Preliminary 2H2020 outlook

August 2020

REAL ESTATE INDUSTRY: Prices keep rising

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Hanoi condominium market

- The market was vibrant in Q2 2020: Supply nearly tripled compared to the previous quarter.

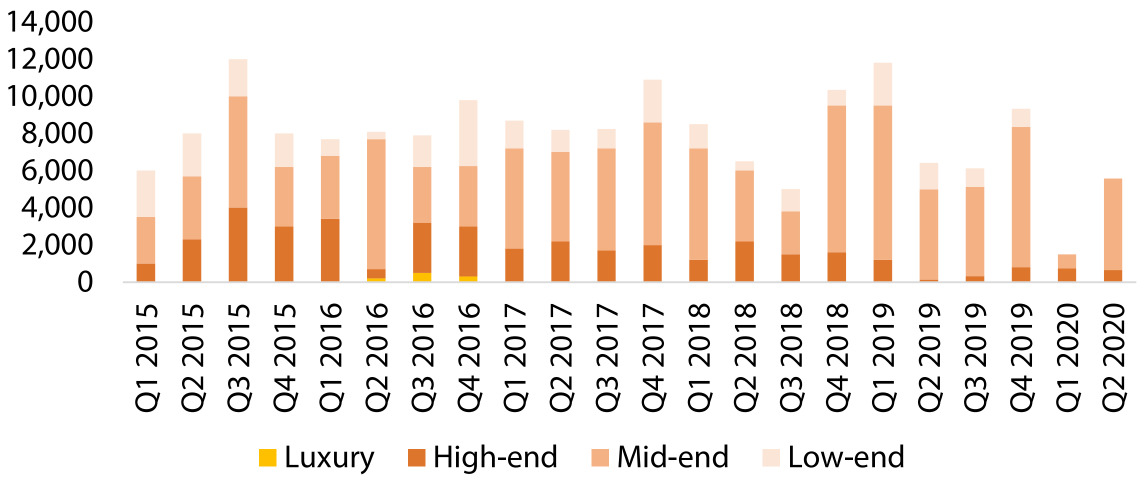
272% QoQ 13% YoY

- Sales rebounded in Q2, and the absorption rate was at around 50%. 5,100 units were sold, double compared to the previous quarter.

94% QoQ 13% YoY 50%

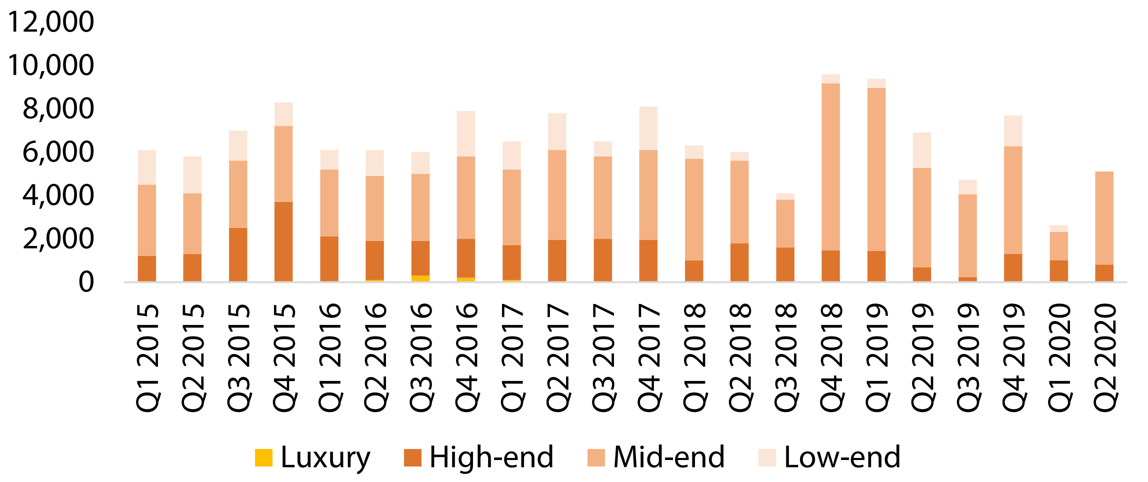
Sold units **Absorption rate**

Figure 1: Hanoi market new launches



Source: CBRE, RongViet Securities

Figure 2: Hanoi market units sold



Source: CBRE, RongViet Securities

HCMC condominium market

- New launch supply in HCMC in Q2 was the lowest during the last five years.

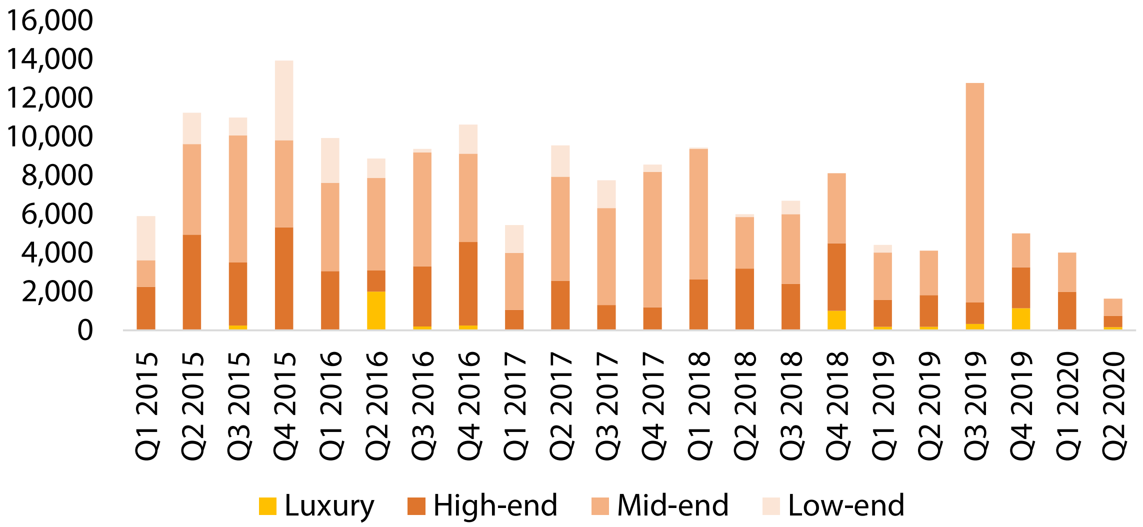
59% QoQ   60% YoY

- Demand dropped due to high selling prices and the impacts of COVID-19 in Q2 2020. For H1 2020, total sold units were 5,338, a decrease of 49% YoY. the absorption rate reached 72%, a decrease of 10-15 ppts QoQ and 20 ppts YoY.

58% QoQ   65% YoY   72%

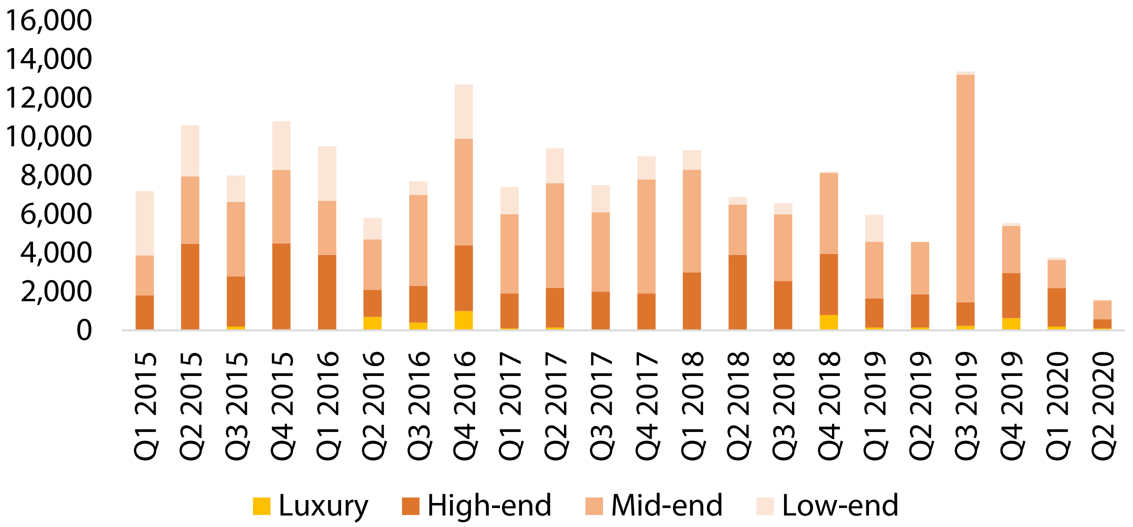
Sold units   **Absorption rate**

Figure 3: HCMC market new launches (units)



Source: CBRE, RongViet Securities

Figure 4: HCMC market sold units (units)



