

## Vietnam

**ADD** (no change)

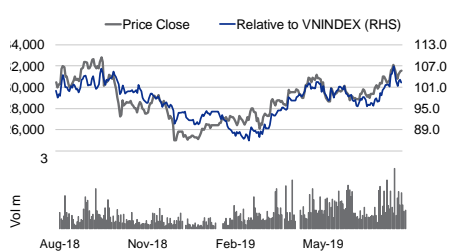
Consensus ratings\*: Buy 9 Hold 0 Sell 0

Current price:	VND31,550
Target price:	VND42,800
Previous target:	VND35,500
Up/downside:	35.7%
CGS-CIMB / Consensus:	-0.4%
Reuters:	NLG.HM
Bloomberg:	NLG.VN
Market cap:	US\$311.6m VND7,229,270m
Average daily turnover:	US\$1.27m VND29,493m
Current shares o/s:	209.9m
Free float:	46.3%

\*Source: Bloomberg

**Key changes in this note**

- FY19F core EPS decreased by 14.6%.
- FY20F core EPS increased by 57.2%.
- FY21F core EPS increased by 90.2%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	7.3	2.4	3.6
Relative (%)	6.1	1.6	2.1

**Major shareholders**

	% held
Nguyễn Xuân Quang	13.0
PYN Elite Fund	6.8
Nguyễn Thị Bích Ngọc	5.6

**Analyst(s)**

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# Nam Long Investment Corporation

## Modest earnings but robust presales in 2H19F

- NLG's 1H19 net profit rose 23.6% yoy, backed by one-off gain from 1Q19 which offset subdued project deliveries.
- Higher-than-expected selling price and robust take-up of Waterpoint could improve 2H19F presales, in our view.
- We raise our TP to VND42,800 to reflect the higher selling price of Waterpoint and the addition of the new Hai Phong project to our RNAV.

### Mixed performance with lacklustre revenue but resilient earnings

1H19 revenue stood at VND935bn (-33.7% yoy), mostly driven by the handover of Nguyen Son and Ehome Phu Huu. 1H19 earnings rose 23.6% yoy, thanks to the one-off gain in 1Q19. However, 1H19 net profit was below expectation at only 33% of our previous full-year forecast. We expect more project deliveries in 2H19F, including the booking of Akari land transfer. We project 2H19F revenue to mainly come from Novia, Ehomes Phu Huu delivery and land transfer at Akari.

### Higher selling price for Waterpoint

We revise up the selling price of land and villa/townhouse for its Waterpoint development by 20% to VND20m psm, in line with the offer price during the project's soft launch in Jul 2019. This raises our FY20-25F gross development value (GDV) of Waterpoint (phase 1) by 27% to VND12.7tr.

### We revise FY19-21F EPS in lower-for-longer scenario

We cut our FY19F net profit estimate by 9.8% to VND759bn (+5.3% yoy) to factor in the slower-than-expected construction of Waterpoint, albeit partially offset by its 20% higher ASP. This also led us to cut our FY19 core EPS forecast by 14.6%. We expect FY19F earnings to largely come from the handover of Mizuki, Novia, Waterpoint and Akari land transfers. We raise our FY20-21F core EPS to reflect the rescheduled Waterpoint construction and the new Hai Phong project (to be launched in FY20F).

### Maintain Add with an upgraded TP of VND42,800

Our RNAV for NLG increased with the higher Waterpoint GDV, and the addition of its Hai Phong project. Consequently, our TP rises 21% to VND42,800, now based on 14% discount (previously 11%) to RNAV. Our TP implies 41% upside to the current market price. Our FY20-21 EPS forecasts are higher than Bloomberg consensus' as we have factored in the change in Akari, Mizuki, Waterpoint, and Hai Phong projects. Potential re-rating catalyst are higher-than-forecast selling prices of the next phase of Mizuki and Akari. Key downside risks are to our Add call: 1) rising mortgage rate; 2) slow regulatory approval process; 3) slower-than-expected presales at key projects.

