

KHANG DIEN HOUSE JSC – HSX: KDH

Core business to bottom out in 2026

RATING: BUY

Target price: 18,400

Upside: +21.5%

Real Estate Sector | BSC Research

VALUATION VIEW

KDH has undergone a deep correction, falling 55% over the past 12 months as foreign investors net sold 70.8 million shares (equivalent to 6.3% of KDH's shares outstanding), taking both the share price and valuation to five-year lows. We believe that, beyond the broader trend of foreign net selling across the market, KDH's weak performance over the past 12 months also reflects the challenges facing the real estate sector, where a high interest rate environment is weighing on project absorption, together with cash flow pressure from the BT project and pipeline projects.

BSC maintains its **BUY** rating on KDH but **lowers its target price by 54.1% from the previous level to VND18,400/share (upside of +21.5%)** mainly because we now apply a 40% discount to the valuation, reflecting risks related to capital requirements and the ability to “unlock” the Tan Tao and Phong Phu 2 mega-projects over 2026-2030. Although market sentiment has yet to improve, we believe the company's difficulties are already priced in, as KDH currently trades at a 2026F P/B of 0.89x, below the -2 standard deviation level of 1.06x.

EARNINGS FORECAST

In 1H2026, extraordinary income was the main driver of KDH's net profit growth. We expect the core business, led by handovers at Gladia by The Water, to be the main contributor to earnings in 2H2026-2027. Specifically:

2026: Net revenue of VND1,664bn (-64% YoY) driven mainly by handovers of low-rise products at Gladia (held through subsidiary Doan Nguyen) and backlog from past projects not yet fully handed over. However, NPATMI is forecast to rise 41% YoY to VND1,484bn, thanks to extraordinary income from the gain on divesting a 2% stake in Binh Trung Moi and a bargain purchase gain on the acquisition of An Lap. **Excluding these extraordinary items, 2026 net profit is forecast at VND302bn (-71% YoY).**

2027: Continued handovers at Gladia by The Water and new handovers at Gladia Heights will drive earnings. **BSC forecasts net revenue of VND5,209bn (+213% YoY), but NPATMI to fall 53% YoY to VND690bn** on the high 2026 base created by extraordinary income. Excluding extraordinary items, 2027 net profit is expected to grow 128% YoY.

RISKS: Pressure from interest payments and capital expenditure on the BT project.

Borrowings at end-1H2026 jumped to VND16,659bn (+64% vs. end-2025) as KDH consolidated An Lap Real Estate Development JSC. However, we expect the cash flow pressure to also push KDH to accelerate project-level cooperation with other major partners.

Financials	2024	2025	2026F	2027F
Net revenue	3,279	4,674	1,655	5,194
Gross profit	1,740	2,776	878	1,747
NPATMI	810	1,053	1,479	685
EPS	756	897	1,259	583

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Company information

Current price (VND):	15,150
Shares outstanding (mn):	1,122
Market cap (VND bn):	17,002
30-day ADTV (mn shares):	4.8
Foreign ownership:	23.5%



