

Vietnam Equity Market | Q32019:

Quarterly Tracking on Corporate Earnings Quality

Prepared solely for:

Subscribers of FiinPro Platform and FiinTrade Platform

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The Powerful Product Suite of FiinGroup

An Associate Company of Nikkei Inc. and QUICK Corp

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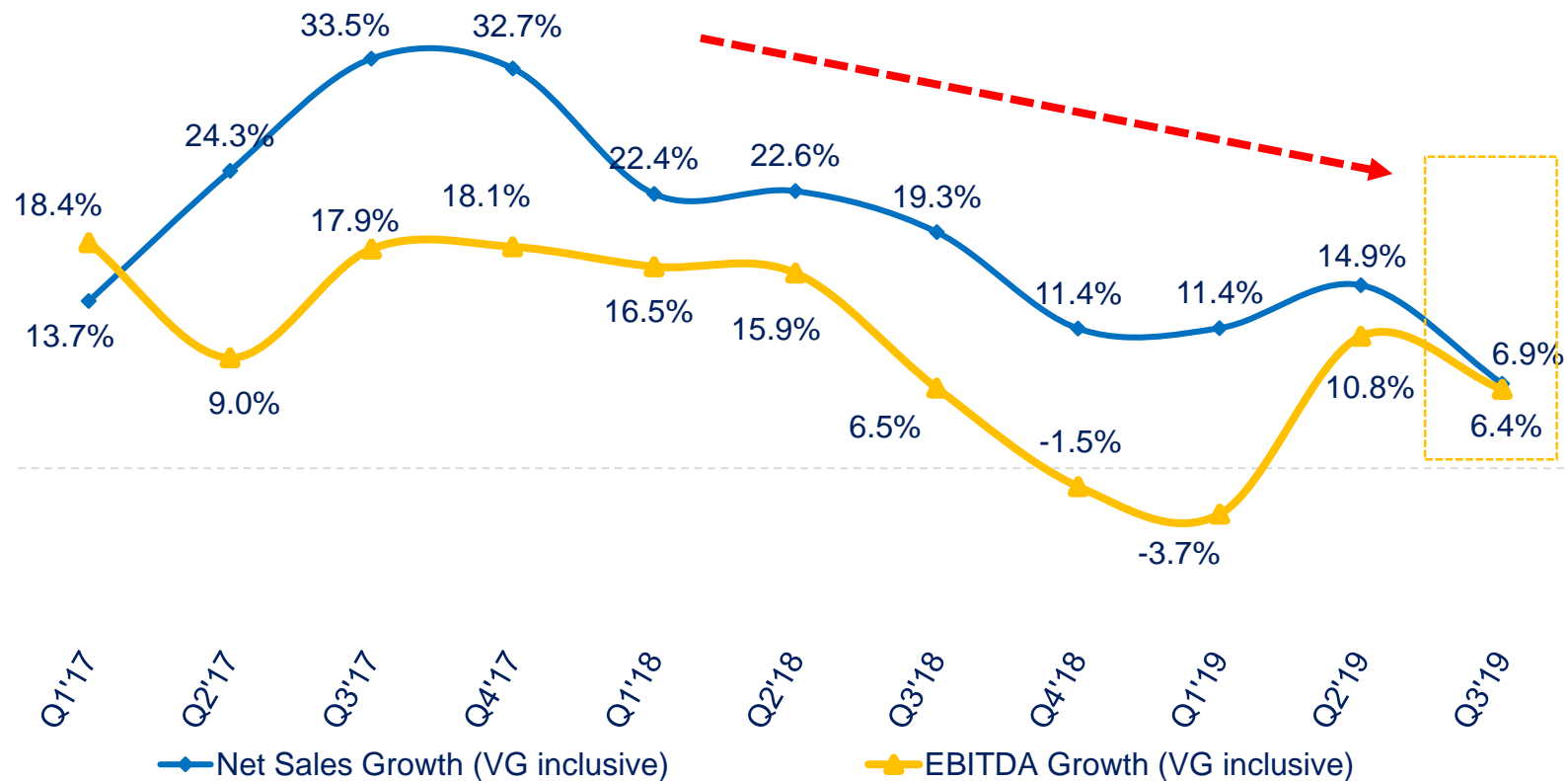
Introduction

- Corporate financial performance is one of core sets of data for tracking the economic performance in Vietnam especially the real estates sector
- Tracking it, we must consider “Elephant in the room”: VinGroup (VIC) and its consolidated subsidiaries (VHM, VRE, SDI and VEF). This group accounted for 18.1% of total marcap (HOSE, HNX and UPCOM) and these four (VEF excluded) accounted for 78% in the real estates.
- This paper is to present the Corporate Earnings Performance to our clients, the subscribers of FiinPro Platform and FiinTrade Platform.
- We give no commentaries and opinions in this publication but only data analytics and we try to make it visualizing for the ease of research and further analysis of our clients!

1. Corporate Earnings Performance

The first-time single digit quarterly growth (YoY) in net sales in Q32019 while EBITDA growth continued its slower growth pace

