



VINCOM RETAIL



Vincom Retail Joint Stock Company 1H2018 Financial Results

31 July 2018

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1. Key Highlights



Performance Overview – 2Q2018 and 1H2018

Revenue from Leasing⁽¹⁾

2Q2018: **VND1,360** billion ▲ 24.2%YoY

1H2018: **VND2,642** billion ▲ 21.5%YoY

Gross Profit⁽²⁾

2Q2018: **VND753** billion ▲ 17.3%YoY

1H2018: **VND1,554** billion ▲ 12.0%YoY

Leasing NOI⁽³⁾

2Q2018: **VND960** billion ▲ 31.3%YoY

1H2018: **VND1,860** billion ▲ 26.3%YoY

EBITDA⁽⁴⁾

2Q2018: **VND1,149** billion ▲ 30.9%YoY

1H2018: **VND2,239** billion ▲ 23.3%YoY

Note: Based on VAS Unaudited Consolidated Financial Statements for 2Q2017 and 2Q2018

(1) Leasing revenue includes other revenue

(2) Gross profit includes depreciation and amortization relating to investment properties that amounted to VND 208bn, VND247bn, VND 366bn and VND 480bn in 2Q2017, 2Q2018, 1H2017 and 1H2018, respectively

(3) NOI for leasing investment properties and rendering of related services, being calculated based on management report by taking the sum of gross rental income and other property-related income less any property-related operating expenses including period land lease costs but excluding holding company expense allocations

4 (4) The calculation for EBITDA started from PAT and EBITDA in 2Q2017 and 1H2017 are adjusted for one-off items including share of profit from associates (subtracted) and loss from disposal of investments of associates (added back) – both relating to the divestment of Tan Lien Phat JSC, and deferred income tax (subtracted) due to merger of An Phong JSC into South Vincom Retail LLC

Continued Expansion of Nationwide Presence

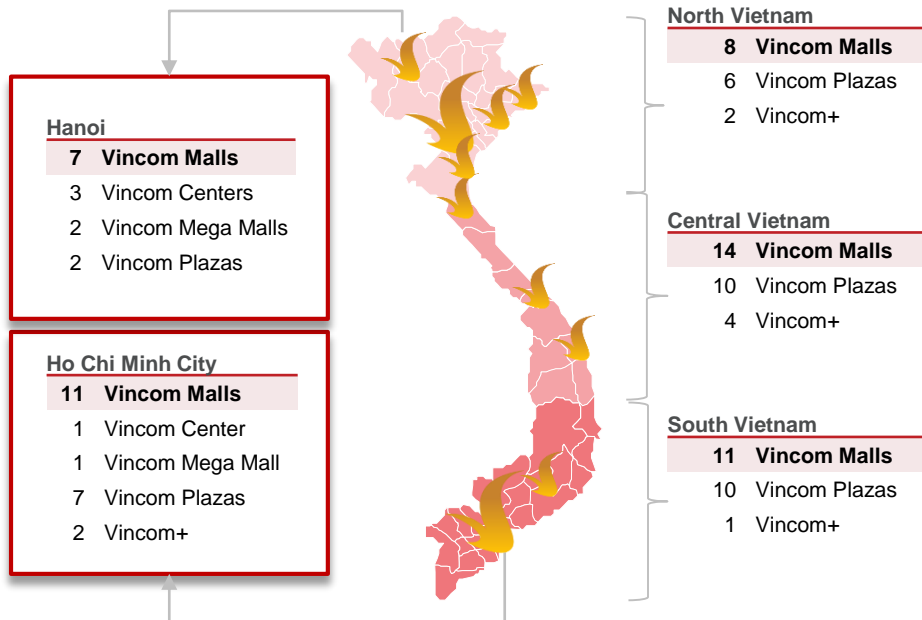
Portfolio in Prime Urban and High Growth Areas in Key Cities

28
Cities/
Provinces

51
Operational
Malls

1.2mm
Retail GFA
(sqm)

Key Cities



Unique Multi-Format Retail Model

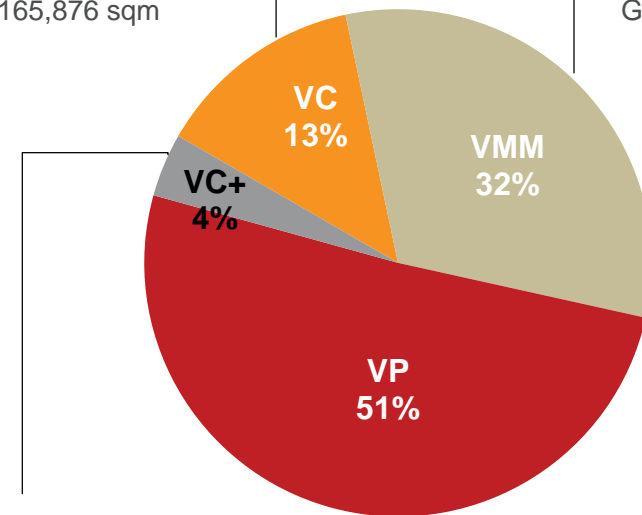
(Segmentation by GFA)

