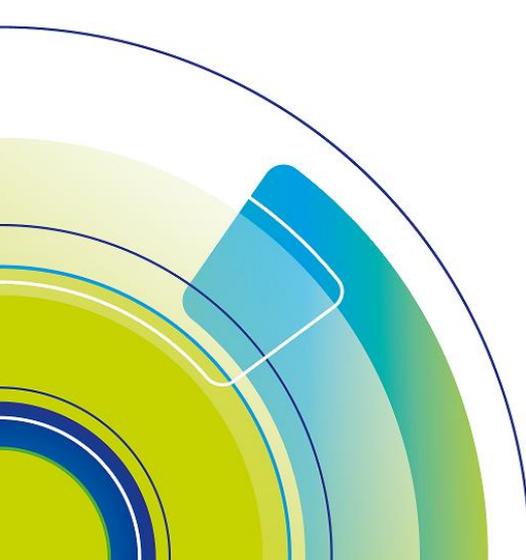




CTD **Flash note** - Not rated

May 20, 2024



Ms. Dat Do

(+84 28) 7300 7000 (x1048)
datdt@acbs.com.vn

Flash note

Recommendation

Not rated

HSX: CTD

Construction

Target price (VND)

N/A

Market price (VND)

70,7000

Expected share price return

N/A

Expected dividend yield

0%

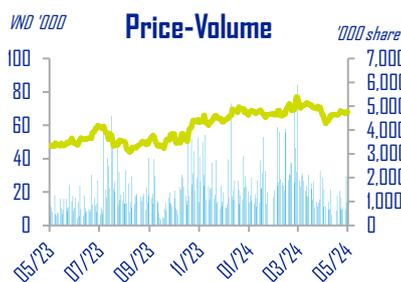
Expected total return

N/A

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-0.9	3.3	1.8	43.9
Relative	-13.4	0.1	-2.7	24.2

Source: Bloomberg



Ownership

Kustocem Pte. Ltd	17.9%
Thanh Cong Business and Investment Ltd.	14.4%
The8th Pte. Ltd.	10.6%

Stock Statistics

17-May-24

Bloomberg code

CTD VN

52-week range (VND)	41,625 - 78,100
Shares O/S (m)	100
Mkt cap (VND bn)	6,815
Mkt cap (USD m)	268
Est. Foreign room left (%)	4.1
Est. free float (%)	66.4
3m avg daily vol (m)	1,755,239
VND/USD	25,473
Index: VNIndex / HNX	1267.27/240.30

COTECCONS CONSTRUCTION JSC (CTD VN)

• In the third quarter of the fiscal year (January 1, 2024 - March 31, 2024), CTD achieved positive business outcomes. The company's revenue reached nearly VND4.7 trn (+49% YoY). The construction sector which accounted for 99% of the total revenue recorded revenue of over VND4.6 trn (+49% YoY) mainly from key projects such as LEGO toy factory, VinFast Palace vehicle manufacturing complexes in Hai Phong (phase 3), and Ecopark Sky Forest Residences. After cost deductions, CTD's gross profit was nearly VND221 bn, quadrupling the same period figure of VND56 bn VND. The gross profit margin rose by 3.0 % from 1.7% to 4.7% in the third quarter, largely thanks to the increased contribution of industrial construction projects (which have higher gross profit margins) to the revenue mix.

• Significantly, CTD posted remarkable after-tax profits of VND105 bn, (+375% YoY). This was primarily thanks to the non-core operating profit of VND58 bn, following CTD's acquisition of a company operating in the mechanical and electrical (M&E) segment and another specializing in the design and installation of aluminium and glass systems. We believe these acquisitions will progressively enhance CTD's construction value chain, thereby steadily improving its profit margin.

• In the first nine months of the fiscal year, CTD reported a net revenue of VND14,450 bn, marking a 16% YoY increase, and an after-tax profit of VND241 bn, a staggering 543% YoY increase, completing of 82% and 89% of the company's annual business plan for revenue and profit after tax, respectively. In April 2024, CTD revised its business targets for 2023/24, raising the projected revenue from the initial VND17,793 bn to a range of VND20,000 - 20,500 bn. The new NPAT plan is set to increase from VND274 bn to approximately VND288 - 296 bn. As per the board of directors, the backlog value was now exceeded VND20 trn, which is 1.40 times higher than the total construction revenue in 2022. We believe this backlog will provide a solid foundation for CTD's revenue growth in the upcoming years.

• Quick comment: We anticipate that the revival of the real estate sector, facilitated by the prompt enactment of key laws, will stimulate a comprehensive recovery in the construction industry. Furthermore, the steady influx of FDI into Vietnam is expected to boost construction demand of industrial projects from foreign-invested firms. With proven track record and reputation, CTD is poised to seize more opportunities, particularly as it is the sole contractor chosen by LEGO for the mega project valued at USD1.3 bn. Looking ahead, revenue streams from real estate and infrastructure construction projects are set to drive CTD's long-term growth.

