



VIETNAM DAILY NEWS

May 5th, 2023



Table of content

Table of content

1. Market mixed on strong selling force
2. Vietnam posts trade surplus of 6.35 billion USD in four months
3. Retail power price up 3% from May 4
4. Government approves VAT cut proposal
5. Green economy attracts huge investments
6. Vietnam spends 21.1bln USD importing phones, components in 2022
7. Agro-forestry-aquatic product exports reach 15.66 billion USD in four months
8. ADG: Resolution on the AGM 2023
9. VJC: Vietjet reports after-tax profit of 168 billion VND in Q1/2023

Market Analysis

1. Market mixed on strong selling force

The stock market ended mixed yesterday as the benchmark index was weighed by great losses in large-cap stocks.

The VN-Index on the Hồ Chí Minh Stock Exchange (HOSE) opened the first trading session after a long holiday on a negative note. It dropped by 8.51 points, or 0.81 per cent, to 1,040.61 points.

The 1,040-point level is proving to be a significant support zone recently as there were times in the session when the VN-Index broke below the level but then bounced back.

The breadth of the market was in negative territory as there were more stocks declining on the southern bourse. Liquidity was mostly unchanged with the trading value and volume of nearly VND 10.5 trillion (US\$447.6 million) and 625.8 million shares, respectively.

The index's losses were mainly due to the downtrend of many large-cap stocks. The VN30-Index, which tracks the 30 biggest stocks on HOSE, declined by 11.79 points, or 1.12 per cent, to close the day at 1,039.64 points.

Twenty-one stocks of the VN30 basket inched lower, while six increased and three stayed flat.

Statistics showed that Vietcombank (VCB) was the biggest loser of the market, down 2.21 per cent in the market capitalisation. It was followed by Masan Group (MSN), Sabeco (SAB), Vingroup (VIC) and Vinamilk (VNM). These stocks posted losses in a range of 1.54-3.14 per cent.

Other ticker symbols witnessing poor performance, contributing to the bearish sentiment, were Vietinbank (CTG), down 2.08 per cent, VPBank (VPB) down 1.76 per cent, Techcombank (TCB) lost 1.53 per cent, Hòa Phát Group (HPG) down 1.62 percent, and Mobile World Investment Corporation (MWG) down 3.32 per cent. In contrast, Vietnam Airlines (HVN) registered the maximum intraday gain of 7 per cent yesterday. The flag carrier's bullish performance was buoyed by its positive business results in the first quarter.

Specifically, it reported net revenue of nearly VND23.5 trillion in the first quarter of 2023, up 102 per cent year-on-year. This is also the best result since 2020.

After reducing expenses, Vietnam Airlines' profit before tax reached VND19 billion. While it still lost VND104 billion during the period, it is the most optimistic since the outbreak of the COVID-19 pandemic.

The HNX-Index on the Hà Nội Stock Exchange (HNX) finished the day higher at 208.15 points, up 0.67 points, or 0.32 per cent.

During the trade, more than 87.6 million shares were traded on the northern exchange, worth nearly VND1.3 trillion.

Foreign investors, however, were net sellers on the market. Of which, they net sold a value of VND325.25 billion on HOSE while net bought VND12.39 billion on HNX.

Macro & Policies

2. Vietnam posts trade surplus of 6.35 billion USD in four months

In April alone, the import-export turnover stood at 53.57 billion USD, representing decreases of 7.7% from the previous month, and 18.8% from the same period last year.

During the four-month period, Vietnam exported about 108.57 billion USD worth of goods, a year-on-year drop of 11.8%, of which the domestic economic sector contributed 25.58 billion USD, down 11%.

As many as 20 items joined the more than one-billion-USD club, making up 83.8% of the total export turnover.

Among groups of exports, fuels and minerals generated about 1.33 billion USD; processing industry commodities, 96.1 billion USD; agro-forestry products, 8.56 billion USD; and aquatic products, 2.58 billion USD.

Meanwhile, the country imported around 102.22 billion USD worth of goods from January to April,

down 15.4% year-on-year, of which 36.62 billion USD came from the domestic economic sector, a decrease of 11.4%.

For import, the more than one-billion-USD club gathered 19 items that accounted for 75.8% of the combined value.

Vietnam spent 95.64 billion USD on production materials; and 6.58 billion USD on consumer goods in the four months.

The US was Vietnam's biggest buyer with 28.4 billion USD, while China was the country's largest exporter with 33.3 billion USD.

