

Nam Long Group (NLG)

Anticipating a dramatic turnaround from 4Q 2024

November 15, 2024

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9M 2024 presales doubled from the same period last year

Nam Long Group (NLG) reported presales of VND845 billion for 3Q 2024 (-44% QoQ, -6% YoY), backed by projects including Southgate, Akari City, Nam Long Can Tho (NL Can Tho), and Mizuki Park. For 9M 2024, cumulative presales amounted to VND3,523 billion, doubling YoY and achieving 37% of the company's full-year target.

KBSV estimates 2024F presales to hit VND5,128 billion (+28% YoY)

We maintain our 2024 presales forecast at VND5,128 billion (+28% YoY), primarily driven by the Akari City, Mizuki Park, Southgate, and NL Can Tho projects. For 2025, we expect presales to grow by 29% YoY to VND6,600 billion, fueled by the next phase of Mizuki Park, NL Can Tho, and the relaunch of the Izumi City project.

NPAT is expected to touch VND522 billion (+8% YoY)/VND610 billion (+17% YoY) for 2024F/2025F

We project NLG's NPAT for 2024 to hit VND522 billion (+8% YoY), supported by the Akari City and NL Can Tho projects, with handovers starting in 4Q 2024. For 2025, NPAT is expected to increase by 17% YoY to VND610 billion, with contributions from Akari City, Southgate, and NL Can Tho.

We recommend BUY for NLG with a target price of VND46,700/share

Our positive outlook on NLG is based on two key factors: (1) its solid fundamentals & strong financial position and (2) its continued success with mid-range & affordable apartment projects that appeal to end-user buyers.

Currently, NLG stock is trading at a 2025 forward P/B ratio of 1.45x, below its 5-year average. Considering business prospects and valuation results, we reaffirm our BUY recommendation for NLG stock, with a target price of VND46,700 per share, representing a 21% upside from the closing price on November 14, 2024.

Buy

 maintain

Target price VND46,700

Upside	21%
Current price (, 2024)	VND38,600
Consensus target price	VND46,300
Market cap (VNDtn/USDbn)	14.5/0.6

Forecast earnings & valuation

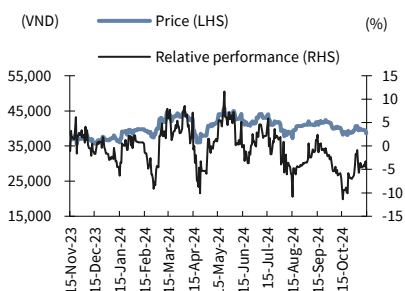
FY-end	2022	2023	2024F	2025F
Net revenue (VNDbn)	4,339	3,181	5,117	7,099
Operating income/loss (VNDbn)	1,041	942	1,119	1,464
NPAT-MI (VNDbn)	556	484	522	610
EPS (VND)	1,448	1,257	1,355	1,586
EPS growth (%)	-48	-13	8	17
P/E (x)	27.31	36.72	28.48	24.33
P/B (x)	1.69	1.80	1.52	1.45
ROE (%)	4.2	3.6	3.6	4.0
Dividend yield (%)	0	1	1	1

Trading data

Free float	55.8%
3M avg trading value (VNDbn/USDmn)	57.1/2.3
Foreign ownership	48.1%
Major shareholder	Chairman Nguyen Xuan Quang (10%)

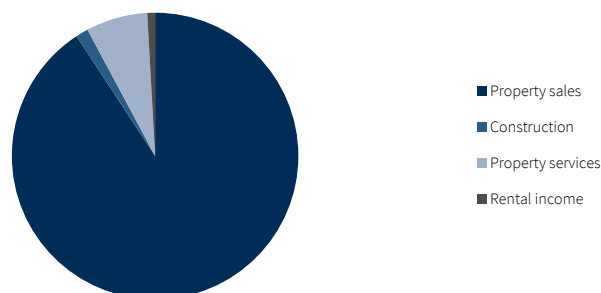
Share price performance

(%)	1M	3M	6M	12M
Absolute	-1.0	3.6	-9.0	5.2
Relative	2.8	2.9	-7.2	-4.6



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2023)



Business operation

Nam Long Group (NLG) maintains its leading position in developing mid-range and affordable housing, with its core product lines being Ehome, Valora, and Flora. The company currently boasts a substantial land bank of over 600 ha, positioning it well for continued growth in the housing market.

