



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. VN-Index declines for 4th straight session

Benchmark indices were mixed on Tuesday with the VN-Index extending its losing streak for the fourth straight session.

Strong selling pressure overshadowed demand for riskier assets, causing the VN-Index to finish lower. Accordingly, the index closed the trading day at 1,038.64 points, a decline of 5.06 points, or 0.48 per cent.

The market's breadth, however, was positive as more stocks added points. Of which, 183 stocks advanced, while 142 went down.

Trading value on the southern bourse fell strongly by 36 per cent over the previous session, over VND6.7 trillion (US\$284.75 million), equal to a trading volume of more than 395.7 million shares.

The VN30-Index, tracking the 30 biggest stocks on HoSE, slid 5.47 points, or 0.53 per cent, to 1,034.93 points. Seventeen stocks of the VN30 basket decreased, of which one - Novaland (NVL) - posted the biggest intraday loss of 7 per cent, while 11 ticker symbols jumped. And two stocks stayed unchanged.

Data compiled by financial website vietstock.vn showed that Vinhomes (VHM), BIDV (BID), and

Vietcombank (VCB) were the top stocks influencing the index's bearish trend, down 3.72 per cent, 2.25 per cent, and 1.07 per cent, respectively.

Losses of other stocks weighing on sentiment were Sabeco (SAB), down 2.03 per cent, Vietinbank (CTG), down 1.54 per cent, and VPBank (VPB) down 1.76 per cent.

The index pared losses thanks to gains in some manufacturing and banking stocks, led by Hoa Phat Group (HPG), up nearly 2 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index reversed Monday's course to end higher on Tuesday. Specifically, the HNX-Index rose 0.37 points, or 0.18 per cent, to 204.86 points.

During the session, more than 37.9 million shares were traded on the northern market, worth VND564.23 billion.

Foreign investors returned to net buy on the stock market with a net value of nearly VND72 billion. Of which, they net bought VND56.83 billion on HoSE, and VND15.16 billion on HNX.

## Macro & Policies

### 2. Sugar firms foresee sweet prospects

According to Thanh Cong Securities JSC, the price of sugar in the global market reached 21.7 cents/lb on February 1, rebooting to the peak level in 2017 after falling to a bottom 9 cents/lb in April 2020.

According to the United Nations Food and Agriculture Organization (FAO), during January-October 2022 the sugar price averaged 18.5 cents/lb.

A spike in the sugar price in the first month of 2023 signifies an upbeat prospect for sugar firms.

The leader at Lam Son Sugar JSC (LSS) noted that despite facing mounting hardships in 2022, the company made great strides and posted encouraging results.

Along with this, LSS counted \$108.6 million in revenue and \$34.7 million in profit, higher compared to the previous years when the company reaped \$1.91 million and \$956,520 in profit in 2021 and 2022, respectively.

Its production and business activities remained stable. Notably, last year LSS focused on expanding material growing areas as well as output markets for high-tech agricultural products and drinks.

This year, LSS is set to reach \$130.4 million in revenue for the 2022-2023 season, increasing to \$217.3 million by 2025, simultaneously investing strongly in research and development (R&D) and deep processing to create products with high added value.

The company has recently injected nearly \$21.7 million into building and put into operation five new plants.

Meanwhile, Thanh Thanh Cong-Bien Hoa Sugar JSC (SBT) aims to expand its material areas in Australia during 2021-2025 period to 20,000ha.

Last August, SBT developed 1,244ha material growing areas in Australia, striving to expand to 5,000ha in the 2022-2023 season.

Mirae Asset Securities predicted that SBT's revenue in the 2022-2023 season could reach \$879.5 million, and its post-tax profit \$46.8 million, up 10 per cent and 29 per cent compared to the previous season.

There are three factors attributable to SBT's rosy growth, according to Mirae Asset's experts.

First, the company's profit margin is expected to swell from 12.5 per cent to 13 per cent thanks to higher price. Second, the revenue from sugar production is expected to inch up 12 per cent. Third, bright prospects in exports to China following China's recent re-opening.

The US Department of Agriculture has forecast that China will import 4.4 million tonnes of sugar in the 2022-2023 season. This entails export opportunities to Vietnamese sugar firms, including SBT.

At Son La Sugar JSC, in the second quarter lasting from October 1 to December 31, 2022, the company counted \$4.69 million in post-tax profit, up 213 per cent on-year.

