

## PC1 GROUP JSC (HSX: PC1)

- 2Q24 net profit (NP) reached VND62bn from 2Q23 net loss of VND13bn, supported by recovery across core businesses such as power, and power construction.
- 2024F NP may grow 235% yoy thanks to power and construction rebound, while property segment will drive 2025-26F NP growth by 56% yoy and 53% yoy.
- Reiterate **ADD** with higher TP of VND34,500/share.

### 2Q24 Recap: Strong improvement across core businesses

2Q24 revenue rose 110% yoy, driven by robust hydropower output mobilization, as well as sharp rebound in power construction and steel pole supply due to additional backlog for the 500kV line 3. Besides, nickel ore mining added up to revenue growth when fully operating in 2024F. 2Q24 gross profit increased 66% yoy, but GPM narrowed 5%pts, mainly due to larger revenue portion from lower-margin segments. Financial expenses remained a burden, increased 19% yoy despite of lower interest expenses, caused by additional VND55bn exchange rate loss. Overall, 2Q24 NP reached VND62bn from last year net loss, but still disappointed our forecast by completing only 25% full-year projection.

### 2024-26 Outlook: Earnings are borne by property segments

In 2024F, we see strong recovery across core businesses from last year low base to support a 235% yoy NP growth. Particularly, we expect hydropower to enjoy robust mobilization, backed by ideal hydrology, while strong backlog signed from the 500kV line 3 to be the growth engine for power construction, after dull industry in 2023. Notably, easing pressure from exchange rate losses is likely to enhance the company's bottom line from 2H24 onward.

From 2025-26F, while the power and ore mining segments are expected to provide a stable earnings flow, the primary growth driver will shift to a pipeline of residential property and industrial park (IP) projects. Key residential projects, including Thap Vang, PC1 Gia Lam, and PC1 Dinh Cong, will be allocated mainly over the 2025-27 period. Meanwhile, Western Pacific's IP projects such as Yen Phong IIA, Yen Lenh, Dong Van 5, Yen Lu will contribute to PC1's associate profit over the 2024-27 period. Hence, we forecast NP growth of 56% yoy in 2025 and 53% yoy in 2026F.

### Reiterate ADD with higher TP of VND34,500/share

We reiterate ADD with higher target price of VND34,500/share (+5% versus previous TP), using the SOTP valuation method, mainly due to the inclusion of newly announced property projects in our valuation model. Given the anticipated easing of exchange rate pressures from 2H24 onward, coupled with a series of newly announced property projects expected to drive medium-term growth, we believe this is an opportune time to accumulate PC1, a company poised to overcome the challenges of 2023 and achieve robust profit growth in 2024-26F.

| VNDbn             | 2023   | 2024F  | 2025F  | 2026F  |
|-------------------|--------|--------|--------|--------|
| Revenue           | 7,803  | 10,038 | 10,998 | 12,661 |
| Net profit        | 137    | 459    | 714    | 1,089  |
| Revenue growth    | -6.6%  | 28.6%  | 9.6%   | 15.1%  |
| Net profit growth | -70.3% | 235.9% | 55.6%  | 52.6%  |
| Gross margin      | 20.2%  | 19.1%  | 19.6%  | 20.2%  |
| EBITDA margin     | 25.6%  | 22.2%  | 23.9%  | 24.6%  |
| ROAE (%)          | 2.7%   | 8.3%   | 11.4%  | 15.0%  |
| ROAA (%)          | 0.7%   | 2.1%   | 3.0%   | 4.2%   |
| EPS (VND/share)   | 470    | 1,475  | 2,294  | 3,502  |
| BVPS (VND/share)  | 16,665 | 18,791 | 21,441 | 25,304 |

Sources: PC1, MBS Research

**ADD**

**Target price**

**VND 34,500**

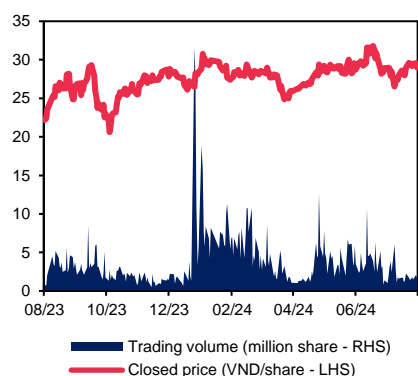
Upside

19%

### Key changes in the report

2024/25/26F EPS change -14%/-11%/+34% vs previous forecast

### Price performance



Sources: FinPro, MBS Research

|                       |        |
|-----------------------|--------|
| Current price (VND)   | 29,000 |
| 52W High (VND)        | 31,800 |
| 52W Low (VND)         | 20,610 |
| Market Cap (VNDbn)    | 9,190  |
| P/E (TTM)             | 33.1   |
| P/B                   | 1.7    |
| Dividend yield (%)    | 0%     |
| Foreign ownership (%) | 13.8%  |

Sources: <https://s24.mbs.com.vn/>

### Ownership

|                |       |
|----------------|-------|
| Trinh Van Tuan | 21.4% |
| Phan Ngoc Hieu | 5.0%  |
| Other          | 73.6% |

Sources: <https://s24.mbs.com.vn/>

### Analyst(s)



**Tung Nguyen**

Tung.nguyenhaduc@mbs.com.vn

## PC1 GROUP JSC (HSX: PC1)

### Investment thesis and Recommendation

PC1 is a leading player in power construction with a strong track record in several key projects. We see workload for the power construction to remain robust due to the substantial development needs outlined in the PDP8 over 2023-30F period. Besides, we believe EPC activities for renewable energy will gain momentum once the pricing mechanism is approved. Currently, PC1 is also expanding into infrastructure construction. Beyond signing construction contracts for IP within its ecosystem, such as Yen Phong IIA and Yen Lenh, PC1 is partnering with Dai Dung to bid on infrastructure construction package for Long Thanh Airport. We see this diversification to ensure earnings growth in long term, especially as contracts from EVN typically carry lower profit margins.

PC1 continues to expand its power capacity, particularly in hydropower and wind power. The company plans to bring two small hydropower plants, Bao Lac A (30MW) and Thuong Ha (13MW), into operation in 2026-27F and is closely monitoring opportunities to invest in a wind power project in Quang Tri. The company has already demonstrated its capability in implementing and operating wind power projects and is one of the few companies to have secured loans from ADB at preferential interest rates of around 5-6% per year. This financing gives PC1 a competitive edge in executing new projects in the future.

While core manufacturing businesses such as power and power construction expected to bring stable revenue stream, we see 2024-26F PC1's EPS robust growth will be driven by real estate segment. Particularly, the recent successful auction of Thap Vang and the ongoing legal processes for PC1 Gia Lam and Dinh Cong indicate a solid foundation for revenue generation in the residential real estate sector over 2025-27F. Moreover, PC1 is making gradual strides into the IP market through its investment in joint venture with ongoing projects like Western Pacific, as well as independently developing NHIZ IP Phase 2. We believe this position would prepare them well for sustained profit growth through 2028F.

### Reiterate ADD with higher TP of VND34,500/share

We conduct new target price, using the SOTP valuation method for PC1's business segments with 2024/25/26F EPS adjustments of -14%/-11%/+34% compared to previous projections, primarily due to deferred sales timelines for property projects. The higher target price of VND34,500/share (+5% versus previous TP) reflects the inclusion of newly announced real estate projects in our valuation model. Given the anticipated easing of exchange rate pressures from 2H24 onward, coupled with a series of newly announced property projects expected to drive medium-term growth, we believe this is an opportune time to accumulate PC1, a company poised to overcome the challenges of 2023 and achieve robust profit growth in 2024-26.

