



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Bank stocks back market rally

The market ended higher on Tuesday, but lost momentum from foreign capital flows as foreign investors net sold on the key southern bourse.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) increased by 8.61 points, or 0.78 per cent to 1,111.18 points, recouping some of the previous session's losses. It had declined by 14.53 points on Monday.

Analysts from Saigon - Hanoi Securities SJC (SHS) said that the market kicked off the Year of the Cat with a rally session and a strong correction.

"However, according to our analysis, 2023 will probably be a positive year for the stock market. The market has escaped the downtrend and entered the recovery and accumulation zone before creating enough foundation to form a real uptrend," said SHS.

"The opportunities are available for all types of investors. The market correction period will create good disbursement chances."

The market's breadth on Tuesday remained positive with 209 stocks on HoSE edging up, while 122 stocks moved lower. Liquidity was stable, of which more than 748.4 million shares were traded on the southern market, worth VND13.6 trillion (US\$580 million).

The VN30-Index, which tracks 30 biggest stocks on HoSE, also rebounded. It finished Tuesday at 1,125.07 points, a rise of 11.12 points, or 1 per

cent. Twenty stocks in the VN30 basket advanced, while ten slid.

The index's reversal was mainly driven by gains of bank stocks and some manufacturing stocks. Accordingly, Vietcombank (VCB) was the biggest gainer, leading the market's rally. It was up 2.22 per cent in market capitalisation.

Other big bank stocks lifting the sentiment were Vietinbank (CTG), BIDV (BID), Sacombank (STB), and Asia Commercial Joint Stock Bank (ACB) with gains of at least 2.5 per cent.

Hoa Phat Group (HPG) and Vietnam Rubber Group (GVR) also contributed to the bullish trend.

However, gains were capped by losses of some large-cap stocks, led by Vinamilk (VNM) with a fall of 2.9 per cent. It was followed by Vinhomes (VHM) and Vingroup (VIC), down 1.17 and 1.04 per cent, respectively.

On the Ha Noi Stock Exchange (HNX), the HNX-Index continued its positive movements. It closed the trading day at 222.43 points, up 1.65 points, or 0.75 per cent.

During the day, more than VND1.3 trillion worth of shares, equivalent to a trading volume of 88.24 million shares, was traded on HNX.

Foreign investors put on the brakes and net sold nearly VND119 billion on the southern exchange. However, they still net bought a value of VND5.7 billion on HNX.

## Macro & Policies

### 2. FTAs - push for Vietnam's 2023 export

The 15 free trade agreements (FTAs) to which Vietnam is a member are expected to give a boost to Vietnam's export activities this year, towards the growth target of 6%.

Phuc Sinh JSC, based in Ho Chi Minh City, has exported 50 containers of coffee, pepper, cashew nut and other products to Europe, the US and the Middle East in early 2023.

The company shipped abroad about 50 million USD worth of goods to Europe in 2020 and 63 million USD in 2021, which grew some 30% last year.

It is among the hundreds of domestic firms that are effectively utilising the FTAs, contributing to raising Vietnam's agro export revenue to over 53 billion USD in 2022.

Chairman and General Director of Phuc Sinh JSC Phan Minh Thong noted that with tax incentives, the deals will help Vietnamese goods compete with those from other countries despite difficulties

forecast for this year as many major importers are expected to face inflation.

Import-export was Vietnam's bright spot in 2022, hitting a record of around 730.2 billion USD, of which 371.5 billion USD came from export, statistics show.

Notably, thanks to the EU-Vietnam Free Trade Agreement (EVFTA), garment-textile exports to the EU reached 4.46 billion USD, representing a year-on-year rise of 34.7%.

The sector is projected to rake in 47-48 billion USD this year, which is within its reach as the FTAs will accelerate the relocation of investment from other countries to Vietnam, according to Chairman of the Vietnam Textile and Apparel Association (VITAS) Vu Duc Giang.

Minister of Industry and Trade Nguyen Hong Dien also held that the agreements will further prove their role this year as the market share of many key exports still remains limited in foreign countries.

### 3. Newly-established businesses drop nearly 17% in January

There were 10,800 newly-registered enterprises with total registered capital of 99.1 trillion VND (4.22 million USD) in January 2023, representing respective decreases of 16.6% and 48.5% over the same period last year.

