

NOVALAND GROUP JSC (NVL) – UPDATE

Market Price	Target Price	Dividend Yield	Rating	Sector
VND77,400	VND89,000	0.00%	Add	PROPERTY

17 March 2022

Outlook – Short term: **Positive**
Outlook – Long term: **Positive**
Valuation: **Positive**

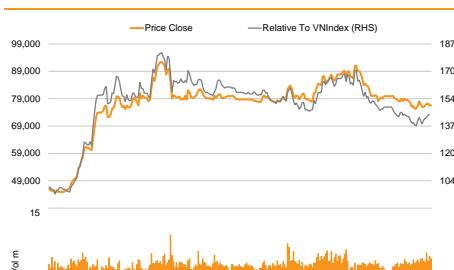
Consensus*: Add:3 Hold:5 Reduce:0

Target price / Consensus: 7.6%

Key changes in the report

- Revise FY22, 23, 24F net profit down by 26.9%/14.6%/42.4%, respectively.
- Revise TP up by 8.3% vs. previous TP.

Price performance



Source: VND RESEARCH

Key statistics

52w high (VND)	92,371
52w low (VND)	44,443
3m Avg daily value (VNDmn)	222,042
Market cap (VND bn)	149,415
Free float (%)	72
TTM P/E (x)	46.3
Current P/B (x)	4.3

Ownership

Novagroup JSC.	27.0%
Bui Thanh Nhon	21.6%
Diamond Properties JSC.	10.5%
Others	40.9%

Source: VND RESEARCH

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Back to buy territory

- In FY21, NVL's net profit (NP) rose by 196.5% yoy thanks to a surge of 284.3% yoy in property deliveries, fulfilling 78.9% of our full-year forecast.
- We increase the average selling price of Aqua City, NovaWorld Phan Thiet and NovaWorld Ho Tram projects by 27%, 10% and 7% respectively vs. previous projection to reflect the strong land price hikes in these area.
- Upgrade from Hold to Add with higher target price (TP) of VND89,000.

Contrast between top-line and bottom-line growth in FY21

In FY21, NVL's net revenue increased by 196.5% yoy to VND14,903bn, fulfilling only 54.2% of NVL's FY21 revenue guidance and 91.6% of our FY21 forecast thanks to strong property handovers of pre-sold units at NovaHills Mui Ne, NovaWorld Phan Thiet, NovaWorld Ho Tram, Aqua City and Saigon Royal. However, one-off gain from divesting in FY20 making a sharp decrease in financial income growth in FY21. Thereby, FY21 NP reduced by 17.6% yoy to VND3,230bn, fulfilling 78.9% of our full year forecast.

Huge unbilled revenue offers strong growth potential

Cumulatively in FY21, presales volume and value recorded 6,613 units (+30.1% yoy) and US\$3,677m (~VND84.5tr, +100.8% yoy), respectively. We believe presales growth continues to do well in FY22F to reach VND93.5tr (+10.7% yoy) along with the recovery of hospitality property market on the back of vaccine penetration accelerates. Unbilled revenue at end-4Q21 reached US\$7.8bn (+70% yoy), which can deliver high growth in FY22-24F.

Riding on the strong recovery of hospitality property market

According to DKRA, new supply for beach villas and condotel strongly bounced in FY21, more than 6.4 times higher than that in FY20, mostly from Ba Ria – Vung Tau, Phu Quoc, Binh Thuan, Dong Nai... with take-up rate of 58%-71% and the hike of 5%-10% yoy in land prices. Owning a large land bank of 10.600ha with more than 80% of hospitality property and suburban areas makes NVL a big beneficiary from hospitality real estate market recovery.

We recommend Add with a higher target price of VND89,000/share

We apply a DCF method to calculate the value of under-development projects and reassess future land bank portfolios in this update. Our new RNAV-based TP is VND89,000, which leads us to upgrade coverage on NVL from Hold to Add rating. This also reflects a positive outlook for NVL in FY22-23F. Re-rating catalysts are 1) better-than-expected presales, and 2) legal bottlenecks resolution. Downside risks to NVL stock are 1) long regulatory stumbling blocks, 2) more complicated pandemic in cities where NVL's hospitality projects are located, and 3) dilution from convertible bonds.

