

Sector: Real Estate (Latest Report: [Link](#))

## Recommendation BUY An Gia Group JSC (HSX: AGG) Transformation step

Current price:	62.100	Date	19/05/2021	<b>Shareholder Structure</b>	
Previous target price	47.000	Outstanding Shares (Million)	83	Truong Giang FM JSC	37.6%
New target price:	N/A	Market Cap (VND billion)	3,881	Nguyen Thi Kim Hoa	4.92%
Dividend yield	0%	Avg. 6M Trading vol	2,846,180	KIMTC	4.46%
<b>Upside</b>	<b>32.0%</b>	% Foreign float	5.67%	Hoosiers VN	0.38%

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Target price: N/A VND  
Stop-loss price: N/A VND

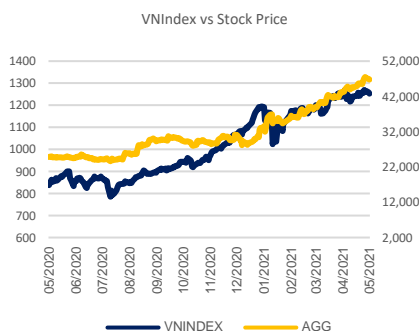
## Valuation

- BSC recommends **BUY** AGG with target price of VND 62,100/share (+32% compared to the closing price on 17/05/2021 based on RNAV method):
  - Adding BD27 and BD45 projects to the project valuation list based on the feasibility of project implementation.
  - The real estate market recovers and the legal process in Ho Chi Minh City will begin to open from 2022.
  - Provide project WACC discount at 11%

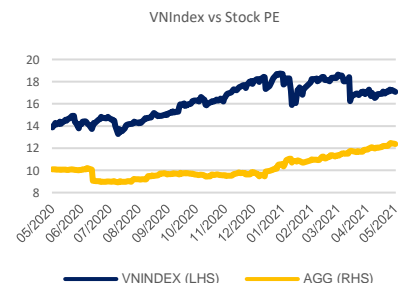
## Forecast of business results

- In 2021, BSC estimates that parent company's revenue and profit after tax will reach VND 3,813 billion (+117% YoY) and VND 519 billion (+25% YoY), respectively, thanks to the handover of projects (1) The Sóng, (2) River Panaroma, (3) Sky89. EPS 2021 FW = 5,974 VND/share. PE 2021 FW = 7.9 times.

### Price comparison between AGG and VN index



### P/E comparison between AGG and VN index



## Investment Thesis

- Capital scale is low, but possesses an attractive project portfolio, the project scale in the period 2021-2026 is 8 times higher than in the previous period.
- Ho Chi Minh City's "legal" bottleneck is cleared and the trend of shifting land bank to satellite cities will be the foundation for AGG's valuation growth.
- 2021-2022: Profit falling point thanks to the handover of a series of projects.
- Profitability of AGG is among the top enterprises in the real estate industry

## Catalyst

- Issued to existing shareholders in Q3-Q4/2021.

## Risks

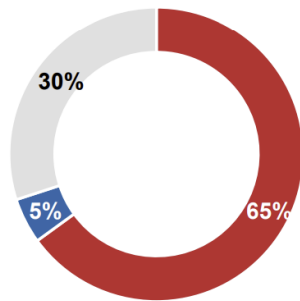
- The plan to open and sell projects has been delayed due to legal issues and the Covid-19 epidemic.
- General risks in the real estate industry (loan interest rates, industry cycle)

	2020	2021	Peer	VN-Index		2019	2020	2021F	2022F
PE (x)	9.2	8.0	13.7	17.9	Net Sales	385	1,754	3,813	4,357
PB (x)	2.3	1.9	1.7	2.4	Gross Profit	281	272	1,201	1,504
PS (x)	76.5	55.7	3.6	2.0	NPAT	326	415	519	654
ROE (%)	25.2%	24.3%	17.8%	13.7%	EPS	4,136	4,776	5,974	7,529
ROA (%)	6.1%	4.3%	5.5%	2.2%	EPS Growth	17%	-33%	15%	26%
EV/ EBITDA (x)	9.0	7.9	3.6	17.3	Net Debt/ Equity	45%	83%	145%	80%

## COMPANY UPDATE REPORT

### Company information

An Gia Real Estate Investment and Development Joint Stock Company (AGG) was established in 2006 and transformed into a joint stock company in 2012 with a charter capital of 100 billion. From 2012 to now, AGG has increased its capital from 100 billion to 827.5 billion through the form of bonus shares, swap loans for Creed Group... The period of rapid capital increase is from 2018 -2019 with a total additional charter capital of 745 billion...



■ Founders & Employees ■ Financial investors ■ Others

**Concentrated shareholder structure:** The board of directors and members of the company account for more than 65% of the total number of shares, of which Truong Giang Investment and Management JSC owns 37.67%. After major shareholder Creed Investment divested more than 5.5%, the percentage of shares owned by foreign shareholders (KIMTC and Hoosiers VN) is now only about 5.2%.

