

**PHU TAI JSC - PTB**
**ADD**

# Brighter outlook from FY24F

INDUSTRIALS | Update

Target price (12M)

**VND56,000**

Consensus\*: Add:1 Hold:3 Reduce:0

Target price / Consensus: 11.1%

**Key changes in the report**

- Revise FY23/24F EPS -19.9%/ +2.8% vs. previous projection.
- Upgrade TP by 16.2% vs. previous TP.

Previous rating	Hold
Previous TP	VND48,200
Current price	VND47,500
52w high (VND)	68,300
52w low (VND)	36,000
3m Avg daily value (VNDmn)	13,008
Market cap (VNDbn)	3,262
Free float	54%
Dividend yield	3.1%
TTM P/E (x)	8.07
Current P/B (x)	1.23

**Price performance**


Source: VNDIRECT RESEARCH

**Ownership**

Le Vy	13.3%
Le Van Thao	8.5%
Nguyen Sy Hoe	6.2%
Others	72.0%

Source: VNDIRECT RESEARCH

**Analyst(s):**

**Huyen Phan Thanh**

huyen.phanthanh@vndirect.com.vn

- PTB's 1Q23 net profit (NP) reached VND63bn (-55.4% yoy), fulfilling 13.8% of our previous full-year forecast.
- We expect PTB's NP to decline by 25.2% yoy in FY23F and bounce back by 49.8% yoy in FY24F as we expect demand for wood and stone products to recover in both domestic and export markets after FY23F.
- Upgrade to Add with higher target price (TP) of VND56,000 as we roll valuation model to mid FY23-24F.

**1Q23 recap: Revenue shrank but stone products export was a spotlight**

PTB reported a slump in 1Q23 revenue and NP by 18.0%/55.4% yoy, fulfilling 21.7% and 13.8% of our previous FY23F forecast, respectively. Wood segment fell 22.4% yoy in revenue as it continued to be hit by weak demand in the US (PTB's major export market), while stone segment recorded positive figure of 16.3% yoy growth thanks to the contribution of quartz products export business.

**Wood revenue will continue to dive in FY23F before rebounding in FY24F**

PTB's export value of wooden product (accounted for 94.7% of total wood revenue) dropped by 55% yoy in 1Q23, as demand was constrained by difficulties in the US's housing market and the cutbacks of non-essential spending. We expect the tightening cycle to be halted by 4Q23F, thus we expect the US's property market to recover from FY24F, followed by wooden furniture consumption. We forecast wood export revenue to slide 7.3% yoy in FY23F to VND2,807bn and spring back 24.0% yoy to VND3,480bn in FY24F.

**There are tailwinds carrying stone products consumption growth in FY23-25F**

The company has widen customer base for quartz products in the US market, which led to an upsurge of 64.5% yoy growth in 1Q23 stone products export revenue. We forecast FY23F stone export to reach VND1,073bn in revenue, of which VND1,000bn come from granite. As we expect consumption in the US market to accelerate from FY24F thanks to lower borrowing cost – thus reinforce new orders for granite products, we forecast granite revenue to reach VND2,131bn and VND2,553bn in FY24-25F (+6.5%/19.9%yoy) respectively.

**Upgrade to Add with higher TP of VND56,000**

We raise our TP by 16.2% as we roll valuation model to mid FY23-24F, we decrease 19.9% of FY23F EPS and increase FY24F EPS by 2.8% from previous projection. Upside catalysts include (1) better-than-expected home furniture demand in the US thanks to inflation cooling down and (2) domestic consumption extends thanks to earlier-than-expected recovery of property market's activities. Downside risks include: (1) slower-than-expected revenue growth of quartz business as the market is highly competitive and (2) delay in recognizing revenue from Phu Tai Residence.

Financial summary (VND)	12-21A	12-22A	12-23E	12-24E
Net revenue (bn)	6,492	6,887	6,605	7,523
Revenue growth	15.9%	6.1%	(4.1%)	13.9%
Gross margin	22.4%	22.4%	19.4%	21.1%
EBITDA margin	8.3%	6.0%	4.4%	6.4%
Net profit (bn)	512	487	365	546
Net profit growth	42.8%	(4.8%)	(25.2%)	49.8%
Recurring profit growth	38.6%	(4.5%)	(25.2%)	49.8%
Basic EPS	7,251	6,902	5,163	7,736
Adjusted EPS	6,661	6,210	4,684	7,018
BVPS	33,863	39,111	43,463	50,440
ROAE	23.7%	18.9%	12.5%	16.5%

Source: VNDIRECT RESEARCH

## Brighter outlook from FY24F

### Upgrade to ADD with higher TP of VND56,000

#### Investment thesis

We still like PTB for:

- We expect PTB's wood business will return to trajectory growth in FY24-25F as 1) demand be stirred up thanks to the recovery in the US markets and domestic housing markets and 2) Phu Cat factory phase 3 to expand refined wood capacity to 103 thousand m<sup>3</sup>/year (+22% vs. current capacity) in FY24F. PTB owns FSC-FM (Forest Management Certification) and FSC-CoC (Certificate of Chain of Custody), which guarantee the company's long term business expansion in developed market like the US and EU. We estimate revenue growth of PTB's wood segment at 22.7%/31.7% yoy in FY24-25F.
- We estimate PTB's stone business revenue to reach a CAGR of 12.5% in FY23-25F, thanks to 1) the increasing contribution of quartz line as the company has expanded consumption market through trade fairs in the US in 2022 and 2) the warming up domestic residential property market fuels demand for stone products. PTB is amongst the largest stone reserves owners in Vietnam with total capacity of about 7.2 million m<sup>2</sup>/year with high quality and diversified products.
- PTB has announced the plan to repurchase 6.5 million treasury shares (9.6% of outstanding shares), which (if effectuated) would enhance value for shareholders as it has positive effect on the EPS.

