Viettel Construction JSC (HSX: CTR)

Investment opportunity for long-term horizon

- 1Q25 NP increased 5% yoy, achieving only 19% of our full-year forecast. The infrastructure leasing segment served as the main growth driver, partially offsetting weak performance in construction and operations.
- Revised down 2025/26/27 NP by 12%/19%/23%, due to a more cautious outlook on the growth potential of the operation, construction. Post-adjustment, NP is expected to grow by 5%/10%/14% yoy.
- Reiterate ADD with lower target price of VND119,900/share.

	ADD
Target price	**VND119,900**
Upside	*25%*

Key changes in the report

Revised down EPS 2025/26/27 by 12%/19%/23% versus previous report

1Q25 recap: Business slowdown across most segments

In 1Q25, revenue increased 4% yoy, driven by growth in the system intergration and infrastructure leasing segments, offset the slowdown in operation and construction. Gross profit rose 7% yoy with a 0.2%pts in GPM, mainly due to a higher contribution from high-margin segments like infrastructure leasing. Conversely, construction segment' GPM declined due to higher contribution from B2C construction. Financial income surged 63% yoy due to higher deposits, while financial expenses grew 28% yoy, reflecting new loans used to deploy BTS station developments. As a result, net profit in 1Q25 reached VND122bn (+5% yoy), fulfilling 21% of the company's full-year target and 19% of MBS's forecast.

2025–27 Outlook: Downward revision of construction and infrastructure GPM

We revised up the revenue forecast for 2025–2027, with post-adjustment growth at 11%/12%/12% yoy, reflecting: 1) Higher construction revenue, due to to accelerate civil construction and real estate market recovery from 2025 onward; 2) Lower revenue from operations and infrastructure leasing due to a more cautious view on Viettel's 5G rollout timeline and reduced tenancy rate. 2025–2027 gross profit adjusted down by 12%/11%/18%, resulting in yoy growth of 16%/11%/15%, due to: Increased BTS station depreciation expenses in early years of operation; Lower GPM in construction due to a greater focus on lower-margin civil segments. Financial revised downward by 8%/11%/12% based on lower interest rate assumptions. Overall, 2025/26/27 NP revised down by 12%/19%/23% from previous forecasts, but is still expected to grow 5%/10%/14% yoy post-adjustment.

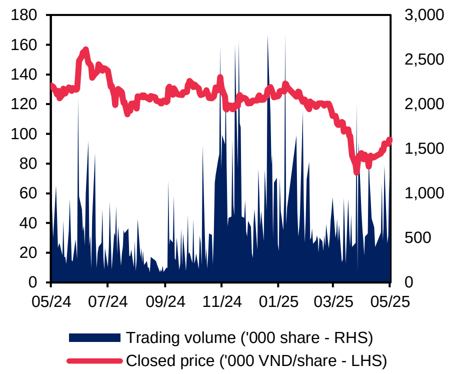
Reiterate ADD with lower target price of VND119,900/share

We revise down target price 22% from the previous report, mainly due to lower EPS revisions of 12%/19%/23% for 2025/26/27, reflecting a more conservative view on the growth prospects of operation and construction segments. However, the recent market-driven price correction has brought the stock to an attractive accumulation range. CTR remains a prominent representative of the "new economy" investment trend, supported by sustainable profit growth and a healthy financial position.

VNDbn	2024	2025F	2026F	2027F
Revenue	12,610	13,977	15,626	17,572
Net profit	538	566	620	708
Revenue growth	11.6%	10.8%	11.8%	12.5%
Net profit growth	4.3%	5.1%	9.5%	14.2%
Gross margin	7.0%	7.3%	7.3%	7.5%
EBITDA margin	8.2%	8.5%	8.7%	8.9%
ROAE (%)	29.1%	29.7%	27.7%	27.1%
ROAA (%)	7.7%	7.3%	6.9%	6.9%
EPS (VND/share)	4,705	4,947	5,419	6,187
BVPS (VND/share)	15,253	18,100	21,019	24,706

Sources: CTR, MBS Research

Price performance



Sources: FiinPro, MBS Research

Current price (VND)	96,000
52W High (VND)	156,880
52W Low (VND)	73,900
Market Cap (VNDbn)	11,004
P/E (TTM)	20.2
P/B	5.5
Dividend yield (%)	2.8%
Foreign ownership (%)	8.5%

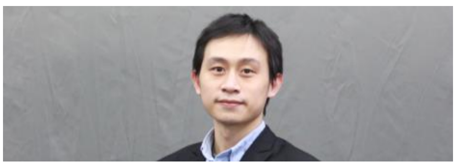
Sources: https://s24.mbs.com.vn/

Ownership

Viettel Group	66%
Others	34%

Sources: https://s24.mbs.com.vn/

Analyst(s)



