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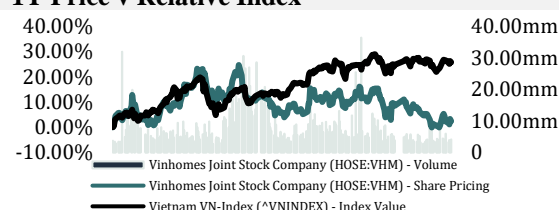
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**Basic Information**

Last Closed Price	VND68,000
12M Target Price	VND99,747
+/- Potential	46.7%
Bloomberg Ticker	VHM.HM
GICS Sector	Real Estate
GICS Sub-Industry	Real Estate Developers

**1Y Price v Relative Index**

**Company Description**

Vinhomes JSC is the largest integrated real estate developer and the real estate development arm of the Vingroup conglomerate. It operates primarily in the residential segment. Vinhomes targets the mid- to high-end market segments with projects located across prime locations in Vietnam's top tier cities and provinces. Vinhomes has 27 mixed-use residential projects in 7 cities and provinces across Vietnam, >84,600 apartments/villas/townhouses and serves over 262,000 residents.

**Key Financials**

Market Cap	VND296,096b
Basic Shares O/S	VND4,354.4m
Free Float	19.9%
52-Wk High-Low	VND59,200-VND93,769
Fiscal Year End	31-Dec-2021

(VND bn)	FY18A	FY19A	FY20A	FY21A
Revenue	42,884	51,627	71,547	85,094
Gr Rate (%)	-	20.4	40.0	18.9
Gross Profit	10,078	27,466	25,972	43,909
Margin (%)	23.5	53.2	36.3	51.6
EBITDA	3,567	7,692	23,570	21,604
Margin (%)	17.9	45.7	30.2	51.6
Net Income	14,055	21,747	27,351	39,017
EPS	3,408	5,001	6,395	9,060

**Key Executives**

Nguyen Dieu Linh	Executive Chairwoman
Pham Nhat Vuong	Non-Executive Director

**FY21 Earnings Highlights**

- **Total Revenue increased 19% to VND 85,094 bn from VND 71,547 bn in FY20**, largely due to increase in the construction services at Vinhomes Grand Park, Vinhomes Smart City, and others
- **Gross Margin increased 2064 bps to 57% from 36% in FY20**, thanks to delivery of bulk sales strategy at Vinhomes Ocean Park and Vinhomes Smart City
- **PATMI increased 43% to VND 39,017 bn from VND 27,351 bn in FY20**
- **Gearing Ratio decreased from 10.3% to 7.3%**, way below industry average of 53.3%

**Investment Thesis**

- **Leading real estate developer with an unrivalled land bank, making it strategically positioned to ride Vietnam's property growth cycle** as the next phase of growth starts to shift towards lower population density cities, bringing about further revenue potential and sustainability
- **Vinhomes creates a strong brand and value proposition among real estate developers** by leveraging unique property design and the unparalleled Vingroup ecosystem in several key industries to attract & retain customers.
- **Armed with a strong balance sheet, VHM is well-positioned to capitalize on growth opportunities** via land acquisition and project development, especially within the Industrial property segment

**Catalysts**

- **Vietnam's Ministry of Construction is expected to review the approval procedure for development products**, resulting in a more streamlined process, reducing administrative costs
- **Upcoming launch of Vinhomes Dream City, Vinhomes Wonder Park and Vinhomes Co Loa** is likely to bring about significant revenue uplift due to its prime location
- **2Q22 earnings** is expected to show an increase in Vinhomes' revenue and profit as the post-COVID-19 recovery in Vietnam accelerates

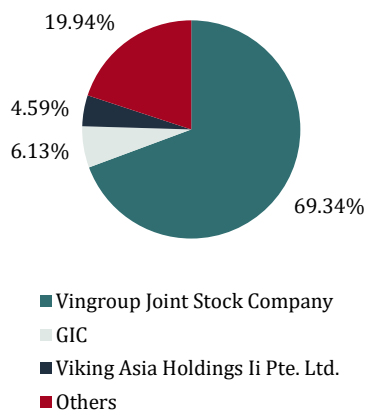
**Valuations**

Our 12M price target at the date of coverage is **VND 99,747**. Our price target was derived through a blended valuation of both the RNAV and Relative Valuation models. Our target price falls within the relative valuation of Vinhomes's competitors as well as consensus estimates.

**Investment Risks**

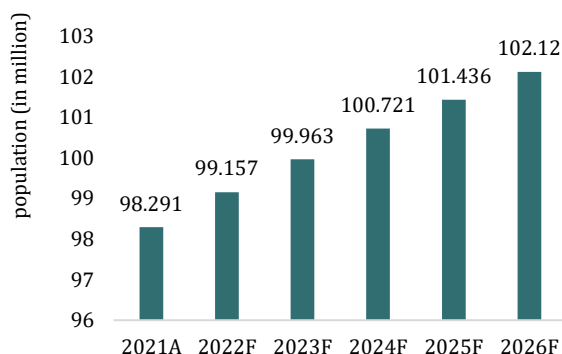
- **Rising interest rates:** Could potentially lead to reduced demand for residential properties due to the increase in borrowing costs.
- **Property bubble:** Rising concern that the increasing speculation in the real estate market might lead to a property bubble.
- **Renewed outbreaks of COVID-19:** Risk that new COVID-19 variants could hinder the construction of real estate properties because of work stoppages and labour shortages
- **Rising construction material prices:** Risk of increased costs and margin pressure if Vinhomes is unable to pass on the cost increases to consumers