Financial summary (VND)	12-20A	12-21E	12-22E	12-23E
Net revenue (bn)	5,026	14,903	36,360	61,264
Revenue growth	(54.0%)	196.5%	144.0%	68.5%
Gross margin	36.5%	41.2%	37.4%	40.6%
EBITDA margin	89.1%	46.1%	27.9%	30.8%
Net profit (bn)	3,919	3,225	6,836	13,234
Net profit growth	14.2%	(17.7%)	112.0%	93.6%
Recurring profit growth	14.2%	(17.7%)	112.0%	93.6%
Basic EPS	3,974	1,670	3,541	6,856
Adjusted EPS	3,974	1,670	3,541	6,856
BVPS	26,244	18,149	21,808	28,894
ROAE	16.3%	10.6%	17.7%	27.0%

Source: VND RESEARCH

BACK TO BUY TERRITORY

Upgrade from Hold to Add with higher target price (TP) of VND89,000

Investment thesis

We have positive view on NVL's outlook for FY22-23F thanks to the following factors:

- NVL greatly benefits from the recovery of hospitality property. According to DKRA, new supply for beach villas and condotel strongly bounced in FY21, 6.4 times higher than that in FY20, mostly from Ba Ria –Vung Tau, Phu Quoc, Binh Thuan, Quang Ninh... Take-up rate is 58% for condotel and 71% for beach villas. The primary selling price was recorded to increase by 5%-10% yoy. With the majority of land bank in Dong Nai, Ba Ria - Vung Tau, Binh Thuan, NVL's selling price has increased rapidly in these areas.
- By the end of 4Q21, NVL owns c.10,600ha of land bank and under research real estates. Of which, c.20% is central HCMC and satellite urban real estates and c.80% is hospitality properties. With a very ambitious M&A strategy, NVL aims to develop 50 projects in 30 cities and provinces across Vietnam through 2030. NVL acquired c.5,000 ha of land bank by 2022 via additional projects in Lam Dong, Binh Thuan, Dong Nai, Khanh Hoa and Hue, increasing NVL's land bank to ~10,600ha (+96% yoy), which could sustain a very long term of development, in our view.
- In the short term, huge unbilled booking of US\$7.8bn (~VND177tr; +69.6% yoy) as of end-4Q21 could bring high earnings growth rate for the company. We forecast NVL's FY22F revenue and net profit growth of 144.0% and 112% yoy, respectively (of which, net revenue from handover units grow by 159.2% yoy in FY22F). NVL stock has moved sideways in a narrow range for the past one year and has reached an attractive valuation for an Add rating, in our opinion.

Valuation

Figure 1: Equity valuation

Assumption		Inventory and Investment	BV as at 31 Dec 2021	Premium	Fair value	Method
Market premium	11.0%	Residential property	112,475	125,943	238,418	DCF
Risk-free rate	3.0%	Other	14		14	Book value
Beta	0.4	Total property value	112,489		238,433	
Cost of debt	10.0%	Add:				
Debt weight	59.5%	Cash and cash equivalent	17,249		17,249	
Equity weight	40.5%	Short-term investments	837		837	
Cost of equity	7.9%	Other receivables	48,766		48,766	
WACC	8.0%	Other assets	1,624		1,624	
		Less:				
		Debt	60,518		60,518	
		Other liabilities	68,590		68,590	
		Minority interest	6,138		6,138	
		Discounted RNAV			171,662	
		Shares outstanding (m)			1,930	
		Target price (VND/share) (rounded)			89,000	

Sources: VNDIRECT RESEARCH, COMPANY REPORTS

We apply a DCF method to calculate the value of projects under development with an assumed WACC-based discount rate of 8.0% and RNAV discount rate of 15% for its developing portfolio due to the highest leverage among sector peers and legal complication of NVL's projects. In which, we adjusted the average selling price (ASP) of sub-projects in the Aqua City to increase by 27% yoy, NovaWorld Phan Thiet by 10% yoy, and NovaWorld Ho Tram by 7% yoy to

reflect the strong price increases in these area. We also re-evaluate the land bank portfolio for 12 projects that are planned to be deployed in the future by NVL in valuation from previous projection with a discount rate of 30% from NAV due to the lack of legal information on these projects.

For other assets, debts and minority interest, we use book value as of 31 Dec 2021. This resulted in a 7.3% increase vs. previous target price (TP). Our new RNAV-based TP is VND89,000, which leads us to upgrade coverage on NVL with an Add rating.

Potential re-rating catalysts include 1) a better-than-expected presale, 2) legal bottlenecks resolution, which will speed up project implementation in HCMC CBD earlier than expected. Downside risks to NVL stock are 1) long regulatory stumbling blocks that could delay the approval of its projects, 2) more complicated pandemic in provinces/cities where NVL's hospitality projects are located, and 3) dilution from convertible bonds.

