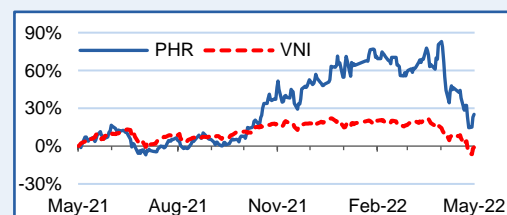




# Phuoc Hoa Rubber JSC (PHR)

## AGM Note

Industry	Rubber, IP real estate		2021A	2022F	2023F	2024F
Report date	May 18, 2022	Rev y/y	19.2%	4.0%	15.9%	32.2%
Current price	VND59,900	EPS y/y	-53.8%	120.2%	-14.0%	8.4%
Target price*	VND86,400	NPAT-MI**	478	1,007	866	938
Upside to TP	+44.2%	GPM	26.6%	24.1%	30.0%	36.8%
Dividend yield	8.3%	NPM	24.5%	49.7%	36.9%	30.2%
TSR	+52.6%	P/E	19.7x	9.0x	10.4x	9.6x
Rating*	BUY	P/B	2.7x	2.3x	2.1x	2.0x



			PHR	Peers	VNI
Market cap	USD350.9mn	P/E (ttm)	13.5x	13.9x	13.5x
Foreign room	USD122.5mn	P/B (curr)	2.5x	2.3x	2.1x
ADTV30D	USD3.0mn	Net D/E	-54.2%	-61.5%	N/A
State Ownership	66.6%	ROE	23.2%	17.6%	15.8%
Outstanding Shares	135.5 mn	ROA	12.4%	6.5%	2.6%
Fully Diluted Shares	135.5 mn				

\* Last updated May 12, 2022; \*\* VND bn

### Company Overview:

PHR is one of the largest natural rubber companies in Vietnam. The company currently manages a 15,000-ha land bank in Binh Duong Province. Additionally, PHR operates industrial parks in Binh Duong Province through its subsidiary and affiliates. PHR is a subsidiary of Vietnam Rubber Group (HOSE: GVR), which owns a 66.6% stake in PHR.

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## VSIP III to drive profit; bright outlook for PHR's land value

- We attend PHR's AGM in Binh Duong Province on May 18.
- Management announced guidance for standalone 2022 PBT of VND899bn (USD39mn; +150% YoY). PHR did not provide 2022 consolidated earnings guidance.
- In PHR's BOD resolution that was released in January 2022, the company issued guidance for 2022 PBT from subsidiaries of VND259bn (USD11mn). Assuming that there are no major intercompany eliminations, we estimate PHR's consolidated PBT guidance for 2022 at VND1.16tn (USD50mn), representing 88% of our 2022F consolidated PBT forecast. We anticipate no major risk to our forecasts as PHR's major profit driver transaction — the land conversion of VSIP III — is on track with our current expectation.
- Shareholders approved a cash dividend of VND2,500/share for FY2021 — equivalent to a dividend yield of 4.2%. PHR announced a record date of December 17, 2021, and payment date of June 15, 2022, for the FY2021 cash dividend payment.
- Shareholders approved a FY2022 cash dividend plan at minimum 40% of par value (i.e., VND4,000/share — equivalent to a dividend yield of 6.7%) vs our current expectation of VND5,000/share.
- Shareholders approved a FY2021 bonus & welfare fund contribution of VND60bn (USD2.6mn; -20% YoY) — equivalent to 18% of PHR's 2021 standalone net income vs our forecast of 20%.
- Shareholders approved to appoint Mr. Tran Binh Luan as a new BOD member, replacing Ms. Nguyen Thi Lam Hong following her resignation.

**Compensation income from VSIP III to boost profit growth in 2022F.** PHR guides for VND691bn (USD30mn) of compensation income recognition from the land conversion of VSIP III — in line with our current expectation and contributing 52% to our full-year 2022F PBT forecast. Management shared that VSIP III is offering IP land prices of USD120-130/sqm/term, which is broadly within our current expectation.

**Upbeat outlook for PHR's future IP projects following infrastructure connectivity upgrades and the successful development of VSIP III.** Management reaffirmed that Binh Duong Province is one of the fastest growing industrial provinces in southern Vietnam as it benefits from its strategic location, abundant workforce and encouraging policies from local authorities and the Government. Moreover, management believes that PHR's land value will appreciate thanks to the successful development of VSIP III, which should attract prominent potential tenants as well as infrastructure connectivity upgrades, including the Ring Road No.4 and HCMC - Thu Dau Mot (Binh Duong Province) - Chon Thanh (Binh Phuoc Province) projects.

## VCSC Rating System

**Stock ratings** are set based on projected total shareholder return (TSR), defined as (target price – current price)/current price + dividend yield, and are not related to market performance.

Equity rating key	Definition
BUY	If the projected TSR is 20% or higher
OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
UNDERPERFORM	If the projected TSR is between -10% and -20%
SELL	If the projected TSR is -20% or lower
NOT RATED	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulation and/or firm policies in certain circumstances, including when VCSC is acting in an advisory capacity in a merger or strategic transaction involving the company.
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Unless otherwise specified, these performance parameters are set with a 12-month horizon. Movement in share prices may cause a temporary mismatch between the latest published rating and projected TSR for a stock based on its market price and the latest published target price.

**Target prices** are generally based on the analyst's assessment of the stock's fair value over a 12-month horizon. However, the target price may differ from the analyst's fair value if the analyst believes that the market will not price the stock in line with assessed fair value over the specified time horizon.

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