

Mr. Dat Do

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

Company Update

Recommendation

BUY

HSX: CTD

Construction

Target price (VND)	87,500
Market price (VND)	62,300
Expected share price return	41.5%
Expected dividend yield	1.5%
Expected total return	43.0%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-13.9	1.3	-13.7	-19.7
Relative	-13.0	4.9	-9.2	-25.9

Source: Bloomberg



Ownership

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

Stock Statistics 08-Oct-26

Bloomberg code	CTD VN
52-week range (VND)	54,700 - 93,878
Shares O/S (m)	114
Mkt cap (VND bn)	6,877
Mkt cap (USD m)	260
Est. Foreign room left (%)	2.3
Est. free float (%)	44.4
3m avg daily vol (shrs)	4,321,034
VND/USD	26,310
Index: VNIndex / HNX	1768.12/284.07

COTECCONS CONSTRUCTION JSC (CTD VN)

CTD delivered strong FY2026 results, with revenue reaching VND34.34tn (+38% YoY) and net profit at VND788bn (+73% YoY), supported by construction growth and a gain from the divestment of the Emerald 68 project.

With backlog expanding to nearly VND70tn (+98% YoY), equivalent to approximately two years of revenue, we expect strong earnings visibility into FY2027. We forecast FY2027 revenue of VND42,15tn (+23% YoY) and net profit of VND904bn (+15% YoY).

We remain cautious as elevated interest rates could delay project execution and payments by property developers, extending the receivables collection cycle. Accordingly, we cut our end-FY2027 target price by 15% to VND87,500/share, reflecting a higher discount rate and longer assumed collection period. We maintain our BUY recommendation, as the share price has declined 20% since our previous report, while the growth outlook remains supported by the sizable backlog and increasing exposure to infrastructure construction, broadening growth opportunities and reducing reliance on residential construction.

Backlog Diversification to Reduce Residential Exposure. CTD is diversifying its order book, with infrastructure emerging as a new growth driver. In FY2026, new contract awards reached VND60.3tn (1.8x FY2025 revenue), lifting backlog to VND70.0tn (+98% YoY). Infrastructure accounted for 33% of new awards and 16% of backlog, including major projects such as Can Gio Bridge, Gia Binh Airport, Long Thanh International Airport and Phu Quoc Airport expansion. However, residential construction still represented 72% of FY2026 revenue and backlog, leaving CTD materially exposed to the real estate cycle.

Gross Margin Improvement Strategy. Over the next 2–3 years, CTD aims to improve gross margins through material cost optimization, leveraging its large backlog to strengthen purchasing power, negotiate better prices and lock in material costs. M&A in MEP and aluminum-glass could further enhance operating efficiency. However, we remain cautious, forecasting FY2027 gross margin at 3.4–3.5%, versus 4.2% in FY2026, as residential construction remains sensitive to elevated interest rates and volatile material costs.

Elevated Interest Rate Risk. Elevated interest rates could pressure developers' cash flows, increasing the risk of slower receivables collection and higher working-capital requirements, particularly as CTD's net debt/equity rose from 3.1% in FY2025 to 20.8% in FY2026.

	2023	FY2024	FY2025	FY2026	FY2027
Net Sales (VNDbn)	16,530	21,045	24,885	34,340	42,150
Growth	14.0%	30.8%	18.2%	38.0%	22.7%
NPATMI (VNDbn)	188	309	456	788	904
Growth	804.0%	63.0%	47.6%	72.8%	14.7%
EPS (bonus-adjusted, VND)	1,814	3,320	4,402	6,910	7,928
Growth	590.0%	83.2%	32.6%	57.0%	14.7%
ROE	2.3%	3.3%	5.1%	8.5%	8.9%
Net debt/Equity	16.8%	19.2%	34.9%	20.8%	19.6%
PER (times)	36.8	36.2	19.5	9.1	7.9
PBR (times)	0.6	1.1	1.0	0.9	0.8
DPS (VND)	0	0	1,000	1,000	1,000
Dividend yield	0%	0%	1.0%	1.0%	1.5%

Note: FY(*) : fiscal year, from July 1 to June 30.

