

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



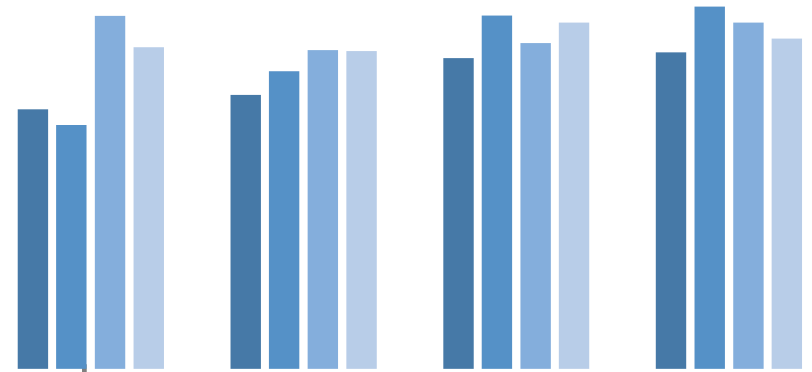
1. Business environment

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.

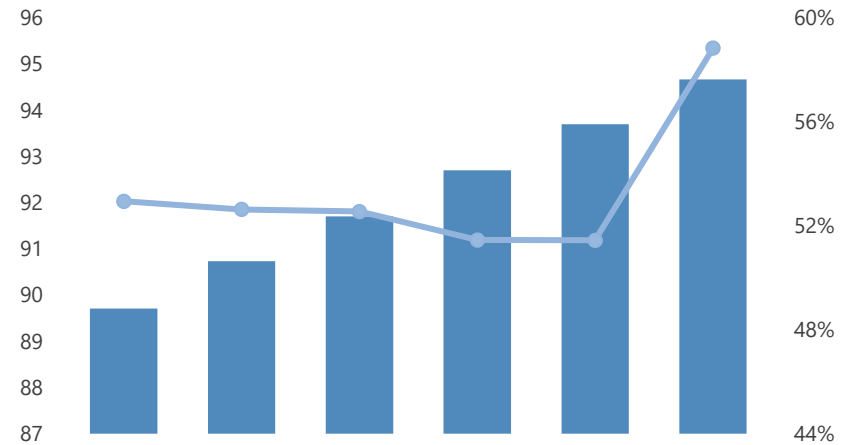
GDP growth rate by quarter, 2016 - 2019



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Source: VIRAC, GSO

Total population and working age population 2013–2018

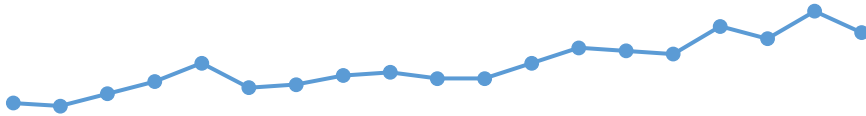


Source: VIRAC, GSO

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

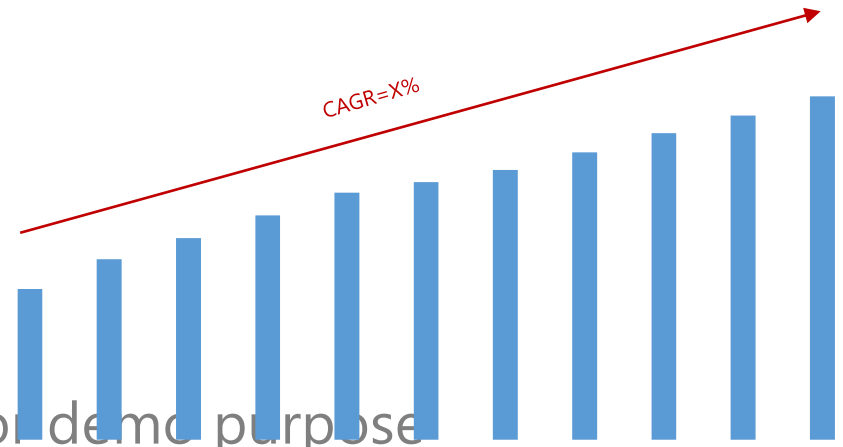
- ❖ Consumer price index (CPI) in 2019 increased by X% over the same period in 2018,
- ❖ According to the Nielsen Consumer Confidence index report, Vietnam's consumer confidence index in the fourth quarter of 2018 was at X percentage points.

1. Business environment

1.1. Macroeconomic situation

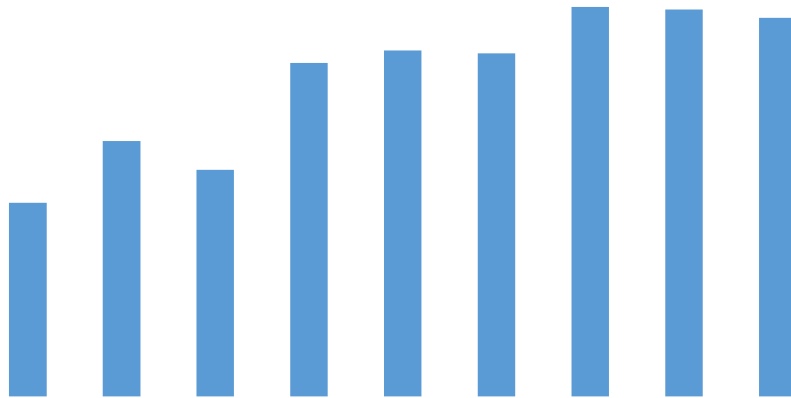
The disposable income tends to increase, which is a positive factor promoting domestic spending on Beverage industry.

Total disposable income, 2010–2020f



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:

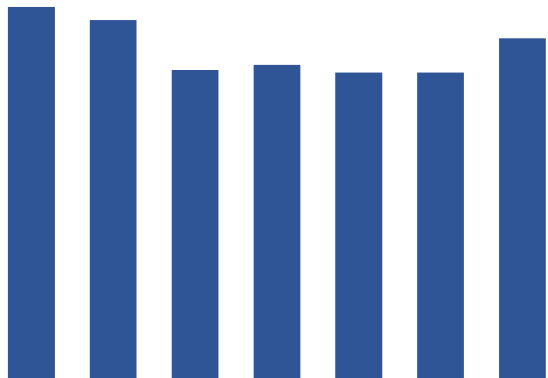
Circular No. 29/2012/TT-BCT

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

Legal framework of Beverage industry

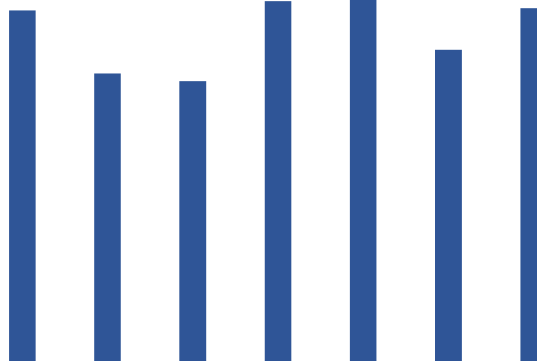
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Enterprises in the manufacture of Beer industry 2010–2016



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

2. GLOBAL MARKET



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.

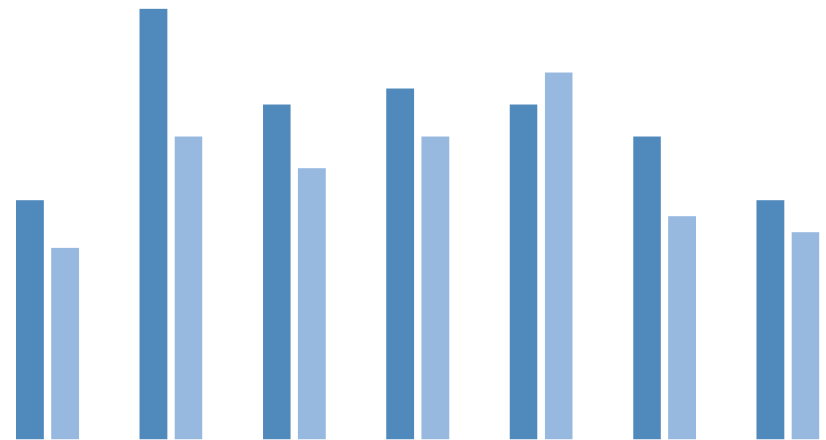
In 2017, global beer production is estimated to decrease by X% to X million liters.

