



# VHM Update - BUY

March 1, 2024

---



## Ms. Truc Pham

(+84 28) 7300 7000 (x1043)  
[trucptt@acbs.com.vn](mailto:trucptt@acbs.com.vn)

## Company Update

Recommendation

**BUY**

**HSX: VHM**

**Property**

Target price (VND)

**61,400**

Market price (VND)

**43,400**

Expected share price return

**41.4%**

Expected dividend yield

**0.0%**

Expected total return

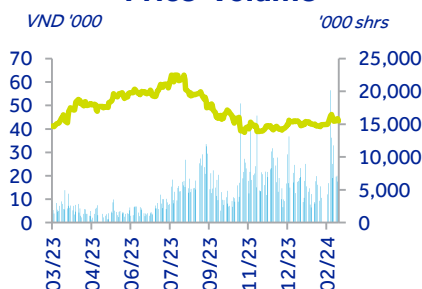
**41.4%**

## Stock performance (%)

	YTD	1M	3M	12M
Absolute	0.5	4.6	5.1	4.6
Relative	-10.4	-2.2	-8.6	-15.8

Source: Bloomberg

## Price-Volume



## Ownership

Vingroup 69.3%

## Stock Statistics

29-Feb-24

## Bloomberg code

VHM VN

52-week range (VND) 36,750 - 66,200

Shares O/S (m) 4,354

Mkt cap (VND bn) 188,980

Mkt cap (USD m) 7,614

Est. Foreign room left (%) 27.6

Est. free float (%) 21.1

3m avg daily vol (mn) 6,791,354

VND/USD 24,820

Index: VNIndex / HNX 1252.73/235.46

## VINHOMES JSC (VHM VN)

2023 business results were slightly lower than ACBS's forecast because project handover in 4Q2023 was not as expected. Reiterate our BUY recommendation with a target price of VND61,400/share at YE2024, down by 8% compared to the previous target price.

2023 business results were positive with revenue of over VND103.3 trn (+66% YoY) and PAT of nearly VND33.3 trn (+14% YoY), equivalent to 90% of ACBS's forecast and 111% of the company's profit target. Revenue mainly came from projects delivery launched in the 2021-2022 period such as Ocean Park 2 (~VND57.6 trn), Ocean Park 3 (~VND26.8 trn), Smart City (~VND4 trn), etc.

Gross margin decreased by 14.8% to 34.4% because the majority of units delivered at Ocean Park 2 & 3 were low-rise units under BCC contracts, so VHM had to share profits with partners.

In 2023, VHM recorded presold units of ~28,800 (-7% YoY) with presales of ~VND87 trn (-32% YoY). Because the real estate market did not have many positive recovering signals, the company only launched two new small-scale projects, Vinhomes Golden Avenue in Quang Ninh and Vinhomes Skypark in Bac Giang, and continued to sell the remaining units at existing projects Ocean Park 1, 2, 3, Smart City, Grand Park, etc.

Presales in 4Q2023 improved sharply compared to the same period last year and the previous quarter with nearly 19,700 units (+535% QoQ) and contracted value of ~VND30.3 trn (+68% YoY and +88% QoQ), including a bulk sales transaction at a project in HCMC with a value of ~VND18.8 trn for nearly 14,500 high-rise and low-rise units.

In 2024, VHM plans to launch 3 new projects: Vu Yen, Co Loa and Wonder Park with details in Table 1. We expect 2024 presales to improve to over VND96 trn (+11% YoY) with assumptions that interest rates will stabilize at the current level, the government continues to promote investment in infrastructure development and market sentiment will gradually improve compared to last year.

Because presales of Ocean Park 2 & 3 were lower than our forecast, we adjust our 2024 revenue forecast by 18% to ~VND71.2 trn (-31% YoY). However, 2024 PAT is adjusted up by 3% to over VND34.6 trn (+4% YoY) thanks to the bulk sales transaction of the project in HCMC incurred in 4Q2023 which was out of our expectation. Using the NAV method, we reiterate our BUY recommendation with a target price of VND61,400/share at YE2024 which is 8% lower than the previous target price mainly due to an increase in net debt and updated presales of Ocean Park 2 & 3 projects.

