

**Sector note**

13 May 2022

**PROPERTY DEVELOPMENT & INVESTMENT**

## Increased headwinds weigh on outlook

- Sales activities might speed up while land bank acquisition activities will slow down, altogether to cool down the prices in the rest of 2022, in our view.
- We see increasing headwinds weighing on sector outlook, including: 1) rising interest rate to effect on housing purchasing decisions, 2) material prices hike that could drive up housing prices and 3) tightening bank loans into property sector and stricter supervision in corporate bond issuance.

**HCMC: softer prices increase, shrinking new supply**

According to CBRE, the 1Q22 HCMC new condo supply plunged by 48% yoy to 884 units, the lowest level seen since 2013, leading to a drop of 53% yoy in sales volume (1,247 units). Average condo primary price increased 7.7% yoy, softer than that of +14.6% yoy seen in 1Q21, and 6.9% yoy in 4Q21. In landlot segment, average secondary prices slew down ~5% yoy in 1Q22, Cu Chi is the only area to experience a sharp land prices hike of 72.7% yoy following a proposal to be upgraded to City.

**Hanoi: prices to grow healthily but new supply to slump**

1Q22 condo sales volume rose 16% yoy to c.4,800 units while new supply fell by 20.3% yoy to 3,525 units. Average condo primary price increased healthily 13.3% yoy to US\$1,655 psm in 1Q22. The new supply of ready-built houses also declined by 24.7% yoy to 296 units in 1Q22. We believe the outbreak during Feb-Mar 2022 in Hanoi had blocked the residential construction activities. In landlot segment, secondary prices of 12/15 districts in Hanoi dwindled in 1Q22, down 7.7% qoq on average, but still inched up 5.7% yoy.

**We see more headwinds than positive catalysts**

We see increasing headwinds weighing on sector outlook, including: 1) rising interest rate to effect on housing purchasing decisions, 2) material prices hike that could drive up housing prices and 3) tightening bank loans into property sector and stricter supervision in corporate bond issuance. Re-rating catalyst is recovery in new supply. Downside risks are 1) tighter-than-expect funding, 2) higher-than-expected inflation and interest rate, and 3) further upward trend in construction material prices.

**Faster presales and slower land acquisition ahead amid tighter funding**

In the context of tightening bank loans into property sector and stricter supervision in corporate bond issuance, we believe developers will face challenges in funding in the next couple of quarters. Thus sales activities might speed up while land bank acquisition activities will slow down, altogether likely to cool down the housing prices in the rest of 2022, in our view. Property developers that have larger available-for-sale products and healthier balance sheets will still enjoy sustainable earnings growths over FY22-23F.

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**Figure 1: 1Q22 performance of listed property developers**

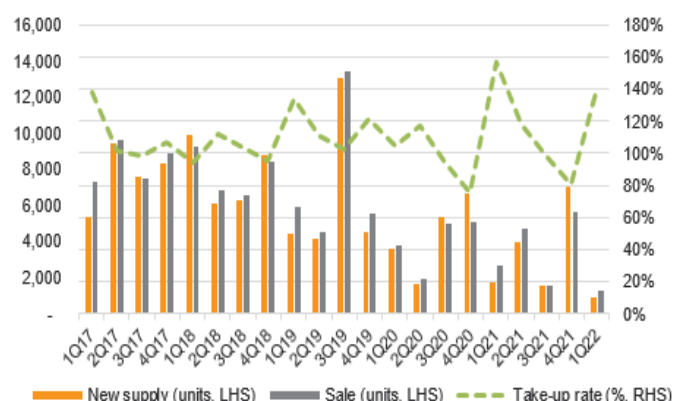
	1Q22 revenue (VNDbn)	1Q21 revenue (VNDbn)	Change (%) yoy	1Q22 net profit (VNDbn)	1Q21 net profit (VNDbn)	Change (%) yoy
VHM	8,923	12,986	-31%	4,540	5,396	-16%
NVL	1,956	4,507	-57%	1,079	537	101%
CRE	1,942	2,041	-5%	145	123	18%
DXG	1,792	2,954	-39%	270	531	-49%
BCG	1,253	634	98%	271	118	130%
HDG	684	1,354	-49%	244	322	-24%
PDR	625	586	7%	282	252	12%
NLG	587	236	149%	1	365	-100%
AGG	563	343	64%	1	5	-80%
DIG	519	500	4%	63	41	54%
KDH	143	836	-83%	299	205	46%

Sources: VNDIRECT RESEARCH

## 1Q22 HCMC MARKET RECAP

### New condo supply to shrink

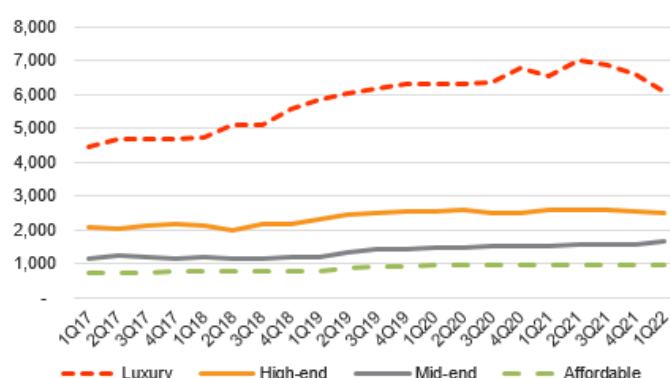
According to CBRE, the 1Q22 HCMC new condo supply plunged by 48% yoy to 884 units from only one high-end project namely Akari City, the lowest quarterly new supply since 2013. 1Q22 primary sales volume fell 53% yoy to 1,247 units due to subdued supply. Meanwhile, take-up rate still stayed positive at 141% (-15% pts yoy). We believe HCMC condo market will recover in the next couple of quarters with new launches of Lancaster Legacy, Urban Green, The 9 Stellars, Peak Garden projects.



