



VIETNAM DAILY NEWS

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Market Analysis

1. Return of cash flow lifts investor sentiment

The market ended mixed on Monday, with benchmark indices gaining points on the return of cash flow improving general sentiment.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) added 11.84 points, or 0.94 per cent, to 1,274.2 points. The index opened the new week on a positive note as risk asset demand was higher.

The market's breadth was positive with more stocks increasing, while liquidity also rose over the previous session. Accordingly, matching value on HoSE jumped 15 per cent to nearly VND14 trillion (US\$596.8 million), equivalent to a matching volume of 586 million shares.

The market benchmark rallied for the second straight session, boosted by the uptrend of large-cap stocks. The 30 biggest stocks tracker VN30-Index closed the trading day at 1,293.79 points, up 2.83 points, or 3.1 per cent.

Twenty-two stocks of the VN30 basket inched higher, while four fell and four stayed flat.

The banking sector dominated the bullish trend, with BIDV (BID) posting the biggest gain, up nearly 4.6 per cent. Vietinbank (CTG), Sahabank (SHB), VPBank (VPB), and HDBank (HDB) also rose sharply, with SHB hitting the maximum daily rise of 7 per cent.

Supporting the index, other stocks in manufacturing, retail and information technology (IT) industries witnessed strong performance. Of which, Mobile World Investment Corporation (MWG), FPT Corporation (FPT), Sabeco (SAB) and Masan Group (MSN) surged at least 1.2 per cent.

Analysts from Saigon-Hanoi Securities JSC (SHS) said that the market's short-term trend remains positive, and the VN-Index is likely to head toward the next resistance territory of 1,260-1,285 points.

Meanwhile, the market continues to form an accumulation zone on low valuation for a long-term trend as economic growth is maintained, providing many investment opportunities.

On the Ha Noi Stock Exchange (HNX), the HNX-Index finished Monday at 303.97 points, a gain of 0.55 points, or 0.18 per cent.

During the session, nearly 81.1 million shares were traded on the northern bourse, worth over VND1.65 trillion.

On the contrary, the UPCoM-Index on the UPCoM dipped by 0.2 points, or 0.22 per cent, to 92.64 points.

Foreign investors were still net buyers on the market, with a net value of VND62.9 billion. Particularly, they net bought VND65.19 billion on HoSE and VND26.13 billion on HNX, while net sold VND28.42 billion on UPCoM.

Macro & Policies

2. Vietnamese exporters urged to expand in the EU through retail distribution system

Approaching the retail distribution system is an important way to expand exports to the European Union market, where Vietnamese goods still have significant room for growth provided by the EU – Việt Nam Free Trade Agreement (EVFTA).

According to Nguyễn Thảo Hiền, Deputy Director of the European – American Market Department under the Ministry of Industry and Trade, 2022 was considered a very favourable time for trade and investment promotions with the EU as the two sides were focusing on accelerating post-pandemic growth and actively resuming economic and trade activities.

The EVFTA after two years of implementation provided not only a lever to promote two-way trade but also a great opportunity for enterprises from the two sides amid market fluctuations, together with disruptions of supply chains and geopolitical uncertainties, Hiền said.

She cited statistics that bilateral trade between Việt Nam and the EU reached US\$31.7 billion in the first half of this year, representing a rise of 14.5 per cent against the same period last year. Việt Nam's export to the EU totalled \$23.82 billion in the period, up 22.7 per cent.

Việt Nam was the fourteenth largest trade partner of the EU and the largest of the EU in ASEAN and the eleventh biggest supplier of goods to the EU.

Hiền stressed after two years, more and more enterprises managed to take advantage of the trade deal by obtaining a certificate of origin (C/O).

The statistics of the ministry's Import-Export Department showed that the rate of using C/O to be eligible for preferential tariffs under the EVFTA increased from 14.8 per cent in the first year to 20.7 per cent in the second year. From the date when the EVFTA took effect to the end of June, more than 412,800 EUR.1 movement certificates were granted

with total revenue of \$16.5 billion to 27 EU member countries.

Still, penetrating and expanding in the EU market was not easy for Vietnamese enterprises because of the limited internal production capacity coupled with the lack of market information.

A number of products faced difficulties in accessing the EU market because they had not fully met the EU's requirements regarding technical standards, traceability, environmental, social and sustainable development issues.