	2021	2022	2023U	2024E	2025E
Net Sales (VNDbn)	84,986	62,393	103,334	71,221	40,697
Growth	18.8%	-26.6%	65.6%	-31.1%	-42.9%
EBITDA (VNDbn)	43,490	26,837	30,084	24,416	14,018
Growth	101.3%	-38.3%	12.1%	-18.8%	-42.6%
PATMI (VNDbn)	38,825	28,831	33,126	34,161	41,106
Growth	41.9%	-25.7%	14.9%	3.1%	20.3%
EPS (bonus-adjusted, VND)	9,015	6,621	7,607	7,845	9,440
Growth	40.9%	-26.6%	14.9%	3.1%	20.3%
ROE	36.9%	21.4%	20.4%	17.5%	17.7%
ROIC	17.7%	9.5%	7.5%	7.0%	7.8%
Net debt/EBITDA (times)	0.2	0.7	1.3	2.0	3.9
EV/EBITDA (times)	5.2	8.5	7.6	9.3	16.2
PER (times)	4.8	6.6	5.7	5.5	4.6
PBR (times)	1.5	1.3	1.1	0.9	0.7
DPS (VND)	2,000	-	-	-	-
Dividend yield	4.6%	0.0%	0.0%	0.0%	0.0%

**2023 business results were lower than our forecast but exceeded the company's targets**

**2023 business results were positive with revenue of over VND103.3 trn (+66% YoY) and PAT of nearly VND33.3 trn (+14% YoY)**, equivalent to 90% of ACBS's forecast and 111% of the company's profit target. Revenue mainly came from projects launched in the 2021-2022 period such as Ocean Park 2 (~VND57.6 trn), Ocean Park 3 (~VND26.8 trn), Smart City (~VND4 trn), etc.

Gross margin decreased by 14.8% to 34.4% because the majority of units delivered at Ocean Park 2 & 3 were low-rise units under BCC contracts, so VHM had to share profits with partners.

**In 2023, VHM recorded presold units of ~28,800 (-7% YoY) with presales of ~VND87 trn (-32% YoY).** Because the real estate market did not have many positive recovering signals, the company only launched two new small-scale projects, Vinhomes Golden Avenue in Quang Ninh and Vinhomes Skypark in Bac Giang, and continued to sell the remaining units at existing projects Ocean Park 1, 2, 3, Smart City, Grand Park, etc.

Around 51% of 2023 presales was bulk sales and the remaining 49% was retail. The Ocean Park 3 project was the best seller with over VND32 trn, followed by Ocean Park 2 with over VND12 trn. The backlog at YE2023 was ~VND99.7 trn (-7% YoY), of which Ocean Park 3 accounted for 21%, Ocean Park 2 for 17% and three projects Ocean Park 1, Grand Park and Smart City for 23%. Around 67% of backlog came from bulk sales transactions and 33% from retail sales. VHM plans to record more than 50% of the total backlog in 2024.

**Presales in 4Q2023 improved sharply** compared to the same period last year and the previous quarter with nearly 19,700 units (+535% QoQ) and contracted value ~VND30.3 trn (+68% YoY and +88% QoQ), including a bulk sales transaction at a project in HCMC with a value of ~VND18.8 trn for nearly 14,500 high-rise and low-rise units.

In 2023, construction in progress increased by nearly VND13.3 trn to nearly VND64 trn given increased site clearance costs for a project in HCMC. Deposits for investment purposes to Vingroup (HSX: VIC) and related parties continued to increase by ~VND21.4 trn to ~VND87.4 trn, accounting for around 20% of VHM's total assets.

**In 2023, the company still maintained good financial status.** Although net debt increased by nearly VND20 trn to over VND38.7 trn, Net Debt/Equity ratio increased from 12.9% to 21.2% and Net Debt/EBITDA from 0.7x to 1.3x, the company still maintained good financial status when compared with the Industry median of 19.9% and 4.2x, respectively.

#### **2024 Forecast**

Recently, **VHM announced the establishment of its own salesforce** and its projects will be sold via two channels: direct sales and through agencies instead of only selling through agencies as before. We think this is an appropriate strategy to promote sales, ensure consistent sales quality and selling prices, help increase more trust with home buyers and reduce dependence on agencies.

**In 2024, VHM plans to launch 3 projects: Vu Yen, Co Loa and Wonder Park** with details in Table 1. We expect 2024 presales to improve to over VND96 trn (+11% YoY) with assumptions that interest rates will stabilize at the current level, the government continues to promote investment in infrastructure development and market sentiment will gradually improve compared to last year.

