

## Industry: Telecom Infrastructure

Report Date: **March 3, 2022**

Current Price: VND87,800

Target Price: VND115,300

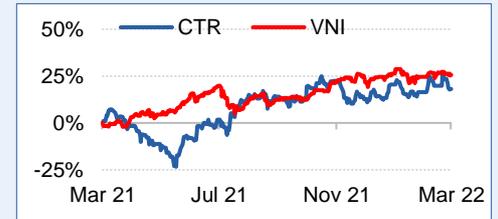
Previous Target Price: VND102,200

Upside to TP: +31.4%

Dividend Yield: 1.1%

TSR: +32.5%

	2021	2022F	2023F	2024F
Rev y/y	17.2%	18.3%	18.2%	16.8%
EPS y/y	35.7%	31.0%	17.6%	23.4%
EBITDA y/y	48.7%	42.0%	45.1%	33.2%
NPM	5.0%	5.6%	5.6%	5.9%
EBTDA margin	8.3%	10.0%	12.3%	14.0%
EV/EBITDA	12.2x	8.6x	5.9x	4.4x
P/E	25.9x	19.8x	16.8x	13.6x



Market Cap: USD352mn

Foreign Room: USD169mn

ADTV30D: USD0.5mn

State Ownership: 65.7%

Outstanding Shares: 92.9 mn

Fully Diluted Shares: 92.9 mn

	CTR	Peers	VNI
P/E (ttm)	25.9x	11.0x	17.2x
EV/EBITDA (ttm)	12.2x	7.8x	14.2x
Net D/E	-0.4x	1.2x	N/A
ROE	31.7%	12.9%	15.6%
ROA	9.6%	4.9%	2.6%

## Company Overview

Viettel Construction is a subsidiary of Viettel Group — the No. 1 telco in Vietnam. CTR provides construction, operation, system integration and infrastructure leasing services mainly for telecom carriers. CTR targets to become the largest telecom infrastructure leasing firm (towerco) in Vietnam by 2025.

Ha Dao, CFA  
Senior Analyst  
[ha.dao@vcsc.com.vn](mailto:ha.dao@vcsc.com.vn)  
+8428 3914 3588 ext. 194

Phap Dang, CFA  
Director  
[phap.dang@vcsc.com.vn](mailto:phap.dang@vcsc.com.vn)  
+8428 3914 3588 ext. 143

## Robust growth outlook across segments

- We reiterate BUY as we expect CTR to capitalize on Vietnam's rising mobile data consumption thanks to its lucrative infrastructure leasing (towerco) business. In addition, CTR's construction and system integration businesses are growing fast, backed by its strong engineering expertise.
- We raise our TP by 13% as we lift our aggregate 2022F-2024F EBITDA by 32% mainly due to our higher projections for new telecom tower builds (towerco segment) and construction revenue.
- We project a 40% EBITDA CAGR for 2021-2024F — led by an 87% CAGR in towerco — as we expect CTR will expand its own tower count from 2,500 as of YE2021 to 9,400 by YE2024F. We forecast towerco's EBITDA contribution will widen from 22% in 2021 to 53% in 2024F.
- We value CTR using a mix of DCF and EV/EBITDA methods. Regarding the latter, we maintain a target of 16x for the towerco business (30% higher than the five-year average of emerging Asian towerco peers) and 7x-9x for other businesses.
- Key upside catalysts: Realization of Viettel Group's (CTR's parent) plan to transfer up to 15,000 of its ~45,000 towers to CTR in 2022-2025; higher small cell demand thanks to fast 5G rollout.
- Risks to our positive view: Slow mobile data consumption growth; Viettel prioritizing its ownership of towers instead of outsourcing to CTR; unwillingness to share towers among telcos.

**New telecom tower builds and improving tenancy rates to elevate towerco EBITDA.** We project CTR's own tower count will rise to ~4,800/9,400 towers by YE2022/YE2024 (vs 4,200/7,200 in our last Update Report), respectively, based on our assumptions that (1) Viettel will keep expanding its mobile network capacity to serve Vietnam's rising data consumption and (2) CTR will own at least ~60%-70% of Viettel's new towers. Apart from towers, CTR plans to expand its other telecom infrastructure assets such as distributed antenna systems and fibers.

**Smart services such as smart cities and a widening contribution from residential construction to boost the system integration (SI) and construction segments, respectively.** For 2021-2024F, we project respective EBITDA CAGRs of 27% and 23% for the construction and SI segments. CTR's competitive advantages in these segments lie in its deep engineering expertise and strong execution capabilities that were built from its leading telecom infrastructure business.

**Viettel's telecom network expansion to drive CTR's operation segment.** We project an EBITDA CAGR of 11% in 2021-2024F for this segment, which will be driven by Viettel's mobile telecom network expansion and fixed-line broadband subscriber growth in the domestic market along with contributions from overseas markets such as Cambodia and Myanmar. We expect Viettel's domestic mobile and fixed telecom networks will grow by low-single-digit and low-teen rates per annum, respectively.

