Stock market outlook 2H25

Leveraging domestic drivers

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KBSV raises the forecast for the VNIndex at the end of 2025 to 1,530 points (a slight increase from 1,460 points projected in the Stock Market Outlook 2025 report but a big upgrade from 1,100 points mentioned in the Stock Market Outlook 2Q25 report, set under a negative scenario with a corresponding tax rate of 46%). The 1,530 range is aligned with:

- An estimated 15% YoY growth in average EPS of listed enterprises on the HSX. This is lower than our 16.6% forecast at the beginning of the year, reflecting a cautious view on the tariff hit on business operations. However, this is just a minor adjustment as we are positive that the Government's policies to achieve the 8% GDP growth target in 2025 will create a favorable business environment for domestic enterprises and the public investment sector.
- A target P/E of 14.2x (based on Bloomberg's calculation), lower than the three-year and 10-year averages of 14.5x and 16.6x, respectively. We think this a prudent valuation for the market, but we should be cautious about global uncertainties, especially the actual impacts of Trump's tariffs when they officially take effect as well as the way he defines 'transshipped goods'.

Vietnam stock market in the second half of 2025 will mostly rely on the Government's strong economic stimulus policies such as maintaining low interest rates, promoting credit growth, boosting public investment, stimulating domestic consumption, supporting private enterprises, and removing obstacles for the real estate market. In the context of macroeconomic stability ensured by controllable inflation and exchange rates, we believe that these policies are feasible and will help the domestic economy reach the growth target and overcome the short-term headwinds that have been raging on the global market.

The promising investment themes in the coming time include: **Market upgrade, public investment, resolution 42 legislation, and policies to promote private enterprises**. KBSV believes that these homegrown drivers should be leveraged to compensate for the shrinking US-bound exports and FDI sector.

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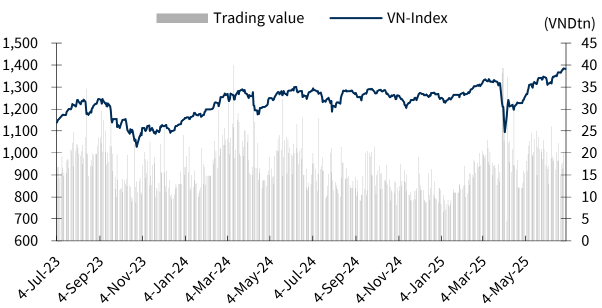
I. Stock market outlook for 2H25

Vietnam stock market posted steady gains in the first half of the year

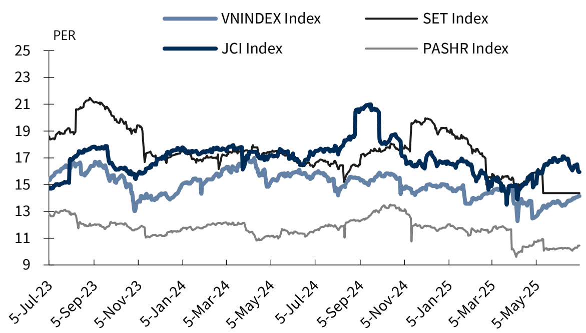
Vietnam stock market showed positive developments in the first half of 2025, which could be divided into two main stages. The first stage lasted from the beginning of the year until the US launched its reciprocal tariffs on April 2. The VNIndex posted steady gains, driven by optimism over domestic stimulus policies and healthy macro environment and business operations. The second stage witnessed fluctuations and shocks until Trump granted tariff reprieves on April 9 before bouncing back by the end of 2Q with a strong boost from Vingroup related stocks. From the beginning of the year to the end of 2Q, the VNIndex advanced 8.9% in points while decreasing by 12% in transaction value compared to the same period a year earlier.

Fig 1. Vietnam – Trading value, VNIndex (VNDtn, point)



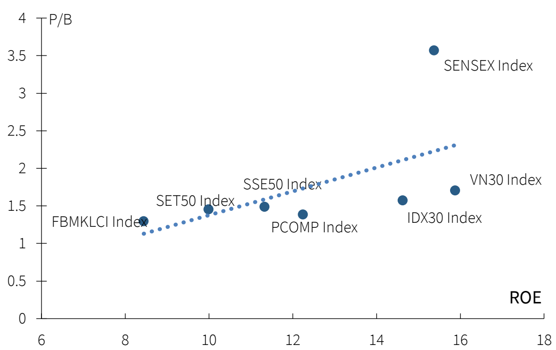
Source: Bloomberg, KB Securities Vietnam

Fig 2. ASEAN4 – P/E across markets (x)



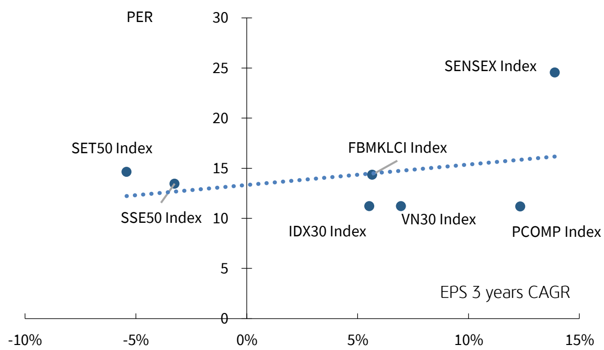
Source: Bloomberg, KB Securities Vietnam

Fig 3. Asia – P/B & ROE across stock markets (x, %)



Source: Bloomberg, KB Securities Vietnam

Fig 4. Asia – P/E & EPS growth across markets (%)



Source: Bloomberg, KB Securities Vietnam

The latest preliminary tax rate agreed by Vietnam and the US has partly cleared the uncertainty that weighed on investor sentiment throughout 2Q. Although the rate is not as low as the market expected, it is much lower than the 46% initially warned. As Trump's erratic tax decisions still pose risks to exports, domestic drivers should be further promoted in 2H25 and drive the market uptrend. For the rest of 2025, we believe that the following factors will shape the market trend:

Earnings of listed companies continue its strong growth

We lower our forecast for EPS growth for the whole market to 15% (from 16.7% in the Stock Market Outlook 2025 report), representing our more prudent view on the impact of tariffs on the performance of listed companies. However, this is just a minor adjustment as we believe the Government's supportive policies will create new growth momentum for the GDP growth target of 8% this year.

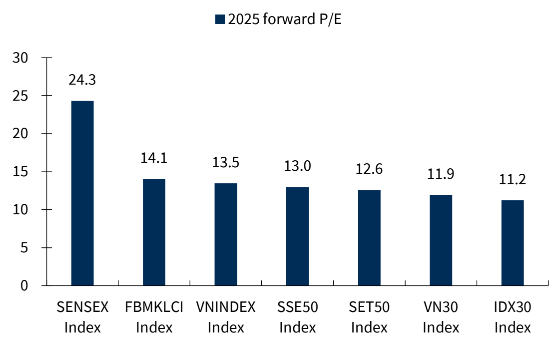
Domestic macroeconomic policies are the key to stock market growth

Stimulus measures to promote the domestic economy such as easing monetary and fiscal policies will continue to be boosted in 2H25, given that the GDP growth target of 8% in 2025 is very ambitious and tariff barriers pose risks to export activities (despite promising trade talk results so far between the two countries). Low interest rates, boosted credit growth, accelerated public investment, and the Government's determination to support private enterprises and remove difficulties for the real estate sector will be the key to Vietnam stock market growth in the second half of the year.

External macro risks may become weaker

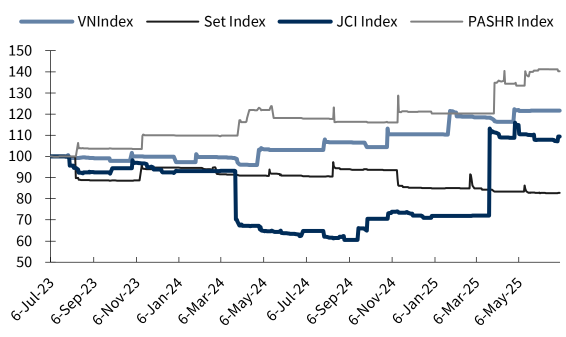
Global macro risks are expected to fade away in 2H25 when the Iran-Israel tensions cool down, and the announcement of the final tariff rates on the US's trading partners is close. The spotlight would be passed to the US fiscal policy (including the One Big Beautiful Bill Act), the timing of the Fed rate cuts, and the health of major economies. We believe that investment capital will tend to flow into higher-risk assets in emerging stock markets. This will be the basis for foreign capital to return to Vietnam, while the market is poised to be upgraded soon by FTSE in September 2025.

Fig 5. Asia – 2025 forward P/E across stock markets (x)



Source: Bloomberg, KB Securities Vietnam

Fig 6. ASEAN4 – EPS across markets (%)



Source: Bloomberg, KB Securities Vietnam

The VNIndex should hit 1,530 points by the end of this year

We expect the VNIndex to reach 1,530 points by the end of 2025, corresponding to a 15% EPS growth rate for the whole market *(which will be analyzed in the following part of the report)* and the P/E valuation at 14.2x (around the three-year average -1Std and lower than the 10-year mean 16.6x).

This P/E valuation is relatively conservative in the context of the Government's efforts to achieve the 8% GDP growth objective. The reason is that we need more time to assess the actual impact of the tariffs imposed by the Trump administration on Vietnamese exports, how Trump defines the transshipment concept, as well as the tariffs on Vietnamese competitors. Therefore, we will update our valuation in the next report, based on the above factors.

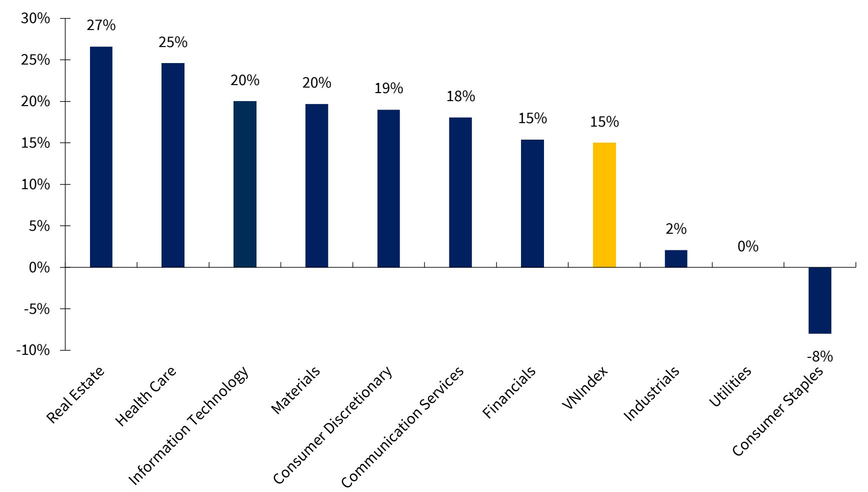
II. Business performance

We downgrade the 2025F average EPS growth of HSX listed companies to 15% YoY (1.6ppts lower than the projection given at the start of the year)

We lower our forecast for EPS growth of the whole market from 16.7% in the Stock Market Outlook 2025 report to 15% YoY (Figure 7) to reflect a more cautious view on the tax strike on the business operations of listed enterprises. However, the change is not much as we observed that new growth drivers have emerged from the Government's strong stimulus policies.

KBSV's forecast for the overall growth of the market was based on changes in each industry group.

Fig 7. Vietnam – 2025F EPS YoY growth (%)



Source: Bloomberg, KB Securities Vietnam

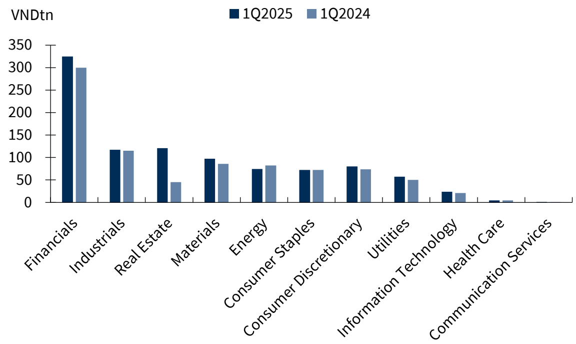
Developments of industry groups are mixed amid sweeping tariffs and domestic supportive policies

Based on our observations on the macroeconomic context, industry trends, and specific projections for leading enterprises, we give some comments as follows:

- Real estate (+27% yoy), healthcare (+25% yoy), and IT (+20%) will lead the growth as they tend to be subject to less impacts from tariffs. Meanwhile, the three industry groups will benefit from domestic policy changes which are slated to show strong effects in the coming time:
  - Ramping up public investment into infrastructure construction, removing legal obstacles for real estate projects;
  - Strongly developing technology sector, digital/green transformation, training quality human resources;
  - Cracking down on counterfeit medicine and health supplements to increase the quality of the pharmaceutical and healthcare industries.

