



# VRE Flash note - BUY

November 5, 2024

---



## Ms. Truc Pham

(+84 28) 7300 7000 (x1043)  
[trucptt@acbs.com.vn](mailto:trucptt@acbs.com.vn)

## Earnings Flash note

### Recommendation

**BUY**  
**HSX: VRE**  
**Property**

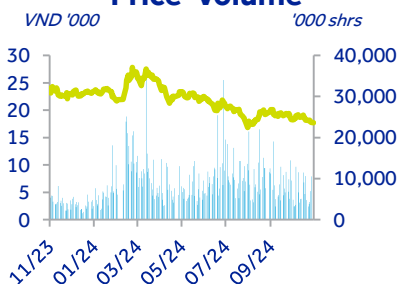
Target price (VND)	27,900
Market price (VND)	17,700
Expected share price return	57.7%
Expected dividend yield	0.0%
Expected total return	57.7%

### Stock performance (%)

	YTD	1M	3M	12M
Absolute	-24.0	-3.3	-1.4	-27.5
Relative	-36.0	-1.3	-2.6	-45.4

Source: Bloomberg

### Price-Volume



### Ownership

SADO	41.5%
Vingroup JSC	18.8%

### Stock Statistics

4-Nov-24

Bloomberg code VRE VN

52-week range (VND)	16,700 - 28,750
Shares O/S (m)	2,272
Mkt cap (VND bn)	40,220
Mkt cap (USD m)	1,579
Est. Foreign room left (%)	28.5
Est. free float (%)	26.4
3m avg daily vol (shrs)	8,652,480
VND/USD	25,465
Index: VNIndex / HNX	1244.71/224.55

## VINCOM RETAIL JSC (VRE VN)

A YoY decline in 3Q2024 result was mainly due to a lower number of shophouses delivered. 9M2024 NPAT was in line with our estimation, thus we keep 2024 forecast unchanged. Roll forward target price to VND27,900/share at YE2025 and reiterate our Buy rating.

VRE posted a decline in 3Q2024 result with revenue of VND2,078 bn (-38% YoY) and NPAT of VND906 bn (-31% YoY). This result was mainly due to a 97% YoY decline in property sales segment, to VND36 bn given a lower number of shophouses handed over (7 units in 3Q2024 vs 268 units in 3Q2023) as delivery at Dong Ha Quang Tri project has nearly completed.

For 9M2024, VRE posted revenue of VND6,811 bn (-9% YoY) and NPAT of VND3,010 bn (-10% YoY), completing 68% of the company's target and 72% of our forecast. The decline in 9M2024 result was mainly due to a lower number of shophouses delivered (156 units in 9M2024 vs 292 units in 9M2023).

Regarding property leasing segment, revenue went sideways at VND1,983 bn in 3Q2024 and VND5,851bn in 9M2024 although VRE opened 3 new malls in 2Q2024 (VMM Grand Park, VCP Dien Bien Phu and VCP Ha Giang with a total GFA of 67,000 sqm) and 1 new mall in 3Q2024 (VCP Bac Giang with GFA of 13,400 sqm and occupancy rate of 97%). This was mainly due to a lower average occupancy rate (84.6% in 3Q2024 vs 85.4% in 3Q2023). Segmented gross margin in 9M2024 declined from 58.9% to 55.8% mainly due to: (1) higher energy cost given higher electricity price and volume during hot weather and (2) leasing revenue from commercial streets had a margin of 40-50% which was lower than the normal margin of malls.

At the end of 3Q2024, VRE had 87 malls with a total GFA of c.1.83 mn sqm. In 4Q2024, the company will open VCP Dong Ha Quang Tri with GFA of 14,300 sqm and expected occupancy rate at launch of 92%. For 2025, VRE plans to open 3 new malls (VMM Ocean City, VMM Royal Island and VCP Vinh) with a total new GFA of 119,800 sqm (Please refer to Table 2).

Regarding property sales, unbilled backlog at the end of 3Q2024 was VND249 bn which is expected to be realized in 4Q2024 and 1H2025. VRE acquired commercial components in two Vinhomes's projects Vinhomes Royal Island and Vinhomes Golden Avenue with retail GFA of 85,600 sqm and 24,200 sqm, respectively. Total investment capital of these projects is around VND6.1 trn and VRE already deposited VND3trn to Vinhomes. VRE expected to launch these two projects in 2025.