Data from the Business Registration Management Agency under the Ministry of Planning and Investment showed that the average registered capital of a newly established enterprise in the month was only 9.1 billion VND, down 8.2% month-on-month and 38.2% year-on-year.

The agency attributed to the declines to the long New Year and Lunar New Year (Tet) holidays that resulted in less working time.

As many as 4,500 businesses increased their capital by 279 trillion VND, while 15,100 enterprises resumed operations, up 146.8% compared to the previous month and down 21.2% from the same period last year.

Enterprises withdrawing from the market numbered 43,900, a year on year increase of 14.4%

To support businesses, General Director of the General Statistics Office Nguyen Thi Huong suggested that ministries and branches continue to ensure adequate supply of raw materials and energy to meet requirements of production and business recovery and socio-economic development; remove difficulties and obstacles for important industrial projects; provide maximum support for factories to

maintain and restore production to keep orders and supply chain.

Many manufacturing enterprises also proposed the government continue to strengthen the simplification and transparency of customs procedures to reduce costs them.

#### 4. Vietnamese investment overseas on the rise in January

Of the total, US\$126.6 million was invested in three new projects, marking a 2.9-fold increase compared to last year's corresponding period.

social assistance activities with US\$1.5 million, as well as the financial, banking, and insurance sector with US\$140,400.

It's noteworthy that US\$125 million was funneled into the wholesale and retail and repair of automobiles, motorcycles, motorbikes and other motor vehicles. This was followed by health care and

The Republic of Korea was the leading recipient of Vietnamese investment with US\$125.1 million, trailed by Thailand with US\$1.5 million, and Laos with US\$140,400.

#### 5. Southeast region prepares for new FDI wave

The southeast region is preparing necessary conditions in infrastructure, administrative procedures and human resources to welcome a new wave of foreign direct investment (FDI), as investors have flocked to the region right from the beginning of this year.

A 76.3-km Belt Road No.3 crossing four localities of HCM City, Binh Duong, Dong Nai, and Long An will be launched in the second quarter of this year, contributing to motivating the region's development.

The region, comprising Ho Chi Minh City and five provinces of Dong Nai, Binh Duong, Ba Ria-Vung Tau, Binh Phuoc, and Tay Ninh, has been attractive to investors. HCM City and Binh Duong were the leading localities in FDI attraction in 2022 with 3.94 billion USD and 3.14 billion USD, respectively.

Meanwhile, regional localities have broadened the national highway and expressway systems to boost their growth.

Right at the beginning of 2023, Binh Duong welcomed many large firms coming to explore the local investment opportunities, including Sembcorp and CapitaLand from Singapore, Nebraska from the US, and Tokyu from Japan.

Commenting on the growth prospect of the region, Japanese Consul General in HCM City Watanabe Nobuhiro said that once the Bien Hoa-Vung Tau expressway and Belt Roads No.3 and No.4 are put into operations, the connections among regional localities will be fostered, making the region even more attractive.

According to the Ministry of Planning and Investment (MPI)'s Foreign Investment Department, the southeast region will continue to be the major FDI magnet of the country in 2023. This year, the country may lure about 36-38 billion USD in FDI.

Alongside, the localities have also expanded their industrial parks (IPs) to make more spaces for investors.

In order to attract investors, over the recent years, the region has focused on developing the infrastructure system to strengthen regional

HCM City is working on a 668-hectare Pham Van Hai IP, while Binh Duong is turning the 1,000-hectare Vietnam-Singapore IP (VSIP) to a green IP and investing on a 1,000-hectare Cay Truong IP as well as Rach Bap IP.

At the same time, Dong Nai is finalising procedures to set up eight other IPs, which are expected to

provide more than 7,000 hectares of industrial land for investors.

Ba Ria-Vung Tau is also working on a plan to set up eight more IPs with a total area of over 8,000 hectares from now to 2030.

Furthermore, the localities have concentrated on improving their investment environment, with the promotion of single-window mechanism at IPs, aiming to make all procedures involving businesses faster, smoother and easier.

In terms of human resources, the localities have formed a linkage among the State, businesses and training facilities to ensure human resources training match businesses' demands, and create a start-up ecosystem.

With the careful preparations of necessary conditions, experts predicted that the region will continue to take the leading role in FDI attraction.