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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

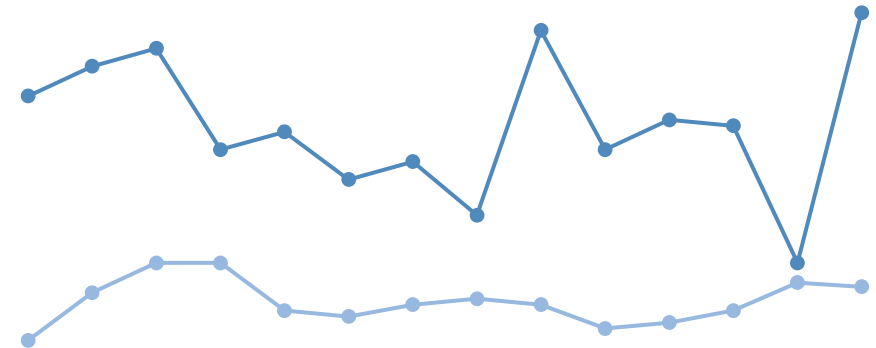


2. Global market

2.2. 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

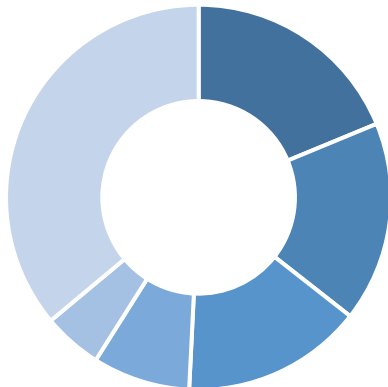
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Top 5 Wine producing countries, 2017–2018

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

Source: VIRAC, OIV

Market share of top 5 Wine producing countries 2018e



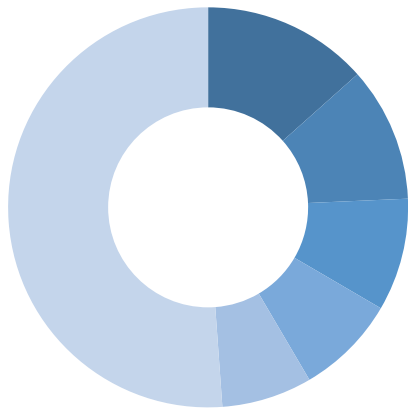
Source: VIRAC, OIV

2. Global market

2.2. Alcohol

In terms of consumption, Wine demand in general remained stable

Market share of top 5 Wine consuming countries 2018



Source: VIRAC, OIV

Top Wine consuming countries, 2017- 2018

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

Source: VIRAC, OIV

2. Global market

2.2. Alcohol

Spirits

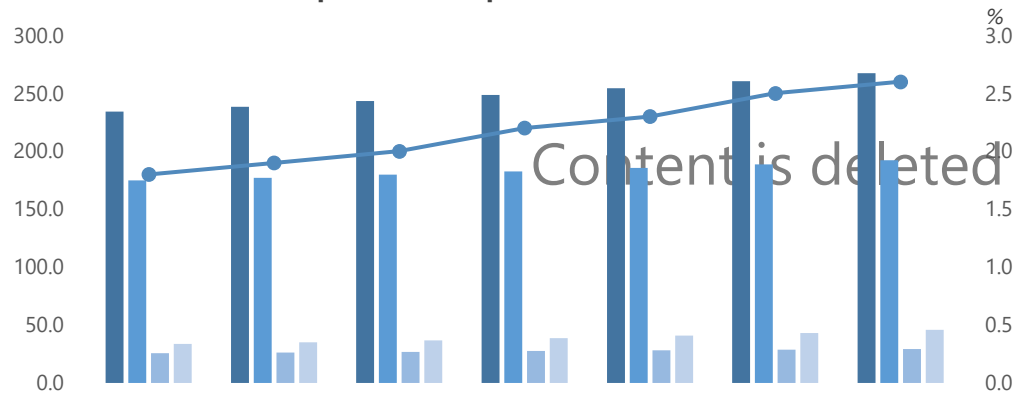
The main product lines in the world today are:

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2. Global market

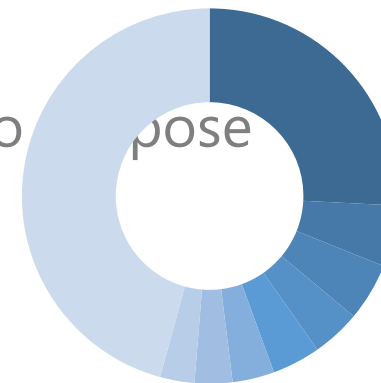
2.2. Alcohol

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

2.2. Alcohol

The world's most famous wines 2016

Rank	Change	Wine type	Total score	Total brand score	Number of brands in top 10

Source: VIRAC, drinkpowerbrands.com

The world's most famous wine brands 2016

Rank	Wine type	Brand score	Change

Source: VIRAC, drinkpowerbrands.com

for

According to a report by The World's Most Powerful Spirits & Wine Brands in 2016 from www.drinkpowerbrands.com, 2015 was a less successful year for the world's most famous Alcohol brands.

2. Global market

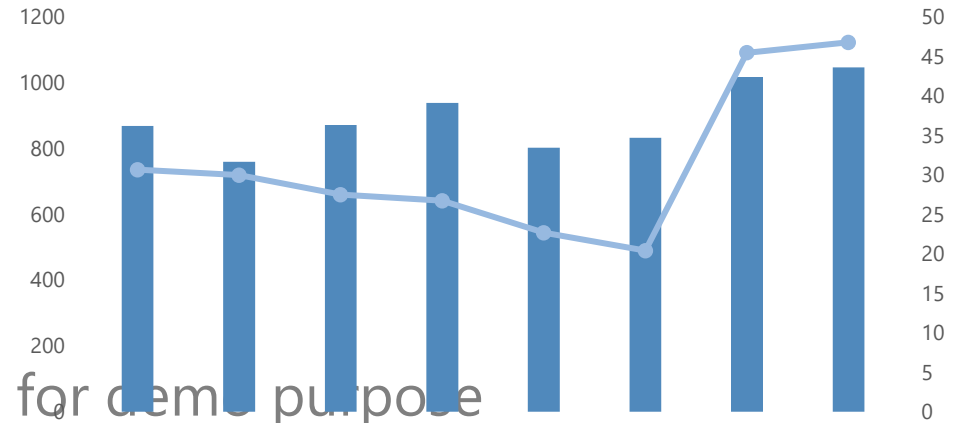
2.3. Soft drink

Soft drink (Non-alcoholic beverages)

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

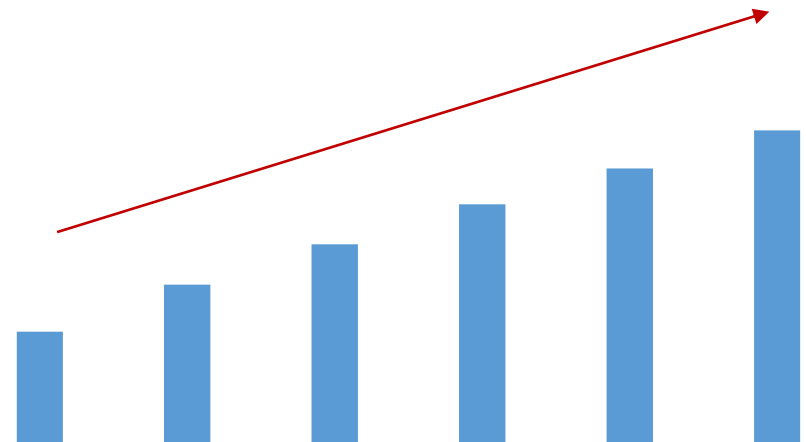
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Soft drink export volume and value 2010-2017e



Source: VIRAC, Uncomtrade

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



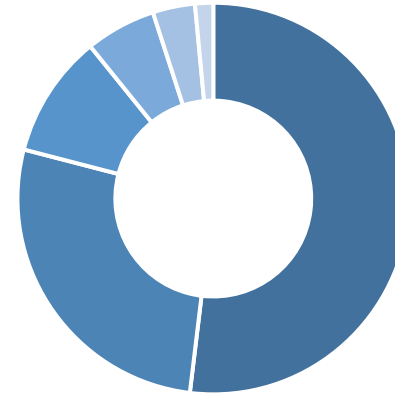
Source: VIRAC, Euromonitor

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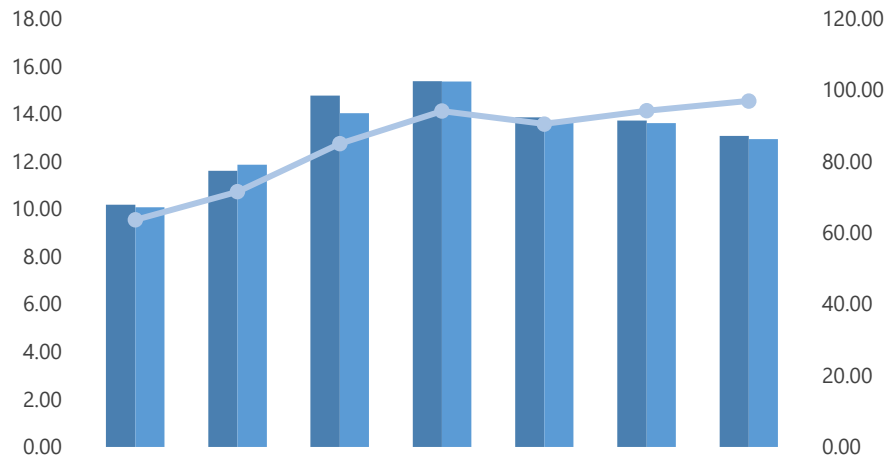
Rank		Logo	Brand	Enterprise	Brand value (million USD)		Change 17/18 (%)	Brand ranking
2017	2018				2017	2018		

