



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index struggles on persistent selling force

Benchmark indices traded in opposite directions on Tuesday, as selling force continued to weigh on pillar stocks.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) extended the downtrend, falling for the second day in a row. It declined by 8.53 points, or 0.89 per cent, to 952.12 points.

The index pared some losses from the previous session in the morning trade, with a slight increase of 1.25 points to 961.9 points, but rising selling pressure dragged the index back to the bearish trend.

On the southern bourse, however, the breadth was still positive as 200 stocks added points, while 129 stocks inched lower. Liquidity improved over the previous session, of which matching value on HoSE reached nearly VND15.3 trillion (US\$615.5 million), equal to a matching volume of 979 million shares.

The benchmark's losses were mainly driven by large-cap stocks. Specifically, the VN30-Index posted a decrease of 11.35 points, or 1.19 per cent, to 945.54 points. Twenty-eight of the 30

biggest stocks in the VN30 basket subdued, with two registering the floor prices, while 11 stocks advanced. And one stock was unchanged.

Real estate and bank stocks continued to lead the market's downtrend, of which Vingroup (VIC) witnessed a biggest fall of 4.69 per cent. It was followed by Vietcombank (VCB), down 2 per cent, Vinhomes (VHM) down 3.51 per cent, Masan Group (MSN) fell 3.47 per cent, and PV Gas (GAS) down 1.89 per cent.

Other stocks weighing on the market's sentiment were Becamex (BCM), Novaland (NVL), Tecombank (TCB), Hoa Phat Group (HPG), with NVL shares hitting the maximum daily loss of 7 per cent.

The index pared losses on gains in some other pillar stocks. BIDV (BID) was the biggest gainer, up 2.68 per cent.

The market also received support from foreign investors as they net bought nearly VND280 billion on both main exchanges. Of which, they net bought VND261.5 billion on HoSE and VND16.15 billion on HNX.

Macro & Policies

2. China expected to remain largest importer of Vietnamese pangasius in 2022

China will not immediately loosen its zero COVID policy, so the trade between China with other countries will certainly not be able to recover as it was before the pandemic, it said.

However, the regulation on COVID testing for imported goods has been loosened since July. That meant exporters are not suspended from exports if there are traces of coronavirus on imported products or packages.

Therefore, Vietnamese seafood products have many opportunities to enter China. This neighbouring country will continue to be the major and potential market for Vietnamese pangasius products until the year-end and next year.

According to the General Department of Customs, Viet Nam's pangasius export value was estimated at US\$2.2 billion in the first 10 months of 2022, up 80 per cent on year.

Of which, China market alone accounted for 30 per cent with a turnover of about \$654 million, up 110 per cent on year.

VASEP said since 2020, China has maintained its position as the largest pangasius import market from Viet Nam, surpassing the US market.

China has always maintained the highest growth, with sales increasing by more than two times over the same period last year.

The zero COVID policy in China is affecting this country's manufacturing industries, including the seafood industry. Fishing and aquaculture have been partially reduced.

Therefore, China has to increase imports of seafood from other countries to meet domestic demand and for the country's export processing sector.

The COVID-19 pandemic and the Russia-Ukraine conflict, causing increases in sea freight charges and inflation, are also big challenges for China's seafood importers and exporters.

Viet Nam is a neighbouring country of China so Viet Nam's seafood products will be the preferred choice of these mainland importers, especially pangasius.

Viet Nam's pangasius export value to this market in October was estimated to reach about \$64.2 million, up 105 per cent on year, including \$48 million from export frozen pangasius fillets and \$16 million from whole fresh/frozen pangasius.

In the first ten months of 2022, the export value of frozen pangasius fillets to China reached \$489 million, up 115 per cent, while the turnover from exports of fresh/frozen pangasius reached \$163 million.

The average price of frozen pangasius fillets exported to China in the first nine months of this year reached \$2.28 per kilo. September had the highest price of \$2.73 per kilo during this period.

