

Coteccons (CTD)

Already absorbed growth potential

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CTD completed 46% of its full-year objective in 1HFY2025

CTD's revenue and NPAT-MI hit VND11,645 billion (+19% YoY) and VND199 billion (+47% YoY), respectively, in 1HFY2025, driven by its core construction business segment (revenue +17% YoY and gross profit margin +67bps YoY).

Backlog is expected to grow further on the construction sector's recovery and CTD's leading position

We expect CTD's market leadership and the construction sector's recovery, driven by stable FDI inflows, a resurgent real estate market, and accelerated public investment, to fuel backlog growth. KBSV forecasts revenue of VND25,685 billion/VND27,459 billion (+22%/+7% YoY) in FY2025 / FY2026.

Construction segment's EBIT is projected to increase by 259%/32% YoY in FY2025/FY2026

KBSV forecasts CTD's gross profit margin at 4.0%/4.5% in FY2025/FY2026, while provision expenses are projected to decline to 0.2%/0.3% of revenue from 1.2% in FY2024. The recovery of the property market is expected to enhance CTD's bad debt collection, mitigating bad debt risks and easing provisioning pressure in the coming period.

CTD is expanding into the real estate sector

Covestcons (wholly owned by CTD) has received investment approval for the Thanh Phu Residential Area project in Long An, set to deliver over 1,000 low-rise units from 4Q2029. Meanwhile, the Emerald 68 project is expected to be handed over in FY2027-FY2028, adding VND377 billion in profit to CTD.

KBSV downgrades CTD to NEUTRAL with a target price of VND95,400

KBSV downgrades CTD to NEUTRAL, with a target price of VND95,400/share (+11.6% revision), implying to an expected return of 13.6%.

Neutral change

Target price	VND95,400
Upside	13.6%
Current price (Mar 17, 2025)	VND84,000
Consensus target price	VND98,900
Market cap (VNDtn/USDbn)	8.4/0.3

Forecast earnings & valuation

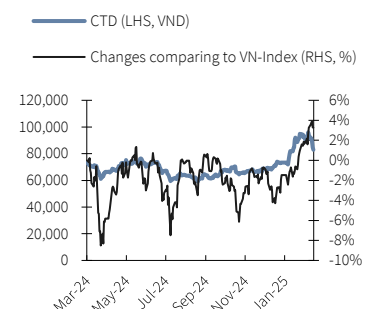
FY-end	FY2023	FY2024	FY2025	FY2026
Net revenue (VNDbn)	6,744	21,045	25,685	27,549
Operating income/loss (VNDbn)	69	306	571	699
NPAT-MI (VNDbn)	52	310	467	559
EPS (VND)	663	2,987	4,503	5,395
EPS growth (%)	152%	351%	51%	20%
P/E (x)	78.0	23.5	18.4	15.4
P/B (x)	0.5	0.9	1.0	0.9
ROE (%)	0.6%	3.7%	5.3%	6.1%
Dividend yield (%)	0.0%	0.0%	1.2%	0.0%

Trading data

Free float	58.0%
3M avg trading value (VNDbn/USDmn)	109.7/4.3
Foreign ownership	49.0%
Major shareholder	Kustocem (17.9%)

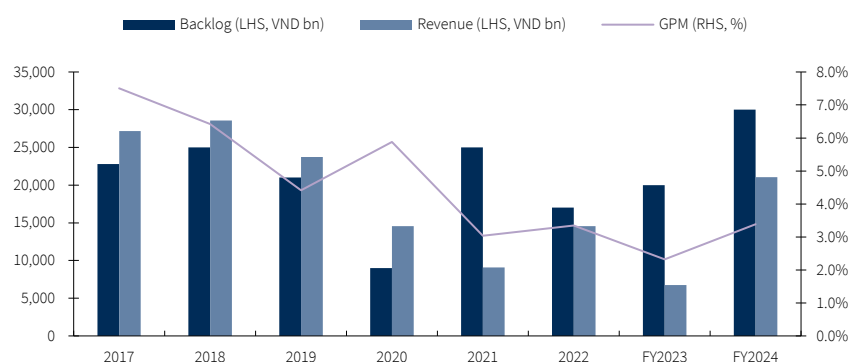
Share price performance

(%)	1M	3M	6M	12M
Absolute	-2.0	25.6	34.7	7.8
Relative	-6.7	20.5	28.8	2.9



Source: Bloomberg, KB Securities Vietnam

2017-FY2024 backlog, revenue, gross profit margin (VDNbn, %)



