

Construction

Fueled by strong backlog

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Revenue growth outpaced earnings growth across construction companies in 9M25. Most construction companies posted robust revenue growth in the period (CTD/VCG/HHV up 30%/40%/13% YoY), supported by: (1) a healthy backlog carried over from end-2024; (2) accelerated project execution as 2025 marks the final year of the 2021–2025 medium-term public investment cycle; and (3) a gradual recovery in the real estate market. Nonetheless, gross profit growth lagged meaningfully behind revenue growth due to (1) intensified competition, which pressured profit margins; and (2) rising input costs, particularly for sand and stone.

Residential construction is expected to grow further amid ongoing housing market recovery. New condo supply in Hanoi and Ho Chi Minh City (HCMC) is projected to grow by 13%/6% YoY in 2025/2026. The recovery is driven by: (1) the removal of legal bottlenecks and (2) the acceleration of key transport infrastructure projects that enhance connectivity.

Industrial construction is likely to slow in 2026, reflecting a more cautious stance among investors and manufacturers amid tariff-related uncertainties. This trend is evidenced by: (1) registered FDI moderation since June 2025 and (2) signs of softer demand for industrial park land leases since early 2025.

Robust public investment is set to ensure stable workloads for infrastructure contractors through 2026. Key catalysts include: (1) the Government’s plan to allocate up to VND1.08 million billion to public investment in 2026 and (2) the recently amended Construction Law, which streamlines approval procedures and is expected to accelerate project implementation. In addition, the Power Plan VIII, with total investment in power transmission infrastructure during 2026–2030 estimated at USD18.1 billion, should secure long-term growth visibility for electrical construction companies, particularly in transmission and renewable energy.

We remain bullish on the residential and infrastructure construction segments, underpinned by a recovering housing market and robust public investment commitments. In contrast, industrial construction is poised for a moderating growth phase, weighed down by uncertainties related to US tariff policies. Our notable picks are VCG, PC1, CTD, and HHV. From a valuation perspective, we view VCG and PC1 as particularly attractive, as both are currently trading at a discount to their five-year average P/B, while growth narratives remain firmly intact. This growth is supported by sizable backlogs and a high probability of securing additional large-scale projects in the coming period.

Positive maintain

Recommendations	
PC1 Group (PC1)	BUY
Target price	VND27,800
Coteccons Construction (CTD)	BUY
Target price	VND99,000

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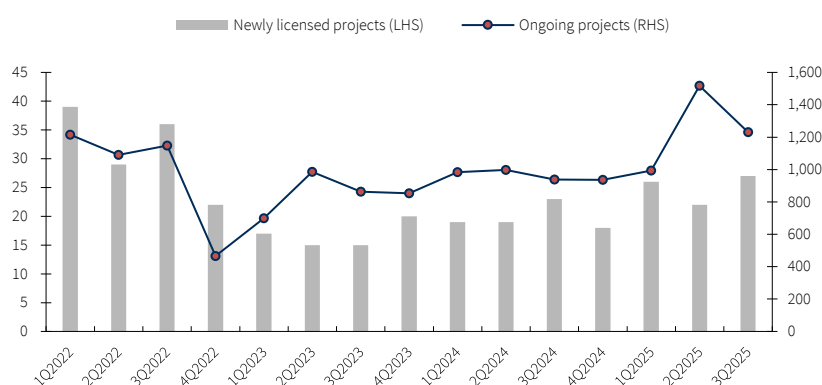
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I. 9M25 business performance

Residential construction is poised to benefit from the ongoing recovery in the housing market

Over the first nine months of 2025, residential construction demonstrated a clear recovery, with newly licensed housing projects rising 23% YoY to 75. The number of projects underway as of end-3Q25 increased sharply to 1,231, up from 939 in 3Q24. This rebound was driven by persistently low interest rates and the resolution of legal bottlenecks at several projects, which helped accelerate construction progress during the period.

