Highlight

E-commerce a positive for VN retail sector

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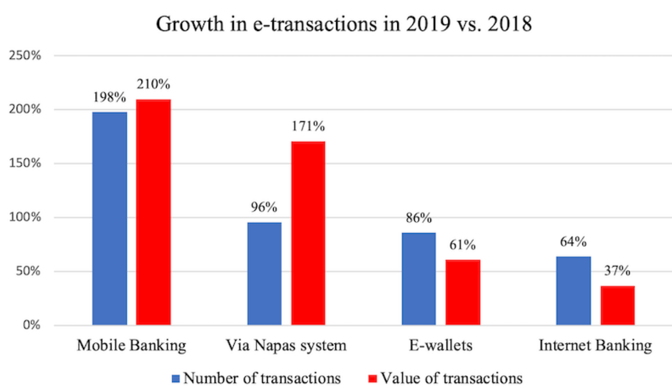
What's in it today?

FINANCE

Vietnam gov't greenlights Mobile Money

The regulation on mobile payment will not allow users to recharge from scratch cards but they must conduct deposits and withdrawals from the registered bank account.

Prime Minister Nguyen Xuan Phuc has agreed the deployment of the pilot project on direct carrier billing services, also known as Mobile Money, according to a latest government resolution.



(Source: State Bank of Vietnam)

The State Bank of Vietnam (SBV), the country's central bank, in April submitted the Mobile Money project to the government after completing the pilot scheme allowing online purchases with mobile devices.

In 2019, the government asked the SBV to research and propose a pilot scheme of mobile payment service given the absence of specific regulations on telecom-based financial services and a sharp increase of e-wallet transactions.

According to Pham Tien Dung, head of the Payment Department under the SBV, the regulation will not allow these accounts to recharge from scratch cards but users must conduct deposits and withdrawals from the registered bank account. The transaction limit is set at VND10 million (US$428.9) per month.

Mobile payment in Vietnam is growing rapidly, leading to the stricter requirement on security. The biggest risk in cyber-transactions is anonymity, according to Dung, therefore, customer identification is mandatory.

The similarity between mobile money and e-wallet is the use of an identification account. However, while e-wallet identifiers are provided by banks, in mobile money, users' identifiers are provided by telecommunication companies. The challenge for telecom companies is how to identify the client correctly in the same ways as banks do, to avoid any fraudulent transactions.

To deal with this problem, up to two-thirds of the draft document on cashless payment, which is set to replace Decree No.101 dated 2012, is being built and focused on management of transaction risks, prevention of cybercrime and money laundering.

Leading telecom carriers including VNPT and Viettel have been granted licenses by the SBV to carry out such services. A national personal database has also been built for issuing personal identification numbers and also adopting e-KYC (electronic Know-Your-Customers).

Statistics from the BIDV Training and Research Institute shows that 90 countries are providing the direct carrier billing service with nearly 870 million subscribers and 272 apps. Daily transactions average US$1.3b and over one million accounts remain active for at least 90 days.

At the end of 2019, Vietnam had around 129.5 million mobile subscribers, around half of them using 3G and 4G, while the national smartphone penetration reached 45% of the country's population or 43.7 million people, the report cited SBV figures released last November.

The government targeted to reduce the ratio of cash payments from 11.3% in 2019 to less than 10% by the end of this year, and 8% by 2025./. Hanoitimes

Market to grow slowly amid ETF reviews, more selling

The Vietnamese stock market may move marginally up as investors look forward to foreign exchange-traded funds (ETFs) to complete their quarterly investment reviews. The US-based iShares MSCI Frontier 100 ETF on Friday completed its quarterly review.

The fund's quarterly review had little impact on the local stock market and the market ended slightly up as investors waited for its final results.

Trading activity at Vietcombank head office in Ha Noi

The benchmark VN-Index on the HCM Stock Exchange rose 0.36% on Friday to end at 864.47 points

After iShares MSCI Frontier 100 ETF, the London-based FTSE Vietnam ETF is expected to announce its new list of investees on June 6.