## 2021: Earnings jump across segments

Figure 1: CTR's 2021 results

VND bn	2020	2021	YoY	VCSC comments on 2021
<b>Revenue</b>	<b>6,359</b>	<b>7,454</b>	<b>17%</b>	
Operation	3,369	4,164	24%	Mainly driven by Viettel's mobile telecom network expansion and fixed-line broadband subscriber growth in the domestic market and — to a much smaller extent — business in Cambodia and Myanmar. Home services, in which CTR provides home appliance maintenance services for domestic customers, accounted for 5% of 2021 revenue vs none in 2020.
Towerco	65	202	209%	This is a new business, but it is expected to be the primary growth driver of CTR going forward. Revenue rocketed on the back of new telecom tower builds and expansion of other telecom infrastructure such as distributed antenna systems (DAS) and fibers. Per our estimate, CTR's own tower count increased from ~1,100 at YE2020 to ~2,500 at YE2021.
Construction	1,615	1,952	21%	Thanks to a widening contribution from non-telecom construction sub-segments such as residential construction. Notable residential construction projects in 2021 were Louis City – Hoang Mai Phase 2 (contract value of VND415bn/USD18mn) in Hanoi, Aqua City Phase 2 (VND81bn/USD4mn) in Dong Nai and Danko (VND50bn/USD2mn) in Thai Nguyen.
System integration and others	1,309	1,137	-13%	Due to lower revenue from solar energy services. We note that demand for solar energy services (e.g., installation) peaked in H2 2020 as companies rushed to complete their projects before YE2020 to enjoy the Government's favorable tariffs.
<b>Gross profit</b>	<b>475</b>	<b>626</b>	<b>32%</b>	
Operation	168	219	30%	
Towerco	19	94	410%	
Construction	207	241	16%	
System integration and others	81	72	-11%	
<b>EBITDA*</b>	<b>417</b>	<b>621</b>	<b>49%</b>	
Operation	142	210	48%	
Towerco	39	138	252%	
Construction	179	216	21%	
System integration and others	58	58	-0%	
<b>EBIT</b>	<b>327</b>	<b>466</b>	<b>42%</b>	
<b>PBT</b>	<b>345</b>	<b>472</b>	<b>37%</b>	
<b>NPAT-MI</b>	<b>274</b>	<b>376</b>	<b>37%</b>	
<b>EBITDA margin</b>	<b>6.6%</b>	<b>8.3%</b>		
Operation	4.2%	5.0%		Underpinned by economies of scale.
Towerco	59.9%	68.3%		Thanks to a higher number of operational telecom towers.
Construction	11.1%	11.0%		
System integration and others	4.4%	5.1%		Lower relative contributions from trading-like revenue, in which CTR sells items such as solar panels, inverters and air conditioners.
<b>NPM</b>	<b>4.3%</b>	<b>5.0%</b>		

Source: CTR, VCSC; \*VCSC's estimates for segmental EBITDA.

## 2022F: Towerco segment to spearhead strong growth

Figure 2: VCSC's 2022 forecasts

VND bn	2021	Old 2022F	New 2022F	YoY	VCSC comments on New 2022F
<b>Revenue</b>	<b>7,454</b>	<b>8,936</b>	<b>8,815</b>	<b>18%</b>	
Operation	4,164	4,661	4,608	11%	We expect Viettel's tower count in Vietnam to rise by a low-single-digit rate while Viettel's number of fixed-line subscribers will advance at a low-teen rate in 2022.
Towerco	202	351	418	108%	Tower (84% of 2022F towerco revenue; +164% YoY): We project CTR's own tower count will expand to 4,800 by YE2022 while the tenancy rate will remain at 1.05. Other asset leasing revenue (16% of 2022F towerco revenue; +5% YoY): We project CTR's fiber capacity will widen 10% to ~3,200 km by YE2022. We now assume that 5G small cells will start operation in 2023 instead of 2022 due to slower-than-expected progress in Vietnam's 5G spectrum licensing, which we now expect to be completed in late 2022. We raise our forecast because CTR's telecom tower expansion plans and leasing rates are tracking ahead of our expectations — the latter is mainly driven by surging prices of input materials such as steel, per CTR.
Construction	1,952	2,062	2,346	20%	Telecom construction revenue (49% of 2022F construction revenue) to grow 5%, which is partly aided by Viettel's 5G infrastructure development. Meanwhile, we project non-telecom construction (51% of 2022F construction revenue) will surge 40% on the back of residential projects as CTR gains more traction with its B2B clients (e.g., real estate developers) in addition to ramping up its activities in the household (B2C) segment.
System integration and others	1,137	1,862	1,444	27%	Growth to be propelled by smart services such as smart lighting systems and security camera systems as well as engineering and mechanical (M&E) services. We cut our forecasts mainly due to weaker-than-expected momentum in energy services.
<b>EBITDA*</b>	<b>621</b>	<b>772</b>	<b>882</b>	<b>42%</b>	
Operation	210	228	233	11%	
Towerco	138	251	317	130%	
Construction	216	194	259	20%	
System integration and others	58	99	73	27%	
<b>EBIT</b>	<b>466</b>	<b>459</b>	<b>619</b>	<b>33%</b>	Projected EBIT growth is slower than EBITDA growth mainly due to escalating depreciation expenses from the towerco business. We note that CTR applies an aggressive depreciation period of seven to 10 years for its towerco assets rather than their typical minimum useful lives of 10-15 years.
<b>PBT</b>	<b>472</b>	<b>456</b>	<b>618</b>	<b>31%</b>	
<b>NPAT-MI</b>	<b>376</b>	<b>362</b>	<b>492</b>	<b>31%</b>	
<b>EBITDA margin</b>	<b>8.3%</b>	<b>8.6%</b>	<b>10.0%</b>		
Operation	5.0%	4.9%	5.0%		
Towerco	68.3%	71.6%	75.8%		Thanks to a higher number of operational towers.
Construction	11.0%	9.4%	11.0%		
System integration and others	5.1%	5.3%	5.1%		
<b>NPM</b>	<b>5.0%</b>	<b>4.1%</b>	<b>5.6%</b>		

