



# Unleashing Opportunities in Vietnam: Navigating through turbulence

M&A roadshow in Thailand

September 2024



# AGENDA

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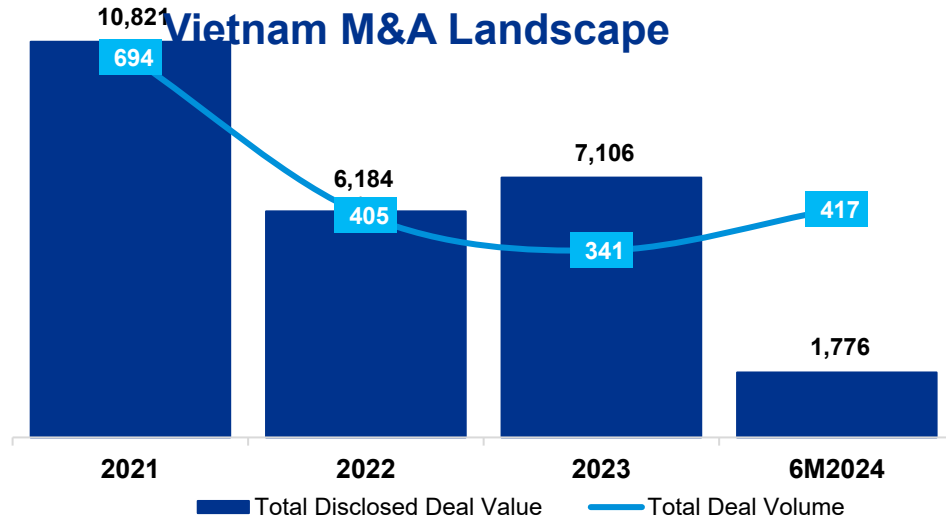
**I.**

# **Vietnam M&A landscape**

# Vietnam M&A landscape 2021 – 6M2024

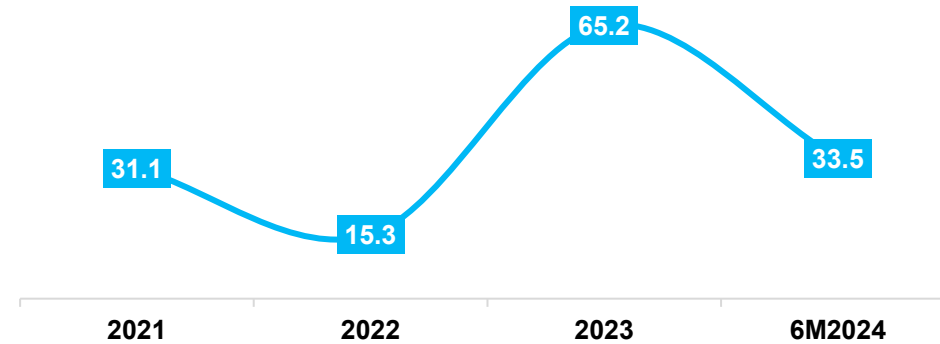
## Total deal value and volume

2021 – 6M2024, USDm



## Average value on disclosed deals

2021 – 6M2024, USDm



## Top deals in 6M2024

- **VinFast** acquired **VinES Energy Solutions** for **\$450.3M**
- **Masan Group** raised **\$259.3M** via a private placement involving BBC Meerkat, LLC
- **Bain Capital** invested **\$250M** in **Masan Group** through a private placement
- **HCMC Infrastructure Investment** issued **\$116.6M** in convertible bonds
- **Guizhou Advance Tyre** invested \$58.09M in **Advance Tyre (Vietnam)** via private placement

## Top deals in 2023

- **Sumitomo Mitsui Banking Corp.** invested **\$1,454M** in **Vietnam Prosperity Joint Stock Commercial Bank**
- **ESR V Investor 5** acquired **BW Industrial Development JSC** for **\$450M**
- **Thomson Medical Group Limited** acquired **FV Hospital** from **Quadria Capital Investment Management** for **\$381M**
- **Gamuda Land** acquired **Tam Luc Real Estate Corporation** for **\$316M**

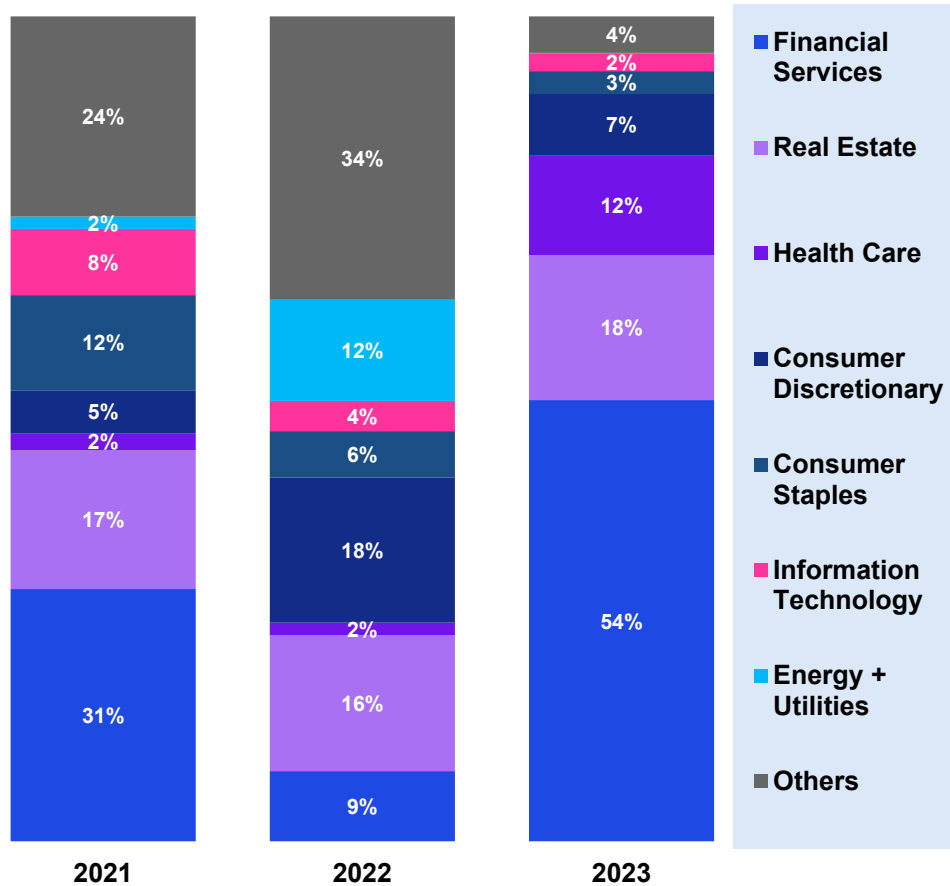
Sources: Capital IQ, VIR, KPMG Analysis



# Vietnam M&A Activity by Sector

## M&A value breakdown by key sector

2021-2023



Financial Services (54%), Real Estate (18%), and Health Care (12%) together accounted for over 80% of disclosed deal value in 2023 and claimed all 4 largest transactions in 2023.

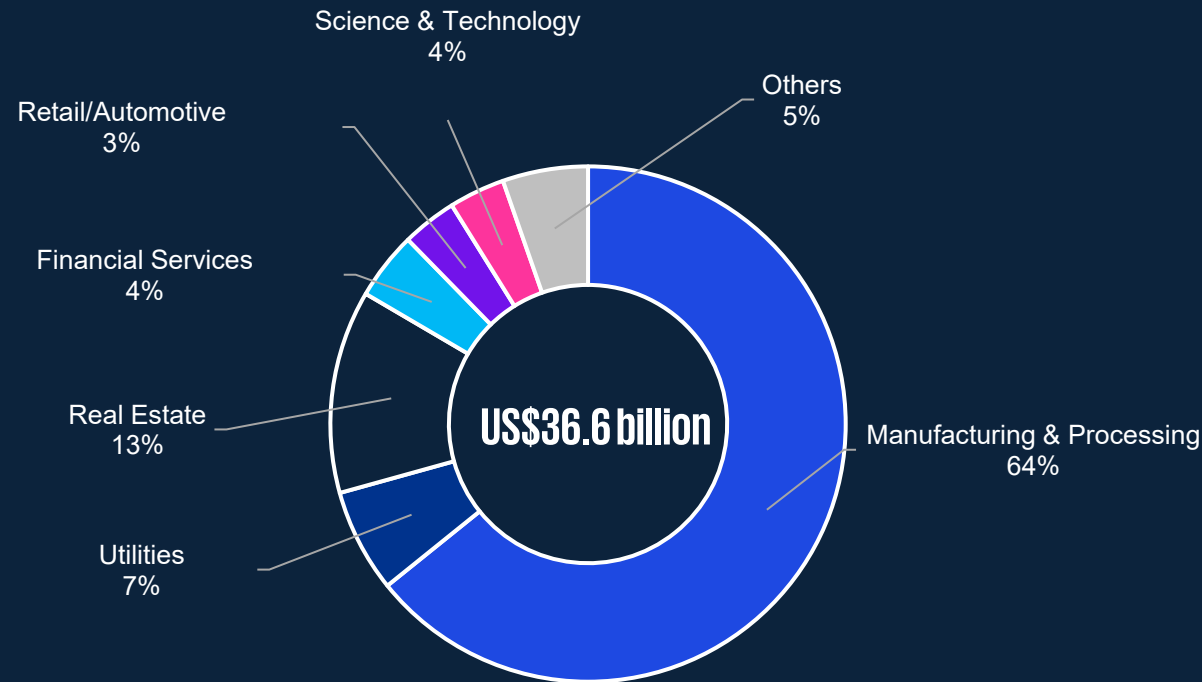
Financial Services had its largest-ever deal in the banking industry (\$1.45 billion), while Health Care also saw its largest deal on record at over \$380 million. Foreign investors also dominated in megadeals, leading in all the top largest deals in 2023.

