



NLG Update - BUY

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Company Update

Recommendation

BUY

HSX: NLG

Property

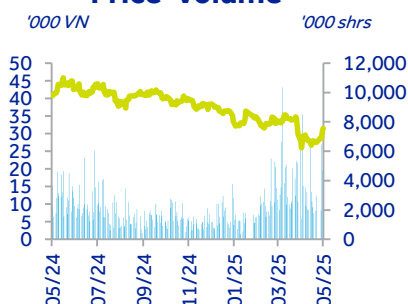
Target price (VND)	43,400
Market price (VND)	31,500
Expected share price return	37.8%
Expected dividend yield	1.6%
Expected total return	39.4%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-13.8	2.7	-11.4	-24.6
Relative	-14.2	-0.7	-9.6	-26.6

Source: Bloomberg

Price-Volume



Ownership

Nguyen Xuan Quang (Chairman)	9.99%
Ibeworthy Pte Ltd	7.64%

Stock Statistics 8-May-25

Bloomberg code NLG VN

52-week range (VND)	25,750 - 45,900
Shares O/S (m)	385.1
Mkt cap (VND bn)	12,130
Mkt cap (USD m)	464
Est. Foreign room left (%)	12.4
Est. free float (%)	56.1
3m avg daily vol (shrs)	3,348,167
VND/USD	26,150
Index: VNIndex / HNX	1269.80/215.21

NAM LONG INVESTMENT CORPORATION (NLG VN)

Impressive growth in 1Q2025 mainly driven by deliveries at Akari and Can Tho projects. Increase 2025 forecast given higher estimated deliveries of projects and the addition of financial profit from a 15% divestment of Izumi project. Adjust YE2025 target price down by 7%, to VND43,400/share due to an increase of VND1.2 trn in net debt and a 15% decline in ownership of Izumi. Reiterate our Buy recommendation.

Nam Long posted an impressive growth in 1Q2025 with revenue of VND1,291 bn (+531% YoY) and NPATMI of VND108 bn compared with a loss of VND77 bn in 1Q2024 thanks to a higher number of units delivered (548 units in 1Q2025 vs 84 units in 1Q2024). This quarter's business result mainly came from deliveries of:

- (1) 153 condos at Akari project with revenue of VND582 bn and;
- (2) 70 land lots and 305 EhomeS social houses at Can Tho project with total revenue of VND559 bn.

Gross margin in 1Q2025 was recorded at 32% compared with 42% in 1Q2024 mainly due to a low gross margin of EhomeS social houses at Can Tho project.

NLG set 2025 revenue target of VND6,794 bn (-6% YoY) and NPATMI target of VND701 bn (+35% YoY). The growth in the profit target was mainly thanks to an expected divestment of 15% of Izumi project in Dong Nai with NPAT of over VND200 bn which is not included in our previous forecast. This project is expected to receive 1/5000 Plan in May or June 2025 and is completing 1/500 Plan.

NLG set an ambitious 2025 sales value target of VND14,645 bn, up by 2.8 times YoY with the expectation of an ongoing recovery of the property market. Sales value in 1Q2025 was humble at VND545 bn (-68% QoQ and -53% YoY). However, thanks to good absorption rate in Southgate project in April, sales value in 4M2025 reached VND2,576 bn, equivalent to half of 2024 and 18% of the target. We expect the company to achieve VND11.7 trn in sales value in 2025, equivalent to 80% of the target.

NLG maintained a healthy financial position in 1Q2025. During the quarter, Net debt increased by over VND1.2 trn to VND2.1 trn and Net debt/Equity ratio rose from 6.1% to 14.4%, lower than the sector median of 26.3%.

NLG has a plan to issue 100.12 mn shares to current shareholders at an offering price of VND25,000/share, which is 21% lower than the current share price. The proceed of over VND2.5 trn will mainly help NLG to develop current and potential projects. Given the current market share price, this plan may be delayed to later this year.

Given higher estimated deliveries of projects and the addition of profit from 15% divestment at Izumi project, we adjust revenue up by 39% to VND6,264 bn (-13% YoY) and NPATMI up by 23% to VND715 bn (+38% YoY). However, we adjust YE2025 target price down by 7%, to VND43,400/share due to the increase of VND1.2 trn in net debt and the 15% decline in ownership of Izumi. Reiterate our Buy recommendation.