Market demand increased in the third quarter and the beginning of the fourth quarter to meet orders and consumption during the Lunar New Year and year-end festivals, while the supply of raw materials decreased. That caused the export price of pangasius to increase in this period.

Since the beginning of the year, Viet Nam has more than 400 enterprises exporting pangasius to China. The top 10 largest pangasius exporters to China included Vinh Hoan JSC, East Sea Ltd, Co, Van Duc Tien Giang Import-Export Food Processing Ltd, Co, Nam Viet JSC and I.D.I Multinational Development and Investment JSC.

Other leading enterprises include Dai Thanh, Ltd, Co, Go Dang JSC, Truong Giang Seafood JSC, Cadovimex II Seafood Import-Export and Processing JSC.

3. Pharmaceutical firms report positive results in Q3

Analysts believe that the pharmaceutical industry in the fourth quarter still has many growth drivers.

According to estimates of KIS Vietnam Securities Joint Stock Company, the pharmaceutical industry announced revenue of 10.9 trillion VND in Q3, up 12.7% over the same period last year and up 2.3% compared to the previous quarter.

Profit after tax reached 827 billion VND, up 29.8% over the same period last year and up 13.1% from the previous quarter. The current top five companies in the industry are Vimedimex Medicine and Pharmaceutical Joint Stock Company (VMD), Vietnam Pharmaceutical Corporation - Joint Stock Company (DVN), Hau Giang Pharmaceutical Joint Stock Company (DHG), Codupha Central Pharmaceutical Joint Stock Company (CDP) and TRAPHACO Joint Stock Company (TRA), accounting for more than 52% of total industry revenue.

In the third quarter, DHG recorded a net revenue of 1.16 trillion VND, up 23% over the same period last year; gross profit reached 578 billion VND, up 26%.

The enterprise recorded a profit after tax of 262 billion VND, up 30% compared to the third quarter of 2021, this is also the highest quarterly profit ever recorded by the company.

In the first nine months of 2022, DHG Pharma recorded net revenue of 3.35 trillion VND and profit after tax of 752 billion VND, up 15% and 24% respectively over the same period in 2021.

In the third quarter of 2022, TRAPHACO's profit after tax increased by 8.5% over the same period last year, to nearly 77 billion VND.

In the first nine months of 2022, TRAPHACO recorded a net revenue of 1.8 trillion VND, up 14% over the same period last year.

Profit after tax of the enterprise reached 251 billion VND, up 28% over the same period last year.

After three quarters, Traphaco has completed 77.5% of the revenue plan and 87.8% of the profit plan.

Ha Tay Pharmaceutical Joint Stock Company (DHT) recorded net revenue of more than 491.5 billion VND in the third quarter of 2022, up 51% over the same period in 2021; gross profit was nearly 51 billion VND, up 94% over the same period last year. Profit after tax was 2.5 times higher than in the same period last year, reaching more than 23 billion VND.

In the nine months of 2022, this pharmaceutical company recorded a net revenue of more than 1.3 trillion VND.

Excluding other expenses, profit before and after tax reached more than 78 billion VND and nearly 63 billion VND respectively, both up 20% over the same period in 2021.

Pharbaco Central Pharmaceutical JSC No 1 (PBC) reported a profit after tax of nearly 25 billion VND, 3.5 times higher than the same period in 2021.

Accumulated in the first nine months of 2022, net revenue increased 13% total to over 750 billion VND and gross profit was over 155 billion VND, up 12%.

After deducting expenses, this company reported a profit before and after tax of nearly 44 billion VND and 40 billion VND, up 9% and 20% respectively over the same period in 2021. Imexpharm Pharmaceutical Joint Stock Company (IMP) reported Q3 revenue up by 63% over the same period last year, reaching nearly 418 billion VND and gross profit increased by 93% to more than 172 billion VND. Profit before tax was more than 72 billion VND, up to 89% and profit after tax also increased by 78%, reaching nearly 55.8 billion VND.

In the first three quarters of this year, the enterprise's net revenue increased by 25%, reaching more than 1.09 trillion VND, and profit before and after tax reached more than 197 billion VND and 155 billion VND, both increased by 27% over the same period in 2021.

