

28.05.2012  
HOSE – Vietnam  
Real Estate

**Neutral**

**Price (2012/05/28): VND 19,000**

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## Key Data

|  |                               |
|--|-------------------------------|
| Chartered capital                                | 380 bil dong                  |
| Outstanding shares                               | 38 mil shares                 |
| 52-week price range                              | 10,900 - 22,100<br>dong/share |
| Market cap                                       | 722 bil dong                  |
| Total assets (Q4/11)                             | 2,266 bil dong                |
| Net Value (Q4/11)                                | 1,318 bil dong                |
| (QFII) Total Room                                | 19 mil shares                 |
| (QFII) Current Room                              | 12 mil shares                 |
| Foreign Holding (%)                              | 16.25%                        |
| EPS 2012E  | 1,178 dong/share              |
| P/E  | 2.57                          |
| P/B  | 0.60                          |
| Cash dividend %<br>(Face Value)                  | -                             |
| Dividend yield (%)<br>(Dividend/Market<br>price) | -                             |
| ROE 2011   | 25.03%                        |
| ROA 2011   | 17.24%                        |

\* The holding cap for foreign strategic investors is 49%.

## 2012 profit doesn't see improvement yet

### Overview

- TDH JSC was established in 1990 under the name of Thu Duc House management and development. After that, the company was listed on HOSE in 2006.

- The sales growth speed in 2009-2011 was -3% and net profit growth was -23%, in which, 2011 profit dropped by 82% in 2010.

- HCMC Urban development fund holds 8.93%, KITMC Worldwide Vietnam RSP Balance Fund holds 6.91%, Red River Holding holds 5.98%, Mr. Tran Quang Nghi holds 5.33%, Deutsche Bank AG London holds 5.06%, and Deutsche bank Aktiengesellschaft & Deutsche Asset Management (Asia) Ltd holds 5.05%.

### 2011 Activities

Total sales of 2011 were 606 billion dong, reaching only 73% target of 832 billion dong. 2011 net profit was nearly 45 billion dong, reaching 25% target.

For 2011 sales structure, the selling and service supplying accounted 88%, the finance and other income accounted 7.6% and 4.5%.

### 2012 target

- 2012 sales target is 720 billion dong, up by 18% compare to 2011. Parent company net profit target of 2012 is 60 billion dong, 35% higher than 2011.

### Business result of Q1/2012

Q1/2012 sales were nearly 67 billion dong, down by 45% YOY. Q1/2012 profit was onl 2.3 billion dong, onl 11% of the same period last year.

According to the report on the usage of the capital from the convertible bond issuance of 208.8 billion dong. According to that, the investment in Phuc Thinh Duc project was 100 billion dong, the project of Minh Khai – Hanoi was 100 billion dong, TDH – Phuoc Binh apartment building was 48 billion dong, and TDH – Phuoc Long apartment building was 4 billion dong.

### Trading information

#### Trading information of major and internal shareholders

- Mr. Tran Quang Nghi registered to sell 500,000 shares, the owning after the trade was 1.35 million shares, the trades will be carried out from May 28<sup>th</sup> to July 27<sup>th</sup> 2012.

**Average trading volume of 2 weeks** was 380,000 shares a session, 1 month was 460,000 shares a session.

**Foreign trade in the most recent week:** total bought-in was 669,000 shares; sold-out was 106,000 shares.

### Valuation

We expect a profit of 53 billion dong in 2012 and EPS of 1,400 dong/share. Besides, TDH's book value in 2012 is about 35,400 dong/share. Therefore, at the price on May 28<sup>th</sup> 2012 of 19,000 dong/share, we initiate a Neutral rank for TDH.

