

Dat Xanh Group (DXG)

Clearer changes should appear

June 11, 2024

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1Q24 results recovered compared to the same period in 2023

In 1Q24, Dat Xanh Group (DXG) posted VND31 billion in NPAT (vs a loss of VND91 billion in 1Q23) on revenue of VND1,065 billion (+182%YoY). The improvement in business results was attributable to (1) the handover of about 600 apartments at Opal Skyline project and (2) the rebound of the brokerage segment with the number of transactions increasing by 30% YoY.

DXG continues to finish the legal procedures for projects

In 2024, DXG aims to complete the legal procedures for projects in the Southern region such as Gem Riverside (HCMC), Gem Sky World (Dong Nai), Opal Luxury, Park View, Park City, and Opal Cityview (Binh Duong) to ensure sales for 2024–2026. As the progress of legal approval is still slow, we estimated a prudent 2024F sales result of about VND1,200 billion (+5xYoY), mainly generated from Gem Sky World project. Sales in 2025 should have a more obvious improvement when Gem Riverside project is launched and earn VND5,650 billion (+5xYoY).

2024F NPAT is VND204 billion (+18%YoY)

KBSV estimates 2024 revenue and NPAT of DXG at VND5,306 billion (+42%YoY) and VND204 billion (+18%YoY) respectively with the handover of Opal Skyline project and improved brokerage activities.

Valuation: BUY – Target price VND20,100

DXG stock is currently trading at a 2024 forward P/B of 1.1x, lower than the five-year average of 1.3x. Based on business prospects and valuation results, we give a BUY rating to DXG with a target price of VND20,100/share, 22% higher than the closing price on June 11, 2024.

Buy maintain

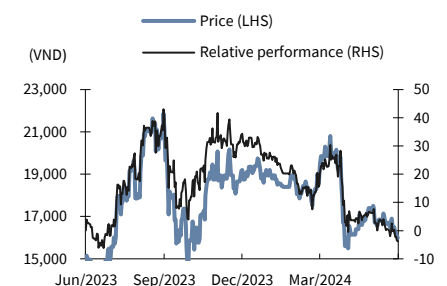
Target price	VND20,100
Upside	22%
Current price (Jun 11, 2024)	VND16,500
Consensus target price	VND16,600
Market cap (VNDtn/USDbn)	11.9/0.5

Trading data	
Free float	80.6%
3M avg trading value (VNDbn/USDmn)	251.1/10.0
Foreign ownership	19.7%
Major shareholder	Mr. Luong Tri Thin (17%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	-1.2	-6.5	-9.4	20.9
Relative	-4.9	-10.9	-24.1	4.4

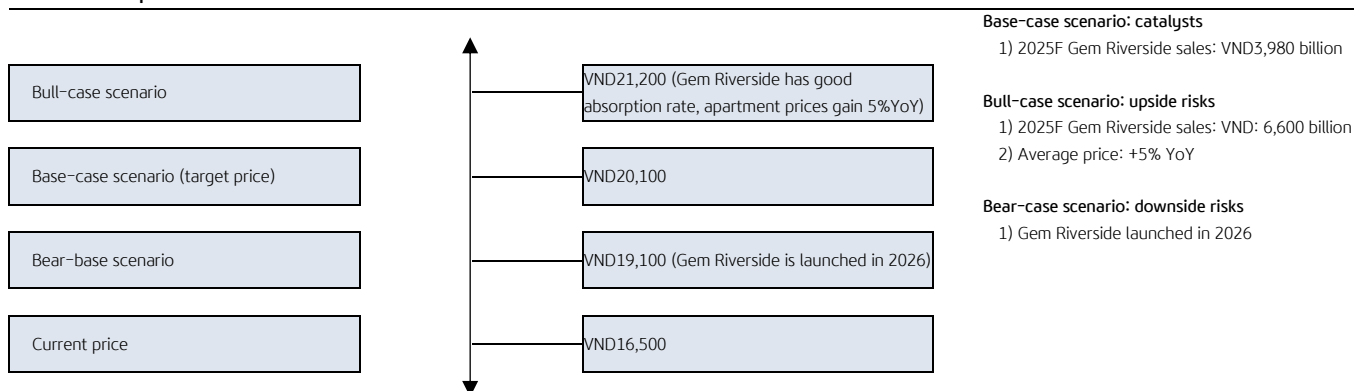
Forecast earnings & valuation

FY-end	2022	2023	2024F	2025F
Net revenue (VNDbn)	5,512	3,725	5,306	4,516
Operating income/loss (VNDbn)	775	437	577	718
NPAT-MI (VNDbn)	215	172	204	331
EPS (VND)	351	281	286	464
EPS growth (%)	-82	-20	2	63
P/E (x)	53.39	61.61	57.77	35.53
P/B (x)	1.09	1.07	1.09	1.06
ROE (%)	1.5	1.2	1.3	2.1
Dividend yield (%)	0	0	0	0



Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Revised earnings estimates

(VNDbn, %)	Revised		Previous		Change	
	2024E	2025E	2024E	2025E	2024E	2025E
Revenue	5,306	4,516	5,306	4,516	-	-
EBIT	1,127	1,254	1,101	1,262	(2)	1
NP after MI	258	375	204	331	(21)	(12)

Source: KB Securities Vietnam

KBSV estimate vs consensus

(VNDbn, %)	KBSV estimates		Consensus		Difference	
	2024E	2025E	2024E	2025E	2024E	2025E
Revenue	5,306	4,516	4,756	4,794	11.6	(5.8)
EBIT	1,101	1,262	842	1,137	30.8	11.0
NP after MI	204	331	171	287	19.6	15.5

Source: Bloomberg, KB Securities Vietnam

Revenue composition (2023)



Source: Dat Xanh Group, KB Securities Vietnam

Business operation

Dat Xanh Group (DXG) is a leading enterprise in the field of real estate brokerage with a brokerage market share of more than 30%. In addition, the company also expanded into the field of real estate investment and development with many large-scale projects in Ho Chi Minh City, Binh Duong, and Dong Nai.

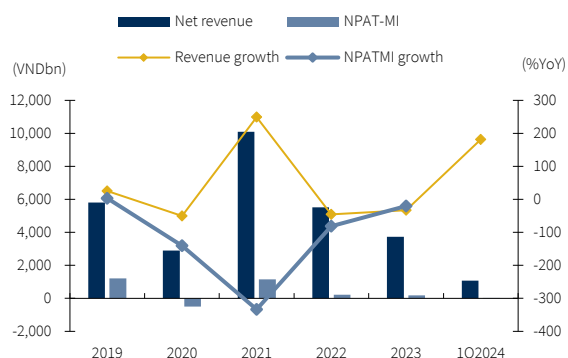
1Q24 performance updates

Table 1. DXG -

	1Q23	1Q24	+/-%YoY	Notes
Net revenue	378	1,065	182%	DXG completed 27% of the full-year target.
<i>Sales of property inventory</i>	268	821	207%	Most sales came from the handover of 600 apartments at Opal Skyline project. By the end of 1Q24, the project has sold out and handed over 90% of the units.
<i>Brokerage</i>	85	189	129%	Brokerage revenue recovered thanks to the number of transactions reaching 1,000, an increase of about 30% YoY.
Gross profit	166	472	184%	
Gross profit margin	44%	44%	+0,4pp	
<i>Sales of property inventory</i>	45%	39%	-6pp	
<i>Brokerage</i>	88%	77%	-11pp	
Financial income	18	8	-54%	
Financial expenses	-151	-125	-17%	
SG&A	-171	-218	27%	Selling expenses increased mainly due to brokerage and advertising costs surging 273%YoY to VND71 billion.
SG&A/Revenue ratio	45%	20%	-25pp	
Operating profit/loss	-139	137	-	
Other incomes	42	-11	-	
Profit before taxes (PBT)	-96	133	-	
Profit after taxes (NPAT)	-117	78	-	
NP after MI	-95	31	-	DXG Completed 14% of the year plan.
NPAT margin	-	3%	-	

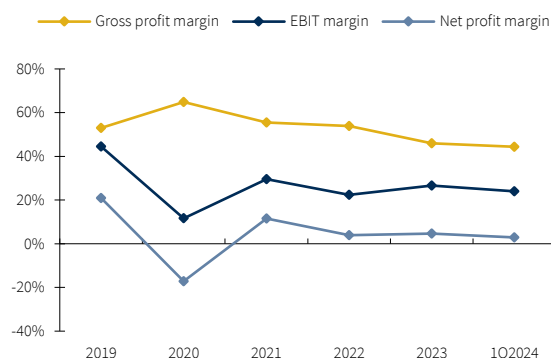
Source: Dat Xanh Group, KB Securities Vietnam

