Vietnam in self drive mode

Vietnam Viewfinder 2026

Vietnam in self-drive mode

Peter Redhead
Managing Director, Head of Institut'l Res.
peter.redhead@hsc.com.vn
+84 28 3823 3299 Ext. 350

Tyler Nguyen
Chief Market Strategist
tyler.nguyen@hsc.com.vn
+84 8 5470 6208 Ext. 5332

Pham Vu Thang Long
Senior Director, Head of Macroeconomics
long.pvthang@hsc.com.vn
+84 24 3933 4693 Ext. 4805

Pham Lien Ha, CFA
Senior Director, Head of Financials
ha.plien@hsc.com.vn
+84 24 3933 4693 Ext. 4852

Tran Huong My
Director, Head of Consumer Research
my.th@hsc.com.vn
+84 28 3823 3299 Ext. 362

Ho Thi Kieu Trang, CFA
Director, Head of Real Estate
trang.htk@hsc.com.vn
+84 28 3823 3299 Ext. 129

Vo Thi Ngoc Han, CFA
Senior Director, Head of Ind. & Tech.
han.vtn@hsc.com.vn
+84 28 3823 3299 Ext. 314

Nguyen Hoang Nam, CFA
Director, Head of Energy & Utilities
nam.nhoang@hsc.com.vn
+84 28 3823 3299 Ext. 190

- Our last strategy book ('*Flexing the bamboo*') was released at a time of extreme uncertainty with US tariffs dominating dialogue. Just six months later and you will struggle to see many tariff references in this report or hear mention of them in the market.
- Vietnam has pivoted quickly to a domestic agenda with emphasis on the private sector, legislative change, infrastructure building, and administrative and Governmental overhaul. We forecast this will provide 7.6% GDP growth next year.
- There are a host of upcoming catalysts which give us confidence that the 2025 bull market will continue. We have a base case Index target of 1,958 in 2026 but see the potential for this to overshoot.

Phenomenal ambition

From a country looking extremely exposed to the initial US tariffs of 46% earlier this year to one undertaking potentially the most ambitious domestic agenda globally, Vietnam has chosen to be in control of its own destiny while other countries are still trying to negotiate trade deals. We call this "self-drive mode". As we will see in the coming analysis, such ambition brings execution risks and timing issues but also unique opportunities for investors wishing exposure to ambition and growth. Even with our forecast growth of 7.6% (behind the Government's hopes of double-digit growth ahead) this still represents what will likely be the strongest growth in Asia next year.

Bull market to continue in 2026

In many cases Government policy predicates bull markets and this has been the case this year. The market has risen over 30% with a bias to some of the major names looking likely to benefit from the domestic agenda over time. Stripping the index back, however, we see good value in many stocks. Following the usual market pause that Vietnam sees around the NPC, we see a renewed energy entering the market with the March FTSE upgrade announcement due and a host of capital markets and domestic legislative announcements stimulating both International Finance Centers as well as broad infrastructure spending.

Our top picks are listed in Figure 1 and also in more detail on page 119. Our themes are twofold; High growth stocks and secondly, those benefiting from Regulatory reform (often these are one in the same). Of the long list below, we would highlight the following as particularly interesting as we head into 2026**:** **PC1**, **CTD**, **HPG**, **VTP**, and **TCB.**

Figure 1: Sector views and top stock picks, HSC coverage

Sector	Mkt. cap. weight	FY25F earnings growth	FY26F earnings growth	Upside	Top picks
Banks	34.8%	13.2%	17.8%	20.4%	CTG, MBB, TCB, VPB
Consumer	11.1%	11.8%	15.8%	9.4%	MWG, PNJ
Real Estate	12.1%	28.2%	21.7%	11.2%	KDH, IDC, CTD
Industrials	11.2%	14.5%	8.3%	14.1%	HPG, GMD, VTP
Energy & Utilities	6.7%	57.4%	-2.5%	16.1%	PC1, PVS
Brokers	3.7%	42.9%	19.8%	48.3%	TCX, SSI
Technology	2.8%	17.7%	13.8%	27.5%	FPT
Others*	18.1%	-29.7%	27.3%	-40.5%	BVH, VHC, DCM

Note: Includes selected heavyweights and other subsectors such as Insurance, Textiles, Chemicals, Agriculture, and Health Care*
Source: HSC Research

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2026 VNI outlook: Internal growth VN's next key theme

- We reaffirm our solid outlook for Vietnam's equity market, with a 12M forward base case VN Index target of 1,958 by end-FY26. The revised target is based on a bottom-up assessment that incorporates recent IPOs and expected cash dividends.
- We believe Vietnam is firmly in the middle of a bull run and this should extend in 2026, which may propel the index above fundamentally derived targets.
- Major catalysts for the market remain intact, many of which are driven by internal growth. This marks a gradual shift in Vietnam's narrative toward a new chapter, moving away from the earlier period when the country relied more heavily on external growth drivers.

