

# READY

TO TAKE ON CHALLENGES

NEWSLETTER  
QIII/2022







NEWSLETTER QIII/2022 | READY TO TAKE ON CHALLENGES

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# LEADERSHIP



**Mr. Vo Hoang Lam – Coteccons CEO shares that:**

“Coteccons accepts changes, accepts challenges, that is the driving force for development. Big boats must meet big waves - the harder it is, the stronger we become. Today's results are because of Coteccons & Unicons' drastic restructuring. We in the present consider everything changing as normal, including the most basic one in the way of human resource management. When everything is too safe, we will not put up any protective barriers, which means that it is also the most dangerous time. If Coteccons wants to become an elite army, we need innovation, be ready to take on challenges, and unite to act for a common goal, for the common good. Life is not only about right and wrong, and we have many choices to change accordingly”.



**Mr. Bolat Duisenov – Coteccons Chairman shares that:**

“The world and the market are undergoing changes, and we are no exception. With our diversification business strategy from last year till now, I believe that Coteccons is on the right track to gradually master the game and reshape the construction industry in Vietnam.”

**“Innovation, focus on work and accepting challenges are the driving force for our strong development” is the sharing of the Board of Directors of Coteccons & Unicons.”**

Coteccons is a construction company with a strong brand name and a top leader in the construction market, but that is not the goal, it is the result of previous actions that Coteccons people have sown. In the business development journey, Coteccons people do not focus only on “opportunities” and lose inherent identity. Therefore, the company culture - solidarity - humanity at Coteccons & Unicons is extremely important and must always be maintained.

Coteccons always welcomes people who really want to contribute and develop themselves. Coteccons leadership always tries its best to bring the best tools and platforms to support employees' development. Coteccons people have a dream to create a free, creative, and fair environment so that every individual has the opportunity to develop. This will be a new journey, a new mission so that each person of Coteccons can support each other to develop talents, in parallel with the development of the company.

Coteccons people need to build a culture of openness, sharing, feedback, and exchanging information when facing difficulties - “If someone needs to share, they should have an opportunity to speak up.”



# HIGHLIGHTS



## 01. Coteccons won the LEGO project contract:

On August 22, 2022, Coteccons and LEGO Manufacturing Vietnam Co., Ltd officially signed a cooperation agreement on the construction of a LEGO® factory in Vietnam in VSIP III, Binh Duong. As the General Contractor, Coteccons will undertake all construction, structural, M&E and finishing works for subdivisions 1-5 with a construction floor area of up to 163,000 m<sup>2</sup> (GFA). This is the 6th factory of the LEGO Group globally, the 2nd in Asia and the project with the largest investment capital by a Danish enterprise in Vietnam. The LEGO factory in Vietnam is the largest investment project ever of LEGO and also the largest factory in Vietnam invested in 2022.

During the project pursuit, the Coteccons team has performed with consistency, integrity, and transparency to meet the rigorous standards and complex technical requirements of the project, especially in terms of sustainability. Also during this time, Coteccons continuously welcomed potential partners and leaders of some provinces. For example, Leaders of Vi Thanh city, Hau Giang province visited Coteccons on July 30, 2022; Leaders of Tokyu Construction Company and Zamil Steel Buildings Vietnam Company.

## 02. New General Director was appointed

The Board of Directors of Coteccons has awarded the decision to appoint Mr. Vo Hoang Lam, currently a member of the Board of Directors, Deputy General Director as General Director from August 5, 2022. The new General Director will work with the Board of Management and the Board of Directors to continue promoting the strengths of Coteccons to implement innovations with the support of leading domestic and international experts in related fields.

## 03. Coteccons Quang Binh Marathon

On August 5, 2022, Coteccons officially introduced the Coteccons Quang Binh Marathon 2022 with the Green Up theme. This is the first half marathon in Vietnam with a track running through a huge wind farm on the mainland, in order to bring a unique experience to the Athletes. With the Green Up message, Coteccons has made the most of recycled and environmentally friendly materials in the production of medals, race kit bags, and decoration of the running area. The program attracted 2000 athletes, from which 10,000 trees were planted. This has contributed to impressive numbers in a race with a breath of a Green Construction Industry



## 04. The visit of Major Shareholder Mr. Yerkin - Chairman of Kusto Group

During the visit on August 2, 2022, Mr. Yerkin Tatishev - a representative of Kusto Group affirmed the trustworthiness of investment and cooperation with Coteccons in Vietnam. Kusto Group accompanies the belief in the great potential of the capacity and qualities of the new generation of Coteccons and together creates value with integrity and transparency. This meeting opens up many opportunities for cooperation in many new fields that the Company is pursuing such as infrastructure and energy.

## 05. Coteccons signed a cooperation agreement with Le Phong Group on the project "The Emerald 68"

On October 4, 2022, Coteccons signed a cooperation agreement with Le Phong Group to develop THE EMERALD 68 project - "The Emerald Jewel" in Binh Duong. The signing event of a strategic cooperation agreement to develop The Emerald 68 luxury apartment project is an important milestone, marking Coteccons' entry into the real estate market as a real estate developer.

