

# Residential real estate

## Expecting year-end recovery

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June 28, 2024

## Positive change

Recommendations	
<b>VHM</b>	<b>BUY</b>
Price target	VND60,900
<b>NLG</b>	<b>NEUTRAL</b>
Price target	VND46,100
<b>KDH</b>	<b>NEUTRAL</b>
Price target	VND40,800
<b>DXG</b>	<b>BUY</b>
Price target	VND20,100

### Revenue and NPAT of real estate businesses in 1Q24 plunged YoY

1Q revenue of the whole industry fell 49% YoY to VND38,361 billion, and NPAT plummeted 86% YoY to VND12,970 billion mainly due to the impact of Vinhomes (VHM). VHM's revenue and NPAT went down respectively 72% YoY and 92% YoY as 1Q was the low season of project handover.

### Apartment supply in both Hanoi and Ho Chi Minh City was limited in 1Q

In the Hanoi market, the number of units launched in 1Q reached more than 2,300 (-31%QoQ, +17%YoY). The number of apartments sold reached 2,000 units (-39%QoQ), equal to the number of apartments sold in 1Q23. In the Ho Chi Minh City market, apartment supply in 1Q reached 500 units (-48%QoQ, -83%YoY), and the number of apartments sold was 600 units (-74%QoQ, -38%YoY). A notable point in the Hanoi market is that primary selling prices continue to gain 5%QoQ and 19%YoY to USD2,275/m<sup>2</sup> due to the high proportion of high-end products and insufficient apartment supply. This is the highest annual price increase ever.

### The market has been busier since the end of 1Q, expecting the number of newly launched units will recover in 2H24

After a quiet year of 2023 and the first two months of 2024 due to Tet, the market has been more vibrant since March 2024 with many projects opened for sale with good sales results. Projects launched for sale recorded a high absorption rate as (1) new supply is scarce, and projects have favorable locations and reputable developers; (2) investors offer many preferential sales policies with high discounts. We see that market confidence is improving, and contractors would be more optimistic about new launches in the coming quarters.

### Attractive long-term valuation

15 real estate companies under our coverage have an average P/B of 1.6x - above the five-year average -1STD. KBSV expects that their performance in the second half of 2024 will show a clearer recovery thanks to (1) improved homebuyer sentiment and (2) more supply from the launch of new projects and the next phase of old projects. However, we also pay attention to macro risks when pressure from exchange rates and inflation are causing interest rates to increase. Investors can consider and choose businesses with good prospects, large clean land bank, transparent legal status, strong project implementation capabilities, and safe financial structure like Vinhomes (VHM), Khang Dien House (KDH) and Nam Long

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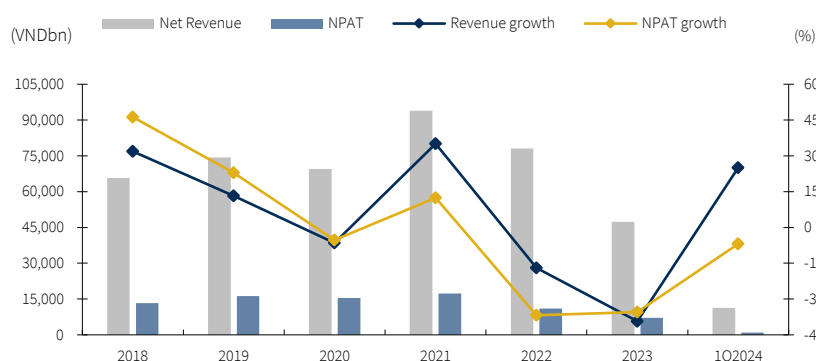
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## I. Business performance in 1H24

### Revenue and NPAT of real estate businesses in 1Q24 plunged YoY

1Q revenue of the whole industry fell 49% YoY to VND38,361 billion, and NPAT plummeted 86% YoY to VND12,970 billion mainly due to the impact of VHM. VHM's revenue and NPAT went down respectively 72% YoY and 92% YoY as 1Q was the low season of project handover. Revenue (excluding VHM) reached VND11,326 billion (+25% YoY), but profit modestly declined by 7% YoY to VND975 billion.

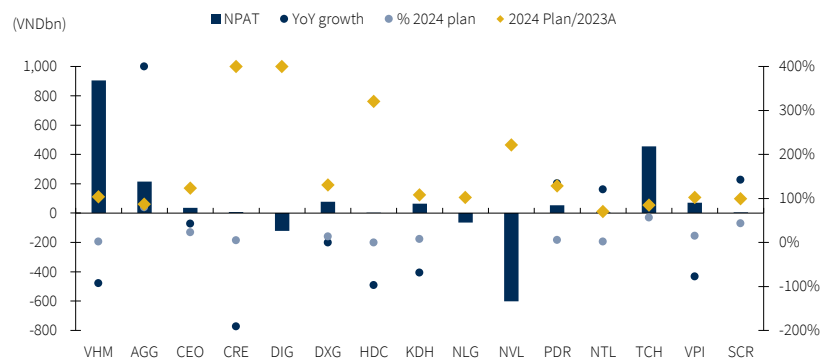
Fig 1. Vietnam – Business results of listed real estate companies



Source: FiinPro, KB Securities Vietnam

Note: Data excluding VHM

Fig 2. Vietnam – Earnings of some real estate companies



Source: FiinPro, KB Securities Vietnam

Note: Target profit/achieved profit of CRE is 4400%, DIG is 680%.

