KHANG DIEN INVESTMENT AND HOUSE DEVELOPMENT JSC (KDH VN)

The orientation focusing on the development of affordable commercial housing and the strictly controlled credit limits allocated to the real estate sector are unfavorable factors for KDH's mid-to-high-end segment projects. Although KDH is a company with good project legal status and still maintains access to capital sources, its growth momentum has also been significantly reduced. Therefore, we revise down 2026/2027 presales by 27%/19%, respectively. Consequently, 2027 NPAT is revised down correspondingly to VND1,799 bn (-24% compared to the old forecast). KDH's target price for 2027 is VND23,000/share (-33% compared to 2026 target price). However, we maintain a Buy recommendation as the share price has declined 26% since the last update report.

Downward adjustment of presales due to unfavorable market conditions. KDH owns a landbank of over 620 ha in inner Ho Chi Minh City and focuses on developing mid-end apartment and high-end landed property products. In the 2026-2027 period, KDH focuses on developing a project cluster in Binh Trung and Cat Lai wards with a total area of nearly 40 ha, including more than 600 townhouses/villas priced from VND200 mn/sqm and 4,000 apartments priced from VND83 mn/sqm. Due to the government's orientation for the real estate market during this period, we believe that KDH's mid-to-high-end segment projects will be affected in 2026-2027. On a conservative view, we revise down 2026F/2027F presales by 27%/19% to VND4,300/6,400 bn (estimated presales in 1H2026: VND300 bn).

Leverage ratio continues to rise despite the company actively executing project equity transfers. The company plans to accelerate the transfer of a portion of equity in some projects (Binh Trung - Cat Lai ward project cluster, 11A residential area, and Le Minh Xuan expandsion Industrial Park) for cooperation, joint ventures, and associations to leverage foreign capital and reduce medium-term financial pressure. KDH transferred 51% equity in Binh Trung Moi, reducing its ownership ratio to 48.95% and recording financial profit of VND896 bn in 2Q2026. However, in 1H2026, the company's net debt still increased by nearly VND6,400 bn to VND16,659 bn. Consequently, the Net Debt/Equity ratio increased from 34.9% to 68.9% and Net Debt/EBITDA increased from 3.4x to 8.0x, significantly higher than the industry medians of 28.9% and 1.9x, respectively. The average borrowing cost in 1H2026 increased to 10% (from 9.7% at the end of 2025).

Expansion into BT project. KDH established Khang Phuc An Investment Limited Co., with a charter capital of VND2,500 bn and 100% owned by KDH. The newly established company aims to implement the BT contract for the urban revitalization project of Ma Lang and Cho Ga - Gao area in Ho Chi Minh City with a scale of 4.2 ha and total investment capital of nearly VND16,400 bn, expected to commence construction in 3Q2026 and complete construction in 4Q2028. With the expansion into the BT project, we think KDH's leverage ratios are expected to remain high in 2026-2027.

	2023	2024	2025	2026F	2027F
Net Sales (VNDbn)	2,088	3,279	4,651	1,370	4,605
Growth	*-28.3%*	*57.0%*	*41.9%*	*-70.5%*	*236.1%*
NPATMI (VNDbn)	716	810	1,045	1,535	1,799
Growth	*-35.1%*	*13.2%*	*29.0%*	*46.8%*	*17.2%*
EPS (bonus-adjusted, VND)	710	746	885	1,299	1,523
Growth	*-35.8%*	*5.0%*	*18.7%*	*46.8%*	*17.2%*
ROE	5.7%	5.3%	5.8%	8.0%	8.7%
Net debt/Equity	16.8%	19.2%	34.9%	57.9%	51.3%
PER (times)	25.3	24.1	20.3	13.9	11.8
PBR (times)	1.1	1.0	1.1	1.0	0.9
DPS (VND)	-	-	-	-	-
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%

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Company Update

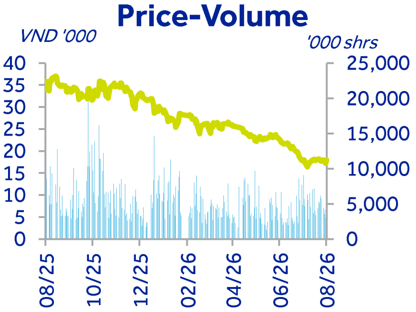
Recommendation	**BUY**
	HSX: KDH
	Property
Target price (VND)	**23,000**
Market price (VND)	**18,000**
Expected share price return	27.5%
Expected dividend yield	0.0%
Expected total return	**27.5%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-42.9	0.6	-19.5	-49.9
Relative	-43.4	-2.0	-13.6	-56.9

