

Vingroup JSC (VIC)

HOLD (Maintained)

CONGLOMERATE

Current Price	VND40,300
52Wk High/Low	VND48,250/ VND34,500
Target Price	VND45,600
Previous Target Price	VND46,600
TP vs Consensus	-3.9%
Upside	13.2%
Dividend Yield	0%
TSR	13.2%

Growth rating	Positive
Value rating	Positive
ST Technical Analysis	Positive

Market Cap	USD6.07bn
3MADTV	USD3.0mn
Avail Foreign Room	USD2.34mn
Outstanding Shares	4,107mn
Fully Diluted O/S	4,107mn

	VIC	Peers	VNI
P/E TTM	16.1x	63.9x	13.0x
P/B Current	1.1x	3.3x	1.6x
ROA	1.4%	4.7%	4.9%
ROE	7.5%	11.9%	6.1%

as of January 13, 2024

Share Price Performance



Share price (%)	1M	3M	12M
Ordinary share	-1.2	-3.6	-6.3
VNINDEX	-2.1	-4.1	7.0

Ownership

Vietnam Investment Group JSC	33.0%
Pham Nhat Vuong	18.1%
VMI Real estate Investment and	6.4%
SK Investment Vina I Pte.Ltd	6.1%
Others	36.4%

Business Description

Vingroup is the largest private conglomerate in Vietnam. It leads residential property development with the subsidiary Vinhomes; tourism property and services hospitality business with Vinpearl; retail space leasing business with an affiliate Vincom Retail; while pioneering in electric vehicle manufacturing through VinFast. The group also operates in social services such as health-care, education and electric buses.



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Gradually turning the corner toward growth

- We maintain our HOLD rating with 13.2% upside. We lower our TP by 2.2% while the share price has declined 1.2% since our last report.
- Our lower TP results from lower forecasted 2025 revenue for both property and manufacturing and a lower P/B target multiple.
- The current P/B of 1.1x is below its historical average and peers (residential property and automotive) average, reflecting cautious investor sentiment.

Financial Highlights

- 9M24 revenue declined 5.4% YoY to VND126.9tn (USD5.1bn), due to fewer property unit deliveries than 9M23. But 3Q24 revenue rose 49% QoQ and 31% YoY, reaching VND62.9tn (USD2.5bn).
- VIC completed the SDI divestment in VRE, receiving pre-tax income of USD852mn. 9M24 NPAT-MI surged 337% YoY to VND9.7tn (USD388mn).
- We forecast NPAT-MI to increase 482% YoY to VND12.6tn (USD497mn) in FY24 and 16%/14% YoY in FY25/26 to VND14.6tn (USD475mn) and VND16.6tn (USD658mn).

Investment Thesis

Solid backlog, strategic launches drive future property earnings growth

Vinhomes plans to leverage favorable markets and regulatory support with strategic property launches in 2025-26. Vinhomes Wonder Park (Ha Noi) and Apollo City (Quang Ninh) are going to be launched in FY25, then the HCMC market will be a key focus in FY26. Total unbilled bookings as of September 2024 rose 60% YoY to VND123tn (USD4.9bn). We forecast new contract sales to grow 10.7%/7.2%/19.4% YoY in FY24/25/26, respectively, reaching VND123tn (USD4.9bn) by FY26.

VinFast's global expansion to boost deliveries

By October, VinFast had 173 showrooms for EVs globally and 160 showrooms and service workshops for e-scooters. Its production capacity is set to expand significantly in FY25 with the opening of new factories in India, Indonesia, and Ha Tinh. These facilities will add a combined maximum capacity of 400,000 EVs annually. We expect VinFast to deliver 115,130 EVs/ 52,500 E-scooters in FY25.

Ramping up on the Vinpearl listing plan

Vinpearl JSC became a public company on November 15, with Vingroup currently holding an 85.5% stake. The company is proposing to the SSC a plan to issue over 70mn shares and plans to begin the process of listing on HOSE within 12 months following the share issuance. Listing on HOSE can enhance the company's transparency in financial and operational activities, as well as access to strategic investors, which will support funding activities and further expand its businesses.

Valuation reflects challenges of the EV sector

Our HOLD rating reflects cautious optimism as the company navigates challenges associated with the manufacturing segment. We believe that the prolonged investor caution underscores the need for greater clarity on the path to profitability to improve valuation sentiment. While the EV business represents a significant growth opportunity, its capital-intensive nature and VinFast's not yet reaching breakeven pose key risks.

Financial summary	12-22A	12-23A	12-24E	12-25F	12-26F
Revenue growth (%)	-19.0%	58.6%	1.4%	24.5%	14.0%
Gross margin (%)	14.4%	14.6%	15.3%	22.1%	25.7%
EBITDA margin (%)	10.4%	9.3%	12.3%	16.2%	19.4%
Net profit (VNDbn)	8,782	2,157	12,562	14,552	16,636
Net profit growth (%)	N/A	-75.4%	482.4%	15.8%	14.3%
D/E (x)	1.2	1.4	1.4	1.2	1.0
P/B (x)	1.5	1.2	1.0	1.2	1.3
P/E (x)	23.4	79.1	13.6	11.7	10.3
ROE (%)	5.9%	1.5%	8.0%	8.2%	8.4%
EV delivery (unit)	7,355	34,855	80,130	115,130	132,380
E-scooter delivery (unit)	60,044	72,468	50,000	52,500	55,125

Sources: VIC, VNDIRECT RESEARCH

Company Profile: The largest private conglomerate in Vietnam

Figure 1: Vingroup's major business sectors



Sources: VIC, VNDIRECT RESEARCH

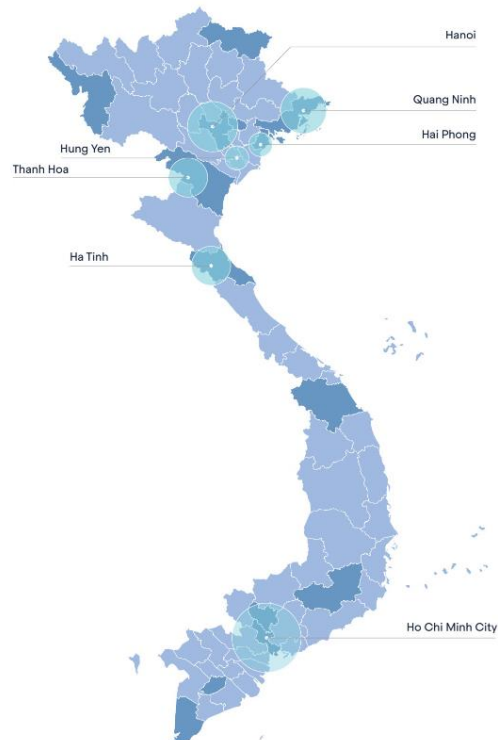
Vingroup is a large conglomerate with operations focused in real estate development and management, EV manufacturing, hospitality and social enterprises, such as healthcare and education.

A leading developer in Vietnam's residential property market

Vinhomes was established in 2008 and listed on the Ho Chi Minh Stock Exchange (HOSE) in May 2018. VHM has become the largest listed property developer in Vietnam by market cap (at USD7.1bn as of October 30, 2024).

With a land bank of nearly 19,000 ha at December 2024, VHM is recognized as a leading developer in the domestic residential property industry, with market share of 26% across all segments, including 38%/41% in mid-range and high-end condominiums, and 37% in landed properties (data as of end-3Q24).

Figure 2: Vinhomes/Vingroup's residential land bank spans across prime locations in CBD and non-CBD of Hanoi, HCMC and other provinces



