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KDH has the advantage of large land bank in HCM while the land supply in the inner city is becoming scarce

Small projects are expected to ensure KDH's sales value and profit in the medium term

Large projects should affirm the company's position and ensure long-term profit growth

BUY recommendation with a target price of VND35,000 apiece

Khang Dien House Trading & Investment (KDH) is one of the reputable mid- and high-end real estate developers with 20 years in Ho Chi Minh City (HCMC). KDH owns a large land bank of more than 600ha in HCM, concentrated in ideal locations in Thu Duc and the Western area of the city.

For 2023–2024, KDH plans to sell small projects like Clarita, The Privia, and The Solina, which should ensure KDH's sales and profit in the medium term while waiting to unlock large land bank. KBSV estimates that the total sales value, excluding Doan Nguyen project, at VND4,304 billion (+54%YoY) in 2023 and VND7,236 billion in 2024 (+68%YoY).

KDH is currently investing in three large projects including Tan Tao Residential Area (330ha), Le Minh Xuan Industrial Park (110ha), and Phong Phu 2 Residential Area (130ha). These projects should help the company affirm its position on the market and long-term profit growth.

KBSV estimates that KDH's NPAT would be VND1,254 billion (+4%YoY) and VND 1,337 billion (+7%YoY) respectively for 2022 and 2023.

Based on the business outlook and valuation results, we recommend BUY for KDH shares with the target price of VND35,000/share, 39% higher than the closing price on December 21, 2022.

Buy initiate

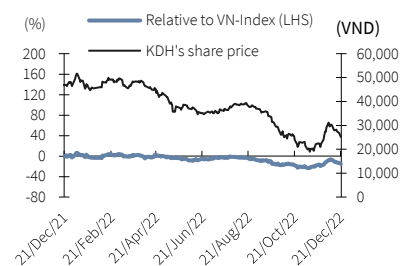
Target price	VND35,000
Upside/Downside	39%
Current price (Dec 21, 2022)	VND25,100
Consensus target price	VND41,500
Market cap (VNDbn/USDmn)	19.2/0.8

Trading data	
Free float	84.9%
3M avg trading value (VNDbn/USDmn)	73.1/3.1
Foreign ownership	12.6%
Major shareholder	Dragon Capital (9%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	12	-20	-28	58
Relative	6	-4	-15	56

Forecast earnings & valuation

FY-end	2020A	2021A	2022F	2023F
Net revenue (VNDbn)	4,532	3,738	2,687	3,681
Operating income (VNDbn)	1,498	1,355	1,244	1,730
NPAT of parent company (VNDbn)	1,153	1,202	1,254	1,337
EPS (VND)	1,992	1,777	1,750	1,865
EPS growth (%)	25	-11	-2	7
P/E (x)	19.63	22.01	14.34	13.46
P/B (x)	2.78	2.47	1.46	1.31
ROE (%)	15	13	10	10
Dividend yield (%)	1	1	0	na



Source: Bloomberg, KB Securities Vietnam

Overview

KDH is one of the reputable and experienced investors in the field of real estate investment and development

KDH is one of the reputable mid- and high-end real estate developers with 20 years in HCMC. KDH’s projects concentrated in Southern HCMC and Thu Duc. KDH has invested and developed large-scale and quality villas, townhouse and apartment projects in HCMC such as Mega Residence, Mega Ruby, Mega Village, The Venica, Lucasta, Melosa Garden, Verosa Park, Jamila and Safira.

Table 1. KDH – History of establishment & development

2001	<ul style="list-style-type: none"> • Khang Dien Investment & Trading Co., Ltd. founded • VND10 billion in charter capital
2007	<ul style="list-style-type: none"> • Changed its name to Khang Dien House Trading & Investment Corp • Two strategic shareholders Vina Capital and Pudential, raising charter capital to VND332 billion
2010	<ul style="list-style-type: none"> • Listed on the HSX, ticker KDH
2011	<ul style="list-style-type: none"> • Deployed luxury villas Villa Park and Goldora Villa (aka Lucasta)
2014	<ul style="list-style-type: none"> • New shareholder Dragon Capital, raising charter capital to VND750 billion • Launched two projects Mega Residence and Mega Ruby in District 9, HCMC
2015	<ul style="list-style-type: none"> • Raised charter capital to VND1,800 billion • Bought 57% stake in Khang Phuc House Trading & Investment • Launched Mega Village, Melosa and Lucasta in District 9, HCMC
2017	<ul style="list-style-type: none"> • Raised charter capital to VND3,360 billion • Opened Merital and Rosita for sale (District 9, HCMC)
2018	<ul style="list-style-type: none"> • Merged with Khang Phuc House Trading & Investment
2019	<ul style="list-style-type: none"> • Raised charter capital to VND5,444 billion • Launched Lovera Vista in Binh Chanh District, HCMC and Verosa Park Shophouse-villa in District 9, HCMC
2020	<ul style="list-style-type: none"> • Topped out the Lovera Vista project and handed over the Safira project • KDH shares ranked among the VN30
2021	<ul style="list-style-type: none"> • Delivered Lovera Vista and Verosa Park
2022	<ul style="list-style-type: none"> • Launched Classia project

