NLG Update - OUTPERFORM

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Company Update

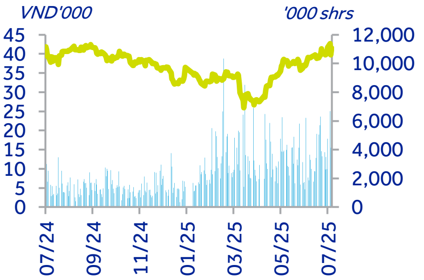
Recommendation	**OUTPERFORM**
	HSX: NLG
	Property
Target price (VND)	**45,600**
Market price (VND)	**41,500**
Expected share price return	9.9%
Expected dividend yield	1.2%
Expected total return	**11.1%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	11.5	6.1	52.7	0.6
Relative	-7.4	-3.5	28.8	-22.6

Source: Bloomberg

Price-Volume



Ownership

Nguyen Xuan Quang (Chairman)	9.47%
Tran Thanh Phong (Vice Chairman)	4.07%

Stock Statistics	**30-Jul-25**
Bloomberg code	**NLG VN**
52-week range (VND)	25,750 - 43,250
Shares O/S (m)	385
Mkt cap (VND bn)	15,480
Mkt cap (USD m)	587
Est. Foreign room left (%)	1.9
Est. free float (%)	63.2
3m avg daily vol (shrs)	3,536,735
VND/USD	26,390
Index: VNIndex / HNX	1492.40/260.52

NAM LONG INVESTMENT CORPORATION (NLG VN)

NPATMI 2Q2025 declined by 31% YoY due to a financial profit of VND230 bn from transferring 25% of Paragon Dai Phuoc incurred in 2Q2024. However, 1H2025 NPATMI tripled YoY, to VND208 bn mainly thanks to a higher number of units delivered. Maintain our 2025 forecast but increase YE2025 target price by 5% to VND45,600/share given increases in estimated selling prices of Mizuki and Izumi by 9-23%. Change our rating from Buy to Outperform as stock price has increased by 32% since our update report in 5/2025.

Nam Long posted a mixed 2Q2025 business result with revenue of VND773 bn (+206% YoY) and NPATMI of VND99 bn (-31% YoY). The growth in the top line was driven by a higher number of units delivered at Can Tho, Southgate, Akari, and Izumi projects (239 units vs 70 units) while the decline in the bottom line was mainly due to a financial profit of VND230 bn from transferring 25% of Paragon Dai Phuoc incurred in 2Q2024.

However, 1H2025 result was positive with revenue of VND2,064 bn (+352% YoY) and NPATMI of VND208 bn (+206% YoY), completing 30% of profit target and 29% of our forecast. Growth mainly came from a higher number of units delivered at Can Tho, Southgate, Akari, Mizuki and Izumi projects (1H2025: 798 units; 1H2024: 261 units). Gross margin declined to 36.1% from 47.1% mainly due to lower revenue recorded from the high-margin Southgate project and the adding of revenue from a low-margin Can Tho EhomeS project.

Sales activities in 2Q2025 achieved positive result of VND2,789 bn (+412% QoQ and +85% YoY), of which Southgate was the best seller with a sales value of nearly VND2 trn. Sales value in 1H2025 was VND3,334 bn (+24% YoY), completing 23% of target and 28% of our forecast. **Sales activities is expected to accelerate in 2H2025** following the legal progress of Izumi project (adjusted 1/500 Plan was approved in 6/2025), launch of a new project An Zen Residences in Hai Phong and start construction of Solaria Rise zone (ST5 zone with 698 apartments) in Southgate project, Trellia Cove zone (CC5 zone with 817 apartments) and LK11 zone (24 townhouses) in Mizuki project in 7/2025.

NLG's leverage ratios increased but still at adequate levels. In 1H2025, net debt increased by VND1,843 bn to VND2,737 bn, Net debt/Equity ratio rose from 6.1% to 19.3% and Net debt/EBITDA from 0.5x to 1.3x. We expect leverage ratios to improve after NLG completes the 15% transfer of Izumi project in 2H2025 and a rights issue of 100.12 mn shares (equivalent to 26% of outstanding shares) to current shareholders at an offering price of VND25,000/share.

