

28 Oct 2022

Dat Xanh Group (DXG)

Earnings growth faces detriment

3Q22: Income from divesting land lot boosted earnings

- DXG introduces 3Q22 results with a VND1,255bn revenue and a VND259tn NPAT, featuring -3.7% yoy and +61.3% yoy. We attribute the weak 3Q22 revenue growth to the booking timing of property revenue. (VND690.9bn -35.7% yoy in 3Q22 was the property revenue of Gem Sky World). Gross margin stayed resilient at 54.3, -5.8%p yoy, +3.1%p qoq. Nonetheless, profit before tax could shrink 50.1% yoy without a financial income from divesting a land lot of VND190.2bn.
- In the 9M22, DXG earned a VND4,597.1bn revenue, -41.2% yoy and a VND1,167.9bn profit before tax, -45.8% yoy, translating to fulfillment of 41.7/66.7% of revenue and PBT guidance.
- The tepid 9M22 performance was a result of the slower-than-expected of sales activities which prompted a sluggish property revenue (VND1,623bn, -10.3% yoy, completing 36% of guidance). The property development revenue was derived mainly from the handover of Opal Boulevard condo, St. Moritz condo projects, and Gem Sky World townhouse project.
- Net gearing expanded to 32.5% as of end-3Q22 vs 27.3% as of end-4Q21. The company has a due payment of VND1,933.8bn in one year, accounting for 40.8% of net debt.

4Q22F: Eye on Gem Riverside

- The management expects the first batch of Opal Skyline (1,500 units) could be handed over in 4Q22F, which is the key catalyst growth of the property segment.
- However, the brokerage division is still relying on the launch of Gem Riverside project which could contribute up to VND6.9-7tn presale value to DXG in 4Q22F. Considering the credit quota scarcity available to the mortgage loan segment, we are wary of the sales activities of Gem Riverside project in 4Q22F.
- Overall, we note that DXG could seek profit before tax growth by transferring some inefficient property projects to record some financial gains.

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	2,879.2	4,645.3	5,813.6	2,890.7	10,089.4
chg. (% YoY)	14.9	61.3	25.1	(50.3)	249.0
Operating profit (VND bn)	1,186.3	1,835.0	2,099.0	792.0	2,712.7
Net profit (VND bn)	750.9	1,178.4	1,216.5	(495.8)	1,157.3
EPS (VND)	2,478.0	3,427.0	2,672.0	(957.0)	1,942.0
chg. (% YoY)	(28.9)	38.3	(22.0)	(135.8)	(302.9)
EBITDA (VND bn)	1,201.6	1,859.5	2,138.0	848.5	2,782.1
PE (x)	15.8	11.7	16.9	(41.3)	20.4
EV/EBITDA (x)	10.7	8.4	11.4	29.3	9.2
PB (x)	3.2	2.8	3.0	3.4	2.7
ROE (%)	18.3	21.7	15.8	(5.4)	10.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

12M rating **Non-rated**

12M TP **N.A**

Up/Downside **N.A**

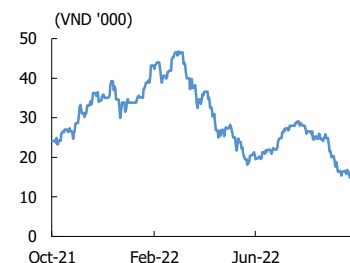
Stock Data

VNIndex (28 Oct, pt)	1,027
Stock price (28 Oct, VND)	13,500
Market cap (USD mn)	332
Shares outstanding (mn)	610
52-Week high/low (VND)	46,750/12,050
6M avg. daily turnover (USD mn)	9.46
Free float / Foreign ownership (%)	76.2/26.9
Major shareholders (%)	
Luong Tri Thin (Chairman)	17.5
DC related funds	28.17
NAV Investment JSC	4.49

Performance

	1M	6M	12M
Absolute (%)	(37.2)	(62.2)	(44.0)
Relative to VNIndex (%p)	(27.2)	(39.0)	(16.5)

Stock price trend



Source: Bloomberg

Table 4. Earnings summary

(VND bn, %, % p)

	2021				2022F				2020	2021	3Q22		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QF			QoQ	YoY	Consensus (BB)
Net sales	2,954	3,563	1,303	2,270	1,792	1,550	1,255		2,891	10,089	(19.0)	(3.7)	N.A
Property sales	2,146	2,515	1,068	1,435	984	775	691		393	7,206	(10.9)	(35.3)	
Brokerage	733	868	209	732	710	551	362		1,932	2,541	(34.2)	73.4	
Construction	49	133	3	90	75	129	123		530	276	(4.3)	4,650.3	
Other	26	47	23	13	23	95	79		36		(17.0)	238.7	
Gross profit	1,736	1,956	783	1,117	1,037	793	681		1,875	5,598	(14.1)	(12.9)	N.A
Gross margin	58.8	54.9	60.1	49.2	57.8	51.2	54.3		64.9	55.5	3.1	(5.8)	
SG&A	711	890	433	844	433	547	461		1,083	2,885	(15.8)	6.4	
Operating profit	1,025	1,065	350	273	604	246	221		792	2,713	(10.3)	(36.9)	
Associate's income	0	0	0	0	1	1	0		50	55			
Financial income	11	35	47	260	22	196	212		73	353	15.1	348.9	
Financial expense	118	145	146	135	109	116	129		858	544	12.7	(11.7)	
Net other income	7	24	1	(38)	19	(11)	12		0	0	23.2	1,837.0	
EBT	925	979	251	361	536	316	316		27	2,516	(0.0)	25.7	
Net profit	712	478	160	245	408	262	259		(174)	1,595	(3.5)	61.3	
NP of controlling interest	531	299	52	275	270	133	153		(496)	1,157	20.0	194.7	N.A
EBITDA	1,039	1,079	364	287	632	274	249		849	2,782	(25.4)	(31.5)	
EBITDA margin	35.2	30.3	27.9	12.6	35.3	17.7	19.8		29.4	27.6	2.1	(8.1)	
OP margin	34.7	29.9	26.8	12.0	33.7	15.9	17.6	39.5	27.4	26.9	1.7	(9.2)	

Source: Company data, KIS

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