



VIETNAM DAILY NEWS



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Table of content

Table of content

1. Shares collapse for fourth session as large-caps fail to rescue market
2. Resumption of air routes to China postponed to late April
3. Number of flights, passengers rise sharply in first two months
4. Hai Phong works towards target of luring 7.5 million visitors in 2023
5. Breakthrough policies needed to develop electronics industry
6. Spain to pour funds into high-speed rail in Vietnam
7. Vietnam to have 16 more railway lines by 2030
8. FPT: FPT acquires Intertec International's IT services division
9. VCG: Vinaconex divests capital at Vinaconex Electromechanical

Market Analysis

1. Shares collapse for fourth session as large-caps fail to rescue market

Shares fell for a fourth consecutive session on Friday as the "rescue" move in large-cap stocks in the last trading minutes failed to reverse the downtrend.

On the Ho Chi Minh Stock Exchange (HoSE), the market benchmark VN-Index dropped 1.34 per cent, to 1,039.56 points.

The market's breadth was negative with 98 gainers and 311 losers.

During the session, some 430.4 million shares were traded on the southern bourse, worth over VND6.5 trillion (US\$273.2 million).

The "rescue" move in large-cap stocks in the last trading minutes helped the market to significantly narrow the drop from the beginning of the session. However, the absorption of stock supply had not been observed clearly, said Viet Dragon Securities Co.

"Therefore, the market still has a chance to recover to the resistance area of 1,065 points of VN-Index in the next session. However, with the absence of supply absorption around the support level of 1,030 points, the risk of subsequent weakness is still high," it said.

"The market continued to retreat relatively deeply. It still has a chance to recover to the resistance area of 1,065 points of VN-Index in the next session. However, with the absence of supply absorption around the support level of 1,030 points, investors should temporarily maintain a

cautious attitude in the coming recovery span. In the meantime, it is advisable to take advantage of the rising spans in the session to restructure the portfolio in the direction of minimising risks."

The VN30-Index, which tracks the 30 biggest stocks on HoSE, fell 1.95 per cent, to 1,030.42 points.

In the VN30 basket, 26 stocks went down and three gained. The other stayed flat.

In the VN-30 basket, the worst performers included The Viet Nam Rubber Group (GVR), FPT Corporation (FPT), Masan Group (MSN), Hoa Phat Group (HPG), Vietjet (VJC), Vinamilk (VNM), Novaland (NVL), Vingroup (VIC), Vincom Retail (VRE), Vinhomes (VHM), Phat Dat Real Estate (PDR) and PVPower (POW).

Banking-financial stocks performed poorly, with losers being Vietinbank (CTG), Military Bank (MBB), Sacombank (STB), VPBank (VPB), Asia Commercial Bank (ACB), Bank for Investment and Development of Vietnam (BID), Vietcombank (VCB) Techcombank (TCB) and SSI Securities Inc (SSI).

On the Ha Noi Stock Exchange (HNX), meanwhile, the HNX-Index lost 0.95 per cent to end at 207.32 points.

During the trading session, investors poured more than VND713 billion into the bourse, equivalent to a trading volume of more than 55 million shares.

Macro & Policies

2. Resumption of air routes to China postponed to late April

In mid-February, China announced the reopening of tours to 20 countries, excluding Vietnam, which is said to have affected Vietnamese airlines' flight plans.

Earlier, after China had lifted restrictions on regular international flights on January 8, Vietnamese carriers made plans on flights to this country, with a focus on passengers on business trips, those visiting relatives, and students studying abroad, so as to prepare for the recovery of bilateral tourism. The number of flights was expected to gradually increase from April.

However, due to China's new policy, airlines of Vietnam have to temporarily postpone the resumption until late April or May prior to the next decisions from China, according to the CAAV.

In 2019, before the COVID-19 pandemic broke out, there were 14 airlines of Vietnam and China operating air routes between the two countries.

