



Vietnam Performance Monitor

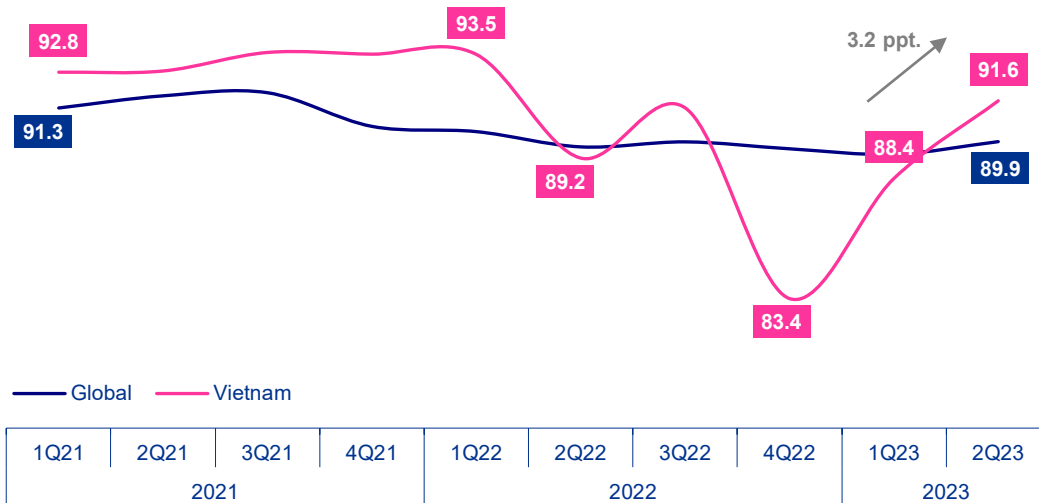
Trends, challenges and opportunities

2Q23



Cautious optimism for the Vietnamese economy

Quarterly FPI for the 1Q21 – 2Q23 period



Recovery signal

3.2 ppt. uplift

KPMG's Financial Performance Index ("FPI") observed signs of recovery in Vietnam's corporate financial health for Quarter 2 of 2023, with the score increasing from 88.4 in 1Q23 to 91.6 in 2Q23 (+3.2 ppt, i.e. 3.7% improvement), surpassing the 2Q23 Global score.

