

29 May 2020

Vingroup (VIC)

FY2020 AGM: A dim outlook

FY20F AGM key takeaways

- On May 28, VIC held AGM briefing for the 2020F business plans.
- Key issues covered were residential launch plan, automobile business, industrial property investment.

Net profit aims to decrease by 37% yoy

- In FY20F, VIC targets to reach profit after tax at VND5tn, - 35% yoy, implying a 37% yoy drop in NPATMI despite a 11.5% yoy revenue growth to VND145tn.
- No dividend is made in FY20F, in the company plan, leading five consecutive years of no dividend.

New property sales plodding

- One new project launched in FY20F is Wonder Park landed-property project 2.6 with total 1,500 units. Three current mega township projects including Grand Park, Smart City, Ocean Park continues with subsequent launches.
- We estimate new FY20F presales could decelerate by 11% yoy due to 1) slower licensing process has not progressed since 2018 2) the site visits to show flats would not improve until end of 2Q20.

Vinfast money down the drain

- Vinfast automobile segment aims to get EBITDA breakeven in 3-5 years. We expect tax exemption of import automobile part effective from 10 July could be beneficial to this loss-making business by reducing 5-6% COGS.
- Industrial property promises an exciting outlook in FY22-23F as the company aims to acquire a huge land bank up to 10,000ha in the key economic zones
- Hospitality business is expected to ride in the buoyant domestic travel demand after COVID pandemic, in the company view.
- Retail segment survives with a VND600bn relief measure to support tenants in FY2020

	2015A	2016A	2017A	2018A	2019A
Sales (VND bn)	34,048	57,614	89,350	121,894	130,036
chg. (% YoY)	121.8	168.2	154.1	135.4	105.7
Operating profit (VND bn)	4,828	5,275	11,551	11,471	10,625
Net profit (VND bn)	1,216	3,385	4,462	3,824	7,546
EPS (VND)	558	1,378	1,501	1,273	2,383
chg. (% YoY)	28.4	246.0	107.9	83.8	186.2
EBITDA (VND bn)	7,044.0	8,586.6	15,536.3	16,625.8	18,963.0
PE (x)	156.4	78.1	59.2	85.2	45.2
EV/EBITDA (x)	29.5	33.1	19.0	23.0	22.7
PB (x)	7.8	9.1	8.0	5.9	4.3
ROE (%)	3.7	7.9	8.9	5.0	6.9
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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12M rating **Non-rated**

12M TP **N/A**

Up/Downside **N/A**

Stock Data

VNIndex (29 May, pt)	861
Stock price (29 May, VND)	97,000
Market cap (USD mn)	14,077
Shares outstanding (mn)	3,382
52-Week high/low (VND)	126,100/71,500
6M avg. daily turnover (USD mn)	2.95
Free float / Foreign ownership (%)	23.2/14.
Major shareholders (%)	
Vietnam Investment Group JSC	32.6
Pham Nhat Vuong	25.5

Performance

	1M	6M	12M
Absolute (%)	5.5	(16.2)	(15.4)
Relative to VNIndex (%p)	(6.5)	(5.5)	(6.7)

Stock price trend



Source: Bloomberg

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