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Consumer & Retailing Analyst
Dao Phuc Phuong Dung
dungdpp@kbsec.com.vn

Retailing

27% MoM rebound in May consumer goods & services

Sales of consumer goods & services recover in May

— May retail sales of consumer goods & services jumped by 27% MoM but were down 5% YoY according to data from the General Statistics Office. May was the first full month after the nationwide lockdown ended over the April 30–May 1 holidays and recovery was seen for both shopping and consumer goods. Travel services saw the sharpest pick up and were nine times the level seen in April at VND450 billion but were still down 88% YoY. Retail sales were the only area of positive YoY growth and posted a 2% increase to VND311 trillion. For the first five months of the year, total retail sales & services were down 4% YoY to VND1,914 trillion. Of this, retail sales of goods were the one bright spot in the year-to-date data and rose by 1% YoY between January and May to VND1,547 trillion. Data was supported by supermarkets that stayed open to provide essential goods and the consumer shift to E-commerce platforms during the lockdown, as well as the government's successful campaign to maintain stable pricing and avoid price gouging during the shutdown. The reopening of shopping malls also contributed from May.

Vietnam's E-commerce platforms *Tiki* and *Sendo* agree to mega merger deal

— JD.com-backed *Tiki* and Softbank Ventures Asia-backed *Sendo* agreed to an all-stock merger deal according to *DealStreetAsia* that will combine *Sendo's* rural-centric strategy with *Tiki's* strength in urban markets. This merger will likely shake up the highly competitive E-commerce market as *Tiki* is ranked second in terms of web visits and mobile apps, while *Sendo* is ranked fourth in web visits and mobile apps as of 1Q. *Lazada* (backed by Alibaba) and *Shopee* (backed by Singaporean tech giant SEA Group) round out the top four E-commerce platforms in Vietnam. The combination will likely help both platforms to secure market leadership in the fiercely-competitive E-commerce market and support fund raising in the future after both suffered sizable losses in the past years. The *e-Conomy Southeast Asia 2019* report by Google, Temasek Holdings and Bain & Company estimated Vietnam's E-commerce market will grow to USD23 billion by 2025E.

Online shopping continues to accelerate in post pandemic Vietnam

— E-commerce and online shopping platforms played an important role in compensating for slower retail sales in the traditional channels during the lockdown. This trend continues as the slow recovery in in-store foot traffic to pre-lockdown levels sees many retailers expanding online services to groceries, such as 'Tikingon' by *Tiki* or 'shopping on behalf of customers' model by *Mobileworld*. *Grab* has also activated a new platform 'GrabMart' to serve customers' shopping needs while staying at home. The growing influence of E-commerce emphasizes once again the importance of an online platform and strategy for any of Vietnam's leading retailers.

KB SECURITIES VIETNAM RESEARCH

Head of Research – Nguyen Xuan Binh

binhnx@kbsec.com.vn

Macro/Strategy

Head of Macro & Strategy – Tran Duc Anh

anhtd@kbsec.com.vn

Macro Analyst – Thai Thi Viet Trinh

trinhhtt@kbsec.com.vn

Market Strategist – Le Anh Tung

tungla@kbsec.com.vn

Equity (Hanoi)

Head of Equity Research (Hanoi) – Duong Duc Hieu

hieudd@kbsec.com.vn

Information Technology & Logistics Analyst – Nguyen Anh Tung

tungna@kbsec.com.vn

Property Analyst – Pham Hoang Bao Nga

ngaphb@kbsec.com.vn

Power & Construction Material Analyst – Le Thanh Cong

conglt@kbsec.com.vn

Financials Analyst – Nguyen Thi Thu Huyen

huyenntt@kbsec.com.vn

Equity (Ho Chi Minh)

Head of Equity Research (Ho Chi Minh) – Harrison Kim

harrison.kim@kbf.com

Consumer & Retailing Analyst – Dao Phuc Phuong Dung

dungdpp@kbsec.com.vn

Fisheries & Pharmaceuticals Analyst – Nguyen Thanh Danh

danhnt@kbsec.com.vn

Oil & Gas & Chemicals Analyst – Nguyen Vinh

vinhn@kbsec.com.vn

Research Marketing

Korea Marketing Analyst – Seon Yeong Shin

shin.sy@kbsec.com.vn

KB SECURITIES VIETNAM (KBSV)

Head Office:

Levels G, 2 & 7, Sky City Tower, 88 Lang Ha Street, Dong Da District, Hanoi, Vietnam
Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

Hanoi Branch:

Level 1, VP Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam
Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

Ho Chi Minh Branch:

Level 2, TNR Tower Nguyen Cong Tru, 180-192 Nguyen Cong Tru Street, District 1, HCMC, Vietnam
Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, HCMC, Vietnam
Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

CONTACT INFORMATION

Institutional Client Center: (+84) 28 7303 5333 – Ext: 2656
Private Customer Care Center: (+84) 24 7303 5333 – Ext: 2276
Email: ccc@kbsec.com.vn
Website: www.kbsec.com.vn

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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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