



Vinhomes (VHM)

Presales continue to jump

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3Q24 profit decreased 26%YoY to VND7.9 trillion mainly due to handover timing Vinhomes's (VHM) 3Q24 revenue alone reached VND33.3 trillion (+2%YoY), and NP-MI hit VND7.9 trillion (-26%YoY) after delivering products at Ocean Park 1, 2 & 3, Golden Avenue, and Royal Island. 9M24 revenue (including bulksales and BCCs) was VND90.9 trillion (-16%YoY) with VND19.6 trillion (-39%YoY) in NP-MI.

3Q presales prospered thanks to retail activities

3Q24 strongly grew to VND37.9 trillion (+135%YoY), of which the majority came from retail transactions (accounting for 91%). Accumulated 9M24 contracted sales reached VND89.6 trillion (+58%YoY), of which Royal Island project accounted for 67%. Presales and unrecorded revenue by the end of 3Q24 was valued at VND123 trillion (+60%YoY).

KBSV expects 2024/2025F profit to reach VND28.8/30.7 trillion (-14%YoY/+6%YoY)

KBSV forecasts VHM's NP-MI should be VND28.8/30.7 trillion (-14%YoY/+6%YoY) on total contract value of sales of VND100.7/81.9 trillion (+16%YoY/-19%YoY) in 2024/2025F.

Valuation: BUY rating – Target price VND54,200/share

Vinhomes maintains its leading position thanks to its large land bank and strong project implementation capabilities. It has an attractive valuation with 2025fw P/B of 0.7x, below -1std line of the five-year P/B average. Based on the business outlook and valuation results, we maintain our BUY recommendation for VHM stock with a target price of VND54,200/share.

Buy maintain

Target price	VND54,200
Upside	33%
Current price (Dec 12, 2024)	VND40,750
Consensus target price	VND53,700
Market cap (VNDtn/USDbn)	167.2/6.6

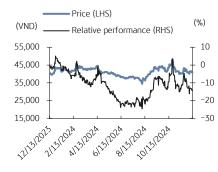
Trading data		
Free float		21.2%
3M avg trading value (VNDbn/USDm		574.7/22.9
Foreign ownership		12.4%
Major shareholder	Vingr	oup (VIC, 66.66%)

Forecast	earnings	ጼ	valuation
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FY-end	2022	2023	2024F	2025F
Net revenue (VNDbn)	62,393	103,557	88,055	90,936
Operating income/loss (VNDbn)	37,973	44,045	39,300	41,904
NPAT-MI (VNDbn)	28,831	33,371	28,797	30,659
EPS (VND)	6,621	7,664	7,705	8,203
EPS growth (%)	-26	16	1	6
P/E (x)	6.34	4.99	5.29	4.97
P/B (x)	1.26	0.93	0.77	0.66
ROE (%)	19	18	14	13
Dividend yield (%)	0%	0%	0%	0%

Share	price	performance
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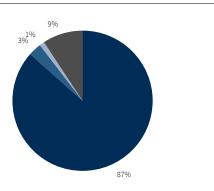
(%)	1M	3M	6M	12M
Absolute	1,1	-5.2	6.5	0.0
Relative	-0.6	-6.5	9.2	-13.7
	0.0	0.5	,	13.,



Source: Bloomberg, KB Securities Vietnam



Revenue composition (2023)



Business operation

■ RE sales

■ RE service

■ Leasing

■ Others

Vinhomes (VHM) is the largest residential real estate developer in Vietnam, focusing on developing and selling residential real estate products in the mid- and high-end segments under the Vinhomes brand. VHM owns the largest land bank among real estate investors with an area of up to 19,600 ha, which is the foundation for the company's stable growth in the coming years.

Source: Vinhomes, KB Securities Vietnam

Investment Catalysts

VHM is a leading real estate enterprise owning a large land bank. It is the largest housing developer in Vietnam with a strong financial foundation, good project implementation capabilities, and the largest land bank among real estate developers.