Source: Nam Long Group, KB Securities Vietnam

Investment Catalysts

Notes

9M 2024 presales demonstrate the strong absorption capacity of affordable housing projects, meeting real housing demand. For 9M 2024, cumulative presales reached VND3,523 billion (doubling YoY), driven by the Akari City and Southgate apartment projects.

Please find more details [here](#)

Presales are expected to experience robust growth. KBSV estimates that 2024 and 2025 presales will amount to VND5,128 billion (+28% YoY) and VND6,600 billion (+29% YoY), respectively.

Please see more details below

NPAT should recover. KBSV projects NPAT for 2024 and 2025 to be VND522 billion (+8% YoY) and VND610 billion (+17% YoY), respectively.

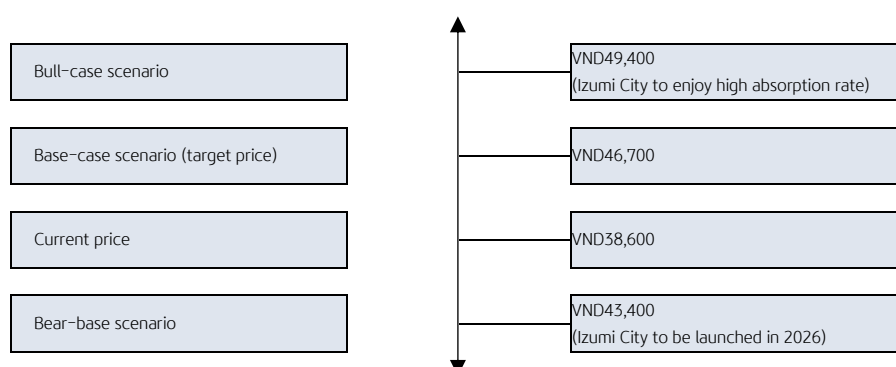
Please see more details below

Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E
Revenue	5,117	7,099	-5%	2%	5,833	6,991	-12%	2%
EBIT	1,009	1,211	-4%	2%	944	1,457	7%	-17%
NP after MI	522	610	-5%	1%	565	743	-8%	-18%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Base-case scenario: catalysts

- 1) Izumi City to be launched in 2025, with presales reaching VND1,522 billion
- 2) NL Can Tho to offer land plots for sale, with presales of VND111 billion

Bull-case scenario: upside risk

- 1) Izumi City to be launched in 2025, with presales reaching VND2,640 billion
- 2) NL Can Tho to offer land plots for sale, with presales of VND450 billion

Bear-case scenario: downside risk

- 1) Izumi City to be launched in 2026
- 2) NL Can Tho to offer land plots for sale

