October 1, 2024

Shinhan Securities



KHANG DIEN HOUSE TRADING AND INVESTMENT JSC

[Vietnam /Real Estate]

Bloomberg Ticker (KDH VN) | Reuters Ticker (KDH.HM)

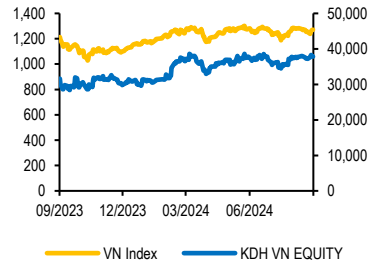
HOLD

Initiation Coverage

Target price (12 months)	**VND 44,100**
Current price (30/09/24)	VND 38,900
Upside/downside	13.4%

VNINDEX		1,301
P/E market (22F, x)		12.1
Market Cap (bn VND)		36,194
Outstanding shares (mn)		909
Free-Floating (mn)		565
52-Wk High/Low (VND)		27,200/40,000
90-day avg. trading volume (mn)		2.95
90-day avg. turnover (bn VND)		104
Foreign ownership (%)		1.4
Major shareholders (%)	Tien Loc Investment JSC	13.0
	Gam Ma Investment Consultancy JSC	8.8

Performance	3T	6T	12T
Absolute (%)	4.9	2.5	33.6
Relative to VN-Index (%)	2.4	1.8	21.7



Source:: Bloomberg

Trang Vo

☎ (84-28) 6299-7751

✉ trang.vo@shinhan.com

Ly Bui – Head of Research

☎ (84-28) 6299-8029

✉ ly.btt@shinhan.com





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Striving for continual improvement

Initiate coverage with HOLD call and target price at VND 44,100

Khang Dien House Trading and Investment JSC (HOSE: KDH) is one of the few developers that holds a substantial land bank within Ho Chi Minh City (HCMC – over 600 hectares). KDH is also a leading listed company in the development of mid- to high-end residential projects. Based on RNAV method, we recommend hold KDH with a target price at VND 44,100. The revenue and NPAT of KDH will increase in the future because: (1) KDH is among the top reputable developers and owns a substantial land bank in HCMC; (2) KDH can lead the recovery of the landed property market from 2025 to 2026 by launching Emeria and Clarita; and (3) having strong financial potential, with a high inventory-to-total assets ratio.

KDH is among the top reputable developers and owns a substantial land bank in HCMC

KDH is consistently one of the most reputable developers, known for its ability to execute projects on time. Additionally, KDH is one of the few companies in HCMC owning a large land bank (over 600 hectares), most of which was compensated for many years ago. This gives KDH a significant competitive advantage as large land banks in the city are becoming increasingly scarce, and land prices continue to rise. Moreover, having a substantial land bank allows KDH to develop large-scale projects. We project that KDH's current land bank will be sufficient for development over the next 7 to 9 years.

KDH can lead the recovery of the landed property market in the period of 2025-2026 by launching Emeria and Clarita

The supply of landed properties in HCMC has remained scarce since 2023. However, CBRE forecasts that the landed property market will begin to recover from 2025. We expect KDH to lead this recovery with Emeria and Clarita, launched for sale by the end of 2024. This outlook is supported by (1) the continued supply shortage in Ho Chi Minh City, (2) KDH's projects being 80-90% completed by the time of launch for sale, instilling buyer confidence, and (3) both projects benefiting from prime locations and strong infrastructure connectivity in Thu Duc City.

Strong financial capacity, with a high inventory-to-total assets ratio

KDH's debt-to-equity ratio is at 0.5x, which is approximately in line with the average of large listed developers. KDH's inventory-to-total-assets ratio is among the highest in the industry, driven by consistent land acquisition and project development over the past few years. If these inventories are fully developed and sold, they are expected to provide KDH with a sustainable revenue stream over the long term.

Risks: (1) Rising compensation costs, (2) Administrative procedure delays and (3) Lower-than-expected absorption rates

Year to Dec.	2021	2022	2023	2024F	2025F
Revenue (bn VND)	**3,738**	**2,912**	**2,088**	**3,779**	**6,066**
OP (bn VND)	1,406	1,066	1,220	915	2,441
NP (bn VND)	**1,204**	**1,084**	**729**	**821**	**1,917**
EPS (VND)	1,790	1,440	840	839	1,096
BPS (VND)	15,840	16,120	16,835	17,827	20,020
OPM	37.6	36.6	58.4	24.2	40.2
NPM	32.2	37.2	34.9	21.7	31.6
ROE	**11.8**	**9.2**	**4.7**	**4.5**	**9.1**
PER (x)	14.8	20.2	42.4	52.6	40.2
PBR (x)	1.7	1.9	2.3	2.5	2.2

Source: Company data, Shinhan Securities Company

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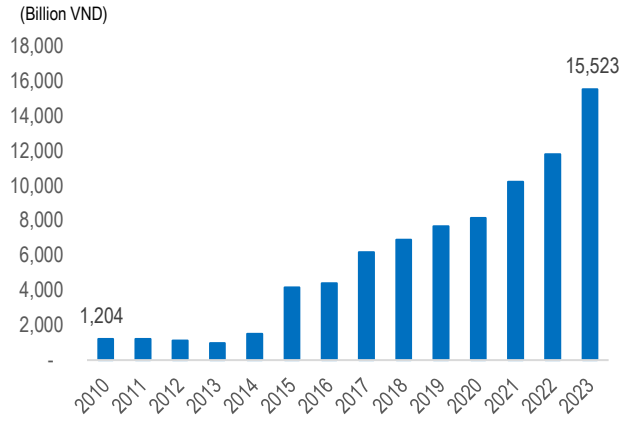
Company background

1. History of development

Khang Dien House Trading and Investment JSC Company (HOSE: KDH) was established in 2001 with a charter capital of VND 10 billion and was equitization in 2007. After three years post- equitization, KDH officially listed on the stock exchange. As of now, its equity has nearly increased thirteenfold since listing.

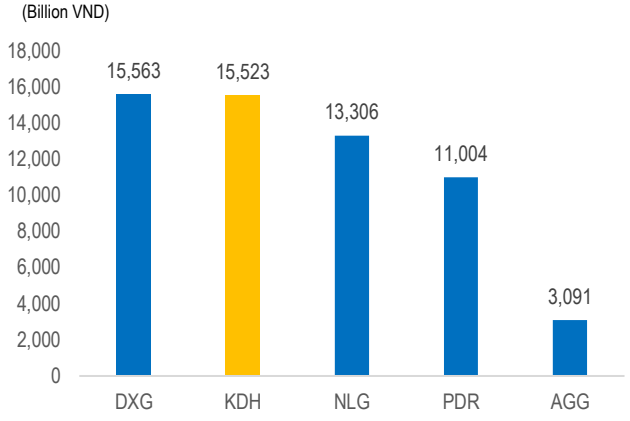
This robust equity enables KDH to undertake larger, more structured projects. Current regulations increasingly emphasize the financial capacity of investors, such as (1) the Law on Real Estate Trading in 2024, which mandates a minimum equity ratio of 20% for projects on land under 20 hectares and 15% for those over 20 hectares, and (2) Decree 96/2024/ND-CP, which tightens the debt-to-equity ratio at 4x and 5.67x for projects under 20 hectares and over 20 hectares, respectively.

