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# Vingroup (VIC)

## Subdued 2020 outturns

Vingroup (VIC) announced 2020 earnings at VND5.1 trillion (–32% YoY) on revenue of VND110.5 trillion (–15% YoY).

### The real estate segment was still the growth force of VIC in 2020

- For residential real estate, VIC sold 28,200 units and delivered 54,100 units to customers last year. The sales from wholesaling and business cooperation contracts of Vinhomes (VHM) alone gained VND93.9 trillion (+44% YoY) and VND27.8 trillion (+31% YoY) in earnings respectively. VHM's unrecognized revenue reached VND64.1 trillion. This year, VHM expects to raise revenue up to VND91 trillion (+15% YoY) after delivering new projects such as *Vinhomes Dream City*, *Vinhomes Wonder Park* and *Vinhomes Co Loa*.
- For industrial real estate, VHM plans to develop three industrial parks (two of which are located in *Hai Phong*) covering an area of 350ha in the next three years. In 2021, VHM should log a book value transfer of some industrial parks from VinFast with a value of VND18–19 trillion. VHM's annual capex for this segment is estimated to be around VND4–5 trillion in the following years.
- Vincom Retail (VRE) reported an earnings write-down of 16% YoY to VND2.4 trillion on revenue of VND8.3 trillion (–10% YoY) in 2020. The occupancy rate decreased 5.4 percentage points YoY to 84.4%. However, performance from 3Q30 started to rebound quite strongly. In 2021, VRE plans to open five new shopping centers with a gross floor area up 9% YoY to 150,000m<sup>2</sup>.

### Manufacturing and technology got some achievements

- Revenue from manufacturing surged to VND18 trillion (+96% YoY), of which 95% came from VinFast and 5% from VinSmart. VinFast car models are all leading in terms of market share. Meanwhile, VinSmart is currently in the top three smartphones that have the biggest market share in Vietnam. Loss before tax of this segment was VND14 trillion (+40% YoY).
- VinFast's gross profit margin is improving thanks to cost optimization measures, and 30% rise in output compared to the mid-year adjusted plan. VinFast plans to sell more than 40,000 cars (+27% YoY) and more than 120,000 electric scooters (+164% YoY) in 2021.
- VinFast's 2020 total capex investment was USD3.8 billion. The company should raise this figure to USD500 million for three electric models that should be launched by late 2021.
- One Mount Group technology company is developing three application platforms: VinID, Vinshop and One Housing. Apps that powered Vinshop stores have been used in all districts of Hanoi and 23/24 districts of Ho Chi Minh City with more than 55,000 grocery stores joining the partner network.



### Other business activities

- The tourism and resort segment slowed down to VND4,900 billion (–42% yoy), equal to a loss of nearly VND9,000 billion YoY. Vinpearl has implemented many policies to boost tourism demand in 2H20 and achieved some promising results with the number of room sales soaring 93% QoQ in 3Q20 and 5% QoQ in 4Q20. Phu Quoc market reached a turnover of VND351 billion (+16% QoQ).
- The Group's loans by the end of 2020 were valued at VND130 trillion (+6% YoY). Average interest rate decreased 60bps to 8.1%. The financial ratios remained stable with net debt/EBITDA and EBITDA/interest expenses at 2.2x and 3.0x respectively.

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## Investment ratings & definitions

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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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