I. 1H2026 RESULTS UPDATE – Extraordinary gains continue to support earnings

Table 1: 1H2026 results summary

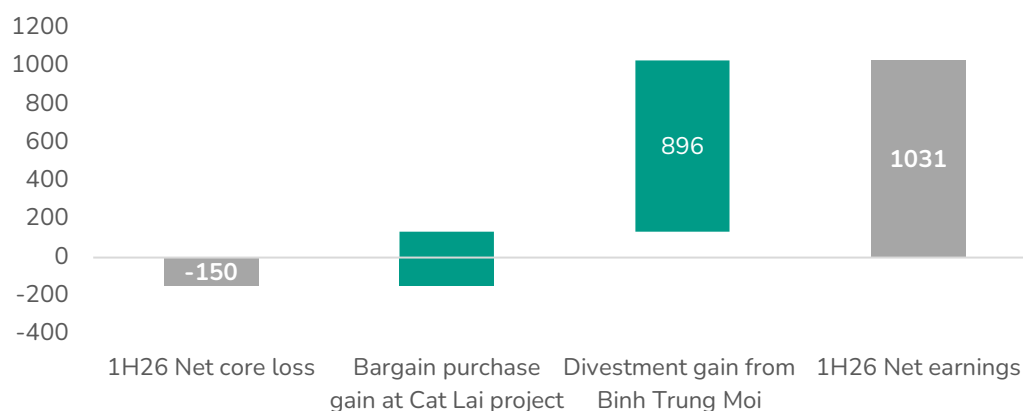
(VND bn)	2Q2025	2Q2026	% YoY	1H2025	1H2026	% YoY
Net revenue	1,047	161	-84.7%	1,757	442	-74.8%
Real estate	1,030	144	-86.0%	1,727	408	-76.4%
Services	13	15	17.5%	24	28	16.9%
Others	4	2	-45.6%	6	6	-1.8%
Gross profit	405	81	-80.1%	712	263	-63.0%
%GPM	39%	50%		41%	60%	
Selling expenses	(59)	(74)	26.3%	(121)	(110)	-9.1%
G&A expenses	(54)	(60)	11.2%	(108)	(120)	10.7%
%SG&A/Revenue	11%	83%		13%	52%	
Operating profit	292	(53)	-118.2%	482	33	-93.1%
Financial income	4	906	215.5x	24	913	37.3x
Financial expenses	(54)	(30)	-44.9%	(102)	(47)	-53.8%
PBT	245	800	226.3%	402	1,156	187.7%
NPAT	196	770	292.9%	315	1,097	248.7%
NPATMI	199	750	277.3%	321	1,031	221.6%

Source: KDH, BSC Research

2Q2026 results: Net revenue fell 85% YoY to VND161bn due to a gap in handovers of low-rise products at Gladia, whereas the prior-year period included handovers of apartments at The Privia. However, net profit rose 277% YoY to VND750bn thanks to an extraordinary gain of VND896bn from the transfer of Binh Trung Moi Real Estate Development Co., Ltd. (the investor entity of Clarita). KDH's beneficial interest in the project declined only marginally, from 50.95% to 48.95%.

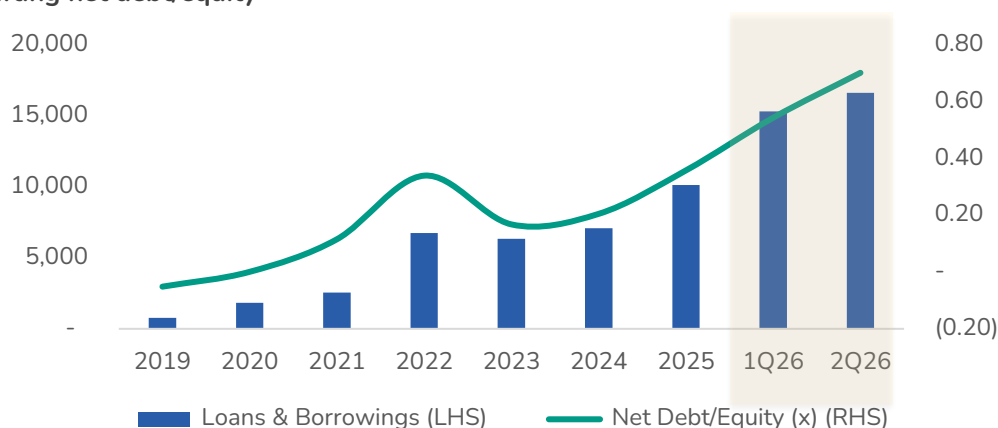
1H2026 cumulative: Extraordinary income drove KDH's net profit to VND1,031bn (3.2x YoY), completing 68.7% of the full-year profit plan and 72% of our forecast. Excluding this extraordinary gain, KDH would likely have recorded a net loss of VND150bn in 1H2026. Notably, total borrowings jumped 64% from end-2025 to VND16,659bn after the Cat Lai project (An Lap Real Estate JSC) was consolidated in 1Q2026, lifting the net debt/equity ratio to 0.7x, well above the industry average of 0.33x.