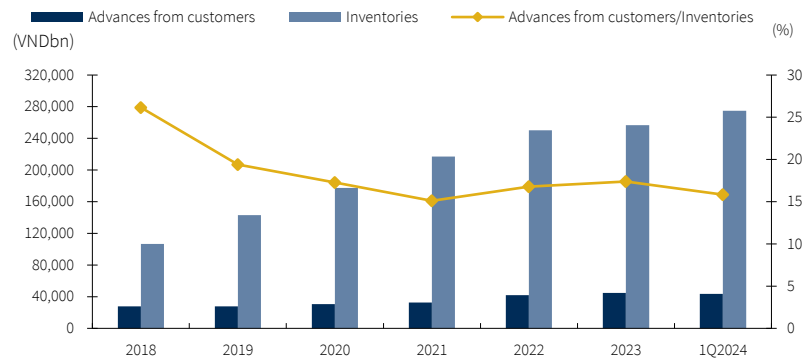
AGG's 1Q24 NPAT growth is 1636%YoY.

Of the 15 real estate businesses that KBSV observed, six posted NPAT growth in 1Q24. The remaining recorded losses in 1Q (DIG, NVL, and NLG) or sharp declines in business results (VHM, KDH, CRE, HDC, and VPI)

Most businesses have set profit plans for 2024 to recover compared to the low base of 2023. 1Q profits of real estate businesses are much lower than the whole year objectives due to (1) difficulties in the real estate market from the end of 2022 – many businesses do not have projects for sale to hand over and (2) the characteristics of the real estate industry – they often hand over and record revenue in the last quarters of the year.

The amount paid in advance by buyers of listed real estate businesses as of the end of 1Q24 is VND43,507 billion, slightly dropping 3% YTD. Meanwhile, inventory increased by 7% compared to the beginning of the period as many businesses stepped up investment in projects to be ready for sale in the coming period.

Fig 3. Vietnam – Advances & inventories of real estate companies (VNDbn)

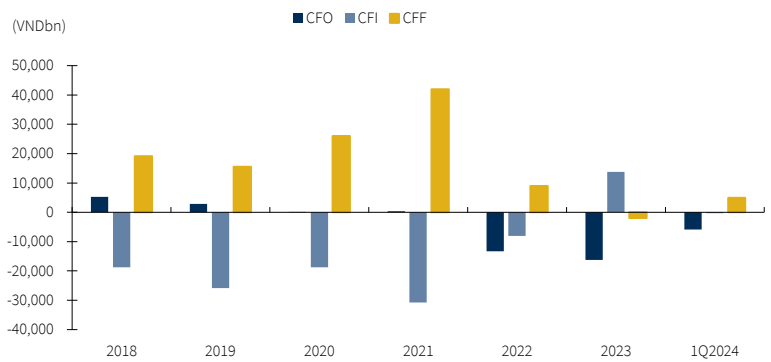


Source: Fiiipro, KB Securities Vietnam

Cash flow from operating activities of real estate businesses continues to be negative due to the sluggish real estate market.

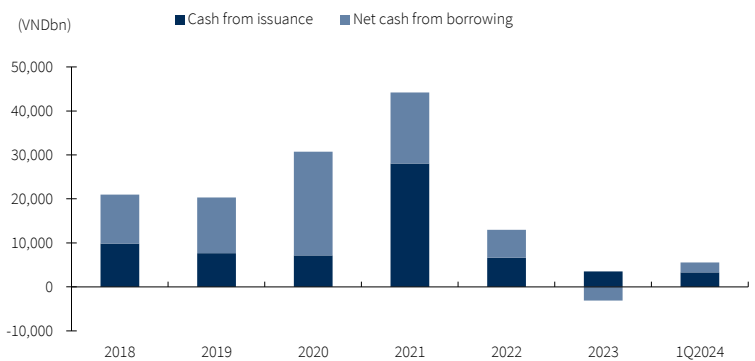
Enterprises' cash flow comes from issuing shares to increase capital in the context of limited access to credit capital and bonds.

Fig 4. Vietnam – Cash flows of real estate companies (VNDbn)



Source: Fiiipro, KB Securities Vietnam

Fig 5. Vietnam – Cash from financial activities of real estate companies (VNDbn)



Source: Fiiipro, KB Securities Vietnam

### 1Q sales recovered compared to the same period last year

1Q sales of VHM, KDH, and NLG showed a recovery over the same period last year while DXG did not have new sales activities:

- **VHM:** Total value of sold contracts reached VND16.2 trillion (+3%YoY) thanks to the launch of the new project Vinhomes Vu Yen.
- **NLG:** Sales recovered strongly to VND1,168 billion (+5xYoY) thanks to the apartment segment of two projects Akari City and Mizuki.
- **KDH:** Estimated sales reached VND350 billion from the sale of the remaining apartments at the Privia project.
- We see that inner-city apartment projects such as The Privia of KDH, Akari City and Mizuki Park (NLG) record high absorption rates thanks to appropriate product segments and meeting the demand for owner-occupied houses.

