

VIETNAM'S BEVERAGE INDUSTRY REPORT Q1/2020



Abbreviations

MOF Ministry of Finance

CAGR Compounded Annual Growth rate

EVFTA EU – Vietnam Free Trade Agreement

FAO Food and Agriculture Organization of the United Nations

FDI Foreign Direct Investment

FTA Free Trade Agreement

IWSR International Wine & Spirit Research

MFN Most Favored Nations

OIV International Organisation of Vine and Wine

GDVC General Department of Vietnam Customs

GSO General Statistic Office

SCT Special Consume Tax

CPTPP Comprehensive and Progressive Agreement for Trans-Pacific Partnership

UNFPA United Nations Population Fund

UNWTO World Tourism Organization

USDA United States Department of Agriculture

VAT Value Added Tax

VBA Vietnam Beer Alcohol Beverage Association

VIRAC Vietnam Industry Research And Consultant JSC

WTO World Trade Organization

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WORLD

❖ Beer:

- In 2017, global beer production is estimated to decrease by X% to X million liters.

Regarding exports, in 2018, exports reached X billion liters, equivalent to X billion EUR.

• Spirits:

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❖ Soft drink:

- In 2017, soft drink consumption via global off-trade channel reached X billion liters. Estimated revenue in 2017 reached more than X billion USD.

❖ Alcohol:

• Wine:

Italy is the largest Wine producer in the world, accounting for X% of global production.

VIETNAM

- ❖ Beer
- ❖ Alcohol:
 - Spirits: Spirits production reached X million liters (up X%); consumption reached X million liters (up X%);

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- Regarding imports, beer imports reached X million liters (an increase of X% over the same period), the three main sources of beer supply in Vietnam are the Netherlands (X%), Mexico (X%) and Belgium (X%).

- ❖ Soft drink: in 2019, soft drink production in Vietnam reached X billion liters (increasing by X% compared to 2018),

Executive summary

- Regarding trade, Vietnam's fruit juice exports are estimated at X million,

Forecasts

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- Growth in consumption of liquor industry is expected to surpass that of beer industry,
- Most beverage enterprises are under pressure from foreign brands

Enterprises

- **Beer:** Most beer enterprises have low growth rates,

1. BUSINESS ENVIRONMENT



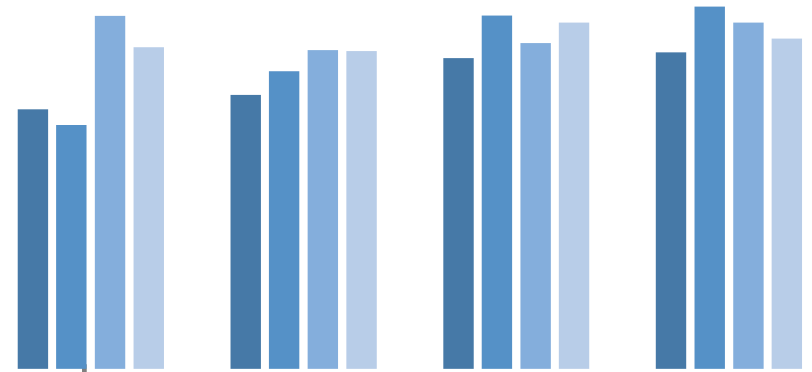
1. Business environment

1.1. Macroeconomic situation

❖ The gross domestic product (GDP) in the whole year of 2019 is estimated to increase by 7.02%,

❖ The young population structure creates a potential market for the beverage industry.

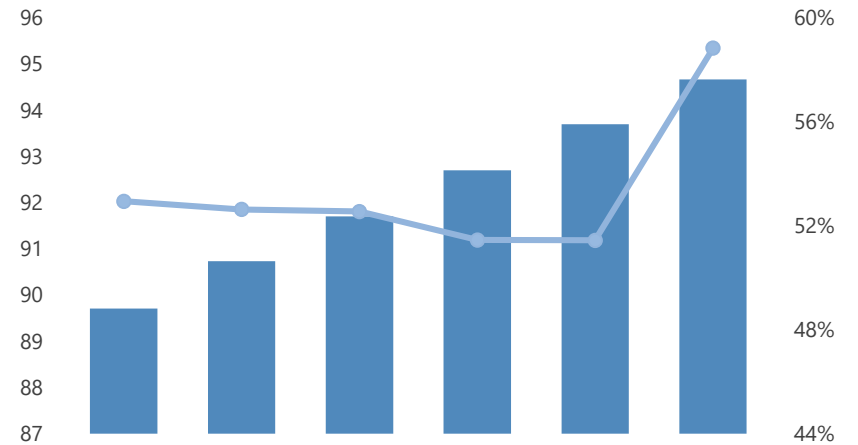
GDP growth rate by quarter, 2016 - 2019



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Source: VIRAC, GSO

Total population and working age population 2013–2018

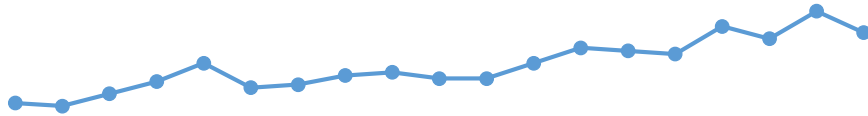


Source: VIRAC, GSO

1. Business environment

1.1. Macroeconomic situation

Consumer confidence index, Q1/2014 - Q4/2018



CPI movement by month, 1/2015 - 12/2019



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Source: VIRAC, Nielsen

Source: VIRAC, GSO

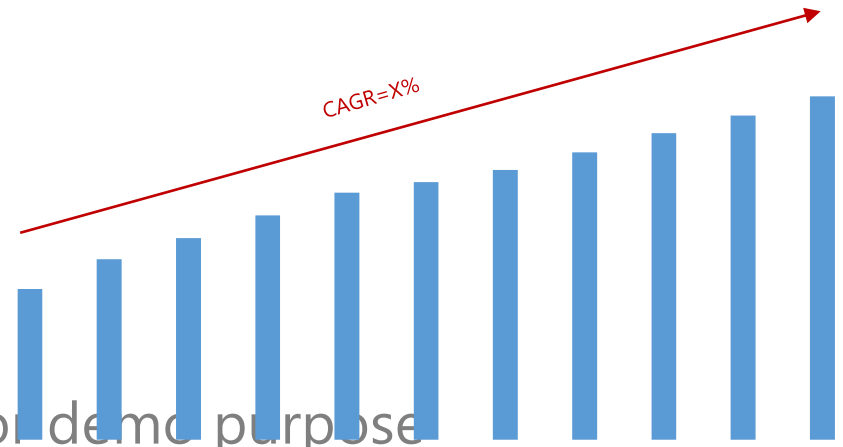
- ❖ Consumer price index (CPI) in 2019 increased by X% over the same period in 2018,
- ❖ According to the Nielsen Consumer Confidence index report, Vietnam's consumer confidence index in the fourth quarter of 2018 was at X percentage points.

1. Business environment

1.1. Macroeconomic situation

The disposable income tends to increase, which is a positive factor promoting domestic spending on Beverage industry.

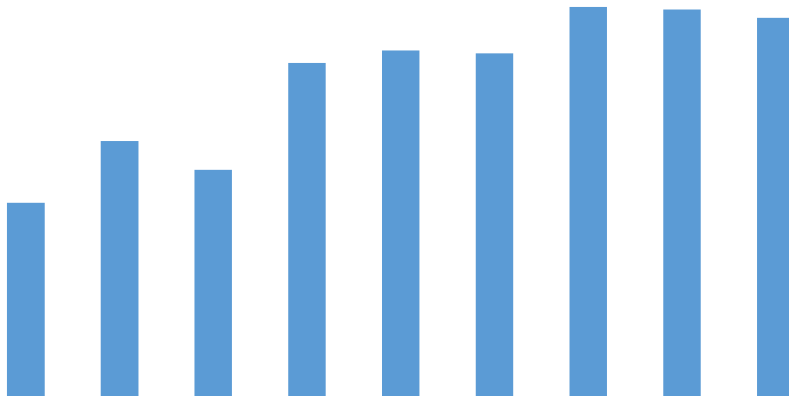
Total disposable income, 2010–2020f



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Source: VIRAC, Economist Intelligence Unit

Total retail sales of consumer goods and services growth rate, 2011 – 2019



Source: VIRAC, GSO

In particular, the total retail sales of goods in 2019 is estimated at X trillion, accounting for X% of the total and increasing by X% over the same period last year.

1. Business environment

1.2. Legal framework

Laws, decrees, and regulations

- **National technical regulation on alcoholic beverages (QCVN 6-3: 2010/BYT)**
 - **National technical regulation on non-alcoholic beverages (QCVN 6-2: 2010/BYT)**
 - **National technical regulation on natural mineral water and bottled drinking water (QCVN 6-1: 2010/BYT).**
 - **Law on quality of commodity products No. 05/2007/QH12 dated November 21, 2007;**
 - **Decree No. 38/2012/ND-CP of the Government dated April 25, 2012**
 - **Circular No. 29/2012/TT-BCT of the Ministry of Industry and Trade**
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1. Business environment

1.2. Legal framework

- **Decision No. 244/QĐ-TTg of February 12, 2014 of the Government**
- **Decree No. 94/2012/ND-CP of the Government**

Impact of legal framework on Beverage industry

For State agencies

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For enterprises in the industry

1. Business environment

1.2. Legal framework

Negative impacts:

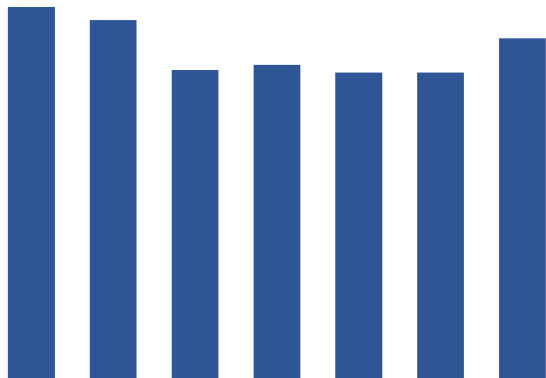
Circular No. 29/2012/TT-BCT

Group of regulations on food safety, group of national technical regulations and Decision No. 244/QD-TTg dated February 12, 2014

Legal framework of Beverage industry

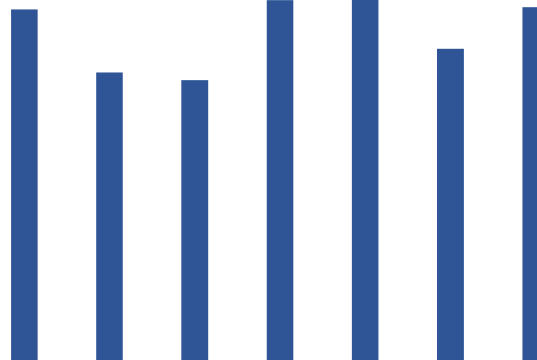
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Enterprises in the manufacture of Beer industry 2010–2016



Source: VIRAC, GSO

Profit before tax ratio of Beverage industry 2010–2016



Source: VIRAC, GSO

Beverage industry's production growth rate 2011–2017



Source: VIRAC, GSO

1. Business environment

1.2. Legal framework

New circular, decree on special consumption tax (SCT) on Alcoholic Beverages

The special consumption tax schedule applies to Alcohol and Beer from 2016

Commodity	Time	Tax rate (%)

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Source: VIRAC

1. Business environment

1.2. Legal framework

New rules on the use of alcoholic beverages

Impact of Decree 100 on the beer and beverage industry: Content is deleted for demo purpose

1. Business environment

1.3. Trade agreements

3.1. WTO — Vietnam became the 150th member of WTO on 7/11/2006

Commitments:

Commodity	Most favored nations tariff (MFN) (%)	Commitments to WTO		
		Tax rate before membership (%)	Final tax rate (%)	Time

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Source: VIRAC, WTO

Impacts of WTO on Vietnam’s beverage market:



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3.2. EVFTA — EU-Vietnam Free Trade Agreement was signed on 02/12/2015 in Brussels, the capital of Belgium.

Commitments:

- On tariff:

Product	Commitment

- On investment:

Source: European Commission- Vietnam's MOIT

1. Business environment

1.3. Trade agreements

Impacts of EVFTA on Vietnam's beverage market:

3.3. CPTPP — Comprehensive and Progressive Agreement for Trans-Pacific Partnership

Commitments

- On tariff (Goods):

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- Other commitments:

1. Business environment

1.3. Trade agreements

Vietnam's commitments to CPTPP on import duties:

No.	Industry	Tax cut schedule

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Impacts of CPTPP on Vietnam's beverage market

Source: VIRAC, MOF

1. Business environment

1.3. Trade agreements

3.4. Other trade agreements:

Beverages are in the group of products subject to tariff reduction under regional FTAs and FTAs between countries that Vietnam has signed and implemented in recent years.

Impacts of FTAs on Vietnam's beverage market:

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2. GLOBAL MARKET



2. Global market

2.1. Beer

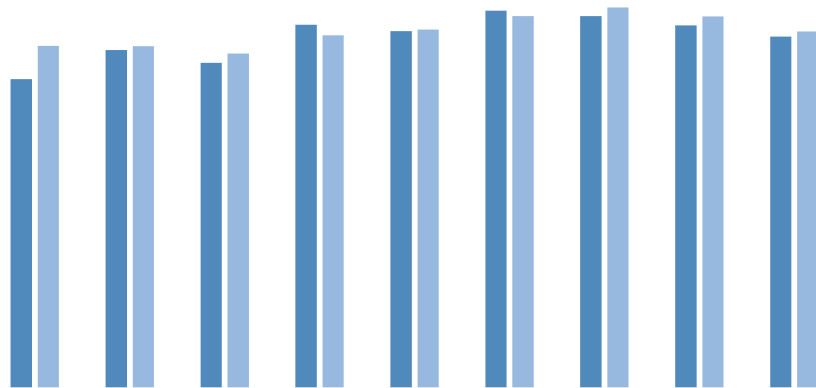
Raw materials: Malt, Hops

Malt

All cereal grains, if germinated with strict control by technical conditions

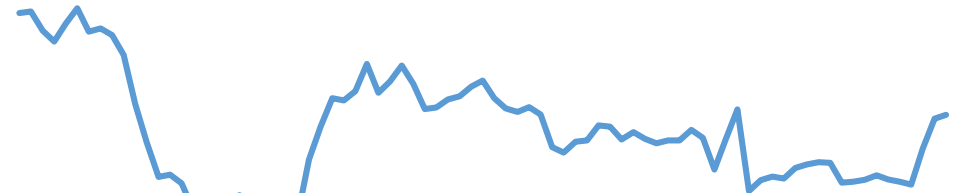
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Global barley production and consumption, 10/11–18/19e



Source: VIRAC, USDA

Barley's price movements in the UK, 1/2012-6/2019



Source: VIRAC, Indexmundi

2. Global market

2.1. Beer

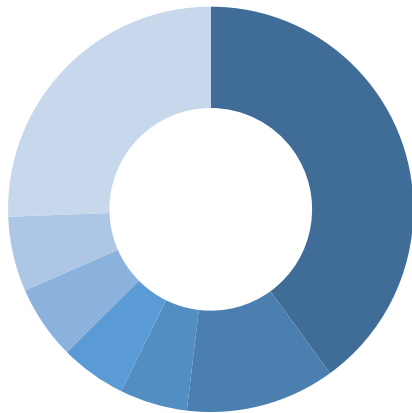
According to USDA, more than X% of the world's Barley production is devoted to animal farming. X% of Barley is used to produce Beer, Alcohol, X% is used in food industry, the rest is for other purposes.

Barley is grown in many parts of the world, mainly in temperate regions.

Barley exported for Malt processing accounts for about X – X% of total barley exports worldwide.

