

Vietnam

ADD (no change)

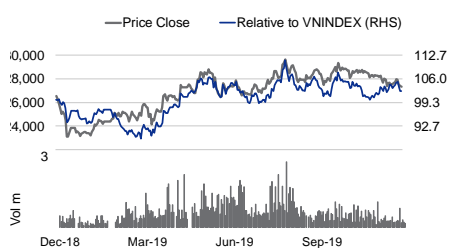
Consensus ratings*: Buy 6 Hold 2 Sell 0

Current price:	VND27,350
Target price:	VND39,600
Previous target:	VND39,600
Up/downside:	44.8%
CGS-CIMB / Consensus:	3.0%
Reuters:	NLG.HM
Bloomberg:	NLG.VN
Market cap:	US\$294.7m
	VND6,829,366m
Average daily turnover:	US\$0.59m
	VND13,470m
Current shares o/s:	259.7m
Free float:	46.3%

*Source: Bloomberg

Key changes in this note

No changes.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-3.4	-4.9	3.1
Relative (%)	1.2	-2.8	2.5

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

Key takeaways from analyst briefing

- Management estimates FY19F revenue of VND2,614bn (-24.8% yoy) and net profit of VND956bn (+32.5% yoy), fulfilling 76% and 100% of its targets.
- 11M19 presales value exceeded VND8tr (60% yoy), thanks to strong presales of Southgate and Akari projects.
- Maintain Add, backed by better outlook in FY20-22F.

FY19F net profit likely beat our expectation

In NLG's 10 Dec analyst briefing, management shared that its 11M19 net profit amounted to VND860bn, lifting its preliminary FY19F net profit to VND956bn (+32.5% yoy), fulfilling its full-year target and likely beating our expectation by 25.9%, thanks to other income of VND200bn from Dai Phuoc project. Management guides for 4Q19F revenue of c.VND1,289bn, including a VND468bn handover value from Novia, and service income of c.VND640bn from Business Contract Cooperation (BCC) projects. It estimates preliminary FY19F revenue at about VND2,614bn (-24.8% yoy), 25% below its full-year target and 6.9% below our forecast. NLG has delayed the booking of c.VND629bn land transfer income from Akari project and VND35bn delivery from Southgate project to FY20F due to the slow process of obtaining launching licences for the projects. Per management, it received VND200bn from Dai Phuoc project to offset the shortfall.

Stellar net profit growth over FY20-22F projected...

NLG guided for net profit CAGR of 25-30% in FY20-22F, in line with our forecast, to be driven by i) revenue from project management service to joint ventures ii) land transfer income from Akari and Paragon projects, iii) BCC associate profit after the unit handovers of the Mizuki Park and Southgate projects are completed. NLG expects to hand over a total of 15,758 units via its associates and its own developments in FY19F-21F, three times higher than in FY15-18.

...backed by strong presales in FY19-20F

11M19 presales value were at VND8tr, thanks to strong presales for its Southgate and Akari projects. NLG expects to generate VND600bn presales in Dec 2019, driven by the launch of 50 mega villa units in Southgate project. For 2020F, it plans to sell the rest of Southgate, Akari, Mizuki projects, and launch VSIP Hai Phong and Nam Long 2.

Maintain Add with a TP of VND39,600

We maintain our Add call in light of a better outlook in FY20-22F, backed by strong deliveries at Southgate and Mizuki Park projects and substantial revenue from land transfer. Our TP remains at VND39,600, based on 14% discount to RNAV. Re-rating catalysts are higher-than-expected selling prices of the next phases of Mizuki and Akari. Key downside risks are: 1) rising mortgage rate; 2) slow regulatory approval process.

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	1,699
Core EPS (VND)	752	1,823	1,864	5,180	6,543
Core EPS Growth	(57%)	142%	2%	178%	26%
FD Core P/E (x)	36.35	15.00	14.67	5.28	4.18
DPS (VND)	496.8	452.0	500.0	500.0	500.0
Dividend Yield	1.82%	1.65%	1.83%	1.83%	1.83%
EV/EBITDA (x)	4.3	4.2	16.8	295.5	12.3
P/FCFE (x)	4.47	NA	NA	9.62	3.49
Net Gearing	(44.0%)	(20.4%)	(2.9%)	(12.3%)	(31.7%)
P/BV (x)	1.94	1.53	1.32	1.06	0.86
ROE	5.5%	11.3%	9.7%	22.3%	22.7%
CGS-CIMB/Consensus EPS (x)			0.89	1.34	1.07

