



VHM Update - OUTPERFORM

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Company Update

Recommendation **OUTPERFORM**

HSX: **VHM**

Property

Target price (VND)	46,500
Market price (VND)	38,800
Expected share price return	19.9%
Expected dividend yield	0.0%
Expected total return	19.9%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-2.4	-3.0	-3.8	-7.2
Relative	-3.2	-6.9	-7.7	-15.6

Source: Bloomberg



Ownership

Vingroup 73.50%

Stock Statistics 14-Feb-25

Bloomberg code	VHM VN
52-week range (VND)	34,000 - 48,550
Shares O/S (m)	4,107
Mkt cap (VND bn)	160,394
Mkt cap (USD m)	6,263
Est. Foreign room left (%)	37.9
Est. free float (%)	26.5
3m avg daily vol (shrs)	6,075,843
VND/USD	25,610
Index: VNIIndex / HNX	1276.51/232.99

VINHOMES JSC (VHM VN)

Strong growth in 4Q2024 result was driven by 2 bulk sales transactions at Vinhomes Ocean Park 3. Flat 2024 result was in line with our forecast. Adjust 2025 NPAT down by 10% to VND33.8 trn (-4% YoY) and YE2025 target by 15% to VND46,500/share mainly due to decreases in project interest ratios of Vinhomes Global Gate and Vinhomes Apollo City. Change our rating from Buy to Outperform

VHM posted a strong 4Q2024 result with net revenue of VND33,136 bn (+271% YoY) and NPAT of VND14,104 bn (+630% YoY) mainly thanks to 2 bulk sales transactions at Vinhomes Ocean Park 3 with a total value of VND9.3 trn. Sales performance in 4Q2024 was humble with presales of VND14.4 trn (-62% QoQ and -53% YoY) given most key projects such as Vinhomes Royal Island, Vinhomes Ocean Park 2 & 3 have nearly sold out (i.e. 96%, 99% and 97%, respectively).

VHM posted a flat 2024 result with revenue of VND102 trn (-1% YoY) and NPAT of VND35.1 trn (+5% YoY), completing 100% of profit target and our forecast. Revenue mainly came from Vinhomes Ocean Park 3 (VND29.1 trn), Vinhomes Ocean Park 2 (VND17 trn), Vinhomes Ocean Park (VND9.4 trn) and Vinhomes Golden Avenue (VND4.2 trn). Besides, the company also recorded VND19.2 trn of profit shared from BCC projects which mostly generated from Vinhomes Royal Island. In 2024, VHM sold 12,800 units (-56% YoY) with a total value of VND103.9 trn (+19% YoY), of which, 55% from Vinhomes Royal Island, 19% from Ocean Park 3 and 12% from Ocean Park 2. Backlog at YE2024 was VND94.2 trn (-6% YoY).

In 2025, VHM expected to launch 4 new projects: Vinhomes Apollo City (Ha Long), Wonder City (Dan Phuong), Phuoc Vinh Tay, Duong Kinh and remaining units of current projects. At YE2024, total deposit to VIC and related parties for investment purpose reduced to VND 67.9 trn, a significant decline from VND90.2 trn as of YE2023.

Vinhomes Global Gate (Co Loa, Hanoi): According to an announcement of VEFAC (UPCOM: VEF), VEF is proposing to transfer the entire project at estimated value of VND40 trn. However, profit from this transaction has not been disclosed. Following the transaction of VEF, VHM's economic interest in Global Gate would be:

- Profit sharing as outlined in the cooperation agreement with VEF at Vinhomes Global Gate, where VHM earns 5% of the total project interest,
- Potential dividends from VEF, as VHM holds a 4.66% stake in VEF and
- Fee income from sales and project management services, as the project acquirer inheriting the contracts previously signed between VHM and VEF.

	2022	2023	2024U	2025F	2026F
Net Sales (VNDbn)	62,393	103,557	102,045	73,717	52,406
Growth	-26.6%	66.0%	-1.5%	-27.8%	-28.9%
EBITDA (VNDbn)	26,837	29,387	25,311	19,015	12,650
Growth	-38.3%	9.5%	-13.9%	-24.9%	-33.5%
PATMI (VNDbn)	28,831	33,371	31,527	30,412	25,098
Growth	-25.7%	15.7%	-5.5%	-3.5%	-17.5%
EPS (bonus-adjusted, VND)	6,621	7,664	7,240	6,984	5,764
Growth	-26.6%	15.8%	-5.5%	-3.5%	-17.5%
ROE	21.4%	20.6%	16.5%	14.1%	10.4%
ROIC	9.5%	7.6%	6.4%	5.5%	4.4%
Net debt/EBITDA (times)	0.7	1.3	1.9	3.6	6.1
EV/EBITDA (times)	8.1	7.4	8.6	11.5	17.2
PER (times)	5.9	5.1	5.4	5.6	6.7
PBR (times)	1.2	0.9	0.8	0.7	0.7
DPS (VND)	-	-	-	-	-
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%

Vinhomes Apollo City (formerly Ha Long Xanh, Quang Ninh) has a total area of 5,540ha. VHM almost completed site clearance for this project and expected to launch the low-rise components in 2025. This project is being developed under a consortium of which VHM owns 70% and VIC owns 30%.

