



VINCOM RETAIL



Vincom Retail Joint Stock Company 3Q2018 Financial Results

01 November 2018

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1. Key Highlights

Performance Overview – 3Q2018 and 9M2018

Revenue from Leasing⁽¹⁾

3Q2018: **VND1,448** billion ▲ 27.9%YoY
9M2018: **VND4,091** billion ▲ 23.7%YoY

Gross Profit⁽²⁾

3Q2018: **VND954** billion ▲ 61.1%YoY
9M2018: **VND2,508** billion ▲ 25.7%YoY

Leasing NOI⁽³⁾

3Q2018: **VND971** billion ▲ 27.1%YoY
9M2018: **VND2,831** billion ▲ 26.5%YoY

EBITDA⁽⁴⁾

3Q2018: **VND1,042** billion ▲ 22.0%YoY
9M2018: **VND3,281** billion ▲ 22.2%YoY

Note: Based on VAS Unaudited Consolidated Financial Statements for 3Q2017 and 3Q2018

(1) Leasing revenue includes other revenue related to Vincom ice rinks and Vincom Center for Contemporary Art.

(2) Depreciation and amortization relating to investment properties amounting to VND221bn, VND273bn, VND587bn and VND753bn in 3Q2017, 3Q2018, 9M2017 and 9M2018, respectively, have been added back into gross profit.

(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 land lease costs but excluding holding company expense allocations

4 (4) EBITDA in 9M2017 is 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

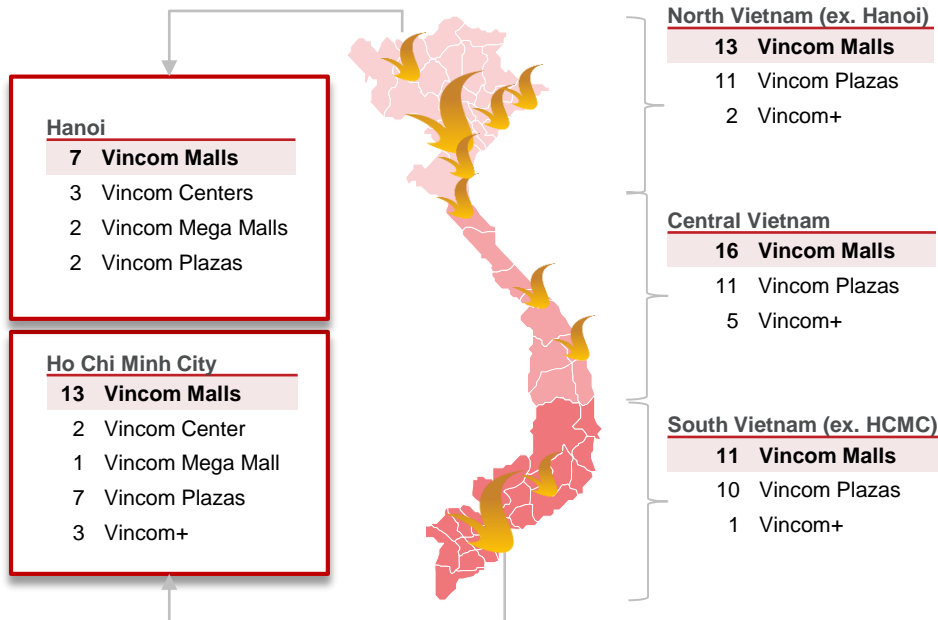
Continued Expansion of Nationwide Presence

Portfolio in Prime Urban and High Growth Areas in Key Cities

9 Malls launched in 3Q2018



Key Cities



Unique Multi-Format Retail Model

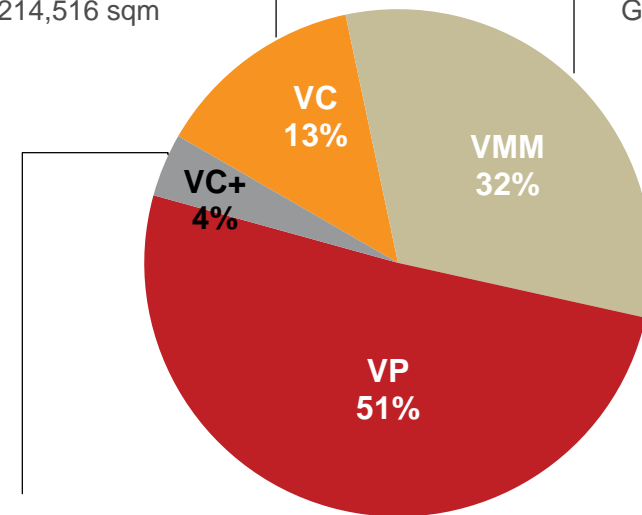
(Segmentation by GFA)