**Financial Summary**

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Net Revenues (VNDb)	3,161	3,480	2,807	1,719	2,282
Operating EBITDA (VNDb)	895	1,026	316	15	199
Net Profit (VNDb)	512	721	759	1,421	1,700
Core EPS (VND)	832	1,984	2,018	5,626	7,107
Core EPS Growth	(57%)	139%	2%	179%	26%
FD Core P/E (x)	37.94	15.90	15.64	5.61	4.44
DPS (VND)	496.8	452.0	500.0	500.0	500.0
Dividend Yield	1.57%	1.43%	1.58%	1.58%	1.58%
EV/EBITDA (x)	4.6	4.6	18.3	324.6	14.5
P/FCFE (x)	4.66	NA	NA	10.22	3.70
Net Gearing	(44.0%)	(20.4%)	(2.9%)	(12.5%)	(31.8%)
P/BV (x)	2.04	1.64	1.41	1.13	0.91
ROE	5.5%	11.3%	9.7%	22.3%	22.7%
% Change In Core EPS Estimates			(14.6%)	57.2%	90.2%
CGS-CIMB/Consensus EPS (x)			0.85	1.39	1.37

SOURCES: VND RESEARCH, COMPANY REPORTS

## Modest earnings but robust presales in 2H19F

### Weak delivery curbed 2Q19 earnings

Figure 1: Results comparison

VNDbn	2Q19	2Q18	YoY%	1H19	1H18	YoY%	vs FY19F	Comments
<b>Net revenue</b>	<b>603</b>	<b>871</b>	<b>-30.8%</b>	<b>935</b>	<b>1,410</b>	<b>-33.7%</b>	<b>33.3%</b>	
<i>Property delivery</i>	436	794	-45.0%	722	1,288	-43.9%	57.3%	Most 2Q19 deliveries came from condos and villas at Nguyen Son. Novia, Ehomes Phu Huu and the remaining of Nguyen Son villas will be completed in 2H19.
<i>Project management</i>	5	72	-92.5%	36	111	-67.5%	5.1%	Most of the service revenue is generated from BCC project construction, most workload of which falls in 2H19.
<i>Others</i>	161	6	2677.3%	177	12	1370.3%	21.2%	Below our forecast as late Akari launch also delayed transfer revenue booking to 2H19.
<b>Gross profit</b>	<b>249</b>	<b>363</b>	<b>-31.3%</b>	<b>345</b>	<b>544</b>	<b>-36.6%</b>	<b>51.4%</b>	
GPM	41.4%	41.7%	-0.3% pts	36.9%	38.6%	-1.7% pts	13% pts	
Selling expense	(33)	(62)	-46.0%	(55)	(120)	-54.2%	45.2%	Due to fewer units delivered in 1H19
G&A expense	(69)	(44)	56.1%	(135)	(91)	48.1%	53.7%	Major projects are under construction while commercial activities increase at completed projects
Financial income	41	35	17.5%	57	53	6.8%	8.7%	Most of the income shared from BCC projects (Mizuki, Waterpoint) will be booked in 2H19.
Financial expense	(21)	(4)	404.8%	(36)	(8)	345.0%	51.1%	
Net other income	1	3	-77.5%	138	5	2827.0%	100.5%	In line with our expectation.
EBT	172	293	-41.3%	327	386	-15.2%	32.1%	
<b>Net profit</b>	<b>121</b>	<b>183</b>	<b>-34.3%</b>	<b>266</b>	<b>215</b>	<b>23.6%</b>	<b>33.0%</b>	No contribution from BCC projects in 1H19.