Figure 1: 1H2026 net profit was driven by extraordinary gains



Source: KDH, BSC Research

Figure 2: Borrowings rose 64% in 1H2026 following the An Lap consolidation, lifting net debt/equity



Source: KDH, BSC Research

II. COMPANY UPDATE

1. 100% of capital arranged for the VND16,369bn Ma Lang and Cho Gao urban renovation BT project (District 1, former Ho Chi Minh City).

On 29 August 2026, the Ho Chi Minh City People's Committee broke ground on the urban renovation project for the Ma Lang area and Cho Ga – Cho Gao market (42,090 sqm), implemented as a public-private partnership under a BT contract with Khang Dien House Trading and Investment JSC as the investor. KDH has established a subsidiary, Khang Phuc An Investment One Member Co., Ltd. (charter capital of VND2,500bn), to implement the project. Key features of the project are as follows:

- **Financing plan:** No state budget capital will be used during project construction. Instead, the investor will arrange 100% of the capital (15% equity, 85% borrowings and other lawful sources).
- **Payment to the investor:** Payment in kind through land funds at the Tan Tao Residential Area – Zone B (133 ha, Ho Chi Minh City), valued at VND10,734bn, and payment from the Ho Chi Minh City budget of VND5,635bn (in case the value of the land funds is insufficient to pay the investor).
- **Expected timeline:** Construction starts in 3Q2026 and is completed in 4Q2028, with handover for operation from 2029.

Given the cash flow pressure facing projects across the market, **we believe this BT project will be funded mainly through borrowings, meaning KDH's principal and interest repayment obligations will rise significantly in the coming years** as the project's total investment is equivalent to 41% of the company's total assets.

2. More aggressive sales strategy: launching projects early in the initial construction phase and launching four projects simultaneously

In 3Q2026, KDH launched the first batch of 500 apartments at Gladia Heights, achieving a 90% absorption rate at a selling price of VND100 million/sqm (including VAT), with handover expected in 4Q2027.

In 2027-2028, KDH plans to roll out four projects simultaneously at both ends of the former Ho Chi Minh City: the Binh Trung expansion (18.2 ha) and Cat Lai (8.2 ha)

projects in the east, and The Solina (16.4 ha) and Le Minh Xuan Industrial Park expansion (109.9 ha) projects in the west.

In our view, both moves show that KDH recognizes the pressure on its balance sheet: launching projects early brings in cash sooner and reduces borrowing needs for construction. A bright spot is that the company has completed land-use fee payments for three of its four pipeline projects (The Solina phase 1, Le Minh Xuan IP phase 1 and Cat Lai), while the Binh Trung expansion is expected to meet this financial obligation in 4Q2026. **Land banks with completed financial obligations are typically very attractive to foreign developers, and we expect project-level cooperation between KDH and a foreign investor in the near future, similar to the partnership with Keppel at the Gladia project.**

Table 2: KDH's land bank: all pipeline projects have completed their financial obligations.

Project	Size (ha)	Absorption rate	% site clearance	Land-use fee	Construction	Launch	Handover
Gladia	11.8	60%	100%	Completed	4Q2023	3Q2025	4Q2025
Gladia Heights Ph.1 (500 units)	1.2	90%	100%	Completed	2Q2026	3Q2026	4Q2027
Gladia Heights Ph.2 (116 units)		-				4Q2026	
Binh Trung expansion	18.2	0%	100%	Expected 4Q2026	4Q2026	1Q2027	4Q2028
The Solina	16.5	-	100%	Completed	2026	2027	
Le Minh Xuan IP expansion (*)	109.9	0%	100%	Phase 1 completed	2026	2028	
Cat Lai (An Lap)	8.2	-	100%	Completed	2027	2028	
Phong Phu 2	26.0	0%	100%	Not yet	N/A	N/A	N/A
Tan Tao – Zone A (existing)	329.0	-	90%	Not yet	N/A	N/A	N/A
Tan Tao – Zone B (from BT project)	133.0	0%	N/A	Not yet	N/A	N/A	N/A
Total land bank	653.8						

(*) The Le Minh Xuan IP expansion is being considered for a change of land-use purpose to residential land to align with HCMC's masterplans.

