

# Dat Xanh Group (DXG)

## Waiting for positive signals

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### 1H24 business results recover compared to the same period last year

2Q revenue of Dat Xanh Group (DXG) was VND1,126 billion (+58%YoY) with NPAT of VND33 billion (-79%YoY). 1H24 accumulated figures are VND2,191 billion (+101%YoY) and VND64 billion (+5%YoY), respectively. Better performance was attributable to (1) the handover of about 600 apartments at the Opal Skyline project and (2) recovery of the brokerage segment with the number of transactions gaining roughly 30% YoY.

### DXG's 2024 sales are forecast to reach VND532 billion (+133%YoY), mainly from the Gem Sky World project

The real estate market should show clearer recovery signals from the end of 2024, so DXG's performance will improve. However, in the short term, we see that the liquidity of highly speculative ground project/shophouse products remains low due to cautious investor sentiment. Therefore, we lowered our forecast for 2024 sales of Gem Sky World by 56% to VND532bn (+133%YoY). 2025F sales should strongly grow when Gem Riverside is launched, reaching VND5,647 billion (+11xYoY).

### 2024 net profit may hit VND196 billion (+14%YoY)

KBSV estimates 2024 revenue at VND4,987bn (+34%YoY) and NPAT at VND196bn (+14%YoY) thanks to the handover of Opal Skyline, Gem Sky World and brokerage activities recovering from the low base of 2023.

### Valuation: BUY rating – Target price VND19,100 apiece

DXG shares are currently trading at a 2024/2025fw P/B of 1.1x/1.0x, lower than the five-year average P/B of 1.3x. Based on the valuation results, we give a BUY rating with a target price of VND19,100, 20% higher than the closing price on September 4, 2024. However, some risks should be noted are (1) slower-than-expected market recovery and (2) the delay of new project launches, which will affect DXG's cash flow.

## Buy maintain

### Target price VND19,100

Upside	20%
Current price (Sep 4, 2024)	VND15,900
Consensus target price	VND19,400
Market cap (VNDtn/USDtn)	11.6/0.5

### Trading data

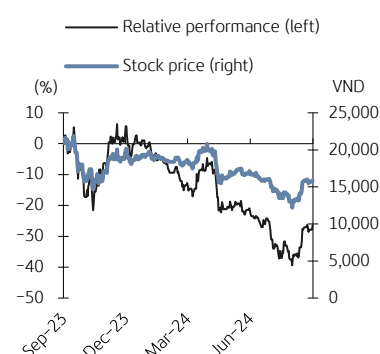
Free float	79.5%
3M avg trading value (VNDbn/USDmn)	130.1/5.2
Foreign ownership	15.8%
Major shareholder	Chairman Luong Tri Thin (17%)

### Share price performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	30	-5	-14	-24
<b>Relative</b>	23	-5	-15	-27

### Forecast earnings & valuation

FY-end	2022	2023	2024F	2025F
Net revenue (VNDbn)	5,512	3,725	4,987	4,553
Operating income/loss (VNDbn)	775	437	550	816
NPAT-MI (VNDbn)	215	172	196	385
EPS (VND)	351	281	274	540
EPS growth (%)	-82	-20	-3	97
P/E (x)	53.39	61.61	58.02	29.45
P/B (x)	1.05	1.03	1.05	1.01
ROE (%)	1.5	1.2	1.2	2.4
Dividend yield (%)	0	0	0	0



## Revenue composition (2023)



Source: Dat Xanh Group, KB Securities Vietnam

## Business operation

Dat Xanh Group (DXG) is a leading enterprise in the field of real estate brokerage with a brokerage market share of more than 30%. In addition, the company also expanded into the field of real estate investment and development with many large-scale projects in Ho Chi Minh City, Binh Duong, and Dong Nai.

## Investment Catalysts

**DXG continues to complete legal procedures for major projects.** The company is completing 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 in the period 2024–2026.

**Gem Riverside project should be launched in 2025.** Sales in 2025 will grow strongly when Gem Riverside project opens for sale, which may hit VND5,647 billion (+11xYoY). KBSV estimates sales from the project to reach VND10,000 billion.