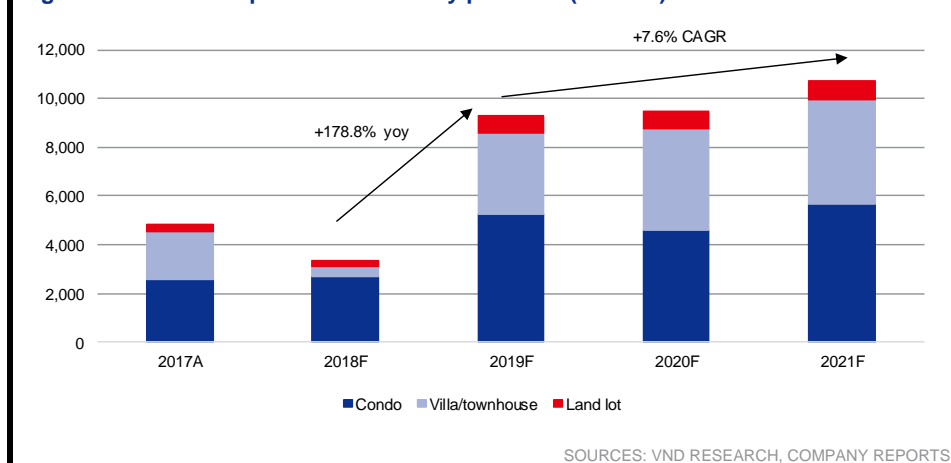
SOURCES: VND RESEARCH, COMPANY REPORTS

## Firm presales outlook in key projects

NLG has opened the first phase of Waterpoint for buyer reservation in Jul 2019 while it has been building mock units at the site for the official launch scheduled in Sep 2019. From our observation, the company plans to offer around 1,200 townhouses and 500 villas for sale. The take-up rate for townhouses is currently 70%, while the villas are overbooked. To stay prudent, we only expect around 900 units (54% of the total launched volume) to be successfully sold in FY19. The company also managed to launch Phase 1 of Akari, which was fully subscribed in 2018, and we believe the booking-to-contract conversion rate would be 89% of the total 1,800 condos in 3Q19F.

In 1Q19, NLG introduced a project in Hai Phong with a total of 850 villas/townhouses and 2,100 condos on a 21ha site, which is one of the residential sections in Viet-Sing Industry Park (VSIP) Hai Phong. The project will provide affordable housing to people working in VSIP. We expect the selling price to be VND25m psm for land and VND14m psm for condo, which we find reasonable compared to the nearby projects. Hence, we expect NLG to book VND5.2tr GDV in FY20-22F, with villas and townhouses to be delivered in FY20F, while the condo section could be launched in FY21F and booked in FY22F.

Figure 2: Forecasted presale volumes by products (VND bn)



**Figure 3: Project development pipeline**

Project	Location	Product	NLG Ownership	Land site (ha)	GFA (sq m)	GDV (VNDbn)	Execution timeframe*				
							2018	2019	2020	2021	2022
Mizuki	Binh Chanh, HCMC	Valora	50%	26.4	446,927	8,383					
		Flora									
Nguyen Son	Binh Chanh, HCMC	Ehomes	87%	11.0	108,881	1,456					
		Villa island									
Akari	Binh Tan, HCMC	Flora	50%	8.8	397,345	8,580					
Novia	Thu Duc, HCMC	Flora	100%	1.1	57,012	970					
		Land lot			146,700						
Waterpoint	Ben Luc, Long An	Townhouse	50%	165.0	115,608	12,559					
		Villa			269,325						
		Phase 2	100%	190.0	N/A	N/A					
Nam Long 2	Can Tho	Land lot	100%	43.0	N/A	N/A					
Hai Phong	Thuy Nguyen, Hai Phong	Ehomes	100%	22.0	172,941	5,231					
		Valora			122,400						
Waterfront	Long Hung, Dong Nai	Township	70%	192.0	N/A	N/A					
Dai Phuoc	Dong Nai	Valora/Land lot	100%	45.0	N/A	N/A					

(\*) Each project execution timeframe (from first launch to completion) is in grey highlight. Otherwise, no detailed project timeframe has been announced by the company.

SOURCES: VND RESEARCH, NLG

## Higher selling price of Waterpoint and Hai Phong project to spur FY20-21F earnings

We updated our forecasts to factor in project updates announced by management:

### FY19F:

- We expect the sales at Waterpoint and Akari projects to be faster, and FY19 presales to reach VND9,3tr (+177.6% yoy), judging by the strong buyer participation to the initially launched volume and the selling price rising beyond what the company had announced earlier.
- We believe NLG could only book 98 grand villa land lots in 4Q19F as they are eligible to be delivered right after the completion of basic infrastructure on the land site. We now expect FY19F handover value of VND3,9tr (+62.8% yoy), i.e. 14.3% lower than our previous estimate due to lower handover volume and the increased selling price of Waterpoint villas/townhouses. We reiterate that our updates on Waterpoint have no impact on our topline forecasts but only on the financial gains under the terms of the Business Corporation Contract (BCC).
- We reduce our FY19F core net profit by 14.6% to VND759bn to mirror the decline in share of BCC profit given the weaker Waterpoint handover.

