

Vietnam
HOLD (no change)

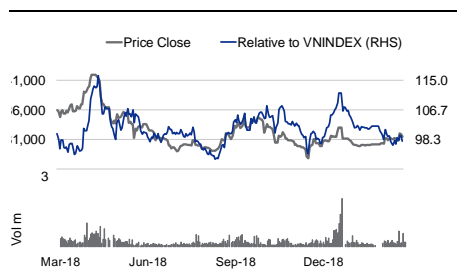
Consensus ratings*: Buy 3 Hold 0 Sell 0

Current price:	VND31,400
Target price:	VND33,500
Previous target:	VND34,400
Up/downside:	6.7%
CGS-CIMB / Consensus:	-4.3%
Reuters:	KDH.HM
Bloomberg:	KDH VN
Market cap:	US\$560.4m
	VND13,000,333m
Average daily turnover:	US\$0.35m
	VND8,078m
Current shares o/s:	336.0m
Free float:	55.0%

*Source: Bloomberg

Key changes in this note

- FY19F EPS increased by 2.3%.
- FY20F EPS decreased by 17.8%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	4.1	3.3	-14.7
Relative (%)	-5.3	-0.9	-3.5

Major shareholders

	% held
Tien Loc Investment Limited	11.7
Gam Ma Investment Company	9.6
A Au Investment Trading Company	8.6

Analyst(s)

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Project launches facing headwinds

- After a stellar FY18 with 61.3% yoy growth in net profit to touch VND808.9bn, KDH is expected to see only muted net profit growth of 4.4% this year.
- Presales transaction value in FY18 undershot the company's target by 42%, largely due to licensing delays on the Hermosa project.
- Maintain Hold rating but with a lower TP to reflect a higher COE and the risk of delays in cash collection due to delays in the Hermosa project.

A stellar 2018 performance on margin expansion

KDH generated a net profit of VND808.9bn, +61.3% yoy and revenue of VND2,916bn, -4.5% yoy driven by the delivery of 440 condo units of the Jamila project and 92 remaining townhouses in Dist. 9. The stellar net profit growth was attributed to an 8.8% pt gross margin expansion to 42.7% and one-off financial income of VND136bn. The balance sheet remained robust, with a net debt-to-equity ratio of -11.8% at end-FY18.

Landbank acquisition in progress

The company expensed the highest annual amount of VND520bn thus far towards land compensation on the Tan Tao townhouse project in 2018, a 41.1% yoy increase vs. end-2017. The current compensation ratio and the remaining cost was not disclosed. However, we estimate that the compensation ratio is 75-80% and believe the compensation schedule is in line with the company's plan. KDH bought a company that owns 6.8ha of land in Dist. 9 for VND318bn; we estimate the market value of the land parcel at VND2,584bn.

Earnings growth to moderate significantly in 2019

Based on project launches announced so far, we forecast a 4.4% growth in FY19F net profit and 23% growth in FY19F revenue, stemming from the handover of the remaining Jamila project and sales launches of landed properties in Dist. 9 and 2. The slow earnings growth is attributed to a normalisation of gross margin from a historical peak in 2018.

Regulatory approval tightening led to project delays

The Hermosa project was delayed from 4Q18 to 2Q19 due to the delay in approval of the construction license, causing FY18 presales value to undershoot the company's target by 42%. As the government needs more time to remove administrative obstacles and trim their current heavy regulatory regime, we do not expect a material improvement this year.

Maintain Hold rating with a reduced TP

To reflect the delay in the Hermosa project and a raising of the COE from 15.5% to 16.0% on the back of a higher equity risk premium, we lower our RNAV-based TP to VND33,500. A key downside risk is higher mortgage rates and further project delays due to regulatory tightening, while a key upside risk is a sooner-than-expected launch of the Tan Tao Townhouse project.

