



## Company Report: Vietnam Technology & Telecommunication JSC (TTN)

Research Department

17/02/2025

# INITIAL REPORT

## BUSINESS PROSPECTS

- Revenue from the MEP and telecommunications services segments is guaranteed thanks to the amount of work assigned by the major shareholders Becamex and VNPT. Regarding the MEP revenue's growth is promising thanks to Becamex's industrial park expansion and their high absorption rate (90%). Meanwhile, the growth prospect of the telecommunications segment is supported by expectations of digital infrastructure development and VNPT's position as the leading group in providing network infrastructure and prepaid television services in Vietnam.

- Data Center segment is forecast to achieve a promising growth rate of 10%/year.

- TTN has a good asset quality, no debt while owning large deposit balance bringing revenue from savings deposits.

- On the other hand, in the current trend of digital infrastructure development, TTN has not shown determination in investing in expanding service capacity. The company's growth prospects will be enhanced if it invests more aggressively in trending solutions such as data centers, digital infrastructure solutions, etc.

- The company has a regular cash dividend payout ratio of VND700-1,200/share/year.

Based on the valuation of TTN shares at VND21,168/share and the closing price on February 16, 2025 at VND22,000/share, we recommend "HOLD" for this stock.

## RISKS

The IT stocks experienced a hot trend in 2024 with an average stock return of 77% amidst the global trend. TTN shares in particular have tripled, indicating a large correction risk in this group of stocks.

Outstanding share (mn)	36.73	Major shareholder (%)	Becamex	54%
Mkt cap. (VND b)	782.30	Free float (%)		40%
3M avg price ('000)	504.17	Debt/Assets (%)		0
52w High/Low (VND)	26900 / 8300	NPM (%)		16.8

Sources: the Company, Guotai Junan (VN).

Recommendation:

**Hold**  
(Initial)

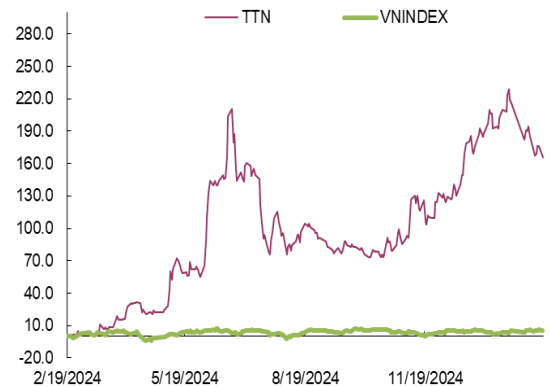
6-18m TP:

VND21,160

Current price:

VND22,000

## Price performance



Price change	1 M	3 M	1Y
Change %	-5.6%	27.2%	169.7%
Compared to VN index	-1.8%	31.9%	175.8%
Avg price (VND)	23,263	21,281	15,899

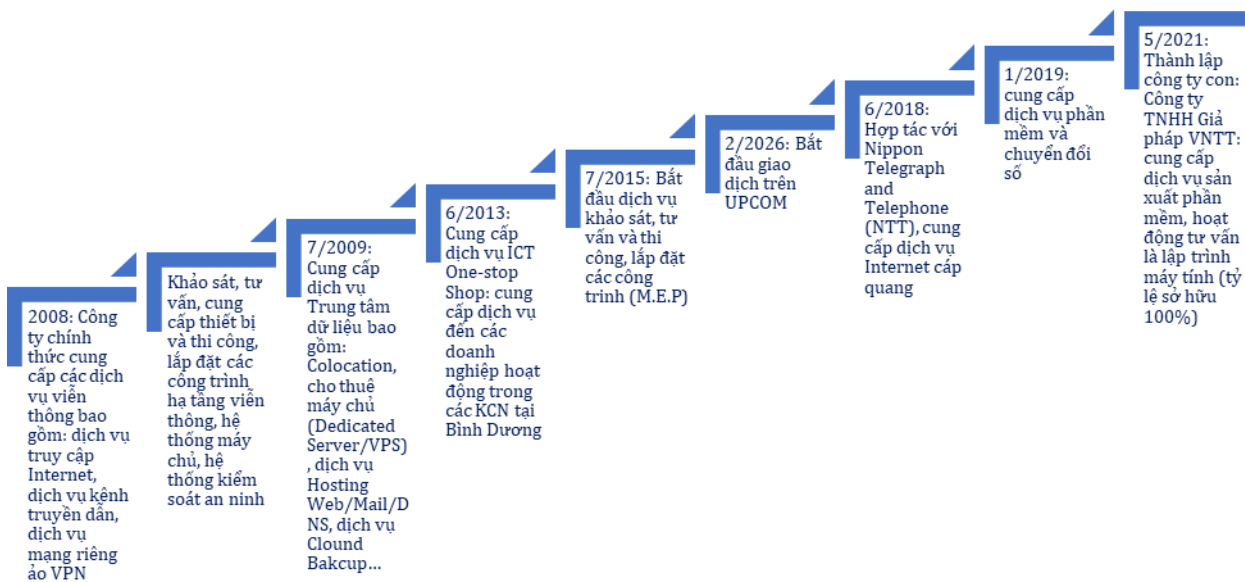
Sources: Bloomberg, Guotai Junan (VN)

