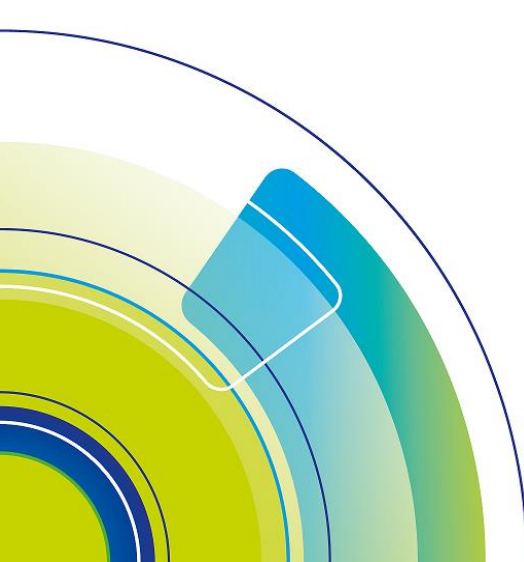




NLG Flash note - BUY

October 23, 2024



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Earnings Flash note

Recommendation

BUY

HSX: **NLG**

Property

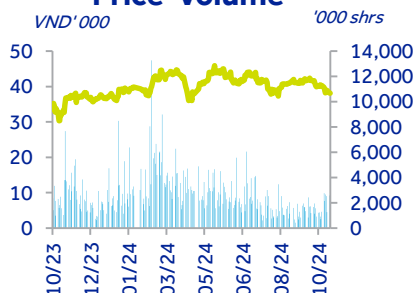
Target price (VND)	46,300
Market price (VND)	38,150
Expected share price return	21.4%
Expected dividend yield	1.3%
Expected total return	22.7%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	5.3	-8.3	-7.0	14.0
Relative	-8.9	-8.3	-8.7	-3.0

Source: Bloomberg

Price-Volume



Ownership

Nguyen Xuan Quang (Chairman)	9.99%
Ibeworthy Pte Ltd	8.17%

Stock Statistics 22-Oct-24

Bloomberg code **NLG VN**

52-week range (VND)	29,200 – 46,150
Shares O/S (m)	384.8
Mkt cap (VND bn)	14,679
Mkt cap (USD m)	577
Est. Foreign room left (%)	0.4
Est. free float (%)	55.8
3m avg daily vol (shrs)	1,515,059
VND/USD	25,452
Index: VNIndex / HNX	1269.89/225.50

NAM LONG INVESTMENT CORPORATION (NLG VN)

In 3Q2024, NLG recorded an after-tax loss of VND40 bn mainly due to lower profit shared from Mizuki JV. NPATMI in 9M2024 was VND15bn, completing only 3% of company target and 3% of our projection. However, we keep our 2024 forecast and target price unchanged because we expect significant revenue from Akari (Phase 2) project to be booked in 4Q2024.

Nam Long posted a disappointing 3Q2024 result with net revenue of VND371 bn (+4% YoY) and an after-tax loss of VND40 bn compared with NPAT of VND71 bn in 3Q2023. The loss was due to:

- (1) Profit shared from associates and JVs mainly from Mizuki project declined by 82% YoY, to VND16 bn,
- (2) Lower gross margin (34.6% vs 42% in 3Q2023)

For 9M2024, NLG posted net revenue of VND828 bn (-46% YoY) and NPATMI of VND15 bn (-92% YoY), completing 12% and 3% of targets, respectively. The decline was mainly due to:

- (1) Delivered lower number of landed properties which normally have higher margins (25 units # VND271 bn in 9M2024 vs 100 units # VND1,051 bn in 9M2023), especially at Valora Southgate leading to lower revenue and a lower gross margin (41.5% vs 56.3% in 9M2023),
- (2) Profit shared from associates and JVs, mainly from Mizuki project declined by 59% YoY, to VND84 bn.

Sales performance in 3Q2024 was quite low with over 300 units sold (-53% QoQ and +29% YoY) and presales of VND846 bn (-44% QoQ and -6% YoY). Akari was the best seller in 3Q2024 with 129 units sold and presales of VND513 bn. Sales performance for 9M2024 recorded impressive YoY growth (3 times of units sold, to nearly 1,400, and 2 times of presales, to over VND3,500 bn). Akari was the main contributor which accounted for nearly half of 9M2024 presales.

Quick comment: Most of revenue and profit in 2024 will be recognized in 4Q2024 when key project Akari (Phase 2) is delivered from October with estimated revenue of VND3.4trn. Therefore, we keep our 2024 forecast unchanged with revenue of VND5,341 bn (+68% YoY) and NPATMI of VND535 bn (+11% YoY). For 2025, we forecast revenue at VND6,611 bn (+24% YoY) and NPATMI at VND590 bn (+10% YoY) which are mainly generated from Can Tho, Akari and Southgate projects. Our target price remained unchanged at VND46,300/share at the end of 2025.

	2021	2022	2023	2024F	2025F
Net Sales (VNDbn)	5,206	4,339	3,181	5,341	6,611
Growth	134.8%	-16.6%	-26.7%	67.9%	23.8%
EBITDA (VNDbn)	811	865	630	989	1,369
Growth	213.0%	6.6%	-27.1%	56.9%	38.5%
PATMI (VNDbn)	1,071	556	484	535	590
Growth	28.3%	-48.1%	-13.0%	10.6%	10.2%
EPS (bonus-adjusted, VND)	3,188	1,426	1,171	1,315	1,448
Growth	14.8%	-55.3%	-17.9%	12.2%	10.2%
ROE	12.0%	6.1%	5.1%	11.1%	11.9%
ROIC	6.0%	2.2%	2.1%	2.3%	2.5%
Net debt/EBITDA (times)	-0.3	0.5	4.0	3.3	3.4
EV/EBITDA (times)	23.2	21.7	29.8	19.0	13.7
PER (times)	12.0	26.8	32.6	29.0	26.3
PBR (times)	1.6	1.6	1.6	1.5	1.5
DPS (VND)	1,178	500	500	500	500
Dividend yield	3.1%	1.3%	1.3%	1.3%	1.3%

Table: 3Q2024 and 9M2024 business results

Unit: VNDbn	3Q2023	3Q2024	YoY growth	9M2023	9M2024	YoY growth	2024 Target	% Completion
Presales	902	845	-6%	1,769	3,524	+99%	9,554	37%
Net revenue	357	371	+4%	1,545	828	-46%	6,657	12%
Gross profit	150	128	-14%	870	343	-61%		
Financial income	32	21	-33%	118	297	+151%		
Financial expenses	66	60	-10%	217	178	-18%		
SG&A expenses	197	164	-17%	626	492	-21%		
Profit from associates and JVs	89	16	-82%	205	84	-59%		
NPAT	71	-40	n/a	319	54	-83%		
NPATMI	66	-52	n/a	194	15	-92%	506	3%

Source: NLG, ACBS.

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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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