Source: KDH, BSC Research

3. Gladia: the driver of earnings and new presales in 2H2026-2027

The project comprises two components:

- **Low-rise zone, Gladia by The Water:** 226 villas and townhouses, comprising 159 units at Binh Trung Moi (the Clarita project, now an associate with a 48.95% ownership stake) and 67 units at Doan Nguyen (the Emeria project, 51% owned and fully consolidated). About 60% of the units had been sold by end-2025 and roughly 75 units had been handed over by end-1Q2026. KDH did not disclose handover figures for 2Q2026, but low net revenue and sales collections suggest a slow sales pace. Following the change in consolidation method, only the 67 Emeria units are recognized in revenue, while Clarita contributes to profit through the associates line.
- **High-rise zone, Gladia Heights:** 616 apartments and 23 shophouses across three towers, developed with Keppel through Doan Nguyen. More than 90% of

the roughly 500 units launched on 1 August 2026 have been booked, with a total value of about VND4,000bn.

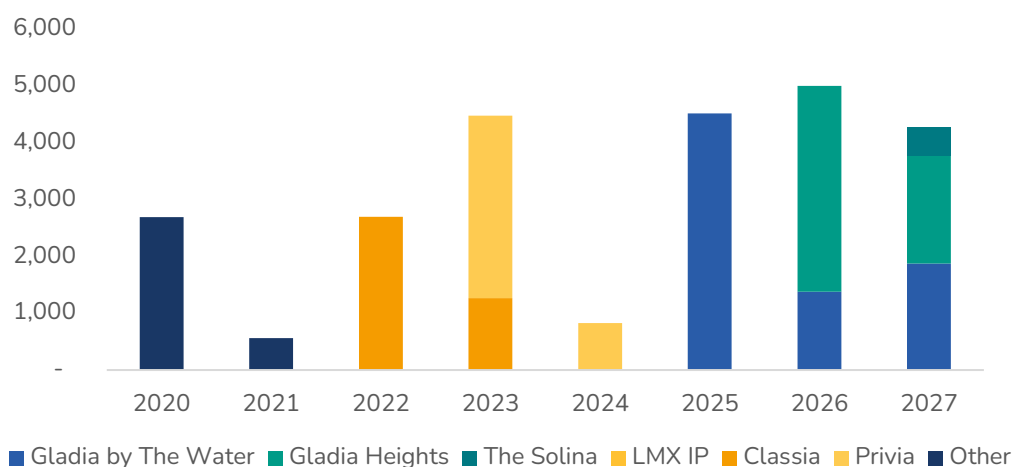
Demand for low-rise housing is the market's weak spot. According to DKRA, only about 9% of townhouse and villa supply in Ho Chi Minh City and surrounding areas was absorbed in 2Q2026 (down 71% YoY). Average preferential mortgage rates rose to about 10.5-11% in September 2026 (vs. 8.5-9.2% in 2Q2026), while floating rates after the preferential period range from 12% to 15%. This is why we have cut our presales forecasts for low-rise products and pushed back the launch of new phases to next year.

4. Downward revision to 2026-2027 presales forecasts

Compared with our previous forecasts, we have pushed back new project launches by a year, as weak market absorption is slowing KDH's sales plans. Our key assumptions are as follows:

- 2026: With the launch of The Solina delayed by one year to 2027, presales are expected to reach VND5,008bn (-43% vs. our previous forecast), contributed mainly by Gladia Heights;
- 2027: We cut our 2027 presales forecast by 58% from the previous forecast to VND4,282bn, mainly because The Solina and the Le Minh Xuan IP expansion will only see soft launches before sales are stepped up in 2028.