## I. COMPANY OVERVIEW

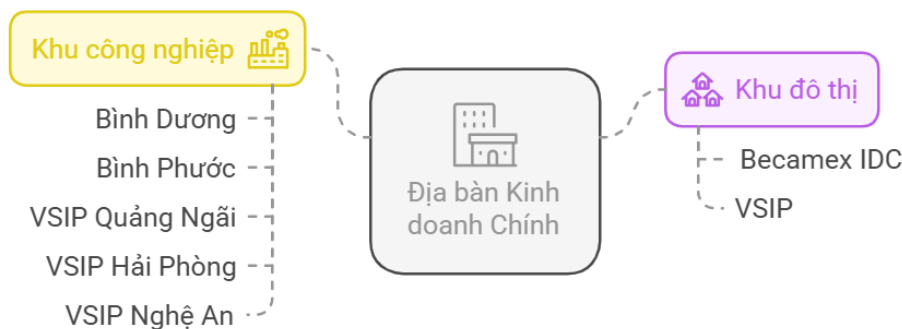
Vietnam Technology and Communications Joint Stock Company (TTN), also known as VNTT, was established in 2008 with capital contributions from major shareholders such as Becamex IDC and VNPT. The company operates mainly in the following segment:

- **Telecommunication services:** Providing complete telecommunication services in industrial parks, residential areas and urban areas invested by Becamex IDC and VSIP.
- **M.E.P services:** Providing MEP services on fire protection systems, wastewater treatment, traffic systems, medium and low voltage stations... for industrial park infrastructure in Binh Duong.
- **Data Center:** owns a data center in Binh Duong (Tier-3 standards) with a floor area of about 10,000 m<sup>2</sup>.
- **Information technology (ICT):** Providing information technology solutions and services to customers.

### TTN Development History:



### KEY MARKET

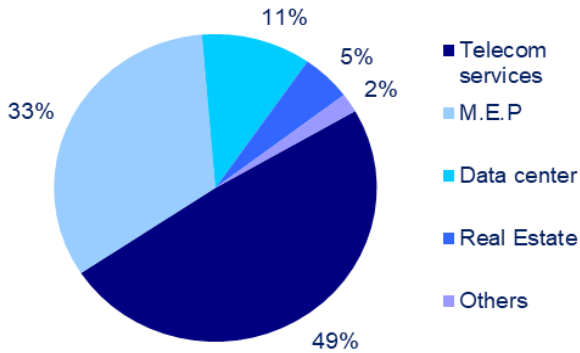


## II. BUSINESS ANALYSIS

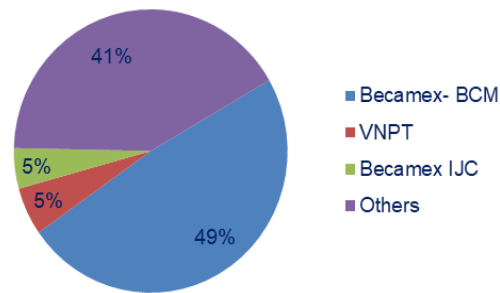
In fact, **TTN does not own its own telecommunications network**, but has established strategic cooperation agreements with VNPT in using the network and coordinating the provision of domestic and international telecommunications services to provide services. Currently, the enterprise focuses on providing telecommunications and information technology (ICT) services to investors in industrial parks invested by Becamex IDC and VSIP, especially in Binh Duong province - one of the localities attracting the most investment capital in Vietnam. This brings advantages in terms of customer base and stable revenue for TTN.

In the **Data Center** segment: TTN provides data center services to domestic and foreign enterprises. However, specific information on the scale and number of racks of the data center managed by TTN has not been widely disclosed.

