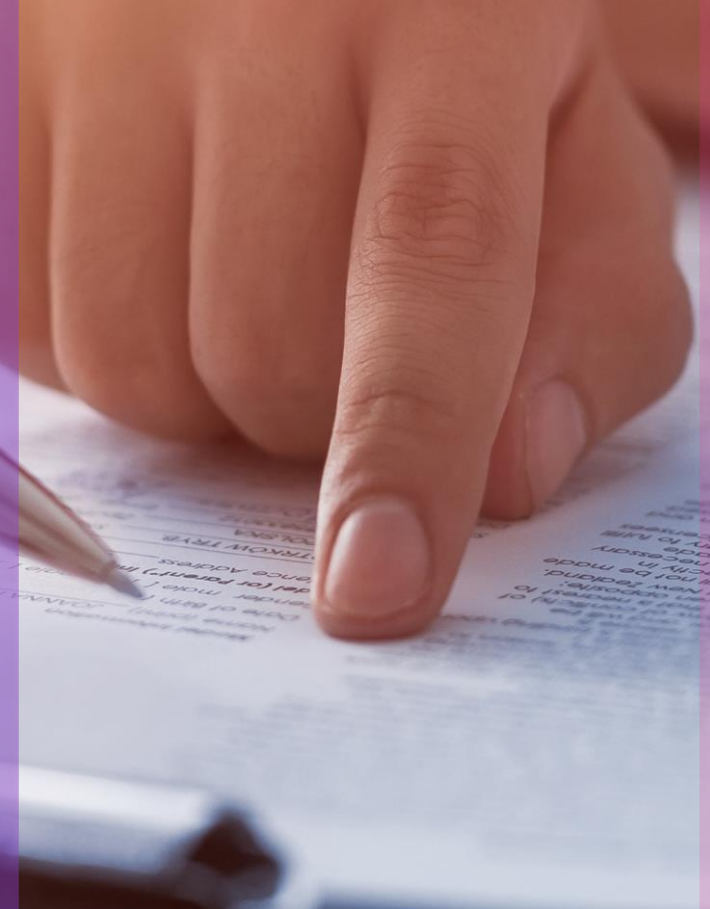




Succeeding in M&A in Vietnam: Key lessons from practical experiences

Monday, 20 March 2023, 1:30pm to 3:30pm
At Theatre, KPMG in Thailand



With you today



Surayos Chuephanich
Partner, M&A, Deal Advisory
KPMG in Thailand



Tharabodee Serng-Adichaiwit
General Manager of
Bangkok Bank Vietnam branch,
Vice-President, Thai chamber of
Commerce and Industry in
Vietnam



Dinh The Anh
Partner, M&A, Deal Advisory
KPMG in Vietnam

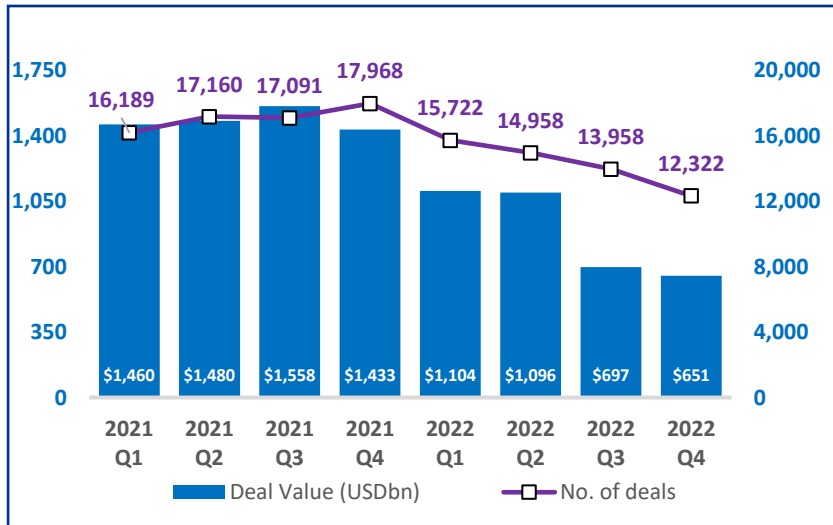


Truong Nguyet
Director, Deal Advisory,
M&A Tax
KPMG in Vietnam



Pongsapak Prajakfueangfu
Associate Director,
International Tax and M&A
KPMG in Thailand

Global M&A Activity



- Global M&A value and volume decreased in 2022, but must be seen in context of all-time highs in 2021 following the covid rebound.
- However, headwinds have continued into 2023, with stock-market volatility impacting valuations, concerns about a recession, and the emerging fears in the banking sector.
- We expect 2023 M&A activity in this region to remain resilient, with appetite for good quality deals driven by:
 - Search for new markets and growth;
 - Cost-effective manufacturing;
 - Supply-chain de-risking.
- Shift towards a buyers market as multiples soften

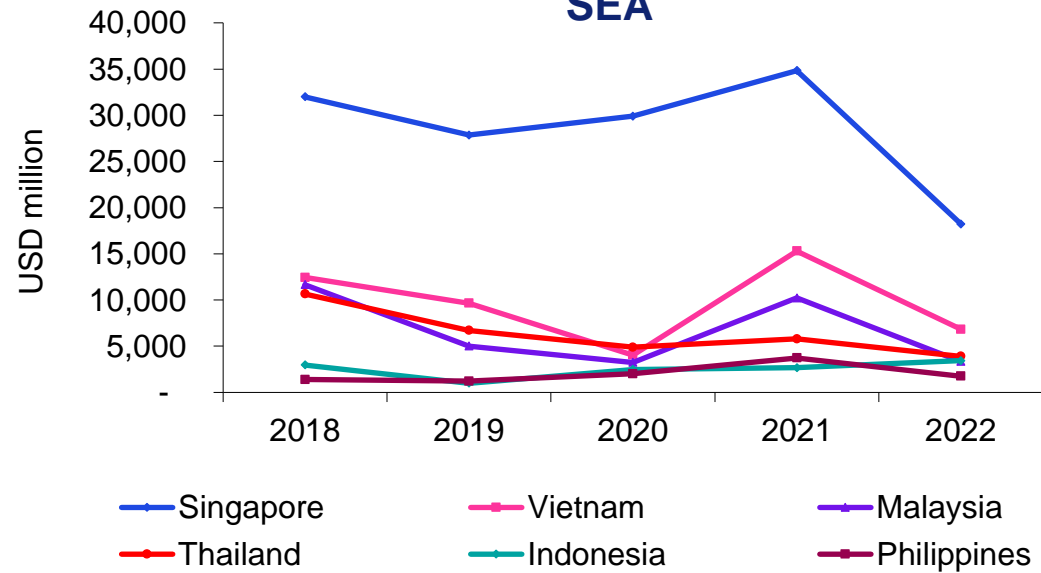
Source: Refinitiv as of January 15, 2023; KPMG analysis



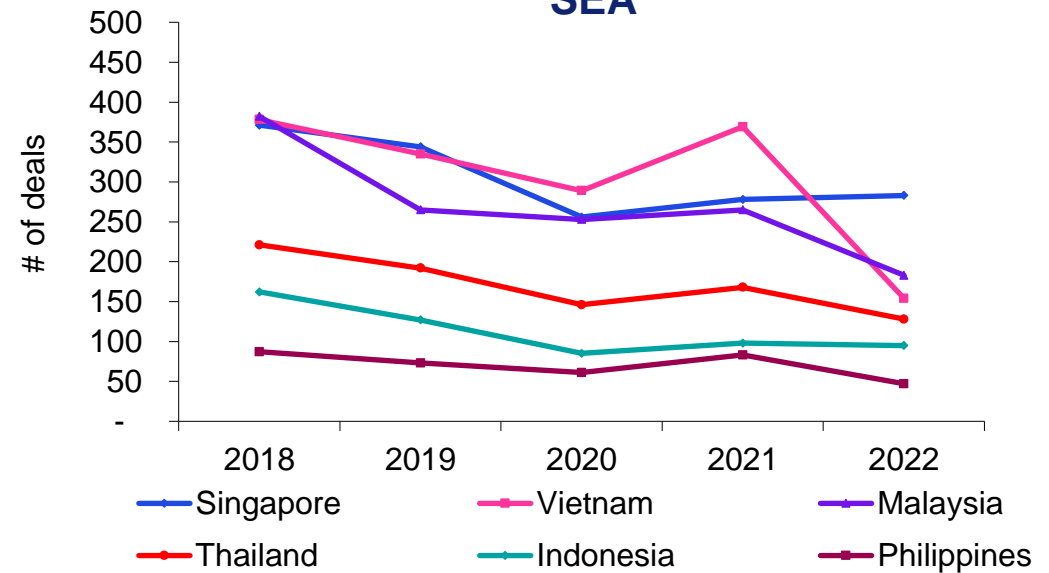
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Transaction trends in key markets in SEA

M&A transaction value in key markets in SEA



No. of M&A transaction in key markets in SEA



Source: Capital IQ; KPMG analysis

Market overview

By Mr. Tharabodee Serng-Adichaiwit



A Trusted Partner and Reliable Close Friend for the AEC

3 Pillars of Vietnam

1. Strict enforcement of Law
2. Human Resources
3. Government



**PARTY
GENERAL SECRETARY**



Nguyễn Phú Trọng

POLITBURO

 Nguyễn Phú Trọng	 Nguyễn Văn Nên	 Nguyễn Hòa Bình	 Trần Thanh Mẫn
 Phạm Minh Chính	 Vương Đình Huệ	 Trương Thị Mai	 Võ Văn Thưởng New President
 Tô Lâm	 Phan Đình Trạc	 Trần Cẩm Tú	 Phan Văn Giang
 Nguyễn Xuân Thắng	 Lương Cường	 Trần Tuấn Anh	 Đinh Tiến Dũng

THE SECRETARIAT

 Lê Minh Hùng	 Nguyễn Trọng Nghĩa	 Đỗ Văn Chiến	 Bùi Thị Minh Hoài	 Lê Minh Khái
------------------	------------------------	------------------	-----------------------	------------------

"Politburo"



Total 16 members



**Central Committee of
Communist Party
(200 members)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
GDP Growth (%)	5.89	5.03	5.42	5.98	6.68	6.21	6.81	7.08	7.02	2.91	2.58
Import growth (%)	24.7	7.1	15.4	12.1	12.0	4.6	20.8	11.5	6.8	3.6	26.5
Export Growth (%)	33.3	18.3	15.4	13.6	8.1	8.6	21.1	13.8	8.4	6.5	19.0
Balance of Trade (USD bio)	-9.5	0.3	0.9	2.0	-3.2	2.7	2.7	7.2	10.0	19.1	4.0
FDI (registered capital) (US\$ bio)	14.7	13.0	21.6	20.23	22.76	24.4	35.9	35.5	38.0	28.5	31.2
FDI (Disbursement) (US\$ bio)	11.0	10.46	11.5	12.35	14.5	15.8	17.5	19.1	20.4	20.0	19.7
Average Annual CPI (%)	18.6	9.2	6.6	4.1	0.6	2.7	3.5	3.5	2.8	3.23	1.84
Average Exchange Rate (USD/VND)	21,036	20,850-20,950	20,900-21,200	21,100-21,400	22,000-22,500	22,300-22,800	22,600 - 22,800	22,900 – 23,200	23,170 – 23,420	23,100 – 23,600	22,700-23,200
Overseas remittances (US\$ bio)	10.0	11.0	11.0	12.0	13.0	9.0	15.0	15.9	16.7	15.7	12.5
Current Account Balance / GDP (%)	-0.5	6.0	4.5	4.9	0.1	2.9	2.2	1.9	3.7	3.7	-1.1
International Reserves (US\$ bio)	9.0	19.0	28.0	36.0	40.0	41.0	52.0	55.3	78.5	94.8	110.0

Sources: Vietnam Government, Refinitiv, World Bank.

Pro-growth Policy

- High Lending growth
- High Inflation
- Huge Trade Deficit
- FX Turbulence
- Problem in Banking Industry

Sustainable growth Policy

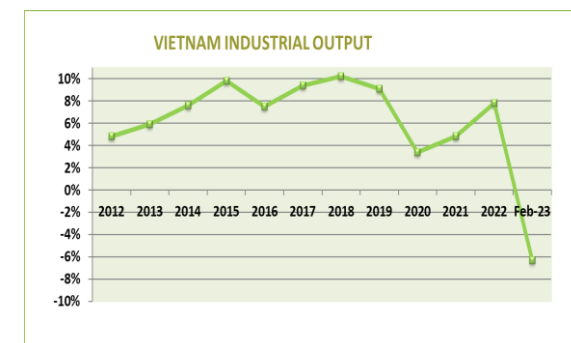
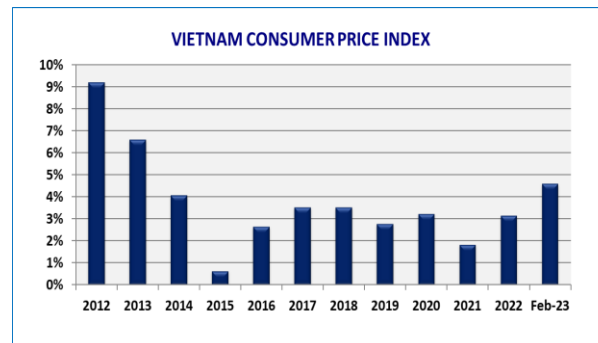
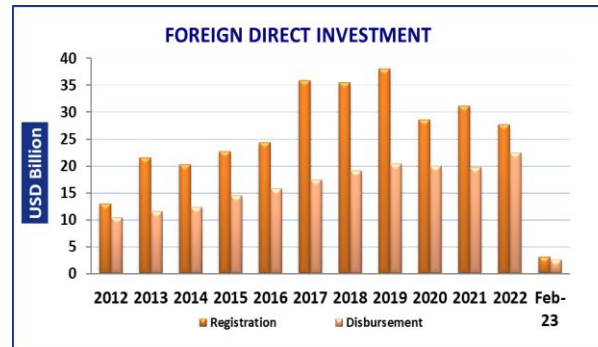
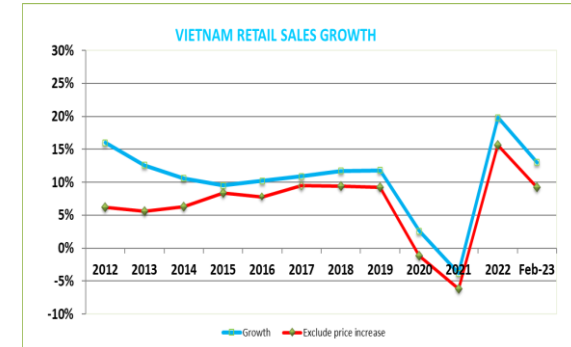
- GDP growth 6-7%
- Lower Inflation rate
- Lower interest rate
- Stable currency



