[FLASHNOTE]

Vinhomes JSC.

01/26/2021

Shinhan Securities

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RATING	BUY
Current price (VND)	98,000

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COMPANY INFORMATION

Industry	Real Estate Investment & Services
Ticker	VHM
Stock Exchange	HOSE

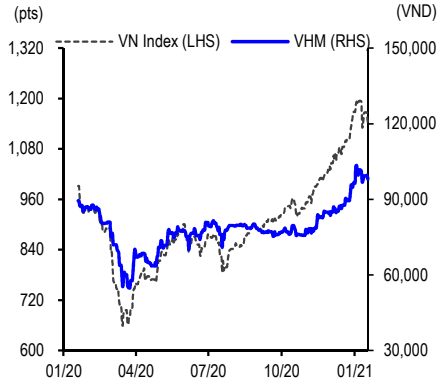
STOCK TRADING DATA

VN INDEX	1,136.1
Market Cap. (bn VND)	322,372.4
Outstanding Shares (1mn)	3,289.5
Free Floating Shares (1mn)	770.4
52-week High (VND)	104,900
52-week Low (VND)	52,000
Avg. Trading Volume (mn)	2.56
Avg. Reading T/O (bn VND)	236.6

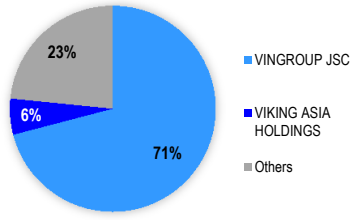
STOCK PERFORMANCE

(%)	3M	6M	12M
Absoulute	24.8	28.9	9.6
Percentage	5.3	(8.1)	(5.0)

STOCK PRICE PERFORMANCE



SHAREHOLDER STRUCTURE



INVESTMENT THESIS

1. Business Position

- **Core businesses:** 1) Property Development and Sales, 2) Property Management, 3) Property Leasing; with **3 main products:** (i) Housing, (ii) Office, and (iii) Industrial park
- #1 residential property developer (22% of market share), #1 professional and reputable brand in property management in Vietnam
- **Competitors:** Novaland, Khang Dien, Nam Long, Dat Xanh, Hung Thinh, Ha Do, Kepple Land, Ecopark, Phu My Hung,...

2. Investment Catalysts

- VHM could gain huge benefits from Vingroup's ecosystem, turning it to a community creator rather than a homebuilder. VHM's customers will receive distinct promotion such as vouchers for purchasing Vinfast cars, free VinSmart mobile phones, and tuition fee reduction at Vinschools, besides enjoying various related services of shopping, medical, and hospitality. Those will bring great competitive advantages for VHM against their opponents.
- The residential market is supported and expected to rebound in next 1-2 years thanks to: 1) Vietnam's economy recovery at ~7% YoY in post-Covid-19, 2) motivation from new infrastructure projects, 3) improved legal framework from the amendment of Construction Law, Law on Investment, and Decree 148/2020/ND-CP, 4) ongoing price uptrend due to current shortage supply and high demand, 5) low mortgage rates at least in 2021, and 6) positive expectation on new cycle of real estate market after the 13th election in Feb. 2021.
- VHM currently has 168mn m2 of land bank, 24x higher than the next largest competitor and sufficient for roughly 30 years of development. Moreover, as locating nearby upgraded infrastructure such as Van Don - Mong Cai and HCMC - Moc Bai highways, Long Thanh International Airports, Thu Duc city, and the metro lines in 2 biggest cities, it will help boost real estate values and connectivity for Vinhomes projects.
- In 2021, VHM will continue to sell and record huge revenue and profit from three mega projects of Vinhomes Grand Park (in Dist. 9, HCMC), Vinhomes Ocean Park, and Vinhomes Smart City (in Hanoi), which acquired significant absorption rate in 2020. They will also deploy to sell Vinhomes Wonder Park (Dan Phuong, Hanoi) while preparing to launch future mega projects such as Vinhomes Dream City (Hung Yen), Vinhomes Vu Yen (Hai Phong), Green Ha Long Project (Quang Ninh), and Long Beach Can Gio (HCMC).
- VHM will be able to enhance recurring revenue from industrial park development and office leasing (~10% in 2022). For the industrial complexes, VHM is investing into 2,900ha for sales and leasing in Hai Phong, Quang Ninh, Hai Duong and Thai Binh, starting to deliver revenue from 2021 thanks to FDI comapnies investing in automobile auxiliary to support Vinfast.

3. Risks

- Residential demand may be weaker in case of overwhelming increase in property prices.
- As focusing mostly on high-end and luxury segments, VHM may be vulnerable if the economy does not recover as expected.
- Legal procedures on land are still slow and complicated, hindering the operation of developers like VHM.

FINANCIAL INFORMATION

	2016	2017	2018	2019	3Q20 TTM
Sales (tr VND)	**11,217**	**15,297**	**38,664**	**51,627**	**63,363**
OP (tr VND)	2,272	3,128	7,617	23,219	22,921
Pre-tax (tr VND)	2,795	2,109	19,719	29,746	30,932
NP(1mn VND)	**1,649**	**1,410**	**14,284**	**21,747**	**22,761**
EPS(VND)	2,198	1,879	4,503	6,502	6,895
BPS(VND)	8,809	27,617	12,907	17,053	22,770
PER(x)	-	-	16.3	13.0	14.2
EV/EBITDA(x)	-	-	35.3	12.7	11.5
PBR(x)	-	-	5.7	5.0	4.3
ROE(%)	58.8	31.0	57.0	43.8	35.4

(*) Database information provided by Bloomberg

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