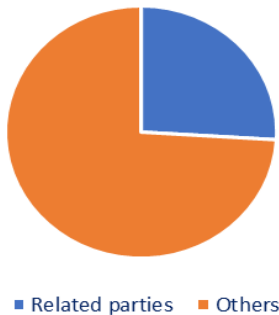
### Revenue structure by segment



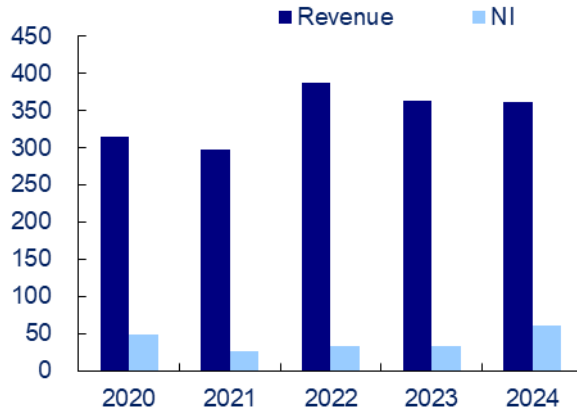
### Ownership structure



### Revenue with related parties



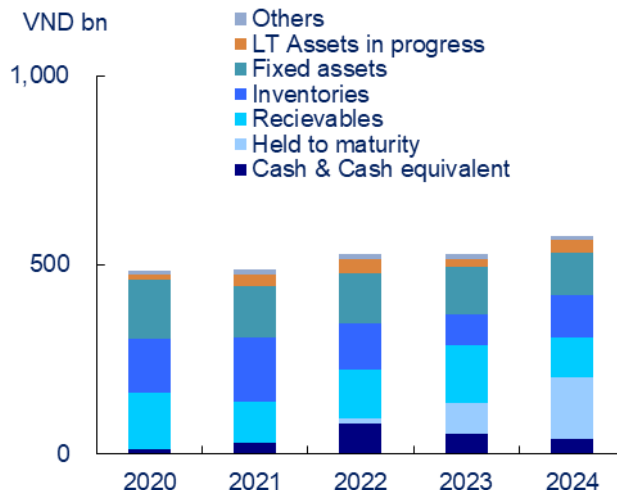
### VND bn



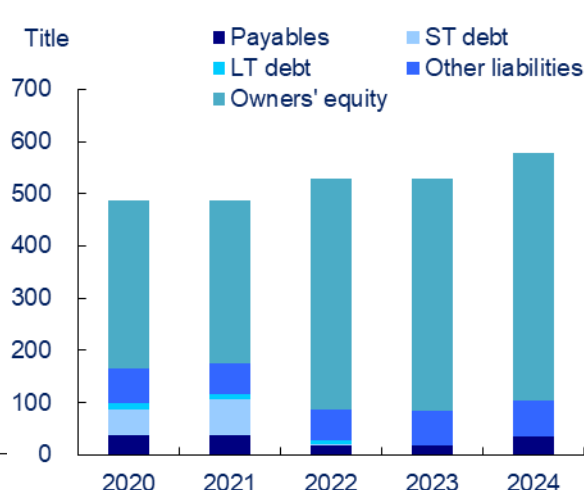
Sources: BCTN TTN, FiiiproX, GTJAS RS

Revenue and profit are relatively stable, but there has been no breakthrough due to lack of new investment. Asset size and fixed assets have only increased slightly in the last 5 years.

