to Dao Cong Vu from the Institute of Mining and Metallurgy Science and Technology, Viet Nam's total nickel reserves and resources are estimated at 3.6 million tonnes of metallic nickel concentrated mainly in the provinces of Thanh Hoa (3,067,020 tonnes), Son La (420,523 tonnes), and Cao Bang (133,677 tonnes).

Most Nickel resources exist in the form of accompanying minerals in chromium ore in the Co Dinh Chromite Mine (Thanh Hoa) that there is no effective recovery solution. Nickel ores in the Son La

and Cao Bang areas are mainly diffused nickel-copper ores.

Vu added that today's most appropriate development of nickel deep-processing technology is the production of nickel salt preparations and cooperation with enterprises with source technology to produce batteries from domestic nickel ore sources.

This could help meet the electric vehicle industry's needs for developing renewable energy and effectively promoting Viet Nam's precious natural resources.

In 2018, the Prime Minister approved the plan to exploit gold, copper, nickel and molybdenum ores by 2025.

It is expected that mining nickel concentrate output will be 118,000 tonnes. The country would invest and put into operation two nickel factories with a total output of about 8,000 - 11,000 tonnes a year.

Blackstone Minerals, an Australian exploration and mining company, is developing three closely related projects in the north of Viet Nam. Blackstone's vision is to be a leader in the battery revolution.

In 2019, Blackstone acquired 90 per cent of Ban Phuc Nickel Mine Co Ltd, which operates the Ta Khoa Nickel Mine in Ban Phuc Commune, Bac Yen District, Son La Province.

Scott Williamson, Blackstone's Managing Director, said: "Viet Nam has the potential to become a major player in the nickel market, and this is underpinned by the quality of the existing reserves as well as overall geological potential."

He said that the growth rate in nickel demand for battery applications would be driven by two primary factors: the level of uptake of electric vehicles by local communities and the potential for Vietnamese electric car manufacturers to service global markets.

"It is important to consider sustainable and environmentally friendly methods of sourcing

nickel, and with this regard, it would be prudent for Viet Nam to establish production lines that can recycle nickel," he said.

"At Blackstone, we consider this part of our longer-term strategic planning. It will take time for nickel inventories (available for recycling) to build up, and we want to establish our technologies to recycle technology at this time."

Blackstone is focused on developing an integrated upstream (mining) and downstream (refining) battery metals processing business in Viet Nam that produces nickel: cobalt: manganese (NCM) precursor products for Asia's growing lithium-ion (Li-ion) battery industry and providing a product with "green" credentials from mine to customer.

Blackstone believes its efforts to create a business that value-adds to the products they mine – delivering this in an environmentally friendly way by using renewable hydroelectricity – will put Viet Nam at the leading edge of the green revolution.

According to Williamson, the project is currently implementing the pilot phase to bring the plant into operation by 2025. The project focuses on building "green mines," reducing the amount of CO2 that goes into the atmosphere to achieve the goal of zero CO2 emissions in the future.

Thanh from Ha Noi University of Mining and Geology said the Blackstone Minerals new technology in producing materials for batteries was a new direction.

The mainly diffused ore source in Ban Nickel mine will focus on effectively exploiting the needs for developing the electric vehicle industry and renewable energy. At the same time, he added that it was making an essential contribution to the country's economic growth and creating jobs for locals.

With surging demand for nickel underpinned by the electric vehicle revolution, promoting the country's natural nickel source will contribute to Viet Nam's socio-economic development.

6. Real estate tycoon questioned by police

Trinh Van Quyet, chairman of real estate developer FLC, is working with authorities to "verify information."

An official of the Ministry of Public Security's Investigative Police Agency, who did not want to be named, said Monday that they were working on "verifying" information regarding Quyet and have not taken legal action against the parties involved. The representative did not elaborate.

Some local reports said Quyet has been banned from leaving the country starting March 26 for a month, but the official did not confirm or elaborate on this.

Quyet was to attend the Vietnam Investment Forum in London on March 30 and give a closing speech as the Chairman of Bamboo Airways at the end of the session.

A roadshow introducing FLC's ecosystem including real estate, aviation and tourism was to be held the same afternoon.

The official said Quyet's attendance at these two events was still possible.

Quyet has a large stock portfolio and was once one of the wealthiest people on the Vietnamese stock exchange.

The shares of FLC and related companies plunged Monday morning after the company was fined for flouting disclosure regulations.

