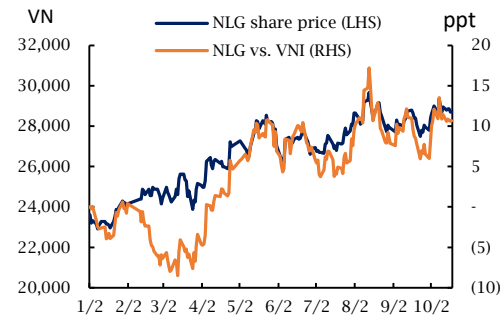


Vietnam : Property

21 October 2019

Hold-Outperform
TP upside (downside) 3.2%
Close 18 Oct 2019

Price	28,800
12M Target	29,625

Share price performance relative to VNI


Market cap	USD 302 mn
6M av. daily turnover	USD 1.3 mn
Outstanding shares	247 mn
Free float	61%
FINI ownership	49%
Major shareholders	72%
Net debt/equity	Net cash
2019E P/B (x)	1.3
FOL Room	0%

Financial outlook

Year to Dec	2018A	2019E	2020E
Sales (VND bn)	3,480	2,946	2,293
Op. profit (VND bn)	1,013	475	274
Net profit* (VND bn)	887	747	693
EPS (VND)	3,521	2,823	2,363
EPS chg (%)	18%	-30%	54%
P/E (X)	8.18	11.61	7.52
ROE (%)	17%	13%	17%
Div. yield (%)	1.22%	1.80%	1.80%

*Net profit attributable to shareholders (PATMI minus employee welfare contribution)

Sources: NLG, Bloomberg, Yuanta Vietnam.

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NAM LONG INVESTMENT GROUP (NLG VN)
Get ready for a fourth quarter sprint
Event

- ▶ **The headline 3Q19 numbers look weak.** 3Q19 revenues declined by 71% YoY and PAT fell by 64% YoY. The main reason: only housing from mature projects were handed over in 3Q19.
- ▶ **Guidance now appears stretched.** 9M19 revenues (-51.5% YoY) reached 38% of full-year guidance and PAT (-40% YoY) reached 45% of FY19 guidance.
- ▶ **Indications that new contract signings were weak in 3Q19** include the flat short-term advances in 3Q19 and the 61% YoY decline in revenue from inventory).
- ▶ **But - NLG should hand over c.1.918 Flora condos in 4Q19.**

Our Take

3Q19 revenues were VND 392bn, decreasing 71% YoY because NLG only handed over homes at mature projects in 3Q19. In addition, VND792 bn of revenues from the project transfers to other developers was recognized in 3Q18 - these did not repeat in 3Q19. Consequently, 3Q19 PAT of VND163 bn decreased 64% YoY. In total, 9M19 revenues (-51.5% YoY) and PAT (-40.0% YoY) have achieved 38% and 45% of FY19 guidance, respectively.

Short-term advances from customers were flat in 3Q19 while revenues from sales of inventories (i.e., land, apartments, townhouses, and villas) was VND197bn, decreasing 61% YoY. These results indicate that there was no positive signal in terms of the amount of new contracts signed in 3Q19.

Handing over c. 1,918 Flora segment condos in 4Q19, of which c.1,400 condos at Mizuki Park should be recognized as gains from joint ventures and the sales of c.400 condos at Novia should be consolidated into NLG's operating revenues.

We reiterate our HOLD-Outperform recommendation. The successful soft launch of Water Point occurred in 3Q19 and we expect its official launch to be implemented in October. We also expect launches of Akari City and Mizuki Park to be implemented in 4Q19. Based on our discussions with sales agents and other industry sources, many homebuyers (i.e., residential buyers, investors, and speculators) are awaiting the launches of these projects.

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HOLD–Underperform: In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

SELL: We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

Under Review: We actively follow the company, although our estimates, rating and target price are under review.

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