Among them, 11 Chinese carriers operated 32 air routes from 14 destinations in China to five in Vietnam, with a total of 240 flights each way per week. Three Vietnamese carriers (Vietnam Airlines, Jetstar Pacific Airlines, and Vietjet Air) operated 72 air routes from five destinations in Vietnam to 48 in China, with 421 flights per week in total.

Carriers transported nearly 8 million passengers in 2019, including over 4.6 million passengers or more than 60% by Vietnamese airlines. China was the second biggest foreign market of Vietnamese airlines, after the Republic of Korea, and most passengers were tourists, data from the CAAV show.

3. Number of flights, passengers rise sharply in first two months

The number of flights topped 78,800, up 62.3 per cent over the same period in 2022.

The passenger volume through airports reached 19.7 million between January and February, an increase of 91.5 per cent year-on-year. Of the figure, 4.7 million were foreigners, a year-on-year increase of nearly 2,000 per cent, while the number of domestic visitors saw an increase of 48 per cent.

Meanwhile, cargo reached 168,000 tonnes, a rise of 28.2 per cent compared to the corresponding period of last year.

Vietnamese airlines transported 9.8 million passengers and 42,500 tonnes of cargo, an increase of 91.9 per cent and a decline of 14.2 per cent, respectively.

The International Air Transport Association (IATA) has forecast that this year international passenger transport and domestic transport may reach 80 per cent and 95 per cent of 2019's figures.

For Viet Nam, the domestic aviation market had fully recovered by the end of last year while the international market is gradually recovering and expected to have reached pre-pandemic levels by the end of 2023, it said.

The IATA also predicts that Viet Nam's airports will handle a total of 80 million passengers and 1.4 million tonnes of cargo, up 45 per cent and 15 per cent year-on-year, respectively.

4. Hai Phong works towards target of luring 7.5 million visitors in 2023

Vu Huy Thuong, Vice Director of the city Department of Tourism, said that in 2023, the city will foster links with localities in the Red River Delta region and those that have had direct air routes with Hai Phong such as Da Nang, Khanh Hoa and Phu Quoc.

The city will promote the development of its strong tourism products such as sports and cruise tourism, while coordinating with airlines and travel firms to exploit the markets of Republic of Korea and Japan, and build exclusive products for these markets.

Vice Chairman of the People’s Committee of Hai Phong Le Khac Nam said that tourism is one of the key economic pillars of the city. In order to turn Do Son and Cat Ba into international tourism centres, the city will popularise the destinations in major domestic and foreign markets, while focusing on designing new, unique and attractive products and enhancing the quality of services.

Nam also pointed to the need for the city to build a strong tourism trademark and a contingent of high-

end hotels eco-tourism sites and resorts to lengthen the stays and increase spending of visitors.

According to the city Department of Tourism, Hai Phong currently has 576 accommodation facilities with 15,763 rooms, including seven five-star, 13 four-star and 21 three-star hotels.

Hai Phong, dubbed as “The City of Red Poinciana” after the flower being grown all around the city and how it brilliantly blooms during summertime, has long been a popular tourist destination in the north. Do Son and Cat Ba are major tourist hubs of the city.

With 367 islands, many beautiful beaches, and a diverse and rich ecosystem, Cat Ba archipelago in Cat Hai district is an attractive destination to both domestic and foreign tourists all year round. Cat Ba welcomed 10,900 tourists during the Lunar New Year (Tet) holiday (January 20 – 26), up 72.9% year-on-year.

5. Breakthrough policies needed to develop electronics industry

However, about 95% of the export value of this industry still belongs to foreign-invested enterprises. Therefore, regulatory agencies need to research and issue breakthrough policies for the electronics industry to develop more sustainably and strongly.

In the 2016-2020 period, exports of electronics, computers and components in this period, grew by an average of 23.8% per year, according to the General Statistics Office, bringing Vietnam from the 47th position in the world in 2001 to the 12th position, and third in the ASEAN region in terms of electronics exports.

In 2022, the electronics industry earned an export revenue of 114.4 billion USD, an increase of about 6% compared to 2021 and accounting for more than 30% of the total export revenue of the country.