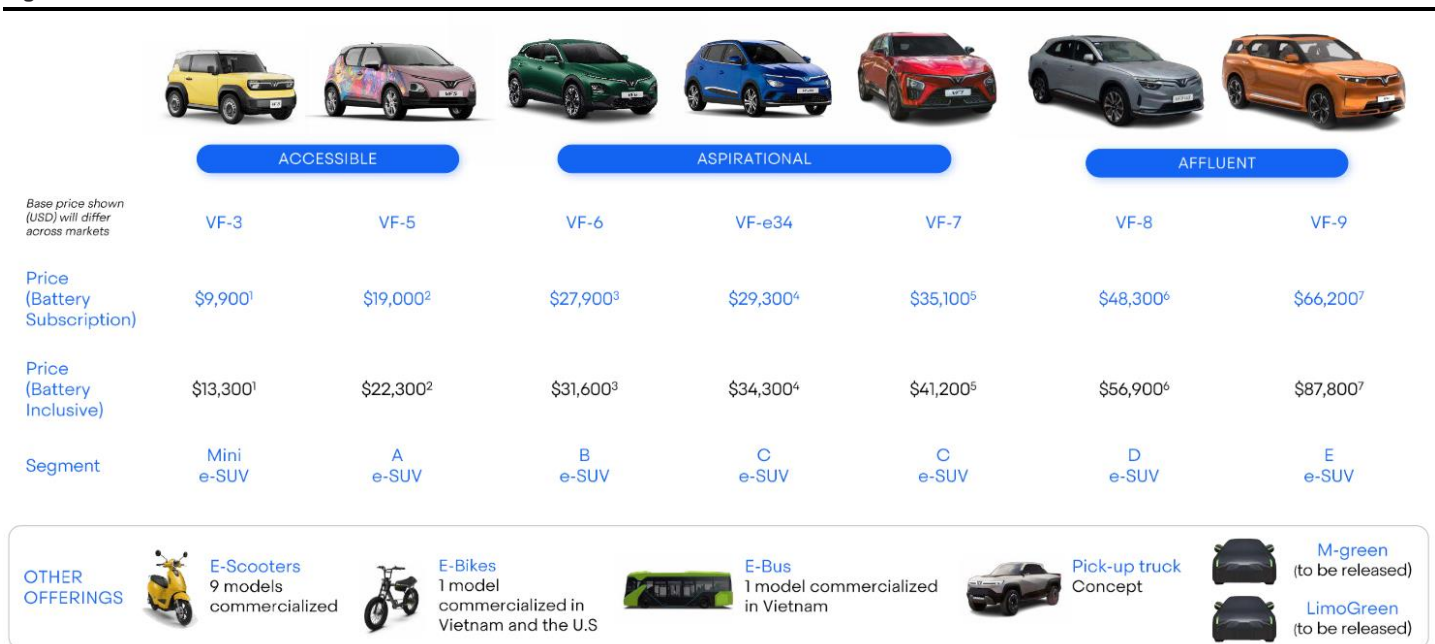
Sources: VHM, VNDIRECT RESEARCH

A pioneer in Vietnam’s electric vehicle manufacturing

VinFast (NASDAQ: VFS) is currently the first and only Vietnamese manufacturer of electric vehicles, including SUVs, buses, and scooters. VFS currently owns a factory with a designed capacity of 300,000 EVs/year in Hai Phong. The company is also building a 50,000 EVs/year CKD factory in Tamil Nadu, India, and a CKD factory with the same capacity in Indonesia which are expected to start operation in FY25. VinFast will also add a new CKD factory in Ha Tinh by 2025, under a long-term lease structure, with a maximum capacity of 300,000 EVs per year for the initial phase, focusing on VF3 and VF5 models production.

By October 2024, the company had 173 showrooms globally for EVs and 160 showrooms and service workshops for e-scooters, with access to over one million charging points globally (including company-owned points in Vietnam and partner charging networks in North America and Europe).

Figure 3: VinFast's launched electric vehicle models



Sources: VFS, VNDIRECT RESEARCH

A first-class hospitality and entertainment brand in Vietnam

Vinpearl JSC is Vietnam's leading integrated hospitality and entertainment services developer and operator, with over 20 years of experience in the tourism industry distinguished by its exceptional range of offerings and prime locations.

By November 2024, Vinpearl owned and operated 44 properties and 3 integrated clusters in 17 major cities nationwide, including 30 hotels and resorts with a capacity of over 15,900 hotel rooms, four amusement parks, two entertainment complexes, one water park, one horse academy, one safari, four golf courses, and a world-class conference and culinarian center.

Vinpearl has formed strategic cooperations with Meliá Hotels International and Marriott International (US), according to which Meliá and Marriott operate 22 hotels and resorts. The synergy with these brands helps attract global customers to Vinpearl’s facilities, enhancing customer sentiment of its brand.

Results recap: EV sales growth and SDI divestment bolstered 9M24 net profit

Figure 4: 3Q24 results comparison

(VNDbn)	3Q24	% YoY change	% QoQ change	9M24	% YoY change	9M24/FY24 forecast
Revenue	62,850	31.1%	48.5%	126,916	-5.4%	62.5%
Property sales	38,929	28.6%	80.5%	65,260	-27.1%	71.0%
Manufacturing	14,082	89.0%	76.3%	28,138	64.0%	44.7%
Hotel, amusement park	2,552	7.1%	77.8%	6,482	-1.8%	57.1%
Hospital	1,154	3.2%	5.2%	3,206	0.8%	57.4%
Education	1,298	13.2%	9.4%	4,111	17.8%	68.0%
Others	4,835	-13.2%	-46.6%	19,718	38.2%	78.6%
Gross profit	13,074	11.4%	86.9%	18,113	-32.5%	52.5%
<i>Blended gross profit margin (%)</i>	<i>20.8%</i>	<i>-3.7% pts</i>	<i>4.3% pts</i>	<i>14.3%</i>	<i>-5.7% pts</i>	
<i>Sale of inventory properties</i>	<i>41.0%</i>	<i>-8.3% pts</i>	<i>-4.2% pts</i>	<i>97.4%</i>	<i>-0.8% pts</i>	
<i>Manufacturing</i>	<i>-29.0%</i>	<i>34.2% pts</i>	<i>33.8% pts</i>	<i>98.3%</i>	<i>-1.1% pts</i>	
SG&A expense	(8,669)	23.8%	24.2%	(22,404)	18.1%	49.4%
<i>% SG&A to sales</i>	<i>13.8%</i>	<i>-0.8% pts</i>	<i>-2.7% pts</i>	<i>17.7%</i>	<i>3.5% pts</i>	
EBITDA	10,767	14.6%	93.5%	12,749	-36.7%	
<i>EBITDA margin (%)</i>	<i>17.1%</i>	<i>-2.5% pts</i>	<i>4.0% pts</i>	<i>10.0%</i>	<i>-5.0% pts</i>	
Financial income	8,572	553.6%	-16.8%	37,813	142.9%	69.1%
Investment disposal	5,627	-72668.2%	-36.9%	32,238	171.7%	
Financial expenses	(7,603)	-7.4%	-11.7%	(23,493)	42.6%	70.3%
Interest and bond issuance expenses	(5,608)	1.9%	-0.3%	(16,060)	33.5%	
Pre-tax profit	4,705	5.1%	15.0%	11,292	-8.8%	82.0%
NPAT	2,015	255.2%	188.4%	4,069	161.4%	84.8%
NPAT-MI	5,295	-891.4%	-250.5%	9,711	337.2%	187.0%
<i>Net profit margin (%)</i>	<i>8.4%</i>	<i>9.8% pts</i>	<i>16.7% pts</i>	<i>7.7%</i>	<i>6.0% pts</i>	

Source: VIC, VNDIRECT RESEARCH

Property deliveries and EV sales growth drive 3Q revenue expansion

3Q24 revenue rose 49% QoQ and 31% YoY to VND62.9tn (USD2.5bn), fueled by strong growth across major segments. However, 9M24 revenue declined 5.4% YoY to VND126.9tn (USD5.1bn), due to fewer property unit deliveries versus 9M23.

- 1) Property sales revenue (62% of 3Q total revenue) increased 81% QoQ and 29% YoY, largely due to the handover of units from Vinhomes Ocean Park 1, 2, & 3, Smart City, Golden Avenue, and Royal Island. However, 9M24 revenue fell 27% YoY to VND65.3tn (USD2.6bn) from a high base in 9M23. We note that this number does not include property sales recorded in Financial Income. If including the property sales in Financial Income, the adjusted revenue from property sales totals VND90.9tn (USD3.6mn).
- 2) Manufacturing revenue (22% of 3Q total revenue), jumped 76% QoQ and 89% YoY, driven by a surge in electric vehicle deliveries. The VF5 model significantly contributed to this growth. VinFast delivered 21,912 electric cars (EVs) in 3Q24 (+115% YoY and +66% QoQ) and 44,260 EVs (+108% YoY) in 9M24, with Vietnam as the main consumption market. VFS led the Vietnamese market in car deliveries in term of monthly delivery in three consecutive months from September to November. 9M24 revenue spiked 64% YoY to VND28.1tn (USD1.1bn).

- 3) Hospitality revenue (4% of 3Q total revenue) experienced peak season gains, rising 78% QoQ and 7% YoY. 9M24 revenue declined 2% YoY to VND6.5tn (USD259mn), management states that it would have increased 75% YoY on a like-for-like basis, which excludes revenue from beach villas and condotels portfolio which has been transferred at the beginning of 2024. The average occupancy rate across all Vinpearl's hotels and resorts increased 10% pts to 45% YoY by the end of September, driven by sustained growth of international tourist arrivals.

EBITDA margin improves quarterly thanks to manufacturing improvement

3Q24 EBITDA margin increased 4.0% pts QoQ, driven primarily by significant improvements in the manufacturing segment, including:

- Gross profit margin (GPM) in manufacturing improved from -62.8% in 2Q24 to -29.0% in 3Q24, supported by increased electric vehicle sales, cost optimization, and reduced inventory write-downs. Per management, VinFast's average bill of materials cost decreased by 8.3% QoQ, while average EV production costs fell by 20.1% QoQ.
- VinFast's SG&A to sales ratio improved to 28%, down from 44% in 2Q24, benefiting from economies of scale. R&D expenses decreased to USD87mn (-21% QoQ, -42% YoY), representing 17% of revenue, with further reductions expected.

Successful SDI divestment provides a financial boost

In 3Q24, Vingroup completed its divestment from SDI, reducing its effective ownership in VRE to 18.8%. This transaction generated pre-tax income of USD852mn, of which USD232mn was recognized in 3Q24.

As a result, NPAT-MI reached VND5.3tn (USD212mn) in 3Q24, jumping 337% YoY to VND9.7tn (USD388mn) in 9M24.

Balance sheet reflects acceleration in property development activities

Figure 5: Balance sheet analysis

	3Q23	4Q23	1Q24	2Q24	3Q24
BS items (VNDbn)					
Cash, cash equivalents and short-term investments	23,654	34,981	31,070	32,785	33,465
Inventories	83,672	92,624	99,347	106,891	128,230
Receivable from customers	29,723	28,455	26,211	23,540	28,291
Construction in progress	111,509	93,512	98,121	99,642	109,297
Property, plant and equipment	120,289	128,274	140,424	146,063	149,295
Loan receivable	9,946	8,786	13,585	17,602	13,539
Advances for land clearance	25,923	39,583	47,247	56,612	93,693
Advances from customers	46,585	45,756	52,093	69,213	97,034
Deposit from partners for property projects	32,514	64,398	69,924	61,170	74,196
Interest bearing debt	193,477	213,253	226,516	221,971	211,890
Key ratios					
A/R Days	61	59	77	66	67
Inventories Days	174	216	242	251	251
Cash conversion cycle	167	193	224	224	233
Equity/Assets	23.5%	22.2%	22.7%	24.3%	20.8%
Net Debts/Equity	115.6%	120.3%	123.9%	116.6%	108.6%

Sources: VIC, VNDIRECT RESEARCH

For further details on key changes, please see our [VHM 3Q24 Update report](#).