According to SSI Securities (SSI), the British ETF will not make any changes to its investment list this time. Instead, the fund will just re-calculate the proportion of local stocks in the portfolio.

Calculation had been expected to complete on May 29. Target stocks in FTSE Vietnam ETF's list are large-cap firms.

In a recent report, SSI Securities' research unit forecast FTSE Vietnam ETF will increase investment in three stocks – Vingroup (VIC), Vinhomes (VHM) and Vietcombank (VCB).

Vingroup and Vinhomes shares will account for 15% of the total portfolio, up 0.5-1.11 percentage points while Vietcombank shares will take an 8.65% stake in the list, up 2.22 percentage points.

The fund is forecast to cut its investment in the remaining 15 stocks such as dairy producer Vinamilk (VNM; down 1.69 percentage points), Vincom Retail (VRE; down 0.28 percentage points), and steel maker Hoa Phat (HPG; down 0.32 percentage points).

"Investors will become cautious in the week that ETFs carry out their investment review, so trading may focus on small-cap and medium large-cap stocks," MB Securities Co (MBS) said in a note.

But the quarterly review by ETFs is not the only thing that matters. A possible downturn of local purchasing power may affect the market's short-term uptrend, according to analysts.

Individual investors have played a big role in driving the market upwards from its three-year bottom on March 24 as stocks were sent down to very cheap, attractive price levels.

The benchmark VN-Index had gained significantly by nearly 31% in two months from March 24 to May 21. That made the Vietnamese stock market one of the best-performing markets in the world in April and May.

But growth slowed down last week to 1.37% with alternate ups and downs during the week. Analysts are expecting more bumpy sessions in the coming weeks.

Phan Dung Khanh, investment director at Maybank Kim Eng Securities (MBKE), said purchasing power of domestic investors – most of them are individuals – was still strong enough to lift the market last week while institutional investors – most of whom are foreign – were only willing to sell.

The escape of institutional investors, considered "big money", and limited resources of individual investors may drag on the local markets in coming weeks, he told tinnhanhchungkhoan.vn.

"Higher market valuation and a slow-recovery economy increase the risks on the local stock market," he said. "The price-to-earnings (P/E) ratio of the Vietnamese market is rising fast, so it will naturally slow down the market growth in June."

Agriseco's investment and analysis director Nguyen Anh Khoa said new investors, who opened accounts in late March to hunt for cheap stocks, were the major driving factor of the stock market in April and May.

"Most of their investments have gained 20%. But they will just run away as quick as they come," he said. "Lower second-quarter corporate earnings will also encourage investors to divest from local companies."

"But disappointing earnings have been widely expected, so selling pressure would not be harsh on local stocks and the market can absorb such pressure," Khoa said.

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E-COMMERCE

E-commerce a positive for VN retail sector

Despite the impact of the COVID-19 pandemic, the retail market in Vietnam in the first quarter of this year still recorded positive results from e-commerce, online shopping and delivery services.

A shopper scans QR codes to shop online

The General Statistics Office of Vietnam reported that turnover in the first quarter of food and beverage, and hotel and tourism services decreased by 9.6% and 27.8%, respectively.

Data from CBRE Vietnam also showed the number of visitors to shopping centres decreased by about 80% in both HCMC and Hanoi because of the pandemic.

But although direct shopping revenue dropped, e-commerce and online shopping helped save many retail businesses, the research firm said.

CBRE also reported a strong competition between veteran e-commerce platforms and new players at the end of last month. During the pandemic, Tiki reached a record of 4,000 orders per minute, SpeedL and Saigon Co.op also soared in the online sales segment.

Ride-hailing platform Grab also quickly launched its GrabMart service to serve the online shopping needs of customers at home.

Vo Thi Phuong Mai, deputy director and head of retail services of CBRE Vietnam, said the COVID-19 pandemic had negatively impacted direct visitor traffic but creating many opportunities for small and medium-sized models such as convenience stores, pharmacies and especially e-commerce. E-commerce was a bright and transforming point, which supports physical stores during the pandemic, she added. Multi-channel sales would be more flexible and may even outperform the post-COVID-19 period.