Vincom Center

No. of Malls: 5
GFA: 214,516 sqm

Vincom Mega Mall

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



Vincom+

No. of Malls: 11
GFA: 58,503 sqm

Vincom Plaza

No. of Malls: 41
GFA: 698,106 sqm

✓ 60 malls across 34 cities / provinces

✓ 4 retail formats

✓ Proven and scalable retail development platform



VINCOM RETAIL

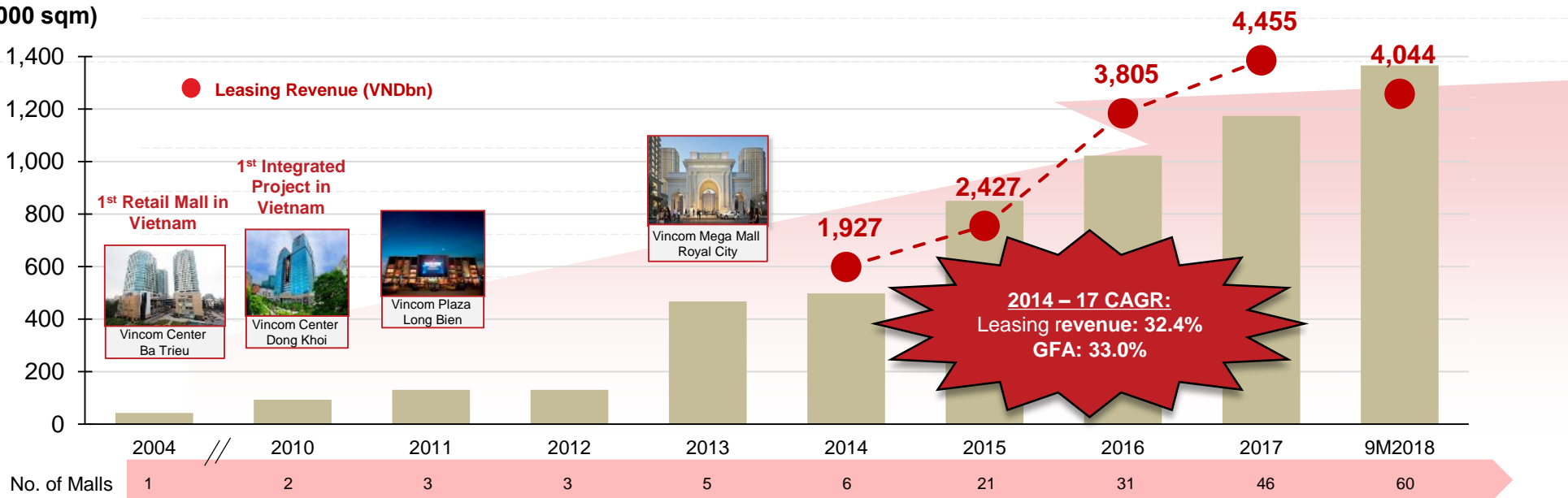


2. Operational Update

3Q2018 Operational Highlights and Updates

- Launched 9 new shopping malls between July and September, including Vincom Center Landmark 81, 6 Vincom Plazas, and 2 Vincom+
- Ran 2 major marketing campaigns: “Vincom Center Landmark 81 Grand Opening”, attracting ~300,000 visits in the first week of opening, and Mid Autumn festival’s “Happy Journey”, which increased footfall by approximately 25% compared with pre-marketing campaigns
- Signed leasing contracts for approximately 80,000 sqm NLA and over 200 advertising contracts
- New and existing tenants signed: Decathlon, Jaspal Group, CGV, Marukame Udon, El Gaucho, Samwon Garden

Retail GFA (‘000 sqm)



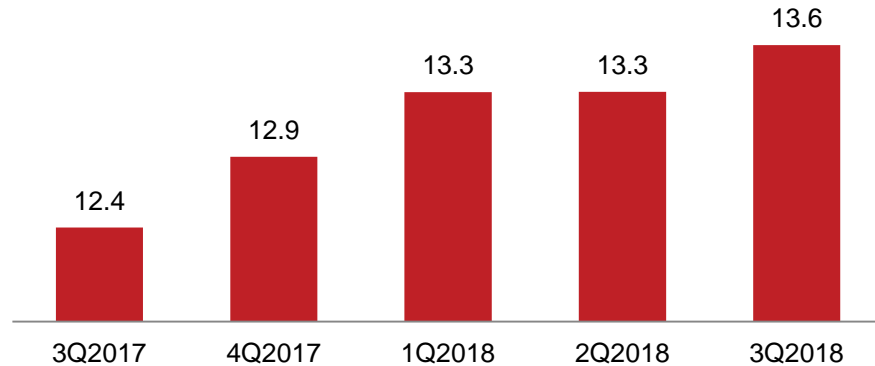
14 Years of Operating Experience Achieving ~1.4 mm sqm of Retail GFA (~32x Increase Since 2004)

⁷ Note: As at 30 Sep 2018

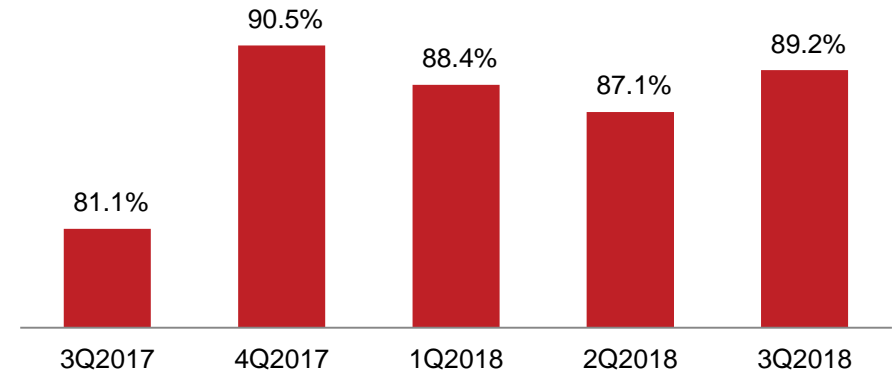
(1) VAS Audited Consolidated Financial Reports for 2014, 2015, 2016, 2017 and Unaudited Consolidated Financial Statements for 3Q2018

Vincom Mega Malls: Improved and Stabilized Occupancy due to Transformational AEs

Vincom Mega Malls – Average Rental Rates



Vincom Mega Malls – Average Occupancy Rates



Asset enhancement activities at Vincom Mega Mall Royal City leading to strong operating performance



