



New York Franchise Expo – Viet Trade Promotion Agency – Vietnam Franchises



About Us

Vietnam Franchises Ltd.

- Sean T. Ngo, Managing Director
- Developed, operated Carl's Jr. & other concepts in Vietnam
- Exclusive partner of EGS for Vietnam and region
- MBA, University of San Francisco
- Clients from USA, Singapore, Hong Kong, Japan and Vietnam, including: **Manhattan Fish Market®**, **Pacific Coffee Company®**, **Wingstop®**, **Mrs. Fields Cookies®**, **TCBY®**, **Denny's®**, **The Vitamin Shoppe®**, **Rita's Italian Ice®**, **The Melting Pot®**, and more

Edwards Global Services (EGS)

- EGS Principals: 110+ years of international experience
- 30 EGS Associates in 25 countries
- EGS received the 2012 U.S. Presidential Export Award



Background

In 2006, Government issued Decree No. 35/2006/ND-CP, specifically aimed at regulating franchising in Vietnam

Franchising growth rate of 30%, 530+ franchising shops, well suited to Vietnamese, who are traditionally entrepreneurial



Most franchise operations in VN are in F&B, but has potential in other sectors

According to the Ministry of Trade & Investment, there are about 90 franchise systems in Vietnam

Franchising is developing in coming years in areas like food & beverage, education, healthcare, services, and retail fashion



Retail Opportunity

2010 GDP: grew 5.89% and reached US\$103.6 Billion

Retail sales: to grow at CAGR of 14% for 2008-2012 and expected to be US\$86 Billion in 2011

F&B retail sector: estimated at US\$33.7 billion for 2011, and to grow 18.9% per year until 2014

Modern trade: growing 20% per year for next five years

Fast-rising disposable incomes: creating demand for premium branded products and services

Urban population: to increase by 1 million per year for next 20 years

Economic growth: has averaged 7.6% annually since 2000



Market Drivers

Population & demographics: population growing over 1% per year
1/3 of population is under age of 15

Trade: Since joining WTO in 2007, VN has been importing significantly more products from overseas

Economy: GDP growing 7-8%/yr and second only to China and India
Fast Growing Middle Class and Consumerism

Urbanisation: Busier lifestyles leading towards increased desire for convenience, quality and service

Health consciousness: Events such as the avian flu crisis and better health education are leading people to become more health conscious

Westernisation: Overseas Vietnamese keep close contact with relatives in Vietnam, encouraging Western lifestyles



GDP per Capita



**GDP per capita growth rate
rising rapidly**



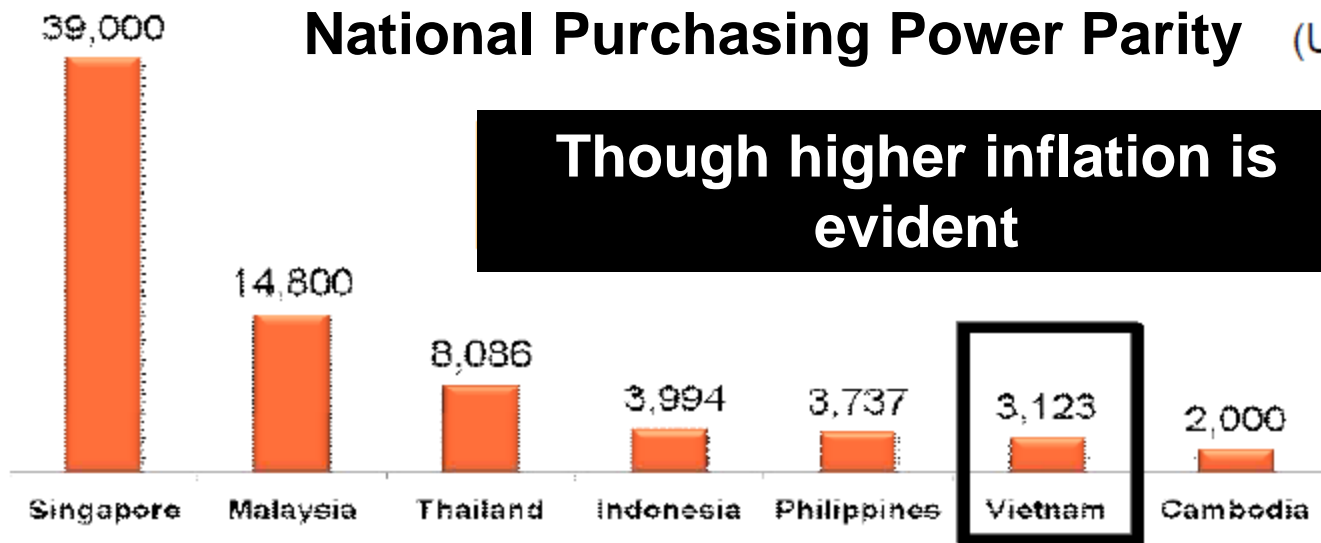
Gross National Income - 2009-2010 (USD)



