December 29th, 2023

Shinhan Securities



Kinh Bac City Development Holding Corporation

[Vietnam / Industrial real estate]

Bloomberg Code (KBC VN) | Reuters Code (KBC.HM)

BUY

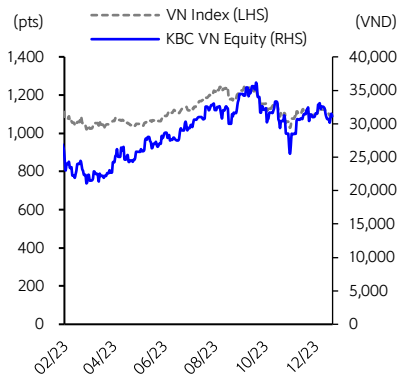
Initiation Coverage

Target price (12 months)	**42,400 VND**
Current price (29/12/23)	31,750 VND
Upside/downside (%)	34%

VNINDEX	1,129
HNXINDEX	231
Market Cap (bn VND)	24,371
Outstanding shares (mn)	768
Free-Floating (mn)	388
52-Wk High/Low (VND)	36,600/19,800
90-day avg trading volume (mn)	8.94
90-day avg turnover (bn VND)	258
Major shareholders (%) Dang Thanh Tam	18.06%
Major shareholders (%) Kinh Bac Consulting and Investment JSC	8.11%

Performance	3T	6T	12T
Absolute (%)	-12.9	6.1	44.7
Relative to VN-Index (%)	-3.4	8.0	36.9

Source: Bloomberg



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Please click or scan

Growth prospects with large land fund

Initiate coverage with BUY call and target price of VND 42,400

Kinh Bac City Development Holding Corporation (KBC) is one of the leading enterprises in the field of developing industrial parks and real estate projects. Kinh Bac owns real estate projects in all three regions, located in big cities such as Bac Giang, Hai Phong, Da Nang, Ho Chi Minh, and Long An, with a total area of more than 6,000 hectares. With the prospect of strong growth in FDI capital, demand for industrial parks is expected to grow strongly. Besides, 2024 is considered a booming year for KBC when important industrial park and urban area projects will begin to be exploited. We offer an initial valuation of KBC stock at VND 42,400 for a return of 34%. We use the RNAV valuation method to value KBC.

Growing FDI capital flows continue to strongly boost demand for industrial park

With more than 90% of industrial park tenants being foreign businesses, FDI capital flow is important to Kinh Bac's industrial parks. Cumulatively disbursed FDI capital in the first 10 months of the year reached about USD 18 billion (+2.4% YoY). Besides, accumulated registered FDI capital has grown strongly, reaching about USD 25.7 billion (+14.7% YoY). With strong infrastructure investment prospects and the elevation of relationships with countries such as the US and Japan to comprehensive strategic partners, Vietnam continues to be a promising destination for foreign companies.

Large industrial park land fund with the prospect of promoting exploitation in 2024

Kinh Bac owns an industrial park land fund that can be exploited in the future up to 1,700 hectares, which includes large industrial parks such as Quang Chau + Quang Chau expansion, Nam Son Hap Linh, Tan Phu Trung, Trang Due 3, and industrial parks in Long An province. Of which, Trang Due 3 Industrial Park and Long An Industrial Parks are expected to be exploited from 2024. In addition, KBC's industrial park land rental price also recorded an average annual growth rate of about 15%.

The Trang Cat urban area project will start recording in 2024 and bring large income

Trang Cat is the largest urban area project in Hai Phong city with a total area of 585 hectares and a salable land area of about 321.7 hectares. The total project investment is VND 11,328 billion. The project is expected to begin recording revenue in 2024, thereby providing strong growth momentum for KBC in the future.

Risks: (1) Risk of weakening FDI capital flows; (2) Risk of real estate market decline; (3) Risk of slow project implementation; (4) Legal risks.

Year to Dec.	2022	2023F	2024F	2025F	2026F
Revenue (bn VND)	**1,397**	**7,258**	**13,905**	**19,555**	**23,647**
OP (bn VND)	1,686	3,459	5,976	8,680	10,705
NP (bn VND)	**1,577**	**2,960**	**5,109**	**7,423**	**9,157**
EPS (VND)	1,636	3,734	6,444	9,363	11,550
BPS (VND)	17,227	24,166	30,110	38,973	50,023
OPM (%)	121%	48%	43%	44%	45%
NPM (%)	113%	41%	37%	38%	39%
ROE (%)	**9%**	**15%**	**21%**	**24%**	**23%**
PER (x)	10.72	8.30	4.81	3.31	2.68
PBR (x)	1.04	1.28	1.03	0.80	0.62
EV/EBITDA (x)	11.46	10.37	5.87	3.51	2.46

Source: Company data, Shinhan Securities Vietnam

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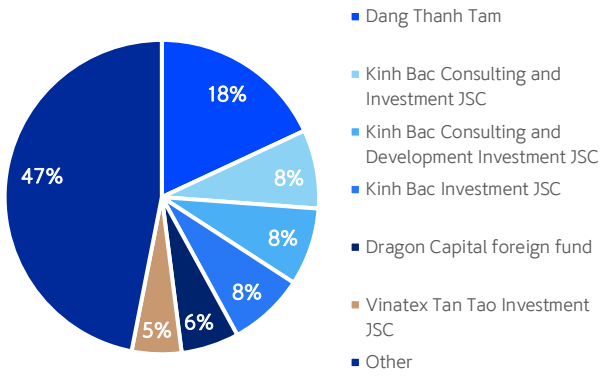
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Company background

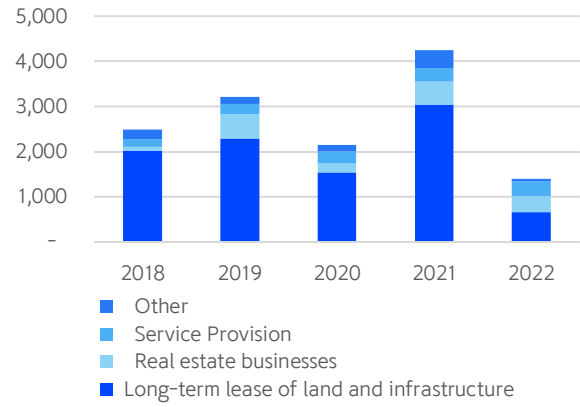
Company history

Kinh Bac City Development Holding Corporation (HoSE: KBC), established in 2002, is one of the leading industrial real estate development enterprises in Vietnam. KBC has experience working with and attracting leading FDI corporations in Vietnam. More than 90% of customers at KBC's industrial park are foreign corporations, from countries such as Japan, Taiwan, Korea, and China with big names such as Canon, Foxconn, LG... By the end of 2022, KBC owned a land fund of up to 6,386 hectares of industrial park land from North to South.