Figure 2: Project valuation summary (as of Dec 2021)

	ASP			
	NSA (sqm)	(VNDm/sqm)	GDV (VNDbn)	NPV (VNDbn)
UNDER DEVELOPMENT PROJECTS				
Victoria Village	93,641	68	6,398	1,858
Golf Park	18,219	17	311	85
Botanica Premier	66,295	38	2,533	637
The Botanica	38,327	34	1,298	411
Grand Manhattan	100,306	151	15,128	2,065
The Palace Residence	168,292	61	10,217	2,644
Aqua City	533,006	48	25,518	5,243
Aqua Riverside	358,256	50	17,799	5,477
Aqua City River Park	385,843	59	22,699	664
Aqua Phoenix	1,361,803	61	82,763	23,539
NovaHill Mui Ne	162,423	36	5,889	1,441
NovaBeach Cam Ranh	125,054	50	6,233	1,938
NovaWorld Phan Thiet	3,278,072	47	155,286	47,682
NovaWorld Ho Tram (The Tropicana)	389,945	43	16,826	4,771
NovaWorld Ho Tram (Wonderland)	36,839	78	2,860	754
NovaWorld Ho Tram (Habana Island)	105,003	50	5,238	1,017
Total RNAV				100,223
RNAV after applying 15% discount				85,190
OTHER FUTURE PROJECTS				
Palm 5.2	29,719	73	2,167	498
Palm A	40,212	67	2,697	620
Project C	505,623	131	66,115	15,207
Project D	44,722	73	3,252	748
Project F	168,292	65	10,932	2,514
Project I	1,124,339	65	73,235	16,844
Project K	108,642	70	7,595	1,747
Project P	267,765	108	28,840	6,633
Project S	295,622	78	22,916	5,271
Project T	298,085	87	25,915	5,960
Project V	53,586	131	7,014	1,613
Project X	22,871	107	2,453	564
Total RNAV				58,220
RNAV after applying 30% discount				40,754
Premium RNAV applying for valuation				125,943

Sources: VND RESEARCH, COMPANY REPORTS

Figure 3: Peer comparison

Company	Ticker	Price	Mkt cap	P/E (x)		3-year EPS	P/B (x)		ROE (%)		Net D/E (%)
		LC\$	US\$m	FY22F	FY23F	CAGR (%)	FY22F	FY23F	FY22F	FY23F	
Local peer average											
Local peer median											
Regional peer average											
Regional peer median											
Vietnam											
Noaland	NVL VN	77,400	6,532	21.9	11.3	50.0	3.5	2.7	17.7	27.0	103.1
Vinhomes	VHM VN	74,200	14,124	9.3	6.6	19.6	1.9	1.5	23.4	25.4	7.8
Khang Dien	KDH VN	50,600	1,422	20.5	15.4	29.2	2.9	2.4	25.6	35.6	10.9
Dat Xanh	DXG VN	41,600	1,092	17.2	11.7	46.3	2.8	2.3	18.2	21.7	10.9
Nam Long	NLG VN	54,500	912	11.7	9.8	40.0	1.8	1.6	17.6	18.6	-1.8
China & Hongkong											
China Vanke-A	000002 CH	N/A	27,363	5.2	5.0	4.7	0.8	0.7	14.9	13.8	28.6
Sun Hung Kai	16 HK	96.4	32,608	8.9	8.3	9.0	0.4	0.4	4.9	5.0	15.6
China Overseas Land	688 HK	22.4	30,090	5.0	4.7	4.3	0.6	0.6	12.1	11.9	32.3
China Resources Land	1109 HK	30.5	31,641	7.8	7.1	6.4	1.0	0.9	13.2	13.2	29.7
China Evergrande	3333 HK	15.6	2,178	4.3	N/A	0.9	0.1	0.1	(2.9)	(1.2)	159.8
Country Garden	2007 HK	9.2	12,817	2.8	2.6	2.1	0.5	0.4	17.9	16.5	59.7
Indonesia											
Pakuwon Jati	PWON IJ	600	1,672	20.1	14.9	22.7	1.6	1.4	7.3	9.0	6.0
Bumi Serpong Damai	BSDE IJ	1,320	1,482	15.8	12.6	28.4	0.7	0.6	4.5	5.3	5.6
Ciputra Development	CTRA IJ	1,041	1,358	13.1	14.0	9.2	1.2	1.1	9.0	7.7	26.3
Summarecon Agung	SMRA IJ	1,109	899	42.8	26.1	32.4	1.6	1.5	3.9	5.7	85.9
Malaysia											
KLCCP Stapled	KLCCSS MK	7.2	2,855	17.9	16.8	94.8	0.9	0.5	5.2	5.6	9.4
SP Setia	SPSB MK	1.3	1,143	13.3	15.4	31.6	0.4	0.4	2.6	2.4	69.9
Sime Darby Property	SDPR MK	0.8	931	16.0	13.4	27.4	0.4	0.4	2.7	3.2	32.0
Singapore											
CapitaLand	CAPL SP	3.0	N/A	17.2	15.5	N/A	N/A	N/A	5.1	5.8	68.1
Keppel Corp	KEP SP	5.5	8,122	12.6	11.9	10.9	0.9	0.9	7.3	7.7	67.3
City Developments	CIT SP	9.2	4,831	11.0	12.9	77.2	0.7	0.7	8.0	5.5	99.6
UOL Group	UOL SP	7.0	4,250	16.4	15.7	18.8	0.6	0.5	3.2	3.2	25.9
Frasers Property	FPL SP	1.7	3,053	17.7	16.8	4.5	0.4	0.4	2.5	2.5	78.7
Ascott Residence	ART SP	1.2	2,481	26.3	21.0	14.1	0.9	0.9	2.6	3.7	54.6
Thailand											
Land And Houses	LH TB	8.2	3,286	13.6	12.8	15.6	2.1	2.0	15.9	16.4	109.5
WHA Corporation	WHA TB	4.2	1,483	14.2	12.3	17.7	1.5	1.5	11.7	12.8	103.5
Pruksa Holding	PSH TB	13.0	876	12.5	9.9	13.4	0.7	0.7	5.4	6.8	55.5
Supalai	SPALI TB	15.9	1,281	7.0	6.9	6.1	1.0	0.9	15.0	14.0	42.5

