

Vinhomes JSC (VHM)

PROPERTY

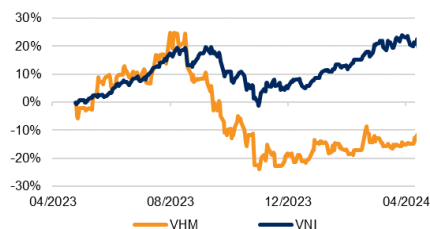
Current Price	VND40,600
52Wk High/ Low	VND66,200/36,750
Target Price	VND66,400
Last Updated	4/11/2024
Last Rating	ADD
TP vs Consensus	+8.6%
Upside	63.5%
Dividend Yield	0.0%
Total stock return	63.5%

Market Cap	US\$6,954mn
3m Avg daily value	US\$15.9mn
Avail Foreign Room	US\$2,093mn
Outstanding Shares	4,354.4mn
Fully diluted O/S	4,354.4mn

	VHM	VNI
P/E TTM	5.3x	13.8x
P/B Current	1.0x	1.7x
ROA	8.3%	3.1%
ROE	20.6%	15.5%

*as of 4/24/2024

Share Price Performance



Ownership

Vingroup JSC.	69.3%
Others	30.7%

Business Description

VHM is recognized as a leading developer in the domestic property industry, with a market share of 27% across all segments, 39%/43% in mid-end and high-end condominiums, and 35% in landed properties. The company currently has a total land bank of nearly 19,600ha, most of which is situated in prime locations in populous areas or has potential for tourism development.

Analyst(s):



Huyen Phan Thanh

huyen.phanthanh@vndirect.com.vn

FY24 business plan targets record-breaking results

- VHM targets FY24 revenue of VND120tn (US\$4.8bn, +15.9% yoy) and net profit after tax of VND35tn (US\$1.4bn, +4.4% yoy), with contracted sales within the period reaching VND90tn (US\$3.6bn) to VND110tn (US\$4.4bn).
- VHM believes that because its projects have met all legal requirements to begin sales and it has completed and synchronized infrastructure and utilities, it has a competitive advantage to attract homebuyers in FY24.

We attended VHM's 2024 AGM on April 24 and note the following highlights.

FY24 business plan targets record-breaking results

After reporting record-high earnings in FY23, Vinhomes targets to recognize VND120tn (US\$4.8bn) of revenue and VND35tn (US\$1.4bn) of net profit after tax in FY24, increases of 15.9%/4.4% yoy, respectively.

Management expects FY24 contracted sales value of between VND90tn (US\$3.6bn) and VND110tn (US\$4.4bn), attributed to:

- 1) Remaining units in current projects (especially Vinhomes Ocean Park 2&3 (Hung Yen);
- 2) Contribution from Hai Phong-based Vinhomes Royal Island (previously known as Vinhomes Vu Yen), which was already launched in late March and recorded a high absorption rate with ~2,000 units reserved after a month;
- 3) Other projects expected to launch within FY24 (the company is implementing infrastructure and facilities construction, completing legal requirements and timing the launch of two projects, Vinhomes Co Loa (Dong Anh, Hanoi) and Vinhomes Wonder Park (Dan Phuong, Hanoi), during 2024).

Two social housing projects broke ground in 1Q24 (Happy Home Nam Trang Cat (Hai Phong) and Happy Home Cam Ranh (Khanh Hoa)). Vinhomes is working on legal proceedings and will announce the launch of these projects accordingly.

Optimism on residential property market in 2024

Management believes that even though new supply is going to recover yoy in both Hanoi and HCMC, there will not be a high proportion of projects that receive all required regulatory approvals, and complete and synchronize infrastructure and utilities – which Vinhomes and only a limited number of developers are capable of doing. This provides a competitive advantage for Vinhomes projects to attract customers, as housing demand in the market remains high.

Capital raising and long-term project development plans

The 2023 AGM approved a plan to issue US\$500mn of international corporate bonds (CB), however the company has not executed the plan due to market conditions. VHM said it might consider the plan when the international CB market shows more positive signs.

Vinhomes did successfully issue VND4tn (US\$160mn) of corporate bonds (CB) in the domestic market in 1Q24 (interest rate of 12% p.a.). The broad absorption of these bonds shows that investors are getting used to the requirements in Decree 65. The company announced a CB issuance plan of up to VND10tn (US\$400mn) in 2024 (tenor of 24-36 months, non-convertible, non-warrants and unsecured) in March 2024.

During 2024-30, VHM said it will focus on implementing mega-scale projects, and developing high-standard living environments and experiences.

Financial summary (VNDbn)	FY23	%yoy	FY24 plan	%yoy	FY24 plan vs. VND's forecast
Revenue	103,557	66.0%	120,000	15.9%	100.0%
NPAT	33,533	15.0%	35,000	4.4%	99.4%

DISCLAIMER

This report has been written and distributed by Research Department, VNDIRECT Securities Corporation. The information contained in this report is prepared from data believed to be correct and reliable at the time of issuance of this report. Unless otherwise stated, this report is based upon sources that VNDIRECT considers to be reliable. These sources may include but are not limited to data from the stock exchange or market where the subject security is listed, or, where appropriate, any other market. Information on the company(ies) are based on published statements, information disclosure and announcements of the company(ies), and information resulting from our research. VNDIRECT has no responsibility for the accuracy, adequacy or completeness of such information.

All estimates, projections, forecasts and expression of opinions contained in this report reflect the personal views and opinions of the analyst(s) responsible for the production of this report. These opinions may not represent the views and position of VNDIRECT and may change without notice.

This report has been prepared for information purposes only. The information and opinions in this report should not be considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments. VNDIRECT takes no responsibility for any consequences arising from using the content of this report in any form.

This report and all of its content belongs to VNDIRECT. No part of this report may be copied or reproduced in any form or redistributed in whole or in part, for any purpose without the prior written consent of VNDIRECT.

RECOMMENDATION FRAMEWORK**Stock Ratings**

Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Barry Weisblatt – Head of Research

Email: barry.weisblatt@vndirect.com.vn

Huyen Phan Thanh – Analyst

Email: huyen.phanthanh@vndirect.com.vn

VNDIRECT Securities Corporation

1 Nguyen Thuong Hien Str – Hai Ba Trung Dist – Ha Noi

Tel: +84 2439724568

Email: research@vndirect.com.vn

Website: <https://vndirect.com.vn>