Fig 1. Vietnam – Newly licensed and ongoing projects

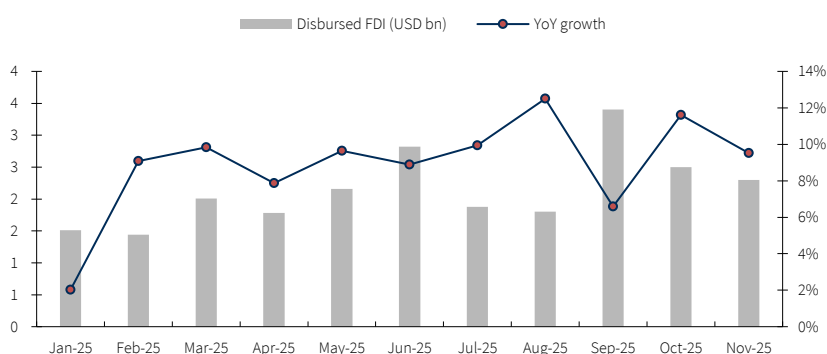


Source: Ministry of Construction

Industrial construction growth moderates in 9M25 as new large-scale projects are postponed amid tariff-related uncertainty

Disbursed FDI totaled USD23.6 billion (+8.9% YoY) in 11M25, despite a slowdown in newly registered FDI over the past few months (Figure 6), suggesting that previously licensed industrial projects continued to be implemented largely on schedule. However, industrial construction was driven mainly by the expansion and upgrading of existing facilities, while new large-scale projects were postponed as investors adopted a more cautious stance amid reciprocal tariff risks, particularly in sectors with high exposure to exports to the US. As a result, industrial construction growth in 9M25 moderated compared with earlier periods, as reflected by the decline in this segment's contribution at CTD from 40% in 2024 to around 20% in 2025.

Fig 2. Vietnam – Disbursed FDI in Jan–Nov 2025 (USDbn, %YoY)



Source: General Statistics Office of Vietnam

Public investment disbursement reached 61% of the annual target

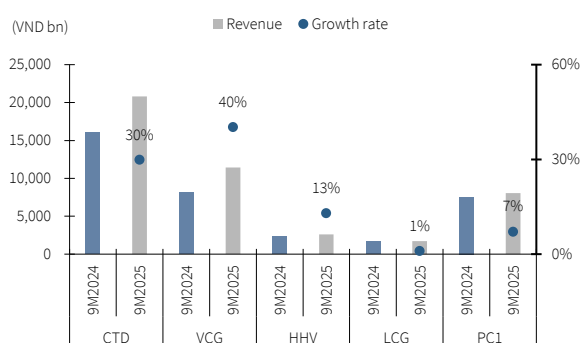
In 11M25, public investment disbursement neared VND553.25 trillion, or 61% of the annual target, falling significantly behind schedule due to (1) provincial and municipal mergers and administrative restructuring, which delayed land clearance, and (2) shortages of construction materials. Nevertheless, the push to meet targets in the final year of the 2021–2025 medium-term public investment cycle has helped sustain a steady pipeline of work for large-scale infrastructure and construction contractors such as HHV, VCG, LCG, and PC1, supported by major projects including Long Thanh International Airport (now entering its final stage), intra-city and inter-regional transport networks (the North-South expressway, Ring Roads 3 and 4 in Hanoi and HCMC), and energy infrastructure developments.

9M25 business performance shows a divergence among construction companies

The business performance of several notable construction companies can be summarized as follows:

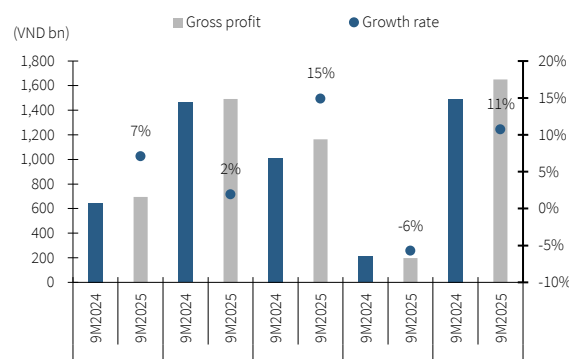
- **CTD and VCG** recorded strong revenue growth in 9M25, driven by their construction segments, supported by sizeable backlogs as of end-2024 of VND32 trillion and VND28 trillion, respectively. However, gross margins declined due to (1) intense competition in residential and industrial construction, as well as rising input material costs (sand and stone) in CTD's case, and (2) a sharp increase in the contribution from construction activities—which carry significantly lower margins than real estate development—in VCG's case.
- **HHV** posted positive growth in 9M25, driven by (1) BOT revenue supported by organic traffic growth and (2) the Cam Lam-Vinh Hao project, which began operations in mid-2024.
- **LCG** experienced slower revenue growth and a contraction in construction gross margins, as several projects have yet to complete cost finalization, delaying revenue recognition.
- **PC1** saw an improvement in gross margins, primarily due to a recovery in construction margins, following a low base in 2024 when the company had to increase outsourcing to meet the timeline of the Pho Noi project.