Source: *BSC Research*

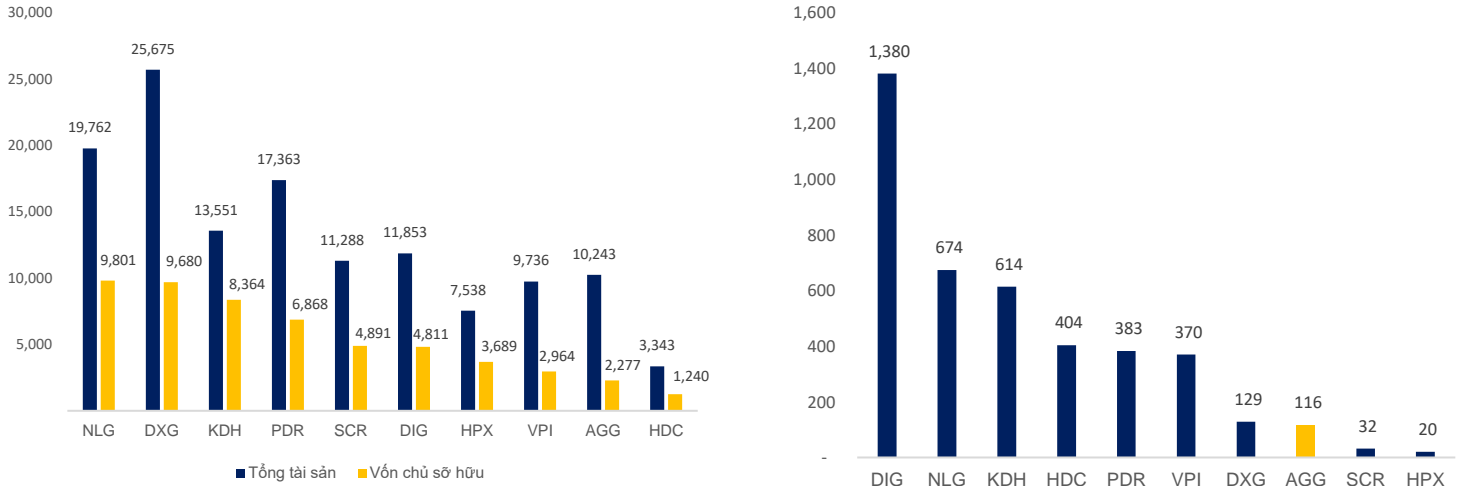
### An Gia: An emerging investor with a reputable brand in the mid-end segment in Ho Chi Minh market.

AGG started out as a company specializing in providing real estate services since 2008, and in 2014 AGG started to gradually transition to the form of project developer.

- **The company has invested in developing several typical housing projects in Ho Chi Minh City and Vung Tau such as:** The Star project in Binh Tan district, The Garden project in Tan Phu district, Skyline project, Riverside, River City, Lacasa project cluster (River Panorama 1, River Panorama 2, Sky 89 and Signal in District 7, and The Wave in Vung Tau city).
- In the first stage, due to the limitation of capital scale compared to other enterprises in the industry, **AGG chose to cooperate with partners** such as Creed Group, Horries, Riland... in developing the land fund. The cooperation structure between AGG and its partner is usually 50.05% and 49.95%.
- **AGG will begin to increase the ownership rate and consolidate the project to the parent company after completing the sale and starting construction.** The above strategy is also quite similar to another real estate company on the floor, NLG, which helps AGG quickly increase its land fund so that it can compete directly with other big investors such as DXG, NLG, KDH, Hung Thinh Land.
- **AGG's products have good quality thanks to reputable construction contractor brands.** According to our assessment, AGG's housing products are of relatively good quality based on (1) high project absorption rate, (2) Cooperation with reputable contractors such as Cottecons, Riccons... In addition, the AGG product group is mainly aimed at the mid-end segment, suitable for the needs of most current homebuyers, this will ensure a high absorption rate for the projects expected to be deployed. by AGG.

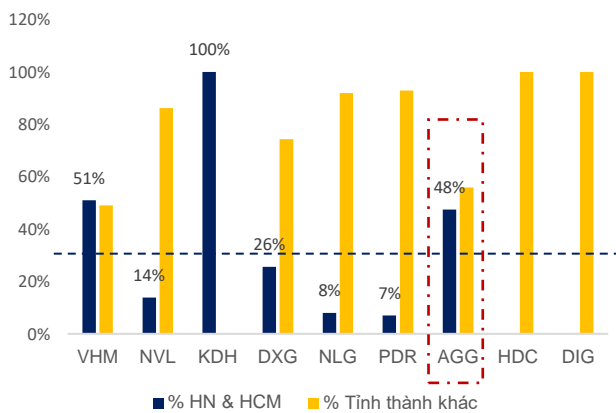
**Low capital scale but possesses an attractive project portfolio, the project scale in the 2021-2026 period is 8 times higher than in the previous period.**

AGG owns a land bank with a scale of 103 ha, a commercial area of about 2.1 million m2 of total construction floor area, equivalent to more than 22,000 products (~11 projects). Compared to the current business size with those on the floor, AGG is only in the bottom group of listed real estate companies, with an equity of 2,277 billion dong. However, the commercial real estate land bank AGG owns is at a level relative to the industry average, with a good location. In addition, AGG is the few with a high percentage of land bank in HCMC (47.5% of total land bank) compared to some mid-sized enterprises such as KDH (100%), NLG (8%), DXG (26%).



Source: FiinPro, BSC Research

**In the period of 2021-2026, AGG's transformation period from a small-scale real estate business to a larger scale.** In the period 2015-2021, AGG has implemented 6 projects, equivalent to 2,593 sold products. Compared with the outlook for the 2021-2026 period, we believe that this is the 2021-2026 period that will mark the transformation of AGG with **the total number of deployed projects nearly 2 times, the number of products 8.48 times, the commercial floor area is 8.97 times higher than in the period 2015-2021.** This proves the ambition of the Board of Directors in turning AGG into one of the prestigious large-scale investors in the South - Ho Chi Minh area.



<b>2014-2020</b>	<b>6</b> Number of projects	<b>2,593</b> Number of products	<b>186,920</b> NSA
↓			
<b>2021-2026</b>	<b>11</b> Number of projects	<b>21,488</b> Number of products	<b>1,677,920</b> NSA

Source: AGG, BSC Research

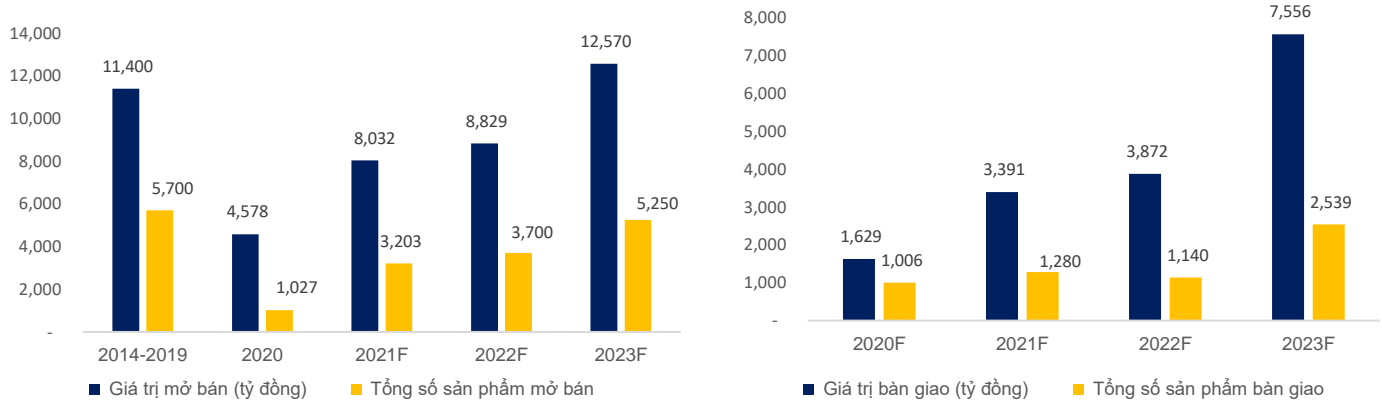
**Accordingly, the total value of opening new sales (pre-sales) in the period 2020-2023 increased three times compared to the period 2014-2019.** Specifically, in 2021, BSC estimates that the total

