# IR NEWSLETTER

*July/2022*

**Thanh Cong Textile Garment Investment Trading JSC**

www.thanhcong.com.vn

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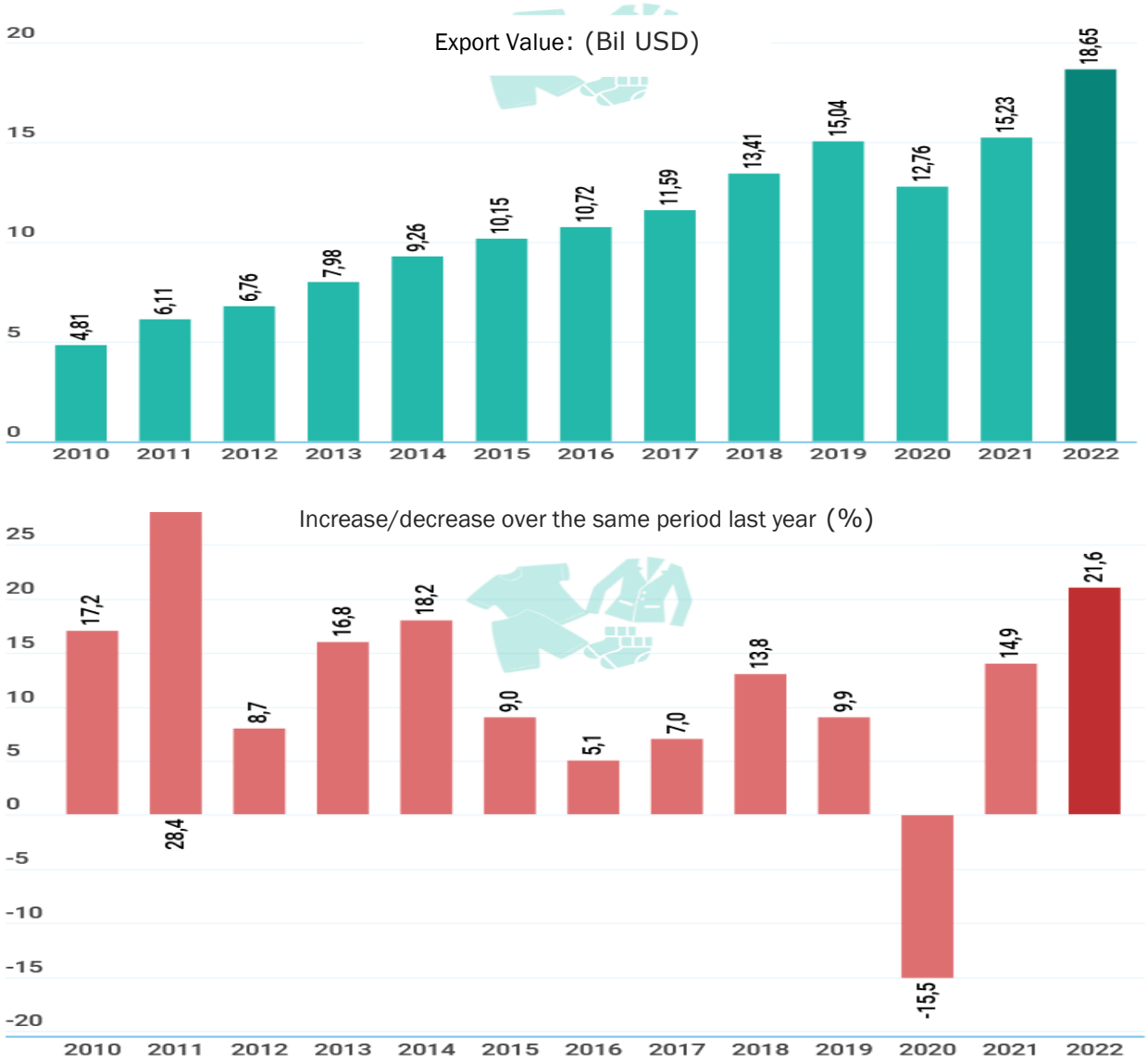
# 1.T&G INDUSTRIAL INFORMATION

According to a report by the General Statistics Office, in the first six months of 2022, Vietnam's total textile and garment export turnover reached 18.65 billion USD, up 21.6% over the same period in 2021.

This result is thanks to the effective application of free trade agreements with 15 effective agreements that have opened up an open market corridor for Vietnamese textiles and garments; in which, a number of binding agreements on rules of origin such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) have promoted the domestic textile garment industry to develop dramatically in the past 5 years.