Source: CTR, VCSC; \*VCSC's estimates for segmental EBITDA.



## Valuation

We maintain a 50/50 mix of DCF and EV/EBITDA-based sum-of-the-parts (SoTP) methods to value CTR. We select the EV/EBITDA-based SoTP method due to CTR's diversified and capital-intensive businesses while the DCF method captures CTR's growth and cash generation abilities over the long term. Our selected peer group for CTR consists of towercos in emerging Asian markets.

For the DCF method, we use an unlevered/levered beta of 0.6/0.8 (vs 0.6/0.65 in our previous report) based on the average beta of CTR's peers that is weighted by CTR's segmental EBITDA contributions in 2022F-2026F. The rise in our levered beta is in accordance with the increases in our capex and in turn debt projections as we revise up our projections for the number of new tower builds and construction costs. Despite the increase in our beta and in turn cost of equity assumptions, our applied WACC edges down 20 bps to 9.1%, owing to an expansion of debt in our projected capital structure.

Our DCF valuation yields a higher fair value than our EV/EBITDA approach as the former better captures CTR's strong projected cash flow and earnings growth in the long term while our EV/EBITDA approach mainly reflects one-year forward earnings growth.

**Figure 3: VCSC's estimate for CTR's beta**

	2022F-2026F EBITDA contribution	Unlevered beta	Notes
Operation	17%	0.4	In line with the towerco segment's beta due to the close relationship between the two segments and the operation segment's predictable revenue streams.
Towerco	54%	0.4	Based on the five-year average of peer median betas.
Construction	23%	1.0	Equal to our beta for Vietnam's leading contractor Coteccons (HOSE: CTD).
System integration	7%	1.0	System integration business shares some similarities with the construction business such as project-based revenue and B2B clients.
<b>Total</b>	<b>100%</b>	<b>0.6</b>	
Target debt-to-capital		31%	2022F-2026F average.
<b>CTR's levered beta</b>		<b>0.8</b>	

Source: VCSC

**Figure 4: Summary of VCSC's valuation for CTR**

Method	Weighting	Fair value (VND/share)	Contribution (VND/share)
DCF	50.0%	131,412	65,706
EV/EBITDA-based SoTP	50.0%	99,198	49,599
<b>Target price (VND/share)</b>			<b>115,300</b>
Implied 2022F P/E @ TP			26.0x
Implied 2022F EV/EBITDA @ TP			11.5x

Source: VCSC

**Figure 5: DCF valuation for CTR**

Cost of capital	Current	Previous	FCFF (five years)	VND bn
Beta	0.8	0.65	PV of Free Cash Flows	470
Market risk premium	7.0%	7.0%	PV of Terminal Val (4.0% g)	11,156
Risk-free rate	5.5%	5.5%	<b>PV of FCF and TV</b>	<b>11,625</b>
Cost of Equity	11.0%	10.1%	+ Cash & ST investments	766
Cost of Debt	6.0%	6.0%	- Debt	180
Debt %	30.6%	13.9%	- Minority Interest	0
Equity %	69.4%	86.1%	<b>Equity Value</b>	<b>12,212</b>
Corporate Tax%	20.0%	20.0%	Shares (million)	92.9
<b>WACC %</b>	<b>9.1%</b>	<b>9.3%</b>	<b>Value per share, VND</b>	<b>131,412</b>

Source: VCSC

**Figure 6: Cash flow projections for CTR**

VND bn	2022F	2023F	2024F	2025F	2026F
Earnings before interest and tax	568	699	869	1,068	1,319
less: tax	-114	-140	-174	-214	-264
add: depreciation	263	517	755	993	1,200
less: net capex	-1,433	-1,575	-1,547	-1,561	-1,576
(increase) / decrease in NWC	212	253	319	310	162
<b>Free cash flow</b>	<b>-503</b>	<b>-246</b>	<b>222</b>	<b>597</b>	<b>841</b>
PV of FCF	-461	-207	171	422	545
<b>Cumulative PV of FCF</b>	<b>-461</b>	<b>-668</b>	<b>-496</b>	<b>-75</b>	<b>470</b>