Nguyễn Thị Hoàng Thuý, Vietnamese Trade Counselor to Sweden, Denmark, Finland, Iceland and Norway, said that the EU market remained potential for Vietnamese enterprises, especially in the Nordic region where the people had high income and strong purchasing power with the demand for export amounting to around \$400 billion per year.

Thuý cited statistics that Vietnamese goods currently accounted for less than 1 per cent of the EU's total annual export value.

She pointed out that while trade revenue with the EU kept increasing, most Vietnamese enterprises focused on exploiting a few traditional markets in Western Europe.

According to Vũ Anh Sơn from the Việt Nam Trade Office in France, the distribution system was an effective channel to expand the export of Vietnamese goods to the EU. However, bringing goods into the distribution channels requires enterprises to have long-term orientation and production plans to meet with standards of the markets and of each distributor.

Sơn said that after the pandemic and political upheaval, many distribution systems tend to establish supply chains for easier control and connection, adding that Vietnamese enterprises

could grasp that trend to join their supply chains, especially for products in which Việt Nam had advantages in such as garments and footwear.

Selling products to the EU under the Vietnamese brand name had been showing positive signs, Sơn said, urging enterprises to focus on product quality for long-term and sustainable development.

According to Hiền, it was essential to provide enterprises with detailed market information, not

general orientations and opportunities but practical and specific to each target industry and product, together with the establishment of a support system to connect them directly with importers and access the distribution systems.

Khiêm Nhật Thành, general director of T&T Food, the importer of a distribution system in France, said that besides product quality, enterprises should have a long-term and specific marketing strategy to expand in the EU.

3. Vietnamese enterprises limited in global supply chain

Vietnamese enterprises currently have limited participation in the global supply chain, and are not deeply involved in the value chain of multinational corporations in Việt Nam.

Phạm Tuấn Anh, deputy director of the Industry Agency said that Việt Nam currently had about 5,000 processing and manufacturing enterprises engaged in providing spare parts for the automotive and mechanical industries.

In which 70 per cent of enterprises supply domestic manufacturers, 8 per cent supply exporters and 17 per cent are involved in providing both.

Only about 30 per cent of supporting industry enterprises have joined the global supply chain and value chain.

This linkage is loose for many reasons, the main one being the limited internal resources of the industry, said Anh.

Đỗ Thị Thúy Hương, Vice President of the Việt Nam Association for Supporting Industries, said that the specificity of the industry required capital and technology, which were two weaknesses of Vietnamese enterprises.

Besides, the linkage between enterprises in Việt Nam is still limited and can be said to be weak. They

have not fully been aware of the great benefits of linking into the domestic business community or between domestic and foreign enterprises.

Phạm Tuấn Anh also acknowledged that Việt Nam currently did not have a leading business in the industry.

The level of enterprises and the quality of human resources were still limited. Research and development work and new product development had not been paid attention and there was a lack of investment capital, said Anh.

Meanwhile, he added that the allocation of resources to implement policies to support the development of the supporting industry was still ineffective due to the overlapping conflicts of other laws.

“We must strengthen linkages between domestic enterprises, the FDI sector and the global market to take advantage of opportunities from free trade agreements from the fourth industrial revolution to bring industrial enterprises in the country to participate more deeply in the global value chain,” Anh told Công Thương (Industry and Trade) newspaper.

4. Retail business profits in the second quarter decelerate, prospects for the third quarter grow due to the low background of the same period

Most retail businesses maintained their profit growth in the second quarter, but the growth rate slowed down significantly. The prospect of third-quarter profit growth of retail businesses is quite bright when compared to the low base of the same period last year. The third quarter of 2021 is the peak of the epidemic, so retail businesses have to close their stores according to epidemic prevention regulations.

Second quarter profit diverged and decelerated compared to previous quarters

According to the General Statistics Office, the total retail sales of consumer goods and services in 7 months was estimated at 3.2 million billion dong, up 16% over the same period last year. In which, retail sales of goods reached VND 2.6 million billion, up 14% thanks to low sales in the same period last year and selling prices of goods increased when fuel prices increased (except for many factors that increased, it still increased by 9, but still increased by 9, it still increased by 9, but still increased by 9.5%. 5%).

According to the Ministry of Industry and Trade, the circulation of goods on the market is no longer greatly affected by the Covid-19 epidemic. At the same time, production activities and people's daily life gradually recovered, and the demand for goods began to increase. As a result, the total retail sales of consumer goods and services in 7 months reached a high scale, gradually catching up with the growth rate of the same period in the years before the epidemic.

