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# Container Ports

## Stable tonnage despite coronavirus

### May tonnage down 3% YoY on temporary COVID-19 impact & long-term outlook intact

— May tonnage down 3% YoY at the Hai Phong port cluster largely due to the 15.7% YoY contraction import-export turnover to USD37.9 billion. The Hai Phong ports fared relatively well during the coronavirus and sluggish performance should be short lived as port throughput begins to improve with the reopening of economies in the coming months. The positive long-term outlook remains intact, with the Hai Phong ports continuing to benefit from the shift in supply chains from China and new opportunities emerging from the signing of the EVFTA.

### Strong growth at Lach Huyen Port (HICT) but pressuring downstream Hai Phong ports

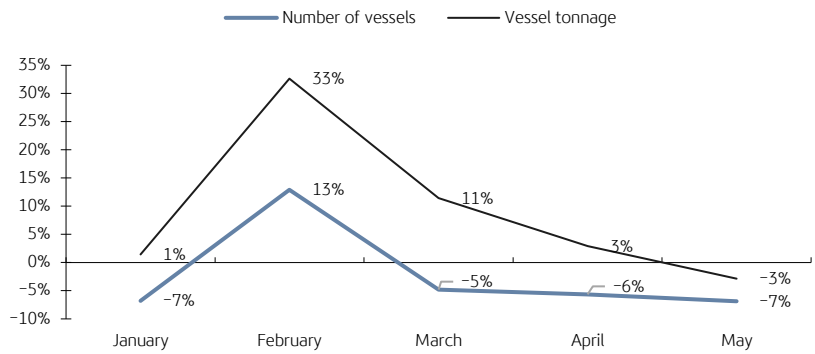
— Vessel tonnage grew by 34% YoY at the Lach Huyen Port in the first five months of the year. May also saw this port welcome more large vessels over 90 thousand tons, including the *One Contribution* and *CSCL Bohai Sea*. Lach Huyen's strong competitiveness has caused a significant drop in performance at the downstream Hai Phong ports, especially the Nam Dinh Vu and VIP Green ports. That said, upstream ports have since stabilized somewhat after a period of sharp decline.

### Lack of infrastructure to connect the Cai Mep-Thi Vai port cluster being resolved

— Officials from the Ba Ria Vung Tau province submitted a proposal to the Prime Minister's office on May 30 to invest VND10 trillion to expedite key projects to improve the transportation system to the Cai Mep-Thi Vai port cluster. Current projects in need of urgent completion include the 991B road, Phuoc Hoa-Cai Mep road and Cai Mep-Thi Vai inter-port road all scheduled to be finished in 2021. Resolving these infrastructure issues should go a long way to make the prospects for the Cai-Mep-Thi Vai increasingly more attractive. Total container throughput in Vung Tau was up 14% in the first four months of the year despite the coronavirus according to the Maritime Administration of Vung Tau. Moreover, Gemadept's (GMD) Gemalink project at Cai Mep-Thi Vai port cluster is still being implemented on schedule and is expected to be completed and put into operations in 4Q 2020.

The coronavirus had a minor impact on Hai Phong ports, with total vessel tonnage only down 3% YoY in May and up 3% YoY in April. The trend to larger ships from smaller vessels has reduced the number vessel calls but total vessel tonnage continues to increase.

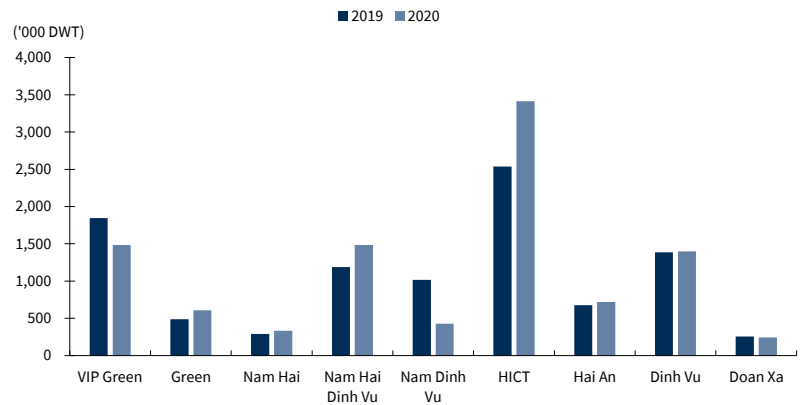
**Fig 1. Hai Phong Port Cluster – Monthly performance, Jan 20–May 20 (% YoY)**



Source: Maritime Administration of Hai Phong, KBSV

The Lach Huyen Port (HICT) saw tonnage increase by 34% YoY during the months of April–May but downstream ports were heavily impacted by competition and the coronavirus, especially the Nam Dinh Vu Port (down 58% YoY) and VIP Green Port (down 19% YoY) during the same period.

**Fig 2. Hai Phong Port Cluster – Vessel tonnage, Apr–May 19 & Apr–May 20 (thousand dry weight tons)**



Source: Maritime Administration of Hai Phong, KBSV

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### Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

### Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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