#### Higher TP of VND56,000 as we roll valuation model to mid FY23-24F

Figure 1: SOTP valuation

SOTP Valuation	Method	Average NP contribution in mid FY23-24F (%)	Value (VNDbn)	Comment
Wood	Target P/E of 8.x	42	1,530	We decrease wood segment EPS by VND125.8/share as Phu Cat factory's phase 3 is paused until FY24F
Stone	Target P/E of 8.5x	48	1,858	We increase stone segment EPS by VND504.6/share
Car distribution and services	Target P/E of 8.x	8	291	We increase car segment EPS by VND98.1/share
Property	RNAV		144	We use RNAV method with a discount rate of 20% to reflect difficulties in the residential property market and we expect the remaining products of Phu Tai Residence to be handed over within FY23-24F.
Equity value			3,823	
Share outstanding (m)			68	
Equity value per share (VND/share)			56,193	
<b>Target price (rounded) (VND/share)</b>			<b>56,000</b>	
<b>Scenario of PTB completing the treasury shares repurchase plan</b>				
Cash outflows on share buyback			(312)	
Equity value			3,511	
Share outstanding (m)			62	
Equity value per share (VND/share)			57,058	
<b>Target price (rounded) (VND/share)</b>			<b>57,000</b>	

Source: VNDIRECT RESEARCH

We raise our TP by 16.2% from previous TP as we decrease 19.9% of FY23F EPS and increase FY24F EPS by 2.8%, in accordance with our expectation of demand recovery in all three main segments of the company thanks to better economic conditions in both export and domestic markets from after FY23F.

Upside catalysts include (1) better-than-expected home furniture demand in the US thanks to inflation cooling down and (2) domestic consumption extends thanks to earlier-than-expected recovery of property market's activities.

Downside risks include: (1) slower-than-expected revenue growth of quartz business as the market is highly competitive and (2) delay in recognizing revenue from Phu Tai Residence.

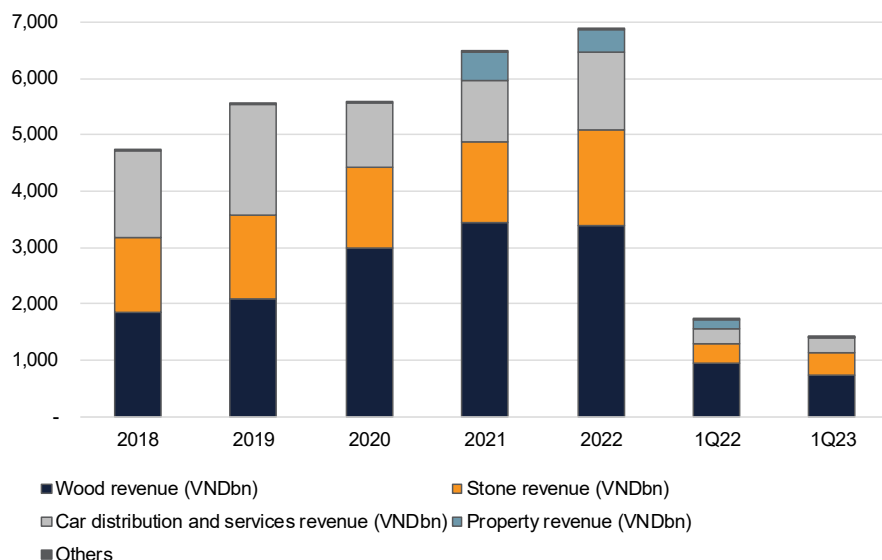
**Figure 2: Peer comparison**

Company	Ticker	Rec.	Current price	TP	Market cap	P/E		3-year-EPS growth	P/B (x)		EV/EBITDA		ROE	
			LC\$	LC\$	US\$m	TTM	FY23F	CAGR (%)	Current	FY23F	TTM	FY23F	TTM	FY23F
Stone														
CMC JSC	CVT VN	N/A	38,350	N/A	58.1	14.6	N/A	-14.5	1.6	N/A	9.4	N/A	11.3	N/A
Vicostone JSC	VCS VN	N/A	57,300	N/A	398.6	10.2	N/A	-3.3	1.9	N/A	7.2	N/A	18.8	N/A
Carysil Ltd	CARYSIL IN	N/A	654.9	N/A	180.5	23.1	N/A	55.2	5.9	N/A	9.1	N/A	28.9	18.5
Pokarna Ltd	POKR IN	N/A	393.3	N/A	132.5	16.8	N/A	33.0	2.2	N/A	16.6	N/A	13.9	N/A
Mean						16.2		22.3	2.4		10.6		13.2	
Median						15.7		33.0	1.9		9.2		13.9	
Phu Tai Corp	PTB VN	Add	47,500	56,000	141.3	8.1	8.4	5.4	1.2	6.1	4.6	5.6	17.8	12.5
Wood														
An Cuong Wood Working JSC	ACG VN	Add	68,299	68,300	234.2	10.3	N/A	N/A	1.4	N/A	7.9	N/A	13.6	N/A
Duc Thanh Wood Processing JSC	GDT VN	N/A	29,100	N/A	27.0	11.9	N/A	-2.0	2.1	N/A	8.2	N/A	18.6	14.0
Lii Hen Industries BHD	LHI MK	N/A	0.8	N/A	0.2	4.4	7.7	15.3	0.9	0.9	2.6	3.1	14.8	11.8
S Kijchai Enterprise PCL	SKN TB	N/A	4.4	N/A	102.1	6.9	N/A	177.2	1.0	N/A	3.3	N/A	14.2	N/A
Mean						7.6		40.9	1.7		8.6		9.6	
Median						6.9		15.3	1.0		6.4		13.9	
Phu Tai Corp	PTB VN	Add	47,500	56,000	141.3	8.1	8.4	5.4	1.2	6.1	4.6	5.6	17.8	12.5
Car distribution and services														
Saigon General Service Corp	SVC VN	N/A	36,000	N/A	127.4	10.4	N/A	50.3	1.8	N/A	10.3	N/A	16.9	N/A
Hang Xanh Motors Service JSC	HAX VN	N/A	19,100	N/A	59.0	5.7	8.0	0.0	1.2	N/A	8.5	10.0	20.5	13.8
Competent Automobiles Co Ltd	CPA IN	N/A	275.0	N/A	19.1	6.1	N/A	11.7	0.5	N/A	4.7	N/A	8.3	N/A
Hubei Three Gorges Tourism Group Co Ltd	002627 CH	N/A	5.3	N/A	560.1	385.9	21.7	-23.9	1.3	N/A	N/A	N/A	0.3	5.4
Mean						102.0		9.5	1.2		7.9		11.5	
Median						8.3		5.9	1.3		8.5		12.6	
Phu Tai Corp	PTB VN	Add	47,500	56,000	141.3	8.1	8.4	5.4	1.2	6.1	4.6	5.6	17.8	12.5

