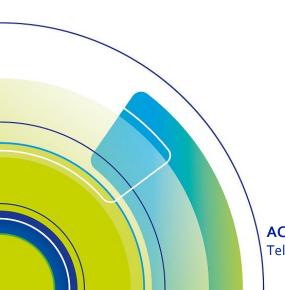


March 16, 2022





Ms. Truc Pham

(+84 28) 3823 4159 - Ext: 303 trucptt@acbs.com.vn

Company Update

Recommendation	HOLD
	HSX: VRE
	Property
Target price (VND)	34,052
Market price (VND)	31,750
Expected share price return	7.3%
Expected dividend yield	0.0%
Expected total return	7.3%

Stock performance (%)

	YTD	1M	3 M	12M			
Absolute	5.5	-3.0	6.0	-7.6			
Relative	8.4	-1.3	7.7	-31.5			
		So	Source: Bloomberd				

Ownership as of Dec 12, 2021

Vingroup JSC 60.13%

Stock Statistics Bloomberg code	15-Mar-22 VRE VN
52-week range (VND)	25,100 - 37,000
Shares O/S (m)	2,272
Mkt cap (VND bn)	72,146
Mkt cap (USD m)	3,133
Est. Foreign room left (%)	19.1
Est. free float (%)	28.3
3m avg daily vol (shrs)	8,133,441
VND/USD	23,030
Index: VNIndex / HNX	1452.74/443.52

VINCOM RETAIL JSC (VRE VN)

Adjust 2022 target price to VND34,052 given the planned support package and delay in new mall openings. Change rating from Buy to Hold as the stock price has increased.

2021 Business result

In 2021, VRE recorded total revenue of VND5,891bn (-29% YoY) and PAT of VND1,315bn (-45% YoY), lower than our expectation because:

- Support package given to tenants who were heavily impacted by COVID-19 was higher than expected. Without this package, VRE's revenue would have reached VND8trn.
- 2. Part of VMM Smart City was not opened in 4Q2021 as VRE's previous plan.
- Property sales were lower than expected.

Leasing revenue dropped by 22% YoY, to VND4,701bn mainly due to support package of VND2,115bn compared with VND865bn in 2020. Leasing NOI followed the same trend with a 26% YoY decrease to VND3,161bn. As some small tenants left due to financial difficulties, the average occupancy rate in 2021 dropped by 1.4 ppts, to 84%, of which Vincom Plaza saw the highest decrease of 2.7 ppts, to 80% among four retail formats while Vincom Center saw an improvement of 2.0 ppts, to 94% thanks to upgrading tenant mix at VCC Dong Khoi, VCC Lieu Giai and VCC Pham Ngoc Thach. Tenants with strong balance sheet still expanded such as the opening of Muji in Vincom Metropolis and Decathlon in VMM Thao Dien (Please see Appendix 1 for details).

Property sales also declined by 53% YoY, to over VND1,000bn given 235 units were delivered compared with 346 units in 2020.

The 2021 results were heavily impacted by the 3Q2021 results, but the 4Q2021 saw strong recovery. 4Q2021 revenue and profit increased by 74% and 402% QoQ respectively thanks to Government's efforts to reopen the economy and increase in shophouses delivery. All 80 malls have returned to normal operation except for tenants at malls located in high infection risk areas. Footfall to Vincom malls in December 2021 reached 8.1 million visitors, 4 times the level in August 2021.

	2018	2019	2020	2021U	2022E
Net Sales (VNDbn)	9,124	9,259	8,329	5,891	7,496
Growth	65.3%	1.5%	-10.0%	-29.3%	27.2%
EBITDA (VNDbn)	4,048	5,030	4,575	3,239	4,410
Growth	9.2%	24.3%	-9.0%	-29.2%	36.2%
PAT (VNDbn)	2,413	2,853	2,382	1,315	2,320
Growth	19.0%	18.2%	-16.5%	-44.8%	76.4%
EPS (bonus-adjusted, VND)	1,219	1,227	1,048	578	1,021
Growth	25.9%	0.6%	-14.6%	-44.8%	76.5%
ROE	8.8%	10.3%	8.5%	4.4%	7.3%
ROIC	7.8%	10.3%	8.5%	4.5%	7.1%
Net debt/EBITDA (times)	-0.1	0.1	0.2	-0.1	0.2
EV/EBITDA (times)	17.7	14.3	15.7	22.2	16.3
PER (times)	30.0	25.3	30.3	54.9	31.1
PBR (times)	2.5	2.7	2.5	2.4	2.2
DPS (VND)	0	1,050	0	0	0
Dividend yield	0.0%	3.3%	0.0%	0.0%	0.0%



