TVS

Investment Strategy Report

Investment Strategy in H2 2025: Strengthening internal fundamentals

We revised down our earnings growth forecast for listed companies on HOSE from 16.2% YoY to 14.1% YoY due to the higher-than-expected 2024 net profit base in our previous estimates and downward revisions to the earnings outlook for the Banking, Oil & Gas and Information Technology sectors. Meanwhile, we raised our net profit forecasts for the Real Estate, Basic Resources, Travel & Leisure and Retail sectors.

Amid global economic uncertainty driven by ongoing shifts in trade policies under US President Donald Trump's administration, we favor sectors and companies with a strong domestic focus that are well-positioned to benefit from structural reforms, improvements in the legal and regulatory environment and pro-growth policies in Vietnam's new era of development, as highlighted in our H2 2025 Investment Strategy Report.

2025 marks a turning point for Vietnam's economy as it focuses on internal growth drivers, builds foundational conditions for a period of high economic growth, including modern connectivity infrastructure, data systems, core digital technologies and a comprehensive financial market. In this context, we believe that sectors such as **Public Investment, Real Estate, Banking, Securities** and **Information Technology** will benefit.

We observed strong commitment from the Government to infrastructure investment at central and local levels in 2025. This will have a positive impact on several sectors such as **Infrastructure Construction** and **Materials**.

Accelerated public investment not only drives direct growth in construction and materials sectors but also creates spillover effects across various economic industries, including **Residential Real Estate**, through improvements in urban and regional connectivity infrastructure. This is one of three key drivers, with legal bottleneck resolution and the wave of urbanization in suburban provinces that are supporting the mid-end housing supply, narrowing the supply - demand mismatch and facilitating a recovery phase for the real estate market.

To ensure sufficient capital for economic growth, **bank** credit will continue expanding. This will offset the negative impact of declining net interest margins and the slower than expected improvement in asset quality compared to our

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expectations earlier this year. In addition, the codification of Resolution 42 will support banks in accelerating the debt resolution and recovery process.

As part of the strategic direction toward developing a comprehensive financial market, we expect strong growth in the stock market soon, given its role as an effective capital mobilisation channel for the economy. TVS Research expects Vietnam to be upgraded to Secondary Emerging Market status in FTSE's September 2025 review, which would help attract foreign capital back to the market and positively impact the business performance of the **Securities** sector.

For the **Information Technology** sector, we believe that digital transformation and AI adoption are accelerating, serving as key growth drivers for the industry. The government is also intensifying the national digital transformation agenda and promoting the development of digital technologies, creating significant opportunities for IT companies to contribute to nation building in this new era.

TVS Research also sees investment opportunities in the **Retail** sector, supported by sustained growth in consumer spending and the ongoing modernization of the industry. Modern retail channels are gaining market share from traditional formats by better meeting the evolving needs of consumers.

In addition, we hold a positive view on **Aviation** companies in 2025, supported by strong growth in international passenger arrivals to Vietnam, high ticket prices and lower fuel costs as global oil prices remain subdued.

TVS Research maintains a positive long-term outlook for the **Industrial Real Estate** sector. In H2 2025, we continue to hold positions in industrial real estate stocks but shift toward lower risk investment options within the sector, supported by revenue contributions from other business segments.

For short-term investment themes, TVS Research maintains its focus on large-cap stocks with strong business performance and available foreign ownership room to attract foreign inflows as the stock market is upgraded.

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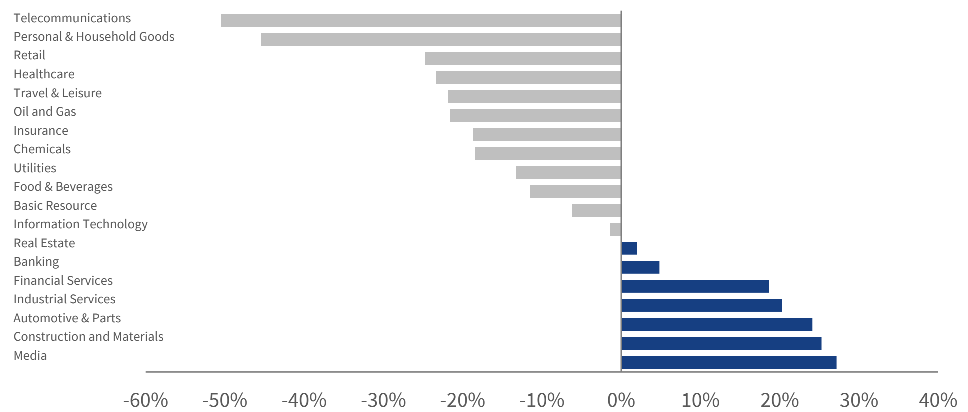
Cash flow development H1 2025

Capital flowed into sectors with positive growth prospects in H1 2025.

In H1 2025, capital flowed into sectors with positive growth prospects for the year, such as Construction & Building Materials, supported by the Government's acceleration of public investment, Real Estate, where the resolution of legal bottlenecks in a series of projects has strengthened the outlook for recovery, Financial Services, driven by expectations of a stock market upgrade in September. Conversely, capital showed signs of rotating out of sectors that had recorded strong gains in 2024, such as Telecommunications, Retail, Personal & Household Goods, Travel & Leisure.

Figure 1: Market capital flows in H1 2025 focused on sectors with growth prospects

Change in trading value share of ICB-level-2 sectors in total market trading value in H1 2025 compared H2 2024 [%]



Source: FiinPro-X, TVS Research

Real estate was the highest performing sector in H1 2025.

Sectors with a high concentration of VN30 constituents, such as Banking and Real Estate, were among the best performers in the market in H1 2025. In addition, the positive growth outlook for the tourism industry in 2025 supported strong gains in Travel & Leisure stocks during H1 2025.

Meanwhile, Telecommunications and Information Technology were the only two sectors that posted declines of more than 10%. We believe the main reasons behind the underperformance of these two sectors include (1) a rotation of capital from smaller sectors into large-cap groups and (2) strong performance in 2024, which led investors to take profits and reallocate capital to other sectors in search of new opportunities.

Table 1: Real Estate, Travel & Leisure and Basic Resources led the market in terms of performance, while Information Technology and Telecommunications were the only two sectors to post sharp declines of over 10% in H1 2025

Year-to-date performance of sectors and index [% YTD]

Sector/Index	Market cap weight	Year-to-date performance as of ... [% YTD]						
		24/01/25	28/02/25	31/03/25	29/04/25	30/05/25	30/06/25	11/07/25
VNINDEX	76.8%	-0.1%	3.0%	3.2%	-3.2%	5.2%	8.6%	15.1%
HNXIndex	4.7%	-1.9%	5.2%	3.4%	-6.8%	-1.9%	0.8%	5.0%
UpcomIndex	18.5%	-0.8%	4.8%	3.1%	-2.8%	3.6%	6.1%	8.1%
VN30	**52.6%**	**-0.5%**	**0.9%**	**1.4%**	**-2.6%**	**5.9%**	**9.9%**	**18.5%**
VN100	65.8%	-0.1%	1.9%	1.1%	-4.2%	3.2%	7.4%	14.5%
VNMID	13.2%	0.4%	5.0%	1.6%	-7.6%	0.7%	5.0%	1.1%
VNSML	3.4%	-2.1%	4.9%	0.0%	-7.2%	-0.7%	0.3%	2.9%
Oil & Gas	1.9%	0.6%	6.8%	-2.3%	-17.2%	-12.8%	-4.9%	-3.0%
Chemicals	3.3%	-3.2%	7.6%	2.5%	-15.0%	-5.0%	2.4%	2.5%
Basic Resources	**4.0%**	**2.6%**	**21.%**	**14.2%**	**1.1%**	**11.5%**	**15.4%**	**26.4%**
Construction & Materials	3.3%	0.5%	7.7%	3.2%	-3.0%	2.0%	2.5%	1.9%
Industrial Goods & Services	7.8%	5.6%	3.4%	0.5%	-4.6%	2.7%	1.1%	-2.0%
Automobiles & Parts	0.4%	-0.7%	5.8%	0.2%	-9.4%	-1.6%	2.5%	6.9%
Food & Beverage	8.8%	-4.8%	-3.7%	-6.4%	-11.4%	-8.8%	-3.3%	-3.3%
Personal & Household Goods	1.0%	-1.4%	0.9%	-5.7%	-18.5%	-8.1%	-6.0%	-5.0%
Health Care	0.8%	0.0%	4.5%	3.2%	-1.4%	6.2%	6.6%	8.2%
Retail	2.0%	0.7%	-1.7%	-3.3%	-1.9%	0.8%	8.1%	11.1%
Media	0.2%	-0.8%	1.7%	-1.1%	-5.9%	-1.9%	-2.0%	13.3%
Travel & Leisure	**4.2%**	**-3.1%**	**-3.2%**	**-1.5%**	**-0.5%**	**22.8%**	**28.3%**	**28.8%**
Telecommunications	3.6%	1.5%	-8.4%	-18.5%	-21.4%	-2.6%	-14.1%	-12.7%
Utilities	5.7%	-0.4%	2.4%	3.2%	-1.9%	4.0%	5.8%	6.4%
Insurance	1.0%	1.0%	1.0%	6.5%	-3.8%	0.1%	5.6%	6.7%
Real Estate	**16.4%**	**-1.0%**	**4.5%**	**19.4%**	**22.5%**	**53.7%**	**54.5%**	**69.5%**
Financial Services	3.7%	-1.8%	6.9%	7.1%	-2.3%	2.8%	6.3%	18.9%
Banks	29.3%	1.8%	5.3%	5.5%	-2.1%	2.7%	6.9%	14.2%
Infomartion Technology	2.5%	0.5%	-7.2%	-19.4%	-27.3%	-22.6%	-2.2%	-14.9%

Source: FiinPro-X, TVS Research

Earnings landscape in Q1 2025

Market-wide earnings rebounded strongly from a low base, rising 25.7% YoY in Q1 2025, driven primarily by contributions from the non-financial sector.

Banks, Real Estate and defensive sectors such as Utilities (power - water - petroleum - gas) were the main drivers of overall market earnings growth.

- Net profit of the Banking sector rose 15.3% YoY, primarily driven by a 6.2% YoY increase in net interest income and a strong rebound in non-interest income, including service fees, foreign exchange trading and bad debt recovery (+44.3% YoY). However, net interest margins continued to narrow both YoY and QoQ, as average lending rates declined while funding costs showed signs of a slight uptick
- **The Real Estate sector recorded a 51.1% YoY increase in earnings,** mainly driven by three factors: (1) large-scale divestments such as VIC's Global Gate deal, (2) faster than expected handover progress at VHM's Ocean Park 2-3 and Royal Island projects and (3) steady growth in the industrial real estate segment. TVS Research notes that most of the results were driven by pre-planned transactions, which have yet to reflect a sustainable recovery in market demand
- **Earnings of the Utilities sector (power - water - petroleum - gas) rose 52.6% YoY**, supported by a low base and a significant improvement in profit margins at major companies such as PGV, GEG and POW. Specifically, PGV turned profitable thanks to higher contracted output (Qc); GEG recorded a large one-off retrospective revenue from the TPD1 project; and POW benefited from increased commercial output and improved average selling prices

In contrast, **the Oil & Gas, Travel & Leisure and Financial Services sectors weighed down overall market earnings growth.**

- **The Oil & Gas sector reported a 56.5% YoY decline in net profit**, due to the combined effects of falling oil prices, narrower crack spreads and foreign exchange losses at some companies. PLX and BSR made large inventory provision write-downs, while gross margins decreased sharply as products were sold at high input costs
- **Net profit in the Travel & Leisure sector declined 17.7% YoY**, compared to a high earnings base in Q1 2024, which included a one-off gain from HVN's restructuring of Pacific Airlines. Excluding this one-off, HVN's core earnings still improved significantly thanks to cost control and lower fuel prices
- **Financial Services sector earnings fell 11.6% YoY**, amid a 23% YoY drop in stock market liquidity and VN-Index increase slightly 2.9%. Some companies such as VND and TVC saw sharp profit declines due to reduced brokerage revenue and lower financial income

Table 2: Market earnings in Q1 2025 recovered from a low base

Quarterly net profit growth by sector and overall market [% YoY]

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Banking	-4.4%	-1.6%	-1.4%	25.7%	9.6%	21.7%	17.6%	19.1%	15.3%
Real Estate	48.5%	62.8%	-29.6%	1.4%	-61.3%	-32.1%	16.9%	99.0%	51.1%
Food and Beverage	-34.6%	-12.4%	-10.3%	57.2%	14.7%	10.0%	20.9%	17.2%	1.6%
Industrial Goods & Services	-17.1%	9.1%	-7.6%	-12.8%	32.2%	8.0%	11.4%	71.6%	7.4%
Utilities	-8.7%	-26.6%	-39.7%	-25.9%	-49.2%	-21.8%	36.2%	-12.4%	52.6%
Basic Resources	-88.0%	-84.4%	N/A	N/A	171.4%	410.9%	11.6%	41.8%	27.8%
Construction and Materials	-72.1%	-44.1%	-10.4%	119.8%	114.2%	39.6%	44.5%	60.4%	10.5%
Financial Services	-61.0%	N/A	138.9%	N/A	103.2%	17.3%	11.7%	-10.9%	-11.6%
Chemicals	-71.0%	-69.7%	-70.6%	-1.7%	6.5%	49.2%	91.2%	-14.3%	39.0%
Oil and Gas	-11.5%	-72.9%	827.9%	-8.5%	5.4%	-7.9%	N/A	-52.5%	-56.5%
Tourism and Leisure	N/A	-52.8%	-14.2%	-63.6%	1233.0%	N/A	N/A	N/A	-17.7%
Information Technology	0.8%	7.9%	16.7%	28.9%	19.6%	24.4%	16.0%	28.8%	36.4%
Retail	-86.7%	-95.3%	-67.8%	-68.2%	367.1%	2330.1%	226.3%	334.6%	72.6%
Telecommunications	-40.2%	N/A	-13.1%	N/A	95.2%	N/A	-33.2%	233.8%	-47.9%
Industrial Goods and Household	-36.2%	-51.9%	-39.2%	19.5%	1.9%	36.1%	54.4%	30.5%	17.1%
Insurance	8.1%	114.0%	42.7%	18.9%	14.4%	12.3%	-32.6%	15.5%	4.5%
Healthcare	30.5%	32.3%	-7.1%	0.8%	-13.5%	-11.9%	-0.1%	2.1%	-0.7%
Media	-18.1%	N/A	196.7%	N/A	34.7%	N/A	224.7%	4626.2%	14642.4%
HOSE	-18.1%	-10.6%	-5.7%	26.5%	3.9%	13.1%	18.3%	34.4%	15.7%
HNX	-30.7%	-2.1%	-9.2%	10.7%	39.9%	32.8%	24.7%	-72.5%	-11.7%
Upcom	-27.7%	-37.3%	3.7%	277.7%	19.3%	58.2%	10.9%	63.3%	113.9%
Overall market	-19.7%	-13.8%	-4.7%	36.7%	6.9%	18.3%	17.4%	32.8%	25.7%

Source: FiinPro-X, TVS Research

Current market and sector valuations

Market valuation has risen above the 5-year average.

As of July 11th, 2025, the VN-Index was trading at the P/E = 14.3x and the P/B = 1.9x, higher than the 5-year averages of 13.9x and 1.8x. The sharp rally in large-cap stocks, particularly in the Vingroup stocks and Banking sector pushed the VN30 Index to a new all-time high, supporting the VN-Index increase of over 15% YTD.

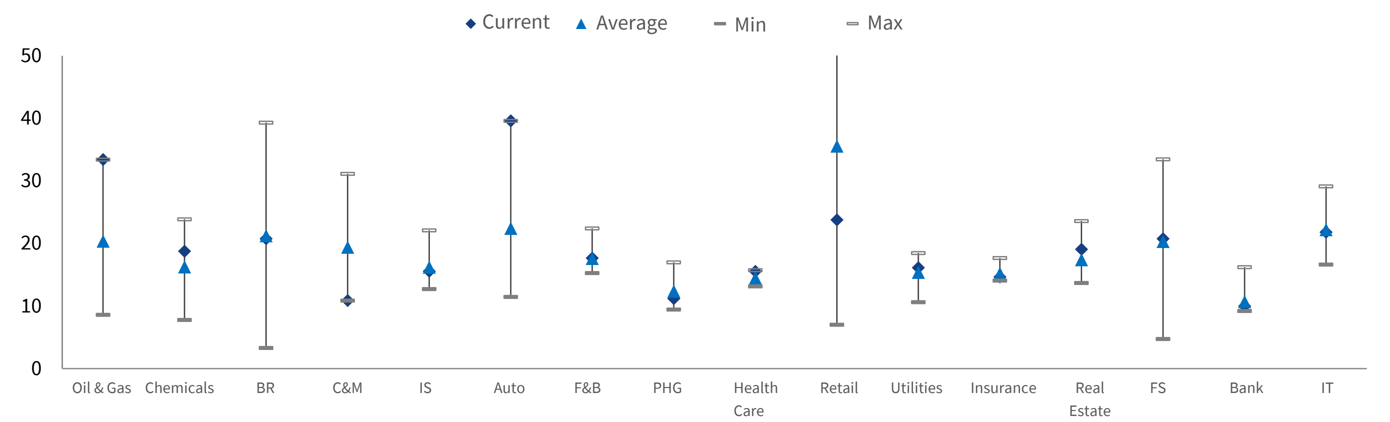
Valuations across the Vietnamese stock market are diverging among sectors. After a strong rally in H1 2025, most ICB-level-2 sectors are currently trading at levels equivalent to or above their 5-year averages, except for Retail and Construction & Materials.

In the Retail sector, the current valuation stands at 23.8x, significantly lower than the 5-year average of approximately 35.6x. The lower valuation reflects improved profitability among sector companies, especially leading players such as MWG and FRT. The aggressive expansion of essential goods retail chains like Long Chau and Bach Hoa Xanh is expected to be the key driver of profit growth going forward. We believe this will serve as a catalyst to attract investment flows into the Retail sector in the near future.

In the Construction & Materials sector, the current valuation is at 10.8x, the lowest level in the past five years. We believe this low valuation presents a good investment opportunity. TVS Research maintains a positive view on the sector's outlook, supported by strong public investment disbursement in 2025.

Figure 2: The Construction & Materials sector is currently trading at its lowest P/E valuation in the past five years

P/E ratios of ICB-level-2 sectors during 2020-2025 [times]



Note: We excluded the Travel & Leisure, Media and Telecommunications sectors due to high P/E volatility over the past five years

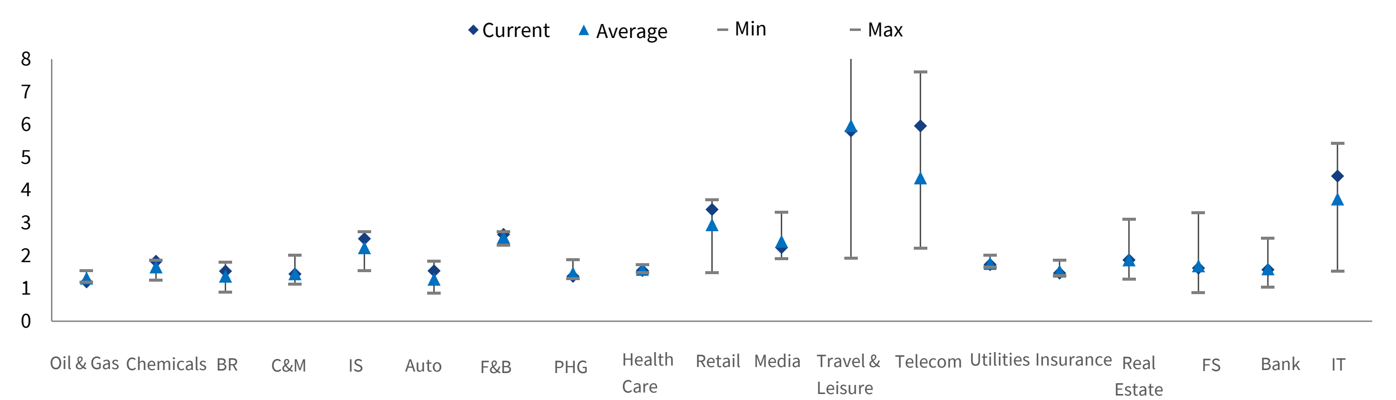
We limited the P/E display range to 0-50x, therefore a part of the Retail sector's P/E is not shown in the figure above.

IT: Information Technology, C&M: Construction & Materials, IS: Industrial Services, BR: Basic Resources, FS: Financial Services, F&B: Food & Beverages, PHG: Personal & Household Goods, IGS: Industrial Goods & Services

Source: Fiin-ProX, TVS Research

Figure 3: P/B valuations of large-cap sectors such as Real Estate and Banking are approaching their 5-year averages

P/E ratios of ICB-level-2 sectors during 2020-2025 [times]



Note: IT: Information Technology, C&M: Construction & Materials, IS: Industrial Services, BR: Basic Resources, FS: Financial Services, F&B: Food & Beverages, PHG: Personal & Household Goods, IGS: Industrial Goods & Services.

We limited the P/E display range to 0-8x, therefore a part of the Travel & Leisure sector's P/B is not shown in the figure above.