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 1: RNAV valuation (VNDbn)

Project Name	Fair value	Method	Note
Southgate-Waterpoint	5,234	DCF	Phase 1 land value is based on phase 1 transfer price of VND1.2m/sq m announced by the management.
Nguyen Son	251	DCF	
Mizuki Park	882	DCF	
Novia	521	DCF	
Kikyo	349	DCF	
Akari	1,706	DCF	A 50% stake of the 8.8ha will be transferred to the other partner in 2020, based on announced price of VND14.7m/sq m
Hai Phong	889	DCF	we assum selling price at VND25m psm for house and VND13 psm for condo
Dai Phuoc	1,611	BV	
Other	534		
Total inventory	11,975		
Add			
Cash and cash equivalent	1,810		
Short-term investments	44		
Short-term A/R	1,274		
Other short-term assets	106		
Long-term assets	2,544		
Less			
Net debt (exclude CB)	924		
Other liabilities	3,777		
Minority interest	1,149		
RNAV	11,902		
Shares outstanding	258,004,087		
Discount to RNAV	14%		Compensates for execution and pre-sale risks at projects Southgate-Waterpoint, Mizuki, Akari, and Hai Phong
Target price (VND/share)	39,600		

SOURCES: VND RESEARCH, COMPANY REPORTS

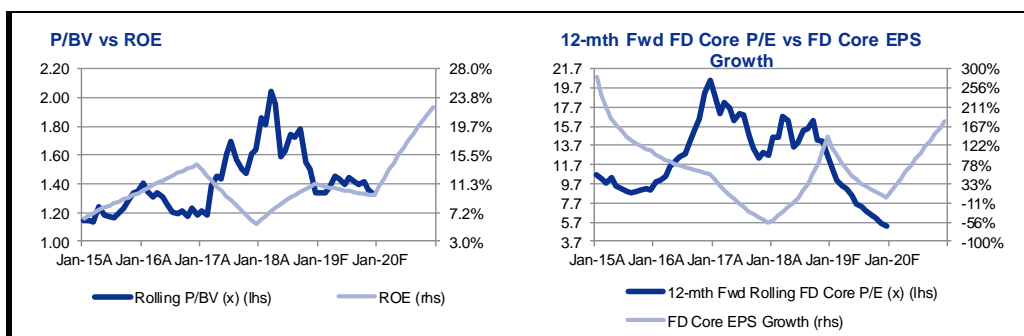
Figure 2: Peer comparison

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	2019F	2020F	2019F	2020F	
Vinhomes Jsc	VHM VN	89,100	104,300	17.1%	ADD	13,100	20.0	15.8	11.2	7.0	4.9	3.4	32.8	35.4	1.3	1.5	56.9
No Va Land Inves	NVL VN	56,000	NR	N/A	NR	2,293	18.0	18.0	17.0	3.0	2.3	N/A	14.6	12.1	N/A	N/A	75.7
Khang Dien House	KDH VN	27,100	28,300	4.4%	ADD	635	16.0	14.1	11.5	2.0	1.8	1.6	12.9	14.5	2.1	2.1	-12.6
Phat Dat Real Es	PDR VN	27,900	NR	N/A	NR	394	13.0	N/A	N/A	2.0	N/A	N/A	N/A	N/A	N/A	N/A	42.1
Dat Xanh Group	DXG VN	14,200	NR	N/A	NR	318	4.0	5.3	5.0	1.0	0.9	0.9	18.6	18.2	3.5	3.5	21.4
Van Phu - Invest	VPI VN	41,350	NR	N/A	NR	285	16.0	N/A	N/A	3.0	N/A	N/A	N/A	N/A	N/A	N/A	85.7
Hai Phat Investm	HPX VN	26,300	NR	N/A	NR	227	12.0	N/A	N/A	2.0	N/A	N/A	N/A	N/A	N/A	N/A	69.0
Average							14.1	13.3	11.2	2.9	2.5	2.0	19.7	20.1	2.3	2.4	48.3
Median							16.0	15.0	11.3	2.0	2.0	1.6	16.6	16.4	2.1	2.1	56.9
Nam Long Investm	NLG VN	27,350	39,600	44.8%	ADD	295	12.9	9.6	5.1	1.0	1.4	1.1	9.7	22.3	1.7	1.7	-20.7

