



VINCOM RETAIL

MANGO



Vincom Retail Joint Stock Company 4Q2019 Performance

31 January 2020

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VINCOM RETAIL



1. Key Highlights

Financial Performance - 4Q2019 and 2019

Solid performance growth year on year driven by core business performance

Revenue from Leasing

4Q2019: **VND1,951** billion ▲ 30.9%YoY

2019: **VND7,017** billion ▲ 27.4%YoY

Gross Profit

4Q2019: **VND1,396** billion ▲ 23.2%YoY

2019: **VND4,405** billion ▲ 21.0%YoY

Leasing NOI⁽¹⁾

4Q2019: **VND1,361** billion ▲ 31.0%YoY

2019: **VND4,955** billion ▲ 29.4%YoY

EBITDA

4Q2019: **VND1,582** billion ▲ 23.5%YoY

2019: **VND5,325** billion ▲ 16.7%YoY

Note: Based on VAS Consolidated Financial Statements for 4Q2019

(1) NOI for leasing investment properties and rendering of related services, is 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

Operational Highlights 4Q2019

Record number of projects launched in a quarter

#	Projects	Grand opening date	Occupancy rate	NLA (sqm)
1	VCP Cao Lanh	05 Oct 2019	98%	9,806
2	VCP Di An	26 Oct 2019	96%	10,401
3	VCP Cam Pha	07 Dec 2019	100%	7,737
4	VC+ Ninh Hoa	15 Dec 2019	96%	2,684
5	VC+ Phu Tho	15 Dec 2019	96%	2,773
6	VCP Soc Trang	24 Dec 2019	91%	7,891
7	VCP Kon Tum	24 Dec 2019	89%	7,889
8	VCP Bac Can	24 Dec 2019	92%	6,524
9	VC+ Thai Hoa	31 Dec 2019	99%	2,574

Selected key tenants:



LOTTE CINEMA



MANWAH
TAIWANESE HOTPOT



KICHI-KICHI

FAHASA



IVYmoda



DOOKKI

FUNNY KIDS

VCC Landmark 81 named **“Best International Retail Development 2019”** at the International Property Awards held in London, UK.

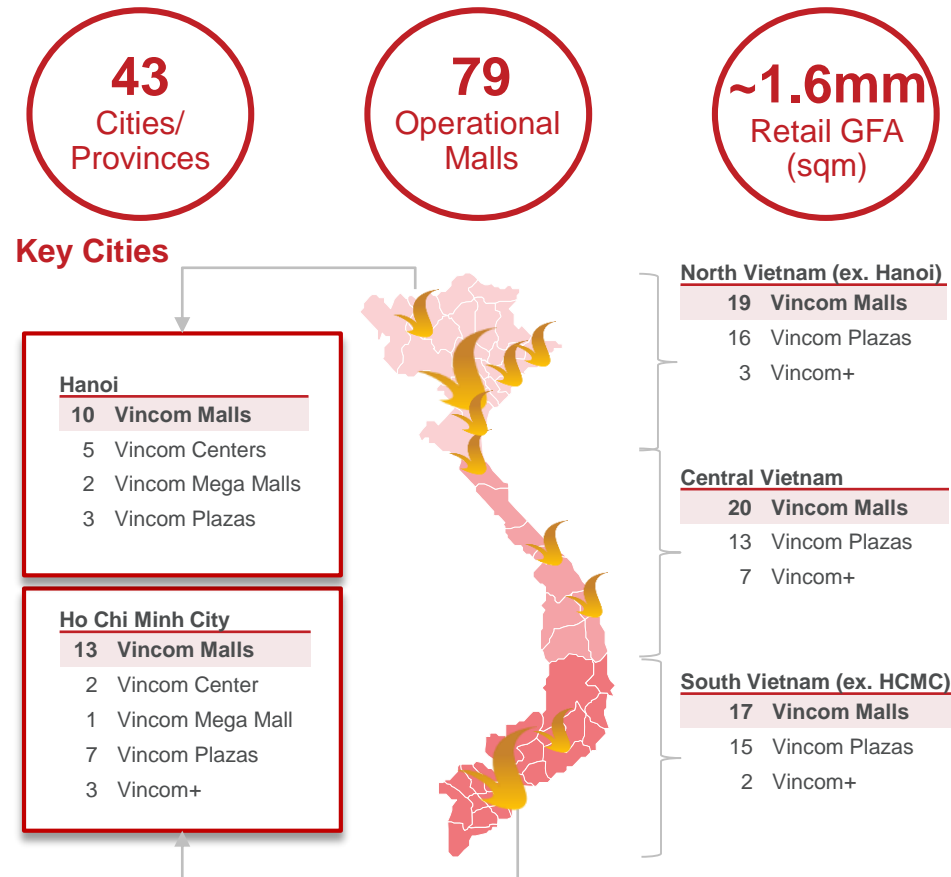
In 2019, Vincom shopping malls welcomed **225m** customers and organized **4,630** marketing events.