The outstanding development of the electronics industry is mainly due to the attraction of large investments from multinational corporations, the

Republic of Korea and Japan in the field of manufacturing electronic components.

But the consequence is that the industry is also heavily dependent on foreign investors when up to 95% of export revenue belongs to FDI enterprises. The capacity of domestic enterprises remains limited, and the domestic electrical-electronics market is dominated by foreign brands.

Besides, the localisation rate of the electronics industry is still low. Most electronic products on the Vietnamese market are imported complete units or assembled domestically with foreign components. Although domestic supporting enterprises have participated in the value chain of the industry, they can only provide simple products with low technological value. Vietnam's electronics industry is still at the assembly stage in the electronic production chain.

Explaining the cause of this situation, Deputy Director of the Industry Department Pham Tuan Anh said that electronic products often have a

relatively short lifespan, with features and designs quickly changed, while domestic enterprises have limited capacity and lack resources to invest in the research and development of products as well as brands.

Therefore, production stages with high value-added content still depend on foreign production chains. On the other hand, due to the low production capacity of domestic enterprises, product quality has not yet met the high requirements of FDI enterprises, leading to a lack of linkages between suppliers and multinational corporations.

After the COVID-19 pandemic and a series of socio-economic upheavals in the world and the region, Vietnam's electronics industry is facing an opportunity to welcome a new wave of investment and to restructure the value chain in the near future.

Many large corporations in the world such as Apple, Pegatron or Intel have expressed interest and plans to invest in or expand the production of electronic products in Vietnam, including some products with

high technology content. Samsung is looking for more domestic suppliers to increase the linkage in the value chain of the group in Vietnam.

However, to tackle the challenges facing the electronics industry, the State needs to promptly adjust its FDI attraction policy to effectively take advantage of the wave of production shifting to Vietnam. Support policies are also needed to help support enterprises improve their competitiveness and promote digitalisation.

Deputy Director Pham Tuan Anh said that in the coming time, it is necessary to develop a long-term support strategy to help transform the industry from simple assembly to manufacturing high-value-added products. First, it is necessary to promote the development of products such as displays, semiconductors and key electronic components.

Electronic businesses themselves should pay more attention to identifying core and breakthrough products, as well as focus their resources on products with good competitiveness.

6. Spain to pour funds into high-speed rail in Vietnam

Deputy Minister of Transport Nguyen Danh Huy met with Spanish Ambassador to Vietnam Pilar Méndez Jiménez on February 23 to discuss the railway cooperation.

Ambassador Jiménez said that the length of the Spanish high-speed railway ranks second globally (following only China), including 30 routes and 229 high-speed trains that can reach a speed of 350km per hour.

"Our trains use renewable energy, contributing to environmental protection," said the ambassador.

The Spanish railway also uses two parallel rail gauges, 1,435mm and 1,668mm, ensuring smooth operation thanks to an automatic gauge changer system to save costs.

Besides this, Renfe – Spain's national railway company – has also developed high-speed railways in the US, Saudi Arabia, France, and Mexico.

The Spanish ambassador would like to work with the Vietnamese Ministry of Transport (MoT) to develop the railway system in the country, especially the high-speed railway. She has therefore asked the MoT to provide information on all relevant projects.

MoT Deputy Minister Nguyen Danh Huy said that the ministry welcomes Spanish enterprises to consider investing in a prioritised transportation portfolio.

"The government of Vietnam has issued its railway network planning for 2021-2030, with a vision to 2050, with a total investment of about \$200 billion – including the investment cost of the north-south high-speed railway project," said Huy.

The north-south high-speed railway project has been researched since 2005. It is currently being reviewed while the pre-feasibility study is completed. Based on the appraisal results, the MoT will adjust and complete the study before submitting it to the relevant authorities for consideration and in-principle approval.

Previously, also working with the MoT, leaders of the World Bank and the Japanese government

expressed their intention to invest and cooperate with Vietnam to develop the north-south high-speed railway.