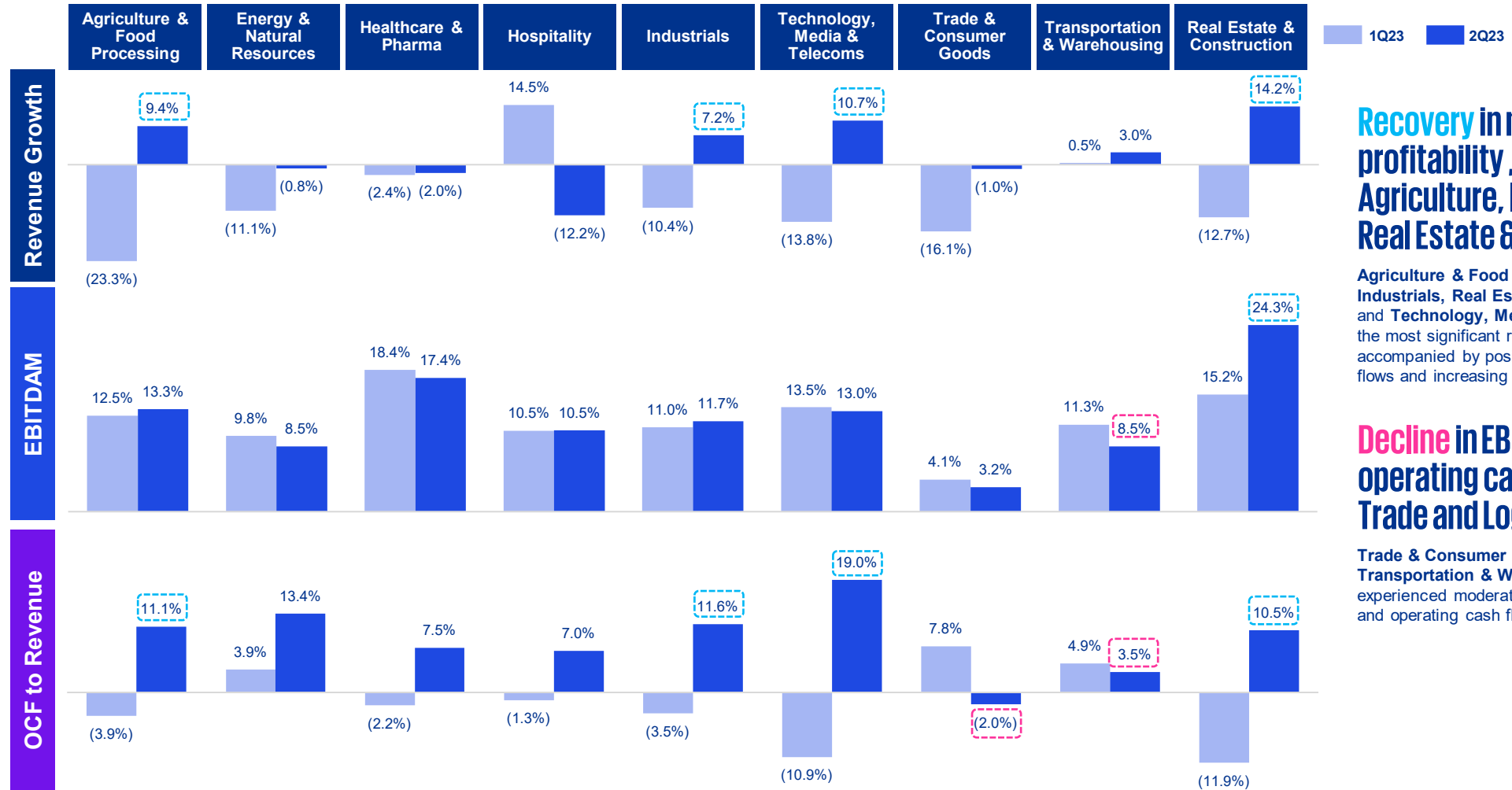
Note: KPMG FPI scores range from 0 to 100. Lower scores indicate higher distress

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

KEY HIGHLIGHTS

- The second quarter of 2023 observed positive momentum of q-o-q improvement in corporate financial health, mainly driven by:
 - Steady boost of the service industry activities, as the holiday season with heightened tourist activities kicked off in the latter half of 2Q23, pushing Vietnam to achieve 70% of its 2023 tourism visitor quota;
 - Slight recovery in foreign investment towards the end of the quarter; and
 - Slight cool-down of inflation, from 4.88% in quarter end for 1Q23 to 4.33% in that of 2Q23 – an evident down slope from January 2023.
- However, Vietnam's market outlook is still faced with challenges extending from 4Q22, with low export levels from weakened global demand. This coupled with a low-liquidity real estate market and a cautious mindset from international investors may delay economic recovery.
- For the second half of 2023, alongside the government effort to maintain inflation at a reasonable rate, address problems in the real estate market, corporates also require more robust forecasting to safeguard against global uncertainty, especially if exports remain challenged.

Profitability



Recovery in market-wide profitability, especially Agriculture, Industrials, Real Estate & Technology

Agriculture & Food Processing, Industrials, Real Estate & Construction and Technology, Media & Telecoms saw the most significant revenue increase, accompanied by positive operating cash flows and increasing EBITDAM.

