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NEWSLETTER
October/2021



CONTENT

1.	INDUSTRY INFORMATION.....	3
2.	THE COMPANY'S PERFORMANCE.....	6
	EXPORT MARKET.....	7
	ORDER SITUATION.....	7
3.	THE COMPANY'S ACTIVITIES	8
	TCM STOCK INFORMATION	8
	SHAREHOLDER INFORMATION.....	9
	FINANCIAL INFORMATION.....	9





1. INDUSTRY INFORMATION

According to the report of the Textile and Apparel Association, in the first nine months of 2021, the total export turnover of Vietnam's textiles and garments is estimated at 29 billion USD, up 13.2% over the same period in 2020, but down 0.04% compared to the same period of 2019. Vitas forecast that the last 3 months of this year will be an extremely difficult time for the textile industry.

Among many risks, the highest risk is that the customer moves the order to another place and the risk of labor shortage due to the laborers returning to their hometown to avoid the epidemic, it is not easy to return immediately. Neither of these problems can be solved in short time.

According to the report from Vitas, in 9 months, the main export items are garments, reaching US\$21.7 billion, up 5% over the same period in 2020 and down 5.4% over the same period in 2019. Fabric exports reached 1.8 billion USD, up 37.4%; fiber exports reached 4 billion USD, up 56.2%; non-woven fabric exports reached USD 557 million, up 77.3%.

Meanwhile, the total import turnover of raw materials and auxiliary materials in 9 months of 2021 is estimated at 18 billion USD, up 27.9% over the same period in 2020 and up 9.5% over the same period in 2019. Thus, within 9 months, the textile and garment industry had a trade surplus of 11 billion USD.

According to the Textile and Apparel Association (VITAS), the industry's 9-month results in 2021 still maintained a good growth compared to the same period in 2020 and nearly 2019. However, this is also the time when textile and garment enterprises have experienced many difficulties.

Specifically, from the beginning of the third quarter of 2021 until now is an extremely difficult time for businesses with the prolonged epidemic situation in 19 southern provinces and cities causing many textile and garment enterprises to close and stop production, moderate production, can't fulfill orders, have to deliver late, deliver goods by plane or have orders canceled by customers, causing disruptions to the supply chain.

Many enterprises in the southern provinces try to arrange production "3 on-site", "1 route, 2 destinations" or "4 green" production plan but only maintain about 10-30% number of laborers going to work with much more expensive cost than usual. Loss not only in terms of economy but also reputation for customers.

In particular, the industry's import-export turnover in August 2021 is estimated to decrease by 15.9% compared to July 2021 and decrease by 2.63% compared to August 2020. Particularly, September exports were estimated at 3 billion USD, continuing to decrease by 9.2% compared to August 2021 and 10.5% compared to September 2020.

According to Vitas, over the past time, most businesses have had to close down or have to reduce at least 60-70% of their employees due to failing to meet the requirements of "3 on-site", "1 route, 2 destinations" or "4 green" production plan, because workers are afraid of infection and don't go to work, a large number have returned to their hometown... making enterprises face many difficulties in terms of labor issues both now and in the future.



Vitas estimates that there will be nearly 1 million textile and garment workers affected by having to leave work, take rotational leave, reduce working hours, take unpaid leave, suspend labor contracts, and reduce income.

With such an epidemic situation, the goal of 2021 to reach the implementation of \$ 39 billion as in 2019 will be very difficult.

According to VITAS, in the average scenario, if the epidemic situation is still complicated, there are still some localities and industrial parks that are blocked and isolated in November 2021, export turnover in 2021 is expected to reach about from 36 to 36.5 billion USD.

The least positive scenario is that the epidemic situation is still complicated until early December 2021, the export turnover of the industry is expected to reach only 33.5-34 billion USD.

VITAS forecasts that in 2022, if the production and business situation returns to normal, Vietnam's textile and garment industry will strive to achieve an export turnover of 39-42 billion USD.

In order to support textile enterprises to stabilize production and business, Mr. Vu Duc Giang, President of Vitas said that, besides saving themselves, businesses also need the support of the Government and ministries, industry and locality to overcome the pandemic.

In particular, Vitas proposed that the state allow enterprises to arrange overtime hours per month higher than the legal regulation of 40 hours/month and not exceeding 300 hours/year so that enterprises can arrange production to solve problems backlog orders after the epidemic, or receive more orders to support the production businesses. This recommendation has been accepted by the Government and has brought positive signals to textile garment enterprises.