Sources: Capital IQ, VIR, KPMG Analysis

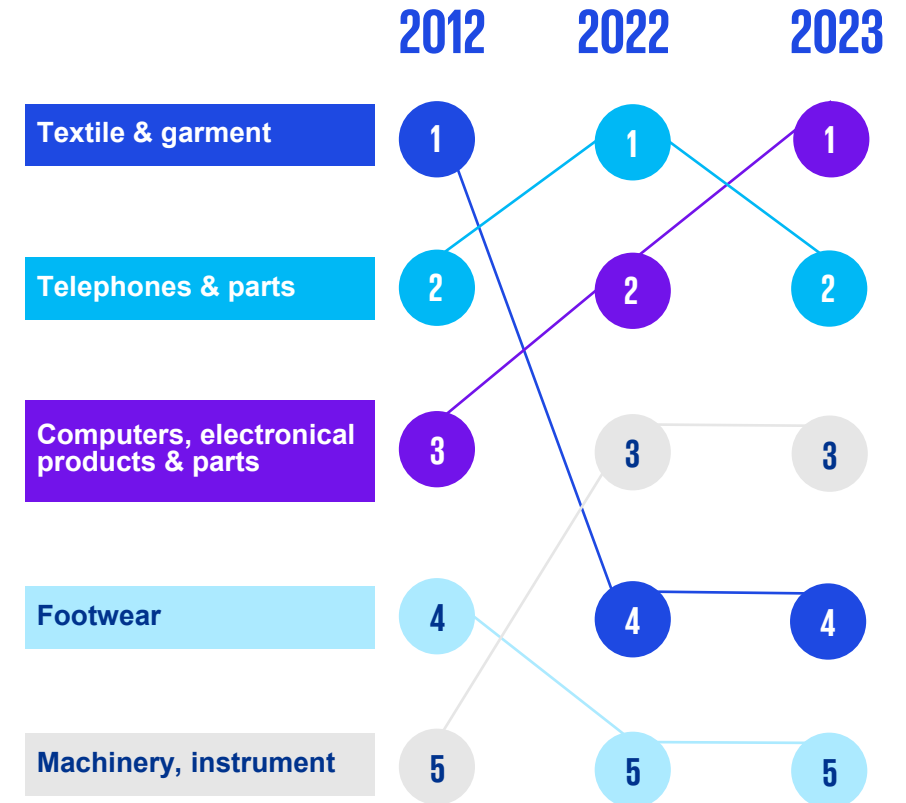


# Attractive business sectors in Vietnam

Total FDI capital by sector (2023)



Vietnam's top five export commodities



Source: Ministry of Investment and Planning, GSO (2024)

**II.**

# **Legal considerations on M&A and Restructuring in Vietnam**

# Local Regulations/Approval



## Foreign Ownership Limits (FOL)

Foreign ownership is restricted in sensitive sectors like pharmaceuticals, banking, and telecommunications.



## Special Requirements

The Economic Needs Test (ENT) can delay or complicate retail expansion due to fierce competition and strict regulatory approval.



## Approval for Foreign Investors

Foreign investors must obtain M&A approval from the Ministry of Planning and Investment for share acquisitions or capital contributions



## Merger Filing

Mergers creating a 30% to 50% market share require Competition Authority approval, typically taking 40 days or more.



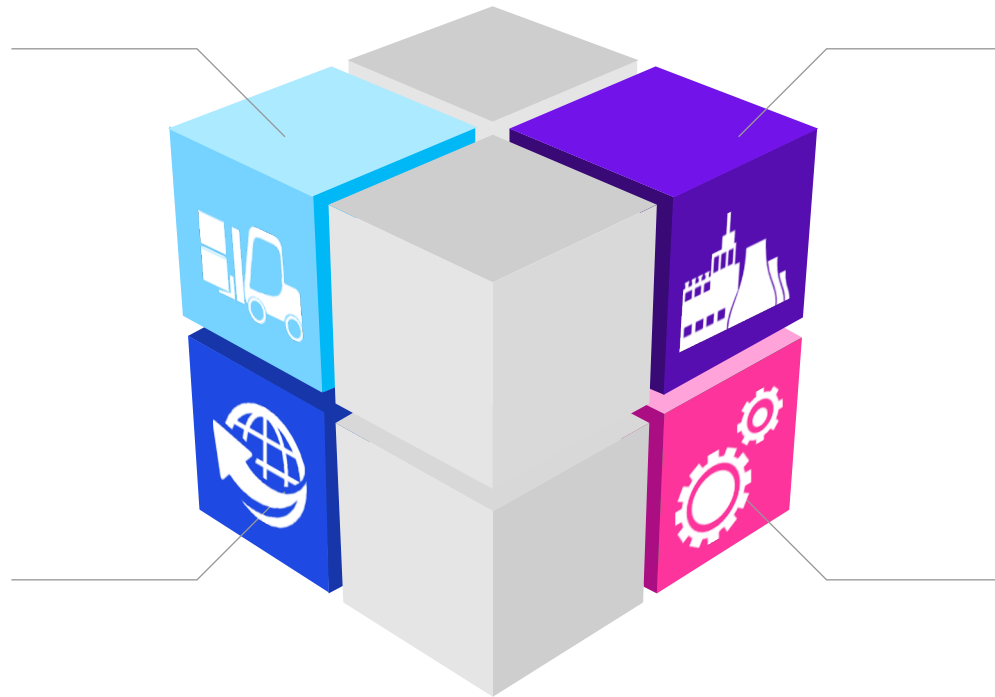
# Restriction & conditions for foreign participation in key sectors

## Logistics

- Foreign ownership limits from 49% up to limited joint venture
- Allowable 100% foreign ownership sectors include: International maritime transportation, Warehousing, Freight forwarding, Postal/courier services

## Trading business

- Including import, export, wholesale, retail and others related activities
- Restrictive products: oil, sugar, rice, books, newspapers, cigarettes, etc.
- ENT test for second retail outlet



## Industrial/ Manufacturing


- No limitation on foreign ownership
- Certain criteria for foreign investment include: locations, technology, environment impact assessment, investment scale


## Supporting services

- Generally, no limitations on foreign ownership.

# Government policies to attract FDI

**1**  Tax and investment incentives

**2**  Economic policies

**3**  New Land Law

**4**  Vietnam's Eighth National Power Development Plan

**5**  Bamboo diplomacy

# Forms of investment

## DIRECT INVESTMENT FORMS

- 01 Establishment of a business entity
- 02 Purchase of share/capital contribution (M&A)
- 03 Public Private Partnership contract (PPP contract)
- 04 Business Cooperation Contract (BCC)

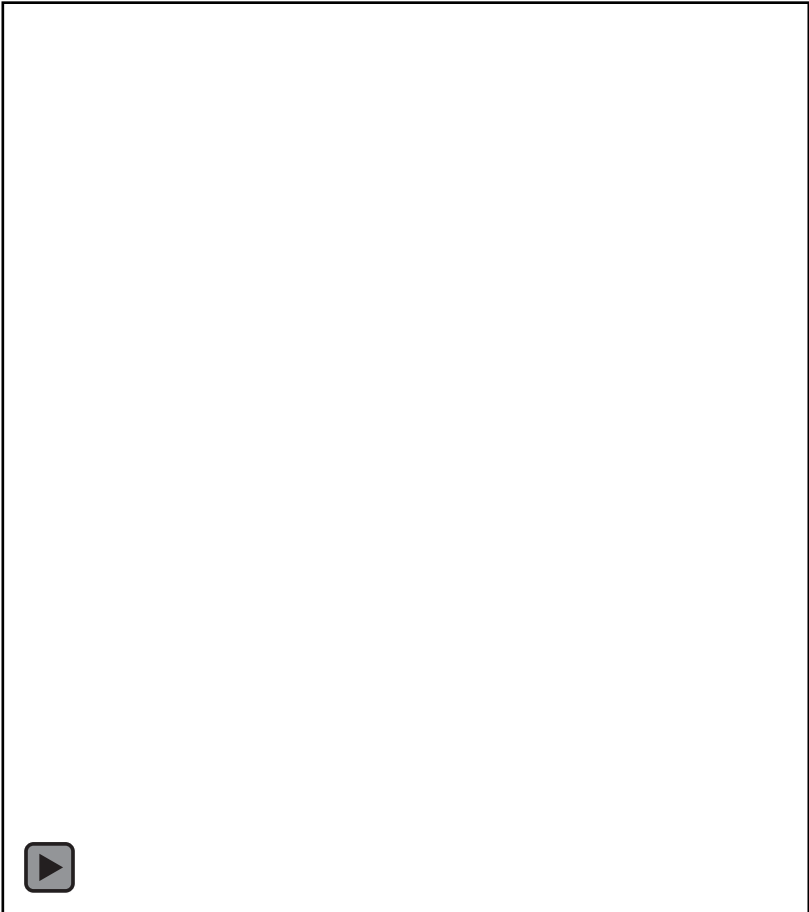
## INDIRECT INVESTMENT FORMS

- 01 Purchase of shares, bonds and other valuable papers traded on the stock exchanges
- 02 Securities investment funds
- 03 Investment through other intermediary financial institutions

# Form of Investment

## Why M&A?

- Market entry
- Synergy
- Government policies
- Financial returns
- Growth / market share
- Securing access to supply / raw materials / input / technology
- Competition