AT Kearney also listed the Vietnamese retail market among the world's most exciting group. There are many figures and development trends making domestic and foreign retailers realise the attractiveness and great opportunities in the country.

Vietnam's economic growth is among the highest in the region. The size of the country's population is nearly 100 million people, with a young population group and the increasing income.

The rapid urbanisation process creates new shopping and consumption trends, especially in modern shopping spaces. Under the pressure of the pandemic, many businesses in the retail industry rushed to adapt.

Being a traditional retail giant established in 1996, Saigon Co.op is a typical adaptation when moving to multi-channel sales in recent years such as television retail, applying Scan & Go, & e-wallet MoMo./VNA

KiotViet talks about VN ecommerce retail & how Covid-19 shaken up the scene

In Vietnam, there is a rising preference for online retail and social commerce among young consumers in both the major cities as well as rural areas, from apparel to electronics, and SMEs have to keep up.

Vietnamese business solutions startup KiotViet, which was set up in 2014, provides small and medium-sized enterprises (SMEs) with software for inventory, sales and other functions. It claims to have 100,000 stores under its belt so far, with a target of 200,000 more by 2022.

A $6m Series A funding round, which closed in mid-2019, was led by Singapore's Jungle Ventures and Indonesia's Traveloka.

Tri Cao, deputy general director of KiotViet, tells Asean Business about the e-commerce retail landscape in Vietnam and how the coronavirus outbreak has shaken up the scene.

Q: What are the ongoing e-commerce trends in Vietnam, and how are retailers responding?

A: Vietnam boasts an increasingly tech-savvy Internet population, with a 70% mobile penetration rate. This has allowed for a shift in consumer behaviour as online retail and e-commerce continues to grow exponentially in Vietnam. Modern retail channels such as mini-marts and convenience stores have grown rapidly in the last five years, and will continue to do so. We have observed a growing interest in going digital, driven mostly by the next wave of young and hungry entrepreneurs, and digital-native consumers.

Q: Which retail segments have higher take-up of e-commerce, and why?

A: KiotViet works with SMEs across industries, including clothing and apparel, food and beverage (F&B), electronics, mini-marts and convenience stores. We have seen a higher take up of e-commerce within the clothing and apparel, groceries, F&B and electronics segments. The majority are small shops with three to 10 employees. Access to smartphones, accelerating internet penetration and social commerce in Vietnam are reshaping retail in Vietnam.

Q: How much traction do bricks-and-mortar retailers have in Vietnam?

A: Less than 10% of Vietnam's retail landscape is in modern trade – that is, trade that involves larger players such as supermarket chains, hypermarkets, and so forth – and 65% of the country is rural. So the 1.9 million traditional bricks-and-mortar retail companies will still be the foundation of Vietnam retail for a long long time. However, SMEs need to digitise faster, to keep up with the changing trends, or else they will lose out to larger players. There is a rising preference for online retail and social commerce among young consumers in both the major cities as well as rural areas, from apparel to electronics, and SMEs have to keep up. There are the big e-commerce players – Lazada, Shoppee, Tiki – but we will increasingly see more independent stores leverage social commerce to go online. Bricks and mortar will stay, and as they go online, they will be more likely to leverage the big e-commerce warehouses and logistics services, rather than completely be absorbed by the big e-commerce players.