Source: VNDIRECT RESEARCH, BLOOMBERG

## 1Q23 recap: Revenue shrank but stone products export was a spotlight

**Figure 3: Stone segment has been expanding its contribution to the company's revenue since 2022**



Source: VNDIRECT RESEARCH, PTB

**Figure 4: 1Q23 results comparison**

Unit: VNDbn)	1Q23	1Q22	%yoy	%vs our prev. FY23 forecast	Comment
<b>Revenue</b>	<b>1,409</b>	<b>1,719</b>	<b>-18.0%</b>	<b>21.7%</b>	
Wood	738	952	-22.4%	26.2%	1Q23 wood revenue fell 22.4% yoy as consumption in the US slumped, due to 1) the stagnance of property sector and 2) spending squeezed by inflation and economic uncertainties
Stone	387	333	16.3%	19.1%	1Q23 stone revenue grew 16.3% yoy thanks to the contribution of quartz stone export business as the company has expanded consumption market in the US since 3Q22.
Car distribution and services	261	283	-7.9%	19.5%	Car distribution and services decreased 7.9% yoy as demand for new car weakened under high borrowing cost environment and the end of registration tax reduction incentives.
Property	21	147	-85.5%	7.1%	Property revenue went slower than expected as domestic property market sentiment remained low while waiting for liquidity support policies. PTB plans to handover the rest of Phu Tai Residence in FY23F.
<b>Gross profit</b>	<b>285</b>	<b>399</b>	<b>-28.7%</b>	<b>20.0%</b>	
Gross profit margin	20.2%	23.2%	-3.02% pts	-1.74% pts	GM dropped more than 3% pts, driven by 1) reduction in wooden products' selling price to boost consumption and 2) early development cost for quartz.
Selling expense	(116)	(151)	-22.7%	21.9%	
G&A expense	(61)	(49)	22.6%	29.2%	
Pre-tax profit	76	180	-57.5%	13.2%	
<b>Net profit</b>	<b>63</b>	<b>141</b>	<b>-55.4%</b>	<b>13.8%</b>	

Source: VNDIRECT RESEARCH, PTB

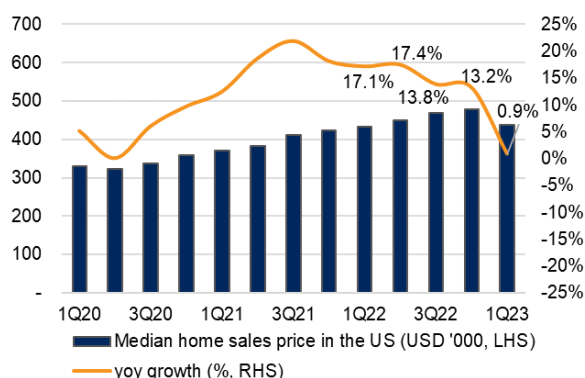
## Wooden furniture: Export business retains gloomy prospect in 2023F

PTB's export value of wooden product (accounted for 94.7% of total wood revenue) dropped by 18.3% yoy in 1Q23, as demand was constrained by difficulties in the US's housing market. The US has witnessed a slump in home sales since 2H22 as mortgage rates spiked and house price soared. The national average 30-year fixed mortgage rate currently stand at 6.57%, highest since 2008. Median home sales price saw its highest level at US\$479,700 in 4Q22, before slower demand led to a decrease of 9% qoq to US\$436,800 in 1Q23 (+0.85% yoy).

Meanwhile, sales of previously owned homes fell for a third consecutive month in April 2023 (figure 6). We expect the monetary tightening cycle to be halted by 4Q23F. Still, it takes time for the market to recover, followed by wooden furniture consumption. Single-family home sale is estimated to fall to 744,000 units (-25.5% yoy) in 2023F before rebounding to 925,000 units in 2024F, according to National Association of Home Builders.

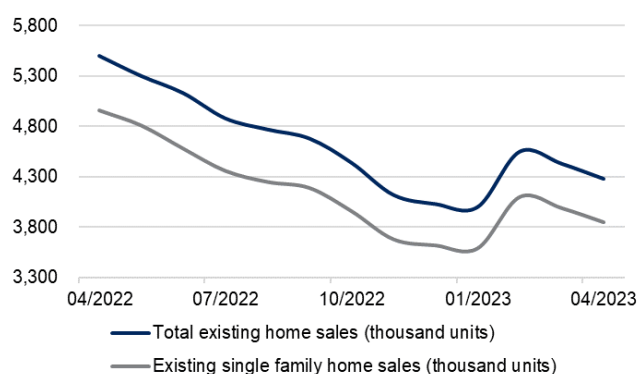
Besides, demand for wooden products is also dragged down by consumers' cutbacks of non-essential spending amid sluggish economic growth and high borrowing cost. PTB has announced the reduction of wooden products' selling price in an attempt to boost consumption. Thus, we estimate wood's gross profit margin (GM) to narrow down by 2.3% pts to 21.1% in FY23F and inch up to 21.9% in FY24F.

Figure 5: Median home sales price in the US has slowed down



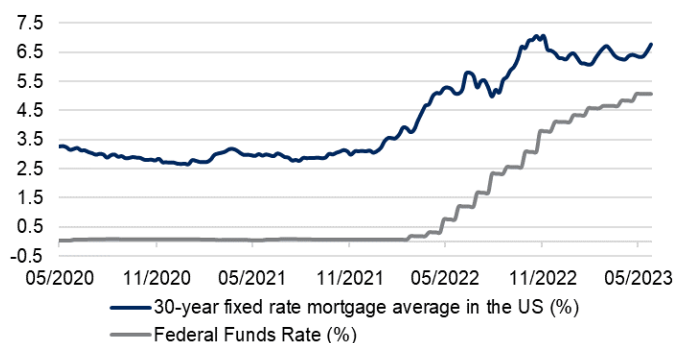
Source: VNDIRECT RESEARCH, US CENSUS BUREAU

Figure 6: Existing home sales dropped more than 22% yoy in April 23



Source: VNDIRECT RESEARCH, US NATIONAL ASSOCIATION OF REALTORS

Figure 7: Mortgage rates rose back in May23 as a consequence of the FED's continuing rate-hike