Figure 3: 2026-2027 presales forecast



Source: KDH, BSC Research

III. 2026-2027 EARNINGS FORECAST

Table 3: 2026-2027 earnings summary

	2025	2026F	% YoY	2027F	% YoY
Net revenue	4,674	1,664	-64.4%	5,209	213.0%
- Real estate	4,610	1,602	-65.2%	5,140	220.9%
- Others	64	62	-3.2%	68	10.3%
Gross profit	2,776	887	-68.1%	1,762	98.7%
% Gross margin	59%	53%		34%	
Selling expenses	(401)	(202)	-49.7%	(353)	75.3%
G&A expenses	(215)	(108)	-49.7%	(190)	75.3%
% SG&A/Rev	13%	19%		10%	
Operating profit	2,160	577	-73.3%	1,219	111.2%
Net financial income/(expense)	(139)	824	-690.6%	(169)	-120.5%
Other income	18	303	1565.6%	20	-93.4%
Profit/(loss) from JVs & associates	-	259	N/A	388	50.0%
PBT	2,039	1,963	-3.7%	1,458	-25.7%
NPAT	1,634	1,570	-3.9%	1,166	-25.7%
NPATMI	1,053	1,484	40.9%	690	-53.5%

Source: KDH, BSC Research

Compared with our previous report, we have revised our NPATMI forecasts for FY2026/2027 by +23.7%/-50%, respectively. The upward revision for FY2026 mainly reflects extraordinary gains in 1H2026, while the sharp downward revision for 2027 reflects the one-year delay at The Solina and Le Minh Xuan IP. Specifically:

- **2026:** We forecast net revenue of VND1,664bn (-64% YoY), driven mainly by handovers of low-rise homes at Gladia (held through Doan Nguyen), while the contribution from Gladia (held through Binh Trung Moi) is recorded under JVs and associates. NPATMI is forecast to rise 41% YoY to VND1,484bn on extraordinary gains in 1H2026. Excluding VND1,182bn of extraordinary income, core profit would fall 71% YoY to approximately VND302bn.
- **2027:** Net revenue is forecast to rise 213% YoY to VND5,209bn as Gladia Heights begins handovers in 4Q2027 (contributing VND4,201bn), alongside the low-rise Gladia project (VND939bn, held through Doan Nguyen). Gross margin declines from 53% to 34% as the product mix shifts predominantly to apartments. NPATMI is forecast to fall 53% YoY to VND690bn on the high comparison base created by extraordinary income, although net profit from core operations rises 128%.

IV. VALUATION

BSC maintains its **BUY** rating on KDH but lowers its target price by **54.1% from the previous level to VND18,400/share (upside of +21.5%)** mainly because we now apply a 40% discount to the valuation, reflecting risks related to capital requirements and the ability to “unlock” the Tan Tao and Phong Phu 2 mega-projects over 2026-2030. Our key assumptions are as follows:

- RNAV valuation for projects with clear development plans: Gladia, The Solina, Le Minh Xuan IP expansion and Tan Tao A residential area;
- Comparable valuation for the Phong Phu 2 project;
- Book value for the Binh Trung expansion, Cat Lai (An Lap) and other land bank;
- A 40% discount applied to the Tan Tao A residential area and Phong Phu 2, reflecting large capital requirements and uncertainty over the “unlocking” of these two mega-projects in 2026-2030;
- Net debt at end-2026 is forecast at VND13.5 trillion.

Table 4: KDH valuation summary

VND bn	Method	Revalued value	% ownership	KDH
Gladia	RNAV	7,179	49%-51%	3,581
The Solina	RNAV	1,800	100%	1,800
Le Minh Xuan IP	RNAV	2,746	100%	2,746
Tan Tao residential area	RNAV	22,421	100%	22,421
Phong Phu 2 urban area	Comparable	3,744	100%	3,744
Others	Book value	10,333		10,333
Discount on 2 mega-projects	40%			(10,466)
Total revalued value				34,158
(+) Cash + short-term investments				1,519
(-) Borrowings + contingent liabilities				(15,063)
Total equity value				20,615
Shares outstanding (mn)				1,122
Current price (VND)				15,150
Target price (VND)				18,400
Upside				21%