The MoT and the Ministry of Planning and Investment have agreed to choose an investment plan for the north-south high-speed link with a double track measuring 1,435mm that can facilitate speeds of up to 225km/h. The total investment for this project is around \$76 billion.

7. Vietnam to have 16 more railway lines by 2030

According to the Ministry of Transport, the planning for 2021-2030 will also upgrade seven existing lines, whose total length amounts to 2,440km.

By 2050, the number of new rail lines will be 25, which together are 6,354km long.

The completely upgraded and expanded network following the planning will connect strategic economic areas and corridors, urban centres, international sea ports, border gates, and airports nationwide, said a leader of the ministry.

Rail transport boasts several advantages. It requires less land areas, leaves little impact on the environment, and carries a large amount of goods and passengers. It is also fast, safe, and low cost.

However, the railway investment budget is enormous, while the State budget resources are limited. Due to the low financial efficiency of railway investment, it is difficult for the sector to attract capital from society.

Corporate News

8. FPT: FPT acquires Intertec International's IT services division

↓ -0.74%

Following the success of an initial investment in Intertec in 2021, this majority investment enables FPT and Intertec to provide its customers with a seamless experience by leveraging both organizations' strengths. Intertec Engineering, which is the company's Technical Services division focused on aerospace and government, will remain an independent entity.

This investment enables FPT to further address increasing demand for Agile software engineering and bridge the time zone difference. The Vietnamese IT firm will continue to leverage and build upon Intertec's delivery centres and operational experience in Costa Rica, Colombia, and Mexico.

"Each M&A deal bears good fruit to FPT. We expect this acquisition to resonate greatly with FPT's goal of expanding business operations globally, especially in English-speaking markets," shared FPT's chairman Truong Gia Binh.

"Seeing the synergies and success of our relationship with Intertec made this deal a natural

next step," said FPT Americas Chief Executive Officer Dang Tran Phuong. "We are committed to providing exceptional services to our customers and have listened to their needs for a mix of offshore, nearshore and onsite delivery models to help them realize their speed-to-market goals and provide 24/7 support."

As an FPT company, Intertec customers will find a trusted partner providing greater scale and global delivery options through FPT's extensive network of 27,000 employees in 29 countries. Customers will also have access to enhanced service offerings, including Data, Cloud, Digital platforms, RPA, AI, IoT, Business Applications, Application Services, Managed Services, and more.

"We have worked with FPT for several years and we look forward to taking our relationship to the next level," said Intertec International's CEO Rickard Hedeby. "By combining forces, we can provide greater value to our customers and expand career opportunities for our employees."

9. VCG: Vinaconex divests capital at Vinaconex Electromechanical

↓ -3.59%

This share amount is equivalent to 5 per cent of the charter capital of Vinaconex M&E.

According to VCG's Q4 financial statements, Vinaconex's ownership rate in Vinaconex M&E as of December 31, 2022, was 100 per cent. Vinaconex M&E is headquartered at 34 Lang Ha, Dong Da District, Ha Noi, operating mainly in the field of electrical and water system installation.

Vinaconex M&E was established in 2019 with a charter capital of VND100 billion. Vinaconex holds 65 per cent of the capital, and organisations and

individuals with suitable capacity would own the rest.

In the second phase, the company will increase its charter capital to VND200 billion when there is a need, according to the plan of the General Director of VCG.

In the fourth quarter of 2022, the company recorded a decrease in net revenue of more than VND200 billion to VND1.93 trillion. However, due to decreased cost of goods sold (COGS) faster than revenue, VCG's gross profit increased by nearly 55 per cent over the same period to VND375.5 billion.

During the period, financial income decreased by 64.6 per cent to VND78 billion while expenses remained high, causing profit after tax to decrease from VND173.74 billion to VND80.16 billion.

In 2022, Vinaconex's consolidated revenue increased by 50 per cent compared to the implementation of 2021 to reach VND8.6 trillion, while profit after tax reached VND1.05 trillion, a double over the same period of 2021.

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