### Assets structure



### Funding mix

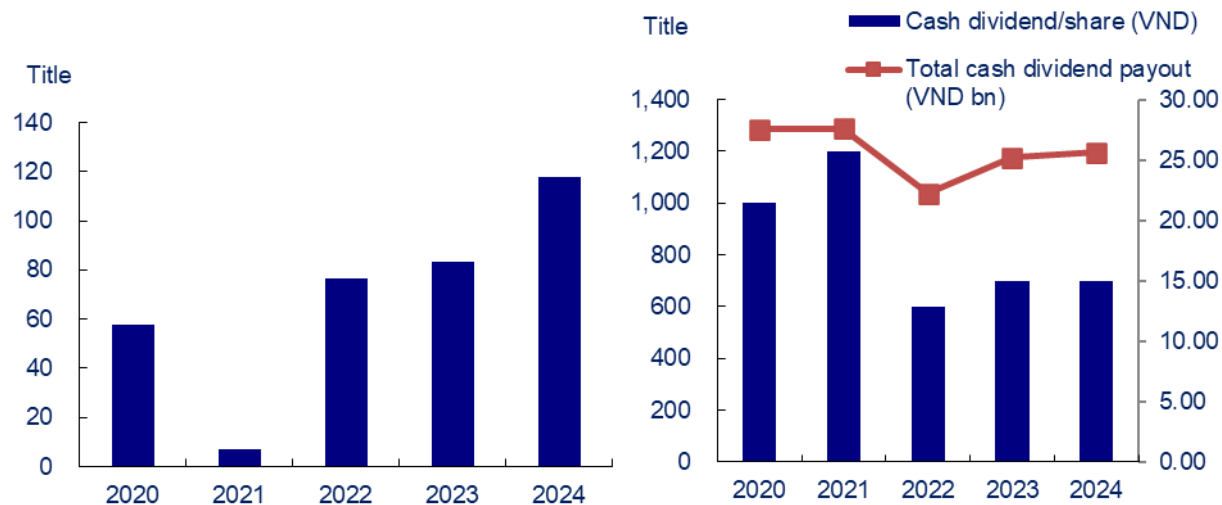


Sources: FiinproX, GTJASVN RS

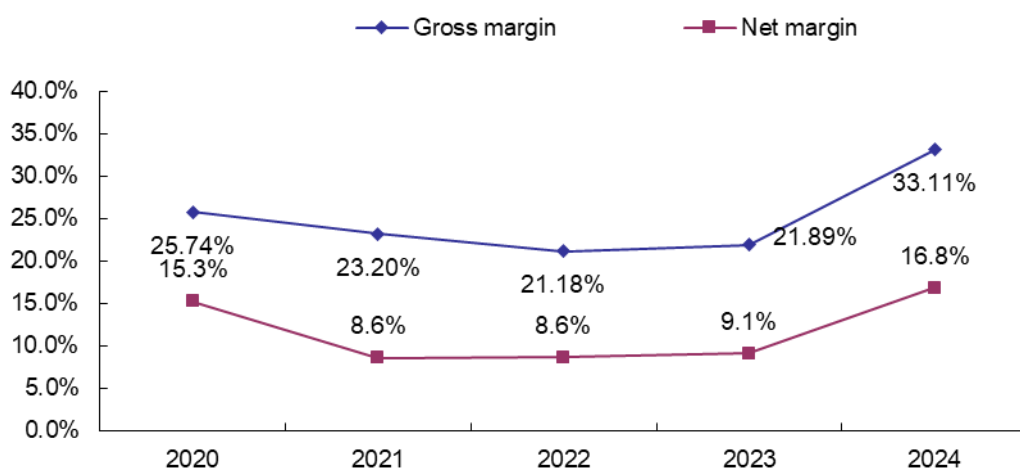
Healthy capital structure with low debt. L/E (liabilities/equity) leverage ratio of only 0.21 times. Financial indicators at the end of 2024 also improved thanks to a decrease in receivables compared to the end of 2023, instead, the deposit portfolio (term up to 12 months) increased sharply, helping to strengthen interest income from deposits.

**Cash flow from operation (CFO)**

**Cash dividend history**



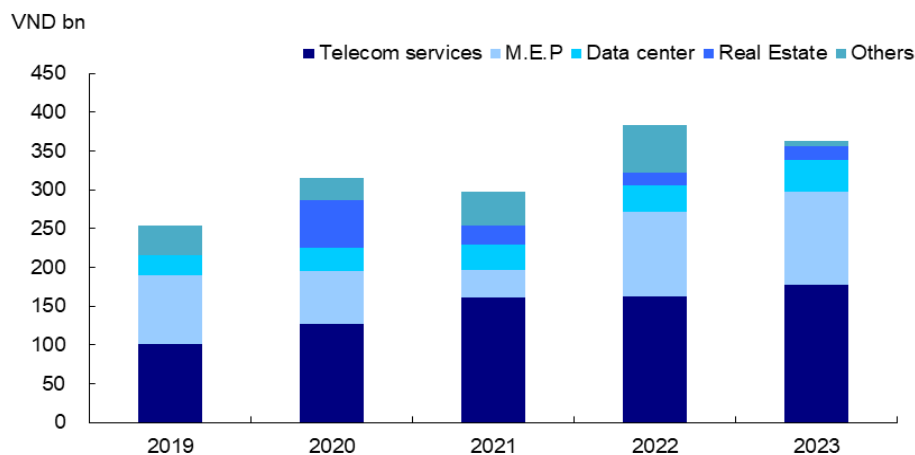
Sources: TTN, GTJASVN RS



Good asset quality, no debt and no interest expense in 2024. Meanwhile, profit margin in 2024 has improved.

**SECTOR AND BUSINESS PROSPECTS**

**Revenue by segment in the 2019-2023 period**



Sources: TTN, GTJASVN RS

Revenue growth	2020	2021	2022	2023
Telecom services	26%	27%	1%	9%
M.E.P	-24%	-48%	204%	10%
Data center	17%	10%	5%	14%
Real Estate		-62%	-34%	17%
Others	-23%	56%	39%	-88%

Sources:: TTN, GTJASVN RS

- In the revenue structure, it can be seen that TTN's telecommunications and DC services have maintained a stable growth rate, averaging about 10%/year. Revenue from the MEP segment and the remaining two business segments is relatively volatile.
- Although MEP revenue fluctuates, the workload is guaranteed thanks to being part of the Becamex ecosystem. According to newly updated information, BCM is currently accelerating the implementation of Becamex Binh Phuoc Industrial Park Phase 2, which will create a backlog that TTN can participate in. (Becamex IDC Corporation currently directly owns 100% of capital in 7 industrial parks in Binh Duong province, with a total area of over 4,700 hectares, an average occupancy rate of about 90%. In addition, Becamex IDC also contributes capital and develops other industrial parks such as VSIP, Becamex Binh Phuoc, Becamex VSIP Binh Dinh and Becamex VSIP Binh Thuan, with an average occupancy rate of 70%)

**Data Center revenue is strengthened by increased demand, we expect TTN's revenue growth in this segment to be at 10%/year:**

According to Research and Markets, the data center market in Vietnam is expected to reach about 1.03 billion USD by 2028, with a compound annual growth rate (CAGR) of about 10%.

