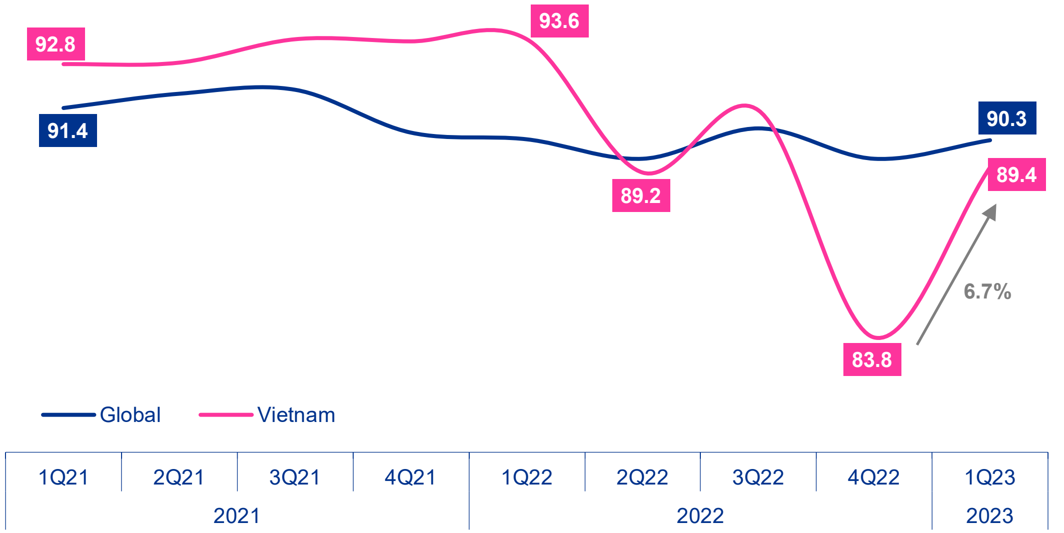
Vietnam Performance Monitor

Trends, challenges and opportunities

1Q23

Initial signs of recovery amidst ongoing uncertainty

Quarterly FPI for the 1Q21 – 1Q23 period



Recovery signal

5.6 pt. uplift

KPMG's Financial Performance Index ("**FPI**") observed signs of recovery in Vietnam's corporate financial resilience for Quarter 1 of 2023, with the score increasing from 84 in 4Q22 to 89 in 1Q23 (i.e. 6.7% improvement), rising to match the 1Q23 Global score.

Note: KPMG FPI scores range from 0 to 100. Lower scores indicate higher distress

Source: KPMG Financial Performance Index (KPMG FPI); vneconomy.vn.