Completes divestment of VinBrain

On December 6, Vingroup completed the transfer of all of its stake in VinBrain to Nvidia, the proceeds from this transaction were not disclosed yet. Vingroup's equity interest in VinBrain was at 18.17% at the end of 3Q24.

FY24-26 outlook: Turning the corner toward growth

FY24-26 forecast revision

Figure 6: FY24-26 forecast revision

(VNDbn)	FY23	Old		New		FY26			
		FY24	FY25	FY24	% YoY	FY25	% YoY	FY26	% YoY
Revenue	161,428	203,530	255,042	163,662	1.4%	203,711	24.5%	232,196	14.0%
Properties sales	94,374	91,974	101,719	76,508	-18.9%	90,138	17.8%	100,846	11.9%
Manufacturing	28,081	63,485	101,950	46,389	65.2%	67,346	45.2%	79,292	17.7%
Hotel, amusement park	8,689	11,357	14,015	8,575	-1.3%	11,015	28.5%	13,097	18.9%
Hospital	4,415	5,581	6,046	4,723	7.0%	5,614	18.8%	6,428	14.5%
Education	5,127	6,048	7,039	6,048	17.9%	7,039	16.4%	7,975	13.3%
Others	20,741	25,085	24,273	21,419	3.3%	22,560	5.3%	24,557	8.9%
Gross profit	23,508	33,826	45,956	25,087	6.7%	44,959	79.2%	59,717	32.8%
Blended GPM (%)	14.6%	16.6%	18.0%	15.3%	0.8% pts	22.1%	6.7% pts	25.7%	3.6% pts
Properties sales GPM (%)	38.4%	39.4%	31.7%	35.3%	-3.2% pts	43.4%	8.2% pts	43.3%	-0.1% pts
Manufacturing GPM (%)	-64.8%	-11.0%	9.0%	-12.1%	52.7% pts	-2.5%	9.6% pts	8.7%	11.2% pts
SG&A expenses	(25,977)	(45,380)	(53,511)	(27,472)	5.8%	(33,019)	20.2%	(36,764)	11.3%
EBIT	(2,469)	(11,554)	(7,555)	(2,385)	-3.4%	11,940	-600.6%	22,953	92.2%
Financial income	20,502	54,744	46,349	47,744	132.9%	33,994	-28.8%	29,616	-12.9%
Interest expenses	(15,673)	(27,249)	(23,143)	(27,249)	73.9%	(23,143)	-15.1%	(23,674)	2.3%
Pre-tax profit	13,769	13,129	12,420	15,287	11.0%	19,547	27.9%	25,842	32.2%
NPAT	2,056	4,056	6,069	5,809	182.5%	11,728	101.9%	18,089	54.2%
NPAT-MI	2,157	4,516	5,411	12,562	482.4%	14,552	15.8%	16,636	14.3%
EPS	564	1,181	1,415	3,285	482.4%	3,806	15.8%	4,351	14.3%

Sources: VHM, VNDIRECT RESEARCH

We lower FY24 and FY25 revenue by 19.6%/20.1% from our previous forecast, mainly due to:

- (1) We lower our estimated FY24 revenue from property sales by 16.8% as the delivery of sold units in 9M24 was lower than our expectation. We also decrease FY25 revenue 11.4% as we postponed the recognition of new units, following the new launches anticipation (see [VHM 3Q24 report](#))
- (2) We lower our estimated manufacturing revenue by 26.9%/33.9% in FY24-25, in which: 1) we lower the assumed average EV unit selling prices, as we expect a higher contribution of affordable and mid-range-price models in total deliveries (*); 2) we lower the E-scooters delivery forecast
- (3) We lower our estimated hospitality and entertainment revenue by 24.5%/21.4% in FY24-25, as we adjust our forecast for Vinpearl and eliminated the impacts of intercompany revenue

Gross profit margin (GPM) is revised down by 1.3% pts in FY24 and increased by 4.1% pts in FY25 mainly due to changes in property sales GPM. We expect the manufacturing sector to achieve a positive GPM from FY26 (vs our previous forecast of positive GPM from FY25).

We lower SG&A expenses by 39.5%/38.5% in FY24 and FY25, based on lower revenue forecasts and in actual results in 9M24.

NPAT-MI (net profit) increases 178.2%/168.9% in FY24 and FY25 from our previous forecast, after we adjust the estimated corporate income tax and losses of minorities interest regarding actual results.

(*) We anticipate that VinFast's ASP will remain stable during the early adoption phase, as customers typically opt for smaller, more affordable cars to explore and familiarize themselves with EVs. Once this initial adoption phase concludes and customers gain greater confidence in EV technology, ASP is expected to rise as buyers show a growing preference for larger, higher-priced models.

Property segment: Solid backlog, strategic launches drive earning

The property market is ramping up for another growth cycle in FY25-26

Vietnam's residential property market is in a recovery phase, thanks to favorable government policies, low borrowing rates, and rising construction activity (construction permits increased 21% QoQ, 53% YoY in 3Q24). High absorption rates (106%/205% in Hanoi and HCMC) and accelerating house prices underscore the strong demand, further supporting the market's recovery. Meanwhile, narrowing revenue declines and improving inventory turnover of developers indicate growing momentum. Developers like Vinhomes, with robust project portfolios, strong execution capabilities, and full legal compliance, are well-poised to capitalize on the market's recovery.

Figure 7: Due to a number of factors, we believe the residential property market has confirmed it is midway through its recovery

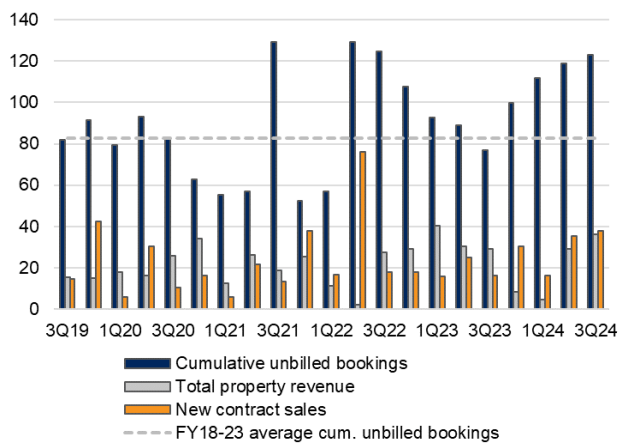
		Recovery	Expansion	Slow down	Contraction
Leading indicator	Political environment	supportive	stable or improving	tightening	deteriorating
	Borrowing rates	low or stable	stable or increase but still at low level	increasing	increase or stable at high levels
	Building permits	increasing	high	stabilizing	decreasing
	Developers' funding activities	ramp up	active	begin to decline	cautious
Coincident indicator	Demand/absorption	increasing	strong	stabilizing	weakening
	New supply	beginning to increase	increase	slowing	declining
	House price growth	faster	strong	stabilizing	declining
	Brokerage firm hiring	increasing	increase	slowing	declining
	Credit growth from homebuyers	beginning to increase	increase	slowing	declining
Lagging indicator	Developers' revenue and profit	decline but with smaller scale	steady	increase but with smaller scale	declining
	Developers' inventory turnover	beginning to increase	stabilizing	slowing	declining

Source: VNDIRECT RESEARCH

Solid backlog enhances confidence in property revenue growth

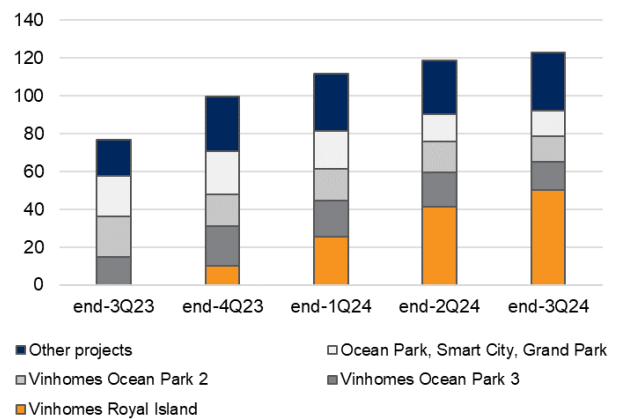
Vinhomes recorded VND89.6tn (USD3.6bn) in new contract sales during 9M24, a 58% YoY increase, almost achieving its full-year pre-sales target (of VND90tn-VND110tn, USD3.6bn-USD4.4bn). As a result, total unbilled bookings as of September 2024 rose 60% YoY to VND123tn (USD4.9bn). This robust growth in new contract sales sets the stage for higher total property revenue recognition in the coming quarters.

