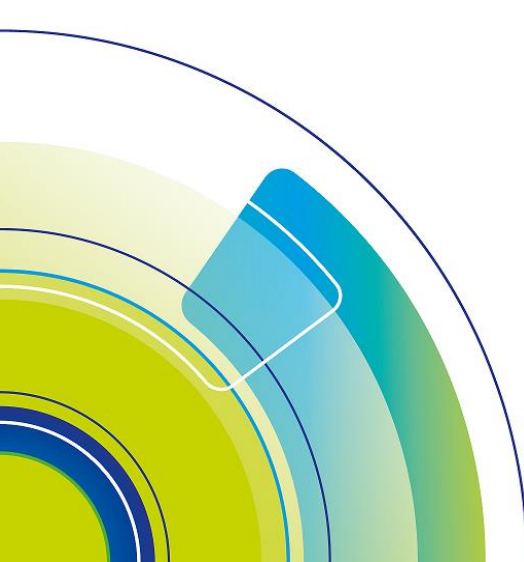




CTD Flash note - OUTPERFORM

February 11, 2025



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Earnings Flash note

Recommendation **OUTPERFORM**
HSX: CTD
Construction

Target price (VND)	96,000
Market price (VND)	81,600
Expected share price return	17.6%
Expected dividend yield	1.0%
Expected total return	18.6%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	19.2	17.2	21.6	25.2
Relative	18.8	15.9	19.4	16.2

Source: Bloomberg



Ownership

Kustocem Pte. Ltd	17.9%
Thanh Cong Business and Investment Ltd.	14.4%
The8th Pte. Ltd.	10.6%
KIMC	8.1%

Stock Statistics 10-Feb-24

Bloomberg code **CTD VN**

52-week range (VND)	57,300 – 83,300
Shares O/S (m)	100
Mkt cap (VND bn)	8,184
Mkt cap (USD m)	321
Est. Foreign room left (%)	0
Est. free float (%)	58.2
3m avg daily vol (shrs)	890,484
VND/USD	25,502
Index: VNIIndex / HNX	1,271.48/229.13

COTECCONS CONSTRUCTION JSC (CTD VN)

CTD (Fiscal Year (FY): 01/07/2024 – 30/06/2025) achieved robust growth in the first two quarters of the new fiscal year, propelled by the resurgence in construction activities, especially the industrial construction segment, and enhanced cost management. The current financial performance surpassed our projections, achieving 70% of the annual forecast thanks to a higher-than-expected backlog. Change our rating from Buy to Outperform as stock price has increased by 16% since our initial report in 07/2024.

In 2H2024, CTD reported total revenue of VND11,645 bn (19% YoY). The primary contribution to this revenue came from construction activities which accounted for 98% of the total revenue. This growth was mainly driven by key projects, including The Infinity, Ecopark Sky Forest, the Suntory Pepsico plant, and the Thuy Van Road renovation project.

After deducting the cost of goods sold, CTD achieved a gross profit of VND407 bn, (+51% YoY). The gross profit margin improved by 0.7%, rising from 2.8% to 3.5%, largely due to the higher contribution from the industrial construction segment which has a higher gross profit margin. Moreover, CTD enhanced its operational efficiency via reducing the selling and administrative expenses to revenue ratio from 2.1% to 1.9% compared to the same period last year. Consequently, CTD recorded a NPATMI of VND199 bn (+47% YoY), achieving 47% of its annual target and 70% of ACBS's forecast.

In 4Q2024, CTD successfully repaid VND432 bn in principal and approximately VND20.7 bn in interest on a three-year bond issued on January 14, 2022. Following this repayment, CTD no longer has no bond outstanding and the remaining financial obligations being short-term bank loans. Cash and cash equivalents maintained at a high level, exceeding VND2,478 bn (-13% YTD). The net debt-to-equity ratio improved significantly, dropping from 7% to 2% in 2H2024. CTD continues to be the construction industry leader with the lowest net debt ratios.

In 2H2024, CTD's accounts receivable reached over VND14,211 bn (+14% YTD), accounting for more than 52% of total assets, primarily driven by short-term receivables from customers. CTD has made provisions of nearly VND1,424 bn for doubtful short-term receivables.

Quick comments: The 2H2024 business result of CTD exceeded our previous forecast. As a result, we will review our 2025 forecast and reassess the stock valuation in the next update report.

	2022	2023	6M24	6M25F(*)	6M26F(*)
Net Sales (VNDbn)	14,539	16,530	21,045	21,337	25,977
Growth	60.0%	14.0%	30.8%	1.3%	21.7%
EBITDA (VNDbn)	-142	126	268	331	383
Growth	-4.0%	N/A	84.1%	23.5%	15.7%
PATMI (VNDbn)	21	188	309	283	326
Growth	-14.0%	804.0%	63.0%	-8.4%	15.1%
EPS (bonus-adjusted, VND)	263	1,814	3,320	2,721	3,133
Growth	-13.0%	590.0%	83.2%	-18.0%	15.1%
ROE	0.3%	2.3%	3.3%	3.2%	3.5%
ROA	-1.3%	0.1%	1.3%	1.2%	1.3%
Net debt/EBITDA (times)	12.7	-31.9	-10.5	-12.1	-8.7
EV/EBITDA (times)	-37.0	40.7	20.9	16.5	14.3
PER (times)	252.3	36.8	36.2	35.7	31.0
PBR (times)	0.3	0.6	1.1	1.1	1.1
DPS (VND)	0	0	0	1,000	N/A
Dividend yield	0%	0%	0%	1.0%	N/A

Note: (*) New update will be in next report.

Table: 4Q2024 and 2H2024 business results

Unit: VND bn	4Q2023	4Q2024	YoY growth	2H2023	2H2024	YoY growth
Net revenue	5,660	6,886	+22%	9,784	11,645	+19%
Gross profit	169	202	+19%	269	407	+51%
Financial income	67	57	-16%	169	128	-24%
Financial expenses	31	34	+10%	63	73	+15%
SG&A expenses	122	106	-13%	205	224	+9%
NPAT	67	106	+59%	135	199	+47%
NPATMI	67	106	+59%	135	199	+47%

Sources: CTD, ACBS

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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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