



VINCOM RETAIL



H&M



ZARA

Vincom Retail Joint Stock Company 1Q2019 Financial Results

23 April 2019

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VINCOM MEGA MALL
TIMES CITY

MANGO

SIÊU THỊ VINMART HẬU GIANG

ĐIỂM VƯỢT KHÁCH HÀNG
CUSTOMER SERVICE

ZARA

1. Key Highlights

Healthy 1Q2019 Financial Performance

Revenue from Leasing

1Q2019: **VND1,599** billion ▲ 26.4%YoY

Gross Profit

1Q2019: **VND972** billion ▲ 21.4%YoY

Leasing NOI⁽¹⁾

1Q2019: **VND1,159** billion ▲ 28.9%YoY

EBITDA

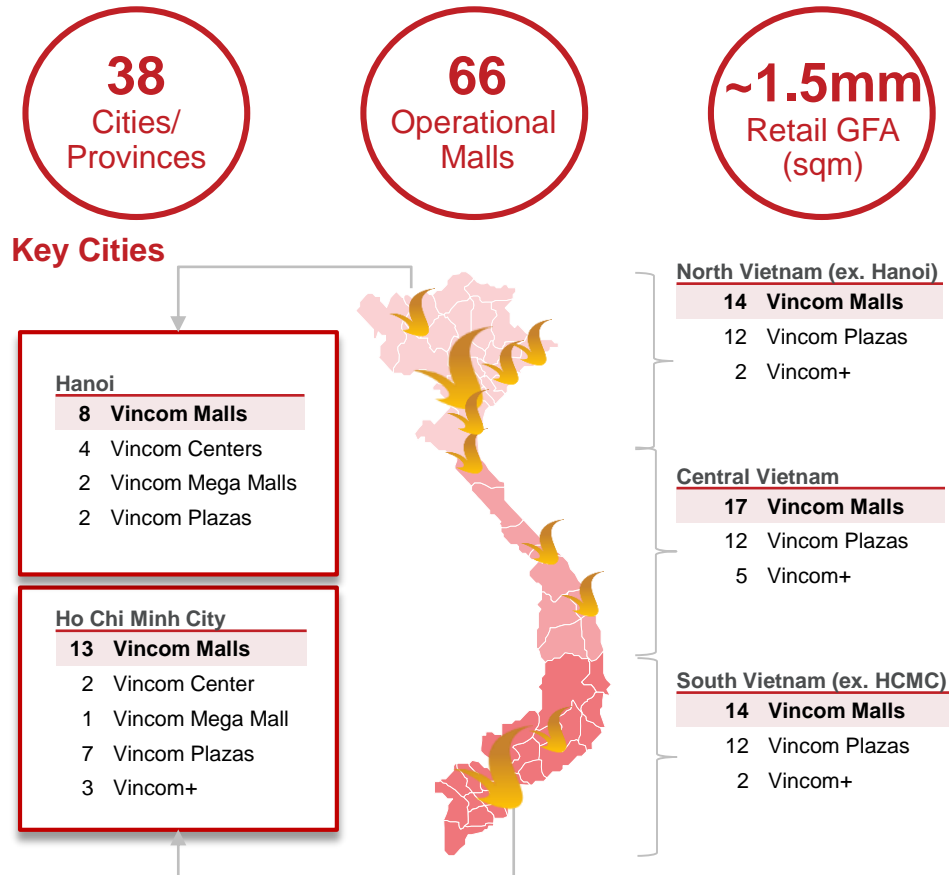
1Q2019: **VND1,201** billion ▲ 10.2%YoY

Note: Based on VAS Consolidated Financial Statements for 1Q2019

(1) 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

Solidified Position as Dominant Retail Platform in Vietnam

Prime Urban and High Growth Areas in Key Cities

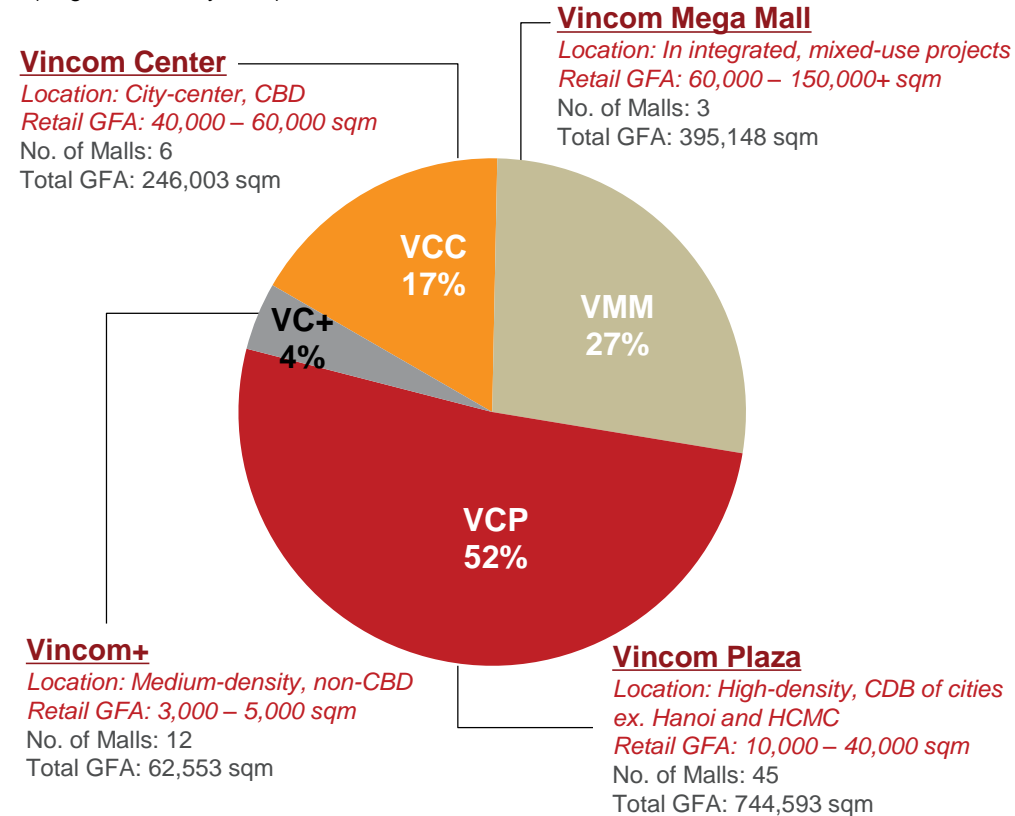


13 malls expected to launch in 2019, further expanding our Vietnam footprint

Note: As at 31 March 2019

Unique Multi-Format Retail Model

(Segmentation by GFA)



66 malls
across 38
cities /
provinces



4 retail
formats



Proven and
scalable retail
development
platform



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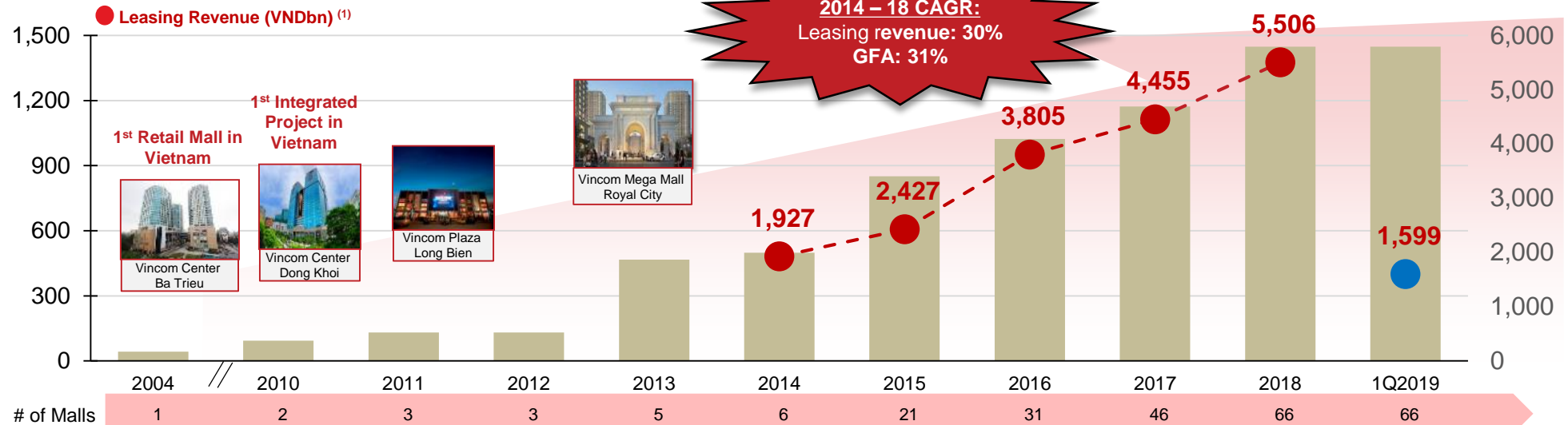
2. Operational Update

1Q2019 Operational Highlights and Updates

1Q2019

