

## THE AWAKENING GIANT

**BUY [+42%]**

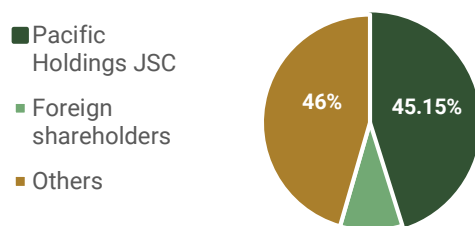
Updated: 17/10/23

Fair price **33,000**  
Current price **23,250**

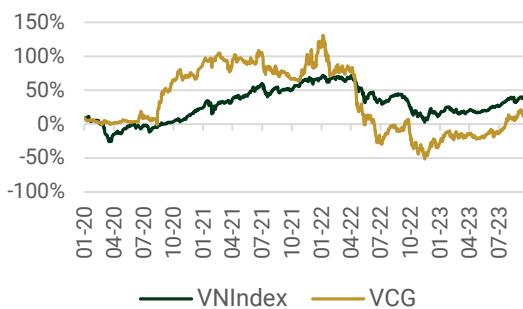
### STOCK INFORMATION

Outstanding shares (mil) 534.47  
Free float (mil) 267.23  
Market cap. (billion VND) 12,907.34  
3m avg. volume (shares) 14,217,624  
Foreign ownership (%) 9.33  
First listing date 05/09/2008

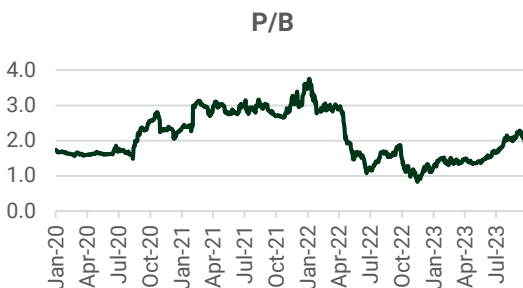
### MAJOR SHAREHOLDERS



### PRICE MOVEMENT COMPARED TO THE INDEX



### VALUATION HISTORY



**Company profile:** Vietnam Construction and Import-Export Corporation (Vinaconex), formerly known as the Foreign Service and Construction Company, was established in 1988. The company was listed on the Hanoi Stock Exchange (HNX) in 2008. Subsequently, in December 2020, the company was officially listed on the Ho Chi Minh Stock Exchange (HOSE). Vinaconex operates in various business sectors, including: (i) Construction sector, (ii) Real estate sector, (iii) Financial investments.

**Business result 1H23 and projection 2023F:** In 1H23, VCG reported revenues of 6,533 billion VND (+85% YoY) and recorded NPAT of 127.9 billion VND (-80% YoY). The results achieved 40% of target revenue 23F and 15% of target NPAT 23F. We anticipated that VCG would continue to maintain its growth momentum from 2022 as revenue 23F was expected to reach 11,999 billion VND (+41% YoY), and maintained its revenue around 12,000 billion VND in 24F. This growth is primarily attributed to (i) the construction sector now is having an estimated total construction value of ~27,000 billion VND, (ii) the contribution of the real estate sector with the recognition of Green Diamond 93 Lang Ha project this year.

### Investment thesis:

**(i) Construction sector - Experiencing robust growth, benefiting from the surge in public infrastructure investments:**

VCG has been well-known as one of the reputable construction company in Vietnam, consistently winning contracts for numerous large-scale public infrastructure projects. Notably, these projects include 08 component projects of the North-South Expressway phase 1&2 and various construction packages of Long Thanh International Airport. We project that VCG's revenue construction sector in 2023F and 2024F could reach approximately 7,500 billion VND and 8,100 billion VND, demonstrating a growth of 23% YoY and 8% YoY.

**(ii) Real estate (RE) sector – Goal of becoming a leading RE developer**

VCG currently holds a substantial land bank (2,000 ha) encompassing residential, hospitality, and industrial properties in prime locations across Hanoi, Hai Phong, Quang Ninh, Quang Nam, and various other regions. In 2023F, we anticipated VCG could handover Green Diamond 93 Lang Ha project, making a significant contribution of approximately 2,200 billion VND in revenue. Furthermore, VCG is boosting the construction progress of mega project Cat Ba Amatina (179 ha) with a total investment value of 11,000 billion VND. This project is expected to play a vital role in VCG's future growth when it is completed in 2025.

**(iii) Financial investments - Stable and effective operations:**

VCG is focusing on high-performing companies in energy, clean water supply, and education sectors. These investments contribute annually revenue of around 2,200 billion VND, with a GPM of approximately 30%.

**Valuation & Recommendation:** Using comparable method, we using P/E ratio compared to construction industry peers, P/B ratio compared to real estate peers, we derive fair price is **33,000 VND per share**. Thus, our recommendation is BUY with a potential upside of **42%**.

| Financial indicators      | 2018A  | 2019A  | 2020A  | 2021A  | 2022A  | 2023F  |
|---------------------------|--------|--------|--------|--------|--------|--------|
| Net revenue (billion VND) | 9,731  | 9,502  | 5,551  | 5,749  | 8,453  | 11,999 |
| Net Profit (billion VND)  | 637    | 787    | 1,690  | 520    | 931    | 492    |
| EPS (VND)                 | 1,112  | 1,548  | 3,633  | 893    | 1,610  | 782    |
| EPS Growth (%)            | -63%   | 39%    | 135%   | -75%   | 80%    | -51%   |
| Book Value (VND)          | 15,093 | 15,385 | 14,404 | 14,987 | 14,111 | 13,835 |
| P/E                       | 15.45  | 21.53  | 23.11  | 7.34   | 12.65  | 30.89  |
| P/B                       | 1.42   | 1.53   | 1.51   | 1.24   | 1.18   | 1.7    |
| Cash dividend (%)         | 12%    | 6%     | 12%    | 18%    | 0%     | 0%     |