

24 Apr 2023

Vinhomes (VHM)

AM Briefing: Deal with Capital Land is mystery

AM Briefing:

- On April 24, we attended VHM's 1Q23, and the presentation covered how the "King" surprised the market expectation

1Q23's bulk sale is ordinary but blissful

- VHM rocked the market with its 1Q23 record net profit up to VND11.9tn, +152.4% yoy buffered by the revenue growth of 228.3% yoy (VND29.3tn)
- Despite the off-peak season, VHM still triggered the market surprise with its completion of 29.3/39.7% of their full-year estimate.
- Per management, revenue is largely benefiting from a VND26.5tn revenue in Ocean Park 2 project while the net profit is mainly derived from financial income of VND11.2tn (sold 2,600 low-rise units in Ocean 2, 3 projects as the bulk sale). 30% of the bulksale transaction value has been collected as cash inflow in 1Q23.

Bulk sale is a savior amid the weak lanscape

- Only VND15.4tn contract value is recorded in 1Q23 of which VND11.2tn was sold in the form of bulk sale and the remainder is retail sale (VND4.5tn, 223 units in Ocean 2, 3 projects)
- The accumulated booking sales was VND92.7tn as of end-1Q23 of which 40% was sold in form of bulk sale transaction and Ocean 2,3 projects contributed 75% of total bulk sale.
- Only a take-up rate of 40% was seen in 1Q23 when the company launched 2,400 units in Ocean 2 project. Average selling price is kept unchanged through out the launches, implying the wait-and-see game prevailing in the homebuyer's sentiment

	2018A	2019A	2020A	2021A	2022A
Sales (VND bn)	38,664.3	51,626.9	71,546.7	84,985.6	62,392.6
chg. (% YoY)	152.8	33.5	38.6	18.8	(26.6)
Operating profit (VND bn)	7,617.1	23,218.5	21,061.8	42,402.0	25,620.6
Net profit (VND bn)	14,284.5	21,747.4	27,351.3	38,824.6	28,830.9
EPS (VND)	4,503.0	6,502.0	8,315.0	9,015.0	6,621.0
chg. (% YoY)	91.7	44.4	27.9	8.4	(26.6)
EBITDA (VND bn)	7,878.7	23,570.4	21,603.7	43,489.7	26,837.2
PE (x)	11.8	7.8	6.2	5.6	7.6
EV/EBITDA (x)	25.0	7.7	8.3	5.4	9.1
PB (x)	3.9	3.0	2.0	1.8	1.5
ROE (%)	49.0	38.5	35.6	35.2	20.6
Dividend yield (%)	1.99	0.00	2.98	3.98	0.00

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

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12M rating **BUY (Maintain)**

12M TP **93,615**

Up/Downside **+85.4%** (includes 1.0% dividend)

Stock Data

VNIndex (24 Apr, pt)	1,041
Stock price (24 Apr, VND)	50,500
Market cap (USD mn)	9,359
Shares outstanding (mn)	4,354
52-Week high/low (VND)	70,300/40,900
6M avg. daily turnover (USD mn)	5.29
Free float / Foreign ownership (%)	23.7/24.3
Major shareholders (%)	
Vingroup	66.6
Government of Singapore	5.01
Viking Asia Holdings II Pte.Ltd	4.6

Performance

	1M	6M	12M
Absolute (%)	3.1	13.2	(19.7)
Relative to VNIndex (%p)	3.5	6.9	3.5

Stock price trend



Source: Bloomberg

Affordable housing segment come into stream in 2H23F

- Happy Home-social housing brand will be the one of VHM's key areas of development with 3 projects ready for launch in 2H23F.
- One is located in Trang Cat Ward, Hai An District, Hai Phong City with 26ha landbank to offer 5,000 high rise units (27 buildings)
- The second is in Thanh Hoa province with 9ha land bank (3,100 high-rise units) and the latter is in Quang Tri province with 2ha land bank (100 low-rise units)

No clue on the Capital Land's offering

- Despite the rumor that Capital Land is seeking for a USD1.5bn transaction deal with Vinhomes going viral since Jan, VHM is still keeping it a mystery and not ready to comment about of it.
- VHM deserves to trade at a high premium underpinned by the rosy presale growth momentum. We will review our presale forecasts and factor in the newly-added project to reflect the new landscape of VHM's development pipeline and earnings estimates.

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