**EXPORTING VIETNAM TEXTILE AND GARMENTS IN 6 MONTHS OF YEARS**




Source: The General Statistics Office

It is estimated that revenue growth of textile and garment manufacturing enterprises in Vietnam will decelerate in the last 6 months of 2022 and 2023.

In the past 5 months, the average price of imported yarn increased by 10% over the same period last year due to the increase in cotton and oil prices, along with high anchor logistics costs, which affected the performance of enterprises. According to Sunsirs data, polyester and cotton yarn prices in China both increased by 10% to 18%, which led to increased fabric costs and significantly affected the gross profit margin of domestic manufacturing companies - especially those that have the majority of FOB orders (active from raw materials to finished products).

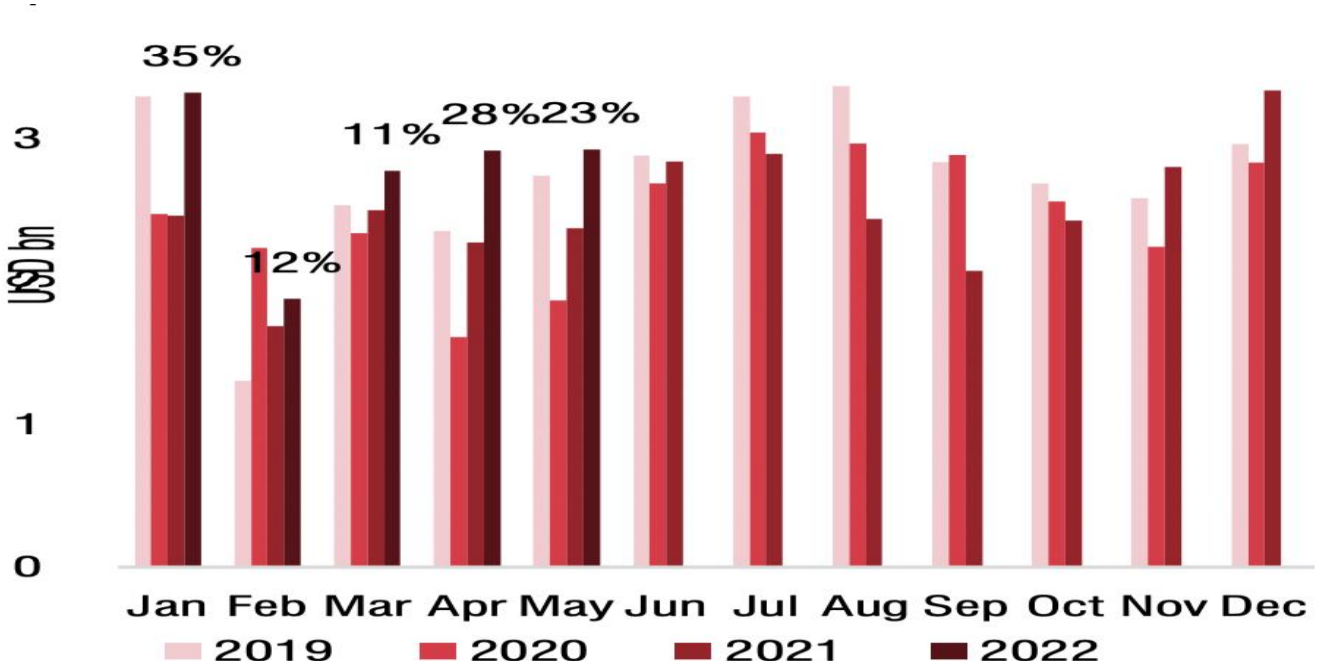
Sales and profit margin projections could be adversely affected if the US economy weakens or higher inflationary pressures occur in the second half of 2022 and 2023, according to SSI Research.

It is estimated that revenue growth of textile and garment manufacturing enterprises in Vietnam will decelerate in the last 6 months of 2022 and 2023. The reason is because customers have shortened the time to pre-order orders from 6 months to 3 months (except for the holidays in the fourth quarter) due to high inventories in the export market and inflationary pressures. Along with inflation pressure, the tension between Russia and Ukraine has not ended while gasoline prices and shipping costs continuously increase, causing production costs of enterprises to rise, prices of raw materials have increased by nearly 30 % compared to before are the challenges that Vietnamese textile and garment enterprises are facing.

According to the report, the entire textile and garment supply chain, from manufacturers to retailers, will be negatively affected by the continued high cost of yarn, fabric, logistics and labor due to rising oil prices and competition in the labor market. Gross profit margin of domestic manufacturing companies continued to shrink.