Given uncertainties in trading activities, the Ministry of Industry and Trade has maintained a close watch on market developments, supported enterprises to optimise free trade agreements and remove obstacles to their business and production, and worked to diversify markets and exports, and promote e-commerce.

3. Retail power price up 3% from May 4

The average retail price of electricity increases 3% to 1,920.373 VND (0.082 USD) per kWh from May 4, following a decision by the Vietnam Electricity (EVN) on adjusting the electricity retail prices.

According to the EVN, the decision, issued on April 27, was based on the Prime Minister's Decision No.24/2017/QĐ-TTg on the mechanisms to amend the average power retail prices, and the Ministry of

Industry and Trade's Document No.304/BCT-ĐTDL on the implementation by the Cabinet.

Earlier, on March 31, the Ministry of Industry and Trade announced the inspection results on EVN's power production and trading cost in 2021 and 2022, which showed that the cost rose 9.27% year on year in 2022 to over 2,032.26 VND per kWh, leading to a loss of over 26.46 trillion VND for the firm in the year.

4. Government approves VAT cut proposal

Deputy Prime Minister Le Minh Khai has signed a Government resolution endorsing a request for

drafting a National Assembly resolution on the VAT reduction.

The VAT cut is expected to help fuel local consumption and production which have been impacted by the global economic downturn.

The Ministry of Finance said State budget revenue from January to March this year inched down and that tax revenue from import and export activities also declined over 16% year-on-year.

The ministry proposed all goods and services currently subject to the 10% VAT benefit from the forthcoming tax cut.

In its resolution issued on May 2, the Government told the Ministry of Finance to seek feedback from other ministries and agencies and complete drafting a National Assembly resolution on the tax cut in a fast-track manner.

The Minister of Justice was tasked with reporting to the National Assembly Standing Committee to seek approval for adding the VAT reduction plan to the 2023 law-making program.

The Ministry of Finance estimated that the VAT reduction, if approved, would lead State budget revenue to fall by VND5.8 trillion per month, or about VND35 trillion in the entire second half of this year.

It also proposed reducing about 35 fees and charges from July 1 to December 31 to support businesses and households, equivalent to a reduction of VND700 billion in State budget revenue.

5. Green economy attracts huge investments

Green economy investments have expanded by 10-13% year-on-year since 2021, said Nguyen Anh Tuan, deputy director general of the Foreign Investment Agency under the Ministry of Planning and Investment.

Renewable energy and sustainable buildings are among the key sectors in investors' green portfolios.

Tuan noted that businesses, including foreign-invested ones, have considerably geared production and consumption behaviors toward green growth.

Still, challenges have impeded Vietnam's efforts in sustainable development, including technology capability limitations and regulatory framework hurdles.

As of 2020, 80% of foreign-invested companies have average technology standards, and 15% operate with obsolete technology.

Nguyen Quang Vinh, vice chairman of the Vietnam Chamber of Commerce and Industry, said local and multinational companies in Vietnam play an essential role in helping the country realize its green growth strategy.

Thus, it is necessary to create a favorable legal environment and provide incentives to promote green growth and sustainable development in business operations, according to experts.

6. Vietnam spends 21.1bln USD importing phones, components in 2022

Vietnam spent over 21.1 billion USD importing mobile phones and components last year, a decrease of 1.6% from 2021, accounting for 5.9% of the country's total import turnover.

The figure was announced in the 2022 Vietnam Import-Export Report released by the Ministry of Industry and Trade late last week.

Imports of phones and components of the FDI sector reached 20.1 billion USD, down 0.9% from 2021.

Meanwhile, imports from the Republic of Korea and China accounted for the majority of the country's imports related to phones and components, 92.6%.

In 2022, Vietnam's import of CBU (completely built units) phones reached a turnover of 3.5 billion USD, up 10.5% compared to 2021, accounting for 16.6% of the import turnover of phones and components.

Apple, Samsung, Oppo, and Xiaomi phones were the most favoured brands, accounting for 93.4%. iPhone imports saw the most significant growth rising 46% to 1.16 billion USD. Samsung phones came in second at \$940 million and Oppo came in third at 442 million USD.

Also in 2022, imports of phone components stood at over 17.6 billion USD, down 3.7% compared to 2021.

The report also announced that the number of domestically-produced phones reached 210.5 million, a slide of 9.1% compared to 2021. The

production value of phone components reached 663 trillion VND, up 15.1% against 2021.