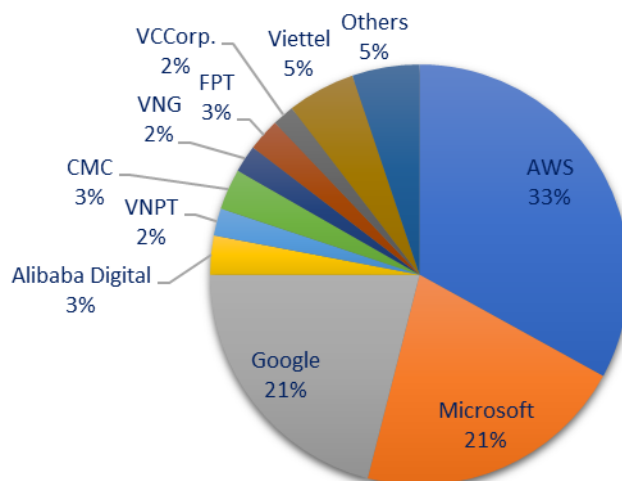
According to Savills data up to the first quarter of 2024, Vietnam has 33 data centers operated by 48 service providers, with a total estimated capacity of about 80 MW.

The Northern and Southern regions account for 94% of the current data center supply, the Central region accounts for only 6%. Of which, there are 16 facilities in Hanoi and 13 facilities located in Ho Chi Minh City, the remaining 4 facilities are in the Central region.

In terms of structure, colocation data centers account for 74%, while telecommunications data centers account for the remaining 26%.

Data from the Ministry of Information and Communications at the recent 2023 Digital Economy Forum shows that Vietnam's cloud market will reach over 545 billion USD in 2022 and is expected to increase to 1,240 billion USD in 2027 with a growth rate of 17.9%. However, the cloud market share in Vietnam mainly belongs to foreign suppliers, accounting for nearly 80%. Domestic suppliers share the remaining 21% of the market share.

**Vietnam Cloud Market Share**

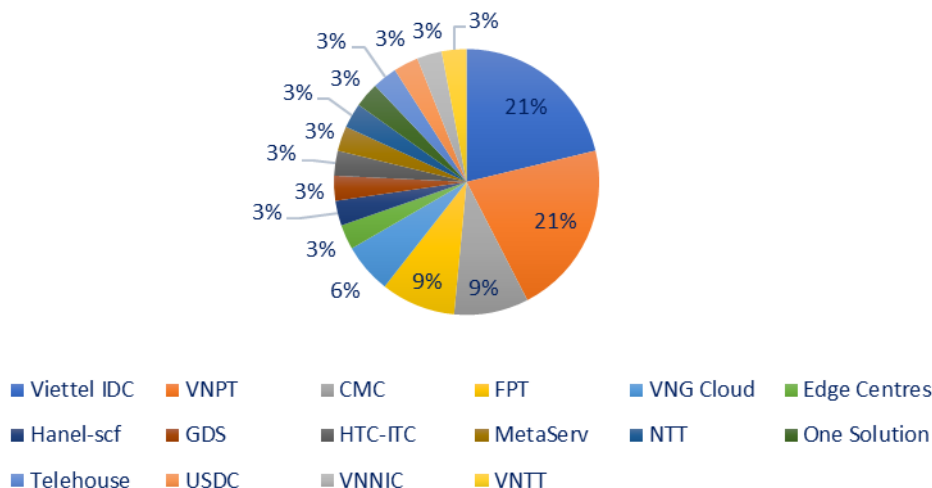


Sources:: MIC, GTJAS RS

Meanwhile, the data center market in Vietnam is mainly dominated by domestic telecommunications companies, including Viettel IDC, VNPT, CMC Telecom, FTP Telecom and VNG Cloud, accounting for 66% of the market share. Meanwhile, foreign operators enter the market through joint ventures to comply with legal regulations. Some other prominent names in the industry include GDS (a joint venture between NTT and VNPT), HTC-ITC (Hanoi Telecommunications Company), QTSC Telecom Center, USDC Technology, VNTT. Investors from the Americas, India, and Japan are also looking for locations around Hanoi, Ho Chi Minh City,

and Da Nang to build international-standard DCs, with an area of 10,000 - 30,000 m2.

