



NLG Update - HOLD

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Company Update

Recommendation

HOLD

HOSE: NLG

Property

Current price (VND)

54,700

Target price (VND)

56,597

Expected share price return

3.5%

Expected dividend yield

2.7%

Expected total return

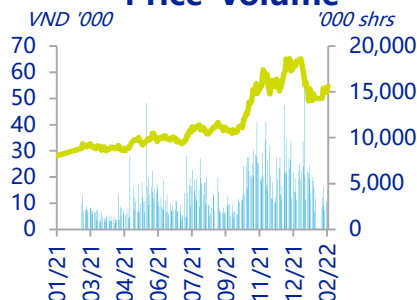
6.2%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-15.3	-3.2	-4.1	85.1
Relative	-15.2	-2.9	-6.2	49.7

Source: Bloomberg

Price-Volume



Ownership

Mr. Nguyen Xuan Quang (Chairman)	11.6%
Ibeworkth Pte Ltd	10.0%
Thai Binh Investment JSC	6.2%

Stock Statistics

16-Feb-22

Bloomberg code

NLG VN

52-week range (VND)

29,853 - 67,400

Shares O/S (m)

383

Mkt cap (VND bn)

20,832

Mkt cap (USD m)

910

Foreign room left (%)

18.0

Est. free float (%)

60.1

3m avg daily vol (shrs)

5,678,211

VND/USD

22,900

Index: VNIndex / HNX

1495.37/430.09

NAM LONG INVESTMENT CORPORATION (NLG VN)

Increase target price by 18% to VND56,597 thanks to revaluation of key projects and change our rating from Buy to Hold as the stock price has nearly reflected its growth in 2022.

NLG ended 2021 with unaudited revenue of VND5,206bn (+135% YoY) and NPATMI of VND1,071bn (+28% YoY), equivalent to 100% and 90% of our forecast, respectively. The underperforming bottom line was mainly due to a higher minority interest than expected. Growth in 2021 mainly came from:

(1) A YoY doubling in delivered volume to over 2,000 units, mainly at Akari City (1,525 units) and Southgate (507 units);

(2) VND423bn of revaluation surplus from consolidating Izumi project after NLG acquired additional 30% stake from Keppel Land to increase its ownership to 65.1% in 1Q2021; and

(3) VND361bn of financial profit from consolidating Southgate project after increasing voting ratio from 50% to 65% in 3Q2021. This amount was the remaining assets revaluation which was previously recorded based on project delivery.

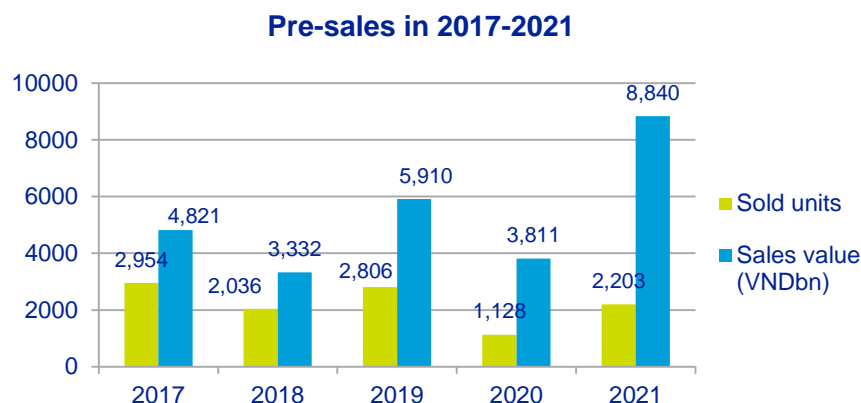
Sales performance in 2021 outperformed 2020 with over 1,900 sold units (+71% YoY) and over VND6,800bn of sales value (+81% YoY), mainly at Mizuki and Southgate with pre-sales of around VND2,400-2,500bn each. If adding the bookings of 275 units with a total value of nearly VND2,000bn at Izumi project in November 2021, NLG pre-sold over 2,200 units (+95% YoY) with a total sales value of over VND8,800bn (+132% YoY). Given their good brand name and attractive projects, we forecast 2022 sales value of over VND11,000bn, mainly at Mizuki, Southgate, Akari, Izumi and Can Tho 43ha projects.