Tung Nguyen
Tung.nguyenhaduc@mbs.com.vn

Viettel Construction JSC (HSX: CTR)

Investment thesis and Recommendation

Investment thesis

- The National ICT Infrastructure Master Plan, approved on January 11, 2024, sets a strategic goal of achieving 99% population coverage with 5G by 2030. This aligns closely with Decree 57, issued by the Government on December 22, 2024, which promotes science, technology, and digital transformation as national priorities. As a leading telecommunications and technology corporation, Viettel is expected to play a central role in advancing digital transformation at the national level. CTR, as a key subsidiary and leading digital infrastructure developer within the Viettel ecosystem, is well-positioned to benefit from the accelerated expansion of national digital infrastructure—an essential foundation for these strategic goals.

- With a diversified business ecosystem closely tied to the growth of the telecommunications sector and Viettel in particular, CTR is expected to sustain robust net profit growth at a 14% CAGR through 2030, primarily driven by its infrastructure leasing segment. Simultaneously, the company is actively diversifying its revenue sources beyond Viettel by expanding into civil construction, and building a complete value chain for smart home development, which includes smart device distribution, solar rooftop EPC services, and M&E.

- The sharp market correction since mid-2024 reflects weaker-than-expected business performance, especially in construction and lower-than-forecast shared leasing ratios. This correction, however, has brought CTR's valuation into a compelling accumulation range. Specifically, CTR is currently trading at an EV/EBITDA multiple of 10.7x, significantly below its 2-year historical average of ~15.0x and the industry average of 15.6x, despite maintaining resilient ROE metrics. We believe that the long-term trajectory of 5G development is unlikely to reverse, and CTR remains a standout beneficiary of the new economy, making it a suitable long-term investment candidate.

Reiterate ADD with lower target price of VND119,900/share

We revise our target price downward by 22% compared to our previous report, reflecting EPS adjustments of -12%/-19%/-23% for 2025/26/27, due to a more conservative view on the growth potential of the operations segment and margin compression in both construction and infrastructure leasing. Valuation is based on a blended methodology, equally weighted between DCF and EV/EBITDA:

- 10Y-DCF Valuation: Using a WACC of 13.5%, cost of equity of 14.7%, and terminal growth rate of 0%. We consider this approach appropriate given CTR's interlinked business model and stable cash flows.

- Target EV/EBITDA multiple of 11.0x, aligned with the regional peer average for 2025–2026. This methodology is suitable for capital-intensive telecommunications firms due to: 1) High fixed asset investment requirements, and 2) Stable cash flows, with EBITDA serving as a clean metric that strips out non-cash items and focuses on core operating profitability, independent of capital structure.

Figure 1: DCF valuation – Summary of FCF

VNDbn	2025F	2026F	2027F	2028F	//	2035F
EBIT	777	855	972	1,166		3,785
(-) Tax	(141)	(156)	(178)	(216)		(792)
Tax rate (%)	20%	20%	20%	20%		20%
EBIAT	636	699	794	950		2,992
(+) Depreciation and Amortisation	409	499	591	609		620
(+) (Increase)/decrease in net working capital	82	55	45	10		119
(-) Capital Expenditure	(509)	(760)	(760)	(760)		(760)
Unleveraged Free cash flow (FCFF)	**617**	**493**	**671**	**810**		**2,971**
Terminal value						**22,068**

Sources: MBS Research

Figure 2: Cost of equity

Cost of equity	
Risk free rate	3.0%
Beta	1.3
Risk premium	9.0%
Cost of equity- ke	14.7%

Sources: MBS Research

Figure 3: WACC & Long-term growth rate

WACC & terminal growth	
Enterprise value	13,170
Debt	(2,161)
Cost of debt	6.4%
Tax rate	20.0%
WACC	13.5%
Perpetual growth rate	0.0%

Sources: MBS Research

Figure 4: Blended valuation

Methods	Target multiple	Implied share price	Weight	Weighted Value
		VND per share	%	VND per share
Average FY25-26 EV/EBITDA	10.5x	120,660	50%	60,330
DCF, 10y		119,208	50%	59,604
Implied share price				119,934
Rounded share price				**119,900**

