



VIETNAM DAILY NEWS



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Market Analysis

1. Outflows from domestic and foreign investors weigh on market

The market continued to fall on Monday as selling pressure was persistent, weighing on investors' sentiment.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) finished the day at 1,021.25 points, a decline of 18.31 points, or 1.76 per cent. This was the lowest closing session level since December 30, 2022.

The market's breadth was negative with more stocks on the southern exchange inclined to the downside risk.

Accordingly, 290 stocks went down, while 60 stocks inched up. However, liquidity improved over the previous trade. Investors poured more than VND9.3 trillion (US\$391.67 million), up 43.1 per cent compared to last Friday's trade.

The VN30-Index, which tracks the 30 biggest stocks on HoSE, lost nearly 19 points, or 1.84 per cent, to 1,011,46 points. Up to 27 stocks in the VN30 basket experienced poor performance on Monday, with one ticker symbol – Masan Group (MSN) – registering the maximum daily loss of 7 per cent. And only two stocks inched up and one stayed flat.

On the Ha Noi Stock Exchange (HNX), the HNX-Index also dipped 2.05 points, or 1.95 per cent, to end Monday at 203.27 points, the lowest since

December 27, 2022. During the session, over VND1 billion worth of shares, equivalent to a trading volume of 69.68 million shares, was traded on the northern bourse.

Both benchmarks locked their fifth consecutive losing session. Sharp losses in shares of all industries, especially appealing sectors such as banking, manufacturing, oil and gas, and real estate, weighed on the market. Data compiled by financial website vietstock.vn showed that dominating the bearish sentiment was Masan Group (MSN), PV Gas (GAS), and Hoa Phat Group (HPG).

The stocks all posted losses of at least 2.35 per cent. Other stocks in the general downtrend were Vietinbank (CTG) down 2.48 per cent, Vietcombank (VCB) down 0.75 per cent, Sabeco (SAB) down 1.96 per cent, and Mobile World Investment Corporation (MWG) down 3.8 per cent.

Pillar stocks in the realty industry also opened the new week on a negative note. Specifically, the trio stocks of the Vinfamily slid by 0.24 – 2.83 per cent, while Novaland (NVL) was down 5.7 per cent.

The net outflow of foreign capital also pressured the market. Of which, foreign investors net sold VND658.15 billion on HoSE, while net bought VND203.62 million on HNX.

Macro & Policies

2. Companies come up with big M&A plans from early in the year

One of the companies leading the charge is Vietnam Container Shipping JSC (Viconship), which will hold its annual shareholders' meeting on March 10, earlier than usual to seek shareholders's approval for its capital hike plan. It plans to issue 121 million shares to existing shareholders at the ratio of 1:1 to raise over VND1.2 trillion and double charter capital to VND2.25 trillion (US\$95.3 million) to fund its ambitious M&A strategy.

Viconship's Q4 financial report outlined the company's plans to acquire 49 per cent of Vinaship Seaport JSC's equity and spend VND2.25 trillion to buy a controlling stake in another undisclosed seaport business in Hai Phong City with the half of funding from the company's capital and the other half from outside funding.

BIDV Securities JSC (BSC) has identified Viconship's target as Nam Hai Dinh Vu Port which is managed by a subsidiary of logistic giant Gemadept. According to Gemadept's Q4 financial report, the company received an unexpectedly deposit of about VND1 trillion at the end of 2022, which is predicted from Viconship. The acquisition is expected to be completed in the first quarter of this year.

Nam Hai Dinh Vu Port is Gemadept's largest container port with a total investment of more than VND1 trillion and began operation in 2014. As of December 31, 2022, Gemadept owns 84.66 per cent of the port's charter capital, equivalent to more than VND338 billion, but is seeking to divest from this company.

If the acquisition is completed, BSC predicts that Viconship will become the largest port company in Hai Phong in 2023 with a total capacity of about 2.6 million TEUs (Twenty-foot Equivalent Unit). This would represent a 36 per cent increase over the same period last year and accounting for 30 per cent of the city's market share.