Source: VNDIRECT RESEARCH, FED, FHLMC

Figure 8: Consumer confidence in the US remains at lowest level since 2011

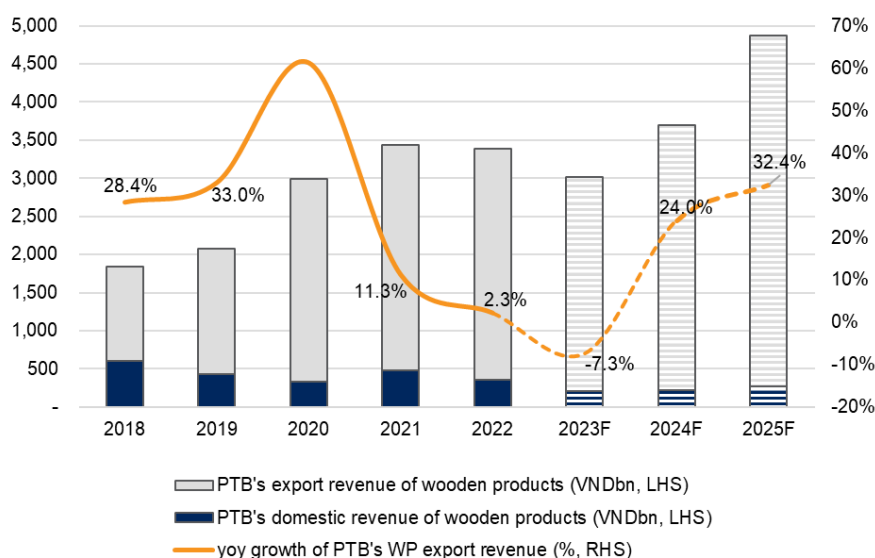


Source: VNDIRECT RESEARCH, UNIVERSITY OF MICHIGAN

We expect the US's rebound demand will reactivate the capacity expansion project of Phu Cat factory (Binh Dinh) in FY24F, increasing the total refined wood designed capacity to ~103 thousand m<sup>3</sup>/year (+22% vs. current capacity). We estimate PTB's refined wood consumption to accelerate from ~58,800 m<sup>3</sup> in FY23F (-6.7% yoy) to 92,500 m<sup>3</sup> (+32.0% yoy) in FY25F, which contribute 58.4%/64.7% to the company's total wood consumption in FY23-24F respectively.

Thus, we forecast wood export revenue to contract by 7.3% yoy in FY23F to VND2,807bn and spring back 24.0% yoy to VND3,480bn in FY24F.

**Figure 9: We forecast wood export revenue to slide 7.3% yoy in FY23F before rebounding 24.0% yoy in FY24F**



Source: VNDIRECT RESEARCH, PTB

### Stone segment: There are tailwinds carrying consumption growth in FY23-25F

The company has won more customers through trade fair in the US in 3Q22, which led to an upsurge of 64.5% yoy growth in 1Q23 stone products export revenue. The company is focusing on quartz business to be a key-driver for long-term total revenue growth.

Whilst wood segment is assessed to remain disappointed for the rest of FY23F, the company's total revenue is projected to extend with granite export plays a major part. We forecast FY23F stone export to reach VND1,073bn in revenue (+58.5% yoy), of which VND1,000bn come from granite. As a result, our estimated total stone revenue stands at VND2,145bn (+25.4% yoy), lower than the company's guidance at 2023F AGM of VND2,326bn.

For FY24-25F, we expect consumption in the US market to accelerate from FY24F thanks to lower borrowing cost – thus reinforce new orders for granite products. We forecast granite revenue to reach VND2,129bn and VND2,551bn in FY24-25F (+6.5%/19.8%yoy), respectively.

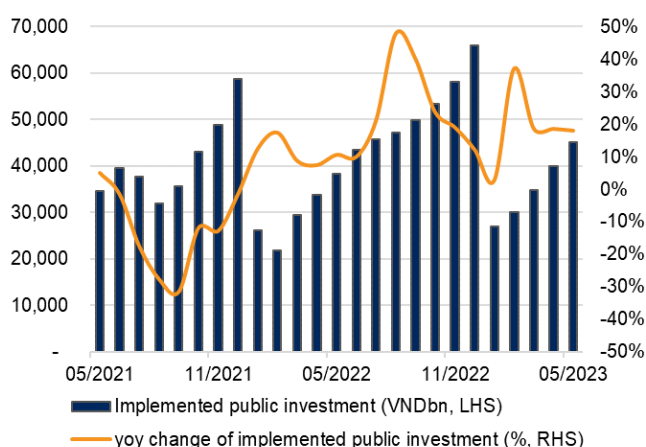
Phase 2 of the quartz stone factory (Dong Nai) is currently under construction and projected to operate in 3Q23F, increasing the total quartz capacity to 0.63



million m<sup>2</sup>/year (+40%). We expect quartz's sales to contribute 55%/60% in PTB's FY23-24F total stone revenue.

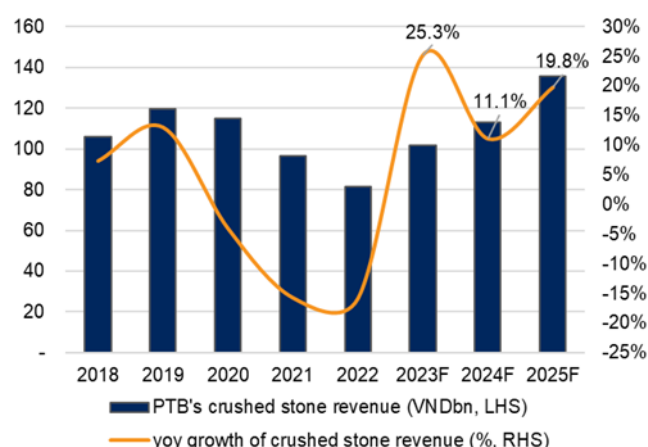
Besides, we expect PTB's crushed stone business to benefit from strong public investment disbursement in FY23-25F. Vietnam's government has stepped up public investment to support economic growth amid weak private investment and FDI inflows since early 2023. We forecast that the implemented state capital will increase by 25% compared to the actual 2022 figure. Comprising (1) low base in 2022 and (2) the recovery of domestic property market since FY24F, we forecast crushed stone revenue to step up with CAGR of 15.4% in FY23-25F. However, as crushed stone accounts for only about 5% of PTB's total stone revenue, this will not lead to a significant change in the whole company's business results.

