

Vietnam's Vingroup strikes tech deals to take EV business global

VinFast teams with Intel and battery developers, targeting 1m cars in 6 years

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HANOI -- Top Vietnamese conglomerate Vingroup and its automotive subsidiary VinFast have positioned themselves to become a global player in electric vehicles through a series of deals with tech companies.

VinFast launched its EV manufacturing business only in December and has yet to sell an electric vehicle outside of Vietnam, but the company's bold sales goal reflects Vingroup's confidence.

"We'll sell 1 million EVs globally in five to six years," said Le Thi Thu Thuy, VinFast's global CEO.

VinFast breaks ground soon on an auto plant in the U.S. state of North Carolina, investing \$2 billion in the first phase of the factory due to open in July 2024. When the American plant was announced, the company said it would exit gasoline-powered vehicles this year.

The Vietnamese automaker is betting everything on electrics. Its domestic assembly plant in the northern city of Haiphong, which makes both gasoline-powered autos and EVs on the same line, is steadily producing a higher ratio of electrics.

ProLogium Technology, a Taiwanese developer of solid-state batteries, is one of the companies supporting VinFast's gamble. The automaker said July 6 that it will invest tens of millions of dollars into ProLogium, which is to supply batteries for VinFast starting in 2024.

Solid-state batteries are expected to double an EV's driving range compared with lithium-ion counterparts while reducing recharging time by two-thirds. But developing the technology for mass production of solid-state batteries represents a major hurdle, and VinFast is considering creating a joint venture manufacturing company in Vietnam with ProLogium.

Vingroup intends to open its own EV battery plant in the central province of Ha Tinh as soon as this year. The group also has partnered with China's Gotion High-Tech on research into lithium iron phosphate batteries, which do not use expensive cobalt. The two sides plan to open a separate plant in Ha Tinh in 2024.

Elsewhere, Vingroup signed a deal with Intel for developing a range of electronic equipment.

"You can see how serious Vingroup is," said an executive at a major Japanese trading company who is familiar with the conglomerate's track record.

Vingroup began mainly as a real estate concern before declaring in 2017 that it would enter the automobile field. The company started making and selling vehicles just two years later.

Vingroup profited from developing property in choice urban locations, then poured those earnings into its fledgling automotive business. A boost from Vietnam's ruling Communist Party appears to have made this unique business model workable.

Pham Nhat Vuong, who is Vingroup's founder and chairman as well as Vietnam's first billionaire, said he wants to improve the quality of life for Vietnamese. Vingroup's corporate values include "patriotism" and "ethnic pride."

"I could see that Vietnamese were not well respected around the world," Vuong told domestic media early this year, describing how Vietnamese living abroad would hide their ethnicity. "I want to do my best to change that."

Vingroup and the Communist Party share the goal of cultivating the country's best-known private-sector enterprise. The group did not waste time in exiting its television, smartphone and retail businesses to protect the lossmaking automotive segment.

These developments have left Vingroup's revenue largely flat since 2018. The manufacturing segment, dominated by VinFast, suffered a roughly 23 trillion dong (\$1 billion) pretax loss last year, which dragged group net profit into the red.

Vingroup's EV sales have not risen as the company anticipated. The group sold only about 2,100 units during the first half of this year.

Even though Vingroup is said to be close to the Communist Party, "it's a private company in terms of capital," said Masayuki Imai, an analyst at Aizawa Securities. "The biggest challenge is how to raise the funds needed for the copious forward spending required by the EV business."

VinFast is expected to postpone its U.S. listing to 2023 or later. Initial public offerings have slumped due to rising U.S. interest rates, while an American listing will face tough disclosure requirements. Though North Carolina granted \$1.2 billion in incentives for the plant, building a sales network will take far more money.