



## Company Report: Nam Long Investment Jsc (NLG VN)

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### Challenge ahead

- **Q1/2022 results update.** Revenue reached VND 587 billion (+249% YoY), gross profit was VND 250 billion (+623%), net profit was VND 630 mil (-99%YoY) because in Q1 2021 NLG recognized other income of VND 429 billion from revaluing asset in Izumi City
- NLG set the guideline for revenue of VND 7,151 billion, and NPT of VND 1,206 billion. Total presale value for 2022 is set at VND 23,400 billion, equivalent to about 4,200 units
- On the other hand, demand for housing in the South is high, which absorption rate always reach high level. Price of housing continues to go up in Q1 2022, increase 4% YoY.
- NLG finished transfer share in Paragon Dai Phuoc in 2021. VND 340 billion of profit will record in Q2 2022

We remain the value of NLG at **34,300 VND/share** using RNAV method. We recommend **Neutral** for NLG stock

Rating:

**Neutral**

Maintained

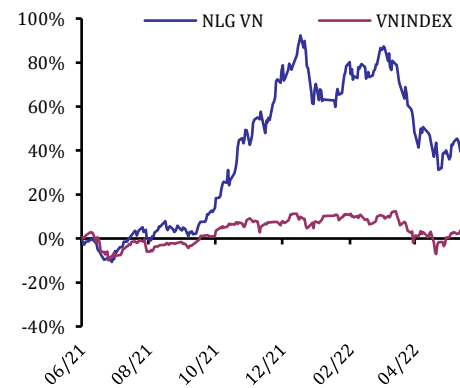
6-18m TP:

**34,300**

Share price:

VND34,000

#### Stock performance



Change in Share Price	1 M	3 M	1 Y
Abs. %	-26%	-41%	3.9%
Rel. % to VNI index	-21.2%	-23.7%	-13%
Avg. share price (VND)	42,557	47,626	47,796

Source: Bloomberg, Guotai Junan Vietnam

Year End	Revenue	Net Profit	EPS	EPS	PER	BPS	PBR	DPS	Yield	ROE
12/31	(VND bil)	(VND bil)	(VND)	(Δ%)	(x)	(VND)	(x)	(VND)	(%)	(%)
2017A	3,165	756	3,165	39%	11	18,573	1.87	225	7%	40
2018A	3,480	887	3,023	-4%	11	19,237	1.80	386	13%	48
2019A	2,549	1,007	3,512	16%	10	19,464	1.78	770	22%	46
2020A	2,260	850	2,780	-21%	12	19,641	1.77	932	34%	35
2021A	5,206	1,478	2,686	-3%	13	23,318	1.49	1057	39%	23

Shares in issue (m)	382.8	Major shareholder	Nguyen Xuan Quang	11.87%
Market cap. (VNĐ m)	13,288.6	Free float (%)		55.0
3-month average vol. ('000)	3,833.5	FY21 Net gearing (%)		26.7
52 Weeks high/low (VNĐ)	52,500 / 35,460			

Source: the Company, Guotai Junan Vietnam.

**Q1/2022 results update.** Revenue reached VND 587 billion (+249% YoY), gross profit was VND 250 billion (+623%), net profit was VND 630 mil (-99%YoY) because in Q1 2021 NLG recognized other income of VND 429 billion from revaluing asset in Izumi City. Revenue mostly comes from delivery of Akari city and Southgate. In addition, in Q1 2022, NLG sold 1,274 units, equivalent to VND 5,895 billion, from Mizuki, Akari, Can Tho 43ha, Southgate and Izumi.

Table 1: Presale in Q1 2022

Projects	Units	presale value (bil VND)
Mizuki	313	1,756
Flora Akari	560	1,849
Can Tho 43 ha	27	116
Southgate	184	838
Izumi	190	1,337
<b>Total</b>	<b>1,274</b>	<b>5,895</b>

Source : the Company, Guotai Junan Vietnam.