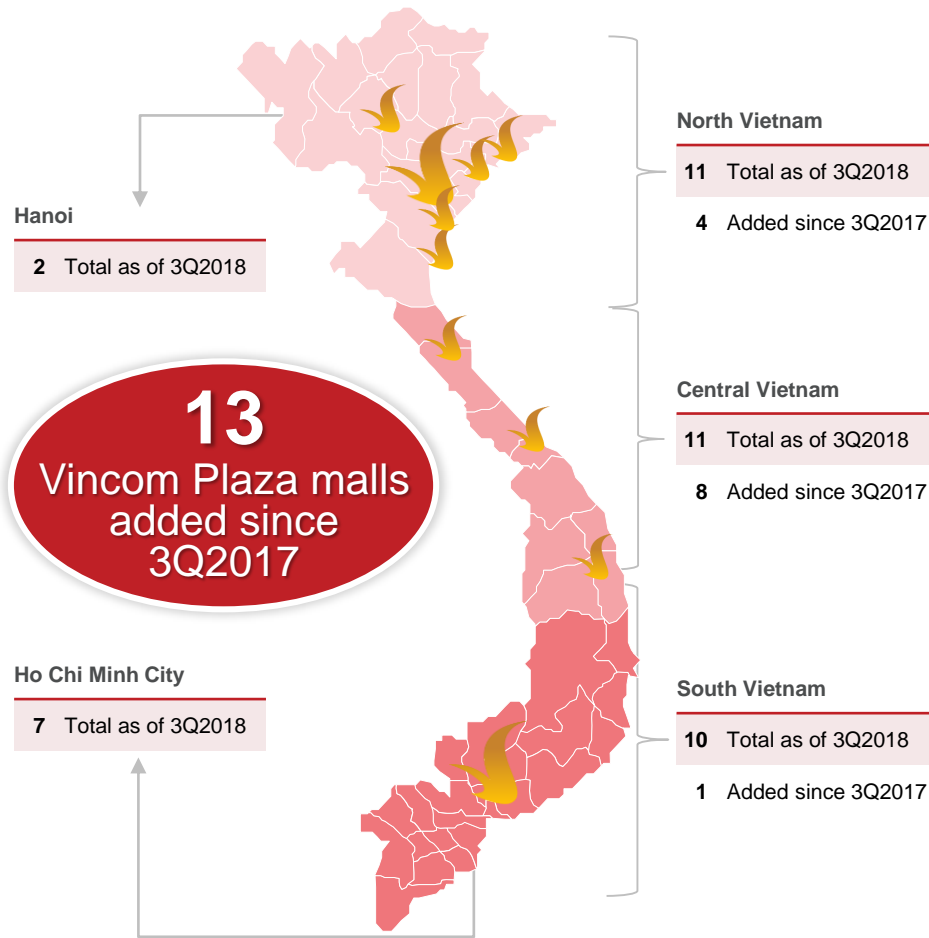
Key Asset Enhancement Initiatives

- Largest Vincom Mega Mall in Hanoi, located in one of the largest integrated mixed-use complexes in Vietnam
- Executed 5-phase AEI between June and December of 2016:
 - Optimize traffic flow by reconfiguring layout
 - Revamped common area, creating a more lively event hall

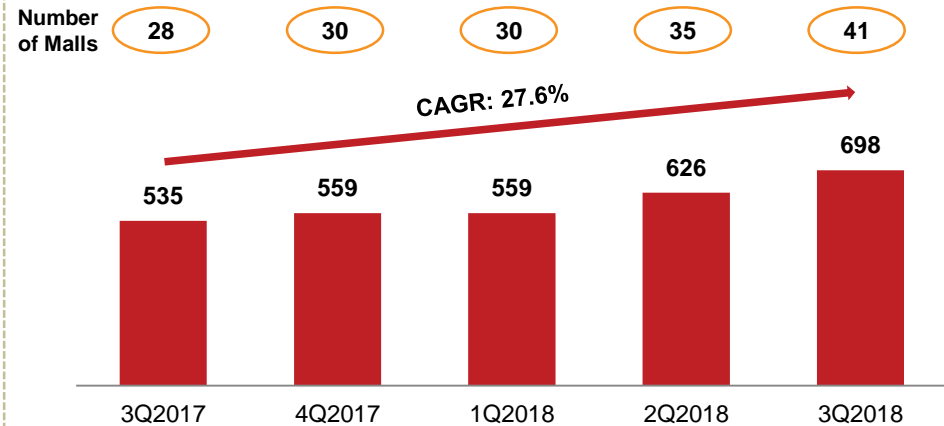
Transformational Results

- ✓ Upgraded tenant mix, signing major tenants including Mango, Charles & Keith, Nike. Introduced more anchor tenants: Dream Games, Tiniworld, H&M
- ✓ Over 10% improvement in occupancy
- ✓ c.15% uplift in rental rate

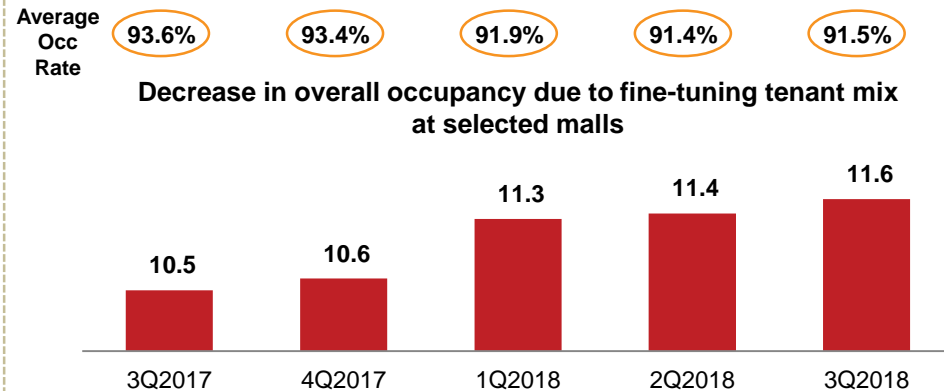
Vincom Plazas: Rapid Roll-out of Additional Malls