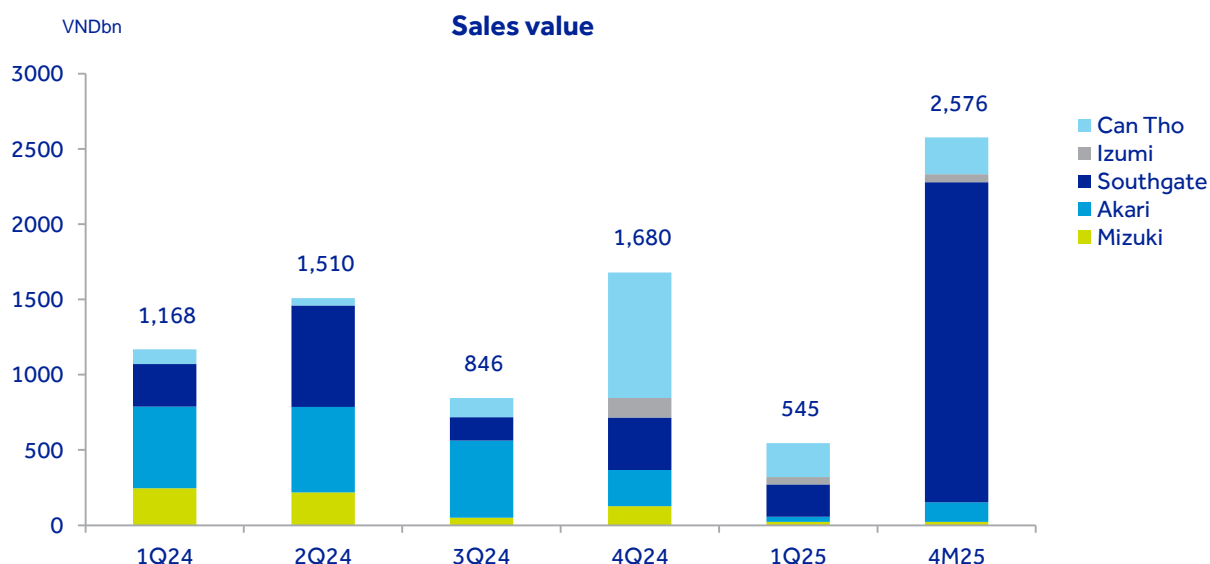
	2022	2023	2024	2025F	2026F
Net Sales (VNDbn)	4,339	3,181	7,196	6,264	5,658
Growth	-16.6%	-26.7%	126.2%	-12.9%	-9.7%
EBITDA (VNDbn)	865	630	1,714	1,535	1,586
Growth	6.6%	-27.1%	171.8%	-10.4%	3.4%
NPATMI (VNDbn)	556	484	518	715	667
Growth	-48.1%	-13.0%	7.0%	38.0%	-6.7%
EPS (bonus-adjusted, VND)	1,426	1,171	1,298	1,737	1,619
Growth	-55.3%	-17.9%	10.9%	33.8%	-6.8%
ROE	6.1%	5.1%	10.7%	14.3%	12.9%
ROIC	2.2%	2.1%	2.1%	2.9%	2.7%
Net debt/EBITDA (times)	0.5	4.0	0.5	1.0	0.9
EV/EBITDA (times)	16.4	22.6	8.3	9.3	9.0
PER (times)	22.1	26.9	24.3	18.1	19.5
PBR (times)	1.3	1.3	1.3	1.2	1.2
DPS (VND)	500	500	500	500	500
Dividend yield	1.6%	1.6%	1.6%	1.6%	1.6%

Table: 1Q2025 business results

Unit: VNDbn	1Q2024	1Q2025	YoY growth	2025 Target	% Completion
Presales	1,168	545	-53%	14,645	4%
Revenue	205	1,291	531%	6,794	19%
Gross profit	87	413	377%		
Financial income	26	48	87%		
Financial expenses	48	99	105%		
SG&A expenses	145	238	65%		
Profit from associates and JVs	24	8	-67%		
NPAT	-65	110	n/a		
NPATMI	-77	108	n/a	701	15%

Source: NLG, ACBS.

