

31 Oct 2023

## PC1 GROUP (PC1)

### The mining business's successful launch

#### EBT growth thanks to effectiveness of electricity and mining

- In 3Q23, revenue recorded VND2,220bn, which is a significant drop of 62% yoy. Main reason was due to the decline in EPC business revenue. However, gross profit grew sharply, 35% yoy to VND534bn thanks to the effectiveness of electricity and mining businesses, specifically:
- EPC business: revenue and gross profit recorded only VND478bn, (-80% yoy) and VND33bn (-87% yoy), respectively.
- Electricity business posted VND381bn, +18% yoy in revenue and VND192bn, +49% yoy in gross profit thanks to the A0's increase in hydropower mobilization in 3Q23 amid favorable hydrological.
- The mining business fared well after it started running in 3Q23. The revenue and gross profit were VND197bn and VND598bn, respectively. The amount sold was about 17,000 tonnes, and the average price was VND35mn per tonne.
- Financial expenses also increased due to no longer capitalizing after the Tan Phat mine went into operation. EBT was VND140bn, +196% yoy

#### 4Q23 business results are forecasted to be positive

- FS in 3Q23 showed the important point of PC1's growth prospects. It confirmed concerns about how well the ore mining section is running. Even though it's still in the first phase and not quite at full capacity, the profit number is pretty good (gross margin: 33%).

12M rating **Non-Rated**

12M TP  
Up/Downside

#### Stock Data

VNIndex (31 Oct, pt)	1,028
Stock price (31 Oct, VND)	23,700
Market cap (USD mn)	261
Shares outstanding (mn)	270
52-Week high/low (VND)	33,700/12,650
6M avg. daily turnover (USD mn)	3.62
Free float / Foreign ownership (%)	55.3/6.0
Major shareholders (%)	
Chairman & relative	23.26
BEHS JSC	17.75

#### Performance

	1M	6M	12M
Absolute (%)	(23.3)	(16.8)	32.0
Relative to VNIndex (%p)	(12.4)	(15.8)	30.3

#### Stock price trend



Source: Bloomberg

	2018A	2019A	2020A	2021A	2022A
Sales (VND bn)	5,084	5,845	6,679	9,828	8,358
chg. (% YoY)	61	15	14	47	(15)
Operating profit (VND bn)	657	594	823	859	1,318
Net profit (VND bn)	491	376	544	764	537
EPS (VND)	3,514	2,246	2,682	2,956	1,700
chg. (% YoY)	71	(36)	19	10	(42)
EBITDA (VND bn)	812	759	1,103	1,223	1,944
PE (x)	6.7	7.4	7.8	12.1	10.2
EV/EBITDA (x)	0.6	1.6	2.6	2.6	2.6
PB (x)	1.1	0.8	1.1	2.0	1.1
ROE (%)	16.1	10.9	13.8	16.0	9.4
Dividend yield (%)					

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

#### Research Dept

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- In addition, hydropower plants are expected to work better in the following quarters (4Q23-2024) thanks to favorable hydrological. Based on these premises, we think that business results will be positive in the short term (4Q23–1Q24). Also, we think PC1 will gain a lot from Power Master Plan 8 when it is the top company in wind power plans and transmission line building

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