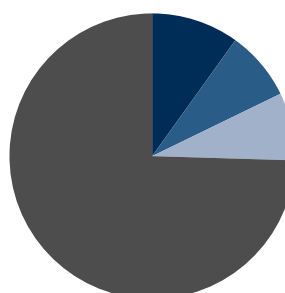
Source: Khang Dien House, KB Securities Vietnam

Fig 2. KDH – Ownership structure

Total ownership of Dragon Capital group is 9,07%

Ms. Mai Tran Thanh Trang, Chairman of the Board of Directors, holds 2.84%

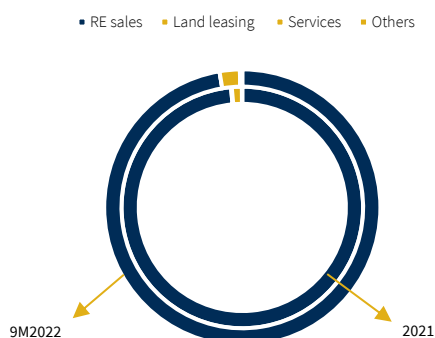
■ Tien Loc Investment Ltd ■ Gamma Investment Ltd ■ A Au Trading Investment ■ Others



Source: Khang Dien House

The sales of real estate properties are KDH's core revenue, accounting for 98.5% and 97.4% of revenue in 2021 and 9M22, respectively. Other business activities account for a negligible proportion in the revenue structure

Fig 3. KDH – Revenue structure



Source: Khang Dien House, KB Securities Vietnam

Business operation

KDH orientates itself towards low-rise projects, focusing on semi-detached houses with gardens and luxury villas

In the first phase, KDH invested and developed low-rise projects, focusing on semi-detached houses with gardens and luxury villas. The company has affirmed its position as a reputable developer of low-rise products with the success of the Mega project chain (Mega Residence, Mega Ruby and Mega Village – 100% absorption rate) and other luxury villa projects (Lucasta and The Venica).

The company expanded to the field of mid-end apartments

From 2018, KDH started to develop mid-end apartment projects with three projects Jamila, Safira and Verosa Park. They have reached maximum absorption rate in the opening sales, most of customers want to occupy the houses by themselves. The implemented projects of KDH are concentrated in the Eastern area of HCMC (now known as Thu Duc).

KDH deploys projects carefully, and its products have clear legal status

KDH always deploys projects cautiously as it only opened a project for sale if the project meets the conditions prescribed by law. KDH's projects have good construction quality and adequate internal facilities, they are delivered on time and attached with certificate of land use rights between six and 12 months.

KDH currently owns a land bank covering more than 600ha

KDH owns a large land bank of more than 600ha in HCM, concentrated in ideal locations in Thu Duc and the Western area of the city (Binh Tan and Binh Chanh districts). KDH plants to focus on selling small projects such as Classia, The Claria, The Solina and Doan Nguyen in the medium term. Large projects (>100ha) will be implemented in the long term.

Table 4. KDH – Ongoing projects

Projects	Location	Area (ha)	Products	Progress
Completed Projects		189.2		
Khang Dien – Phuoc Long B	Thu Duc	10.4	247 terrace houses and villas	Complete
Mega Residence	Thu Duc	3.2	158 terrace houses	Complete
River Town	Thu Duc	7.1	197 terrace houses and villas	Complete
Mega Village	Thu Duc	5.7	323 terrace houses and villas	Complete
Topia Garden	Thu Duc	6.0	225 terrace houses and villas	Complete
Mega Ruby	Thu Duc	5.0	222 terrace houses and villas	Complete
Melosa Garden	Thu Duc	4.0	567 terrace houses and villas	Complete
Merita	Thu Duc	3.1	131 terrace houses and villas	Complete
The Venica	Thu Duc	3.1	43 terrace houses and villas	Complete
Rosita Garden	Thu Duc	3.1	118 terrace houses and villas	Complete
Lucasta	Thu Duc	8.2	140 terrace houses and villas	Complete
Jamila	Thu Duc	1.7	867 condos và 15 shophouses	Complete
Safira	Thu Duc	2.7	1,570 condos và 23 shophouses	Complete
Lovera Vista	Binh Chanh	1.8	1,310 condos	Complete
Verosa Park	Thu Duc	8.1	296 terrace houses and villas	Complete
Le Minh Xuan IP	Binh Chanh	116.0		Occupancy rate: 100%

