

# VIETNAM SEAPORT SEGMENT

Pressure from weakening demand



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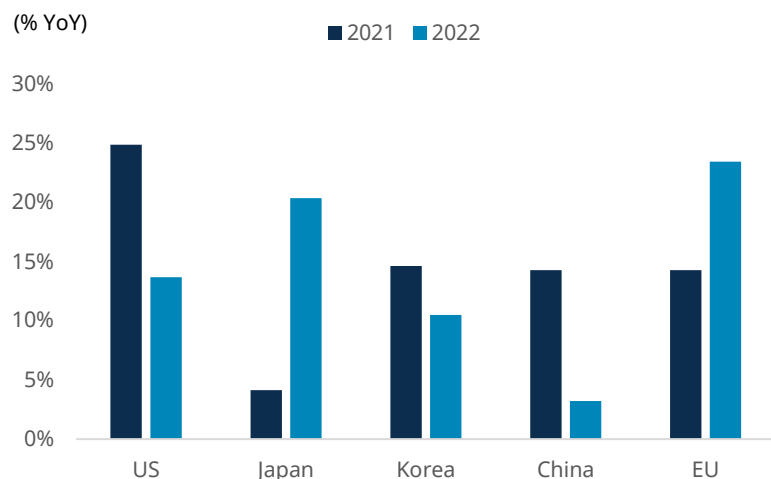


# Export-import value and customs clearance

## Solid growth in 2022

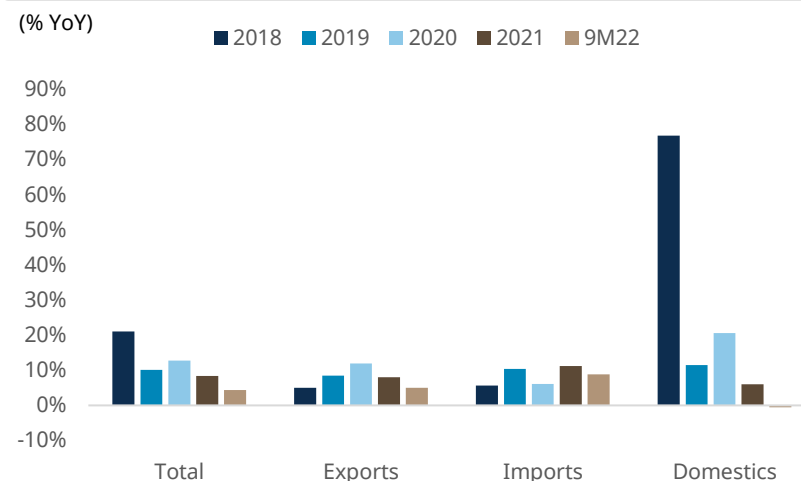
- Vietnam saw solid growth in its international trade performance in 2022. The country's export-import value recorded a growth rate of 9.1% YoY, amounting to a figure more than US\$730bn. Export and import values were estimated at US\$371.8bn and US\$360.6bn, respectively, for growth of 10.6% and 8.4% YoY. The export-import value growth in 2022 follows a trend of cooling down, with the growth rate returning to the average observed between 2015 and 2020, which was 10.8%. The export value of key commodities, such as electronics, machinery and equipment, textiles, and footwear, continued to grow, with respective YoY growth rates of 8.7%, 19.3%, 14.5%, and 34.8%.
- In addition to the growth of export-import value, the volume of goods cleared at seaports also recorded positive results, with a YoY growth rate of 3.4% by end-September 2022. Total volume of goods cleared was estimated at 608.3mn tons, with export goods at 148.5mn tons, import goods at 173.4mn tons, and domestic goods at 284.7mn tons, with a YoY growth rate of -2.6%, -4.4%, and 12.6%, respectively. Container volume increased slightly, with growth of 4.4% YoY in 9M22, to an estimated 20.9mn TEUs. Export and import container volumes were estimated at 6.9mn TEUs and 7.1mn TEUs, respectively, exhibiting YoY growth of 5% and 8.9%, respectively. Domestic container volume was stable, estimated at 6.8mn TEUs.
- Vietnam's exports to major markets, such as the US, Japan, Korea, China, the EU, and Canada, recorded improvement, with YoY growth rates of 13.7%, 20.4%, 10.5%, 3.2%, 23.5%, and 21.1%, respectively. Canada's growth in particular was attributed to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