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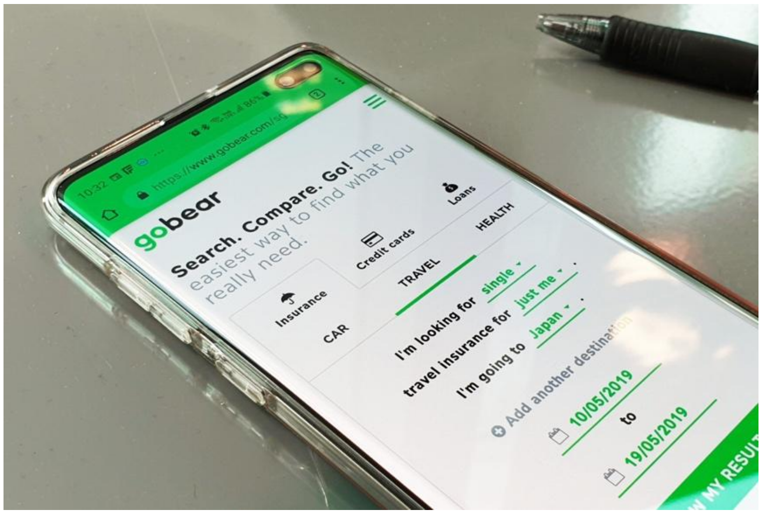
START-UP

Singapore fintech GoBear raises $17m fresh investment

Singapore-headquartered fintech GoBear has raised $17m in a new funding round from Dutch venture capital firm Walvis Participaties and life insurance and asset management company Aegon N.V., it announced on May 27.



The company will use the fresh capital to speed up its transformation into a comprehensive financial service platform across three areas -- an online financial supermarket, digital insurance brokerage and digital lending.

Launched in 2015 as a metasearch engine, GoBear describes itself as a one-stop platform where users can find various financial products and tools for their needs. The company claims to have served over 55 million users searching for more than 2,000 personal finance products.

GoBear currently has a presence in Indonesia, Malaysia, the Philippines, Singapore, Thailand, Vietnam and Hong Kong.

"To truly improve financial health in Asia we must address the approximately 300 million people in our markets that remain underserved by existing banking and insurance services," said GoBear CEO Adrian Chng in a statement. "GoBear's transformation is a response to this by tackling important local barriers to financial literacy and inclusion."

Despite the current coronavirus pandemic, GoBear said its platform had been gross margin positive since the end of 2019. The company reported a 52% increase in average order value for its digital insurance brokerage in the first quarter this year.

GoBear has teamed up with insurers Chubb and Allianz offering travel insurance products. Earlier this month, it acquired the Singaporean digital consumer lender Asia Kredit./.Nikkei

Vietnamese audio content platform gets seed funding from 500 Startups

Voiz FM, a Vietnam-based audiobook and podcast platform, said it has raised an undisclosed amount of seed funding from 500 Startups Vietnam.

The startup was launched late last year, initially focusing on acquiring exclusive publishing rights for audiobooks. Taking a longer-term approach, Voiz FM said it has attained copyrights for all of its published content.

The company said it plans to use the new funds for product development and expansion into other Southeast Asian markets in the next 12 months.

Voiz FM founders with 500 Startups Vietnam team

"Our product roadmap includes the launch of a recommendation algorithm in early July and an AI voice functionality [that] will allow users to choose their preferred voices for all titles in October this year," said its co-founder and CEO Thai Tran.

With its growth plans, the company aims to capitalize on the growing audiobook and podcasting markets, which are expected to be valued at a total of US$4.6b this year.

In the recent months, Voiz FM claims to have seen a twofold increase in its user base following, as customers turn to audio media to keep them company during the quarantine period. It currently has more than 1,000 bestselling titles on its platform to keep users entertained.

Since launching in 2010, the US-based 500 Startups has provided investments for thousands of entrepreneurs in more than 74 countries. Notable companies in its portfolio include Grab, Carousell, and Credit Karma.

Its Vietnam-focused arm alone has invested in over 60 startups, including blockchain-based game Axie Infinity, edtech platform ApplyBoard, and coffee brand Copper Cow Coffee.