pre-sales value of AGG will reach about VND 8,032 billion, a sharp increase of 1.75 times over the same period, mainly contributed from (i) projects Westgate, (ii) Standard Project and (iii) BD 2.8 (The Wind) project. For West-Gate and Standard projects, AGG is expected to complete sales in 2021 and launch and launch the new project The Gio (BD 2.8).

In the period of 2022-2024, AGG will focus on promoting sales with new projects such as The A, D7, BC27 and BC 25. Details of the projects are in Table 1 below.

Total sales value in the period 2020-2023 increased 3 times compared to the period 2014-2019

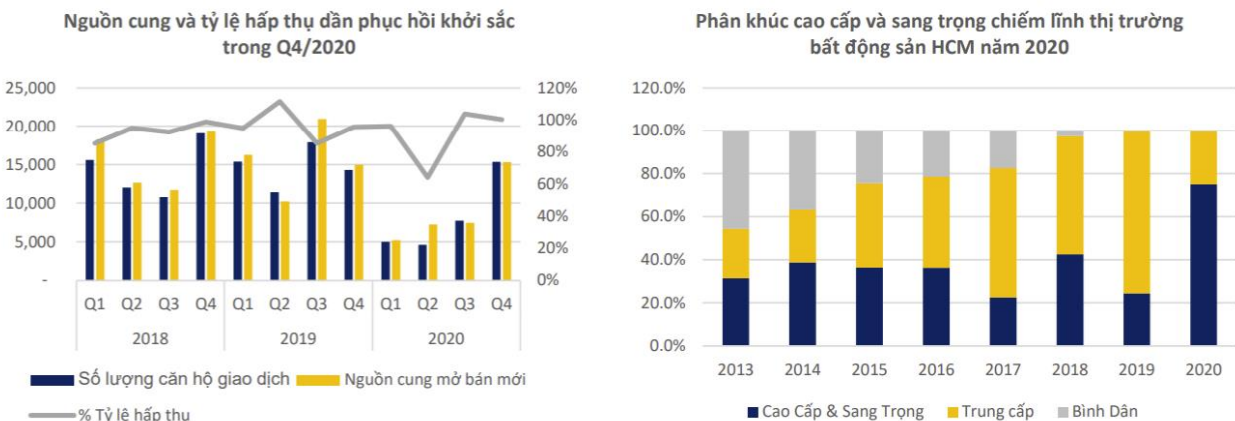
This ensures AGG's profit growth prospects for the period 2021-2025



Source: BSC Research forecast

## Ho Chi Minh City's "legal" bottleneck is cleared and the trend of shifting land funds to satellite cities will be the foundation for AGG's valuation growth

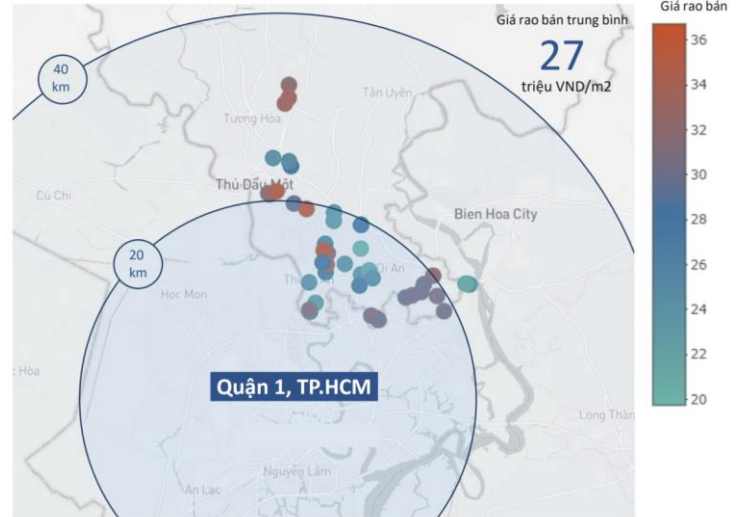
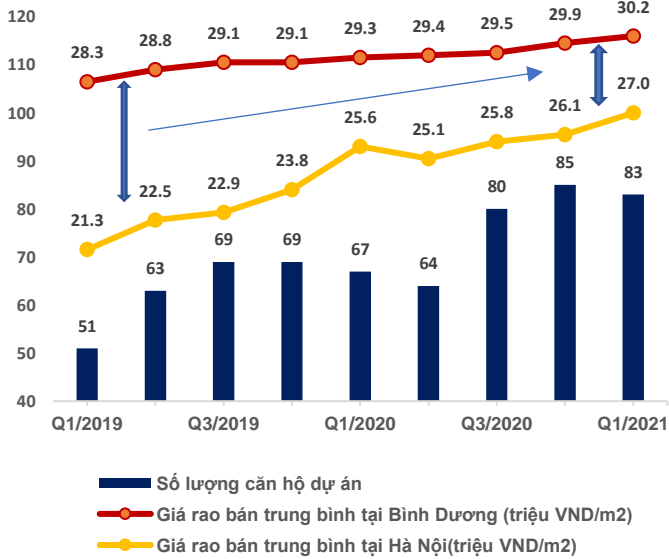
(1) The legal bottleneck is expected to be cleared. We believe that the current legal obstacles will gradually be untied in the second half of 2021 thanks to new laws that are revised and come into effect in Q1/2021 such as (i) Amended Construction Law 2020, (ii) Investment Law 2020, (iii) Amendment Real Estate Law, Decree 148. In addition, some information on shortening the procedure for applying for a project license in Ho Chi Minh City will also be a credit. positive effect for medium-term real estate market prospects (Detail in [Industry Outlook Report 2021](#), and [Real Estate Market Outlook Report Q4/2020](#) of BSC)



