

Dat Xanh Group (DXG)

Expecting stronger improvement for 2025

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9M24 net profit dropped 27% YoY to VND95 billion

3Q revenue of Dat Xanh Group hit VND1,013 billion (-17%YoY), and NP after MI recorded VND31 billion (-55%YoY). Accordingly, 9M24 revenue & net profit were VND3,204 billion (+39%YoY) and VND95 billion (-27%YoY) respectively.

Business performance should improve in the coming time

DXG's performance should improve: (1) Brokerage activities maintain recovery momentum, contributing VND1,228 billion (+104%YoY) and VND1,372 billion (+12%YoY) to revenue in 2024-2025. (2) DXG should launch DXH Riverside project from 2H25, bringing in VND24 trillion to 2025-2028F presales.

2024-2025F NPAT should be VND162 billion (-6% YoY) and VND330 billion (+103% YoY)

KBSV estimates DXG's revenue in 2024 and 2025 at VND4,744 billion (+27%YoY) and VND4,573 billion (-4%YoY). 2024-2025F NP after MI may hit VND162 billion (-6%YoY) and VND330 billion (+103%YoY), respectively. Results from the handover of Opal Skyline, Gem Sky World projects and brokerage activities should rebound from the low comparative levels of 2023.

Valuation: BUY rating – Target price VND20,600

DXG shares are currently trading at a 2025fw P/B of 1.1x, lower than its five-year average P/B of 1.3x. Based on the valuation results, we give DXG a BUY rating with a price target of VND20,600, 20% higher than the closing price on November 26, 2024. However, we note the risk that (1) the market recovers more slowly than expected; and (2) the progress of launching new projects continues to be delayed, which will strongly affect the cash flow of the company.

Buy maintain

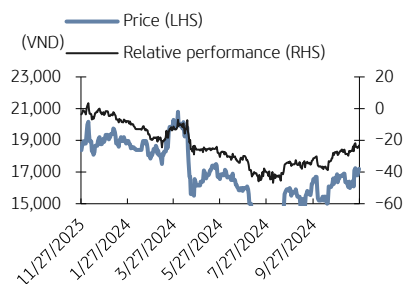
Target price	VND20,600
Upside	20%
Current price (Nov 26, 2024)	VND17,300
Consensus target price	VND19,000
Market cap (VNDtn/USDbn)	12.4/0.5

Trading data	
Free float	79.3%
3M avg trading value (VNDbn/USDmn)	250.3/10
Foreign ownership	18.1%
Major shareholder	Chairman Luong Tri Thin (17%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	3.6	7.5	3.9	-6.4
Relative	4.5	10.5	5.9	-20.5

Forecast earnings & valuation

FY-end	2022	2023	2024F	2025F
Net presales (VNDbn)	5,512	3,725	4,744	4,573
Operating income/loss (VNDbn)	775	437	565	962
NPAT-MI (VNDbn)	215	172	162	330
EPS (VND)	351	281	227	462
EPS growth (%)	-82	-20	-19	103
P/E (x)	53.39	61.61	75.74	37.22
P/B (x)	1.14	1.12	1.14	1.10
ROE (%)	1.5	1.2	1.0	2.0
Dividend yield (%)	0	0	0	0



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2023)



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.

Source: Dat Xanh Group, KB Securities Vietnam

Investment Catalysts

DXG continues to complete legal procedures for new land funds. The legal procedures for projects in Binh Duong such as Opal Luxury, Park View, Park City, and Opal Cityview are being completed. These would ensure medium and long-term growth for DXG.

DXH Riverside project should be launched in 2025. KBSV expects the project to be launched in the second half of 2025, contributing about VN 24 trillion to DXG's contracted sales in 2025–2028.