- On February 28, 2019, at Vinpearl Luxury Landmark 81, HCMC, the “**Future of Vietnam’s Retail Industry**” seminar attracted many renowned Vietnamese and international retail experts as speakers. The seminar was organized in order to provide an overview, trends and potential of Vietnam’s retail real estate market and retail industry in the coming years
- Signed 49,629 sqm NLA of leasing contracts and 444 advertising contracts
- Notable new tenants include: Haidilao, HLA, OVS (ACFC), AEG, The Body Shop and Dookki Dookki
- Active chain tenants (signed new lease contracts and actively negotiate to expand store networks in Vincom retail mall system) in 1Q2019 include Phuc Long, Runam Café, ACFC (Nike, Levi’s, Owndays), Maison (Charles & Keith, Puma, Pedro, Skechers), Phuong Hoang (Adidas, Lining), Innisfree, Lotus group (Marukame Udon), Tiniworld, Lotteria, LocknLock and Guardian
- Engaged with potential tenants for VCP and VC+: City Game, Funny Kids, John Henry, Gumac, Bon Mua Xanh Coffee, Apax English

Retail GFA (‘000 sqm)



15 Years of Operating Experience Achieving ~ 1.5 mm sqm of Retail GFA (~34x Increase Since 2004)

⁷ Note: As at 31 March 2019

(1) VAS Audited Consolidated Financial Reports for respective years and Consolidated Financial Statements for 1Q2019

Key Operational Metrics

Retail GFA

Figure in sqm	1Q2018	1Q2019	Change (%)
Vincom Center	165,876	246,003	▲ 48.3
Vincom Mega Mall	395,148	395,148	-
Vincom Plaza	568,170	751,970	▲ 32.3
Vincom+	50,199	62,553	▲ 24.6
Overall	1,179,393	1,455,674	▲ 23.4