The company has attributed its sharp profit growth during the period to rising sales revenue and accrued profit against dwindling financial and business management costs compared to one year ago.

In the 2021-2022 season, the company's cumulative revenue surpassed \$14.2 million and post-tax profit \$2.95 million.

VNDIRECT Securities assumes that Vietnam's sugar industry will regain its status with a growth rebound in 2023 in the face of a sugar price rally and the application of measures to combat trade remedy evasions.

Accordingly, after investigation last August, Vietnam officially imposed an anti-dumping tariff at 42.99 per cent and anti-subsidy tariff at 4.65 per cent on sugar products imported from Thailand and

countries with sugar materials originating from Thailand.

The tariffs run from August 9, 2022 to June 15, 2026.

### 3. Apparel makers seek ways to overcome difficulties ahead

With obstacles and challenges awaiting the garment and textile sector in the first half given a lack of recovery signal in global demand, most firms have prepared their schemes to overcome.

The sector earned 44 billion USD from exports in 2022, up 8.8 per cent year-on-year. The figure is aimed to hit 47-48 billion USD this year.

Stepping into 2023, apparel makers have seen quieter markets at home and abroad, recording high inventory levels and low orders for the first six months over concerns of high inflation. Overseas buyers are paying less and requiring more about the quality, sustainability, and origin of the products, while the domestic market has experienced a plunge in the number of orders, particularly for the first and second quarters which are not the peak periods of fashion in a year.

To deal with the situation, Pham Quang Anh, director of the Dony garment company, said it has found a source of new clients and developed more products serving its traditional ones.

Meanwhile, Tran Van Quy, director of the Trung Quy textile company, said his firm has turned to green, recycled, and organic goods for the US market. This means a shakeup of the factory system, labour training, and quality assessment to obtain related international accreditations, according to him.

Trung Quy has also changed the investment proportions for domestic and overseas markets to 50 per cent and 50 per cent from the previous 30 per cent and 70 per cent, respectively, Quy said.

### 4. Demand for industrial land for rent remains high

Due to short supply, rental prices for industrial land are expected to continue to rise by an average of 8-20% year-on-year in 2023, depending on the region, according to a report by the SSI Securities Corporation.

Last year, industrial real estate rents rose by an average of 10% due to high demand, according to the report.

Trang Minh Ha, chairman of the North Stars Asia Company, said that in Vietnam, industrial real estate leasing has seen a hike in demand and rental prices, especially for logistics and warehousing.

The industrial land-for-rent market is likely to remain strong over the next 12 months, she added.

Demand for industrial land has surged as the occupancy rate in industrial hubs has reached almost 100%, she said.

Many ready-built warehouses, factories and logistics and data centres are being built in industrial parks (IPs) across the nation, she added.

The average rent for industrial land in the southern region was 159 USD per square metre in the last quarter of 2022, up 3% over the previous quarter and 10% year-on-year, according to global real estate services firm Cushman and Wakefield.

The highest rent in Ho Chi Minh City was 300 USD per sqm. The occupancy rate increased to 92% from 91%. The average rent in Binh Duong and Long An provinces was 180 USD.

According to the Ministry of Planning and Investment, Vietnam has 292 industrial parks with a total land area of 87,100ha and 106 more are under construction.

They are home to some 10,000 domestic companies and 11,000 foreign-owned firms that have invested over 340 billion USD.

Vietnam continues to be an appealing destination for industrial real estate investors, according to Cushman and Wakefield.

The firm attributed this to the country's stable growth rate, an export-oriented economy, a young labour force, investment incentives, a strategic location and a positive economic outlook.

## 5. Thermal power plants face risk of coal shortage

In January, Vietnam imported 1.7 million tonnes of coal, a decline by 38 per cent on-month and by 10 per cent on-year. The coal's import turnover in January was \$272 million, down by 45 per cent compared to the turnover of December 2022.

The price for imported coal is \$161 per tonne, a decrease of 31 per cent on-year. It is the consecutive six months that the imported coal prices to Vietnam was under \$200 per tonne.

In the first month of 2023, Vietnam majorly imported coal from three main markets, including Australia (962,000 tonnes, equalling 57 per cent of the total imported coal), Indonesia with 580,000 tonnes (34 per cent), and Russia with 100,000 tonnes (6 per cent).

