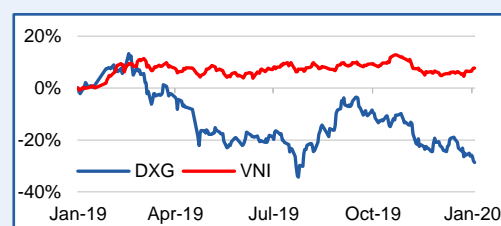




Dat Xanh Group (DXG)

Earnings Flash

Industry	Real Estate		2018	2019
Report Date	January 21, 2020			
Current Price	VND12,850	Rev y/y	10.1%	25.2%
Last Target Price	VND25,700	EPS y/y	19.7%	-6.1%
Upside to TP	+100.0%	NPAT-MI y/y	42.7%	3.2%
Dividend Yield	0.0%	GPM	43.2%	53.0%
TSR	+100.0%	NPM	21.9%	20.9%
Last Rating	BUY	P/B	0.6x	1.0x
		P/E	3.9x	5.2x



			DXG	Peers	VNI
Market Cap	USD289.8mn				
Foreign Room	USD10.4mn	P/E (ttm)	5.2x	13.3x	16.2x
ADTV30D	USD0.8mn	P/B (curr)	1.0x	1.9x	2.4x
State Ownership	0.0%	Net D/E	35.8%	-5.4%	NA
Outstanding Shares	518.8 mn	ROE	20.3%	13.5%	14.8%
Fully Diluted O/S	536.2 mn	ROA	11.2%	5.9%	2.4%

Company Overview

DXG is a leading property brokerage company with around 30% market share nationwide. Leveraging off its brokerage knowledge, the company has expanded into residential property development with a focus on the mid-range segment in HCMC, Binh Duong and Dong Nai.

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2019 earnings growth trails our expectation

DXG posted 2019 results with net revenue of VND5.8tn (USD253mn, +25%YoY) and NPAT-MI of VND1.2tn (USD53mn, +3% YoY), which are equivalent to 113% and 90% of our forecasts, respectively. Although the EBIT performance of core businesses (brokerage and development) was broadly in line with our expectation, DXG's 2019 NPAT-MI result was 10% lower than our forecast, which was mainly due to lower-than-expected net financial income.

Brokerage growth rate steadied despite a high base. In 2019, the brokerage segment (accounting for 49% of DXG's net revenue) experienced 21% and 16% YoY growth in revenue (VND2.8tn/USD124mn) and gross profit (VND2.3tn/USD98mn), respectively. This was a decent performance as strong growth was maintained in brokerage services following 2018's high base.

Q4 land plot sales boost 2019 development segment. Property sales reached VND2.1tn (USD90mn, +25% YoY) in 2019, which mainly arose from deliveries at Opal Garden (Thu Duc District, HCMC) in Q1 and land plots at Dat Quang Riverside (Quang Nam Province) in Q4, per management.

Figure: DXG's 2019 results

VND bn	2018	2019	% YoY Growth	2019F	2019 as % of 2019F
Net revenue	4,645	5,814	25%	5,163	113%
- Brokerage	2,354	2,842	21%	3,030	94%
- Development	1,664	2,078	25%	1,422	146%
- Construction	627	893	42%	711	126%
Gross profit	2,615	3,084	18%	3,002	103%
- Brokerage	1,954	2,261	16%	2,333	97%
- Development	623	761	22%	619	123%
- Construction	37	61	65%	50	123%
Selling expenses	(434)	(483)	11%	(565)	86%
G&A expenses	(346)	(501)	45%	(450)	111%
EBIT	1,835	2,099	14%	1,987	106%
Financial income	207	270	31%	436	62%
Financial expenses	(191)	(209)	9%	(289)	72%
Profit from associates	256	149	NM	259	58%
Other gain/(loss)	(5)	79	NM	NA	NA
PAT	1,723	1,886	9%	1,958	96%
NPAT-MI	1,178	1,217	3%	1,357	90%
Gross margin	56.3%	53.0%		58.1%	
- Brokerage	83.0%	79.6%		77.0%	
- Development	37.5%	36.6%		43.5%	
SG&A as % of revenue	16.8%	16.9%		19.7%	
EBIT margin	39.5%	36.1%		38.5%	
NPAT-MI margin	25.4%	20.9%		26.3%	

Source: DXG's financial statements, VCSC forecast

VCSC Rating System

Stock ratings are set based on projected total shareholder return (TSR), defined as $(\text{target price} - \text{current price}) / \text{current price} + \text{dividend yield}$, and are not related to market performance.

Equity rating key	Definition
BUY	If the projected TSR is 20% or higher
OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
UNDERPERFORM	If the projected TSR is between -10% and -20%
SELL	If the projected TSR is -20% or lower
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Target prices are generally based on the analyst's assessment of the stock's fair value over a 12-month horizon. However, the target price may differ from the analyst's fair value if the analyst believes that the market will not price the stock in line with assessed fair value over the specified time horizon.

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