

NLG – Positive 2Q2022 business result

Nam Long (HSX: NLG) announced positive 2Q2022 result with a 3 times YoY increase in revenue to VND1,241bn and a four times YoY increase in PAT to VND192bn, which was in line with our forecast. For 1H2022, the company recorded over VND1,800bn in revenue (+187% YoY) and VND225bn in PAT (-45% YoY), completing 26% and 15% of targets, respectively. The increase in the top line was thanks to more units delivered mainly at Valora Southgate (over 200 units) and Flora Akari (189 units) while the decrease in the bottom line was due to VND423bn of revaluation surplus from consolidation Izumi project recorded in 1Q2021.

Presales in 1H2022 reached over VND8.4trn (+87% YoY), equivalent to 36% of NLG's whole-year target, of which Mizuki Park was the main contributor with over VND2.8trn, followed by Akari City and Izumi City with presales of nearly VND2trn each. In 2H2022, NLG will launch 3,340 units equivalent to pre-sales value of nearly VND16trn to complete the target.

Project	Units delivered in 1H2022	Presales in 1H2022 (VNDbn)	Planned units launched in 2H2022	Planned pre-sales in 2H2022 (VNDbn)
Mizuki Park	-	2,813	186	863
Izumi City	-	1,929	517	3,514
Akari City	189	1,999	806	2,500
Southgate	203	1,553	545	2,644
Can Tho	-	116	1,076	2,009
Paragon	-	-	210	4,326
Others	44	-		
Total	436	8,410	3,340	15,856

Source: NLG.

The company had healthy financial status despite tightening credit to the real estate sector and corporate bonds inspection. As of 30/6/2022, NLG had Net debt/Equity of 3.9% and debt balance of VND4,441bn. We think NLG may have no trouble in debt payment in 2022 given good presales of over VND8.4trn in 1H2022, cash & cash equivalent balance of nearly VND4trn and expected proceed of VND1.3trn from transferring 50% stake in Paragon project with estimated net profit of VND350bn.

NLG's capital raising activities were relatively normal during this challenging period. In 4/2022, the company successfully issued VND1trn bond to International Finance Corporation (IFC) with a fixed interest rate of 9.35%/year for 7 years to be used for the second phase of Waterpoint project in Long An.

Comment: We maintain our 2022 forecast for NLG with net revenue of VND6,266bn (+21% YoY) and PATMI of VND1,237bn (+16% YoY) as we think project delivery will speed up and profit from transferring Paragon will be recorded in 2H2022. We maintain our BUY rating with a target price of VND56,597. Please see our report [HERE](#) from May 6th, 2022 for further details on our recommendation.

Truc Pham

trucptt@acbs.com.vn

DISCLAIMER

Analyst Certification(s)

We, the author(s) of this report, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

ACBS and/or an affiliate thereof (hereby collectively called ACBS) did or may seek to do business with companies covered in this report as its routine business. ACBS's proprietary trading accounts may have a position in such companies' securities. As a result, the investor should be aware that ACBS may have a conflict of interest from time to time.

ACBS produces a variety of research products including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research products, whether as a result of differing time horizons, methodologies, or otherwise.

Disclaimer

This report is provided for information purposes only. ACBS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this report. ACBS will not treat unauthorized recipients of this report as its clients. Prices shown (if any) are indicative and ACBS is not offering to buy or sell or soliciting offers to buy or sell any financial instrument. **Without limiting any of the foregoing and to the extent permitted by law, in no event shall ACBS, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this report or its contents.** Other than disclosures relating to ACBS, the information contained in this report has been obtained from sources that ACBS believes to be reliable, but ACBS does not represent or warrant that it is accurate or complete. The views in this report are subject to change, and ACBS has no obligation to update its opinions or the information in this report.

Some parts of this report reflect the assumptions, views and analytical methods of the analysts who prepared them, and ACBS is not responsible for any error of their works and assumptions. ACBS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report.

The analyst recommendations in this report reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of ACBS. This report does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the investors who receive it. The securities discussed herein may not be suitable for all investors. ACBS recommends that investors independently evaluate each issuer, securities or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

This report may not be distributed to the public media or used by the public media without prior written consent of ACBS. Otherwise it will be considered as illegal. The breacher shall compensate fully to ACBS any loss or damage which arises from such breach (if any).

In the event that the distribution and/or receipt of this report is prohibited by the investor's jurisdiction, the investor shall dismiss this report immediately otherwise it will be at his/her own risks.

ACBS does not provide tax advice and nothing contained herein should be construed to be tax advice. Accordingly, the investors should seek advice based on their particular circumstances from an independent tax advisor. This report may contain links to third-party websites. ACBS is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by ACBS. Access to any third-party website is at the investor's own risks, and the investor should always review the terms and privacy policies at third-party websites before submitting any personal information to them. ACBS is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

© Copyright ACBS (2022). All rights reserved. No part of this report may be reproduced in any manner without the prior written permission of ACBS.