Figure 1: Quarterly Net Sales Growth and EBITDA Growth



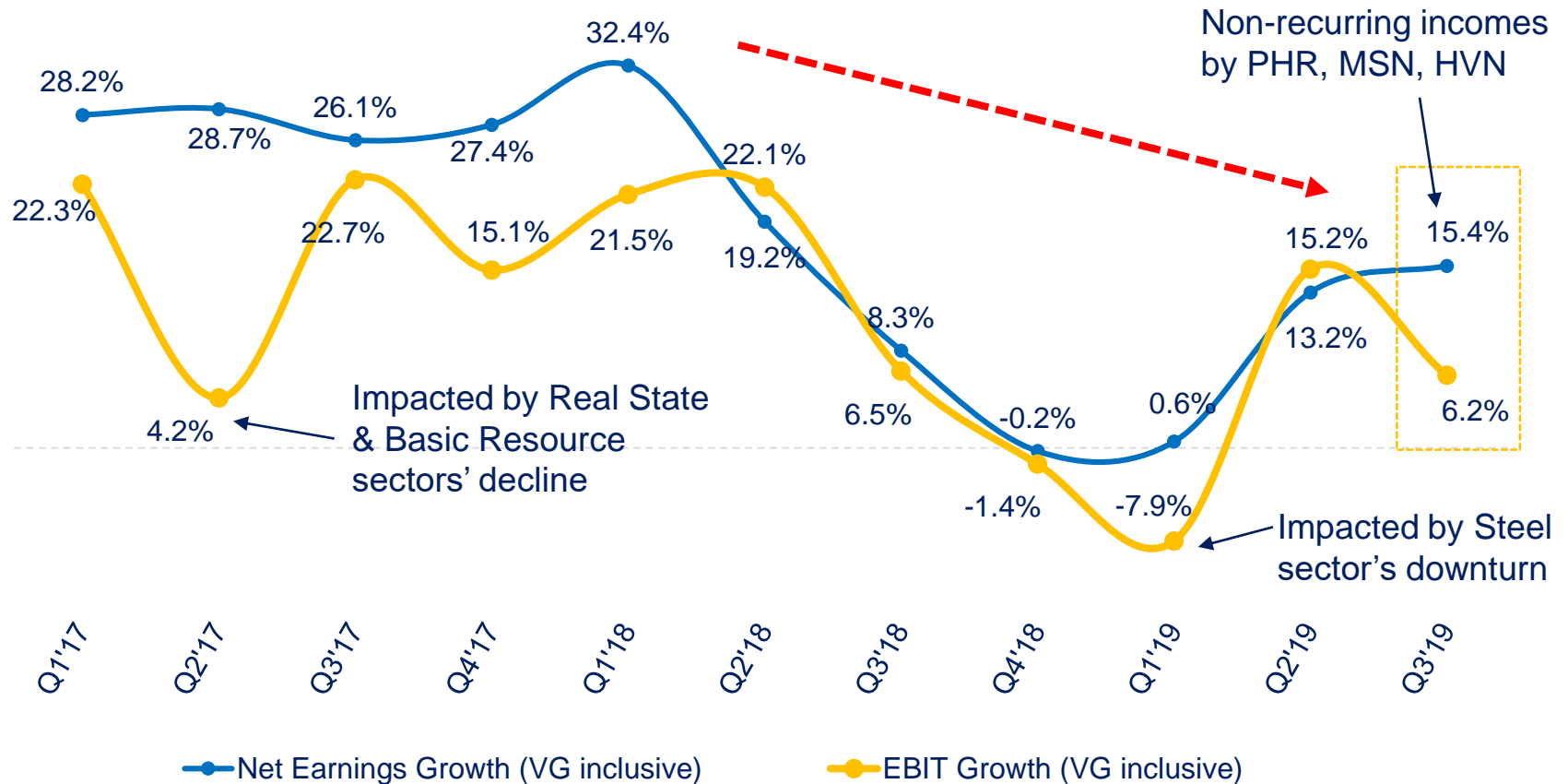
Source: FiinPro Platform

Note: Quarterly data of 1047 public companies

1. Corporate Earnings Performance

Net Quarterly Earnings grew at 15.4% YoY but EBIT Growth was also at a lower pace! This means non-recurring incomes posted by many companies

Figure 2: Quarterly Net Earnings Growth and EBIT Growth



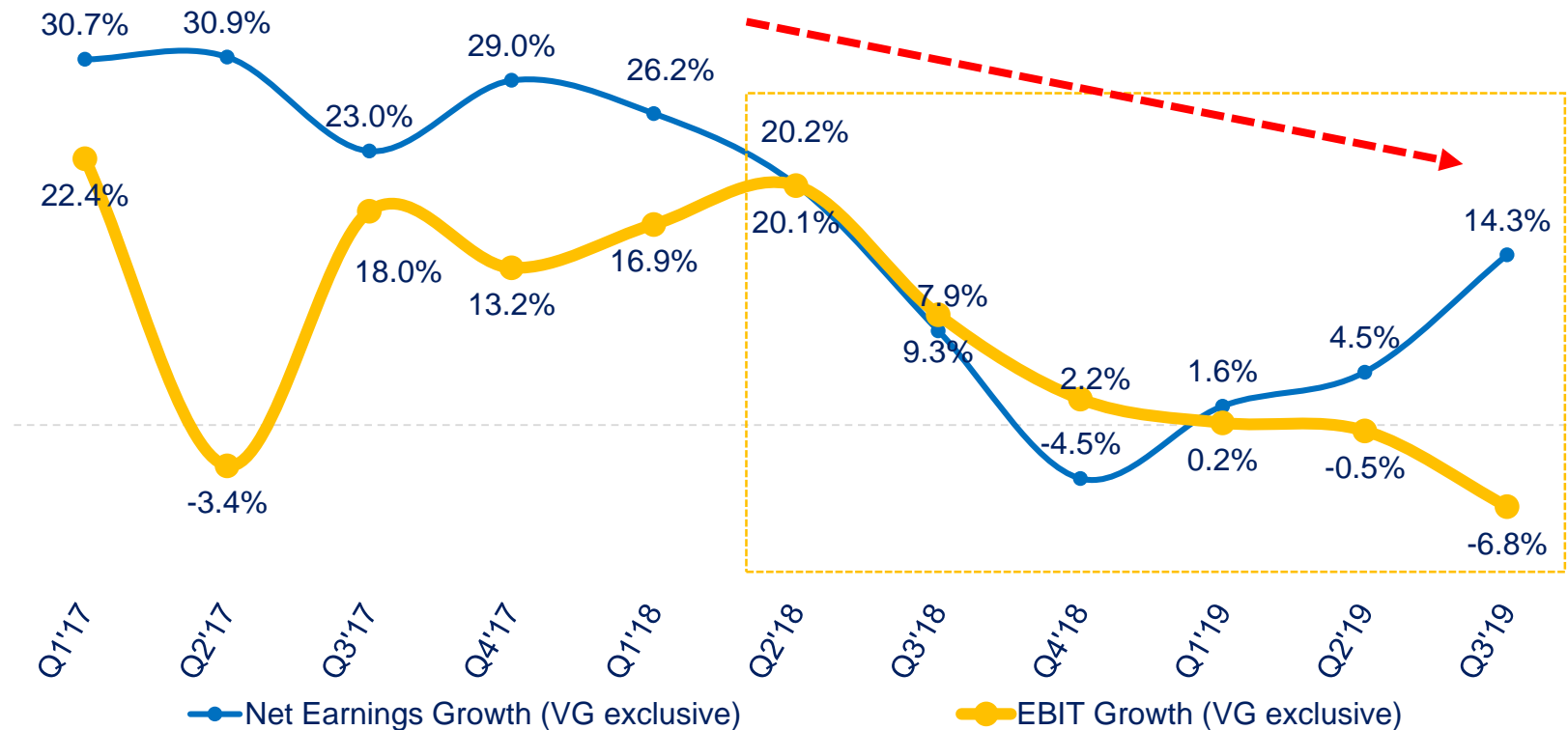
Source: FiinPro Platform

Note: Quarterly data of 1047 public companies

1. Corporate Earnings Performance

Without the Elephant, EBIT Growth declined in four consecutive quarters with no considerable growth despite the uptick in Net Earnings