Vincom Center

No. of Malls: 4
GFA: 165,876 sqm

Vincom Mega Mall

No. of Malls: 3
GFA: 395,148 sqm



Vincom+

No. of Malls: 9
GFA: 50,199 sqm

Vincom Plaza

No. of Malls: 35
GFA: 625,622 sqm

✓ **51 malls**
across 28
cities /
provinces

✓ **4 retail**
formats for
specific
areas

✓ **Proven and**
scalable retail
development
platform



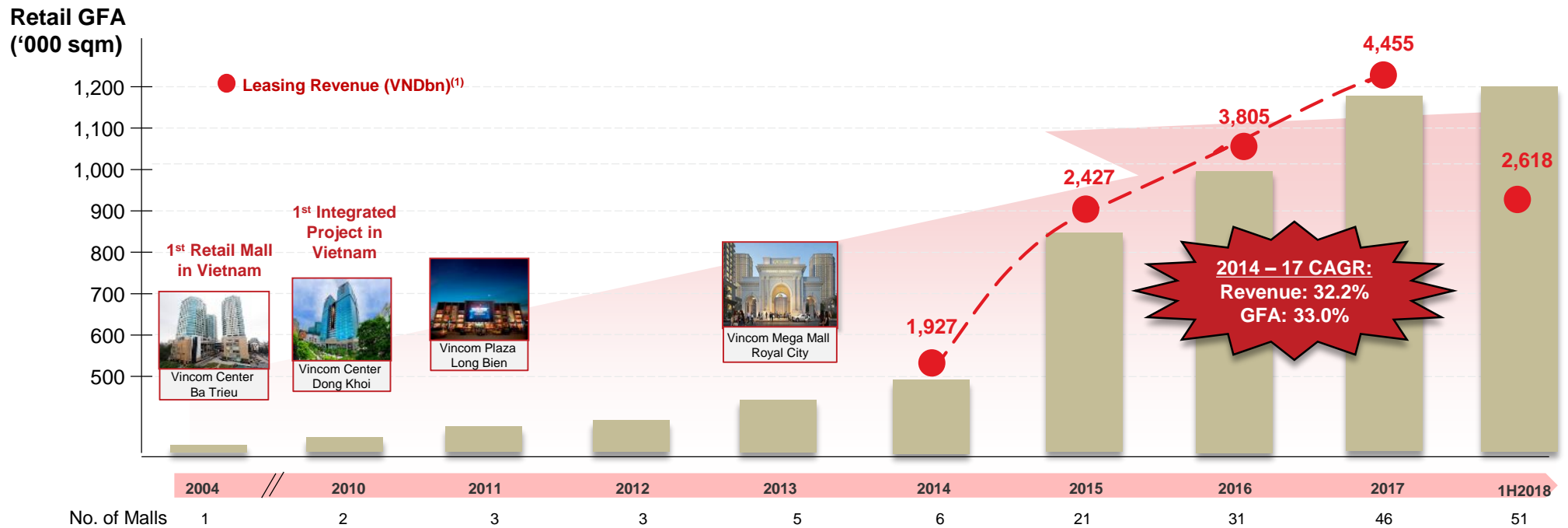
VINCOM RETAIL



2. Operational Update

2Q2018 Operational Highlights and Updates

- Launched 5 new Vincom Plaza shopping malls in April and May
- Ran 3 marketing campaigns: “Vietnam Pride”, “Abundance of Summer Gifts”, and “Midnight Sale”; increased footfall by approximately 54%, 39% and 34% respectively compared with pre- marketing campaigns
- Signed approximately 99,100 sqm NLA and over 400 advertising contracts
- New and existing tenants signed: Jaspal Group, Lotte Cinema, Huawei, Peach Garden
- Set up for Vincom Center Landmark 81 and launched on 26th July
- To distribute bonus shares from share premium to all existing shareholders in 3Q2018



14 Years of Operating Experience Achieving ~1.2 mm sqm of Retail GFA (~28x Increase Since 2004)

⁷ Note: As at 30 June 2018

(1) VAS Audited Consolidated Financial Reports for 2014, 2015, 2016, 2017 and Unaudited Consolidated Financial Statements for 1Q2018 and 2Q2018

Key Operational Metrics

Average Occupancy

	1H2017	1H2018	Change (bps)
Vincom Center	90.9%	93.0%	▲ 210
Vincom Mega Mall	80.7%	88.2%	▲ 750
Vincom Plaza	92.2%	87.7%	▼ (450)
Vincom+	61.8%	73.6%	▲ 1,180
Overall	86.6%	87.9%	▲ 130