**VN has surpassed
Indonesia and will
surpass Philippines
in 5 years**

Source: TNS South Asia network

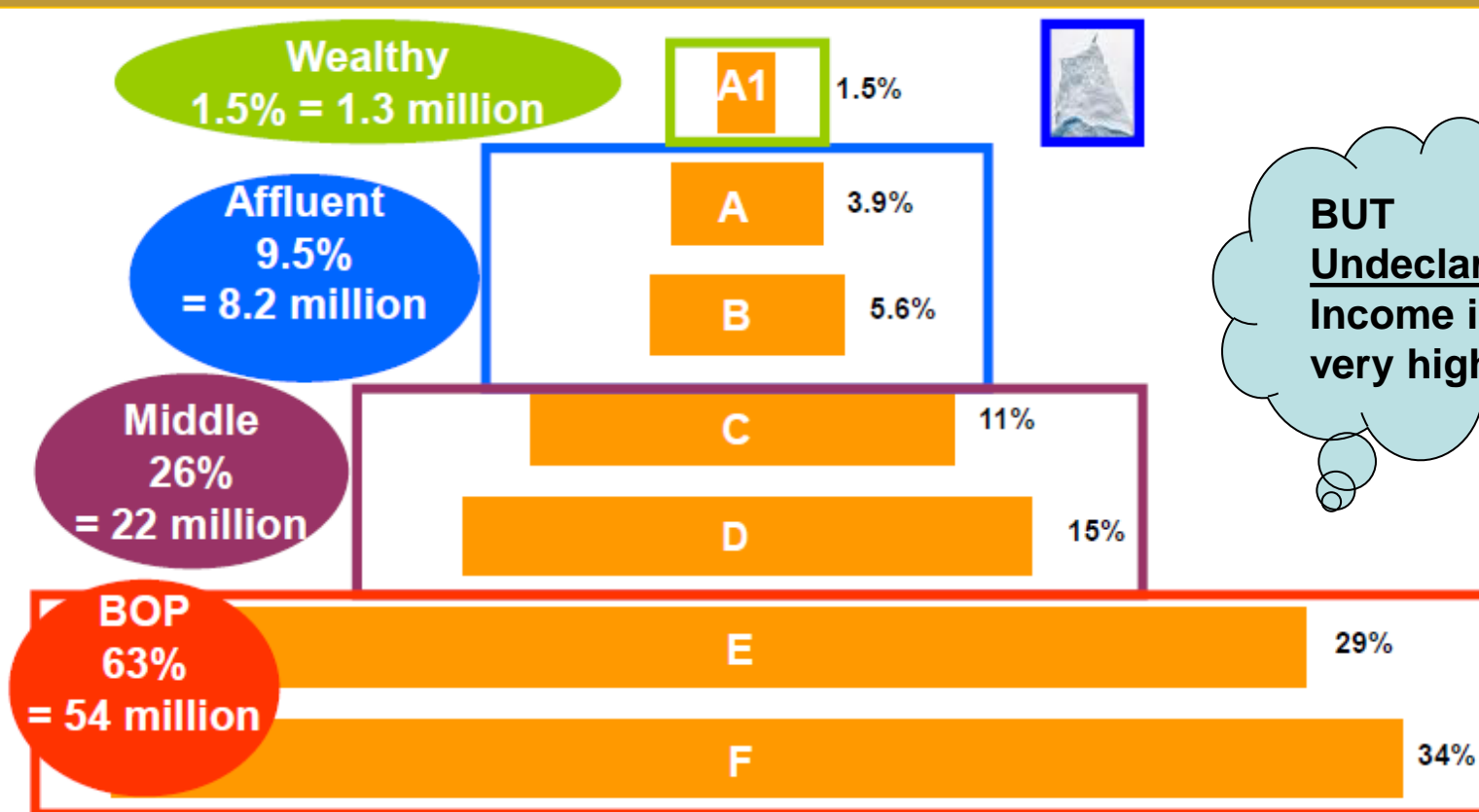
National Purchasing Power Parity (USD)



