

27 Jan 2023

Phat Dat Real Estate (PDR)

Rolling over the debt is worrisome

The 4Q22 income statement looked dim

- Shortage of a financial income from divesting stake of VND1,248.5bn recorded in 3Q22 amid the immaterial revenue of VND14.6bn, the 4Q22 results turned loss at VND296.6bn PBT vs a VND947bn in 4Q21.
- Despite the 4Q22 negative performance, the full-year outcome made profit with a VND1,146bn net profit, -38.6% yoy driven by a VND1,504bn revenue, -58.4% yoy and by a financial income from divesting stake of VND1,248.5bn in 3Q22. The company attributed the robust divestment income to the PDR's 26% equity stake transfer in KL JSC to Gemini JSC.
- However, the company only fulfilled 13.9%/39.5% of their guidance.

The 4Q22 balance sheet seemed shiny

- As of end-4Q22, the net gearing rose to 0.5x vs 0.36x as of end-4Q21. Total net debt rose to VND4.1tn as of end-4Q22, +41.7% YTD but plunged by 19.5% qoq vs VND5.2tn as of end-3Q22.
- The company obliges to pay a VND2.5tn debt in next 12 months of which due loan is VND133.5bn, due bond is VND2,214bn, and other debt is VND320bn. Besides the pressure of due debt payment in the short-term, PDR is exposed to the long-term bond of VND1,706bn.
- What relieved us is payment capacity in 4Q22 thanks to the advance buyback of a VND1.1bn bond. Furthermore, the company's additional collateral could be accepted by bondholders given the continuous shrink in share price.

Worrisome still remain

- However, we are much weighed by fear of sluggish market sentiment of retail equity investors. They could dip the PDR price down more, triggering the bondholders to acquire more collateral or ask for buying back.
- We guess around 50% of bond issuance is held by securities firms, 49% is other businesses (asset management funds, insurance firms) and 1% is individual buyers. They are not allowed to accept the property projects as collaterals, pursuant to the law.

	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	971
Net profit (VND bn)	643	874	1,220	1,865	1,146
EPS (VND)	2,287	2,534	2,926	3,866	1,646
chg. (% YoY)	22.1	10.8	15.5	32.1	(57.4)
EBITDA (VND bn)	564	1,107	1,581	2,534	985
PE (x)	8.8	5.1	4.5	3.6	8.0
EV/EBITDA (x)	9.7	5.4	4.6	3.8	13.6
PB (x)	1.6	1.0	1.1	1.0	1.1
ROE (%)	20.3	22.2	25.5	28.0	13.2
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 **N/A**

Up/Downside

Stock Data

VNIndex (27 Jan, pt)	1,117
Stock price (27 Jan, VND)	13,700
Market cap (USD mn)	392
Shares outstanding (mn)	672
52-Week high/low (VND)	69,113/12,000
6M avg. daily turnover (USD mn)	5.78
Free float / Foreign ownership (%)	42.3/3.7
Major shareholders (%)	
Chairman	42.9
Phat Dat Holdings	10.97

Performance

	1M	6M	12M
Absolute (%)	8.7	(73.9)	(78.7)
Relative to VNIndex (%p)	(2.5)	(68.3)	(55.7)

Stock price trend



Source: Bloomberg

- The credit unavailability allocated to homebuyers and mortgage rate hike not only hinders the potential homebuyers' purchase decisions but also jeopardises current homebuyers' payment affordability.
- Hence, PDR' sales of their property could be slower and the cash receipt is also hit by the deferred payment by NRC who is the bulksale buyer. We believe PDR will be impacted the most due to their focus on high-end second home and hospitality products which are more speculative in nature.

Table 1. 4Q22 earnings

(VND bn, %, %p)

	2021				2022				2021 2022P		4Q22		Consensus (BB)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QP	QoQ	YoY			
Net sales	586	538	1,268	1,229	625.5	853.0	11.1	14.6	3,621	1,504	31.5	(98.8)	N.A
Property sales	42	24	6	4,409		851.0	11.1	14.6	4,481	1,497	31.5	(99.7)	
Property management	100	151	21	8		2.0			280	4			
Project transfer	21	59	22	-		1.0			102	5			
Construction	66	161	102	13					342	0			
Gross profit	385	406	856	1,117	526.1	768.2	6.2	(14.0)	2,764	1,277	(325.8)	(101.3)	N.A
Gross margin	65.7	75.5	67.5	90.9	84.1	90.1	55.9	(95.9)	76.3	85.6	(151.8)	(186.8)	
SG&A	47	49	61	82	65.5	88.6	74.2	76.9	239	305	3.6	(6.2)	
Operating profit	338	357	795	1,035	460.6	679.6	(68.0)	(90.9)	2,525	971	33.7	(108.8)	
Associate's income	0	0	0	0	0.0	0.0	0.0	0.0	0	0			
Financial income	0	3	0	3	0.5	0.8	1249.0	16.4	6	1,267	(98.7)	446.7	
Financial expense	22	29	39	73	106.1	154.0	157.4	221.1	163	639	40.5	202.9	
Net other income	(2)	(9)	4	(17)	(1.4)	(1.0)	(102.8)	(0.9)	(24)	(106)	(99.1)	(94.7)	
EBT	315	322	760	947	353.6	516.0	920.8	(296.6)	2,344	1,494	(132.2)	(131.3)	
Net profit	251	251	607	751	279.4	409.0	711.2	(229.5)	1,860	1,170	(132.3)	(130.6)	
NP of controlling interest	252	252	608	754	282.1	413.0	717.8	(266.9)	1,866	1,146	(137.2)	(135.4)	N.A
EBITDA	338	357	795	1,035	460.9	683.1	(67.7)	(90.7)	2,525	976	34.0	(108.8)	
EBITDA margin	57.7	66.4	62.7	84.2	73.7	80.1	(609.9)	(621.2)	69.7	64.9	(11.3)	(705.4)	
OP margin	57.7	66.4	62.7	84.2	73.6	79.7	(612.6)	(622.6)	69.7	64.6	(10.0)	(706.8)	

Source: Company data, KIS

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