

26 Apr 2022

Nam Bay Bay (NBB)

AGM Briefing: A temporary bass in 2022F

AGM Briefing

- On April 26, we attended NBB's AGM presentation briefing for the upcoming business expansion plan. The attendees are wary of the bond with CII company, the market price plunge besides the strategic development plans.

Second-tier regions lead the way

- The 2021 national isolation period dragged the revenue down by 83.9 yoy to VND565.2bn, and NPATMI by 3.9% yoy to VND314.4bn, prompting to completion at 73%/39% of their full-year estimates. The company maintains a cash dividend of 15% at par from the 2021 undistributed earnings which is paid in 2Q22F.
- The outbreak still weighs their performance since guidance net profit is pegged at VND102bn, -67.6% yoy despite revenue target of VND800bn, +41.5% yoy.
- Without disclosing in details the feasibility, the company still keeps hopes on sales, and handover of Son Tinh project (Quang Ngai province) which lead the growth engine of revenue in 3Q22F.
- The management eyes on the launches of following projects to trigger the earnings catalyst in 2023F-26F including De Lagi townhouse project in Binh Thuan province (125.5ha, revenue of VND3.9tn, NPAT of VND950bn), NNB2 condo project in Binh Chanh District, HCMC (8.3ha, revenue of VND4.4tn, NPAT of VND1.2tn), NBB3 condo project in Dist 8, HCMC (7.7ha, revenue of VND4.3tn, NPAT of VND1.5tn), and Son Tinh townhouse project in Quang Ngai province (102.7ha, revenue of VND800bn, NPAT of VND120bn).
- We view positive their gradually shifts toward low-tier markets away from HCMC to diversify its exposure and hedge against the risk of a market meltdown in the future. The lower-tier markets offer a less competitive environment and NBB has the advantage of having a well-known nationwide brand that enables it to easily penetrate. However, there is a lack of reliable track records and market data which are needed to study buyers' real demand

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	1,058.5	1,139.4	330.6	3,500.7	565.2
chg. (% YoY)	2,467.3	7.6	(71.0)	958.9	(83.9)
Operating profit (VND bn)	50.4	209.7	43.4	612.7	185.7
Net profit (VND bn)	72.9	152.9	347.2	327.3	314.4
EPS (VND)	995.0	1,491.0	3,472.0	3,196.0	2,982.0
chg. (% YoY)	41.5	49.8	132.9	(7.9)	(6.7)
EBITDA (VND bn)	63.8	219.3	50.7	621.3	194.5
PE (x)	22.7	10.8	4.9	5.2	5.4
EV/EBITDA (x)	33.3	8.5	36.6	3.5	14.8
PB (x)	0.9	0.9	0.8	1.0	0.9
ROE (%)	4.4	7.7	16.4	16.7	17.5
Dividend yield (%)	0.0	0.0	14.6	9.4	0.0

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

12M rating **Non-rated**

12M TP **N.A**

Up/Downside **N.A**

Stock Data

VNIndex (26 Apr, pt)	1,341
Stock price (26 Apr, VND)	18,250
Market cap (USD mn)	80
Shares outstanding (mn)	100
52-Week high/low (VND)	59,700/17,100
6M avg. daily turnover (USD mn)	3.41
Free float / Foreign ownership (%)	39.7/1.6
Major shareholders (%)	
CII	49
Phan Diep Huyen Chi	6.7
Vietnam Equity Holding	4.1

Performance

	1M	6M	12M
Absolute (%)	(46.5)	(36.9)	(4.5)
Relative to VNIndex (%p)	(36.0)	(33.7)	(16.1)

Stock price trend



Source: Bloomberg

Nhan Lai

Nhan.lai@kisvn.vn

Rich valuation as investors' optimism looks excessive

- Based on management's guidance of 2022F profit, 12MF PE is 20.5 times, remarkably higher than the 1-year median of 6.7x. NBB price lost 42.7% from April in light of the retreat of some mid-cap real estate stocks. However, "bottoming fish" NBB right now has not secured a safety margin, in our view. We think that the investor should not base their investment in NBB on the exacerbated sentiment of individual buyers' who are overly optimistic about the positive changes in the licensing landscape in HCMC in which NBB's key land bank, idle for years will reap the rewards. Given the high leverage and tight bond with the major shareholder Construction of Infrastructure JSC (CII VN EQUITY, Not-rated), we stay skeptical about NBB.

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Prepared by: Nhan Lai

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