Source: VCSC

**Figure 7: Sensitivity analysis of our target price for CTR in relation to WACC and terminal growth rate in our DCF valuation, ceteris paribus**

Target price (VND)		WACC				
		8.1%	8.6%	9.1%	9.6%	10.1%
Terminal growth (g)	2.0%	107,000	101,900	97,500	93,700	90,400
	3.0%	117,700	110,800	104,900	100,000	95,800
	4.0%	133,800	123,500	<b>115,300</b>	108,600	103,000
	5.0%	160,200	143,400	130,700	120,900	113,000
	6.0%	212,100	178,700	156,200	140,100	127,900

Source: VCSC

**Figure 8: VCSC's SoTP valuation for CTR**

VND bn	2022F average EBITDA	Attributed bonus & welfare allocation*	Target EV/ EBITDA (x)	Target EV	Notes to VCSC's target EV/EBITDA
Operation	233	21	9	1,904	Steady growth outlook, low margins. We maintain our target multiple of 16x, which is 30% higher than the five-year peer average of 12x. We believe this premium is justified by our forecast of an 87% EBITDA CAGR in 2021-2024F for CTR.
Towerco	317	29	16	4,613	Towercos in developed markets boast an average EV/EBITDA of 23x over the last five years.
Construction	259	23	7	1,649	Based on the five-year average of TTM EV/EBITDA of domestic contractors.
System integration	73	7	7	465	In line with the construction segment.
<b>Total</b>				<b>8,632</b>	
Net cash				586	
<b>Target equity value</b>				<b>9,218</b>	
Outstanding share count (million)				93	
<b>Value per share (VND)</b>				<b>99,198</b>	

Source: VCSC; \*equivalent to 16.2% of annual NPAT-MI.

Comparable Peers

Figure 9: Towercos in emerging Asian markets

Name	Country	Market Cap (USD mn)	TTM Sales Growth (%)	TTM EPS Growth (%)	ROE (%)	ROA (%)	Net D/E (x)	TTM EBITDA margin (%)	TTM P/E (x)	TTM EV/EBITDA (x)	2022F EV/EBITDA (x)
China Tower	China	20,514	7	20	3.7	2.1	0.6	N/A	10.6	4.0	3.8
Indus Towers	India	7,690	196	93	29.8	12.7	1.1	52.6	9.8	5.4	4.8
Digital Telecom	Thailand	4,637	0	-12	7.9	6.2	0.2	N/A	11.0	N/A	13.3
Sarana Menara	Indonesia	3,675	8	32	33.2	8.2	1.8	86.3	14.7	10.2	9.7
Tower Bersama	Indonesia	4,636	15	41	17.8	3.5	2.5	83.1	45.9	19.2	17.6
Centratama	Indonesia	421	15	-728	-30.3	-9.0	1.3	N/A	N/A	N/A	N/A
<b>Peer median</b>		<b>4,637</b>	<b>12</b>	<b>26</b>	<b>12.9</b>	<b>4.9</b>	<b>1.2</b>	<b>83.1</b>	<b>11.0</b>	<b>7.8</b>	<b>9.7</b>
<b>Peer mean</b>		<b>6,929</b>	<b>40</b>	<b>-92</b>	<b>10.4</b>	<b>4.0</b>	<b>1.3</b>	<b>74.0</b>	<b>18.4</b>	<b>9.7</b>	<b>9.8</b>
<b>CTR</b>	<b>Vietnam</b>	<b>352</b>	<b>17</b>	<b>36</b>	<b>31.7</b>	<b>9.6</b>	<b>-0.4</b>	<b>8.3</b>	<b>25.9</b>	<b>12.2</b>	<b>8.6</b>