In addition, the state focuses on supporting businesses to cut costs and remove cash flow difficulties to prevent enterprises from falling into liquidation, suspending the collection of trade union fees, lowering credit limits, reducing loan interest rates, etc.

In addition, Vitas has coordinated with associations and industries to propose many mechanisms and policies to respond to the COVID-19 pandemic such as: together with recommendations on vaccine issues, issues of changing ways to prevent and recover from epidemics, economic recovery, anti-congestion in the transport stage; about removing mechanisms and policies that are barriers for businesses such as the shortcomings of the draft decree guiding the law on environmental protection, social insurance, etc.

Source: bnews.vn

Nike CEO said that Nike will not leave Vietnam, they are no moving production from Vietnam to other countries.

Most recently, some Nike orders have also been transferred to factories in some other countries to ensure timely delivery and on schedule. Earlier, at a recent meeting with the Prime Minister and



ministries, the CEO of Nike said that they would not leave Vietnam, there was no moving production from Vietnam to other countries.

The outbreak of the Covid-19 pandemic after nearly 2 years has turned a series of production and business plans of many industries upside down. Most notably, Vietnam's "billion-dollar" industry: textiles and apparel and footwear. Currently, when many localities have gradually opened their doors to recover, production continues to be a concern of the textile, garment and footwear enterprises when hundreds of thousands of workers still cannot return.

In the first nine months of the year, the total export turnover of textiles and garments reached 29 billion USD, up 13.2% over the same period in 2020 and down 0.04% over the same period in 2019. However, if calculated by month, export turnover August's exports decreased by 15.9% compared to the previous month, reached 3 billion USD in September, continued to decrease by 9.2% compared to August. Thus, it can be seen that the industry's exports are decreasing in each quarter.

In the first quarter of the year, Vietnam had a lot of businesses that could sign orders until the end of the third quarter, or even the end of the year because major markets such as the US, China or the EU had relaxed the distance at that time, and the demand gradually increased strongly.

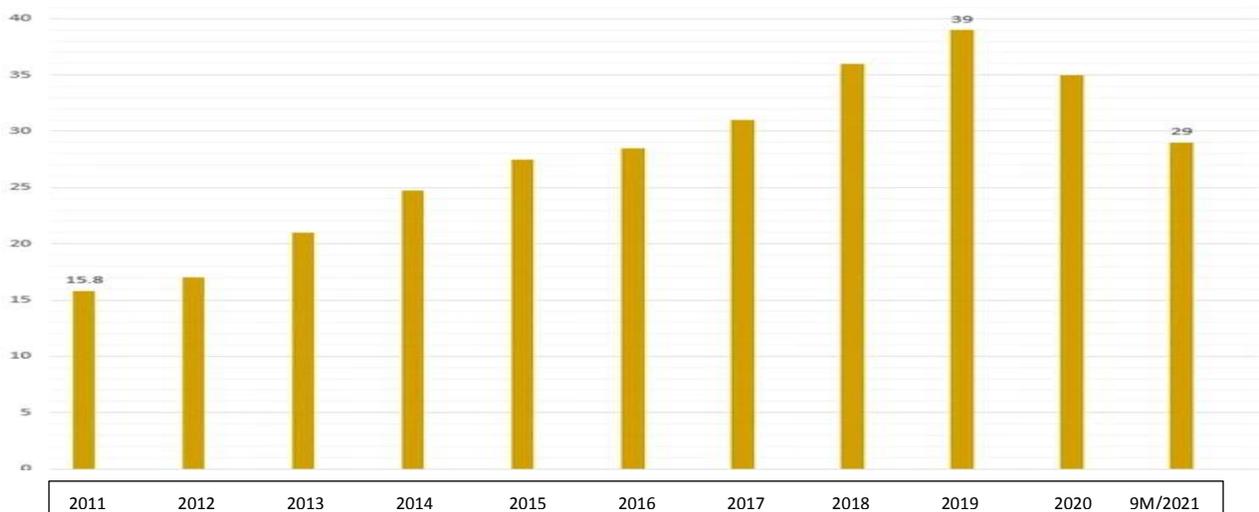
However, in the second quarter, the epidemic broke out in provinces such as Bac Giang, Bac Ninh, then in the third quarter, the epidemic lasted in Ho Chi Minh City and the southern provinces have forced a series of businesses to close, stop production, or have production in moderation, do not fulfill orders, slow delivery...