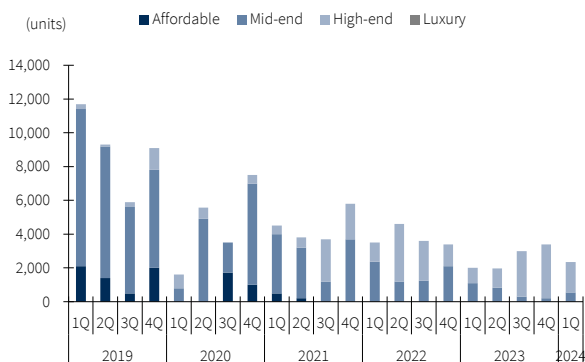
### Apartment supply in both Hanoi and Ho Chi Minh City was limited in 1Q

In the Hanoi market, the number of units launched in 1Q reached more than 2,300 (-31%QoQ, +17%YoY). The number of apartments sold reached 2,000 units (-39%QoQ), equal to the number of apartments sold in 1Q23. A notable point in the Hanoi market is that primary selling prices continue to gain 5%QoQ and 19%YoY to USD2,275/m<sup>2</sup> due to the high proportion of high-end products and insufficient apartment supply. This is the highest annual price increase ever.

In the Ho Chi Minh City market, apartment supply in 1Q reached 500 units (-48%QoQ, -83%YoY), mostly from the next phase of existing projects. The number of apartments sold was 600 units (-74%QoQ, -38%YoY). Primary prices in the quarter did not change much, reaching more than USD2,500/m<sup>2</sup> (+2%YoY).

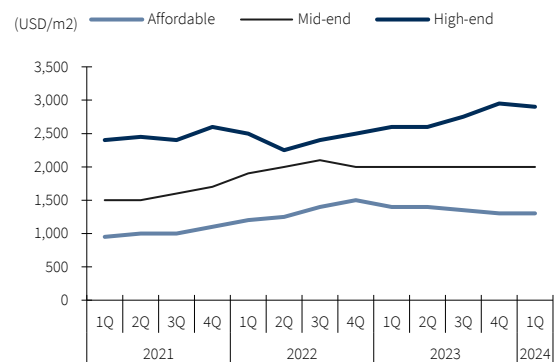
The supply of apartments in both markets continues to remain low due to difficulties related to (1) obstacles related to planning and calculating land use fees, and site clearance, causing project implementation time to be delayed and (2) limited access to capital for businesses, causing a lack in cash flow. Limited supply and high proportion of high-end apartments in launched projects led to an imbalance between supply and demand, which makes apartment prices stay high.

Fig 6. Hanoi – Apartment supply (unit)



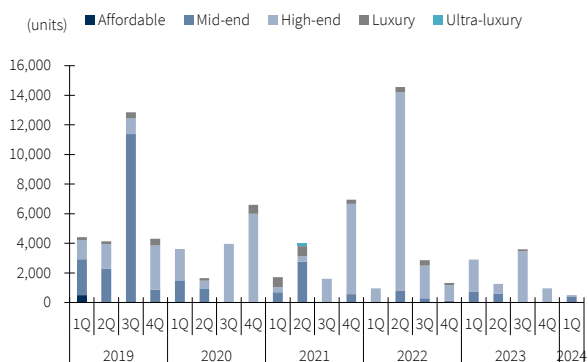
Source: CBRE

Fig 7. Hanoi – Apartment price (USD/m<sup>2</sup>)



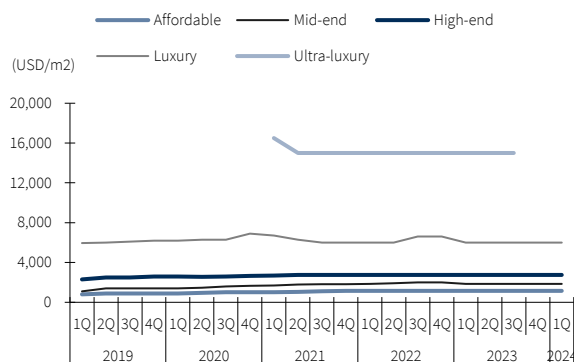
Source: CBRE

**Fig 8. HCM – Apartment supply (unit)**



Source: CBRE

**Fig 9. HCM – Apartment price (USD/m<sup>2</sup>)**

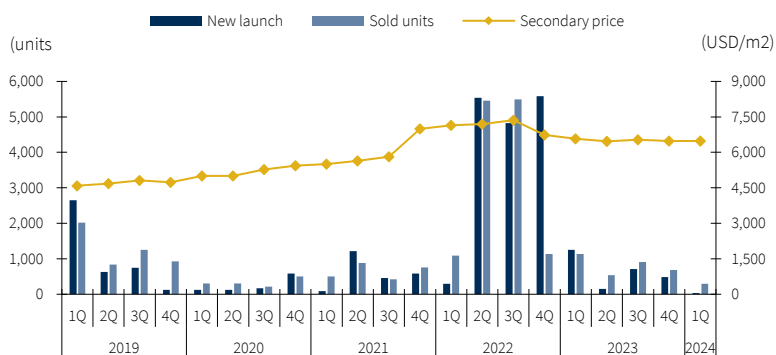


Source: CBRE

**The townhouse/villa segment continues to be quiet**

In the Hanoi market, the number of units opened for sale in the first quarter of 2024 was 30 units (-94%QoQ, -98%YoY), the number of units sold reached 300 units (-56%QoQ, -73%YoY). The average primary apartment price in Hanoi was nearly USD7,850/m<sup>2</sup> (+4%QoQ).

