

NAM LONG INVESTMENT GROUP (NLG)

PROPERTY

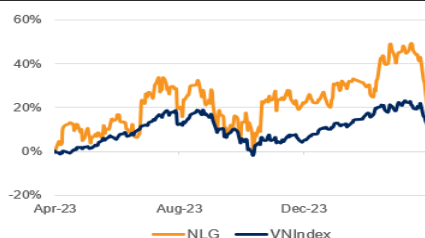
Current Price	VND36,000
52Wk High	VND44,700
52Wk Low	VND30,300
Target Price	VND43,900
TP Updated as of:	20/03/2024
Last Rating	HOLD
TP vs Consensus	-2.1%
Upside	21.9%
Dividend Yield	2%
Total stock return	23.9%

Market Cap	US\$544.3m
3MADTV	US\$4.1m
Avail Foreign Room	US\$38.3m
Outstanding Shares	383.7m
Fully Diluted O/S	383.7m

	NLG	VNI
P/E TTM	25.6	14.0
P/B Current	1.0	1.7
ROA	1.7%	4.5%
ROE	5.3%	9.3%

*as of 19/04/2024

Share Price Performance



Ownership

Nguyen Xuan Quang	11.0%
Ibworth Pte. Ltd.	8.2%
Thai Binh Investment JSC	5.9%
Others	74.9%

Business Description

Nam Long Investment JSC (NLG), was established in 1992. The company operates with three main business segments: Land bank development, property development and venture capital. Currently, Nam Long has a clean land bank of 681ha. Its three main product segments are EHome, Flora and Valora.

Development strategy aligned with market recovery

- Market absorption exceeded NLG's expectations, especially in the affordable segment, with the Can Tho project (Land-plot & EHome segments) achieving pre-sales value above expectations.
- Revenue for 1Q24 is expected to decline due to legal delays of Can Tho project's remaining land use fee payment, despite the project being fully sold out in 1Q24.
- NLG's business strategy focuses on affordable products during the transitional phase of the residential property market and will then gradually shift to higher-end segments (Flora, Valora segments).

We attended NLG's AGM on 4/20/2024. Here are our key takeaways.

Business Plan 2024

- Consolidated revenue: VND6,657bn (US\$261mn) (+111% yoy) from handover of 2,660 products from projects Akari, Southgate (Valora, EHome), Can Tho (Land-plot, EHomes) and sale of commercial land projects.
- Pre-sales values: VND9,445bn (US\$370mn) (+145% yoy) from launch of 3,112 products from projects Akari Phase 2 (300 Flora villas), Mizuki (about 30 products), and Southgate (870 products from the Ehome and Valora segments).
- NPAT: VND821bn (US\$32.2mn) (+2% yoy).
- NPAT-MI: VND506bn (US\$19.8mn) (+5% yoy).

Business performance 1Q24

- Handover activities are slower than planned. Can Tho project is currently processing the land use assessment to be able to complete all legal requirements and then start to handover.
- In addition, the Can Tho property market in 2023 and 1Q24 was better than expected, and the Can Tho project's contribution may be raised.
- Pre-sales values of 1Q24 reached VND900bn (US\$35.2m) (+500% yoy), showing market optimism with gradually warming signals.

NLG Business Strategy 2024-2030

- NLG's business strategy follows a conglomerate model focused on three core segments: 1) Nam Long Land (NNL) develops land funds, housing projects, and urban areas; 2) Nam Long Commercial Property (NLCP) develops commercial real estate; 3) Nam Long InvestCorp (NLIC) mobilizes capital, invests and manages investments, while also managing third-party capital.
- In 2024-26, NLG expects capital sales in projects (Izumi, Paragon, VCD) and sales of commercial assets to bring NLG VND6,000bn (US\$235mn) but depending on market conditions, this figure may vary depending on market conditions.
- The total development product for the 2024-2026 period is 15,000 products with a total GDV of VND87tn (US\$3.4bn). Products will be launched in accordance with market recovery at each stage. The early stage of 2024-2026 will focus on the affordable segment, followed by a gradual shift to mid-range and higher-end products with better profit margins such as Flora and Valora segments.

Financial summary	2023	%yoy	FY24 guidance	FY24 guidance vs. VND's forecast
Presales	3,920	-51.5%	9,445	134.9%
Revenue	3,181	-26.7%	6,657	116.2%
NPAT-MI	484	-13.0%	506	125.2%
Dividend	5.0%		5.0%	

Source: VNDIRECT RESEARCH

Analyst(s):



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Update Progress on Key Projects

- Southgate Project: Construction has commenced on phase 3 of the Ehome Southgate subdivision in 1Q24. The Pearl villas subdivision will be launched for sale in 2H24.
- Can Tho project: Construction of Ehome block 1 and 2 has commenced and the entire product was pre-sold in 1Q24. In 1Q24, NLG paid VND300bn (US\$11.8mn) in the land use fees of this project, with the remaining balance to be paid in the coming weeks and handover scheduled for 2Q24.
- Akari project: The remaining 300 units of Phase 2 will be launched in 2024.
- Izumi Park project: The government is currently working with four large projects of other developers in this region to remove legal obstacles and adjust the 1/10,000 master plan. The 1/500 master plan of the Izumi project is expected to be completed in 1Q25.
- Paragon Dai Phuoc project: Waiting for 1/500 master plan in accordance with the regional master plan along with the Izumi Park project of Dong Nai province.
- Vam Co Dong project (Waterpoint phase 2): Currently in the process of removing legal obstacles at the stage of applying for approval of the 1/500 master plan.

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RECOMMENDATION FRAMEWORK**Stock Ratings**

Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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