All these factors have caused textile and footwear enterprises to face the cancellation of orders from their partners. Although trying to arrange production "3 on-site", "1 route - 2 destinations" or "4 green" production plan, it can only maintain about 10-30% of the number of employees, because the cost is high. Vietnam must control the epidemic in order to develop its economy. There is a need to rapidly achieve mass vaccination coverage, which concerns both vaccine supply and vaccination deployment and considers this the most important task.

VIET NAM TEXTILE GARMENT EXPORT TURNOVER 2011-2021

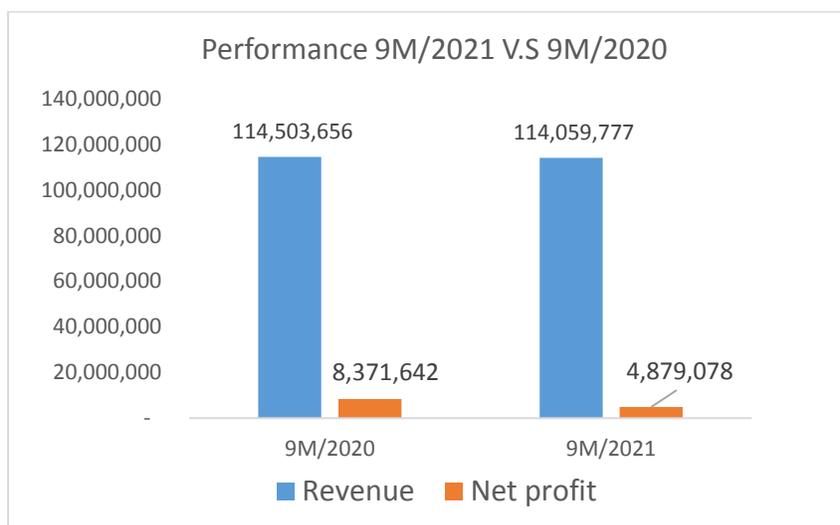
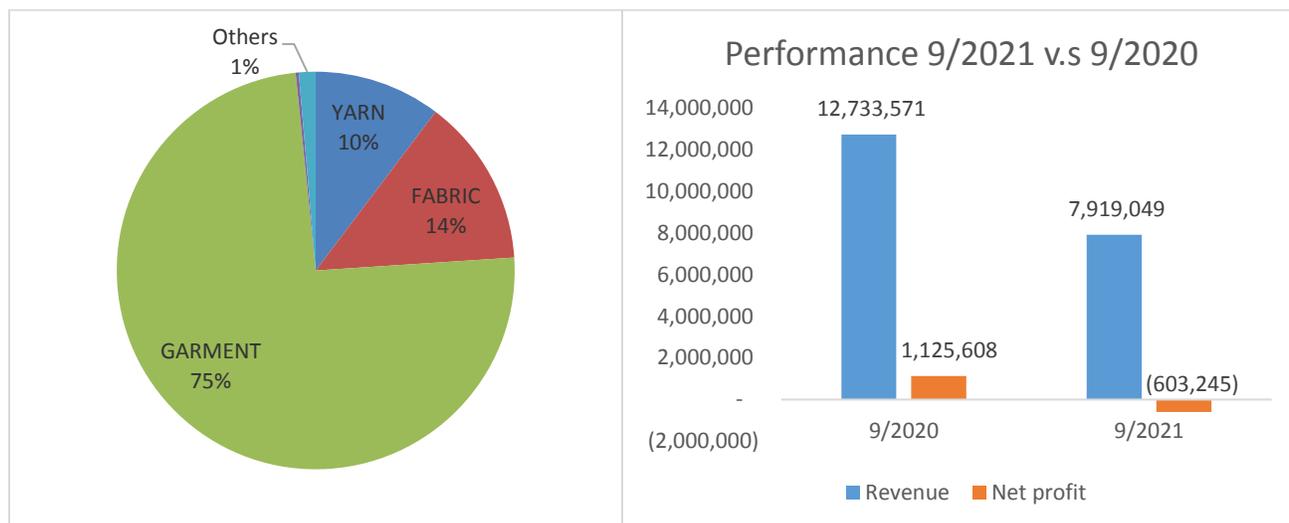
Source: Cafef

(Unit: Billion USD)