**Figure 1: Shareholding Composition of Vinhomes**



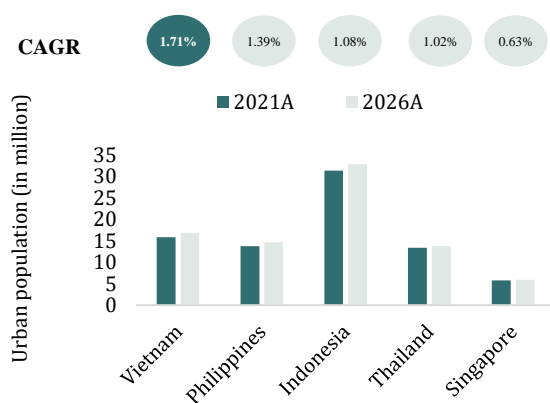
Source: CapitalIQ

**Figure 2: Vietnamese population 2021-2026**



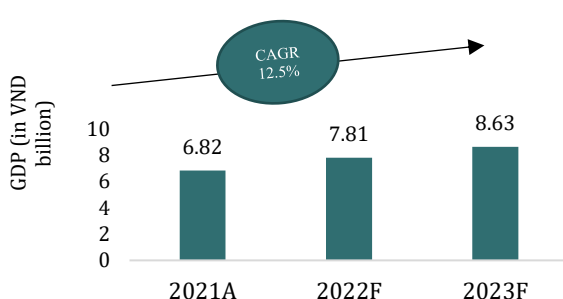
Source: Euromonitor

**Figure 3: Urban population in 5 SEA countries**



Source: Euromonitor

**Figure 4: Vietnamese GDP 2021-2023**



Source: Euromonitor

## Company Overview

Vinhomes JSC (“Vinhomes”) is the largest real estate developer in Vietnam. It was founded as a subsidiary of Vingroup – the largest conglomerate of Vietnam with businesses spanning across technology, real estate development, retail, healthcare, as well as hospitality. Vinhomes was listed on the Ho Chi Minh City Stock Exchange in May 2018 with 10% of its outstanding shares sold.

Vinhomes targets the mid- to high-end market segments with projects located across prime locations in Vietnam’s top tier cities and provinces with high rates of urbanisation as well as potential for tourism development. Vinhomes develops projects within the product lines: Vinhomes Sapphire, Vinhomes Ruby and Vinhomes Diamond, which are for the Mid-end, High-end and Luxury market segments respectively. Vinhomes projects are large-scale mixed-use urban areas with comprehensively planned infrastructure and a wide variety of utilities and amenities, leveraging on the Vingroup ecosystem. Its projects are also concentrated in prime locations with high rates of urbanisation as well as potential for tourism development.

Vinhomes has 27 mixed-use residential projects in 7 cities and provinces across Vietnam, >84,600 apartments/villas/townhouses and serves over 262,000 residents.

## FY21 Earnings Highlights

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## Industry Outlook

Vietnam’s macroeconomic trends present lucrative opportunities for real estate industry to grow.

### Vietnam has a fast-growing population with a young demographic, coupled with rapid urbanization & strong GDP growth

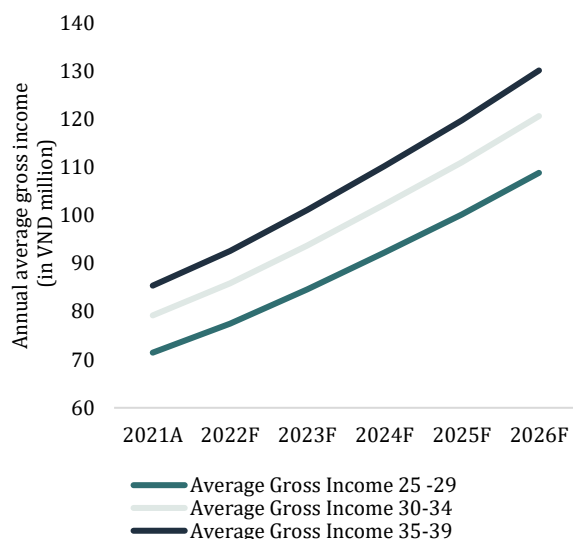
Vietnam’s population is growing exponentially, which is also quickly urbanizing. In 2021, Vietnam has 98.3 million people, and this number is expected to reach 102.1 million by 2026. Along with the strong population growth, Vietnam also has an impressive urbanization rate compared to other countries in the region. Specifically, Vietnam’s urban population has a compound annual growth rate (CAGR) of 1.71% from 2021 to 2026, which is higher than the rate of Philippines (1.39%), Indonesia (1.08%), Thailand (1.02%) & Singapore (0.63%) in the same period.

Next, Vietnam also expects strong GDP growth in the years to come. From 2021 to 2023, the CAGR is 12.5%, rising from VND 6.82 bn to VND 8.63 bn. Additionally, this is coupled with increases in the average income of young adults at the age of 25 to 39 with a CAGR of 8.7%. Which is the target “homebuyer” profile of Vinhomes. This increase will then lead to higher rates of consumption and in turn, stimulate demand for residential real estate in Vietnam, as well as attractive residential projects like the ones offered by Vinhomes.

### Vietnam is an attractive investment destination for foreign and institutional investors

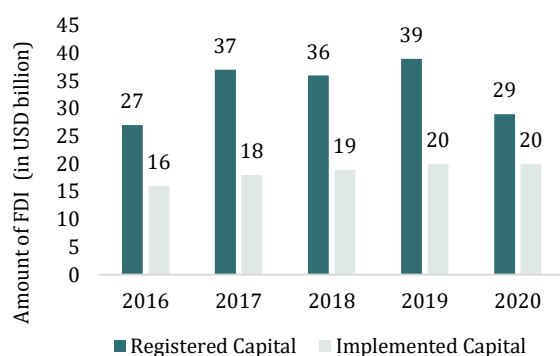
Over the years, Vietnam has been on the receiving end of sustained, strong Foreign Direct Investments (FDI). On top of that, Vietnam has an

**Figure 5: Annual average gross income of Vietnamese young adult**



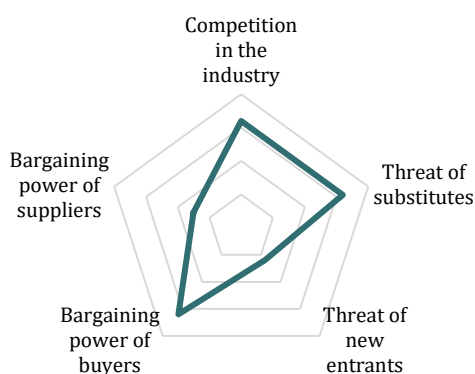
Source: Euromonitor

**Figure 6: Amount of FDI into Vietnam**



Source: Economist Intelligence Unit, Ministry of Planning & Investment, Company Filings

**Figure 7: Porter's Five Forces**



Source: NUS Investment Society estimates

extremely underpenetrated mortgage market, presenting a large headroom for residential real estate investment. Specifically, Vietnam has 6.4% mortgage penetration rate, far below the average of 41.7% across 4 countries: Vietnam, Thailand, Malaysia, Singapore.

## Porter's Five Forces

Illustrating the points below using the Porter's Five Forces diagram, we observe that Vinhomes is a leading developer in the real estate sector with medium to low competition and threat levels from various stakeholders. It is expected that Vinhomes can continue to maintain its position in the market through the company's moat, capabilities, and strategic partnerships.

