

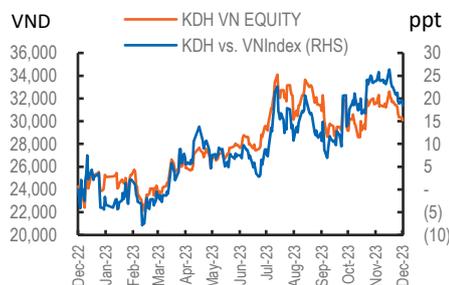
Vietnam: Property
20 December 2023
KDH VN
BUY
TP upside 21.5%
Close 20 December 2023
Price VND 29,800
12M Target VND 36,200
What's new?

- ▶ We expect KDH to fulfill 99% of PAT guidance in 2023 (-9% YoY).
- ▶ KDH's projects are exhibiting steady progress despite the well-flagged (and ongoing) administrative bottlenecks afflicting the wider industry.
- ▶ We increase our target price by +13%, after marking to market of Nguyen Thu and recently disclosed project in HCMC's Binh Trung Ward.

Our view

- ▶ KDH is well positioned for an eventual property market recovery - likely in 2025 - given its solid financial position and brand among homebuyers.
- ▶ Management's financial prudence has been especially beneficial during the recent adverse conditions. It also allows KDH to optimally time major business decisions.
- ▶ Upgrade to BUY with target price of VND36.2k, implying +21.5% TSR.

Company profile: KDH is a HCMC-focused developer with major projects in Districts 2 & 9 as well as Binh Tan and Binh Chanh Districts. The company's c. 613ha of landbank is a key competitive advantage given the supply constraints in Vietnam's largest city. Although historically focused on townhouses and villas, KDH has launched three apartment projects (e.g., the Jamila, Safira, and Lovera Vista) since 2018.

Share price performance relative to VN


Market cap	USD 1,014 mn
6M avg. daily turnover	USD 2.52 mn
Outstanding shares	799 mn
Free float	35.86%
FINI ownership	38.78%
Major shareholders	44.14%
FOL Room	10.22%
3Q23 Net Debt / Equity	0.34x
Current P/B (x)	1.80x
2023F P/B (x)	1.82x
2024F P/B (x)	1.79x
2025F P/B (x)	1.74x

Financial outlook (VND bn)

Year to Dec	2022A	2023F	2042F
Sales	2,912	2,513	3,475
Op. profit	1,060	1,400	1,027
PATMI	1,102	984	712
EPS (VND)	1,537	1,232	891
EPS chg (%)	-18%	-20%	-28%
P/B (X)	1.85	1.82	1.79
ROE (%)	10%	7%	5%
Div. yield (%)	0.00%	0.00%	0.00%

Sources: KDH, Bloomberg, Yuanta Vietnam

Tam Nguyen

+84 28 3622 6868 ext 3815

tam.nguyen@yuanta.com.vn

Bloomberg code: YUTA

Khang Dien House (KDH VN)

Standing Firm Amid the Market Challenges

Despite weak P&L results... 9M23 PAT decreased by -31% YoY to VND 667bn. The weak profit was attributed to two key factors: (1) one-off gains of VND412bn were far lower than in previous years, and (2) the company has launched only one project during the ongoing market slump: The Classia.

...but the P&L does not include VND 1.1tn in pretax gains on divestment of 49% stakes in two subsidiaries because these projects are still consolidated in the financial statements. Factoring in these divestment gains, 9M23 PBT would increase from VND956bn (a decrease of -22% YoY) as reported on the P&L to VND 2.1 trillion (an increase of +70% YoY).

We expect 2023 revenues to fall by -14% YoY, reaching VND 2,513 bn and fulfilling 81% of the company's revenue guidance. However, we forecast full-year PAT of VND 986 bn (-9% YoY), which would achieve 99% of PAT guidance.

Well-placed to capitalize on the eventual market recovery. We believe that KDH is the most active developer in HCMC in terms of completing administrative procedures, as it has already achieved full administrative approvals for The Privia and construction permits for Emeria and Clarita.

KDH's prudent financial strategy sustains the business during adverse times. Its low debt load, evidenced by net debt-to-equity of just 0.17x, potentially allows for increased debt financing if needed. Additionally, its high cash-to-short-term-borrowings ratio of 5.6x indicates that it should be readily able to meet near-term obligations. Financial strength allows KDH to optimally time major business decisions such as self-funded expansion or favorably priced M&A.

Upgrade to BUY from the previous HOLD-Underperform recommendation. Our new fair value estimate of VND 36,200 per share implies 21.5% TSR. Our new target represents a +13% increase from [our previous](#) NAV-per-share estimate, primarily driven by marking to market the values of Nguyen Thu and a recently disclosed 5-6ha project in Binh Trung Ward, HCMC. Our mark-to-market assessments are based on the valuations of two recent divestments in which KDH sold project stakes to a foreign partner.

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.

