VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index recedes after gaining for two consecutive days

Viet Nam's stock market was mixed on Friday, ending its two-day rally after a long holiday.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index dropped 0.07 per cent to 1,173.5 points. The decrease went against expectations from analysts that the index might increase at the end of the session despite some strong fluctuations.

"The VN-Index is expected to slightly increase in the last trading session of the week. However, the market might face some corrections in the session with a clearer division between stock lines," Bao Viet Securities wrote in a daily report.

It also believed that the benchmark might have a higher chance in gaining points in the first five days after Tet holiday rather than the possibility of losing points. The index declined during Thursday's morning session but bounced back in the afternoon.

Big stocks faced strong selling pressure today, with the large-cap tracker VN30-Index sliding 0.62 per cent to end Friday at 1,180,59 points. Twenty-two of 30 biggest stocks lost points, while only six rose. And two stocks ended flat.

During the session, nearly 578.3 million shares were traded in the southern bourse, equivalent to a value of over VND14.7 trillion.

Top five stocks influencing the market trend today were Vingroup JSC (VIC), down 0.91 per cent, Vietcombank (VCB), down 0.69 per cent, PetroVietnam Gas JSC (GAS), down 1.33 per cent, Viet Nam Dairy Production JSC (VNM), down 0.92 per cent, and VPBank (VBP), down 1.69 per cent.

Meanwhile the winner of the market was Asia Commercial Bank (ACB), followed by JSC Bank for Investment and Development of Viet Nam (BID) and Vietnam Rubber Group JSC (GVR). The ACB shares traded at VND31,100, up 6.69 per cent, while BID and GVR gained 1.61 per cent and 2.37 per cent, respectively.

On the Ha Noi Stock Exchange (HNX), the HNX-Index, the northern market's benchmark, reversed course from the morning session. The index rose 0.1 per cent to 231.18 points after losing 0.08 per cent in the morning.

The HNX30-Index also bounced back in the afternoon session, up 0.09 per cent to end Friday at 353,35 points.

More than 101.8 million shares were traded on the northern market during Friday's session, worth nearly VND1.8 trillion.

On the other hand, foreign investors were net sellers on both exchanges today, with a net value of VND12.85 billion on the HoSE and VND612.52 million on the HNX.

Macro & Policies

2. Bright outlook for rice exports in 2021: Insider

This year's rice exports will not only sustain the value growth seen in 2020 but also increase in volume, a leader from major rice exporter - the Trung An Hi-tech Farming JSC - has said.

Vietnam exported 6.15 million tonnes of rice worth 3.07 billion USD in 2020, down 3.5 percent in volume but up 9.3 percent in value year-on-year, according to the Ministry of Agriculture and Rural Development.

Citing reasons for optimism about exports, Trung An's General Director Pham Thai Binh said the country's policy of intensive and extensive integration into the world has created a number of competitive edges for Vietnam's economy via multilateral and bilateral free trade agreements.

Under the integration policy, he noted, the rice sector has gradually restructured itself towards higher quality, rather than primarily focusing on output, and is growing more diverse varieties, with high-grade grains meeting demand among both domestic and foreign consumers.

Vietnam is among the world's leading rice suppliers. The COVID-19 pandemic, meanwhile, has pushed many countries towards a food crisis as a result of disrupted supply chains, which may not recover in a short period of time.

Demand for Vietnamese rice from many new markets has therefore surged since mid-2020 and is likely to increase even more this year, Binh went on.

Transportation problems, however, have hampered rice exports in recent times, he said, pointing out that the country is facing a serious shortage of empty containers and cargo ships for exports.

One urgent solution is to ensure self-sufficiency in containers and ships, he suggested, and to do that the Government needs to order the maritime sector and logistics firms to take drastic action.