### Competition within Industry - Medium

There are a few competitors in Vietnam, namely Novaland, Dat Xanh and Hung Thinh. However, Vinhomes has been able to effectively differentiate itself through its ecosystem, unique designs, and offerings. Thus, it will be able to maintain its dominant position in the industry.

### Threat of Substitutes - Medium

The Vinhomes brand has a strong reputation across mid to luxury segments, it will create a high degree of customer loyalty, despite the intense competitive landscape. Even though there might be ample choices of residential projects, Vinhomes will still have a strong positioning in customers' minds.

### Threat of New Entrants - Low

Due to the high capital requirements and complex regulations to start a real estate developer business, the threat of new entrants is very low. Vinhomes also benefits from being part of the Vingroup ecosystem that is virtually impossible to replicate in Vietnam.

### Bargaining Power of Buyers - Medium

There are several alternative real estate developers for buyers to choose from within the mid to high-end segments, despite Vinhomes' strong brand. The active property agent market and real estate listing companies also allow for more information and transparency for buyers to make their decisions.

### Bargaining Power of Suppliers - Low

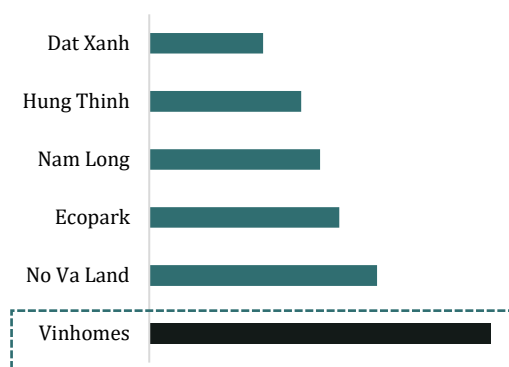
Construction suppliers have a limited number of customers due to the concentrated nature of the real estate industry, and hence they do not have much bargaining power against real estate developers. Furthermore, given Vinhomes's standing as the largest real estate developer in the country, its suppliers will have little bargaining power over the company.

## Investment Thesis

**1. Leading real estate developer with an unrivalled land bank and strong track record of contracted sales, making it well positioned to ride Vietnam's property growth cycle, bringing about further revenue potential and sustainability**

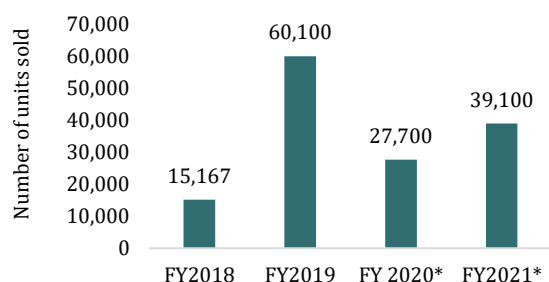
Over the past 1 year, Vinhomes's share price has underperformed compared to its peers, only managing to outperform 2 (Hai Phat Investment Joint Stock Company (HOSE:HPX) and FLC Group Joint Stock Company (HOSE:FLC)) out of 6 of its competitors in Vietnam. This was primarily due to FLC Group's chairman, Trinh Van Quyet, being investigated and arrested on suspicion of manipulating the stock market and hiding stock transaction information. As the largest residential real estate developer in Vietnam, much of the sell-off in the broader real estate sector has been largely concentrated in VHM, causing its share price to be affected

**Figure 8: Most reputable Real Estate developers in 2021 (by survey)**



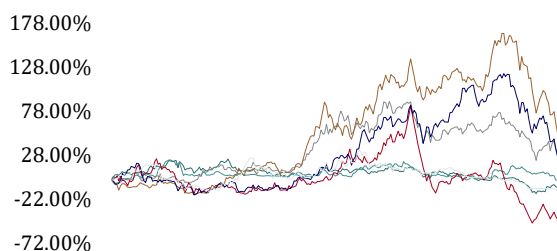
Source: newsrun

**Figure 9: Number of Vinhomes pre-sold units**



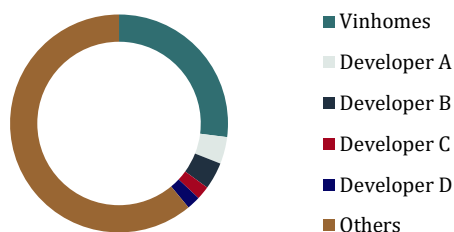
Source: Company filings

**Figure 10: VHM Underperformance Compared to Peers**



Source: Cap IQ

**Figure 11: Vinhomes' Market Share Across All Condominium Segment**



Source: Company Corporate Presentation

significantly. Many market participants also feared that the crackdown on FLC Group might extend to other real estate developers, leading to sustained selling pressure. Furthermore, Vinhomes' share price experienced a sharp drop from VND 89,230.77 to VND 81,846.15 in Aug '21 when Vingroup Joint Stock Company (HOSE:VIC) – Vinhomes' parent company – disposed ~103 million shares in VHM. We believe that the sell-off was unwarranted as Vingroup was taking profit and channeling the funds to invest in its electric vehicle venture, VinFast, to accelerate its "go global" strategy. In addition, the disposal of ~103 million shares only constituted 3% of Vingroup's stake in VHM, which is relatively insignificant considering that it had a ~70% stake prior to the sale.

As such, we believe that the sell-off in Vinhomes is overblown and its dominant position as the market leader in the residential real estate property space makes it the most attractive option among its peers when investor sentiment improves. Overall, Vinhomes commands a 27% market share across all condominium segments, surpassing that of its next competitor which holds a 4% market share. The Company has a 46% and 45% market share in the mid-end and high-end condominium segment respectively, capturing close to half of the market in Vietnam. Moreover, it has a 19% market share in the landed properties segment, clearly highlighting its position as the market leader. Its superior land bank in comparison to its closest competitors will bring about greater revenue potential because of a more robust pipeline, allowing Vinhomes to benefit in the near term.

