



VINCOM RETAIL



Vincom Retail Joint Stock Company 4Q2018 and FY2018 Financial Results

01 February 2019

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VINCOM RETAIL



1. Key Highlights

Record 4Q2018 and FY2018 Financial Performance

Revenue from Leasing⁽¹⁾

4Q2018: **VND1,528** billion ▲ 21.2%YoY

FY2018: **VND5,619** billion ▲ 23.0%YoY

Gross Profit

4Q2018: **VND1,133** billion ▲ 40.6%YoY

FY2018: **VND3,641** billion ▲ 30.0%YoY

Leasing NOI⁽²⁾

4Q2018: **VND1,040** billion ▲ 22.1%YoY

FY2018: **VND3,829** billion ▲ 24.0%YoY

EBITDA⁽³⁾

4Q2018: **VND1,281** billion ▲ 20.7%YoY

FY2018: **VND4,562** billion ▲ 21.8%YoY

Note: Based on VAS Unaudited Consolidated Financial Statements for 4Q2018

(1) Leasing revenue includes other revenue related to entertainment activities, Vincom Center for Contemporary Art and management of condotels.

(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 land lease costs but excluding holding company expense allocations

(3) EBITDA in FY2017 is adjusted for one-off items including share of profit from associates (subtracted), loss from disposal 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

Solidified Position as Dominant Retail Platform in Vietnam

Prime Urban and High Growth Areas in Key Cities

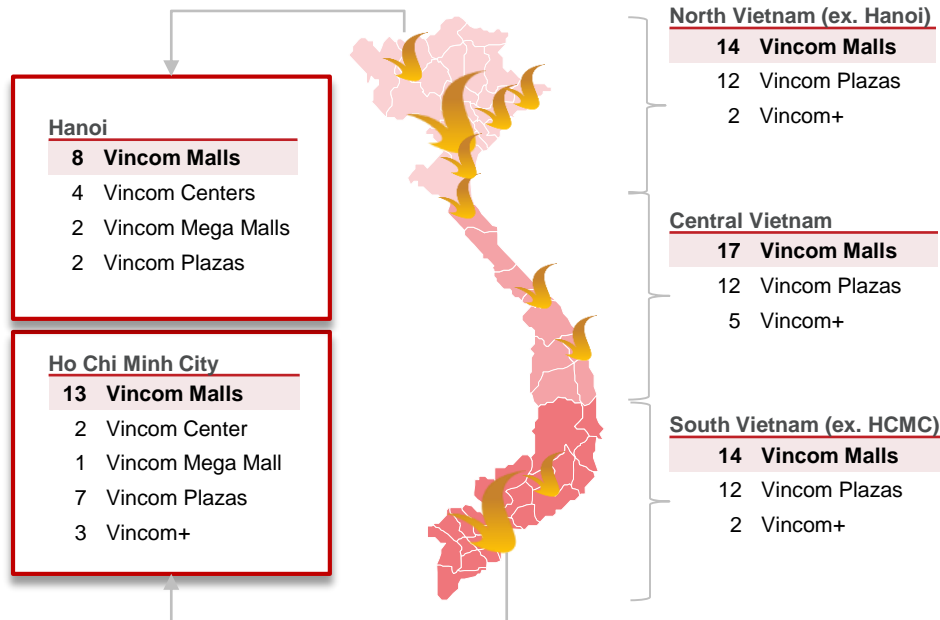
6 malls launched in 4Q2018, further expanding our Vietnam footprint

38
Cities/
Provinces

66
Operational
Malls

1.45mm
Retail GFA
(sqm)

Key Cities



Unique Multi-Format Retail Model

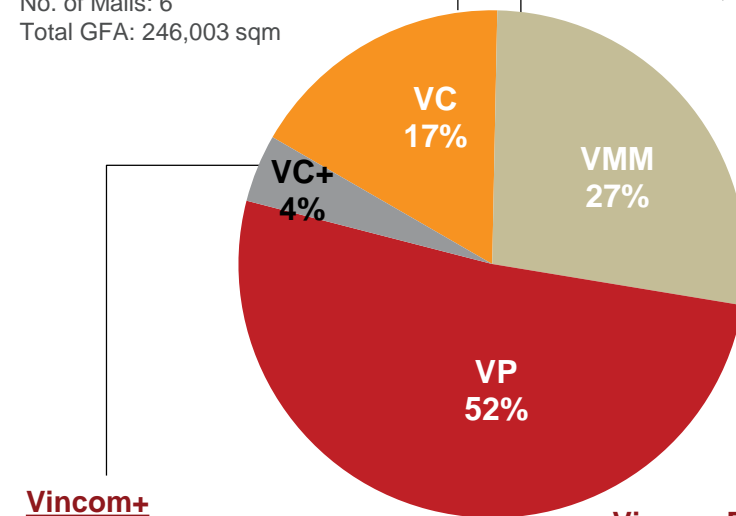
(Segmentation by GFA)

Vincom Center

Location: City-center, CBD
Retail GFA: 40,000 – 60,000 sqm
No. of Malls: 6
Total GFA: 246,003 sqm