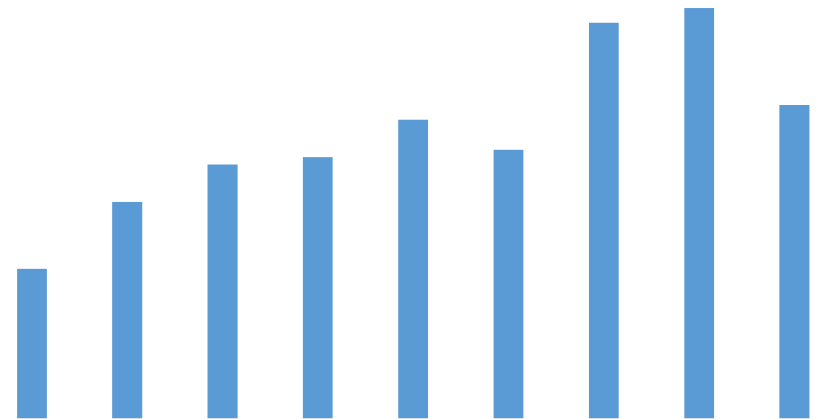
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Market share of top 5 Barley producing countries 2018/2019e



Source: VIRAC, USDA

Barley consumption for Malt processing worldwide, 10/11–18/19



Source: VIRAC, International Grains Council

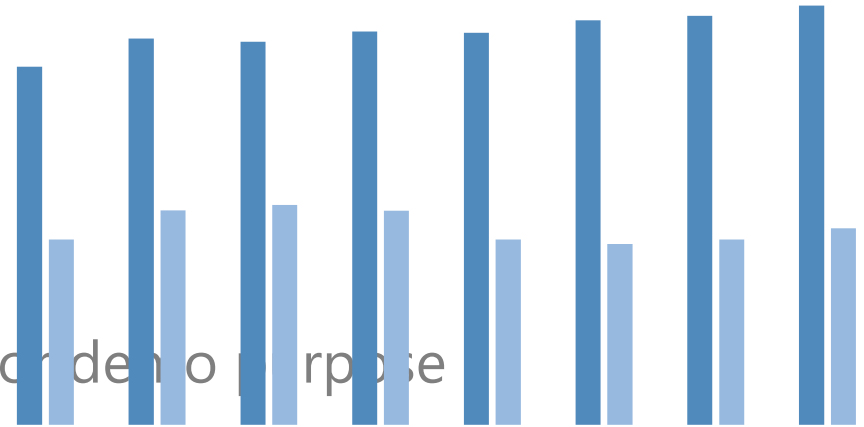
2. Global market

2.1. Beer

World malt price is determined by four main factors:

Global malt export volume and value
2011 - 2018

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Global malt exports have increased slightly, especially in Europe,

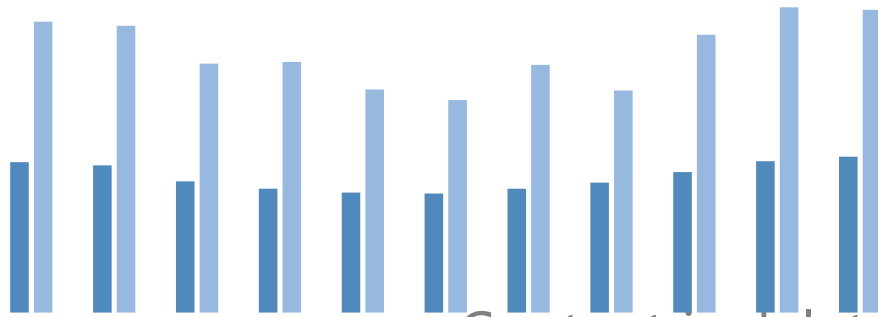
Source: VIRAC, United Nations Trade Statistics, Trademap

2. Global market

2.1. Beer

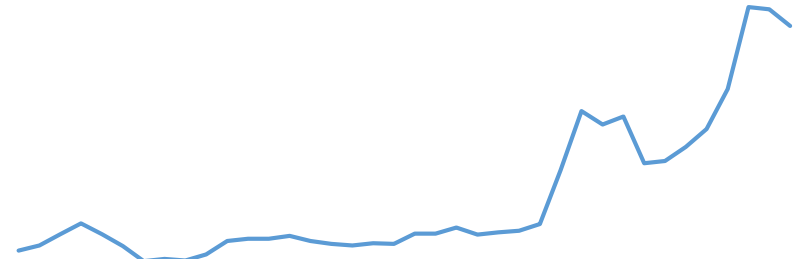
Hops

Global Hops growing area and production
2008–2018e



Source: VIRAC, E-Malt.com, International Hop Growers' Convention,

Hops price movements in Washington state 1982–2018



Source: VIRAC, U.S.D.A National Agricultural Statistics Service

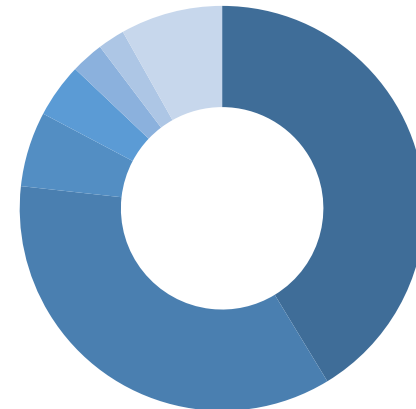
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Hop production is relatively stable, but Hop prices in the US are high during 2005–2018.

Market share of top 5 countries producing Hops
2018

decrease by 0.9%.

In 2018, Hop production is estimated to



In 2018, the US continued to maintain the first position

Source: VIRAC, E-Malt.com, International Hop Growers' Convention,

2. Global market

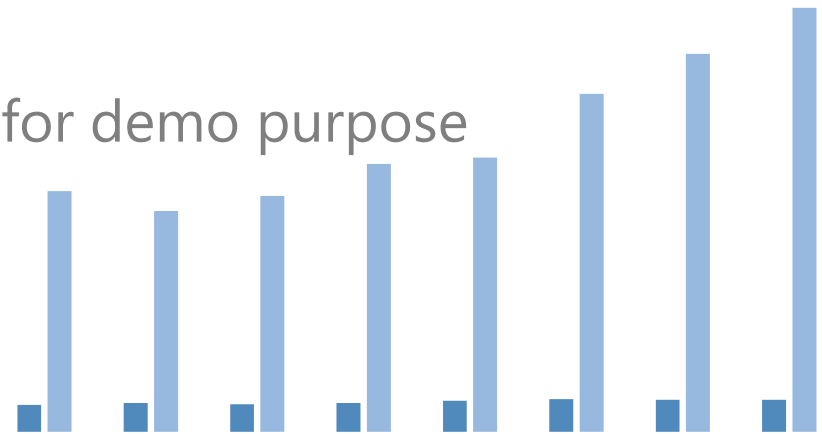
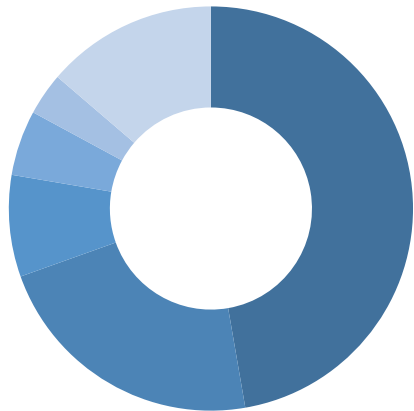
2.1. Beer

Hops export volume and value vary continuously but always reach a high value.

Hops exports, 2011–2018e

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Market share of top 5 Hops exporting countries 2018e



Source: VIRAC, United Nations Trade Statistics

Some typical countries of Europe like Germany, Czech Republic, England, Belgium and USA are countries with advantages in producing Hops,

Source: VIRAC, United Nations Trade Statistics

2. Global market

2.1. Beer

Supply – demand of global Beer market

Global production is large-scale with the largest development motivation coming from Asia and Europe.

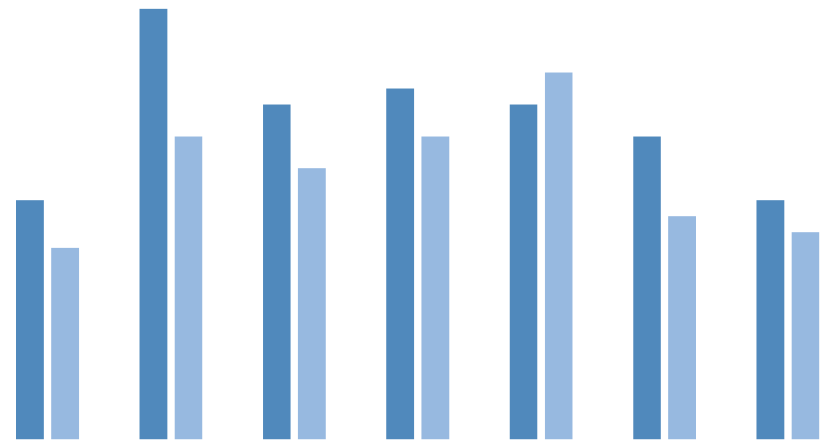
In 2017, global beer production is estimated to decrease by X% to X million liters.

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Beer output and production growth rate in 7 regions in the world 2017e

Region	Output (million liters)	Growth rate 2016–2017 (%)	Market share (%)

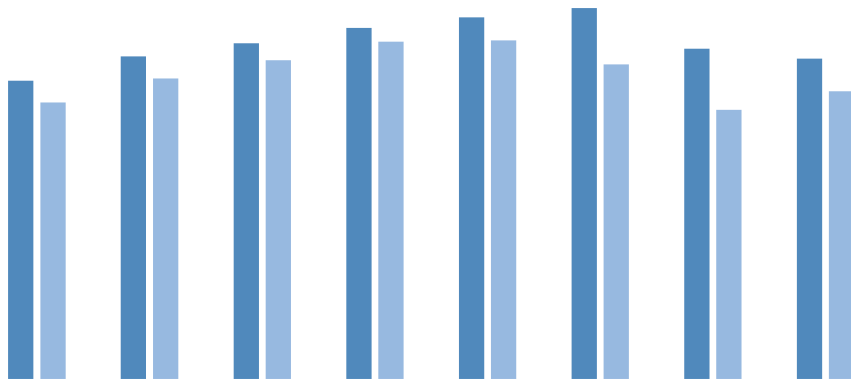
Global Beer production and consumption 2010–2017e



2. Global market

2.1. Beer

Global Beer export volume and value, 2010–2017



Beer continues to be a popular item worldwide, but the pace of import and export has decreased compared to previous years.

In 2016, beer exports plummeted in both volume and value, respectively X% and X% compared to 2015.

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Source: VIRAC, United Nations Trade Statistics

List of top countries by Beer import and export value 2018

Exporter	Value (million USD)

Importer	Value (million USD)

2. Global market

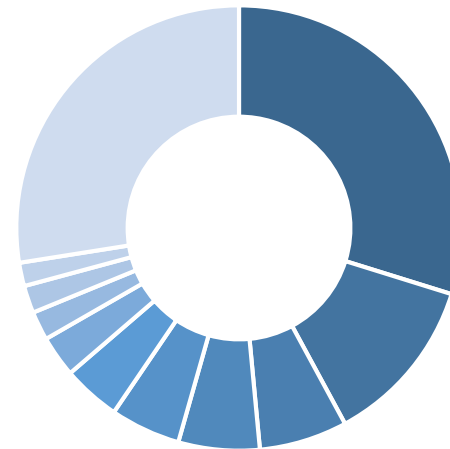
2.1. Beer

At present, Europe is still one of the regions contributing most in Beer import-export value

Beer market has clearly differentiated into 2 groups:

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Market share of big Beer brands, 2018



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2. Global market

2.2. Alcohol

Wine

Raw material: Grape

After a long period of sharp decline, grape cultivation area decreased sharply in 2018.

Vineyard surface area, 2005–2018e

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Source: VIRAC, OIV

Top 5 countries with largest vineyard surface area in the EU 2018

Country	2017 (thousand ha)	2018 (thousand ha)	Change 2017/18 (%)

Source: VIRAC, OIV

Top 5 countries with largest vineyard surface area outside the EU

Country	2017 (thousand ha)	2018 (thousand ha)	Change 2017/18 (%)

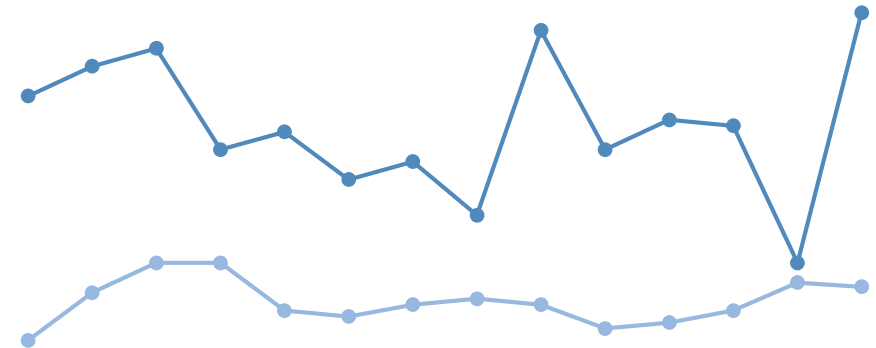
Source: VIRAC, OIV

2. Global market

2.2. Alcohol

Wine production has seen significant fluctuations while consumption demand remained relatively stable in the period of 2005–2018.

Global Wine production and consumption, 2005–2018e



Source: VIRAC, OIV

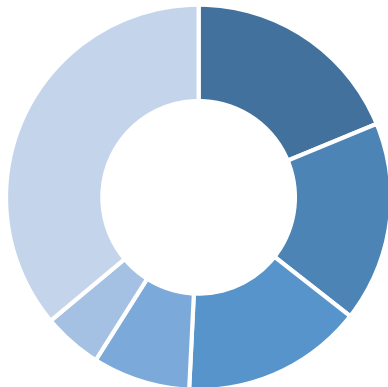
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Top 5 Wine producing countries, 2017–2018

Country	2017 (billion liters)	2018 (billion liters)	Change 2017/18

Source: VIRAC, OIV

Market share of top 5 Wine producing countries 2018e



Source: VIRAC, OIV

2. Global market

2.2. Alcohol

The 5 largest wine importing countries in the world account for more than X% of total global wine imports with X billion liters, equivalent to X billion Euro.

Top Wine importing countries, 2017 - 2018

Country	Import volume (billion liters)		Import value (billion EUR)	
	2017	2018	2017	2018

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Source: VIRAC, OIV, GTA

2. Global market

2.2. Alcohol

Spirits

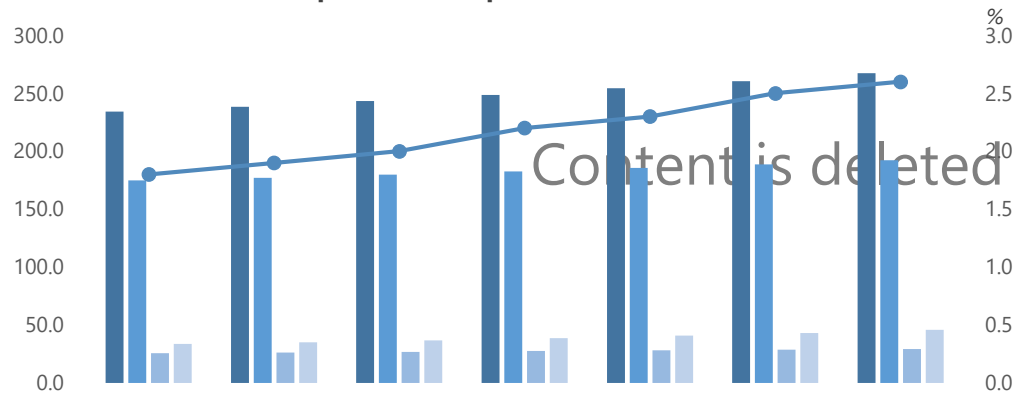
The main product lines in the world today are:

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2. Global market

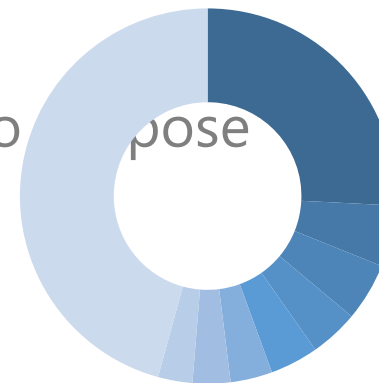
2.2. Alcohol

Spirits consumption, 2017-2023f



Source: VIRAC, UNcomtrade

Top Spirits importing countries 2018



Source: VIRAC, Uncomtrade, Trademap

Spirits consumption demand is increasing in the world with export value also in a slight uptrend.

2. Global market

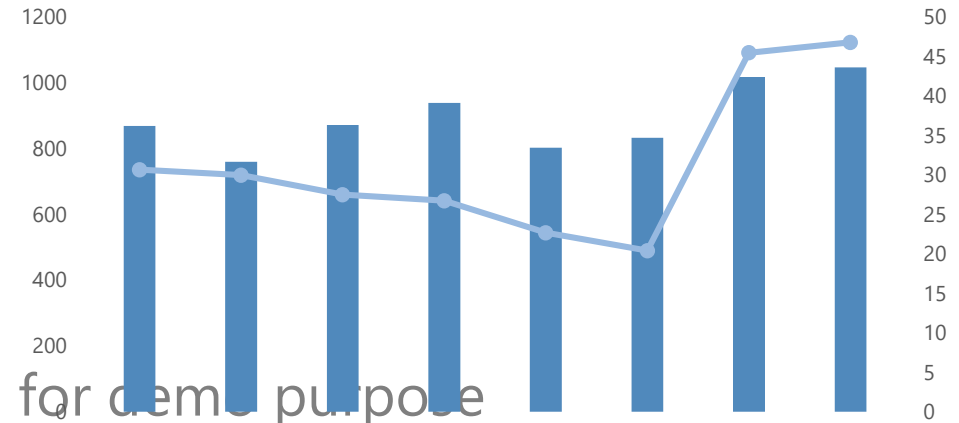
2.3. Soft drink

Soft drink (Non-alcoholic beverages)

Soft drink market is still in a strong growth period, with the CAGR of beverage consumption reaching X%.