Sources: CBRE, VNDIRECT RESEARCH

### Average condo primary prices to cool down across segments (Unit: US\$ psm)

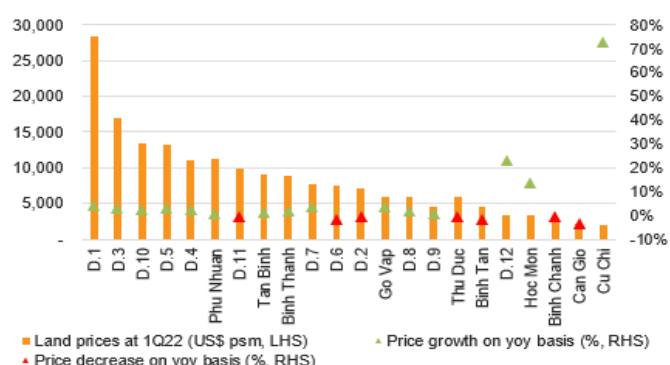
The HCMC condo primary price rose 7.7% yoy on average to US\$2,390 psm in 1Q22, softer than that of +14.6% yoy seen in 1Q21. The luxury and high-end segments declined respectively by 4.8% yoy and 1.2% yoy due to less sought-after locations. While the mid-end segments kept rising significantly 7.2% yoy (vs. +4.4% yoy in 1Q21) due to its limited supply over the last two years.



Sources: CBRE, VNDIRECT RESEARCH

### Land secondary prices in the Northwest of HCMC dramatically to surge in 1Q22 (Unit: US\$ psm)

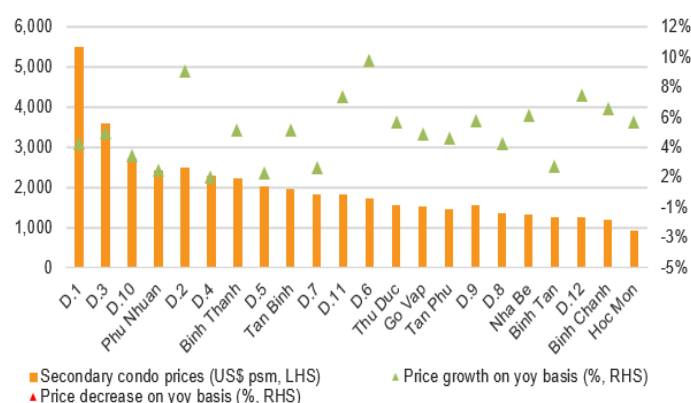
We see a dramatically surge in the Northwest of HCMC, especially Cu Chi district (+72.7% yoy, +116.5% within two years) following a proposal to be upgraded to City. Meanwhile, Hoc Mon district continued to record a double-digit price growth of 13.5% yoy (+51.8% within two years). While land price in the others showed a slowdown in 1Q22, fluctuating in the range of +/- 5% yoy.



Sources: VNDIRECT RESEARCH

### Condo secondary prices in 1Q22 still grew healthily (Unit: US\$ psm)

Due to limited new condo supply in 1Q22, condo secondary market is likely to draw investors' attention with secondary price rising across HCMC, up 4.4% yoy on average in 1Q22 (vs. +3.2% yoy in 1Q21).

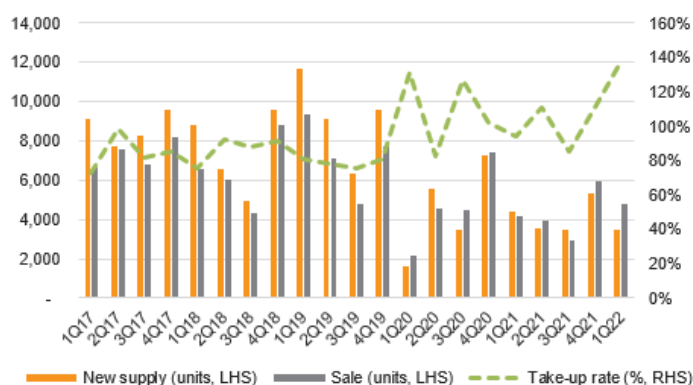


Sources: VNDIRECT RESEARCH

## 1Q22 HANOI MARKET RECAP

### Contrast between new condo supply and sales volume

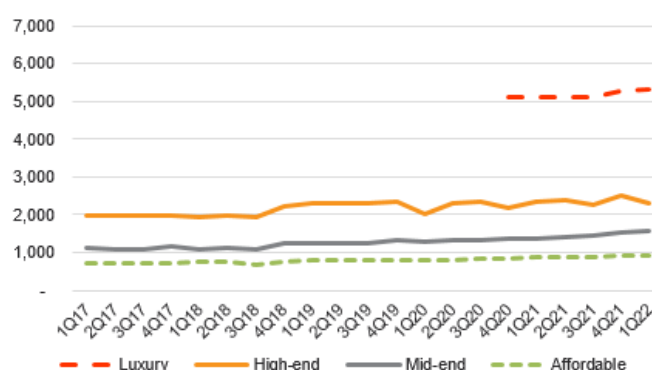
The 1Q22 new condo supply in Hanoi fell 20.3% yoy to 3,525 units, due to COVID-19 peak in Hanoi during Mar 2022. Mid-end segment maintained market dominance, contributing 66% of new supply. The new supply mostly focused in the West and East on their infrastructure accelerating. In contrast of new launches, 1Q22 Hanoi sales volume rose 15.6% yoy to 4,800 units boosted by the high demand in mid-end and affordable condo segments. As a result, 1Q22 take-up rate soared by 43.2% pts yoy to 137.1%.