Figure 8: Strong new contract sales pave the way for revenue recognition in the following quarters (Unit: VNDtn)



Sources: VHM, VNDIRECT RESEARCH

Figure 9: Vinhomes Royal Island covers the largest proportion of unbilled bookings (Unit: VNDtn)



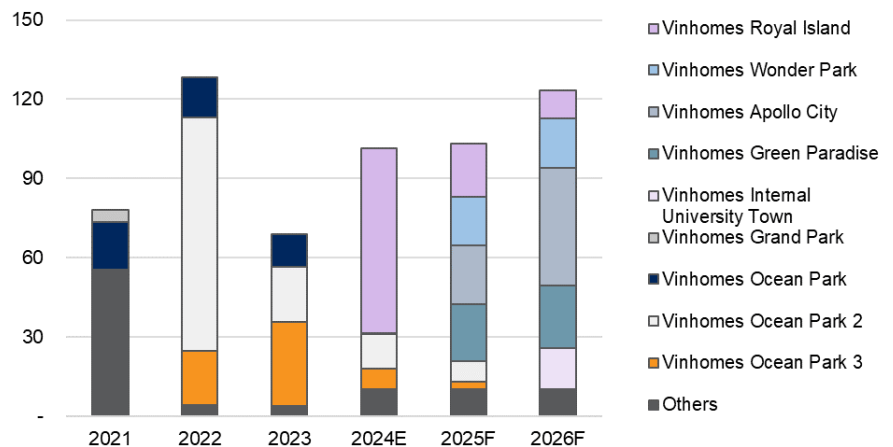
Sources: VHM, VNDIRECT RESEARCH

Strategic launches of large-scale mixed-use projects in the pipeline

FY25 launches prioritize favorable markets and regulatory support, and the HCMC market will be highlighted in FY26; Vinhomes Wonder Park (Ha Noi), Vinhomes Apollo City (Quang Ninh) Phase 1 and two urban township projects in Long An are expected to be launched in FY25. Vinhomes International University Town (HCMC) and Vinhomes Green Paradise (HCMC) are expected to be launched in FY26.

We anticipate the value of VHM's new contracts to increase by 10.7%/7.2%/19.4% YoY, respectively, reaching VND96.3tn (USD3.8bn) in FY24, VND103tn (USD4.1bn) in FY25 and VND123tn (USD4.9bn) in FY26.

Figure 10: Our estimate of VHM's new contracts value by project (Unit: VNDtn)



Sources: VHM, VNDIRECT RESEARCH

For further details, please see our [VHM 3Q24 Update report](#).

Vinhomes Global Gate will contribute to earnings growth from FY25

In November 2024, the general shareholders of VEFAC (Vietnam Exhibition Fair Center, UPCOM: VEF, a subsidiary in which Vingroup holds an 85.5% effective interest) approved the decision to transfer the entire Vinhomes Global Gate (Ha Noi) project for a value of no less than VND40tn (USD1.6bn), which is 15% higher than the total development cost.

Advance payments from customers surged from VND42.7mn (USD1,706) at the end of 2Q24 to VND12.2tn (USD487mn) by the end of 3Q24, following the launch of Vinhomes Global Gate in September.

Figure 11: Vinhomes Global Gate (Vinhomes Co Loa)



- Location: Dong Anh, Hanoi
- Total project area: 385ha (NSA: 139.9ha)
- Developers: Vingroup (VIC) and VEFAC (VEF), respectively owning 85.5%/14.5%
- Key components: Apartment/Villa/Shophouse/School/Shopping mall; a 90ha national exhibition center
- Number of units: 4,100 low-rise, 12,600 high-rise
- Current progress: Soft launched in September 2024. Infrastructure and facilities are under construction.

Source: VHM, VNDIRECT RESEARCH

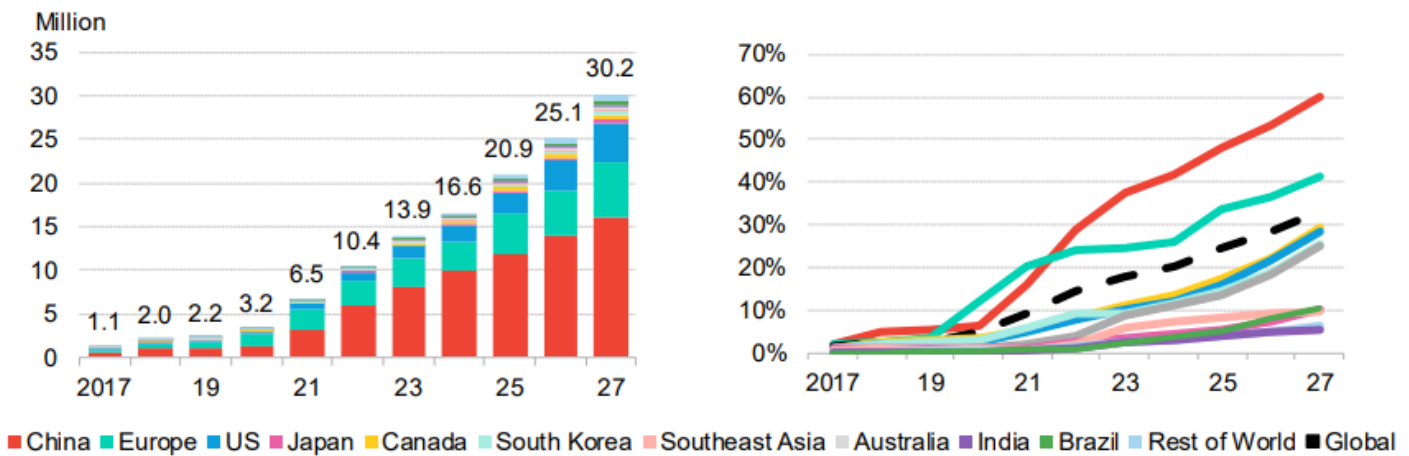
Manufacturing: Strong foundation of sales networks and services

The global EV market is set to continue expanding in long-term

Bloomberg New Energy Finance (BNEF) forecasts EV (BEV+PHEV) sales to rise from 13.9mn in 2023 to over 30mn in 2027 in its Economic Transition Scenario (ETS)¹. From 2024-27, electric car sales are expected to grow at an average of 21% per year, lower than the average of 61% between 2020 and 2023. The EV share of global new passenger vehicle sales is anticipated to reach 33% in 2027, up from 17.8% in 2023.

For the long-term outlook, improving economics of electric vehicles underpin the continued long-term growth in EV adoption. EVs are projected to reach 45% of global passenger-vehicle sales by 2030 and 73% by 2040 in BNEF’s ETS. Southeast Asia, India, and Brazil will represent 15% of the global EV market by 2040, up from just 2% in 2023 and 4% in 2030.

Figure 12: Global near-term passenger EV (BEV+PHEV) sales and share of new passenger vehicle sales by market



Sources: BNEF, VNDIRECT RESEARCH

Several factors support EV adoption, including the increasing availability of used electric vehicles, which will offer consumers more affordable options and accelerate the shift from fossil fuels to electric mobility. Expansion in public charging infrastructure and advancements in battery recycling technologies are also critical to supporting this growth. Technological improvements in electrification continue to advance, with next-generation battery innovations nearing commercialization and battery costs dropping by 90% over the past decade.

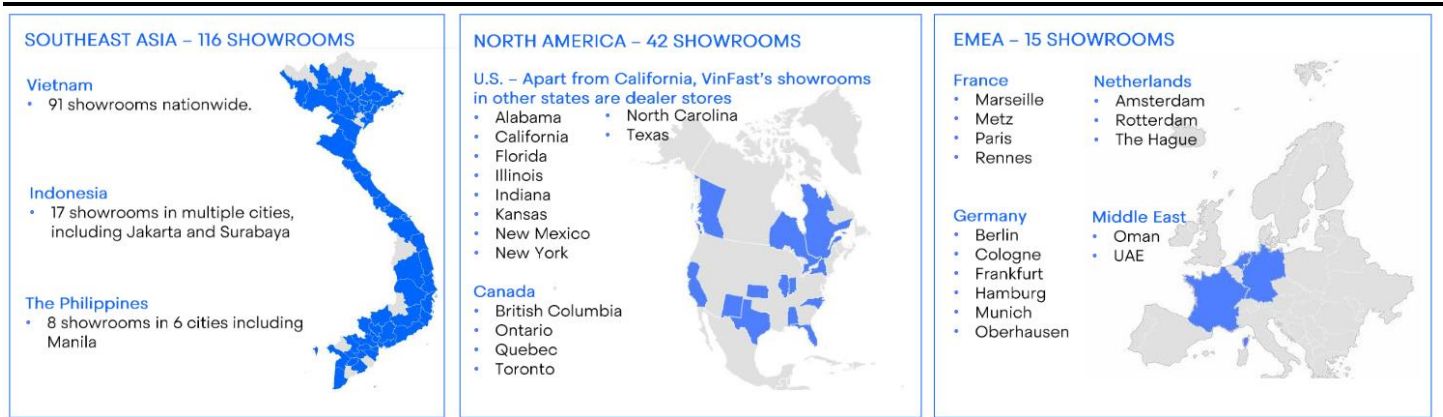
Emerging markets such as Brazil, India, Southeast Asia (e.g., Indonesia, Thailand), and the Middle East (e.g., UAE, Saudi Arabia) started EV adoption later than regions like the US and Europe, leaving more room for rapid growth. In these markets, government policies and incentives play a pivotal role, with purchase subsidies and battery production support making EVs more accessible. Conversely, premature subsidy reductions in Europe have slowed EV adoption, prompting calls to relax CO2 targets and reconsider plans to phase out internal combustion engine vehicles.

¹ The Economic Transition Scenario (ETS) assumes no new policy action to accelerate the clean energy transition. The rapid growth of renewable energy and electrification of transport will eliminate about half of the world’s energy-related emissions in 2050, against a baseline where no such transition takes place.