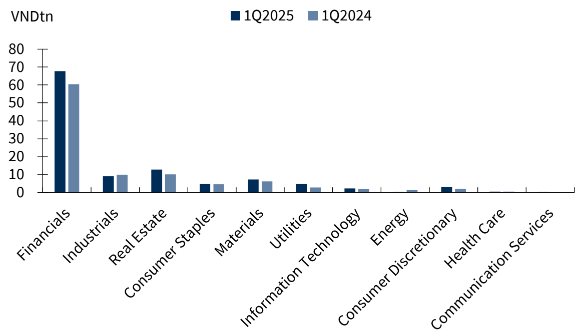
- Meanwhile, industrial, consumer staples and utilities industries may be laggards. These are also groups that are sensitive to US tax policies, especially fishery and textiles exporting companies. Industrial and utilities will face disadvantages from slowing FDI inflows and decreasing demand. In addition, consumer staples may be upset by timid domestic demand and fiercer competition in the industry.

Fig 8. Vietnam – 1Q25 revenue across sectors (VNDtn)



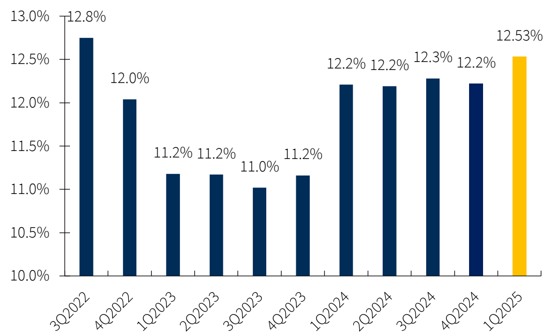
Source: Bloomberg, KB Securities Vietnam

Fig 9. Vietnam – 1Q25 earnings across sectors (VNDtn)



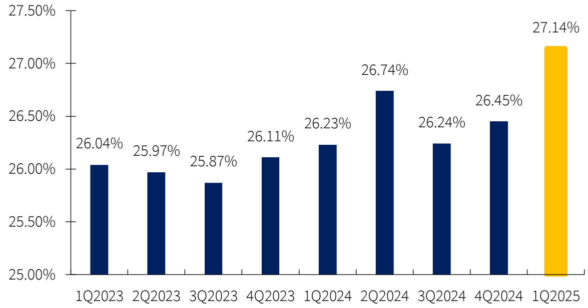
Source: Bloomberg, KB Securities Vietnam

Fig 10. Vietnam – Quarterly NIM of listed companies (%)



Source: Bloomberg, KB Securities Vietnam

Fig 11. Vietnam – Quarterly GPM of listed companies (%)



Source: Bloomberg, KB Securities Vietnam

III. Macro & stock market overview

1. Global – Risks cooling down

Global macro risks are expected to fade away in 2H25 when the Iran-Israel tensions cool down, and the negotiations for the final tariff rates on the US's trading partners are close. The spotlight would be passed to the US fiscal policy (including the One Big Beautiful Bill Act), the timing of the Fed rate cuts, and the health of major economies. We believe that investment capital will tend to flow into higher-risk assets, including assets in emerging stock markets. This will be the basis for foreign capital to return to Vietnam, while the market poised to be upgraded by FTSE this September.

Table 1. Global – US reciprocal tariffs on trading partners (%)

	Reciprocal tariffs	
	Original rates on April 2, 2025	Preliminary rates as of July 8, 2025
Laos	48	40
Burma	44	40
Cambodia	49	36
Thailand	36	36
Bangladesh	37	35
Serbia	37	35
Indonesia	32	32
South Africa	30	30
Bosnia	35	30
Japan	24	25
Korea	25	25
Malaysia	24	25
Kazakhstan	27	25
Tunisia	28	25
Vietnam	46	20
England	20	10

Source: Bloomberg, KB Securities Vietnam

Uncertainties resulting from Trade war 2.0 should be gradually resolved

As of July 7, 2025, President Donald Trump has successively released new reciprocal tariffs on major trading partners of the US and said he would postpone the tax collection until August 1, which means tax uncertainties will continue. However, we believe that the risks to the global economy have considerably decreased compared to the initial forecast when Trump first introduced the tariffs on April 2. UK, Vietnam, and China are the three countries that have reached clearer agreements with the US:

- **UK**: According to the Economic Prosperity Deal, the US will maintain the minimum tax rate of 10%, cut duties on automobiles, and consider eliminating the current 25% tax rate on UK steel and aluminum.
- **Vietnam**: Goods originating from Vietnam will be subject to a 20% tax rate, while goods considered to be transshipped through Vietnam will be hit 40%. In return, the US exports will be given free access to Vietnam market.

- **China**: According to the Geneva Agreement, the two countries have agreed to put an end to their tit-for-tat levies, and the US will delay the reciprocal tariff (34%) on China for 90 days. All Chinese commodities (except for Fentanyl) imported into the US will have to pay a baseline 10% tariff rate.

Middle East political uncertainties have cooled down

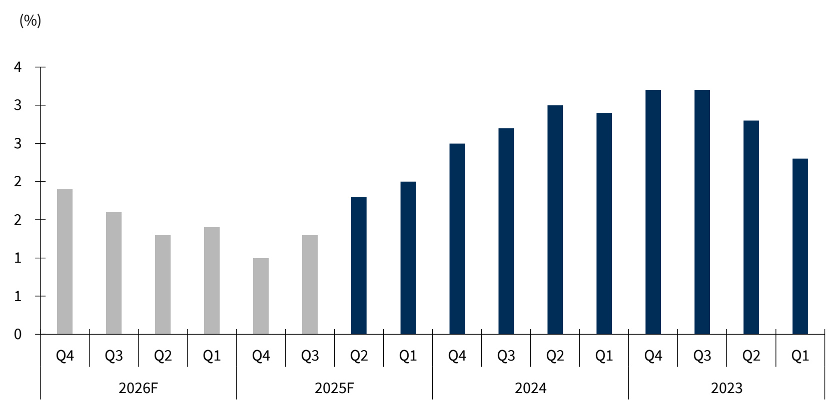
The geopolitical shock in the Middle East in 2Q has caused many disturbances to the global financial market, sending major stock markets miring in multi-day losing streak and oil prices rocketing. However, the ceasefire agreement between Iran and Israel was reached after 12 days of fighting, which eliminated political tensions in the region. Accordingly, global investment flows will also tend to seek higher-risk assets in emerging stock markets like Vietnam.

Fed may have rate slashes in the rest of 2025

The Fed is expected to cut interest rates twice from now to the end of 2025, with 25bps/time, reinforced by Trump's tax policies and changes in the agency's policy orientation:

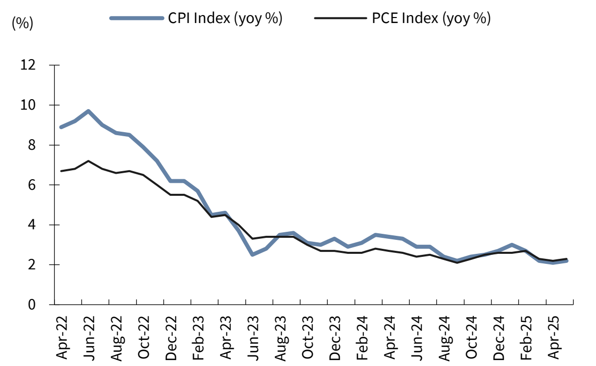
- **The US economy is forecast to slow down from the end of 2025** (Figure 12). The increase in the average tariffs into the US will raise the prices of goods, affecting consumption and the labor market in 2H25.
- **The Fed has changed its policy orientation**. At the Fed meeting last May, Chairman Powell said that the Fed would focus more on shortfalls instead of deviations. This means that the banking system will shift its focus to the labor market, be willing to accept a 'hot' labor market, and at the same time accept a higher-than-target inflation rate for a certain period. Therefore, it can cut interest rates sooner even if inflation exceeds the limit.

Fig 12. US – GDP growth forecast (%)



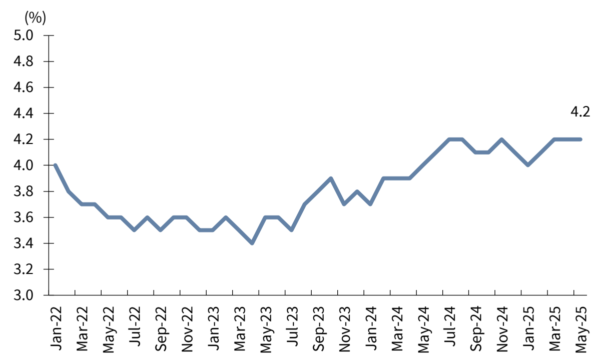
Source: Bloomberg, KB Securities Vietnam

Fig 13. US – CPI & PCE (%)



Source: Bloomberg, KB Securities Vietnam

Fig 14. US – Unemployment rate (%)



Source: Bloomberg, KB Securities Vietnam

The One Big Beautiful Bill Act will drive the US economy in the short and medium term but may increase pressure on the budget deficit and US government bond yields

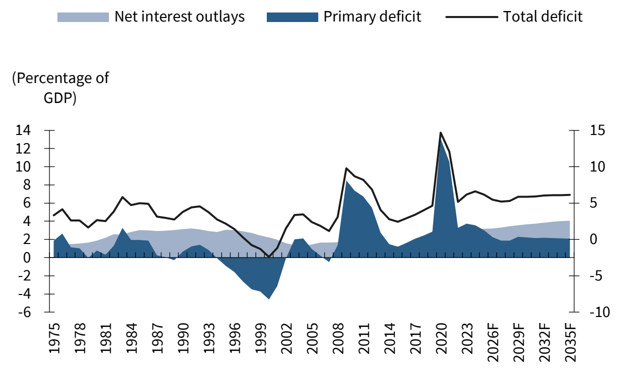
On July 3, Trump administration passed 'One Big Beautiful Bill Act', a sprawling fiscal policy. It is supposed to be the key driving force for the US economic growth in 2H25 and help the US stock market to surpass its peak in the past time, while the economy is forecast to be under pressure from Trade war 2.0-induced sluggish consumption.

However, the bill act may bring some risks to this country's economy in the long term, which should be watched in the context of the increasing budget deficit. According to the CBO (Congressional Budget Office of the US), the US government's budget deficit will increase by USD2.4 trillion/10 years (0.6% of GDP), taking into account the offset from tax revenue. This deficit has caused investors to reduce their ownership of US Government bonds, which explains the ongoing USD depreciation despite the increase in bond yields (Figure 16). It is projected that this trend may last until 2026. Furthermore, when bond yields increase, it is more difficult to cut interest rates in the long term.

The One Big Beautiful Bill Act, which has been signed into law, includes five main components:

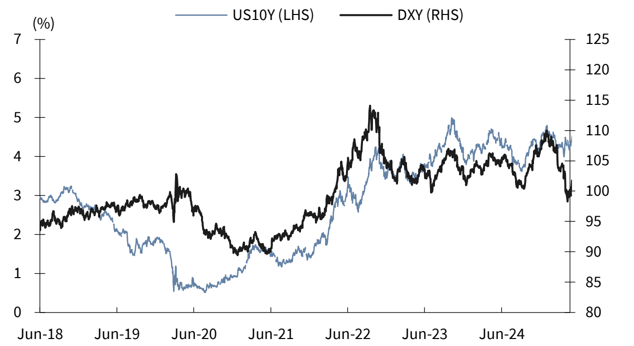
1. **Extend and expand individual tax cuts**: Extend about USD3.3 trillion (equivalent to 1% of GDP) over 10 years;
2. **Exempt some taxes**: Eliminate taxes on tips and overtime income, deduct interest on auto loans, give more deductions for seniors;
3. **Offer business investment incentives**: Eliminate taxes on equipment investment costs and R&D costs;
4. **Create new funds**: Add USD400 billion to new funds for immigration enforcement, defense, air traffic, and agricultural subsidies;
5. **Cut spending**: Cut government spending by USD1.6 trillion over 10 years (0.4% of GDP).