In that context, listed retail and wholesale businesses announced mixed business results in the second quarter, but the common point is that the growth rate has decreased significantly compared to the previous quarters. While FPT Retail (HoSE: FRT), PNJ (HoSE: PNJ), Digiworld (HoSE: DGW) still maintained growth momentum compared to the same period last year, Mobile World Investment (HoSE: MWG) and Petrosetco (HoSE: MWG) and Petrosetco (HoSE: MWG) HoSE: PET) declines.

Specifically, MWG recorded a 9% increase in revenue to VND 34,338 billion. In the revenue structure, sales of The Gioi Di Dong and Dien May Xanh chains still increased by 12% but the Bach Hoa Xanh chain decreased by 8% compared to the same period last year. However, the decrease in financial revenue, financial expenses (mainly interest expense) and selling expenses increased, causing the parent company's profit after tax to decrease by 7% to VND 1,130 billion. In the first half of the year, retail sales increased by 13% but net profit was flat at 2,574 billion dong.

FPT Retail reported that Q2 revenue increased by 43% to VND 6,213 billion, net profit increased by 55% to VND 47 billion. Although second-quarter profit still grew year-on-year, this was the lowest level in four quarters.

Accumulated in 6 months, revenue increased by 55% to nearly 14,000 billion dong; net profit of 211 billion dong, 2.5 times higher. The enterprise said that the revenue growth of the laptop industry in the first half of the year reached 35% thanks to the significant decrease in the negative impact of the Covid-19 epidemic, while the Long Chau chain recorded 3 times the revenue compared to the previous year. same period thanks to the opening of 410 new pharmacies.

Similarly, retailer of gold, silver, and jewelry PNJ said the profit in the second quarter was 367 billion dong, up 62% compared to the second quarter of 2021 but the lowest level in 3 quarters. PNJ explained that the profit growth in the second quarter came from the excitement of the retail market after the pandemic, the marketing program was deployed flexibly and the base level was low in the same period last year due to the impact of the Covid-19 epidemic.

Information industry distribution enterprise - Digiworld announced that Q2 revenue increased 16% to VND 4,910 billion and profit after tax of parent company shareholders was VND 137 billion, up 18%. This is also the lowest revenue and profit in 3 quarters.

In the revenue structure, the segment of laptops and tablets contributed VND 1,130 billion, down 15%; office equipment segment brought in 984 billion dong, up 48%; consumer goods segment contributed 93 billion dong in revenue, up 18%. Mr. Doan Hong Viet, Chairman of the Board of Directors, said that laptop consumption decreased because this was the first quarter of Vietnam's opening, so people focused on tourism and entertainment services more than shopping for electronic products. At the same time, the second quarter is also the low quarter of laptop consumption and is expected to recover from the third quarter when the back-to-school season comes.

No longer maintaining growth momentum, Petrosetco recorded revenue almost flat at 3,473 billion dong, net profit of 67% down to 16 billion dong. However, this result does not come from the main business activities but from the provision for short-term securities trading. As of June 30, Petrosetco had trading securities of VND 582 billion, provision of VND 172 billion.

The prospect of profit growth in the third quarter is quite bright

The third quarter of last year was the peak of the Covid-19 epidemic in the southern provinces, most of the business activities of retail businesses were significantly affected due to the temporary closure of stores under the epidemic prevention plan. As PNJ recorded a record loss of 160 billion dong in the third quarter of 2021, MWG's profit dropped to 785 billion dong – the low level of 2018. Retail businesses have a high proportion of laptop revenue like FPT Retail or wholesalers like Digiworld , Petrosetco still recorded positive business results thanks to the benefit of the increased demand for phones and laptops for working and studying at home. In addition, FPT Retail also has more motivation from Long Chau pharmacy which is still open in the context of the epidemic.

SSI Research believes that the revenue growth of the information technology segment (ICT & CE) will be larger than the growth in the first 6 months due to the low base in the second half of the previous year. For companies with a high share of laptop sales in total revenue (such as FPT Retail and Digiworld), revenue growth is likely to be in the low single digits due to a high base in the second half of 2021. The impact of the chip shortage problem has lessened due to slower growth in demand.

Similarly, in the jewelry segment, although the challenging inflationary environment may negatively impact consumer demand in the second half of the year, revenue growth of companies will still benefit from the recovering from Covid-19 from a low comparative base in the second half of 2021. SSI Research forecasts that PNJ will achieve the highest growth in profit in the third quarter due to losses in the same period last year due to many closures. stores under strict social distancing measures.

