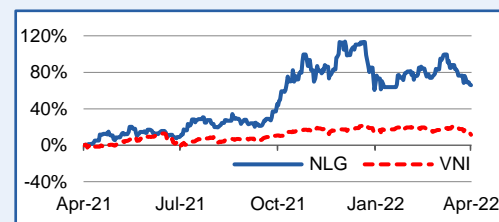


Nam Long Group (NLG)

Earnings Flash

Industry	Real Estate		2021A	Q1/2022	2022F
Report Date	April 21, 2022	Rev y/y	134.8%	149.2%	1.5%
Current Price	VND46,050	EPS y/y	10.9%	-99.8%	6.3%
Target Price*	VND60,000	NPAT-MI y/y	28.3%	-99.8%	20.6%
Upside to TP	+30.3%	GPM	34.2%	42.6%	47.8%
Dividend Yield	1.9%	NPM	20.6%	0.1%	24.4%
TSR	+32.2%	P/B	2.0x	2.0x	1.8x
Rating*	MARKET PERFORM	P/E	15.4x	N/M	14.5x



			NLG	Peers	VNI
Market Cap	USD766.7mn	P/E (ttm)	26.6x	18.4x	15.6x
Foreign Room	USD135.0mn	P/B (curr)	2.0x	3.0x	2.4x
ADTV30D	USD11.4mn	Net D/E	1.4%	10.9%	N/A
State Ownership	0.0%	ROE	9.2%	15.5%	15.7%
Outstanding Shares	382.9 mn	ROA	5.3%	7.4%	2.6%
Fully Diluted O/S	382.9 mn				

Company Overview

NLG is a property developer with 30 years of experience. After becoming a proven low-end housing developer, NLG has expanded into the mid-range and landed property segments across its land bank in HCMC, Long An, Dong Nai and Hai Phong.

Note: * TP and rating last updated March 3, 2022

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Weak Q1 2022 profit result due to mix of timing recognition

NLG posted Q1 2022 results with net revenue of VND587bn (USD26mn; +149% YoY), NPAT of VND32.7bn (USD1.4mn) and low NPAT-MI of VND630mn (USD27,000; vs Q1 2021 NPAT-MI of VND365bn/USD16mn). In Q1 2022, NLG handed over ~100 units of Akari City Phase 1 and ~65 units of Southgate. We attribute the weak Q1 2022 NPAT-MI result due to the earnings of Southgate and Akari City Phase 1 being offset by SG&A expenses caused by the launch of Izumi City and other projects. We anticipate insignificant change to our 2022F NPAT-MI forecast of VND1.3tn (USD56mn; +21% YoY), pending a fuller review.

NLG recorded Q1 2022 total pre-sales of VND2.8tn (USD120mn) with contributions from Southgate P1, Mizuki Park Phase 2, Akari City Phase 2 and Can Tho projects. This pre-sales result fulfilled 29% of our full-year forecast of VND9.7tn (USD422mn; +9% vs VND8.8tn/USD384mn in restated 2021 data). As such, we foresee insignificant change to our 2022F pre-sales value forecast.

Figure 1: NLG's property pre-sales volume and value

	2021		Q1 2021		Q1 2022	
	Units	VND bn	Units	VND bn	Units	VND bn
Akari City	90	450	82	300	430	1,400
Southgate	620	2,400	147	800	60	500
Mizuki Park P2	790	2,400			60	750
Can Tho	180	650			30	100
Izumi City	270	2,000				
Others*	250	900				
Total	2,200	8,800	229	1,100	580	2,750

Source: NLG, VCSC compilation. Note: Pre-sales value is rounded to nearest fifty; (*) converted from 2020 SPA booking into 2021 pre-sales, per management.

Figure 2: NLG's Q1 2022 results

VND bn	Q1 2021	Q1 2022	Growth	2022F	Q1 as % of 2022F
Net revenue	236	587	149%	5,286	11%
– <i>Property sales</i>	65	543	735%	4,704	12%
– <i>Services and leasing</i>	171	45	-74%	557	8%
Gross profit	40	250	523%	2,527	10%
– <i>Property sales</i>	14	232	1538%	2,381	10%
– <i>Services and leasing</i>	26	18	-31%	134	13%
Selling expenses	(10)	(59)	469%	(118)	50%
G&A expenses	(127)	(127)	0%	(353)	36%
EBIT	(98)	64	-165%	2,056	3%
Financial income	8	23	201%	445	5%
Financial expenses	(21)	(39)	83%	(163)	24%
Profit from associates	32	0	-100%	0	N.M.
Other gain/(loss)	427	3	-99%	0	N.M.
PAT	366	33	-91%	1,871	2%
NPAT-MI	365	1	-100%	1,292	0%
Gross margin	17.0%	42.6%		47.8%	
SG&A as % of revenue	58.4%	31.7%		8.9%	
NPAT-MI margin	154.9%	0.1%		24.4%	

Source: NLG's financial statements, VCSC forecasts (last updated March 3, 2022)

VCSC Rating System

Stock ratings are set based on projected total shareholder return (TSR), defined as $(\text{target price} - \text{current price}) / \text{current price} + \text{dividend yield}$, and are not related to market performance.

Equity rating key	Definition
BUY	If the projected TSR is 20% or higher
OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
UNDERPERFORM	If the projected TSR is between -10% and -20%
SELL	If the projected TSR is -20% or lower
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Unless otherwise specified, these performance parameters are set with a 12-month horizon. Movement in share prices may cause a temporary mismatch between the latest published rating and projected TSR for a stock based on its market price and the latest published target price.

Target prices are generally based on the analyst's assessment of the stock's fair value over a 12-month horizon. However, the target price may differ from the analyst's fair value if the analyst believes that the market will not price the stock in line with assessed fair value over the specified time horizon.

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