

28 Jul 2023

Vinhomes (VHM)

AM Briefing: No bulksale but no matter as well

AM Briefing:

- On Jul 28, we attended VHM's 2Q23, and the presentation covered how the "King" surprised the market expectation

2Q23 earnings again beat expectation

- VHM rocked the market with its 2Q23 record net profit up to VND9,652.5bn, +14.4x yoy, buffered by the revenue growth of 7.3x yoy (VND32.8tn)
- Per management, revenue is largely benefiting from a VND27.5tn revenue in Ocean Park 2 project (delivered 3,100 units) and a VND2,482bn Smart City.
- The 2Q23 earnings exceeded our quarterly forecast by 37-45% and beat the market consensus as well.
- Despite the off-peak season, VHM still triggered the market surprise with its 1H23 revenue of VND62.1tn, and NPAT of VND21.6tn, completion of 62/72.1% of their full-year estimate. The company is vocal on its stance about the adjusting the full year guidance thanks to the accelerating handover

Retail sales gained sensational performance

- Only the VND25.2tn contract value is recorded in 2Q23 and no bulk sales was included. The 2Q23 retail sale comprised VND18.1tn from Ocean Park 3 (OP 3) project and VND6.5tn from Ocean 2 project. Total contract sales summed up to VND40.6tn of which VND25.6tn is the retail sales in 1H23.
- The accumulated booking sales was VND89.1tn as of end-2Q23 of which 40% was sold in the form of bulk sale transactions and Ocean 2,3 projects contributed 75% of total bulk sales.
- 400 units in Vinhomes Sky saw a take-up rate of 74% and 2,000 unit Glory Heights (sub-division of Vinhomes Grand Park) reaped 90% thanks to their optimized payment scheme (is not accounted for VHM's contract sales, VHM occupies an 20% stake in this division)

	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)	8.86	7.04	6.45	8.68	6.95
EV/EBITDA (x)	8.73	9.44	6.11	10.28	10.01
PB (x)	3.43	2.25	2.01	1.72	1.59
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 **+58.9%** (includes 1.0% dividend)

Stock Data

VNIndex (28 Jul, pt)	1,208
Stock price (28 Jul, VND)	58,900
Market cap (USD mn)	10,824
Shares outstanding (mn)	4,354
52-Week high/low (VND)	63,000/40,900
6M avg. daily turnover (USD mn)	4.46
Free float / Foreign ownership (%)	23.7/24.2
Major shareholders (%)	
Vingroup	69.3
Government of Singapore	5.2
Viking Asia Holdings II Pte.Ltd	4.6

Performance

	1M	6M	12M
Absolute (%)	6.3	10.5	0.2
Relative to VNIndex (%p)	0.1	1.6	(1.2)

Stock price trend



Source: Bloomberg

Riding on OP 3 delivery, 3Q23 earnings is brisk, expected

- The management shares some hints on 3Q23 earnings given the attendees' doubt about the peak 1H23 earnings.
- Ocean Park 3 could lead the handover revenue in 3Q23 and bulk sales recognition of Ocean Park 3 could shine the 3Q23 financial income.
- Happy Home-social housing brand will be 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).
- Vinhomes Golden Avenu project in Mong Cai border gate between Vietnam-China is expected to become a bustling integrated urban area could launch in Aug (700 units are first offered to market. The average selling price could amount to USD1,200/ sq m and total gross development value could total to USD700mn-USD1bn.
- 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.

Table 1. 2Q23 earnings

(VND bn, %, %p)

	2Q22	3Q22	4Q22	1Q23	2Q23	QoQ	YoY
Sales	4,470.4	17,804.9	31,193.3	29,298.6	32,833.0	12.1	634.4
Gross profit	2,020.6	9,295.9	15,084.7	6,643.1	13,215.1	98.9	554.0
Gross margin	45.2	52.2	48.4	22.7	40.2	17.6	(4.9)
OP	1,238.2	8,006.6	13,365.0	5,084.9	11,365.1	123.5	817.9
OP margin	27.7	45.0	42.8	17.4	34.6	17.3	6.9
EBT	1,359.4	18,948.7	12,467.5	15,074.1	12,533.3	(16.9)	822.0
NPATMI	666.5	14,493.8	8,927.8	11,917.3	9,652.5	(19.0)	1,348.3

Source: Company data, KIS

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