Average Occupancy⁽¹⁾

	1Q2018	1Q2019	Change (%)
Vincom Center	94.7%	92.8%	▼ 2.0 ⁽²⁾
Vincom Mega Mall	89.0%	90.5%	▲ 1.5
Vincom Plaza	91.6%	92.3%	▲ 0.7
Vincom+	73.3%	85.7%	▲ 12.4
Overall	89.9%	91.4%	▲ 1.6⁽²⁾

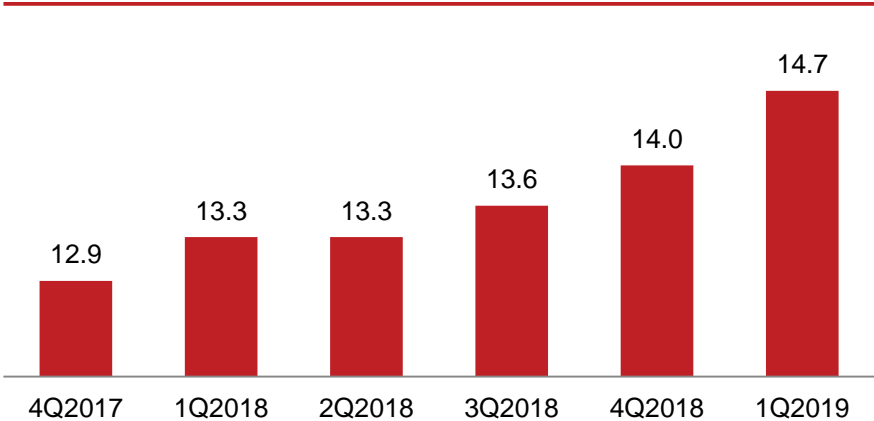
Note: As at 31 March 2019

(1) Average occupancy does not include malls which underwent major renovation.

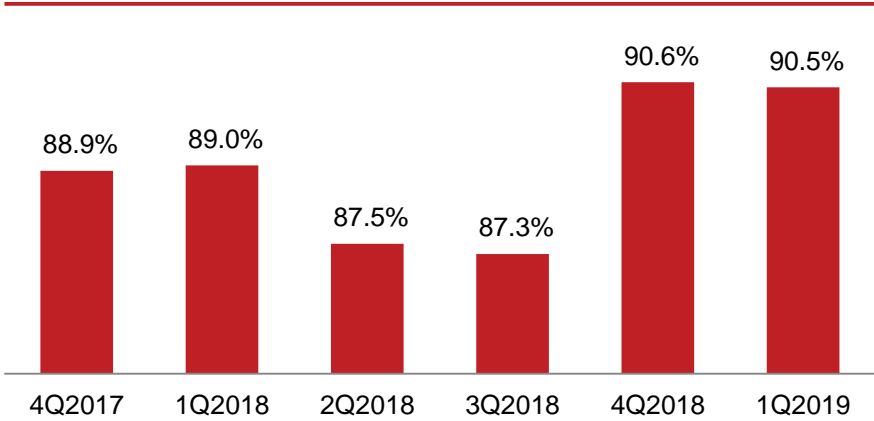
(2) Certain retail NLA in Vincom Center Ba Trieu, Vincom Center Landmark 81 and Vincom Center Metropolis are under negotiation with potential tenants. Assuming those spaces will be filled, Vincom Center's average occupancy in 1Q2019 would be 95.5%, an increase of 0.8 percentage point over 1Q2018, and average occupancy Overall in 1Q2019 would be 91.9%, an increase of 2.0 percentage point over 1Q2018

Vincom Mega Malls: Occupancy is significantly improved

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



Vincom Mega Malls – Average Occupancy Rates (%)



VMM Times City



- VMM Times City’s tenant mix has changed significantly, with the inclusion of new international fashion brands such as H&M, Charles&Keith, Pedro, Clarins, BVL and L’Occitance, which has led to an improvement in footfall and overall business
- Further plans to add attractive new brands to the tenant portfolio

VMM Royal City



- In 2Q2019, Decathlon – the sport megastore will open its first Vietnam outlet
- In the future: tenant mix will continue to be upgraded to meet the market taste and demand.