FY26 positive outlook; 12M forward VN Index at 1,958, up 16%

We set our base-case VN Index target at 1,958 points, implying 16% upside, based on a refreshed bottom-up approach that incorporates new HOSE IPOs, expected cash dividends, and HSC's broad market coverage, with a 7.6% growth assumption for non-covered names (per HSC GDP forecasts). We expect a liquidity-driven bull market in 2026, supported by structural reforms and macro catalysts, with market performance likely skewed by large outliers. Accounting for typical Vietnamese bull-run dynamics, where valuations often stretch beyond fundamentals, we project the index to trade around +1 SD in our base case and +2 SD in our optimistic scenario.

2026: Bull-run may propel the index above the fundamental target

The VN Index remains sensitive to swings in market sentiment, particularly against the backdrop of an energetic 2026, where the impact of wide-ranging regulatory reforms is becoming increasingly visible. As seasoned Vietnam investors are well aware, the market here has a distinct tendency to become overbought during bull phases and oversold during downturns, leading prices to deviate meaningfully from fundamentals. In this context, an overbought setup in 2026 would not be surprising, and could lift the index well above our bottom-up fundamental target.

Key catalysts as foundations for a bull market in 2026

In summary, key upside catalysts include:

1) progress towards a market reclassification in Mar-26 alongside renewed foreign inflows as FX conditions stabilize;
2) sweeping, cross-sector regulatory reforms, particularly in capital markets (such as International Finance Centers, CCP, and intraday trading);
3) stable politics and pro-growth policies, supporting strong credit expansion and the fastest GDP growth in decades, underpinned by record-high public investment;
4) a broad-based recovery in corporate earnings;
5) a potential revival in exports / FDI as US tariffs become clearer; and
6) global monetary easing trend, which is likely to drive low-yielding capital toward countries offering higher currency yields, such as Vietnam. Should these drivers materialize, they could prompt a meaningful re-rating of Vietnamese equities and potentially propel the index above our current target.

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An energetic 2026: Base case VN Index target of 1,958 points

Our base case index target of 1,958 points is derived using a bottom-up methodology, implying 16% upside from the end Nov-25 close. This approach reflects our refreshed bottom-up framework, incorporating the latest HOSE IPOs and expected cash dividends. It also leverages forecasts from HSC's industry-leading Vietnam market coverage (representing 81% of market capitalization) and applies a baseline growth assumption of 7.6% for non-covered companies, consistent with our economists' GDP outlook.

We also anticipate a bull-market phase beginning in 2026, supported by Vietnam's ongoing structural reforms and major macro catalysts. Historically, the Vietnamese equity market tends to rally ahead of underlying earnings recovery, driven largely by liquidity. As such, 2026 could be atypical: market performance may be influenced disproportionately by large outliers that introduce notable price distortions (premium to average trading range).

Therefore, in addition to our bottom-up valuation, we factored in typical bull-run dynamics observed in past Vietnamese market upcycles, where stocks often extend even further despite temporarily stretched valuations. Consequently, we expect the VN Index to trade around +1 SD in 2026 under our **base case**, and up to +2 SD under our **optimistic scenario.**

Figure 2: Index projections - Scenarios

	Bottom-up derived target	Implied P/E	Bull-run Premium	VN Index Target with bull-run premium	Upside	Note
Base	1,828	12.7	13.6*	**1,958**	**16%**	Bottom-up derived by target prices; assumptions using HSC's VIC TP
Optimistic	*1,844*	*12.8*	*14.7**	*2,118*	*25%*	*Bottom-up derived by target prices, assumptions using HSC's bullish VIC TP of VND143,000; assuming a bull-run premium of up to +2SD of 5Y average*

Note: Base case using premium of +1SD, Optimistic case using +2SD of 5 years average.
Source: HSC Research

That said, the VN Index remains highly sensitive to shifts in market sentiment, especially in what promises to be a dynamic 2026, as the effects of broad regulatory reforms begin to materialize across sectors. Experienced Vietnam investors understand the market's well-known tendency to overshoot in both directions: It often becomes overbought in bullish stretches and excessively discounted in downturns, causing valuations to stray from underlying fundamentals. Against this backdrop, an overbought phase in 2026 would be entirely plausible and could propel the index significantly above our bottom-up fundamental targets.

Stock picks: Based on growth and regulatory reforms

We see stock picks can be grouped into two flavors: (1) Growth-based investment and (2) Beneficiaries of regulatory reforms.

