

30 Jun 2023

# Phat Dat Real Estate (PDR)

## AGM Briefing: Light at the end of tunnel

### AGM Briefing

- The PDR's management held the AGM 2023 on Jun 30 to address multiple key concerns about the debt duty coverage, the business plan. We are excited to be covered with the upcoming launching plan and private placement issuance.

### Funding demand aggressive and controversial

- Net gearing subsided to 39.3% as of end-1Q23 vs 41.7% as of end-4Q22. What is worrying to lenders is the late payment of two bond codes with a total amount of VND212.7bn. The new due dates are Jul and Aug. The due bond amount in 12 months as of end-1Q23 sits at VND1,621bn
- To relieve the debt burden, the company aims to mobilize VND2,015bn via 1) a private placement equity issuance of VND670bn to 7 individual professional investors at VND10,000 (10% of total outstanding shares) and 2) share issuance rights to existing shareholders at 5.5: 1 (for 5.5 shares to buy 1 share) at VND10,000/share.
- Total funds could finance Bac Ha Thanh land lots (VND511.2bn), Binh Duong Tower 2 (VND300bn), Serenity Hotel 5 star (VNDD400bn) and the remainder could pay the due bond payments in 2H23F and 1H24F.
- The issuing plan to 7 investors wipes the shareholders out as it could dilute the ownership.

### Dim light from the launching plan of projects

- Around 13,000 units could be launched in 2023-24, per management and the BOD shed some light on the licensing process.

	2018A	2019A	2020A	2021A	2022A
Sales (VND bn)	2,148	3,400	3,911	3,620	1,505
chg. (% YoY)	61.9	58.3	15.0	(7.4)	(58.4)
Operating profit (VND bn)	560	1,101	1,574	2,525	977
Net profit (VND bn)	643	874	1,220	1,865	1,137
EPS (VND)	2,287	2,534	2,926	3,866	1,634
chg. (% YoY)	22.1	10.8	15.5	32.1	(57.7)
EBITDA (VND bn)	564	1,107	1,581	2,534	991
PE (x)	6.8	6.2	5.4	4.4	9.7
EV/EBITDA (x)	7.5	6.3	5.3	4.4	15.4
PB (x)	1.3	1.3	1.3	1.2	1.4
ROE (%)	20.5	22.6	26.0	30.7	15.0
Dividend yield (%)	0.0	0.1	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

Up/Downside

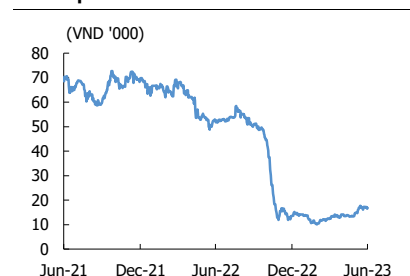
### Stock Data

VNIndex (30 Jun, pt)	1,122
Stock price (30 Jun, VND)	16,950
Market cap (USD mn)	483
Shares outstanding (mn)	672
52-Week high/low (VND)	58,400/10,100
6M avg. daily turnover (USD mn)	5.37
Free float / Foreign ownership (%)	45.8/2.8
Major shareholders (%)	
Nguyen Van Dat (Chairman)	51.48
Phat Dat Holdings	8.93

### Performance

	1M	6M	12M
Absolute (%)	16.9	24.6	(67.3)
Relative to VNIndex (%p)	12.5	12.4	(62.6)

### Stock price trend



Source: Bloomberg

### Research Dept

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- They could get the principal investment approval for Thuan An condo project (aka Binh Duong Tower 2, Astral City with total of 4,982 units) in Jul, facilitating the sales plan and cash collection from Danh Khoi broker agents with the remaining amount of VND1,500bn
- The company also believes it could get real support from the governmental licensing agencies in the Binh Dinh provinces to launch in the market at its soonest.
- A guidance with 2023 PBT of VND850bn, -42.7% yoy is approved in the meeting and a VND384bn PBT could be recorded in the 1H23

### Bouncing back from the bottom

- PDR market price rebounds steeply from the Nov outbreak but we think that this is not enough and PDR deserves more. Compared with other rivals, PDR's balance sheet is much safer and its business plan is more feasible. We strongly believe PDR's management could once again steer the company through the treacherous.

**Table 1: PDR's debt snapshot as of end 1Q23**

	Amount (VND bn)	Due date	Collateral ( PDR shares)
<b>Short-term loan (VND bn)</b>	<b>110</b>		
VCB Bank	56		4,500,000
CTG Bank	54		
<b>Long-term loan (VND bn)</b>	<b>673.7</b>		
CTG bank	168	25/4/2030	
MBB bank	206	17/04/2030	
MBB bank	300	5/7/2027	15,400,000
<b>Total loan (VND bn)</b>	<b>784.1</b>		
<b>Other short-term debt (VND bn)</b>			
Mirae Asset Finance Limited	100	15/5/2023	14,000,000
Phat Dat Energy	102	25/10/2025	
Doan Duc Luyen	70	7/7/2023	5,000,000
Vu Duong Hien	91	7/7/2023	6,500,000
<b>Other long-term debt (VND bn)</b>			
ACA Real Estate	708.45		Equal to USD30,000,000

Source: Company

**Table 1: PDR's bond payment snapshot as of end-1Q23**

Amount of bond (VND bn)	Due date	Collateral (shares)	Note
147.9	28/04/2023	11,320,000.00	Late payment to 27/07/2023
64.8	7/5/2023	11,103,246.00	Late payment to 07/08/2023
199.0	11/8/2023	16,860,700.00	
132.9	24/09/2023	26,000,000.00	
141.3	2/12/2023	27,660,000.00	
296.5	8/12/2023	14,227,052.00	
496.3	23/12/2023	21,341,000.00	
143.0	25/03/2024	25,606,000.00	
<b>1,621.7</b>		<b>154,117,998.0</b>	

Source: Company, HNX

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Prepared by: Research Dept

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