Sources: MBS Research

Figure 5: Peer comparison

Comapany	Ticker	Mkt Cap	P/E(x)		P/BV(x)		EV/EBITDA		ROE (%)		ROA(%)	
	Bloomberg	US$m	TTM	2025	Current	2025	TTM	2025	TTM	2025	TTM	2025
Regional peers												
American Tower Corp	AMT US	95,734	33.1	33.0	27.0	27.7	18.6	19.7	48.1	82.8	2.8	4.7
Indus Towers	INDUSTOW IN	12,201	10.5	11.4	3.2	3.3	7.7	6.1	33.3	30.8	16.6	16.9
Crown Castle	CCI US	42,775	33.8	114.8	na	na	14.0	23.9	na	na	-13.3	0.8
CELLNEX	CLNX SM	25,758	26.0	na	1.5	1.7	15.3	12.9	-0.3	-0.3	-0.1	-0.3
INWIT	INW IM	10,883	26.8	24.1	2.3	2.6	14.8	14.3	8.3	11.1	3.8	5.5
China Tower Corp Ltd	788 HK	26,144	10.6	15.3	1.0	0.9	4.2	4.1	5.3	6.2	3.4	3.8
Sarana Menara	TOWR IJ	1,883	9.1	8.7	1.6	1.4	8.4	7.5	18.7	17.1	4.6	4.3
Tower Bersama	TBIG IJ	2,784	33.4	30.3	4.6	4.1	14.7	13.0	12.6	13.5	2.9	2.9
Tata Communications Ltd	TCOM IN	5,355	28.1	41.6	15.1	18.5	12.3	12.1	76.3	54.3	7.1	5.1
Digital Telecom	DIF TB	2,536	119.7	7.3	0.5	0.5	17.0	8.4	0.4	6.7	0.3	4.9
Trung bình			*96.8*	*100.7*	*5.6*	*5.9*	*15.6*	*15.2*	*18.3*	*19.8*	*3.8*	*5.3*
Trung vị			*30.6*	*30.3*	*2.6*	*2.6*	*14.8*	*13.0*	*8.5*	*11.1*	*3.6*	*4.8*
Viettel Construction JSC	**CTR VN**	**423**	**20.1**	**17.4**	**5.4**	**4.9**	**10.7**	**9.1**	**27.8**	**27.7**	**7.6**	**6.9**

Sources: Bloomberg, MBS Research

Upside potential:

- Stronger-than-expected demand for 5G networks could accelerate the need for infrastructure deployment and tower leasing.
- Higher-than-anticipated demand in commercial operations and technical services, along with improved uptake of integrated solutions, could provide additional growth drivers.

Downside risks

- Slower-than-expected growth in shared leasing ratios may negatively impact profit growth in the infrastructure leasing segment.
- Competitive threats from emerging players such as Starlink could pose long-term challenges to Viettel Group. However, in the short term, the company assesses that Starlink is unlikely to compete effectively in terms of pricing or transmission quality. As a result, CTR, in its role as an infrastructure developer, currently faces minimal risk to its business outlook.

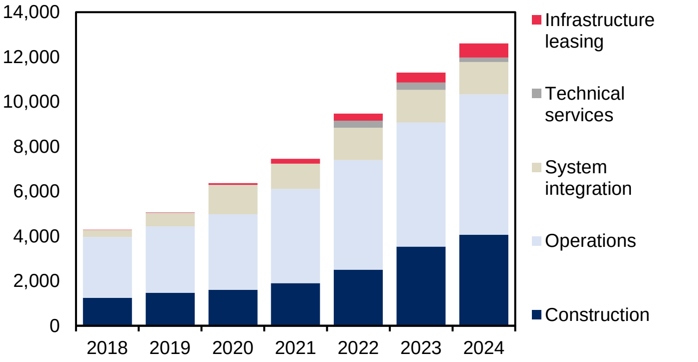
1Q25 recap: Business slowdown across most segments

Figure 6: 1Q25 business recap

VNDbn		4Q24	% yoy	% vs previous forecast	Comment
Revenue	**2,623**	**2,738**	**4%**	**20%**	
Operations	1,392	1,393	0%	20%	Revenue from operations remained flat yoy, with the revenue contribution from domestic and international markets stable at 86% and 14%, respectively.
Construction	770	783	2%	20%	Revenue growth slowed due to a modest 1% yoy increase in newly signed B2B backlog contracts. This was offset by a 33% yoy increase in B2C&SME backlog.
System integration & Technical services	327	364	12%	18%	Rooftop solar EPC and M&E activities continued to be the main contributors, accounting for ~80% of segment revenue.
Infrastructure leasing	135	198	47%	22%	Revenue rose 47% yoy, primarily driven by a 57% yoy increase in the number of BTS stations. By the end of March 2025, CTR operated 10,350 BTS stations, adding 350 stations since the start of the year, achieving 17% of the 2025 target of 2,000 new stations. The tenancy rate remained unchanged at 1.03x, with the number of co-leased stations rising only by 7 units to 340
Gross profit	**188**	**201**	**7%**	**18%**	**Gross profit outpaced revenue growth due to stronger contribution from infrastructure leasing**
Operations	78	86	10%	23%	Gross profit from the operations segment increased 10% yoy, mainly due to a 1%pts improvement in gross margin.
Construction	45	41	-10%	12%	Gross profit from the construction segment declined by 10% yoy, primarily due to an increased share of lower-margin B2C contracts. We observe a trend of declining margins as the company expands into civil B2C construction, which typically carries lower profitability compared to traditional telecom station construction.
System integration & Technical services	24	19	-22%	19%	The segment, partially aligned with civil construction, is also being actively promoted. During this phase, the company is prioritizing competitive pricing to drive revenue growth, which has resulted in margin compression.
Infrastructure leasing	41	53	30%	21%	Gross profit rose 30% yoy, though below revenue growth, primarily due to higher depreciation expenses as CTR accelerates BTS station investment.
%GPM	*7.2%*	*7.3%*	*0.2 đ%*	*0 đ%*	
SG&A	40	46	16%	18%	
Financial income	12	19	63%	27%	Financial income rose 63% yoy, driven by increased interest income from higher cash deposits.
Financial expenses	16	20	28%	17%	Financial expenses grew 28% yoy, mainly due to increased interest expenses from new long-term loans used to finance BTS station investments.
Net other income	0.0	0.5	987%	0%	
PBT	144	154	7%	**19%**	
Tax expenses	28	32	13%	20%	
NPAT	116	122	5%	**19%**	
Minority interest	-	-	na	27%	
Net profit	**116**	**122**	5%	**19%**	**As a result, 1Q25 NP increased only 5% yoy, fulfilling 21% of the company's full-year target and 19% of MBS's forecast, indicating weaker-than-expected performance.**

