

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

Forecast earnings & valuation

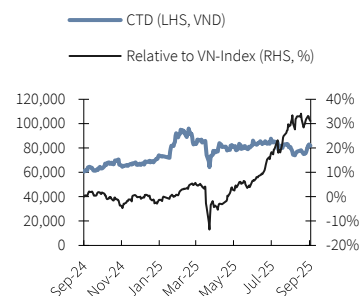
FY-end	FY24	FY25	FY26	FY27
Net revenue (VNDbn)	21,045	24,867	29,760	32,480
Operating income/loss (VNDbn)	306	529	574	993
NPAT-MI (VNDbn)	310	454	459	794
EPS (VND)	2,987	4,379	4,433	7,664
EPS growth (%)	350.9	46.6	1.2	72.9
P/E (x)	23.5	19.5	18.2	10.6
P/B (x)	0.9	1.0	0.9	0.8
ROE (%)	3.7	5.2	5.0	8.1
Dividend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

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%)

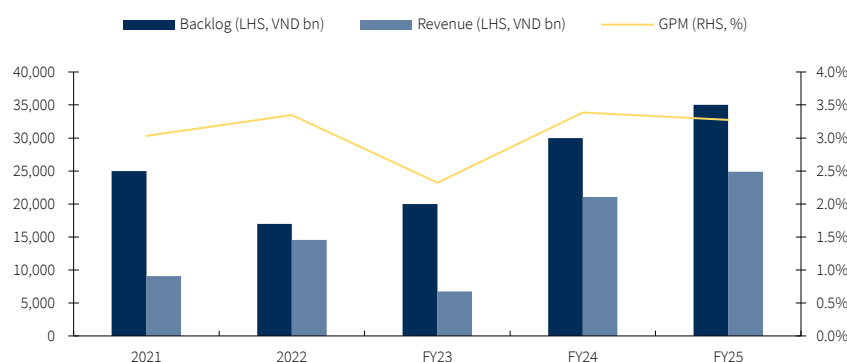
Share price performance

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



Source: Bloomberg, KB Securities Vietnam

CTD – Backlog, revenue, GPM in FY2025 (VNDbn, %)



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, and Lego.

Investment Catalysts

Backlog will improve when the real estate market enters a growth phase in 2026–2027, and the public investment sector is strongly promoted in the medium term

GPM should rebound to 3.4%/3.6% in FY2026/FY2027 alongside the optimization of the supply chain with subcontractors, suppliers and effective restructuring of Unicons

Emerald68 may start handover from 3Q26, contributing to FY2027–FY2028 business results with estimated profit contribution touching VND377 billion

Notes

Please see more details below

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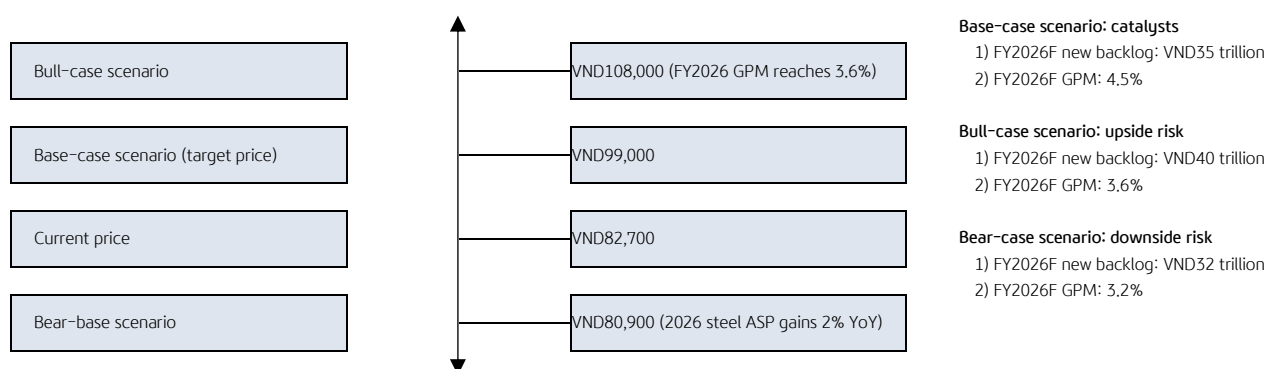
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Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	FY2026E	FY2027E	FY2026E	FY2027E	FY2026E	FY2027E	FY2026E	FY2027E
Revenue	29,760	32,480	8%	N/A	29,400	30,655	1%	6%
EBIT	483	463	-22%	N/A	525	537	-8%	-14%
NP after MI	461	794	-17%	N/A	625	N/A	-26%	N/A

