Viettel Construction JSC (HSX: CTR)
A pioneer in the 5G Value Chain

- Leading enterprise with an ecosystem closely aligned with Viettel's development, offering stable profit growth (+13% CAGR) over 2024-26.
- TowerCo will be the key driver for profit growth from 2024 to 2030, driven by the strong demand for rapid 5G network expansion starting in 2024.
- Recommend **ADD** with a target price of 153,100VND (Upside 16%).

ADD

Target price	**VND 153,100**
Upside	*16.00%*

Key changes in the report

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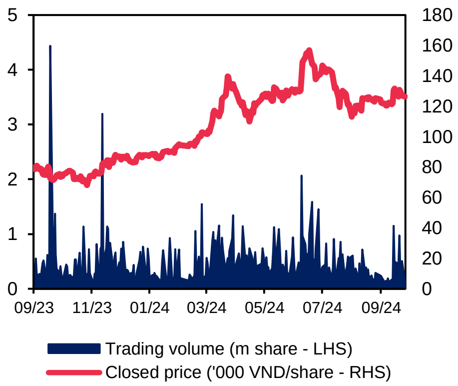
Price performance



Sources: FiinPro, MBS Research

Current price (VND)	133,000
52W High (VND)	156,880
52W Low (VND)	68,150
Market Cap (VNDbn)	15,511
P/E (TTM)	29.5
P/B	9.9
Dividend yield (%)	3%
Foreign ownership (%)	9.53%

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

Ownership

Viettel	66%
Others	34%

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

8M24 Business results: Accelerating TowerCo expansion from 2024

As of 8M24, revenue reached VND7,935bn (+11% yoy). Pre-tax profit amounted to VND422.7bn (+4% yoy), completing 63% of the yearly target. The TowerCo revenue grow robustly 42% yoy, driven by the acceleration in tower construction of ~400 towers per month, following Viettel's successful acquisition of band B1 in March 2024. The construction segment posted a 29% yoy revenue growth, bolstered by a strong rise in civil construction activities, while other segments such as operations and technical solutions&services maintained stable revenue growth.

Sustainable 2024-26 outlook driven by 5G rollout

We view the ecosystem tied to the parent company, including telecom construction, operations, and TowerCo, as key profit drivers for CTR, fueled by the government-led push for rapid 5G network expansion by 2030. Additionally, TowerCo, the company's main growth engine, is expected to rise during this period, with the trend of infrastructure sharing being strongly encouraged. With a plan to develop ~3,000 towers annually from 2024 to 2026, revenue is projected to grow at a 35% CAGR. Tendency rates are expected to improve by ~2% annually, supporting profit margins. As a result, EBITDA grow at 38% CAGR for the period 2024-26 per our view.

We anticipate company-wide revenue growth during 2024-26 to reach 13% CAGR, driving net profit growth of 14% CAGR. TowerCo is expected to be the primary growth driver, while other business segments are forecasted to grow steadily at ~11% CAGR.

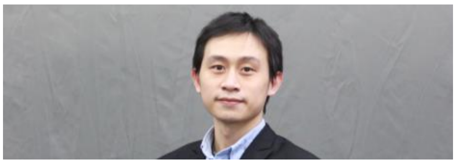
Recommend ADD with target price of VND 153,100/share

We recommend **ADD** with a target price of VND 153,100/share (16% upside). Valuation is based on the DCF and EV/EBITDA methods with equal weighting. We consider CTR a long-term accumulation investment with solid financial health and sustainable profit growth, making it a standout representative in the new economy investment trend. The company's market capitalization growth rate (+11% CAGR) lags behind its revenue growth rate from 2019-23 (+20% CAGR), while the 2025 EV/EBITDA valuation of 11x is attractive compared to the 13x regional average, as the TowerCo market in Vietnam is just entering its investment phase.

VNDbn	2023	2024F	2025F	2026F
Revenue	11,299	12,134	13,646	15,531
Net profit	516	546	646	766
Revenue growth	20.6%	7.4%	12.5%	13.8%
Net profit growth	16.5%	5.9%	18.2%	18.6%
Gross margin	7.9%	8.2%	8.6%	8.8%
EBITDA margin	8.0%	8.9%	9.6%	10.1%
ROAE (%)	26.4%	27.1%	26.2%	25.5%
ROAA (%)	8.0%	7.5%	7.9%	8.0%
EPS (VND/share)	4,510	4,777	5,648	6,696
BVPS (VND/share)	17,108	17,633	21,587	26,274

Sources: CTR, MBS Research

Analyst(s)



Tung Nguyen
Tung.nguyenhaduc@mbs.com.vn

Viettel Construction JSC (HSX: CTR)

Investment thesis and Recommendation

Investment thesis

- The company operates in a diverse ecosystem with business segments closely tied to the telecommunication industry's growth, particularly with its parent company Viettel. These segments include: (1) Infrastructure Construction; (2) Operations; (3) TowerCo; and (4) Integrated Solutions and Technical Services. With the advantage of secured work orders from the parent company, CTR has maintained a stable revenue growth of 20% CAGR from 2019-2023 and is expected to continue a sustainable growth rate of around 13% CAGR from now until 2030.

- CTR aligns with the trend of investing in companies connected to the development of the "new economy." The 5G network is a foundation for the development of various intelligent IoT (Internet of Things) solutions, helping enterprises improve production capacity and efficiency, while simultaneously requiring the collection and storage of vast amounts of data. We believe that the commercialization of 5G will be a crucial factor in continuing to attract FDI (foreign direct investment) flows into Vietnam in the coming years, and leading telecom companies will benefit from future revenue growth.

- The accelerating 5G network rollout and commercialization in Vietnam, projected until 2030, will be the main driver of CTR's profit growth in the coming period. Notably, the TowerCo segment is expected to be the primary growth engine, as the trend of infrastructure sharing among telecom operators is forecasted to intensify, aiming to reduce the pressure of investment and operational costs.

- From 2019-24, CTR maintained revenue growth at approximately 20% CAGR and net profit at 25.6% CAGR, significantly outpacing capital growth at around 11.0% CAGR. We believe CTR’s long-term market capitalization has room for growth to catch up with its net profit growth of ~17% CAGR between 2025-2030. Furthermore, the 2025 EV/EBITDA is expected to reach ~11.0x, ~15% lower than the industry average. Currently, most TowerCo markets in the region have passed the development stage, implying that valuation potential for emerging markets, like Vietnam’s TowerCo sector, remains higher compared to more saturated markets.

Recommend ADD with target price of VND 153,100/share

We recommend a Positive outlook with a target price of VND 153,100 per share (upside potential of 16%). The valuation is based on two equally weighted methods:

- 10-year DCF method (WACC: 11.4%; CoE: 14.7%; LTG: 1.0%). We believe this method is appropriate given the company’s business model's strong correlation and relatively stable cash flows.

- Target EV/EBITDA of 13.0x, reflecting a reasonable average industry EV/EBITDA in 2024-2025. We find the EV/EBITDA method particularly suitable for telecommunications companies due to 1) their capital-intensive nature with large investments in fixed assets; and 2) stable cash flows, where EBITDA largely eliminates non-cash factors, focusing on operating profit rather than the effects of capital structure.

Figure 1: DCF valuation – Summary of FCF

VNDbn	2024F	2025F	2026F	2027F	//	2034F
EBIT	734	874	1,031	1,222		4,069
(-) Tax	(138)	(162)	(193)	(231)		(860)
Tax rate (%)	20%	20%	20%	20%		20%
EBIAT	596	712	838	991		3,209
(+) Depreciation and Amortisation	351	441	544	562		740
(+) (Increase)/decrease in net working capital	(201)	(3)	94	42		171
(-) Capital Expenditure	(809)	(904)	(904)	(904)		(904)
Unleveraged Free cash flow (FCFF)	**(63)**	**245**	**571**	**691**		**3,216**
Terminal value						**31,161**

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	17,563
Debt	(2,006)
Cost of debt	5.6%
Tax rate	20.0%
WACC	11.4%
Perpetual growth rate	1.0%

Sources: MBS Research

Figure 4: Blended valuation

Methods	Target multiple	Implied share price	Weight	Weighted Value
		VND per share	%	VND per share
Average FY24-25 EV/EBITDA	13.0x	151,133	50%	75,566
DCF, 10y		155,251	50%	77,626
Implied share price				153,192
Rounded share price				**153,200**