According to the report, exports of phones and components reached a turnover of 58 billion USD, an increase of 0.8% against 2021, and accounted for 15.6% of the country's total export turnover. Export turnover of FDI enterprises reached 57.8 billion USD, an increase of 1.4% from 2021, accounting for 99.7% of this commodity group.

The export of CBU phones reached 33.3 billion USD, up 0.7% compared to 2021, accounting for 57.4% of the total export turnover of this commodity group. That of Samsung phones earned over 31.4 billion USD, accounting for 95% of the country's total export turnover of CBU phones.

Meanwhile, exports of phone components and accessories hit over 24.7 billion USD, up 1% compared to 2021.

Last year, the key export markets for mobile phones and components were China, the US, the EU, the RoK, the UAE, and Hong Kong (China). Mainland China is Vietnam's largest export market with a turnover of 16.3 billion USD, up 7.1% compared to 2021. It was followed by the US market with 11.9 billion USD.

7. Agro-forestry-aquatic product exports reach 15.66 billion USD in four months

Vietnam earned some 15.66 billion USD from agro-forestry-aquatic product exports in the first four months of 2023, down 13.3% year-on-year, according to the Ministry of Agriculture and Rural Development.

The sector posted a trade surplus of 2.51 billion USD in the reviewed period, a decrease of 37.7%, the ministry said.

In April alone, the export revenue of agro-forestry-aquatic products was estimated at 4.54 billion USD, down 8.3% from the corresponding time last year, and 1.2 million USD from the previous month.

In the month, the export value of agricultural and husbandry products went up 24% and 46.7% to 2.33 billion USD and 41 million USD, respectively. Meanwhile, earnings from aquatic and forestry products dropped 28.6% and 29.8% to 800 million USD and 1.2 billion USD.

Such items as coffee, fruits and vegetables, cashew nuts, meat and by-products, and rice saw higher export values. On the contrary, the exports of rubber, tea, pepper, cassava and cassava products, wood and wooden products, rattan, bamboo and sedge mats, tra fish (pangasius) and shrimp experienced decreases.

For markets, apart from Asia with a 2.7% rise, Vietnam's agro-forestry-aquatic product exports to America, Europe, Africa and Oceania contracted 39.6%, 13%, 21.2% and 31%, respectively. China, the US and Japan remained Vietnam's biggest importers during the reviewed period.

The ministry said the decrease in agro-forestry-aquatic product export revenue was due to impacts of the global economy which is forecast to slow down this year, the Russia-Ukraine conflict and inflation surges in some countries.

Moreover, many countries have stepped up exports, while imported inventory remains big in major markets like the US and the EU, making many domestic enterprises unable to earn new orders.

The ministry said it will continue promoting market development and removing obstacles to domestic consumption and export in the time ahead.

Corporate News

8. ADG: Resolution on the AGM 2023

↑ 4.31 %

On April 15, 2023, Clever Group Corporation announces the resolution of annual general meeting 2023 to approve the following contents:

- 1) The AGM approved the audited financial statements in 2022.
- 2) The AGM approved the business plan in 2023:
- 3) Revenue of the holding company: 580,000 million dong
- 4) Profit after tax of the holding company: 51,000 million dong
- 5) Consolidated revenue: 670,000 billion dong
- 6) Consolidated profit after tax: 54,000 billion dong
- 7) The AGM approved the reports of activities of the BOD, Board of Management, Audit Committee, Independent member of the Audit Committee in 2022.
- 8) The AGM approved the selection of one of the audit firms for the financial statements in 2023:
 - CPA Vietnam Auditing Company Limited;
 - Deloitte Vietnam Company Limited;
 - PwC Vietnam Company.
- 9) The AGM approved the plan for stock issuance under ESOP:
- 10) Estimated issue volume: maximum 64,100 shares
- 11) Total value (at par value): VND641,000,000
- 12) Exercise ratio: 0.30%

13) Plan to deal with fractional shares: The distributed shares will be rounded down to units, the fractional shares (if any) will be cancelled.

14) Time of implementation: expected in 2023.

15) The AGM approved the change of company charter after ESOP.

16) The AGM approved the resignation of members, independent members of the BOD from April 15, 2023:

- Mr. Nguyen Khanh Trinh
- Ms. Don Nu Duc Hien
- Ms. Luu Hoang Anh
- Mr. Du Khac Chau
- Mr. Cho Chang Hyun
- Mr. Pham Thanh Hai – Independent member
- Mr. Tran Anh Nam – Independent member.