Source: BSC Research compilation, CBRE

(2) The trend of shifting the land fund to suburban areas and neighboring provinces/cities of many real estate enterprises due to (1) the rapid urbanization speed accompanied by (2) the land fund in the area The city center is increasingly limited and (3) Legal problems in the two big cities HCM and Hanoi are congested, leading to a serious shortage of supply here. Vietnam's urbanization rate in 2019 was 38.4% and is expected to exceed 40% in 2020, maintaining the highest CAGR = 2.3% growth rate in Southeast Asia (according to JLL). Based on the above ratio, BSC estimates that each year, housing demand will be estimated at about 80,000-100,000 apartments/whole country/year.

The selling price gap was narrowed and the interest in the Binh Duong real estate market increased rapidly from both investors and homebuyers thanks to many factors (i) FDI, (ii) connected transport infrastructure. convenient connection, (3) rare land fund...



Source: Batdongsan.com.vn

(3) Improved connection infrastructure between provinces will be the driving force behind the urbanization process and the existing migration trend. In addition, the establishment of new economic centers and satellite cities (Thu Duc and Binh Duong) will help reduce population pressure on Ho Chi Minh City.

Dự án	Tổng vốn đầu tư (VND bn)	Dự kiến khởi công	Dự kiến hoàn thành
Metro 1 (Bến Thành - Suối Tiên)	43,757	2012	Q4/2021
Metro 2 (Bến Thành - Tham Lương)	47,800	2021	2026
Cao tốc HCM - Thủ Dầu Một - Chơn Thành	24,150		2021-25
Cao tốc HCM - Mộc Bài	10,668	2021	2026
Đường song song cho tuyến đường 50	3,816		2021-25
Vành đai 2 (HCM)	6,500		2021-25
Vành đai 3 (HCM)	19,871		2022-25
Dự án Nạo vét Soài Rạp (Giai đoạn 2)	8,977		2021-25
Dự án cải thiện môi trường nước (Giai đoạn 2)	11,282	2015	2021
Sân bay quốc tế Long Thành	114,451	2021	2025
11 dự án khác thuộc dự án Cao tốc Bắc - Nam	101,218	2020	2021-25

Source: BSC

## 2021-2025: Profit drop point thanks to the handover of a series of projects.

BSC realizes that AGG's profit drop point will start from 2021, with a total of 11 projects, which will help ensure the maintenance of profit growth with a forecast CAGR of 23.5 % period 2021-2024. Particularly in 2021, some of AGG's main handover projects including The Wave, Sky 89 will help AGG ensure the completion of its business plan.

Table 1: AGG's project portfolio

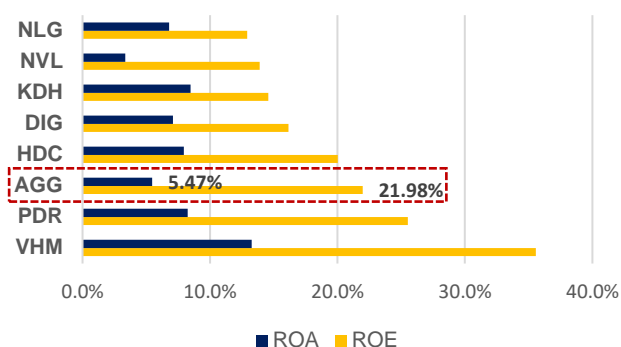
No	Project	Position	Ownership rate	Project scale (ha)	Number of products (unit)	Estimated hand over time	Absorption rate as of the end of 2020
1	River Panorama 1	District 7	100%	4.48	483	2020	100.0%
2	River Panorama 2	District 7	100%	4.48	494	2020	100.0%
3	West Gate Park	Binh Chanh	50%	3.10	2,000	2023-2024	48.0%
4	The Standard	Binh Duong	50%	6.94	374	2022	36.0%
5	The Sóng	Vung Tau	50%	0.88	1,659	2021-2022	98.0%
6	Sky 89	District 7	50%	6.13	380	2021	100.0%
<b>Developing</b>							
7	The A	District 7	50%	6.13	1,000	2024-2025	N/A
8	BD 2.8 (The Gio)	Binh Duong	50%	2.80	3,000	2024-2025	N/A
9	BC27	Binh Chanh	50%	27.00	8,500	2026-2027	N/A
10	D7	District 7	50%	5.43	2,575	2026-2027	N/A
<b>Negotiating</b>							
11	BD 45	Binh Duong	50%	45.00	2,000	2023-2024	N/A

**However, currently, some of the above projects of AGG are having legal problems, making the project launch slower than the previous plan.** Specifically:

- West Gate Park project: AGG has implemented phase 1 with successful sales of about 760 products (accounting for 48% of the total project scale). The project is in the process of applying for an adjustment of 1/500, but we note that because the origin of the above project land comes from land auction, the legality is relatively stable. AGG is expected to complete the legal process soon in Q3.2021.
- Project BC 27: Completed compensation and legal implementation. Currently, the biggest problem of the project, which has about 7,000 m2, is interspersed canal land. In 2021, we expect new policies ([link](#)) will take effect, which can help AGG remove the above bottleneck and soon put it into operation from 2022.

## AGG's profitability is among the top enterprises in the real estate industry

In 2020, AGG recorded ROE and ROA at 21.98% and 5.47% respectively. Good profitability comes from a number of factors such as (1) Fast sales speed, (2) Effective project capital structure (AGG usually contributes about 20% of the total investment capital, but enjoys up to 50% of total profit), (3) Average profit of 3% per project of brokerage and marketing consulting services by An Gia and (4) Benefit from the cost price of projects at a reasonable rate.

