



VIETNAM DAILY NEWS



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Market Analysis

1. Market expected to move in a narrow range this week

The Vietnamese stock market struggled following the Tet holiday, but liquidity improved as selling pressure increased, reflecting investors' desire for profit-taking. However, experts remain positive about the market's development in the future.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) ended last week at 1,077.15 points, while the HNX-Index on the Ha Noi Stock Exchange (HNX) was at 215.28 points.

For the week, both indices recorded a weekly loss, with the former losing 3.6 per cent and the latter down 2.5 per cent.

Trading value on the main exchange HoSE increased by 23.1 per cent compared to the previous five trading sessions to nearly VND66.65 trillion (US\$2.8 billion), corresponding to a 25.1 per cent gain in trading volume to over 3.6 billion shares.

Similarly, the trading value on the HNX also advanced by 38.6 per cent to VND6.9 trillion, equivalent to a 40 per cent increase in trading volume to 469 million shares.

The market's correction caused most of the stock industries to decline. Of which, financial stocks dipped the most with 4.8 per cent in market capitalisation, followed by realty and information technology stocks.

Foreign investors were net buyers on both exchanges last week, worth more than VND1.8 trillion, supporting the overall market. In terms of net volume, they bought Hoa Phat Group (HoSE: HPG) most with 39.7 million shares.

Others were fund certificates FUEVFNVD and Sacombank (STB) shares with 13 and 12.9 million units, respectively.

On the contrary, Sieu Thanh Corporation (ST8) was sold the most with 6.4 million shares.

Analysts from Saigon - Hanoi Securities JSC (SHS) said that last week was a strong correction week for the market as the VN-Index dropped more than 40 points during the week and closed at 1,077.15 points. The market has entered a correction week after four weeks of consecutive gains since the beginning of 2023.

However, SHS believes that the market is in a recovery phase after escaping the downtrend but failing to establish an uptrend immediately. The market needs a period of accumulation in a narrow range to create a solid foundation before a new uptrend can be created.

In the short term, SHS believes that last week's correction was predictable and necessary to accumulate more, and the recovery wave may not be over. And after the correction period, the VN-Index may still reach the level of 1,150 points, the securities firm added.

The current phase of the market is in a recovery wave with a wide range after a downtrend, and gradually the market will fluctuate less and less to accumulate. However, in the accumulation phase, more and more medium- and long-term investment opportunities will form, especially in the group of strong stocks that are less affected by the recent downtrend and those that recover earlier and tend to break the peaks.

Meanwhile, VCB Securities Company (VCBS) said that the short-term risks of the VN-Index will be reduced temporarily.

It is highly likely that the market will continue to fluctuate in a narrow range and that there will be a clearer divergence among groups of stocks in the coming sessions. In that case, the rebound of demand might help the VN-Index jump after touching the MA20 crossover area.

"Investors can disburse capital with a proportion of 10-15 per cent for large-cap banking ticker

symbols, and that tends to lead the general market to recover," said VCBS.

Macro & Policies

2. Vietnam's retail sales forecast to reach 350 billion USD by 2025

The scale of the domestic retail market is expected to increase from 142 billion USD at present to 350 billion USD by 2025, contributing 59% of the national GDP, according to the Ministry of Industry and Trade (MoIT).

Last year, the total revenue from retail sales of goods and services rose 21%, exceeding the target of 8%.

A survey by Vietnam Report showed that over 53.8% of total retail firms enjoyed similar and higher business results compared to the pre-pandemic level.

Experts held that growth of retail sales is being supported by rise in income and the strong recovery of the tourism sector as well as relevant sectors such as transport and accommodations, as well as the effectiveness of inflation control measures.

There are signs of vibrant retail activities as many foreign investors have announced their plans to return after COVID-19.

Recently, Thailand's Central Retail said that it will pump an additional 20 trillion VND (852.87 million USD) into the Vietnamese market in the next five years, pushing its investments in Vietnam in the 2022-2026 period to 65 trillion VND. With this plan, Central Retail will raise their coverage from 40 localities currently to 55.

Meanwhile, Japanese giant retailer Aeon Group plans to build another megamall in Hanoi, raising its total trade centres in Vietnam to 20.