### FY20F:

- We lift our FY20F presales forecast by 27.7% to VND9.5tr due to the rise in Waterpoint's selling price and the newly added Hai Phong project. We expect Hai Phong project to start contributing profit in FY21F.
- We raise our assumption on the handover value by 23.9% to factor in the higher selling price and more handovers at Waterpoint given the late bookings in FY19. This also improves our FY20F net profit by 52.5% to VND1,421bn.

### FY21F:

- We raise our FY21F presales forecast by 24.5% to VND10.7tr to mirror the higher Waterpoint ASP and additional presales from Hai Phong project.
- We raise our FY21F revenue forecast by 105.6% to VND2.3tr to take into account the handover of the Hai Phong project amounting to VND1.1tr. We expect 300 houses to be delivered to buyers after the project launch in FY20F.
- The property development division's increased contribution and higher margin, lead to a five-fold increase in our FY21F gross profit estimate. We

raise our FY21F net profit forecast by 90.2%, thanks to Waterpoint's higher selling price and the Hai Phong project.

**Figure 4: Forecast revisions**

VNDbn	New			Old			Change		
	FY19F	FY20F	FY21F	FY19F	FY20F	FY21F	FY19F	FY20F	FY21F
Presale value	9,290	9,489	10,746	6,741	7,433	8,632	37.8%	27.7%	24.5%
Handover value	3,877	7,435	8,807	4,525	5,999	6,203	-14.3%	23.9%	42.0%
<b>Net sales</b>	<b>2,807</b>	<b>1,719</b>	<b>2,282</b>	<b>2,807</b>	<b>1,719</b>	<b>1,110</b>	<b>0.0%</b>	<b>0.0%</b>	<b>105.6%</b>
Property delivery	1,261	502	1,172	1,261	502	-	0.0%	0.0%	
Project transfer	629	209	-	629	209	-	0.0%	0.0%	
Other	917	1,009	1,110	917	1,009	1,110	0.0%	0.0%	0.0%
<b>Gross profit</b>	<b>672</b>	<b>342</b>	<b>600</b>	<b>672</b>	<b>342</b>	<b>118</b>	<b>0.0%</b>	<b>0.0%</b>	<b>410.4%</b>
Gross margin	23.9%	19.9%	26.3%	23.9%	19.9%	10.6%	0% pts	0% pts	15.7% pts
SG&A expenses	(373)	(344)	(418)	(331)	(261)	(243)	12.8%	31.7%	72.0%
Operating profit	299	(2)	182	341	81	(126)	-12.4%	-102.5%	-244.5%
Financial income	652	1,922	2,101	713	1,202	1,359	-8.5%	59.9%	54.6%
Financial expense	(70)	(70)	(70)	(70)	(70)	(70)	0.0%	0.0%	0.0%
Net other income	137	-	-	137	-	-	0.0%		
<b>Net profit</b>	<b>759</b>	<b>1,421</b>	<b>1,700</b>	<b>842</b>	<b>932</b>	<b>894</b>	<b>-9.8%</b>	<b>52.5%</b>	<b>90.2%</b>
<b>Core net profit</b>	<b>483</b>	<b>1,345</b>	<b>1,700</b>	<b>565</b>	<b>856</b>	<b>894</b>	<b>-14.6%</b>	<b>57.2%</b>	<b>90.2%</b>
<b>FD core EPS (VND)</b>	<b>2,018</b>	<b>5,626</b>	<b>7,107</b>	<b>2,363</b>	<b>3,579</b>	<b>3,737</b>	<b>-14.6%</b>	<b>57.2%</b>	<b>90.2%</b>

SOURCES: VND RESEARCH, COMPANY REPORTS

## Valuation

Our TP of VND42,800 is based on 14% discount to RNAV (previously 11%). We raise our discount to RNAV to take into consideration presale risk of the Hai Phong project.

We change our valuation method for the Hai Phong project to DCF in lieu of book value as management has announced the detailed development plan. In our view, this project contains higher execution and presale risks as it is the company's first project in Vietnam's northern region, far away from its traditional markets.

