

Sustainable Development

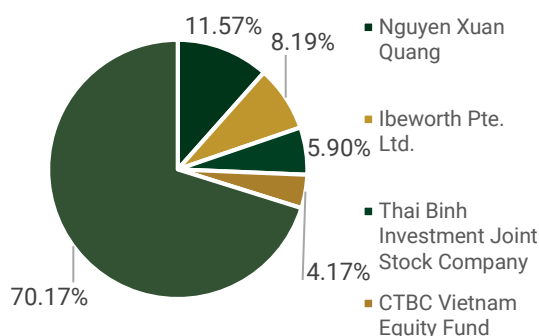
BUY [+24%]

Fair price 40,900 VND
Current price 32,900 VND

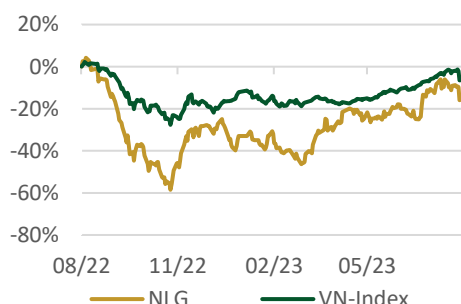
STOCK INFORMATION

Outstanding shares (mil) 384
Free float (mil) 249
Market cap. (billion VND) 12,674
3m avg. volume (shares) 3.43 million
Foreign ownership (%) 41.5%
First listing date 08/04/2013

MAJOR SHAREHOLDERS



PRICE MOVEMENT COMPARED TO THE INDEX



HISTORICAL VALUATION



Updated: 26/09/2023

Performance overview:

In 2Q23, NLG recorded net revenue of VND 953 bn (-23% YoY) and NPATMI of VND 121 bn (+9% YoY). The positive results came from the handover at the Southgate project and the joint venture Mizuki Park project. In 1H23, NLG reported VND 1,188 bn (-35% YoY) in net revenue and VND 128 bn (+15%YoY) in net profit. Due to the gloomy real estate market, NLG has achieved 9.2% of its annual revenue target and more than 22% of the profit target respectively.

Forecast:

NLG will be accelerated at some key projects, namely Izumi (169 ha, Dong Nai), Southgate (165 ha, Long an), Mizuki (22 ha, HCMC). In addition, NLG will recognize the financial income from Paragon divestment (25%) and commercial land sales at the Kikyo Residence project in 2H23. We forecast that NLG's revenue in 2023 will be VND 4,617 bn (+ 6.5% YoY), and the company's profit will reach VND 642 bn (+15.5% YoY).

Investment highlights:

NLG is one of the listed real estate companies owning the largest land bank, more than 680 hectares, in Ho Chi Minh City, Dong Nai, Long an, and Hai Phong. Currently, NLG focuses on developing affordable housing projects to meet residential demands in the real estate market.

Meanwhile, with a profound financial support from Japanese partner and a solid capital structure, NLG can continue to launch new investment projects to maintain its future growth momentum. In more detail, in 1H23, the debt/equity ratio of NLG was 39%, one of the businesses with the lowest leverage in the real estate industry.

Notably, the Mizuki Park project (26.4 ha) in Binh Chanh district (HCMC), the Akari project (8.4 ha) in Binh Tan district (HCMC), and the Waterpoint project (355ha) in Long An province will be the driving force for growth from 2023.

Valuation & recommendation:

We use the RNAV method to determine the fair value of NLG, with total assets after deduction debt and minority interest of VND 15,713 billion. We estimate the number of shares is 384 million shares, so the fair value for each share is VND 40,900 upside 24% compared to closing price on September 26, 2023. We recommend to BUY this stock.

Investment risks:

(1) Real estate industry cycle risk; (2) Regulation risk; (3) Inventory risk.

Financial Indicators	2019A	2020A	2021A	2022A	2023F
Net revenue (billion VND)	2,546	2,217	5,205	4,339	4,617
Net Profit (billion VND)	960	835	1,070	556	642
EPS (VND)	3,923	2,929	3,099	1,452	1,677
EPS Growth (%)	28%	-25%	6%	-9%	15%
Book Value (VND)	24,827	24,414	23,318	23,740	26,898
P/E	6.63	10.08	12.66	20.7	22.9
P/B	1.03	1.21	1.46	1.29	1.43
Cash dividend (VND)	500	500	619	558	500