



VRE Update - OUTPERFORM

August 28, 2025



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Company Update

Recommendation **OUTPERFORM**

HSX: VRE

Property

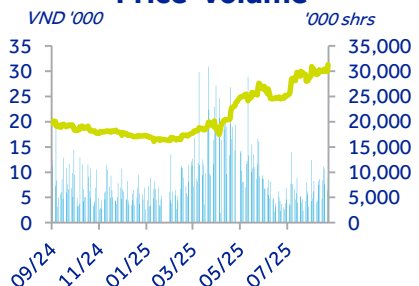
Target price (VND)	34,800
Market price (VND)	31,300
Expected share price return	11.2%
Expected dividend yield	0.0%
Expected total return	11.2%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	82.5	6.1	22.7	57.7
Relative	49.6	-2.9	-2.9	25.0

Source: Bloomberg

Price-Volume



Ownership

SADO	41.5%
Vingroup JSC	18.8%

Stock Statistics 26-Aug-25

Bloomberg code	VRE VN
52-week range (VND)	16,100 - 31,700
Shares O/S (m)	2,272
Mkt cap (VND bn)	71,124
Mkt cap (USD m)	2,680
Est. Foreign room left (%)	31.7
Est. free float (%)	39.7
3m avg daily vol (shrs)	6,548,791
VND/USD	26,536
Index: VNIndex / HNX	1,667.63/275.79

VINCOM RETAIL JSC (VRE VN)

A solid growth in 2Q2025 and 1H2025 profits mainly thanks to higher occupancy rates of malls, 5 new malls opened in 2024 and increased financial income. Adjust 2025 NPAT up by 19% to VND4,762 bn given financial income higher than expectation. Roll forward target price to 2026, to VND34,500/share and give an Outperform rating for this stock.

Property leasing segment is expected to have a solid performance in 2025 with estimated revenue of VND8,516 bn (+8% YoY) mainly thanks to higher occupancy rates and 5 new malls opened in 2024. VRE has successfully improved average occupancy rates of malls from the trough of 82.8% in 1Q2024 to 86.3% in 2Q2025 which is mainly driven by change in the tenant mix (increase areas for F&B, entertainment and life-style tenants). Gross margin improved from 53.9% in 2Q2024 to 55.5% in 2Q2025 thanks to higher occupancy rates and energy savings initiatives such as installing additional solar panels on mall's roofs. The company keeps its plan to open 3 new malls in 2025 (Vincom Mega Mall Ocean City, Vincom Mega Mall Royal Island and Vincom Plaza Vinh) with a total additional GFA of nearly 117,000 sqm to increase total malls to 91 and total GFA to 1.96 mn sqm.

As of 06/30/2025, VRE cumulatively deposited VND1.8 trn to Vinhomes (HSX: VHM) to develop 4 malls (1 Vincom Center, 2 Vincom Mega Malls and 1 Vincom Plaza) in Vinhomes Green Paradise Can Gio which are expected to be opened in 2027-2028. At the end of 2Q2025, VRE deposited VND21,543 bn for investment and business purposes (+2% YTD), of which VND18,697 bn or 87% deposited to related parties.

Regarding property sales, VRE is on track with its plan to launch commercial landed properties units in two Vinhomes's projects Vinhomes Royal Island (~1,000 units with a total investment capital of VND4.8 trn) and Vinhomes Golden Avenue (~280 units with a total investment capital of VND1.3 trn) in 2H2025 and deliver in 2026. We expect these two projects to have good absorption rates and become a key growth driver for the company's business result in 2026. On the other hand, 2025 business result of this segment is insignificant with estimated revenue of VND205 bn (~76% YoY) as shophouses in old projects have nearly finished delivery.

As financial income in 1H2025 is higher than our expectation, we revise 2025 NPAT up by 19% to VND4,762 bn (+16% YoY). We expect higher growth in 2026 with revenue of VND12,773 bn (+43% YoY) and NPAT of VND5,888 bn (+24% YoY) mainly thanks to deliveries of shophouses in Vinhomes Royal Island and Vinhomes Golden Avenue and solid performance of malls. We roll forward target price to 2026, to VND34,800/share and give an Outperform rating for this stock.

	2022	2023	2024	2025F	2026F
Net Sales (VNDbn)	7,361	9,791	8,939	8,943	12,773
Growth	25.0%	33.0%	-8.7%	0.0%	42.8%
EBITDA (VNDbn)	4,725	6,020	5,152	5,427	6,807
Growth	45.4%	27.4%	-14.4%	5.3%	25.4%
PATMI (VNDbn)	2,776	4,409	4,096	4,762	5,888
Growth	111.2%	58.8%	-7.1%	16.3%	23.6%
EPS (bonus-adjusted, VND)	1,222	1,940	1,802	2,096	2,591
Growth	111.2%	58.8%	-7.1%	16.3%	23.6%
ROE	8.7%	12.4%	10.3%	10.7%	11.9%
ROIC	8.6%	11.0%	7.5%	7.0%	8.4%
Net debt/EBITDA (times)	-0.8	-0.2	0.3	0.0	0.1
EV/EBITDA (times)	14.9	11.7	13.7	13.0	10.3
PER (times)	25.6	16.1	17.4	14.9	12.1
PBR (times)	2.1	1.9	1.7	1.5	1.4
DPS (VND)	0	0	0	0	0
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%

