

CENTURY LAND JSC (CRE) – AGM NOTE

Market Price	Target Price	Dividend Yield	Rating	Sector
VND32,000	VND33,700	3.1%	Hold	REAL ESTATE

12 April 2021

Outlook – Short term: Positive
Outlook – Long term: Positive
Valuation: Neutral

Consensus*: Add:0 Hold:1 Reduce:1

Target price / Consensus: 7.5%

Key changes in the report

➤ N/A

Price performance



Source: VND RESEARCH

Key statistics

52w high (VND)	32,000
52w low (VND)	11,772
3m Avg daily value (VNDmn)	41,663
Market cap (VND bn)	3,053
Free float (%)	64
TTM P/E (x)	9.8
Current P/B (x)	1.3

Ownership

Cen Group	51.2%
Vietnam Master Holding 2 Ltd	5.2%
Others	43.6%

Source: VND RESEARCH

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2021 AGM key takeaways

- CRE targets FY21F net profit of VND408bn (+36% yoy), equivalent to 111.5% of our forecast.
- The AGM approved to raise its capital by 35.8% to VND3,643 bn in 2021.
- Reiterate Hold with unchanged TP of VND33,700.

1Q21 brokerage revenue surged 226% yoy, above our forecasts

- The company announced its preliminary 1Q21 brokerage revenue of c.VND500bn, up 226.2% yoy, on the back of an increase in transaction volume to 2,835 units (+101.2% yoy).
- Notably, in Mar 2021, CRE recorded impressive brokerage business results with a total transaction, reaching 1,047 units (+101.7% yoy), bringing c.VND250bn in revenue, the highest level since the company's inception.

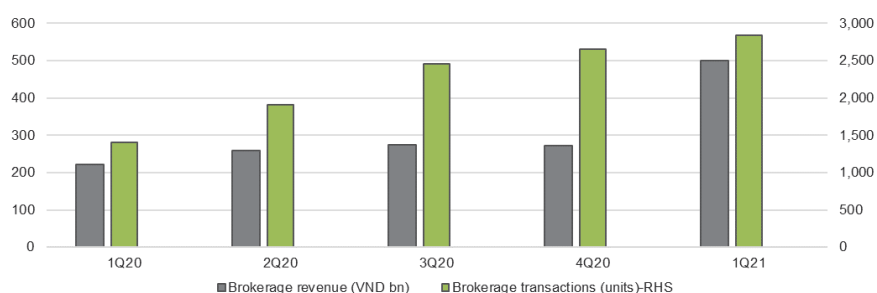
Management targets FY21F net profit of VND408bn, 15% higher than the previous announcement

- Management is guiding for FY21F revenue of VND5,000bn (+136.2% yoy) and net profit of VND408bn (+36% yoy). Thus, the new net profit guidance is 15% and 11.5% higher than the AGM's published document and our forecast, respectively.
- CRE will strengthen its tie-up with Vinhomes (VHM VN, Add) and distribute its products in 2021. The company is expected to bring c.VND500bn-600bn in revenue this year.
- The management also expects CRE's revenue to reach about VND8,500-10,000bn in FY22F.

AGM approved to raise its capital by 35.8% to VND3,643bn in 2021 of which:

- About 4,799,990 shares (equivalent to 5% total outstanding shares), which are expected to be issued at VND10,000/share for CRE's employees in 2021F.
- The company will issue 91,199,810 new shares (equivalent to 95% total outstanding shares) for existing shareholders at a discounted price of VND10,000/share. The issuance would only be considered successful if it can raise 80% of the planned amount.
- The company will pay a stock dividend of 10%.

Figure 1: Strong transaction volume boosts 1Q21 brokerage revenue growth

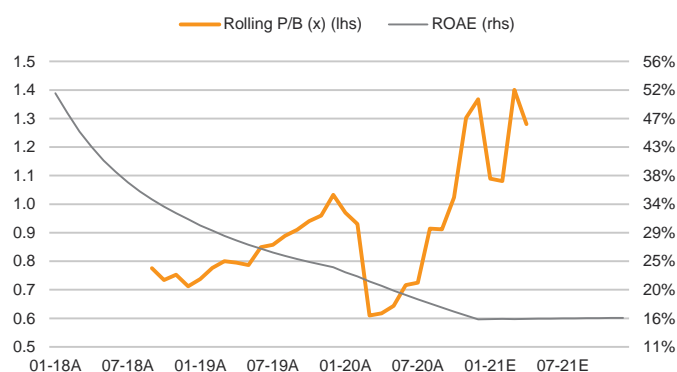
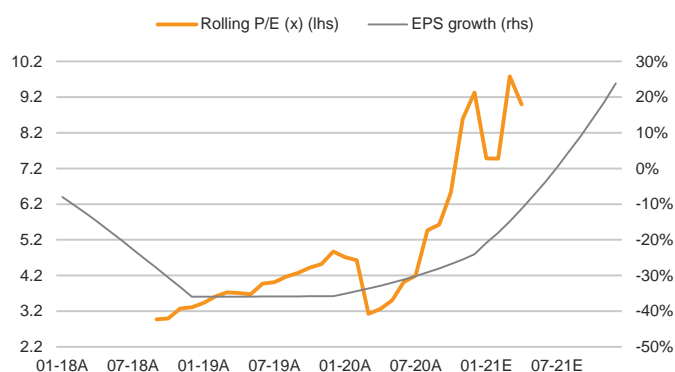


Source: VND RESEARCH

Figure 2: Peer comparison (Data as at 12 Apr 2021)

