PC1 Update – BUY

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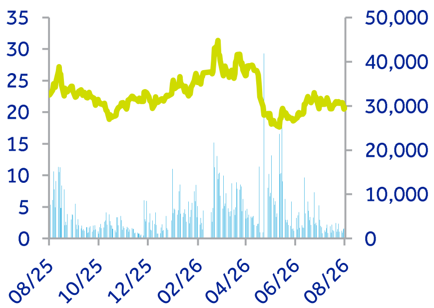
Update

Recommendation	**BUY**
	HOSE: PC1
	Conglomerate
Target price (VND)	**25,700**
Market price (VND)	**20,400**
Expected share price return	26.0%
Expected dividend yield	0.0%
Expected total return	**26.0%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-8.2	-0.2	3.5	-10.4
Relative	-8.8	3.6	9.1	-24.8

Source: Bloomberg



Ownership

Trinh Van Tuan	21%
CTG Fund Managment Co., Ltd.	8%
CII	12%

Stock Statistics

Stock Statistics	**18-Aug-26**
Bloomberg code	**PC1 VN**
52-week range (VND)	16,650 – 32,200
Shares O/S (m)	411
Mkt cap (VND bn)	8,370
Mkt cap (USD m)	340
Est. Foreign room left (%)	41
Est. free float (%)	71
3m avg daily vol (shrs)	5,489,624
VND/USD	25,030
Index: VNIndex / HNX	1,732/282

PC1 Corporation JSC (HOSE: PC1)

Following the legal incident in May 2026, PC1 appointed additional members to its management team at an Meeting of Shareholders in Jul 2026 in an effort to stabilize its business operations. With a carry-over backlog of VND4,780 bn for the second half of the year, we believe that PC1's short-term business operations will remain well supported. However, its medium- and long-term growth prospects should be assessed cautiously, based on its ability to secure new project contracts in upcoming bidding processes. This will also be a key indicator that we will closely monitor. For 2026, we forecast NPAT at VND1,077 bn, -21% YoY, based on the assumption that earnings in the second half of the year will typically be higher than those in the first half due to the nature of construction and installation activities, with projects generally being handed over toward year-end. Accordingly, with a 2026 target price of VND25,700/share, implying an expected total return of 26.0%, we assign a BUY rating.

Q2/2026: Net profit +42% YoY, driven by significant operating cost reductions.

Revenue declined 31% YoY to VND2,038 bn, primarily due to a sharp decline in the construction and installation segment, which generated VND1,729 bn, -51% YoY, and the industrial manufacturing segment, which generated VND345 bn, -66% YoY. Gross profit reached VND468 bn, -8% YoY, as higher gross profit margins in other segments, such as energy and mining, partially offset the decline.

Despite -31% YoY in revenue, Q2/2026 NPAT remained strong at VND235 bn, +42% YoY, primarily due to significant reductions in financial expenses, selling expenses, and administrative expenses.

For 6M2026, NPAT reached VND505 bn, up 63% YoY, fulfilling 48% of the company's target and 47% of ACBS's 2026 forecast. The improvement in 6M2026 earnings was primarily attributable to significant cost reductions. In addition, PC1 recorded a 169% YoY increase in financial income, mainly driven by a VND120 bn gain from the divestment of CT2 Real Estate Investment JSC, recognized in Q1/2026. Excluding financial income, core operating net profit reached VND385 bn, +24% YoY.

	2023	2024	2025	2026F	2027F
Net Sales (VNDbn)	7,694	10,089	13,085	13,395	15,213
Growth	*-7.9%*	*31.1%*	*29.7%*	*2.4%*	*13.6%*
EBITDA (VNDbn)	1,820	2,404	2,940	2,597	1,931
Growth	*-6.4%*	*32.1%*	*22.3%*	*-11.7%*	*-25.6%*
NPAT (VNDbn)	182	709	1,356	1,077	1,283
Growth	*-66.1%*	*289.6%*	*91.3%*	*-20.6%*	*19.2%*
EPS (bonus-adjusted, VND)	355	1,135	2,531	1,836	2,232
Growth	*-68.3%*	*219.9%*	*122.9%*	*-27.5%*	*21.6%*
ROE	2.5%	9.2%	15.3%	11.2%	12.3%
ROA	0.9%	3.4%	5.5%	4.3%	5.2%
Net debt/EBITDA (x)	4.4	3.1	2.2	2.1	2.0
EV/EBITDA (x)	9.1	6.6	5.1	5.4	6.3
P/E (x)	46.7	12.0	6.3	7.9	6.6
P/B (x)	1.2	1.1	1.0	0.9	0.8
Dividend (VND)	-	-	-	-	-
Dividend yield	-	-	-	-	-