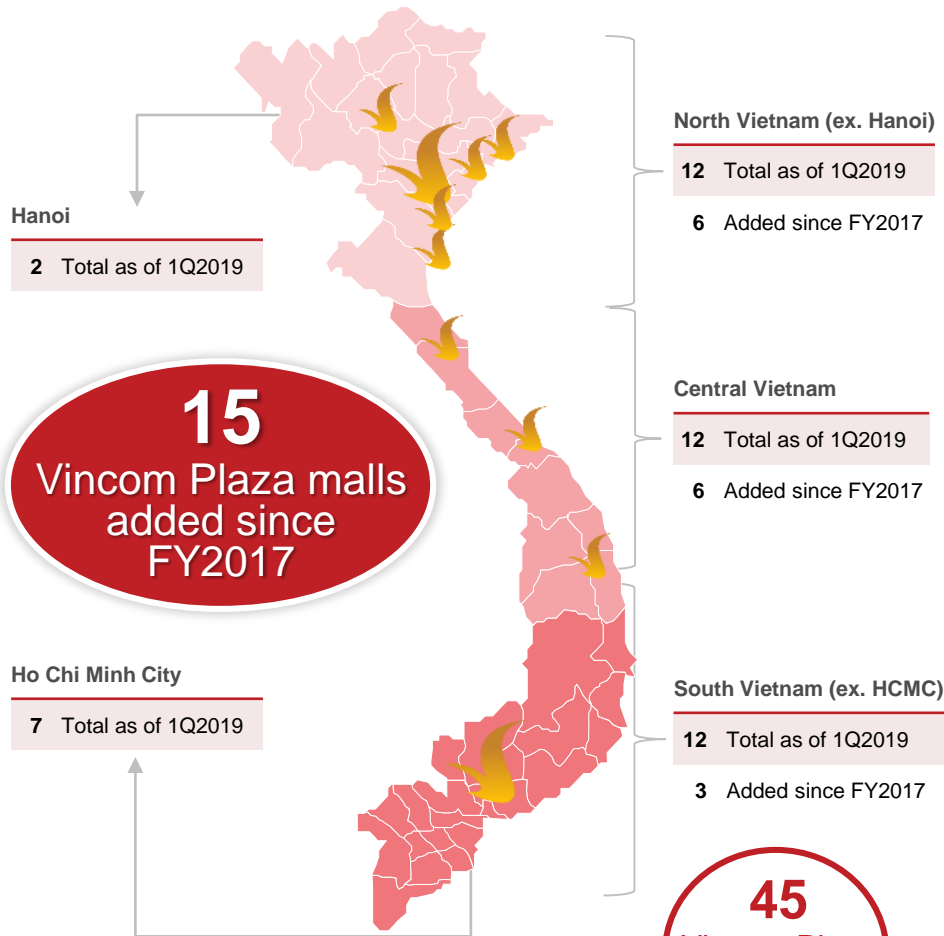
VMM Thảo Điền



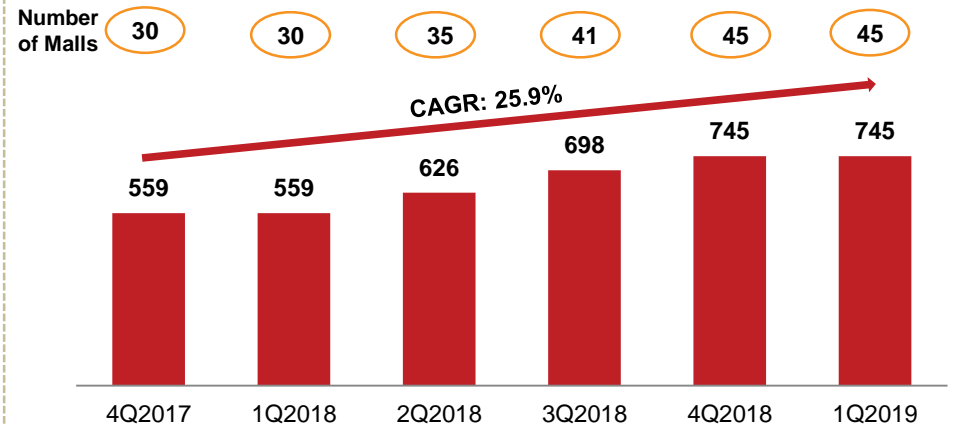
- Plans to upgrade tenant mix following 3 years of operations: an international fashion zone in L1 and L2, including more international sports/casual brands
- Re-layout floor B1 and L3, adding more retail space, diversify tenant mix, contribute to grow revenue of the mall

(1) Based on USD/VND of 23,250 as at 31 March 2019

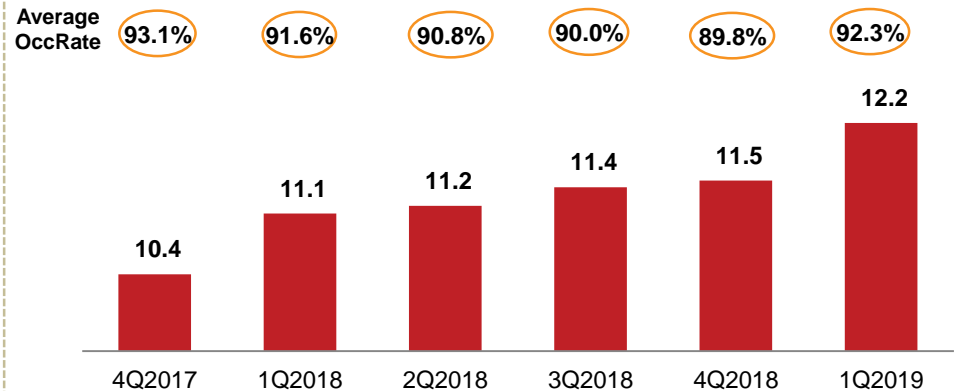
Vincom Plazas: Rapid Roll-out of Additional Malls



Vincom Plaza – Total Retail GFA ('000 sqm)



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



(1) Excluding malls which underwent major renovation. Average rental rate is based on USD/VND of 23,250 as at 31 March 2019