Financial Summary

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Net Revenues (VNDb)	3,055	2,916	3,585	3,863	2,379
Operating EBITDA (VNDb)	792	989	1,070	988	441
Net Profit (VNDb)	501.4	808.9	844.3	796.7	356.6
Core EPS (VND)	1,854	1,712	2,039	1,924	861
Core EPS Growth	26.3%	(7.6%)	19.1%	(5.6%)	(55.2%)
FD Core P/E (x)	17.85	16.82	15.40	16.32	36.45
DPS (VND)	1,000.0	500.0	500.0	500.0	500.0
Dividend Yield	3.18%	1.59%	1.59%	1.59%	1.59%
EV/EBITDA (x)	10.78	12.16	10.89	11.10	25.40
P/FCFE (x)	32.25	NA	46.56	30.78	NA
Net Gearing	(15.1%)	(11.8%)	(18.1%)	(25.5%)	(22.3%)
P/BV (x)	2.02	1.86	1.73	1.62	1.58
ROE	11.5%	11.5%	11.6%	10.2%	4.4%
% Change In Core EPS Estimates			2.3%	(17.8%)	
CIMB/consensus EPS (x)			1.05	0.84	0.27

SOURCES: VND RESEARCH, COMPANY REPORTS

Project launches facing headwinds

A stellar 2018 performance led to a further strengthening of the balance sheet

Net profit grew strongly

The company recorded an FY18 revenue of VND2,916.6bn (-4.5%, yoy) and net profit of VND808.9bn (+61.3% yoy) on the back of the handover of 440 condo units from the Jamila project, the remaining 92 units of landed houses from the Venica, Lucasta, Merita, Rosita and Melosa projects, and the land lots in the Phong Phu 4 project. Weak revenue performance could be attributed to the fact that landed property handover volumes in the year only touched 92 units versus 452 units in FY17 (mostly from the Rosita project) and industrial park leasing revenue dried up (lack of industrial park space to lease). Earnings, nonetheless, skyrocketed due to a combination of an 8.8% pt expansion in gross margin and also due to a 201.9% rise in financial income due to one-off gains worth VND136bn, of which VND24bn was realised from the sale of a 14% stake in Big C supermarket (Unlisted) and VND112bn from the sale of a 50% stake in subsidiary Dat An, which owns 4.8ha of land.

Gross margin improvement was primarily driven by strong demand in the land lot and landed property markets which kept prices elevated. Gross margins on land lot sales are estimated to have exceeded 50%, due to the low historical land cost.

Healthy financial position

The company's balance sheet improved further with a net debt-to-equity ratio of -11.8% in FY18. Total outstanding debt reduced from VND1,655bn at end-FY17 to VND968bn at end-FY18. Of all the local listed property developers, only KDH and NLG have net cash positions. At the end of FY18, KDH and NLG had net debt-to-equity ratios of -11.8% and -20.7%, respectively, while the industry average was around 25.6% (based on our estimates).

Land acquisition is tracking company's landbank development schedule

The biggest compensation expense is for the Tan Tao townhouse project in FY2018

The inventory balance of the Tan Tao townhouse project at end-2018 was VND1,786.6bn, +41% yoy of which around VND520.2bn comprise capitalised compensation expenses incurred in FY2018, the highest annual amount paid so far. Management has not provided any details of how much additional land area was compensated and how much was left. We estimate the compensation ratio to stand at 75-80% at end-FY2018, +5-10% pts yoy. We note that the land compensation cost per sq m for this additional area compensated is at least double that of the previous area that was compensated several years back. However, a steady appreciation in selling price expected going forward should offset this escalation in compensation costs. Nonetheless, this development supports our view in [our initiation report](#) that the company's management is rushing to complete the compensation process for the remaining BCI landbank in 2019-20F. Given that the compensation process for the BCI landbank has been progressing for eight years (2011-18), we believe KDH's management will be inclined to speed up the process because it wields more power now over BCI, following the increase in its ownership stake in BCI to 99.9% in Feb 18. We estimate that BCI's landbank accounts for roughly 95% of KDH's total landbank and around 75-80% of the total BCI landbank has already been compensated for.