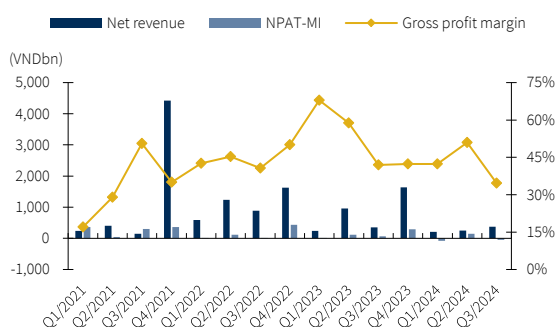
Business performance

Table 1. NLG – 9M 2024 business performance

(VNDbn)	3Q 2023	3Q 2024	+/-%YoY	9M 2023	9M 2024	+/-%YoY	Notes
Revenue	357	371	4%	1,545	828	-46%	Completed 12% of the full-year target
Property sales	307	306	0%	1,359	678	-50%	9M 2024 property sales reached VND678 billion (~50% YoY) from the handover of (1) 10 Valora villas and 332 Ehome apartments at the Southgate project with revenue of VND165 billion and VND387 billion respectively and (2) 15 apartments at the Izumi City project with revenue of VND105 billion
Gross profit	150	128	-14%	870	343	-61%	
Gross profit margin	42%	35%	-7pp	56%	41%	-15pp	
Property sales	54%	60%	+6pp	61%	55%	-6pp	
Financial income	32	21	-33%	118	297	151%	In 2Q 2024, NLG recorded PBT of VND231 billion from the sale of a 25% stake at the Paragon Dai Phuoc (NL Dai Phuoc) project.
Financial expenses	-66	-60	-10%	-217	-178	-18%	
Profits from affiliates	89	16	-82%	205	84	-59%	Profits come from the handover of 179 apartments at the Mizuki Park project with revenue of VND795 billion, reflecting a sharp YoY decline. It is attributed to the fact that in 9M2023, NLG handed over 890 apartments at the same project, generating VND2,950 billion in revenue.
SG&A	-197	-164	-17%	-626	-492	-21%	
Operating income/loss	8	-58	-	350	54	-85%	
Profit before taxes (PBT)	3	-39	-	358	92	-74%	
PBT margin	1%	-	-	23%	11%	-12pp	
Profit after taxes (NPAT)	71	-40	-	319	54	-83%	
NP after MI	66	-52	-	194	15	-92%	Completed 3% of the full-year target
NPAT margin	19%	-	-	13%	2%	-11pp	

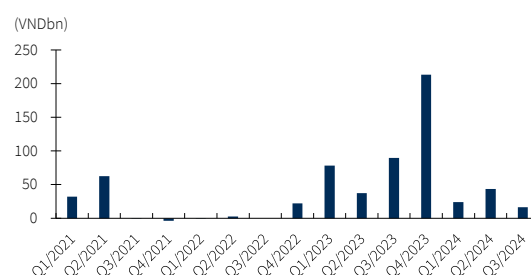
Source: Nam Long Group, KB Securities Vietnam

Fig 2. NLG – Net revenue, NP after MI, gross profit margin (VNDbn, %)



Source: Nam Long Group, KB Securities Vietnam

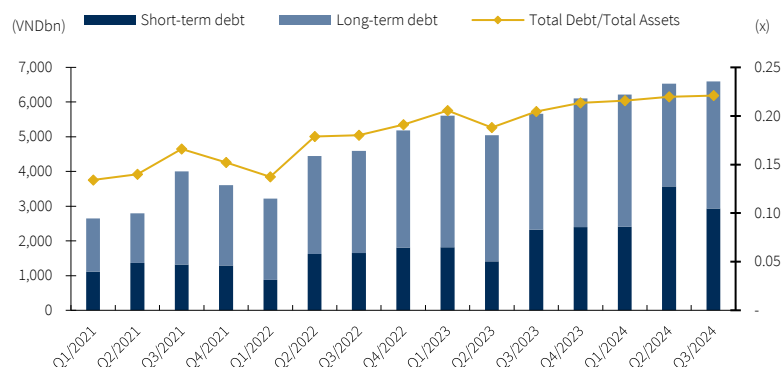
Fig 3. NLG – Profits from affiliates (VNDbn)



Source: Nam Long Group, KB Securities Vietnam

Fig 4. NLG – Total debt in 2021–2024 (VNDbn)

As of the end of 3Q 2024, NLG's total debt amounted to VND6,591 billion, up 8% YTD. The debt-to-asset ratio stands at 0.22x, which is in line with the average level for real estate developers.



Source: Nam Long Group, KB Securities Vietnam

9M 2024 presales doubled from the same period last year

3Q 2024 presales hit VND845 billion (-44% QoQ, -6% YoY), driven by projects including Southgate, Akari City, NL Can Tho, and Mizuki Park. For 9M 2024, cumulative presales amounted to VND3,523 billion, doubling YoY and achieving 37% of NLG's full-year target.