Note: all prices are based on the closing prices on Mar 16 2022. All estimates for Non-rated (NR) stocks are based on Bloomberg consensus estimates.

Sources: VNDIRECT RESEARCH, BLOOMBERG, COMPANY REPORTS

FY21 results: Strong project handovers drove robust top-line extension while high-base effect from one-off gain decelerated bottom-line growth

Figure 4: 4Q21 and FY21 results comparison

	4Q21	4Q20	Change yoy (%)	FY21	FY20	Change yoy (%)	% FY21 forecast	Comments
Net revenue	4,591	1,223	275.4%	14,903	5,026	196.5%	91.6%	
<i>Project delivery</i>	4,214	893	371.9%	13,446	3,499	284.3%	91.8%	Of which, hospitality projects (NovaWorld Ho Tram, NovaHill Mui Ne, NovaWorld Phan Thiet) contributed nearly 57% of handover revenue, HCMC's central business district (CBD) project (Saigon Royal, Victoria Village, Lakeview) accounted for more than 22% and the rest delivered from units in Aqua City (21%).
<i>Consulting</i>	417	353	18.3%	1,363	1,336	2.0%	103.6%	
<i>Leasing</i>	20	29	-30.9%	93	128	-27.2%	66.6%	
<i>Others</i>	-	-	-	0	63	-100.0%		
Gross profit	2,058	454	353.7%	6,135	1,833	234.7%	106.3%	
<i>Gross profit margin</i>	44.8%	37.1%	+7.7% pts	41.2%	36.5%	+4.7% pts		Gross profit margin is high in 4Q21 when handing over luxury low-rise apartments with high average selling price and low cost.
<i>Selling expense</i>	(533)	(70)	659.3%	(1,290)	(164)	686.3%		Strongly increased mainly due to the opening of a new sales gallery and a significant marketing cost throughout the year.
<i>G&A expense</i>	(398)	(412)	-3.3%	(1,322)	(1,290)	2.5%		
<i>% SG&A to sales</i>	20.3%	39.4%	-19.1% pts	17.5%	28.9%	-11.4% pts		
<i>Financial income</i>	679	1,154	-41.1%	3,645	6,210	-41.3%		
<i>Divestment of subsidiaries</i>	-	797	-100.0%	977	3,358	-70.9%		In 2Q21, NVL continued divesting 20% of its investment in the Phu Dinh Harbor City project (60ha in District 8, HCMC) for a gain of VND484bn. In addition, NVL also divested all of its ownership in the Ibis Hotel Vung Tau via its two subsidiaries Vung Tau Youth and Vietnam Youth to record a financial gain of VND223bn. In 2Q20, NVL made a profit of c.VND1,700bn after selling roughly 40% of its share in this project, creating a high-base effect in financial income.
<i>BCC</i>	497	52	861.0%	1,585	53	2911.0%		
<i>Others</i>	183	306	-40.2%	1,083	2,800	-61.3%		
<i>Financial expense</i>	(766)	(244)	214.5%	(3,849)	(1,537)	150.4%		Mostly from issuing new bonds and buying back convertible bonds.
<i>Borrowing expenses</i>	(211)	(1)	22277.9%	(514)	(566)	-9.2%		
<i>Net other income</i>	394	(85)		1,775	(400)			A gain of c.VND1,720bn of negative goodwill on a bargain purchase following the acquisition a 700-ha land bank in Mui Ne, Binh Thuan Province in 3Q21.
<i>EBT</i>	1,440	800	80.1%	5,093	4,649	9.6%	99.4%	
Profit after tax	910	609	49.5%	3,460	3,907	-11.4%	84.5%	
Net profit	817	575	42.1%	3,230	3,919	-17.6%	78.9%	