2. THE COMPANY'S PERFORMANCE

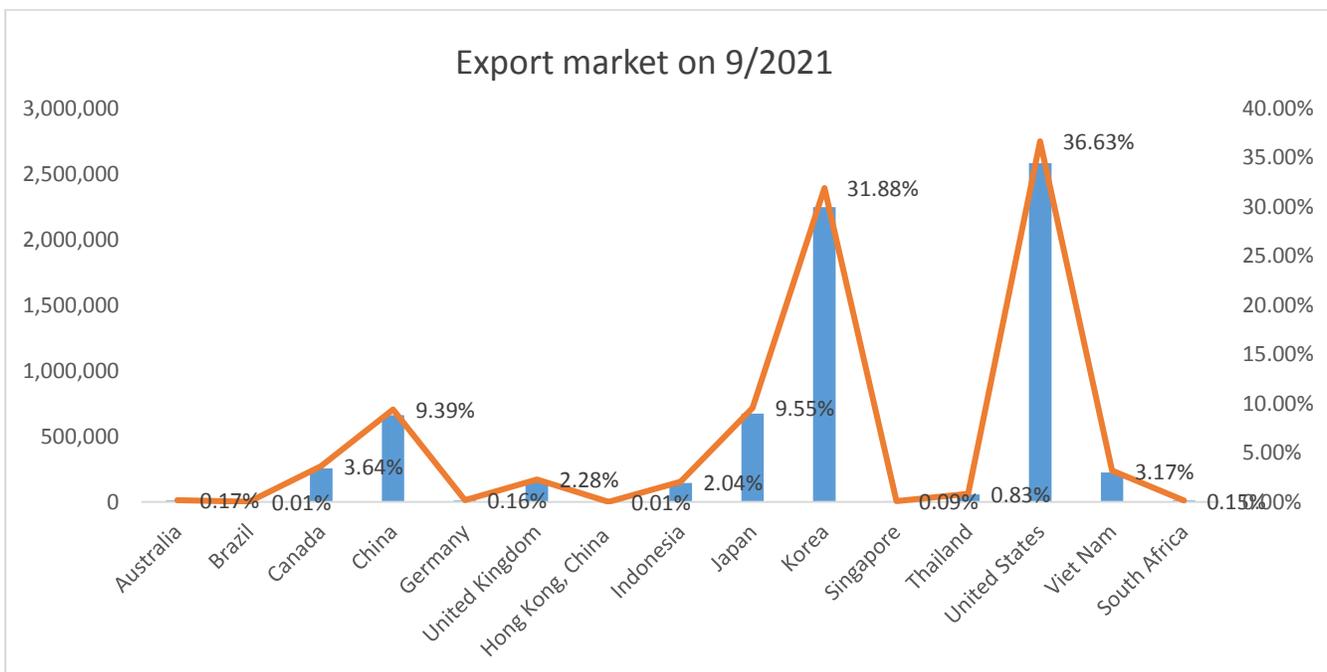
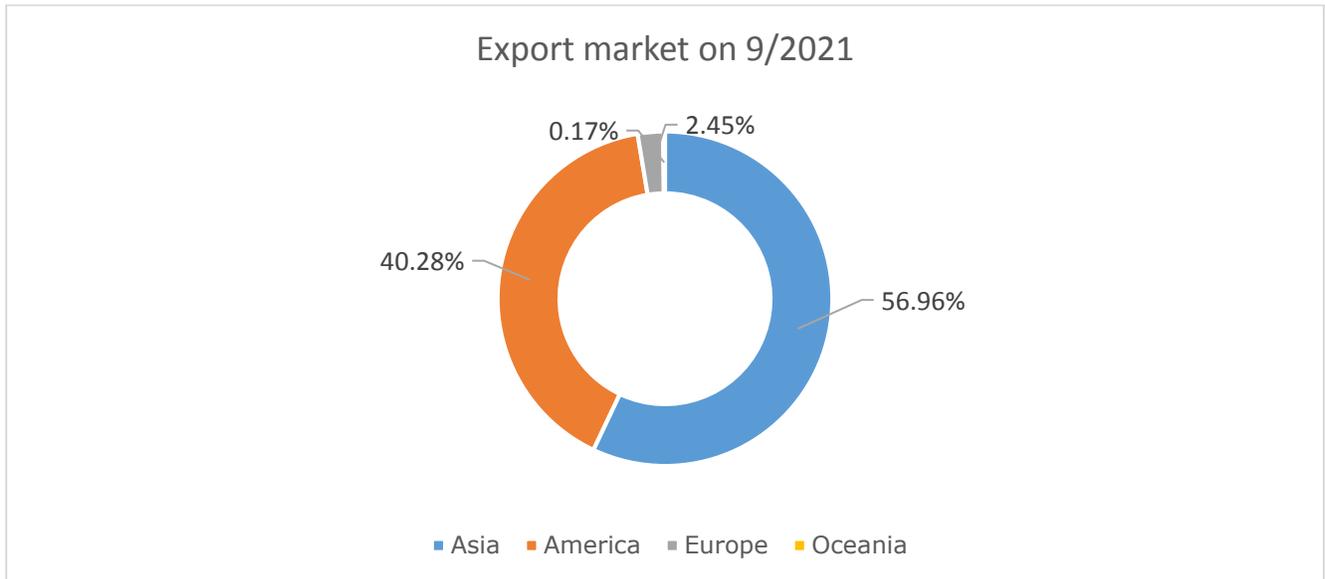