Solidified Position As Dominant Retail Platform In Vietnam

Distinguished retail formats and focused on wide range of lifestyle oriented consumers

Prime Urban and High Growth Areas in Key Cities



Unique Multi-Format Retail Model

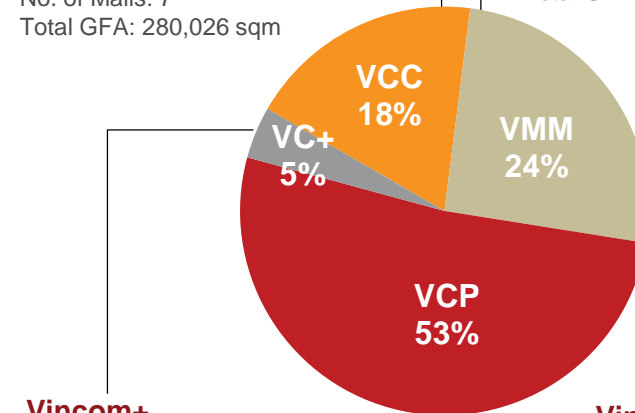
(Segmentation by GFA)

Vincom Center

Location: City-center, CBD
Retail GFA: 40,000 – 60,000 sqm
No. of Malls: 7
Total GFA: 280,026 sqm

Vincom Mega Mall

Location: In integrated, mixed-use projects
Retail GFA: 60,000 – 150,000+ sqm
No. of Malls: 3
Total GFA: 388,082 sqm



Vincom+

Location: Medium-density, non-CBD
Retail GFA: 3,000 – 5,000 sqm
No. of Malls: 15
Total GFA: 71,936 sqm

Vincom Plaza

Location: High-density, CDB of cities
ex. Hanoi and HCMC
Retail GFA: 10,000 – 40,000 sqm
No. of Malls: 54
Total GFA: 857,517 sqm



4 retail
formats



Proven and scalable
retail development
platform

Key Operational Metrics

Operational improvement led by Vincom Mega Malls

Retail GFA

('000 sqm)	2018	2019	Change (%)
Vincom Center	246	280	▲ 13.8
Vincom Mega Mall ⁽¹⁾	395	388	▼ 1.8
Vincom Plaza	745	858	▲ 15.2
Vincom+	63	72	▲ 15.0
Total	1,448	1,598	▲ 10.3

Average Occupancy

	2018	2019	Change (bps)
Vincom Center ⁽²⁾	91.7%	91.3%	▼ 0.4
Vincom Mega Mall	88.5%	91.7%	▲ 3.2
Vincom Plaza	88.3%	88.7%	▲ 0.4
Vincom+	78.5%	84.9%	▲ 6.4
Total	88.4%	89.8%	▲ 1.4

Note: As at 31 December 2019

(1) Due to re-categorizing some shop-offices from Investment Property to Inventory for sales

(2) Occupancy rate of Vincom Centers was slightly impacted due to a big tenant moving out of Vincom Ba Trieu for 6 months from Feb to Sep 2019, which was replaced by another tenant at the end of 2019.



VINCOM RETAIL



2. Operational Update

Updates on Tenant Mix Upgrade and Renovation

Vincom Retail introduced new global brands as anchor tenants in our portfolio, while successfully launched existing key chains to new markets

Tenant Mix Update 2019

Key chains agreed to expand

Abundance of tenant network exposure for Vincom Retail.
GFA leased to this group increased by **29%**.

Selected key brands



New tenants

Total number of brands up to date is more than **1,000** brands.



Renovation & Upgrade

VCC Pham Ngoc Thach



Completed the renovation

Upgraded tenant mix with the first Uniqlo store in Hanoi, renowned cuisine brands such as Haidilao, Pizza 4Ps

VCP Ngo Quyen, Da Nang



Finished upgrading tenant mix

Expanded international tenant portfolio: H&M, Mothercare, Starbucks

VMM Times City



Upgraded international fashion brands

VMM Royal City



Introduced Decathlon – the first French super sports supermarket in Vietnam

VCC Dong Khoi



Added well-known cosmetics, F&B and household appliances brands

Marketing Activities 4Q2019

3 Major marketing campaigns generated 21.6 million footfalls with 131 million media reach

20.10 Project⁽¹⁾ Caring Season

14.10 – 20.10.2019



Black Friday Black Moon Promotion

29.11 – 01.12.2019



Christmas Festival Glorious Christmas festivals

14.12 – 31.12.2019



FOOTFALL

~4.6 million

~2.7 million

~14.3 million



TENANT
REVENUE
(compared to
preceding period)