Sources: VNDIRECT RESEARCH, COMPANY REPORT

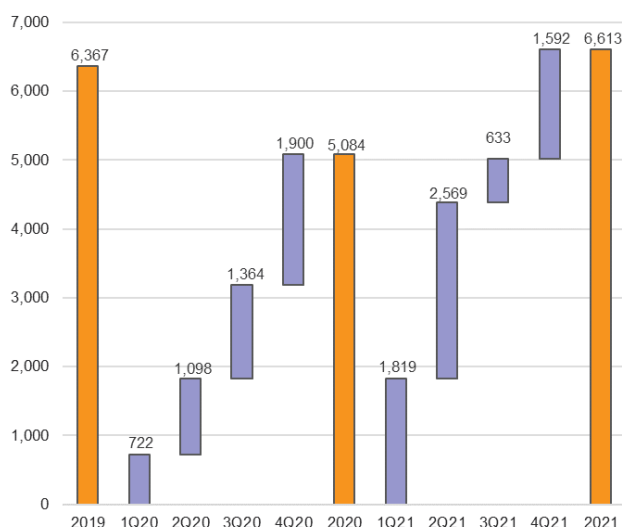
FY22-23F outlook: Strong handovers from Aqua City and NovaWorld

Presales strongly bounced in 4Q21 despite the social distancing

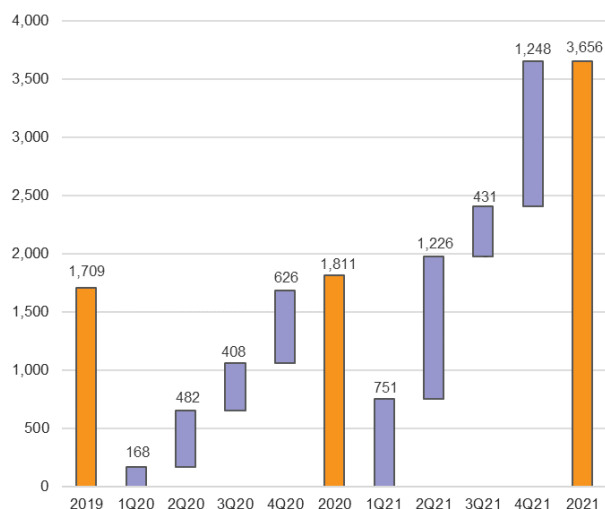
In 4Q21, NVL sold 1,592 units (-16.2% yoy) mainly from Aqua City, NovaWorld Phan Thiet and NovaWorld Ho Tram. However, total 4Q21 presales value surged by 97.5% yoy as pre-sales came mainly from low-rise units, reaching US\$1,248m (~VND28,330bn). Cumulatively in FY21, presales volume and value recorded 6,613 units (+30.1% yoy) and US\$3,656m (+101.9% yoy), respectively. Due to the impact of nationwide social distancing during pandemic, this pre-sales figure is lower than the 10,000-unit plan set by the business.

Per NVL, out of US\$3,677m presales value in FY21, 35% from hospitality properties (NovaWorld Phan Thiet and NovaWorld Ho Tram) and 60% of presale

volume come from residential satellite townships (Aqua City). Unbilled revenue increased by US\$3.2bn in FY21 to US\$7.8bn (+70% yoy). In which, US\$3,859m from Aqua City, US\$1,485m from NovaWorld Phan Thiet, US\$64m from NovaHills Mui Ne and US\$649m from NovaWorld Ho Tram.

Figure 5: NVL's presales volume performance (units)


Sources: VNDIRECT RESEARCH, COMPANY REPORT

Figure 6: NVL's presales value performance (US\$m)


Sources: VNDIRECT RESEARCH, COMPANY REPORT

The above figures show that NVL's projects are still strongly attractive to buyers despite going through social distancing. According to the company, online events to introduce its projects are still held regularly and the offering product and financial incentive programs are suitable to the needs of investors in this period. We believe presales growth continues to do well in FY22F to reach VND93.5tr (+10.7% yoy) along with the recovery of hospitality property market on the back of vaccine penetration accelerates.

