

KINHBAC CITY DEVELOPEMENT SHARE HOLDING CORP (KBC)

INDUSTRIAL PROPERTY

Current Price	VND33,700
52Wk High/Low	VND36,150/24,300
Target Price	VND40,000
TP Issued as of:	Dec 4, 2023
TP vs Consensus	5.1%
Upside	18.7%
Dividend Yield	0.0%
Total stock return	18.7%

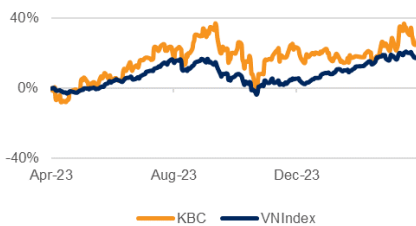
Growth rating	Positive
Value rating	Positive
ST Technical Analysis	Positive

Market Cap	US\$1,022.2m
3m Avg daily value	US\$12.3m
Avail Foreign Room	US\$275.9m
Outstanding Shares	767.6m
Fully diluted O/S	767.6m

	KBC	Peers	VNI
P/E TTM	16.7x	19.1x	14.7x
P/B Current	1.3x	2.8x	1.8x
ROA	4.2%	4.8%	2.0%
ROE	7.6%	16.8%	12.0%

*as of 09/04/2024

Share Price performance



Share price (%)	1M	3M	12M
Ordinary share	17.1	-7.5	47.0
Relative to index	12.1	2.3	42.6

Ownership

Dang Thanh Tam	18.1%
Kinh Bac Consulting and Investment	8.9%
Others	73%

Business Description

KBC is one of the leading IP developers in the North with a tenant portfolio of technology giants. KBC's IP projects are in well-position to attract FDI inflows.

Analyst(s):



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Driving forward key projects in FY24-25

- KBC plans for revenue and net profit in FY24 to reach VND9,000bn/VND4,000bn (US\$360m/US\$160m), respectively.
- In 2023, KBC successfully repurchased its entire bond principal balance of VND3,900bn (US\$156m) ahead of schedule.

We attended KBC's extraordinary AGM on March 28, 2024 and here are our notes:

Fast-tracking legal procedures for key projects and expanding land bank

The Board of Directors (BOD) of KBC expects to complete and approve legal procedures for key projects from 2Q24, including:

- Trang Due 3 IP
- Loc Giang IP
- Phuc Ninh urban area
- Trang Cat urban area

In addition, KBC is actively implementing legal procedures for new projects in Bac Ninh, Thai Nguyen, Hau Giang, Can Tho and Vung Tau, with a total expected area of up to 4,150 ha.

Targeting to lease 150 ha of industrial land in FY24

KBC projects to lease 150 ha of industrial land in 2024, primarily from the following projects: Nam Son – Hop Linh IP, Quang Chau IP, Tan Phu Trung IP; Industrial clusters in Hung Yen and Long An provinces and especially Trang Due 3 IP. In addition, several urban area (KĐT) projects are expected to generate revenue and profit in 2024.

Regarding the Trang Cat urban area, more than 100 ha has been leveled. The project will be officially announced at the next AGM in June 24.

Canceling cash dividend and share buyback plan to prioritize investment in key projects

In our previous [update report](#), we mentioned KBC's plan to pay a FY22 cash dividend of VND2,000 per share, with a dividend yield of 6.4%. In addition, on Dec 28, 2022, KBC approved a plan to buy back 100 million shares to reduce charter capital, with a buyback price not exceeding VND34,000/share. However, at this extraordinary general meeting, KBC proposed to cancel these plans and shareholders approved this proposal.

Financial summary	FY23	% yoy	vs. full year plan	FY24F plan
Revenue	5,618.5	491.3%	62.4%	9,000.0
Net profit	2,030.7	33.0%	50.8%	4,000.0
Net margin	36.1%	-124.5 pts %	-8.3 pts %	44.4%
EPS growth	33.0%	-11.8 pts %		
P/E (x)	12.0			
Rolling P/B (x)	1.3			
ROAE	11.9%	16.4%		
Net debt to equity	13.9%	-19.4 pts %		

Source: VNDIRECT RESEARCH

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RECOMMENDATION FRAMEWORK**Stock Ratings** Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Growth Ratings Definition:

Positive	We forecast the company to have stronger earnings growth than peers over the investment horizon.
Neutral	We forecast the company's earnings growth to be in line with peers over the investment horizon.
Negative	We forecast the company to have weaker earnings growth than peers over the investment horizon.

Value Ratings Definition:

Positive	The current share price is lower than peers on the basis of historical P/E, P/B or another ratio specified.
Neutral	The current share price is in-line with peers on the basis of historical P/E, P/B or another ratio specified.
Negative	The current share price is higher than peers on the basis of historical P/E, P/B or another ratio specified.

Sector Ratings Definition:

Overweight	Stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	Stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	Stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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