Table 5. NLG – 9M 2024 presales

(VNDbn)	3Q 2023	3Q 2024	9M 2023	9M 2024	2024 plan
Mizuki Park	97	50	389	515	2,352
Akari City	682	513	1,060	1,621	1,741
Southgate	123	155	320	1,113	2,810
NL Can Tho		128		275	2,021
Others					630
Total	902	845	1,769	3,523	9,554

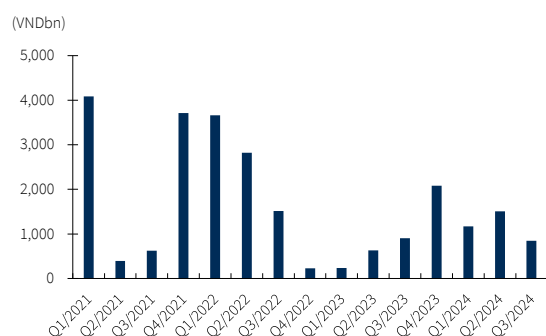
Source: Nam Long Group, KB Securities Vietnam

KBSV estimates 2024F presales to hit VND5,128 billion (+28% YoY)

KBSV forecasts 2024 presales to reach VND5,128 billion (+28% YoY), supported by key projects such as Akari City, Mizuki Park, Southgate, and NL Can Tho. However, this projection is 46% below the company's target, reflecting our view that the recovery in demand for low-rise properties in provinces like Long An and Can Tho will take longer.

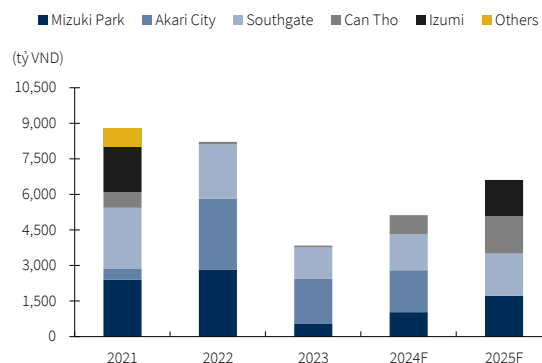
For 2025, presales are projected to grow by 29% YoY to VND6,600 billion, supported by the rollout of the next phases of Mizuki Park and NL Can Tho, alongside the anticipated relaunch of the Izumi City project.

Fig 6. NLG – Presales in 2021A–2024A (VNDbn)



Source: Nam Long Group, KB Securities Vietnam

Fig 7. NLG – Presales in 2021A–2025F (VNDbn)



Source: Nam Long Group, KB Securities Vietnam

Fig 8. NLG – Waterpoint project

The project covers an area of 165 ha located in Ben Luc, Long An.

Phase 1: NLG announced the sale of the low-rise subdivisions Rivera 1 and The Aqua in 4Q 2019 (already handed over).

Phase 2:

- In 2021: NLG launched Rivera 2, Aquaria 2, and Ehome Southgate (Phase 1) (already handed over).
- In August 2022, NLG introduced Ehome Southgate (Phase 2), with 100% of the apartments sold and delivered.
- NLG continued sales activities for previously launched phases of The Aqua 1, 2, as well as Park Village.
- Phase 3 of Ehome Southgate, consisting of three blocks with 580 apartments, is slated for delivery in 2025. In 1Q 2024, a third of the Ehome block (Tower A2) was sold through bulk sales transactions.



Source: Nam Long Group, KB Securities Vietnam

Fig 9. NLG – Waterpoint project



Source: Nam Long Group, KB Securities Vietnam

Fig 10. NLG – Ehome Southgate project



Source: Nam Long Group, KB Securities Vietnam

Fig 11. NLG – Mizuki Park project

The project covers an area of 26 ha located in Binh Chanh, Ho Chi Minh City, with a total of over 4,000 properties.

