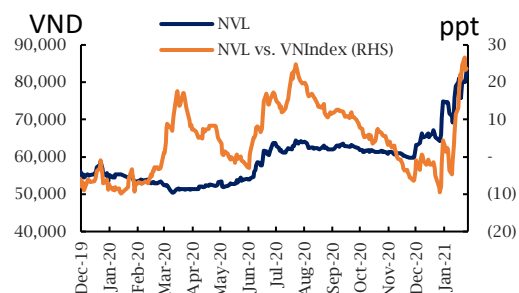


HOLD – Outperform

TP upside/(downside) -28%

Close 4 Feb 2020

Price VND 83,000
12M Target VND 65,000



Market cap	US\$ 3.82 bn
6M avg. daily turnover	US\$ 6.64 mn
Outstanding shares	1,063.95 mn
Free float	33.94%
FINI ownership	7.07%
Major shareholders	76.60%
FOL room	26.80%
Net debt / equity	1.17x
2020E dividend yield	NA

Source: Bloomberg, Company data

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Fishing offshore

NVL held its 4Q20 results call on Tuesday afternoon.

Key takeaways

Revenue down, profit up. 2020 revenue was VND 5.0tn, down -54% YoY, and PAT was VND 3.9bn, up +14.6% YoY. Thus, NVL did not reach its VND 14.9tn 2020 target revenue but exceeded its 6.74% 2020 target PAT (i.e., VND 3.7tn).

Financial income a major profit driver in 2020, reaching a total of VND 6.2tn, including VND 3.6tn in gains from subsidiary divestments and VND 2.4tn in revaluation of investments. In 2020, NVL divested four subsidiaries: (1) 100% of Phong Dien Investment JSC for a gain of VND 0.8tn, (2) a 40% stake in Phu Dinh for a gain of VND 1.7bn, (3) a 51% stake of Phu Tri JSC for a gain of c. VND 60bn, and (4) 100% of Nova Nippon and Sun City for gains of VND 0.8tn.

Presales maintained despite COVID-19. 2020 unbilled booking value was VND109tn, up +62% YoY. Revenue from projects in HCMC accounted for 35% of the total, which will be recognized when NVL obtains administrative approvals.

Aqua City is a key project. NVL sold 5,084 units in total, of which Aqua City accounted for c. 3,500. The remaining units are attributable to NovaWorld Phan Thiet, NovaWorld Ho Tram, and others.

NVL continues to focus on urban areas and "second home" projects. Yesterday's analyst meeting did not convey positive information regarding new projects in HCMC to be launched in 2021. However, we expect the highrise sections of Victoria Village to obtain construction licenses and to officially launch this year.

Updates on legal approvals. Tropic Garden and Lexington obtained land-use-rights certification. Aqua 112 and Novalhills Mui Ne have been fully qualified to sign sales and purchase agreements. In addition, NVL expects its projects to benefit from Decree No.148/2020/ND-CP (amending and supplementing the implementation details of the 2013 Land Law), especially projects located in Districts 2 and 9. As such, NVL expects its projects to easily complete all the required administrative procedures.

Our view

When will NVL launch its projects in HCMC? This question is of critical concern to investors. However, the impact of the delays is partially offset by increases in condominium prices (the average selling price increased by about 5% in 2020). Also, its main urban area project (i.e., Aqua City) appears to be particularly attractive to homebuyers, as its take-up rate is high at around 95%.

In terms of cash flow, new loans and asset divestments eased the cash flow pressure for NVL in 2020, but the company has invested aggressively so the company remains relatively highly leveraged, in our view.

Unforeseen catalysts. Our target price is under review, but we believe that over 650 ha of low-cost landbank in HCMC is a supportive factor for NVL share's price, offering the potential for NVL could realize profits either through divestments or official launch.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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HOLD–Outperform: In our view, the stock's fundamentals are relatively more 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.

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.

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