Source: Fiin-ProX, TVS Research

Performance of TVS Research's 2025 Investment Strategy

Investment themes focusing on the internal strength of the economy delivered strong performance in H1 2025. In contrast, themes related to export-driven sectors that could benefit from US tariff policies and those aligned with the new economic growth cycle posted negative returns.

2025 Investment Strategy Report "Leverage internal strengths" by TVS Research emphasizes that the Vietnamese government will have various measures to strengthen and harness internal drivers of the economy in response to a volatile global environment driven by US trade policies. We revisit key investment themes presented in 2025 Investment Strategy Report as follows:

Theme 1: Vietnam capitalizes on opportunities from US tariff policies in key export categories - **Textile & Garment sector**

Theme 2: Vietnam mobilizes internal strengths across the economy - **Public Investment, Residential Real Estate, Banking sector**

Theme 3: Stock market upgrade story becomes reality - **Securities sector**

Theme 4: Stocks with high safety margins amid market uncertainties

Theme 5: Vietnam's economic growth outlook remains positive in a new cycle - **Information Technology, Industrial Real Estate**

In the 2025 Investment Strategy Report, we underestimated both the likelihood of the US imposing tariffs on Vietnamese goods and the market's reaction to such news. On April 2, 2025, President Trump's administration announced a retaliatory tariff rate of 46% on imports from Vietnam, significantly higher than our forecasts and most of market. Notably, the initial tariff rate on Vietnamese goods was the second highest among affected countries and substantially higher than that of competing nations. This announcement triggered a broad-based market sell-off, erasing all gains accumulated in the first quarter. **Sectors closely tied to export activities such as Textiles, Fisheries and Industrial Real Estate experienced the steepest declines and have yet to recover to their pre-tariff levels.**

Alongside that development, the Information Technology (IT) sector saw the steepest decline among our investment themes (-15.4% YTD). We believe that the fading "fever" for tech stocks in 2024, the slowdown in global IT spending amid tariff risks and the deceleration in net profit growth of FPT, the leading stock in the sector, were the main factors behind the strong selling pressure on tech stocks.

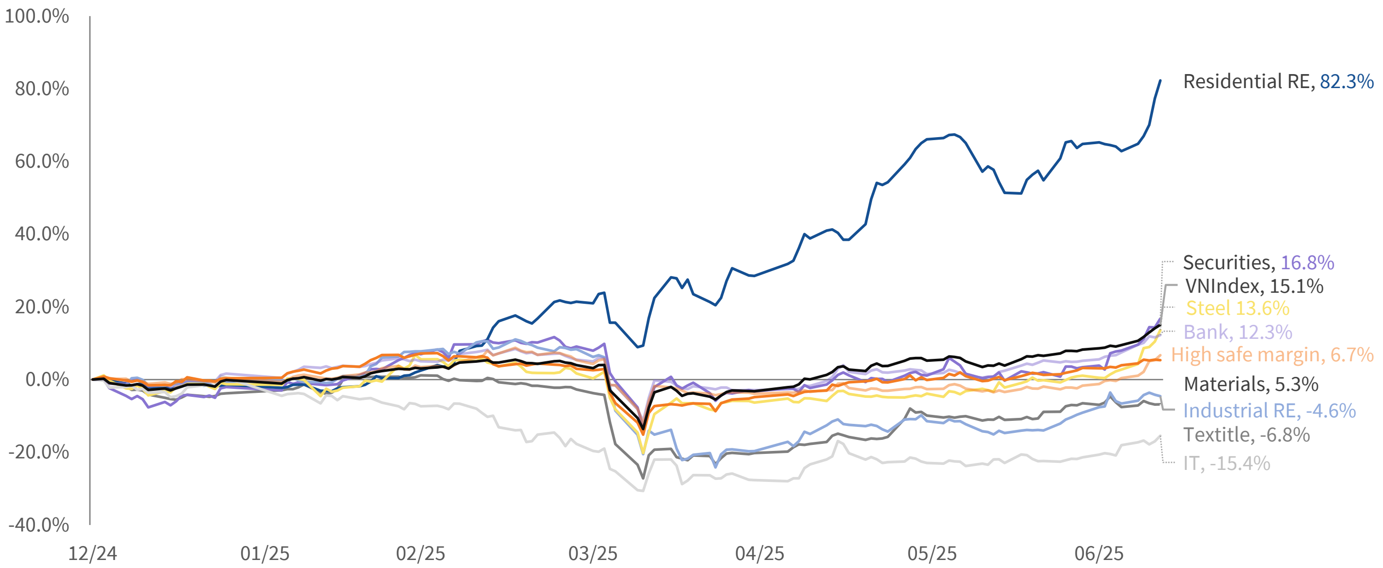
On the other hand, Residential Real Estate stocks led performance among the investment themes we recommended earlier this year. The sector's YTD gain of over 80% was primarily driven by Vingroup stocks, supported by new launches at several large real estate projects, improved electrical vehicles sales of VinFast and participated in upcoming national infrastructure projects such as the high-speed railway. Additionally, strong capital inflows into large-cap stocks further fueled the price rally of VIC, VHM and VRE. Excluding these stocks, the performance of the residential real estate companies was only 4.7% YTD.

Next, the Securities sector recorded a strong rally starting in late June 2025, as the stock market entered an uptrend accompanied by high trading liquidity. With significant reforms and structural improvements, Vietnam's stock market is expected to be upgraded to Secondary Emerging Market status in FTSE's September 2025 review, has boosted investor sentiment. In addition, foreign investors return to net buying after a long period of continuous capital withdrawal from the Vietnamese stock market also strengthened the upward momentum for the index and the business prospects of securities companies.

Similarly, the Steel and Banking sectors posted approximately 12-13% YTD, roughly in line with the VN-Index. For the Steel sector, we believe the share price increase was driven by expectations of stronger public investment disbursement and a real estate market recovery, which would boost industry consumption. Moreover, the application of safeguard measures on imported steel from China (HRC) has also had a positive impact on the sector's outlook. As for the Banking sector, strong credit growth in Q2 2025, the legalization of Resolution 42 and stock-specific stories at several banks (e.g., TCBS IPO by TCB) contributed to a sharp rise in share prices during June-July 2025.

Figure 4: Among the investment themes recommended by TVS, Residential Real Estate has led in terms of performance, while Information Technology, Textiles and Industrial Real Estate have posted negative returns year-to-date

Performance of sector indices, investment themes in TVS's 2025 Investment Strategy and the VN-Index [% YTD]



Source: FiinPro-X, TVS Research

Note: Sector performance is calculated based on % change in total market capitalization of all listed companies across the three exchanges operating in the respective sector.; The performance of the VN-Index is based on % change in the index over the calculation period (from January 1, 2025 to July 11, 2025)

The recommendation portfolio in TVS Research's 2025 Investment Strategy Report has delivered a return of 4.4% since the date of recommendation.

As of July 11, 2025, the equally weighted portfolio of stocks recommended by TVS Research in the beginning-of-year strategy report delivered a return of 4.7% YTD and 4.4% since the recommendation date (January 24, 2025). This performance lags behind the VN-Index, which rose 15.2% YTD and 15.1% over the same period. The average return of our correct recommendations (stocks that increased in price since the recommendation date) was 13.9%, compared to an average return of -9.0% for the incorrect recommendations (stocks that declined in price).

Among our recommended stocks, TCB delivered the strongest performance (+41.8% YTD since the recommendation date), followed by CTG (+16.6%) and HPG (+16.4%). On the other hand, FPT was the worst-performing stock (-16.4%), followed by stocks in the textile (TNG) and industrial real estate (VGC, KBC) sectors, which were negatively affected by US tariff policies.

Table 3: Stocks in TVS Research's most recent recommendation list delivered an average return of 4.7% YTD and 4.4% since the published date

Performance of TVS Research's recommendation list in the 2025 Investment Strategy Report

Ticker	Level 2 ICB sector	Market cap 11/07/25	Closed price 11/07/25	% YTD	% increase since RD	Target price *	% upside at RD	Beta 6T	P/E TTM	P/B TTM	Net profit after tax Q1 2025	% YoY
		VND bn	VND	%	%	VND	%		x	x	VND bn	%
NLG	Real Estate	14,960	38,850	8.0%	8.3%	49,900	53.4%	1.4	21.3	1.5	110	241.0%
KBC	Real Estate	25,898	27,500	4.2%	-2.2%	41,700	42.1%	1.2	17.6	1.4	849	1,013.3%
VCB	Banking	523,901	62,700	2.3%	0.7%	83,612	36.8%	1.1	15.4	2.6	8,702	1.4%
TNG	P&H	2,513	20,500	-12.7%	-9.9%	29,900	33.5%	1.6	8.0	1.4	43	3.4%
TCB	Bankig	246,917	34,950	42.4%	41.8%	32,100	32.6%	0.9	11.7	1.6	6,014	-4.4%
HPG	TNCB	199,562	26,000	16.0%	16.4%	34,500	31.2%	1.3	15.8	1.7	3,350	16.5%
CTG	Banking	239,502	44,600	17.2%	16.6%	28,750	28.7%	1.1	9.2	1.6	5,499	9.3%
PDR	Real Estate	17,011	18,750	-5.1%	2.9%	23,600	28.3%	1.3	109.6	1.6	51	-3.8%
HCM	FS	26,945	24,950	10.1%	10.7%	27,066	24.0%	1.3	18.5	2.6	227	-18.1%
KDH	Real Estate	30,638	30,300	-13.4%	-10.1%	42,300	23.0%	1.4	34.9	1.8	119	92.5%
VGC	C&M	20,422	45,550	3.8%	-6.1%	59,600	22.1%	1.5	17.2	2.4	299	55.6%
FPT	IT	187,536	126,600	-15.9%	-16.4%	179,000	20.1%	0.6	22.7	5.9	2,596	20.9%
Average				**4.7%****	**4.4%****							

Source: FiinPro-X, TVS Research

Note: January 24th, 2025 is the publication date of TVS Research's 2025 Investment Strategy Report

P&H: Personal & Household Goods, FS: Financial services, C&M: Construction & Materials, IT: Information Technology

*: Target prices are adjusted for corporate actions during the period (dividends, rights issues)

**: Equal-weighted average return of stocks under each investment theme in H1 2025

TVS

Sector outlook update in 2025

We revise down our 2025 net profit growth forecast for listed companies on HOSE from 16.2% YoY to 14.1% YoY, reflecting a higher 2024 earnings base than previously estimated and downward earnings revisions for several major sectors such as Banking.

We have updated the audited 2024 net profit figures for listed companies on HOSE. Accordingly, total net profit for 2024 reached VND 441.1 trillion (+19% YoY), which is 2.7% higher than our estimate in the 2025 Investment Strategy Report.

For the 2025 forecast, we have revised net profit estimates for the Banking, Oil & Gas and Information Technology sectors, while raising our projections for Real Estate, Basic Resources, Travel & Leisure and Retail.

For the **Banking** sector, we lowered our net profit growth forecast due to downward adjustments in net interest margin (NIM), service fee income and higher credit cost assumptions, as asset quality is now expected to improve more slowly than our initial projection at the beginning of the year.

For the **Oil & Gas** sector, we revised down earnings forecasts for key companies such as PLX based on a weaker oil price outlook for 2025 (with an average forecast of USD 67/barrel, -15% YoY) and heightened oil price volatility, which negatively impacts gross margins due to inventory write-downs in petroleum trading businesses.

We revised down net profit forecasts for the Information Technology sector due to lowered profit expectations for the sector leader FPT compared to our initial projections. We believe heightened macroeconomic uncertainty in H1 2025 has led to reduced IT spending in overseas markets.

For the **Real Estate** sector, we raised our forecasts for residential property developers, mainly driven by VIC and VHM, based on faster-than-expected sales and product handovers in 2025. Additionally, one-off income from the divestment of subsidiaries by companies such as NLG and HDC has been incorporated into our projections, supporting stronger expected earnings growth across the sector.

In the **Basic Resources** sector, we upgraded earnings forecasts for steel producers such as HPG, HSG and NKG, underpinned by strong domestic demand driven by robust public investment disbursement and a recovering property market. Protective trade measures (e.g., AD 20 on Chinese HRC steel, AD 19 on coated steel from China and South Korea) are also expected to support sales volume growth in 2025.

TVS Research raised its earnings forecasts for the **Retail** sector by upgrading projections for leading stocks such as MWG and FRT. The revision was driven by: (1) stronger than expected revenue growth in non-essential goods, supported by replacement demand and (2) rapid expansion of essential retail chains in H1 2025.

Similarly, we upgraded earnings forecasts for the **Aviation** sector based on upward revisions for airlines such as HVN and VJC. We expect these companies to benefit in 2025 from (1) strong growth in international tourist arrivals to Vietnam and (2) lower operating costs due to subdued oil prices. Additionally, total net profit forecasts for the Travel & Leisure sector have been updated to include figures from VPL, which was newly listed on HOSE as of May 13, 2025.

Table 4: TVS Research has revised down its 2025 net profit growth forecast for listed companies on HOSE to 14.1% YoY, compared to the initial forecast of 16.2% earlier this year

Net profit growth of HOSE listed companies by sector in 2025 [% YoY]

Level 2 ICB sector	% Market cap HOSE	% Net profit after tax HOSE 2024	2020A	2021A	2022A	2023A	2024	New 2025F	Old 2025F
Banking	37.1%	54.3%	16.5%	32.5%	34.7%	3.9%	19.7%	11.9%	18.9%
Financial Services	19.1%	11.8%	-4.2%	1.8%	-8.6%	5.1%	-3.1%	22.2%	17.5%
Food and Beverage	6.8%	6.1%	-19.1%	45.4%	-9.5%	-23.2%	19.4%	8.0%	7.0%
Utilities	5.3%	4.2%	-18.7%	13.7%	49.1%	-29.0%	-19.6%	12.7%	12.1%
Tourism and Leisure	5.0%	2.9%	-968.8%	N/A	N/A	N/A	N/A	-4.5%	-30.0%
FS	4.2%	2.6%	43.6%	149.1%	-53.0%	53.3%	18.6%	15.3%	9.9%
Basic Resources	3.8%	3.2%	102.9%	154.8%	-81.3%	-7.6%	79.2%	36.9%	20.8%
Chemicals	3.6%	2.9%	37.4%	56.1%	48.3%	-54.3%	21.1%	7.8%	7.0%
IT	3.2%	2.3%	12.1%	22.3%	20.3%	14.3%	23.0%	19.3%	25.9%
Industrial Goods and Services	2.9%	3.1%	-12.5%	41.6%	11.9%	-9.6%	38.3%	7.0%	7.0%
Retail	2.3%	1.2%	-5.9%	42.1%	-13.7%	-88.8%	730.8%	52.3%	35.2%
Construction and Materials	2.2%	2.0%	-7.9%	-7.6%	16.8%	-16.9%	44.2%	37.9%	10.0%
Oil and Gas	1.8%	1.0%	-118.4%	N/A	66.8%	-25.6%	-63.6%	15.9%	72.1%
Industrial Goods and Household	0.9%	1.0%	-3.7%	14.7%	29.8%	-20.9%	15.1%	3.3%	11.5%
Insurance	0.8%	0.8%	27.8%	29.0%	-19.8%	22.3%	7.1%	7.0%	7.0%
Healthcare	0.6%	0.5%	4.5%	17.6%	14.8%	-2.2%	-6.2%	7.0%	7.0%
Automotive	0.3%	0.2%	21.5%	1.6%	51.5%	-48.8%	14.7%	7.0%	7.0%
Media	0.0%	0.0%	N/A	N/A	69.5%	-27.8%	134.7%	7.0%	7.0%
VN-Index	**100.0%**	**100.0%**	**-6.5%**	**47.7%**	**8.6%**	**-5.9%**	**19.0%**	**14.1%**	**16.2%**

Source: FiinPro-X, TVS Research
Notes: A: Actual number; F: Forecast number, N/A: Non-existent value. Market capitalization as of 11/07/2025

Investment Strategy for H2 2025

In H2 2025, we will focus on investment themes centered around domestic economic growth drivers that are not directly affected by tariffs, such as Public Investment, Real Estate, Banking, Information Technology and sectors with unique stories like Securities, Retail and Aviation. While we maintain a positive long-term view on the industrial real estate sector, we are adjusting our short-term investment approach within the sector.

In the context of global economic uncertainties and continuous changes in U.S. tariff policy under the Trump administration, **the H2 2025 Investment Strategy Report by TVS Research prioritizes industries and businesses focused on the domestic market which are expected to benefit from significant institutional reforms, legal improvements and policy efforts to drive growth in Vietnam's new development era.** Upholding the national strategy for rapid and sustainable development based on science, technology, and innovation as laid out in the 13th Party Congress Resolution aiming for Vietnam to become a high-income developed country by 2045 - the Party and Government are pushing for deep institutional, legal, and policy reforms to fully mobilize all economic and social resources, especially from the private sector.

2025 marks a turning point for Vietnam's economy as it focuses on internal drivers and builds foundational conditions for a high-growth era, including modern infrastructure, data systems, digital technologies and a comprehensive financial market. Against this backdrop, we see sectors such as **Public Investment, Real Estate, Banking, Securities** and **Information Technology** benefiting significantly.

We recognize the Government's strong commitment to infrastructure development at both the central and local levels in 2025. This will positively impact sectors like **Infrastructure Construction and Materials.**

Public investment not only directly supports growth in the construction and materials sectors but also creates a ripple effect across the economy especially **Residential Real Estate** by improving urban and regional connectivity. This is one of three key factors, alongside legal reform and suburban urbanization, that support the mid-end housing supply, narrow the supply-demand mismatch, and drive real estate market recovery.

To ensure sufficient funding for economic growth, **bank** credit will continue to expand. This will help offset negative impacts from declining NIM and slower than expected improvements in asset quality. Moreover, the codification of Resolution 42 will help banks accelerate debt resolution and recovery.

As part of the comprehensive financial market development roadmap, we expect Vietnam's stock market to grow strongly, serving as an efficient capital mobilization channel for the economy. With recent legal and structural reforms, TVS Research anticipates Vietnam being upgraded to Secondary Emerging Market status in FTSE's September 2025 review. This could attract foreign capital back to the market and positively impact on the **Securities** sector's business performance.

For the **Information Technology** sector, we believe digital transformation and AI adoption are accelerating rapidly, serving as key growth drivers. The Government is also pushing forward with national digital transformation and promoting the development of the digital technology industry, creating significant opportunities for IT companies to contribute to national development in the new era.

TVS Research also sees opportunities in the **Retail** sector, driven by sustained consumer growth and industry modernization. Modern retail channels are gaining market share from traditional formats by better meeting consumer needs.

We also hold a positive view on **Aviation** companies in 2025, as they are benefiting from strong growth in international passenger arrivals to Vietnam, high ticket prices, and lower fuel costs due to globally subdued oil prices.

TVS Research maintains a positive long-term view on the **Industrial Real Estate** sector. We remain optimistic about Vietnam's ability to attract FDI in the medium to long term, thanks to its favorable location, competitive production costs, and a wide network of free trade agreements (FTAs). Furthermore, Vietnam's semiconductor development strategy enhances its appeal in the global supply chain. However, FDI may temporarily slow down while investors await final U.S. tariff decisions. As such, in H2 2025, we continue to hold industrial real estate stocks but shift toward lower-risk investments within the sector that are supported by revenue from other business segments.

On the other hand, we take a cautious stance on export-oriented sectors, as we expect their business performance to be negatively affected by tariffs in the short term whether through order hesitation from partners, eroded competitive advantages due to tariffs, or weakened global demand. While we maintain our view that Vietnam's major export categories (e.g., electronics, machinery, phones, garments) may not face the highest retaliatory tariffs, we believe US consumer demand for these products could decline as tariff effects become more apparent. **Therefore, we are discontinuing our recommendation for the previously suggested investment theme: "Vietnam capitalizes on US tariff policy for key export sectors - Garment & Textile".**

For short-term investment themes, TVS Research maintains the recommendation to invest in large-cap, high-performing stocks that still have foreign ownership room and the potential to attract foreign inflows as Vietnam's stock market gets upgraded.