Source: Bloomberg

Price-Volume



Ownership

Tien Loc Investment JSC	11.23%
Gamma	7.55%
A Au	7.52%

Stock Statistics	**21-Aug-26**
Bloomberg code	**KDH VN**
52-week range (VND)	16,200 - 38,100
Shares O/S (m)	1,122
Mkt cap (VND bn)	20,200
Mkt cap (USD m)	768
Est. Foreign room left (%)	25.7
Est. free float (%)	59.5
3m avg daily vol (shrs)	4,321,034
VND/USD	26,310
Index: VNIndex / HNX	1768.12/284.07

In 1H2026, KDH achieved net revenue of VND442 bn (-71% YoY) and NPATMI of VND1,031 bn (+221% YoY), fulfilling **69% of the profit plan and 68% of ACBS's forecast. We maintain our 2026 NPATMI forecast but revise down the 2027 NPATMI forecast by 24%** to VND1,799 bn (+17% YoY) **and suggest a 2027 target price of VND23,000/share (-33% compared to 2026 target price).** due to the downward revision of presales and an additional increase in net debt of more than VND2,200 bn in 2Q2026.

Table 1: Business results

Unit: VNDbn	2Q2025	2Q2026	YoY Change	1H2025	1H2026	YoY Change	2026 Plan	% Completion
Total revenue	**1,049**	**161**	**-85%**	**1,759**	**442**	**-75%**	**4,200**	**12%**
Gross profit	404	81	-80%	710	263	-63%		
Financial income	4	906	21545%	24	913	3732%		
Financial expenses	54	30	-45%	102	47	-54%		
SG&A expenses	111	134	20%	228	230	1%		
Other income	18	12	-30%	26	303	1054%		
NPAT	196	770	292%	315	1,097	248%		
NPATMI	**199**	**750**	**277%**	**321**	**1,031**	**221%**	**1,500**	**69%**

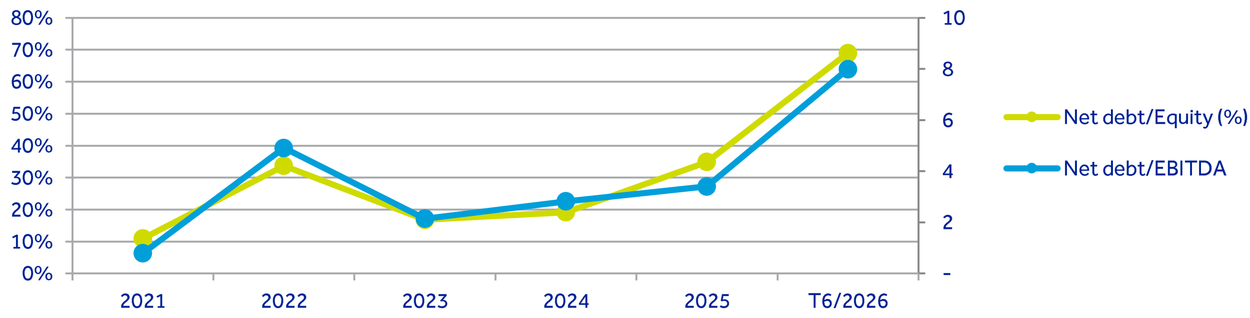
Sources: KDH, ACBS.

Table 2: Projects update

Project	KDH's stake	Location	Total area (ha)	Total units	Progress
Gladia	51%	Binh Trung Ward, HCMC	11.8	616 high-rise units and 226 low-rise units	Transfer 49% ownership to Keppel in 2023. Low-rise: completed construction, launched in 3Q2025, delivered from 4Q2025. Accumulatively sold 60% and delivered 30%. High-rise: started construction in Jan 2026, expect to launch in 3Q2026 and deliver from 4Q2027.
Binh Trung Dong expansion	49%	Binh Trung Ward, HCMC	18.2	3,165 high-rise units and 202 low-rise units	Transfer 51% ownership in 2025 and 2Q2026. Completed land compensation. Had Approval of investment in Principle. Expect to have 1/500 Plan in 2Q2026, start construction in 4Q2026, launch in 2027 and deliver in 2027.
An Lap	99%	Cat Lai ward, HCMC	8.2	202 low-rise units	Completed land compensation. Had Land use right certificate, Approval of investment in Principle and 1/500 Plan. Expect to launch in 2027 or 2028.
Solina (11A)	100%	Binh Hung Ward, HCMC	16.5	1,000 high-rise units and 500 low-rise units	Phase 1 (13ha): Had land allocation decision, had 1/500 Plan, completed land use fee payment, started infrastructure construction in 2025. Expect to launch and deliver from 2027.
Le Minh Xuan expansion IP	100%	Binh Loi and Tan Nhut Wards, HCMC	109.9	n/a	Phase 1 (89ha): Started infrastructure construction and paid land use fee as a lump sum in 2025. Expect to start leasing from the end of 2026 or 2027.
Phong Phu 2	100%	Binh Hung Ward, HCMC	132.9	High-rise and low-rise	Completed land compensation and had Approval of investment in Principle. Expect to start construction in 2027.
Tan Tao urban area	100%	Tan Tao Ward, HCMC	330.0	Urban area	Completed land compensation of over 80%. Had Approval of investment in Principle and 1/500 Plan. Expect to start construction from 2027.
Total			**627.5**		