Source: CBRE, RongViet Securities

REAL ESTATE INDUSTRY - REVIEW

Selling price to increase across segments

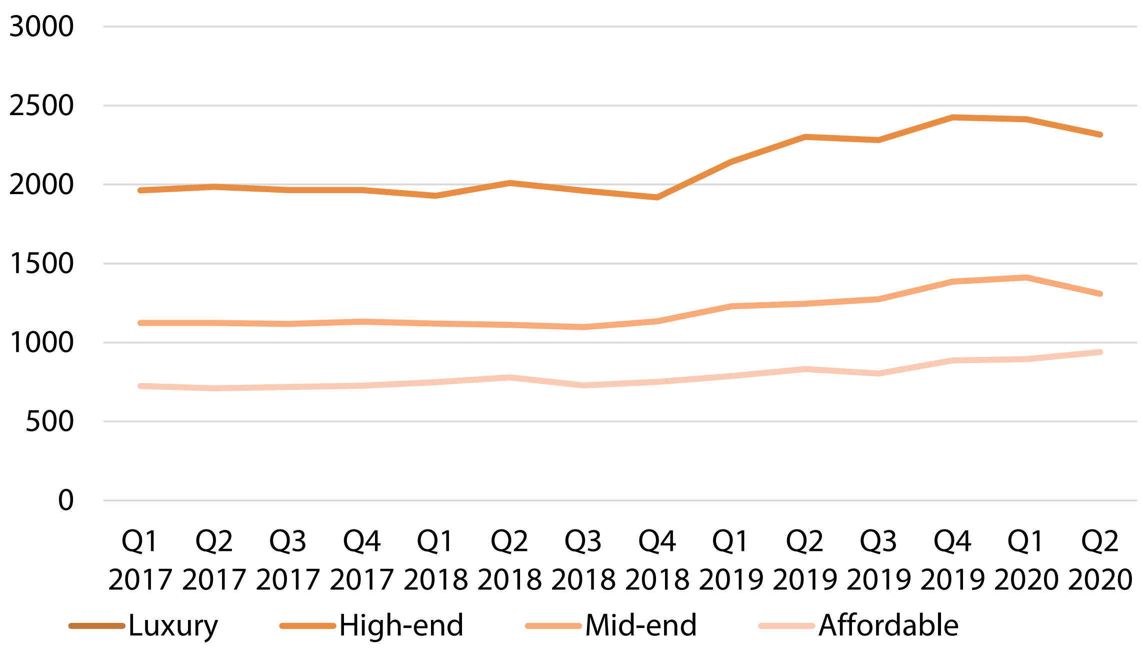
Hanoi:

- Selling price for the primary market has increased across segments. However, affordable housing was the best performer, due to low price level (+13% YoY).

HCMC:

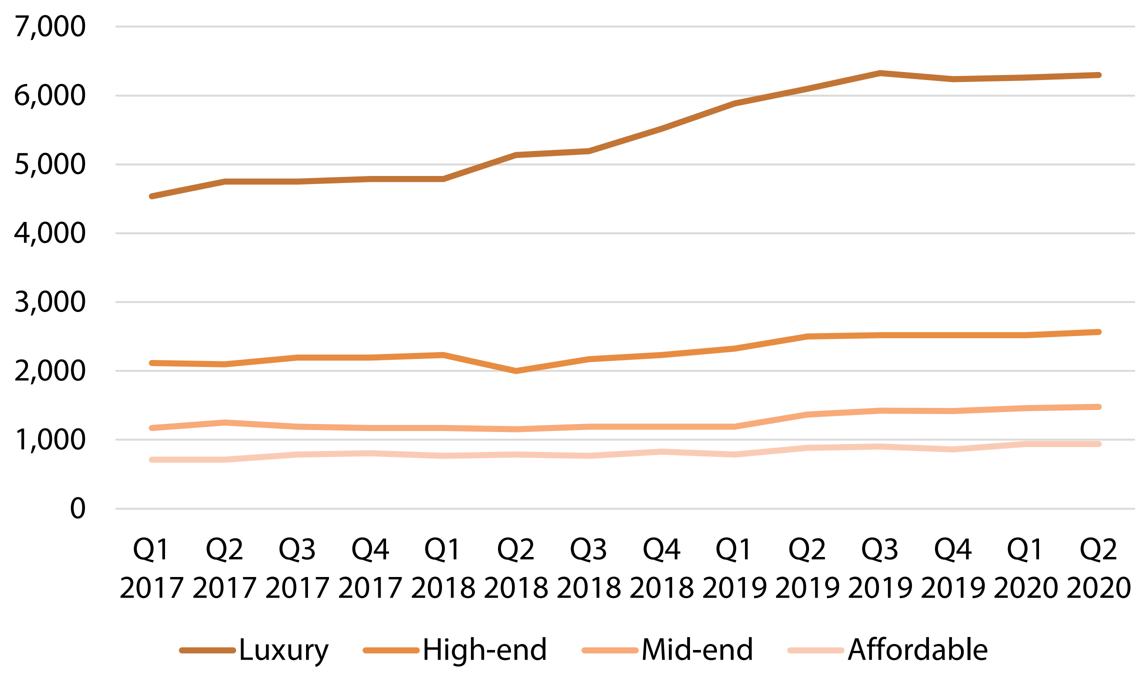
- The average selling price for the primary market remained stable compared to the previous quarter, and up by 4% YoY.Mid-end segment has achieved highest growth YoY (+8% YoY).

Figure 5: Hanoi Condominium primary price (USD/sqm)



Source: CBRE, RongViet Securities

Figure 6: HCMC Condominium primary price (USD/sqm)

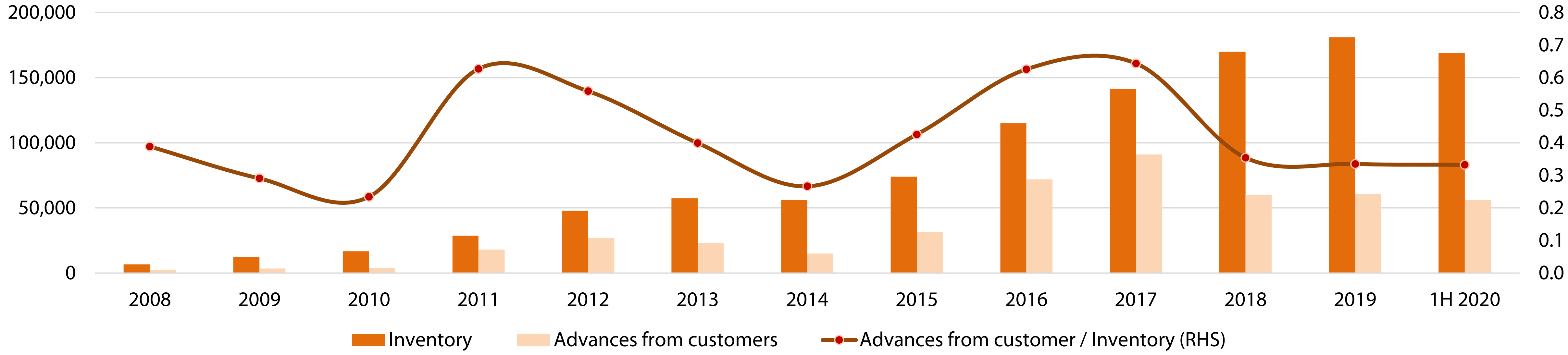


Source: CBRE, RongViet Securities

Advances from customer to inventory ratio remains flat

- 2018 was a turning point: the 2014 – 2018 period was considered to be an accumulation period for acquiring land bank and developing residential projects. Developers registered high net profit growth in 2018.
- 2018 - 2020: Development progress is showing signs of slowing down.
- 1H 2020: The first time since 2014 that the value of inventory saw a decrease. It means that: 1) Legal process tightening made developers it difficult from accumulating new land bank and 2) The business strategy has changed as developers have been also more conservative in acquiring projects.

Figure 7: Advances from customer to inventory ratio



Source: FiinPro, RongViet Securities

Bond market continues to be vibrant

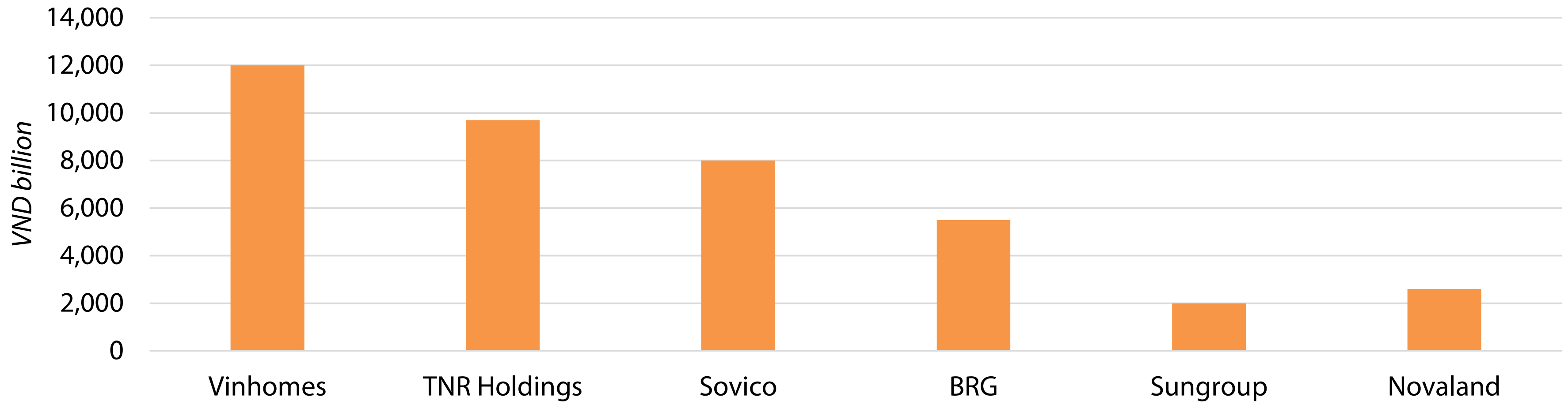
VND 45,6 trillion
Value of bonds issued

29%
Of total value of bonds issued in 1H 2020.

