

BUY

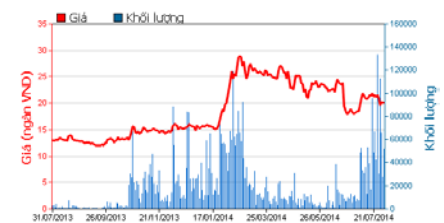
Market price (VND)	20,500
Target price (VND)	26,800

Investment period LONG TERM

Stock Info

Sector	Real estate
Market Cap (VND bn)	1,114.5
Current Shares O/S	35,721,200
Beta	1.5
Free float (%)	61.7
52 weeks High*	24,800
52 weeks Low*	11,100
Avg. Daily Volume (20 sessions)	500,590

* Adjusted price



Price performance (%)

	3T	1N	3N
NBB	-4.7	73.7	-13.9
Real estate	-22.6	19.6	n/a
VN30 Index	-1.7	15.0	n/a
VNIndex	-0.3	21.1	54.0

Major Shareholders (%)*

Beira Limited	14.6
Vietnam Property Holding	6.7
Vietnam Holding Limited	6.1
HCMC Infrastructure Investment JSC	6.0
Doan Tuong Trieu	5.0
Foreigner investor room (%)	4.1

* As of 13/11/2014

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Particulars (bn VND)	Q2-FY14	Q1-FY14	+/- qoq	Q2-FY13	+/- yoy
Net revenue	54.7	32.0	71%	77.6	-30%
NPAT	2.1	23.6	-91%	4.5	-53%
EBIT	21.7	29.0	-25%	27.1	-20%
EBIT margin	39.6%	90.8%	-5.114bps	35.0%	465bps

Optimistic condo sales marked Q3 business picture

NBB's constant efforts to push sales bore fruits in 3Q2014 when the Company was able to make significant progress at its existing projects. At Carina Plaza, NBB liquidated up to 33 units, 11 of which went to individual customers while the other 22 were sold in whole to Coteccon, who bought the condos for its staffs. As mentioned in our last report, the wholesale plan for Carina Plaza, where NBB cut its offering price to as low as VND13 million/m² (not including VAT), in fact, was put into motion as early as Q2. Under the current payment scheme (house buyers can move in after paying up to 50% of the sale price) NBB may book VND42.2 billion of sales revenue from Carina Plaza in Q3. The Company is now very close to its plan of finishing sales at Carina Plaza this year.

At Ward 2 Residential Area (Bac Lieu), sales stalled in Q3 as brokers halted new purchases after NBB raised its price by 5% in the previous quarter. However, we still expect the pace of sales here to pick up in Q4 when brokers have rid themselves of low-cost inventories and are optimistic that NBB will be able to liquidate 32 remaining plots before the year ends. On the other hand, given the current receivables balance (VND48) billion, it may take the Company one more quarter into 2015 to be done with the collection.

Exhibit 01: Real estate project updates, up to 3Q2014

	Q3 Unit sales	Remaining units	Q3 Sales (VND bn)	Q3 Collection (VND bn)	Receivables @ 9/30/2014 (VND bn)
Carina Plaza	33	8	42.2	22.2	52.1
Ward 2 Residential Area	33	32	12.6	16.7	47.7
Son Tinh Residential Area	0	2,577	0.0	0.2	132.8

Source: NBB

A more definitive pathway for project development

Not only selling ones but also projects in development saw better progresses in Q3. Following prolonged negotiations, NBB finally shook hands with Creed Group (Japan) to collaborate in developing its real estate project pipelines, which includes City Gate Towers, NBB Garden II and NBB Garden III. Creed Group is a Japan-based property investor who has intensive experience in developing commercial real estates in frontier and emerging markets such as Bangladesh, Singapore, Cambodia, Myanmar, etc.

As we mentioned in the last update report, under the agreement with NBB, Creed Group will be subject to a transfer of 80% of stakes in City Gate Towers and cooperate with the local company in developing the project through purchases of up to VND600 billion of project bonds. The amount and frequency of the bond issuance will depend on the funding needs of City Gate, approved by both NBB and Creed Group from time to time. Notably, while the bond rate is fixed at 10%/year, the total amount of interests to be paid over the years should equal 80% (Creed Group's ownership) of the project's net income.