### Upside risks:

- The RE pricing mechanism is issued earlier than expected, supporting construction and power investment activities.

- Faster-than-expected legal progress for real estate projects, supporting construction and sales progress.

**Downside risks:**

- Nickel prices continue to decline, affecting gross profit margins.
- Exchange rate fluctuations will remain a burden for the company.

**Figure 1: Sum of SOTP**

| Valuation Table                         |               |                  |               |
|---|---------------|------------------|---------------|
| Methods                                 | Metrics       | Valuation method | Weight Value  |
|   | VNDbn         |                  | VND per share |
| <b>SOTP:</b>                            |               |                  |               |
| M/E & Industrial production             | 2,175         | EV/EBITDA - 7.0x |               |
| Real Estate                             | 363           | NPV              |               |
| Industrial park (IP)                    | 1,553         | NPV              |               |
| Power                                   | 13,771        | FCFF - 10yrs     |               |
| Nickel mining                           | 2,014         | FCFF - 20yrs     |               |
| Investment in affiliates (excluding IP) | 492           | Book value       |               |
| (+) cash & ST Investment                | 4,290         |                  |               |
| (-) debt                                | (11,616)      |                  |               |
| (-) minority interest                   | (2,305)       |                  |               |
| <b>Equity value</b>                     | <b>10,736</b> |                  |               |
| No of share (mn)                        | 311           |                  |               |
| <b>Implied share price (VND/share)</b>  |               |                  | <b>34,522</b> |
| <b>Rounded share price (VND/share)</b>  |               |                  | <b>34,500</b> |

Sources: MBS Research

**Figure 2: Peer comparison**

| Company name                         | Ticker        | Price         | Target price  | Recom.     | Mkt Cap    | P/E(x)      |             | P/BV(x)    |            | EV/EBITDA (x) |            | ROE (%)    |             |
|--------------------------------------|---------------|---------------|---------------|------------|------------|-------------|-------------|------------|------------|---------------|------------|------------|-------------|
|                                      |               |               |               |            |            | 2024        | 2025        | 2024       | 2025       | 2024          | 2025       | 2024       | 2025        |
|                                      | Bloomberg     | LC\$          | LC\$          |            | US\$m      |             |             |            |            |               |            |            |             |
| <b>Conglomerate</b>                  |               |               |               |            |            |             |             |            |            |               |            |            |             |
| Ha Do Group JSC                      | HDG VN        | 27,450        | 33,900        | ADD        | 383        | 15.2        | 7.6         | 2.6        | 2.1        | 6.7           | 7.6        | 14.0       | 18.7        |
| Bamboo Capital Group                 | BCG VN        | 8,550         | NA            | NR         | 240        | 61.6        | NA          | 0.6        | NA         | 23.1          | NA         | 0.9        | NA          |
| REE Corp                             | REE VN        | 62,300        | 73,000        | ADD        | 1,301      | 13.0        | 11.2        | 1.4        | 1.3        | 9.5           | 8.8        | 10.9       | 11.5        |
| <i>Average</i>                       |               |               |               |            |            | 29.9        | 9.4         | 1.5        | 1.7        | 13.1          | 8.2        | 8.6        | 15.1        |
| <b>Power construction</b>            |               |               |               |            |            |             |             |            |            |               |            |            |             |
| Power Engineering Consulting JSC 2   | TV2 VN        | 40,900        | NA            | NR         | 87         | 39.9        | NA          | 1.7        | NA         | 17.7          | NA         | 4.2        | NA          |
| FECON Corp                           | FCN VN        | 14,550        | NA            | NR         | 80         | NA          | NA          | 0.8        | NA         | 15.2          | NA         | -1.2       | NA          |
| Vietnam Electricity Construction JSC | VNE VN        | 6,310         | NA            | NR         | 15         | NA          | NA          | 0.4        | NA         | 17.7          | NA         | -9.2       | NA          |
| <i>Average</i>                       |               |               |               |            |            | 39.9        | NA          | 1.0        | NA         | 16.9          | NA         | -2.0       | NA          |
| <b>Power generation</b>              |               |               |               |            |            |             |             |            |            |               |            |            |             |
| Gia Lai Electricity JSC              | GEG VN        | 13,200        | NA            | NR         | 177        | 30.3        | 17.0        | 0.9        | 0.7        | 9.2           | 9.1        | 5.7        | 6.3         |
| Central Hydropower JSC               | CHP VN        | 29,100        | NA            | NR         | 206        | 18.8        | NA          | 2.6        | NA         | 9.6           | NA         | 14.1       | NA          |
| Vinh Son - Song Hinh Hydropower      | VSH VN        | 49,500        | NA            | NR         | 476        | 36.4        | NA          | 2.5        | NA         | 10.9          | NA         | 6.7        | NA          |
| <i>Average</i>                       |               |               |               |            |            | 28.5        | 17.0        | 2.0        | 0.7        | 9.9           | 9.1        | 8.8        | 6.3         |
| <b>PC1 Group JSC</b>                 | <b>PC1 VN</b> | <b>29,000</b> | <b>34,500</b> | <b>ADD</b> | <b>363</b> | <b>20.1</b> | <b>12.9</b> | <b>1.6</b> | <b>1.4</b> | <b>8.5</b>    | <b>8.7</b> | <b>8.3</b> | <b>11.4</b> |