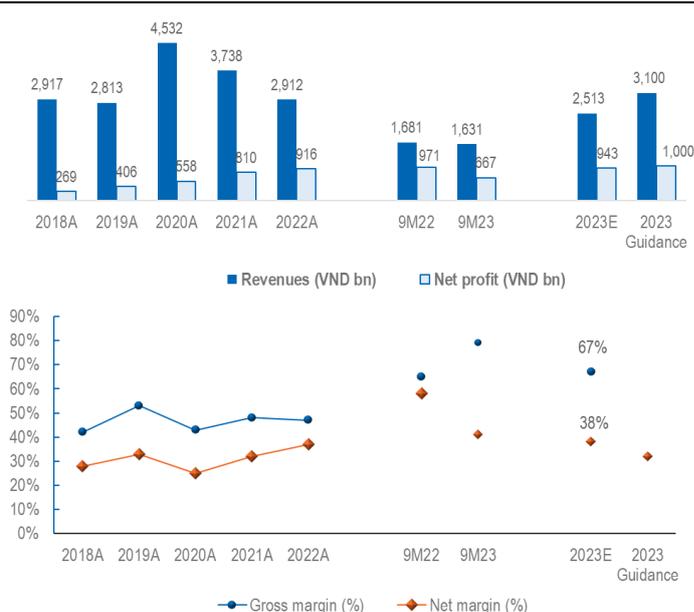
Update on business operation

Weak 9M23 P&L results... The company's revenue declined by -3% YoY to VND 1,624bn, while its PAT decreased by -31% YoY to VND 667bn in 9M 2023. The profit slump was attributed to two key factors: (1) one-off gains of VND412bn were well below the one-off income boosters of previous years, and (2) the company has only launched one project during the prolonged property market slump: The Classia, which was officially launched in September 2022.

In total, the company fulfilled just 52% of its full-year revenue guidance and 67% of full-year PAT guidance in 9M23.

Fig 1: KDH's 9M 2023 P&L results (VND bn)

INCOME STATEMENT (VND'bn)	9M22	9M23	YoY (%)	2023 guidance
Net sales	1,678	1,624	-3%	3,100
Cost of sales	(593)	(343)		
Gross Profit	1,085	1,281	18%	
Selling expenses	(61)	(104)	70%	
General and admin expenses	(162)	(153)	-6%	
Operating profit/(loss)	862	1,024	19%	
Financial income	8	33		
Financial expenses	(52)	(87)	67%	
Gain/(loss) from joint ventures	b	-		
Net other income/(expenses)	411	(14)		
Profit/(loss) before tax	1,228	956	-22%	
Income tax expenses	(258)	(288)		
Net profit/(loss) after tax	971	667	-31%	1,000
Minority interests	(13)	12		
Attributable to parent company	983	655	-33%	



Note: A one-off income of VND 412bn was recognized as an other income item. This includes: 1) VND 269bn of non-cash bargain purchase gains related to its VND 868bn acquisition of 85% of Phuoc Nguyen JSC, a holding company with a project in Thu Duc City, and 2) VND 164bn in contract compensation fees.

Source: Company data, Yuanta Vietnam

...But KDH reached a strong actual profit in 9M23. The P&L indicates that KDH achieved VND956bn in YTD PBT in the first three quarters (-22% YoY). However, the accounting rules are such that the company's pre-tax gains of VND 1,131bn from transferring a 49% stake in Binh Trung Moi LLC and Doan Nguyen LLC to a foreign partner *are not included in the P&L*. This is because these projects are still subsidiaries of KDH and thus a properly consolidated in the financial accounts.

The gains from these divestments have been recognized as an increase in undistributed earnings on the balance sheet. If we factor in these divestment gains, KDH would have posted PBT of VND 2,087bn (+70% YoY) in 9M 2023.

We now expect KDH to post 2023 revenues of VND 2,513 bn, fulfilling 81% of its guidance for revenues; and full-year PAT of VND 986bn (99% of guidance).

Fig 2: KDH's M&A deals

Timeline	Subsidiaries	Event	Old stake (%)	New stake (%)	Value (VND bn)	Gain/Loss (VND bn)
6-Jun-23	Doan Nguyen	Transferring a 49% stake in Doan Nguyen to a foreign partner.	99.7%	50.9%	1,520.7	256.0
5-Apr-23	Binh Trung Moi	Transferring a 49% stake in Binh Trung Moi to a foreign partner.	99.9%	51.0%	1,661.1	874.7
5-Apr-23	Binh Trung	Contributing the Binh Trung Dong project as capital for the establishment of Binh Trung Moi LLC.			A project	
15-Mar-23	Phuoc Nguyen	KDH bought an additional 14.8% stake at Phuoc Nguyen.	84.9%	99.7%	230.8	-10.8
26-Jul-22	Phuoc Nguyen	KDH bought an additional 15.25 million shares of Phuoc Nguyen, valued at VND 248 billion, representing c. 25% stake.	60.0%	84.9%	248.0	122.6
3-Mar-22	Phuoc Nguyen	KDH bought 60% stake Phuoc Nguyen, KDH has control over Doan Nguyen as Doan Nguyen is fully owned by Phuoc Nguyen	0.0%	60.0%	620.0	269.3
29-Sep-21	Nguyen Thu	Nam Phu bought 39.96mn Nguyen Thu share	0.0%	100.0%	419.6	198.5
22-Jun-20	Nam Phu	KDH bought an additional 48% stake at Nam Phu	51.0%	99.0%	9.8	0.2
						1,710.5

Source: Company data, Yuanta Vietnam

KDH appears to be the most active developer in HCMC in terms of completing the required administrative procedures.