Source: VNDIRECT RESEARCH, CBRE

### Condo primary price kept strong price growth momentum (Unit: US\$ psm)

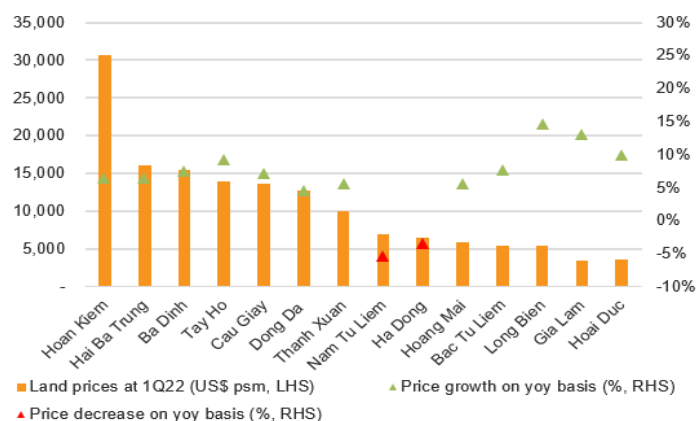
The condo prices across the board kept rising 4.5-15.8% yoy in 1Q22, except for luxury segment (-2.9% yoy). The mid-end segment price continued to record a double-digit growth of 15.8% yoy - the strongest growth among the segments - given its high demand. The Hanoi condo primary price rose by 13.3% yoy on average to US\$1,655 psm in 1Q22.



Source: VNDIRECT RESEARCH, CBRE

### A softer land secondary price momentum in 1Q22 (Unit: US\$ psm)

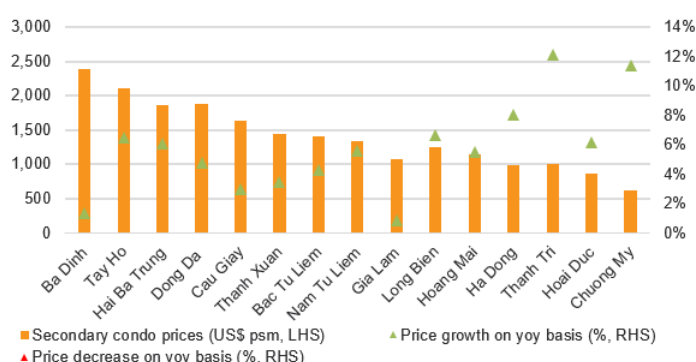
Prices remain higher on a yoy basis but down on a qoq basis. We recorded land prices in 12/15 districts of Hanoi to dwindle in 1Q22, down 7.7% qoq on average, but still inched up 5.7% yoy on average. Land prices in Long Bien, Bac Tu Liem went down 10-15% qoq in 1Q22 after a surge of 20-25% yoy in 2021. However, Long Bien has still increased the most at 14.6% yoy on upcoming Tran Hung Dao bridge which will connect Hoan Kiem and Long Bien Districts.



Source: VNDIRECT RESEARCH

### Condo secondary prices to grew healthily in 1Q22 (US\$ psm)

We saw Hanoi condo secondary prices continue to enjoy healthy momentum +5.7% yoy on average in 1Q22. Condo prices in suburban Hanoi kept doing well such as Thanh Tri (+12.2% yoy), Chuong My (+11.4% yoy).



Source: VNDIRECT RESEARCH

## Tightening bank loans into property sector and stricter supervision on corporate bond issuance

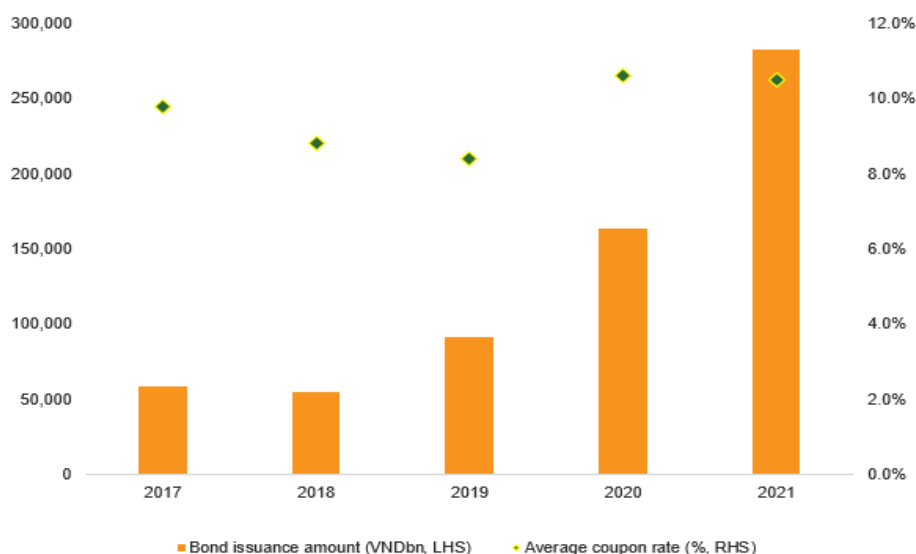
### Property developers might face challenges in funding in the next couple of quarters

For the past few years, the State Bank of Vietnam (SBV) has gradually directed the credit flows into manufacturing, services, agriculture, etc. and decreased the lending exposure to property sector. The Circular 22/2019/TT-NHNN, which was effective since 2020, required commercial banks to reduce the ratio of short-term funding used for medium to long term-loan ratio down to 34% by Oct 2021 and 30% by Oct 2022. Consequently, credit growth into property sector has slowed down from 26% at end-FY18 to 12% at end-FY21 and possibly decelerates to 9-10% in FY22F. In Apr 2022, in order to curb property speculation, SBV has required banks to closely monitor credit into the real estate sector, and curb credit to those investing in premium properties, tourism and resort properties, and those hoarding properties.

