

DAT XANH GROUP JSC (DXG)

Hold (Maintained)

PROPERTY

Current Price	VND19,750
52Wk High/Low	VND21,970/VND11,740
Target Price	VND22,100
TP vs Consensus	-6.4%
Upside	11.9%
Dividend Yield	0.0%
Total stock return	11.9%

Growth rating	Neutral
Value rating	Neutral
ST Technical Analysis	Positive

Market Cap	US\$541.6mn
3m Avg daily value	US\$12.2mn
Avail Foreign Room	US\$162.6mn
Outstanding Shares	611mn
Fully diluted O/S	611mn

	DXG	Peers	VNI
P/E TTM	68.8x	41.7x	14.7x
P/B Current	1.2x	1.4x	1.8x
ROA	-0.6%	2.9%	2.0%
ROE	1.2%	4.7%	12.1%

*as of 08/04/2024

Share Price performance



Share price (%)	1M	3M	12M
Ordinary share	4.0	1.6	78.3
Relative to index	3.8	15.8	23.6

Ownership

Luong Tri Thin	14.7%
Dragon Capital Ltd	8.0%
CTBC Vietnam Equity Fund	6.2%
Others	71.1%

Business Description

Dat Xanh Group Joint Stock Company is a real estate development company. The Company develops and constructs trade centers, office buildings, apartments, resorts, villas, and hotels, as well as providing property management, brokerage, and leasing services.

Analyst(s):



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New projects are moving forward

- We maintain our Hold rating with 11.9% upside and a 0.0% dividend yield. We increase our TP by 11.0% while the stock price has increased 5.6% since our last report.
- The main drivers of our recommendation are the decline in the interest rate base, which stimulates homebuying demand, the easing of financial risk thanks to rising capital activity, and improvement in the legal procedures of projects.
- Current P/B of 1.2x is in line with its peers and fully reflects the outlook of DXG in FY23-24.

Financial Highlights

- 2023 net profit (NP) decreased by only 17.9% yoy to VND176bn (US\$7.1mn) even though DXG recorded a loss of more than VND100bn (US\$4.0mn) from an investment in an associate in 4Q23.
- 2023 SG&A expenses slid by 55.4% yoy to VND955bn (US\$38.2mn) thanks to restructuring activities.
- DXG's net debt/equity ratio saw a significant increase from 11% at end of FY21 to 35% at end of 2023. This jump was largely driven by DXG's acquisition of new land bank in Binh Duong province.

Investment Thesis

Opal Luxury launch to drive DXG product supply diversity

DXG plans to new launch the Opal Luxury mid-range high-rise apartment project with approximately 3,400 units from 2H24. This will diversify the product segments it provides to the market from its two key projects (GSW and DXH Riverside) during the current period of market supply-demand imbalance. We expect this project to be well-received and contribute more than VND7,000bn (US\$280mn) to pre-sales in 2H24-27.

DXG plans to recruit employees to catch up with market recovery

DXG plans to recruit 500 brokerage employees each quarter to catch up with the market recovery after a successful 2023 in DXG's business restructuring efforts helped to optimize SG&A costs by 55% yoy to VND955bn (US\$32.4mn). From 2024, DXG's brokerage arm will focus on traditional brokerage activities rather than buying completed projects for sale as before, to minimize risks during market uncertainty.

Land bank expansion has dragged down operating cash flows

OpCF was almost continuously negative from 2018 to 2023 due to aggressive investment in land bank expansion and project development. DXG's debt increased from 2016 to 2022, but fell 8.4% ytd in 2023 to VND5,289bn (US\$211.8mn). However, net debt/equity at end of 2023 slightly decreased to 35% vs the industry average of 45-50%.

Real Estate Laws taking effect put additional financial pressure on DXG

New Real Estate Laws are expected to take effect on July 1, 2024. The Real Estate Business Law stipulates developers are only allowed to collect a maximum of 5% of the house value as deposit. In addition, the new land price framework is linked to the market land price, which may increase land costs, putting pressure on capital sources for DXG as it has housing projects that have not determined land use fees.

Financial summary	12-23A	12-24E	12-25E	12-26E
Revenue growth	(32.4%)	13.2%	11.1%	8.0%
EPS growth	(20.0%)	70.6%	14.6%	6.2%
Gross margin	45.9%	46.0%	45.0%	44.0%
Net profit margin	4.6%	7.0%	7.2%	6.8%
P/E (x)	71	42	36	33
Rolling P/B (x)	1.2	1.2	1.1	
ROAE	1.2%	2.1%	2.3%	2.3%
Net debt to equity	34.7%	38.8%	35.9%	29.5%

Source: VNDIRECT RESEARCH

Results Recap: JV loss weighs on 2023 earnings

Figure 1: 2023 results comparison

(VNDbn)	4Q23	% yoy	2023	% yoy	2023A/2023F
Net sales	1,400	49.0%	3,706	-33.3%	101.6%
_ Handover revenue	1,068	229.9%	2,801	0.3%	101.2%
_ Provide services	205	-48.0%	602	-70.2%	106.8%
_ Construction services	48	-70.8%	95	-80.6%	87.5%
_ Rental revenue	80	36.4%	209	-18.1%	101.0%
Gross profit	643	40.0%	1,693	-43.0%	109.0%
SG&A	(312)	-55.4%	(955)	-55.4%	89.9%
Net financial income	(90)	-32.1%	(184)	224.6%	140.5%
PBT	122	N/A	458	-40.4%	111.9%
NPTA-MI	47	N/A	176	-17.9%	91.4%
GPM	45.9%	-4.3% pts	45.7%	-8.2% pts	
NPM	3.4%	N/A	4.8%	+0.9% pts	