Retail GFA

Figure in sqm	1H2017	1H2018	Change (%)
Vincom Center	165,876	165,876	-
Vincom Mega Mall	395,148	395,148	-
Vincom Plaza	520,515	625,622	▲ 20.2
Vincom+	38,049	50,199	▲ 31.9
Overall	1,119,588	1,236,844	▲ 10.5

Sales and Marketing Activities

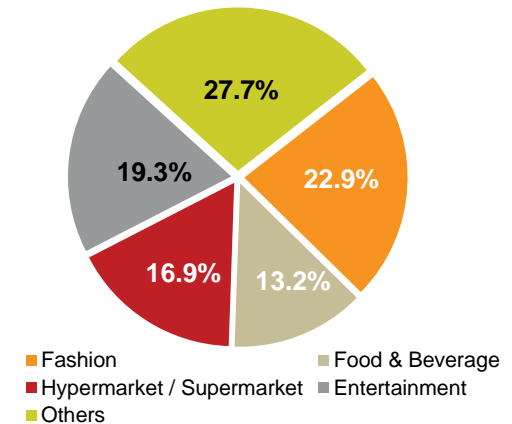
Tenant Update for 1H2018

Key Tenants Joining in 2017 and 1H2018



Tenant Mix by NLA

As at June 2018

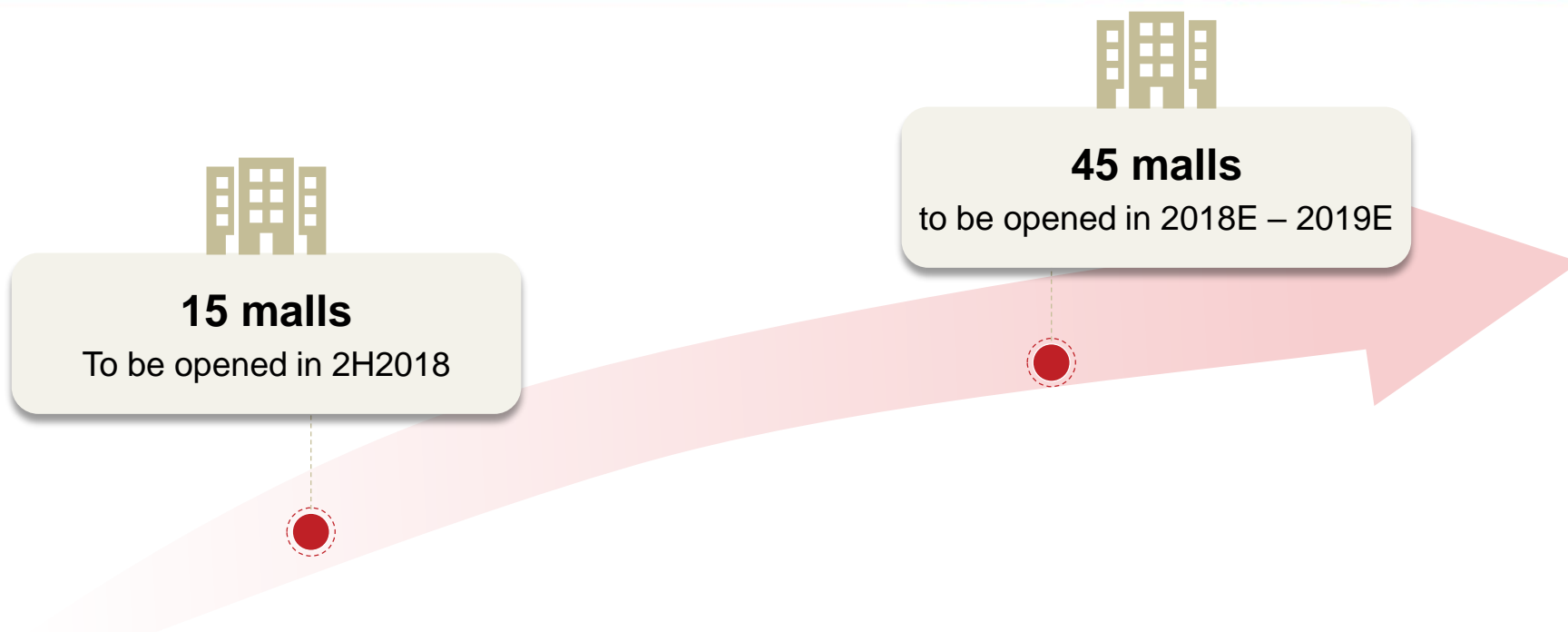


- Organized several tenant programs to promote collaborations and sharing of best practices in order to improve service quality and revenue. Gave awards to tenants who provide exemplary services
- Supported tenants in organizing marketing activities including the Midnight Sale at all Vincom malls
- Provided venues to external parties for advertising and events. Implemented digital advertising technology in 40 out of the current 51 malls
- Vincom Retail has a high level of brand awareness. 75 – 90% have visited and experienced a Vincom Retail mall⁽¹⁾

Note:

9 (1) According to a survey conducted by Edelman consulting agency in May 2018

Malls Opening from 2018E – 2019E



Malls Opening by Format

Format	2H 2018E	2018E – 2019E
Vincom Center	2	4
Vincom Mega Mall	-	-
Vincom Plaza	10	28
Vincom+	3	13
<i>Total opening</i>	<i>15</i>	<i>45</i>
<i>Total operational malls as of end of period</i>	<i>66</i>	<i>91</i>



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3. Financials and Capital Management Update

Financial Performance in 2Q 2018 vs. 2Q 2017

Figures in VND billion	2Q 2017	2Q 2018	Change (%)	Commentary
Leasing of Investment Properties and Rendering of Related Services ⁽¹⁾	1,095	1,360	▲ 24.2	Mainly came from 13 malls opened from 3Q 2017 to 2Q 2018 and increased occupancy from existing malls.
Sale of Inventory Properties	245	156	▼ 36.3	Due to timing of deliveries – the majority of deliveries will be in the second half of 2018.
Total Revenue	1,340	1,516	▲ 13.1	
Gross Profit	642	753	▲ 17.3	GPM increased from approximately 47.9% to 49.7% thanks to the higher percentage of leasing revenue in the mix.
Operating Profit / (Loss) ⁽²⁾	535	731	▲ 36.6	
Profit / (Loss) before Tax ⁽²⁾	511	772	▲ 51.0	
Profit / (Loss) after Tax for the Period ⁽²⁾⁽³⁾	424	620	▲ 46.2	
Profit / (Loss) after Tax and Minority Interest ⁽²⁾⁽³⁾	424	620	▲ 46.2	

Note: VAS Unaudited Consolidated Financial Statements for 2Q2018

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(1) Includes Other revenue

(2) Figures in 2Q2017 excluded two one-off items of share profit from associates of VND 395bn and loss from disposal of associates of VND 634bn, both relating to the divestment of Tan Lien Phat JSC

(3) PAT and PATMI in 2Q2017 excluded the one-off deferred tax income of VND 216bn due to merger of An Phong JSC into South Vincom Retail LLC

Financial Performance in 1H2018 vs. 1H2017

Figures in VND billion	1H2017	1H2018	Change (%)	Commentary
Leasing of Investment Properties and Rendering of Related Services ⁽¹⁾	2,174	2,642	▲ 21.5	Mainly came from 13 malls opened from Q3 2017 to Q2 2018 and increased occupancy from existing malls.
Sale of Inventory Property	560	492	▼ 12.2	1H2018: deliveries of shop-houses in Long An and Vinh Long mostly took place in 1Q. Deliveries of inventory properties in 2018 will mainly be in 2H thanks to big projects of Da Nang and Bac Ninh.
Total Revenue	2,734	3,134	▲ 14.6	
Gross Profit	1,388	1,554	▲ 12.0	
Operating Profit / (Loss) ⁽²⁾	1,152	1,431	▲ 24.3	
Profit / (Loss) before Tax ⁽²⁾	1,131	1,474	▲ 30.3	
Profit / (Loss) after Tax for the Period ⁽²⁾⁽³⁾	978	1,162	▲ 18.8	The company had loss carried forward in 1H2017, but not in 1H2018.
Profit / (Loss) after Tax and Minority Interest ⁽²⁾⁽³⁾	978	1,161	▲ 18.8	

Note: VAS Unaudited Consolidated Financial Statements for 1Q2018 and 2Q2018

(1) Includes Other revenue

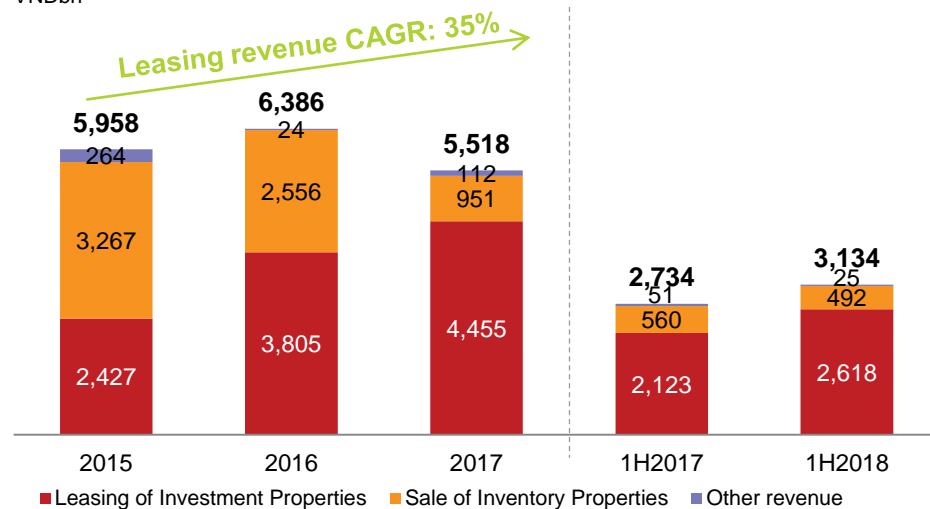
(2) Figures in 1H2017 excluded two one-off items of share profit from associates of VND 540bn and loss from disposal of associates of VND 634bn, both relating to the divestment of Tan Lien Phat JSC