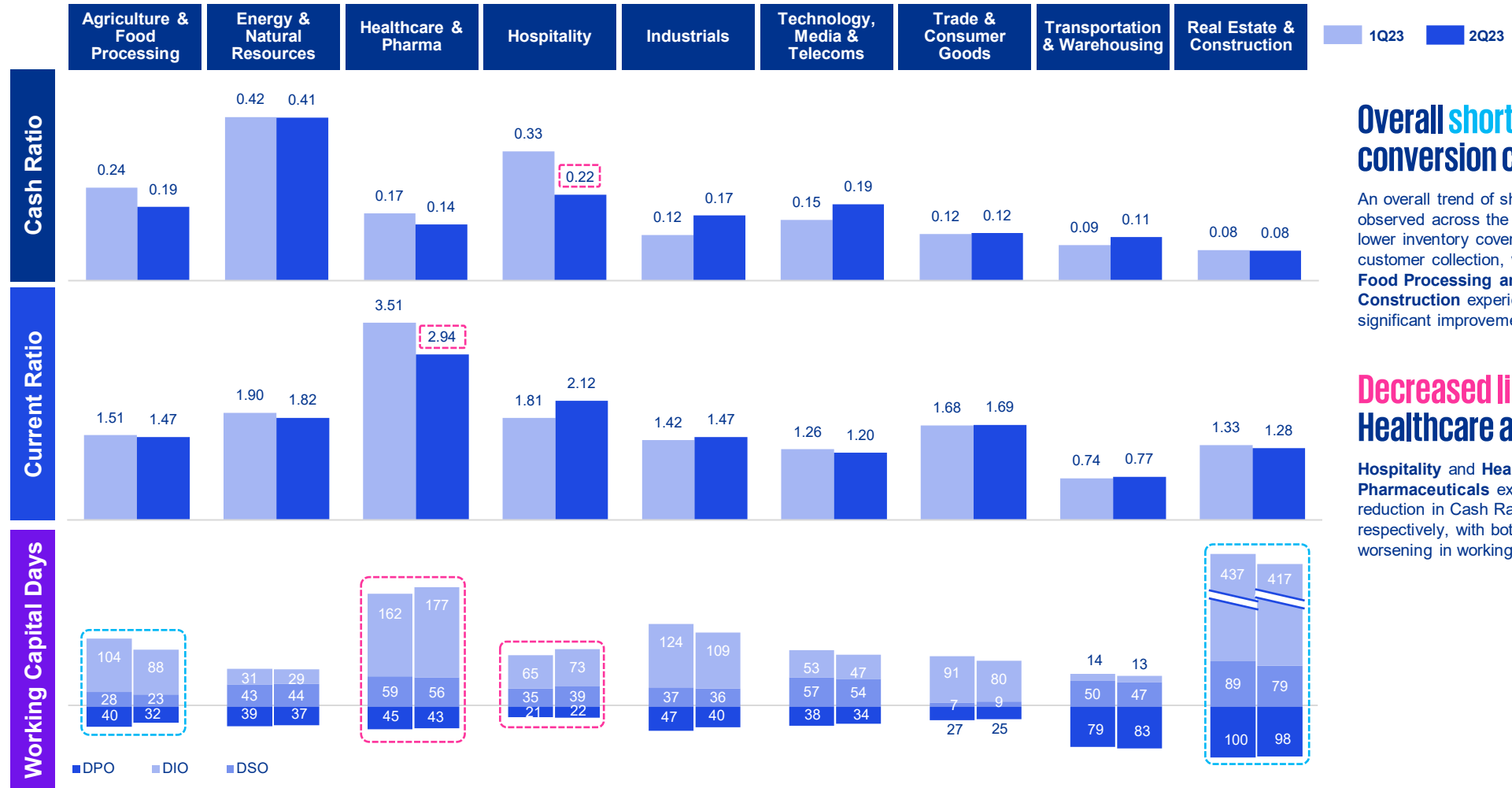
Decline in EBITDAM and operating cash flows for Trade and Logistics

Trade & Consumer Goods and Transportation & Warehousing have experienced moderate declines in EBITDAM and operating cash flows.

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



Overall shortening of cash conversion cycle

An overall trend of shortening CCC is observed across the market, driven by lower inventory coverage and earlier customer collection, with **Agriculture & Food Processing** and **Real Estate & Construction** experiencing most significant improvement.