Sitting on the side of the East-West Highway that leads directly to the city center, City Gate Towers is more advantageously located than many projects in the surroundings, including Carina Plaza. The project introduces a floor plan that accommodates apartments sizing from 68 m² to 88 m², including a number of three-bedroom units. At a per-square-meter price starting from VND16 million/m² (not including VAT), house buyers are offered more than one payment options with installments being paid at the frequency of one, two or three months or even in line with the speed of construction. This should help with both the liquidity and collectability of City Gate Towers as compared with prior projects. NBB has now finished the foundation for the project and is preparing for a sale event on November 29; unit handover will start as early as May 2017 under the planned schedule. Conventional selling points aside, the participation of an experienced real estate developer will give a boost to house buyers' confidence while ensuring that the project will meet its committed quality and timeline.

In the Central market, NBB just reached an agreement with the authority of Quang Ngai Province regarding land compensation at Son Tinh Residential Area and fulfilled its land-use fee liability in Q3, which allows the first 492 LURs to be issued in November. With land buyers seeking security in the readiness of LURs, the progress of LUR issuance has been a constraint to sales at Son Tinh Residential Area. Therefore, we believe the first patch of LURs will leverage sale and lay the basis for revenue recognition and collection at this project.

As the Company is pushing land clearance and construction of infrastructure in compensated areas in an effort to speed up LUR issuance at Son Tinh Residential Area, we expect to see significant improvements in sales at this project in late 2014 and early 2015. Before handovers at City Gate can start (2017) and after Carina and Ward 2 Residential Area finish selling, Son Tinh Residential Area will be the main driver of revenue and profits for NBB.

s. By setting the new projects in motion, NBB can convince investors of its competence in property development and thus the Company's long-term prospect. With major progresses at City Gate Towers and Son Tinh Residential Area, NBB has made some big steps in realizing the plan for its real estate project

Financial inflows to make up for missed divestment proceeds

In November, NBB will receive the first installment (VND168 billion) from the transfer of majority stakes in City Gate Towers to Creed Group, which amount the Company can use at its will. On the other hand, Creed Group will dispatch another VND21 billion but solely for the development of City Gate Towers also in November.

The State Securities Commission (SSC) approved on November 10 NBB's plan to issue 4.6 million shares at VND19,800/share under private placements to 2 investors assigned by Creed Group and fix the ownership of foreign investors at 48.05% of the total outstanding shares. The total proceeds from such equity issuance is estimated at VND91 billion. Putting the inflow from stake transfer

Exhibit 02: Cash flow balance 2014-2018 (Unit: VND bn)

Particulars	2014	2015	2016	2017	2018
Due debt payment	378.6	102.0	207.0	229.0	125.3
Total inflow	598.3	367.8	120.3	91.2	40.0
Sale collection	107.6	210.8	120.3	91.2	40.0
- Carina Plaza	41.4	100.5			
- Ward 2 Residential Area	66.2	77.2			
- Son Tinh Residential Area	15.4	151.1	285.0	582.6	408.4
- City Gate Towers*		33.1	120.3	91.2	40.0
Stake transfer	221.0	157.0			
- City Gate	168.0	144.0			
- BOT Rach Mieu Bridge	41.0				
- Da Den Hydropower plant	12.0	13.0			
2:1 equity issuance	178.6				
Equity private placement	91.1				

Source: RongViet Securities, *at NBB's stake

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As far as we concern, the transfer of stakes at Quang Ngai Mineral JSC (QMI), a subsidiary held 90% by NBB, who claims ownership to the right the exploit Mo Duc titanium mine, may not finish in 2014. Therefore, neither the transfer proceeds (VND130 billion) nor profit may be recognized by NBB this year. For this reason, we revise for NPAT projection for NBB down to VND44 billion. Nonetheless, the above-mention payments for the Japanese partner can fully make up for the whole unrealized divestment inflow and ensure that NBB still meets its debt payment schedule (see Exhibit 2).