3. VIETNAM MARKET

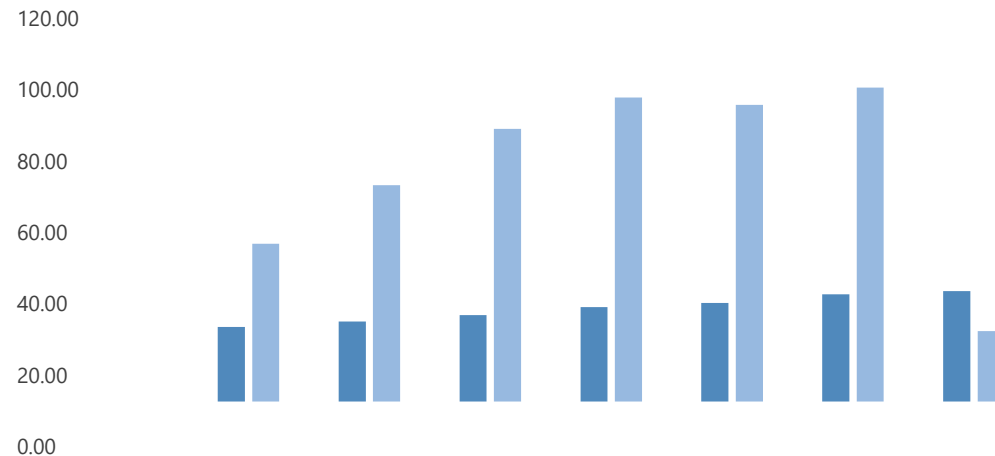


3. Vietnam market

Vietnam's beverage market, 2013 - 2019



Beverage import – export 2013 -2019



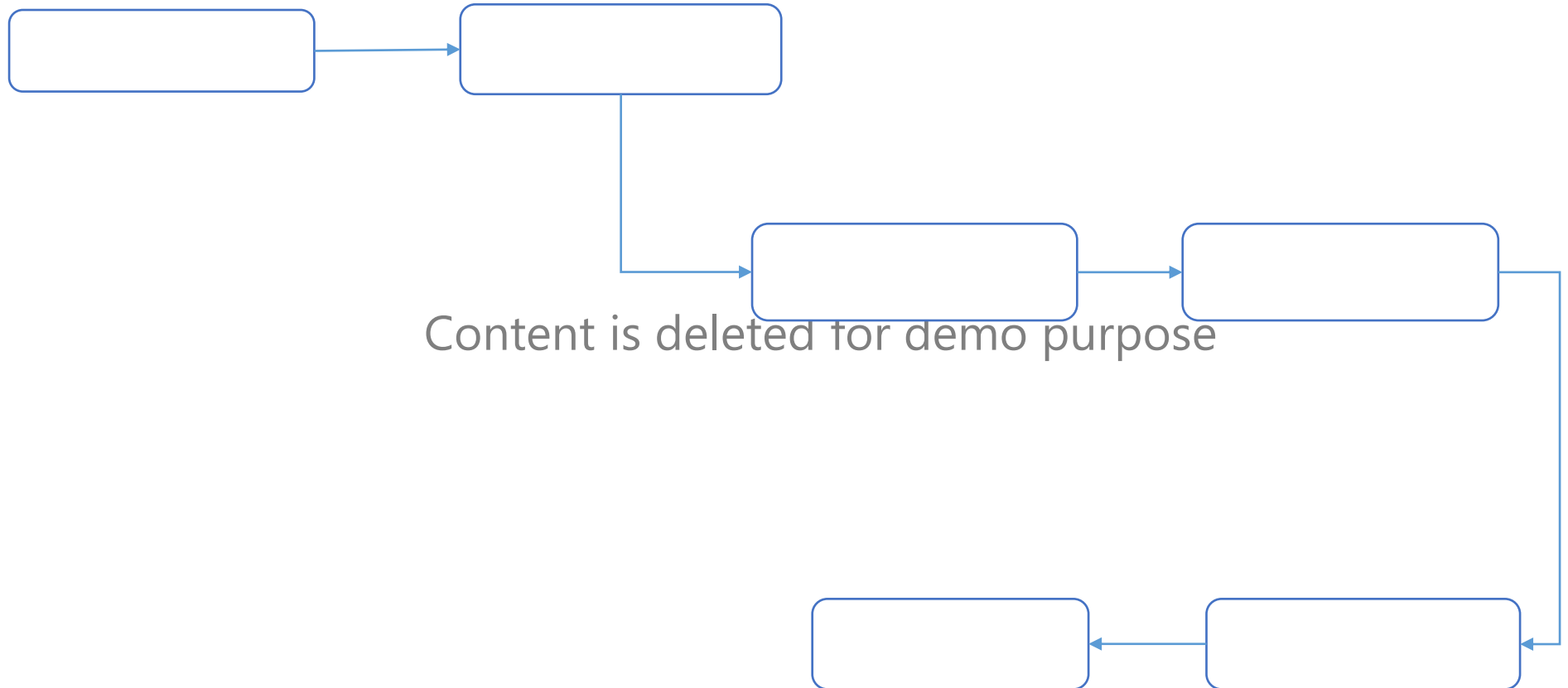
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Source: VIRAC, GSO

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

3. Vietnam market

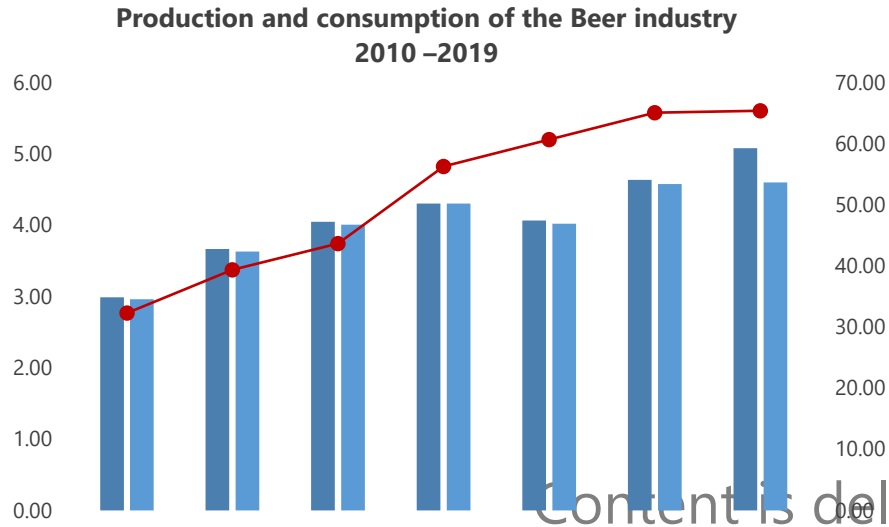
3.1. Beer – Value chain



Source: VIRAC

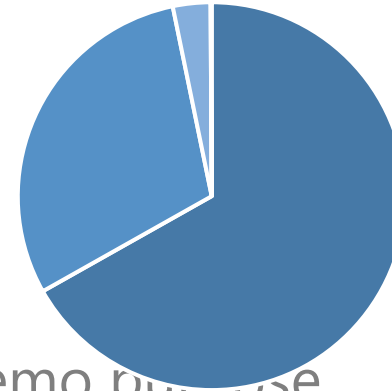
3. Vietnam market

3.1. Beer – 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

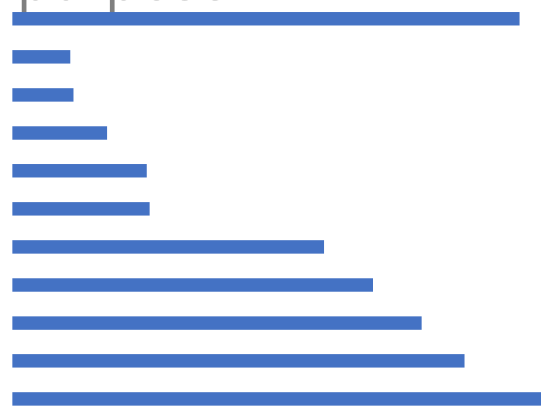
Enterprises' domestic market share 2018



Source: VIRAC, Euromonitor

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Top Beer brands in Vietnam, 2018



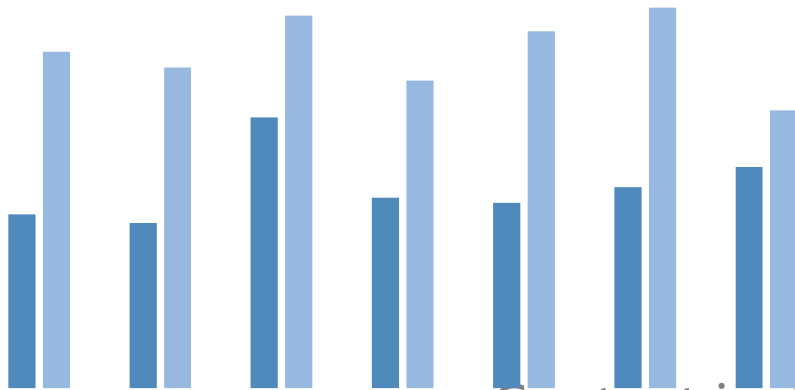
Source: VIRAC, Euromonitor

3. Vietnam market

3.1. Beer – Import - Export

Beer import – export 2010 – 2019

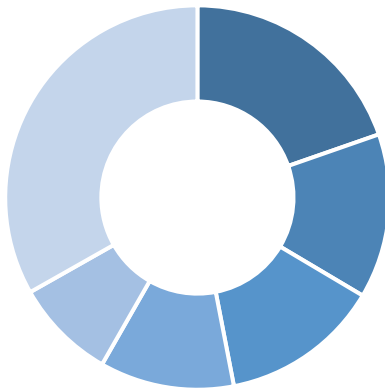
- Compared to beer consumption in Vietnam, beer imports into Vietnam account for a relatively small proportion.



