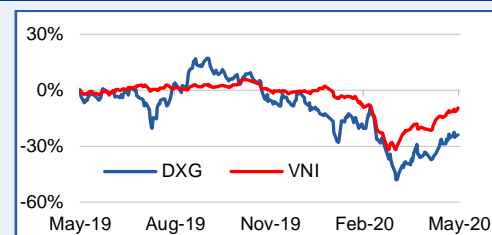




Dat Xanh Group (DXG)

AGM Note

Industry	Real Estate		2019A	2020E	2021F	2022F
Report Date	June 1, 2020					
Current Price	VND11,350	Rev y/y	25.1%	-13.7%	51.6%	48.0%
Target Price	VND17,900	EPS y/y	-5.8%	-31.2%	49.6%	37.6%
Upside to TP	+57.7%	NPAT-MI y/y	3.2%	-22.8%	51.3%	39.1%
Dividend Yield	0.0%	GPM	53.0%	39.2%	44.0%	41.7%
TSR	+57.7%	NPM	20.9%	18.7%	18.7%	17.6%
Rating	BUY	P/B	0.8x	0.7x	0.6x	0.5x
		P/E	4.6x	6.8x	4.5x	3.2x
Market Cap	USD256.0mn			DXG	Peers	VNI
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.

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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.

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
NOT RATED	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulation and/or firm policies in certain circumstances, including when VCSC is acting in an advisory capacity in a merger or strategic transaction involving the company.
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Unless otherwise specified, these performance parameters are set with a 12-month horizon. Movement in share prices may cause a temporary mismatch between the latest published rating and projected TSR for a stock based on its market price and the latest published target price.

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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