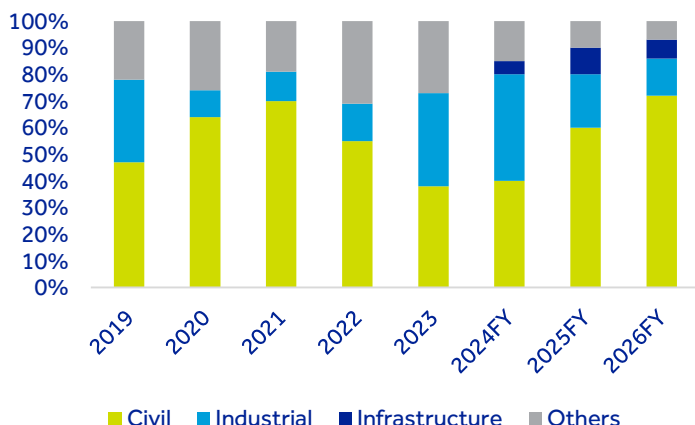
Infrastructure is expected to serve as a new growth driver over the next 3–5 years and contribute to diversifying the backlog.

During 2023–2026, residential construction remained CTD's core growth driver, accounting for 72% of FY2026 revenue. However, CTD is gradually increasing its infrastructure exposure to expand its addressable market and capitalize on accelerating public investment. FY2026 new contract awards reached ~VND60.3tn, with infrastructure accounting for 33%, lifting its share of backlog to 16% from an insignificant level in FY2025. With FY2026-end backlog of ~VND70tn (+98% YoY), CTD has solid growth visibility through FY2027–FY2028 and greater flexibility to prioritize project quality over growth at all costs.

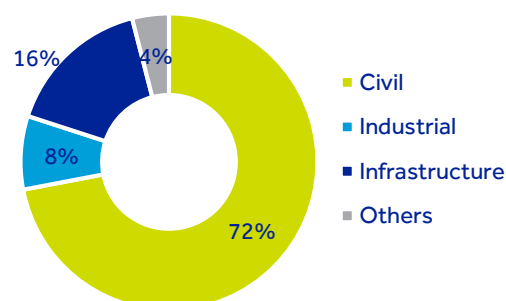
Projects such as Can Gio Bridge, Gia Binh Airport and Long Thanh International Airport should strengthen CTD's track record in large-scale, technically complex projects. The acquisition of GEO Foundations further enhances its specialized foundation capabilities, expanding its scope of work and enabling earlier participation in the project value chain. Importantly, infrastructure offers potential for margin expansion, given its higher margins versus conventional residential construction.

However, earnings contribution will depend on project execution and backlog conversion. In the near term, elevated material costs and the initial ramp-up of new projects are likely to limit meaningful margin improvement in FY2027. While locking in material prices at project commencement can partly mitigate cost volatility, persistently high input costs will continue to pressure margins on new contracts.

Revenue contribution share (%)



2026 backlog composition (%)



Sources: CTD, ACBS.

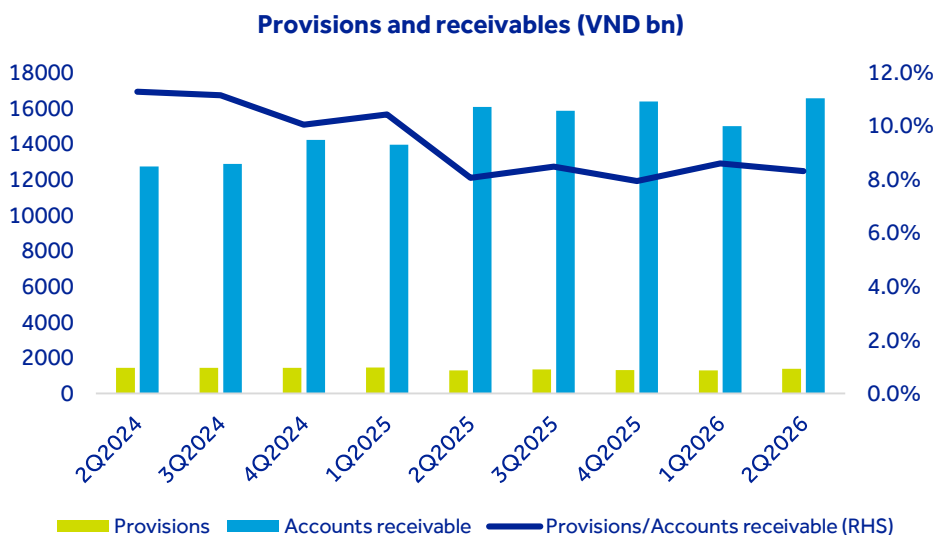
Strong FY2026 Earnings: CTD delivered strong FY2026 results, with revenue of VND34.3tn (+38% YoY) and gross margin expanding 0.8ppt to 4.2%, supported by disciplined bidding and effective cost control. However, finance costs rose 71% YoY to VND350bn, driven by higher debt and elevated interest rates. In addition to core construction growth, a VND194bn gain from the divestment of Emerald 68 provided a meaningful earnings contribution. Consequently, net profit reached VND788bn (+73% YoY), exceeding the company's guidance and our forecast by 9% and 7%, respectively.