In Vietnam, VinFast began achieving the highest sales figure among all car brands in September 2024 (9,300 EVs), maintained this momentum in 4Q24 with over 47,000 EVs. This strong performance is driven by the launch of its affordable VF3 model, an extensive charging infrastructure and services network, and competitive sales and after-sales policies. These results highlight the growing consumer preference for electric vehicles and the increasing awareness of sustainable transportation solutions in Vietnam.

Strong foundation of commercial networks and services enhances sales

Figure 13: VinFast is operating 173 showrooms worldwide for EV



Source: VFS, VNDIRECT RESEARCH

Figure 14: VinFast's after-sales support policies

	Period	Models applied
Warranty packages (incl. Basic, Drivetrain, Corrosion warranty)	10 years/ 125,000 miles	VF e34, VF 7, VF 8, VF 9
	7 years/ 100,000 miles	VF 3, VF 5, VF 6
Roadside assistance accessible 24/7	Permanent	All models
Battery warranty	10 years/ unlimited mileage	VF e34, VF 7, VF 8, VF 9
	8 years/ unlimited millage	VF3, VF5, VF 6

Source: VFS, VNDIRECT RESEARCH

Figure 15: Other manufacturers with a strong commitment to supporting their EV customers

EV manufacturers	Tesla	Hyundai	Kia	BYD	Mitsubishi
Basic vehicle warranty	4 years/ 50,000 miles	5 years/ 60,000 miles	5 years/ 60,000 miles	4 years/ 50,000 miles	5 years/ 60,000 miles
Battery Warranty	8 years/ 100,000 or 150,000 miles depending on the model and battery size	Lifetime warranty for the original owner	10 years/ 100,000 miles	8 years/ 100,000 miles	8 years/ 100,000 miles
Roadside Assistance	Included for the duration of the vehicle and battery warranty	5 years with unlimited miles	5 years/ 60,000 miles	Typically 4 years/ 50,000 miles details vary by region	5 years with unlimited miles
Corrosion warranty	12 years or unlimited miles	7 years with unlimited miles	5 years/ 100,000 miles	Typically around 6 years with unlimited miles, depending on the market.	7 years/ 100,000 miles
Drivetrain warranty	8 years/ 100,000 or 120,000 miles depending on the model and range	10 years/ 100,000 miles	10 years/ 100,000 miles	6 years/ 60,000 miles	10 years/ 100,000 miles

Source: COMPANIES' DATA, VNDIRECT RESEARCH

As of October 31, VinFast operated 173 showrooms worldwide, with 91 stores in Vietnam transitioned to local dealers and 82 international stores including mostly dealer-owned stores. Customers can access over one million charging points globally, including 79,000 in Vietnam, and over one million through VinFast's partner charging networks in North America and Europe.

VinFast now has a full line of vehicles with affordable options, armed with battery subscription program and leading warranty policies that are more beneficial to customers than those of most other EV players. This helps increase sales to new customers and enhance loyalty among existing customers.

VinFast accelerates investment in key markets and expands to potential regions...

VinFast targets Southeast Asia, including Vietnam, Indonesia and Philippines, as the key markets.

- Vietnam, the home market contributed 91% of total 3Q24 deliveries volume, with VF3 and VF5 leading delivery numbers. Of the 21,912 EVs delivered in 3Q24, 22% were sold to related parties (e.g., Vinhomes, GSM), while related-party sales accounted for 5% of the 18,894 e-scooters delivered during the quarter. In response to the rising demand of this market, VFS has established 120 service workshops nationwide, making it the brand with the largest network of service workshops in Vietnam.
- In Indonesia, the company began delivering VFe34 and VF5 models, with VF3 scheduled for FY25. By October 31, VinFast had established 17 showrooms, third-party partnerships to provide 24/7 hotline for roadside assistance to customers, and set up a part distribution center warehouse under DSV – a logistics solutions.

V-GREEN (90% owned by Mr. Pham Nhat Vuong) and Prime Group (UAE) signed an MoU on developing charging infrastructure in Indonesia. According to the MoU, two parties envision the development of approximately 100,000 VinFast charging stations in Indonesia over three years, starting from January 2025, with an anticipated investment value of up to USD1.2bn. Prime Group is responsible for arranging fundings to develop the VinFast EV charging infrastructure.

- In the Philippines, VinFast launched the VF3, opened reservations for three models (VF3, VF5, VF7), and established eight showrooms by October 31.

The company has also entered the Middle East market, opening two dealer stores in Oman and UAE.

... while also making progress in other current markets

In Canada, VinFast reported three consecutive months of monthly growth during 3Q24 and launched the VF9 in November for North America market, with VF6 and VF7 set to follow.

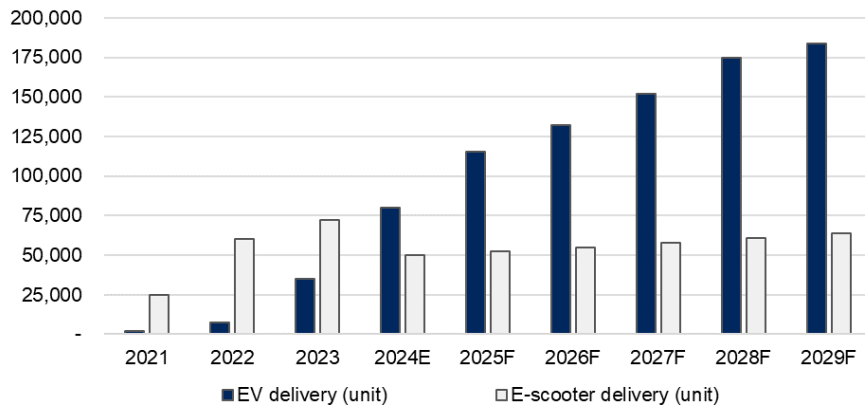
VinFast also launched VF6 for sale in France, Germany, and the Netherlands in December 2024, making the second electric car model introduced in the EU (after VF8).

Deliveries in Vietnam exceeded full-year target in all markets

VinFast delivered 44,260 EV units in 9M24, completing 55% of its full-year target of 80,000 EVs. Notably, VinFast delivered more than 87,000 cars in Vietnam in

FY24, surpassing its full-year target across all markets and exceeding our forecast. We maintain our EV delivery forecast of 115,130 EV in FY25. However, we decrease our E-scooter delivery forecast to 52,500 units in FY25, from the previous forecast of 89,000 E-scooters, as we anticipate lower E2W adoption growth due to its already high penetration in the transportation market.

Figure 16: We expect VFS to deliver more than 180,000 EVs by 2029 (including e-buses)



Sources: VFS, VNDIRECT RESEARCH

Note: 2024E deliveries are based on our forecast of 80,130 EV and 50,000 E-scooters

U.S. market outlook possibly faces changes under Trump’s administration

Donald Trump’s second term as president will begin in January 2025. Under his administration, the U.S. EV market is expected to continue growing, though at a slower pace due to policy changes.

- In discussions related to the 2024 election, Trump has expressed skepticism toward the Inflation Reduction Act (IRA), which provides substantial incentives² for clean energy and EVs. Trump’s stance emphasizes reducing government intervention and relying on market dynamics to drive EV adoption. This could limit federal support for EV infrastructure and development, contrasting with the proactive subsidy and investment model of the Biden administration.
- Protectionist policies, including increased tariffs on Chinese goods and materials critical to EV production, are expected to persist or intensify. For instance, lithium-ion cells currently face a 25% tariff under the Biden administration for electric vehicles, and from 2026, this tariff will extend to cells used in the storage market. In 2024, 92% of lithium-ion storage projects in the U.S. used LFP (Lithium Iron Phosphate) cells, all of which were sourced from China. By 2026, U.S.-made LFP cells, benefiting from IRA Production Tax Credits, are expected to cost approximately USD 63 per kWh. If Trump’s proposed tariff hikes, potentially up to 60%, are implemented, the cost of Chinese-imported cells could rise to around USD 84 per kWh, according to Rho Motion. Potential tariff hikes could raise costs for imported batteries and components, pushing

² The Inflation Reduction Act (IRA), signed into law in August 2022, provides extensive financial support to advance clean energy and EV initiatives in the U.S. market, including USD370bn for climate and energy-related programs. Among these, USD7.5bn is allocated under the Infrastructure Investment and Jobs Act (IIJA) to build a nationwide EV charging network, which works in tandem with the IRA. The IRA also offers USD100,000 per installation site via the 30C Alternative Fuel Refueling Infrastructure Tax Credit for public EV chargers, and it includes production incentives for battery manufacturing, direct consumer EV purchase subsidies (up to USD7,500 per vehicle for eligible models), and grants for manufacturing renewable energy technologies.

manufacturers to source domestically or accept higher prices, increasing overall EV prices, which may reduce EV affordability and slow adoption.

- Meanwhile, Trump has publicly acknowledged Elon Musk's contributions to American manufacturing, with Musk's work in clean energy and technology being a topic of mutual appreciation. While Trump's policies tend to favor a market-driven approach with reduced government intervention, his favorable stance toward Musk and Tesla could lead to selective support for US-based EV manufacturers, especially those aligning with his broader economic and manufacturing agendas.