**Figure 10: Public investment grew steadily**



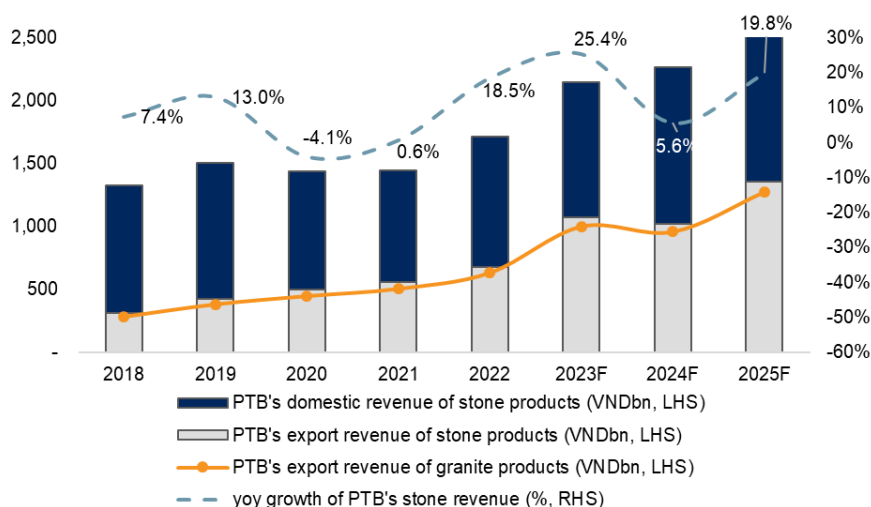
Source: VNDIRECTS RESEARCH, GSO

**Figure 11: We forecast crushed stone revenue to witness a jump of 25.3% yoy growth in FY23F**



Source: VNDIRECTS RESEARCH, PTB

**Figure 12: We forecast PTB's stone revenue to grow with CAGR of 12.5% in FY23-25F**

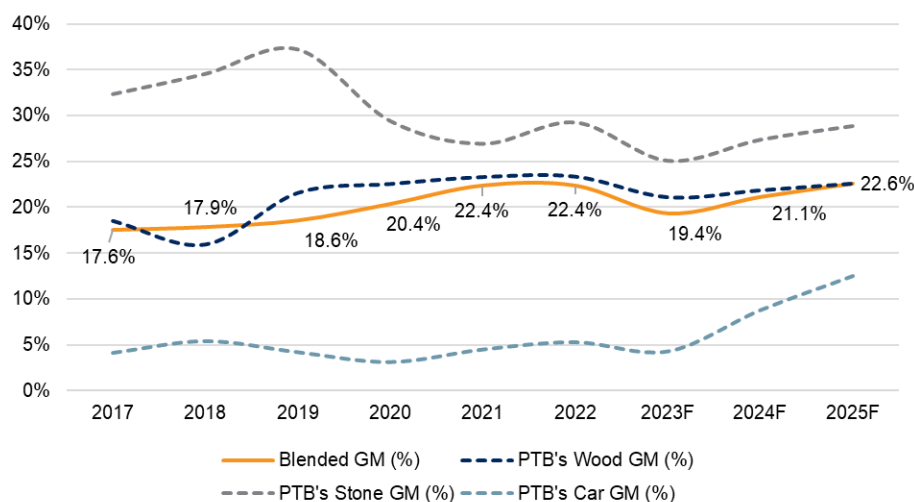


Source: VNDIRECT RESEARCH, PTB

We forecast stone's gross profit margin to edge down from 29.2% of 2022 to 25.0% in FY23F, with regards of early development costs for the quartz segment. The quartz factory project in Dong Nai comes into operation fully from

FY24F will help improve PTB's stone GM, respectively to 27.3%/28.8% in FY24-25F in our estimation.

**Figure 13: We estimate PTB's blended gross profit margin to shrink to 19.4% in FY23F, before improving to 21.1%/22.6% in FY24-25F**



Source: VNDIRECT RESEARCH, PTB

### Domestic demand awaits the recovery of residential property market in 2024-25F

We see that the property market is still facing challenges in near-term as: 1) Insolvency risk remains high with corporate bond maturity valuation of VND37tr in 2Q23, 2) Interest rates has decreased but not to the appropriate level which actually supports enterprises' business and it's quite difficult to access preferential capital, 3) New supply stays low as market sentiment is still fragile while waiting for legal bottlenecks to be resolved. Even so, we believe that the toughest time is over, as we observe good signs showing the bottlenecks to be resolved in 2H23F and the market will gradually warm up.

PTB is completing the products handover progress of Phu Tai Residence. We estimate Phu Tai Residence will contribute to the company's revenue VND224.2bn in FY23F and VND31.1bn in 1Q24F.

Moreover, we expect the on-schedule Law on Land 2023F to be effective in 2H24F and mark a turning point in the property sector situation, as it tackles the bottlenecks of new residential projects' approval process. We believe this will stir up housing supply and enhance market sentiment in FY24-25F, thus encourage the development progress of Phu Tai Central Life, as well as fueling wooden and stone products consumption.

**Figure 14: PTB's property projects**

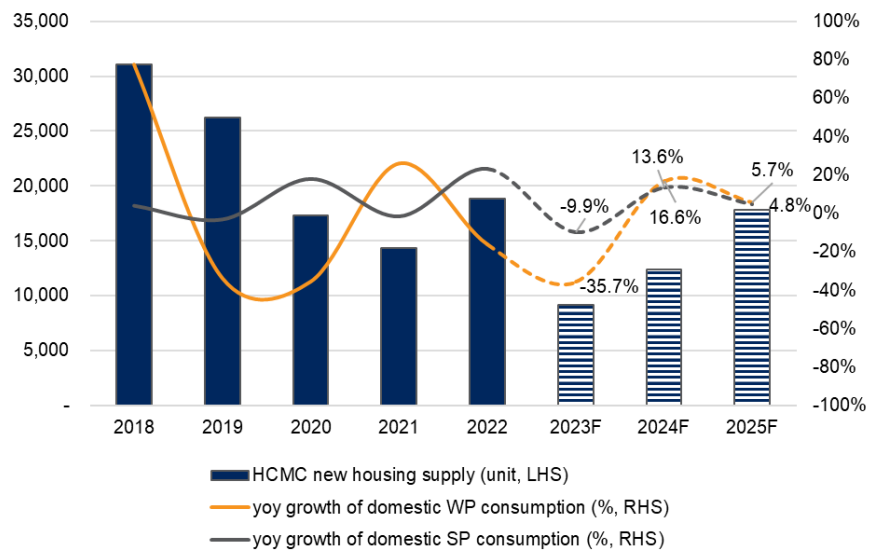
Project	Location	Product type	PTB ownership	Area (ha)	Execution timeframe*								
					2018A	2019A	2020A	2021A	2022A	2023F	2024F	2025F	2026F onward
Phu Tai Residence	Quy Nhon, Binh Dinh	High-rise	100%	5.83									
Phu Tai Central Life	Quy Nhon, Binh Dinh	High-rise	100%	2.92									