Source: Khang Dien House, KB Securities Vietnam

Fig 5. KDH – Location of projects



Source: Khang Dien House

Business performance

Profit grew steadily with a CAGR of 24% from 2017–2021

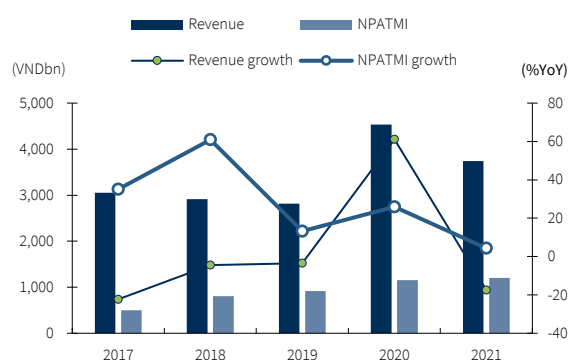
KDH's GPM has maintained at a relatively high level in recent years. Revenue has grown dramatically, reaching VND4,532 billion (+61%YoY) in 2020 thanks to the handover of many products from Verosa Park and Safira projects. 2021 revenue decreased 18%YoY to VND3,738 billion, mainly supported by the delivery of more than 1,400 products at Lovera Vista, Safira and Verosa Park projects. Profit maintained a steady growth with a CAGR of 24% from 2017–2021. Although 2021 revenue was lower than that of 2020, NPAT grew 4% YoY to VND1,205 billion thanks to the recognition of VND199 billion from merger with Nguyen Thu Real Estate Development JSC.

GPM is high in recent years

GPM has maintained high in recent years, especially in 2019 when GPM reached 53% thanks to the contribution of the low-rise products (with higher profit margin compared with high-rise ones) in Verosa Park project. In 2020 and 2021, profit margin dropped 43% YoY and 48% YoY respectively due to the higher contribution proportion of high-rise products at Safira and Lovera Vista projects, but this is still quite high compared to other companies in the same industry.

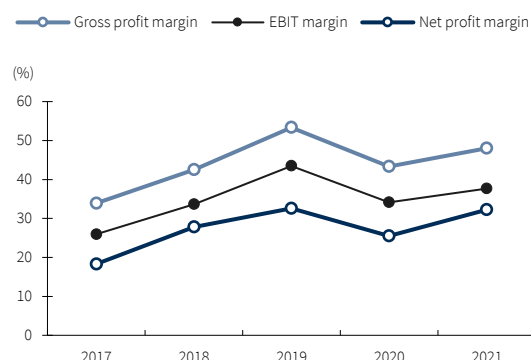
GPM, EBIT margin and net profit margin have a large correlation, showing KDH's ability to control SG&A expenses.

Fig 6. KDH – Revenue & NPAT in 2017–2021 (VNDbn)



Source: Khang Dien House, KB Securities Vietnam

Fig 7. KDH – GPM in 2017–2021



Source: Khang Dien House, KB Securities Vietnam

Table 8. KDH – 9M22 business results

	9M2021	9M2022	+/- %	Notes
Net Revenue	3,148	1,678	-47%	Completed 42% full-year target
- RE transfer	3,107	1,633	-47%	9M net revenue decreased due to lower number of delivered units 9M2022 revenue was mainly from some units from old projects and 82 low-rise units from Classia
Gross profit	1,308	1,085	-17%	
- Gross profit margin	42%	65%		Gross profit margin increased due to sales of low-rise units at Classia which have high margin
Financial income	13	8	-35%	
Financial expenses	67	52	-22%	
Selling expenses	89	61	-31%	
General and Administrative expenses	134	162	21%	
Operating expenses	1,030	818	-21%	
Net other income	-23	411		This income was from non-cash gain after consolidating 60% stake of Phuoc Nguyen in 1Q2022
PBT	1,007	1,228	22%	
Tax income	217	258	19%	
NPAT	790	971	23%	
NPATMI	788	983	25%	Completed 70% full-year target

Source: Khang Dien House, KB Securities Vietnam

Financial status

3Q22 inventories rose strongly compared to the same period last year

KDH's total assets increases steadily over the years, of which cash and cash equivalents, receivables and inventories account for the largest proportion. At the end of 3Q22, inventories increased sharply by 64% compared to the beginning of the quarter to VND12,729 billion, resulting in a 49% increase in the total assets, compared with VND21,470 billion in early 3Q. This mainly came from VND3,208 billion of Doan Nguyen residential project and VND1,485 billion of KDC Tan Tao. Doan Nguyen, which has a scale of 6.1ha in Binh Trung Dong - Cat Lai, Thu Duc, was purchased by KDH in 1Q22 after acquiring 60% stake of

Doan Nguyen House Investment, the investor of the project.