Source: VNDIRECT RESEARCH, COMPANY REPORT

Opal Skyline handovers were the backbone of strong 4Q23 revenue growth

4Q23 revenue grew 49.0% yoy to VND1,400bn (US\$57.3mn). Recognition from project handovers, mainly from the Opal Skyline project, rose 229.9% yoy from a low base in 4Q22 and contributed VND1,068bn (US\$43.7mn) of the revenue. For FY23, DXG's revenue from handovers remained flat at VND2,801bn (US\$114.7mn) despite challenging market conditions.

Brokerage segment has not recovered

Revenue from the brokerage segment showed that the difficulties of the property market permeated DXG's business activities. DXG's brokerage revenue in 2023 fell 70.2% yoy to VND602bn (US\$24.6mn), raising concerns about DXG's business outlook going forward.

Weak brokerage revenue hurt gross profit margin

The brokerage segment has a high gross profit margin, reaching 75% in 2021 and 74% in 2022. However, it contributed less than 15% of 4Q23 revenue and only 16% for FY23 vs 31% in 4Q22 and 36% for FY22. As a result, the gross profit margin for 4Q23 and 2023 decreased by 4.3% pts and 8.2% pts, respectively.

Joint venture of brokerage subsidiary recorded a loss

4Q23 NP continued to show positive improvement yoy despite being weighed down by a joint venture loss from Dat Xanh Mien Nam (indirectly owned by DXG through its subsidiary DXS) of over VND100bn (US\$4.1mn)

Headcount reductions cushioned bottom line

DXG's headcount sharply fell to a record low of 2,249 (-67.7% yoy) in 1Q23 and remained at this level through the end of 2023. SG&A expenses for 4Q23 and 2023 therefore decreased by 55% yoy to VND312bn (US\$12.8m)/VND955bn (US\$39.1m), respectively.

Negative operating cash flow weighs on our valuation

Operating cash flow continued to be negative by VND1,131bn (US\$46.3mn), affecting DXG's business prospects (see balance sheet analysis section).

Earnings outlook: DXG's recovery to face headwinds from market conservatism

GSW, DXH Riverside and Opal Luxury will be main drivers of FY24-26 pre-sales

We expect DXG's earnings to improve in 2024-26 following the positive news of the GSW project being granted a transfer license (Pink book- which can be used for mortgages and bank loans) and the expectation that another key project, DXH Riverside, will receive a construction permit in 1H24. Meanwhile, another new project in the mid-range segment will be launched for sale in 2025, which is expected to stabilize the pre-sales sale value and diversify the product segments that DXG provides to the market.

Gem Sky World (GSW): Key project for 2024-27 sees significant improvement in legal and construction procedures

The GSW project showed signs of restarting in early 2Q2024 when the Sapphire Parkview townhouse subdivision began construction. Previously in October 2023, the project was granted a land transfer permit by Dong Nai authorities for 2,305 land-plots (equivalent to 60% of the project's scale). However, it will be difficult for this project's product segment to attract homebuyers in new launches as market sentiment is relatively cautious, especially for projects with many buyers buying for investment purposes rather than residence. While GSW project is currently under development to complete its infrastructure. The shophouse product segment that has been handed over has recorded low occupancy rates by homebuyers. Construction of necessary amenities include a school and commercial area that will be completed in 1H24. A small part of the new launch phase is expected in 2H24, with the majority of new launch taking place in FY25.

The GSW project is expected to develop 4,022 products on a land bank with a total area of 92.2 hectares that first launched in July 2020. As of the end of 2023, a total of about 1,600 products have been sold, including: land-plot, townhouse and shophouse in the Pearl Town and Garnet Town subdivisions with an average selling price of VND18m/m² for the land-plot product with an average area of 100m²/per unit. The Topaz Town subdivision includes 355 land-plots that will be launched in FY24 and the Emerald Park, Aquamarine Park, Opal Park subdivisions will be launched from FY25-27 (See [Appendix A](#) for DXG's key projects to be implemented in FY24-27).

DXH Riverside – Key driver of pre-sales value growth in FY24-27

DXH Riverside is a strategic project that will contribute to pre-sales in FY24-26. The project completed legal procedures in early 4Q23 and is expected to receive its construction permit along with pay additional land use fees in 1H24 and is expected to relaunch in 2H24.

The project has a total area of 6.7ha, with 12 blocks from 32 to 34 floors. It will provide the market with approximately 3,200 apartments with a total investment of over VND5,200bn (US\$214.2mn). The project is located in a prime location with good connectivity to the centre of Thu Duc and Ho Chi Minh City. It has three riverfronts and is located right next to the Ho Chi Minh City – Long Thanh – Dau Giay Expressway.

At the time of its first launch in 2Q18 and 3Q18, the project was priced at around VND35-40mn psm. DXG successfully sold eight out of 12 blocks, comprising approximately 2,100 units, with an impressive absorption rate of around 90%.