# Form of Investment

## Type of Acquisition



### Share Deal

Acquire a company, and take all of its assets and liabilities

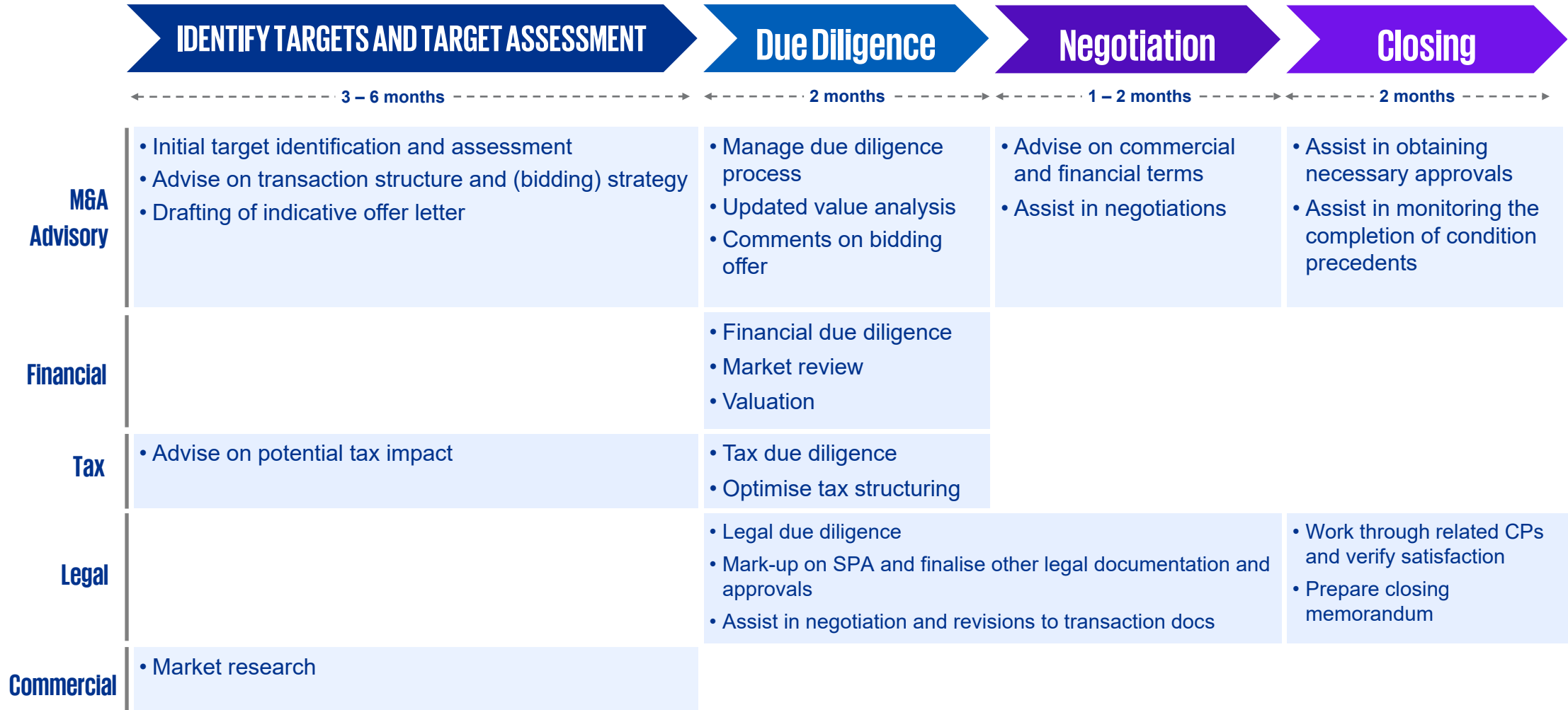


### Asset Deal

Acquire/Assume specifically described assets and liabilities



# Typical buy-side process



**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

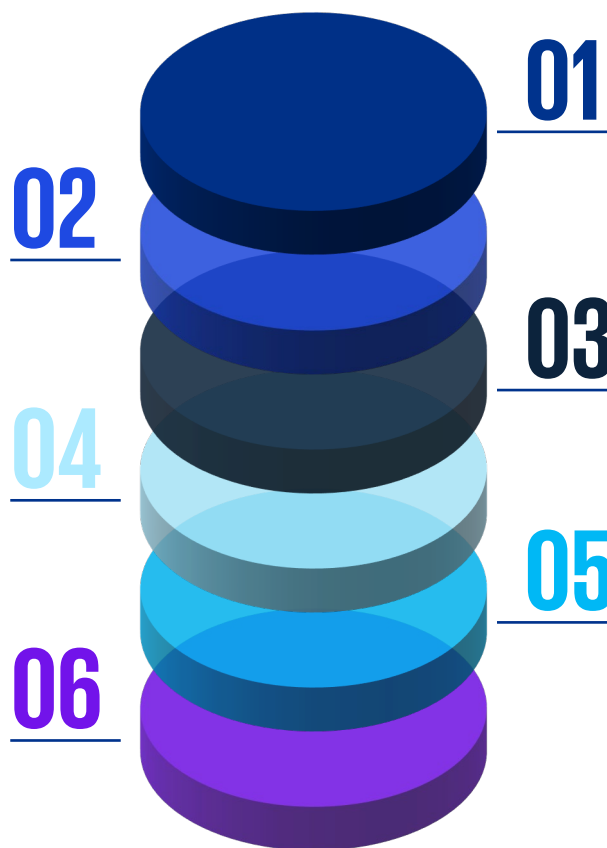
- Acquired goodwill (on entity-basis) to be amortized over 3 years max (at local acquirer only)

## 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 (3<sup>rd</sup> party valuation preferred)

## Tax treaty

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

## Tax warranties/ indemnities

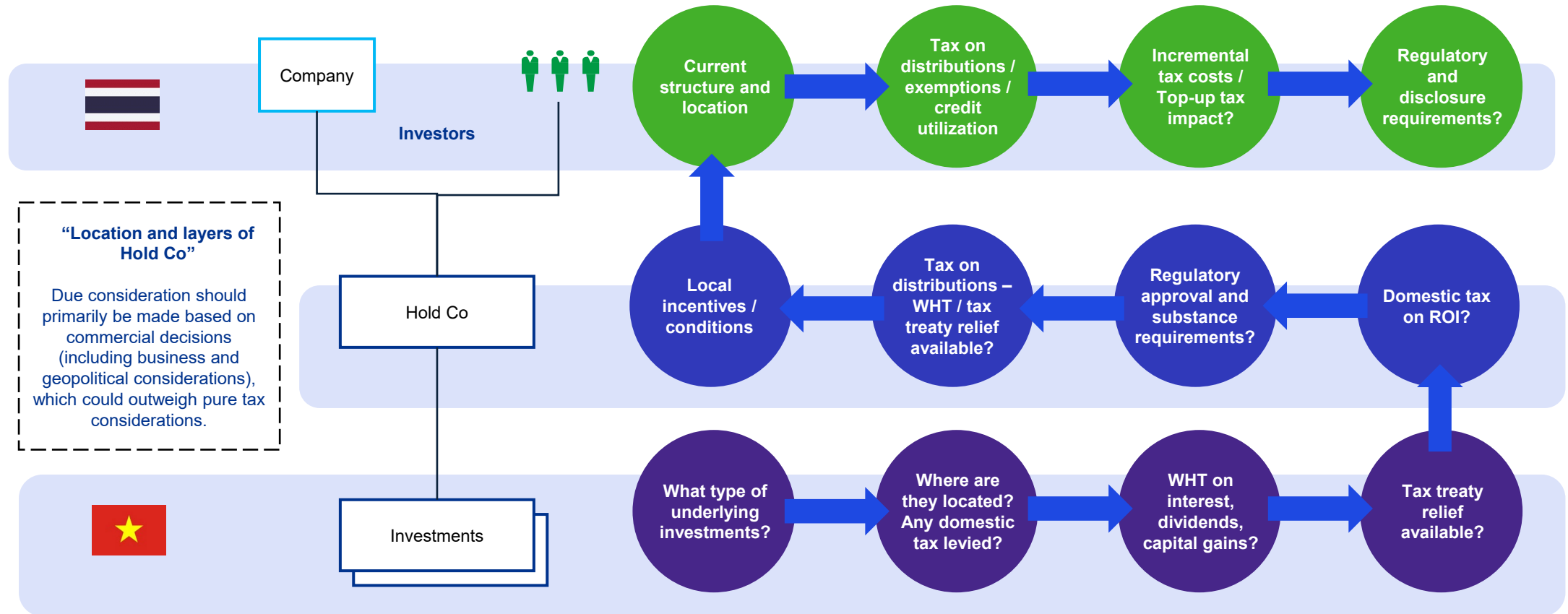
- Statute of limitation: 10 years
- Common SPA protection: 3-5 years and/ or price reduction
- Broad, also cover loss of tax benefits (+) penalties/ interests (+) tax on claims



# 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.



**IV.**

**Potential sectors  
for M&A  
in Vietnam**

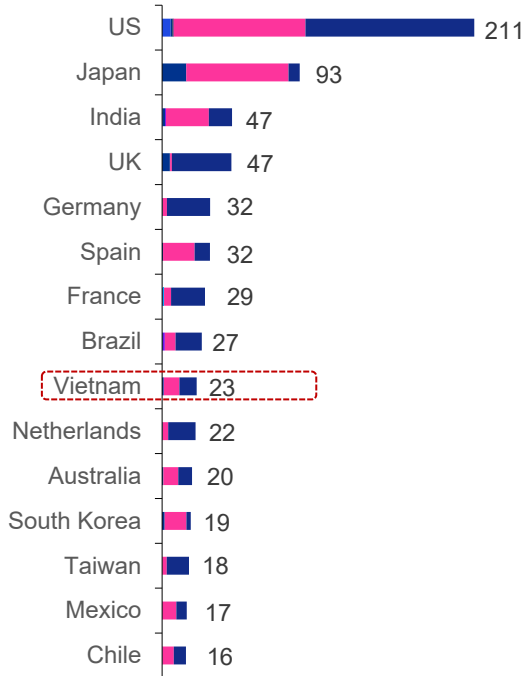
**III.a**

# **Energy & Utilities**

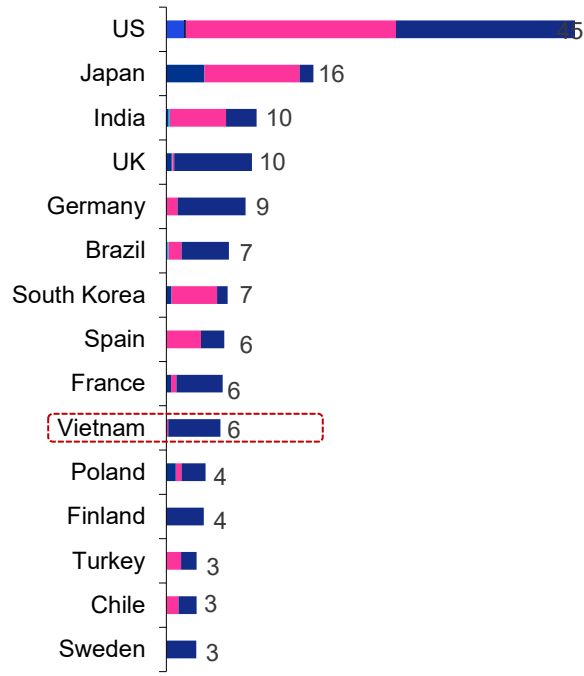
# Vietnam is a hotspot for renewable platform investments in the Region (1/2)

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

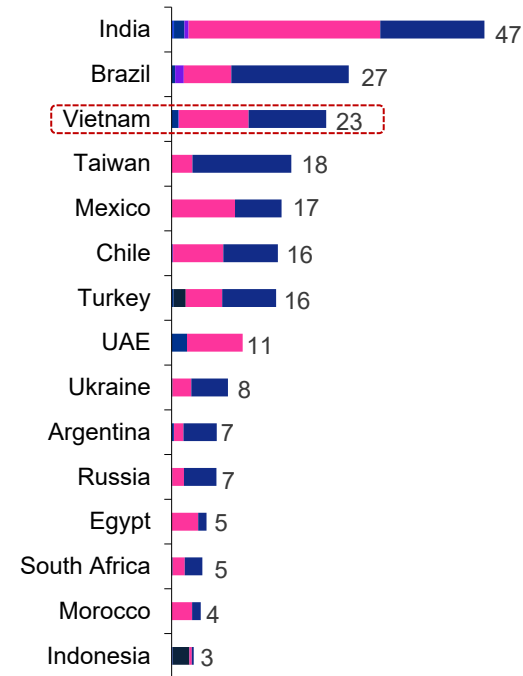
Top 15 markets for renewable energy asset finance ex-Mainland China, 2017-2021, \$bn



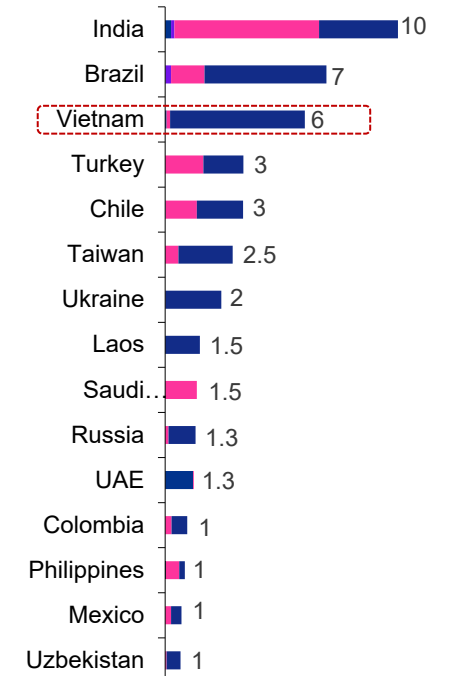
Top 15 markets for renewable energy asset finance ex-Mainland China 2021, \$bn