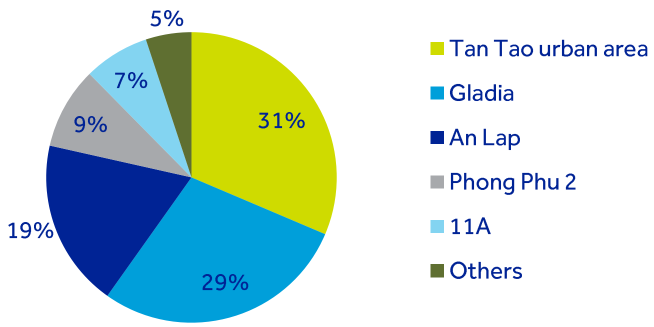
Sources: KDH, ACBS.

Figure 1: Leverage ratios



Sources: KDH, ACBS.

Figure 2: Inventories



Source: 2Q26 Financial statements

Figure 3: Historical P/E (LHS) and P/B (RHS)

Source: Finpro.

Table 3: Comparison among property developers

Ticker	Market cap (VND trn)	Current ratio	Quick ratio	Net debt/ Equity	Net debt/ EBITDA	Gross margin	ROE	P/E	P/B
VHM	589.0	1.2	0.2	57.1%	1.6	65.9%	33.8%	7.4	2.3
NVL	32.1	2.1	0.3	75.1%	10.7	26.0%	9.6%	7.2	0.6
VPI	20.8	2.0	0.2	119.5%	9.1	39.6%	7.7%	52.0	3.9
KDH	**20.2**	**10.1**	**0.9**	**68.9%**	**8.0**	**50.2%**	**9.0%**	**12.4**	**1.1**
DXG	14.6	2.3	0.4	0.3%	0.1	46.0%	1.4%	72.9	1.0
SJS	14.1	2.8	0.1	32.7%	1.6	77.6%	17.4%	23.16	3.7
PDR	12.3	2.0	0.3	19.4%	17.8	4.4%	5.0%	19.74	1.0
TAL	12.2	2.2	0.5	38.3%	2.2	39.9%	16.2%	15.1	2.2
NLG	11.6	3.0	1.2	-6.9%	-1.0	57.1%	5.3%	19.4	0.9
DIG	8.8	1.9	0.7	-41.8%	-5.0	6.9%	8.4%	11.3	0.9
CEO	7.5	2.3	0.4	14.4%	2.9	30.9%	3.1%	39.2	1.2
IJC	4.6	5.5	2.0	-3.6%	-0.4	52.3%	9.2%	6.1	0.6
HDC	2.8	1.6	0.4	66.4%	20.8	18.5%	25.6%	4.2	1.0
AGG	1.8	0.8	0.4	14.0%	1.3	55.0%	11.3%	4.8	0.5
NTL	1.5	8.4	3.9	-44.4%	n/a	15.6%	1.7%	53.0	0.9
Median	**12.3**	**2.2**	**0.4**	**19.4%**	**1.9**	**39.9%**	**9.0%**	**15.1**	**1.0**

Source: Bloomberg as of 08/21/2026.

