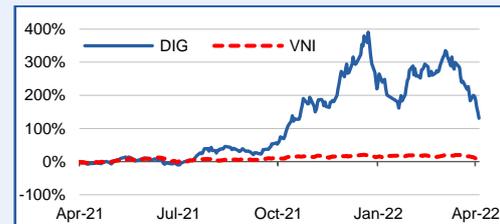


Industry	Real Estate		2021	2022F	2023F	2024F
Report Date	April 25, 2022	Rev y/y	3.3%	50.2%	4.0%	7.6%
Current Price	VND56,300	EPS y/y	22.5%	0.5%	9.8%	8.7%
Target Price*	VND42,000	NPAT-MI y/y	34.5%	10.4%	9.8%	8.7%
Upside to TP	-25.4%	GPM	35.5%	47.2%	49.4%	48.6%
Dividend Yield	0.0%	NPM	37.2%	27.4%	28.9%	29.2%
TSR	-25.4%	P/B	3.8x	3.3x	2.9x	2.6x
Rating*	SELL	P/E	28.2x	28.0x	25.5x	23.5x



			DIG	Peers	VNI
Market Cap	USD1.2bn				
Foreign Room	USD571.6mn	P/E (ttm)	28.2x	22.3x	14.7x
ADTV30D	USD24.9mn	P/B (curr)	3.8x	2.9x	2.3x
State Ownership	0.0%	Net D/E	15.2%	53.0%	N/A
Outstanding Shares	499.9 mn	ROE	15.8%	12.2%	15.7%
Fully Diluted Shares	499.9 mn	ROA	6.6%	4.5%	2.6%

* TP and rating last updated March 4, 2022

Company Overview

DIG, formerly a subsidiary of the Ministry of Construction, is a master urban plan developer for large-scale projects surrounding HCMC and Hanoi. With ~745 ha of land bank under development, DIG is one of Vietnam's largest residential property developers in terms of total land bank size.

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Aggressive 2022 earnings growth guidance

- We attended DIG's annual general meeting (AGM) in Vung Tau on April 22.
- Shareholders approved management's 2022 guidance for PBT to increase 48% YoY to VND1.9tn (USD83mn), which is 44% higher than our forecast of VND1.3tn (USD57mn; +7% YoY).
- Shareholders approved (1) a FY2021 dividend payment plan of 17% in stock and (2) 5% bonus shares, which is expected to occur in Q2 2022. The company paid a 10% FY2019 dividend in shares in March 2021 and 17% FY2020 dividend in shares in June 2021.
- Shareholders approved a rights issuance plan for a total 100 million shares at an issuance price of VND30,000/share to existing shareholders. The rights issuance ratio is 1,000:164 (a shareholder who owns 1,000 shares can buy up to 164 new shares).
- Shareholders approved a new bond issuance plan for a total of up to VND2.5tn (USD100mn) and a two-to-seven-year maturity term to finance investment in project development. The bond issuance is expected to occur in 2022.

Management sets high profit guidance for 2022. DIG set 2022 PBT guidance of VND1.9tn (USD83mn; +48% YoY) — 44% higher than our PBT forecast. We estimate this 2022 PBT guidance translates to NPAT-MI guidance of VND1.5tn (USD66mn; +54% YoY) vs our NPAT-MI forecast of VND1.1tn (USD46mn; +7% YoY). However, management has not disclosed clear guidance in terms of its business plan breakdown to achieve this high earnings growth guidance. We foresee insignificant change to our earnings growth forecast for DIG, pending for a fuller review and discussion with management.

Figure 1: DIG's actual PBT performance vs guidance in recent years

	2017A	2018A	2019A	2020A	2021A	2022G
Actual PBT (VND bn)	255	428	471	900	1,281	
Guidance (VND bn)	160	350	550	650	1,444	1,900
Actual PBT as % of Guidance	160%	122%	86%	138%	89%	

Source: DIG, VCSC compilation

Rights issuance plan for 100 million shares at VND30,000/share. If this rights issuance is fully subscribed at the issuance price of VND30,000/share, DIG could raise a total of VND3.0tn (USD130mn) via equity to invest in the Long Tan project. The rights issuance is expected to occur in H2 2022 after it is approved by authorities. We have not factored this rights issuance plan into our valuation and forecasts.

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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