Gross profit margin of domestic manufacturing companies continued to shrink. Negative impact on revenue and profit margin could occur if the US economy - Vietnam's main export market, weakens or higher inflation pressure occurs in the last 6 months of 2022 and 2023.

**VIETNAM TEXTILE GARMENT EXPORT THROUGH THE YEARS**




Source: vneconomy

## COPE26 COMMITMENT – VIETNAM TEXTILE & GARMENTS DO NOT STAY OUT OF THE GAME

At the Conference to Join the United Nations Framework Convention on Climate Change (COP26), Vietnam committed to achieving net zero emissions by 2050.
The fashion industry, which has a "reputation" for being a polluting industry, is making constant efforts in the strategic goal of sustainable development.

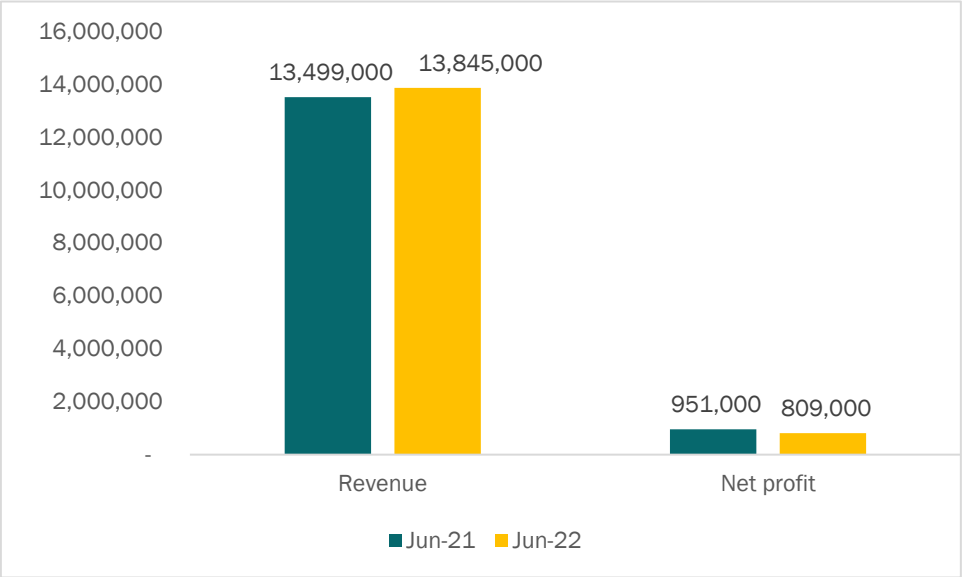
More than 250 major global fashion brands continue to apply sustainability certifications to their products and materials and also require their suppliers to adhere to an environmentally responsible policy and achieve relevant certificates. Some typical brands with a large number of suppliers in Vietnam market can be named such as: ADIDAS, H&M, GAP, PUMA, NIKE, INDITEX.

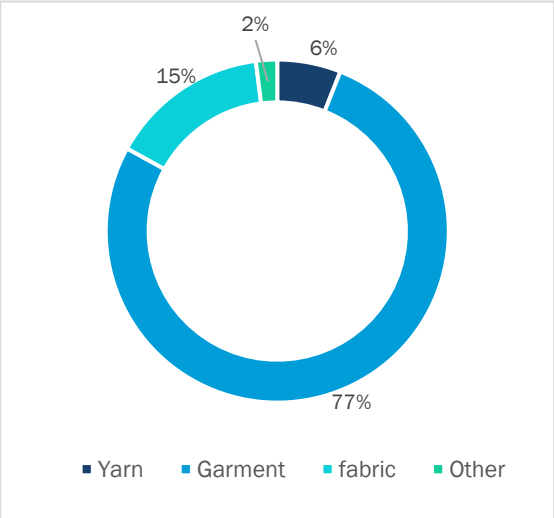
In the period 2021-2025, Adidas sets an ambitious target to increase production by 8-10% and reduce greenhouse gas emissions by 15% for each of its products. In the goal of finding renewable energy sources, the company reduces coal boilers at tier 1 and tier 2 suppliers, encouraging the use of rooftop solar power; 40% reduction in water use compared to 2017 at tier 2 suppliers. Adidas suppliers need to strive to reduce emissions and save energy, Adidas is working with 80% of suppliers to reach compliance level compliance level3- the highest level in the ZDHC (MSRL)- Zero hazardous chemical emissions, for 80% of chemicals used in production by 2025. Sustainable materials in the company's apparel claim account for about 70% of the total. weight of the product, ratio with accessories is at least 50%...