Not only will Vinhomes be able to benefit from its much larger land bank, but the Company is also well-positioned to capture the rapidly expanding middle class and ride Vietnam's property growth cycle. According to McKinsey, Vietnam is projected to add 36 million people to its middle class by 2030 and the sources of urban consumption are expected to spread to smaller cities such as Can Tho, Da Nang and Hai Phong. These cities have substantially lower population densities vis-à-vis Ho Chi Minh City and Hanoi, and the monthly average income per capita is likely to continue increasing, highlighting growing purchasing power. Looking at the addressable market, there are potentially 5.2 million households in the middle-income segment which Vinhomes can capture through Vinhomes Sapphire, its mid-end segment, where it has a market leading position as highlighted previously. Additionally, the Company has a stronger presence in these 3 emerging cities with 5 projects there compared to its closest competitor, No Va Land Investment Group Corporation (HOSE:NVL), which only has 2. This provides Vinhomes with a competitive edge and having a greater brand awareness among consumers will be highly advantageous for the Company in the future.

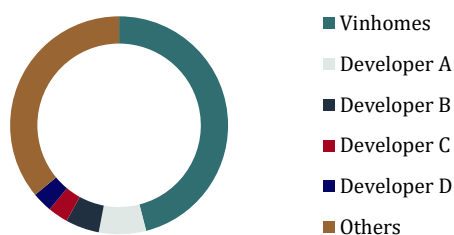
We believe that the market has always focused its attention on Ho Chi Minh City and Hanoi, where competition is stiff and the market is relatively saturated, leading to the continued underpricing of VHM. However, we expect investors to start turning their attention to the next 3 biggest cities as residential real estate developers move to launch more projects there, driving a re-rating of VHM's share price.

## 2. Vinhomes leverages unique property design and the unparalleled Vingroup ecosystem in several key industries to attract & retain customers.

Vinhomes creates a strong brand and value proposition amongst all the Vietnamese real estate developers through unique property designs and taking advantage of the unparalleled Vingroup ecosystem to attract and retain customers.

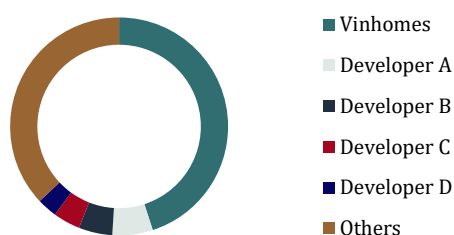


**Figure 12: Vinhomes' Market Share In Mid-End Condominium Segment**



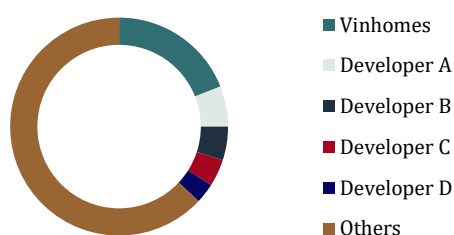
Source: Company Corporate Presentation

**Figure 13: Vinhomes' Market Share In High-End Condominium Segment**



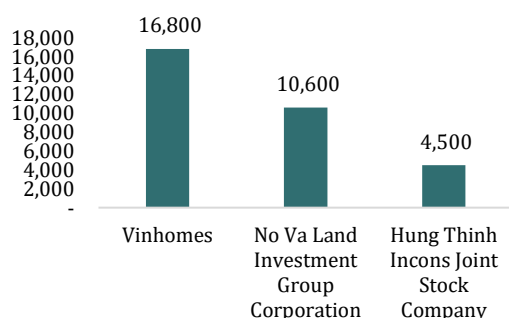
Source: Company Corporate Presentation

**Figure 14: Vinhomes' Market Share In Landed Properties Segment**



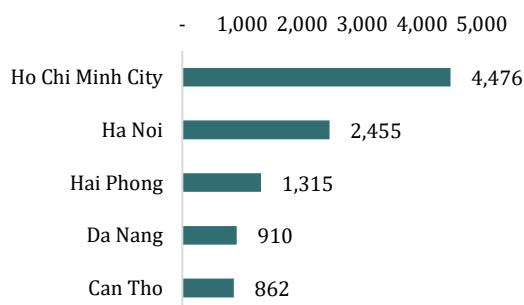
Source: Company Corporate Presentation

**Figure 15: Superior Land Bank**



Source: Company Annual Report

**Figure 16: Population Densities Of Vietnam's Biggest Cities**



Source: Statista

Vinhomes' condominiums are developed with the highest quality in mind and designed with one-of-a-kind architectural themes to set itself apart from the ever-growing property market. For example, Sakura Vinhomes Smart City, Miami Vinhomes Smart City, Pavilion Vinhomes Ocean Park are a few of its projects that took inspiration from international living styles, bringing an exotic and luxurious living conditions to the residents.

Moreover, potential Vinhomes residents are entitled to several perks to enjoy other complementing Vingroup services. In particular, Vinhomes residents are given priority in enrolling in Vingroup's private international school system called Vinschool, which covers the full K-12 curriculum with Cambridge certificate, as well as VinUni – a world-class quality university. In addition, Vinhomes residents also have easy access to a chain of private hospitals called "Vinmec", which are strategically located near Vinhomes projects. Vinmec is a non-profit business with 7 international hospitals and 5 clinics across the country. It is also 1<sup>st</sup> hospital to secure 2 JCI accreditations for the international hospitals. Vinhomes residents also enjoy various exclusive promotions when using Vinmec. In addition, Vinhomes residents will have free parking to Vincom shopping centers when driving Vingroup's owned electricity vehicles – "Vinfast". There is also a superapp called VinID to track all activities and issue reward points to increase loyalty towards Vin services. Overall, the Vin ecosystem will provide a holistic living environment for Vinhomes residents and ample cross-selling opportunities for Vinhomes and Vingroup.

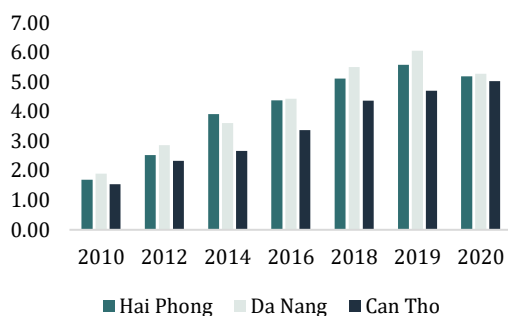
It is clear that no other real estate developers have been able to reach the scale and quality of services that Vinhomes offers. Taking Novaland as an example, since Novaland is Vinhomes' top competitor according to Operational Metrics and having the next most developed ecosystem, it can be seen that Novaland's ecosystem and offerings are nowhere near as impressive as that of Vinhomes'.