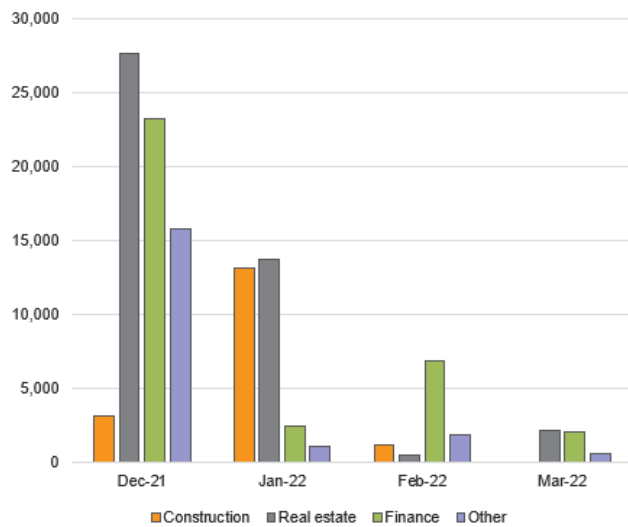
Besides, the government also has urged caution on corporate bonds market due to growing risks of violations reported in issuances and auction of land use rights. According to our market research, property corporate bonds, accounting for 40% of new issuance, experienced strong growths with 73.1% yoy and 25.2% yoy in 2021 and 1Q22, respectively. In order to mitigate any further risks and enhance the market transparency, the Ministry of Finance has reviewed the legal framework with more stricter requirements for issuers, especially in private placement. SBV shall supervise and inspect credit institutions investing in corporate bonds, providing underwriting securities, investment, and distribution services for corporate bonds, especially bonds of real estate enterprises, enterprises with large issuance volume and high interest rates, or negative business results and no collateral. Thus, we believe that corporate bond issuance, and especially in real estate sector will be tightly squeezed in the next couple of quarters.

In the context of tightening bank loans into property sector and stricter supervision in corporate bond issuance, we believe developers will face challenges.

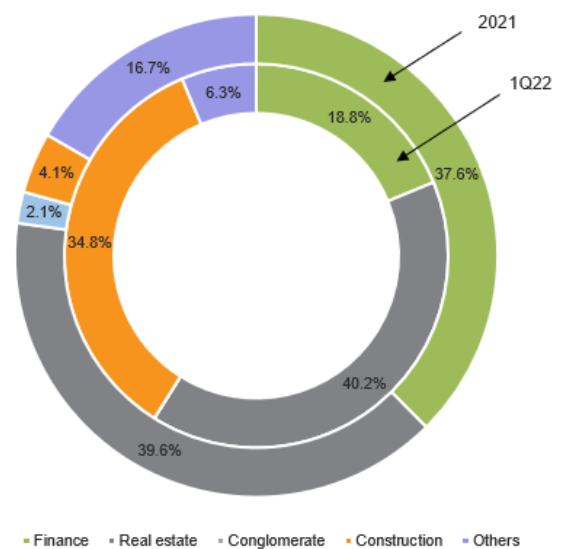
**Figure 2: Bond issuance by real estate developers saw spectacular since 2019**



Sources: VNDIRECT RESEARCH, FIINPRO

**Figure 3: Value of corporate bonds issued by industry (VNDbn)**


Sources: CBRE, SAVILLS, VNDIRECT RESEARCH

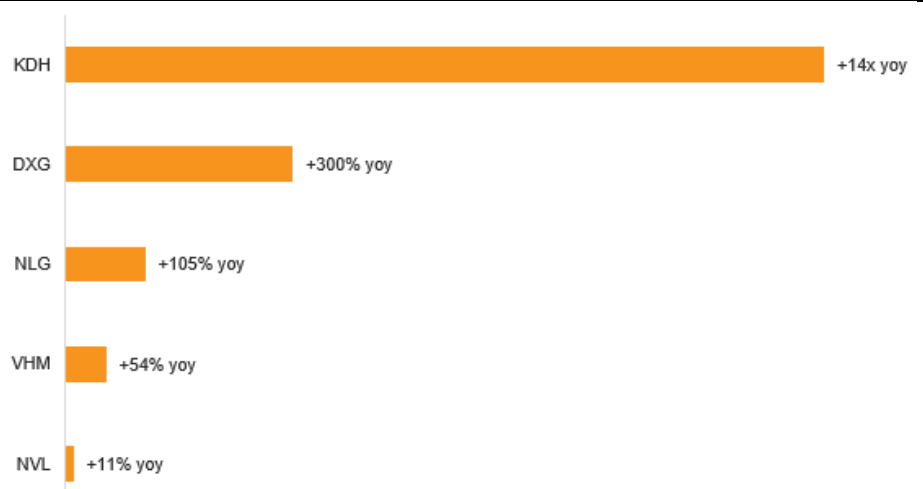
**Figure 4: Corporate bonds issued by industry (%)**


Sources: CBRE, VNDIRECT RESEARCH

### Faster presales and slower land bank acquisition ahead

We forecast a volume-driven recovery in property sector in 2022F, as we believe developers will speed up their contracted sales to improve cashflow. This is demonstrated by the strong presales growth outlook in FY22F, with KDH (+14x yoy), DXG (+300% yoy), NLG (+105% yoy), NLG (+105% yoy) on the back of FY21 low base and the reinstatement of the delayed projects from FY21 due to Covid-19.