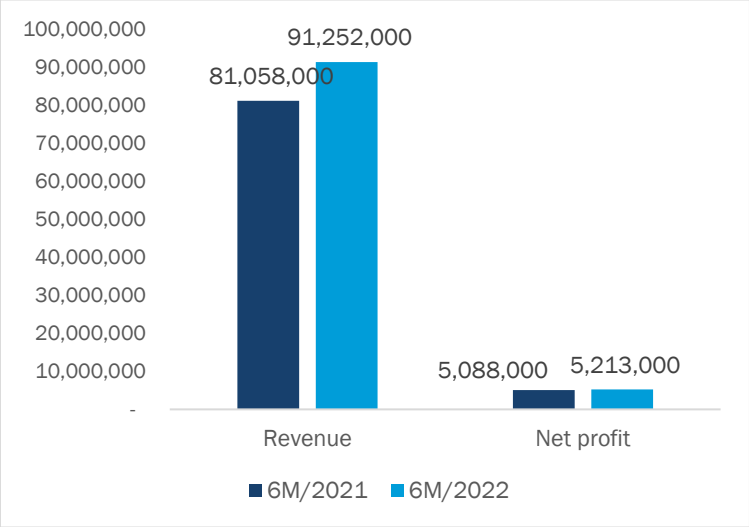
**Adidas' three-round strategy: building the future of product sustainability**

Source: www.vietnamtextile.org.vn

## 2. THE COMPANY'S PERFORMANCE



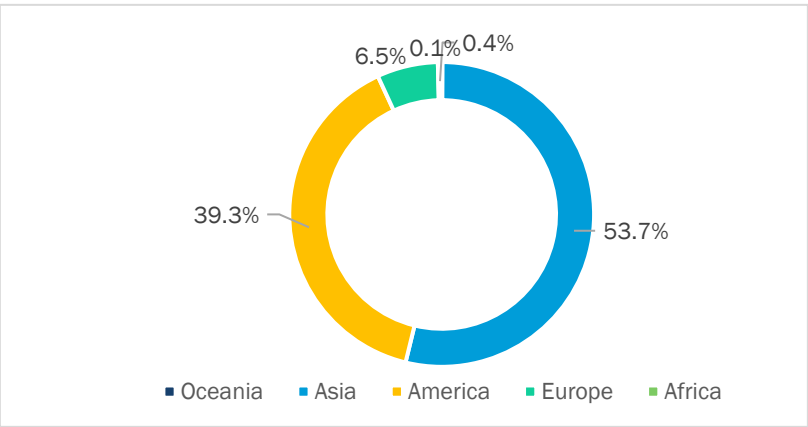



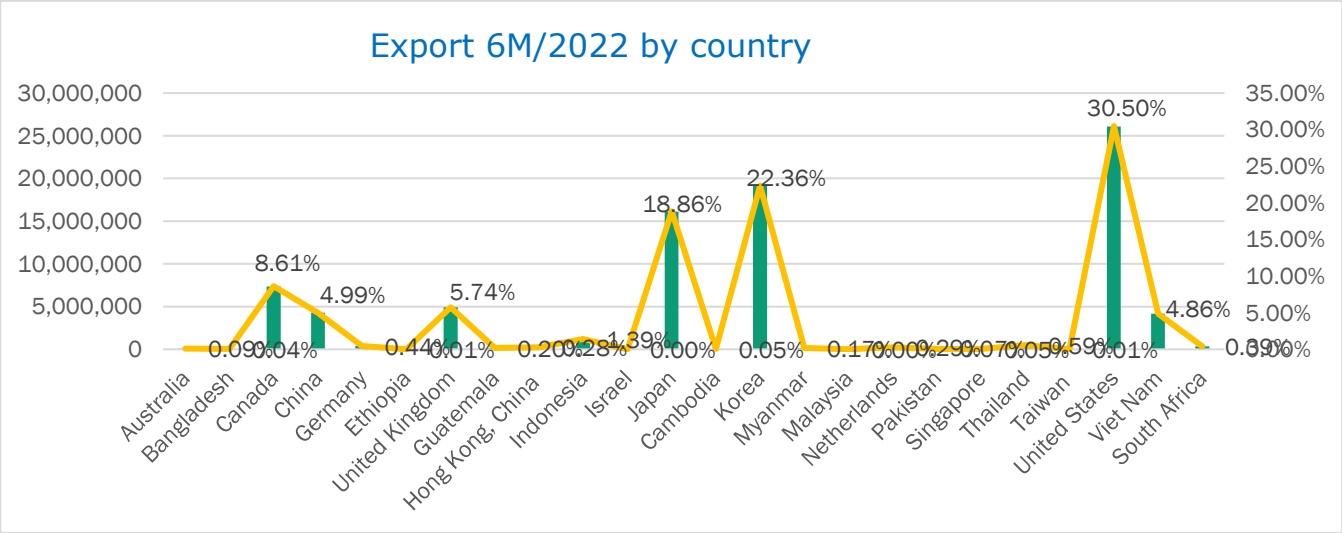

The Company's business results in June 2022, revenue reached 13,845,000 USD, reached 103% compared to the same period in June 2021. Profit after tax in June 2022 reached 809,000 USD, reaching 85% compared to the same period in June 2021.