Fig 15. US – Budget deficit (%GDP)



Source: Congressional Budget Office, KB Securities Vietnam

Fig 16. US – Government bond yields & DXY (%)



Source: Bloomberg, KB Securities Vietnam

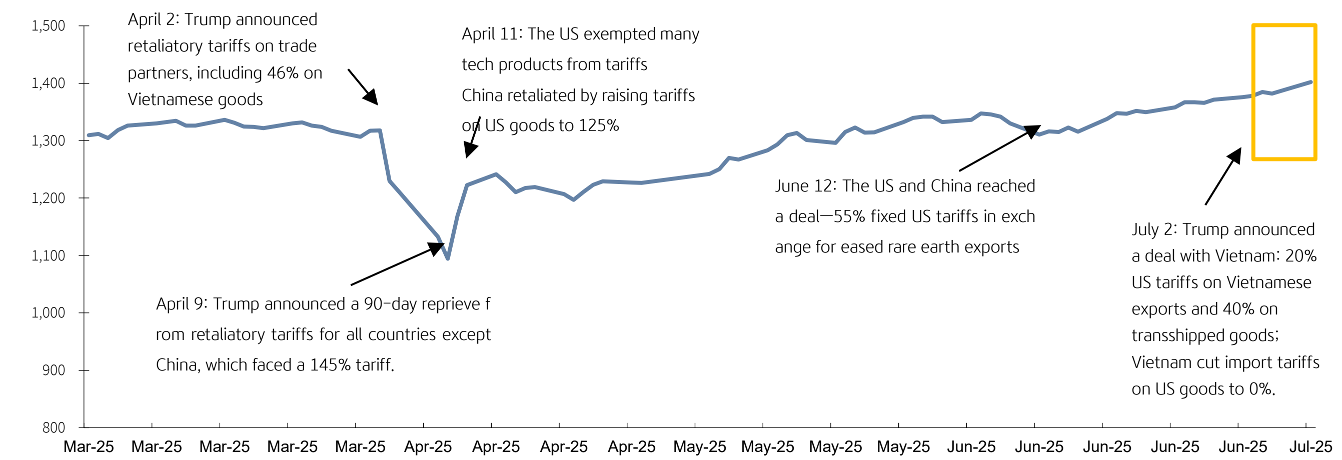
2. Vietnam – Leveraging homegrown drivers

The US and Vietnam has taken a more conciliatory approach to tariff issues, partly resolving tax uncertainties

Vietnam stock market has cheered the promising results from the tariff negotiations with a stable uptrend. Although we do not think the post-negotiation rates are satisfactory, the latest talk between President Trump and General Secretary To Lam has partly reassured local investors' worries. The main growth driver of the market in the second half of 2025 will be the Government's policies to promote economic growth with the spearhead private business.

A not-so-bad tariff result, combined with easing domestic macro policies, is creating a more favorable environment for investment in 2H25.

Fig 17. Vietnam – The VNIndex developments alongside tariff-related events (point)



Source: FiinPro, KB Securities Vietnam

The US is supposed to impose a 20% tax on exports from Vietnam and a 40% tax on goods transshipped through Vietnam, while Vietnam will cut all import taxes on US goods to 0%

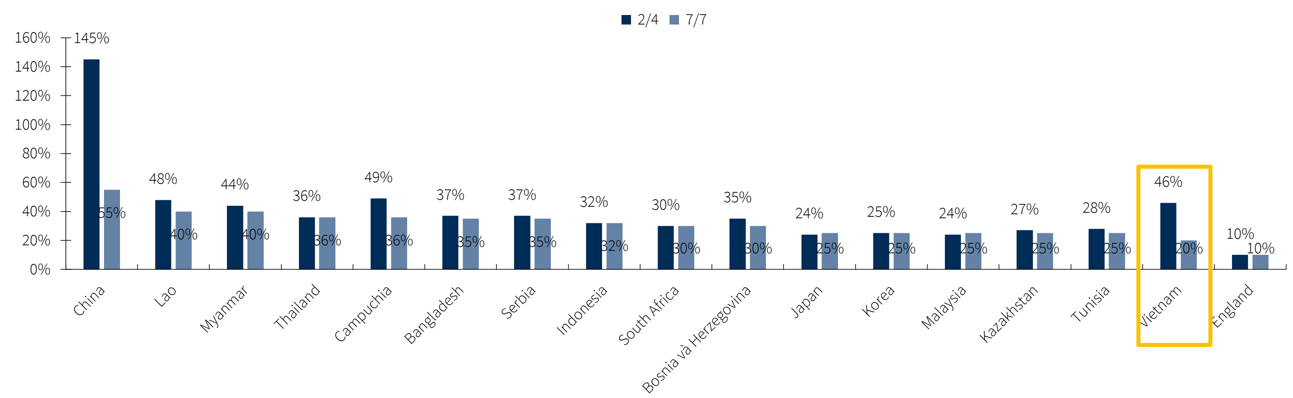
Although the worst scenario with a 46% tax rate does not happen, the 20% rate will also make Vietnam – US trade activities less favorable than before Trump's 'Liberation Day'. Potential long-term risks are related to (1) a decline in export activities as the US is Vietnam's largest export market with nearly one-third of total export turnover; (2) slowing FDI inflows, despite not being withdrawn as strongly as forecast in the 46% tax scenario due to hefty tax policies on goods transshipping through Vietnam; and (3) higher competitive pressure on domestic enterprises.

In addition, specific criteria for assessing transshipped goods (subject to a 40% tax rate from the US) are also important information to monitor. This is likely to throw a big hit on FDI and Vietnam's exports if the US requires a high localization rate (over 50%). In that case, the market may experience more short-term corrections. However, these criteria will likely also be applied to peer countries that also took advantages from Trade war 1.0. Therefore, in the medium and long term, FDI enterprises will have to ramp up their reshoring and supply chain restructuring to raise the localization rate. This is an opportunity for Vietnam to increase the efficiency of FDI capital flows, bringing more real added value to the economy.

Vietnam can maintain competitive advantages over peers in terms of reciprocal tariffs

As we mentioned in the Macro Note on the new tariff agreement on July 2, the level of impact will depend on the difference between the tariffs imposed on Vietnam and other countries. On July 8, Trump sent a letter announcing a 25-40% tariff rate to 14 US trading partners, effective from August 1 but implied willingness for further negotiations. We believe that these countries will bargain for lower tariff rates before August 1. However, Vietnam's proactive trade talk so far has brought about a more breathable tariff rate than other countries, so it could maintain its competitive advantages.

Fig 18. Global – US reciprocal tariffs on some trading partners as of July 8, 2025 (%)



Source: Bloomberg, KB Securities Vietnam

Economic growth is positive in 1H25, the Government is making efforts to achieve the GDP target of 8% by the end of the year

Given a more favorable tax rate compared to the first introduced, the Government is exerting efforts to achieve the target of 8% economic growth in 2025. Preliminary results show that in the first six months of 2025, the domestic economy achieved encouraging results with key indicators such as: GDP gained 7.67% YoY in 2Q, estimated to increase 7.31% YoY in 1H25; exports increased by 14.4% in 1H25; the tourism sector attracted 10.7 million people (+20% YoY); and total social investment capital rose 9.8% YoY with a positive public investment disbursement rate in the first months of the year. Despite unclear tariff prospects, Vietnam still attracts FDI inflows with disbursed FDI recorded at USD11.7 billion (+8.1% YoY).

The arduous success is attributable to the Government's comprehensive economic development strategy with preferential interest rate policies, removing difficulties for businesses and promoting public investment. However, we also note that a binge in export activity in the past two months is so far just an effect of pre-tariff stockpiling. Meanwhile, PMI has recorded the third consecutive month of decline, reflecting potential challenges to the economy in the last six months of the year. KBSV forecasts economic growth for the whole year of 2025 will reach 7.6-7.8%.

Although risks still exist, exchange rate pressure will be somewhat relieved in the last period of the year

The DXY index has seen steep falls in the first half of this year (-11% YTD) but the VND has been depreciating (the USD/VND exchange rate has increased by 2.83% YTD). This may have two main reasons: (i) the State Bank of Vietnam's (SBV) easing monetary policies that include maintaining low interest rates, promoting credit growth, and expanding M2 money supply; and (ii) speculative sentiment amid concerns that tariffs will trigger withdrawals from foreign investors.

The second reason is no longer a concern as the tax rate that Vietnam has to bear is not too high for both direct and indirect investment. In addition, the high possibility of the Fed's two remaining rate cuts this year and the Trump administration's sprawling fiscal policies *(through the One Big Beautiful Bill Act, which has been mentioned earlier)* will keep the USD value at a low level. Accordingly, although we still maintain a cautious view on the exchange rate, we believe that USD/VND will not increase by more than 4% this year, which is under control in the context of economic growth supportive policies.

Lending interest rates are stable, mobilization pressure on banks increase

The Government will maintain dovish policies at least until the end of 2025. Therefore, lending interest rates are expected to remain low with preferential credit packages to boost businesses' capital needs. This year, the Government has directed the SBV to deploy a credit support package worth VND500 trillion with the participation of 12 banks, which focuses on infrastructure and digital technology to promote economic growth and liberate social resources. Credit in the first six months of the year recorded strong growth (over 9.9% - compared to 6% in 1H24). This trend is slated to continue in the second half of the year, but strong loan growth will also put pressure on banks' liquidity. Although the SBV has actively supported liquidity for banks through (i) increasing treasury deposits at state-owned banks (reaching VND423 trillion as of May 2025); and (ii) supporting banks through open market operations, so that capital sources remain stable to serve credit growth; we do not rule out the possibility that liquidity may be tight at times, especially when credit is boosted at the end of the year. Therefore, deposit interest rates may increase slightly again from 4Q25.

(We will update on these issues in the upcoming Macro Outlook 2H25 Report)

IV. Investment themes

Investment theme	Beneficiary sector	Top pick
Market upgrade	Securities	VCI, HCM, SSI
Public investment	Construction, construction materials, electrical installation	GEG, REE, PC1, TV2, VCG, HHV, VLB, HPG
Resolution 42	Banking	VCB, TCB, MBB, CTG, BID
Stimulus policies for domestic businesses	Real estate, industry-leading businesses	VHM, KDH, NLG, DXG, HDG, FPT, HPG

Our updated investment themes include: Market upgrade, public investment, resolution 42 legislation, and policies to promote domestic enterprises. In the context of global macroeconomic uncertainties, KBSV believes that these homegrown drivers should be leveraged to compensate for the declining exports, thereby increasing the stock prices of beneficiary businesses.

1. Market upgrade

In this report, we will continue to update and briefly reiterate KBSV's view on the possibility of the Vietnamese stock market being approved for upgrading in September 2025. This has been an attention-catching topic for many years and recently become hot again as the State Securities Commission accelerated the process of improving mechanisms and simplifying regulations to meet the criteria of the rating agencies.

Vietnam remains on FTSE Russell's watch list for the April 2025 classification

FTSE Russell continues to keep Vietnam on the watch list for upgrading from Frontier Markets to Secondary Emerging Markets in the April 2025 review period. Vietnam has been on the watchlist since September 2018. According to the response from FTSE, both the criteria ‘Delivery versus Payment’ (DvP) and ‘Settlement – costs associated with failed trades” are still rated as ‘limited’. In addition, Vietnam needs to improve the new account registration process as current market practices may prolong registration time. At the same time, the introduction of an effective mechanism to facilitate transactions among foreign investors for stocks that have reached or are approaching the foreign ownership limit (FOL) is also considered important.

However, FTSE Russell showed its appreciation for the commitment of the Vietnamese market regulators to pursue regulatory reforms to make foreign trading more convenient. The Securities Commission earlier in March proposed nine solutions to achieve market upgrade in 2025-2026, focusing on addressing the most important aspects of the emerging market criteria.

Table 2. Vietnam – Key solutions to market upgrade

No.	Issue	Solution	Target
1	Legal	Remove the requirement of disclosing the identity of authorized representatives (Circular 68/2024/TT-BTC)	Increase security, international standards
2	Process	Encourage securities companies to reach a consensus trading procedure and limit differences in contracts with customers (Circular 68/2024/TT-BTC)	Improve professionalism, synchronize services
3	Transaction	Allow the retention of foreign ownership room until T+3 on the KRX (Circular 68/2024/TT-BTC)	Increase flexibility in foreign room management
4	Infrastructure	Develop an information exchange system (Straight through processing - STP) between securities companies and custodian banks	Automate, increase transaction efficiency
5	Information	Fully inform investors about the roadmap and features of KRX	Increase transparency, build trust to investors
6	Access to foreign investors	Deploy the omnibus trading account (OTA)	Simplify, attract foreign investment funds
7	Payment	Implement the central clearing counterparty (CCP) mechanism	Increase payment security and efficiency
8	Support foreign investors	Establish a policy dialogue group to solve foreign investors' difficulties	Solve problems, improve investment environment
9	Procedure	Simplify procedures and shorten the time to open indirect investment accounts for foreign investors	Reduce administrative barriers, attract foreign capital

Source: State Securities Commission

The KRX system has been operational since May

The KRX system was officially put into operation on May 5. This will be an important process to create a foundation to prepare for new trading methods and tools in the future, especially the opportunity to deploy a CCP, an important criterion in the upgrading journey of FTSE Russell and MSCI.