(\*) Each project execution timeframe (from first launch to delivery completion) is in grey highlight. Otherwise, no detail project timeframe has been announced by the company

Source: : VNDIRECT RESEARCH, PTB

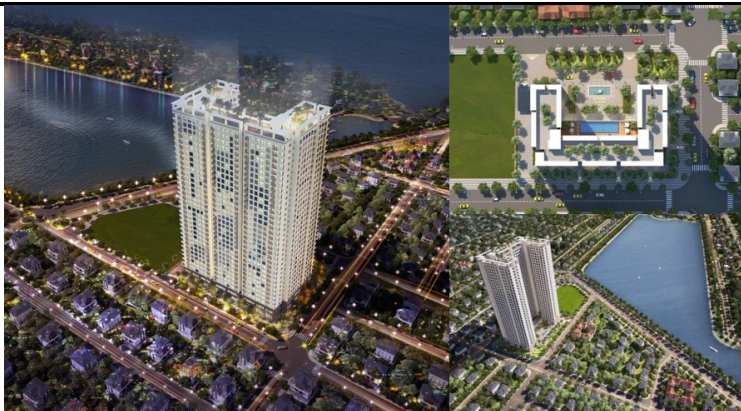


**Figure 15: We forecast PTB's domestic wooden products (WP) and stone products (SP) consumption to reach a FY23-25F CAGR of 5.6%/9.1% respectively**



Source: VNDIRECT RESEARCH, PTB, CBRE

**Figure 16: Phu Tai Residence project**



- Location: Binh Dinh province
- Total project area: 5.83 ha
- Construction density: 40.0%
- Total units: 272 units
- Key component: Apartments
- Total gross development value: VND876bn
- Launch time: 4Q18, ~73% take up rate
- Handover timeline: 3Q21-1Q24F

Source: VNDIRECT RESEARCH, PTB

**Figure 17: Phu Tai Central Life project**



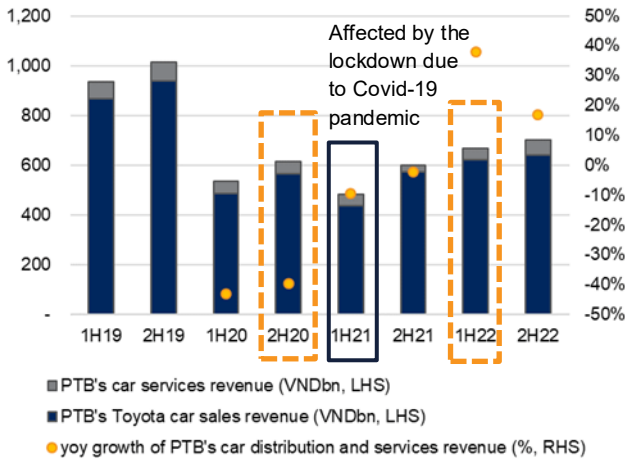
- Location: Binh Dinh province
- Total project area: 2.92 ha
- Construction density: 43.5%
- Total units: 380 units
- Key component: Apartments
- Total gross development value: VND615bn
- Launch time: 4Q21
- Handover timeline: 4Q24-26F

Source: VNDIRECT RESEARCH, PTB

## Car business turns the corner in latter half of FY23F

Regarding to the draft of Decree of the Government on registration fee collection for CKD cars (Completely Knocked Down - cars that are assembled at a local manufacturing company) in Vietnam, registration fees for CKD cars will be reduced by 50% and the policy is projected to take effect from 1 July 2023 until the end of 2023F. We expect the preferential policy will support PTB's car business in 2H23-1H24F.

**Figure 18: PTB's car business revenue showed recovery thanks to the registration fee reduction policy in 2H20 and 1H22**



Source: VNDIRECT RESEARCH, PTB

**Figure 19: Car models benefiting from registration tax reduction that PTB distributes**

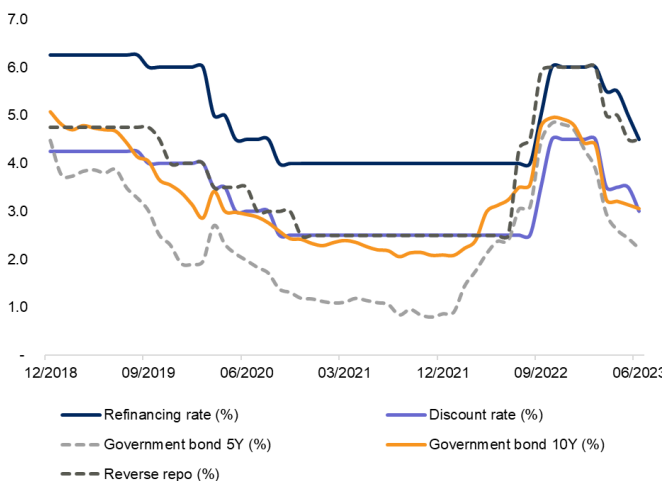


Source: VNDIRECT RESEARCH, VAMA

Besides, the SBV has delivered four policy rate cuts since the beginning of 2023. With the encouragement from SBV, commercial banks are continuing the trend of lowering lending rates, which we expect to boost consumption of luxury good such as automobile.

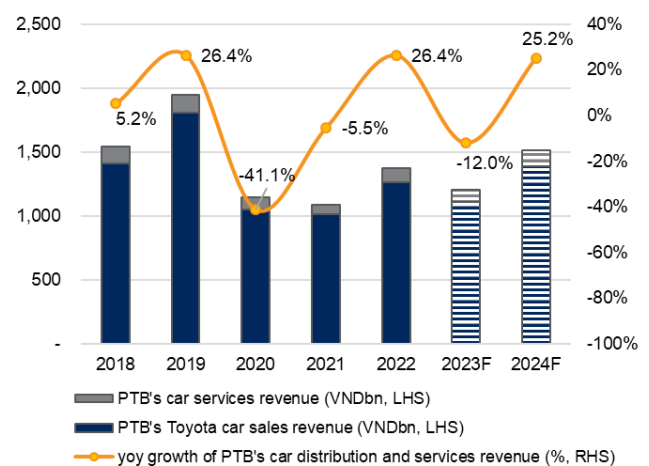
Thus, we forecast PTB's car distribution and services revenue to contract by 12.0% yoy in FY23F to VND1,206bn and upraise by 25.2% yoy to VND1,510bn in FY24F.