**Vietnam Data Center Market Share**



Sources:: Savills, GTJAS RS

**Revenue from the telecommunications segment is expected to grow 10% per year thanks to the domestic digital transformation demand and TTN providing telecommunications products and services of VNPT, one of the leading network operators in Vietnam.**

VNPT (Vietnam Posts and Telecommunications Group) currently holds important market shares in the telecommunications sector in Vietnam:

- **Fixed-line telephone services:** VNPT accounts for 72.73% of the market share, leading in this sector.
- **Mobile telephone services:** VNPT ranks second with 20.91% of the market share, after Viettel (56.39%) and before MobiFone (17.91%).
- **Fixed broadband services:** VNPT holds the No. 1 position in terms of market share.
- **Prepaid television services:** VNPT's MyTV product is also at the top in terms of market share in this sector.

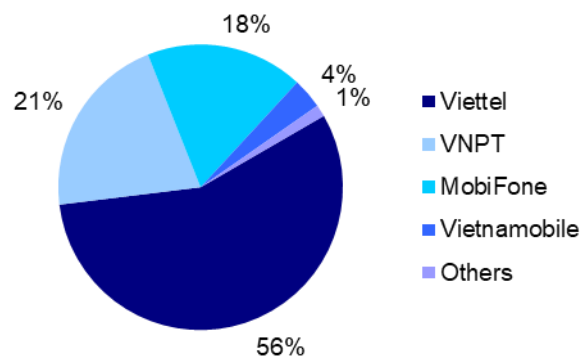
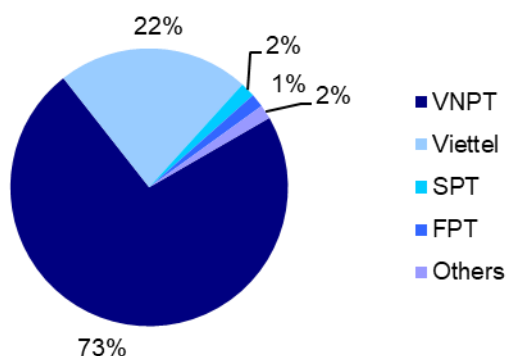
Currently, VNTT operates as a strategic partner of VNPT, providing VNPT telecommunications infrastructure and IT services, especially in industrial parks and smart cities. And with VNPT's position in the telecommunications market, VNTT's revenue prospects from this segment are maintained stable with expected revenue growth of 10%/year.

**Vietnam's telecommunications market is forecast to grow at an average rate of 4.4% per year during the period 2025-2030.**

Under the impact of digital transformation and rapid technological development, Vietnam's telecommunications market is entering a new growth phase. With an Internet penetration rate of over 79% of the population and increasing demand for telecommunications services, the industry is forecast to continue to expand, especially in the fields of fixed broadband, 5G mobile and value-added services.

One of the important factors driving the market is the development of the 5G network. The Vietnamese government has set a goal of commercializing 5G nationwide by 2025, while promoting the development of telecommunications infrastructure in a sustainable and modern direction. The deployment of 5G not only improves user experience but also opens up great opportunities for industries such as Industry 4.0, IoT, artificial intelligence (AI) and smart cities.

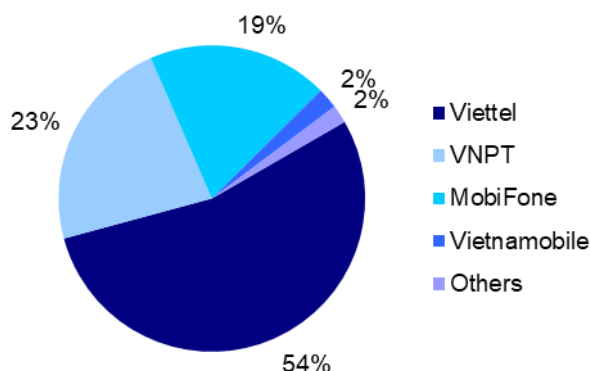
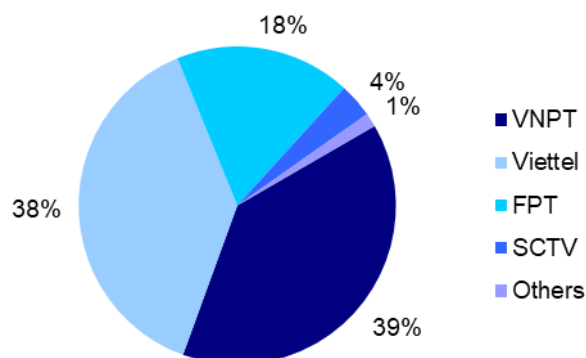
In addition, Vietnam is also promoting policies on developing digital infrastructure and network information security. The government aims to have 85% of households using fixed broadband Internet by 2025, while domestic cloud computing infrastructure and data centers will be prioritized for development to reduce dependence on foreign platforms.



