

Vingroup (VIC)

High revenue from real estate segment

Vingroup (VIC) announced 3Q22 NPAT of the parent company reached VND947 billion (vs a loss of VND37 billion in 3Q21) on revenue of VND28,742 billion (-5%YoY). Accordingly, VIC's 9M NPAT and revenue are VND6,793 billion (+113%YoY) and VND60,35 billion (-34%YoY) respectively.

Real estate: The handover of Empire project is on schedule, and the leasing of real estate properties continue to rebound strongly.

- The 3Q revenue of Vinhomes (VHM) alone (including wholesale and business cooperation contracts' revenue) hit VND30,784 billion (+39%YoY), and parent company's NPAT reached VND14,494 billion (+31%YoY). Positive sales are attributable to (1) the handover of 1,300 low-rise products at the Empire project and (2) the recognized wholesale of high-rise subdivisions at the Empire and the Crown projects. Sales and unrecognized revenue by the end of the 3Q jumped to VND124.7 trillion (+192%YoY) after the launch of the Empire project.
- By the end of the quarter, VHM sold 93% of the units offered for sale at the Empire project. This made 9M sales reach VND110 trillion, fulfilling 92% of the full-year target. Sales and unrecognized revenue surged to VND124.7 trillion (+192%YoY) on the launch of the Empire project. On October 10, VHM launched Vinhomes Ocean Park 3 - The Crown (formerly known as Vinhomes Dai An), which covers an area of nearly 300ha. The first 800/1000 units opened for sale were deposited within three days with the average selling price of USD2,200/m². Management is positive that VHM would complete the business plan set out at the beginning of the year.
- Vincom Retail (VRE) recorded big improvements compared to the same period last year. 3Q22 NPAT witnessed a robust gain to reach VND793 billion (33 times higher than 2Q21), and revenue was VND2,005 billion (+155% YoY). Impressive results are achieved as (1) VRE did not disburse any support package to customers in 3Q22, while it had to launch a support package of VND925 billion in 3Q21; and (2) VRE opened three new shopping malls - Smart City, My Tho, and Bac Lieu. By the end of 3Q, the total leasable floor area of VRE was 1.75 million m² (+3%YoY). The occupancy rate rose 0.3% YoY to 84%.

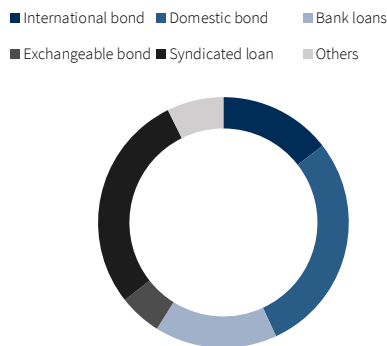
Manufacturing: VIC completed the transition from producing petrol vehicles to electric ones.

- VIC’s manufacturing segment recorded a loss of VND5,711 billion on revenue of VND2,701 billion (-24%YoY).
- In 3Q, VinFast sold 4,300 cars (-73%YoY) and 13,600 electric motorbikes (8% YoY). VinFast delivered the first batch of VF8 electric cars in Vietnam in September 2022 and should deliver the products to the US market in December and Europe in 2023. The car producer also introduced a new electric motorcycle model – Evo200, which attracted 18,000 orders within 48 hours.
- VinFast continues to expand into international market. It expected to have more than 100 showrooms in key markets such as the US, Canada, Germany, France and the Netherlands by the end of 2023.

Other business activities

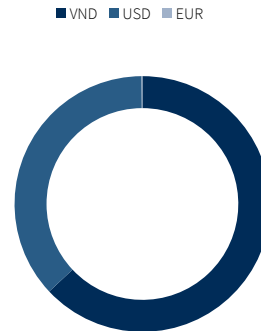
- The hospitality and entertainment segment bounced back with revenue of VND2,173 billion (+237%YoY). The number of room nights sold in the 3Q was 301 thousand (+41%YoY), and the number of visitors to VinWonders reached 1,856 thousand (up 65 times YoY).
- By the end of 3Q, VIC’s debt was valued at VND182.5 trillion (including USD425 million of swap bonds issued in 2021, up 39% YoY mainly due to an increase in short-term debt. Debt/total assets ratio is 0.33x (Figure 1 & 2).

Fig 1. VIC – Debt structure by type



Source: Vingroup, KB Securities Vietnam

Fig 2. VIC – Debt structure by currency



Source: Vingroup, KB Securities Vietnam

KB SECURITIES VIETNAM RESEARCH

Nguyen Xuan Binh – Head of Research
binhnx@kbsec.com.vn

Equity

Duong Duc Hieu – Head of Equity Research
hieudd@kbsec.com.vn

Banks, Insurance & Securities

Nguyen Anh Tung – Senior Analyst
tungna@kbsec.com.vn

Nguyen Duc Huy – Analyst
huynd1@kbsec.com.vn

Real Estate, Construction & Materials

Pham Hoang Bao Nga – Senior Analyst
ngaphb@kbsec.com.vn

Nguyen Dinh Thuan – Analyst
thuannd@kbsec.com.vn

Oil & Gas, Utilities

Tieu Phan Thanh Quang – Analyst
quangtpt@kbsec.com.vn

Industrial Real Estate, Logistics

Nguyen Thi Ngoc Anh – Analyst
anhntn@kbsec.com.vn

Retails & Consumers

Pham Phuong Linh – Analyst
linhpp@kbsec.com.vn

Research Division
research@kbsec.com.vn

Macro/Strategy

Tran Duc Anh – Head of Macro & Strategy
anhtd@kbsec.com.vn

Macroeconomics & Banks

Le Hanh Quyen – Analyst
quyenlh@kbsec.com.vn

Strategy, Chemicals

Thai Huu Cong – Analyst
congth@kbsec.com.vn

Strategy, Fishery & Textiles

Tran Thi Phuong Anh – Analyst
anhhttp@kbsec.com.vn

Support team

Nguyen Cam Tho – Assistant
thonc@kbsec.com.vn

Nguyen Thi Huong – Assistant
huongnt3@kbsec.com.vn

KB SECURITIES VIETNAM (KBSV)

Head Office:

Levels G, M, 2 & 7, Sky City Tower, 88 Lang Ha Street, Dong Da District, Hanoi, Vietnam
Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

Hanoi Branch:

Level 1, VP Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam
Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

Ho Chi Minh Branch:

Level 2, TNR Tower Nguyen Cong Tru, 180–192 Nguyen Cong Tru Street, District 1, HCMC, Vietnam
Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, HCMC, Vietnam
Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

CONTACT INFORMATION

Institutional Client Center: (+84) 28 7303 5333 – Ext: 2656
Private Customer Care Center: (+84) 24 7303 5333 – Ext: 2276
Email: ccc@kbsec.com.vn
Website: www.kbsec.com.vn

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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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