Table 1: Business results

Unit: VNDbn	FY2025	FY2026	YoY	% Plan	% Forecast
Total revenue	24,885	34,340	38%	115%	113%
Gross profit	815	1,446	78%		
Financial income	280	407	45%		
Financial expenses	(105)	(350)	233%		
SG&A expenses	(581)	(678)	17%		
Other income	80	194	143%		
NPAT	456	788	73%		
NPATMI	456	788	73%	109%	107%
Gross profit margin	3.3%	4.2%	27.2%		
Net profit margin	1.8%	2.3%	27.7%		

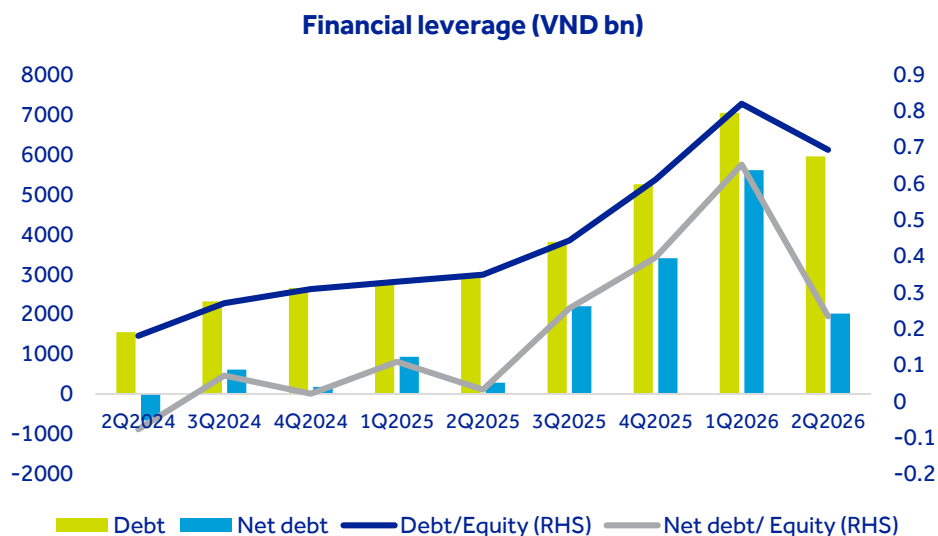
Sources: CTD, ACBS.

Improving cash flow, Receivables remain a watchpoint. CTD's CFO turned positive at VND816bn in FY2026, from -VND1.15tn previously, supported by better working-capital management and a VND4.2tn increase in customer advances to VND9.03tn, reducing self-funded working-capital needs during project execution. However, trade receivables rose 3.4% to VND15.38tn, while provisions increased 4.4% to VND1.37tn, keeping the provision-to-receivables ratio at ~8.9%. The lower ratio versus FY2025 mainly reflects receivables growth rather than a clear improvement in collections. Notably, CTD has fully provisioned its VND526bn receivable from Ngoi Sao Viet, which could support liquidity and allow provision reversals upon recovery. However, we exclude this potential recovery from our FY2027 earnings forecast given limited visibility on collectability.



Sources: CTD, ACBS.

Rising Financial Leverage: As of 2QFY2026, CTD's total debt rose 98% YoY to VND5.94tn, lifting debt/equity to 61.6% from 33.3%. The increase reflects higher funding needs as operations expand, but also makes the balance sheet more sensitive to working-capital and receivables movements. While net debt/equity rose more moderately from 3.1% to 20.8% on stronger cash balances, leverage remains a key watchpoint, as liquidity depends on timely receivables collection and conversion of backlog into operating cash flow.



Sources: CTD, ACBS.