**Figure 20: SBV has cut the policy rates for the 4th time since the beginning of 2023**



Source: VNDIRECT RESEARCH, SBV

**Figure 21: We forecast PTB's car distribution and services revenue to upraise by 25.2% yoy in FY24F**



Source: VNDIRECT RESEARCH, PTB

## FY23-25F earnings forecast revision

**Figure 22: FY23-25F earnings forecast revision**

Unit: VNDbn)	FY23F				FY24F				FY25F	
	Old	New	%yoy	% ch. vs prev. forecast	Old	New	%yoy	% ch. vs prev. forecast		%yoy
<b>Revenue</b>	<b>6,484</b>	<b>6,605</b>	<b>-4.1%</b>	<b>1.9%</b>	<b>7,300</b>	<b>7,523</b>	<b>13.9%</b>	<b>3.1%</b>	<b>9,334</b>	<b>24.1%</b>
Wood	2,817	3,019	-10.8%	7.1%	3,399	3,702	22.7%	8.9%	4,877	31.7%
Stone	2,031	2,145	25.4%	5.6%	2,350	2,265	5.6%	-3.6%	2,713	19.8%
Car distribution and services	1,335	1,217	-12.3%	-8.9%	1,551	1,525	25.3%	-1.7%	1,744	14.4%
Property	300	224	-44.7%	-25.3%	-	31	-86.1%	N/A	-	N/A
<b>Gross profit</b>	<b>1,422</b>	<b>1,278</b>	<b>-17.0%</b>	<b>-10.1%</b>	<b>1,615</b>	<b>1,590</b>	<b>24.3%</b>	<b>-1.6%</b>	<b>2,108</b>	<b>32.6%</b>
<b>Gross profit margin</b>	<b>21.9%</b>	<b>19.4%</b>	<b>-3.0% pts</b>	<b>-2.5% pts</b>	<b>22.1%</b>	<b>21.1%</b>	<b>1.7% pts</b>	<b>-1.1% pts</b>	<b>22.6%</b>	<b>1.4% pts</b>
Wood	22.9%	21.1%	-2.3% pts	-1.8% pts	23.1%	21.9%	0.7% pts	-1.3% pts	22.6%	0.7% pts
Stone	28.6%	25.0%	-4.2% pts	-3.6% pts	29.1%	27.3%	2.3% pts	-1.8% pts	28.8%	1.5% pts
SG&A expense	(1,002)	(746)	-6.2%	-25.5%	(832)	(850)	13.9%	2.2%	(1,055)	24.1%
Pre-tax profit	579	459	-25.3%	-20.8%	675	687	49.8%	1.8%	1,005	46.3%
<b>Net profit</b>	<b>455</b>	<b>365</b>	<b>-25.2%</b>	<b>-19.9%</b>	<b>531</b>	<b>546</b>	<b>49.8%</b>	<b>2.9%</b>	<b>799</b>	<b>46.3%</b>
<b>EPS</b>	<b>6,689</b>	<b>5,358</b>	<b>-25.2%</b>	<b>-19.9%</b>	<b>7,809</b>	<b>8,027</b>	<b>49.8%</b>	<b>2.8%</b>	<b>10,677</b>	<b>33.0%</b>

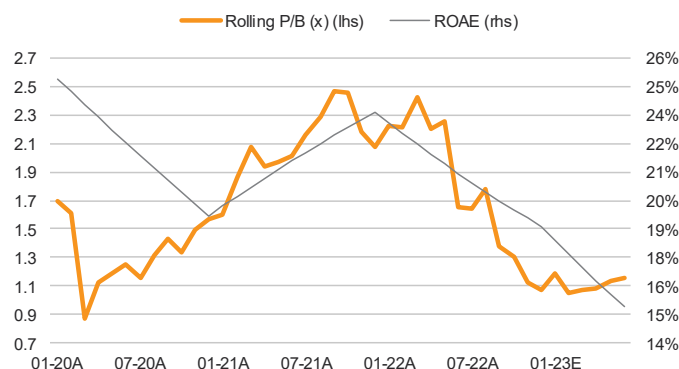
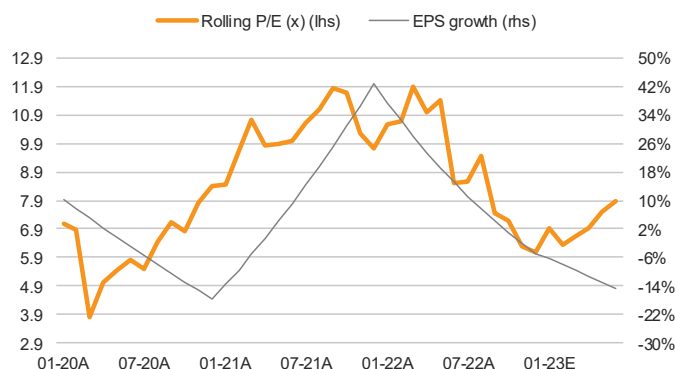
Source: VNDIRECT RESEARCH

We change our forecasts on PTB's business in FY23-24F as following:

- We increase FY23-24F wood revenue by 7.1%/8.9% versus previous forecast as we expect customer's demand for inventories filling start to recover in late FY23F.
- We increase stone revenue by 5.6% in FY23F as we forecast higher consumption, thus we decrease 3.6% of FY24F stone revenue due to higher base in FY23F.
- We lower FY23-24F car distribution and services by 8.9%/1.7% as we reflect weaker demand.
- We decrease FY23F property revenue by 25.3% as we adjust assessment of Phu Tai Residence's products handover timeline, according to which PTB will complete the progress in 1Q24F.
- We lower GM in FY23-24F by 2.5%/1.1% pts regarding to the reduction in wooden products' selling price and early development cost for quartz.

As a result, we revise down FY23F net profit forecast by 19.9% and extend FY24F net profit forecast by 2.9%.