Pharmedic Pharmaceutical Pharmaceutical Joint Stock Company (PMC) announced extraordinary results. The company's third-quarter revenue reached VNĐ121.6 billion, up 2.6 times over the same period in 2021.

Deducting taxes and fees, Pharmedic reported a profit after tax of nearly 20.4 billion VND, 6.8 times higher than 3 billion VND in the third quarter of last year.

In the first nine months of 2022, this pharmaceutical company achieved revenue of nearly 346 billion

VND, up nearly 26% compared to 2021; profit after tax reached 60.4 billion VND, equivalent to an increase of nearly 50%.

After three quarters, Pharmedic has achieved nearly 73% of the revenue target and 83% of the profit target, respectively.

4. Food producers under pressure to keep prices low

Even with the Lunar New Year just around the corner, producers have been struggling to maintain sales. Rising prices, to better reflect their increased costs, will likely deal a huge blow to sales, said Thai Binh Duong, sales manager of a vegetarian food company in the southern province of Dong Thap.

"About 70% of our ingredients must be imported, mostly Canadian soya beans, yet in the first eight months of the year prices on the international market increased by 16.6% compared to the same period last year," he said.

Duong said his company has been trying to find alternative sellers in the domestic market but the task has proven to be difficult as they either failed to meet the company's demand for quantity or quality.

"We will likely keep prices stable for the time being but may be forced to raise our prices after Tet," he added.

Nguyen Quoc Hoang, CEO of Bibica Corporation, a large confectionery maker in Vietnam, said his company raised prices by 5-10% as input costs soared 20-25%, on average, since the beginning of the year.

Hoang said Tet is the most important time for his company. All ingredients, therefore, must be purchased at least six to nine months in advance. A price hike was unfortunate but inevitable.

Nguyen Hoang Dat, CEO of Vinahe, a cashew-based food producer, said his company has been trying to connect with numerous retail networks in a bid to push sales before and during Tet. While Vinahe has not decided to raise prices, he urged the government to take additional measures to support food

producers at a time when input cost is rising without an end in sight.

As the US dollar continued to strengthen, producers were badly affected by a weakened Vietnamese dong and borrowing costs, especially loans in the dollar, according to economists.

Retailers have also reported an increased number of requests from producers to raise prices. Compromises have been made to keep prices stable for the time being to boost sales but the situation was likely unsustainable in the medium term.

"The idea is to find a balance that benefits consumers, producers and retailers. We don't want to raise our prices but if we must, we want to raise it by as little as possible," said a representative from a large supermarket chain in HCM City.

"Steep price hikes will likely result in consumers being forced to cut spending on foodstuff for the holidays. It will hurt both producers and retailers alike."

According to a report by the HCM City Department of Industry and Trade, demand for foodstuff for Tet will likely increase by 20-30% but only if prices are to stay stable from now until the end of the Lunar year.

A sliver of hope, according to producers, is for the government to continue with the VAT 2% reduction policy.

In last month's meeting with ministries and local authorities across the country, Deputy Prime Minister Le Minh Khai, head of the National Price Management Committee, said measures must be

taken to support businesses and keep prices stable before and during Tet.

Economists have long advocated an increase in domestic production of key ingredients for foodstuff as a long-term solution to manage food prices and reduce reliance on the international market.

5. HCMC manufacturers face bankruptcy amid fall in new orders

Thu Duc City now has 97 enterprises scaling down production due to fewer orders, said Nguyen Dinh Cuong, vice chair of the Labor Union of Thu Duc. Most of these businesses are active in labor-intensive industries like footwear, textile and wood processing.

Weaker growth in orders would make it difficult for those businesses to resume operations at the end of the year, including those who have steadily expanded over the years. To date, some of these businesses have only reached half of the full-year plan, which is even lower than during the social distancing period in 2021.

“Meanwhile, they still had to pay salaries for their staff, as employees would leave if the companies failed to pay them,” Cuong said.