FINANCIALS MODEL

FINANCIALS MODEL	Market price (VND):	18,000	Target (VND):	23,000	Mkt cap (VND bn):	20,200
(VND bn except where stated)		**2023**	**2024**	**2025**	**2026F**	**2027F**
Net Sales		**2,088**	**3,279**	**4,651**	**1,370**	**4,605**
Sales growth		*-28.3%*	*57.0%*	*41.9%*	*-70.5%*	*236.1%*
CoGS ex-dep'n		506	1,525	1,884	189	1,770
Gross margin		*76.0%*	*53.1%*	*59.2%*	*85.2%*	*61.2%*
SG&A		367	432	594	175	588
SG&A as % of sales		*17.6%*	*13.2%*	*12.8%*	*12.8%*	*12.8%*
EBITDA		**1,215**	**1,321**	**2,173**	**1,007**	**2,247**
EBITDA margin		*58.2%*	*40.3%*	*46.7%*	*73.5%*	*48.8%*
Depreciation		-5	14	13	14	15
Operating profit		**1,220**	**1,308**	**2,160**	**993**	**2,233**
Operating profit margin		*58.4%*	*39.9%*	*46.4%*	*72.5%*	*48.5%*
Profit/loss from associates and JVs		0	0	0	0	68
Financial income (excl. saving interest)		2	-	-	896	900
Financial expenses (excl. interest expense)		148	216	180	59	316
Net interest expense		-48	-38	-40	17	-5
as % of avg, net debt		*22.4%*	*23.4%*	*14.2%*	*13.8%*	*15.5%*
Other profit/loss		-53	-79	18	285	0
Tax		340	247	412	424	584
Effective tax rate (%)		*31.8%*	*23.5%*	*20.2%*	*20.2%*	*20.2%*
Minority interest		14	(7)	581	138	505
NPATMI		**716**	**810**	**1,045**	**1,535**	**1,799**
Net profit margin (%)		*34.3%*	*24.7%*	*22.5%*	*112.0%*	*39.1%*
Cash earnings		725	817	1,640	1,687	2,319
Number of shares (m)		799	1,011	1,122	1,122	1,122
EPS (VND)		**860**	**820**	**885**	**1,299**	**1,523**
Bonus factor (x)		0.8	0.9	1.0	1.0	1.0
Adjusted EPS (VND)		**710**	**746**	**885**	**1,299**	**1,523**
EPS growth (%)		*-35.8%*	*5.0%*	*18.7%*	*46.8%*	*17.2%*

KEY CASHFLOW AND BS ITEMS	2023	2024	2025	2026F	2027F
Increase in working capital	1,363	5,398	4,914	7,268	1,219
Capex	216	100	683	25	25
Other cash flow items	2,086	379	145	-	-
Free cash flow	**1,233**	**-4,302**	**-3,813**	**-5,744**	**570**
Share issues (m)	135	3,184	144	0	0
Dividends paid	0	0	0	0	0
Increase in net debt	-1,368	1,118	3,668	5,744	-570
Net debt, end of year	**2,608**	**3,726**	**7,394**	**13,138**	**12,568**
Shareholders' equity	**15,523**	**19,453**	**21,164**	**22,699**	**24,499**
Minority interest	2,072	2,059	2,641	2,833	3,058
BVPS (VND)	16,828	17,203	16,506	17,703	19,106
Net debt / equity (%)	*16.8%*	*19.2%*	*34.9%*	*57.9%*	*51.3%*
Net debt / EBITDA (x)	*2.1*	*2.8*	*3.4*	*13.0*	*5.6*
Total assets	**26,481**	**30,758**	**34,074**	**41,491**	**43,226**

KEY RETURN AND VALUATION RATIOS	2023	2024	2025	2026F	2027F
ROE	*5.7%*	*5.3%*	*5.8%*	*8.0%*	*8.7%*
ROA	*3.0%*	*2.8%*	*3.2%*	*4.1%*	*4.2%*
ROIC	*2.9%*	*2.7%*	*4.9%*	*4.5%*	*5.4%*
WACC	*13.0%*	*13.1%*	*12.3%*	*11.6%*	*11.4%*
EVA	*-10.1%*	*-10.4%*	*-7.3%*	*-7.1%*	*-6.0%*
PER (x)	*25.3*	*24.1*	*20.3*	*13.9*	*11.8*
EV/EBITDA (x)	*18.8*	*18.1*	*12.7*	*33.1*	*14.6*
EV/FCF (x)	*18.5*	*-5.6*	*-7.2*	*-5.8*	*57.5*
PBR (x)	*1.1*	*1.0*	*1.1*	*1.0*	*0.9*
PSR (x)	*9.7*	*6.2*	*4.3*	*14.7*	*4.4*
EV/sales (x)	*10.9*	*7.3*	*5.9*	*24.3*	*7.1*
Dividend yield	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*

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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

DISCLAIMER