2Q2025 and 1H2025 results: Revenue down, profit up

VRE posted a mixed 2Q2025 result with revenue decreasing by 14% YoY to VND2,143 bn but NPAT increasing by 21% YoY, to VND1,233 bn. The decline in the top line was due to a lower number of delivered shophouses (2Q2025: 3 units vs 2Q2024: 104 units) while the growth in the bottom line was mainly thanks to a higher gross profit margin (55.2% vs 48.8% which was driven by a higher proportion of the property leasing segment) and a 61% YoY growth in financial income, to VND677 bn.

For 1H2025, VRE posted revenue of VND4,274 bn (-10% YoY) and NPAT of VND2,411 bn (+15% YoY), completing 51% of the company's profit target. The reason for the decline in revenue was also due to a lower number of delivered shophouses (1H2025: 12 units vs 1H2024: 149 units). The profit growth was primarily credited to a 52% YoY growth in financial income (i.e. interest from savings, deposits and lending), to VND1,302 bn.

Table 1: Summary of 2Q2025 and 1H2025 results

Unit: VNDbn	2Q2024	2Q2025	YoY Change	1H2024	1H2025	YoY Change	2025 Target	% completion
Revenue	2,479	2,143	-14%	4,733	4,274	-10%	9,520	45%
Of which: Property leasing	1,940	2,068	7%	3,867	4,094	6%		
Property sales	467	12	-97%	744	60	-92%		
Others	72	62	-13%	122	120	-2%		
Gross profit	1,209	1,182	-2%	2,465	2,385	-3%		
Financial income	420	677	61%	855	1,302	52%		
Financial expenses	179	269	50%	319	511	60%		
Selling expense	56	41	-26%	120	109	-9%		
G&A expenses	160	121	-24%	303	226	-25%		
NPAT	1,021	1,233	21%	2,104	2,411	15%	4,700	51%

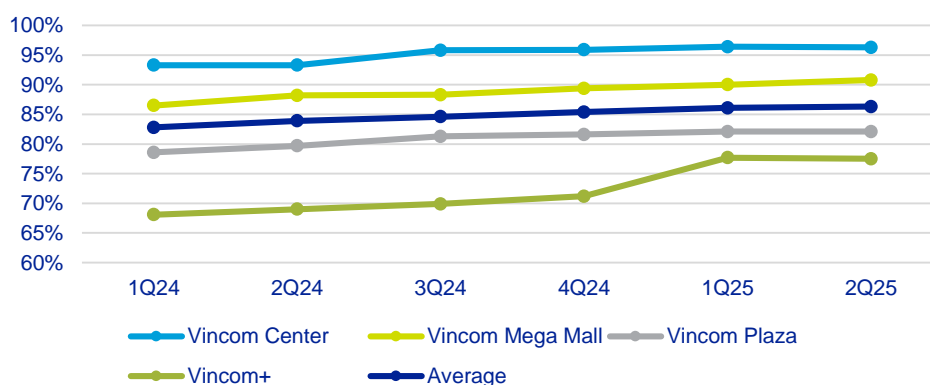
Sources: VRE, ACBS.

Table 2: New malls to be opened in 2025

Project	Location	Retail GFA (sqm)	Opening date	Expected occupancy rate at launch
VMM Ocean City	Hung Yen	53,200	08/22/2025	95%
VMM Royal Island	Hai Phong	47,600	09/30/2025	n/a
VCP Vinh	Nghe An	19,200	4Q2025	n/a