## Notes

Please find more details [here](#)

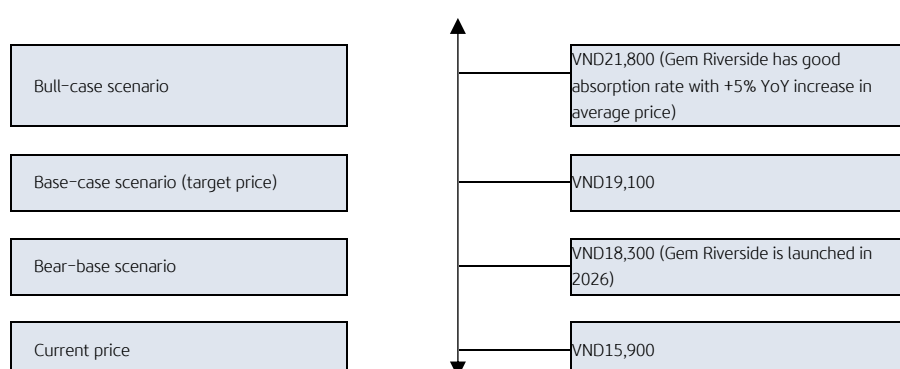
Please see more details below

## Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E
Revenue	4,987	4,553	-6%	1%	4,628	4,373	8%	4%
EBIT	1,050	1,362	-5%	8%	1,035	1,072	1%	27%
NP after MI	196	385	14%	34%	201	264	-3%	46%

Source: Bloomberg, KB Securities Vietnam

## Investment opinion &amp; risks



## Base-case scenario: catalysts

- 1) Gem Riverside sales for 2025: VND3,979 billion

## Bull-case scenario: upside risk

- 1) Gem Riverside sales for 2025: VND6,600 billion
- 2) Average price: +5% YoY

## Bear-case scenario: downside risk

- 1) Gem Riverside is launched in 2026

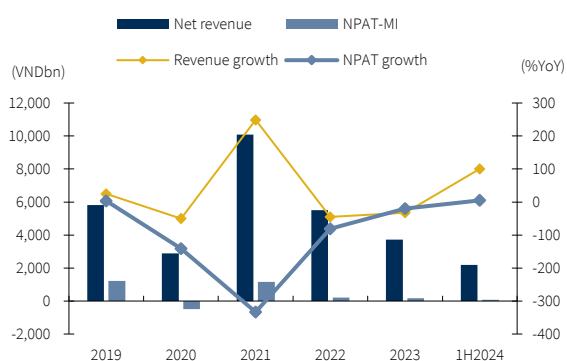
## 2Q24 performance

Table 1. DXG – 2Q24 business results

(VNDbn, %)	2Q23	2Q24	+/-%YoY	1H23	1H24	+/-%YoY	Notes
<b>Revenue</b>	<b>714</b>	<b>1,126</b>	<b>58%</b>	<b>1,092</b>	<b>2,191</b>	<b>101%</b>	KDH completed 56% of the full-year revenue target. Real estate transfer revenue came from the handover of more than 600 apartments at the Opal Skyline project. Brokerage revenue recovered thanks to a significant increase in the number of transactions compared to the same period.
<i>Sales of real estate properties</i>	454	754	66%	721	1,575	118%	
<i>Brokerage of real estate properties</i>	214	287	34%	259	476	84%	
<b>Gross profit</b>	<b>290</b>	<b>539</b>	<b>86%</b>	<b>456</b>	<b>1,011</b>	<b>122%</b>	
<i>Gross profit margin</i>	41%	48%	+7pp	42%	46%	-8pp	
<i>Sales of real estate properties</i>	28%	40%	+12pp	35%	40%	+5pp	
<i>Brokerage of real estate properties</i>	69%	73%	+4pp	71%	74%	+3pp	
Financial income	342	4	-99%	361	13	-96%	Financial income decreased because DXG recorded profit from the transfer of 1ha at the Gem Premium project in 2Q last year.
Financial expenses	-160	-107	-33%	-310	-232	-25%	
SG&A	-208	-286	37%	-379	-504	33%	Sales expenses increased mainly due to brokerage and advertising costs increasing by 180% YoY to VND178 billion.
SG&A/revenue ratio	29%	25%	-4pp	35%	23%	-12pp	
<b>Operating income/loss</b>	<b>260</b>	<b>134</b>	<b>-49%</b>	<b>122</b>	<b>271</b>	<b>123%</b>	
Other incomes	-11	2	-	31	26	-18%	
<b>PBT</b>	<b>249</b>	<b>164</b>	<b>-34%</b>	<b>153</b>	<b>297</b>	<b>94%</b>	
NPAT	157	94	-40%	40	171	330%	This is equal to 28% of the year plan.
<b>NPAT-MI</b>	<b>156</b>	<b>33</b>	<b>-79%</b>	<b>61</b>	<b>64</b>	<b>5%</b>	
<i>NPAT margin</i>	22%	3%	-19pp	6%	3%	-3pp	