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

Table 1. CTD – FY2025 business results

(VNDbn, %)	4Q FY24	4Q FY25	+/-%YoY	FY24	FY25	+/-%YoY	Notes
Revenue	6,595	8,237	24.9%	21,045	24,885	18.2%	
Construction	6,583	8,159	23.9%	21,012	24,499	16.6%	New backlog reached VND30,000 billion in FY2025.
Construction material distribution	0	83		0	296		
Real estate, office leasing, others	12	-23	-290.5%	34	89	165.2%	
Gross profit	222	257	15.4%	713	815	14.4%	
<i>Gross profit margin</i>	<i>3.4%</i>	<i>3.1%</i>	<i>-26 bps</i>	<i>3.4%</i>	<i>3.3%</i>	<i>-11 bps</i>	GPM dropped due to (1) a sharp increase in raw material costs in 1H25, (2) price competition in bidding amid the recovery of the real estate market, and (3) Unicons restructuring.
Financial income	69	72	3.8%	280	256	-8.5%	
Financial expenses	-30	-87	187.8%	-105	-205	95.6%	FY25 interest expenses surged 60% YoY due to increased use of short-term debt in the context of increasing backlog.
Shared profits from affiliates	0	0		0	0		
SG&A expenses	-195	-11	-94.4%	-581	-333	-42.7%	CTD recorded a reversal of VND160 billion in bad debt provision from Saigon Glory in 4Q FY25.
Operating income/loss	67	230	245.7%	306	533	74.0%	
Net other income	8	6		73	19	-74.2%	
Profit before taxes (PBT)	75	236	216.0%	379	552	45.5%	
Net profit after taxes (NPAT)	69	202	192.2%	302	456	50.9%	
NPAT-MI	69	202	192.2%	302	456	50.9%	
<i>NPAT margin</i>	<i>1.0%</i>	<i>2.4%</i>	<i>140 bps</i>	<i>1.4%</i>	<i>1.8%</i>	<i>40 bps</i>	

Source: Cotecons Construction, KB Securities Vietnam

Backlog will strongly rebound thanks to CTD's leading position in residential construction

The recovery of real estate has benefited construction activities since the beginning of the year, bringing CTD's backlog to more than VND35,000 billion by the end of 2Q25 (ie FY25 of the company). The value for 3Q25 is estimated at VND45,000-50,000 billion (or 1.8x FY24 revenue). We expect the backlog from housing construction to continue to improve in 2026-2027, especially in the Southern market when apartment supply is forecast to grow 17%/32% YoY in the two years.

CTD won two major projects in the public investment sector in 1Q FY26

The impressive new contract value in 1Q FY26 mostly came from the public investment sector when CTD is one of the members in the winning consortium for package 7.8 of component project 3 – Long Thanh International Airport and Gia Nghia – Chon Thanh Expressway. Although public projects bring a lower profit margin than residential or industrial ones, we believe this is a promising result, based on the management's goal of diversifying work sources amid higher bidding competition for industrial park projects and recently slowed down registered FDI. In addition, the disbursement of public investment should bounce back in the medium term, in line with the Government's economic promotion orientation. We expect the proportion of CTD's residential, industrial, and infrastructure backlog in 1Q FY26 will reach 65%/25%/10%, assuming the value of new contracts signed for public investment projects keep increasing.

KBSV forecasts CTD's new contract value will reach VND35,000/38,000 billion, and revenue may hit VND29,760/32,480 billion (+20%/9% YoY) in FY2026/20FY27.