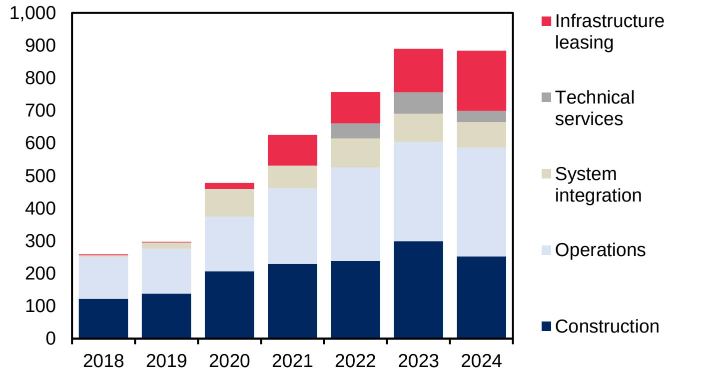
Sources: CTR, MBS Research

Figure 7: During the period 2018–2024, construction and operations account for the largest share of CTR's total revenue…



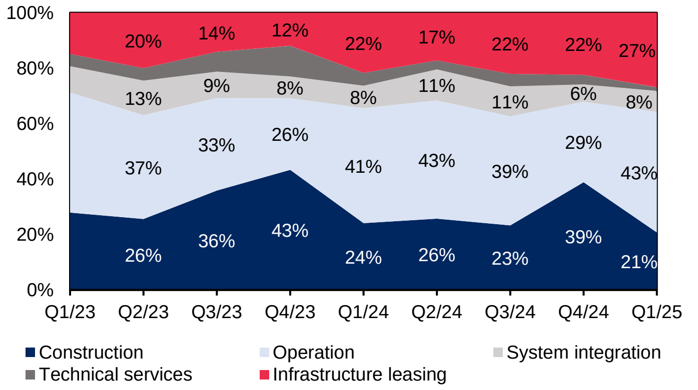
Sources: CTR, MBS Research

Figure 8: … However, gross profit contribution has seen a steady shift toward infrastructure leasing (Unit: VNDbn)



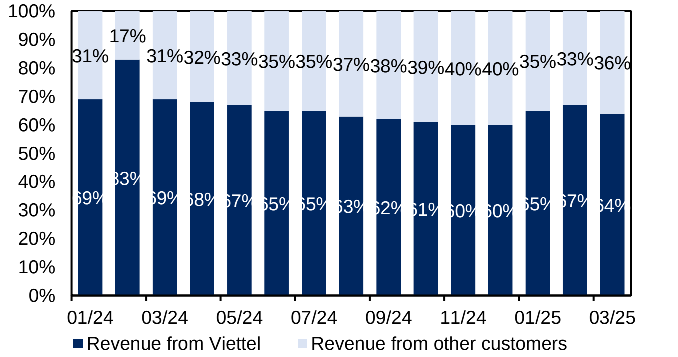
Sources: CTR, MBS Research

Figure 9: In 1Q25, gross profit share from infrastructure leasing rose significantly, offsetting the decline in construction segment.