The rapid pace of change expected under this administration may challenge some existing legal and procedural timelines. However, certain review periods are fixed. For example, emissions and fuel economy standards set by the Environmental Protection Agency (EPA) for model year 2027 (e.g., for vehicles released by 2027, intended to be sold as 2027 models) and beyond must be finalized at least 18 months before the start of a new model year. Any updates to these requirements are unlikely to take effect before the 2028 model year, according to S&P Global Mobility. This timeline provides auto manufacturers, including VinFast with plans to start construction of a factory in North Carolina in 2028, with a buffer period to prepare for the new conditions and adapt effectively to the evolving regulatory landscape.

While the potential impacts of EV policies are still under review, VinFast is well-positioned to benefit by: 1) capturing market share from Chinese EV OEMs facing increasing barriers to entering the U.S. market; and 2) addressing the underserved affordable EV segment, which is likely to grow if the Trump administration repeals the IRA and U.S. OEMs begin to offer limited options or delay EV projects.

Internal restructuring and capital funding

VinFast plans to restructure by spinning off VinFast Investment and Development JSC (VFDI) from VFTP as a direct subsidiary. VFTP will remain a direct subsidiary of VinFast, managing its Vietnam-based EV manufacturing operations. It will also hold a 99.5% stake in VinFast Commercial and Services Trading LLC and a 99.8% stake in VinEG Green Energy Solutions JSC.

VinFast anticipates USD3.5bn in funding by FY26, including a USD1.4bn loan from Vingroup and a USD2.1bn grant from Mr. Pham Nhat Vuong. Vingroup will also convert up to USD3.3bn of loans extended to VFTP into preference shares to support the company's capital needs.

Hospitality: Ramping up on the Vinpearl listing plan

Key takeaway from the meeting with Vinpearl management

Focus on optimizing current capacity over the next four years. Management anticipates significant improvements in the occupancy rates of Vinpearl hotels, resorts, and golf facilities by FY28, along with substantial growth in visitor numbers to VinWonder over the same period.

EBITDA turned positive in 9M24. EBITDA margin reached +31% in 9M24, from negative number in 2023, thanks to strong recovery of tourism in 2024 and completing the transfer of beach villas to partners.

Near-term major projects in pipeline will locate in Vinhomes Royal Island (Hai Phong), Vinhomes Apollo City (Ha Long), Can Gio (Ho Chi Minh) and Cam Lam (Khanh Hoa).

The listing program will start after the share issuance

On December 7, Vinpearl JSC announced a Board of Directors' resolution approving its registration for a public offering of shares to existing shareholders. The company plans to issue over 70mn shares at a ratio of 1,000:40.673 to current shareholders, priced at VND71,350 per share. If successful, the offering is expected to raise over VND5tn (USD197mn), increasing Vinpearl's charter capital to VND17.9tn (USD709mn). The capital increase is anticipated to occur in 4Q24 or 1Q25, pending approval from the State Securities Commission. The proceeds from the offer will primarily be used for acquiring stakes in entities from Vingroup and for debt servicing.

On November 15, Vinpearl JSC officially became a public company, with Vingroup currently holding an 85.5% stake. Management has indicated that the company plans to begin the process of listing on the Ho Chi Minh Stock Exchange (HOSE) within 12 months following the share issuance.

Vinpearl was traded on HOSE with the ticker symbol VPL until the company was delisted in 2011 due to a merger with Vincom to form Vingroup.

Listing on HOSE can enhance the company's transparency in financial and operational activities, as well as access to strategic investors, which will support funding activities and further expand its businesses

Valuation

Maintain HOLD with a lower target price of VND45,600/share

Our valuation is based on an equal-weighting combination of SOTP valuation and P/B multiple:

Figure 17: Valuation summary (Unit: VND)

Method	Implied value per share	Weight (%)	Weighted price (VND/share)
SOTP	44,928	50%	22,464
P/B	46,248	50%	23,124
Target price (rounded)			45,600

Source: VNDIRECT RESEARCH

- SOTP method: We use a risk-free rate of 2.66% (based on the 10-year bond yield as of September 30, 2024) and an [equity risk premium](#) of 7.78%.
 - Residential property: We use the RNAV method with an assumed WACC-based discount rate of 9.3% for each project's valuation given the detailed execution and pre-sales plans announced by VHM to revise its inventory and investment assets.
 - Manufacturing: We apply a five-year cash flow projection (FY25-29) with a WACC of 10.4% on VFS. The major reasons for changes in our forecast include: 1) lower average unit selling price; 2) lower E-scooters' delivery volume; 3) higher CAPEX considering the ongoing investment in sales network and production capacity expansion.
 - Hospitality, Education, and Hospital segments: We maintain a target P/S of 2.2x for Hospitality, 3.0x for Education, and 3.5x for Hospitals on the estimated FY25 revenue for each segment.
 - Retail space leasing: We apply a five-year cash flow projection (FY25-29) with a WACC of 11.2% on [VRE](#).

We apply a discount rate of 40% on total net value to account for cash flow risk. This consideration reflects the capital-intensive nature of the business and the prevailing cautious sentiment among investors. We lower the discount rate by 5% pts compared to the previous report, as VinFast's results are improving quarterly. Further improvement in VinFast's business results would be reflected by a lower discount rate, as shown in our sensitivity table in Figure 18, for reduced risk and enhanced valuation under better operational outcomes.

Figure 18: Sensitivity of the SOTP's TP to our assumptions of discount rate

Upside scenario		Discount rate to total net asset value (%)									
		Base case					Downside scenario				
20%	25%	30%	35%	40%	45%	50%	55%	60%			
59,905	56,160	52,416	48,672	44,928	41,184	37,440	33,696	29,952			

Source: VNDIRECT RESEARCH

Figure 19: SOTP-based valuation

Segments	Valuation method	Fair value	VIC's ownership	Holding value of VIC
		VNDbn	%	VNDbn
Property	RNAV, including VHM and VIC's projects	351,090	73.5%	258,051
		37,623	100.0%	37,623
EV manufacturing	Enterprise value in VFS' DCF 5Y model	222,632	50.7%	112,808
Hospitality	FY25 Revenue* target P/S	24,232	85.7%	20,767
Education	FY25 Revenue* target P/S	21,117	61.4%	12,970
Hospital	FY25 Revenue* target P/S	19,648	75.0%	14,736
Retail space leasing	Enterprise value in VRE's DCF 5Y model	41,428	18.8%	7,788
Total value (VNDbn)				464,743
(+ Cash and cash equivalent				27,040
(+ Short-term investments				6,425
(-) Total debts				(211,890)
Net value (VNDbn)				286,318
Discount rate (%)				40%
Outstanding share (mn)				3,824
Target price (VND/share)				44,928

Source: VIC, VNDIRECT RESEARCH

Figure 20: RNAV for Vinhomes' properties (unit: VNDbn, the mentioned contributors are projects whose expected launch has been announced, with fair value at over VND10tn after discount)

Inventory and investment	Fair value	Method
Residential property	292,636	DCF
<i>Major contributors:</i>		
Vinhomes Ocean Park 2 & 3	37,546	
Vinhomes Royal Island	31,636	
Vinhomes Apollo City	13,355	
Vinhomes Green Paradise	24,082	
Vinhomes International University Town	12,613	
Office lease	45,706	
Industrial property	12,748	
Total property value	351,090	

Sources: VHM, VNDIRECT RESEARCH

Figure 21: WACC assumptions for Vinhomes RNAV valuation

Assumptions	
Beta (YTD, Dstock)	0.8
Market premium	7.8%
Risk-free rate	2.7%
Cost of equity	8.9%
Cost of debt	10.0%
Debt weight	34.2%
Equity weight	65.8%
WACC	9.3%

Sources: VHM, DSTOCK, VNDIRECT RESEARCH

Figure 22: Sensitivity of the SOTP's TP to our valuation assumptions for property projects

Discount rates to projects' NPV (%)				
Downside cases		Base case		Upside cases
- Discount to projects launched: Vinhomes Golden Avenue, Royal Island: 30% Vinhomes Global Gate: 50% Others: 0%	- Discount to projects launched: Vinhomes Golden Avenue, Royal Island: 20% Vinhomes Global Gate: 40% Others: 0%	- Discount to projects launched: Vinhomes Golden Avenue, Royal Island: 15% Vinhomes Global Gate: 30% Others: 0%	- Discount to projects launched: Vinhomes Golden Avenue, Royal Island: 5% Vinhomes Global Gate: 20% Others: 0%	- Discount to projects launched: Vinhomes Global Gate: 15% Others: 0% - Discount to projects to be launched in FY25-26: 70%/80% - Discount to social housing projects: 10%
- Discount to projects to be launched in FY25-26: 80%/90% - Discount to social housing projects: 20%	- Discount to projects to be launched in FY25-26: 80% - Discount to social housing projects: 20%	- Discount to projects to be launched in FY25-26: 80% - Discount to social housing projects: 10%	- Discount to projects to be launched in FY25-26: 70%/80% - Discount to social housing projects: 10%	
41,826	43,903	44,928	48,200	51,738

Source: COMPANIES' DATA, VNDIRECT RESEARCH

Figure 23: Our 5Y forecast Free Cash Flow to the firm for VinFast (VNDbn)

	2025	2026	2027	2028	2029
Revenue	67,346	79,292	93,414	110,089	118,388
Gross profit	(1,682)	6,864	17,417	30,384	34,804
EBIT	(22,549)	(14,923)	(6,938)	3,906	8,518
Less: Tax	(27)	(20)	(11)	(2)	8
EBIAT	(22,523)	(14,903)	(6,927)	3,908	8,510
Plus: Depreciation and amortization	17,165	17,854	16,037	14,519	14,572
Less: Capital expenditure	(11,058)	(6,299)	(1,323)	(1,086)	(1,060)
Less: Changes in working capital	(12,598)	18,299	206	3,123	13,063
Free cash flow (FCFF)	(29,014)	14,951	7,992	20,464	35,085
Present value of FCF	(26,339)	12,243	5,947	13,795	21,436