Equity has expanded nearly 13 times compared to the initial listing date



Source: Company data, Shinhan Securities Vietnam

Equity scale of several listed enterprises involved in projects in HCMC

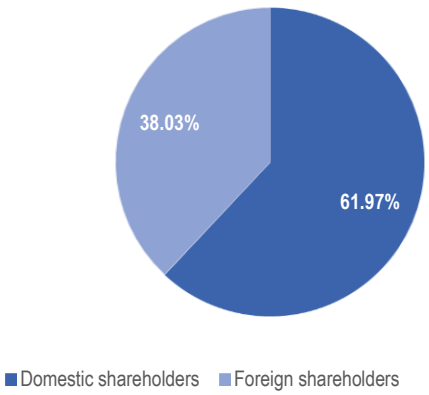


Source: Company data, Shinhan Securities Vietnam

2. Ownership structure

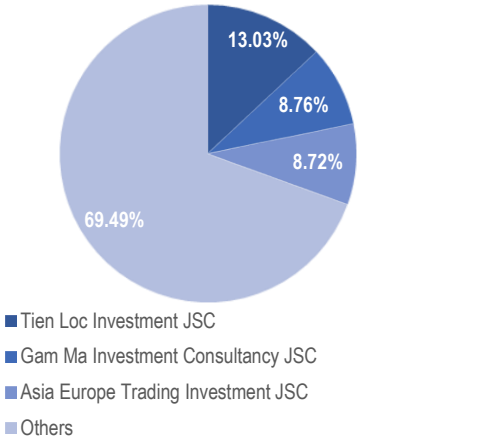
Foreign shareholders hold nearly 40% of KDH's equity, reflecting the transparency and attractiveness of the company to international investors. One of large foreign funds investing in KDH is Group of Dragon Capital (5.58%). Currently, Tien Loc Investment JSC, a management consulting firm based in Ho Chi Minh City, holds the highest equity stake at 13.03%, followed by various domestic and foreign investment funds.

Structure of domestic and foreign shareholders as of August 30, 2024



Source: Company data, Shinhan Securities Vietnam

Ownership structure as of August 30, 2024



Source: Company data, Shinhan Securities Vietnam

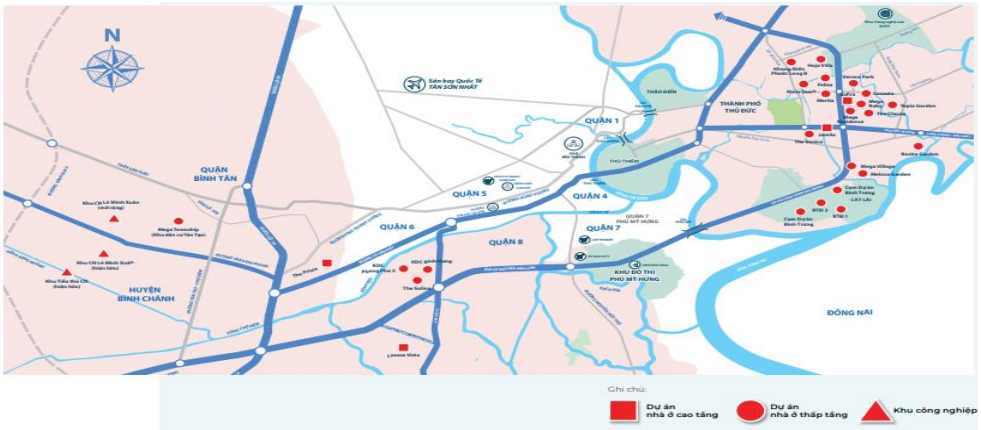
(1) The Law on Real Estate Trading in 2014 stipulated a minimum charter capital of VND 20 billion. Consequently, many companies adopted a high debt structure to undertake large-scale projects. In 2022, Decree 02/2022/ND-CP mandated that projects on land under 20 hectares must maintain a minimum equity ratio of 20% of the total investment; however, this requirement is only outlined at the decree level.

3. Segments and KDH's products

KDH initially operated in the eastern area of HCMC. In Q4/2015, KDH completed the acquisition of 57.31% of BCCI's equity, thereby expanding its operations to the western and southwestern areas of the city, including Binh Chanh and Binh Tan districts.

KDH's projects are all well-connected to infrastructure. For example, projects in the eastern region (Thu Duc City) are in proximity to key infrastructure developments such as Metro 1, the Ho Chi Minh City – Long Thanh – Dau Giay Expressway, Ring Road 2, and Ring Road 3. Meanwhile, the projects in Binh Tan and Binh Chanh are close to the western gateway and major thoroughfares such as Vo Van Kiet Street and Nguyen Van Linh Avenue. This connectivity (1) enhances the potential for price appreciation as infrastructure improvements are completed and (2) supports KDH's strategy for developing mid-end and high-end products.

KDH's land bank is primarily concentrated in the eastern, western, and southwestern areas of HCMC

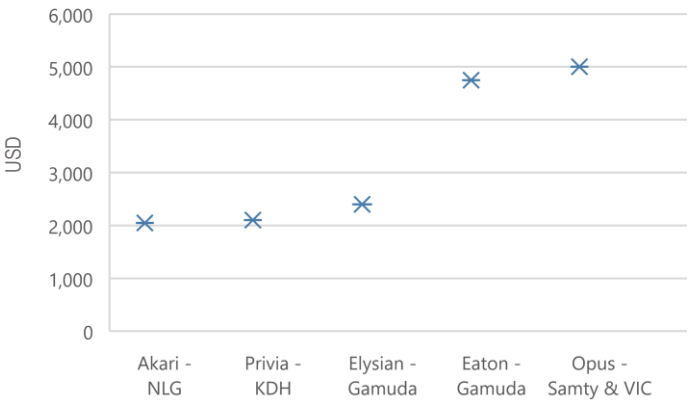


Source: KDH, Shinhan Securities Vietnam

KDH develops a diverse range of products, from commercial housing (apartments, villas, and townhouses) to industrial parks. In the commercial housing sector, **KDH has successfully launched mid-end and high-end residential products with high absorption rates.** We attribute KDH's success to:

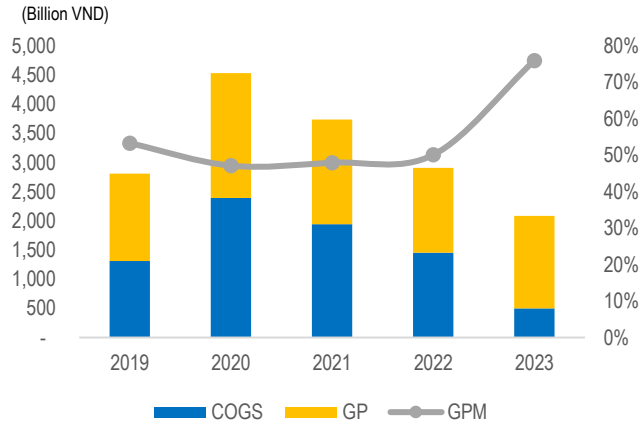
- Timely project implementation with clear legal frameworks, with many projects handed over 2-3 months ahead of schedule.
- High-quality products offered at competitive prices.
- Prime locations, with KDH's projects concentrated in the eastern, western, and southwestern areas of the city, benefiting from strong infrastructure connectivity.

KDH's average selling prices (2) are relatively moderate



Source: JLL, Shinhan Securities Vietnam

Gross margins have improved year over year



Source: Company data, Shinhan Securities Vietnam

(2) The selling prices (USD) of condos in recent projects

KDH's gross margin has improved over the years, with a median of 50.1% over the past five years. In 2023, KDH partnered with Keppel to launch the Emeria and Clarita projects, with sales expected to commence in late 2024. Keppel is known for successfully implementing high-end projects, so this collaboration is anticipated to enhance product quality, increase selling prices, and improve KDH's gross profit for the 2025-2026 period.