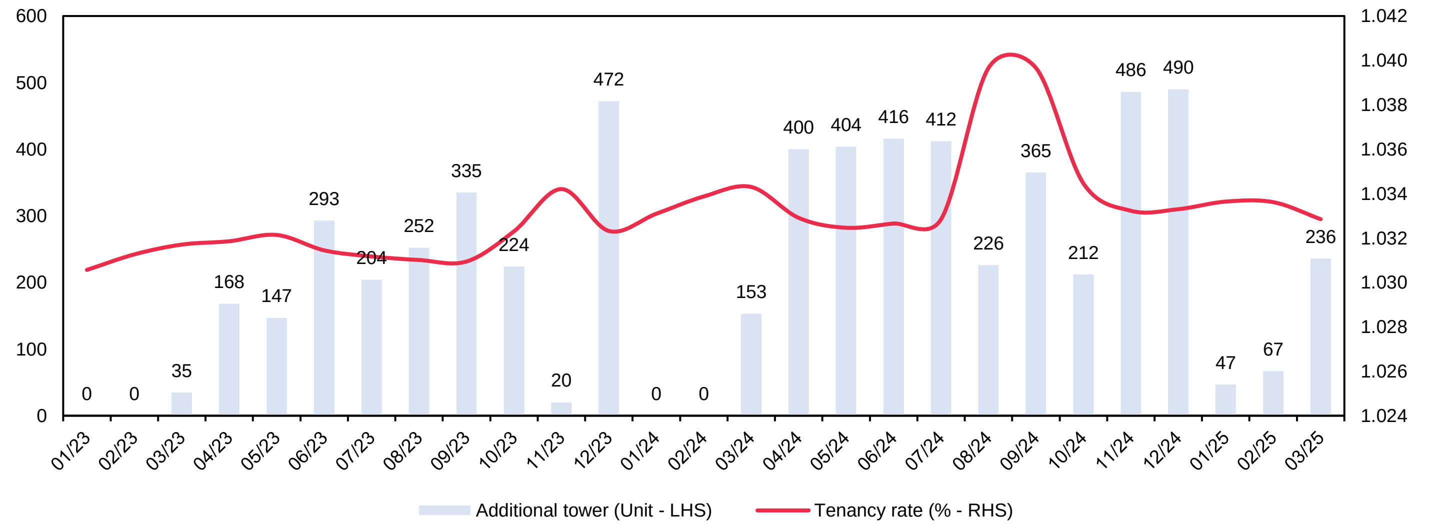
Sources: CTR, MBS Research

Figure 10: Revenue composition from outside the Viettel has shown a gradual increase, mainly driven by the growth in civil construction activities and integrated solutions & technical services.



Sources: CTR, MBS Research

Figure 11: BTS station deployment in the first 3 months of 2025 was relatively slow, reaching only 17% of the annual plan. The tenancy remained stable at 1.03x, with only 7 new shared tenants added since the beginning of the year.



Sources: CTR, MBS Research

2025–2027 Earnings forecast summary

CTR's 2025 business plan and 2025–2030 strategic direction

For 2025, CTR targets revenue of VND13,968bn (+10% yoy) and NP of VND562bn (+4.6% yoy). Over the 2025–2030 period, the company aims to sustain annual revenue growth of approximately 10–15%, with a strategic goal of achieving net profit exceeding VND1,000bn by 2030. We believe that growth potential in traditional segments, such as telecom tower operations and construction, has passed its acceleration phase and will likely stabilize at a mature level. To stimulate growth over the medium term, the company is undergoing a strategic transition from a service/trading contractor model to an asset-owning, infrastructure-leasing enterprise. During 2025–2030, CTR is expected to enhance its end-to-end infrastructure value chain, covering design – implementation – operation – optimization of smart connectivity systems. This strategy is designed to expand revenue streams beyond the Viettel Group, with a strong focus on civil construction and associated services, including M&E, rooftop solar EPC, and smarthome device installation.