6.8ha land area in Phu Huu Ward of District 9 added to landbank

KDH has bought a new company called Thuy Sinh for VND318bn. This company owns a 6.8ha land in Phu Huu Ward, District 9. Based on the purchase price, the 6.8ha land bank is effectively being purchased at VND4.6m/sq m, while the market price is estimated at VND38m-40m/sq m. No sale plan for this land parcel has been included in the pipeline for this year. We expect the company to monetise this land parcel in FY20. Furthermore, KDH states it has yet not consolidated Thuy Sinh in its balance sheet yet. There is no information on any liabilities that might have been assumed as a part of this acquisition.

Moderate earnings growth in FY19

Strong revenue growth from the resumption of launches of landed property projects

The company has so far not added any new projects into its launch and handover pipeline for 2019 vs. what was forecast in [our initiation report](#). We maintain our project pipeline assumptions in FY19 as follows: launch of the Kim Phat, Thanh Phuc, and Binh Trung landed property projects in District 9 and delivery of 455 townhouses, equivalent to revenue of VND2,197bn in FY19F. We believe these handovers, together with the handover of the rest of the Jamila project, some land lots in Phong Phu 4 Residential project, and the An Duong Vuong project, will comprise most of its 2019F revenue. We expect 2019F project-related revenues to reach VND3,518bn, +23% over FY18.

Figure 1: Delivery schedule of KDH's ongoing projects in FY19F, based on our estimates

Project name	Location	Description	Development cost (VNDbn)	FY19F revenue (VND bn)	Delivery Schedule
Kim Phat	Phu Huu, Dist 9	146 townhouses	402	613	2019F
Thanh Phuc	Phu Huu, Dist 9	150 townhouses	412	630	2019F
Binh Trung	Binh Trung, Dist 2	159 townhouses	622	954	2019F
Jamila	Phu Huu, Dist 9	427 condo units	1,250	821	2019F
Land lot in An Duong Vuong Project and Phong Phu 4 Project	Binh Tan Dist, Binh Chanh Dist	300 land lots	420	500	2019F

SOURCES: VND RESEARCH, COMPANY REPORTS

Moderate bottom-line growth due to margin reversion from historical peak levels

Blended gross margin cannot be maintained at the levels seen last year, in our view. In 2019, blended GPM is expected to fall to 37.5%, -5.2% pt from the historical peak in FY18 as the land lot sales (BCI land with low historical cost) will contribute a minor share to 2019 revenue while the new townhouse projects may not realise margins north of 45% as they are based on more recently-acquired, higher-cost land. Nonetheless, we believe margins will remain healthy with our forecasted 2019 GPM still 7.8% pt above the average blended gross margin of 29.7% realised over 2016-17.

Net profit growth is expected to be muted in 2019. The company will not enjoy one-off financial gains of VND136bn like what was seen in 2018. With blended GPM contraction and the absence of one-off gains, we project a 2019 net profit of VND844bn, +4.4% yoy. Core EPS would be VND2,039/share, +19.1% yoy.

Figure 2: Changes in our forecast (VND bn unless otherwise noted)

	Old forecast		New forecast		Change		Comments
	FY19F	FY20F	FY19F	FY20F	FY19F	FY20F	
Revenue	4,029	4,612	3,585	3,863	-11%	-16%	Decreasing revenue of FY19 is dragged by less contribution of land lots revenue and the lack of industrial park lease revenue. The FY20 revenue is impacted by delays in handover of Hermosa project
Gross profit	1,390	1,607	1,345	1,291	-3%	-20%	Gross profit in FY19 is attributed to blended GM contraction as the land lot sales will contribute a minor share. Gross profit in FY20 is lacking of the profit from Hermosa project due to delays
EBIT	1,046	1,206	1,070	988	2%	-18%	EBIT in FY19 is supported by lower selling and administration cost margin. EBIT in FY20 is dragged by the lack of Hermosa revenue contribution
EBT	1,036	1,217	1,059	998	2%	-18%	
Net profit	826	970	844	797	2%	-18%	
Core EPS (VND)	1,994	2,342	2,039	1,924	2%	-18%	