Despite ongoing administrative approval challenges for most developers, KDH's projects continue to exhibit progress. KDH has focused on accelerating the completion of administrative procedures and pre-development processes for all its pipeline projects, which include the following:

- (1) **The Privia** is a high-rise project with 1,043 units on 1.8ha of land located in An Lac Ward, Binh Tan District, Ho Chi Minh City. KDH has obtained all the required legal documents for construction and sale of this project, and it has sold c. 700 units.
- (2) **Clarita and Emeria** are two adjacent projects situated in Phu Huu Ward, Thu Duc City. Together, these projects comprise 200 low-rise units and 600 high-rise units.

KDH has successfully obtained the construction permit for Emeria, which is currently under construction. We expect KDH to initiate sales of the low-rise segment of this project in 2H24.

As per our understanding, KDH fulfilled the social housing obligation for the Emeria project by opting to pay a fee instead of allocating 20% of the project area for social housing development. This strategic decision is considered advantageous for optimizing project profitability.

- (3) **The Solina** (formerly "11A Residence") is a residential area project with 218 townhouses and villas on 16.5ha of land in Binh Hung Ward, Binh Chanh District.

The project is currently in the process of obtaining the construction license and is scheduled to commence construction in 2025.

- (4) **The Le Minh Xuan Industrial Park** is located in Le Minh Xuan Ward, Binh Chanh District, on 110ha of land. KDH has secured investment certificates for all three phases of this project.

Additionally, Phase 1, accounting for 90% of the project's total area, has completed land clearance. Management is now awaiting the land allocation decision. KDH anticipates that it will obtain the infrastructure construction permit in early 2024, at which point it will initiate construction of Phase 1. For the remaining phases, KDH is preparing to initiate land clearance.

(5) **Tan Tao residential project (330ha).** We estimate that KDH has compensated for c.85% of the total Tan Tao project area, and we expect the company to begin construction and to launch sales at this project in 2025.

Given its scale, Tan Tao could be divided into multiple phases. For the areas where land clearance is complete, distinct projects can be established to expedite the necessary administrative processes. Simultaneously, efforts can continue in the remaining areas to carry out land clearance without affecting the overall project timeline.

