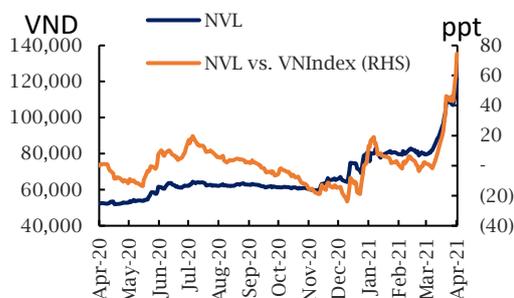


HOLD – Outperform

Close 27 April 2021

Price VND 121,500
12M Target Under review



Market cap	US\$ 5.67 bn
6M avg. daily turnover	US\$ 9.14 mn
Outstanding shares	1,075,71 mn
Free float	29.64 %
FINI ownership	7.04%
Major shareholders	70.36%
FOL room	31.26%
2020 Net debt / equity	1.17x
2021E dividend yield	0.00%

Source: Bloomberg, Company data

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AGM Takeaways

Event: NVL held its annual general meeting (AGM) on Apr 27, 2021.

Key takeaways

2021 guidance: Revenue to quintuple but income to be flat. NVL set out 2021 targets for revenue of VND 27.5tn, 5.5 times higher YoY, and net income of VND 4,1tn, +5% YoY.

10k units of presales target based on urban periphery second home and integrated resort sales. Management states that they have reached c.25% of their full-year presales target in 1Q21. NVL continues to conduct business and develop its 23 projects, but second home and integrated resort projects will each account for 45% of 2021 unit sales, with the remaining 10% attributable to residential projects in HCMC.

Solid 1Q21 preliminary results. The company reported 1Q21 revenues of VND 4,532bn (c. USD 194.5mn), +370% YoY; and 1Q21 PAT of VND 687bn (c. USD 29.5mn), 2.3x higher YoY. These results are preliminary and NVL expects them to within 5% of the final quarterly results.

Convertible bonds of VND 1tn (c. USD 44mn) remain on the balance sheet as at 1Q21, down by c. USD 189mn QoQ. We estimate that 63.4% (USD 120mn) of the decline was due to bond repurchases by NVL with the remainder attributable to conversions. Management may buy back 90% of the remaining CBs depending on the market situation and regulatory & BOD approvals. NVL did not substantially increase its long-term borrowing in 1Q21.

No dividends on 2020 or 2021 earnings. As approved by shareholders at the AGM, the company has no plan for a dividend in 2021.

Nova Group integration plans could create an ecosystem to increase value for NVL projects given that Nova Group also operates F&B businesses (e.g., restaurants, coffee shops) that are suitable for residential lifestyles. Shareholders approved the plan for Nova Group to purchase outstanding shares of NVL from the chairman and related parties without having to carry out a public tender offer.

Our view

NVL was ahead of the game in moving to benefit as [the peripheral markets awakened](#) in recent months as homebuyers seek attractive (i.e., affordable) opportunities in the “peaceful” countryside. Although HCMC remains an administrative bottleneck, NVL’s projects in two segments (i.e., satellite urban and second home & integrated resort) are progressing more positively than we had expected they would when we analyzed this strategy last year.

Unforeseen catalysts. Overall, we continue to believe that over 650 ha of low-cost landbank in HCMC is a supportive factor for NVL’s share price. In addition, our group NAV requires a review given that selling prices both in the periphery and urban areas have risen more rapidly than we expected, which suggests the potential for NVL to realize profits quickly through divestments or by developing the projects over time. As such, our investment thesis is under review.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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BUY: We have a positive 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 add to their position.

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.

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

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