	2021	2022	2023	2024F	2025F
Net Sales (VNDbn)	5,891	7,361	9,791	9,109	9,091
Growth	-29.3%	25.0%	33.0%	-7.0%	-0.2%
EBITDA (VNDbn)	3,250	4,725	6,020	5,445	5,647
Growth	-29.0%	45.4%	27.4%	-9.5%	3.7%
PATMI (VNDbn)	1,315	2,776	4,409	4,158	3,920
Growth	-44.8%	111.2%	58.8%	-5.7%	-5.7%
EPS (bonus-adjusted, VND)	578	1,222	1,940	1,830	1,725
Growth	-44.8%	111.2%	58.8%	-5.7%	-5.7%
ROE	4.4%	8.7%	12.4%	10.4%	8.9%
ROIC	4.5%	8.6%	11.0%	7.9%	7.4%
Net debt/EBITDA (times)	-0.1	-0.8	-0.2	0.2	-0.1
EV/EBITDA (times)	12.1	8.3	6.5	7.2	7.0
PER (times)	30.6	14.5	9.1	9.7	10.3
PBR (times)	1.3	1.2	1.1	1.0	0.9
DPS (VND)	0	0	0	0	0
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%

In 3Q2024, the company collected VND2,350 bn of loans to related parties (VND1,900 bn to VinFast and VND450 bn to Vinbus) incurred from 1Q2024, thus cash and cash equivalent balance increased by 337% to VND 4,885 bn in 3Q2024. In October 2024, VRE also collected a deposit of VND1.3 trn from VinWonder Nha Trang as this project is behind the schedule.

**Quick comment:** The 9M2024 result was in line with our estimation, thus we keep 2024 forecast unchanged with revenue of VND9,109 bn (-7% YoY) and NPAT of VND4,158 bn (-6% YoY). For 2025, we expect revenue of VND9,091 (flat YoY) and PAT of VND3,920 bn (-6% YoY) given a steady growth of the property leasing segment but a decline of property sales and lower financial income. We roll forward target price to VND27,900/share at YE2025 and reiterate our Buy rating.

**Table 1: Summary of 3Q2024 and 9M2024 results**

Unit: VNDbn	3Q2023	3Q2024	YoY Change	9M2023	9M2024	YoY Change	VRE's target	% completion
Revenue	3,333	2,078	-38%	7,449	6,811	-9%	9,500	72%
Of which: Property leasing	1,988	1,983	0%	5,845	5,851	0%		
Property sales	1,304	36	-97%	1,504	779	-48%		
Others	40	59	+47%	99	181	+82%		
Gross profit	1,700	1,089	-36%	4,078	3,554	-13%		
Financial income	301	383	+27%	803	1,239	+54%		
Financial expenses	76	244	+221%	256	563	+120%		
Selling expense	185	77	-58%	257	197	-23%		
G&A expenses	107	170	+60%	259	473	+82%		
NPAT	1,317	906	-31%	3,341	3,010	-10%	4,420	68%

Sources: VRE, ACBS.

**Table 2: New malls to be opened in 4Q2024 and 2025**

Project	Location	Retail GFA (sqm)	Opening date	Expected occupancy rate at launch
VCP Dong Ha Quang Tri	Quang Tri	14,300	4Q2024	92%
VMM Ocean City	Hung Yen	53,200	2Q2025	n/a
VMM Royal Island	Hai Phong	47,600	3Q2025	n/a
VCP Vinh	Nghe An	19,000	4Q2025	n/a

Source: VRE

### CONTACTS

#### Ho Chi Minh City Head Office

117 Nguyen Dinh Chieu, Dist. 3, Ho Chi Minh City  
Tel: (+84 28) 7300 7000  
Fax: (+84 28) 7300 3751

#### Hanoi Office

10 Phan Chu Trinh, Hoan Kiem Dist., Ha Noi  
Tel: (+84 4) 3942 9395  
Fax: (+84 4) 3942 9407

### RESEARCH DEPARTMENT

#### Acting Head of Research

##### Trang Do

(+84 28) 7300 7000 (x1041)  
[trangdm@acbs.com.vn](mailto:trangdm@acbs.com.vn)

##### Manager – Properties Truc Pham

(+84 28) 7300 7000 (x1043)  
[trucptt@acbs.com.vn](mailto:trucptt@acbs.com.vn)

##### Manager – Financials Hung Cao

(+84 28) 7300 7000 (x1049)  
[hungcv@acbs.com.vn](mailto:hungcv@acbs.com.vn)

##### Manager – Consumer-related, Technology

**Chi Luong**  
(+84 28) 7300 7000 (x1042)  
[chiltk@acbs.com.vn](mailto:chiltk@acbs.com.vn)

##### Associate – Oil & Gas Hung Phan

(+84 28) 7300 7000 (x1044)  
[hungpv@acbs.com.vn](mailto:hungpv@acbs.com.vn)