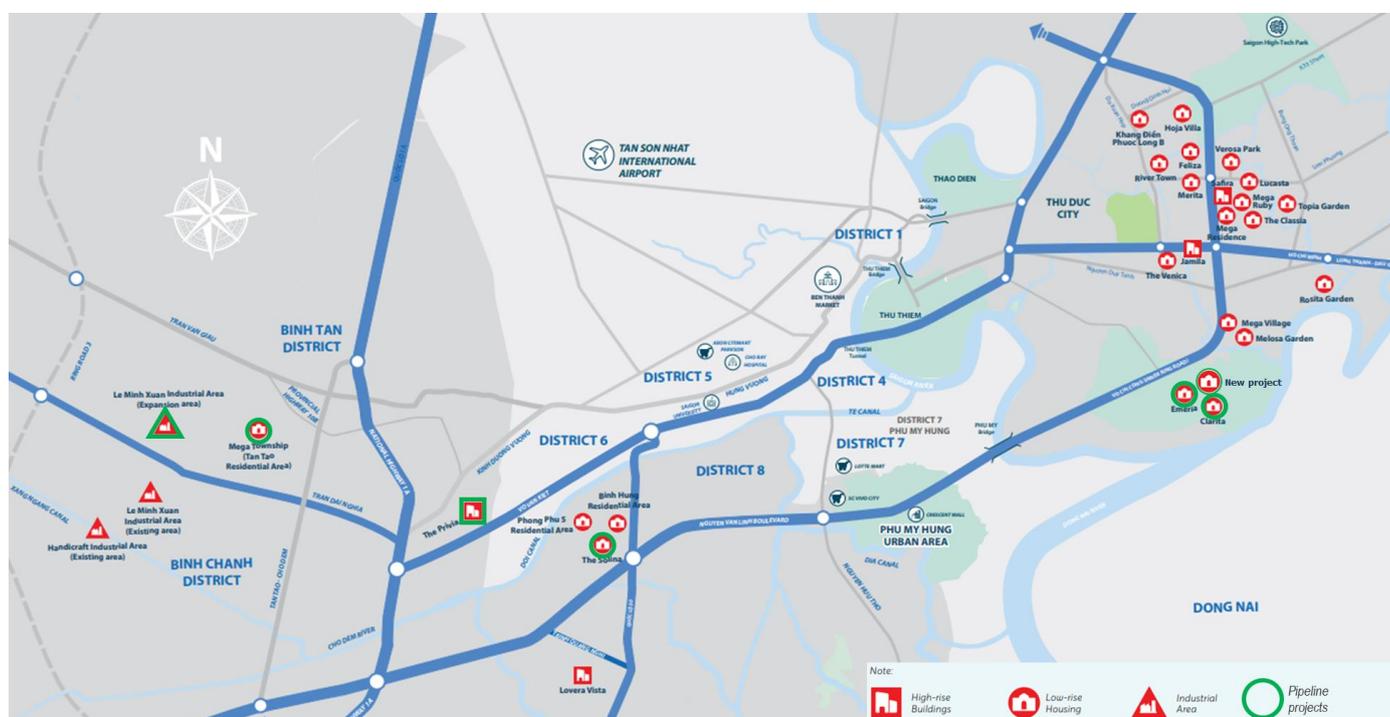
Fig 3: KDH pipeline projects

No	Project's Name	Location	Total area (hectares)	Before	2019	2020	2021	2022	2023	2024	2025	2026	After
1	Jamila	Thu Duc City	1.7	2Q17									
2	SaFira	Thu Duc City	2.7	4Q18	2Q19								
3	Lovera Vista	Binh Chanh Dist	1.8		3Q19								
4	Verosa Park	Thu Duc City	8.1		3Q19								
1	The Classia	Thu Duc City	4.4				3Q21*						
2	The Privia	Binh Tan Dist	1.8					3Q22*					
3	Clarita	Thu Duc City	5.7						4Q23*				
4	Emeria	Thu Duc City	6.0						4Q23*				
5	Le Minh Xuan IP (expansion phase)	Binh Chanh Dist	109.9										
6	The Solina (11A Residence)	Binh Chanh Dist	16.4										
7	Tan Tao residential area	Binh Tan Dist	330										
8	Phong Phu 2	Binh Chanh Dist	132.9										
9	A project in Binh Trung Dong	Thu Duc City	6										
Total			613.1										

Note: * The time when the project was started building.

Source: Company data, Yuanta Vietnam

Fig 4: KDH's projects are all located in HCMC



Source: Company data, Yuanta Vietnam

Our forecasts: Current-year revenues and profits are a function of prior-year presales for property developers in Vietnam. Based on the soft property market conditions of 2022–2023, we expect KDH’s 2024 profit to decline YoY but we anticipate a substantial improvement in 2025.

Specifically, we forecast 2024 PAT of VND 816 billion, down –17% YoY. Noting the increase in minority interests starts from 2023, we forecast 2024 PATMI of VND712bn, down –28% YoY.

However, with an anticipated easing of market conditions in 2024, KDH is poised to officially launch both Emerica and Clarita during the year. These projects are primarily comprised of low-rise units, which should enable KDH to deliver units to homebuyers swiftly, and typically within 12 months of commencing construction.

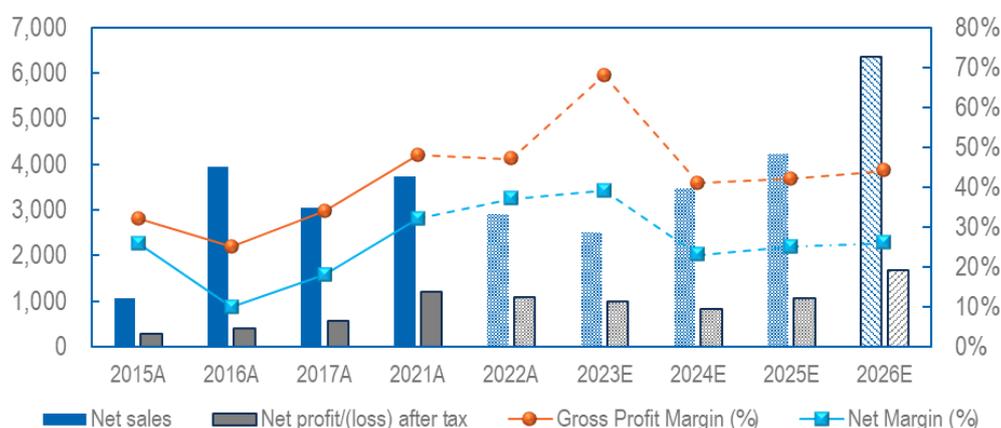
Furthermore, we expect KDH to initiate the sale of Le Minh Xuan Industrial Park (expansion phase) in 2025, contributing significantly to P&L results for that year.

As such, we forecast 2025 net profit to reach VND1.1 trillion, up +31% YoY; and we expect 2025 PATMI to reach 904bn (+27% YoY).

Gross margins to decline due to accounting. However, we anticipate an accounting-based softening of gross margins for the Emerica and Clarita projects, moving from 70% in 2023 to a range of 40–50% in 2024–25E. This decline is attributable to the 49% stake sales in these projects, which have resulted in a mark-to-market valuation gain on the balance sheet, thus raising the reported cost basis for KDH and reducing the reported gross margin.

Again, this is just an accounting adjustment and does not reflect a deterioration in the actual value that these projects should provide.

Fig 5: Revenue, profit, and margin forecasts



Source: Company data, Yuanta Vietnam

KDH's persistently conservative financial strategy is now paying off, in our view, given that it has resulted in minimal debt pressure during the property market’s steep recessionary phase. Balance sheet strength represents a degree of safety and stability for the company. As of 3Q23, net debt to equity was just 0.17x, significantly below the industry average of 0.47x; and cash coverage of short-term debt was 5.56x (vs. 1.35x for the industry average).