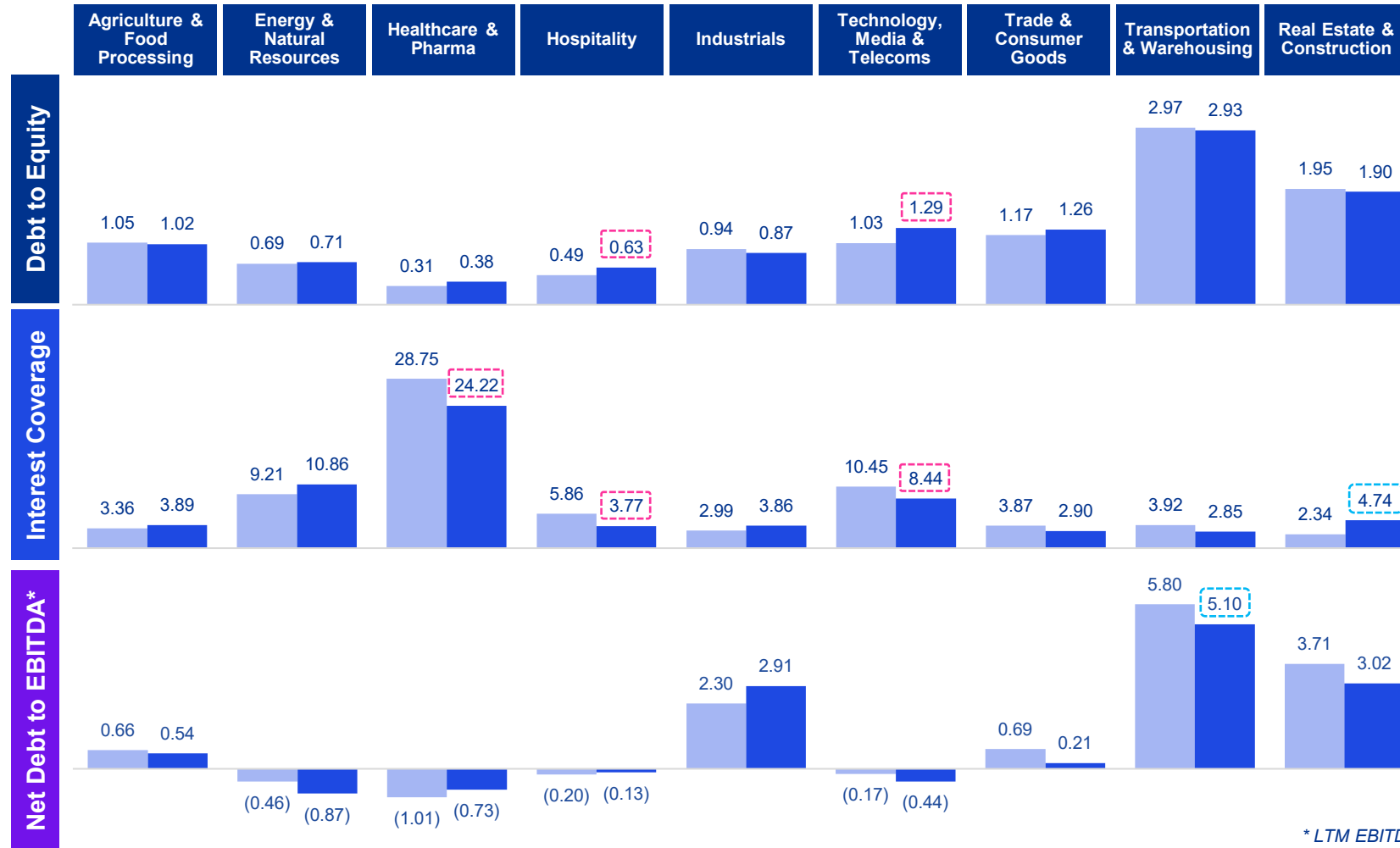
Decreased liquidity for Healthcare and Hospitality

Hospitality and **Healthcare & Pharmaceuticals** experienced sizable reduction in Cash Ratio and Current Ratio, respectively, with both also seeing worsening in working capital days.

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Leverage



Improved leverage position for Transportation & Warehousing and Real Estate

Capital structures remain relatively stable across the market, with positive signals from **Transportation & Warehouse** seeing a decrease in Net Debt to EBITDA and **Real Estate & Construction** almost doubling its interest coverage capability compared to last quarter.

Shrinking interest coverage for Healthcare, Hospitality and Technology, Media & Telecoms

Healthcare & Pharmaceuticals, Hospitality and **Technology, Media & Telecoms** experienced weakened interest coverage capability, with a slight lean towards more leveraging compared to last quarter.

Note: Negative ratios are due to negative Net debt amounts

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