It has recorded positive sales results. KBSV estimates that 2024/2025F sales may reach VND100.7/81.9 trillion (+16%YoY/-19%YoY). Sales and unrecorded revenue by the end of 3Q24 were VND123 trillion (+60%YoY), ensuring profits for 4Q24 and 2025.

Please find more details here

Notes

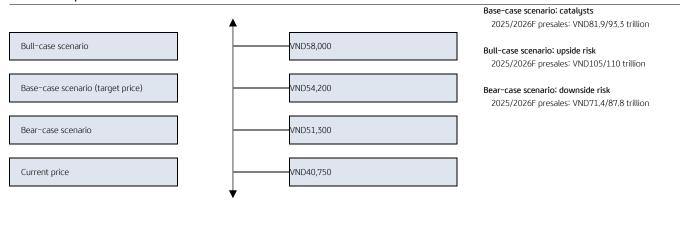
Please see more details below

Revised earnings estimates

(VNDbn)	KBS	V estimates	Change vs previo	us estimates		Consensus*		Difference
	2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E
Revenue	88,055	90,936	-12%	-15%	97,896	104,779	-10%	-13%
EBIT	25,012	28,130	-21%	-29%	33,188	36,857	-25%	-24%
NP after MI	28,797	30,659	-2%	-9%	31,982	34,959	-10%	-12%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks





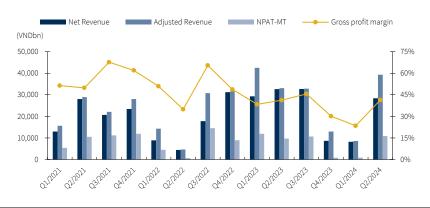
3Q24 performance updates

Table 1. VHM - 3Q & 9M24 updated results

(VNDbn, %)	3Q23	3Q24	+/-%YoY	9M23	9M24	+/-%YoY	Notes
Revenue	32,724	33,323	2%	94,636	69,910	-26%	9M24 revenue reached VND90.9 trillion (-16%YoY), including bulksales and BCCs.
Sales of property inventory	28,912	26,908	-7%	85,737	48,777	-43%	Real estate transfer in 9M24 mainly came from handovers at (1) Ocean Park 1-2-3 projects with revenue of VND37.7 trillion and (2) Golden Avenue Project with VND3.1 trillion. Revenue (including bulksales and BCC projects) in 9M24 reached VND69.8 trillion (down 30%YoY from the high base of 9M23) mainly due to the timing of recording.
Gross profit	14,957	9,751	-35%	34,708	20,214	-42%	
Gross profit margin	46%	29%	-16рр	37%	29%	-8рр	
Financial income	1,845	5,498	198%	15,560	15,536	0%	
Income from BCCs	23	4,125	18072%	1,183	10,651	800%	The majority came from profits shared from the Royal Island project (Hai Phong), a BCC project with VIC with a value of VND10.4 trillion.
Other incomes	1,823	1,373	-25%	14,377	4,885	-66%	
Financial expenses	954	1,555	63%	2,238	5,477	145%	
SG&A	1,318	2,737	108%	4,758	5,400	13%	
Operating profit/loss	14,528	10,957	-25%	43,271	24,875	-43%	
Profit before taxes (EBT)	14,206	10,837	-24%	41,920	24,596	-41%	
Profit after taxes (NPAT)	10,724	8,980	-16%	32,396	20,600	-36%	
NP after MI	10,695	7,866	-26%	32,300	19,642	-39%	
NPAT margin	33%	24%	-9рр	34%	28%	-6рр	

Source: Vinhomes, KB Securities Vietnam

Fig 2. VHM - Revenue & profit in 2021-2024 (VNDbn)



Source: Vinhomes, KB Securities Vietnam

Note: Adjusted revenue includes all bulk sales and BCCs.

