

24 Apr 2021

# Nam Long Investment (NLG)

## AGM Briefing: Strong income visibility

### AGM Briefing

- On April 24, we attended NLG's 2021 AGM, and the presentation was largely centered on the FY21F guidance, contract sale target, and share issuance plan.

### FY21F: To see 37.9% yoy earnings growth

- The company sets a target to post a VND1,152bn net profit, 37.9% yoy driven by a VND4.9tn revenue, 123.8% yoy. Around 1,800 units handed over in the Akari condo and Southgate townhouse projects drives the FY21F revenue growth. Per management, FY21F net profit also includes 1) a VND429bn goodwill income thanks to a further 30.1% stake acquisition to 65.1% of Waterfront (Izumi) project, and 2) a VND400bn financial income from a 50% stake transfer in Dai Phuoc project.
- Moreover, NLG reaffirms its total revenue of VND23.6tn and net profit of VND4.3tn in FY21F-23F.
- The company could pay a 10% share dividend and 20% cash dividend in FY21F.

### Rebounding contract sales in FY21F

- NLG aims at VND10-13tn contract sales, 2.5-3.4 times higher yoy growth in FY21F thanks to the sale launches of six projects in the Long An, Dong Nai, Can Tho, Hai Phong, and HCMC.

### Potential diluted EPS on right issuance

- To meet the demand for funds in the 100ha-Thu Duc project, NLG is going to issue a private placement with total 60mn shares. The issuing price could be 10-15% discount to the average price in 30-60 days.

	2017A	2018A	2019A	2020A	2021F
Sales (VND bn)	3,161	3,480	2,546	2,217	4,153
chg. (% YoY)	24.8	10.1	-26.8	-12.9	87.3
Operating profit (VND bn)	881	1,013	626	237	565
Net profit (VND bn)	535	763	960	835	1,258
EPS (VND)	2,696	3,280	3,709	3,066	4,409
chg. (% YoY)	47.6	21.7	13.1	-17.3	43.8
EBITDA (VND bn)	895	1,026	642	260	603
PE (x)	13.0	10.7	9.4	11.4	7.9
EV/EBITDA (x)	6.0	5.9	11.5	33.7	17.0
PB (x)	2.5	2.5	2.0	1.8	1.8
ROE (%)	19.8	20.3	19.9	15.7	20.0
Dividend yield (%)	1.5	1.4	1.5	1.5	1.5

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

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12M rating **BUY (Maintain)**

12M TP **38,800**

Up/Downside 12.45 include 1.4% div

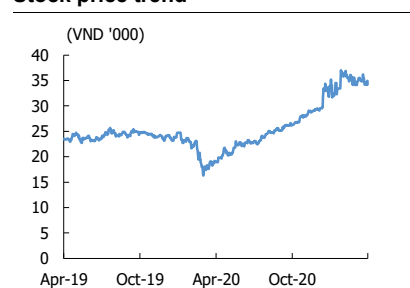
### Stock Data

VNIndex (23 Apr, pt)	1,249
Stock price (23 Apr, VND)	34,950
Market cap (USD mn)	432
Shares outstanding (mn)	285
52-Week high/low (VND)	37,000/18,895
6M avg. daily turnover (USD mn)	1.92
Free float / Foreign ownership (%)	53.8/45.2
Major shareholders (%)	
Truong Giang Management	37.67
KITMC	4.46

### Performance

	1M	6M	12M
Absolute (%)	0.1	32.7	83.6
Relative to VNIndex (%p)	(5.4)	0.5	20.0

### Stock price trend



Source: Bloomberg

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