

Vietnam: Energy

18 February 2025

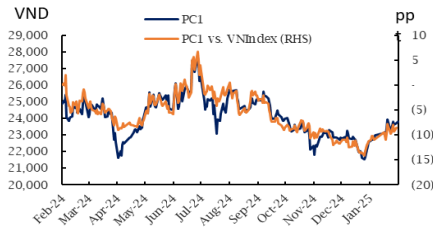
BUY

TP upside +25.2%

Close 18 February 2025

Price **VND 23,800**
 12M Target **VND 29,798**

Share price performance relative to VNINDEX



Market cap (USD mn)	333
6M ADT (USD mn)	1.6
Outstanding shares (mn)	357.6
Free float (%)	73.1
FINI ownership (%)	15.3
FOL Room (%)	34.7
Major shareholders (%)	26.9
2025E Net debt/equity (%)	121.2%
2025E BVPS (VND)	39.615
2025E P/B (x)	1.1
2025E P/E (x)	11.6
2025E EV/EBITDA (x)	6.3

Financial outlook

Year to Dec	2023E	2024E	2025E	2026E
Sales (VND bn)	7,775	10,078	12,320	13,265
EPS (VND)	428	1,158	2,361	3,413
ROE (%)	2.0	6.2	9.8	13.5
Div. yield (%)	-	-	-	-

Sources: Bloomberg, Company data, Yuanta Vietnam

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Bloomberg code: YUTA

**Power Construction # 1 (PC1 VN)
 Gross profit margin soared in 4Q24**

Event

Strong 4Q24 results. PC1’s substantial gross margin expansion boosted PATMI (+85% YoY) ahead of revenue (-0.5% YoY).

Details

4Q24 PATMI soared by +84.5% YoY to reach VND61.2bn primarily due to an +8ppt YoY expansion in gross margin, reaching 23.4%.

4Q24 revenue remained relatively flat YoY at VND2.5tn, while operating and financial costs soared. Specifically, net financial expenses increased by +48.0% YoY to VND231.2bn driven by an FX loss of VND102bn (vs a gain of +14.2bn in 4Q24). In addition, 4Q24 operating expenses rose 56.3% YoY with SG&A-to-revenue up by +3.1 ppt to reach 8.3%, mostly driven by the provision for receivables of VND 81.8bn, up from VND 3bn in 4Q23.

2024 PATMI reached VND460bn, up 12-fold YoY and 106% our forecasts. This substantial improvement was primarily driven by +31.0% YoY revenue growth to reach VND10.1tn (97% forecast), with full-year gross margin expanding by 1.8ppt YoY to reach 20.7%.

Growth of high-margin segments drove the 2024 GM improvement. Electricity sales (+17% YoY) reached VND1.7tn; this is PC1’s most profitable business segment, with gross margin of 56%. Meanwhile, full-year construction revenue (+41% YoY) reached VND3.7tn (36.7% of total revenue) on increased government investment in the grid. In addition, mining (copper/nickel) revenue reached VND1.7tn (+173% YoY) to account for 16.8% revenue.

Expanding hydropower capacity. PC1 is investing in two hydropower plants: Bao Lac A (30MW) and Thuong Ha hydropower (13MW). We assume these plants will commercially launch in 2026, which should increase PC1’s hydropower design capacity by +15% to 202MW.

Our view

PC1 is our top long-term top pick in the energy sector. An official GDP growth target of +8% or more suggests at least +12% electricity production CAGR going forward. Vietnam’s installed electricity capacity only grew by +4.7% YoY in 2024, while production soared by +9% YoY, implying substantial capacity (and grid) expansion will be required in the years ahead.

PC1 is currently trading at 1.1x 2025 P/B, a cheap valuation given the expected ROE expansion in 2025–26E. Our target price implies 25.2% 12-month upside, and we reiterate our BUY recommendation.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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