16-Mar-22



	302021	4Q2021	QoQ	2020	2021	YoY
Leasing revenue	728	891	+22%	6,008	4,701	-22%
Property sales	20	436	+2,080%	2,149	1,004	-53%
Other revenue	39	41	+5%	172	186	+9%
Total revenue	797	1,367	+74%	8,329	5,891	-29%
PAT	24	122	+402%	2,382	1,315	-45%

Source: VRE's 3Q2021 and 4Q2021 FS.

2022 Forecast

We remain optimistic about the future prospects of VRE and believe the following factors will help the company bounce back in 2022:

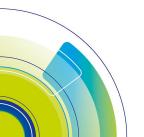
- 1.Prolonged widespread lockdowns are unlikely in the future due to high vaccination rates and a change in the government's approach from "defeating COVID" to "safely co-existing with COVID"
- 2.Government support package of VND350trn will help the economy recover and grow faster. Vietnam's economy remains resilient despite COVID-19 with growth expected to be the highest in the region.
- 3. The retail market will recover more clearly from 2Q2022 onwards according to CBRE. Rent and occupancy rates in both Hanoi and HCMC will remain stable and rise slightly in the 2022-2024 periods.
- 4. International brands remain committed to Vietnam.

Vincom Retail is ready for recovery in 2022 and targets full recovery to 2020 levels. It planned to open 3 new malls (VMM Smart City, VCP My Tho and VCP Bac Lieu) in 2Q2022 with a total retail GFA of ~95,000sqm, bringing the total number of operating malls to 83 and total retail GFA to ~1.75mn sqm at YE2022.

Taking into account the planned 2022 support package of VND800-900bn and the delay in the opening of VMM Smart City from 4Q2021 to 2Q2022 and VMM Grand Park from 2022 to 2023, we adjust leasing revenue down by 10%, to VND6,541bn. We also adjust estimated property sales down by 39%, to VND750bn as the company will decrease its shophouse development activity to focus on mall development. Thus, estimated 2022 total revenue and PAT were adjusted down by 15% and 16%, to VND7,496bn (+27% YOY) and VND2,320bn (+77% YOY), respectively.

Valuation

Overall, we believe VRE will strongly recover in 2022 given its internal strength (i.e. dominant market share, healthy financial status and support from the Vingroup ecosystem) and external growth drivers (e.g. recovering local retail market, continuous expansion of international brands in Vietnam and rising vaccination rate). Given the adjustment in 2022 forecast, we suggest 2022 target price of VND34,052, down slightly by ~7% compared to our previous target price, using the combination of DCF, EV/EBITDA and P/B comparison methods. We change our rating from Buy to Hold as stock price has increased since our last update report in 11/2021.





16-Mar-22

Appendix 1: Occupancy rate

	2020	2021	YoY (ppts)
Vincom Center (VCC)	92%	94%	+2.0
Vincom Mega Mall (VMM)	87%	87%	-0.5
Vincom Plaza (VCP)	82%	80%	-2.7
Vincom+ (VC+)	76%	74%	-1.9
Total	85%	84%	-1.4