Shareholder structure of KBC



KBC's revenue structure from 2018 - 2022 (billion VND)

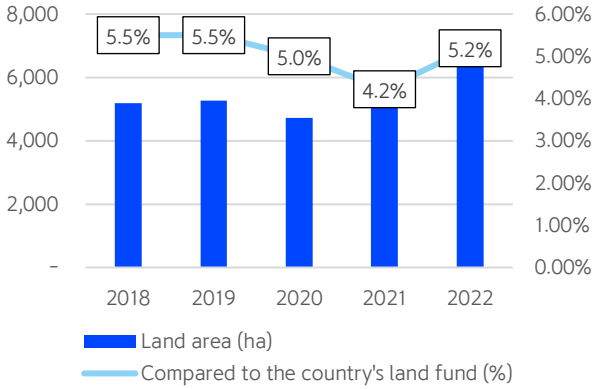


Source: Company report, Shinhan Vietnam Securities

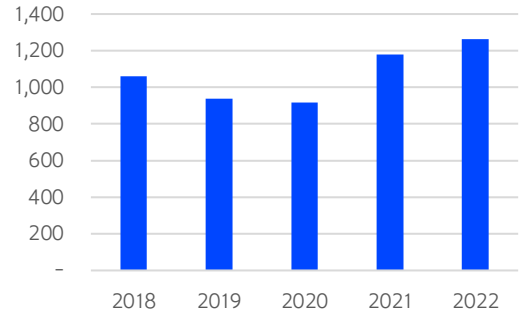
Kinh Bac is mostly owned by the Chairman of the Board of Directors Dang Thanh Tam and his related companies. Major shareholders account for 53% of the shareholder structure.

Kinh Bac's revenue mainly comes from long-term leasing of land and infrastructure in industrial parks, accounting for 50% - 70% of KBC's revenue structure. In addition, real estate business and service provision in industrial parks account for about 15% and 10%, respectively.

Industrial park land fund of KBC from 2018 - 2022



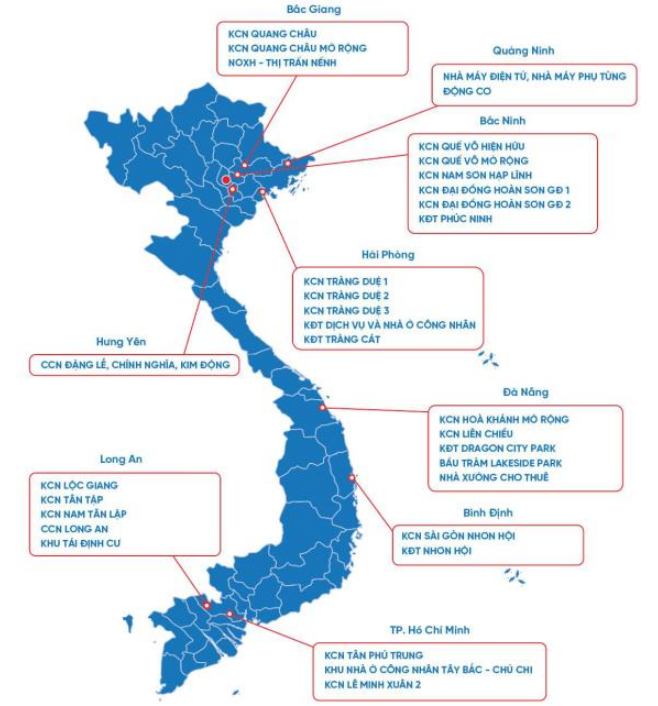
Urban land fund area of KBC from 2018 - 2022 (ha)



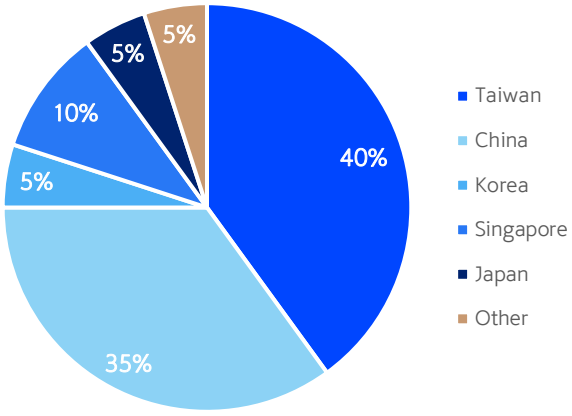
Source: Company report, Shinhan Vietnam Securities

KBC land fund area has an average annual growth rate of about 5%. By the end of 2022, the industrial park land area reached about 6,387 hectares of industrial park land (accounting for about 5.2% of the total industrial park land area in the country). Kinh Bac also had an accumulated 1,263 hectares of urban area land.

Overview of KBC's industrial parks in 2023



KBC's customer structure by country in 2023 (%)

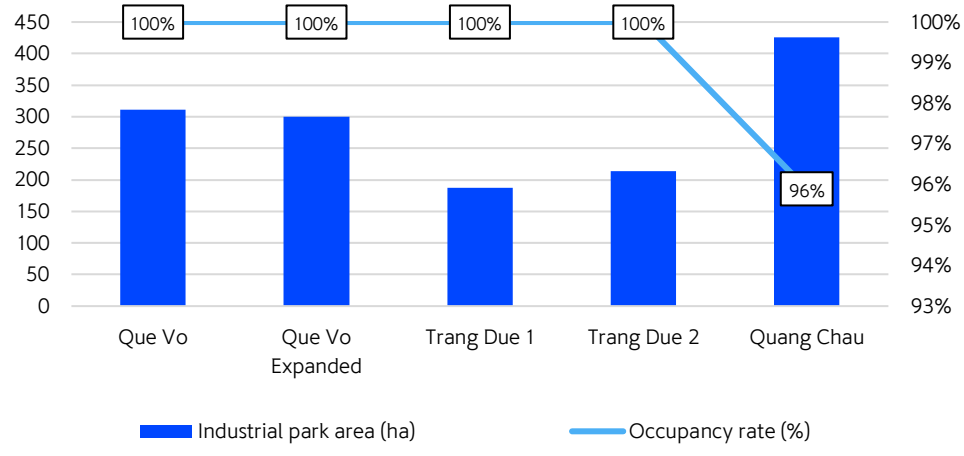


Source: Company report, Shinhan Vietnam Securities

KBC's projects are distributed in all three regions: North - Central - South, in large cities such as Bac Giang, Hai Phong, Da Nang, Ho Chi Minh, and Long An. Along with operating current projects, KBC is also establishing new projects in Hung Yen, Hai Duong, Quang Ninh, Tay Ninh, Vung Tau, Tien Giang,...

More than 90% of customers in KBC's industrial parks are foreign businesses from Japan, Taiwan, Korea, China, Hong Kong, etc. Some large corporations rent KBC industrial parks include Canon, Foxconn, LG, JA Solar, Luxshare – ICT, Goertek, Fuyu, Jufeng, and Ingrasys, ... Which customers from Taiwan and China are the main customer groups at KBC industrial parks.

Industrial parks area and occupancy rate of KBC's current operating industrial parks



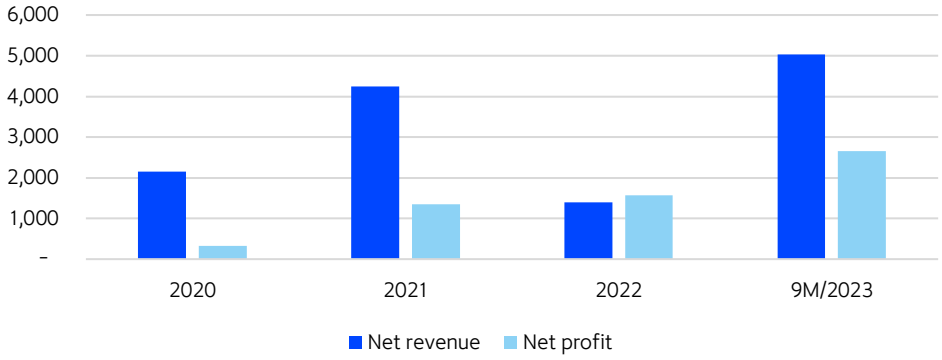
Source: Company report, Shinhan Vietnam Securities

KBC's industrial parks are located mainly in big cities with high occupancy rates. Of the total 6,386.54 hectares of industrial park land mentioned above, there are 04 industrial parks with a total area of 1,013 hectares achieving a 100% occupancy rate and 01 industrial park with an area of 426 hectares with a 96% occupancy rate. Normally it takes KBC about 6 years to reach an occupancy rate of over 90%.

