



PC1 Flash News – BUY

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Flash News

Recommendation

BUY
HoSE: PC1
Electricity

Target price (VND)	32,800
Current price (VND)	26,850
Expected share price return	22.3%
Expected dividend yield	0.0%
Expected total return	22.3%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-6.9	-7.4	-7.4	21.6
Relative	-20.6	-5.2	-9.1	-1.6

Source: Bloomberg



Ownership

Trinh Van Tuan (President)	21.4%
VIX	5.6%
Vo Hong Quang	1.9%

Stock Statistics

	04-Nov-24
Bloomberg code	PC1 VN
52-week range (VND)	19,739 – 31,950
Shares O/S (m)	311
Mkt cap (VND bn)	8,335
Mkt cap (USD bn)	333
Foreign room left (%)	36.9
Est. free float (%)	76.6
3m avg daily vol (shrs)	2,058,583
VND/USD	25,030
Index: VNIndex / HNX	1,244.7/224.5

PC1 GROUP JSC (HoSE: PC1)

PC1 reported +0.5% YoY in revenue to VND2,232 bn in Q3/2024, accompanied by +156.4% YoY in NPAT to VND259 bn. Cumulative 9M2024, NPAT reached VND578 bn, +263.5% YoY, completing 110% 2024 company's plan and 128% our forecast. The positive performance was primarily driven by: (1) a reduction in finance costs, particularly interest expenses, due to lower interest rates; (2) reversed foreign exchange loss; and (3) growth in the energy and mining segments. We maintain our target price for PC1 at VND32,800/share, implying a total expected return of 22.3%, rating BUY.

Q3/2024 revenue +0.5% YoY, driven primarily by growth in the construction, retail, and energy segments, while others experienced declines. The construction and retail recorded the highest growth rates, at 47.5% and 21.6% YoY, reaching VND705 bn and VND169 bn, respectively. Gross margin contracted to 19.8%.

However, while Q3/2024 NPAT +156.4% YoY, thanks mostly to a decrease in finance expenses. In details, finance expenses was down to VND98 bn, -69.8% YoY. In which, interest expenses was VND183 bn, -14.9% YoY, reversed foreign exchange to net gain VND86 bn (Q3/2023: loss of VND94 bn). Therefore, if excluding these accounts, PC1 would recorded VND173 NPAT in Q3/2024, -10.8% YoY (Q3/2023: VND194 bn)

For 9M2024, revenue reached VND7,538 bn, +45.0% YoY. Gross profit was VND1,490 bn, +32.6% YoY, with gross margin of 19.8% compared to 21.6% in 9M2023. NPAT reached VND578 bn, +263.5% YoY, driven by a -17.0% YoY in finance expenses to VND635 bn, with interest expenses -10.8% YoY to VND567 bn.

Quick conclusion: By Q3/2024, PC1 exceeded its 2024 NPAT target by 10% and surpassed our forecast by 28%. However, we believe that there is currently no compelling reason to adjust our forecast due to potential risks to the Q4/2024 outlook. These risks include the possibility of reversed exchange rate, which could result in foreign exchange losses for the company. Additionally, the slow disbursement for power infrastructure poses potential risks as well. Our target price for PC1 remains at VND 32,800/share, representing a total expected return of 22.3%.

	2021	2022	2023	2024F	2025F
Net Sales (VNDbn)	9,828	8,357	7,775	9,799	11,164
Growth	47.1%	-15.0%	-7.0%	26.0%	13.9%
EBITDA (VNDbn)	1,222	1,944	1,953	2,008	2,351
Growth	10.8%	59.1%	0.5%	2.8%	17.1%
NPAT (VNDbn)	764	537	303	453	806
Growth	40.2%	-29.7%	-43.6%	49.4%	78.0%
EPS (bonus-adjusted, VND)	1,987	1,251	408	756	1,715
Growth	29.3%	-37.1%	-67.4%	85.0%	126.9%
ROE	12.2%	7.5%	4.2%	6.0%	10.0%
ROA	4.1%	2.5%	1.5%	2.3%	4.0%
Net debt/EBITDA (x)	5.5	4.8	4.4	4.4	3.5
EV/EBITDA (x)	12.4	9.1	8.7	8.5	7.0
P/E (x)	10.9	15.6	27.6	18.4	10.4
P/B (x)	1.3	1.2	1.1	1.1	1.0
Dividend (VND)	-	-	-	-	-
Dividend yield	-	-	-	-	-