Recently, Electricity of Vietnam (EVN) submitted a document to the Ministry of Industry and Trade to report that the group has to adjust the plan to import coal for the Vinh Tan 4 thermal power plant to match its real operation demand.

EVN also reports that at present, the coal supply for a series of EVN-invested thermal power plants in Thai Binh, Quang Ninh and Haiphong in collaboration with Nghi Son 1, Vinh Tan 2, and Duyen Hai 1 thermal power plants have been interrupted, thus power generation of these plants are impacted.

"In 2023, the demand for coal is predicted to increase thanks to the operation of the Thai Binh 2 thermal power plant, thus if the coal supply for power generation is not improved, the lack of coal will still go on," EVN noted.

The total amount of coal supplied by Vinacomin and DongBac Corporation for generating electricity is estimated at 46 million tonnes this year, of which EVN's thermal power plants need nearly 18 million tonnes.

To secure a stable volume of coal for electricity generation this year, especially for the dry season, EVN has proposed the Ministry of Industry and Trade direct Vinacomin and DongBac Corporation prioritise using coal for power production.

## 6. Pharmaceutical firms post great profits last year

Particularly, OPC Pharmaceutical JSC set a record profit with a net profit of VND142.4 billion (US\$6 million) in 2022, a 15.4 per cent increase over the previous year. It has exceeded 2 per cent of the company's revenue target and 3 per cent of its profit target for the year.

Imexpharm and DHG Pharmaceutical also reported a record profit after tax of VND234 billion and VND988 billion, respectively, with all exceeding their yearly plans.

Pharbaco is also one of the pharmaceutical enterprises that saw large profits last year when it posted a profit after tax of more than VND62 billion, a gain of 125 per cent year-on-year and exceeding 15 per cent of the set plan. Meanwhile, Traphaco reported a net profit of VND293.4 billion, up 11 per cent on-year.

Some other enterprises in the same industry that also recorded positive business results last year were SPM, Binh Dinh Pharmaceutical and Medical Equipment, CPC1, and Pharmedic, with profit growth of 12-29 per cent.

Higher demand for drugs is one of the reasons many pharmaceutical companies explain their favourable business results in 2022.

However, SSI Research said that the industry's growth will be capped this year and profits fall before gradually picking up. The pharmaceutical industry's revenue is still expected to increase by 8 per cent to VND169 trillion in 2023.

The first half of 2023 will be an unpredictable period for the supply of active pharma ingredients (APIs) and excipients, as about 65 per cent of APIs used in drug production in Viet Nam are from China, which reopened last year, but shortages are still possible, SSI said.

In addition, as the war between Russia and Ukraine causes a risk of shortages of active ingredients and drugs imported from Europe, companies that can use domestic raw materials will gain a better position, typically TRA.

One of the year's standout stories, according to the analyst team, is the ongoing race for quality upgrades at major pharmaceutical companies.

Many companies, such as Traphaco, DHG Pharmaceutical, and Binh Dinh Pharmaceutical and Medical Equipment, are aiming to meet EU GMP standards for their production facilities. Products manufactured at a factory meeting EU GMP standards will be considered in the group of the highest-quality drugs in public hospital tenders.

Domestic companies hope to bid on products at higher prices than before but still lower than many imported drugs in this group. According to estimates by SSI Research, only 6 per cent of drugs in group 1 are produced domestically; the rest are mainly imported.

Upgrading to EU GMP will also help improve product quality and enhance competitiveness. SSI Research said that as of January, only eight Vietnamese companies owned production lines that met EU GMP or equivalent standards.

However, with high initial investment and maintenance costs, stringent requirements, and lengthy approval times, companies will have to consider pursuing this race or investing in other segments to get better profits.

On the stock market, Agriseco Research recommends investing in pharmaceutical stocks this year thanks to their defensive nature, stable business, and essential demand.

According to Fitch Solutions, it is forecasted that Vietnamese pharmaceutical industry revenue will grow steadily by 6.72 per cent in 2022–2026, boosted by growth in people's health spending.

## 7. Red River Delta to develop more transport infrastructure projects

At a conference on February 12 in Quang Ninh province on the implementation of the government's action programme for the Red River

Delta to 2030, with a vision to 2045, Minister of Transport Nguyen Van Thang said that the ministry will cooperate with other ministries, agencies, and



localities to ensure the completion of the transport infrastructure system in the region.