We maintain our 2025 forecast with revenue of VND6,264 bn (-13% YoY) and NPATMI of VND715 bn (+38% YoY). **We adjust YE2025 target price up by 5% to VND45,600/share as we increase estimated selling prices of Mizuki and Izumi by 9-23%. Change our recommendation from Buy to Outperform as the stock price has increased by 32% since our update report in 5/2025.**

	2022	2023	2024	2025F	2026F
Net Sales (VNDbn)	4,339	3,181	7,196	6,264	5,163
Growth	*-16.6%*	*-26.7%*	*126.2%*	*-13.0%*	*-17.6%*
EBITDA (VNDbn)	865	630	1,714	1,535	1,493
Growth	*6.6%*	*-27.1%*	*171.8%*	*-10.4%*	*-2.8%*
NPATMI (VNDbn)	556	484	518	715	690
Growth	*-48.1%*	*-13.0%*	*7.0%*	*38.0%*	*-3.5%*
EPS (bonus-adjusted, VND)	1,426	1,171	1,298	1,737	1,676
Growth	*-55.3%*	*-17.9%*	*10.9%*	*33.8%*	*-3.5%*
ROE	6.1%	5.1%	10.7%	14.3%	13.3%
ROIC	2.2%	2.1%	2.1%	2.9%	2.8%
Net debt/EBITDA (times)	0.5	4.0	0.5	1.2	0.6
EV/EBITDA (times)	21.6	29.7	10.9	12.2	12.5
PER (times)	29.1	35.4	32.0	23.9	24.8
PBR (times)	1.8	1.7	1.7	1.6	1.5
DPS (VND)	500	499	499	500	500
Dividend yield	1.2%	1.2%	1.2%	1.2%	1.2%

The Ministry of Finance's proposed a draft Personal Income Tax Law which will be submitted to the National Assembly in October 2025 and voted in May 2026. The draft proposes two calculation methods for real estate transfer tax:

1. 20% on capital gains, if information on purchase price and related expenses are available.
2. Fixed rates on selling price, ranging from 10% (if the holding period is less than 2 years) to 2% (if the holding period is more than 10 years) if purchase price and related expenses can not be identified.

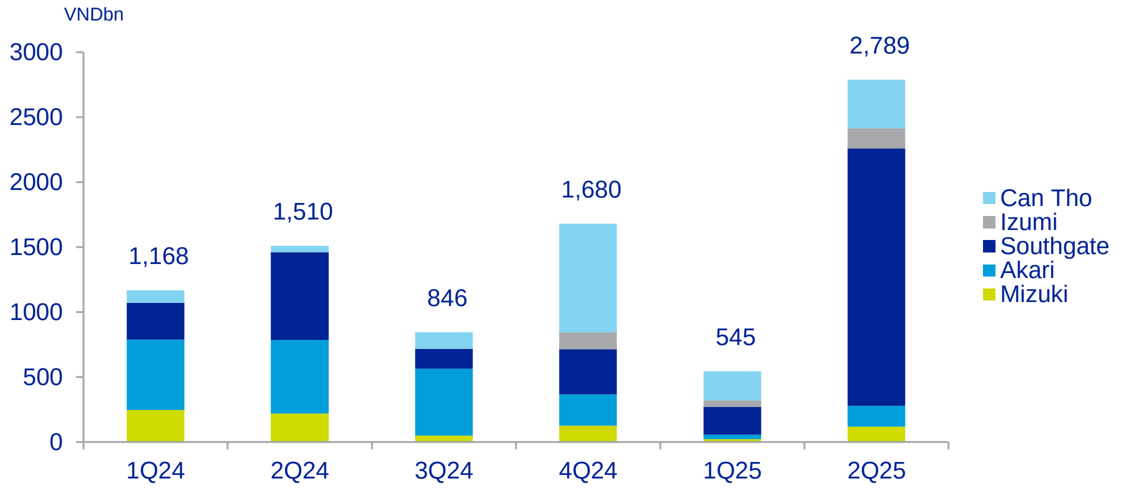
A flat rate of 2% on selling price is currently applied disregarding the holding period. The policy aims to discourage speculative activities and stabilize the market. If the new law is passed with improved transaction data systems, homebuyers will face significantly higher tax burdens. In the case of NLG which products mainly serve end-users, we think absorption rates of its projects may not be significantly affected.

Table 1: 2Q2025 and 1H2025 business results

Unit: VNDbn	2Q2024	2Q2025	YoY Growth	1H2024	1H2025	YoY Growth	2025 Target	% Completion
Presales	1,510	2,789	85%	2,678	3,334	24%	14,645	23%
Revenue	252	773	206%	457	2,064	352%	6,794	30%
Gross profit	129	332	158%	215	745	246%		
Financial income	250	43	-83%	276	92	-67%		
Financial expenses	70	35	-50%	118	135	14%		
SG&A expenses	184	206	12%	328	444	35%		
Profit from associates and JVs	43	20	-53%	68	28	-58%		
NPAT	160	98	-39%	95	207	119%		
NPATMI	145	99	-31%	68	208	206%	701	30%

Sources: NLG, ACBS.