Table 5: Summary of TVS Research's recommendation stocks for H2 2025

Ticker	Price as of 11/07/25	Target price	Upside	Revenue 2025F	% YoY	Net profit after tax 2025F	% YoY	ROE 2024	ROE 2025F	Current P/E	P/E fw 2025
	VND	VND	%	VND bn	%	VND bn	%	%	%	x	x
KDH	30,300	42,300	39.6%	4,515	37.7%	1,468	82.6%	5.0%	7.2%	1.8*	1.6*
TRC	67,200	91,600	36.3%	882	18.5%	284	28.3%	12.5%	15.0%	1.0*	0.9*
HVN	37,200	49,500	33.1%	117,216	10.6%	9,600	2.6%	NA	NA	12.4	12.1
NLG	38,850	51,400	32.3%	5,137	-28.6%	982	-29.2%	5.3%	8.0%	1.5*	1.4*
HDC	25,950	32,900	26.8%	696	27.4%	422	53.7%	3.2%	17.0%	2.0*	1.7*
MWG	67,900	85,300	25.6%	150,476	12.0%	5,658	51.6%	14.5%	19.5%	22.8	17.5
VCG	22,800	28,500	25.0%	14,500	12.7%	3,450	211.3%	1.4%	29.2%	24.9	4.3
FRT	146,480	181,100	23.6%	49,556	23.6%	846	17.1%	21.3%	33.6%	55.8	33.2
SIP	61,481	74,900	21.8%	7,863	0.8%	1,285	0.5%	29.6%	25.0%	3.2*	2.6*
PHR	60,800	74,000	21.7%	1,678	2.7%	572	18.4%	12.5%	14.7%	2.1*	2.0*
PLC	25,000	30,000	20.0%	7,700	11.1%	130	2.8%	3.4%	1.2%	34.0	15.5
HPG	26,000	31,100	19.6%	172,479	24.2%	16,594	38.1%	11.1%	13.5%	16.0	11.0
VPB	20,150	24,000	19.1%	70,738	13.6%	19,269	2.5%	11.1%	12.6%	1.1*	1.0*
PDR	18,750	22,200	18.4%	2,118	157.8%	249	6.5%	1.5%	2.2%	1.5*	1.5*
HCM	24,950	29,100	16.6%	4,918	15.0%	1,146	1.2%	11.1%	9.2%	2.6*	1.5*
FPT	126,600	144,400	14.1%	75,440	20.0%	11,246	19.3%	14.1%	15.7%	22.6	13.1
MBB	26,700	29,800	11.6%	61,884	11.7%	26,428	15.1%	21.5%	2.6%	1.4*	1.2*
DXG	17,050	18,500	8.5%	4,461	-7.0%	502	1.7%	1.1%	1.5%	1.4*	1.1*
CTG	44,600	48,900	9.6%	84,885	3.6%	30,214	18.6%	18.6%	18.7%	1.6*	1.4*
VHM	87,900	92,000	4.7%	93,940	-8.2%	37,137	5.9%	7.0%	6.6%	1.8*	1.5*
TCB	34,950	36,600	4.7%	52,992	12.8%	24,630	13.2%	15.6%	15.4%	1.6*	1.4*

Source: Fiin-ProX, TVS Research forecast
For Banking stocks (VCB, CTG, TCB), 2025F revenue is equivalent to total operating income
* The valuation ratio P/E is replaced by P/B

Public investment – Continued strong disbursement push

We maintain a POSITIVE outlook for sectors related to the Public Investment theme in H2 2025.

TVS Research maintains a **POSITIVE** view on companies that benefit from public investment, such as those in Construction and Materials in H2 2025. The government continues to accelerate public investment throughout 2025 as a key driver of economic growth. The focus of public investment this year and for the 2025-2030 period is on modern, regionally connected transportation projects (including roads, railways, etc.), aimed at laying the groundwork in infrastructure for the upcoming era of high economic growth.

Given this strong trend in infrastructure investment and development, we believe companies in the construction sector, especially those with experience in infrastructure construction, will benefit significantly. In addition, building materials companies are also set to benefit due to rising demand not only from public investment but also from a recovering real estate market.

Recommended stocks under the Public Investment theme include: **HPG (Target Price: VND 31,100/share), PLC (Target Price: VND 30,000/share), VCG (Target Price: VND 28,500/share).**

Public investment disbursement continued to accelerate in H1 2025.

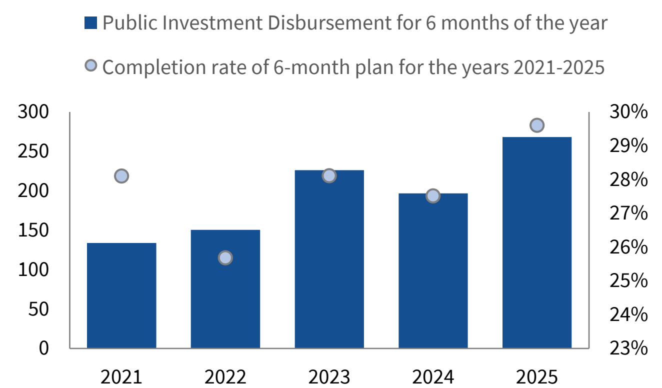
In line with our view in 2025 Investment Strategy Report, public investment was strongly promoted to support the target of 8% GDP growth in 2025. In H1 2025, total public investment disbursement reached more than VND 291 trillion (+20% YoY). Active disbursement also supported a strong recovery in construction activities, which grew by 9.6% YoY in the first half of the year (compared to 7.3% in the same period last year).

We note the Government's strong determination to develop and improve infrastructure at both central and local levels. An additional VND 179 trillion was allocated to the public investment plan, raising the total planned public investment disbursement for 2025 to VND 969 trillion.

To ensure efficient implementation, the Government has issued several directives and official notices to ministries and local authorities, including Directive No. 05/CT-TTg dated 01/03/2025, Official Telegram No. 32/CD-TTg dated 05/04/2025, Official Telegram No. 60/CD-TTg dated 09/05/2025, and the Public Investment Promotion Conference held on 20/05/2025.

Figure 5: Public investment disbursement in H1 2025 increased by 20% YoY

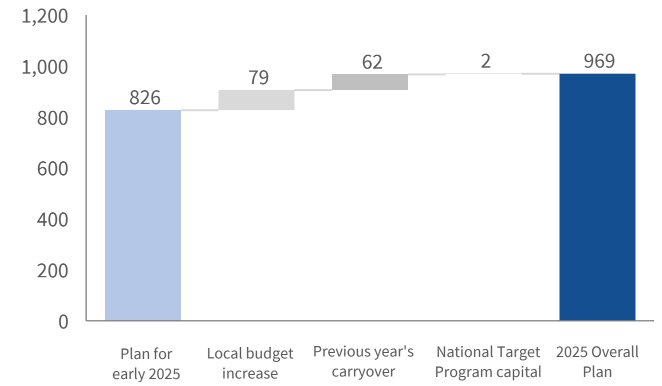
Public investment disbursement in H1 2021–2025 [VND trn – left axis] and completion rate compared to the planned target [% – right axis]



Source: GSO, TVS Research compilation

Figure 6: The Government added nearly VND 179 trillion to the initial 2025 public investment disbursement plan

Details of the planned 2025 public investment disbursement [VND trn]



Source: GSO, TVS Research compilation

Table 6: Expressway projects under Phase 2 of the North - South expressway expected to be completed during 2025

The under-constructed projects of the North-South expressway megaproject - phase 2

No	Project	Total investment (VND bn)	Total length (km)	Contractor	Estimated completion time
1	Chi Thanh – Van Phong	10,780	48	HHV	Q4 2025
2	Quy Nhon – Chi Thanh	14,800	62	CC1, RCC, TTL	September 2025
3	Quang Ngai – Hoai Nhon	20,470	88	HHV	October 2025
4	Hoai Nhon – Quy Nhon	12,400	70	HHV	September 2025
5	Can Tho – Hau Giang	10,370	38	CC1, G36	December 2025
6	Hau Giang – Ca Mau	17,100	73	CC1, C4G	December 2025

Source: TVS Research compilation

Transport connectivity projects will be the key focus during 2025-2030.

The development of a modern transportation infrastructure system will enhance the connectivity between localities and major economic zones, while also opening new development spaces for provinces. Additionally, stronger regional connectivity will create new growth drivers, making it easier to attract both domestic and foreign investment. As of mid-May 2025, Vietnam has nearly 2,300 km of expressways (an increase of approximately 300 km compared to the end of 2024). The national goal for expressway development is to reach 3,000 km by the end of 2025 and expand to 5,000 km by the end of 2030. Key ongoing projects include:

- National key project such as North - South Expressway (Phase 2) with a total length of around 721 km and a total investment of nearly VND 147 trillion
- Key regional expressways such as Ring Road 4 in Hanoi (length: 112 km, total investment: VND 85 trillion) and Ring Road 3 in HCM City (length: 76 km, total

investment: VND 75 trillion) began construction in 2023 and are expected to be completed during 2026-2027

Looking at the longer term, railway infrastructure projects such as the North - South high-speed railway and the Lao Cai – Ha Noi – Hai Phong high-speed rail line will help complete the national infrastructure system, expand the transport network, connect key economic regions, boost trade and support economic and tourism development across the country.

Table 7: Key public investment projects implemented in the 2025-2030 period

Information on public investment projects scheduled to start construction in 2025

Project	Total investment (VND bn)	Total length (km)	Investment form	Construction timeline						
				2025	2026	2027	2028	2029	2030	After 2030
North - South high-speed railway	1.7 billion	1,541	N/A							
Lao Cai - Hanoi - Hai Phong railway	203,231	417	State budget							
Ring Road 4 - Hanoi Capital	85,000	113	PPP							
Ring Road 3 - Ho Chi Minh City	75,378	76	State budget							
Ho Chi Minh City - Trung Luong - My Thuan expressway	32,300	91	PPP							
Ho Chi Minh City - Thu Dau Mot - Chon Thanh expressway project	17,400	59	PPP							
Ho Chi Minh City - Long Thanh - Dau Giay expressway	14,955	22	State budget							
Dau Giay - Tan Phu expressway	8,490	60	PPP							
North - South expressway - Cam Lo to La Son section (expansion)	6,488	98	State budget							
Cho Moi - Bac Kan expressway	5,751	29	State budget							

Source: TVS Research compilation

The trend of accelerated public investment and the recovery of civil construction will drive backlog growth for construction companies…

The push to develop infrastructure will also support the recovery of the real estate sector, as the trend in real estate development is shifting from central urban areas to satellite regions with convenient transportation connectivity. These factors create an ideal environment for construction companies to benefit significantly during this period, as they stand to gain from both public investment projects and civil construction projects. Companies with experience in executing large-scale projects and strong financial foundations will have a competitive advantage in bidding for key projects in the near future.

… and boost domestic building materials consumption, supporting

In addition to construction firms, we believe that building materials suppliers will also benefit during this construction cycle, as demand for raw materials increases to serve both public investment projects and new real estate developments. The

sales amid rising protectionism in export markets.

number of newly licensed residential units nationwide surged by 61.4% YoY in Q1 2025 (see more details in the Residential Real Estate section). Therefore, we expect that output of key construction materials such as steel, cement, and stone will recover in 2025.

Strong domestic demand is becoming increasingly crucial as protectionist measures continue to rise in export markets during H1 2025. For example, in the steel sector, Vietnamese manufacturers now face higher tariffs in markets such as the U.S. (steel import tax raised to 50%) and Europe (tariff-rate quotas applied to various steel products). In contrast, Vietnam has implemented formal anti-dumping duties on HRC products from China (case AD 20) for 5 years, and preliminary anti-dumping duties on coated steel products from China and South Korea (case AD 19). These developments favor domestic HRC producers such as Hoa Phat (HPG) and Formosa.

Our recommended stocks for the Public Investment sector in H2 2025: HPG, VCG and PLC.

For the public investment segment, we believe infrastructure construction and building materials companies will benefit significantly in 2025, especially during the peak period of construction activities and public investment disbursement at year-end. Our top picks include leading players in infrastructure construction and building materials: **VCG (Target price: VND 28,500/share), HPG (Target price: VND 31,100/share)** and **PLC (Target price: VND 30,000/share).**

HPG – Target price: 31,100 VND – Upside: +19.6%

- Domestic steel demand is expected to rise significantly in 2025, driven by accelerated public investment disbursement and a recovery in the real estate market. We forecast HPG's steel sales volume to grow by 21.0% YoY in 2025
- The Dung Quat 2 project is scheduled to commence operations in 2025, with Blast Furnace No.1 starting in Q1 with capacity about 1.5 million tons/year help to expand HPG's HRC production capacity. HPG also benefits from anti-dumping measures by the Ministry of Industry and Trade against imported HRC from China (AD 20). As a result, TVS Research forecasts HPG's HRC sales volume to grow by 40% YoY in 2025

Risks: (1) Slower-than-expected real estate recovery, (2) Lower-than-expected additional HRC sales volume from Dung Quat 2

VCG – Target price: 28,500 VND – Upside: +25.0%

- VCG is a leading infrastructure construction company in Vietnam, with a large project backlog (~VND 15 trillion), including many key public investment projects scheduled for 2025-2027
- New growth drivers from the real estate segment, with several new project

launches such as Vinaconex Mong Cai Urban Area, Hoa Binh Boulevard Urban Area, etc. We estimate real estate revenue to reach about VND 1.5 trillion in 2025

- Catalyst: In July 2025, VCG divested a 51% stake (equivalent to 107.1 million shares) in subsidiary Vinaconex Tourism Development Investment JSC (UPCOM: VCR) at a minimum price of VND 48,000/share, generating an expected net profit of over VND 2 trillion for VCG

Risks: (1) Slower than expected public investment disbursement, (2) Delays in launching VCG's real estate projects.

PLC – Target price: 30,000 VND – Upside: +20%

- As the largest player in Vietnam's bitumen market, PLC stands to benefit from strong public investment, especially in expressway expansion planned for 2025. We project bitumen segment revenue to grow by about 15% YoY in 2025
- PLC is also expanding lubricant sales outside of Petrolimex's retail network. We expect to improve the performance of the lubricant segment in 2025 (+11% YoY projected)

Risks: (1) Rising oil prices could squeeze margins, (2) Slower than expected public investment disbursement.

Ticker	Price on 11/07/25	Target price	Upside	2025F Revenue	% YoY	2025F NPAT	% YoY	ROE 2024	ROE 2025F	Current P/E	P/E fw 2025
	VND	VND	%	VND bn	%	VND bn	%	%	%	x	x
HPG	26,000	31,100	19.6%	172,479	24.2%	16,594	38.1%	11.1%	13.5%	16.0	11.0
VCG	22,800	28,500	25.0%	14,500	12.7%	3,450	211.3%	10.4%	29.2%	24.9	4.3
PLC	25,000	30,000	20.0%	7,700	11.1%	130	200.8%	3.4%	10.2%	34.0	15.5

Source: Fiin-ProX, TVS Research forecast

Residential Real Estate – Recovery driven by new policies

TVS Research maintains a POSITIVE outlook for the Residential Real Estate sector in 2025.

TVS Research maintains a **POSITIVE** outlook for the residential real estate sector in 2025, in line with the view presented in our 2025 Investment Strategy Report. This stance was reaffirmed in our latest Real Estate Sector Report published on July 14, 2025. The report highlights that legal reforms, infrastructure development and urban planning restructuring are gradually aligning to resolve the supply-demand mismatch and transition the real estate market into a recovery phase.

We maintain the recommended stock list from the beginning of the year, including: **NLG (Target price: VND 51,400/share), KDH (Target price: VND 42,400/share), PDR (Target price: VND 22,200/share)** and add **HDC (Target price: VND 32,900/share)** due to its benefit from integrated planning in Vung Tau, which is attracting reputable major developers and expected to set a new pricing benchmark. Our watchlist for short-term trading opportunities includes **VHM (Target price: VND 92,000/share), DXG (Target price: VND 18,500/share).**

First, the legal framework and the process of project approval and licensing have undergone clear and been better than our expectation in some aspects.

Three key laws include the amended Land Law, the Housing Law, and the Real Estate Business Law were passed and came into effect on August 1, 2024. In H1 2025, a series of decrees and circulars were issued to guide the implementation of these laws, helping to resolve previous bottlenecks related to land allocation, land use fee determination, project transfer and construction licensing. In addition to these laws, two resolutions No. 171/2024/QH15 and No. 206/2025/QH15 have continued to play an important role in resolving complex legal backlogs from the previous period. These legal and policy changes have delivered positive results: the number of newly licensed residential units nationwide rose by 61.4% YoY in Q1 2025, concentrated in Hanoi and southern provinces such as Long An, Binh Duong, and Dong Nai.

Compared to our expectations outlined in 2025 Investment Strategy Report, the supply recovery in Ho Chi Minh City has been slower, despite the city’s reform efforts, due to a large number of backlogged projects and complex legal entanglements that have persisted since 2020-2022. Meanwhile, neighboring provinces have capitalized on flexible mechanisms from the resolutions and new guidelines to accelerate the licensing process. Nevertheless, we are observing positive progress at some major projects in Ho Chi Minh City such as Victoria Village and Lotte Eco Smart City and expect the resolution process to accelerate in H2 2025, adding more supply to the market.

Table 8: The National Assembly and Government have issued many legal documents to resolve and make the real estate market more transparent, helping to increase homebuyers' confidence

Legal factors supporting real estate market supply and demand.

Supply-supporting factors	• Resolution 171/2024/QH15 allows commercial housing development on land not zoned for residential use, applicable nationwide for 5 years. Hanoi is the lead in implementation, setting a legal precedent for resolving land-origin-related issues, particularly in HCM City • Resolution 206/2025/QH15 grants the Government and relevant authorities the power to interpret laws, issue sub-law regulations via a fast-track process, and enforce temporary regulations with legal effect to handle special cases. This mechanism enables local authorities to be more flexible in project approvals and shortens the legal process • The amended Land Law (effective from 01/08/2024) clarifies procedures for land allocation, auctions, and land-use conversion, enhancing access to land for project development • The Housing Law 2023 and Decree 100/2024/NĐ-CP clearly define incentives for social housing, including land use fee exemptions, standardized approval processes, and reduced legal risks for investors • The Real Estate Business Law 2023 improves transparency by requiring bank-based payments, and clearly outlines conditions for capital raising and project guarantees • The two-tier government model (provincial – commune) eliminates the district level, streamlining administrative structures and accelerating investment and planning approvals at the local level • Integrated planning and regional linkage enable synchronization between land use - infrastructure - population planning, shortening the approval timeline for new projects
Homebuyer demand-supporting factors	• Removal of apartment ownership time limits helps buyers feel secure about long-term property ownership • Buyer protection regulations, such as: limiting deposits to a maximum of 5% before pre-sale conditions are met, and requiring bank guarantees for off-plan projects • Social housing support decrees such as Decree 100/2024 and Decree 115/2024 specify policies on investor selection via bidding, financial obligation exemptions/reductions, and streamlined implementation procedures

Source: TVS Research compilation

Second, the pace of public investment disbursement is progressing positively and in line with our expectations, laying a critical foundation for the real estate market's recovery cycle.

In our early-year report, TVS Research projected that 2025 would witness a record level of public investment disbursement (VND 790 trillion, +17% YoY), driven by the push to complete the 2021–2025 mid-term plan and the implementation of new legal reforms. H1 2025 data has confirmed this trend: disbursement reached VND 268 trillion (32.5% of the annual plan), a significant improvement from the same period last year and aligned with the pace of major infrastructure projects on the ground. Compared to earlier this year, we observe that local planning adjustments are progressing faster than expected. Key satellite provinces such as Long An, Dong Nai and Ba Ria - Vung Tau have already approved their provincial master plans through 2030 and are now entering the stages of land-use planning, investor selection and legal procedure acceleration. This stands in contrast to HCM City where many project backlogs from previous years remain unresolved.

We expect infrastructure development to most clearly support the ongoing shift in real estate focus from central urban cores to well-connected satellite areas. According to our Real Estate Sector Report,Transit-Oriented Development (TOD) is emerging as a new development model, replacing traditional planning based on administrative boundaries. Real estate projects clustered around ring roads, metro lines, and expressways are opening up opportunities to reprice areas previously seen as having weak absorption capacity. Provinces such as Long An, Binh Duong and Ba Ria-Vung Tau are gradually forming new residential hubs along major transport corridors, thereby attracting new developments and expanding future supply for the market.

In our view, during H2 2025, real estate zones along strategic infrastructure projects, particularly expressways and ring roads will set new price benchmarks and enhance the liquidity of the secondary market in surrounding regions. Ensuring on-schedule public investment disbursement for key infrastructure remains a decisive factor in sustaining buyer confidence and maintaining the residential property market's recovery momentum in the second half of 2025.

Third, the new wave of urbanization is reshaping the supply - demand map of real estate in satellite areas, driven by administrative reforms, TOD-based planning and demographic shifts.

We believe the real estate market is entering a phase of shifting focus away from central urban areas, driven by three structural changes: administrative reform following the two-tier government model, infrastructure planning based on public transport corridors, and mechanical population growth in industrial localities (Details in Real Estate Sector Report).

First, the consolidation of approval at provincial level is enabling many localities to shorten legal procedures and more proactive in planning, particularly in areas adjacent to HCM City such as Di An, Tan Uyen, Nhon Trach, Phu My, Duc Hoa. These areas had a solid infrastructure foundation and attracted FDI early, are now benefiting from streamlined processes, accelerate project implementation.

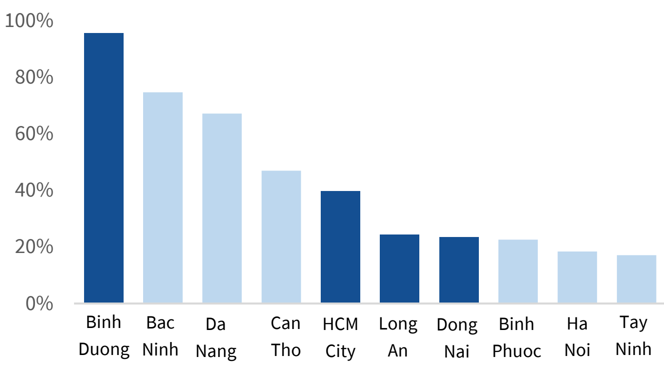
Second, TOD-oriented planning is integrated into land-use and zoning strategies across localities like Long An, Dong Nai and Binh Duong. Metro lines, ring roads and inter-regional expressways are forming the development backbone for new urban, supporting the emergence of self-sustaining residential clusters where housing, employment and social amenities co-exist.

Third, mechanical migration is accelerating the decentralization trend away from HCM City. Industrial provinces nearby continue to record strong population growth among those aged 20–39, a young labor force with clear real housing demand and stable purchasing power. Binh Duong stands out as a prime example, with a population exceeding 3.1 million, driving migration to adjacent areas like Tan Uyen, Duc Hoa and Phu My.