Q3/2024 PC1's Financial Performance

Unit: bn VND	Q3/2023	Q3/2024	YoY	9M2023	9M2024	YoY
Revenue	2,220	2,232	0.5%	5,197	7,538	45.0%
Gross profit	534	482	-9.7%	1,124	1,490	32.6%
<i>Gross margin</i>	<i>24.1%</i>	<i>21.6%</i>		<i>21.6%</i>	<i>19.8%</i>	
Financial Revenue	42	29	-31.0%	137	123	-10.2%
Financial Expenses	324	98	-69.8%	765	635	-17.0%
<i>Interest Expenses</i>	<i>215</i>	<i>183</i>	<i>-14.9%</i>	<i>636</i>	<i>567</i>	<i>-10.8%</i>
Administrative Expenses	83	91	9.6%	228	303	32.9%
NPAT	101	259	156.4%	159	578	263.5%
<i>NPAT's margin</i>	<i>4.5%</i>	<i>11.6%</i>		<i>3.1%</i>	<i>7.7%</i>	

Sources : PC1, ACBS

PC1's segment

Unit: bn VND	Q3/2023	Q3/2024	YoY	9M2023	9M2024	YoY
Revenue	2,220	2,232	0.5%	5,197	7,538	45.0%
Construction	478	705	47.5%	1,481	2,457	65.9%
Industrial Production	402	161	-60.0%	746	1,229	64.7%
Real Estate - Leasing	39	4	-89.7%	54	11	-79.6%
Real Estate - Transfer		-		-	15	
Energy	381	448	17.6%	1,047	1,196	14.2%
Retail	139	169	21.6%	776	714	-8.0%
Industrial Zone	182	169	-7.1%	474	443	-6.5%
Mining	598	565	-5.5%	598	1,431	139.3%
Gross profit	534	482	-9.7%	1,124	1,490	32.6%
Construction	33	31	-6.1%	171	171	0.0%
Industrial Production	45	17	-62.2%	73	112	53.4%
Real Estate - Leasing	14	3	-78.6%	24	8	-66.7%
Real Estate - Transfer	-	-		-	6	
Energy	192	233	21.4%	513	631	23.0%
Retail	4	-	100.0%	14	5	-64.3%
Industrial Zone	49	36	-26.5%	117	118	0.9%
Mining	197	162	-17.8%	197	435	120.8%
Gross margin	24.1%	21.6%		21.6%	19.8%	
Construction	6.9%	4.4%		11.5%	7.0%	
Industrial Production	11.2%	10.6%		9.8%	9.1%	
Real Estate - Leasing	35.9%	75.0%		44.4%	72.7%	
Real Estate - Transfer						
Energy	50.4%	52.0%		49.0%	52.8%	
Retail	2.9%	0.0%		1.8%	0.7%	
Industrial Zone	26.9%	21.3%		24.7%	26.6%	
Mining	32.9%	28.7%		32.9%	30.4%	

Sources: PC1, ACBS

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Our Recommendation System

BUY: prospective 12 month VND total return (including dividends) will be more than 20%.

OUTPERFORM: prospective 12 month VND total return (including dividends) will be 10% to 20%.

NEUTRAL: prospective 12 month VND total return (including dividends) will be -10% to 10%.

UNDERPERFORM: prospective 12 month VND total return (including dividends) will be will be -20% to -10%.

SELL: prospective 12 month VND total return (including dividends) will be lower than -20%.

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