Notes

Please find more details [here](#)

Please see more details below

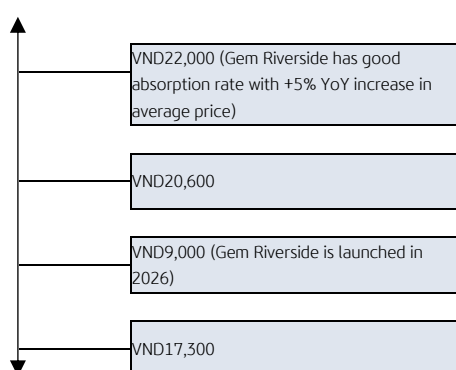
Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E
Revenue	4,744	4,573	-5%	0%	4,059	4,333	17%	6%
EBIT	1,008	1,544	-4%	13%	770	1,022	31%	51%
NP after MI	162	330	-17%	-14%	144	259	13%	27%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks

Bull-case scenario
Base-case scenario (target price)
Bear-base scenario
Current price



Base-case scenario: catalysts

- 1) 2025F presales of Gem Riverside: VND3,880 billion

Bull-case scenario: upside risk

- 1) 2025F presales of Gem Riverside: VND6,600 billion
- 2) Brokerage activities strongly rebound

Bear-case scenario: downside risk

- 1) Gem Riverside is launched in 2026
- 2) Brokerage activities recover more slowly than expected

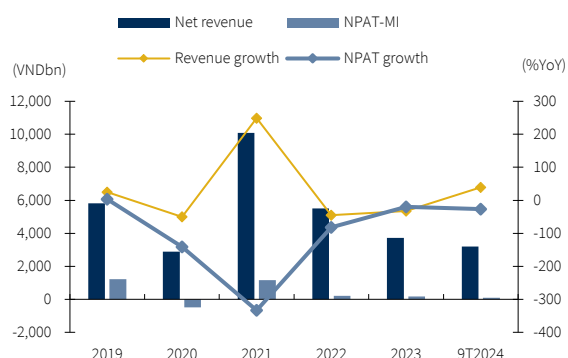
3Q24 performance updates

Table 1. DXG – 3Q & 9M24 updated results

(VNDbn, %)	3Q23	3Q24	+/-%YoY	9M23	9M24	+/-%YoY	Notes
Revenue	1,214	1,013	-17%	2,306	3,204	39%	DXG completed 82% of the full-year plan.
<i>Sales of real estate properties</i>	1,012	597	-41%	1,733	2,172	25%	Real estate transfer revenue from handover at Opal Skyline project.
<i>Brokerage of real estate properties</i>	137	353	157%	396	829	109%	Brokerage revenue recovered thanks to a significant increase in the number of transactions compared to the same period last year.
Gross profit	594	505	-15%	1,050	1,516	44%	
<i>Gross profit margin</i>	49%	50%	+1pp	46%	47%	+1pp	
<i>Sales of real estate properties</i>	68%	25%	-43pp	73%	56%	-16pp	
<i>Brokerage of real estate properties</i>	52%	78%	+26pp	81%	85%	+4pp	
Financial income	8	13	72%	368	26	-93%	Financial income decreased because in 2Q23, DXG recorded a profit from transferring 1ha at Gem Premium project.
Financial expenses	-152	-105	-31%	-462	-337	-27%	
SG&A	-264	-271	3%	-643	-775	20%	Selling expenses increased mainly due to brokerage and advertising costs increasing by 33% YoY to VND260 billion.
SG&A/revenue ratio	22%	27%	+5pp	28%	24%	-4pp	
Operating income/loss	181	137	-24%	302	408	35%	
Other incomes	2	-17	-	34	14	-59%	
PBT	183	125	-32%	336	422	26%	
NPAT	110	73	-33%	150	244	63%	
NPAT-MI	68	31	-55%	129	95	-27%	DXG completed 42% of the full-year plan.
<i>NPAT margin</i>	6%	3%	-3pp	6%	3%	-3pp	