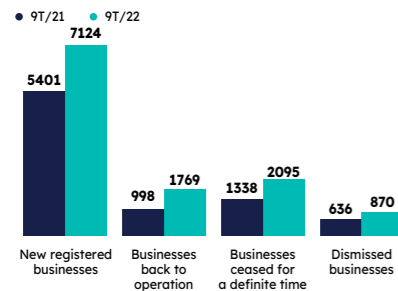
# MARKET INFORMATION

According to the General Statistics Office, Vietnam economy is in a trend of recovery and positive growth, especially compared to the period of widespread isolation in the third quarter of 2021. GDP index reached 8.83%, still in the plan of controlling inflation well, disbursing FDI well, the exchange rate of USD against Vietnam dong remained at 3%, maintaining a stable level.

Besides, the performance of real estate enterprises has improved, in the first 9 months of the year, the number of newly established real estate enterprises reached 7,124 enterprises, a sharp increase over the same period. The number of businesses returning to operation was 1,769, higher than the number 998 in the same period in 2021. Disbursed capital for public investment, although slower than planned, is still being accelerated. However, credit growth is currently at a high level and the disbursement rate for public investment is still slow compared to the set target.

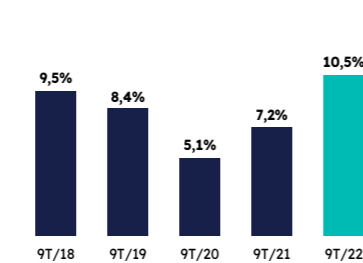
**The operation situation of real estate businesses recovered positively after the epidemic**

Number of Real Estate Enterprises



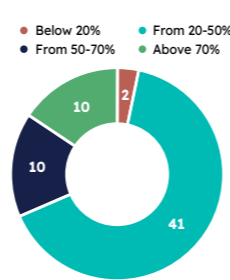
**Vietnam's credit growth in 9 months of 2022 is the highest in the past 5 years**

Credit growth (%)



**Disbursement of public investment is delayed due to problems in site clearance**

Number of provinces divided by disbursement progress



Source: General Statistics Office, Ministry of Finance, Government Newspaper

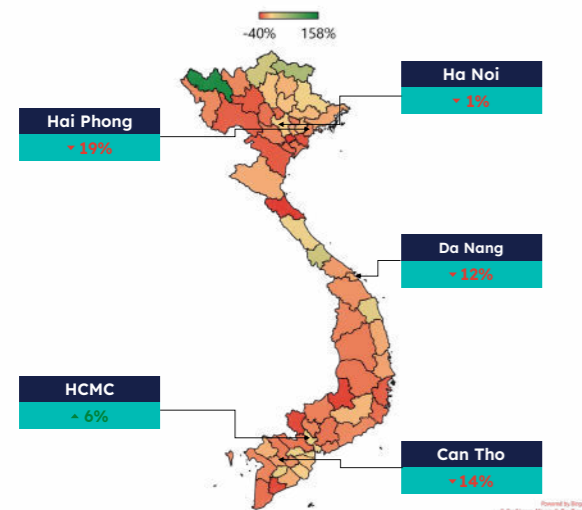
Particularly for the real estate market, in the last quarter, the story of capital was a key focus for many businesses and home buyers. The policy of controlling credit in high-risk areas, including real estate, has been causing difficulties in transactions and greatly affecting the overall liquidity of the market.

Specifically, data from the report shows that in the third quarter of 2022, interest levels in real estate for sale across the country continued to decline sharply. For example, the demand to buy real estate in Hai Phong decreased by 19%, Da Nang decreased by 12%, Can Tho decreased by 14%, and Hanoi decreased by 1% compared to the previous quarter.

Demand for all types of real estate decreased sharply in September, the number of searches for land plots nationwide decreased by 50%, apartments decreased by 9%, private houses decreased by 25% and adjacent villas decreased by 12% compared to the first period of 2022. The investor's thirst for capital has been going on since the beginning of the year while homebuyers also have difficulty accessing banks' loan capital to buy real estate.

**Levels of interest fluctuation in real estate for sale across the country**

Comparison of data between QIII/2022 and QII/2022

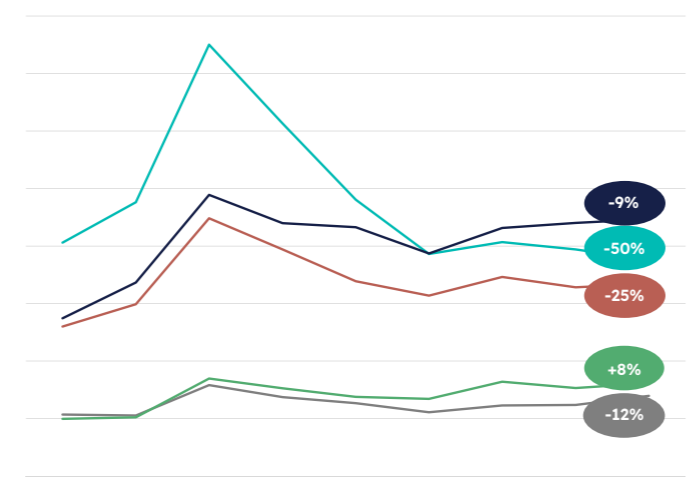


Source: Batdongsan.com.vn

**Levels of interests in real estate for sale across the country fell drastically from March, 2022**

Comparison of data between September, 2022 and March, 2022 (Index)