### Export value growth to key markets



Source: Vietnam Marine, Mirae Asset Vietnam Research

### Container clearance volume growth



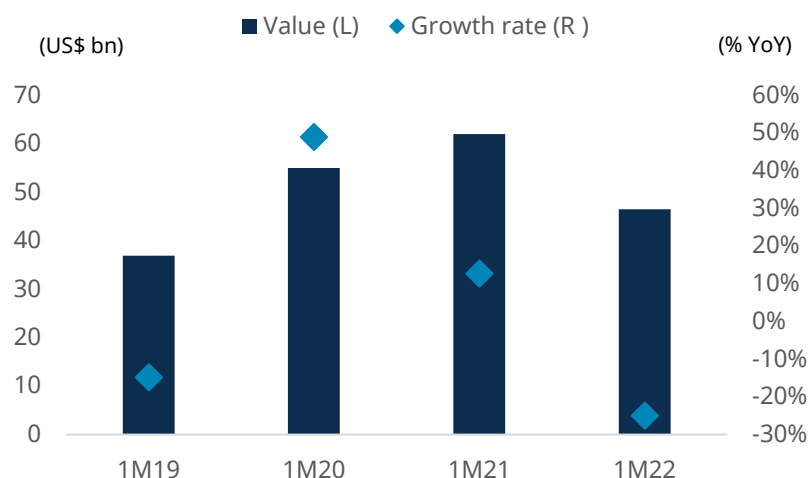
Source: Vietnam Marine, Mirae Asset Vietnam Research

# Export-import value and customs clearance (cont'd.)

## Manufacturing activity declined in January 2023

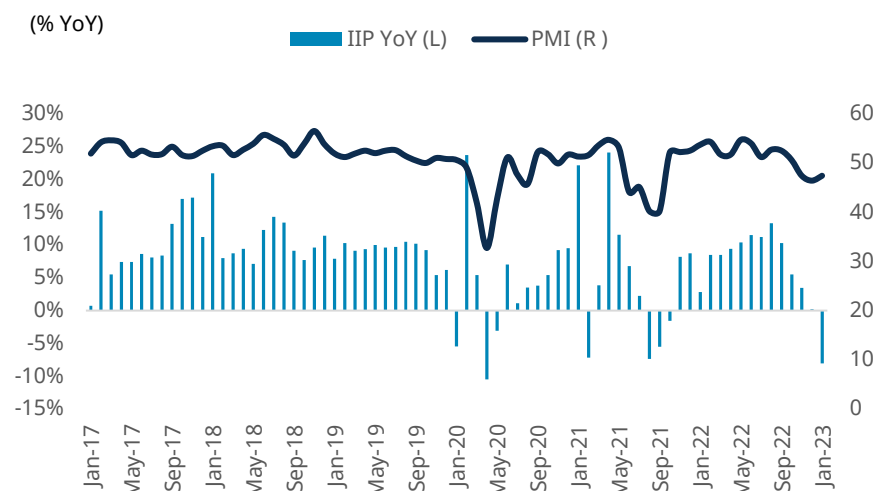
- In January 2023, the value of imports and exports was estimated at US\$46.5bn, recording a significant decline of 25% YoY. This represents the largest decline since 2018. Key commodities exhibited negative growth in January 2023, including Electronics (-11.5% YoY), Telephones (-18.6% YoY), Machinery and Equipment (-25.2% YoY), Textiles and Garments (-30.7% YoY), and Footwear (-17.7% YoY).
- The Purchasing Managers' Index (PMI) in January 2023 was recorded at 47.4 points and remained below the threshold of 50 for a third consecutive month. Vietnam Industrial Production Index (IIP) has also shown a downward trend since November 2022, with a drop of 8% YoY. The decline in the manufacturing sector in January 2023 was not only attributed to the impact of the Lunar New Year holiday, but also reflected weakening demand due to the decrease in the export value of Vietnam's key commodities. This is likely to lead to a reduction in export-import activities in 1Q23.
- The number of Foreign Direct Investment (FDI) projects in the processing and manufacturing industry as of end-2022 reached 15,947 projects, up 2.3% YoY, with total registered capital of US\$260.1bn, an increase of 7.5% YoY. The rate of growth in the number of projects has continued to decline compared with previous years (4.9% in 2020 and 3% in 2021), although the scale of new projects was larger, with average registered capital per project of US\$16.3bn, up from an average of US\$15bn in 2022.
- According to the World Bank, consumer confidence index both globally and in Vietnam's main export markets are in negative territory. In key markets, such as the US and EU, consumer confidence is approaching levels seen during the financial crisis, while in China, the index is even lower.