Advances from customers have fell substantially since 2021

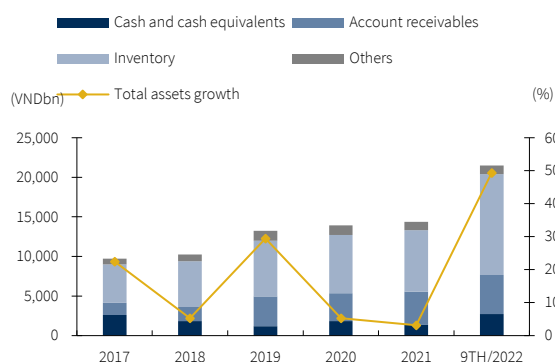
By the end of 3Q22, advances from customers jumped by 195% YTD but fell substantially compared to the 2017–2020 period to VND529 billion. Accordingly, the ratio of advances from customers to inventories decreased sharply against the previous years, given no new launch and that inventory property sales from implemented projects were booked in 2021.

KDH boosted borrowing to finance key projects

Debts increased sharply by 182% YTD to VND7,206 billion, driven by surging long-term bank loans to contribute capital to the Doan Nguyen housing project and finance the ongoing projects like Classia, Clarita, and mega projects such as Le Minh Xuan Industrial Park, KDC Tan Tao, and KDC Phong Phu 2. The debt-to-total assets ratio increased significantly to 0.34x at the end of 3Q22. However, KDH still maintained a better solvency ratio than other peers in the industry.

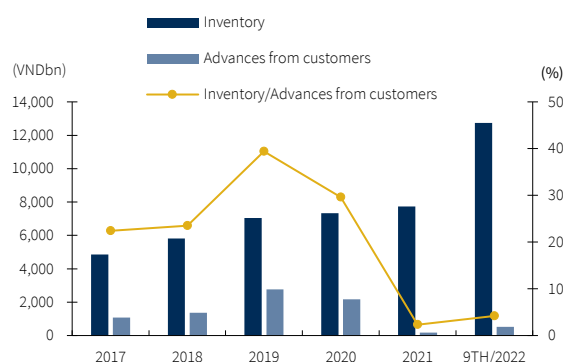
By the end of 3Q22, KDH’s outstanding loans of bonds maturing by 2025 were worth VND1,100 billion. We believe that with abundant cash flow from previous projects and those about to be launched, maturing bonds would not put a heavy burden on KDH.

Fig 9. KDH – Total assets (VNDbn)



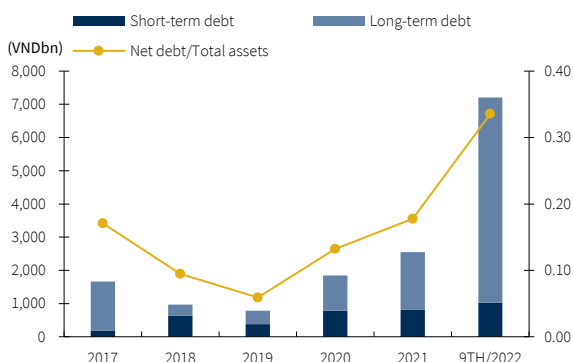
Source: Khang Dien House, KB Securities Vietnam

Fig 10. KDH – Advances from customers, inventories (VNDbn)



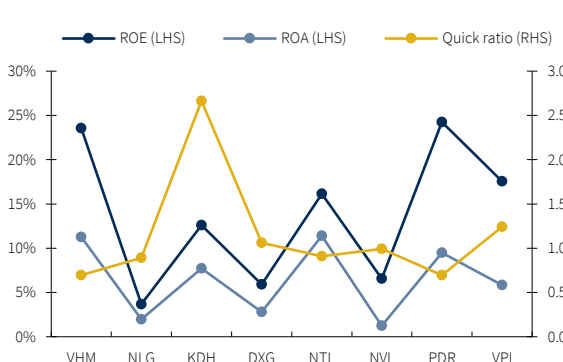
Source: Khang Dien House, KB Securities Vietnam

Fig 11. KDH – Debt structure (VNDbn)



Source: Khang Dien House, KB Securities Vietnam

Fig 12. KDH – ROE, ROA, Quick ratio (%)



Source: Khang Dien House, KB Securities Vietnam

Investment catalysts

KDH is a reputable enterprise with proved project implementation capacity

KDH is a reputable property developer with a complete legal platform. The firm only opens for sale eligible projects and signs sales contracts with customers in accordance with the law rather than receive bookings. Specifically, the acceptance criteria for technical infrastructure and foundation construction of low-rise products have been met, and those projects are eligible for capital mobilization from the management agency.