Land Apartment House Villa Townhouse

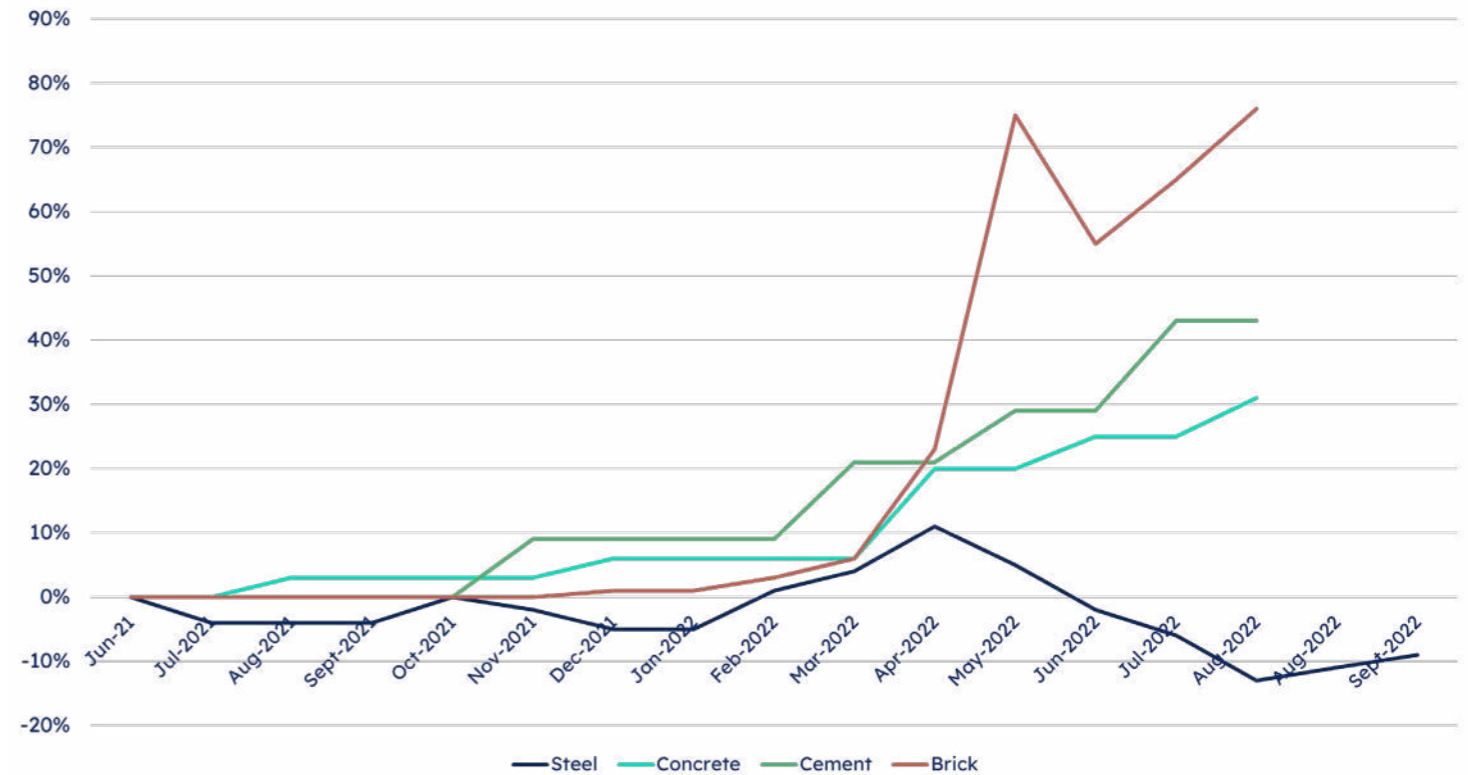


Jan/22 Feb/22 Mar/22 Apr/22 May/22 Jun/22 Jul/22 Aug/22 Sep/22

Source: Batdongsan.com.vn

## Real Estate - Construction Market Trends from Data Sources

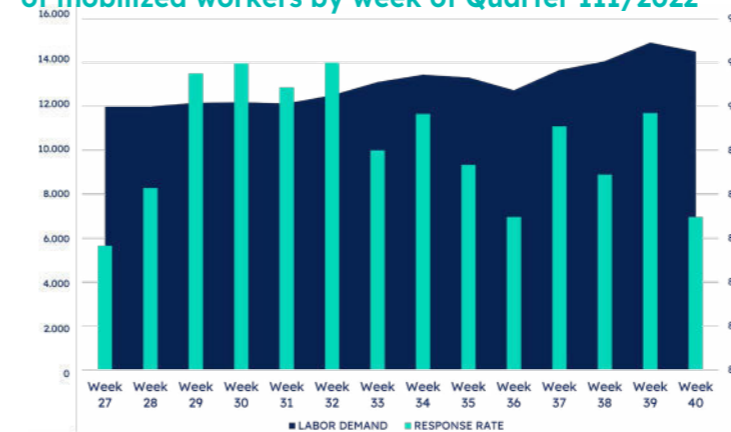
**Report on groups of building materials in the third quarter of 2022**



\*Source: Coteccons Procurement department

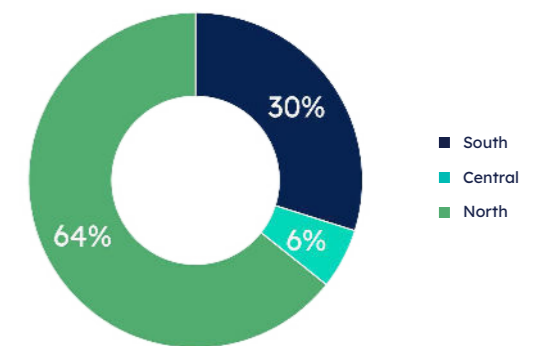
## Report on the work force at the construction sites

**Total number of workers in demand and percentage of mobilized workers by week of Quarter III/2022**



\*Source: Coteccons Construction Workforce department

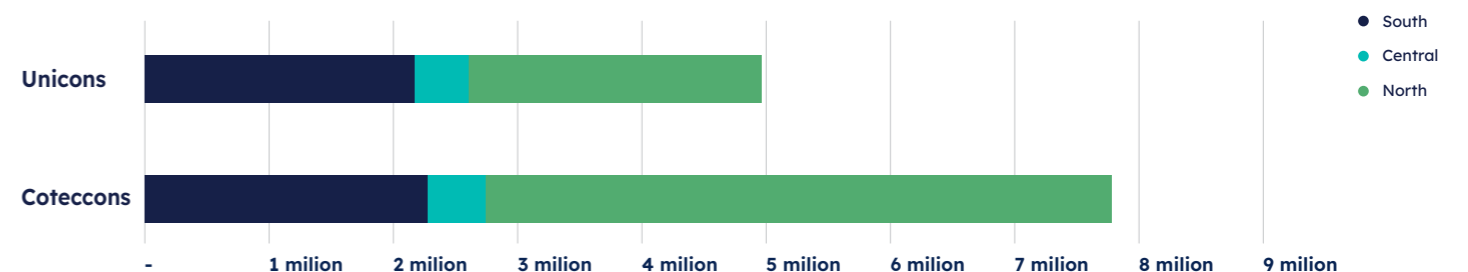
**Coteccons workforce by region**



\*Source: Coteccons Construction Workforce department

## Report on occupational safety data

The total number of safe hours of Coteccons Group from July 1, 2022 to September 30, 2022 is **12.611.406**



\*Source: Coteccons Safety Board