In addition to developing commercial housing, KDH also holds a land bank for industrial park development. KDH is currently seeking construction permits for the first phase of the Le Minh Xuan Industrial Park Expansion (total area of approximately 110 hectares) in the Binh Chanh districts. We expect KDH to obtain the construction permit in Q4 of this year and take approximately 1-1.5 years to complete construction. Once operational, the industrial park is projected to absorbed quickly and drive revenue for KDH starting in 2026, as (1) there have been no new industrial park projects in Ho Chi Minh City over the past decade (according to Avision reports) and the occupancy rate in existing industrial parks in the city is high (90%), and (2) the expected new supply in Ho Chi Minh City in the coming period is only 1,759 hectares.

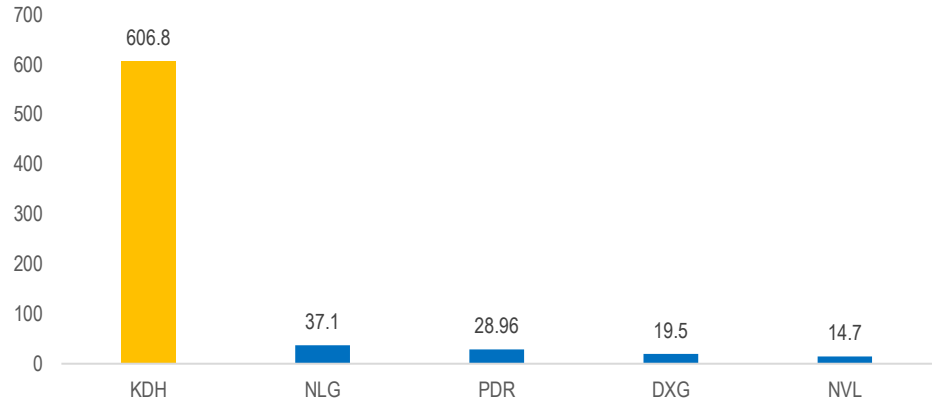
Investment theses & Catalyts

1. KDH is among the top reputable developers in Vietnam and owns a substantial land bank in HCMC, offering significant long-term development potential

KDH is one of the reputable investors in Vietnam, consistently implementing projects on time, with many projects handed over 2-3 months ahead of schedule. The company's credibility has significantly contributed to high absorption rates. Specifically, for the two most recent projects, the absorption rate for the condos (Privia) reached approximately 100% within three months, while the landed property (Classia) achieved over 90% absorption in two years. These figures represent strong performance for mid-end to high-end products, particularly in the landed property amid a challenging market.

Additionally, KDH is one of the few listed companies with a substantial land bank over 600 hectares in Ho Chi Minh City. KDH's land bank are primarily concentrated in the eastern area (Thu Duc City), as well as the western and southwestern areas (Binh Tan, Binh Chanh). This provides KDH with a competitive advantage as available land bank in Ho Chi Minh City becomes increasingly scarce, enabling KDH to implement larger and more structured projects.

The land bank (in hectares) of major publicly listed real estate companies in HCMC (excluding Vinhomes)



Source: Annual Report, Shinhan Securities Vietnam

On the other hand, the early compensation of land bank contributes to cost optimization for KDH. The majority of KDH's land bank has been compensated for many years. Notable projects include the Le Minh Xuan Industrial Park (where 89 out of 109 hectares have been compensated) and the Tan Tao project (which accounts for over 50% of the company's land bank, with 85% already compensated). We anticipate that the 2024 Land Law, which will implement a new land price table approaching the market price starting in 2026, will increase the costs of land clearance for companies. Therefore, firms like KDH that accumulated land banks in earlier period will benefit from optimized development costs.

We project that KDH's current land bank is sufficient to support project development for the next 7 to 9 years. According to management, KDH is actively seeking additional land bank to enhance its existing portfolio.

No	Projects	Products	Location	Land banks (ha)	%	Projected project development plan [3]					
						2023	2024	2025	2026	From 2027	Legal Status
1	Classia	Low-rise units	Thu Duc City	4.3	100%						Continue handing over to customers; 97% of products has been sold (as of Q2/2024).
2	Privia	High-rise units	Binh Tan	1.9	100%						Launched in November 2023, 100% sold, and handed over from October 2024.
4	Solina	Low-rise units	Binh Chanh	16.7	100%						Approval of investment policy was obtained, and financial obligations regarding the LUR are being fulfilled to implement project Phase 1
3	Clarita	Low-rise units	Thu Duc City	5.8	51%						Collaborating with Keppel, the low-rise units began construction from October 2023. KDH plans to start selling from Q4/2024 or early 2025, depending on market conditions.
5	Emeria	Low-rise units	Thu Duc City	6.1	51%						
		High-rise units									The High-rise units is expected to be developed after the low-rise units
6	Le Minh Xuan IP (Expansion)	IP	Binh Chanh	110	100%						The first phase of land clearance (89 hectares) has been completed. The KDH is expected to complete the payment for land lease and obtain construction permits in Q4/2024. It will take 9 months - 1 year to complete the infrastructure, with plans to begin operations in 2025/2026. The second phase (20 hectares) continues with land clearance.
8	Phong Phu 2	N/A	Binh Chanh	132	100%						The investment policy has been approved.
9	Tan Tao Residential Area	N/A	Binh Tan	330	100%						Compensation is being completed, with land clearance at 85-90%. Once compensation exceeds 90%, KDH plan to request investment policy approval to begin implementation.
Total				**607.8**							

Source: Company data, Shinhan Securities Vietnam

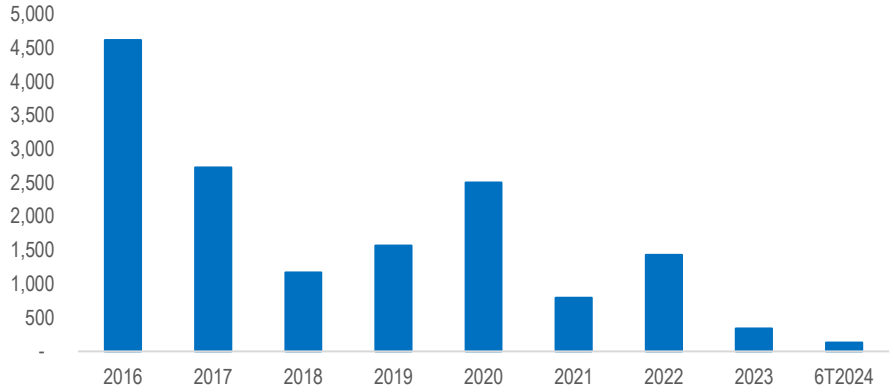
2. KDH can lead the recovery of the landed property market in the period of 2025-2026 by launching Emeria and Clarita

The landed property market in Ho Chi Minh City has entered a period of stagnation compared to the 2016–2020 phase, with supply trending downward primarily due to:

- The land bank within HCMC becoming increasingly scarce
- Legal bottlenecks and tightened credit conditions restricting project development
- The economic downturn has also impacted a portion of the population, reducing demand for high-value properties, which in turn has led to a sharp decline in market liquidity.