Sources: MBS Research

Figure 5: Peer comparison

Comapany	Ticker	Mkt Cap	P/E(x)		P/BV(x)		EV/EBITDA		ROE (%)		ROA(%)	
	Bloomberg	US$m	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F
Regional peers												
American Tower Corp	AMT US	102,417	35.4	23.8	26.4	26.6	20.1	20.6	55.2	81.3	4.9	4.8
Indus Towers	INDUSTOW IN	12,080	15.6	na	2.9	na	8.3	na	25.1	na	11.7	na
Crown Castle	CCI US	48,154	35.7	41.0	8.5	9.3	20.1	15.2	18.7	20.9	3.1	3.2
CELLNEX	CLNX SM	27,304	na	na	1.8	1.8	17.4	13.0	-2.0	-0.1	-0.9	-0.3
INWIT	INW IM	11,257	28.6	25.8	2.6	2.4	16.4	14.6	8.6	9.2	3.8	4.7
China Tower Corp Ltd	788 HK	24,008	16.1	13.3	0.9	0.9	4.0	3.9	5.5	6.4	3.4	4.1
Sarana Menara	TOWER IJ	2,669	12.3	11.1	2.3	2.2	9.0	8.1	19.4	18.4	4.7	4.9
Tower Bersama	TBIG IJ	2,734	26.6	24.9	3.7	3.4	13.9	12.5	13.3	13.5	3.5	3.5
Tata Communications Ltd	TCOM IN	6,618	37.2	26.4	20.2	13.1	15.5	13.4	117.0	158.0	58.6	63.5
Digital Telecom	DIF TB	2,995	8.5	8.4	0.6	0.6	9.8	8.6	6.2	6.0	5.5	5.5
Average			*95.4*	*99.8*	*6.1*	*5.8*	*16.2*	*15.4*	*21.6*	*26.8*	*8.8*	*9.2*
Median			*28.6*	*25.4*	*2.8*	*2.6*	*15.9*	*13.4*	*11.0*	*9.2*	*4.8*	*4.8*
Viettel Construction JSC	**CTR VN**	**615**	**27.7**	**23.1**	**7.1**	**7.0**	**13.3**	**11.0**	**26.8**	**27.0**	**7.5**	**7.9**

Sources: Bloomberg, MBS Research

Upside catalysts:

- A higher-than-expected demand for 5G networks, driving the need for infrastructure deployment and tower leasing.
- Stronger-than-expected performance in commercial and technical services, alongside integrated solutions.

Downside risks:

- The tenancyrate (shared tower usage) may not increase as anticipated, negatively impacting TowerCo's profit growth.

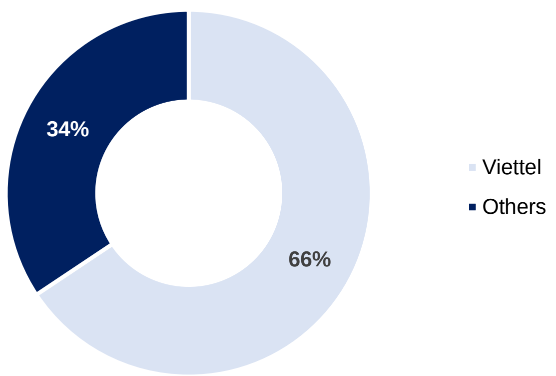
Company Overview and 8M24 Business Results

Company Overview:

Leading enterprise with a business outlook tied to the telecommunications sector

Viettel Construction Corporation (CTR), is one of the leading companies specializing in infrastructure construction, operations, and providing technology solutions for telecommunications and information technology. Founded on October 30, 1995, CTR was originally a construction unit under Viettel Group, tasked with supporting the group's infrastructure needs. In 2006, CTR transitioned from a dependent entity to an independent one and began its equitization process in 2010. By 2017, the company was officially listed on the UPCOM market. In March of the same year, CTR took over Viettel's entire telecommunications operations, leading to significant revenue and employee growth. Since 2019, the company has accelerated its TowerCo model, following the Government's Directive No. 52/CT-BTTTT issued on November 11, 2019, which encouraged telecom companies to enhance infrastructure sharing. We believe this to be a key trend in Vietnam's 5G network expansion roadmap from now until 2030.

Figure 6: Viettel hold the majority in CTR's shareholder structure



Sources: CTR, MBS Research

Figure 7: CTR's businesses are complementary and depend on the parent company's resources

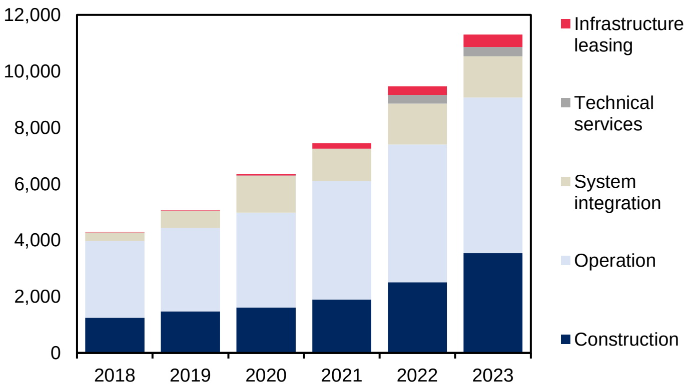
Segment	Description
Construction	- Telecom construction - Civil construction: Construction contractor of real estate projects for both corporate customers (B2B) and retail customers (B2C).
Operation	- Responsible for operating telecommunication infrastructure for Viettel in 62 provinces (excluding HCMC)
Infrastructure leasing	- TowerCo (8,447 towers) - Vietnam's No1 market share - Other infrastructure such as DAS system (2.45 million m2), rooftop solar power (16.92MWp)
System integration & Technical services	- Rooftop solar EPC - M&E contractor, ICT solutions for smart homes (routers, cameras, etc.) - Distributing air conditioners, water purifiers and related maintenance activities (AIOsmart).

Sources: CTR, MBS Research

CTR's revenue is dependent on assigned workload from Viettel

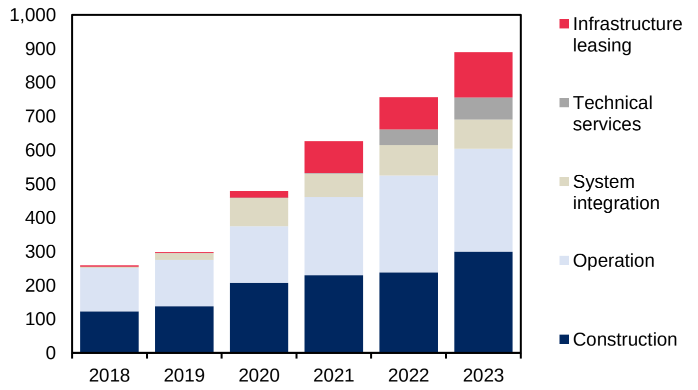
Since 2018, CTR's revenue has primarily come from four main business activities: 1) Operations and Maintenance; 2) Infrastructure Construction; 3) Infrastructure Leasing (TowerCo); and 4) Solutions & Technical Services. Of these, the largest revenue contributions have traditionally come from infrastructure construction and operations and maintenance, while the revenue share from TowerCo has shown a gradual increase. Notably, CTR's business segments are complementary, with much of the company's workload sourced from Viettel, meaning the company's success is closely tied to the growth of its parent company. We expect this trend to continue in the coming years, supporting CTR's workload prospects. Additionally, thanks to a robust workforce and significant experience in construction and telecommunications, CTR is proactively expanding its activities outside the group to diversify its revenue streams, including the construction of civil infrastructure, installation of rooftop solar panels, mechanical and electrical systems, as well as acting as a supplier of equipment and solutions for smart home systems.

Figure 8: In 2018-23, construction + operation revenue still accounted for the largest proportion in CTR's revenue structure...



Sources: CTR, MBS Research

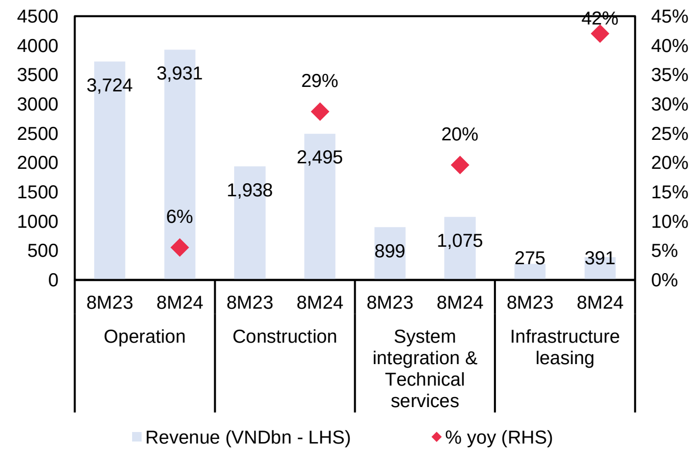
Figure 9: ...While gross profit has an increasing contribution from the TowerCo segment due to solid growth and higher GPM (Unit: VNDbn)



