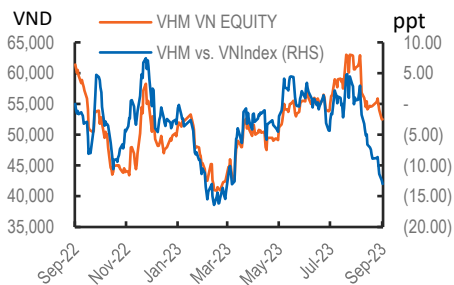


BUY
TP upside +43.7%
Close Sep 12, 2023

Price	VND 53,500
12M Target	VND 76,900
VNIndex	1,245

Share price performance relative to VN


Market cap	US\$10,316 mn
6M avg. daily	US\$5.1 mn
Outstanding shares	4,354 mn
Free float	24%
Major shareholders	VIC (66.66%), GIC(4.99%), Viking Asia (3.53%)
2Q23 Net debt/equity	20%
FOL Room	25%
BVPS (2023F)	VND 40,028

Financial outlook (VND bn)

Year to Dec	2022A	2023F	2024F	2025F
Sales (VNDbn)	62,393	89,623	87,718	96,878
Op. profit (VNDbn)	25,620	30,283	34,029	33,839
EBIT (VNDbn)	34,248	32,989	26,429	25,328
Net profit (VNDbn)	29,161	30,662	25,798	24,961
EPS (VND)	6,621	6,859	5,815	5,513
EPS (YoY)	-25%	5%	-16%	-3%
ROE (%)	21%	19%	14%	12%
Div. yield (%)	3.70%	0.0%	0.0%	0.0%
DPS (VND)	2,000			

Source: Bloomberg, Company data
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Bloomberg code: YUTA

Vinhome (VHM VN)
Cruising Above the Storm Clouds
Investment Thesis

VHM is Vietnam's premier residential property developer with 27% condo market share in recent years. As a subsidiary of Vingroup (VIC VN, Not rated), VHM is able to harness the Group's ecosystem to build communities that offer a complete living environment including educational, medical, and retail facilities. This model is a structural advantage that is unique among Vietnamese property developers.

Exceptional execution capabilities amid the property slump. VHM is effectively managing its SG&A costs and generating value. In addition, we think VHM's credit risk is very low despite the industry troubles given 1) its superior access to credit despite the ongoing bond market disruptions, and 2) substantial cash inflows from presales.

Signs of improved market sentiment... In 1Q23, VHM sold 3,700 units (-53% YoY, +61 QoQ), equivalent to VND 24.9tn of contracted sales (-67% YoY and 59% QoQ). VHM reported no bulk sales in 2Q23, so all of the presold units in 2Q23 were attributable to retail sales. As at end-2Q23, unbilled bookings were VND 89.1tn (-4% QoQ).

... with retail sales picking up in 2Q23 as (1) GDP rebounded modestly, (2) inflation remains contained, and (3) monetary policy measures implemented by the SBV -- including policy interest rate cuts -- have provided a supportive environment for consumer confidence, which appears to have stabilized.

Share Price Performance

The share price is up +14% YTD through August 31, underperforming the VNI's 22% increase in the same 8M23 period.

Share Price Momentum

We believe that the property cycle's upturn is inevitable, but we may be more conservative than our sell-side peers in our expectation for the upcycle to occur only in 2H24. However, VHM's share price is substantially below our RNAV-derived fair valuation estimate. The stock is our only conviction BUY call in the residential property sector.

Risks

Three of VHM's mega projects account for 46% of our estimated NAV for the stock, implying specific development and location risks. Transactions, including loans to related parties, are frequently cited as a concern by investors. Operationally, the property market is in a deep recession that we expect to continue until 2H24.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

Yuanta does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

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Ratings Definitions

BUY: We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

HOLD–Outperform: In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

HOLD–Underperform: In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

SELL: We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

Under Review: We actively follow the company, although our estimates, rating and target price are under review.

Restricted: The rating and target price have been suspended temporarily to comply with applicable regulations and/or Yuanta policies.

Note: Yuanta research coverage with a Target Price is based on an investment period of 12 months. Greater China Discovery Series coverage does not have a formal 12 month Target Price and the recommendation is based on an investment period specified by the analyst in the report.

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