Source: Cotecons Construction, KB Securities Vietnam

Business operation

Cotecons Construction (CTD) is a leading player in Vietnam's construction sector, specializing in the execution of civil, industrial, and infrastructure projects. CTD's construction expertise is proven through its partnerships with prominent domestic and international investors, including Vinhomes, VinFast, Lego, and others.

Investment Catalysts

Revenue is projected to grow by 22.0%/7.3% YoY in FY2025/FY2026, driven by: (i) VND35,000 billion backlog, (ii) rising industrial and civil construction demand, and (iii) additional backlog from public investment projects.

Construction segment's EBIT is projected to increase by 259%/32% in FY2025/FY2026, driven by: (i) gross profit margin of 4.0%/4.5% and (2) provision expenses kept at 0.2%/0.3% of revenue in FY25/FY26.

Real estate operations will further contribute to CTD's growth. The Emerald 68 project is expected to add VND377 billion in profit to CTD during FY27-FY28, while over 1,000 low-rise units in the Thanh Phu Residential Area (Long An) are scheduled for handover starting from 4Q2029.

Notes

Please find more details below

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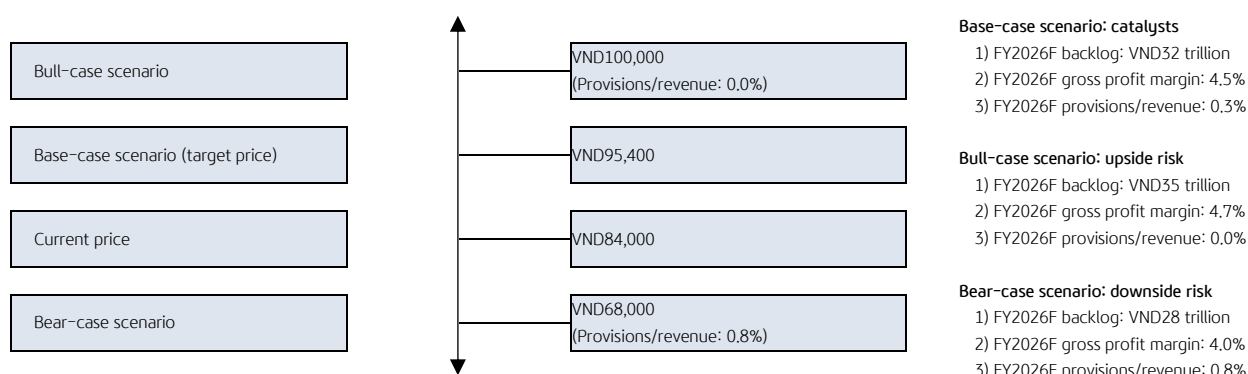
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Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	FY2025F	FY2026F	FY2025F	FY2026F	FY2025F	FY2026F	FY2025F	FY2026F
Revenue	25,685	27,549	1.0%	-0.4%	25,181	28,695	2.0%	-4.0%
EBIT	472	622	-3.6%	-0.2%	482	627	-2.0%	-0.9%
NP after MI	467	559	-0.7%	-15.8%	513	587	-9.1%	-4.7%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

