



KBC Update - NEUTRAL

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Company Update

Recommendation

NEUTRAL
HSX: KBC
Property
Market price (VND) 39,750

Target price (VND) 42,100

Expected share price return 5.9%

Expected dividend yield 0.0%

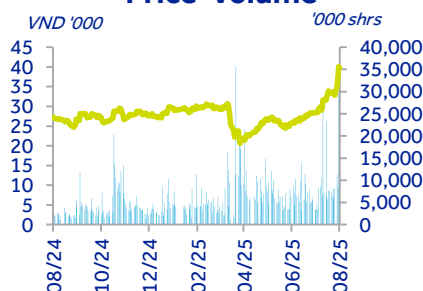
Expected total return 5.9%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	50.0	40.2	50.3	45.6
Relative	18.8	26.4	22.1	11.7

Source: Bloomberg

Price-Volume



Ownership

DTT Investment and Development JSC	9.19%
Kinh Bac Investment and Consulting JSC	7.24%
Dang Thanh Tam (Chairman)	5.53%

Stock Statistics 21-Aug-25

Bloomberg code KBC VN

52-week range (VND) 20,050 - 42,000

Shares O/S (m) 942

Mkt cap (VND bn) 38,424

Mkt cap (USD m) 1,447

Est. Foreign room left (%) 34.1

Est. free float (%) 70.0

3m avg daily vol (shrs) 7,805,482

VND/USD 26,562

Index: VNIIndex / HNX 1645.47/272.48

KINH BAC CITY DEVELOPMENT HOLDING CORPORATION JSC (KBC VN)

Positive 1H2025 result mainly thanks to large industrial land delivered at Hung Yen industrial clusters. As the overall risk from the US tariff has reduced, we revise our 2025 forecast as we increased delivered area at Hung Yen IC and decreased SG&A expense-to-revenue ratio. Our YE2025 target price is adjusted up by 29% to VND42,100/share as we add five new IPs in our valuation model. Change our rating from Outperform to Neutral as stock price has increased by 38% since our update report in 2/2025.

KBC reported a positive 1H2025 result with revenue of VND3,696 bn (+254% YoY) and NPAT of VND1,248 bn (+537% YoY) mainly thanks to:

- (1) A five-time YoY growth in the industrial park (IP) segment's revenue, to VND2,803 bn which is driven by higher delivered industrial land area of 85.7 ha mostly at Hung Yen industrial clusters (ICs) compared with 15.3 ha delivered in 1H2024.
- (2) Effective tax rate declined from 44.0% to 24.6%

In 1H2025, KBC was approved to develop 5 new IPs (Kim Thanh 2, Que Vo 2 expansion, Song Hau 2, Binh Giang and Phu Binh) with a total area of 1,578 ha. This increases KBC's total IP area to over 6,400 ha and remaining NLA to 2,882 ha, among the highest in the IP industry. The company started constructing Trang Due 3 IP (653 ha in Hai Phong) in 5/2025 and signed MOUs to lease around 30 ha with 4 tenants.

After nearly 4 months of negotiation, the US agreed to reduce Vietnam tariff from 46% to a much more favourable rate of 20% which is in line with most ASEAN countries and lower than China, India, Laos and Myanmar. The main concern is now a 40% tariff on transhipped goods which is aimed to prevent Chinese goods from using Vietnam as a 'transit hub' to export to the US while the US government has not clearly defined 'transshipment'. However, we think the overall risk has reduced and Vietnam's fundamental strengths (political stability, labour cost, electricity cost, number of signed FTA) are expected to continue to enhance its long-term FDI attractiveness. Thus, we revise 2025 leased area up by 90% to 141 ha, equivalent to 73% of the company's target.

Leverage ratios increased to finance for many new projects. During 1H2025, total debts increased by nearly VND16 trn, to over VND26 trn. However, thanks to cash collected from new leases and VND4,162 bn from the private placement of 174.15 mn shares at an offering price of VND24,900/shares, net debt increased by VND4,367 bn, to VND6,055 bn. Net debt/Equity ratio rose from 8.2% to 23.6%, higher than the industry median of -19.5%. Net debt/EBITDA jumped from 2.1x to 2.9x, higher than the industry median of -1.4x.