Stability

	2022	2023F	2024F	2025F
GDP Growth (%)	8.02	6.5-7.0	6.5-7.0	6.5-7.0
Import growth (%)	8.4	7.0-8.0	7.0-8.0	7.0-8.0
Export Growth (%)	10.6	8.0-9.0	8.0-9.0	8.0-9.0
Balance of Trade (US\$ bio)	11.2	5.0-10.0	5.0-10.0	5.0-10.0
FDI (registered capital) (US\$ bio)	27.72	30-40	30-40	30-40
FDI (Disbursement) (US\$ bio)	22.40	20-30	20-30	20-30
Average Annual CPI (%)	3.15	4.0-4.5	3.5-4.0	3.5-4.0
Average Exchange Rate (USD/VND)	23,400-24,300	23,500-24,500	23,500-24,500	23,500-24,500
Current Account Balance / GDP (%)	0.2	0.6	0.5	0.0
International Reserves (US\$ bio)	89.0	146.9	162.7	179.3

	Feb -2023
GDP 2022	8.02%
Import (US\$ bio)	46.62 (-16.0% <i>yoY</i>)
Export (US\$ bio)	49.44 (-10.4% <i>yoY</i>)
Balance of Trade (US\$ bio)	2.82
FDI (registered capital) (US\$ bio)	3.1 (-38% <i>yoY</i>)
FDI (Disbursement) (US\$ bio)	2.55 (-4.9% <i>yoY</i>)
Retail Sales Growth (%)	13.0
Purchasing Managers' Index (PMI)	51.2
Industrial Production Index (%)	-6.3
Average Annual CPI (%)	4.6
Average Exchange Rate (USD/VND)	23,500-23,800



Business Environment – Target to be developed country in 2045

Long term key aspects

- Stable politic and strong government fiscal budget with low public debt, estimated 43-44% in 2022.
- Heathy banking industry with prudent control by State Bank of Vietnam, NPL <2%
- Continue Stability economic policy: low inflation, stable interest rate and stable currency
- Growing local consumption from young population with increasing wealth and more middle income population up to 30-40M in the future
- Booming of FDI from CPTPP, FTA EU, UK FTA, RECEP, FTA Russia+Customs Union, AEC and benefit from US-China Trade Dispute
- Growth in Export with Positive Balance of Trade, positive current account positive/GDP and positive Balance of Payment: Historical high of International Reserve -> Stable FX
- **Net zero within 2050 commitment**

Short term challenges

- Increasing inflation
- Steep high interest rate
- Lower export order especially non-necessity products
- Uncertainties from arrested of local tycoons
- Real Estate Bond issue

GDP 2022 = USD403Bil (e)

$$\text{GDP} = \text{C} + \text{I} + \text{G} + (\text{EXP} - \text{IMP})$$

Local Consumption

- 100M population
- Young population
- Big room for middle income class
- Low household debt

Investment

- FDI commitment at USD30B/year
- Government investment in infrastructure at USD25Bil/year to 2025 ie.5000km expressway north-south, USD10Bil MRT in HCM & Hanoi, 8 new airports including second one in HCM & Hanoi, double capacity of deep seaport in north and south to 160K DWT, double electricity capacity from 70K mw to 137k mw in 2030

Export

- Growing in export growth in Electronic & phone, Garment, Furniture, Shoes, Agricultural products, existing export USD33bil/month

สัดส่วนสินเชื่อของประเทศที่เกิด Crisis
 ที่ให้กับภาคอสังหาริมทรัพย์

	2540	2554	2565
ประเทศที่เกิด Crisis	ไทย	เวียดนาม	
Loan to Developer	8.1%	6.8%	7%
Loan to Home Buyers	7.4%	3.5%	14%

ที่มา : BOT และ SBV

D/E Ratio ของบริษัทพัฒนา
 อสังหาริมทรัพย์รายใหญ่ของเวียดนาม

บริษัท	D/E Ratio
Vinhomes JSC	0.25 เท่า
Novaland	1.72 เท่า
FLC Group	0.66 เท่า
Dat Xanh	0.63 เท่า
Nam Long	0.58 เท่า

ที่มา : Investing.com

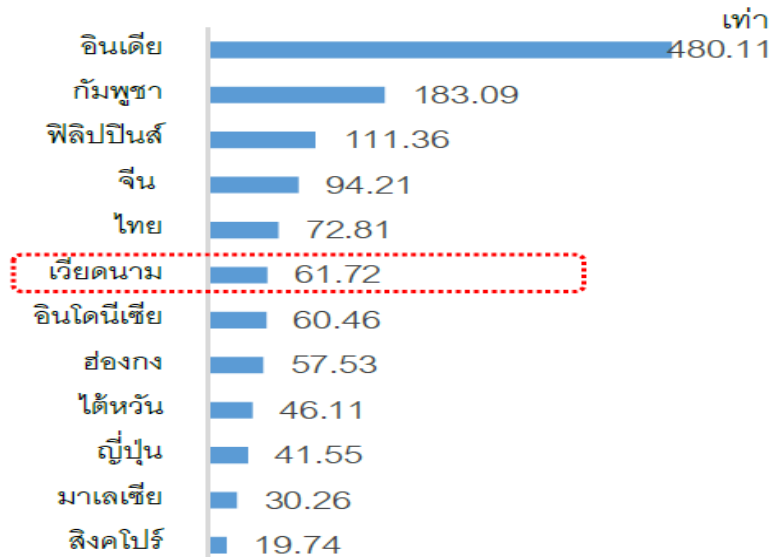
Mechanism on control foreign debt:

- **Max 50% of GDP : now 36.8% of GDP**
- **Only Exporter can borrow USD**
- **Off shore Loan over one year need registered with SBV**
- **No VND off shore market allowed**
- **Short term foreign debt/Int'l reserve :37% compare to Thailand in 1998 at 140%**

Real Estate business's Corp Bond Fact

- **Land Price went up too high from Bond proceeds-> Government investigated: force to prepay bond if issue illegally**
- **Corp Bond was 15% of GDP in which 37% is from Real Estate companies equiv to USD18.4Bil(USD6Bil due in 2023 and USD6Bil in 2024)**
- **Top Bond issuers: Van Tin Phat USD5Bil(arrested), Vietjet USD3Bil, Novaland USD2.5Bil, Vingroup USD1.7Bil, Hung Thnh USD1Bil).**
- **Default crisis from new bond cannot issue and bank loan not allowed to refinance, this force land price to lower by government.**
- **Top Bond holders: Financial institution 45%, individual 30%, others 25%**
- **21% of total bank lending to real estate equiv to USD105Bil in which 14% was mortgaged loan and 7% to real estate developer mostly on secured basis**
- **Gov issued guideline to extend bond due for another 2 years.**

House Price/GDP per Capita ของประเทศไทยต่างๆ ในเอเชีย



ที่มา : Global Property Guide

Comment:

- Vietnam's fundamental now still better than Thailand in 1998 both government status, economic indicator and market demand.
- Vietnam government already issued guideline to postpone bond due for 2 years to allow bond issuer to solve problem.
- VN Banking industry still healthy with NPL at 1.9% and in worst case SBV has VAMC mechanism to overcome from exposure

เทียบเสถียรภาพทางการเงินของไทยในช่วงก่อน เกิด Asian Crisis และของเวียดนามในปัจจุบัน

	ไทย (ปี 2539)	เวียดนาม (ปัจจุบัน)
External Debt (% of GDP)	62%	31%
Privat External Debt (% of GDP)	26%	11%
Current Account (% of GDP)	-13%	1%
Import Cover (Months)	5.5	3
Domestic Credit to Private Sector (% of GDP)	211%	122%
D/E Ratio (เฉลี่ยของภาคอสังหาริมทรัพย์)	2.4 เท่า	0.7 เท่า

ที่มา : FINOMENA, Bloomberg (as of 2/03/2023)

และ EIU

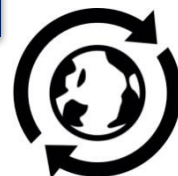


VND and THB Depreciation against USD

(year-on-year)

In terms of market levels

Year	VND	THB
2007	0.2%	-5.0%
2008	8.7%	3.2%
2009	7.0%	-3.9%
2010	11.0%	-10.0%
2011	8.0%	5.0%
2012	-1.9%	-3.0%
2013	1.2%	6.9%
2014	1.4%	0.7%
2015	5.1%	9.5%
2016	1.2%	-0.5%
2017	-0.3%	-9.2%
2018	2.2%	-0.7%
2019	-0.2%	-7.9%
2020	-0.3%	0.8%
2021	-1.2%	10.8%
2022	3.5%	4.3%
7 Mar 2023 (ytd)	0.4%	-0.2%



Country's Rating

	Level	Status
Moody's (Sep 2022)	▶ Ba2	Stable
Fitch (Oct 2022)	▶ BB	Positive
S&P (May 2022)	▶ BB+	Stable

-Sources: Reuters

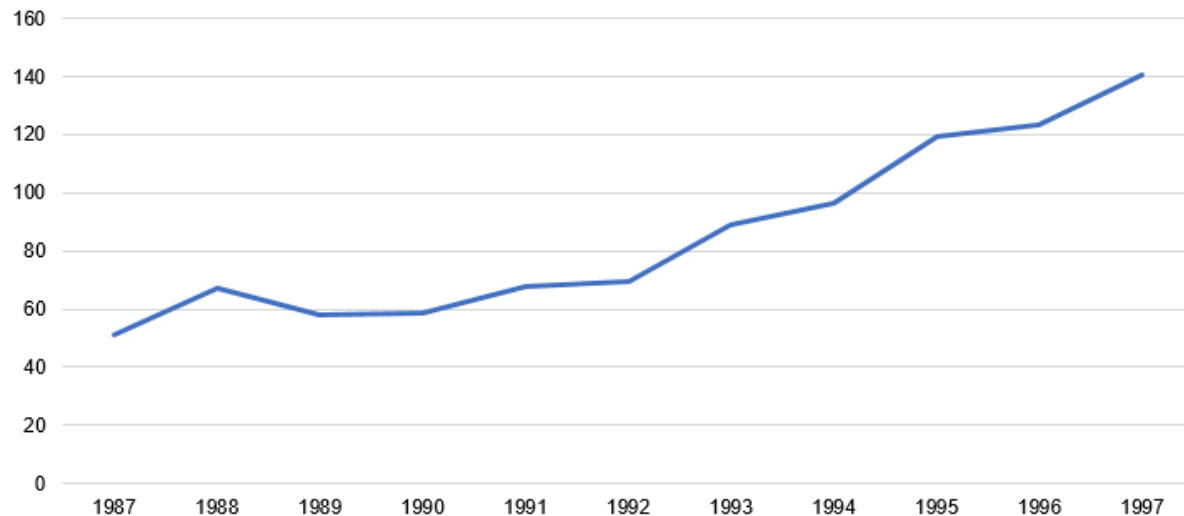
Stable Foreign Exchange mostly in the past 10 years and VND started under weakening pressure since Feb 2022.

Notes: As of 07 Mar 2023, the USDVND official rate was up-adjusted by 0.1% compared with the level by the end of 2022 while USDVND inter-bank market level inched up 0.4%.

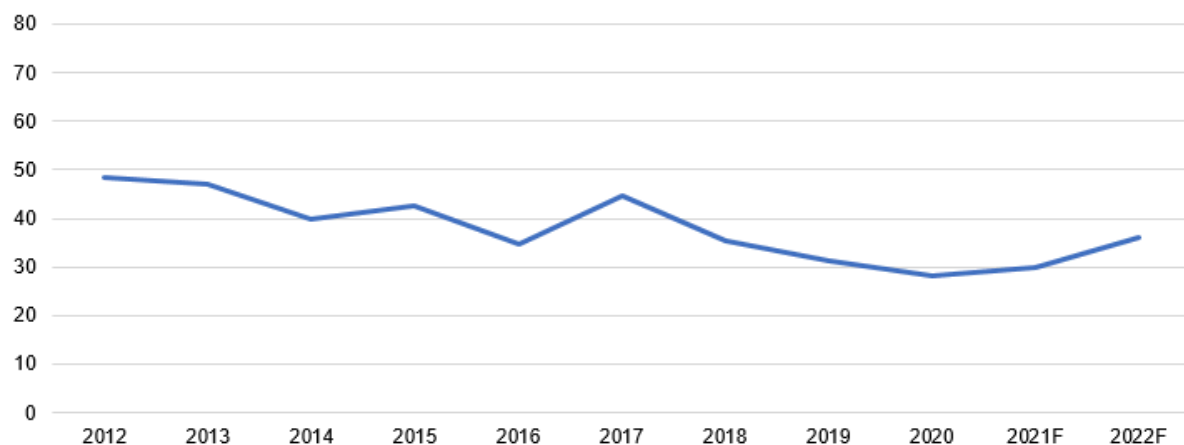
Vietnam foreign reserves (IMF)

31/01/2021	97,024
28/02/2021	97,709
31/03/2021	97,920
30/04/2021	100,439
31/05/2021	101,261
30/06/2021	99,822
31/07/2021	101,884
31/08/2021	104,968
30/09/2021	105,233
31/10/2021	105,427
30/11/2021	108,029
31/12/2021	107,437
31/01/2022	109,645
28/02/2022	108,976
31/03/2022	106,329
30/04/2022	105,438
31/05/2022	102,887
30/06/2022	101,426
31/07/2022	98,605
31/08/2022	92,102

Thailand's short-term external debt to foreign reserves (%)



Vietnam's short-term external debt to foreign reserves (%)