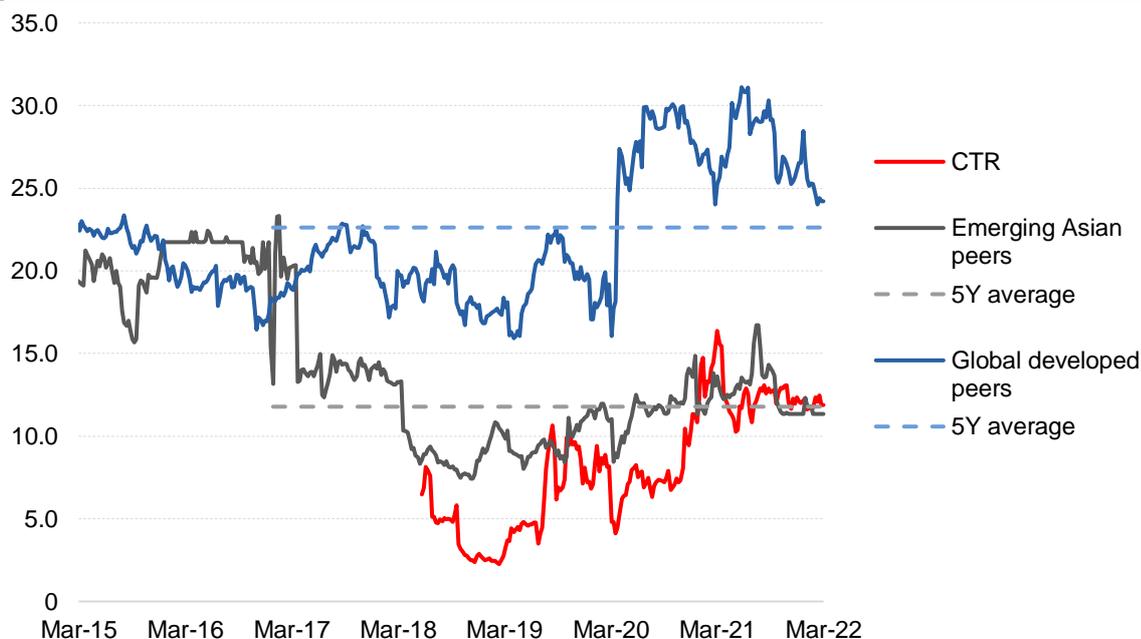
Source: Bloomberg, VCSC

Figure 10: Towercos in developed markets

Name	Country	Market Cap (USD mn)	TTM Sales Growth (%)	TTM EPS Growth (%)	ROE (%)	ROA (%)	Net D/E (x)	TTM EBITDA margin (%)	TTM P/E (x)	TTM EV/EBITDA (x)	2022F EV/EBITDA (x)
American Tower	US	105,542	16	52	56.0	4.4	5.5	67.1	40.3	29.2	26.7
Crown Castle	US	71,315	9	4	12.4	2.8	3.2	57.5	54.4	22.8	25.7
UNITI	US	2,691	2	N/A	N/A	0.8	N/A	69.9	29.8	10.1	8.9
SBA	US	32,885	9	N/A	N/A	3.1	N/A	64.9	97.8	32.0	29.1
JTower	Japan	746	12	35	3.9	2.1	-1.0	40.8	194.3	45.5	N/A
Cellnex	Spain	29,931	62	-164	-1.7	-0.6	0.7	73.6	N/A	23.2	19.8
INWIT	Italy	9,510	18	22	4.3	2.1	0.8	90.9	44.5	17.9	17.6
RAI Way	Italy	1,482	2	2	41.5	19.0	0.3	62.0	20.0	10.1	10.2
<b>Peer median</b>		<b>32,885</b>	<b>9</b>	<b>35</b>	<b>12.4</b>	<b>2.8</b>	<b>3.2</b>	<b>64.9</b>	<b>54.4</b>	<b>29.2</b>	<b>26.2</b>
<b>Peer mean</b>		<b>31,763</b>	<b>16</b>	<b>-8</b>	<b>19.4</b>	<b>4.2</b>	<b>1.6</b>	<b>65.8</b>	<b>68.7</b>	<b>23.9</b>	<b>19.7</b>
<b>CTR</b>	<b>Vietnam</b>	<b>352</b>	<b>17</b>	<b>36</b>	<b>31.7</b>	<b>9.6</b>	<b>-0.4</b>	<b>8.3</b>	<b>25.9</b>	<b>12.2</b>	<b>8.6</b>

Source: Bloomberg, VCSC

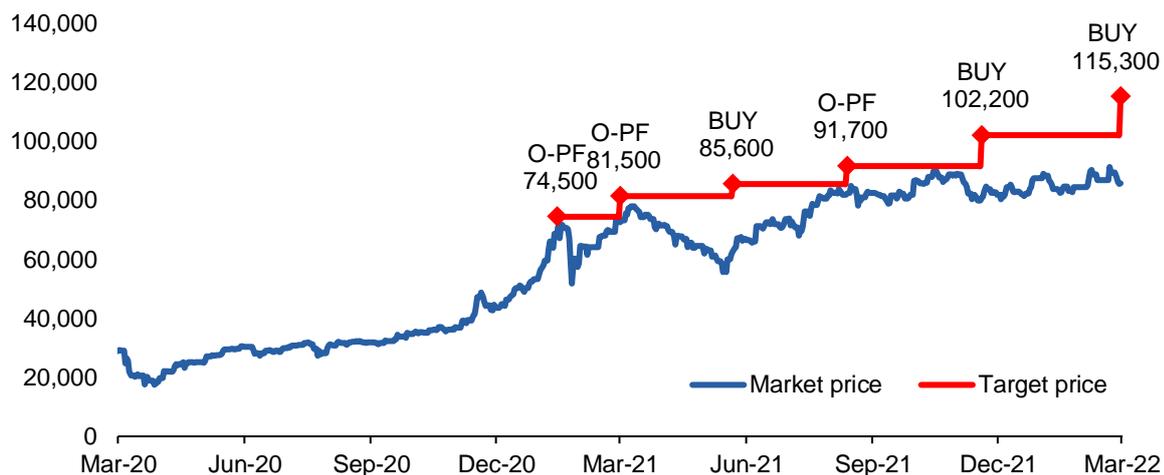
Figure 11: CTR's TTM EV/EBITDA vs peers (x)



