

21 Jul 2022

Phat Dat Real Estate (PDR)

Briefing: Bulk sales lead the 2Q22 growth

On track to meet the AGM guidance

- Phat Dat Group released 2Q22 results on 21 Jul, posting revenue of VND853bn (+58.6% yoy, 36.5% qoq) and net profit/NPATMI of VND409bn/413bn (+62.9/63.9% yoy and 46.6/46.5% qoq), implying EPS of VND671.
- The key attributes to the flourishing revenue growth are the bulk sales of condo projects in Nhon Hoi Ecological tourism and townhouse project (satellite region Binh Dinh province) and in Bau Ca Residential project (Central Coast Quang Ngai province)
- Thanks to stellar floor area ratios in Binh Dinh province which is usually higher than the metropolis cities like HCMC, Hanoi and that helps maximize the gross development value together with competitive land payment cost, the gross margin stayed idealistic at 90.1%, 14.6%p yoy, 5.9%p qoq in 2Q22.
- PDR's flexible sales strategy in bulk sales seems to help the firm withstand market headwinds. Overall, the 1H22 revenue swelled by 31.5% yoy to VND1,478bn and the NPATMI grew by 37.9% yoy to VND695bn, fulfilling 13.8/23.9% of their annual guidance.
- We note that most of 2022F earnings will be recorded in 4Q22F and hence, the immaterial completion in 1H22 is not a concern.
- While seeking information, we think the Ngo May townhouse project in Binh Dinh province, Serenity Phuoc Hai condo project in Ba Ria Vung Tau province could mainly constitute the 2H22F revenue.
- In tandem with the retreat of the broad market, PDR price pulled back by 19.7% in the last 6 months, resulting in 18.7x TTM PE and a 4.9 PB which is unduly higher than our coverage peer of 10x/2.3x.

	2017A	2018A	2019A	2020A	2021A
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	2,534
PE (x)	26.8	22.0	19.9	17.2	14.0
EV/EBITDA (x)	32.3	24.8	17.1	14.5	11.5
PB (x)	4.2	4.1	4.1	4.1	3.7
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*

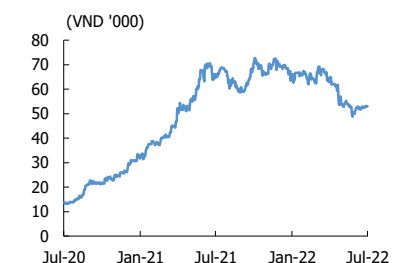
Stock Data

VNIndex (21 Jul, pt)	1,200
Stock price (21 Jul, VND)	52,900
Market cap (USD mn)	1,518
Shares outstanding (mn)	672
52-Week high/low (VND)	72,634/48,800
6M avg. daily turnover (USD mn)	8.76
Free float / Foreign ownership (%)	37.7/2.5
Major shareholders (%)	
Nguyen Van Dat (Chairman)	51.48
Phat Dat Holdings	8.93

Performance

	1M	6M	12M
Absolute (%)	4.8	(19.7)	(18.4)
Relative to VNIndex (%p)	1.9	(1.9)	(14.3)

Stock price trend



Source: Bloomberg

Nhan Lai

Nhan.lai@kisvn.vn

Table 1. 2Q22 earnings

(VND bn, %, %p)

	2Q21	3Q21	4Q21	1Q22	2Q22	QoQ	YoY	Consensus
Sales	538	1268	1,229	625	853	36.5	58.6	N.A
Gross profit	406	856	1,117	526	768	46.0	89.2	N.A
Gross margin	75.5	67.5	91	84	90	5.9	14.6	N.A
OP	357	795	1,035	461	679	47.3	90.2	N.A
OP margin	66.4	62.7	84	74	80	5.8	13.2	N.A
EBT	322	760	947	354	516	45.8	60.2	N.A
EAT	251	607	751	279	409	46.6	62.9	N.A

Source: Company data, Otherwise, KIS

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Prepared by: Nhan Lai

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