(3) PAT and PATMI in 2Q2017 excluded the one-off deferred tax income of VND 216bn due to merger of An Phong JSC into South Vincom Retail LLC

Financial Performance – 1H2018

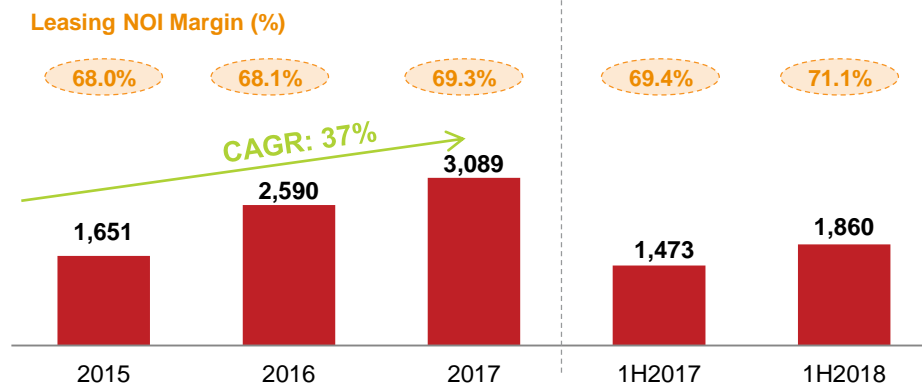
Total Revenue

VNDbn



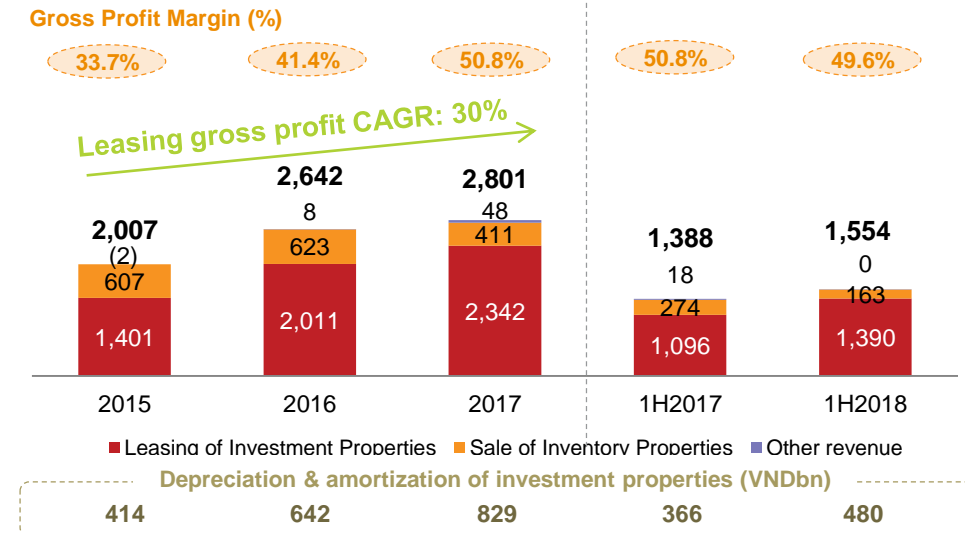
Leasing Net Operating Income (NOI) ⁽²⁾

VNDbn



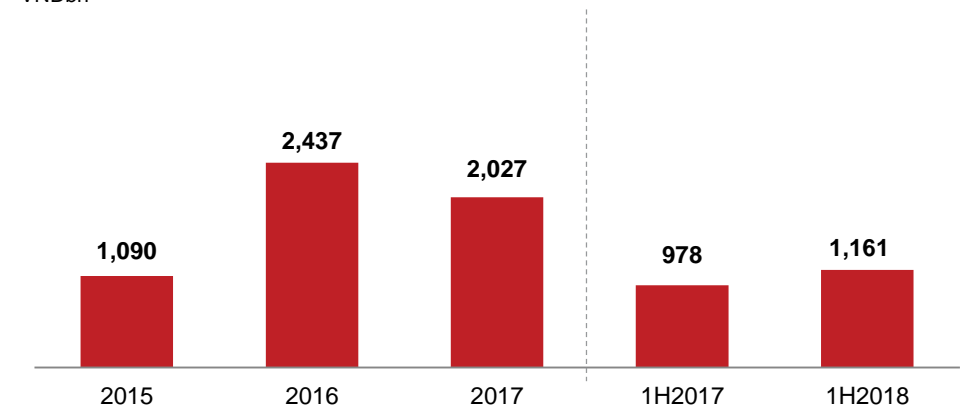
Gross Profit⁽¹⁾

VNDbn



Profit After Tax and Minority Interest⁽³⁾

VNDbn



Note: Based on VAS Audited Consolidated Financial Statements for 2015, 2016, 2017 and VAS Unaudited Consolidated Financial Statements for 1Q2018 and 2Q2018