# MARKET INFORMATION

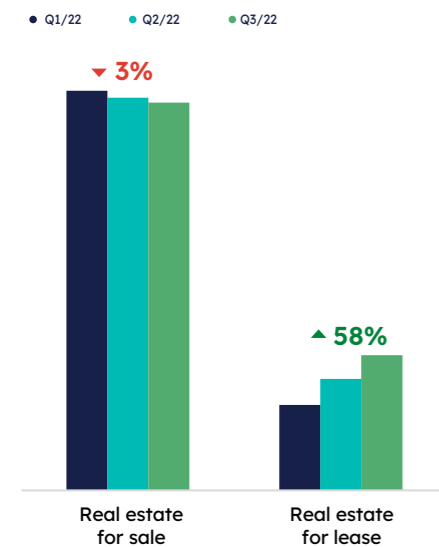
## Forecast of the Real Estate - Construction market in the fourth quarter of 2022

**Real Estate market:** Source: Batdongsan.com.vn

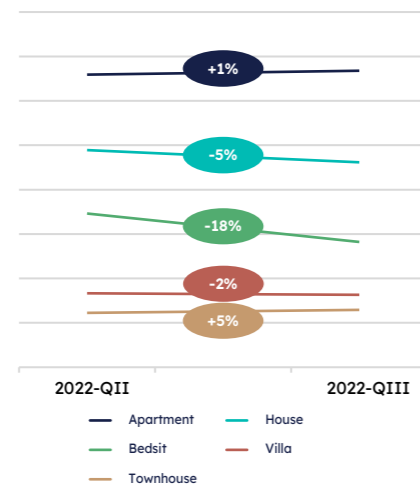
In the last quarter, the Hanoi real estate market had a slight decline in the interest level in Real estate for sale and strong growth in the rental real estate segment. Specifically, the demand for real estate in Hanoi decreased by 3% compared to the previous quarter. Land plots for sale in Hanoi had the strongest decrease recorded at 18%, private houses decreased by 5%, and villas decreased by 2%. There was a slight increase in the demand for apartments and townhouses (increased by 1% and 5% respectively). With real estate for rent, Hanoi continued the trend of growth in demand for rent by more than 58% compared to the previous quarter. The strongest increases were in the types of office (increased by 51%) and townhouses (went up by 40%).

