true friend KIS Viet Nam Securities Corporation

Company Brief

28 Jun 2022

Nam Tan Uyen (NTC)

AGM Briefing: When the flower blooms

AGM Briefing:

- On Jun 28, we joined NTC's AGM presentation briefing for the upcoming business plan. The management shed some light on 2022F guidance and its Nam Tan Uyen 3 (NTU 3) industrial park (IP) license.

Mixed guidance; lackluster earnings amid stellar revenue growth

- Nam Tan Uyen is one of the Vietnam Rubber Group's outstanding subsidiaries and specializes in industrial park (IP) transformed from the unfertile rubber land.
- Even without handing over the new leased land to tenants, NTC's 2021 business results persisted thanks to sustained interest income and amortized rental revenue.
- Four years after obtaining an investment license from the Prime Minister to launch NTU3 IP, NTC expects 2H22F to be a pivot milestone as they could get the land handover decision from Binh Duong's People Committee.
- Intensively yearning, NTC aims a 100ha in NTU 3 IP delivered to tenants of which 10ha could be booked as rental revenue with USD110-120/sq m rents. Hence, the total revenue guidance is bullish with VND476.5bn, +75.7% yoy.
- Nonetheless, the blended 2022F gross margin (GM) is pegged at 35.6% vs 53.1% in 2021 as GM of NTU 3 IP is much poorer than NTU 1+2 IPs, dragged by heavier land using payment and costlier infrastructure cost.
- In addition, financial income drops by 13.9% yoy in 2022F due to the sluggish dividend income from the NTC's associates.
- Overall, net profit target is projected at VND262.9bn, -10.6% yoy in 2022F. A 60% cash dividend at par is paid in 2H22F, equivalent to a 3.6% yield.
- The company plans to expense about VND148bn as an infrastructure building cost in NTU 3 IP and could contribute VND80bn charter capital in Bac Dong Phu IP JSC.

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	146.1	532.4	193.9	263.6	271.2
chg. (% YoY)	(99.1)	264.4	(63.6)	35.9	2.9
Operating profit (VND bn)	63.0	438.3	86.4	135.5	143.9
Net profit (VND bn)	142.5	469.7	236.5	291.0	294.2
EPS (VND)	8,500.0	29,035.0	14,782.0	12,123.0	12,260.0
chg. (% YoY)	N.A	241.6	(49.1)	(18.0)	1.1
EBITDA (VND bn)	99.1	477.2	124.1	173.9	184.4
PE (x)	18.5	5.6	11.2	13.6	13.5
EV/EBITDA (x)	27.7	5.4	16.9	25.0	22.5
PB (x)	7.0	4.5	4.6	5.8	6.3
ROE (%)	41.8	97.0	40.4	46.0	44.7
Dividend yield (%)	3.6	12.1	6.1	7.3	4.9

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 (28 Jun, pt)	1,218
Stock price (28 Jun, VND)	168,300
Market cap (USD mn)	174
Shares outstanding (mn)	24
52-Week high/low (VND)	226,900/159,886
6M avg. daily turnover (USD mn)	0.20
Free float / Foreign ownership (%)	20.1/4.3
Major shareholders (%)	
PHR	32.85
GVR	20.42
SIP	19.05

Performance

	1M	6M	12M
Absolute (%)	0.3	4.0	28.5
Relative to VNIndex (%p)	6.4	22.7	40.8

Stock price trend

Source: Bloomberg

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- NTC is worth a favorable watching stock pick driven by their healthy balance sheet (30% cash of total assets as of end-2021) and spectacular growth prospect triggered by NTU 3 IP and Bac Dong Phu IP (300ha, NTC owns 40% stake, DPR :51% stake). We believe NTC could soon obtain the NTU 3 IP's land handover decision from Binh Duong province in 2H22F and reaps the reward from Bac Dong Phu IP in 1H24F, at the earliest.
- NTC is trading at 15.2x TTM PE, trailing the 2-year median of 15.4x and the highest multiple vs the rivals (12.3x). We think the expensive valuation has factored in the stellar earnings growth in 2023F-24F.

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