	2022	2023	2024	2025F	2026F
Net Sales (VNDbn)	950	5,618	2,776	7,524	10,025
Growth	-77.6%	491.2%	-50.6%	171.1%	33.2%
EBITDA (VNDbn)	(168)	3,015	890	3,128	3,693
Growth	n/a	n/a	-70.5%	251.2%	18.1%
NPATMI (VNDbn)	1,526	2,031	382	2,289	2,581
Growth	95.2%	33.0%	-81.2%	499.6%	12.8%
EPS (bonus-adjusted, VND)	1,993	2,646	498	2,715	2,741
Growth	67.5%	32.8%	-81.2%	445.2%	0.9%
ROE	10.2%	11.9%	2.1%	10.6%	9.9%
ROIC	5.1%	6.1%	0.6%	4.2%	4.4%
Net debt/EBITDA (times)	-20.9	0.3	1.9	1.7	2.1
EV/EBITDA (times)	-232.2	13.0	43.9	13.9	11.8
PER (times)	19.9	15.0	79.8	14.6	14.5
PBR (times)	1.9	1.7	1.6	1.5	1.4
DPS (VND)	0	0	0	0	0
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%

We revise our 2025 forecast with revenue of VND7,524 bn (+171% YoY) and NPAT of VND2,536 bn (+500% YoY), up by 55% and 122% compared to the previous forecast as we increased delivered area at Hung Yen IC by 80 ha and decreased SG&A expense-to-revenue ratio from 14.5% to 9.8%. Our YE2025 target price is adjusted up by 29% to VND42,100/share as we add five new IPs in our valuation model. Change our rating from Outperform to Neutral as stock price has increased by 38% since our update report in 2/2025.

Table 1: 2Q2025 and 1H2025 business results

Unit: VND billion	2Q2024	2Q2025	YoY Change	1H2024	1H2025	YoY Change	2025 Plan	% completion
Revenue	892	579	-35%	1,044	3,696	254%	10,000	37%
Of which: IP	532	346	-35%	532	2,830	432%		
Residential property	211	0	-100%	225	412	83%		
Warehouse, factory leasing	47	55	17%	91	111	21%		
Water, Power supply	102	113	11%	195	211	8%		
Gross profit	465	589	27%	539	1,797	234%		
Financial income	109	164	50%	177	299	69%		
Financial expenses	54	112	108%	108	225	108%		
SG&A expenses	166	115	-30%	280	291	4%		
NPAT	273	399	46%	196	1,248	537%	3,200	39%

Sources: KBC, ACBS.

Table 2: US reciprocal tariffs

Nation	Tariff announced on 2/4/2025	Tariff announced on 31/7/2025
Vietnam	46%	20%
Indonesia	32%	19%
Malaysia	24%	19%
Philippines	17%	19%
Thailand	36%	19%
Cambodia	49%	19%
Laos	48%	40%
Myanmar	44%	40%
India	26%	25%
Pakistan	30%	19%
Bangladesh	37%	20%

Source: USTR

Table 3: KBC's Industrial Parks

No.	Project	Location	KBC's stake	Total area (ha)	NLA (ha)	Occupancy rate	Avg. leasing rate (USD/sqm/remaining term)	Progress
Fully occupied IPs								
1	Que Vo 1 IP	Bac Ninh	100.0%	311	192	100.0%		
2	Que Vo 2 IP	Bac Ninh	100.0%	300	173	100.0%		
3	Quang Chau IP	Bac Ninh	89.0%	426	307	100.0%		
4	Trang Due 1 IP	Hai Phong	89.3%	188	129	100.0%		
5	Trang Due 2 IP	Hai Phong	89.3%	214	133	100.0%		
Operating IPs								
6	Nam Son Hap Linh IP	Bac Ninh	100.0%	300	204	59.5%	153	Remaining 60 ha has not been compensated Remaining NLA of 83 ha.
7	Quang Chau exp. IP	Bac Ninh	96.5%	90	67	96.0%	127	Remaining NLA of 1.9 ha
8	Tan Phu Trung IP	HCMC	72.8%	543	346	74.3%	223	Remaining 33 ha has not been compensated. Remaining NLA of 79 ha.
9	Hung Yen IC	Hung Yen	96.3%	225	160	52.0%	125	Remaining NLA of 77 ha
10	Trang Due 3 IP	Hai Phong	89.3%	653	456	n/a	n/a	Approved in 1/2025. Started construction in 5/2025
Upcoming IPs								
11	Trang Due IC	Hai Phong	89.3%	59	n/a	n/a	n/a	Had 1/500 Plan in 2/2024
12	Trang Cat IP	Hai Phong	100.0%	206	126	n/a	n/a	
13	Phuoc Vinh Dong 1 IC	Tay Ninh	100.0%	50	35	n/a	n/a	
14	Phuoc Vinh Dong 2 IC	Tay Ninh	89.0%	49	31	n/a	n/a	Under land clearance
15	Phuoc Vinh Dong 4 IC	Tay Ninh	72.8%	50	36	n/a	n/a	
16	Tan Tap IC	Tay Ninh	89.3%	71	42	n/a	n/a	
17	Tan Tap IP	Tay Ninh	66.0%	654	461	n/a	n/a	Under land clearance
18	Loc Giang IP	Tay Ninh	72.8%	687	456	n/a	n/a	Under land clearance
19	Kim Thanh 2 – Phase 1	Hai Phong	96.3%	235	158	n/a	n/a	Approved in 1/2025
20	Que Vo 2 expansion	Bac Ninh	100.0%	140	95*	n/a	n/a	Approved in 4/2025
21	Song Hau 2	Can Tho	100.0%	380	258*	n/a	n/a	Approved in 6/2025
22	Binh Giang	Hai Duong	100.0%	148	101*	n/a	n/a	Approved in 6/2025
23	Phu Binh	Thai Nguyen	100.0%	675	549*	n/a	n/a	Approved in 6/2025