Source: MIC, Guotai Junan (VN).

**Fixed terrestrial broadband market share**

**Mobile terrestrial broadband market share**



Source: MIC, Guotai Junan (VN).

Regarding the 2025 business target setting, TTN sets a business target of VND444 billion in revenue and VND45.5 billion in profit in 2025 (compared to our conservative forecast of VND390 billion in revenue and VND38 billion in profit). To achieve these targets, TTN plans to implement the following business strategies:

- 1. Expanding telecommunications and information technology (ICT) services:** TTN will continue to provide and improve the quality of telecommunications and ICT services for investors in industrial parks invested by Becamex IDC and VSIP, especially in Binh Duong province.
- 2. Developing data center infrastructure:** The company plans to invest and expand data centers to meet the growing demand for customer data storage and management. There is currently no detailed information on the scale and investment plan of TTN.
- 3. Deploying 5G networks and smart industrial park solutions:** researching and deploying 5G networks and solutions for smart industrial parks in Binh Duong, to improve operational efficiency and attract more customers.
- 4. Expanding electromechanical services and equipment retail:** The company will continue to develop electromechanical services and equipment retail, taking advantage of the ecosystems of Becamex and VSIP to increase revenue.

### III. VALUATION

We combine the FCFF and P/E methods to determine the target price for TTN stock.

#### FCFF Valuation Method

- Assume 8% annual revenue growth (5Yfw)
- Gross profit margin at 22%, net profit margin at 10%.

FCFF	
Free Cash Flow at Year 5	51,716
WACC	12.0%
Perpetuity Growth Rate	3.0%
<b>(=) Equity Value</b>	<b>627,343</b>
#shares (m)	36.73
<b>Share value (VND)</b>	<b>17,081.02</b>

#### P/E Valuation Method

The average P/E of IT stocks in Vietnam is 24.41. With TTN's projected EPS in 2025 being 1,034, the target price based on the P/E method of TTN is 25,256 VND/share.

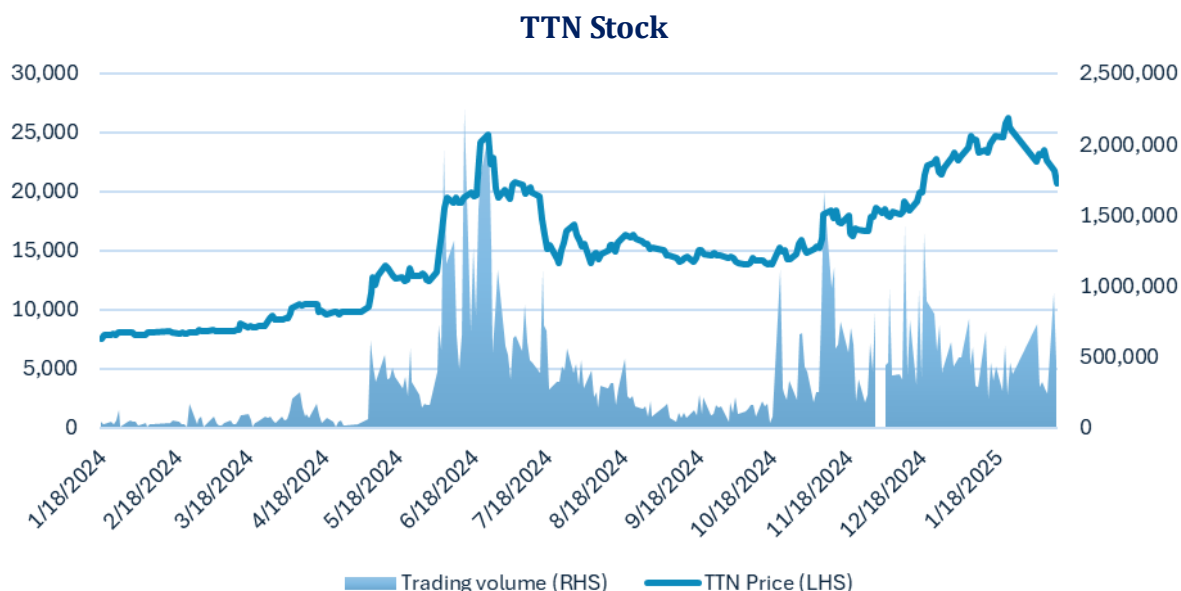
#### Peers comparison (data on 10/2/2025)