Vincom Plaza – Total Retail GFA ('000 sqm)



Vincom Plaza – Average Rental Rate (US\$)⁽¹⁾



1. Excludes Vincom Plaza malls with major renovation plans.

Key Operational Metrics

Average Occupancy

	9M2017	9M2018	Change (bps)
Vincom Center	91.9%	92.7%	▲ 80
Vincom Mega Mall	80.7%	87.9%	▲ 720
Vincom Plaza	91.1%	87.4%	▼ (370)
Vincom+	63.7%	74.8%	▲ 1,110
Overall	86.4%	87.7%	▲ 130

Retail GFA

Figure in sqm	9M2017	9M2018	Change (%)
Vincom Center	165,876	214,516	▲ 29.3
Vincom Mega Mall	395,148	395,148	-
Vincom Plaza	540,968	698,106	▲ 29.0
Vincom+	38,049	58,503	▲ 53.8
Overall	1,140,041	1,366,273	▲ 19.8

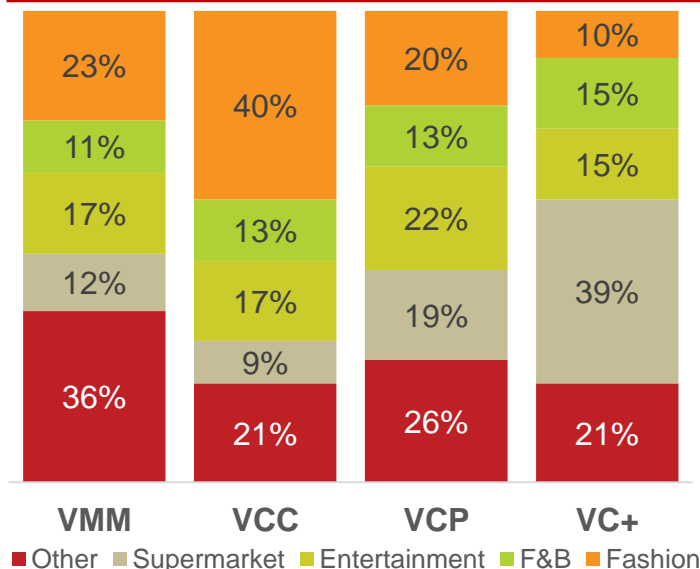
Sales and Marketing Activities

Tenant Update for 9M2018

Key Tenants Joining in 9M2018



Tenant Mix by NLA as at Sep 2018



- Collaborated with VinID to offer ID – Rewards Program (e-vouchers) in order to connect tenants with Vingroup's loyalty customers which boast 5.2 million as of 30 September 2018, further enhancing revenue and brand awareness for tenants
- Grand opening ceremony for Landmark 81: Top 2 social networking campaign of July and Top 1 social networking event of July ⁽¹⁾
- Launched Mid Autumn festival's "Happy Journey" marketing campaign, resulting in 22% growth in tenant revenue and 25% growth in footfall compared with pre-campaign period

Note:

11 (1) According to Buzzmetrics Social Index monthly ranking

Malls Opening from 2018E – 2020E



20 malls

To be opened in YE2018
GFA: 1.4 mm sqm



44 malls (*)