TVS Research believes that the convergence of institutional reform, TOD-led spatial planning and demographic momentum is redrawing the real estate landscape. However, only regions that meet the trifecta of legal clarity, strong execution capacity, and synchronised infrastructure connectivity will be positioned to lead the recovery cycle from H2 2025 onwards.

Figure 7: Provinces near HCM City have the potential to attract new residents to decongest the city.

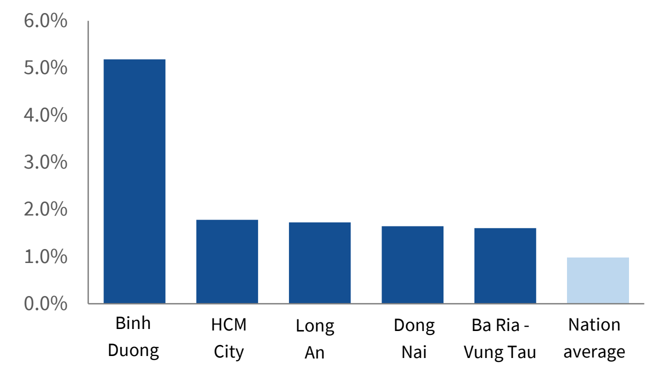
Provinces with high immigration rates in 2024 [%]



Source: GSO, TVS Research compilation

Figure 8: HCM City and surrounding provinces have a high natural population growth rate.

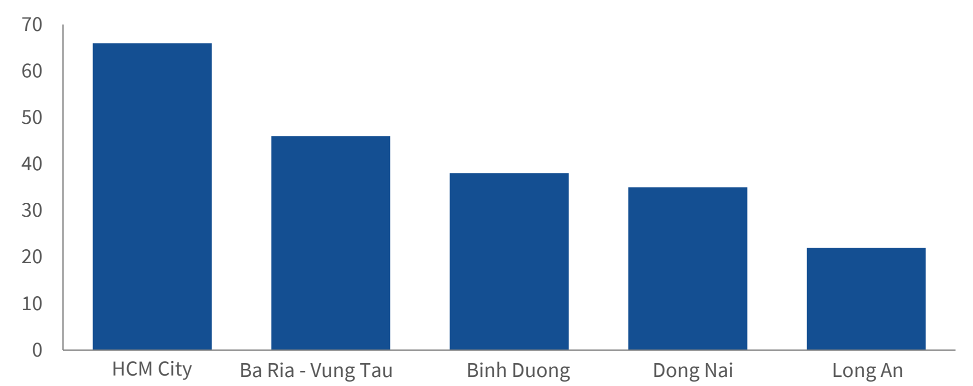
Average population growth rate (2014–2024) in some provinces/cities [%]



Source: GSO, TVS Research compilation

Figure 9: Apartment prices levels in nearby provinces are much lower than in HCM City, encouraging population shift as infrastructure improves

Average apartment prices in provinces neighbouring HCM City [Million VND/m2]



Source: DKRA, TVS Research

Demand is gradually recovering, although it still

Compared to early-2025 forecasts by TVS Research, which expected a gradual recovery in end-user housing demand thanks to low interest rates and credit support, H1 2025 shows buyer sentiment remains cautious. The main reason is

depends heavily on interest rates and market confidence

the gap between primary prices and actual affordability has not narrowed. People's incomes have not improved significantly. Many projects with full legal status still face low absorption rates. This is mainly because prices do not match the financial capacity of real homebuyers.

We believe that in H2 2025, the recovery of demand will depend on two key factors: (1) the flexibility of developers in pricing and product structure; and (2) the restoration of market confidence through visible progress at major projects. Positive signals are emerging, especially in low-rise housing in well-connected areas like Long An, Binh Duong, and Hanoi. However, we maintain a cautious view on the pace of recovery, as the market still needs more time to form a reasonable price level and reposition the mid-end segment in line with actual demand.

Valuation of real estate stocks still has room for growth.

TVS Research estimates that the average P/B ratio of the residential real estate sector is currently around 1.9x, approximately 27% lower than the 2021–2022 average, indicating that valuations remain in a deeply discounted range.

Figure 10: Valuations of the residential real estate sector are ~27% lower than the 2021-2022 average

The P/B valuation of residential real estate companies [x]

Source: Fiinpro-X, TVS Research

Stock recommendation

Based on the above analysis, TVS Research maintains the view that the residential real estate market is entering a phase of establishing a new supply demand equilibrium. The market recovery is not driven by speculative waves or short-term investment flows, but rather by improved legal frameworks, clear urban planning direction and stable monetary policies. However, this process will not occur uniformly, but selectively across localities, segments, and enterprises. Similarly, the revaluation of real estate companies will focus on those that meet three key criteria: (1) a large land bank in satellite provinces with improving infrastructure, (2) clear legal status, and (3) sufficient financial capacity to execute projects on schedule. Based on this set of criteria, TVS Research recommends a list of stocks including NLG, KDH, PDR, HDC for long-term investment, and VHM, DXG for short-term trading (Detail in Real Estate Sector Report)

NLG - Target price: VND 51,400 - Upside: +29.0%

- NLG has a strong brand, with a project portfolio focused on the mid-end segment and well-positioned in satellite cities such as Long An, where real demand and investment capital are rising. Most of its key projects—Izumi City, Southgate, Nam Long Can Tho, and the next phases of Mizuki Park—have completed legal procedures and are located near major infrastructure corridors such as Ring Road 3 and the HCM City–Trung Luong–Can Tho expressway
- TVS Research expects pre-sales in 2025–2026 to double the 2023–2024 average, supported by upcoming launches at Southgate, Izumi City, Can Tho, Mizuki Park, and Akari City. Pre-sales revenue in the first four months of 2025 reached 2,580 billion VND, equivalent to 50% of the total for 2024
- Low net Debt/Equity ratio and reliable partner funding allow the company to proactively manage its financial strategy for project execution
- Catalyst: (1) the launch and sales of large-scale projects such as Izumi City and legal progress at new townships like Waterpoint Phase 2; (2) the sale of a 15% stake in Izumi City and additional share issuance to existing shareholders

VHM - Target price: VND 92,000 - Upside: +4.7%

- VHM maintains its leading market position with a large land bank, extensive project pipeline, and strong execution capabilities, targeting the mid- to high-end segments. From 2016 to Q1 2025, VHM held 39% and 38% market shares in the high-end and mid-end segments in Vietnam, respectively, according to CBRE
- We believe that the recovery in market liquidity will drive the return of mid- to long-term investment demand, particularly in the high-end segment. From 2025–2027, new launches such as Green City (Long An), Green Paradise (Can Gio), and Golden City (Hai Phong) will be key drivers of VHM's sales growth
- Catalyst: The restart of major long-delayed projects such as Apollo City (Quang Ninh), International University Township (HCM), VH Wonder City (Hanoi), and VH Green City (Tay Ninh), along with strong sales progress at Royal Island, Green Paradise, Wonder City, and Green City, are key catalysts supporting the stock price outlook over the next 6–12 months

KDH - Target price: VND 42,400 - Upside: +39.9%

- KDH owns a sizable land bank (~520 ha) in HCM City, well-positioned with clear legal status and a focus on low-rise developments targeting real end-user demand. Amid limited new supply and rapid urban population growth, we expect well-legalized projects like Gladia and The Solina to continue seeing healthy absorption
- Gladia by the Waters (Thu Duc City – 51% owned by KDH) is expected to be the key earnings driver from H2 2025, supported by the near-completion of low-rise construction and planned launch in early Q3 2025. Meanwhile, mid-sized projects like The Solina (Binh Chanh) and the expanded Le Minh Xuan Industrial Park will contribute significantly starting from 2026

Catalyst: Progress in site clearance at the key Tan Tao project (~329 ha, with over 85% compensation completed) and the potential launch from 2027 could serve as a driver for long-term growth

PDR – Target price: VND 22,200 - Upside: +18.4%

- PDR has completed its financial restructuring phase and is entering a new project sales phase, highlighted by the Binh Duong Tower project, which is expected to launch sales in H2 2025. In addition, central region projects like Binh Dinh Iconic will continue to contribute to sales revenue and support earnings growth post-restructuring
- PDR's shift to the apartment segment and strengthened partnerships with international investors help expand financial channels and ease debt pressure
- Catalyst: The new developments in selling stakes in Binh Duong Tower to foreign partners and divesting the Q1 Tower project (Binh Dinh) could be a catalyst for short-term stock price appreciation

DXG – Target price: VND 18,500 - Upside: +8.5%

- DXG owns a large project portfolio in key infrastructure-connected areas such as Dong Nai and Thu Duc City – locations attracting strong investment demand due to expectations around Long Thanh Airport and the metro network. Two key projects, Gem Sky World (~4,000 units, ~60% sold and ~48% handed over) and The Privé (~3,200 units), are expected to relaunch sales from H2 2025, serving as the main drivers of sales growth during the 2025–2026 recovery period
- We forecast brokerage revenue to grow 30% YoY in 2025, driven by a rebound in transaction volume from the low base of 2023–2024 and contributions from restarted projects

- Catalyst: The official launch of The Privé in 2025 and legal progress at Binh Duong projects such as Opal Luxury and Park View will support DXG's valuation, though dilution risk from capital raising plans remains a key concern.

HDC – Target price: VND 32,900 - Upside: +26.8%

- HDC is well-positioned to capture the recovery cycle of the Ba Ria - Vung Tau market, backed by a large land bank concentrated in strategic locations such as Vung Tau City, Phu My, and Long Dien—areas benefiting significantly from infrastructure investment, especially the Bien Hoa - Vung Tau expressway, slated for completion by year-end. The arrival of major developers like Sun Group is reshaping regional pricing, creating favorable conditions for local players like HDC to leverage their land bank to scale up and reposition pricing

- We forecast average annual pre-sales in 2025–2026 to reach VND 1.2 trillion, doubling the 2022–2024 level, supported by the relaunch of projects such as The Light City Phase 1, Ngoc Tuoc 2, Tay 3/2, Sea Village, and Ecotown Phu My social housing. Cash proceeds from the Dai Duong project divestment (~VND 1,700 billion) will support reinvestment and drive profit growth in 2025–2026

- Catalyst: (1) The planned divestment of the Dai Duong project progresses faster than expected, (2) The reopening of major projects like Light City occurs earlier than our initial forecast

Ticker	Price on 11/07/25	Target price	Upside	2025F Revenue	% YoY	2025F NPAT	% YoY	ROE 2024	ROE 2025F	Current P/B	P/B fw 2025
	VND	VND	%	VND bn	%	VND bn	%	%	%	x	x
NLG	38,850	51,400	32.3%	5,137	-28.6%	982	-29.2%	9.9%	6.5%	1.5	1.4
KDH	30,300	42,300	39.6%	4,515	37.7%	1,468	82.6%	5.0%	7.2%	1.8	1.6
PDR	18,750	22,200	18.4%	2,118	157.8%	249	60.5%	1.5%	2.2%	1.5	1.5
HDC	25,950	32,900	26.8%	696	27.4%	422	530.7%	3.2%	17.0%	2.0	1.7
VHM	87,900	92,000	4.7%	93,940	-8.2%	37,137	5.9%	7.0%	6.6%	1.8	1.5
DXG	17,050	18,500	8.5%	4,461	-7.0%	502	10.7%	1.1%	1.5%	1.4	1.1

Source: FiinPro-X, TVS Research compilation

Banks - Boosting credit disbursement

We maintain a POSITIVE outlook for the banking sector in 2025; however, we lower our profit growth forecast for the sector.

In line with our forecast in the 2025 Investment Strategy Report (2025 Investment Strategy Report), the banking sector's business environment in H1 2025 continues to face challenges such as narrowing net interest margins (NIM) and rising bad debts. The economic outlook becomes more uncertain due to U.S. tariff policies. A bright spot in the sector's H1 performance is stronger credit disbursement compared to H1 2024, driven by the recovery of the real estate market and spillover effects from public investment.

Although the banking sector outlook has become less favorable compared to early 2025, TVS Research remains optimistic about the improvement in banks' business performance toward the end of the year. Credit growth is expected to remain strong to ensure sufficient capital for economic expansion. However, this credit growth is unlikely to be accompanied by an improvement in NIM in 2025, as banks need to maintain low interest rates to support households and businesses amid uncertainties driven by tariff policies. TVS Research revises down its NIM forecast for 2025 from flat to a slight decline (2025 Investment Strategy Report, for details).

Regarding asset quality, we believe that efforts in debt restructuring and resolution, along with gradually improving business conditions for enterprises and households, will help lower the banking system's non-performing loan (NPL) ratio by the end of 2025. Additionally, the revised Law on Credit Institutions, which codifies key provisions of Resolution 42, has been passed by the National Assembly and is slated to take effect in October 2025, boosting the sector's NPL resolution. (Detailed reference Banking Sector Update Report).

We have revised down our profit growth forecast for state-owned commercial banks (SOCBs) under our coverage to 11.0% from 18.2% after updating actual 2024 data and adjusting growth assumptions for 2025.

Our recommendation list for H2 2025 focuses on banks with strong business growth and/or attractive valuations, including **CTG (Target price: VND 48,900), VPB (Target price: VND 26,000)**, **MBB (Target price: VND 29,800)** and **TCB (Target price: VND 36,600).**

Credit disbursement is accelerated from the first months of 2025. TVS upgrades its credit growth forecast for 2025, expecting

System-wide credit growth reached 9.9% YTD in H1 2025. Credit disbursement picked up strongly from March 2025, increasing steadily month by month. New loans focused on short-term tenors (rising to 57.0% of total loans by end-Q1 2025 from 56.1% in Q1 2024), indicating cautious borrower sentiment. However, a positive signal is that personal loan (retail) growth improved in Q1 2025 versus

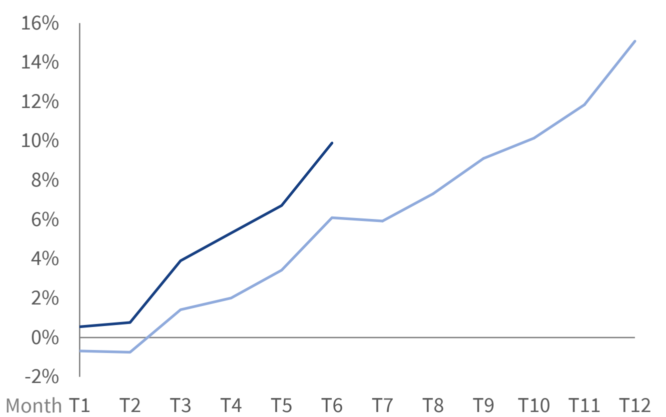
it to exceed 16%.

the same period in the past two years.

High credit growth in the first quarter concentrated on private joint-stock banks with a high proportion of corporate lending. Meanwhile, banks focused on personal customer lending and involved in mandatory transfers of weak credit institutions, posted below-average growth due to their support obligations.

Figure 11: Credit growth rate in the first months of 2025 is higher than the same period in 2024.

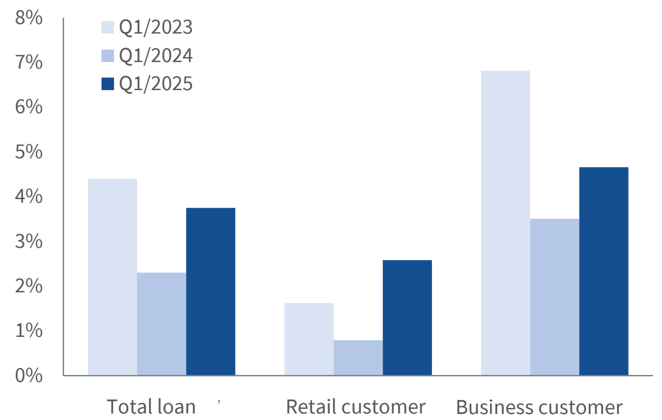
Monthly credit growth rate [% YTD]



Source: FiinPro-X, SBV, TVS Research

Figure 12: Corporate lending remains dominant, but personal loan growth improves in Q1 2025.

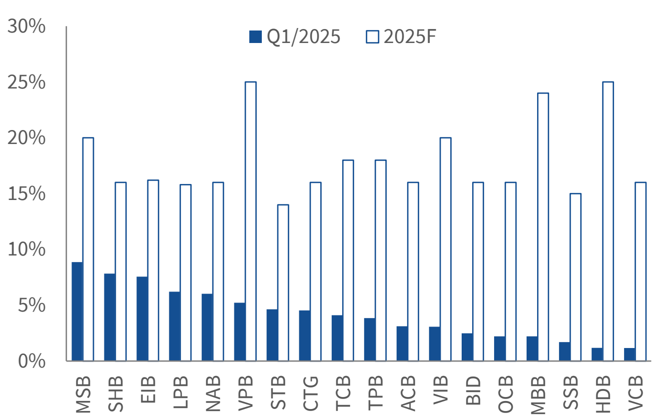
Loan growth by customer segment in the first quarter of 2023-2025 [% YTD]



Source: Listed banks, TVS Research

Figure 13: Private JSC banks with a large proportion of corporate loans recorded high credit growth.

Credit growth of SOCBs in Q1 2025 and TVS Research's credit growth forecast for SOCBs in 2025 [% YTD] (*)

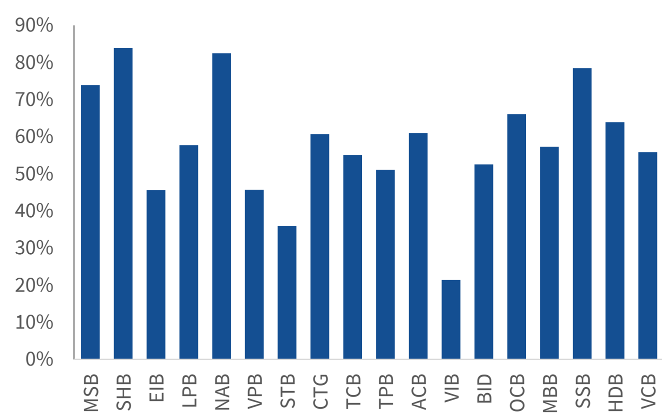


Source: Listed banks, TVS Research

Note: (*) TVS Research uses data from 18 listed banks on the Ho Chi Minh Stock Exchange (HOSE) for graphical illustration purposes. The 2025 credit growth figures for these banks are forecasts by TVS Research, except for SHB, EIB, LPB, NAB, OCB, and SSB, which are based on the banks' own plans.

Figure 14: High credit growth in Q1 was concentrated in private banks with above-average corporate loan ratios.

Proportion of corporate loans at SOCBs in 2024 [%]



Source: Listed banks, TVS Research

TVS Research upgrades its credit growth forecast for 2025, expecting it to exceed 16%. We believe that public investment disbursement will continue to be boosted in H2 2025, along with a clearer recovery in the real estate market, which will be the main drivers of business activities and credit demand. Additionally, we expect supportive policies to promote private economic development, particularly in key sectors like high-tech industry, manufacturing, and energy, as well as small and medium-sized enterprises (SMEs) and startups, as per Resolution 68, to contribute to credit growth. We anticipate that banks with a balanced lending structure between personal and corporate loans, high exposure to public investment projects, infrastructure, and construction, and real estate lending, especially banks receiving mandatory transfers, will record high credit growth in H2 2025.

The credit market share landscape could change significantly if credit growth limits are removed.

Recently, the Prime Minister instructed the State Bank of Vietnam to research and report by July 2025 on a plan to remove credit growth limits for banks, transitioning to market-based management and developing criteria to ensure credit safety. TVS Research believes that if credit limits are removed, banks with strong capital, high capital safety ratios, and effective risk management will be able to rapidly expand their credit portfolios.

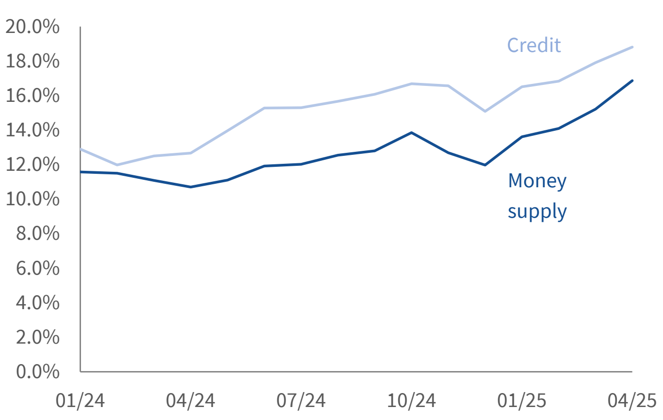
Capital mobilization speeds up to support credit growth.

As of April 2025, total money supply rose 4.5% YTD, with deposits from economic organizations and residents up 2.9% YTD, improving from 2024. At SOCBs, customer deposits increased 2.4% YTD, while credit grew 3.6% YTD. To support credit growth, many banks accelerated capital mobilization via issuing valuable papers. The share of valuable paper mobilization at SOCBs rose to 9.1% in Q1 2025, from 8.4% at end-2024

For deposits, the balance and CASA ratio declined compared to the end of 2024, partly increasing pressure on banks' funding costs. In addition to seasonal factors, we think the launch of auto-profit products by several banks (TCB, VIB, MSB, VPB, LPB) has caused some CASA deposits to migrate to these auto-profit accounts.