Update business results

Business results in 9M/2023 improved thanks to the available land fund

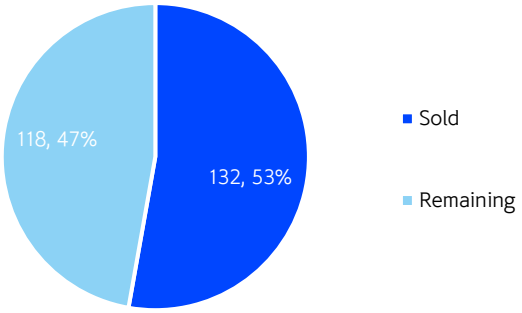
Kinh Bac revenue and profit 2020 – 9M/2023 (billion VND)



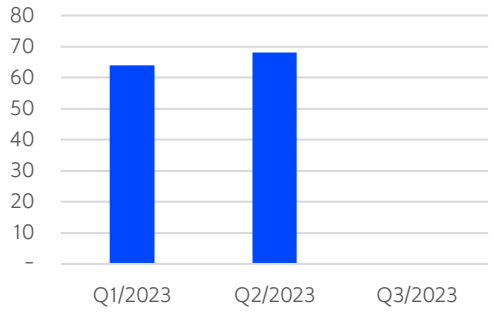
Source: Company report, Shinhan Vietnam Securities

Accumulated in the first 9M/2023, Kinh Bac recorded VND 4,798 billion in net revenue, (+272% YoY) and profit after tax reached VND 2,086 billion (-2% YoY). Compared to the 2023 business plan, Kinh Bac has achieved 57% of the revenue target and 52% of the net profit target. In the 9M/2023, KBC handed over about 132 hectares of industrial park land, reaching 53% of the total plan of 250 hectares in 2023. Besides, as of the end of Q3/2023, cumulative signed contracts reached 185 hectares.

Industrial park leasing plan of Kinh Bac in 2023 (ha)



Area of land leased in 9M/2023 (ha)



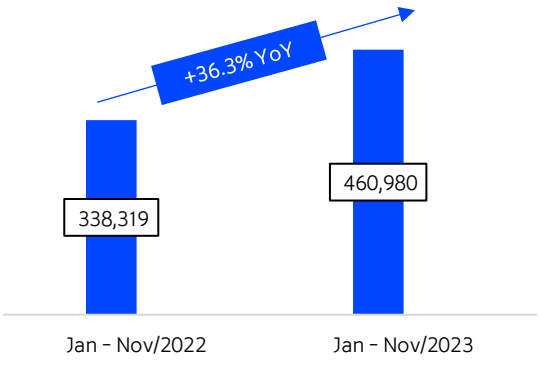
Source: Company report, Shinhan Vietnam Securities

According to the explanation of Kinh Bac's board of directors, profits dropped sharply in Q3/2023 because the company had not yet handed over land to customers in Nam Son Hap Linh, Quang Chau, and Tan Phu Trung industrial parks with a total area of 50 ha, the total value of the signed contract is up to VND 1,700 billion and is expected to be delivered in the Q4/2023.

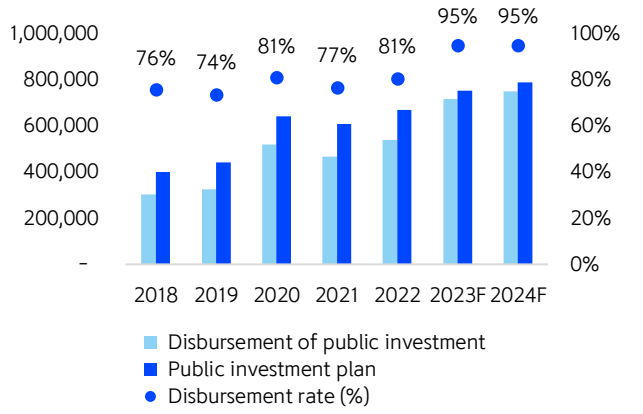
Investment Catalysts & Theses

Promoting public investment contributes to attracting foreign investors to Vietnam

Cumulative disbursement of public investment 11M/2023 (billion VND)



Disbursement of public investment in 2018 - 2023 (billion VND)



Source: MOF, Shinhan Vietnam Securities

The Ministry of Finance's report said that the estimated public investment disbursement from the beginning of the year to November 30, 2023 was VND 460,980 billion (+36.3% YoY). The disbursement rate reached 65.1% compared to the plan, higher than 58.3% in the first 11 months of 2022.

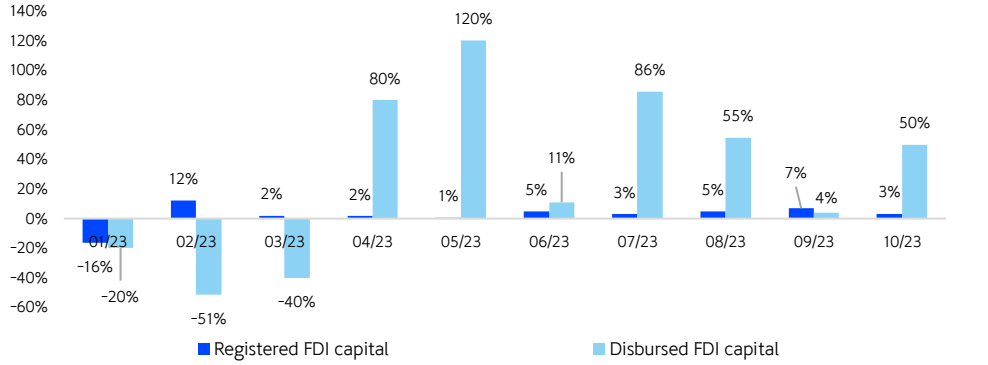
Based on Resolution No. 29/2021/QH15, with a total plan of VND 2.87 quadrillion for the period 2021 - 2025, we estimate that the disbursement plan in 2024 will reach more than VND 800 trillion, an increase of approximately 13% compared to 2023, the disbursement rate is expected to be maintained at 95% according to the government's target.

Promoting public investment will help promote investment in infrastructure projects. The year 2024 is considered to be an important year in promoting investment in infrastructure construction when important infrastructure projects such as North-South Expressway Phase 2, Ring Road 3, Ring Road 4, and Long Thanh Airport Phase 1 have completed bidding and will begin construction in 2023.

Infrastructure projects play an important role in attracting foreign companies to subsidiaries in Vietnam. Infrastructure development will help connect the economy better, thereby, increasing efficiency in transporting goods, contributing to production efficiency, and minimizing costs. In addition, infrastructure development will support connections with important seaports and airports, helping to boost imports and exports.