Fig 3. Vietnam – Revenue of selected construction companies (VNDbn, %YoY)



Source: Company reports, KB Securities Vietnam

Fig 4. Vietnam – Gross profit of selected construction companies (VNDbn, %YoY)



Source: Company reports, KB Securities Vietnam

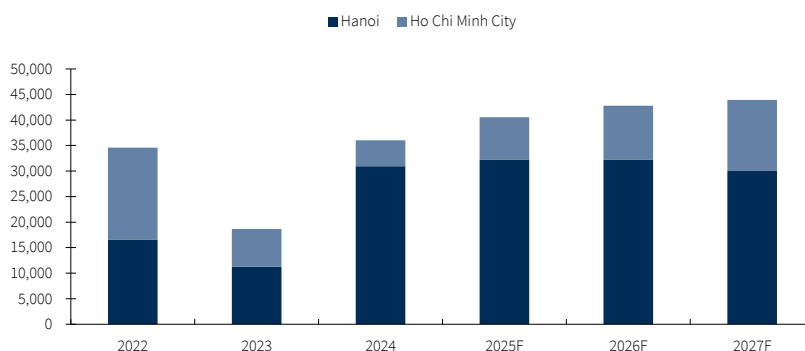
II. 2026 outlook

Residential construction is expected to grow further amid ongoing housing market recovery

In 9M25, new condo supply in Hanoi and HCMC reached 21,100 units (+10% YoY) and 3,952 units (+119% YoY), respectively. CBRE forecasts that new supply will remain robust in 4Q25 and through 2026, with total new supply in Hanoi and HCMC projected at 40,552 and 42,820 units in 2025/2026, representing growth of 13% and 6% YoY. This pipeline should provide a stable flow of work for residential construction companies in 2026. The recovery is underpinned by (1) improving demand across multiple residential projects, supported by shorter commuting times as intra-city and inter-regional transport infrastructure is accelerated under the government's push to expedite public investment disbursement, and (2) the gradual resolution of legal bottlenecks through the amended Land Law, revised Housing Law, and 2025 Construction Law, which are expected to accelerate the rollout of new projects and unblock stalled developments.

Additionally, the rebound in the housing market is improving cash flows for project developers, reducing bad debt risks for residential construction companies, and enhancing the likelihood of recognizing profits from the reversal of provisions. For example, in 3Q25, CTD recorded a provision reversal of VND265 billion, while bad debts declined 30% YoY.

Fig 5. Vietnam – New condo supply in Hanoi & HCMC (pre-merger) (unit)

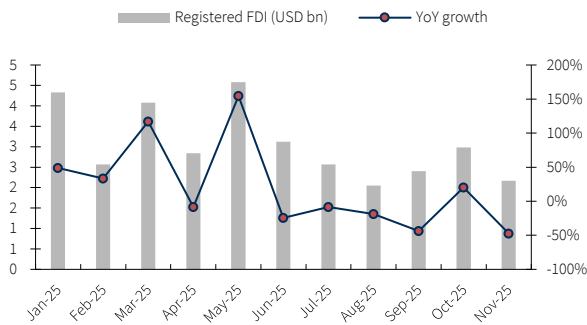


Source: CBRE

Industrial construction is likely to slow in 2026 before a mild recovery materializes following the US administration's announcement of transshipment terms

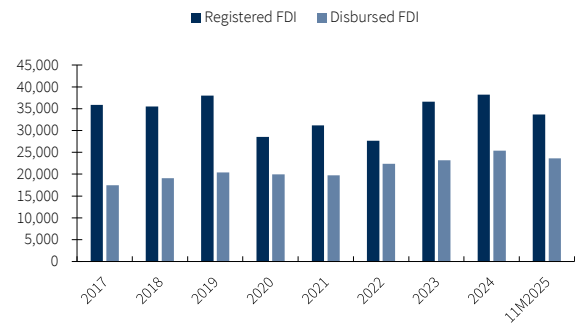
Although disbursed FDI continued to record relatively stable growth, registered FDI has shown clear signs of deceleration since 2Q25. In 3Q25, total registered FDI amounted to only USD7.02 billion, down 27% YoY. The continued decline in registered FDI in recent months, together with signs of slowing demand for industrial park land leases (in 9M25, total IP land absorption in the North and HCMC reached 350 ha and 80 ha, down 17% and 70% YoY, respectively), points to a more cautious sentiment among investors and manufacturing firms amid concerns over global tariff policies. Against this backdrop, we expect demand for industrial construction to soften in the near term, pending clearer signals on tariff-related policies.