**Figure 5: Equity valuation (VNDbn)**

Project	Fair value As at 30 Jun 2019	Method	Note
Water Point	5,234	DCF	Phase 2 land value is based on the Phase 1 transfer price of VND1.2m/sq m announced by the management
Nguyen Son	251	DCF	
Mizuki	882	DCF	
Novia	521	DCF	
Kikyo	349	DCF	
Akari (Hoang Nam)	1,706	DCF	A 50% stake of the 8.8ha will be transferred to the other partner in 2H19, based on the announced price of VND14.7m/sq m
Hai Phong	889	DCF	We assume selling price at VND25m psm for house and VND13m psm for condo
Dai Phuoc	1,611	Book value	
Other	534	Book value	
<b>Total inventory</b>	<b>11,975</b>		
<b>Add:</b>			
Cash and cash equivalent	1,810		
Short-term investments	44		
Short-term receivables	1,274		
Other short-term assets	106		
Long-term assets	2,544		
<b>Less:</b>			
Net debt (exclude CB)	924		
Other liabilities	3,777		
Minority interest	1,149		
<b>RNAV</b>	<b>11,902</b>		
Shares outstanding (shares)	239,136,918		
Discount to RNAV	14%		Compensates for execution and pre-sale risks at projects Waterpoint, Mizuki, Akari, and Hai Phong
<b>Target price (VND/share)</b>	<b>42,800</b>		

SOURCES: VND RESEARCH, COMPANY REPORTS

## Peer valuation

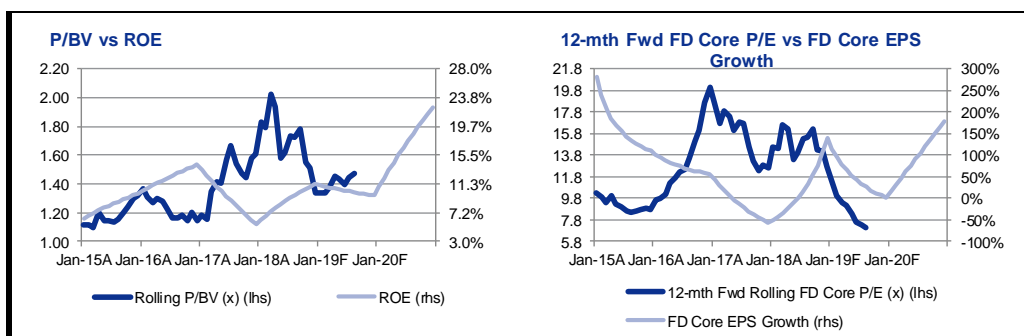
Figure 6: Peer comparison

Company Name	Ticker	Share price (VND)	TP (VND)	Upside	Recom.	Market Cap (US\$mn)	P/E (x)			P/BV (x)			ROE (%)			Dividend yield (%)		Net gearing (%)
							TTM	2019F	2020F	Curr.	2019F	2020F	TTM	2019F	2020F	2019F	2020F	
Vinhomes Jsc	VHM VN	87,300	NR	N/A	NR	292,413	19.4	16.1	11.6	6.8	5.8	3.4	57.0	32.1	32.9	1.2	1.7	1.7
No Va Land Inves	NVL VN	63,000	NR	N/A	NR	58,618	17.6	18.8	18.2	2.9	2.6	2.2	17.8	15.2	14.7	N/A	N/A	N/A
Khang Dien House	KDH VN	24,050	28,300	17.7%	ADD	13,094	16.2	14.1	11.5	1.9	1.8	1.6	11.9	12.9	14.5	2.1	2.1	2.4
Phat Dat Real Es	PDR VN	26,400	NR	N/A	NR	8,650	13.5	N/A	N/A	2.4	N/A	N/A	19.2	N/A	N/A	N/A	N/A	N/A
Dat Xanh Group	DXG VN	14,000	NR	N/A	NR	7,287	4.8	5.0	4.6	1.1	1.2	1.0	27.0	21.8	19.3	2.8	2.8	2.8
Van Phu - Invest	VPI VN	41,400	NR	N/A	NR	6,624	15.7	N/A	N/A	2.9	N/A	N/A	20.6	N/A	N/A	N/A	N/A	N/A
Hai Phat Investm	HPX VN	26,400	NR	N/A	NR	5,280	11.8	N/A	N/A	2.1	N/A	N/A	19.4	N/A	N/A	N/A	N/A	N/A
<b>Average</b>							<b>14.1</b>	<b>13.5</b>	<b>11.5</b>	<b>2.9</b>	<b>2.8</b>	<b>2.0</b>	<b>24.7</b>	<b>20.5</b>	<b>20.3</b>	<b>2.0</b>	<b>2.2</b>	<b>2.3</b>
<b>Median</b>							<b>15.7</b>	<b>15.1</b>	<b>11.5</b>	<b>2.4</b>	<b>2.2</b>	<b>1.9</b>	<b>19.4</b>	<b>18.5</b>	<b>17.0</b>	<b>2.1</b>	<b>2.1</b>	<b>2.4</b>
Nam Long Investm	NLG VN	31,550	42,800	35.7%	ADD	7,229	8.4	9.6	5.1	1.6	1.4	1.1	19.2	9.7	22.3	1.7	1.7	2.4