(3) Estimate the time from construction to handover

The supply of landed properties (units) in Ho Chi Minh City continues to trend downward since 2020



Source: DKRA, Cushman & Wakefield, Shinhan Securities Vietnam

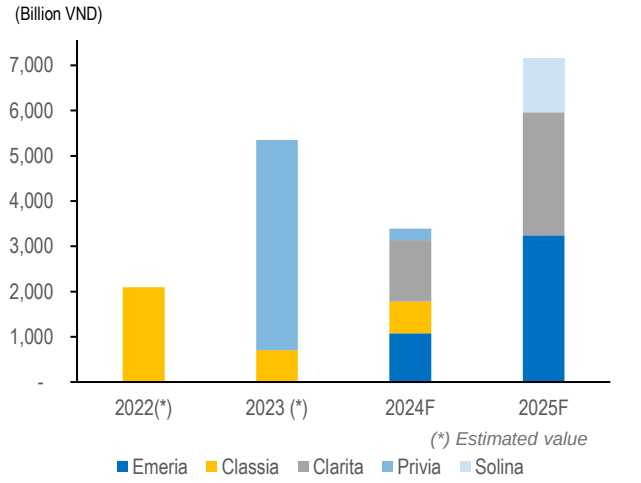
However, CBRE forecasts that the landed property market is projected to recover from 2025, trailing behind the condos, which is expected to rebound by late 2024. Projects developed by reputable, large-scale developers with strong ecosystems, robust infrastructure, strategic locations, and clear legal frameworks are anticipated to be in high demand, driving active transactions during the 2024-2026 period (according to VNRea's 2023 report).

We forecast that **KDH will lead the recovery of the landed property market in 2025-2026.** Specifically, KDH is collaborating with Keppel to launch two projects, Clarita and Emeria, which have been under construction since Q3/2023 and are expected to launch for sales by the end of Q4/2024.

We anticipate an absorption rate of 70% for these projects between 2024 and 2025, due to: (1) Ho Chi Minh City's ongoing land supply constraints caused by unresolved land pricing issues, (2) KDH's projects expected to be 80-90% complete upon launch for sale, building trust among buyers, and (3) both projects being located in prime areas with well-developed infrastructure (Thu Duc City).

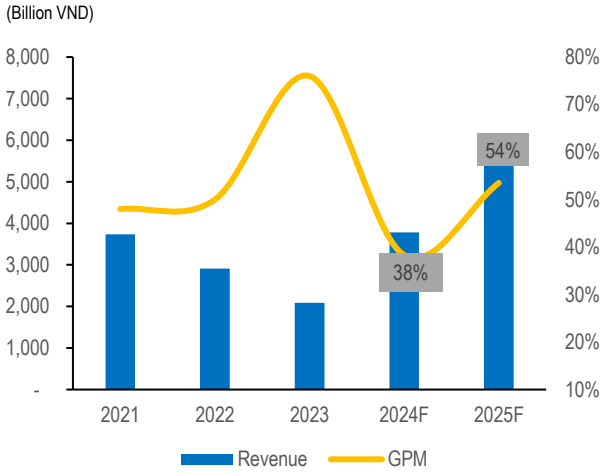
As a result, we project KDH's presales to reach VND 3,382 billion in 2024 (-37% YoY) and VND 7,164 billion in 2025 (+112% YoY). Revenue is expected to be VND 3,779 billion in 2024 (+81.0% YoY) and VND 6,066 billion in 2025 (+60.5% YoY).

Forecasted presales by projects



Source: Company data, Shinhan Securities Vietnam

Forecasted revenue and GPM (2021-2025F)

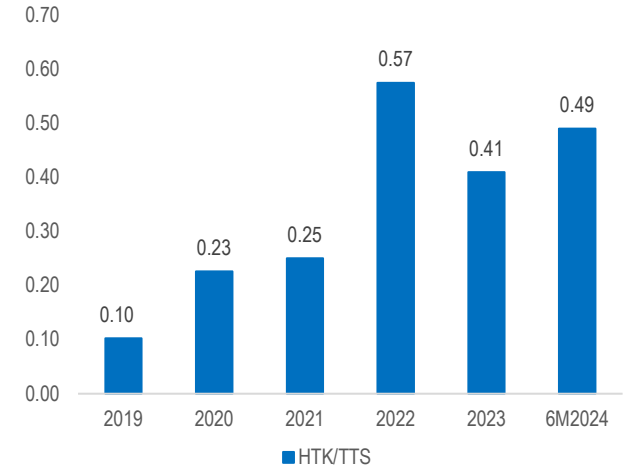


Source: Company data, Shinhan Securities Vietnam

3. Strong financial potential, with a high inventory-to-total assets ratio - potential for long-term development

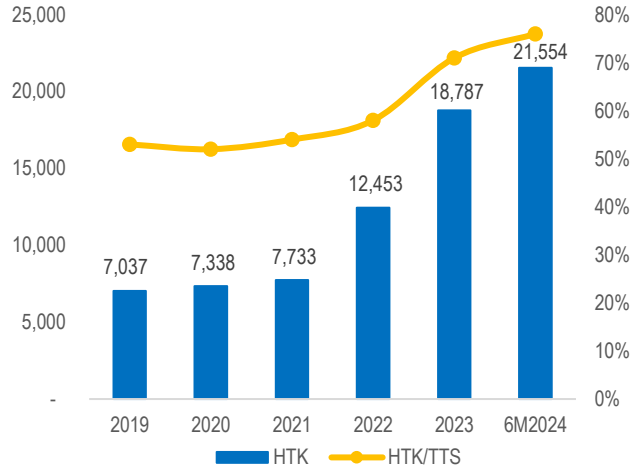
KDH's debt-to-equity ratio (D/E) has increased over the years, corresponding with the accumulation of inventory. This indicates that (1) the company has strong access to capital despite tightened credit markets, and (2) KDH has the ability to continue project development even during the challenging real estate market. By simultaneously increasing compensation for large-scale projects in the long term and progressing construction to generate short-term revenue, KDH leads the market with the highest inventory-to-total assets ratio (75%). If these inventories are fully developed and completed, they will provide a sustainable revenue stream for KDH in the long term.

The debt/equity ratio increased more than four times from 2019 to 2024



Source: Company data, Shinhan Securities Vietnam

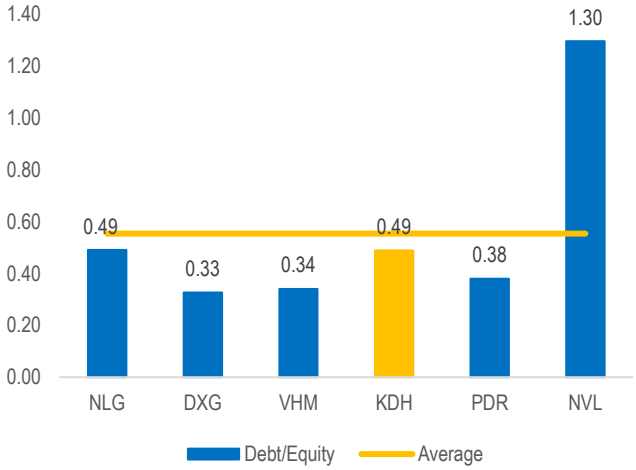
Inventory (billion) increased by about 3 times from 2019 to 2024



Source: Company data, Shinhan Securities Vietnam

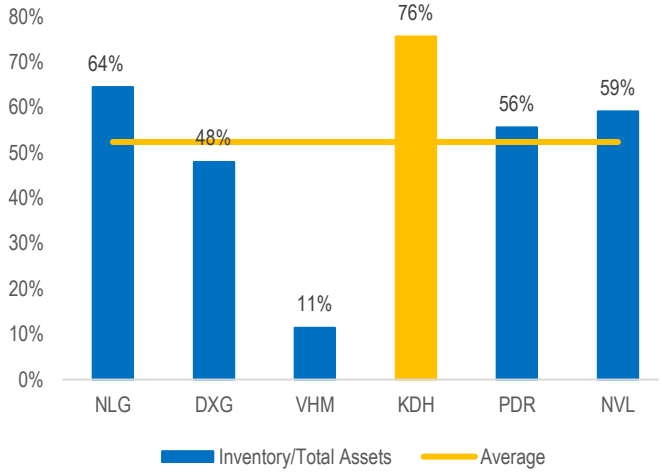
Compared to other major players in the industry, KDH maintains a net debt-to-equity ratio at an average level. Specifically, KDH's ratio stands at 0.49, aligning with the average of large real estate companies.