Q2/2026's PERFORMANCE

Unit: bn VND	Q2/2025	Q2/2026	YoY	6M2025	6M2026	YoY
Revenue	**2,938**	**2,038**	**-31%**	**4,795**	**4,206**	**-12%**
Construction	*1,566*	*772*	*-51%*	*2,296*	*1,729*	*-25%*
Industry	*533*	*184*	*-66%*	*713*	*345*	*-52%*
Leasing	*4*	*4*	*0%*	*9*	*8*	*-11%*
Real Estate	*-*	*79*		*-*	*256*	
Energy	*356*	*357*	*0%*	*787*	*762*	*-3%*
Commerce	*49*	*133*	*171%*	*194*	*204*	*5%*
Industrial Zone	*167*	*179*	*7%*	*300*	*319*	*6%*
Mining	*231*	*319*	*38%*	*459*	*562*	*22%*
Gross profit	**509**	**468**	**-8%**	**968**	**935**	**-3%**
Construction	*134*	*35*	*-74%*	*182*	*84*	*-54%*
Industry	*71*	*28*	*-61%*	*93*	*61*	*-34%*
Leasing	*1*	*2*	*100%*	*4*	*4*	*0%*
Real Estate	*-*	*29*		*-*	*56*	
Energy	*167*	*169*	*1%*	*441*	*405*	*-8%*
Commerce	*5*	*12*	*140%*	*5*	*17*	*240%*
Industrial Zone	*26*	*29*	*12%*	*55*	*53*	*-4%*
Mining	*100*	*160*	*60%*	*182*	*252*	*39%*
Gross margin	*17%*	*23%*		*20%*	*22%*	
Financial expenses	227	205	*-10%*	435	394	*-9%*
Interest expenses	*169*	*198*	*17%*	*335*	*381*	*14%*
Administrative expenses	117	86	*-27%*	207	197	*-5%*
NPAT	**165**	**235**	**42%**	**310**	**505**	**63%**
NPAT's margin	*6%*	*12%*		*7%*	*28%*	

Sources: PC1, ACBS

2026 FORECAST: FLAT REVENUE AND A 21% DECLINE IN NET PROFIT.

We forecast PC1 will report stronger business performance in 2H2026 compared with 1H2026. Accordingly, we forecast 2026 consolidated revenue of VND13,395 bn, +2% YoY, NPAT is expected to reach VND1,077 bn, -21% YoY. The decline in NPAT is primarily attributable to narrower margins in the construction and installation segment, as PC1 executes public investment projects for EVN, which typically generate lower margins than renewable energy projects for private-sector clients. With a remaining carry-over contract backlog of VND4,780 bn for 2H2026, we expect construction and installation revenue to reach VND7,250 bn for 2026, +8% YoY.

The real estate segment is expected to recognize the remaining VND579 bn in revenue from the Thap Vang project, -25% YoY. Other commercial real estate projects, including Gia Lam and Dinh Cong, have yet to provide any new updates.

For the **energy segment**, with the El Niño cycle approaching in the final months of 2026 and expected to be stronger than previously forecast, we expect the segment to contribute VND1,705 bn in revenue, -5% YoY. Regarding the Bao Lac A project, based on the latest construction progress update, we expect construction to be completed next year, with revenue contributions beginning from 2027 onward.

For the **mining segment**, given that nickel prices are currently approximately 18% higher than their average level at the end of 2025, we expect the segment to contribute VND1,325 bn in revenue this year, +16% YoY.

Unit: bn VND	2025	YoY	2026F	YoY	2027F	YoY
Revenue	**13,085**	**30%**	**13,395**	**2%**	**15,213**	**14%**
Construction	*6,698*	*82%*	*7,250*	*8%*	*8,313*	*15%*
Industry	*1,469*	*1%*	*1,322*	*-10%*	*1,388*	*5%*
Leasing	*17*	*6%*	*23*	*35%*	*23*	*0%*
Real Estate	*774*	*3,265%*	*579*	*-25%*	*-*	
Energy	*1,802*	*6%*	*1,705*	*-5%*	*1,770*	*4%*
Commerce	*482*	*-42%*	*487*	*1%*	*492*	*1%*
Industrial Zone	*642*	*7%*	*642*	*0%*	*1,702*	*165%*
Mining	*1,140*	*-33%*	*1,325*	*16%*	*1,459*	*10%*
NPAT	**1,356**		**1,077**	**-21%**	**1,283**	
NPAT's margin	*10%*		*8%*		*8%*	

Sources: PC1, ACBS

RISK

Regarding corporate governance risks at PC1, we consider this to be a highly serious issue, given that four out of five members of the Board of Directors have been prosecuted. Although PC1 has rapidly restructured and completed its management team within a short period, and Q2/2026 results indicate that its business operations remain relatively resilient with limited impact from the incident, risks have not been completely eliminated.