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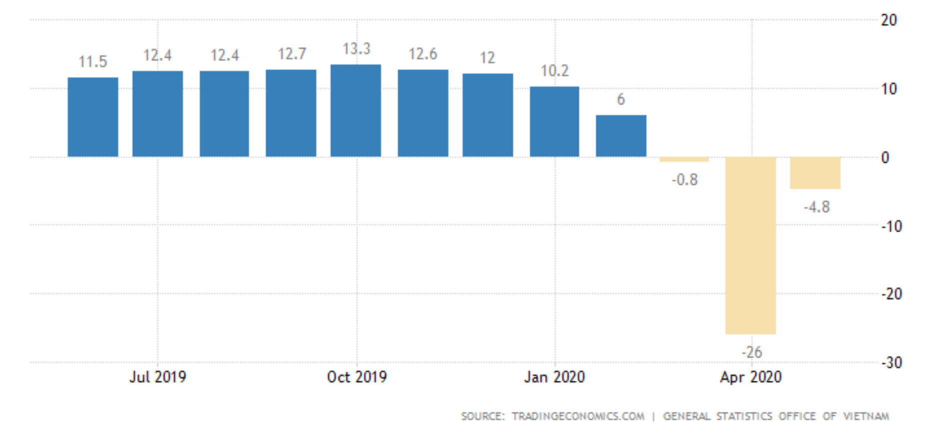
RETAIL

Vietnam retail sales bounce back in May

In May, after restrictions were lifted, Vietnam retail sales surged 27% from April's figures.



Vietnam Retail Sales

Total revenue of **retail** trade and services reached more than 1.91 quadrillion VND (82.36 billion USD) in the first five months of this year, down 4% YoY, a report from the General Statistics Office (GSO) showed.

If inflation was excluded, retail sales dropped 8.6%, compared to 8.5% seen in last year's corresponding period, reported by *Vietnam Plus*.

In May, total retail sales of goods and services witnessed a significant month-on-month increase of 27% to an estimated 384.8 trillion VND ($17b) thanks to the end of the social distancing period, resulting in rebound in purchasing power of local people, the GSO said in its report.

Retail sales of goods during the five-month period were estimated at 1.54 quadrillion VND ($66m), representing a modest rise of 1.2% YoY or accounting for 80.6% of the total revenue.

'Non-essential' stores across the country were closed from the end of March through most of April, with only supermarkets and pharmacies allowed to continue to trade. However throughout the closure, all retailers were allowed to sell goods online, according to *Inside Retail Asia*.

Sales of consumer goods accounted for 80.6% of retail revenue, increasing by 1.2% YoY.

Growth sectors included fresh-food products and home appliances while educational products and apparel sales fell by 8.2% and 3% respectively.

Although restaurants and other catering businesses have resumed their operations, the F&B sales fell 26% YoY across the first 5 month of this year.

Economist Nguyen Minh Phong acknowledged that, even under the impact of Covid-19, Vietnam's retail market still retains its "performance" as one of the top 5 most potential markets of the region and the world, according to *Vietnam Biz*.

GSO statisticians attributed the slight increase in retail sales of goods in the period to sufficient sources of essential goods provided by supermarkets and trade centres so that price fluctuations were not incurred as well as to a change in local people's consumer behavior with a priority given to shopping online.

Among all sectors, purchases of food and foodstuff grew by 6.1% YoY, followed by home appliances (2%) while that of educational and cultural products dropped 8.2% and textiles and apparel (3%).

Several localities recording a retail sale growth included the northern port city of Hai Phong with 9% and two economic hubs of Ha Noi and HCM City with 6.4% and 6%, respectively.

As per the report, the five-month revenue from accommodation and catering services witnessed a decrease of 26% to 175 trillion VND (US$ 7.5 billion), compared to 10% increase in the same period last year, *Vietnam News* reported.

During the same period, travel service revenues experienced the strongest decline of 54% at 8.3 trillion VND (US$ 360 million) because of the complicated development of **COVID-19** around the world so Vietnam halted visa issuance for foreigners and the domestic tourism industry has yet to recover.

Localities posting a strongest decline in travel service revenues were Ba Ria- Vung Tau at 73%; Khanh Hoa (68%); HCM City (66%); Quang Ninh (65%); Can Tho (59%) and Hanoi (55%).