(1) Gross profit in VAS includes depreciation and amortization. Depreciation and amortization relating to investment properties is laid down below the graph and should be added back for IFRS

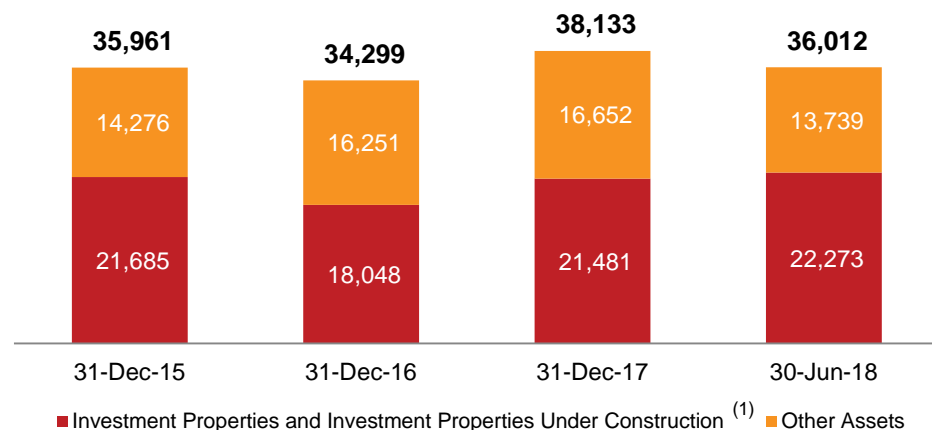
(2) NOI for leasing investment properties and rendering of related services, being calculated based on management report by taking the sum of gross rental income and other property-related income less any property-related operating expenses including period land lease costs but excluding holding company expense allocations

(3) PATMI in 1H2017 excluded one-off items including share profit from associates of VND 540bn, loss from disposal of associates of VND 634bn, both relating to the divestment of Tan Lien Phat JSC and deferred tax income of VND 216bn due to merger of An Phong JSC into South Vincom Retail LLC for like-for-like comparison.