Source: VRE

Figure 1: Occupancy rates by mall formats



Source: VRE

VRE FINANCIALS MODEL	Price (VND):	30,000	Target (VND):	34,500	Mkt cap (VND bn):	71,124
(VND bn except where stated)	2022	2023	2024	2025F	2026F	
Total Net Sales	7,361	9,791	8,939	8,943	12,773	
Of which: Property leasing	6,865	7,796	7,878	8,516	8,997	
Property sales	381	1,772	839	205	3,553	
Others	116	223	222	222	222	
<i>Sales growth</i>	<i>25.0%</i>	<i>33.0%</i>	<i>-8.7%</i>	<i>0.0%</i>	<i>42.8%</i>	
CoGS ex-dep'n	2,093	2,992	2,805	2,533	4,562	
Gross profit	3,817	5,346	4,755	4,930	6,656	
<i>Gross margin</i>	<i>51.8%</i>	<i>54.6%</i>	<i>53.2%</i>	<i>55.1%</i>	<i>52.1%</i>	
SG&A	543	780	983	983	1,404	
<i>SG&A as % of sales</i>	<i>7.4%</i>	<i>8.0%</i>	<i>11.0%</i>	<i>11.0%</i>	<i>11.0%</i>	
EBITDA	4,725	6,020	5,152	5,427	6,807	
<i>EBITDA margin</i>	<i>64.2%</i>	<i>61.5%</i>	<i>57.6%</i>	<i>60.7%</i>	<i>53.3%</i>	
Depreciation	1,452	1,454	1,379	1,480	1,555	
Operating profit	3,273	4,566	3,773	3,947	5,252	
<i>Operating profit margin</i>	<i>44.5%</i>	<i>46.6%</i>	<i>42.2%</i>	<i>44.1%</i>	<i>41.1%</i>	
Financial income (excl. saving and lending interest)	-	-	1	-	-	
Financial expenses (excl. interest expense)	38	29	272	329	329	
Other profit	72	144	413	413	413	
Tax	747	1,117	1,038	1,191	1,472	
<i>Effective tax rate</i>	<i>21.2%</i>	<i>20.2%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>	
Minority interest	1	0	0	0	0	
NPATMI	2,776	4,409	4,096	4,762	5,888	
<i>Net profit margin</i>	<i>37.7%</i>	<i>45.0%</i>	<i>45.8%</i>	<i>53.2%</i>	<i>46.1%</i>	
Cash earnings	4,228	5,863	5,475	6,243	7,443	
Number of shares (m)	2,272	2,272	2,272	2,272	2,272	
EPS (VND)	1,222	1,940	1,802	2,096	2,591	
Bonus factor (x)	1.0	1.0	1.0	1.0	1.0	
Adjusted EPS (VND)	1,222	1,940	1,802	2,096	2,591	
<i>EPS growth</i>	<i>111.2%</i>	<i>58.8%</i>	<i>-7.1%</i>	<i>16.3%</i>	<i>23.6%</i>	

KEY CASHFLOW AND BS ITEMS	2022	2023	2024	2025F	2026F
Increase in working capital	-1,372	-29	601	-1,024	508
Capex	2,164	15,843	4,181	3,774	2,915
Other cash flow items	164	6,568	-3,452	-2,105	-4,631
Free cash flow	3,601	-3,383	-2,760	1,386	-612
Share issues	0	711	0	0	0
Dividends paid	0	21	0	0	0
Increase in net debt	-3,601	2,693	2,759	-1,386	612
Net debt, end of year	-3,930	-1,237	1,522	136	747
Shareholders' equity	33,425	37,827	41,923	46,685	52,573
BVPS (VND)	14,695	16,637	18,449	20,545	23,136
<i>Net debt / equity</i>	<i>-11.8%</i>	<i>-3.3%</i>	<i>3.6%</i>	<i>0.3%</i>	<i>1.4%</i>
<i>Net debt / EBITDA (x)</i>	<i>-0.8</i>	<i>-0.2</i>	<i>0.3</i>	<i>0.0</i>	<i>0.1</i>
Total assets	42,701	47,654	55,226	64,385	74,059

KEY RETURN AND VALUATION RATIOS	2022	2023	2024	2025F	2026F
<i>ROE</i>	<i>8.67%</i>	<i>12.4%</i>	<i>10.3%</i>	<i>10.7%</i>	<i>11.9%</i>
<i>ROA</i>	<i>6.9%</i>	<i>9.8%</i>	<i>8.0%</i>	<i>8.0%</i>	<i>8.5%</i>
<i>ROIC</i>	<i>8.6%</i>	<i>11.0%</i>	<i>7.5%</i>	<i>7.0%</i>	<i>8.4%</i>
<i>WACC</i>	<i>13.1%</i>	<i>13.1%</i>	<i>12.9%</i>	<i>12.9%</i>	<i>12.9%</i>
<i>EVA</i>	<i>-4.5%</i>	<i>-2.1%</i>	<i>-5.3%</i>	<i>-5.9%</i>	<i>-4.5%</i>
<i>PER (x)</i>	<i>25.6</i>	<i>16.1</i>	<i>17.4</i>	<i>14.9</i>	<i>12.1</i>
<i>EV/EBITDA (x)</i>	<i>14.9</i>	<i>11.7</i>	<i>13.7</i>	<i>13.0</i>	<i>10.3</i>
<i>EV/FCF (x)</i>	<i>19.5</i>	<i>-20.8</i>	<i>-25.5</i>	<i>50.8</i>	<i>-115.1</i>
<i>PBR (x)</i>	<i>2.1</i>	<i>1.9</i>	<i>1.7</i>	<i>1.5</i>	<i>1.4</i>
<i>PSR (x)</i>	<i>9.7</i>	<i>7.3</i>	<i>8.0</i>	<i>8.0</i>	<i>5.6</i>
<i>EV/sales (x)</i>	<i>9.6</i>	<i>7.2</i>	<i>7.9</i>	<i>7.9</i>	<i>5.5</i>
<i>Dividend yield</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>

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DISCLAIMER

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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