From January to May, revenue from other services totaled 186.9 trillion VND (US$ 8.1 billion), down 12% YoY, the GSO noted.

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LOGISTICS

Vietnam Airlines resumes all domestic flight services

Vietnam Airlines has resumed all domestic flights, according to local media reports.

The airline says the number of domestic flights exceeded 300 per day as of Friday. The number of flights, including cargo service, now exceeds 350 a day, nearly the same as last year.

Vietnam lifted a curfew on April 23, and since then the country's economy has been returning to normal. The government also intends to reopen the country to international flights.

Since the number of Vietnamese travelers is steadily recovering, the airline in May established five new routes, and the carrier plans to launch another six routes this month.

Meanwhile, the country's largest low-cost airline, VietJet Air, has resumed flying all 45 of its domestic routes. Bamboo Airways, which began flying last year, has also normalized its domestic schedule.

While the curfew was in effect, the country's airlines cut back on the number of flights along major routes, such as Hanoi-HCM City.

No date has been set for the resumption of international flights, which were suspended in late March, but Vietnam could open its skies sooner than other Southeast Asian nations.

The government is considering what countries and regions it should approve for flights.

On Monday, Pham Binh Minh, deputy prime minister and foreign minister, and Japanese foreign minister Toshimitsu Motegi agreed to start discussing the possibility of resuming flights between their countries for business travelers. Korean airlines are also preparing to reopen their Vietnam routes.

Vietnam, which has a population of 96 million, has had about 330 coronavirus patients and no deaths.

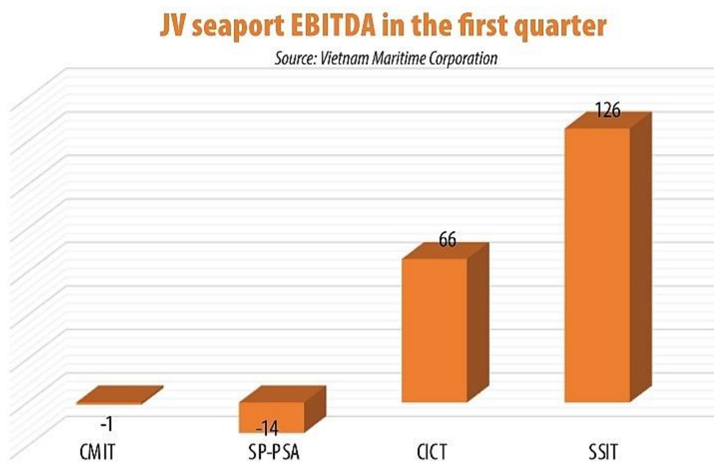
With strict quarantine measures still in place, the country has gone approximately 50 days without recording a new case, except for foreign visitors./.Nikkei

Seaport ambitions fail to hold water

Despite some improvements, seaport joint ventures between foreign partners and state-owned shipping giant Vietnam Maritime Corporation continued to incur losses in the first quarter of this year, rendering profit targets practically unreachable amid the current global health emergency.

Nguyen Canh Tinh, CEO of Vietnam Maritime Corporation (VIMC), told VIR that VIMC is one of the logistics companies that have been hit the hardest by the ongoing health crisis. "Our seaports, logistics, and shipping business lines suffered in the first quarter of 2020, including our joint venture (JV) seaports due to interruptions in global trade links."

Total container throughput shipped via Cai Mep International Terminal (CMIT) reached 414,000 twenty-foot equivalent units between January and March, leading to a total revenue of VND281 billion ($12m) and a loss of VND1.4 billion ($61,000). The seaport, a JV between VIMC and Denmark's APM Terminals in the southern province of Ba Ria-Vung Tau, saw its overall financial performance drop by 1% on-year.



Seaport ambitions fail to hold water

Similarly, the Cai Lan International Container Terminal (CICT), a JV between US-based Carrix and VIMC, saw an on-year fall of 85% in container throughput during the same period, thus incurring a loss of around VND110 billion ($4.75m).

Targets reachable?