VHM continued to maintain a stable debt ratio. Total debts increased by over VND24.6 trn in 2024 mainly because VHM issued VND22.4 trn of corporate bonds in total. However, Net debt/Equity ratio only slightly increased from 21.2% to 22.3%.

Quick comment: As Vinhomes Global Gate project's interest reduced to 5%, we adjust 2025 NPAT down by 10% to VND33.8 trn (-4% YoY). YE2025 target is adjusted by 15% to VND46,500/share mainly due to decreases in project interest ratios of Vinhomes Global Gate and Vinhomes Apollo City. Change our rating from Buy to Outperform.

Table 1: 4Q2024 and 2024 business results

Unit: VND bn	4Q2023	4Q2024	YoY Change	2023	2024	YoY Change
Total revenue	8,920	33,136	271%	103,557	102,046	-1%
<i>Of which: Property sales</i>	<i>3,932</i>	<i>25,727</i>	<i>554%</i>	<i>89,669</i>	<i>73,203</i>	<i>-18%</i>
<i>Construction revenue</i>	<i>3,000</i>	<i>2,982</i>	<i>-1%</i>	<i>6,707</i>	<i>16,526</i>	<i>146%</i>
<i>Other revenue</i>	<i>1,988</i>	<i>4,427</i>	<i>123%</i>	<i>7,181</i>	<i>12,317</i>	<i>72%</i>
Gross profit	1,796	11,957	566%	35,707	32,425	-9%
Gross margin	20%	36%		34%	32%	
Profit shared from BCC projects	11,141	915	-92%	10,699	3,211	-70%
Financial income	1,796	11,957	566%	19,954	26,343	32%
Financial expenses	1,632	2,961	81%	3,870	8,629	123%
NPAT	1,933	14,104	630%	33,533	35,052	5%

Sources: VHM and ACBS

Table 2: Upcoming projects to be launched in 2025-2026

Project name	Vinhomes Global Gate	Vinhomes Wonder City	Vinhomes Apollo City	Vinhomes Green Paradise
Location	Dong Anh, Hanoi	Dan Phuong, Hanoi	Ha Long, Quang Ninh	Can Gio, HCMC
Total area (ha)	385	134	5,540	2,870
GFA		2 mn sqm	38.35 mn sqm	24 mn sqm
Number of units	High-rise: 12,600 units Low-rise: 4,100 units	High-rise: 600 units Low-rise: 2,300 units	n/a	n/a
Key components	Low-rises, Townhouses, Shophouses, Schools, Shopping Mall, Exhibition Complex	Low-rises, Townhouses, Shophouses, Schools, Shopping Mall	Low-rises, Townhouses, Shophouses, Apartments, Schools, Hospital, Golf Course	Low-rises, Townhouses, Shophouses, Apartments, Schools, Hospital, Golf Course

Source: VHM

Table 3: Key projects' progress

Project	Location	Area (ha)	Progress
Vinhomes Ocean Park 2	Hung Yen	460	Sold 99%
Vinhomes Ocean Park 3	Hung Yen	294	Sold 97%
Vinhomes Royal Island	Hai Phong	877	Sold 96%
Vinhomes Global Gate	Hanoi	385	VHM's economic interest is as above
Vinhomes Wonder City	Hanoi	134	Finalizing legal document. Expect to be launched in 2025
Vinhomes Apollo City	Quang Ninh	5,540	Had AIP, investment license and 1/500 Plan for Ha Long subdivision. Complete 90% of land clearance for the Ha Long subdivision.
Vinhomes Green Paradise	HCMC	2,870	Received 1/500 Plan
Intl. University Township	HCMC	864	Under land clearance
Duong Kinh	Hai Phong	241	Under land clearance. Received 1/500 Plan
Phuoc Vinh Tay	Long An	1,090	Under compensation process
Hau Nghia	Long An	197	Finalizing land clearance. Had AIP and investment license
Tan My	Long An	931	Finalizing land clearance. Had AIP and investment license

Sources: VHM and ACBS

Note: AIP stands for Approval of investment in principle.