Table 3. Vietnam – Key changes after KRX rollout

No.	Key aspect	Changes after KRX go-live	Core impact
1	Order priority	At-the-opening (ATO)/At-the-closing (ATC) orders no longer prioritize order entry time	Promote fairness and prevent "order stuffing"
2	ATO/ATC price board	Display specific prices for limit orders (LO)	Clearer, more intuitive
3	Order modification	Do not edit price and volume at the same time	Limit errors, increase stability
4	Market order (MP)	Renamed to market-to-limit order (MTL), with unmatched portions automatically converted to LO (Limit Order)	Reduce the risk of unfavorable price execution
5	Odd-lot orders	Trade throughout the session	Increase flexibility in odd-lot transactions
6	Restricted stocks	Trade all day (HOSE)	Increase liquidity for limited tickers
7	Foreign ownership room	Update foreign room in real time	Transparent, improve information accuracy
8	Derivatives	International standard code name convention	Increase the professionalism
9	Derivative margin trading	Deposit money and place orders to open positions directly at securities companies	More convenient process
10	Settlement (expected)	Shorten T+2/T+1 trading days	Improve capital turnover cycle
11	OTA account (expected)	Feasible to be deployed	Simple for foreign funds

Source: Bloomberg, KB Securities Vietnam

KBSV believes that the market will be upgraded this September

We reiterate our positive view on the potential for upgrading the Vietnamese stock market. Once approved, the market could attract a big capital inflow, estimated at USD800 million to USD1 billion from passive funds modeled after the FTSE index, and this figure would be even larger when other indexes are included. Notably, capital flows from active funds are forecast to be stronger, possibly reaching USD4-6 billion.

Accordingly, leading stocks that meet the criteria for capitalization and liquidity such as Vietcombank (VCB), Masan Group (MSN), Vinamilk (VNM), Hoa Phat Group (HPG), Vingroup (VIC), Vinhomes (VHM), and SSI Securities (SSI) will be the top candidates to be added to the index basket. In addition, stocks with good growth prospects and ownership room for foreign investors will also catch the attention from active funds. In addition, the group of securities companies, especially those with the largest brokerage market share for foreign organizations like Vietcap Securities (VCI), Ho Chi Minh Securities (HCM), and SSI will also directly benefit from the increase in profits and transaction fees.

2. Public investment

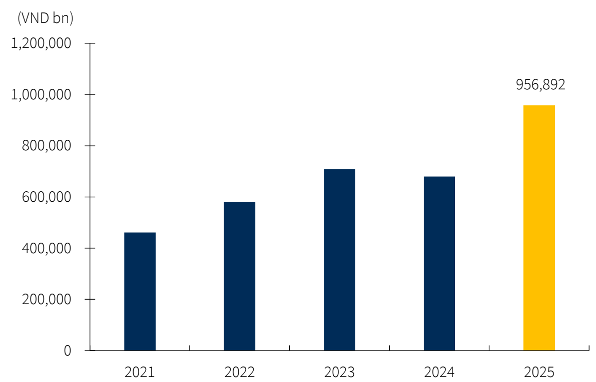
Vietnam is making progress in public capital disbursement in 1H25

According to the report of the Ministry of Finance, the cumulative disbursement of public investment from the state budget from the beginning of the year to the end of April 2025 was VND137,168 billion, equal to 14.33% of the plan. The estimated disbursement by the end of May 2025 reaches VND209,669.5 billion, or 21.9% of the target (Figure 20). The disbursement in May began to show many positive signs in progress. At a conference chaired by the Prime Minister on the morning of June 22, it was released that 1H25 disbursement of public investment capital nearly touched VND264,800 billion, reaching 32.06% of the plan and higher in both absolute value and speed compared to the same period in 2024.

The disbursement is expected to accelerate towards the end of the year

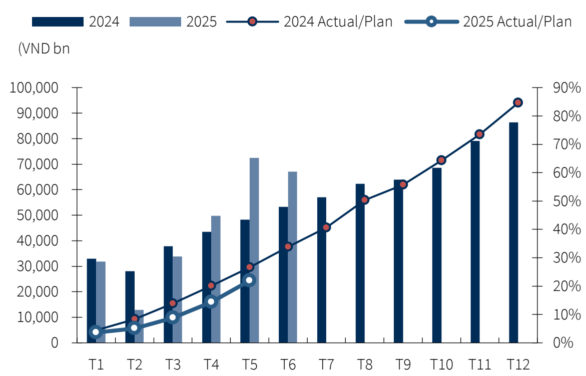
The Government has shown its determination and efforts to accelerate disbursement, demonstrated through the stages of monitoring, urging, directing, and supporting site clearance, accessing and exploiting raw material sources, to supporting policies, removing legal obstacles, and streamlining procedures. KBSV believes that this trend will be further promoted in the coming time, and many key public investment projects are expected to start implementation from the second half of 2025, especially at the end of the year, which will be the time when disbursement will be boosted the most. The main focus will include transport infrastructure and energy.

Fig 19. Vietnam – Public investment capital plan assigned by the Prime Minister (VNDbn)



Source: KB Securities Vietnam

Fig 20. Vietnam – Public capital disbursement in 2024-2025 (VNDbn)



Source: Ministry of Finance, KB Securities Vietnam

*Note: The deadline for disbursement is the end of January 2026

Table 4. Vietnam – Major projects to be implemented in 3Q25

Project	Notes
Ho Chi Minh City – Long Thanh Expressway Expansion	Launch feasibility study, ensure approval in July 2025
Dau Giay – Tan Phu Project	Complete procedures to start the project in August 2025
Capital Ring Road 4 (component 3)	Complete procedures to start the project in July 2025
Tan Phu – Bao Loc and Bao Loc – Lien Khuong	Hold groundbreaking ceremony in August 2025
Ho Chi Minh City – Moc Bai Expressway	Speed up the preparation and approval of the feasibility study, complete in June 2025

Source: Bloomberg, KB Securities Vietnam

Companies associated with public investment projects will benefit

We still believe in the positive outlook of industry groups directly participating in or indirectly supplying products and services for public investment projects. To be more specific:

- With the Government's urging of implementation, KBSV maintains a positive view on the group of construction and infrastructure contractor enterprises such as Vinaconex (VCG), Licogi (LCG), Deo Ca Traffic Infrastructure Investment (HHV), and PC1 Group (PC1).
- In the energy sector, removing obstacles for power projects, especially renewable energy, along with the plan to develop diverse power sources and modernize the transmission grid will be a catalyst for enterprises in this group such as Gia Lai Electricity (GEG), REE Corporation (REE), PC1, and Power Engineering Consulting (TV2).
- Construction material providers such as HPG, Bien Hoa Building Materials Production and Construction (VLB), Petrolimex Petrochemical Corporation (PLC), and Vicem Ha Tien Cement (HT1) are also expected to benefit from increased demand when implementing a slew of large public investment projects. In fact, the demand for construction materials has recently shown significant improvement, reflected in the prices of some materials such as cement, stone, and steel. This, when combined with the recovery of the real estate market, will bode well for the demand for raw materials and the prospects of the industry group.

Legal solutions to remove obstacles in public investment are also worth noting. The National Assembly has passed a law amending and supplementing eight laws in the fields of finance, investment, and budget. These amendments help to remove legal bottlenecks, streamline procedures, decentralize investment acceptance authority to localities, and ramp up public investment. In addition, a notable point in this amendment is the adoption of a mechanism for sharing increased and decreased revenue, helping to handle 11 ineffective BOT traffic projects (Table 5). Previously, the Ministry of Construction officially submitted a plan to use state budget capital to provide financial support and buy back (contract liquidation) for these 11 BOTs. KBSV believes that businesses that can benefit include HHV, Cuong Thuan IDICO Development Investment (CTI), and Cienco4 Group (C4G) because they have projects that need to be resolved in the below list.

Table 5. Vietnam – 11 BOT projects entangled with legal issues

Proposal to arrange state budget capital to pay for contract liquidation for 7 out of 11 projects				
Project	Contractor	Investment capital limit (VNDbn)	Total investment (VNDbn)	Preliminary state capital payment (VNDbn)
BOT National Highway 1, bypass Thanh Hoa City	Thanh Hoa Diversion Road BOT JSC	1,014	741	882
BOT Thai Nguyen – Cho Moi	Joint venture of Cienco 4 Group (C4G) – Tuan Loc – Truong Loc Co. Ltd.	2,713	2,208	2,631
Ho Chi Minh (National Highway 14) upgrade & expansion (section Km1,738+148 – Km1,763+610)	Joint venture of Toan My 14 – Bang Duong	836	705	379
National Highway 91 upgrade (section Km14+000 –Km50+889)	National Highway 91 Can Tho – An Giang Investment JSC (including CTI)	1,588	1,585	1,278
Saigon River section upgrade (from Binh Loi Bridge to Ben Suc Port)	Binh Loi BOT Investment Co. Ltd.	1,303	612	571
Road 39B, bypass Thanh Ne and section from the road to Thai Binh Power Center to Diem Dien Bridge upgrade	TASCO Nam Thai JSC	550	452	543
An Hai Bridge	Hoa Binh Construction and Real Estate Business JSC	33	33	33

Proposal to supplement state capital (exploitation phase) to ensure financial efficiency and continue contract implementation for 4 out of 11 projects			
Project	Contractor	Investment capital limit (VNDbn)	State capital contribution (VNDbn)
BOT Viet Tri – Ba Vi Bridge connecting National Highway 32 with National Highway 32C	Phu Ha BOT Co. Ltd.	1,462	598
BOT Thai Ha Bridge across the Red River	Thai Ha Bridge BOT JSC	1,709	1,024
BOT tunnel through Deo Ca (including Deo Ca, Co Ma, Cu Mong, and Hai Van tunnels)	Deo Ca Traffic Infrastructure Investment (HHV)	18,904	2,280
Bac Giang – Lang Son Expressway (section Km45+100 – Km108+500) and National Highway 1 maintenance (section Km1+800 – Km106+500)	Deo Ca Traffic Infrastructure Investment (HHV)	12,188	4,580

Source: Ministry of Construction, KB Securities Vietnam

3. Resolution 42

The legislation of Resolution 42 is expected to remove legal bottlenecks in the NPL resolution process

On June 27, 2025, at its 9th session, the National Assembly officially passed the amended Law on Credit Institutions. As part of the effort to legislate Resolution 42, three new articles—198a, 198b, and 198c—were added, covering: (1) the right to take possession of collateral; (2) the attachment of collateral owned by the judgment debtor; and (3) the return of collateral used as evidence in criminal cases. Notably, Articles 198b and 198c carry forward two key provisions from Resolution 42/2017/QH14 dated June 21, 2017 as a pilot framework for bad debt resolution in credit institutions. The legislation of Resolution 42 marks a significant step forward in strengthening the legal framework for NPL (non-performing loan) resolution, helping to unlock long-idle capital flows and enhance capital efficiency across the broader economy.