Sources: DSTOCK, VNDIRECT RESEARCH

Figure 24: VinFast valuation by DCF 5Y (VNDbn)

DCF Method	Amount
PV of Free Cash Flows	27,081
PV of Terminal Value	195,550
Enterprise value	222,632

Source: VNDIRECT RESEARCH

Figure 25: WACC assumptions for VinFast DCF valuation

	Value
Beta (x)	1.0
Market Risk Premium	7.8%
Risk-free rate	2.7%
Cost of Equity	10.4%
Cost of Debt (after tax)	9.6%
WACC	10.4%

Source: VNDIRECT RESEARCH

Figure 26: Sensitivity of the SOTP's TP to our valuation assumptions for VinFast

Terminal growth rate (%)		VinFast's WACC (%)				
		Base case				
		9.4%	9.9%	10.4%	10.9%	11.4%
Base case	2.0%	45,552	44,262	43,115	42,088	41,163
	2.5%	46,802	45,351	44,069	42,929	41,909
	3.0%	48,248	46,598	44,928	43,879	42,747
	3.5%	49,940	48,042	46,398	44,961	43,694
	4.0%	51,947	49,734	47,841	46,203	44,772

Source: VNDIRECT RESEARCH

- P/B method: We apply a target P/B of 1.2x on our estimated FY25 average BVPS (from the previous target multiple of 1.4x), which is equal to its 1Y average multiple, but well lower than the 3Y and 5Y peer average of the company itself, and the residential property and automotive industries.

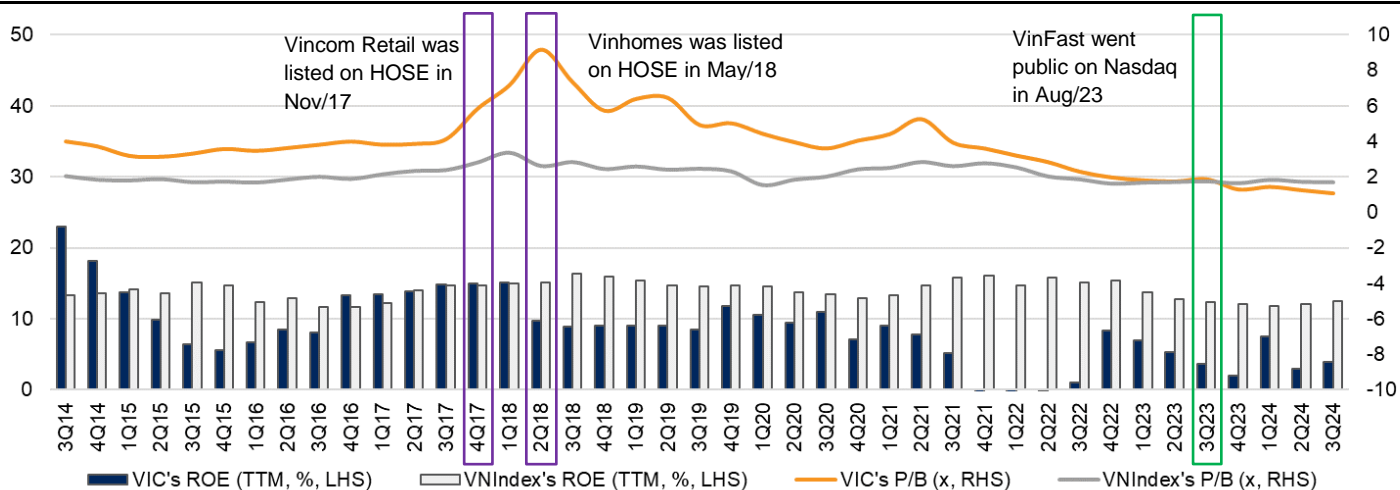
Figure 27: P/B Valuation

FY25 estimated book value per share (VND)					38,540
	Current P/B (x)	1Y average	3Y average	5Y average	
VIC	1.1	1.2	1.9	1.9	
Residential property sector average	1.2	1.3	1.8	2.1	
Automotive sector average	1.5	1.8	1.8	1.9	
FY25 target P/B (x)					1.2
Implied value per share (VND)					46,248

Source: DSTOCK, VNDIRECT RESEARCH

In recent years, VIC's stock price has underperformed the VN-Index, largely due to a deterioration in its return on equity (ROE). Additionally, market sentiment has worsened due to concerns about risks related to the residential property market and VinFast. Historical data provides context: in 2015-16, when ROE fell to 5-6%, VIC's P/B ratio was 3.3-3.5x. In 3Q23, with TTM ROE reaching 4.0%, P/B was only 1.1-1.2x.

Figure 28: VIC has been underperforming vs VN-Index



Source: BLOOMBERG, VNDIRECT RESEARCH

Figure 29: Sensitivity of the TP by P/B to our multiple assumptions

		Target P/B (x)								
		Base case								
		1.40	1.35	1.30	1.25	1.20	1.15	1.10	1.05	1.00
		38,540	40,467	42,394	44,321	46,248	48,175	50,102	52,029	53,956

Source: VNDIRECT RESEARCH

Figure 30: Peer comparison by industry (data as of 01/13/2025)

Company	Country	Ticker	Current price	Market cap	P/E (x)		P/B (x)		3-year EPS growth	ROE (%)		ROA (%)		D/E (x)
			LC\$	USDmn	TTM	FY24	Current	FY24	CAGR (%)	TTM	FY24	TTM	FY24	
Vingroup Jsc	Vietnam	VIC VN	40,300	6,067	15.5	13.6	1.1	1.0	(76.1)	7.5	7.5	1.4	1.8	1.4
Residential property developers														
Vinhomes Jsc	Vietnam	VHM VN	40,000	6,469	8.4	5.9	0.9	0.8	15.8	11.0	16.0	4.4	6.6	0.3
Khang Dien House Trading and Investment Jsc	Vietnam	KDH VN	34,450	1,372	70.5	36.1	2.0	2.0	(35.8)	2.9	5.9	1.7	3.5	0.4
Nam Long Investment Corp	Vietnam	NLG VN	32,400	491	43.3	23.8	1.4	1.3	(11.3)	3.2	5.9	1.1	2.8	0.5
Dat Xanh Group Jsc	Vietnam	DXG VN	14,750	506	79.6	74.1	1.0	1.0	(23.1)	1.3	1.2	0.5	0.4	0.4
Development Investment Group Jsc	Vietnam	DIG VN	18,000	432	389.3	N/A	1.4	N/A	(17.4)	0.4	N/A	0.2	N/A	0.4
<i>Average</i>					118.2	35.0	1.3	1.3	(14.4)	3.7	7.3	1.6	3.3	0.4
<i>Median</i>					70.5	29.9	1.4	1.2	(17.4)	2.9	5.9	1.1	3.2	0.4
EV manufacturers														
Tesla Inc	US	TSLA	403.31	1,294,649	191.5	166.5	18.5	18.7	17.7	20.6	11.6	11.9	6.8	0.2
Byd Co Ltd Unsp/Adr	China	BYDDY	63.70	100,683	20.0	18.6	4.4	N/A	80.7	23.8	25.4	4.9	N/A	0.3
Nio Inc Class A Adr	China	NIO	4.06	8,473	N/A	N/A	5.5	4.8	(39.9)	N/A	N/A	N/A	N/A	1.2
Tata Motors Ltd	India	TTMT IN	751.00	36,294	9.2	13.0	3.4	2.8	1,202.9	48.2	22.9	8.9	7.7	1.2
Energy Absolute Pcl	Thailand	EA TB	3.06	330	5.5	3.8	0.4	0.3	-	7.3	9.6	2.6	3.0	1.5
<i>Average</i>					56.5	50.5	6.4	6.6	252.3	25.0	17.4	7.1	5.8	0.9
<i>Median</i>					14.6	15.8	4.4	3.8	17.7	22.2	17.2	6.9	6.8	1.2
Hotel brands														
Marriott International Administrative Services Inc	US	MAR	272.29	75,668	30.0	28.2	N/A	N/A	40.7	N/A	N/A	10.8	16.1	N/A
Accor SA Adr	France	ACCYY	9.58	11,672	20.8	N/A	2.6	N/A	72.5	13.3	N/A	5.6	N/A	0.6
InterContinental Hotels Group Plc Adr	Britain	IHG	123.19	19,522	31.8	27.2	N/A	N/A	114.2	N/A	N/A	14.6	15.5	N/A
City Developments Ltd	Singapore	CIT SP	5.06	3,296	14.0	16.5	0.5	0.5	(76.1)	3.7	2.9	1.4	1.5	1.3
Minor International Pcl	Thailand	MINT TB	23.80	3,884	28.7	18.2	2.8	1.7	20.9	10.9	9.3	1.4	2.1	2.2
<i>Average</i>					25.1	22.5	2.0	1.1	34.5	9.3	6.1	6.8	8.8	1.4
<i>Median</i>					28.7	22.7	2.6	1.1	40.7	10.9	6.1	5.6	8.8	1.3

Sources: BLOOMBERG, VNDIRECT RESEARCH

Key investment thesis sensitivities

Potential re-rating catalyst:

- 1) Better-than-expected property delivery result as the residential property market improves sooner-than-expected;
- 2) Better-than-expected electric vehicle delivery results;
- 3) Better-than-expected hospitality earnings thanks to stronger-than-expected tourism demand.