**Fig 20. Hanoi – Townhouse/villa market**



Source: CBRE

## II. Business outlook for 2H24

The market has become more vibrant since the end of 1Q with many projects recording high absorption rates

After 2023 and the first two months of 2024 were quiet due to Tet, the market has been more vibrant with many projects being started, introduced and opened for sale since March 2024. A number of projects introduced to the market in April and May all recorded very good absorption rates: Lumi Hanoi of CapitalLand (~ 2,000 units launched – absorption rate 100%); The Canopy – TC2 project of VHM and GIC Singapore (~ 390 units launched – absorption rate 90%); The Zurich 3 by CapitalLand (~2,000 units launched – 100% absorption rate); The Canopy – TC2 project of VHM and Mitsubishi (~ 425 units launched – absorption rate 95%) and Eaton Park of Gamuda Land (~ 840 units launched – absorption rate 70%). Projects launched for sale recorded a high absorption rate as (1) new supply is scarce, and projects have favorable locations and reputable developers; (2) investors offer many preferential sales policies with high discounts. We see that market confidence is showing signs of improvements.

Fig 11. Vietnam – Projects implemented in 1Q24

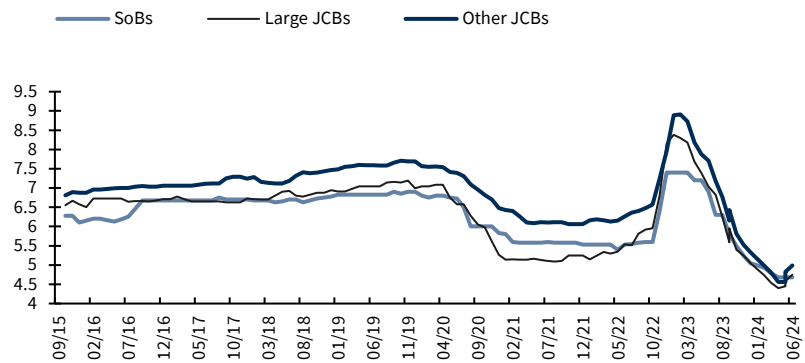


Source: DXS-FERI

Lending interest rates are expected to be maintained at low level, stimulating house buying demand

We observed that deposit interest rates at some banks have increased 10–30bps compared to the bottom area for short terms of 1–12 months. KBSV believes that lending interest rates are unlikely to decrease further in a short term and may increase slightly in 2H24. However, there will not be a significant impact on home loan demand because (1) current lending interest rates are still lower than the period 2021–2022; and (2) the SBV maintains its policy of maintaining low lending interest rates to support the economy.

Fig 35. Vietnam – 12M deposit lending interest rates

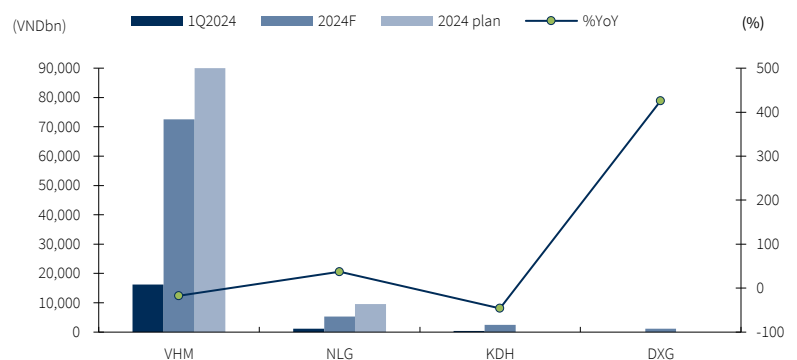


Source: Wichart, KB Securities Vietnam

**Sales activities of businesses recovered in the second half of the year**

Improved market confidence and low lending interest rates encourage contractors to launch projects in the coming quarters. Listed businesses under our coverage all plan to introduce new projects or continue the next phases of old projects in the second half of 2024, including Wonder Park and Co Loa (VHM), Clarita and Emeria (KDH), Gem Sky World and Gem Riverside (DXG), Akari City, Mizuki Park, Southgate and Central Lake (NLG). Businesses set relatively high sales target for 2024, but our estimates are more conservative as the apartment segment may be a clear recovery, but the remaining segments will need more time to recover.

Fig 46. Vietnam – Estimated sales of some real estate developers



Source: Financial statements of the companies, KB Securities Vietnam

**Businesses will promote capital mobilization through stock issuance**

KBSV believes that while mobilizing credit capital and bonds are facing many difficulties, real estate businesses are promoting capital mobilization through share issuance to restructure loans and supplement capital to develop new projects.



Table 17. Vietnam – Share issuance plans of real estate businesses

Company	Issuance plan	Proceeds (VNDbn)	Purposes
DXG	To offer more than 150.1 million shares to existing shareholders for VND12,000/share. The offering ratio is 24:5 To offer 93.5 million shares to professional securities investors for at least VND18,600/share	3,500	To contribute capital to subsidiaries and pay off due debts
KDH	To offer 110.1 million individual shares to 20 professional securities investors for VND27,250/share	3,000	To contribute capital to subsidiaries to pay off bank loans
PDR	To issue shares for a debt swap worth USD30 million To issue 134 million shares to existing shareholders for VND10,000/share	2,000*	Debt swap Additional capital for project implementation
DIG	To offer 200 million shares to existing shareholders for VND15,000/share To offer 150 million shares to professional securities investors for a minimum price of VND20,000/share	6,000	Additional capital for project implementation
NVL	To issue 34 million shares priced at VND20,000/share for an equity swap worth USD30 million To issue 1.17 billion shares to existing shareholders for VND10,000/share	11,700	Debt swap Debt restructuring, employee salary payments, additional capital for project implementation
SCR	To issue 34.9 million shares to swap debt worth VND349 billion		Debt swap