Figure 1: Sales value



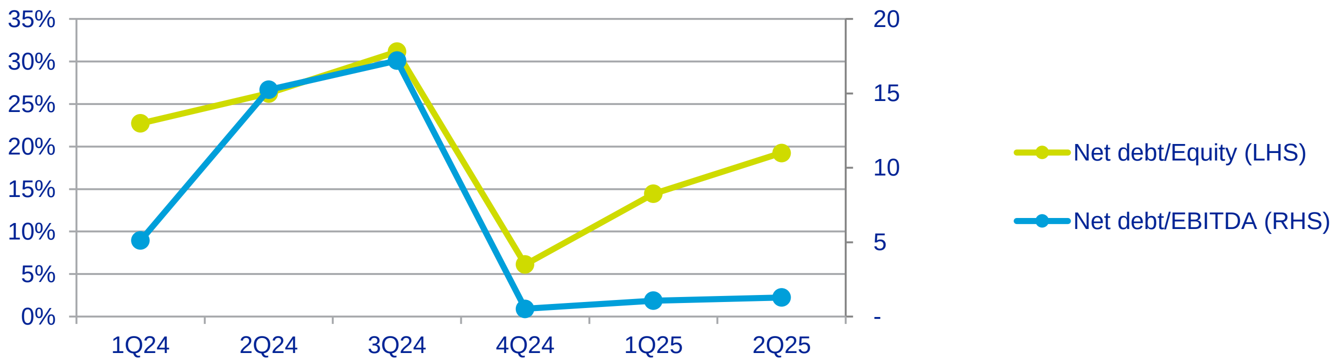
Sources: NLG, ACBS.

Table 2: Projects update

No.	Project	Location	Stake	Land area (ha)	Product	Total units	% launch (estimated)	Progress
1	Mizuki	HCMC	50%	26.2	Valora	84	70%	Launched 13 blocks with over 2,800 Flora and 39 Valora. Accumulatively sold 98% and delivered 96% of launched units. **Start construction of Trellia Cove zone (CC5 zone with 817 Flora) and LK11 zone (24 townhouses) in 7/2025.**
					Flora	4,070		
2	Akari	HCMC	50%	8.5	Flora	4,766	84%	Accumulatively sold 98% and delivered 89% of launched units.
3	Southgate (Waterpoint Phase 1)	Long An	65%	165.0	Valora	2,664	76%	Accumulatively sold 94% and delivered 68% of launched units
					Flora	3,379	0%	**Start construction of Solaria Rise zone (ST5 zone with 698 apartments) in 7/2025**
4	Ehome Southgate	Long An	100%	3.4	EhomeS	1,357	100%	Accumulatively sold 97% and delivered 72% of launched units
5	Waterpoint (Phase 2)	Long An	100%	190.0	Valora	972	0%	
					Flora	5,276		
6	Nam Long Central Lake	Can Tho	100%	40.0	Valora	264	62%	Accumulatively sold 86% and delivered 64% of launched units
					Land lot	617		
7	EhomeS Nam Long Can Tho	Can Tho	100%	3.8	EhomeS	1,590	60%	Accumulative sold 71% and delivered 35% of launched units
8	Paragon Dai Phuoc	Dong Nai	50%	45.0	Valora	583	0%	Phase 1: completing infrastructure and expect to launch at the end of 3Q2025
9	Izumi City	Dong Nai	65%	170.0	Valora	2,876	11%	Accumulatively sold 99% and delivered 58% of launched units. **Had adjusted 1/500 Plan in 6/2025. Expect to launch Canaria zone in 2H2025.**
					Flora	n/a	0%	
10	Nam Long Hai Phong 1	Hai Phong	50%	21.0	Valora	739	0%	Phase 1 with 369 Valora: completing infrastructure and expect to launch at the end of 2025
11	An Zen Residences (Nam Long Hai Phong 2)	Hai Phong	100%	1.5	Ehome	887	0%	**Launched in 7/2025**

Note: Valora is landed property, Flora is mid-end apartment, Ehome is affordable apartment and EhomeS is social house.
Sources: NLG, ACBS

Figure 2: Leverage ratios



Sources: NLG, ACBS.

