Sector: Real Estate (Latest Report: Link)

Recommendation	BUY	Dat Xanh Group Joint Stock Company (HSX: DXG) Ensure project implementation progress			
Current price:	23,400	Date	10/05/2021	**Shareholder Structure**	
Previous target price	30,200	Outstanding Shares (Million)	518.3	Luong Tri Thin	14.6%
New target price:	N/A	Market Cap (VND billion)	12,283	Grinling International	10.3%
Dividend yield	0%	Avg. 6M Trading vol	8,327,730	NAV Investment	4.5%
Upside	**29.0%**	% Foreign float	34.5%	KIM Vietnam Growth Equity Fund	2.9%

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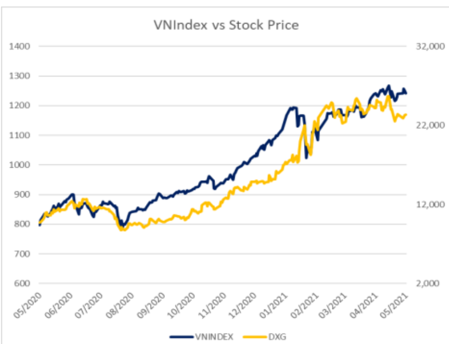
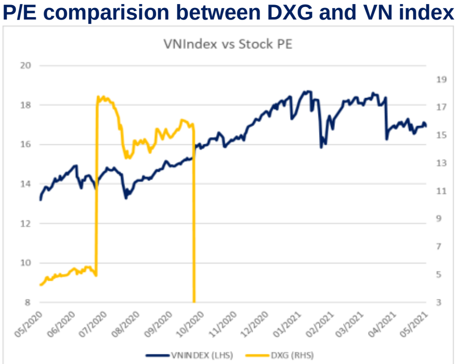
Target price: 28,230 VND
Stop-loss price: 20,500 VND

Price comparision between DXG and VN index



P/E comparision between DXG and VN index



Valuation

- BSC maintains recommendation to BUY DXG stock and raises its target price to VND30,200/share (+29% compared to the closing price on May 10, 2021) based on the RNAV method due to changes in the following assumptions: (1) Update more projects, (2) Adjust WACC discount and risk discount, (3) Improve prospect of brokerage segment.

Forecast of business results

- In 2021, BSC estimates that the parent company's revenue and profit after tax will reach VND 7,860 billion (+172% YoY) and VND 1,521 billion compared to a loss of -432 billion in 2019, 2021 FW EPS = 2,778 VND/share, 2021 FW PE = 8.5 times.

Investment Thesis

- Profit in 2021-2022 recovers strongly thanks to the handover of a series of projects as well as brokerage segment and low profit base in 2020.
- The total value of products for sale of DXG in the period 2020-2023F is recorded at an average of 6,000-7,000 billion VND/year.
- Expecting to speed up the legal progress in Ho Chi Minh City from 2021, thereby unlocking accumulated assets such as Gem Riverside, Gem Premium.

Risks

- The plan to open and sell projects has been delayed due to legal issues and the Covid-19 epidemic.
- General risks in the real estate industry (loan interest rates, industry cycle).

Company Update

- Q1/2021 business results were recorded at VND 530 billion (+687% YoY), in line with our forecast. DXG's revenue in Q1/2021 was recorded at VND 2,954 billion (+391% YoY).
- Total value of new opening sales (pre-sales) in Q1/2020 of DXG is estimated at VND 955 billion with 420 products, a strong growth over the same period (13 products).
- Successful DXS IPO, the number of registrations exceeds the number of offers, is expected to list at the end of May 2021.
- DXG adjusted the target NPAT and minority interest to be estimated at VND 1,400 billion.

	2020	2021	Peer	VN-Index
PE (x)	N/A	8.1	13.7	17.9
PB (x)	1.9	1.5	1.7	2.4
PS (x)	76.5	55.7	3.6	2.0
ROE (%)	-7.0%	19.7%	17.8%	13.7%
ROA (%)	-1.8%	6.0%	5.5%	2.2%
EV/ EBITDA (x)	17.2	6.2	3.6	17.3

	2018	2019	2020F	2021F
Net Sales	5,814	2,891	7,860	11,175
Gross Profit	3,084	1,875	3,641	4,753
NPAT	1,217	-432	1,521	1,874
EPS	2,222	-789	2,778	3,423
EPS Growth	-31%	-136%	N/A	23%
Net Debt/ Equity	63%	96%	84%	64%