Source: Financial statements of the companies, KB Securities Vietnam

\* Offered for sale

### The legal corridor is being completed, ensuring the industry's growth in the medium and long term

At the sixth session and the fifth extraordinary session, the 15th National Assembly officially passed the Real Estate Business Law (amended), the Housing Law (amended) and the Land Law (amended), taking effect from January 1, 2025. However, the Government has proposed that the National Assembly Standing Committee allow these three laws to take effect from August 1, 2024. We believe that moving the effective date of the laws earlier shows the Government's efforts to remove difficulties and obstacles in the real estate market and support real estate businesses for more sustainable development in the long-term.

The three new laws have many new regulations, which will help improve the sentiment of home buyers and shorten the legal completion time for investors, thereby increasing real estate supply. We think this is an opportunity for investors with good financial status and project implementation capacity. However, it takes time for policies to have a real impact and some legal issues still need more specific guidance.

Table 18. Vietnam – Some changes to amended Land Law, Housing Law, and Real Estate Business Law

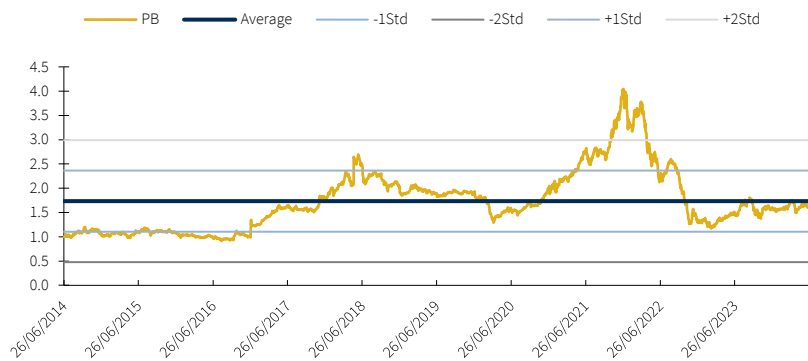
	Changes	KBSV's notes
Land Law (amended)	<ul style="list-style-type: none"> <li>Propose removing the current land price bracket</li> <li>The Provincial People's Committee will submit to the Provincial People's Council to decide on the initial Land Price List for public announcement and implementation starting from January 01, 2026. Annually, the Provincial People's Committee is responsible for submitting to the Provincial People's Council to decide on adjusting, amending, and supplementing the Land Price List for application from January 01 of the following year.</li> </ul>	Updating land prices to align more closely with market prices facilitates site clearance, although it increases costs for real estate businesses.
	<p>There are four methods for land valuation, including: (i) Direct comparison method, (ii) Income method, (iii) Method of land price adjustment coefficient, and (iv) Residual method. The extraction method is excluded.</p> <p>Land allocation and leasing are primarily conducted through the auction of land use rights, competitive bidding for projects involving land use.</p>	Enhancing transparency and openness, avoiding land wastage due to weak developers who are unable to carry out projects.
Housing Law (amended)	<p><b>Conditions for Subdivision for Sale of Land Lots</b></p> <p>For areas not classified as special class I, class II, and class III urban areas, the Provincial People's Committee will base its decisions on local conditions to determine the areas of real estate development projects where residential construction must be carried out for sale, lease, lease-purchase, or transfer of land use rights through the subdivision of lots.</p> <p><b>Land for Social Housing Development</b></p> <ul style="list-style-type: none"> <li>The Provincial People's Committee must allocate a sufficient land fund for social housing development according to the housing development program, including either (1) a social housing land fund or (2) a social housing land fund within the scope of a commercial project.</li> <li>In special urban areas class I, II, III, as regulated by the Prime Minister, the Provincial People's Committee decides to allocate a portion of the residential land area for social housing construction or allocates a social housing land fund in a different location or pays an equivalent amount corresponding to the land fund's value.</li> </ul> <p><b>Incentives for investors of social housing projects</b></p> <ul style="list-style-type: none"> <li>Exempted from land use fees and land rent for the entire project land area; the investor is not required to undergo procedures for determining land prices, calculating land use fees, and land rent for the exempted portion.</li> <li>Allocated a maximum of 20% of the total land area for the construction of commercial services projects and commercial residential properties (this portion is accounted for separately, not included in the construction cost of social housing units, not affecting the price of social housing, and enjoying the entire profit with land use fees paid for the construction of social housing units).</li> <li>Entitled to a maximum predetermined profit of 10% of the total investment cost for the construction of social housing units.</li> </ul>	Aligning with the Real Estate Business Law, tightening the property subdivision for sale of land lots, and curbing speculation
	<p><b>Project Transfer</b></p> <ul style="list-style-type: none"> <li>In the case of the transferee being a foreign economic organization, after obtaining the transfer permission and signing the transfer contract, the land procedures are carried out in accordance with the land law.</li> <li>The Prime Minister delegates to the Provincial People's Committee the authority to decide on the partial transfer of the project.</li> </ul>	Shortening the project implementation time, increasing profits for developers to encourage them to invest in social housing projects
	<p><b>Deposit and Guarantee</b></p> <ul style="list-style-type: none"> <li>The project developer is only allowed to collect a deposit of no more than 5% of the sale or lease-purchase price for residential properties, construction works, or the floor area within the construction project from the party placing the deposit when the residential property or construction project meets all the conditions for commercial operation.</li> <li>Prior to selling or lease-purchasing future residential properties, the real estate project developer must obtain approval from a domestic commercial bank or a legally operating foreign bank branch in Vietnam to provide financial guarantees for the developer's obligations to the buyer or lease-purchaser when the developer fails to deliver the residential properties as committed in the sales or lease-purchase contract for the future-formed residential properties.</li> <li>Upon signing the sales or lease-purchase contract for future residential properties, the buyer or lease-purchaser has the option to choose whether or not to have a financial guarantee for the developer's obligations towards them.</li> </ul>	Developers have more flexibility in allocating land for social housing instead of adhering to a fixed ratio of 20% as specified in Decree No. 100/2015/ND-CP, thereby promoting the development of social housing.
Real Estate Business Law (amended)	<p><b>Conditions for Subdivision for Sale of Land Lots</b></p> <ul style="list-style-type: none"> <li>Land not located within the administrative boundaries of special class I, II, III urban areas; not subject to land use rights auction for residential construction investment projects. For the remaining areas, the Provincial People's Committee, based on local conditions, determines the areas where project developers are allowed to subdivide and sell land lots.</li> </ul>	Aligning with the amended Housing Law, tightening the property subdivision for sale of land lots, and curbing speculation