Marketing Activities – 1Q 2019 Update

SUMMARY

100%

Budget met

124%

Growth in Tenant turn-over

36%

Avg. Footfall growth

Marketing campaigns held in 1Q 2019

UNION IN SPRING, TET FORTUNE
24.01 - 25.02.2019



Compared post- and pre-marketing campaigns

Compared with previous year-campaign

HAPPY DAY – WOMEN'S DAY
04.03.2019 - 10.03.2019



Compared post- and pre-marketing campaigns

Compared with previous year-campaign

Footfall

▲ **~34%**

▲ **~86%**

▲ **~39%**

▲ **~80%**

Tenant turn-over

▲ **~215%**

▲ **21~%**

▲ **~34%**

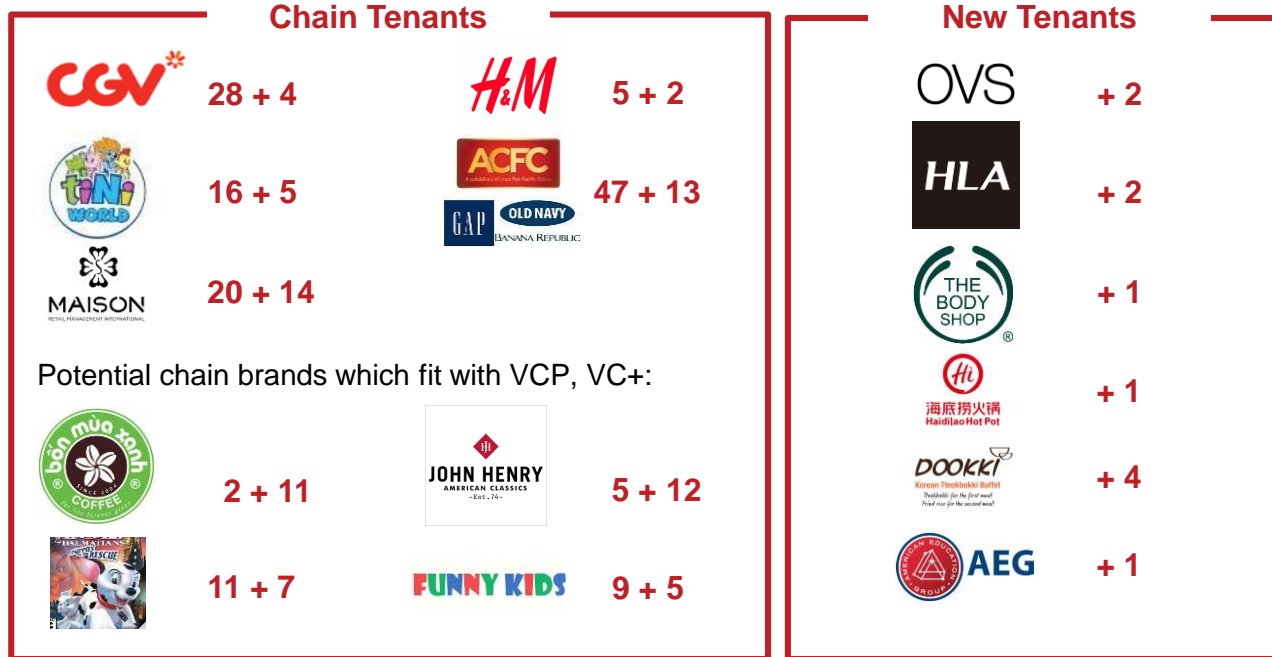
Communication reach

101.3 million

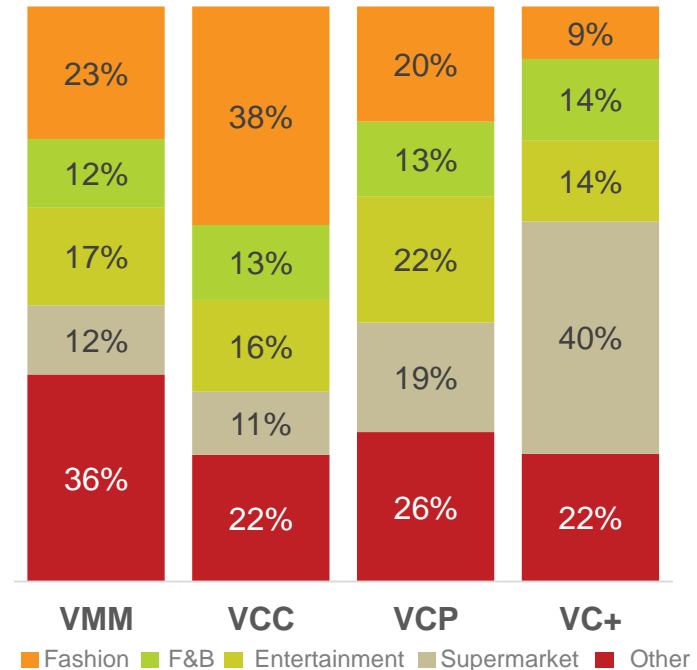
14.5 million

Sales and Marketing Activities in 1Q2019 and Plans for 2Q2019

Tenants That Expanded with Vincom Retail in 1Q2019



Tenant Mix by NLA as at 1Q2019



2Q2019 Plans

Tenants

- Continue to approach leading Asian brands from Japan, Philippines, Malaysia and Indonesia
- Negotiate and sign leasing agreements with international fashion tenants
- Regularly engage chain tenants to ensure alignment of strategy, organize events and marketing programs for tenants, be a true partner and companion with our tenants