17) The AGM approved the appointment of members, independent members of the BOD for the term 2023 – 2028 from April 15, 2023:

- Mr. Nguyen Khanh Trinh
- Ms. Don Nu Duc Hien
- Ms. Luu Hoang Anh
- Mr. Tran Dong Au
- Mr. Lee SangSeok

- Mr. Tran Anh Nam – Independent member

- Mr. Nguyen Quang Quoc Phuong.

9. VJC: Vietjet reports after-tax profit of 168 billion VND in Q1/2023

↓ -1.55 %

Explanation for the consolidated financial Vietjet Aviation Joint Stock Company (HoSE: VJC) has recorded positive performance in Q1/2023, resulting from stable domestic flight operation and expansion of international network.

According to the Q1/2023 financial statements, Vietjet's air transport revenue reached 12.88 trillion VND (approx. 553 million USD) while the after-tax profit was 168 billion VND (approx. 7.2 million USD), increasing by 286% and 320% YoY respectively. Ancillary revenue, in particular, was reported at 4.31 trillion VND (approx. 185 million USD), accounting for more than 33% of the total revenue.

The company's consolidated revenue and after-tax profit was almost 12.9 trillion VND (approx. 554 million USD) and 173 billion VND (approx. 7.4 million USD), respectively.

In the first three months of the year, Vietjet has safely operated 31,300 flights and transported nearly 5.4 million passengers, growing by 57% and 75% YoY respectively. The airline's load factor averaged 85% while the technical reliability rate was 99.59%.

Vietjet's air cargo volume in the quarter totaled more than 14,800 tonnes, up by 20% YoY.

International passenger transport remained the highlight as it accounted for nearly 45% of the total passenger transport revenue and 30% of total flight and passenger numbers.

As of March 31, 2023, the airline's assets totaled more than 69.2 trillion VND (approx. 2.96 billion USD) with the debt-to-equity ratio being at 1 while the liquidity ratio at 1.3, both were staying within the safe range of the aviation industry.

Vietjet has paid up to 1.05 trillion VND (approx. 45 million USD) of direct and indirect taxes, fees and charges to the State.

Such performance resulted from Vietjet's proper business strategy in the context of a post-pandemic economy. In Q1/2023, the airline has introduced 10 new routes (four domestic and six international routes), bringing the total routes to 105 (55 domestic and 50 international routes).

Since early 2023, Vietjet has increased frequency of flights connecting Hanoi and HCM City with other localities to meet the travel demand for family reunion, as well as added more flights to tourism destinations.

The airline has pioneered to launch new international routes from Vietnam to India, Kazakhstan and Australia. It also added new destinations in high-performing markets like Japan, the Republic of Korea and Thailand, attracting investment and tourism to Vietnam.

Vietjet also focused to carry out programmes to optimise and manage operation costs, which contributed to the positive performance in Q1/2023.

Vietjet has set great targets towards better performance in the next quarters and the whole year, maintaining the market leader status. The airline also aims to grow strongly in the international market in 2023, to research and invest in highly potential routes while pioneers to open new ones.

The airline expects to expand the fleet to 87 aircraft, operating 139,513 flights with 25.7 million passengers onboard in 2023.

In addition to air service, Vietjet is eyeing to offer consumption services on an e-commerce platform with an absolute focus on technology programs to accelerate digital business, bringing greatest satisfaction experiences to the customers. The

newly-introduced Skyboss Business product on the A330 aircraft and the loyalty program SkyJoy both received positive feedbacks from a majority of passengers. The number of Skyboss Business passengers is gradually increasing, while SkyJoy has so far more than 3 million members.

The new-age carrier Vietjet has not only revolutionized the aviation industry in Vietnam but also been a pioneering airline across the region and around the world. With a focus on cost management ability, effective operations, and performance, applying the latest technology to all activities and leading the trend, Vietjet offers flying opportunities with cost-saving and flexible fares as

well as diversified services to meet customers' demands.

Vietjet is a fully-fledged member of International Air Transport Association (IATA) with the IATA Operational Safety Audit (IOSA) certificate. As Vietnam's largest private carrier, the airline has been awarded the highest ranking for safety with 7 stars by the world's only safety and product rating website airlineratings.com and listed as one of the world's 50 best airlines for healthy financing and operations by Airfinance Journal in many consecutive years. The airline has also been named as Best Low-Cost Carrier by renowned organizations such as Skytrax, CAPA, Airline Ratings, and many others.

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

Disclaimer:

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

Japan Securities Co., Ltd – JSI

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

Tel: (024) 3791 1818

Fax: (024) 3791 5805

Email: info@japan-sec.vn

Website: www.japan-sec.vn