Duc Giang Chemicals Group JSC is also planning to buy more than 3.44 million shares of Tia Sang Battery JSC, which constitutes 51 per cent of its

charter capital. At the target price of no more than VND39,200 per share, Duc Giang Chemicals is expected to pay around VND135 billion (\$5.7 million), equivalent to more than 1 per cent of its market value on the Ho Chi Minh Stock Exchange.

Binh Duong Water Environment JSC (Biwase), a prominent name in the water industry, has approved a plan of acquiring stakes in five companies operating in the water and environmental sanitation sectors in Long An and Quang Binh provinces.

In 2022, Biwase invested a total of VND294 billion in purchasing shares of two companies, namely Can Tho Water Supply and Sewerage JSC and Can Tho 2 Water Supply JSC. This move has increased the number of Biwase affiliates in the water industry to four, with total investment reaching VND768 billion, account for nearly 8 per cent of Biwase's assets. The company's M&A plan for this year shows its ambition to expand its scale through M&As.

The easy money period is now over as central banks around the world focus on controlling inflation through raising interest rates and reducing the money supply. In a recent report on global M&A trends, PwC noted that businesses with strong balance sheets will have more opportunities in the context of financial tightening. In Viet Nam, the ratio of capital financing for M&A purposes at commercial banks is being strictly regulated.

The M&A plans have been announced earlier this year by big names with strong financial resources or with relatively modest debt ratios. For example, Biwase has approximately VND1.1 trillion in cash and deposits at the end of 2022. Biwase's debt ratio of 55 per cent but rising profits have helped improve Biwase's financial capacity. By the end of 2022, its undistributed profit after tax was estimated at nearly VND816 billion, or 42 per cent of the company's charter capital.

Meanwhile, Duc Giang Chemical reported a big success in 2022 with a record high profit of more than VND6 trillion, 2.4 times higher than in 2021.

The accumulated profit by the end of 2022 has increased to VND5.1 trillion, 1.34 times the size of charter capital.

In 2022, M&A activities in the Asia-Pacific region saw a decline and it is expected that it will continue to face many pressures such as inflation and economic recession this year. Despite this, Ong Tiong Hooi, Transaction Services Leader, PwC Vietnam, believes that that Asia-Pacific remains the "best spot" for global growth.

Hooi noted on tinnhanhchungkhoan.vn that companies that want to access the Asian market are looking for investment opportunities outside of China, such as India, Japan and other countries in Southeast Asia. He has listed several reasons for the rise in M&A activities, including the transfer of intergenerational wealth, rapid modernisation within industries, increasing trade between Asian nations and renewed focus on ESG (Environmental-Social-Governance) concerns.

3. Vietnamese banking brands climb in value

Vietnamese banking brands are riding high with a growth of 31.3 per cent in brand value in 2023, according to Brand Finance Banking 500 Report.

Almost all the 12 Vietnamese banks featured in the report have climbed in their global rankings. However, Agribank – the second most valuable brand in Viet Nam – runs counter to the trend by dropping two positions. Its brand value grew by just 1.7 per cent to hit \$1.4 billion.

Meanwhile, VIB enters the top 500 most valuable banking brands for the first time, with a brand value increase of 14 per cent year-on-year, reaching \$181 million.

The report said Vietnamese banks showed great performance in 2022, consolidated by a credit growth rate of nearly 13 per cent and an economic growth rate of 8 per cent, the highest in the last 25 years.

It was this strong revenue rebound and economic recovery that has given a big push to Vietnamese banking brand value.

In Viet Nam, there will be a trend towards "collected" deals in fragmented markets to expand scale, as well as strategic divestment from a number of Vietnamese enterprises to balance cash flows and deal with bond maturity pressure. There is also a growing trend of corporate splits in large family-owned companies, with asset transfer and deals promoting innovation, selling businesses or shares to finance strategic expansion, particularly in Southeast Asia, to manage political tensions and supply chains in the region.