Note: all prices are based on the closing prices on 13 Dec 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
Total Net Revenues	3,161	3,480	2,807	1,719	2,282
Gross Profit	1,309	1,517	688	358	617
Operating EBITDA	895	1,026	316	15	199
Depreciation And Amortisation	(14)	(13)	(16)	(17)	(17)
Operating EBIT	881	1,013	299	(2)	182
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
Profit Before Tax (pre-EI)	950	1,128	1,018	1,851	2,213
Exceptional Items					
Pre-tax Profit	950	1,128	1,018	1,851	2,213
Taxation	(194)	(241)	(204)	(370)	(443)
Exceptional Income - post-tax					
Profit After Tax	756	887	815	1,481	1,770
Minority Interests	(221)	(124)	(9)	0	0
Pref. & Special Div	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax	(23)	(43)	(47)	(59)	(71)
Net Profit	512	721	759	1,421	1,699
Recurring Net Profit	149	424	483	1,345	1,699
Fully Diluted Recurring Net Profit	149	424	483	1,345	1,699

Cash Flow

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
EBITDA	895	1,026	316	15	199
Cash Flow from Invnt. & 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)
Cashflow From Operations	2,261	991	(938)	(871)	(52)
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
Cash Flow From Investing	(786)	(1,830)	23	1,737	2,108
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)	(130)	(130)
Preferred Dividends					
Other Financing Cashflow	0	0	0	0	0
Cash Flow From Financing	(324)	840	(22)	(257)	(149)

SOURCES: CGS-CIMB 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	1,757	3,664
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
Total Current Assets	6,779	7,332	7,329	8,576	10,416
Fixed Assets	44	40	35	30	25
Total Investments	788	1,722	2,331	2,534	2,529
Intangible Assets	22	16	14	13	11
Total Other Non-Current Assets	274	476	391	565	648
Total Non-current Assets	1,127	2,254	2,772	3,142	3,213
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
Total Current Liabilities	3,061	2,694	2,411	2,774	3,276
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
Total Non-current Liabilities	1,123	1,596	1,622	1,556	1,382
Total Provisions	0	0	0	0	0
Total Liabilities	4,183	4,290	4,033	4,330	4,658
Shareholders' Equity	2,920	4,600	5,362	6,681	8,262
Minority Interests	803	684	693	693	693
Total Equity	3,723	5,285	6,055	7,374	8,955

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)	7,890	4,173	672	3,505	10,921
BVPS (VND)	14,070	17,830	20,647	25,724	31,812
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%	9.1%	7.6%
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%	25.4%
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%	50.8%
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: CGS-CIMB RESEARCH, COMPANY REPORTS

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

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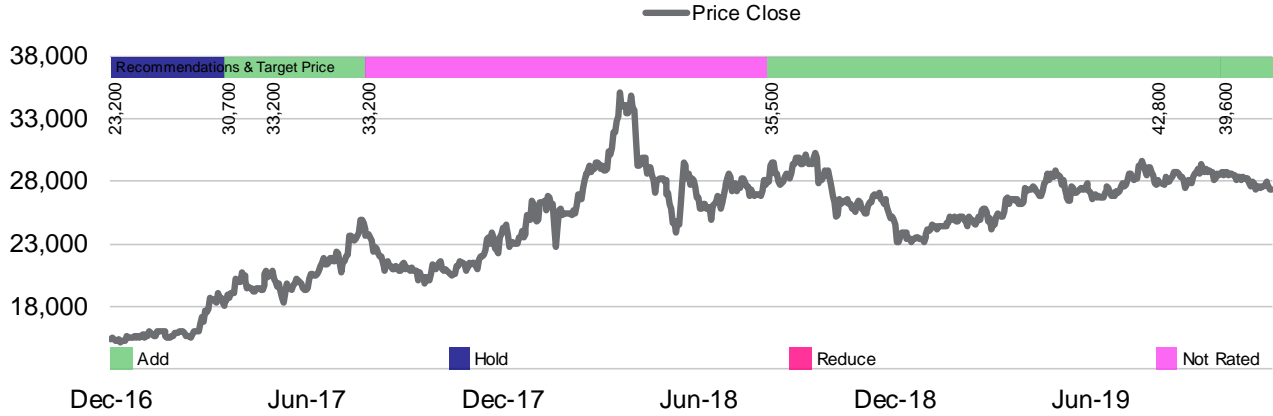
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777 companies under coverage for quarter ended on 30 September 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	58.8%	0.9%
Hold	26.3%	0.0%
Reduce	14.9%	0.1%

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, **CENTEL** – 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, **TIPIP** – 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.

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- Companies certified by CAC

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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.

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Definition:

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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:

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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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