

READY TO TAKE OFF

20/09/2024

RECOMMENDATION BUY

Fair price	43,700 VND
Current price	38,500 VND
Upside/downside	13.5%

STOCK INFORMATION

Outstanding shares (mil)	799
Free float (mil)	61%
Market cap. (billion VND)	29,255
3m avg. volume (shares)	1.95 mil
Foreign ownership (%)	38.48%
First listing date	02/01/2010

SHAREHOLDER STRUCTURE

Tien Loc JSC	11.46%
Gam Ma Co., Ltd	8.76%
Asia Europe Trading Investment Co., Ltd	8.72%
Foreign shareholders	38.12%
Others	32.94%

KEY ATTRIBUTES

TTM EPS (VND)	896
BVPS (VND)	16,829
Debt/Equity (%)	41%
ROA (%)	8%
ROE (%)	12%
P/E	40.1
P/B	2.1
Dividend yield (%)	N/a

PRICE PERFORMANCE



COMPANY PROFILE

KDH is a famous real estate developer (townhouses and villas) in Ho Chi Minh City. Since 2017, the company has expanded into mid-range apartment development. KDH currently owns land funds in District 9, District 2 (Thu Duc city) and the southwest area of the Ho Chi Minh city.

ANALYST(S)

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- In 2024, it is anticipated that KDH's business performance will bounce back, with a focus on transferring projects to establish Privia and Classia, as well as small land parcels.
- A substantial, uncontaminated land reserve in Ho Chi Minh City, coupled with solid project development expertise and a partnership with Keppel Land, is poised to propel KDH's sustained growth trajectory in the future.
- Our recommendation is BUY with potential upside of 13.5%.

Forecast: In 2024, we forecast that the combination of a low-interest rate climate and significant real estate legislation enacted by the National Assembly will stimulate a recovery in the real estate market. As a result, we project that KDH could register a revenue of VND **3,908 bn (+87% YoY)** and net profit of VND **835 bn (+64% YoY)** due to handover The Privia project, the remaining units at the Classia project, and the sale of small land plots. Compared to the previous report, we have revised down KDH's post-tax profit by 30% due to the adjustment in the company's gross profit margin. This adjustment is a result of postponing the handover of low-rise projects to 2025 instead of the end of 2024.

By 2025, with the main contribution from the two projects Clarita and Emeria, along with the expectation of demand recovery from 2H24, we estimate that KDH's revenue and profit will reach VND5,785 billion (+48% YoY) and VND1,255 billion (+50.3% YoY).

Investment highlights: (1) **KDH boasts a substantial and clear land bank in HCMC** of over 650 hectares in District 2, District 9 (Thu Duc City), and Binh Chanh District; (2) **KDH has several major projects lined up.** The Privia project is expected to be handed over by the end of 2024, and three high-end low-rise projects, So-lina (Binh Chanh; 16.4 ha), Emeria (Binh Trung Dong; 6 ha), and Clarita (Binh Trung Dong; 5.8 ha); (3) **Solid financial structure:** KDH has expedited land-use fee payments to avoid increasing costs associated with the new land price framework (effective from January 1, 2026). Additionally, in August 2024, KDH successfully raised over VND 3,000bn through a private placement

Valuation & recommendation: By using the RNAV method, we estimate the fair value for each share is VND 43,700 bn, which is 15% higher than the closing price on September 20, 2024, and a slight increase of 4% compared to the previous report (with the main reason is reducing the risk discount factor of Tan Tao Residential project).

Investment risks: (1) Real estate industry cycle risk; (2) Tan Tao project accounts for a large proportion in valuation, so any fluctuations will have a great impact on valuation results

Financial Results	2022A	2023A	2024F	2025F	2026F
Net revenue (billion VND)	2,912	2,088	3,908	5,785	7,950
Net Profit (billion VND)	1,103	716	835	1,255	2,167
EPS (VND)	1,538	860	1,205	1,792	3,066
EPS Growth (%)	-13%	-44%	40%	49%	71%
Book Value (VND)	16,123	16,829	24,973	25,900	28,966
P/E	20.2	40.1	16.0	15.4	14.0
P/B	1.9	2.1	1.7	1.7	1.5