	Vinhomes' ecosystem	Novaland's ecosystem
Healthcare	1 <sup>st</sup> one to secure 2 JCI accreditations for the international hospitals	No Va Healthcare Group only developed 1 hospital & a few general clinics, so far has not been able to standardize business model
Education	Established K-12 system of 43 campuses VinUni attained international standard recognition (QS 5 star)	Nascent phases of penetration in K-12 education since mid-2021 The No Va College focuses on low-tiered technical education
Entertainment	In-house shopping centres brand that is easy to develop along residential projects	Owning several F&B and clothing brands but do not develop shopping centres
Transport	Developed VinBus & promising progresses on Vinfast electric cars production	Nil

The increasing attractiveness and trust in Vinhomes is seen through the increasing pre-sold units year-over-year (Figure 9), with the exception of FY2020 due to Covid-19. Also, Vinhomes has been ranked 1<sup>st</sup> in reputation among real estate developers in 2021 by survey (Figure 8).

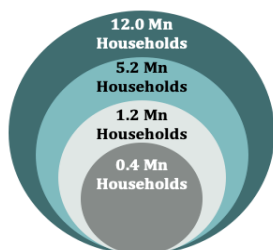
**3. Armed with a strong balance sheet, VHM is well-positioned to capitalize on growth opportunities via land acquisition and project development, especially within the Industrial property segment**

**Figure 17: Growing Purchasing Power In Hai Phong, Da Nang and Can Tho**



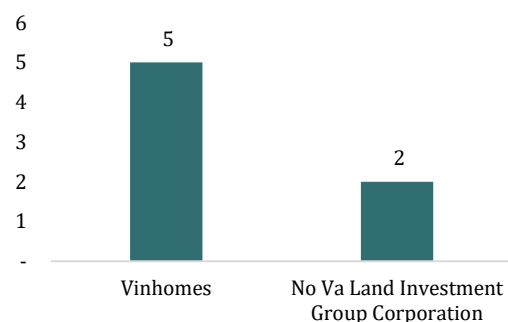
Source: Statista

**Figure 18: Residential Property Addressable Market**



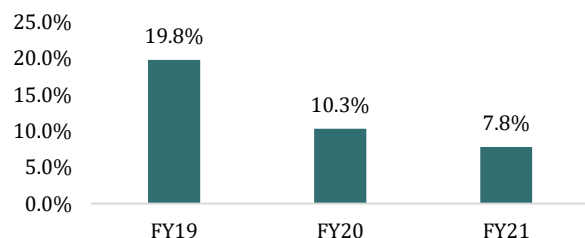
Source: Company Filings

**Figure 19: Vinhomes' Stronger Presence In The 3 Emerging Cities**



Source: Company Filing, No Va Land Annual Report

**Figure 20: Gearing ratio steadily decreasing from 19.8% in FY19 to 7.8% in FY21**



Source: Company Filings

Vinhomes continues to strengthen its balance sheet with no long-term debt refinancing needs, it also has a strong cash position of VND 29,524 bn – 12.67x its closest competitor with more-than-ample debt headroom. Vinhomes has an interest coverage of 21.8 times – highest amongst all Vietnamese property developers. Furthermore, its total debt/total assets has also been steadily decreasing from 13.4% in FY19 to 8.6% in FY21. Its gearing ratio has also been decreasing from 19.8% in FY19 to 7.8% in FY21, which is way lower than its peers averaging 70%.

In addition to the strength of its balance sheet, Vinhomes possesses a unique bulk sale strategy to which is able to “pull forward” its cash flows. The bulk sales strategy allows Vinhomes to 1) Quickly realise cash flows from its projects (12 months vs 2-3 years via retail sales), 2) Counter and de-risk any possible Covid-19 outbreaks and delays to construction and 3) Further enhance project execution and strengthen its liquidity. Vinhomes has the ability to execute such a strategy due to its position as the “Master Developer” in their mega projects, where they rope in and work with reputable project partners to co-develop and shorten the project development period. It is also the only developer with the financial capability to undertake these large-scale developments and credibility do pull in other domestic and even reputable international developers. In terms of distribution, unlike its peers, Vinhomes adopts an innovative direct sales model and online platform with 600 internal sales staff which bypasses the real estate agencies to quickly offload units to eager buyers.

The company’s management has repeatedly highlighted its intention to prioritise and seek out investment opportunities within the industrial property segment in Vietnam. Industrial real estate in Vietnam is an attractive proposition with positive market-enabling factors that is underpinned by accelerating growth in Foreign Direct Investment (FDI) into Vietnam with majority of FDI concentrated in the Manufacturing sector with Vietnam the key beneficiary of global supply chain shifts amidst an increasingly uncertain global backdrop. The pace of FDI is also poised to continue given Vietnam’s appeal of being the fastest growing economy in Southeast Asia. Furthermore, Vietnam continues to lag behind its ASEAN peers in terms of institutional grade real estate despite lower industrial construction costs. Industrial production growth is also the highest across all key Asian manufacturing destinations at 9.6%.

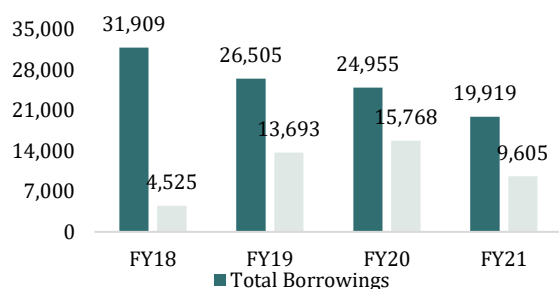
Vinhomes is best positioned to capitalised on the aforementioned secular tailwinds due to three factors. Firstly, the company has a massive industrial land bank which they have been accumulating under its subsidiary – Vinhomes IZ, which will be used to develop industrial parks. Secondly, the company’s industrial projects are set to benefit from key infrastructure developments as well as investments from the Vietnamese government. And thirdly, Vinhomes will continue to leverage on the Vingroup ecosystem and develop industrial parks via a three-pronged approach.

In all, the industrial property segment in Vietnam is poised to be the next key driver of growth for Vinhomes in the decades to come. The company’s resilient balance sheet, unique bulk sales model, as well as dominant position in the market will ensure that it is best positioned to capitalise on this new frontier of growth.