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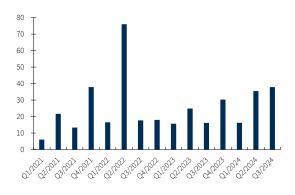


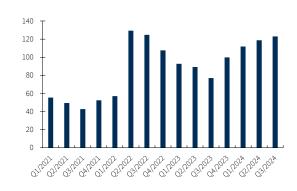
3Q presales surged thanks to retail activities

3Q presales surged to VND37.9 trillion (+135%YoY), of which the majority came from retail transactions (~91%). Presales contributors are Royal Island, Golden Avenue, Ocean Park 3 and a wholesale transaction at the Ocean Park 3 project. 9M24 presales of the company hit VND89.6 trillion (+58%YoY), of which the Royal Island project accounted for 67%, while Ocean Park 2 and 3 accounted for 19%. Presales and unrecognized revenue by the end of 3Q hit VND123 trillion (+60%YoY), of which 41% came from the Royal Island project, and 23% came from the Ocean Park 2 and 3 projects.

Fig 3. VHM - Presales by quarter (VNDtn)

Fig 4. VHM – Unrecorded presales by the end of each quarter (VNDtn)

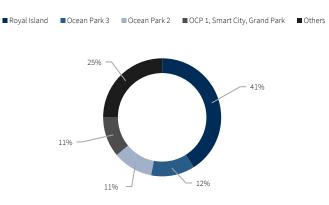




Source: Vinhomes, KB Securities Vietnam

Source: Vinhomes, KB Securities Vietnam

Fig 5. VHM - Unrecorded presales by the end of 3Q by project



Source: Vinhomes, KB Securities Vietnam

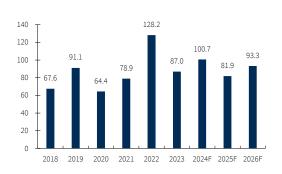
Total contracted value for 2024/2025F may reach VND100.7/81.9 trillion (+16%YoY/-19%YoY)

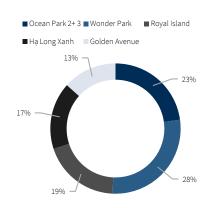
KBSV estimates total contract value for 2024 will reach VND100.7 trillion (+16%YoY), coming from projects Royal Island, Ocean Park 1–2–3, Smart City, Grand Park, and Golden Avenue. Our forecast is raised 14% compared to the previous report due to better–than–expected sales progress of Royal Island project.

Sales in 2025 may hit VND81.9 trillion (-19%YoY), coming from projects Ocean Park 2 and 3, Royal Island, Golden Avenue and new projects Ha Long Xanh and Wonder Park.

Fig 6. VHM - 2018A-2026F presales (VNDtn)

Fig 7. VHM - 2025F presales components





Source: Vinhomes, KB Securities Vietnam

Source: Vinhomes, KB Securities Vietnam

Table 8. VHM - Portfolio of ongoing/future projects

Project	Location	Area	Products	Progress by the end of 3Q24
Ocean Park 2	Hung Yen	459ha	24 apartment buildings and 14,400 low-rise units	High-rise: Sold out Low-rise: Opened for sale in 2Q22 (96% sold) and started delivering from 3Q22
Ocean Park 3	Hung Yen	294ha	10 apartment buildings and 9,300 low-rise units	High-rise: Sold out Low-rise: Launched in 4Q22 (>90% sold) and start handover from 3Q23
Vu Yen	Thuy Nguyen, Hai Phong	877ha	8,300 low-rise units and 1,700 shophouses	First introduced in 1Q24 7,086 sold out of 7,512 units offered, 2,897 units recorded revenue (including bulksale transactions) VHM has started handing over ~1,350 units to retail customers from 3Q24
Wonder Park	Dan Phuong, Hanoi	133ha		
Phuoc Vinh Tay	Long An	1090ha		
Duong Kinh	Hai Phong	241ha		
Ha Long Xanh (Apollo City)	Quang Ninh	5,489ha		
Duc Hoa Hau Nghia	Long An	197ha		
Tan My	Long An	931ha		
International University Urban Area	Тр. НСМ	880ha		
Long Beach Can Gio (Green Paradise)	Тр. НСМ	2,870ha		
Leman Golf	Тр. НСМ	200ha		