### Export-import value growth



Source: GSO, Mirae Asset Vietnam Research

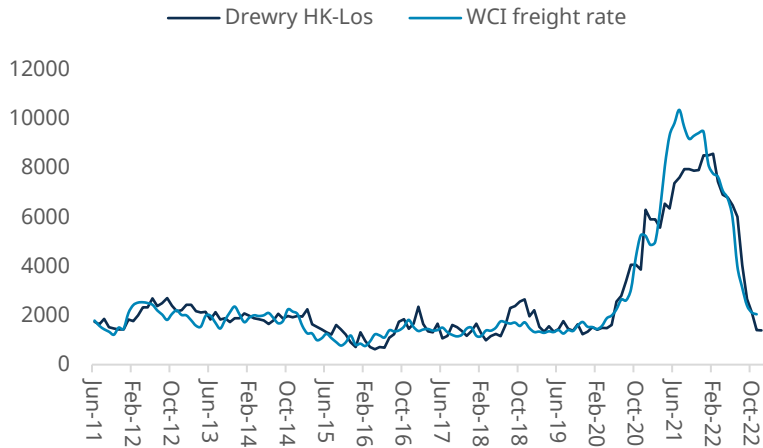
### Vietnam PMI & IIP



Source: PMI Markit, GSO, Mirae Asset Vietnam Research

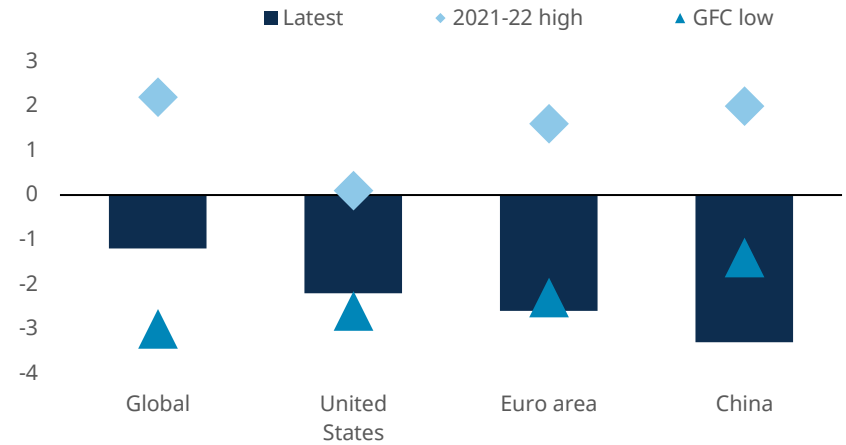
# Export-import value and customs clearance (cont'd.)

## Shipping rate indexes



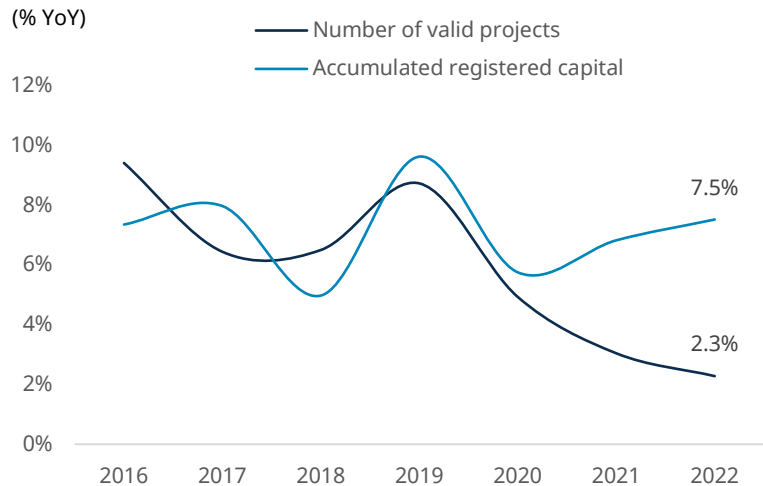
Source: Bloomberg, Mirae Asset Vietnam Research