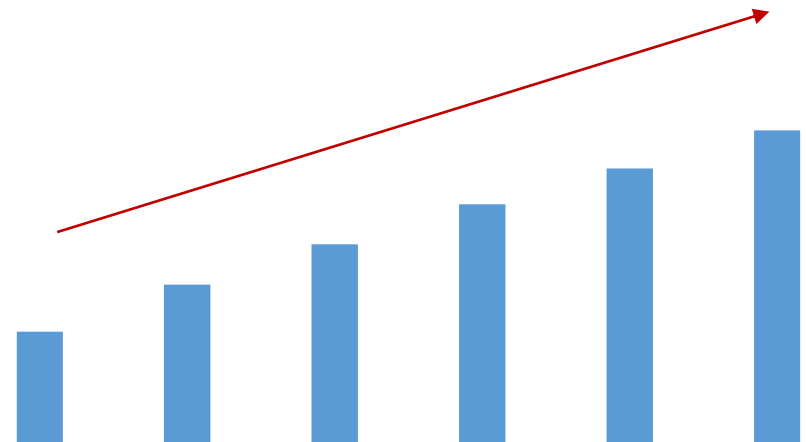
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Soft drink export volume and value 2010-2017e



Source: VIRAC, Uncomtrade

Global soft drink consumption via off-trade, 2012 - 2017



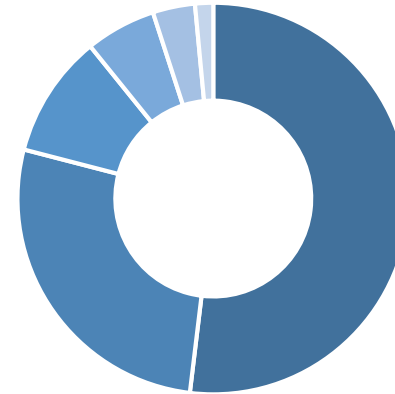
Source: VIRAC, Euromonitor

2. Global market

2.3. Soft drink

Bottled water is the most consumed in the world, accounting for X% of global beverage consumption in 2017.

Soft drink consumption by volume, 2017



Source: VIRAC, Euromonitor

10 Soft drink brand with highest value in the world 2017-2018

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Rank		Logo	Brand	Enterprise	Brand value (million USD)		Change 17/18 (%)	Brand ranking
2017	2018				2017	2018		

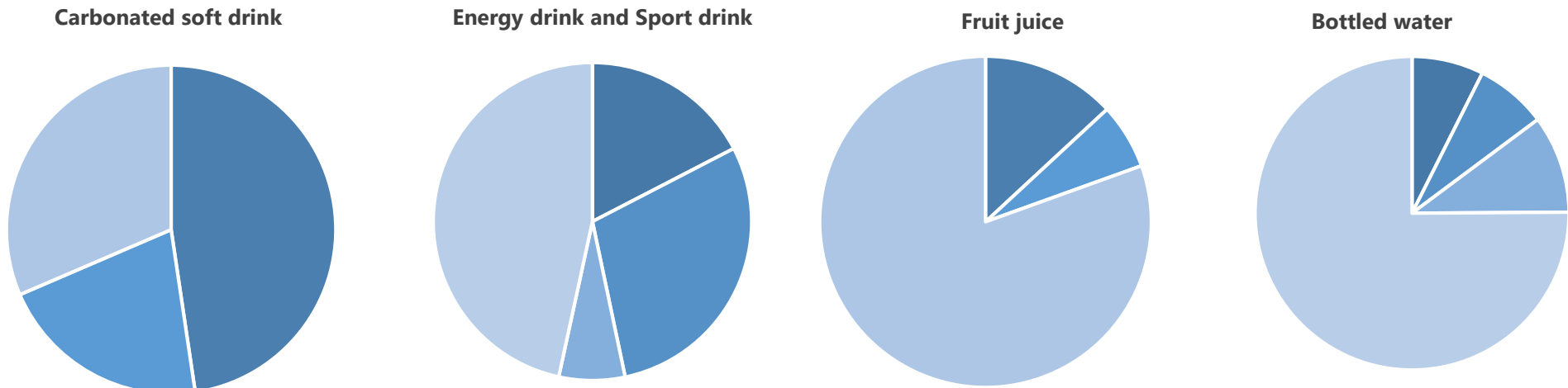
Source: brandfinance

2. Global market

2.3. Soft drink

Coca-Cola and PepsiCo still maintain their leading positions in the Soft drink industry,

In 2016, Coca-Cola and PepsiCo took the largest market share in the line of carbonated soft drinks, followed by energy drinks.

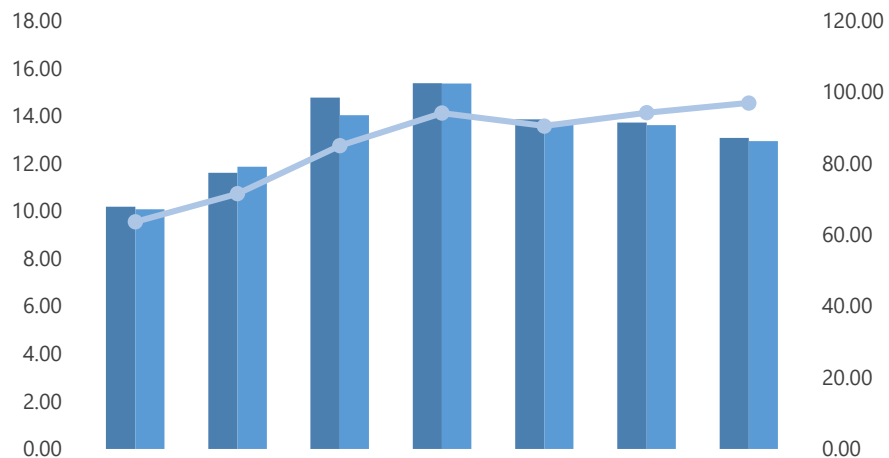


3. VIETNAM MARKET

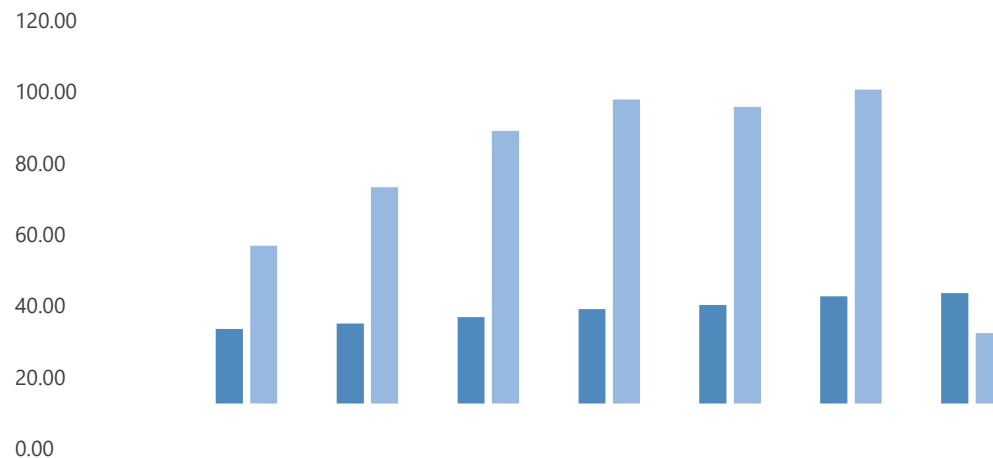


3. Vietnam market

Vietnam's beverage market, 2013 - 2019



Beverage import – export 2013 -2019



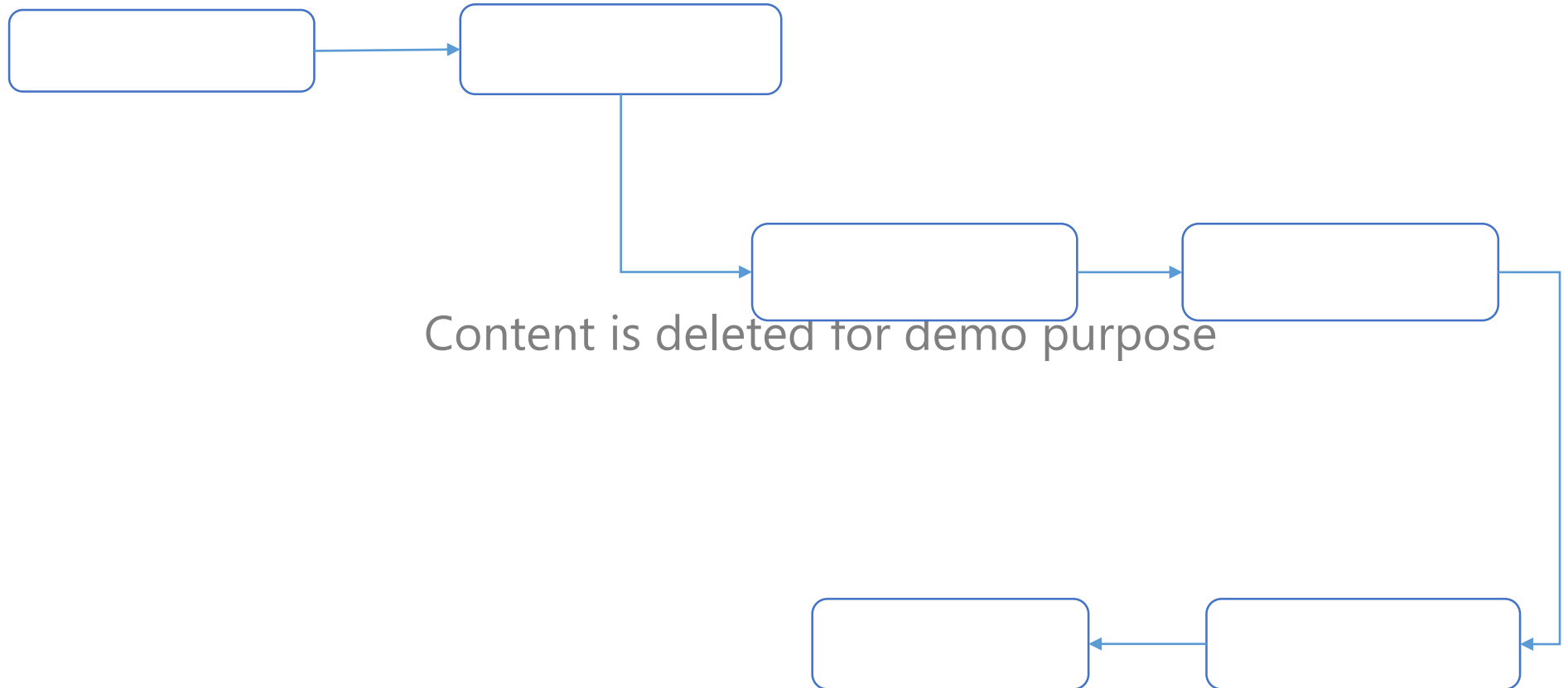
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Source: VIRAC, GSO

Beverage production and consumption in 2019 are both down about X% compared to the same period last year.

3. Vietnam market

3.1. Beer – Value chain



Source: VIRAC

3. Vietnam market

3.1. Beer - Raw material

Raw material of the Beer industry depends on imports, mainly malt

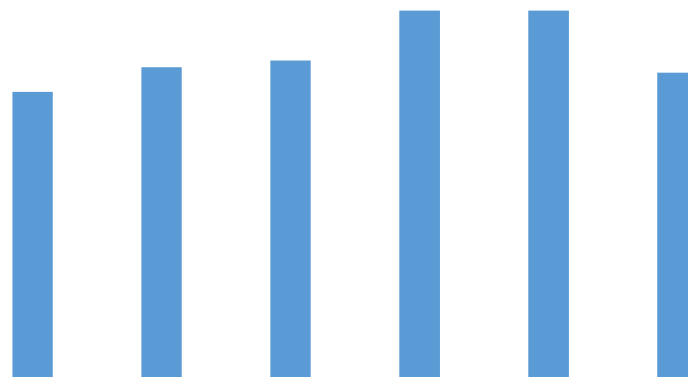
Malt and hops imports 2010-2017

	2014	2015	2016	2017e	2018

The current supply of malt for domestic brewers is imported from Australia, accounting for X% of the total Malt exports to Vietnam,

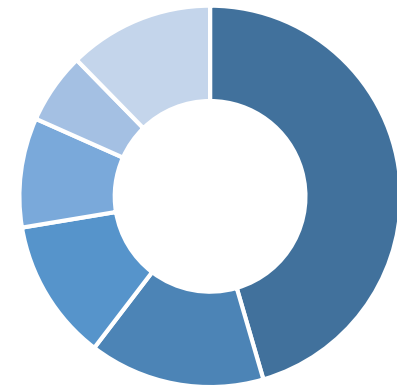
Content is deleted for demo purpose Source: VIRAC, United Nations Trade Statistics

Malt exports to Vietnam, 2013-2018



Source: VIRAC, United Nations Trade Statistics

Main Malt exporting regions to Vietnam, 2018e



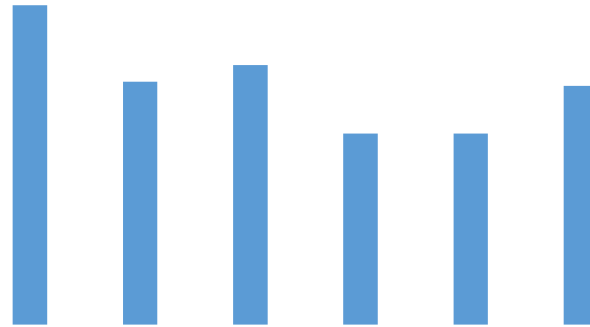
Source: VIRAC, United Nations Trade Statistics

3. Vietnam market

3.1. Beer - Raw material

Hops are added in small quantities to Beer and decide the bitterness, taste and foam quality of Beer.

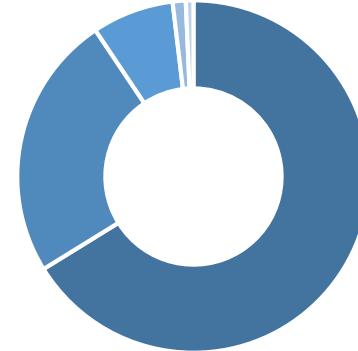
Hops imports in Vietnam, 2013-2018



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Source: VIRAC, United Nations Trade Statistics

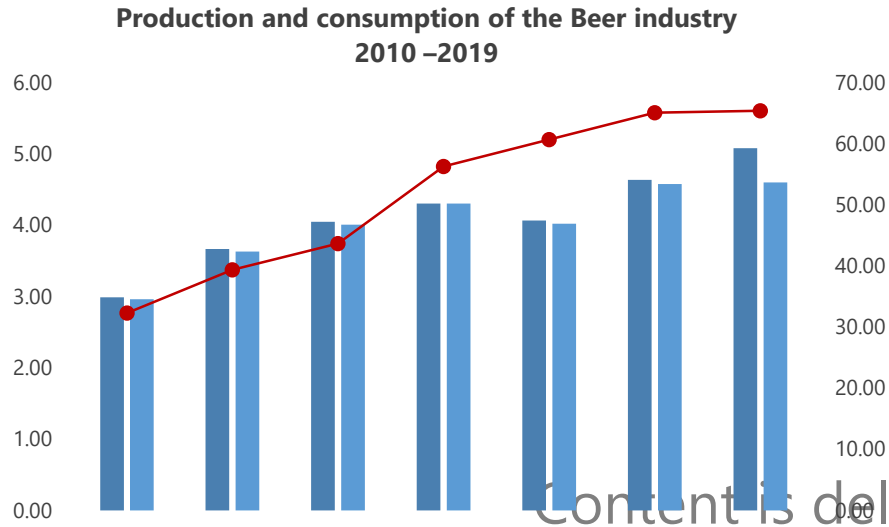
Vietnam's hops supply source 2018



Source: VIRAC, United Nations Trade Statistics

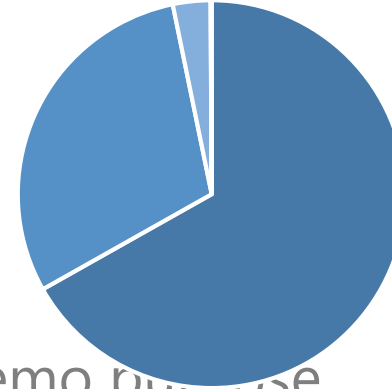
3. Vietnam market

3.1. Beer – Production - Consumption



Source: VIRAC, GSO

Beer industry's sales, 2019



Source: VIRAC, GSO

Vietnam has always been one of the largest beer markets in the world.