	2021	2022	2023	Q1/2023	Q1/2024
Net Sales (VND bn)	9,078	14,539	16,530	3,130	4,666
Growth	-38%	60%	14%		49%
EBITDA (VND bn)	-137	-142	126	-139	122
Growth	N/A	-4%	N/A		N/A
NPATMI (VND bn)	24	21	188	22	105
Growth	-93%	-14%	804%		377%
EPS (bonus-adjusted, VND)	303	263	1,814	183	2,729
Growth	-93%	-13%	590%		1,387%
ROE	0.3%	0.3%	2.3%	0.2%	3.2%
ROIC	-1.2%	-1.3%	0.1%	-1.4%	0.3%
Net debt/EBITDA (times)	20.2	12.7	-31.9	22.0	-15.1
EV/EBITDA (times)	-14.2	-37.0	40.7	-33.5	48.5
PER (times)	115.1	252.3	36.8	410.1	24.9
PBR (times)	0.3	0.6	0.8	0.7	0.8
DPS (VND)	1,000	0	0		
Dividend yield	1%	0	0		

CONTACTS

Ho Chi Minh City Head Office

117 Nguyen Dinh Chieu, Dist. 3, Ho Chi Minh City
Tel: (+84 28) 7300 7000
Fax: (+84 28) 7300 3751

Hanoi Office

10 Phan Chu Trinh, Hoan Kiem Dist., Ha Noi
Tel: (+84 4) 3942 9395
Fax: (+84 4)3942 9407

RESEARCH DEPARTMENT

Acting Head of Research

Trang Do

(+84 28) 7300 7000 (x1041)
trangdm@acbs.com.vn

Manager – Properties Truc Pham

(+84 28) 7300 7000 (x1043)
trucptt@acbs.com.vn

Manager – Financials Hung Cao

(+84 28) 7300 7000 (x1049)
hungcv@acbs.com.vn

Manager – Consumer-related, Technology Chi Luong

(+84 28) 7300 7000 (x1042)
chiltk@acbs.com.vn

Associate – Macro & Money Market Minh Trinh Viet

(+84 28) 7300 7000 (x1046)
minhtvh@acbs.com.vn

Associate – Industrials Trung Tran

(+84 28) 7300 7000 (x1045)
trungtn@acbs.com.vn

Analyst – Utilities Toan Pham

(+84 28) 7300 7000 (x1051)
toanpd@acbs.com.vn

Associate – Oil & Gas Hung Phan

(+84 28) 7300 7000 (x1044)
hungpv@acbs.com.vn

Associate - Logistic Hung Nguyen

(+84 28) 7300 7000 (x1047)
hungnt@acbs.com.vn

Associate - Construction Dat Do

(+84 28) 7300 7000 (x1048)
datdt@acbs.com.vn

Analyst – Technical Huu Vo

(+84 28) 7300 7000 (x1052)
huvvp@acbs.com.vn

Analyst – Market data Anh Mai

(+84 28) 7300 7000 (x1110)
anhmd@acbs.com.vn

INSTITUTIONAL CLIENT DIVISION

Director

Huong Chu

(+84 28) 7300 7000 (x1083)
huongctk@acbs.com.vn
groupis@acbs.com.vn

Associate Thanh Tran

(+84 28) 7300 6879 (x1120)
thanhtt@acbs.com.vn

Associate

Huynh Nguyen

(+84 28) 7300 6879 (x1088)
huynhntn@acbs.com.vn

DISCLAIMER

Our Recommendation System

BUY: Expected prospective total return (including dividends) in VND will be 20% or more within 12 months

OUTPERFORM: Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months

NEUTRAL: Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months

UNDERPERFORM: Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months

SELL: Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

Analyst Certification(s)

We, the author(s) of this report, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

ACBS and/or an affiliate thereof (hereby collectively called ACBS) did or may seek to do business with companies covered in this report as its routine business. ACBS's proprietary trading accounts may have a position in such companies' securities. As a result, the investor should be aware that ACBS may have a conflict of interest from time to time.

ACBS produces a variety of research products including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research products, whether as a result of differing time horizons, methodologies, or otherwise.

Disclaimer

This report is provided for information purposes only. ACBS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this report. ACBS will not treat unauthorized recipients of this report as its clients. Prices shown (if any) are indicative and ACBS is not offering to buy or sell or soliciting offers to buy or sell any financial instrument. **Without limiting any of the foregoing and to the extent permitted by law, in no event shall ACBS, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this report or its contents.** Other than disclosures relating to ACBS, the information contained in this report has been obtained from sources that ACBS believes to be reliable, but ACBS does not represent or warrant that it is accurate or complete. The views in this report are subject to change, and ACBS has no obligation to update its opinions or the information in this report.

Some parts of this report reflect the assumptions, views and analytical methods of the analysts who prepared them, and ACBS is not responsible for any error of their works and assumptions. ACBS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report.

The analyst recommendations in this report reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of ACBS. This report does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the investors who receive it. The securities discussed herein may not be suitable for all investors. ACBS recommends that investors independently evaluate each issuer, securities or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

This report may not be distributed to the public media or used by the public media without prior written consent of ACBS. Otherwise it will be considered as illegal. The breacher shall compensate fully to ACBS any loss or damage which arises from such breach (if any).

In the event that the distribution and/or receipt of this report is prohibited by the investor's jurisdiction, the investor shall dismiss this report immediately otherwise it will be at his/her own risks.

ACBS does not provide tax advice and nothing contained herein should be construed to be tax advice. Accordingly, the investors should seek advice based on their particular circumstances from an independent tax advisor. This report may contain links to third-party websites. ACBS is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by ACBS. Access to any third-party website is at the investor's own risks, and the investor should always review the terms and privacy policies at third-party websites before submitting any personal information to them. ACBS is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

© Copyright ACBS (2024). All rights reserved. No part of this report may be reproduced in any manner without the prior written permission of ACBS.