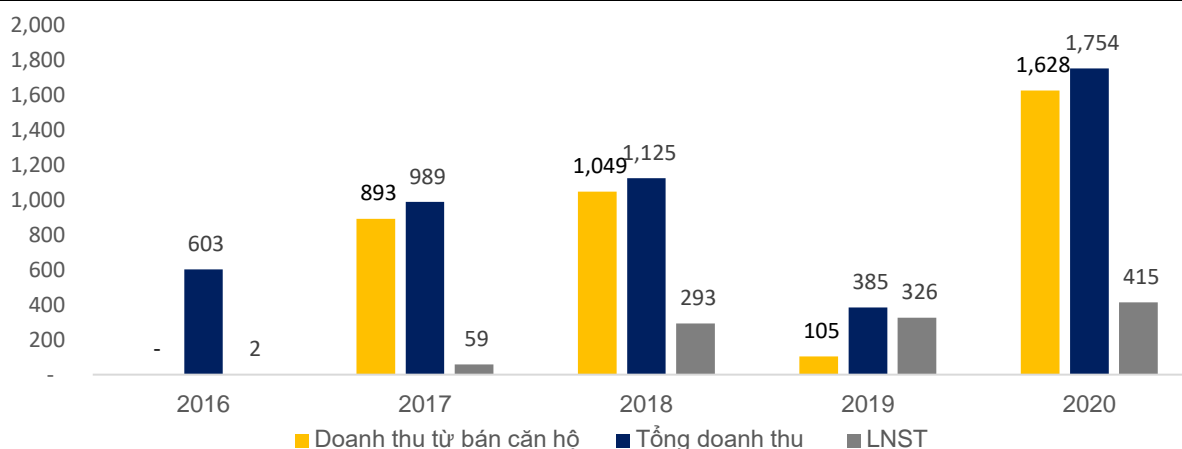


## 2020: Financial revenue from re-evaluation of AGG's main support project for profitability.

Net revenue in 2020 increased by 353.9% YoY, mainly contributed by the handover of River Panorama 1 and 2 projects. Meanwhile, revenue from providing brokerage and consulting services dropped sharply -60.8% YoY is mainly due to being negatively affected by the Covid-19 epidemic.

However, financial revenue increased sharply to VND 445 billion (+109.5% YoY), accounting for 93% of pre-tax profit, helping AGG's parent company's profit after tax to record a growth of +27% YoY, reaching 415 billion dong. The strong increase in financial and financial revenue mainly came from (1) the revaluation of fair value of Hoang An group of companies and Gia Khanh group of companies, which recorded VND 338.8 billion (Owner of The Wave project and for example). West Gate project) and (2) Transferring Phan Thiet project through the transfer of shares in Son Lam Investment and Management Joint Stock Company, recorded VND 71.3 billion.

**Profit in 2020 is affected due to the lack of project handover and the impact of the Covid-19 epidemic (VND billion)**



Source: FiinPro, BSC Research

	2019	2020	% YoY
<b>Revenue</b>	<b>385</b>	<b>1,754</b>	<b>356%</b>
Apartment sale segment	105	1,629	1454%
Service brokerage & consulting segment	280	125	-55%
<b>Gross profit</b>	<b>281</b>	<b>272</b>	<b>-3%</b>
<u>Gross profit margin</u>	<u>73%</u>	<u>16%</u>	
Selling & administrative expenses	134	217	62%
<u>SG&amp;A/Net revenue</u>	<u>35%</u>	<u>12%</u>	
<b>EBIT</b>	<b>642</b>	<b>149</b>	<b>-77%</b>
Financial revenue	213	446	110%
Financial expenses	40	65	61%
<b>Profit/Loss from affiliates</b>	<b>54</b>	<b>(14)</b>	<b>-126%</b>
<b>Profit before tax</b>	<b>367</b>	<b>479</b>	<b>31%</b>
Corporate tax	27	114	
<b>Profit after tax</b>	<b>333</b>	<b>445</b>	<b>33%</b>
Minority interests	7	30	
<b>Profit after tax of parent company</b>	<b>326</b>	<b>415</b>	<b>27%</b>
<b>Basic EPS (VND)</b>	<b>4,136</b>	<b>4,776</b>	
<b>Gross profit margin</b>	<b>73%</b>	<b>16%</b>	
<b>Net profit margin</b>	<b>85%</b>	<b>24%</b>	
<b>ROE</b>	<b>25%</b>	<b>24%</b>	

**Business results in Q1 will be completed 9.5% and 1% respectively of the revenue and profit plan of 2021, the profit drop point will be from Q2/2021 and Q3/2021.**

	Q1/2020	Q1/2021	% YoY	Notes
<b>Revenue</b>	<b>43</b>	<b>343</b>	<b>700%</b>	<ul style="list-style-type: none"> <li>In Q1/2021, real estate revenue recorded VND 300 billion in revenue from Paranoma project, compared to no projects in the same period. Revenue from consulting and marketing brokerage services decreased because in Q1/2021, AGG did not launch new projects for sale. In 2020, AGG will focus on selling (i) Westgate, (ii) The Standard and (iii) BD 2.8 projects.</li> </ul>
<i>Apartment sale segment</i>	-	330		
<i>Service brokerage &amp; consulting</i>	41	11	-74%	
<i>Other service</i>	2	2	-11%	
<b>Gross profit</b>	<b>(2)</b>	<b>1</b>	<b>291%</b>	
<i>Gross profit margin</i>	<u>53%</u>	<u>37%</u>		<ul style="list-style-type: none"> <li>Selling expenses increased sharply over the same period due to accounting for selling expenses of Paranoma project.</li> </ul>
<i>Apartment sale segment</i>		41%		
<i>Service brokerage &amp; consulting</i>	55%	59%		<ul style="list-style-type: none"> <li>Financial expenses also dropped sharply over the same period thanks to a reduction in payment discounts.</li> </ul>
<b>Selling &amp; administrative expenses</b>	<b>21</b>	<b>76</b>	<b>268%</b>	
<u>%SG&amp;A/Net revenue</u>	<u>48.0%</u>	<u>22.1%</u>		
<b>Financial revenue</b>	5.2	31.7		
<b>Financial expenses</b>	9.1	57.8		
<b>Profit after tax of parent company</b>	<b>0.74</b>	<b>5.41</b>	<b>636%</b>	
<u>Net profit margin</u>	<u>2%</u>	<u>2%</u>		

Source: AGG, BSC Research

**AGG sets its business plan for 2021 at a growth of 20.6% in NPAT of the parent company YoY.**

The General Meeting of Shareholders approved the 2021 plan with revenue and profit after tax estimated at VND 3,600 billion (+105.2% YoY) and VND 500 billion (+20.6% YoY), respectively. The main source of profit will be contributed from the handover of (1) The Wave project in Q2/2021 and project (2) Sky89 in Q3/2021. We think the above plan is quite feasible thanks to the project absorption rate >90% and the guaranteed construction progress.