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



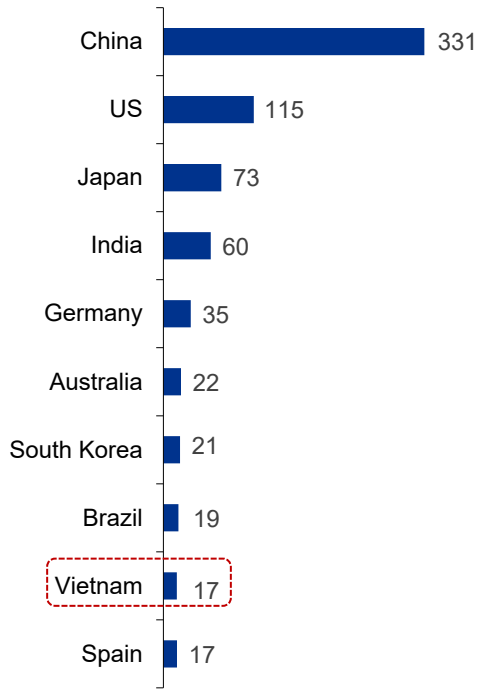
■ Biofuels ■ Biomass & Waste ■ Geothermal ■ Marine ■ Small Hydro ■ Solar ■ Wind



# 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

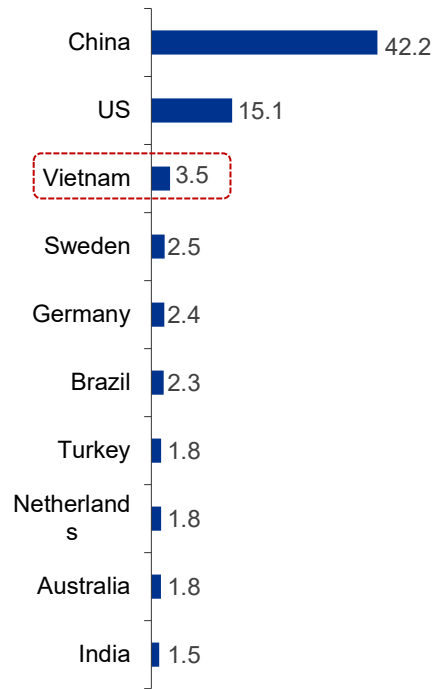
**Top 10 markets for solar capacity additions, 2012-2021 (GW)**



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

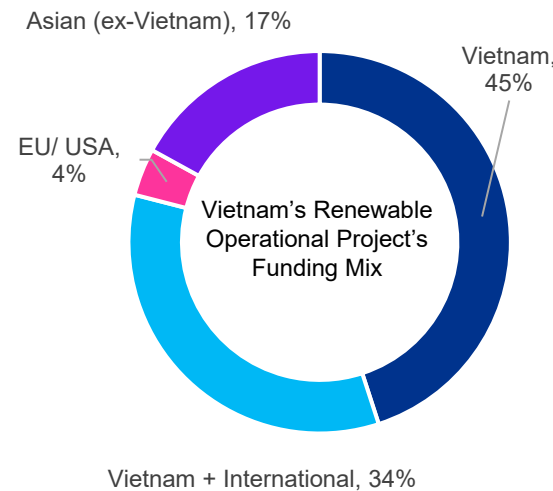


**Top 10 markets for 2021 wind capacity additions (GW)**



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

**Mix of regional investment in Vietnam Renewable Space**



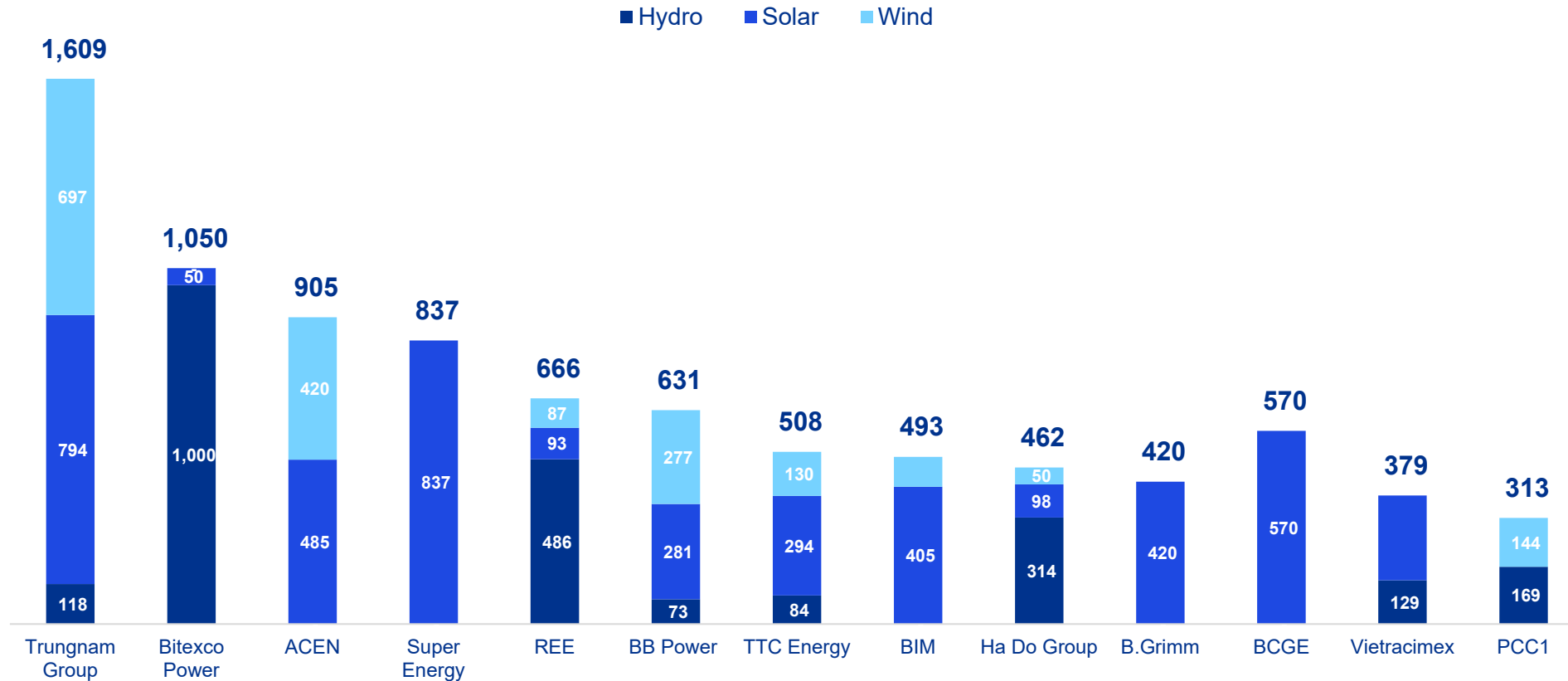
**Key observations**

- 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

# Potential Opportunities

2023

# Gemini

The company is a leading enterprise in industrial production (electrical equipment and building material) and infrastructure (electricity production, water treatment and real estate development with specialty in industrial park).

## Overview

### Company Profile

- This company is a HOSE listed entity and is amongst the Top 30 largest private sector enterprises in Vietnam in 2021.
- The company is a leading infrastructure developer and has presence in manufacturing value chain as well.
- The Group is keen to expand its footprint in the renewable energy sector by expeditiously developing the pipeline projects aggregating to an overall capacity of 2 GW.

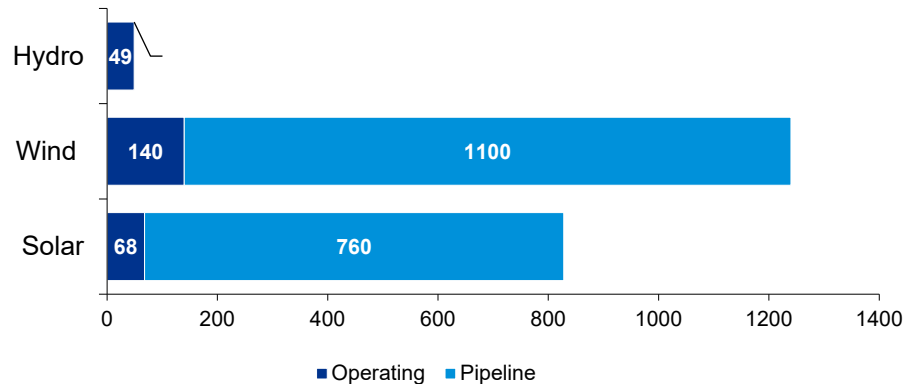
### Transactional Details and Other Insights

- The Group has a diversified portfolio of businesses in Vietnam, possess a strong track execution track record. The company has recently achieved CoD for 5 of its wind farms in time for the FIT2 scheme.

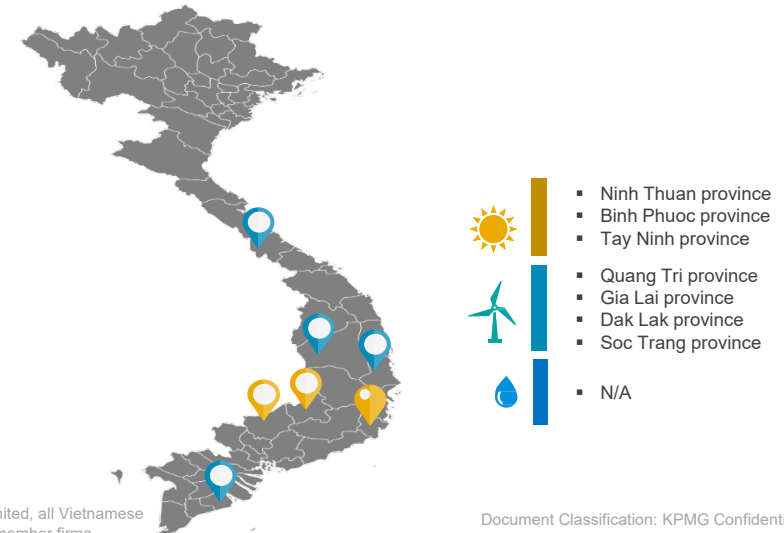
## Asset Overview

### Project Portfolio by Renewable Energy Types

In MW



### Geographic location of the Projects



# Boston

The company is among the leading multi-sector enterprises, specializing in production and trading, construction, real estate, and renewable energy

## Overview

### Company Profile

- This company is among the leading multisector enterprises in Vietnam, specializing in production and trading, construction, real estate, and renewable energy.
- Leveraging from their strong network with domestic and international companies, the company has partnered with international infrastructure developers and leading renewable energy solution providers to invest and develop their renewable energy portfolio.
- The company is keen to expand its presence in the renewable energy sector by developing the pipeline projects aggregating to an overall capacity of 1.2 GW by 2025.