3. Vietnam market

3.1. Beer – Production - Consumption

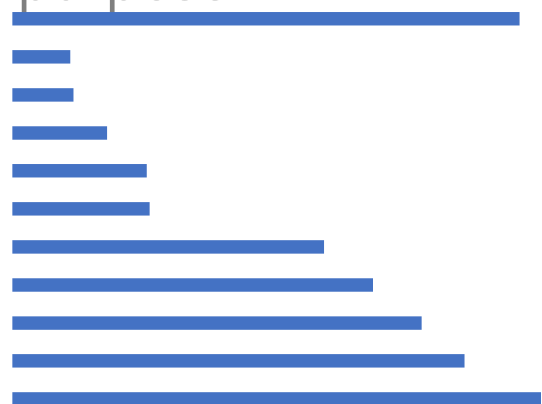
Enterprises' domestic market share 2018



Source: VIRAC, Euromonitor

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Top Beer brands in Vietnam, 2018

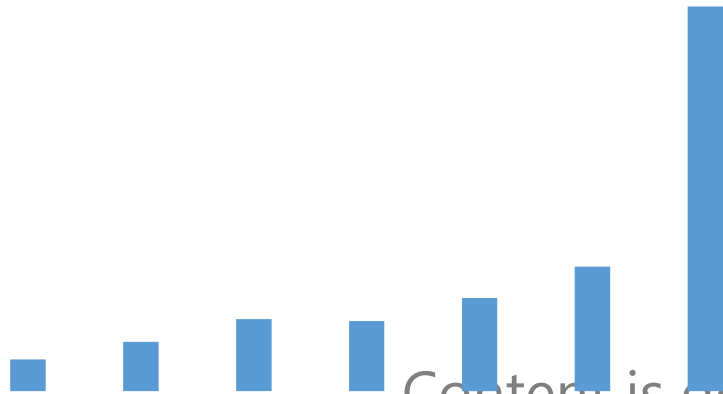


Source: VIRAC, Euromonitor

3. Vietnam market

3.1. Beer – Inventory

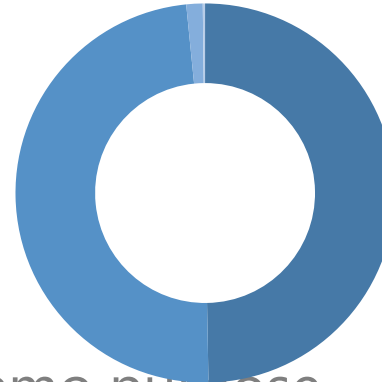
Beer industry's inventories 2011 – 2019



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Source: VIRAC, GSO

Beer industry's inventory structure, 2019



Source: VIRAC, GSO

In 2019, beer inventories are about X billion liters, an increase of X% over the same period in 2018. The main reasons are:

3. Vietnam market

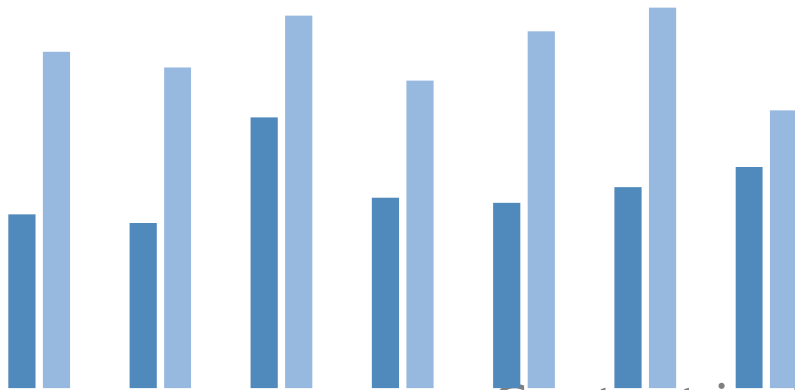
3.1. Beer – Industry competition

Enterprise	Main brand	Market share in 2017	Enterprise Profile

2. Beer

Beer import – export 2010 – 2019

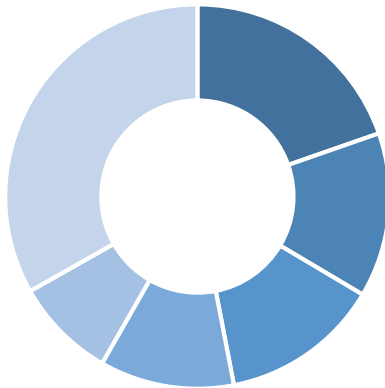
- Compared to beer consumption in Vietnam, beer imports into Vietnam account for a relatively small proportion.



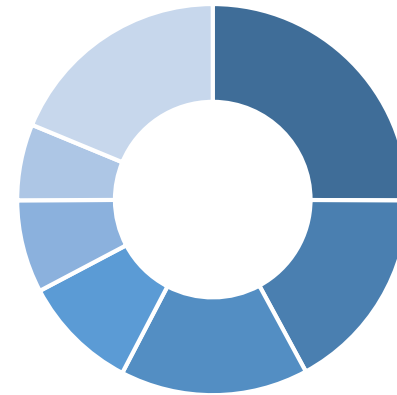
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Source: VIRAC, United Nations Trade Statistics, GDVC

Beer exports by country, 2019



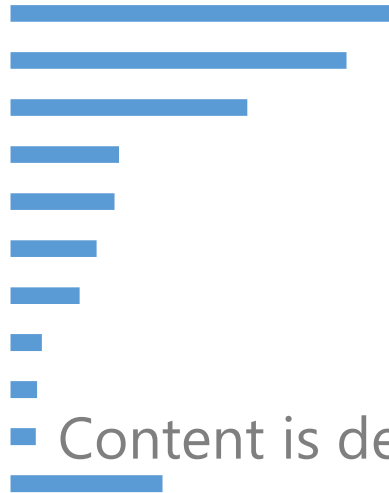
Beer imports by country, 2019



3. Vietnam market

3.1. Beer – Import - Export

Top 10 Beer exporting enterprises in Vietnam 2019e



Top 10 enterprises importing Beer from Vietnam 2019e



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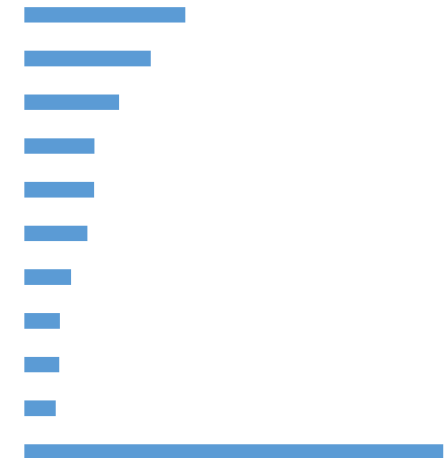
Source: VIRAC, GDVC

Source: VIRAC, GDVC

Top Beer importing enterprises in Vietnam, 2019e



Top enterprises exporting Beer to Vietnam, 2019e



Source: VIRAC, GDVC

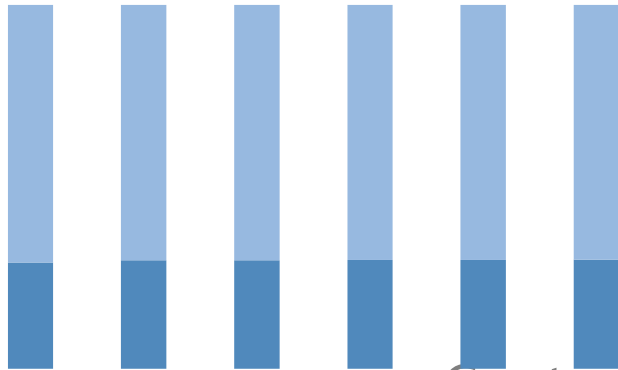
Source: VIRAC, GDVC

3. Vietnam market

3.1. Beer – Distribution channel

Beer consumption via distribution channel 2013 - 2018

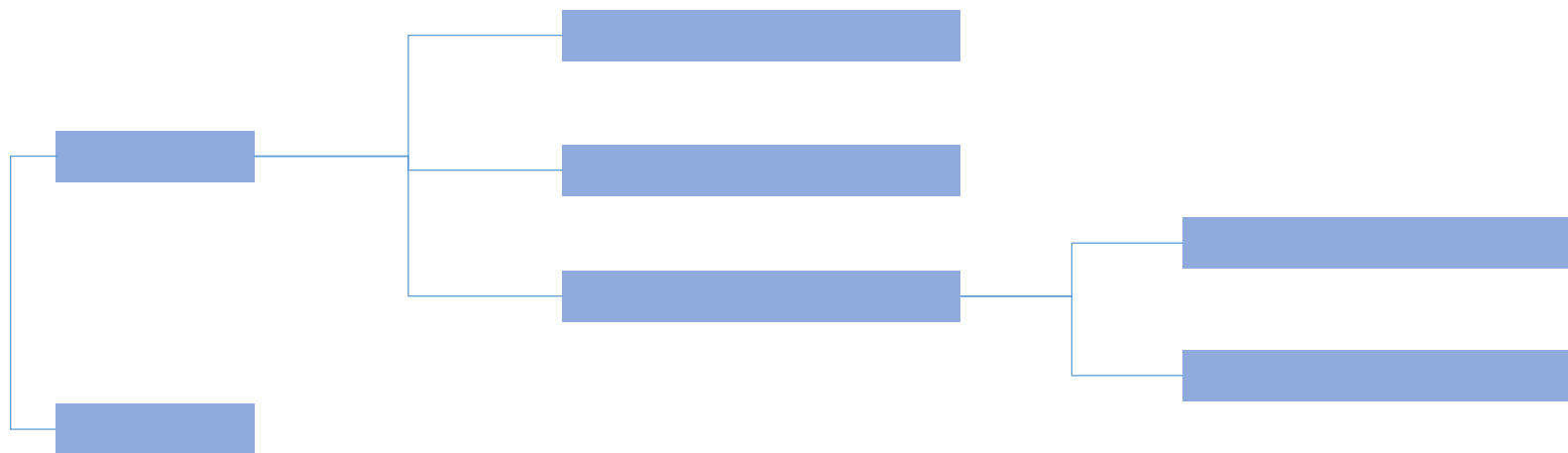
Currently, beer is being distributed into two main channels:



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Source: VIRAC, Euromonitor

Model of beverage distribution channel 2018



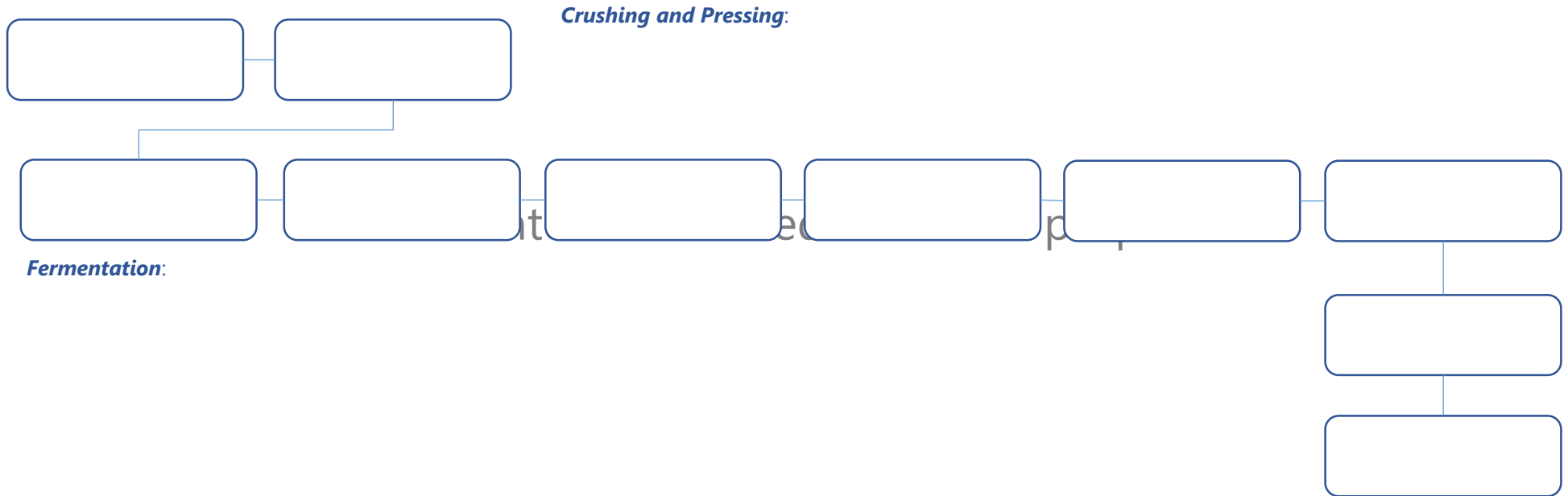
Source: VIRAC, Euromonitor

3. Vietnam market

3.2. Alcohol – Value chain

Wine

Agriculture – Grape:



Source: VIRAC

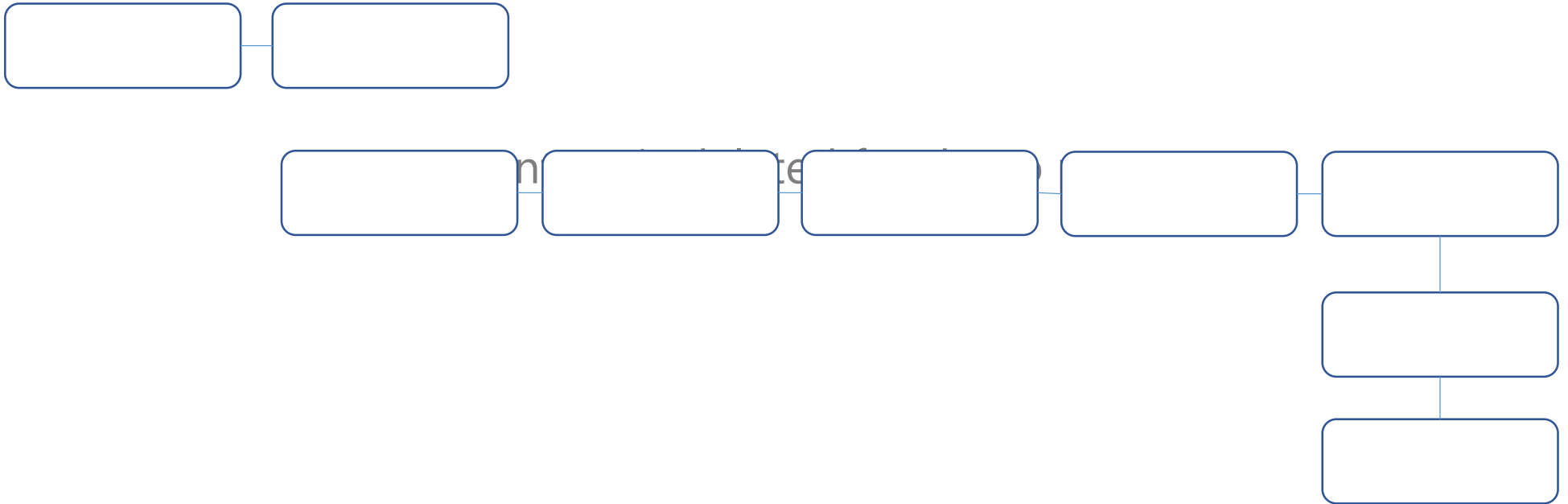
3. Vietnam market

3.2. Alcohol – Value chain

Bottling:

Agents – Consumers:

Spirits



Source: VIRAC

3. Vietnam market

3.2. Alcohol – Raw material

Rice and other cereal grains

Grape

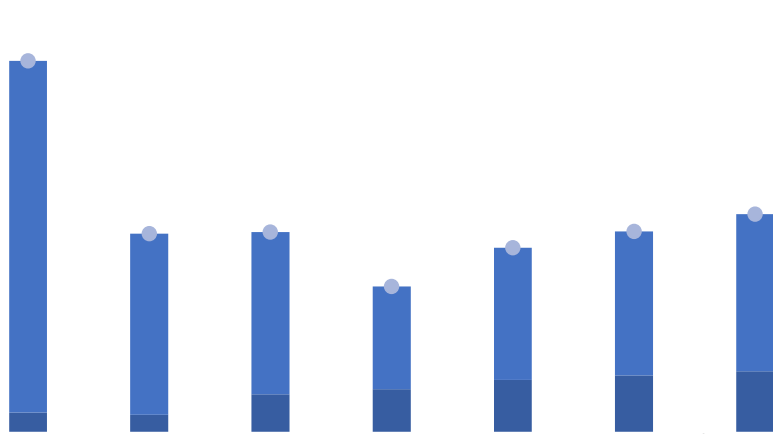
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3. Vietnam market

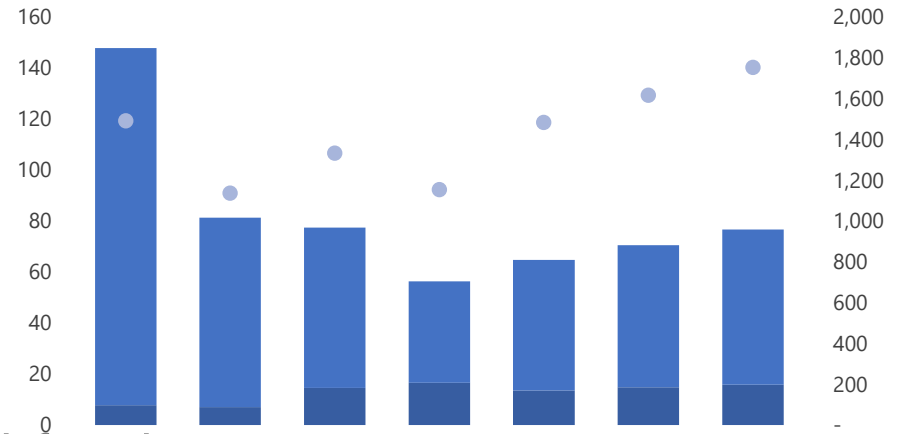
3.2. Alcohol – Production - Consumption

Domestic alcohol production 2010 – 2019e



Source: VIRAC, GDVC

Domestic alcohol consumption 2010 – 2019e



Source: VIRAC, GDVC

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Vietnam's alcohol industry is facing many difficulties in production and consumption. In 2019:

The alcohol industry produced X million liters (up X%); consumption reached X million liters (up X%); sales revenue reached X billion (up X%) in which:

3. Vietnam market

3.2. Alcohol – Production - Consumption

Alcohol industry's inventories, 2012 –2019



Source: VIRAC, GSO

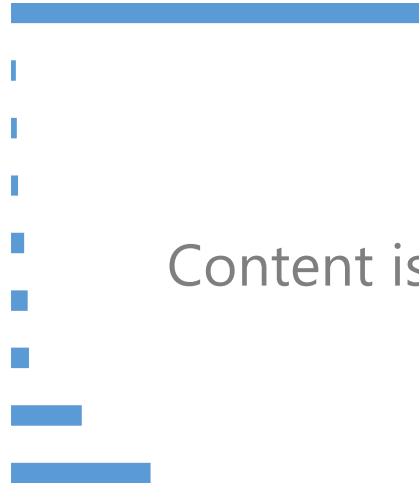
Alcohol inventories in the industry have been increasing due to difficulties in consuming products.