12.0 -14.0%
Average coupon rate

Source: HNX, SSC

Figure 8: Bond issuance in 1H 2020



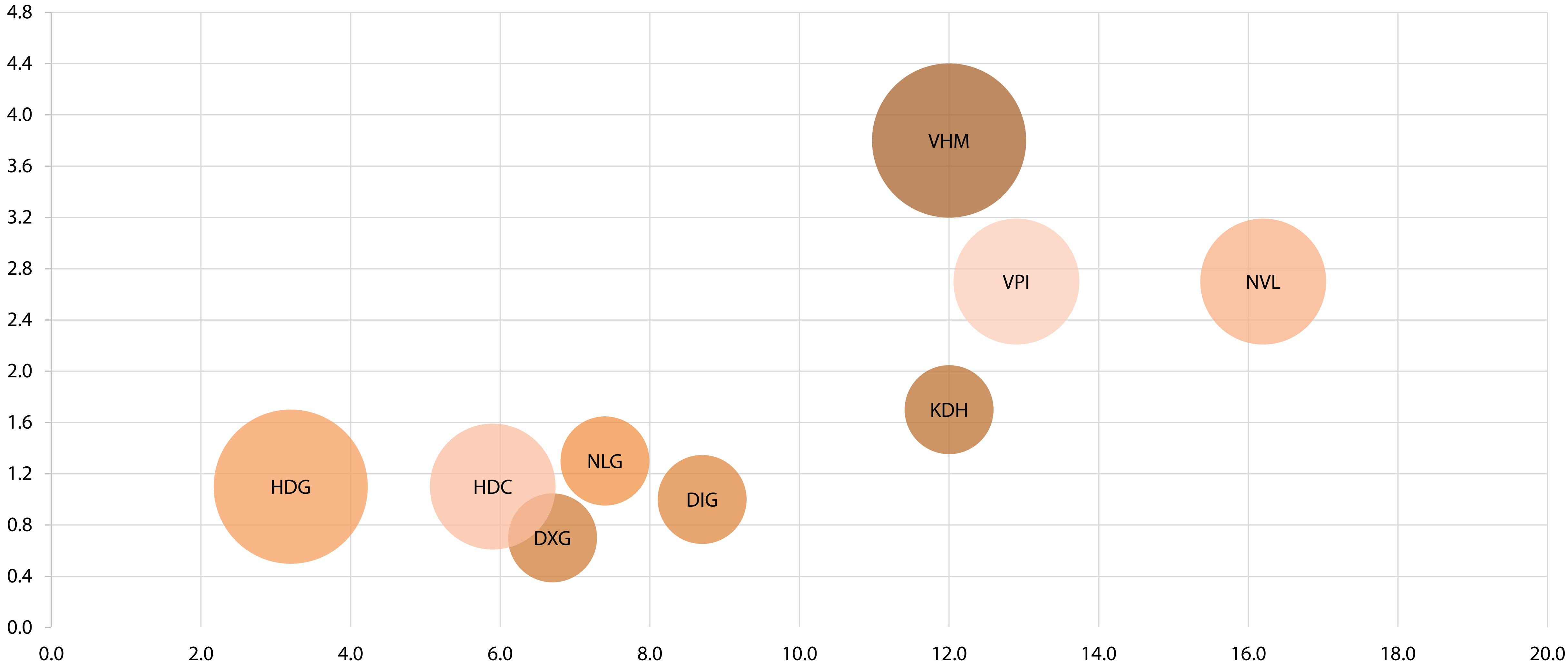
Source: HNX, SSC

Industry comparable: 1H2020 financials

Ticker	Market cap (USD mn)	Target price (VND)	Sales Growth (% YoY)	EBITDA Growth (% YoY)	EBITDA Margin (%)	Operating Income Margin (%)	Net Income Growth (% YoY)	Net Profit Margin (%)	ROA (%)	ROE (%)	DY (%)	Current P/E (x)	Current P/B (x)
KDH	555.9	29,300	18.9	70.5	39.3	38.9	89.9	27.4	8.5	14.6	0.0	12.0	1.7
NLG	278.6	31,000	-29.6	-18.7	20.1	18.5	-32.8	27.1	8.0	14.3	0.0	7.4	1.3
DXG	210.9	14,800	-53.9	-52.7	32.5	30.3	-93.2	3.5	3.5	7.9	0.0	6.7	0.7
DIG	163.5	16,000	30.2	30.6	11.2	11.2	38.4	6.2	5.6	11.3	0.0	8.7	1.0
HDG	136.5	24,500	55.2	35.9	38.8	35.6	42.3	19.4	7.4	29.6	0.0	3.2	1.1
VHM	11,302.5	N/A	-14.4	-14.8	34.9	34.0	7.6	46.3	11.2	31.9	0.0	12.0	3.8

Source: Bloomberg, RongViet Securities. Share price as of 07 Aug 2020.

Industry comparable



Source: FiinGroup, Rong Viet Securities. Bubble size equals respective ROE. Share price as of 07 Aug 2020.

DXG – UNLOCK THE GEM SKY WORLD PROJECT

INVESTMENT RATIONALE

Real estate development: Awaiting for the success of the Gem Sky World

- The Gem Sky World will contribute a major profit as well as cash inflow in 2020.
  - Phase-1: 1,000 land lots launched, with absorption rate of 70%. Average selling price of VND 20 million/sqm, not including discount. SPA contract to be signed by early-August. Gross margin will be from 50%.
  - DXG targets 3,000-4,000 units in total launching to market in 2020. Phase-2 will open in Q3.
  - Profit recognized in 2020 is estimated at VND 700 billion.
- DXG also exploits other land banks, namely Opal Skyview (HCMC) and Opal Skyline (Binh Duong). Total scale will be 170 units and 1,300 units, respectively.
- Total unbilled contracted sales value is estimated at VND 8,000 billion by the end of 2020, but 65% from the Gem Riverside's value.

Brokerage segment: Decline due to the effects of Covid-19

- Total transaction units in 2020 will be 21,000 units, down 30% compared to 2019's result.
- Spinoff of DXS. DXG is a leading broker of mid-end and affordable housing with an estimated market share of 20-25%. The pre-IPO deal is expected to be finalized in 2020.

Attractive valuation

- P/E and P/B forward 2020 are 4.8 times and 0.5 times, looking attractive.

RISKS TO OUR CALL

- Delayed development progress of the Gem Riverside and absorption rate of the Gem Sky World projects.
- Recognizing loss as divestment of LDG, being estimated at VND 500 billion.

BUY 57%

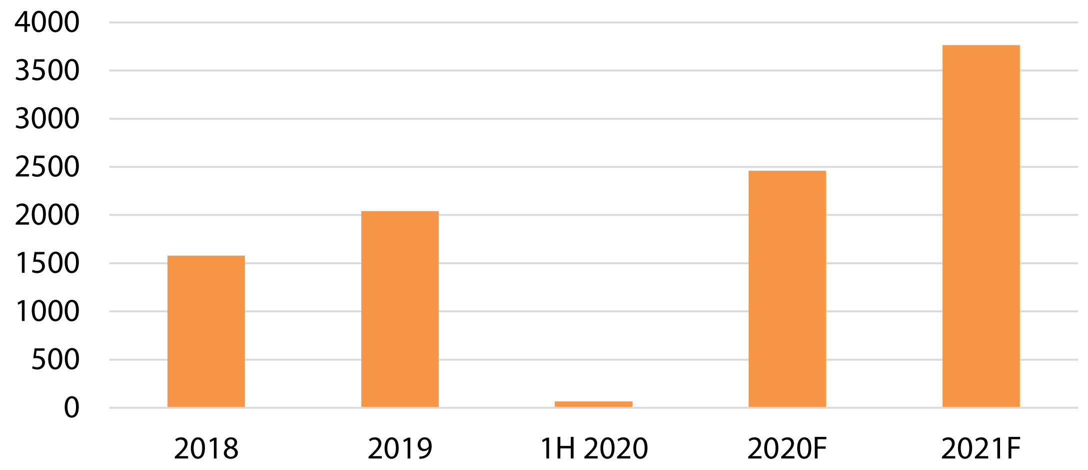
CMP (VND)	**9,420**
Target Price (VND)	**14,800**
*Cash Dividend (VND)**	*0*

STOCK INFO	
Sector	Financials
Market Cap ($ mn)	211
Current Shares O/S (mn shares)	519
3M Avg. Volume (K)	4,513
3M Avg. Trading Value ($ mn)	2.1
Remaining foreign room (%)	10.7
52-week range ('000 VND)	7.2-17.8

FORECAST	2018A	2019A	2020F	2021F
Revenue (VND bn)	**4,645**	**5,814**	**5,281**	**5,915**
Growth (%)	*61.3*	*25.2*	*-9.2*	*12.0*
NPATMI (VND bn)	**1,178**	**1,217**	**1,009**	**1,386**
Growth (%)	*56.9*	*3.3*	*-17.1*	*37.4*
ROA (%)	9.82	7.2	5.6	6.9
ROE (%)	21.72	15.9	11.3	12.2
EPS (VND)	3,265	2,661	1,943	2,671
Book Value (VND)	14,282	17,756	20,643	23,115
Cash dividend (VND)	0	0	0	0
P/E (x) (*)	2.9	4.2	4.8	3.5
P/B (x) (*)	0.7	0.7	0.5	0.4

(*) Share price as of Aug 7th, 2020.