Sources: CTR, MBS Research

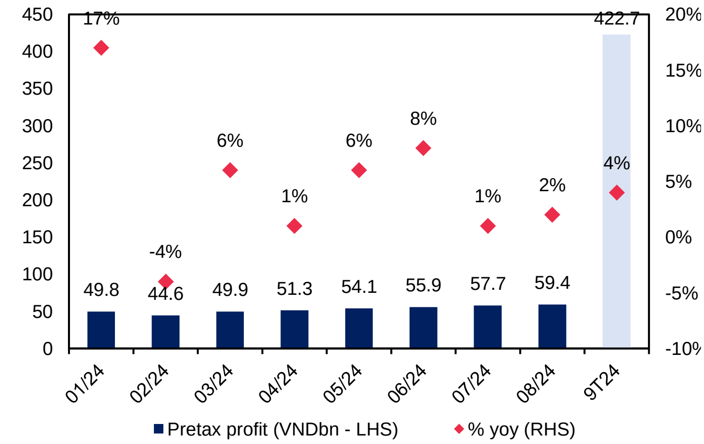
8M24 Business results: TowerCo continues to grow robustly

Figure 10: TowerCo segment recorded impressive growth in 8M24 while the remaining segments maintained a stable growth rate



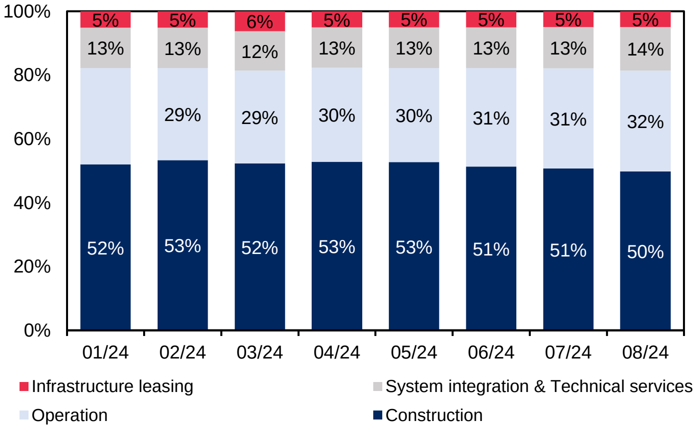
Sources: CTR, MBS Research

Figure 11: 8M24 PBT growth did not correspond to revenue mainly due to higher costs from additional Capex for tower construction



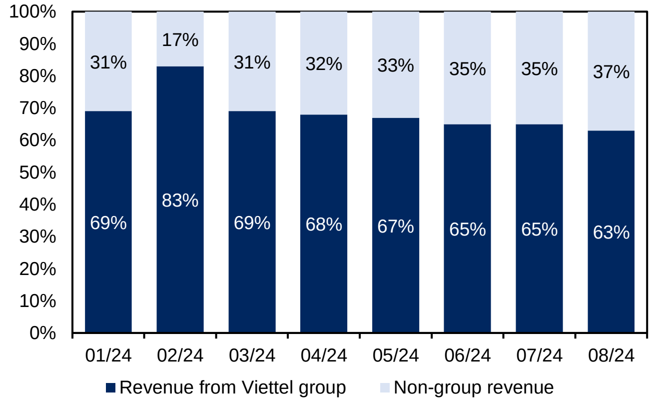
Sources: CTR, MBS Research

Figure 12: Revenue proportion by business segment remained quite stable in 8M24



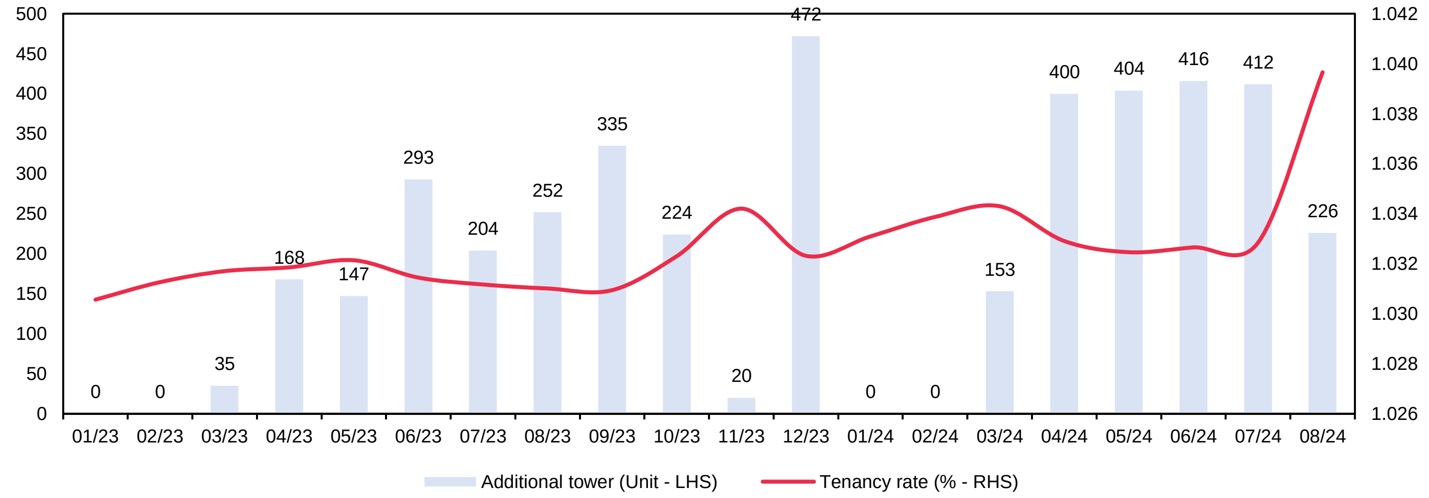
Sources: CTR, MBS Research

Figure 13: Revenue outside the group tends to gradually increase from good growth in residential construction activities



Sources: CTR, MBS Research

Figure 14: CTR rapidly increased tower construction right after Viettel won the B1 frequency band auction in March 2024, signaling the network's push to expand 5G coverage. The co-sharing ratio remained stable at ~1.032x and started to increase slightly from August 2024



Sources: CTR, MBS Research

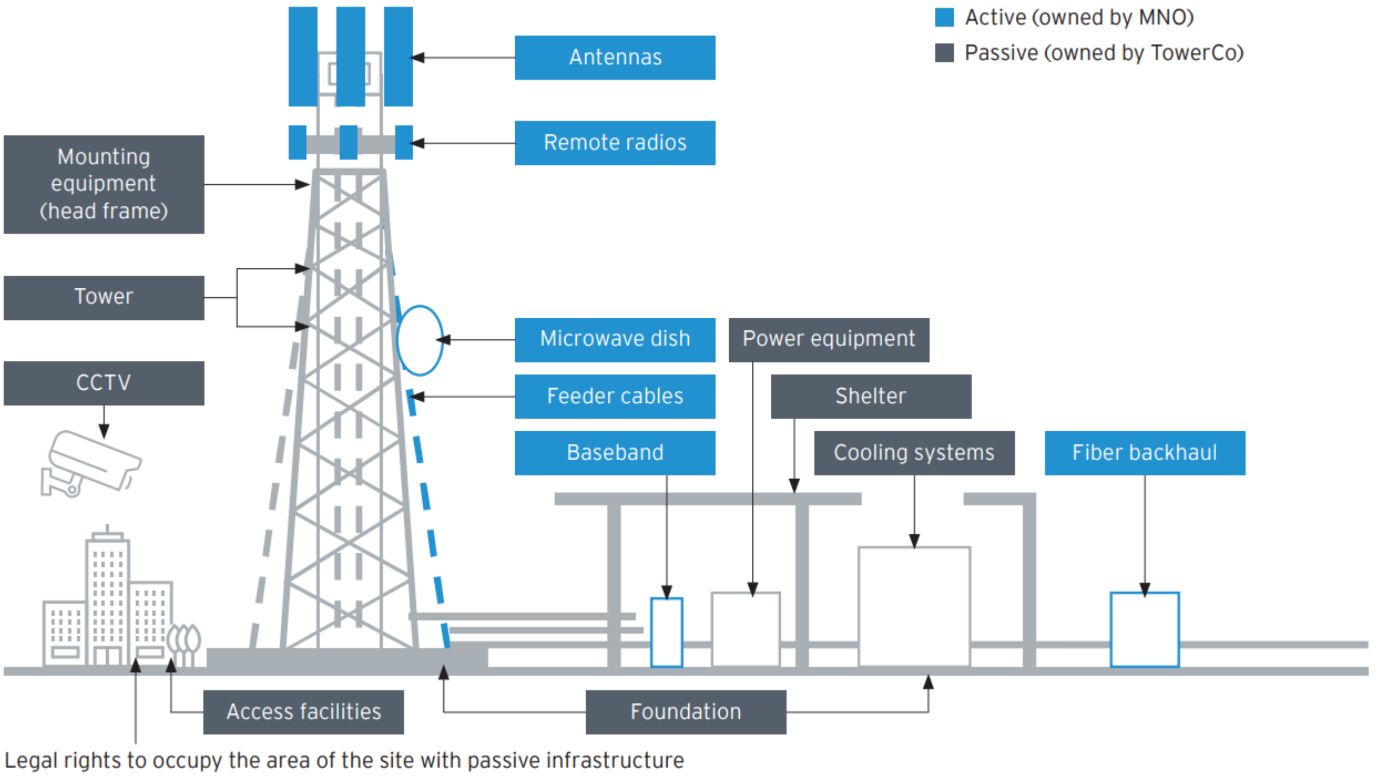
2024-2026 Outlook: Sustainable growth drivers

TowerCo is set to benefit from Vietnam's 5G network expansion roadmap.

