

15 Apr 2021

12M rating **HOLD (Maintain)**

Nam Tan Uyen JSC (NTC)

Expecting another strong year

- 1Q21 core net profit of VND113bn (32.1% yoy), came in ahead of our expectation.
- This was fueled by strong growth of land rents in 1Q21 which increased by 9-12% yoy.

Facts: 1Q21 NPATMI sustains growth momentum

Nam Tan Uyen's 1Q21 revenue skyrocket 63.5% yoy to VND68bn mainly thanks to land transfer revenue growth of +74.3% yoy to VND55bn. The net profit boomed lower by 32.1% yoy to VND113bn due to marginal increase of financial income of VND86bn, 11.8% yoy.

The 1Q21 land transfer revenue recorded the one-time recognition of rental payment of around 1.9-2.3ha. 1Q21F gross margin also improved by 6.5% pts yoy driven by 9-12% yoy increase in land rent. Overall, 1Q21 revenue and net profit met 20.1%/39.6% our forecast respectively.

Pros and cons: NTU 3 industrial park ready to commence

Our FY21F net profit estimate stays unchanged with at VND284bn driven by a higher gross margin and promising land transfer area.

We remain upbeat on NTC 3 IP regulatory process although Binh Duong People Committee has been delaying to grant the approval for three years. As the new cabinet is newly set up in 2H21F, the regulatory process could resume.

Actions: Maintain Hold

NTC's market price has been retreated to VND230,000, -14.4% in 1 month after an explosion in FY20 upon the booming FY20 result despite the delaying granting decision from Binh Duong People. We believe this event could exist soon as the Vietnam government is eager to approve the new expansion/establishment of industrial properties on the reape of supply chain relocation wave in China to Vietnam. However, we think retail investors seem overreacted to underlying land presale surge as the travel restriction could prolong to 2H21F, in our view.

Stock data

VNIndex (15 Apr, pt)	1,250
Stock price (15 Apr, VND)	230,700
Market cap (USD mn)	240
Shares outstanding (mn)	24
52-Week high/low (VND)	297,000/101,562
6M avg. daily turnover (USD mn)	0.61
Free float / Foreign ownership (%)	24.7/2.1
Major shareholders (%)	
Vietnam Rubber Group	32.9
Phuoc Hoa Rubber	20.0
Saigon VRG JSC	19

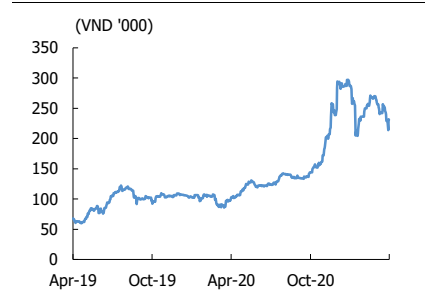
Valuation

	2020	2021F	2022F
PE (x)	19.4	19.4	15.6
PB (x)	7.4	6.4	5.3
ROE (%)	42.9	35.3	37.3
DY (%)	2.2	3.9	3.9
EV/EBITDA (x)	26.2	4.5	7.2
EPS (VND)	11,872	11,834	14,730
BPS (VND)	31,173	35,849	43,131

Performance

	1M	6M	12M
Absolute (%)	(14.4)	60.1	125.3
Relative to VNIndex (%p)	(20.0)	26.5	61.6

Stock price



Source: Bloomberg

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Table 1. 1Q21 earnings

(VND bn, %, % p)

	1Q20	2Q20	3Q20	4Q20	1Q21	QoQ	YoY	Consensus
Sales	42	50	103	69	68	(0.9)	63.5	N.A
Gross profit	27	33	82	47	48	1.2	21.4	N.A
Gross margin	64	65	71	68	71	2.4	6.5	N.A
OP	18	24	41	20	41	109.7	122.7	N.A
OP margin	44	47	60	28	60	31.7	16.0	N.A
EBT	96	68	128	64	128	100.6	33.0	N.A
NP	85	56	98	42	113	171.4	32.1	N.A

Source: Company data, Otherwise, KIS

■ Company overview

Nam Tan Uyen (NTC) owns a low leverage, high interest income, a secured revenue stream from Nam Tan Uyen 1, 2 industrial parks. Launching Nam Tan Uyen 3 industrial park (IP) brings an expected big cash flow of total VND6tn during FY20F-25F. Revenue and net profit growth is lower than cash rental payment growth due to the amortised revenue policy. We project a revenue CAGR of 8.7% and net profit CAGR of 13% over FY19-25F.