Table 1. CTD – 1HFY2024–1HFY2025 financial results

(VNDbn)	2QFY24	2QFY25	+/-%YoY	1HFY24	1HFY25	+/-%YoY	Notes
Revenue	5,660	6,886	21.7%	9,784	11,645	19.0%	
Construction	5,653	6,766	19.7%	9,769	11,430	17.0%	
Material distribution	0	84		0	161		
Equipment & office leasing	7	11	46.7%	15	54	262.6%	
Gross profit	169	202	19.1%	269	407	51.1%	
Gross profit margin	3.0%	2.9%	-6 bps	2.8%	3.5%	74 bps	Construction margin in 1HFY2025 increased by 67bps YoY.
Financial income	67	57	-15.7%	169	128	-24.3%	Driven by low interest rates
Financial expenses	-31	-34	9.7%	-63	-73	15.0%	Short-term debt in 2QFY2025 surged by 353% YoY.
Shared profits from affiliates	0	0		0	0		
SG&A expenses	-122	-107	-12.6%	-205	-225	9.7%	Adjusted SG&A margin in 1H FY25 decreased by 108bps YoY.
Operating income/loss	83	118	41.1%	170	237	39.6%	
Net other income	-1	17		-1	15		
Profit before tax (PBT)	89	135	51.1%	176	252	43.3%	
Net profit after tax (NPAT)	69	106	53.7%	136	199	46.7%	Met 46% of the target
NPAT-MI	69	106	53.7%	136	199	46.7%	
NPAT-MI margin	1.2%	1.5%	32 bps	1.4%	1.7%	32 bps	

Source: Cotecons Construction, KB Securities Vietnam

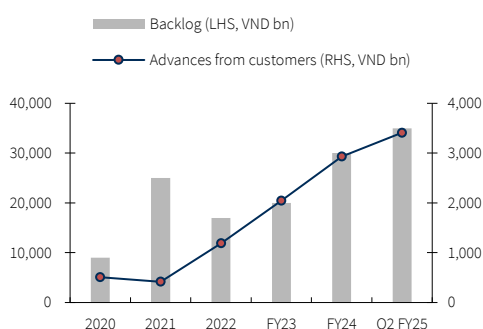
The construction segment is expected continue to expand

CTD's construction segment continued to expand, with backlog and customer advances reaching VND35,000 billion (+16.7% YTD)/VND3,410 billion (+16.2% YTD) in FY2025/FY2026. Notably, newly signed contracts and construction revenue in 1H2024 totaled VND16,430 billion/VND11,430 billion, reflecting (i) the recovery of the construction market and (ii) CTD's strong bidding capabilities. We maintain our view that CTD will benefit from (i) FDI inflows into Vietnam, ensuring stable long-term industrial construction demand, and (ii) the ongoing rebound of the property market (see our [previous report](#) for further details). KBSV estimates CTD's revenue at VND25,685 billion (+22.0% YoY)/VND27,549 billion (+7.3% YoY), with gross profit margin of 4.0%/4.5% in FY2025/FY2026.

Diversified backlog sources will ensure sustainable growth

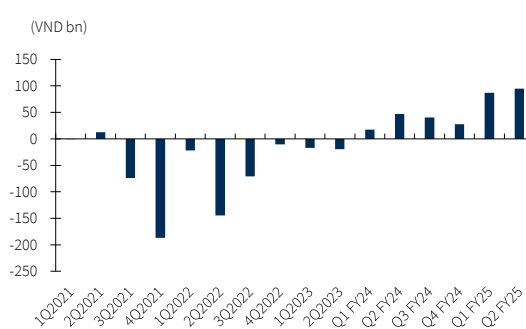
Recently, CTD secured Bid Package 11.5, covering construction, equipment installation, and design for the parking facility for Long Thanh International Airport Phase 1, with a contract value of VND3,143 billion (the exact outstanding workload for CTD has not been disclosed). Additionally, CTD is bidding for Bid Package 7.8, which involves the construction and installation of Cargo Terminal No. 1 at the airport. CTD-led consortium has submitted a VND3,844 billion bid, which is 7% lower than the estimated budget and 4%/5% lower than the bids from the Thang Long (Vietnam Construction And Import-Export JSC (VCG)-led) and Harita (Hanoi Construction Corporation (HAN)-led) consortiums, respectively. We believe CTD's recent bidding successes in infrastructure projects underscore its strong execution capabilities and solid growth potential through diversified backlog sources. This is particularly relevant as public investment remains a key government priority for 2025-2030, with planned disbursements in 2025 set to rise by 41% YoY.