Source: Vinhomes, KB Securities Vietnam

At the end of 3Q24, VHM's debt was VND72.2 trillion, of which short-term debt was VND 24.2 trillion, accounting for 34% of debt. Debt increased by VND15.5 trillion compared to the beginning of the year, including VND14.3 trillion in bonds, maturing in 2026–2027.

The debt/total assets ratio is 0.14x, which is still at a safe level compared to the average of businesses in the same industry of 0.2x. KBSV believes that the pressure to repay due debts to VHM is not large thanks to (1) its cash flow from sales (including bulksale and retail) and (2) ability to mobilize new capital.

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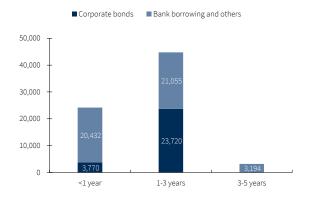


Fig 9. VHM - Debt status in 2021-2024 (VNDbn)



Source: Vinhomes, KB Securities Vietnam

Fig 10. VHM - Due debt structure (VNDbn)



Source: Vinhomes, KB Securities Vietnam

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Forecast & valuation

Table 10. VHM - 2024-2025F business results

(VNDbn, %)	2023	2024F	+/-%YoY	2025F	+/-%YoY	Assumptions
Revenue	103,557	88,055	-15%	90,936	3%	
Sales of property inventory	89,669	68,542	-24%	71,228	4%	Revenue from real estate transfer in 2024 mainly comes from handovers at Ocean Park 1–2–3, Smart City, Grand Park and Golden Avenue projects.
Gross profit	35,707	31,620	-11%	35,066	11%	
Gross profit margin	34%	36%	1рр	39%	3рр	
Financial income	19,954	20,576	3%	20,346	-1%	Financial income includes profits from BCC project with VIC - Royal Island (Hai Phong).
Financial expenses	3,870	6,289	62%	6,572	5%	
SG&A	7,756	6,607	-15%	6,936	5%	
Operating profit/loss	44,045	39,300	-11%	41,904	7%	
Profit before taxes (PBT)	43,310	38,588	-11%	41,076	6%	
Profit after taxes (NPAT)	33,533	30,031	-10%	31,933	6%	
NP after MI	33,371	28,797	-14%	30,659	6%	
NPAT margin	32%	33%	Орр	34%	1рр	

Source: Vinhomes, KB Securities Vietnam

Valuation: BUY rating – Target price VND54,200/share

We maintain a positive assessment of VHM's medium— and long–term growth prospects as it is a leading real estate developer in Vietnam with a large land fund and strong project implementation capacity. However, we note the risks related to the implementation progress and absorption of large projects.

VHM has an attractive valuation with 2025fw P/B of 0.7x

Using the RNAV method, we derive a new target price for VHM shares of VND54,200/share, 33% higher than the closing price on December 12, 2024. The target price has changed compared to the previous report after we (1) removed the Co Loa project from the valuation model due to VEF's plan to transfer the project, (2) added two projects Phuoc Vinh Tay and Hau Nghia in Long An and (3) adjusted figures according to the results of buying 247 million treasury shares for an average price of VND42,444/share.

VHM's stock price is currently trading at a P/B 2025fw of 0.7x, lower than the – 1std average five–year P/B. Based on the business outlook and valuation results, we maintain our BUY recommendation for VHM shares with a target price of VND54,200/share.