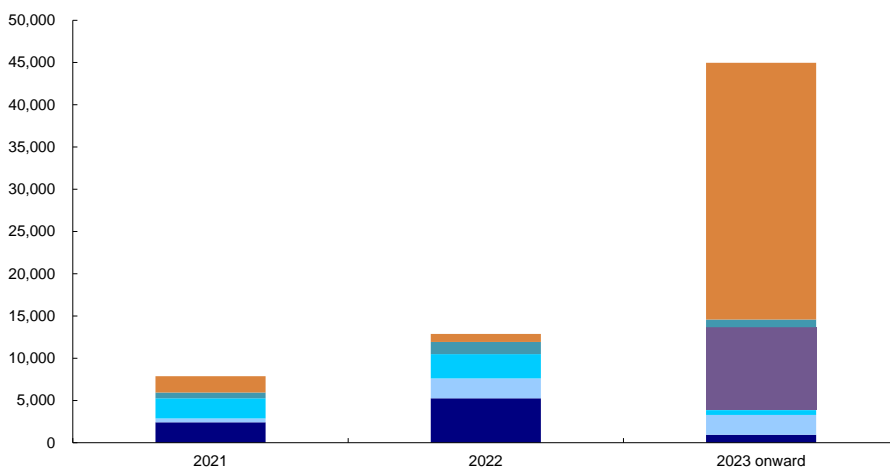
**Plan for 2022.** NLG set the guideline for revenue of VND 7,151 billion, and NPT of VND 1,206 billion. Total presale value for 2022 is set at VND 23,400 billion, equivalent to about 4,200 units.

In 2022, NLG plan to launch 792 units in Izumi City, 210 units in Nam Long Dai Phuoc, 1,183 units in Akari, 1,000 units in Nam Long 2 Central Lake, 296 units in Water point and 460 units Ehome Southgate. In Q2 2022 NLG plan to launch Mizuki Panorama, Akari P2, and Southgate.

	Unit	Absorption rate
Mizuki	4,136	64%
Akari	5,078	48%
South Gate Water Point 1	2,174	37%
Ehomes MRT1	1,432	27%
Water front (Izumi)	2,922	9%
Nam Long Can Tho	2,348	9%
VSIP	3,819	0%
Paragon Dai Phuoc	566	0%

Source : the Company, Guotai Junan Vietnam.

Presale value( Bil VND) ■ Mizuki ■ Akari ■ Southgate ■ Southgate 2 ■ Nam Long Can Tho ■ Waterfront



Source : the Company, Guotai Junan Vietnam.

NLG finished transfer share in Paragon Dai Phuoc in 2021. VND 340 billion of profit will record in Q2 2022 due to the delay in license transfer procedure by authority. The timeline of projects is still on track for next few years.



Project	Phase	Segments	2020 presale	2021 presale	2022 presale	2023 presale onward
Mizuki	P2-CC3	Flora				
	P2-CC5	Flora				
	P2-CC5	Valora				
	P3 CC 6789	Flora				
	P3 CC 6789	Valora				
Akari	P1	Flora				
	P2	Flora				
Southgate	P1 ABC	Valora				
	P2 ABC	Valora				
	MRT1	Ehomes				
VSIP	P1	Valora				
	P2 A	Valora				
	P2 B	Ehomes				
Nam Long Can Tho	P1	Valora				
	P1	Land lot				
	P2	Valora				
	P2	Land lot				
	P3	Valora				
	P3	Land lot				
Waterfront	P1A	Valora				
	P1B	Valora				
	P23-3b-4	Valora				
	P5	Flora				
Waterpoint 2	N/A	Flora				

Source : the Company, Guotai Junan Vietnam.

Real estate industry is facing headwind due to the tightening of credit to prevent asset bubble, as no new bond issuing in April. Although it affects capital for the industry, it just impacts heavily on high leverage and indebt companies. As we observe many large companies in the sector, which almost have low inventory and low debt burden (except HPX and NVL). We think that this would cause only limited impact on those who are developing good projects and intend to do that seriously. Cash balance on NLG balance sheet is now cover 95% of NLG total debt, which we consider safe. On the other hand, demand for housing in the South is high, which absorption rate always reach high level. Price of housing continues to go up in Q1 2022, increase 4% YoY.