SOURCES: VND RESEARCH

Stricter regulatory approval process to delay current projects

Hermosa project delayed

The Safira project was the only new launch in 2018. 800 units were sold out of a total of 1,572 units, in line with management's plan. We estimate that FY18 presales value touched VND1,498bn, 42% lower than the company plan due to the unexpected delay of the Hermosa project. The project has been delayed to 2Q19 as the construction license has not been approved in time. The delay impacts our projected cash collection and revenue schedule in 2020F; we haircut our 2020F forecasted revenue by -19.4%.

Figure 3: 2019-2023 project pipeline of KDH (from launch to delivery)

Project	Location	Description	Land site (ha)	Legal status	Development cost (VNDbn)	2018	2019	2020	2021	2022	2023-2030
Sapphira	Phu Huu Ward, District 9	1,570 condo units	2.7	Compensated 100%	1,800						
Hermosa	Binh Chanh District	1,500 condo units	1.8	Compensated 100%	2,054						
Kim Phat	Phu Huu Ward, District 9	146 garden townhouses	3.6	Compensated 100%	402						
Thanh Phuc	Phu Huu Ward, District 9	150 garden townhouses	4.5	Compensated 100%	412						
Binh Trung	Binh Trung Dong Ward, District 2	159 garden townhouses	5.7	Compensated 100%	622						
Corona	Binh Chanh Dist	Garden townhouses	17.5	Compensated 70%	1,033						
Phong Phu 2	Phong Phu Ward, Binh Chanh Dist	Residential Complex	132.9	Compensated 75-80%	3,364						
Tan Tao Townhouse	Tan Tao A Ward, Binh Tan Dist	Residential Complex	330.1	Compensated 70%	7,708						

SOURCES: VND RESEARCH, COMPANY REPORTS

Tan Tao Townhouse project might not be affected by approval delays

We believe the new twist in the approval process for the LUR and construction licenses are obvious bottlenecks for new project supply this year. However, we think this will not be prolonged and believe next year will see major and effective improvements to remove the obstacles and trim the government's current heavy regulatory regime. Furthermore, at present, the company aims to complete the compensation plan first which is scheduled to take place this year and next year. The Tan Tao Townhouse project might not therefore be impacted by the lengthening of the land use right (LUR) approval process.

Valuation

We maintain Hold on KDH with a reduced target price of VND33,500

We raise our COE from 15.5% to 16.0% and shift out the cash flow realisation period of the Hermosa project from 2018-2020 to 2019-2021. Furthermore, since we do not have much information about the development plan for the newly-acquired landbank from BCI, we still maintain our simple development plan assuming two-storey houses to be built over 2-3 years to derive a fair value estimate of this landbank. We will review our earnings projections when more detailed information is available. We derive an RNAV target price of VND33,500, -2.7% vs our previous report. At this target price, the upside works out to 6.7%; therefore, we reiterate our Hold rating on the stock. Furthermore, KDH is trading at a premium 2019F P/E of 16.2 x, 26.6% higher than the average peer P/E of 12.8x.