Table 6. Vietnam – Legal framework for NPL resolution

No.	Provisions	No legal framework for NPL resolution	Legal framework for NPL resolution (based on Resolution 42)
1	Legal basis for NPL resolution	Fragmented and unclear, primarily based on the Civil Code, Law on Enforcement of Civil Judgments, and the Law on Credit Institutions.	A specialized and centralized mechanism featuring a "priority fast-track" approach, specifically designed for NPLs and collateral.
2	Right to seize collateral	- Primarily based on voluntary agreements outlined in the security contract - Due to the lack of specific legal provisions, when borrowers are uncooperative, credit institutions must initiate legal proceedings to enforce collateral recovery—a process that is often time-consuming and costly for both parties	- Empowers credit institutions/VAMC to proactively take possession of collateral when certain conditions are met (e.g., a valid contractual agreement, borrower notification, and oversight by authorities). - Allows collateral to be seized outside of court proceedings if the security contract includes a repossession clause, reducing reliance on judicial intervention.
3	Procedures for collateral disposal	The auction process for collateral is typically complex, involving multiple steps and significant delays. Asset disposals are frequently subject to disputes, as borrowers may contest the appraised value.	Allows collateral to be valued at market prices. Market value is determined by independent appraisal organizations, helping to minimize disputes.
4	Priority in debt repayment obligations	Under Article 308 of the Civil Code (2005 & 2015), banks are not granted absolute priority and must settle other obligations first (e.g., court fees, taxes). ➔ NPL resolution is often delayed due to priority-related legal entanglements.	Article 11 of Resolution 42: Grants banks payment priority in receiving proceeds from collateral liquidation before other obligations are settled. ➔ Strengthens debt recovery prospects for banks and promotes faster resolution of NPLs through more efficient collateral enforcement.
5	Debt trading	VAMC primarily conducts bad debt purchases using special bonds, without actual cash flow. ➔ VAMC mainly plays a custodial role with limited authority to resolve or recover the debts.	Allows debt trading at market prices, enabling VAMC to shift from purchasing special bonds to acquiring debts with actual cash flow. ➔ Provides a legal basis for VAMC to engage in market-based NPL transactions (including cash purchases), while also granting it greater authority to sell debts, handle collateral, and convert purchase methods—enabling VAMC to operate as a more proactive debt resolution entity.
6	Scope of application	All NPLs	Resolution 42 was a pilot mechanism limited to NPLs incurred before August 15, 2017. The newly amended 2025 Law on Credit Institutions has now expanded and legislated its provisions—applying them to all NPLs, regardless of when they were incurred.

Source: Current laws and regulations, KB Securities Vietnam

Most provisions of Resolution 42 have been formally codified in the amended Law on Credit Institutions (2024). Following the recent session of the National Assembly, the new law further introduces three additional key provisions:

Table 7. Vietnam – Three key provisions legislated during the 9th session of the National Assembly

No.	Legal provisions	Content
1	Legislation of the right to seize collateral	The law clearly stipulates the credit institution's right to take possession of collateral if such a clause is included in the security agreement. Previously, in cases where borrowers were uncooperative, banks were forced to initiate legal proceedings to enforce collateral recovery—a process that was lengthy, costly, and often exploited by borrowers to delay debt repayment. However, the legislation of this right (i) enables banks to take a more proactive approach in handling collateral, streamlining the process, and reducing litigation costs associated with resolving disputes in court; and (ii) enhances borrower accountability in fulfilling debt obligations or surrendering collateral in the event of default.
2	Legislation of the attachment of collateral	The law clearly stipulates that collateral for NPLs shall not be subject to attachment for enforcement purposes if the security contract was established before the effective date of the judgment or court ruling. This provision aims to reduce the risk of collateral being "trapped" in multiple enforcement obligations, which often delays debt resolution, and to improve the feasibility of collateral recovery for credit institutions.
3	Legislation of the return of collateral in criminal and administrative violation cases	The law stipulates that collateral assets used as physical evidence in a criminal case—if securing an NPL—shall be returned once the evidence has been verified and deemed non-essential to the outcome of the case. This provision enables banks to promptly liquidate the collateral, provided the ongoing legal process is not affected by the related criminal proceedings.

Source: Amended Law on Credit Institutions (2025), KB Securities Vietnam

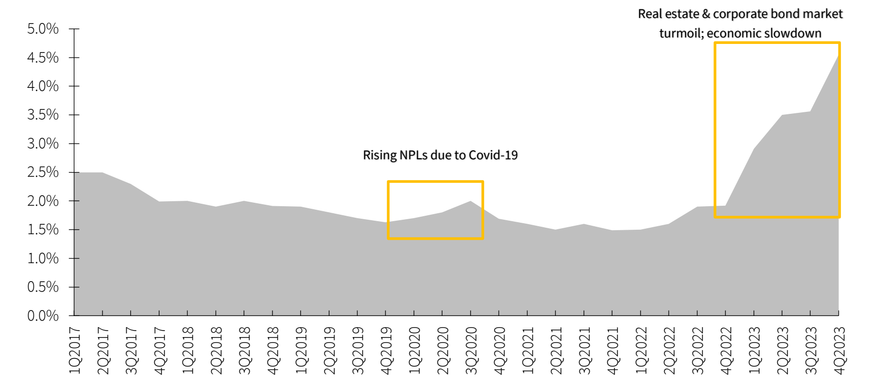
The legislation of Resolution 42 will strengthen the legal framework for NPL resolution, directly supporting the banking sector and generating positive spillover across for the broader economy

KBSV believes that the fundamental shift in the legal framework for NPL resolution plays a vital role and will have a positive impact on the banking sector in particular and the broader economy in general:

- **Strengthened legal framework:** The legislation of Resolution 42 marks the end of its "pilot" status that existed from 2017 to 2023, establishing a stable and long-term legal foundation. By elevating these provisions into law, their enforceability and binding power are enhanced, ensuring consistent application across the entire banking system (rather than being limited to pre-2017 loans). Furthermore, this move is expected to resolve conflicts among various laws and replace overlapping or temporary regulations currently in place.
- **Positive support for banking operations:** First, the streamlined legal process will allow banks to accelerate NPL resolution, reducing litigation time and provisioning costs. Second, the new law enhances debt recovery capabilities by granting banks greater authority, including the right to seize collateral and claim payment priority—addressing previous delays caused by conflicting borrower obligations. Third, system-wide asset quality is expected to improve as banks clean up their balance sheets, reduce NPL burdens, and free up long-stagnant capital, enabling more efficient credit flow. Improved NPL resolution will contribute to earnings growth for banks.
- **Broader impact on the real estate market and related sectors:** Given that most NPL collateral is real estate, unblocking legal barriers through the legislation of Resolution 42 will not only expedite debt recovery but also help improve market liquidity and boost housing supply. However, this effect is two-way: a recovery in the real estate market is also essential to accelerate the NPL resolution process. Additionally, releasing capital tied to bad debts will support more effective reallocation toward other sectors such as manufacturing and consumption, thereby aiding medium- to long-term economic recovery.

Since the pilot implementation of Resolution 42 in 2017, the banking system's NPL ratio has steadily declined—from 2.5% at the beginning of 2017 to 1.5%. Exceptions include a temporary uptick in 2020 due to the impact of the Covid-19 pandemic, and a sharp resurgence from 2023 onward, driven by a weakening economy, crises in the real estate and corporate bond markets, and the expiration of Resolution 42 at the end of 2023.

Fig 21. Vietnam – On-balance-sheet NPL ratio of the entire banking system in 2017-2023



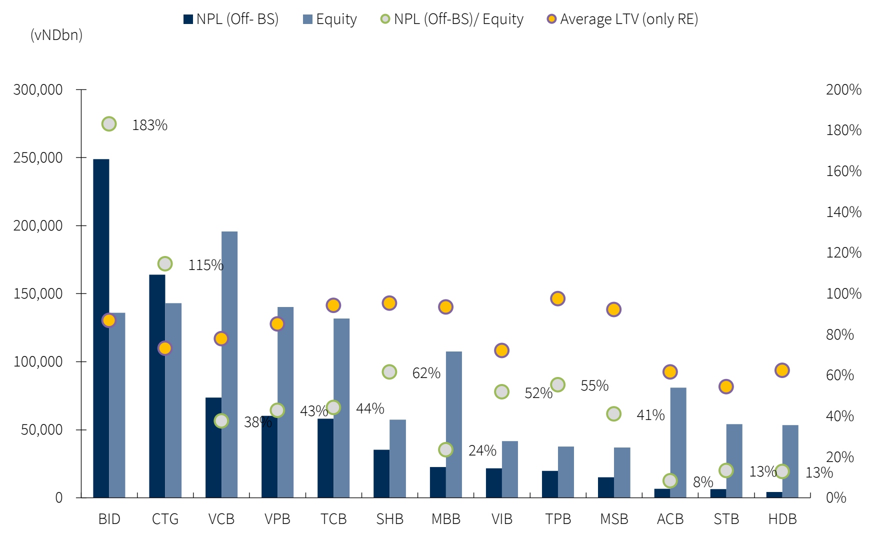
Source: State Bank of Vietnam, KB Securities Vietnam

Banks with loans secured by real estate collateral are expected to be the primary beneficiaries of the legislation of Resolution 42

Continuing the discussion on addressing legal bottlenecks in the real estate market, which we have analyzed in recent reports, KBSV believes that banks with a high proportion of NPLs secured by real estate collateral will be the most direct and significant beneficiaries of the legislation of Resolution 42. Finalizing the legal framework and clarifying the NPL resolution process will enable banks to accelerate the recovery of outstanding debts. As collateral disposal becomes more efficient, banks will be able to recoup a portion of the principal and interest, resulting in either (i) increased net interest income if borrowers settle their debts voluntarily, or (ii) non-interest income if recoveries are made through collateral auctions.

According to 2024 financial statements, off-balance-sheet NPLs remain significant at many banks, posing potential pressure but also offering recovery prospects if legal reforms advance. Notably, BID and CTG reported the largest volumes, legacy restructured loans from 2017, while VCB has resolved most of these. Private banks such as VPB, TCB, VIB, SHB, TPB, and OCB also have relatively high off-balance-sheet NPL ratios. Loan-to-Value (LTV) ratios vary by group: state-owned banks (e.g., VCB, BID, CTG) tend to maintain lower LTVs due to conservative lending, whereas private banks with greater real estate exposure (e.g., TCB, VPB) report higher levels.

Fig 22. Vietnam – Off-balance-sheet NPLs and LTV ratios of selected banks



Source: Company reports, KB Securities Vietnam

Notes:

Written-off (off-balance-sheet) loans represent the potential recoverable value of NPLs, assuming improvements in the collateral disposal process.

The ratio of off-balance-sheet NPLs to equity indicates the extent to which off-balance-sheet NPLs may impact operational scale and capital adequacy.

LTV (Loan-to-Value) ratio for real estate collateral only – a lower ratio suggests higher collateral value relative to the outstanding loan balance, implying stronger recovery prospects in the event of enforcement.

In our view, banks with large volumes of off-balance-sheet NPLs and low to medium LTV ratios are poised to benefit the most from the legislation of Resolution 42. These banks are more likely to recover value from collateral assets, creating room to reverse loan loss provisions or boost non-interest income during the period. Additionally, banks with a strong focus on retail lending are also better positioned, as collateral tied to retail NPLs is generally easier to liquidate compared to more complex corporate real estate projects. Based on these criteria, we place TCB, VPB, STB, and VIB on our active watchlist, in anticipation of continued progress in legal reforms.

4. Supportive policies to local businesses

Domestic policy momentum will offset external headwinds

Amid persistent tariff pressures and the waning sustainability of FDI-driven growth, the Government has introduced a series of targeted policies since the beginning of the year to support domestic enterprises, including leading listed companies on the stock exchange. We believe these initiatives will remain a key driver of market performance in the second half of 2025 and beyond.

Resolution 68 is a significant document featuring a range of new initiatives

The launch of policies to promote the private sector can be traced back to Resolution 68-NQ/TW—an important document that serves as a strategic roadmap for national development toward a "new era of advancement." A key highlight of the resolution is the recognition of the private sector as the most critical driver of the national economy. Resolution 68 outlines specific quantitative targets with a clear timeline, reflecting an ambitious vision to position the private sector as the main engine of economic growth (Table 9). To achieve these targets, a series of breakthrough solutions have been introduced to improve the business environment and enhance the competitiveness of the private sector (Table 8).