NLG maintained a healthy financial status with a net debt/equity ratio of -1.8% at YE2021 compared with 20.1% at YE2020 mainly thanks to ~VND2,000bn receipt from a private placement of 60mn shares at VND33.5k/share in 9/2021 and Akari's receipts from customers before delivery. We expect this ratio at -7.4% at YE2022.

We forecast 2022 revenue at VND6,266bn (+20% YoY) and NPATMI at VND1,236bn (+15% YoY) thanks to delivery of nearly 1,700 units mainly at Southgate, Can Tho 43ha and Akari and ~VND300bn of financial profit from transferring 50% of Paragon Dai Phuoc. Based on the RNAV method, we derive a 2022 target price of VND56,597, up by 18% compared to our previous target price mainly thanks to an increase in estimated average selling price of Mizuki, Southgate and Izumi by 4-20%. We change our rating from Buy to Hold as we think stock price has nearly reflected its growth in 2022.

	2018	2019	2020	2021U	2022E
Net Sales (VNDbn)	3,480	2,546	2,217	5,206	6,266
Growth	10.1%	-26.8%	-12.9%	134.8%	20.4%
EBITDA (VNDbn)	1,040	789	401	902	1,325
Growth	16.6%	-24.2%	-49.2%	125.1%	46.8%
NPATMI (VNDbn)	763	961	835	1,071	1,236
Growth	42.7%	25.8%	-13.1%	28.3%	15.4%
EPS (bonus-adjusted, VND)	2,680	3,146	2,778	3,011	3,071
Growth	28.3%	17.4%	-11.7%	8.4%	2.0%
ROE	15.8%	18.0%	11.5%	11.7%	12.7%
ROIC	8.1%	9.0%	6.8%	6.0%	5.4%
Net debt/EBITDA (x)	-1.1	-1.4	3.4	-0.3	-0.8
EV/EBITDA (x)	19.9	26.2	51.6	22.9	15.6
PER (x)	20.4	17.4	19.7	18.2	17.8
PBR (x)	2.7	2.6	2.7	2.3	2.2
DPS (VND)	489	957	1,000	1,500	1,500
Dividend Yield	0.9%	1.7%	1.8%	2.7%	2.7%

Figure 1:



Source: NLG.

Figure 2: Projects summary

No.	Project	Location	Stake	Land area (ha)	GDV (VNDbn)	Type	Total units	Note
1	Flora Novia	Thu Duc City	100%	1.1	842	Flora	518	Sold out. Around 90 units to be delivered.
						Valora	187	n/a
2	Mizuki Park	Binh Chanh Dt. HCMC	50%	26.2	11,866	Flora	4,044	1,407 Flora units of phase 1 were sold out and fully delivered. Sold 792 Flora units of Phase 2 in 2021.
	EhomeS Nguyen Son		87%	11.2	1,583	EhomeS	1,678	n/a
	Valora Island					Valora	100	
3	Akari City	Binh Tan Dt., HCMC	50%	8.8	12,172	Flora	5,228	Delivered 1,525 units and sold 95 units in 2021. Expected launch of Phase 2 in 2022.
4	Southgate (Waterpoint Phase 1)	Long An	50%	165.0	20,253	Valora	2,940	Delivered 507 units and sold 343 units in 2021.
						Ehome	1,432	Sold 338 units in 2021.
5	Waterpoint Phase 2	Long An	100%	190.0	n/a	Township	n/a	n/a
6	Can Tho 43	Can Tho	100%	43.0	n/a	Valora	816	Sold 181 units in 2021.
						EhomeS	2,413	n/a
7	Paragon Dai Phuoc	Dong Nai	50%	45.0	8,058	Valora	677	Expect to transfer 50%.
8	Izumi City (Dong Nai Waterfront City)	Dong Nai	65%	170.0	45,528	Valora	3,691	Received full bookings for the first 275 units launched in 11/2021. Official launch in 2022.
						Flora	3,215	n/a
9	VSIP Hai Phong	Hai Phong	50%	21.0	7,572	Valora	739	n/a
						Ehome	2,357	n/a

Source: ACBS summary.

Note: Nam Long has three main product lines: Ehome and EhomeS (USD40,000-70,000/apartment), Flora (over USD70,000/apartment) and Valora (over USD150,000/townhouse or villa).