Fig 2. CTD – Backlog, customer advances (VNDbn)



Source: Cotecons Construction, KB Securities Vietnam

Fig 3. CTD – EBIT (VNDbn)

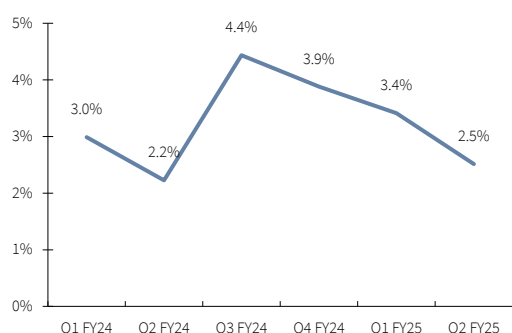


Source: Cotecons Construction, KB Securities Vietnam

Asset quality continues to improve, easing provisioning pressure

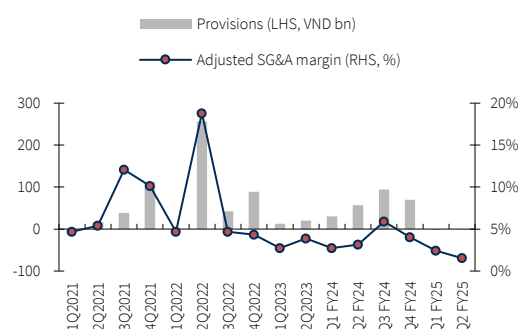
In February 2025, CTD received Decision 08/2025/QSĐT-KDTM from the People's Court of District 1, Ho Chi Minh City, recognizing the settlement agreement between the two parties in a construction contract. This marks a significant milestone in CTD's efforts to manage receivables and bad debt in FY2025, thereby optimizing SG&A expenses and improving EBIT. KBSV estimates CTD's SG&A margin at 2.2%/2.3% in FY2025/FY2026, with provision expenses projected at 0.2%/0.3% of revenue, supported by (i) strict receivables management through repeat sales strategies and risk control, and (ii) the recovery of real estate developers' cash flows, mitigating bad debt risks.

Fig 4. CTD – Net bad debt/total assets (%)



Source: Cotecons Construction, KB Securities Vietnam

Fig 5. CTD – Provisions, adjusted SG&A margin (VNDbn, %)



Source: Cotecons Construction, KB Securities Vietnam

CTD is expanding into the real estate sector

Covestcons (whollyowned by CTD) and BEHS have received investment approval for the Thanh Phu Commercial Residential Area project in Ben Luc District, Long An Province. The project is expected to deliver over 1,000 low-rise units by late 2029. With Emerald 68 and Thanh Phu Residential Area, CTD is taking its initial steps into the real estate sector. We expect these projects to expand CTD's backlog while optimizing internal costs and contribute significantly to its medium-term profitability.

Forecast

Table 6. CTD – FY2024–FY2026 financials & forecasts

(VNDbn)	FY2024	FY2025	+/-%YoY	FY2026	+/-%YoY	Notes
Revenue	21,045	25,685	22.0%	27,549	7.3%	Revenue growth should be driven by (i) VND35,000 billion backlog, (ii) rising civil and industrial construction demand, and (iii) additional backlog from public investment projects.
Gross profit	713	1,030	44.6%	1,247	21.1%	
Gross profit margin	3.4%	4.0%	62 bps	4.5%	52 bps	Gross profit margin is set to improve, supported by (i) a higher revenue share from new projects and (ii) cost optimization following the merger with UG M&E and Sinh Nam Metal.
Interest income	129	153	18.8%	176	14.7%	
Interest expenses	-92	-133	45.0%	-154	15.9%	Interest expenses are expected to rise by 45% in FY2025, reflecting an increase in short-term debt.
Profit/loss from deferred payment contracts and joint ventures	137	78	-42.9%	55	-29.7%	Profit recognition for the Emerald 68 project has been pushed back to FY2027 from the previous forecast of FY2026.
Profits from affiliates	0	0		0		
SG&A	-581	-558	-4.0%	-625	12.1%	Provision expenses are assumed at 0.2%/0.3% of revenue in FY2025/FY2026.
Operating income/loss	306	571	86.4%	699	22.4%	
Other income	73	15	-79.7%	0		
Profit before tax (PBT)	387	586	51.6%	699	19.3%	
Net profit after tax (NPAT)	310	467	50.7%	559	19.8%	
NP after MI	310	467	50.8%	559	19.8%	
NPAT margin	1.5%	1.8%	35 bps	2.0%	21 bps	