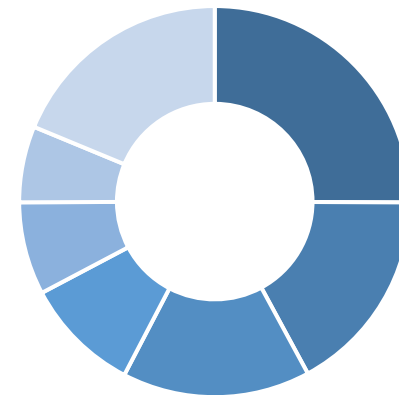
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Source: VIRAC, United Nations Trade Statistics, GDVC

Beer exports by country, 2019



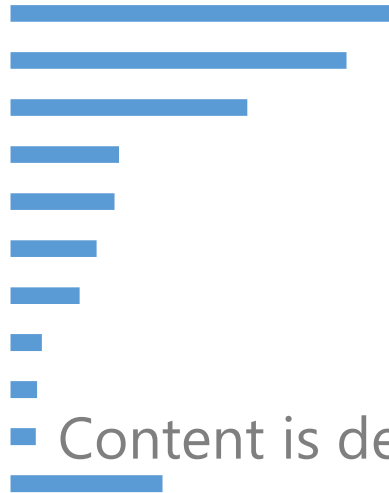
Beer imports by country, 2019



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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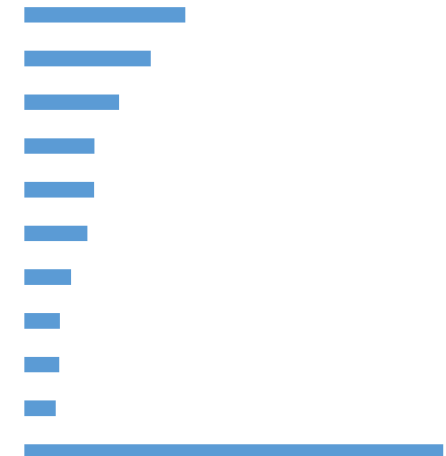
Source: VIRAC, GDVC

Source: VIRAC, GDVC

Top Beer importing enterprises in Vietnam, 2019e



Top enterprises exporting Beer to Vietnam, 2019e



Source: VIRAC, GDVC

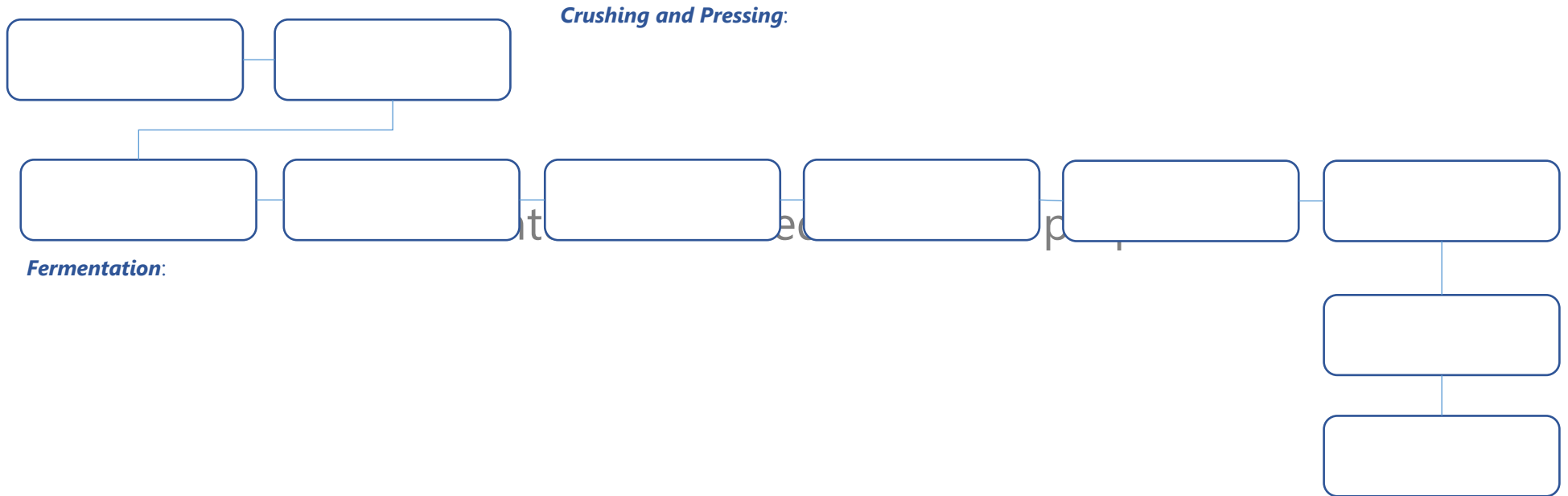
Source: VIRAC, GDVC

3. Vietnam market

3.2. Alcohol – Value chain

Wine

Agriculture – Grape:



Source: VIRAC

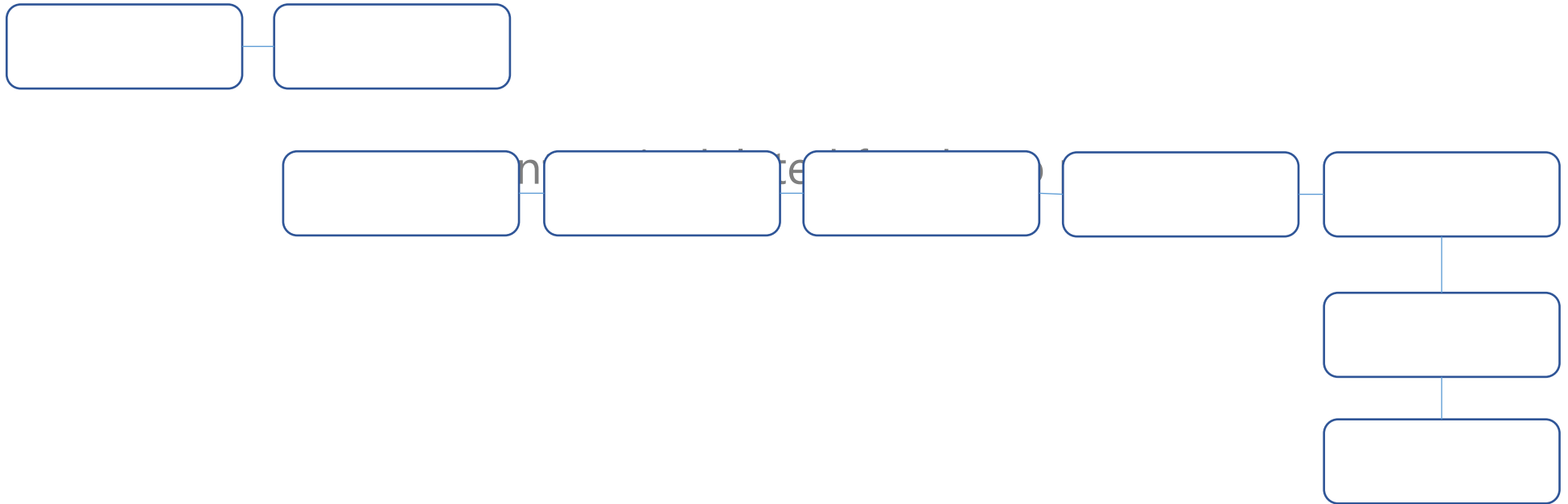
3. Vietnam market

3.2. Alcohol – Value chain

Bottling:

Agents – Consumers:

Spirits

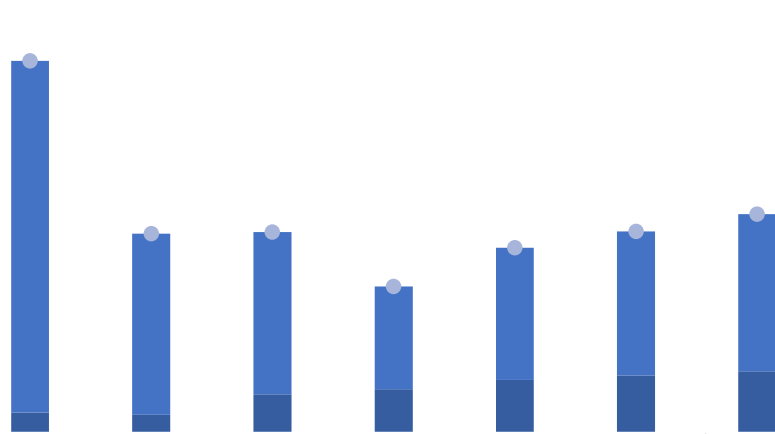


Source: VIRAC

3. Vietnam market

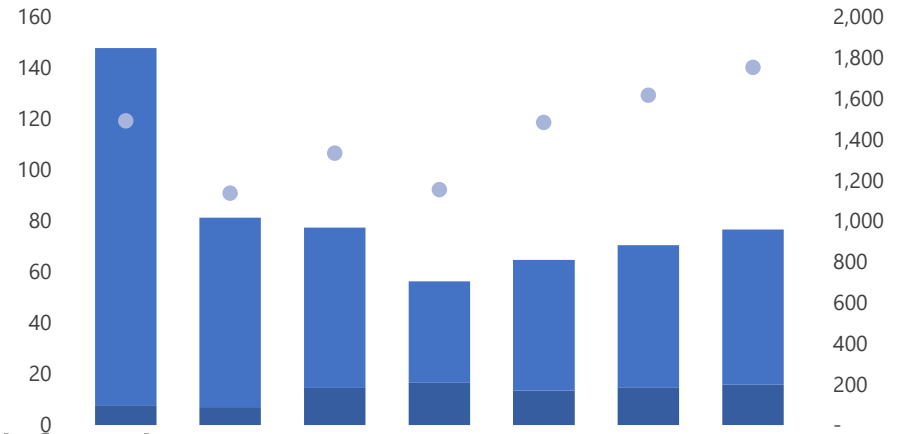
3.2. Alcohol – Production - Consumption

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 – Import - Export

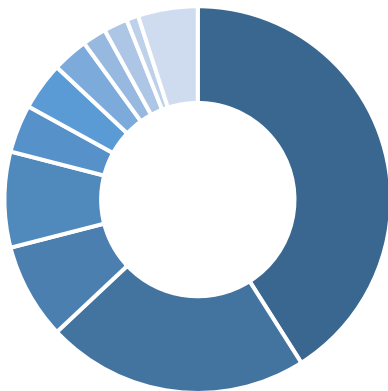
Wine Import - Export 2013-2019

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

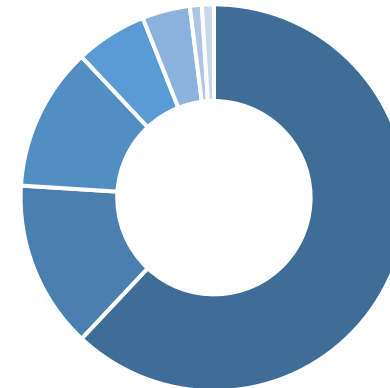


Source: VIRAC, United Nations Trade Statistics, GDVC

Wine importing into Vietnam by country, 2019



Vietnam's wine exporting by country, 2019



3. Vietnam market

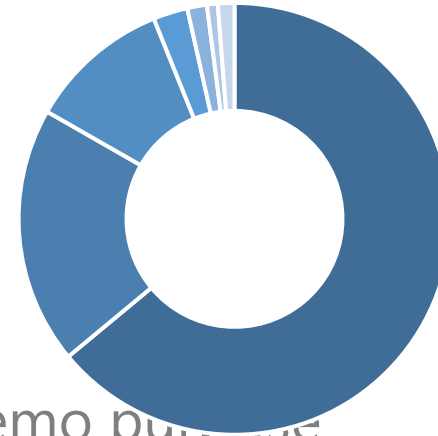
3.2. Alcohol – Import - Export

Top 10 Wine importing enterprises in Vietnam 2019e



Source: VIRAC, GDVC

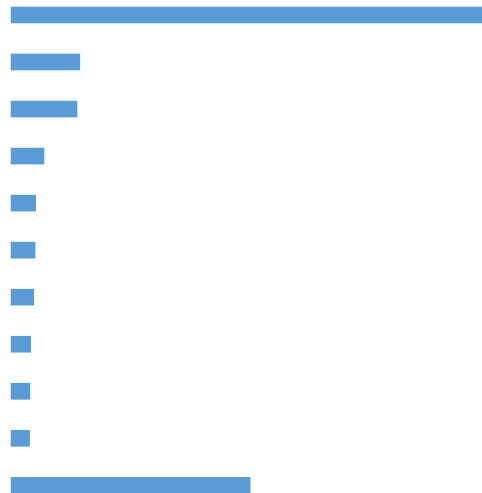
Top 10 Wine exporting enterprises in Vietnam 2019e



Source: VIRAC, GDVC

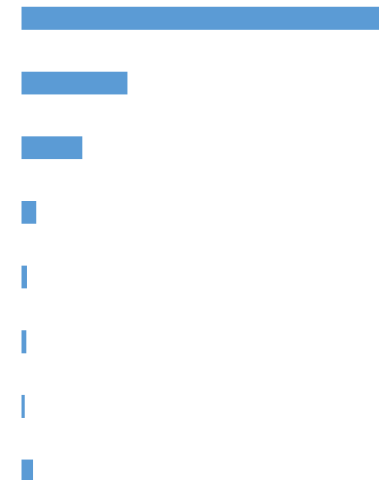
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Top 10 enterprises exporting wine to Vietnam 2019e



Source: VIRAC, GDVC

Top 10 enterprises importing wine from Vietnam 2019e

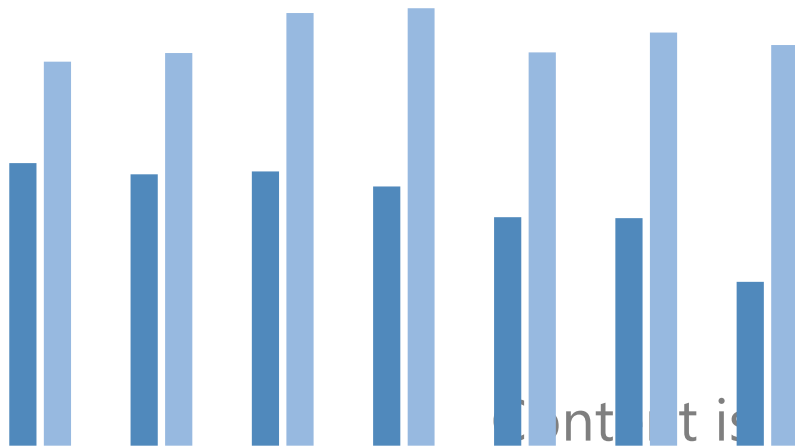


Source: VIRAC, GDVC

3. Vietnam market

3.2. Alcohol – Import - Export

Spirits Import - Export 2013-2019



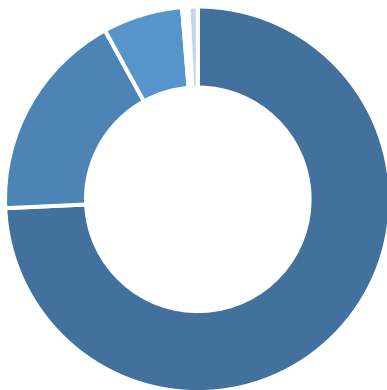
- Spirits imports into Vietnam in 2019 decreased by about X% compared to the previous year.

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

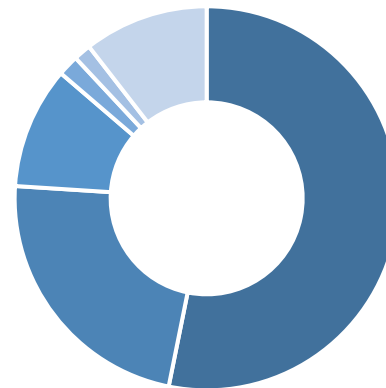
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Source: VIRAC, United Nations Trade Statistics, GDVC

Spirits imports by country 2019



Spirits exporting to Vietnam by country, 2019



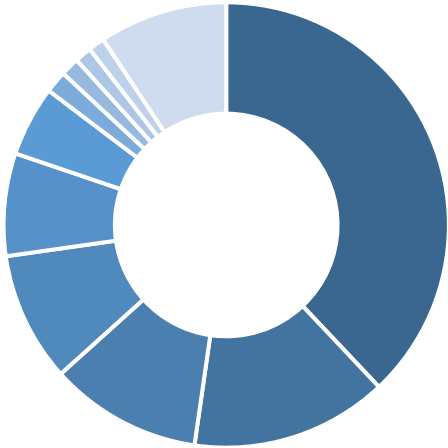
Source: VIRAC, GDVC

Source: VIRAC, GDVC

3. Vietnam market

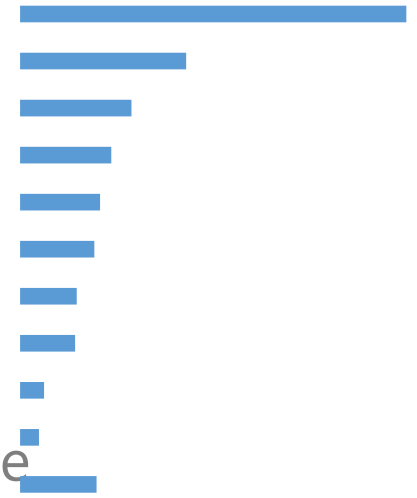
3.2. Alcohol – Import - Export

Top 10 Spirits importing enterprises in Vietnam 2019e



Source: VIRAC, GDVC

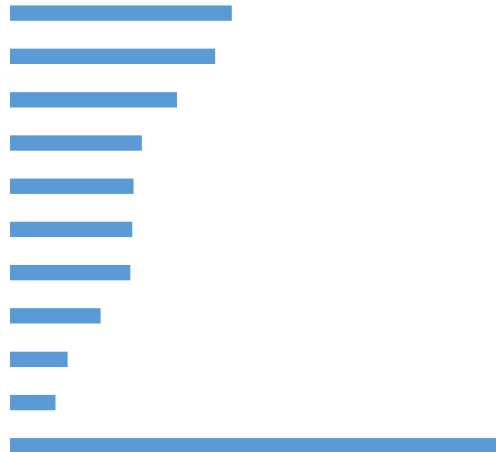
Top 10 Spirits exporting enterprises in Vietnam 2019e



Source: VIRAC, GDVC

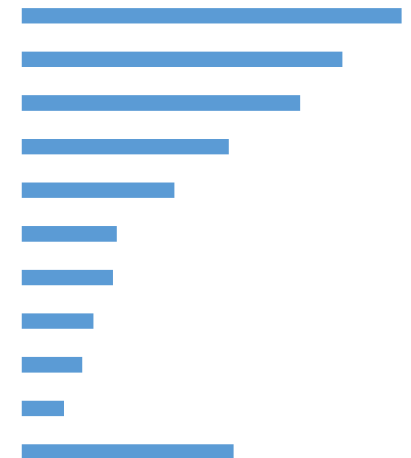
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Top 10 enterprises exporting Spirits to Vietnam 2019e