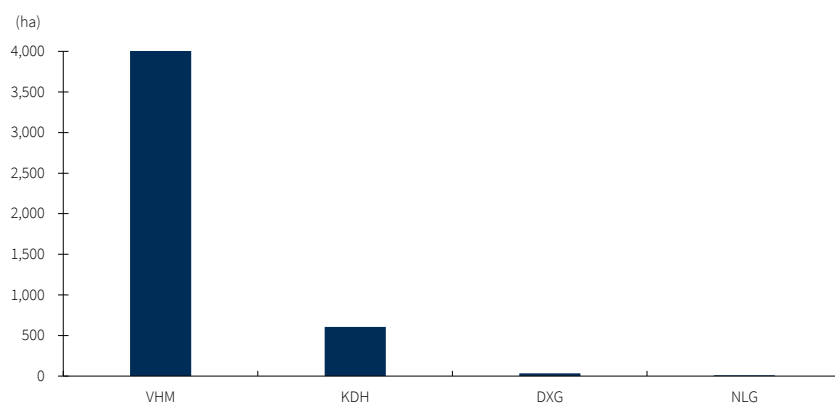
KDH's project completion time is always on or ahead of schedule, proving its implementation capacity. All projects have good construction quality with diverse internal facilities.

Large clean land bank in the inner city of HCMC would ensure KDH's medium to long-term growth

KDH owns a large land bank of more than 600 ha. Amid scarce land bank in the inner city of HCMC, KDH has a competitive advantage over others as its projects are all in prime locations in Ho Chi Minh City, concentrated in Thu Duc City, Binh Tan, and Binh Chanh districts.

KDH owns a large land bank in Ho Chi Minh City, only behind Vinhomes (VHM)

Fig 13. Vietnam – Land bank of some property developers in HCMC (ha)



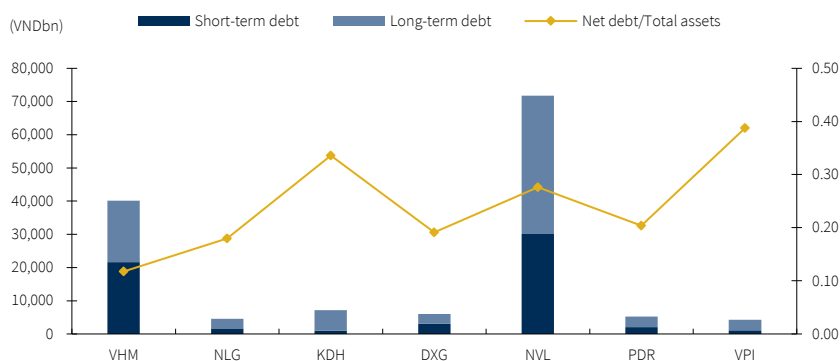
Source: Khang Dien House, KB Securities Vietnam

Healthy financial stability

KDH's debt-to-total assets ratio is 0.34x, higher than the industry average but still relatively safe. Besides, KDH maintains a better solvency ratio than others in the industry.

Most loans are long-term loans, and short-term ones only account for 14% of total loans. Therefore, we believe abundant cash flow from projects with prime locations and high absorption rates that are about to be launched will not put much pressure on KDH in due debt repayment.

Fig 14. Vietnam – Debt structure of some property developers (VNDbn, %)



Source: Khang Dien House, KB Securities Vietnam

Classia recorded a high absorption rate of 96% in its introduction to the market for the first time

KDH launched Classia with 176 townhouses with garden, spanning 4.3 ha. The project was started construction in 4Q21 and opened for sale in 3Q22 after completion. The selling price at Classia is about VND180 million/m², higher than similar products in the surrounding area. By the end of 3Q22, KDH sold approximately 100 products and recognized revenue from more than 80 units at the Classia project. From a cautious point of view, we estimate the absorption rate of the project is 80% in 2022, and KDH can sell out the remaining in 1H23. In our estimates, KDH will record more than 70% of revenue from Classia in 2022 and the rest in 2023. High selling prices and low costs boosted the gross profit margin of the project, reaching over 60%.

Classia is located in the existing projects of KDH.

The enterprise opened for sale Classia in the third quarter of 2022 and handed it over to customers in the fourth quarter of 2022. By the end of the fourth quarter, KDH started handing over certificates of land use rights and ownership of houses and other land-attached assets to customers.