Phase 1: 1,400 Flora MP 1-5 apartments have been handed over.

Phase 2:

- NLG launched MP6, MP7, and MP8 in April 2021, completed their topping-out in August 2022, and finalized the handover by the end of the year, three months ahead of schedule.
- NLG launched MP 9, 10 in 4Q 2021, completed their topping-out in early 2023, and commenced handover in June 2023.
- Mizuki Panorama was introduced in April 2022, topped out in early 2023, and began handover in July 2023.
- In 9M 2024, NLG continued handing over Flora Panorama and The Mizuki villas.
- The CC5 subdivision and adjacent townhouses are expected to be launched in 2025.



Source: Nam Long Group, KB Securities Vietnam

Fig 12. NLG – Mizuki Park project



Source: Nam Long Group, KB Securities Vietnam

Fig 13. NLG – Flora Panorama & The Mizuki subdivisions



Source: Nam Long Group, KB Securities Vietnam

Fig 14. NLG – Akari City project

The project covers an area of 8.5 ha located in Binh Tan, Ho Chi Minh City.

Phase 1: All 1,800 units have been sold and handed over.

Phase 2:

- Presales for blocks AK 7, 8 began in March 2022, followed by AK 9 in July 2022, and AK NEO (AK 10) in 3Q 2023.
- On November 21, 2023, NLG topped out all four blocks of Phase 2. The exterior and internal amenities are currently being completed, with handovers expected to begin in 4Q 2024.
- As of the end of 3Q 2024, NLG has sold over 1,400 out of 1,690 units.



Source: Nam Long Group, KB Securities Vietnam

Table 15. NLG – Other projects

Project	Location	Area	Status
Izumi City	Dong Nai	170 ha	The project was first introduced in 4Q 2021 with 270 units in the 1A subdivision, which were reserved with a total contracted value of VND1,929 billion. By the end of 3Q 2024, approximately 180 units from the 1A subdivision had been successfully handed over. Currently, NLG has paused sales while awaiting approval for the 1/500 zoning plan adjustment. The approval is expected in 2Q or 3Q 2025, with the launch of the next phase anticipated by the end of 2025.
NL Can Tho	Can Tho	43 ha	In 4Q 2023, the sale and construction of the affordable social housing project, EhomeS, began, with an asking price of around VND16 million/m ² . By the end of 2Q 2024, approximately 360 units had been sold, generating a total contracted value of VND355 billion. Handover is expected to start in 4Q 2024, while the construction of the remaining buildings is planned to commence by the end of 2024. The EhomeS Can Tho social housing project spans 3.8 ha and comprises 12 blocks, each up to 9 stories high, with a total of 1,602 apartments. Additionally, the sale of land plots is slated to begin in 4Q 2024.
Paragon Dai Phuoc	Dong Nai	45 ha	Awaiting approval for the 1/500 zoning plan adjustment
VSIP Hai Phong	Hai Phong	21 ha	Scheduled for sale in 2025

Source: Nam Long Group, KB Securities Vietnam

Forecast & Valuation

Table 16. NLG – 2023A–2025F business performance

(VNDbn)	2023	2024F	+/-%YoY	2025F	+/-%YoY	Notes
Revenue	3,181	5,117	61%	7,099	39%	
Property sales	2,887	4,908	70%	6,632	35%	For 2024, property sales are expected to be primarily driven by two projects: Akari City (57%) and NL Can Tho (21%), with handovers set to begin in 4Q 2024. Additional contributions will come from the Southgate and Izumi City projects.
Gross profit	1,562	2,479	59%	3,324	34%	
Gross profit margin	49%	48%	-1pp	47%	-1pp	
Property sales	53%	49%	-4pp	41%	-7pp	
Financial income	238	307	29%	177	-42%	Financial income will also include gains from the sale of a 25% stake at the Paragon Dai Phuoc project to an international partner.
Financial expenses	-296	-327	10%	-339	4%	
Profits from affiliates	418	129	-69%	415	221%	Driven by the handovers at the Mizuki Park project
SG&A	-980	-1,469	50%	-2,113	44%	
Profit before taxes (PBT)	968	1,119	16%	1,464	31%	
PBT margin	30%	22%	-8pp	21%	-1pp	
Profit after taxes (NPAT)	800	946	18%	1,211	28%	
NP after MI	484	522	8%	610	17%	
NPAT margin	15%	10%	-5pp	9%	-1pp	