Source: Cotecons Construction, KB Securities Vietnam

Valuation

KBSV downgrades CTD to NEUTRAL with a target price of VND95,400/share

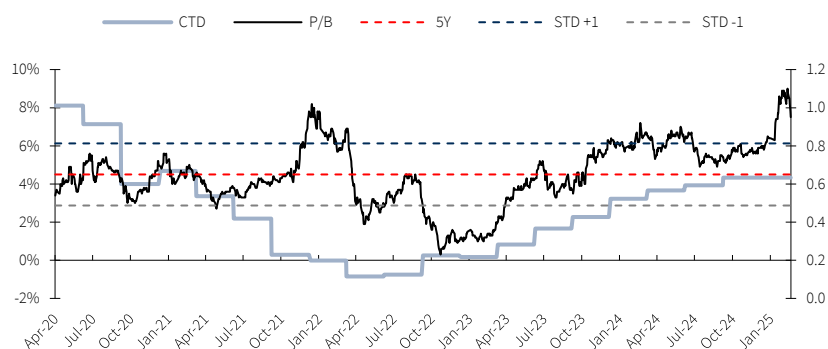
CTD has gained 21% YTD, peaking at VND96,000 per share, equivalent to a TTM PBR of 1.1x. We believe this rally has already priced in CTD's backlog and revenue growth potential, supported by the recovery in construction demand. We apply the PBR valuation method with a target multiple of 1.05x for FY2026, arriving at a target price of VND95,400 per share (+11.6% revision). This valuation implies a forward PER and EV/EBIT of 17.7x and 15.9x, respectively, in FY2026.

Table 7. CTD – Valuation results

Valuation method	Target multiple	Derived price	Weighting	Target price
PBR	1.1	95,400	100%	95,400

Source: KB Securities Vietnam

Fig 8. CTD – PBR, ROE in 2020–2025



Source: KB Securities Vietnam

CTD – 2023A–2026F summarized financials & forecasts

Income Statement (VND billion) (Standard report)	2023	2024	FY2025	FY2026
Net sales	6,744	21,045	25,685	27,549
Cost of sales	-6,588	-20,333	-24,655	-26,302
Gross Profit	157	713	1,030	1,247
Financial income	179	280	153	176
Financial expenses	-67	-105	78	55
of which: interest expenses	-49	-92	-133	-154
Gain/(loss) from joint ventures (from 2015)	-7	0	0	0
Selling expenses	0	0	0	0
General and admin expenses	-193	-581	-558	-625
Operating profit/(loss)	69	306	571	699
Other incomes	2	85	15	0
Other expenses	-2	2	0	0
Net other income/(expenses)	0	73	15	0
Income from investments in other entities	0	0	0	0
Net accounting profit/(loss) before tax	69	387	586	699
Corporate income tax expenses	-17	-77	-119	-140
Net profit/(loss) after tax	52	310	467	559
Minority interests	0	0	0	0
Attributable to parent company	52	310	467	559

Margin ratio	2023	2024	FY2025	FY2026
Gross profit margin	2%	3%	4%	5%
EBITDA margin	1%	1%	2%	3%
EBIT margin	0%	1%	2%	2%
Pre-tax profit margin	1%	2%	2%	3%
Operating profit margin	1%	1%	2%	3%
Net profit margin	1%	1%	2%	2%

Cash Flow Statement (VND billion)	2023	2024	FY2025	FY2026
Net profit/(loss) before tax	69	387	586	699
Depreciation and amortisation	51	44	74	72
Profit/loss from investing activities	-169	-239	0	0
Interest expense	50	92	133	154
Operating profit/(loss) before changes in Working Capital	61	590	793	925
(Increase)/decrease in receivables	-986	-1,558	-1,454	-1,880
(Increase)/decrease in inventories	-308	201	-1,966	-337
Increase/(decrease) in payables	2,228	1,180	2,480	1,149
(Increase)/decrease in prepaid expenses	-1	-215	0	0
Operating cash flow	931	24	-155	-198
Purchases of fixed assets and other long term assets	-40	-551	-51	-55
Proceeds from disposal of fixed assets	0	24	0	0
Loans granted, purchases of debt instruments	-1,769	-3,630	-328	0
Collection of loans, proceeds from sales of debts instruments	1,417	4,282	0	0
Investments in other entities	0	-264	0	0
Proceeds from divestment in other entities	0	65	0	0
Dividends and interest received	157	314	0	0
Investing cash flow	-235	240	-379	-55
Proceeds from issue of shares	6	7	0	0
Payments for share returns and repurchases	0	0	0	0
Proceeds from borrowings	817	3,978	990	267
Repayment of borrowings	-700	-3,921	0	0
Finance lease principal payments	0	-1	0	0
Dividends paid	0	0	-104	0
Interests, dividends, profits received	0	0	0	0
Financing cash flow	122	63	886	267
Net increase in cash and cash equivalents	818	328	353	14
Cash and cash equivalents - beginning	1,064	1,883	2,210	2,563
Cash and cash equivalents - ending	1,883	2,210	2,563	2,577