Figure 1: Revenue from real estate development



Source: RongViet Securities

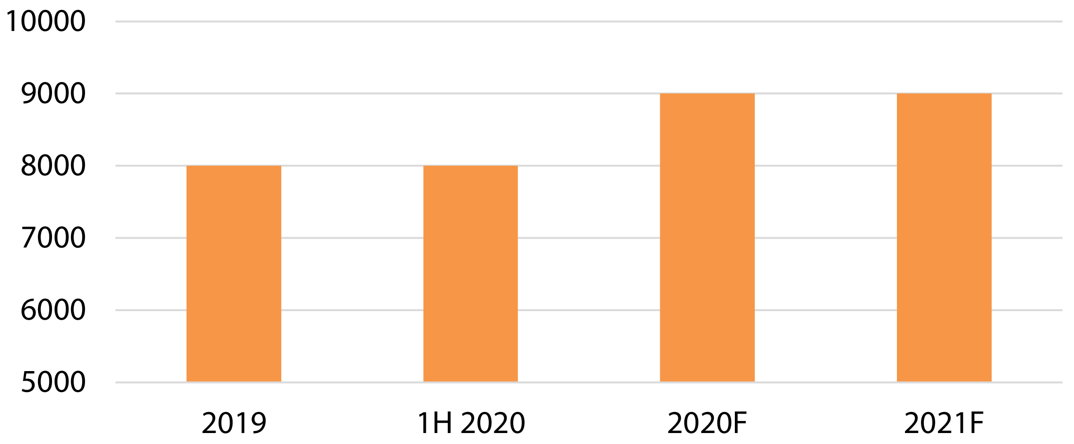
The Gem Sky World will be a key profit driver in 2020-2021

- 700/1000 land plots were booked during the 1st phase, with ASP of around VND 18-20 million/sqm, not including discounts. GPM was 50% on average.
- Phase 2 will be launched next month, and selling price may be slightly higher.
- For the whole year, DXG plans to launch 3000-4000 land plots, and recognize VND 700 billion gross profit only from this project.

Brokerage segment sees poor results compared to 2019's

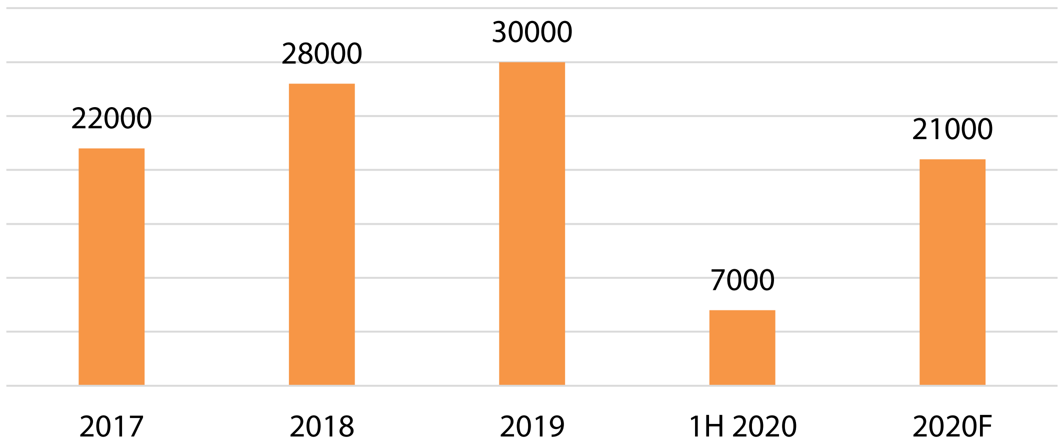
- Total transaction units will be down 30% YoY, reaching 21,000 units.
- IPO of DXS becomes key catalyst. Pre-IPO will be deployed in late-2020.

Figure 2: Contracted sales value (VND billion) *



*Source: Rong Viet Securities. *including Gem Riverside's contract sales value.*

Figure 3: Transaction units (units)



Source: DXG, RongViet Securities

VRE – PIVOTAL YEAR FOR THE DEVELOPMENT OF VINCOM MEGAMALLS

INVESTMENT RATIONALE

Nationwide expansion strategy with lease plan of three new Vincom megamalls in 2020

- Delay the launch of 7 out of 10 malls originally scheduled to open in 2020 to 2021, due to the effect of the Covid-19 pandemic.
- Vincom Retail targets to open 3 new malls, adding 170,000 sqm of GFA. As a result, there will be 82 shopping malls under Vincom Retail's network, equivalent to nearly 1.8 million GFA sqm, by the end of 2020.

Operational performance declines due to Vinpro's closure and stimulus package for tenants

- Average occupancy rate has decreased by 4.5%, compared to 2019, due to the closure of VinPro. However, there is no material tenant contract termination during this period. Per management, 65% of total Vinpro's leasing area will be filled by 2021.
- Average rental rate also see a slight decrease by 10%, compared to 2019 due to large stimulus and promotional campaign offering by Vincom Retail to its tenants. However, it is likely a short-term effect. We estimate the average rental rate will be USD 20.2/ NLA sqm/ month (-10% YoY) in 2021,

RISKS TO OUR CALL

- Rising influence of e-commerce to compete with the shopping mall business model.

BUY **31%**

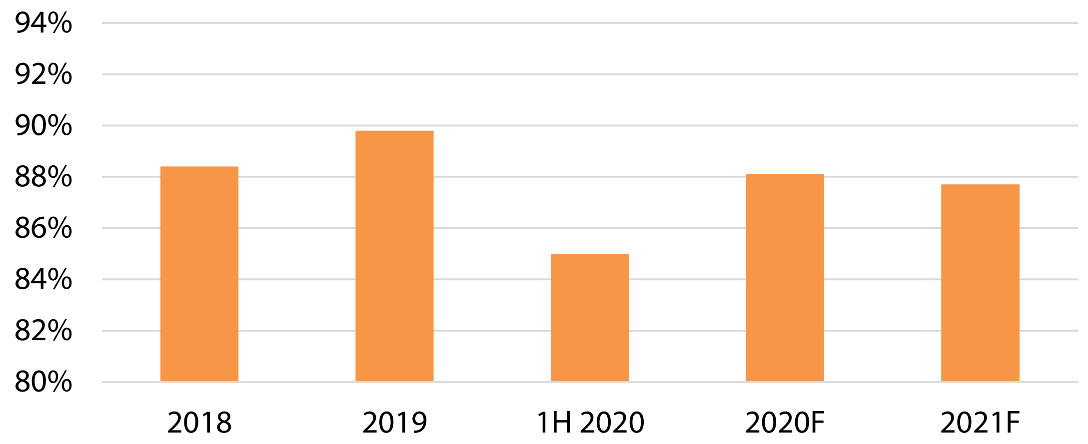
CMP (VND)	**26,400**
Target Price (VND)	**34,700**
*Cash Dividend (VND)**	*0*

STOCK INFO	
Sector	Financials
Market Cap ($ mn)	2,589
Current Shares O/S (mn shares)	2,272
3M Avg. Volume (K)	3,307
3M Avg. Trading Value ($ mn)	3.8
Remaining foreign room (%)	18.1
52-week range ('000 VND)	16.9-36.3

FORECAST	2018A	2019A	2020F	2021F
Revenue (VND bn)	**9,124**	**9,259**	**9,392**	**10,316**
Growth (%)	*65.3*	*1.5*	*1.4*	*9.8*
NPATMI (VND bn)	**2,404**	**2,848**	**2,679**	**3,130**
Growth (%)	*18.6*	*18.5*	*-5.9*	*16.8*
ROA (%)	6.26	7.6	6.5	6.9
ROE (%)	8.81	10.3	8.2	8.8
EPS (VND)	1,032	1,254	1,179	1,378
Book Value (VND)	12,224	11,862	14,952	16,327
Cash dividend (VND)	1,050	1,050	0	0
P/E (x) (*)	25.6	21.6	22.4	19.2
P/B (x) (*)	2.2	2.3	1.8	1.6

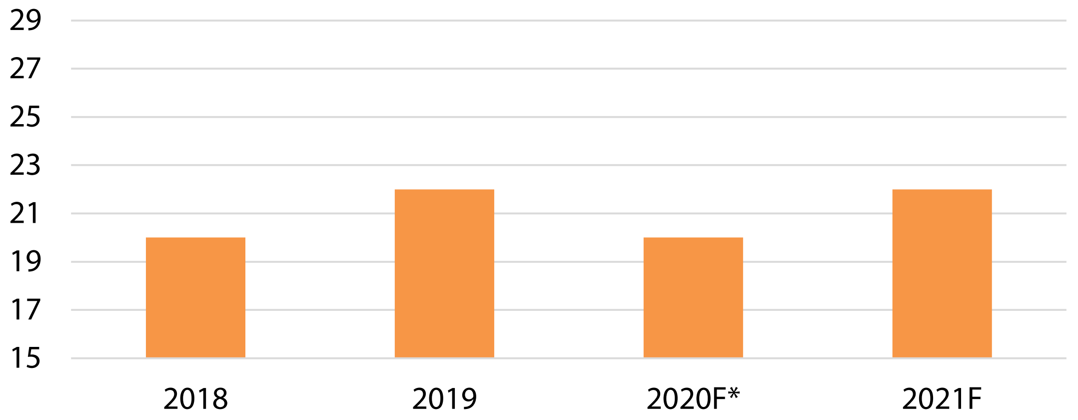
(*) Share price as of Aug 7th, 2020.