In 2023, four trade centres are scheduled to be launched - Central Premium Plaza, Vincom Megamall Grand Park, Sunrise City Central and Emart 2 with a total area of over 116,000 sq.m.

Many experts predicted that this year, retailers will expand their selling channels, bringing their products to different trading platforms to optimise online retail channels.

Vietnam's total retail sales of goods and services in January was estimated at 544.8 trillion VND, up 5.2% from the previous month and 20% as compared with the same period last year, according to the General Statistics Office (GSO).

The office explained that the hike was attributed to the growing consumption demand as Tet (Lunar New Year), the biggest and longest festival in the Southeast Asian nation, fell in the month.

Of the total, the retail sales of goods were 435.4 trillion VND, a year-on-year rise of 18.1%, with the biggest increase seen in garments (27%).

3. Vietnam-Asia trade reaches nearly 475.3 billion USD in 2022

Vietnam's merchandise trade with Asia reached 475.29 billion USD in 2022, increasing by 9.6% compared to 2021 and accounting for the highest proportion (65.1%) in the country's total import-export value.

Accordingly, Vietnam's exports to other Asian countries reached 177.26 billion USD in 2022, up 9.5% year-on-year. The country's imports from other Asian nations hit 298.03 billion USD, up 9.6%.

Vietnam saw a trade deficit with only Asia among the five continents.

Major trade partners of Vietnam in Asia include China, the Republic of Korea, Japan, and the Association of Southeast Asian Nations (ASEAN).

According to preliminary statistics of the General Department of Customs, Vietnam's total import-

export value of goods reached 730.2 billion USD last year, up 9.1% compared to 2021.

The value of imports and exports between Vietnam and Americas, Europe, Oceania, and Africa was 153.73 billion USD (up 10.5%), 75.45 billion USD (up 2.8%), 17.62 billion USD (up 24.3%) and 8.1 billion (down 3.9%) respectively.

4. Volatile real estate market puts pressure on business results

A volatile real estate market caused revenues and profits of realty businesses to decrease sharply in the fourth quarter of 2022.

Phat Dat Real Estate Development Joint Stock Company (PDR) reported net revenue of 14.6 billion VND (622,600 USD) in the last three months of 2022, a sharp decrease compared to the 1.29 trillion VND recorded in the fourth quarter of 2021.

The company suffered an after-tax loss of 229.4 billion VND in Q4 of 2022, while in the same period in 2021, it reported a net profit of 751.4 billion VND. This was considered Phat Dat's "failure" quarter as the company reported a loss for the first time since it announced business results.

Dat Xanh Group Joint Stock Company (DXG) reported a loss of 460 billion VND in the last quarter of 2022. During the period, the company's net revenue reached 984.3 billion VND, down 56.6% year-on-year. In which, sales of apartments and land plots reached 400.2 billion VND; real estate brokerage services reached 394.8 billion VND, down 68.8% and 55.9%, respectively, over 2021.

In the fourth quarter of 2022, LDG Investment Joint Stock Company (LDG) reported an after-tax loss of 38.88 billion VND and its revenue decreased by 83.7% year-on-year due to high costs.

Although no loss was reported, No Va Land Investment Group Corporation (NVL) announced its business results in the fourth quarter of 2022 with net revenue of only 3.24 trillion VND, down 29% over the same period of 2021. Accordingly, profit after tax in the period only reached 239.4 billion VND, down 73.5% year-on-year.

For the whole year, this real estate group recorded nearly 11.15 trillion VND of consolidated revenue, down 25% year-on-year. Profit before tax decreased

by 19% to 4.11 trillion VND and profit after tax decreased by 34% to more than 2.29 trillion VND. Notably, Novaland's inventory amounted to nearly 135 trillion VND.

Nam Long Investment Joint Stock Company (NLG) announced business results with a net profit in the fourth quarter of 2022, down 23.3% over the same period, at 589.7 billion VND. Compared to other businesses in the industry, this figure shows the company was least affected in the fourth quarter of 2022.