COMPANY UPDATE

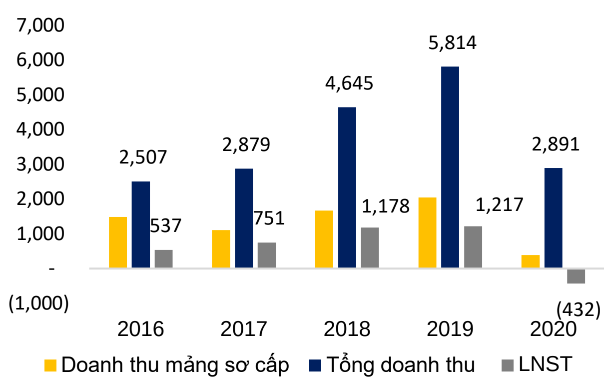
Q1/2021 NPAT recorded VND 530 billion (+687% YoY), in line with our forecast.

Revenue and NPAT of DXG's parent company in Q1/2021 recorded VND 2.954 billion (+391% YoY) and VND 531 billion (+687% YoY) respectively. primary real estate.

1. ***Primary real estate segment:*** Revenue recorded at VND 2,176 billion (+391% YoY) thanks to the handover of two projects Opal Boulevard and Gem Sky Word. In the remaining period of 2021, DXG will continue to deliver products from the above two projects and the ST-Mortiz project (expected in Q3/2021).

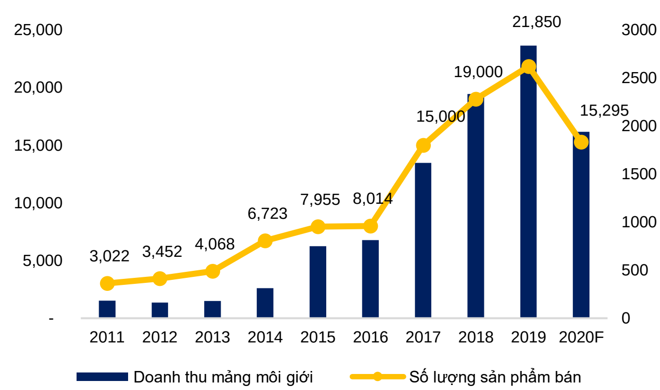
2. ***Service segment:*** Revenue recorded VND 733 billion (+77 % YoY) with the total number of service products reaching 3,983 products (+24% YoY) thanks to the positive recovery of the real estate market. real estate, in which the product structure mainly comes from two main markets: the North (50%) and the Southeast (33%).

Profits in 2020 are affected due to the lack of handover projects and the impact of the Covid-19 epidemic (VND billion)



Source: FiinPro, BSC Research

The number of brokerage products and brokerage revenue also recorded a sharp decline due to the Covid-19 epidemic