Sources: Bloomberg, MBS Research

## 2Q24 Earnings Recap

### Strong improvement across core businesses

Figure 3: 2Q24 and 1H24 business recap

| VNDbn                    | 2Q24         | %yoy        | %qoq        | 1H24         | %yoy         | % vs previous report | Comment  |
|--------------------------|--------------|-------------|-------------|--------------|--------------|----------------------|--|
| <b>Revenue</b>           | <b>3,091</b> | <b>110%</b> | <b>43%</b>  | <b>5,256</b> | <b>77%</b>   | <b>52%</b>           |  |
| Power                    | 393          | 42%         | 11%         | 749          | 12%          | 48%                  | 2Q24 power revenue surged 42% yoy, driven by robust hydropower output mobilization under ideal weather condition in Northern regions.  |
| Power construction       | 1,188        | 120%        | 111%        | 1,752        | 75%          | 44%                  | 2Q24 power construction revenue rebounded 120% yoy from last year low base, bolstered by additional workload from the 500kV line circuit 3. The estimated back-log signed is around VND1,500-1,700bn.  |
| Steel pole manufacturing | 781          | 206%        | 172%        | 1,068        | 211%         | 71%                  | 2Q24 steel pole revenue saw significant rise of 206% yoy thanks to equipment supply package for the 500kV line circuit 3. PC1 shared that total back-log related to this project is around VND3,000bn.   |
| IP operation             | 154          | -10%        | 29%         | 274          | -6%          | 46%                  |  |
| Real estate              | 4            | -48%        | -77%        | 22           | 52%          | 42%                  |  |
| Nickel                   | 338          | NA          | -29%        | 816          | NA           | 64%                  | In 2Q24, PC1 sold a batch of ~10,000 tonnes nickel ore, market Nickel price averaging around 17,000US\$/tonne.   |
| Other                    | 233          | 6%          | -32%        | 575          | -13%         | 59%                  |  |
| <b>Gross profit</b>      | <b>469</b>   | <b>66%</b>  | <b>7%</b>   | <b>907</b>   | <b>54%</b>   | <b>45%</b>           | <b>2Q24 gross profit rose 66% yoy, supported by positive growth across core businesses, along with additional revenue from the new nickel mining segment. However, gross margin narrowed by 4%pts, primarily due to a higher proportion from lower-margin segments, such as power construction and steel pole manufacturing.</b> |
| %GPM                     | 15%          | -4%pts      | -5%pts      | 17%          | -3%pts       |                      |  |
| Power                    | 219          | 123%        | 22%         | 399          | 24%          | 47%                  |  |
| Power construction       | 87           | -9%         | 59%         | 141          | 1%           | 36%                  | 2Q24 power construction gross profit decreased 9% yoy amid higher revenue as PC1 focusing its resources to speed up the construction progress of the 500kV line, causing higher cost.  |
| Steel pole manufacturing | 66           | 155%        | 127%        | 95           | 237%         | 57%                  |  |
| IP operation             | 60           | 29%         | 173%        | 82           | 21%          | 50%                  |  |
| Real estate              | 4            | -30%        | -55%        | 11           | 23%          | 45%                  |  |
| Nickel                   | 37           | NA          | -73%        | 171          | NA           | 45%                  | 2Q24 Nickel mining gross profit dropped significantly 73% qoq, with GPM narrowed 11%pts. The company explained that during this period, the mining areas yielded low-quality raw ore with low nickel content, which led to higher costs per each refined unit.   |
| Other                    | (3)          | NA          | -126%       | 9            | -65%         | 44%                  |  |
| SG&A                     | 145          | 73%         | 39%         | 250          | 66%          | 66%                  |  |
| <b>EBIT</b>              | <b>324</b>   | <b>63%</b>  | <b>-3%</b>  | <b>658</b>   | <b>50%</b>   | <b>41%</b>           |  |
| Associates profit        | (9)          | 513%        | -119%       | 40           | 1718%        | 40%                  |  |
| Financial income         | 50           | 69%         | 15%         | 94           | -1%          | 72%                  |  |
| Financial expenses       | 267          | 16%         | -1%         | 537          | 22%          | 58%                  | 2Q24 financial expenses increase 19% despite of lower interest expense. This rise was mainly attributed to VND55bn exchange rate loss from revaluation of company's ending USD debt balance.   |
| <b>PBT</b>               | <b>95</b>    | <b>NA</b>   | <b>-40%</b> | <b>252</b>   | <b>200%</b>  | <b>32%</b>           |  |
| %PBT margin              | 3%           | 3%pts       | -4%pts      | 5%           | 2%pts        |                      |  |
| Income tax               | 20           | -1%         | -28%        | 49           | 90%          | 44%                  |  |
| <b>NPAT</b>              | <b>75</b>    | <b>NA</b>   | <b>-42%</b> | <b>204</b>   | <b>249%</b>  | <b>29%</b>           |  |
| Minority interest        | 12           | NA          | -74%        | 61           | 8%           | 31%                  |  |
| <b>Net profit</b>        | <b>62</b>    | <b>NA</b>   | <b>-23%</b> | <b>143</b>   | <b>7035%</b> | <b>25%</b>           | <b>2Q24 NP reached VND62bn, a significant turnaround from 2Q23 net loss. Hence, 1H24 NP rose 70x to VND143bn from last year low base. Although the result completed only 25% our forecast, we saw slight adjustment as we expect a better 2H24, thanks to eased pressure from exchange rate.</b>                                 |

Sources: PC1, MBS Research

## 2024-26F Outlook: Earnings are borne by property segments

### Power: Robust hydropower mobilization to maintain from 2H24 onward

**Hydropower:** Following solid hydropower output recovery in 2Q24, we see the trend to continue throughout the rest of 2024F, driven by ideal weather conditions in the Northern regions, where PC1's plants are located. According to IRI, El Nino phase has officially ended in 1Q24, and there will be a big possibility of La Nina emerging from 3Q24. More importantly, we anticipate that PC1's fully small hydropower portfolio to maintain high selling price thanks to avoidable tariff policy, strengthening the revenue recovery outlook. Thus, we forecast 2024F hydropower output to increase 18% yoy to 475m kWh, helping revenue to grow at 19.5% yoy to VND646bn. For 2025-26, we forecast output basing on three-year-average output level for existing power plants, adding the newly project Bao Lac A to operate from 2026F. Hence, 2025-26F output to reach 464m kWh (-2.3% yoy) and 541m kWh (+16% yoy) respectively. Correspondingly, 2025-26 revenue reach VND637bn (-1.3% yoy) and VND750bn (+18% yoy), support by a sustainable selling price growth of averaging 2% per annum.

**Wind power:** We forecast a stable output level for PC1's wind power portfolio, averaging around 440-450m kWh over 2024-26 period (89-91% designed capacity). Thus, 2024-26F revenue to reach VND535bn (-0.1% yoy), VND515bn (-3% yoy) and VND528bn (+2.5% yoy), respectively.

Figure 4: Power earnings forecast for 2024-26F period

|                              | Capacity<br>(MW) | Designed<br>output<br>(million kWh) | 2020         | 2021         | 2022         | 2023         | 2024F        | 2025F        | 2026F        |
|------------------------------|------------------|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Output</b>                | <b>313</b>       | <b>1,115</b>                        | <b>593</b>   | <b>623</b>   | <b>1,087</b> | <b>852</b>   | <b>925</b>   | <b>903</b>   | <b>987</b>   |
| %yoy                         |                  |                                     | -            | 5%           | 74%          | -22%         | 9%           | -2%          | 9%           |
| Hydropower                   | 169              | 620                                 | 593          | 513          | 669          | 402          | 475          | 464          | 541          |
| Wind power                   | 144              | 495                                 | -            | 110          | 418          | 450          | 450          | 439          | 446          |
| <b>Average selling price</b> | <i>VND/kWh</i>   |                                     | <b>1,214</b> | <b>1,662</b> | <b>1,652</b> | <b>1,685</b> | <b>1,690</b> | <b>1,696</b> | <b>1,703</b> |
| Hydropower                   |                  |                                     | 1,214        | 1,357        | 1,320        | 1,346        | 1,359        | 1,373        | 1,387        |
| Wind power                   |                  |                                     | -            | 1,968        | 1,983        | 2,024        | 2,020        | 2,020        | 2,020        |
| <b>Revenue</b>               | <i>VNDbn</i>     |                                     | <b>720</b>   | <b>912</b>   | <b>1,712</b> | <b>1,452</b> | <b>1,555</b> | <b>1,524</b> | <b>1,651</b> |
| %yoy                         | %                |                                     | -            | 27%          | 88%          | -15%         | 7%           | -2%          | 8%           |
| Hydropower                   |                  |                                     | 720          | 696          | 883          | 541          | 646          | 637          | 750          |
| Wind power                   |                  |                                     | -            | 216          | 829          | 911          | 909          | 888          | 902          |
| <b>Gross profit</b>          | <i>VNDbn</i>     |                                     | <b>418</b>   | <b>516</b>   | <b>991</b>   | <b>745</b>   | <b>842</b>   | <b>814</b>   | <b>857</b>   |
| %yoy                         | %                |                                     | -            | 24%          | 92%          | -25%         | 13%          | -3%          | 5%           |
| Hydropower                   |                  |                                     | 418          | 354          | 529          | 208          | 307          | 299          | 329          |
| %GPM                         | %                |                                     | 58%          | 51%          | 60%          | 39%          | 48%          | 47%          | 44%          |
| Wind power                   |                  |                                     | -            | 162          | 462          | 536          | 535          | 515          | 528          |
| %GPM                         | %                |                                     | 0%           | 75%          | 56%          | 59%          | 59%          | 58%          | 59%          |

Sources: PC1, MBS Research

**Regarding the development of new projects,** PC1 will commence the construction of two additional small hydropower plants: Bao Lac A (30MW) and Thuong Ha (13MW), with construction expected to begin in 2024 and operations slated for 2026-27. Additionally, PC1 is closely monitoring the investment plan

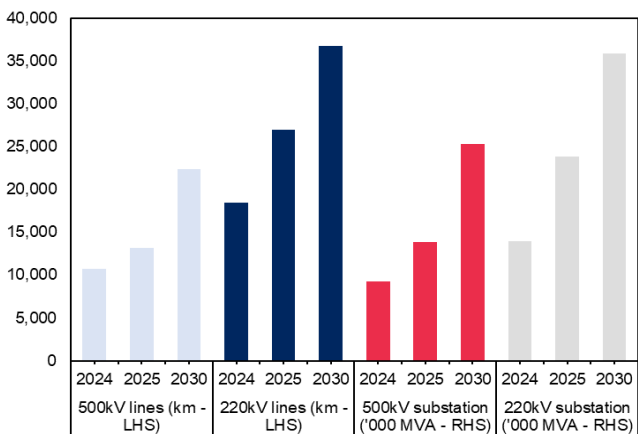
for an onshore wind power project in Quang Tri. We expect the introduction of new RE mechanism – if officially announced in end-24 to be great motivation for company to initiate these projects from 2025.

