

15 Jan 2021

# Vingroup (VIC)

## The rise of a leading conglomerate

### Investor day briefing

- On Jan 14, VIC held a virtual conference briefing their digital adoption plan, Vinfast car production update, One Mount Group business plan. Here are some key interesting take-away of the story.

### Ambitious strategy plans on digital application

- Smart apps: VIC is aiming to offer smart applications and management applications in property, healthcare, hospitality. For example: building the smart city in three mega townships.
- Car models: VIC targets to change the traditional industries with new technologies including with firmware-over-the-air, autonomous driving level 3, smart info-entertainment and connectivity.
- Consumer connection platforms: VIC launches three technology-driven consumer platforms including 1) VinID app acts a financial service to connect consumers to banking and retailers 2) VinShop app creates B2B2C platform helping the traditional retails stores optimize the supply chain 3) OneHousing app builds all-in-one platform for housing services like property search, payment -and after-sale services
- Data analytics and advanced technologies: VIC takes advantages of data to enhance customer understanding and applies advanced technology solutions in artificial intelligence/IoT to improve labour productivity.

### Continuously evolving Vinfast production

- After the foundation phase which establishing the commercial manufacture of Vinfast was the top priority, Vinfast is stepping to acceleration phase with smart technologies and electrification (2020-21) and then go global from 2022.

	2017A	2018A	2019A	2020F	2021F
Sales (VND bn)	89,350	121,894	130,036	115,466	149,027
chg. (% YoY)	154.1	135.4	105.7	(11.7)	29.1
Operating profit (VND bn)	11,551	11,471	10,625	10,456	17,155
Net profit (VND bn)	4,462	3,824	7,546	5,557	7,718
EPS (VND)	1,501	1,273	2,383	1,676	2,448
chg. (% YoY)	107.9	83.8	186.2	(29.7)	46.1
EBITDA (VND bn)	15,536	16,625	18,963	23,687	37,673
PE (x)	65.3	94.6	50.2	66.2	45.3
EV/EBITDA (x)	21.4	25.8	25.2	21.9	13.7
PB (x)	9.2	6.7	5.0	3.9	3.6
ROE (%)	8.9	5.0	6.9	6.4	8.5
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  
Forecast is based on Bloomberg consensus

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12M rating **Not-rated**

12M TP **N/A**

Up/Downside **N/A**

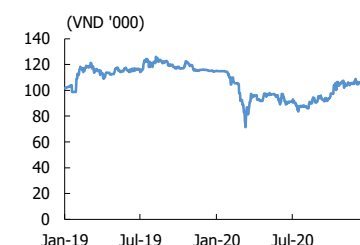
### Stock Data

VNIndex (14 Jan, pt)	1,187
Stock price (14 Jan, VND)	110,400
Market cap (USD mn)	16,189
Shares outstanding (mn)	3,382
52-Week high/low (VND)	115,000/71,500
6M avg. daily turnover (USD mn)	2.98
Free float / Foreign ownership (%)	23.2/13.8
Major shareholders (%)	
Vietnam Investment Group JSC	32.5
SK Investment Vina	6.0

### Performance

	1M	6M	12M
Absolute (%)	1.4	20.9	(4.0)
Relative to VNIndex (%p)	(10.6)	(17.4)	(29.2)

### Stock price trend



Source: Bloomberg

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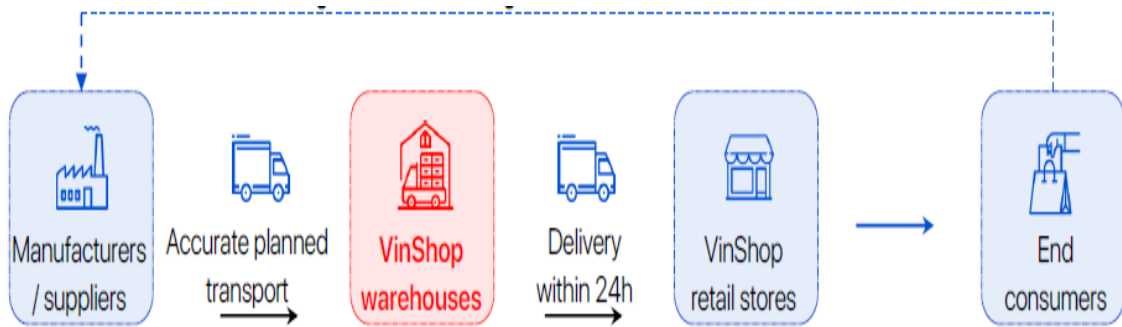
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- In acceleration phase in 2020, Vinfast earned a stellar track record of market penetration of which three models Fadil/Lux A2.0/Lux SA2.0 reaped the biggest market shares (39%/81%/87%) in their equivalent markets of City Car/ Sedan/SUV. The rapid growing Vinfast is credited to 1) the fast execution capabilities including 21 month of completing manufacturing complex and 18 months of launching three car models 2) extensive distribution network for both automobiles and e-motorcycles (total 78 showrooms, dealers, workshops for automobiles/ total 119 for e-motorcycles as of end-20).
- From the management, upcoming EV cars and ICE cars are 1) equipped with smart technology including autonomous driving level, clean energy in battery...2) provided in comprehensive portfolios for wide-range customers 3) manufactured in an automated manufacturing complex with capacities of 250,000 cars p.a and 500,000 e-motocycles p.a.
- U.S. market is targeted to be the first abroad commercial markets from 2022 thanks to 1) American consumer's concentrated favour in some certain models 2) much more readiness for EV cars 3) favourable legitimate environment for car production.

