



KDH Update - OUTPERFORM

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Company Update

Recommendation **OUTPERFORM**

HOSE: KDH

Property

Current price (VND) **27,900**

Target price (VND) **31,000**

Expected share price return **11.2%**

Expected dividend yield **0%**

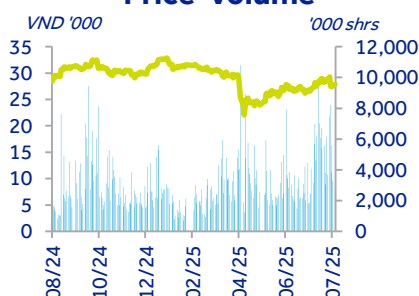
Expected total return **11.2%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-14.4	3.3	16.5	-3.5
Relative	-39.1	-6.9	-9.1	-29.4

Source: Bloomberg

Price-Volume



Ownership

Tien Loc Investment JSC	11.33%
Gamma	7.62%
A Au	7.58%

Stock Statistics

5-Aug-25

Bloomberg code	KDH VN
52-week range (VND)	22,045 - 32,975
Shares O/S (m)	1,122
Mkt cap (VND bn)	31,534
Mkt cap (USD m)	1,196
Foreign room left (%)	16.4
Est. free float (%)	64.4
3m avg daily vol (shrs)	3,736,015
VND/USD	26,370
Index: VNIIndex / HNX	1,547.15/266.12

KHANG DIEN HOUSE TRADING AND INVESTMENT JSC (KDH VN)

A decline in 2Q2025 and 1H2025 NPAT was mainly due to lower gross margins of Privia project and small land lots delivered. Adjust our 2025 NPAT forecast down by 3% mainly due to an 171% increase in estimated payment discounts. Adjust YE2025 target price down by 11% to VND31,000/share given issuances of 10% stock dividend and 9.96 mn ESOP shares and a decline in valuation of Le Minh Xuan expansion industrial park. Change our rating from Buy to Outperform as stock price has increased by 13% since our update report in 4/2025.

KDH recorded a mixed 2Q2025 result with net revenue of VND1,047 bn (+62% YoY) and NPAT of VND196 bn (-30% YoY). Revenue mainly came from deliveries of remaining units at Privia project and some undisclosed small land lots. A decline in gross margin from 80.3% to 39.2% was due to lower margins of Privia project and small land lots compared to those of Classia and land lots delivered in 2Q2024.

For 1H2025, the company recorded net revenue of VND1,757 bn (+80% YoY) and NPAT of VND315 bn (-9% YoY), completing 32% of its profit target and 30% of our forecast. Revenue mainly came from deliveries of over 400 units at Privia project and some undisclosed small land lots. Reasons for the decline of NPAT in 1H2025 were:

- (1) A decline in gross margin from 70.2% to 41.3% given lower margins of Privia project and small land lots compared with those of Classia and land lots delivered in 1H2024,
- (2) SG&A expenses rose by 72% YoY, to VND229 bn, and
- (3) Financial expenses (i.e. payment discounts) climbed by 212% YoY, to VND102 bn

Gladia project (combined Emeria and Clarita projects with a total area of 11.8 ha in HCMC, 226 low-rise units and 616 high-rise units) is a **key contributor to KDH's 4Q2025 business result**. The project's low-rise component was completely constructed and will be launched for sale in Sep, 2025 with estimated ASP of around VND250 mn/sqm which is in line with our forecast. Part of the low-rise component will be delivered and recorded revenue in 4Q2025. The high-rise component is expected to be developed from 2026.

In July, 2025, KDH received a decision of Le Minh Xuan expansion industrial park's land use fee of VND2,689 bn which is 2.6 times higher than our estimation. Thus, we adjust estimated total investment capital of this project up by 127%, to VND2,964 bn and DCF valuation down by 45% to VND904 bn.

	2022	2023	2024	2025F	2026F
Net Sales (VNDbn)	2,912	2,088	3,279	3,774	6,032
Growth	-22.1%	-28.3%	57.0%	15.1%	59.8%
EBITDA (VNDbn)	810	1,215	1,321	1,532	2,763
Growth	-42.9%	50.0%	8.7%	15.9%	80.4%
NPAT (VNDbn)	1,082	730	804	1,012	1,850
Growth	-10.2%	-32.6%	10.2%	25.9%	82.8%
EPS (bonus-adjusted, VND)	1,106	710	746	681	1,040
Growth	-13.2%	-35.8%	5.0%	-8.8%	52.9%
ROE	10.1%	5.7%	5.3%	4.5%	6.5%
ROIC	6.0%	2.9%	2.7%	3.1%	5.3%
Net debt/EBITDA (x)	4.9	2.1	2.8	2.0	2.0
EV/EBITDA (x)	39.7	25.4	24.2	20.4	12.2
PER (x)	25.2	39.3	37.4	41.0	26.8
PBR (x)	1.7	1.7	1.6	1.7	1.6
DPS (VND)	-	-	-	-	-
Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%

Leverage ratios increased but still around the industry medians. During 1H2025, total debts increased by over VND2 trn, to VND9,142 bn, of which bank loans accounted for 91% and bonds accounted for 9%. Net debt/Equity ratio increased from 19.2% to 32%, slightly higher than the industry median of 26%. Net debt/EBITDA rose from 2.8x to 5.0x, equal the industry median.