Ticker	Rev Q1/2021( VND Mil)	Rev Q1/2022 (VND Mil)	% YoY	NPAT Q1/2021( VND Mil)	NPAT Q1/2022 (VND Mil)	% YoY	Short term debt Q1/2021 (VND Mil)	Long term debt Q1/2021 (VND Mil)	Short term debt Q1/2022 (VND Mil)	Long term debt Q1/2022 (VND Mil)	%YoY Total debt
AGG VN EQUITY	342,740	562,618	64%	5,409	1,302	-76%	333,384	2,443,816	2,173,669	1,221,419	22%
HPX VN EQUITY	249,936	55,936	-78%	53,563	19,412	-64%	1,596,353	968,372	2,766,106	2,743,460	115%
KDH VN EQUITY	836,479	142,726	-83%	205,149	278,530	36%	855,444	1,360,085	722,576	3,711,617	100%
VHM VN EQUITY	12,986,441	8,923,490	-31%	5,396,149	4,540,066	-16%	9,365,037	13,730,672	6,114,220	19,352,528	10%
NLG VN EQUITY	235,764	587,408	149%	347,517	630	-100%	1,119,411	1,531,543	878,215	2,341,282	21%
NVL VN EQUITY	4,506,617	1,956,430	-57%	536,827	1,079,020	101%	16,608,633	28,537,305	25,319,358	44,327,663	54%
PDR VN EQUITY	586,112	625,448	7%	251,741	282,054	12%	1,303,672	874,943	1,222,562	3,593,410	121%
SCR VN EQUITY	50,331	395,416	686%	35,010	56,723	62%	1,613,484	1,113,199	757,521	938,353	-38%
VPI VN EQUITY	135,139	696,870	416%	6,968	64,284	823%	1,533,178	1,390,726	670,855	4,337,106	71%

Source : Guotai Junan Vietnam.



### Valuation and Recommendation.

Nam Long's projects are located in convenient location, target at affordable customers at affordable price. Although the sector is facing headwind and maybe slowdown in the near future as we noted in the last report, we are still positive for the long term because of potential demographic structure, low urbanization rate and high demand for housing.

**We remain the value of NLG at 34,300 VND/share using RNAV method. We recommend Neutral for NLG stock**

## Financial Statements and Ratios

Income Statement					
Year end Dec (VND bil)	2018A	2019A	2020A	2021A	Q1 2022A
Revenue	3,480	2,549	2,260	5,206	587
yoy(%)	9.9%	-26.8%	-11.3%	130.3%	N/A
Cost of services	(1976)	(1480)	(1546)	(3427)	(337)
Gross profit	1,503	1,066	671	1,778	250
yoy(%)	16.1%	-29.1%	-37.1%	165.1%	N/A
SGA expenses	(491)	(425)	(434)	(997)	(194)
Other (losses) / gains, net	9	383	13	435	3
Financial income	129	97	727	445	23
Finance costs	(37)	(21)	(103)	(112)	(39)
Share of profits of associates and JCEs	14	126	142	91	0
Profit before income tax	1128	1226	1015	1640	44
yoy(%)	18.71%	8.71%	-	61.59%	N/A
Income tax expense	(241)	(219)	(165)	(162)	(12)
Profit after tax	887	1007	850	1478	33
yoy(%)	17.3%	13.5%	-15.6%	73.8%	
Minority interest	124	47	15	407	32
Net profit	763	961	835	1071	1
yoy(%)	42.7%	25.8%	-13.1%	28.3%	N/A
EPS(VND)	3,193	3,699	2,927	2,796	2
yoy(%)	-6.2%	15.9%	-20.9%	-4.5%	N/A

