



Viettel Construction (CTR)

Earnings Flash

Industry: Telecom Infrastructure

Report Date: April 12, 2022

Current Price: VND104,700

Target Price*: VND115,300

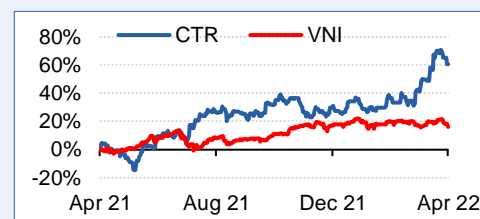
Upside to TP: +10.1%

Dividend Yield: 1.0%

TSR: +11.1%

Rating* BUY

	2021	Q1/22	2022F
Rev y/y	17.2%	14.9%	18.3%
EPS y/y**	35.7%	23.4%	31.0%
EBITDA y/y	48.7%	N/A	42.0%
NPM**	5.0%	4.4%	5.6%
EBITDA margin	8.3%	N/A	10.0%
EV/EBITDA	14.7x	N/A	10.4x
P/E	30.9x	**29.6x	23.6x



Market Cap:	USD420mn
Foreign Room:	USD180mn
ADTV30D:	USD3.8mn
State Ownership:	65.7%
Outstanding Shares:	93.0 mn
Fully Diluted Shares:	93.0 mn

	CTR	VNI
P/E (ttm)	**29.6x	16.9x
EV/EBITDA (ttm)	N/A	14.2x
Net D/E	N/A	N/A
ROE	N/A	15.4%
ROA	N/A	2.5%

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 is the leading telecom infrastructure leasing company (towerco) in Vietnam.

* TP & rating last updated March 3, 2022

** VCSC's estimate as CTR's full financial statements are not yet available

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Telecom-related segments and construction boost PBT

- CTR announced preliminary Q1 2022 results with revenue of VND2tn (USD87mn; +15% YoY) and PBT of VND112bn (USD5mn; +23% YoY). These robust growth rates were led by the construction (+114% YoY revenue), towerco (+64% YoY revenue) and operation (+22% YoY revenue) segments, which outweighed weakness in the system integration segment.
- Q1 2022 results are broadly in line with our expectation for CTR to have strong earnings growth, which is premised on the company's ability to capitalize on Vietnam's rising mobile data consumption via its towerco business and fast-growing construction business backed by its strong engineering expertise.
- Q1 2022's revenue and PBT fulfill 23% and 18% of our respective full-year forecasts. We do not see material changes to our current projections, pending a fuller review.

CTR's preliminary Q1 2022 results

VND bn	Q1 2022	YoY	Q1 2022/ VCSC's 2022F	VCSC's comments
Revenue	2,011	15%	23%	
Operation	1,193	22%	26%	Mainly driven by CTR's parent company and Vietnam's No. 1 telco Viettel Group'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.
Towerco	65	64%	15%	Signed contracts with Myanmar towerco Fortune for 156 tower sites. CTR built 162 telecom towers in Q1 2022. Per our estimate, CTR's own tower count increased from ~2,500 at YE2021 to 2,583 as of end-Q1 2022.
Construction	487	114%	21%	YoY growth was mainly driven by residential construction. Business-to-business residential construction: Signed contract value amounted to VND850bn (USD37mn) in Q1 2022. Major clients include NVL, DXG and VHM. Business-to-consumer residential construction: Signed 210 contracts with total value of VND200bn (USD9mn; +4x YoY).
System Integration & others	266	-47%	18%	Mainly due to lower revenue from solar energy services.
PBT	112	23%	18%	

Source: CTR, VCSC (preliminary revenue breakdowns by segment could be slightly different from official numbers)



VCSC Rating System

Stock ratings are set based on projected total shareholder return (TSR), defined as $(\text{target price} - \text{current price}) / \text{current price} + \text{dividend yield}$, 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
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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.

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