Source: Bloomberg, KB Securities Vietnam

**Attractive valuation in the long term**

15 real estate companies under our coverage have an average P/B of 1.57x, lower than the 10-year average -1STD. KBSV expects that their performance in the second half of 2024 will show a clearer recovery thanks to (1) improved homebuyer sentiment and (2) more supply from the launch of new projects and the next phase of old projects. Investors can consider and choose businesses with good prospects, large clean land bank, transparent legal status, strong project implementation capabilities, and safe financial structure like VHM, KDH and NLG.

**Fig 59. Vietnam – P/B of the 15 real estate businesses**



Source: FiinPro, KB Securities Vietnam  
Note: 15 businesses mention in Figure 2



# Companies

Vinhomes (VHM)

Nam Long Invest (NLG)

Khang Dien House (KDH)

Dat Xanh Group (DXG)

# Vinhomes (VHM)

## Launched Vinhomes Vu Yen

June 18, 2024

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1Q24 results are lower than 1Q23's mainly due to the handover time of projects

1Q sales of Vinhomes (VHM) hit VND8.2 trillion (-72%YoY) and VND8.6 trillion (-80%YoY) if including BCC projects. Net profit after minority interests reached VND885 billion (-93%YoY).

Sales in 1Q mainly came from the new project Vu Yen in Hai Phong

In the quarter, VHM sold 2,700 products (+17%YoY), and the total value of contracts sold was VND16.2 trillion (+3%YoY). Sales in the quarter all came from retail transactions, of which 86% came from the Vu Yen project (Hai Phong). This project was introduced on March 15, 2024 with 1,800 deposits, equivalent to 82% of the number of units launched in the first phase.

Sales in 2024 are forecast to reach VND72.5 trillion (-17%YoY)

KBSV forecasts that the total value of sales contracts in 2024 will reach VND72.5 trillion (-17%YoY), coming from the developing projects Ocean Park, Smart City, Grand Park, Ocean Park 2, 3 and two new projects launched this year, Vu Yen (launched in 1Q) and Co Loa (expected to be introduced in 2H24).

Valuation: BUY rating – Target price VND60,900

The real estate developer maintains its leading position thanks to its large land bank and strong implementation ability. Its valuation is attractive with a 2024 forward P/B of 0.8x, lower than the -1STD line of the five-year average P/B. Based on business prospects and valuation, we continue to recommend BUY for Vinhomes shares with a price target of VND60,900/share, 59% higher than the closing price on June 18, 2024.

**Buy** maintain

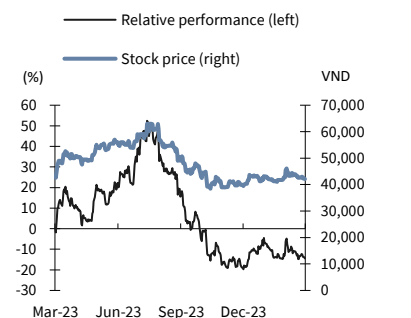
<b>Target price</b>	<b>VND60,900</b>
Upside	59%
Current price (Jun 18, 2024)	VND38,300
Consensus target price	VND47,500
Market cap (VNDtn/USDbn)	21.5/0.8

<b>Trading data</b>	
Free float	48.5%
3M avg trading value (VNDbn/USDmn)	302.5/12.0
Foreign ownership	20.8%
Major shareholder	Vingroup (66.66%)

<b>Share price performance</b>				
(%)	1M	3M	6M	12M
<b>Absolute</b>	4.1	19.5	20.2	48.5
<b>Relative</b>	-0.5	16.6	2.9	32.1

### Forecast earnings & valuation

FY-end	2022	2023	2024F	2025F
Net revenue (VNDbn)	62,393	103,557	118,259	122,059
Operating income/loss (VNDbn)	37,973	44,045	36,900	42,864
NPAT-MI (VNDbn)	28,831	33,371	29,172	32,244
EPS (VND)	6,621	7,664	6,700	7,405
EPS growth (%)	-26	16	-13	11
P/E (x)	6.34	4.99	5.72	5.17
P/B (x)	1.26	0.93	0.79	0.69
ROE (%)	19	18	14	13
Dividend yield (%)	0%	0%	0%	0%



# Nam Long Invest (NLG)

## Underpinned by sales bouncing back

May 22, 2023

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### 1Q24 sales recovered strongly YoY

1Q24 sales of Nam Long Investment Corporation (NLG) bounced back to VND1,168 billion (+5xYoY) thanks to the apartment segment of Akari City and Mizuki projects. These two recorded good absorption rates with sales reaching VND542 billion and VND246 billion respectively.