Figure 1: Sales value by quarter



Source: NLG, ACBS.

Table 2: Projects update

No.	Project	Location	Stake	Land area (ha)	Product	Total units	% launch (estimated)	Progress
1	Mizuki	HCMC	50%	26.2	Valora	84	70%	Launched 13 blocks with over 2,800 Flora and 39 Valora. Accumulatively sold 98% and delivered 97% of launched units.
					Flora	4,070		
2	Akari	HCMC	50%	8.5	Flora	4,766	84%	Accumulatively sold 98% and delivered 88% of launched units.
3	Southgate (Waterpoint Phase 1)	Long An	65%	165.0	Valora	2,664	76%	Accumulatively sold 94% and delivered 68% of launched units
					Flora	3,379	0%	Plan to launch ST5 zone in 2Q2025
4	Ehome Southgate	Long An	100%	3.4	EhomeS	1,357	100%	Accumulatively sold 97% and delivered 69% of launched units
5	Waterpoint (Phase 2)	Long An	100%	190.0	Valora	972	0%	
					Flora	5,276		
6	Nam Long Central Lake	Can Tho	100%	40.0	Valora	264	51%	Accumulatively sold 94% and delivered 55% of launched units
					Land lot	617		
7	EhomeS Nam Long Can Tho	Can Tho	100%	3.8	EhomeS	1,590	40%	Accumulative sold 83% and delivered 47% of launched units
8	Paragon Dai Phuoc	Dong Nai	50%	45.0	Valora	583	0%	Phase 1: completing infrastructure and expect to launch in 3Q2025
9	Izumi City	Dong Nai	65%	170.0	Valora	2,876	11%	Had 1/10000 Plan in 11/2024. Expect to receive 1/5000 Plan in 2Q2025. Prepare for 1/500 Plan. Accumulatively sold 93% and delivered 57% of launched units.
					Flora	n/a	0%	
10	Nam Long Hai Phong 1	Hai Phong	50%	21.0	Valora	739	0%	Phase 1 with 369 Valora: completing infrastructure and expect to launch at the end of 2025
11	Nam Long Hai Phong 2	Hai Phong	100%	1.5	Ehome	887	0%	

Note: Valora is landed property, Flora is mid-end apartment, Ehome is affordable apartment and EhomeS is social house.

Sources: NLG, ACBS

NLG FINANCIALS MODEL	Price (VND):	31,500	Target (VND):	43,400	Mkt cap (VND bn):	12,130
(VND bn except where stated)	2022	2023	2024	2025F	2026F	
Total Net Sales	4,339	3,181	7,196	6,264	5,658	
<i>Sales growth</i>	<i>-16.6%</i>	<i>-26.7%</i>	<i>126.2%</i>	<i>-12.9%</i>	<i>-9.7%</i>	
CoGS ex-dep'n	2,319	1,571	4,089	3,516	2,976	
Gross profit	1,984	1,562	3,057	2,693	2,622	
<i>Gross margin</i>	<i>45.7%</i>	<i>49.1%</i>	<i>42.5%</i>	<i>43.0%</i>	<i>46.3%</i>	
SG&A	1,155	980	1,394	1,213	1,096	
<i>SG&A as % of sales</i>	<i>26.6%</i>	<i>30.8%</i>	<i>19.4%</i>	<i>19.4%</i>	<i>19.4%</i>	
EBITDA	865	630	1,714	1,535	1,586	
<i>EBITDA margin</i>	<i>19.9%</i>	<i>19.8%</i>	<i>23.8%</i>	<i>24.5%</i>	<i>28.0%</i>	
Depreciation	36	49	50	55	61	
Operating profit	854	1,000	1,763	1,516	1,720	
<i>Operating profit margin</i>	<i>19.7%</i>	<i>31.4%</i>	<i>24.5%</i>	<i>24.2%</i>	<i>30.4%</i>	
Financial income (excl. saving interest)	245	102	231	275	-	
Financial expenses (excl. interest expense)	51	18	102	-	-	
Net interest expense	7	142	124	223	232	
Profit/loss from associates and JVs	25	418	100	36	194	
Other profit	29	(20)	56	-	-	
Tax	204	121	437	314	298	
<i>Effective tax rate</i>	<i>19.1%</i>	<i>13.1%</i>	<i>24.0%</i>	<i>20.0%</i>	<i>20.0%</i>	
Minority interest	309	317	869	539	524	
NPATMI	556	484	518	715	667	
<i>Net profit margin</i>	<i>12.8%</i>	<i>15.2%</i>	<i>7.2%</i>	<i>11.4%</i>	<i>11.8%</i>	
Cash earnings	592	533	568	770	727	
Number of shares (m)	384	385	385	385	385	
EPS (VND)	1,426	1,171	1,298	1,737	1,619	
Bonus factor (x)	1.0	1.0	1.0	1.0	1.0	
Adjusted EPS (VND)	1,426	1,171	1,298	1,737	1,619	
<i>EPS growth</i>	<i>-55.3%</i>	<i>-17.9%</i>	<i>10.9%</i>	<i>33.8%</i>	<i>-6.8%</i>	