VHM FINANCIALS MODEL	Market price (VND):	38,800	Target (VND):	46,500	Mkt cap (VNDbn):	160,394
(VNDbn except where stated)	2022	2023	2024U	2025F	2026F	
Total Net Sales	62,393	103,557	102,045	73,717	52,406	
<i>Sales growth</i>	-26.6%	66.0%	-1.5%	-27.8%	-28.9%	
CoGS ex-dep'n	30,480	66,414	67,950	48,356	35,245	
Gross profit	30,696	35,707	32,425	23,524	15,140	
<i>Gross margin</i>	49.2%	34.5%	31.8%	31.9%	28.9%	
SG&A	5,076	7,756	8,784	6,346	4,511	
<i>SG&A as % of sales</i>	8.1%	7.5%	8.6%	8.6%	8.6%	
EBITDA	26,837	29,387	25,311	19,015	12,650	
<i>EBITDA margin</i>	43.0%	28.4%	24.8%	25.8%	24.1%	
Depreciation	1217	1436	1670	1837	2021	
Operating profit	25,621	27,951	23,641	17,178	10,629	
<i>Operating profit margin</i>	41.1%	27.0%	23.2%	23.3%	20.3%	
Profit/loss from associates and JVs	56	11	3	3	3	
Financial income (excl. saving interest)	13,870	13,545	19,981	28,434	31,863	
Financial expenses (excl. interest expense)	2,319	817	1,328	1,328	1,328	
Net interest expense	-745	-3,356	940	2,022	3,448	
Other profit	670	-735	-497	0	0	
Tax	9,481	9,777	5,808	8,453	7,544	
<i>Effective tax rate (%)</i>	24.5%	22.6%	14.2%	20.0%	20.0%	
PAT	29,162	33,533	35,052	33,813	30,175	
Minority interest	331	161	3,525	3,401	5,077	
PATMI	28,831	33,371	31,527	30,412	25,098	
<i>Net profit margin (%)</i>	46.2%	32.2%	30.9%	41.3%	47.9%	
Cash earnings	30,047	34,808	33,198	32,249	27,119	
Number of shares (m)	4,354	4,354	4,354	4,354	4,354	
EPS (VND)	6,621	7,664	7,240	6,984	5,764	
Bonus factor (x)	1.0	1.0	1.0	1.0	1.0	
Adjusted EPS (VND)	6,621	7,664	7,240	6,984	5,764	
<i>EPS growth (%)</i>	-26.6%	15.8%	-5.5%	-3.5%	-17.5%	

KEY CASHFLOW AND BS ITEMS	2022	2023	2024U	2025F	2026F
Increase in working capital	-3,040	7,266	-21,868	16,221	1,997
Capex	18,251	7,213	8,873	8,043	8,043
Other cash flow items	-14,232	-39,987	-45,410	-26,495	-26,495
Free cash flow	604	-19,659	782	-18,510	-9,416
Share issues (m)	0	6	-10,462	0	0
Dividends paid	9,384	0	605	0	0
Increase in net debt	8,779	19,654	10,285	18,510	9,416
Net debt, end of year	19,093	38,746	49,031	67,542	76,958
Shareholders' equity	148,522	182,636	220,443	250,855	275,953
BVPS (VND)	33,349	41,177	46,409	52,623	57,752
<i>Net debt / equity (%)</i>	<i>12.9%</i>	<i>21.2%</i>	<i>22.2%</i>	<i>26.9%</i>	<i>27.9%</i>
<i>Net debt / EBITDA (x)</i>	<i>0.7</i>	<i>1.3</i>	<i>1.9</i>	<i>3.6</i>	<i>6.1</i>
Total assets	361,813	444,631	560,724	609,646	644,161

KEY RETURN AND VALUATION RATIOS	2022	2023	2024U	2025F	2026F
<i>ROE</i>	<i>21.4%</i>	<i>20.6%</i>	<i>16.5%</i>	<i>14.1%</i>	<i>10.4%</i>
<i>ROA</i>	<i>9.9%</i>	<i>8.3%</i>	<i>6.4%</i>	<i>5.4%</i>	<i>4.2%</i>
<i>ROIC</i>	<i>9.5%</i>	<i>7.6%</i>	<i>6.4%</i>	<i>5.5%</i>	<i>4.4%</i>
<i>WACC</i>	<i>14.4%</i>	<i>12.7%</i>	<i>14.2%</i>	<i>14.2%</i>	<i>14.3%</i>
<i>EVA</i>	<i>-4.9%</i>	<i>-5.1%</i>	<i>-7.8%</i>	<i>-8.7%</i>	<i>-9.9%</i>
<i>PER (x)</i>	<i>5.9</i>	<i>5.1</i>	<i>5.4</i>	<i>5.6</i>	<i>6.7</i>
<i>EV/EBITDA (x)</i>	<i>8.1</i>	<i>7.4</i>	<i>8.6</i>	<i>11.5</i>	<i>17.2</i>
<i>EV/FCF (x)</i>	<i>360.6</i>	<i>-11.1</i>	<i>278.8</i>	<i>-11.8</i>	<i>-23.1</i>
<i>PBR (x)</i>	<i>1.2</i>	<i>0.9</i>	<i>0.8</i>	<i>0.7</i>	<i>0.7</i>
<i>PSR (x)</i>	<i>2.7</i>	<i>1.6</i>	<i>1.7</i>	<i>2.3</i>	<i>3.2</i>
<i>EV/sales (x)</i>	<i>3.5</i>	<i>2.1</i>	<i>2.1</i>	<i>3.0</i>	<i>4.2</i>
<i>Dividend yield</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>

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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

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