Figure 3: Quarterly Net Earnings Growth and EBIT Growth
(Excluding Vingroup Stocks)



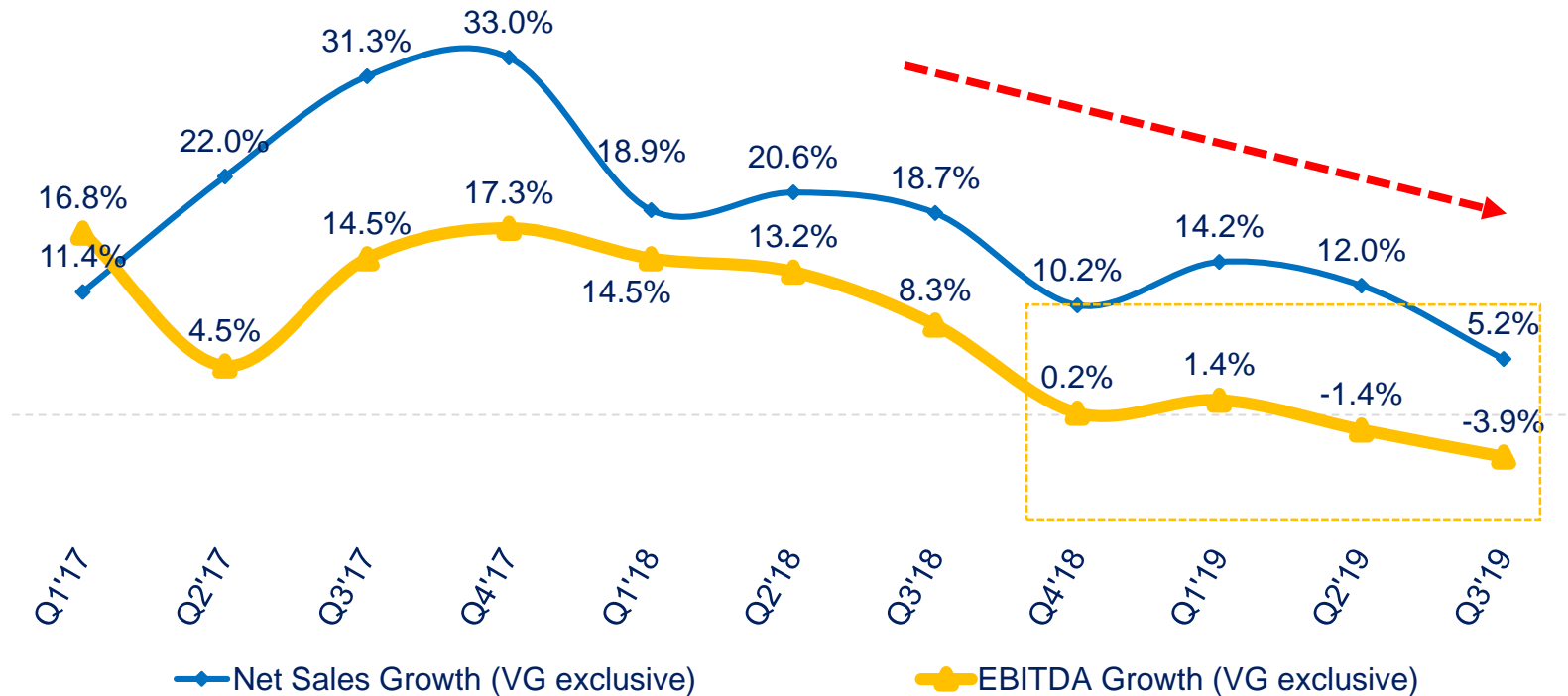
Source: FiinPro Platform

Note: 1047 companies' data. VG = Vingroup (VIC) and its consolidated members VHM and VRE

1. Corporate Earnings Performance

Similarly, EBITDA growth is negative and in the four quarter at almost all no improvement

Figure 4: Quarterly Net Sales Growth and EBITDA Growth
(excluding the Vingroup Stocks)