To be opened in 2019E – 2020E
GFA: 2.1 mm sqm

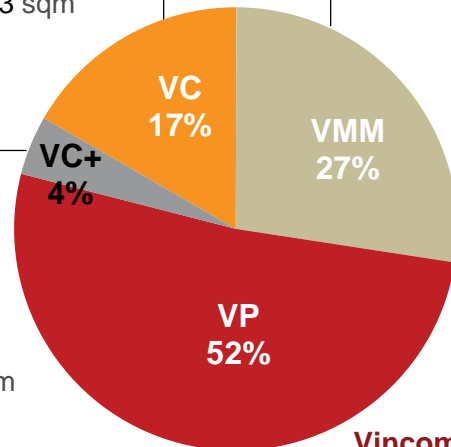
Retail GFA by mall type FY2018E

Vincom Center

No. of Malls: 6
GFA: 241,373 sqm

Vincom Mega Mall

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



Vincom Plaza

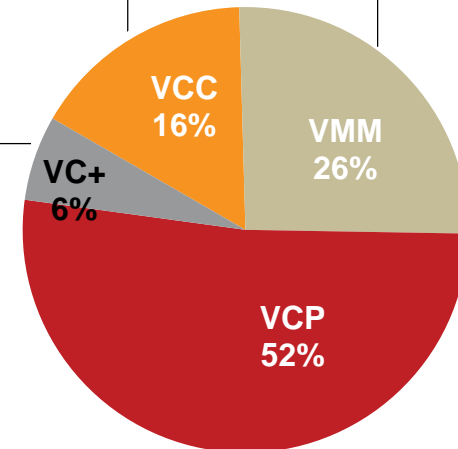
No. of Malls: 45
GFA: 744,594 sqm

Retail GFA by mall type FY2020E

Vincom Center

Vincom Mega Mall

Vincom+



Vincom Plaza



VINCOM RETAIL



MANGO

SIÊU THỊ VINMART HẬU GIANG

ĐIỂM VƯỢT KHÁCH HÀNG
CUSTOMER SERVICE

VINCOM MEGA MALL
TIMES CITY

3. Financials and Capital Management Update

ZARA

Financial Performance in 3Q 2018 vs. 3Q 2017

Figures in VND billion	3Q 2017	3Q 2018	Change (%)	Commentary
Leasing of Investment Properties and Rendering of Related Services ⁽¹⁾	1,132	1,448	▲ 27.9	Mainly came from 19 malls opened between 4Q 2017 and 3Q 2018.
Sale of Inventory Properties	102	1,501	▲ 1,367.4	Increased significantly thanks to the delivery of Vinpearl Riverfront Da Nang in 3Q 2018.
Total Revenue	1,235	2,949	▲ 138.8	
Gross Profit ⁽²⁾	592	954	▲ 61.1	GP margin declined from 48% to 32% due to higher contribution from sale of inventory properties which has relatively lower GP margin.
Operating Profit / (Loss)	438	669	▲ 52.8	
Profit / (Loss) before Tax	435	676	▲ 55.3	
Profit / (Loss) after Tax for the Period	374	556	▲ 48.7	
Profit / (Loss) after Tax and Minority Interest	374	555	▲ 48.4	

Note: VAS Unaudited Consolidated Financial Statements for 3Q2018

(1) Includes Other revenue

(2) D&A relating to investment properties is added back into Gross Profit.

Financial Performance in 9M2018 vs. 9M2017

Figures in VND billion	9M2017	9M2018	Change (%)	Commentary
Leasing of Investment Properties and Rendering of Related Services ⁽¹⁾	3,306	4,091	▲ 23.7	Mainly came from 19 malls opened between 4Q 2017 and 3Q 2018.
Sale of Inventory Properties	689	1,992	▲ 189.1	Increased significantly thanks to the delivery of Vinpearl Riverfront Da Nang in 3Q 2018.
Total Revenue	3,995	6,083	▲ 52.2	
Gross Profit ⁽²⁾	1,995	2,508	▲ 25.7	GP margin declined from 50% to 41% due to higher contribution from sale of inventory properties which has relatively lower GP margin.
Operating Profit / (Loss) ⁽³⁾	1,604	2,100	▲ 30.9	
Profit / (Loss) before Tax ⁽³⁾	1,581	2,150	▲ 36.0	
Profit / (Loss) after Tax for the Period ⁽³⁾⁽⁴⁾	1,366	1,717	▲ 25.7	The company utilized loss carried forward in 9M2017, which was fully utilized before 9M2018.
Profit / (Loss) after Tax and Minority Interest ⁽³⁾⁽⁴⁾	1,366	1,716	▲ 25.6	

Note: VAS Unaudited Consolidated Financial Statements for 3Q2018

(1) Includes Other revenue

(2) D&A relating to investment properties is added back into Gross Profit.

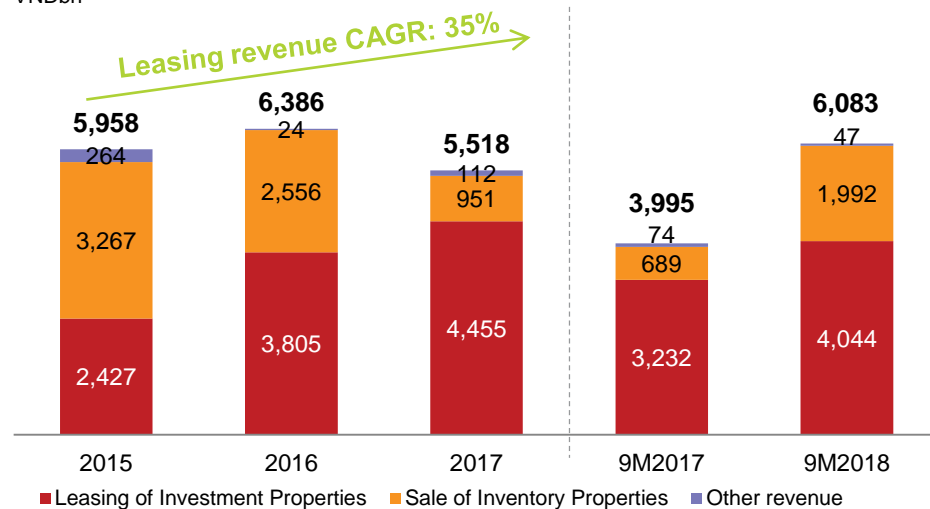
(3) Figures in 9M2017 excluded two one-off items of share profit from associates of VND540bn and loss from disposal of associates of VND 634bn, both relating to the divestment of Tan Lien Phat JSC

(4) PAT and PATMI in 9M2017 excluded the one-off deferred tax income of VND216bn due to merger of An Phong JSC into South Vincom Retail LLC