**Issuing to existing shareholders at the rate of 1:1 and paying a dividend of 10%.** Accordingly, the Annual General Meeting of Shareholders approved the plan to issue to existing shareholders and pay dividends with the total number of votes expected to be issued is 91 million shares. The total proceeds are mainly used to supplement investment capital, build existing projects, and increase new land fund.



## Investment risk

- **Real Estate Cycle Risks:** The health of the real estate industry is extremely closely linked with the health of the economy in general. Therefore, any effect that impacts growth prospects or depresses economic growth such as the Covid-19 epidemic could negatively impact the real estate industry outlook. In addition, the real estate industry is also directly affected by related policies and legislation, typically the real estate supply has been tightened in the past 1-2 years or policies related to Condotel products, resort tourism.
- **Risks related to project implementation schedule:** One of the specific risks of the real estate industry is directly related to the project implementation schedule, which can be affected by many factors such as: (1) progress of site clearance compensation, (2) resolution of legal issues, (3) progress of capital disbursement...
- **Legal risks:** AGG currently owns 2 large land banks in Ho Chi Minh City and is waiting for the completion of legal procedures such as BC27 and D7 expected to be implemented from 2023-2024. We expect that the acceleration of handling related legal issues will be implemented from 2022.

## Financial Analysis

### AGG's balance sheet

BS (VND billion)	2016	2017	2018	2019	2020
<b>Cash &amp; cash equivalent</b>	163	285	331	138	519
Short term investment	2	1	451	140	109
Account receivables	335	1,095	948	1,307	1,878
Inventory	1,072	674	53	2,611	5,734
Other current assets	279	52	27	488	777
<b>Total current assets</b>	<b>1,851</b>	<b>2,107</b>	<b>1,810</b>	<b>4,685</b>	<b>9,016</b>
Tangible assets	16	15	13	19	45
Depreciation	(3)	(5)	(6)	(8)	(8)
Long term incomplete assets	0	6	6	3	-
Long term investment	-	17	45	45	44
Other non-current assets	403	312	423	655	656
<b>Total non-current assets</b>	<b>416</b>	<b>345</b>	<b>481</b>	<b>714</b>	<b>737</b>
<b>Total Assets</b>	<b>2,267</b>	<b>2,452</b>	<b>2,291</b>	<b>5,399</b>	<b>9,753</b>
Account payables	1,319	971	514	1,898	3,717
Short-term debt	309	185	255	262	509
Other short-term debt	406	955	552	829	234
<b>Current liabilities</b>	<b>2,034</b>	<b>2,111</b>	<b>1,321</b>	<b>2,990</b>	<b>4,461</b>
Long-term debt	193	145	107	808	1,974
Other long-term debt	0	7	23	148	998
<b>Non-current liabilities</b>	<b>193</b>	<b>152</b>	<b>130</b>	<b>956</b>	<b>2,972</b>
<b>Total Liabilities</b>	<b>2,227</b>	<b>2,263</b>	<b>1,452</b>	<b>3,945</b>	<b>7,433</b>
Paid-in capital	100	105	450	750	825
Capital surplus	-	40	71	180	180
Retained earnings	(31)	28	278	364	704
Other equity	-	-	-	-	40
Minority interests	(28)	16	40	159	613
<b>Shareholder's equity</b>	<b>41</b>	<b>189</b>	<b>839</b>	<b>1,453</b>	<b>2,362</b>
<b>Total Resources</b>	<b>2,267</b>	<b>2,452</b>	<b>2,291</b>	<b>5,399</b>	<b>9,795</b>
Number of shares outstanding (million)	10	11	45	75	82

Source: BSC Research compilation

### Assets

**Asset structure is mainly short-term assets (~92% of total asset).** As of December 31, 2020, AGG's total assets stood at VND 9,753 billion (+81% yoy), this increase mainly came from inventory (+120%yoy) after raising the ownership rate at two locations. The Wave and The GateWay project. Inventory currently accounts for 63.6% of AGG's total assets.

**Cash and cash equivalents reached VND 519 billion (+275% compared to the end of 2019).** In which, cash reached 429.85 billion VND, accounting for 82.9% of cash and cash equivalents (+3.88 times YoY).

**Receivables accounted for 20.8% of total assets (+44% YoY),** of which (1) short-term loan receivables reached 718 billion (+50% YoY) due to loans. and (2) Other short-term receivables reached VND 761 billion (+29% YoY) due to deposits in business cooperation contracts with Nam Phuong Management and Development JSC & Le Gia Real Estate Investment JSC to develop new land fund.

Ratios (%)	2017	2018	2019	2020
<b>Liquidity ratios</b>				
Current ratio	1.4	1.6	2.0	1.8
Quick ratio	1.3	0.7	0.7	1.0
<b>Solvency ratios</b>				
Debt/ Total assets	13%	16%	20%	25%
Debt/ Equity	190%	45%	83%	145%
<b>Efficiency ratios</b>				
Days of inventories	415	183	4,688	1,028
Days of receivables	264	331	1,070	331
Days of payables	N/A	N/A	83	43
CCC	N/A	N/A	5,675	1,316
<b>Profitability ratios</b>				
Gross profit margin	22.4%	35.7%	73.0%	15.5%
PBT margin	5.9%	26.0%	84.9%	23.6%
ROE	33.8%	36.6%	25.2%	24.3%
ROA	2.4%	12.8%	6.1%	4.3%
<b>Valuation</b>				
Trailing PE	7.2	6.2	9.2	8.0
Trailing PB	2.4	2.3	2.3	1.9
<b>Growth</b>				
Net revenue growth	64.1%	13.8%	-65.8%	355.9%
EBIT growth	-945.6%	102.6%	-49.0%	-62.4%
PBT growth	-835.0%	426.8%	-47.8%	30.6%
EPS growth	3496.6%	16.9%	-33.1%	15.5%