Marketing

- Develop good events to position Vincom as a must-go destination in each city/province
- Exciting grand opening evenings for 3 new Vincom retail malls: **Vincom Plaza Skylake** (Hanoi, April 12th), **Vincom Center Tran Duy Hung** (Hanoi, April 26th) and **Vincom Plaza Mong Cai** (Quang Ninh, North Vietnam, June)
- Reunification Day and Labor Day Campaign** (April 30th & May 1st)
- Summer Holiday Campaign**, one of the biggest campaigns in the year

2019 Strategy and Plan

- ✓ **New mall openings**
 - 13 new malls by organic development, adding ~153,253 m2 GFA
 - Explore M&A opportunities, focusing on large cities

- ✓ **Tenant and customer strategy**
 - **For international tenants:**
 - Continue to work with tenants to anticipate market trends and open the right stores in Vincom Retail malls, especially Vincom Centers and Vincom Mega Malls
 - Connect with retailers from Southeast Asia and Asia to grow the retail market in Vietnam. Introduce international retailers with domestic partners to promote Vietnamese modern retail market
 - **For domestic tenants:**
 - Formulate policies for joint development, support tenants to grow with the entire Vincom retail mall network, across all formats
 - Participate in and support tenants' business activities, organize seminars and trainings to help tenants develop new products, help tenants cross sell in the Vingroup ecosystem of retail brands
 - **For customers:**
 - Develop an information management system and build customer database to prepare for personalized services
 - Adopt customer-centric approach to research, evaluation and execute programs to improve customer experience

Upcoming Asset Enhancement Initiatives

Projects	Planned Improvement	Expected Uplift in Occupancy/ Rental rate
VCC Pham Ngoc Thach	Re-doing layout in anticipation of anchor tenants in fast fashion	▲ 19% Occupancy
VCC Landmark 81	Ready for Fast Fashion tenant	▲ 6% Occupancy
VMM Thao Dien	Upgrade tenant mix, grow revenue	▲ 15% Rental rate



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3. Financials and Capital Management Update

Financial Performance in 1Q 2019 vs. 1Q 2018

Figures in VND billion	1Q 2018	1Q 2019	Change (%)	Commentary
Leasing of Investment Properties and Rendering of Related Services	1,266	1,599	▲ 26.4	Leasing revenue growth mainly driven by stable operation of 20 malls previously opened in 2018
Sale of Inventory Properties	335	601	▲ 79.3	Increase primarily driven by delivery of shop-house in Ca Mau
Other revenue	17	83	▲ 394.3	
Total Revenue	1,618	2,284	▲ 41.2	
Gross Profit ⁽¹⁾	801	972	▲ 21.4	Lower gross margin reflects higher contribution from sale of inventory properties, whose margin is typically lower than that of leasing business
Operating Profit / (Loss)	700	771	▲ 10.1	
Profit / (Loss) before Tax	702	778	▲ 10.8	
Profit / (Loss) after Tax for the Period	541	611	▲ 12.9	
Profit / (Loss) after Tax and Minority Interest	541	612	▲ 13.1	

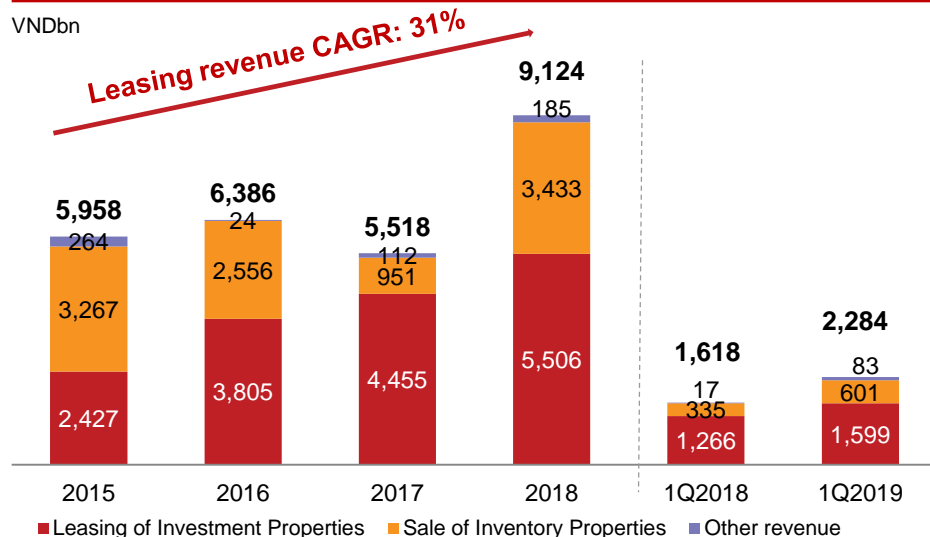
Note: VAS Consolidated Financial Statements for 1Q2019