▲ ~21%

▲ ~284%

▲ ~16%



MEDIA
REACH

~ 30 million

~ 26 million

~75 million



VINCOM RETAIL



MANGO



H&M



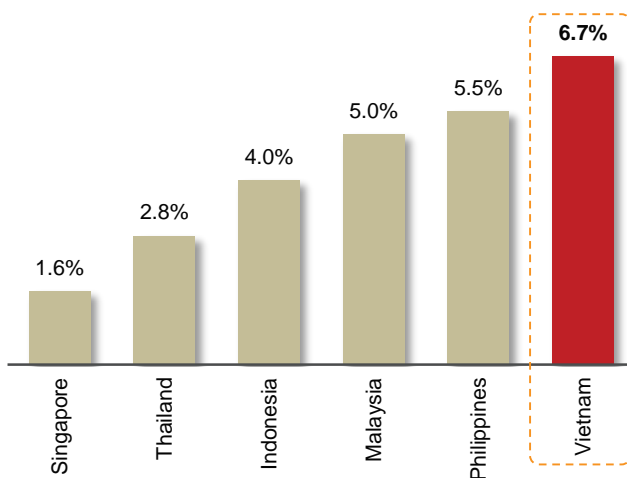
ZARA

3. 2020 Strategy Plan

Favorable market fundamentals

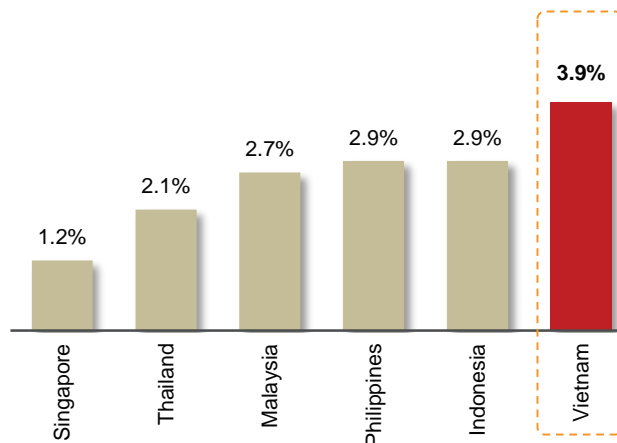
Fastest Growing Economy in Southeast Asia

2018 – 2020E real GDP growth (%)



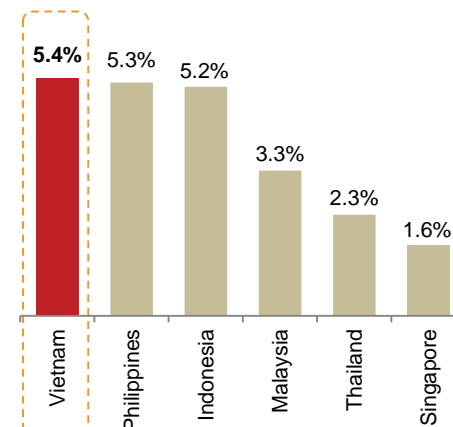
Fastest Urban Population Growth in Southeast Asia, with Significant Room to Run...

Urban Population 2018A – 2025E Growth (%)



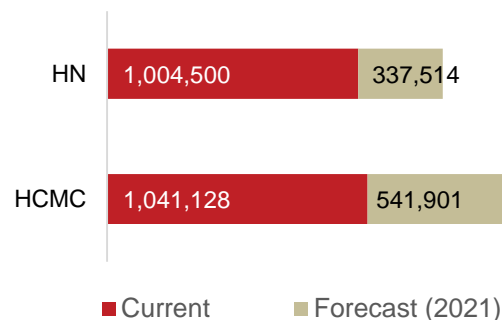
... And is Set to Experience Robust Growth in Retail Sales

2018 – 2023E CAGR in retail sales (%)



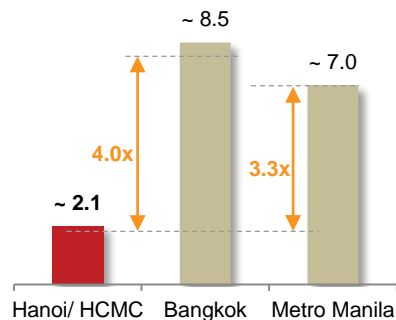
Vietnam retail real estate has increased 5.5x since 2010...