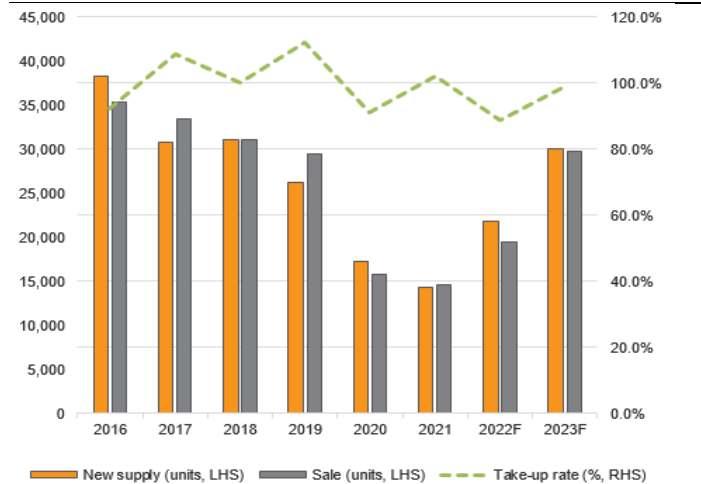
In addition, developers will likely be more conservative in buying land and reduce their land purchase budgets, in our view. We think developers may consider co-developing projects with rich cash balance or foreign developers through more JV or associate projects in 2022F amid current tighter funding. Overall, we view the wake of the SBV's policy on tightening real estate credit growth positively as it encourages developers to speed up sales and project development and the residential real estate market in 2022F would therefore be sustainable.

**Figure 5: Strong presales growth outlook among listed developer in FY22F**


Sources: VNDIRECT RESEARCH, FIINPRO

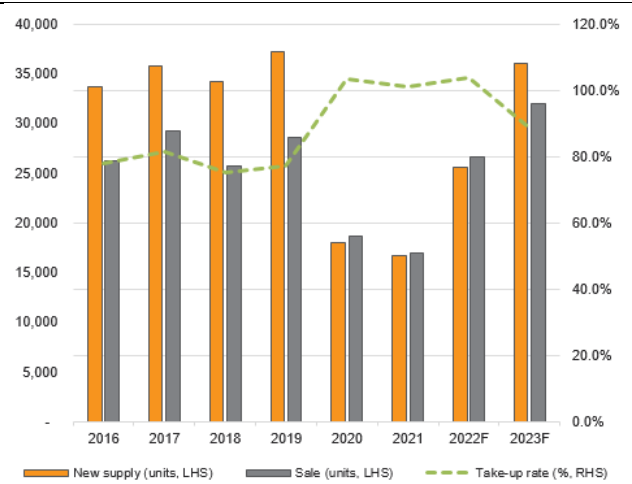


**Figure 6: The HCMC new condo supply is expected to recover from 2022F thanks to loosening regulatory bottleneck**



Sources: CBRE, SAVILLS, VNDIRECT RESEARCH

**Figure 7: Hanoi new condo supply recovery in 2022-23F, driven by a stable contribution from Vinhomes' massive projects**



Sources: CBRE, VNDIRECT RESEARCH

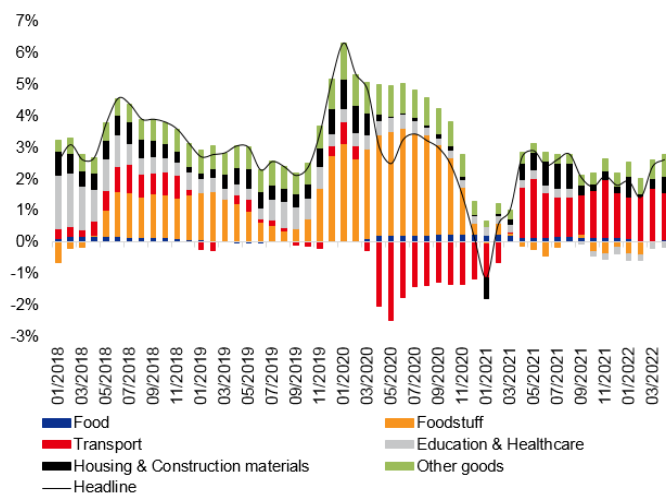
## Interest rates tend to pick up

### Keep an eye on accelerating inflation in 2Q22F

Vietnam's headline inflation climbed to 2.6% yoy in Apr 2022 (vs. 1.9% in 1Q22 and 2.4% in March 2022). We see inflation risks increasing in the rest of 2022 due to the impact of Russia-Ukraine crisis. The increase in prices of input materials such as coal, steel, copper, aluminum could impact on production costs in Vietnam while the increase in prices of fertilizers and agricultural commodities (wheat, corn, barley) can also increase pressure on domestic food and foodstuff prices. Therefore, we expect inflation to heat up in the upcoming month and forecast CPI in 2Q22F to average at 3.1% yoy (vs. 1.9% yoy in 1Q22).