Balance Sheet

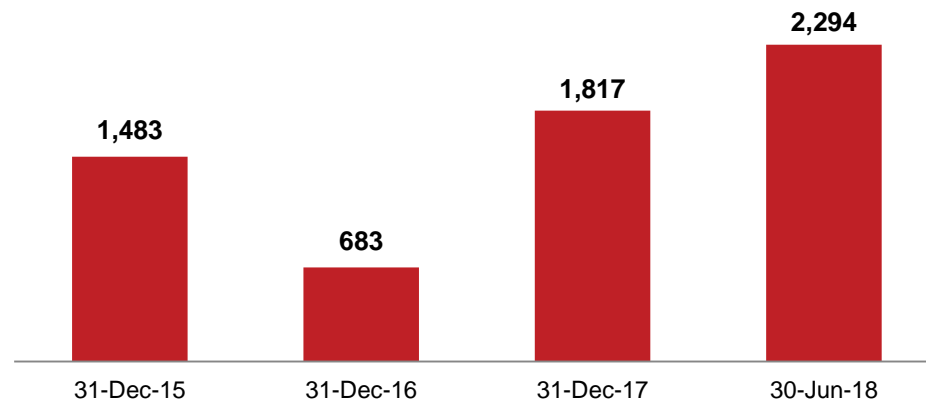
Total Assets

VNDbn



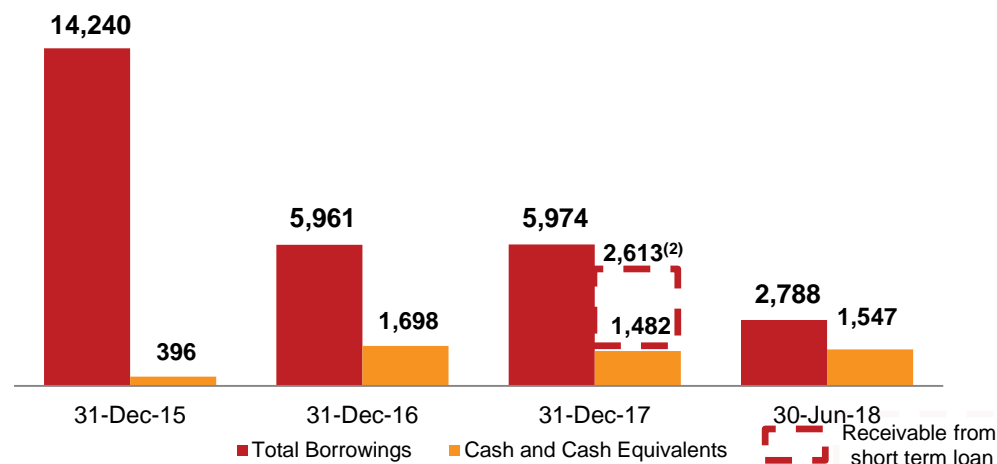
Inventory

VNDbn



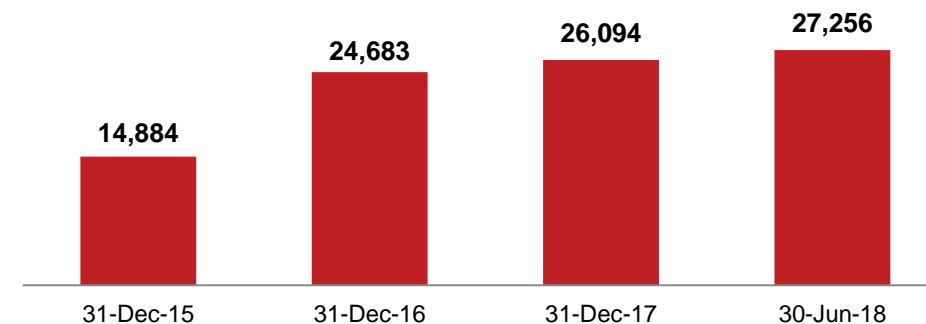
Total Cash and Cash Equivalents

VNDbn



Total Equity

VNDbn



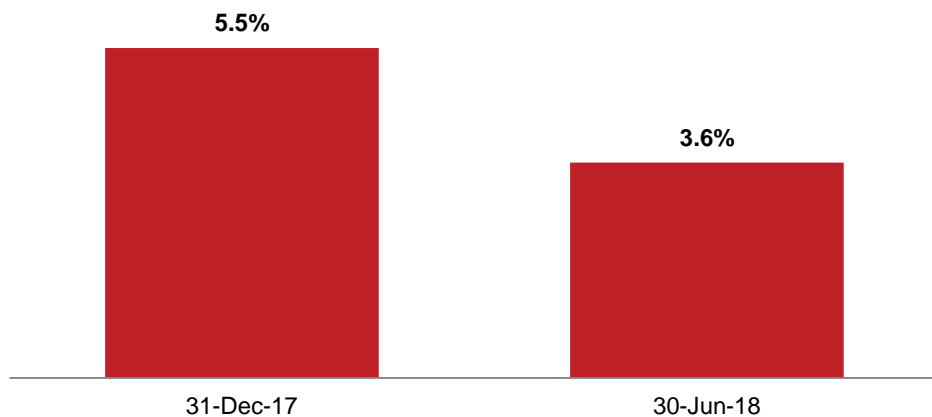
15 Note: Based on VAS Audited Consolidated Financial Statements for 2015, 2016, 2017 and VAS Unaudited Consolidated Financial Statements for 2Q2018

(1) Investment Properties and Investment Properties Under Construction (IP/IPUC) are valued at development cost minus depreciation and amortization and are not fair valued

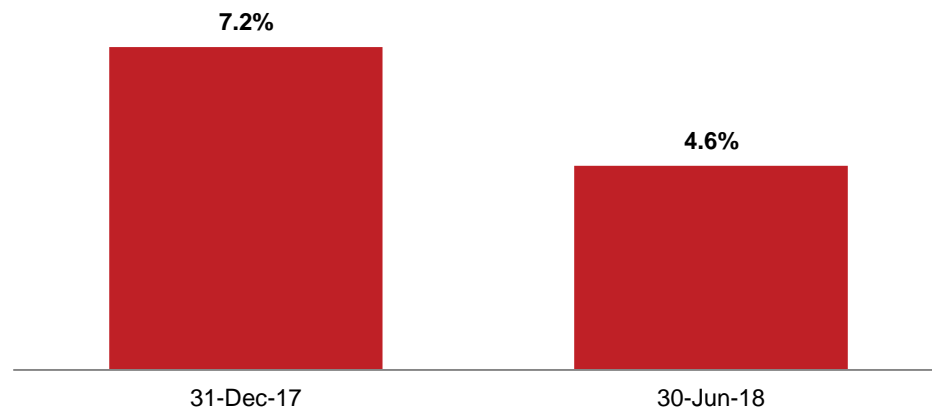
(2) Receivable from short-term loans, which was collected in April 2018