Figure 4: RNAV (end-2Q18F) and target price (based on our estimates)

Product	Commercial Name	Project Name	BV as at 4Q18 (VND bn)	Premium (VND bn)	Fair value (VND bn)	Method	Note
Condo	Sapphira	Sapphira Phu Huu	204	276	480	DCF	We assume average selling price of VND25m per sq m for a Net sellable area (NSA) 103,800 to be sold within 2018-19F and be delivered within 2020F-21F
Condo	Hermosa	Hermosa Binh Chanh	144	160	304	DCF	We assume average selling price of VND24m per sq m for a NSA 102,900 to be sold within 2018-19F and be delivered within 2020F-21F
Landed houses		Kim Phat	231	129	360	DCF	We assume average selling price of VND42m per sq m for a NSA 14,600 to be sold and delivered within 2019F
		Thanh Phuc	233	99	332	DCF	We assume average selling price of VND42m per sq m for a NSA 15,000 to be sold and delivered within 2019F
		Binh Trung	331	142	473	DCF	We assume average selling price of VND60m per sq m for a NSA 15,900 to be sold and delivered within 2019F
Land lot		Tan Tao Townhouse	1,787	2,187	3,973	DCF	
		Phong Phu 2	364	2,764	3,129	DCF	
		Corona	450	289	739	DCF	
		Remainder	1,068	-	1,068	BV	As at 4Q18
		Total Project	5,464	5,394	10,858		
Add:							
		Cash and cash equivalents	1,835		1,835		
		Short-term investments	0		0		
		Short-term account receivable	1,760		1,760		
		Other short-term assets	36		36		
		Long-term assets	820		820		
Less:							
		Net debt (exclude CB)	968		968		
		Other liabilities	443		443		
		Minority interest	35		16		
		RNAV	8,469	5,394	13,882		
		Shares outstanding	414,023,036		414,023,036		
		RNAV (VND/share)			33,529		
		Target price (VND/share)			33,500		

