

31 Jan 2023

# VINGROUP (VIC)

## AM briefing: A glimpse of relief

### 4Q22 analyst meeting briefing

- We tuned in to VIC's analyst meeting on Jan 31 which featured the strategic visibility on Vinfast and shed some light on its 4Q22 operational updates.

### 2022 Weather the storms bravely

- Vingroup reported its brisk 4Q22 NPAT of VND410bn vs a loss of VND9,284.5bn following a bullish revenue VND41.2tn, 43.2% qoq and 18.2% yoy and an expanding blended gross margin (GM) of 31% (+11.1%p qoq, +6.3%p yoy).
- Industrials: this segment suffers a revenue slump of 11.1.4% yoy with revenue of VND3.6tn in 4Q22. GM deteriorated to -102.3%, -17.8%p yoy, +109.2%p qoq. Full-year performance was dim with a VND12.9tn revenue, -23.8% yoy
- Hospitality and entertainment service: this division spiked with a VND1.4tn revenue, 101.5% yoy, prompting to a full year revenue of VND6.9tn, +115.2% yoy. The GM still at -92.5% in 4Q22 but less than -315.9% seen in 4Q21.
- Education: the 4Q22 revenue boomed with a VND1,374.4bn, 80.1% yoy, +46.5% qoq. The 2022 revenue swelled by 66.1% yoy to VND3.7tn.
- Healthcare: Vinmec chain was prosperous with a VND1.2tn revenue, +35.8% yoy, and a positive GM of 23.9%, +9.2%p yoy in 4Q22.

12M rating **Non-rated**

12M TP

Up/Downside

#### Stock Data

VNIndex (31 Jan, pt)	1,111
Stock price (31 Jan, VND)	57,100
Market cap (USD mn)	9,287
Shares outstanding (mn)	3,814
52-Week high/low (VND)	91,200/52,900
6M avg. daily turnover (USD mn)	4.33
Free float / Foreign ownership (%)	24.7/12.8
Major shareholders (%)	
Pham Nhat Vuong and related	19.18
Vietnam Investment Group JSC	32.58
VMI	6.29

#### Performance

	1M	6M	12M
Absolute (%)	6.1	(10.8)	(41.1)
Relative to VNIndex (%p)	(4.2)	(3.5)	(17.4)

#### Stock price trend



Source: Bloomberg

	2018A	2019A	2020A	2021A	2022P
Sales (VND bn)	121,894.4	130,036.0	110,490.0	125,687.9	101,523.5
chg. (% YoY)	36.4	6.7	(15.0)	13.8	(19.2)
Operating profit (VND bn)	11,470.6	10,625.3	(3,343.9)	3,120.3	(11,544.7)
Net profit (VND bn)	3,823.7	7,545.9	5,464.6	(2,513.9)	8,351.9
EPS (VND)	1,286.0	2,433.0	1,691.0	(685.0)	0.0
chg. (% YoY)	(14.3)	89.2	(30.5)	(140.5)	(100.0)
EBITDA (VND bn)	16,625.8	18,963.0	6,719.7	18,040.0	3,111.9
PE (x)	51.0	27.0	37.5	N.M	24.6
EV/EBITDA (x)	15.4	15.7	43.7	18.1	8.3
PB (x)	3.5	2.6	2.5	2.2	1.5
ROE (%)	5.0	6.9	4.3	(1.7)	1.3
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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#### Research Dept

researchdept@kisvn.vn

## High gear still weighs the attendees' mind

- The income statement was bullish thanks to a VND101.5tn revenue, -19.2% yoy and a VND8,350bn NPAT (vs a loss of VND2,513bn), meeting 72.5/138.3% of their guidance.
- However, the balance sheet is still worrying us. Net debt surged to VND137.6tn, +43.6% YTD due to a USD625mn exchangeable bond, prompting net gearing of 1.01x as of end-4Q22 vs 0.6x as of end-4Q21.
- The company must pay a VND25.1tn within the next 12 months, raising concerns about its refinancing capacity amid the increasingly costlier borrowing rate.
- CFO earned a positive VND1,01bn in 2022 vs a -VND14.2tn in 2021.

## Eyes on Vinfast IPO progress

- Vinfast sold 24,000 vehicles of which 7,400 were electric vehicles, 60,000 e-motorcycles and won 70,000 EV reservations.
- As of end-4Q22, VinFast had 22 showrooms in international markets, including 110 globally with new openings in Germany, France, Canada, and California in 4Q2022
- Addressing the question on the progress of Vinfast IPO, the company still places hope on drawing investors' interest.

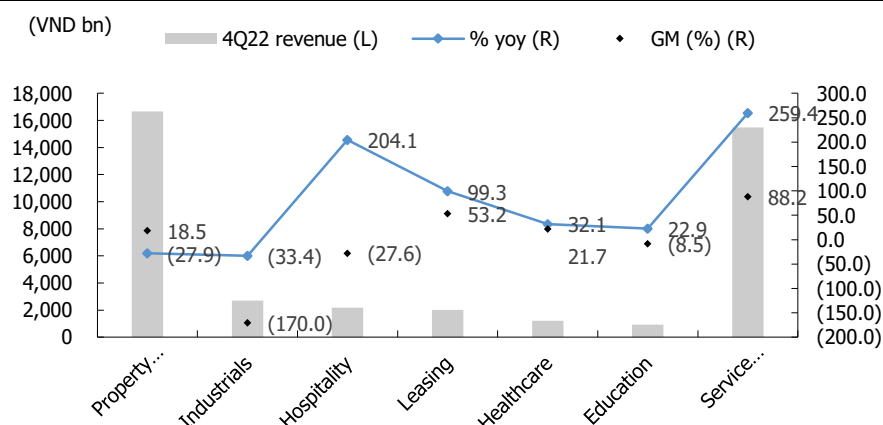
**Table 1. 4Q22 earnings**

(VND bn, %, %p)

	4Q21	1Q22	2Q22	3Q22	4Q22	QoQ	YoY	Consensus
Sales	34,839	18,229	13,384	28,742	41,168	43.2	18.2	N.A
Gross profit	8,625	205	(4,719)	5,758	12,804	122.4	48.5	N.A
Gross margin	24.8	1.1	(35.3)	20.0	31.1	11.1	6.3	N.A
OP	(2,626)	(6,119)	(9,464)	87	3,951	4,423.7	N.M	N.A
OP margin	(7.5)	(33.6)	(70.7)	0.3	9.6	43.2	17.1	N.A
EBT	(6,568)	1,928	1,559	5,252	3,955	N.M	N.M	N.A
NPATMI	(5,706)	2,454	3,392	947	1,559	612.2	N.M	N.A

Source: Company data, KIS

**Figure 1. Revenue by segment: Property sales still dominated 4Q22 growth**



Source: KIS, Company report

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