Leverage and Coverage ratios

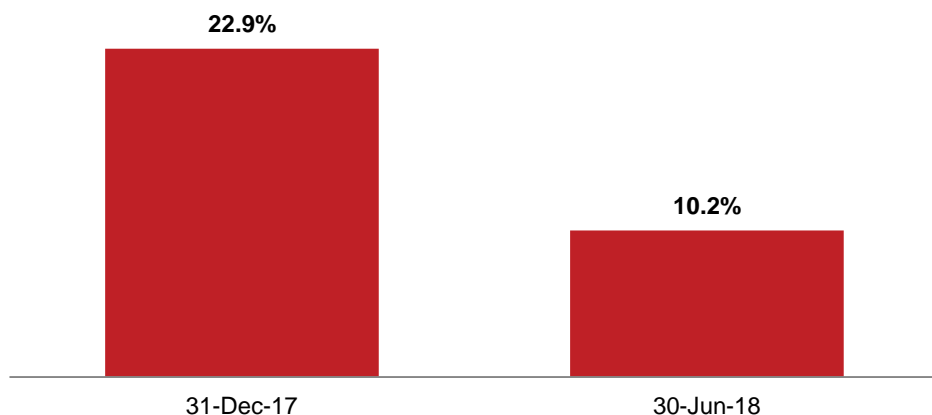
Net Debt⁽¹⁾ / (Total Assets – cash & cash equivalents⁽²⁾)



Net Debt⁽¹⁾ / Equity

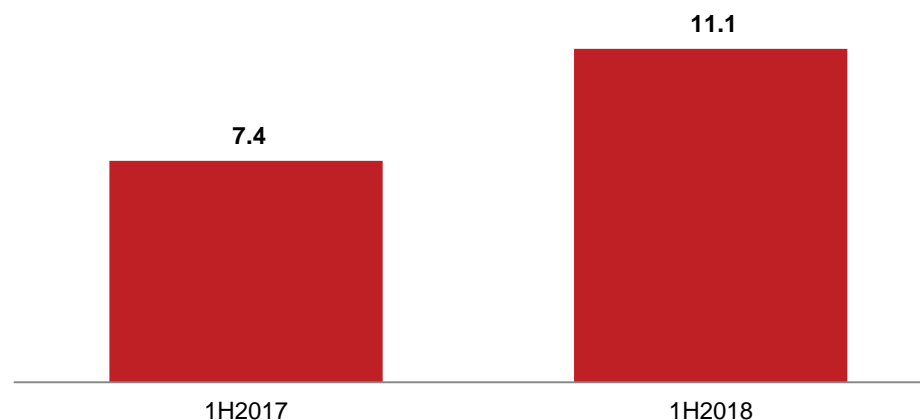


Total Debt / Equity



Interest Coverage Ratio⁽³⁾

Times



Note: Based on VAS Audited Consolidated Financial Statements for 2017 and VAS Unaudited Consolidated Financial Statements for 1Q2018 and 2Q2018

16 (1) Net Debt = (Short-term Borrowings + Long-term Borrowings) – (Cash & Cash Equivalents + ST Investments + Receivables of Short-term loans). Receivable from short-term loans was collected in full amount in April 2018

(2) Cash and cash equivalents refers to cash, cash equivalents + short-term investments + receivables of short-term loans

(3) Interest Coverage Ratio = Leasing revenue/ (Interest Expense + Capitalized Interest)



Appendix



Bridging VAS to IFRS

	VAS 1H2018	Adjustment	IFRS 1H2018	Commentary on Adjustments
Leasing revenue and other related services	2,618	39	2,657	Realised unearned revenue of deposit from customer in relation to amortisation of deposit
Sale of residential inventory	492		492	
Other revenue	25		25	
Total revenue	3,134	39	3,173	
Cost of leasing activities and other related services	(1,227)	480	(748)	Depreciation of malls is included under VAS; added back for IFRS
Cost of residential inventory sold	(328)		(328)	
Others	(24)		(24)	
Cost of goods & services	(1,580)	480	(1,100)	
Gross profit	1,554	519	2,073	
Gain/loss from recording FV of IP/IPUC	0	804	804	Fair Value assessment as at 30 June 2018 ⁽¹⁾
Selling expenses	(94)	0	(94)	
General and administrative expenses	(130)	14	(116)	Amortisation of Goodwill is included under VAS, added back for IFRS
Share of profit of associate	0		0	
Other income	51		51	
Other expense	(8)		(8)	Amortisation of deposit from customer
Finance expense	(232)	(96)	(328)	
Finance income	333	83	417	
Profit before tax	1,474	1,324	2,798	Amortisation of deposit under BCC
Tax expense	(312)	(157)	(469)	
Profit after tax	1,162	1,168	2,329	Mainly come from Deferred tax of the gain from Fair Value assessment

Note: Based on VAS Unaudited Consolidated Financial Statements for 1Q2018 and 2Q2018 and conversion to IFRS by management

18 (1) Fair valuations of the investment properties and investment properties under construction ("IP/IPUCs") as of 30 June 2018 are estimated by an in-house valuation team using a variety of approaches normally adopted for valuation of investment properties, including DCF, Capitalisation and the Residual approach. As Vingroup is having these IP/IPUCs appraised by independent valuers, the valuations are subject to change and will be replaced by the independent valuers' appraisals which are expected to be available in 3Q2018.