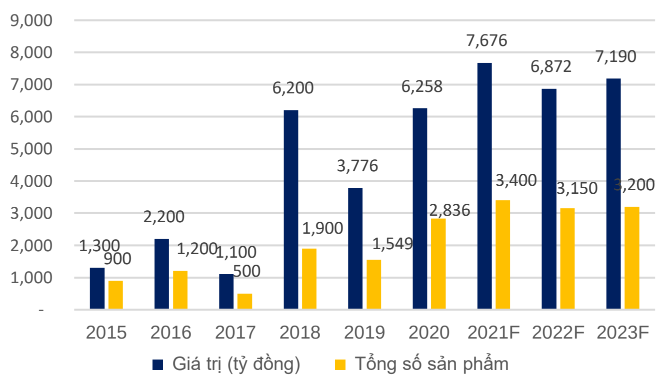


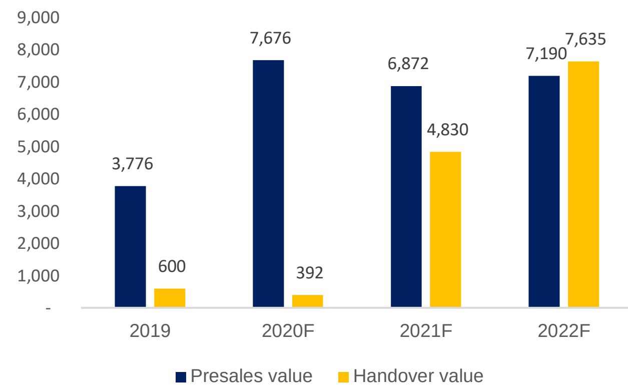
Source: FiinPro, BSC Research

	Q1/2021	Q1/2020	% YoY	Notes
Revenue	**2,954**	**602**	*391%*	
Secondary real estate segment	2,167	23	*9448%*	• Q1/2021 profit margin maintained at 59%, down slightly by 100 ppt over the same period.
Service brokerage segment	733	415	*77%*	
Construction contracts and others	49	32	*53%*	
Gross Profit	**357**	**636**	***-44%***	• Net financial expense increased sharply by 302% yoy mainly because DXG focused on increasing debt to supplement capital for M&A and project implementation.
GPM	*59%*	*60%*		
Secondary real estate segment	55%	126%		
Service brokerage segment	76%	75%		
SG&A	**711**	**206**	**246%**	
%SG&A/DT	*24.1%*	*34.2%*		
Net financial expenses	(107.2)	(26.7)		
NPAT of parent company	**531.07**	**67.52**	**687%**	
Net profit margin	*18%*	*11%*		

Source: DXG, BSC Research

The total value of new opening sales (pre-sales) in Q1/2020 of DXG is estimated at VND 955 with 420 products, a strong growth over the same period (13 products). In which, Gem Sky World project accounts for 77% of total new products sold, the rest comes from the rest of ST. Mortiz, Opal Boulevard and Opal Skyline projects. DXG will, in turn, launch and sell Opal CityView - Lux Star (Q3/2021) and Opal Central Park - Opal Skyview (Q4/2021) projects. BSC assesses DXG's sales progress relatively in line with our previous forecast. For 2021, BSC maintains its forecast of total new sales of VND 7,676 billion (+22.6 percent YoY, report link).





Source: BSC Research forecast

Update on DXS IPO progress: Accordingly, the entire number of DXS shares offered in the IPO (71.66 million shares) has been 100% registered, including large contributions from two organizations, Viet Capital and Dragon Capital. The stock is expected to be officially traded at the end of May 2021.

Adjusted up the plan for 2021. DXG adjusted the profit after tax target for minority shareholders to be estimated at VND 1,400 billion, quite close to our previous forecast. BSC estimates that parent company's revenue and profit after tax is estimated at VND 7,860 billion (+172% YoY) and VND 1,521 billion compared to a loss of -432 billion in 2019, thanks to the handover of projects (1) Opal Boulevard , (2) Gem Sky World, (3) ST-Mortiz and the recovery of brokerage services. 2021 FW EPS = 2,778 VND/share. 2021 FW PE = 8.5 times.

VND Billion	2018A	2019A	2020E	2021F	2022F
Revenue	**4,645**	**5,814**	**2,891**	**7,860**	**11,175**
% YoY	*61%*	*25%*	*-50%*	*172%*	*42%*
COGS	2,031	2,730	1,016	4,219	6,423
Gross Profit	**2,615**	**3,084**	**1,875**	**3,641**	**4,753**
Selling expenses	434	483	489	552	897
G&A	346	501	546	473	785
EBIT	**1,013**	**642**	**149**	**433**	**433**
Financial income	206.7	270.5	72.6	63.4	108.3
Financial expenses	190.8	209.0	858.3	374.0	356.0
Gain/loss from affiliates	**256**	**149**	**(11)**	**-**	**-**
Profit before tax	**2,102**	**2,389**	**74**	**2,346**	**2,877**
Corporate tax	385	510	499	493	604
NPAT	**1,723**	**1,886**	**(126)**	**1,853**	**2,273**
Minority interest	544	670	305	333	399
NPAT of parent company	**1,178**	**1,217**	**(432)**	**1,521**	**1,874**
% YoY	*57%*	*3%*	*-136%*	*N/A*	*23%*
Basic EPS (VND/share)	**3,198**	**2,222**	**-789**	**2,778**	**3,423**
Gross profit margin	56%	53%	65%	46%	43%
Net profit margin	25%	21%	-15%	19%	17%
ROE	24%	17%	-7%	20%	20%

