KHANG DIEN HOUSE – HOSE: KDH

RATING: **BUY** | Target price: 16,400 | Upside: +20%

EARNINGS UPDATE

3Q2026 results – Earnings still rely on non-recurring income, while core operations remain at a trough: net revenue was only VND41bn (-96.2% YoY) and NPATMI reached VND176bn (-25.5% YoY). Excluding non-recurring items, KDH's core operations generated a profit of around VND72bn (-69.4% YoY). Specifically:

- **Low-rise Gladia handovers were the main source of core earnings:** VND133bn was booked as share of profit from associates, coming from Binh Trung Moi (Clarita), which was reclassified from a subsidiary to an associate after the 2Q2026 divestment. By contrast, the directly consolidated portion generated only VND6bn of gross profit (gross margin of 14.9%), insufficient to cover VND67bn of selling and G&A expenses.
- **Non-recurring items:** other income reached VND127bn, mainly from VND129bn of contract termination compensation.

In 9M2026, net revenue reached VND483bn (-83.1% YoY) and NPATMI reached VND1,209bn (+117.1% YoY), fulfilling 29% and 81% of BSC's 2026F forecasts, respectively. Three non-recurring items totaling VND1,311bn, almost equal to 9M2026 PBT, comprised (1) a VND896bn gain on the Binh Trung Moi divestment; (2) a VND285bn bargain purchase gain on An Lap (Cat Lai); and (3) VND129bn of contract termination compensation.

Total borrowings rose 75% YTD to VND17,776bn (up VND1,117bn QoQ), of which VND16,125bn in long-term loans financed land acquisition costs and construction of existing projects, at floating rates of the reference rate plus a 1.9%–4.5% p.a. margin. Net debt/equity fell to 0.56x from 0.7x at end-2Q2026, supported by customer advances at Gladia Heights. However, leverage will rise again: on 22 Oct 2026 KDH signed a credit agreement of nearly VND13.5tn with VietinBank for the Ma Lang – Cho Ga Gao BT project.

BSC's view: 2026 marks the trough for core operations. 2026F earnings should meet plan on non-recurring income, but earnings quality is low: (1) only ~45 low-rise Gladia units remain for handover; (2) the key risk is principal repayment and sharply higher interest expense as the BT and pipeline projects run concurrently in 2027–2028.

Financial summary	2024	2025	2026F	2027F
Net revenue	3,279	4,674	1,664	5,209
Gross profit	1,740	2,776	887	1,762
NPATMI	810	1,053	1,484	690
EPS	756	897	1,264	588

COMPANY UPDATE

05/11/2026 – HOSE: KDH

BSC Research

Lam Viet

(Senior Analyst)

vietl@bsc.com.vn

Company snapshot

Current price (VND):	13,800
Shares outstanding (mn):	1,245
Market cap (VND bn):	17,185
30D avg. liquidity (mn):	8.5
Foreign ownership:	23.0%

Open account

3Q2026 EARNINGS SUMMARY: Non-recurring income continues to drive profit

(VND bn)	3Q2025	3Q2026	%YoY	9M2025	9M2026	%YoY
Net revenue	**1,098**	**41**	**-96.2%**	**2,857**	**483**	**-83.1%**
- Property sales	*1,080*	*25*	*-97.7%*	*2,809*	*433*	*-84.6%*
- Services	*14*	*13*	*-7.1%*	*36*	*40*	*+13.7%*
- Leasing	*4*	*4*	*-18.5%*	*12*	*10*	*-22.4%*
Gross profit	**776**	**6**	**-99.2%**	**1,486**	**270**	**-81.8%**
%GPM	*70.6%*	*14.9%*	*-55.8 ppt*	*52.0%*	*55.9%*	*+3.8 ppt*
Selling expenses	(71)	(16)	-77.5%	(189)	(124)	-34.3%
G&A expenses	(48)	(51)	+6.6%	(159)	(171)	+8.1%
%SG&A/Net revenue	*10.9%*	*161.6%*	*+150.8 ppt*	*12.2%*	*61.1%*	*+49.0 ppt*
EBIT	657	(61)	n.m.	1,139	(26)	n.m.
Financial income (*)	5	3	-38.0%	29	916	n.m.
Financial expenses	(3)	(13)	+365.8%	(104)	(60)	-42.9%
- o/w: Interest expense	-	*(12)*	*n.m.*	-	*(37)*	*n.m.*
Share of profit from associates	-	133	n.m.	-	133	n.m.
Other income (**)	(5)	127	n.m.	(7)	383	n.m.
PBT	**654**	**189**	**-71.1%**	**1,055**	**1,347**	**+27.6%**
CIT expense	(128)	(20)	-84.1%	(215)	(79)	-63.1%
NPAT	**526**	**169**	**-67.9%**	**841**	**1,268**	**+50.8%**
NPATMI	**236**	**176**	**-25.5%**	**557**	**1,209**	**+117.1%**

Source: KDH, BSC Research.

