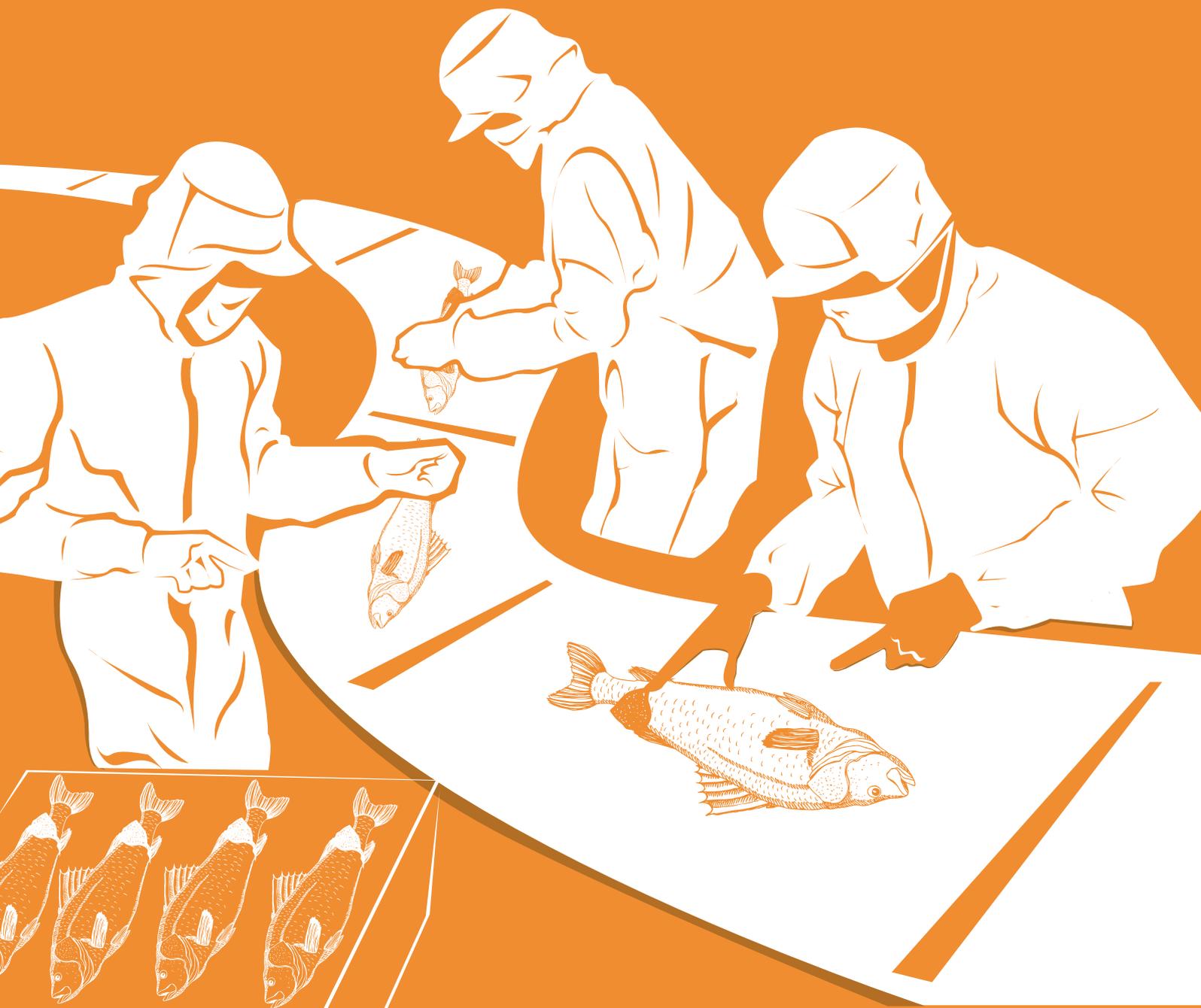


MANUFACTURE OF FOOD PRODUCTS INDUSTRY REPORT 2020



EXECUTIVE SUMMARY

Vietnam Food Processing Industry Report, prepared by VietnamCredit in August 2020, gives an overview, general information about macroeconomic and market situations and a SWOT analysis for Vietnam's food processing industry in 2019. In addition, the report also provides detailed information about the 10 biggest companies in the industry. These companies were selected by VietnamCredit based on their size, credit rating, and business performance in 2019.