**Power construction: Solid workload in medium term**

In 2024F, we forecast revenue to rise 53% yoy to VND4,008bn, with gross profit increase 49% yoy to VND355bn, mainly supported by strong back-log secured from the 500kV line 3 Quang Trach – Pho Noi with overall value of ~VND3,000bn for both equipment supply and power construction. Besides, PC1 is currently expanding into IP infrastructure construction. The company shared that they are engaging in infrastructure construction packages for familiar partners, including Yen Phong 2A IP and Yen Lenh IP. We see the new direction to move aligns with PC1’s ongoing penetration into IP development. Thus, by building for companies within its ecosystem, PC1 can potentially optimize costs and deepen its expertise in this field. Besides, we see this diversification to boost earnings growth, especially as contracts from EVN typically carry lower profit margins, and renewable energy EPC activities remain at a stalemate.

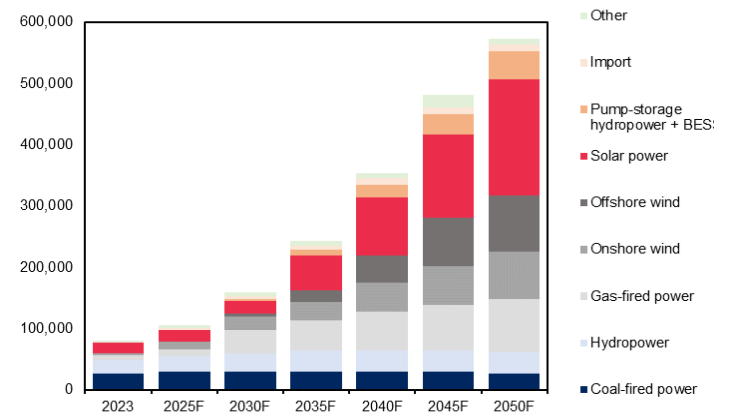
Looking forward to 2025-26F, we expect a sustainable revenue growth of 17% yoy and 8% yoy to VND4,690bn and VND5,062bn, respectively, leading to gross profit of VND446bn (+26% yoy) and VND463bn (+6% yoy). A solid workload for power construction, expected over the 2024-30 period, is likely to drive backlog growth, and PC1 – leading power contractor, stands to be the main beneficiary. Moreover, the potential issuance of a new RE price mechanism in 2024F could significantly incentivize PC1 to reboot its EPC activities, where the company demonstrated impressive capabilities during the 2022-23 period.

Figure 5: Power construction to gain sustainable back-log growth thanks to high workload under the PDP8 over 2023-30F period



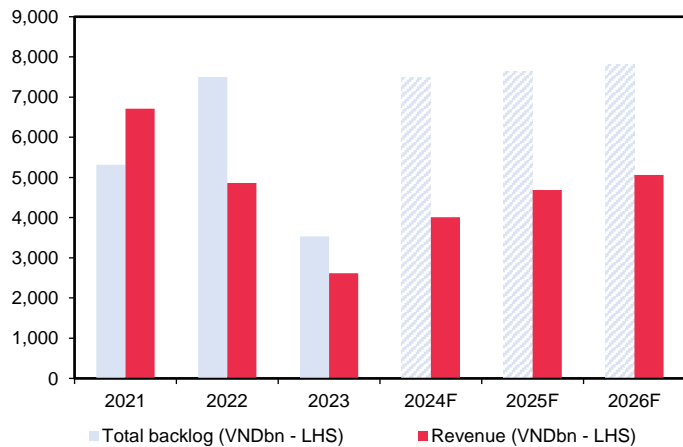
Sources: PDP8, MBS Research

Figure 6: Under robust capacity growth for RE power, we expect active EPC contracting activities to reboot from 2025F, bolstered by RE price mechanism to be potentially issued in 2024 (Unit: MW)



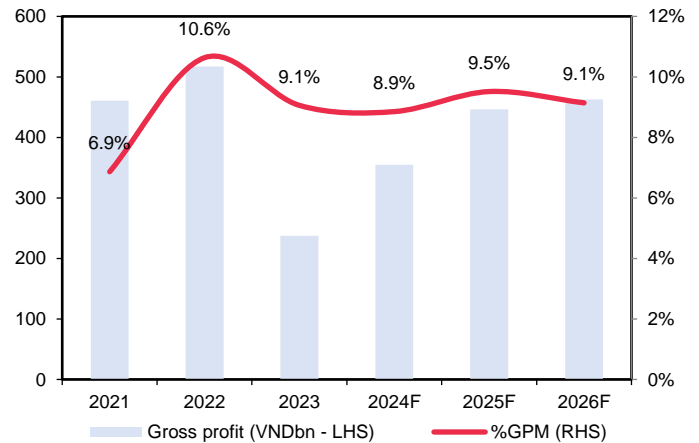
Sources: PDP8, MBS Research

**Figure 7: Power construction recover from 2023 low-base, driven by the 500kV line 3 Quang Trach - Pho Noi in 2024F**



Sources: PC1, MBS Research

**Figure 8: 2024F GPM narrowed under high EVN-related contract before slightly rebound in 2025F**



Sources: PC1, MBS Research

### Nickel minings: Nickel price is lacking bullish momentum

In 2024-26F, we expect the ore mining business to bring stable revenue flow. The factory is fully operational from 2024F and will produce an average of 49,000 tonnes of nickel ore over 2024-26, with forecasted long-term Nickel price of around US\$17,000/tonne. The company faced minimal inventory risk due to secured buy-out clause from its trading partner – Trafigura, thus, bring VND1,430bn annually over 2024-26F period. Gross profit is expected at VND446bn, indicating a GPM of 31%.

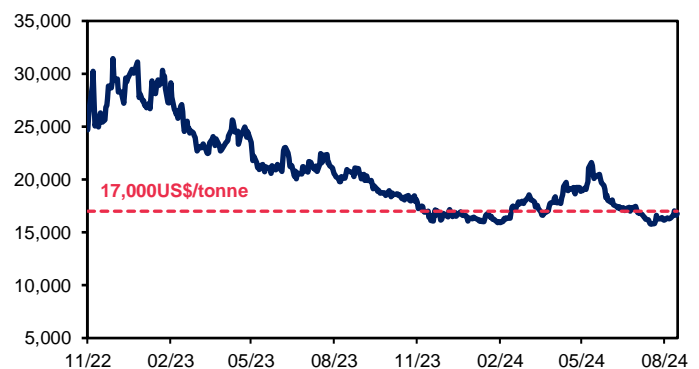
In the short term, nickel prices are currently showing signs of bottoming out, having risen to US\$16,900/tonne from a low of approximately USD15,800/tonne. However, a strong upward trend in nickel prices is unlikely in the near term, given that the largest consumer, China, continues to face challenges in its economic recovery. Moreover, according to the IEA, the nickel market lacks upward momentum as supply from Indonesia and the Philippines, the world's largest nickel ore producers, continues to expand while demand has yet to catch up. Nevertheless, in the longer term, the increasing demand for electric vehicle batteries and low-emission products will support nickel prices. Currently, we maintain an average nickel price assumption of approximately USD17,000 for the 2023-30F period to reflect our conservative view on the industry.