Fig 15. KDH – Classia project



Source: Khang Dien House, KB Securities Vietnam

Fig 16. KDH – Classia project



Source: Khang Dien House

Fig 17. KDH – Classia project



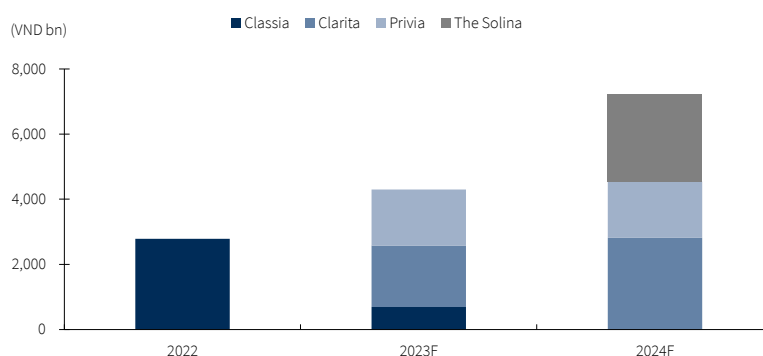
Source: Khang Dien House

Small-scale projects will ensure KDH’s revenue and earnings growth in the medium term

During 2023–2024, KDH plans to introduce small-scale projects Clarita – The Privia – The Solina to the market. In the first quarter of 2022, Doan Nguyen (6.1 ha) was included in KDH’s land bank. These projects will ensure KDH’s revenue and profit growth over the next few years. Meanwhile, KDH will progressively complete legal procedures to launch mega projects. We expect KDH’s projects to achieve high absorption rates and selling prices, helped by: (1) Khang Dien brand reputation built on good product quality, timely handover, and legal compliance and (2) the development of Thu Duc City and Binh Chanh District. KBSV estimates total sales revenue to be VND4,304 billion (+54% YoY) in 2023 and VND7,236 billion (+68% YoY) in 2024, excluding the Doan Nguyen project.

Small-scale projects Classia, Clarita, The Privia, The Solina will ensure KDH’s sales revenue in the 2022–2024 period.

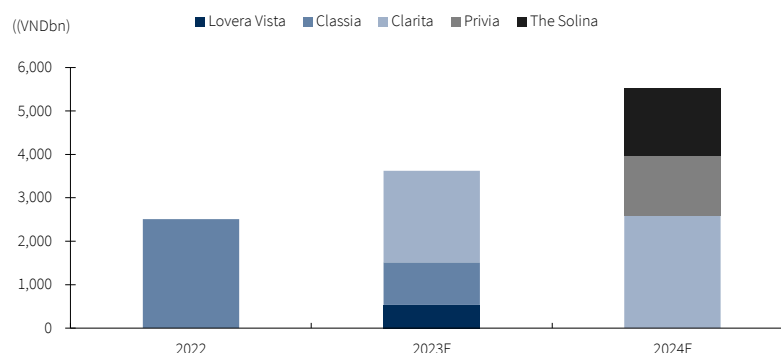
Fig 18. KDH – Estimated sales revenue (VNDbn)



Source: KB Securities Vietnam

In the 2021–2024 period, revenue is estimated to grow at a CAGR of 14.4%

Fig 19. KDH – 2022–24F revenue



Source: KB Securities Vietnam

Fig 20. KDH – Progress on Privia project

The project is on An Duong Vuong Street, Binh Tan District, Ho Chi Minh City, covering an area of 1.8 ha with three blocks of 1,100 apartments.

Privia was started construction in 2Q22. The construction work on the second floor of blocks A and B and the first floor of block C is underway.

The project is expected to be opened for sale in early 2023, and the delivery should be in 2024.



Source: KB Securities Vietnam

Table 21. KDH – Ongoing projects

Projects	Location	Scale (ha)	Product	Progress
Ongoing projects		34.4		
The Classia	Thu Duc City	4.3	176 townhouses	Construction started in April 2021. Opened for sale in 3Q22. 100/176 sold.
Clarita	Thu Duc City	5.8		In the process of legal completion to start construction at the end of 2022. Expected to be launched in 2H23
The Privia	Binh Tan, HCMC	1.8	1,100 apartments	Construction started in 2Q22. Expected to be launched in early 2023
The Solina	Binh Chanh, HCMC	16.4		In the process of legal completion. Expected to be launched in 2H23.
Doan Nguyen	Thu Duc City	6.1		Applying for the building permit. Leveling finished, construction expected in 2023. Expected to be launched in 4Q23 or 2024

Source: Khang Dien House, KB Securities Vietnam

KDH is accelerating the implementation of large-scale projects

Apart from small-scale projects, KDH also invests in three large-scale ones, including KDC Tan Tao (330 ha), Le Minh Xuan Industrial Park (110 ha), and KDC Phong Phu 2 (130 ha). KDH has focused on compensation in recent years, somewhat helping to affirm the company's position and ensure long-term growth. In 9M22, KDH boosted borrowing, especially long-term bank loans, to finance the implementation of these projects, making debts soar by 182% YTD to VND7,206 billion. On KDH's 3Q22 financial statements, inventories of KDC Tan Tao hit VND5,050 billion (up 42% YTD). Also, receivables from advance payment against compensation increased significantly by 49% YTD to VND2,084 billion. It shows the BOD's efforts in implementing these projects.