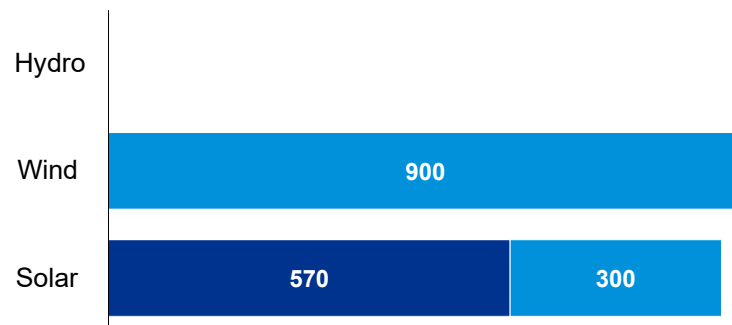
### Transactional Details and Other Insights

- The company has recently sold 49% ownership of its 300 MW solar subsidiary to a large foreign energy major.
- The company has a JV with a major energy conglomerate for the rooftop solar asset.

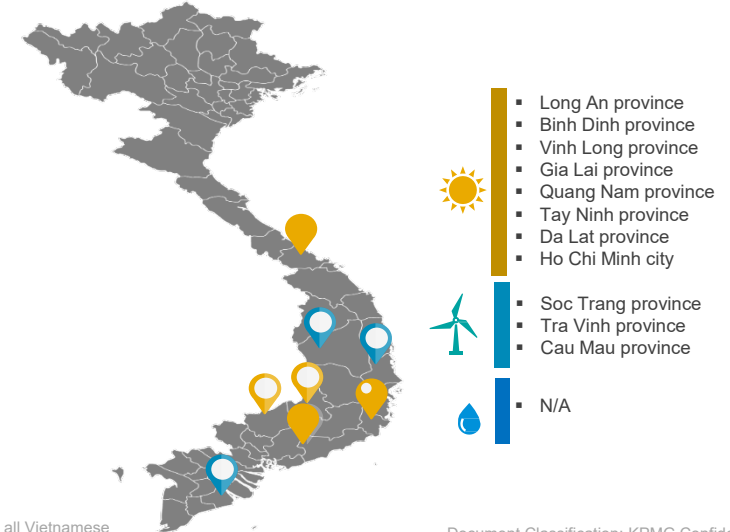
## Asset Overview

### Project Portfolio by Renewable Energy Types

In MW



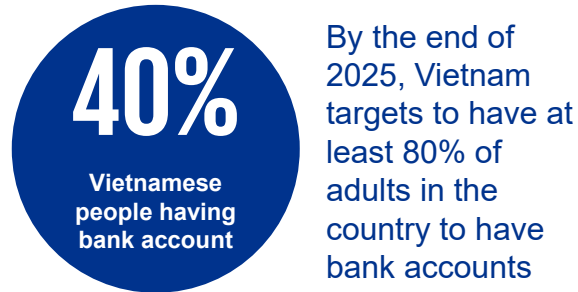
### Geographic location of the Projects



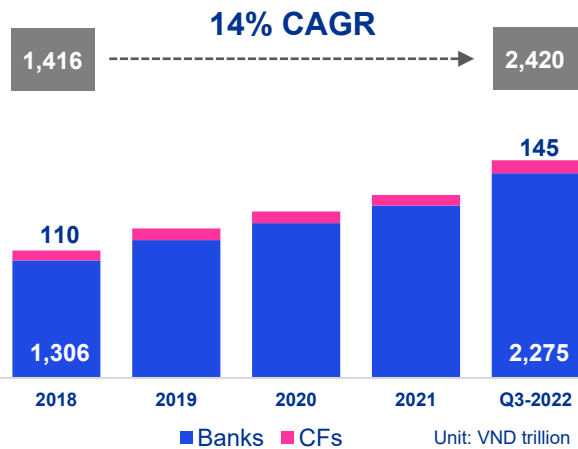
**III.b**

# **Consumer Finance**

# Overview of Consumer Lending Market

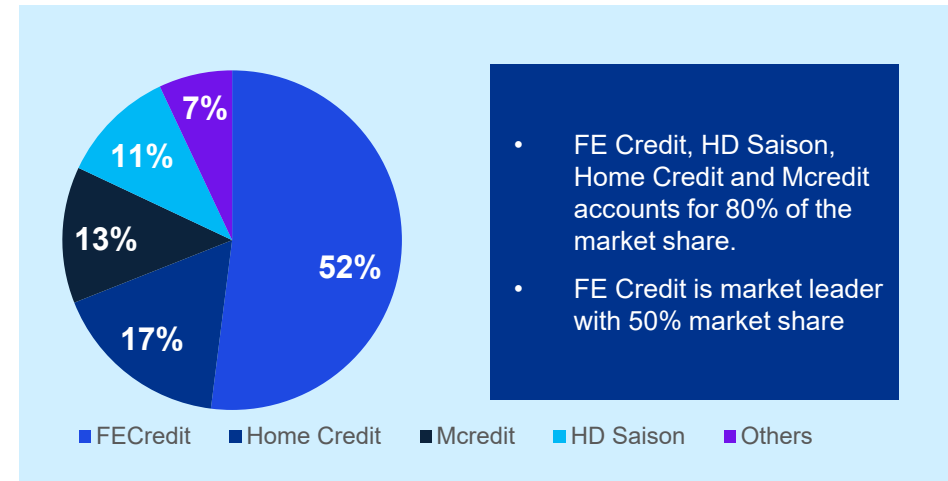


**Banks are dominating FCs in consumer finance**



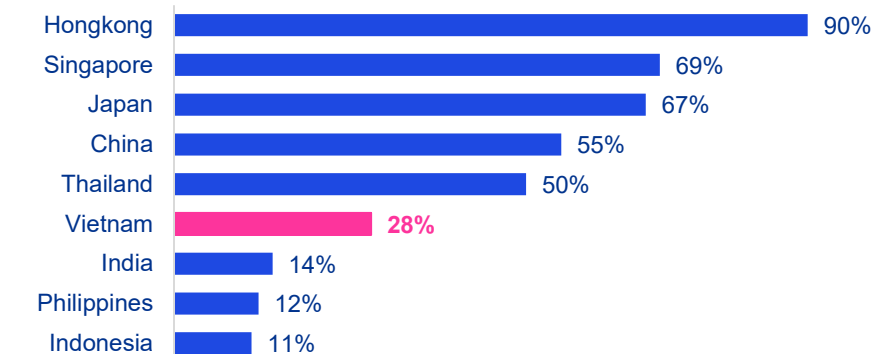
Source: KPMG consolidated from local news

**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 <sup>(1)</sup>	1,050	
2	Finance Company Limited For Community	FCCOM	1997	Local Bank Owned	MSB <sup>(2)</sup>	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 <sup>(3)</sup>	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 <sup>(4)</sup>	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 <sup>(5)</sup>	2,350	
10	Shinhan Vietnam Finance Company Limited	Shinhan Finance	2006	100% foreign owned	Shinhan Bank/Card <sup>(6)</sup>	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 <sup>(7)</sup>	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 <sup>(8)</sup>	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 <sup>(9)</sup>	1,300	

<sup>(1)</sup> PTF was under VNPT Corporation until 2018 before purchased by SeABank.

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

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

<sup>(4)</sup> SMBCCF successfully purchased 49% shares from VPBank in 2021.

<sup>(5)</sup> Credit Saison successfully purchased 49% shares from HDBank in 2015.

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

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

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

<sup>(9)</sup> 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

# Potential Opportunities

2023

# OCEAN

## Company introduction

- The Target Company (“CF”) was established in 1998 as a state-owned company.
- In 2018, CF was 100% acquired by the Commercial Bank, which focused on restructuring and building the consumer lending infrastructure from scratch and serving the consumer finance needs of the customers of the Commercial Bank through its extensive network of 200 branches across Vietnam.
- CF still is in the early stage of development with a modest but steadily growing market share, serving the consumer finance needs of the Commercial Bank and the Multisector Corporate Group consumer-centric ecosystem.

Employees  
**471**

As of Oct 30, 2022

Branches  
**19**

Up to Oct 2022

Provinces  
**37**

Up to Oct 2022

Charter Capital  
**1,050**  
VND Bn

As of Oct 30, 2022

## Overview of the Holding Company



Established

**1994**

Rating (\*)

**B1/Positive**

Listing

**HOSE**

Total Asset (\*\*)

**US\$9.8 Billion**

(\*) By Moody's, issued in May 2022  
(\*\*) By the end of Q3/2022



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## Key Financial Information

Unit: US\$ mn	FY2019A	FY2020A	FY2021A	FY2022E	CAGR (FY19A-22E)
Total Operating Income	1.4	0.8	5.9	29.8	177.1%
Net Profit	0.1	-2.0	1.2	8.7	343.1%
Total Asset	25.0	22.2	131.2	245.0	114.0%
Total Equity	0.3	0.3	0.3	32.0	374.3%
Total Consumer Finance Loans	0.3	8.1	114.4	210.9	844.0%
NPL ratio	0%	3%	2%	6.1%	N/A
RoAE	0.3%	neg	5.2%	31.9%	373.8%

## Key Features of CF's Unsecured Loan Products



Preferential interest rates during COVID-19



Collateral is not required



Highest loan limit



Free consultation and registration



Grace period for the first 3 periods of principal interest



Easy disbursement procedure

# FOREST

## Company introduction

- **Established in 1998 as State- owned Finance Company**, equitized in 2010 and became JSC, then converted to LLC in 2015
- **Ownership**: wholly owned by a local bank
- **Target customers**:
  - ✓ Small business customer
  - ✓ Salary based customers
  - ✓ Customers having agriculture

The target got approval of SBV to provide corporate loans which could make up to 30% of total loan portfolio

**2,066 VND bn**

~ US\$ 79.2m in total loan balance

**500 VND bn**

~ US\$ 20.8m Charter Capital

## Business License

- ✓ Receiving organizations' deposits
- ✓ Consumer credit: installment loans, consumer loans, and credit card issuance
- ✓ Credit extension through discount, rediscount of negotiable instruments
- ✓ Issuing certificates of deposit, bonds and other valuable papers
- ✓ Borrowing capital from financial institutions
- ✓ Participating in bidding in money market
- ✓ Trading and providing foreign exchange services
- ✓ Acting as an insurance agent
- ✓ Providing advisory services in the fields of banking, finance and investment
- ✓ Corporate loans

## Core Products



Unsecured consumer loan (cash loan), short and medium-term loans, consumer lending/ loan secured by real estate, loan secured by valuable papers / salary source, corporate loans etc.