Fig 2. Hanoi, HCMC – Apartment supply (unit)

Fig 3. CTD – Backlog and contribution from residential construction (VNDbn, %)

Source: CBRE, KB Securities Vietnam

Source: Cotecons Construction, KB Securities Vietnam

The medium-term objective is to optimize the profit margin of core business

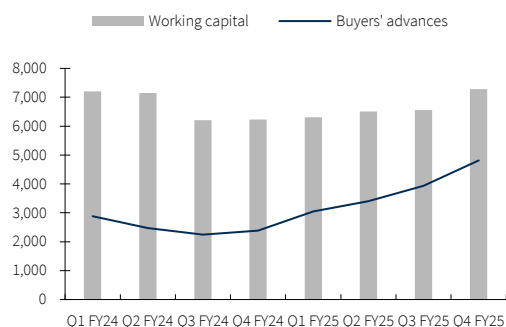
In 2H FY25, GPM of CTD narrowed, resulting from (1) a demand-pushed spike in input material costs (sand, steel, and concrete), (2) fiercer competitive bidding in the context of more newly licensed projects and competitors lowering prices to increase competitive advantages, and (3) internal restructuring of Unicons. With an estimated backlog of VND45,000 billion in 1Q FY26, management said optimizing profit margin was the top priority of CTD. This will be realized by (1) optimizing the supply chain with subcontractors and suppliers to cushion profit from changes in raw material costs and (2) restructuring the apparatus and processes at Unicons. In addition, they also set a target of no provisions in 2026 as the land market is gradually entering a growth phase. KBSV projects CTD's EBIT margin will be 1.6%/1.8% respectively (+27/23bps YoY, excluding the reversal of the provisions for Saigon Glory in 4Q FY25).

Fig 4. CTD – Revenue & adjusted EBIT margin (VNDbn, %)

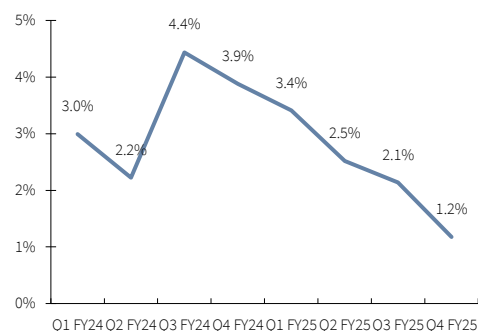
Source: Cotecons Construction, KB Securities Vietnam

CTD has a healthy financial status

FY2025 revenue gained 21% YoY with cash flow remaining stable throughout FY2024 thanks to a 67% surge in advances from the beginning of FY2024. This result is attributable to the focus on strict risk management to maintain healthy cash flows by requiring payment guarantees from contractors with clear debt and late payment policies.

Fig 5. CTD – Working capital & advances from buyers (VNDbn)

Source: Cotecons Construction, KB Securities Vietnam

Fig 6. CTD – Net bad debt/total assets (%)

Source: Cotecons Construction, KB Securities Vietnam

Forecast & valuation

Table 7. CTD – FY2026–FY2027 financials & forecasts

(VNDbn, %)	FY2025	FY2026	+/-%YoY	FY2027	+/-%YoY	Assumptions
Revenue	24,885	29,760	19.6%	32,480	9.1%	The value of new contracts signed in FY26/FY27 should reach VND35,000/38,000 billion.
Gross profit	815	1,007	23.5%	1,158	15.0%	
<i>GPM</i>	<i>3.3%</i>	<i>3.4%</i>	<i>11 bps</i>	<i>3.6%</i>	<i>29 bps</i>	Construction GPM is projected to reach 3.2%/3.4% in FY26/FY27 (vs. 3% in FY25).
Interest income	153	191	24.9%	220	14.7%	
Interest expenses	-146	-167	14.2%	-174	4.0%	
Profit/loss from deferred payment contracts and joint ventures	56	89	60.0%	367	311.0%	Emerald68 handover begins in FY27, recording 72% profit in FY27.
Profits from affiliates	0	0		0		
SG&A	-333	-544	63.5%	-578	6.3%	FY26/FY26 SG&A margin will be stable at 1.8% (equivalent to SG&A margin in FY24 before the reversal of bad debt provisions from Saigon Glory).
Operating income/loss	533	577	8.1%	993	72.2%	
Other income	19	0		0		
PBT	552	577	4.4%	993	72.2%	
NPAT	456	461	1.1%	794	72.2%	
NP after MI	456	461	1.1%	794	72.2%	
<i>NPAT margin</i>	<i>1.8%</i>	<i>1.5%</i>	<i>-28 bps</i>	<i>2.4%</i>	<i>61 bps</i>	