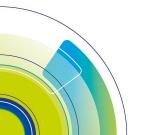
Source: VRE





16-Mar-22

VRE FINANCIALS MODEL	Price (VND):	31,750	Target (VND):	34,052	Mkt cap (VND bn):	72,146
(VND bn except where stated)		2018	2019	2020	2021U	2022E
Total Net Sales		9,124	9,259	8,329	5,891	7,496
Of which: Property leasing with related services		5,506	7,017	6,008	4,701	6,541
Property sales		3,433	2,027	2,149	1,004	750
Others		185	215	172	186	205
Sales growth		65.3%	1.5%	-10.0%	-29.3%	27.2%
CoGS ex-dep'n		4,326	3,408	3,025	2,017	2,400
Gross profit		3,641	4,404	3,821	2,392	3,543
Gross margin		39.9%	47.6%	45.9%	40.6%	47.3%
SG&A		751	821	729	635	686
SG&A as % of sales		8.2%	8.9%	8.7%	10.8%	9.2%
EBITDA		4,048	5,030	4,575	3,239	4,410
EBITDA margin		44.4%	54.3%	54.9%	55.0%	58.8%
Depreciation		1,157	1,447	1,483	1,482	1,553
Operating profit		2,891	3,583	3,093	1,757	2,857
Operating profit margin		31.7%	38.7%	37.1%	29.8%	38.1%
Financial income (excl. saving and lending interest)		-1	0	-	-	-
Financial expenses (excl. interest expense)		47	6	24	44	44
as % of avg, net debt		-7.2%	24.6%	24.1%	24.6%	-15.1%
Other profit		60	30	91	34	34
Tax		640	724	610	377	580
Effective tax rate		21.0%	20.2%	20.4%	22.3%	20.0%
Minority interest		9	0	0	1	0
NPATMI		2,404	2,851	2,382	1,315	2,320
Net profit margin		26.4%	30.8%	28.6%	22.3%	30.9%
Cash earnings		3,561	4,299	3,864	2,796	3,872
Number of shares (m)		2,329	2,272	2,272	2,272	2,272
EPS (VND)		1,219	1,227	1,048	578	1,021
Bonus factor (x)		1.0	1.0	1.0	1.0	1.0
Adjusted EPS (VND)		1,219	1,227	1,048	578	1,021
EPS growth		25.9%	0.6%	-14.6%	-44.8%	76.5%

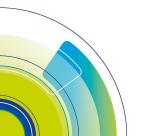




16-Mar-22

KEY CASHFLOW AND BS ITEMS	2018	2019	2020	2021U	2022E
Increase in working capital	-4,839	1,242	1,499	752	3,250
Capex	1,992	1,896	4,377	652	1,966
Other cash flow items	-1,564	2,284	1,838	-281	0
Free cash flow	4,844	3,445	-173	1,111	-1,344
Share issues	0	-1,954	0	0	0
Dividends paid	0	2,451	0	0	0
Increase in net debt	-4,844	960	173	-1,111	1,344
Net debt, end of year	-352	608	781	-330	1,014
Shareholders' equity	28,509	26,954	29,336	30,651	32,970
BVPS (VND)	12,224	11,847	12,895	13,473	14,492
Net debt / equity	-1.2%	2.3%	2.7%	-1.1%	3.1%
Net debt / EBITDA (x)	-0.1	0.1	0.2	-0.1	0.2
Total assets	38,684	35,839	39,816	37, ⁸ 73	42,968
KEY RETURN AND VALUATION RATIOS	2018	2019	2020	2021U	2022E
ROE	8.8%	10.3%	8.5%	4.4%	7.3%

KEY RETURN AND VALUATION RATIOS	2018	2019	2020	2021U	2022E
ROE	8.8%	10.3%	8.5%	4.4%	7.3%
ROA	6.3%	7.7%	6.3%	3.4%	5.7%
ROIC	7.8%	10.3%	8.5%	4.5%	7.1%
WACC	15.0%	12.1%	11.8%	12.5%	12.1%
EVA	-7.2%	-1.8%	-3.3%	-7.9%	-5.0%
PER (x)	30.0	25.3	30.3	54-9	31.1
EV/EBITDA (x)	17.7	14.3	15.7	22.2	16.3
EV/FCF (x)	14.8	20.8	-415.2	64.7	-53.4
PBR (x)	2.5	2.7	2.5	2.4	2.2
PSR (x)	7.9	7.8	8.7	12.2	9.6
EV/sales (x)	7.9	7.8	8.6	12.2	9.6
Dividend yield	0.0%	3.3%	0.0%	0.0%	0.0%





16-Mar-22

CONTACTS

Ho Chi Minh City Head Office

41, Mac Dinh Chi, Dist. 1, Ho Chi Minh City Tel: (+84 28) 3823 4159 Fax: (+84 28) 3823 5060

RESEARCH DEPARMENT

Associate Director Gigi Nguyen Binh

(+84 28) 3823 4159 (x250) giaonbt@acbs.com.vn

Associate – Consumer-related, Technology Chi Luong

(+84 28) 3823 4159 (x327) chiltk@acbs.com.vn

Analyst – Construction materials Huy Huynh

(+84 28) 3823 4159 (x325) huyha@acbs.com.vn Associate – Consumerrelated, Media Trung Tran (+84 28) 3823 4159 (x351) trungtn@acbs.com.vn