Source: Nam Long Group, KB Securities Vietnam

We recommend BUY for NLG with a target price of VND46,700/share

We use the RNAV valuation method to establish a fair target price for NLG stock. Our positive outlook on NLG is based on two key factors: (1) its solid fundamentals and strong financial position and (2) the impressive absorption rates of its mid-range apartment projects in Ho Chi Minh City, such as Mizuki and Akari City, as well as affordable housing projects like Ehome Southgate and EhomeS Can Tho, which meet genuine housing demand and are progressing as scheduled.

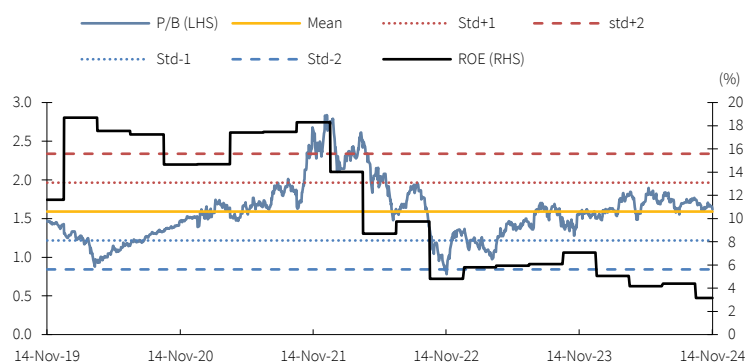
NLG is currently trading at a 2025 forward P/B ratio of 1.45x, which is below its 5-year average. Considering the company's promising outlook and valuation, we maintain our BUY recommendation for NLG with a target price of VND46,700 per share, indicating a 21% upside from the closing price on November 14, 2024.

Table 17. NLG – Valuation results

Projects	Valuation method	Value (VNDmn)
Waterpoint 1	DCF	2,295,908
Waterpoint 2	DCF	3,028,590
Mizuki	DCF	3,858,205
Akari City	DCF	1,709,168
NL Dai Phuoc	DCF	1,505,208
Waterfront	DCF	7,154,506
NL Hai Phong	DCF	1,005,961
NL Can Tho	DCF	2,486,302
Total net asset value		23,043,850
+ Cash		1,530,490
- Net debt		6,590,500
RNAV		17,983,840
Number of shares outstanding		384,777,471
Value per share (VND)		46,700