Source: Cotecons Construction, KB Securities Vietnam

Valuation: BUY rating – Target price VND99,000

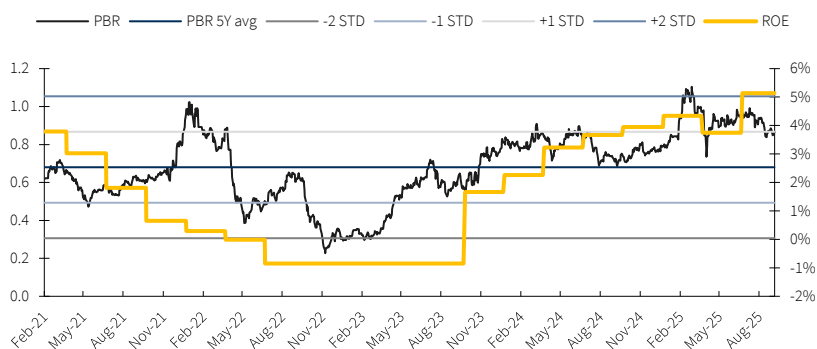
CTD's share price has dropped 2% in the past three months, reflecting subdued business performance and lower GPM. We believe that CTD's core business is still growing with impressive backlog growth thanks to the recovery of the real estate market, leading position in the industry, and diversification strategy. In addition, in the medium term, KBSV expects CTD to improve its construction GPM after restructuring Unicons and optimizing the supply chain. We use the PBR valuation method with FY26 BVPS, target multiple of 1.1x and determine the fair value of CTD at VND99,000/share.

Table 8. CTD – Final valuation

Valuation method	Target multiple	Derived price	Weighting	Target price
PBR	1.1	99,000	100%	99,000

Source: KB Securities Vietnam

Fig 9. CTD – PBR, ROE in the last five years (x, %)



Source: Bloomberg, KB Securities Vietnam

CTD – FY2024A–2027F summarized financials & forecasts

Income Statement (VND billion) (Standard report)	FY2024	FY2025	FY2026	FY2027
Net sales	21,045	24,885	29,760	32,480
Cost of sales	-20,333	-24,069	-28,753	-31,322
Gross Profit	713	815	1,007	1,158
Financial income	280	153	191	220
Financial expenses	-105	-91	-78	193
of which: interest expenses	-92	-146	-167	-174
Gain/(loss) from joint ventures (from 2015)	0	0	0	0
Selling expenses	0	0	0	0
General and admin expenses	-581	-333	-544	-578
Operating profit/(loss)	306	533	577	993
Other incomes	85	19	0	0
Other expenses	2	0	0	0
Net other income/(expenses)	73	19	0	0
Income from investments in other entities	0	0	0	0
Net accounting profit/(loss) before tax	387	552	577	993
Corporate income tax expenses	-77	-96	-115	-199
Net profit/(loss) after tax	310	456	461	794
Minority interests	0	0	0	0
Attributable to parent company	310	456	461	794

Margin ratio	FY2024	FY2025	FY2026	FY2027
Gross profit margin	3%	3%	3%	4%
EBITDA margin	1%	2%	2%	2%
EBIT margin	1%	2%	2%	2%
Pre-tax profit margin	2%	2%	2%	3%
Operating profit margin	1%	2%	2%	3%
Net profit margin	1%	2%	2%	2%