## Financial Abstract:

| Year  | Revenue<br>(bil) | (%)  | Net<br>Profit<br>(bil) | (%)  | Outstanding<br>Shares<br>(mil) | EPS<br>(VND) | P/E<br>(x) | ROE | ROA |
|-------|------------------|------|------------------------|------|--------------------------------|--------------|------------|-----|-----|
| 2008  | 600              | 218% | 198                    | 21%  | 25                             | 7,857        | 2.4        | 23% | 16% |
| 2009  | 482              | -20% | 280                    | 41%  | 38                             | 7,405        | 2.6        | 25% | 17% |
| 2010  | 557              | 16%  | 249                    | -11% | 38                             | 6,571        | 2.9        | 19% | 12% |
| 2011  | 533              | -4%  | 45                     | -82% | 38                             | 1,178        | 16.1       | 3%  | 2%  |
| 2012E | 650              | 22%  | 53                     | 19%  | 38                             | 1,404        | 13.5       | 4%  | 2%  |

Source: Phu Hung Securities

**P&L Statement (billion dong)**

|                           | 2009       | 2010       | 2011       | 2012E      |
|---------------------------|------------|------------|------------|------------|
| <b>Sales</b>              | <b>482</b> | <b>557</b> | <b>533</b> | <b>650</b> |
| COGS                      | 217        | 328        | 348        | 410        |
| <b>Net profit</b>         | <b>265</b> | <b>229</b> | <b>185</b> | <b>241</b> |
| Finance sales             | 87         | 91         | 46         | 52         |
| Finance expense           | 4          | 16         | 110        | 130        |
| In which: loans expense   | 1          | 11         | 81         | 98         |
| Selling expense           | 1          | 12         | 20         | 24         |
| Management expense        | 54         | 75         | 65         | 78         |
| <b>Operational profit</b> | <b>301</b> | <b>217</b> | <b>37</b>  | <b>60</b>  |
| Other income              | 47         | 112        | 27         | 28         |
| Other expense             | 4          | 7          | 24         | 22         |
| <b>Other profit</b>       | <b>43</b>  | <b>105</b> | <b>4</b>   | <b>6</b>   |
| <b>EBT</b>                | <b>344</b> | <b>328</b> | <b>43</b>  | <b>66</b>  |
| Present income tax        | 59         | 82         | 8          | 13         |
| Delayed income tax        | -          | (2)        | 4          | -          |
| Minority benefit          | 5          | (1)        | (14)       | -          |
| <b>Net profit</b>         | <b>280</b> | <b>249</b> | <b>45</b>  | <b>53</b>  |

**Balance sheet (billion dong)**

|                              | 2009         | 2010         | 2011         | 2012E        |
|------------------------------|--------------|--------------|--------------|--------------|
| <b>A. Current assets</b>     | <b>892</b>   | <b>1,130</b> | <b>933</b>   | <b>988</b>   |
| Cash and equivalent          | 98           | 104          | 49           | 74           |
| Short-term investment        | 6            | 22           | 4            | 5            |
| Receivables                  | 311          | 575          | 470          | 480          |
| Inventory                    | 469          | 419          | 399          | 416          |
| Other short-term assets      | 8            | 10           | 11           | 12           |
| <b>B. Non-current assets</b> | <b>928</b>   | <b>1,208</b> | <b>1,332</b> | <b>1,280</b> |
| Long-term receivables        | -            | -            | -            | -            |
| <b>Fixed assets</b>          | <b>207</b>   | <b>247</b>   | <b>226</b>   | <b>203</b>   |
| Long-term finance investment | 674          | 846          | 1,033        | 1,000        |
| Other long-term assets       | 29           | 81           | 59           | 52           |
| <b>Total assets</b>          | <b>1,820</b> | <b>2,338</b> | <b>2,266</b> | <b>2,268</b> |
| <b>A. Liabilities</b>        | <b>531</b>   | <b>835</b>   | <b>850</b>   | <b>907</b>   |
| Short-term debt              | 281          | 476          | 410          | 435          |
| Long-term debt               | 250          | 359          | 440          | 472          |
| <b>B. Equity source</b>      | <b>1,240</b> | <b>1,392</b> | <b>1,318</b> | <b>1,361</b> |
| Source – Fund                | 1,222        | 1,379        | 1,318        | 1,361        |
| Other source and capital     | 17           | 13           | -            | -            |
| <b>Minority shares</b>       | <b>49</b>    | <b>110</b>   | <b>97</b>    | <b>-</b>     |
| <b>Total source</b>          | <b>1,820</b> | <b>2,338</b> | <b>2,266</b> | <b>2,268</b> |