Figure 7: Key development pipeline

Project	Location	Product	NVL's ownership	Land site (ha)	No. of units	GDV (VNDbn)*	Status	Expected handover timeframe				
								2022	2023	2024	2025	2026 onward
Aqua City	Dong Nai	Low-rise	69.9%	111	2,118	27,707	Completed: 58 sample model houses (5 interior-finished units), Clubhouse Forest, Park 1, parks in internal areas, protection embankment.					
Aqua Riverside	Dong Nai	Low-rise	79.9%	77	1,754	19,324	Completed: 227 structural-finished low-rise houses, Clubhouse, outdoor sport area, embankment and Marina.					
Phoenix Island	Dong Nai	Low-rise	70.0%	286	7,556	89,980	In land clearance, backfilling.					
NovaHill Mui Ne	Phan Thiet	Low-rise	100.0%	40	620	6,139	Finished, in the process of handing over.					
NovaWorld Phan Thiet	Phan Thiet	Low-rise	99.9%	986	18,684	170,374	Clubhouses: construction completed. Villas: completed 228 villas, 44 units (semidetached, townhouses). Shop houses: 115 units finished (71 units handed over). Admin center, Au Lac Do restaurant, Marina restaurant, Iconic Nam statue, square, Sport fields 1st phase, Ocean golf course finished.					
NovaWorld Ho Tram (The Tropicana)	Ba Ria - Vung Tau	Low-rise	97.9%	99	1,919	18,520	Finished: 41 seaside villas, 62 seaside shophouses, 11 hillside shophouses, Ocean Pool, lagoon, Koko coffee.					
NovaWorld Ho Tram (Wonderland)	Ba Ria - Vung Tau	Low-rise	100.0%	9	271	2,981	Completed: Backfilling for all areas, sample model houses (4 villas, 17 shophouses, sales gallery), embankment, sand filling and surroundings decoration.					
NovaWorld Ho Tram (Habana Island)	Ba Ria - Vung Tau	Low-rise	100.0%	20	721	9,119	Completed: 13 sample model houses (12 villas + 1 mansion), embankment, marina, connecting road.					

(*) Figures are estimated by the company

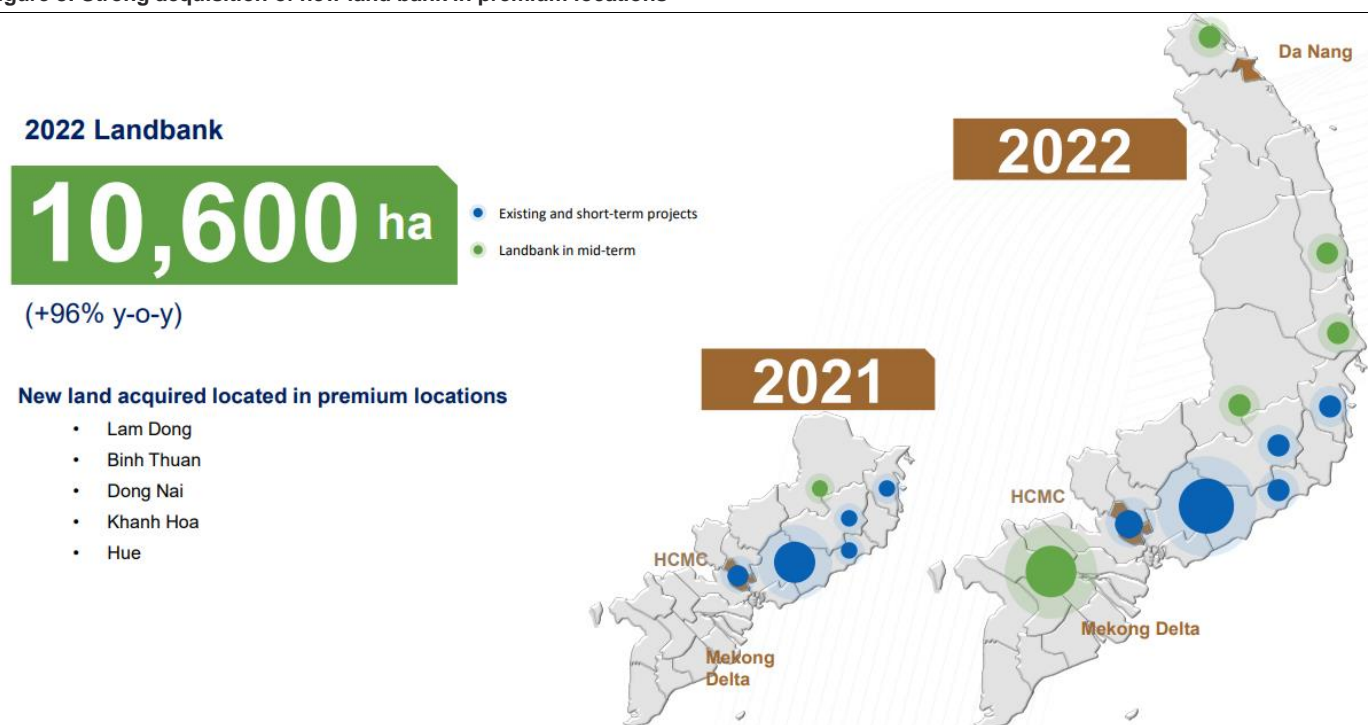
Sources: VNDIRECT RESEARCH, COMPANY REPORT