Table 8. Vietnam – Supportive measures to promote private sector development

Solution	Content
Administrative procedure time reform	Cut administrative procedure time, compliance costs, and business licensing requirements by at least 30% during 2025; shift from pre-approval to post-audit mechanisms
Tax incentives	Abolish business license fees and exempt corporate income tax (CIT) for SMEs in their first three years of operation; allow 200% of actual R&D expenses to be deducted from taxable income; provide tax incentives for innovative, digital, and green-transition enterprises, including CIT reductions and exemptions, enhanced R&D deductions, and deductible training expenses
Reduction in land rental fees	Reduce land rental fees by at least 30% in the first five years for high-tech enterprises, SMEs, and innovative startups
Inspection and audit reforms	Limit inspections and audits to once per year (except in cases of clear violations), strictly handle harassment, and prioritize online inspections
Support for access to capital	Promote preferential commercial credit and green credit; finalize the legal framework for SME Credit Guarantee Fund and SME Development Fund; allow local and private funds to take on investment functions; and develop legal frameworks for peer-to-peer lending and crowdfunding
Support for digital and green transformation	Incorporate the ESG (Environmental, Social, and Governance) concept into national policy, encourage sustainable development, circular economy practices, and emissions reductions, and support investment in green technologies and machinery
Human resource development support	Allow training expenses to be deductible, provide personal income tax (PIT) exemptions or reductions for experts and scientists, and support demand-driven vocational training programs
Abolition of presumptive tax for household businesses	Eliminate lump-sum tax regime (presumptive tax) by 2026 at the latest
Protection of ownership, business rights, and separation of personal and corporate liability	Ensure full ownership rights, freedom to do business, and fair competition; prioritize civil, economic, and administrative measures over criminal ones; separate personal and corporate assets and liabilities; prohibit retroactive application of laws; and uphold the presumption of innocence

Source: Resolution 68-NQ/TW, KB Securities Vietnam

Table 9. Vietnam – Targets set out in Resolution 68-NQ/TW

Target	Through 2030	Through 2045
Number of operating enterprises	2 million enterprises	At least 3 million enterprises
Number of enterprises per 1,000 people	20 enterprises	
Number of large corporations participating in global value chains	At least 20 enterprises	
Annual growth of the private sector	10-12% (higher than GDP growth)	
Contribution to GDP	55-58%	Over 60%
Contribution to total state budget revenue	35-40%	
Employment rate (share of labor employed)	84-85%	
Annual labor productivity growth	8.5-9.5%	
Rankings in technology, innovation, and digital transformation	Top 3 ASEAN countries, Top 5 Asian countries	

Source: Resolution 68-NQ/TW, KB Securities Vietnam

The three groups of businesses that benefit the most from the Government's private sector promotion policies include:

Leading large-scale enterprises

With the targets set in Resolution 68 of having at least 20 enterprises participating in global value chains by 2030, we expect the Government to introduce additional policies to support businesses in scaling up their operations—particularly in high-tech sectors, green transition, and leading industries.

Real estate companies, particularly those facing legal obstacles

Despite external headwinds—particularly tariff-related issues—the Government has upheld its ambitious 8% GDP growth target. To achieve this, we believe the authorities will step up efforts to revitalize the real estate market, in alignment with the objectives of Resolution 68. Credit flows into the sector have shown encouraging signs. According to data from the Ministry of Construction, outstanding loans to the real estate sector rose by 7.49% in the first quarter of this year.

Notably, many long-stalled projects have resumed following the resolution of legal bottlenecks. For instance, DXG’s The Prive project—formerly known as Gem Riverside—had been suspended since 2018. After a prolonged process of clearing regulatory hurdles related to investment procedures and land use fee obligations, the project was granted a building permit in September 2024 and is now preparing for launch. Novaland (NVL) also seen progress on key projects, with legal issues lifted for two major land plots: the 30.2-ha site in Binh Khanh Ward (The Water Bay) and the 30.1-ha site in Nam Rach Chiec (Lakeview City) in An Phu Ward, Thu Duc City. Another flagship project by NVL, Aqua City in Dong Nai, recently received approval for adjustments to its 1/500 zoning plan for several component projects—after a four-year delay. Moreover, both Ho Chi Minh City (HCMC) and Hanoi are actively drafting and piloting land-use conversion plans for numerous developments. These "unlocked" projects are expected to send a strong signal, paving the way for the resolution of similar issues in surrounding areas.

Furthermore, the Government’s continued investment in infrastructure upgrades and transport connectivity is another critical factor driving the real estate sector’s recovery, indirectly benefiting the construction and construction materials sectors as well.

Private enterprises participating in public investment projects

One of the key drivers of economic growth in 2025 will be the Government’s policy to accelerate public investment. Within this context, the role of private enterprises is expected to become increasingly prominent, with deeper involvement in major national projects such as Long Thanh International Airport and the North-South high-speed railway. We have provided a more in-depth analysis of this topic, which investors can refer to in the Public Investment section.

V. KBSV model portfolio

Ticker	Target price	Closing price (Jun 30)	Expected return	2025F P/E	2025F NPAT growth	Investment catalysts	Report
MWG	73,400	65,500	12%	20.0	28.3%	- BHX is expanding into Central Vietnam, with its store count expected to grow by over 30%. - The ICT & CE chain continues to pursue promotion and discount strategies to strengthen its market presence. - EraBlue is expected to rapidly scale its network after reaching breakeven, aiming for 500 stores by 2027, up from the current 115.	MWG
HPG	36,500	22,700	61%	8.4	38.0%	- Sales volume should increase, driven by the recovery of the real estate market, a boost in public investment, and the imposition of anti-dumping duties. - Falling global iron ore and coking coal prices, combined with stable output prices, are likely to lift the gross margin to 15% (up from 13% in 2024). - Phase 2 of Dung Quat 2 is scheduled for commercial operations in 1Q2026, while the rail steel manufacturing plant is set to come online in 1Q2027 with a capacity of 700,000 tons per year.	HPG
VCI	44,700	38,250	17%	21.1	18.0%	- Overall market liquidity is expected to rebound from the low base of 2024 thanks to a sustained low-interest rate environment. - The anticipated upgrade of the local market by FTSE Russell is likely to boost foreign capital inflows. - Brokerage market share is showing signs of improvement, while the proprietary trading portfolio is benefiting from the broader market uptrend.	VCI
VPB	24,600	18,500	33%	7.7	21.3%	- Credit is rebounding, with a 25% growth forecast driven by the recovery of the real estate market and the implementation of Resolution 68. - The codification of Resolution 42 will enable VPB to accelerate the recovery and resolution of non-performing loans. - The downward pressure on NIM from rising funding costs is expected to be partially offset by strong credit demand, particularly from the real estate sector.	VPB
MBB	30,400	25,800	18%	5.5	9.9%	- Credit growth is expected to remain above 20% during the 2025-2027 period. - NIM is projected to stay stable over the long term, supported by improved funding costs, backed by (1) continued CASA growth through the development of auto-earnings feature and (2) preferential funding from the SBV for taking over underperforming credit institutions. - The resolution of issues at Novaland and Trung Nam is expected to enhance asset quality.	MBB
HDG	31,000	26,350	18%	14.6	48.0%	- Phase 3 of Charm Villas (the remaining 108 units) is set to launch, with estimated presales of around VND2,700 billion. In 2025F, 30 units are expected to be delivered, generating estimated revenue of VND750 billion (+100% YoY). - The 2.8 ha project in Thanh Xuan District (Hanoi) has been included in the pilot list for commercial housing development (NOTM). - Two projects in Ho Chi Minh City—Hado Green Lane (2.3 ha) and Hado Minh Long (2.7 ha)—are expected to be unlocked.	HDG
PNJ	98,400	83,100	18%	13.5	-1.8%	- The government's pro-growth policy stance, with a GDP growth target of over 7% this year, is expected to provide strong momentum for jewelry gold consumption. - Decree 24, which permits gold imports, will help increase raw material supply, improve operational efficiency, and support the growth of the gold bar segment, which previously accounted for 25-30% of total revenue.	PNJ
HHV	14,500	12,350	17%	11.5	10.7%	- Stable cash flow growth from BOT projects is driven by (1) a high probability of securing new contracts, (2) annual traffic volume growth of 5-10%, and (3) a 10% toll fee increase every four years. - The construction backlog by the end of 2024 reached VND3,996 billion (+9.5% YoY), securing a solid pipeline for future BOT developments. - The amended Law on Public-Private Partnership (PPP), effective from July 2025, will raise the cap on state capital contribution from 50% to 70%, which is expected to strengthen the company's financial position.	HHV

VI. Sector outlook

Banking

Resilient despite macroeconomic headwinds

Analyst Pham Phuong Linh
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July 10, 2025

Positive maintain

Recommendations	
VietinBank (CTG)	BUY
Target price	VND45,800
BIDV (BID)	BUY
Target price	VND45,000
Techcombank (TCB)	NEUTRAL
Target price	VND35,600
VPBank (VPB)	BUY
Target price	VND24,600
ACB Bank (ACB)	BUY
Target price	VND28,800
MB Bank (MBB)	BUY
Target price	VND30,400
Vietcombank (VCB)	NEUTRAL
Target price	VND70,700
Sacombank (STB)	NEUTRAL
Target price	VND50,500
VIB Bank (VIB)	BUY
Target price	VND24,600

Credit growth remains positive despite macroeconomic uncertainties

Credit growth picked up in the second quarter, reaching 9.9% YTD by end-June, well above the 6% recorded in 1H2024, driven by public investment and real estate under a low-interest-rate environment. We expect this trend to persist through 2H2025, supporting the SBV's full-year target of 16%. Additionally, the favorable US-Vietnam trade deal should enable more balanced credit flows into manufacturing, trade, and FDI sectors, aiding broader economic recovery.

Net interest margin (NIM) is expected to remain under pressure

Preliminary data shows NIM declined further in 2Q, extending the downward trend observed in previous quarters. KBSV expects lending rates to remain low amid the need to support growth and intense competition for borrowers, while deposit rates may rise toward year-end to meet credit demand. Consequently, NIM will stay under pressure, although the impact will vary by bank, with those maintain high CASA ratios, efficient funding, and strong loan growth better positioned to mitigate risks.

Legislating Resolution 42 marks a turning point in NPL resolution

Newly formed NPLs rose in 1Q2025 after easing in late 2024. However, asset quality is expected to improve in the coming quarters, as the macro environment stabilizes and tariff risks subside. The amended Law on Credit Institutions, building on Resolution 42's effective mechanisms, is nearing completion and will strengthen the legal framework for NPL resolution, offering long-term benefits to the entire banking sector (as discussed earlier in the Investment Themes section).

Banking stocks present appealing valuations with promising outlook

Most banking stocks experienced sharp corrections following the April 2 US tariff announcement. While prices have since recovered, many are still trading below their 5-year average P/B, offering appealing entry points. Notable picks include **VCB, CTG** (benefiting from a more favorable trade environment and stable growth), **TCB** (with upside potential from the anticipated IPO of its securities arm, Techcom Securities (TCBS)), **MBB** and **VPB** (with expected improvement in asset quality and a strengthened legal framework for NPL resolutions).

Residential real estate

Poised for a rebound

Analyst Nguyen Dinh Thuan
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July 10, 2025

Positive maintain

Recommendations	
Khang Dien House Trading & Investment (KDH)	BUY
Target price	VND38,900

In 1Q2025, Hanoi's condominium market remained vibrant, while HCMC remained relatively subdued, with similar trends seen in absorption rates. According to CBRE, Hanoi saw 3,920 new units launched (+70% YoY) and over 3,950 units sold (+72% YoY), mainly contributed by major developers such as Vinhomes (VHM), CapitaLand, MIK, and Masterise. In contrast, HCMC recorded just 350 new units (-36% YoY), marking the lowest level since 2008. The average selling price in Hanoi rose to VND76 million/m² (+28% YoY), almost matching HCMC's VND77 million/m².

In the landed property segment (townhouses/villas), supply in Hanoi declined in 1Q2025, while HCMC saw a modest uptick. Hanoi recorded 1,500 new units (-46% YoY), though the absorption rate remained steady, with 1,800 units sold, mostly concentrated in new projects in Dan Phuong, Dong Anh, and Van Giang (Hung Yen). HCMC experienced a slight quarterly increase, with 58 units launched (+9% QoQ), though central-area supply has remained limited over the past two years. Selling prices continued to rise in Hanoi, reaching VND230 million/m² (+13% YoY), while HCMC saw a slight dip to VND305 million/m² (-1.3% QoQ), due to available supply largely coming from last year's launches located ~20 km from the city center in less developed areas.

The housing market is expected to recover in the second half of 2025, driven by: (1) relatively low mortgage rates and more attractive, flexible sales policies from developers; (2) improved supply as legal bottlenecks are addressed and project approvals accelerate, along with increased focus on social housing development; and (3) stronger public investment and infrastructure upgrades, including major projects and transport corridors connecting Hanoi and HCMC to surrounding areas, which are expected to boost real estate demand.

We note that many real estate stocks are currently trading at 2025 forward P/B ratios below their 5-year averages. Given sector's positive outlook, investors may consider accumulating these stocks during market corrections, especially those with strong fundamentals, large and legally eligible land banks, active project pipelines, and solid financial positions. Notable opportunities include **VHM, KDH, NLG, DXG, and HDG**.