**Though higher inflation is
evident**



Declared Monthly Household Income



12 - 15% of total population is affluent, while 5% are as affluent as the West

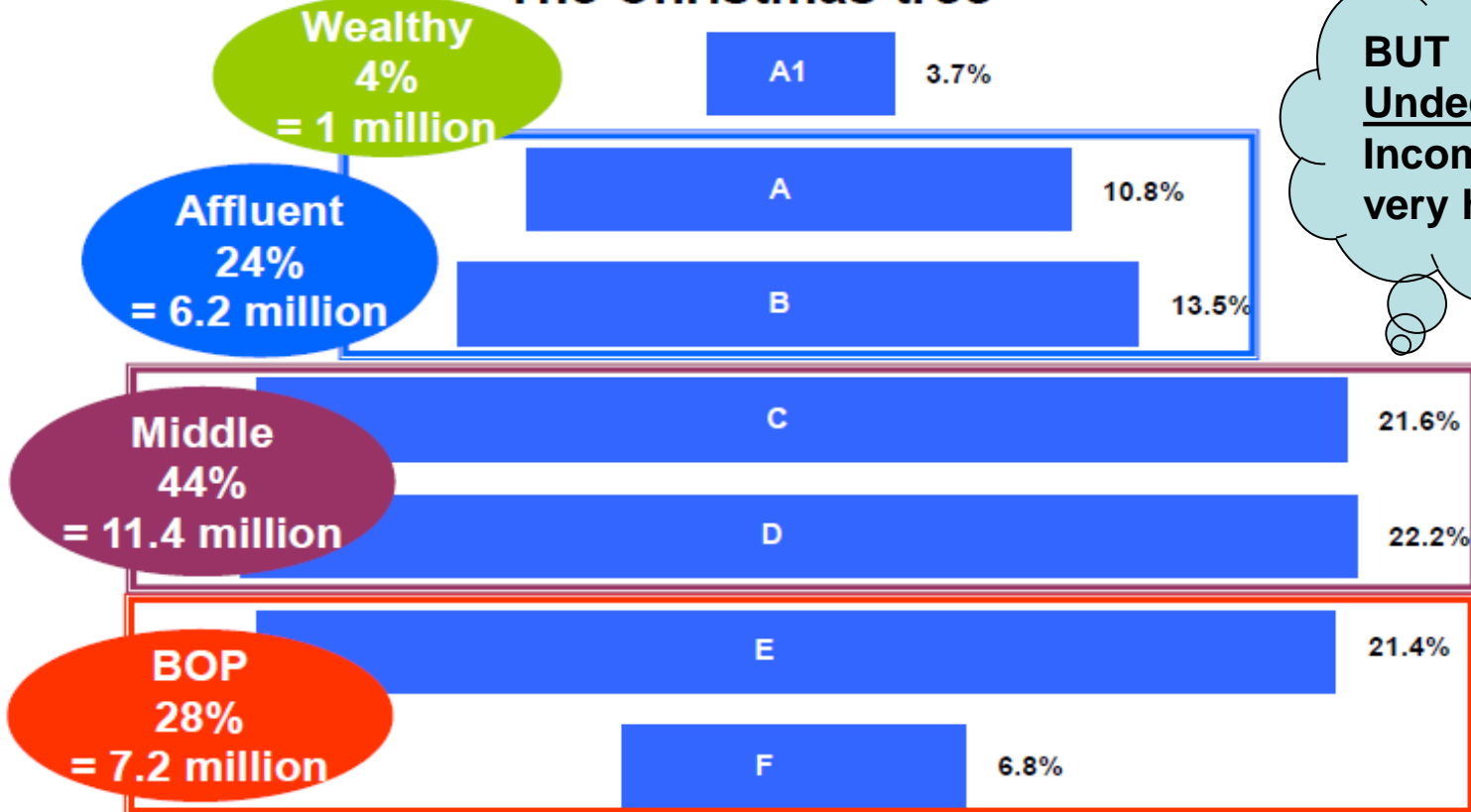


Source: TNS Vietnam



Urban Declared Income

The Christmas tree

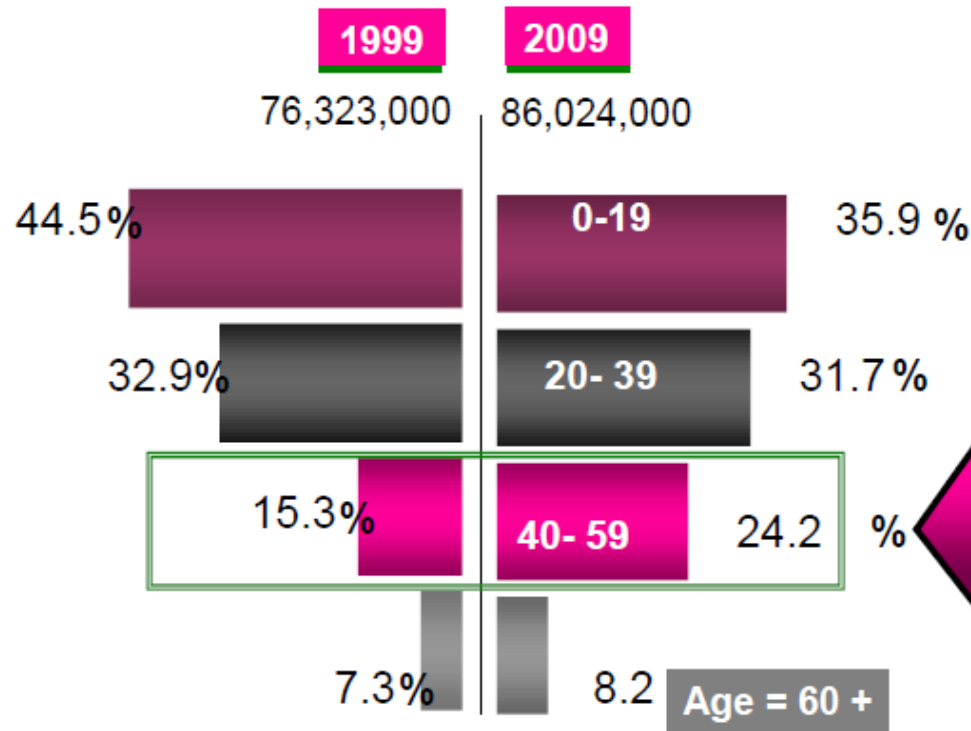


BUT
Undeclared
Income is
very high

Market for luxury goods & services between 4-15% of urban households or 1M – 4M urban consumers



Aging Population Pyramid



Vietnam's population is becoming more mature, thus creating a wealthier, more savvy consumer base



Source: VN GSO 2009, TNS analysis



Golden Opportunity



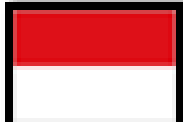
350+



400+



400+



400+



1,000+



90



In the US

The Average Franchisee

- Owns 1 outlet
- Has been in business for 3 years
- Spends 8.5% of sales on promotions
- Has US\$58,000 in after-tax profit
- Has made average investment of US\$155,000