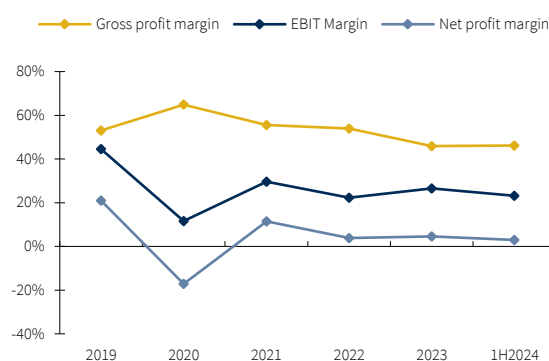
Source: Dat Xanh Group, KB Securities Vietnam

Fig 2. DXG – Revenue & NPAT in 2019–2024 (VNDbn)



Source: Dat Xanh Group, KB Securities Vietnam

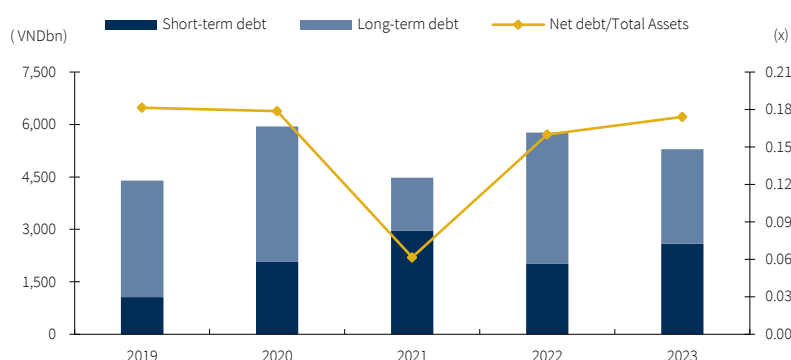
Fig 3. DXG – Profit margins in 2019–2024 (%)



Source: Dat Xanh Group, KB Securities Vietnam

DXG's debts at the end of 1Q24 were VND5,088 billion, of which short-term debt accounted for 54%. Debt decreased by 4% YTD, but the net debt/total assets ratio significantly shrank to 0.14x due to increased cash balance thanks to the completion of the placement of 101.7 million shares in 1Q24.

Fig 4. DXG – Debts in 2019–2024 (VNDbn)



Source: Dat Xanh Group, KB Securities Vietnam

### DXG aims to complete legal procedures at major projects

In 2024, DXG aims to complete the legal procedures of 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 in the period 2024–2026.