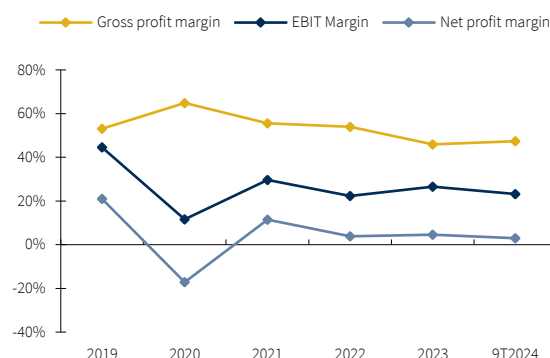
Source: Dat Xanh Group, KB Securities Vietnam

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



Source: Dat Xanh Group, KB Securities Vietnam

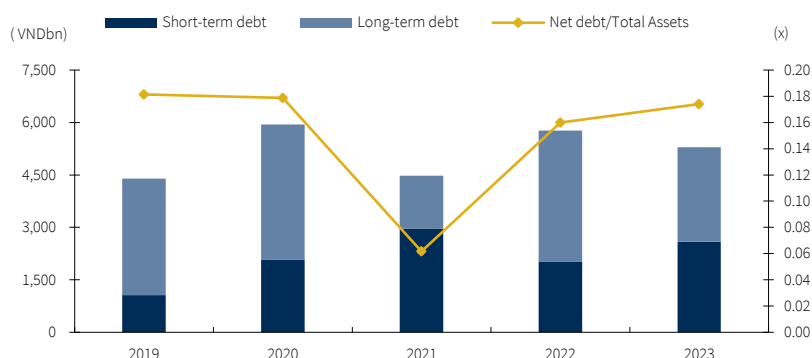
Fig 3. DXG – GPM in 2019–2024 (%)



Source: Dat Xanh Group, KB Securities Vietnam

DXG's debts at the end of 3Q24 were VND5,421 billion, of which short-term debt accounted for 49%. Debt decreased by 2% YTD, but the net debt/total assets ratio significantly shrank to 0.15x due to increased cash balance thanks to the completion of the placement of 101.7 million shares in 1Q24.

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



Source: Dat Xanh Group, KB Securities Vietnam

The DXH Riverside project was resumed

The DXH Riverside project is located in Thu Duc, covering 6.7ha land and including 12 blocks with more than 3,100 apartments. The project was first opened for sale in 2018 but was later suspended due to legal issues. According to DXG:

- (1) **The project implementation progress:** DXG has completed the payment of additional land use fees for the adjusted 1/500 planning in 1Q24. With the construction permit granted in September, it resumed the project from the beginning of October. DXG expects to complete the construction of the foundation and can offer DXH for sale in 1Q25.
- (2) **The settlement of ~300 apartment purchase contracts signed since 2018:** DXG offers two options to handle when customers terminate the contract. (i) The customers can take back the initial deposit (about VND250 million) with an interest rate of 10–15% or (ii) if customers still want to buy the apartment, they will receive a 15% discount on the apartment value when the project is eligible for business.

KBSV expects DXH to be available for sale from 2H25, adding VND24 trillion to DXG's presales in 2025–2028. It should be completed and start handover in 2027, contributing significantly to DXG's profits in the 2027–2029 period.

Fig 5. DXG – DXH Riverside project



Source: Dat Xanh Group, KB Securities Vietnam

Gem Sky World project is expected to be reopened for sale in 2025

The project covers an area of 92ha in Long Thanh, Dong Nai with about 4,000 products. DXG has sold roughly 2,300 products (nearly 60%) and handed over about 1,600 products (of which the certificates have been handed over for 1,500 units). The project has about 700 units sold but not yet handed over. DXG has currently completed the facilities, including schools, medical stations and shopping malls. We expect the project to be reopened in early 2025.