Source: VIRAC, GDVC

Top 10 enterprises importing Spirits from Vietnam 2019e

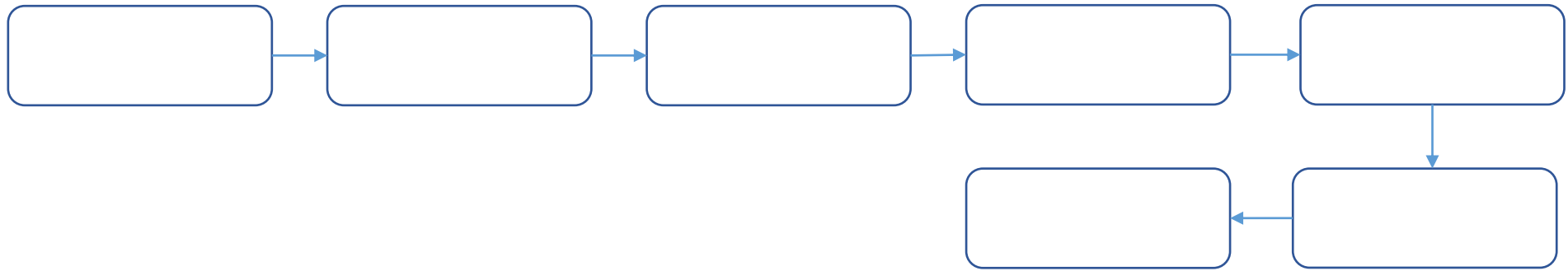


Source: VIRAC, GDVC

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

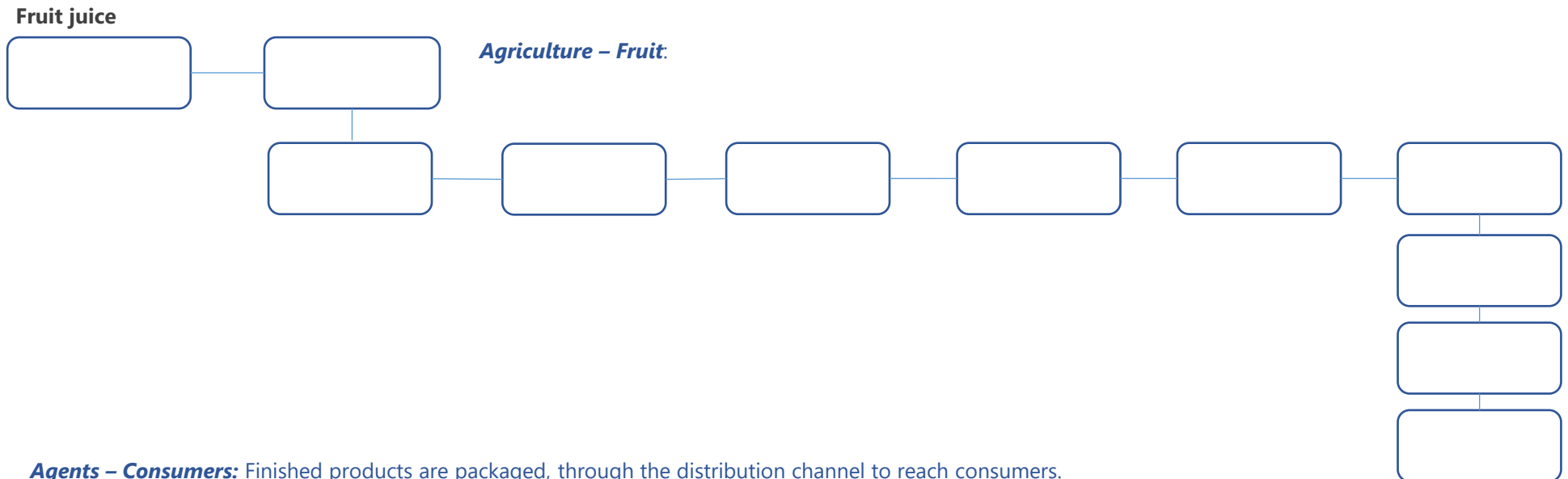
Carbonated soft drink:

Bottle filler – bottle crowner:

Thermal processing:

Bottling – Agents – Consumers:

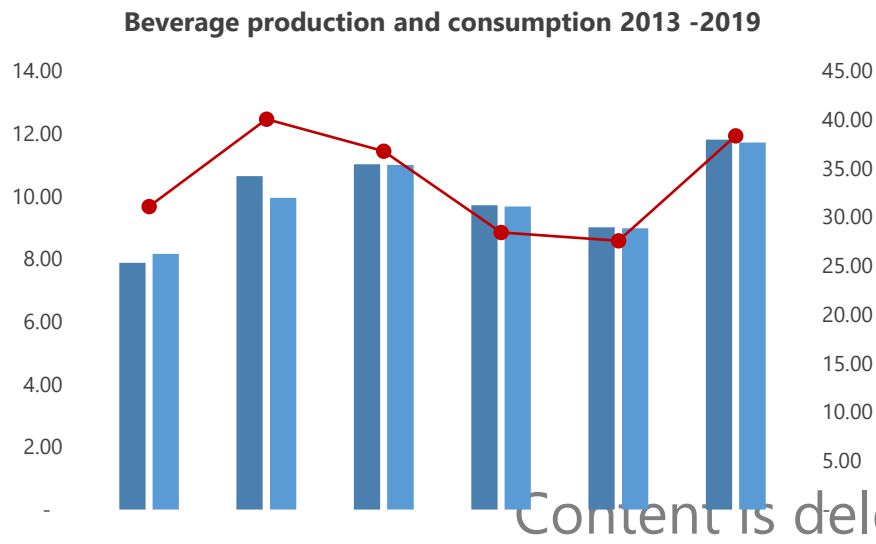
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Agents – Consumers: Finished products are packaged, through the distribution channel to reach consumers.

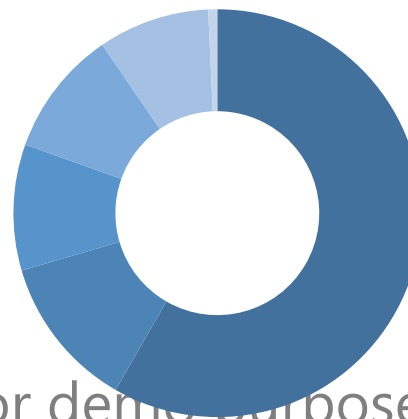
3. Vietnam market

3.3. Soft drink – Production - Consumption



Source: VIRAC, GSO

Beverage consumption (by volume) 2019



Source: VIRAC, GSO

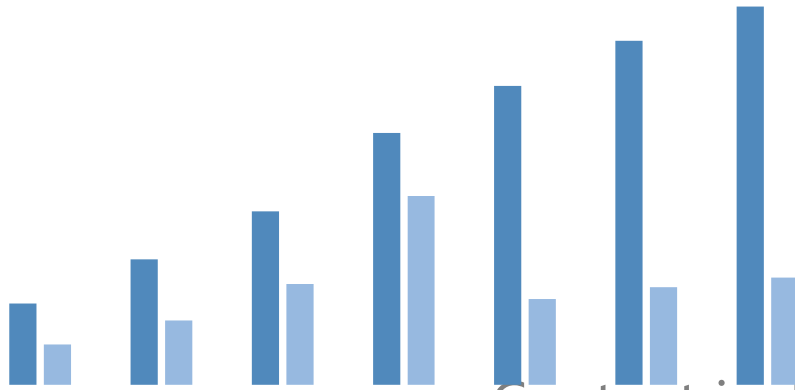
In 2019, Vietnam's beverage production reached X billion liters (an increase of X% compared to 2018), consumption reached X billion liters (an increase of X% compared to 2018), equivalent to X trillion VND (an increase of X%) compared to the same period last year). Reason:

3. Vietnam market

3.3. Soft drink – Import - Export

Fruit juice Import - Export 2013-2019

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

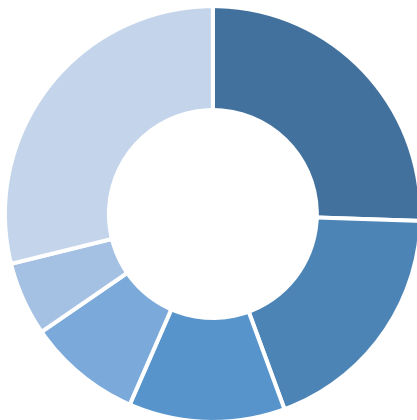


Fruit juice exports also have positive results having increased steadily in the past 5 years.

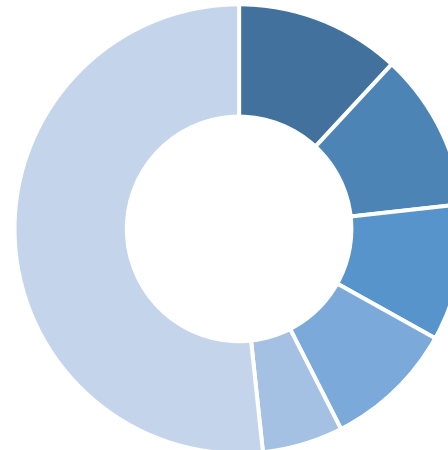
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Source: VIRAC, United Nations Trade Statistics, GDVC

