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Vincom Retail (VRE)

Significant recovery after the second wave of Covid-19

VRE's 3Q earnings strongly rebounded.

- 3Q earnings decreased by 20% YoY to VND572 billion due to: 1) a VND145 billion support package for tenants at retail malls; (2) a decrease in ancillary revenue including utilities and parking revenue of VND80 billion; and 3) No revenue from sales of shophouses due to timing of revenue recognition, most of the shophouses will be recognized in 4Q2020.
- However, 3Q results significantly recovered compared to previous quarter. Revenue from leasing posted a 23% QoQ growth to VND1,608 billion, profit increased 67% QoQ to VND572 billion due to (1) Lower support of VND230 billion compare to 2Q (2) an increase in ancillary revenue of VND110 billion.
- By the end of 3Q2020, bond outstanding balance was 5,524 billion (up 129% ytd) due to new bond issuances to pay for Vinhomes to receive the transfer of the operating and new Malls. These payments had been delayed from 2019 to 2020.

Significant recovery after the second wave of Covid-19.

- The occupancy rate in 3Q2020 slightly declined to 84% compared to 85% in previous quarter because some tenants left. VRE expects that the occupancy in 4Q2020 may bounce back to 85%.
- Foot traffic in Hanoi and HCMC's malls after the second wave of Covid-19 significantly recovered and reached 88% and 80% of pre-COVID, compared to 78% and 67% during social distancing period in Da Nang, Buon Me Thuot, Hai Duong.
- By the end of 3Q2020, VRE owns 79 malls over 43 provinces/cities with the total retail GFA of 1.6 million sqm, up 5% yoy thanks to the openings of 6 Vincom Plaza and 3 Vincom+.

4Q's business plan.

- VRE will open Vincom Mega Mall (VMM) Ocean Park in December 2020 with the estimated occupancy rate of 85%. The opening of VMM Smart City and VMM Grand Park will follow the previous plan, 40-50% of these two Mega Mall had been leased.
- In 4Q2020, VRE may continue issuing a supporting package with the similar amount to the 3Q's package.
- VRE will lease and operate about 1,000 shophouses in Grand World Phu Quoc. Additionally, 250 shophouse in My Tho, Bac Lieu, Cam Pha, Cao Lanh, Sa Dec, Kon Tum will be expected to deliver in 4Q2020.

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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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