## Consumer confidence index



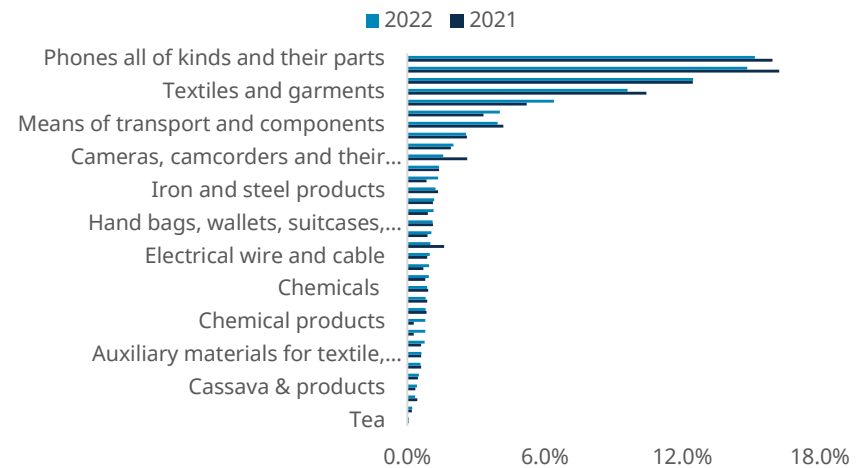
Source: WB, Mirae Asset Vietnam Research

## Manufacturing FDI



Source: MPI, Mirae Asset Vietnam Research

## Export structure



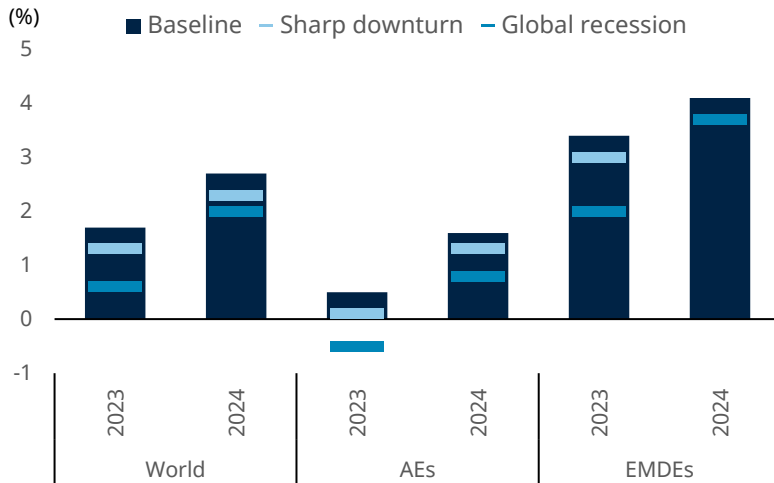
Source: GSO, Mirae Asset Vietnam Research

# 2023: Pressure from weakening demand

## Clearance volume is expected to face pressure as demand weakens

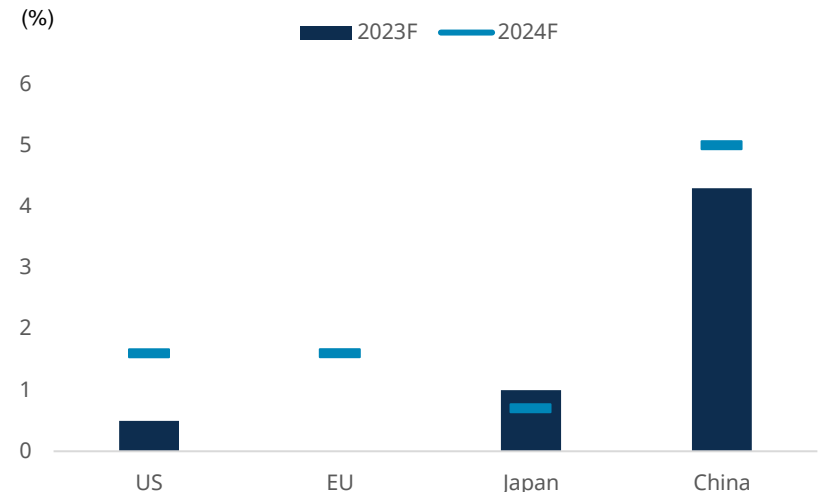
- We expect the global economy in 2023 to continue to face challenges, as central banks maintain their stance of increasing interest rates to bring inflation back to their target levels. The prevailing monetary policy, coupled with an incomplete recovery from the COVID-19 pandemic and the ongoing impact of the conflict in Ukraine, is likely to result in a recession in 2023. The projected growth in the GDP of developed economies in 2023 is estimated to be at a low rate, with limited growth forecast for Vietnam's main export markets, such as the US (+0.5%), the EU (0%), and Japan (+1%).
- Global trade is predicted to grow at a slower pace in 2023 compared with 2021, following the aftermath of the COVID-19 pandemic, and at a significantly lower rate compared with the average growth rate during the period 2000–2019. The recovery of post-pandemic trade activities is slower than in previous crises. The current world shipping price index has reached the average level for the period 2011–2020, and that companies relying primarily on shipping services should experience greater competition and lower profit margins in 2023.
- The combination of low growth and uncontrolled inflation is likely to result in a decline in consumption demand in Vietnam's key export markets, thereby affecting the nation's import-export output and customs clearance volume. We expect export-import value and clearance volume to struggle to maintain the growth seen in previous years and remain flat in 2023. This should result in intense competition in the port operations sector, particularly in the northern region, where capacity continues to expand.