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

Financial Performance

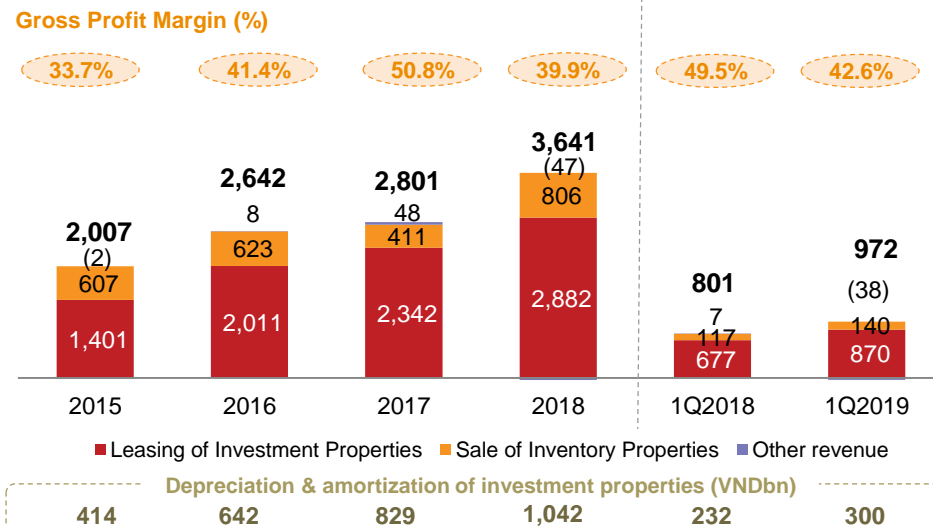
Total Revenue

VNDbn



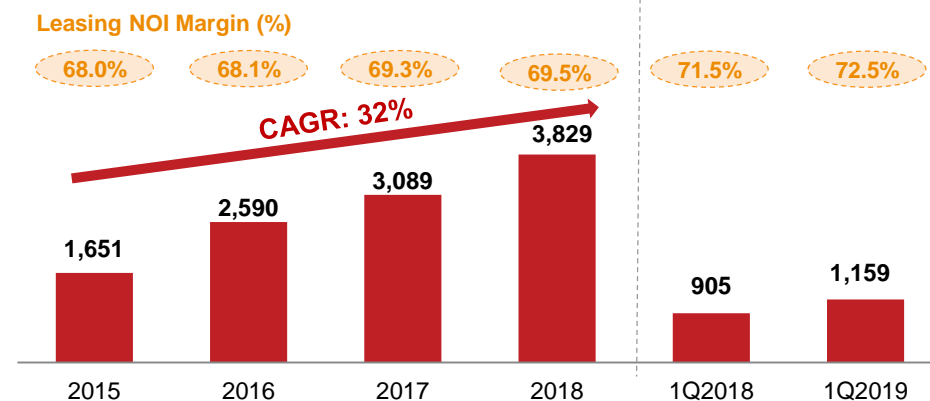
Gross Profit⁽¹⁾

VNDbn



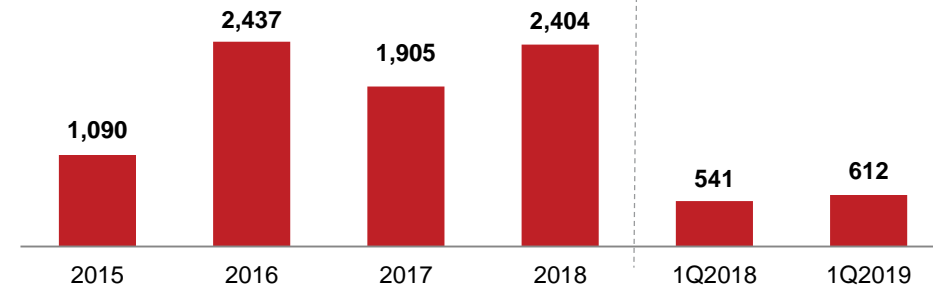
Leasing Net Operating Income (NOI)⁽²⁾

VNDbn



Profit After Tax and Minority Interest

VNDbn



Note: Based on VAS Audited Consolidated Financial Statements for respective years and VAS Consolidated Financial Statements for 1Q2019

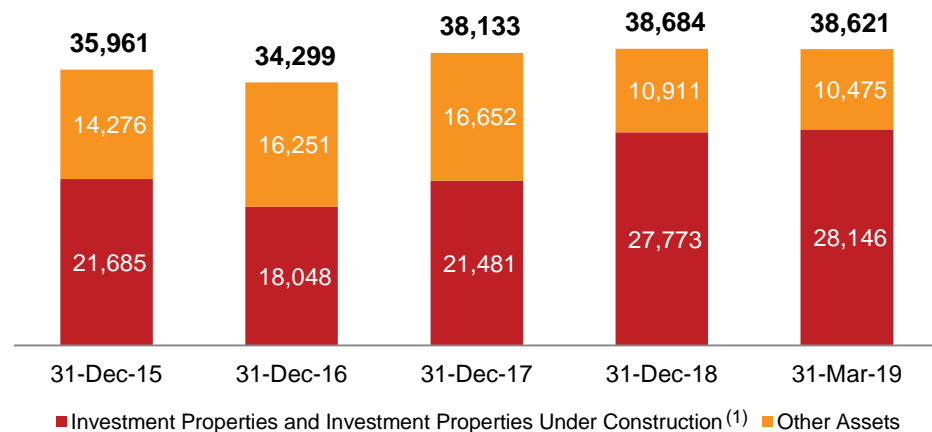
(1) Depreciation and amortization relating to investment properties is laid down below the graph and should be added back for IFRS. Since 2018, "Other" segment includes results from management of Da Nang condotels which was loss-making as the property was still ramping up after launch in May 2018.