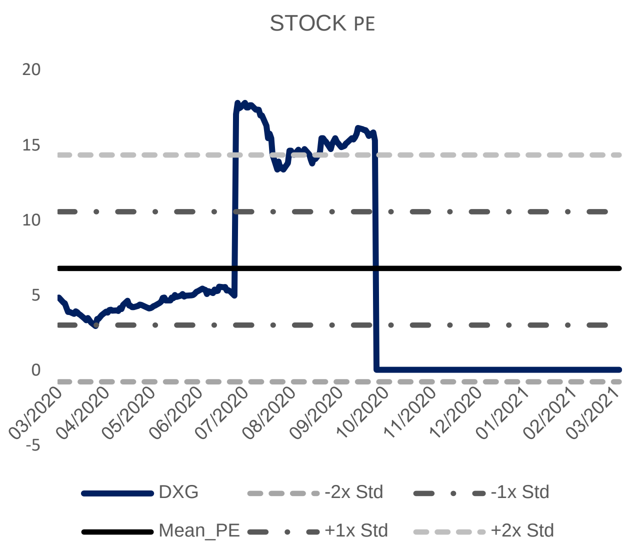
VALUATION

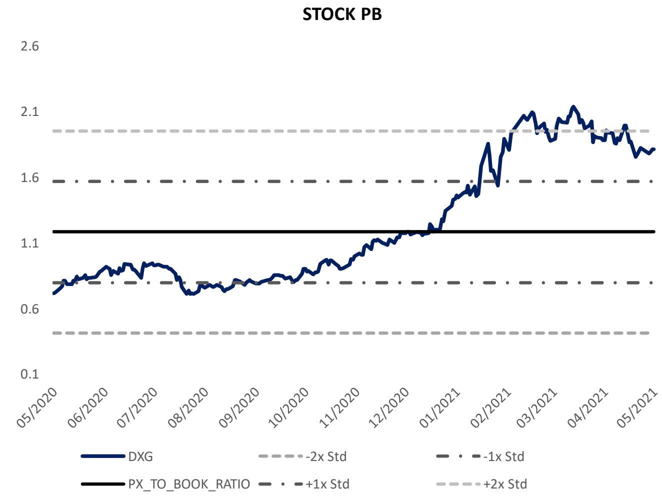
We maintain our recommendation to **BUY** DXG stock with a **target price of VND30,200/share** (+29% compared to the closing price on May 8, 2021) based on the RNAV method due to changes in the following assumptions:

- Based on project feasibility and implementation plan, update two new projects including Opal Central Park and Opal City View.
- Reassessing brokerage business outlook with an average growth rate of 20% for 2021F and 15% for the period 2022F-2025F.
- Reducing the project WACC discount rate from 15% to 13% due to lower interest rates.
- Reducing the risk discount on liquidity and project development speed from 20% to 10% due to the successful launch and launch of projects in Binh Duong and Dong Nai.

