

Vinhomes (VHM)

Presales continue to jump

Manager Pham Hoang Bao Nga

ngaphb@kbsec.com.vn

(+84) 24-7303-5333

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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

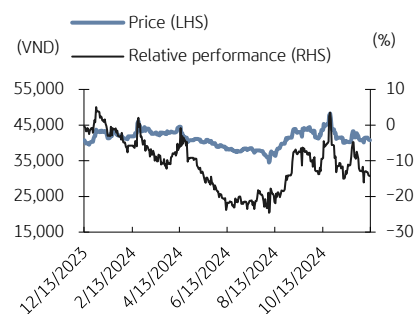
| | |
|------------------------------|------------------|
| Target price | VND54,200 |
| Upside | 33% |
| Current price (Dec 12, 2024) | VND40,750 |
| Consensus target price | VND53,700 |
| Market cap (VNDtn/USDbn) | 167.2/6.6 |

| | |
|------------------------------------|------------------------|
| Trading data | |
| Free float | 21.2% |
| 3M avg trading value (VNDbn/USDmn) | 574.7/22.9 |
| Foreign ownership | 12.4% |
| Major shareholder | Vingroup (VIC, 66.66%) |

| | | | | |
|--------------------------------|------|------|-----|-------|
| Share price performance | | | | |
| (%) | 1M | 3M | 6M | 12M |
| Absolute | 1.1 | -5.2 | 6.5 | 0.0 |
| Relative | -0.6 | -6.5 | 9.2 | -13.7 |

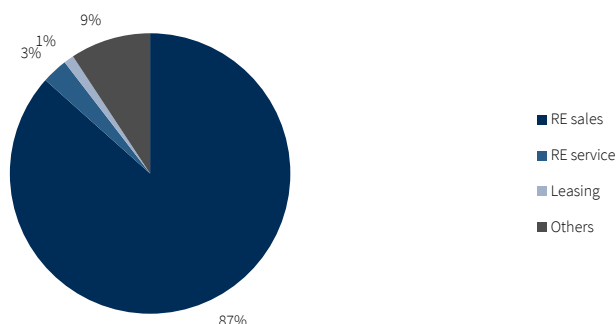
Forecast earnings & valuation

| 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% |



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2023)



Business operation

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.

Notes

Please find more details [here](#)

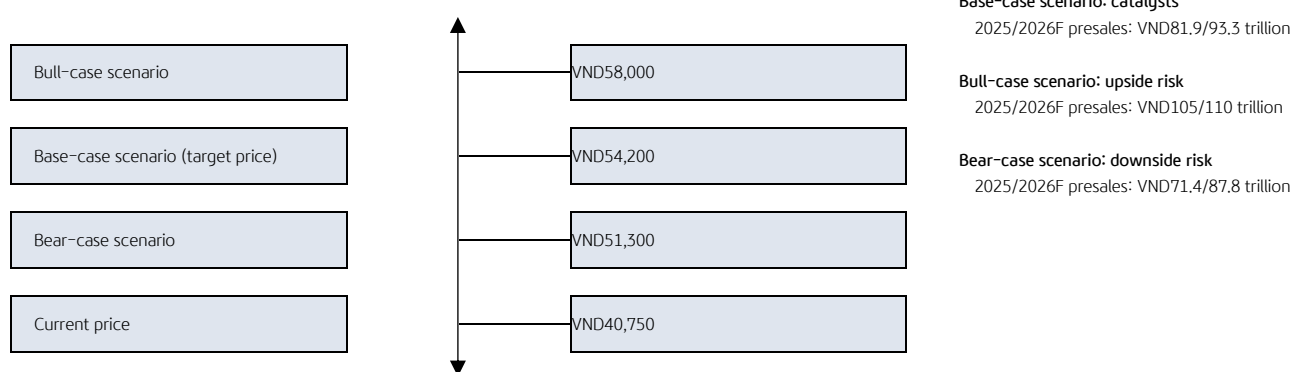
Please see more details below

Revised earnings estimates

| (VNDbn) | KBSV estimates | | Change vs previous estimates | | Consensus* | | Difference | |
|-------------|----------------|--------|------------------------------|-------|------------|---------|------------|-------|
| | 2024E | 2025E | 2024E | 2025E | 2024E | 2025E | 2024E | 2025E |
| Revenue | 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