COMPANY UPDATE

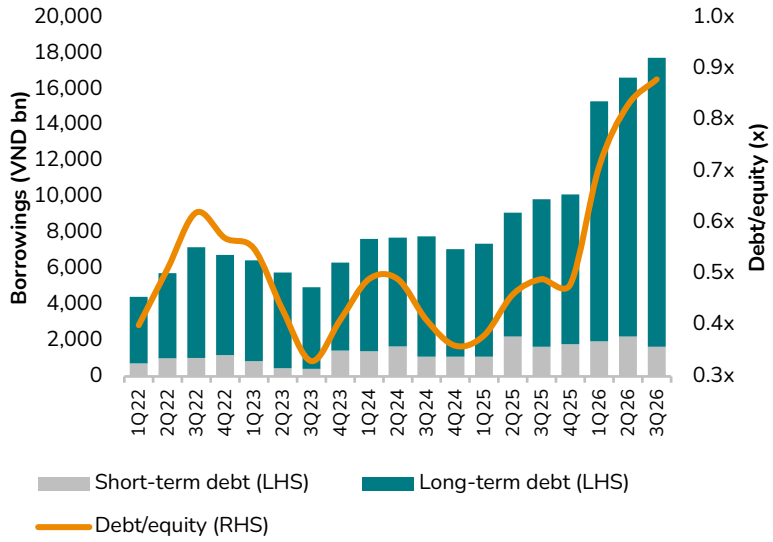
05/11/2026 – HOSE: KDH

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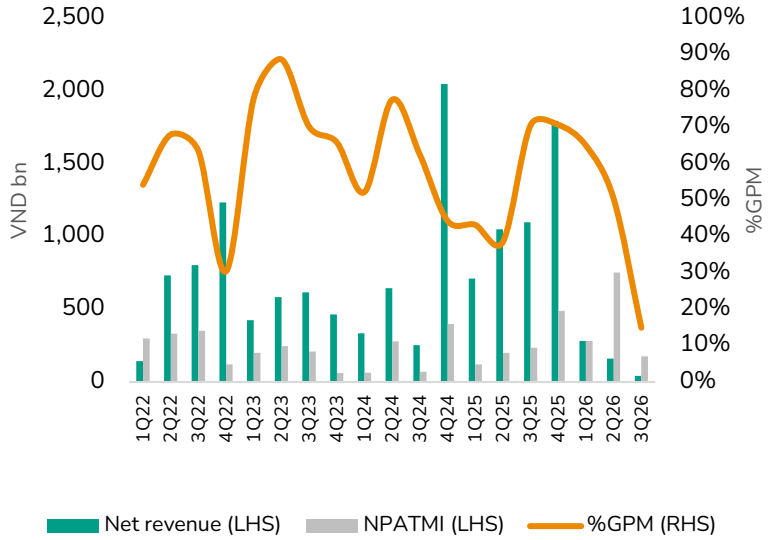
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Figure 1: Debt/equity at 0.88x, highest since 2022