The debt/equity ratio of KDH is at the industry average



Source: Company data, Shinhan Securities Vietnam

KDH's inventory-to-total assets ratio leads large listed companies

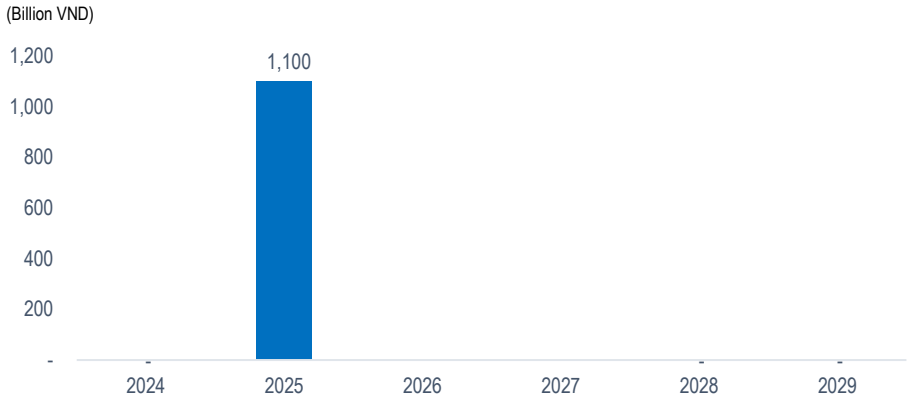


Source: Company data, Shinhan Securities Vietnam

The partial divestment of equity in certain projects has contributed to KDH's capital support. In 2023, KDH transferred a 49% stake in the Emeria and Clarita projects to Keppel. This marks the first step in KDH's long-term strategy to expand its collaborations with reputable domestic and international partners, enhancing its ability to undertake large-scale projects. By leveraging equity transfers and investment partnerships, KDH can alleviate financial pressure and facilitate the execution of larger-scale developments in the coming years.

KDH has two bond tranches maturing in 2025 with a total value of VND 1,100 billion. We assess that KDH will not encounter difficulties in meeting these obligations, supported by (1) a cash and cash equivalents of VND 2,534 billion as of H1/2024, (2) continued cash inflows from selling the Classia and Privia, and (3) the planned launch for sale of the Emeria and Clarita projects by late 2024.

The value of the maturing bonds (billion VND) of KDH



Source: Company data, Shinhan Securities Vietnam

Earning update and estimate

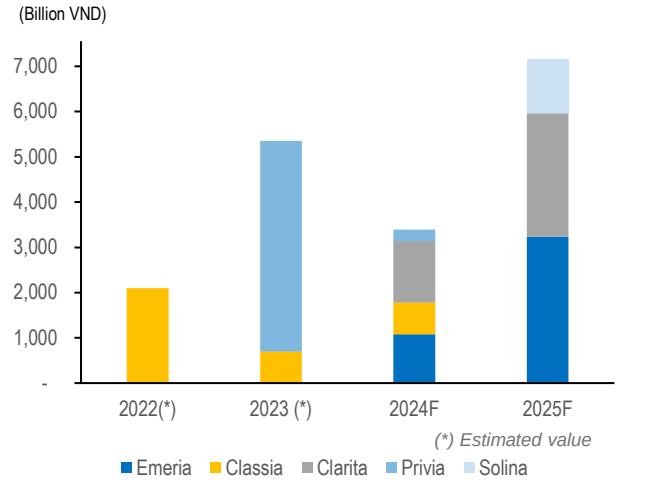
Items	6M2024 (Billion VND)	%YoY	2024F (Billion VND)	%YoY	Note
Revenue	**979**	**-3.5%**	**3,779**	**81.0%**	Revenue for 1H2024 saw only a slight decline of 3.5% YoY. The revenue was primarily driven by the continued handover of the Classia project and the restructuring of land plots.
Project handover revenue	951				
Revenue from providing service	24				
Revenue from rent service	4				
Gross profit	**674**	**-20.5%**	**1,447**	**-8.8%**	GPM for H1 2024 reached 69%, driven by the handover of low-rise villa projects and land plot. However, we project the gross margin in 2024 to decrease to 38% due to the impact of delivering condos of Privia in Q4/2024.
GPM	69%		38%		
SG&A	-134	-2.2%	-532	45.0%	SG&A expenses decreased by 2.2% in 1H2024. However, we project a 45% increase in selling expenses for the full year 2024, driven by expectations that KDH will launch sales for its Clarita and Emeria projects at the end of 2024.
Operating profit	**540**	**-24.1%**	**915**	**-25.0%**	
Financial income	23	15.0%	43	-14.0%	
Other profit (loss)	-58	383.3%	183	N/A	
Financial expenses	-33	73.7%	-87	-41.2%	
EBT	**472**	**-32.6%**	**1,054**	**-1.4%**	EBT in 1H2024 decreased by 32.6% YoY, driven by a 20.5% YoY decline in gross margin from land plot sales and project handovers and higher financial expenses.
Net profit after tax	**344**	**-24.7%**	**821**	**12.5%**	
NPATAMI	**342**	**-23.5%**	**821**	**14.7%**	

For 2024F, we expect contracted sales value to reach VND 3,382 billion (-36.8% YoY), primarily driven by (1) the continued sale of remaining units in the Classia project, and (2) the launch of the Clarita and Emeria projects in Q4/2024. Full-year revenue is projected to hit VND 3,779 billion (+81.0% YoY), completing 97% of the set target,

thanks to the handover of units from the Privia project, expected in October 2024, and the restructuring of non-core land assets. NPAT-PreMi is forecasted at VND 821 billion (+12.5% YoY).

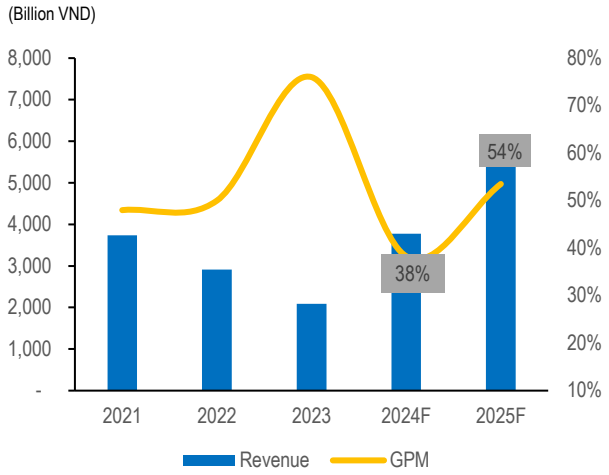
For 2025F, we expect contracted sales value to surge to VND 7,164 billion (+111.8% YoY), supported by (1) the low base in 2024, (2) accelerated sales at Emeria and Clarita, and (3) the initiation and launch of Solina Phase 1. Full-year revenue is projected to reach VND 6,066 billion (+60.5% YoY), with NPAT-PreMi expected at VND 1,917 billion (+133.5% YoY).