Fig 6. DXG – Gem Sky World project



Source: Dat Xanh Group, KB Securities Vietnam

Fig 7. DXG – Gem Sky World project

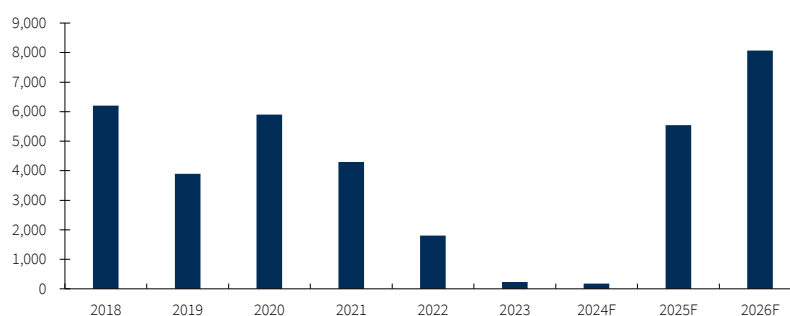


Source: Dat Xanh Group, KB Securities Vietnam

2025–2026F presales should see strong growth

We lowered DXG's 2024F sales to VND170 billion (–25%YoY) due to slower-than-expected re-launch of Gem Sky World. Contracted sales in 2025 and 2026 may strongly grow with the launch of DXH Riverside, reaching VND5,546bn (+32xYoY) and VND8,070bn (+46%YoY), respectively.

Fig 8. DXG – 2016–2025F sales value (VNDbn)



Source: KB Securities Vietnam

Table 9. DXG – Progress of some projects

	Location	Area	Scale	Progress as of the end of 2Q24
Gem Sky World	Dong Nai (~10km from Long Thanh Airport) Thu Duc City	92ha	4,000 land plots and low-rise products	Land plots were first launched in 2020 for a price of VND16 million/m ² . The project has sold 60% of the total 4,000 products and handed over about 40% of the products. It is expected to be reopened for sale in 2025.
Gem Riverside	Binh Duong	6.7ha	3,100 apartments	The project has got a construction permit and started construction. It is expected to be offered for sales in 2025.
Opal Skyline	Binh Duong	1.02ha	1,500 apartments	It was introduced in 4Q20, 100% sold and 90% handed over. It was topped off in June 2022. The project started handover from the end of 3Q23 and handed over 95% of the units.
Opal Cityview	Thu Duc City	0.94ha	1,500 apartments	The project is completing legal procedures.
Gem Premium	Binh Duong	15ha		The project is completing legal procedures.
Opal Luxury	Binh Duong	8.4ha	3,400 apartments	1/500 planning is available, land use fees are being paid.
Park View	Binh Duong	5ha		The project is completing legal procedures.
Park City	Dong Nai (~10km from Long Thanh Airport)	10.5ha	6,800 apartments	The project is completing legal procedures.

Source: Dat Xanh Group, KB Securities Vietnam

Brokerage activities continue to recover

KBSV believes that the real estate market will have a clearer recovery from the end of 2024, accordingly, DXG's business activities are expected to have more obvious progress thanks to (1) the Law on Real Estate Business (amended), the Law on Housing (amended) and the Law on Land (amended) taking effect from August 1, 2024, contributing to solving difficulties for businesses and (2) interest rates on home loans being expected to remain low, stimulating demand for home loans. Therefore, DXG's brokerage activities should continue to recover, contributing VND1,228 billion (+104%YoY) and VND1,372 billion (+12%YoY) to 2024–2025F revenue.

Apartment supply in Hanoi and Ho Chi Minh City markets is forecast to increase by 14%/4%, and the number of apartments sold is forecast to surge 29%/12% in 2025F/2026F respectively.