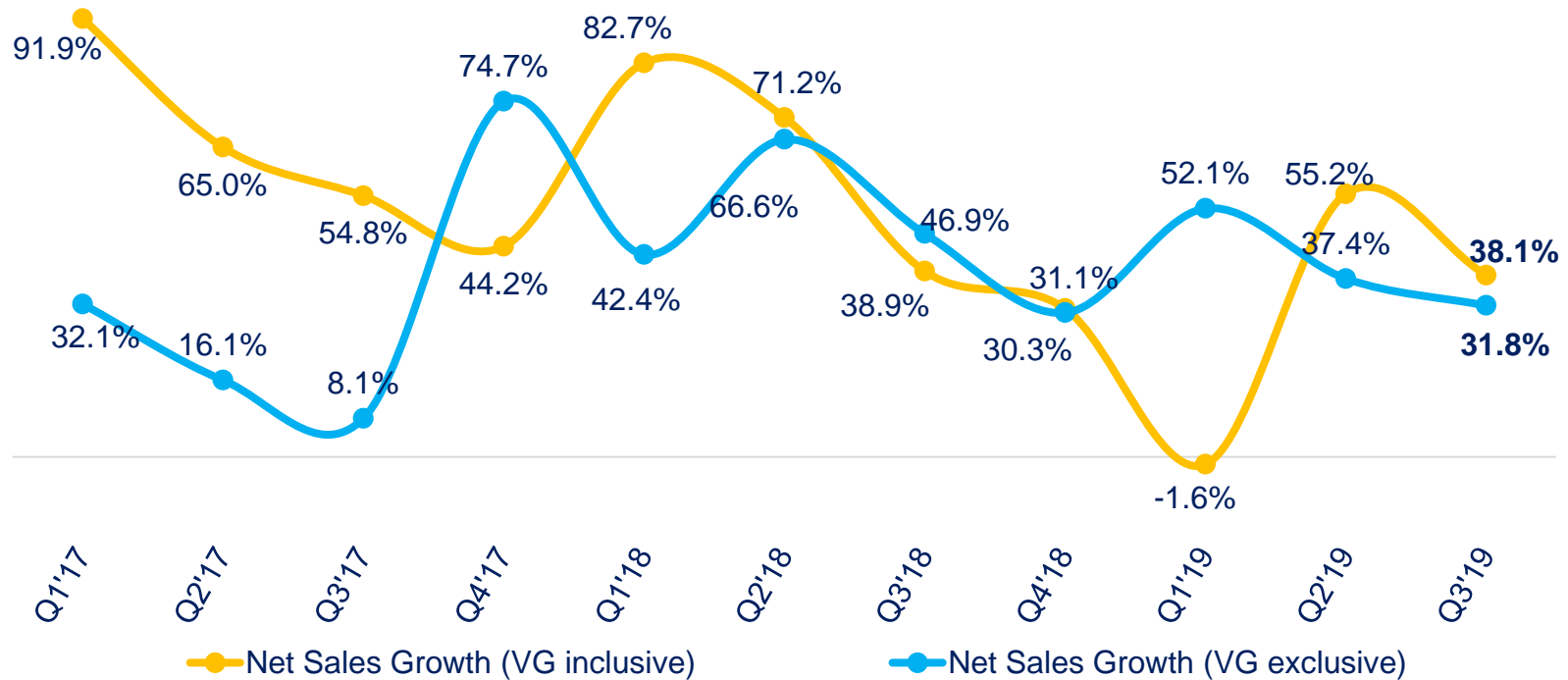
Source: FiinPro Platform

Note: 1047 companies' data. VG = Vingroup (VIC) and its consolidated members VHM and VRE

2. So how is about Real Estates only?

Sales of Real Estate Companies continued a strong growth in Q32019

Figure 5: Real Estate Companies: Quarterly Net Sales Growth



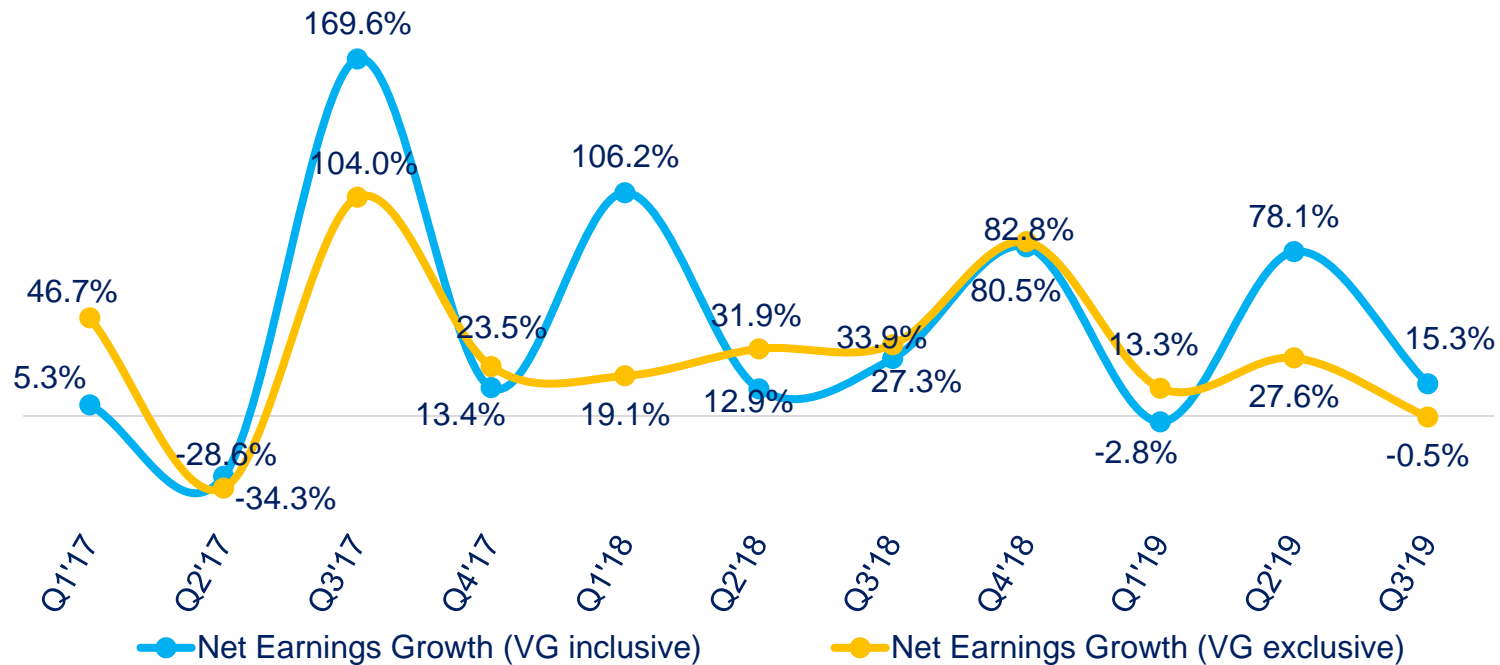
Source: FiinPro Platform

Note: 95 real estate companies' data. VG exclusive means excluding VIC, VHM and SDI from the real estate stock group

2. So how is about Real Estates only?

But earnings performance in Real Estates is very volatile over period as always!