KEY HIGHLIGHTS

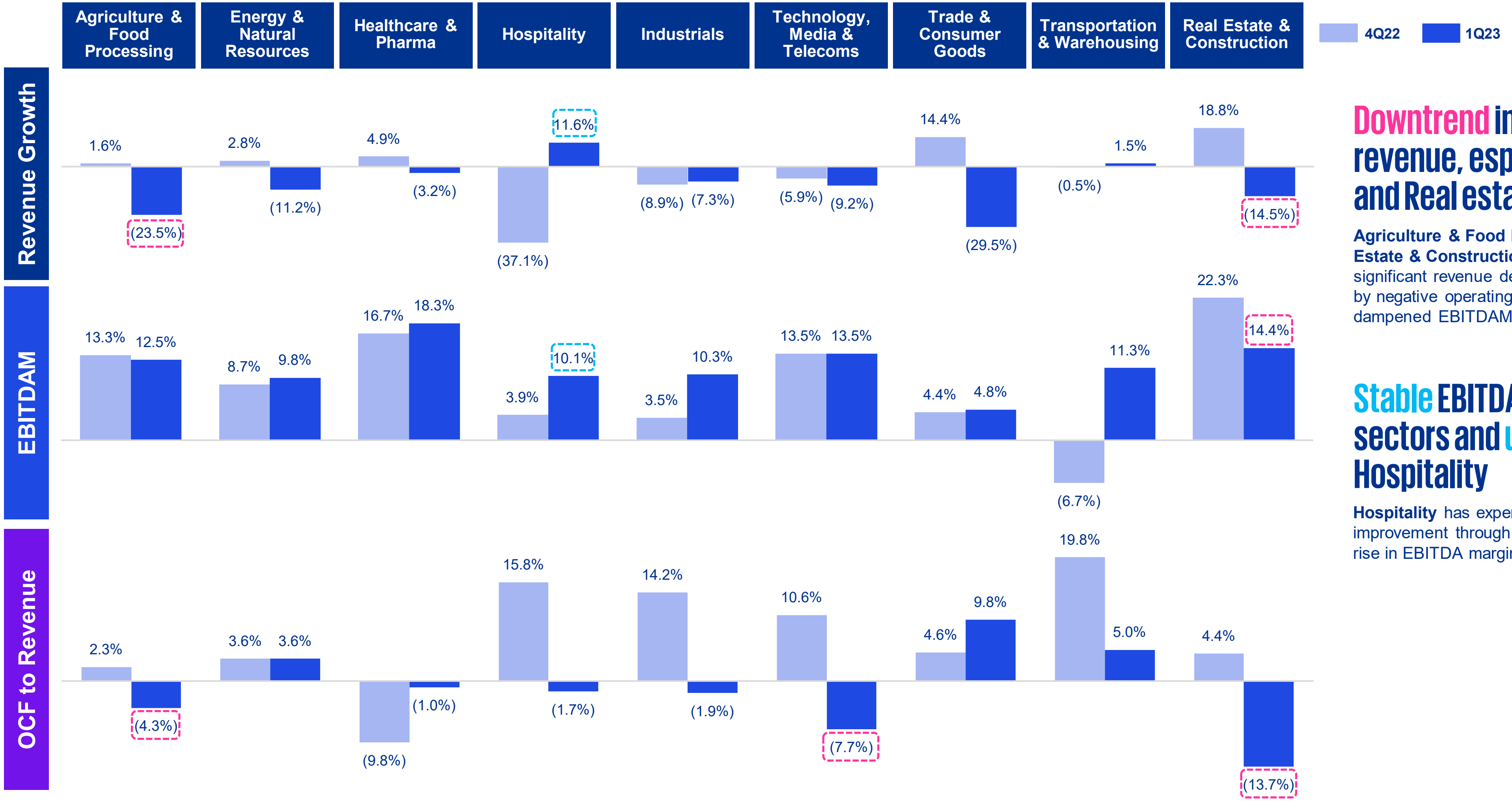
— The first quarter of 2023 witnessed a q-o-q improvement in corporate financial health, mainly driven by:

- Government efforts to address market challenges, e.g. for the Real estate & construction sector, through execution of a credit package and relevant supporting directives;
- Gradual recovery of Service industry activities, led by the boost of domestic and inbound tourism, following the lifting of travel restrictions in China; and
- Slight cool-down of inflation, from 4.99% in 4Q22 to 4.88% in 1Q23.

— The market outlook is, however, dampened by the impact of global economic downturn, with persisting geopolitical issues from the prior year, lending to stagnant demand in both the domestic and export market, as well as more cautious investor sentiment into Vietnam.

— For 1Q23, despite the positive uplift in FPI score, Vietnamese businesses remain under pressure from spending slows and prices staying high. For following quarters of 2023, alongside the government effort to further relieve stress in the macro-economy, corporates also require more robust forecasting, monitoring of performance, with flexible management, in order to reach resilience to future unpredictable challenges.