Outlook and Valuation

We expect CTD's FY2027 performance to be driven by two key factors. First, residential construction remains the primary earnings contributor, supported by backlog from long-standing partners such as Sun Group, Masterise and Vinhomes. Beyond residential projects, CTD is undertaking several large-scale, technically complex developments, including the Hanoi Opera House and APEC Convention Center in Phu Quoc, which should further diversify its order book and reduce reliance on the housing liquidity cycle.

Second, infrastructure could emerge as a medium- to long-term growth driver as CTD expands beyond residential construction. Potential FY2027 projects include Can Gio Bridge, Phu My 2 Bridge and Rach Chiec Sports Complex. However, we do not expect infrastructure to make a significant contribution to FY2027 earnings, given uncertainty around project execution, construction volumes and revenue recognition timing.

With FY2026-end backlog of ~VND70tn (+98% YoY), nearly 2 years of FY2026 revenue, CTD has strong revenue visibility through FY2027–FY2028. The sizeable backlog also gives the company greater flexibility to prioritize contracts with favorable commercial terms and cash-collection profiles, rather than pursuing revenue growth at all costs. Nevertheless, backlog quality should ultimately be assessed based on conversion into revenue, margins and actual cash flow. We forecast annual new contract awards of VND50–60tn, maintaining year-end backlog at VND60–70tn.

We project FY2027 revenue of VND42.15tn (+23% YoY) and net profit of VND904bn (+15% YoY), below management's more 30% growth target. We remain conservative given backlog conversion lags, limited near-term margin expansion, and risks from input costs, working capital and project execution.

Gross-margin upside also remains limited, with elevated material prices continuing to pressure project economics. While upfront fixed-price procurement can mitigate short-term price volatility, persistently high input costs may weigh on newly awarded projects. We therefore forecast FY2027 gross margin at 3.4–3.5%, below 4.2% in FY2026, amid continued uncertainty in the residential market and input costs. Using a DCF valuation, we derive a mid-2027 target price of VND87,500/share, implying 41% upside from the October 08, 2026 closing price. We maintain our BUY recommendation on CTD.

	FY2027	FY2028	FY2029
Net profit	904	1,198	1,578
Increase: Depreciation	102	107	112
Decrease: Capex	-50	-50	-50
(Increase) / Decrease WC	-4,821	-10,530	1,121
Increase: I*(1-tax)	122	85	64
FCFF	-3,743	-9,190	2,825
PV FCFF	-3,828	-8,361	2,286

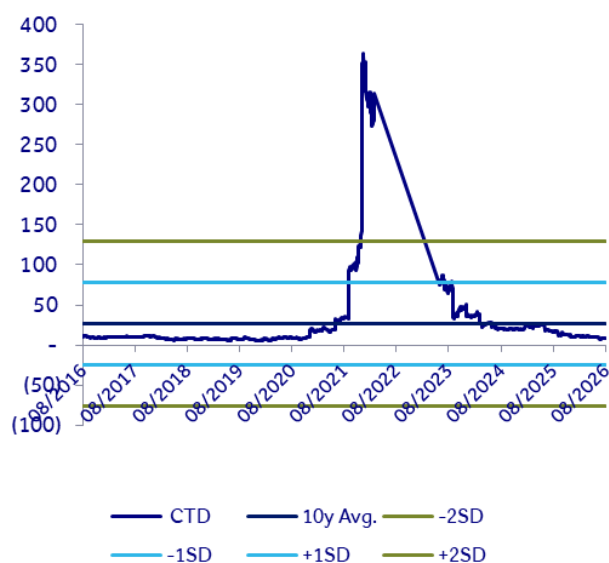
Risk free	5.0%
Risk premium	8.4%
Beta	1.1
Cost of equity	14.2%
Equity weight	72%
Debt weight	38%
Terminal growth rate	1%
WACC	12.4%

Terminal Value	24,995
PV of terminal Value	17,994
Enterprise Value	8,091
Plus: Excess cash and ST investments	7,823
Minor: Net debt	5,943
Minor: Minorities interest	1
Equity Value	9,971
Number of share outstanding (mil shares)	114,03
Reasonable price (VND/share)	87,440

Sensitivity of valuation to interest rates

WACC	11.4%	11.9%	12.4%	12.9%	13.4%
Target price (VND/share)	107,100	96,900	87,500	79,200	71,500
Difference compared to the baseline	22.4%	10.8%	0	10.5%	22.4%