Forecasted presales by projects



Source: Company data, Shinhan Securities Vietnam

Forecasted revenue and GPM (2021-2025F)



Source: Company data, Shinhan Securities Vietnam

Forecasted revenue and net profit of KDH (2021-2025F)

(Unit: billion VND)	2021	2022	2023	2024F	2025F
Net Revenue	3,738	2,912	2,088	3,779	6,066
Gross profit	1,793	1,460	1,587	1,447	3,247
Operating profit	1,406	1,066	1,220	915	2,441
Net profit	1,204	1,084	729	821	1,917
Profit margin (%)					
Gross profit margin	48.0	50.1	76.0	38.3	53.5
Operating profit margin	37.6	36.6	58.4	24.2	40.2
Net profit margin	32.2	37.2	34.9	21.7	31.6
Growth (%YoY)					
Net Revenue	-17.5	-22.1	-28.3	81.0	60.5
Operating profit	-8.7	-24.2	14.4	-25.0	166.8
Net profit	4.4	-10.2	-32.5	12.5	133.5

Source: Company data, Shinhan Securities Company

Recommendation and Valuation

Recommended HOLD with target price VND 44,100

We offer an initial valuation for Khang Dien House Trading and Investment JSC with a hold recommendation and a target price of VND 44,100 equivalent to a 13.4% upside compared to the current market price. From a long-term view, KDH is an investment that can be considered for the following reasons:

1) KDH is among the top reputable developers in Vietnam and holds a substantial land bank in Ho Chi Minh City, offering significant long-term development potential;
2) KDH can lead the recovery of the landed property market in the period of 2025-2026 by launching two projects: Emeria and Clarita;
3) Strong financial potential, with a high inventory-to-total assets ratio - potential for long-term development

Valuation method

We apply a RNAV valuation methods to value KDH. In which, for projects having development plans, we use the DCF method; for undeveloped projects that are legally completed, we use the market value method; for projects without having master plans, we use book value.

We are using a Weighted Average Cost of Capital (WACC) of 9.4%, based on a 10-year Vietnamese government bond yield of 2.5%. Beta is calculated based on the last 5 years' historical data of KDH and VNINDEX. Additionally, a discount of 4-5% will be applied to the Tan Tao and Phong Phu 2 projects, respectively. Based on those assumptions, KDH's RNAV target price is valued at VND 44,100.

RNAV valuation

Projects	Value (Billion VND)	Method
Emeria	3,260	DCF
Clarita	2,365	DCF
Solina	3,088	DCF
Phong Phu 2	8,552	DCF
Tan Tao	24,490	DCF
Others	6,269	BV & DCF
Total	**48,024**	
(+) Cash & equivalents	2,534	
(-) Debts	7,673	
Net asset value	**42,885**	
(-) Non-controlling interest	2,756	
RNAV of the parent company	**40,129**	
Number of shares outstanding (billion units)(*)	0.909	
Target price (VND)	**44,100**	

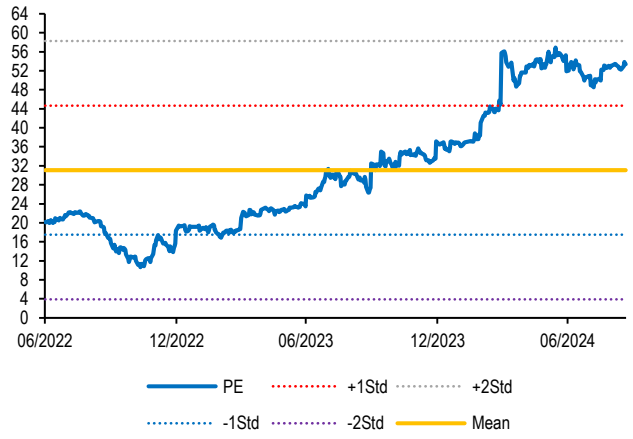
Source: Company data, Shinhan Securities Company

(*) The stock issuance plan for Q4/2024 is as follows:

- A proposed 2023 dividend distribution in the form of shares, with a rights execution ratio of 100:10.
- A plan to issue 10.8 million shares under the ESOP.

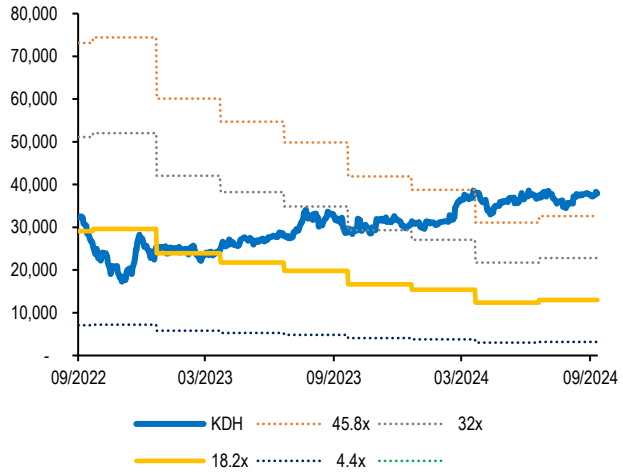
If both issuance plans are successfully executed, the total outstanding shares are projected to reach 1,010.7 million shares.

PER of KDH



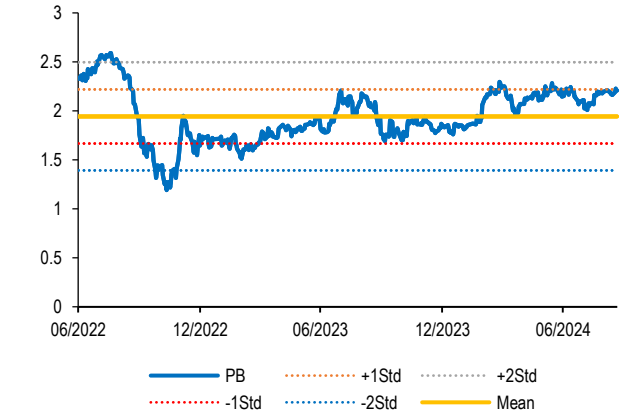
Source: Bloomberg, company data, Shinhan Securities Vietnam

KDH's PER band



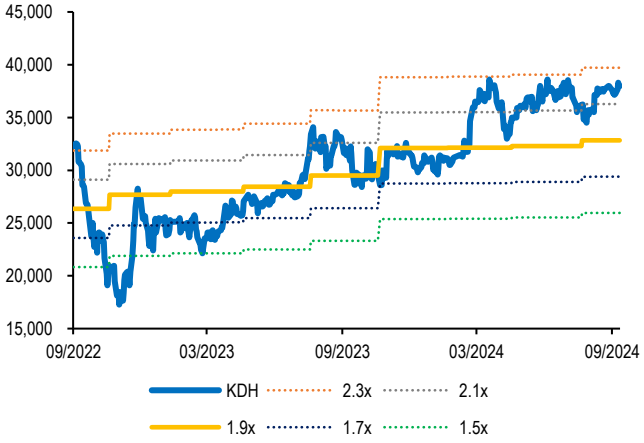
Source: Bloomberg, company data, Shinhan Securities Vietnam

PBR of KDH



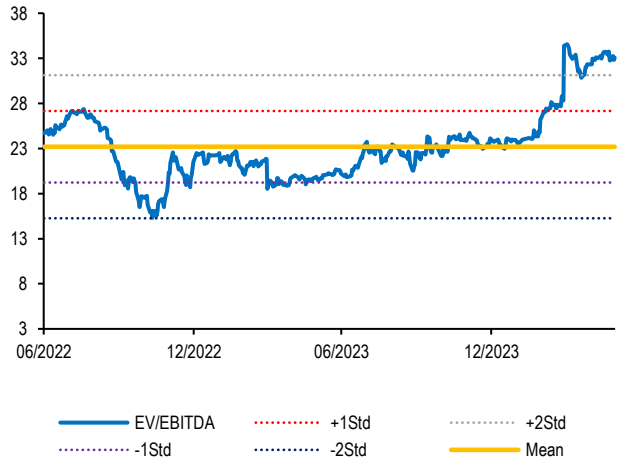
Source: Bloomberg, company data, Shinhan Securities Vietnam