Currently, there are plans to relaunch the remaining part of this project in FY24-26. The price of this launch is expected to be around VND80-85mn psm (based on the prices of neighbouring projects such as Palm City, Dlusso, and Precia, with an average price of VND70mn psm).

Opal Luxury – Diversifying product supply to drive pre-sales results in 2024-26

Opal Luxury is part of DXG's strategy of selecting projects to develop in line with the context of the residential property market in the period of 2024-26. In the recovery phase of market, mid-range products that meet actual needs such as Opal Luxury are expected to have an impressive take-up rate.

The project is located near National Highway 1A, less than one kilometer from Pham Van Dong Boulevard, with good connectivity to HCMC. With a total area of nearly 87 hectares, the project will include six 30-floor apartment blocks with the ability to supply more than 3,400 apartments to the market. The Opal Luxury project will launch in 2H24, is expected to contribute VND2,500bn (US\$100.1mn) to 2024's pre-sales and will also be the key pre-sale for 2025-27 along with two key projects, GSW and DXH Riverside.

DXH Park City and DXH Park City – Accumulating assets for long-term growth goals

In FY21-22, DXG actively expanded its new land bank in the satellite urban area of Thuan An City, Binh Duong Province in order to promote DXG's long-term growth goals. The increase in DXG's net debt/equity ratio from 11% at the end of 2021 to 35% at the end of 2023 was due in part to the company's acquisition of land for two new residential projects, DXH Park View and DXH Park City. These projects, which have a combined area of 14.6ha and are expected to provide 13,500 apartments, are still in the early stages of development and require a number of legal approvals, including approval from the investment authorities, approval of the 1:500 scale master plan, and determination of the land use fee.

The two projects are expected to be launched at the earliest in late FY2026 or early FY2027 after all launches and implementation of two key projects, GSW and DXH Riverside, have been completed. Currently, we have not included these two projects in our short-term and medium-term earnings forecasts due to issues related to the complex legal progress of the projects and the commitment of the developer.

More selective project execution in a cautious market environment

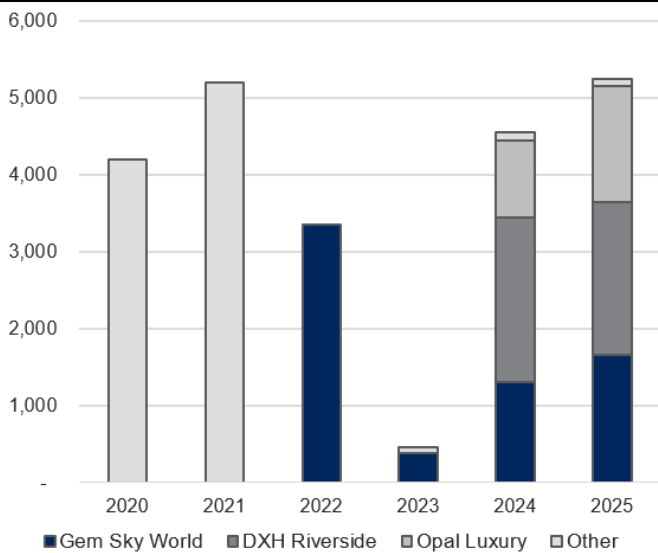
Interest rates are cooling down and legal bottlenecks are being systematically dismantled with the passage of the Amended Real Estate Laws (Housing Law – passed on November 28, 2023, Real Estate Business Law – passed on November 29, 2023, Land Law – passed on January 18, 2024), which is expected to lead the way for DXG's new launched projects. The new Real Estate Laws are expected to take effect on July 1, 2024, earlier than the initial plan of January 1, 2025. Meanwhile, laws on sea encroachment activities and land use conversion for forestry have been in effect since April 1, 2024. The new land price framework linked to the market land price will be updated on January 1 annually and will take effect from January 1, 2026.

The Amended Real Estate Law in this session will have a significant impact on developers who launch projects in the future, such as DXG. According to the new amended law, residential property developers can only receive a maximum of 5% of deposits from homebuyers when selling home that will be formed in the future. In addition, some of DXG's projects are currently only in the early stages of development and require a number of legal approvals, including the determination of land use fees, so this will be a cost burden for DXG's next phases. We believe the Amended Real Estate Business Law will pose a challenge for DXG due to the loss of pre-funding capital from homebuyers. Moreover, DXG currently faces multiple challenges, including difficulties in cash flow from operating activities, which could cause significant business pressure in the near future.

In the context of difficulties in implementing projects in Ho Chi Minh City, we believe that DXG will focus on developing projects with clear and transparent legal status in HCMC and neighbouring provinces such as Binh Duong and Dong Nai. We cautiously forecast that net revenue in 2024 will reach VND4,500bn (US\$180.2mn), led by the DXH Riverside project and a small portion of the GSW project. This figure will improve significantly from the low base of 2023 due to the shortage of projects being launched.