Total Supply of NLA (sqm)

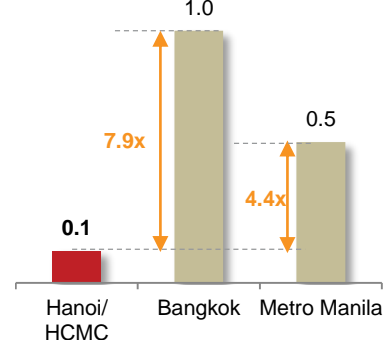


... however Mall GFA penetration remains low compared to Thailand and Philippines (Compounded on a Per Capita Basis)

GFA (mm sqm)

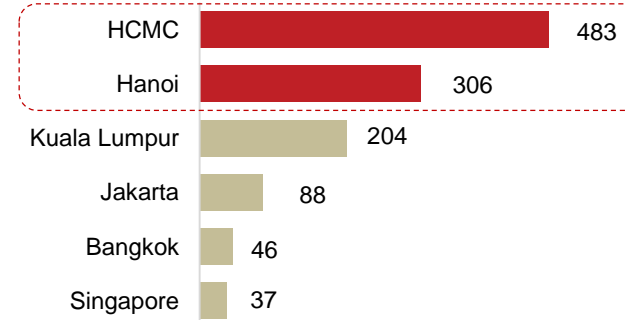


GFA per capita (sqm)



...and expected to lead the region in the next 2 years in terms of new supply...

Total Supply of NLA (000' sqm)



Source: BMI, Fitch Euromonitor, CBRE Vietnam, CBRE Research

Integration of VinCommerce and Masan Consumer

- ✓ Leading **omni-channel** player
- ✓ Comprehensive **multi-format** offline and online networks



- ✓ Dominant **consumer products** player with profitability and high projected growth
- ✓ **Market leader in core sub-categories** to benefit from Vietnam's high growth

1 Transaction summary and strategic post-merger partnership with VinMart

- In December 2019, VinCommerce merged with Masan Consumer Holdings to **create the leading Consumer-Retail corporation in Vietnam.**
- Vingroup holds **non-controlling interest** in the post-merger Consumer-Retail corporation
- There is no change to existing lease contracts and VinMart pipeline development strategy. VinMart and VRE continue to be strategically aligned: **VRE is the largest retail mall landlord of VinMart, and VinMart a key anchor tenant of VRE.**
- Masan plans to close three supermarkets in Nha Trang, Nghe An and Can Tho **and focus on expanding VinMart network in Vincom retail malls in Tier 2 cities.** Impact of store closure is immaterial, as these stores account for only 0.04% NLA and 0.02% of 2019 revenue.
- VRE's strategy is to be a platform providing diverse retail experience to customers. Therefore, it is continually looking to diversify its supermarket and electronics retailing tenants, and introducing new brands to Vietnam.

2 Closure of VinPro having little impact on leasing NOI, whilst creating an opportunity to introduce new brands

- In December 2019, Vingroup also closed VinPro stores inside and outside of VRE retail malls.
- The closure of VinPro stores in Vincom malls **will not have significant impact** on VRE in the long-term as they only account for 5.8% of NLA and 2.4% of 2019 revenue, with this impact being temporary.
- **Footfall** at VinPro stores is **insignificant** and was **not the key component** in attracting customers to the malls: less than 5% at VCP and less than 1% at VMM and VCC.
- Plan for VinPro's replacement:
 - 35% of VinPro space has already been re-leased by the end of Q1 and beginning of Q2. The rest will be filled in Q3 and Q4 with F&B, entertainment, bookstores, phones and accessories, and electronics and appliances stores.
 - The replacement stores may also offer a rent uplift of up to 25 – 30% because the store size is smaller, thereby having a **positive impact on long-term revenue.**
 - Vinfast is also taking more showroom space in VRE malls as it **expands the network and services.**

Business Plan for 2020 – Objectives

POSITIONING

Leading retail mall platform

across cities and provinces of Vietnam

Malls for the Vietnamese people

pioneering in offering shopping experience from trusted local and international brands

1

Grand openings

+ 10 projects, of which:

3 Vincom Mega Mall

5 Vincom Plaza

2 Vincom+

+ 260,000 sqm GFA ► Total GFA nationwide:

1.8mn sqm

2

Key chain / anchor tenants

Number of stores

▲ 45%

Area

▲ 34%

PLAN

Target tenant (+ number of shopping malls)

CGV + 3 VMM

+ and other tenants in fashion, F&B, entertainment



LEASE PLAN

- **Secure tenants for:**
 - Vincom Plaza malls to be opened in Q2.2020
 - 3 Vincom Mega Malls: Ocean Park, Smart City and Grand Park
- **Diversified Mix** for Vincom Mega Mall Thao Dien, Vincom Plaza Long Bien
- **Implement anchor and chain tenants strategy**