Importing fruit juice into Vietnam by country 2019



Exporting fruit juice from Vietnam by country 2019



Source: VIRAC, GDVC

Source: VIRAC, GDVC

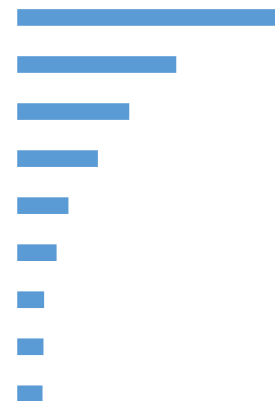
3. Vietnam market

3.3. Soft drink – Import - Export

Top 10 fruit juice exporting enterprises in Vietnam, 2019e



Top 10 fruit juice importing enterprises in Vietnam, 2019e

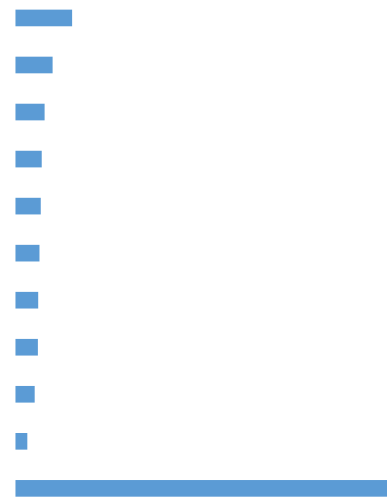


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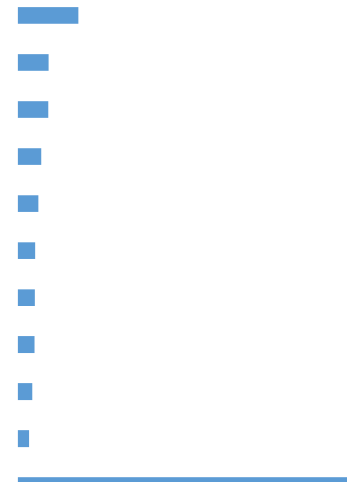
Source: VIRAC, GDVC

Source: VIRAC, GDVC

Top 10 enterprises exporting fruit juice to Vietnam, 2019e



Top 10 enterprises importing fruit juice from Vietnam, 2019e



Source: VIRAC, GDVC

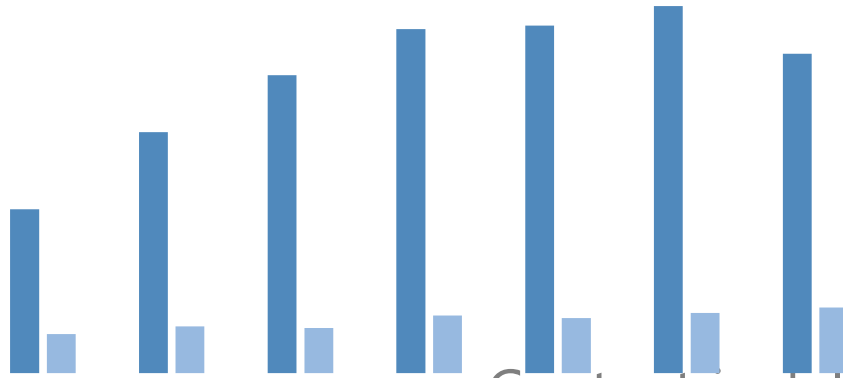
Source: VIRAC, GDVC

3. Vietnam market

3.3. Soft drink – Import - Export

Soft drink Import - Export 2013 - 2019

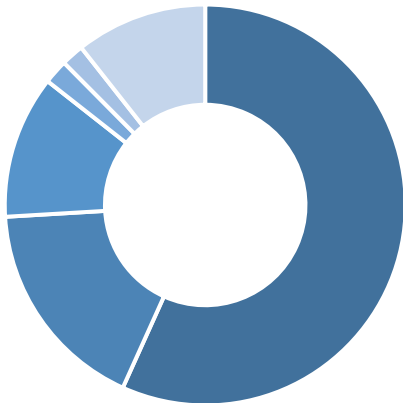
Vietnam's soft drink imports declined in 2019 (by X%) while exports grew steadily.



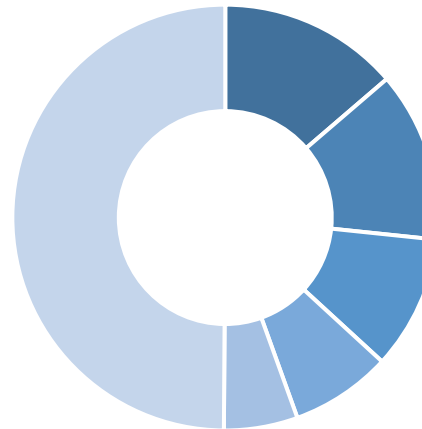
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Source: VIRAC, United Nations Trade Statistics, GDVC

Importing soft drink into Vietnam by country, 2019



Exporting soft drink from Vietnam by country, 2019



3. Vietnam market

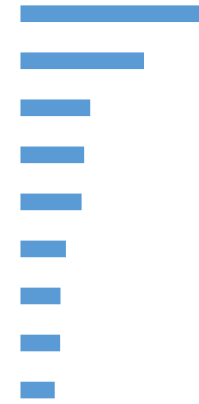
3.3. Soft drink – Import - Export

Top 10 soft drink importing enterprises in Vietnam, 2019e



Source: VIRAC, GDVC

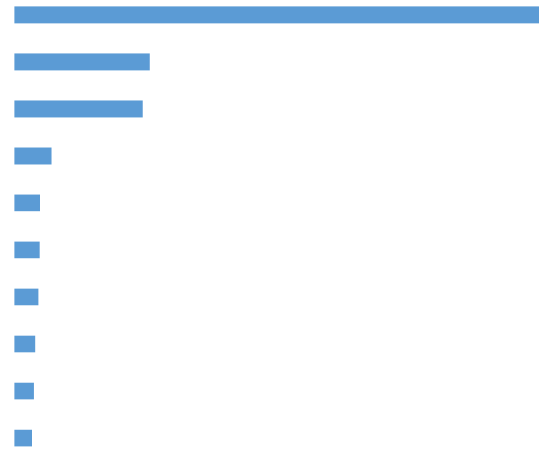
Top 10 soft drink exporting enterprises in Vietnam, 2019e



Source: VIRAC, GDVC

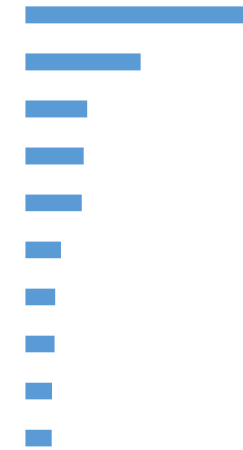
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Top 10 enterprises exporting soft drink to Vietnam, 2019e



Source: VIRAC, GDVC

Top enterprises importing soft drink from Vietnam, 2019e



Source: VIRAC, GDVC

3. Vietnam market

3.4. 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

3.5 Prospects and forecasts - 3.5.1 Driving forces

Population:

Income:

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Lifestyle and spending habit:

Positive impacts of FTAs

Other factors

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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)

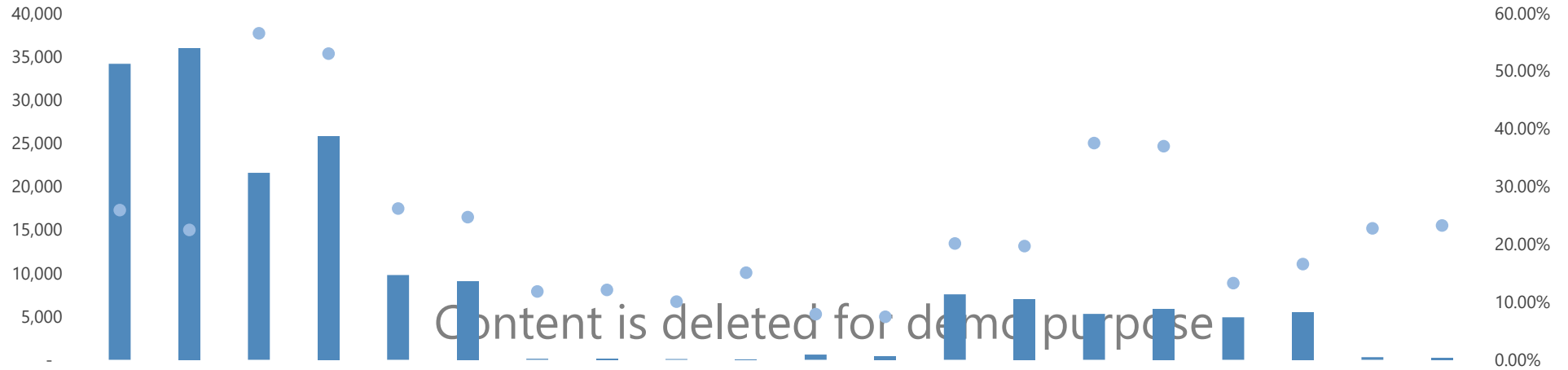
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Source: VIRAC

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.

4. Enterprise analysis

4.1. Profitability

Wine industry

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Soft drink industry

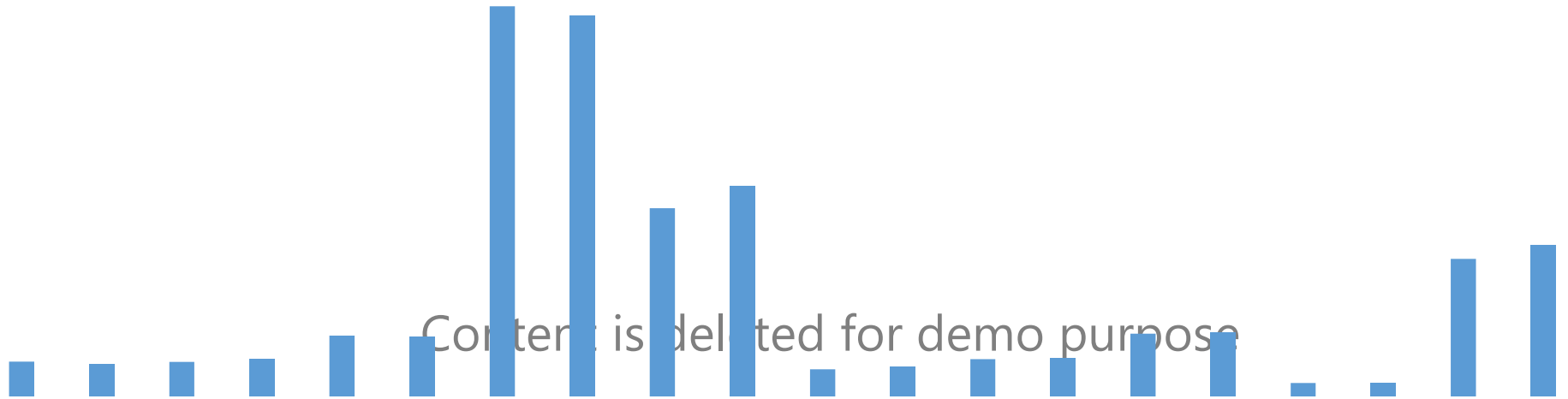
After the positive growth in 2017, Vietnam's beverage market is leveling off,