Vincom Mega Mall

Location: In integrated, mixed-use projects
Retail GFA: 60,000 – 150,000+ sqm
No. of Malls: 3
Total GFA: 395,148 sqm



Vincom+

Location: Medium-density, non-CBD
Retail GFA: 3,000 – 5,000 sqm
No. of Malls: 12
Total GFA: 62,553 sqm

Vincom Plaza

Location: High-density, non-CBD
Retail GFA: 10,000 – 40,000 sqm
No. of Malls: 45
Total GFA: 744,593 sqm



66 malls
across 38
cities /
provinces



4 retail
formats



Proven and
scalable retail
development
platform

New Mall Openings in 4Q2018

6 additional malls launched in 4Q2018, adding more than 82,000 sqm of GFA and bringing the total to 20 new mall openings in FY2018



VCC Metropolis Hanoi

- Opened on 24 December 2018
- GFA: 31,487 sqm
- Occupancy rate at open: 90%
- Anchor and notable tenants: CGV Imax, Time Zone, El Gauche, San Fu Lou



VCP Hai Phong

- Opened on 24 December 2018
- GFA: 17,283 sqm
- Occupancy rate at open: 100%
- Anchor and notable tenants: CGV, Mango, CK, Levi's, Nike, Adidas, VinMart, Marukame Udon



VCP Ca Mau

- Opened on 24 December 2018
- GFA: 11,020 sqm
- Occupancy rate at open: 99%
- Anchor and notable tenants: Tiniworld, Lotte Cinema, VinMart, Nike, Hot Pot Story



VCP Quang Ngai

- Opened on 24 December 2018
- GFA: 11,147 sqm
- Occupancy rate at open: 97%
- Anchor and notable tenants: CGV, Funny Kids, King BBQ



VCP Tay Ninh

- Opened on 24 December 2018
- GFA: 7,038 sqm
- Occupancy rate at open: 99%
- Anchor and notable tenants: CGV, Buk Buk, Medicare



Vincom+ Sa Dec

- Opened on 6 October 2018
- GFA: 4,050 sqm
- Occupancy rate at open: 100%
- Anchor tenants: VinMart, VinPro



VINCOM RETAIL



2. Operational Update

4Q2018 and FY2018 Operational Highlights and Updates

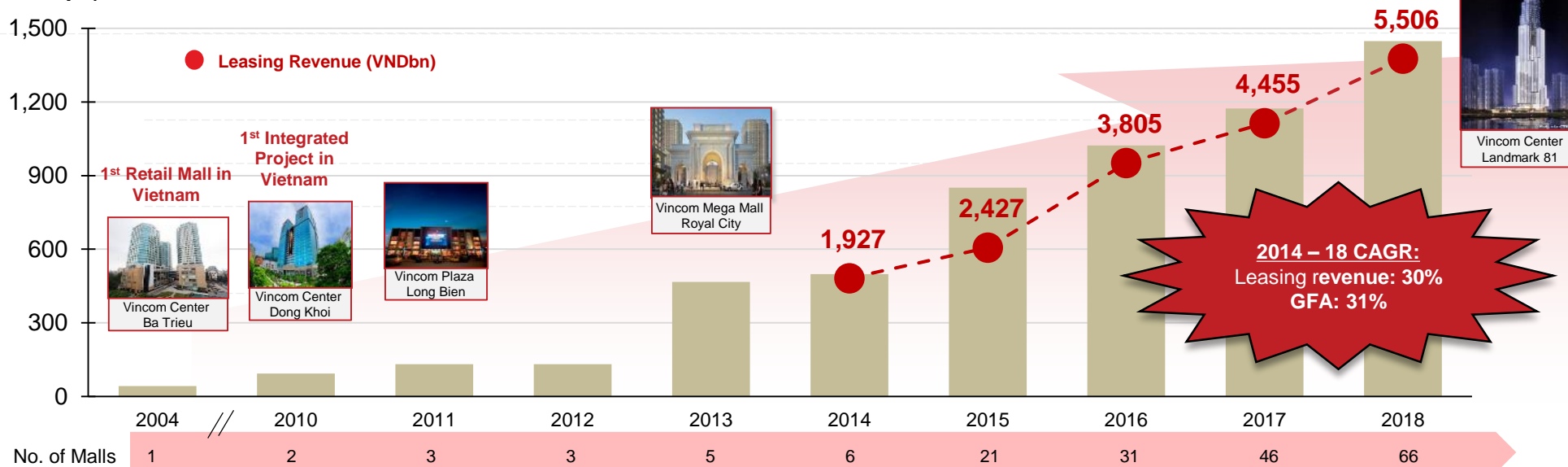
4Q2018

- Launched 6 new shopping malls, including 1 Vincom Center, 4 Vincom Plazas, and 1 Vincom+
- Ran 3 major marketing campaigns: “Swan Dream”, “Promotion Maze” and “Magical Holiday” which increased footfall by 22%, 50% and 28% respectively, compared with pre-marketing campaigns

FY2018

- Signed 191,000 sqm NLA of leasing contracts and over 1,200 advertising contracts
- 2 Vincom Center openings: Landmark 81 (HCMC) and Metropolis (Hanoi)
- Some of the notable new and existing tenants signed include: Decathlon, Jaspal Group, CGV, Marukame Udon, El Gaucho, Samwon Garden