Source: Bloomberg, VCSC

## Recommendation History

Figure 12: Recommendation history; share prices (VND) adjusted for share splits



Source: CTR, VCSC

## Glossary

	Full name or definition
2G/3G/4G/5G	Second/third/fourth/fifth generation mobile network
LTE	Long-term evolution or 4G network
GSM	2G network
UTSM	3G network
Sub-6	Spectrum that is below 6 GHz (6,000 MHz)
mmWave	Spectrum that is between 30 GHz and 300 GHz
DAS	Distributed antenna system
BTS	Base transceiver station
IoT	Internet of things

## Financial Statements

P/L (VND bn)	2021	2022F	2023F	2024F
<b>Revenue</b>	<b>7,454</b>	<b>8,815</b>	<b>10,424</b>	<b>12,178</b>
COGS	-6,828	-8,010	-9,440	-10,970
<b>Gross profit</b>	<b>626</b>	<b>806</b>	<b>984</b>	<b>1,208</b>
Sales & Marketing exp	0	0	0	0
General & Admin exp	-161	-187	-221	-258
<b>Operating Profit</b>	<b>466</b>	<b>619</b>	<b>763</b>	<b>950</b>
Financial income	15	29	30	35
Financial expenses	-7	-30	-66	-87
- o/w, interest expense	-6	-30	-66	-87
Associates	0	0	0	0
Net other income/(loss)	0	0	0	0
<b>Profit before Tax</b>	<b>472</b>	<b>618</b>	<b>727</b>	<b>897</b>
Income Tax	-96	-126	-148	-183
<b>NPAT before MI</b>	<b>376</b>	<b>492</b>	<b>579</b>	<b>714</b>
Minority interests	0	0	0	0
<b>NPAT less MI, reported</b>	<b>376</b>	<b>492</b>	<b>579</b>	<b>714</b>
<b>NPAT less MI, adjusted <sup>(1)</sup></b>	<b>376</b>	<b>492</b>	<b>579</b>	<b>714</b>
EBITDA	621	882	1,280	1,705
EPS basic reported, VND	3,389	4,441	5,221	6,442
EPS basic adjusted <sup>(1)</sup> , VND	3,389	4,441	5,221	6,442
EPS fully diluted <sup>(1)</sup> , VND	3,389	4,441	5,221	6,442
DPS, VND	1,000	1,300	1,500	1,900
DPS/EPS (%)	29.5%	29.3%	28.7%	29.5%
(1) Adjusted for one-offs				
RATIOS	2021	2022F	2023F	2024F
<b>Growth</b>				
Revenue growth	17.2%	18.3%	18.2%	16.8%
EBITDA growth	48.7%	42.0%	45.1%	33.2%
PBT growth	36.7%	31.0%	17.6%	23.4%
EPS growth, adjusted	35.7%	31.0%	17.6%	23.4%
<b>Profitability ratios</b>				
Gross Profit Margin	8.4%	9.1%	9.4%	9.9%
EBIT margin	6.2%	7.0%	7.3%	7.8%
EBITDA margin	8.3%	10.0%	12.3%	14.0%
NPAT-MI Margin, adj.	5.0%	5.6%	5.6%	5.9%
ROE	31.7%	33.4%	31.9%	32.1%
ROA	9.6%	10.6%	9.5%	9.6%
<b>Efficiency ratios</b>				
Days Inventory On Hand	33.1	27.1	25.2	23.5
Days Accts, Receivable	54.5	47.3	45.0	43.4
Days Accts, Payable	30.4	20.4	20.4	20.6
Cash Conversion Days	57.2	53.9	49.7	46.3
<b>Liquidity/Solvency</b>				
Current Ratio x	1.2	1.1	1.0	1.0
Quick Ratio x	1.0	0.9	0.8	0.8
Cash Ratio x	0.3	0.2	0.2	0.2
Debt / Assets x	0.0	0.1	0.2	0.2
Debt / Capital x	0.1	0.3	0.4	0.4
Net Debt / Equity x	-0.4	0.0	0.2	0.2
Interest Coverage x	72.5	20.7	11.6	10.9