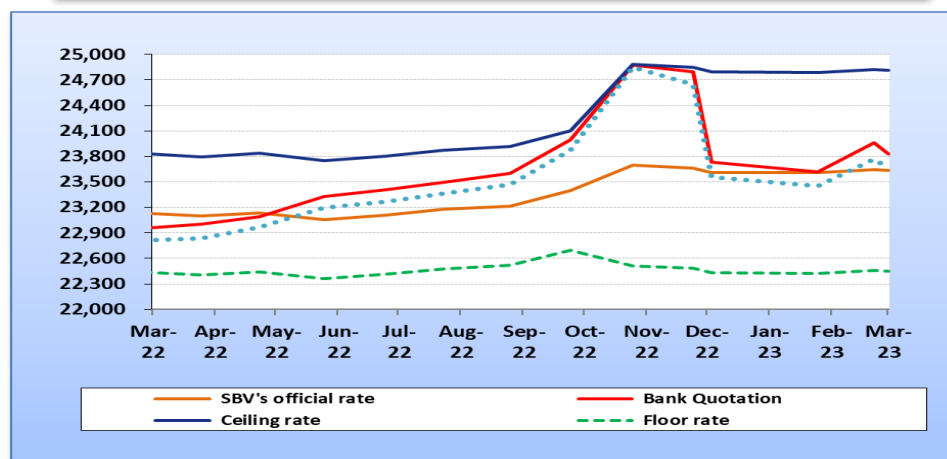


Source: WB.
 2022F: VCSC

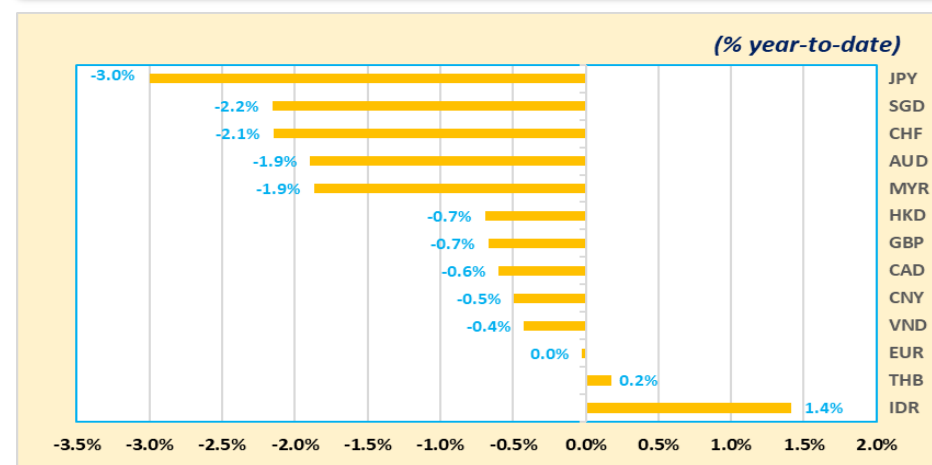
Items	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Mar 23	2023 (f)
USDVND official ceiling rates (end of period)	21,246	21,458	22,547	22,824	23,098	23,510	23,850	23,825	23,839	24,793	24,815	25,000
USDVND Inter-bank market level (end of period)	21,090-21,130	21,370-21,420	22,470-22,530	22,730-22,780	22,680-22,730	23,170-23,220	23,150-23,200	23,070-23,120	22,690-22,870	23,400-24,300	23,500-23,800	23,500-24,500

- **SBV Base Rate (as of 07 Mar 2023): VND23,633/USD**
- **Ceiling and Floor Rate: +/- 5% of official Rate: VND24,815/USD and VND22,451/USD**
- **FX is controlled strictly by SBV**

USDVND Foreign Exchange Rate (2022-2023)

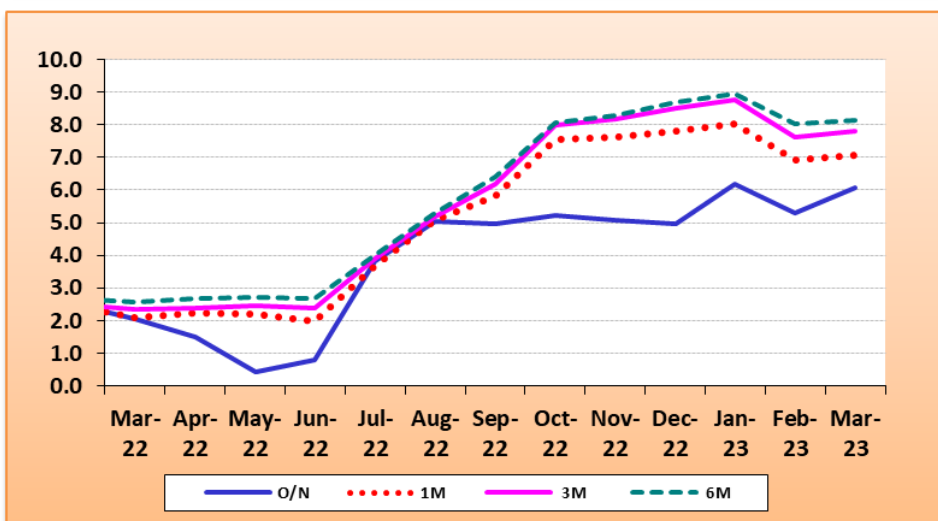


Change of Foreign Currencies against USD (year-to-date)



Items	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Mar 23	2023 (f)
Average VND Lending Rate	8.0-12%	6.0-9.0%	5.0-8.0%	4.5-7.5%	4.0-6.5%	4.5-6.5%	4.5-6.5%	4.0-6.0%	3.5-5.5%	5.5-8.5%	6.5-9.5%	6.5-9.5%
Average USD Lending Rate	3.0-4.5%	3.0-4.5%	2.5-4.5%	2.0-4.0%	2.5-4.5%	3.0-4.5%	2.8-4.0%	1.5-3.0%	1.5-3.0%	4.5-6.5%	5.0-7.0%	5.0-7.0%
Average VND Deposit Rate	5.0-7.0%	3.5-5.5%	3.5-5.0%	3.0-5.0%	3.0-5.0%	2.5-4.5%	3.0-5.0%	1.5-3.5%	1.5-3.5%	5.0-7.0%	5.5-7.5%	5.5-7.5%
Average USD Deposit Rate	0.25-1.25%	0.25-0.75%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

VND INTEREST LEVELS (2022-2023)



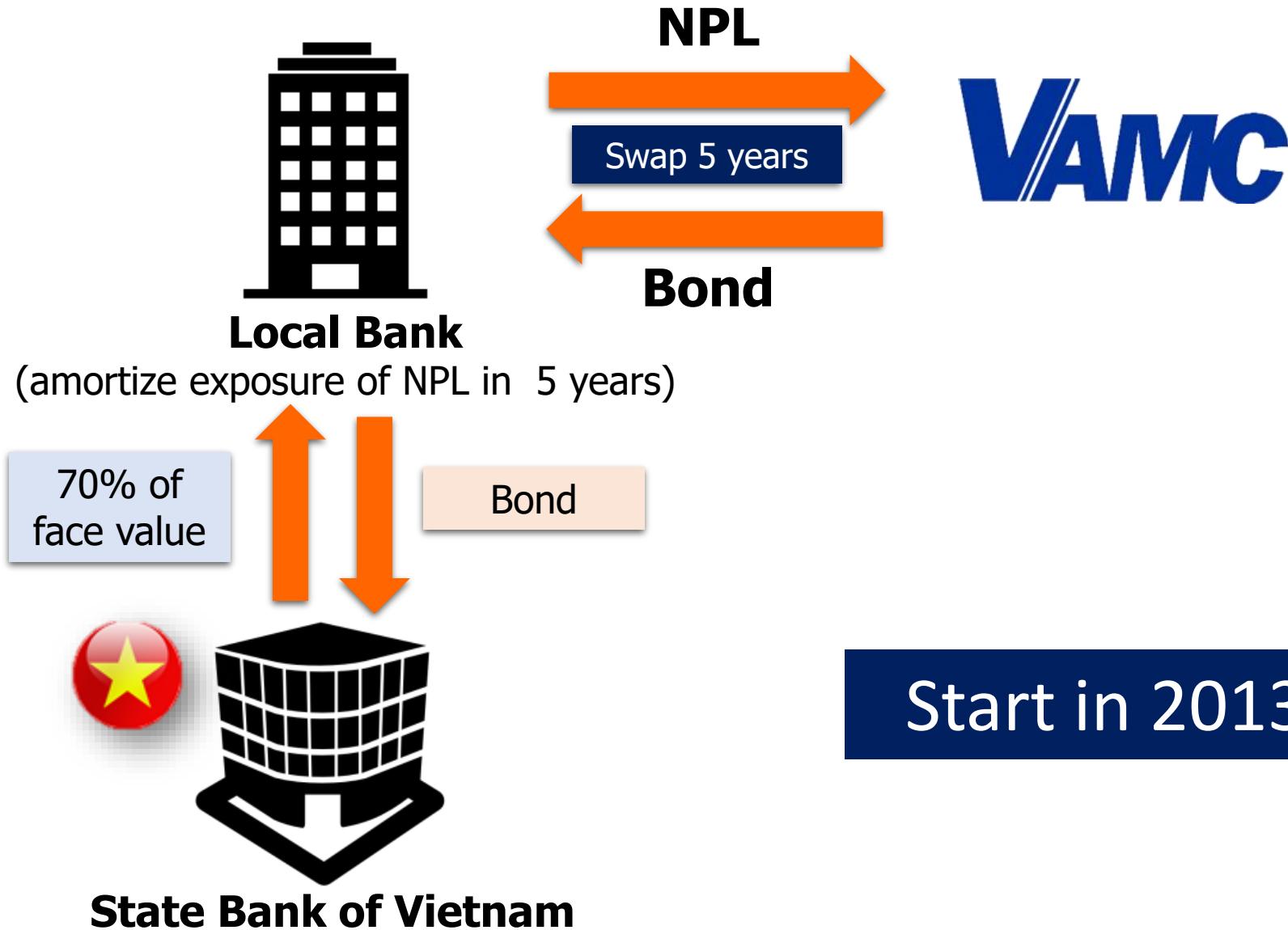
Interest Rate

(% Per annum)

	USD	VND
Fixed deposit interest rate	0.0%	5.5-7.5%
Loan interest rate	5.0-7.0%	6.5-9.5%

Note: State Bank's VND base rate = 9%

VND interest rate starts to show an upward trend since Sep 2022



INVESTMENT BY COUNTRY (Accumulated up to 20 Feb 2023)			
No.	Country	No. of projects	Total registered capital (\$Mio)
1	South Korea	9,585	81,333.62
2	Singapore	3,154	72,073.74
3	Japan	5,011	69,252.40
4	Taiwan	2,924	36,824.29
5	Hong Kong	2,183	29,624.40
7	China	3,617	23,669.74
6	British Virgin Islands	896	22,677.10
8	Netherlands	415	13,853.83
9	Thailand	687	13,133.48
10	Malaysia	710	13,083.78
11	United States	1,223	11,421.84
12	Samoa	427	9,457.67
13	Cayman Islands	129	6,608.34
14	Canada	245	4,819.22
15	United Kingdom	511	4,249.13
16	Others	4,894	30,219.31
	Total	36,611	442,301.89

INVESTMENT BY SECTOR (Accumulated up to 20 Feb 2023)			
No.	Sector	No. of projects	Total registered capital (\$Mio)
1	Processing & manufacturing industry	16,041	262,877.55
2	Real estates business	1,083	66,460.95
3	Manufacturing & distributing electricity, water & air conditioning	184	38,313.32
4	Accommodation services	937	12,680.53
5	Construction	1,794	11,051.93
6	Wholesales, retails & repairs	6,220	10,403.47
7	Transportation & storage	997	6,301.99
8	Science & Technology	4,173	4,982.11
9	Information & communication	2,725	4,951.09
10	Mining	108	4,894.57
11	Education and training	635	4,591.56
12	Agriculture, forestry & fishery	529	3,861.66
13	Arts & entertainment	140	3,418.60
14	Water supply & waste treatment	83	3,042.47
15	Health & social aids	154	1,753.79
16	Administrative & support services	568	1,036.16
17	Finance, banking & insurance	87	944.92
18	Other services	153	735.22
	Total	36,611	442,301.89

INVESTMENT BY PROVINCE (Accumulated up to 20 Feb 2023)			
No.	Province	No. of projects	Total registered capital (\$Mio)
1	Ho Chi Minh City	11,455	56,348.94
2	Binh Duong	4,076	39,647.23
3	Hanoi	7,045	38,854.68
4	Dong Nai	1,831	35,459.19
5	Ba Ria - Vung Tau	536	33,320.69
6	Hai Phong	988	25,374.51
7	Bac Ninh	1,847	23,432.37
8	Thanh Hoa	177	14,851.61
9	Long An	1,301	12,973.81
10	Ha Tinh	81	12,015.89
11	Quang Ninh	162	10,504.50
12	Thai Nguyen	199	10,498.73
13	Bac Giang	604	10,195.20
14	Tay Ninh	362	9,199.15
15	Hai Duong	513	9,186.23
16	Others	5,434	100,439.15
	Total	36,611	442,301.89

Export Markets	2016		2017		2018		2019		2020		2021		2022		Feb-23	
	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)
US	38.1	21.6	41.5	19.4	47.5	19.4	60.7	23.0	76.4	27.1	95.6	28.4	109.1	29.3	13.1	26.5
CHINA	21.8	12.3	35.3	16.5	41.9	17.1	41.5	15.8	48.5	17.2	55.9	16.6	58.4	15.7	8.2	16.6
EU	34.0	19.3	38.3	17.9	42.5	17.4	41.7	15.8	34.8	12.4	39.9	11.9	47.1	12.7	6.9	14.0
ASEAN	17.4	9.9	21.7	10.1	24.7	10.1	25.3	9.6	23.1	8.2	29.1	8.7	33.6	9.0	4.6	9.3
KOREAN	11.5	6.5	15.0	7.0	18.3	7.5	19.8	7.5	18.7	6.6	21.9	6.5	24.2	6.5	3.5	7.1
JAPAN	14.6	8.3	16.8	7.9	19.0	7.8	20.3	7.7	19.2	6.8	20.1	6.0	24.3	6.5	3.2	6.5
OTHERS	39.2	22.2	45.2	21.1	50.80	20.8	54.15	20.6	60.80	21.6	73.75	21.9	75.15	20.3	9.94	20.0
Total Export Value	176.6	100	213.8	100	244.7	100	263.5	100	281.5	100	336.3	100	371.9	100	49.4	100

Export Products	2016		2017		2018		2019		2020		2021		2022		Feb-23	
	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)
Telephones, spare parts	34.5	19.5	45.1	21.1	50.0	20.4	51.8	19.7	50.9	18.1	57.5	17.1	59.3	15.9	9.4	19.1
Electronics, computers	18.5	10.5	25.9	12.1	29.5	12.0	35.6	13.5	44.7	15.9	51.0	15.2	55.2	14.9	6.9	13.9
Machines, equipments, spare parts	10.5	5.9	12.8	6.0	16.5	6.8	18.3	6.9	27.0	9.6	38.3	11.4	45.7	12.3	6.4	12.9
Textile, garments	23.6	13.3	25.9	12.1	30.5	12.4	32.6	12.4	29.5	10.5	32.7	9.7	37.5	10.1	4.6	9.2
Footwear	12.9	7.3	14.6	6.8	16.3	6.7	18.3	6.9	16.6	5.9	17.6	5.2	23.9	6.4	2.8	5.6
Vehicles, spare parts	6.9	3.9	7.6	3.6	8.9	3.6	8.5	3.2	9.1	3.2	10.7	3.2	12.1	3.2	2.0	4.0
Wooden products	7.0	4.0	8.4	3.9	8.8	3.6	10.5	4.0	12.3	4.4	14.8	4.4	15.9	4.3	1.6	3.2
Aquatic products	6.0	3.4	7.0	3.3	8.0	3.3	8.6	3.3	8.4	3.0	8.9	2.6	10.9	2.9	1.0	2.0
Steel	3.4	1.9	3.2	1.5	3.5	1.4	4.2	1.6	5.2	1.8	11.7	3.5	7.9	2.1	1.0	2.0
Coffee	2.0	1.1	3.1	1.4	4.6	1.9	2.8	1.1	2.7	0.9	3.0	0.9	3.9	1.1	0.7	1.4
Plastic products	2.2	1.2	2.5	1.2	3.0	1.2	3.4	1.3	3.6	1.3	4.9	1.5	5.4	1.5	0.7	1.3
Vegetables & fruits	2.5	1.4	3.5	1.6	3.8	1.6	3.8	1.4	3.3	1.2	3.5	1.0	3.3	0.9	0.6	1.2
Rice	2.9	1.6	3.5	1.6	3.4	1.4	2.8	1.0	3.1	1.1	3.3	1.0	3.5	0.9	0.4	0.8
Rubber	1.7	0.9	2.2	1.0	2.1	0.9	2.3	0.9	2.4	0.8	3.3	1.0	3.3	0.9	0.4	0.8
Crude oil	2.4	1.3	2.9	1.4	2.3	0.9	2.0	0.8	1.6	0.6	1.7	0.5	2.3	0.6	0.4	0.7
Cashew nuts	2.2	1.2	2.7	1.2	3.1	1.2	3.3	1.2	3.2	1.1	3.7	1.1	3.1	0.8	0.3	0.7
Others	37.7	21.3	42.9	20.1	50.5	20.6	54.8	20.8	58.2	20.7	69.5	20.7	78.5	21.2	10.4	21.2
Total Export Value	176.6	100	213.8	100	244.7	100	263.5	100	281.5	100	336.3	100	371.9	100	49.4	100