Fig 6. Vietnam – Registered FDI in 2025 (USDbn, %YoY)



Source: General Statistics Office of Vietnam

Fig 7. Vietnam – Registered & realized FDI in 2017–2025 (USDmn)



Source: General Statistics Office of Vietnam

Infrastructure contractors stand to benefit from the acceleration of public investment

2026 is expected to be a peak year for public investment, supported by (1) a projected allocation of VND1.08 quadrillion aimed at achieving a 10% GDP growth target, and (2) the recently passed amended Construction Law, which simplifies approval procedures and is anticipated to accelerate project implementation. Disbursement momentum throughout the year is likely to concentrate on key infrastructure projects, including the completion of Long Thanh International Airport Phase 1, the Hanoi–Hai Phong–Lao Cai railway, the Ben Thanh–Can Gio metro line, North–South expressway components, and major urban ring roads. Infrastructure contractors with proven expertise in executing large-scale projects, such as VCG and HHV, are expected to benefit from sustained high backlogs and improved disbursement progress. Nevertheless, the actual outcome will continue to depend on their success in securing new contracts and the pace of on-the-ground project execution.

Looking further ahead to 2026–2030, public investment is expected to remain a key long-term growth driver, with plans to add an additional 2,000 km of expressways and to roll out large-scale infrastructure projects, including the North–South high-speed railway, rail lines connecting seaports and airports, and the Red River landscape boulevard development.

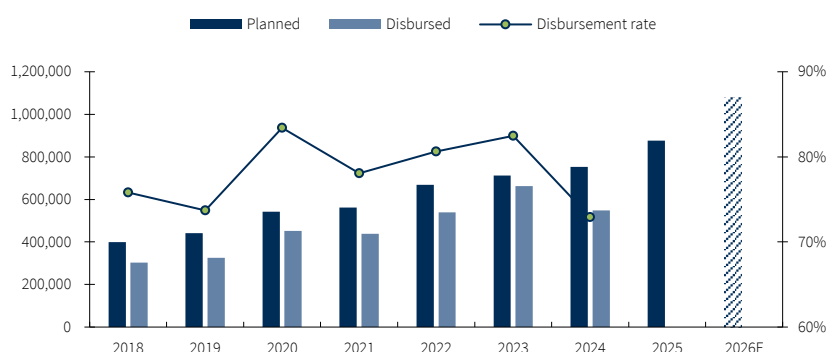
Table 8. Vietnam – Key public investment projects

Project	Total investment (VNDbn)	Commencement	Completion
Long Thanh International Airport – Phase 1	109,000	2021	2026
Ho Chi Minh City Ring Road 3	75,378	2023	2027
Hanoi Ring Road 4 – Component project 3	56,293	2025	2028
Ho Chi Minh City – Long Thanh – Dau Giay Expressway Expansion	16,314	2025	2027
Ho Chi Minh City Ring Road 4 – Phase 1	120,412	2025	2028
North–South High-speed Railway	1,713,548	Dec 2026	2035
Lao Cai – Hanoi – Hai Phong Railway	203,231	Dec 2025	2030

Source: KB Securities Vietnam

As of November 2025, public investment disbursement had reached only 61% of the annual target, leaving approximately VND360 trillion to be allocated in less than two months.

Fig 9. Vietnam – Actual vs. planned public investment disbursement (VNDbn)



Source: General Statistics Office of Vietnam, KB Securities Vietnam

Electrical construction is poised for growth over 2026–2030, underpinned by Power Plan VIII and renewable energy development

The power construction segment is assessed to maintain a positive outlook in 2026 and over the broader 2026–2030 period, supported by two key drivers. First, the government is accelerating the implementation of Power Plan VIII, with total investment in transmission infrastructure over 2026–2030 estimated at approximately USD18.1 billion. This includes plans to construct nearly 13,000 km of 500 kV lines and 15,300 km of 220 kV lines, ensuring a stable medium- to long-term workload for contractors. Second, the strategic push to expand renewable energy capacity, particularly wind power, is anticipated to create opportunities for electrical contractors with proven expertise in executing large-scale, technically complex projects, such as PC1.