Introduction to the TowerCo model:

Tower infrastructure leasing companies, or "TowerCos," aim to collaborate with mobile network operators (MNOs) by either acquiring existing tower assets or building new towers in designated areas to address concerns around coverage and capacity. TowerCos then lease space on these towers to MNOs, allowing them to install and operate their equipment, such as radio, microwave, and other transmission devices, referred to as "active equipment." On the other hand, TowerCos own the passive infrastructure, such as steel structures, equipment storage rooms, electrical systems, and cables, known as "passive equipment."

Figure 15: A general figure of a BTS station and asset components of TowerCo and telecom companies (MNOs)



Sources: EY, MBS Research

Regarding tower types, **macro towers** (ground-based towers) and **small cells** (rooftop stations) play essential roles in building mobile networks. Macro towers provide broad coverage, ranging from several kilometers to tens of kilometers, primarily deployed in large areas such as rural or suburban regions. They serve many users with high capacity, ensuring stable connections in large coverage areas. Conversely, small cells have a smaller coverage area, from a few hundred meters to 1 km, and are primarily used in densely populated areas like city centers, helping to boost network capacity and reduce congestion on macro BTS towers in high-demand data usage areas. Small cells are crucial in 5G deployment, enabling higher speeds and more stable connections in areas with dense user populations. The combination of macro towers and small cells ensures both wide coverage and high performance, meeting the growing demand from mobile users.

Figure 16: Macro BTS (Ground-based tower)

Sources: EY, MBS Research

Figure 17: Small cell (Rooftop tower)

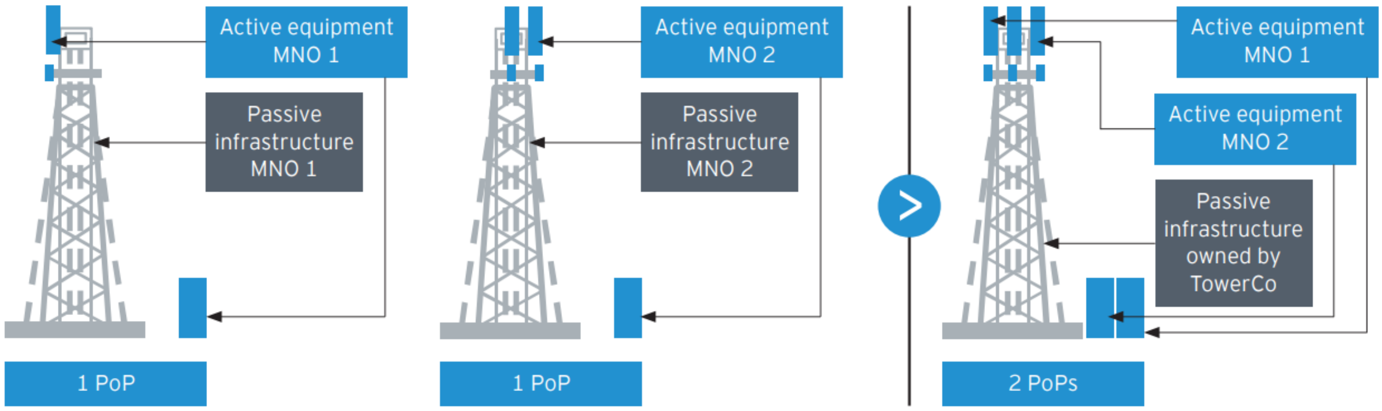
Sources: EY, MBS Research

Why the TowerCo business model emerged: In the telecommunications industry, one key metric used to evaluate an operator's business efficiency is ARPU (Average Revenue Per User). As geographical expansion approaches saturation and new mobile technologies become more affordable, companies increasingly compete on pricing, leading to a decline in ARPU. This price competition intensifies during the industry's transition from traditional mobile services to data (internet) services. As a result, mobile network operators (MNOs) focused on competing through pricing to maintain market share, further reducing ARPU. To remain competitive, MNOs sought alternative solutions, with infrastructure sharing or leasing from third-party TowerCos emerging as a suitable option. The advantages of this model are twofold:

- Cost Efficiency: It allows MNOs to minimize operating costs (Opex) while maintaining network quality.
- Capital Optimization: The sale-and-leaseback mechanism supports MNOs in reducing capital expenditure (Capex) pressures while providing TowerCos with stable, long-term leasing revenue.

This trend will continue to drive CTR's growth as TowerCo's business expands in line with Vietnam's 5G network rollout plans.

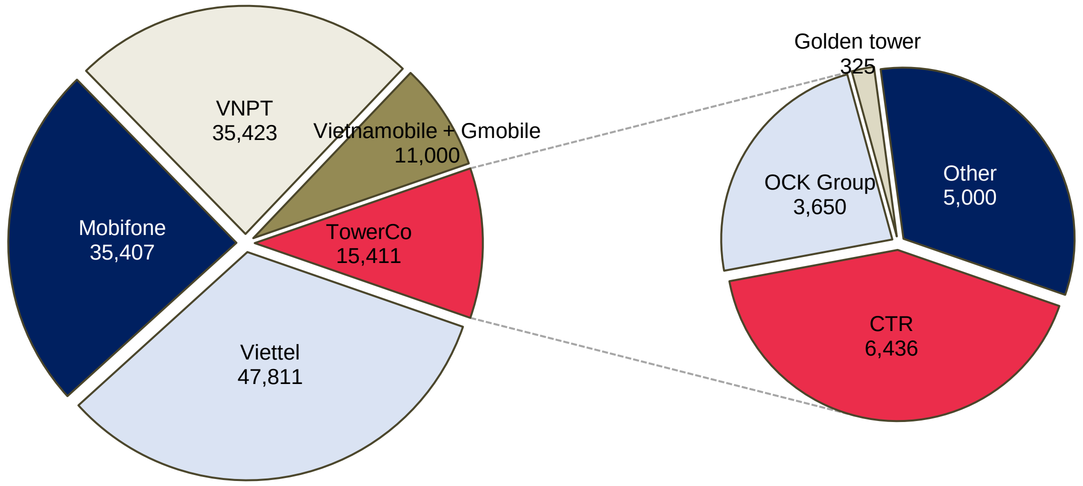
Figure 18: The TowerCo model supports multiple telecom operators installing active equipment on the same tower, optimizing operating costs and reducing Capex pressure



Sources: EY, MBS Research

Current State of TowerCo in Vietnam: The tower leasing market in Vietnam is still in its infancy, with a penetration rate of just 9%, significantly lower than other countries in the region, according to TowerXchange. Currently, 89% of the towers are owned by the four main MNOs—Viettel, VNPT, MobiFone, and Vietnamobile. **CTR** (Viettel Construction Corporation) has established itself as the leading TowerCo in Vietnam, with 6,436 BTS towers for lease as of the end of 2023, considerably ahead of its closest competitor, OCK Vietnam Tower (an independent TowerCo from Malaysia), which owns approximately 3,650 towers. However, CTR's customer base is dominated by its parent company Viettel, resulting in a low tenancyratio of ~1.03x, compared to OCK's higher ratio of ~1.4x. This difference can be attributed to CTR's faster tower deployment rate since 2019, while OCK has been in the industry for a longer period. Additionally, OCK is an independent TowerCo, whereas CTR is still closely linked to Viettel, which may hinder its ability to attract other MNOs to lease towers.

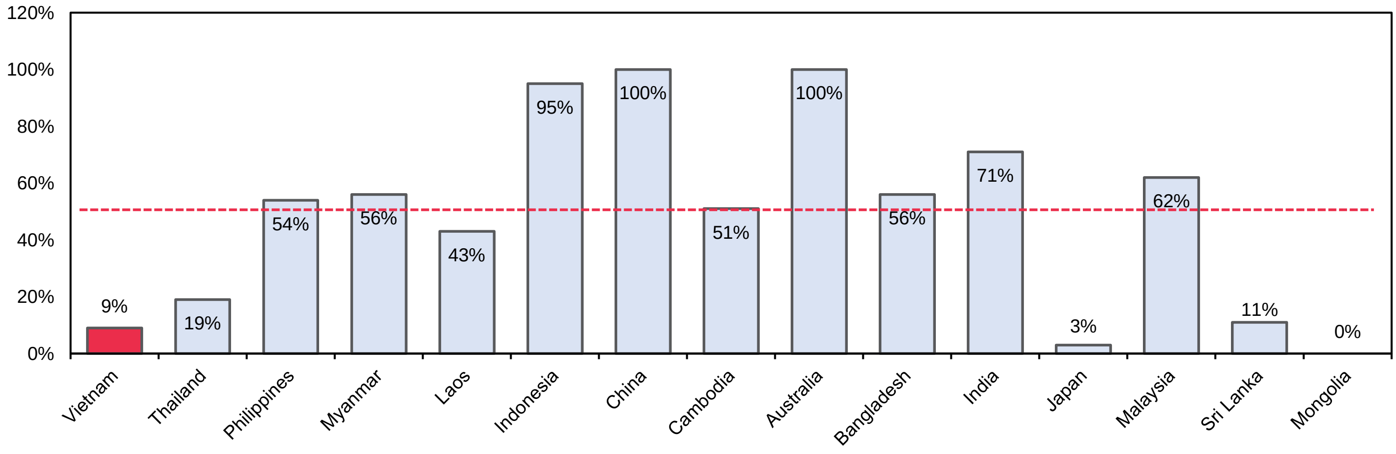
Figure 19: As of 2023, telecom companies (MNOs) still own the majority of BTS stations nationwide. Specifically, in the TowerCo sector, CTR and OCK are the two main companies operating in the industry, while other competitors own relatively small numbers of towers