## 6. Steel producers report heavy losses for second consecutive quarter

The steel industry's fourth-quarter financial statements of 2022 show heavy losses for Hoa Phat, Hoa Sen, Nam Kim, VNSteel, and Tisco. The five industry giants have now seen losses for the second consecutive quarter, with more than VND3.5 trillion (\$152.2 million) lost in the last quarter of 2022.

Hoa Phat Group (HSX:HPG), reporting the biggest individual net loss of more than VND2 trillion (\$85.2 million), continue to fall after a loss of nearly VND1.8 trillion (\$76.6 million) in the third quarter. In the last quarter of the year, the group's revenue also decreased by 42 per cent on-year, to VND26 trillion (\$1.1 billion).

Hoa Phat recorded a revenue of VND142 trillion (\$6.05 billion) for the whole of 2022, down 5 per cent on-year. After-tax profit for the whole year reached more than VND8.4 trillion (\$365.2 million), equivalent to a quarter of that in 2021.

Hoa Sen Group's (HSX:HSG) (\$29 million) (VND680 billion) losses were an improvement compared to VND887 billion (\$37.8 million) in the third quarter last year. Similarly, VNSteel (HSX:TVN) reduced its losses from VND567 billion (\$24.15 million) in the

previous quarter to VND410 billion (\$17.47 million) in the fourth quarter.

Nam Kim (HSX:NKG) and Tisco (HSX:TIS) also improved on their previous quarter losses, at VND356 billion (\$15.2 million) and VND17 billion (\$724,000) in the last quarter of the year, respectively.

The drop in consumption combined with the continuous decline in prices have significantly affected the revenue of steel producers. According to the Vietnam Steel Association, total steel product consumption in 2022 was 27.3 million tonnes, down 7.2 per cent compared to 2021, and total export turnover was 6.28 million tonnes, down nearly 20 per cent.

Construction steel was the only item that recorded a slight increase in output by 3 per cent on-year, while consumption of galvanised steel decreased by 22 per cent, mainly due to the weakening of the export market by 38 per cent. Sales of downstream products such as galvanised steel and steel pipes were gloomy, causing the output of hot-rolled coil to decrease by more than 13 per cent.

## 7. 18,000 tourists spend 18.3 mln USD on outbound tours during Tet

Around 18,000 Vietnamese tourists chose outbound tours through travel agencies in Ho Chi Minh City during the Lunar New Year (Tet) holiday this year, spending a total of 430 billion VND (18.3 million USD), according to a report from the city's Department of Tourism.

The number of tourists choosing outbound tours accounted for 55-65% of the total domestic and foreign tours.

This is an unexpected growth, according to tourism businesses.

Nguyen Nguyet Van Khanh, director of Vietravel's marketing department, said that the company recorded a total of more than 47,000 tourists registered for Tet tourism, much higher than last year.

This year, despite the effects of the pandemic, tourists are still excited about their plans to travel abroad because their favourite destinations have almost returned to normal and visa policies are also more convenient.

Destinations such as Thailand, Japan, the Republic of Korea, Europe and the US always attract many tourists. Some tourists even choose to pre-book foreign tours in March and April 2023.

Similarly, travel companies such as Saigontourist, TST Tourist and Benthanh Tourist have had dozens of tourists going abroad during this Tet holiday.

Tran Quoc Bao, deputy general director of Saigontourist Travel, said that the number of tourists travelling aboard on the Lunar New Year holiday through the company reached 21,000.



## Corporate News

### 8. MSN: Masan posts net revenue of \$3.25 billion in 2022

↓ -0.88%

Excluding the 2021 feed revenue for a like-for-like (LFL) comparison due to its deconsolidation, Masan's net revenue reached \$3.25 billion in 2022, an increase of 2.6 per cent from \$3.16 billion in 2021. On a reported basis, revenue decreased by 14 per cent in 2022 and 13.4 per cent in Q4/2022.

On an LFL basis, the 2022 consolidated earnings before interest, taxes, depreciation, and amortisation (EBITDA) reported a slight decline by 1.2 per cent on-year to \$615.2 million as the margin only reached 18.9 per cent in 2022 versus 19.7 per cent in 2021 and the revenue was flat. As reported, consolidated EBITDA decreased by 11.8 per cent in 2022 and 28.1 per cent in Q4/2022.