### Catalysts

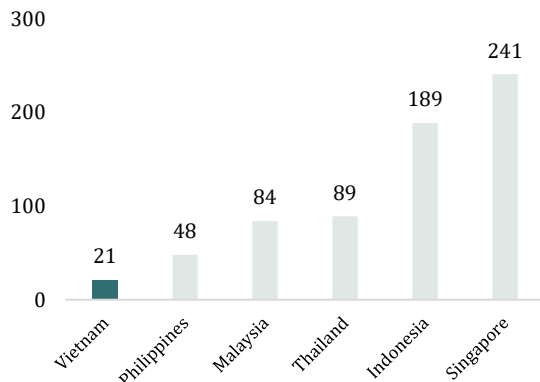
- Vietnam’s Ministry of Construction announced that it will amend the construction and investment laws. It is widely expected to review the approval procedure for development projects by local governments and with these changes, bottlenecks in the approval process for residential projects will be smoothened and the time taken to obtain construction permits will be shortened. Not only will this speed up the process for Vinhomes to obtain permits, but it can also reduce the administrative costs involved as the process is more streamlined, leading to margin expansion for the Company.
- Upcoming launch of Vinhomes Dream City, Vinhomes Wonder Park and Vinhomes Co Loa in 2022 is expected to bring about significant revenue uplift as it is located within a 15km radius from Hanoi CBD. In 1Q22, new launches of condominium towers

**Figure 21: Strong cash position, 12.67x closest competitor with more-than-ample debt headroom (VND bn)**



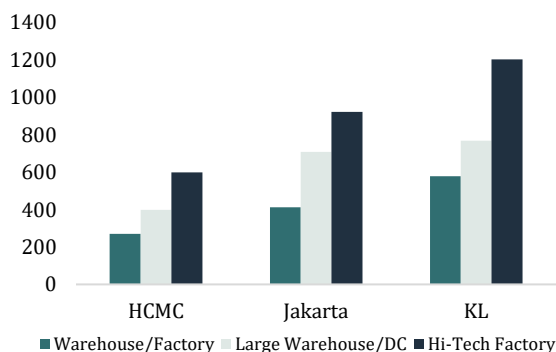
Source: Company Filings, No Va Land Annual Report

**Figure 22: Number of Institutional Grade Real Estate**



Source: SPEEDA

**Figure 23: Construction Cost in Major SEA Economies (US\$ mm)**



Source: SPEEDA

**Figure 24: Industrial Park Occupancy and Rental Indicators of Top FDI Destinations**

Province	Occupancy	Rent
Ho Chi Minh City	24.3% YoY	Stable
Binh Duong	27.6% YoY	54.6% YoY
Hanoi	8.5% YoY	8.6% YoY
Dong Nai	20.8% YoY	21.1% YoY
Ba Ria - Vung Tau	-1.4% YoY	7.8% YoY
Bac Ninh	6.3% YoY	13% YoY
Hai Phong	-10% YoY	4.5% YoY
Hai Duong	18.8% YoY	29.4% YoY
Average	11.85% YoY	17.38% YoY

Source: Bloomberg, Fitch, SPEEDA

of The Pavilion section at Vinhomes Ocean Park performed ahead of expectations with an absorption rate of ~80%. Additionally, The Beverly at Vinhomes Grand Park was launched with a 100% absorption rate within a week, highlighting the strong demand among households for Vinhomes' properties. As such, we expect strong and robust demand to persist in the upcoming launches of the 3 projects, which will provide substantial boost to the Company's revenue.

- Upcoming 2Q22 earnings that is expected to be released on the 28<sup>th</sup> of July 2022 is likely to show an increase in Vinhomes' revenue and profit as the post-COVID-19 recovery in Vietnam picks up steam, leading to higher demand for residential units. A positive earnings report for 2Q22 will serve as a catalyst to drive a re-rating of VHM's share price.

## Valuation

Valuation Price Target: **VND 99,747**

We iterate our BUY recommendation for Vinhomes with a 12-month target price of VND 99,747. This was derived from a blend of intrinsic and relative valuation methodologies, including a Revalued Net Asset Value (RNAV) valuation model (70%) and Relative Valuation based on the 75<sup>th</sup> percentile LTM P/BV multiple (30%). Through this blended approach, a price target of VND 99,747.

### RNAV model

The RNAV valuation model was primarily utilised to estimate the intrinsic valuation of Vinhomes's share price. The values of the development projects, investment properties, industrial properties, as well as cash and other short-term assets on the balance sheet was summed up to derive the gross asset valuation. We then subtracted all its liabilities to arrive at the net asset value of the company. The values of each asset and liability were calculated manually with values retrieved from both the company's annual report as well as from various sell-side research. This was then discounted with a Weighted Average Cost of Capital (WACC) of 9.05% to derive an implied share price of VND 99,747.

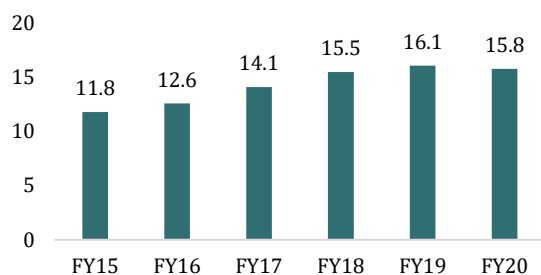
### Weighted Average Cost of Capital

The CAPM model was used to derive our WACC. We obtained the country risk premium of Vietnam from Professor Damodaran's website, which currently stands at 3.56%. Risk-free rate of 2.50% was used which was in line with the current yields on 10-year Vietnam government bonds. Equity risk premium of 7.01% was used which was in line with the 10-year average return of the Vietnam stock market. Beta was calculated through the unlevering and relevering the median beta from the company's peer group to reflect the company's capital structure. A tax rate of 20% was used, in line with the standard corporate income tax of Vietnam. WACC was calculated to be 9.05%.

### Relative Valuation

We performed a relative valuation as a secondary method to derive the intrinsic valuation of Vinhomes's share price through a blended approach. We benchmarked Vinhomes to industry peers with similar business segments, revenue mix, as well as geographical exposure. The industry peers are predominantly listed on the Vietnam stock exchange and includes peers from the Thailand and Indonesia stock exchanges as well. This includes Nam Long Investment Corporation (HOSE: NLG), 577 Investment Corporation (HOSE: NBB) and Sai Gon Thuong Tin Real Estate Joint Stock Company (HOSE: SCR). Our primary comparable metric was the LTM P/BV. We selected the 75<sup>th</sup> percentile multiple and calculated the FY21 book value to derive an implied share price of VND 91,744.