Figure 6: Real Estate Companies: Quarterly Net Earnings Growth



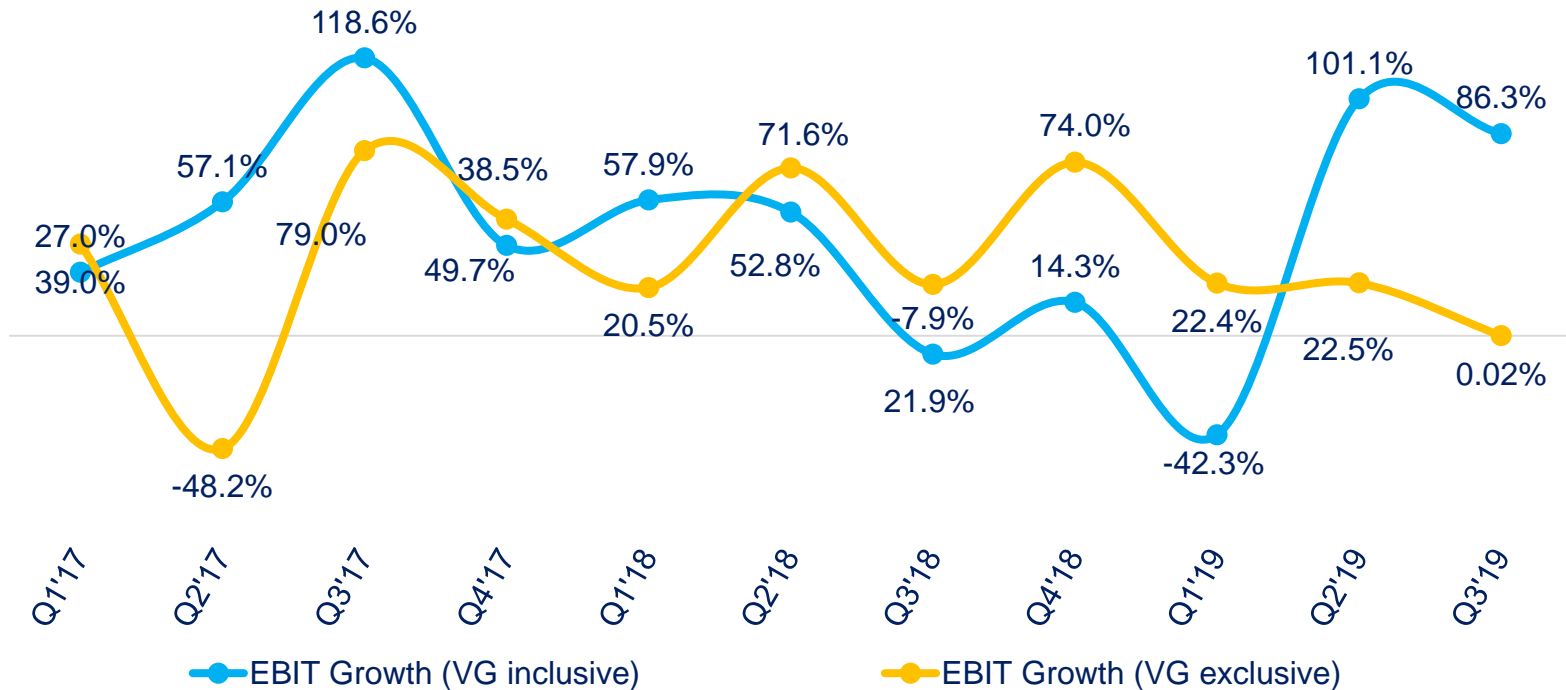
Source: FiinPro Platform

Note: 95 real estate companies' data. VG exclusive means excluding VIC, VHM and SDI from the real estate stock group

2. Real Estate Companies

EBIT growth without “the Elephant” is slowing down!

Figure 7: Real Estate Companies: Quarterly EBIT Growth



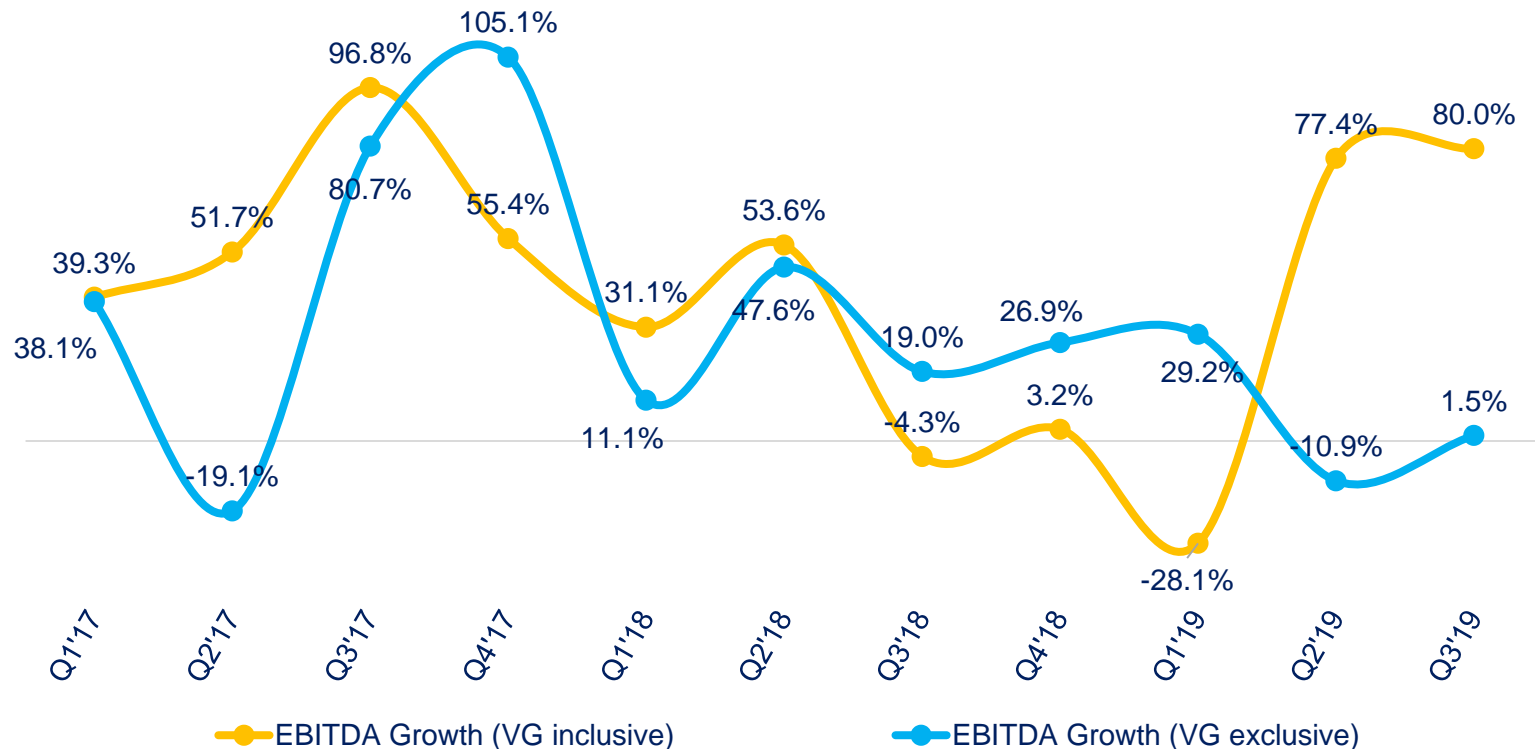
Source: FiinPro Platform

Note: 95 real estate companies' data. VG exclusive means excluding VIC, VHM and SDI from the real estate stock group

2. So how is about Real Estates only?

Without the Elephant, EBITDA growth is also very modest!