## Business Model

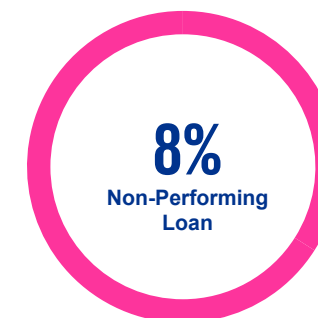
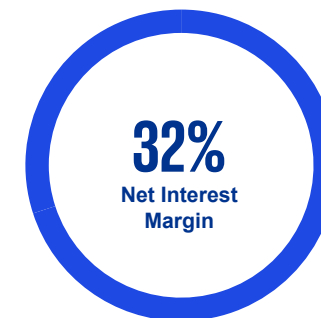
Focusing on the areas around POS, helping employees stick to the area, expanding client portfolio and limiting risks.



## Network

As the end of 2022, the company has 22 POS, 400 employees and focusing on 19 cities and provinces (Hanoi City, Ho Chi Minh City, Da Nang, etc.)

## Financials



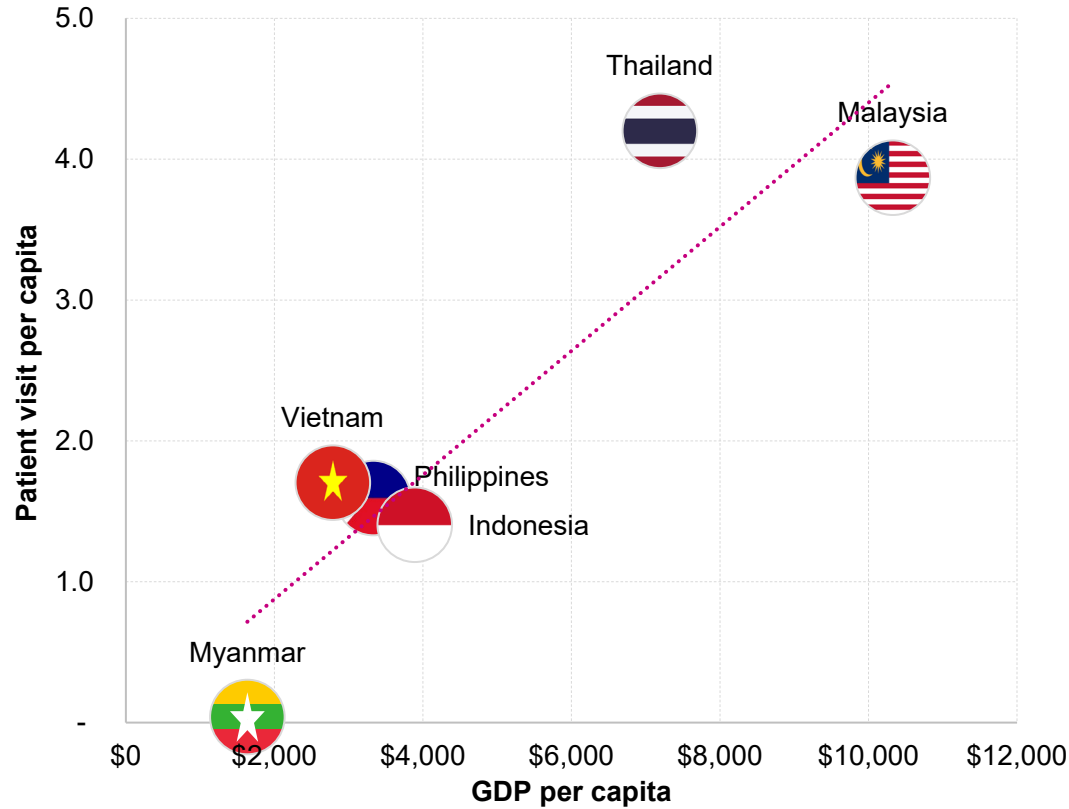
	2019	2020	2021	2022
<b>Total Assets</b> VND billion	620	622	787	2,066
<b>Outstanding Loan</b> VND billion	321	322	358	1,900

**III.C**

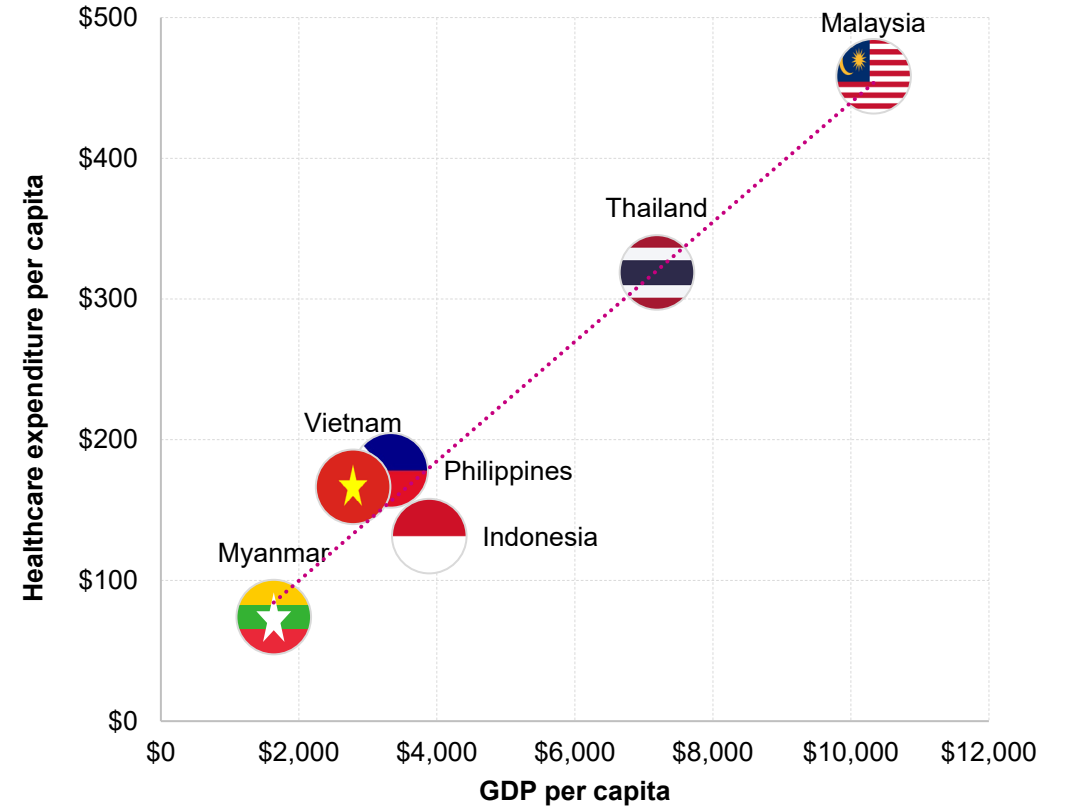
**Healthcare**

# 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

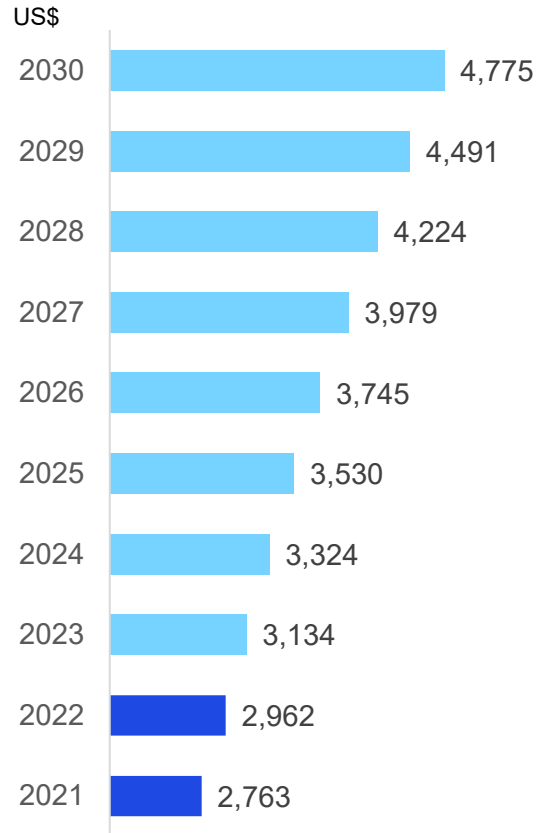


# Compelling drivers underpin the growth of healthcare demand

Among the fastest growing economies...

...with favorable demographic, regulatory and lifestyle factors

Healthcare expenditure, 2021 – 2030



**GDP per capita**  
**'21-'30 CAGR** **6.3%**



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



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



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



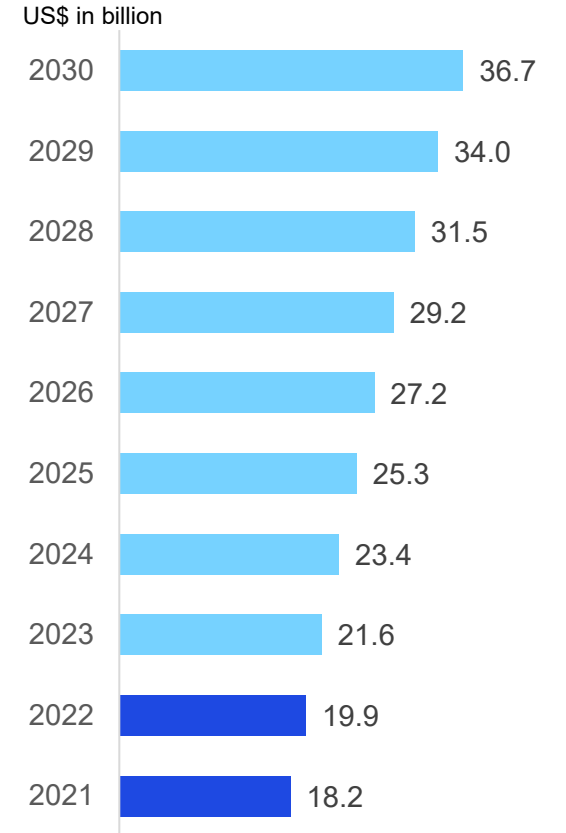
Rapidly ageing population with elders aged 60+ expected to **reach 27mn people by 2025**



**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.)



**'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



## 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

## Gene Solutions Deal

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

# Potential Opportunities

2023

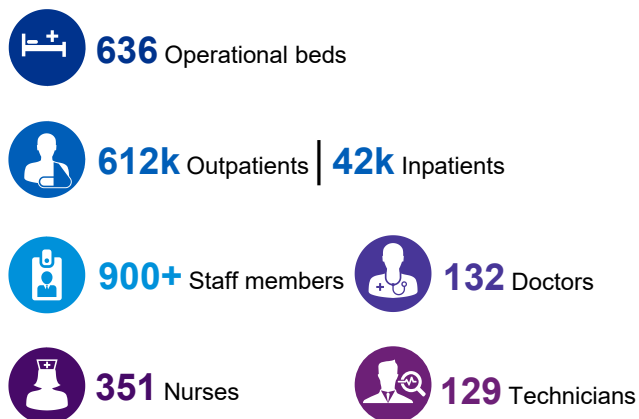
# A singular opportunity to gain exposure to the fast-growing and underserved healthcare market in Vietnam via the full acquisition of four strategically located private hospitals

## Overview of Osher

### Description

- Osher is a group of **4 private hospitals** with well-established operations in the **Southeast region** of Vietnam
- The hospitals are strategically situated in two provinces that have attracted significant **FDI and industrial developments** and which have **fast-growing populations** with rising income levels
- Two of the four hospitals have **sizable landbank reserved for capacity expansion**.