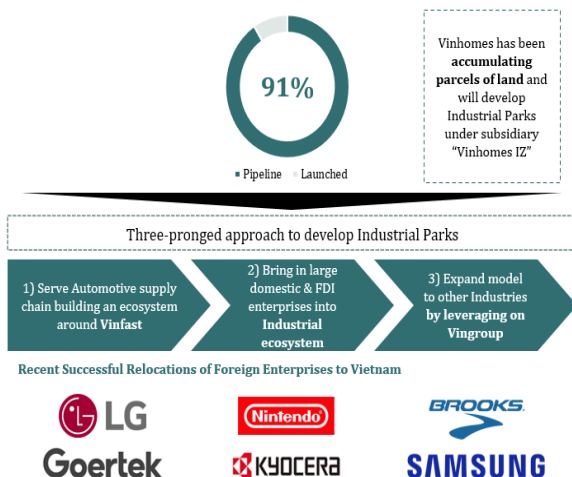
**Figure 25: Accelerating Growth in FDI in Vietnam (US\$ mm)**



Source: Bloomberg, SPEEDA

**Figure 26: Usage of Industrial Land Bank and Three-Pronged Approach to Develop Industrial Parks of Vinhomes**

VHM has a Massive Industrial Land Bank



Source: Company Filings, SPEEDA

**Figure 27: Vinhomes Industrial Sites and its Proximity to Key Infrastructure Developments**

VHM Industrial Sites to Benefit from Key Infrastructure Developments and Investment Focus



Vinhomes IZ Industrial Projects

Location	Operation Start	Operation End	NSA/NLA ('000 sqm)
Hai Phong	2022	2022 - 2025	4,550
Quan Ninh	2023	2024 - 2026	2,550
Others	2022 - 2023	2025 - 2032	14,980
<b>Total Pipeline Projects - Sales</b>			<b>22,080</b>
<b>Total Pipeline Projects - Leasing</b>	2020 - 2023 onwards		<b>6,940</b>
<b>Total Industrial Projects</b>			<b>29,020</b>

Source: Company Filings, SPEEDA

## Investment Risks

### Market Risk 1 (M1)

#### Rising Interest Rates

Globally, central banks are widely expected to embark on a series of rate hikes to combat surging inflation and this could potentially lead to reduced demand for residential properties due to the increase in borrowing costs. Vietnam's inflation has largely remained under control, and it is not likely that inflation will rise anytime soon because aggregate demand in Vietnam has not fully recovered. Furthermore, Vietnam's central bank has indicated a willingness to keep rates low to support the economy. Currently, Vietnam's interest rate stands at 4%, and it is projected to trend around 4.75% in 2022, which pales in comparison to the rate hikes expected to be undertaken by the Fed. As such, it is unlikely that the rising interest rates globally will have an outsized impact on Vietnamese's demand for residential properties.

### Market Risk 2 (M2)

#### Property Bubble

According to the Vietnam Association of Realtors ("VAR"), land prices in many places have risen by an average of 10% in the last 2 months, and in some places, prices have doubled or tripled. As such, there is rising concern that the increasing speculation in the real estate market might lead to a property bubble. However, this is unlikely to happen as Vietnam's Ministry of Construction has taken steps to reduce the risks of a property bubble. It has requested the People's Committees of provinces and centrally run cities to strengthen the management of the domestic real estate market, and localities need to review and evaluate the potential risk of "bubbles" or other unusual developments. Cooling measures, such as tighter loan-to-value ratios for mortgages and tighter lending requirements to the real estate sector, are similarly in place to mitigate the risks.

### Market Risk 3 (M3)

#### Renewed Outbreaks of COVID-19

New COVID-19 variants could potentially lead to lockdowns, hindering the construction of real estate properties because of work stoppages and labour shortages. However, this is unlikely as Vietnam's 79.99% vaccination rate might not require the government to impose nationwide lockdowns in the event of renewed outbreaks of COVID-19. As such, there is only a remote possibility that Vinhomes' real estate projects will be materially affected.

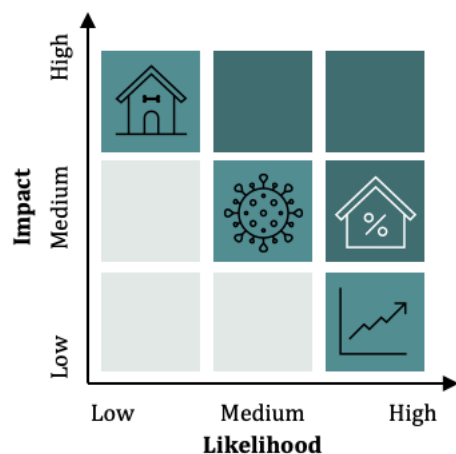
### Market Risk 4 (M4)

#### Rising Construction Material Prices

With the price of construction materials rising, Vinhomes might face increased costs and margin pressure. Moreover, if the cost increases are passed to consumers in the form of higher property prices, it could potentially dampen real estate demand. However, Vinhomes is well-positioned to weather the rising construction material prices as its superior margins provides it with significant buffer, thus, any impact on margins is likely to be minimal. Furthermore, according to management, construction materials only account for 5% of total selling costs and sell-side analysts have estimated that net profit margin will only drop by 1-2% if the current price increases persist for the next 2 years. Hence, we believe that the impact is moderate and manageable.



**Figure 28: Risk Matrix**



*Source: NUS Investment Society*

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Appendix:

RNAV Valuation

Vinhomes Joint Stock Company  
RNAV Valuation  
VND (Billions Unless Otherwise Stated)

RNAV Valuation	Low	Mid	High
Development projects	374,663	374,663	374,663
Completed investment properties	48,763	48,763	48,763
Industrial properties	38,728	38,728	38,728
Cash and investments and loans from related parties	29,495	29,495	29,495
Other net assets	79,389	79,389	79,389
Gross asset valuation	571,038	571,038	571,038
Debt	19,919	19,919	19,919
Other liabilities (incl. due to related parties)	78,800	78,800	78,800
Total liabilities	98,719	98,719	98,719
RNAV	472,319	472,319	472,319
Discount	4.53%	9.05%	18.11%
Fair Equity Value	450,938	429,556	386,793
Number of shares outstanding (m)	4,306	4,306	4,306
Target Price (VND)	104,712	99,747	89,817
Current Price (VND)	76,200	76,200	76,200
Implied upside (%)	37.4%	30.9%	17.9%