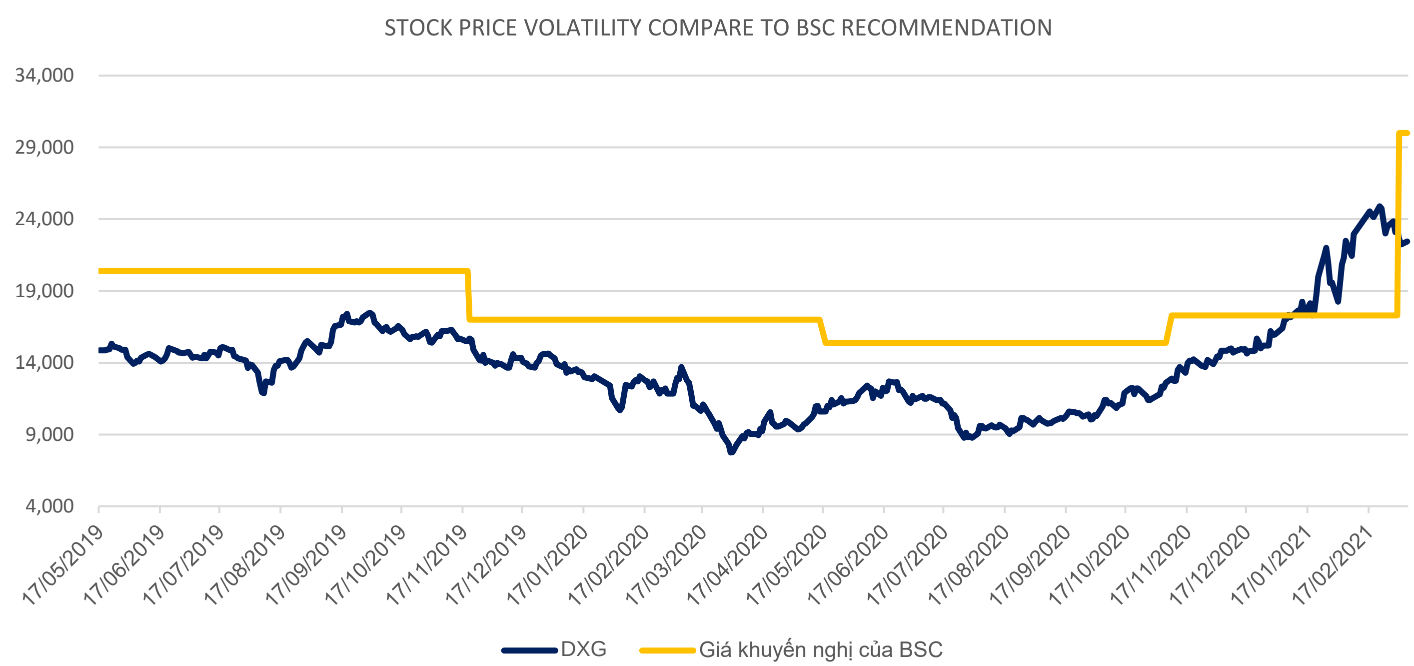
Định giá

Tỷ Đồng	Phương pháp	Tổng giá trị	Tỷ lệ sở hữu	>DXG
Bất Động Sản				**16,384**
Opal Boulevard	DCF	827	100%	827
Gem Sky World (Long Thành)	DCF	4,191	100%	4,191
Opal CityView	DCF	791	100%	791
Opal Skyline	DCF	842	100%	842
ST-Mortiz	DCF	308	100%	308
Opal Central Park	DCF	1,917	100%	1,917
Gem Riverside	DCF	3,220	100%	3,220
Lux Riverview	DCF	550	100%	550
Opal City	DCF	791	100%	791
The Palm City	DCF	517	100%	517
Opal Premium	DCF	1,726	75%	1,295
Lux Star	DCF	631	100%	631
Opal Tower	DCF	506	100%	506
Môi giới				**4,054**
Môi giới (DXS)	DCF	4,054	100%	4,054
(+) Tài sản		3,457		3,457
(-) Nợ vay		6,449		6,449
Tổng giá trị đánh giá lại				**17,447**
Tổng số lượng cổ phiếu				519,275,500
Giá ngày 09/11/2020				23,600
Chiết khấu				10%
Giá trị hợp lý				**30,240**
Tiềm năng tăng trưởng				**28%**
WACC				13.00%





STOCK PRICE VOLATILITY COMPARE TO RECOMMENDATION



APPENDIX

IS (VND billion)	2019	2020F	2021F	2022F
Net revenue	5,814	2,891	7,860	11,175
COGS	2,730	1,016	4,219	6,423
Gross profit	3,084	1,875	3,641	4,753
Selling expenses	(483)	(489)	(552)	(897)
G&A	(501)	(546)	(473)	(785)
Operating income	2,099	840	2,616	3,072
Financial income	270	73	63	108
Financial expenses	(209)	(858)	(374)	(356)
Interest expenses	(199)	(309)	(351)	(333)
Gain/loss from affiliates	149	(11)	-	-
Other gain/loss	79	31	40	53
Profit before tax	2,389	74	2,346	2,877
Corporate tax payment	(502)	(201)	(493)	(604)
Profit after tax	1,886	(126)	1,853	2,273
Minority interest	670	305	333	399
NPATMI	1,217	(432)	1,521	1,874
EBITDA	2,138	896	2,656	3,117
EPS	2,222	(789)	2,778	3,423

CF (VND billion)	2019	2020	2021F	2022F
Profit after tax	1,217	(432)	1,521	1,874
Depreciation	39	57	40	45
Change in NWC	(1,646)	(361)	1,217	1,474
Other adjustments	22	84	-	-
CF from operating activities	(1,646)	(361)	1,217	1,474
Fixed assets investment	(228)	(89)	(243)	(345)
Other investment	(942)	(785)	-	-
CF from investing activities	(1,413)	(753)	(243)	(345)
Dividend paid	(479)	(431)	-	-
Cash from net borrowing	1,537	1,523	503	(332)
Other revenue	1,636	1,018	-	-
CF from financing activities	2,693	2,101	503	(332)
Beginning cash balance	1,159	793	1,780	3,257
Cash in year	(365)	986	1,478	797
Ending cash balance	793	1,780	3,257	4,054