The risks remain present as official conclusions regarding the scope and severity of the alleged violations have yet to be announced. Further official conclusions from the Ministry of Public Security are also required to assess whether these issues could affect the company's long-term ability to operate. In the short term, given the existing contracted backlog and the latest operating data available as of the end of Q2/2026 — VND4,780 bn, equivalent to approximately 0.7x our 2026 revenue forecast — we believe PC1 is highly likely to achieve its 2026 earnings forecast.

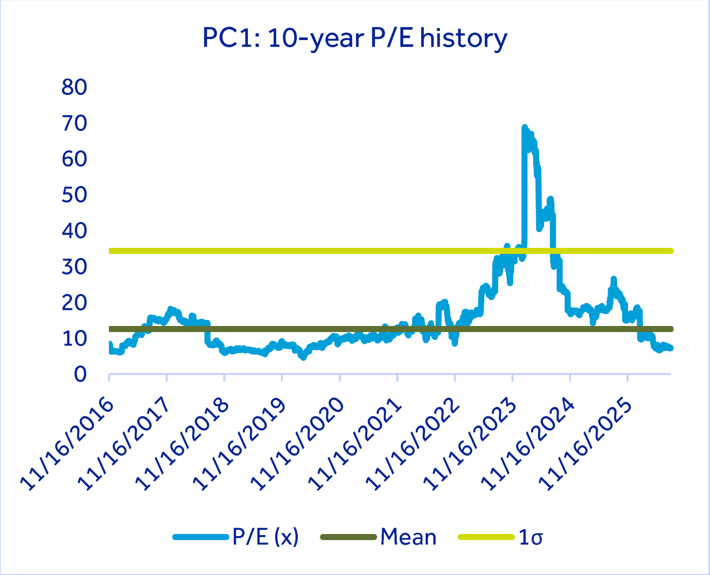
However, PC1's medium- and long-term outlook from 2027 onward, after the existing backlog has been fully recognized as revenue, requires further monitoring. The key factor affecting the company's business prospects will be its ability to secure new backlog, particularly following the legal risks involving its management team. We consider this to be the most important factor to monitor going forward.

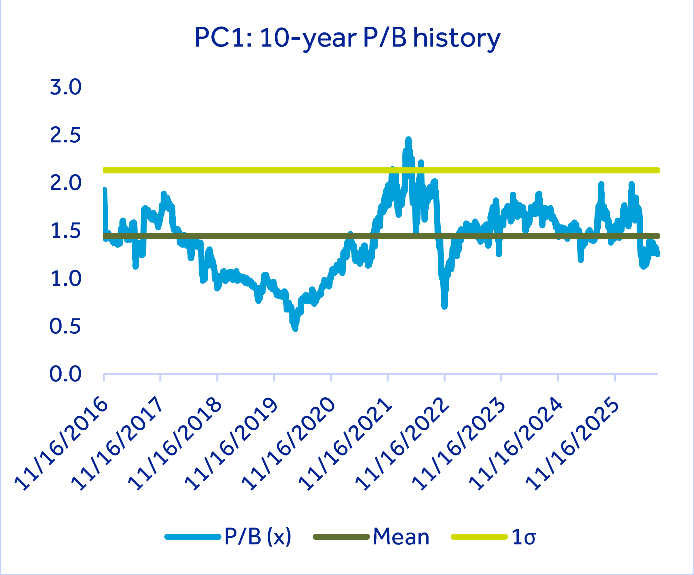
VALUATION

Based on the FCFF method, we derive a 2026 target price of VND25,700/share for PC1, implying an expected total return of 26.0%, rating BUY.

PC1's current share price is trading at 7.1x P/E and 1.3x P/B, representing discounts of 75% and 15%, respectively, to their 10-year median levels.