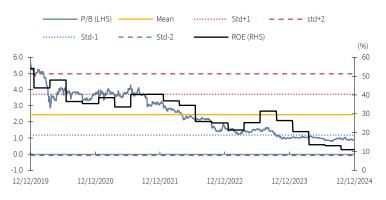


Table 11. VHM - RNAV results

Projects	Valuation method	Value (VNDbn)
Ongoing projects	DCF	94,584
Future projects	DCF	161,505
Others	DCF	26,098
		282,187
+ Cash		12,579
- Net debt		72,171
RNAV		222,595
Outstanding shares		4,107
Value per share (VND)		54,200

Source: KB Securities Vietnam

Fig 12. VHM - P/B & ROE (x, %)



Source: Bloomberg, KB Securities Vietnam



VHM - 2022A-2025F summarized financials & forecasts

Income Statement	20	20	200	20	Balance Sheet	2025	20224	20245	-
(VND billion)	2022A	2023A	2024F	2025F	(VND billion)	2022A	2023A	2024F	20
Net sales	62,393	103,557	88,055	90,936	TOTAL ASSETS	361,813	444,631	465,665	494
Cost of sales	-31,696	-67,850	-56,436	-55,870	CURRENT ASSETS	196,535	242,341	262,308	290
Gross Profit	30,696	35,707	31,620	35,066	Cash and cash equivalents	10,817	14,103	12,579	19
Financial income	16,690	19,954	20,576	20,346	Short-term investments	6,297	3,834	3,834	3
Financial expenses	-4,394	-3,870	-6,289	-6,572	Accounts receivable	96,209	132,871	149,560	161
of which: interest expenses	-2,076	-3,053	-4,482	-4,628	Inventories	64,362	55,318	60,120	69
Gain/(loss) from joint ventures (from 2015)	56	11	0	0	LONG-TERM ASSETS	165,277	202,290	203,357	203
Selling expenses	-2,432	-3,663	-3,153	-3,175	Long-term trade receivables	22,797	33,800	25,470	29
General and admin expenses	-2,644	-4,093	-3,454	-3,762	Fixed assets	9,340	11,671	17,939	28
Operating profit/(loss)	37,973	44,045	39,300	41,904	Long-term incomplete assets	50,683	60,790	60,790	60
Other incomes	670	-735	0	0	Long-term investments	7,491	7,760	7,812	
Other expenses	1,134	785	0	0	Goodwill	0	0	0	
Net other income/(expenses)	-464	-1,520	-712	-827	LIABILITIES	4,704	6,922	9,114	1
ncome from investments in other entities	0	0	0	0	Current liabilities	187,762	211,073	219,466	21
Net accounting profit/(loss) before tax	38,643	43,310	38,588	41,076	Trade accounts payable	15,031	20,452	21,706	2
Corporate income tax expenses	-9,481	-9,777	-8,557	-9,143	Advances from customers	61,963	35,137	41,267	30
Net profit/(loss) after tax	29,162	33,533	30,031	31,933	Short-term borrowings	15,330	18,290	22,014	2
Minority interests	331	161	1,234	1,275	Long-term liabilities	25,528	50,921	44,032	4
Attributable to parent company	28,831	33,371	28,797	30,659	Long-term trade payables	0	0	0	
					Long-term advances from customers	0	0	0	
Margin ratio					Unrealized revenue	917	771	0	
	2022A	2023A	2024F	2025F	Long-term borrowings	20,876	38,394	44,028	4
Gross profit margin	49.2%	34.5%	35.9%	38.6%	OWNER'S EQUITY	6,200	10,594	14,039	1
EBITDA margin	67.2%	46.2%	50.8%	53.2%	Paid-in capital	43,544	43,544	41,074	4
EBIT margin	65.3%	44.8%	48.9%	50.3%	Share premium	1,260	1,260	-9,224	
Pre-tax profit margin	61.9%	41.8%	43.8%	45.2%	Undistributed earnings	99,934	133,392	165,749	19
Operating profit margin	60.9%	42.5%	44.6%	46.1%	Other funds	476	1,106	0	