Sources: MBS Research

The low penetration and tenancyrates can also be explained by the traditional mindset of MNOs, who have viewed their towers as "strategic assets" and are reluctant to lease them to competitors at low prices. Furthermore, there are currently no policies preventing MNOs from building towers in the same locations, leading to substantial infrastructure overlap. Although mobile coverage and capacity are nearly saturated, the specific location of a tower can provide slight advantages in service quality (e.g., towers at slightly higher elevations). In high-traffic areas, MNOs are reluctant to give up this competitive edge. As a result, infrastructure sharing remains more challenging compared to leasing towers from an independent TowerCo. However, we expect that MNOs may increasingly consider leasing towers to optimize business efficiency, rather than maintaining high CAPEX levels during the upcoming 5G rollout.

Figure 20: The market penetration rate of TowerCo in Vietnam is lower than in the Asia-Pacific region. We believe there is still substantial growth potential in this market as the government encourages telecom operators to share infrastructure in the coming period



Sources: TowerXchange, MBS Research

Vietnam's 5G Rollout: Opportunities for the Telecom and TowerCo Sectors

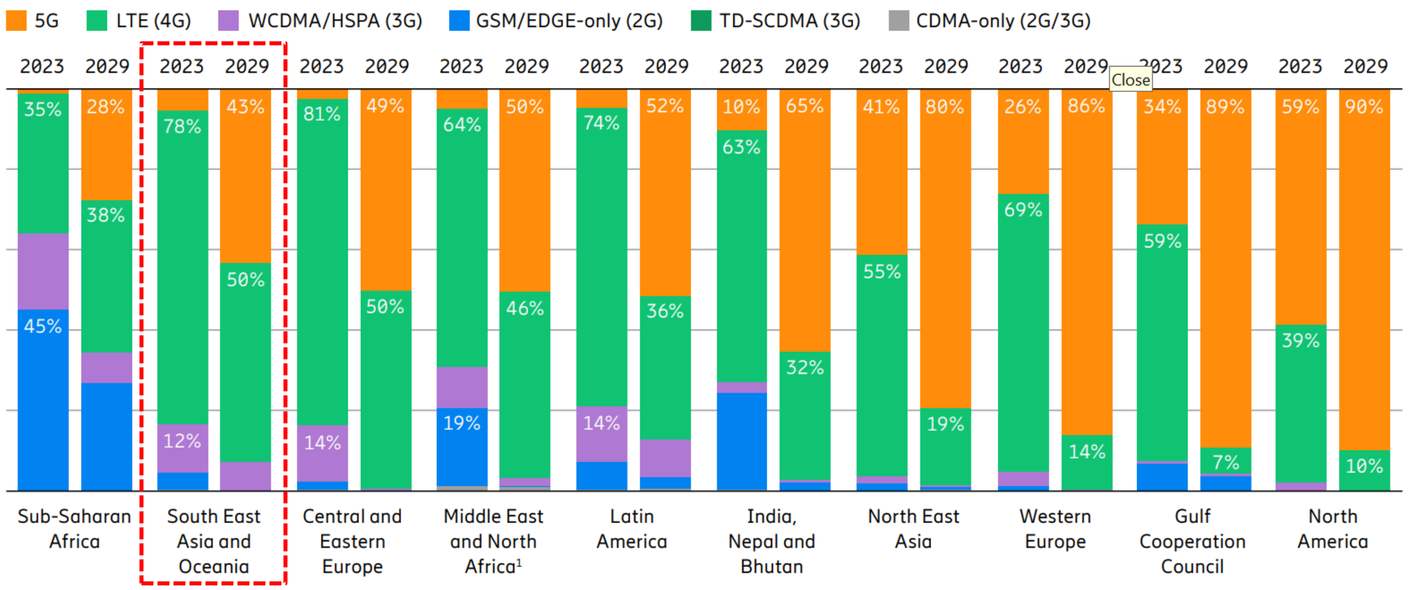
Figure 21: Key highlights of 5G networks compared to 4G

Network technology	4G	5G
Data transmission speed	10-100Mbps	1-10Gbps
Latency	30-50ms	1-10ms
Devices connectivity	Limited devices in a certain area	Many devices at the same time, IoT application
Frequency spectrum	700MHz to 2.6GHz	3GHz to 100GHz
Application	Mainly serving mobile data transmission, video and social networking	Supporting new applications such as smart cities, automated manufacturing and IoT services.

Sources: MBS Research

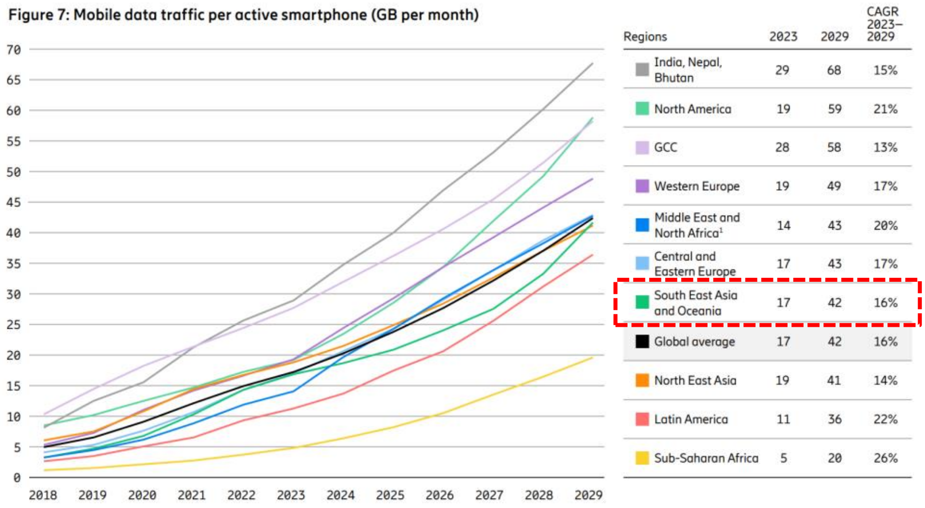
With 4G networks covering 99.8% of the population, the telecom sector is reaching saturation, leaving little growth potential for traditional services. In contrast, 5G presents both challenges and opportunities, particularly for business-to-business (B2B) models, as 5G networks will primarily cater to enterprise customers rather than consumers (B2C). The rollout of 5G infrastructure will create opportunities for telecom companies to develop more sophisticated solutions for business clients, especially as Vietnam positions itself to attract foreign direct investment (FDI) in tech and data center industries.

Figure 22: According to Ericsson, while 4G subscriptions will remain dominant, the number of 5G subscriptions is expected to increase sharply from ~5% in 2023 to 43% of total mobile subscriptions by 2029 in Southeast Asia. Vietnam is also expected to follow this trend



Sources: Ericsson, MBS Research

Figure 23: Mobile data traffic is also expected to increase at 16% CAGR in the region, accelerating the 5G coverage process from now until 2030 (Unit: GB/month/smartphone)



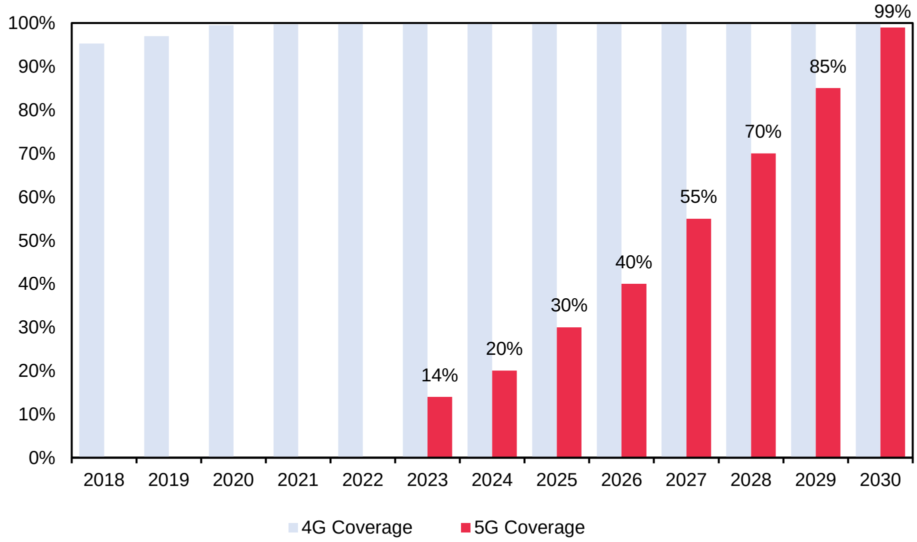
Sources: Ericsson, MBS Research

To prepare for 5G development and commercialization by 2024, several regulations have been introduced to facilitate this transition, including:

- Directive No. 52/CT-BTTTT (11/11/2019), which requires telecom companies to enhance infrastructure sharing, and Circular 07/2024/TT-BTTTT, outlining mechanisms for determining leasing prices for passive telecom infrastructure.
- Circulars 03/2024/TT-BTTTT and 04/2024/TT-BTTTT mandate the cessation of 2G services by September 16, 2024, with 3G network shutdowns planned by 2028.
- The Information and Communications Infrastructure Planning for 2021-2030, Vision to 2050 roadmap was signed on January 11, 2024. This roadmap aims to cover 99% of the population with 5G by 2030, ensuring all users have access to speeds exceeding 1Gbps.
- In March 2024, the Ministry of Information and Communications (MIC) announced successful auctions for radio frequency bands, with Viettel acquiring the B1 band (2,500–2,600 MHz), VNPT securing the C2 band (3,700–3,800 MHz), and Mobifone obtaining the C3 band (3,800–3,900 MHz).

Besides infrastructure, frequency bands are a critical factor in 5G deployment. Mid-band frequencies (typically using 2.1 GHz, 2.6 GHz, and 3.5 GHz) are considered ideal for 5G networks. Theoretically, the lower the frequency, the wider the coverage and the better the ability to penetrate obstacles, making it suitable for areas with low population density, though it offers slower data transmission speeds. Conversely, higher frequencies support faster data transmission but with shorter coverage ranges, making them suitable for densely populated urban areas. Mid-band frequencies strike a balance between data speed and coverage, offering both high-speed data transmission and economic feasibility. With the B1 band (2,500–2,600 MHz) that Viettel successfully acquired, the company holds a significant advantage in expanding 5G infrastructure due to the following factors: 1) The 2,500–2,600 MHz band can be utilized for both 4G and 5G networks; 2) This band optimizes coverage, with a radius 1.3 times larger than the C band; 3) The wide bandwidth (100 MHz) of this frequency ensures high data transmission speeds. To ensure 5G coverage using the 2,500–2,600 MHz band, a denser network of stations is required, with 1.5 to 2 times more stations than those currently used for 4G coverage. According to CTR, the company aims to increase its BTS station count to a total of 30,000–50,000 stations by 2030, equivalent to the deployment of approximately 3,000–4,000 stations per year. This plan supports Viettel's goal of covering 99% of the population with 5G by 2030.

Figure 24: We estimate Viettel's 5G coverage plan for 2024-30, based on the early year plans, which aim to cover 5 centrally governed cities by 2026-27, with a roadmap to cover 99% of the population nationwide by 2030



Sources: MBS Research

As a subsidiary of Viettel, CTR holds several strategic advantages in strengthening its position as the leading TowerCo in the market.

Viettel's competitive edge, coupled with CTR's role within the ecosystem, positions it to benefit from the projects assigned by its parent company. For competing telecom operators entering the 5G race, leasing shared towers appears to be a financially prudent strategy. This approach helps alleviate CAPEX investment pressures, ensures better margins, and reduces OPEX in the future.

Seizing this opportunity, CTR accelerated its tower construction efforts from March 2024, aiming to maintain an average annual build rate of 3,000–3,500 towers until 2026. The tenancyratio (the number of shared tower) is expected to rise to 1.05x by 2025 and 1.07x by 2026. CTR recognizes the importance of infrastructure sharing to efficiently expand 5G coverage. In the TowerCo business model, this co-location ratio is crucial for improving profit margins, especially considering the heavy investment required for new towers.

Figure 25: Having more than one MNO leasing towers will improve EBITDA margins according to the TowerCo model; thus, the tenancyrate is a critical factor

Unit: Million VND	1 MNO	2 MNO	3 MNO
Leasing price per month	7	11	15
Revenue	84	134	176
Discount rate (%)	*0%*	*20%*	*30%*
Average Capex per tower	300		
Opex per tower	35	38	42
Depreciation	43	43	43
EBITDA	**49**	**96**	**134**
EBITDA margin (%)	*59%*	*72%*	*76%*

Sources: MBS Research

Figure 26: Business projections for the TowerCo segment for the 2024-30 period

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	9,447	12,447	15,447	18,447	21,447	24,447	27,447
Co-operation tower (>2 MNO)	*Tower*	203	339	628	1,104	1,714	2,461	3,350	4,386
Tenancy rate	*x*	1.032	1.036	1.050	1.071	1.093	1.115	1.137	1.160
Revenue		**435**	**654**	**928**	**1,199**	**1,478**	**1,766**	**2,063**	**2,369**
Gross profit		133	180	271	353	441	533	632	813
%GPM	*%*	*30%*	*28%*	*29%*	*29%*	*30%*	*30%*	*31%*	*34%*
EBIT		111	148	225	293	367	445	529	694
Depreciation		129	233	335	438	541	644	747	773
EBITDA		**254**	**380**	**560**	**731**	**908**	**1,089**	**1,276**	**1,468**
% EBITDA margin	*%*	*58%*	*58%*	*60%*	*61%*	*61%*	*62%*	*62%*	*62%*

Sources: MBS Research

Currently, the company shared that the average leasing price for a tower is around VND8–12m/month. However, based on our estimates, the average leasing price is closer to averaging VND7.0-7.1m per month, as an increasing number of small-cell stations are being rented at lower rates compared to macro towers. By the end of 2024, CTR is projected to operate 9,447 towers (a 47% yoy increase), with a tenancyratio of 1.036x. Revenue is forecasted to grow by 50% yoy, and gross profit is expected to rise by 36% yoy. However, the GPM is expected to decrease by 2% points due to higher depreciation costs.

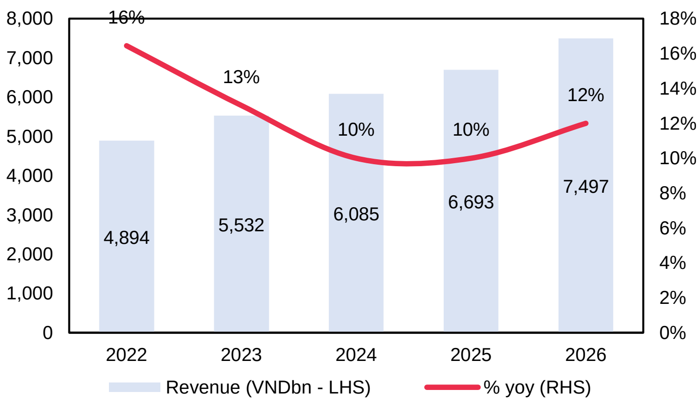
From 2025–26, CTR anticipates 32% yoy and 24% yoy tower growth, respectively, with an annual build of around 3,000 towers. The tenancyratio will reach 1.05x and 1.07x, assuming the leasing price remains stable. Revenue in 2025 is forecasted to reach VND928bn (+42% yoy), and in 2026, it is expected to hit VND1,199bn VND (+29% yoy). Gross profit is projected at VND271bn (+50% yoy) in 2025 and VND353bn (+30% yoy) in 2026. EBITDA is forecasted to grow at a 38% CAGR over the 2024–2026 period, reaching VND380bn in 2024, VND560bn in 2025, and VND731bn in 2026. It's worth noting that our forecast of CTR's tenancyratio in Vietnam is lower compared to more developed markets like China, where the ratio is 1.5x. This is due to a conservative view on the Vietnamese market, where MNOs may be hesitant to lease towers from competitors initially. However, the growing demand for 5G coverage and government directives to promote infrastructure sharing will likely drive this trend forward.

Infrastructure operation to bring stable revenue flow in medium term

Currently, CTR serves as the primary operator for most of Viettel's telecommunications towers and fiber networks across 62 provinces in Vietnam (excluding Ho Chi Minh City) as well as its telecom networks in Cambodia and Myanmar. This operation generates the highest revenue for CTR, although the gross profit margin remains modest at around 5%. This segment also requires a large workforce, which accounts for the majority of Viettel's 11,000 employees.