BS (VND billion)	2019	2020	2021F	2022F
Cash & cash equivalent	**793**	**1,780**	**3,257**	**4,054**
Short term investment	306	206	206	206
Account receivables	47,468	57,470	69,872	69,872
Inventory	6,791	10,252	11,428	12,454
Other current assets	152	273	740	1,052
Total current assets	**17,059**	**19,915**	**22,103**	**26,977**
Tangible assets	362	355	558	858
Depreciation	352	1,292	1,802	2,115
Long term incomplete assets	75	645	645	645
Long term investment	1,185	107	107	107
Other non-current assets	928	1,683	1,258	1,789
Total non-current assets	**2,814**	**3,588**	**3,367**	**4,197**
Total Assets	**19,874**	**23,504**	**25,470**	**31,174**
Account payables	1,187	604	1,079	1,490
Short-term debt	1,063	2,069	2,213	2,416
Other short-term debt	5,027	7,706	7,172	10,918
Current liabilities	**7,277**	**10,379**	**10,464**	**14,824**
Long-term debt	3,337	3,876	4,236	3,700
Other long-term debt	40	124	124	124
Non-current liabilities	**3,376**	**4,000**	**4,360**	**3,824**
Total Liabilities	**10,653**	**14,379**	**14,824**	**18,648**
Paid-in capital	5,200	5,200	5,200	5,200
Capital surplus	11	11	11	11
Retained earnings	1,716	903	2,409	4,267
Other equity	-	-	-	-
Minority interest	2,239	2,916	2,916	2,916
Shareholder's equity	**6,982**	**6,194**	**7,714**	**9,588**
Total Resources	**19,874**	**23,489**	**25,454**	**31,152**
Number of shares outstanding (million)	520	520	520	520

Ratios (%)	2019	2020	2021F	2022F
Liquidity ratios				
Current ratio	1.1	1.0	1.0	1.2
Quick ratio	0.7	0.6	0.7	0.7
Solvency ratios				
Debt/ Total assets	22%	25%	25%	20%
Debt/ Equity	63%	96%	84%	64%
Efficiency ratios				
Days of inventories	344	734	503	515
Days of receivables	321	256	228	247
Days of payables	71	33	57	63
CCC	594	956	674	700
Profitability ratios				
Gross profit margin	53.0%	64.9%	46.3%	42.5%
PBT margin	20.9%	-14.9%	19.3%	16.7%
ROE	17.4%	-7.0%	19.7%	19.5%
ROA	6.1%	-1.8%	6.0%	6.0%
Valuation				
PE	9.6	(27.1)	8.1	6.6
PB	1.7	1.9	1.5	1.2
Growth				
Net revenue growth	33.5%	45.1%	36.2%	-0.5%
EBIT growth	14.4%	-60.0%	211.6%	17.4%
PBT growth	13.6%	-96.9%	3049.7%	22.6%
EPS growth	-30.5%	-135.5%	-452.1%	23.2%

Source: BSC Research.

Disclosure

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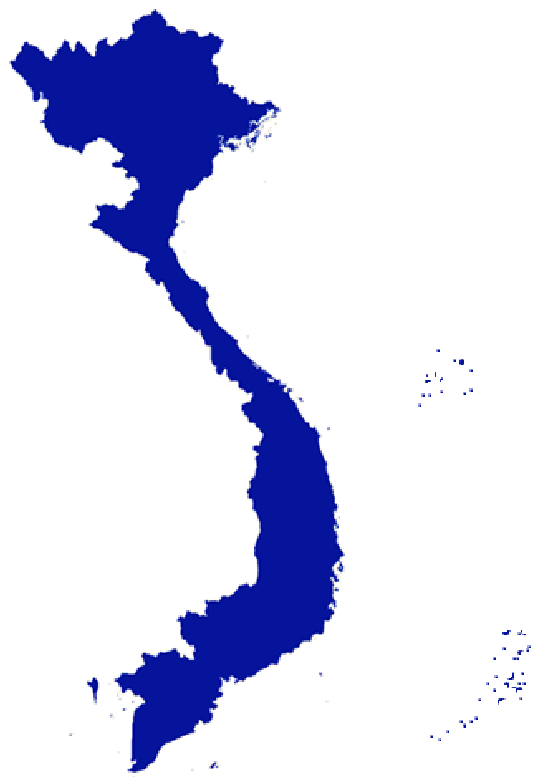

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