Net profit margin	46.7%	32.4%	34.1%	35.1%	Minority interests	0	0	0	
ash Flow Statement VND billion)	2022A	2023A	2024F	2025F	Key ratios	2022A	2023A	2024F	
Net profit/(loss) before tax	38,643	43,310	38,588	41,076	Multiple				
Depreciation and amortisation	1,217	1,436	1,645	2,683	P/E	6.3	5.0	5.3	
Profit/loss from investing activities	-13,710	-17,006	0	0	P/E diluted	6.3	5.0	0.0	
Interest expense	2,076	3,053	4,482	4,628	P/B	1.3	0.9	0.8	
Operating profit/(loss) before changes in Working Capital	29,336	31,103	44,318	48,408	P/S	2.9	1.6	1.7	
(Increase)/decrease in receivables	-49,977	-48,765	-16,689	-11,578	P/Tangible Book	1.2	0.9	0.8	
(Increase)/decrease in inventories	-30,770	-978	-4,803	-9,790	P/Cash Flow	5.8	109.8	12.8	
Increase/(decrease) in payables	94,861	24,225	1,254	642	EV/EBITDA	5.0	4.4	4.7	
(Increase)/decrease in prepaid expenses	-3,999	3,567	889	3,374	EV/EBIT	5.2	4.6	4.9	
Net cash inflows/(outflows) from operating activities	31,520	1,517	11,929	17,285	Operating performance				
Purchases of fixed assets and other long term assets	-18,299	-9,988	-12,328	-12,731	ROE	19.41	18.27	14.24	1
Proceeds from disposal of fixed assets	48	2,775	0	0	ROA	24.74	22.75	17.95	1
Loans granted, purchases of debt instruments	-7,989	-33,625	0	0	ROIC	8.06	7.54	6.45	
Collection of loans, proceeds from sales of debts instruments	10,476	33,769	0	0	Financial structure				
Investments in other entities	-54,767	-46,176	0	0	Cash Ratio	0.1	0.1	0.1	
Proceeds from divestment in other entities	38,363	25,937	0	0	Quick Ratio	0.7	0.9	0.9	
Dividends and interest received	5,339	8,677	0	0	Current Ratio	1.0	1.1	1.2	
let cash inflows/(outflows) from investing activities	-26,829	-18,632	-12,328	-12,731	LT Debt/Equity	0.1	0.2	0.2	
Proceeds from issue of shares	0	6	0	0	LT Debt/Total Assets	0.1	0.1	0.1	
Payments for share returns and repurchases	0	0	-10,484	0	Debt/Equity	1.3	1.2	1.1	
Proceeds from borrowings	24,760	53,108	9,358	2,642	Debt/Total Assets	0.5	0.5	0.5	
Repayment of borrowings	-13,877	-32,712	0	0	ST Liabilities/Equity	1.3	1.2	1.1	
Finance lease principal payments	0	0	0	0	ST Liabilities/Total Assets	0.5	0.5	0.5	
	-9,384	0	0	0	Total Liabilities/Equity	1.4	1.4	1.3	
Dividends paid		0	0	0	Total Liabilities/Total Assets	0.6	0.6	0.6	
Dividends paid Interests, dividends, profits received	0								
Interests, dividends, profits received	0 1,500	20,401	-1,126	2,642	Activity ratios				
Interests, dividends, profits received let cash inflows/(outflows) from financing activities			-1,126 -1,524	2,642 7,195	Activity ratios Account Receivable Turnover	4.1	6.0	6.2	
	1,500	20,401				4.1 0.7	6.0	6.2 1.0	

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Investment ratings & definitions

Investment Ratings for Stocks

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

	Sell:
+15% or more +15% to -15% -15% or r	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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