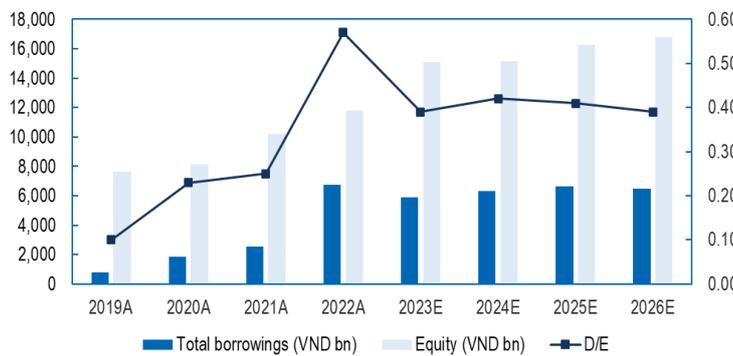
Fig 6: Key Credit Metrics as of 3Q23

	Requirement	VHM	NVL	DIG	PDR	KDH	DXG	NLG	CEO	HDG	VPI	SJS	HPX	HDC	SCR	IJC	AGG	IDJ	QCG	NBB	NTL	Average
Liability to Asset	<= 0.7	0.52	0.81	0.37	0.58	0.32	0.49	0.46	0.23	0.50	0.62	0.62	0.55	0.57	0.47	0.41	0.59	0.27	0.54	0.73	0.32	0.50
Net debt to equity	<= 1.0	0.20	1.26	0.31	0.38	0.17	0.34	0.16	-0.37	0.68	0.99	0.55	0.74	0.80	0.51	0.22	0.37	-0.06	0.13	1.88	0.10	0.47
Cash coverage of short-term debt	>= 0.7	0.55	0.12	0.47	0.04	5.56	0.32	1.51	9.77	1.24	0.15	0.07	0.06	0.13	0.06	0.30	0.31	4.74	0.10	0.17		1.35

Source: Company data, Yuanta Vietnam

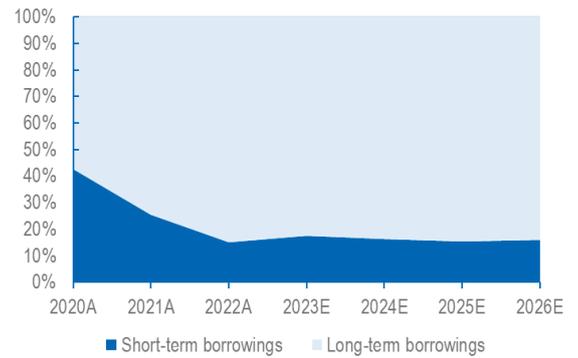
KDH has a strong liquidity position and low risk of defaulting on its debt obligations in 2024–25 or thereafter, in our opinion. As at 3Q23, the company had VND 2.3tn in cash and equivalents and short-term investments, exceeding its short-term debt by 5.56x. Moreover, the company's debt financing is predominantly long-term, with only 16% of its total borrowings being short-term. This should reinforce investor confidence in KDH's balance sheet health and ability to manage its debt effectively.

Fig 7: Financial leverage



Source: Company data, Yuanta Vietnam

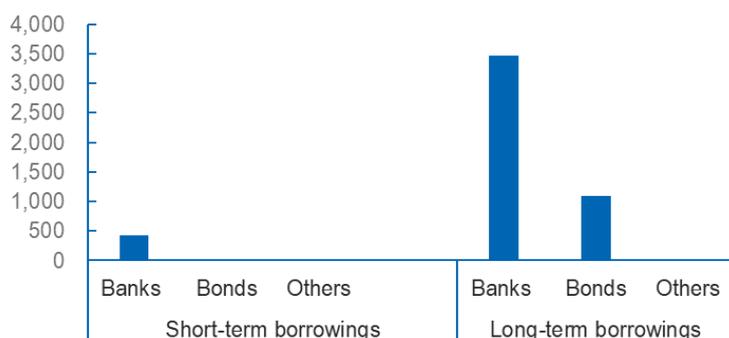
Fig 8: Debt is predominantly long-term



KDH has low exposure to the bond market stresses. As of the end of 3Q23, corporate bonds accounted for just 22% of the company's total debt, amounting to VND 1.1tn. These bonds have maturity dates of June and August 2025, which should allow for ample time for KDH to carry out the necessary administrative procedures and engage in pre-sales activities, as well as to await the market's uptrend starting (we believe) in 2025.

Most of the company's debt comprises bank loans, which total VND 3.9tn. These loans are mostly secured by the cashflows generated by individual projects, which reduces the liquidity risk and enhances the company's creditworthiness, as emphasized by their ability to raise new debt even during the extreme credit market conditions of 2022.