**Figure 9: 2024-27 earnings summary for Nickel mining**

|                           | 2023          | 2024          | 2025          | 2026          | 2027          |
|---------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Refined ore volume</b> | <b>29,000</b> | <b>49,000</b> | <b>49,000</b> | <b>49,000</b> | <b>49,000</b> |
| Nickel (tonne)            | 1,827         | 3,087         | 3,087         | 3,087         | 3,087         |
| Copper (tonne)            | 297           | 502           | 502           | 502           | 502           |
| Cobalt (tonne)            | 31            | 52            | 52            | 52            | 52            |
| Nickel price (US\$/tonne) | 17,000        | 15,000        | 17,000        | 17,000        | 17,000        |
| Copper price (US\$/tonne) | 8,400         | 8,400         | 8,800         | 9,000         | 9,000         |
| Cobalt price (US\$/tonne) | 33,420        | 33,420        | 33,420        | 33,420        | 33,420        |
| Revenue (VNDbn)           | 722           | 1,274         | 1,430         | 1,432         | 1,432         |
| Gross profit (VNDbn)      | 198           | 382           | 446           | 447           | 447           |
| %GPM                      | 27%           | 30%           | 31%           | 31%           | 31%           |
| <b>Net profit (VNDbn)</b> | <b>35</b>     | <b>157</b>    | <b>206</b>    | <b>215</b>    | <b>223</b>    |
| % NP margin               | 5%            | 12%           | 14%           | 15%           | 16%           |

Sources: PC1, MBS Research

**Figure 10: Nickel prices are fluctuating around the bottom range, with no significant upward momentum mid-term. (Unit: US\$/tonne)**



Sources: Bloomberg, MBS Research

## IP segment: Upside catalyst from newly approved projects

In 2024F, Western Pacific - an associate of PC1, is expected to record revenue from the Yen Phong IIA IP (150ha) in Bac Ninh, a key industrial hub in Northern Vietnam that attracts numerous domestic and foreign direct investment (FDI) enterprises. According to Savills, industrial park rental prices in Bac Ninh have surged by 48% yoy in 2023. We believe that consistently high occupancy rates, supply falling short of actual demand, and investors increasingly raising standards and service quality have driven the strong price increase in the area. Currently, Yen Phong IIA is ready for sales with expected rental prices reaching US\$150-160/m<sup>2</sup>/lease term. We assume that the project could be handed over the majority of 37% and 50% in 2024F and 2025F, respectively. On another front, besides Yen Lenh LIC (69ha) has commenced in 3Q24, WP has recently received approval to invest in two additional IP: Dong Van 5 Phase 1 (237ha) in Ha Nam and Yen Lu expansion Phase 1 (119ha) in Bac Giang. These will serve as profit growth drivers for the 2026-27F period. Overall, we estimate that these projects of Western Pacific will contribute VND70bn, VND120bn, and VND230bn to PC1 associates' profit over 2024-26F.

Regarding the NHIZ IP, this investment is expected to generate stable revenue streams from service and electricity sales to tenants of ~VND650-670bn over 2024-26F per our estimation. Additionally, PC1 is preparing to invest in Phase 2 of the NHIZ IP (150ha), which is expected to be 100% owned. The company is actively working on obtaining permits, and the earliest the full investment certification could be secured in 2024F, allowing for land clearance and construction activities to commence right after. We see this as a potential profit contribution for PC1 from 2027-28F.

Figure 11: List of PC1 & Western Pacific's IP is currently under development

| Project          | Developer       | PC1 ownership (%) | Location  | Total area (ha) | Estimated leasing area (ha) | Estimated leasing price (US\$/m <sup>2</sup> ) | Total investment (VNDbn) | Current status                     |
|------------------|-----------------|-------------------|-----------|-----------------|-----------------------------|--|--------------------------|------------------------------------|
| Yen Phong IIA    | Western Pacific | 19%               | Bac Ninh  | 158             | 86                          | 150  | 1,830                    | Ready for lease                    |
| Yen Lenh LIC     | Western Pacific | 30%               | Ha Nam    | 69              | 45                          | 85   | 624                      | Commenced in 3Q24                  |
| Dong Van V       | Western Pacific | 30%               | Ha Nam    | 237             | 171                         | 105  | 2,911                    | Investment approval                |
| Yen Lu Expansion | Western Pacific | 30%               | Bac Giang | 120             | 64                          | 130  | 1,543                    | Investment approval                |
| NHIZ Phase 2     | PC1             | 100%              | Hai Phong | 150             | 105                         | 120  | 2,400                    | Completing legal process at end-24 |

Sources: PC1, Western Pacific, MBS Research

Figure 12: Estimated profit contributed to PC1 by project

| VNDbn                             | 2024F        | 2025F        | 2026F        | 2027F        | 2028F        | Total         |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Project revenue</b>            | <b>1,870</b> | <b>2,645</b> | <b>3,877</b> | <b>5,733</b> | <b>3,330</b> | <b>17,455</b> |
| Yen Phong IIA                     | 1,221        | 1,628        | 427          | -            | -            | 3,276         |
| Yen Lenh                          | -            | 361          | 693          | -            | -            | 1,055         |
| Yen Lu                            | -            | -            | 960          | 1,344        | -            | 2,305         |
| Dong Van 5                        | -            | -            | 1,135        | 2,383        | 1,251        | 4,768         |
| NHIZ Phase 2                      | -            | -            | -            | 1,339        | 1,406        | 2,745         |
| NHIZ Phase 1                      | 649          | 655          | 661          | 667          | 673          | 3,306         |
| <b>Contributed profit for PC1</b> | <b>145</b>   | <b>195</b>   | <b>306</b>   | <b>604</b>   | <b>480</b>   | <b>1,730</b>  |
| Yen Phong IIA                     | 72           | 97           | 27           | -            | -            | 196           |
| Yen Lenh                          | -            | 25           | 62           | -            | -            | 86            |
| Yen Lu                            | -            | -            | 60           | 94           | -            | 154           |
| Dong Van 5                        | -            | -            | 83           | 192          | 110          | 385           |
| NHIZ Phase 2                      | -            | -            | -            | 243          | 294          | 538           |
| NHIZ Phase 1                      | 73           | 73           | 74           | 75           | 75           | 370           |

Sources: PC1, MBS Research



### Residential property: Legal process is gradually being completed

Currently, some of PC1's longstanding projects, such as PC1 Gia Lam and Dinh Cong, are being actively advanced through legal procedures, aiming to secure construction permits by 2024-25F. Specifically, for the PC1 Gia Lam project, the company is in the process of converting the land use purpose from industrial land to residential land, moving towards obtaining investment policy approval. Therefore, we believe that the earliest these projects can begin launching sales will be in 2025F.

Recently, PC1 successfully auctioned the Thap Vang project in Gia Lam. The total land area is approximately 5ha, and it is expected to develop into a low-rise residential area with around 185 units, including shophouses and villas. Given that the project has clear legal documentation, we anticipate that it may commence soon and recognize a small portion of revenue by the end of 2025, with the total expected revenue from the project reaching approximately VND1,500bn, and net profit amounting to VND358bn, primarily distributed over the 2026-27F period.