Financial Performance – 9M2018

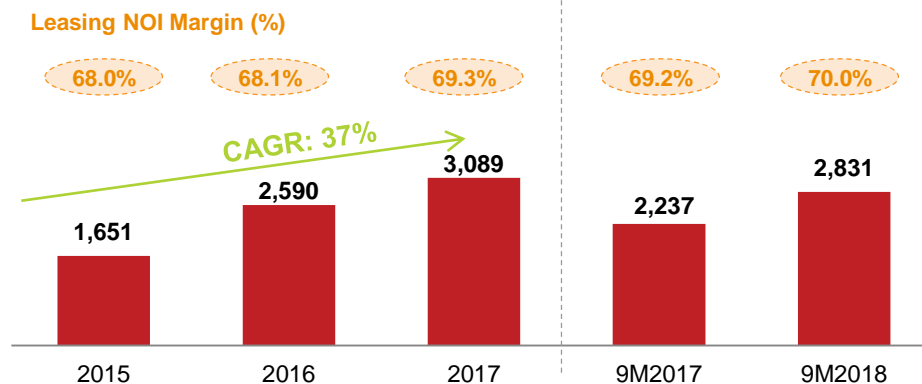
Total Revenue

VNDbn



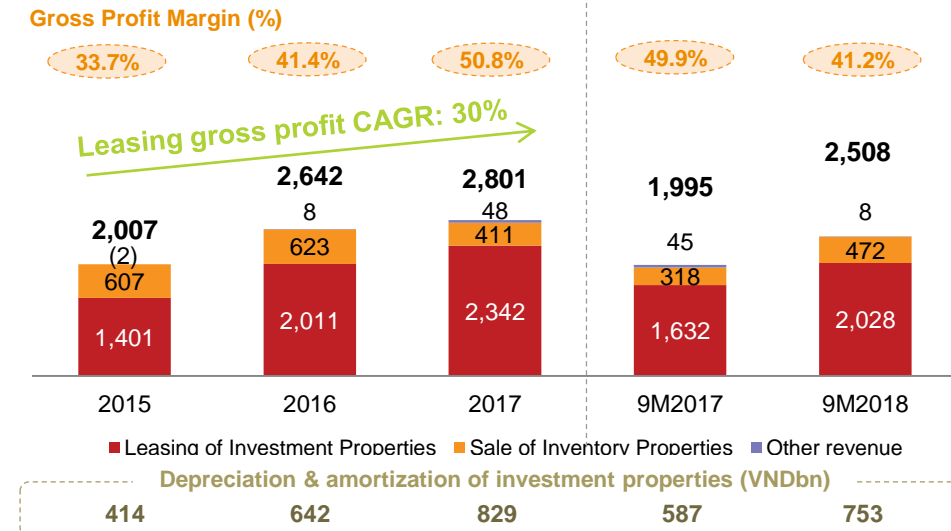
Leasing Net Operating Income (NOI) ⁽²⁾

VNDbn



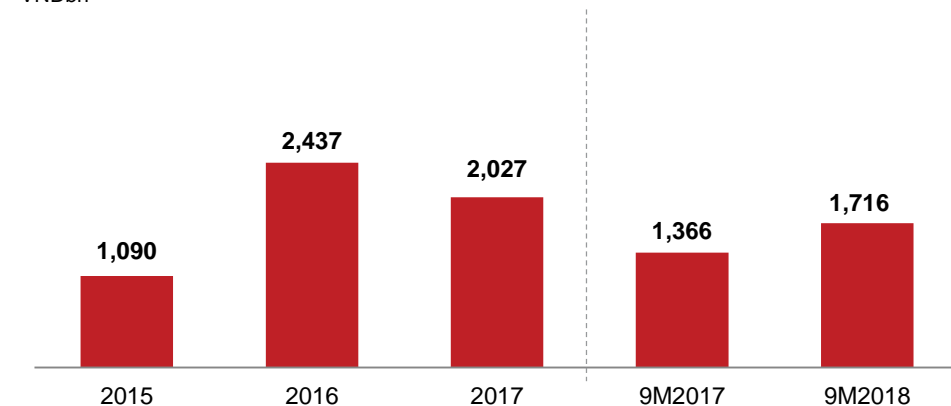
Gross Profit⁽¹⁾

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 3Q2018

(1) Depreciation and amortization relating to investment properties is laid down below the graph and should be added back for IFRS

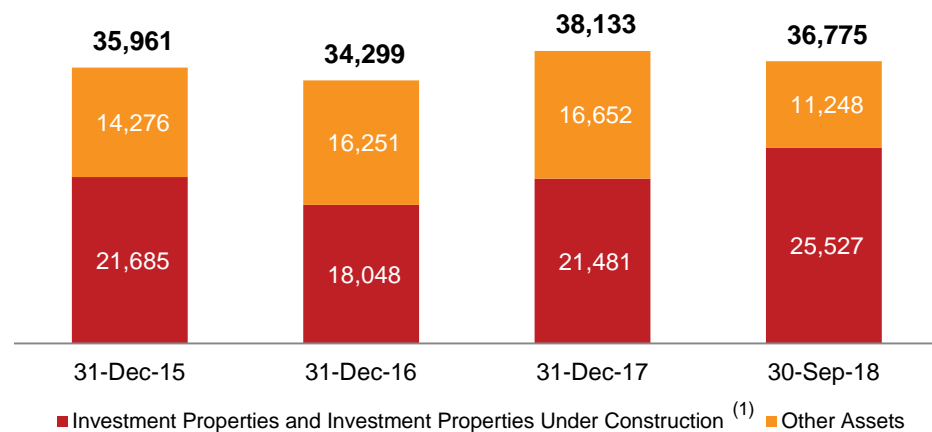
(2) NOI for leasing investment properties and rendering of related services, being calculated based on management report by taking the sum of gross rental income and other property-related income less any property-related operating expenses including period land lease costs but excluding holding company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

(3) PATMI in 9M2017 excluded one-off items including share profit from associates of VND540bn, loss from disposal of associates of VND634bn, both relating to the divestment of Tan Lien Phat JSC and deferred tax income of VND216bn due to merger of An Phong JSC into South Vincom Retail LLC for like-for-like comparison.