Balance sheet

(VND bn)

FY-ending Dec.	2017A	2018A	2019A	2020F	2021F
Current assets	1,179	1,452	1,484	1,996	1,526
Cash & cash equivalents	1,122	1,393	1,275	1,768	1,277
Accounts & other receivables	49	59	191	210	231
Inventory	0	0	0	0	0
Non-current assets	1,020	910	1,022	990	1,757
Fixed assets	40	36	33	45	60
Investment assets	981	874	989	945	1,698
Others	620	1,038	1,032	1,032	1,032
Total assets	2,820	3,401	3,538	4,018	4,315
Advances from customers	2,130	2,475	2,834	2,763	2,905
Unearned revenue	2,131	2,477	2,835	2,765	2,906
Trade payables	127	302	186	223	252
Others	105	7	2	2	2
ST debt & bonds	6	4	3	397	397
LT debt & financial liabilities	6	4	3	397	397
Total liabilities	2,440	2,812	2,957	3,318	3,488
Controlling interest	160	160	160	160	160
Capital stock	6	6	6	6	6
Capital surplus					
Other reserves	44	73	166	166	166
Retained earnings	170	351	248	368	495
Minority interest	0	0	0	0	0
Shareholders' equity	380	589	581	700	827

Cash flow

(VND bn)

FY-ending Dec.	2017A	2018A	2019A	2020F	2021F
C/F from operations	494	701	378	40	(438)
Net profit	142	456	237	285	284
Dep'n & Amort'n	0	0	0	0	0
Net incr. in W/C	(98)	(160)	(190)	(232)	(268)
C/F from investing	(523)	(393)	476	187	74
Capex	(28)	(404)	(155)	(12)	(123)
Incr. in investment	(495)	119	209	199	196
C/F from financing	(49)	(195)	(405)	266	(128)
Incr. in equity	0	0	0	0	0
Incr. in net debt	0	(99)	(7)	394	0
Dividends	(49)	(96)	(398)	(128)	(128)
C/F from others	0	0	0	0	0

Income statement

(VND bn)

FY-ending Dec.	2017A	2018A	2019A	2020F	2021F
Sales	146	532	194	283	339
COGS	45	45	57	66	87
Gross profit	101	487	137	217	253
Operating profit	63	438	86	146	164
Financial income	70	97	110	122	111
Interest income	70	97	110	122	111
Financial expenses	(8)	(12)	(0)	(12)	(30)
Interest expenses	(8)	(12)	(0)	(12)	(30)
Other non-operating profit	(2)	(0)	0	0	0
Gains (Losses) in associates, subsidiaries and JV	0	0	0	0	0
Earnings before tax	167	556	273	333	331
Income taxes	(25)	(100)	(37)	(48)	(48)
Net profit	142	456	237	285	284
Net profit of controlling interest	142	456	237	285	284
EBITDA	102	476	124	184	202

Key financial data

FY-ending Dec.	2017A	2018A	2019A	2020F	2021F
Per-share data (VND, adj.)					
EPS	8,905	28,476	14,782	17,808	17,719
BPS	23,720	36,810	36,287	43,760	51,707
DPS	1,500	5,976	15,000	8,000	8,000
Growth (%)					
Sales growth	(2.1)	277.4	(64.8)	28.9	23.6
OP growth	(23.0)	596.1	(80.3)	68.9	12.7
NP growth	15.2	219.8	(48.1)	20.5	(0.5)
EPS growth	15.2	219.8	(48.1)	20.5	(0.5)
EBITDA growth	(13.7)	367.7	(73.9)	48.0	10.1
Profitability (%)					
OP margin	43.1	82.3	44.5	51.6	48.5
NP margin	97.5	85.6	122.0	100.7	83.6
EBITDA margin	69.7	89.4	64.0	64.9	59.6
ROA	1.5	10.9	1.4	2.6	2.8
ROE	42.6	94.1	40.4	44.5	37.1
Dividend yield	0.7	3.0	7.4	3.4	3.4
Dividend payout ratio	16.8	21.0	101.5	44.9	45.1
Stability					
Net debt (VND bn)	(1,011)	(1,381)	(1,271)	(1,370)	(878)
Net debt/equity (%)	(266)	(235)	(219)	(196)	(106)
Valuation (x)					
PE	22.7	7.1	13.7	13.1	13.2
PB	8.5	5.5	5.6	5.3	4.5
EV/EBITDA	20.2	3.5	14.5	11.9	13.3

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