FDI capital flows grew strongly despite fluctuations in the world economy

Growth of disbursed FDI and registered FDI by month (YoY %)



Source: GSO, Shinhan Vietnam Securities

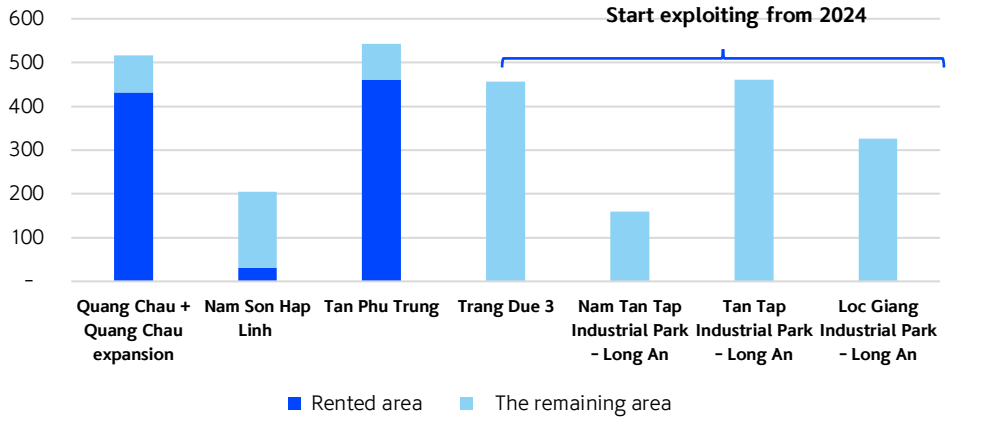
FDI capital flow plays an important role for KBC because 90% of industrial park tenants are foreign enterprises. Cumulative disbursed FDI capital in the first 10 months of the year reached

about USD 18 billion, up 2.4% YoY. Besides, accumulated registered FDI capital grew strongly, reaching about USD 25.7 billion, up 14.7% YoY. The amount of FDI capital has seen positive growth in 2023, despite the difficult world economic situation.

FDI capital flows are expected to continue to grow strongly thanks to the upgrading of US-Vietnam and Japan-Vietnam relations to comprehensive strategic partnership. Thereby, the cooperative relationship with other countries will be brought to a new level in the aspects of economic cooperation, trade, and investment. This contributes to creating more favorable conditions for FDI capital to flow into Vietnam.

Strong growth prospects with industrial park land fund ready for rent

Industrial park land fund expected to be exploited by Kinh Bac (ha)



Source: Company report, Shinhan Vietnam Securities

KBC owns a large land fund with a total future exploitable area of up to 1,700 hectares. Projects such as Quang Chau + Quang Chau expansion, Nam Son Hap Linh, Tan Phu Trung, and Trang Due 3 have been exploited in 2023. Industrial park projects in Long An such as Nam Tan Tap Industrial Park, Tan Tap Industrial Park, and Loc Giang Industrial Park will begin to be exploited in 2024, thereby contributing a huge source of revenue to KBC in the future.

MOU of foreign companies in KBC's Industrial Park in 2023

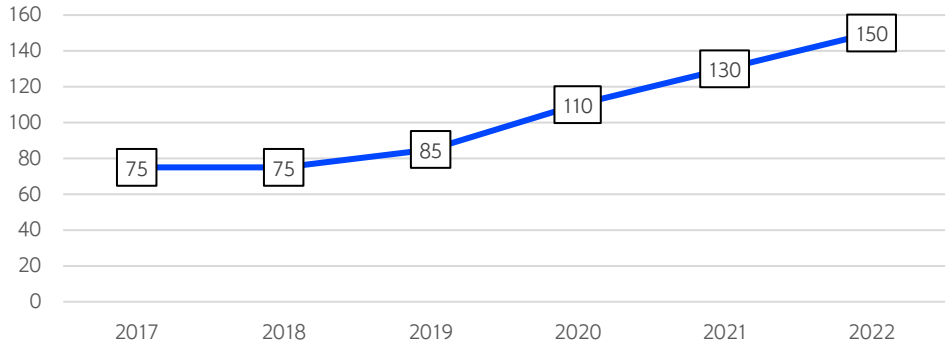
Province	IP/Urban Area	Rent area	Investment value	Tenant	Purpose
Bac Ninh	Nam Son Hap Linh	62.7	280 million USD	Goertek	Build a new factory
Hai Phong	Trang Due 3	17.2	1 billion USD	LG Innotek	Expand a factory
Hai Phong	Trang Cat urban area		1 billion USD	STS Group, JBF, GNU University, GNUH Hospital	Complex

Source: Company report, Shinhan Vietnam Securities

Kinh Bac's industrial parks are located in large provinces such as Bac Giang, Bac Ninh, Ho Chi Minh, Hai Phong, and Long An, which easily attracts foreign investors. In 2023, KBC successfully signed memoranda of understanding (MOU) with leading corporations in the world such as Goertek Group (with a plan to build a new factory worth USD 280 million), LG Innotek Group (with a factory expansion plan worth USD 1 billion). At the same time, during the investment promotion trip to Korea, KBC successfully signed 4 MOU with Korea STS Group (STS), JB Financial Group (JBF), Gyeongsang National University (GNU), Gyeongsang National University Hospital (GNUH) with a total value of USD 1 billion.

Industrial park land rental prices remain high and increase steadily over the years

Industrial park land rental price from 2017 - 2022 (USD/m2)



Source: Company report, Shinhan Vietnam Securities

Project	Estimated rental price (USD/m2)	Remaining rent area (ha)	Total rent area (ha)
Quang Chau + Quang Chau expansion	140	85	516
Nam Son Hap Linh	80	174	204
Tan Phu Trung	100	81	542
Trang Due 3	130	456	456
Nam Tan Tap Industrial Park - Long An	180	159	159
Tan Tap Industrial Park - Long An	180	461	461
Loc Giang Industrial Park - Long An	180	327	327

Source: Company report, Shinhan Vietnam Securities

With the location of industrial parks located in major cities across the country, rental prices of Kinh Bac's industrial parks always remain high and grow steadily every year. The average growth rate of Kinh Bac's industrial park rental price is about 15% in the period 2017 - 2022. The average industrial park rental price is expected to continue to grow in the future when Kinh Bac leases industrial parks in Long An, where rental prices are higher than other industrial parks operating in the North.

Potential from exploiting urban areas in the future

Project	Initiation year	Investment value (billion VND)	Area (ha)
Loc Giang Industrial Park Resettlement Area	2023	444	31.00
Trang Cat urban area	2025	11,329	584.90
Trang Due urban area	2019	8,000	10.38
Phuc Ninh urban area	2025	4,892	41.99
Nenh town social housing project	2024	2,299	3.20

Source: Company report, Shinhan Vietnam Securities

With experience in developing real estate projects, Kinh Bac has a great advantage in developing urban areas. Kinh Bac owns many large real estate projects in big cities such as Trang Cat Urban Area, Trang Due Urban Area in Hai Phong, and Phuc Ninh Urban Area in Bac Ninh. Which, Trang Cat Urban Area is expected to be one of the projects that promises to bring a large source of income in the future.

Trang Cat urban area project



Trang Cat urban area is the largest urban area project in Hai Phong City with a total area of 585 hectares, with a salable land area of about 321.7 hectares. The total project construction investment is VND 11,328 billion. Trang Cat urban area has a convenient location, close to the key economic zone of Hai Phong and Cat Bi International Airport.