Table 22. KDH – Future projects

Project	Location	Scale (ha)	Product	Progress
Future projects		570.0		
KDC Tan Tao	Binh Tan, HCMC	330.0		Site clearance complete and 80% compensated. Construction expected in 2024.
Expanded Le Minh Xuan Industrial Park	Binh Chanh, HCMC	110.0		Detailed planning 1/500 approved.
KDC Phong Phu 2	Binh Chanh, HCMC	130.0		In the process of legal completion.

Source: Khang Dien House, KB Securities Vietnam

Risks

Cyclical movements of the property market

KDH's revenue and earnings depend on commercial and residential real estate business, so the cyclical movements of the housing market amid downturn concerns will affect the development of real estate projects, thus dampening KDH's business results.

Legal issues and project progress

The real estate market in Ho Chi Minh City is facing difficulties related to land use conversion, complex land use fee calculation, complicated administrative procedures, and many projects being subject to legal review, causing delays in construction. The persistence of these problems may affect the progress of KDH's future projects in the context that HCMC is the most critical market of the enterprise.

Especially, Tan Tao is KDH's large-scale project covering an area of up to 330 ha, expected to be the driving force for the growth and position of the company in the coming years. Should this project continue to be behind schedule, it would cast a shadow over sales as well as earnings growth of the business.

Rising lending rates and tight control over real estate credit and corporate bond issuance

The real estate market is currently encountering numerous challenges due to (1) Lower demand for home loans due to higher interest rates in light of rising deposit rates and (2) limited access to bank loans of real estate developers arising from the tight control over real estate credit and corporate bond issuance. Moreover, lending rates remain high, pushing KDH's financial expense in the context the enterprise boost borrowing to finance projects.

Forecast & Valuation

2022F business results

We estimate KDH's 2022F revenue to reach VND2,687 billion (-28%YoY). NPAT of the parent company should be VND1,254 billion (+4% YoY), supported by: (1) The handover of low-rise products at Classia and (2) profit from revaluing its investment in Phuoc Nguyen in 1Q22.

Gross profit margin may touch 60% from 48% in 2021 thanks to the handover of low-rise apartments at Classia with high gross profit margin.

2023F business results

We estimate KDH's 2023F revenue to reach VND3,681 billion (+37%YoY), underpinned by the handover of low-rise apartments at Classia (VND975 billion) and Clarita (VND2,114 billion). NPAT of shareholders of the parent company is expected at VND1,337 billion (+7% YoY).

Table 23. KDH – 2021A–2023F business results

(VND bn)	2021A	2022F	%YoY	2023F	%YoY
Net revenue	3,738	2,687	-28%	3,681	37%
– Inventory property sales	3,682	2,637	-28%	3,626	38%
Gross profit	1,794	1,620	-10%	2,104	30%
SG&A	387	374	-3%	384	3%
Net other income	185	411	123%	32	-92%
Profit before tax	1,540	1,655	7%	1,762	6%
Profit after tax	1,205	1,279	6%	1,363	7%
NPAT of the parent company	1,202	1,254	4%	1,337	7%

Source: Khang Dien House, KB Securities Vietnam

We recommend BUY for KDH with a target price of VND35,000/share

Based on the revalued net asset value (RNAV) method, we value KDH stocks at VND35,000/share, equivalent to a total return of 39% compared to the closing price on December 21, 2022. We use the discounted cash flow (DCF) method for projects implemented or with detailed plans. We use the comparable method to determine the value of the remaining land bank.

We are upbeat about the upside of KDH stocks on the back of: (1) Khang Dien brand reputation built on good product quality, timely handover, and legal compliance; (2) A strong and healthy financial stability; and (3) Large land bank in HCMC that will ensure KDH's medium to long-term growth. KDH's outlook will be brighter when large-scale projects are implemented.

KDH stocks have suffered a sharp correction compared to the beginning of the year, currently trading at a 2023F forward P/B of 1.31x. Based on the business outlook and valuation results, we recommend BUY for KDH stocks with a target price of VND35,000/share.

Table 24. KDH – Valuation methods

Project	Valuation method	Value (VND mn)
Lovera Vista	DCF	213,924
Classia	DCF	2,763,878
Clarita	DCF	1,920,569
Privia	DCF	1,143,670
The Solina	DCF	2,942,702
Doan Nguyen	DCF	3,285,896
Le Minh Xuan	Comparable	2,730,000
Phong Phu 2	Comparable	3,465,000
Tan Tao	Comparable	10,395,000
Total value		28,860,639
+ Cash		2,711,194
- Net debt		7,206,133
RNAV		24,365,700
Shares outstanding		708,829,995
Share price (VND)		35,000