**Table 1: New projects expected to be implemented**

Project name	Vinhomes Vu Yen	Vinhomes Wonder Park	Vinhomes Co Loa
Location	Thuy Nguyen, Hai Phong	Dan Phuong, Hanoi	Dong Anh, Hanoi
Total area (ha)	877	133	385
NSA (sqm)	2,589,000	486,000	1,399,000
Key components	Villas, shop-houses, hotel, , schools, shopping mall, amusement park, 160ha golf course	Apartments, villas, shop-houses, schools, shopping mall, 16ha ecological park, swimming pool complex	Apartments, villas, shop-houses, schools, hospitals, shopping mall, 90 ha exhibition complex

Source: VHM, ACBS

Because presales of Ocean Park 2 & 3 were lower than our forecast, we adjust our 2024 revenue forecast down by 18% to ~VND71.2 trn (-31% YoY). However, 2024 PAT is adjusted up by 3% to over VND34.6 trn (+4% YoY) thanks to the bulk sales transaction of the project in HCMC incurred in 4Q2023 which was out of our expectation. Most of the income will come from the handover of Ocean Park 3, Ocean Park 2, Golden Avenue, Vu Yen and the project in HCMC.

### Valuation

Using the NAV method, we reiterate our BUY recommendation with a target price of VND61,400/share at YE2024 which is 8% lower than the previous target price mainly due to an increase in net debt and updated presales of Ocean Park 2 and 3 projects.

<b>VHM FINANCIALS MODEL</b>	<b>Market price (VND):</b>	<b>43,400</b>	<b>Target (VND):</b>	<b>61,400</b>	<b>Mkt cap (VNDbn):</b>	<b>188,980</b>
<b>(VNDbn except where stated)</b>	<b>2021</b>	<b>2022</b>	<b>2023U</b>	<b>2024E</b>	<b>2025E</b>	
<b>Total Net Sales</b>	<b>84,986</b>	<b>62,393</b>	<b>103,334</b>	<b>71,221</b>	<b>40,697</b>	
<i>Sales growth</i>	<i>18.8%</i>	<i>-26.6%</i>	<i>65.6%</i>	<i>-31.1%</i>	<i>-42.9%</i>	
CoGS ex-dep'n	35,438	30,480	65,594	41,528	23,664	
<b>Gross profit</b>	<b>48,460</b>	<b>30,696</b>	<b>35,590</b>	<b>27,327</b>	<b>14,432</b>	
<i>Gross margin</i>	<i>57.0%</i>	<i>49.2%</i>	<i>34.4%</i>	<i>38.4%</i>	<i>35.5%</i>	
SG&A	6,058	5,076	7,656	5,277	3,015	
<i>SG&amp;A as % of sales</i>	<i>7.1%</i>	<i>8.1%</i>	<i>7.4%</i>	<i>7.4%</i>	<i>7.4%</i>	
<b>EBITDA</b>	<b>43,490</b>	<b>26,837</b>	<b>30,084</b>	<b>24,416</b>	<b>14,018</b>	
<i>EBITDA margin</i>	<i>51.2%</i>	<i>43.0%</i>	<i>29.1%</i>	<i>34.3%</i>	<i>34.4%</i>	
Depreciation	1088	1217	2150	2365	2602	
<b>Operating profit</b>	<b>42,402</b>	<b>25,621</b>	<b>27,933</b>	<b>22,050</b>	<b>11,416</b>	
<i>Operating profit margin</i>	<i>49.9%</i>	<i>41.1%</i>	<i>27.0%</i>	<i>31.0%</i>	<i>28.1%</i>	
Profit/loss from associates and JVs	54	56	11	11	11	
Financial income (excl. saving interest)	6,518	13,870	13,881	21,924	42,511	
Financial expenses (excl. interest expense)	438	2,319	905	52	52	
Net interest expense	871	-745	-3,390	-1,853	-1,209	
Other profit	518	670	-1,066	0	0	
Tax	9,234	9,481	9,957	11,234	13,518	
<i>Effective tax rate (%)</i>	<i>19.2%</i>	<i>24.5%</i>	<i>23.0%</i>	<i>24.5%</i>	<i>24.5%</i>	
<b>PAT</b>	<b>38,948</b>	<b>29,162</b>	<b>33,287</b>	<b>34,552</b>	<b>41,577</b>	
Minority interest	124	331	161	392	472	
<b>PATMI</b>	<b>38,825</b>	<b>28,831</b>	<b>33,126</b>	<b>34,161</b>	<b>41,106</b>	
<i>Net profit margin (%)</i>	<i>45.7%</i>	<i>46.2%</i>	<i>32.1%</i>	<i>48.0%</i>	<i>101.0%</i>	
Cash earnings	39,912	30,047	35,276	36,526	43,708	
Number of shares (m)	4,354	4,354	4,354	4,354	4,354	
<b>EPS (VND)</b>	<b>9,015</b>	<b>6,621</b>	<b>7,607</b>	<b>7,845</b>	<b>9,440</b>	
Bonus factor (x)	1.0	1.0	1.0	1.0	1.0	
<b>Adjusted EPS (VND)</b>	<b>9,015</b>	<b>6,621</b>	<b>7,607</b>	<b>7,845</b>	<b>9,440</b>	
<i>EPS growth (%)</i>	<i>40.9%</i>	<i>-26.6%</i>	<i>14.9%</i>	<i>3.1%</i>	<i>20.3%</i>	

