

Vinacomin sells VND2.5 trillion of bonds

Vietnam National Coal and Mineral Industries Group, or Vinacomin, on January 18 issued VND2.5 trillion worth of five-year bonds with the coupon of 14.5% in the first year.

A source told the Daily that institutional investors expressed stronger response towards this issuance compared to the previous one last July. Vinacomin at that time sold only 17% of the VND3 trillion worth of bonds launched on the local market due to a lower than expected coupon.

This issuance aims to raise fund for the company to increase operation scale and finance its projects. These bonds carry a face value of VND1 billion each.

ANZ Vietnam Bank and Vietnam Bank for Industry and Trade (VietinBank) are consultants and bond sale agents for Vinacomin. VietinBank Securities Company is the management, depository and payment agent.

The coupon offered by Vinacomin is higher than that on the primary government bond market. From the second year, the coupon will be calculated by the average of 12-month dong deposit rates of four large banks plus 3.6% per year.

The four large banks in this calculation is Bank for Investment and Development of Vietnam, Bank for Foreign Trade of Vietnam, VietinBank and Vietnam Bank for Agriculture and Rural Development.

The floating coupon rate will be paid every three months while the principle will be paid at maturity time.

Given the Ministry of Industry and Trade's master plan of the coal industry, the nation is expected to turn out over 66-70 million tons of commercial coal until 2020 and over 75 million tons until 2030. The Red River basin is expected to produce 10 million tons.

The sector is therefore expected to need around VND317 trillion to realize these targets from now to 2020, or VND35.3 trillion each year, causing a big challenge to enterprises in the sector.

Vietnam Steel Corporation (VnSteel) last month also issued VND500 billion worth of corporate bonds for three branches of VietinBank, including VND200 billion for the Ba Dinh branch, VND200 billion for the Dong Da branch and VND100 billion for the Song Cong branch.

The coupon of these three-year bonds is paid every three month, fixed at 16% per annum for the first two maturity periods. The next coupons will be calculated by reference interest plus 4% per year.

Vietinbank will have to take VnSteel bonds into account of its credit growth while those buying bonds of Vinacomin will also count these bonds into the corporate credit growth.

The Saigon Times Daily