

Steadily Moving Forward

BUY [+40%]

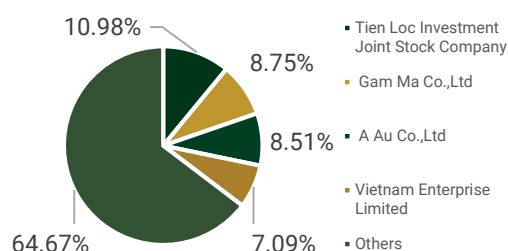
Fair price 40,900 VND
Current price 29,150 VND

Update: 19/10/2023

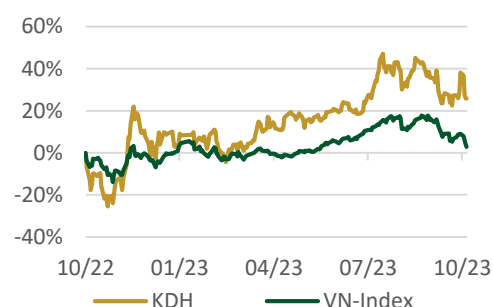
STOCK INFORMATION

Outstanding shares (mil) 716
Free float (mil) 519
Market cap. (billion VND) 22,728
3m avg. volume (shares) 1.95 million
Foreign ownership (%) 38.48%
First listing date 02/01/2010

MAJOR SHAREHOLDERS



PRICE MOVEMENT COMPARED TO THE INDEX



HISTORICAL VALUATION



Performance overview: In 2Q2023, KDH reported VND 587 bn in net revenue (-20% YoY) and VND 248 bn (-25% YoY) in net profit. The results came from recording land lot transfers and handing over Classia project products.

In 2Q2023, KDH continued its sales at the Classia project, which consists of 176 products. At present, about 90% of the project has been sold and 65% has been transferred. It is anticipated that the remaining part of this project will be fully handed over in 2023.

By the end of 1H2023, KDH reported VND 1,012 bn (+12% YoY) in net revenue and VND 458 bn (-27% YoY) in net profit. Due to the gloomy real estate market, KDH has achieved 33% of its annual revenue target and 26% of its profit target.

Forecast: In 2H2023, we expect that KDH will persist in finalizing sales and logging profits from the Classia project, as well as initiating a new venture, The Privia project. Consequently, we forecast that KDH as a whole can record revenue of 2,687 (-8% YoY) and profit after tax of 1,008 billion VND (-9% YoY).

Investment highlights: Given the shortage of land bank in HCMC, KDH possesses a competitive advantage with more than 650 hectares in Thu Duc City and Binh Chanh district. The new developing project in these lands, such as Privia, Solina, Emeria, and Clarita, will contribute revenue and profit to KDH over the next three years.

The extensive projects such as the Tan Tao Residential Area (330ha), the Le Minh Xuan Industrial Park (110ha), and the Phong Phu 2 Residential Area (130ha) are anticipated to bolster Khang Dien's business standing and guarantee future profit growth.

Meanwhile, with a collaboration with Kepple Land (Singapore developer) and a solid capital structure, KDH can continue to launch new investment projects to maintain its future growth momentum. In more detail, in 1H2023, the debt/equity ratio of KDH was 43%, one of the businesses with the lowest leverage in the real estate industry.

Valuation & recommendation: We use the RNAV method to determine the fair value of KDH, with total assets after deduction debt and minority interest of VND 32,543 bn. We estimate the number of shares is 716 million shares, so the fair value for each share is VND 40,900 upside 40% compared to closing price on October 19, 2023. We recommend to BUY this stock.

Investment risks: (1) Real estate industry cycle risk; (2) Regulation risk.

Financial Indicators	2019A	2020A	2021A	2022A	2023F
Net revenue (billion VND)	2,845	4,532	3,738	2,912	2,687
Net Profit (billion VND)	917	1,152	1,202	1,103	1,008
EPS (VND)	1,659	2,117	1,777	1,550	1,407
EPS Growth (%)	1%	27%	-9%	-13%	-9%
Book Value (VND)	13,791	14,982	15,842	16,123	19,042
P/E	16.2	15.1	21.7	18.6	29.1
P/B	2.0	1.8	2.4	1.8	2.1
Cash dividend (VND)	500	500	n/a	n/a	n/a