Cash Flow Statement					
Year end Dec (VND bil)	2018A	2019A	2020A	2021A	Q1 2022A
Profit before income tax	1128	1226	1015	1640	44
Adjustments	(51)	(95)	(570)	(793)	69
change in WC	1362	(42)	(331)	(1333)	(206)
Cash from operations	2261	991	325	(1111)	(93)
Capital expenditure	(6)	(15)	(64)	(44)	(28)
Cash from investing	(786)	(1830)	(377)	(1043)	412
Common stock (purchase) or sale	78	540	573	0	0
Other	(402)	300	(704)	1326	(546)
Cash from financing	(324)	840	(131)	1326	(546)
Cash & cash equivalents at 1st January	932	2082	2084	1901	3112
Net change in cash	1151	2	(184)	(827)	(227)
Cash & cash equivalents at 31st December	2082	2084	1901	1073	2884

Balance Sheet					
Year end Dec (VND bil)	2018A	2019A	2020A	2021A	Q1 2022A
Current assets	7320	7923	9570	21784	21491
Cash & equivalents	2084	1901	1073	3112	2884
Short term investment	16	67	35	744	157
Receivable	1833	1548	2228	1934	2094
Inventory	3261	4298	6069	15490	15877
Non-current assets	2254	2981	4073	1833	1941
Property plant & equipment	40	58	58	59	57
Intangible assets	13	19	20	19	18
Work in progress	10	194	38	20	56
Prepayment and other receivables	271	289	333	422	502
Investment in an associated co.	1680	1809	3262	873	869
Other investment	4	2	2	2	2
Total assets	9574	10904	13643	23618	23432
Current liabilities	2694	3024	4439	6318	6686
Account payable	1080	1322	2098	2463	2972
Short-term borrowing	201	63	932	1293	878
Non-current liabilities	1596	1680	2483	3772	3806
Long-term borrowings	806	806	1525	2315	2341
Total liabilities	4290	4704	6922	10090	10492
Minority interest	684	1145	1117	4598	4135
Share capital	2391	2597	2853	3829	3829
Other reserves and retained earnings	2209	2458	2750	5100	4976
Total equity	5285	6200	6720	13528	12940
yoy (%)	42.0%	17.3%	8.4%	101.3%	N/A

Financial Ratio					
	2018A	2019A	2020A	2021A	Q1 2022A
Gross margin (%)	43	42	30	34	43
Operating margin (%)	32	48	45	32	8
Net margin (%)	21.9	37.7	36.9	20.6	0.1
ROA (%)	1.5	0.8	0.4	0.5	N/A
ROE (%)	16.8	16.2	12.7	10.9	N/A
Net gearing ratio (%)	19.1	14.0	36.6	26.7	24.9
Current ratio(x)	2.7	2.6	2.2	3.4	3.2

Source: the Company, Guotai Junan (Vietnam).

### COMPANY RATING DEFINITION

Benchmark: **VN - Index.**

Time Horizon: **6 to 18 months**

Rating	Definition
<b>Buy</b>	Relative Performance is greater than 15% Or the Fundamental outlook of the company or sector is favorable
<b>Accumulate</b>	Relative Performance is 5% to 15% Or the Fundamental outlook of the company or sector is favorable
<b>Neutral</b>	Relative Performance is -5% to 5% Or the Fundamental outlook of the company or sector is neutral
<b>Reduce</b>	Relative Performance is -15% to -5% Or the Fundamental outlook of the company or sector is unfavorable
<b>Sell</b>	Relative Performance is lower than - 15% Or the Fundamental outlook of the company or sector is unfavorable

### SECTOR RATING DEFINITION

Benchmark: **VN - Index**

Time Horizon: **6 to 18 months**

Rating	Definition
<b>Outperform</b>	Relative Performance is greater than 5% Or the Fundamental outlook of the sector is favorable
<b>Neutral</b>	Relative Performance is -5% to 5% Or the Fundamental outlook of the sector is neutral
<b>Underperform</b>	Relative Performance is lower than -5% OrThe Fundamental outlook of the sector is unfavorable

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