As for the Ho Chi Minh City Real Estate market, the situation is more positive when the demand for real estate increases in both the sale and rental markets. Demand for real estate in Ho Chi Minh City increased by 19% while the demand for rent also increased by 70% and almost all segments. Demand for townhouses in Ho Chi Minh City had the highest rise in the last quarter with an increase of 25% compared to the previous quarter and the demand for rental apartments in Ho Chi Minh City increased by 78%, leading the rental market.

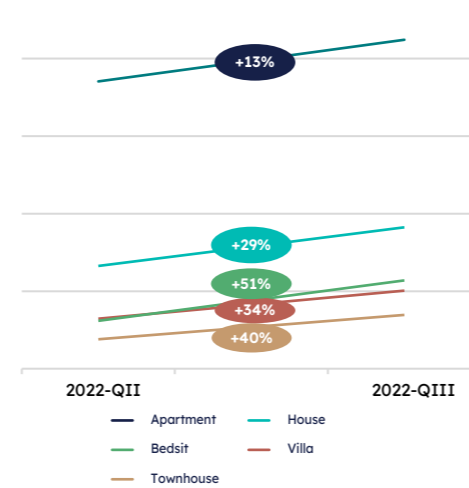
**Levels of interest in real estate in Hanoi**  
Comparison of data 3Q/2022 (index)



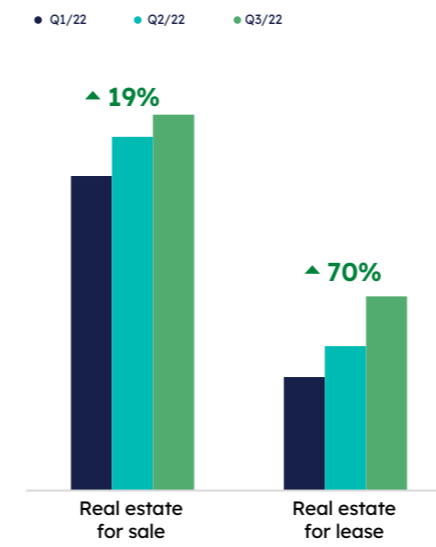
**Levels of interest in real estate for sale in Hanoi**  
Index



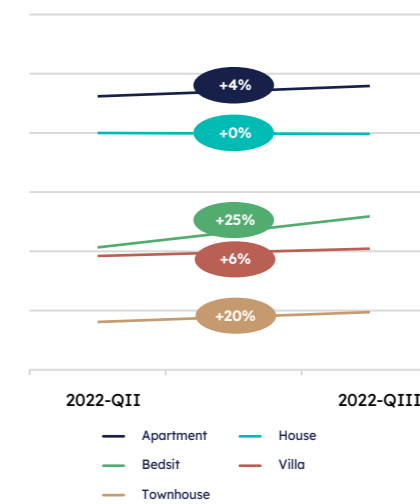
**Levels of interest in real estate for lease in Hanoi**  
Index



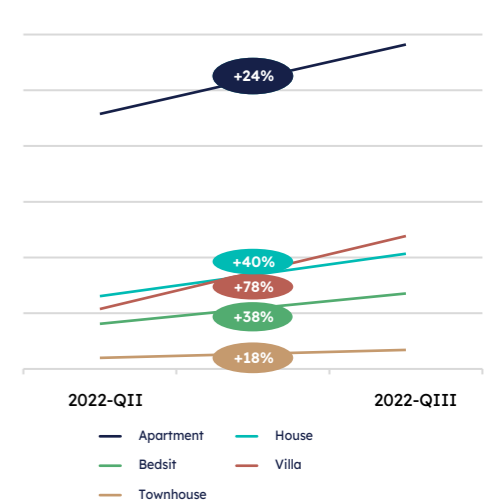
**Levels of interest in real estate in HCMC**  
Comparison of data 3Q/2022 (index)



**Levels of interest in real estate for sale in HCMC**  
Index



**Levels of interest in real estate for lease in HCMC**  
Index



## Building Materials Market: Source of Coteccons Procurement Division

**Steel:** The price fell 15-16 times from the beginning of May 2022 to August 2022, corresponding to a decrease of 24%-26% compared to the peak of April 2022. Since the end of August, iron ore prices have increased again. The good export situation, public investment promotion, and acceleration of construction projects have helped to increase steel demand. Steel prices had 2 rebounds on August 22, 2022 (+300 VND/kg) and September 6, 2022 (+150 VND/kg). It is forecasted that steel prices will increase slightly in the fourth quarter (usually demand increases at the end and the beginning of each year), but this year in October 2022, after the end of the Chinese congress, the blockade policies can be lifted and goods can be transported, the seasonal increase in steel prices are expected to decrease.