Note: all prices are based on the closing prices on 21 Aug 2019. All estimates for Non-rated (NR) stocks are based on Bloomberg consensus estimates.

SOURCES: VND RESEARCH, BLOOMBERG, COMPANY REPORT

## BY THE NUMBERS



### Profit & Loss

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
<b>Total Net Revenues</b>	<b>3,161</b>	<b>3,480</b>	<b>2,807</b>	<b>1,719</b>	<b>2,282</b>
<b>Gross Profit</b>	<b>1,309</b>	<b>1,517</b>	<b>688</b>	<b>358</b>	<b>617</b>
<b>Operating EBITDA</b>	<b>895</b>	<b>1,026</b>	<b>316</b>	<b>15</b>	<b>199</b>
Depreciation And Amortisation	(14)	(13)	(16)	(17)	(17)
<b>Operating EBIT</b>	<b>881</b>	<b>1,013</b>	<b>299</b>	<b>(2)</b>	<b>182</b>
Financial Income/(Expense)	65	92	582	1,853	2,031
Pretax Income/(Loss) from Assoc.	(3)	14	0	0	0
Non-Operating Income/(Expense)	6	9	137	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>950</b>	<b>1,128</b>	<b>1,018</b>	<b>1,851</b>	<b>2,213</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>950</b>	<b>1,128</b>	<b>1,018</b>	<b>1,851</b>	<b>2,213</b>
<b>Taxation</b>	<b>(194)</b>	<b>(241)</b>	<b>(204)</b>	<b>(370)</b>	<b>(443)</b>
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>756</b>	<b>887</b>	<b>815</b>	<b>1,481</b>	<b>1,770</b>
Minority Interests	(221)	(124)	(9)	0	0
Prof. & Special Div	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax	(23)	(43)	(47)	(59)	(71)
<b>Net Profit</b>	<b>512</b>	<b>721</b>	<b>759</b>	<b>1,421</b>	<b>1,700</b>
Recurring Net Profit	149	424	483	1,345	1,700
<b>Fully Diluted Recurring Net Profit</b>	<b>149</b>	<b>424</b>	<b>483</b>	<b>1,345</b>	<b>1,700</b>

### Cash Flow

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
<b>EBITDA</b>	<b>895</b>	<b>1,026</b>	<b>316</b>	<b>15</b>	<b>199</b>
Cash Flow from Inv. & Assoc.	0	0	0	0	0
Change In Working Capital	1,681	384	(1,070)	(387)	332
Straight Line Adjustment	0	0	0	0	0
(Incr)/Decr in Total Provisions	12	12	16	17	17
Other Non-Cash (Income)/Expense	(92)	(143)	(652)	(1,922)	(2,101)
Other Operating Cashflow	31	96	726	1,846	2,013
Net Interest (Paid)/Received	(28)	(36)	(70)	(70)	(70)
Tax Paid	(238)	(346)	(204)	(370)	(443)
<b>Cashflow From Operations</b>	<b>2,261</b>	<b>991</b>	<b>(938)</b>	<b>(871)</b>	<b>(52)</b>
Capex	0	0	0	0	0
Disposals Of FAs/subsidiaries	1	0	0	0	0
Disposals of Investment Properties	22	2	0	0	0
Acq. Of Subsidiaries/investments	(751)	(1,719)	(615)	(209)	(0)
Other Investing Cashflow	(59)	(112)	638	1,945	2,108
<b>Cash Flow From Investing</b>	<b>(786)</b>	<b>(1,830)</b>	<b>23</b>	<b>1,737</b>	<b>2,108</b>
Debt Raised/(repaid)	(259)	600	(34)	(127)	(19)
Proceeds From Issue Of Shares	58	447	132	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	(123)	(207)	(120)	(120)	(120)
Preferred Dividends					
Other Financing Cashflow	0	0	0	0	0
<b>Cash Flow From Financing</b>	<b>(324)</b>	<b>840</b>	<b>(22)</b>	<b>(247)</b>	<b>(139)</b>