Industrial real estate

Positive over the long term

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July 10, 2025

Positive change

Recommendations	
Vietnam Rubber Group (GVR)	BUY
Target price	VND36,200
Saigon VRG (SIP)	BUY
Target price	VND80,200
Kinh Bac City Development (KBC)	NEUTRAL
Target price	VND27,400

1Q2025 saw high occupancy rates and rising rents in Tier 1 markets

Vietnam's industrial real estate sector continued its growth momentum in 1Q2025. According to CBRE, occupancy rates in Tier 1 markets reached 80% in the North and 89% in the South, with HCMC achieving full occupancy. Lease rates also recorded positive gains, averaging USD139/m^2/lease term (up 3.7% YoY) in the North and USD170/m^2/lease term (up 4% YoY) in the South.

New supply edged up from a year earlier

According to Cushman & Wakefield, in 1Q2025, the total industrial land supply remained stable QoQ at 16,800 ha (+9.2% YoY) in the North and rose slightly by 1.6% YoY to 28,500 ha in the South.

Tariff split reveals both opportunity and risk for Vietnam's export sector

President Donald Trump announced retaliatory tariffs on Vietnamese exports: 20% on goods originating from Vietnam and 40% on transshipped goods with low domestic content. We believe the 20% rate is relatively favorable for Vietnam in the long run. However, the 40% rate poses risks, particularly if the US enforces strict rules of origin. Vietnam's manufacturing sector remains heavily dependent on imported materials, with a domestic content ratio of only around 33%, according to Peter Navarro, a senior advisor to President Trump.

Industrial real estate outlook turns positive

We expect Vietnam to continue attracting FDI inflows, including from firms targeting the US market, thanks to: (1) the new tariffs not significantly eroding Vietnam's competitiveness versus key regional peers and (2) structural advantages such as low labor costs, political stability, and an extensive network of free trade agreements (FTAs). However, growth momentum is likely to moderate compared to the 2018-2024 "China+1" boom, as US-oriented FDI firms may reassess their investment decisions to mitigate the 40% tariff risk by increasing local content.

We hold a positive view on investment opportunities in industrial real estate developers, particularly those with: (1) large industrial land banks such as SIP (~1,200 ha in Tay Ninh and Dong Nai) and BCM (~1,000 ha in Binh Duong); (2) rubber plantation land with potential for conversion into industrial parks and infrastructure projects, such as GVR and PHR. Most industrial real estate stocks are trading at low P/B like SIP (3.1x), KBC (1.1x), BCM (3.3x), PHR (2.1x) – all below their 5-year averages. GVR is trading at a P/B of 2.2x, slightly above its 5-year average of 2.1x. Investors may consider accumulating SIP, PHR, BCM, and GVR during market corrections.

Logistics

Prevailing tariff risks

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July 10, 2025

Neutral maintain

Recommendations	
Gemadept Corporation (GMD)	NEUTRAL
Target price	VND69,000
Airports Corporation of Vietnam (ACV)	BUY
Target price	VND109,500

The port and shipping sector may struggle to sustain its 1H2025 growth momentum

Cargo throughput at Vietnamese seaports surged 13% YoY in the first half of 2025, driven by front-loading (the practice of importing goods in advance of anticipated tariff increases or other trade-related changes) during the 90-day US tariff reprieve. However, volumes are expected to slow in 2H2025 due to tariff impacts—particularly at southern ports, which primarily serve exports to the US. That said, the sector remains supported by: (1) potential port service price hikes, as Vietnam's port fees remain below the regional average and (2) multilateral and bilateral FTAs that help diversify export markets and partially offset declines to the US.

Spot freight rates are trending downward, but chartering remains resilient

After a brief rebound in May, global spot freight rates have been falling since early June as U.S.-bound demand lags behind vessel capacity growth. While 2H2025 rates will hinge on upcoming tariff decisions, oversupply from new ship deliveries will likely keep pressure on prices. In contrast, charter rates are expected to stay elevated as carriers retain vessels for flexibility amid market uncertainty. Shipowners with stable chartering networks stand to benefit significantly in this environment.

The aviation sector is less exposed to tariffs than the port and shipping sector

The passenger segment is expected to sustain strong recovery, especially internationally, driven by relaxed visa policies and a surge in new routes. The opening of Tan Son Nhat's Terminal T3 in 2Q2025 will not only ease congestion in HCMC but also unlock growth for ground handling, passenger, and commercial service providers. Meanwhile, the cargo-related likely may face some impact from reciprocal tariffs, though the effect is likely limited due to minimal differences between the tariff rates applied to Vietnam and those applied to other countries.

We maintain a NEUTRAL stance on the logistics sector amid prevailing risks from reciprocal tariff policies

Investors may consider stocks of companies with strong individual drivers—such as capacity expansion or solid financial health—including GMD, SGP, HAH, and ACV. However, we recommend holding off on disbursements until a deeper market correction or clearer policy direction emerges.

Steel

Domestic demand strengthens, tariff risks priced in

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July 10, 2025

Positive change

Recommendations	
Hoa Phat Group (HPG)	BUY
Target price	VND36,500
Hoa Sen Group (HSG)	NEUTRAL
Target price	VND18,000

Domestic consumption recovery is expected to drive sales volume

In the steel sector, total consumption volume in the first five months of 2025 (5M2025) reached 11.9 million tons, up 20% YoY, fueled by a 48% YoY surge in domestic demand. Specifically, domestic consumption of construction steel, HRC, and coated steel rose by 52%, 71%, and 31% YoY, respectively, thanks to (1) heightened civil construction activities and (2) a recovering real estate market. Conversely, export volume dropped 37% YoY (coated steel and HRC exports fell 38% and 66% YoY, respectively) due to the impact of trade protection measures and anti-dumping duties imposed by key markets such as the US and EU.

Steelmakers are prioritizing profit margin optimization amid flat output prices

Weak demand in China has pushed iron ore and coking coal prices down by 15% and 33% YoY, respectively. As a result, upstream producers (those directly consuming iron ore and coking coal) saw significant improvement in profit margins in 1Q2025, exemplified by HPG's gross margin rising by 95 bps YoY. This trend is expected to continue throughout 2025 in light of subdued industrial production and a struggling real estate market in China. For downstream producers (coated steel, steel pipes), following the implementation of anti-dumping case No. 20 (AD20), 60-70% of HRC input was sourced domestically, with only small import orders from Indonesia and Japan in 5M2025. We anticipate that gross margins of HSG, Nam Kim Group (NKG), and Ton Dong A Corporation (GDA) will remain stable for the rest of 2025, supported by (1) anti-dumping measures on coated steel imports from China and South Korea, which have reduced price competition from imports and (2) flat steel price trends.

From a value investment standpoint, HPG remains our preferred choice

Our observations indicate that, in a context of flat steel prices, we favor HPG from a value investment perspective due to its attractive valuation: (1) its current P/B ratio is around -0.4 standard deviations from its 10-year average and (2) net profit is expected to grow at a compound annual growth rate (CAGR) of 16% during 2025-2027 thanks to the Dung Quat 2 project becoming operational. As for HSG, we believe its stock price has already factored in the negative impact of tariffs, with its P/B also around -0.4 standard deviations from its 10-year average. Additionally, high-cost inventories have been optimized and reduced to below the 3-year average. KBSV expects improved consumption, driven by domestic demand recovery, to be the main catalyst for net profit growth across the steel industry in 2025 and the first half of 2026. Investors may consider partial disbursement during market corrections, focusing on companies with strong positions in the domestic market or exporters capable of quickly replacing tariff-affected volumes by expanding into new markets. Notable opportunities include HPG and HSG.

Plastic pipe

Stable margins amid rising demand

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July 10, 2025

Positive change

Recommendations	
Binh Minh Plastics (BMP)	BUY
Target price	VND145,900

Recovery in domestic demand should drive sales volume

Total industry sales volume in 1Q2025 is estimated to grow by 30% YoY, primarily fueled by a robust rebound in civil construction activity, which has led to a stronger-than-expected recovery in demand. According to CBRE's latest report, the supply of condominiums in Hanoi and HCMC is projected to increase by 11% and 8% YoY, respectively, in 2025/2026. Notably, HCMC is expected to see a significant surge of 74%/17% YoY over the same period. Given the improved outlook, we are revising our industry-wide plastic pipe forecast for plastic pipe consumption in 2025 to 385.5 thousand tons, up 15% YoY (compared to the previous estimate of 6% YoY growth).

Input costs are likely to stay low in 2025-2026

In June 2025, China's PVC resin prices declined 22% YoY amid persistently weak demand due to sluggish business activity and continued challenges in the real estate sector, despite supportive policies. This has helped maintain stable gross margins for manufacturers like BMP and NTP, who have ramped up discount programs to drive sales. KBSV expects PVC resin prices to remain low given the weak consumption outlook in China. Additionally, global investment banks forecast crude oil prices to stay stable in the range of USD65-70/barrel in 2025, assuming no major geopolitical shocks. Low input costs should allow producers to sustain discounts and preserve healthy margins.

Valuations are currently above historical averages

BMP and NTP are trading at P/B ratios around +2 standard deviations above their 5-year averages, reflecting market optimism over their strong sales growth from construction recovery and sustained low input costs through 2025-2026. We believe market pullbacks may present opportunities to accumulate shares in plastic pipe companies, especially those with consistent cash dividends and attractive yields. BMP, for example, is projected to offer a 9-10% yield in 2025-2027, well above its historical average of 4-5%.

Retail

Building on recovery

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July 10, 2025

Positive maintain

Recommendations	
Mobile World Investment (MWG)	NEUTRAL
Target price	VND73,400
Masan Group (MSN)	BUY
Target price	VND100,000
FPT Digital Retail (FRT)	NEUTRAL
Target price	176,900
Phu Nhuan Jewelry (PNJ)	BUY
Target price	VND98,400

Retail sales rebound as tariff pressure gradually eases

Nationwide retail sales rose 9.8% YoY in 5M2025, driven by a full recovery in tourism to pre-Covid-19 levels in 2024 and robust economic growth exceeding 7%, while inflation remained contained at 3%. With US tariffs on Vietnamese goods expected to hover around 20%, we believe consumer sentiment will be largely unaffected. Key growth drivers are being effectively executed, including (1) robust public investment disbursement and (2) streamlined administrative procedures and enhanced private sector development.

Essential goods retailers actively expand, delivering double-digit revenue growth

In 5M2025, MWG opened 410 new Bach Hoa Xanh (BHX) stores, driving a 19% YoY revenue increase. Its Dien May Xanh (DMX) and The Gioi Di Dong (TGDD) chains also posted solid growth, supported by a strong demand for electronics and home appliances. Similarly, MSN added 257 new Winmart stores, resulting in 17.6% YoY revenue growth. Both focused on expanding in Central Vietnam, where market penetration remains low and store-level costs are significantly lower than in the North and South. While FRT's expansion slowed, its Long Chau pharmacy chain led profitability with a 330% YoY surge in net profit in 1Q2025. Amid robust economic conditions, retailers are well-positioned to accelerate expansion, grow revenue, and gain market share, while also benefiting from the government's crackdown on counterfeit goods.

Economic volatility and gold market fluctuations may weigh on PNJ's outlook

PNJ did not open any new stores during the period, and both revenue and profit fell by 23.5% and 8.1% YoY, respectively, mainly due to elevated gold prices and tight supply, which dampened sales volume. Decree 24 may help ease raw gold supply constraints, though its impact will require further monitoring. Near-term prospects remain subdued, as the next two quarters fall within a seasonally low consumption period, while input gold prices remain high.

Valuations have partially reflected the sector's strong recovery

We maintain a BUY rating on MWG, MSN, and PNJ, and a NEUTRAL rating on FRT, based on the upside potential relative to our latest target prices.

- MWG is currently trading at 2025/2026 forward P/E of 20.3x/18.3x, above its 5-year average of 15x, reflecting optimism around the BHX chain.
- MSN's earnings are expected to improve significantly, supported by a profitable consumer retail segment and reduced losses in non-core businesses, bringing its 2025/2026 forward PE down to a more reasonable 32x/25x.
- In contrast, PNJ is trading at attractive levels, with 2025/2026 forward PE of 13x/11x, below its historical average of 15x.

Beverage

Out of adversity comes opportunity

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July 10, 2025

Neutral maintain

Recommendations	
Vinamilk (VNM)	BUY
Target price	VND65,300

Revenue held up despite weaker consumption, supported by price hikes

According to Nielsen IQ, revenue in Vietnam's FMCG sector remained broadly flat with modest growth of 0.7%-1% YoY during the first five months of 2025, primarily driven by corporate price increases. Consumption growth turned negative after the Tet holiday, with year-over-year declines of 3-5% from March through May.