Figure 15: Money supply growth has improved in recent months

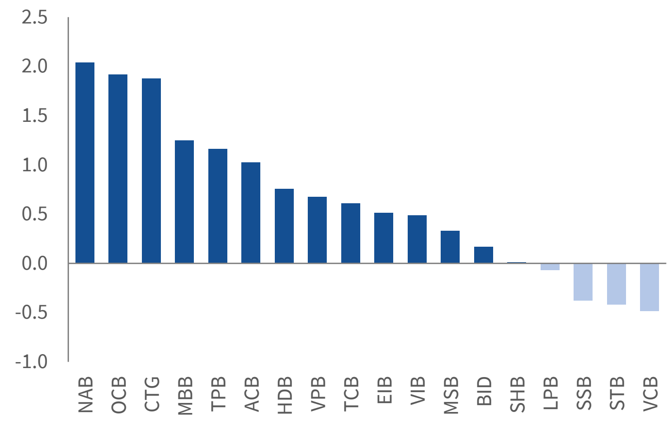
Total payment instruments and credit growth YoY [% YoY]



Source: FiinPro-X, SBV, TVS Research

Figure 16: Banks ramp up valuable paper issuance while cutting interbank dependence.

Change in the proportion of funding from valuable papers and interbank sources between Q1 2025 and Q4 2024 of listed banks [percentage points]



Source: Listed bank, TVS Research

The downward trend in banks' NIM continued in Q1 2025. We forecast that the pressure on banks' NIM will gradually ease, but for the full year 2025, it will still decline compared to the previous year.

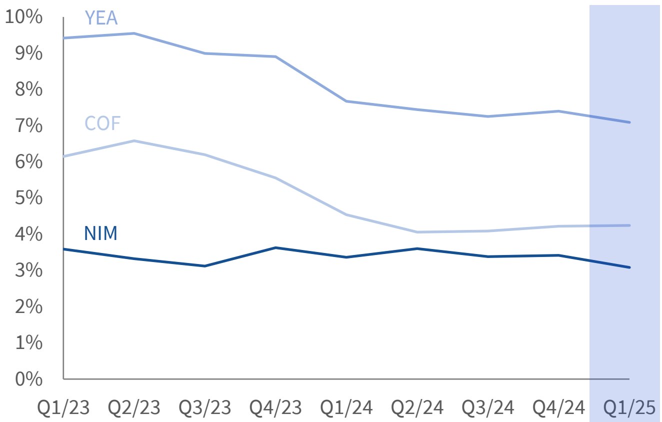
Banks' net interest margins (NIM) in Q1 2025 continued to decline compared to the previous quarter and the same period in 2024 due to a slight increase in funding costs while lending rates continued to decrease. Funding costs (COF) for banks in Q1 2025 rose slightly QoQ, reflecting short-term interest rate increases, a decline in CASA deposits, and a rise in funding through valuable papers. Meanwhile, consistent with our forecast in the 2025 Investment Strategy Report, the downward trend in lending rates continued in H1 2025 as banks sustained customer support policies and competed on interest rates to boost credit growth.

We believe the downward pressure on NIM will ease in the H2 of the year due to stable funding interest rates and limited room for further lending rate cuts. However, overall year 2025, NIM is expected to decline slightly compared to 2024. In H2 2025, TVS Research expects the interest rate level in the market to remain stable thanks to the SBV's flexible liquidity management in a loosening direction, helping COF steady. Nevertheless, short-term fluctuations in deposit interest rates may occur locally at some banks with rapid credit growth, especially in the last quarter. Regarding lending rates, we expect banks to maintain current low rates for an extended period to support economic growth, adjustments to increase rates will depend on changes in input rates and be limited.

In this context, banks with advantages in low funding costs due to abundant CASA (TCB, MBB, VCB), and those that can improve their credit structure by increasing the proportion of long-term loans, personal housing loans, and consumer loans while controlling the quality of their credit portfolio will be able to limit the decline in NIM.

Figure 17: NIM continues its declining trend in Q1 2025 as COF increases while asset yields continue to decrease.

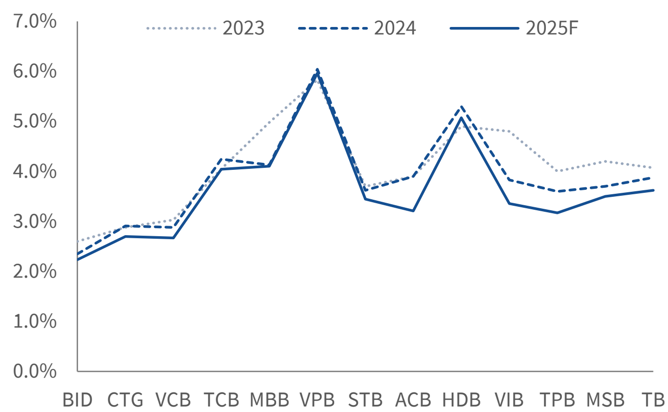
YEA, cost of fun (COF) and net interest margin (NIM) of listed banks [%]



Source: Listed banks, TVS Research

Figure 18: TVS adjusts downward its forecast on the NIM of banks in its coverage list for 2025.

NIM of banks under TVS Research coverage [% YTD]



Source: Listed banks, TVS Research

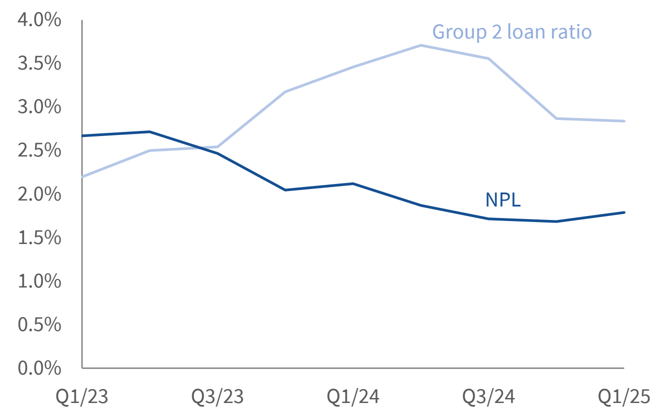
We still expect bank asset quality to improve, but the recovery is likely to be slower than our initial forecast.

The asset quality of banks deteriorated in Q1 2025. We believe the reason may come from the financial situation of individuals and businesses not showing significant improvement and the debt restructuring period under Circular 02/2023/TT-NHNN (later extended by Circular 06/2024/TT-NHNN) has expired.

While we maintain our forecast that banks' asset quality will gradually improve toward the end of the year, we believe the pace and extent of improvement will be slower and more modest than projected in the 2025 Investment Strategy Report**.** The continued recovery of business conditions for both enterprises and households, along with a stronger rebound in the real estate market in H2 2025, will be key drivers supporting asset quality. However, rising uncertainty stemming from U.S. tariff policies and global economic conditions has dampened the recovery outlook for certain sectors and household consumption. As a result, provisioning pressure on banks is expected to persist**.**

Figure 19: The asset quality of banks deteriorated sharply in Q1 2025

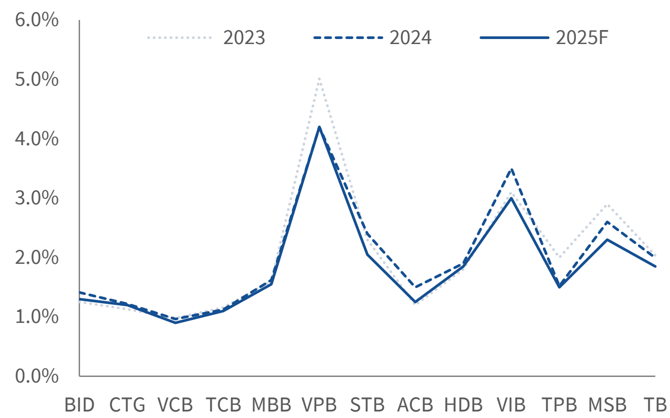
NPL ratio and Group 2 loan ratio of c of listed banks [%]



Source: Listed banks, TVS Research

Figure 20: TVS maintains its forecast that asset quality will improve by the end of 2025, but at a slower pace and to a lesser extent

NPL ratio of banks under TVS Research coverage [%]



Source: Listed banks, TVS Research

Pre-tax profit of banks increased by 14.5% in Q1 2025, driven by credit growth and rising non-interest income, while provisioning costs decreased slightly.

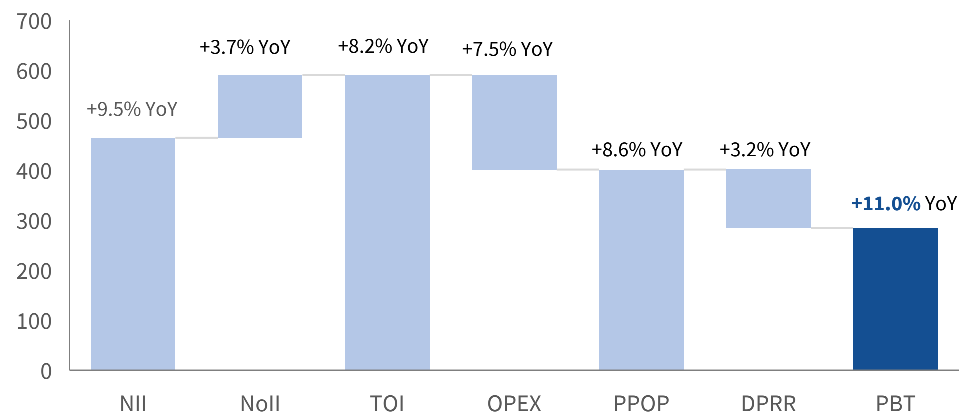
The 14.5% YoY growth in pre-tax profit of banks in Q1 2025 was driven by a 6.2% YoY increase in net interest income and a 44.3% YoY rise in non-interest income and fees (including gains from divesting PTF at SSB, foreign exchange trading income at VCB, and bad debt recovery at CTG, HDB, VPB, etc.), while provisioning costs decreased slightly by 1.3% YoY (Reference Q1 2025 Earnings Report). High profit growth was concentrated in private commercial banks with strong credit growth in 2024 and Q1 2025, such as MBB, VPB, HDB, and SSB, thanks to extraordinary profits from divesting subsidiaries. Meanwhile, some retail banks like ACB and VIB recorded a decline in profit compared to the same period last year.

TVS Research downgrades its profit growth forecast for 12 banks under coverage from 18.2% YoY to 11.0% YoY.

Although revising up our credit growth forecast for banks compared to our 2025 Investment Strategy Report, we cut our pre-tax profit forecast for banks under coverage due to lower NIM assumptions and slower asset quality improvement. We believe banks' NIM will decline in 2025 and slow NPL recovery, along with potential risks from global macro uncertainties, may increase provisioning pressure on banks.

Figure 21: VS Research has revised down its profit growth forecast for the 12 banks under its coverage to 11.0% YoY

The aggregate banks in coverage list's revenue and cost components [VND trn] and their % YoY growth



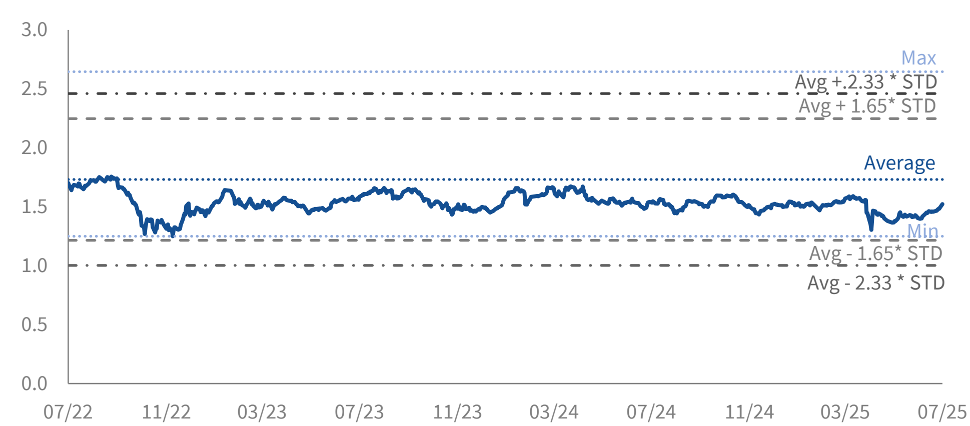
Source: Fiinpro-X, TVS Research. Note: NII – Net Interest Income, NoII – Non-Interest Income, TOI – Total Operating Income, OPEX – Operating Expenses, PPOP – Pre-Provision Operating Profit, DPRR – Provision for Risk and Bad Debts, PBT – Profit Before Tax

The valuation of the banking group is currently around 1.5x, a level it has traded at for most of 2024, following a significant decline in April.

In H1 2025, bank valuations fluctuated sharply due to the U.S. retaliatory tax shock in early Q4, pushing the sector's P/B ratio down to 1.3x — near a five-year low. However, during the 90-day tax suspension period and following a preliminary tax agreement between Vietnam and the U.S., bank stocks rebounded. Currently, the sector is trading at a P/B of around 1.5x, reflecting a 12% discount compared to the five-year average.

Figure 22: After a sharp decline in early Q4, the valuation of the banking group has returned to around 1.5x, a level it traded at for most of 2024

The P/B ratio of Banking Sector from July 2022 - present [x]



Source: Fiinpro-X, TVS Research

Mean and Standard Deviation of the Industry's P/B Ratio over the Past 5 Years

Stock Recommendation

Our recommended portfolio for H2 2025 focuses on banks with strong business growth, attractive valuations, and/or catalysts for re-rating, including **CTG (Target price: VND 48,900), VPB (Target price: VND 24,000), MBB (Target price: VND 29,800) and TCB (Target price: VND 36,600).** We have adjusted our target price for **VCB** downward to VND 71,100 and removed it from our H2 2025 recommendation list due to a decrease in our net profit growth forecast to 3.3% YoY (from 13.1% YoY) and a delay in the expected private placement to 2026.

CTG – Price target: VND 48,900 – Upside: +9.6%

- The "transformation" process of CTG since 2018 has improved its operational foundation, paving the way for high profit growth in the medium term. We believe CTG has the potential to expand its NIM in the coming period thanks to a shift in its lending structure towards retail and optimization of capital costs through increased CASA. Notably, provisioning pressure has decreased due to improved asset quality and CTG's proactive provisioning and bad debt handling during 2021-2024
- The bank's valuation is attractive among state-owned banks, with potential for re-rating to a higher P/B as growth constraints such as CAR ratio are gradually removed and the bank's position improves
- TVS Research forecasts 19.5% pre-tax profit growth in 2025, driven by strong credit growth and reduced provisioning

Risks: (1) Provisioning takes longer than expected, (2) NIM faces greater downward pressure.

VPB – Price target: VND 24,000 – Upside: +19.1%

- TVS Research forecasts VPB's pre-tax profit to grow 20.4% YoY, driven by 25.0% credit growth. NIM decline is moderate at 0.08 percentage points, with credit cost around 4.0%. Growth will be driven by real estate and mortgage loans, which account for 40% of VPB's loan portfolio.
- Attractive valuation: VPB is trading at a P/B TTM of 1.1x, lower than the 1.3-1.4x P/B of comparable private banks and below its historical levels. We believe the rapid decline in asset quality and profitability during 2023-2024 for the parent bank and Fe Credit (FEC) are the main reasons behind VPB's valuation discount. The restructuring process at FEC has yielded positive results (had profit in 2024 and bad debt under control), while the parent bank's performance has improved. We believe these factors will enable VPB to sustain its growth momentum and potentially re-rate to a higher P/B

Risks: (1) Consumer lending recovers slower than expected, (2) High non-performing loans put pressure on provisioning costs.

MBB – Target price: VND 29,800 - Upside: 11.6%

- We forecast MBB to achieve around 20% profit growth over the next 3 years while maintaining an ROE of 18-19% due to (1) competitive advantage in funding costs (highest CASA in the industry), (2) high credit growth, (3) increased non-interest income from cross-selling products within its ecosystem, and (4) effective bad debt control
- TVS Research forecasts MBB's pre-tax profit to grow 14.6% YoY in 2025 driven by 24% YoY credit growth, effective cost of capital management maintaining NIM stability compared to 2024, and slight asset quality improvement reducing provisioning pressure, with a forecasted increase of 7.4% YoY

Risks: (1) NIM declines more than anticipated, (2) Asset quality worsens.

TCB – Target price: VND 36,600 – Upside: +4.7%

- TCB has a comprehensive financial ecosystem, strong technology infrastructure, vast data, and a well-structured business model with market-leading products, creating sustainable competitive advantages
- With over 70% of its loan book in real estate and homebuyer lending, TCB is among the first to benefit from the real estate market recovery. TVS Research forecasts TCB's credit growth at 18.0% YoY in 2025. However, due to rising competition and less certain business recovery, we expect a slower rollback of the "flexible pricing" program, leading to a slight NIM decline in 2025 instead of an increase
- Catalyst: IPO TCBS (10% stake expected, Q4 2025 – Q1 2026) may lead to a re-rating of TCB's P/B valuation

Risks: The real estate market is recovering slower than expected, slowing down the process of improving TCB's NIM.

Ticker	Price on 11/07/25	Target price	Upside	TOI 2025F	% YoY	NPAT 2025F	% YoY	ROE 2024E	ROE 2025F	Current P/B	P/B fw 2025
	VND	VND	%	VND bn	%	VND bn	%	%	%	x	x
CTG	44,600	48,900	9.6%	84,885	3.6%	30,214	18.6%	18.6%	18.7%	1.6	1.4
VPB	20,150	24,000	19.1%	70,738	13.6%	19,269	20.5%	11.1%	12.6%	1.1	1.0
MBB	26,700	29,800	11.6%	61,884	11.7%	26,428	15.1%	21.5%	20.6%	1.4	1.2
TCB	34,950	36,600	4.7%	52,992	12.8%	24,630	13.2%	15.6%	15.4%	1.6	1.4

Source: Fiin-ProX, TVS Research

Information Technology - Digital transformation and AI are irreversible trends

We maintain an OVERWEIGHT rating on the Information Technology sector in 2025.

IT spending will be impacted by global macroeconomic fluctuations, directly affecting businesses worldwide. However, IT spending will become more specialized in finding new growth drivers. AI remains a key future investment trend, driving demand for data center systems to support its growing adoption. This trend will boost the development of Vietnam's data center segment, supported by lower operating costs compared to other Asian cities.

The government continued promoting Digital Transformation in H1 2025, aiming to become a digital nation by 2030. Establishing a National Data Center is a key step to strengthen data governance amid fragmented infrastructure and weak interconnectivity.

For the Technology sector, our top stock pick for 2025 is **FPT** (**Target price: VND 144,400, Upside: +14.1%).**

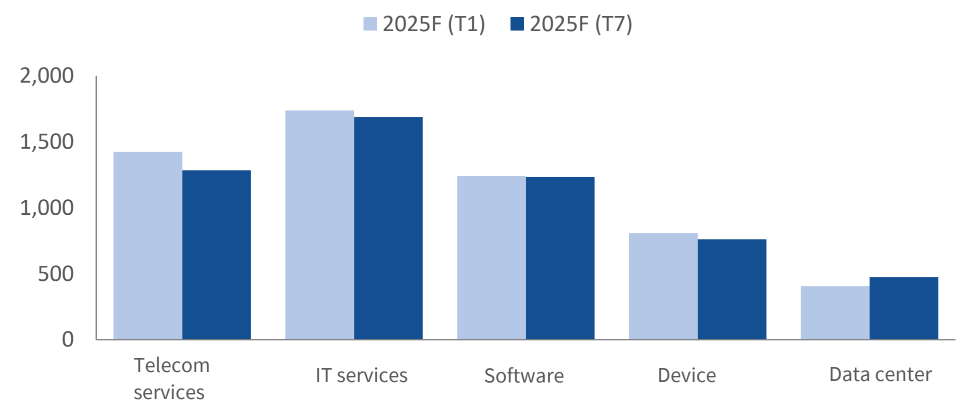
The growth rate of IT spending is forecast to slow down, but spending on data center systems will be boosted.

The global economic growth outlook has weakened due to macroeconomic fluctuations, such as the US trade policy and geopolitical tensions. Major organizations like the World Bank, IMF, and Morgan Stanley have revised their global economic growth forecasts downward by 0.1-0.4 percentage points since the start of the year. (Reference 2025 Strategy Investment Report). This has negatively impacted business operations and investment plans, leading to reduced IT spending. IDC and Gartner have revised down their 2025 IT spending growth forecasts to 5–9% YoY (from 10% YoY earlier this year) and 7.8% YoY (compared to the 9.8% YoY forecast in Q1 2025), respectively.

IT spending in the coming period will be segmented by sector to find new growth drivers. Accordingly, spending on traditional sectors such as telecom services is forecast to slow down. Conversely, investments in data center systems will accelerate to meet the growing demand for AI and generative AI applications.

Figure 38: Growth in technology spending has slightly declined compared to early-year forecasts due to the impact of global macroeconomic fluctuations.

Gartner's Global IT Spending Forecast for Q1 and Q3 2025 [USD billion]



Source: Gartner, TVS Research

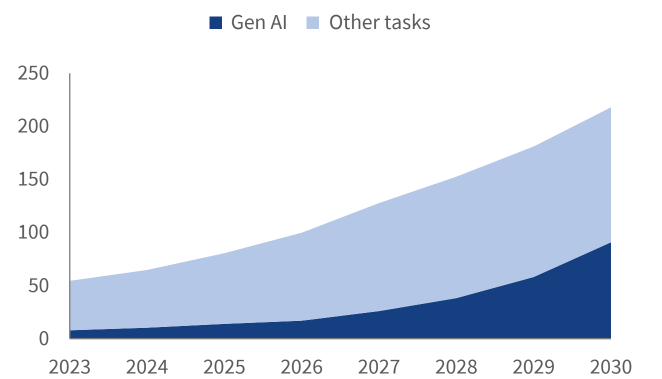
Developing data center systems is currently the focus of the global technology industry to meet the growing demands of AI development.