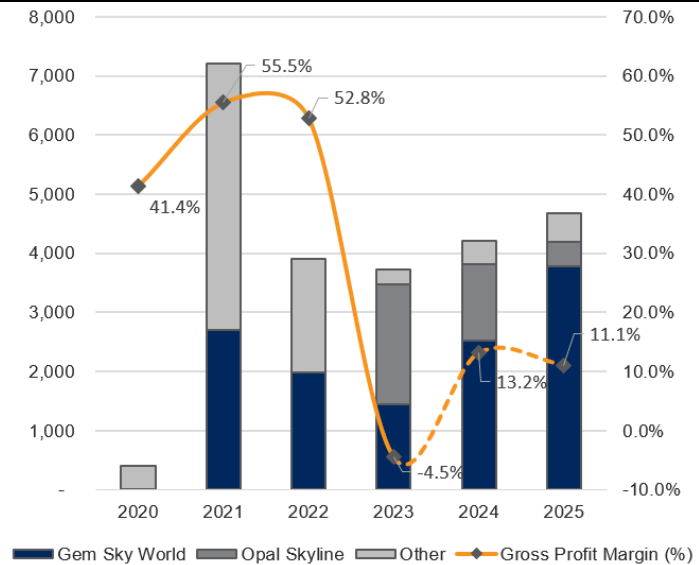
In 2025, we expect the GSW project to continue contributing to pre-sales value as the real estate market recovery becomes clearer. Additionally, new launch phases of the DXH Riverside project and new launches of the Opal Luxury project will also contribute to DXG's 2025 pre-sales.

Figure 2: Residential pre-sales value (VNDbn)



Source: VNDIRECT RESEARCH

Figure 3: Residential handover revenue (VNDbn)



Source: VNDIRECT RESEARCH

Figure 4: Key development pipeline

Project	Location	Product	DXG's ownership	Land site (ha)	Units	Execution timeframe*								
						2021	2022	2023	2024	2025	2026	2027	2028 onward	
Opal Skyline	Thuan An, Binh Duong	Condo	100%	1.0	1,530									
Gem Sky World	Long Thanh, Dong Nai	Township	100%	92.2	4,022									
DXH Riverside	An Phu, Thu Duc	Condo	100%	6.7	3,200									
Opal Luxury	Di An, Binh Duong	Condo	100%	87.0	3,400									
DXH Premium	Hiep Binh Chanh, Thu Duc	Condo	100%	6.7	2,600									
DXH Park View	Thuan An, Binh Duong	Condo	100%	5.1	6,500									
DXH Park City	Thuan An, Binh Duong	Condo	100%	9.5	6,500									
Opal Central Park	Thuan An, Binh Duong	Condo	100%	2.4	1,500									
Opal City View	Thu Dau Mot, Binh Duong	Condo	100%	9.7	1,500									

(* Each project execution timeframe (from first launch to completion) is in grey highlight. Otherwise, no detailed project timeframe has been announced by the company.

Source: VNDIRECT RESEARCH

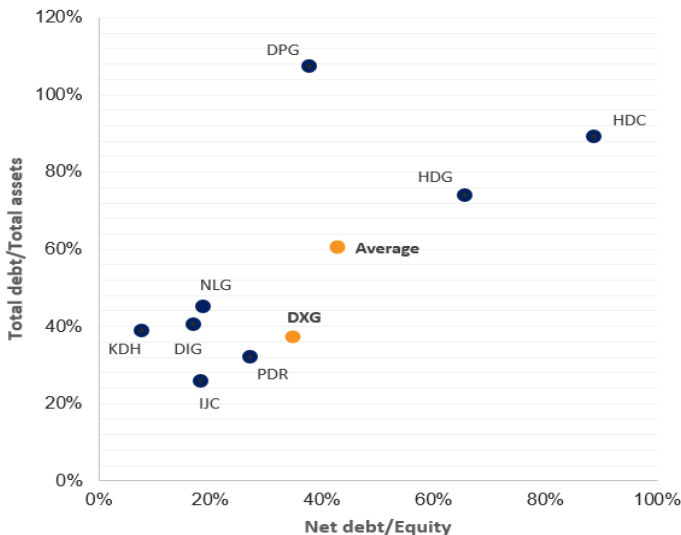
Balance Sheet Analysis: Although overall market pressure has eased, business risks still exist if DXG's cash flow conditions do not improve

Operating cash flow (OCF) has been almost continuously negative from 2018 to end of 2023. The main reason for this is that DXG has been aggressively investing in land bank expansion and project development. In addition, DXG's future formed projects are often delayed due to legal procedures, which has affected cash flow from customer payments and thus impacted the capital for business operations. Furthermore, the Law on Real Estate Business (Amended) stipulates that the maximum pre-funding amount for customer deposits can only be 5% of the value of the house in future formed projects, thereby increasing the capital burden on DXG.

DXG's debt has increased from 2016 to the end of 2023 due to business expansion activities. The ratio of cash to short-term debt decreased from an average of 80% during 2019-2021 to 11% at the end of 2023. Meanwhile, the ratio of short-term debt to total debt increased to 49% at the end of 2023, which reduces the soundness of the financial structure.