KEY CASHFLOW AND BS ITEMS	2021	2022	2023U	2024E	2025E
Increase in working capital	5,991	-3,040	-4,919	-1,515	260
Capex	17,851	18,251	13,900	18,051	18,051
Other cash flow items	-18,513	-14,232	-45,965	-30,422	-30,422
<b>Free cash flow</b>	<b>-2,442</b>	<b>604</b>	<b>-19,670</b>	<b>-10,432</b>	<b>-5,026</b>
Share issues (m)	6,515	0	17	0	0
Dividends paid	5,199	9,384	0	0	0
Increase in net debt	1,126	8,779	19,654	10,432	5,026
<b>Net debt, end of year</b>	<b>10,314</b>	<b>19,093</b>	<b>38,747</b>	<b>49,179</b>	<b>54,204</b>
<b>Shareholders' equity</b>	<b>131,407</b>	<b>148,522</b>	<b>182,369</b>	<b>216,530</b>	<b>257,636</b>
BVPS (VND)	28,647	33,349	41,116	48,765	57,968
Net debt / equity (%)	7.8%	12.9%	21.2%	22.7%	21.0%
Net debt / EBITDA (x)	0.2	0.7	1.3	2.0	3.9
<b>Total assets</b>	<b>230,516</b>	<b>361,813</b>	<b>447,361</b>	<b>491,954</b>	<b>538,085</b>

KEY RETURN AND VALUATION RATIOS	2021	2022	2023U	2024E	2025E
ROE	36.9%	21.4%	20.4%	17.5%	17.7%
ROA	17.8%	9.9%	8.3%	7.3%	8.1%
ROIC	17.7%	9.5%	7.5%	7.0%	7.8%
WACC	14.9%	13.4%	11.8%	12.3%	12.7%
EVA	2.8%	-3.9%	-4.3%	-5.3%	-4.9%
PER (x)	4.8	6.6	5.7	5.5	4.6
EV/EBITDA (x)	5.2	8.5	7.6	9.3	16.2
EV/FCF (x)	-93.2	376.7	-11.6	-21.8	-45.3
PBR (x)	1.5	1.3	1.1	0.9	0.7
PSR (x)	2.2	3.0	1.8	2.7	4.6
EV/sales (x)	2.7	3.6	2.2	3.2	5.6
Dividend yield	4.6%	0.0%	0.0%	0.0%	0.0%

## CONTACTS

### Ho Chi Minh City Head Office

117 Nguyen Dinh Chieu, Dist. 3, Ho Chi Minh City  
Tel: (+84 28) 7300 7000  
Fax: (+84 28) 7300 3751

### Hanoi Office

10 Phan Chu Trinh, Hoan Kiem Dist., Ha Noi  
Tel: (+84 4) 3942 9395  
Fax: (+84 4)3942 9407

## RESEARCH DEPARTMENT

### Acting Head of Research

#### Trang Do

(+84 28) 7300 7000 (x1041)  
[trangdm@acbs.com.vn](mailto:trangdm@acbs.com.vn)

#### Manager – Properties Truc Pham

(+84 28) 7300 7000 (x1043)  
[trucptt@acbs.com.vn](mailto:trucptt@acbs.com.vn)

#### Manager – Financials Hung Cao

(+84 28) 7300 7000 (x1049)  
[hungcv@acbs.com.vn](mailto:hungcv@acbs.com.vn)

#### Manager – Consumer-related, Technology

**Chi Luong**  
(+84 28) 7300 7000 (x1042)  
[chiltk@acbs.com.vn](mailto:chiltk@acbs.com.vn)

#### Associate – Oil & Gas Hung Phan

(+84 28) 7300 7000 (x1044)  
[hungpv@acbs.com.vn](mailto:hungpv@acbs.com.vn)