SOURCES: VND RESEARCH, COMPANY REPORTS

Peer comparison

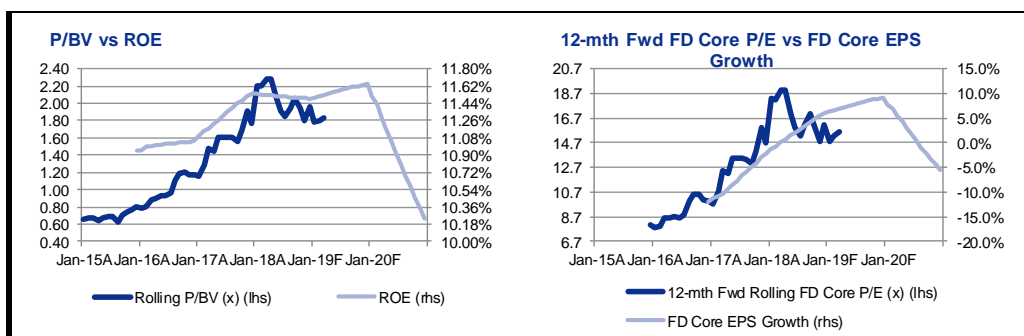
Figure 5: Peer comparison

Company Name	Ticker	Share price (VND)	TP (VND)	Recom.	Land bank (ha)	Market Cap (US\$ m)	P/E (x)				P/B (x)		ROE (%)		Dividend yield (%)		Net gearing (%)
							TTM	2019F	2020F	Cur.	2019F	2020F	2019F	2020F	2019F	2020F	
VINHOMES JSC	VHM VN	91,800	NR	NR	16,110	13,197	20.2	17.4	12.1	7.1	4.9	3.4	32.0	32.5	N/A	1.2	56.9
NO VA LAND INVES	NVL VN	57,000	NR	NR	623	2,276	16.5	15.8	16.0	2.7	2.5	N/A	16.9	15.1	N/A	N/A	75.7
KHANG DIEN HOUSE	KDH VN	31,400	33,500	HOLD	499	558	15.6	16.2	13.7	1.9	1.9	1.6	12.0	12.4	2.1	1.6	(11.8)
DAT XANH GROUP	DXG VN	25,850	NR	NR	702	388	7.6	6.9	6.1	1.8	1.3	N/A	23.1	22.1	1.9	N/A	21.4
PHAT DAT REAL ES	PDR VN	26,800	NR	NR	216	306	11.3	N/A	N/A	2.1	N/A	N/A	N/A	N/A	N/A	N/A	(5.4)
VAN PHU - INVEST	VPI VN	41,050	NR	NR	237	282	15.6	N/A	N/A	2.9	N/A	N/A	N/A	N/A	N/A	N/A	85.6
NAM LONG INVESTM	NLG VN	26,900	37,700	ADD	400	276	7.2	7.5	4.4	1.3	1.3	N/A	18.9	23.9	1.8	1.7	(20.7)
HAI PHAT INVESTM	HPX VN	23,600	NR	NR	3,158	203	10.4	N/A	N/A	1.9	N/A	N/A	N/A	N/A	N/A	N/A	70.4
DEVELOPMENT INVE	DIG VN	17,150	NR	NR	158	221	14.4	N/A	N/A	1.5	N/A	N/A	N/A	N/A	N/A	N/A	27.7
LDG INVESTMENT J	LDG VN	14,800	NR	NR	N/A	121	4.9	N/A	N/A	1.1	N/A	N/A	N/A	N/A	N/A	N/A	(16.7)
SAI GON THUONG	SCR VN	7,810	NR	NR	N/A	114	10.5	N/A	N/A	0.6	N/A	N/A	N/A	N/A	N/A	N/A	46.3
NBB INVESTMENT	NBB VN	18,700	NR	NR	N/A	81	13.0	N/A	N/A	1.0	N/A	N/A	N/A	N/A	N/A	N/A	13.8
QCGL	QCG VN	5,020	NR	NR	N/A	59	14.5	N/A	N/A	0.4	N/A	N/A	N/A	N/A	N/A	N/A	10.7
THU DUC HOUSING	TDH VN	12,000	NR	NR	N/A	42	5.6	N/A	N/A	0.6	N/A	N/A	N/A	N/A	N/A	N/A	29.2
FIRST REAL JSC	FIR VN	42,400	NR	NR	N/A	24	7.2	N/A	N/A	2.5	N/A	N/A	N/A	N/A	N/A	N/A	8.8
NETLAND REAL EST	NRC VN	27,400	NR	NR	N/A	14	6.8	N/A	N/A	2.4	N/A	N/A	N/A	N/A	N/A	N/A	17.7
Simple average							11.3	12.8	10.5	2.0	2.4	2.5	20.6	21.2	1.9	1.5	25.6
Simple average (excluding VHM)							10.7	11.6	10.0	1.6	1.7	1.6	17.7	18.4	1.9	1.6	23.5
Median							10.9	15.8	12.1	1.8	1.9	2.5	18.9	22.1	1.9	1.6	19.6

All prices are based on the closing prices on 6 Mar 2019. All estimates for Non-rated (NR) stocks are based on Bloomberg consensus estimates.

SOURCES: VND RESEARCH, BLOOMBERG, COMPANY REPORT

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Net Revenues	3,055	2,916	3,585	3,863	2,379
Gross Profit	1,036	1,245	1,345	1,291	634
Operating EBITDA	792	989	1,070	988	441
Depreciation And Amortisation	0	0	0	0	0
Operating EBIT	792	989	1,070	988	441
Financial Income/(Expense)	(53)	(23)	(20)	1	1
Pretax Income/(Loss) from Assoc.	8	(21)	9	9	10
Non-Operating Income/(Expense)	(19)	136	0	0	0
Profit Before Tax (pre-EI)	728	1,081	1,059	998	451
Exceptional Items					
Pre-tax Profit	728	1,081	1,059	998	451
Taxation	(170)	(271)	(213)	(200)	(94)
Exceptional Income - post-tax					
Profit After Tax	558	810	846	798	357
Minority Interests	(57)	(1)	(2)	(2)	(1)
Pref. & Special Div	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	501	809	844	797	357
Recurring Net Profit	501	700	844	797	357
Fully Diluted Recurring Net Profit	501	700	844	797	357