Sources: KBC, ACBS.
*Note: * ACBS estimation*

Table 4: KBC's residential projects

No.	Project	Location	KBC's stake	Total area (ha)	Progress
1	Diplomatic Area	Hanoi	100%	2.0	Looking for partners to co-develop
2	Phuc Ninh urban area	Bac Ninh	100%	136.5	Compensated 88.2 ha. Completed 119/150 townhouses/villas. Had 121 land use right certificates. Received bookings for 12ha with a total sales value of VND1.6 trn and recognized revenue of VND346 bn for 2.51 ha. Completing legal procedures to continue to recognize revenue.
3	Tan Phu Trung residential area	HCMC	73%	47.7	Fully compensated. Completing legal procedures.
4	Trang Cat urban area	Hai Phong	100%	584.9	Compensated 582ha, ground filled 80ha, paid land use fee, received adjusted 1/500 Plan in 10/2023 and adjusted investment in principle in 1/2025. Expect to start construction from 2026.
5	Trang Due urban area	Hai Phong	89%	42.1	15 villas have not been recorded revenue and commercial & service land has not been put into operation. Social housing project: Phase 1 of 3 blocks and 768 apartments was delivered from 2024. Phase 2 of 4 blocks was constructed from 3Q2024.
6	Social houses in Nenh town	Bac Giang	76%	12.6	Phase 1: Deliver and record revenue for 10 blocks Phase 2: Construct 5 blocks in 1/2025 and expect to deliver from 2026.
7	Loc Giang resettlement area	Long An	73%	31	Completing 1/500 Plan, compensation and infrastructure construction
8	Tan Lap resettlement area	Long An	89%	11.9	Completing legal procedures
9	Phuoc Vinh Dong 2 IC resettlement area	Long An	89%	10.5	Completing legal procedures
10	Phuoc Vinh Dong 4 IC resettlement area	Long An	73%	10.5	Completing legal procedures
11	Hung Yen Provincial Convention Center	Hung Yen	96%	45	
12	Trump International Hung Yen	Hung Yen	96%	990	Start construction from 5/2025
13	Hai Phong Central Point	Hai Phong	n/a	4.7	8 blocks and 1,500 condos Start construction from 7/2025

Sources: KBC, ACBS.