NLG FINANCIALS MODEL	Price (VND):	41,500	Target (VND):	45,600	Mkt cap (VND bn):	15,480

(VND bn except where stated)	2022	2023	2024	2025F	2026F
Total Net Sales	**4,339**	**3,181**	**7,196**	**6,264**	**5,163**
Sales growth	*-16.6%*	*-26.7%*	*126.2%*	*-13.0%*	*-17.6%*
CoGS ex-dep'n	2,319	1,571	4,089	3,516	2,670
Gross profit	1,984	1,562	3,057	2,693	2,432
Gross margin	*45.7%*	*49.1%*	*42.5%*	*43.0%*	*47.1%*
SG&A	1,155	980	1,394	1,213	1,000
SG&A as % of sales	*26.6%*	*30.8%*	*19.4%*	*19.4%*	*19.4%*
EBITDA	**865**	**630**	**1,714**	**1,535**	**1,493**
EBITDA margin	*19.9%*	*19.8%*	*23.8%*	*24.5%*	*28.9%*
Depreciation	36	49	50	55	61
Operating profit	**854**	**1,000**	**1,763**	**1,516**	**1,515**
Operating profit margin	*19.7%*	*31.4%*	*24.5%*	*24.2%*	*29.4%*
Financial income (excl. saving interest)	245	102	231	275	-
Financial expenses (excl. interest expense)	51	18	102	-	-
Net interest expense	7	142	124	223	240
Profit/loss from associates and JVs	25	418	100	36	83
Other profit	29	(20)	56	-	-
Tax	204	121	437	314	255
Effective tax rate	*19.1%*	*13.1%*	*24.0%*	*20.0%*	*20.0%*
Minority interest	309	317	869	539	330
NPATMI	**556**	**484**	**518**	**715**	**690**
Net profit margin	*12.8%*	*15.2%*	*7.2%*	*11.4%*	*13.4%*
Cash earnings	592	533	568	770	750
Number of shares (m)	384	385	385	385	385
EPS (VND)	**1,426**	**1,171**	**1,298**	**1,737**	**1,676**
Bonus factor (x)	1.0	1.0	1.0	1.0	1.0
Adjusted EPS (VND)	**1,426**	**1,171**	**1,298**	**1,737**	**1,676**
EPS growth	*-55.3%*	*-17.9%*	*10.9%*	*33.8%*	*-3.5%*

KEY CASHFLOW AND BS ITEMS	2022	2023	2024	2025F	2026F
Increase in working capital	-1,046	2,153	17	1,420	-389
Capex	73	23	39	39	39
Other cash flow items	-1,898	-268	1,305	-	-
Free cash flow	**-333**	**-1,911**	**1,817**	**-689**	**1,100**
Share issues (m)	187	0	0	0	0
Dividends paid	521	187	194	193	193
Increase in net debt	666	2,099	-1,623	882	-908
Net debt, end of year	**419**	**2,517**	**894**	**1,776**	**868**
Shareholders' equity	**13,315**	**13,533**	**14,569**	**15,091**	**15,589**
BVPS (VND)	23,407	24,386	25,125	26,026	26,884
Net debt / equity	*3.1%*	*18.6%*	*6.1%*	*11.8%*	*5.6%*
Net debt / EBITDA (x)	*0.5*	*4.0*	*0.5*	*1.2*	*0.6*
Total assets	**27,085**	**28,611**	**30,318**	**31,722**	**31,311**

KEY RETURN AND VALUATION RATIOS	2022	2023	2024	2025F	2026F
ROE	*6.1%*	*5.1%*	*10.7%*	*14.3%*	*13.3%*
ROA	*2.7%*	*2.0%*	*2.1%*	*2.7%*	*2.6%*
ROIC	*2.2%*	*2.1%*	*2.1%*	*2.9%*	*2.8%*
WACC	*13.1%*	*12.4%*	*12.8%*	*12.7%*	*13.0%*
EVA	*-10.9%*	*-10.3%*	*-10.7%*	*-9.8%*	*-10.2%*
PER (x)	*29.1*	*35.4*	*32.0*	*23.9*	*24.8*
EV/EBITDA (x)	*21.6*	*29.7*	*10.9*	*12.2*	*12.5*
EV/FCF (x)	*-56.2*	*-9.8*	*10.3*	*-27.2*	*17.0*
PBR (x)	*1.8*	*1.7*	*1.7*	*1.6*	*1.5*
PSR (x)	*3.7*	*5.0*	*2.2*	*2.6*	*3.1*
EV/sales (x)	*4.3*	*5.9*	*2.6*	*3.0*	*3.6*
Dividend yield	*1.2%*	*1.2%*	*1.2%*	*1.2%*	*1.2%*

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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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