As for projects like Vinh Hung and Bac Tu Liem, we have not yet included them in our valuation model due to the lack of project details and unclear legal status.

Figure 13: Revenue allocation of property projects over 2024-27F period (Unit: VNDbn)

| Revenue       | 2024F | 2025F      | 2026F        | 2027F        | Total        |
|---------------|-------|------------|--------------|--------------|--------------|
| Thap Vang     | -     | 151        | 770          | 628          | 1,549        |
| PC1 Gia Lam   | -     | 132        | 81           | 55           | 269          |
| PC1 Dinh Cong | -     | 107        | 655          | 334          | 1,097        |
| <b>Total</b>  | -     | <b>391</b> | <b>1,506</b> | <b>1,018</b> | <b>2,915</b> |

Sources: PC1, MBS Research

Figure 14: Net profit contributed to PC1 over 2024-27F period (Unit: VNDbn)

| Net profit    | 2024F | 2025F     | 2026F      | 2027F      | Total      |
|---------------|-------|-----------|------------|------------|------------|
| Thap Vang     | -     | 32        | 178        | 148        | 358        |
| PC1 Gia Lam   | -     | 28        | 19         | 14         | 61         |
| PC1 Dinh Cong | -     | 17        | 119        | 61         | 197        |
| <b>Total</b>  | -     | <b>77</b> | <b>316</b> | <b>223</b> | <b>615</b> |

Sources: PC1, MBS Research

Figure 15: Earnings summary by segments over 2024-26F period

| VNDbn                     | 2023         | %weight | 2024F         | %yoy           | %weight | 2025F         | %yoy         | %weight | 2026F         | %yoy         | %weight |
|---------------------------|--------------|---------|---------------|----------------|---------|---------------|--------------|---------|---------------|--------------|---------|
| <b>Revenue</b>            | <b>7,803</b> |         | <b>10,038</b> | <b>28.6%</b>   |         | <b>10,998</b> | <b>9.6%</b>  |         | <b>12,661</b> | <b>15.1%</b> |         |
| Power                     | 1,461        | 18.7%   | 1,555         | 6.4%           | 15.5%   | 1,524         | -2.0%        | 13.9%   | 1,651         | 8.3%         | 13.0%   |
| Power construction        | 2,618        | 33.6%   | 4,008         | 53.1%          | 39.9%   | 4,690         | 17.0%        | 42.6%   | 5,062         | 7.9%         | 40.0%   |
| Stee pole manufacturing   | 1,165        | 14.9%   | 1,510         | 29.6%          | 15.0%   | 1,218         | -19.4%       | 11.1%   | 1,205         | -1.0%        | 9.5%    |
| IP development            | 614          | 7.9%    | 649           | 5.8%           | 6.5%    | 655           | 0.9%         | 6.0%    | 661           | 0.9%         | 5.2%    |
| Residential property      | 187          | 2.4%    | 27            | -85.3%         | 0.3%    | 419           | 1425.1%      | 3.8%    | 1,535         | 266.8%       | 12.1%   |
| Nickel mining             | 722          | 9.3%    | 1,274         | 76.4%          | 12.7%   | 1,430         | 12.2%        | 13.0%   | 1,432         | 0.2%         | 11.3%   |
| Other                     | 1,036        | 13.3%   | 1,014         | -2.0%          | 10.1%   | 1,063         | 4.8%         | 9.7%    | 1,114         | 4.8%         | 8.8%    |
| <b>Gross profit</b>       | <b>1,566</b> |         | <b>1,922</b>  | <b>22.7%</b>   |         | <b>2,151</b>  | <b>11.9%</b> |         | <b>2,553</b>  | <b>18.7%</b> |         |
| %GPM                      | 20%          |         | 19%           | -0.9%pts       |         | 20%           | 0.4%pts      |         | 20%           | 0.6%pts      |         |
| Power                     | 736          | 47.0%   | 842           | 14.3%          | 43.8%   | 814           | -3.3%        | 37.8%   | 857           | 5.3%         | 33.6%   |
| Power construction        | 237          | 15.1%   | 355           | 49.6%          | 18.5%   | 446           | 25.8%        | 20.8%   | 463           | 3.7%         | 18.1%   |
| Stee pole manufacturing   | 116          | 7.4%    | 138           | 19.0%          | 7.2%    | 112           | -19.4%       | 5.2%    | 114           | 1.9%         | 4.5%    |
| IP development            | 139          | 8.8%    | 162           | 17.2%          | 8.4%    | 164           | 0.9%         | 7.6%    | 165           | 0.9%         | 6.5%    |
| Residential property      | 79           | 5.0%    | 16            | -79.5%         | 0.8%    | 141           | 768.3%       | 6.5%    | 479           | 240.1%       | 18.8%   |
| Nickel mining             | 231          | 14.8%   | 382           | 65.3%          | 19.9%   | 446           | 16.7%        | 20.7%   | 447           | 0.2%         | 17.5%   |
| Other                     | 36           | 2.3%    | 26            | -25.5%         | 1.4%    | 29            | 7.8%         | 1.3%    | 29            | 2.3%         | 1.1%    |
| <b>Associates' profit</b> | <b>1.58</b>  |         | <b>102</b>    | <b>6397.6%</b> |         | <b>121</b>    | <b>18.4%</b> |         | <b>232</b>    | <b>90.9%</b> |         |

