

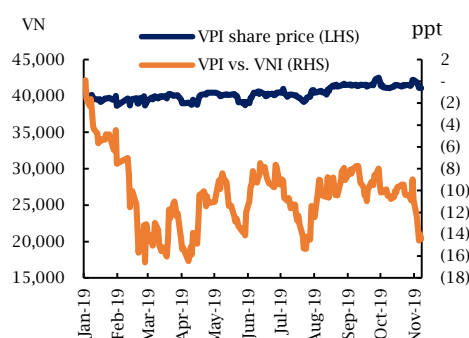
**Vietnam: Property**
**14 November 2019**
**VPI VN**
**Not rated**
**Close 13 November 2019**
**Price VND 41,400**
**Key takeaways**

- ▶ Revenue and profit in FY19 should reach guidance.
- ▶ Revenue and profit in 2020 might be flat.
- ▶ VPI is seeking a strategic shareholder (15–20% stake).

**Investment highlights**

- ▶ Large potential landbank.
- ▶ Stated commitment to maximizing shareholder value.
- ▶ Revenue model is driven by property sales and leasing.

**Company profile:** VPI is a Hanoi-based property developer with businesses in real estate investment, construction, development, and trading. It participates in investment and construction of large-scale projects including Van Phu Urban Area, The Van Phu Victoria, Home City, Hung Son Villa, and Giang Vo Complex. Established in 2003, VPI has traded on the HOSE since 2018.

**Share price performance relative to VN**


<b>Market cap (USD mn)</b>	<b>286</b>
<b>6M ADT (USDmn)</b>	<b>0.56</b>
<b>Outstanding shares (mn)</b>	<b>160</b>
<b>Free float (%)</b>	<b>39</b>
<b>FINI ownership (%)</b>	<b>7.1</b>
<b>Major shareholders (%)</b>	<b>55.5</b>
<b>Asset/equity (x)</b>	<b>2.7</b>
<b>BVPS (VND)</b>	<b>13,986</b>
<b>P/B (x)</b>	<b>3.0x</b>
<b>FOL Room (%)</b>	<b>41.9</b>

**Financial outlook (VND bn)**

Year to Dec	2016	2017	2018	2019 guidance
Sales (VND bn)	774	875	283	3,305
NI (VND bn)	435	419	22	510
EPS (VND)	2,635	4,303	6,825	
ROE (%)	5%	35%	19%	

Source: VPI, Yuanta Vietnam.

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**Bloomberg code: YUTA**

**VAN PHU INVEST (VPI VN)**
**Looking for a strategic partner**

We met with VPI's management on November 8 to discuss their business outlook. We do not cover VPI and have no investment view on the stock. The following bullets present a summary of management's discussion.

**VPI should meet its guidance for 2019 revenue and profit** due to revenue recognition from The Tera-Hao Nam, The Terra-An Hung, and Oakwood Residence Hanoi projects.

**Revenue and profit in 2020E might be flat YoY** because most key projects under construction will only be handed over to homebuyers from 2021E.

**VPI is seeking a strategic partner to purchase ownership of 15–20%**, especially those with experience in real estate, architecture, and construction.

**Key projects in pipeline:** Grand Palace – Giang Vo (78 apartments, 65 hotel units, 32 shophouses), Grandeur Place – Pham Hung (3 buildings x 45 floors), and Grandeur Place – Dinh Tien Hoang (476 apartments).

**Large potential landbank** for development in the next 3–5 years of around 500ha. Land under construction is 5.4ha, land under development is 333ha, and others are 156ha. Their landbank is located in Hanoi, HCMC, Bac Ninh, Quang Ninh, Thanh Hoa, Hue, Nha Trang, Can Tho, and Ba Ria-Vung Tau.

**VPI stated that it will maintain its cash dividend policy.** VPI has distributed cash dividends in the past two years (i.e., since the IPO). Cash dividend per share for FY 2017 was VND1,100 and for FY2018 was VND1,600. It is targeting VND2,000 in DPS for FY2019.

**Business model for capital optimization.** Revenues come from two main sources: property sales and leasing. VPI's property product lines include Grandeur Palace (luxury), The Terra (mid-end), and The Victory (standard). Management noted that its cash flows from property leasing (i.e., hotels, office blocks, and service apartments) are typically reinvested into its landbank development.

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