

BUY

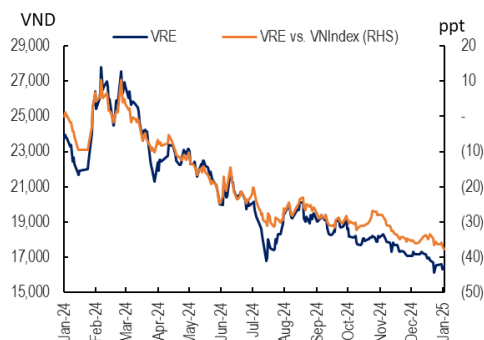
Close: 24 January 2025

Price: VND 16,550

12M Target: VND 22,000

Upside: +33%

Share price performance relative to VNI



Market cap	USD 1.477 mn
6M av. daily turnover	USD 8 mn
Outstanding shares	2.3 bn
Free float	30%
FINI ownership	18%
Major shareholders	64%
FOL Room	31%
4Q24 Net debt-to-equity	3.6%
Current P/B (x)	0.9x
2024 Dividend yield	0.0%

Source: Bloomberg, Company data

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Bloomberg code: YUTA

Vincom Retail (VRE VN)

You Can't Choose Your Family

Soft 4Q24 results on reduced shophouse handovers. 4Q24 revenue declined -9.2% YoY, primarily due to reduced shophouse handovers, with only 11 shophouse deliveries (VND60bn) recognized. However, leasing revenue expanded by $+3.9\%$ YoY, supported by new mall openings and higher occupancy rates. Full-year results reflected similar trends, with revenue of VND 8.9tn (-8.7% YoY) and PAT of VND4.1tn (-7.1% YoY).

Full-year sales and PAT were slightly below full-year guidance. VRE achieved 94% of its full-year net revenue target and 93% of its 2024E PAT guidance. Relative to our model, 2024 revenues were 103% of our estimate, and full-year PAT fulfilled 98% of our forecast.

Bad debt provisioning. Full-year NOI margins were 69% (-2.1 ppt YoY) due to a VND240bn bad debt provision related to entertainment industry tenant bankruptcies -- a legacy of COVID, according to VRE. Excluding this provision, NOI margin would be c.73%, down -1 ppt YoY, primarily due to a $+10\%$ YoY increase in energy prices.

5 new shopping malls launched in 2024 reached 94–99% occupancy as of December 2024. Additionally, VRE opened Vincom Plaza Dong Ha Quang Tri on Dec 8. Overall, total GFA reached 1,841k sqm ($+5.3\%$ YoY).

Shophouses for sale: Unbilled booking revenue totaled VND187bn, entirely from the Dong Ha Quang Tri shophouse project.

Pipeline Projects: VRE has acquired two commercial components within VHM and VIC projects, with plans to transform them into commercial areas to enhance overall property values. VRE plans to launch sales of these units in 2025, with handover in 2026

Pipeline project deposits reached VND21.1tn (+26% QoQ / +64% YoY) to account for 38.2% of total assets. Included in this sum is VND1.4tn for third-party project acquisitions, with specifics remaining under wraps. Additionally, VND5.5tn is earmarked for two shophouses for resale to homebuyers, while VND14.2tn is designated for VIC and its affiliates to roll out new shopping malls in mega residential projects.

VIC-related transactions remain classified as related-party deals. VAS defines related parties as having the ability to control or significantly influence an entity's financial and operational decisions. As such, we are not convinced that retaining this classification is discretionary.

But we are gratified by this decision anyway. Reducing transparency on what we believe to be the key factor for VRE's extreme underperformance would not likely foster a resurgence of investor confidence, in our view.