SOURCES: VND RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Cash And Equivalents	2,082	2,084	1,148	1,767	3,684
Properties Under Development	3,873	3,261	4,186	4,954	4,813
Total Debtors	579	1,833	1,800	1,644	1,725
Inventories	11	12	13	14	16
Total Other Current Assets	234	142	181	206	199
<b>Total Current Assets</b>	<b>6,779</b>	<b>7,332</b>	<b>7,329</b>	<b>8,586</b>	<b>10,437</b>
Fixed Assets	44	40	35	30	25
<b>Total Investments</b>	<b>788</b>	<b>1,722</b>	<b>2,331</b>	<b>2,534</b>	<b>2,529</b>
Intangible Assets	22	16	14	13	11
Total Other Non-Current Assets	274	476	391	565	648
<b>Total Non-current Assets</b>	<b>1,127</b>	<b>2,254</b>	<b>2,772</b>	<b>3,142</b>	<b>3,213</b>
Short-term Debt	216	201	218	140	171
Current Portion of Long-Term Debt	0	0	0	0	0
Total Creditors	291	270	292	188	230
Other Current Liabilities	2,553	2,222	1,901	2,445	2,875
<b>Total Current Liabilities</b>	<b>3,061</b>	<b>2,694</b>	<b>2,411</b>	<b>2,774</b>	<b>3,276</b>
Total Long-term Debt	229	806	756	706	656
Hybrid Debt - Debt Component	0	0	0	0	0
Total Other Non-Current Liabilities	894	790	866	850	726
<b>Total Non-current Liabilities</b>	<b>1,123</b>	<b>1,596</b>	<b>1,622</b>	<b>1,556</b>	<b>1,382</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>4,183</b>	<b>4,290</b>	<b>4,033</b>	<b>4,330</b>	<b>4,658</b>
<b>Shareholders' Equity</b>	<b>2,920</b>	<b>4,600</b>	<b>5,362</b>	<b>6,691</b>	<b>8,283</b>
Minority Interests	803	684	693	693	693
<b>Total Equity</b>	<b>3,723</b>	<b>5,285</b>	<b>6,055</b>	<b>7,384</b>	<b>8,976</b>

### Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	24.8%	10.1%	(19.3%)	(38.8%)	32.7%
Operating EBITDA Growth	81%	15%	(69%)	(95%)	1241%
Operating EBITDA Margin	28.3%	29.5%	11.2%	0.9%	8.7%
Net Cash Per Share (VND)	8,679	4,503	730	3,850	11,947
BVPS (VND)	15,477	19,237	22,423	27,980	34,636
Gross Interest Cover	31.67	27.82	4.30	(0.03)	2.61
Effective Tax Rate	20.4%	21.3%	20.0%	20.0%	20.0%
Net Dividend Payout Ratio	13.8%	9.9%	15.7%	8.4%	7.0%
Accounts Receivables Days	96.6	126.5	236.2	366.7	269.5
Inventory Days	2.32	2.11	2.12	3.63	3.26
Accounts Payables Days	48.36	52.20	48.37	64.52	45.82
ROIC (%)	20.8%	37.0%	7.3%	(0.0%)	3.0%
ROCE (%)	24.3%	21.8%	14.3%	25.2%	25.3%
Return On Average Assets	9.65%	8.81%	3.07%	(0.56%)	0.59%

### Key Drivers

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Unbooked Presales (m) (VND)	3,362,362.4	4,201,651.2	10,099,793.1	10,984,601.9	12,275,899.9
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A	N/A
Unbooked Presales (units)	2,127.0	2,489.0	4,775.1	5,377.1	5,970.1
Unsold attrib. landbank (area: m sm)	N/A	N/A	N/A	N/A	N/A
Gross Margins (%)	46.7%	38.5%	42.6%	51.3%	52.3%
Contracted Sales ASP (per Sm) (VND)	N/A	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	18.8%	26.1%	7.1%	-18.9%	15.3%
Investment rev / total rev (%)	N/A	N/A	N/A	N/A	N/A
Residential rev / total rev (%)	71.0%	69.0%	44.9%	29.2%	51.4%
Invt. properties rental margin (%)	N/A	N/A	N/A	N/A	N/A
SG&A / Sales Ratio (%)	5.0%	5.0%	5.0%	5.0%	5.0%