Fig 10. Vietnam – Number of apartments opened for sale and sold in Hanoi and Ho Chi Minh City



Source: CBRE

Forecast & valuation

Table 11. DXG – 2024–2025F business results

(VNDbn, %)	2023	2024F	+/-%YoY	2025F	+/-%YoY	Assumptions
Revenue	3,725	4,744	27%	4,573	-4%	
<i>Sales of real estate properties</i>	2,801	3,118	11%	2,871	-8%	Real estate transfer revenue mainly comes from the handover of the Opal Skyline and Gem Sky World projects.
<i>Brokerage of real estate properties</i>	602	1,228	104%	1,372	12%	Brokerage revenue recovers from the low base level of 2023.
Gross profit	1,710	2,056	20%	2,635	28%	
<i>Gross profit margin</i>	46%	43%	-3pp	58%	+14pp	
Financial income	409	43	-89%	56	30%	
Financial expenses	-593	-486	-18%	-648	33%	
SG&A	-977	-	7%	-	4%	
		1,049		1,091		
SG&A/revenue ratio	26%	22%	-4pp	24%	+2pp	
Operating income/loss	437	565	29%	962	70%	
Other incomes	453	565	25%	962	70%	
NPAT	150	313	108%	532	70%	
NPAT-MI	172	162	-6%	330	103%	
<i>NPAT margin</i>	3,725	4,744	27%	4,573	-4%	

Source: Dat Xanh Group, KB Securities Vietnam

Valuation: BUY rating – Target price VND20,600

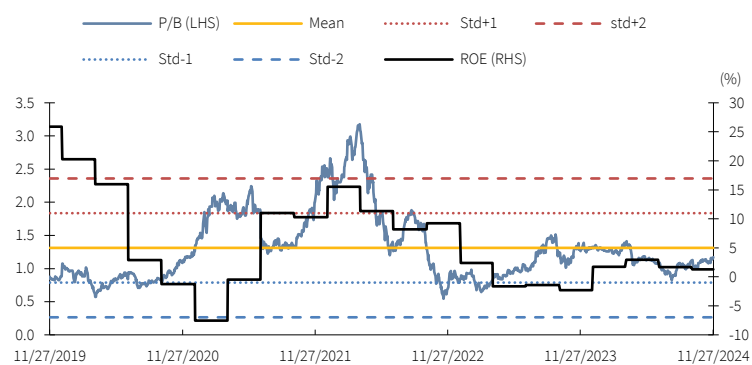
Using the RNAV to re-evaluate DXG's land fund, we give DXG shares a price target of VND20,600. DXG shares are currently trading at a P/B 2025fw of 1.1x, lower than the five-year average P/B of 1.3x. Therefore, based on the valuation results, we recommend BUY with a target price of VND20,600/share, 20% higher than the closing price on November 26, 2024.

Table 12. DXG – Valuation

Projects	Method	Value (VNDmn)
Development	RNAV	16,356,889
Gem Sky World	DCF	3,496,288
Gem Riverside	DCF	6,098,396
Gem Premium	DCF	1,517,735
Opal Cityview	DCF	591,209
Opal Skyline	DCF	167,398
Opal City	DCF	1,009,116
Parkview	DCF	1,159,058
Parkcity	DCF	2,191,050
Others	DCF	126,638
Brokerage	DCF	2,794,082
+ Cash		1,105,110
- Debt		5,420,750
RNAV		14,835,331
Outstanding shares		720,703,435
Target price (VND)		20,600

Source: KB Securities Vietnam

Fig 23. DXG – P/B & ROE in 2019–2024 (x, %)