Fig 2. DXG - Revenue & NPAT in 2019-2024 (VNDbn)



Source: Dat Xanh Group, KB Securities Vietnam

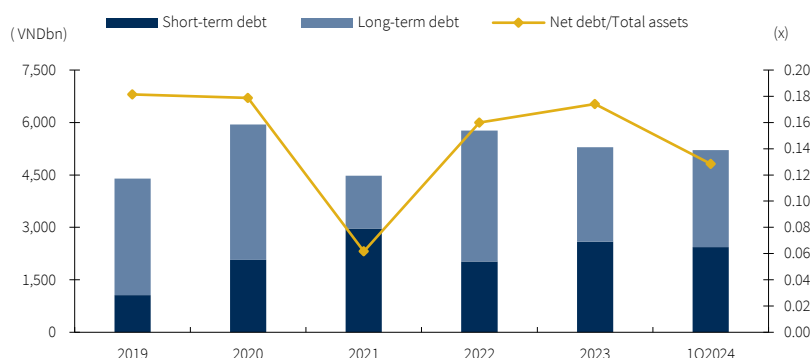
Fig 3. DXG - Profit margins in 2019-2024 (%)



Source: Dat Xanh Group, KB Securities Vietnam

DXG's debt at the end of 1Q24 was VND5,207 billion, of which short-term debt accounted for 47%. Debt decreased by 2% YTD, but the net debt/total assets ratio significantly shrank to 0.13x as the cash balance increased after DXG completed the offering of 101.7 million shares in the quarter.

Fig 4. DXG – Loans in 2019–2024 (VNDbn)



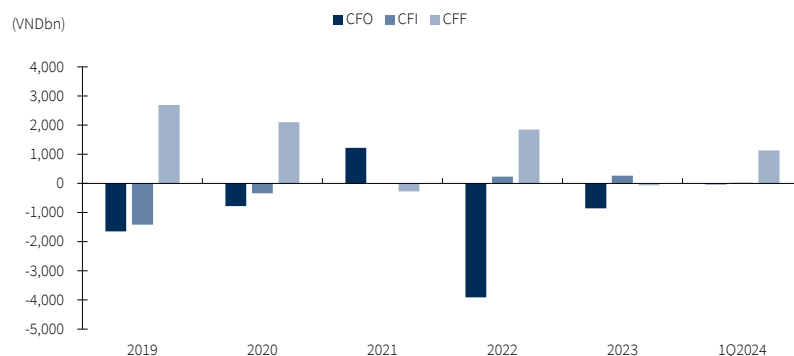
Source: Dat Xanh Group, KB Securities Vietnam

Operating cash flow in 2022 is minus VND3,094 billion due to the company promoting debt to accumulate land funds and invest in developing projects.

Operating cash flow in 2023 continued to be minus VND1,131 billion as there are almost no projects launched and brokerage activities were quiet.

In the first quarter of 2024, DXG earned VND1,220 billion from a private placement to existing shareholders.

Fig 5. DXG – Cash flows in 2019–2024 (VNDbn)



Source: Dat Xanh Group, KB Securities Vietnam

DXG is completing the legal procedures for large projects

As the progress of legal approval is still slow, we estimated a prudent 2024F sales result of about VND1,200 billion (+5xYoY), mainly generated from Gem Sky World project. Sales in 2025 should have a more obvious improvement when Gem Riverside project is launched and earn VND5,650 billion (+5xYoY).

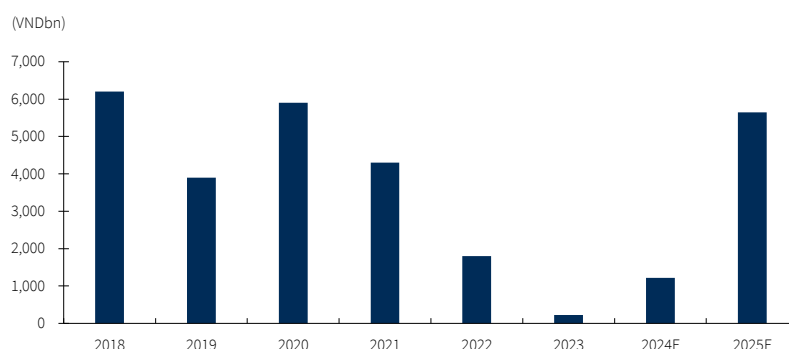
In 2024, DXG aims to complete the legal procedures for projects in the Southern region such as Gem Riverside (HCMC), Gem Sky World (Dong Nai), Opal Luxury, Park View, Park City, and Opal Cityview (Binh Duong) to ensure sales for 2024–2026.