Earlier, Le Van Thinh, director of the HCMC Department of Labor, Invalids and Social Affairs, said 27 companies in the city had reduced their staffing by 2,860 workers due to technology restructuring and economic problems.

“The department would join hands with relevant agencies to help workers who have lost their jobs find new opportunities in industries in need of labor,” Thinh added.

6. Quang Ninh looks to welcome large foreign tourist groups

A delegation of 650 travellers from Sarawak State, Malaysia arrived in Quang Ninh this week to have a four-day stay, marking the largest foreign group to visit the locality.

This is one of the encouraging results from the provincial authorities' efforts to promote itself in the international tourism market, especially after the 17th East Asia Inter-Regional Tourism Forum (EATOF) successfully held in October in the province's Ha Long city, according to Quang Ninh Portal (QNP).

Sarawak State is one of the 17 EATOF members. The Malaysian visitors arrived in Quang Ninh on November 22, planned to stay at four- and five-star hotels and experience various tourist services in the province.

During their four-day stay in the country, the tourists had a two-day tour to Ha Long Bay, the UNESCO-recognised world heritage site, explored traditional cuisine and experienced tourist activities.

Although it is a relatively new tourism market for foreign visitors from Malaysia, Quang Ninh has impressed them with its safety, good pandemic control, impressive natural landscape, friendly people, and good quality services.

The safety factor is one of the major competitive advantages of Quang Ninh tourism in the international market, according to the QNP.

At a bilateral meeting between Quang Ninh and Sarawak State within the framework of the last EATOF, leaders of the two localities pledged to enhance cultural exchange activities, boost

linkages between their heritage sites, promote building tours to destinations and strengthen exploitation of the two-way tourist markets.

In the coming time, Quang Ninh expects to welcome more than 1,000 visitors from Malaysia, said a report on the website of the provincial tourism authority, dulich.quangninh.gov.vn.

Yap Oi Leng, director of Malaysia's Energy Travel agency, said to vov.vn that the company chose Quang Ninh for the tour because the locality boasts many beautiful and renowned sightseeing spots with modern infrastructure.

Earlier, Quang Ninh received 150 South Korean tourists from Jeju for a three-day tour following the EATOF gathering.

Nguyen Van Son, general director of Thang Loi International Travel Company, said the company has received plenty of bookings from the Malaysian, Indonesian, and Singaporean markets for 2023.

The most popular time looks set to be in January next year when around 1,000 foreign visitors on five charter flights are due to arrive in Vietnam, with Quang Ninh selected as one of their destinations.

Pham Ngoc Thuy, Director of the provincial Department of Tourism, said to vov.vn that the province will have many opportunities when the international tourism market opens wider next year.

"We're planning to work with Siem Reap Province, Cambodia, Luang Prabang province in Laos, and Japan this December. The Cambodian market is a good place to connect with international visitors in Southeast Asia, so we will work with them as soon as possible and generate momentum to attract tourists next year," Thuy said.

The tourism sector of Quang Ninh is diversifying its products based on local advantages with a focus on enhancing tourists' experience towards the goal of becoming a four-season destination.

Chairman of the provincial People's Committee Nguyen Tuong Van said the province aims to attract 10 million tourists this year, including 1.5 million foreign visitors.

To achieve this goal, it is implementing a host of solutions, one of which is to continue investing in infrastructure, especially accommodation and tourist sites, in order to create the best services for visitors.

The province will continue to diversify tourism products in the direction of developing sea-island tourism, trade tourism, health care tourism and MICE (Meeting, Incentives, Conference and Exhibitions) tourism.

In October this year, Quang Ninh hosted the 17th General Assembly of the EATOF, which became an opportunity for the province to enhance its linkage with EATOF member countries, contributing to the tourism recovery in the new normal conditions.

7. Ministry proposes two options for overseas investment in oil and gas sector

In the first option, sources of capital for investment abroad in oil and gas included legal money and other lawful assets of the investors, including equity, loans in Viet Nam transferred abroad, and profits earned from offshore oil and gas projects which were retained for overseas investments.