Analyst – Industrials An PhucTran (+84 28) 3823 4159 (x325) phuctta@acbs.com.vn **Hanoi Office**

10 Phan Chu Trinh, HoanKiem Dist., Ha Noi Tel: (+84 24) 3942 9395 Fax: (+84 24)3942 9407

Manager – Property Truc Pham (+84 28) 3823 4159 (x303)

(+84 28) 3823 4159 (x303 trucptt@acbs.com.vn

Associate – Oil & Gas Hung Phan (+84 28) 38234159 (x354) hungpv@acbs.com.vn

Analyst – Technical Phuoc Luong (+84 28) 3823 4159 (x354) phuocld@acbs.com.vn

Manager-Financials

(+84 28) 3823 4159 (x326)

hungcv@acbs.com.vn

Hung Cao, CFA

Analyst – Derivatives, Macro Minh Trinh

(+84 28) 3823 4159 (x352) minhtvh@acbs.com.vn

Director - Head of Institutional Client Tyler Cheung, CFA

(+84 28) 38 234 876 tyler@acbs.com.vn

Trading Manager Huong Chu

(+84 28) 3824 6679 huongctk@acbs.com.vn

Trader
Thanh Tran
(+84 28) 3824 7677
thanhtt@acbs.com.vn

Trader
Phuong Chu
(+84 28) 3823 4159 (x357)
phuongctm@acbs.com.vn

Customer Support Institutional Client Thanh Le (+84 28) 3823 4798 thanhInt@acbs.com.vn

Trader

Dung Ly
(+84 28) 3823 4159 (x313)

dungln.hso@acbs.com.vn

Trader
Nhi Nguyen
(+84 28) 3823 4159 (x315)
nhinp@acbs.com.vn



16-Mar-22

DISCLAIMER

Our Recommendation System

BUY: where we believe prospective 12 month VND total return (including dividends) will be 15% or more.

HOLD: where we believe it will be -15% to 15%.

SELL: where we believe it will be lower than -15%.

Analyst Certification(s)

We, the author(s) of this report, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

ACBS and/or an affiliate thereof (hereby collectively called ACBS) did or may seek to do business with companies covered in this report as its routine business. ACBS's proprietary trading accounts may have a position in such companies' securities. As a result, the investor should be aware that ACBS may have a conflict of interest from time to time.

ACBS produces a variety of research products including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research products, whether as a result of differing time horizons, methodologies, or otherwise.

Disclaimer

This report is provided for information purposes only. ACBS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this report. ACBS will not treat unauthorized recipients of this report as its clients. Prices shown (if any) are indicative and ACBS is not offering to buy or sell or soliciting offers to buy or sell any financial instrument. Without limiting any of the foregoing and to the extent permitted by law, in no event shall ACBS, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this report or its contents. Other than disclosures relating to ACBS, the information contained in this report has been obtained from sources that ACBS believes to be reliable, but ACBS does not represent or warrant that it is accurate or complete. The views in this report are subject to change, and ACBS has no obligation to update its opinions or the information in this report.

Some parts of this report reflect the assumptions, views and analytical methods of the analysts who prepared them, and ACBS is not responsible for any error of their works and assumptions. ACBS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report.

The analyst recommendations in this report reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of ACBS. This report does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the investors who receive it. The securities discussed herein may not be suitable for all investors. ACBS recommends that investors independently evaluate each issuer, securities or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

This report may not be distributed to the public media or used by the public media without prior written consent of ACBS. Otherwise it will be considered as illegal. The breacher shall compensate fully to ACBS any loss or damage which arises from such breach (if any).

In the event that the distribution and/or receipt of this report is prohibited by the investor's jurisdiction, the investor shall dismiss this report immediately otherwise it will be at his/her own risks.

ACBS does not provide tax advice and nothing contained herein should be construed to be tax advice. Accordingly, the investors should seek advice based on their particular circumstances from an independent tax advisor. This report may contain links to third-party websites. ACBS is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by ACBS. Access to any third-party website is at the investor's own risks, and the investor should always review the terms and privacy policies at third-party websites before submitting any personal information to them. ACBS is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

© Copyright ACBS (2022). All rights reserved. No part of this report may be reproduced in any manner without the prior written permission of ACBS.