Relative Valuation

Vinhomes Joint Stock Company Consolidated Financial Statements VND (Millions Unless Otherwise Stated)																					
Company Name	Ticker	Country	Market Capitalization	Enterprise Value	LTM Total Revenue	LTM EBITDA	NTM Revenue (Capital IQ)	NTM EBITDA (Capital IQ)	Gross Margin	EBITDA Margin	Net Profit Margin	LTM EV/Revenue	LTM EV/EBITDA	LTM P/E	LTM P/BV	NTM Forward EV/EBITDA	NTM Forward P/E	Levered Beta (5Y)	D/E	Corporate Tax Rate	Unlevered Beta (5Y)
Vinhomes Joint Stock Company	HOSE:VHM	Vietnam	330,496,492	330,262,374	85,093,964	43,936,096	95,493,261	42,591,389	56.9%	51.6%	45.9%	3.90x	7.50x	8.40x	2.60x	7.75x	9.06x	1.14x	15.5%	20.0%	1.01x
Nam Long Investment Corporation	HOSE:NLG	Vietnam	23,321,047	27,672,066	5,205,520	807,620	5,685,780	2,072,000	34.2%	15.5%	20.6%	5.30x	30.80x	19.70x	2.60x	13.36x	18.57x	0.77x	26.7%	20.0%	0.63x
Land And Houses Public Company Limited	SET:LH	Thailand	76,186,225	114,492,851	22,437,413	4,935,888	23,922,808	6,287,288	32.6%	22.0%	21.1%	5.10x	15.80x	16.10x	2.20x	18.21x	13.90x	0.82x	130.1%	20.0%	0.40x
PT Bumi Serpong Damai Tbk	IDXX:BSDE	Indonesia	34,537,587	45,471,021	11,278,154	4,649,625	12,985,470	5,490,081	62.5%	41.2%	12.0%	4.00x	11.40x	25.60x	0.80x	8.28x	14.86x	1.19x	34.1%	25.0%	0.95x
577 Investment Corporation	HOSE:NBB	Vietnam	3,415,449	4,583,190	565,232	176,558	NM	NM	42.7%	31.2%	59.7%	8.10x	26.00x	7.80x	1.80x	NM	NM	0.17x	61.5%	20.0%	0.11x
Sai Gon Thung Tin Real Estate Joint Stock Company	HOSE:SCR	Vietnam	8,462,831	10,039,317	1,683,184	153,868	NM	NM	18.6%	9.1%	11.1%	6.00x	59.20x	45.20x	1.90x	NM	NM	1.10x	31.1%	20.0%	0.88x
Khang Dien House Trading And Investment Joint Stock Company		Vietnam	34,268,546	35,421,700	3,737,750	1,418,794	3,788,000	2,052,000	48.0%	38.0%	32.2%	9.50x	25.00x	29.80x	3.40x	17.26x	23.99x	NM	NM	20.0%	NM
Dat Xanh Group Joint Stock Company	HOSE:DXG	Vietnam	28,168,859	34,388,532	10,089,385	2,775,311	10,803,000	3,331,000	55.5%	27.5%	11.5%	3.40x	12.40x	24.10x	3.30x	10.32x	20.71x	1.14x	33.5%	20.0%	0.90x
Nia Vn Land Investment Group Corporation	HOSE:NVL	Vietnam	161,382,222	210,571,263	14,902,760	4,485,143	26,561,133	10,147,000	41.2%	30.1%	21.6%	14.10x	46.80x	46.00x	5.40x	20.75x	30.52x	0.48x	147.0%	20.0%	0.22x
FLC Group Joint Stock Company	HOSE:FLC	Vietnam	10,365,968	16,595,501	6,771,892	(123,649)	NM	NM	6.1%	(1.8%)	1.3%	2.50x	NM	127.60x	1.10x	NM	NM	0.88x	63.8%	20.0%	0.58x
Hai Phat Investment Joint Stock Company	HOSE:HPX	Vietnam	9,261,933	13,186,886	1,392,790	225,928	NM	NM	25.4%	16.2%	20.8%	9.50x	58.40x	32.80x	2.80x	NM	NM	1.38x	132.9%	20.0%	0.67x
Hung Thanh Incons Joint Stock Company	HOSE:HTN	Vietnam	4,990,519		2,700,975	149,166	NM	NM	6.7%	5.5%	4.1%	NM	NM	26.60x	NM	NM	NM	0.77x	170.1%	20.0%	0.33x
Max			330,496,492	330,262,374	85,093,964	43,936,096	95,493,261	42,591,389	62.5%	51.6%	59.7%	14.10x	59.20x	127.60x	5.40x	20.75x	30.52x	1.38x	170.1%	25.0%	1.01x
75th Percentile			44,949,747	79,981,936	12,184,305	4,526,263	25,241,971	8,217,144	49.9%	32.9%	24.3%	8.80x	42.88x	35.90x	3.05x	17.74x	22.35x	1.14x	131.5%	20.0%	0.89x
Median			25,744,953	34,388,532	5,988,706	1,113,207	12,985,470	5,490,081	37.7%	24.8%	20.7%	5.30x	25.50x	26.10x	2.60x	13.36x	18.57x	0.88x	61.5%	20.0%	0.63x
25th Percentile			9,062,158	14,891,194	2,446,527	170,886	8,244,390	2,701,500	23.7%	13.9%	11.4%	3.95x	13.25x	18.90x	1.85x	9.30x	14.38x	0.77x	32.3%	20.0%	0.36x
Min			3,415,449	4,583,190	565,232	(123,649)	3,788,000	2,052,000	6.1%	(1.8%)	1.3%	2.50x	7.50x	7.80x	0.80x	7.75x	9.06x	0.17x	15.5%	20.0%	0.11x
Vinhomes Joint Stock Company's Percentile			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	90.9%	100.0%	90.9%	20.0%	0.0%	9.0%	50.0%	0.0%	0.0%				

P/BV

FY21 Book Value	129,539,439	129,539,439	129,539,439	129,539,439	129,539,439
LTMP/BV	0.80x	1.85x	2.60x	3.05x	5.40x
Equity Value	103,631,551	239,647,962	336,802,541	395,095,289	699,512,971
Weighted Average Number Of Ordinary Shares (Excluding Treasury Shares)	4,306,476,932	4,306,476,932	4,306,476,932	4,306,476,932	4,306,476,932
Share Price	24,064.11	55,648.26	78,208.37	91,744.43	162,432.77
Implied Upside/(Downside)	(68.4%)	(27.0%)	2.6%	20.4%	113.2%
Current Share Price	76,200	76,200	76,200	76,200	76,200