MARKETING

- Create marquee events to reaffirm Vincom retail malls as the destination of choice in every location where Vincom is present
 - Tet (Lunar New Year) event
 - Trade marketing campaigns for Valentine's Day and International Women's Day
 - Green Consumer Culture and Earth Hour Day
- Standardize marketing activities

Development Roadmap Until 2025

Vincom Retail has identified a strong pipeline to follow nationwide expansion strategy, anchored around marque mega mall projects

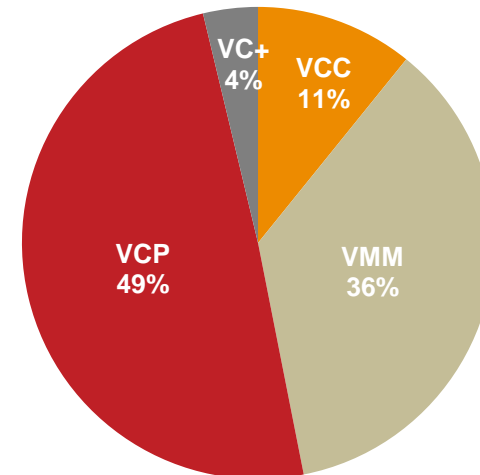
Target mall network

	2019	2020	...	2025
# of malls	79	89	...	135+
GFA ('000 sqm)	1,600	1,800	...	2,800
Cities/ provinces covered	43 (68%)	46 (73%)	...	63 (100%)

Strategy

1. Nationwide expansion strategy to reach 135+ malls, representing 2.8mm sqm GFA and cover all of 63 cities and provinces by 2025
2. Solid pipeline of 55+ projects, all of which have been identified and paperwork are under way
3. Portfolio expansion anchored around seven mega malls located in Hanoi, HCMC and select top tiers cities, including 3 to be launched in 2020.
4. Selected upgrades (from VC+ to VCP and VCP to VCC) when supported by local market conditions.
5. Opportunistic M&A strategy to complement organic development by securing attractive locations in top-tier cities.

Expected format breakdown by 2025



Total GFA (sqm): 2.8mm



VINCOM RETAIL



4. Financial and Capital Management Update

Financial Performance In 4Q 2019 vs. 4Q 2018

Figures in VND billion	4Q 2018	4Q 2019	Change (%)	Commentary
Leasing of Investment Properties and Rendering of Related Services	1,491	1,951	▲ 30.9	Leasing revenue growth mainly driven by stable operation from the 20 malls opened in 2018
Sale of Inventory Properties	1,440	785	▼ 45.5	Large sale of inventory properties in 4Q2018 primarily driven by delivery of apartments in Suoi Hoa (Bac Ninh)
Other revenue	80	48	▼ 40.0	
Total Revenue	3,012	2,784	▼ 7.5	Decrease due to decrease in sale of inventory properties
Gross Profit ⁽¹⁾	1,133	1,396	▲ 23.2	Gross profit margin increased because of better gross profit margin of sale of inventory properties
Operating Profit / (Loss)	893	1,098	▲ 23.0	
Profit / (Loss) before Tax	903	1,111	▲ 23.0	
Profit / (Loss) after Tax for the Period	696	880	▲ 26.5	
Profit / (Loss) after Tax and Minority Interest	689	880	▲ 27.8	

Note: VAS Consolidated Financial Statements for 4Q2019

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

Financial Performance In 2019 vs. 2018

Figures in VND billion	2018	2019	Change (%)	Commentary
Leasing of Investment Properties and Rendering of Related Services	5,506	7,017	▲ 27.4	Leasing revenue growth mainly driven by stable operation of 20 malls previously opened in 2018
Sale of Inventory Properties	3,433	2,027	▼ 40.9	Large sale of inventory properties in 2018 primarily driven by delivery of condotel units in Vinpearl Riverfront Da Nang and apartments in Suoi Hoa (Bac Ninh)
Other revenue	185	215	▲ 15.9	
Total Revenue	9,124	9,259	▲ 1.5	
Gross Profit ⁽¹⁾	3,641	4,405	▲ 21.0	Gross profit margin increased because of better gross profit margin of sale of inventory properties
Operating Profit / (Loss)	2,922	3,548	▲ 18.6	
Profit / (Loss) before Tax	3,053	3,578	▲ 17.2	
Profit / (Loss) after Tax for the Period	2,413	2,849	▲ 18.0	
Profit / (Loss) after Tax and Minority Interest	2,404	2,848	▲ 18.5	