Target price slashed by -4% to VND22,000 to reflect the increased related-party exposure in 4Q24, following the same methodology discussed [in greater detail](#) in our report of November.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

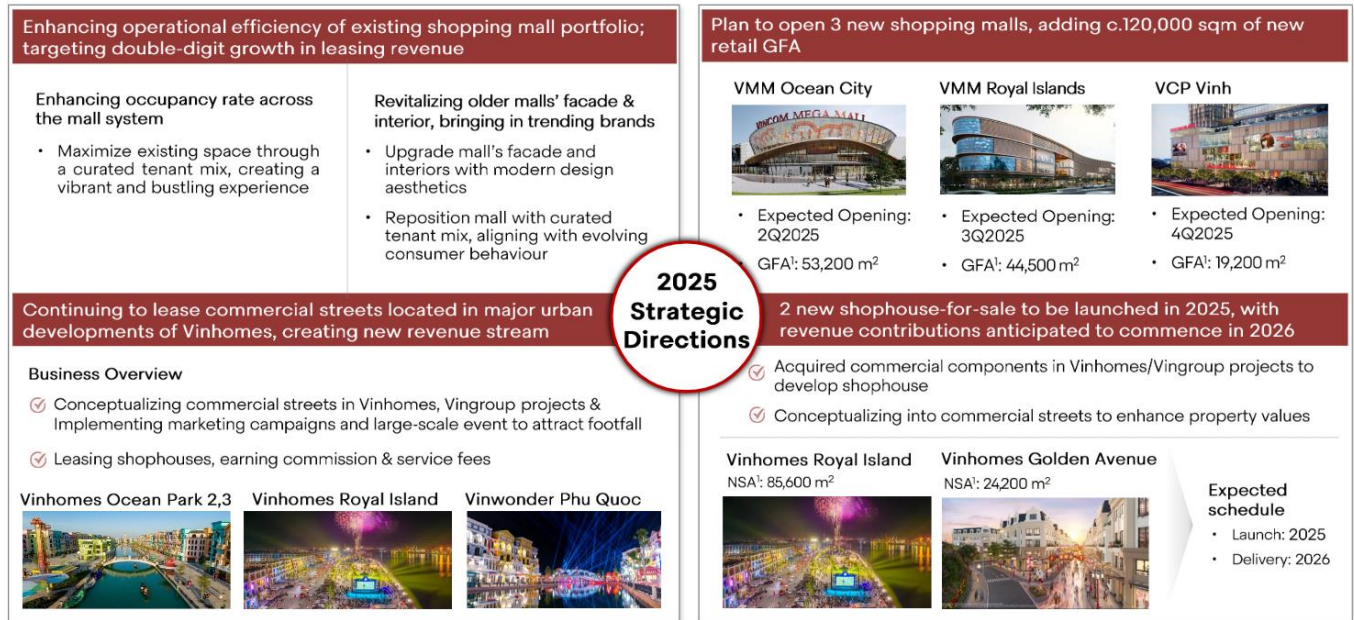
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“You can choose your friends, but you can't choose your family. They're still kin to you no matter whether you acknowledge them or not, and it makes you look right silly when you don't.”

— Harper Lee, *“To Kill a Mockingbird”*

Fig 1: Strategic Outlook

2025 Strategic Pillars: Optimizing Existing Shopping Malls & Accelerating Expansion of New Generation Mega Mall to Capture Demands of Evolving Consumer Trends



Source: Company data, Yuanta Vietnam

Valuation – Cutting our target price

Base case – No change: Under our base case, our fair value for VRE would be unchanged at VND 27,100.

However, we set our target price using our Conservative Case. In this more cautious methodology, we deduct the 4Q24 increase in project deposits with related parties from our fair value. We continue to retain the value of deposits for the three malls scheduled to open in 2025 and the VND5.5 trillion allocated for two shophouse projects that are set for sales launch in 2025. We apply zero value (i.e., we fully write off) all other deposit values.

Our target price calculated under this conservative case methodology thus decreases from the previous VND22,900 per share (which was based on 3Q24 related part deposit disclosures) to VND22,000 per share.

Stress Case – Assuming 100% of related party deposits are worth zero

Total related-party deposits at the end of 2024 amounted to VND 20,755 billion. If we fully deduct this amount from VRE's NAV, our value estimate drops from VND 20,200 per share to VND 18,000 per share, implying upside of 8.8% vs the close price as of 24 January 2025. This result demonstrates that VRE is in deep value territory even under an extreme stress scenario. Of course, the stock price chart suggests that investor confidence in such a conclusion is lacking.

Appendix A: Important Disclosures

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