### The company is waiting for positive signals from two key projects

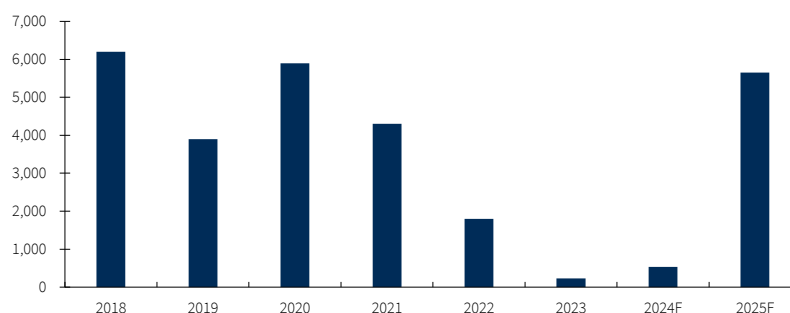
- **Gem Sky World project:** The project covers 92ha in Long Thanh, Dong Nai with about 4,000 products. DXG has sold about 2,300 products (equivalent to nearly 60%) and handed over about 1,600 products (of which the certificates have been delivered for 1,500 units). The project has about 700 units sold but not yet handed over, DXG plans to hand over and record revenue of about 300 units by the end of this year. It has nearly completed the facilities, including schools, medical stations and shopping centers. The project is expected to be reopened for sale at the end of 2024 when the market recovers.
- **Gem Riverside Project:** The project is located in Thu Duc, covering an area of 6.7ha with 12 blocks consisting of 3,100 apartments. The project was first launched in 2018, but it was suspended due to legal issues. DXG has completed the additional land use fee for the adjusted 1/500 planning in 1Q24 and is completing the procedures for receiving a construction permit, which should be achieved in 4Q this year. KBSV expects the project to be launched in 2H25.

### Sales in 2024 are forecast to reach VND532 billion (+133%YoY)

KBSV believes that the real estate market will have a clearer recovery from the end of 2024, accordingly, DXG's business activities are expected to have more obvious progress thanks to (1) the Law on Real Estate Business (amended), the Law on Housing (amended) and the Law on Land (amended) taking effect from August 1, 2024, contributing to solving difficulties for businesses and (2) interest rates on home loans being expected to remain low, stimulating demand for home loans.

However, in the short term, we see that the liquidity of highly speculative ground project/shophouse products remains low due to cautious investor sentiment. Therefore, we lowered our forecast for 2024 sales of Gem Sky World by 56% to VND532bn (+133%YoY). 2025F sales should strongly grow when Gem Riverside is launched, reaching VND5,647 billion (+11xYoY).

Fig 5. DXG – 2016A–2025F sales (VNDbn)



Source: KB Securities Vietnam

Table 6. DXG – Progress of some projects

	Location	Area	Scale	Progress as of the end of 2Q24
Gem Sky World	Dong Nai (~10km from Long Thanh Airport) Thu Duc City	92ha	4,000 land plots and low-rise products	Land plots were first launched in 2020 for a price of VND16 million/m². The project has sold 60% of the total 4,000 products and handed over about 40% of the products. It is expected to be reopened for sale in the second half of 2024.
Gem Riverside	Binh Duong	6.7ha	3,100 apartments	The project is applying for construction permit. It is expected to be launched in 2025.
Opal Skyline	Binh Duong	1.02ha	1,500 apartments	It was introduced in 4Q20, 100% sold and 90% handed over. It should be handed over and record revenue from the remaining 100–130 units in 3Q24. The project was topped out in June 2022 and started handover from the end of 3Q23.
Opal Cityview	Thu Duc City	0.94ha	1,500 apartments	The project is completing legal procedures.
Gem Premium	Binh Duong	15ha		The project is completing legal procedures.
Opal Luxury	Binh Duong	8.4ha	3,400 apartments	1/500 planning is available, land use fees are being paid.
Park View	Binh Duong	5ha		The project is completing legal procedures.
Park City	Dong Nai (~10km from Long Thanh Airport)	10.5ha	6,800 apartments	The project is completing legal procedures.