Although the cost of input materials, fuel costs and Logistic costs increased sharply in the first months of 2022, with efforts to increase productivity and cut costs, the Company's business results achieved outstanding results. Estimated accumulated revenue in the first 6 months of 2022 reached US$91,252,000, up 13% compared to the same period in 2021 and reached about 51% compared to the 2022 plan, estimated profit after tax in the first 6 months of 2022 reached 5,213,000 USD, up 2% compared to the same period in 2021 and about 48% compared to the plan in 2022.

Revenue in the first 6 months of 2022 comes from 3 main segments, of which garment products account for 77%, fabric accounts for 15% and yarn accounts for 6% of total revenue.

## EXPORT MARKET




TCM exports textiles to many major countries in the world. The Company's exports to Asia in 6 months of 2022 accounted for the highest proportion of 53.7%, of which the Korean market accounted for 22.36%, and Japan accounted for 18.86%. The Americas accounted for 39.3%, of which the US market accounted for 30.5%, Canada accounted for 8.61%, Europe accounted for 6.5%, of which the UK market accounted for 5.74%.

## ORDER SITUATION

As of the beginning of July, the Company has received enough orders for the third quarter of 2022 and has received nearly 70% of the orders for the fourth quarter of 2022.

Towards sustainable development, greening the textile garment industry and meeting the requirements of big fashion brands, in Thanh Cong, besides focusing on environmental emissions, waste control, and wastewater systems. In addition, reducing consumption of water, input fuel, using solar power systems... The company focuses on investing in research and development (R&BD) activities to produce products of natural origin and eco-friendly. In the past time, the Company has received and currently updates the validity period of environmental certificates (ISO 14001, Higg FEM), chemical quality (Oeko-Tex 100), product materials (GOTS, OCS, GRS) security (GSV), social responsibility (WRAP SMETA, Better Work) to meet customer's criteria and audit of customers.

## 3. CSR ACTIVITIES

In addition to strong production and business activities to create jobs for employees, bring optimal efficiency to shareholders and investors, the Company has also maintained CSR activities in Ho Chi Minh City. and localities where the Company's factories are operating. The total amount for CSR activities in the first 6 months of 2022 is VND 515,318,859, specifically for the following activities:

| No. | PROGRAM | CONTRIBUTED 6 MONTHS 2022 |
|---|---|---|
| 1 | Non-profit sales program for employees (Happy Mart) | 73,000,000 |
| 2 | Sponsoring orphans (Son Ky, Thien An, Brother De Nhu Nghia) | 104,819,236 |
| 3 | Awarding monthly scholarships to children of employees…. | 26,400,000 |
| 4 | Support for living expenses, Tet gifts, health insurance... for needy families (Tan Phu District, Vinh Long Province. | 88,661,805 |
| 5 | Donating clothes to the poor, NGOs… | 65,436,930 |
| 6 | Visiting and giving gifts to Thien Duyen Shelter and disadvantaged people in Binh Khanh commune, Can Gio district, City. HCM. Charity activities in the localities of District 4, Xuan Thoi Son - Hoc Mon, Trang Bang, Vinh Long | 92,406,088 |
| 7 | Donating 400 shirts to poor people in Can Gio District and children at Thien Duyen orphan | 19,600,000 |
| 8 | Coordinate with Vinh Long Industrial Park Management Board to give 50 Tet gifts to poor households in Phu Thinh commune, Tam Binh district, Vinh Long province | 14,994,800 |
| 9 | Contribute to the program of building a new countryside following the campaign of the Ho Chi Minh City High Command to build a house of love and support scholarships for poor students to overcome difficulties; Supporting orphans due to the Covid-19 epidemic in Tan Phu Trung commune - Cu Chi | 30,000,000 |
| **TOTAL (VNĐ)** | | **515,318,859** |

ĐẢNG CỘNG SẢN VIỆT NAM QUANG VINH MUÔN NĂM

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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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