Aggressive plan for land bank expansion

NVL's management plans to launch sales for a new project (which is slightly smaller than Aqua City) in Dong Nai and two new hospitality projects – one on the coast of central Vietnam and one in the Central Highlands – in FY22F and beyond.

Besides, NVL aims to develop 50 projects in 30 cities and provinces across Vietnam through 2030. Expansion in southern and central Vietnam will occur in the medium term with northern Vietnam occurring over the long term. Management shared that it plans to acquire ~5,000 ha of land bank in 2022 via additional projects in Lam Dong, Binh Thuan, Dong Nai, Khanh Hoa and Hue, increasing NVL's land bank to ~10,600 ha by end-2022. We have not yet factored these new land bank developments into our forecasts and valuation.

Figure 8: Strong acquisition of new land bank in premium locations



Source: COMPANY REPORT

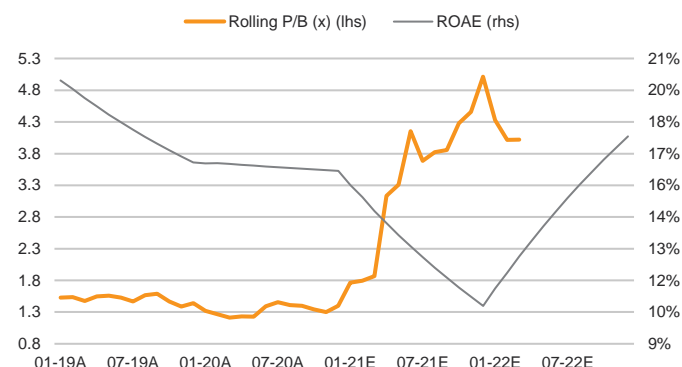
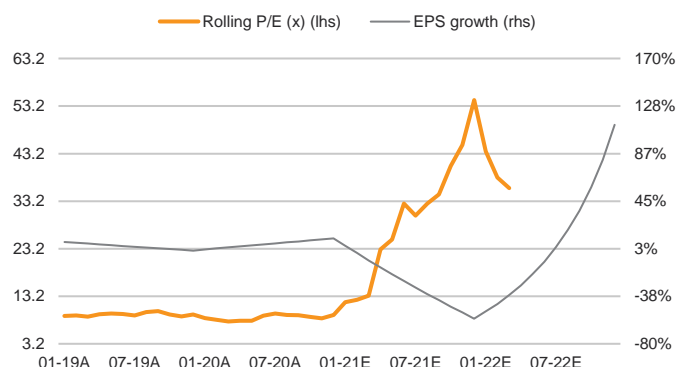
FY22-FY24F earnings forecasts revision

Figure 9: Forecast revisions

	New			Old			Change			Comment
	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	
Net revenue	36,360	61,264	74,541	35,953	55,766	99,935	1.1%	9.9%	-25.4%	We raise Aqua City, NovaWorld Phan Thiet and NovaWorld Ho Tram's ASP by 27%, 10% and 7% vs. previous forecast, respectively. For FY24F, we postpone VND35.0tr of Aqua Phoenix from FY24F to FY25F.
Gross profit	13,613	24,865	32,054	14,056	22,912	43,560	-3.2%	8.5%	-26.4%	
Gross margin	37.4%	40.6%	43.0%	39.1%	41.1%	41.1%	-1.7% pts	-0.5% pts	+1.9% pts	The decrease in FY21F GPM partly reflects our revise of 10% increase in construction costs.
SG&A expenses	(4,459)	(7,513)	(9,141)	(3,214)	(4,986)	(8,935)	38.7%	50.7%	2.3%	
Operating profit	9,154	17,352	22,913	10,841	17,926	34,625	-15.6%	-3.2%	-33.8%	
Financial income	3,782	5,968	7,165	3,695	5,445	9,306	2.4%	9.6%	-23.0%	
Financial expense	(3,915)	(5,901)	(7,340)	(3,974)	(5,720)	(9,449)	-1.5%	3.2%	-22.3%	
† Net profit	6,836	13,234	17,296	9,358	15,498	30,008	-26.9%	-14.6%	-42.4%	