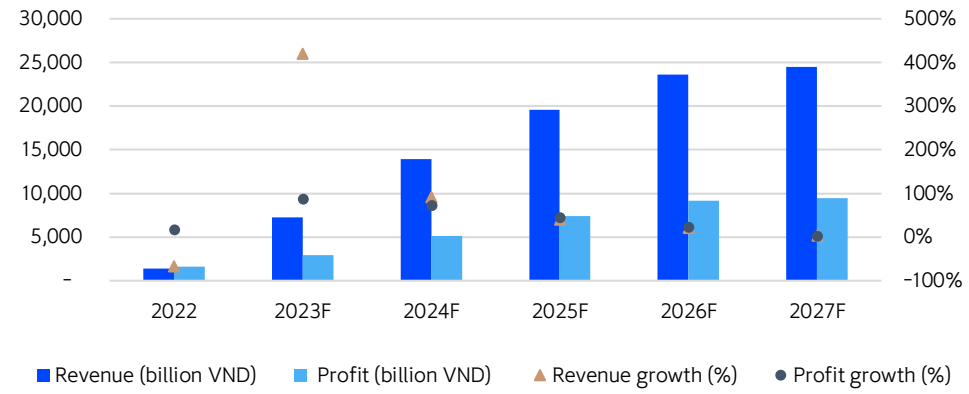
By the end of 2022, the total invested value of Trang Cat urban area reached VND 7,841.17 billion, an increase of VND 434.35 billion compared to 2021. Regarding progress, the project has been handed land over, compensated for 581.9 hectares, and leveled about 80 hectares. The company completed the payment of land use fees for the entire project, and built an underground tunnel leading from the Hanoi - Hai Phong highway to the project. In 2023, Kinh Bac also completed increasing the charter capital of its subsidiary, Trang Cat Urban Development Company Limited (investor of Trang Cat project - 100% owned by Kinh Bac) from VND 6,630 billion to VND 12,681 billion to ensure capital requirements for the project.

We forecast that the Trang Cat urban area will begin to record revenue in 2024. We expect the company's annual handover area will be on average about 20 - 30 hectares with a selling price of 30 million VND/m2. When it begins operations, we expect the Trang Cat urban area project to achieve revenue of VND 6,500 - VND 9,500 billion and a profit of about VND 2,300 – VND 4,700 billion.

Earnings estimates

The business situation will start to improve from 2023

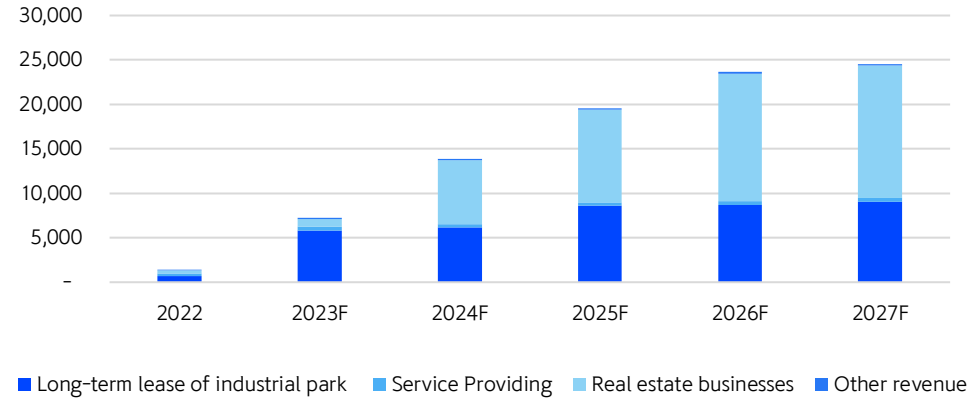
Kinh Bac revenue and profit forecast 2022 - 2027F



Source: Company report, Shinhan Vietnam Securities

We expect Kinh Bac's revenue to reach about VND 7,258 billion (+419% YoY) in 2023 and VND 13,905 billion (+92% YoY) in 2024. Profit after tax in 2023 is expected to reach VND 2,960 billion (+ 88% YoY) and profit after tax in 2024 is expected to reach VND 5,109 billion (+73% YoY).

Kinh Bac revenue structure 2022 – 2027F (billion VND)

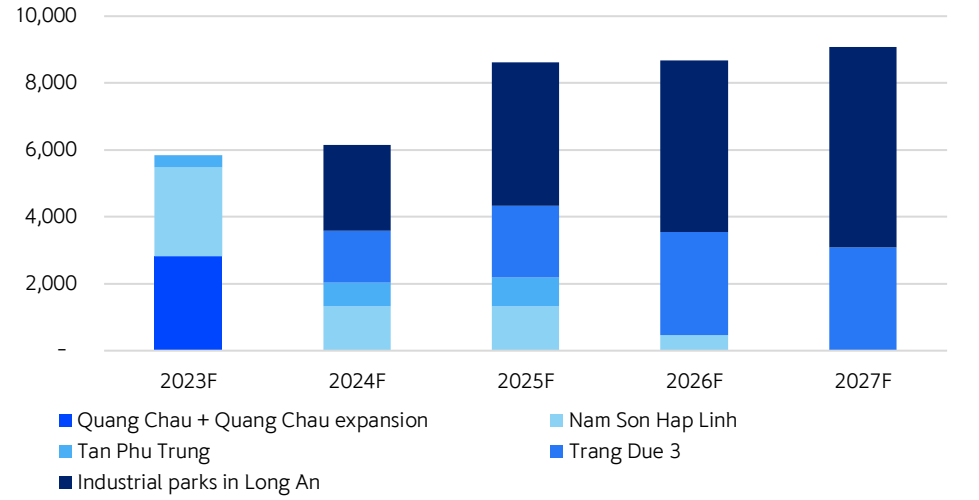


Source: Company report, Shinhan Vietnam Securities

Which, KBC's revenue and profit in 2023 mainly come from industrial park land leasing (accounting for 86% of total revenue), concentrated in Quang Chau & Quang Chau Industrial Park expansion, Tan Phu Trung Industrial Park, Nam Industrial Park Son Hap Linh. For 2024, Kinh Bac's business results are expected to explode thanks to strong growth coming from both industrial park real estate and urban real estate business segments.

The industrial park segment revenue will grow strongly thanks to the Trang Due 3 project and industrial parks in Long An

Project revenue of Kinh Bac's industrial park segment 2023F - 2027F (billion VND)

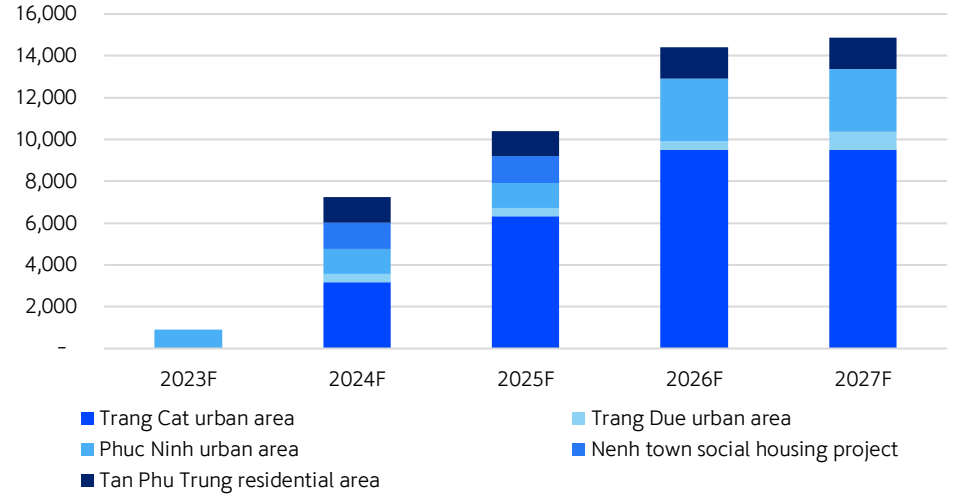


Source: Company report, Shinhan Vietnam Securities

With Trang Due 3 Industrial Park land fund with a total commercial land area of 456 hectares and land funds in industrial parks in Long An including Nam Tan Tap Industrial Park (159 ha), Tan Tap Industrial Park (460 ha), Loc Giang Industrial Park (326 ha). KBC has long-term growth prospects thanks to its available land fund.