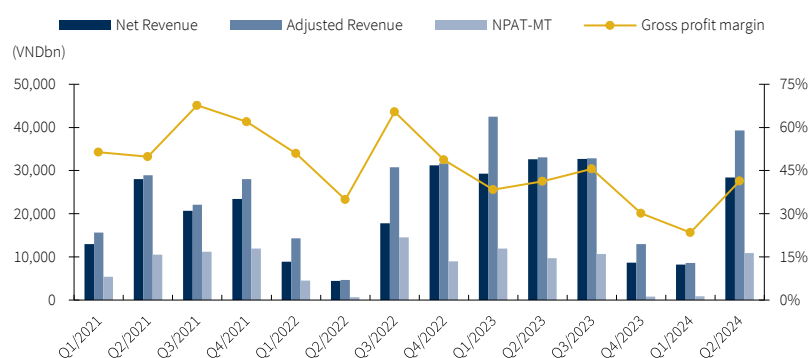
3Q24 performance updates

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 bulk sales and BCCs. 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. |
| Sales of property inventory | 28,912 | 26,908 | -7% | 85,737 | 48,777 | -43% | Revenue (including bulk sales 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% | |
| <i>Gross profit margin</i> | 46% | 29% | -16pp | 37% | 29% | -8pp | |
| 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% | |
| <i>NPAT margin</i> | 33% | 24% | -9pp | 34% | 28% | -6pp | |

Source: Vinhomes, KB Securities Vietnam

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



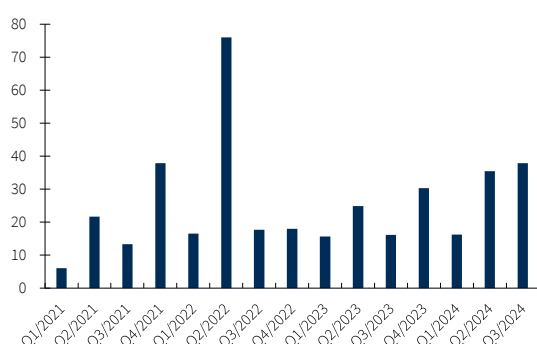
Source: Vinhomes, KB Securities Vietnam

Note: Adjusted revenue includes all bulk sales and BCCs.

3Q presales surged thanks to retail activities

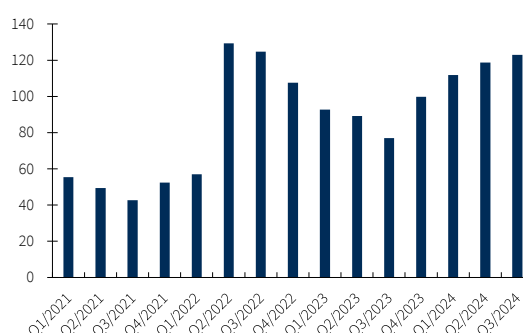
3Q presales surged to VND37.9 trillion (+135%YoY), of which the majority came from retail transactions (~91%). Presales contributors are Royal Island, Golden Avenue, Ocean Park 3 and a wholesale transaction at the Ocean Park 3 project. 9M24 presales of the company hit VND89.6 trillion (+58%YoY), of which 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)