### Estimated sales in 2024 reach VND5,264 billion (+37%YoY)

KBSV expected 2024F sales of NLG to hit VND5,264 billion (+37%YoY), which is contributable to Akari City, Mizuki Park, Southgate, and EhomeS Can Tho projects. Our forecast is 45% lower than VND9,554 billion in the business's guidance.

### 2024F NPAT is VND576 billion (+19%YoY)

We forecast that NPAT of the corporation in 2024 will be VND576 billion (+19%YoY), mainly from the handover of the Southgate, Izumi City, and Mizuki Park projects. The Akari City and Can Tho projects will also start handover progress to home buyers. KBSV expected NLG to complete legal procedures to record profits from divestment of 25% of the Paragon project this year.

### NEUTRAL rating – Target price VND46,100

We maintain a positive valuation for NLG shares thanks to (1) NLG's solid fundamentals with a safe financial structure and (2) the attraction of mid-range and affordable apartment projects to buyers with owner-occupying needs. However, NLG stock price has gained about 20% YTD and traded at a 2024fw P/B of 1.8x, equivalent to +1std of NLG's five-year average P/B. Based on business prospects and valuation results, we gave a NEUTRAL rating to NLG stock with a target price of VND46,100, 5% higher than the closing price on May 21, 2024.

## Neutral change

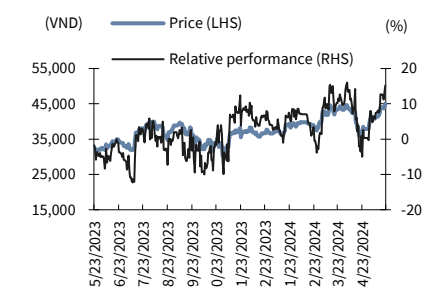
<b>Target price</b>	<b>VND46,100</b>
Upside	5%
Current price (May 21, 2024)	VND44,100
Consensus target price	VND46,300
Market cap (VNDbn/USDmn)	17.4/0.7

<b>Trading data</b>	
Free float	56.2%
3M avg trading value (VNDbn/USDmn)	161.4/6.5
Foreign ownership	49%
Major shareholder	Chairman Nguyen Xuan Khang (12%)

<b>Share price performance</b>				
(%)	<b>1M</b>	<b>3M</b>	<b>6M</b>	<b>12M</b>
<b>Absolute</b>	18.9	13.1	15.6	32.4
<b>Relative</b>	11.6	9.0	0.9	13.1

### Forecast earnings & valuation

FY-end	2022	2023	2024F	2025F
Net revenue (VNDbn)	4,339	3,181	5,462	6,901
Operating income/loss (VNDbn)	1,041	942	1,217	1,456
NPAT-MI (VNDbn)	556	484	576	621
EPS (VND)	1,448	1,257	1,496	1,613
EPS growth (%)	-48	-13	19	8
P/E (x)	27.31	36.72	30.14	27.96
P/B (x)	1.69	1.80	1.77	1.69
ROE (%)	4.2	3.6	4.0	4.0
Dividend yield (%)	0	1	1	1



Source: Bloomberg, KB Securities Vietnam

# Khang Dien House (KDH)

## Completing legal work for large projects

June 4, 2024

Manager Pham Hoang Bao Nga  
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**The Privia project recorded a good absorption rate and is expected to be handed over to customers from 4Q24**

By November 2023, Khang Dien House Trading and Investment JSC (KDH) officially launched Privia project, located on An Duong Vuong Street, Binh Tan, Ho Chi Minh City (HCMC). The project covers an area of 1.8ha with three blocks of 1,043 apartments. As of 1Q24, it topped out all three buildings and sold out all of the apartments. KDH should complete and handover apartments from 4Q24. KBSV estimated 2024F revenue and NPAT of KDH at VND3,227 billion (+54%YoY) and VND804 billion (+12%YoY), supported by the handover of the Privia project.

**Clarita and Emeria should be launched in 2024**

We expect KDH and Keppel to launch Clarita and Emeria this year. These two have a total area of 11.8ha on Vo Chi Cong Street, Binh Trung Dong Ward, Thu Duc. The construction started in 4Q23 and should be finished to contribute to KDH's sales from 2H24. KBSV estimates 2024F-2025F sales of KDH to reach VND2,468 billion (-46% YoY) and VND4,217 billion (+71%YoY).

**Large projects have progressed in legal procedures**

In 1Q24, major projects in KDH's medium and long-term plans also recorded big progress in the legal completion process. The developer has paid 50% of the land use fee for project 11A (The Solina). The compensation for new projects Phong Phu 2 and Binh Trung is almost done to wait for investment approval. Le Minh Xuan Industrial Park expects to get the infrastructure construction permit this year.