Although Viet Nam's M&A market will not be exempt from the challenges faced by the Asia-Pacific region, it still presents opportunities for investment and growth. Six industries have been identified as having the potential to create opportunities for M&A activities, including technology, media and telecommunications, industrial and automotive production, financial services, energy, utilities and mining.

Alex Haigh, managing director of Brand Finance Asia Pacific, remarked that Vietnamese banks are making headway in digital banking by integrating the power of technology into their core business.

"Vietnamese banks were finding themselves among the best performers in 2022," said Haigh.

The director was impressed by Techcombank, the second fastest-growing brand in Viet Nam, which rose by 46.7 per cent in brand value to reach \$1.5 billion. In two years, the bank moved up by 107 positions to the 163rd among the top 200 valuable banking brands in 2023.

Thai Minh Diem Tu, director of the Marketing Division, Techcombank, noted that the remarkable feat of reaching \$1.5 billion in brand value represents an important milestone for the bank.

It is an indication that Techcombank has achieved success in improving customer experience, moving one step closer toward its ultimate objective of "Transforming the financial sector and improving the quality of life".

It is worth noting that the bank made it to many global podiums in 2022 for its effort in digital transformation. Notably, it was recognised as 'Best bank in Viet Nam' by Euro Money and its application Techcombank Mobile was awarded 'Most innovative mobile banking app' by Global Business Outlook.

The bank is currently the first bank in Viet Nam to be assigned a Baseline Credit Assessment score of ba2

with a stable outlook by Moody's. It also gets a rating of BB- from S&P with a similar outlook.

By late 2022, Techcombank made a pre-tax profit of around VND25.6 trillion (\$1.1 billion) and secured a customer base of over 10.8 million.

4. Vietnam eyes 1 billion USD from seaculture product exports by 2025

Also by the time, the total area of seaculture is set to hit 280,000ha with an annual yield of 850,000 tonnes.

By 2045, the sector is expected to contribute more than 25% of the country's total fishery productivity, with its export value expected to exceed 4 billion USD.

Such goals require efforts to tackle bottlenecks and turn Vietnam's seaculture into a large-scale

production industry in a synchronous, safe, effective, environmentally friendly and sustainable manner.

According to the Ministry of Agriculture and Rural Development, the country now has about 7,447 seaculture establishments with a total area of 85,000ha.

The sector's current growth is estimated at 23.3% on average a year.

5. Construction machinery market lures foreign suppliers

Tong Van Nga, chairman of Vietnam Association for Building Materials, noted that despite enduring heavy effects from the pandemic, the country's construction sector still expanded 8-8.5 per cent in 2022.

Also, the urbanisation pace inched up 1.2 per cent reaching 41.7 per cent last year, instrumental to a more vibrant machinery and equipment market to feed investment and construction needs.

Amid exacerbating competition between local and foreign players, local contractors have embraced radical changes, capitalising on machinery and technology investment to improve their execution and management expertise.

Machinery and technology development helps construction businesses to boost efficiency and precision in execution, from savings on materials and fuel, to personnel costs.

"The demand for importing and updating new machinery and equipment for the construction sector is expected to further swell to underpin the sector's anticipated growth, approximating 6.5 per cent in 2023," said Nga.

A representative from Tin Quang Equipment JSC (TQEQ), an authorised agent providing branded machinery for partners from the US, Japan and South Korea in the Vietnamese market, said that the country had enticed many foreign distributors of machinery and equipment in the construction sector.

Despite slightly diminishing revenue figures in the last two years due to pandemic effects, the market signals are improving, the source added.

Better market signals are also evident in the number of foreign businesses registered to join Contech Vietnam 2023, an international exhibition tailored

to Construction, Mining and Transport - Machinery, Equipment, Technology, Vehicles and Materials slated for April.