3. Vietnam market

3.2. Alcohol – Industry competition

The domestic Wine market is clearly fragmented, but Thang Long Wine still occupies a significant market share.

Market share of Wine producing enterprises 2018



Source: VIRAC

Market share of Wine brands by output 2018



Source: VIRAC

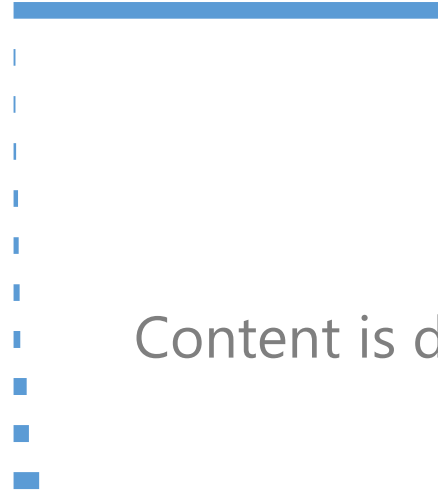
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3. Vietnam market

3.2. Alcohol – Industry competition

In Spirits market, Halico is the enterprise having the largest market share with two leading brands, Vodka Hanoi and Hanoi Lua Moi.

Market share of Spirits producing enterprises, 2018



Source: VIRAC

Market share of Spirits brands, 2018



Source: VIRAC

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3. Vietnam market

3.2. Alcohol – Import - Export

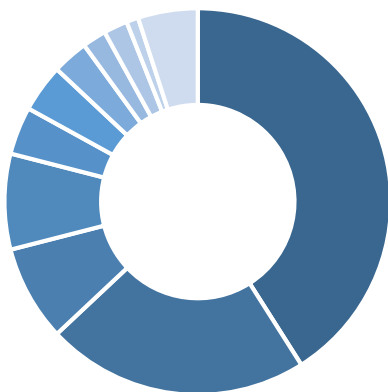
Wine Import - Export 2013-2019

- The average annual growth rate of importing wine into Vietnam in the period of 2010-2019 reaches X% by volume

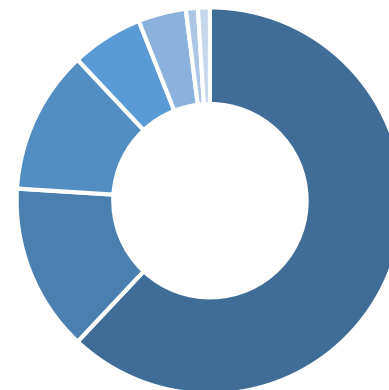


Source: VIRAC, United Nations Trade Statistics, GDVC

Wine importing into Vietnam by country, 2019



Vietnam's wine exporting by country, 2019



3. Vietnam market

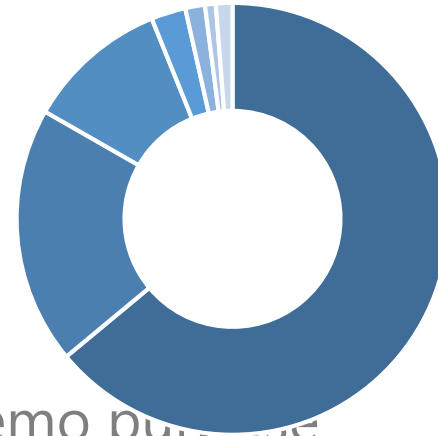
3.2. Alcohol – Import - Export

Top 10 Wine importing enterprises in Vietnam 2019e



Source: VIRAC, GDVC

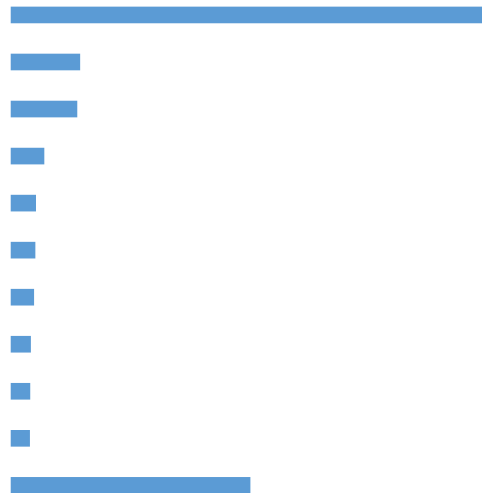
Top 10 Wine exporting enterprises in Vietnam 2019e



Source: VIRAC, GDVC

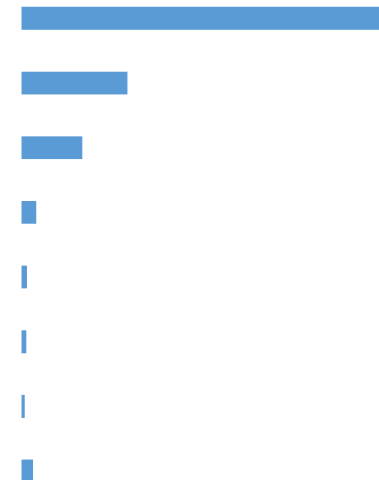
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Top 10 enterprises exporting wine to Vietnam 2019e



Source: VIRAC, GDVC

Top 10 enterprises importing wine from Vietnam 2019e



Source: VIRAC, GDVC

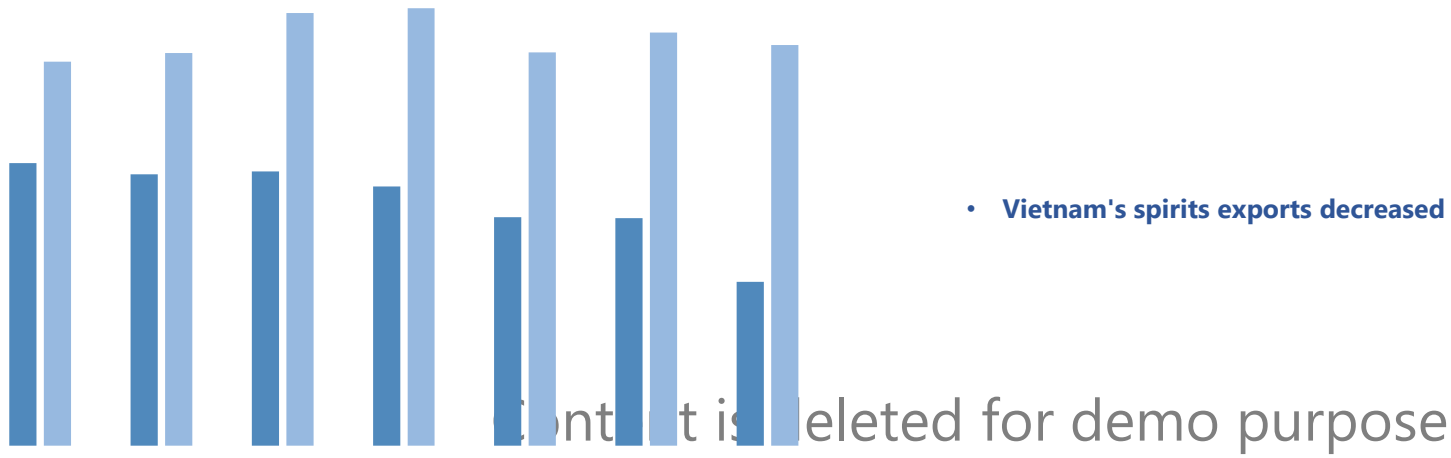
3. Vietnam market

3.2. Alcohol – Import - Export

Spirits Import - Export 2013-2019

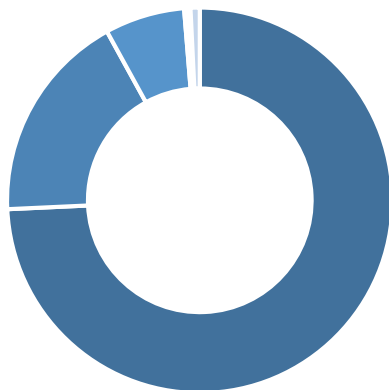
- Spirits imports into Vietnam in 2019 decreased by about X% compared to the previous year.

- Vietnam's spirits exports decreased by X% in 2019

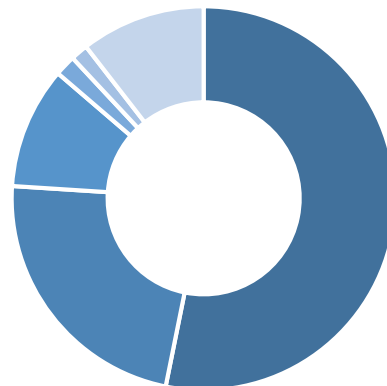


Source: VIRAC, United Nations Trade Statistics, GDVC

Spirits imports by country 2019



Spirits exporting to Vietnam by country, 2019



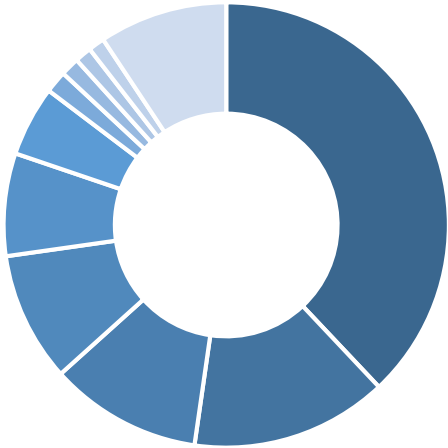
Source: VIRAC, GDVC

Source: VIRAC, GDVC

3. Vietnam market

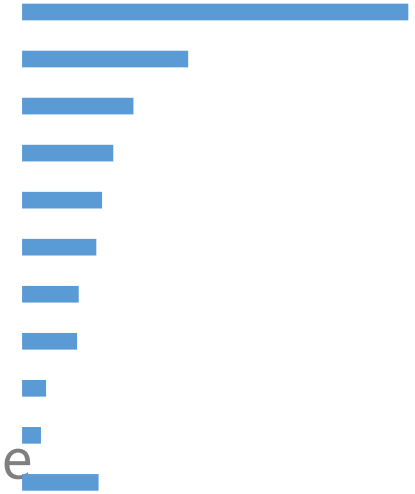
3.2. Alcohol – Import - Export

Top 10 Spirits importing enterprises in Vietnam 2019e



Source: VIRAC, GDVC

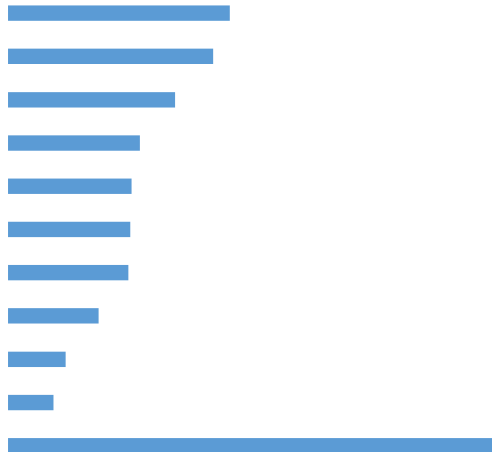
Top 10 Spirits exporting enterprises in Vietnam 2019e



Source: VIRAC, GDVC

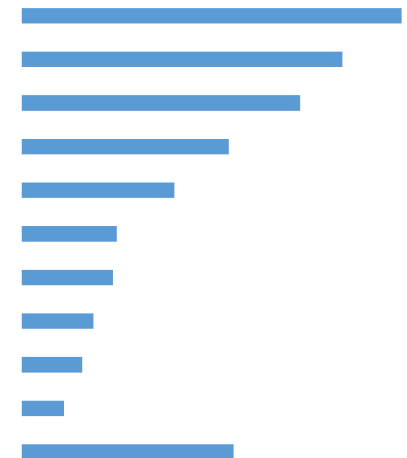
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Top 10 enterprises exporting Spirits to Vietnam 2019e



Source: VIRAC, GDVC

Top 10 enterprises importing Spirits from Vietnam 2019e

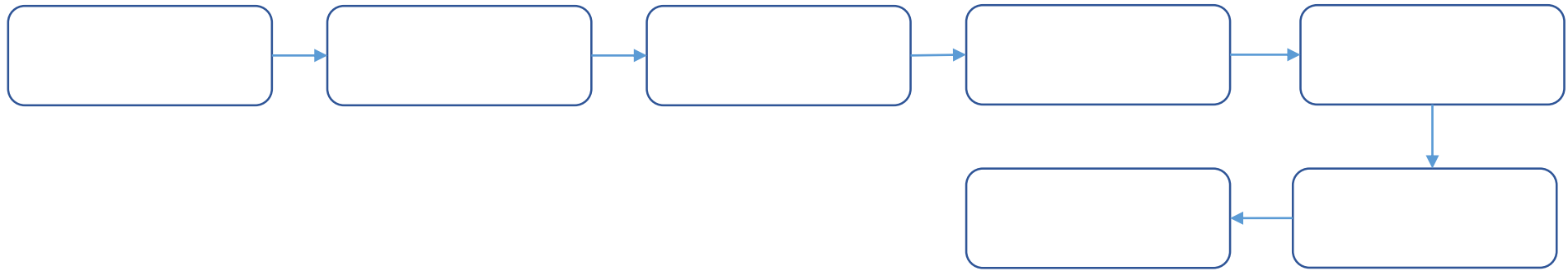


Source: VIRAC, GDVC

3. Vietnam market

3.3. Soft drink – Value chain

Purified water/mineral water



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Source: VIRAC

Carbonated soft drink *Synthetic syrup – Produced water:*



3. Vietnam market

3.3. Soft drink – Value chain

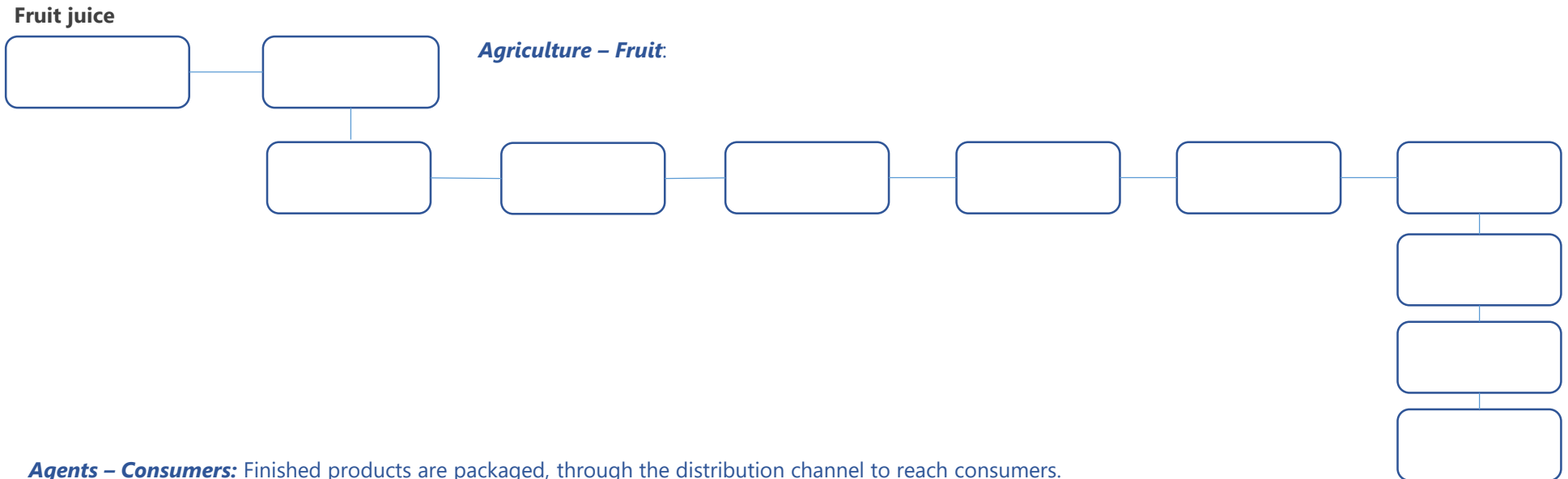
Carbonated soft drink:

Bottle filler – bottle crowner:

Thermal processing:

Bottling – Agents – Consumers:

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Agents – Consumers: Finished products are packaged, through the distribution channel to reach consumers.

