

Vincom Retail JSC (VRE)

The return of the King

Vincom Retail JSC (VRE) has released the financial statement for 3Q22. Here are some noticeable updates.

Outperformed revenue in 3Q22

- Strongly recovered from lockdown period, VRE's net revenue in 3Q22 rose sharply by 154.7% yoy to VND2tn. Net profit in 3Q22 increased by 3,156% yoy to VND794bn. GPM improved significantly from 17% in 3Q21 to 52% in 3Q22 due to deduction of rental fee to support lessees during Covid-19 in 3Q21.
- In 3Q22, revenue from leasing investment property contributed to 92% of total sales, increased by 152% yoy to VND1.8tn thanks to recovered performance of retailers.
- Real estate trading in 3Q22 also warmed up by surging by 568% to VND136bn, contributing to 7% of total revenue. Meanwhile, revenue from other services (2% of total sales) decreased by 18% yoy to VND32bn.
- Accumulating 9M22, revenue went up by 15% yoy to VND5.2tn, and NPAT shoot up by +63% yoy to VND1.9tn, correspondingly fulfilling 65% and 80% of guidance.
- Foot fall surpassed by 41% yoy and reached 85-95% of the footfall level in 3Q19, prior COVID-19 pandemic. VRE expect the occupancy rate of 85% in 4Q22.

Business plan in 4Q22F-2023F

- In 3Q22, Trung Nguyen Legend opened 10 stores in Vincom chain. Uniqlo is going to open 3 more stores in Vincome Center Ba Trieu, Vincom Mega Mall Royal City and Vincom Center Tran Duy Hung in 4Q22F.
- Welcoming year-end sale season, VRE is cooperating with brands in preparing for Black Friday & Christmas sale program.

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	5,518	9,124	9,259	8,329	5,891
chg. (% YoY)	(14%)	65.3	1.5	(10.0)	(29.3)
Operating profit (VND bn)	2,231	2,891	3,583	3,093	1,757
Net profit (VND bn)	2,027	2,404	2,851	2,382	1,315
EPS (VND)	1,096	1,032	1,222	1,023	564
chg. (% YoY)	(5%)	(5.8)	18.4	(16.3)	(44.8)
EBITDA (VND bn)	3,167	4,048	5,030	4,575	3,250
PE (x)	21.7	23.0	19.4	23.2	42.1
EV/EBITDA (x)	15.1	13.1	11.1	12.3	16.9
PB (x)	1.7	1.9	2.1	1.9	1.8
ROE (%)	15.5	8.8	10.3	8.5	4.4
Dividend yield (%)	2.8	0.0	4.4	0.0	0.0

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

12M rating **Non-rated**

12M TP **N.A**

Up/Downside **N.a**

Stock Data

VNIndex (27 Oct, pt)	1,028
Stock price (27 Oct, VND)	23,750
Market cap (USD mn)	2,173
Shares outstanding (mn)	2,272
52-Week high/low (VND)	36,000/22,200
6M avg. daily turnover (USD mn)	2.39
Free float / Foreign ownership (%)	26.4/32.3
Major shareholders (%)	
SADO Trading Commercial JSC	40.5
Vingroup JSC	18.37
WP Investments III B.V.	4.89