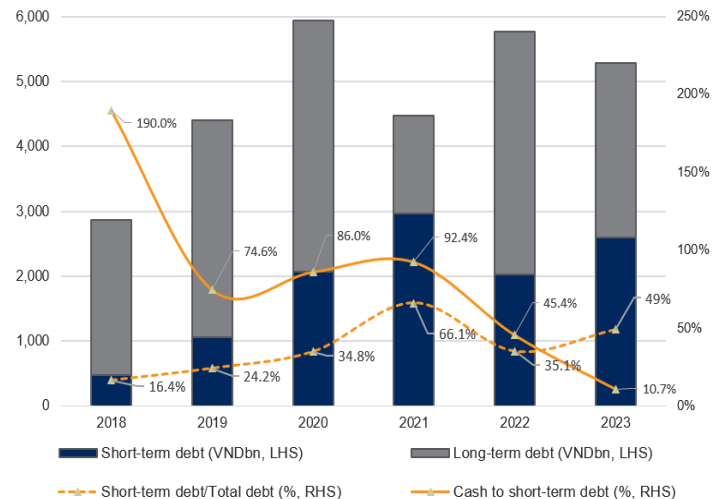
As of the end of 2023, when compared to peer companies, DXG has a relatively sound financial structure with a net debt-to-equity ratio of only 35% compared to the industry average of 46-50% and a gearing ratio of 37% compared to the industry average of 57-61%. This is partly driven by the company's continuous increases in charter equity through many issuances over the years.

Figure 5: At the end of 2023, financial ratios indicate that DXG's financial health is relatively good compared to the average industry...



Source: VNDIRECT RESEARCH

Figure 6: ... however, DXG's financial capacity has shown signs of deterioration over the years.

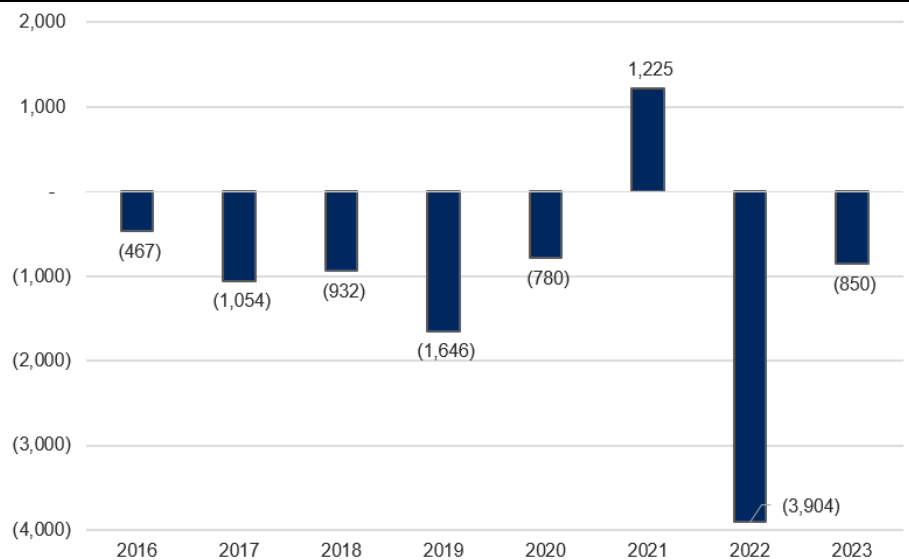


Source: VNDIRECT RESEARCH

As of the end of 2023, DXG's total bond debt was VND1,402bn (US\$56.1mn), a decrease of VND215bn (US\$8.6mn)/VND800bn (US\$32.0m) from the end of 3Q23 and 2022, respectively. The value of bonds maturing in 2024, 2025, and 2026 is VND252bn (US\$10.1mn), VND950bn (US\$38.0mn) and VND205bn (US\$8.2mn), respectively. In the short term, DXG does not face any pressure to repay bonds in the 2024-26 period, even though its cash balance as of the end of 2023 is only VND276bn (US\$11.1mn), and has decreased 70% ytd thanks in part to proceeds from a private placement. However, we believe this is not an effective method for long-term development.

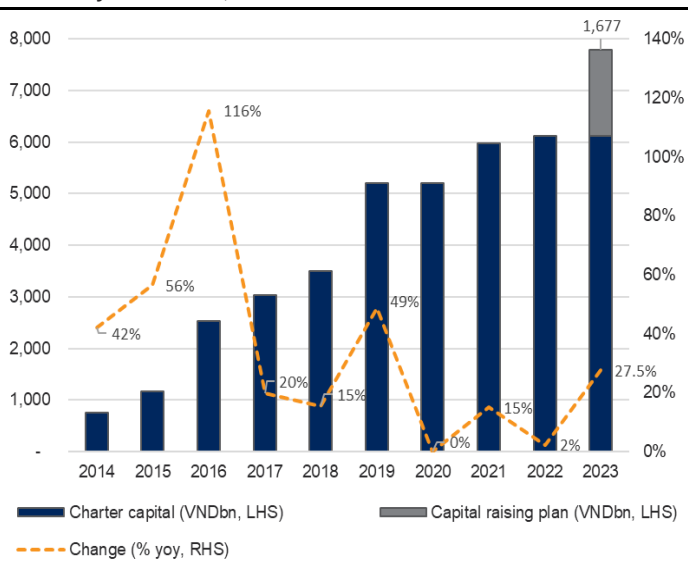
With a large amount of secured assets, including land use rights at key projects such as Opal Skyline, DXH Sky World, DXH Park City and DXH Park View, along with DXS shares, we believe that in a worst-case scenario, DXG will use these secured assets to repay its bond obligations. However, we expect that in the future, DXG will be more selective in implementing projects that are in line with market conditions, thereby enabling sustainable growth and avoiding liquidity risks in the future.