Figure 1: Overall average occupancy



Source: RongViet Securities

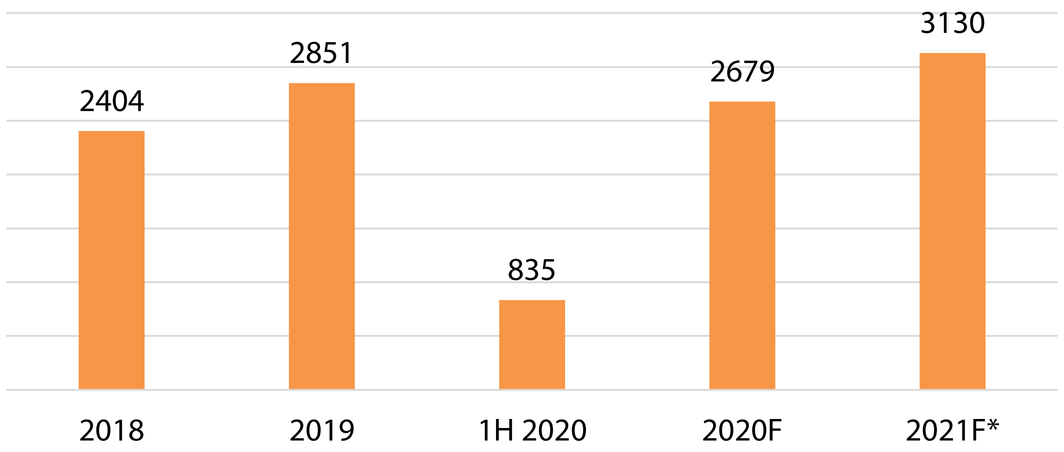
Figure 2: Average gross rental rates (USD/sqm/mon)



Source: Rong Viet Securities. (*) Adjusted for supported packages for tenants.

We remain positive on VRE's core business given its (1) ample room for growth in the coming years as part of the Vinhomes' residential complex and (2) performance can be improved. Vincom Retail dominates Vietnam's retail leasing market, with an estimated market share of 45%. Catalyst for 2020-2021 will come from the opening of the new Vincom Megamalls.

Figure 3: Net profit projection (VND billion)



Source: VRE, RongViet Securities

DIG – HUGE LAND BANK AT A LOW COST

INVESTMENT RATIONALE

Profit growth

- Net profit for 2020 is estimated at VND 598 billion (+53% YoY), resulting in a forward P/E ratio of 6.7 times. We think that the company should be more aggressive in project development.
    - Gateway: Profit driver in 2020, with contribution of around VND 400 billion to total profit.
    - Nam Vinh Yen phase 2. The project has completed almost all legal procedures and is ready to be exploited. Total land area is 74ha, of which 30ha is commercial land. Management is positive on the absorption rate.

Huge land bank and good asset quality

- Dai Phuoc and Long Tan will be the next catalysts.
    - Dai Phuoc: DIG owns 15ha commercial land in Dai Phuoc island. There has not been any updates about the development plan. It is considered to be a “reserved asset”, because it is a clean land bank.
    - Long Tan project has land site of over 300ha and will be able to benefit from upcoming infrastructure improvements. However, the compensation progress has been slower than our expectations. Currently, only 100ha has been compensated.
- The company plans to divest its stake from the Pullman hotel project in Vung Tau. It is a big deal, which will be a short-term catalyst to the company's value and improve its consolidated business results.
- The company's current valuation is looking quite attractive, with a current P/B of only 0.9 times.

RISKS TO OUR CALL

- Delay compensation progress of Long Tan project.

BUY 30%

CMP (VND)	**12,350**
Target Price (VND)	**16,000**
*Cash Dividend (VND)**	*0*

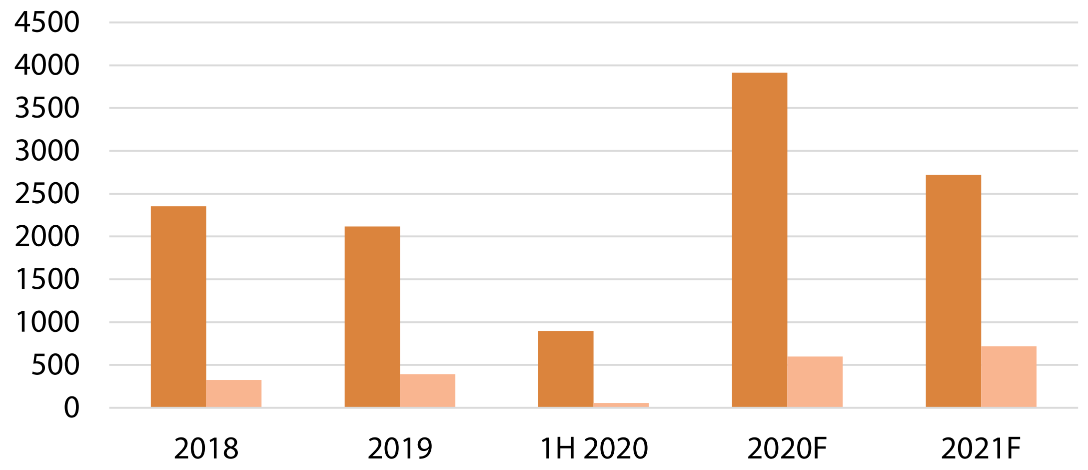
STOCK INFO	
Sector	Financials
Market Cap ($ mn)	163
Current Shares O/S (mn shares)	307
3M Avg. Volume (K)	2,439
3M Avg. Trading Value ($ mn)	1.3
Remaining foreign room (%)	15.0
52-week range (‘000 VND)	9.8-15.3

FORECAST	2018A	2019A	2020F	2021F
Revenue (VND bn)	**2,345**	**2,139**	**3,912**	**2,719**
Growth (%)	*47.1*	*-8.8*	*82.9*	*-30.5*
NPATMI (VND bn)	**324**	**422**	**598**	**720**
Growth (%)	*65.1*	*30.2*	*41.7*	*20.4*
ROA (%)	5.02	5.6	6.9	8.5
ROE (%)	10.61	11.6	14.7	15.2
EPS (VND)	1,283	1,340	1,898	2,286
Book Value (VND)	12,406	12,902	13,889	16,153
Cash dividend (VND)	700	700	0	0
P/E (x) (*)	9.6	10.6	6.5	5.4
P/B (x) (*)	1.0	1.0	0.9	0.8

(*) Share price as of Aug 7th, 2020.

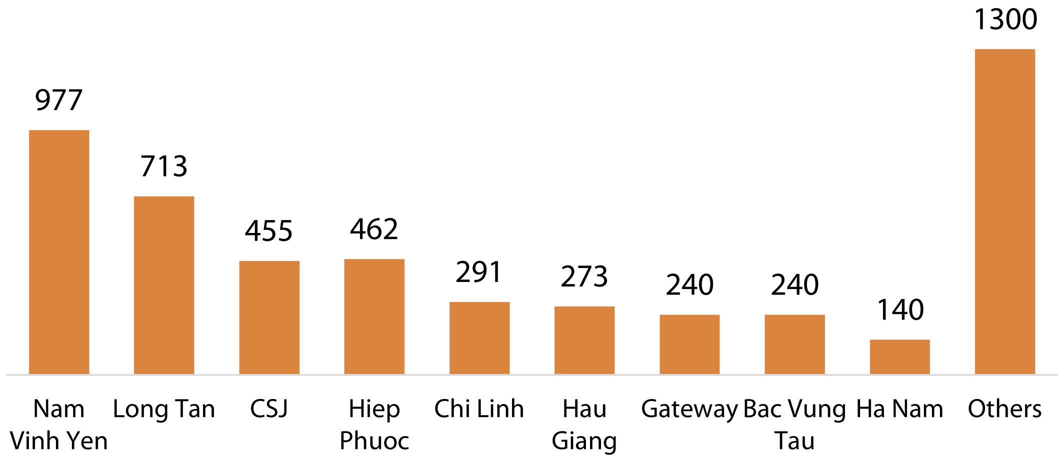
DIG – Profit growth to be maintained

Figure 1: Revenue and net profit projection (VND billion)



Source: DIG, RongViet Securities

Figure 2: Capex breakdown by projects in 2020 (VND billion)



Source: DIG

Total investment capex for residential projects in 2020 will be VND 5,000 billion

- CSJ project: Plans to complete legal and construction work to prepare for sale.
- Long Tan project: The company sets 700 billion VND for the compensation and infrastructure construction. Currently, the compensation progress has been relatively slow, with only 100ha been compensated. It has not changed much compared to last year. The compensation will be the key point, especially when infrastructure conditions in this area improve in the next 2-3 years.
- Nam Vinh Yen: Land use fee payment of VND 700 billion.