3. Vietnam market

3.3. Soft drink – Raw material

Sugar

Mineral water

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Green tea leaves

Fruit

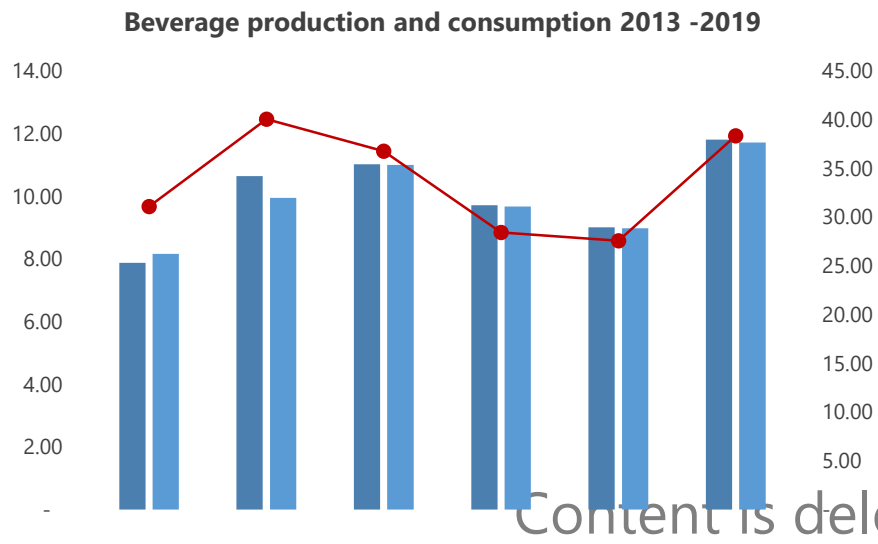
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Thus, the supply for fruit juice and fruit water production is always plentiful with cheap prices and mainly comes from the domestic market.

Flavors

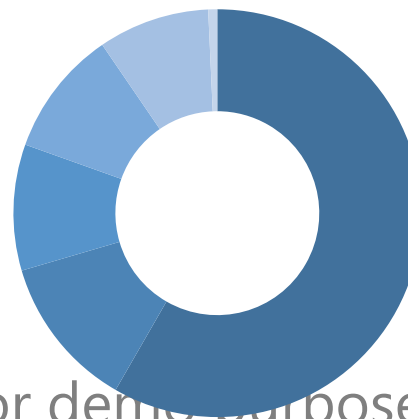
3. Vietnam market

3.3. Soft drink – Production - Consumption



Source: VIRAC, GSO

Beverage consumption (by volume) 2019



Source: VIRAC, GSO

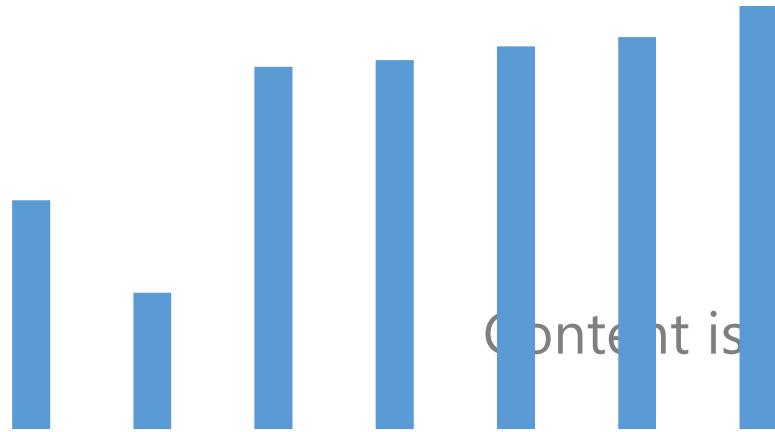
In 2019, Vietnam's beverage production reached X billion liters (an increase of X% compared to 2018), consumption reached X billion liters (an increase of X% compared to 2018), equivalent to X trillion VND (an increase of X%) compared to the same period last year). Reason:

3. Vietnam market

3.3. Soft drink – Inventory

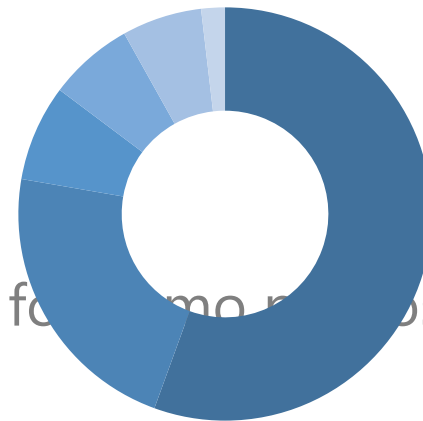
Beverage industry's inventories are higher than those of Beer and Alcohol industry, increasing sharply in the period of 2015-2019.

Beverage industry's inventories 2010–2019



Source: VIRAC, GSO

Inventories by product line 2019



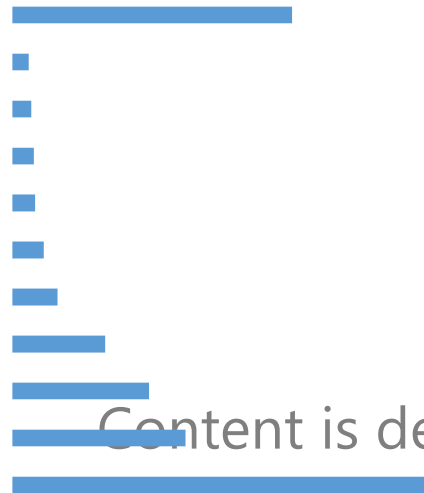
Source: VIRAC, GSO

Despite many difficulties in good consumption, Vietnam's beverage production has continuously increased over the years;

3. Vietnam market

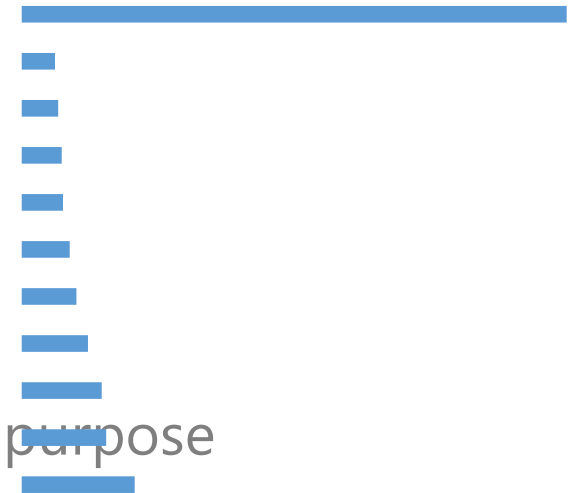
3.3. Soft drink – Industry competition

Market share of Vietnamese Beverage enterprises, 2018



Source: VIRAC, Euromonitor

Market share of Beverage products, 2018



Source: VIRAC, Euromonitor

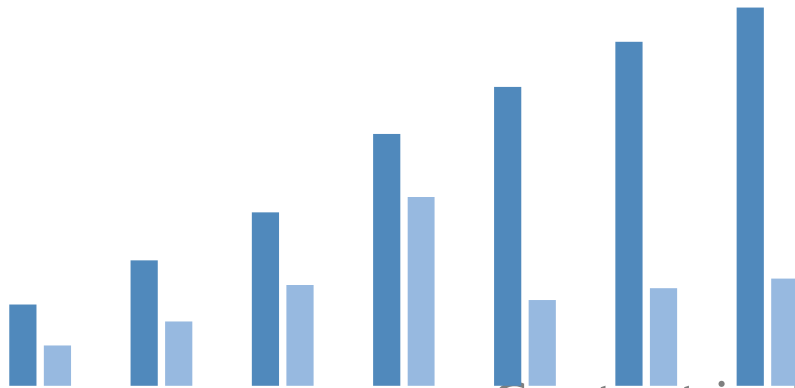
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3. Vietnam market

3.3. Soft drink – Import - Export

Fruit juice Import - Export 2013-2019

Vietnam's fruit juice imports are estimated to increase by X% over the same period.

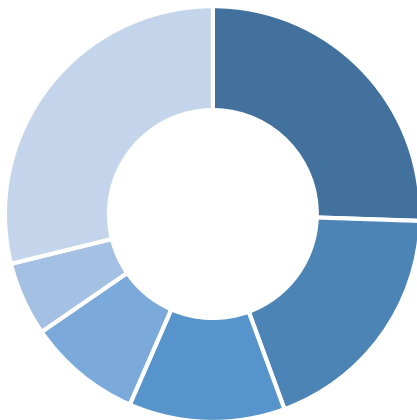


Fruit juice exports also have positive results having increased steadily in the past 5 years.

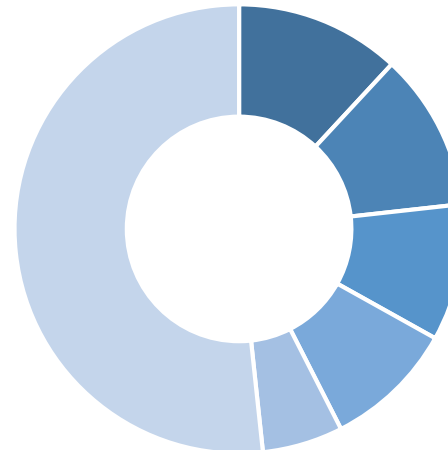
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Source: VIRAC, United Nations Trade Statistics, GDVC

Importing fruit juice into Vietnam by country 2019



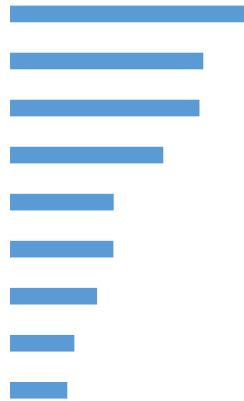
Exporting fruit juice from Vietnam by country 2019



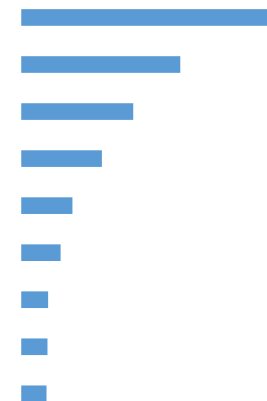
3. Vietnam market

3.3. Soft drink – Import - Export

Top 10 fruit juice exporting enterprises in Vietnam, 2019e



Top 10 fruit juice importing enterprises in Vietnam, 2019e

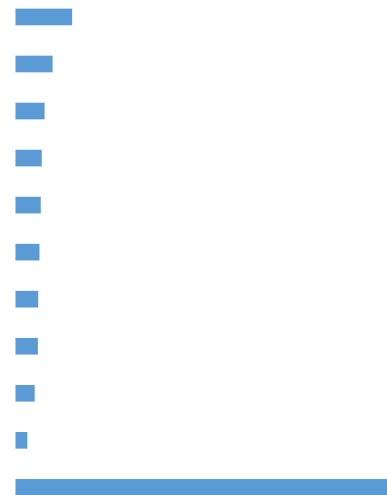


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Source: VIRAC, GDVC

Source: VIRAC, GDVC

Top 10 enterprises exporting fruit juice to Vietnam, 2019e



Top 10 enterprises importing fruit juice from Vietnam, 2019e



Source: VIRAC, GDVC

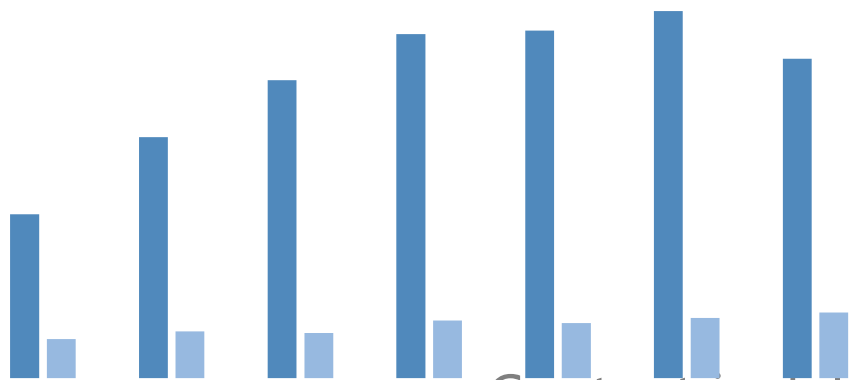
Source: VIRAC, GDVC

3. Vietnam market

3.3. Soft drink – Import - Export

Soft drink Import - Export 2013 - 2019

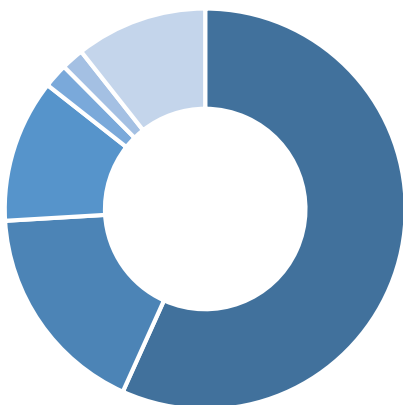
Vietnam's soft drink imports declined in 2019 (by X%) while exports grew steadily.



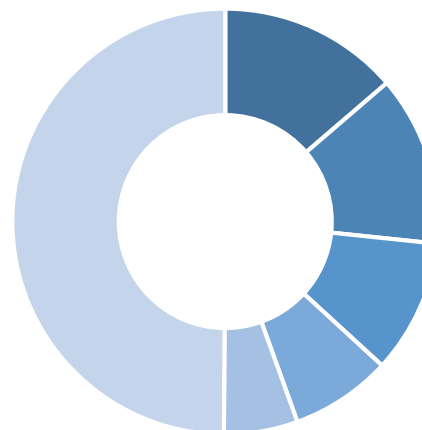
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Source: VIRAC, United Nations Trade Statistics, GDVC

Importing soft drink into Vietnam by country, 2019



Exporting soft drink from Vietnam by country, 2019



3. Vietnam market

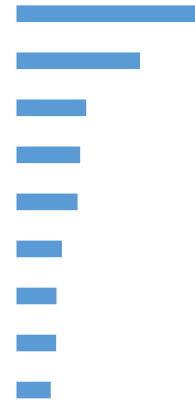
3.3. Soft drink – Import - Export

Top 10 soft drink importing enterprises in Vietnam, 2019e



Source: VIRAC, GDVC

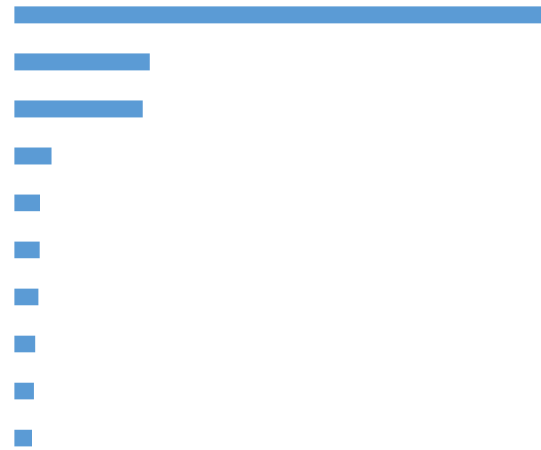
Top 10 soft drink exporting enterprises in Vietnam, 2019e



Source: VIRAC, GDVC

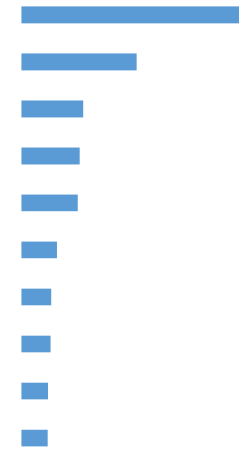
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Top 10 enterprises exporting soft drink to Vietnam, 2019e



Source: VIRAC, GDVC

Top enterprises importing soft drink from Vietnam, 2019e



Source: VIRAC, GDVC

3. Vietnam market

3.4. Risks – 3.4.1 SWOT analysis

Strengths:

Weaknesses:

Opportunities:

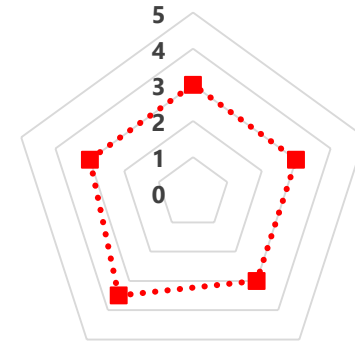
Threats:

3. Vietnam market

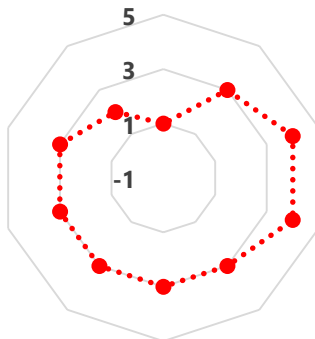
3.4. Risks – 3.4.2 Competitive analysis (5-forces)

In the Beverage industry, manufacturers are the main players in the competition for market share;

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Source: VIRAC



Buyer power

- The wholesalers do not have too much influence on production output

Source: VIRAC

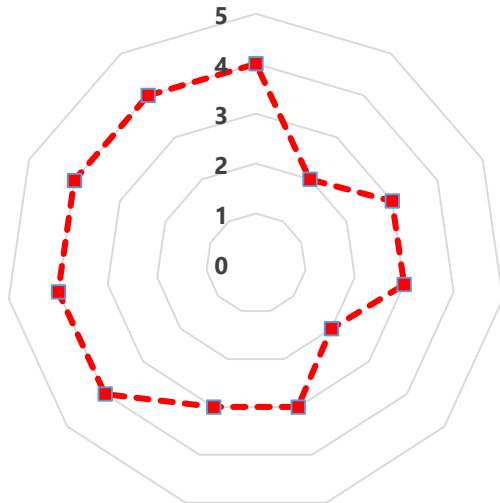
- Consumers have the right to decide the development trend of the Beverage industry.