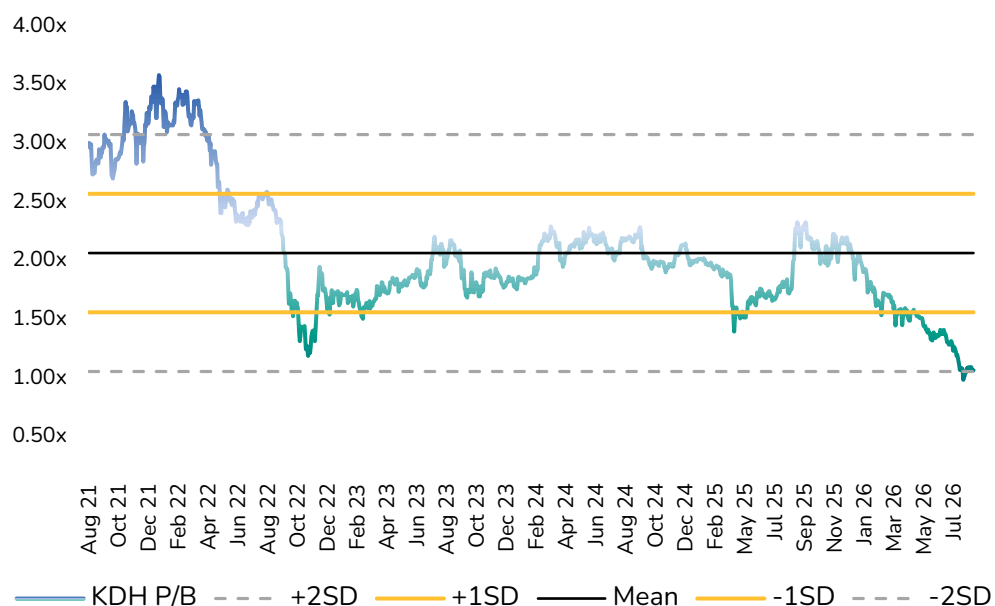
Source: BSC Research

KDH shares have fallen 55% over the past 12 months, pressured by foreign investors' net selling of 70.8 million shares (equivalent to 6.3% of KDH's shares outstanding), to five-year lows in both share price and valuation. We believe that, beyond the broader trend of foreign net selling across the market, KDH's weak performance over the past 12 months also reflects the challenging outlook for the real estate sector, where a high interest rate environment is weighing on project absorption, together with cash flow pressure from the BT project and pipeline projects.

KDH currently trades at a 2026F P/B of 0.89x, below the -2 standard deviation level (1.06x) of its five-year P/B range. Historically, KDH traded at a premium to sector peers thanks to its large land bank in Ho Chi Minh City, a long track record of project execution and a sound financial position. However, its current valuation is now in line with the peer median P/B of 0.9x. We believe the company's difficulties are already priced in, and we expect its large clean land bank in Ho Chi Minh City to create an opportunity for the stock

to be re-rated once the company finds suitable partners to co-develop projects and ease capital pressure.

Figure 4: KDH's P/B valuation, 2021 to present



Source: Fiinpro, BSC Research

APPENDIX

Income statement (VND bn)	2024	2025	2026F	2027F
Revenue	3,279	4,674	1,664	5,209
COGS	(1,538)	(1,898)	(777)	(3,447)
Gross profit	1,740	2,776	887	1,762
Selling expenses	(222)	(401)	(202)	(353)
G&A expenses	(209)	(215)	(108)	(190)
Operating profit/(loss)	1,309	2,160	577	1,219
Financial income	37	40	936	40
Financial expenses	(216)	(180)	(33)	(104)
Interest expense	-	-	(79)	(105)
Profit from JVs & associates	-	-	259	388
Other profit/(loss)	(80)	18	303	20
Profit before tax	1,051	2,039	1,963	1,458
Corporate income tax	(248)	(405)	(393)	(292)
Profit after tax	803	1,634	1,570	1,166
Minority interests	(7)	581	86	476
NPATMI	810	1,053	1,484	690
EBITDA	1,317	2,174	580	1,227
EPS	756	897	1,264	588