Net profit after taxes after minority interests (NPAT Post-MI) declined by 58.3 per cent to \$152 million in 2022 primarily due to one-off financial income gains from the deconsolidation of the feed business in Q4/2021 and lowered NPAT for Masan MEATLife (MML) and Masan High-Tech Materials (MHT) in 2022. However, on an LFL Core NPAT Pre-MI basis, MSN recorded \$164 million in 2022, up 1.1 per cent on-year. NPAT Pre-MI posted \$202.4 million, down 52.9 per cent on a reported basis. This decline is primarily due to the loss of the feed business NPAT.

Among them, The CrownX (TCX), Masan's integrated consumer-retail platform that consolidates WinCommerce (WCM) and Masan Consumer Holdings (MCH), recorded a slight top-line decline in a challenging macro environment with weakened consumer sentiment, delivering revenue of \$2.4 billion in 2022 – down 3.1 per cent on-year – and \$659.9 million in Q4/2022 – down 6.5 per cent. On a normalised basis, TCX revenue was up 5.2 per cent in 2022 and down 2.1 per cent in Q4/2022.

WCM successfully opened 730 minimarkets in a year when the rest of the industry retrenched. The aggressive store rollout is a testament to the

profitable unit economics model that WCM has built.

MCH improved profitability in Q4/2022, but the top line was negatively impacted by weakened consumer demand. It achieved \$1.19 billion in net revenue and \$279.5 million in EBITDA. When normalising for the effect of consumer stockpiling in Q3 and Q4/2021, revenue decreased by 11.8 per cent and then increased by 2.4 per cent in Q4/2022 and FY2022 respectively. The Q4/2022 top-line decline was driven mainly by stricter demand planning to ensure a healthy and sustainable level of inventory at distributors, positioning MCH well for 2023.

In 2022, Phuc Long achieved \$67.3 million in revenue and \$8.35 million in EBITDA, primarily due to the strong performance of its flagship stores which delivered \$48.9 million in revenue and \$14.14 million in EBITDA. The flagship stores are entering 2023 with strong momentum as it opened a record number of 23 new flagships and 2 mini stores in Q4/2022, totalling 111 and 21 by the end of 2022 respectively.

On an LFL basis, MML's revenue increased by 34.3 per cent on-year in Q4/2022 and 6.7 per cent on-year in FY2022, driven by a greater volume of chilled meat sales. This was thanks to MML's strategy to reduce the price gap between MEATDeli products and the wet market's warm meat from 40 per cent at the beginning of 2022 to only around 20 per cent since May. As a result, the H2/2022 chilled meat volume increased by 30 per cent compared to the same period in the previous year.

Meanwhile, MHT delivered net revenue of \$662.5 million in FY2022, up 14.6 per cent on-year due to a higher APT price, but decreased by 1.6 per cent in Q4/2022 on-year due to the negative impacts from lower feed grade that impacted Nui Phao Mining Company and the Russia-Ukraine conflict and zero-COVID Policy in China that led to reduced demand for H.C. Starck. EBITDA increased by 4.3 per cent in 2022.

## 9. DBC: Dabaco sets ambitious target despite recent setbacks

↑ 0.60%

Dabaco is aiming for \$1 billion in revenue and \$24.24 million in after-tax profit for 2023. This is despite earning VND2.93 trillion (\$124.82 million) last quarter, a decrease in revenue of 4.3 per cent on-year.

Gross profit saw a decline of almost 60 per cent on-year to VND150 billion (\$6.4 million) for the same period. It is the first quarter that the group has reported losses since 2017.

Revenue for the whole of 2022 reached VND12.26 trillion (\$522.3 million), up 13.5 per cent on-year, however, after-tax profit fell by 82 per cent to

VND150 billion (\$6.4 million). These results equal 54 per cent of initial revenue targets and 16 per cent of initial profit targets.

The revenue target for 2023 is considered ambitious for the group due to the ongoing crises in the domestic and global economies, leading to increases in material, production, and logistical costs, and their impact on animal feed production

In addition, complications from diseases, especially African swine fever (ASF), are also a factor affecting companies working within the livestock industry.

Furthermore, the company failed to deliver its ASF vaccine as expected in late 2022 and is presently still in the final stages of completion of the vaccine before its official launch.



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