MWG has both ICT and CE business and consumer goods segment. SSI Research believes that the unit can still increase profits thanks to increasing market share in the ICT and CE segments, although growth from this segment will be low. MWG's profit growth in 2023 depends on the success of Bach Hoa Xanh's restructuring activities carried out in the second and third quarters. If the restructuring is successful, future profit growth could catch up with pre-pandemic growth (30–40% growth in 2017-2019).

Bao Viet Securities (BVSC) said that through discussions with Digiword and Petrosetco, the management noticed signs of recovery in laptop and mobile phone demand in July. Specifically, July laptop sales of the company Digiworld increased by 5% over the same period last year. August and September revenue will recover more clearly. Petrosetco does not have specific data, but business leaders also confirmed this trend.

Therefore, BVSC believes that this bright prospect is not only for distributors but also for retailers such as MWG and FPT Retail.

5. Credit institutions to provide customer information to tax authorities

The State Bank of Việt Nam (SBV) has issued an official letter to credit institutions and foreign bank branches on information provision and coordination with tax administration agencies.

SBV proposes credit institutions follow Government decrees on keeping secret and providing customer information of credit institutions, foreign bank branches and circulars and guiding documents of the Ministry of Finance on providing information and coordinating with tax administration agencies.

The letter lists several legal provisions:

The Law on Tax Administration 2019, Clause 2, Article 27 stipulates the duties and powers of commercial banks in providing information on account numbers according to taxpayers' tax identification numbers when opening an account.

Point a and Clause 2, and Article 98 provides for the responsibility of commercial banks in offering transaction information through taxpayers' accounts.

Article 129 provides for coercion and freezing of accounts to enforce administrative decisions on tax administration.

Decree 126/2020 details several articles of the Law on Tax Administration, information such as account transactions, balances and transaction data are provided by banks at the request of the head of the tax agency. This serves the purpose of inspection and determination of tax obligations to be paid.

Tax authorities are responsible for information confidentiality and are fully responsible for information safety.

Decree 126, Article 30 stipulates the tasks and powers of commercial banks and intermediary payment service providers. Clause 4, Article 31 stipulates the responsibilities of credit institutions where organisations and individuals are forced to open accounts.

Decree 117, Article 4 stipulates the principle of keeping secrets and providing customer information. Article 6, Article 7, Article 8, and Article 9 prescribe the form, time limit, order, procedures and dossiers of request for information provision.

Clause 9, Article 10 stipulates the authority to sign documents requesting customer information of units under the tax administration.

Point a Clause 1 and Article 11 stipulates cases in which customer information is provided. Clause 2, Article 14 prescribes the rights and responsibilities of credit institutions.

Article 15 stipulates the rights and responsibilities of State agencies, other organisations and individuals in requesting the provision of customer information of credit institutions.

Article 81 stipulates the responsibilities of organisations and individuals in Việt Nam involved in purchasing goods and services from overseas suppliers.

A General Department of Taxation official letter from this year requires and guides commercial banks and foreign bank branches to provide information on taxpayers' payment accounts.

6. Demand for logistics real estate increases sharply: Savills Vietnam

Vietnam's logistics industry is developing strongly thanks to the growth of the e-commerce industry, according to Savills Vietnam.

This is one of the factors that make the demand for logistics real estate increase sharply, it said.

A survey by Savills Vietnam showed that Vietnam's logistics industry is enjoying significant growth due to the development of the national economy, and the manufacturing and e-commerce sectors.

According to a report on the emerging market logistics index released earlier this year by Agility, a leading logistics and transportation service provider in 2022, Vietnam ranks 11th among the world's top 50 emerging markets, only behind Indonesia, Malaysia and Thailand in the Association of Southeast Asia Nations.

Vietnam's transport and logistics market is estimated to grow at a compound annual growth rate (CAGR) of 7% in the 2021-2026 period. The Vietnamese government encourages enterprises manufacturing and attracts investment by establishing industrial and economic zones. Despite challenges from the COVID-19 pandemic, this industry still thrives thanks to opportunities brought about by domestic production and consumption, economic growth, free trade agreements (FTAs) and the e-commerce boom.

According to Matthew Powell, Director of Savills Hanoi, Vietnam is a destination for many businesses in the manufacturing and logistics sectors, especially before the development of the e-commerce industry. This is coupled with an increased demand for high quality industrial real estate.