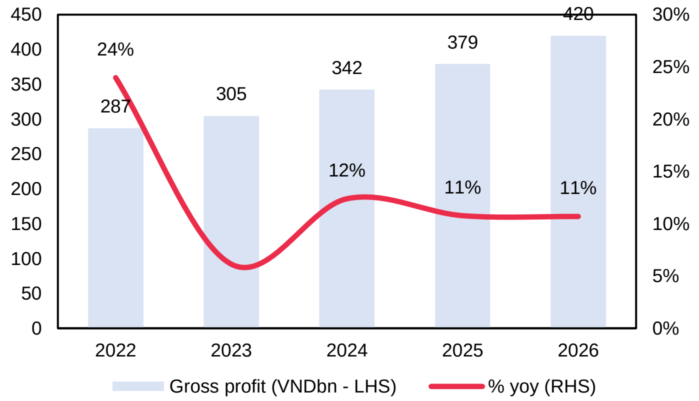
Looking forward, the operational segment is expected to experience revenue growth closely aligned with Viettel's demand. CTR anticipates an 11% CAGR for revenue in the 2025–2030 period. Gross profit is projected to grow at the same rate, with a steady gross margin of approximately 5%. This suggests that while the business remains labor-intensive, it will continue to deliver stable financial growth in line with the expanding infrastructure needs of Viettel.

Figure 27: Revenue to grow steadily, with an average 15% CAGR in the 2025-30 period, driven by Viettel's investment demand



Sources: MBS Research

Figure 28: Gross profit is expected to grow correspondingly, with gross profit margins remaining stable at 5%



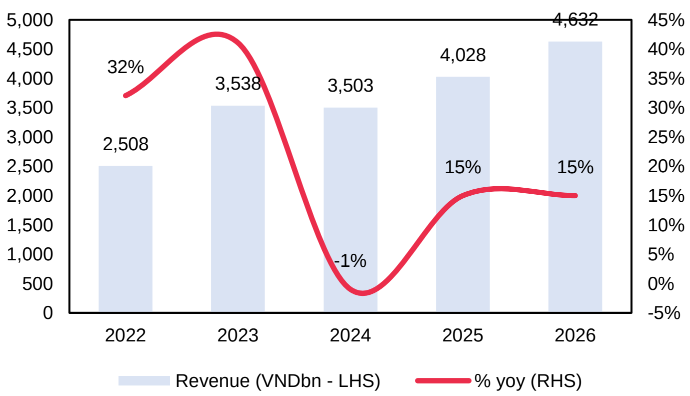
Sources: MBS Research

The primary growth outlook coming from residential market

While telecommunications construction has traditionally been a core business for CTR, in recent years the company has diversified its revenue streams beyond Viettel Group, expanding into civil construction for real estate clients in both B2B and B2C segments. Consequently, the proportion of revenue from telecom construction has gradually decreased over the years and now accounts for only about 30-40% of the revenue structure for 2022-23. In terms of future projects, telecom construction is expected to be closely tied to the growing demand for towers from Viettel, while civil construction is projected to be a major growth driver, especially as the real estate market gradually recovers. According to company insights, competition in civil construction is intense, and gross profit margins are difficult to improve. However, CTR's ability to offer a complete package of services—including construction, electrical systems, and smart home solutions—gives the company a competitive edge and helps maintain a steady backlog signed.

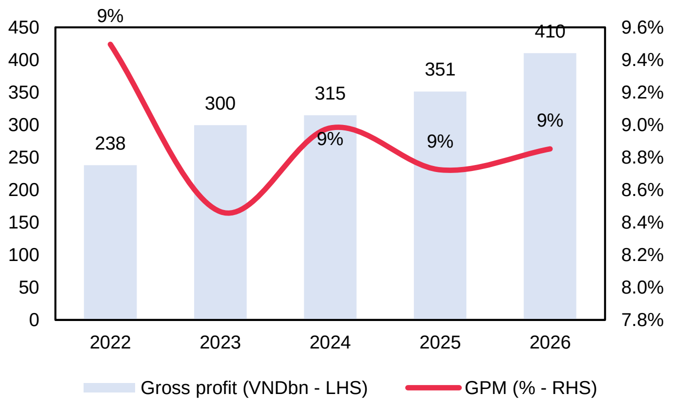
We project revenue to grow at a steady 15% CAGR, with gross profit growing correspondingly at 15% CAGR from 2024 to 2026. The gross profit margin is expected to remain stable at around 9%. This balanced growth outlook underscores the significance of both telecom and civil construction as complementary pillars of CTR's business strategy.

Figure 29: The construction segment is expected to grow at 20% CAGR in 2024-26, mainly driven by the civil construction segment



Sources: MBS Research

Figure 30: Gross profit margins will also remain around the average of ~9%, as there are not many factors to improve the margin

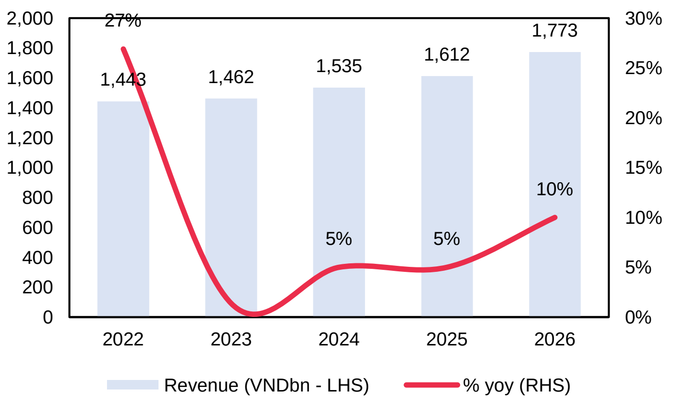


Sources: MBS Research

Integrated solutions and technical services: Promising market potential

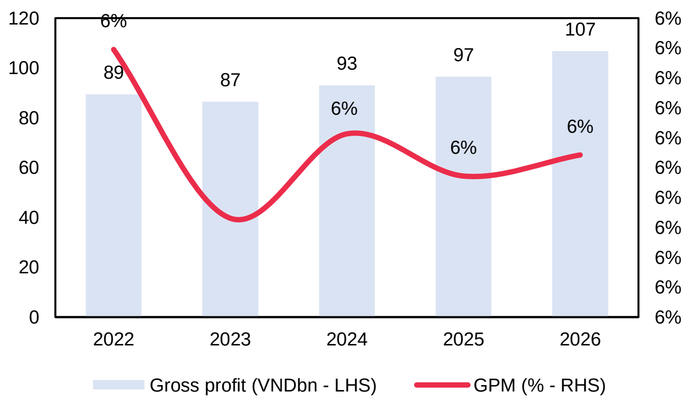
In the Integrated Solutions and Technical Services segment, CTR is involved in various business activities, including rooftop solar panel installation, M&E construction and smart home solutions. The company is gradually working toward completing the entire value chain for developing smart homes, which provides a significant growth avenue as technology adoption accelerates. From 2019 to 2023, CTR has already achieved notable success, recording strong revenue growth. This business line has primarily leveraged existing strengths to diversify its revenue streams and explore potential new markets within its ecosystem. The demand for smart home services is expected to increase as Vietnam achieves broader 5G coverage, which will act as a catalyst for growth in this sector. Given CTR's capability to manage nearly all steps in creating a smart home, it is well-positioned to benefit from this trend. We forecast revenue in this segment to grow at a CAGR of 7% from 2024 to 2026, with gross profit also increasing at the same rate. The gross profit margin is expected to remain stable at around 6%.

Figure 31: Revenue for the segment is expected to increase slightly, with a 7% CAGR in 2025-26



Sources: MBS Research

Figure 32: Gross profit and gross profit margins will also remain stable at 5%



Sources: MBS Research

Business forecast for 2024-26

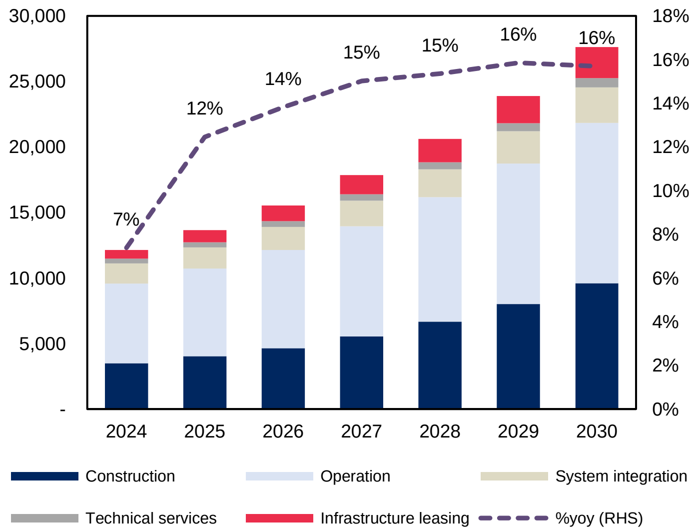
Figure 33: CTR business projections for 2024-26