Real estate segment revenue is expected to grow dramatically thanks to Trang Cat urban area project

Projected real estate business segment revenue of Kinh Bac 2023F - 2027F (billion VND)



Source: Company report, Shinhan Vietnam Securities

The Trang Cat urban area project is expected to make an important contribution to KBC's business results from the year 2024. We expect Kinh Bac to hand over about 20 - 30 ha of land area for the Trang Cat urban area project each year, therefore, this will contribute about VND 6,500 - VND 9,500 billion in revenue and VND 2,300 – VND 4,700 billion in profit for Kinh Bac.

Valuation and Recommendation

Initial valuation with BUY recommendation, target price VND 42,400

We offer an initial valuation of Kinh Bac City Development Holding Corporation (KBC) with a buy recommendation and a target price of VND 42,400, representing a 34% increase from the current price. With a strong outlook from both industrial park and real estate business segments, we expect growth for Kinh Bac with the following views:

1) Growing FDI capital flows continue to strongly boost demand for industrial park
2) Large industrial park land fund with the prospect of promoting exploitation in 2024
3) The Trang Cat urban area project will start recording in 2024 and bring large income

Valuation method

We apply the revalued net asset value (RNAV) method to value Kinh Bac City Development Holding Corporation (KBC). Based on the RNAV method, we estimate the value of KBC shares at 42,400 VND.

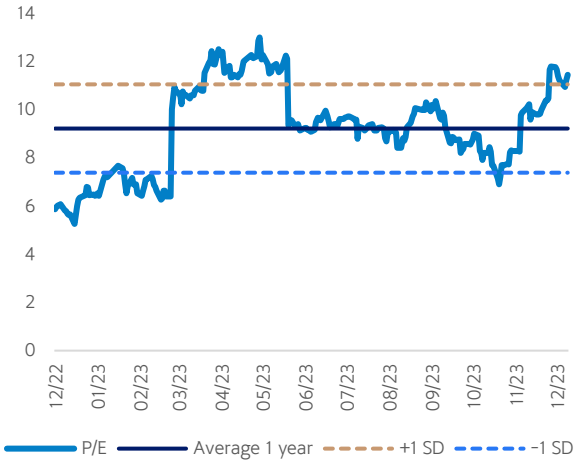
The RNAV method

Project	Ownership	Valuation method	Discount	Value (billion VND)
- Industrial area				**15,309**
Quang Chau	88%	RNAV		1,520
Nam Son Hap Linh	100%	RNAV		3,660
Tan Phu Trung	72%	RNAV		1,030
Trang Due 3	87%	RNAV		2,754
Some other industrial parks		RNAV		5,272
Service fees for industrial parks		RNAV		1,073
- Urban area				**14,387**
Trang Cat	100%	RNAV	50%	10,562
Trang Due Urban Area	100%	RNAV		676
Phuc Ninh Urban Area - Bac Ninh	100%	RNAV		1,494
Other projects				1,655
Total				**29,696**
+ Cash and short-term investments				3,195
+ Long-term investment, fixed assets			80%	5,479
- Debt				3,867
- Minority interests				1,992
Equity value (billion VND)				32,511
Number of shares				767,604,759
The target price (VND)				**42,400**
Current price (VND)				31,750
Upside				**34%**

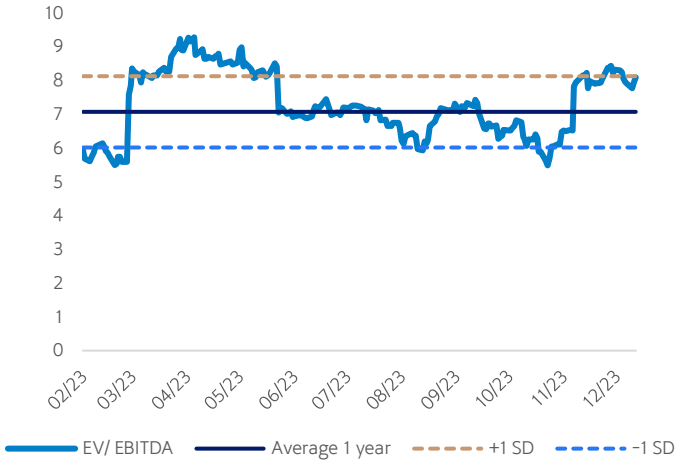
Variable	Value
D/E	32.1%
Beta	1.2
Risk-free rate	3.0%
Cost of equity	17.9%
Cost of debt	13.0%
WACC	16.1%

For the Weighted average cost of capital (WACC), we use the 10-year Vietnamese government bond yield at 3% as the risk-free rate. Beta is calculated based on historical data of the last 5 years of KBC and VNINDEX.

