



NLG Flash note - OUTPERFORM

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Earnings Flash note

Recommendation **OUTPERFORM**

HSX: **NLG**

Property

Target price (VND) **43,300**

Market price (VND) **38,950**

Expected share price return 11.1%

Expected dividend yield 1.3%

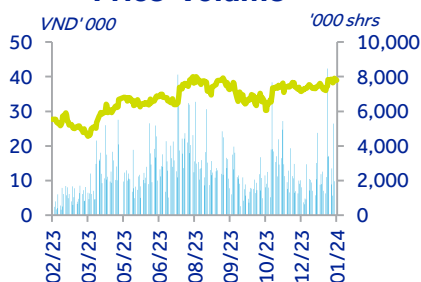
Expected total return **12.4%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	6.3	6.3	14.9	37.5
Relative	2.2	2.1	3.5	30.4

Source: Bloomberg

Price-Volume



Ownership

Nguyen Xuan Quang (Chairman)	11.6%
Ibworth Pte Ltd	8.2%
Dragon Capital and related parties	8.1%

Stock Statistics 29-Jan-24

Bloomberg code **NLG VN**

52-week range (VND) 22,800 - 40,750

Shares O/S (m) 384.8

Mkt cap (VND bn) 14,987

Mkt cap (USD m) 608

Est. Foreign room left (%) 6.0

Est. free float (%) 56.7

3m avg daily vol (m) 2,502,757

VND/USD 24,660

Index: VNIndex / HNX 1175.69/229.05

NAM LONG INVESTMENT JSC (NLG VN)

NLG recorded a decline in 2023 business results with revenue of VND3,181 bn (-27% YoY) and NPATMI of VND484 bn (-13% YoY) which were in line with our forecast. Reiterate **OUTPERFORM** recommendation with 2024 target price slightly increased to VND43,300/share given updated data of 2023 net debt and project deliveries.

Nam Long announced its business results for 4Q2023 with revenue of more than VND1.6 trn (+0.4% YoY) and NPATMI of VND290 bn (-34% YoY). Revenue went sideways while profits decreased mainly due to:

(1) Gross profit margin decreased from 50.0% to 42.3% due to the handover of more apartments than townhouses/villas and;

(2) Financial revenue halved because 4Q2022 recorded a financial profit of VND244 bn from the transaction of transferring 25% Paragon Dai Phuoc to Thai Binh Investment JSC (21.6%) and Tan Hiep Investment Co. Ltd (3.4%).

In 2023, NLG recorded revenue of VND3,181 bn (-27% YoY) and NPATMI of VND484 bn (-13% YoY), equivalent to 105% and 98% of ACBS's forecast and 66% and 83% of the company's targets, respectively. Revenue in 2023 mainly came from the handover of nearly 1,600 units, focusing in Mizuki (1,017 units), Southgate (379 units) and Izumi (166 units).

Due to many difficulties in the real estate market, NLG's 2023 presales plummeted with sales volume halving to more than 1,000 units and the sales value reaching nearly VND4 trn (-61% YoY), equivalent to 100% of our forecast. Of which, Akari is the largest contributing project with 512 units sold, equivalent to nearly VND2 trn, followed by Southgate (375 units, VND1.4 trn) and Mizuki (104 units, VND558 bn).

Quick comment: We maintain our 2024 forecast with estimated revenue of nearly VND6.1 trn (+91% YoY) and NPATMI of over VND600 bn (+25% YoY). Strong growth in 2024 will come from the handover of Southgate, Akari, Mizuki, Izumi and Can Tho projects and 25% transfer transaction at Paragon Dai Phuoc with estimated revenue and PBT of VND663 bn and VND232 bn, respectively. Using the RNAV method, we give a target price of 43,300/share by YE2024, a slight increase of 2% compared to the updated report in December 2023 given updating net debt and projects deliveries at YE2023 according to company data. Reiterate our **OUTPERFORM** recommendation.

	2021	2022	2023U	2024F	2025F
Net Sales (VNDbn)	5,206	4,339	3,181	6,066	8,286
Growth	134.8%	-16.6%	-26.7%	90.7%	36.6%
EBITDA (VNDbn)	811	865	633	1,400	1,725
Growth	213.0%	6.6%	-26.9%	121.2%	23.3%
NPATMI (VNDbn)	1,071	556	484	606	615
Growth	28.3%	-48.1%	-13.0%	25.2%	1.5%
EPS (bonus-adjusted, VND)	3,188	1,426	1,208	1,488	1,511
Growth	14.8%	-55.3%	-15.2%	23.1%	1.6%
ROE	12.0%	6.1%	5.1%	12.5%	12.3%
ROIC	6.0%	2.2%	2.1%	2.6%	2.5%
Net debt/EBITDA (times)	-0.3	0.5	4.0	3.7	3.6
EV/EBITDA (times)	21.5	20.2	27.6	12.5	10.1
PER (times)	12.2	27.3	32.2	26.2	25.8
PBR (times)	1.7	1.7	1.6	1.5	1.5
DPS (VND)	1,178	500	500	500	500
Dividend yield	2.3%	3.0%	1.3%	1.3%	1.3%

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Our Recommendation System

BUY: Expected prospective total return (including dividends) in VND will be 20% or more within 12 months

OUTPERFORM: Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months

NEUTRAL: Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months

UNDERPERFORM: Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months

SELL: Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

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