

Industry	Real Estate		2021A	Q1/2022	2022F
Report Date	April 29, 2022	Rev y/y	-17.5%	-82.9%	-2.0%
Current Price	VND47,900	EPS y/y	3.0%	44.2%	24.4%
Target Price*	VND57,600	NPAT-MI y/y	4.3%	46.0%	28.1%
Upside to TP	+20.3%	GPM	48.0%	54.2%	64.7%
Dividend Yield	0.0%	NPM	32.2%	209.8%	42.1%
TSR	+20.3%	P/B	3.0x	2.9x	2.6x
Rating*	MARKET PERFORM	P/E	26.7x	N.M.	21.5x



			KDH	Peers	VNI
Market Cap	USD1.3bn	P/E (ttm)	25.5x	24.6x	15.2x
Foreign Room	USD227.9mn	P/B (curr)	2.9x	3.4x	2.4x
ADTV30D	USD2.8mn	Net D/E	28.7%	32.8%	NA
State Ownership	0.0%	ROE	13.8%	13.6%	15.8%
Outstanding Shares	642.9 mn	ROA	8.4%	4.0%	2.6%
Fully Diluted O/S	642.9 mn				

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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Strong Q1 2022 earnings thanks to land plot consolidation

KDH reported Q1 2022 net revenue of VND143bn (USD6.2mn; -83% YoY) and NPAT-MI of VND299bn (USD13.0mn; +46% YoY), which fulfilled 4% and 19% of our respective full-year forecasts.

Net revenue declined 83% YoY in Q1 2022 as the company (1) completed handovers for most pre-sold units as of end-2021 and (2) plans to start sales/pre-sales at the Classia and The Privia projects in H2 2022 — in line with our expectation.

Meanwhile, NPAT-MI surged 46% YoY in Q1 2022 mainly thanks to a VND308bn (USD13.4mn) non-cash gain from the land plot consolidation. In late 2021, the company announced a plan to acquire a 60% stake in Doan Nguyen House Business & Investment Ltd, which owns a 6-ha residential land plot in Binh Trung Dong – Cat Lai Ward, Thu Duc City, HCMC. We did not factor this consolidation gain into our 2022F NPAT-MI forecast.

Nevertheless, we foresee no significant change to our 2022F NPAT-MI forecast of VND1.54tn (USD67mn; +28% YoY) as stated in our March 3, 2022 [Update Report](#), pending a fuller review, as the Q1 2022 gain from the land plot consolidation partly offsets the slower-than-expected sales launch plan for Clarita. In addition, we expect the Classia project (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) to largely support our 2022F NPAT-MI forecast for KDH.

Figure: KDH's Q1 2022 results

VND bn	Q1 2021	Q1 2022	% YoY Growth	2022F	Q1 2022 as % of 2022F
Net revenue	836	143	-83%	3,663	4%
Gross profit	358	77	-78%	2,370	3%
SG&A expenses	-71	-72	1%	-330	22%
EBIT	287	5	-98%	2,041	0%
Financial income	5	2	-52%	10	25%
Financial expense	-17	-3	-82%	-121	2%
Other income (expense)	-7	305	N.M.	0	N.M.
PBT	268	310	15%	1,929	16%
NPAT-MI	205	299	46%	1,541	19%
Gross margin	42.8%	54.2%		64.7%	
SG&A as % of revenue	8.5%	50.6%		9.0%	
EBIT margin	34.3%	3.6%		55.7%	
NPAT-MI margin	24.5%	209.8%		42.1%	

Source: Company's Q1 2022 financial statements, VCSC forecast (last updated March 3, 2022)

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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