

19/03/2024

RECOMMENDATION

BUY

| | |
|-----------------|------------|
| Fair price | 42,200 VND |
| Current price | 36,600 VND |
| Upside/downside | 15% |

STOCK INFORMATION

| | |
|--------------------------|------------|
| Outstanding shares (mil) | 799 |
| Free float (mil) | 519 |
| Market cap. (bn VND) | 29,255 |
| 3m avg. volume (shares) | 1.95 mil |
| Foreign ownership (%) | 38.48% |
| First listing date | 02/01/2010 |

SHAREHOLDER STRUCTURE

| | |
|---|--------|
| Tien Loc JSC | 10.83% |
| Gam Ma Co., Ltd | 8.75% |
| Asia Europe Trading Investment Co., Ltd | 8.51% |
| Vietnam Enterprise Limited | 7.09% |
| Others | 64.82% |

KEY ATTRIBUTES

| | |
|--------------------|--------|
| TTM EPS (VND) | 896 |
| BVPS (VND) | 16,829 |
| Debt/Equity (%) | 41% |
| ROA (%) | 8% |
| ROE (%) | 12% |
| P/E | 40.1 |
| P/B | 2.1 |
| Dividend yield (%) | N/a |

PRICE PERFORMANCE



COMPANY PROFILE

KDH is a famous real estate developer (townhouses and villas) in Ho Chi Minh City. Since 2017, the company has expanded into mid-range apartment development. KDH currently owns land funds in District 9, District 2 (Thu Duc city) and the southwest area of the Ho Chi Minh city.

ANALYST(S)

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KEEP THE BALL ROLLING

- In 2024, it is anticipated that KDH's business performance will bounce back, with a focus on transferring projects to establish Privia and Classia, as well as small land parcels.
- A substantial, uncontaminated land reserve in Ho Chi Minh City, coupled with solid project development expertise and a partnership with Keppel Land, is poised to propel KDH's sustained growth trajectory in the future.
- Our recommendation is BUY with potential upside of 15%

Forecast: In 2024, we anticipate that the combination of a low-interest rate climate and significant real estate legislation enacted by the National Assembly will stimulate a recovery in the real estate market. As a result, we project that KDH could register a revenue of 3,439 bn VND (+64% YoY), and net profit of 1,198 bn VND (+64% YoY) due to handover The Privia project, the remaining units at the Classia project, and the sale of small land plots.

Investment highlights: As land bank in Ho Chi Minh City gradually becomes scarce, KDH possesses a significant advantage with more than 650 hectares of clean land in Thu Duc City and Binh Chanh district, paving the way for the company's sustainable growth. In the next three years, KDH will focus on implementing key projects such as Privia, Solina, Emeria and Clarita. In particular, large projects such as Tan Tao Residential Area (330ha), Le Minh Xuan Industrial Park (110ha) and Phong Phu 2 Residential Area (130ha) are set to be the key drivers for KDH's long-term expansion.

At the end of 2023, KDH's net debt to equity ratio is projected to be 17%, which is the lowest among the ratios of real estate companies. Owing to its robust financial framework, KDH can readily procure loans, which in turn expedites the advancement of projects. Moreover, the alliance with Singaporean developer Keppel Land is expected to provide a conducive environment for KDH in the execution of upcoming projects.

In 2024, KDH intends to execute a private offering targeted at strategic investors with the aim of raising in excess of 3,000 bn VND. This move is expected to aid the company in lowering its financial expenses and additional resources for the swift implementation of key projects.

Valuation & recommendation: By using the RNAV method, we estimate the fair value for each share is VND 42,200 upside 15% compared to closing price on March 19, 2024. We recommend to BUY this stock.

Investment risks: (1) Real estate industry cycle risk; (2) Regulation risk.

| Financial Results | 2021A | 2022A | 2023A | 2024F | 2025F |
|----------------------|--------|--------|--------|--------|--------|
| Net revenue (bn VND) | 3,738 | 2,912 | 2,093 | 3,439 | 5,460 |
| Net Profit (bn VND) | 1,202 | 1,103 | 731 | 1,198 | 1,959 |
| EPS (VND) | 1,776 | 1,538 | 896 | 1,435 | 2,330 |
| EPS Growth (%) | -16% | -13% | -42% | 60% | 62% |
| Book Value (VND) | 15,842 | 16,123 | 16,829 | 19,270 | 23,376 |
| P/E | 14.7 | 20.2 | 40.1 | 29.4 | 18.1 |
| P/B | 1.7 | 1.9 | 2.1 | 2.2 | 1.8 |
| Cash dividend (VND) | N/A | N/A | N/A | N/A | N/A |