Source: Company report, KB Securities Vietnam

Balance Sheet (VND billion) (Standard report)	2023	2024	FY2025	FY2026
TOTAL ASSET	21,375	22,869	27,227	29,112
CURRENT ASSETS	19,884	20,456	25,027	27,258
Cash and cash equivalents	1,883	2,210	2,563	2,577
Short-term investments	2,180	1,868	2,189	2,189
Accounts receivable	12,079	12,024	13,661	15,541
Inventories	3,148	3,126	5,092	5,429
LONG-TERM ASSETS	1,491	2,413	2,200	1,854
Long-term trade receivables	399	699	516	516
Fixed assets	523	456	439	426
Long-term incomplete assets	33	115	115	115
Long-term investments	304	309	316	316
Good will (before 2015)	0	0	0	0
LIABILITIES	13,103	14,278	18,273	19,599
CURRENT LIABILITIES	12,603	14,223	18,232	19,558
Trade accounts payable	5,196	6,161	8,631	9,780
Short-term borrowings	697	1,519	2,530	2,798
Other short-term liabilities	6,710	6,543	7,070	6,980
LONG-TERM LIABILITIES	500	54	41	41
Long-term trade payables	0	0	10	10
Long-term borrowings	498	21	0	0
Other long-term liabilities	3	33	31	31
OWNER'S EQUITY	8,272	8,591	8,954	9,513
Paid-in capital	788	1,036	1,036	1,036
Share premium	2,958	2,880	2,880	2,880
Other funds	4,136	3,977	3,977	3,977
Undistributed earnings	388	698	1,061	1,620
State capital	0	0	0	0
Interest of non-controlling shareholders	1	1	1	1

Key ratios (x, %, VND)	2023	2024	FY2025	FY2026
Multiple				
P/E	78.0	23.5	21.2	17.7
P/E diluted	78.0	23.5	21.2	17.7
P/B	0.5	0.9	1.1	1.0
P/S	0.6	0.3	0.4	0.4
P/Tangible Book	7.8	15.9	22.5	23.2
P/Cash Flow	4.4	299.4	-63.9	-49.8
EV/EBITDA	285.3	41.5	18.1	14.2
EV/EBIT	-112.3	55.2	20.9	15.9
Operating performance				
ROE	1%	4%	5%	6%
ROA	0%	1%	2%	2%
ROIC	1%	3%	4%	5%
Financial structure				
Cash Ratio	0.1	0.2	0.1	0.1
Quick Ratio	1.3	1.1	1.0	1.0
Current Ratio	1.6	1.4	1.4	1.4
LT Debt/Equity	0.1	0.0	0.0	0.0
LT Debt/Total Assets	0.0	0.0	0.0	0.0
Debt/Equity	0.1	0.2	0.3	0.3
Debt/Total Assets	0.0	0.1	0.1	0.1
ST Liabilities/Equity	1.4	1.5	1.8	1.8
ST Liabilities/Total Assets	0.6	0.6	0.6	0.6
Total Liabilities/Equity	1.4	1.5	1.8	1.8
Total Liabilities/Total Assets	0.6	0.6	0.6	0.6
Activity ratios				
Account Receivable Turnover	2.0	1.9	1.8	1.9
Inventory Turnover	2.2	6.5	6.0	5.0
Account Payable Turnover	4.0	4.3	3.3	2.9

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Investment ratings & definitions

Investment Ratings for Stocks

(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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