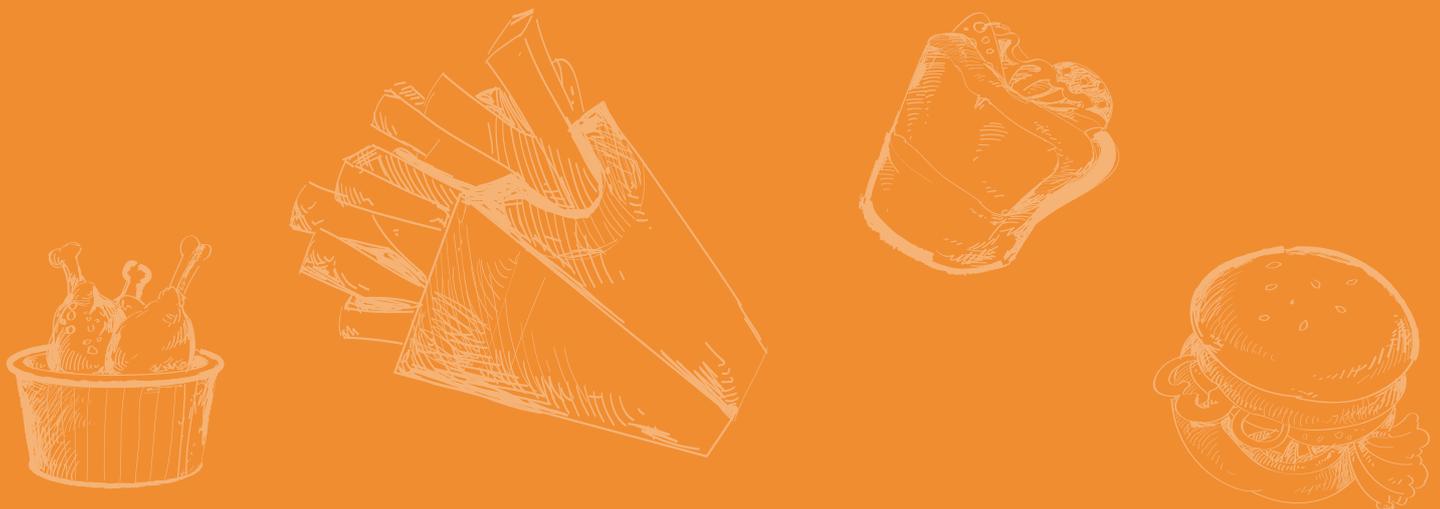
Although the number of enterprises operating in the food processing industry is not large (accounting for nearly 1% of the total number of enterprises), it is one of the key industries with great development potential in Vietnam, contributing more than 20% to net revenue of the manufacturing and processing sector annually. Vietnam's food processing industry has been experiencing a rapid growth. It has generated highly competitive products that can dominate the domestic market and meet the requirements for export markets.



Food currently accounts for the highest proportion in monthly spending of Vietnamese consumers, and Vietnam's annual food consumption value is estimated at 15% of GDP and is on the rise.

Because of its huge potential, Vietnam's food market has been paid a lot of attention by foreign investors. In recent years, there have been many M&A deals in the food industry, and this trend is expected to continue in the years to come. Demand for organic foods that are healthy from Vietnamese consumers is increasing, which promises to be an opportunity for strong growth for health food manufacturing companies.

The number of enterprises operating in the field of processing & manufacturing vegetables and fruits currently eclipses the number of other food processing companies, and the frozen seafood processing industry is the most labor-intensive food processing industry.





OVERVIEW OF VIETNAM'S **FOOD PROCESSING** INDUSTRY

2.1. INDUSTRY OVERVIEW

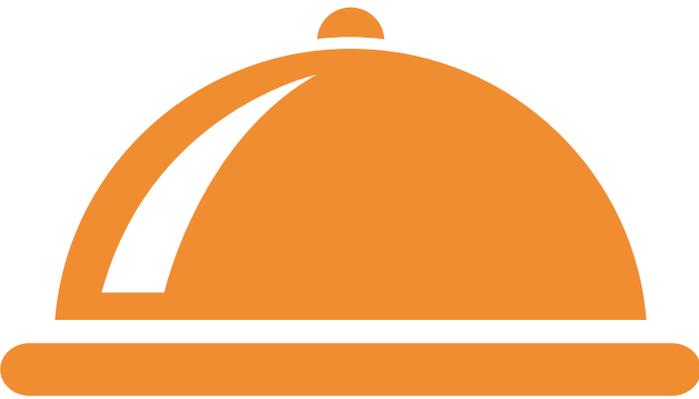
Vietnam's food industry is a large industry, playing an important role in economic development. The food processing industry of Vietnam includes small sub-sectors such as processing and preserving of meat, fisheries, cooking oil, vegetables, fruits, milk, starch and other food products.

In recent years, Vietnam's food processing industry has grown strongly, gradually supplying many highly competitive products that have dominated the domestic market and met the strict requirements of foreign markets. In addition, with a population of nearly 100 million people, of which more than half are under 30 years old, Vietnam is considered one of the most high-potential markets for food and beverages in the region.



Since 2015, Vietnam's manufacturing industry in general has maintained a growth rate of over 10% per year. Meanwhile, the food processing industry accounts for the largest proportion in the industrial production value, and that demonstrates the potential as well as the size and growth of this industry. Moreover, Vietnam has abundant agricultural products and raw materials, which is very convenient for the production and processing of food.

Sales of food in the domestic market in 2018 was estimated at approximately USD 42.8 billion. According to the Ministry of Industry and Trade, the annual consumption of Vietnam's food and beverage always accounts for about 15% of GDP and is expected to increase in the near future. It is believed that Vietnam's food market is appealing not only to domestic businesses but also to foreign businesses.



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