3. Indonesia slaps anti-dumping duties on cold steel sheets imported from Vietnam

Indonesia will apply anti-dumping duties of 3.01-49.2 percent on imports from Vietnam. But some major exporters are set to get away with low duties, according to the Trade Remedies Authority of Vietnam.

Hoa Sen Group will pay 5.34 percent and Ton Dong A Corporation will pay 3.01 percent.

The Trade Remedies Authority of Vietnam said it has been informed by the committee that Vietnamese and Chinese cold steel sheets are being imported into Indonesia at a price lower than in those countries, hurting domestic companies.

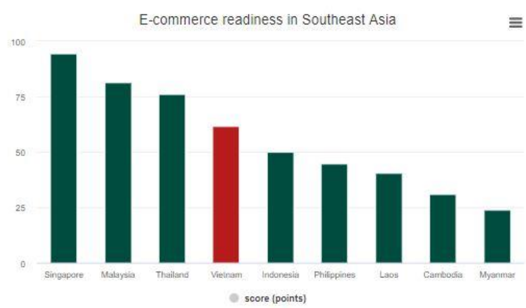
In August 2019, the Indonesian committee announced it was opening the anti-dumping investigation. In July last year, it made a preliminary conclusion that the item under investigation was indeed being dumped.

Immediately TRAV sent a letter objecting to some unreasonable aspects of the preliminary conclusion. KADI decided to extend the investigation for six months.

Its final conclusion was announced on February 17.

4. Vietnam moves up in e-commerce readiness

With a score of 61.6 points on a scale of 100, Vietnam did much better than Indonesia (83rd), the Philippines (96th), Laos (101st), Cambodia (117th) and Myanmar (130th), according to the B2C (business-to-consumer) E-commerce Index report released this week by the United Nations Conference on Trade and Development.



The ranking measured 152 economies around the world on their readiness to engage in online commerce based on four indicators with a high correlation to online shopping: internet server access; postal service reliability; share of population who use the internet; and share of population aged above 15 who have an account with a financial institution or mobile-money-service provider.

According to the report, nearly 70 percent of Vietnamese people use the internet and 31 percent of individuals aged 15 and above have bank accounts or mobile bank accounts.

In terms of internet server access and postal reliability, Vietnam scored 64 and 83 percent respectively.

The report also showed online shoppers in Vietnam account for 36 percent of internet users and 18.7 percent of the 96-million population.

Switzerland was on top of the index, followed by the Netherlands and Denmark.

"The Covid-19 pandemic has made it more urgent to ensure countries trailing behind are able to catch up and strengthen their e-trade readiness," said Shamika Sirimanne, director of UNCTAD's technology and logistics division, adding that the index underscores the need for governments to do more to ensure more people can avail of e-commerce opportunities.

"Otherwise, their businesses and people will miss out on the opportunities offered by the digital economy, and they will be less prepared to deal with various challenges," she said.

According to an e-commerce development plan approved by the Vietnamese government last year, the sector's revenues should reach $35 billion by 2025 and account for 10 percent of the total. The government also targets 55 percent of the population shopping online by 2025.

Vietnam's e-commerce market expanded by 18 percent last year to $11.8 billion, the only country in Southeast Asia to record double-digit growth in the sector amid the Covid-19 pandemic.

5. Vietnamese goods shipped to 80 markets globally over Tet

China, Vietnam's biggest trade partner, imported US$189 million worth of products, making up 26% of Vietnam's total export revenue.

Exports to the United States came in second with US$152 million, accounting for 21% of the total export revenue. This was followed by the Republic of Korea (RoK) with US$67 million, 9% of the total, and Hong Kong (China) with US$57 million, making up 8%.

Local firms imported goods from 57 countries and territories worldwide throughout the reviewed period. The largest volume of imports came from the RoK with US$355 million, accounting for 38% of total import revenue. Elsewhere, China came in second with US$159 million, making up 17%, while the US, Ireland, and Taiwan (China) came in third, fourth, and fifth, accounting for 9%, 8.5%, and 8%, respectively.