Global growth under different scenarios



Source: WB, Mirae Asset Vietnam Research

GDP growth of key markets



Source: WB, Mirae Asset Vietnam Research

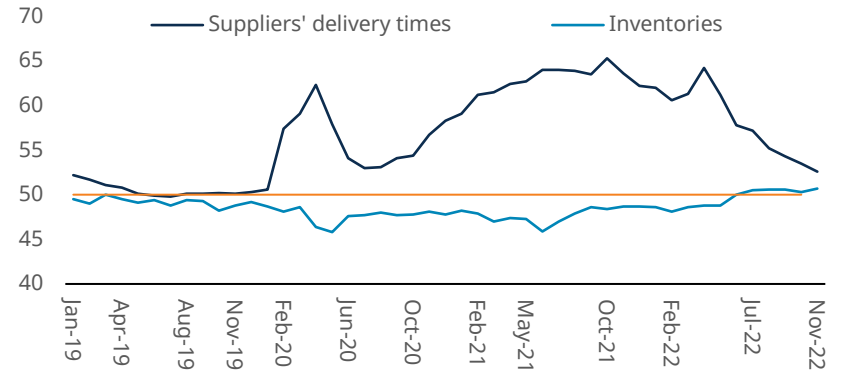
# 2023: Pressure from weakening demand (cont'd.)

## Global supply chain pressures



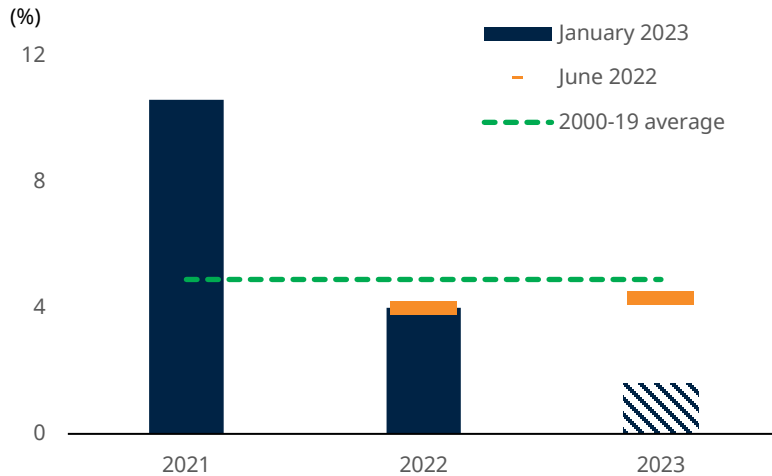
Source: WB, Mirae Asset Vietnam Research

## Delivery time and inventory



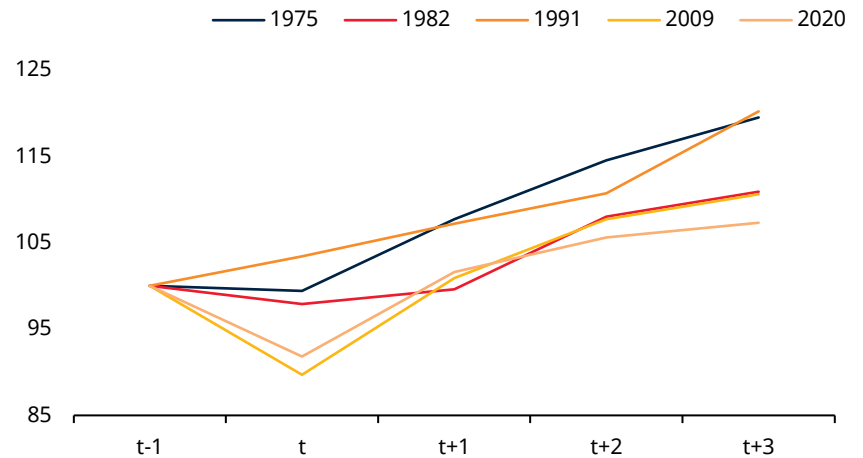
Source: WB, Mirae Asset Vietnam Research

