

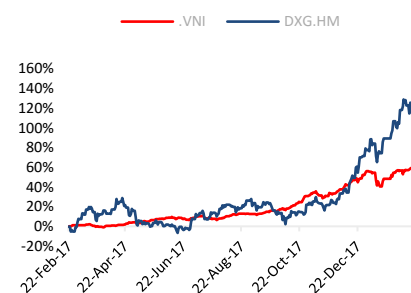
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### Trading Data and Key Metrics

Ticker	DXG
Sector	Real Estate
Listed since	22 Dec 2009
Price as of 19 Mar 18	38,400
52-week range	38,400/14,950
Market cap (VND bn)	11,632.9
Shares outstanding (mn)	302.9
Free Float (mn)	218.1
5-day average volume	2,994,726
LTM P / BV (x)	3.05
LTM P / E (x)	15.56
Dividend yield (%)	1.17
Debt to Equity	66.3%

Source: TVS Research, Thomson Reuters Data

### Price Performance Chart



Source: TVS Research, Thomson Reuters Data

Price Performance	3M	12M	YTD
Absolute Return	94.9%	142.3%	78.2%
Vnindex Return	20.1%	60.9%	16.9%
+/- Vnindex Return	74.8%	81.4%	3.8%

Source: TVS Research, Thomson Reuters

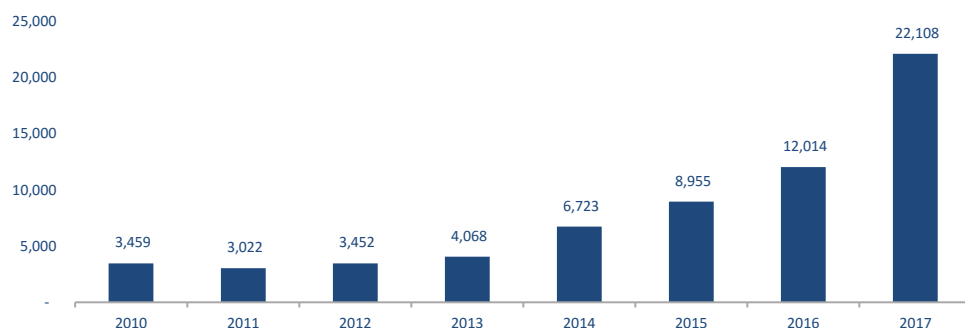
### Company Description

Dat Xanh Real Estate Service & Construction Corporation (HOSE:DXG) is a Vietnam-based company in real estate industry. DXG's trading floors have one of the highest sale volumes in the industry. The company has been transforming into renowned real estate developer with large land bank and specializing in mid-end and affordable housing segments. The company also operates secondary property investment, property management and construction.

We attended DXG's 2017 Annual General Meeting (AGM) with the following key points:

**Gross margin surged to 62%, up from 42% in FY2016, benefiting from secondary investment segment.** DXG brokers carried out 22,108 transactions in FY17, accounting for 29% of Vietnam's property market transactions. The combination of brokerage and secondary investment resulted in a 99% YoY increase in brokerage revenue in FY2017. In secondary investment segment, DXG will put money into the trouble projects, in exchange, DXG obtains the right to be the prime broker or convert the loans into actual housing units at favorable prices. In addition, DXG may require the projects to be constructed by DXG's construction division. At the end of FY2017, DXG had VND 1,546bn (+96% YoY) put as cash advance at more than more than 18 projects of other developers.

Figure 1: DXG's brokerage transactions 2010-2017



Source: DXG and TVS Research

**2018 outlook sounds good.** For FY18, we expect DXG will achieve revenue of VND 4,704bn (+63% YoY) and net income of VND 1,024bn (+36% YoY). Revenue of development sector is based on our assumed DXG's hand-over of Opal Riverside, Lux City, Opal Garden and Lux Garden. We conservatively forecast that brokerage sector will carry out 23,120 transactions (including DXG/LDG's projects, third parties' project and co-develop projects) bringing about VND 1,734bn. Diluted EPS forward is VND 2,660 implying P/E 13.5x.