P/E 1 year

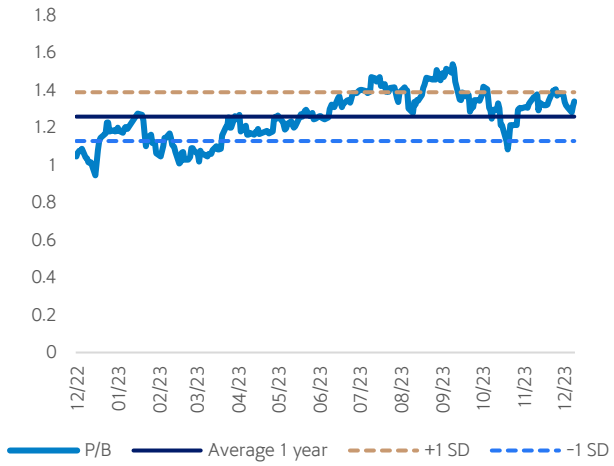


EV/EBITDA 1 year

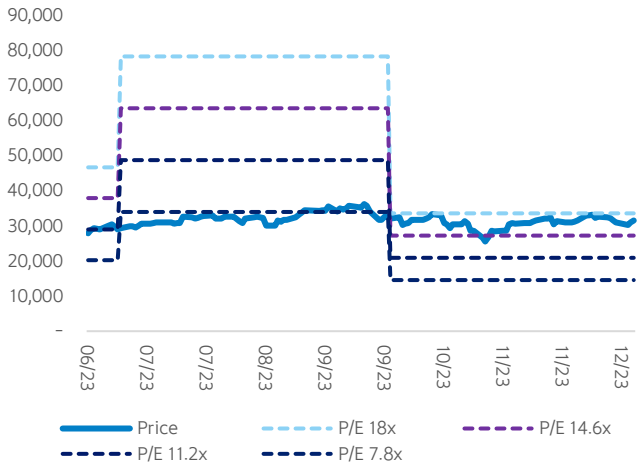


Source: Bloomberg data, Shinhan Securities Vietnam

P/B 1 year

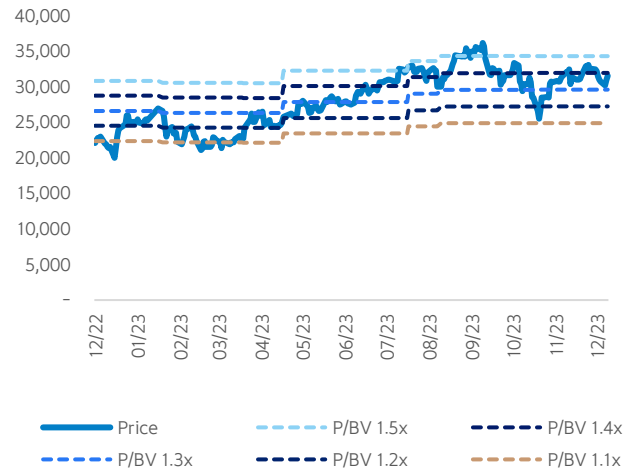


P/CF band



Source: Bloomberg data, Shinhan Securities Vietnam

P/B band

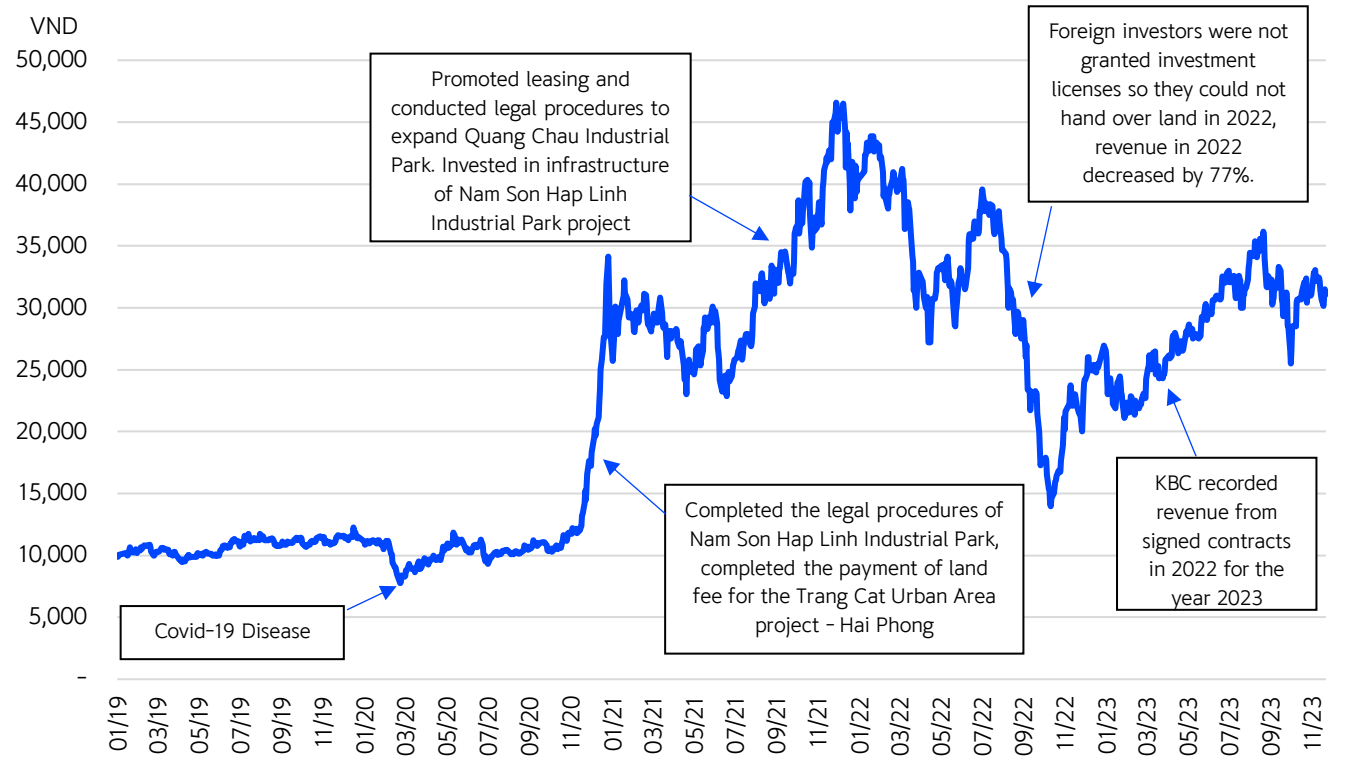


ROE and MA



Source: Bloomberg data, Shinhan Securities Vietnam

Key event chart of KBC



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

Risk of weakening FDI capital flows

Unstable factors related to the world economic situation directly impact FDI capital flowing into Vietnam. In addition, changes in tax incentive policies of countries and the application of the "Global Minimum Tax" may reduce Vietnam's competitiveness in attracting FDI capital flows.

Risk of real estate market decline

The real estate market situation directly affects Kinh Bac's real estate business. Weak consumer demand may affect Kinh Bac's ability to hand over projects, thereby affecting the cash flow and profitability of Kinh Bac's projects.

Risk of slow project implementation progress

Factors such as time to apply for a license, clearance, project construction progress, etc... directly affect the time of real estate handover and KBC's revenue recognition, thereby affecting the project profitability.

Legal risks

The time to complete the project's legal procedures directly affects the progress of Kinh Bac's projects. In addition, some projects are also bound by project timeline factors such as the Trang Cat Urban, and Trang Due 3 Industrial Park. According to notice No. 144/TB-VP of the Office of the People's Committee of Hai Phong City, the above projects must be completed on schedule as planned. If the required progress is not guaranteed (except for objective reasons), Hai Phong City will consider withdrawing the project.

Appendix: Financial statements

Statement of financial position

Year to Dec. (bn VND)	2022	2023F	2024F	2025F	2026F
Total assets	**34,907**	**40,713**	**51,061**	**61,877**	**74,682**
Current assets	27,674	33,293	43,533	54,239	66,932
Cash & equivalents	1,683	2,560	1,525	4,264	7,379
Short-term financial asset	2,442	2,442	2,442	2,442	2,442
Accounts receivable	11,219	13,495	18,851	22,676	27,282
Inventories	12,330	14,796	20,715	24,858	29,829
Non-current assets	7,232	7,421	7,528	7,638	7,750
Net fixed assets	365	469	488	498	501
Investment assets	-	-	-	-	-
Other long-term assets	6,867	6,951	7,041	7,140	7,249
Total liabilities	**17,061**	**20,386**	**26,171**	**30,184**	**34,507**
Current liabilities	10,684	12,209	14,794	17,326	19,859
Accounts payable	453	1,271	2,667	3,598	4,230
Short-term borrowings	3,951	4,467	5,455	6,844	8,524
Others	6,280	6,471	6,672	6,883	7,105
Non-current liabilities	6,377	8,176	11,377	12,859	14,647
Long-term borrowings	3,687	5,139	7,920	8,897	10,080
Other financial liabilities	2,690	3,038	3,457	3,961	4,568
Total shareholders' equity	**17,846**	**20,328**	**24,890**	**31,693**	**40,175**
Charter capital	7,676	7,676	7,676	7,676	7,676
Capital surplus	2,744	2,744	2,744	2,744	2,744
Retained earnings	5,646	8,128	12,691	19,494	27,976
Other capital	2	2	2	2	2
Non-controlling interest equity	1,777	1,777	1,777	1,777	1,777
*Total debt	7,638	9,606	13,375	15,742	18,604
*Net debt (cash)	5,955	7,046	11,849	11,478	11,225

