

28 Jan 2022

Khang Dien House (KDH)

Conservatively looking forward

- 4Q21 net profit slightly rose by 8.3% yoy to VND414.3bn, thanks to non-recurring income from the acquisition.
- The presale target in 2022F could be conservative given the transmission fear could postpone the sales events.

Facts: Other income drove 4Q21 earnings

Khang Dien House Trading and Investment JSC's (KDH) 4Q21 revenue reached VND590bn, -54.3% yoy and NPATMI posted VND414.3bn, 8.3% yoy. We estimate that ~ 99 units in the high-rise Lovera Vista project and 3 units in Verosa were delivered in 4Q21.

Gross margin (GM) in 4Q21 boomed by 30.4% p yoy to 82.2%, due to the higher-margin contribution of Verosa vs lower one of Safira condo project seen in 4Q20. Moreover, the SGA expense subdued by 12.2% yoy to VND160.8bn.

The company also recorded a VND201bn other income from acquiring 98.9% stake in Nguyen Thu Real Estate company. No information was disclosing about the land bank except KDH could console a VND729bn inventory.

Overall, the 2021 performance was mixed with a -17.5% yoy total revenue growth (VND3.7tn) and a 2.4% yoy NPATMI growth (VND1.2tn).

These are making up 82.4%/87.5% of our full-year estimates and 78%/101% their guidance. Their results fall short of our estimates due the delayed launches of Armena and Clarita townhouse projects.

Pros & cons: Presale growth in 2022F could be conservative

Based on the recently released database by CBRE Consulting, the sales volume of landed-property significantly plunged 40-45% yoy. The company recorded an immaterial contract value in 2021 given that no new projects were offered for sale.

We continue to be concerned that buying sentiment will not improve until 2H22F, as transmission concerns may postpone sales events and deter traffic to show flats. Hence, the launches of Armena and Clarita townhouse projects could be postponed until 2H22F. Hence, we think that the presale target could be conservatively estimated by the company.

We will revise our models to reflect the rescheduled pipelines and the newly-acquired assets from Nguyen Thu company.

12M rating **BUY (Maintain)**

12M TP **37,500**

Up/Downside

Stock data

VNIndex (28 Jan, pt)	1,480
Stock price (28 Jan, VND)	50,000
Market cap (USD mn)	1,418
Shares outstanding (mn)	643
52-Week high/low (VND)	56,800/27,182
6M avg. daily turnover (USD mn)	5.70
Free float / Foreign ownership (%)	86.9/32.8
Major shareholders (%)	
Vina Capital	18.83
Dragon	15.02
Tien Loc Investment Limited	11.38

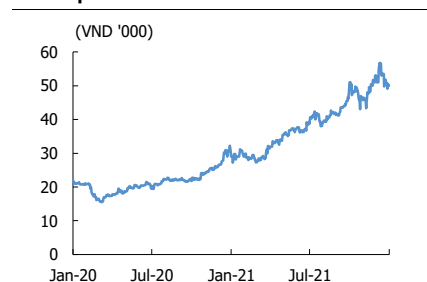
Valuation

	2020A	2021F	2022F
PE (x)	24.7	20.7	16.8
PB (x)	3.5	3.1	2.8
ROE (%)	14.6	16.0	17.3
DY (%)	1.0	1.0	1.0
EV/EBITDA (x)	18.3	15.7	12.1
EPS (VND)	2,041	2,441	2,951
BPS (VND)	14,544	16,047	18,007

Performance

	1M	6M	12M
Absolute (%)	(4.8)	22.9	72.4
Relative to VNIndex (%p)	(3.9)	9.1	30.7

Stock price



Source: Bloomberg

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Table 1. 4Q21 earnings

(VND bn, %, %p)

	4Q20	1Q21	2Q20	3Q21	4Q21	QoQ	YoY	Consensus
Sales	1,291.0	836.5	1,112.0	1,199.3	590.0	(50.8)	(54.3)	N.A
Gross profit	667.9	358.2	472.1	477.2	484.8	1.6	(27.4)	N.A
Gross margin	51.7	42.8	42.5	39.8	82.2	42.4	30.4	N.A
OP	484.8	286.9	365.6	431.9	324.0	(25.0)	(33.2)	N.A
OP margin	37.5	34.3	32.9	36.0	54.9	18.9	17.4	N.A
EBT	460.2	268.3	338.2	400.4	532.8	33.1	15.8	N.A
NPATMI	382.6	205.1	266.4	316.6	414.3	30.9	8.3	N.A

Source: Company data, KIS

■ Company overview

Khang Dien House Trading and Investment JSC (KDH) is its iconic brand name in the residential real estate market with 15 years of market experience. KDH's land bank amounted to 499ha HCMC as end-FY19, mostly in the Western part of HCMC. This ensures over ten years of project development, in our view. KDH now has the third-largest land bank in HCMC (499ha) among the listed residential developers.

