

| Industry             | Real Estate  |             | 2019A | 2020E      | 2021F        | 2022F      |
|----------------------|--------------|-------------|-------|------------|--------------|------------|
| Report Date          | June 1, 2020 | Rev y/y     | 25.1% | -13.7%     | 51.6%        | 48.0%      |
| Current Price        | VND11,350    | EPS y/y     | -5.8% | -31.2%     | 49.6%        | 37.6%      |
| Target Price         | VND17,900    | NPAT-MI y/y | 3.2%  | -22.8%     | 51.3%        | 39.1%      |
| Upside to TP         | +57.7%       | GPM         | 53.0% | 39.2%      | 44.0%        | 41.7%      |
| Dividend Yield       | 0.0%         | NPM         | 20.9% | 18.7%      | 18.7%        | 17.6%      |
| TSR                  | +57.7%       | P/B         | 0.8x  | 0.7x       | 0.6x         | 0.5x       |
| Rating               | BUY          | P/E         | 4.6x  | 6.8x       | 4.5x         | 3.2x       |
| Market Cap           | USD256.0mn   |             |       | <u>DXG</u> | <u>Peers</u> | <u>VNI</u> |
| Foreign Room         | USD22.9mn    | P/E (ttm)   |       | 6.6x       | 11.5x        | 14.5x      |
| ADTV30D              | USD1.7mn     | P/B (curr)  |       | 0.8x       | 1.6x         | 2.0x       |
| State Ownership      | 0.0%         | Net D/E     |       | 48.1%      | 11.4%        | NA         |
| Outstanding Shares   | 518.8 mn     | ROE         |       | 16.0%      | 17.5%        | 13.5%      |
| Fully Diluted Shares | 534.9 mn     | ROA         |       | 8.8%       | 7.5%         | 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.

**Duc Pham**  
Analyst  
[duc.pham@vcsc.com.vn](mailto:duc.pham@vcsc.com.vn)  
+8428 3914 3588 ext.174

**Hong Luu**  
Senior Manager  
[hong.luu@vcsc.com.vn](mailto:hong.luu@vcsc.com.vn)  
+8428 3914 3588 ext.120

2020 earnings targets are more upbeat than our expectation

- We attended DXG's annual general meeting (AGM) on May 30, 2020.
- Shareholders approved 2020 guidance with net revenue of VND4.9tn (USD213mn; -16% YoY), and NPAT-MI of VND1.0tn (USD50.0mn; -15% YoY). This guidance is equivalent to 98% and 110% of our respective forecasts.
- Shareholders approved no payment of a FY2019 dividend, which is in line with our expectation. Management shared that the company requires intensive capital to cope with the COVID-19 situation as well as to strengthen its land bank.
- For the FY2020 dividend plan, shareholders approved a plan to pay a dividend of 20% on par value — with an interim dividend of maximum 10% on par value — in cash or stock.
- Shareholders approved the reappointment of Mr. Luong Tri Thin as CEO cum Chairman.

**2020 guidance is in line with our revenue forecast — but above our NPAT-MI forecast.** Management guidance for revenue is broadly in line with our 2020 forecast of VND5.0tn (USD218mn; -14% YoY), while NPAT-MI guidance above our forecast of VND939bn (USD40.8mn; -23%YoY). At the AGM, management shared that 2020 growth guidance (down vs 2019) was set in a cautious view as the impact from COVID-19 remains highly unpredictable. We mainly attribute the higher NPAT-MI guidance vs our forecast to the higher ASPs of the Long Thanh project (commercial name: Gem Sky World) vs our assumption.

**Management is confident sharing Gem Sky World's development plan.** Per management, DXG has received a 1/500 urban plan and the legal process is smooth as the project was acquired via a public auction with a fast-tracked legal procedure. Management expects to develop the project with community attractions and considers Gem Sky World to be more attractive in terms of selling prices compared to Novaland Aqua City (Dong Nai Province) and the Vinhomes Grand Park shophouses (District 9). We currently expect the project to launch in H2 2020 with our assumed ASP of VND15mn/sqm — or VND1.5bn-USD70,000/unit of 100sqm. We continue to believe our assumed ASP to be conservative enough for an assumption of 1,400 units to be pre-sold in 2020.

## VCSC Rating System

**Stock ratings** are set based on projected total shareholder return (TSR), defined as (target price – current price)/current price + dividend yield, and are not related to market performance.

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|--|---|
| 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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## Contacts

### Corporate

[www.vcsc.com.vn](http://www.vcsc.com.vn)

#### Head Office

Bitexco Financial Tower, 2 Hai Trieu Street  
District 1, HCMC  
+84 28 3914 3588

#### Transaction Office

10 Nguyen Hue Street  
District 1, HCMC  
+84 28 3914 3588

### Research

**Research Team:** +84 28 3914 3588  
[research@vcsc.com.vn](mailto:research@vcsc.com.vn)

#### Banks, Securities and Insurance

##### Long Ngo, Associate Director, ext 123

- Nghia Dien, Senior Analyst, ext 138
- Anh Dinh, Analyst, ext 139
- Truc Ngo, Analyst, ext 116

#### Consumer and Pharma

##### Phap Dang, Associate Director, ext 143

- Ha Dao, Analyst, ext 194
- Vinh Bui, Analyst, ext 191

#### Real Estate, Construction and Materials

##### Hong Luu, Senior Manager, ext 120

- Vy Nguyen, Senior Analyst, ext 147
- Duc Pham, Analyst, ext 174

#### Retail Client Research

##### Duc Vu, Senior Manager, ext 363

- Huy Nguyen, Analyst, ext 173
- Trung Nguyen, Analyst, ext 129

### Institutional Sales and Brokerage

& Foreign Individuals

#### Dung Nguyen

+84 28 3914 3588, ext 136  
[dung.nguyen@vcsc.com.vn](mailto:dung.nguyen@vcsc.com.vn)

#### Hanoi Branch

109 Tran Hung Dao  
Hoan Kiem District, Hanoi  
+84 24 6262 6999

#### Transaction Office

236-238 Nguyen Cong Tru Street  
District 1, HCMC  
+84 28 3914 3588

#### Alastair Macdonald, Head of Research, ext 105

[alastair.macdonald@vcsc.com.vn](mailto:alastair.macdonald@vcsc.com.vn)

#### Macro

- Luong Hoang, Senior Analyst, ext 364
- Nguyen Truong, Analyst, ext 132

#### Oil & Gas and Power

##### Duong Dinh, Senior Manager, ext 140

- Tram Ngo, Senior Analyst, ext 135
- Nghia Le, Analyst, ext 181
- Duc Le, Analyst, ext 196

#### Industrials and Transportation

- Nam Hoang, Senior Analyst, ext 124
- Dang Thai, Analyst, ext 149

### Retail & Corporate Brokerage

Ho Chi Minh & Hanoi

#### Quynh Chau

+84 28 3914 3588, ext 222  
[quynh.chau@vcsc.com.vn](mailto:quynh.chau@vcsc.com.vn)