3. Vietnam market

3.4. Risks – 3.4.2 Competitive analysis (5-forces)

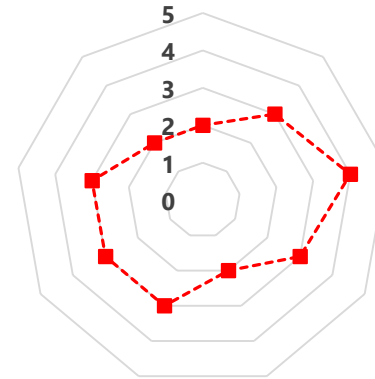
Supplier power

- Each Drink will have different raw material and supplier needs.



deleted Threat of New Entry

- On a small scale, businesses have many opportunities to enter the market,



Source: VIRAC

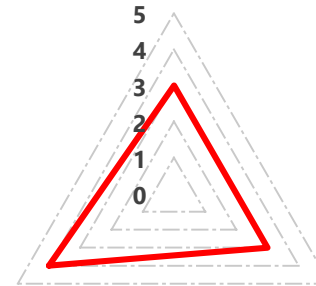
Source: VIRAC

3. Vietnam market

3.4. Risks – 3.4.2 Competitive analysis (5-forces)

Threat of Substitution

- In terms of beverage industry, there are no substitutes, however in small sub-sectors a large number of substitutes are available.

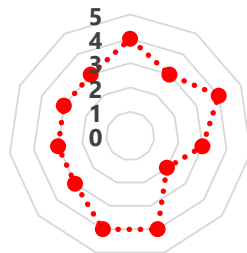


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Source: VIRAC

Competitive Rivalry

- The market share of Vietnam's Beverage market is dominated by FDI enterprises.



Source: VIRAC

3. Vietnam market

3.4. Risks – 3.4.3 Business risks

3.1 Production risks

- **Risks of raw materials:**

The source of raw materials greatly affects the Beverage industry in general and comes from both domestic and foreign countries.

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- **Risks of food safety and hygiene:**

In recent years, food safety has become the leading concern of consumers

3. Vietnam market

3.4. Risks – 3.4.3 Business risks

- **Risks of policy involving production:**

- **Risks of supply chain:**

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- **Risks of policy involving consumption:**

- **Competitive risks:**

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- **Risks of changing consumer taste:**

3. Vietnam market

3.4. Risks – 3.4.3 Business risks

- **Communication risks:**

- **M&A risks:**

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3. Vietnam market

3.5. Planning

Development goals		Beer	Alcohol	Soft drink

Product planning:

Source: VIRAC, BCT

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Production area planning and investment capital

Area	Productivity by area (million liters)		Investment capital 2011 – 2015 (Billion VND)
	2015	2025	

3. Vietnam market

3.6 Prospects and forecasts - 3.6.1 Driving forces

Population:

Income:

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Lifestyle and spending habit:

Positive impacts of FTAs

Other factors

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3. Vietnam market

3.6 Prospects and forecasts - 3.6.2 Forecasts

Beer is still the leader in consumption value due to the boom in the period of 2010-2014, but with too many competitors in the market, the price will fall under the tax reduction effect of FTAs (CPTPP, EVFTA, ...).

Forecasts of consumption value of sub-sectors (including domestic and imported products), 2018-2020

Sub-sector	Output forecasts		Average growth rate (%)
	2019f	2020f	

Source: VIRAC, VBA

3. Vietnam market

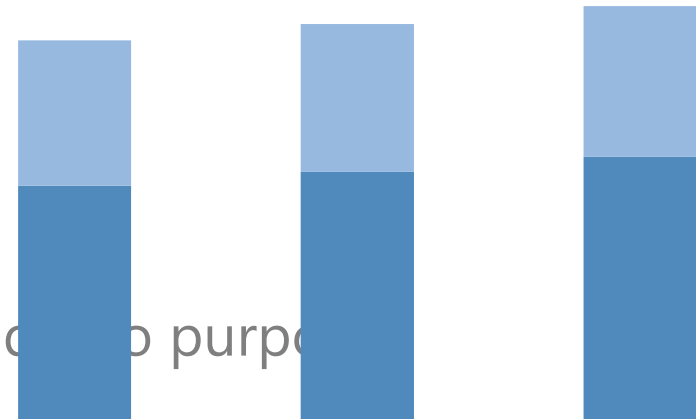
3.6 Prospects and forecasts - 3.6.2 Forecasts

Forecasts of Vietnam's beer consumption volume
2019-2022f



Source: VIRAC, BMI

Forecasts of Vietnam's alcohol consumption volume
2020f -2022f

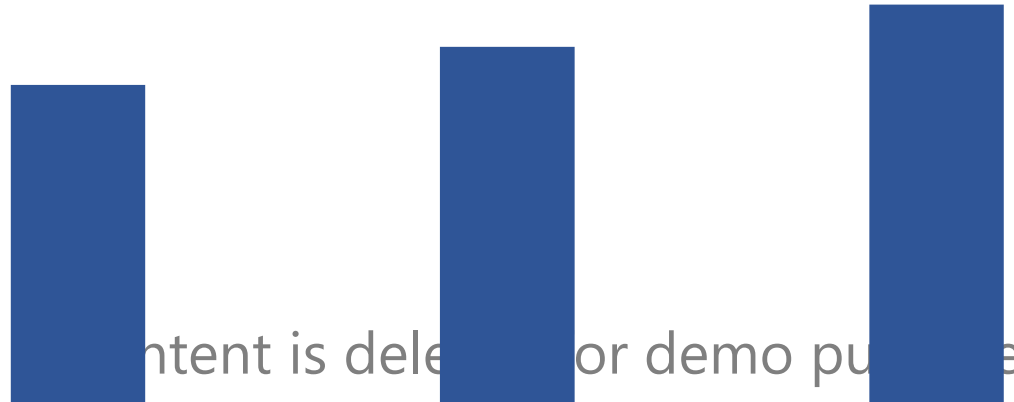


Source: VIRAC, BMI

Forecasts of Beer industry:

Decree 100 on the Prevention of Alcohol Harms, issued on January 1, 2020, will strongly affect Vietnam's beer industry.

Forecasts of Beverage industry's sales 2020 – 2022f



Source: VIRAC, BMI

The beverage industry is also expected to grow positively in the next 5 years thanks to the rising young population.

4. ENTERPRISE ANALYSIS



4. Enterprise analysis

List of star enterprises in the Beverage industry 2018

List of 10 star enterprises in the Beverage industry 2018

No.	Enterprise	Revenue (billion VND)	Owner's equity (billion VND)	State-owned rate	Total assets (billion VND)

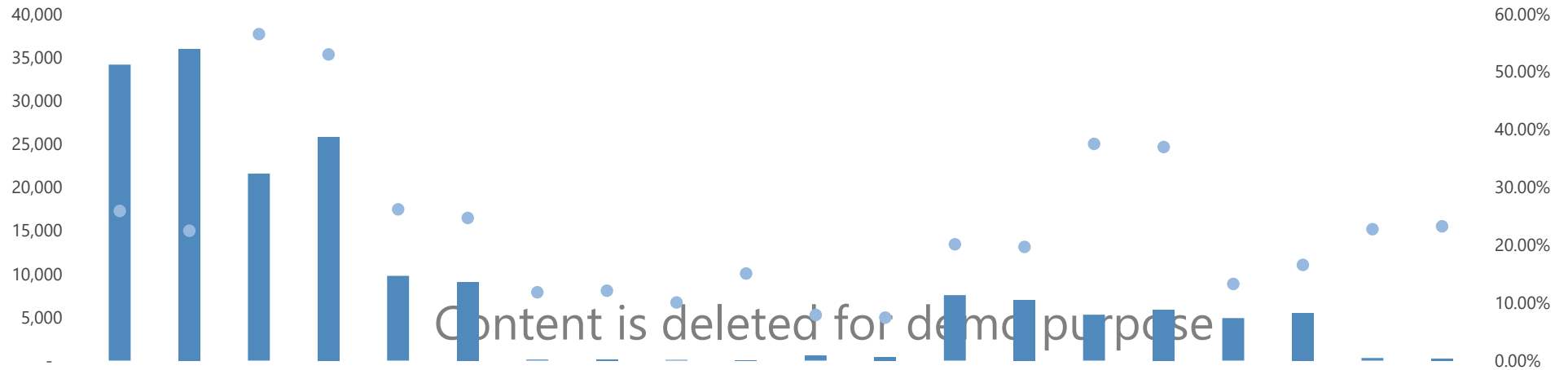
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Source: VIRAC

4. Enterprise analysis

4.1. Profitability

Enterprises' revenue 2017 - 2018



Beer industry

Source: VIRAC

Most beer enterprises have not had a high growth rate,

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Spirits industry

The spirits market is not Vietnam's strength.

Wine industry

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Soft drink industry

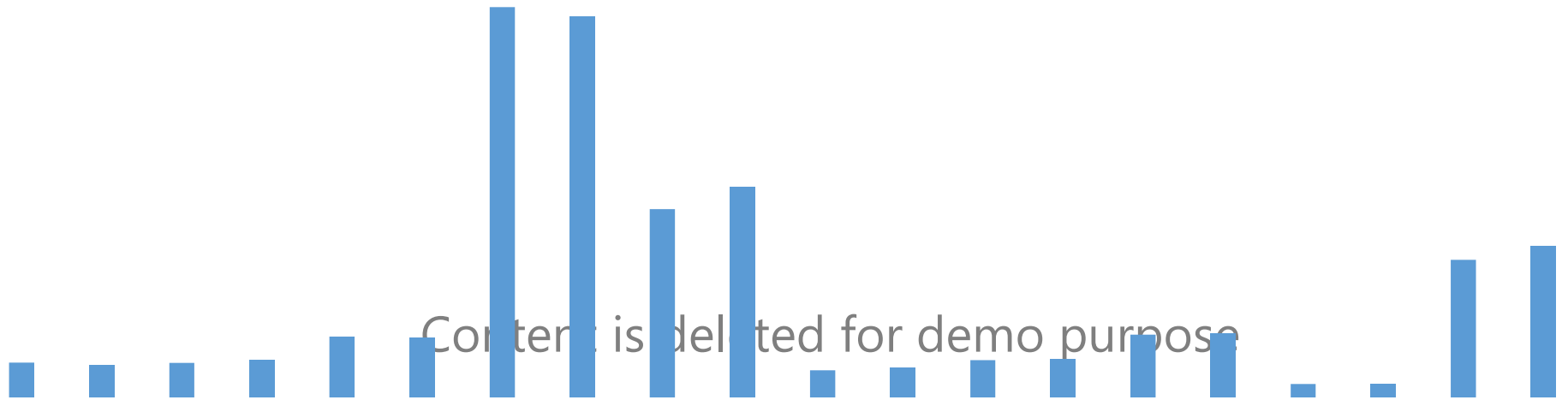
After the positive growth in 2017, Vietnam's beverage market is leveling off,

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4. Enterprise analysis

4.1. Profitability

G&A expenses to net sales ratio, 2017-2018



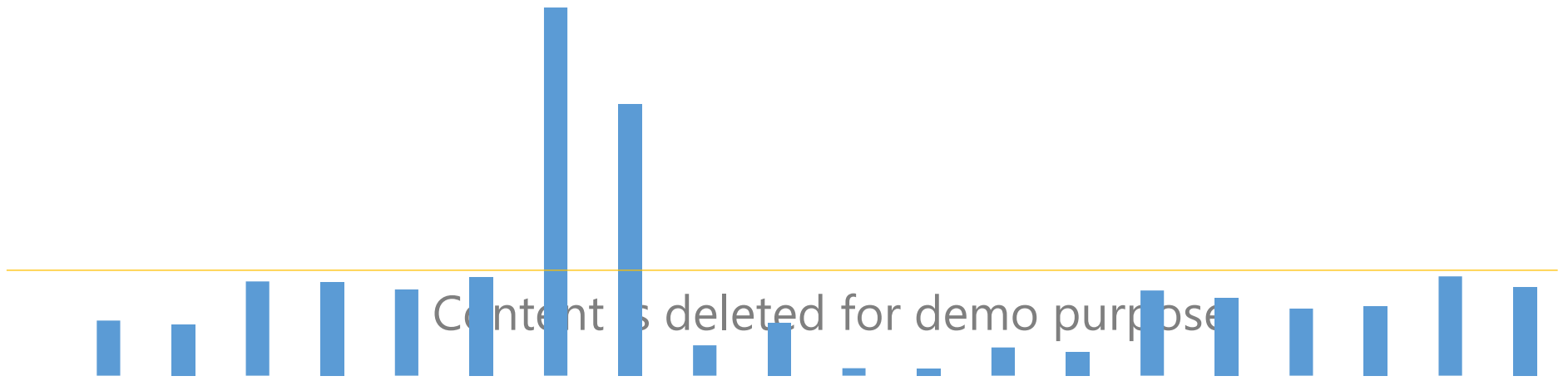
Source: VIRAC

In 2018, the ratio of general administrative expenses to net revenue was quite similar to that in 2017. Most of the beverage enterprises have relatively low G&A expenses.

4. Enterprise analysis

4.1. Profitability

Costs of goods sold to net sales, 2017-2018



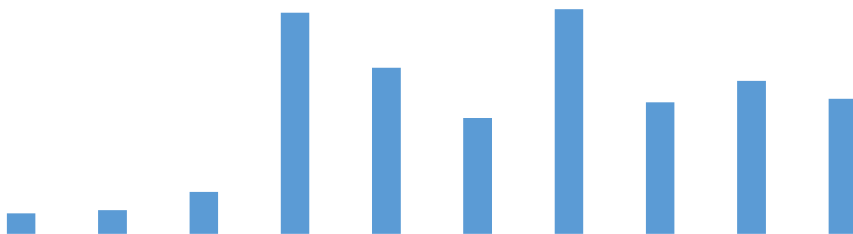
Source: VIRAC

The industry average cost of goods sold to net sales ratio is relatively high,

Beer producers manage debt and inventories better than other enterprises in the industry.

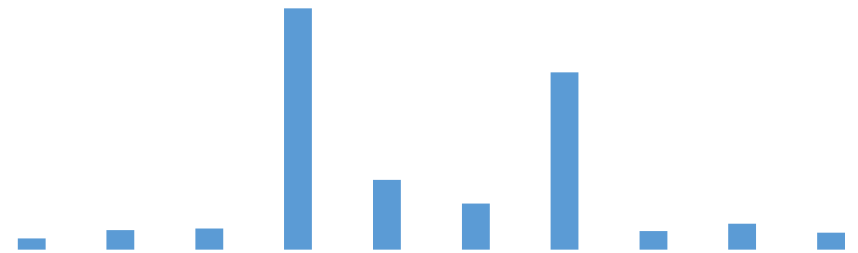
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Enterprises' receivable days 2018



Source: VIRAC

Enterprises' inventory turnover 2018

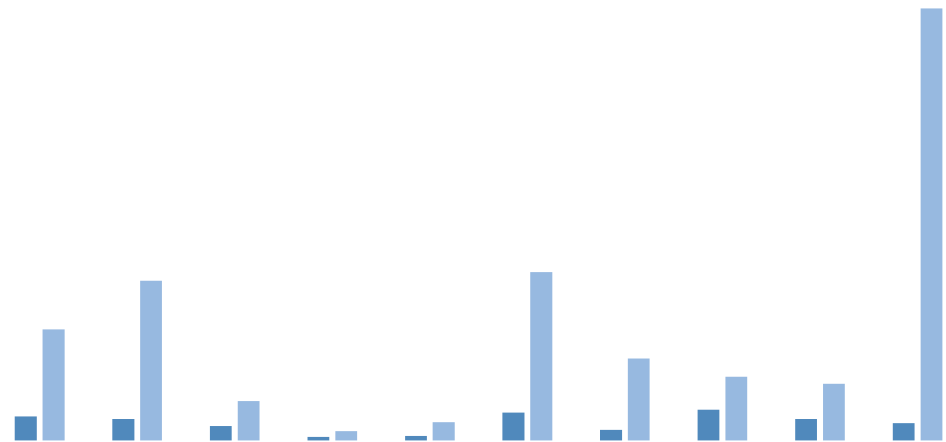


Source: VIRAC

Many enterprises with low asset turnover are mostly in the wine industry because their revenue is quite low,

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Beverage enterprises' asset turnover 2018



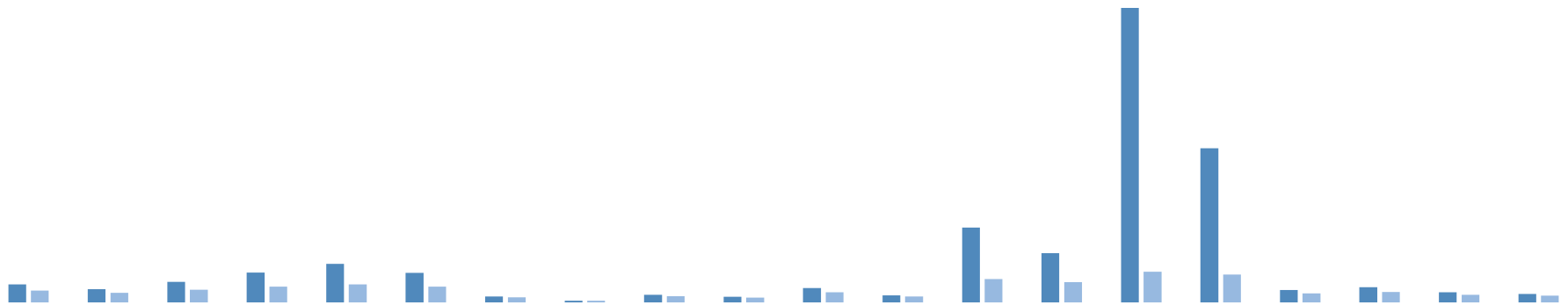
4. Enterprise analysis

4.3. Financial strength

Beer enterprises all have relatively low debt ratios.