Import Markets	2016		2017		2018		2019		2020		2021		2022		Feb-23	
	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)
CHINA	49.8	28.6	58.5	27.7	65.8	27.7	75.3	29.7	83.9	32.0	109.9	33.1	119.3	33.1	14.6	31.3
KOREAN	31.7	18.2	46.8	22.2	47.9	20.2	47.3	18.7	46.3	17.6	56.1	16.9	62.5	17.3	8.2	17.6
ASEAN	23.7	13.6	28.0	13.3	32.0	13.5	32.1	12.7	30.0	11.4	41.1	12.4	47.2	13.1	6.1	13.1
JAPAN	15.0	8.6	16.5	7.8	19.3	8.1	19.6	7.7	20.5	7.8	22.5	6.8	23.4	6.5	3.4	7.3
EU	11.1	6.4	12.0	5.7	13.8	5.8	14.8	5.8	14.5	5.5	16.9	5.1	15.3	4.2	2.1	4.5
US	8.7	5.0	9.1	4.3	12.8	5.4	14.3	5.6	13.7	5.2	15.5	4.7	14.6	4.0	1.9	4.1
OTHERS	34.1	19.6	40.2	19.0	45.9	19.3	50.1	19.8	53.5	20.4	70.3	21.0	78.4	21.8	10.3	22.1
Total Import Value	174.1	100	211.1	100	237.5	100	253.5	100	262.4	100	332.3	100	360.7	100	46.6	100

Import Products	2016		2017		2018		2019		2020		2021		2022		Feb-23	
	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)	Amount (US\$bio)	Structure (%)
Electronics, computer	27.8	16.0	37.5	17.8	42.5	17.9	51.6	20.3	64.0	24.4	75.9	22.9	82.1	22.8	12.8	27.4
Machinery, spare parts	28.1	16.1	33.6	15.9	33.7	14.2	36.6	14.5	37.4	14.2	46.2	13.9	45.4	12.6	5.5	11.9
Plastic & products	10.7	6.1	12.8	6.0	15.0	6.3	15.5	6.1	15.6	5.9	19.6	5.9	20.7	5.7	2.4	5.1
Chemicals & products	7.0	4.0	8.7	4.1	10.2	4.3	10.5	4.1	10.6	4.1	15.3	4.6	17.9	5.0	2.1	4.6
Petroleum	4.7	2.7	7.0	3.3	7.6	3.2	5.9	2.3	3.3	1.2	4.2	1.3	9.2	2.6	1.7	3.6
Fabrics	10.5	6.0	11.5	5.4	12.9	5.4	13.3	5.3	11.8	4.5	14.4	4.3	14.8	4.1	1.6	3.5
Telephones, spare parts	10.6	6.1	16.2	7.7	16.0	6.7	14.7	5.8	16.6	6.3	21.6	6.5	21.2	5.9	1.4	3.0
Automobile	5.9	3.4	5.3	2.5	5.4	2.3	7.4	2.9	6.3	2.4	8.7	2.6	9.8	2.7	1.2	2.7
Steel	8.0	4.6	9.1	4.3	9.9	4.2	9.5	3.7	8.1	3.1	11.5	3.5	12.1	3.3	1.1	2.4
Cattle feed & raw materials	3.4	1.9	3.2	1.5	3.9	1.6	3.7	1.5	3.9	1.5	4.9	1.5	5.5	1.5	0.8	1.8
Raw materials for textile, shoes	5.1	2.9	5.5	2.6	5.7	2.4	5.9	2.3	5.3	2.0	6.3	1.9	6.7	1.9	0.8	1.6
Medicaments	2.5	1.5	2.8	1.3	2.8	1.2	3.1	1.2	3.3	1.3	3.9	1.2	3.5	1.0	0.6	1.3
Paper	1.5	0.9	1.7	0.8	1.9	0.8	1.8	0.7	1.7	0.6	2.1	0.6	2.2	0.6	0.3	0.6
Textile yarn	1.6	0.9	1.8	0.9	2.4	1.0	2.4	0.9	2.0	0.8	2.6	0.8	2.6	0.7	0.3	0.6
Fertilizer	1.1	0.6	1.2	0.6	1.2	0.5	1.0	0.4	1.0	0.4	1.5	0.4	1.6	0.4	0.1	0.2
Others	45.6	26.2	53.2	25.2	66.3	27.9	70.5	27.8	71.7	27.3	93.6	28.1	105.5	29.2	13.9	29.7
Total Import Value	174.1	100	211.1	100	237.5	100	253.5	100	262.4	100	332.3	100	360.7	100	46.6	100



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We care for you wherever you are

**I. Vietnam M&A landscape,
II. Tax considerations on M&A
transactions in Vietnam
III. Selected potential sectors for M&A in
Vietnam**

By KPMG in Vietnam

AGENDA

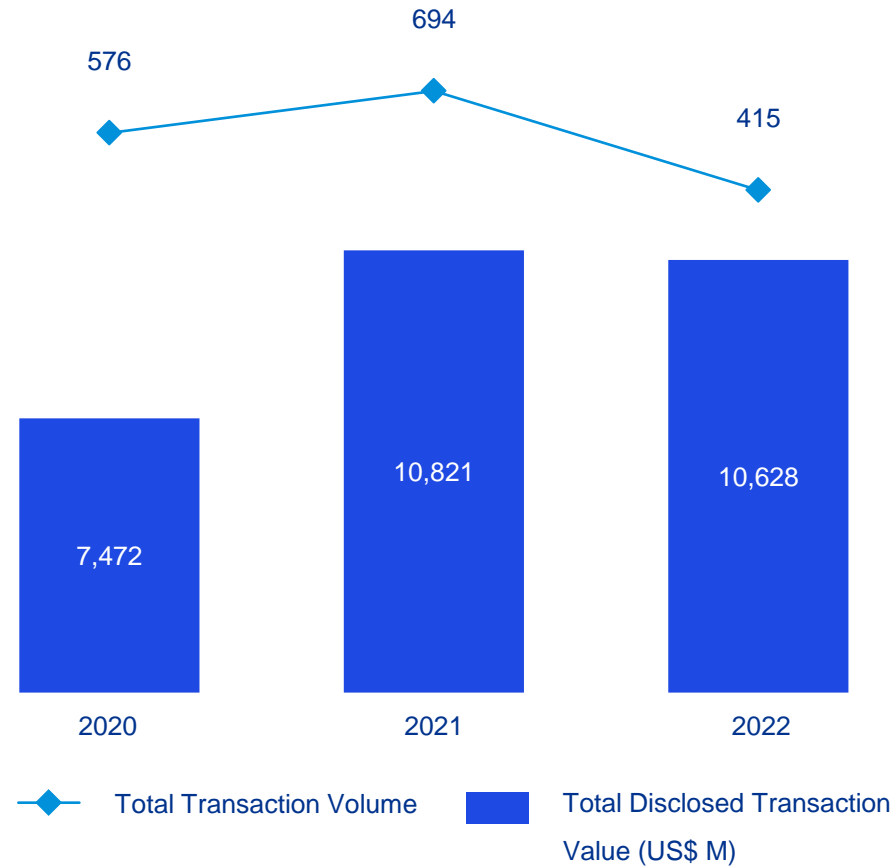
I	Vietnam M&A landscape	3
II	Tax considerations on M&A transactions in Vietnam	6
III	Selected potential sectors for M&A in Vietnam	
	• Energy & Utilities	12
	• Consumer Finance	17
	• Healthcare	21
	• Retail	25

I.

Vietnam M&A landscape

Vietnam M&A Landscape 2020-2022

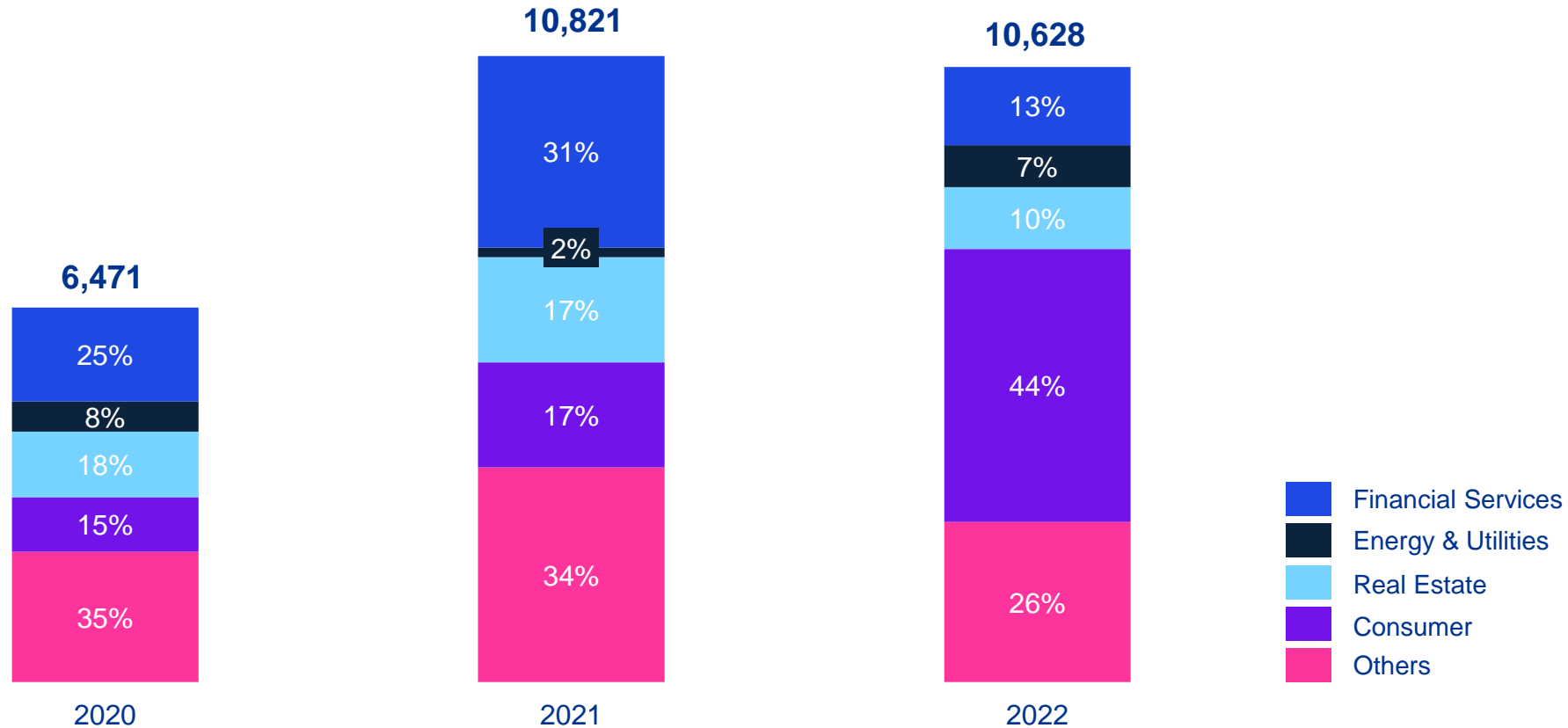
Deal volume and value for FY20-FY22 in US\$ M



Sources: Capital IQ, VIR, KPMG Analysis

Vietnam M&A Activity by Sector

Sector Contribution to M&A by Value (US\$ M)



Sources: Capital IQ, VIR, KPMG Analysis

II.

Tax considerations on transactions in Vietnam

Share deal vs. asset deal (from a Vietnamese tax perspective)

Share deals

To purchase shares (direct v.s indirect offshore) => more common

PROS

01	Not require an entity in Vietnam
02	Time cost and feasibility (inherit licensing approvals)
03	Inherit tax incentives and tax losses (5 years)
04	Lower tax cost (0.1% PIT on proceeds/ 20% CIT on gain with tax treaty protection, no stamp duty/ transfer tax, no VAT adverse consequence- no cashflow issue)

CONS

01	Unable to rebase asset value
02	Fully inherit historical tax risks
03	Validity of nominee arrangement/ reputation risk

Share deal vs. asset deal from a Vietnamese tax perspective (cont.)