Sources: PC1, MBS Research

## 2024-26F Earnings revisions

Figure 16: 2024-26F earnings revisions

| Unit: VNDbn              | 2024          | %yoy        | Δ%           | 2025          | %yoy       | Δ%           | 2026          | %yoy       | Δ%         | Comment   |
|--------------------------|---------------|-------------|--------------|---------------|------------|--------------|---------------|------------|------------|---|
| <b>Revenue</b>           | <b>10,038</b> | <b>29%</b>  | <b>1.1%</b>  | <b>10,998</b> | <b>10%</b> | <b>0.4%</b>  | <b>12,661</b> | <b>15%</b> | <b>12%</b> |   |
| Power                    | 1,555         | 6%          | 0.0%         | 1,524         | -2%        | -7.8%        | 1,651         | 8%         | 0.0%       |   |
| Power construction       | 4,008         | 53%         | -2.4%        | 4,690         | 17%        | 0.0%         | 5,062         | 8%         | -2.6%      |   |
| Steel pole manufacturing | 1,510         | 30%         | 0.0%         | 1,218         | -19%       | -2.6%        | 1,205         | -1%        | 3.4%       |   |
| Industrial park          | 649           | 6%          | 2.0%         | 655           | 1%         | 0.8%         | 661           | 1%         | 0.2%       |   |
| Residential property     | 27            | -85%        | 1.6%         | 419           | 1425%      | -17.5%       | 1,535         | 267%       | 213%       | Revised up 2026 revenue by 213% due to adding Thap Vang project into our forecast.  |
| Nickel mining            | 1,274         | NA          | 12%          | 1,430         | 12%        | 6.8%         | 1,432         | 0%         | 7.0%       | Revised up 2024/25/26 ore mining revenue by 12.4%/6.8%/7.0%, reflecting higher output produced.   |
| Other                    | 1,014         | -2%         | -0.9%        | 1,063         | 5%         | 0.1%         | 1,114         | 5%         | 0.1%       |   |
| <b>Gross profit</b>      | <b>1,922</b>  | <b>23%</b>  | <b>-5.3%</b> | <b>2,151</b>  | <b>12%</b> | <b>-4.3%</b> | <b>2,553</b>  | <b>19%</b> | <b>12%</b> |   |
| %GPM                     | 19%           | 0.9%pts     |              | 20%           | 0.4%pts    |              | 20%           | 0.6%pts    |            |   |
| Power                    | 842           | 14%         | 0.0%         | 814           | -3%        | -5.1%        | 857           | 5%         | 0.8%       |   |
| Power construction       | 355           | 50%         | -10%         | 446           | 26%        | -3.4%        | 463           | 4%         | -4.6%      |   |
| Steel pole manufacturing | 138           | 19%         | -7.8%        | 112           | -19%       | -6.2%        | 114           | 2%         | -5.3%      |   |
| Industrial park          | 162           | 17%         | 0.2%         | 164           | 1%         | -0.1%        | 165           | 1%         | 0.8%       |   |
| Residential property     | 16            | -79%        | 1.4%         | 141           | 768%       | -22.2%       | 479           | 240%       | 219%       | Revised residential property gross profit corresponding with revenue change.  |
| Nickel mining            | 382           | NA          | -9.1%        | 446           | 17%        | 6.9%         | 447           | 0%         | 2.0%       | Revised down 2024 ore mining gross profit by 9%, reflecting lower-than-expected gross margin in 2Q24.   |
| Other                    | 26            | -25%        | -5.4%        | 29            | 8%         | -4.9%        | 29            | 2%         | -2.7%      |   |
| SG&A                     | 412           | 5%          | 9.9%         | 425           | 3%         | -3.9%        | 516           | 21%        | 6.4%       |   |
| <b>EBIT</b>              | <b>1,510</b>  | <b>28%</b>  | <b>-5.6%</b> | <b>1,726</b>  | <b>14%</b> | <b>-4.3%</b> | <b>2,038</b>  | <b>18%</b> | <b>14%</b> |   |
| Associates profit        | 102           | na          | -3.3%        | 121           | 18%        | -13%         | 232           | 91%        | 672%       | Revised down 2025 associates profit by 13% due to delay Yen Phong 2A hand over process. Revised up 2026 profit by 672% as we include two newly IP project into model.   |
| Financial income         | 116           | -40%        | -7.9%        | 171           | 47%        | -11%         | 203           | 19%        | -7.6%      | Revised financial income to correspond with 1H24 level.   |
| Financial expenses       | 916           | -6%         | 0.7%         | 835           | -9%        | 5.6%         | 770           | -8%        | 9.2%       | Revised up 2025-26 financial expenses to reflect additional capital for newly added projects. We see financial expenses exert a significant impact on PC1 bottom line. Notably, for every 1% decrease in exchange rate and interest rates, NP could recover ~8% per our estimation. |
| <b>PBT</b>               | <b>776</b>    | <b>104%</b> | <b>-14%</b>  | <b>1,150</b>  | <b>48%</b> | <b>-5.1%</b> | <b>1,661</b>  | <b>44%</b> | <b>28%</b> |   |
| Income tax               | 97            | 15%         | -20%         | 191           | 97%        | -10%         | 307           | 61%        | 33%        |   |
| <b>NPAT</b>              | <b>679</b>    | <b>129%</b> | <b>-9.4%</b> | <b>959</b>    | <b>41%</b> | <b>-13%</b>  | <b>1,355</b>  | <b>41%</b> | <b>26%</b> |   |
| Minority interest        | 220           | 38%         | -6.2%        | 245           | 11%        | 1.0%         | 265           | 8%         | 0.9%       |   |
| <b>Net profit</b>        | <b>459</b>    | <b>236%</b> | <b>-14%</b>  | <b>714</b>    | <b>56%</b> | <b>-11%</b>  | <b>1,089</b>  | <b>53%</b> | <b>34%</b> | <b>Overall, 2024/25/26 Net profit change -14%/-11%/+34% versus previous forecast.</b>   |
| EPS (VND/share)          | 1,475         | 236%        | -14%         | 2,294         | 56%        | -11%         | 3,502         | 53%        | 34%        |   |