Fig 9: Debt structure as of 30 September 2023



Source: Company data, Yuanta Vietnam

Fig 10: Total borrowings by type

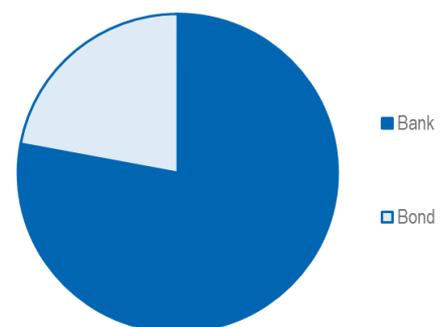


Fig 11: KDH's planned project launches

Project	Status
<div data-bbox="92 210 316 246" style="background-color: #0070C0; color: white; padding: 2px;">The Classia</div> 	<ul style="list-style-type: none"> • Location: Phu Huu Ward, Thu Duc City. • Area: 4.3 ha • Products: estimated 180 garden townhouses • Status: KDH sold 92% of total units, revenue recognition occurred for 75% of the sold unit values
<div data-bbox="92 560 236 595" style="background-color: #0070C0; color: white; padding: 2px;">The Privia</div> 	<ul style="list-style-type: none"> • Location: Binh Tan Dist, HCMC. • Area: 1.8 ha • Products: 1,046 condos • Status: <u>Construction started at end-2Q22</u>, delivery expected in 4Q24. KDH has sold c. 700 units.
<div data-bbox="92 862 587 1131">  </div> <div data-bbox="598 862 1145 1131"> <div data-bbox="598 862 718 896" style="background-color: #0070C0; color: white; padding: 2px;">EMERIA</div>  </div> <div data-bbox="92 1142 587 1395"> <div data-bbox="92 1142 223 1176" style="background-color: #0070C0; color: white; padding: 2px;">CLARITA</div>  </div> <div data-bbox="598 1142 1145 1395">  </div>	<ul style="list-style-type: none"> • Location: Binh Trung Dong Ward, Thu Duc City. • Area: c.11 ha • Products: 200 townhouses & villas and 600 high-rise units. • Status: Expected sales launch in 1H24.
<div data-bbox="92 1411 399 1444" style="background-color: #0070C0; color: white; padding: 2px;">Le Minh Xuan IP</div> 	<ul style="list-style-type: none"> • Location: Le Minh Xuan Commune, Binh Chanh District, HCMC. • Area: 109.9 ha • Estimated capacity: 10K workers • Status: In the process of completing legal procedures for the project; expected sales launch in 2025.

The Solina



- **Location:** Binh Chanh District, HCMC.
- **Area:** 16.4 ha
- **Products:** townhouses
- **Status:** In the process of completing legal procedures for the project, expected sales launch in 2025.

Tan Tao Residential Area



- **Location:** Binh Tan District, HCMC.
- **Area:** 330 ha
- **Products:** Low-rise and high-rise units
- **Status:** In the process of land compensation and completing legal procedures for the project; expected sales launch in 2026.

Source: Social media, Yuanta Vietnam

Valuation

Our fair value estimate for KDH is VND 36,200 per share. This represents a +13% increase to our prior NAV-per-share estimate.

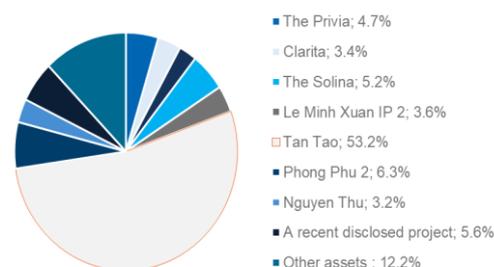
This adjustment is primarily driven by the mark-to-market revaluation of two projects, specifically Nguyen Thu and a 5-6ha project in HCMC's Binh Trung Ward that KDH disclosed for the first time at the 3Q analyst meeting. Our assessment of market price is based on the value derived from two recent deals in which KDH sold project stakes to a foreign partner.

Fig 12: Valuation summary

No	Project	Ownership rate	Valuation approach	NPV	Effective NPV	Proportion (%)
1	The Privia	100.0%	DCF	1,497	1,497	4.7%
2	Clarita	51.0%	DCF	417	1,087	3.4%
3	Emeria	51.0%	DCF	342	812	2.6%
4	The Solina	100.0%	DCF	1,630	1,630	5.2%
5	Le Minh Xuan IP 2	100.0%	DCF	1,126	1,126	3.6%
6	Tan Tao	100.0%	DCF	16,830	16,830	53.2%
7	Phong Phu 2	100.0%	MV	2,009	2,009	6.3%
8	Nguyen Thu	100.0%	MV	1,020	1,020	3.2%
9	A recent disclosed project	100.0%	MV	1,763	1,763	5.6%
10	Other assets	100.0%	MV	6,648	3,865	12.2%
Total project NPV					31,639	
Cash and cash equivalent					2,338	
Total borrowing					-4,984	
NAV					28,993	
Number of shares					0.80	
Fair Value					36,200	

Source: Company data, Yuanta Vietnam

Fig 13: NPV breakdown by project



Risk to our view

1. **Operational risks.** The property market is deep in a recessionary phase, which has stifled homebuyers' confidence and could lead to a longer presales process than we currently assume. In addition, market conditions do not always pan out as expected (e.g., unexpected macroeconomic events, economic growth, personal wealth and income expansion, and public investment in traffic infrastructure are unknowns).

As such, developers may have to offer discount vouchers and gifts to entice homebuyers to project sales sites or even decrease selling price. Despite our positive view on KDH, the company is not immune from these industry risks. Consequently, selling costs could increase and market absorption could be delayed.

Furthermore, if the ongoing downturn persists for an even more prolonged period than we already expect, it could harm KDH's sales, earnings, and debt repayment capability.

As always, the administrative process of project development, such as the land clearance compensation process and other legal approvals, could take longer than we expect.

2. **Valuation model risk.** Tan Tao is a major swing factor for our valuation. Crucially, Tan Tao accounts for 53.2% of our estimated total effective NAV for KDH. Thus, our RNAV estimate is highly sensitive to (1) market price in Tan Tao Ward (as well as that of Ho Chi Minh City more broadly), (2) the actual land area that is approved for compensation, and (3) the total area approved for development at this project.