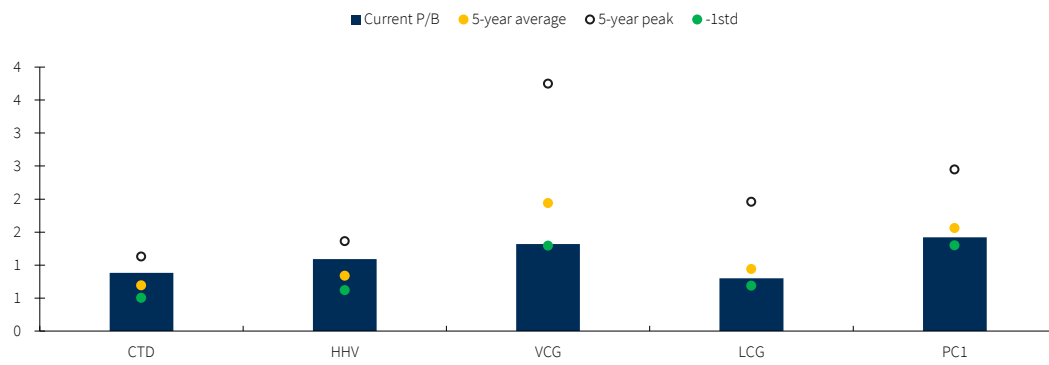
KBSV maintains a positive stance on residential and infrastructure construction sectors

We maintain a positive view on residential and infrastructure construction sectors, supported by the ongoing recovery in the housing market and strong public investment. In contrast, the industrial construction sector is likely to slow amid concerns surrounding US tariff policies.

In terms of share price performance, CTD and HHV are currently trading at P/B multiples above their five-year averages, suggesting that market expectations for a recovery in residential construction (CTD) and public investment-driven BOT projects (HHV) have been partly priced in, thereby limiting near-term upside. We view VCG and PC1 as relatively attractive, as both are trading below their five-year average P/B while retaining solid growth visibility, underpinned by sizeable backlogs (as of end-3Q25, VCG's backlog was close to VND30 trillion, while PC1's exceeded VND8 trillion) and a high probability of securing additional large-scale contracts going forward.

For the remaining names, although valuations have edged above their five-year average P/B, they remain well below historical peaks. Investors are encouraged to monitor key factors including fluctuations in input material costs, industry competition affecting margins, the ability to secure new projects, and developments in tariff policies, to identify optimal entry points.

Fig 10. Vietnam – P/B of selected construction companies



Source: Bloomberg

Top picks

PC1 Group (PC1)
Coteccons Construction
(CTD)

PC1 Group (PC1)

Underpinned by EPC bounceback

December 10, 2025

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9M25 results met 56%/84% of full-year revenue/NPAT guidance

In 3Q25, PC1 Group (PC1) posted VND3,278 billion (+47% YoY) in revenue, a strong increase thanks to robust growth from power construction with a slew of projects entering the final acceptance phase. 9M25 revenue and NPAT respectively totaled VND7,538 billion (-7% YoY) and VND704 billion (+22% YoY), equal to 56%/84% of the full-year respective targets.

Revenue from EPC strongly recovered thanks to abundant backlog

EPC segment should grow 63%/16% YoY in 2025/2026 and maintain a large backlog until 2030 since (1) PC1's backlog at the end of 3Q25 already exceeded VND8,000 billion; and (2) the revised National Power Development Plan 8 (NPDP8) will ensure workload for PC1 in both the short and long term.

Favorable weather phase for hydropower projects will end in 2026

Hydropower output in 2025 is poised for a 5% YoY growth thanks to favorable water conditions throughout the year. However, the weather will gradually shift to a neutral phase in 2026, and the probability of El Nino increases towards the end of the year, which may lower PC1's output to 563 million kWh (-8.5% YoY).

The Phu Thi Riverside should start handover from the end of 2025

Phu Thi Riverside Residential Area, comprising 182 villas and townhouses, is entering the exterior finishing and topping-out phase, expected to contribute VND102/VND62 billion to PC1's 2025/2026F earnings.

BUY rating – Target price VND27,800

We recommend BUY for PC1, with a target price of VND27,800/share, representing a potential upside of 27% compared to the closing price on December 10, 2025.