- **Liquidity ratios: AGG's payout ratio in the period 2017 - 2020 remains at a safe level.** The current ratio as of December 31, 2020 is 2.0 times, showing that the enterprise is able to cover short-term liabilities with short-term assets. However, AGG's quick and instant settlement ratios are at about 0.8x, mainly loans and escrow loans for land fund development and real estate industry specifics when Inventory is always take up a large proportion.
- **Capital structure: Debt structure is mainly long-term loans** (accounting for about 20% of total assets). In 2020, AGG increased debt to increase land bank, debt/equity ratio recorded at 145%, higher than the industry average of 67.3%. However, we expect cash flow from projects that have completed sales and are expected to be handed over in 2021 and 2022 will support AGG's ability to reduce its Debt/Equity ratio from 2021.

## Forecast of business results:

BSC assesses that with AGG's current project portfolio, it is enough to maintain (1) real estate profit growth in 2021 and 2022 and (2) recovery of real estate services after the Covid-19 pandemic. The prospects for the 2023-2025 period will depend a lot on the legal progress of key projects such as BC27, The Singial, D7. However, AGG is currently negotiating to buy more land in Binh Duong and Long An area, this can be an additional project source while waiting for the legal bottleneck in Ho Chi Minh City to be removed.

**In 2021, BSC estimates that the parent company's revenue and profit after tax will reach VND 3,813 billion (+117% YoY) and VND 519 billion (+25% YoY), respectively,** thanks to the handover of projects (1) The Waves, (2) River Panorama, (3) Sky89. EPS 2021 FW =5,974 VND/share. PE 2021 FW = 7.9 times.

Unit: Billion VND	2017A	2018A	2019A	2020A	2021F	2022F
<b>Revenue</b>	<b>989</b>	<b>1,125</b>	<b>385</b>	<b>1,754</b>	<b>3,813</b>	<b>4,357</b>
% YoY	64%	14%	-66%	356%	117%	14%
COGS	768	724	104	1,482	2,611	2,853
<b>Gross profit</b>	<b>221</b>	<b>401</b>	<b>281</b>	<b>272</b>	<b>1,201</b>	<b>1,504</b>
Selling expenses	48	49	6	130	191	174
Administration expenses	31	64	128	87	114	131
<b>EBIT</b>	<b>142.2</b>	<b>1,013</b>	<b>642</b>	<b>149</b>	<b>433</b>	<b>433</b>
Financial revenue	17.5	53.7	212.7	445.5	141.7	185.5
Financial expenses	22.0	27.3	40.0	64.5	73.8	68.3
<b>Profit/Loss from affiliates</b>	<b>(1)</b>	<b>(0)</b>	<b>54</b>	<b>(14)</b>	<b>-</b>	<b>-</b>
<b>Profit before tax</b>	<b>133</b>	<b>702</b>	<b>367</b>	<b>479</b>	<b>964</b>	<b>1,316</b>
Corporate tax	10	159	27	114	154	211
<b>Profit after tax</b>	<b>103</b>	<b>566</b>	<b>333</b>	<b>445</b>	<b>810</b>	<b>1,106</b>
Minority interests	44	273	7	30	291	452
<b>Profit after tax of parent company</b>	<b>59</b>	<b>293</b>	<b>326</b>	<b>415</b>	<b>519</b>	<b>654</b>
% YoY	3686%	400%	12%	27%	25%	26%
<b>Basic EPS (VND)</b>	<b>5,285</b>	<b>6,178</b>	<b>4,136</b>	<b>4,776</b>	<b>5,974</b>	<b>7,535</b>
<b>Gross profit margin</b>	22%	36%	73%	16%	32%	35%
<b>Net profit margin</b>	6%	26%	85%	24%	14%	15%
<b>ROE</b>	34%	37%	25%	24%	23%	23%

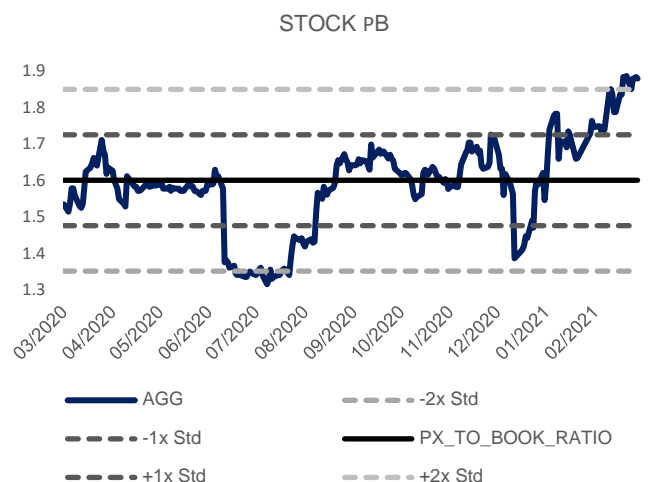
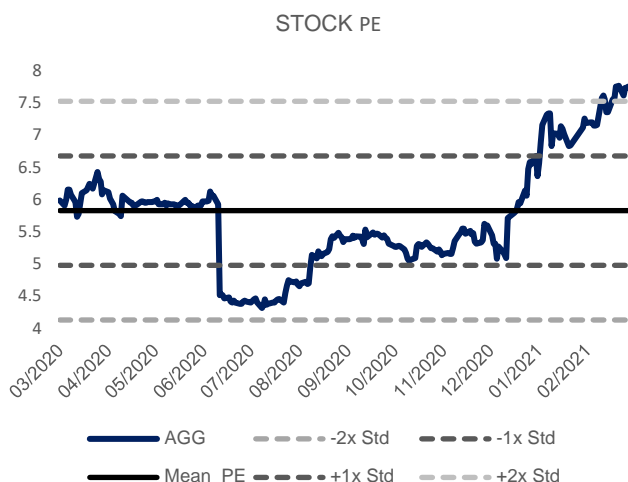
Source: BSC Research

## VALUATION

We recommend **BUY** AGG with a target price of VND62,100/share (+32% compared to the closing price on May 17, 2021) based on the RNAV method and the following assumptions:

- Adding BD27 and BD45 projects to the project valuation list based on the feasibility of project implementation.
- The real estate market recovers and the legal process in Ho Chi Minh City will begin to open from 2022.
- Project WACC discount at 11%

Định giá				
Tỷ Đồng	Phương pháp	Tổng giá trị	Tỷ lệ sở hữu	AGG
<b>Bất Động Sản</b>				<b>6,162</b>
River Panaroma	DCF	223	50%	111
Sky89	DCF	198	100% <span style="color: green;">▲</span>	198
The Sóng	DCF	191	50%	96
The Standard	DCF	886	50%	443
WestGate	DCF	1,924	50%	963
The A	DCF	337	50%	169
BD 2.8	DCF	1,708	50%	855
BC27	DCF	2,411	50%	1,205
D7	DCF	2,204	50%	1,102
BD45	DCF	2,041	50%	1,020
(+) Tài sản		1,232		1,232
(-) Nợ vay		2,261		2,261
<b>Tổng giá trị đánh giá lại</b>				<b>5,133</b>
Tổng số lượng cổ phiếu				82,750,677
Giá ngày 17/05/2021				47,000
Chiết khấu				0%
<b>Giá trị hợp lý</b>				<b>62,100</b>
<b>Tiềm năng tăng trưởng</b>				<b>32%</b>
WACC				11.00%



## APPENDIX

IS (VND billion)	2019	2020F	2021F	2022F
Net revenue	385	1,754	3,813	4,357
COGS	104	1,482	2,611	2,853
Gross profit	281	272	1,201	1,504
Selling expenses	(6)	(130)	(191)	(174)
G&A	(128)	(87)	(114)	(131)
<b>Operating income</b>	147	55	896	1,199
Financial income	213	446	142	186
Financial expenses	(40)	(65)	(74)	(69)
Interest expenses	(38)	(50)	(66)	(61)
Gain/loss from affiliates	54	(14)	-	-
Other gain/loss	(7)	57	-	-
Profit before tax	367	479	964	1,316
Corporate tax payment	(34)	(34)	(154)	(211)
<b>Profit after tax</b>	333	445	810	1,105
Minority interest	7	30	291	452
NPATMI	326	415	519	654
EBITDA	150	59	915	1,222
EPS	4,136	4,776	5,974	7,529

BS (VND billion)	2019	2020	2021F	2022F
<b>Cash &amp; cash equivalent</b>	131	512	361	434
Short term investment	326	415	519	654
Account receivables	1,307	1,878	2,089	2,387
Inventory	2,611	5,734	5,800	6,000
Other current assets	488	777	1,690	1,931
<b>Total current assets</b>	4,678	9,009	10,049	10,861
Tangible assets	11	37	107	184
Depreciation	352	1,292	1,802	2,115
Long term incomplete assets	3	-	-	-
Long term investment	584	327	327	327
Other non-current assets	34	46	337	385
<b>Total non-current assets</b>	714	737	1,097	1,223
<b>Total Assets</b>	<b>5,392</b>	<b>9,746</b>	<b>11,146</b>	<b>12,084</b>
Account payables	466	842	380	434
Short-term debt	262	509	712	771
Other short-term debt	2,261	3,109	4,439	4,849
<b>Current liabilities</b>	2,990	4,461	5,531	6,054
Long-term debt	808	1,974	1,785	1,546
Other long-term debt	148	998	998	998
<b>Non-current liabilities</b>	956	2,972	2,783	2,544
<b>Total Liabilities</b>	<b>3,945</b>	<b>7,433</b>	<b>8,314</b>	<b>8,598</b>
Paid-in capital	750	825	825	825
Capital surplus	180	180	180	180
Retained earnings	364	704	1,223	1,877
Other equity	-	-	-	-
Minority interest	159	613	613	613
<b>Shareholder's equity</b>	<b>1,294</b>	<b>1,707</b>	<b>2,226</b>	<b>2,880</b>
<b>Total Resources</b>	<b>5,399</b>	<b>9,753</b>	<b>11,153</b>	<b>12,091</b>
Number of shares outstanding (million)	75	82	82	82

CF (VND billion)	2019	2020	2021F	2022F
Profit after tax	326	415	519	654
Depreciation	3	4	19	23
Change in NWC	(16)	27	(75)	353
Other adjustments	124	850	-	-
CF from operating activities	(16)	27	(75)	353
Fixed assets investment	(11)	(41)	(88)	(101)
Other investment	(1,148)	(967)	-	-
CF from investing activities	(87)	(218)	(88)	(101)
Dividend paid	(286)	-	-	-
Cash from net borrowing	19	573	13	(180)
Other revenue	176	0	-	-
CF from financing activities	(91)	572	13	(180)
Beginning cash balance	324	131	512	361
Cash in year	(193)	380	(151)	73
Ending cash balance	131	512	361	434

Ratios (%)	2019	2020	2021F	2022F
<b>Liquidity ratios</b>				
Current ratio	1.6	2.0	1.8	1.2
Quick ratio	0.7	0.7	0.8	0.7
<b>Solvency ratios</b>				
Debt/ Total assets	16%	20%	25%	22%
Debt/ Equity	45%	83%	145%	80%
<b>Efficiency ratios</b>				
Days of inventories	183	4688	1028	515
Days of receivables	331	1070	331	247
Days of payables	-209	83	43	49
CCC	724	5675	1316	714
<b>Profitability ratios</b>				
Gross profit margin	35.7%	73.0%	15.5%	34.5%
PBT margin	26.0%	84.9%	23.6%	15.0%
ROE	36.6%	25.2%	24.3%	22.7%
ROA	12.8%	6.1%	4.3%	5.4%
<b>Valuation</b>				
PE	7.3	10.8	9.4	6.3
PB	2.7	2.7	2.3	1.4
<b>Growth</b>				
Net revenue growth	13.8%	-65.8%	355.9%	-0.5%
EBIT growth	102.6%	-49.0%	-62.4%	33.8%
PBT growth	426.8%	-47.8%	30.6%	36.4%
EPS growth	16.9%	-33.1%	15.5%	26.0%

Source: BSC Research.

## Disclosure

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