Asset deals

To purchase goodwill, physical assets => less common

PROS

- 01 Rebase asset value
- 02 Limit inheritance of historical tax risks

CONS

- 01 Require an entity in Vietnam
- 02 Time cost and feasibility (unable to inherit licensing approvals)
- 03 Unable to inherit tax incentives and tax losses
- 04 Higher tax cost
(20% CIT on gain, stamp duty) without tax treaty protection, 10% VAT cash-flow issue)

Transactions in Vietnam – key points from a Vietnamese tax perspective

Goodwill

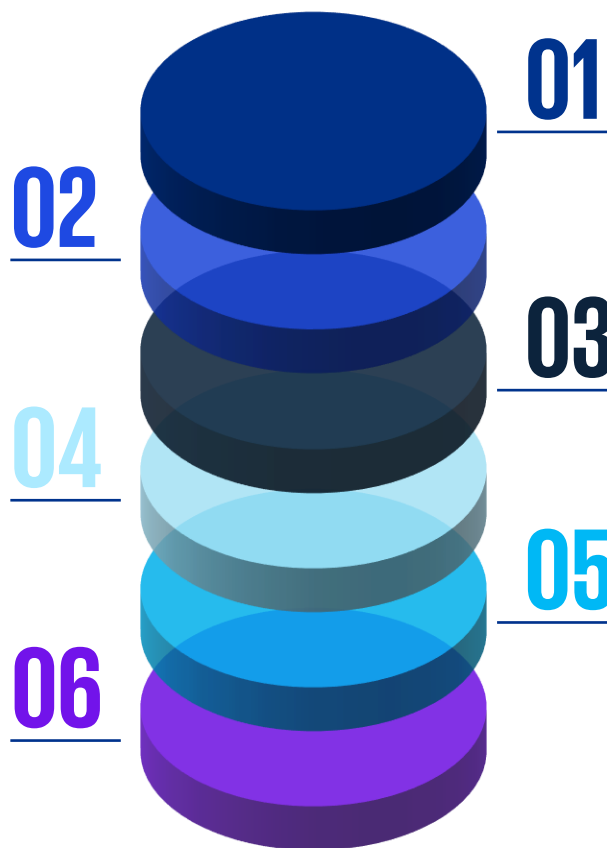
- Acquired goodwill (on entity-basis) to be amortized over 3 years max (at local acquirer only)

Indirect offshore transfer

- Grey area
- More focusing
- Unclear tax treaty protection

Location of SPC

- Acquisition
- Operation: interest, service, royalties; costs for operation, maintenance
- Divestment



Purchase price

- Market-price principle (3rd party valuation preferred)

Tax treaty

- Tax treaty protection (except for real-estate rich targets, on conditions)
- With review/ no approval

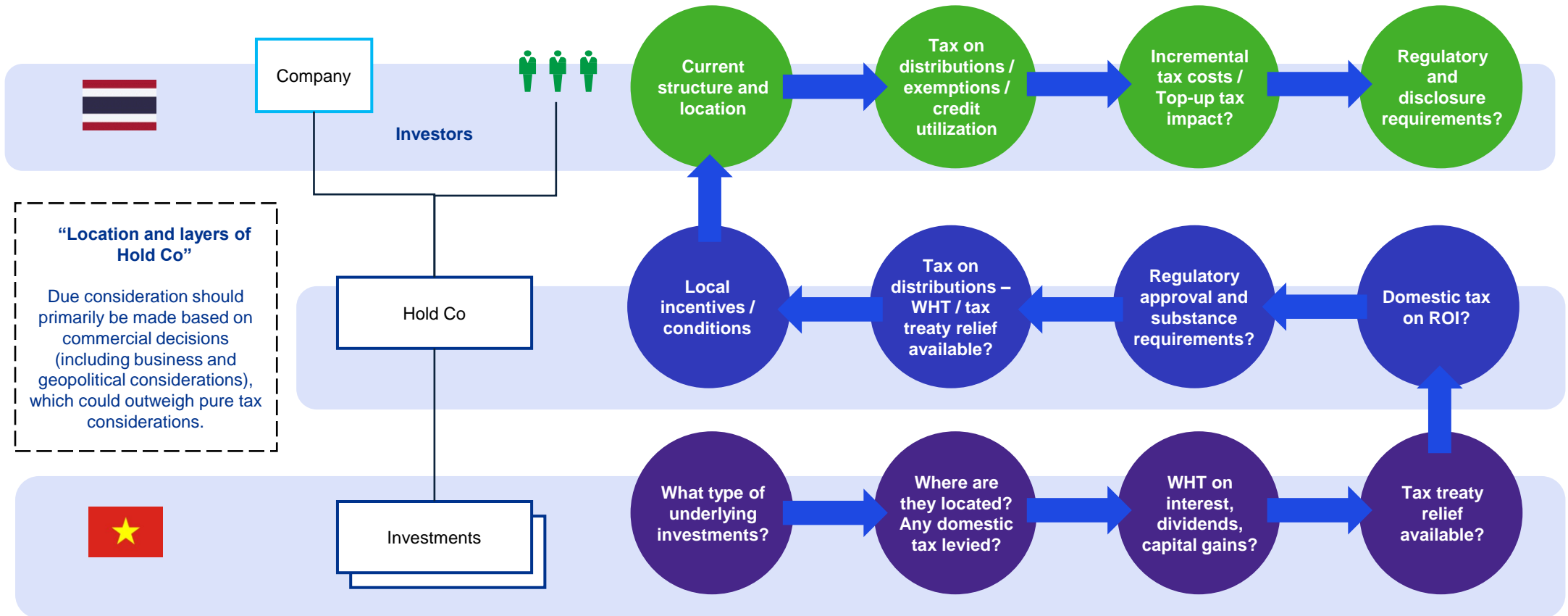
Tax warranties/ indemnities

- Statute of limitation: 10 years
- Common SPA protection: 3-5 years and/ or price reduction
- Broad, also cover loss of tax benefits (+) penalties/ interests (+) tax on claims

Investors > Hold Co > Investments

Key tax considerations at each level

The summary below is indicative and for discussion purposes only. It is of a general nature and is not intended to address the circumstances of any particular individual or entity. It should not solely be relied upon for purposes of making final determinations as to the tax outcomes in each relevant location in light of the evolving legislative developments and tax landscape.



III.

**Selected potential
sectors for M&A
in Vietnam**

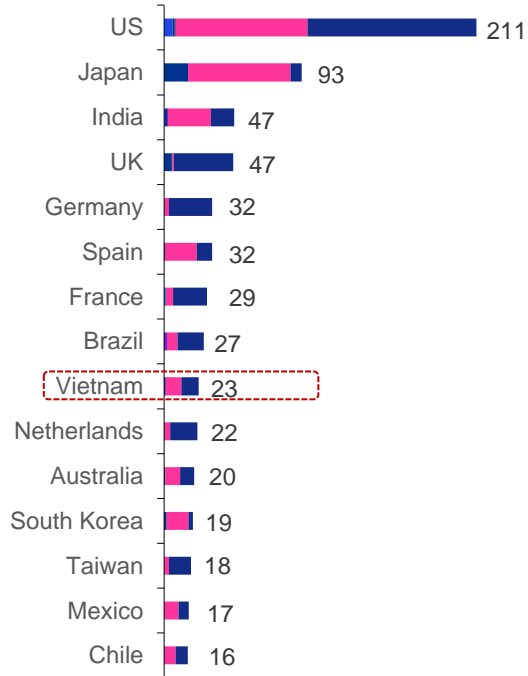
III.a

Energy & Utilities

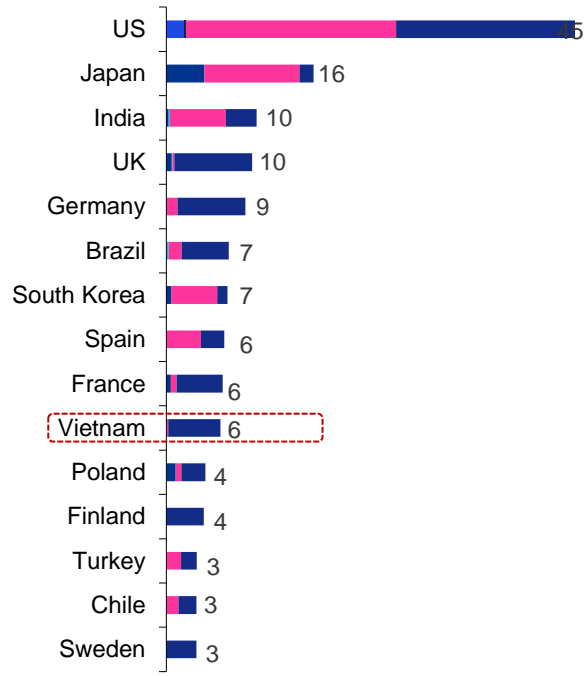
Vietnam is a hotspot for renewable platform investments in the Region (1/2)

Vietnam emerged as the preferred destination for renewable investments globally and is expected to continue the momentum with the new Power Development Plan Vision to 2050 (PDP8), expecting billions of dollars of investment annually to achieve the sustainability targets

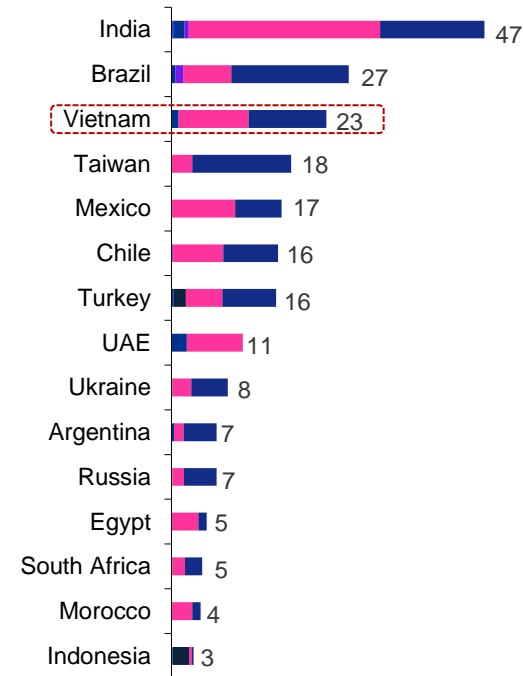
Top 15 markets for renewable energy asset finance ex-Mainland China, 2017-2021, \$bn



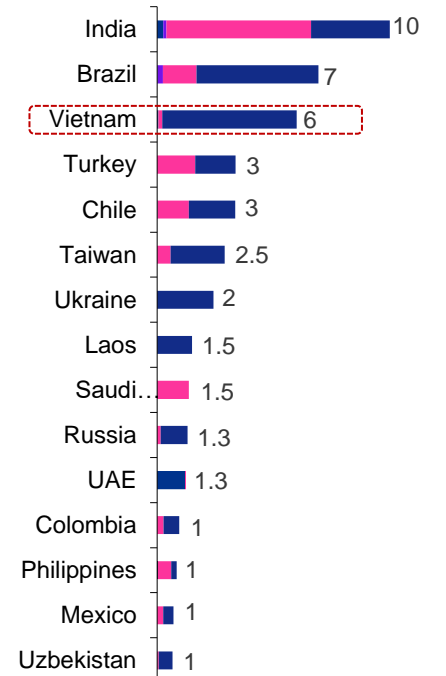
Top 15 markets for renewable energy asset finance ex-Mainland China 2021, \$bn



Top 15 emerging markets for renewable energy asset finance ex-Mainland China, 2017-2021, \$bn



Top 15 emerging markets for renewable energy asset finance ex-Mainland China, 2021 \$bn



■ Biofuels ■ Biomass & Waste ■ Geothermal ■ Marine ■ Small Hydro ■ Solar ■ Wind

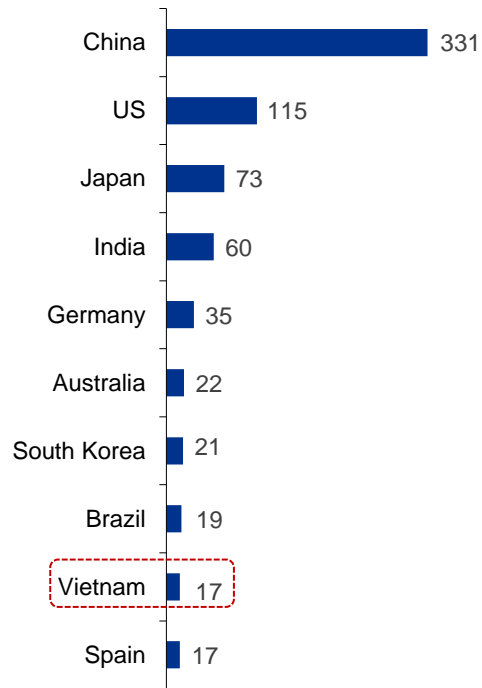
■ Biofuels ■ Biomass & Waste ■ Geothermal ■ Small Hydro ■ Solar ■ Wind



Vietnam is a hotspot for renewable platform investments in the Region (2/2)

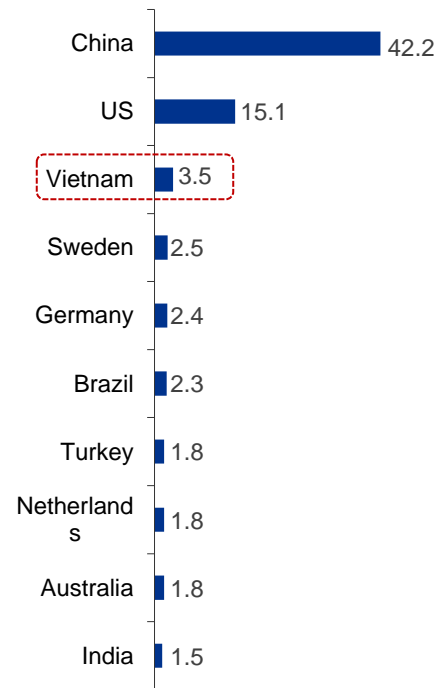
Vietnam emerged as the preferred destination for renewable investments globally and is expected to continue the momentum with the new Power Development Plan Vision to 2050 (PDP8), expecting billions of dollars of investment annually to achieve the sustainability targets

Top 10 markets for solar capacity additions, 2012-2021 (GW)



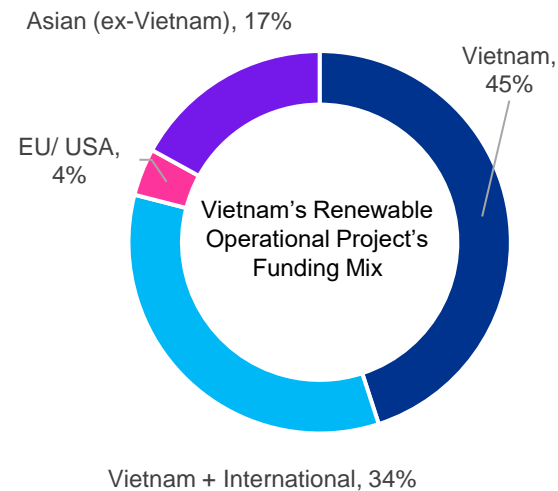
Started with 86 MW in 2017 & rapidly scaled up to ~20 GW in only 4 years.