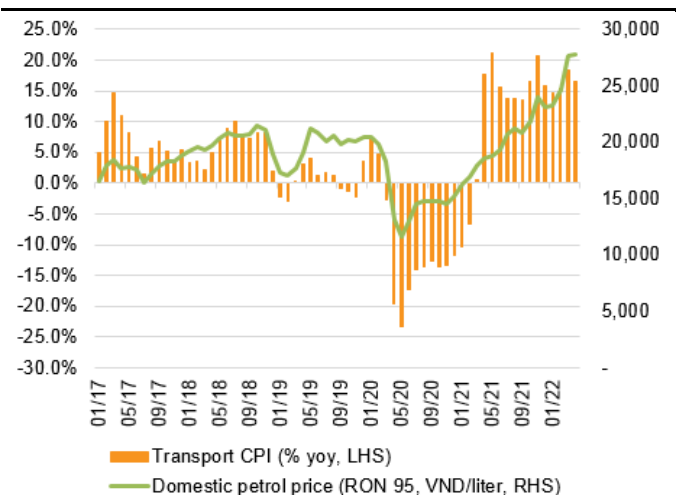
However, we still believe that the Government could be able to control the inflation to meets the government's target of keeping the 2022 average CPI below 4.0% yoy. The government has taken effective solutions to curb inflation this year, including reducing environmental tax on gasoline to lower domestic gasoline prices and adjusting prices of public services such as tuition fees. Overall, we maintain our 2022 average CPI forecast at 3.4% yoy..

**Figure 8: Headline CPI rose 2.6% yoy in Apr 2022, (vs. 1.9% in 1Q22 and 2.4% in March 2022)**



Source: GSO, VNDIRECT RESEARCH

**Figure 9: Transportation CPI surged amid rising crude oil price**



Source: GSO, VNDIRECT RESEARCH

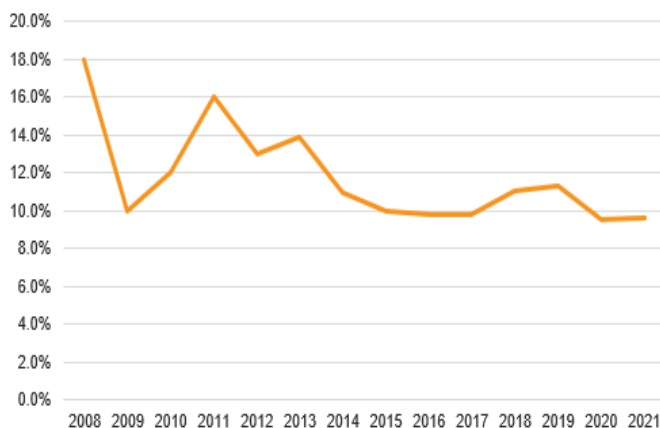
### Mortgage rates heat up following rising deposit rates

As of 26 Apr, 2022, the 3-month term deposit rates and the 12-month term deposit rates of state-owned banks remained unchanged compared to the level at the end of 2021 while the 3-month term deposit rates and the 12-month term deposit rates of private banks edged up 14bps and 13bps, respectively, compared to the level at the end of 2021. Thus, we observe the average mortgage rate from local banks stayed relatively flat in 1Q22.

We think the deposit rate is unlikely to remain at historic low and could increase 30-50 basis points in 2022F due to following reason (1) higher demand for fund raising as credit accelerates, (2) inflation pressure in Vietnam would pick up in 2022, (3) compete more fiercely with other investment channels such as real estate and securities to attract capital inflow. We see the 12-month deposit rates of commercial bank could climb to 5.9-6.1%/year at the year-end of 2022 (currently at 5.6%/year), which are still lower compared to pre-pandemic level of 7.0%/year.

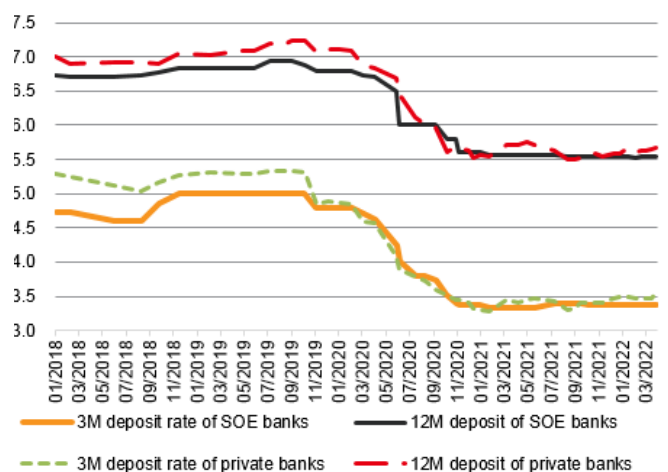
The commercial banks are likely to raise lending rates on other conventional loans to offset the increase in deposit rates, especially in the context of the central bank tightened controls over the credit offered to the real estate market. We expect mortgage rates in 2022F to fluctuate in the range of 9.5%-10.0%, still lower compared to pre-pandemic level of 11-11.5%/year. We keep our view that mortgage rates are at a still-low rate in 2022F, and as such, do not expect condo transactions to be negatively affected in 2022F.

**Figure 10: We believe mortgage rates will still be maintained at a low rate until late-2Q22 at the earliest**



Sources: VNDIRECT RESEARCH, DOMESTIC BANKS

**Figure 11: Deposit interest rate slightly edged up in April 2022 (%)**



Sources: VNDIRECT RESEARCH, DOMESTIC BANKS

### Most of listed property companies experienced a sharp drop in 1Q22 revenue

1Q22 aggregated revenue of listed property developers fell 19.6% yoy due to handovers and construction activities interruptions in FY21 and 1Q22 affected by COVID-19. The notable laggards named KDH (-83% yoy), NVL (-57% yoy), DXG (-39% yoy), VHM (-31% yoy).

While 1Q22 net profit slightly decreased 5.7% yoy thanks to one-off gains from bulk sales and revaluation. Top companies to record strongest 1Q22 earnings growth include: NTL (+177% yoy), BCG (+130% yoy), and NVL (+101% yoy).