Overall, KDH's 2H2025 business result highly depends on the sales performance and delivery of Gladia project which is expected to achieve high absorption rate given limited supply in the old HCMC, stable interest rate and surrounding infrastructure projects (e.g. upgrade of My Thuy and An Phu intersections, Ring Road 3). **We adjust 2025 NPAT forecast down by 3%, to VND1,012 bn due to an 171% increase in estimated payment discounts. We also adjust YE2025 target price down by 11% to VND31,000/share given issuances of 10% stock dividend and 9.96 mn ESOP shares and a decline in valuation of Le Minh Xuan expansion IP. Change our recommendation from Buy to Outperform as stock price has increased by 13% since our update report in 4/2025.**

Table 1: 2Q2025 and 1H2025 business results

Unit: VNDbn	2Q2024	2Q2025	YoY growth	1H2024	1H2025	YoY growth	2025 Target	% Completion
Net revenue	645	1,047	62%	978	1,757	80%	3,800	46%
Gross profit	500	405	-19%	674	712	6%		
Financial income	10	4	-60%	23	24	6%		
Financial expenses	11	54	371%	33	102	212%		
SG&A expenses	77	112	46%	134	229	72%		
NPAT	280	196	-30%	344	315	-9%	1,000	32%

Sources: KDH, ACBS

Table 2: Projects update

Project	KDH's stake	Location	Total area (ha)	Total units	Estimated investment capital (VND bn)	Progress
Privia	100%	An Lac Ward, HCMC	1.8	1,043 high-rise units	1,911	Launched in November 2023 and sold out within 3 months. Complete delivery in 2Q2025.
Gladia (combined Emeria and Clarita)	51%	Binh Trung Ward, HCMC	11.8	616 high-rise and 226 low-rise units	9,086	Transfer 49% ownership to Keppel in 2023. Low-rise: completed construction, expected to launch in 9/2025, start delivering in 4Q2025. High-rise: expected to start construction in 2026.
Tan Tao urban area	100%	Tan Tao Ward, HCMC	330.0	n/a	n/a	Completed land compensation of around 90%. Expect to start construction from 2026.
Solina (11A)	100%	Binh Hung Ward, HCMC	16.4	n/a	5,346	Phase 1 of 13ha: Had land allocation decision, had 1/500 Plan, completed land use fee payment, started construction in 2025.
Phong Phu 2	100%	Binh Hung Ward, HCMC	132.9	n/a	17,970	Completed land compensation. In the progress to complete legal document
Le Minh Xuan expansion IP	100%	Binh Loi and Tan Nhut Wards, HCMC	109.9	n/a	2,964	Phase 1 of 89ha is being built infrastructure in 2025 and expected to start leasing from 2027
Binh Trung Dong expansion	100%	Binh Trung Ward, HCMC	18.4	n/a	n/a	Completed land compensation. In the progress to complete legal document.

