

22 Apr 2023

# Nam Long Investment (NLG)

## AGM Briefing: Affordable house gains the spotlight

### AGM Briefing:

- On April 22, we attended NLG's 2023 AGM, and the presentation was largely centered on how the company launches their sales targets.

### Conservative but feasible 2023 guidance

- The recent headwinds cast a shadow on the 2023 AGM, resulting in a pessimistic guidance.
- Contrary to a VND13.8tn revenue of and a VND1.9tn NPATMI of 2023F proposed in 2022 AGM, the company aims a VND586bn net profit of controlling interest, +5.3% yoy driven by a VND4.8tn revenue, 11.5% yoy.
- Per management, 2023F net profit largely benefits from a financial gain from the remainder stake transfer in Paragon Dai Phuoc project which the company recorded the first 25% stake of VND244bn in 4Q22. NLT attributes the governmental and provincial investigations to the pending progress prolonged from 2022-2023F.
- In addition, the management hopes the recognition of Valora session in Southgate project (250-260 units sold) and Paranoma condo (Mizuki project) could contribute 4Q23F net profit growth. The revenue constituents go to Akazi condo project, Izumi townhouse, Cantho landlot projects.
- A 2% cash dividend (VND76.9bn) at par is going to paid in 2Q23.
- The 1Q23 business result is normally off-peak season and hence, NLG recorded only a VND235bn revenue and a VND6.8 NPATMI, completing 4.9/1.1% of 2023F guidance.

12M rating **BUY (Maintain)**

12M TP **45,300**

Up/Downside

#### Stock Data

VNIndex (22 Apr, pt)	1,043
Stock price (22 Apr, VND)	30,500
Market cap (USD mn)	499
Shares outstanding (mn)	384
52-Week high/low (VND)	48,476/17,465
6M avg. daily turnover (USD mn)	2.20
Free float / Foreign ownership (%)	57.2/45.3
Major shareholders (%)	
Chairman	12.09
Ibework Pte. Ltd.	8.19
Thai Binh Investment JSC	5.9

#### Performance

	1M	6M	12M
Absolute (%)	32.0	34.5	(31.2)
Relative to VNIndex (%p)	31.8	28.1	(8.1)

#### Stock price trend



Source: Bloomberg

	2018A	2019A	2020A	2021A	2022A
Sales (VND bn)	3,479.6	2,546.1	2,216.7	5,205.5	4,338.8
chg. (% YoY)	10.1	(26.8)	(12.9)	134.8	(16.6)
Operating profit (VND bn)	1,012.9	641.6	236.3	781.4	0.0
Net profit (VND bn)	763.5	960.6	834.9	1,070.8	556.3
EPS (VND)	3,521.0	4,479.0	3,078.0	3,099.0	1,345.0
chg. (% YoY)	6.2	27.2	(31.3)	0.7	0.0
EBITDA (VND bn)	1,026.3	662.3	259.2	811.4	865.1
PE (x)	9.3	8.1	10.2	10.7	20.7
EV/EBITDA (x)	6.1	10.4	38.9	15.0	15.2
PB (x)	1.6	1.6	1.6	1.3	1.3
ROE (%)	17.0	16.7	12.9	10.6	4.1
Dividend yield (%)	1.6	3.1	2.9	3.9	1.0

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

### Eye on affordable housing segment in 2023F

- Switching to launching affordable housing segment is among the top priority of NLG's pipeline including Ehome session in Nguyen Son project, Ehome Waterpoint, Ehome Cantho project, Ehome Hai Phong project. Total could bring a contract sale value up to VND9.4tn in 2023F and 20% beyond the target could be feasible. We understand the company aims to achieve the 2022 number with VND10.4tn presale value.
- To shore up the sale plans, the company retains the 6% interest subsidy package offering to the homebuyers.
- The company also set to contribute 20,000 units of affordable housing segment out of total 1,000,000 units zoned in the government master plan in 2025-2030F
- We are review the earnings in 2023F-25F to factor in the true landscape of NLG's business plan.

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