Balance Sheet

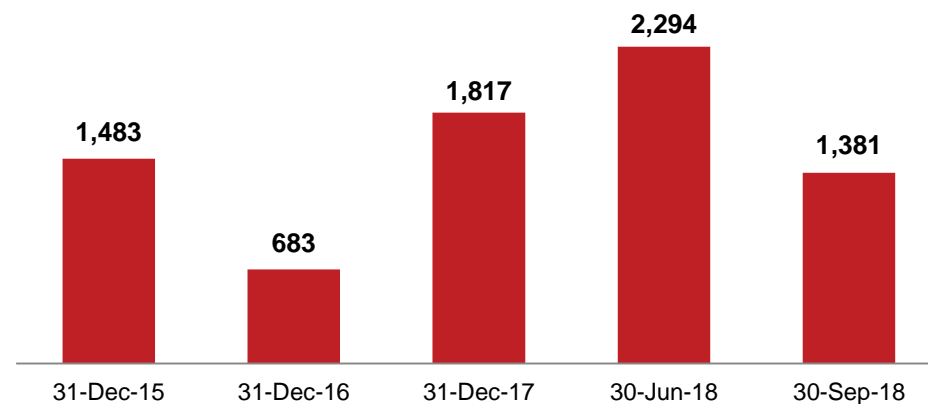
Total Assets

VNDbn



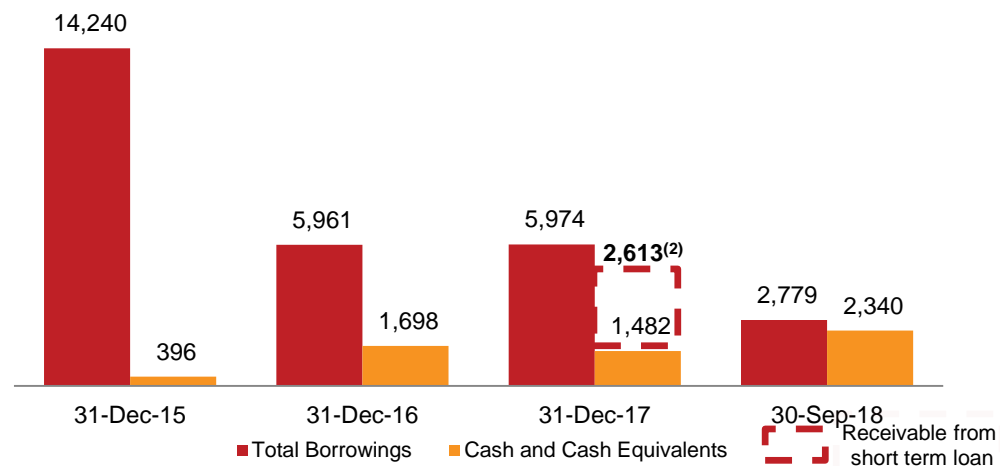
Inventory

VNDbn



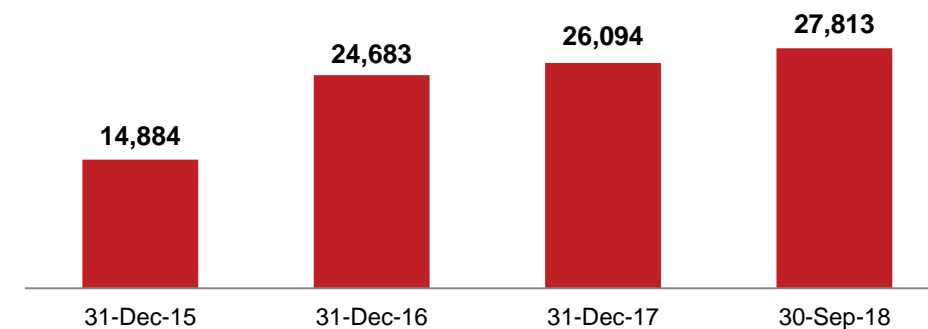
Total Borrowings, Cash and Cash Equivalents

VNDbn



Total Equity

VNDbn



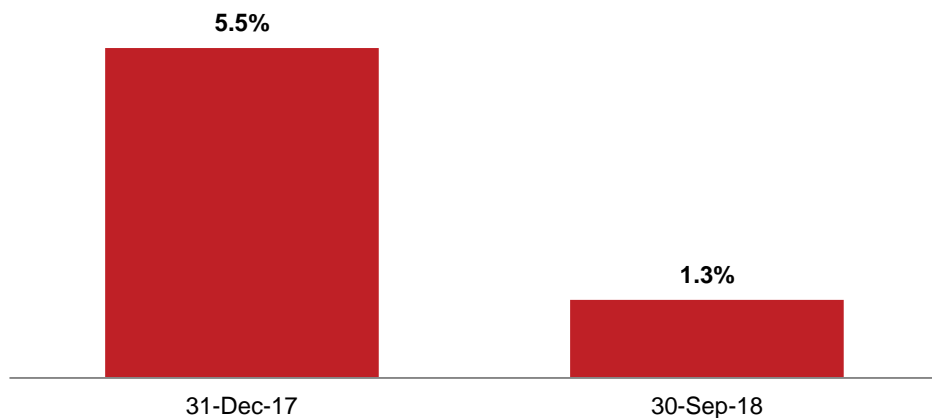
17 Note: Based on VAS Audited Consolidated Financial Statements for 2015, 2016, 2017 and VAS Unaudited Consolidated Financial Statements for 3Q2018

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

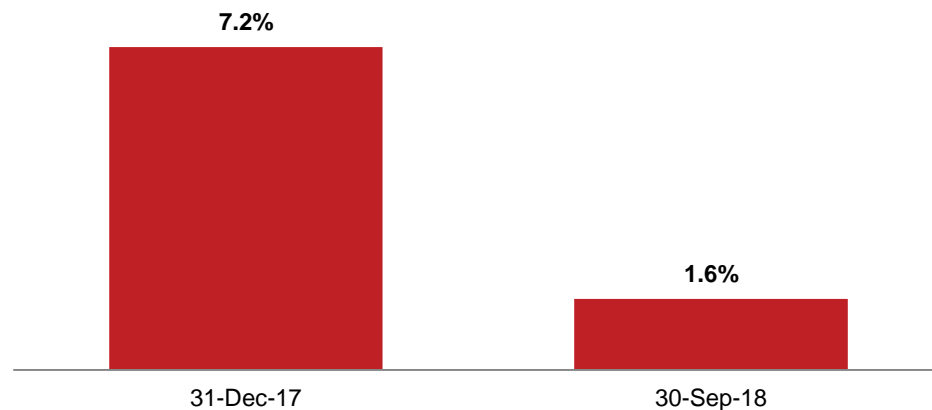
(2) Receivable from short-term loans, which was collected in April 2018

