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Vinhomes (VHM)

Strong momentum to carry over to 2020E

4Q earnings up 132% YoY and full-year 2019 results up 49%

— Strong 4Q earnings due to: 1) deliveries for 14,000 units of apartments, villas and shophouses (more than all deliveries seen in 2018). In particular, deliveries from *Ocean Park* and *Smart City* accelerated in the quarter; and 2) a sharp rise in GPM to 71% from 20% in 4Q18 with impressive bulk sales. Moreover, balances for non-refundable deposit contracts rose to 60,100 units and yet to be recorded revenue increased to VND91.4 trillion (up 31% YoY).

More juice from the lemon in 2020E: good bulk sales momentum from the mega projects

- An additional 58,300 units (up 421% YoY) launched in 2019 from the three mega projects (*Ocean Park*, *Smart City* & *Grand Park*) boosts the total number of units launched so far to 69,500. Of these, the company has already signed a bulk-sale contract for 11,000 apartments valued at VND11 trillion with an Asian developer (should be booked in 1Q20). Moreover, 38,800 units were sold via bulk sales and VND44 trillion in revenue should be booked throughout 2020E.
- The only other confirmed project that will impact 2020E is the *Symphony* luxury apartment complex launched in December 2019 as part of the *Riverside Complex*, with the 83% of the units already pre-sold at an average selling price of USD2,000/m² for delivery in 3Q20E.

Waiting for confirmation on project launches for *Dream City*, *Wonder Park* & *Galaxy*

- **Residential:** Total units scheduled for launch in 2020E (but booked in 2021E onwards) at 46,300 units (40,700 from the three mega projects), equivalent to the total transaction of VND125–130 trillion. Revenue in 2020 will come from delivery of 26,600 units from the three mega projects and 3,700 units from other projects. Moreover, we expect confirmation on project launches for *Dream City*, *Wonder Park* & *Galaxy* projects sometime in 2020, which may add another 3,900 units for 2020 (Table 2).
- **Industrial:** VHM may expand into the industrial segment to broaden its business scope and management are currently studying the profitability and growth potential of six projects in Hai Phong before finalizing any decision.

Table 1. VHM 2019 earnings

(bn VND)	4Q2018	4Q2019	+/- %yoy	2018	2019	+/- %yoy
Net revenue	16,259	14,184	-13%	38,664	51,826	34%
Gross profit	3,278	10,018	206%	10,061	27,360	172%
Gross profit margin	20%	71%	5,047 bps	26%	53%	2,677 bps
Financial income	3,529	1,388	-61%	14,565	9,046	-38%
Pre-tax profit	4,862	8,645	78%	19,719	29,658	50%
NPAT & minority interest	2,577	5,981	132%	14,284	21,305	49%
EPS (VND)	770	1,796	133%	4,503	6,369	41%

Source: Company reports, KB Securities Vietnam

Table 2. VHM's project breakdown

	<i>Ocean Park</i>	<i>Smart City</i>	<i>Grand Park</i>	<i>Symphony</i>	<i>Dream City</i>	<i>Wonder Park</i>	<i>Galaxy</i>
Total units	~46,400 units	~45,000 units	~45,000 units		~5100 units	~1,500 units	~7,000 units
Total area	420ha	281ha	272ha	4.3ha	458ha	133ha	11ha
Location				Long Bien, Hanoi	Hung Yen	Dan Phuong, Hanoi	Nguyen Trai, Hanoi
Description							
Launch (units)							
2018	10,250	3,967					
2019	20,000	18,500	28,600	1,500			
2020E	9,900	14,000	16,800		800	1,100	2,000
2021E	5,300	8,900	0		800	400	2,500
2022E					800		2,500
Deliveries (units)							
2018							
2019	~12,400	~10,800					
2020E	8,000	8,100	10,500				
2021E	10,000	10,000	11,500	1,500	600	500	
2022E	10,500	10,500	11,000		700	600	2,000

Source: Company reports, KB Securities Vietnam

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Investment Ratings for Stocks

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

Buy:	Hold:	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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