Source: Company data, VCSC

B/S (VND bn)	2021	2022F	2023F	2024F
Cash & equivalents	666	596	705	824
ST investments	100	100	100	100
Accounts receivable	1,079	1,204	1,366	1,530
Inventories	567	621	680	730
Other current assets	621	721	837	960
<b>Total Current Assets</b>	<b>3,034</b>	<b>3,243</b>	<b>3,689</b>	<b>4,143</b>
Fixed assets, gross	1,308	2,741	4,316	5,863
- Depreciation	-381	-643	-1,160	-1,915
Fixed assets, net	928	2,098	3,156	3,948
LT investments	0	0	0	0
Other LT assets	16	10	3	-6
<b>Total LT assets</b>	<b>944</b>	<b>2,108</b>	<b>3,158</b>	<b>3,941</b>
<b>Total Assets</b>	<b>3,978</b>	<b>5,350</b>	<b>6,847</b>	<b>8,084</b>
Accounts payable	416	488	575	668
Short-term debt	31	36	42	49
Other ST liabilities	2,055	2,475	2,978	3,540
Total current liabilities	2,502	2,998	3,595	4,257
Long term debt	150	706	1,241	1,357
Other LT liabilities	14	14	14	14
<b>Total liabilities</b>	<b>2,665</b>	<b>3,718</b>	<b>4,850</b>	<b>5,628</b>
Preferred Equity	0	0	0	0
Share premium	0	0	0	0
Paid in capital	929	929	929	929
Retained earnings	383	703	1,067	1,527
Other equity	0	0	0	0
Minority interest	0	0	0	0
<b>Total equity</b>	<b>1,313</b>	<b>1,633</b>	<b>1,997</b>	<b>2,456</b>
<b>Total liabilities &amp; equity</b>	<b>3,978</b>	<b>5,350</b>	<b>6,847</b>	<b>8,084</b>
Y/E shares out, mn	92.9	92.9	92.9	92.9
Y/E treasury shares, mn	0.0	0.0	0.0	0.0
Cash Flow (VND bn)	2021	2022F	2023F	2024F
<b>Beginning Cash Balance</b>	<b>504</b>	<b>666</b>	<b>596</b>	<b>705</b>
Net Income	376	492	579	714
Dep, & amortization	155	263	517	755
Change in Working Cap	-40	212	253	319
Other adjustments	94	-80	-94	-116
<b>Cash from Operations</b>	<b>585</b>	<b>888</b>	<b>1,255</b>	<b>1,673</b>
Capital Expenditures, net	-395	-1,433	-1,575	-1,547
Investments, net	-88	6	8	9
<b>Cash from Investing</b>	<b>-483</b>	<b>-1,426</b>	<b>-1,567</b>	<b>-1,538</b>
Dividends paid	-72	-93	-121	-139
Δ in Share Capital	0	0	0	0
Δ in ST debt	31	5	6	7
Δ in LT debt	132	556	536	116
Other financing C/F	-31	0	0	0
<b>Cash from Financing</b>	<b>60</b>	<b>469</b>	<b>421</b>	<b>-17</b>
<b>Net change in cash</b>	<b>162</b>	<b>-70</b>	<b>109</b>	<b>118</b>
<b>Ending Cash Balance</b>	<b>666</b>	<b>596</b>	<b>705</b>	<b>824</b>

## VCSC Rating System

**Stock ratings** are set based on projected total shareholder return (TSR), defined as (target price – current price)/current price + dividend yield, and are not related to market performance.

Equity rating key	Definition
BUY	If the projected TSR is 20% or higher
OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
UNDERPERFORM	If the projected TSR is between -10% and -20%
SELL	If the projected TSR is -20% or lower
NOT RATED	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulation and/or firm policies in certain circumstances, including when VCSC is acting in an advisory capacity in a merger or strategic transaction involving the company.
RATING SUSPENDED, COVERAGE TERMINATED	A rating may be suspended, or coverage terminated, if fundamental information is deemed insufficient to determine a target price or investment rating or due to a reallocation of research resources. Any previous investment rating and target price are no longer in effect.

Unless otherwise specified, these performance parameters are set with a 12-month horizon. Movement in share prices may cause a temporary mismatch between the latest published rating and projected TSR for a stock based on its market price and the latest published target price.

**Target prices** are generally based on the analyst's assessment of the stock's fair value over a 12-month horizon. However, the target price may differ from the analyst's fair value if the analyst believes that the market will not price the stock in line with assessed fair value over the specified time horizon.

**Risks:** Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

## Disclaimer

### Analyst Certification of Independence

We, Ha Dao and Phap Dang, hereby certify that the views expressed in this report accurately reflect our personal views about the subject securities or issuers. We also certify that no part of our compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The equity research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues, which include revenues from, among other business units, Institutional Equities and Investment Banking.

VCSC and its officers, directors and employees may have positions in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment). VCSC may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment.

Copyright 2013 Viet Capital Securities Company "VCSC". All rights reserved. This report has been prepared on the basis of information believed to be reliable at the time of publication. VCSC makes no representation or warranty regarding the completeness and accuracy of such information. Opinions, estimates and projection expressed in this report represent the current views of the author at the date of publication only. They do not necessarily reflect the opinions of VCSC and are subject to change without notice. This report is provided, for information purposes only, to institutional investors and retail clients of VCSC in Vietnam and overseas in accordance to relevant laws and regulations explicit to the country where this report is distributed, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of VCSC. Please cite sources when quoting.