CTD's 10-year P/E ratio



CTD's 10-year P/B ratio



CTD FINANCIAL MODEL	Current price: VND	62,300	Target price: VND	87,500	Market cap: VND bn	7,045
(VND bn except where stated)	2023	2024FY	2025FY	2026FY	2027FY	
Net sales (VND bn)	16,528	21,045	24,885	34,340	42,150	
<i>Growth (%)</i>	60.0%	27.3%	18.2%	38.0%	22.7%	
COGS	-16,102	-24,069	-30,160	-32,894	-40,727	
Gross profit	426	713	815	1,446	1,423	
<i>Gross profit margin</i>	2.6%	3.4%	3.3%	4.2%	3.4%	
SG&A	(398)	-581	-333	-678	-633	
SG&A margin	-2.4%	-2.8%	-1.3%	-2.0%	-1.5%	
Profit/(loss) in associates, joint venture	0	0	0	0	0	
EBITDA	90	186	537	879	892	
<i>EBITDA margin</i>	0.5%	0.9%	2.2%	2.6%	2.1%	
Net operating profit	238	132	483	768	790	
<i>Operating profit margin</i>	1.4%	0.6%	1.9%	2.2%	1.9%	
Financial income	348	280	256	407	485	
Financial expenses	(130)	-105	-205	-350	-153	
Other income	10	80	19	194	15	
Profit before tax	244	387	552	1,020	1,137	
Profit after tax	188	310	456	788	904	
Non-controlling interest	0	0	0	0	0	
NPAT-MI	188	310	456	788	904	
<i>Net profit margin</i>	1.1%	1.5%	1.8%	2.3%	2.1%	
Cash, cash equivalents & short-term investments	1,883	2,210	2,712	3,936	2,742	
Share outstanding (mn)	103.6	103.6	103.6	114	114	
EPS (VND)	662	3,729	4,402	6,910	7,928	
Adjusted EPS (VND)	662	3,729	4,402	6,910	7,928	

KEY CASHFLOW AND BS ITEMS	2023	2024FY	2025FY	2026FY	2027FY
Increase in working capital	-1,612	1,353	930	2,371	5,466
Capex	-143	-415	-50	-50	-50
Other cashflow items	-402	-121	586	122	85
Free cash flows	180	1,778	-2,456	898	-3,743
Dividends paid	0	0	100	114	114
Increase in net debt	1,473	-1,103	3,668	1,732	62
Net debt, end of year	-1,766	-2,868	7,394	2,007	2,069
Shareholder's equity	8,214	8,272	8,965	9,652	10,556
BVPS (VND)	104,197	104,930	86,509	84,646	92,574
Net debt / Equity	-21.5%	-34.7%	34.9%	20.8%	19.6%
Net debt / EBITDA	12.7	-31.9	3.4	4.0	2.3
Total assets	18,967	21,375	34,074	38,751	41,676

KEY RETURN AND VALUATION RATIOS	2023	FY2024	FY2025	FY2026	FY2027
ROE	2,3%	3,6%	5,1%	8,5%	8,9%
ROA	0,9%	1,4%	1,5%	2,3%	2,2%
ROIC	0,1%	2,9%	2,9%	2,9%	2,9%
WACC	12,4%	12,4%	12,4%	12,4%	12,4%
EVA	-12,3%	-9,5%	-9,5%	-9,5%	-9,5%
P/E (x)	40,3	36,4	20,4	9,1	7,9
EV/EBITDA (x)	40,7	20,9	16,5	10,3	10,1
EV/FCF (x)	3,1	-13,2	-3,8	10,0	-2,4
P/B (x)	0,9	1,1	1,0	0,9	0,8

CONTACTS

Ho Chi Minh City Head Office

3rd Floor, 117 Nguyen Dinh Chieu, Xuan Hoa Ward, Ho Chi Minh City
Tel: (+84 28) 7300 7000
Fax: (+84 28) 7300 3751

Hanoi Office

10 Phan Chu Trinh, Cua Nam Ward, Ha Noi
Tel: (+84 24) 3942 9396

RESEARCH & MARKET STRATEGY DEPARTMENT

Email: acbs_phantich@acbs.com.vn
trangdm@acbs.com.vn

INSTITUTIONAL CLIENT DIVISION

Director

Huong Chu

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

Manager

Huynh Nguyen

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

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

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