Figure 8: Real Estate Companies: Quarterly EBITDA Growth



Source: FiinPro Platform

Note: 95 real estate companies' data. VG exclusive means excluding VIC, VHM and SDI from the real estate stock group

2. So how is about Real Estates only?

The Elephant posted high earnings growth but Operating Cashflow (CFO) in deficit at large

Figure 9: Quarterly Net CFO QoQ (Include VIN's group)

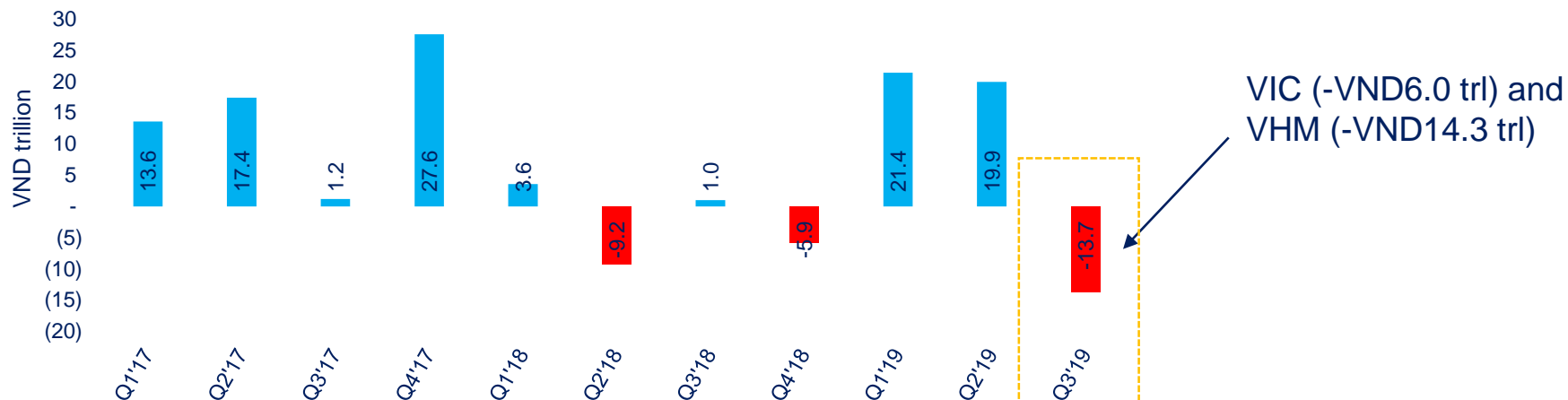
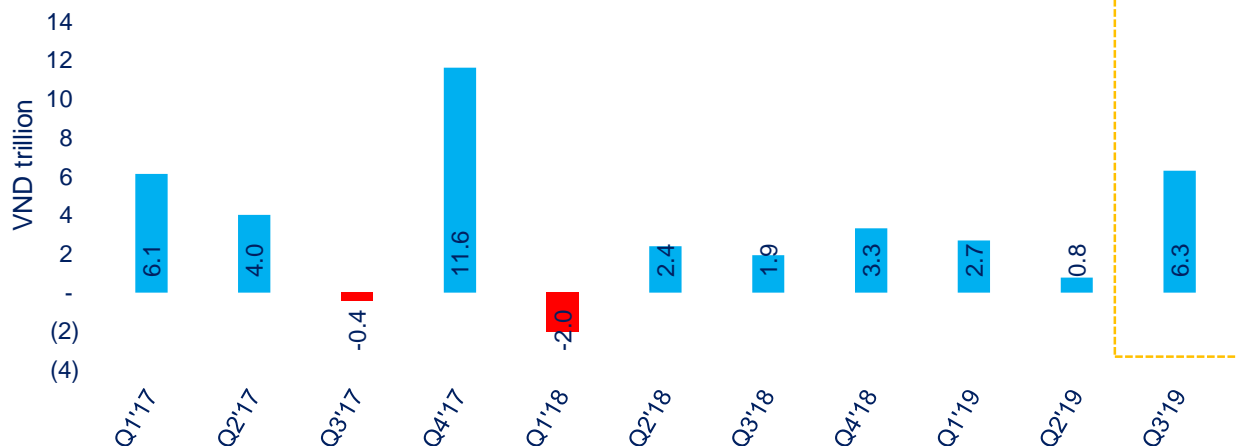


Figure 10: Quarterly Net CFO QoQ (Exclude VIN's group)



Source: FiinPro Platform
 Note: 95 real estate companies' data.
 VG exclusive means excluding VIC,
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 group

2. So how is about Real Estates only?

But good thing is that debts do not increase and even financial leverage declining!

Figure 11: Debts/ Equity – Real Estates Stocks

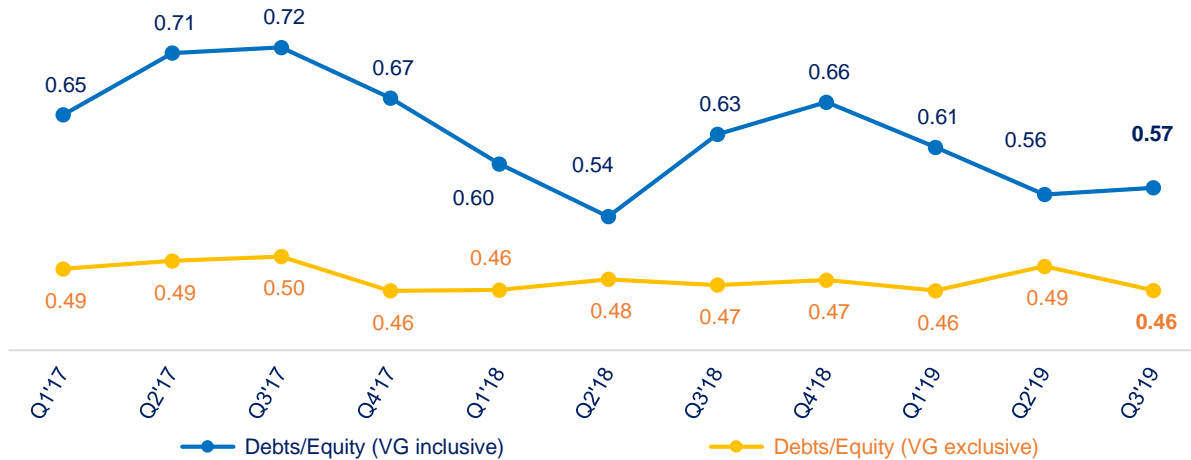
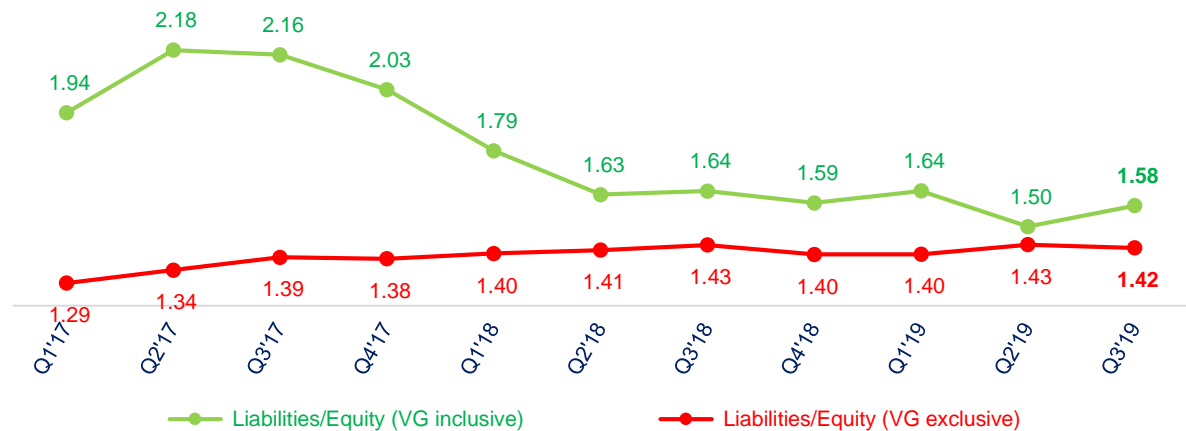