Figure 7: Operating cash flow has been almost continuously negative since 2016 (VNDbn)



Nguồn: VNDIRECT RESEARCH

Figure 8: DXG has been continuously raising charter capital to meet demand for land expansion and development of projects. If the capital raise is fully successful, the P/B ratio will be 1.2x.



Source: VNDIRECT RESEARCH

Figure 9: Bond maturity pressure is not overly burdensome, but it is a challenge for DXG in a market with many uncertain factors.

Maturity time	Issuers	Collateral	Total outstanding bond debt by the end of 2023 (VNDbn)
2024			252
10/05/2024	VPBank	Gem Sky World project land use rights	200
22/07/2024	MB fund	3 million DXS shares	52
2025			950
29/4/2025	VPBank	Land use rights in Thuan An city (DXH Park City project)	450
19/11/2025	VPBank	Ownership of Ha An and Saigon Riverside deposit contract assets.	300
31/12/2025	Vietinbank Securities	6 million DXS shares	200
2026			205
20/07/2026	JB Securities	22 million DXS shares	205
		<i>Unallocated costs of issuance</i>	(10)
Total			1,402

Source: VNDIRECT RESEARCH

Valuation: Recommend Hold with TP of 22,100

Valuation methodology:

We apply a lower WACC assumption of 12.7% (from 13.1% in the previous update report). We use a risk-free rate (RF) of 2.24% (the Vietnamese Government 10-year bond yield) and a market risk premium (RM) of 9.0% (according to adjustments from [NYU Stern](#)).

Figure 11: Equity valuation (VNDbn)

SOTP Valuation	Fair value 3Q23	Fair value 4Q23	Ownership	Method	Comment
Property Development	16,232	17,414	100%	RNAV	
Gem Sky World	3,562	3,725	100%	DCF	- Topaz Town subdivision is expected to relaunch in the 2H24. - The Emerald Park, Aquamarine Park, Opal Park subdivisions will be relaunched from 2025-27.
DXH Riverside	3,911	4,219	100%	DCF	- The project has positive legal movements, having completed legal procedures in early Q4/23 and is expected to receive a construction permit and pay additional land use fees in 1H24. - The project includes of 12 blocks providing about 3,200 products with an average selling price of 75-80 million/m2 will be relaunched in the 2H24, faster than the initial expectation of 2025.
Opal Luxury	1,104	1,836	100%	DCF	- The project will add mid-range products to DXG's portfolio in 2025-27. - Opal Luxury project is expected to provide more than 3,000 products with an average price of 35-40 million VND/m2. - The project is expected to be sold in multiple phases from 2025 to 2027 and handed over from 2027 to 2030.
Opal Skyline	1,234	1,287	100%	DCF	
Opal City View	692	732	100%	DCF	
DXH Park View	798	825	100%	BV	
DXH Park City	836	872	100%	BV	
DXH Premium	1,572	1,604	75%	DCF	
Other	2,523	2,314	100%	BV	
Brokage Services	3,427	3,846	56%	DCF	- We apply a 5-year DCF model to value DXG's brokerage division (DXS) and apply a 15% discount to DXG's brokerage division due to the weaker-than-expected recovery in the property market in 2023. - DXG's presale values in 2023 is only about VND500bn, which will affect the cash flow discount in the DCF valuation model of DXS. - We believe that the 1H24 will still be a difficult time for DXS as projects are launched slowly, and we expect that DXS's project launches will improve in 2H24. Before the launch activity is accelerated in 2025-27.
Add:					
Cash and Cash equivalent	644	276			
Short-term investment	144	97			
Other assets	12,080	11,722			- Include VND7,100bn (US\$283.4m) from Short-term receivable and VND369bn (US\$14.8m) from Investment in associates and joint ventures.
Less:					
Net debt	5,616	5,290			
Other liabilities	8,957	8,314			
Minority Interest	4,916	4,783			
RNAV	13,039	14,968			
Shares outstanding (mil)	611	611			
Discount to RNAV	10%	10%			- We applied a 10% discount due to the following risks: 1) Presales value from new launches may not meet expectations; 2) A lower-than-expected market recovery; 3) Uncertain property market factors. - The majority of DXG's products launched in FY24-25 are in the high-end and land-plot segments, making it difficult to achieve impressive take-up rates in a cautious market environment for investment-purpose products.
Target price (VND/share)	19,200	22,100			- Equivalent to P/B of 1.3x
WACC assumption					
Market premium (Rm)	9.6%	9.0%			
Risk free (Rf)	2.7%	2.2%			
Beta	1.3	1.3			
CoE	14.7%	13.9%			
CoD	11.5%	11.5%			
Debt weight	28.2%	27.2%			
Equity weight	71.8%	72.8%			
WACC	13.1%	12.7%			

Source: VNDIRECT RESEARCH, COMPANY REPORT

A potential re-rating catalyst is the government stepping in more aggressively to tackle bottlenecks for a range of residential property projects and further declines in mortgage interest rates, thereby helping to improve market sentiment. Key downside risks include 1) slower-than-expected progress in handover, construction permits, and new launches and; 2) absorption of DXG's new launches does not meet expectations.