Cash Flow

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
EBITDA	792	989	1,070	988	441
Cash Flow from Invnt. & Assoc.					
Change In Working Capital	204	(1,036)	(129)	152	(425)
Straight Line Adjustment					
(Incr)/Decr in Total Provisions	7	7	8	8	8
Other Non-Cash (Income)/Expense	(29)	(31)	(33)	(34)	(36)
Other Operating Cashflow	(211)	121	70	(19)	91
Net Interest (Paid)/Received	(53)	(23)	(20)	1	1
Tax Paid	(113)	(271)	(213)	(200)	(94)
Cashflow From Operations	597	(243)	753	896	(13)
Capex	(61)	(2)	(2)	(2)	(2)
Disposals Of FAs/subsidiaries	2	326			
Disposals of Investment Properties					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(23)				
Cash Flow From Investing	(82)	324	(2)	(2)	(2)
Debt Raised/(repaid)	(237)	(572)	(472)	(472)	0
Proceeds From Issue Of Shares	1,488				
Shares Repurchased					
Dividends Paid	(234)	(126)	(207)	(207)	(207)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	1,017	(698)	(679)	(679)	(207)

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Cash And Equivalents	2,590	1,977	2,049	2,265	2,043
Properties Under Development					
Total Debtors	784	918	952	988	1,024
Inventories	4,858	5,765	6,515	6,552	4,850
Total Other Current Assets	877	1,002	779	623	451
Total Current Assets	9,109	9,662	10,295	10,428	8,368
Fixed Assets	30	26	26	26	26
Total Investments	5	6	6	7	7
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	570	619	668	722	777
Total Non-current Assets	606	651	701	755	810
Short-term Debt	184	624	624	152	152
Current Portion of Long-Term Debt					
Total Creditors	54	55	57	57	0
Other Current Liabilities	1,577	1,706	2,136	2,206	0
Total Current Liabilities	1,815	2,386	2,817	2,414	152
Total Long-term Debt	1,471	530	58	58	58
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	237	406	568	653	732
Total Non-current Liabilities	1,708	936	626	711	790
Total Provisions	0	0	0	0	0
Total Liabilities	3,524	3,321	3,442	3,125	942
Shareholders' Equity	5,214	6,974	7,534	8,037	8,213
Minority Interests	977	18	19	21	22
Total Equity	6,191	6,991	7,553	8,058	8,235

Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	(22.3%)	(4.5%)	22.9%	7.8%	(38.4%)
Operating EBITDA Growth	15.0%	24.9%	8.1%	(7.7%)	(55.4%)
Operating EBITDA Margin	25.9%	33.9%	29.8%	25.6%	18.5%
Net Cash Per Share (VND)	2,781	1,987	3,302	4,962	4,426
BVPS (VND)	15,518	16,843	18,197	19,412	19,837
Gross Interest Cover	6.34	9.27	15.67	25.32	11.30
Effective Tax Rate	23.3%	25.1%	20.1%	20.0%	20.8%
Net Dividend Payout Ratio	46.7%	24.0%	24.5%	26.0%	58.0%
Accounts Receivables Days	66.81	53.42	47.74	46.11	77.49
Inventory Days	857	1,160	1,000	930	1,192
Accounts Payables Days	12.13	11.90	9.09	8.08	5.94
ROIC (%)	13.9%	18.0%	16.3%	14.6%	6.6%
ROCE (%)	12.2%	15.1%	13.7%	12.5%	5.8%
Return On Average Assets	6.92%	8.32%	8.13%	7.19%	3.50%

