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| **Textile & Garment** |
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| Non-rated  |

**The recovery is still controversial**

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| Sector **Brief** |  |
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| **10 May 2023** |

**T&G export growth was muted in Apr**

* Based on the General Department of Customs, the prelim export turnover of Vietnam’s textile and garment (T&G) significantly decreased to USD2.54bn (-3.3% mom, -19.4% yoy) in Apr.
* The diminishment was mainly caused by the reduction in the US market - the biggest T&G importer of Vietnam. In detail, the US imported USD1.121bn (+2.5% mom but -30.2% yoy), contributing to 44.2% of total T&G export value. Most of the remaining markets dropped significantly including Japan (USD269.9mn, -16.8% mom, -2.1% yoy), Korea (USD193.5mn, -33.7% mom, -22.5% yoy and China (USD68.3mn, -17.4% mom, -4.8% yoy).
* Only EU saw a positive exporting growth (USD326.6mn; +18.9% mom, 5.3% yoy).
* This was the 4th consecutive month with yoy growth slump, signalizing the headwinds have yet to subside in 2Q23F. Thus, the 4M23 T&G export value remarkably descended (USD9.7bn, -17.9% yoy).

**Apr fiber and yarn slowed down in Apr**

* Vietnam’s fiber and yarn (F&Y) export value slid 26.8% yoy and -5.2% mom to USD356mn in Apr.
* Import value to China, the largest importer of Vietnam sharply plunged 31.2% yoy and -2.5% mom (USD180.8mn), making up 50.7% of Vietnam's total fiber and yarn export value.
* The remainder also witnessed negative growth. In particular, Korea, US, Japan, EU posted USD31.5mn (-8% mom, -15.9% yoy), USD12.4mn (-0.5% mom, 49.2% yoy), USD7.8mn (-24.7% mom, -27.5% yoy) and USD7.4mn (-0.4% mom, -14.4% yoy) in Apr.
* The average export price of Vietnam's fiber and yarn significantly declined, posting USD2,474/tonne (-0.6% mom, -25.7% yoy).
* In summary, the decline in both Apr total value and average export price in F&Y segment implied the hardship will continuously drag on in 2Q23F.
* The 4M23 F&Y export value also steeply retreated (USD1.3bn, -32.9% yoy).

**The company performance was mixed in Mar**

* Despite the export value turnaround in Mar ([total industry export growth of +14.5% mom),](https://kisvn.vn/en/wp-content/uploads/sites/2/2023/04/Textile-Garment_Sector-brief_Mar-23_Eng.pdf) the export revenue of most listed companies diverged in Mar: VGG (USD32.9mn, -3.2% mom, -20.2% yoy), GIL dwindled the most (USD1.63mn, -2.4% mom, -93% yoy,) vs TNG, the glimmer of light in the adverse period grew to USD27.28mn (+27.2% mom, +23.5% yoy,). To F&Y companies, STK revived to USD2.61mn (-45.7% yoy, +25.3%mom).
* In conclusion, 1Q23 export revenue in the textile industry showed a bleak picture in most companies. GIL performed the worst with 1Q23 net revenue of VND157bn (-88.9% yoy), which was the reason why GIL recorded Loss of VND39bn in 1Q23.

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| Figure 1. T&G export by month: maintain the reduction on a yearly basis |  | Figure 2. F&Y export by month: Followed the downward momentum of T&G segment |
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| Source: General Department of Customs, KIS Vietnam |  | Source: General Department of Customs, KIS Vietnam |

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| Figure 3. T&G export by country: US drove the export value in Apr |  | Figure 4. F&Y export by country: China dominated the F&Y export value in Vietnam but slid yoy  |
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| Source: General Department of Customs, KIS Vietnam |  | Source: General Department of Customs, KIS Vietnam |

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| Figure 5. Average export price of F&Y: No sign of recovery  |  | Figure 6. Export of listed companies: 1Q23 export revenue was weak |
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| Source: General Statistics Office, KIS Vietnam |  | Source: Tendata, KIS Vietnam |

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* Hold: Expected total return will be between -5%p and 15%p
* Sell: Expected total return will be -5%p or less
* KIS Vietnam Securities Corp. does not offer target prices for stocks with Hold or Sell ratings.

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* Neutral: Recommend maintaining the sector’s weighting in the portfolio in line with its respective weighting in the VNIndex based on market capitalization.
* Underweight: Recommend reducing the sector’s weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.

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