

May 10, 2021

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Vingroup (VIC)

Promising 1Q recoveries


Vingroup (VIC) disclosed Q1 earnings of VND1.1 trillion (+379% YoY) on revenue of VND23.3 trillion (+52% YoY). Positive rebounds in the company's performance were mainly thanks to the reduction in corporate income tax expenses.

The sales of inventory properties were stable, and the rental properties showed marked rebounds

- For residential real estate, VIC sold 1,600 apartments at VND6 trillion (+100% YoY) in wholesale segment, and handed over 2,900 retail units. 1Q revenue from selling real estate (including wholesaling and BCCs) and Vinhomes (VHM) reached VND12.6 trillion (-29% YoY) and VND5.4 trillion (-21% YoY) respectively. VHM's unrecognized sales at the end of the quarter reached VND55.4 trillion.
- In 2021, VHM posted VND91 trillion (+15% YoY) in revenue, 70% of which came from three mega projects and 30% came from new projects such as *Vinhomes Dream City*, *Wonder Park* and *Vinhomes Co Loa*. Besides, *Vinhomes Green Ha Long Xanh* is expected to start in 2022.
- For industrial real estate segment, at the end of 2Q and the beginning of 3Q, VHM will receive a book value transfer of some industrial zones from VinFast.
- Vincom Retail's (VRE) 1Q revenue reached VND1.7 trillion, +18% YoY; and net income was VND781 billion, +59% YoY. The gross floor area (GFA) of VRE was 1.65 million m² (+ 3.5% YoY), and occupancy rate decreased 0.5 percentage points to 84.4%. VRE's performance recovered as the company no longer has to launch the support package of VND300 billion as in 1Q last year. VRE plans to open one Megamall and two Vincom Plaza centers with a GFA of about 100,000 m² in this year. VRE also plans to provide a support package worth VND250 billion in the form of vouchers and gifts in 2021.

Manufacturing segment: electric car development & international capital mobilization

- Revenue from manufacturing segment reached more than VND4.8 trillion (+ 48% YoY). Loss before tax of production was about VND4.8 trillion.
- In 1Q, VinFast sold nearly 6,900 cars and 6,100 electric scooters, leading market share in each segment. VinFast expects to sell 42,000 cars and 216,000 electric scooters this year. The company hopes to break even EBITDA by 2023 when it sells about 100,000 electric cars.

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- By the end of 1Q, the total investment capital of VinFast was about USD4.4 billion. The average capex of Vinfast for an electric vehicle (EV) model is USD300–500 million. In 2021–2022, the company plans to introduce 3 EV models and aim to reach the US, German, French, British and Dutch markets. It wants to apply selling battery subscription strategy to reduce the initial cost for customers and provide customers with the most advanced battery technology when replacing batteries without loss and additional costs, helping to increase product competitiveness.
 - VinFast’s 1Q revenue was VND1.3 trillion thanks to the launch of new products of smartphones, air purifiers, and smart city and smart house solutions.

Other segments

- The tourism and resort segment achieved revenue of VND932 billion (–48% YoY), a loss of more than VND2.8 trillion due to the influence of COVID–19, especially in February. However, data in March showed signs of recovery as the number of rooms booked hit 74,000 (+84% MoM).

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Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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