#### true **F**riend Viet Nam Securities Corporation

# Company

**Brief** 

18 Feb 2022

# Phat Dat Real Estate (PDR)

## AM Briefing: Diversified engines of growth

## **AM Briefing**

- On Feb 18, PDR set up an analyst meeting to brief their 4Q21 results, land bank acquisition, and development plan in 2022F-24F.

## 2021 earnings trailed the guidance

- Phat Dat JSC (PDR) reported a stellar 4Q21 bottom line of VND753.8bn, up 50% yoy despite a tepid revenue growth of -13.1% yoy (VND1,228bn).
- 2021 NPATMI soared by 53% yoy to VND1,865bn on the back of gross margin gains of 28.5%p to 76.3% in 2021. We believe the gross margin expansion were driven by handover of high-margin land lots in Nhon Hoi project (Section 9) in Binh Dinh province.
- Overall, PDR fulfilled their revenue and NPATMI guidance by 76.5%/103.6% in 2021
- The market is expecting PDR could earn a VND10tn revenue and a VND3.6tn net profit in 2022F, equivalent to a 177%/67% yoy.

## The acceleration of gearing concerns

- In 2021, PDR aggressively offered a VND2,375bn corporate bond at 12-13% coupon rate, bringing to a VND3,246bn loan balance as of end-2021.
- The net gearing rose to 42.1% as of end-21 vs 36.5% last year, raising concerns about the heightened leverage amid the industry average of 30-35%
- The company has yet provided fund plan in 2022F but eyed on the seeking financing from abroad thanks to its credit rating B by Fitch Ratings Service

	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	2,540
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 bas	ed on figures attribut	ed to controlling inte	erest		

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12M rating	Non-rated		
12M TP	N.A		
Up/Downside	N.A		

#### Stock Data

VNIndex (18 Feb, pt)	1,505	
Stock price (18 Feb, VND)	91,200	
Market cap (USD mn)	1,969	
Shares outstanding (mn)	493	
52-Week high/low (VND)	99,000/50,623	
6M avg. daily turnover (USD mn)	15.75	
Free float / Foreign ownership (%	) 37.7/2.8	
Major shareholders (%)		
Chairman	51.48	
Phát Đạt Holdings	8.93	

#### Performance

	1M	6M	12M
Absolute (%)	3.6	2.5	72.1
Relative to VNIndex (%p)	(1.0)	(8.8)	42.5

#### Stock price trend



Source: Bloomberg

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## Land bank acquired from BT projects still pending

- PDR is undertaking two build-transfer (BT) projects in exchange for more than 27.2 ha of land in HCMC. BT investors will be allocated a land parcel in exchange for the investment that they have spent on the infrastructure project.
- We note that the new Law on Management and Use of Public Assets became effective in 2018; however, the Ministry of Finance (MOF) has not yet issued a decree instructing how public assets should be used to pay for BT projects. In 2018, the MOF requested a temporary suspension on the use of public assets to pay BT investors, causing several BT projects to be interrupted. At AGM, the management did not give any prospects on these BTs. We think this situation will continue to drag on in 2021 and perhaps longer, making PDR wait at least two more years before it returns to the HCMC housing market.

### Aggressively stretching to second-tier regions

- The company claims to acquire at least 5,531ha as of end-2021 (459ha as of end-2020) in 8 provinces of which 18-20% is secured for development while the remainders are sought for a legal license.
- Breaking down by type of purpose, 28% of the total land bank is monetised for industrial estates. In detail, PDR plans to monetize a 24ha logistic area in Cai Mep-Vung Tau province and 394ha Cao Lanh industrial park in Dong Thap province in 2022F
- Regarding the pipelines of development, PDR is going to launch a 4ha highrise project in Binh Duong province (total around 6,000 units) and three hospitality projects in Ba Ria- Vung Tau with each of 400,000-455,000 net salable area

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