According to the General Department of Vietnam Customs, Vietnam's import and export turnover during the annual holiday hit US$1.67 billion, up 53% from last year.

Phones and parts posted the largest export turnover among export items with US$332 million, accounting for 45% of total exports.

Vietnam mainly imported computers and electronic products and components with a value of US$538 million, or 57% of total imports.

Since the start of the year to February 16, the country reported total import and export revenue of US$74.5 billion, an increase of 31% on-year. Of the total, export revenue hit US$38.5 billion, securing a trade surplus of US$2.6 billion.

Vietnam posted an all-time high trade surplus of US$19.1 billion in 2020, far exceeding the record figure of US$10.9 billion in 2019. This was also the fifth consecutive year that the country recorded a trade surplus, and a second year in a row with a trade turnover of over US$500 billion.

6. Coal companies report rises in revenues but declining profits

Vinacomin - Northern Coal Trading Joint Stock Company (TMB) saw an average growth rate of 9 per cent in revenue every year during the 2010-2020 period.

Vinacomin - Coal Import Export Joint Stock Company (CLM) has reported a 17 per cent rise in revenue during the past 10 years, from VND1.6 trillion (US$69.4 million) to VND7.5 trillion.

Ha Lam Coal (HLC), Vang Danh Coal (TVD), Ha Tu Coal (THT) and Mong Duong Coal (MDC) witnessed the same average revenue growth in the 2010-2020 period of 6-7 per cent.

Low profits

Despite earning trillions of dong in revenue, coal companies only achieved tens of billions of dong a year in profit, with some even suffering losses.

Compared to 2010, the profits of coal companies were almost unchanged.

Mong Duong Coal (MDC) had a profit of VND79 billion in 2010 – the highest in the group mentioned above. But by the end of 2020, this enterprise only reported VND27.8 billion in profit.

Coc Sau Coal (TC6) witnessed profit fall from VND67 billion in 2010 to only VND5.6 billion in 2020, the lowest level among the group, although its yearly average revenue is much higher than many other businesses in the industry.

The merger between Cao Son Coal (TCS) and Tay Nam Da Mai Coal (TND) also did not help Cao Son Coal improve its profit in 2020, hovering at more than VND54 billion.

Viet Bac Mining (MVB), which started the equitisation process in 2015, made a breakthrough in profit growth with VND55 billion in 2015, soaring to VND270 billion in 2020, a jump of 37 per cent.

Businesses in the coal mining industry have to confront specific risks such as the reserve of open-pit mines gradually drying up.

Most mines are exploited deep underground, with some at even 300m below sea level. Underground coal mines have higher soil removal costs compared to open-pit mines, which leads to less competitive coal prices.

Mining activities are seasonal and affected heavily by the weather. Due to the negative impact on the environment, taxes and fees for the coal industry are always high and tend to increase.

However, if comparing coal stocks, it can be seen that there are still good stocks with low price-to-earnings (P/E) rates and high dividend payout ratios.

Leaders of Viet Nam National Coal and Minerals Group (Vinacomin or TKV) said that the coal industry was facing many difficulties due to the impact of the COVID-19 pandemic, which has caused millions of tonnes of coal residuals at the yards and warehouses of TKV.

They said the coal demand for the economy in 2021 will not grow much, staying at the same level as in 2020. In addition, the mining conditions are increasingly difficult due to the rising depth underground, hampering the transportation process.

7. Vietnam leading car dealers struggle with Covid-19 impacts

Major car dealers in Vietnam, including Savico, Haxaco and City Auto, posted modest return on sales (ROS) of 1-2% in 2020, mainly due to customers tightening their belt amid a difficult Covid-19 year.

"The pandemic had led to fierce competition in car prices, causing a downturn in the company's business performance," stated Savico in its financial statement.