**Concrete:** In the third quarter, concrete increased by 40.000 VND/m<sup>3</sup> to 60.000 VND/m<sup>3</sup> depending on the area. Prices of raw materials are stable. The demand for concrete in the fourth quarter is forecasted to increase due to the acceleration of the construction of civil projects, public projects, and expressway projects, increased cement materials, and energy scarcity. Concrete price in the fourth quarter is forecasted to increase slightly by +30.000 VND/m<sup>3</sup>

**Cement:** In the third quarter, the country's cement had a price increase in July 2022 with an increase from 50.000 VND to 140.000 VND/ton. Accelerated construction projects, public projects, and highway projects will increase cement demand. The Government imposes an export tax on products that use a lot of raw materials/fuels and non-renewable mineral resources from January 1, 2023, and the amount of cement exports decreases, causing an oversupply in the country. The new policy of the Ministry of Transport tightens transportation and cuts the trunk, which increases the cost of transportation. It is foreseen that cement prices will remain stable at a high level and slightly adjust.

**Fired bricks:** Fired bricks in the North had a price increase of 150-200 VND/piece on July 20 and August 1, and prices in the South are expected to increase by 70 VND/piece in September. By the fourth quarter of 2022, demand for fire bricks increased due to accelerated construction projects and increased oil prices, affecting transportation costs. It is forecasted that in the fourth quarter, the price of fired bricks will remain at a high level and increase slightly again.

# 04. INVESTOR RELATIONS ACTIVITIES

## SỰ KIỆN DOANH NGHIỆP

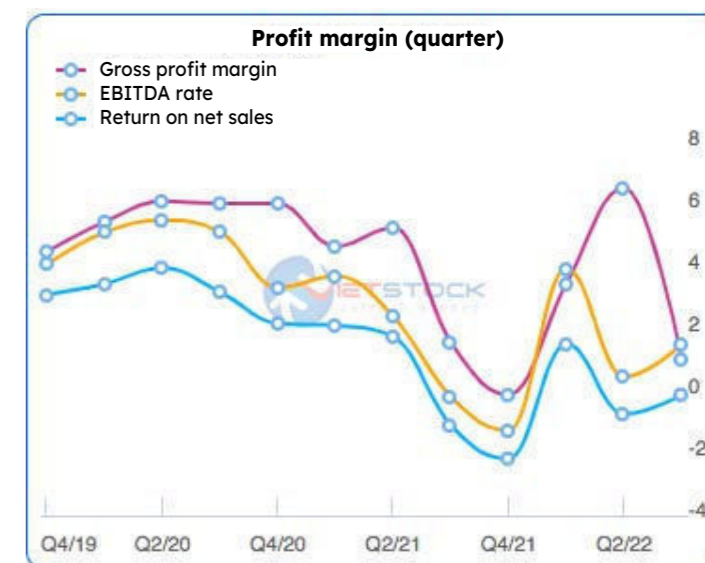
**Coteccons will hold an Online Shareholder Dialogue on January 16, 2023.**

Detailed information and the invitation letter will be sent by Coteccons to Shareholders.

In the third quarter of 2022, Coteccons completed listing **500** bonds on HNX. At the same time, the company continued promoting investor relations activities, organizing meetings to discuss business development orientations with major shareholders, and large domestic and foreign investment funds such as VinaCapital, KIM, Endurance Capital, SSIAM, Mirae Assets, and EastSpring Investment.