The demand for data center applications and development has surged in recent years to support AI workloads that consume significant power and high-performance models. This has led to increased spending on data center systems globally. According to McKinsey's forecast, global data center capacity could reach 220 GW by 2025 and grow at a CAGR of 22% per year from now to 2030. To achieve this, global data center spending in 2025 will need to increase by over 40% YoY.

We maintain our view that this will be a driving force for the development of the data center sector in Vietnam in the future, thanks to its advantages in terms of lower operating costs compared to other cities in the Asia region (2025 Investment Strategy Report, for details). In H1 2025, Viettel launched its first hyperscale data center in Vietnam with a design capacity of over 140 MW (equivalent to 10,000 racks). We expect this to be the beginning of the development of hyperscale data centers in Vietnam.

Figure 39: Global data center capacity could reach approximately 220 GW by 2030

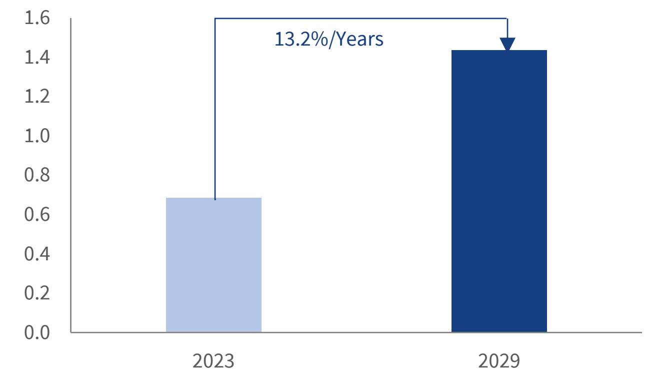
Forecast of global data center capacity 2023-2030F [GW]



Source: McKinsey, TVS Research

Figure 40: The value of Vietnam's data center market could reach USD 1.4 billion by 2029

Vietnam data center market lalue 2023-2029F [USD billion]



Source: Research & Markets, TVS Research compilation

The government continues to promote the Digital Transformation process, targeting goals for 2030.

Following Politburo Resolution 57-NQ/TW, the government has been strongly promoting digital transformation, aiming to become a digital nation by 2030. In March 2025, the Prime Minister issued Directive No. 07/CT-TTg on accelerating the implementation of the national digital transformation data application development plan. One of the measures to achieve this goal is the establishment of the National Data Association, along with the National Data Center project, which is expected to start operating from August 2025. The project will serve as a core platform for centralized data management - a crucial element in the digital transformation process. We expect leading technology companies such as FPT and CMG to be among those capable of providing technology and digital infrastructure solutions for the digital transformation phase from now until 2030.

FPT is our preferred technology stock for 2025.

We maintain a positive view on FPT stock due to its position as a leading enterprise that participates in multiple stages of the industry value chain, including software development and solution provision, IT services, network infrastructure, AI research, and chip manufacturing

FPT – Target rice: VND 144,400 – Upside: +14.1%

We maintain our expectation that FPT will sustain revenue growth of around 20% per year over the next 5 years, driven by strong digital transformation demand globally and in Vietnam. FPT's competitive advantages come from:

- Leading industry position with a diverse range of products and services across the value chain (software, solutions, services, IT systems, chip manufacturing) and experience in implementing digital transformation projects.

- We forecast FPT to record revenue and net profit of **VND 75,440 billion (+20.0% YoY)** and **VND 11,246 billion (+19.3% YoY)** in 2025, driven primarily by software exports. **EPS 2025 = VND 6,761/share, P/E 2025 FW = 13.1x**.

Ticker	Price on 11/07/25	Target price	Upside	Revenue 2025F	% YoY	2025F NPAT	% YoY	ROE 2024	ROE 2025F	Current P/E	P/E fw 2025
	VND	VND	%	VND bn	%	VND bn	%	%	%	x	x
FPT	126,600	144,400	14.1%	75,440	20.0%	11,246	19.3%	14.1%	15.7%	22.6	13.1

Source: Fiin-ProX, TVS Research forecast

The upgrade of Vietnam's stock market is expected to be implemented

We maintain a POSITIVE outlook on the Securities sector's prospects in 2025.

TVS Research has a **POSITIVE** outlook on the securities industry for H2 2025. We maintain our optimistic view that Vietnam's stock market will be upgraded in the upcoming September 2025 evaluation. In H1 2025, the KRX system was officially launched after years of implementation, featuring new functionalities. This system is one of the nine solutions proposed by the State Securities Commission to accelerate Vietnam's market upgrade process in 2025.

According to the latest updates on market upgrade, Vietnam remains on FTSE Russell's watchlist for potential upgrade to Secondary Emerging Market status, following the March evaluation. However, FTSE Russell has acknowledged positive changes in trading infrastructure and continuous commitments from the State Securities Commission and the government to support securities market reforms.

For investment portfolio purposes, our preferred stock in the securities sector for 2025 is **HCM (Target price: VND 29,100/share).**

Although still on the watchlist for upgrade, Vietnam's stock market has received some positive assessments from FTSE Russell in the March 2025 evaluation.

In the March 2025 evaluation of global stock markets, FTSE Russell maintained Vietnam on the watchlist for potential upgrade from Frontier Market to Secondary Emerging Market status. Two criteria that Vietnam has yet to meet include (1) delivery versus payment (DvP) and (2) settlement - costs associated with failed trades. Nevertheless, we note some positive points in FTSE Russell's assessment, such as (1) recognition of the change in the non-prefunding since November 2024, (2) acknowledgment of the continuous commitment from Vietnam's market regulators to system reforms, (3) high praise for the Vietnamese government's support in reforming the market. However, FTSE Russell also emphasized further improvement in (1) account opening and registration procedures and (2) trading mechanisms for stocks with foreign ownership limits.

Table 9: The solutions proposed by the State Securities Commission aim to address bottlenecks, enhance transparency, and attract foreign investors

The State Securities Commission (SSC) has proposed a set of solutions to achieve the goal of upgrading the stock market

No.	Category	Content	Solution	Primary impact
1	Implementation of Circular 68	Information disclosure	Disclosure of foreign investors not repurchasing, omitting information on the disclosure representative.	Implementation according to FTSE Russell standards
2		Implementation of Non-prefunding	Discussion with securities companies to unify the handling of issues such as: • Portfolio of securities applying NPF • Determining the cash requirement in the account • Procedure for handling failed transactions • Framework agreement with customers	Synchronizing procedures between securities companies and VSDC

3		Foreign ownership room	The implementation of the KRX system will help maintain foreign ownership room until T+3.	increase flexibility in managing foreign ownership room.
4	Trading Infrastructure	KRX Trading System	Implementation of the KRX trading system, announcement of its features and improvements.	Enhancement of system operations.
5		Implementation of Central Counterparty (CCP) mechanism	• Establishment of a subsidiary under VSDC to manage this issue. • Completion of payment procedures between VSDC and member securities companies • Allowance for commercial banks to become clearing members.	Increased efficiency in system operations, meeting FTSE Russell requirements.
6		Straight-Through Processing (STP) system between securities companies and custodian banks	• Develop an information exchange system between custodian banks and brokers to support trading by investors with accounts at custodian banks • Upgrade of the system to use SWIFT standard messaging within the next year.	Improvement of trading quality for institutional investors.
7		Omnibus Account	The State Securities Commission (SSC) researches and implements Omnibus Accounts for foreign investment funds	Attracting foreign investors to trade in Vietnam.
8	Other	Establishment of a Dialogue Group	Implementation of a policy dialogue group to address issues faced by foreign investors.	Improving service quality and resolving bottlenecks for foreign investors.
9		Procedures	Simplification and reduction of account opening time for foreign investors' indirect investment activities.	Reducing procedural time, attracting foreign investors.

Source: SSC, TVS Research compilation

The KRX system will officially operate starting from May 2025.

The KRX system was officially launched on May 5, 2025. We believe this is a crucial step in creating a platform for future upgrades to the trading system. Overall, the new features of the KRX system enhance transparency and clarity for investors, while allowing the system to operate more stably.

Table 10: The new features of the KRX system enhance liquidity and ensure more stable operation compared to the previous system.

Comparison table of features between the old system and the KRX system and its impact on investors.

No.	Feature	Previously	KRX	Impact
1	ATO/ATC Session	ATO/ATC orders are prioritized for matching before limit orders	ATO/ATC orders are no longer prioritized over orders at price limits.	More fairness.
2		ATO/ATC price board displays prices with ATO/ATC symbols.	Display of determined prices with matched volume deducted.	Price board is clearer and more intuitive.
2	Order Modification/ Cancellation	Allow simultaneous modification of price and quantity in one edit.	No simultaneous modification of price and quantity in one edit.	Increased system stability.
3	Auto-Matching Orders	MP orders	Changed to MTL order, unmatched portion becomes LO order.	Reduced risk for investors.
4	Restricted Securities	Only afternoon trading session	Trading throughout the day with periodic matching every 15 minutes per session.	Increased liquidity.

5	Foreign Room	Foreign room is updated after the buy order of foreign investors is matched	Foreign room is updated after buy/sell orders into the clearing house system.	Accurate reflection of foreign investor transactions.
6	Derivatives	By its former name	Changed to international standard naming conventions	Professionalization of derivatives market.
7	Derivatives Position Management Fee	The derivative management fee is 2,550 VND/contract/night.	Replaced position management fee with clearing fee at 2,550 VND/contract.	Increased liquidity in derivatives trading.

Source: TVS Research compilation

TVS Research maintains expectations of stock market upgrading in September 2025 review by FTSE Russell.

Following up on our analysis in the 2025 Investment Strategy Report, we remain optimistic about Vietnam's stock market potential upgrade in FTSE Russell's September 2025 review. Alongside enhancements in trading infrastructure, we believe the government and Ministry of Finance strong commitment will accelerate the upgrade process, potentially leading to its completion in the September 2025 evaluation.

This will attract capital flows from foreign investors, including both passive & active funds, to participate in the Vietnam stock market. As a result, securities firms with strong financial positions, stable resources and experience working with foreign institutional investors will greatly benefit such as **SSI, HCM and VCI.**

We maintain our recommendation for HCM stock in the investment portfolio for H2 2025.

HCM – Target price: VND 29,100 – Upside: +16.6%

- **HCM is poised to significantly benefit from the stock market upgrade in 2025, leveraging its strong client base of foreign institutions.** The market upgrade is expected to attract inflows from passive and active funds into Vietnam's market. We believe HCM will have a competitive edge over other securities firms as its long-standing experience working with foreign funds
- **HCM focuses on investing in margin lending.** The company plans to issue approximately 360 million additional shares in Q3 2025, increasing its charter capital from 7,200 billion VND to 10,800 billion VND. The raised capital will primarily be used for margin lending and proprietary trading activities
- **Risks:** (1) Competitive pressure to capture market share from rival securities firms, (2) Rising interest rate environment

Ticker	Price on 11/07/25	Target price	Upside	Revenue 2025F	% YoY	NPAT 2025F	% YoY	ROE 2024	ROE 2025F	Current P/B	P/B fw 2025
	VND	VND	%	VND bn	%	VND bn	%	%	%	x	x
HCM	24,950	29,100	16.6%	4,918	15.0%	1,146	10.2%	11.1%	9.2%	2.6	1.5

Source: Fiin-ProX, TVS Research forecast

Retail - Timing and location advantage

We have a POSITIVE outlook on the Retail sector's prospects for H2 2025.

TVS Research maintains a **POSITIVE** outlook on the retail sector for H2 2025. Overall, retail growth in H1 2025 reached over 9% thanks to positive macroeconomic factors but hasn't returned to double-digit growth seen before the Covid-19 pandemic. The main trend in H1 2025 remains the rise of modern retail channels over traditional ones, evident in the expansion of modern retail chains like Bach Hoa Xanh, Vinmart, and Long Chau.

We expect this trend to continue in H2 2025 as modern retail chains benefit from the government's efforts to standardize the retail industry, including stricter tax management for small businesses, shifting to revenue-based taxes, and cracking down on counterfeit goods. These changes will create a more level playing field between modern retail chains and small traditional stores. Additionally, consumers' increasing focus on product origin and quality will drive demand for modern retail channels. Companies with reputable modern retail chains like MWG, MSN, and FRT will be the biggest beneficiaries.

Recommended Portfolio for the Retail Sector in H2 2025: **MWG (Target price VND 85,300/share)** and **FRT (Target price VND 181,100/share).**

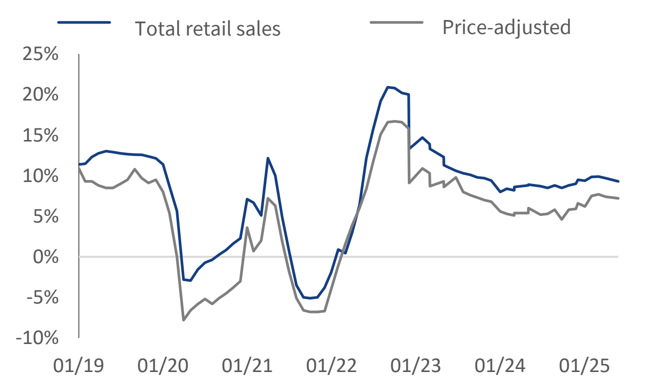
Retail sales maintained growth in H1 2025, rising approximately 9.3% YoY, driven by positive domestic macroeconomic factors.

Retail sector growth reached 9.3% YoY in H1 2025, higher than the 8.9% YoY recorded in the same period last year, though still below the pre-COVID level of over 10%. We believe robust economic growth and improved household incomes have been key drivers behind the retail sales increase. GDP grew by 7.5% in H1 2025, driven by strong export performance and public investment. Additionally, household income has risen for the past three quarters following the government's 30% base salary increase for public sector workers and armed forces, effective from July 1, 2024.

However, we note that increasing uncertainty about the economic outlook may lead to more cautious consumer spending, potentially weighing on retail sales in the near term. The biggest current risk lies in the U.S. tariff policy toward trade partners. Other risks include geopolitical tensions and conflicts in several global "hotspots" and among major powers.

Figure 23: Retail sales growth edged up to 9.3% YoY in H1 2025...

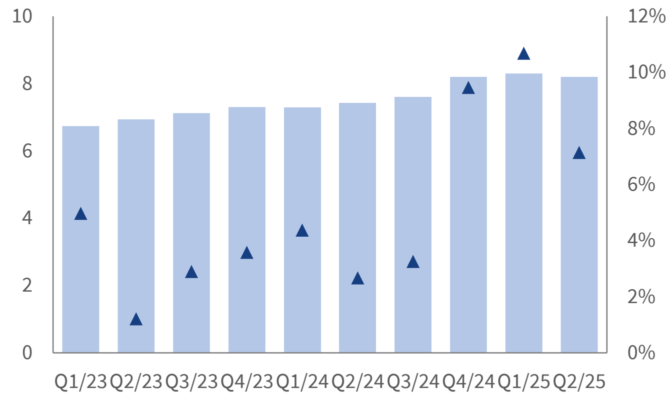
Retail Growth & Excluding Price Factor Growth Rate 2023-now [% YoY]



Source: GSO, TVS Research

Figure 24: ... driven by a nearly 10% increase in worker income over the past three quarters.

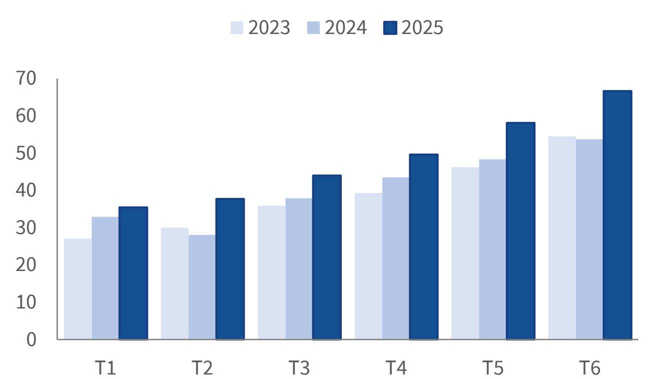
Average monthly income of employees in quarter [VND mn - left] & Income growth rate (excluding inflation) from 2023 - present [% YoY - right]



Source: GSO, TVS Research

Figure 25: The government accelerates public investment disbursement in H1 2025

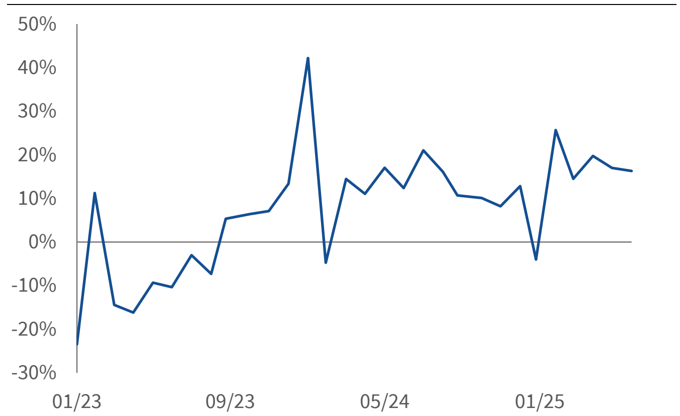
Public investment disbursement by month for the period of 5 months in 2023-2025 [VND bn]



Source: GSO, TVS Research

Figure 26: Exports continued to maintain a growth rate of 14.4% YoY in H1 2025

Vietnam's export growth by month from 2023 to present [% YoY]



Source: GSO, TVS Research

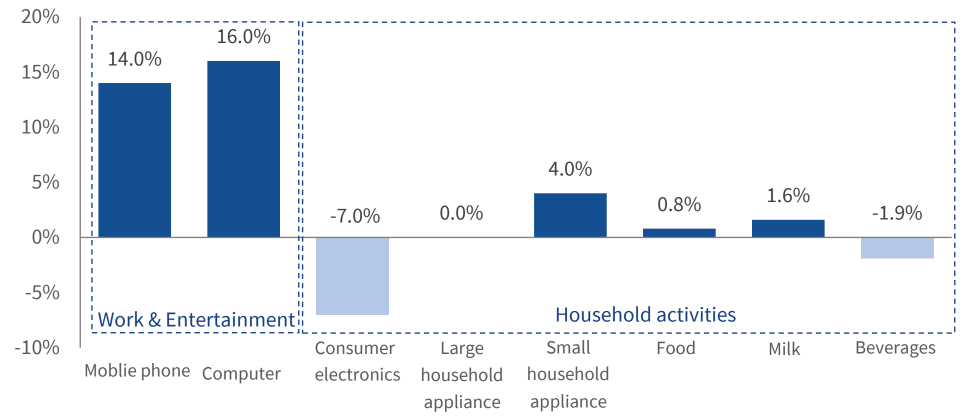
Retail sales growth concentrated on non - essential goods serving work and entertainment needs in Q1 2025.

Overall, retail sector growth showed a clear divergence in Q1 2025. The growth of products **serving household activities** was significantly lower than the same period last year, including essential goods like food (+0.8% YoY), milk (+1.6% YoY), beverages (-1.9% YoY), and non-essential items like consumer electronics (-7% YoY) and household appliances (averaging +0-4% YoY). We believe that due to uncertain economic prospects, consumers tend to be more cautious in spending and may postpone upgrading household items that are not immediately necessary.

Meanwhile, revenue from non-essential items related **work and entertainment** such as mobile phones and computers increased by 14% YoY and 16% YoY, respectively, in Q1 2025. This reflects a notable recovery from the declines of 0.5% and 2.9% YoY seen in 2024. We believe this growth is primarily driven by a rising demand for device upgrades (typically on a 4–5-year cycle since the Covid-19), along with the growing trend of AI integration into electronic products.

Figure 27: Non-essential products such as mobile phones and computers saw stronger growth than essential and household goods in Q1 2025

Revenue growth of certain industries in Q1 2025 [% YoY]



Source: Kantar, GfK, TVS Research

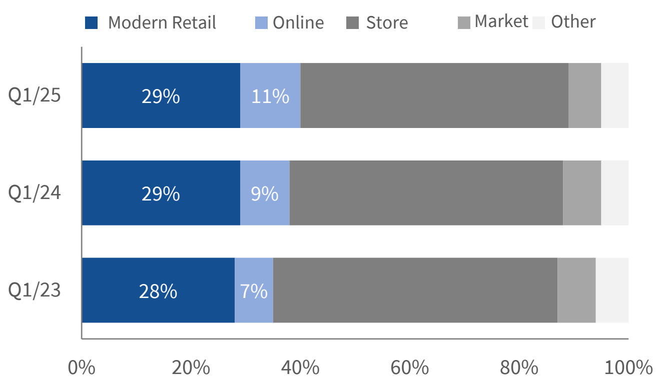
Modern retail channels are gaining more market share from traditional channels.

Compared to traditional channels, modern retail channels—including retail chains, supermarkets, shopping malls, and e-commerce platforms—offer greater convenience and better product quality control. Convenience stores, supermarkets, and malls provide consumers with easy access to a wide range of goods in one place. Meanwhile, e-commerce adds another layer of convenience by allowing customers to shop from home. Products sold through modern channels also undergo stricter origin and quality checks, enhancing consumer trust.