Legal money and other lawful assets as prescribed included foreign currencies on accounts at authorised credit institutions or purchased at credit institutions in accordance with the established laws, Vietnamese dong, machinery, equipment, supplies, raw materials, fuel, finished goods and semi-finished goods.

In addition, intellectual property, technology, brand values, property rights and shares were also considered capital for overseas investment in oil and gas.

Profits earned from oil and gas projects abroad were allowed to be retained for reinvestment.

Capital that was transferred abroad but recovered and repatriated to the home country would not be included in the amount which was remitted abroad.

Vietnamese investors could use their stakes and capital contribution or their projects in Viet Nam to make payments or exchange for the purchase of stakes in oil and gas projects abroad. In this case, Vietnamese investors would conduct procedures for overseas investment certificates first then foreign investors would conduct procedures for investing in Viet Nam following the established laws.

In the second option, the ministry said that investing in the oil and gas sector abroad would be regulated by Article 69 of the Government's Decree No

31/2021/ND-CP dated March 26 guiding the implementation of some points of the Law on Investment.

The ministry also proposed two options for regulating overseas investment in oil and gas of foreign-invested economic organisations in Viet Nam.

In the first option, economic organisations in Viet Nam in which foreign investors held from 50 per cent of charter capital, the capital source for investing abroad must be equity and not include their contributed capital in Viet Nam.

In the second option, when investing in oil and gas abroad, economic organisations with foreign stakes must comply with Article 70 under the Decree 31/2021/ND-CP.

Corporate News

8. GEX: Repurchase of VND195 billion bonds before maturity

↓ -4.89%

The Board resolution dated November 18, 2022, the BOD of GELEX Group Joint Stock Company announces the repurchase of VND195 billion bonds with details as follows:

I. Information on bond repurchase:

1) Bond 1:

- Issuer: GELEX Group Joint Stock Company
- Bond code: BONDGEX/2020.01
- Par value: 100,000,000 dong/bond
- Total value of issuance (at par value): 200,000,000,000 dong
- Total value of outstanding (at par value): 64,800,000,000 dong
- Number of outstanding bonds: 648 bonds
- Issue date: July 22, 2020
- Maturity date: July 22, 2023
- Interest rate:
- + For the first two years interest: 10%/year
- + For the next years interest: sum of 3.5%/year and the reference interest rate.

2) Bond 2:

- Issuer: GELEX Group Joint Stock Company
- Bond code: BONDGEX/2020.02

- Par value: 100,000,000 dong/bond
- Total value of issuance (at par value): 200,000,000,000 dong
- Total value of outstanding (at par value): 130,300,000,000 dong
- Number of outstanding bonds: 1,303 bonds
- Issue date: July 23, 2020
- Maturity date: July 23, 2023
- Interest rate:
- + For the first two years interest: 10%/year
- + For the next years interest: sum of 3.5%/year and the reference interest rate.

II. Plan for bond repurchase:

- Bond 1: BONDGEX/2020.01
- Bond 2: BONDGEX/2020.02
- Repurchase method: agreement between GELEX and bondholders
- Repurchase volume:
- + Bond 1: 648 bonds, equivalent to VND64,800,000,000 (at par value)
- + Bond 2: 1,303 bonds, equivalent to VND130,300,000,000 (at par value)
- Expected repurchase time: expected on November 28, 2022.

9. MSN: Plan for bond private placement

↓ -3.47%

The Board resolution dated November 21, 2022, the BOD of MaSan Group Corporation approved the plan for bond private placement with total value of issue up to VND1,700 billion. Here are the specifics:

- Bond name: MSNH2227007 bond
- Issuance volume: 1,700 bonds
- Total value of issuance (at par value): VND1,700,000,000,000
- Bond term: 60 months
- Par value: VND1,000,000,000/bond
- Bond form: book entry
- Offering method: private placement
- Offering price: 100% par value
- Number of issue phases: 01
- Issue date: expected in Quarter IV/2022
- Interest rate: interest rate = reference interest + range 4.1%/year.

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