NLG FINANCIALS MODEL	Price (VND):	54,700	Target (VND):	56,597	Mkt cap (VND bn):	20,832
(VND bn except where stated)	2018	2019	2020	2021U	2022E	
Total Net Sales	3,480	2,546	2,217	5,206	6,266	
Sales growth	10.1%	-26.8%	-12.9%	134.8%	20.4%	
CoGS ex-dep'n	1,963	1,459	1,523	3,397	3,799	
Gross profit	1,503	1,066	671	1,778	2,434	
Gross margin	43.2%	41.9%	30.3%	34.2%	38.8%	
SG&A	491	425	434	997	1,158	
SG&A as % of sales	14.1%	16.7%	19.6%	19.2%	18.5%	
EBITDA	1,040	789	401	902	1,325	
EBITDA margin	29.9%	31.0%	18.1%	17.3%	21.1%	
Depreciation	13	21	23	30	33	
Operating profit	1,027	768	378	872	1,292	
Operating profit margin	29.5%	30.2%	17.0%	16.8%	20.6%	
Financial income (excl. saving interest)	27	29	669	401	375	
Financial expenses (excl. interest expense)	1	1	49	10	10	
Net interest expense	-66	-48	-4	58	51	
as % of avg, net debt	0.7%	-2.3%	n/a	n/a	-34.3%	
Profit/loss from associates and JVs	14	126	142	91	16	
Other profit	9	383	13	435	-	
Tax	241	219	165	162	235	
Effective tax rate	21.3%	17.9%	16.2%	9.9%	14.6%	
Minority interest	124	47	15	407	135	
NPATMI	763	961	835	1,071	1,236	
Net profit margin	21.9%	37.7%	37.7%	20.6%	19.7%	
Cash earnings	777	981	858	1,101	1,269	
Number of shares (m)	230	240	275	383	383	
EPS (VND)	3,521	3,819	3,078	3,011	3,071	
Bonus factor (x)	0.8	0.8	0.9	1.0	1.0	
Adjusted EPS (VND)	2,680	3,146	2,778	3,011	3,071	
EPS growth	28.3%	17.4%	-11.7%	8.4%	2.0%	

KEY CASHFLOW AND BS ITEMS	2018	2019	2020	2021U	2022E
Increase in working capital	984	284	1,904	7,750	1,057
Capex	15	67	44	19	19
Other cash flow items	-810	-1,273	-1,105	5,965	1,196
Free cash flow	-1,032	-643	-2,195	-703	1,388
Share issues (m)	633	891	6	2,637	0
Dividends paid	207	244	257	339	574
Increase in net debt	605	-5	2,446	-1,596	-814
Net debt, end of year	-1,093	-1,098	1,348	-247	-1,061
Shareholders' equity	5,285	6,200	6,720	13,595	14,257
BVPS (VND)	20,037	21,048	20,354	23,318	24,452
Net debt / equity	-20.7%	-17.7%	20.1%	-1.8%	-7.4%
Net debt / EBITDA (x)	-1.1	-1.4	3.4	-0.3	-0.8
Total assets	9,574	10,904	13,643	23,717	23,565

KEY RETURN AND VALUATION RATIOS	2018	2019	2020	2021U	2022E
ROE	15.8%	18.0%	11.5%	11.7%	12.7%
ROA	8.7%	9.4%	6.8%	5.7%	5.2%
ROIC	8.1%	9.0%	6.8%	6.0%	5.4%
WACC	15.0%	8.5%	8.2%	8.5%	8.5%
EVA	-6.9%	0.5%	-1.4%	-2.5%	-3.1%
PER (x)	20.4	17.4	19.7	18.2	17.8
EV/EBITDA (x)	19.9	26.2	51.6	22.9	15.6
EV/FCF (x)	-20.1	-32.2	-9.4	-29.5	14.9
PBR (x)	2.7	2.6	2.7	2.3	2.2
PSR (x)	6.0	8.2	9.4	4.0	3.3
EV/sales (x)	5.9	8.1	9.3	4.0	3.3
Dividend yield	0.9%	1.7%	1.8%	2.7%	2.7%

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DISCLAIMER

Our Recommendation System

BUY: where we believe prospective 12 month VND total return (including dividends) will be 15% or more.

HOLD: where we believe it will be -15% to 15%.

SELL: where we believe it will be lower than -15%.

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