



# VRE Flash note - BUY

November 5, 2024

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## Earnings Flash note

### Recommendation

**BUY**

HSX: VRE

Property

Target price (VND)

27,900

Market price (VND)

17,700

Expected share price return

57.7%

Expected dividend yield

0.0%

Expected total return

57.7%

### Stock performance (%)

	YTD	1M	3M	12M
Absolute	-24.0	-3.3	-1.4	-27.5
Relative	-36.0	-1.3	-2.6	-45.4

Source: Bloomberg



### Ownership

SADO	41.5%
Vingroup JSC	18.8%

### Stock Statistics

4-Nov-24

Bloomberg code	VRE VN
52-week range (VND)	16,700 - 28,750
Shares O/S (m)	2,272
Mkt cap (VND bn)	40,220
Mkt cap (USD m)	1,579
Est. Foreign room left (%)	28.5
Est. free float (%)	26.4
3m avg daily vol (shrs)	8,652,480
VND/USD	25,465
Index: VNIndex / HNX	1244.71/224.55

## VINCOM RETAIL JSC (VRE VN)

A YoY decline in 3Q2024 result was mainly due to a lower number of shophouses delivered. 9M2024 NPAT was in line with our estimation, thus we keep 2024 forecast unchanged. Roll forward target price to VND27,900/share at YE2025 and reiterate our Buy rating.

VRE posted a decline in 3Q2024 result with revenue of VND2,078 bn (-38% YoY) and NPAT of VND906 bn (-31% YoY). This result was mainly due to a 97% YoY decline in property sales segment, to VND36 bn given a lower number of shophouses handed over (7 units in 3Q2024 vs 268 units in 3Q2023) as delivery at Dong Ha Quang Tri project has nearly completed.

For 9M2024, VRE posted revenue of VND6,811 bn (-9% YoY) and NPAT of VND3,010 bn (-10% YoY), completing 68% of the company's target and 72% of our forecast. The decline in 9M2024 result was mainly due to a lower number of shophouses delivered (156 units in 9M2024 vs 292 units in 9M2023).

Regarding property leasing segment, revenue went sideways at VND1,983 bn in 3Q2024 and VND5,851bn in 9M2024 although VRE opened 3 new malls in 2Q2024 (VMM Grand Park, VCP Dien Bien Phu and VCP Ha Giang with a total GFA of 67,000 sqm) and 1 new mall in 3Q2024 (VCP Bac Giang with GFA of 13,400 sqm and occupancy rate of 97%). This was mainly due to a lower average occupancy rate (84.6% in 3Q2024 vs 85.4% in 3Q2023). Segmented gross margin in 9M2024 declined from 58.9% to 55.8% mainly due to: (1) higher energy cost given higher electricity price and volume during hot weather and (2) leasing revenue from commercial streets had a margin of 40-50% which was lower than the normal margin of malls.

At the end of 3Q2024, VRE had 87 malls with a total GFA of c.1.83 mn sqm. In 4Q2024, the company will open VCP Dong Ha Quang Tri with GFA of 14,300 sqm and expected occupancy rate at launch of 92%. For 2025, VRE plans to open 3 new malls (VMM Ocean City, VMM Royal Island and VCP Vinh) with a total new GFA of 119,800 sqm (Please refer to Table 2).

Regarding property sales, unbilled backlog at the end of 3Q2024 was VND249 bn which is expected to be realized in 4Q2024 and 1H2025. VRE acquired commercial components in two Vinhomes's projects Vinhomes Royal Island and Vinhomes Golden Avenue with retail GFA of 85,600 sqm and 24,200 sqm, respectively. Total investment capital of these projects is around VND6.1 trn and VRE already deposited VND3trn to Vinhomes. VRE expected to launch these two projects in 2025.

	2021	2022	2023	2024F	2025F
Net Sales (VNDbn)	5,891	7,361	9,791	9,109	9,091
Growth	-29.3%	25.0%	33.0%	-7.0%	-0.2%
EBITDA (VNDbn)	3,250	4,725	6,020	5,445	5,647
Growth	-29.0%	45.4%	27.4%	-9.5%	3.7%
PATMI (VNDbn)	1,315	2,776	4,409	4,158	3,920
Growth	-44.8%	111.2%	58.8%	-5.7%	-5.7%
EPS (bonus-adjusted, VND)	578	1,222	1,940	1,830	1,725
Growth	-44.8%	111.2%	58.8%	-5.7%	-5.7%
ROE	4.4%	8.7%	12.4%	10.4%	8.9%
ROIC	4.5%	8.6%	11.0%	7.9%	7.4%
Net debt/EBITDA (times)	-0.1	-0.8	-0.2	0.2	-0.1
EV/EBITDA (times)	12.1	8.3	6.5	7.2	7.0
PER (times)	30.6	14.5	9.1	9.7	10.3
PBR (times)	1.3	1.2	1.1	1.0	0.9
DPS (VND)	0	0	0	0	0
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%

In 3Q2024, the company collected VND2,350 bn of loans to related parties (VND1,900 bn to VinFast and VND450 bn to Vinbus) incurred from 1Q2024, thus cash and cash equivalent balance increased by 337% to VND 4,885 bn in 3Q2024. In October 2024, VRE also collected a deposit of VND1.3 trn from VinWonder Nha Trang as this project is behind the schedule.

**Quick comment:** The 9M2024 result was in line with our estimation, thus we keep 2024 forecast unchanged with revenue of VND9,109 bn (-7% YoY) and NPAT of VND4,158 bn (-6% YoY). For 2025, we expect revenue of VND9,091 (flat YoY) and PAT of VND3,920 bn (-6% YoY) given a steady growth of the property leasing segment but a decline of property sales and lower financial income. We roll forward target price to VND27,900/share at YE2025 and reiterate our Buy rating.

**Table 1: Summary of 3Q2024 and 9M2024 results**

Unit: VNDbn	3Q2023	3Q2024	YoY Change	9M2023	9M2024	YoY Change	VRE's target	% completion
Revenue	3,333	2,078	-38%	7,449	6,811	-9%	9,500	72%
Of which: Property leasing	1,988	1,983	0%	5,845	5,851	0%		
Property sales	1,304	36	-97%	1,504	779	-48%		
Others	40	59	+47%	99	181	+82%		
Gross profit	1,700	1,089	-36%	4,078	3,554	-13%		
Financial income	301	383	+27%	803	1,239	+54%		
Financial expenses	76	244	+221%	256	563	+120%		
Selling expense	185	77	-58%	257	197	-23%		
G&A expenses	107	170	+60%	259	473	+82%		
NPAT	1,317	906	-31%	3,341	3,010	-10%	4,420	68%

Sources: VRE, ACBS.

**Table 2: New malls to be opened in 4Q2024 and 2025**

Project	Location	Retail GFA (sqm)	Opening date	Expected occupancy rate at launch
VCP Dong Ha Quang Tri	Quang Tri	14,300	4Q2024	92%
VMM Ocean City	Hung Yen	53,200	2Q2025	n/a
VMM Royal Island	Hai Phong	47,600	3Q2025	n/a
VCP Vinh	Nghe An	19,000	4Q2025	n/a

Source: VRE

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### Our Recommendation System

**BUY:** Expected prospective total return (including dividends) in VND will be 20% or more within 12 months

**OUTPERFORM:** Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months

**NEUTRAL:** Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months

**UNDERPERFORM:** Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months

**SELL:** Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

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