Cash Flow Statement (VND billion)	FY2024	FY2025	FY2026	FY2027
Net profit/(loss) before tax	387	551	577	993
Depreciation and amortisation	44	110	83	85
Profit/loss from investing activities	-239	-232	0	0
Interest expense	92	142	167	174
Operating profit/(loss) before changes in Working Capital	590	441	827	1,252
(Increase)/decrease in receivables	-1,558	-4,020	-1,590	-1,131
(Increase)/decrease in inventories	201	-2,914	1,473	34
Increase/(decrease) in payables	1,180	5,692	-385	149
(Increase)/decrease in prepaid expenses	-215	-95	0	0
Operating cash flow	24	-1,049	977	2,113
Purchases of fixed assets and other long term assets	-551	-467	-58	-67
Proceeds from disposal of fixed assets	24	265	0	0
Loans granted, purchases of debt instruments	-3,630	-3,626	0	0
Collection of loans, proceeds from sales of debts instruments	4,282	3,777	0	0
Investments in other entities	-264	-16	0	0
Proceeds from divestment in other entities	65	0	0	0
Dividends and interest received	314	365	0	0
Investing cash flow	240	298	-58	-67
Proceeds from issue of shares	7	15	0	0
Payments for share returns and repurchases	0	0	0	0
Proceeds from borrowings	3,978	6,319	52	0
Repayment of borrowings	-3,921	-4,882	0	-42
Finance lease principal payments	-1	0	0	0
Dividends paid	0	-200	0	0
Interests, dividends, profits received	0	0	0	0
Financing cash flow	63	1,252	52	-42
Net increase in cash and cash equivalents	328	501	971	2,005
Cash and cash equivalents - beginning	1,883	2,210	2,712	3,683
Cash and cash equivalents - ending	2,210	2,712	3,683	5,688

Source: Cotecons Construction, KB Securities Vietnam

Balance Sheet (VND billion) (Standard report)	FY2024	FY2025	FY2026	FY2027
TOTAL ASSET	22,869	29,701	30,331	33,283
CURRENT ASSETS	20,456	27,963	29,052	32,154
Cash and cash equivalents	2,210	2,712	3,683	5,688
Short-term investments	1,868	1,589	1,589	1,589
Accounts receivable	12,024	15,870	17,461	18,592
Inventories	3,126	5,964	4,491	4,458
LONG-TERM ASSETS	2,413	1,738	1,279	1,130
Long-term trade receivables	699	29	29	29
Fixed assets	456	442	421	406
Long-term incomplete assets	115	50	50	50
Long-term investments	309	315	315	315
Good will (before 2015)	0	0	0	0
LIABILITIES	14,278	20,736	20,885	23,043
Current liabilities	14,223	20,684	20,835	22,994
Trade accounts payable	6,161	7,534	7,130	7,278
Short-term borrowings	1,519	2,984	3,039	2,997
Other short-term liabilities	6,543	10,165	10,667	12,719
Long-term liabilities	54	53	50	50
Long-term trade payables	0	19	19	19
Long-term borrowings	21	3	0	0
Other long-term liabilities	33	31	31	31
OWNER'S EQUITY	8,591	8,965	9,426	10,221
Paid-in capital	1,036	1,036	1,036	1,036
Share premium	2,880	2,714	2,714	2,714
Other funds	3,977	4,160	4,160	4,160
Undistributed earnings	698	1,054	1,515	2,310
State capital	0	0	0	0
Interest of non-controlling shareholders	1	1	1	1

Key ratios (x, %, VND)	FY2024	FY2025	FY2026	FY2027
Multiple				
P/E	23.5	19.4	22.2	12.9
P/E diluted	23.5	19.4	22.2	12.9
P/B	0.9	1.0	1.1	1.0
P/S	0.3	0.4	0.3	0.3
P/Tangible Book	15.9	20.1	24.4	25.3
P/Cash Flow	299.4	-8.4	10.5	4.9
EV/EBITDA	41.5	14.9	18.8	15.4
EV/EBIT	55.2	18.4	22.2	17.7
Operating performance				
ROE	4%	5%	5%	8%
ROA	1%	2%	2%	2%
ROIC	3%	4%	4%	6%
Financial structure				
Cash Ratio	0.2	0.1	0.2	0.2
Quick Ratio	1.1	1.0	1.1	1.1
Current Ratio	1.4	1.4	1.4	1.4
LT Debt/Equity	0.0	0.0	0.0	0.0
LT Debt/Total Assets	0.0	0.0	0.0	0.0
Debt/Equity	0.2	0.3	0.3	0.3
Debt/Total Assets	0.1	0.1	0.1	0.1
ST Liabilities/Equity	1.5	2.0	1.9	2.0
ST Liabilities/Total Assets	0.6	0.6	0.6	0.6
Total Liabilities/Equity	1.5	2.0	1.9	2.0
Total Liabilities/Total Assets	0.6	0.6	0.6	0.6
Activity ratios				
Account Receivable Turnover	1.8	1.6	1.8	1.8
Inventory Turnover	6.5	5.3	5.5	7.0
Account Payable Turnover	4.2	4.2	3.9	4.3

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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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