Currently, many businesses find it difficult in the search for locations for their factories and warehouses. Industrial parks and warehouse logistics, especially around big cities like Hanoi, have high occupancy rates even up to nearly 100% in many places. The supply of industrial real estate is falling to keep up with the demand of enterprises.

This offers an opportunity for international real estate developers to invest in Vietnam, he said.

Many investors are seizing the opportunity to launch products that are suitable for the market, therefore, the supply shortage will soon be resolved in the coming months, Powell said.

7. Mexico is largest consumer of Vietnamese pangasius

Vietnam exported pangasius products worth US\$73.5 million to Mexico during the initial seven months of the year, a year-on-year rise of 73%, according to the Vietnam Association of Seafood Exporters and Producers (VASEP).

These figures highlight how Mexico has become the country's third largest consumer, behind China and the United States, accounting for 4.5% of total export turnover of Vietnamese pangasius.

Throughout the reviewed period, the export turnover of frozen pangasius fillet to the North American nation reached US\$69 million, accounting for 94% of the total value, while sliced pangasius products grossed US\$4.4 million, making up 6% of the figure.

The average export price of frozen pangasius fillets in the first half of this year stood at US\$2.8 per kilo, 63.5% higher than the figure recorded in the same period last year.

The VASEP forecasts that pangasius exports to Mexico are likely to reach US\$125 million by the end of the year, representing an increase of 80% compared to 2021.

To meet the target, experts advised local enterprises to pay close attention to market demand, determine the competitive advantages, and utilise incentives for products which bring about high added value.

They also emphasised the necessity of gaining more insights into taxes and customs procedures, especially non-tariff regulations such as Sanitary and Phytosanitary Measures (SPS) and technical barriers to trade (TBT), as well as incentives from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in an effort to make further inroads into the market.

Corporate News

8. DXG: Dat Xanh will pour VND7 trillion from international bonds into its subsidiary

→ 0.00%

The Board of Directors of Dat Xanh Group Joint Stock Company (Dat Xanh Group, HOSE : DXG) has just approved a resolution to use capital raised from a lot of bonds issued in the international market worth 300 million USD (more than 7 trillion VND). to contribute capital to Ha An Real Estate Business Investment Joint Stock Company.

Specifically, DXG intends to use the proceeds to buy 800 million shares of Ha An - a subsidiary of DXG - at an expected price of 10,000 VND/share, and at the same time pay all expenses related to the capital increase. contribute. The expected implementation time is in 2022, after the Group receives the proceeds from the bond issuance.

The implementation will be assigned to Mr. Bui Ngoc Duc - also the legal representative of the Group. Mr. Duc will prepare necessary documents and procedures according to regulations to carry out this deal.

DXG 's bond lot is an international convertible/non-convertible bond, without warrants, issued to foreign investors and has a term of 60 months. Owners of convertible bonds have the right to convert into common shares within 60 months from the completion of the issuance. The conversion price will be decided by the Board of Directors depending on market conditions at the time of issuance and agreement with investors.

9. DAT's first 6 months net profit increased by 4% after review

↓ -1.34%

Tourism Investment and Fisheries Development Joint Stock Company (HOSE : DAT) has just issued a document to clarify the issues in the reviewed financial statements for the first half of 2022. After the review, the first 6 months' net profit increased by nearly 2 billion dong, equivalent to 2 billion dong. equivalent to an increase of 4% compared to independent reports.

The main reason is that financial income increased by 19% after the review, equivalent to an increase of nearly 2 billion VND to 13 billion VND. Compared to the same period in 2021, the Company's net revenue increased by 15%, to nearly VND 1,531 billion; net profit increased by 56%, to more than 43 billion dong.

In 2022, DAT sets a target of net revenue of VND 2,300 billion, a slight increase of 2%. However, the Company expects profit after tax to reach VND 150 billion, 4.5 times higher than the previous year. Compared to the plan, DAT achieved 66.6% of the revenue target and 28.8% of the year's profit target.

As of June 30, 2022, DAT 's total assets were more than VND 1,706 billion, an increase of more than VND 2 billion compared to the beginning of the year. In which, short-term receivables are more than 502 billion dong, down more than 23 billion dong. In contrast, long-term receivables were more than 5 times higher than at the beginning of the year, increasing by more than VND 25 billion to more than VND 31 billion.

Research Team:**Tsugami Shoji**

Researcher

jsi@japan-sec.vn**Disclaimer:**

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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