## Valuation



## Income statement

(VNDbn)	12-22A	12-23E	12-24E
Net revenue	6,887	6,605	7,523
Cost of sales	(5,346)	(5,327)	(5,934)
Gen & admin expenses	(233)	(218)	(248)
Selling expenses	(563)	(528)	(602)
<b>Operating profit</b>	<b>745</b>	<b>532</b>	<b>739</b>
Operating EBITDA	430	253	424
<b>Depreciation and amortisation</b>	<b>314</b>	<b>279</b>	<b>315</b>
<b>Operating EBIT</b>	<b>745</b>	<b>532</b>	<b>739</b>
Interest income	45	31	34
Financial expense	(171)	(117)	(101)
Net other income	(5)	13	15
Income from associates & JVs	0	0	0
<b>Pre-tax profit</b>	<b>614</b>	<b>459</b>	<b>687</b>
Tax expense	(112)	(83)	(124)
Minority interest	(15)	(11)	(17)
<b>Net profit</b>	<b>487</b>	<b>365</b>	<b>546</b>
Adj. net profit to ordinary	487	365	546
Ordinary dividends	(37)	(68)	(68)
<b>Retained earnings</b>	<b>451</b>	<b>297</b>	<b>478</b>

## Balance sheet

(VNDbn)	12-22A	12-23E	12-24E
Cash and equivalents	272	305	323
Short term investments	22	63	66
Accounts receivables	793	772	879
Inventories	1,757	1,937	2,131
Other current assets	217	220	248
<b>Total current assets</b>	<b>3,061</b>	<b>3,298</b>	<b>3,647</b>
Fixed assets	1,834	1,904	1,945
Total investments	15	15	15
Other long-term assets	328	321	150
<b>Total assets</b>	<b>5,238</b>	<b>5,537</b>	<b>5,756</b>
Short-term debt	1,476	1,620	1,476
Accounts payable	418	150	167
Other current liabilities	416	329	387
<b>Total current liabilities</b>	<b>2,310</b>	<b>2,099</b>	<b>2,030</b>
Total long-term debt	152	358	152
Other liabilities	15	12	13
Share capital	680	680	680
Retained earnings reserve	493	765	1,205
<b>Shareholders' equity</b>	<b>2,761</b>	<b>3,068</b>	<b>3,561</b>
Minority interest			
<b>Total liabilities &amp; equity</b>	<b>5,238</b>	<b>5,537</b>	<b>5,756</b>

## Cash flow statement

(VNDbn)	12-22A	12-23E	12-24E
<b>Pretax profit</b>	<b>614</b>	<b>459</b>	<b>687</b>
Depreciation & amortisation	279	315	338
Tax paid	(112)	(83)	(124)
Other adjustments	0	0	0
<b>Change in working capital</b>	<b>(279)</b>	<b>(341)</b>	<b>(277)</b>
<b>Cash flow from operations</b>	<b>503</b>	<b>350</b>	<b>624</b>
Capex	(283)	(263)	(263)
Proceeds from assets sales	84	7	5
Others	1	6	7
Other non-current assets changes			
<b>Cash flow from investing activities</b>	<b>(198)</b>	<b>(250)</b>	<b>(252)</b>
New share issuance	0	0	0
Shares buyback			
Net borrowings	(352)	388	340
Other financing cash flow	220	(388)	(628)
Dividends paid	(37)	(68)	(68)
<b>Cash flow from financing activities</b>	<b>(169)</b>	<b>(67)</b>	<b>(355)</b>
Cash and equivalents at beginning of period	136	272	305
<b>Total cash generated</b>	<b>136</b>	<b>33</b>	<b>18</b>
Cash and equivalents at the end of period	272	305	323

## Key ratios

	12-22A	12-23E	12-24E
<b>Dupont</b>			
Net profit margin	7.1%	5.5%	7.3%
Asset turnover	1.29	1.23	1.33
ROAA	9.1%	6.8%	9.7%
Avg assets/avg equity	2.07	1.85	1.70
ROAE	18.9%	12.5%	16.5%
<b>Efficiency</b>			
Days account receivable	37.5	39.9	40.0
Days inventory	120.0	132.7	131.4
Days creditor	28.5	10.2	10.3
Fixed asset turnover	3.69	3.53	3.91
ROIC	11.1%	7.2%	10.5%
<b>Liquidity</b>			
Current ratio	1.3	1.6	1.8
Quick ratio	0.6	0.6	0.7
Cash ratio	0.1	0.2	0.2
Cash cycle	129.0	162.4	161.2
<b>Growth rate (yoy)</b>			
Revenue growth	6.1%	(4.1%)	13.9%
Operating profit growth	6.8%	(28.6%)	39.0%
Net profit growth	(4.8%)	(25.2%)	49.8%
EPS growth	(4.8%)	(25.2%)	49.8%

Source: VND RESEARCH

## DISCLAIMER

This report has been written and distributed by Research Department, VNDIRECT Securities Corporation. The information contained in this report is prepared from data believed to be correct and reliable at the time of issuance of this report. Unless otherwise stated, this report is based upon sources that VNDIRECT considers to be reliable. These sources may include but are not limited to data from the stock exchange or market where the subject security is listed, or, where appropriate, any other market. Information on the company(ies) are based on published statements, information disclosure and announcements of the company(ies), and information resulting from our research. VNDIRECT has no responsibility for the accuracy, adequacy or completeness of such information.

All estimates, projections, forecasts and expression of opinions contained in this report reflect the personal views and opinions of the analyst(s) responsible for the production of this report. These opinions may not represent the views and position of VNDIRECT and may change without notice.

This report has been prepared for information purposes only. The information and opinions in this report should not be considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments. VNDIRECT takes no responsibility for any consequences arising from using the content of this report in any form.

This report and all of its content belongs to VNDIRECT. No part of this report may be copied or reproduced in any form or redistributed in whole or in part, for any purpose without the prior written consent of VNDIRECT.

## RECOMMENDATION FRAMEWORK

### Stock Ratings

Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

### Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

### Toan Chu Duc – Manager

Email: [toan.chuduc@vndirect.com.vn](mailto:toan.chuduc@vndirect.com.vn)

### Huyen Phan Thanh – Analyst

Email: [huyen.phanthanh@vndirect.com.vn](mailto:huyen.phanthanh@vndirect.com.vn)

### VNDIRECT Securities Corporation

1 Nguyen Thuong Hien Str – Hai Ba Trung Dist – Ha Noi

Tel: +84 2439724568

Email: [research@vndirect.com.vn](mailto:research@vndirect.com.vn)

Website: <https://vndirect.com.vn>