**Valuation: NEUTRAL – Target price: VND40,800/share**

Based on business prospects and valuation results, we gave a NEUTRAL rating to KDH with a price target of VND40,800, 7% higher than the closing price on June 3, 2024.

**Neutral** maintain

**Target price VND40,800**

Upside	7%
Current price (Jun 3, 2024)	VND38,000
Consensus target price	VND43,100
Market cap (VNDtn/USDbn)	30.1/1.2

### Trading data

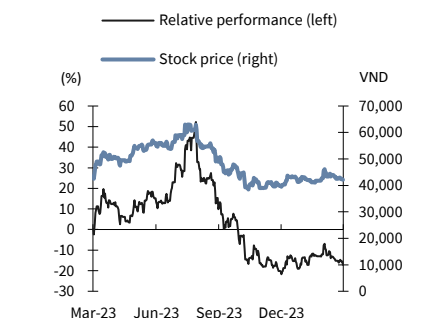
Free float	58.2%
3M avg trading value (VNDbn/USDmn)	132.7/5.3
Foreign ownership	39.6%
Major shareholder	Dragon Capital (7%)

### Share price performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	5.8	5.7	16.6	42.2
<b>Relative</b>	1.0	4.2	2.3	24.8

### Forecast earnings & valuation

FY-end	2022	2023	2024F	2025F
Net revenue (VNDbn)	2,912	2,088	3,215	5,667
Operating income/loss (VNDbn)	992	1,122	1,056	2,218
NPAT-MI (VNDbn)	1,103	716	797	1,070
EPS (VND)	1,539	895	876	1,177
EPS growth (%)	-18	-42	-2	34
P/E (x)	20.24	38.63	43.38	32.29
P/B (x)	1.93	2.06	2.00	1.89
ROE (%)	9.4	4.6	4.1	5.1
Dividend yield (%)	0	0	0	0



# Dat Xanh Group (DXG)

## Clearer changes should appear

June 11, 2024

Manager **Pham Hoang Bao Nga**  
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### 1Q24 results recovered compared to the same period in 2023

In 1Q24, Dat Xanh Group (DXG) posted VND31 billion in NPAT (vs a loss of VND91 billion in 1Q23) on revenue of VND1,065 billion (+182%YoY). The improvement in business results was attributable to (1) the handover of about 600 apartments at Opal Skyline project and (2) the rebound of the brokerage segment with the number of transactions increasing by 30% YoY.

### DXG continues to finish the legal procedures for projects

In 2024, DXG aims to complete the legal procedures for projects in the Southern region such as Gem Riverside (HCMC), Gem Sky World (Dong Nai), Opal Luxury, Park View, Park City, and Opal Cityview (Binh Duong) to ensure sales for 2024–2026. As the progress of legal approval is still slow, we estimated a prudent 2024F sales result of about VND1,200 billion (+5xYoY), mainly generated from Gem Sky World project. Sales in 2025 should have a more obvious improvement when Gem Riverside project is launched and earn VND5,650 billion (+5xYoY).

### 2024F NPAT is VND204 billion (+18%YoY)

KBSV estimates 2024 revenue and NPAT of DXG at VND5,306 billion (+42%YoY) and VND204 billion (+18%YoY) respectively with the handover of Opal Skyline project and improved brokerage activities.

### Valuation: BUY – Target price VND20,100

DXG stock is currently trading at a 2024 forward P/B of 1.1x, lower than the five-year average of 1.3x. Based on business prospects and valuation results, we give a BUY rating to DXG with a target price of VND20,100/share, 22% higher than the closing price on June 11, 2024.

## Buy maintain

### Target price VND20,100

Upside	22%
Current price (Jun 11, 2024)	VND16,500
Consensus target price	VND16,600
Market cap (VNDtn/USDbn)	11.9/0.5

### Trading data

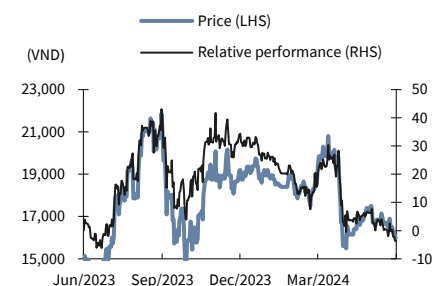
Free float	80.6%
3M avg trading value (VNDbn/USDmn)	251.1/10.0
Foreign ownership	19.7%
Major shareholder	Mr. Luong Tri Thin (17%)

### Share price performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	-1.2	-6.5	-9.4	20.9
<b>Relative</b>	-4.9	-10.9	-24.1	4.4

### Forecast earnings & valuation

FY-end	2022	2023	2024F	2025F
Net revenue (VNDbn)	5,512	3,725	5,306	4,516
Operating income/loss (VNDbn)	775	437	577	718
NPAT-MI (VNDbn)	215	172	204	331
EPS (VND)	351	281	286	464
EPS growth (%)	-82	-20	2	63
P/E (x)	53.39	61.61	57.77	35.53
P/B (x)	1.09	1.07	1.09	1.06
ROE (%)	1.5	1.2	1.3	2.1
Dividend yield (%)	0	0	0	0



Source: Bloomberg, KB Securities Vietnam



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## Investment ratings & definitions

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### Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

### Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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