1Q22 earnings update of notable listed property developers:

- VHM's 1Q22 revenue decreased by 31.3% yoy to VND8,923bn, mostly from retail handovers at Vinhomes Ocean Park, Vinhomes Smart City

and Vinhomes Grand Park. Financial income rose 66.0% yoy to VND3,829bn thanks to bulk sales transactions (VND3,200bn). As a result, 1Q22 net profit dropped 15.9% yoy to VND4,540bn.

- NVL's 1Q22 revenue dropped sharply 57% yoy to VND1,956bn, mostly from property handovers of pre-sold units at NovaHills Mui Ne, NovaWorld Phan Thiet, NovaWorld Ho Tram, Aqua City and Saigon Royal. However, 1Q22 NP surged by 101% yoy to VND1,079bn boosted by one-off gain from revaluation Da Lat Valley real estate company.
- DXG's 1Q22 revenue fell 39.3% yoy to VND1,792bn due to a drop of 54.6% yoy in property handover revenue, as DXG's key projects are likely to be handed over in 2H22F. Brokerage revenue slightly decreased by 3.2% yoy to VND710bn on shrinking new supply and COVID-19 outbreak in 1Q22. As a result, 1Q22 net profit dropped 49.2% yoy to VND270bn.
- NLG reported 1Q22 revenue up 149.1% yoy to VND587.4bn, thanks to handovers at Flora Akari (99 units valued VND248bn) and Valora Southgate (64 units valued VND251bn). Of which, Southgate project has been consolidated into NLG's revenue since 3Q21. Meanwhile, 1Q22 net profit (NP) plunged by 99.8% yoy to VND0.6bn due to lack of one-off income. NLG's 4M22 presales rose 43.8% yoy to VND5,895bn, thanks to successful launches of five projects.

**Figure 12: Most of listed property companies experienced a sharp drop in 1Q22 revenue**

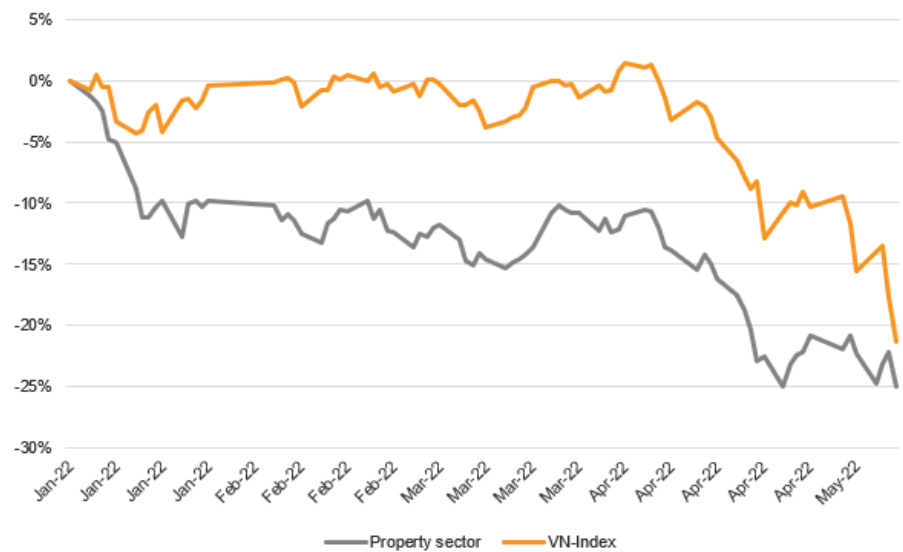
	1Q22 revenue (VNDbn)	1Q21 revenue (VNDbn)	Change (%) yoy	1Q22 net profit (VNDbn)	1Q21 net profit (VNDbn)	Change (%) yoy
VHM	8,923	12,986	-31%	4,540	5,396	-16%
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IJC	528	1,416	-63%	174	292	-40%
DIG	519	500	4%	63	41	54%
HDC	400	296	35%	97	78	24%
CEO	293	142	106%	35	-19	
KDH	143	836	-83%	299	205	46%
NTL	88	50	76%	36	13	177%
NBB	76	162	-53%	2	32	-94%

Sources: VNDIRECT RESEARCH, FIINPRO

### Property sector index plunged 25.0% since early-2022

Given violations relating to auction of land use rights, land use envy and tighter funding for property sector, the property sector index has declined 25.0% ytd since early-2022, deeper than the drop of 21.3% of VN-Index. We believe the property stock price has been shaken off in the short term, but for the long term, this signals Government's effort to maintain the sustainable development in real estate market and stabilize the housing market as prices skyrocket on recovering demand and the specter of high inflation and speculation looms large.



**Figure 13: Property sector index has plummeted since early 2022**


Sources: VNDIRECT RESEARCH, FIINPRO

#### Downside risks:

- Housing prices have increased rapidly, especially in decentralized and sub-urban areas, which are raising concern and pricing out of the market for home buyers;
- We see rising construction cost on material prices hike, especially steels prices have increased more than c.20% since early-2022. Steel accounts for 12-15% of total construction cost (based on industry estimates), this could drive up housing prices if those remain at current high level in the next two years;
- Tighter-than-expected funding that put developers to face challenges in raising funds to develop projects;
- Higher-than-expected inflation and interest rate that could negative impact to condo transactions, especially mid-end and affordable segments.

**Upside catalysts:** While waiting for the Land Law 2013 amendment, which has been delayed 4<sup>th</sup> time in submission to the National Assembly in May 2022, the government is drafting a Decree to amend and supplement 6 Decrees guiding the implementation of the Land Law. This, together with Decree 148 issued in 2020, Circular 09 issued in 2021 should tackle the bottlenecks in the approval of residential projects and shorten the time in granting construction, in our view. The market will return to its excitement after a dull and sluggish period.