Top 10 markets for 2021 wind capacity additions (GW)



Potential to scale up to 311 GW of wind power generation capacity

Mix of regional investment in Vietnam Renewable Space

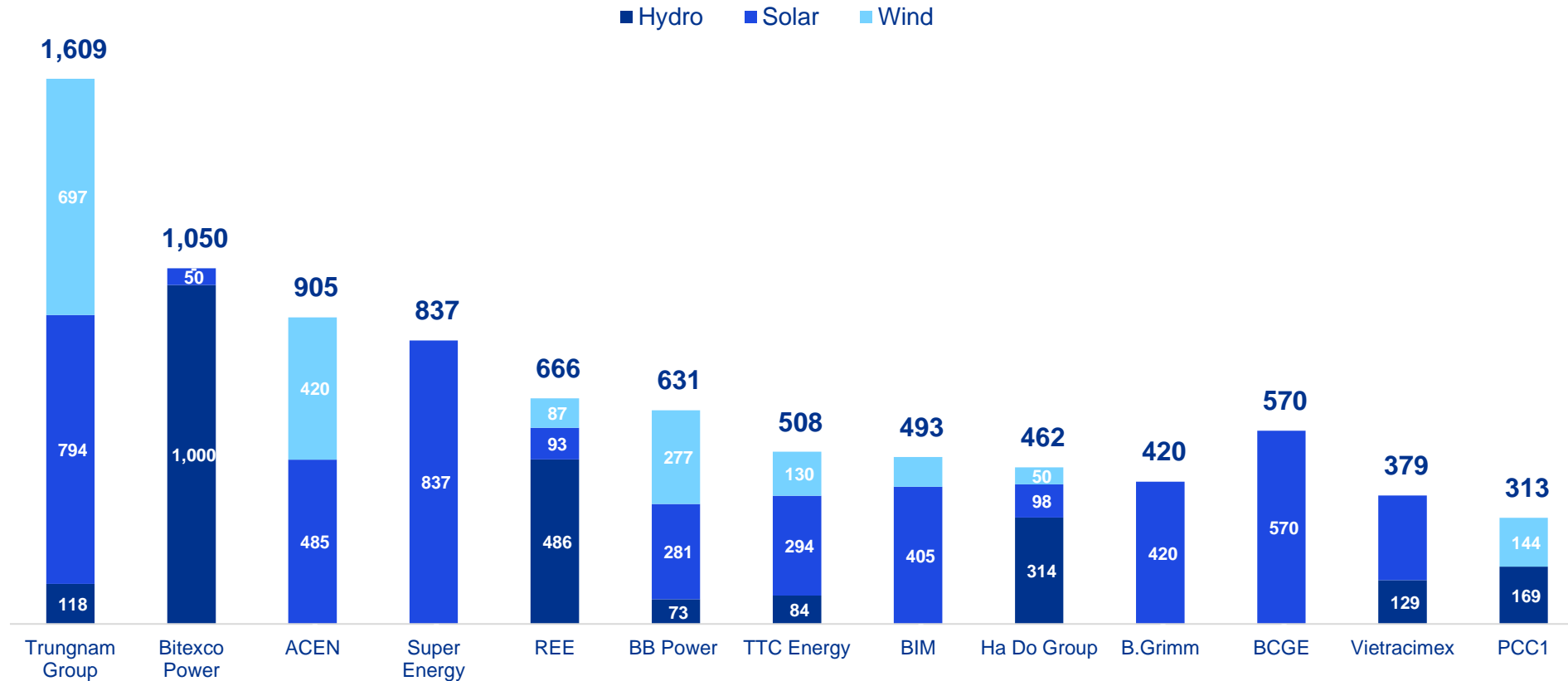


Key observations

- 50%** Domestic investors funded nearly 50% of operating capacity
- Asian sponsoring countries: majority is Japan, the Philippines, Thailand
- Non-Asian countries: USA, UK, Canada, Norway
- Next wave of RE investments: led by both Asian & non-Asian sponsors, provided that right mix of regulatory and growth drivers are provided

Major renewable energy platforms in Vietnam (excluding hydro-only platforms)

Operating renewable asset portfolio breakdown by energy sources for Top 13 renewable developers in Vietnam



Sources: Company information and trade press, KPMG Analysis

Notable Recent Transactions

200MW Solar Park Deal

EDP Renováveis, S.A. acquired 100% shares of the 200MW solar park in Ninh Thuan province from Xuan Thien Group under the deal value of ~VND 6,816B (US\$ 284M) in 2022

Gia Lai Electricity Deal

JERA Asia Private Limited acquired 35.1% shares of Gia Lai Electricity Joint Stock Company from International Finance Corporation and Armstrong Asset Management Pte. Ltd. under the deal value of ~VND 2,880B (US\$ 120M) in 2022

DNP Water Deal

Samsung Engineering Co., Ltd. acquired 24% shares of DNP-Water Joint Stock Company from International Finance Corporation under the deal value of ~VND 984B (US\$ 41M) in 2022



Clean Energy Vision Development Deal

Leader Energy Pte. Ltd. acquired 49% shares of Clean Energy Vision Development Joint Stock Company under the deal value of ~VND 1,046B (US\$ 43.6M) in 2020

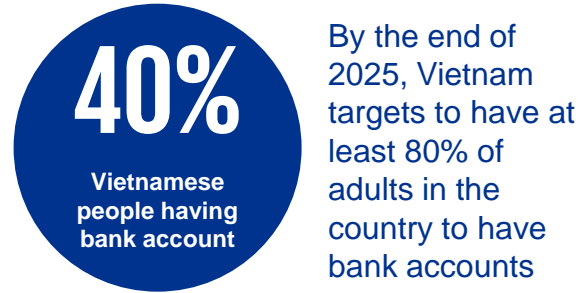
Solar NT Deal

AC Energy Vietnam Investments PTE. Ltd. acquired 49% shares of Solar NT Holdings Pte. Ltd. from Super Energy Group (Hong Kong) Co., Ltd. under the deal value of ~VND 3,475B (US\$ 144.8M) in 2022

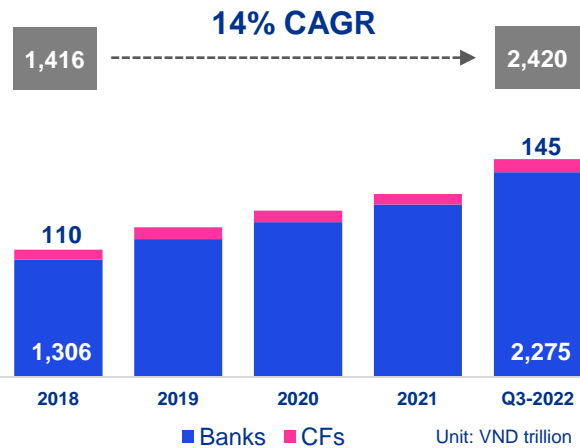
III.b

Consumer Finance

Overview of Consumer Lending Market

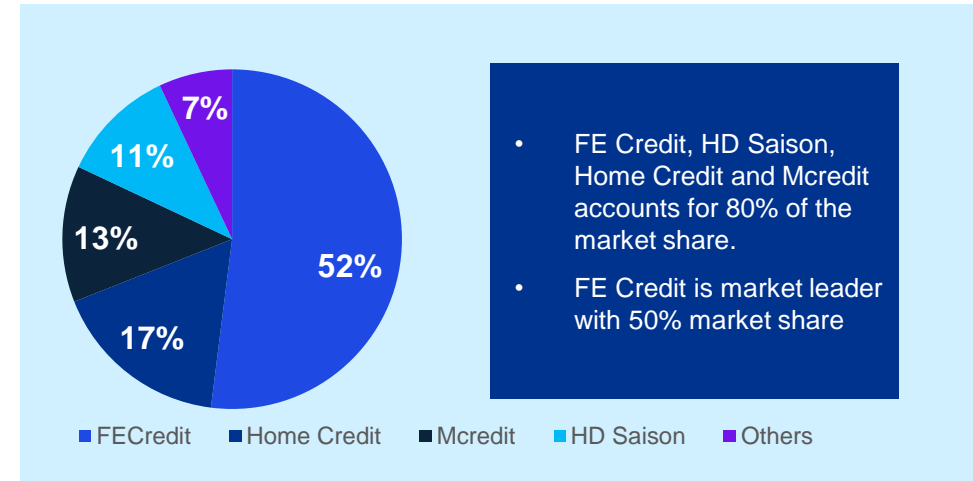


Banks are dominating FCs in consumer finance



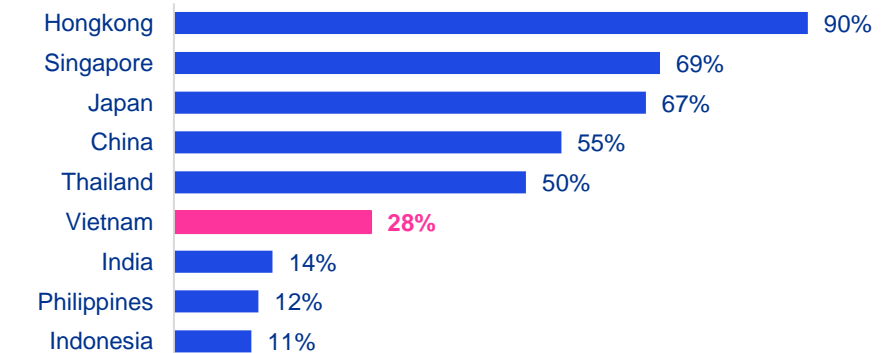
Source: KPMG consolidated from local news

FCs are active in the market to deliver smaller loans to lower segments compared to banks



Huge growth potential for consumer loan in Vietnam

Consumer loan as a % of GDP (2020)



Market players – At a Glance

	Business Name	Code	Since	Type	Major Shareholders	Equity (VND bil.)	Note
1	Post and Telecommunication Finance Company Limited	PTF	1998	Local Bank Owned	SeABank ⁽¹⁾	1,050	
2	Finance Company Limited For Community	FCCOM	1997	Local Bank Owned	MSB ⁽²⁾	500	
3	EVN Finance Joint Stock Company	EVF	2008	Enterprise Owned	EVN	3,502	
4	Handico Finance Joint Stock Company	HAFIC	2005	Enterprise Owned	Handico	550	–
5	Lotte Finance Vietnam Company Limited	Lotte Finance	2008	100% Foreign Owned	LOTTE ⁽³⁾	1,314	
6	Mirae Asset Finance Company (Vietnam) Limited	MAFC	2006	100% foreign owned	Mirae Asset	700	
7	VPBank Finance Company Limited	FECredit	2015	Business Partnership	VPB, SMBCCF ⁽⁴⁾	10,928	
8	Home Credit Vietnam Finance Company Limited	Home Credit	2008	100% foreign owned	Home Credit Group	2,050	
9	HD Saison Finance Company Limited	HD Saison	2007	Business Partnership	HDBank, Credit Saison ⁽⁵⁾	2,350	
10	Shinhan Vietnam Finance Company Limited	Shinhan Finance	2006	100% foreign owned	Shinhan Bank/Card ⁽⁶⁾	615	
11	JACCS International Vietnam Finance Company Limited	JIVF	2010	100% foreign owned	Japan Consumer Credit	900	
12	Vietnam Shipbuilding Finance Company Limited	SBIC Finance	1998	Enterprise Owned	Vinashin ⁽⁷⁾	2,523	–
13	Toyota Financial Services Vietnam Company Limited	TFSVN	2008	100% foreign owned	Toyota Finance Corp.	700	
14	SHBank Finance Company Limited	SHB Finance	2016	Business Partnership	SHBank, MUFG ⁽⁸⁾	1,000	
15	Viet Credit Joint Stock Company	Viet Credit	2008	Private	VICEM, Private	688	
16	MB Shinsei Finance Limited	Mcredit	2016	Joint-Venture	MB Group, Sinsei Bank ⁽⁹⁾	1,300	

⁽¹⁾ PTF was under VNPT Corporation until 2018 before purchased by SeABank.

⁽²⁾ FCCOM was under Vietnam National Textile and Garment Group until 2015 before purchased by MSB.

⁽³⁾ Lotte Finance was under Techcombank until 2017 before purchased by LOTTE and became 100% foreign owned finance company.

⁽⁴⁾ SMBCCF successfully purchased 49% shares from VPBank in 2021.

⁽⁵⁾ Credit Saison successfully purchased 49% shares from HDBank in 2015.

⁽⁶⁾ Shinhan Card acquired Prudential Finance since 2019 and became 100% foreign owned finance company.

⁽⁷⁾ Vinashin was permitted to go bankrupt. SBIC Finance's operations were almost shut down.

⁽⁸⁾ SHBank is set to sell 100% shares to MUFG during 2021-2024.

⁽⁹⁾ Mcredit is a joint-venture between Military Bank Group and Sinsei Bank. Sinsei Bank owns 49%.

– Business problem in the past

Notable Recent Transactions

FECredit Deal

Sumitomo Mitsui acquired 49% shares of FECredit from VPBank under the deal value of VND 31,500B (US\$ 1.37B) in 2021.

Shinhan Finance Deal

Shinhan Card acquired Vietnam Prudential Finance under the deal value of VND 3,420B (US\$ 147M) in 2018

PTF Deal

SeABank acquired Post and Telecommunication Finance Company Ltd. under the deal value of VND 710B (US\$ 30.6M) in 2018



Lotte Finance Deal

Lotte Card acquired a finance company of Techcombank under the deal value of VND 1,734B (US\$ 74.7M) in 2018.

SHB Finance Deal

Krungsri agreed to acquired SHB Finance under the deal value of VND 3,600B (US\$ 156M) in 2021.

