

19 Apr 2022

Novaland JSC (NVL)

AGM Briefing: Staying upbeat

AM Briefing

- On April 19, Novaland held Annual General Meeting which gave the audience a walkthrough of the 2022F business expansion plan. Key focus areas are guidance, and stock dividend.

Controversially aggressive 2022F guidance

- For full year, NVL's net revenue was pegged at VND14.9tn, 196.5% yoy while its NPATMI plunged to VND3.2tn, -17.6% yoy due to the absence of a VND3.4tn financial gain from divestment in Phu Dinh Port company in 2020.
- Despite being missed the 2021 guidance at 54.2%/84.4% of revenue and NPATMI, NVL still set up prosperous targets with a VND35.9tn revenue, +141% yoy and a VND3.5tn NPAT, +88% yoy.
- While further information is seeking, the company stays confident on handover of Aqua City (Dong Nai province), NovaWorld Phan Thiet (Binh Thuan province), NovaWorld Ho Tram (Vung Tau province) which lead the growth engine of revenue in 2022F.
- In details, they will launch 15,000 units (1,000 units in urban regions, 5,000 units in the satellite regions, 9,000 units in hospitality regions) of which 80% will come from those above mentioned projects, leaving 20% is derived from the newly-introduced projects in HCMC, Lam Dong, Khanh Hoa provinces.
- The company estimates accumulated net profit from NovaWorld Phan Thiet and NovaWorld Ho Tram could amount to VND30tn and VND10tn.
- As of end-2021, the unearned revenue reached VND175tn, securing the revenue stream in 2022F-23F, per management.

12M rating **Non-rated**

12M TP **N.A**

Up/Downside *N.A*

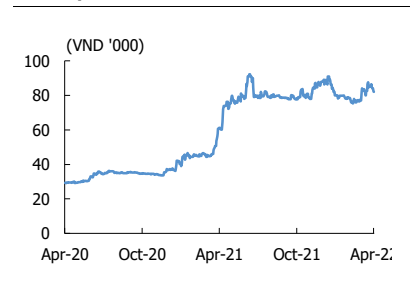
Stock Data

VNIndex (19 Apr, pt)	1,406
Stock price (19 Apr, VND)	82,000
Market cap (USD mn)	6,904
Shares outstanding (mn)	1,930
52-Week high/low (VND)	92,367/60,201
6M avg. daily turnover (USD mn)	14.69
Free float / Foreign ownership (%)	34./6.6
Major shareholders (%)	
NovaGroup	26.96
Chairman and related	14.16
Diamond Properties JSC	10.52

Performance

	1M	6M	12M
Absolute (%)	6.4	4.7	33.7
Relative to VNIndex (%p)	10.6	3.5	20.8

Stock price trend



Source: Bloomberg

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	11,632	15,290	10,931	5,026	14,903
chg. (% YoY)	58.1	31.4	(28.5)	(54.0)	196.5
Operating profit (VND bn)	2,322	4,006	1,660	379	3,519
Net profit (VND bn)	2,033	3,239	3,431	3,919	3,225
EPS (VND)	3,210	3,546	3,579	4,021	1,819
chg. (% YoY)	-5.5	10.5	0.9	12.3	-54.8
EBITDA (VND bn)	2,807	4,503	-1,091	1,115	2,251
PE (x)	27.9	24.8	24.2	21.5	50.2
EV/EBITDA (x)	23.1	20.6	-98.8	106.2	89.7
PB (x)	4.2	4.1	3.6	3.1	4.5
ROE (%)	17.5	19.5	15.5	13.9	8.8
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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Abundant stock split to raise charter capital

- The company will conduct two times raising charter capital by offering existing shareholders 193mn shares (100:10 ratio), 483mn shares (100:25 ratio), and management ESOP (1.5% of outstanding shares; selling price of VND10,000).

Extraordinary duty to pay a land fee for Lake View project

- Addressing some concerns about the additional land payment duty up to VND5.1tn of Lake View project, NVL reassures the shareholders by escalating the conflict the HCMC Tax bureau to the national government. The 30ha project with 449 townhouses has been handed to the homebuyers in 2017 and has yet to receive the property ownership certificates granted to owners.

The valuation looks expensive; investors seem bullish

- Based on management's guidance of 2022F profit, 12MF PE is 45.7 times and 12MF PB is 4.2 times, significantly higher than the 1-year median PE of 35.5x but slightly lower than PB of 4.5x.

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