**UK and European Economic Area (EEA):** Unless specified to the contrary, issued and approved for distribution in the UK and the EEA by VCSC issued by VCSC has been prepared in accordance with VCSC's policies for managing conflicts of interest arising as a result of publication and distribution of investment research. Many European regulators require a firm to establish, implement and maintain such a policy. This report has been issued in the UK only to persons of a kind described in Article 19 (5), 38, 47 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons being referred to as "relevant persons"). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is only available to relevant persons and will be engaged in only with relevant persons. In other EEA countries, the report has been issued to persons regarded as professional investors (or equivalent) in their home jurisdiction. **Australia:** This material is issued and distributed by VCSC in Australia to "wholesale clients" only. VCSC does not issue or distribute this material to "retail clients". The recipient of this material must not distribute it to any third party or outside Australia without the prior written consent of VCSC. For the purposes of this paragraph the terms "wholesale client" and "retail client" have the meanings given to them in section 761G of the Corporations Act 2001. **Hong Kong:** The 1% ownership disclosure as of the previous month end satisfies the requirements under Paragraph 16.5(a) of the Hong Kong Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission. (For research published within the first ten days of the month, the disclosure may be based on the month end data from two months prior.) **Japan:** There is a risk that a loss may occur due to a change in the price of the shares in the case of share trading, and that a loss may occur due to the exchange rate in the case of foreign share trading. In the case of share trading, VCSC will be receiving a brokerage fee and consumption tax (shouhizei) calculated by multiplying the executed price by the commission rate which was individually agreed between VCSC and the customer in advance. **Korea:** This report may have been edited or contributed to from time to time by affiliates of VCSC. **Singapore:** VCSC and/or its affiliates may have a holding in any of the securities discussed in this report; for securities where the holding is 1% or greater, the specific holding is disclosed in the Important Disclosures section above. **India:** For private circulation only, not for sale. **Pakistan:** For private circulation only, not for sale. **New Zealand:** This material is issued and distributed by VCSC in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money. VCSC does not issue or distribute this material to members of "the public" as determined in accordance with section 3 of the Securities Act 1978. The recipient of this material must not distribute it to any third party or outside New Zealand without the prior written consent of VCSC. **Canada:** The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, or solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. The information contained herein is under no circumstances to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgment upon these materials, the information contained herein or the merits of the securities described herein, and any representation to the contrary is an offence. **Dubai:** This report has been issued to persons regarded as professional clients as defined under the DFSA rules. **United States:** This research report prepared by VCSC is distributed in the United States to Major US Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) only by Decker&Co, LLC, a broker-dealer registered in the US (registered under Section 15 of Securities Exchange Act of 1934, as amended). All responsibility for the distribution of this report by Decker&Co, LLC in the US shall be borne by Decker&Co, LLC. All resulting transactions by a US person or entity should be effected through a registered broker-dealer in the US. This report is not directed at you if VCSC Broker or Decker&Co, LLC is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that Decker&Co, LLC and VCSC is permitted to provide research material concerning investment to you under relevant legislation and regulations.



## Contacts

### Corporate

[www.vcsc.com.vn](http://www.vcsc.com.vn)

#### Head Office

Bitexco Financial Tower, 2 Hai Trieu Street  
District 1, HCMC  
+84 28 3914 3588

#### Transaction Office

10 Nguyen Hue Street  
District 1, HCMC  
+84 28 3914 3588

### Research

**Research Team:** +84 28 3914 3588  
[research@vcsc.com.vn](mailto:research@vcsc.com.vn)

#### Banks, Securities and Insurance

##### Long Ngo, Associate Director, ext 123

- Truc Ngo, Analyst, ext 116
- Ngoc Huynh, Analyst, ext 138

#### Consumer

##### Phap Dang, Director, ext 143

- Ha Dao, Senior Analyst, ext 194
- Vinh Bui, Analyst, ext 191

#### Real Estate, Construction and Materials

##### Hong Luu, Senior Manager, ext 120

- Vy Nguyen, Manager, ext 147
- Duc Pham, Analyst, ext 174

#### Retail Client Research

##### Duc Vu, Senior Manager, ext 363

- Trung Nguyen, Senior Analyst, ext 129
- Anh Tong, Analyst, ext 363
- Ha Bui, Analyst, ext 364

### Institutional Sales and Brokerage

& Foreign Individuals

#### Dung Nguyen

+84 28 3914 3588, ext 136  
[dung.nguyen@vcsc.com.vn](mailto:dung.nguyen@vcsc.com.vn)

#### Hanoi Branch

109 Tran Hung Dao  
Hoan Kiem District, Hanoi  
+84 24 6262 6999

#### Transaction Office

236-238 Nguyen Cong Tru Street  
District 1, HCMC  
+84 28 3914 3588

#### Alastair Macdonald, Head of Research, ext 105

[alastair.macdonald@vcsc.com.vn](mailto:alastair.macdonald@vcsc.com.vn)

#### Macro

##### Luong Hoang, Manager, ext 364

- Nguyen Truong, Senior Analyst, ext 132

#### Oil & Gas and Power

##### Duong Dinh, Senior Manager, ext 140

- Tram Ngo, Manager, ext 135
- Duc Le, Analyst, ext 196

#### Industrials and Transportation

##### Nam Hoang, Manager, ext 124

- Dang Thai, Senior Analyst, ext 149
- Huy Phan, Analyst, ext 173

### Retail & Corporate Brokerage

HCMC & Hanoi

#### Quynh Chau

+84 28 3914 3588, ext 222  
[quynh.chau@vcsc.com.vn](mailto:quynh.chau@vcsc.com.vn)