Figure 12: Total Liabilities/ Equity – Real Estate Stocks



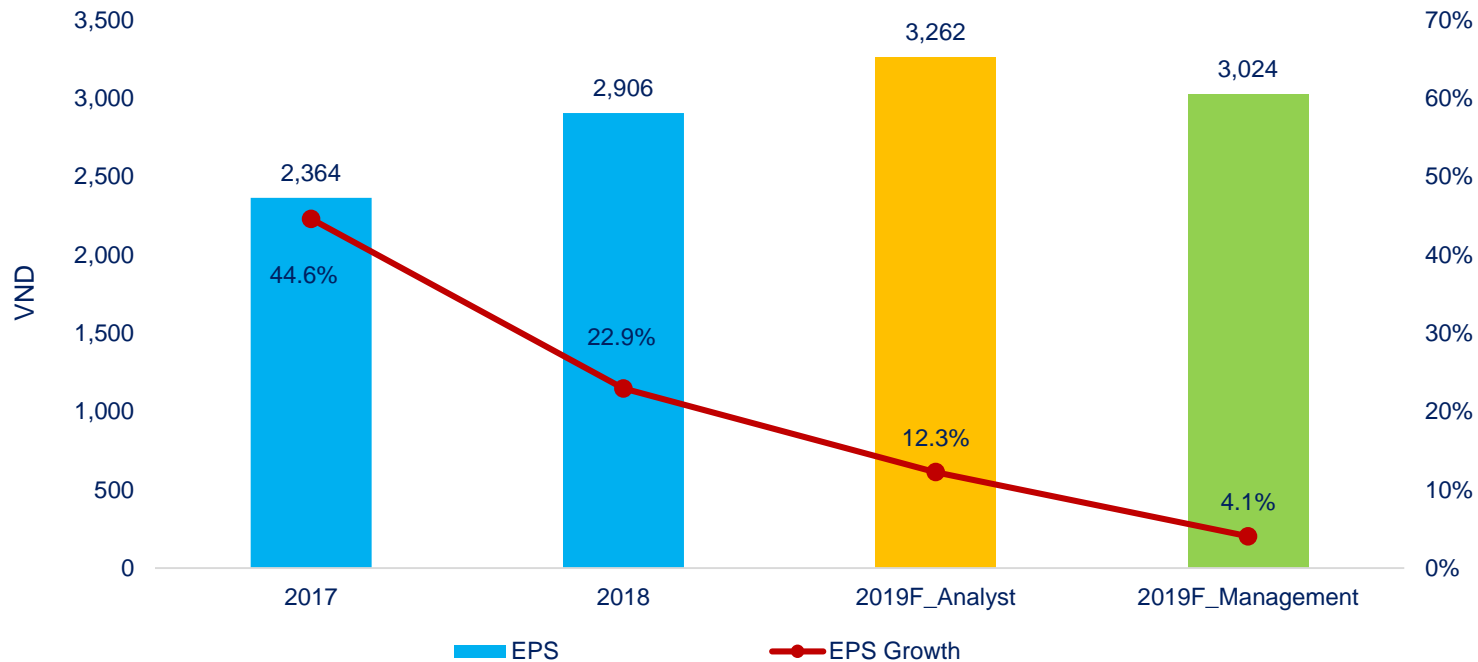
Source: FiinPro Platform

Note: 95 real estate companies' data.
 VG exclusive means excluding VIC,
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3. Estimating the Earnings Growth 2019

EPS growth of VN30 likely to slow down, from both managements and analysts' views

Figure 13: EPS Growth Forecast 2019 (VN30)



Source: FiinPro Platform

Note: Analyst = Analyst Consensus; Mgt = Management Estimate; The EPS growth has been adjusted with bonus issues, stock dividend and other non-cash shares!

Summary

- Despite decline in net sales growth, net earnings still grew at 15.4% YoY in Q3/2019.
- Excluding VinGroup's companies, EBIT & EBITDA fell for the 6th consecutive quarter in Q3/2019, indicating that the earnings quality of non-VinGroup companies has been deteriorating.
- Q3/2019 Net Operating Cashflow (CFO) turned negative, arising from large deficit in Real Estate sector where VIC and VHM recorded a combined net CFO negative at VND20 trillion due to the rising inventories and account receivables.
- Net Earnings of Real Estate sector grew 15.3% YoY, but non-VinGroup companies saw net earnings down 0.5%.

