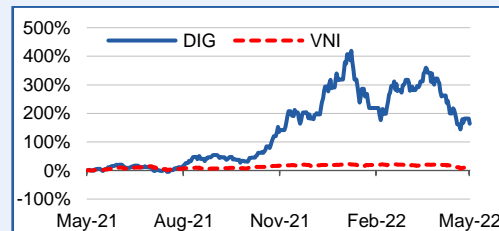




Development Investment Construction (DIG)

Earnings Flash

Industry	Real Estate		2021A	Q1/22	2022F
Report Date	May 4, 2022	Rev y/y	3.3%	3.7%	50.2%
Current Price	VND61,000	EPS y/y	22.5%	39.1%	0.5%
Target Price*	VND42,000	NPAT-MI y/y	34.5%	52.8%	10.4%
Upside to TP	-31.1%	GPM	35.5%	33.2%	47.2%
Dividend Yield	0.0%	NPM	37.2%	12.2%	27.4%
TSR	-31.1%	P/B	4.1x	4.1x	3.6x
Rating*	SELL	P/E	30.5x	N.M.	30.4x



			DIG	Peers	VNI
Market Cap	USD1.3bn				
Foreign Room	USD618.4mn	P/E (ttm)	28.5x	23.1x	14.7x
ADTV30D	USD25.5mn	P/B (curr)	4.1x	2.4x	2.3x
State Ownership	0.0%	Net D/E	30.6%	10.9%	N/A
Outstanding Shares	499.9 mn	ROE	16.0%	12.7%	15.8%
Fully Diluted Shares	499.9 mn	ROA	6.9%	6.8%	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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Q1 2022 handovers at Nam Vinh Yen, Hiep Phuoc

DIG announced Q1 2022 results with net revenue of VND519bn (USD22.6mn; +4% YoY) and NPAT-MI of VND63bn (USD2.7mn; +53% YoY) that were mainly supported by handovers at the Nam Vinh Yen and Hiep Phuoc land plots. These revenue and NPAT-MI results are equivalent to 13% and 6% of our respective full-year forecasts. However, we foresee insignificant change to our 2022F NPAT-MI forecast of VND1.1tn (USD46mn; +10% YoY) as DIG typically records most of its profit in Q4. We also note that management set aggressive 2022 guidance (approved at its AGM on April 22) for PBT of VND1.9tn (USD83mn; +48% YoY — 44% higher than our PBT forecast), which translates to 2022 NPAT-MI guidance of VND1.5tn (USD66mn; +54% YoY — 44% higher than our NPAT-MI forecast).

Figure 1: Q1 2022 results

	VND bn	Q1 2021	Q1 2022	YoY Growth	2022F	Q1 2022 as % of 2022F
Revenue		500	519	4%	3,857	13%
Gross profit		123	172	40%	1,820	9%
SG&A expenses		52	74	42%	359	21%
Operating profit		71	98	38%	1,461	7%
Financial income		3	24	627%	64	37%
Financial expenses		16	38	143%	209	18%
Profit from associates		1	(3)	N.M.	0	N.M.
Other gains/loss		(3)	6	N.M.	64	9%
Profit before tax		56	87	55%	1,316	7%
Profit after tax		43	62	43%	1,053	6%
NPAT-MI		42	63	53%	1,056	6%
Gross margin		24.6%	33.2%		47.2%	
SG&A exp./Sales		10.4%	14.2%		9.3%	
Operating margin		14.2%	19.0%		37.9%	
NPAT-MI margin		8.3%	12.2%		27.4%	

Source: Company's financial statements, VCSC forecast (last updated March 4, 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
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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