Retail GFA (‘000 sqm)



14 Years of Operating Experience Achieving ~1.45 mm sqm of Retail GFA (~34x Increase Since 2004)

Key Operational Metrics

Average Occupancy¹

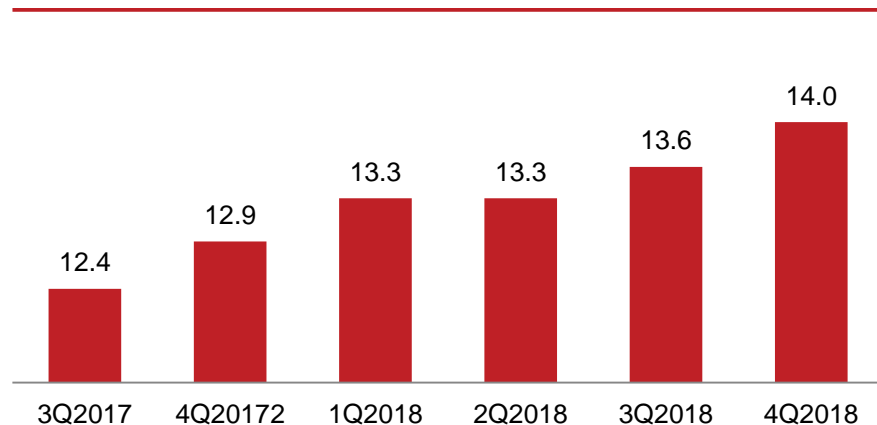
	FY2017	FY2018	Change
Vincom Center	92.3%	94.5%	▲ 2.2%
Vincom Mega Mall	82.8%	88.6%	▲ 5.8%
Vincom Plaza	94.5%	91.5%	▼ 3.0%
Vincom+	65.6%	75.9%	▲ 10.3%
Overall	87.6%	89.9%	▲ 2.3%

Retail GFA

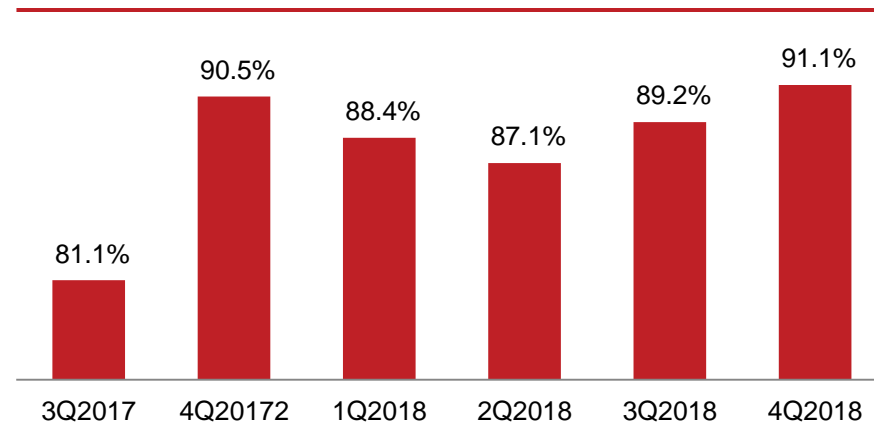
Figure in sqm	FY2017	FY2018	Change (%)
Vincom Center	165,876	246,003	▲ 48.3
Vincom Mega Mall	395,148	395,148	-
Vincom Plaza	559,209	744,593	▲ 33.2
Vincom+	46,410	62,553	▲ 34.8
Overall	1,166,643	1,448,297	▲ 24.1