Outlook:

NBB continued to witness in 3Q2014 some improvements in its financial status as well as its real estate business in which steady sales may allow the Company to fully liquidate its inventories at Carina Plaza and Ward 2 Residential Area (Bac Lieu) this year. Up to now, key projects such as City Gate Towers and Son Tinh Residential Area (Quang Ngai) have also showed some respectable progresses with respect to sale and construction.

In a long-term collaboration with such an experienced and financially capable as Creed Group, the benefits for NBB include reduced capital pressure, enhanced project-developing competence and ultimately, better project sales. On the other hand, the stake transferring proceeds will make up for the missed divestment inflow and ensure NBB's financial stability.

NBB plans to 4.6 million shares at VND19,800/share under private placement to Creed Group. To reflect the new share number and higher equity value, we have proceeded to revise the target price for NBB. The new per-share target price is **VND26,800**, which is 30.7% higher than the close price on November 13, 2014 and translates into a total market capitalization of VND1,559 billion. We reiterate our **BUY** recommendation of NBB in the **LONG TERM** for investor who intend to increase the weight of the real estate stocks in their portfolio.

Key financials

EoY (VND bn)	FY2012	FY2013	FY2014F	FY2015F
Net Revenue	1.077.4	202.7	240.7	443.1
% <i>chg</i>	161.0	-81.2	18.7	84.1
NPAT	284.9	25.3	43.7	77.9
% <i>chg</i>	309.4	-91.1	73.0	78.4
EBIT margin (%)	26.4	12.5	18.2	17.6
ROA (%)	10.2	0.8	1.4	2.4
ROE (%)	25.8	1.9	2.8	4.2
EPS (VND)	17.626	1.127	925	1,331
Adjusted EPS (VND)	17.626	1.127	925	1,331
Book value (VND)	67.203	36.525	30,501	33,358
Adjusted BVPS (VND)	50.350	28.065	21,772	23,853
Cash dividend (VND)	1.600	1.600	1,000	1,000
P/E (x)	1.0	14.0	16.8**	15.4**
P/BV (x)	0.3	0.4	0.7**	0.6**

*Nguồn: NBB, RongViet Securities, * Excluding other capital contributions, ** market price@ 13/11/2014*

Unit: billion VND

INCOME STATEMENT	FY2012	FY2013	FY2014F	FY2015F
Revenue	1,077.4	202.7	240.7	443.1
COGS	758.8	117.2	165.3	298.5
Gross profit	318.7	85.5	75.4	144.7
Selling Expense	14.0	4.5	3.1	5.8
G&A Expense	29.7	25.6	16.8	39.9
Finance Income	147.4	12.7	0.0	3.9
Finance Expense	29.5	25.0	2.0	6.2
Other profits	4.5	2.5	2.6	3.2
PBT	393.2	43.9	56.0	99.9
Prov. of Tax	104.2	19.4	12.3	22.0
Minority's Interest	4.2	-0.8	0.0	0.0
NPAT	284.9	25.3	43.7	77.9
EBIT	419.3	67.1	69.5	106.1
EBITDA	432.5	79.6	79.1	119.9