The Company's business results in September 2021, revenue reached 7,919,049 USD in which garment sales occupied 75%, fabric occupied 14% and yarn occupied 10% total of sales. Profit after tax reached (603,245) USD. In September, due to the complicated epidemic situation, the company implemented isolation work, so the labor productivity of garment industry did not meet the target, in addition, high expenses for working and living "3 on site" plan, Covid testing cost twice/ per week...leading to low gross profit margin and net profit loss on this month.

The 9-month accumulated revenue reached 144,059,777 USD, equivalent to 2020 and corresponding to the completion of 63.5% of the 2021 plan. Accumulated profit after tax reached 4,879,078 USD corresponds to the completion of 39.5% of the 2021 plan.



Export Market



TCM exports textiles and garments to many countries around the world, in which, in September 2021, the US market accounted for the highest proportion about 36.63% of total exports, followed by South Korea accounting for about 31.8%, Japan and China is the next largest export market, accounting for over 9%.

Order Situation

The company has received orders until the end of 2021 and the first quarter of 2022. Currently, the Company is pushing the construction of Thanh Cong Vinh Long 2 garment factory to promptly produce orders for 2022, bringing revenue and profit to the Company in the next future.



3. THE COMPANY'S ACTIVITIES

TCM STOCK INFORMATION

~ 4.539 Market Capitalization 30/9 (Billions dong)	63.000 ~ 71.000 Price range on Sept. (~12.7%)	20 Session/Sept.	607.873 Trading Vol/day (1 month)	14.418.700 Total matched volum/Sept.
71.260.358 Shares outstanding	104.353 Highest 52 weeks (31/03/2021)	19.915 Lowest 52 weeks (28/10/2020)	4.506 EPS Q2/2021	20,02 PE Q2/2021