Vincom Mega Malls: Improved and Stabilized Occupancy post Transformational AEs

Vincom Mega Malls – Average Rental Rates (US\$)⁽¹⁾



Vincom Mega Malls – Average Occupancy Rates (%)⁽²⁾



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



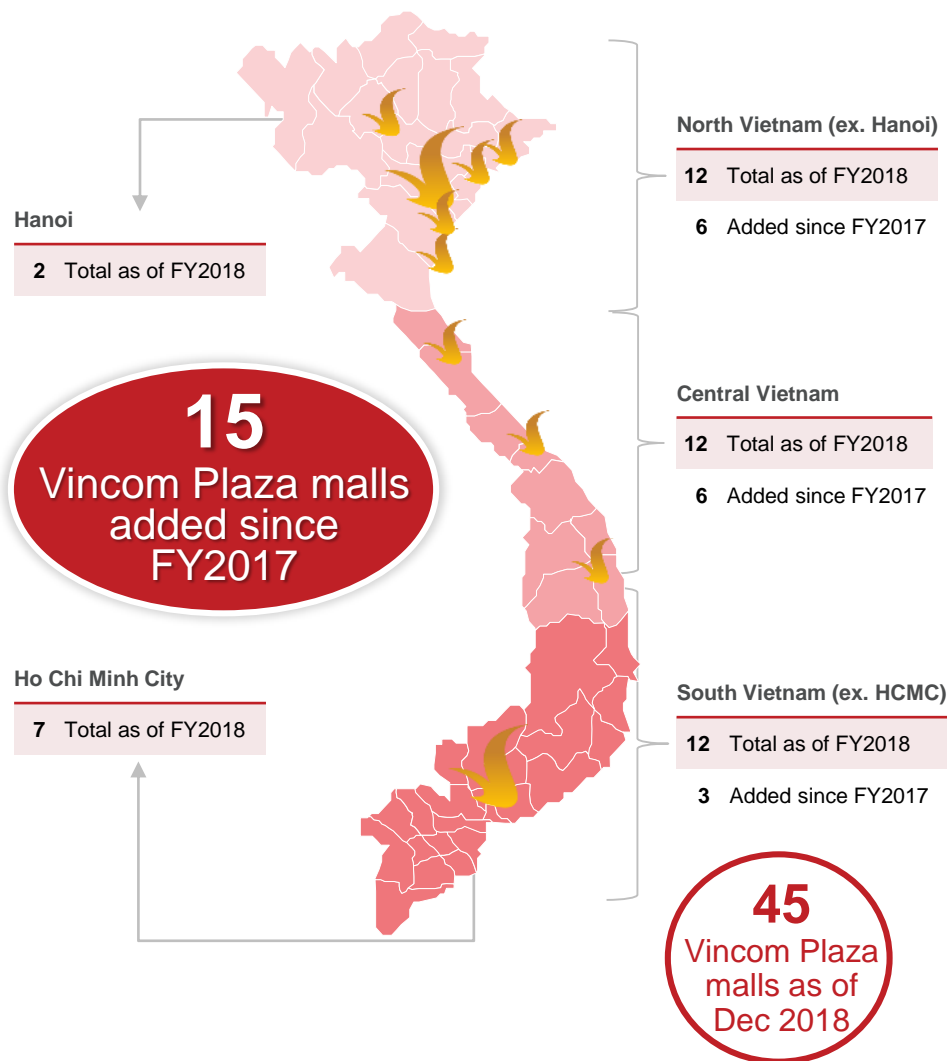
Key Asset Enhancement Initiatives

- 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

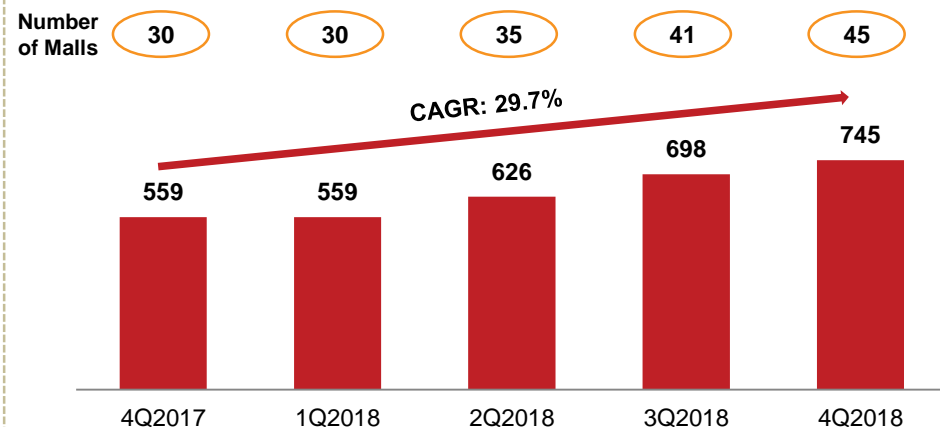
Transformational Results

- ✓ 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

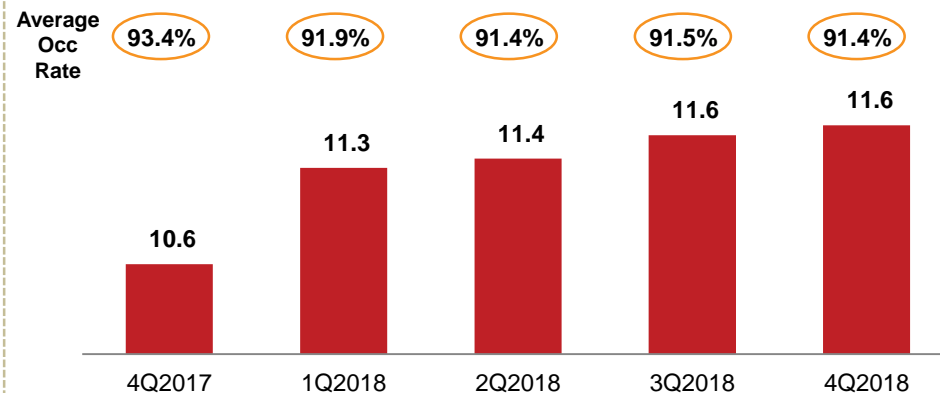
Vincom Plazas: Rapid Roll-out of Additional Malls



Vincom Plaza – Total Retail GFA ('000 sqm)⁽¹⁾



Vincom Plaza – Average Rental Rate (US\$)⁽²⁾



(1) Excludes Vincom Plaza Nguyen Kim's GFA

(2) Based on USDVND of 23,240 as at 31 Dec 2018. Average occupancy and rental rates do not include malls undergoing major renovation.