## Global trade growth



Source: WB, Mirae Asset Vietnam Research

## Global trade growth after global recessions



Source: WB, Mirae Asset Vietnam Research

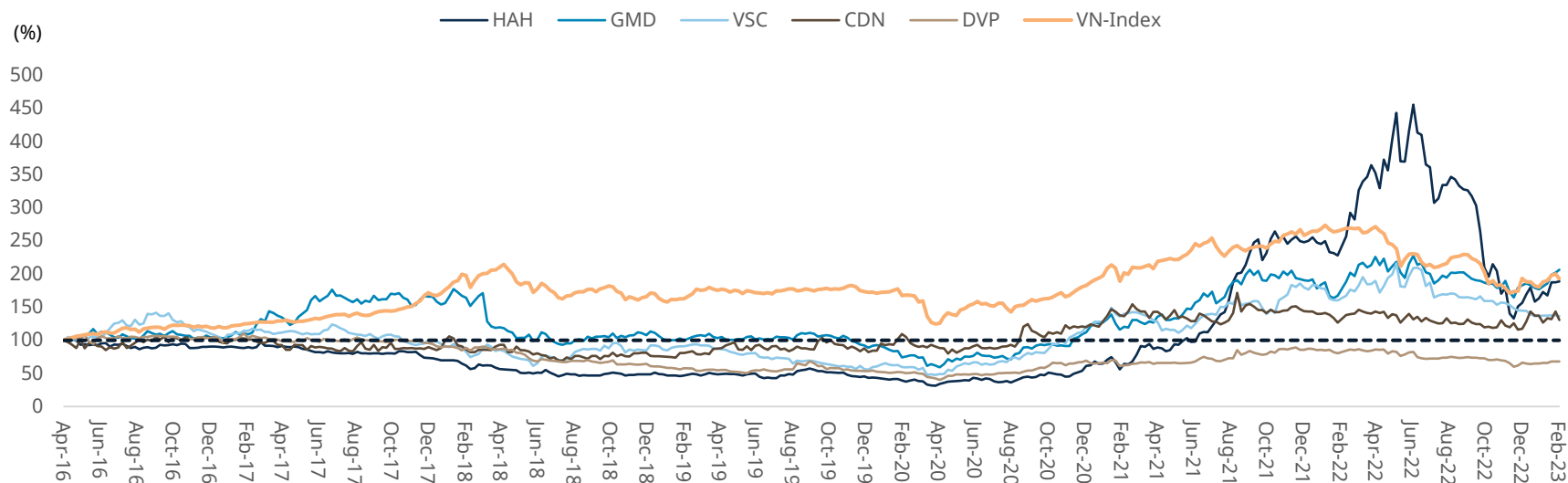
# 2022 business results and stock performance

## Listed seaport and logistics company performances

Ticker	TTM PE	TTM PB	2022 revenue growth(% YoY)	2022 NPAT growth(% YoY)	Price change YTD (%)	Relative performance YTD (%)
HAH	3.6	1.1	64	90.8	14.4	9.6
GMD	17.3	2.3	22.1	60.6	15.9	11.1
VSC	11.4	1.3	6.1	-5	-1.6	-6.4
CDN	10.0	1.7	10.8	11.9	-4.9	-9.7
DVP	6.8	1.4	-3.8	2.2	4.5	-0.3

Source: Bloomberg, Company data, Mirae Asset Vietnam Research

## Stock performance from 2016



Source: Bloomberg, Mirae Asset Vietnam Research



# APPENDIX

## Stock Ratings

Buy	: Relative performance of 20% or greater
Trading Buy	: Relative performance of 10% or greater, but with volatility
Hold	: Relative performance of -10% and 10%
Sell	: Relative performance of -10%

## Industry Ratings

Overweight	: Fundamentals are favorable or improving
Neutral	: Fundamentals are steady without any material changes
Underweight	: Fundamentals are unfavorable or worsening

Ratings and Target Price History (Share price (←), Target price (→), Not covered (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆))

\* Our investment rating is a guide to the relative return of the stock versus the market over the next 12 months.

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\* The target price was determined by the research analyst through valuation methods discussed in this report, in part based on the analyst's estimate of future earnings.

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