Figure 12: 2025–2027 Earnings forecast summary

Unit: VNDbn	2025	%yoy	%Δ	2026	%yoy	%Δ	2027	%yoy	%Δ	Comment
Revenue	**13,977**	***11%***	***2%***	**15,626**	***12%***	***1%***	**17,572**	***12%***	***-2%***	
Construction	4,682	*15%*	*16%*	5,431	*16%*	*17%*	6,327	*17%*	*14%*	Upward revision of construction revenue reflects the company's plan to accelerate civil construction activities, supported by an optimistic outlook for a recovering real estate market.
Operation	6,506	*4%*	*-3%*	6,831	*5%*	*-9%*	7,172	*5%*	*-15%*	Downward revision of operations revenue is due to a more conservative assumption regarding the pace of new station rollouts by Viettel.
System integration	1,674	*15%*	*4%*	1,975	*18%*	*11%*	2,370	*20%*	*21%*	Upward revision of revenue from technical solutions and services, aligned with the company's strategic plan, with expectations of ~20% annual growth in this segment through 2030.
Technical services	229	*15%*	*-40%*	270	*18%*	*-37%*	325	*20%*	*-33%*	
Infrastructure leasing	887	*41%*	*-4%*	1,119	*26%*	*-7%*	1,378	*23%*	*-7%*	Slight downward adjustment in infrastructure leasing revenue, driven by a lower projected shared leasing ratio, revised from 1.045 to 1.040, and a reduction in the annual new station deployment target from 3,000 to 2,500 stations/year.
Gross profit	**1,024**	***16%***	***-12%***	**1,141**	***11%***	***-17%***	**1,314**	***15%***	***-18%***	
%GPM	*7.3%*			*7.3%*			*7.5%*			
Construction	257	*2%*	*-27%*	291	*13%*	*-29%*	331	*14%*	*-32%*	Gross profit margin for construction has been revised down to reflect the increasing share of civil construction contracts, which typically carry lower margins—particularly B2C projects.
Operation	390	*17%*	*3%*	397	*2%*	*-5%*	410	*3%*	*-13%*	
System integration	95	*20%*	*-1%*	110	*16%*	*3%*	134	*21%*	*14%*	
Technical services	34	*0%*	*-52%*	41	*18%*	*-47%*	49	*20%*	*-45%*	
Infrastructure leasing	247	*34%*	*-9%*	303	*23%*	*-14%*	391	*29%*	*-11%*	Gross margin for infrastructure leasing was revised downward primarily due to a methodological change in depreciation projection—from straight-line depreciation to a declining balance method, as disclosed by the company.
SG&A	247	*47%*	*5%*	286	*16%*	*4%*	342	*20%*	*-3%*	
EBIT	777	*9%*	*-11%*	855	*10%*	*-17%*	972	*14%*	*-21%*	
EBITDA	**1,186**	***15%***	***-10%***	**1,354**	***14%***	***-14%***	**1,563**	***15%***	***-12%***	
Financial income	52	*6%*	*-21%*	58	*11%*	*-28%*	71	*22%*	*-31%*	Financial income for 2025 has been revised downward, assuming a 25% YoY decrease in average deposit balances compared to the previous forecast.
Financial expenses	119	*32%*	*-8%*	134	*13%*	*-11%*	153	*15%*	*-12%*	
Pretax profit	707	*5%*	*-12%*	776	*10%*	*-19%*	885	*14%*	*-23%*	
Tax expenses	141	*6%*	*-13%*	156	*10%*	*-19%*	178	*14%*	*-23%*	
Net profit	**566**	***5%***	***-12%***	**620**	***10%***	***-19%***	**708**	***14%***	***-23%***	As a result of the above adjustments, net profit forecasts for 2025/26/27 have been revised downward by 12%/19%/23%, respectively.
EPS (VND/share)	4,947	*5%*	*-12%*	5,419	*10%*	*-19%*	6,187	*14%*	*-23%*	

Sources: CTR, MBS Research

Operations: Revenue and gross profit are projected to grow by 4%/5%/5% yoy and 17%/2%/3% yoy in 2025/26/27, respectively. In the short term, this segment has limited room for growth, as part of Viettel's investment burden in BTS stations is being transferred to CTR via lease arrangements. As a result, operational growth will be offset by growth in infrastructure leasing. Additionally, in the initial rollout phase, Viettel is prioritizing 5G coverage in five major centrally governed cities, while CTR does not operate any stations in Ho Chi Minh City, limiting its benefit from this initiative.

Construction Segment: Revenue and gross profit are forecast to grow by 15%/16%/17% yoy and 2%/13%/14% yoy for 2025/26/27, respectively. In the short term, telecom tower construction is not expected to drive growth, as Viettel focuses on deploying 5G equipment on existing infrastructure rather than new builds. Therefore, CTR is expected to gain only modest benefit from installation work. On the other hand, civil construction is becoming a key growth driver, where CTR has a competitive advantage in offering end-to-end services, including M&E, rooftop solar installation, and smart home systems. In 2025, the company plans to expand into FDI project contracting and industrial park warehouse construction. However, to establish brand presence and acquire new clients, CTR may prioritize revenue growth over margin optimization during the early phase. While civil construction is expected to drive top-line growth, gross margins will likely compress, especially in B2C projects, which typically carry lower profitability.

Integrated Solutions & Technical Services: Revenue and gross profit are expected to grow 15%/18%/20% yoy and 20%/16%/21% yoy in 2025/26/27, respectively. This segment partly correlates with civil housing construction. EPC rooftop solar and M&E services currently account for ~80% of segment revenue. Meanwhile, sales of smart home devices and IoT solution deployment remain relatively minor but offer long-term potential.

Infrastructure Leasing: Growth hinges on tenancy rate improvement

Revenue is projected to grow 41%/26%/23% yoy in 2025–2027. Specifically in 2025, CTR plans to construct 2,000 new BTS stations, a 50% reduction from 4,000 stations in 2024, as Viettel prioritizes 5G equipment deployment on existing towers. From 2026–2030, according to the company, Viettel will require at least 45,000 additional stations to achieve effective 5G coverage. Assuming CTR handles ~50% of this expansion through leaseback arrangements, the company expects to deploy an additional 10,000–20,000 stations by 2030. Taking a conservative view, we forecast CTR to build 2,500 stations annually from 2026, implying 14,500 new stations through 2030.