- Gem Sky World project: In October 2023, the Department of Natural Resources and Environment of Dong Nai province announced that 2,305 plots of land of Gem Sky World are eligible to transfer land use rights to customers. DXG plans to reopen the project for sale in the second half of this year after completing amenities such as two preschools, medical station, and shopping center.

- Gem Riverside project: The project is located in Thu Duc and covers an area of 6.7 ha including 12 blocks with a total of more than 3,100 apartments. The project was first opened for sale in 2018, however, due to some legal problems, it was suspended. DXG finished paying additional land use fees for the project in 1Q24 and is currently completing procedures for construction permits and expects to open for sales in 2H24. However, according to our observations, the progress for legal approval rate of projects in Ho Chi Minh City is quite slow. Therefore, KBSV changed the launch time of this project to 2025.

We estimated a prudent 2024F sales result of about VND1,200 billion (+5xYoY), mainly generated from Gem Sky World project. Sales in 2025 should have a more obvious improvement when Gem Riverside project is launched and earn VND5,650 billion (+5xYoY).

Fig 6. DXG – 2016A–2025F sales (VNDbn)



Source: KB Securities Vietnam

Table 7. DXG – Updated progress of some projects

	Location	Area	Scale	Progress as of 1Q24–end
Gem Sky World	Dong Nai (~10km from Long Thanh Airport)	92ha	4,000 plots of land and low-rise products	Launched land products for the first time in 2020 for an average price of VND16 million/m ² Sold 60% of the total 4,000 units and delivered about 40% of the products Expected to be reopened for sale in 2H24
Gem Riverside	Thu Duc	6.7ha	3,100 apartments	Expected to be launched in 2025 Estimated price: VND70 million/m ²
Opal Skyline	Binh Duong	1.02ha	1,500 apartments	Introduced in 4Q20, 100% sold and 90% handed over Topped off in June 2022, handover started at the end of 3Q23
Opal Cityview		0.94ha		
Gem Premium	Binh Duong	15ha		
Opal Luxury	Thu Duc	8.4ha	1,500 apartments	Expected to be available for sale in 2026
Park View	Binh Duong	5ha		
Park City	Binh Duong	10.5ha	6,900 apartments	

Source: Dat Xanh Group, KB Securities Vietnam

Forecast & valuation

Table 8. DXG – 2024–2025F revenue

	2023	2024F	+/-%YoY	2025F	+/-%YoY	Notes
Net revenue	3,725	5,306	42%	4,516	85%	
<i>Sales of property inventory</i>	2,801	3,488	25%	3,009	86%	Revenue growth is contributable to the handover of Opal Skyline and Gem Sky World projects.
<i>Brokerage</i>	602	1,373	128%	1,181	86%	Brokerage revenue recovers compared to the low base of 2023.
Gross profit	1,710	2,381	39%	2,555	107%	
Gross profit margin	46%	45%	-1pp	57%	+12pp	
Financial income	409	41	-90%	85	206%	
Financial expenses	-593	-592	0%	-795	134%	
SG&A	-977	-1,252	28%	-1,126	90%	
SG&A/Revenue ratio	26%	24%	-2pp	25%	+1pp	SG&A increased from sales costs at two launched projects and higher salary costs when DXG started hiring again.
Operating profit/loss	437	577	32%	718	124%	
PBT	453	577	27%	718	124%	
NPAT	150	319	113%	397	124%	
NP after MI	172	204	18%	331	163%	
NPAT margin	5%	4%	-1pp	7%	+3pp	

Source: Dat Xanh Group, KB Securities Vietnam

Valuation: BUY – Target price VND20,100

The business performance of DXG is strongly affected by general difficulties in the real estate market related to strict control of credit and slow progress of legal approval for projects. DXG's 1Q business results improved over the same period when the real estate market recorded more positive signals. However, we expect bigger changes in DXG when (1) the real estate market has a clearer recovery, especially in provinces such as Binh Duong and Dong Nai and (2) projects Gem Sky World and Gem Riverside centers make significant progress.