Accordingly, they are determined to develop regional ring roads and motorway systems including Ninh Binh-Haiphong, Noi Bai-Halong, Co Tiet-Cho Ben, and inter-regional routes to create economic corridors and urban-economic centres to boost growth in the region.

In addition, they will continue to upgrade the existing railway system, while simultaneously developing new routes such as Yen Vien-Pha Lai-Halong-Cai Lan, the north-south high-speed railway, and the Hanoi-Haiphong line that will connect with Dinh Vu and Lach Huyen seaports.

The parties will also develop more seaports in Haiphong and Quang Ninh and build island ports to promote economic growth. They have plans to

develop inland container depots to support the required logistics.

Furthermore, it is a priority to expand Noi Bai and Cat Bi airports, while further exploiting Van Don International Airport.

The Red River delta holds huge potential to become one of Southeast Asia's major logistics hubs, contributing to the rapid and sustainable development of Vietnam's northern region.

The region comprises 11 provinces and centrally run cities that are divided into two sub-regions. The northern sub-region covers Hanoi, Haiphong, and the provinces of Quang Ninh, Vinh Phuc, Bac Ninh, Hai Duong, and Hung Yen, while the south consists of the provinces of Thai Binh, Ha Nam, Nam Dinh, and Ninh Binh.

## Corporate News

### 8. FLC: FLC suspended from trading: HOSE

↑ 0.00%

Tran Anh Dao, HOSE General Director, signed the decision, which will be effective from February 20, 2023.

FLC has yet to comment publicly on the decision.

Regarding the operation of the business, the HOSE previously issued a written reminder to FLC about the late submission of financial statements for the fourth quarter of 2022.

FLC has not yet completed its audited financial statements for 2021. As there are no reviewed financial statements or 2021 annual reports, FLC

has not yet held an Annual General Meeting of Shareholders for 2022.

At 8am on March 4, 2023, at the Bamboo Airways Building, 265 Cau Giay Street, Ha Noi, FLC will hold its second Extraordinary General Meeting of Shareholders.

The important contents that FLC plans to present to shareholders at this meeting will be the dismissal of Dang Tat Thang from the position of BOD member and the election of additional members of the Board of Directors for the term 2021-2026.

### 9. EIB: Dragon Capital clarifies information relating to EIB shares

↑ 3.51%

Dragon Capital Vietfund Management was recently informed by securities firms that the authorities had requested them to provide transaction information of Eximbank's EIB shares, which were listed on the Hồ Chí Minh Stock Exchange (HoSE), in 2022.

"A number of funds we manage or advise have traded during this time, and this is a completely normal investment activity. We know that other investors also traded this stock during that time period.

"We have not been directed by any authorities or the State Securities Commission (SSC) about this case, nor has there been any indication that we are under investigation. We will cooperate with the investigation upon request," a representative of Dragon Capital confirmed.

In the official dispatch that the Investigative Agency of the HCM City Police sent to a number of securities companies, it requested that they provide evidence and documents related to the

case being investigated and verified according to the source of the denunciation on "stock market manipulation." The institutional investor referred to is Vietnam Enterprise Investment Limited (VEIL).

VEIL is a closed-end fund managed by Dragon Capital, established in 1995, and is currently the oldest fund operating in the Vietnamese market. VEIL's net asset value (NAV) is now more than US\$1.7 billion. The London Stock Exchange presently trades VEIL fund certificates.

ACB Securities Company (ACBS) released a statement on the evening of February 10 in which it claimed to have learned that some forums and groups had posted photos and misrepresented claims that the ACBS had participated in certain EIB share transactions.

ACBS declared it had not participated in any transaction or violated the law related to the trading of EIB. During its operation, ACBS always complied with the regulations of the SSC and the competent state agencies.



"Providing false information about ACBS is regarded as fraud and harms the company's reputation and brand. People and organisations who give false information must be held accountable in court," according to the statement from ACBS.

In the market, EIB shares unexpectedly faced strong selling pressure in the February 10 session,

especially in the ATC session. They then ended the session at the floor price of VNĐ22,950 per share, equivalent to a loss of 18 per cent from the beginning of the year.

Since January, EIB shares have recorded several sessions where put-through volumes were many times higher than the matching transactions.

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