### 2022 Highlights

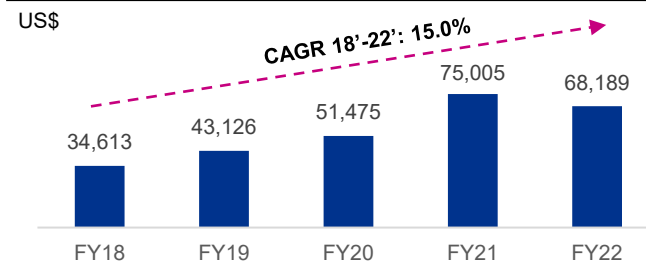


### The Assets

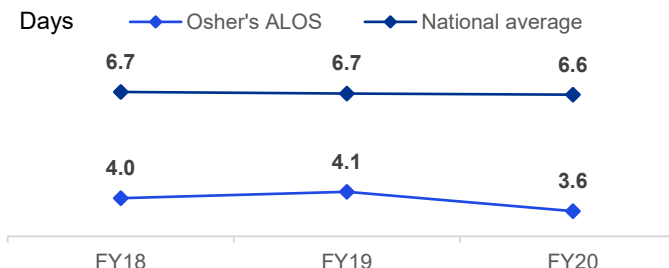
The hospital	Year established	Land area (sqm)	GFA (sqm)	No. Operating beds in 2022	4-year avg. occupancy rate 19'-22'
Jupiter hospital	2000	1,942	1,037	100	57%
Saturn hospital	2010	60,078	10,000	169	74%
Venus hospital	2014	10,497	8,520	178	71%
Mercury hospital	2011	23,620	24,177	189	60%

## Operational and financial performance

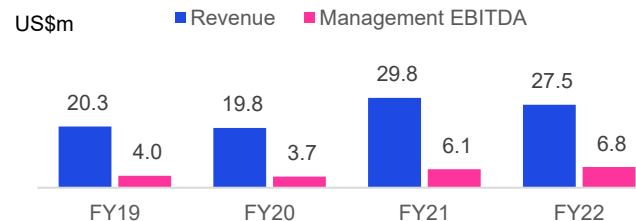
### Increasing ARPOB



### ALOS consistently lower than national average



### Financial Performance, FY19-FY22



Notes: ALOS means average length of stay, ARPOB means average revenue per occupied bed. Sources: From Audited Financial Statements and management reports of Osher

**III.d**

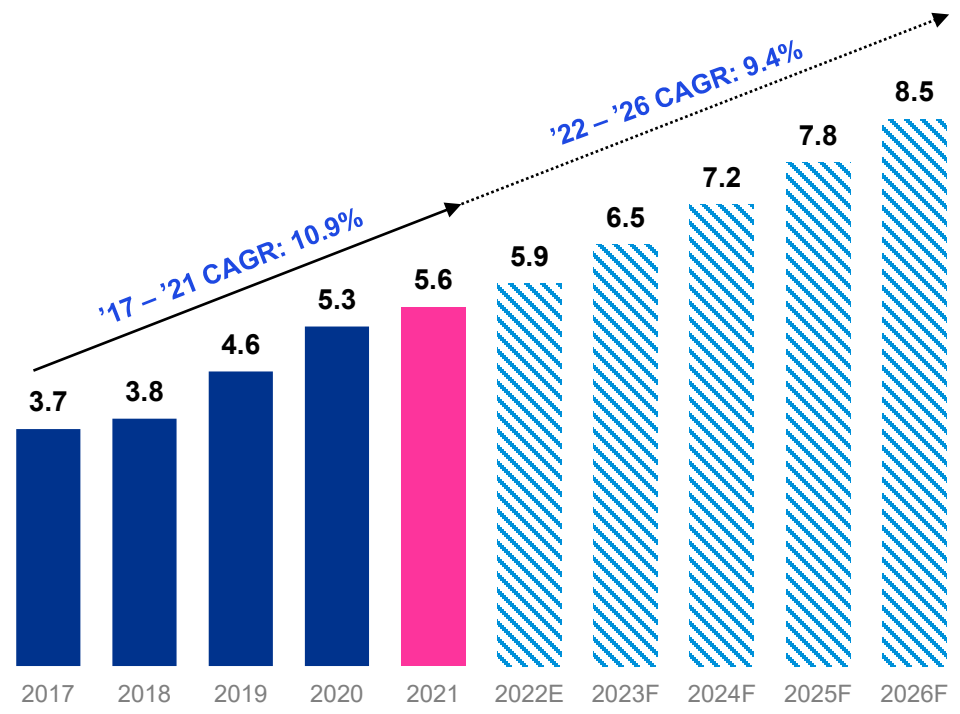
**Retail**

# Prevalent rise in modern retail – Opportunity for modern grocery

The attractive modern grocery market size that growing **fastest** in Asia

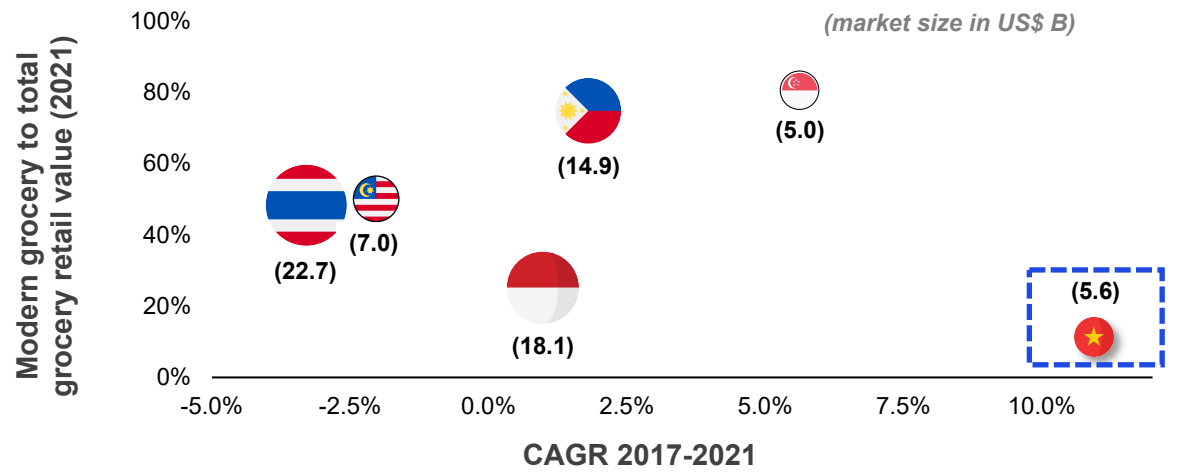
The total addressable market of Vietnam’s Modern grocery retail (in US\$ B)