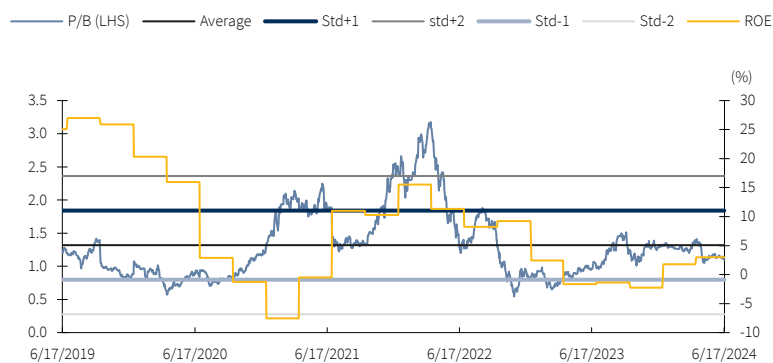
Using the RNAV to reevaluate DXG's land bank, we set a target price for DXG stock at VND20,100/share. DXG is currently trading at a 2024fw P/B of 1.1x, lower than the five-year average of 1.3x. Therefore, based on business prospects and valuation results, we recommend BUY with a target price of VND20,100/share, 22% higher than the closing price on June 11, 2024.

Table 9. DXG – Valuation

Project	Method	Value (VNDmn)
Development	RNAV	15,323,756
Gem Sky World	DCF	3,149,558
Gem Riverside	DCF	3,820,143
Gem Premium	DCF	2,339,861
Opal Cityview	DCF	811,662
Opal Skyline	DCF	154,845
Opal City	DCF	933,440
Parkview	DCF	1,668,502
Parkcity	DCF	2,026,737
Others	DCF	419,008
Brokerage Services	DCF	2,931,408
+ Cash		1,399,340
- Debt		5,207,450
RNAV		14,447,054
Outstanding shares		720,703,435
Share price (VND)		20,100

Source: KB Securities Vietnam

Fig 10. DXG – P/B and ROE in 2019–2024 (x, %)