Statement of comprehensive income

Year to Dec. (bn VND)	2022	2023F	2024F	2025F	2026F
Revenue	**1,397**	**7,258**	**13,905**	**19,555**	**23,647**
Growth (%)	-67%	419%	92%	41%	21%
COGS	**(685)**	**(2,875)**	**(6,032)**	**(8,138)**	**(9,568)**
Gross profit	**266**	**4,383**	**7,873**	**11,417**	**14,079**
GPM (%)	19%	60%	57%	58%	60%
SG&A	**(510)**	**(805)**	**(1,542)**	**(2,169)**	**(2,623)**
Operating profit	**(245)**	**3,578**	**6,331**	**9,248**	**11,456**
Growth (%)	-113%	-1563%	77%	46%	24%
OPM (%)	-18%	49%	46%	47%	48%
Non-operating profit	**1,941**	**(157)**	**(426)**	**(669)**	**(873)**
Financial income	340	340	340	340	340
Financial expense	(595)	(566)	(801)	(1,015)	(1,198)
In which: interest expenses	(523)	(566)	(801)	(1,015)	(1,198)
Net other non-operating profit	2,197	70	35	6	(15)
Pre-tax profit	**1,697**	**3,421**	**5,904**	**8,579**	**10,583**
Income tax	(120)	(461)	(796)	(1,156)	(1,426)
Net profit	**1,577**	**2,960**	**5,109**	**7,423**	**9,157**
Growth (%)	17%	88%	73%	45%	23%
NPM (%)	113%	41%	37%	38%	39%
Controlling interest	1,526	2,866	4,946	7,187	8,866
Non-controlling interest	50	94	163	236	291
EBIT	**2,219**	**3,987**	**6,706**	**9,594**	**11,781**
Growth (%)	-1%	80%	68%	43%	23%
EBIT Margin (%)	159%	55%	48%	49%	50%
EBITDA	**2,296**	**4,052**	**6,782**	**9,678**	**11,873**
Growth (%)	-1%	77%	67%	43%	23%
EBITDA margin (%)	164%	56%	49%	49%	50%

Statement of cash flow

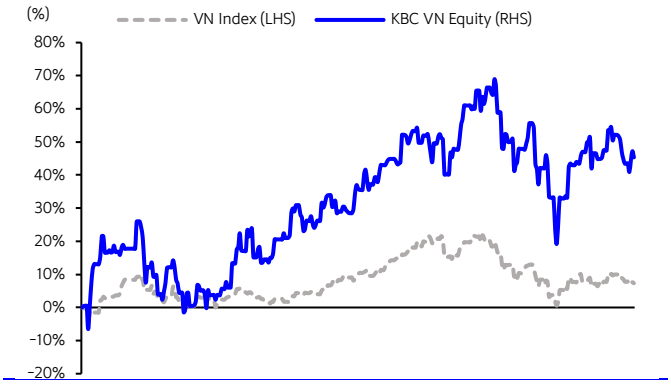
Year to Dec. (bn VND)	2022	2023F	2024F	2025F	2026F
Cash flow from operations	**(1,218)**	**(538)**	**(4,325)**	**850**	**731**
Net profit	1,697	3,421	5,904	8,579	10,583
Depreciation expense	76	65	76	84	92
(Gain) from investing activities	(2,527)	-	-	-	-
Interest expense/ income	90	-	-	-	-
Change in working capital	(416)	(3,370)	(9,223)	(6,257)	(8,014)
Others	(138)	(560)	(920)	(1,320)	(1,639)
Cash flow from investments	**(523)**	**(169)**	**(95)**	**(95)**	**(95)**
Change in fixed assets	(274)	(169)	(95)	(95)	(95)
Change in investment assets	1	-	-	-	-
Others	(249)	-	-	-	-
Cash flow from financing	**861**	**1,583**	**3,385**	**1,983**	**2,478**
Change in equity	335	-	-	-	-
Net borrowing	527	1,967	3,769	2,367	2,862
Dividends	(0)	(384)	(384)	(384)	(384)
Change in total cash	**(879)**	**877**	**(1,034)**	**2,738**	**3,115**
Beginning cash	2,562	1,683	2,560	1,525	4,264
Change in FX rates	-	-	-	-	-
Ending cash	1,683	2,560	1,525	4,264	7,379

Key ratios

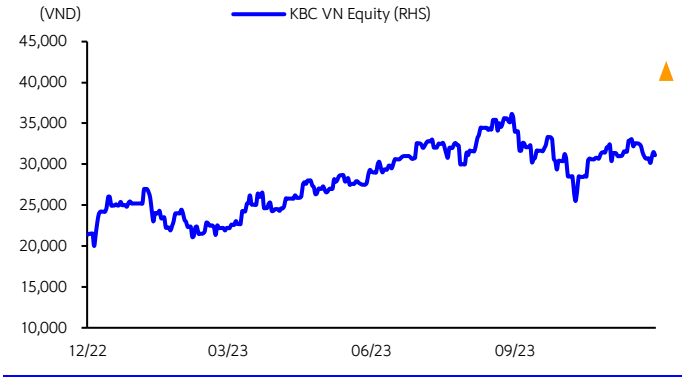
Year to Dec.	2022	2023F	2024F	2025F	2026F
EPS (VND)	1,636	3,734	6,444	9,363	11,550
BPS (VND)	17,227	24,166	30,110	38,973	50,023
DPS (VND)	0	500	500	500	500
PER (x)	10.72	8.30	4.81	3.31	2.68
PBR (x)	1.04	1.28	1.03	0.80	0.62
EV/EBITDA (x)	11.46	10.37	5.87	3.51	2.46
Dividend payout ratio (%)	0%	2%	2%	1%	1%
Dividend yield (%)	0%	2%	2%	2%	2%
Profitability					
EBITDA margin (%)	164%	56%	49%	49%	50%
OPM (%)	-18%	49%	46%	47%	48%
NPM (%)	113%	41%	37%	38%	39%
ROA (%)	5%	8%	11%	13%	13%
ROE (%)	9%	16%	23%	26%	25%
Stability					
Debt to equity ratio (%)	43%	47%	54%	50%	46%
Net debt ratio (%)	259%	174%	175%	119%	95%
Cash ratio (%)	16%	21%	10%	25%	37%
Interest coverage ratio (x)	4.24	7.04	8.37	9.45	9.84
Activity (%)					
Inventory turnover (days)	3,114	682	466	425	422
Accounts receivable turnover (days)	2,643	603	412	376	373
Accounts payable turnover (days)	161	109	119	141	149

Kinh Bac City Development Holding Corporation (KBC)

Share price



Target price (VND)



Date	Rating	TP (VND)	TP gap (%)	
			TB	Max/Min
29/12/2023 (Initiate)	BUY	42,400	50%	16%/114%

Note: Calculation of target price gap based on past 12 months

Shinhan Securities Vietnam

Stock	Sector
◆ **BUY:** Expected 12-month gain of 15% or more ◆ **HOLD:** Expected 12-month loss of 15% to gain of 15% ◆ **SELL:** Expected 12-month loss of 15% or more	◆ **OVERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated BUY ◆ **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD ◆ **UNDERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated SELL

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