Disclaimer

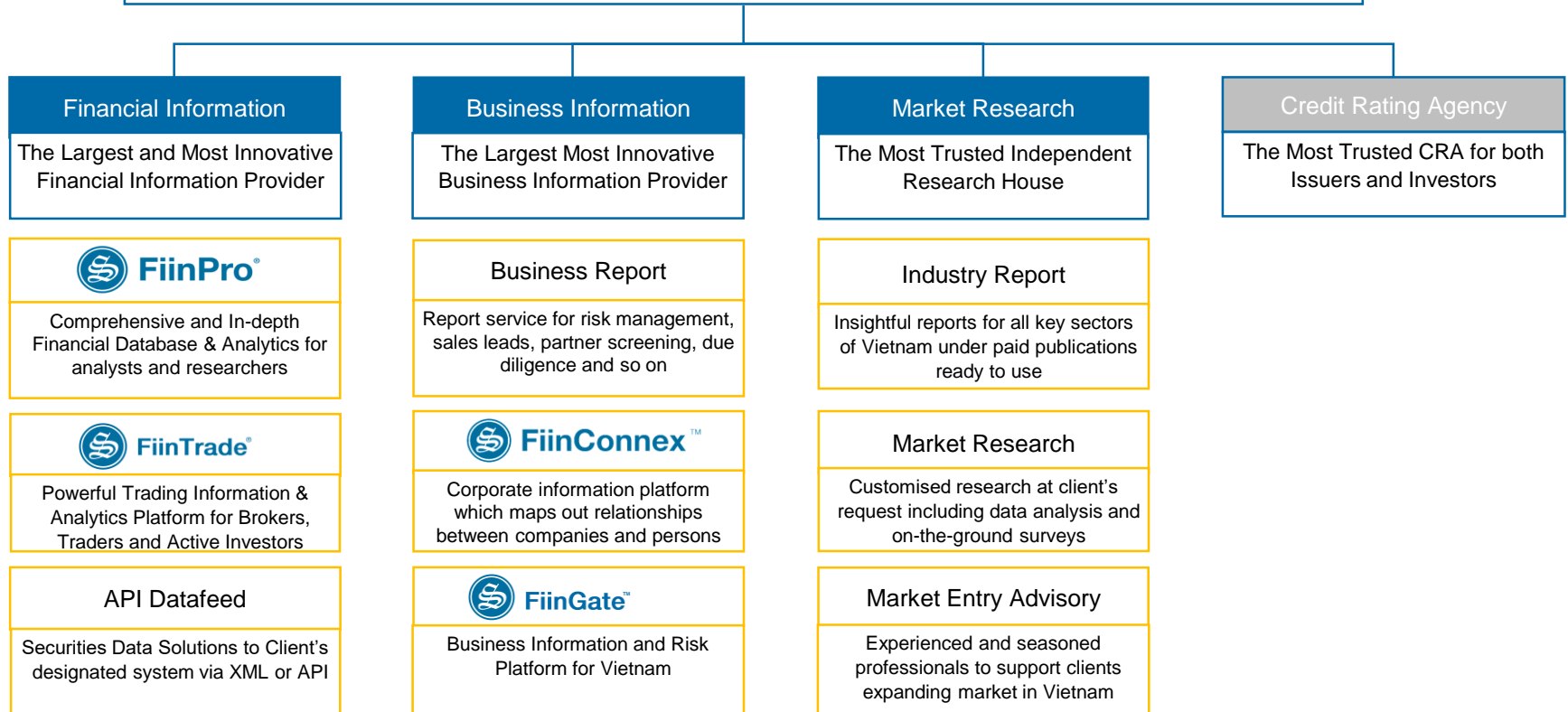
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The group of businesses in information and data analytics in Vietnam



FIINPRO PLATFORM

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Main Database coverage:

- ✓ Data of 3000+ public companies
- ✓ Price Data, Corporate Actions and Financial data
- ✓ Industry Data
- ✓ Macroeconomic Data
- ✓ IPO Data
- ✓ Powerful Investment and Analytic Tools
- ✓ Various Exclusive Data and Content

FiinPro Platform

A comprehensive Financial Database Platform for Vietnam

An insightful financial database and powerful analytics tool for financial and investment professionals. Content covered include trading data, corporate actions, financial data for equity and fixed income; macroeconomic data; and industry data.

FiinPro's smart functions provide a great operation support for sellside and buy-side analysts. Currently subscribed by almost all major local brokerage houses, banks, insurance and research firms in Vietnam

A selection of our customers

Securities



Fund & Investment



Bank & Insurance



Government & Others



FiinTrade Platform

A trading information and analytics platform for brokers, traders and Active Investors in Vietnam Stock Market



The first ever comprehensive information platform for trading in Vietnamese Stock Market targeting brokers, traders and active individual investors

Providing basic market and price data to level-2 data, trading strategies, chartings, stock ranking, analysis and other proprietary information by FiinGroup

Main Features



Market

- Watchlist
- Market In-depth
- Market Calendar
- Heatmap
- Money Flow



Prices

- Time & Sales
- Prices Depth
- Quote Movement
- Price Data



Premium News

- Announcements
- Realtime AutoNews
- Stock Analysis
- Market News



Technical Analysis

- Technical Charting
- Technical Signal
- Technical Stock Scoring



Fundamental Analysis

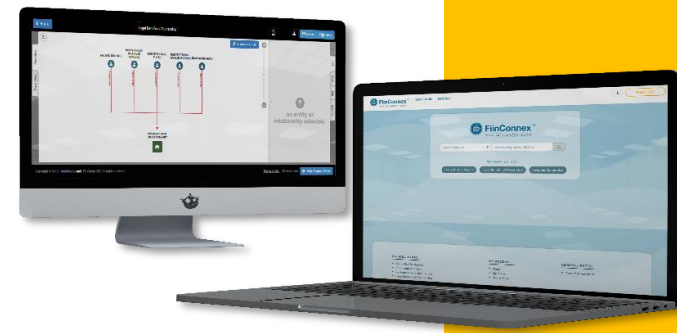
- Company Snapshot
- Ownership
- Financial Checkup
- Consensus Analysis
- Financial Data



Trading Tools

- Trading Alerts
- Stock Screener
- Stock Ranking
- Trading Strategies
- API Data

Corporate information platform which maps out relationships between companies and persons in the corporate ecosystem



Who should use our FiinConnex?



Banks



Investment Funds



Law Firms



Consulting Firms



Trading Houses

Benefits from subscribing our FiinConnex



Warm Leads
Increase new customer penetration through warm leads generated from analysis of existing client base



Enhanced Risk Management
Identify indirect connections among persons and companies



Convenience
Gain actionable insights on people and companies from curated sources using our user-friendly platform



Instant & Unique Insights
Discover new and unique insights into the complex connections among companies in Vietnam.

The common use of FiinConnex



Explore opportunities

- Potential customers
- Warm lead generation
- Comparisons



Due diligence

- Client on-boarding checks
- Background checks
- Beneficial ownership checks
- Vendor screening



Research & investigation

- Target profiling



Risk management

- Adverse info checks
- Conflicts of interests

Product Key Features

- ✓ **Radial Map:** Instant visual insights about people and company connections
- ✓ **Interconnection Map:** Identify cross-connections, clusters and syndicates
- ✓ **Beneficial Ownership Map:** A convenient and safe way to conduct ownership checks
- ✓ **Investee Companies Search:** Fastest way to discover a person's or company's ownership interests
- ✓ **Entity Profile Report:** A quick overview of your business partners at the time of on-boarding



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