Source: KB Securities Vietnam

DXG – 2022A–2025F financials

Income Statement					Balance Sheet				
(VND billion)	2022	2023	2024F	2025F	(VND billion)	2022	2023	2024F	2025F
Net sales	5,512	3,725	5,306	4,516	CURRENT ASSETS	27,371	26,230	28,858	29,911
Cost of sales	-2,542	-2,014	-2,925	-1,962	Cash and cash equivalents	919	276	1,178	2,018
Gross Profit	2,970	1,710	2,381	2,555	Short-term investments	181	97	97	97
Financial income	464	409	41	85	Accounts receivable	11,948	11,423	12,650	12,543
Financial expenses	-521	-593	-592	-795	Inventories	14,031	14,139	14,666	14,977
of which: interest expenses	-462	-537	-524	-544	LONG-TERM ASSETS	2,950	2,557	2,660	2,721
Gain/(loss) from joint ventures (from 2015)	2	-12	0	0	Long-term trade receivables	147	149	149	149
Selling expenses	-1,057	-586	-677	-617	Fixed assets	394	372	465	517
General and admin expenses	-1,083	-391	-575	-510	Investment properties	132	110	120	130
Operating profit/(loss)	775	437	577	718	Long-term incomplete assets	711	723	723	723
Other incomes	-7	16	0	0	Long-term investments	506	394	394	394
Other expenses	72	108	0	0	TOTAL ASSETS	30,321	28,786	31,518	32,633
Net other income/(expenses)	-80	-93	0	0	LIABILITIES	12,236	14,600	15,795	16,515
Income from investments in other entities	0	0	0	0	Current liabilities	2,255	11618	12,731	13,368
Net accounting profit/(loss) before tax	768	453	577	718	Trade accounts payable	1,149	767	1,248	1,445
Corporate income tax expenses	41	-31	-258	-320	Advances from customers	2,383	1,751	1,468	1,760
Net profit/(loss) after tax	534	150	319	397	Short-term unrealized revenue	168	115	0	0
Minority interests	319	-22	116	66	Short-term borrowings	2,023	2,591	2,720	2,856
Attributable to parent company	215	172	204	331	Long-term liabilities	3,981	2,983	3,063	3,147
Margin ratio	2022	2023	2024F	2025F	Long-term trade payables	0	0	0	0
Gross profit margin	55.5%	53.9%	45.9%	44.9%	Long-term advances from customers	0	0	0	0
EBITDA margin	27.6%	16.6%	21.9%	22.2%	Unrealized revenue	0	0	0	0
EBIT margin	26.9%	15.1%	19.7%	21.3%	Long-term borrowings	3,748	2,699	2,779	2,863
Pre-tax profit margin	24.9%	13.9%	12.2%	10.9%	OWNER'S EQUITY	14,085	10,594	14,039	15,315
Operating profit margin	25.0%	14.1%	11.7%	10.9%	Paid-in capital	6,118	6,118	7,135	7,135
Net profit margin	16.8%	9.7%	4.0%	6.0%	Share premium	80	80	284	284
					Undistributed earnings	2,308	1,736	1,940	2,271
					Minority interests	4,840	4,783	4,899	4,965
Cash Flow Statement	2022	2023	2024F	2025F	Key ratios	2022	2023	2024F	2025F
Net profit/(loss) before tax	768	453	577	718	Multiple				
Depreciation and amortisation	86	82	48	57	P/E	53.4	616	57.8	35.5
Profit/loss from investing activities	-418	-295	0	0	P/E diluted	53.4	616	0.0	0.0
Interest expense	486	549	524	544	P/B	1.1	1.1	1.1	1.1
Operating profit/(loss) before changes in Working Capital	1,226	810	1,149	1,319	P/S	2.1	2.8	2.2	2.6
(Increase)/decrease in receivables	-1,184	132	-1,227	106	P/Tangible Book	0.8	0.8	0.8	0.7
(Increase)/decrease in inventories	-2,996	-670	-526	-312	P/Cash Flow	12.5	38.4	10.0	5.8
Increase/(decrease) in payables	306	-589	480	197	EV/EBITDA	23.1	24.6	17.8	13.8
(Increase)/decrease in prepaid expenses	-191	146	0	0	EV/EBIT	25.5	27.4	18.6	14.3
Net cash inflows/(outflows) from operating activities	-3,904	-850	-375	743	Operating performance				
Purchases of fixed assets and other long-term assets	-148	-129	-154	-121	ROE	153	121	130	206
Proceeds from disposal of fixed assets	6	20	0	0	ROA	5.02	4.17	6.28	7.51
Loans granted, purchases of debt instruments	-895	-1,275	0	0	ROIC	0.71	0.60	0.65	102
Collection of loans, proceeds from sales of debt instruments	725	861	0	0	Financial structure				
Investments in other entities	-216	-17	0	0	Cash Ratio	0.1	0.0	0.1	0.2
Proceeds from divestment in other entities	698	780	0	0	Quick Ratio	1.1	1.0	1.1	1.1
Dividends and interest received	68	29	0	0	Current Ratio	2.2	2.3	2.3	2.2
Net cash inflows/(outflows) from investing activities	237	268	-154	-121	LT Debt/Equity	0.3	0.2	0.2	0.2
Proceeds from issue of shares	417	29	1,220	0	LT Debt/Total Assets	0.1	0.1	0.1	0.1
Payments for share returns and repurchases	0	0	0	0	Debt/Equity	0.9	0.8	0.8	0.8
Proceeds from borrowings	7,351	3,300	210	219	Debt/Total Assets	0.4	0.4	0.4	0.4
Repayment of borrowings	-5,582	-3,314	0	0	ST Liabilities/Equity	0.9	0.8	0.8	0.8
Finance lease principal payments	0	0	0	0	ST Liabilities/Total Assets	0.4	0.4	0.4	0.4
Dividends paid	-338	-76	0	0	Total Liabilities/Equity	12	10	10	10
Interests, dividends, profits received	0	0	0	0	Total Liabilities/Total Assets	0.5	0.5	0.5	0.5
Net cash inflows/(outflows) from financing activities	1,848	-61	1,431	219	Activity ratios				
Net increase in cash and cash equivalents	-1,819	-643	901	841	Account Receivable Turnover	0.5	0.3	0.4	0.4
Cash and cash equivalents at the beginning of period	2,738	919	276	1,178	Inventory Turnover	0.2	0.1	0.2	0.1
Cash and cash equivalents at the end of period	919	276	1,178	2,019	Account Payable Turnover	2.5	2.1	2.9	1.5

Source: Dat Xanh Group, KB Securities Vietnam

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Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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