Specifically, net revenue reached 1.63 trillion VND, down 63.1% over 2021. Meanwhile, financial revenue increased 5.4 times, reaching 306.9 billion VND. However, selling and administrative expenses of the enterprise reached 186.2 billion VND and 199.1 billion VND, both down 51% and 10.3% respectively over the same period last year.

The forecast is still poor

The decline of real estate stocks is attributed to the lack of corporate cash flow, caused by the tightening of the bond market and bank credit room.

In the latest report, VNDirect Securities is not optimistic about the recovery of residential real estate in the short term because the real estate industry is facing three big challenges. That is, investors face difficulties in debt restructuring due to tightening bank loans to real estate and strict supervision in the issuance of corporate bonds. In addition, rising interest rates weaken demand for houses.

"Investors should focus on businesses with healthy financial structures and solid cash flow from previous sales," VNDirect's report said.

KB Securities (KBSV) recently forecast that the real estate market in 2023 will still face many difficulties in the context that home loan interest rates are expected to continue to increase and deposit rates will increase, affecting homebuyers' borrowing needs.

Legal issues often take a long time and there are many risks that can slow down the process of approving and granting project construction permits. Realty investors also face more difficulties in accessing capital due to restricted bank loans to the real estate sector and the unstable bond market.

"Real estate stocks have plummeted, reflecting the negative situation about the real estate market. The

short-term outlook for these stocks is still unclear," KBSV noted.

Similarly, in the recently released 2023 strategy report, Viet Dragon Securities (VDSC) said that the country's real estate industry in 2023 will generally still face many challenges in the context of interest rates rising at a high level.

However, from a positive perspective, Ngo Minh Duc, CEO of LCTV Investment said that when interest rates go down in the second half of 2023, the real estate market will warm up along with benefiting from infrastructure as the 3,000-km North-South expressway is open to traffic within the next 2-3 years.

5. \$27.76 billion of public investment capital allocated in first month of year

By the end of January 2023, \$27.76 billion of public investment capital for this year has been allocated, reaching 90.32 per cent of the target set by Prime Minister Pham Minh Chinh, according to a Ministry of Finance report.

"Measures to accelerate disbursement of public investment capital, along with the positive disbursement results in 2022, have contributed to creating an impetus for growth and macroeconomic stability," emphasised Minister of Planning and Investment Nguyen Chi Dung at a regular government meeting on February 2.

The minister said that accelerating the disbursement of public investment capital is one of the key political tasks this year.

According to the Ministry of Planning and Investment, challenges are increasing both from outside and inside the economy, leading to an increase in pressure to manage economic growth, control inflation, and ensure macroeconomic stability.

Minister Dung said that the concentration of resources to accelerate the implementation of strategic and important infrastructure and public investment projects in 2023 will support domestic production and create a new growth engine for the economy.

Chairman of Ho Chi Minh City People's Committee Phan Van Mai said that the city has proposed solutions to promote public investment in 2023. In which, the investors are required to have plans to deploy immediately once the project receives the allocated capital. If these plans cannot be clarified by July, the city will transfer the capital to other projects.

To promote the allocation and disbursement of the state budget investment plan in 2023, the Ministry of Planning and Investment asked the prime minister direct ministries and both central and local agencies to urgently assign the entire state budget investment in 2023 in a particular and detailed way and to implement the proposed tasks and solutions to speed up the disbursement.

At the same time, it is necessary to strengthen discipline and strictly manage violations and delays in capital allocation, implementation, and disbursement. It is paramount to continue to inspect projects, pay attention to preparation work before investing, and disburse immediately after receiving the capital.

In addition, the Ministry of Planning and Investment also said that it is necessary to reform administrative procedures, apply IT to manage public investment, appraise projects carefully, and simplify the expenditure and withdrawal processes through the use of digital technology.

According to PM Chinh, the tasks of February are considerable, so ministries, branches, and localities need to boost production, create jobs, minimise the

negative impacts from the outside economy, and take advantage of the achievements in 2022 and January 2023.

6. Viet Nam's airlines see 20 per cent increase in Tet Holiday travel

Flight occupancy rates in the days after Tet reached approximately 100 per cent on most routes, 10 per cent higher than in the same period in 2020.