INCOME STATEMENT (VND'bn)	2021A	2022A	2023E	2024E	2025E	2026E
Net sales	3,738	2,912	2,513	3,475	4,218	6,349
Cost of sales	(1,945)	(1,529)	(796)	(2,038)	(2,426)	(3,562)
Gross Profit	1,792	1,383	1,717	1,437	1,792	2,787
Selling expenses	(201)	(103)	(110)	(159)	(197)	(286)
General and admin expenses	(183)	(220)	(207)	(251)	(263)	(396)
Operating profit/(loss)	1,408	1,060	1,400	1,027	1,332	2,105
Financial income	20	18	91	96	94	95
Financial expenses	(72)	(82)	(165)	(159)	(149)	(164)
Gain/(loss) from joint ventures	-	-	-	-	-	-
Net other income/(expenses)	184	412	54	56	58	58
Profit/(loss) before tax	1,540	1,408	1,380	1,020	1,335	2,094
Income tax expenses	(335)	(327)	(394)	(204)	(267)	(419)
Net profit/(loss) after tax	1,205	1,081	986	816	1,068	1,675
Minority interests	(2)	21	(2)	(104)	(164)	(417)
Attributable to parent company	1,203	1,102	984	712	904	1,258
EPS basic reported, VND	1,871	1,537	1,232	891	1,131	1,574
EPS fully diluted, VND	1,871	1,537	1,232	891	1,131	1,574

FINANCIAL RATIO	2021A	2022A	2023E	2024E	2025E	2026E
Growth (%)						
Revenue, growth	-18%	-22%	-14%	38%	21%	51%
Operating Income, growth	-9%	-25%	32%	-27%	30%	58%
PBT, growth	6%	-9%	-2%	-26%	31%	57%
EPS, growth	-9%	-18%	-20%	-28%	27%	39%
Total Assets, growth	3%	51%	10%	4%	10%	10%
Equity, growth	25%	15%	29%	2%	4%	5%
Profitability (%)						
Gross Profit Margin	48%	47%	68%	41%	42%	44%
Operating Profit Margin	38%	36%	56%	30%	32%	33%
Net Margin	32%	37%	39%	23%	25%	26%
ROE	13%	10%	7%	5%	7%	10%
ROA	9%	6%	4%	3%	4%	6%
ROIC	14%	10%	8%	5%	7%	10%
Efficiency (x)						
Receivable Turnover	0.97x	0.61x	0.63x	1.31x	1.45x	1.81x
Inventory Turnover	0.26x	0.15x	0.05x	0.11x	0.13x	0.19x
Payable Turnover	1.43x	2.17x	0.74x	1.90x	1.25x	0.93x
Liquidity (x)						
Current ratio	6.49x	6.01x	6.85x	6.79x	5.10x	3.90x
Quick Ratio	2.72x	2.36x	1.37x	1.54x	1.33x	1.21x
Financial Structure (x)						
Total liabilities/Equity	0.40x	0.83x	0.56x	0.59x	0.70x	0.78x
Total liabilities/Total Assets	0.29x	0.45x	0.36x	0.37x	0.41x	0.44x
Debt/Equity	0.25x	0.57x	0.39x	0.41x	0.42x	0.38x

Source: Company data, Yuanta

BALANCE SHEET (VND'bn)	2021A	2022A	2023E	2024E	2025E	2026E
Total assets	14,348	21,629	23,725	24,716	27,213	29,995
Current Assets	13,399	20,601	22,474	22,954	25,729	27,817
Cash & cash equivalents	1,365	2,752	1,797	2,518	3,471	4,763
ST Investment	69	44	57	51	54	53
Accounts receivable	4,182	5,303	2,653	2,653	3,184	3,821
Inventories	7,748	12,441	17,922	17,682	18,947	19,077
Other current assets	35	61	45	50	73	103
Long-term Assets	949	1,028	1,251	1,762	1,484	2,178
Long-term trade receivables	76	71	51	75	93	135
Net fixed assets	40	81	86	91	96	101
LT Investment	14	14	15	16	17	18
LT assets other	819	862	1,099	1,580	1,278	1,924
Total Resources	14,348	21,629	23,725	24,716	27,213	29,995
Total Liabilities	4,129	9,837	8,560	9,207	11,161	13,101
Advances from customers	157	988	988	952	2,609	4,609
Accounts payable	155	108	60	148	179	261
ST debts	648	1,028	1,028	1,028	1,028	1,028
Other ST liabilities	1,105	1,302	1,204	1,253	1,229	1,241
Long term debt	1,905	5,743	4,866	5,285	5,638	5,452
Other LT debt	159	668	414	541	478	510
Shareholder's equity	10,219	11,792	15,165	15,509	16,052	16,894
Paid in capital	6,429	7,168	7,990	7,990	7,990	7,990
Share premium	1,177	1,312	1,312	1,312	1,312	1,312
Retained earnings	2,342	2,779	3,492	3,732	4,111	4,536
Other equity	237	297	297	297	297	297
Minority interest	35	237	2,074	2,178	2,342	2,759
CASH FLOW (VND'bn)	2021A	2022A	2023E	2024E	2025E	2026E
Begin cash of the year	1,836	1,365	2,752	1,797	2,518	3,471
Net profit before tax	1,540	1,408	1,380	1,020	1,335	2,094
Adjustments	7	(273)	(165)	(159)	(149)	(164)
Change in Working Capital	(3,563)	(2,959)	(2,520)	(27)	(571)	714
Cash from Operations	(2,016)	(1,824)	(1,305)	834	615	2,644
Capital Expenditures	(49)	(63)	(5)	(5)	(5)	(5)
Investments	0	0	(14)	5	(4)	-
Change in other	(50)	43	2,329	(378)	221	(656)
Cash from investments	(99)	(20)	2,310	(378)	212	(661)
Dividend Paid	0	0	-	-	-	-
Proceeds from issue of shares	936	230	823	0	0	0
Net change in debt	707	3,000	(877)	419	353	(186)
Change in other	0	0	(1,906)	(154)	(227)	(505)
Cash from financing	1,643	3,230	(1,960)	265	126	(691)
Effect of FX differences	0	0	1	2	3	4
Net change in Cash	(472)	1,386	(955)	721	953	1,292
Ending cash balance	1,365	2,752	1,797	2,518	3,471	4,763