At the end of Monday session, the group had a surplus of nearly 150 million shares selling at its floor price. FLC of real estate developer FLC and ROS of FLC Faros Construction each had a surplus of nearly 60 million shares.

Quyet began his career as a lawyer in 2001, when he and his associates established the SMiC Law Office, which later became the SMiC Law Firm. He also established a number of businesses and the FLC

brand was formed in early 2010 after merging all of them.

Bamboo Airways, founded by FLC, entered the aviation market in 2019.

FLC's charter capital stood at VND10.5 trillion (over \$459 million) in early 2021, after more than 10 years of operation.

As of January 2022, the FLC chairman owned over 215 million FLC shares, equivalent to approximately 30 percent, as well as tens of millions of stocks in related companies like ROS.

In January this year, Quyet was fined VND1.5 billion (\$65,800) and banned from trading in the securities market for five months for failing to disclose plans to sell shares in his company.

He sold 74.8 million FLC shares Jan. 10, but the SSC only received notice of the sale by the evening of that day though regulations require a notification three working days in advance.

It was the second time that Quyet was fined by the SSC for the same offence. In November 2017, he was fined VND65 million for selling 57 million FLC shares without proper notice.

7. Billion-dollar projects stir hope of economic recovery

A number of billion-dollar projects are in the works, signaling a robust economic recovery.

Last week Danish toy company Lego received a license for a \$1-billion factory in the southern province of Binh Duong.

The company's second largest factory in Asia and sixth largest in the world is among the fastest to be approved in Vietnam with all procedures being completed within six months.

Local companies have also been launching billion-dollar projects.

Steel giant Hoa Phat Group this month secured credit from eight banks for its Hoa Phat Dung Quat 2 plant, its biggest to date with a total investment of VND85 trillion.

Diversified group T&T began work on a VND35-trillion resort and golf project in the northern province of Phu Tho at the end of last month, hoping to take advantage of the expected recovery in tourism in the next few years.

Nguyen Van Toan, deputy chairman of the Vietnam Association of Financial Investors, said the country has the potential to attract \$40 billion in FDI this year, a 27 percent increase from last year.

It has shown resilience amid Covid-19 and focused on digital transformation during social distancing, and the government continues to prioritize FDI, he added.

Nguyen Mai, chairman of the association, said the resumption of international travel on March 15 would allow more foreign investors to enter Vietnam without difficulty and therefore make business decisions quickly.

American, European and Japanese companies are looking to restructure supply chains and Vietnam could take this opportunity to attract their investments, he said.

The key advantages for foreign companies here are the availability of land and human resources, he said.

The government wants to make 2022 the year of recovery from Covid, and has set a GDP growth target of 6-6.5 percent compared to 2.58 percent last year.

Corporate News

8. PDR: Phat Dat market cap to reach \$5-7 billion in next 3 years: chairman

↓ -1.27%

Phat Dat entered the billion-dollar club in February 2021, and its market cap then skyrocketed to \$2.12 billion by October.

PDR is among the 30 largest capped stocks on the Ho Chi Minh Stock Exchange, and is now trading around VND94,000 (\$4).

It reported revenues of VND3.63 trillion last year, a 7 percent decrease, but pre-tax profits rose by 150 percent to VND2.34 trillion. It is reported to possess 7,400 hectares of land.

Speaking at the annual general meeting on March 26, Dat said the market cap would at least double by 2025 to \$5 billion, and \$7 billion is the best case scenario.

He cited the recent \$30 million convertible loan from ACA Investment at a conversion rate of VND120,000 for a share.

Phat Dat targets a tripling of revenues to VND10.7 trillion this year, and a 56 percent rise in pre-tax profits to VND3.6 trillion.

9. VIC: Record date for Annual General Meeting 2022

↓ -0.62%

On March 23, 2022, the Hochiminh Stock Exchange issued Announcement No.619/TB-SGDHCM about the record date of Vingroup Joint Stock Company (stock code: VIC) as follows:

- Listed firm: Vingroup Joint Stock Company
- Stock code: VIC
- Stock type: common stock
- Par value: VND10,000/share

- Ex-right date: April 06, 2022
- Record date: April 07, 2022
- Purpose: to convene the 2022 Annual General Meeting of Shareholders.
- Exercise ratio: 01 share – 01 voting right
- Meeting date: to be announced
- Meeting venue: to be announced.

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