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

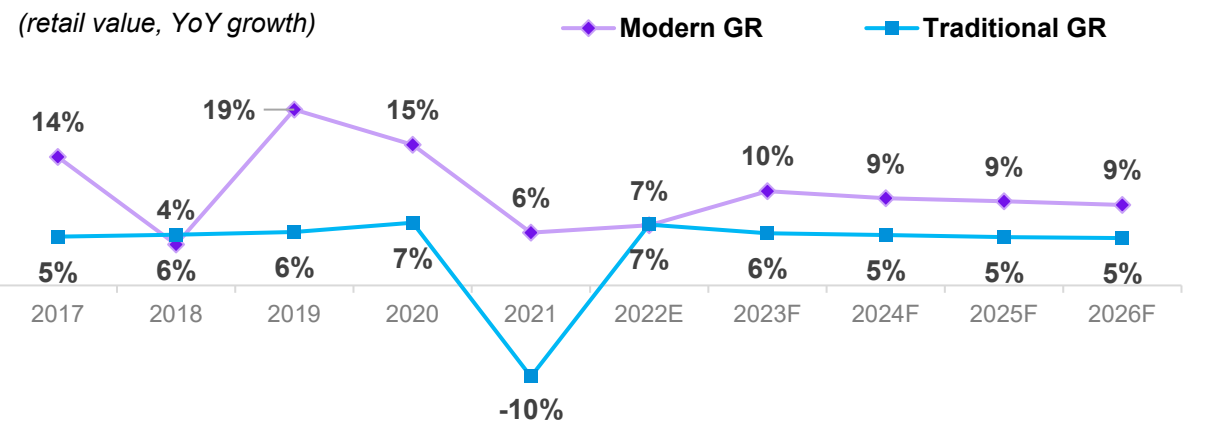


Sources: Euromonitor, KPMG Analysis

Underpenetrated market offers growth opportunities



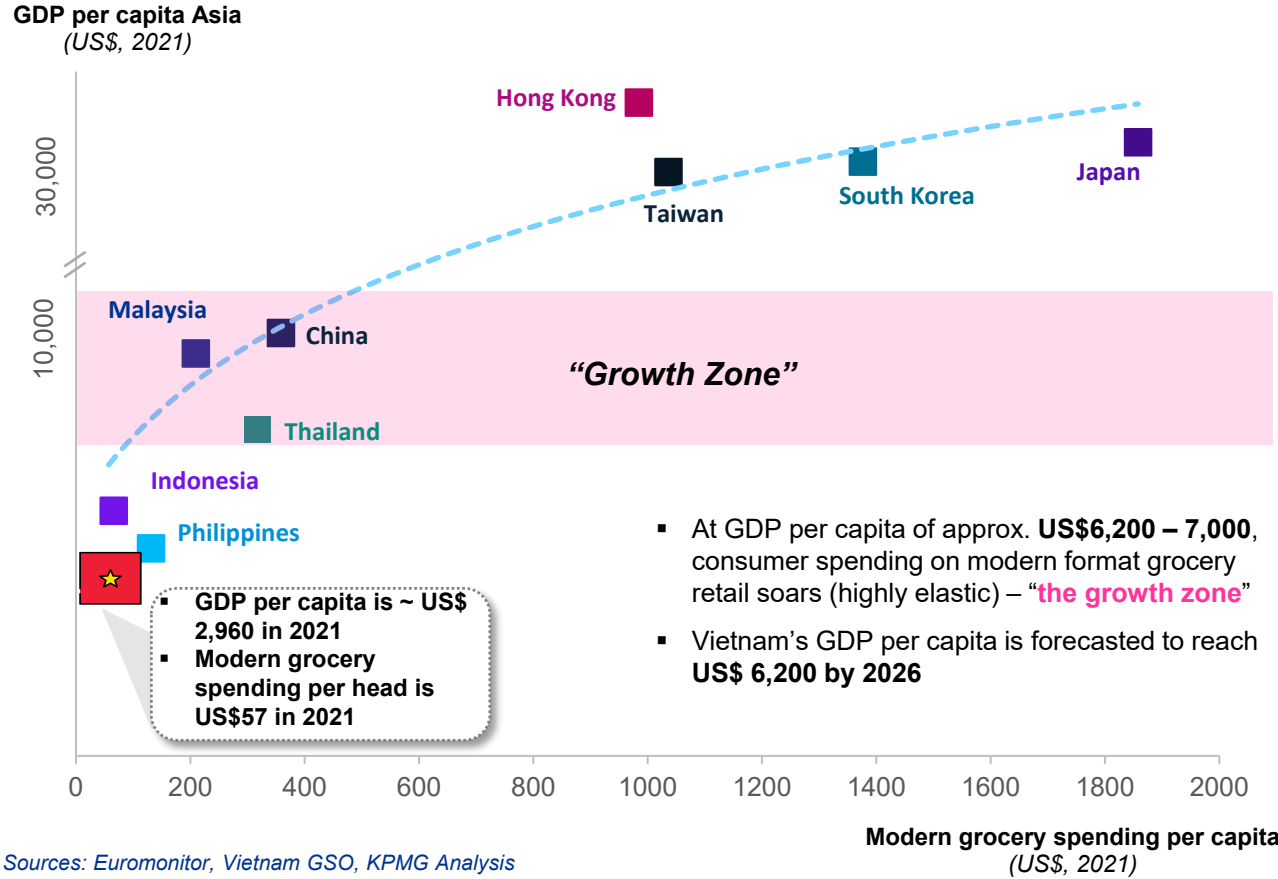
Vietnam’s MGR outpaces traditional trade in growth



# Modern Grocery Retail – Key drivers

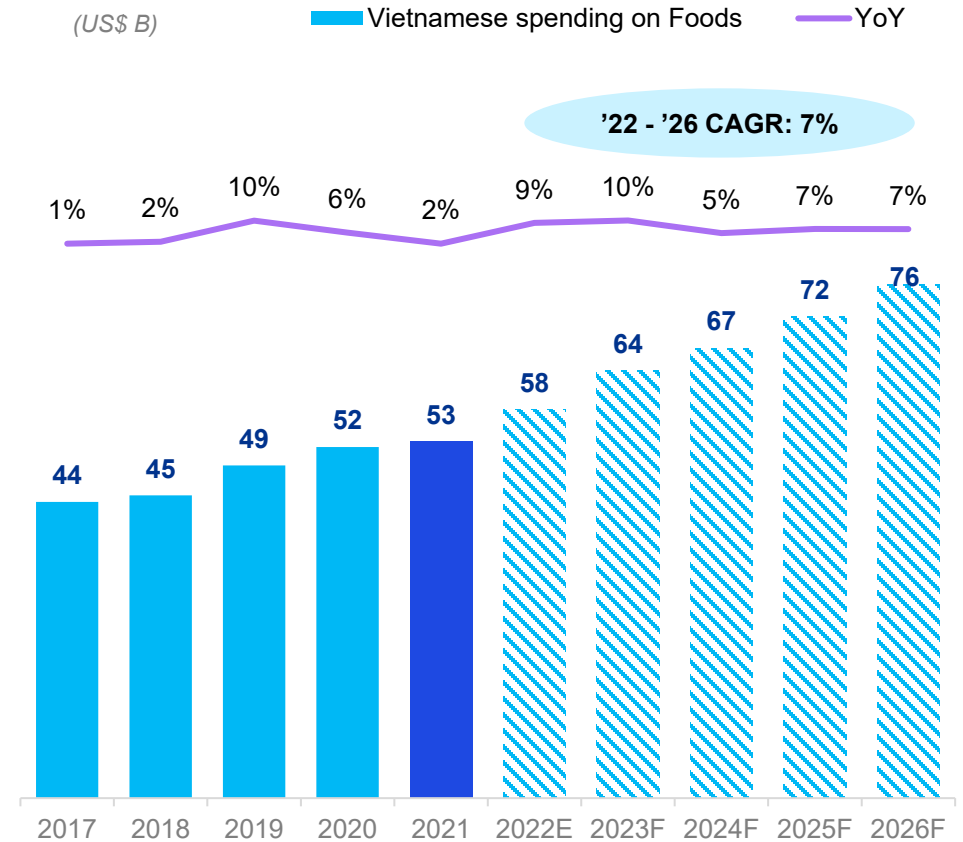
**Increased willingness to pay a premium for quality, convenience, & shopping experience**

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



Sources: Euromonitor, Vietnam GSO, KPMG Analysis

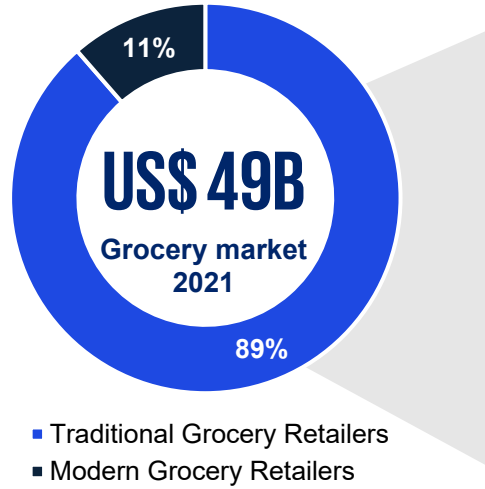
**Non-cyclical growth of Food engenders MGR stable growth**





# Modern Grocery Retail – Key drivers

## Food safety is the pain point of grocery retail



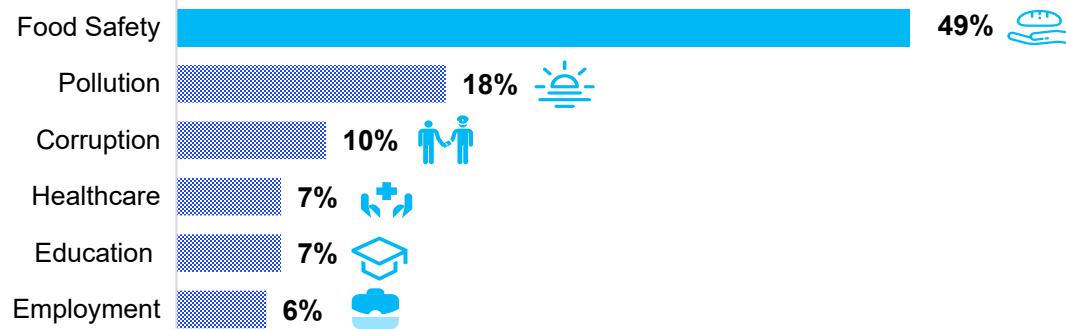
**89% of foods** in Vietnam are sold in mom-and-pop shops & wet markets which often face **bacterial contamination** and **quality issues** due to the **lack of sufficient food reserve system**

In 1H2022

11,000 + manufactures  
Violated food safety standards

270 + cases  
Serious food-borne illness

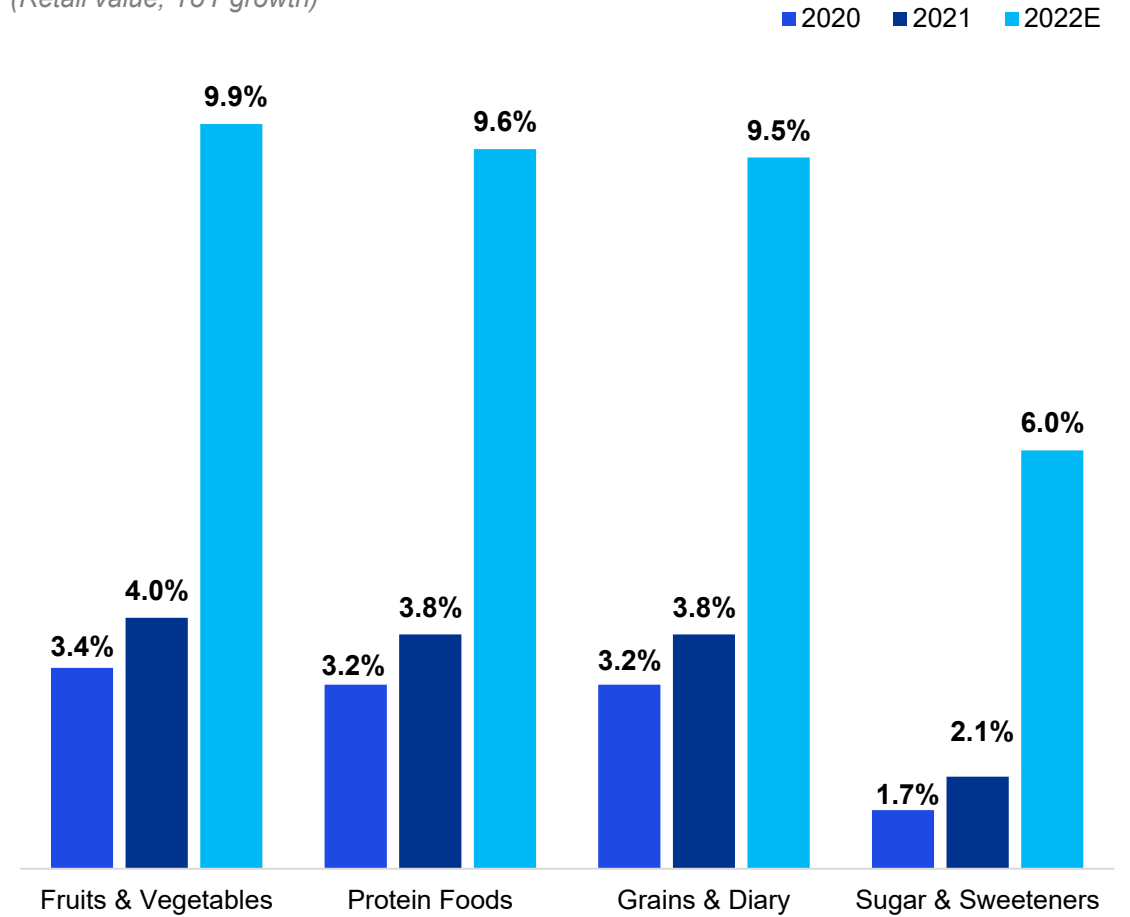
## Food safety is the foremost concern of Vietnamese



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



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