Appendix A: Important Disclosures

Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

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.

Global Disclaimer

© 2020 Yuanta. All rights reserved. The information in this report has been compiled from sources we believe to be reliable, but we do not hold ourselves responsible for its completeness or accuracy. It is not an offer to sell or solicitation of an offer to buy any securities. All opinions and estimates included in this report constitute our judgment as of this date and are subject to change without notice.

This report provides general information only. Neither the information nor any opinion expressed herein constitutes an offer or invitation to make an offer to buy or sell securities or other investments. This material is prepared for general circulation to clients and is not intended to provide tailored investment advice and does not take into account the individual financial situation and objectives of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities, investments or investment strategies discussed or recommended in this report. The information contained in this report has been compiled from sources believed to be reliable but no representation or warranty, express or implied, is made as to its accuracy, completeness or correctness. This report is not (and should not be construed as) a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on such business in that jurisdiction.

Yuanta research is distributed in the United States only to Major U.S. Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended and SEC staff interpretations thereof). All transactions by a US person in the securities mentioned in this report must be effected through a registered broker-dealer under Section 15 of the Securities Exchange Act of 1934, as amended. Yuanta research is distributed in Taiwan by Yuanta Securities Investment Consulting. Yuanta research is distributed in Hong Kong by Yuanta Securities (Hong Kong) Co. Limited, which is licensed in Hong Kong by the Securities and Futures Commission for regulated activities, including Type 4 regulated activity (advising on securities). In Hong Kong, this research report may not be redistributed, retransmitted or disclosed, in whole or in part or and any form or manner, without the express written consent of Yuanta Securities (Hong Kong) Co. Limited.

Taiwan persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities Investment Consulting
4F, 225,
Section 3 Nanking East Road, Taipei 104
Taiwan

Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities (Hong Kong) Co. Ltd
23/F, Tower 1, Admiralty Centre
18 Harcourt Road,
Hong Kong

Korean persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Head Office

Yuanta Securities Building
Euljiro 76 Jung-gu
Seoul, Korea 100-845
Tel: +822 3770 3454

Indonesia persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
PT YUANTA SECURITIES INDONESIA
(A member of the Yuanta Group)
Equity Tower, 10th Floor Unit EFGH
SCBD Lot 9
Jl. Jend. Sudirman Kav. 52-53
Tel: (6221) – 5153608 (General)

Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Thailand)
127 Gaysorn Tower, 16th floor
Ratchadamri Road, Pathumwan
Bangkok 10330

Vietnam persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Vietnam)
4th Floor, Saigon Centre
Tower 1, 65 Le Loi Boulevard,
Ben Nghe Ward, District 1,
HCMC, Vietnam

YUANTA SECURITIES NETWORK



YUANTA SECURITIES VIETNAM OFFICE

Head office: 4th Floor, Saigon Centre, Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, HCMC, Vietnam

Institutional Research

Matthew Smith, CFA

Head of Research

Tel: +84 28 3622 6868 (ext. 3815)

matthew.smith@yuanta.com.vn

Tanh Tran

Analyst (Bank)

Tel: +84 28 3622 6868 (ext. 3874)

tanh.tran@yuanta.com.vn

Di Luu

Analyst (Consumer)

Tel: +84 28 3622 6868 (ext. 3845)

di.luu@yuanta.com.vn

Binh Truong

Deputy Head of Research (O&G, Energy)

Tel: +84 28 3622 6868 (ext. 3845)

binh.truong@yuanta.com.vn

Tam Nguyen

Analyst (Property)

Tel: +84 28 3622 6868 (ext. 3874)

tam.nguyen@yuanta.com.vn

An Nguyen

Assistant Analyst

Tel: +84 28 3622 6868 (ext. 3845)

an.nguyen@yuanta.com.vn

Institutional Sales

Lawrence Heavey

Head of Institutional Sales

Tel: +84 28 3622 6868 (ext. 3835)

lawrence.heavey@yuanta.com.vn

Hien Le

Sales Trader

hien.le@yuanta.com.vn

Dat Bui

Sales Trader

dat.bui@yuanta.com.vn

Tuan-Anh Nguyen

Sales Trader

Tel: +84 28 3622 6868 (ext. 3909)

anh.nguyen2@yuanta.com.vn

Vi Truong

Sales Trader

vi.truong@yuanta.com.vn