KDH's PBR band



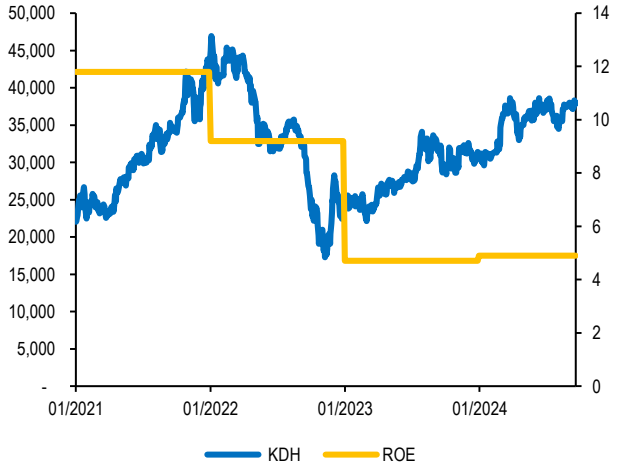
Source: Bloomberg, company data, Shinhan Securities Vietnam

EV/EBITDA of KDH



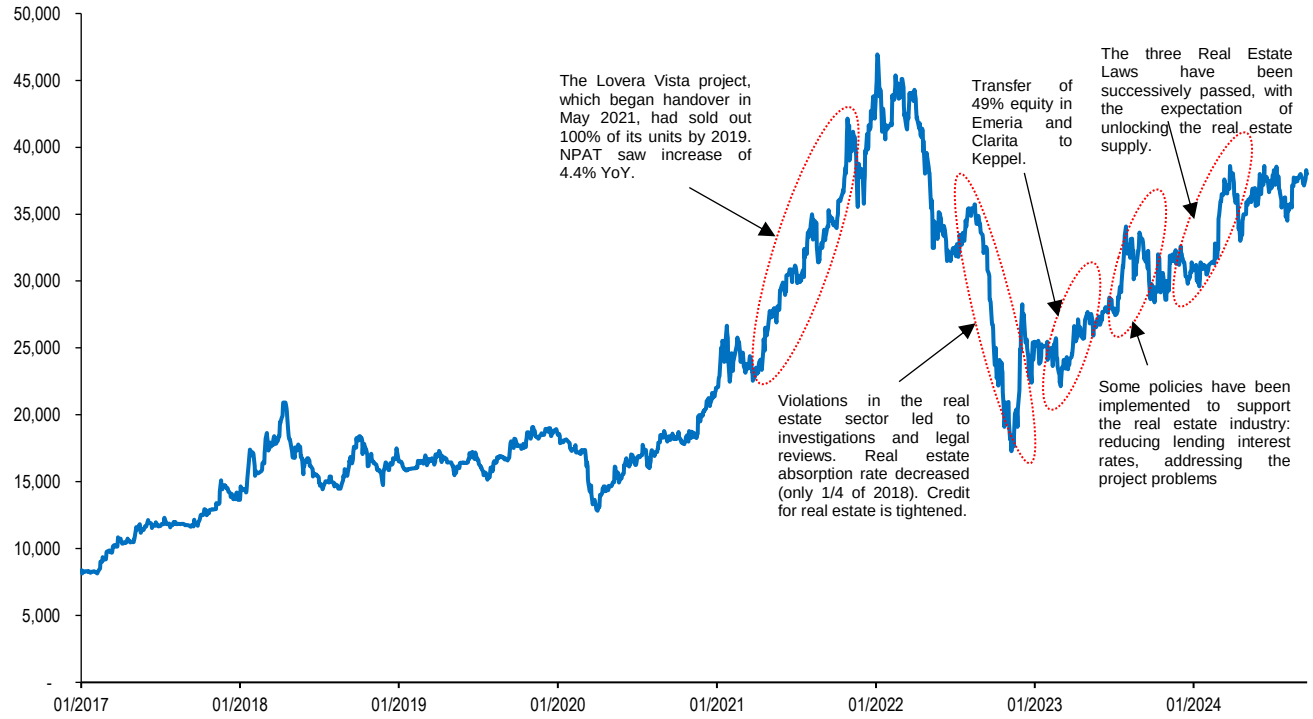
Source: Bloomberg, company data, Shinhan Securities Vietnam

PBR and forcasted ROE of KDH



Source: Bloomberg, company data, Shinhan Securities Vietnam

Key events chart of KDH



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

Increased compensation costs risk due to the new land price framework from 2026

Several of KDH's ongoing projects, such as Tan Tao and Le Minh Xuan Industrial Park, are still in the process of land clearance and compensation. However, the new Land Law 2024 mandates that from 2026, the land price framework will be replaced by a market-approaching land price. This new pricing mechanism, which is set to be applied for compensation and land clearance, is expected to raise the overall cost burden on businesses, despite expectations that it may streamline compensation processes.

Risk of delays due to administrative procedures and the implementation of the new law

Starting from August 1, 2024, three real estate-related laws will come into effect simultaneously. However, the detailed guidelines are still being finalized, which may lead to delays in project approvals as companies wait for these guidelines to be enacted. Furthermore, both local authorities and enterprises will require time to understand and apply the new regulations, potentially causing initial project slowdowns under the new legal framework.

Risk of lower-than-expected absorption rates

As the real estate market recovers, projects catering to actual housing demand, particularly in the mid-range and affordable apartment segments, are expected to benefit first. In contrast, recovery for luxury villa and townhouse projects may be slower due to (1) their high value and lower liquidity, and (2) lower actual housing demand compared to apartment projects.

Appendix: Financial Statements

Statement of financial position

Year to Dec. (bn VND)	2021	2022	2023	2024F	2025F
Total assets	**14,373**	**21,539**	**26,481**	**31,886**	**38,280**
Current assets	13,421	20,506	24,737	30,523	36,759
Cash & equivalents	1,365	2,753	3,730	5,627	5,779
Short-term financial asset	69	43	9	47	64
Accounts receivable	4,206	5,208	1,831	2,945	5,092
Inventories	7,733	12,453	18,787	21,638	25,279
Other short-term assets	48	49	380	266	545
Non-current assets	952	1,033	1,744	1,363	1,521
Net fixed assets	40	81	81	76	70
Investment assets	751	750	933	1,053	1,205
Other long-term assets	912	952	1,663	234	246
Total liabilities	**4,151**	**9,745**	**10,958**	**13,609**	**17,147**
Current liabilities	2,254	3,503	5,346	6,004	9,224
Accounts payable	155	109	92	155	247
Advances by customers	179	892	2,388	2,443	3,942
Short-term borrowings	815	1,195	1,444	1,296	1,674
Others	1,105	1,307	1,422	2,110	3,361
Non-current liabilities	1,898	6,242	5,612	7,605	7,923
Long-term borrowings	1,738	5,576	4,902	6,894	7,212
Other financial liabilities	160	666	710	711	711
Total shareholders' equity	**10,221**	**11,795**	**15,523**	**18,277**	**21,133**
Capital stock	6,429	7,168	7,993	10,111	11,338
Capital surplus	1,177	1,312	1,339	1,339	1,339
Other capital	273	535	2,424	2,482	3,403
Retained earnings	2,342	2,780	3,767	4,345	5,053
Non-controlling interest equity	36	237	2,072	2,072	2,935
*Total debt	2,553	6,771	6,346	8,190	8,886
*Net debt (cash)	1,119	3,975	2,607	2,516	3,043

