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Vingroup (VIC)

1Q hit hardest by hotel & retail closures

1Q earnings plunge 58% on resort & retail closures and lost manufacturing sales

— 1Q earnings plummeted by 58% YoY to VND438 billion due to: 1) closures at Vinpearl and Vincom Retail during the nationwide lockdown; 2) lost manufacturing sales at the VinFast and VinSmart startups leading to a negative gross profit margin; 3) slowdown in property sales from the Vinhomes consolidation; and 4) removal of retail revenue for supermarkets and retail stores after reducing the stake in Vincommerce. Vingroup managed to offset some losses through the consolidation of VND8,359 billion in financial income from the one-off gains at Vinhomes following the project sale.

Hospitality & retail operations hardest hit from COVID-19 but operations now resumed

— Closure of 19 hotels and resorts at Vinpearl/VinWonders led to a 32% drop in number of rooms sold and guests, with zero revenue booked in March. Hospitality operations remained shut during April but normalization is underway. Average occupancy at Vincom Retail fell to 85% from 89.3% in the previous quarter with the shutdown of VinPro stores. VinFast sold 5,230 cars and 10,100 e-scooters and pre-sold another 1,100 cars and 6,800 e-scooters vs the annual target of 20,000 cars and 85,000 e-scooters. VinFast production will normalize after focusing on ventilator manufacturing in April. VinSmart launched 12 new models and sold 450,000 units at roughly USD100 ASP for 16.7% market share by the end of March and ranked as Vietnam's top 3 smart phone brand.

Management in the process of reassessing 2020E plan

— Revisions to 2020E guidance include: 1) property will continue to focus on bulk sales at the three mega projects (*Ocean Park*, *Smart City* and *Grand Park*) but will only launch one new project (*Wonder Park*) and will push back the launches for *Dream City* and *Galaxy* to 2021E; 2) retail will reduce new store openings to three from ten locations 3) autos will continue to launch new V8 model and 3 new e-scooters but may need to revise full-year sales targets for 20,000 cars and 85,000 e-scooters (no new guidance provided yet); and 4) smart phones will continue with plans to launch new models throughout the year to expand market share.

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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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