KEY CASHFLOW AND BS ITEMS	2022	2023	2024	2025F	2026F
Increase in working capital	-1,046	2,153	17	1,186	387
Capex	73	23	39	39	39
Other cash flow items	-1,898	-268	1,305	-	-
Free cash flow	-333	-1,911	1,817	-455	302
Share issues (m)	187	0	0	0	0
Dividends paid	521	187	194	193	193
Increase in net debt	666	2,099	-1,623	648	-109
Net debt, end of year	419	2,517	894	1,542	1,433
Shareholders' equity	13,315	13,533	14,569	15,091	15,565
BVPS (VND)	23,407	24,386	25,125	26,026	26,844
<i>Net debt / equity</i>	<i>3.1%</i>	<i>18.6%</i>	<i>6.1%</i>	<i>10.2%</i>	<i>9.2%</i>
<i>Net debt / EBITDA (x)</i>	<i>0.5</i>	<i>4.0</i>	<i>0.5</i>	<i>1.0</i>	<i>0.9</i>
Total assets	27,085	28,611	30,318	31,488	31,853

KEY RETURN AND VALUATION RATIOS	2022	2023	2024	2025F	2026F
<i>ROE</i>	<i>6.1%</i>	<i>5.1%</i>	<i>10.7%</i>	<i>14.3%</i>	<i>12.9%</i>
<i>ROA</i>	<i>2.2%</i>	<i>1.7%</i>	<i>1.8%</i>	<i>2.3%</i>	<i>2.1%</i>
<i>ROIC</i>	<i>2.2%</i>	<i>2.1%</i>	<i>2.1%</i>	<i>2.9%</i>	<i>2.7%</i>
<i>WACC</i>	<i>13.1%</i>	<i>12.4%</i>	<i>12.8%</i>	<i>12.8%</i>	<i>12.8%</i>
<i>EVA</i>	<i>-10.9%</i>	<i>-10.3%</i>	<i>-10.7%</i>	<i>-9.9%</i>	<i>-10.2%</i>
<i>PER (x)</i>	<i>22.1</i>	<i>26.9</i>	<i>24.3</i>	<i>18.1</i>	<i>19.5</i>
<i>EV/EBITDA (x)</i>	<i>16.4</i>	<i>22.6</i>	<i>8.3</i>	<i>9.3</i>	<i>9.0</i>
<i>EV/FCF (x)</i>	<i>-42.8</i>	<i>-7.4</i>	<i>7.8</i>	<i>-31.3</i>	<i>47.2</i>
<i>PBR (x)</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.2</i>	<i>1.2</i>
<i>PSR (x)</i>	<i>2.8</i>	<i>3.8</i>	<i>1.7</i>	<i>1.9</i>	<i>2.1</i>
<i>EV/sales (x)</i>	<i>3.3</i>	<i>4.5</i>	<i>2.0</i>	<i>2.3</i>	<i>2.5</i>
<i>Dividend yield</i>	<i>1.6%</i>	<i>1.6%</i>	<i>1.6%</i>	<i>1.6%</i>	<i>1.6%</i>

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BUY: Expected prospective total return (including dividends) in VND will be 20% or more within 12 months

OUTPERFORM: Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months

NEUTRAL: Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months

UNDERPERFORM: Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months

SELL: Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

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