Statement of cash flow

Year to Dec. (bn VND)	2021	2022	2023	2024F	2025F
Cash flow from operations	**(2,010)**	**(1,046)**	**(1,543)**	**(1,387)**	**(839)**
Net profit	1,540	1,411	1,069	1,054	2,462
D&A expense	10	(255)	(5)	17	19
(Gain) from investing activities	(21)	(18)	(50)	(43)	(39)
Change in working capital	(2,662)	(1,401)	(964)	(2,559)	(3,258)
Others	(877)	(783)	(1,593)	144	(23)
Cash flow from investments	**(107)**	**(796)**	**2,813**	**(120)**	**(136)**
Change in fixed assets	(58)	(61)	(216)	(125)	(158)
Change in investment assets	(69)	27	45	(38)	(17)
Others	20	(762)	2,984	43	39
Cash flow from financing	**1,646**	**3,232**	**(293)**	**3,404**	**1,127**
Change in equity	939	231	132	2,118	1,227
Net borrowing	707	3,001	(425)	1,844	696
Dividends	-	-	-	(558)	(796)
Change in total cash	**(471)**	**1,390**	**977**	**1,897**	**152**
Beginning cash	1,836	1,365	2,753	3,730	5,627
Change in FX rates	-	(2)	-	-	-
Ending cash	1,365	2,753	3,730	5,627	5,779

Source: Company data, Shinhan Securities Vietnam

Statement of comprehensive income

Year to Dec. (bn VND)	2021	2022	2023	2024F	2025F
Revenue	**3,738**	**2,912**	**2,088**	**3,779**	**6,066**
Growth (%)	-17.5	-22.1	-28.3	81.0	60.5
COGS	**(1,945)**	**(1,452)**	**(501)**	**(2,332)**	**(2,819)**
Gross profit	**1,793**	**1,460**	**1,587**	**1,447**	**3,247**
GPM (%)	48.0	50.1	76.0	38.3	53.5
SG&A	**(387)**	**(394)**	**(367)**	**(532)**	**(806)**
Operating profit	**1,406**	**1,066**	**1,220**	**915**	**2,441**
Growth (%)	-8.7	-24.2	14.4	-25.0	166.8
OPM (%)	37.6	36.6	58.4	24.2	40.2
Non-operating profit	**133**	**346**	**(151)**	**139**	**21**
Financial income	21	18	50	43	40
Financial expense	(73)	(91)	(148)	(87)	(85)
In which: interest expenses	(16)	(9)	0	(17)	(17)
Net other non-operating profit	185	419	(53)	183	66
Pre-tax profit	**1,539**	**1,412**	**1,069**	**1,054**	**2,462**
Income tax	(335)	(328)	(340)	(233)	(545)
Net profit	**1,204**	**1,084**	**729**	**821**	**1,917**
Growth (%)	4.4	(10.2)	(32.5)	12.5	133.5
NPM (%)	32.2	37.2	34.9	21.7	31.6
Controlling interest	1,202	1,103	716	821	1,054
Non-controlling interest	2	(19)	13	0	863
EBIT	**1,556**	**1,420**	**1,069**	**1,071**	**2,479**
Growth (%)	6.7	(8.7)	(24.7)	0.2	131.5
EBIT Margin (%)	41.6	48.8	51.2	28.3	40.9
EBITDA	**1,566**	**1,165**	**1,064**	**1,088**	**2,498**
Growth (%)	6.6	(25.6)	(8.7)	2.3	129.6
EBITDA margin (%)	41.9	40.0	51.0	28.8	41.2

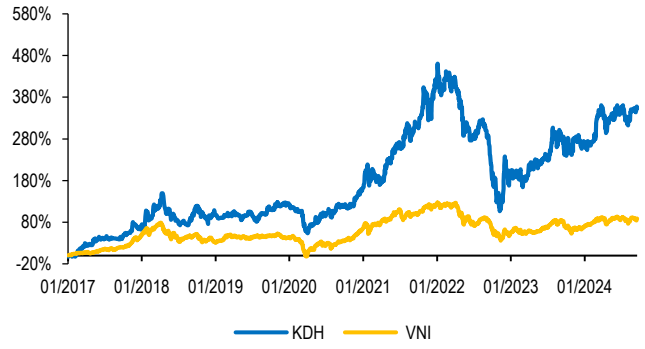
Key ratios

Year to Dec.	2021	2022	2023	2024F	2025F
EPS (VND)	1,790	1,440	840	839	1,096
BPS (VND)	15,840	16,120	16,835	17,827	20,020
PER (x)	14.75	20.24	42.44	52.6	40.2
PBR (x)	1.65	1.93	2.26	2.5	2.2
Dividend payout ratio (%)	45.7	58.3	100.1	68.0	75.5
Profitability					
EBITDA margin (%)	41.9	40.0	51.0	28.8	41.2
OPM (%)	37.6	36.6	58.4	24.2	40.2
NPM (%)	32.2	37.2	34.9	21.7	31.6
ROA (%)	8.4	5.0	2.8	2.6	5.0
ROE (%)	11.8	9.2	4.7	4.5	9.1
Stability					
Debt to equity ratio (%)	25.0	57.4	40.9	44.8	42.0
Net debt ratio (%)	71.5	341.2	245.0	231.3	121.8
Cash ratio (%)	63.6	79.8	69.9	94.5	63.3
Interest coverage ratio (x)	97.3	157.8	-	63.0	145.8
Activity (%)					
Payable turnover (days)	514	170	236	400	430
Inventory turnover (days)	1,414	2,537	11,380	3,164	3,037
Receivable turnover (days)	382	590	615	231	242

Source: Company data, Shinhan Securities Vietnam

Khang Dien House Trading and Investment JSC (KDH VN)

Stock price



Target price



Date	Rating	TP (VND)	TP gap (%)	
			TB	High/Low
01/10/2024 (Initiation)	HOLD	44,100	22.8	35.2/10.2

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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Shinhan Investment Network

SEOUL
Shinhan Securities Co., Ltd
Shinhan Investment Tower
70, Youido-dong, Yongdungpo-gu,
Seoul, Korea 150-712
Tel : (82-2) 3772-2700, 2702
Fax : (82-2) 6671-7573

NEW YORK
Shinhan Investment America Inc.
1325 Avenue of the Americas Suite 702,
New York, NY 10019
Tel : (1-212) 397-4000
Fax : (1-212) 397-0032

Hong Kong
Shinhan Investment Asia Ltd.
Unit 7705 A, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Tel : (852) 3713-5333
Fax : (852) 3713-5300

Indonesia
PT Shinhan Sekuritas Indonesia
30th Floor, IFC 2, Jl. Jend. Sudirman Kav.
22-23, Jakarta, Indonesia
Tel : (62-21) 5140-1133
Fax : (62-21) 5140-1599

Shanghai
Shinhan Investment Corp.
Shanghai Representative Office
Room 104, Huaneng Union Mansion No.958,
Luijiazui Ring Road, PuDong, Shanghai, China
Tel : (86-21) 6888-9135/6
Fax : (86-21) 6888-9139

Ho Chi Minh
Shinhan Securities Vietnam Co., Ltd.
18th Floor, The Mett Tower, 15 Tran Bach Dang, Thu Thiem Ward,
Thu Duc City, Ho Chi Minh City, Vietnam
Tel : (84-8) 6299-8000
Fax : (84-8) 6299-4232

Ha Noi
Shinhan Securities Vietnam Co., Ltd.
Hanoi Branch
2nd Floor, Leadvisors Building, No. 41A Ly Thai To,
Ly Thai To Ward, Hoan Kiem District, Hanoi, Vietnam.
Tel : (84-8) 6299-8000