2021's prospect depends on new launches

- Nam Vinh Yen phase 2, Lam Ha, Vi Thanh and CJS projects will drive earnings next year. Gross margin will also improve, 43% vs 30% in 2020, thanks to contribution of higher margin products from low-rise residential projects.

HDG – ENERGY EXPANSION

INVESTMENT RATIONALE

Real Estate: LaunchingCharm Villas

- Revenue and profit for 2020 are quite certain:
  - The remaining revenue and profit after tax are VND 4,014 billion and VND 1,034 billion, respectively. We project that HDG will hand over 70% and 30% of the remaining units in 2020 and 2021 respectively.
  - Profit growth in 2021 will depend on sales of new launches this year, including the Charm Villas and Noongtha projects.
- HDG owns land banks at relatively favorable locations, however, the Charm Villas is the only one that possesses the most favorable factors bringing significant cash flow to the company.
  - Total remaining units for sale are 376 low-rise units, corresponding to an expected revenue and after-tax profit of VND 3,200 billion and VND 1,300 billion, respectively.

Growth drivers from the energy sector

- For 2020-2021, HDG plans to put into operation four new projects, with a total designed capacity of 285MW. Specifically, there are two hydropower, a solar power and a wind power plant.
- In 2020, the total output is estimated at 450 million kWh (+20% YoY). Accordingly, we project that gross profit of the energy segment will be VND 523 billion (+23% YoY).

High debt level but not too much pressure - healthy cash flow

- The financial leverage is high, but the majority of borrowings are used for energy projects with long duration (normally 10 years).
- The remaining receivables from customers in the Centrosa Garden project is VND 1,600 billion, partly offsetting the debt repayment of VND 1,700 billion during the period of 2020-2021.

RISKS TO OUR CALLS

- Legal reviews to affect the development progress.

BUY 24%

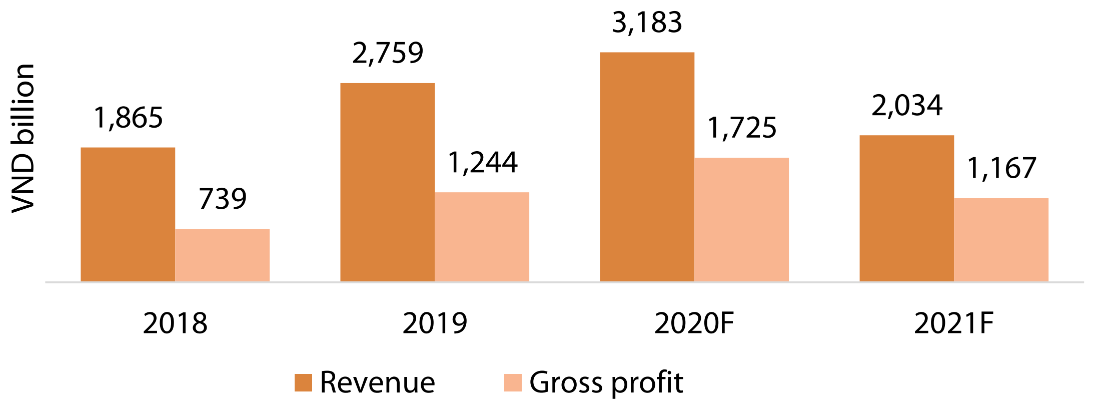
CMP (VND)	**20,500**
Target Price (VND)	**24,500**
*Cash Dividend (VND)**	*1,000*

STOCK INFO	
Sector	Financials
Market Cap ($ mn)	136
Current Shares O/S (mn shares)	154
3M Avg. Volume (K)	839
3M Avg. Trading Value ($ mn)	0.8
Remaining foreign room (%)	39.9
52-week range ('000 VND)	12.3-27.8

FORECAST	2018A	2019A	2020F	2021F
Revenue (VND bn)	**3,221**	**4,343**	**4,925**	**4,454**
Growth (%)	*40.2*	*34.8*	*13.4*	*-9.6*
NPATMI (VND bn)	**633**	**932**	**1,190**	**1,148**
Growth (%)	*255.1*	*47.2*	*27.7*	*-3.5*
ROA (%)	6.5	7.5	11.4	9.5
ROE (%)	26.53	31.5	29.3	24.1
EPS (VND)	6,560	5,119	10,026	9,670
Book Value (VND)	19,314	22,129	28,559	37,232
Cash dividend (VND)	1,000	1,000	1,000	1,000
P/E (x) (*)	3.1	2.7	2.0	2.1
P/B (x) (*)	1.1	1.0	0.7	0.6

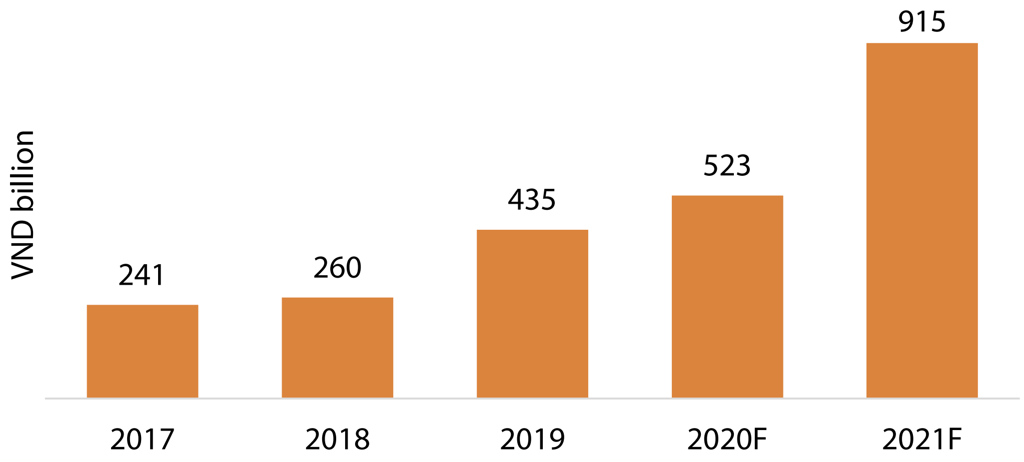
(*) Share price as of Aug 7th, 2020.

Figure 1: Revenue and gross profit of the real estate segment



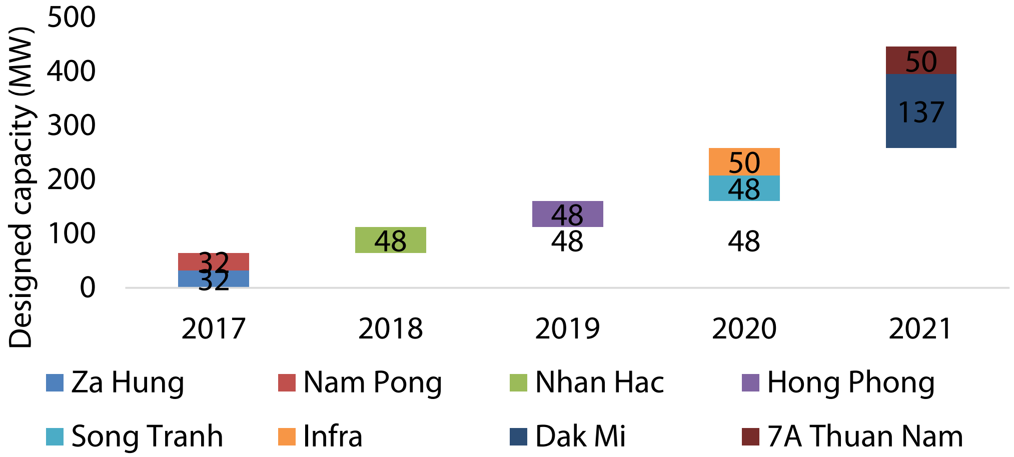
Source: RongViet Securities

Figure 2: Gross profit projections for the energy business



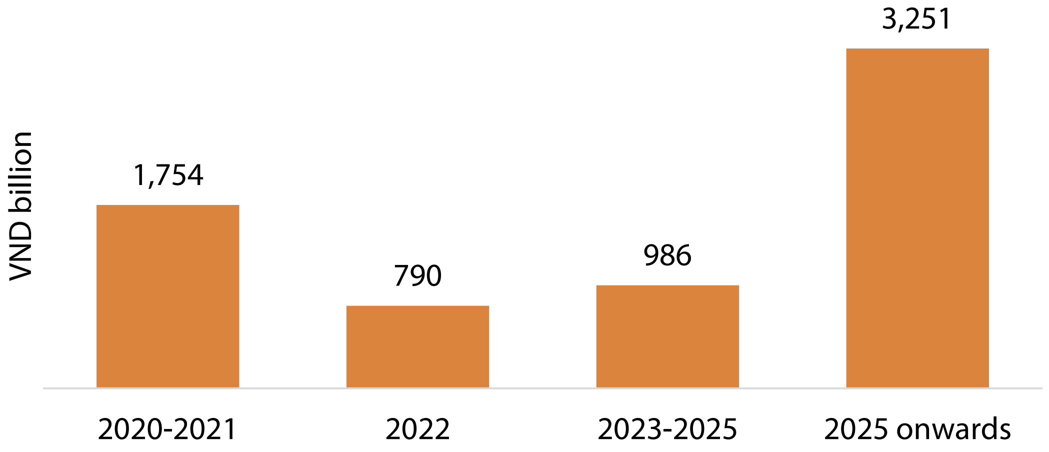
Source: Rong Viet Securities.