Balance sheet

(VND bn)

FY-ending Dec.	2018A	2019A	2020A	2021F	2022F
Current assets	9,570	12,327	12,976	12,393	14,834
Cash & cash equivalents	1,836	1,207	1,836	1,926	3,766
Accounts & other receivables	1,760	3,778	3,483	3,231	2,195
Inventory	5,817	7,037	7,338	6,900	8,521
Non-current assets	520	791	817	873	936
Fixed assets	500	677	742	805	875
Investment assets	19	114	75	68	62
Others	138	119	94	87	93
Total assets	10,228	13,237	13,887	13,353	15,862
Advances from customers	1,367	2,773	2,122	636	1,885
Unearned revenue	2	0	0	0	0
Trade payables	284	696	243	217	212
Others	707	1,322	1,866	1,519	1,518
ST debt & bonds	632	377	442	450	458
LT debt & financial liabilities	337	405	1,058	1,403	1,404
Total liabilities	3,328	5,573	5,731	4,225	5,478
Controlling interest	6,864	7,625	8,127	9,095	10,351
Capital stock	4,140	5,444	5,787	5,831	5,831
Capital surplus	1,724	720	744	781	781
Other reserves	93	134	(240)	(321)	(321)
Retained earnings	907	1,327	1,836	2,804	4,060
Minority interest	35	39	31	32	34
Shareholders' equity	6,899	7,664	8,158	9,128	10,385

Income statement

(VND bn)

FY-ending Dec.	2018A	2019A	2020A	2021F	2022F
Sales	2,917	2,813	4,532	4,538	4,806
COGS	1,677	1,313	2,568	2,294	2,237
Operating expense	250	268	406	440	424
Gross profit	982	1,223	1,547	1,784	2,164
Operating profit	200	41	35	63	110
Financial income	63	38	35	63	110
Interest income	89	42	85	86	89
Financial expenses	32	2	0	0	0
Interest expenses	116	(33)	(40)	(42)	(44)
Other non-operating profit	4	0	0	0	0
Gains (Losses) in associates, subsidiaries and JV	1,075	1,190	1,458	1,719	2,141
Earnings before tax	(266)	(273)	(304)	(344)	(428)
Income taxes	250	268	406	440	424
Net profit	810	917	1,154	1,376	1,713
Net profit of controlling interest	808	915	1,152	1,374	1,711
EBITDA	990	1,232	1,558	1,803	2,183

Cash flow

(VND bn)

FY-ending Dec.	2018A	2019A	2020A	2021F	2022F
C/F from operations	(719)	(161)	167	383	2,096
Net profit	810	917	1,154	1,376	1,713
Dep'n & Amort'n	8	9	11	19	19
Net incr. in W/C	(1,236)	(907)	(898)	(833)	637
C/F from investing	519	(201)	(1)	(33)	27
Capex	(161)	(235)	(51)	(75)	(83)
Incr. in investment	680	34	50	43	110
C/F from financing	(556)	(296)	486	(259)	(282)
Incr. in equity	101	97	(314)	24	0
Incr. in debt	(689)	(186)	1,063	8	9
Dividends	(194)	(207)	(262)	(292)	(292)
C/F from others	0	0	0	0	0
Increase in cash	(756)	(661)	651	91	1,841

Key financial data

FY-ending Dec.	2018A	2019A	2020A	2021F	2022F
Per-share data (VND, adj.)					
EPS	1,514	1,613	2,041	2,441	2,951
BPS	12,161	13,362	14,544	16,047	18,007
DPS	500	500	500	500	500
Growth (%)					
Sales growth	(4.5)	(3.5)	61.1	0.1	5.9
OP growth	23.9	24.5	26.5	15.3	19.4
NP growth	44.9	13.3	25.9	19.2	22.6
EPS growth	36.3	6.5	26.5	19.6	20.9
EBITDA growth	23.8	24.5	26.5	15.7	19.2
Profitability (%)					
OP margin	33.7	43.5	34.1	39.3	44.3
NP margin	27.8	32.6	25.5	30.3	35.1
EBITDA margin	33.9	43.8	34.4	39.7	44.7
ROA	8.4	7.8	8.9	10.3	11.4
ROE	13.4	12.6	14.6	16.0	17.3
Dividend yield	1.0	1.0	1.0	1.0	1.0
Dividend payout ratio	25.6	22.6	25.1	21.2	17.3
Stability					
Net debt (VND bn)	(867)	(425)	9	(73)	(1,904)
Net debt/equity (%)	(13)	(6)	0	(1)	(18)
Valuation (x)					
PE	33.4	31.3	24.7	20.7	16.8
PB	4.2	3.8	3.5	3.1	2.8
EV/EBITDA	26.4	22.9	18.3	15.7	12.1

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