Thanks to these advantages, modern retail channels have rapidly expanded in both urban and rural areas, taking market share from traditional markets and mom-and-pop stores. According to a Kantar survey, modern retail's share in urban areas rose from 35% in Q1 2023 to 40% in Q1 2025, with e-commerce being the main growth driver. In rural areas, although growing by 3 percentage points over the same period, the share remains modest at 15%, suggesting strong potential for future growth.

Figure 28: In major cities, modern shopping channels are gradually taking market share from traditional channels...

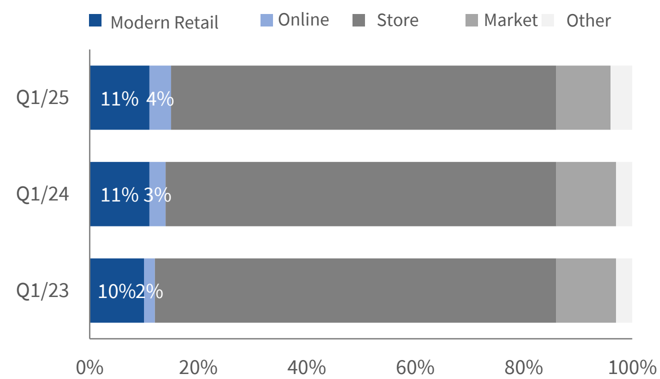
Proportion of purchase value across shopping channels in 4 major Vietnamese cities from 2022-2025 [%]



Note: Modern retail channels include formats such as supermarkets/hypermarkets, convenience stores and specialized stores.
Source: Kantar, TVS Research

Figure 29: ... while in rural areas, modern channels hold a relatively small market share compared to traditional channels

Proportion of purchase value across shopping channels in rural Vietnam from 2022-2025 [%]



Note: Modern retail channels include formats such as supermarkets/hypermarkets, convenience stores and specialized stores.
Source: Kantar, TVS Research

Listed retail companies continue to expand their store networks under modern retail models to gain more market share from traditional retail channels.

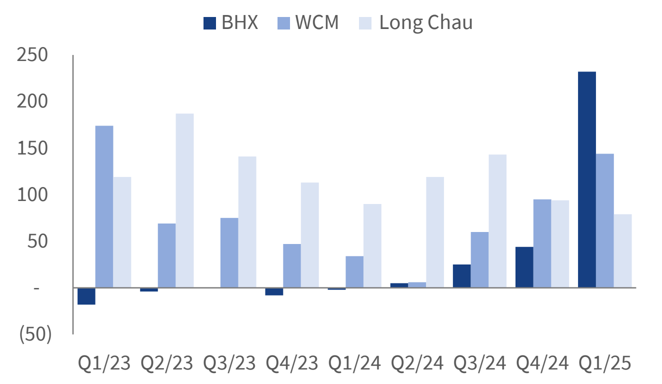
Essential retail chains are proactively expanding their store networks in the first half of 2025. Major supermarket chains like Bach Hoa Xanh and Winmart have opened over 400 and 260 new stores, respectively, with more than 50% of these new stores located in the central region. After refining their business models and achieving profitability in 2024, food retail chains are shifting their focus towards expanding into smaller cities and capturing market share from traditional markets.

Similarly, in the pharmaceutical retail sector, most chains are expanding, except for An Khang, which is maintaining its current store count while perfecting its business model. Long Châu leads the way in opening new pharmacies, with 224 new stores in the first half of 2025, followed by Trung Son and Pharmacity with 30 and 24 new stores, respectively.

In contrast, ICT&CE retail chains from MWG and FRT closed 8 stores in the first half of 2025. However, the rate of closing underperforming stores has slowed compared to 2023-2024. After a significant restructuring period, these chains are gradually shifting their focus towards upgrading existing stores.

Figure 30: Listed essential retail chains have accelerated the opening of new stores in recent quarters.

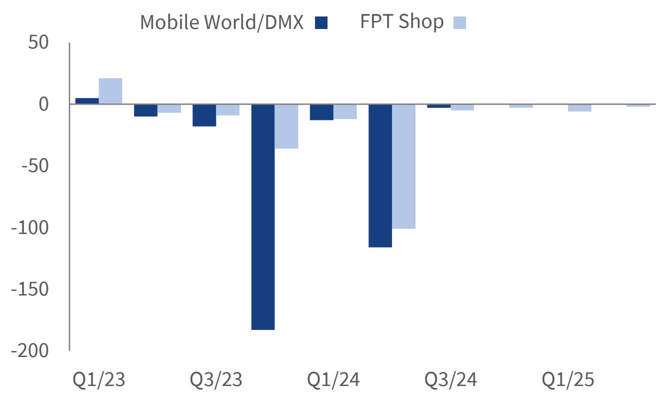
Number of stores opened/closed by ICT&CE chains by quarter from 2023 to date



Source: MWG, MSN, FRT, TVS Research

Figure 31: The scale of store closures among ICT & CE retail chains has decreased to a low level compared to the 2023 period

The number of new stores opened/closed by ICT&CE retail chains by quarter from 2023 to present



Source: MWG, FRT, TVS Research

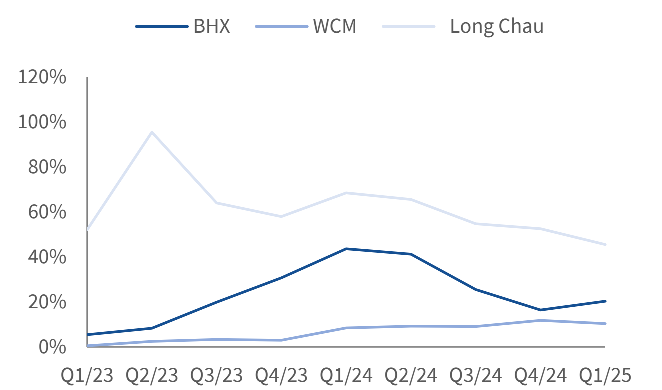
Revenue of listed retail chains increases in Q1 2025.

For the essential retail sector, increasing the number of stores is a driving force behind revenue growth for retail chains in Q1 2025. In the food retail segment, revenue from two retail chains, Bach Hoa Xanh and Winmart, continued to grow strongly in Q1 2025, reaching VND 11,008 billion (+20.3% YoY) and VND 8,785 billion (+10.3% YoY), respectively. Meanwhile, Long Chau's revenue in Q1 2025 increased by more than 46% YoY, equivalent to VND 8,054 billion.

Revenue growth of retail chains like Mobile World/DMX and FPT Shop reached 13.8% YoY and 2.8% YoY in Q1 2025, respectively. Although CE products did not show positive growth, we believe that MWG's TGDD&DMX chain has gained market share from competitors and small-scale stores.

Figure 32: Essential retail chains maintain double-digit revenue growth thanks to an increase in the number of sales points

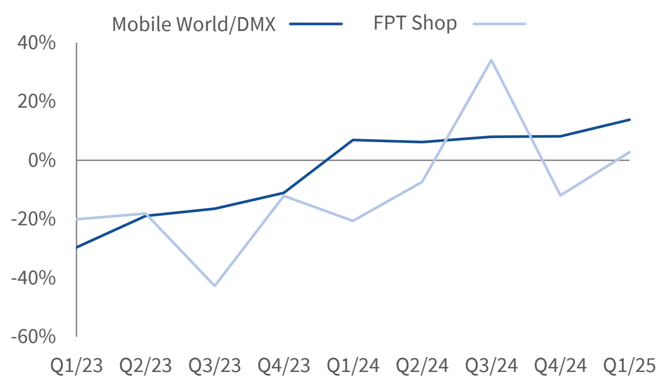
Revenue growth of essential retail chains from 2023 to present [% YoY]



Source: MWG, MSN, FRT, TVS Research

Figure 33: The TGDĐ/ĐMX chain had better revenue growth in Q1 2025 compared to FPT Shop.

ICT & CE chains revenue growth 2023 - present [% YoY]



Source: MWG, FRT, TVS Research

TVS Research believes that the modern retail model is gaining an advantage to increase market share due to changes in legal regulations and business environment towards standardization for the industry

Firstly, we believe that the operating costs of small-scale grocery stores and individual businesses will increase, forcing them to raise their selling prices and gradually wipe out their price advantage over modern retail channels. Decree 70/2025/ND-CP of the Government amending and supplementing regulations on invoices and documents takes effect from June 1st, 2025. According to this decree, individual businesses with annual revenue over VND 1 billion must use electronic invoices generated from cash registers connected to tax authority data. This is the first step towards applying tax on revenue starting from January 1st, 2026 (according to Resolution 198/2025/QH15) instead of the previous lump-sum tax. These regulations aim to eliminate tax evasion by small-scale businesses. We believe that these changes will increase the operating costs of grocery stores and force them to pass on the increased costs to customers through higher prices.

Secondly, we expect the Government's efforts in ensuring product origin and quality will encourage people to turn to modern retail channels with transparent and reliable information about product origin and quality. Recently, the authorities have launched a campaign to combat smuggling and handle the sale of counterfeit and low-quality goods nationwide. By the end of June 2025, authorities had handled nearly 50,000 cases of violations such as smuggling, commercial fraud, and counterfeit goods, including products like milk, medicine, and cosmetics. The increased efforts to combat counterfeit goods have initially removed unsafe products from the market and encouraged consumers to return to purchasing products from reputable and transparent brands instead of chasing prices and product designs.

Thirdly, the tax authority's increased management of taxes on businesses operating on e-commerce platforms may increase the operating costs for sellers on these online platforms. According to Decree 117/2025/ND-CP, which takes effect from July 1, 2025, e-commerce platforms will deduct and pay taxes on behalf of sellers. This regulation will help prevent tax losses and increase market transparency, creating fairness between offline and online sellers. Since this tax is a cost for sellers, they may need to increase prices to offset this cost.

With these changes in policies and market management activities, TVS Research believes that competition will become fairer between large chains, small stores, offline and online sales. The price difference between modern retail chains and small stores, as well as between physical stores and online shops, will narrow. Additionally, consumers' increased concern about product origin and quality will drive them to prefer modern retail channels. Therefore, we believe that companies owning modern retail chains with strict quality control processes and reputation, such as **MWG, MSN, and FRT**, will be the biggest beneficiaries.

Pharmaceutical retail chains still have plenty of growth po tential in the 2025-2026 period.

For the pharmaceutical retail group, we expect that there is still significant growth potential for pharmaceutical retail chains in the long term due to the growing middle class and the trend of an aging population, which will lead to increased spending on pharmaceuticals for healthcare and wellness. According to TechSci Research, the size of the pharmaceutical retail industry in Vietnam could reach $14.2 billion by 2030, equivalent to a CAGR of 6.3% per year.

Additionally, the amended Pharmacy Law, effective from July 1, 2025, allows pharmaceutical businesses to sell non-prescription drugs through e-commerce platforms (including e-commerce floors, apps, and websites). We expect this to help pharmaceutical retail chains like **Long Chau**, which already have an advantage in large product supply with clear origins, to now have additional channels to distribute products to consumers. This will also be a driving force for revenue growth for pharmaceutical retail chains in the near future.

Device upgrading trend will boost the ICT sales in the period of 2025-2026.

For the essential goods segment, we expect that consumer spending on ICT products in 2025 will be driven by the trend of AI integration and device upgrades. The nationwide rollout of 5G will accelerate the shift towards upgrading mobile devices to more modern segments that can support high-speed connectivity. Additionally, the integration of AI into electronic devices to create high-performance products will also drive the replacement cycle, particularly in the laptop market.

Our retail sector recommendation portfolio for H2 2025 includes MWG and FRT.

We are optimistic about leading retail companies in the 2025-2026 period, with positive prospects driven by benefits from (1) economic growth boosting domestic consumption demand, and (2) the standardization process in the retail market directing consumers to genuine products with clear origins from leading companies.

MWG – Target price: VND 85,300 – Upside: +25.6%

- Leading market position in ICT retail and benefiting from consumers' demand for ICT device upgrades. We expect MWG's ICT revenue to grow by approximately 13% YoY in 2025.
- Bach Hoa Xanh's profit will improve significantly in H2 2025 as the company optimizes operating costs after opening over 400 new stores in H1 2025.

Risks: Economic growth is weaker than expected, leading to decreased consumer demand, and (2) higher than expected operating costs for Bach Hoa Xanh.

FRT – Target price: VND 181,100 – Upside: +24%

- Long Chau will continue to open around 350 new pharmacies in 2025, increasing the total number of pharmacies to 2,200 by the end of the year. This will be a growth driver for Long Chau's revenue in 2025-2026. We expect Long Chau's revenue growth per store to reach 8% YoY during this period.
- FPT Shop will continue to improve its business results by adding new CE products to its product portfolio. We expect this diversification to improve FPT Shop's profit margin in the coming years.

Risks: (1) Consumer demand improves slower than expected and (2) slower than expected store opening pace for Long Chau.

Ticker	Price on 11/07/25	Target price	Upside	2025F Revenue	% YoY	2025F NPAT	% YoY	ROE 2024	ROE 2025F	Current P/E	P/E fw 2025
	VND	VND	%	VND bn	%	VND bn	%	%	%	x	x
MWG	67,900	85,300	25.6%	150,476	12.0%	5,658	51.6%	14.5%	19.5%	22.8	17.5
FRT	146,500	181,100	24.0%	49,556	23.6%	846	107.1%	11.1%	33.6%	55.8	33.2

Source: Fiin-ProX, TVS Research forecast

Aviation sector – Tourism arrives aviation growth

We hold a POSITIVE outlook for the Aviation sector in H2 2025.

TVS Research maintains a **POSITIVE** rating for the Aviation sector in H2 2025. We are optimistic about the prospects of airline companies during this period, supported by strong growth in Vietnam's tourism sector in 2025. Government policies to support tourism such as visa exemption and e-visa issuance at border checkpoints have simplified procedures for international travelers. Additionally, the ongoing shortage of aircraft is expected to keep airfares at elevated levels. Meanwhile, operating costs for airlines are being reduced due to low jet fuel prices, thereby boosting profit margins across the aviation sector in 2025.

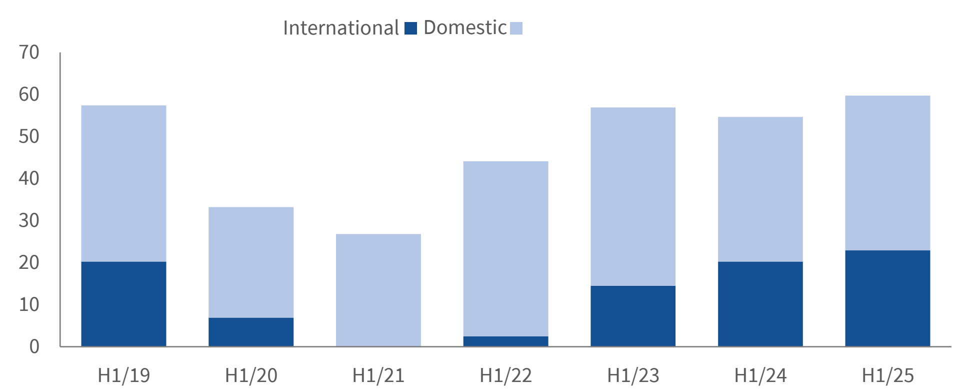
In our stock portfolio, we have selected stock for aviation sector in 2025 that is **HVN (Target price: VND 49,500/share).**

Passenger traffic through airports increased by over 10% YoY thanks to a strong recovery in international travel.

According to the Civil Aviation Authority of Vietnam, total passenger traffic through airports in H1 2025 reached 59.7 million (+9.2% YoY), with international passengers accounting for over 22.9 million (+13.1% YoY). The sharp rise in air travel was largely driven by the increase in international tourist arrivals to Vietnam. In H1 2025, international tourist arrivals reached approximately 10.7 million (+20.7% YoY and 25.7% higher than pre COVID-19 levels). This resulted from visa exemption policies implemented over the past 2 years (e.g., e-visas granted to citizens of all countries at airports, extended temporary stay from 30 to 90 days and visa exemptions for 45-day stays for citizens of 12 countries in Northeast Asia and Europe), along with measures to improve competitiveness and promote the national tourism brand.

Figure 34: Passenger throughput at airports in H1 2025 driven by strong growth in international tourist arrivals to Vietnam

Passenger throughput at airports in Vietnam during the first six months, 2019-2025 [passenger count]



Source: Vietnam Civil Aviation Authority, TVS Research

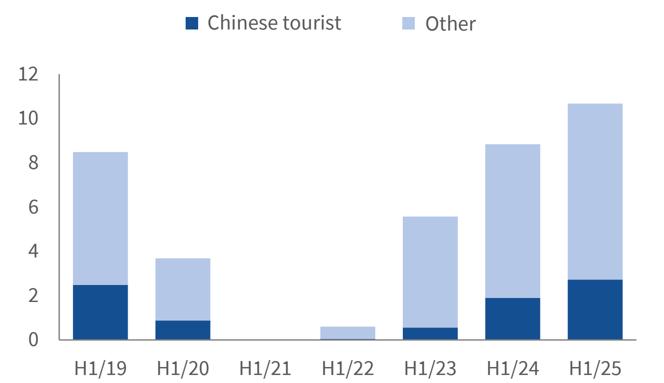
The strong growth in tourist arrivals during H1 2025 was largely driven by the Chinese market.

In H1 2025, Chinese tourists contributed the most to the robust growth, with over 2.7 million arrivals (+44.2% YoY). In addition to organic growth, Vietnam has been attracting Chinese tourists away from competing destinations such as Thailand. Beyond existing advantages such as favorable geographical proximity and low travel costs, we believe several factors have influenced this shift from Thailand to Vietnam among Chinese tourists:

- Vietnam is perceived as a safer destination for tourists compared to Thailand. Safety has become a top concern for Chinese travelers following the high-profile kidnapping of a Chinese actor in Thailand at the end of January 2025
- Thai baht has appreciated significantly against the Chinese yuan, therefore Chinese tourists to seek more affordable alternatives such as Vietnam

Figure 35: Chinese tourists were the main driver of international visitor growth to Vietnam in H1 2025

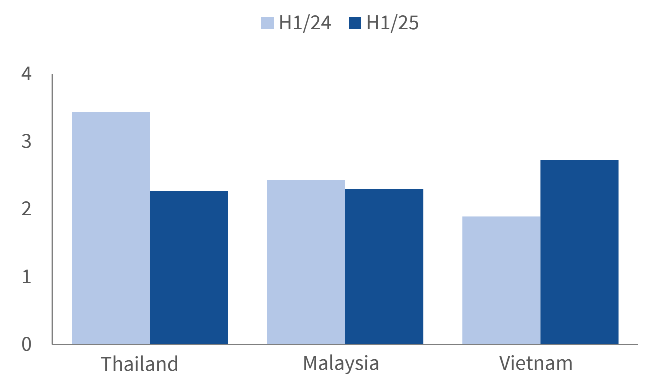
Number of international tourist arrivals to Vietnam in the first six months, 2019-2025 [million visitors]



Source: Vietnam National Authority of Tourism, TVS Research

Figure 36: Chinese tourists showed a preference for Vietnam over other Southeast Asian countries in H1 2025

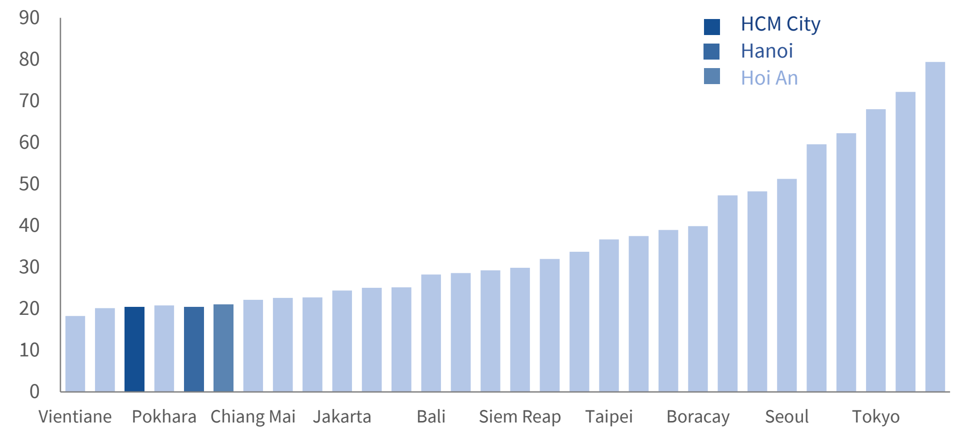
Number of Chinese tourist arrivals to selected Southeast Asian countries in the first six months of 2024 and 2025 [million visitors]



Source: The Nation Thailand, TVS Research

Figure 37: Vietnamese cities rank among the most affordable travel destinations in Asia

Average daily travel cost in selected Asian cities in 2025 [USD/day]



Source: Price of Travel, TVS Research

We expect air passenger traffic to maintain strong growth in H2 2025, driven by rising international tourist arrivals and continuous route network expansion by airlines.

With Vietnam's competitive advantages in travel costs remaining intact and visa exemptions for certain countries valid until 2028, we project that total tourism volume in H2 2025 will grow by approximately 25% YoY, bringing the total number of international tourist arrivals to Vietnam to around 21.6 million (+23.2% YoY). The main growth driver continues to be Chinese tourists, as previously discussed.