### **One Mount Group, the largest digital ecosystem in Vietnam**

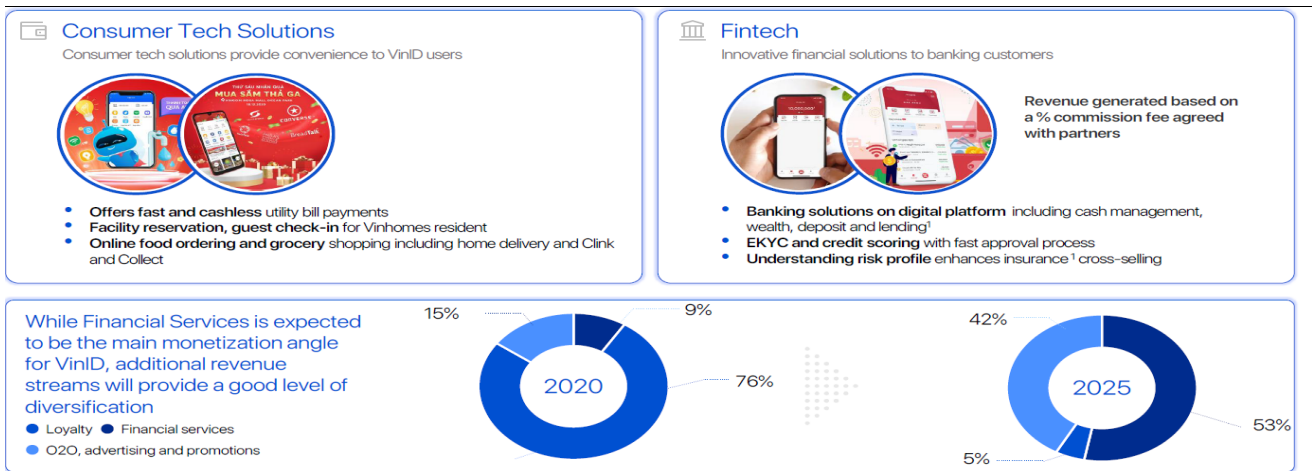
- One Mount Group, new entity of Vingroup, is developing an integrated ecosystem to tape the fast-growing O2O network in three economic sectors: whole distribution (VinShop), Real Estate (OneHousing) and financial services (VinID).
- VinShop is a B2B2C platform that help traditional retail stores (is currently holding the 90% of retail distribution) optimize the supply chain. VinShop allows independent retailers to order goods directly from manufacturers and increases efficiency by reducing multiple distributors layers, simplifying the supply chain. After 6 months from launching, VinShop presents in 55,000+ retailers with 3 orders/month/retailer. Coming to 2025, VinShop targets to connect 350,000+ retailers with USD3bn gross merchandise value/year.
- VinID is aimed to be supply financial services to Vingroup's clients with end-to-end payment in 100,000+ points of acceptance and with instant fund transfer connected with 36 banks in Vietnam. Not mentioning to consumer tech solutions (online food ordering, utility payment...), VinID also offers banking solutions, EKYC, credit scoring which are providing additional revenue streams to One Mount Group based on a % commission fee agreed with partners.

**Figure 1. VinShop offers intelligent consumer insights for manufacturers and retailer**



Source: Company data, Korea Investment & Securities

**Figure 2. VinID also adds features to unlock diverse revenue streams**



Source: Company data, Korea Investment & Securities

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