Sales and Marketing Activities

Tenants That Expanded with Vincom Retail in 2018

New Tenants

JASPAL

English fashion brand which opened in several Vincom malls this year

DECATHLON

French sports fashion store located at Vincom Mega Mall Royal City



Japanese Udon restaurant chain located at Vincom Center Metropolis and is in the midst of development a new food court model



Argentinian steakhouse restaurant currently located in Vincom Center Metropolis



Vietnamese tea and coffee opened in Landmark 81 and Quang Trung, and is looking to expand further



Vietnam corporate having ventured into restaurant business launched Peach Garden in Landmark 81

Chain Brands



Biggest chain cinema in Vietnam, currently present in 28 Vincom malls



Biggest children playground chain in Vietnam which opened in 3 more malls



Swedish multinational fashion brand which opened 5 stores



Plans to expand from its current 5 stores

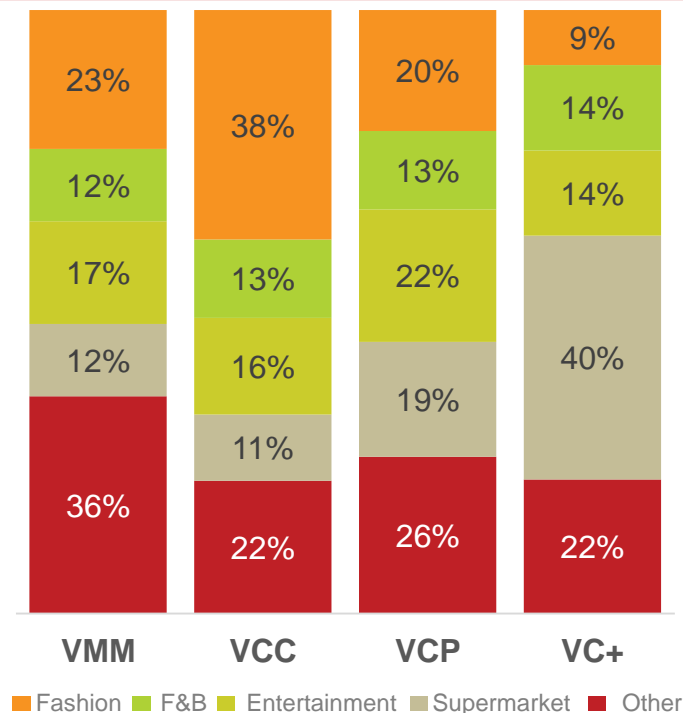


Vietnamese beauty & health care store chain expanded from 15 to **28 stores**



Vietnamese **leading fashion retailer and distributor** of international brands

Tenant Mix by NLA as at Dec 2018



Highlights for 2018

- ✓ c. 160 million customers, an increase of close to 45 million from FY2017
- ✓ Grow number of retail stores in Vincom Retail malls by 187% compared to 2017
- ✓ The only retail company to be named in Forbes' "Top 40 Valuable Brands in Vietnam"
- ✓ Launched Vincom Center Landmark 81, the tallest building in Vietnam

2019 Strategy and Plan

✓ New mall openings:

- 13 new malls by organic development, adding approximately 157,000 sqm of GFA
- Explore M&A opportunities, focusing on large cities

✓ Tenant and customer strategy:

- Continue to bring reputable international tenants to Vietnam, ideally setting up flagship format within Vincom Retail shopping malls
- Grow anchor and chain tenant base
- Enhance customer experience, introducing advanced technologies into retail stores

✓ Corporate management:

- Further develop internal talent pool
- Deploy technology in management to improve productivity

Examples of asset enhancement initiatives

Projects	Planned Improvement	Expected Uplift in Occupancy
Long Bien	Tenant remixing, focus on F&B, service and household segments	▲ 7%
Ba Thang Hai	Renovation of layout and facilities (M&A asset)	▲ 8%
Pham Ngoc Thach	Re-doing layout in anticipation of anchor tenants	▲ 19%



VINCOM RETAIL



3. Financials and Capital Management Update

Financial Performance in 4Q 2018 vs. 4Q 2017

Figures in VND billion	4Q 2017	4Q 2018	Change (%)	Commentary
Leasing of Investment Properties and Rendering of Related Services ⁽¹⁾	1,261	1,528	▲ 21.2	Leasing revenue growth mainly driven by the additional 20 malls during the year and full year operation of 15 malls previously opened in 2017
Sale of Inventory Properties	262	1,440	▲ 449.7	Increase primarily driven by delivery of residential components in Bac Ninh
Total Revenue	1,523	2,969	▲ 95.0	
Gross Profit ⁽²⁾	806	1,133	▲ 40.6	Lower gross margin reflects higher contribution from sale of inventory properties, whose margin is typically lower than that of leasing business
Operating Profit / (Loss)	683	893	▲ 30.7	
Profit / (Loss) before Tax	682	903	▲ 32.5	
Profit / (Loss) after Tax for the Period	539	697	▲ 29.3	
Profit / (Loss) after Tax and Minority Interest	539	690	▲ 28.0	

Note: VAS Unaudited Consolidated Financial Statements for 4Q2018

(1) Includes Other revenue

(2) Gross profit includes D&A relating to investment properties under VAS.