Source: Bloomberg, KB Securities Vietnam

DXG – 2022A–2025F financials

Income Statement (VND billion)					Balance Sheet (VND billion)				
	2022	2023	2024F	2025F		2022	2023	2024F	2025F
Net sales	5,512	3,725	4,744	4,573	CURRENT ASSETS	27,371	26,230	26,540	28,696
Cost of sales	-2,542	-2,014	-2,688	-1,939	Cash and cash equivalents	919	276	1,259	794
Gross Profit	2,970	1,710	2,056	2,635	Short-term investments	181	97	97	97
Financial income	464	409	43	56	Accounts receivable	11,948	11,423	11,469	12,683
Financial expenses	-521	-593	-486	-648	Inventories	14,031	14,139	13,475	14,844
of which: interest expenses	-462	-537	-429	-443	LONG-TERM ASSETS	2,950	2,557	2,645	2,709
Gain/(loss) from joint ventures (from 2015)	2	-112	0	0	Long-term trade receivables	147	149	149	149
Selling expenses	-1,057	-586	-582	-620	Fixed assets	394	372	451	505
General and admin expenses	-1,083	-391	-467	-461	Investment properties	132	110	120	130
Operating profit/(loss)	775	437	565	962	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	29,185	31,405
Net other income/(expenses)	-80	-93	0	0	LIABILITIES	16,236	14,600	13,469	15,519
Income from investments in other entities	0	0	0	0	Current liabilities	12,255	11,618	11,432	12,040
Net accounting profit/(loss) before tax	768	453	565	962	Trade accounts payable	1,149	767	731	2,102
Corporate income tax expenses	41	-131	-252	-429	Advances from customers	2,383	1,751	329	-86
Net profit/(loss) after tax	534	150	313	532	Short-term unrealized revenue	168	115	0	0
Minority interests	319	-22	151	203	Short-term borrowings	2,023	2,591	2,668	2,802
Attributable to parent company	215	172	162	330	Long-term liabilities	3,981	2,983	3,036	3,119
					Long-term trade payables	0	0	0	0
					Long-term advances from customers	0	0	0	0
					Unrealized revenue	0	0	0	0
					Long-term borrowings	3,748	2,699	2,753	2,835
					OWNER'S EQUITY	14,085	10,594	14,039	15,315
					Paid-in capital	6,118	6,118	7,135	7,135
					Share premium	80	80	284	284
					Undistributed earnings	2,308	1,736	1,898	2,228
					Minority interests	4,840	4,783	4,934	5,137
Margin ratio					Key ratios				
	2022	2023	2024F	2025F		2022	2023	2024F	2025F
Gross profit margin	55.5%	53.9%	45.9%	43.3%	Multiple				
EBITDA margin	27.6%	16.6%	21.9%	22.2%	P/E	53.4	616	75.7	37.2
EBIT margin	26.9%	15.1%	19.7%	21.2%	P/E diluted	53.4	616	0.0	0.0
Pre-tax profit margin	24.9%	13.9%	12.2%	11.9%	P/B	11	11	11	11
Operating profit margin	25.0%	14.1%	11.7%	11.9%	P/S	2.1	2.8	2.6	2.7
Net profit margin	15.8%	9.7%	4.0%	6.6%	P/Tangible Book	0.8	0.8	0.8	0.8
					P/Cash Flow	12.5	38.4	9.7	15.5
					EV/EBITDA	23.1	24.6	20.3	13.8
					EV/EBIT	25.5	27.4	21.2	14.3
					Operating performance				
					ROE	153	121	103	2.03
					ROA	5.02	4.17	5.61	8.15
					ROIC	0.71	0.60	0.56	1.05
					Financial structure				
					Cash Ratio	0.1	0.0	0.1	0.1
					Quick Ratio	11	10	12	11
					Current Ratio	2.2	2.3	2.5	2.4
					LT Debt/Equity	0.3	0.2	0.2	0.2
					LT Debt/Total Assets	0.1	0.1	0.1	0.1
					Debt/Equity	0.9	0.8	0.7	0.7
					Debt/Total Assets	0.4	0.4	0.4	0.4
					ST Liabilities/Equity	0.9	0.8	0.7	0.7
					ST Liabilities/Total Assets	0.4	0.4	0.4	0.4
					Total Liabilities/Equity	12	10	0.9	0.9
					Total Liabilities/Total Assets	0.5	0.5	0.5	0.5
					Activity ratios				
					Account Receivable Turnover	0.5	0.3	0.4	0.4
					Inventory Turnover	0.2	0.1	0.2	0.1
					Account Payable Turnover	2.5	2.1	3.6	14

Source: Dat Xanh Group, KB Securities Vietnam

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Investment ratings & definitions

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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