Buy maintain

Target price	VND27,800
Upside	27%
Current price (Dec 9, 2025)	VND21,800
Consensus target price	VND26,771
Market cap (VNDtn/USDbn)	9.0/0.3

Forecast earnings & valuation

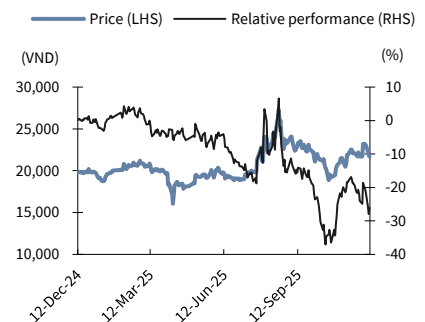
FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	7,694	10,089	13,367	13,929
Operating income/loss (VNDbn)	274	828	1,163	1,263
NPAT-MI (VNDbn)	36	468	679	737
EPS (VND)	53	1,177	1,650	1,792
EPS growth (%)	-97%	2121%	40%	9%
P/E (x)	411	19	13	12
P/B (x)	1.1	1.0	1.0	0.9
ROE (%)	2.5%	9.2%	11.2%	10.9%
Dividend yield (%)	1.4%	2.3%	0.0%	0.0%

Trading data

Free float	65.0%
3M avg trading value (VNDbn/USDmn)	71.6/2.7
Foreign ownership	12.0%
Major shareholder	Trinh Van Tuan (12.65%)

Share price performance

(%)	1M	3M	6M	12M
Absolute	6	-5	10	9
Relative	-4	-9	-16	-26



Source: Bloomberg, KB Securities Vietnam

Coteccons (CTD)

Slow but steady

September 25, 2025

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CTD fulfilled FY2025 profit plan

Coteccons Construction (CTD) logged VND24,867 billion/VND454 billion in FY2025 revenue/NPAT (+18%/47% YoY) thanks to the reversal of VND160 billion in bad debt provisions from Saigon Glory in 4QFY25. Full-year GPM touched 3.1%, lower than the target due to (1) higher raw material costs in 1H25, (2) stronger competition in the industry as the real estate market recovered, and (3) Unicons restructuring.

New backlog in FY2026/FY2027 should hit VND35,000/38,000 billion

Management estimated total backlog at the end of 1QFY26 at VND45,000 – 50,000 billion, mainly contributed by the infrastructure segment. The respective proportions of residential, industrial, and infrastructure backlog are 65%/25%/10%, respectively. We expect the backlog of CTD to improve further along with the new growth cycle of the land market in 2026–2027. At the same time, the workload in the public investment sector will increase in line with the Government's growth orientation in the medium term. KBSV estimates FY2026/FY2027 revenue at VND29,760/32,480 billion.

Estimated GPM is 3.4%/3.6% in FY2026/FY2027

CTD has identified the top goal in the coming time as optimizing profit margins when revenue will be consolidated by its leading position and diversification strategy. The business will focus on optimizing the supply chain to undermine fluctuations in raw materials. The restructuring of Unicons is also expected to boost profit margins in the coming time.

Valuation: BUY – Target price VND99,000

We determine the fair value of CTD at VND99,000/share, equal to a potential return of 20% compared to the closing price on September 25, 2025.

Buy maintain

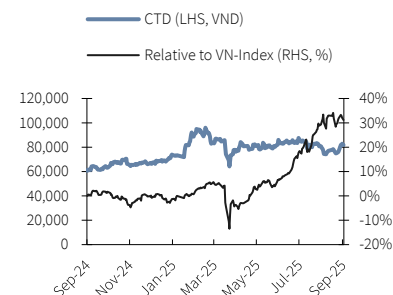
Target price	VND99,000
Upside	20%
Current price (Sep 25, 2025)	VND82,700
Consensus target price	VND93,700
Market cap (VNDtn/USDbn)	0.83/0.31

Trading data	
Free float	55.0%
3M avg trading value (VNDbn/USDmn)	91.8/3.5
Foreign ownership	47.7%
Major shareholder	Kustocem (17.9%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	4	-2	-6	33
Relative	4	-25	-31	3

Forecast earnings & valuation

FY-end	FY24	FY25	FY26	FY27
Net revenue (VNDbn)	21,045	24,867	29,760	32,480
Operating income/loss (VNDbn)	306	529	574	993
NPAT-MI (VNDbn)	310	454	459	794
EPS (VND)	2,987	4,379	4,433	7,664
EPS growth (%)	350.9	46.6	1.2	72.9
P/E (x)	23.5	19.5	18.2	10.6
P/B (x)	0.9	1.0	0.9	0.8
ROE (%)	3.7	5.2	5.0	8.1
Dividend yield (%)	0.0	1.2	0.0	0.0



Source: Bloomberg, KB Securities Vietnam

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Investment ratings & definitions

Investment Ratings for Stocks

(Based on the expectation of 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 the assessment of sector prospects over the next 6 months)

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

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