(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

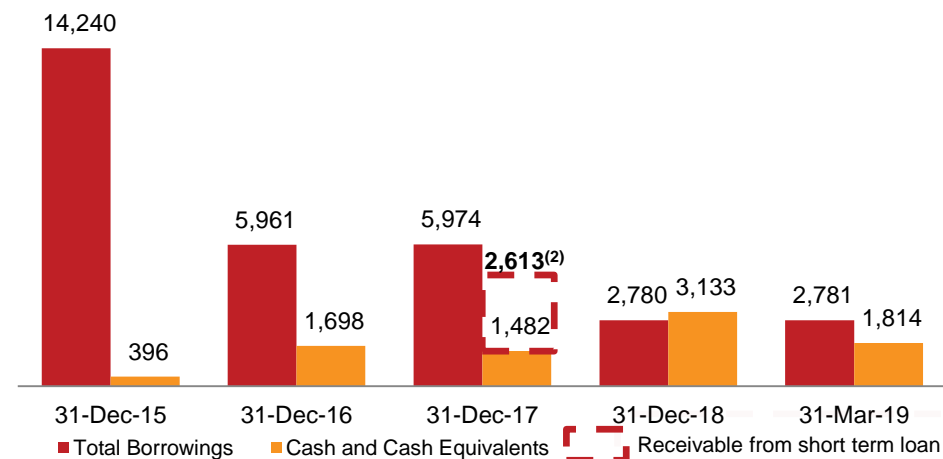
Total Assets

VNDbn



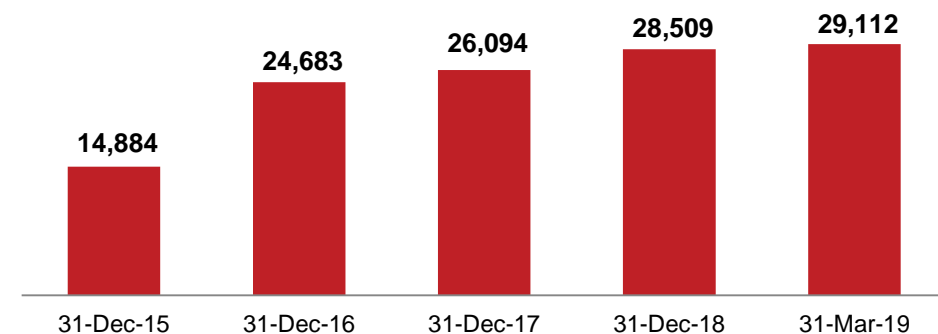
Total Borrowings, Cash and Cash Equivalents

VNDbn



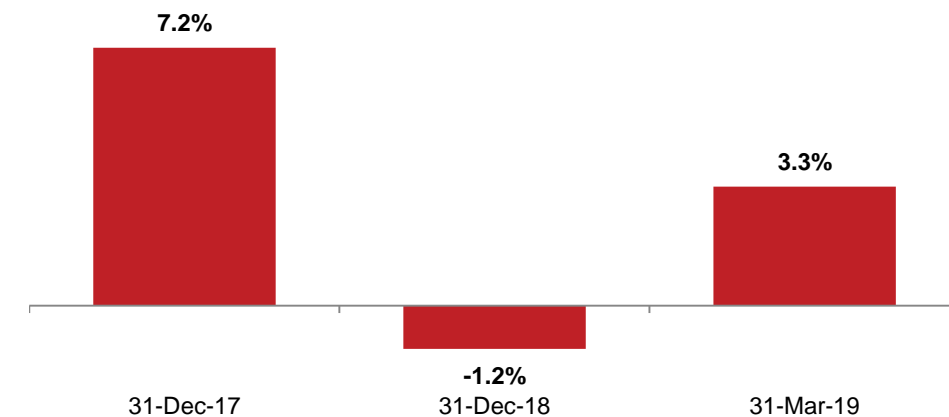
Total Equity

VNDbn



(Net Debt / (Cash))(3) / Equity

VNDbn



Note: Based on VAS Audited Consolidated Financial Statements for respective years and VAS Consolidated Financial Statements for 1Q2019

17 (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



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Appendix

Bridging VAS to IFRS

Unit: VND Billion

	VAS 1Q2019	Adj.	IFRS 1Q2019	Commentary on Adjustments
Leasing revenue and other related services	1,599	(38)	1,561	Realized unearned revenue of deposit from customer in relation to amortization of deposit
Sale of inventory properties	601	1	603	Impact of IFRS15 related to interest of customers' down payment over 30% of the values of inventory properties handed over during 1Q2019
Other revenue	83		83	
Total revenue	2,284	(37)	2,247	
Cost of leasing activities and other related services	(731)	213	(518)	Depreciation of malls included in VAS; excluded under IFRS
Cost of inventory properties sold	(461)	(14)	(475)	Impact of IFRS15 related to interest of customers' down payment over 30% of the value of inventory properties handed over during 1Q2019 and Net Realizable Value adjustment of shop-office handed over during 1Q2019
Others	(120)		(120)	
Cost of goods & services	(1,312)	199	(1,113)	
Gross profit	972	162	1,134	
Selling expenses	(92)		(92)	
General and administrative expenses	(116)	18	(98)	Amortization of Goodwill included in VAS; excluded under IFRS
Other income	9	-	9	
Other expense	(2)		(2)	
Finance expense	(73)	(33)	(105)	Amortization of deposit from customer
Finance income	80	97	176	Amortisation of deposit under BCC
Profit before tax	778	245	1,022	
Tax expense	(167)	19	(148)	Mainly Deferred tax from Net Realizable Value adjustment of shop-office handed over during 1Q2019
Profit after tax	611	263	874	