

29 Jun 2020

Kinh Bac City Corp (KBC)

FY2020 AGM: Temporarily lackluster 2020F

FY20F AGM key takeaways

- At its AGM on Jun 29, KBC guided for a cautious profit after growth due to COVID-19 impact

Decelerating profit after growth due to COVID-19

- In FY20F, KBC targets its profit after tax guidance of at two scenarios 1) VND816bn, -21.6% yoy and 2) VND1,000bn, -3.9% yoy although more skewed in favour of 2H20F due to the coronavirus outbreak impact in 1H20F (est. 1H:2H profit split of 30:70 and 20:80). The revenue could be likely at VND3.2tn and VND3.6tn in FY20F respectively, per management.
- KBC blamed on social distancing requirements and that impacted the site visit activities for industrial park (IP) and launching events for residential estates.
- A 10% dividend at par or no dividend payment in FY20F, per management.

FY20F Strong sales momentum sustain

- The management remains constructive in leasing demand environment in FY20F with the expectation of at least 105ha in Quang Chau IP, 54.9% yoy and 73ha for Nam Son Hap Linh (NSHL) IP.
- While the land clearance for Quang Chau IP expansion is progressing with 61ha land bank achieved in 1Q20, it is still pending in NSHL IP due to legal incompleteness.

Aggressive landbanking activities

- KBC is aiming to acquired three IPs in Hai Duong province and one in Long An province.

	2017A	2018A	2019A	2020F	2021F
Sales (VND bn)	1,260	2,490	3,210	4,343	3,278
chg. (% YoY)	(36.1)	97.6	28.9	35.3	(24.5)
Operating profit (VND bn)	473	1,161	1,533	1,696	1,316
Net profit (VND bn)	585	746	918	1,052	800
EPS (VND)	1,244	1,587	1,955	2,239	1,702
chg. (% YoY)	4.9	27.5	23.2	14.5	(24.0)
EBITDA (VND bn)	473	1,161	1,533	1,696	1,316
PE (x)	11.2	8.8	7.1	6.2	8.2
EV/EBITDA (x)	19.2	7.8	5.4	4.0	4.0
PB (x)	0.8	0.7	0.7	0.6	0.6
ROE (%)	7.3	8.6	9.9	10.5	7.4
Dividend yield (%)	0.0	0.0	7.2	0.0	0.0

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

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12M rating **BUY (Maintain)**

12M TP **16,300**

Up/Downside 17.3%

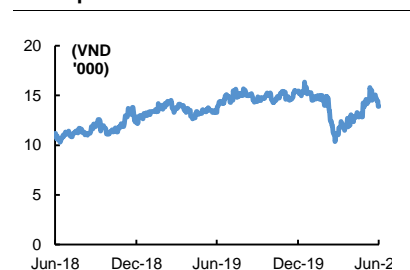
Stock Data

VNIndex (30 Jun, pt)	829
Stock price (30 Jun, VND)	13,900
Market cap (USD mn)	282
Shares outstanding (mn)	470
52-Week high/low (VND)	16,350/10,350
6M avg. daily turnover (USD mn)	1.73
Free float / Foreign ownership (%)	71./21.
Major shareholders (%)	
Kinh Bac Consulting and Investment	9.4
PYN Elite Fund (Non-UCITS)	4.9
VanEck Vectors ETF Trust-VanEck Vectors-Vietnam-ETF	3.6

Performance

	1M	6M	12M
Absolute (%)	8.1	22.2	(0.3)
Relative to VNIndex (%p)	5.9	30.6	7.5

Stock price trend



Source: Bloomberg

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