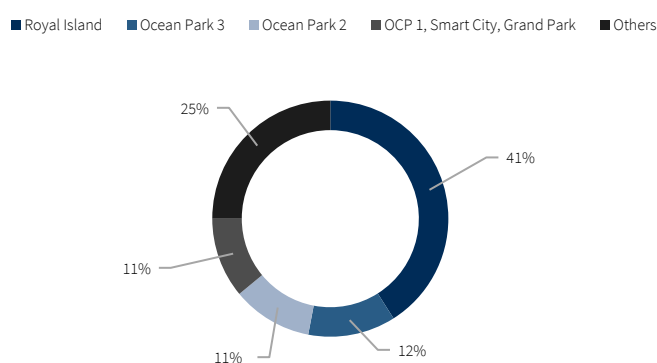
Source: Vinhomes, KB Securities Vietnam

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



Source: Vinhomes, KB Securities Vietnam

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



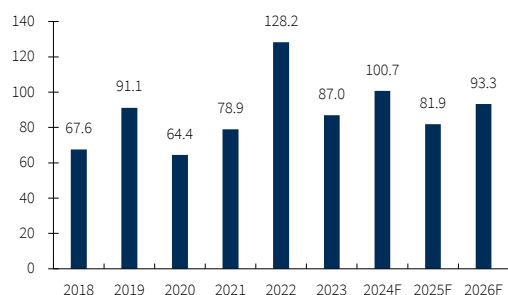
Source: Vinhomes, KB Securities Vietnam

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.

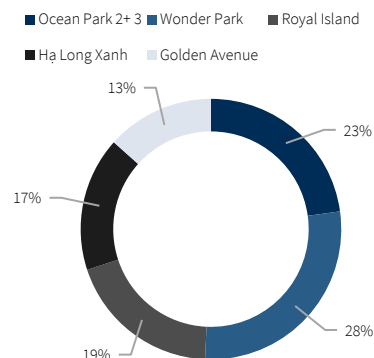
Sales in 2025 may hit VND81.9 trillion (-19%YoY), coming from projects Ocean Park 2 and 3, Royal Island, Golden Avenue and new projects Ha Long Xanh and Wonder Park.

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



Source: Vinhomes, KB Securities Vietnam

Fig 7. VHM – 2025F presales components



Source: Vinhomes, KB Securities Vietnam

Table 8. VHM – Portfolio of ongoing/future projects

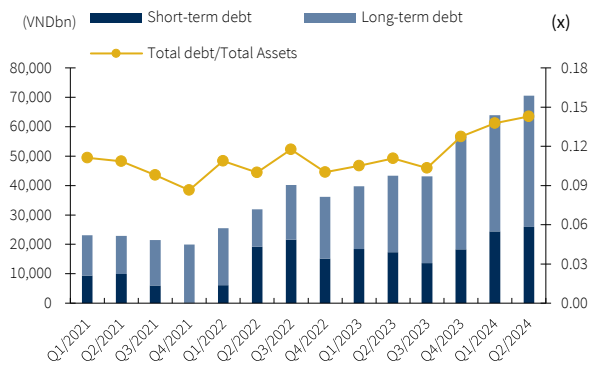
| Project | Location | Area | Products | Progress by the end of 3Q24 |
|--|------------------------|---------|--|---|
| Ocean Park 2 | Hung Yen | 459ha | 24 apartment buildings and 14,400 low-rise units | High-rise: Sold out Low-rise: Opened for sale in 2Q22 (96% sold) and started delivering from 3Q22 |
| 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 bulk sale 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 Long Beach | Tp. HCM | 880ha | | |
| Can Gio (Green Paradise) | Tp. HCM | 2,870ha | | |
| Leman Golf | Tp. HCM | 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.

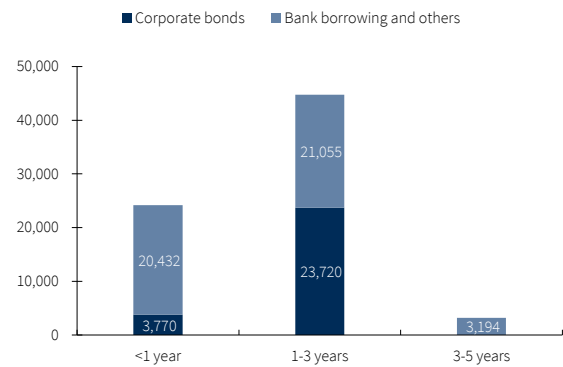
The debt/total assets ratio is 0.14x, which is still at a safe level compared to the average of businesses in the same industry of 0.2x. KBSV believes that the pressure to repay due debts to VHM is not large thanks to (1) its cash flow from sales (including bulk sale and retail) and (2) ability to mobilize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

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

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% | |
| <i>Gross profit margin</i> | 34% | 36% | 1pp | 39% | 3pp | |
| 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% | |
| <i>NPAT margin</i> | 32% | 33% | 0pp | 34% | 1pp | |

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.