Source: KB Securities Vietnam

Fig 18. NLG – P/B in 2019–2024



Source: KB Securities Vietnam

NLG – 2022A–2025F financials

Income Statement (VND billion)					Balance Sheet (VND billion)				
	2022	2023	2024F	2025F		2022	2023	2024F	2025F
Net sales	4,339	3,181	5,117	7,099	CURRENT ASSETS	23,720	25,313	26,530	30,456
Cost of sales	-2,355	-1,619	-2,639	-3,775	Cash and cash equivalents	3,773	2,540	2,108	3,382
Gross Profit	1,984	1,562	2,479	3,324	Short-term investments	987	1,050	1,050	1,050
Financial income	386	238	307	177	Accounts receivable	3,570	3,637	4,043	5,868
Financial expenses	-199	-296	-327	-339	Inventories	14,830	17,353	18,409	18,701
of which: interest expenses	-148	-278	-306	-318	LONG-TERM ASSETS	3,365	3,298	3,548	3,754
Gain/(loss) from joint ventures (from 2015)	25	418	129	415	Long-term trade receivables	11	13	13	13
Selling expenses	-511	-418	-638	-909	Fixed assets	154	141	405	617
General and admin expenses	-644	-562	-832	-1,204	Investment properties	337	305	290	285
Operating profit/(loss)	1,041	942	1,119	1,464	Long-term incomplete assets	26	44	44	44
Other incomes	29	27	0	0	Long-term investments	2,136	2,220	2,220	2,220
Other expenses	42	47	0	0	TOTAL ASSETS	27,085	28,611	30,078	34,211
Net other income/(expenses)	-14	-20	0	0	LIABILITIES	13,770	15,078	15,775	18,872
Income from investments in other entities	0	0	0	0	Current liabilities	8,851	9,886	10,472	13,455
Net accounting profit/(loss) before tax	1,070	968	1,119	1,464	Trade accounts payable	981	1,175	1,049	1,154
Corporate income tax expenses	51	104	173	253	Advances from customers	3,271	3,815	2,836	3,837
Net profit/(loss) after tax	866	800	946	1,211	Short-term unrealized revenue	7	8	0	0
Minority interests	309	317	425	601	Short-term borrowings	1804	2,402	2,522	2,648
Attributable to parent company	556	484	522	610	Long-term liabilities	4,919	5,192	5,303	5,418
					Long-term trade payables	0	0	0	0
					Long-term advances from customers	0	0	0	0
					Unrealized revenue	354	260	260	260
					Long-term borrowings	3,375	3,705	3,817	3,931
					OWNER'S EQUITY	13,315	13,594	14,039	15,315
					Paid-in capital	3,841	3,848	3,848	3,848
					Share premium	2,643	2,643	2,643	2,643
					Undistributed earnings	2,493	2,879	3,209	3,627
					Minority interests	0	0	0	0
Margin ratio					Key ratios				
	2022	2023	2024F	2025F		2022	2023	2024F	2025F
Gross profit margin	34.2%	45.7%	49.1%	48.4%	Multiple				
EBITDA margin	15.6%	19.9%	19.8%	20.9%	P/E	27.3	36.7	28.5	24.3
EBIT margin	15.0%	19.1%	18.3%	19.7%	P/E diluted	27.3	36.7	28.5	24.3
Pre-tax profit margin	31.5%	24.7%	30.4%	21.9%	P/B	17	18	15	15
Operating profit margin	23.1%	24.0%	29.6%	21.9%	P/S	3.5	5.3	2.9	2.1
Net profit margin	28.4%	19.9%	25.2%	18.5%	P/Tangible Book	11	13	10	10
					P/Cash Flow	-14.7	-7.6	-84.1	9.9
					EV/EBITDA	24.2	39.1	22.1	17.9
					EV/EBIT	25.2	42.4	23.4	19.1
					Operating performance				
					ROE	4.18	3.57	3.65	3.98
					ROA	4.67	3.15	5.27	6.00
					ROIC	2.05	1.69	1.73	1.78
					Financial structure				
					Cash Ratio	0.4	0.3	0.2	0.3
					Quick Ratio	0.9	0.7	0.7	0.8
					Current Ratio	2.7	2.6	2.5	2.3
					LT Debt/Equity	0.3	0.3	0.3	0.3
					LT Debt/Total Assets	0.1	0.1	0.1	0.1
					Debt/Equity	0.7	0.7	0.7	0.9
					Debt/Total Assets	0.3	0.3	0.3	0.4
					ST Liabilities/Equity	0.7	0.7	0.7	0.9
					ST Liabilities/Total Assets	0.3	0.3	0.3	0.4
					Total Liabilities/Equity	10	11	11	12
					Total Liabilities/Total Assets	0.5	0.5	0.5	0.6
					Activity ratios				
					Account Receivable Turnover	16	0.9	13	14
					Inventory Turnover	0.2	0.1	0.1	0.2
					Account Payable Turnover	3.0	15	2.4	3.4

Source: Nam Long Group, KB Securities Vietnam

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Investment ratings & definitions

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(based on expectations for absolute price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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