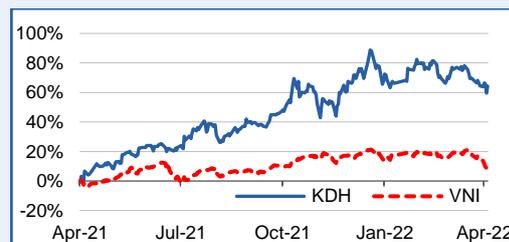


Industry	Real Estate		2021A	2022F	2023F	2024F
Report Date	April 22, 2022	Rev y/y	-17.5%	-2.0%	4.6%	21.3%
Current Price	VND49,000	EPS y/y	3.0%	24.4%	11.6%	18.0%
Target Price*	VND57,600	NPAT-MI y/y	4.3%	28.1%	11.6%	18.0%
Upside to TP	+17.6%	GPM	48.0%	64.7%	65.4%	63.8%
Dividend Yield	0.0%	NPM	32.2%	42.1%	44.9%	43.7%
TSR	+17.6%	P/B	3.1x	2.7x	2.3x	2.0x
Rating*	MARKET PERFORM	P/E	27.4x	22.0x	19.7x	16.7x



			KDH	Peers	VNI
Market Cap	USD1.4bn		27.4x	23.2x	15.6x
Foreign Room	USD235.2mn	P/E (ttm)	3.1x	3.2x	2.4x
ADTV30D	USD2.7mn	P/B (curr)	10.9%	31.9%	N/A
State Ownership	0.0%	Net D/E	13.1%	13.6%	15.7%
Outstanding Shares	642.9 mn	ROE	8.5%	4.0%	2.6%
Fully Diluted O/S	642.9 mn	ROA			

Company Overview

KDH is a well-known landed property (townhouses and villas) developer in HCMC. Since 2017, the company has expanded into mid-range condo developments. Currently, KDH owns projects with total land area of ~600 ha located in Thu Duc City, Binh Chanh District and Binh Tan District of HCMC.

\*TP and rating last updated March 3, 2022

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## Management confident to achieve 2022 guidance

- We attended KDH's annual general meeting (AGM) in HCMC on April 22.
- Shareholders approved management's 2022 guidance for revenue of VND4.0tn (USD174mn; +7% YoY) and NPAT-MI of VND1.4tn (USD61mn; +16% YoY). This earnings guidance is lower than our 2022F NPAT-MI forecast of VND1.54tn (USD67mn; +28% YoY).
- Shareholders approved a FY2021 dividend plan for a 10% stock dividend (the same as the previous year; execution time has not been announced) and a FY2022 dividend plan of 10% on par in cash and/or stock.
- An ESOP was approved for 9.6 million shares (1.5% of the current share count) at an issue price of VND24,000/share. This ESOP is expected to be issued in 2022. The lock-up period for ESOP shares is expected to be one year.
- The new board of directors (BOD) and board of supervisors (BOS) were elected for the 2022-2027 term with the same members as currently.
- Shareholders approved the BOD and BOM's bonuses in 2022 at 2% of NPAT-MI — if 2022 guidance is achieved — which is the same as in 2020-2021.

**New projects to launch sales in H2 2022.** As of end-2021, KDH completed sales of 100% units at Verosa Park and 88% at Lovera Vista. For 2022, the company targets to **(1)** complete construction and start sales (expected in Q3 2022) at Classia (total project includes ~180 low-rise units in Thu Duc City, HCMC; started construction at end-September 2021 — around 50% of construction has been completed), **(2)** start pre-sales (expected in Q4 2022) at The Privia (previously known as the Binh Tan project; ~1,100 condos in Binh Tan District, HCMC), and **(3)** start construction at Clarita (total project includes ~160 low-rise units in Thu Duc City, HCMC). This guidance is broadly in line with our expectation for Classia and The Privia, while the sales launch plan for Clarita is slower than our previous projection. As a result, we foresee downside risk to our 2022F residential pre-sales of VND4.9tn (USD214mn), pending for a fuller review.

**Management set guidance for 16% YoY earnings growth in 2022.** Management guides for 2022 NPAT-MI of VND1.4tn (USD61mn; +16% YoY), which is equivalent to 91% of our 2022F NPAT-MI forecast of VND1.54tn (USD67mn; +28% YoY). We attribute the discrepancy between the company's guidance and our forecast mainly to the proportion and timing of recognition at the Classia and Clarita projects.

## 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.
RATING SUSPENDED, COVERAGE TERMINATED	A rating may be suspended, or coverage terminated, if fundamental information is deemed insufficient to determine a target price or investment rating or due to a reallocation of research resources. Any previous investment rating and target price are no longer in effect.

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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