Gross profit is expected to grow 34%/23%/29% yoy over 2025–2027. The slower gross profit growth in 2025–26 reflects cost pressures during the expansion phase, especially from high front-loaded depreciation. CTR applies accelerated depreciation methods in early years, with a declining schedule thereafter.

In terms of tenancy rate, we forecast an increase of 300 shared tenants in 2025, bringing the ratio to 1.04x, slightly below the company's target of 1.045x. We expect the ratio to gradually rise to 1.15x by 2030, which remains conservative compared to the current regional average of 1.4x or direct competitor OCK's 1.3x. This modest increase reflects the current trend where telecom operators continue to use their own infrastructure in the early 5G rollout phase. Nevertheless, CTR's ability to expand station count while maintaining a stable shared leasing ratio already marks a positive early-stage performance. In the long term, we believe this ratio will rise in line with global trends as carriers accelerate 5G deployment in alignment with the Vietnamese government's digital infrastructure roadmap toward 2030.

Figure 13: 2025-30 TowerCo business forecast

Unit: VNDbn	***Unit***	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Average leasing price	*VNDm/month*	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
No of tower	*Tower*	6,436	10,000	12,000	14,500	17,000	19,500	22,000	24,500
Co-operation tower (>2 MNO)	*Tower*	203	333	477	911	1,459	2,123	2,901	3,794
Tenancy rate	*x*	1.032	1.033	1.040	1.063	1.086	1.109	1.132	1.155
Revenue		**435**	**631**	**887**	**1,119**	**1,378**	**1,655**	**1,951**	**2,266**
Gross profit		137	182	247	303	391	506	684	970
%GPM	*%*	*31%*	*28.8%*	*27.9%*	*27.1%*	*28.4%*	*30.5%*	*35.1%*	*42.8%*
EBIT		115	150	203	247	322	423	587	857
Depreciation		129	199	325	416	508	589	621	561
EBITDA		**258**	**363**	**528**	**663**	**830**	**1,011**	**1,207**	**1,418**
% EBITDA margin	*%*	*59%*	*58%*	*60%*	*59%*	*60%*	*61%*	*62%*	*63%*

Sources: MBS Research

Financial statements

Income statement	2024	2025	2026	2027
Net revenue	12,610	13,977	15,626	17,572
Cost of sales	(11,725)	(12,953)	(14,485)	(16,258)
Gross profit	884	1,024	1,141	1,314
Gen & admin expenses	(169)	(187)	(254)	(252)
Selling expenses	-	(61)	(32)	(90)
Operating profit	716	777	855	972
Operating EBITDA	1,035	1,186	1,354	1,563
EBIT	**716**	**777**	**855**	**972**
Interest income	49	52	58	71
Financial expense	(90)	(119)	(134)	(153)
Net other income	(3)	(3)	(3)	(3)
Income from associates	-	-	-	-
Pre-tax profit	**672**	**707**	**776**	**885**
Tax expense	(134)	(141)	(156)	(178)
NPAT	538	566	620	708
Minority interest	-	-	-	-
Net profit	**538**	**566**	**620**	**708**
Ordinary dividends	(525)	(240)	(286)	(286)
Retained earnings	13	326	334	422

Cash flow statement	2024	2025	2026	2027
Pre-tax profit	672	707	776	885
Depreciation & amortization	319	409	499	591
Tax paid	(116)	(141)	(156)	(178)
Other adjustments	-	-	-	-
Change in working capital	342	(82)	(55)	(45)
Cash flow from operations	**1,141**	**830**	**1,011**	**1,178**
Capex	(801)	(509)	(760)	(760)
Proceeds from assets sales	1	-	-	-
Cash flow from investing activities	**(600)**	**(231)**	**(762)**	**(823)**
New share issuance	-	-	-	-
Net borrowings	195	355	170	146
Other financing cash flow	-	(34)	37	0
Dividends paid	(525)	(240)	(286)	(286)
Cash flow from financing activities	**(474)**	**261**	**171**	**134**
Cash and equivalents at beginning of period	819	887	1,747	2,167
Total cash generated	67	860	420	490
Cash and equivalents at the end of period	**887**	**1,747**	**2,167**	**2,657**