We note that this valuation and earnings forecast are based on the assumption that the company will continue to operate normally following the management-related incident in May 2026 and that the event will not have a material impact on PC1's future business operations. Our BUY recommendation is based on our assessment that PC1's calculated fair value is more than 20% above the stock's current market price.





Sources: Finpro, ACBS

FINANCIALS MODEL	Price: VND	20,400	Target: VND	25,700	Mkt cap VND bn	8,370

(VND bn except where stated)	2023	2024	2025	2026F	2027F
Total Net Sales	**7,694**	**10,089**	**13,085**	**13,395**	**15,213**
Growth	*-7.9%*	*31.1%*	*29.7%*	*2.4%*	*13.6%*
CoGS	6,246	7,997	10,366	11,031	12,551
EBITDA	**1,820**	**2,404**	**2,940**	**2,597**	**1,931**
EBITDA margin	*23.7%*	*23.8%*	*22.5%*	*19.4%*	*12.7%*
Depreciation	763	878	882	882	882
Operating profit	**275**	**828**	**1,546**	**1,235**	**1,474**
Operating profit margin	*3.6%*	*8.2%*	*11.8%*	*9.2%*	*9.7%*
Net interest expense	724	603	541	537	523
as % of avg net debt	*9.0%*	*8.1%*	*8.4%*	*9.9%*	*13.9%*
Interest cover (x)	1.5	2.5	3.8	3.2	2.0
Tax	79	125	205	168	200
Tax rate	*30.7%*	*14.9%*	*13.1%*	*13.5%*	*13.5%*
NPATMI	**146**	**467**	**1,041**	**755**	**918**
NPATMI's margin	*1.9%*	*4.6%*	*8.0%*	*5.6%*	*6.0%*
Cash earning	909	1,345	1,923	1,637	1,800
Number of share: mil	311	358	411	411	411
EPS: VND	**469**	**1,306**	**2,531**	**1,836**	**2,232**
Bonus factor (x)	0.8	0.9	1.0	1.0	1.0
Adjusted EPS: VND	**355**	**1,135**	**2,531**	**1,836**	**2,232**
EPS growth	*-68.3%*	*219.9%*	*122.9%*	*-27.5%*	*21.6%*

KEY CASHFLOW AND BS ITEMS	2023	2024	2025	2026F	2027F
Increase in working capital	877	1,385	896	761	1,247
Capex	307	414	1,329	872	-
Change in investment in affiliates	40	73	(141)	-	-
Other cashflow items	801	1,208	1,312	1,019	1,089
Free cash flow	**486**	**681**	**1,151**	**1,023**	**1,642**
Share issues	3	44	105	-	-
Dividends paid	124	203	204	-	-
Increase in net debt	(365)	(522)	(1,052)	(1,023)	(1,642)
Net debt, end of year	**8,009**	**7,487**	**6,435**	**5,412**	**3,770**
Shareholders' equity	**7,270**	**7,715**	**8,877**	**9,572**	**10,416**
BVPS (VND)	23,376	21,574	24,824	26,766	29,129
Net debt / equity (%)	*110%*	*97%*	*72%*	*57%*	*36%*
Net debt / EBITDA (x)	*4.4*	*3.1*	*2.2*	*2.1*	*2.0*
Total assets	**20,235**	**20,987**	**24,562**	**25,247**	**24,750**

KEY RETURN AND VALUATION RATIOS	2023	2024	2025	2026F	2027F
ROE	2.5%	9.2%	15.3%	11.2%	12.3%
ROA	0.9%	3.4%	5.5%	4.3%	5.2%
ROIC	5.9%	8.3%	10.0%	8.0%	5.1%
WACC	11.0%	11.0%	11.0%	11.0%	11.0%
EVA	-5.2%	-2.8%	-1.1%	-3.0%	-6.0%
PER (x)	46.7	12.0	6.3	7.9	6.6
EV/EBITDA (x)	9.1	6.6	5.1	5.4	6.3
EV/FCF (x)	34.0	23.5	13.0	13.6	7.5
PBR (x)	1.2	1.1	1.0	0.9	0.8
PSR (x)	1.1	0.8	0.6	0.6	0.6
EV/sales (x)	-	-	-	-	-
Dividend yield	-	-	-	-	-

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OUR RECOMMENDATION SYSTEM

BUY: Expected prospective total return (including dividends) in VND will be 20% or more within 12 months
OUTPERFORM: Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months
NEUTRAL: Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months
UNDERPERFORM: Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months
SELL: Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

DISCLAIMER