Profitability



Downtrend in market-wide revenue, esp. Agriculture and Real estate

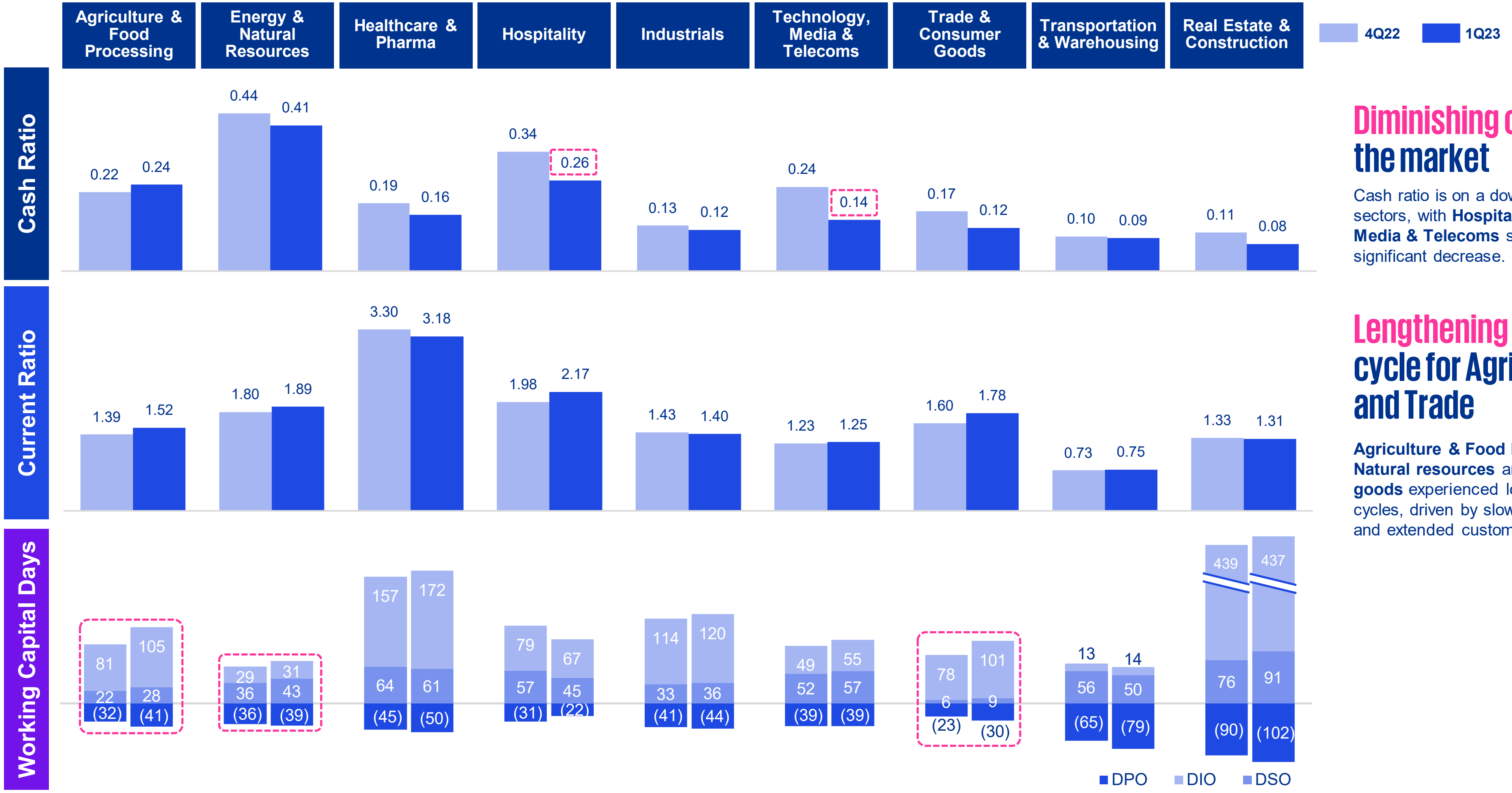
Agriculture & Food Processing and **Real Estate & Construction** saw the most significant revenue decline, accompanied by negative operating cash flows and dampened EBITDAM.

Stable EBITDAM in most sectors and uplift for Hospitality

Hospitality has experienced profitability improvement through revenue increase and rise in EBITDA margin.

Note: *Financial performance data for companies listed on HOSE, HNX and UPCOM, sourced from CapitalIQ & Vietstock. Additional companies may report performance after publishing date, hence the Vietnam Performance Monitor cannot be compared across issues.*

Liquidity



Diminishing cash across the market

Cash ratio is on a downtrend across all sectors, with **Hospitality** and **Technology, Media & Telecoms** seeing the most significant decrease.

Lengthening cash conversion cycle for Agriculture, Energy and Trade

Agriculture & Food Processing, Energy & Natural resources and **Trade & Consumer goods** experienced longer cash conversion cycles, driven by slower inventory turnover and extended customer collections.

Note: *Financial performance data for companies listed on HOSE, HNX and UPCOM, sourced from CapitalIQ & Vietstock. Additional companies may report performance after publishing date, hence the Vietnam Performance Monitor cannot be compared across issues.*

Leverage

Strengthened financial position for Healthcare, Hospitality and Logistics

Capital structures remain relatively stable across the market, with **Healthcare & Pharmaceuticals, Hospitality and Transportation & Warehousing** showcasing increase in interest coverage capability, with **Transportation & Warehousing** also halving its Net debt to EBITDA ratio compared to last quarter.

Heightened leverage for Industrials

Industrials experienced a slight rise in Debt to Equity ratio, coupled with increase in Net debt to EBITDA ratios.

Note: Negative ratios are due to negative Net debt amounts

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