Source: Dat Xanh Group, KB Securities Vietnam

## Forecast & valuation

Table 7. DXG – 2024–2025F business results

(VNDbn, %)	2023	2024F	+/-%YoY	2025F	+/-%YoY	Notes
<b>Revenue</b>	<b>3,725</b>	<b>4,987</b>	<b>34%</b>	<b>4,553</b>	<b>-9%</b>	
<i>Sales of real estate properties</i>	<i>2,801</i>	<i>3,278</i>	<i>17%</i>	<i>3,034</i>	<i>-7%</i>	Real estate transfer revenue mainly comes from the handover of the Opal Skyline and Gem Sky World projects.
<i>Brokerage of real estate properties</i>	<i>602</i>	<i>1,290</i>	<i>115%</i>	<i>1,190</i>	<i>-8%</i>	Brokerage revenue recovers from the low base level of 2023.
<b>Gross profit</b>	<b>1,710</b>	<b>2,202</b>	<b>29%</b>	<b>2,586</b>	<b>17%</b>	
<i>Gross profit margin</i>	<i>46%</i>	<i>44%</i>	<i>-2pp</i>	<i>57%</i>	<i>+13pp</i>	
Financial income	409	45	-89%	88	95%	
Financial expenses	-593	-545	-8%	-727	33%	
SG&A	-977	-1,152	18%	-1,225	6%	
SG&A/revenue ratio	26%	23%	-3pp	27%	+4pp	
<b>Operating income/loss</b>	<b>437</b>	<b>550</b>	<b>26%</b>	<b>816</b>	<b>48%</b>	
Other incomes	453	550	21%	816	48%	
NPAT	150	304	102%	452	48%	
<b>NPAT-MI</b>	<b>172</b>	<b>196</b>	<b>14%</b>	<b>385</b>	<b>97%</b>	
<i>NPAT margin</i>	<i>5%</i>	<i>4%</i>	<i>-1pp</i>	<i>8%</i>	<i>+4pp</i>	

Source: Dat Xanh Group, KB Securities Vietnam

### Valuation: BUY rating – Target price VND19,100 apiece

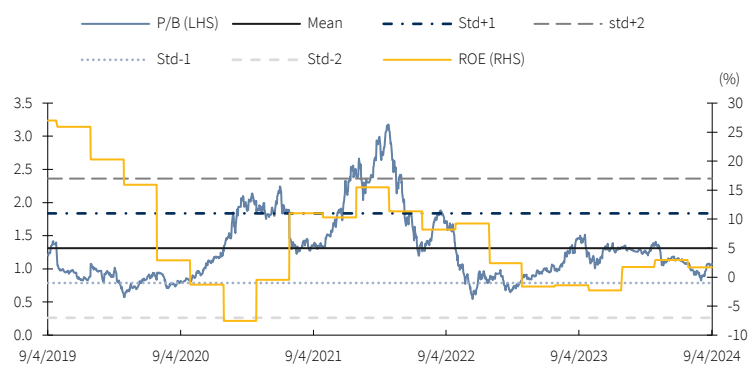
Using an RNAV model to re-evaluate DXG's land bank, we give a target price for DXG shares of VND1,920,100 apiece. DXG shares are currently trading at a P/B 2024/2025fw of 1.1x/1.0x, lower than the five-year average of 1.3x. Therefore, based on the valuation results, we give a BUY rating with a target price of VND19,200, 20% higher than the closing price on September 4, 2024.

Table 8. DXG – Valuation

Projects	Method	Value (VNDmn)
<b>Development</b>	<b>RNAV</b>	<b>14,721,586</b>
Gem Sky World	DCF	3,214,420
Gem Riverside	DCF	3,788,585
Gem Premium	DCF	1,921,166
Opal Cityview	DCF	811,662
Opal Skyline	DCF	158,921
Opal City	DCF	958,013
Parkview	DCF	1,668,502
Parkcity	DCF	2,080,091
Others	DCF	120,225
<b>Brokerage</b>	<b>DCF</b>	<b>3,053,405</b>
+ Cash		1,069,653
- Debt		5,087,650
<b>RNAV</b>		<b>13,756,994</b>
Outstanding shares		720,703,435
<b>Target price (VND)</b>		<b>19,100</b>

Source: KB Securities Vietnam

Fig 9. DXG - P/B & ROE in 2019-2024 (x, %)