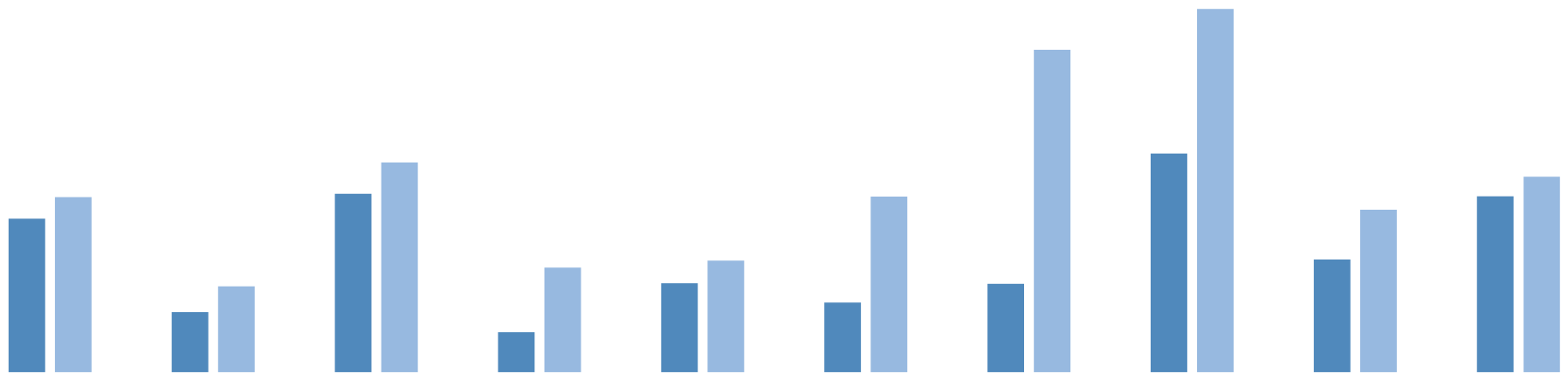
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Beverage enterprises' solvency 2018



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Beverage enterprises' liquidity 2018

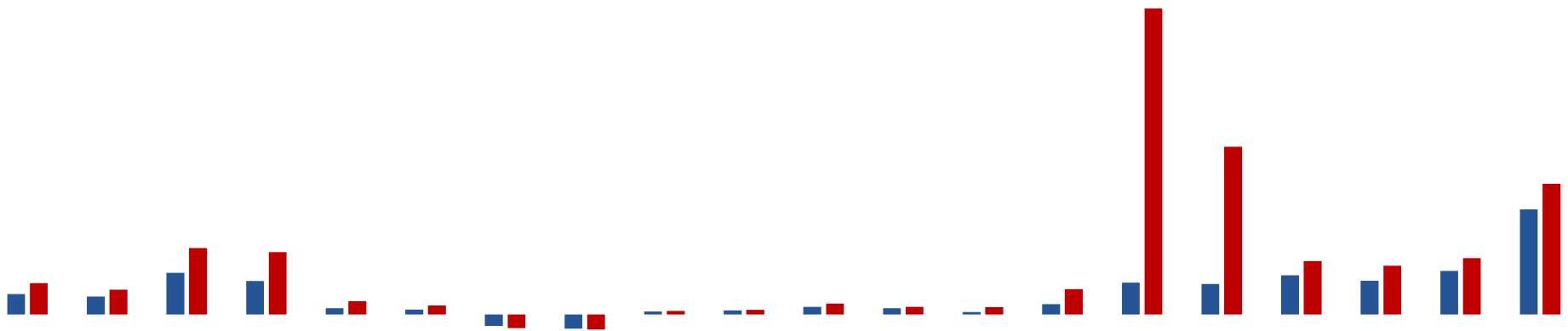


4. Enterprise analysis

4.4. Rate of return

Enterprises almost all have positive rate of return except for

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Rate of return 2017-2018



4. Appendix

Financial statements– Saigon Beer Alcohol Beverage Corporation (Sabeco)

BALANCE STATEMENT

Unit: VND	2017	2018
A. CURRENT ASSETS		
I. Cash and cash equivalents		
II. Short-term investments		
III. Short-term receivables		
1. Customer receivables		
IV. Inventories		
B. NON-CURRENT ASSETS		
I. Long-term receivables		
I. Long-term customer receivables		
II. Fixed assets		
1. Tangible fixed assets		
2. Intangible fixed assets		
TOTAL ASSETS		
A. LIABILITIES		
I. Current liabilities		
II. Non-current liabilities		
B. OWNER'S EQUITY		
TOTAL LIABILITIES AND OWNER'S EQUITY		

INCOME STATEMENT

Unit: VND	2017	2018
Net revenue from sales and services rendered		
Costs of goods sold		
Gross profit from sales and services		
Financing income		
Financial costs		
Interest expenses		
Selling expenses		
General administrative expenses		
Net profit from operating activities		
Profit before tax		
Current corporate income tax expenses		
Deferred corporate income tax expenses		
Profit after tax		

4. Appendix

Financial statements– Heineken Vietnam Brewery Limited Company (VBL)

BALANCE STATEMENT

Unit: VND	2017	2018
A. CURRENT ASSETS		
I. Cash and cash equivalents		
II. Short-term investments		
III. Short-term receivables		
1. Customer receivables		
IV. Inventories		
B. NON-CURRENT ASSETS		
I. Long-term receivables		
I. Long-term customer receivables		
II. Fixed assets		
1. Tangible fixed assets		
2. Intangible fixed assets		
TOTAL ASSETS		
A. LIABILITIES		
I. Current liabilities		
II. Non-current liabilities		
B. OWNER'S EQUITY		
TOTAL LIABILITIES AND OWNER'S EQUITY		

INCOME STATEMENT

Unit: VND	2017	2018
Net revenue from sales and services rendered		
Costs of goods sold		
Gross profit from sales and services		
Financing income		
Financial costs		
Interest expenses		
Selling expenses		
General administrative expenses		
Net profit from operating activities		
Profit before tax		
Current corporate income tax expenses		
Deferred corporate income tax expenses		
Profit after tax		

4. Appendix

Financial statements– Hanoi Beer Alcohol and Beverage Joint Stock Corporation

BALANCE STATEMENT

Unit: VND	2017	2018
A. CURRENT ASSETS		
I. Cash and cash equivalents		
II. Short-term investments		
III. Short-term receivables		
1. Customer receivables		
IV. Inventories		
B. NON-CURRENT ASSETS		
I. Long-term receivables		
I. Long-term customer receivables		
II. Fixed assets		
1. Tangible fixed assets		
2. Intangible fixed assets		
TOTAL ASSETS		
A. LIABILITIES		
I. Current liabilities		
II. Non-current liabilities		
B. OWNER'S EQUITY		
TOTAL LIABILITIES AND OWNER'S EQUITY		

INCOME STATEMENT

Unit: VND	2017	2018
Net revenue from sales and services rendered		
Costs of goods sold		
Gross profit from sales and services		
Financing income		
Financial costs		
Interest expenses		
Selling expenses		
General administrative expenses		
Net profit from operating activities		
Profit before tax		
Current corporate income tax expenses		
Deferred corporate income tax expenses		
Profit after tax		

4. Appendix

Financial statements– Hanoi Liquor JSC

BALANCE STATEMENT

Unit: VND	2017	2018
A. CURRENT ASSETS		
I. Cash and cash equivalents		
II. Short-term investments		
III. Short-term receivables		
1. Customer receivables		
IV. Inventories		
B. NON-CURRENT ASSETS		
I. Long-term receivables		
I. Long-term customer receivables		
II. Fixed assets		
1. Tangible fixed assets		
2. Intangible fixed assets		
TOTAL ASSETS		
A. LIABILITIES		
I. Current liabilities		
II. Non-current liabilities		
B. OWNER'S EQUITY		
TOTAL LIABILITIES AND OWNER'S EQUITY		

INCOME STATEMENT

Unit: VND	2017	2018
Net revenue from sales and services rendered		
Costs of goods sold		
Gross profit from sales and services		
Financing income		
Financial costs		
Interest expenses		
Selling expenses		
General administrative expenses		
Net profit from operating activities		
Profit before tax		
Current corporate income tax expenses		
Deferred corporate income tax expenses		
Profit after tax		

4. Appendix

Financial statements– Hanoi Liquor JSC

BALANCE STATEMENT

Unit: VND	2017	2018
A. CURRENT ASSETS		
I. Cash and cash equivalents		
II. Short-term investments		
III. Short-term receivables		
1. Customer receivables		
IV. Inventories		
B. NON-CURRENT ASSETS		
I. Long-term receivables		
I. Long-term customer receivables		
II. Fixed assets		
1. Tangible fixed assets		
2. Intangible fixed assets		
TOTAL ASSETS		
A. LIABILITIES		
I. Current liabilities		
II. Non-current liabilities		
B. OWNER'S EQUITY		
TOTAL LIABILITIES AND OWNER'S EQUITY		

INCOME STATEMENT

Unit: VND	2017	2018
Net revenue from sales and services rendered		
Costs of goods sold		
Gross profit from sales and services		
Financing income		
Financial costs		
Interest expenses		
Selling expenses		
General administrative expenses		
Net profit from operating activities		
Profit before tax		
Current corporate income tax expenses		
Deferred corporate income tax expenses		
Profit after tax		

4. Appendix

Financial statements– Binh Tay Alcohol JSC

BALANCE STATEMENT

Unit: VND	2017	2018
A. CURRENT ASSETS		
I. Cash and cash equivalents		
II. Short-term investments		
III. Short-term receivables		
1. Customer receivables		
IV. Inventories		
B. NON-CURRENT ASSETS		
I. Long-term receivables		
I. Long-term customer receivables		
II. Fixed assets		
1. Tangible fixed assets		
2. Intangible fixed assets		
TOTAL ASSETS		
A. LIABILITIES		
I. Current liabilities		
II. Non-current liabilities		
B. OWNER'S EQUITY		
TOTAL LIABILITIES AND OWNER'S EQUITY		

INCOME STATEMENT

Unit: VND	2017	2018
Net revenue from sales and services rendered		
Costs of goods sold		
Gross profit from sales and services		
Financing income		
Financial costs		
Interest expenses		
Selling expenses		
General administrative expenses		
Net profit from operating activities		
Profit before tax		
Current corporate income tax expenses		
Deferred corporate income tax expenses		
Profit after tax		

4. Appendix

Financial statements– *Ladofood Co., Ltd*

BALANCE STATEMENT

Unit: VND	2017	2018
A. CURRENT ASSETS		
I. Cash and cash equivalents		
II. Short-term investments		
III. Short-term receivables		
1. Customer receivables		
IV. Inventories		
B. NON-CURRENT ASSETS		
I. Long-term receivables		
I. Long-term customer receivables		
II. Fixed assets		
1. Tangible fixed assets		
2. Intangible fixed assets		
TOTAL ASSETS		
A. LIABILITIES		
I. Current liabilities		
II. Non-current liabilities		
B. OWNER'S EQUITY		
TOTAL LIABILITIES AND OWNER'S EQUITY		

INCOME STATEMENT

Unit: VND	2017	2018
Net revenue from sales and services rendered		
Costs of goods sold		
Gross profit from sales and services		
Financing income		
Financial costs		
Interest expenses		
Selling expenses		
General administrative expenses		
Net profit from operating activities		
Profit before tax		
Current corporate income tax expenses		
Deferred corporate income tax expenses		
Profit after tax		

4. Appendix

Financial statements– *Thang Long Wine JSC*

BALANCE STATEMENT

Unit: VND	2017	2018
A. CURRENT ASSETS		
I. Cash and cash equivalents		
II. Short-term investments		
III. Short-term receivables		
1. Customer receivables		
IV. Inventories		
B. NON-CURRENT ASSETS		
I. Long-term receivables		
I. Long-term customer receivables		
II. Fixed assets		
1. Tangible fixed assets		
2. Intangible fixed assets		
TOTAL ASSETS		
A. LIABILITIES		
I. Current liabilities		
II. Non-current liabilities		
B. OWNER'S EQUITY		
TOTAL LIABILITIES AND OWNER'S EQUITY		

INCOME STATEMENT

Unit: VND	2017	2018
Net revenue from sales and services rendered		
Costs of goods sold		
Gross profit from sales and services		
Financing income		
Financial costs		
Interest expenses		
Selling expenses		
General administrative expenses		
Net profit from operating activities		
Profit before tax		
Current corporate income tax expenses		
Deferred corporate income tax expenses		
Profit after tax		

4. Appendix

Financial statements– Tan Hiep Phat (THP) Beverage Corporation

BALANCE STATEMENT

Unit: VND	2017	2018
A. CURRENT ASSETS		
I. Cash and cash equivalents		
II. Short-term investments		
III. Short-term receivables		
1. Customer receivables		
IV. Inventories		
B. NON-CURRENT ASSETS		
I. Long-term receivables		
I. Long-term customer receivables		
II. Fixed assets		
1. Tangible fixed assets		
2. Intangible fixed assets		
TOTAL ASSETS		
A. LIABILITIES		
I. Current liabilities		
II. Non-current liabilities		
B. OWNER'S EQUITY		
TOTAL LIABILITIES AND OWNER'S EQUITY		

INCOME STATEMENT

Unit: VND	2017	2018
Net revenue from sales and services rendered		
Costs of goods sold		
Gross profit from sales and services		
Financing income		
Financial costs		
Interest expenses		
Selling expenses		
General administrative expenses		
Net profit from operating activities		
Profit before tax		
Current corporate income tax expenses		
Deferred corporate income tax expenses		
Profit after tax		

4. Appendix

Financial statements– URC Vietnam Co., Ltd

BALANCE STATEMENT

Unit: VND	2017	2018
A. CURRENT ASSETS		
I. Cash and cash equivalents		
II. Short-term investments		
III. Short-term receivables		
1. Customer receivables		
IV. Inventories		
B. NON-CURRENT ASSETS		
I. Long-term receivables		
I. Long-term customer receivables		
II. Fixed assets		
1. Tangible fixed assets		
2. Intangible fixed assets		
TOTAL ASSETS		
A. LIABILITIES		
I. Current liabilities		
II. Non-current liabilities		
B. OWNER'S EQUITY		
TOTAL LIABILITIES AND OWNER'S EQUITY		

INCOME STATEMENT

Unit: VND	2017	2018
Net revenue from sales and services rendered		
Costs of goods sold		
Gross profit from sales and services		
Financing income		
Financial costs		
Interest expenses		
Selling expenses		
General administrative expenses		
Net profit from operating activities		
Profit before tax		
Current corporate income tax expenses		
Deferred corporate income tax expenses		
Profit after tax		

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Financial statements– URC Vietnam Co., Ltd

BALANCE STATEMENT

Unit: VND	2017	2018
A. CURRENT ASSETS		
I. Cash and cash equivalents		
II. Short-term investments		
III. Short-term receivables		
1. Customer receivables		
IV. Inventories		
B. NON-CURRENT ASSETS		
I. Long-term receivables		
I. Long-term customer receivables		
II. Fixed assets		
1. Tangible fixed assets		
2. Intangible fixed assets		
TOTAL ASSETS		
A. LIABILITIES		
I. Current liabilities		
II. Non-current liabilities		
B. OWNER'S EQUITY		
TOTAL LIABILITIES AND OWNER'S EQUITY		

INCOME STATEMENT

Unit: VND	2017	2018
Net revenue from sales and services rendered		
Costs of goods sold		
Gross profit from sales and services		
Financing income		
Financial costs		
Interest expenses		
Selling expenses		
General administrative expenses		
Net profit from operating activities		
Profit before tax		
Current corporate income tax expenses		
Deferred corporate income tax expenses		
Profit after tax		

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