##### Associate – Industrials Trung Tran

(+84 28) 7300 7000 (x1045)  
[trungtn@acbs.com.vn](mailto:trungtn@acbs.com.vn)

##### Associate – Utilities Toan Pham

(+84 28) 7300 7000 (x1051)  
[toanpd@acbs.com.vn](mailto:toanpd@acbs.com.vn)

##### Associate – Macro & Money Market

**Minh Trinh Viet**  
(+84 28) 7300 7000 (x1046)  
[minhtvh@acbs.com.vn](mailto:minhtvh@acbs.com.vn)

##### Associate - Logistic Hung Nguyen

(+84 28) 7300 7000 (x1047)  
[hungnt@acbs.com.vn](mailto:hungnt@acbs.com.vn)

##### Associate – Construction Dat Do

(+84 28) 7300 7000 (x1048)  
[datdt@acbs.com.vn](mailto:datdt@acbs.com.vn)

##### Analyst – Technical Huu Vo

(+84 28) 7300 7000 (x1052)  
[huvvp@acbs.com.vn](mailto:huvvp@acbs.com.vn)

##### Analyst – Market data Anh Mai

(+84 28) 7300 7000 (x1110)  
[anhmd@acbs.com.vn](mailto:anhmd@acbs.com.vn)

### INSTITUTIONAL CLIENT DIVISION

#### Director

##### Huong Chu

(+84 28) 7300 7000 (x1083)  
[huongctk@acbs.com.vn](mailto:huongctk@acbs.com.vn)  
[groupis@acbs.com.vn](mailto:groupis@acbs.com.vn)

##### Associate Thanh Tran

(+84 28) 7300 6879 (x1120)  
[thanhtt@acbs.com.vn](mailto:thanhtt@acbs.com.vn)

##### Associate

##### Huynh Nguyen

(+84 28) 7300 6879 (x1088)  
[huynhntn@acbs.com.vn](mailto:huynhntn@acbs.com.vn)

## DISCLAIMER

### Our Recommendation System

**BUY:** Expected prospective total return (including dividends) in VND will be 20% or more within 12 months

**OUTPERFORM:** Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months

**NEUTRAL:** Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months

**UNDERPERFORM:** Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months

**SELL:** Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

### Analyst Certification(s)

We, the author(s) of this report, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

### Important Disclosures

ACBS and/or an affiliate thereof (hereby collectively called ACBS) did or may seek to do business with companies covered in this report as its routine business. ACBS's proprietary trading accounts may have a position in such companies' securities. As a result, the investor should be aware that ACBS may have a conflict of interest from time to time.

ACBS produces a variety of research products including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research products, whether as a result of differing time horizons, methodologies, or otherwise.

### Disclaimer

This report is provided for information purposes only. ACBS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this report. ACBS will not treat unauthorized recipients of this report as its clients. Prices shown (if any) are indicative and ACBS is not offering to buy or sell or soliciting offers to buy or sell any financial instrument. **Without limiting any of the foregoing and to the extent permitted by law, in no event shall ACBS, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this report or its contents.** Other than disclosures relating to ACBS, the information contained in this report has been obtained from sources that ACBS believes to be reliable, but ACBS does not represent or warrant that it is accurate or complete. The views in this report are subject to change, and ACBS has no obligation to update its opinions or the information in this report.

**Some parts of this report reflect the assumptions, views and analytical methods of the analysts who prepared them, and ACBS is not responsible for any error of their works and assumptions. ACBS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report.**

The analyst recommendations in this report reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of ACBS. This report does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the investors who receive it. The securities discussed herein may not be suitable for all investors. ACBS recommends that investors independently evaluate each issuer, securities or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

**This report may not be distributed to the public media or used by the public media without prior written consent of ACBS. Otherwise it will be considered as illegal. The breacher shall compensate fully to ACBS any loss or damage which arises from such breach (if any).**

In the event that the distribution and/or receipt of this report is prohibited by the investor's jurisdiction, the investor shall dismiss this report immediately otherwise it will be at his/her own risks.

ACBS does not provide tax advice and nothing contained herein should be construed to be tax advice. Accordingly, the investors should seek advice based on their particular circumstances from an independent tax advisor. This report may contain links to third-party websites. ACBS is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by ACBS. Access to any third-party website is at the investor's own risks, and the investor should always review the terms and privacy policies at third-party websites before submitting any personal information to them. ACBS is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

© Copyright ACBS (2024). All rights reserved. No part of this report may be reproduced in any manner without the prior written permission of ACBS.