Leverage and Coverage ratios

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

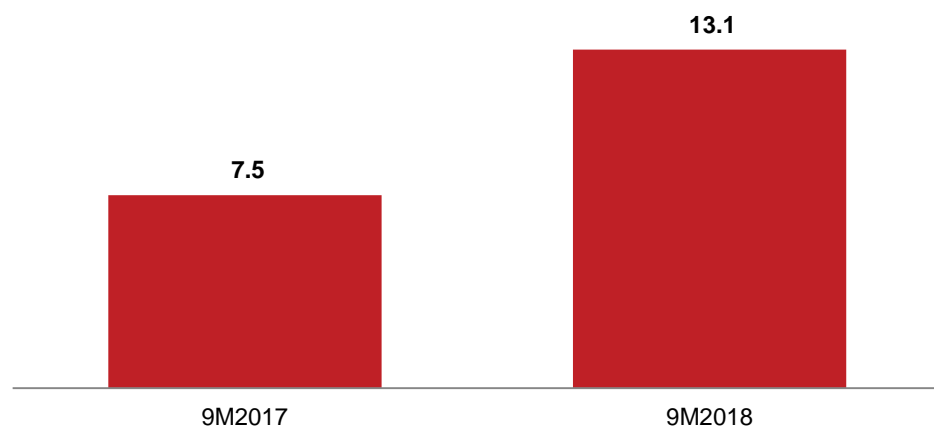


Net Debt⁽¹⁾ / Equity

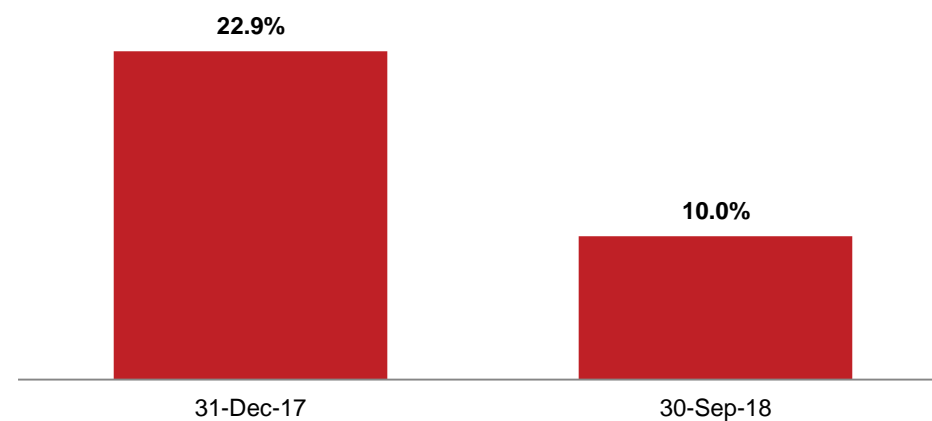


Interest Coverage Ratio⁽³⁾

Times



Total Debt / Equity



Note: Based on VAS Audited Consolidated Financial Statements for 2017 and VAS Unaudited Consolidated Financial Statements for 3Q2018

18 (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)



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Appendix

Bridging VAS to IFRS

	Unit: VND Billion		
	VAS 30.9.2018	Adjustment	IFRS 30.9.2018
Leasing revenue and other related services	4,044	70	4,115
Sale of residential inventory	1,992	70	2,062
Other revenue	47		47
Total revenue	6,083	141	6,224
Cost of leasing activities and other related services	(2,016)	734	(1,282)
Cost of residential inventory sold	(1,521)	(126)	(1,646)
Others	(38)		(38)
Cost of goods & services	(3,575)	608	(2,967)
Gross profit	2,508	749	3,257
Gain/loss from recording FV of IP/IPUC	-	151	151
Selling expenses	(285)		(285)
General and administrative expenses	(209)	54	(155)
Share of profit of associate	-		-
Other income	62	11	73
Other expense	(12)		(12)
Finance expense	(344)	(108)	(452)
Finance income	429	148	577
Profit before tax	2,150	1,005	3,154
Tax expense	(432)	(165)	(597)
Profit after tax	1,717	840	2,558

Commentary on Adjustments

Realised unearned revenue of deposit from customer in relation to amortisation of deposit

Outright sales and impact of IFRS15 related to interest of customers' down payment >30% of the values of inventory properties handed over during 9M2018

Depreciation of malls is included under VAS; excluded under IFRS

Impact of IFRS15 related to interest of customers' down payment over 30% of the values of inventory properties handed over during 9M2018

Fair Value assessment as at 30 June 2018(1)

Amortisation of Goodwill is included under VAS, excluded under IFRS

Outright sales adjustment

Amortisation of deposit from customer

Amortisation of deposit under BCC

Mainly Deferred tax from the gain from Fair Value assessment and reversal of D&A

Note: Based on VAS Unaudited Consolidated Financial Statements for 3Q2018 and conversion to IFRS by management

20 (1) Fair valuation of the investment properties and investment properties under construction ("IP/IPUCs") as of 30 June 2018 are based on independent valuation report.