#### Associate – Industrials Trung Tran

(+84 28) 7300 7000 (x1045)  
[trungtn@acbs.com.vn](mailto:trungtn@acbs.com.vn)

#### Analyst – Utilities Toan Pham

(+84 28) 7300 7000 (x1051)  
[toanpd@acbs.com.vn](mailto:toanpd@acbs.com.vn)

#### Associate – Macro & Money Market

**Minh Trinh Viet**  
(+84 28) 7300 7000 (x1046)  
[minhtvh@acbs.com.vn](mailto:minhtvh@acbs.com.vn)

#### Associate - Logistic Hung Nguyen

(+84 28) 7300 7000 (x1047)  
[hungnt@acbs.com.vn](mailto:hungnt@acbs.com.vn)

#### Analyst – Technical Huu Vo

(+84 28) 7300 7000 (x1052)  
[huvvp@acbs.com.vn](mailto:huvvp@acbs.com.vn)

#### Analyst – Market data Anh Mai

(+84 28) 7300 7000 (x1110)  
[anhmd@acbs.com.vn](mailto:anhmd@acbs.com.vn)

## INSTITUTIONAL CLIENT DIVISION

### Director

#### Huong Chu

(+84 28) 7300 7000 (x1083)  
[huongctk@acbs.com.vn](mailto:huongctk@acbs.com.vn)  
[groupis@acbs.com.vn](mailto:groupis@acbs.com.vn)

#### Associate

##### Huynh Nguyen

(+84 28) 7300 6879 (x1088)  
[huynhntn@acbs.com.vn](mailto:huynhntn@acbs.com.vn)

#### Associate

##### Dung Ly

(+84 28) 7300 6879 (x1084)  
[dungln.hso@acbs.com.vn](mailto:dungln.hso@acbs.com.vn)



## DISCLAIMER

### Our Recommendation System

**BUY:** Expected prospective total return (including dividends) in VND will be 20% or more within 12 months

**OUTPERFORM:** Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months

**NEUTRAL:** Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months

**UNDERPERFORM:** Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months

**SELL:** Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

### Analyst Certification(s)

We, the author(s) of this report, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

### Important Disclosures

ACBS and/or an affiliate thereof (hereby collectively called ACBS) did or may seek to do business with companies covered in this report as its routine business. ACBS's proprietary trading accounts may have a position in such companies' securities. As a result, the investor should be aware that ACBS may have a conflict of interest from time to time.

ACBS produces a variety of research products including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research products, whether as a result of differing time horizons, methodologies, or otherwise.

### Disclaimer

This report is provided for information purposes only. ACBS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this report. ACBS will not treat unauthorized recipients of this report as its clients. Prices shown (if any) are indicative and ACBS is not offering to buy or sell or soliciting offers to buy or sell any financial instrument. **Without limiting any of the foregoing and to the extent permitted by law, in no event shall ACBS, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this report or its contents.** Other than disclosures relating to ACBS, the information contained in this report has been obtained from sources that ACBS believes to be reliable, but ACBS does not represent or warrant that it is accurate or complete. The views in this report are subject to change, and ACBS has no obligation to update its opinions or the information in this report.

**Some parts of this report reflect the assumptions, views and analytical methods of the analysts who prepared them, and ACBS is not responsible for any error of their works and assumptions. ACBS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report.**

The analyst recommendations in this report reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of ACBS. This report does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the investors who receive it. The securities discussed herein may not be suitable for all investors. ACBS recommends that investors independently evaluate each issuer, securities or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

**This report may not be distributed to the public media or used by the public media without prior written consent of ACBS. Otherwise it will be considered as illegal. The breacher shall compensate fully to ACBS any loss or damage which arises from such breach (if any).**

In the event that the distribution and/or receipt of this report is prohibited by the investor's jurisdiction, the investor shall dismiss this report immediately otherwise it will be at his/her own risks.

ACBS does not provide tax advice and nothing contained herein should be construed to be tax advice. Accordingly, the investors should seek advice based on their particular circumstances from an independent tax advisor. This report may contain links to third-party websites. ACBS is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by ACBS. Access to any third-party website is at the investor's own risks, and the investor should always review the terms and privacy policies at third-party websites before submitting any personal information to them. ACBS is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

**© Copyright ACBS (2024). All rights reserved. No part of this report may be reproduced in any manner without the prior written permission of ACBS.**