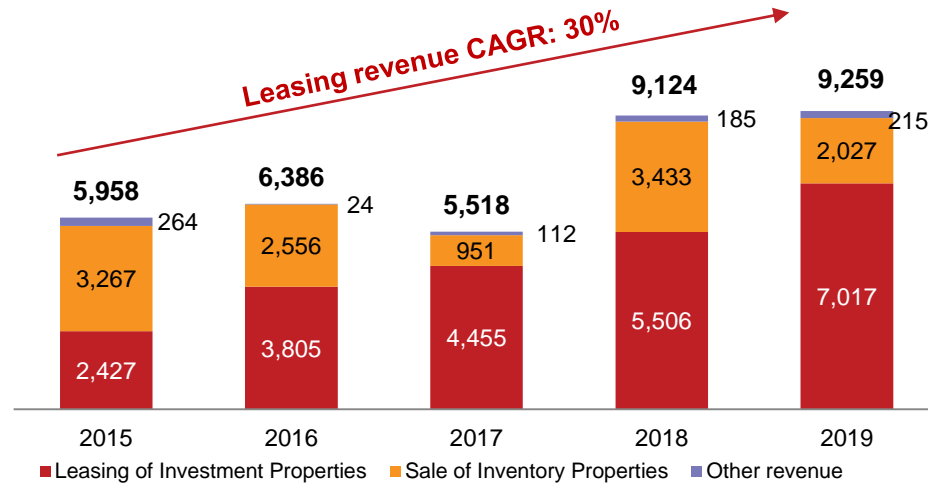
Note: VAS Consolidated Financial Statements for 4Q2019