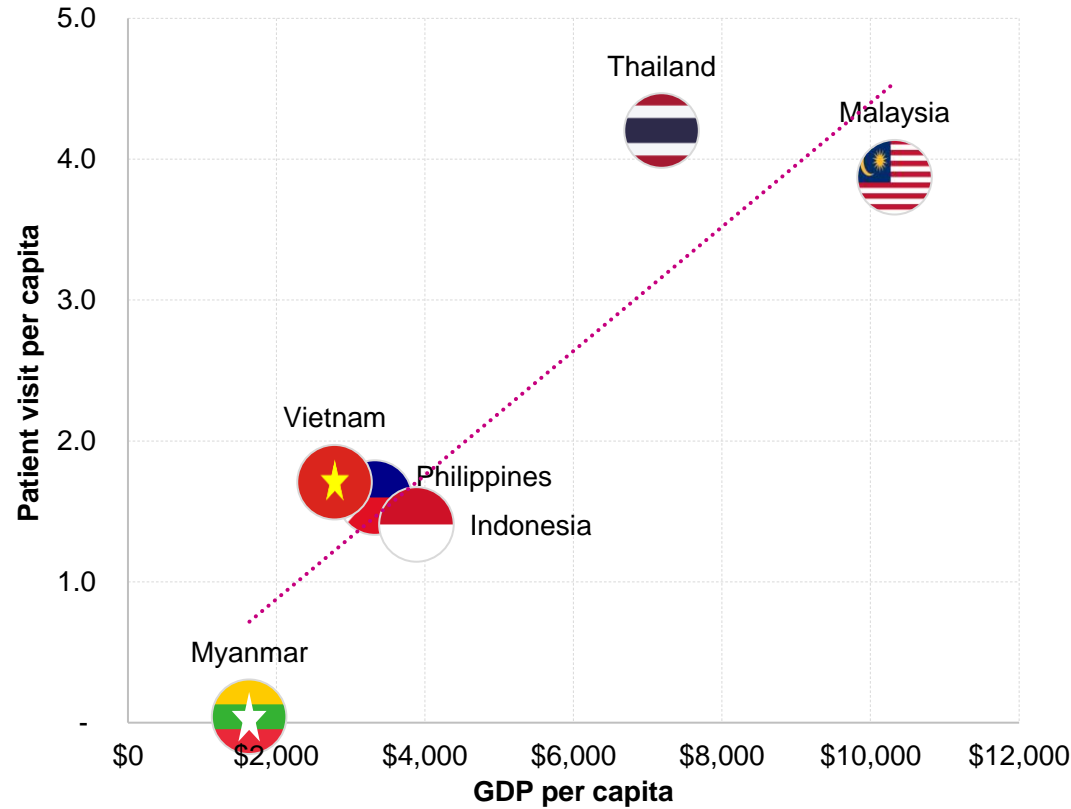
Sources: Capital IQ, KPMG Analysis

III.C

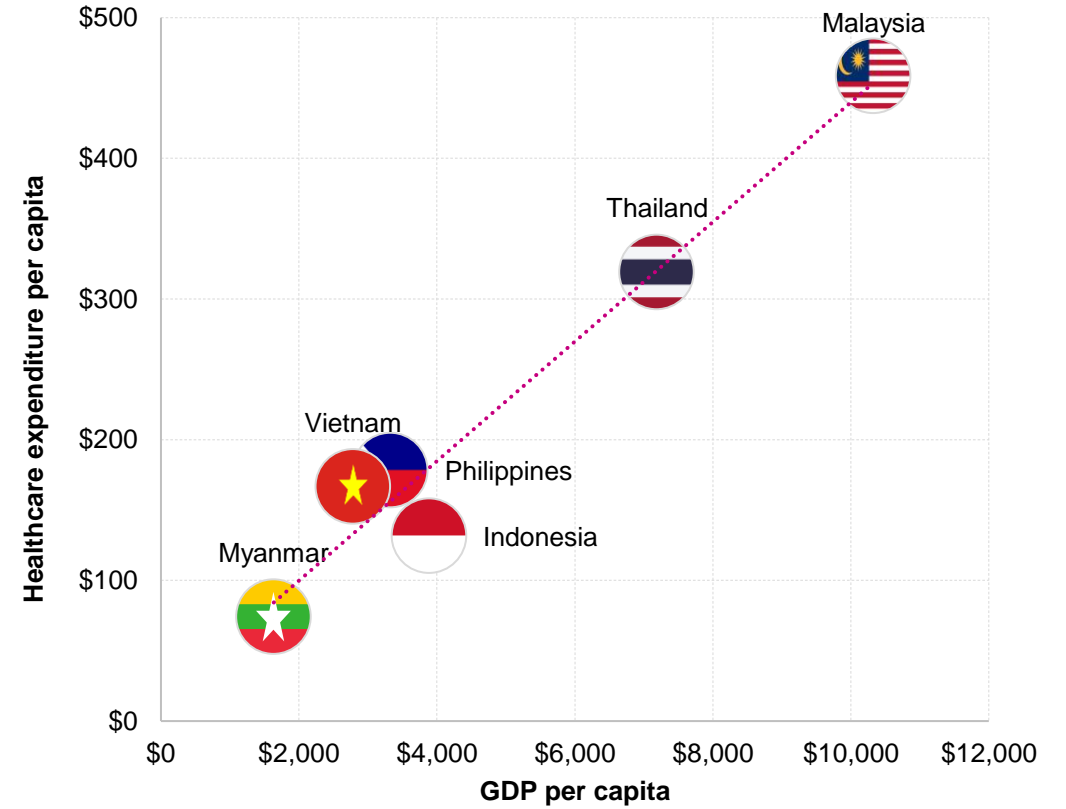
Healthcare

Low healthcare consumption per capita vs. regional peers

Patient visits per capita by countries



Healthcare spending per capita by countries



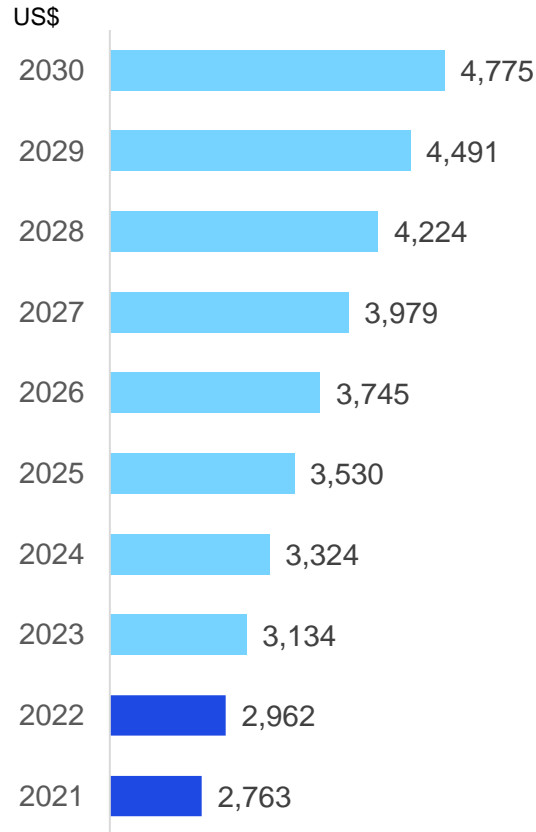
Sources: Fitch Solutions, KPMG Analysis

Compelling drivers underpin the growth of healthcare demand

Among the fastest growing economies...

...with favorable demographic, regulatory and lifestyle factors

Healthcare expenditure, 2021 – 2030



Sedentary lifestyle with only 35% of the population regularly engaging in physical activities



Direct and indirect smokers constituting **over 50% of the population**



2nd in SEA in average alcohol consumption per capita (**nearly 16 liters compared to the world average of 6**)



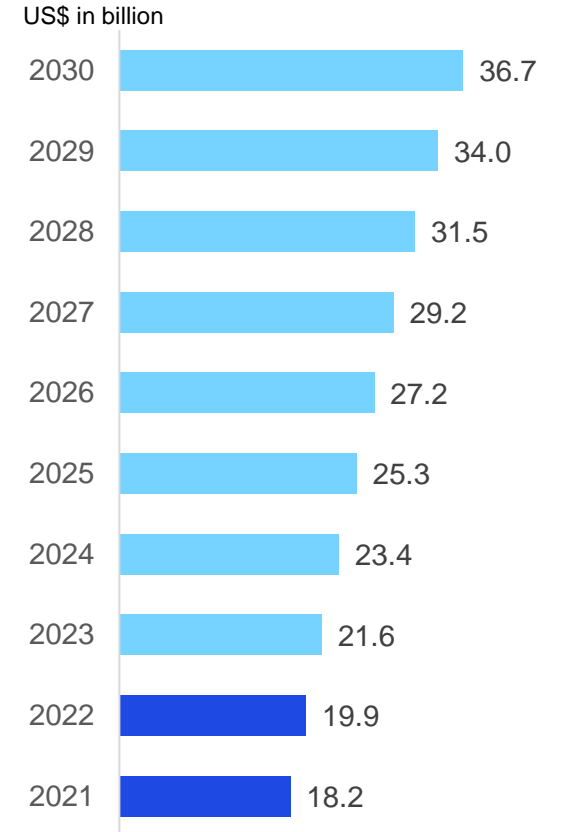
Rapidly ageing population with elders aged 60+ expected to **reach 27mn people by 2025**



Worsening environmental pollution as a result continued urbanization and industrialization



Favorable government policies (e.g. the 2021-2025 healthcare plan, 95% public health insurance coverage, etc.)



GDP per capita '21-'30 CAGR 6.3%

'21-'30 CAGR 8.1%

Sources: Fitch Solutions, Vietnam Sports Administration, Trade Press, KPMG Analysis

Notable Recent Transactions

City International Hospital Deal

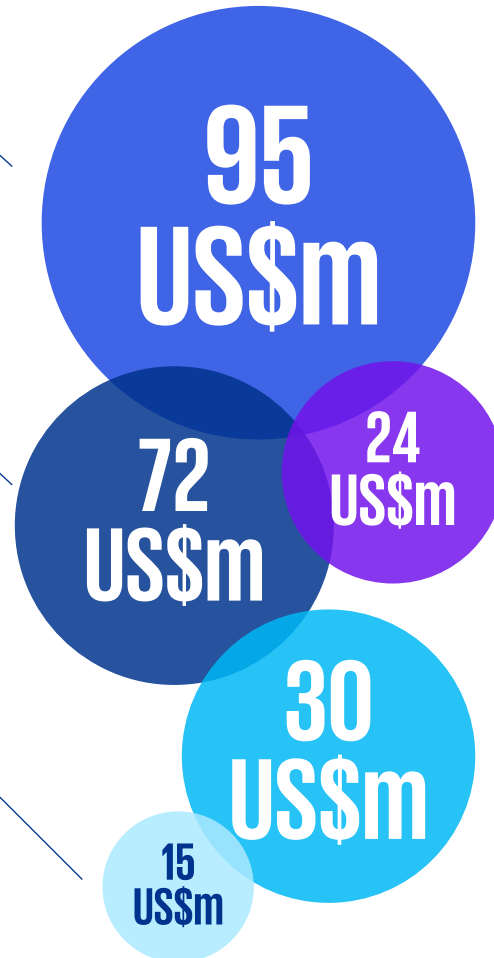
Hoa Lam Corporation announced to acquire City International Hospital located in the International Hi-Tech Healthcare Park of Ho Chi Minh city from Aseana Properties Limited under the expected deal value of ~VND 2,280B (US\$ 95M) in 2021

International Obstetrics Hospital Phuong Chau Deal

CVC Capital Partners Limited acquired 60% equity stake in International Obstetrics Hospital Phuong Chau for an estimated deal size VND 1,692B (US\$ 72M) in 2022

Gene Solutions Deal

Mekong Capital acquired a strategic interest in Gene Solutions JSC under the deal value of VND (US\$ 15M) in 2021



Kim Dental Deal

Aura Funds Management Pty. Ltd. and ABC World Asia Pte Ltd acquired a strategic interest in Kim Dental Co., Ltd from Kim Health Care Group corporation under the deal value of VND 576B (US\$ 24M) in 2021

USM Healthcare Medical Devices Factory Deal

East Bridge Partners Co., Ltd. acquired a strategic interest in USM Healthcare Medical Devices Factory JSC. under the deal value of VND 720B (US\$ 30M) in 2022

Sources: Capital IQ, KPMG Analysis

III.d

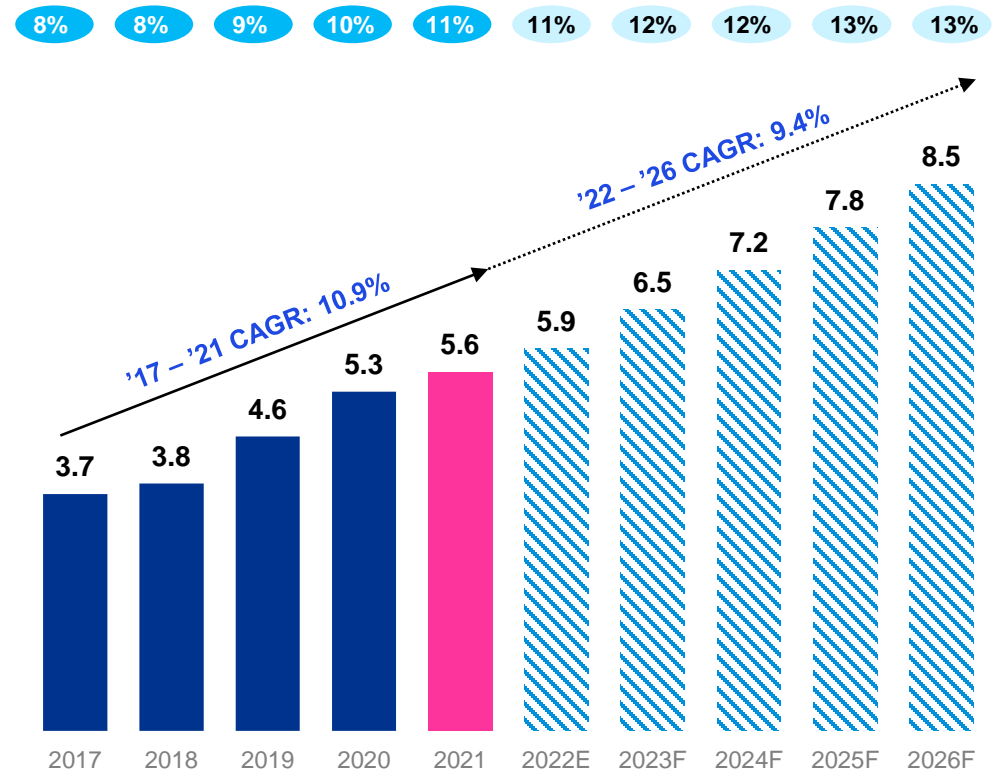
Retail

Prevalent rise in modern retail – Opportunity for modern grocery

The attractive modern grocery market size that growing fastest in Asia

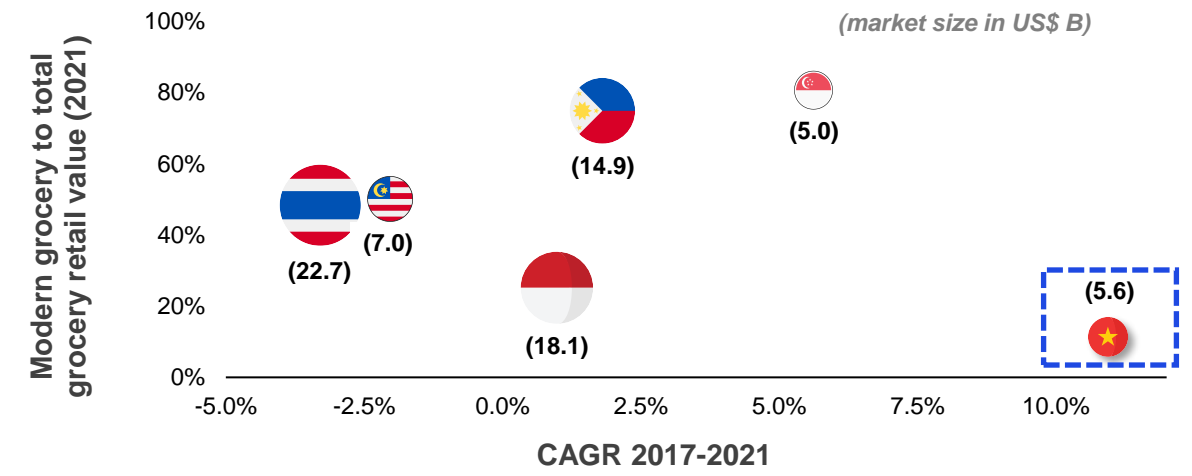
The total addressable market of Vietnam’s Modern grocery retail (in US\$ B)

(% contribution of MGR sales to Vietnam’s total grocery retail sales)