With these drastic losses, CICT is VIMC's worst-performing JV seaport. After reporting small improvements in 2018, the port witnessed a 47% on-year drop in container throughput in 2019, resulting in 17% less profit. The seaport is even forecast to face more difficulties in the coming months when more terminals are being put into operation at Lach Huyen International Seaport in the northern port city of Haiphong.

Meanwhile, this year's first quarter was not rosy for SP-PSA, a joint venture between VIMC and Singapore-based PSA in the Cai Mep-Thi Vai area, which lost about VND50 billion ($2.15m).

SP-PSA reported no container throughput, while its volume of goods in bulk fell 15% on-year to around 710,00 tonnes. As a result, this JV recorded a revenue of VND36.3 billion ($1.6m), equal to a mere 88% of the same period last year.

Despite these losses, JV seaports somewhat improved during the first quarter of 2020. These improvements, however, are not ample enough to help them cover the huge losses incurred in the past and during the ongoing pandemic.

As shown in VIMC statistics, CMIT's container throughput rose 8%, while revenue went up 2%. Also, CICT reported a 66% on-year rise in the volume of goods in bulk and 66% in its earnings before interest, tax, depreciation, and amortisation (EBITDA). With these figures, CMIT remains the most profitable JV for VMIC.

Meanwhile, SSIT – another JV between VIMC and SSA Marine in the Cai Mep-Thi Vai area – saw its volume of goods in bulk climb by 1% on-year, while its revenue soared 49% on-year.

"In 2019, VIMC's total volume of goods shipped via its seaports reached over 106 million tonnes, up nearly 7% on-year. This year, we aim to increase the figure to around 108 million tonnes. However, if the pandemic continues to spread, we will have to readjust our target," Tinh of VIMC noted.

Promising divestment

Although CICT performed better this period, it had trouble attracting cargo for the following years. Therefore, VIMC still wants to offload its share in this JV.

“With mounting competition from Lach Huyen International Seaport, in the long term, CICT will be less competitive in both container throughput and goods in bulk. Possibly, we plan to divest our controlling stake,” Tinh elaborated.

This is good news for Carrix, SSA Marine, and other domestic and international investors who are eager to expand to and in Vietnam, where seaports attract the most foreign direct investment in the transport sector, thanks to the ability to control revenue sources, and favourable links to global supply chains.

Carrix, SSA Marine, and other players once showed their strong interest in buying stakes in the JV seaports when VIMC several years ago planned to divest state stakes in CICT and SSIT. Singapore-invested SP-PSA also wanted to raise stakes in VIMC while SSA Marine offered to buy VIMC’s entire stake in CICT. Their interest was damaged as the state-owned giant stopped the plan.

Industry insiders said that VIMC, which has stakes in 14 port companies and operates over 13,000 metres of piers with a total capacity of 75 million tonnes a year, is a springboard for international groups to venture further into the lucrative market amid growing trade.

Le Duc Khanh, director of market strategy department at PetroVietnam Securities, told VIR, “VIMC’s state stake divestment will be attractive to foreign partners, especially to those that are partnering in JV seaports. This is possibly successful as mergers and acquisitions are increasingly more attractive.”

According to the Ministry of Planning and Investment, such deals among foreign-invested enterprises rose 33% in the first four months of 2020. Remarkably, the number of related deals among the US and EU partners grew significantly during the period, with those from the US climbing by nine times. Consultancy firms forecast that the trend will continue further, and seaports will benefit on the back of bilateral trade driven by the landmark EU-Vietnam Free Trade Agreement. VIR

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INVESTMENT

More giant foreign firms plan to shift investment into Vietnam

Vietnam is expected to see a new foreign direct investment (FDI) wave as more foreign companies plan to move investment into the country.

Vietnam is expected to see a new foreign direct investment (FDI) wave as more foreign companies plan to move investment into the country.

The US-China trade has triggered the trend of shifting production lines from China to Southeast Asia and other markets, including Vietnam which was seen as a promising destination.