**VND 57.700**

CTD share price on **September 30, 2022:**



Source: Vietstock

Number of outstanding shares:  
**73,859,473 shares**

Trading volume of shares per day:  
**694,248 shares**

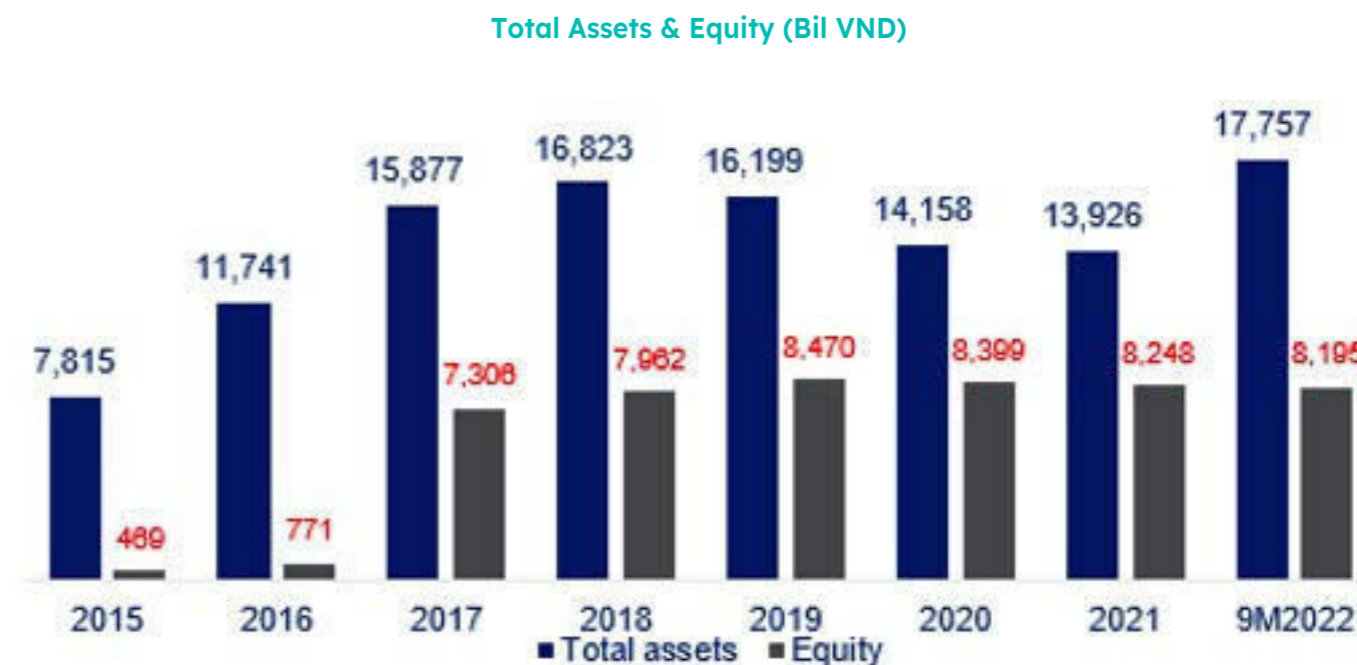
Market capitalization:  
**2,688 billion dong**

Equity:  
**8,276 billion dong**

Free float rate:  
**55%**

Ownership rate:

- Internal
- Major shareholder
- Major shareholder group
- Treasury shares
- Other shareholders



Source: Vietstock

# BUSINESS ACTIVITIES

## FINANCIAL PERFORMANCE

Coteccons' business results have net revenue increased by 65.6% over the same period, and accumulated revenue in the first 9 months of 2022 increased by 25.5% to VND 8,307 billion. With cost savings, and increased efficiency of variation packages at the construction sites handed over and settled in 2022, Coteccons' profit was 315 billion VND, gross profit of the third quarter increased by 95.4% compared to the same period in 2021.

The main reason came from revenue increasing by 2,043 billion dong, equivalent to 190.85% over the same period last year. However, the third quarter gross profit did not increase commensurate with the increase in revenue due to fluctuations in raw material prices, and higher costs of mobilization of and hiring labor force.

### Balance sheet

Index	30/6/2022	30/9/2022	Change
Total assets	16.556	17.757	7.3%
<b>1. Short-term assets</b>	15.471	16.645	7.6%
Cash and cash equivalents	913	416	-54.4%
Short-term investments	2.784	2.221	-20.2%
Short-term receivables	9.231	10.310	11.7%
Inventory	2.111	3.197	51.4%
Other short-term assets	430	502	16.7%
<b>2. Long-term assets</b>	1.085	1.111	2.4%
Fixed assets	543	573	5.5%
Real estate investments	39	38	-2.6%
Long-term unfinished assets	68	22	-67.6%
Long-term financial investments	324	318	-1.9%
Other long-term assets	111	159	43.2%
Total capital	16.556	17.757	7.3%
<b>1. Liabilities</b>	8.357	9.562	14.4%
Short-term liabilities	7.829	9.034	15.4%
Long-term liabilities	528	527	-0.2%
<b>2. Equity</b>	8.199	8.195	-0.05%

Source: Coteccons

In addition, the Board of Management actively evaluates and makes provisions for high-risk projects. Together with the current difficulties in the real estate and construction industry, that has placed pressure on the gross profit margin in the third quarter of 2022, which decreased slightly from 1.57% to 1.06% compared to the same period last year.

Specifically, the company's profit after tax in the third quarter of 2022 reduced its loss to only negative 3.5 billion dong; the profit margin was at negative 0.13%. Coteccons' accumulated profit after tax in 9 months of 2022 reached 2 billion dong, profit margin reached 0.02%.

### Prospects of civil construction

In general, civil construction has a positive outlook in 2022 with a forecasted real growth of 8.3%, up 7.6% compared to the real growth of the construction industry in 2021, according to BMI. The main growth driver of the industry comes from the new anti-epidemic policy in Resolution 128/NQ-CP (NQ128) with greater flexibility; prioritized production, construction, and service activities with low risk of infection; thus helping stabilize socio-economic activities.