From January 20 to 21, Noi Bai Airport welcomed 24,900 and 20,700 international arrivals, respectively.

During the peak travel season, from January 6 to January 29, airlines such as Vietnam Airlines, Pacific Airlines, and VASCO served 2.4 million passengers, corresponding to more than 14,500 flights on domestic and international networks.

Data from the MoT's Civil Aviation Authority of Viet Nam showed that from December 19 last year to January 18 this year, Bamboo Airways continued to lead the entire domestic aviation industry in on-time performance (OTP) with 96.4 per cent.

Statistics from the Ministry of Transport (MoT) show that domestic airports welcomed more than 1.9 million passengers in seven days of the Lunar New Year, an increase of 58 per cent compared to last year.

Vietnam Airlines and Vietjet Air were at 95.9 per cent and 95 per cent, respectively. The industry's average OTP rate was 95.3 per cent.

Vietnamese airlines transported more than 967,000 passengers, up 60.7 per cent over the same period.

A representative of the Viet Nam National Administration of Tourism assessed that this series of positive signals showed that tourism activities continued to maintain their recovery momentum and had completely overcome the difficulties of the past two pandemic years.

The number of flights taking off and landing at Vietnamese airports was about 13,000, up 39 per cent.

The tourism industry aims to welcome 110 million passengers this year, including 80 million passengers at airports.

7. Food and beverage industry to do well this year despite modest economy

A recent report by iPOS.vn said that, after an impressive rebound in 2022, the F&B industry is poised to achieve "sustainable growth".

New brands like Phe La and Katinat Saigon Kafe would enter, it said.

It predicted the market to top VND938 trillion (\$40 billion) by 2026.

It forecast some business models to struggle in 2023, including food delivery because sellers would have to reduce their prices to be competitive.

It expected big players to push strongly this year to gain market share but smaller ones to exercise caution since the economic difficulties would continue in 2023.

The model developed strongly when the COVID-19 pandemic hit.

A representative of Golden Trust, a company in food and beverage sector, told Viet Nam News that he expected "stable development", but brands should ensure quality in all aspects from infrastructure to services.

A report from Momentum Works said Southeast Asia's food delivery spending grew by a modest 5 per cent to \$16.3 billion in 2022 after a two-year COVID-driven boom.

For the first time in three years growth was driven by the smallest markets, the Philippines, Malaysia and Viet Nam.

Food delivery players in the region, including in Viet Nam, exited unprofitable businesses and markets, it said.

"Major players pivoted away from cost-intensive business models such as dark stores for groceries and dark kitchens for food delivery. This trend is expected to continue into 2023..."

Viet Nam has around 338,600 restaurants and coffee shops, with HCM City accounting for nearly 49 per cent followed by Ha Noi.

The food and beverage market was worth around VND610 trillion (\$26 billion) last year.

Of the 3,000 restaurants and coffee shops that took part in a survey done by iPOS.vn for its report, over 46 per cent said they do not have online service. But 83 per cent of them have started to digitise and adopt technology.

Do Duy Thanh, F&B director of Horeca Business School, was quoted by markettimes.vn as saying that when an economy faces difficulties, investors flock back to industries that have high demand, and F&B is an example.

He expected that many new high-end restaurants to open this year.

The slump in the property market would cause people owning properties in good locations to invest in F&B hoping that would attract customers and thus push up the price of their property, he said.

According to the survey, Vietnamese consumers are ready to pay VND40,000-VND70,000 for a beverage, and VND500,000 on special occasions.

Over 77 per cent of consumers said they would continue to spend at this rate or more in 2023.

Corporate News

8. STB: Explanation for consolidated FS in Q4.2022

↓ -0.38%

Sai Gon Thuong Tin Commercial Joint Stock Bank has explained the consolidated financial statement for Quarter 4/2022:

- Profit after tax of Q4.2022 was 1,751.1 billion dong, increased by 893.3 billion dong compared to the Quarter 4/2021 due to the following reasons:

a. Net profit increased by 3,548.5 billion dong because:

- Profit and other incomes increased by 5,439 billion dong.