Balance sheet	2024	2025	2026	2027
Cash and equivalents	887	1,747	2,167	2,657
Short term investments	854	879	1,044	1,308
Accounts receivables	2,937	3,162	3,608	4,039
Inventories	610	915	944	1,104
Other current assets	134	125	139	166
Total current assets	5,421	6,828	7,903	9,274
Tangible fixed assets	174	121	68	15
Intangible fixed assets	17	17	17	17
Construction in progress	252	106	130	130
Investments in subsidiaries	-	-	-	-
Investments in associates	-	-	-	-
Other long-term investments	1,223	1,269	1,453	1,544
Other long-term assets	20	33	31	38
Total non-current assets	1,685	1,546	1,699	1,745
Total assets	**7,106**	**8,375**	**9,602**	**11,019**
Short-term borrowings	1,052	1,232	1,482	1,756
Trade accounts payable	608	671	742	837
Other payables	2,993	3,370	3,733	4,210
Total current liabilities	4,653	5,273	5,957	6,803
Long-term borrowings	573	928	1,098	1,245
Other long-term payables	15	18	19	22
Total long-term liabilities	588	946	1,118	1,267
Total liabilities	**5,241**	**6,218**	**7,075**	**8,070**
Common shares	1,144	1,144	1,144	1,144
Share premium	-	-	-	-
Treasury shares	-	-	-	-
Undistributed earnings	601	927	1,260	1,682
Investment and development funds	120	86	123	123
Foreign exchange differences	3	4	5	6
Shareholders' equity	1,745	2,070	2,404	2,826
Minority interest	-	-	-	-
Total shareholders' equity	1,865	2,156	2,527	2,949
Total liabilities & equity	**7,106**	**8,375**	**9,602**	**11,019**

Key ratios	2024	2025	2026	2027
Net revenue growth	11.6%	10.8%	11.8%	12.5%
EBITDA growth	14.8%	14.6%	14.2%	15.4%
EBIT growth	11.3%	8.6%	10.0%	13.7%
Pre-tax profit growth	4.2%	5.3%	9.7%	14.2%
Net profit growth	4.3%	5.1%	9.5%	14.2%
EPS growth	4.3%	5.1%	9.5%	14.2%
Gross profit margin	7.0%	7.3%	7.3%	7.5%
EBITDA margin	8.2%	8.5%	8.7%	8.9%
Net profit margin	4.3%	4.0%	4.0%	4.0%
ROAE	29.1%	29.7%	27.7%	27.1%
ROAA	7.7%	7.3%	6.9%	6.9%
ROIC	16.0%	13.4%	12.4%	12.1%
Asset turnover ratio	1.80	1.81	1.74	1.70
Dividend payout ratio	97.6%	42.4%	46.1%	40.4%
D/E	30.7%	43.1%	43.5%	42.2%
Net debt to total equity	42.3%	20.0%	17.2%	12.2%
Net debt to asset	10.4%	4.9%	4.3%	3.1%
Interest coverage ratio	11.8	6.5	6.4	6.3
Days account receivable	85	83	84	84
Days inventory	22	26	24	25
Days account payable	19	19	19	19
Current ratio	1.2	1.3	1.3	1.4
Quick ratio	1.0	1.1	1.2	1.2
Cash ratio	0.4	0.5	0.5	0.6
Valuation				
EPS (VND/share)	4,705	4,947	5,419	6,187
BVPS (VND/share)	15,253	18,100	21,019	24,706
P/E (x)	20.4	19.4	17.8	15.5
P/B (x)	6.3	5.3	4.6	3.9

Sources: CTR, MBS Research

DISCLAIMER

MBS RECOMMENDATION FRAMEWORK

Stock Ratings

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Add	The stock's total return is expected to reach 15% or higher over the next 12 months
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

Sector Ratings

Positive	Stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
Neutral	Stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Negative	Stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

ABOUT MBS

Founded in May 2000 by the Military Commercial Joint Stock Bank (MB), MB Securities Joint Stock Company (MBS) is one of the first six securities companies in Vietnam. After years of development, MBS has grown into one of the premier brokerage houses in the country. In two consecutive years between 2009 and 2010, MBS leads the brokerage house in terms of market share on both Hanoi Stock Exchange (HNX) and HCMC Stock Exchange (HOSE) and continuously ranked among the Top 5 of market share at both stock exchanges.

Address:
MB Building, 21 Cat Linh, Dong Da Dist., Hanoi
Tel: + 8424 7304 5688 - Fax: +8424 3726 2601
Website: www.mbs.com.vn

MBS RESEARCH DEPARTMENT

Director, Head of Research
Hien Tran Thi Khanh

Deputy Head of Equity Research
Dzung Nguyen Tien

Macro & Market Strategy
Hung Ngo Quoc
Ha Anh Dinh
Duc Anh Vo
Cuong Phu Nghiem

Banking – Financial Services
Luyen Dinh Cong
Huong Pham Thi Thanh

Real Estate
Duc Nguyen Minh
Thanh Le Hai
Huyen Pham Thi Thanh

Industrials – Energy
Tung Nguyen Ha Duc

Consumer - Retail
Ly Nguyen Quynh