Sources: PC1, MBS Research

## Financial statements

| Income statement                      |               |               |               |               | Cash flow statement                              |                |                |                |              |
|---------------------------------------|---------------|---------------|---------------|---------------|--|----------------|----------------|----------------|--------------|
|                                       | 2023          | 2024F         | 2025F         | 2026F         |  | 2023           | 2024F          | 2025F          | 2026F        |
| Net revenue                           | 7,803         | 10,038        | 10,998        | 12,661        | Pre-tax profit                                   | 381            | 776            | 1,150          | 1,661        |
| Cost of sales                         | (6,229)       | (8,116)       | (8,848)       | (10,107)      | Depreciation & amortization                      | 776            | 638            | 639            | 688          |
| Gross profit                          | 1,574         | 1,922         | 2,151         | 2,553         | Tax paid   | (103)          | (97)           | (191)          | (307)        |
| Gen & admin expenses                  | (335)         | (356)         | (377)         | (465)         | Other adjustments                                | (107)          | (125)          | (417)          | (588)        |
| Selling expenses                      | (56)          | (56)          | (48)          | (51)          | Change in working capital                        | 3              | (521)          | (129)          | (251)        |
| Operating profit                      | 1,182         | 1,510         | 1,726         | 2,038         | <b>Cash flow from operations</b>                 | <b>950</b>     | <b>671</b>     | <b>1,052</b>   | <b>1,204</b> |
| Operating EBITDA                      | 1,958         | 2,148         | 2,365         | 2,725         | Capex  | (385)          | (351)          | (1,349)        | (738)        |
| <b>EBIT</b>                           | <b>1,182</b>  | <b>1,510</b>  | <b>1,726</b>  | <b>2,038</b>  | Proceeds from assets sales                       | 168            | -              | -              | -            |
| Interest income                       | 195           | 116           | 171           | 203           | <b>Cash flow from investing activities</b>       | <b>59</b>      | <b>(1,017)</b> | <b>(1,487)</b> | <b>(878)</b> |
| Financial expense                     | (980)         | (916)         | (835)         | (770)         | New share issuance                               | 3              | -              | -              | -            |
| Net other income                      | (18)          | (36)          | (32)          | (42)          | Net borrowings                                   | (1,371)        | 770            | 843            | (381)        |
| Income from associates                | 2             | 102           | 121           | 232           | Other financing cash flow                        | 15             | 242            | 172            | 207          |
| <b>Pre-tax profit</b>                 | <b>381</b>    | <b>776</b>    | <b>1,150</b>  | <b>1,661</b>  | Dividends paid                                   | (124)          | (40)           | (62)           | (95)         |
| Tax expense                           | (84)          | (97)          | (191)         | (307)         | <b>Cash flow from financing activities</b>       | <b>(1,476)</b> | <b>972</b>     | <b>954</b>     | <b>(269)</b> |
| NPAT                                  | 297           | 679           | 959           | 1,355         | Cash and equivalents at beginning of period      | 2,581          | 2,112          | 2,738          | 3,257        |
| Minority interest                     | (160)         | (220)         | (245)         | (265)         | Total cash generated                             | (468)          | 626            | 519            | 57           |
| <b>Net profit</b>                     | <b>137</b>    | <b>459</b>    | <b>714</b>    | <b>1,089</b>  | <b>Cash and equivalents at the end of period</b> | <b>2,113</b>   | <b>2,738</b>   | <b>3,257</b>   | <b>3,313</b> |
| Ordinary dividends                    | (124)         | (40)          | (62)          | (95)          |  |                |                |                |              |
| Retained earnings                     | 13            | 419           | 651           | 994           |  |                |                |                |              |
| Balance sheet                         |               |               |               |               | Key ratios                                       |                |                |                |              |
|                                       | 2023          | 2024F         | 2025F         | 2026F         |  | 2023           | 2024F          | 2025F          | 2026F        |
| Cash and equivalents                  | 2,112         | 2,738         | 3,257         | 3,313         | Net revenue growth                               | 0.7%           | 9.7%           | 10.1%          | 15.2%        |
| Short term investments                | 769           | 1,551         | 1,860         | 2,204         | EBITDA growth                                    | 89.7%          | 127.7%         | 114.3%         | 118.1%       |
| Accounts receivables                  | 2,817         | 3,685         | 4,163         | 4,760         | EBIT growth                                      | -37.1%         | 103.8%         | 48.2%          | 44.5%        |
| Inventories                           | 921           | 1,275         | 1,283         | 1,363         | Pre-tax profit growth                            | -70.3%         | 235.9%         | 55.6%          | 52.6%        |
| <b>Total current assets</b>           | <b>6,860</b>  | <b>9,563</b>  | <b>10,905</b> | <b>12,031</b> | Net profit growth                                | -73.3%         | 203.4%         | 50.5%          | 52.6%        |
| Tangible fixed assets                 | 9,509         | 9,043         | 8,954         | 9,493         | EPS growth                                       | -73.3%         | 203.4%         | 50.5%          | 52.6%        |
| Construction in progress              | 107           | 281           | 1,079         | 590           | Gross profit margin                              | 20.2%          | 19.1%          | 19.6%          | 20.2%        |
| Investments in subsidiaries           | 146           | 146           | 146           | 146           | EBITDA margin                                    | 25.6%          | 22.2%          | 23.9%          | 24.6%        |
| Investments in associates             | -             | -             | -             | -             | Net profit margin                                | 1.8%           | 4.6%           | 6.5%           | 8.6%         |
| Other long-term investments           | 1,607         | 1,709         | 1,830         | 2,062         | ROAE   | 2.7%           | 8.3%           | 11.4%          | 15.0%        |
| Other long-term assets                | 761           | 759           | 874           | 1,043         | ROAA   | 0.7%           | 2.1%           | 3.0%           | 4.2%         |
| <b>Total non-current assets</b>       | <b>13,365</b> | <b>13,174</b> | <b>14,119</b> | <b>14,570</b> | ROIC   | 0.8%           | 2.3%           | 3.3%           | 4.8%         |
| <b>Total assets</b>                   | <b>20,225</b> | <b>22,737</b> | <b>25,024</b> | <b>26,600</b> | Asset turnover ratio                             | 0.4            | 0.5            | 0.5            | 0.5          |
| Short-term borrowings                 | 2,838         | 3,093         | 3,409         | 4,787         | Dividend payout ratio                            | 90.4%          | 8.7%           | 8.7%           | 8.7%         |
| Trade accounts payable                | 1,049         | 1,475         | 1,651         | 1,911         | D/E  | 147.8%         | 142.5%         | 135.2%         | 113.0%       |
| Other payables                        | 821           | 1,228         | 1,352         | 1,466         | Net debt to total equity                         | 118.7%         | 108.9%         | 99.8%          | 82.0%        |
| <b>Total current liabilities</b>      | <b>4,709</b>  | <b>5,796</b>  | <b>6,412</b>  | <b>8,164</b>  | Net debt to asset                                | 42.7%          | 39.0%          | 36.8%          | 33.0%        |
| Long-term borrowings                  | 7,902         | 8,523         | 9,050         | 7,291         | Interest coverage ratio                          | 1.4            | 1.9            | 2.1            | 2.6          |
| Other long-term payables              | 347           | 269           | 343           | 460           | Days account receivable                          | 131.8          | 134.0          | 138.2          | 137.2        |
| <b>Total long-term liabilities</b>    | <b>8,249</b>  | <b>8,792</b>  | <b>9,393</b>  | <b>7,751</b>  | Days inventory                                   | 54.0           | 57.3           | 52.9           | 49.2         |
| <b>Total liabilities</b>              | <b>12,957</b> | <b>14,588</b> | <b>15,806</b> | <b>15,915</b> | Days account payable                             | 61.5           | 66.3           | 68.1           | 69.0         |
| Common shares                         | 3,110         | 3,110         | 3,110         | 3,110         | Current ratio                                    | 1.5            | 1.6            | 1.7            | 1.5          |
| Share premium                         | -             | -             | -             | -             | Quick ratio                                      | 1.3            | 1.4            | 1.5            | 1.3          |
| Treasury shares                       | -             | -             | -             | -             | Cash ratio                                       | 0.6            | 0.7            | 0.8            | 0.7          |
| Undistributed earnings                | 956           | 1,375         | 2,026         | 3,021         | <b>Valuation</b>                                 |                |                |                |              |
| Investment and development funds      | 1,117         | 1,359         | 1,532         | 1,739         | EPS (VND/share)                                  | 470            | 1,475          | 2,294          | 3,502        |
| Shareholders' equity                  | 5,183         | 5,844         | 6,668         | 7,869         | BVPS (VND/share)                                 | 16,665         | 18,791         | 21,441         | 25,304       |
| Minority interest                     | 2,085         | 2,305         | 2,550         | 2,816         | P/E (x)  | 63.2           | 20.1           | 12.9           | 8.5          |
| Total shareholders' equity            | 7,267         | 8,149         | 9,218         | 10,685        | P/B (x)  | 1.8            | 1.6            | 1.4            | 1.2          |
| <b>Total liabilities &amp; equity</b> | <b>20,225</b> | <b>22,737</b> | <b>25,024</b> | <b>26,600</b> |  |                |                |                |              |

Sources: Company reports, MBS Research

## DISCLAIMER

This report has been written and distributed by MBS Research Center, MBS Securities JSC (MBS). It is based on information obtained from sources believed to be reliable, but MBS does not make any representation or warranty, express or implied, as to its accuracy, completeness, timeliness or correctness for any particular purpose. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained herein does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This report and all of its content belongs to MBS. No part of this report may be copied or reproduced in any form or redistributed in whole or in part, for any purpose without the prior written consent of MBS.

## MBS RECOMMENDATION FRAMEWORK

### Stock Ratings

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

**Add** The stock's total return is expected to reach 15% or higher over the next 12 months

**Hold** The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.

**Reduce** The stock's total return is expected to fall below negative 10% over the next 12 months.

### Sector Ratings

**Positive** Stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation

**Neutral** Stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.

**Negative** Stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

## ABOUT MBS

Founded in May 2000 by the Military Commercial Joint Stock Bank (MB), MB Securities Joint Stock Company (MBS) is one of the first six securities companies in Vietnam. After years of development, MBS has grown into one of the premier brokerage houses in the country. In two consecutive years between 2009 and 2010, MBS leads the brokerage house in terms of market share on both Hanoi Stock Exchange (HNX) and HCMC Stock Exchange (HOSE) and continuously ranked among the Top 5 of market share at both stock exchanges.

Address:

MB Building, 21 Cat Linh, Dong Da Dist., Hanoi

Tel: + 8424 7304 5688 - Fax: +8424 3726 2601

Website: [www.mbs.com.vn](http://www.mbs.com.vn)

## MBS RESEARCH DEPARTMENT

### Director, Head of Research

*Hien Tran Thi Khanh*

### Deputy Head of Equity Research

*Dzung Nguyen Tien*

### Macro & Market Strategy

*Hung Ngo Quoc*

*Cuong Nghiem Phu*

*Ha Anh Dinh*

*Duc Anh Vo*

### Banking – Financial Services

*Luyen Dinh Cong*

*Hao Nguyen Duc*

### Real Estate

*Duc Nguyen Minh*

*Tri Nguyen Minh*

*Thanh Le Hai*

### Industrials – Energy

*Tung Nguyen Ha Duc*

*Huyen Pham Thi Thanh*

### Consumer - Retail

*Ly Nguyen Quynh*