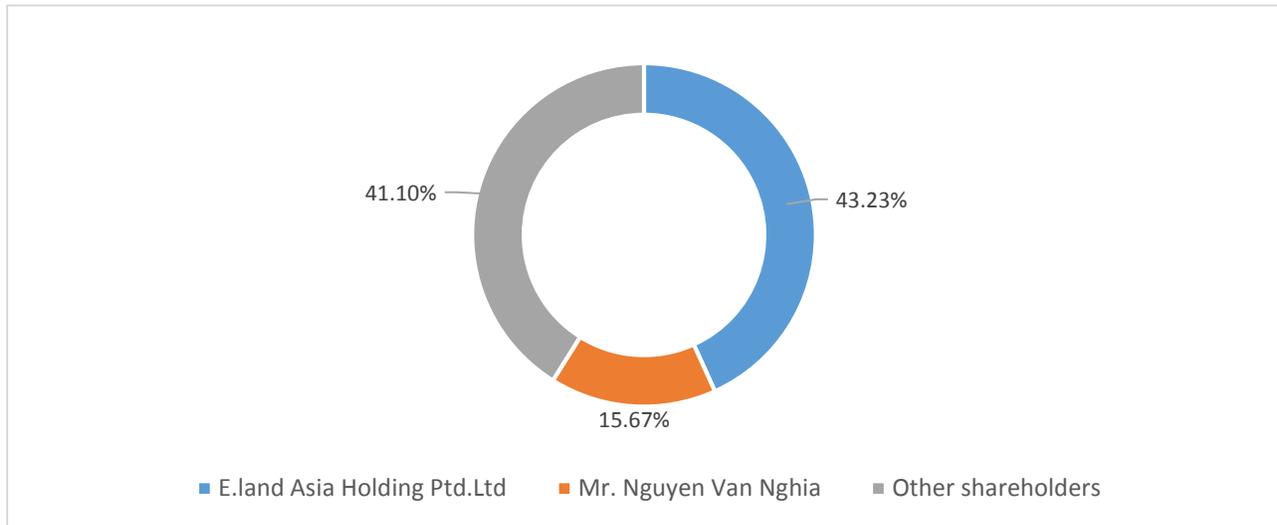
Source TCM, Vietstock



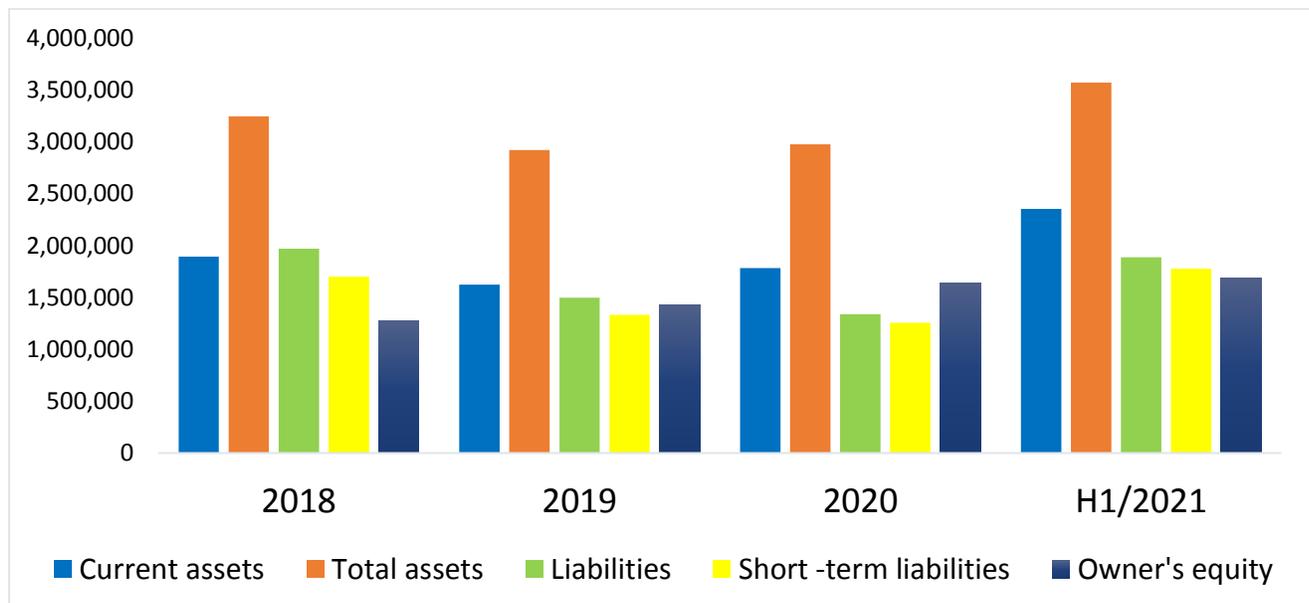
In 52 weeks, the lowest price of TCM stock was 19,182 VND/share on October 28, 2020 and the highest was 104,353 VND/share on March 31, 2021. In September 2021, the price fluctuated around about 12.7% from 63,000 ~ 71,000 VND/share. The market capitalization of TCM stock as of September 31, 2021 is about VND 4,539 billion, the second largest among listed textile companies after Vinatex.



TCM SHAREHOLDER INFORMATION



TCM FINANCIAL INFORMATION



Ratios	Q3/2020	Q4/2020	Q1/2021	Q2/2021
EPS	4,342	4,442	4,898	4,309
BVPS	25,225	26,445	26,924	23,659
ROS	8.73	10.05	6.58	6.01
ROEA	5.68	4.69	3.76	3.50
ROAA	2.84	2.54	2.06	1.77

Source TCM, Vietstock



For more information, kindly visit the Website of Thanh Cong Textile Garment Investment Trading JSC (TCM) at the link below:

Website: www.thanhcong.com.vn

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