Savico, a distributor of major car brands of Toyota, Volvo, Honda, Mitsubishi, recorded the highest revenue among the three with VND16.13 trillion (US$700.2 million), down 12% year-on-year, and profit of VND224 billion (US$9.72 million), or ROS of 1.38%.

While car prices in 2020 were significantly lower compared to pre-Covid-19 period, customers had become more cautious in spending, leading to an 8% year-on-year drop in car sales to 296,634 units, data from the Vietnam Automobile Manufacturers' Association (VAMA) noted.

City Auto, a major distributor of Ford and Huyndai, suffered a same fate with a decline of 11% year-on-year in revenue to VND5.67 trillion (US$246.1 million) and net loss of over VND4 billion (US$173,800).

Last year, City Auto predicted a challenging year of 2021 for the automobile industry following a sharp drop in market demand.

In a letter to the Ho Chi Minh City Stock Exchange, City Auto attributed its negative business performance to lower car sales volume.

In contrast, Haxaco, a leading Mercedes-Benz car dealer in Vietnam, recorded a rise of 8% year-on-year in revenue to VND5.57 trillion (US$241.8 million) and after-tax profit of VND125 billion (US$5.42 million), up 150% year-on-year.

A senior official at Haxaco said the firm took advantage of the government's policy of reducing 50% of the registration fee for domestically-produced cars to boost sales revenue. However, Haxaco's ROS remained at a modest rate of 2.24%.

A study from SSI Securities Corporation suggested 2021 could start the upward trend of Vietnam's automobile industry with a 16.3% year-on-year growth rate in terms of car sales number, citing high demand from the domestic market for cars.

Corporate News

8. NVT: Foreign investors divest Ninh Van Bay due to bleak performance

↑ 6.87%

Notably, Recapital Investments Pte., Ltd. issued an announcement to sell 10.7 million shares at Ninh Van Bay Travel Real Estate to decrease its ownership from 11.9 per cent to zero. Recapital Investments is an investment fund owned by Rosan P. Roeslani, the former president of Inter Milan football club.

Besides, Belton Investments Ltd. has also registered to sell its entire 6.4 million shares, equaling 7.07 per cent of the stake, in this company. The sale is expected to be completed between February 5 and March 1.

Previously, in 2013 Recapital Investments bought 30 million shares at the price of VND7,500 (32.61 US cents) apiece. Belton Investments has been a large shareholder since 2012. However, since 2019, both investors started to decrease their ownership in Ninh Van Bay Travel Real Estate.

The reason for the divestment may be the bleak business results of Ninh Van Bay.

Notably, the company listed its stake on the Ho Chi Minh City Stock Exchange in 2010 with the initial price of VND30,000 ($1.30) apiece, however, the stocks plunged to VND1,000 (4.35 US cents) apiece in 2017. Besides, the company suffered a loss of VND479 billion ($20.83 million).

After two years of restructuring, the company reported a profit of VND27 billion ($1.17 million) in 2019, more than 13 times the figure of VND2 billion ($86,960) in 2018. In 2020, the company acquired VND211 billion ($9.17 million) in net revenue, down 24 per cent on-year. The main reason for this bleak business result came from the impact of the COVID-19 pandemic.

At present, Ninh Van Bay stocks are traded at VND5,680 (24.70 US cents), rising 22 per cent over the past three months.

9. SLS: Revenues halved in 2nd half of 2020, but profitability improved.

↑ 1.06%

According to SLS's2021 reviewed financial statements for the fiscal period from July 1st to December 31st 2020, net revenue in 6 months reached nearly VND 273 billion, down 44% compared to the same period last year, mainly due to the decrease in revenues of sugar products, to more than VND 269 billion.

The Company recorded profit after tax of more than VND 41 billion, still up 16% over the same period last year.

In financial year 2021, SLS projects to have total revenue of VND 816 billion and profit after tax of VND 26 billion; which are lowered estimates by 23% and 78% compared to the previous year.

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