Company	Ticker	Price		TP	Mkt cap	P/E (x)		P/BV (x)		ROE (%)		ROA (%)		D/E (%)
		LC\$	LC\$			US\$m	TTM	21F	Current	21F	TTM	21F	Current	21F
Century Land JSC	CRE VN	32,000	33,700	133.2	9.8	10.2	1.3	1.2	15.3	15.6	9.0	7.3	40.2	
Local peer average				85.5	12.0	10.0	2.1	1.9	15.3	22.3	8.1	11.0	16.6	
Local peer median				85.5	12.0	10.0	2.1	1.9	13.5	22.3	8.1	11.0	16.1	
Regional peer average				694.5	16.5	11.1	2.1	2.4	16.5	21.3	7.1	10.0	53.6	
Regional peer median				524.4	13.3	11.0	1.5	2.4	12.4	21.3	5.1	10.0	51.4	
Vietnam														
Dat Xanh Services JSC	DXS VN	32,000	40,200	na	na	10.0	2.6	1.9	23.4	28.9	8.7	11.2	13.3	
Danh Khoi Group JSC	NRC VN	24,600	na	85.5	12.0	na	1.6	na	13.5	na	7.4	na	16.1	
Khai Hoan Land JSC	KHG VN	na	na	na	na	na	na	na	9.0	15.6	8.1	10.8	20.5	
Regional														
E-House China Enterprise Holdings Ltd	2048 HK	7.1	na	1,603.4	29.3	11.9	1.0	na	3.4	na	1.4	na	67.0	
Sinyi Realty Inc	9940 TT	30.4	na	785.5	14.4	10.0	1.9	na	13.9	na	4.9	na	108.1	
Propnex Ltd	PROP SP	1.0	na	263.3	12.1	12.4	4.2	3.7	37.8	31.9	16.8	14.7	3.6	
APAC Realty Ltd	APAC SP	0.5	na	125.7	10.3	10.1	1.1	1.0	10.9	10.7	5.3	5.4	35.8	

Source: VNDIRECT RESEARCH ESTIMATES, BLOOMBERG

Valuation

Income statement

(VNDbn)	12-20A	12-21E	12-22E
Net revenue	2,114	3,824	4,685
Cost of sales	(1,483)	(2,868)	(3,552)
Gen & admin expenses	(213)	(348)	(399)
Selling expenses	(52)	(72)	(80)
Operating profit	366	536	655
Operating EBITDA	333	483	601
Depreciation and amortisation	33	53	54
Operating EBIT	366	536	655
Interest income	24	0	0
Financial expense	(17)	(76)	(68)
Net other income	3	5	6
Income from associates & JVs	0	0	0
Pre-tax profit	376	465	594
Tax expense	(74)	(93)	(119)
Minority interest	(6)	(6)	(6)
Net profit	295	366	469
Adj. net profit to ordinary	295	366	469
Ordinary dividends	(80)	(80)	(96)
Retained earnings	215	286	373

Balance sheet

(VNDbn)	12-20A	12-21E	12-22E
Cash and equivalents	256	370	510
Short term investments	155	155	155
Accounts receivables	1,670	2,514	3,233
Inventories	60	471	681
Other current assets	18	32	39
Total current assets	2,158	3,543	4,618
Fixed assets	233	319	335
Total investments	0	0	0
Other long-term assets	1,502	2,294	2,811
Total assets	3,892	6,157	7,764
Short-term debt	371	1,443	2,066
Accounts payable	215	307	380
Other current liabilities	810	1,233	1,653
Total current liabilities	1,396	2,983	4,099
Total long-term debt	450	450	450
Other liabilities	2	5	5
Share capital	800	960	960
Retained earnings reserve	941	1,226	1,599
Shareholders' equity	2,015	2,683	3,167
Minority interest	30	36	42
Total liabilities & equity	3,892	6,157	7,764

Cash flow statement

(VNDbn)	12-20A	12-21E	12-22E
Pretax profit	376	465	594
Depreciation & amortisation	33	53	54
Tax paid	(96)	(93)	(119)
Other adjustments	(40)	(449)	(261)
Change in working capital	(460)	(870)	(582)
Cash flow from operations	(188)	(893)	(313)
Capex	(40)	(150)	(80)
Proceeds from assets sales	0	5	6
Others	(68)	0	0
Other non-current assets changes	(273)	0	0
Cash flow from investing activities	(382)	(145)	(74)
New share issuance	0	160	0
Shares buyback	0	0	0
Net borrowings	738	1,072	623
Other financing cash flow			
Dividends paid	(80)	(80)	(96)
Cash flow from financing activities	658	1,152	527
Cash and equivalents at beginning of period	168	256	370
Total cash generated	88	114	140
Cash and equivalents at the end of period	256	370	510

Key ratios

	12-20A	12-21E	12-22E
Dupont			
Net profit margin	14.0%	9.6%	10.0%
Asset turnover	0.64	0.76	0.67
ROAA	9.0%	7.3%	6.7%
Avg assets/avg equity	1.71	2.14	2.38
ROAE	15.3%	15.6%	16.0%
Efficiency			
Days account receivable	289.2	240.0	251.9
Days inventory	14.7	60.0	70.0
Days creditor	53.0	39.1	39.1
Fixed asset turnover	9.13	13.85	14.32
ROIC	10.3%	7.9%	8.2%
Liquidity			
Current ratio	1.5	1.2	1.1
Quick ratio	1.5	1.0	1.0
Cash ratio	0.3	0.2	0.2
Cash cycle	250.9	260.9	282.8
Growth rate (yoy)			
Revenue growth	(8.6%)	80.9%	22.5%
Operating profit growth	(28.3%)	46.6%	22.2%
Net profit growth	(24.0%)	23.9%	28.1%
EPS growth	(24.0%)	23.9%	28.1%

Source: VND RESEARCH

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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.

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