Figure 2: 2017F and 2018F Revenue / Gross Profit

VNDbn unless otherwise stated	2018F	2017A	% change
<b>Revenue</b>	<b>4,704</b>	<b>2,882</b>	<b>63%</b>
.Broker	1,734	1,616	7%
.Development	2,208	1,102	100%
.Construction	700	153	358%
.Others	62	11	464%
<b>Gross profit</b>	<b>2,055</b>	<b>1,730</b>	<b>19%</b>
<b>Net income</b>	<b>1,024</b>	<b>751</b>	<b>36%</b>
<b>Diluted EPS (VND)</b>	<b>2,660</b>	<b>2,478</b>	<b>7%</b>

Source: DXG and TVS forecast

**Increase chartered capital by VND 818.6bn through stock dividend and ESOP.** In 2018, DXG will issue 81.865 million of shares, which increases outstanding shares to 385 million of shares through: (i) 13% stock dividend from FY2017, (ii) 2.5% ESOP and (iii) 10% stock dividend from FY2018.

**GEM Riverside is new growth catalyst for 2018 – 2020 period.** DXG will launch its Gem Riverside - the most expensive project DXG has developed. Sale progress of Gem Riverside will be catalyst for DXG in 2018-2020 (please see more details in Appendix).

## SUMMARY FINANCIALS

Earning Model VND bn	2013A	2014A	2015A	2016A	2017A
<b>Net sales</b>	<b>343</b>	<b>506</b>	<b>1,395</b>	<b>2,507</b>	<b>2,879</b>
Cost of sales	137	204	735	1,455	1,149
<b>Gross profit</b>	<b>206</b>	<b>302</b>	<b>659</b>	<b>1,052</b>	<b>1,730</b>
Selling expenses	72	66	136	202	241
General administration expenses	69	69	131	202	296
Other operating income/(expenses)	-	-	-	0	1
<b>EBITDA</b>	<b>66</b>	<b>168</b>	<b>393</b>	<b>651</b>	<b>1,199</b>
Depreciation & Amortization	3	2	3	4	6
<b>EBIT</b>	<b>62</b>	<b>165</b>	<b>390</b>	<b>643</b>	<b>1,185</b>
Net interest income/(expenses)	0	0	0	0	0
Net investment income	2	16	-	-	-
Others (recurring)	1	0	64	14	-3
<b>Pretax Profit</b>	<b>120</b>	<b>266</b>	<b>540</b>	<b>821</b>	<b>1,335</b>
Income tax	31	53	95	157	250
Tax rate (%)	26	20	18	19	19
Minorities	30	69	188	293	840
<b>Net Income</b>	<b>90</b>	<b>213</b>	<b>446</b>	<b>664</b>	<b>1,085</b>
<b>EPS (basic VND, reported)</b>	<b>866</b>	<b>1,296</b>	<b>2,031</b>	<b>2,593</b>	<b>2,478</b>
Weighted shares outstanding (mn)	<b>96</b>	<b>130</b>	<b>166</b>	<b>196</b>	<b>303</b>
Common dividends declared	-	-	-	-	-
DPS (VND)	0	525	0	400	-
Dividend Payout ratio (%)	0	0	0	0	-
Dividend cover (X)	Infinity	2	Infinity	6	-

Growth and Margin (%)	2013A	2014A	2015A	2016A	2017A
Sales Growth (%)	-15.1%	47.8%	175.5%	79.7%	14.9%
EBITDA Growth (%)	-17.5%	156.3%	133.5%	65.5%	84.2%
EBIT Growth (%)	-11.4%	165.6%	136.0%	65.0%	84.3%
Net Income Growth (%)	51.8%	137.4%	109.2%	49.1%	63.4%
EPS Growth (%)	-9.9%	49.6%	56.8%	27.6%	-4.4%
Gross Margin (%)	60.1%	59.6%	47.3%	42.0%	60.1%
EBITDA Margin (%)	19.2%	33.3%	28.2%	26.0%	41.7%
EBIT Margin (%)	18.2%	32.6%	28.0%	25.7%	41.2%
Net Income Margin (%)	24.2%	33.2%	24.1%	20.3%	26.1%