Additionally, another growth catalyst comes from the expansion of international flight routes to new markets. In H1 2025, Vietnamese airlines launched or resumed 16 international routes (equivalent to the number added in all of 2024). We believe that the addition of new international routes to key markets such as China, South Korea and new markets like India will further boost the number of inbound international travelers to Vietnam.

Airfares are expected to remain elevated due to ongoing aircraft shortages.

As of the end of H1 2025, the total number of active aircraft operated by domestic airlines in the Vietnamese market reached 177, slightly up from 172 at the end of 2024. The airlines are still suspending operations of 26 aircraft, mainly A321neo jets, due to engine issues related to Pratt & Whitney. According to HVN management during its 2025 AGM, the engine repair timeline is estimated to range from 90 - 300 days. Therefore, we believe the aircraft shortage will persist through 2025-2026, which will keep airfares at elevated levels in the near term.

Lower fuel prices in 2025 help to improve airlines' profit margins.

For 2025, TVS Research expects Brent oil prices to remain low, averaging USD 67/barrel for the year, down 15% YoY, mainly due to weaker global demand and increased supply following OPEC+ production cut relaxations. With this, domestic Jet A1 fuel prices are expected to stay low, around USD 85-87/barrel, representing a 12-14% YoY decline. Given this low fuel cost environment, we expect airlines' profit margins to improve in 2025, thereby supporting earnings growth for the sector.

Recommended stock

We maintain a Positive outlook on the Aviation sector in 2025, supported by the following favorable factors (1) a strong recovery in international tourist arrivals to Vietnam, (2) sustained high airfares compared to 2024 due to ongoing aircraft supply shortages and (3) lower fuel costs as global oil prices remain under USD 70/barrel.

HVN – Target price: VND 49,500 – Upside: +33.1%

- TVS Research forecasts passenger traffic growth ~10% YoY in 2025, driven by strong growth in international arrivals to Vietnam. As a result, HVN's revenue from passenger (and cargo transport) is expected to increase by 12% YoY
- Fuel expenses (account for 35% of total operating costs), are projected to decrease ~12% YoY, improving HVN's profit margin by 4 percentage points, reaching 17%
- Catalyst: HVN plans to issue over 900 million shares to existing shareholders at a price of VND 10,000/share, with a ratio of 1:0.406. This capital increase will raise approximately VND 9 trillion, strengthening HVN's equity base and allowing it to repay suppliers and loans, thereby improving its financial health

Risks: (1) Geopolitical tensions could cause oil prices to spike, directly impacting HVN's profit margins.

Ticker	Price as of 11/07/25	Target price	Upside	Revenue 2025F	% YoY	Net profit after tax 2025F	% YoY	ROE 2024	ROE 2025F	Current P/E	P/E fw 2025
	VND	VND	%	VND bn	%	VND bn	%	%	%	x	x
HVN	37,200	49,500	33.1%	117,216	10.6%	9,600	20.6%	N/A	N/A	12.4	12.1

Source: Fiin-ProX, TVS Research forecast

Industrial Real Estate – Adapting to short-term challenges

TVS Research maintains a POSITIVE outlook for the Industrial Real Estate sector in the long term, while adjusting short-term investment strategies in response to potential risks from new US tariff policies.

We continue to view the mid-to-long-term outlook for Vietnam's Industrial Real Estate sector as favorable due to several key structural advantages such as strategic geographic location, competitive production costs and a broad network of free trade agreements (FTAs). Decision No. 227/QĐ-TTg on land-use planning adjustment, which opens up significant room for expanding industrial zones in land-constrained provinces such as Bac Ninh, Tien Giang and Binh Phuoc. In mid-term, Vietnam's semiconductor industry development strategy enhances its appeal in global supply chains.

However, we see short-term headwinds in the industrial land leasing market. Manufacturers in sectors not exempted from US tariffs or likely to be classified as transshipment risks, especially those in electronic components and solar battery production are expected to delay new leasing decisions due to policy uncertainty. This could adversely impact industrial real estate developers with a heavy tenant base in the northern region, particularly KBC and VGC, which have significant exposure to these industries. As a result, we are removing KBC and VGC from our H2 2025 investment list.

Based on our long-term assessment of Vietnam's FDI potential, we continue to hold positions in industrial real estate stocks during this period, as sector valuations have fallen to historically low levels. The current P/B ratio stands at 2.0x, approximately 15% below the 5-year historical average. However, we are shifting our investment strategy to prioritize stocks with more stable short-term earnings or those with potential upside from industrial land conversion. Specifically, **SIP (Target price VND 86,200/share)** benefits from a high proportion of revenue from infrastructure utilities and ready-built factory leasing, enabling consistent cash flow even when the leasing market slows down. While **PHR (Target price VND 74,000/share)** and **TRC (Target price VND 91,600/share)** stand out due to their rubber land reserves, which can be converted into industrial land, generating significant cash inflows from land compensation and joint venture profits during 2025-2026.

Vietnam still holds long-term FDI appeal, but emerging policies and competition are creating clear divergence in industrial real estate outlook.

TVS Research continues to view Industrial Real Estate (IRE) as a key long-term investment theme, as outlined in our 2024 and [2025 Investment Strategy Reports](). At that time, we expected Vietnam to remain an attractive FDI destination, thanks to key advantages such as (1) strategic geographical location and competitive production costs, (2) improving infrastructure, (3) open policies and a broad network of FTA. A crucial assumption in our early-year outlook was that Vietnam would not be subject to retaliatory tariffs from the US, thereby preserving its competitive edge in attracting FDI over regional peers like Malaysia, Thailand and

Cambodia, which were all under investigation since late 2024.

However, developments in H1 2025 have challenged this assumption. On July 3, 2025, the US announced a preliminary tariff framework on Vietnamese exports at 20%, with a 40% rate for cases deemed third-country transshipments. These rates are lower than the initially proposed 46% and below those being negotiated with countries like Japan (25%), South Korea (30%), Thailand (36%) and Indonesia (32%). Although Vietnam was among the first countries to reach a framework agreement, the fact that it is now officially subject to tariffs marks a significant turning point, eroding part of its inherent competitive advantage, particularly in the eyes of export-oriented FDI investors targeting the U.S. market. In the context where countries like India and Mexico are increasing their appeal through well-developed infrastructure, supportive policies, and large domestic markets, competitive pressure on Vietnam is becoming increasingly pronounced.

Data from the Ministry of Planning and Investment shows that total FDI inflows into Vietnam in H1 2025 remained strong (+32.6% YoY) but the structure of capital flows is shifting toward a more cautious direction. Specifically, FDI into the manufacturing and processing sector - the core driver of industrial park development - rose only slightly by 3.9% YoY, while capital into real estate more than doubled YoY. This indicates that international investors are prioritizing sectors with faster capital recovery, rather than long-term industrial projects that rely heavily on policy stability and export prospects.

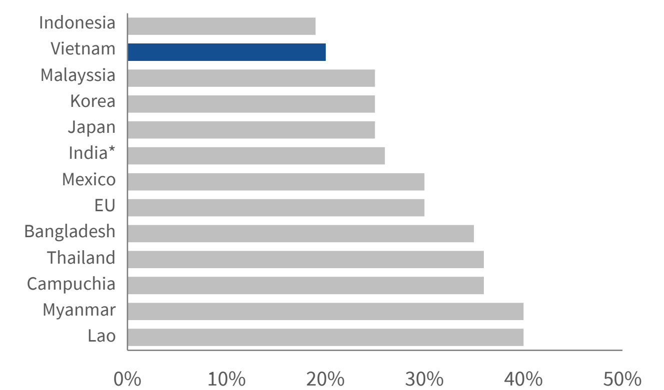
The situation is becoming more complex as several countries in the region are still negotiating tariff agreements and could potentially secure lower rates in upcoming rounds, thereby eroding Vietnam's current competitive advantage. At the same time, new competitors such as India, Mexico, and some Eastern European countries are actively upgrading their manufacturing capabilities and attracting foreign capital through incentive policies, putting increasing pressure on Vietnam. In this context, Vietnam's traditional advantages in labor costs, geographical location, and trade openness remain foundational, but are no longer absolute guarantees as they once were.

Nevertheless, we maintain a positive medium to long-term outlook for the industrial real estate sector, as outlined in our 2024 Investment Strategy Report. We believe Vietnam remains one of the few countries able to maintain a neutral position in an increasingly polarized geopolitical environment, backed by political stability, effective policy-making, and strong multilateral negotiation capabilities. Ongoing administrative reforms, infrastructure investment, and expansion of the FTA network, particularly supportive policies aimed at attracting high-tech industries such as the semiconductor sector (refer to the

2025 Investment Strategy Report) continue to be actively promoted, reinforcing Vietnam's role as a key manufacturing hub and FDI destination in the global supply chain. However, rising uncertainties in the near term may temporarily slow FDI inflows. As such, investors should recalibrate their expectations and investment strategies in IRE stocks, especially by re-evaluating the exposure to export-oriented FDI sectors with elevated risks (e.g., electronics assembly), as well as assessing each developer's preparedness in terms of available land banks.

Figure 41: Vietnam faces lower tariff rates than major US trading partners

Tariff rates imposed on selected countries after 90-day suspension of negotiations with the US [%]

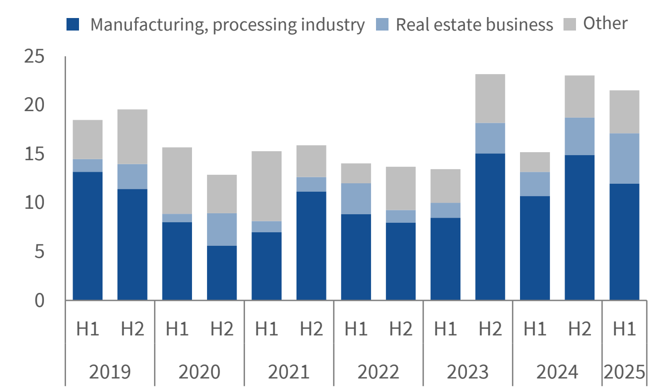


Source: TVS Research

Note: India has not yet received a preliminary tariff notice and is currently negotiating a trade agreement with the US

Figure 42: Manufacturing FDI slows despite strong total registered FDI in H1 2025

Registered FDI into Vietnam by sector [USD billion]



Source: Ministry of Planning and Investment, TVS Research

Rising risks in the North, while the South is better positioned to maintain stable growth due to new land supply and shifting investment structures.

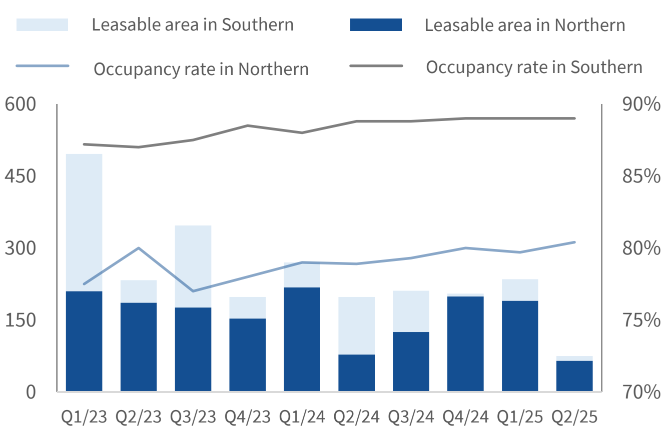
The most significant impact is observed among tenants operating in export-oriented manufacturing sectors, particularly those not eligible for tariff exemptions or with insufficient localized content. In the North, home to many high-tech industrial clusters and tenants from South Korea, Japan and the US, there has been a noticeable delay in finalizing new lease contracts. In provinces such as Bac Giang, Bac Ninh, and Hai Phong, developers like KBC have reported a slowdown in the conversion from MOUs to official contracts, mainly due to investor caution amid growing policy uncertainties. Even large tenants such as Samsung and Intel despite being exempt are reassessing their supply chains to avoid potential customs risks from the US, while satellite suppliers like Goertek Vina or LG Innotek are either shifting output to alternative markets or increasing localization ratios. TVS Research views this as a temporary and selective pause, mostly concentrated among high-tech tenants dependent on exports to the US.

In contrast, market conditions in the South remain more resilient, supported by (1) a diversified tenant base, (2) a high concentration of industries less affected by

US - Vietnam trade policies and (3) proactive land bank preparation. Provinces such as Long An, Binh Duong, Tay Ninh and Binh Phuoc continue to attract stable interest from tenants in food processing, furniture, FMCG, and logistics are sectors that are largely shielded from tariff-related risks. Additionally, capital from Singapore, Malaysia and Europe is increasing its share of investment in industrial parks in this region. Many Southern developers are expediting legal procedures and land clearance for projects converting rubber plantations and agricultural land. This is a critical step to gain cost and timing advantages, positioning themselves ahead of the expected FDI rebound in the medium term. Several projects in Long An, Binh Duong, and Tay Ninh are already undergoing compensation procedures and are expected to offer commercial land for lease by 2027-2028, just in time to capture the recovery in FDI inflows as policy uncertainties subside.

Figure 43: Industrial park occupancy rates remain stable across both regions

Leased industrial land area in tier-1 provinces during the period [ha – left axis] and industrial park occupancy rate [% – right axis]



Source: CBRE, TVS Research compilation

Figure 44: Development of industrial parks on former rubber plantation land becomes more common, with major parks approved

List of industrial parks approved for development based on the conversion of rubber plantation land

Industrial Park	Area (ha)	Location
Bac Đong Phu – Phase 2	317	Binh Phuoc
Minh Hung 3 expansion – Phase 2	483	Binh Phuoc
Mechanical engineering industrial park	786	Binh Duong
Rach Bap expansion	633	Binh Duong
Tan Lap 1	200	Binh Duong
Xuan Que - Song Nhan	1,000	Dong Nai
Bau Can - Tan Hiep	1,000	Dong Nai
Phuoc Binh 2	294	Dong Nai
Long Đuc 3	244	Dong Nai
Hiep Thanh – Phase 1	495	Tay Ninh

Source: TVS Research compilation

We recommend shifting focus toward companies with stable cash flows and long-term land bank expansion potential.

TVS Research believes that while the mid-to-long-term outlook for the industrial real estate sector remains positive, rising short-term risks require a more selective investment approach. At present, companies with a large proportion of revenue from industrial land leasing are more exposed to risk, as such revenue is typically recognized in lump sums, while negotiations with new tenants are being prolonged due to investors waiting for clearer policies from the US companies such as KBC and VGC, which rely heavily on income from existing industrial parks, may face profit pressure as leasing progress slows significantly, especially among manufacturing tenants from China, South Korea and Taiwan. As a result, we have decided to cease recommending these two stocks.

Conversely, TVS Research is shifting its portfolio strategy to prioritize companies with the ability to maintain stable cash flows, thanks to diversified revenue structures and less dependence on new FDI disbursements. SIP is a prime example, with a clean land bank ready for lease, a diverse tenant base in industries less impacted by retaliatory tariffs, and steady cash flow from utilities (power, water) and ready-built factory (RBF) leasing. PHR and TRC, meanwhile, offer potential from plans to convert rubber plantation land into industrial parks (with substantial profits expected to be recorded during 2025–2026), providing a long-term advantage. Therefore, we initiate new recommendations on SIP, PHR, and TRC for the H2 2025–2026 period, emphasizing the importance of stable cash flows, tenant quality, and unique company-specific stories when selecting industrial real estate stocks in the upcoming phase.

SIP – Target price: VND 74,900/CP – Upside: +21.8%

- Stable growth is driven by a high contribution from electricity - water, accounting for around 90% of revenue and 65% of gross profit. We estimate the gross profit margin of the utility segment will remain stable, with gross profit reaching approximately 750 billion VND/year during 2025–2027, serving as a pillar amid short-term volatility risks in land leasing due to tariffs
- Large land bank ready for lease (~770 ha), located in Tier 1-2 industrial parks in southern provinces, enables SIP to maintain stable revenue from land leasing. SIP has completed site clearance at Phuoc Dong (~180 ha) and Long Duc 2, expected to lease an average of 50 ha/year during 2025–2026
- High occupancy rate from tenants not reliant on the US market is a key factor enabling SIP to withstand policy risks. Major clients such as Brotex, Sailun, Gain Lucky, and First Solar mainly serve Asian and EU markets, allowing SIP to maintain revenue growth even as tech-focused FDI faces pressure from tariffs
- Healthy financials with low leverage, adjusted Debt/Equity ratio stands at 22.6%, lower than the industry average (Since SIP reports annual results, we adjusted equity by adding “unearned revenue” from financial statements to allow for comparability with peers)

PHR – Target price: VND 74,000/CP – Upside: +21.7%

- PHR will benefit from converting ~400 ha of rubber plantation into Bac Tan Uyen 1 industrial park during 2025–2027. The project, developed by THADICO (a Thaco Group subsidiary), was approved in June 2025 and is expected to begin construction in August 2025. It could contribute ~35% of PHR’s total pre-tax profit over the 2025–2027 period, according to our forecast
- We estimate PHR will record ~130 billion VND in annual profit from joint ventures such as VSIP III and NTU3, accounting for around 20% of average pre-

tax profit during 2025–2027. Growth will be driven by increased land handovers compared to the low 2024 base and its 20% ownership in VSIP III, which will begin contributing from 2026

- Binh Duong province's plan allows PHR to convert ~2,800 ha of rubber land into industrial and cluster zones by 2030. We expect the company can convert most of this area between 2025 and 2040, laying a long-term growth foundation through land conversion strategy

TRC – Target price: VND 91,600/CP – Upside: +36.3%

- Windfall income from compensation for converting land in Hiep Thanh Industrial Park will drive profit growth during 2025-2026. After the Prime Minister approved the investment policy in March 2024 for Hiep Thanh with the 495-ha project located on TRC's rubber land, we expect TRC to receive compensation of about 1.5 billion VND/ha, equivalent to ~743 billion VND in pre-tax profit. This could be recorded in 2026–2027 if compensation progresses on schedule (1–2 years after policy approval)
- Rubber prices are forecast to increase by an average of 5% annually during 2025-2029 and remain high relative to the 2020–2024 period, ensuring positive prospects for TRC's core business
- TRC has about 1,000 ha of mature rubber trees ready for liquidation, which could contribute profit and provide stable cash flow. We forecast this segment to contribute an average of 10% of pre-tax profit annually during 2025–2029.
- Attractive valuation with a 2025 forward P/E of 7x, 36% lower than the sector average of 10.9x for rubber enterprises

Ticker	Price as of 11/07/25	Target price	Upside	Revenue 2025F	% YoY	Net profit after tax 2025F	% YoY	ROE 2024	ROE 2025F	Current P/E	P/E fw 2025
	VND	VND	%	VND bn	%	VND bn	%	%	%	x	x
SIP	61,481	74,900	21.8%	7,863	0.8%	1,285	0.5%	29.6%	25.0%	3.2	2.6
PHR	60,800	74,000	21.7%	1,678	2.7%	572	18.4%	12.5%	14.7%	2.1	2.0
TRC	67,200	91,600	36.3%	882	18.5%	284	28.3%	12.5%	15.0%	1.0	0.9

Source: Fiin-ProX, TVS Research forecast

Short-term investment tactics based on capital flows

We emphasize short-term strategies focused on the potential market upgrade in the second half of 2025.

We forecast that Vietnam's stock market will be upgraded to Emerging Market status under FTSE's criteria in 2025. This event is expected to attract strong foreign inflows, particularly into large-cap VN30 stocks that still have available foreign ownership room. The table below lists VN30 stocks along with information on trading metrics, valuations and foreign ownership ratios for investors to monitor.

Ticker	Market cap	Free-float	Remaining foreign ownership room adjusted for free-float	P/E	P/B
	VND bn	%	%	x	x
VCB	523,901	11.0%	7.9%	15.4	2.6
VIC	412,955	30.0%	30.0%	38.3	2.9
VHM	361,042	25.0%	25.0%	11.3	1.8
BID	268,918	4.0%	4.0%	10.5	1.8
TCB	246,917	65.0%	0.0%	11.6	1.6
CTG	239,502	15.0%	2.7%	9.3	1.6
HPG	199,562	55.0%	26.1%	16.0	1.7
FPT	187,536	85.0%	8.0%	22.6	5.9
VPL	165,522	14.5%	14.5%	62.7	5.3
MBB	162,931	55.0%	0.0%	6.6	1.4
VPB	159,869	50.0%	5.1%	9.9	1.1
GAS	159,067	5.0%	5.0%	15.0	2.5
VNM	124,979	40.0%	40.0%	14.3	3.7
GVR	120,000	4.0%	4.0%	25.5	2.2
MSN	110,034	55.0%	55.0%	50.4	3.6
MWG	100,398	75.0%	0.4%	22.8	3.4
LPB	98,580	95.0%	4.2%	9.9	2.2
STB	89,831	100.0%	9.9%	8.3	1.6
HDB	85,454	75.0%	0.6%	6.1	1.5
HVN	82,375	8.0%	8.0%	12.4	N/A

Source: Fiin-ProX, TVS Research

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Recommendation System

The recommendations of Buy, Sell, or Hold for stocks are determined based on the expected total return, which is the sum of the difference between the target price and the current market price of the stock, plus the expected dividend yield. Specific definitions for each recommendation level are as follows:

Recommendation ratings	Definition
BUY	Expected stock total return over 1 year > 20%
HOLD	Expected stock total return over 1 year is between -10% to 20%
SELL	Expected stock total return over 1 year < -10%

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