Figure 3: Expanding total capacity (MWp)



Source: HDG, RongViet Securities

Figure 4: Debt maturity schedule* (31/12/2019)



Source: HDG, RongViet Securities

NLG – LAND BANK MONETIZATION

INVESTMENT RATIONALE

Project launching: waiting for the next phase

- Launches the next stage of sales in existing projects, including Mizuki Park, Waterpoint and Akari City.
- Total number units to be launched under the base case scenario will be 1,500 units, including 400 units of Mizuki Park, 500 units of Waterpoint, and 200 units of Akari City.
- Total new contract sales value is estimated at VND 3,800 billion.

Revenue recognition: project backlog to enable Nam Long to meet its profit target from 2021 onwards

- Current backlog is worth VND 5,958 billion, equivalent to 2,474 units of Flora and Valora, which will be delivered in 2020 – 2022. This will keep the company cash flow strong.
- Under our base case scenario, the launch of 1,500 units in 2020 will generate more than VND 3,800 billion to its total backlogs, which will gradually be recorded as revenue over the next 2-3 years.
- Construction progress of the Waterpoint, Mizuki Park and Akari City has been on track.

Valuation

- P/E and P/B forward 2020 is 8.6 times and 1.1 times respectively, which is attractive.

RISKS TO OUR CALL

- Slowdown of overall residential market, causing negative sentiment.

BUY 22%

CMP (VND)	**25,850**
Target Price (VND)	**31,000**
*Cash Dividend (VND)**	*500*

STOCK INFO	
Sector	Financials
Market Cap ($ mn)	279
Current Shares O/S (mn shares)	250
3M Avg. Volume (K)	1,331
3M Avg. Trading Value ($ mn)	1.4
Remaining foreign room (%)	0.7
52-week range ('000 VND)	17.4-28.8

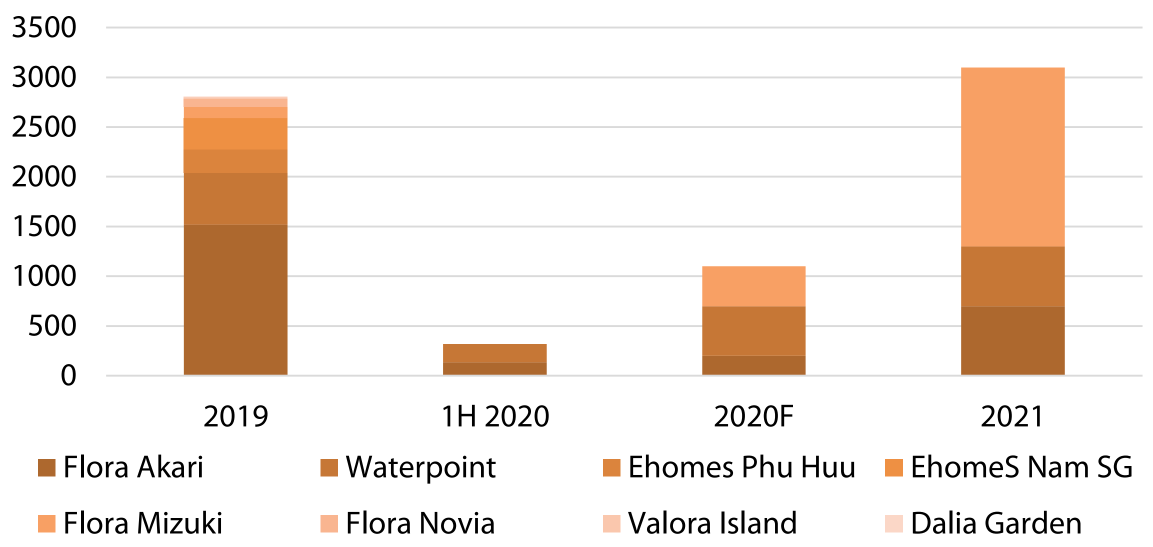
FORECAST	2018A	2019A	2020F	2021F
Revenue (VND bn)	**3,480**	**2,546**	**1,982**	**2,064**
Growth (%)	*10.1*	*-26.8*	*-22.2*	*4.1*
NPATMI (VND bn)	**763**	**960**	**785**	**1,224**
Growth (%)	*42.7*	*25.8*	*-18.2*	*55.9*
ROA (%)	8.74	9.3	7.0	9.7
ROE (%)	16.95	18.1	12.6	18.2
EPS (VND)	3,023	3,834	3,022	4,713
Book Value (VND)	19,237	24,756	24,039	27,752
Cash dividend (VND)	197	770	500	500
P/E (x) (*)	8.6	7.4	8.6	5.5
P/B (x) (*)	1.3	1.3	1.1	0.9

(*) Share price as of Aug 7th, 2020.

NLG – Project backlog to enable Nam Long to hit its profit target from 2021 on

RONGVIET SECURITIES

Figure 1: Units sold (units)



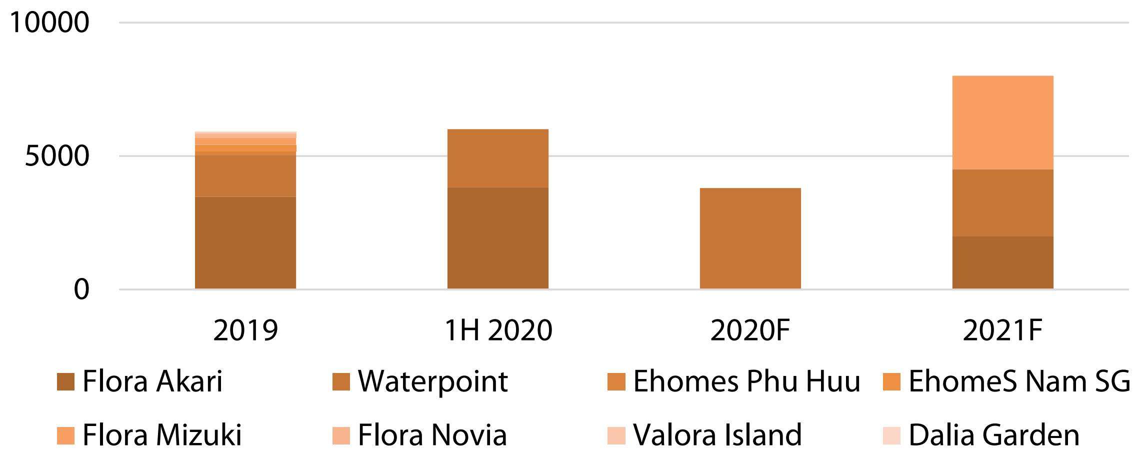
Source: RongViet Securities

2020 will be a year of shortage in project deliveries, but 2021 prospects will get brighter

- As of 31/03/2020, the company's project backlog is worth VND 5,958 billion, which will be delivered in 2020 – 2022.
- The launch of 1,500 units in 2020 will generate more than VND 3,800 billion to its total backlogs, which will gradually be recorded as revenue over the next 2-3 years.

