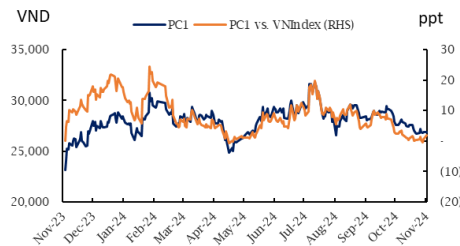


## Vietnam: Energy

4 November 2024

**BUY**
**TP upside +27.4%**
**Close 4 November 2024**

 Price VND 26,900  
 12M Target VND 34,268

**Share price performance relative to VNINDEX**


Market cap (USD mn)	344
6M ADT (USD mn)	4.2
Outstanding shares (mn)	311
Free float (%)	62.9
FINI ownership (%)	13.0
FOL Room (%)	37.0
Major shareholders (%)	26.9
2025E Net debt/equity (%)	121.2%
2025E BVPS (VND)	39.615
2025E P/B (x)	1.0
2025E P/E (x)	11.4
2025E EV/EBITDA (x)	6.3

**Financial outlook**

Year to Dec	2023E	2024E	2025E	2026E
Sales (VND bn)	7,775	10,341	12,320	13,265
EPS (VND)	428	1,327	2,361	3,413
ROE (%)	2.0	5.8	9.8	13.5
Div. yield (%)	-	-	-	-

Sources: Bloomberg, Company data, Yuanta Vietnam

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Bloomberg code: YUTA

## Power Construction # 1 (PC1 VN)

### New policies, new catalysts

**Event**

9M24 revenue growth reached +46.7% YoY, while PATMI increased by +99% YoY to fulfill 92% of our full-year PATMI forecast.

**Details**

PC1 reported 3Q24 revenue of VND2,232 bn, up 3.2% YoY. By segment, 3Q23 construction revenue rose +48% YoY to VND705bn; electricity sales revenue increased +18% YoY to VND488bn; whereas industrial production revenue decreased sharply by -60% YoY to only VND161bn.

3Q24 gross profit margin expanded slightly by +10 bps YoY to reach 21.6%. In addition, 3Q24 net financial expenses dropped significantly by -75% YoY to VND 69.4bn.

Thus, PC1 reported 3Q24 PAT expanded by 8x YoY to reach VND259bn from the low 3Q23 base of VND34.3bn.

9M2024 revenue increased 47% YoY to reach VND 7,538 bn, while 9M24 PATMI nearly doubled YoY to reach VND399bn.

**Positive regulatory changes.** Decree 135 (effective Oct 22) stipulates mechanisms and policies for the development of self-produced and self-consumed rooftop solar power for households and businesses, including industrial parks. In addition, Decree 80/2024/ND-CP allows direct purchases between renewable power suppliers and large customers. Renewable power generators can also sell surplus electricity (maximum 20% of installed capacity) to the grid. These policies directly benefit renewable electricity generators.

PC1 currently operates 30 MW of rooftop solar power capacity at Nomura 1 Industrial Park, Phase 1. Management plans to develop an additional 30 MW at Nomura 1 Industrial Park Phase 2, Nomura 2 (50MW) and the Industrial Park of affiliate Western Pacific (another 50MW) within the next 3-5 years.

**Our view**

PC1 is our top long-term top pick on the green energy theme. We see the company as a key beneficiary of PDP 8's focus on renewable energy. PC1's share price has fallen 15.8% since the peak in July along with weakness in the overall energy sector and green energy.

PC1 is currently trading at 1.0x 2024 P/B, a cheap valuation given the expected ROE expansion in 2025-26E. Our target price implies 27% 12-month upside, and we reiterate our BUY recommendation.

**ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.**

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**HOLD–Outperform:** In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

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