Source: KB Securities Vietnam

KDH – 2020A–2023F financials

Income Statement					Balance Sheet				
(VND billion)	2020	2021	2022F	2023F	(VND billion)	2020	2021	2022F	2023F
Net sales	4,532	3,738	2,687	3,681	TOTAL ASSETS	13,934	14,373	21,630	22,757
Cost of sales	-2,568	-1,945	-1,068	-1,577	CURRENT ASSETS	13,022	13,421	20,631	21,684
Gross Profit	1,964	1,794	1,620	2,104	Cash and cash equivalents	1,836	1,365	2,701	2,797
Financial income	35	21	65	89	Short-term investments	0	69	69	69
Financial expenses	-85	-73	-67	-80	Accounts receivable	3,529	4,206	5,148	5,455
of which: interest expenses	0	-16	-9	-12	Inventories	7,338	7,733	12,561	13,141
Gain/(loss) from joint ventures (from 2015)	0	0	0	0	LONG-TERM ASSETS	913	952	999	1,072
Selling expenses	-247	-205	-118	-168	Long-term trade receivables	80	79	84	107
General and admin expenses	-169	-182	-255	-216	Fixed assets	47	40	67	107
Operating profit/(loss)	1,498	1,355	1,244	1,730	Long-term incomplete assets	695	751	751	751
Other incomes	33	264	0	0	Long-term investments	14	14	14	14
Other expenses	-72	-79	0	0	Goodwill	0	0	0	0
Net other income/(expenses)	-39	185	411	32	LIABILITIES	5,776	4,151	9,307	9,050
Income from investments in other entities	0	0	0	0	Current liabilities	4,208	2,254	3,190	2,792
Net accounting profit/(loss) before tax	1,458	1,540	1,655	1,762	Trade accounts payable	242	155	153	253
Corporate income tax expenses	-304	-335	-376	-398	Advances from customers	2,171	179	708	573
Net profit/(loss) after tax	1,154	1,205	1,279	1,363	Short-term borrowings	787	815	1,209	736
Minority interests	2	2	24	27	Long-term liabilities	1,568	1,898	6,117	6,258
Attributable to parent company	1,153	1,202	1,254	1,337	Long-term trade payables	0	0	0	0
					Long-term advances from customers	0	0	0	0
					Unrealized revenue	7	8	0	0
					Long-term borrowings	1,058	1,738	6,235	6,258
					OWNER'S EQUITY	8,158	10,221	12,323	13,706
					Paid-in capital	5,787	6,429	7,168	7,168
					Share premium	744	1,177	1,311	1,311
					Undistributed earnings	1,836	2,342	3,596	4,933
					Other funds	0	0	0	0
					Minority interests	0	0	0	0
Margin ratio					Key ratios				
	2020	2021	2022F	2023F		2020	2021	2022F	2023F
Gross profit margin	53.3%	43.3%	48.0%	60.3%	Multiple				
EBITDA margin	43.8%	34.4%	37.9%	46.9%	P/E	19.6	22.0	14.3	13.5
EBIT margin	43.5%	34.1%	37.6%	46.4%	P/E diluted	19.6	20.9	0.0	0.0
Pre-tax profit margin	42.3%	32.2%	41.2%	61.6%	P/B	2.8	2.5	1.5	1.3
Operating profit margin	43.5%	33.0%	36.3%	46.3%	P/S	5.0	6.7	6.7	4.9
Net profit margin	32.6%	25.5%	32.2%	47.6%	P/Tangible Book	2.8	2.5	1.5	1.3
					P/Cash Flow	139.1	-12.5	-5.1	30.1
					EV/EBITDA	14.5	18.6	18.1	2.5
					EV/EBIT	14.6	18.7	18.3	2.5
					Operating performance				
					ROE	14.57	13.09	10.38	9.95
					ROA	16.82	12.88	8.16	8.96
					ROIC	8.49	8.50	5.91	5.99
					Financial structure				
					Cash Ratio	0.4	0.6	0.8	1.0
					Quick Ratio	1.3	2.5	1.1	1.3
					Current Ratio	3.1	6.0	6.5	7.8
					LT Debt/Equity	0.1	0.2	0.7	0.7
					LT Debt/Total Assets	0.1	0.1	0.3	0.3
					Debt/Equity	0.5	0.2	0.1	0.1
					Debt/Total Assets	0.3	0.2	0.1	0.0
					ST Liabilities/Equity	0.5	0.2	0.3	0.2
					ST Liabilities/Total Assets	0.3	0.2	0.1	0.1
					Total Liabilities/Equity	0.7	0.4	0.8	0.7
					Total Liabilities/Total Assets	0.4	0.3	0.4	0.4
					Activity ratios				
					Account Receivable Turnover	3.8	5.2	4.1	4.8
					Inventory Turnover	0.4	0.3	0.1	0.1
					Account Payable Turnover	5.5	9.8	6.9	7.8

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Investment ratings & definitions

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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