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

Financial Performance

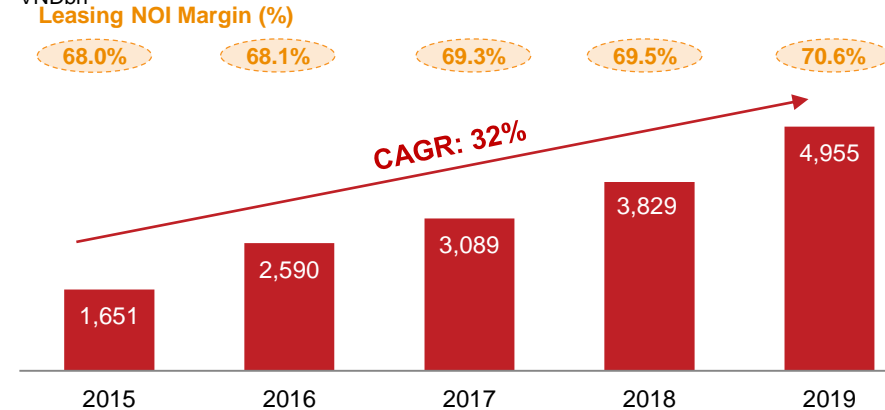
Total Revenue

VNDbn



Leasing Net Operating Income (NOI)⁽²⁾

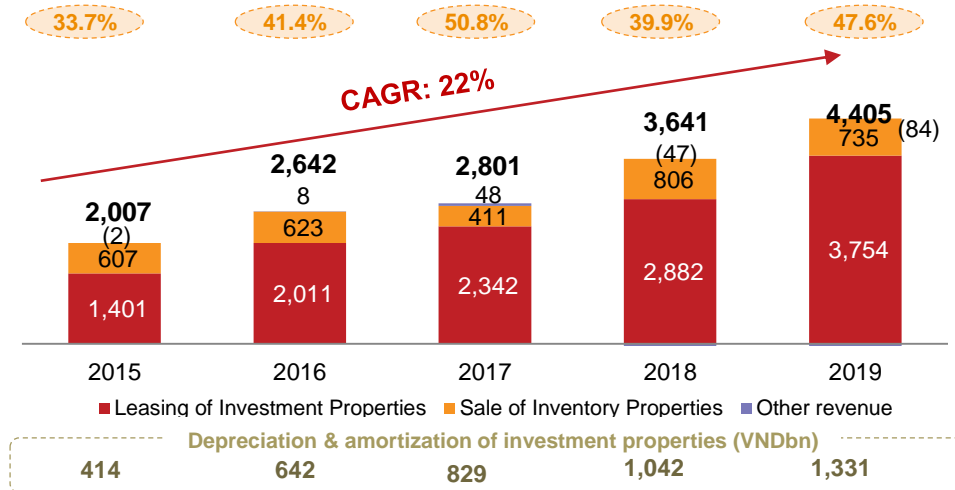
VNDbn



Gross Profit⁽¹⁾

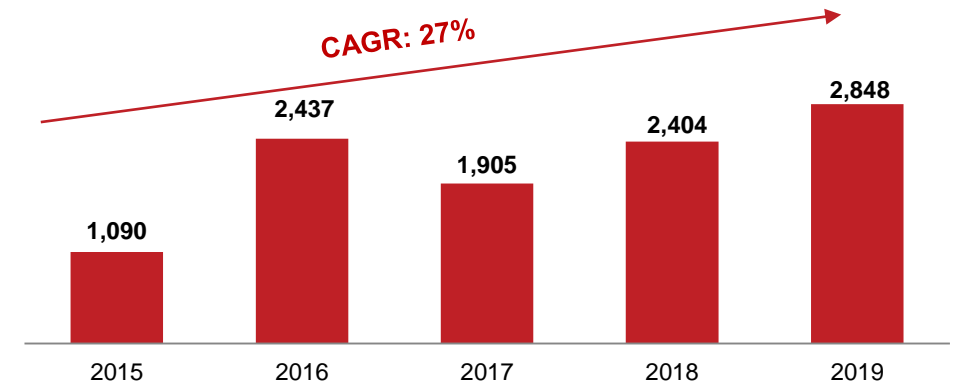
VNDbn

Gross Profit Margin (%)



Profit After Tax and Minority Interest

VNDbn



Note: Based on VAS Audited Consolidated Financial Statements for respective years and VAS Consolidated Financial Statements for 4Q2019

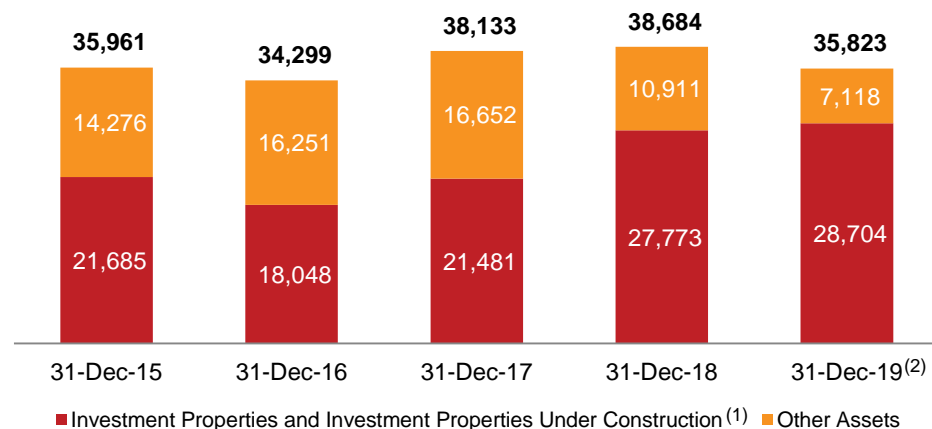
(1) Depreciation and amortization relating to investment properties is laid down below the graph and should be added back for IFRS. Since 2018, "Other" segment includes results from management of Da Nang condotels which was loss-making as the property was still ramping up after launch in May 2018.

(2) NOI for leasing investment properties and rendering of related services, is 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