### Projected real growth of construction industry



Graph 4 - Source: GSO, BMI

Vietnam's construction industry is among the region's best long-term prospects, supported by factors in demographics (young population and high urbanization potential), economics (economic growth, stable inflation, and interest rates), and policies (prioritizing infrastructure investment and perfecting the legal system). The real growth of civil construction is forecasted to reach about 7.3 %/year in the period of 2023 - 2026 (updated Q2/2022 of BMI).

### Drivers from recovering FDI:

FDI recovered thanks to the gradual removal of movement restrictions: In Q1/2022, the total realized FDI reached USD 4.42 billion, up 7.8% YoY, the highest level in the past 5 years. Piloting the reopening of international routes and reducing quarantine requirements for entry will make it easier to survey and find investment opportunities for international partners in Vietnam. Besides, Vietnam is still an attractive destination for foreign capital thanks to long-term factors such as political stability, high economic growth, preferential open-door policy, low labor costs, etc

Vietnam's GDP increased by 8.83% in the first 9 months of 2022 (the highest increase in the period from 2011 to 2022). FDI attraction is nearly USD 18.75 billion in the first 9 months of the year. Besides, it is expected that disbursement to FDI projects will reach USD 15.43 billion, up 16.2% over the same period.

### Forecast of CTD's business results: THE MOST DIFFICULT STAGE PASSED

In 2022, the Board of Management sets a target of 15,010 billion in revenue (+65% YoY) and 20 billion in profit after tax (down 17% compared to 2021). Coteccons is likely to achieve this plan with business results based on conservative assumptions as follows:

**Value of new contracts:** in the first 9 months of the year, the total value of new contracts signed by Coteccons reached ~ VND 17,000 billion (excluding LEGO projects worth USD 1 billion)

**Cost of construction materials:** Fluctuations in material costs (average ~70% of construction costs) have a great influence on Coteccons's business results. In early 2022, high construction demand after Tet and pressure from input costs caused the prices of many construction materials to increase. However, in the second half of the year, it is foreseen that steel prices will adjust and steel output will be cut due to decreasing demand for exports and construction. Steel decreased by about 3-5% compared to the end of 2021, cement decreased by 01 %, and construction bricks decreased by 02 %.

### Stable personnel and consolidated executive apparatus:

Coteccons has been under a lot of pressure from the public and even at a disadvantage when participating in the bidding for the project, but the management apparatus is still operating stably. Particularly in the first 6 months of the year, the total number of new contracts signed by the company reached nearly 17,000 billion dong. Right after that, Coteccons announced the Decision to appoint Mr. Vo Hoang Lam as General Director on the 18th birthday of the Company. A short time later, the Company announced the signing of a contract with LEGO Group to build a \$1 billion manufacturing factory in Binh Duong.



# BUSINESS ACTIVITIES

## FEATURED PROJECTS



## ONGOING PROJECTS



**Remark:**

(\*): The project is being implemented under the fast-track model - This is a model of coordination of design and construction to speed up progress and shorten the time to bring products to the market. Actual work volume is confirmed based on the progress on the site.



# OTHER KEY ACTIVITIES



## 1. Sports festival qualifiers

COTECCONS OLYMPIC 2022 has returned with the Slogan "Own your games" to promote the spirit of sports and to increase the connection of the whole Company's 6 sports including Football, Badminton, Relay Race, Tug, Jumping, and Chess...

### 2. Welcome new employees [Build on People]

On the afternoon of September 22, 2022, Mr. Bolat Duisenov – Chairman of the BOD, Mr. Vo Hoang Lam - General Director, Mr. Nguyen Ngoc Lan - Deputy General Director, and Ms. Pham Thi Bich Ngoc - Deputy General Director had a meeting with more than 350 Coteccons & Unicons employees.

The meeting was held with the desire to help Coteccons & Unicons employees have an overview of the company, its operating principles, and the core values that the company orients. Thus, helping new members of the company understand



## 3. The 18th birthday Gala dinner

On the evening of August 5, 2022, Coteccons held THE 18 Gala Dinner to celebrate the brilliant, breakthrough, and sublime Coteccons' 18-year-old birthday. The event marked a turning point in innovation, readiness to conquer new challenges and stronger and more outstanding development of Coteccons in the future.



## 4. Happy Hour

On July 1st, Coteccons & Unicons staff had fun moments at the Happy Hour event. This is an event held every 2 months to create a playground for bonding office employees after hours of hard work.

This activity is not only a time to celebrate birthdays in June and July for colleagues, but also an opportunity to welcome new employees to the big house of Coteccons & Unicons. "Welcome to our journey".

## 5. Hái TRĂNG về làng – The journey of bringing the love of Coteccons & Unicons to Ham Can Commune

On September 8, Coteccons & Unicons had a meaningful trip to the village in Ham Can commune, Ham Thuan Nam district, Binh Thuan. Here, Coteccons & Unicons people personally prepared gifts for the children of the commune with the desire to bring them a more complete Mid-Autumn Festival.



Investors/Shareholders kindly refer to this link for further information disclosure of Coteccons:  
<https://coteccons.vn/>

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