Le Thi Lan Anh, director of Hanoi Advertising and International Fair JSC, the fair organiser, said she was surprised with the high number of firms from Asia and Europe having registered to participate in the fair, and the occasion would help local peers to reach equipment innovation targets for improved efficiency and work quality.

Nguyen Thi Ngoc Linh, director of Green Laser Co., Ltd., a firm under China's Senfeng Group active in

providing construction machinery and equipment such as laser cutters and welders, will soon join Contech Vietnam 2023 and said that from late 2022 Senfeng has worked on a plan to come back Vietnam to enhance business networking after a lull due to the pandemic.

“Displaying products at Contech Vietnam 2023 marks this comeback,” said Linh.

The country's spending on machinery and equipment imports is expected to surge 3-6 per cent in 2023. Last year, Vietnam's total import value amounted to \$358.9 billion, up 7.8 per cent on-year.

6. Binh Duong promotes cashless payment trend

Dau Tieng is located at between HCM City and the provinces of Tay Ninh and Binh Phuoc and has Dau Tieng Lake, a place that attracts many tourists.

The plan of Dau Tieng District aims to promote the implementation of digital transformation and digital payment, and promote local businesses and enterprises to use digital platforms to make non-cash payments, which would provide convenience in payment for tourists.

Non-cash payment methods include QR code, internet Banking, Mobile Web Payment and cards.

By the end of 2022, Binh Duong strived to achieve 50 per cent of schools, educational institutions, hospitals and medical facilities using non-cash payment methods.

Up to now, Binh Duong is one of the localities where consumers can use modern payment methods to pay for online transactions as well as at stores, schools, hospitals, administrative services and shopping centers.

Cashless payment and transaction channels are increasingly popular in Binh Duong, with commercial banks, e-wallets and fintech companies promoting the application of technology for online payments.

Many customers now choose cashless payments, the most popular being a payment card, followed by scanning a QR code and transferring money.

Card payment sales at many goods and service suppliers have also increased significantly. Commercial banks and e-wallet companies in Binh Duong said that cashless transactions are even more popular now than during the COVID-19 pandemic.

Enterprises are ready for infrastructure with low investment costs that bring convenience to people. The outstanding method that meets the above factors and is likely to explode next year is paying via QR codes.

Customers can open banking applications or e-wallets to choose a source of money to scan the code and make payments.

7. Rice exporters to benefit from tight supplies, lower costs

A recent report on the rice sector from VCBS showed that the global rice output is estimated at 519.7 million tonnes at the end of the 2021/2022 crop. China, India, and ASEAN are key consumption markets, while India, Viet Nam, and Thailand are the largest rice exporters.

Rice prices witnessed an uptrend in global markets last year as the Indian government's ban on rice export, floods in Pakistan, and adverse weather in China and the Philippines caused reductions in rice output in these countries.

While depleted inventories in the Philippines will result in higher imports in 2023, rice production will drop due to prolonged droughts in China and India. On the other hand, due to heavy rain in Viet Nam over the past year and gradually neutral weather in the first half of 2023, the country's rice output is forecast to be stable this year, according to the US Department of Agriculture (USDA).

Therefore, VCBS said that Viet Nam is very likely to benefit from the upward trend in rice prices which is fueled by limited supplies and a shift away from the Indian supply.

Meanwhile, input costs are also expected to go down in 2023 as Europe eases sanctions and welcomes back Russian fertiliser exporters, increases reservations, and aggressively reduces gas consumption.

The availability of fertiliser on a global scale is anticipated to rise, boosting rice industry profit margins.

According to VCBS, the business growth prospects of Loc Troi Group are positive thanks to the promotion of rice exports to the European market, starting with the French market. The merger with Loc Nhan Food also increased the company's capacity.

With three production facilities under its control, Loc Nhan can now dry more than 12,000 tonnes of rice per day and export 6,000 tonnes of rice a day. Its projected revenue for 2022 was close to VND8 trillion (\$336.8 million).