- The lending balance increased by 50,187 billion dong, so the gain from lending increased by 5,260.8 billion dong;

- The deposit at credit increased by 17,290 billion dong compared to the same period of last year, so the gain from deposit increased by 160.4 billion dong;

- The debt securities investment decreased compared to the same period of last year, so the gain from debt securities investment increased by 35.4 billion dong;

- Other gains decreased by 17.6 billion dong.

- Expenses for deposit and borrowing increased by 1,890.5 billion dong.

- The deposit of customers increased by 44,609 billion dong compared to the same period of last year, so the deposit interest expense increased by 1,533 billion dong;

- Borrowing from other credit institutions increased by 10,002 billion dong compared to the same period of last year, so borrowing interest expense increased by 212.5 billion dong.

- Other expenses increased by 145 billion dong.

b. Other income decreased by 330.3 billion dong compared to the same period of last year. In particular, the net income from service activities decreased by 1,092.5 billion dong; net income from the foreign exchange trading increased by 91 billion dong; net income securities trading decreased by 63.1 billion dong; income from the other activities increased by 734.3 billion dong.

c. Other expenses increased by 2,324.9 billion dong. In particular, the provision for credit increased by 2,224 billion dong; the operating expense increased by 245.9 billion dong; the corporate income tax expense increased by 145 billion dong.

Therefore, - (a) + (b) - (c) = 893.3 billion dong.

9. SAB: SABECO gains peak profits over the last six years

↑ 2.83%

According to its latest financial statement, in the fourth quarter of 2022, SABECO reported revenue of more than \$439 million, a sharp increase

compared to the first three quarters of 2022 and up 11.4 per cent on-year.

Sales expenses increased by more than 70 per cent on-year to \$70 million, mainly in the form of

advertising, marketing, and promotions. Therefore, SABECO's after-tax profit stood at \$46.8 million, down 23 per cent on-year.

Throughout 2022, SABECO's net revenue reached \$1.53 billion, an increase of nearly 33 per cent compared to 2021, equivalent to an average of more than \$4.2 million per day. After-tax profit reached \$239 million, the highest since the brand belonged to Thai owners at the end of 2017.

SABECO set a revenue target of \$1.5 billion and an after-tax profit of \$200 million for the year. With the above results, the company has exceeded the target set forth in 2022.

The brewer's total assets at the end of 2022 were valued at \$1.5 billion, up 13 per cent and equivalent to an increase of nearly \$174 million compared to the beginning of the year. Of this, cash, cash equivalents, and bank deposits made up \$1 billion, accounting for 68 per cent of total assets, which generated nearly \$44.5 million in deposit interest last year. The company also poured \$113 million into joint ventures, associations, and other deals, most of which were with beer companies.

ThaiBev spent \$4.8 billion acquiring 54 per cent of SABECO's stake in 2017.

Thapana Sirivadhanabhakdi, CEO of ThaiBev Group said, "Sabeco is our jewel, a rare asset among all the brewers in the region."

Currently, Vietnam is the largest beer consumption market in Southeast Asia, worth \$26 billion, and ranked third in Asia after China and Japan in 2021.

SABECO leaders aim to improve the competitiveness and profitability of the company by starting phase two of their transformation process. The next phase will focus on six key pillars, including sales, branding and marketing, manufacturing, supply chain, people, and unlocking potential, which are supported by the SABECO 4.0 project and other governance initiatives.

In its 2023 target, SABECO will expand both its domestic and international markets, firmly build a product portfolio to meet consumption trends, and restructure the distribution system to improve the process of bringing products to consumers.

The company also expects consumption in 2023 to recover to pre-COVID levels. Specifically, the industry's output growth is forecast to stand at 5-10 per cent in 2023 and 3-7 per cent in 2024.

In an analysis report on SAB shares, SSI Securities said that SABECO's revenue and profit in the first half of 2023 may grow more than in the same period last year thanks to the resumption of all services, hotels, restaurants, entertainment facilities, and foreign tourism. Therefore, SSI Research expects SABECO's net revenue in 2023 to reach \$1.68 billion and net profit to stand at \$274 million, up 12.9 and 7 per cent on-year respectively.

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