

25 Apr 2023

# Vincom Retail (VRE)

## AM brief: Optimistic 2023 target

The company held an AM session on Apr 24<sup>th</sup> to articulate the business plan, coming out with optimistic business guidance.

### 1Q23 NPAT increased 171% yoy

- In 1Q23, Vincom Retail posted VND1,943bn revenue (+41.9% yoy), assisted by a 53.5% yoy surge of revenue from the leasing of investment properties and rendering of related services segment that accounting 98% of total revenue. Per the company, this segment strongly increased mainly backed by (1) the increases of occupancy rate by 2.7%p yoy to 85.4%, (2) no support market in 1Q23 compared to VND464bn of support market in 1Q22, and (3) the additional revenue's contribution of 3 new retail mall including VMM Smart City, VCP My Tho, and VCP Bac Lieu since 2Q22.
- The GPM expanded to 61.1% in 1Q23, increasing by 21.5%p from 44.1% in 1Q22 since the company reduced energy costs and optimize management system to save HR cost, according to VRE. Meanwhile, the financial income increased by 118% yoy and financial expenses increased only 12% yoy. As such, the net profit posted VND1,024bn (+171.3% yoy).

### Target to strongly growth in 2023

- Per management, the key drivers of VRE 2023 earning growth including:
  - Increasing occupancy rate from 85.4% to 90% based on accompanying strategic tenants and accelerating the network expansion on new tenants.
  - Increasing average rent thanks to upgrading tenant mix and fixed annual increases in contract.
  - Launching 2 new shopping malls in 4Q23 including VMM Grand Park (45,700 m<sup>2</sup>) and Vincom Plaza Ha Giang (9,500 m<sup>2</sup>).
  - Handing over 2 shophouse projects since 2Q23, including Vincom Shophouse Quang Tri (515 units) and Vincom Shophouse Dien Bien (41 units)
- Overall, the company targeted for 2023 business result with (1) base case: VND10,350bn revenue (+40% yoy) and VND4,680bn (+68% yoy), and (2) optimistic case: VND11,500bn revenue (+57% yoy) and VND5,200 NPAT (+87% yoy).

	2018A	2019A	2020A	2021A	2022A
Sales (VND bn)	9,124	9,259	8,329	5,891	7,361
chg. (% YoY)	65.3	1.5	(10.0)	(29.3)	25.0
Operating profit (VND bn)	2,992	3,546	2,901	1,658	3,453
Net profit (VND bn)	2,413	2,852	2,382	1,315	2,777
EPS (VND)	1,032	1,224	1,023	564	1,192
chg. (% YoY)	30.5	18.6	(16.4)	(44.9)	111.3
EBITDA (VND bn)	4,048	5,030	4,575	3,250	4,725
PE (x)	27.3	23.0	27.5	49.9	23.6
EV/EBITDA (x)	16.3	13.3	14.9	20.1	13.1
PB (x)	2.3	2.4	2.2	2.1	2.0
ROE (%)	8.8	10.3	8.5	4.4	8.7
Dividend yield (%)	3.7	-	-	-	-

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

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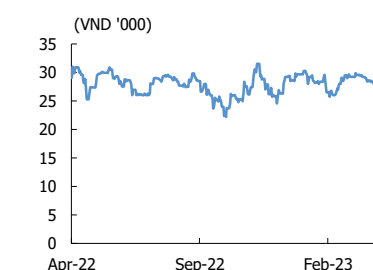
### Stock Data

VNIndex (25 Apr, pt)	1,042
Stock price (25 Apr, VND)	27,900
Market cap (USD mn)	2,700
Shares outstanding (mn)	2,272
52-Week high/low (VND)	31,550/22,200
6M avg. daily turnover (USD mn)	2.65
Free float / Foreign ownership (%)	26.4/33.0
Major shareholders (%)	
SADO Trading Commercial JSC	40.5
Vingroup JSC	18.4

### Performance

	1M	6M	12M
Absolute (%)	(4.6)	21.3	(4.0)
Relative to VNIndex (%p)	(4.2)	16.2	15.2

### Stock price trend



Source: Bloomberg

### Research Dept

researchdept@kisvn.vn

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Prepared by: Research Dept

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