This company also has a wide partner network. In particular, it has signed contracts to supply up to 350,000 tonnes of rice to Vinafood 1 in 2023.

VCBS said that the food segment will be the main growth driver for Loc Troi this year, making up for the decrease in revenue in the pesticide sector. However, it noted that the company still struggles with the plan for issuing private placement bonds and transferring from the current listing exchange - UPCoM - to the Ho Chi Minh Stock Exchange (HoSE).

The securities firm expects that Loc Troi's net revenue and profit after tax will grow by 28 per cent and 15 per cent year-on-year, respectively, this year to VND14.9 trillion and VND475 billion. The growth for 2024 is projected to advance 1 per cent in revenue but fall by 17 per cent in profit.

Meanwhile, Vietnam National Seeds Group posted a positive growth in business results in 2022, mainly boosted by the rice segment, with a gross profit margin of about 40 per cent.

VCBS believes that the company's rice and fruit crops will grow well in the next five years.

In the national key product development project, the government plans to increase the rate of high-tech cultivation from 70 per cent to 75 per cent, the rate of using certified varieties from 78 per cent to 90 per cent, the area of fruit trees from 1,067 million ha to 1.2 million ha, and the yield from 10 tonnes/ha to 12 tonnes/ha.

Vietnam National Seeds also has an ambitious business plan to double its size in the next five years, with an annual growth rate of approximately 20 per cent/year.

By doing so, the market share of plant varieties across all fields can rise from 21 per cent to 25 per cent of the entire nation. The market shares will rise to nearly 60 per cent of the national market, particularly for grain corn.

It is forecast that the company's net revenue and profit after tax will rise by 11 per cent and 25 per



cent on-year, respectively, this year, to more than VND2.09 trillion and VND282 billion.

Corporate News

8. SSB: SeABank completes capital raising

↓ -0.32%

The VND594 billion worth of shares were issued to nearly 2,500 SeABank employees at VND15,000 per share. This is a welfare programme carried out periodically by SeABank for many years to appreciate the contributions of its employees to the bank's development.

Last year, the bank achieved positive results with VND5.07 trillion in pre-tax profit with stable growth. Its total asset reached VND231.4 trillion, up 9.3 per cent against 2021. Its bad debt ratio was reduced to 1.6 per cent.

Its return on asset (ROA) and return on equity (ROE) in 2022 were 1.83 per cent and 18.1 per cent, respectively.

The bank's expense to income ratio (CIR) continued to decrease to 35.3 per cent. Notably, non-interest income (NOII) increased impressively by 43 per cent compared to 2021, reaching VND2.6 trillion. This ratio showed the effectiveness in diversifying the bank's products, while exploiting the existing customers and developing a new customer network in the market.

With the results, SeABank was honoured as the Best Bank in Viet Nam 2022 by The Banker. SeABank is the only representative of Viet Nam and also one of 22 typical banks of the Asia-Pacific region honoured at this year's awards.

9. HAX: Report on the result of bond conversion

↓ -3.11%

On February 24, 2023, Hang Xanh Motors Service Joint Stock Company reports the result of issuing shares to convert bonds with details as follows:

1. Plan for issuing shares to convert bonds:
 - Bond name: Hang Xanh Motors Service Joint Stock Company
 - Bond code: HAXH2223001
 - Conversion volume: 1,800,000 bonds
 - Convertible ratio: 12:100 (12 bonds will be converted into 100 shares)
 - Stock name: Hang Xanh Motors Service Joint Stock Company
 - Stock type: common share

- Expected issue volume: 15,000,000 shares
- Convertible price: 12,000 dong/share
- Convertible date: February 13, 2023
- Time for transferring shares: expected in March 2023.
- 2. Result:
 - Number of shares issued: 15,000,000 shares, equivalent to 100% total shares expected to be issued
 - Total shares after the issuance (February 13, 2023): 71,943,434 shares; Of which:
 - + Number of outstanding shares: 71,943,434 shares
 - + Number of treasury shares: 0 share.

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