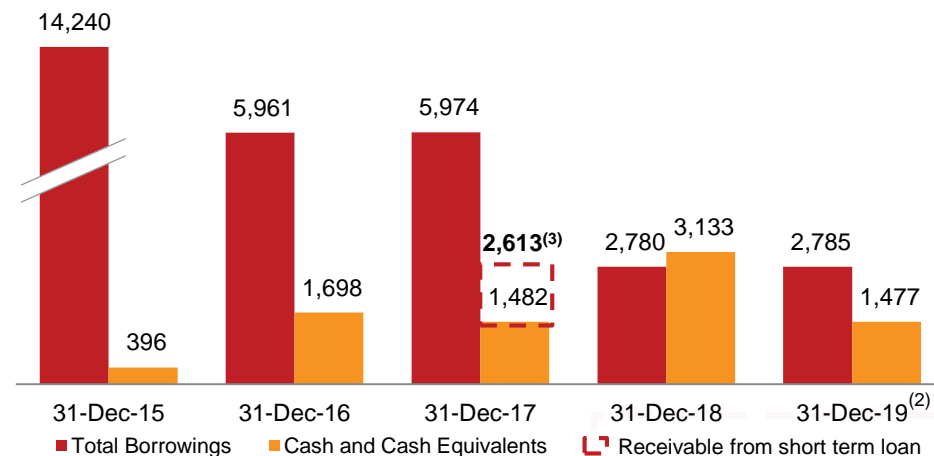
Total Assets

VNDbn



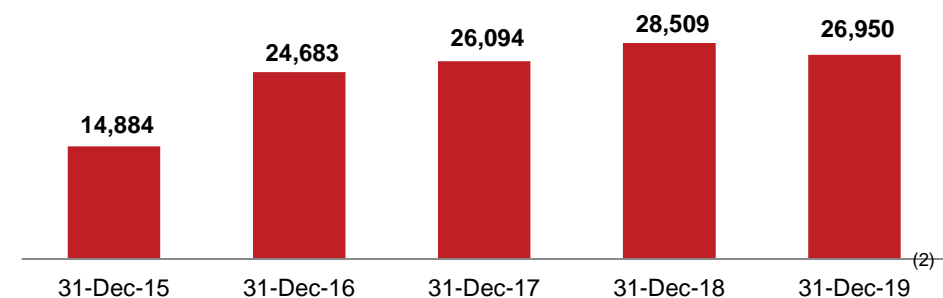
Total Borrowings, Cash and Cash Equivalents

VNDbn



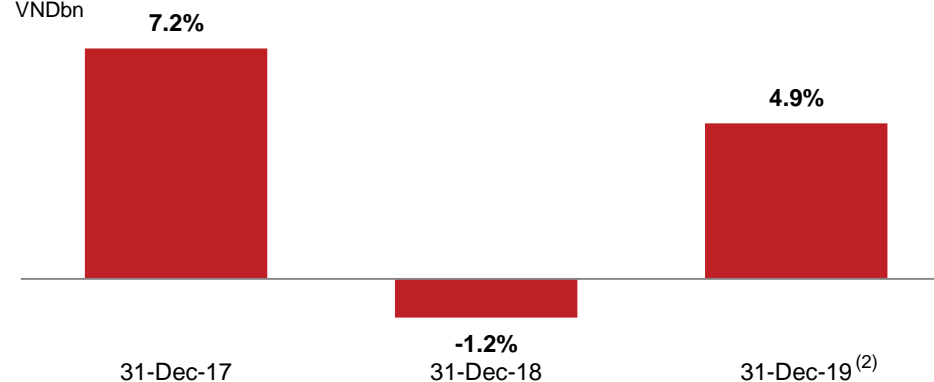
Total Equity

VNDbn



(Net Debt / (Cash))⁽⁴⁾ / Equity

VNDbn



Note: Based on VAS Audited Consolidated Financial Statements for respective years and VAS Consolidated Financial Statements for 4Q2019

(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) Decline in other assets, cash and cash equivalents, total equity as well as increase in gearing ratio as of 31 December 2019 was due to the payment of cash dividends of VND 2,445bn declared in April 19 and buy back 56.5 mil treasury shares completed in December 2019

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

(4) 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



VINCOM RETAIL



MANGO



VINCOM PLAZA

LOTTE CINEMA



VINCOM MEGA MALL

TIME CITY



H&M



ZARA

Appendix

Bridging VAS to IFRS

Unit: VND Billion

	VAS 2019	Adj.	IFRS 2019	Commentary on Adjustments
Leasing revenue and other related services	7,017	(24)	6,993	Realized unearned revenue of deposit from customer in relation to amortization of deposit
Sale of inventory properties	2,027		2,027	
Other revenue	215		215	
Total revenue	9,259	(24)	9,236	
Cost of leasing activities and other related services	(3,263)	1,480	(1,783)	Mostly depreciation of malls included in VAS; excluded under IFRS and Payment of lease liability under IFRS 16
Cost of inventory properties sold	(1,292)	(33)	(1,324)	Net Realizable Value adjustment of shop-office handed over during the year
Others	(299)		(299)	
Cost of goods & services	(4,854)	1,448	(3,406)	
Gross profit	4,405	1,424	5,829	
Gain/loss from recording FV of IP/IPUC	-	519	519	Fair Value assessment as at 30 June 2019 ⁽¹⁾
Selling expenses	(371)		(371)	
General and administrative expenses	(449)	73	(376)	Amortization of Goodwill included in VAS; excluded under IFRS
Other income	71	(1)	70	
Other expense	(40)		(40)	
Finance expense	(302)	(169)	(472)	Amortization of deposit from customer, and interest expense of lease liabilities under IFRS16
Finance income	265	159	424	Amortisation of deposit under BCC and deposit from customer
Profit before tax	3,578	2,005	5,583	
Tax expense	(729)	(95)	(825)	Mainly came from Deferred tax of change in FV of IP
Profit after tax	2,849	1,910	4,758	

A solid red horizontal bar at the top of the slide. On the right side, there are faint, semi-transparent images of modern buildings.

THANK YOU!