The Average Franchisor

- Owns 13% of total system outlets
- Franchises 87% of total system outlets
- Has 75% of franchisees own 1 outlet



Internationally

The Average Franchisee

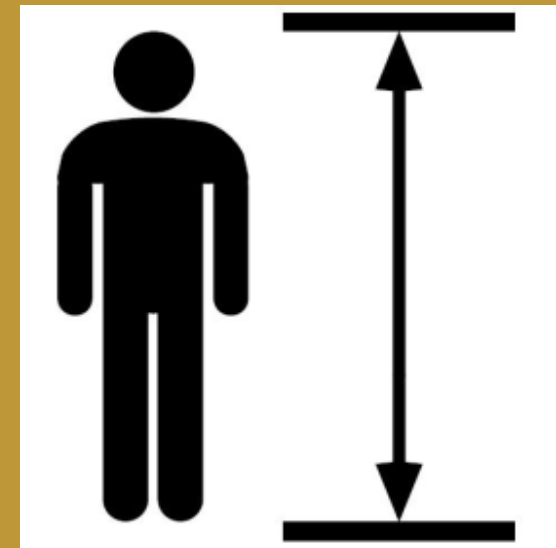
- Has exclusive rights to develop the area or region (e.g. Vietnam, Singapore, Thailand, Southern China)
- Franchisees own and develop multiple units for their area or region
- Franchisees tend to have successful business track record
- Tended to be more corporate entities than individuals



Franchisee Requirements

The Average Franchisor looks for

- PASSION
- TRUST
- Coachable
- Sufficient Capital
- Real estate
- Ability to communicate, plan, execute
- Relevant experience (but not always)



Vietnam Franchises Ltd.

6th and 7th Floor, 2 Ngo Duc Ke

District 1, HCMC, Vietnam

e: sean@vietnamfranchises.com

e: phuonghoang@vietnamfranchises.com

www.vietnamfranchises.com