**Figure 14: Peer comparisons**

Company	Ticker	Price	Mkt cap	P/E (x)		3-year EPS		P/B (x)			ROE (%)		Net D/E as of 1Q22 (%)
		LC\$	US\$m	TTM	FY22F	FY23F	CAGR (%)	Current	FY22F	FY23F	FY22F	FY23F	
Residential/hospitality developers													
Vinhomes	VHM VN	68,900	12,995	7.8	8.6	6.1	38.3	2.3	1.8	1.4	23.4	25.4	12.7
Novaland	NVL VN	75,300	6,359	34.7	21.3	11.0	59.1	4.0	3.5	2.6	17.7	27.0	117.7
Phat Dat	PDR VN	57,000	1,658	20.5	12.1	7.6	20.5	5.2	3.4	2.4	28.3	30.7	53.0
Khang Dien	KDH VN	42,250	1,177	22.5	17.1	12.8	44.4	2.6	2.4	2.0	25.6	35.6	28.7
Nam Long	NLG VN	46,500	771	24.5	13.8	9.4	58.9	2.0	1.8	1.6	14.6	19.1	1.4
Dat Xanh	DXG VN	28,850	759	19.2	8.1	3.8	46.3	1.9	1.6	1.1	21.7	34.6	15.1
Ha Do	HDG VN	43,750	386	8.5	6.7	6.2	7.3	1.9	1.7	1.3	23.4	24.2	106.8
Bamboo Capital	BCG VN	21,910	414	8.6	6.4	4.6	33.6	1.5	1.6	1.2	31.2	29.6	114.7
Local peer average				19.4	13.2	9.4	37.4	2.8	2.2	1.7	22.4	26.6	52.0
Local peer median				20.5	12.1	7.6	38.3	2.3	1.8	1.5	23.4	27.0	28.7
China & Hongkong													
China Vanke-A	000002 CH	N/A	29,876	9.2	8.3	7.7	9.2	0.9	0.9	0.8	10.1	10.2	39.0
Sun Hung Kai	16 HK	96.4	33,408	9.3	9.2	8.6	9.3	0.4	0.4	0.4	4.9	5.0	15.6
China Overseas Land	688 HK	22.4	30,464	5.1	5.4	5.1	5.1	0.6	0.6	0.5	10.6	10.5	31.6
China Resources Land	1109 HK	30.5	29,114	6.1	6.7	6.1	6.1	0.9	0.8	0.8	12.8	12.9	26.6
China Evergrande	3333 HK	15.6	2,775	1.2	5.5	N/A	1.2	0.1	0.1	0.1	(1.8)	(0.4)	159.8
Country Garden	2007 HK	9.2	12,267	2.9	3.1	3.0	2.9	0.4	0.4	0.4	13.7	12.3	52.4
Indonesia													
Pakuwon Jati	PWON IJ	600	1,695	17.9	14.0	12.7	17.9	1.5	1.4	1.3	9.2	9.9	-3.8
Bumi Serpong Damai	BSDE IJ	1,320	1,302	17.0	13.0	9.6	17.0	0.6	0.5	0.5	4.5	5.5	0.0
Ciputra Development	CTRA IJ	1,041	1,237	10.4	12.6	11.8	10.4	1.1	1.0	1.0	7.9	7.9	12.3
Summarecon Agung	SMRA IJ	1,109	765	23.8	23.4	17.4	23.8	1.3	1.2	1.1	5.9	7.6	38.0
Malaysia													
KLCCP Stapled	KLCCSS MK	7.2	2,770	96.1	18.1	17.0	96.1	2.4	0.9	0.9	5.2	5.6	9.4
SP Setia	SPSB MK	1.3	955	27.5	11.2	12.8	27.5	0.3	0.3	0.3	2.6	2.4	69.9
Sime Darby Property	SDPR MK	0.8	861	26.4	15.4	12.9	26.4	0.4	0.4	0.4	2.7	3.1	32.0
Singapore													
CapitaLand	CAPL SP	3.0	N/A	N/A	17.2	15.5	N/A	N/A	N/A	N/A	5.1	5.8	68.1
Keppel Corp	KEP SP	5.3	8,251	11.4	13.6	12.8	11.4	1.0	1.0	0.9	7.3	7.8	67.3
City Developments	CIT SP	8.9	4,977	81.6	12.4	14.2	81.6	0.9	0.8	0.8	7.6	5.5	99.6
UOL Group	UOL SP	6.8	4,188	19.0	16.4	15.4	19.0	0.6	0.6	0.6	3.3	3.4	25.8
Frasers Property	FPL SP	1.7	3,034	5.9	18.1	17.5	5.9	0.4	0.4	0.4	2.5	2.3	78.7
Ascott Residence	ART SP	1.2	2,632	9.1	36.7	23.9	9.1	0.9	0.9	0.9	2.6	3.7	54.6
Thailand													
Land And Houses	LH TB	8.0	2,992	14.8	13.0	12.2	14.8	2.1	2.0	1.9	15.8	16.3	109.5
WHA Corporation	WHA TB	4.1	1,308	16.2	13.2	11.1	16.2	1.5	1.4	1.4	11.0	12.2	103.5
Pruksa Holding	PSH TB	13.0	813	12.0	9.5	9.0	12.0	0.7	0.6	0.6	6.7	6.9	36.9
Supalai	SPALI TB	15.3	1,157	5.4	6.5	6.4	5.4	1.0	0.9	0.9	14.8	13.8	42.5

Note: all prices are based on the closing prices on May 12 2022. All estimates for Non-rated (NR) stocks are based on Bloomberg consensus estimates.

Sources: VNDIRECT RESEARCH, BLOOMBERG

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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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