

23 Apr 2022

Nam Long Investment (NLG)

AGM Briefing: Strong income visibility

AGM Briefing

- On April 23, we attended NLG's 2021 AGM, and the presentation was largely centered on the FY21F guidance, and contract sale target.

2022F earnings guidance is set low due to COVID

- 5-month lockdown regulation not only attached the sales launches in 2021 but also drags the earnings guidance in 2022F. The company sets a target to post a VND1,206bn net profit, 13% yoy driven by a VND7.1tn revenue, 37% yoy.
- A 10% cash dividend at par is going to be paid in 2022F of which 5% is from the undistributed 2021 earnings (2Q22F) and the remainder is from the 2022F net profit (Dec 2022F).
- Per management, 2022F net profit also includes a VND444bn financial gains from revaluation in Paragon Dai Phuoc project.
- Moreover, NLG reaffirms its total revenue of VND13.8tn and net profit of VND1.9tn in 2023F

Contract sales are about to rebound in 2022F

- NLG aims at VND23.3tn contract sales in 2022F, 3.4 times higher yoy growth in 2021 and VND68.7tn accumulated booking sales in 2022F-24F thanks to the sale launches of six projects in the Long An, Dong Nai, Can Tho, Hai Phong, and HCMC.

Earnings are under review

- We will factor in the revaluation gains and presales in 2022F-23F to reflect the true landscape of NLG's earnings.

| | 2017A | 2018A | 2019A | 2020A | 2021A |
|---------------------------|---------|---------|---------|---------|---------|
| Sales (VND bn) | 3,161.3 | 3,479.6 | 2,546.1 | 2,216.7 | 5,205.5 |
| chg. (% YoY) | 24.8 | 10.1 | (26.8) | (12.9) | 134.8 |
| Operating profit (VND bn) | 881.3 | 1,012.9 | 641.6 | 236.3 | 781.4 |
| Net profit (VND bn) | 535.0 | 763.5 | 960.6 | 834.9 | 1,070.8 |
| EPS (VND) | 3,314.0 | 3,521.0 | 4,479.0 | 3,078.0 | 3,099.0 |
| chg. (% YoY) | 39.7 | 6.2 | 27.2 | (31.3) | 0.7 |
| EBITDA (VND bn) | 894.9 | 1,026.3 | 662.3 | 259.2 | 811.4 |
| PE (x) | 12.8 | 13.8 | 12.0 | 15.1 | 15.9 |
| EV/EBITDA (x) | 6.1 | 9.5 | 16.2 | 55.2 | 22.0 |
| PB (x) | 2.4 | 2.4 | 2.3 | 2.3 | 1.9 |
| ROE (%) | 15.6 | 17.0 | 16.7 | 12.9 | 10.6 |
| Dividend yield (%) | 0.9 | 1.1 | 2.1 | 2.0 | 1.4 |

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

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12M rating **BUY (Maintain)**

12M TP **45,300**

Up/Downside

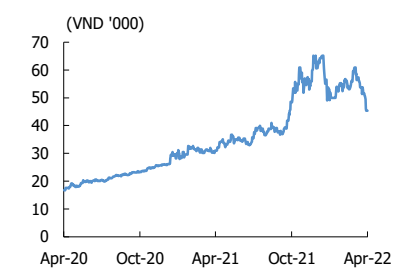
Stock Data

| | |
|------------------------------------|---------------|
| VNIndex (25 Apr, pt) | 1,379 |
| Stock price (25 Apr, VND) | 45,300 |
| Market cap (USD mn) | 755 |
| Shares outstanding (mn) | 383 |
| 52-Week high/low (VND) | 65,200/30,957 |
| 6M avg. daily turnover (USD mn) | 13.78 |
| Free float / Foreign ownership (%) | 59.9/32.1 |
| Major shareholders (%) | |
| Chairman | 11.6 |
| Ibeworthy Pte. Ltd. | 9.95 |
| Thai Binh Investment JSC | 6.22 |

Performance

| | 1M | 6M | 12M |
|--------------------------|--------|-------|------|
| Absolute (%) | (25.6) | (6.3) | 46.5 |
| Relative to VNIndex (%p) | (17.7) | (6.3) | 34.7 |

Stock price trend



Source: Bloomberg

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