**Cash flow**

|   | 2009      | 2010       | 2011      | 2012E     |
|---|-----------|------------|-----------|-----------|
| Net operating cash flow                             | -72       | -104       | 21        | 57        |
| Net investing cash flow                             | -7        | -204       | -46       | -20       |
| Net finance cash flow                               | 73        | 314        | -30       | -12       |
| Net cash in the period                              | -6        | 6          | -55       | 25        |
| Cash and equivalent at the beginning                | 104       | 98         | 104       | 49        |
| Exchange rate influence                             |           |            |           |           |
| <b>Cash and equivalent at the end of the period</b> | <b>98</b> | <b>104</b> | <b>49</b> | <b>74</b> |

**Growth speed (%)**

|              | 2009 | 2010 | 2011 | 2012E |
|--------------|------|------|------|-------|
| Sales        | -20% | 16%  | -4%  | 22%   |
| EBT          | 22%  | -5%  | -87% | 54%   |
| EAT          | 41%  | -11% | -82% | 19%   |
| EPS          | -6%  | -11% | -82% | 19%   |
| Total assets | 27%  | 28%  | -3%  | 0%    |
| Equity       | 24%  | 12%  | -5%  | 3%    |

**Profitability (%)**

|                          | 2009 | 2010 | 2011 | 2012E |
|--------------------------|------|------|------|-------|
| Gross profit/sales       | 55%  | 41%  | 35%  | 37%   |
| Operational profit/sales | 62%  | 39%  | 7%   | 9%    |
| EBT/sales                | 71%  | 59%  | 8%   | 10%   |
| EAT/sales                | 58%  | 45%  | 8%   | 8%    |

**Effectivity**

|                     | 2009 | 2010 | 2011 | 2012E |
|---------------------|------|------|------|-------|
| Fixed assets circle | 3.4  | 2.5  | 2.3  | 3.0   |
| Total assets circle | 0.3  | 0.3  | 0.2  | 0.3   |
| Equity circle       | 0.4  | 0.4  | 0.4  | 0.5   |
| Receivables circle  | 4.9  | 2.4  | 1.9  | 5.8   |
| Inventory circle    | 1.1  | 1.3  | 1.3  | 1.6   |

**Liquidity**

|                       | 2009 | 2010 | 2011 | 2012E |
|-----------------------|------|------|------|-------|
| Current payment ratio | 3.2  | 2.4  | 2.3  | 2.3   |
| Quick payment ratio   | 1.5  | 1.5  | 1.3  | 1.3   |
| Cash payment ratio    | 0.3  | 0.2  | 0.1  | 0.2   |

**Finance structure**

|                                   | 2009 | 2010 | 2011 | 2012E |
|-----------------------------------|------|------|------|-------|
| Total debt/total asset            | 0.29 | 0.36 | 0.38 | 0.40  |
| Total debt/total equity           | 0.43 | 0.60 | 0.65 | 0.67  |
| Long-term loans/short-term loans  | 89%  | 76%  | 107% | 108%  |
| Long-term assets/long-term assets | 104% | 107% | 143% | 130%  |

Source: TDH and PHS

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**Overweight (OW)** = Expected to outperform the local market by >10%

**Neutral (N)** = Expected to in line with the local market by +10%~ -10%

**Underweight (UW)** = Expected to underperform the local market by >10%.

**Not Rated (NR)** = The stock is not rated in Phu Hung's coverage universe or not listed yet.  
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