Financial Performance in FY2018 vs. FY2017

Figures in VND billion	FY2017	FY2018	Change (%)	Commentary
Leasing of Investment Properties and Rendering of Related Services ⁽¹⁾	4,567	5,619	▲ 23.0	Leasing revenue growth mainly driven by the additional of 20 new malls during the year and full year operation of 15 malls previously opened in 2017
Sale of Inventory Properties	951	3,433	▲ 260.9	Significant increase due to handover of Da Nang Condotel and residential components in Bac Ninh
Total Revenue	5,518	9,052	▲ 64.0	
Gross Profit ⁽²⁾	2,801	3,641	▲ 30.0	Slightly lower gross margin reflects higher contribution from sale of inventory properties, whose margin is typically lower than that of leasing business
Operating Profit / (Loss) ⁽³⁾	2,286	2,992	▲ 30.9	
Profit / (Loss) before Tax ⁽³⁾	2,263	3,053	▲ 34.9	
Profit / (Loss) after Tax for the Period ^{(3), (4)}	1,905	2,415	▲ 26.7	Effective tax rate reverts to standard rate in 2018 due to full utilization of tax loss carried forward in 2017
Profit / (Loss) after Tax and Minority Interest ^{(3), (4)}	1,905	2,406	▲ 26.3	

Note: VAS Unaudited Consolidated Financial Statements for 4Q2018

(1) Includes Other revenue

(2) Gross profit includes D&A relating to investment properties under VAS.

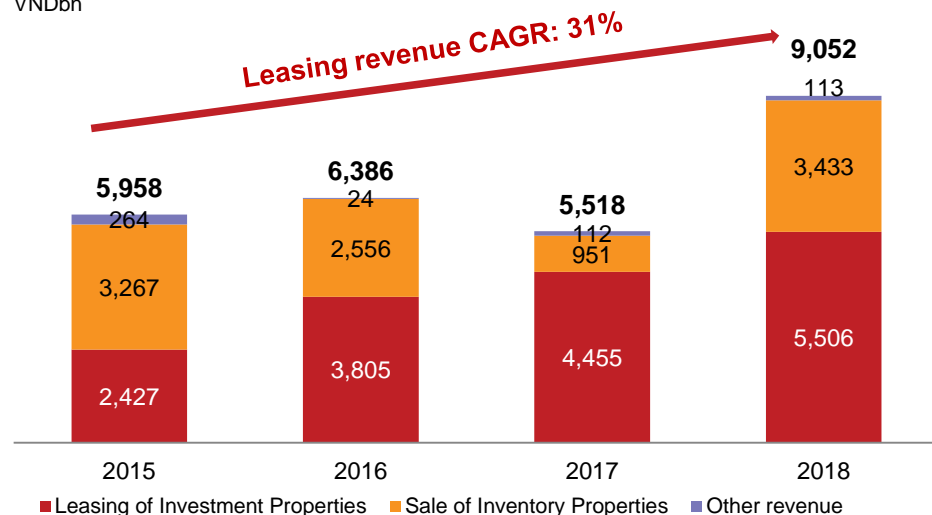
(3) Figures in 2017 excluded two one-off items of share profit from associates of VND540bn and loss from disposal of associates of VND 634bn, both relating to the divestment of Tan Lien Phat JSC

(4) PAT and PATMI in 2017 excluded the one-off deferred tax income of VND216bn due to merger of An Phong JSC into South Vincom Retail LLC