Source: KB Securities Vietnam

## DXG – 2022A–2025F financials

Income Statement (VND billion)					Balance Sheet (VND billion)				
	2022	2023	2024F	2025F		2022	2023	2024F	2025F
Net sales	5,512	3,725	4,987	4,553	CURRENT ASSETS	27,371	26,230	27,610	30,003
Cost of sales	-2,542	-2,014	-2,784	-1,967	Cash and cash equivalents	919	276	1,322	1,986
Gross Profit	2,970	1,710	2,202	2,586	Short-term investments	181	97	97	97
Financial income	464	409	45	88	Accounts receivable	11,948	11,423	11,979	12,634
Financial expenses	-521	-593	-545	-727	Inventories	14,031	14,139	13,960	15,008
of which: interest expenses	-462	-537	-482	-498	LONG-TERM ASSETS	2,950	2,557	2,651	2,715
Gain/(loss) from joint ventures (from 2015)	2	-112	0	0	Long-term trade receivables	147	149	149	149
Selling expenses	-1,057	-586	-612	-617	Fixed assets	394	372	457	510
General and admin expenses	-1,083	-391	-541	-514	Investment properties	132	110	120	130
Operating profit/(loss)	775	437	550	816	Long-term incomplete assets	711	723	723	723
Other incomes	-7	16	0	0	Long-term investments	506	394	394	394
Other expenses	72	108	0	0	TOTAL ASSETS	30,321	28,786	30,261	32,717
Net other income/(expenses)	-80	-93	0	0	LIABILITIES	16,236	14,600	14,553	16,561
Income from investments in other entities	0	0	0	0	Current liabilities	12,255	11,618	11,517	13,442
Net accounting profit/(loss) before tax	768	453	550	816	Trade accounts payable	1,149	767	942	1,916
Corporate income tax expenses	41	-131	-245	-364	Advances from customers	2,383	1,751	962	1,397
Net profit/(loss) after tax	534	150	304	452	Short-term unrealized revenue	168	115	0	0
Minority interests	319	-22	109	66	Short-term borrowings	2,023	2,591	2,668	2,802
Attributable to parent company	215	172	196	385	Long-term liabilities	3,981	2,983	3,036	3,119
					Long-term trade payables	0	0	0	0
					Long-term advances from customers	0	0	0	0
					Unrealized revenue	0	0	0	0
					Long-term borrowings	3,748	2,699	2,753	2,835
					OWNER'S EQUITY	14,085	10,594	14,039	16,315
					Paid-in capital	6,118	6,118	7,135	7,135
					Share premium	80	80	284	284
					Undistributed earnings	2,308	1,736	1,932	2,317
					Minority interests	4,840	4,783	4,892	4,958
Margin ratio					Key ratios				
	2022	2023	2024F	2025F		2022	2023	2024F	2025F
Gross profit margin	55.5%	53.9%	45.9%	44.2%	Multiple				
EBITDA margin	27.6%	16.6%	21.9%	22.0%	P/E	53.4	616	58.0	29.5
EBIT margin	26.9%	15.1%	19.7%	21.1%	P/E diluted	53.4	616	0.0	0.0
Pre-tax profit margin	24.9%	13.9%	12.2%	11.0%	P/B	11	10	10	10
Operating profit margin	25.0%	14.1%	11.7%	11.0%	P/S	2.1	2.8	2.3	2.5
Net profit margin	15.8%	9.7%	4.0%	6.1%	P/Tangible Book	0.8	0.8	0.7	0.7
					P/Cash Flow	12.5	38.4	8.6	5.7
					EV/EBITDA	23.1	24.6	18.5	13.2
					EV/EBIT	25.5	27.4	19.4	13.7
					Operating performance				
					ROE	153	121	124	2.38
					ROA	5.02	4.17	5.85	7.66
					ROIC	0.71	0.60	0.65	1.18
					Financial structure				
					Cash Ratio	0.1	0.0	0.1	0.1
					Quick Ratio	11	10	12	11
					Current Ratio	2.2	2.3	2.4	2.2
					LT Debt/Equity	0.3	0.2	0.2	0.2
					LT Debt/Total Assets	0.1	0.1	0.1	0.1
					Debt/Equity	0.9	0.8	0.7	0.8
					Debt/Total Assets	0.4	0.4	0.4	0.4
					ST Liabilities/Equity	0.9	0.8	0.7	0.8
					ST Liabilities/Total Assets	0.4	0.4	0.4	0.4
					Total Liabilities/Equity	12	10	0.9	10
					Total Liabilities/Total Assets	0.5	0.5	0.5	0.5
					Activity ratios				
					Account Receivable Turnover	0.5	0.3	0.4	0.4
					Inventory Turnover	0.2	0.1	0.2	0.1
					Account Payable Turnover	2.5	2.1	3.3	14

Source: Dat Xanh Group, 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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