Unit: billion VND

BALANCE SHEET	FY2012	FY2013	FY2014F	FY2015F
Cash and equivalents	14.9	7.8	110.5	16.4
Short-term investment	0.0	0.0	0.0	0.0
Receivables	313.6	283.0	168.5	265.9
Inventories	2,174.9	2,304.8	2,408.9	2,788.9
Other current assets	37.7	34.3	11.2	11.7
Total Current Asset	2,541.1	2,629.9	2,699.0	3,082.9
Tangible Fixed Assets	183.0	177.9	167.3	173.5
Intangible Fixed Assets	10.7	10.4	10.0	7.2
Construction in Progress	110.4	105.2	100.0	77.8
Investment Property	4.5	4.4	4.0	3.8
Long-term Invest ment	43.0	40.0	15.8	15.8
Other long-term assets	93.6	78.6	82.7	82.7
Goodwill	44.3	37.6	32.0	14.4
Long-term Asset	489.5	454.2	411.8	375.2
Total Asset	3,030.6	3,084.1	3,110.8	3,458.1
Payables	230.1	195.7	124.0	223.9
Other current liabilities	288.9	350.7	228.7	345.7
Current Debt	677.4	445.2	343.3	302.8
Long-term Debt	547.1	689.3	556.1	556.1
Other long-term liabilities	64.2	56.7	58.9	61.8
Total Liability	1,807.7	1,737.7	1,310.9	1,490.2
Owner's Equity	1,209.7	1,309.8	1,786.8	1,954.2
Capital	180.0	358.6	585.8	585.8
Retained Earnings	200.6	183.2	169.5	188.9
Funds & Reverses	434.8	434.8	642.8	790.8
Others	0.0	0.0	0.0	0.0
Total Equity	1,209.7	1,309.8	1,786.8	1,954.2
Minority's Interest	13.3	9.4	13.1	13.8
TOTAL RESOURCES	3,030.6	3,057.0	3,110.8	3,458.1
CASHFLOW STATEMENT	FY2012	FY2013	FY2014E	FY2015F
Pretax Income	232.5	43.9	56.0	99.9
-Depreciation	13.2	12.5	9.6	13.7
-Adjustments	-112.9	21.3	5.6	4.8
+/- Working capital	-361.1	-131.2	-299.7	-367.8
Net Operating CF	-228.2	-53.6	-228.5	-249.4
+/- Fixed Asset	-4.8	-2.8	7.0	18.0
+/- Deposit, equity investment	5.4	1.9	20.2	0.0
Interest, cash dividend, shared profits received	141.8	11.9	14.0	14.3
Net Investing CF	142.4	11.0	41.2	32.3
+/- Capital	102.6	148.7	490.7	148.0
+/- Debt	6.7	-89.9	-235.2	-40.5
Dividend paid + Other exp. from retained profits	-27.2	-23.3	34.5	15.5
Net Financing CF	82.1	35.6	290.0	123.0
+/- cash & equivalents	-3.8	-7.1	102.7	-94.0
Beginning cash & equivalents	18.7	14.9	7.8	110.5
Impact of exchange rate	0.0	0.0	0.0	0.0
Ending cash & equivalents	14.9	7.8	110.5	16.4

Unit:%

FINANCIAL RATIO	FY2012	FY2013	FY2014F	FY2015F
Growth				
Revenue	161.0	-81.2	18.7	84.1
Operating Income	293.2	-79.9	0.1	78.8
EBITDA	239.3	-81.6	-0.6	51.6
EBIT	268.7	-84.0	3.5	52.8
PAT	309.4	-91.1	73.0	78.4
Total Assets	19.2	1.8	0.9	11.2
Equity	20.8	8.3	36.4	9.4
Internal growth rate	23.2	-2.5	-1.0	1.0
Profitability				
Gross profit/Revenue	29.6	42.2	31.3	32.6
Operating profit/ Revenue	25.5	27.3	23.0	22.3
EBITDA/ Revenue	40.1	39.3	32.9	27.1
EBITDA/ Revenue	38.9	33.1	28.9	24.0
Net margin	26.4	12.5	18.2	17.6
ROAA	10.2	0.8	1.4	2.4
ROIC or RONA	26.0	3.2	3.1	4.2
ROAE	25.8	1.9	2.8	4.2
Efficiency (x)				
Receivable Turnover	4.8	0.7	1.1	2.0
Inventory Turnover	0.4	0.1	0.1	0.1
Payable Turnover	2.0	0.2	0.4	0.6
Liquidity (x)				
Current	2.1	2.7	3.9	3.5
Quick	0.3	0.3	0.4	0.3
Solvency				
Total Debt/Equity	149.4	132.7	73.4	76.3
Current Debt/Equity	56.0	34.0	19.2	15.5
Long-term Debt/ Equity	45.2	52.6	31.1	28.5

BRIEF UPDATE

This report is created for the purpose of providing investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information with the objective which is to determine the reasonable value of the stock at the time such analyses are performed. Through this report, we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedbacks and/or receive more information, investors may contact the assigned analyst or our client support department.

RATING GUIDANCE

Ratings \ Return Potential	BUY	ACCUMULATE	NEUTRAL	REDUCE	SELL
Intermediate- term (up to 6 months)	>20%	10% to 20%	-5% to 10%	-15% to - 5%	<-15%
Long-term (over 6 months)	>30%	15% to 30%	-10% to 15%	-15% to -10%	<-15%

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