Sources: KDH, ACBS

KDH FINANCIALS MODEL	Market price (VND):	27,900	Target (VND):	31,000	Mkt cap (VNDbn):	31,534
(VNDbn except where stated)	2022	2023	2024	2025F	2026F	
Net Sales	2,912	2,088	3,279	3,774	6,032	
<i>Sales growth</i>	<i>-22.1%</i>	<i>-28.3%</i>	<i>57.0%</i>	<i>15.1%</i>	<i>59.8%</i>	
CoGS ex-dep'n	1,707	506	1,525	1,745	2,475	
<i>Gross margin</i>	<i>50.1%</i>	<i>76.0%</i>	<i>53.1%</i>	<i>53.4%</i>	<i>58.7%</i>	
SG&A	394	367	432	497	795	
<i>SG&A as % of sales</i>	<i>13.5%</i>	<i>17.6%</i>	<i>13.2%</i>	<i>13.2%</i>	<i>13.2%</i>	
EBITDA	810	1,215	1,321	1,532	2,763	
<i>EBITDA margin</i>	<i>27.8%</i>	<i>58.2%</i>	<i>40.3%</i>	<i>40.6%</i>	<i>45.8%</i>	
Depreciation	-255	-5	14	14	15	
Operating profit	1,065	1,220	1,308	1,517	2,748	
<i>Operating profit margin</i>	<i>36.6%</i>	<i>58.4%</i>	<i>39.9%</i>	<i>40.2%</i>	<i>45.6%</i>	
Profit/loss from associates and JVs	0	0	0	0	0	
Financial income (excl. saving interest)	1	2	-	-	-	
Financial expenses (excl. interest expense)	82	148	216	303	517	
Net interest expense	-7	-48	-38	-51	-81	
<i>as % of avg, net debt</i>	<i>22.9%</i>	<i>22.4%</i>	<i>23.1%</i>	<i>24.8%</i>	<i>22.6%</i>	
Other profit/loss	419	-53	-79	0	0	
<i>Tax</i>	<i>328</i>	<i>340</i>	<i>247</i>	<i>253</i>	<i>462</i>	
<i>Effective tax rate (%)</i>	<i>23.3%</i>	<i>31.8%</i>	<i>23.5%</i>	<i>20.0%</i>	<i>20.0%</i>	
Minority interest	(21)	14	(7)	215	632	
PATMI	1,103	716	810	797	1,218	
<i>Net profit margin (%)</i>	<i>37.9%</i>	<i>34.3%</i>	<i>24.7%</i>	<i>21.1%</i>	<i>20.2%</i>	
Cash earnings	827	725	817	1,026	1,865	
Number of shares (m)	717	799	1,011	1,112	1,112	
EPS (VND)	1,472	860	820	681	1,040	
Bonus factor (x)	0.8	0.8	0.9	1.0	1.0	
Adjusted EPS (VND)	1,106	710	746	681	1,040	
<i>EPS growth (%)</i>	<i>-13.2%</i>	<i>-35.8%</i>	<i>5.0%</i>	<i>-8.8%</i>	<i>52.9%</i>	

KEY CASHFLOW AND BS ITEMS	2022	2023	2024	2025F	2026F
Increase in working capital	4,854	1,363	5,398	118	3,675
Capex	61	216	100	113	113
Other cash flow items	1,000	2,086	379	-	-
Free cash flow	-3,088	1,233	-4,302	579	-2,555
Share issues (m)	231	135	3,184	139	0
Dividends paid	0	0	0	0	0
Increase in net debt	2,858	-1,368	1,118	-719	2,555
Net debt, end of year	3,975	2,608	3,726	3,007	5,562
Shareholders' equity	11,795	15,523	19,453	20,390	21,608
Minority interest	237	2,072	2,059	2,158	2,287
BVPS (VND)	16,123	16,828	17,203	16,392	17,371
<i>Net debt / equity (%)</i>	<i>33.7%</i>	<i>16.8%</i>	<i>19.2%</i>	<i>14.7%</i>	<i>25.7%</i>
<i>Net debt / EBITDA (x)</i>	<i>4.9</i>	<i>2.1</i>	<i>2.8</i>	<i>2.0</i>	<i>2.0</i>
Total assets	21,539	26,481	30,758	31,190	35,595

KEY RETURN AND VALUATION RATIOS	2022	2023	2024	2025F	2026F
<i>ROE</i>	<i>10.1%</i>	<i>5.7%</i>	<i>5.3%</i>	<i>4.5%</i>	<i>6.5%</i>
<i>ROA</i>	<i>6.1%</i>	<i>3.0%</i>	<i>2.8%</i>	<i>2.6%</i>	<i>3.6%</i>
<i>ROIC</i>	<i>6.0%</i>	<i>2.9%</i>	<i>2.7%</i>	<i>3.1%</i>	<i>5.3%</i>
<i>WACC</i>	<i>12.4%</i>	<i>12.5%</i>	<i>12.5%</i>	<i>12.3%</i>	<i>12.2%</i>
<i>EVA</i>	<i>-6.4%</i>	<i>-9.6%</i>	<i>-9.8%</i>	<i>-9.2%</i>	<i>-6.9%</i>
<i>PER (x)</i>	<i>25.2</i>	<i>39.3</i>	<i>37.4</i>	<i>41.0</i>	<i>26.8</i>
<i>EV/EBITDA (x)</i>	<i>43.2</i>	<i>27.7</i>	<i>26.3</i>	<i>22.2</i>	<i>13.2</i>
<i>EV/FCF (x)</i>	<i>-11.3</i>	<i>27.3</i>	<i>-8.1</i>	<i>58.8</i>	<i>-14.3</i>
<i>PBR (x)</i>	<i>1.7</i>	<i>1.7</i>	<i>1.6</i>	<i>1.7</i>	<i>1.6</i>
<i>PSR (x)</i>	<i>10.7</i>	<i>14.9</i>	<i>9.5</i>	<i>8.2</i>	<i>5.1</i>
<i>EV/sales (x)</i>	<i>12.0</i>	<i>16.1</i>	<i>10.6</i>	<i>9.0</i>	<i>6.1</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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DISCLAIMER

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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