Cash flow Statements (VNDbn)	2013A	2014A	2015A	2016A	2017A
Net Income	120	266	540	821	1,335
<i>Adjustments for:</i>					
Depreciation and amortization	4	3	4	8	6
Change in inventories	-298	-57	-310	73	-1,968
Change in trade receivables	-414	-470	-403	-871	-1,476
Change in trade payables	610	992	625	-159	1,592
Other operating cash flow	-152	-426	-343	-340	-552
<b>Cash flow from operations</b>	<b>-130</b>	<b>309</b>	<b>112</b>	<b>-467</b>	<b>-1,054</b>
Net Capital expenditure	-2	-3	-21	-27	-93
Acquisition	-	-	-	-	-
Divestures	-	-	-	-	-
Other investments, net	-116	23	33	26	78
<b>Cash flow from investing</b>	<b>-119</b>	<b>124</b>	<b>-315</b>	<b>-40</b>	<b>-1,047</b>
Equity issued	114	236	49	1,217	403
Net borrowings	74	50	319	245	1,867
Dividends to shareholders	-2	-16	-32	-47	-300
<b>Cash flow from financing</b>	<b>185</b>	<b>270</b>	<b>336</b>	<b>1,416</b>	<b>1,970</b>
<b>Net cash flow</b>	<b>-63</b>	<b>703</b>	<b>133</b>	<b>909</b>	<b>-131</b>
Opening cash	136	73	776	910	1,818
<b>Closing cash</b>	<b>73</b>	<b>776</b>	<b>910</b>	<b>1,818</b>	<b>1,687</b>

Balance Sheet (VNDbn)	2013A	2014A	2015A	2016A	2017A
Cash and equivalents	73	776	910	1,818	1,687
Financial investment	-	0	-	-	226
Accounts receivable	374	394	829	1,792	3,236
Inventory	433	499	1,122	916	3,401
Prepaid expenses, other CA	55	87	127	102	290
<b>Total current assets</b>	<b>934</b>	<b>1,756</b>	<b>2,987</b>	<b>4,627</b>	<b>8,840</b>
<b>Property and equipment</b>					
At cost	21	19	65	190	154
<i>Less accumulated depreciation</i>	-9	-10	-15	-17	-21
Net property and equipment	12	9	50	173	132
Net intangibles	13	1	30	47	125
Total investments	252	354	415	618	991
Other long - term assets	57	40	91	98	176
<b>Total Assets</b>	<b>1,268</b>	<b>2,160</b>	<b>3,573</b>	<b>5,563</b>	<b>10,264</b>
Account Payables	21	55	134	161	316
Short-term debt	0	0	0	117	552
Other current liabilities	510	839	1,382	1,250	2,858
<b>Total Current Liabilities</b>	<b>531</b>	<b>893</b>	<b>1,517</b>	<b>1,528</b>	<b>3,727</b>
Long-term debt	70	119	283	494	1,871
Other long-term liabilities	34	145	190	296	853
<b>Total long-term liabilities</b>	<b>104</b>	<b>264</b>	<b>473</b>	<b>791</b>	<b>2,724</b>
<b>Stockholders' equity</b>	<b>633</b>	<b>1,003</b>	<b>1,584</b>	<b>3,245</b>	<b>3,814</b>
Common Equity	528	750	1,173	2,530	3,032
Treasury shares	0	-1	-1	-1	-3
Capital surplus	11	11	11	11	11
Retained earnings	84	229	382	677	746
Budget sources and other funds	10	13	19	27	28
<b>Minority interest</b>	<b>30</b>	<b>69</b>	<b>188</b>	<b>293</b>	<b>840</b>
<b>Total liabilities and equity</b>	<b>1,268</b>	<b>2,160</b>	<b>3,573</b>	<b>5,563</b>	<b>10,264</b>
Capitalized leases	-	-	-	-	-
<b>Capital employed</b>	<b>737</b>	<b>1,267</b>	<b>2,057</b>	<b>4,035</b>	<b>6,538</b>