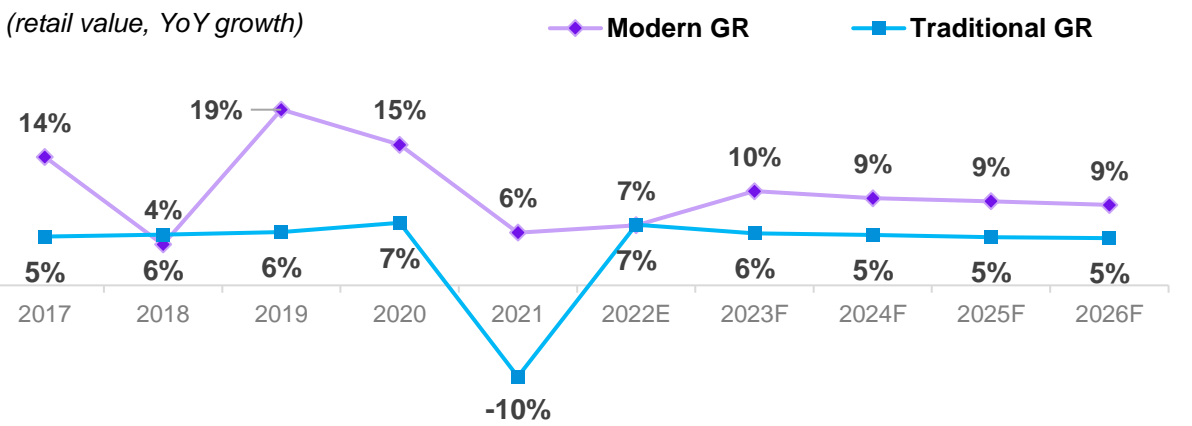


Sources: Euromonitor, KPMG Analysis

Underpenetrated market offers growth opportunities



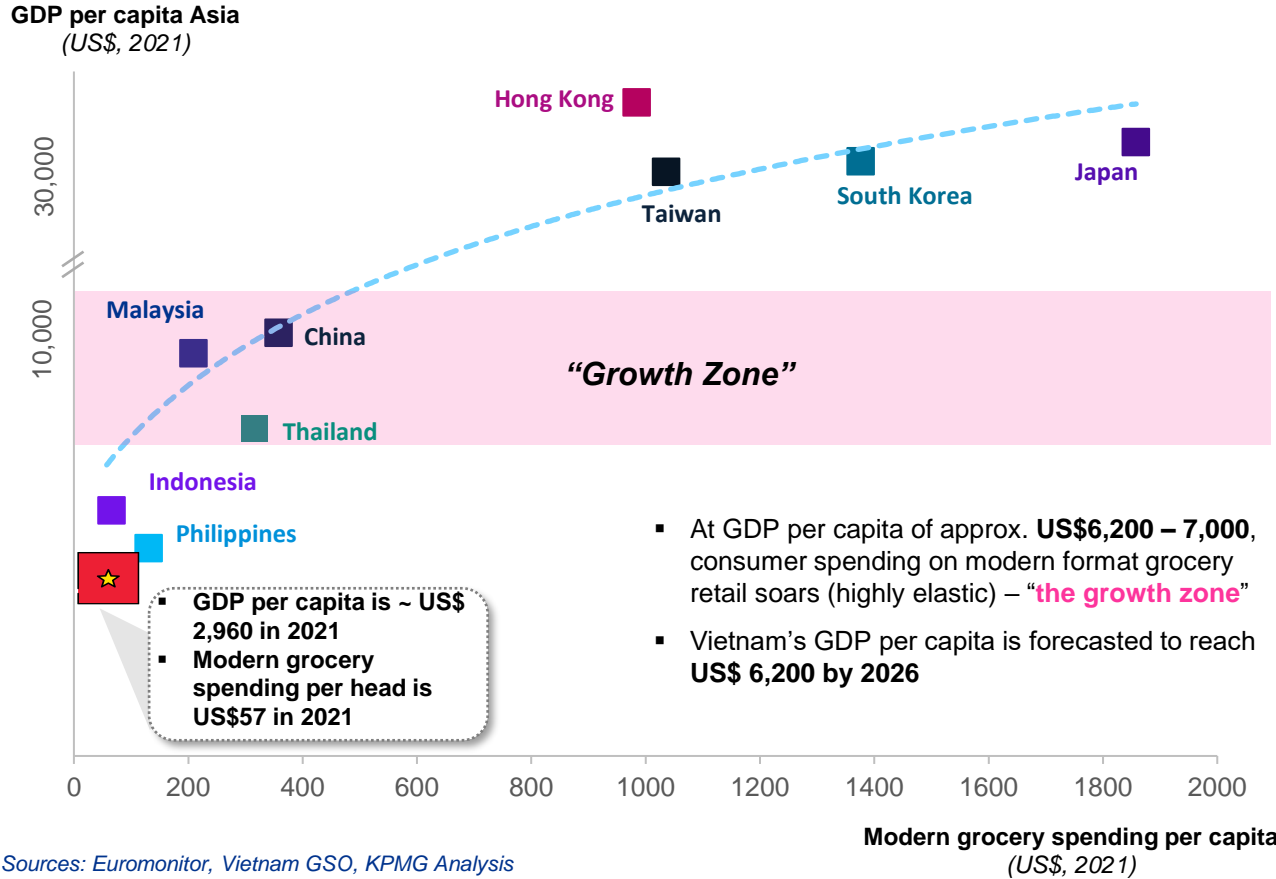
Vietnam’s MGR outpaces traditional trade in growth



Modern Grocery Retail – Key drivers

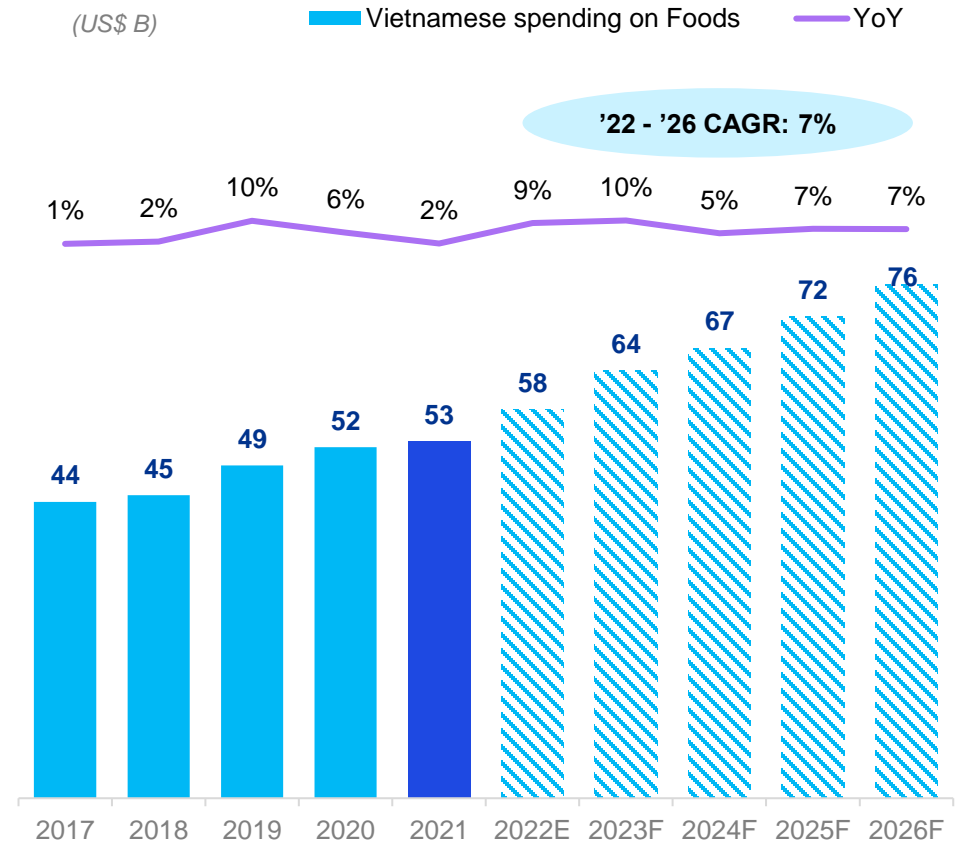
Increased willingness to pay a premium for quality, convenience, & shopping experience

The relationship between income level and modern grocery spending per capita among Asia countries (2021)



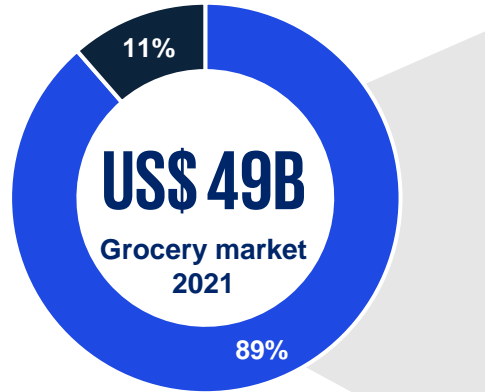
Sources: Euromonitor, Vietnam GSO, KPMG Analysis

Non-cyclical growth of Food engenders MGR stable growth



Modern Grocery Retail – Key drivers

Food safety is the pain point of grocery retail



89% of foods in Vietnam are sold in mom-and-pop shops & wet markets which often face **bacterial contamination** and **quality issues** due to the **lack of sufficient food reserve system**

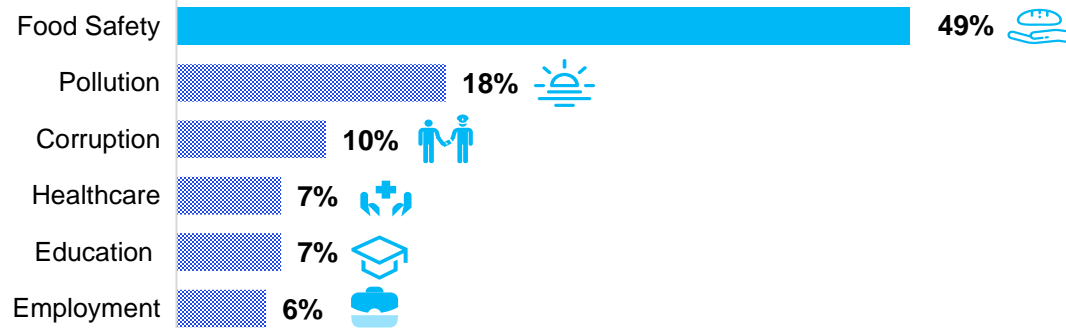
In 1H2022

11.000 + manufactures
Violated food safety standards

270 + cases
Serious food-borne illness

- Traditional Grocery Retailers
- Modern Grocery Retailers

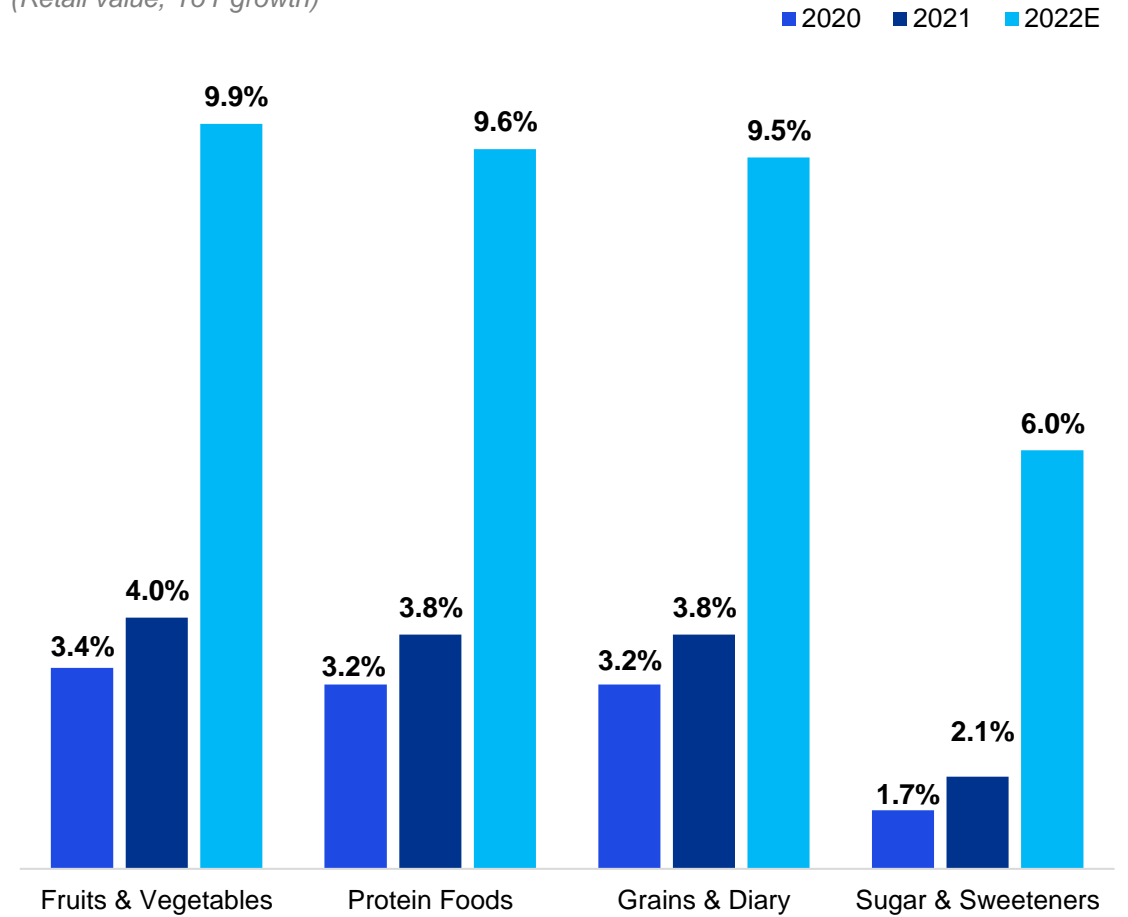
Food safety is the foremost concern of Vietnamese



Sources: Euromonitor, Vietnam GSO, KPMG Analysis

Spending shifts towards nutritional and health-beneficial food categories

(Retail value, YoY growth)



Notable Recent Transactions

Phuc Long Deal

The Sherpa Company Limited, a subsidiary of Masan Group, acquired 65% shares of Phuc Long Heritage Company under the deal value of VND 6,100B (US\$ 260M) in 2022

Tiki Deal

Shinhan Financial Group acquired 10% stake of Tiki at US\$60mil in 2022



E-Mart Deal

E-mart Deal: Truong Hai Auto Corporation acquired 100% shares in E-mart Vietnam Co., Ltd from E-mart Inc (South Korea) under the deal value of ~VND 2,400B (~US\$ 100M) in 2021

Con Cung Deal

Quadria Capital acquired a strategic interest in Cong Cung JSC under the deal value of VND 2,160B (US\$ 90M) in 2022

Sources: Capital IQ, KPMG Analysis



Panel discussion



Q&A



Feedback





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