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4. Enterprise analysis

4.1. Profitability

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



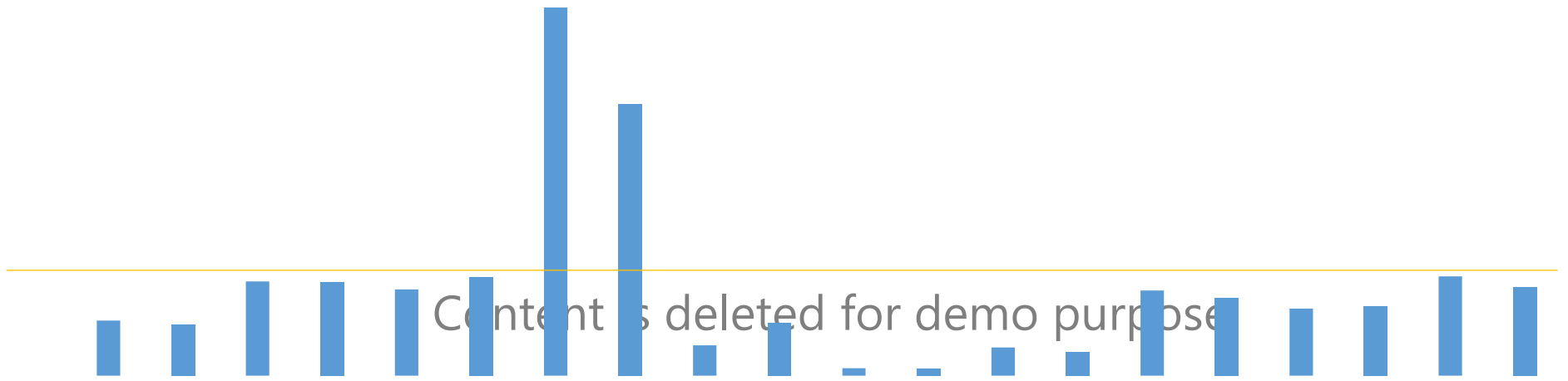
Source: VIRAC

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



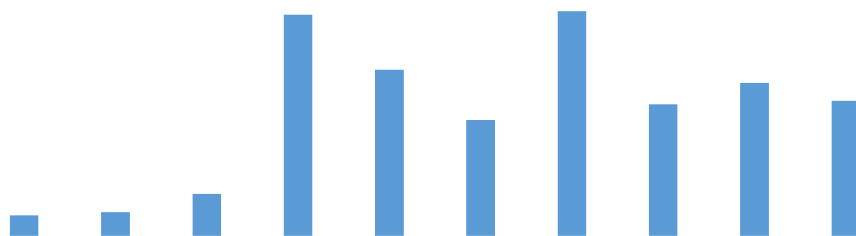
Source: VIRAC

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.

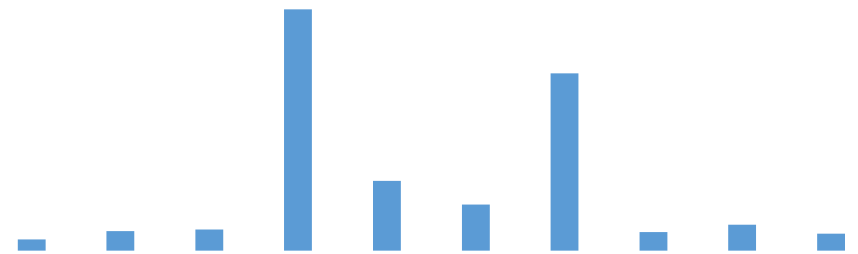
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Enterprises' receivable days 2018



Source: VIRAC

Enterprises' inventory turnover 2018

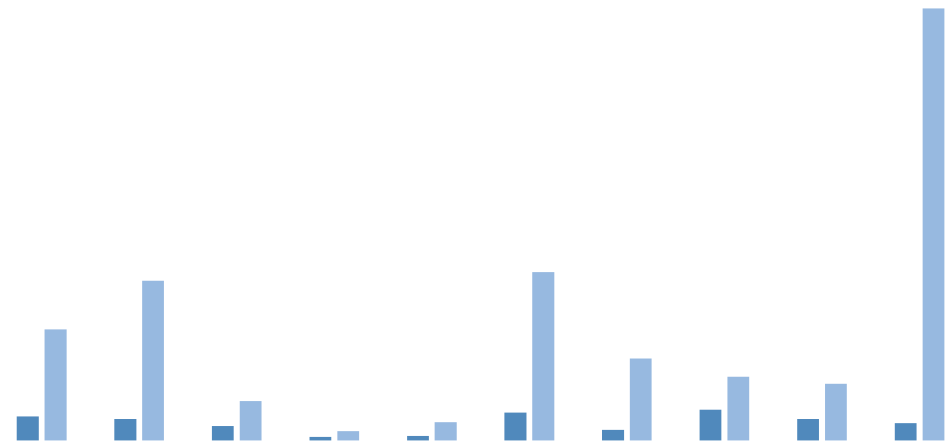


Source: VIRAC

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.

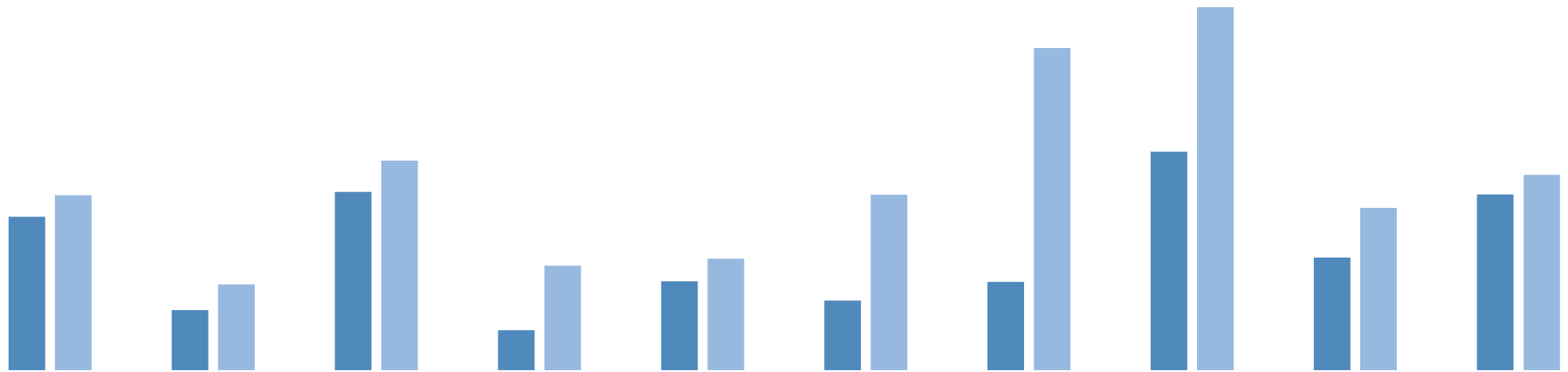
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Beverage enterprises' solvency 2018



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Beverage enterprises' liquidity 2018

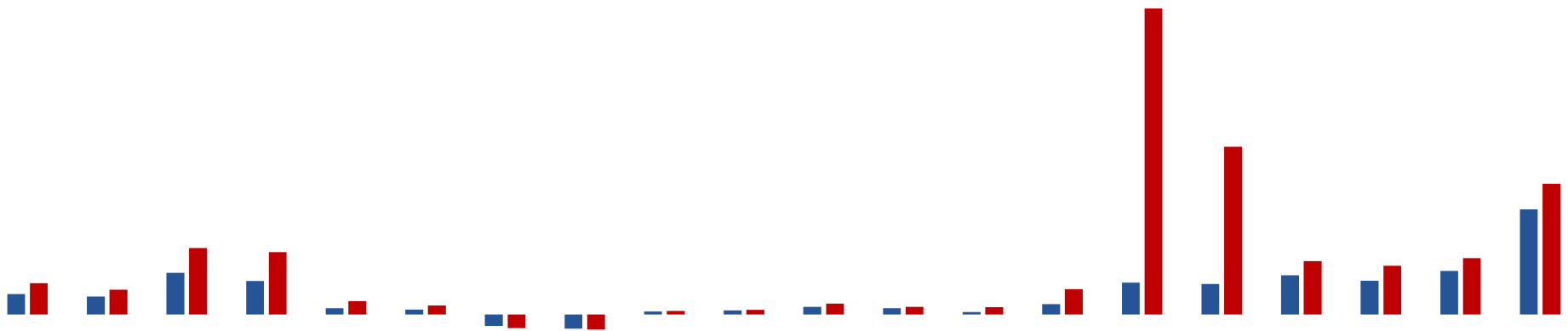


4. Enterprise analysis

4.4. Rate of return

Enterprises almost all have positive rate of return except for

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Rate of return 2017-2018



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Thank you !