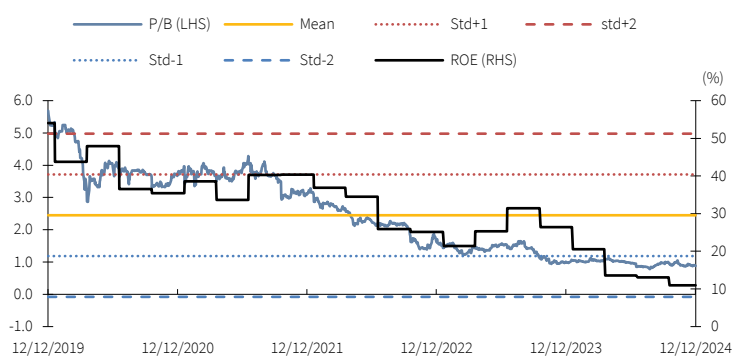
VHM's stock price is currently trading at a P/B 2025fw of 0.7x, lower than the 1st average five-year P/B. Based on the business outlook and valuation results, we maintain our BUY recommendation for VHM shares with a target price of VND54,200/share.

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

KB SECURITIES VIETNAM RESEARCH

Research Division

research@kbsec.com.vn

Nguyen Xuan Binh – Head of research

binhnx@kbsec.com.vn

Financials**Nguyen Anh Tung – Manager**

tungna@kbsec.com.vn

Pham Phuong Linh – Analyst

linhpp@kbsec.com.vn

Consumer**Nguyen Duc Quan – Analyst**

quannd@kbsec.com.vn

Nguyen Hoang Duy Anh – Analyst

anhnhd@kbsec.com.vn

Real Estate**Pham Hoang Bao Nga – Manager**

ngaphb@kbsec.com.vn

Nguyen Thi Trang – Analyst

trangnt6@kbsec.com.vn

Industrials & Materials**Nguyen Thi Ngoc Anh – Analyst**

anhntn@kbsec.com.vn

Nguyen Duong Nguyen – Analyst

nguyennd1@kbsec.com.vn

Macro & Strategy**Tran Duc Anh – Head of macro & strategy**

anhtd@kbsec.com.vn

Nghiem Sy Tien – Analyst

tienns@kbsec.com.vn

Nguyen Dinh Thuan – Analyst

thuannd@kbsec.com.vn

Energy, Utilities & IT**Pham Minh Hieu – Analyst**

hieupm@kbsec.com.vn

Nguyen Viet Anh – Analyst

anhnv3@kbsec.com.vn

Support Team**Nguyen Cam Tho – Assistant**

thonc@kbsec.com.vn

Nguyen Thi Huong – Assistant

huongnt3@kbsec.com.vn

KB SECURITIES VIETNAM (KBSV)

Head Office:

Levels 16&17, Tower 2, Capital Place, 29 Lieu Giai Street, Ba Dinh District, Hanoi, Vietnam

Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

Hanoi Branch:

Level 1, VP Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam

Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

Ho Chi Minh Branch:

Level 2, TNR Tower Nguyen Cong Tru, 180–192 Nguyen Cong Tru Street, District 1, HCMC, Vietnam

Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, HCMC, Vietnam

Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

CONTACT INFORMATION

Institutional Client Center: (+84) 28 7303 5333 – Ext: 2656

Private Customer Care Center: (+84) 24 7303 5333 – Ext: 2276

Email: ccc@kbsec.com.vn

Website: www.kbsec.com.vn

Investment ratings & definitions

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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