KBC FINANCIALS MODEL	Price (VND):	39,750	Target (VND):	42,100	Mkt cap (VND bn):	38,424
(VND bn except where stated)		2022	2023	2024	2025F	2026F
Total Net Sales		950	5,618	2,776	7,524	10,025
<i>Sales growth</i>		-77.6%	491.2%	-50.6%	171.1%	33.2%
CoGS ex-dep'n		608	1,791	1,327	3,661	5,353
SG&A		510	813	558	736	980
<i>SG&A as % of sales</i>		53.7%	14.5%	20.1%	9.8%	9.8%
EBITDA		-168	3,015	890	3,128	3,693
<i>EBITDA margin</i>		-17.7%	53.7%	32.1%	41.6%	36.8%
Depreciation		76	133	165	182	200
Operating profit		-245	2,882	725	2,946	3,493
<i>Operating profit margin</i>		-25.7%	51.3%	26.1%	39.2%	34.8%
Profit/loss from associates and JVs		2,187	(8)	16	16	16
Financial income (excl. saving interest)		0	112	7	0	0
Financial expenses (excl. interest expense)		73	47	-10	15	17
Net interest expense		469	353	112	268	-71
<i>as % of avg, net debt</i>		15.7%	15.8%	8.5%	n/a	1.4%
Other profit/loss		10	17	-211	0	0
Tax		120	646	299	634	820
<i>Effective tax rate</i>		7.1%	22.4%	41.5%	20.0%	20.0%
PAT		1,577	2,245	423	2,536	3,281
Minorities		50	214	41	246	319
Net profit		1,526	2,031	382	2,289	2,962
<i>Net profit margin</i>		160.6%	36.1%	13.8%	30.4%	29.5%
Cash earnings		1,603	2,163	547	2,471	3,162
Number of shares (m)		768	768	768	942	942
EPS (VND)		1,993	2,646	498	2,715	3,145
Bonus factor (x)		1.0	1.0	1.0	1.0	1.0
Adjusted EPS (VND)		1,993	2,646	498	2,715	3,145
<i>EPS growth</i>		67.5%	32.8%	-81.2%	445.2%	15.8%

KEY CASHFLOW AND BS ITEMS	2022	2023	2024	2025F	2026F
Increase in working capital	629	-853	4,797	9,859	4,498
Capex	274	1,251	475	475	475
Other cash flow items	-2,072	795	3,990	-	-
Free cash flow	-1,372	2,560	-736	-7,863	-2,192
Share issues	335	130	1	4,162	-
Dividends paid	0	130	0	-	-
Increase in net debt	1,037	-2,560	735	3,700	2,192
Net debt, end of year	3,514	954	1,689	5,389	7,581
Shareholders' equity	17,846	20,221	20,645	27,096	29,677
Minority interest	1,777	2,045	2,087	2,296	2,525
BVPS (VND)	20,933	23,679	24,176	26,334	28,831
<i>Net debt / equity</i>	<i>19.7%</i>	<i>4.7%</i>	<i>8.2%</i>	<i>19.9%</i>	<i>25.5%</i>
<i>Net debt / EBITDA (x)</i>	<i>-20.9</i>	<i>0.3</i>	<i>1.9</i>	<i>1.7</i>	<i>2.1</i>
Total assets	34,907	33,434	44,730	54,882	59,654

KEY RETURN AND VALUATION RATIOS	2022	2023	2024	2025F	2026F
<i>ROE</i>	<i>10.2%</i>	<i>11.9%</i>	<i>2.1%</i>	<i>10.6%</i>	<i>9.9%</i>
<i>ROA</i>	<i>5.0%</i>	<i>6.3%</i>	<i>1.0%</i>	<i>4.8%</i>	<i>4.7%</i>
<i>ROIC</i>	<i>5.1%</i>	<i>6.1%</i>	<i>0.6%</i>	<i>4.2%</i>	<i>4.4%</i>
<i>WACC</i>	<i>13.2%</i>	<i>13.8%</i>	<i>13.5%</i>	<i>12.8%</i>	<i>11.2%</i>
<i>EVA</i>	<i>-8.1%</i>	<i>-7.7%</i>	<i>-12.8%</i>	<i>-8.6%</i>	<i>-6.8%</i>
<i>PER (x)</i>	<i>19.9</i>	<i>15.0</i>	<i>79.8</i>	<i>14.6</i>	<i>14.5</i>
<i>EV/EBITDA (x)</i>	<i>-258.1</i>	<i>14.4</i>	<i>48.8</i>	<i>13.9</i>	<i>11.8</i>
<i>EV/FCF (x)</i>	<i>-31.7</i>	<i>17.0</i>	<i>-59.1</i>	<i>-5.5</i>	<i>-19.8</i>
<i>PBR (x)</i>	<i>1.9</i>	<i>1.7</i>	<i>1.6</i>	<i>1.5</i>	<i>1.4</i>
<i>PSR (x)</i>	<i>39.4</i>	<i>6.7</i>	<i>13.5</i>	<i>5.0</i>	<i>3.7</i>
<i>EV/sales (x)</i>	<i>45.8</i>	<i>7.7</i>	<i>15.7</i>	<i>5.8</i>	<i>4.3</i>
<i>Dividend yield</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>

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Our Recommendation System

BUY: Expected prospective total return (including dividends) in VND will be 20% or more within 12 months

OUTPERFORM: Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months

NEUTRAL: Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months

UNDERPERFORM: Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months

SELL: Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

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