Key Drivers

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Unbooked Presales (m) (VND)	1,596.0	1,269.2	3,692.8	2,308.7	N/A
Unbooked Presales (area: m sm)	62,573.0	92,296.5	204,747.0	112,857.0	N/A
Unbooked Presales (units)	867.0	784.8	2,319.5	1,500.0	N/A
Unsold attrib. landbank (area: m sm)	N/A	N/A	N/A	N/A	N/A
Gross Margins (%)	33.9%	42.7%	37.5%	33.4%	26.7%
Contracted Sales ASP (per Sm) (VND)	N/A	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	25.9%	33.9%	29.8%	25.6%	18.5%
Investment rev / total rev (%)	8.6%	1.9%	1.9%	1.8%	3.0%
Residential rev / total rev (%)	91.4%	98.1%	98.1%	98.2%	97.0%
Inv. properties rental margin (%)	50.4%	50.4%	50.4%	50.4%	50.4%
SG&A / Sales Ratio (%)	8.0%	8.8%	7.7%	7.8%	8.1%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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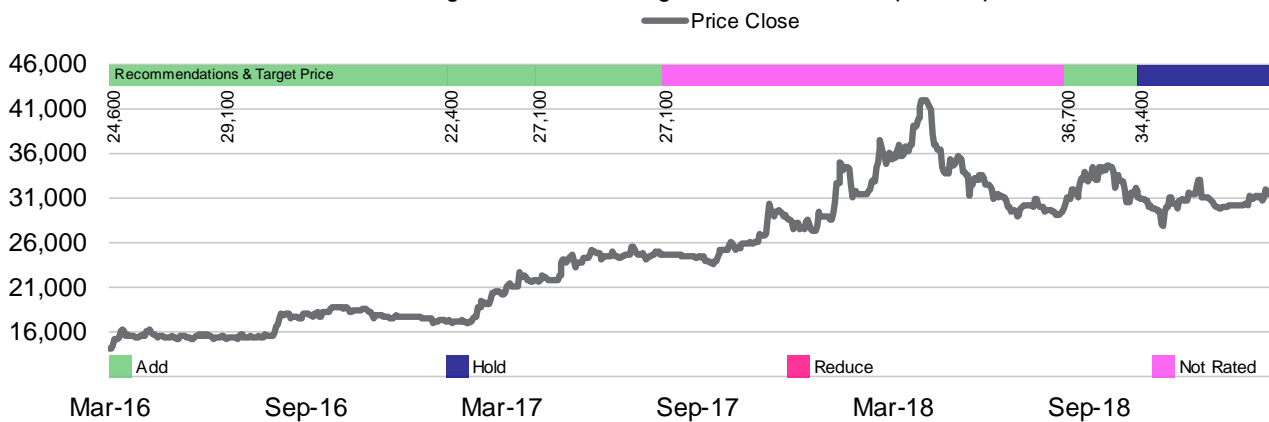
CGS-CIMB Securities (USA) Inc. neither expects to receive nor intends to seek compensation for investment banking services from any of the company mentioned within the next 3 months.

Other jurisdictions: In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is only for distribution to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2018		
758 companies under coverage for quarter ended on 31 December 2018		
	Rating Distribution (%)	Investment Banking clients (%)
Add	61.2%	4.2%
Hold	25.1%	2.1%
Reduce	13.7%	0.4%

Spitzer Chart for stock being researched (2 year data)

Khang Dien House Trading and Investment JSC (KDH VN)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2018, Anti-Corruption 2018

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, Declared, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, Declared, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENTEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Very Good, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **DELTA** – Excellent, n/a, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HREIT** – Excellent, Certified, **ICHI** – Excellent, Declared, **HUMAN** – not available, n/a, **III** – Good, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD*** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Declared, **MALEE** – Very Good, Certified, **MC** – Very Good, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Declared, **NETBAY** – Good, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PSH** – Excellent, Certified, **PSTC** – Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **RSP** – not available, n/a, **SAMART** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Very Good, Certified, **SF** – Good, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Declared, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, Declared, **TMB** – Excellent, Certified, **TNR** – Very Good, Declared, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Very Good, Declared, **UNIQ** – Good, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WORK** – Good, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 31, 2018) are categorized into:

- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

* The company, its director or management had been reportedly accused for breaching proper corporate governance such as violation of the SEC's regulations or charged with corruption.

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.

Country Ratings

Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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