Cash flow (VND bn)	2024	2025	2026F	2027F
Profit/(loss) before tax	1,051	2,039	1,963	1,458
Depreciation & amortization	8	14	3	9
Change in working capital	(4,052)	(4,003)	(5,030)	(2,249)
Other adjustments	(1,258)	(1,224)	(2,916)	(2,319)
Operating cash flow	(4,252)	(3,175)	(5,981)	(3,102)
Purchase of fixed assets	(95)	(566)	(195)	(222)
Other investments	(219)	(608)	27	25
Investing cash flow	(314)	(1,174)	(168)	(197)
Dividends paid	-	-	-	-
Net borrowings	752	5,455	4,914	4,899
Other cash inflows	3,179	929	-	-
Financing cash flow	3,932	6,384	4,914	4,899
Beginning cash	3,730	3,096	2,547	1,311
Net change in cash	(634)	2,036	(1,236)	1,600
Ending cash	3,096	5,131	1,311	2,911

Balance sheet (VND bn)	2024	2025	2026F	2027F
Current assets	28,840	31,619	36,615	41,057
Cash & equivalents	3,096	2,547	1,311	2,911
Short-term investments	277	209	209	209
Short-term receivables	3,013	5,478	2,402	2,557
Inventories	22,180	23,264	32,549	35,279
Other current assets	276	122	145	101
Non-current assets	1,913	2,445	2,949	5,260
Tangible fixed assets	73	67	64	57
Long-term WIP assets	1,027	1,731	1,731	1,731
Long-term investments	233	230	230	230
Other non-current assets	579	418	925	3,243
Total assets	30,753	34,064	39,564	46,317
Current liabilities	4,179	3,499	4,875	6,012
Payables	288	113	488	529
Short-term debt	1,100	1,802	2,000	2,500
Other current liabilities	2,791	1,584	2,387	2,983
Non-current liabilities	7,123	9,394	14,079	18,478
Long-term debt	5,998	8,348	13,063	17,462
Unearned revenue	35	26	-	-
Other non-current liabilities	1,090	1,021	1,016	1,016
Total liabilities	11,302	12,893	18,954	24,490
Paid-in capital	10,111	11,222	11,222	11,222
Share premium	3,314	3,353	3,353	3,353
Retained earnings	3,617	3,603	4,212	4,902
Other equity	352	352	402	452
Minority interests	2,057	2,641	1,422	1,898
Total equity	19,450	21,171	20,611	21,827
Total liabilities & equity	30,753	34,064	39,564	46,317
Shares outstanding (mn)	1,011	1,122	1,122	1,122

Key ratios (%)	2024	2025	2026F	2027F
Liquidity	6.9	9.0	7.5	6.8
Current ratio	1.6	2.4	0.8	1.0
Quick ratio				
Capital structure	23%	30%	38%	43%
Debt/Total assets	41%	55%	78%	100%
Debt/Total capital				
Efficiency	5,263	4,474	15,287	3,736
Inventory days	335	428	527	179
Receivable days	158	94	535	202
Payable days	5,440	4,807	15,279	3,713
CCC				
Profitability	53%	59%	53%	34%
Gross margin	24%	35%	94%	22%
Net margin	4.1%	7.7%	7.6%	5.3%
ROE	2.6%	4.8%	4.0%	2.5%
ROA				
Valuation	20.2	17.1	12.1	26.0
PE	0.99	0.93	0.89	0.86
PB				
Growth	57%	43%	-64%	213%
Revenue growth	7%	65%	-73%	111%
EBIT growth	10%	103%	-4%	-26%
PBT growth	-10%	19%	41%	-53%
EPS growth	6.9	9.0	7.5	6.8

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BUY, HOLD or SELL recommendations are determined by total expected return, calculated as the sum of the difference between the target price and the closing price on the date of the recommendation, plus the expected dividend yield. The specific rating definitions are as follows:

Rating	Definition
STRONG BUY	Expected 1-year total return of 30% or more
BUY	Expected 1-year total return of 15% to 30%
HOLD	Expected 1-year total return of -10% to 15%
SELL	Expected 1-year total return below -10%

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