

Vingroup loses \$1bn in manufacturing on poor sales of gasoline cars

Vietnamese company makes big investments in shift to EVs

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HANOI -- Top Vietnamese conglomerate Vingroup suffered a pretax loss of roughly 23.9 trillion dong (\$1.05 billion) at its manufacturing segment last year due to sluggish sales of gasoline-powered cars at home and growing investments in the emerging electric vehicle business.

Vingroup's sales of gasoline autos rose 21% to about 36,000 units in 2021. But the group's assembly plant built during 2019 in northern Vietnam is operating far below capacity, as it can produce 250,000 vehicles a year.

The company is drastically downsizing its manufacturing segment, which consists mostly of autos. In May, Vingroup said it will stop making smartphones and televisions. Losses in manufacturing have expanded more than 70% from 2020.

Vingroup will cease production of gasoline vehicles this year and concentrate resources on the EV business launched in late 2021. Orders for electric vehicles, including those in Western markets, totaled roughly 35,000 units as of early January, according to Vingroup.

The group will continue engaging in upfront investments, including those for building a lithium-ion battery factory and developing a U.S. sales network. Pham Nhat Vuong, the founder and chairman of Vingroup, told local media that further losses in the automotive business are anticipated in the near term.

Vingroup posted a consolidated net loss of roughly 7.5 trillion dong for 2021, a reversal of the 4.5 trillion dong profit the previous year. Local media say this is the first-ever net loss reported by the conglomerate.

The group's property sales remain a cash cow. But woes at the manufacturing segment were compounded by the slumping hotel business, which has taken the brunt of the coronavirus fallout.