Financial Performance – FY2018

Total Revenue

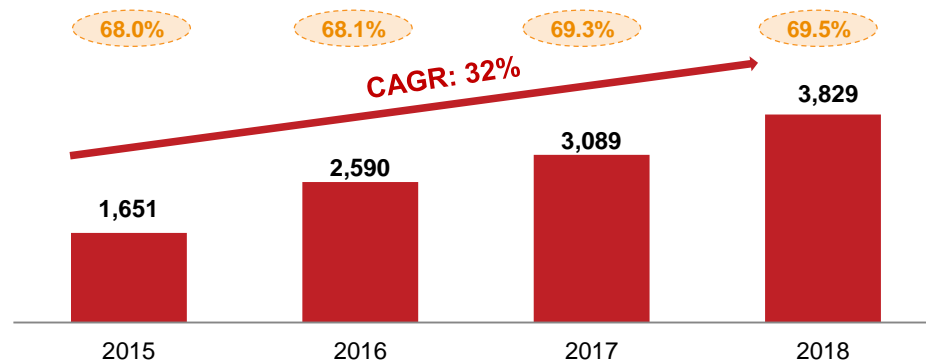
VNDbn



Leasing Net Operating Income (NOI)⁽²⁾

VNDbn

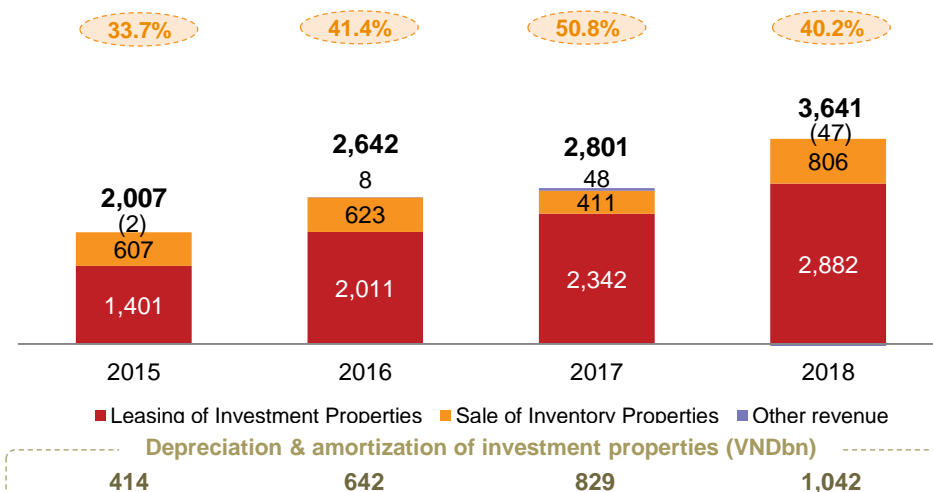
Leasing NOI Margin (%)



Gross Profit⁽¹⁾

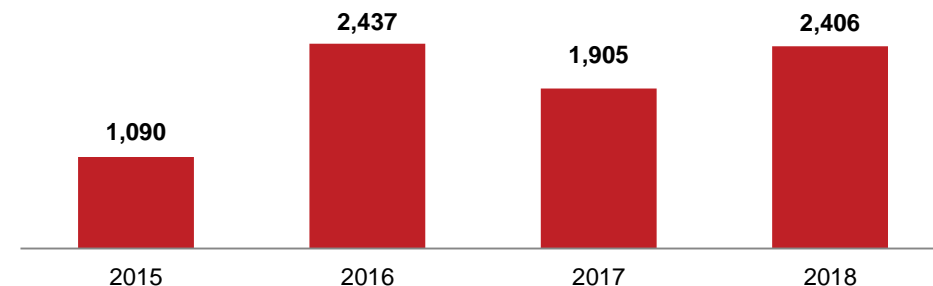
VNDbn

Gross Profit Margin (%)



Profit After Tax and Minority Interest

VNDbn



Note: Based on VAS Audited Consolidated Financial Statements for 2015, 2016, 2017 and VAS Unaudited Consolidated Financial Statements for 4Q2018

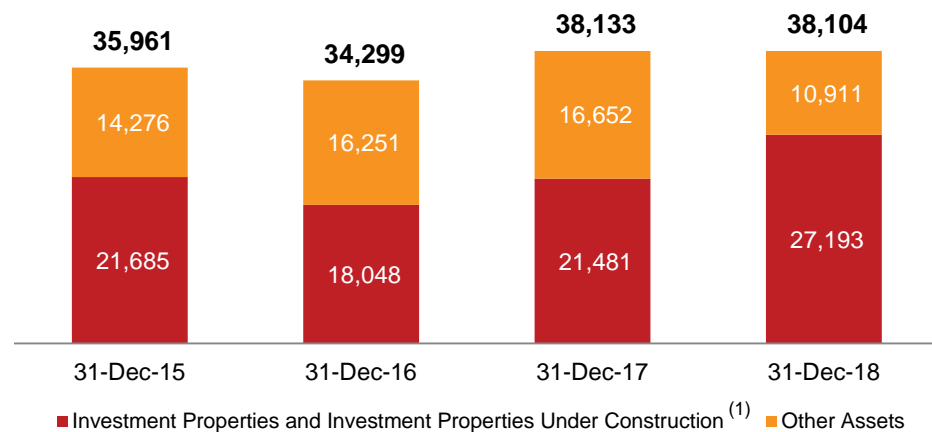
(1) Depreciation and amortization relating to investment properties is laid down below the graph and should be added back for IFRS. In 2018, "Other" segment includes results from management of Da Nang condotels which was loss-making as the property was still ramping up after launch in May 2018.