Ticker	Mkt cap (VND bn)	EV (VND bn)	EPS (TTM)	P/E	BVPS	P/B
TTN	802.83	763	1,651.30	13.24	12,912.07	1.69
FOX	47,223.75	53,521	5,691.92	16.85	20,897.95	4.59
CMG	9,309	11,167	1,478	29.81	13,501	3.26
ELC	2,373	2,305	1,162	24.52	12,704	2.24
FPT	208,891	220,457	5,365	26.47	23,598	7.00

Sources:: FiiproX, GTJASVN RS

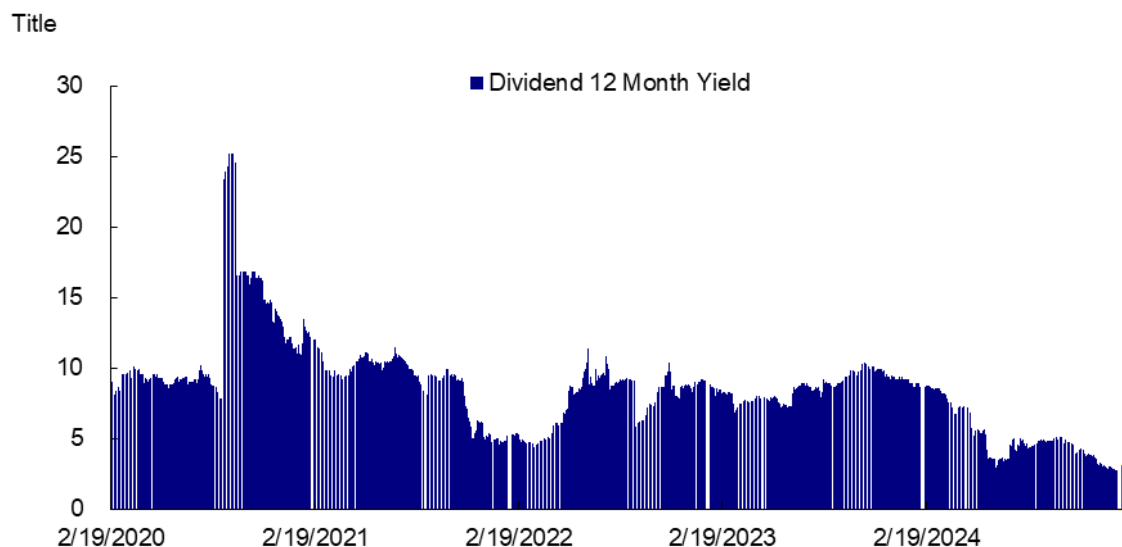
#### Weighted average valuation results of 2 methods

Method	Weight	Target price
FCFF	50%	17,081
P/E	50%	25,256
<b>TTN Target price 1Y</b>		<b>21,168</b>





### Average dividend yield of 8.4%/year



Sources: Bloomberg, GTJASVN RS

#### IV. RECOMMENDATION

TTN has the advantage of long-term operation in the field of telecommunications infrastructure, providing telecommunications infrastructure solutions for industrial parks as well as smart city solutions. In addition, the enterprise has a sustainable advantage thanks to a loyal customer base related to the existing shareholder group, bringing profits and sustainable growth rate.

On the other hand, in the current trend of digital infrastructure development, TTN has not shown determination in investing in expanding supply capacity. The growth prospect of the enterprise will be breakthrough if there is more drastic investment in trending solutions such as data centers, digital infrastructure solutions, etc.

Based on the valuation results of TTN shares at **VND 21,168/share** and the closing price on February 16, 2025 at VND 22,000/share, we recommend "**HOLD**" for TTN stock.

#### INVESTMENT RISK

The IT stocks experienced a hot trend in 2024 with an average stock return of 77%. TTN shares in particular have increased 3 times, showing a large correction risk in this group of stocks.

**COMPANY RATING DEFINITION**

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

Rating	Definition
<b>Buy</b>	Relative Performance is greater than 15% Or the Fundamental outlook of the company or sector is favorable
<b>Accumulate</b>	Relative Performance is 5% to 15% Or the Fundamental outlook of the company or sector is favorable
<b>Neutral</b>	Relative Performance is -5% to 5% Or the Fundamental outlook of the company or sector is neutral
<b>Reduce</b>	Relative Performance is -15% to -5% Or the Fundamental outlook of the company or sector is unfavorable
<b>Sell</b>	Relative Performance is lower than - 15% Or the Fundamental outlook of the company or sector is unfavorable

**SECTOR RATING DEFINITION**

Benchmark: VN – Index

Time Horizon: 6 to 18 months

Rating	Definition
<b>Outperform</b>	Relative Performance is greater than 5% Or the Fundamental outlook of the sector is favorable
<b>Neutral</b>	Relative Performance is -5% to 5% Or the Fundamental outlook of the sector is neutral
<b>Underperform</b>	Relative Performance is lower than -5% Or The Fundamental outlook of the sector is unfavorable

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VNTT (TTN)

Company Report