SOURCES: VND RESEARCH, COMPANY REPORTS

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INTUCH, IRPC, ITD, IVL, KBANK, KCE, KKP, KTB, KTC, LH, LHBANK, LPN, MAJOR, MALEE, MEGA, MINT, MONO, MTLN, PLANB, PSH, PTL, PTG, PTT, PTTEP, PTTGC, QH, RATCH, ROBINS, S, SAWAD, SCB, SCC, SCCC, SIRI, SPALI, SPRC, STEC, STPI, SUPER, TASCO, TCAP, THAI, THANI, THCOM, TISCO, TKN, TMB, TOP, TPIPL, TRUE, TTA, TU, TVO, UNIQ, VGI, WHA, WORK.

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The disclosure of the survey result of the Thai Institute of Directors Association (“IOD”) regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
<b>Description:</b>	Excellent	Very Good	Good	N/A	

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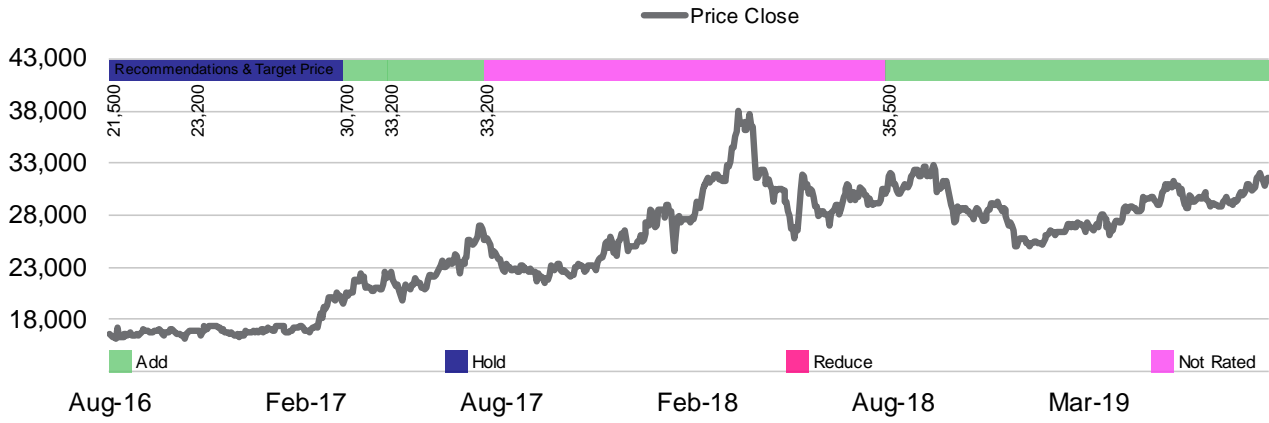
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2019		
791 companies under coverage for quarter ended on 30 June 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	57.9%	4.2%
Hold	26.5%	1.8%
Reduce	15.5%	0.4%

Spitzer Chart for stock being researched ( 2 year data )

**Nam Long Investment Corporation (NLG VN)**



## Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2018, Anti-Corruption 2018

**ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, Declared, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, Declared, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Very Good, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **DELTA** – Excellent, n/a, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HREIT** – Excellent, Certified, **ICHI** – Excellent, Declared, **HUMAN** – not available, n/a, **III** – Good, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD\*** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **JWD** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Declared, **MALEE** – Very Good, Certified, **MC** – Very Good, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Declared, **NETBAY** – Good, n/a, **OSP** – not available, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PR9** – not available, n/a, **PSH** – Excellent, Certified, **PSTC** – Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **RSP** – not available, n/a, **S** – Very Good, n/a, **SAMART** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Very Good, Certified, **SF** – Good, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Declared, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, Declared, **TMB** – Excellent, Certified, **TNR** – Very Good, Declared, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Very Good, Declared, **UNIQ** – Good, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Very Good, Certified, **WORK** – Good, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 31, 2018) are categorized into:

- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

\* The company, its director or management had been reportedly accused for breaching proper corporate governance such as violation of the SEC's regulations or charged with corruption.

### 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.

#### Country Ratings

##### Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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