Meanwhile, many countries are fighting against the Covid-19 pandemic while Vietnam has basically controlled the disease, while maintaining its economic growth momentum

Pegatron, Amazon and Home Depot have started recruiting and seeking to open new supply chains with Vietnam being among potential markets.

Other US giants like Google and Microsoft have announced their plans to relocate their production facilities of new phones, personal computers and some other devices from China to Southeast Asia with factories in Vietnam and Thailand expected to be the beneficiaries, the Nikkei Asian Review reported.

Microsoft is scheduled to start producing its Surface line, including notebook and desktop computers, in the northern region of Vietnam in the second quarter of this year at the earliest, according to the Nikkei Asian Review.

Since late February this year, Apple has announced recruitment notices in Vietnam for a number of positions in HCM City and Hanoi on its official website.

In a recent move, Taipei-listed Wistron Corporation, another manufacturing partner, also chose Vietnam as part of its $1b expansion plan for this year and the next, along with India and Mexico, Bloomberg said.

GoerTek, one of Apple's important manufacturing partners in China, which has two assembly plants in Que Vo Industrial Park in Bac Ninh Province revealed in March that it was preparing to establish a unit in Vietnam.

Dr Le Dang Doanh, former head of the Central Institute for Economic Management, said that it is essential to select hi-tech FDI projects for the high economic value and environmental protection.

Doanh suggested that Vietnam needs to boost administrative reform to lure investors. He cited a report by the Vietnam Chamber of Commerce and Industry as saying that up to 54% of Vietnamese company admitted paying bribes for administrative procedures to be quickly completed.

The country needs to improve the infrastructure network which remained limited, while logistics fees, including road fees, are still quite high.

However, Vietnam has a young labour force which needs to master the skills suitable for new and ever-changing jobs. Dan Viet/Dtinews

ThaiBev denies rumors on stake sale of Vietnam's No.1 brewer Sabeco

ThaiBev affirms that Vietnam "continues to be one of ThaiBev's core markets." Thai Beverage Public Co. Ltd. (ThaiBev) has rejected rumors that it was seeking a buyer for Sabeco, the largest brewage company in Vietnam.

Sabeco is the largest brewer in Vietnam.

"THBEV wishes to clarify that these claims are entirely without merit and that the Company has no intention of selling its businesses in Vietnam in any way," the Thai beverage giant said in a filing to the Singapore Stock Exchange on May 29.

On the contrary, the company said it remains fully committed to realizing the full potential of its core businesses in Vietnam, in particular Sabeco, and "aims to solidify its position as the largest beverage company in Southeast Asia and a leader in beer."

ThaiBev spent nearly US$5 billion to acquire a majority stake of Sabeco, which stands for Saigon Beer - Alcohol - Beverage Corporation, at a price of VND320,000 ($13.7) a share in 2017. Sabeco shares ended at VND176,400 ($7.5) apiece on May 29, or a loss of 45% against its purchasing price. Sabeco is now valued at VND113.12 trillion ($4.83b).

This is not the first time ThaiBev, which fully owns Vietnam Beverage Co. – the largest shareholder of Sabeo with a 53.6% stake, has denied such rumors.

At end-2019, Financial Times reported that ThaiBev planned to split its beer business to go IPO in Singapore for expected proceeds of $2.5b. In a filing after that, ThaiBev said Vietnam "continues to be one of ThaiBev's core markets and is integral to its goal of becoming a stable and sustainable leader in Southeast Asia's beverage industry."

ThaiBev repeated the same wording in its May 29 announcement. "The Company is confident that its businesses in Vietnam will continue to support its dedication to its vision of growth and diversity, and it remains steadfast in its commitment to making Sabeco the pride of Vietnam."

The Thai company tipped that since the acquisition, Sabeco achieved a 5% increase in net sales in 2018 and continued to deliver a strong performance in 2019, reporting a further 5% increase in net sales and a net profit growth of 22%. Sabeco pays generous dividends annually.

Vietnam is the largest beer market in Southeast Asia and the third in Asia after Japan and China. Hanoitimes

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