Downside risk comes from:

- 1) Slower-than-expected housing demand due to uncertainties in the macro economy, interest rates rise, and slow legal progress for projects;
- 2) Failure to reach vehicle delivery targets due to slow customer acceptance and high competitiveness (e.g. vs cheap products from Chinese automakers).

Income Statement

(VNDbn)	2020A	2021A	2022A	2023A	2024E	2025F	2026F
Net revenue	110,490	125,688	101,794	161,428	163,662	203,711	232,196
Cost of sales	(93,177)	(91,623)	(87,100)	(137,919)	(138,575)	(158,752)	(172,479)
Gross Profit	17,313	34,065	14,694	23,508	25,087	44,959	59,717
Gen & admin expenses	(13,403)	(24,034)	(15,954)	(13,463)	(13,877)	(16,071)	(17,736)
Selling expenses	(7,254)	(6,910)	(9,371)	(12,514)	(13,595)	(16,948)	(19,028)
EBIT	(3,609)	3,079	(10,717)	(2,567)	(2,460)	11,854	22,866
Depreciation and amortization	10,064	14,920	21,284	17,606	22,582	21,116	22,224
EBITDA	6,454	17,998	10,567	15,039	20,122	32,969	45,091
Financial income	31,068	16,046	33,048	20,502	47,744	33,994	29,616
Interest expense	(10,172)	(9,124)	(9,601)	(15,673)	(27,249)	(23,143)	(23,674)
Net other income	(13,408)	(21,774)	(21,258)	(6,100)	(26,077)	(25,036)	(26,146)
Income from associates & JVs	-	-	-	-	747	763	955
Pre-tax profit	13,943	3,146	12,756	13,769	15,287	19,547	25,842
Tax expense	(9,397)	(10,705)	(10,711)	(11,713)	(9,478)	(7,819)	(7,752)
Net profit after tax	4,546	(7,558)	2,044	2,056	5,809	11,728	18,089
Adj. net profit to ordinary	5,465	(2,514)	8,782	2,157	12,562	14,552	16,636

Balance Sheet

(VNDbn)	2020A	2021A	2022A	2023A	2024E	2025F	2026F
Cash and equivalents	29,404	18,352	26,213	27,983	20,785	24,812	23,244
Short term investments	10,414	8,080	6,736	6,999	7,699	8,083	8,488
Accounts receivable	52,396	72,187	126,232	168,115	147,125	158,005	177,400
Inventories	62,495	50,425	98,588	92,624	96,437	103,022	115,976
Other current assets	11,305	12,330	25,348	47,817	35,096	20,371	4,644
Total current assets	166,014	161,374	283,117	343,536	307,141	314,295	329,752
Fixed assets	125,640	130,696	119,742	160,410	190,673	199,180	208,008
Total investments	7,414	9,231	11,145	14,605	14,408	14,235	14,227
Other long-term assets	123,436	127,083	163,403	149,105	180,669	173,746	182,554
Total assets	422,504	428,384	577,407	667,656	692,891	701,456	734,540
Short-term debt	25,972	20,037	40,594	116,235	106,643	112,218	100,085
Accounts payable	18,511	19,648	36,539	34,874	39,896	55,597	52,068
Other current liabilities	124,739	106,760	221,278	250,189	231,880	201,852	235,213
Total current liabilities	169,223	146,445	298,412	401,298	378,419	369,667	387,367
Total long-term debt	98,309	102,011	119,804	97,018	120,433	119,215	115,130
Other liabilities	19,119	20,356	23,536	21,118	26,642	25,078	21,333
Share capital	34,448	38,676	38,689	38,786	38,786	38,786	38,786
Retained earnings reserve	4,360	4,718	14,347	14,106	32,107	49,221	68,920
Shareholder equity	135,853	159,572	135,655	148,222	167,397	187,496	210,711
Total liabilities & equity	422,504	428,384	577,407	667,656	692,891	701,456	734,540

Cash Flow Statement

(VNDbn)	2020A	2021A	2022A	2023A	2024E	2025F	2026F
Pretax profit	13,943	3,146	12,756	13,769	15,287	19,547	25,842
Depreciation & amortization	10,064	14,920	21,284	17,606	22,582	21,116	22,224
Interest expenses	11,402	10,289	10,758	17,246	27,249	23,143	23,674
Other adjustments	(13,800)	2,304	(30,034)	(8,330)	(27,192)	(25,074)	(16,281)
Change in working capital	(5,653)	(44,865)	(9,960)	(60,303)	(39,167)	(23,625)	(50,393)
Cash flow from operations	15,955	(14,206)	4,804	(20,012)	(1,240)	15,107	5,065
Capex	(27,544)	(36,841)	(75,160)	(54,548)	(37,231)	(32,003)	(27,355)
Proceeds from asset sales	1,250	79	3,323	5,774	3,059	4,052	4,295
Loans to other parties	5,780	685	5,761	(1,003)	1,814	(7,810)	(2,333)
Other non-current asset changes	4,300	13,692	45,118	22,792	27,201	21,704	23,899
Cash flow from investing activity	(16,214)	(22,384)	(20,959)	(26,985)	(5,158)	(14,057)	(1,495)
Proceeds from share issuance and capital contribution	8,975	20,462	4,723	10,753	15,659	10,378	12,263
Share buyback	(43)	(4)	-	-	(8,500)	-	-
Net borrowing	2,292	6,933	22,773	38,038	(6,177)	(5,643)	(16,218)
Other financing cash flow	0	-	-	(11)	-	-	-
Dividends paid	(7)	(1,718)	(3,382)	(61)	(1,720)	(1,721)	(1,167)
Cash flow from financing activity	11,216	25,672	24,115	48,718	(739)	3,014	(5,122)
Beginning cash and equivalents	18,447	29,404	18,352	26,213	27,983	20,785	24,812
Total cash generated	10,957	(10,918)	7,960	1,721	(7,136)	4,065	(1,552)
Ending cash and equivalents	29,404	18,352	26,213	27,983	20,785	24,812	23,244

Key ratios

Valuation Ratios	2020A	2021A	2022A	2023A	2024E	2025F	2026F
EPS (VND)	1,616	(661)	2,303	564	3,285	3,806	4,351
Price to Earnings	59.5x	(144.0x)	23.4x	79.1x	13.6x	11.7x	10.3x
1-yr PEG	(2.1x)	1.0x	(0.1x)	(1.0x)	0.0x	0.7x	0.7x
EV to EBIT	(126.8x)	150.9x	(31.4x)	(136.9x)	(162.5x)	33.7x	16.8x
EV to EBITDA	70.9x	25.8x	31.8x	23.4x	19.9x	12.1x	8.5x
Price to Sales	0.9x	0.8x	0.5x	0.3x	0.3x	0.3x	0.2x
Price to Book	2.4x	2.3x	1.5x	1.2x	1.0x	1.2x	1.3x
Growth Rates							
Net Revenue YoY	-15.0%	13.8%	-19.0%	58.6%	1.4%	24.5%	14.0%
Gross Profit YoY	-53.9%	96.8%	-56.9%	60.0%	6.7%	79.2%	32.8%
Net Profit YoY	-27.6%	-146.0%	-449.3%	-75.4%	482.4%	15.8%	14.3%
EPS YoY	-27.9%	-140.9%	-448.5%	-75.5%	482.4%	15.8%	14.3%
Profitability Ratios							
Gross Margin	15.7%	27.1%	14.4%	14.6%	15.3%	22.1%	25.7%
EBITDA Margin	5.8%	14.3%	10.4%	9.3%	12.3%	16.2%	19.4%
Operating Margin	13.3%	6.2%	7.9%	-3.0%	7.3%	7.9%	9.5%
Net Profit Margin	4.9%	-2.0%	8.6%	1.3%	7.7%	7.1%	7.2%
Return on Avg Assets	1.3%	-0.6%	1.7%	0.3%	1.8%	2.1%	2.3%
Return on Avg Equity	4.3%	-1.7%	5.9%	1.5%	8.0%	8.2%	8.4%
Leverage Ratios							
Interest Coverage Ratio (EBIT/I)	(0.4x)	0.3x	(1.1x)	(0.2x)	(0.1x)	0.5x	1.0x
EBITDA / (I + Cap Ex)	17.1%	39.2%	12.5%	21.4%	31.2%	59.8%	88.4%
Total Debt/Capital	47.8%	43.3%	54.2%	59.0%	57.6%	55.2%	50.5%
Total Debt/Equity	91.5%	76.5%	118.2%	143.9%	135.7%	123.4%	102.1%
Net Debt/Equity	62.2%	59.9%	94.0%	120.3%	118.6%	105.9%	87.1%
Liquidity Ratios							
Asset Turnover	0.3	0.3	0.2	0.3	0.2	0.3	0.3
Accounts Receivable Turnover	6.8	7.0	4.5	6.1	6.8	9.9	11.4
A/R DOH	54.0	52.3	81.2	59.6	53.9	37.0	32.1
Accounts Payable Turnover	6.1	6.6	3.6	4.5	4.4	4.3	4.3
A/P DOH	59.6	55.4	100.7	80.7	83.4	85.6	84.6
Inventory Turnover	1.5	2.2	1.4	1.7	1.7	2.0	2.1
Inv DOH	241.7	164.0	267.2	216.2	210.8	178.7	172.1
Current Ratio	1.0x	1.1x	0.9x	0.9x	0.8x	0.9x	0.9x
Quick Ratio	0.6x	0.8x	0.6x	0.6x	0.6x	0.6x	0.6x

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RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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