Leading players showed mixed earnings performance

Leading players Sabeco (SAB) and Vinamilk (VNM) both reported sharp declines in domestic revenue in 1Q2025, down 19% and 12% YoY, respectively, despite modest price increases of 2-3%. Encouragingly, VNM's sales rebounded by 10-11% YoY in the first two months of 2Q2025, likely reflecting the impact of recent distribution network and sales team restructuring. In contrast, SAB is facing heightened competition, as Heineken aggressively expands in the affordable beer segment, SAB's traditional stronghold. Meanwhile, Vinasoy, a subsidiary of Quang Ngai Sugar (QNS), posted robust growth, with its Fami soy milk brand up 19% YoY in 1Q2025 and volume up 10% from the low base. The growth was primarily driven by a change in accounting policy—shifting discount recognition from revenue to selling expenses—while prices remained largely unchanged.

Medium- to long-term outlooks are diverging across firms

We maintain a positive medium- and long-term view on VNM, underpinned by its strong brand, large scale, and continued rollout of high-quality products with premium packaging. Conversely, SAB's revenue and market share are under pressure from rising competition, though partially offset by lower input costs and the deferral of the Special Consumption Tax hike until 2027, which should help support demand. Meanwhile, QNS faces margin pressure as VNM ramps up its competitive presence in the soy milk segment, compelling QNS to increase discounting.

VNM remains a compelling defensive stock

In a maturing beverage market with moderate growth, VNM remains a solid defensive pick, supported by a stable dividend yield of 7.5% and low single-digit earnings growth. With 2025/2026 forward P/E of 13.5x/12.5x—below its 5-year average of 15.1x—we reiterate our BUY recommendation on VNM.

Power

Prioritizing power generation capacity expansion

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July 10, 2025

Neutral change

Recommendations	
PV Power (POW)	NEUTRAL
Target price	VND14,800
Gia Lai Electricity (GEG)	NEUTRAL
Target price	VND16,300
REE Corporation (REE)	NEUTRAL
Target price	VND80,600

Power consumption moderated due to sluggish manufacturing activity

In 5M2025, power consumption growth slowed, reaching 127.6 billion kWh (+2.6% YoY), representing 34% of the full-year forecast due to sluggish manufacturing activity, evidenced by the PMI staying below 50 points for four out of five months. Industrial power consumption in Northern Vietnam grew modestly but still led the country, reaching 25.6 billion kWh (+5% YoY), while Southern Vietnam (excluding HCMC) saw stronger growth, with consumption reaching 23.1 billion kWh (+6.2% YoY).

Hydropower's upswing ends, thermal power is set to ramp up

In 5M2025, the Ministry of Industry and Trade maximized hydropower generation, leveraging favorable weather conditions. Total hydropower output reached 25.7 billion kWh (+35% YoY) or 20% of total generation. Coal and gas-fired power generation reached 72.4 billion kWh and 8.7 billion kWh, respectively (-2.1% YoY and -26% YoY), comprising 57% and 7% of the total. However, lower water levels at some reservoirs and the end of the La Nina cycle are expected to limit further growth in hydropower, paving the way for thermal power to increase its share, with projected output growth of 10% YoY in the second half of the year.

Renewable and LNG power producers stand to gain from favorable market conditions and supportive energy policies

In 1Q2025, revenue of power producers improved to VND40,614 billion (+14.7% YoY), with hydropower and gas-fired power segments reaching VND6,304 billion and VND20,185 billion respectively (both +25% YoY). Renewable energy also showed positive signs, with revenue reaching VND1,438 billion (+32% YoY), largely due to a retroactive payment from GEG's Tan Phu Dong 1 wind power project. Also, we believe the ongoing policy of maximizing renewable energy capacity utilization under Power Plan VIII and the recently issued pricing mechanisms for LNG power plants will drive output and business performance in these segments.

Listed companies are well-positioned to expand capacity

We believe the amended Power Plan VIII will create opportunities for listed power companies with favorable access to capital to expand their generation capacity. Notably, REE, GEG, and Sao Mai Group (ASM) are currently bidding for wind power projects in Tra Vinh with total planned capacity of 176 MW, 128 MW, and 48 MW respectively, marking a substantial step in their capacity expansion. The financial health of listed power firms has also improved significantly, with the industry-wide debt-to-equity ratio declining to 0.46x by end-2024, from 0.68x in 2017, providing a solid foundation for investing in potential projects.

Fairly valued power stocks offer upside potential as major players advance new projects

Currently, the sector's average P/B has reached a reasonable level at 1.3x, compared to the 5-year average of 1.4x, after pricing in the positive impacts of recently resolved legal and policy hurdles. The long-term upside potential of power stocks will thus depend on the pace of new project implementation, an area where experienced players like POW, REE, GEG, and Power Engineering Consulting JSC 2 (TV2) are particularly well-positioned to benefit.

Information technology

Opportunity through adversity

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July 10, 2025

Neutral maintain

Recommendations	
FPT Corporation (FPT)	BUY
Target price	VND141,100

IT revenue growth is projected to slow down

In 2024, Vietnam's IT revenue touched VND4,200 trillion (+13% YoY), with digital technology and telecommunications contributing VND3,800 trillion (+11.2% YoY) and VND147 trillion (+3.5% YoY). Amid global economic slowdown risks stemming from ongoing trade tensions, VINASA forecasts a deceleration in Vietnam's ICT revenue, projecting VND4,320 trillion in 2025 (+3% YoY).

Listed companies may experience slower growth

In 1Q2025, listed IT companies posted solid revenue and net profit growth, hitting VND19,453 billion (+19.4% YoY) and VND3,114 billion (+38.4% YoY). However, excluding one-off revenue from Sai Gon Telecommunication & Technologies Corporation (SGT), core revenue grew by only 15.6% YoY, below the 2024 average of 17%. FPT remained the key revenue contributor with VND16,065 billion (+14% YoY), though this represents a moderation from last year's 29% growth.

Vietnam rises as global players cut back on IT spending

According to Infosys, global economic growth is expected to slow to just 2.2% amid trade tensions, leading to a moderation in global IT spending growth to 7% YoY in 2025 (down from the previous projection of 8.3%). In light of global economic uncertainty impacting IT spending, we believe Vietnam is well-positioned to secure IT management contracts, supported by: (1) Cost-saving layoffs among companies abroad and (2) Vietnam's emergence as an attractive alternative with abundant, cost-effective labor. FPT, with its proven track record in securing large-scale IT management contracts, stands to benefit from this trend (as highlighted in our 4Q2024 update report).

The Law on Digital Technology Industry should boost investment

Aiming for the digital technology sector to grow at 2-3 times the pace of GDP growth, Vietnam is offering incentives for technology projects, including long-term land lease reductions and exemptions, R&D cost deductions of up to 200%, and visa extensions for foreign experts. We believe these policies will continue to attract capital inflows into the tech sector and help realize Vietnam's ambition of becoming a global technology hub.

Short-term tariff impact already priced in, creating attractive entry point

We anticipate that the recent tariff news will have only a short-term impact on business performance. Currently, tech stocks are trading at an attractive 17x P/E, below the 5-year average of 20x, fully incorporating short-term risks and offering an appealing entry point. FPT, as the sector leader with a diversified service and client portfolio, is less exposed to tariff risks and aligns with our investment recommendation.

Livestock & Fisheries

Navigating export-driven challenges

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July 10, 2025

Neutral maintain

Recommendations	
Dabaco Group (DBC)	NEUTRAL
Target price	VND35,100
Vinh Hoan Corporation (VHC)	NEUTRAL
Target price	VND54,500

Livestock companies continue to report encouraging results in 2Q2025

With liveweight hog prices ranging from VND68,000-71,000/kg across Northern and Southern Vietnam, vertically integrated pig farming companies continue to post strong results. DBC is estimated to achieve profit of nearly VND500 billion, flat QoQ but up 245% YoY. As for BAF Vietnam Agriculture (BAF), business performance is also expected to surge, with reported sales volume of 134,000 pigs during April-May, notably higher than the 117,000 pigs sold throughout 2Q2024.

Shrimp and pangasius exports showed diverging trends

Shrimp exports demonstrated positive momentum, with April and May sales up 25.7% and 12.4% YoY, respectively, with growth across most markets. The US, in particular, saw strong "front-loading" (the practice of importing goods in advance of anticipated tariff increases or other trade-related changes), with revenue rising 24.5% and 9.7% YoY over the two months. In contrast, aggressive front-loading of Chinese tilapia has dampened Vietnam's pangasius exports to the US, with April/May growth of -14.8%/+35.4% YoY. Tariff-related impacts have also weighed on Vietnam's largest pangasius export market—China—where April/May sales recorded +6% YoY and -9% YoY growth, largely driven by low-profit margin whole-fish imports for processing. In total, during 5M2025, shrimp and pangasius exports rose 28.3% and 4.2% YoY, respectively.

The livestock sector shows promising prospects, whereas seafood exports warrant a more cautious view

We forecast that liveweight hog prices will cool in the coming period and likely stabilize around VND60,000/kg. The current price of VND68,000-70,000/kg remains profitable for farmers, whose estimated breakeven cost is VND55,000-60,000/kg, according to Agromonitor. This suggests that supply will improve going forward, putting pressure on prices. Additionally, the high risk of diseases during the rainy season, starting in summer, may affect pork supply. For fisheries, the outlook depends largely on the tariff gap between Vietnam and its main competitors—India, Thailand, and Ecuador for shrimp, and China and Indonesia for pangasius. We expect a more favorable outlook for pangasius, with the agreed 20% U.S. tariff—well below competitor levels. However, competition among Vietnamese exporters will likely intensify as six more firms secure a 0% anti-dumping duty.

Valuations reflect limited upside after recent rallies

VHC is trading at 2025/2026 forward P/B of 1.3x/1.2x, well below its 5-year average of 1.8x, reflecting rising competition in the US and tariff risks. In contrast, DBC's 2025/2026 forward P/B of 1.4x/1.3x is in line with its historical 5-year average of 1.3x. Therefore, we maintain a NEUTRAL view on both companies after their 45% rallies, as they neared or exceeded our target prices.

Construction

Anticipated surge in public spending toward year-end

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July 10, 2025

Positive maintain

Recommendations	
PC1 Group (PC1)	BUY
Target price	VND26,700
Deo Ca Traffic Infrastructure Investment (HHV)	BUY
Target price	VND14,500
Vinaconex (VCG)	BUY
Target price	VND25,000

Civil construction should recover amid a pickup in housing development

In 1Q2025, 26 new projects (+37% YoY) and 15,780 condominiums (+61% YoY) were licensed. The residential real estate sector is expected to continue recovering in 2H2025, supported by a more complete legal framework that helps unlock stalled projects. However, risks from monetary policy and limited buyer absorption remain.

Industrial construction may face headwinds from tariff impacts

Demand for industrial parks may lose momentum after strong growth during 2018-2024. While reciprocal tariff effects pose challenges, Vietnam's relatively small tax differentials help preserve its appeal to foreign investors, supporting steady demand. Factory construction for export may slow in 2H2025, while domestic and logistics-related construction is expected to hold up better.

Infrastructure construction is expected to maintain strong growth momentum in 2H2025, underpinned by accelerated public investment disbursement

The 2025 public investment disbursement target is VND860 trillion, up 16% from the 2024 plan. In the first half of the year, over VND268 trillion was disbursed, fulfilling 32.5% of the annual target—an improvement from 28% in the same period of 2024. This reflects a clearly accelerating pace, providing positive momentum for infrastructure contractors by supporting stable workloads and improving cash flows in 2H2025. The revised Power Plan VIII, officially approved in 2Q2025, secures long-term project pipeline for power construction companies, particularly in transmission and renewable energy segments. In addition, the amended Law on Public-Private Partnership (PPP), effective from July 1, 2025, introduces financial support during the operational phase and raises the cap on state funding support from 50% to 70%. This, along with 11 BOT projects proposed by the Ministry of Construction to receive budget backing, is expected to enhance financial viability and positively impact the cash flows of BOT developers.

We maintain a Positive view on civil and infrastructure construction stocks, driven by the ongoing recovery in the real estate market and the government's strong commitment to public investment. Notable investment opportunities include PC1, HHV, and VCG, which are currently trading at P/B ratios below their 5-year averages. These companies are well-positioned to benefit from a robust and stable project pipeline tied to the public investment cycle, the revised Power Plan VIII, and the acceleration of key expressway projects.

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Investment ratings & definitions

Investment Ratings for Stocks
(Based on the expectation of price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors
(Based on the assessment of sector prospects over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market