Unit: VNDbn	2023	2024	%yoy	2025	%yoy	2026	%yoy
Revenue	**11,299**	**12,134**	***7%***	**13,646**	***12%***	**15,531**	***14%***
Construction	3,538	3,503	*-1%*	4,028	*15%*	4,632	*15%*
Operation	5,532	6,085	*10%*	6,693	*10%*	7,497	*12%*
System integration	1,462	1,535	*5%*	1,612	*5%*	1,773	*10%*
Technical services	332	357	*8%*	384	*8%*	430	*12%*
Infrastructure leasing	435	654	*50%*	928	*42%*	1,199	*29%*
Gross profit	**890**	**992**	***11%***	**1,169**	***18%***	**1,367**	***17%***
%GPM	7.9%	*8.2%*		*8.6%*		*8.8%*	
Construction	300	315	*5%*	351	*12%*	410	*17%*
Operation	305	342	*12%*	379	*11%*	420	*11%*
System integration	87	93	*8%*	97	*4%*	107	*11%*
Technical services	65	62	*-5%*	71	*15%*	77	*8%*
Infrastructure leasing	134	180	*34%*	271	*50%*	353	*30%*
SG&A	249	258	*4%*	295	*15%*	336	*14%*
EBIT	643	734	*14%*	874	*19%*	1,031	*18%*
EBITDA	**902**	**1,085**	***20%***	**1,315**	***21%***	**1,574**	***20%***
Financial income	97	60	*-38%*	66	*9%*	80	*22%*
Financial expenses	93	108	*16%*	130	*19%*	150	*16%*
Pretax profit	645	685	*6%*	808	*18%*	959	*19%*
Tax expenses	129	138	*7%*	162	*17%*	193	*19%*
Net profit	**516**	**546**	***6%***	**646**	***18%***	**766**	***19%***
EPS (VND/share)	4,510	4,777	*6%*	5,648	*18%*	6,696	*19%*

Sources: CTR, MBS Research

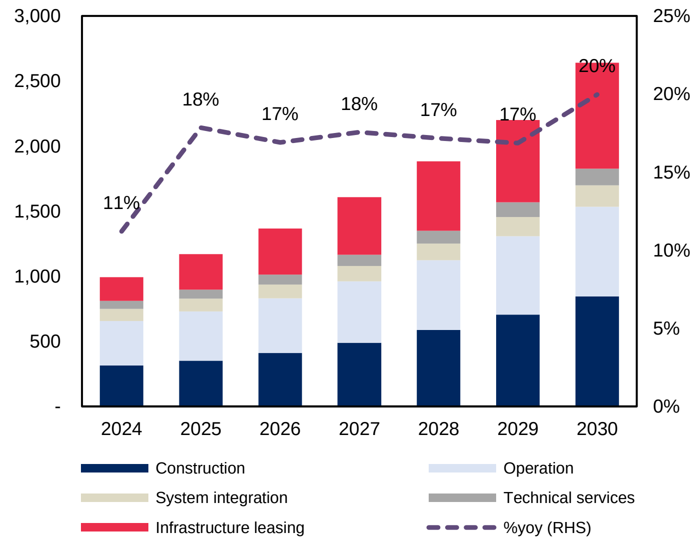
Long-term forecast over 2024-30 period

Figure 34: Revenue from operations and construction, is expected to dominate business activities from now until 2030



Sources: MBS Research

Figure 35: However, TowerCo gross profit is expected to increase significantly from 2024 to 2030 per our view (Unit: VNDbn)



Sources: MBS Research

Financial statements

Income statement	2023	2024F	2025F	2026F
Net revenue	11,299	12,134	13,646	15,531
Cost of sales	(10,407)	(11,142)	(12,477)	(14,164)
Gross profit	892	992	1,169	1,367
Gen & admin expenses	(249)	(258)	(289)	(334)
Selling expenses	-	-	(7)	(3)
Operating profit	643	734	874	1,031
Operating EBITDA	902	1,085	1,315	1,574
EBIT	**643**	**734**	**874**	**1,031**
Interest income	97	60	66	80
Financial expense	(93)	(108)	(130)	(150)
Net other income	(2)	(1)	(2)	(2)
Income from associates	-	-	-	-
Pre-tax profit	**645**	**685**	**808**	**959**
Tax expense	(129)	(138)	(162)	(193)
NPAT	516	546	646	766
Minority interest	-	-	-	-
Net profit	**516**	**546**	**646**	**766**
Ordinary dividends	(117)	(486)	(194)	(230)
Retained earnings	398	60	452	536

Cash flow statement	2023	2024F	2025F	2026F
Pre-tax profit	645	685	808	959
Depreciation & amortization	76	-	-	-
Tax paid	(58)	(138)	(162)	(193)
Other adjustments	-	-	-	-
Change in working capital	(251)	201	3	(94)
Cash flow from operations	**573**	**1,045**	**1,018**	**1,136**
Capex	(483)	(809)	(904)	(904)
Proceeds from assets sales	-	-	-	-
Cash flow from investing activities	**(159)**	**(607)**	**(861)**	**(965)**
New share issuance	-	-	-	-
Net borrowings	109	223	90	30
Other financing cash flow	-	(12)	10	(0)
Dividends paid	(117)	(486)	(194)	(230)
Cash flow from financing activities	**(9)**	**(65)**	**176**	**130**
Cash and equivalents at beginning of period	414	819	1,192	1,525
Total cash generated	404	373	333	300
Cash and equivalents at the end of period	**819**	**1,192**	**1,525**	**1,825**

Balance sheet	2023	2024F	2025F	2026F
Cash and equivalents	819	1,192	1,525	1,825
Short term investments	1,000	1,011	1,189	1,484
Accounts receivables	2,924	2,742	3,058	3,542
Inventories	790	956	1,051	1,188
Other current assets	81	103	112	123
Total current assets	5,614	6,004	6,934	8,161
Tangible fixed assets	262	187	112	38
Intangible fixed assets	23	23	23	23
Construction in progress	153	155	154	154
Investments in subsidiaries	-	-	-	-
Investments in associates	-	-	-	-
Other long-term investments	829	1,207	1,591	1,872
Other long-term assets	36	31	39	42
Total non-current assets	1,302	1,602	1,919	2,128
Total assets	**6,916**	**7,606**	**8,853**	**10,290**
Short-term borrowings	1,196	1,406	1,676	2,006
Trade accounts payable	581	593	662	753
Other payables	2,758	2,953	3,307	3,754
Total current liabilities	4,535	4,952	5,645	6,513
Long-term borrowings	378	601	691	721
Other long-term payables	15	17	18	21
Total long-term liabilities	392	618	709	742
Total liabilities	**4,928**	**5,570**	**6,354**	**7,255**
Common shares	1,144	1,144	1,144	1,144
Share premium	-	-	-	-
Treasury shares	-	-	-	-
Undistributed earnings	813	873	1,325	1,862
Investment and development funds	31	20	30	29
Foreign exchange differences	2	3	4	5
Shareholders' equity	1,957	2,017	2,469	3,005
Minority interest	-	-	-	-
Total shareholders' equity	1,988	2,037	2,499	3,035
Total liabilities & equity	**6,916**	**7,606**	**8,853**	**10,290**

Key ratios	2023	2024F	2025F	2026F
Net revenue growth	20.6%	7.4%	12.5%	13.8%
EBITDA growth	18.6%	20.4%	21.1%	19.8%
EBIT growth	16.5%	14.2%	19.0%	17.9%
Pre-tax profit growth	16.2%	6.2%	18.0%	18.6%
Net profit growth	16.5%	5.9%	18.2%	18.6%
EPS growth	16.5%	5.9%	18.2%	18.6%
Gross profit margin	7.9%	8.2%	8.6%	8.8%
EBITDA margin	8.0%	8.9%	9.6%	10.1%
Net profit margin	4.6%	4.5%	4.7%	4.9%
ROAE	28.8%	27.5%	28.8%	28.0%
ROAA	8.0%	7.5%	7.9%	8.0%
ROIC	14.6%	13.6%	13.4%	13.4%
Asset turnover ratio	1.74	1.67	1.66	1.62
Dividend payout ratio	22.8%	89.0%	30.0%	30.0%
D/E	19.0%	29.5%	27.6%	23.7%
Net debt to total equity	38.6%	40.4%	34.1%	30.0%
Net debt to asset	10.9%	10.7%	9.5%	8.8%
Interest coverage ratio	7.6	6.8	6.7	6.9
Days account receivable	85	82	82	83
Days inventory	30	31	31	31
Days account payable	20	19	19	19
Current ratio	1.2	1.2	1.2	1.3
Quick ratio	1.1	1.0	1.0	1.1
Cash ratio	0.4	0.4	0.5	0.5
Valuation				
EPS (VND/share)	4,510	4,777	5,648	6,696
BVPS (VND/share)	17,108	17,633	21,587	26,274
P/E (x)	29.3	27.6	23.4	19.7
P/B (x)	7.7	7.5	6.1	5.0

Sources: CTR, MBS Research

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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.

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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
Trần Thị Khánh Hiền

Deputy Head of Equity Research
Nguyễn Tiến Dũng

Macro & Market Strategy
Ngô Quốc Hưng
Đinh Hà Anh
Võ Đức Anh
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