Source: VND RESEARCH

Valuation



Income statement

(VNDbn)	12-21E	12-22E	12-23E
Net revenue	14,903	36,360	61,264
Cost of sales	(8,767)	(22,747)	(36,399)
Gen & admin expenses	(1,326)	(2,291)	(3,860)
Selling expenses	(1,291)	(2,168)	(3,653)
Operating profit	3,519	9,154	17,352
Operating EBITDA	4,787	8,824	17,003
Depreciation and amortisation	(1,268)	330	349
Operating EBIT	3,519	9,154	17,352
Interest income	3,645	3,782	5,968
Financial expense	(3,852)	(3,915)	(5,901)
Net other income	1,775	(182)	(306)
Income from associates & JVs	0	0	0
Pre-tax profit	5,086	8,839	17,112
Tax expense	(1,631)	(1,768)	(3,422)
Minority interest	(230)	(235)	(456)
Net profit	3,225	6,836	13,234
Adj. net profit to ordinary	3,225	6,836	13,234
Ordinary dividends			
Retained earnings	3,225	6,836	13,234

Balance sheet

(VNDbn)	12-21E	12-22E	12-23E
Cash and equivalents	17,249	35,830	71,972
Short term investments	837	879	923
Accounts receivables	26,409	36,219	60,591
Inventories	110,157	115,178	127,659
Other current assets	1,396	4,266	7,187
Total current assets	156,049	192,372	268,333
Fixed assets	1,735	1,498	1,462
Total investments	35,206	35,206	35,206
Other long-term assets	8,844	10,122	11,587
Total assets	201,834	239,198	316,588
Short-term debt	19,088	26,947	33,591
Accounts payable	4,880	8,628	13,807
Other current liabilities	25,247	38,381	75,900
Total current liabilities	49,215	73,956	123,297
Total long-term debt	41,431	46,924	61,228
Other liabilities	70,015	70,081	70,148
Share capital	19,304	19,304	19,304
Retained earnings reserve	10,708	17,771	31,450
Shareholders' equity	35,035	42,099	55,777
Minority interest	6,138	6,138	6,138
Total liabilities & equity	201,834	239,198	316,588

Cash flow statement

(VNDbn)	12-21E	12-22E	12-23E
Pretax profit	5,086	8,839	17,112
Depreciation & amortisation	(1,268)	330	349
Tax paid	(1,080)	(1,768)	(3,422)
Other adjustments	(5,883)	(26)	(30)
Change in working capital	18,011	16,304	44,485
Cash flow from operations	14,866	23,679	58,494
Capex	(894)	(484)	(380)
Proceeds from assets sales	(10,492)	(7,660)	(8,278)
Others	(1,749)	(42)	(44)
Other non-current assets changes			
Cash flow from investing activities	(13,135)	(8,186)	(8,702)
New share issuance	4,591	0	0
Shares buyback	(196)	0	0
Net borrowings	10,589	13,353	20,947
Other financing cash flow			
Dividends paid	(0)	(0)	(0)
Cash flow from financing activities	14,984	13,352	20,947
Cash and equivalents at beginning of period	11,559	17,249	35,830
Total cash generated	16,716	28,845	70,739
Cash and equivalents at the end of period	28,274	46,094	106,569

Key ratios

	12-21E	12-22E	12-23E
Dupont			
Net profit margin	21.6%	18.8%	21.6%
Asset turnover	0.09	0.16	0.22
ROAA	1.9%	3.1%	4.8%
Avg assets/avg equity	5.69	5.72	5.68
ROAE	10.6%	17.7%	27.0%
Efficiency			
Days account receivable	57.7	25.8	25.9
Days inventory	4,586.1	1,848.1	1,280.1
Days creditor	203.2	138.4	138.4
Fixed asset turnover	9.20	22.49	41.38
ROIC	3.2%	5.6%	8.4%
Liquidity			
Current ratio	3.2	2.6	2.2
Quick ratio	0.9	1.0	1.1
Cash ratio	0.4	0.5	0.6
Cash cycle	4,440.7	1,735.5	1,167.5
Growth rate (yoy)			
Revenue growth	196.5%	144.0%	68.5%
Operating profit growth	829.3%	160.1%	89.6%
Net profit growth	(17.7%)	112.0%	93.6%
EPS growth	(58.0%)	112.0%	93.6%

Source: VND RESEARCH

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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.

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