

26 Mar 2022

Phat Dat Real Estate (PDR)

AGM Briefing: Bulk sales in lower-tier regions sustain the growth

AGM Briefing

- On Mar 26, PDR held a 2022 AMG briefing for the upcoming business expansion plan. Key issues covered were the 2022F guidance, and funding demand.

Ambitious but feasible 2022F targets

- The company offered its guidance for 2022F with a VND10.7tn revenue, 127.7% yoy and a VND2.9tn net profit, 55.5% yoy.
- The key attributes to the ambitious net profit growth are the bulk sales of condo project (Astral City) in satellite region (Binh Duong province) and of hospitality project in coastal city (Binh Dinh province).
- PDR's flexible sales strategy in combining retail and bulk sales seems to help the firm withstand market headwinds, maintaining constant pre-sale activities and faster earnings recognition.
- We note that most of 2022F earnings will be recorded in 4Q22F and hence, PDR may be a stock worth watching in the second half of the year.
- Blended gross margin in 2022F could not be high as seen in 2021 (76.3%) due the major proportion of thin-margin condo revenue.
- PDR could pay stock dividend at 100:36.3 from the 2021 earnings.

Funding demand continuously aggressive

- Net gearing grew to 42.7% as of end 2021 (vs 36.5% in 2020) from the aggressive bond offerings in 2021 being up to VND2,385bn. PDR has yet supplied further information on the new funding demand but is eyeing on issuing abroad and green bonds.

	2017A	2018A	2019A	2020A	2021P
Sales (VND bn)	1,327	2,148	3,400	3,911	3,620
chg. (% YoY)	(11.4)	61.9	58.3	15.0	(7.4)
Operating profit (VND bn)	360	560	1,101	1,574	2,525
Net profit (VND bn)	440	643	874	1,220	1,865
EPS (VND)	1,873	2,287	2,534	2,926	3,866
chg. (% YoY)	64.9	22.1	10.8	15.5	32.1
EBITDA (VND bn)	362	564	1,107	1,581	2,540
PE (x)	46.4	38.1	34.5	29.9	24.3
EV/EBITDA (x)	56.1	43.1	28.6	24.2	19.0
PB (x)	7.2	7.1	7.0	7.1	6.4
ROE (%)	16.8	20.3	22.2	25.5	28.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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12M rating **Non-rated**

12M TP **N.A**

Up/Downside **N.A**

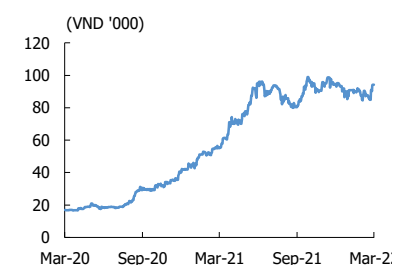
Stock Data

VNIndex (28 Mar, pt)	1,499
Stock price (28 Mar, VND)	94,200
Market cap (USD mn)	2,030
Shares outstanding (mn)	493
52-Week high/low (VND)	99,000/55,327
6M avg. daily turnover (USD mn)	16.10
Free float / Foreign ownership (%)	37.7/2.3
Major shareholders (%)	
Nguyen Van Dat (Chairman)	51.48
Phat Dat Holdings	8.93

Performance

	1M	6M	12M
Absolute (%)	10.8	15.9	71.1
Relative to VNIndex (%p)	10.2	3.5	40.7

Stock price trend



Source: Bloomberg

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Valuation looks fair as growth has been priced in

- Per management guidance, 2022F earnings translate into a forward PE of 16.3x, higher than the local peer median of 13x.

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