17 (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

Balance Sheet

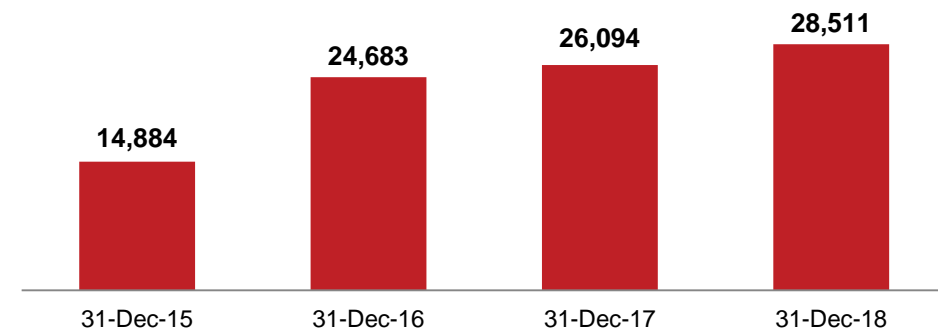
Total Assets

VNDbn



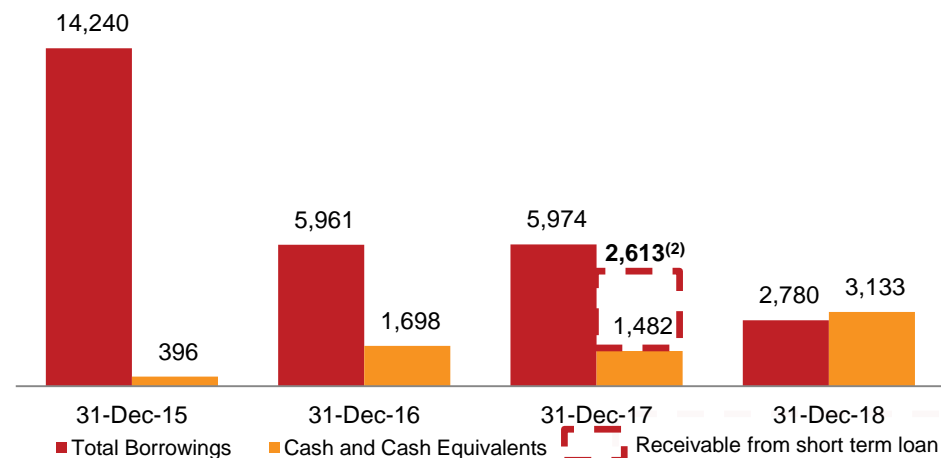
Total Equity

VNDbn



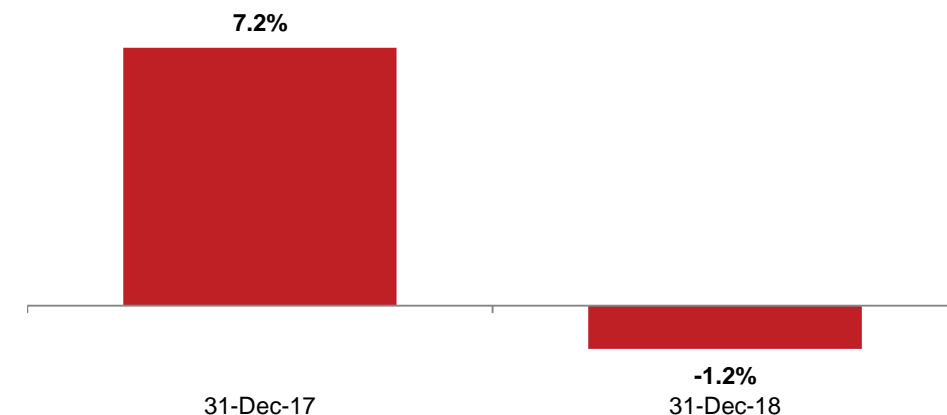
Total Borrowings, Cash and Cash Equivalents

VNDbn



(Net Debt / (Cash))⁽³⁾ / Equity

VNDbn



Note: Based on VAS Audited Consolidated Financial Statements for 2015, 2016, 2017 and VAS Unaudited Consolidated Financial Statements for 4Q2018

18 (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

(3) Net Debt / (Cash) = (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



Appendix

Bridging VAS to IFRS

		Unit:	VND Billion	
	VAS 2018	Adjustment	IFRS 2018	Commentary on Adjustments
Leasing revenue and other related services	5,220	47	5,266	Realized unearned revenue of deposit from customer in relation to amortization of deposit
Sale of inventory properties	3,433	(34)	3,399	Outright sales and impact of IFRS15 related to interest of customers' down payment over 30% of the values of inventory properties handed over during 2018
Other revenue	400		400	
Total revenue	9,052	13	9,065	
Cost of leasing activities and other related services	(2,624)	1,107	(1,518)	Depreciation of malls included in VAS; excluded under IFRS
Cost of inventory properties sold	(2,626)	(150)	(2,776)	Impact of IFRS15 related to interest of customers' down payment over 30% of the value of inventory properties handed over during 2018
Others	(160)		(160)	
Cost of goods & services	(5,410)	957	(4,453)	
Gross profit	3,641	970	4,612	
Gain/loss from recording FV of IP/IPUC	-	1,027	1,027	Fair Value assessment ⁽¹⁾
Selling expenses	(409)		(409)	
General and administrative expenses	(342)	73	(270)	Amortization of Goodwill is included in VAS; excluded under IFRS
Share of profit of associate	-		-	
Other income	78	73	151	Outright sales adjustment
Other expense	(18)		(18)	
Finance expense	(417)	(148)	(565)	Amortization of deposit from customer
Finance income	519	271	790	Amortisation of deposit under BCC
Profit before tax	3,053	2,266	5,319	
Tax expense	(638)	(409)	(1,047)	Mainly Deferred tax from the gain from Fair Value assessment and reversal of D&A
Profit after tax	2,415	1,857	4,272	

Note: Based on VAS Unaudited Consolidated Financial Statements for 4Q2018 and conversion to IFRS by management

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