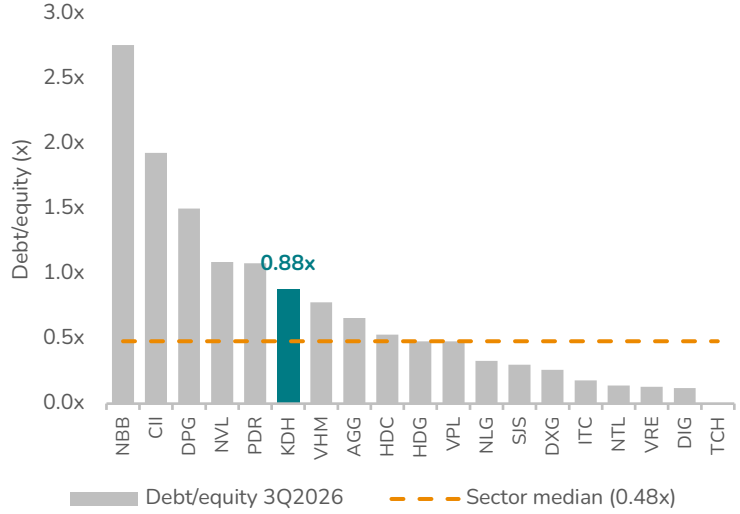
Source: KDH, BSC Research

Figure 2: Quarterly results, 1Q2022–3Q2026



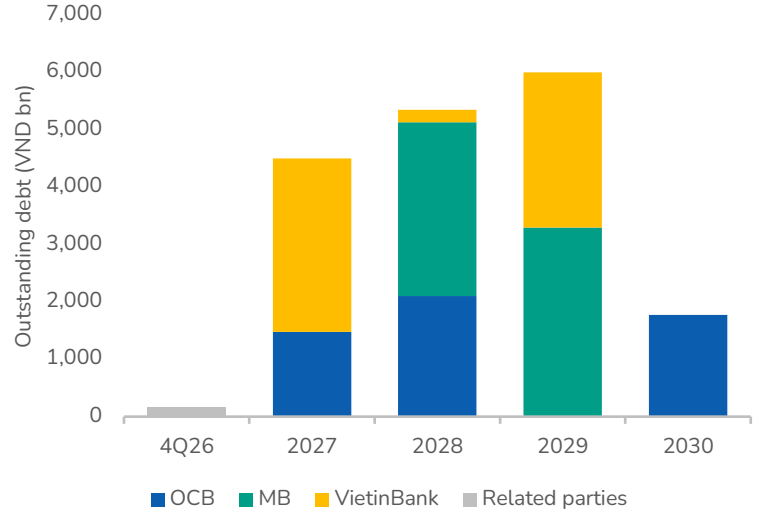
Source: KDH, BSC Research

Figure 3: KDH's debt/equity is above the sector median, ranking 6th of 19 developers



Source: FiinPro, BSC Research

Figure 4: 64% of outstanding debt begins principal repayment in 2028–2029



Source: KDH, BSC Research.

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PROJECT PORTFOLIO UPDATE

Compared with our latest update on 02 Oct 2026, there has been no change in project progress. KDH has begun development of the Binh Trung Dong expansion project (18.2ha, 202 low-rise units and 3,100 apartments), with plans to launch 1,000 high-rise units in 2Q2027 and another 1,000 units in 2H2027. Amid high interest rates and heavy debt pressure, we observe that KDH is gradually changing its development approach to adapt to the new business environment. The company is (1) accelerating apartment launches to better match housing demand and (2) launching earlier and collecting payments by construction progress as soon as projects qualify, rather than near completion as with past projects.

BSC'S VIEW

We maintain our **BUY** recommendation with **a target price of VND16,400/share (adjusted for the stock dividend).** KDH currently trades at a P/B of 0.90x (as of 05/11/2026), well below its previous-cycle average of 1.78x and below the -1 standard deviation level of 1.20x. Historically, KDH traded at a premium to peers thanks to its large land bank in Ho Chi Minh City, a strong project execution track record and a sound financial position. However, its current valuation is now in line with the sector median P/B of 0.9x. We believe the company's challenges are priced in, and that its large clean land bank in Ho Chi Minh City offers a re-rating opportunity once KDH secures suitable partners to co-develop projects and ease capital pressure.

Figure 5: KDH's P/B has fallen to its historical trough of the previous property cycle



Source: FiinPro, BSC Research

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Rating system

Buy, Sell or Hold recommendations are based on the expected total return, defined as the difference between the target price and the closing price on the recommendation date, plus the expected dividend yield. Ratings are defined 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%

Contact information – BSC Research

Phan Quoc Buu
Acting Head of Research
Buupq@bsc.com.vn

Bui Nguyen Khoa
Deputy Director of Research
Macro – Market Strategy
Khoabn@bsc.com.vn

Nguyen Thi Cam Tu
Acting Head of Equity Research
Sector – Equity Research
Tuntc@bsc.com.vn

Banking & Financials

Doan Minh Tri
Analyst
Tridm@bsc.com.vn

Real Estate & Construction Materials

Pham Quang Minh
Team Lead, Senior Analyst
Minhpq@bsc.com.vn

Lam Viet
Senior Analyst
Vietl@bsc.com.vn

Vu Cong Hoang Duy
Analyst
Duyvch@bsc.com.vn

Oil & Gas, Power, Fertilizers – Chemicals

Luu Thuy Linh
Team Lead, Senior Analyst
Linhlt2@bsc.com.vn

Nguyen Dan Truong
Analyst
Truongnd@bsc.com.vn

Retail, Exports & Logistics

Pham Thi Minh Chau
Team Lead, Senior Analyst
Chauptm@bsc.com.vn

Tran Lam Tung
Analyst
Tungtl@bsc.com.vn

Tran Nguyen Tuong Huy
Analyst
Huytnt@bsc.com.vn

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