

29 Jul 2022

VINGROUP (VIC)

AM briefing: New era, new hope

2Q22 analyst meeting briefing

- We tuned in to VIC's analyst meeting on Jul 29 which features the strategical visibility on Vinfast and sheds some light on its 2Q22 operational updates.

On track to recover except industrials

- Vingroup reported its brisk Q22 NPATMI growth of 120.1% yoy (VND3,190bn) despite a shrinking revenue growth of 63% yoy (VND13.8tn) and a 60.9%p yoy blended gross margin (GM) contraction (-33%). The encouraging NPATMI was driven by a VND9.7tn financial gain (50.6% yoy) from stake transfer in its subsidiaries (One Mount Group and Vinhomes).
- Property sales: Driving the total net revenue growth to down by 63% yoy was property segment with a VND2.3tn revenue in 2Q22(-90.8% yoy). Nonetheless, the GM expanded by 12.9%p yoy to 68.3% owing to domination of high-margin landed-property sales.
- Industrials: this segment suffers a revenue slump of 27.3% yoy to VND3.3tn, equivalent to 8,000 cars, 18% qoq. GM deteriorated to -225.3%, -139.3%p yoy due to higher depreciation of suspended internal combustion engine car production.
- Hospitality and entertainment service: this division stayed resilient with a VND2,016bn revenue, 112% yoy thanks to demand revival of domestic tourists. Vinpearl improved number of room nights sold by 63% qoq to reach 257,900 in 2Q22 thanks to summer vacation and exciting amusement facilities opened. The GM still lost at 31.5% but less than -315.9% seen in 4Q21

12M rating **Non-rated**

12M TP **N/A**

Up/Downside **N/A**

Stock Data

VNIndex (29 Jul, pt)	1,206
Stock price (29 Jul, VND)	64,000
Market cap (USD mn)	10,457
Shares outstanding (mn)	3,814
52-Week high/low (VND)	107,200/64,000
6M avg. daily turnover (USD mn)	8.85
Free float / Foreign ownership (%)	24.7/12.2
Major shareholders (%)	
Chairman and related	25.5
Vietnam Investment Group JSC	32.52
SK Investment Vina	6.0

Performance

	1M	6M	12M
Absolute (%)	(12.8)	(34.0)	(32.8)
Relative to VNIndex (%p)	(12.2)	(16.3)	(26.3)

Stock price trend



Source: Bloomberg

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	89,350.1	121,894.4	130,036.0	110,490.0	125,687.9
chg. (% YoY)	55.1	36.4	6.7	(15.0)	13.8
Operating profit (VND bn)	11,550.8	11,470.6	10,625.3	(3,343.9)	3,120.3
Net profit (VND bn)	4,462.4	3,823.7	7,545.9	5,464.6	(2,513.9)
EPS (VND)	1,501.0	1,286.0	2,433.0	1,691.0	(685.0)
chg. (% YoY)	8.9	(14.3)	89.2	(30.5)	(140.5)
EBITDA (VND bn)	15,536.3	16,625.8	18,963.0	6,719.7	18,040.0
PE (x)	39.3	56.6	30.0	41.6	N.M
EV/EBITDA (x)	13.5	16.7	16.8	46.9	19.5
PB (x)	5.3	3.9	2.9	2.8	2.5
ROE (%)	8.9	5.0	6.9	4.3	(1.7)
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest.

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- Education: The launch of VinUni could promote international partnerships and build brand awareness. Hence, the 2Q22 revenue was robust with a VND748bn, +81.1% yoy.
- Healthcare: Vinmec chain was prosperous with a VND1,025.7bn revenue, +53.9% yoy, and a positive GM of 23.2%, +28.5%p yoy.

Enhancing global expansion of Vinfast

- Vingroup offered a USD625mn exchangeable bond into Vinfast shares and expects to get USD4bn finance package to develop an EV factory in North Carolina besides an incentive package of USD1.2bn from the State of North Carolina for EV development.
- VinFast retained number 1 market share in e-motorcycle segment with 30% share (30,400 vehicles in 1H22) and sold 14,700 cars of which VF e34 recorded 2,100 units.

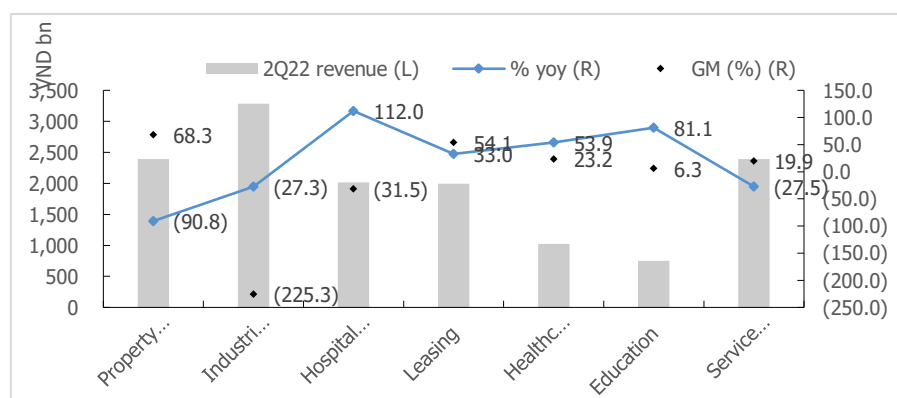
Table 1. 2222 earnings

(VND bn, %, %p)

	2Q21	3Q21	4Q21	1Q22	2Q22	QoQ	YoY	Consensus
Sales	37,442	30,112	34,839	18,229	13,854	(24.0)	(63.0)	N.A
Gross profit	10,456	11,698	8,625	205	(4,567)	(2,327.2)	(143.7)	N.A
Gross margin	27.9	38.8	24.8	1.1	0.0	(1.1)	(27.9)	N.A
OP	2,641	4,649	(2,626)	(6,119)	(10,115)	65.3	(482.9)	N.A
OP margin	7.1	15.4	(7.5)	(33.6)	(73.0)	(39.4)	(80.1)	N.A
EBT	3,614	3,315	(6,568)	1,928	1,405	(27.1)	(61.1)	N.A
NPATMI	1,450	(351)	(5,706)	2,454	3,191	30.0	120.1	N.A

Source: Company data, KIS

Figure 1. Revenue by segment: Property sales still dominated VIC'2Q22 growth



Source: KIS, Company report

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