Figure 11: Peer comparison

Company	Ticker	Price	Mkt cap	2023 net revenue	2023 net profit	ROE	TTM P/E	Current P/B	Net D/E as of 2023 (%)		
		LC	US\$m	US\$m	%	%	x	x	%		
Residential/hospitality developers											
Vinhomes	VHM VN	43,000	7,498	4,147.2	66.0	1,336.5	15.7	20.2	5.6	1.0	21.2
Novaland	NVL VN	18,100	1,414	191.1	(57.2)	32.2	(62.8)	2.1	27.7	0.8	119.2
Phat Dat	PDR VN	31,850	868	25.0	(59.0)	28.0	(39.9)	7.7	32.0	2.0	27.0
Nam Long	NLG VN	43,150	661	131.0	(26.7)	20.0	(13.0)	5.0	34.7	1.2	18.6
Khang Dien	KDH VN	35,850	1,165	86.0	28.1	30.0	(35.0)	5.3	37.4	1.9	16.8
Development Investment Construction	DIG VN	32,100	688	42.0	(45.8)	7.0	19.8	2.3	113.0	2.2	7.6
<i>Average</i>				<i>770.4</i>	<i>(15.8)</i>	<i>242.3</i>	<i>(19.2)</i>	<i>7.1</i>	<i>41.7</i>	<i>1.4</i>	<i>35.1</i>
Dat Xanh	DXG VN	19,750	541	153	(32.8)	7.0	(17.9)	1.9	68.8	1.2	34.6

Note: all prices are based on the closing prices on April 08 2024.

Source: VNDIRECT RESEARCH, BLOOMBERG

Appendix A: DXG's key projects to be implemented in FY24-27

Figure 12: Gem Sky World project – The project showed signs of restarting in early 2Q2024 when the Sapphire Parkview townhouse subdivision began construction.



- Location: The project is located in Long Duc commune, Long Thanh district, Dong Nai province. The project benefits from the potential infrastructure development of Dong Nai province with flexible connectivity to multiple arterial roads, including the Long Thanh – Dau Giay expressway to HCMC, and is located north of Long Thanh airport, which is scheduled to be operational in 2025.
- Total project area: 92.2ha
- Total units: 4,022 units
- Construction density: 50.5%
- Key Components: Shophouses / Townhouses / Land-plots
- Timeline: 2020 - 2027

Source: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 13: DXH Riverside – Construction of this project is currently pending. The project completed legal procedures in early 4Q23 and is expected to receive the construction permit while paying additional land use fees in 1H24 and is expected to relaunch in 2H24.



- Location: The project is located in a prime location in An Phu Ward, Thu Duc City, right next to the connecting road to the Long Thanh – Dau Giay Expressway, making it convenient to travel to the central areas of Ho Chi Minh City.
- Total project area: 6.7ha
- Total units: ~3,200 units
- Construction density: 34%
- Key Components: High-end apartment
- Timeline: 2018 - 2027

Source: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 14: Opal Luxury – Diversifying product supply to drive pre-sales results in 2024-26. Opal Luxury is part of DXG's strategy of selecting projects to develop in line with the context of the residential property market in the period of 2024-26.



- Location: The project is located near National Highway 1A, less than one kilometer from Pham Van Dong Boulevard, with good connectivity to HCMC.
- Total project area: 86.8ha
- Total units: 3,400 units
- Construction density: 28%
- Key Components: Apartment, Office.
- Timeline: 2025 - 2029

Source: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 15: DXH Park View – The project is still in the early stages of development and requires a number of legal approvals, such as approval from the investment authorities, approval of the 1:500 scale master plan by the relevant authorities, and determination of the land use fee.



- Location: Thuan An city, Binh Duong province.
- Total project area: 5.1ha
- Total units: ~6,500 units
- Key Components: 12 blocks high-end apartment
- Total GDV: VND21,728bn
- Timeline: 2027 - 2030

Source: VNDIRECT RESEARCH, COMPANY REPORTS

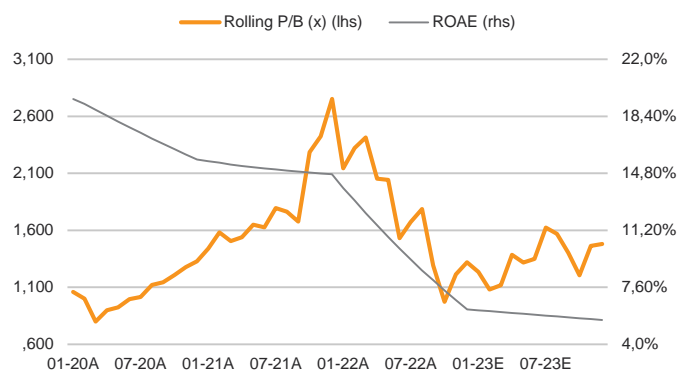
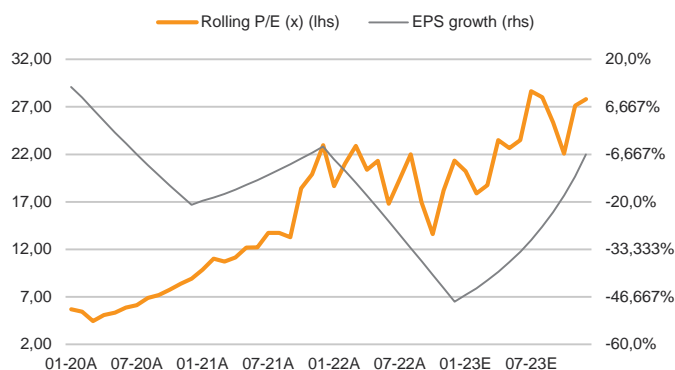
Figure 16: DXH Park City – The project is still in the early stages of development and requires a number of legal approvals, such as approval from the investment authorities, approval of the 1:500 scale master plan by the relevant authorities, and determination of the land use fee.