Ratios (%)	2013A	2014A	2015A	2016A	2017A
ROE (%)	13.9	20.5	26.0	22.3	21.3
ROA (%)	8.6	12.4	15.5	14.5	13.7
ROIC (%)	14.2	22.4	29.1	23.7	23.0
Inventory days	752.6	834.6	403.5	256.3	687.2
Receivable days	347.1	277.4	160.4	191.3	319.6
Payable days	76.4	67.9	47.0	37.1	75.9
Asset Turnover (x)	0.3	0.3	0.5	0.5	0.4
Net debt/equity (x)	0.0	-0.6	-0.2	-0.3	0.4
Interest cover - EBIT(x)	0.0	0.0	0.0	0.0	0.1

Valuation (Multiples)	2013A	2014A	2015A	2016A	2017A
EV / EBITDA (x)	10.5x	2.7x	4.9x	3.6x	6.7x
P/E (x)	7.4x	5.6x	5.7x	4.1x	8.7x
Dividend Yield (%)	0.00	7.26	0.00	3.80	NULL
P/B (x)	1.0x	1.0x	1.4x	1.0x	1.7x

Notes: CA = current assets; CL = current liabilities;  
Source: Thomson Reuters data, Thien Viet Securities model

## APPENDIX

GEM Riverside's details is as follows:

<b>Location</b>	Nam Rach Chiec, An Phu ward, district 2, HCMC
<b>Size area</b>	6.7ha
<b>GFA</b>	379,000 sqm
<b>Building footprint</b>	31%
<b>Blocks</b>	12
<b>Units</b>	3,175
<b>Constructor</b>	An Phong
<b>Expected hand-over: 3Q2020</b>	3Q2020
<b>Initial offering price</b>	VND 35 mil/sqm
<b>Competitors</b>	Palm Height (3,700 units- Keppel Land), Saigon Sport Center (3,900 units - Keppel Land)

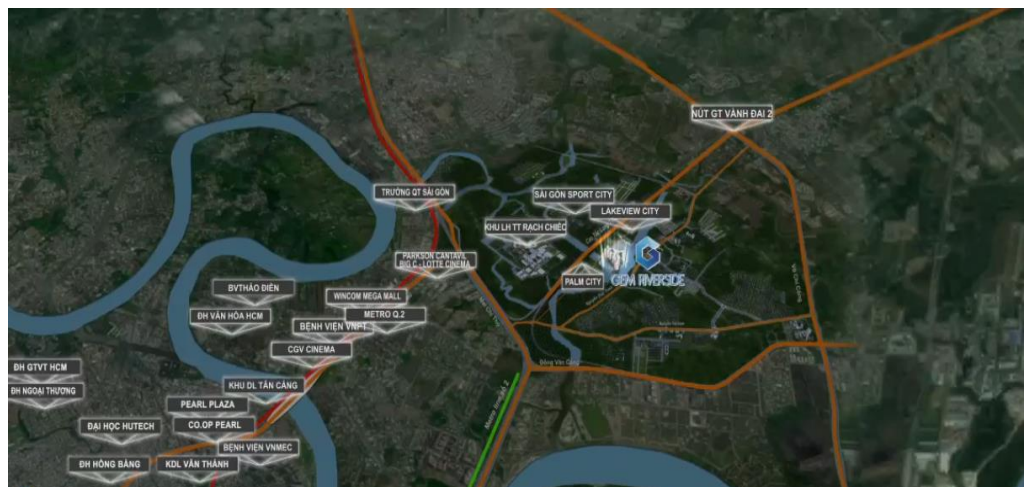
Source: DXG

Gem Riverside perspective



Source: DXG

Gem Riverside location



Source: DXG

## ANALYST CERTIFICATION

I, **Son Nguyen**, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies or its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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### TVS Investment Research: Equity Rating Definitions

12-month rating	Definition
<b>Buy</b>	Total Stock's Return Potential > 15%
<b>Neutral</b>	Total Stock's Return Potential between (-15%) and 15%
<b>Sell</b>	Total Stock's Return Potential < (-15%)
Short-term rating	Definition
<b>Buy</b>	Stock price expected to rise within three-month because of a specific catalyst or event
<b>Sell</b>	Stock price expected to fall within three-month because of a specific catalyst or event
<b>Not-rated</b>	The investment rating and target price, if any, suspended as there is not a sufficient fundamental basis for determining an investment rating or target.

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