Performance

	1M	6M	12M
Absolute (%)	(10.9)	(22.1)	(23.9)
Relative to VNIndex (%p)	0.9	1.2	2.8

Stock price trend



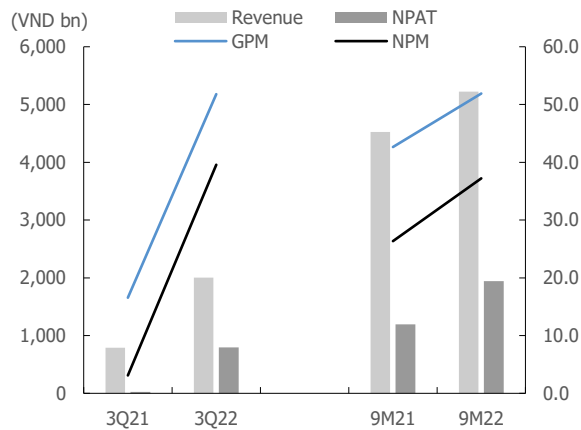
Source: Bloomberg

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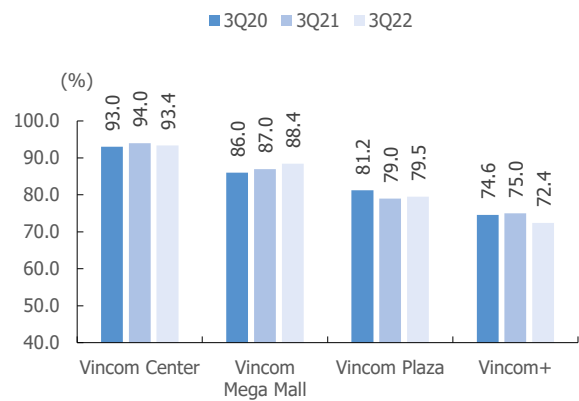
- VRE has completed construction of Vincom Plaza My Tho & Vincom Plaza Bac Lieu in 3Q22, constructing Bac Ninh Hotel, Vincom Plaza Dien Bien, Vincom Plaza Bien Hoa & Vincom Plaza Dong Ha Quang Tri and other projects.
- In 2023F, VRE will open 6 new retail malls, including 2 Mega malls in Grand Park & Ocean Park, 4 more retail malls Vincom Dien Bien Phu, Vincom Ha Giang, Vincom Bac Giang and Vincom Dong Ha Quang Tri.

Figure 1. Revenue movement



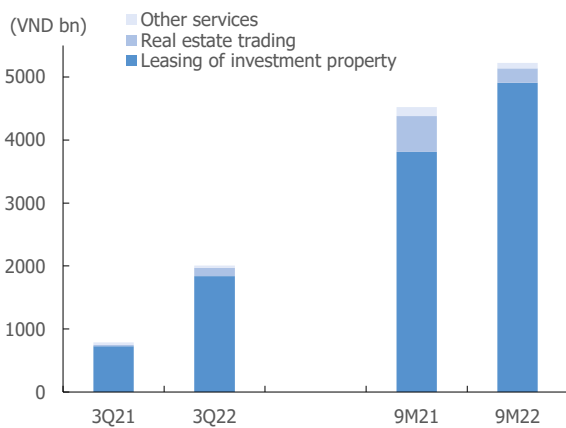
Source: Company data, KIS

Figure 2. Occupancy rates improved but for Vincom+



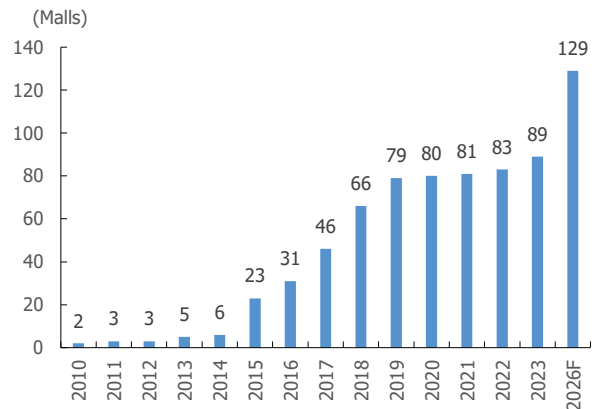
Source: Company data, KIS

Figure 3. Revenue streams in 3Q21 and 3Q22



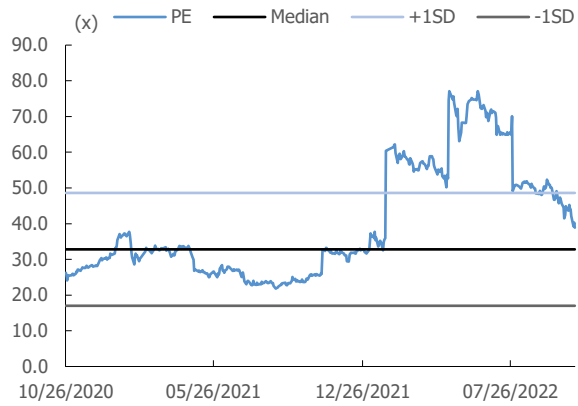
Source: Company data, KIS

Figure 4. Number of Vincom Malls



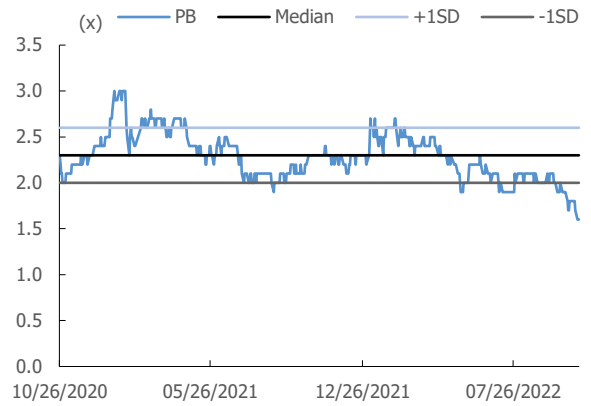
Source: Company data, KIS

Figure 5. VRE's 2-years PE



Source: Company data, Finpro

Figure 6. VRE's 2-years PB



Source: Company data, Finpro

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