- Location: Thuan An city, Binh Dương province.
- Total project area: 9.5ha
- Total units: ~6,500 units
- Construction density: 40%
- Key Components: Eight blocks of high-end apartment
- Total GDV: VND17.612bn
- Timeline: 2027 - 2030

Source: VNDIRECT RESEARCH, COMPANY REPORTS

Valuation



Income statement

(VNDbn)	12-23A	12-24E	12-25E
Net revenue	3,725	4,215	4,682
Cost of sales	(2,014)	(2,276)	(2,575)
Gen & admin expenses	(391)	(418)	(447)
Selling expenses	(586)	(674)	(775)
Operating profit	734	847	885
Operating EBITDA	652	772	810
Depreciation and amortisation	82	75	75
Operating EBIT	734	847	885
Interest income	409	289	265
Financial expense	(593)	(541)	(458)
Net other income	16	10	10
Income from associates & JVs	(112)	0	0
Pre-tax profit	453	605	702
Tax expense	(303)	(212)	(246)
Minority interest	22	(100)	(120)
Net profit	172	293	336
Adj. net profit to ordinary	172	293	336
Ordinary dividends	(76)	0	0
Retained earnings	96	293	336

Balance sheet

(VNDbn)	12-23A	12-24E	12-25E
Cash and equivalents	276	415	396
Short term investments	97	97	97
Accounts receivables	11,423	11,839	12,041
Inventories	14,139	14,473	14,822
Other current assets	295	265	275
Total current assets	26,230	27,089	27,631
Fixed assets	1,095	1,095	1,095
Total investments	394	394	394
Other long-term assets	1,068	1,068	1,068
Total assets	28,786	29,645	30,187
Short-term debt	2,591	2,864	2,715
Accounts payable	767	1,025	1,377
Other current liabilities	8,260	8,311	8,384
Total current liabilities	11,618	12,200	12,476
Total long-term debt	2,699	3,107	2,974
Other liabilities	284	284	284
Share capital	6,118	6,118	6,118
Retained earnings reserve	1,736	2,030	2,366
Shareholders' equity	9,403	9,167	9,512
Minority interest	4,783	4,887	4,941
Total liabilities & equity	28,786	29,645	30,187

Cash flow statement

(VNDbn)	12-23A	12-24E	12-25E
Pretax profit	453	605	702
Depreciation & amortisation	82	75	75
Tax paid	(184)	(241)	(87)
Other adjustments	(281)	(58)	(527)
Change in working capital	(921)	(494)	111
Cash flow from operations	(850)	(113)	274
Capex	(129)	(78)	(84)
Proceeds from assets sales	20	0	0
Others	378	(100)	(142)
Other non-current assets changes			
Cash flow from investing activities	268	(178)	(226)
New share issuance	0	0	0
Shares buyback	0	0	0
Net borrowings	3,300	681	(282)
Other financing cash flow	(3,285)	(251)	215
Dividends paid	(76)	0	0
Cash flow from financing activities	(61)	430	(67)
Cash and equivalents at beginning of period	919	276	415
Total cash generated	(643)	139	(19)
Cash and equivalents at the end of period	276	415	396

Key ratios

	12-23A	12-24E	12-25E
Dupont			
Net profit margin	4.6%	7.0%	7.2%
Asset turnover	0.13	0.14	0.16
ROAA	0.6%	1.0%	1.1%
Avg assets/avg equity	3.06	3.23	3.17
ROAE	1.2%	2.1%	2.3%
Efficiency			
Days account receivable	119.0	129.9	141.9
Days inventory	2,561.9	2,320.9	2,100.9
Days creditor	213.2	209.6	206.5
Fixed asset turnover	3.40	3.85	4.28
ROIC	2.2%	3.2%	3.2%
Liquidity			
Current ratio	2.3	2.2	2.2
Quick ratio	1.0	1.0	1.0
Cash ratio	0.0	0.0	0.0
Cash cycle	2,467.7	2,241.3	2,036.4
Growth rate (yoy)			
Revenue growth	(32.4%)	13.2%	11.1%
Operating profit growth	(16.1%)	15.4%	4.4%
Net profit growth	(20.0%)	70.6%	14.6%
EPS growth	(20.0%)	70.6%	14.6%

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.

Growth Ratings Definition:

Positive	We forecast the company to have stronger earnings growth than peers over the investment horizon.
Neutral	We forecast the company's earnings growth to be in line with peers over the investment horizon.
Negative	We forecast the company to have weaker earnings growth than peers over the investment horizon.

Value Ratings Definition:

Positive	The current share price is lower than peers on the basis of historical P/E, P/B or another ratio specified.
Neutral	The current share price is in-line with peers on the basis of historical P/E, P/B or another ratio specified.
Negative	The current share price is higher than peers on the basis of historical P/E, P/B or another ratio specified.

Sector Ratings Definition:

Overweight	Stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	Stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	Stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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