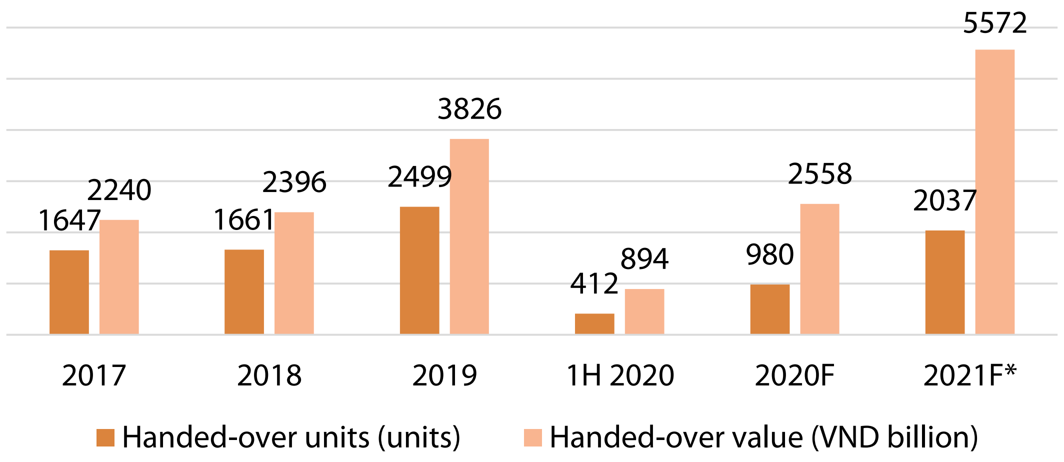
Project construction progress is on track: The Waterpoint, Mizuki Park and Akari City have been on track with the company's plan.

Figure 2: Contracted sales value (VND billion)



Source: Rong Viet Securities.

Figure 3: Project deliveries



Source: NLG, RongViet Securities

KDH – SOLID GROWTH MOMENTUM

INVESTMENT RATIONALE

Profit growth is likely certain for the next three years

- The two on-going construction and development projects are the Verosa Park and the Clarita, with a scale of 296 and 159 low-rise units, respectively, located in District 9, HCMC. These location are at the center of Ho Chi Minh, with a well-developed infrastructure.
  - The Verosa Park project has achieved a good absorption rate of nearly 90%, with 300 units in total.
  - The Clarita project, with 160 units, is expected to launch the first sale in H2 2020, and start to be handed over from 2021.
  - Additionally, KDH plan to launch another project in Phu Huu, Dist. 9, HCMC, with a land site area of 4.3ha.
- The pre-sales value by the end of 2020 is estimated at nearly VND 4,000 billion.
- We project that NPAT-MI in 2020 will be VND 1,138 billion (+25% YoY), mainly driven from two projects, Verosa Park and Safira.

Low development risks

- The upcoming development projects of KDH are low-rise projects, therefore, the timeline to deploy will be short. In addition, the company is also known as one of the reliable developer in terms of the legal process, ensuring the trust of customers. The Clarita project has completed the legal procedures and is ready to launch.

RISKS TO OUR CALL

- Pending the development progress of thelarge-scale Tan Tao project.

BUY 21%

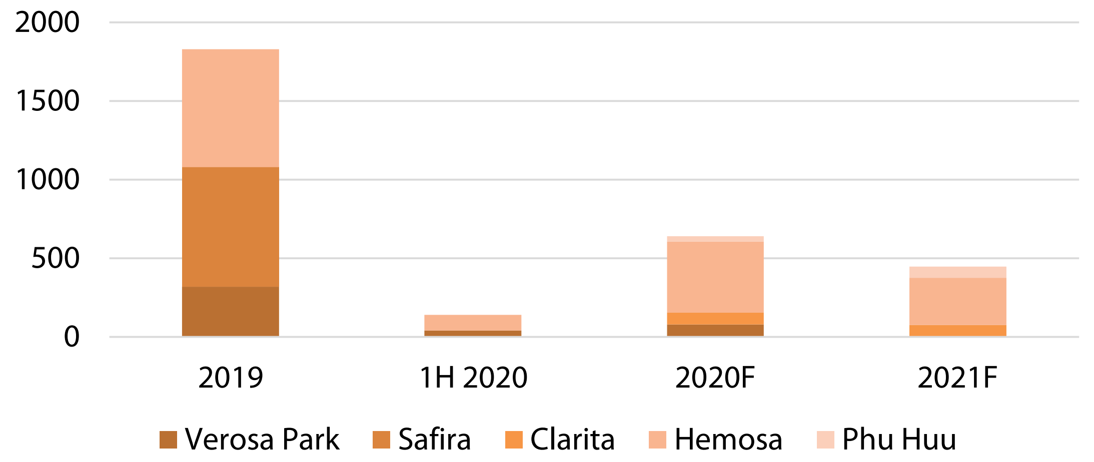
CMP (VND)	**24,550**
Target Price (VND)	**29,300**
*Cash Dividend (VND)**	*500*

STOCK INFO	
Sector	Financials
Market Cap ($ mn)	556
Current Shares O/S (mn shares)	525
3M Avg. Volume (K)	1,258
3M Avg. Trading Value ($ mn)	1.2
Remaining foreign room (%)	5.3
52-week range ('000 VND)	17.5-27.4

FORECAST	2018A	2019A	2020F	2021F
Revenue (VND bn)	**2,917**	**2,813**	**3,731**	**3,617**
Growth (%)	*-4.5*	*-3.6*	*32.6*	*-3.1*
NPATMI (VND bn)	**808**	**915**	**1,135**	**1,336**
Growth (%)	*60.9*	*13.2*	*24.0*	*17.7*
ROA (%)	8.1	7.8	9.3	10.5
ROE (%)	12.35	11.5	13.0	14.6
EPS (VND)	1,854	1,681	2,085	2,454
Book Value (VND)	16,579	14,078	15,712	17,808
Cash dividend (VND)	500	500	500	500
P/E (x) (*)	13.2	15.4	11.8	10.0
P/B (x) (*)	1.5	1.8	1.6	1.4

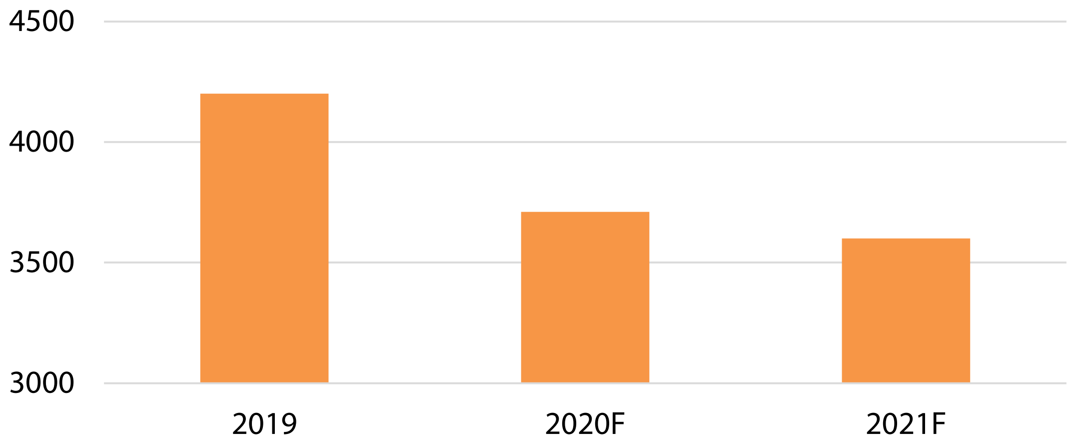
(*) Share price as of Aug 7th, 2020.

Figure 1: Units sold



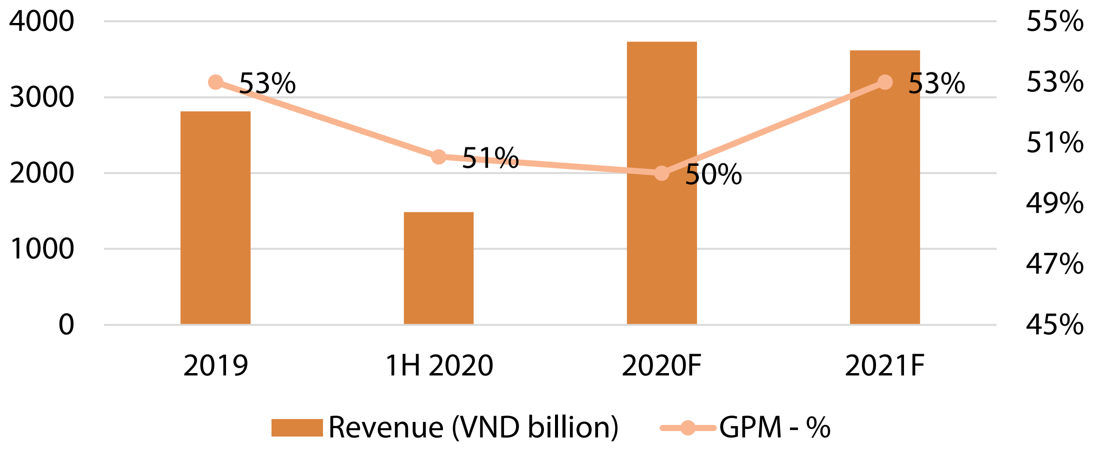
Source: RongViet Securities

Figure 2: Unbilled booking sales value (VND billion)



Source: Rong Viet Securities.

Figure 3: Project deliveries



Source: KDH, RongViet Securities

To launch two new low-rise projects in 2020. The Clarita and Phu Huu's deloying will drive KDH's earnings in 2021-2022, after completing the hand-over of the Verosa and Safira in 2020-2021. Two new projects located in quite a premium location, District 9, HCMC. As a results, we believe that the demand for these projects will be good, being less affected by market factors. KDH face low risks in project development. Among residential listed company, we see KDH as a good company for investment during the downtrend in the market.

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