Under the growth-based strategy, which is also our base case scenario, we favor sectors with solid earnings momentum and cyclical tailwinds, Banks, Consumer, Real Estate, Industrials, Energy & Utilities, and Agriculture-related, as reflected in the tables below. Specifically, we have conviction in names including CTG, MBB, TCB, VPB, MWG, PNJ, KDH, IDC, CTD, HPG, GMD, VTP, PC1, PVS, TCX, SSI, FPT, BVH, VHC, DCM – all with Buy ratings.

Beyond these, we see increased opportunities for further diversification, with additional candidates worth exploring outside the 20 highlighted picks above, as illustrated in the figure below.

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Figure 3: Sector earnings growth forecast & upside, HSC coverage

No.	Industry	Market cap weight	FY25 net profit growth	FY26 net profit growth	Upside
1	Financial: Banks	34.8%	13.2%	17.8%	20.4%
2	Financial: Insurance	0.9%	36.3%	29.5%	13.0%
3	Financial: Brokers	3.7%	42.9%	19.8%	48.3%
4	Real Estate: Residential	8.4%	20.0%	35.4%	7.7%
5	Real Estate: Retail	1.2%	61.5%	-34.8%	15.6%
6	Real Estate: Construction & Construction Materials	0.1%	79.3%	5.3%	30.2%
7	Real Estate: Industrial Parks	2.4%	32.6%	18.9%	20.9%
8	Conglomerates	14.8%	-94.8%	282.1%	-52.0%
9	Energy - Oil & Gas	3.9%	39.7%	-3.0%	12.4%
10	Utilities - Electricity, Gas, and Water	2.7%	90.1%	-1.9%	21.5%
11	Industrials: Aviation	6.1%	6.3%	-9.7%	1.3%
12	Industrials: Automobiles and Parts	0.8%	-7.7%	-7.8%	10.5%
13	Industrials: Transportation	0.7%	26.0%	8.3%	24.4%
14	Industrials: Construction Materials	3.3%	35.6%	37.1%	35.5%
15	Industrials: Capital Goods	0.3%	34.2%	2.7%	18.2%
16	Materials - Chemicals	1.0%	34.4%	12.1%	28.8%
17	Agriculture-related	0.5%	70.7%	12.9%	25.6%
18	Consumer	11.1%	11.8%	15.8%	9.4%
19	Textiles	0.0%	2.9%	-11.2%	3.5%
20	Technology	2.6%	18.0%	14.0%	27.7%
21	Telecoms	0.1%	12.1%	11.4%	22.7%
22	Health Care	0.3%	12.9%	19.6%	12.6%
	Total (including conglomerates)	*100%*	*15.2%*	*15.9%*	*7.6%*
	Total (excluding conglomerates)	**100%**	**18.6%**	**15.5%**	**15.3%**

Source: HSC Research

Figure 4: Sector views and top stock picks, HSC coverage

Sector	Mkt. cap. weight	FY25F earnings growth	FY26F earnings growth	Upside	Top picks
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Note: Includes selected heavyweights and other subsectors such as Insurance, Textiles, Chemicals, Agriculture, and Health Care*

Source: HSC Research

Alternatively, we see a second approach for positioning in 2026: **focusing on sectors that are set to benefit from upcoming regulatory reforms.** While our sector-specific stock picks remain unchanged, the allocation under this strategy would be less diversified, with a more concentrated weighting in the following sectors: **Banks, Consumer, Real Estate, Energy & Utilities, Financial Services, and Public-investment-linked sectors.**

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Figure 5: Sectors in focus (2H25-26), HSC coverage

Beneficiaries of regulatory reforms, opportunities in business and potential fund-raising create overweight opportunities

Sector	Regulatory reform beneficiary	Key catalysts
Banks	• Decree 69 on Foreign Ownership Limit (FOL) increase • Codification of Resolution 42 on Accelerating bad debt resolution • Increase infrastructure spending	• Potential relax view on Bank's FOL from governments • Accelerate bad debt resolution • Potential listing of underlying assets • Credit growth from public investment
Consumer	• VAT 2% cut and extend to 2026 • Maintaining low interest-rate environment • Real estate upturn boosts consumer confidence and spending through the wealth effect	• Attractive valuation • Recovery of demand with real estate recovery • New ICT replacement cycle
Real Estate: Residential	• Resolution 158 on Market stabilization and boost for social & worker housing • Resolution 161 on social housing development • Resolution 170 on Specialized policies to resolve land and project disputes in key urban areas • Resolution 171 on Pilot scheme for commercial housing via LUR agreements • Land Law revision	• Legal hurdles clearing up • Supply rebound underway • Discounted valuation
Energy & Utilities	• '6th Draft Decree' amending regulations on petroleum trading business • Amendment to Circular 16 on Refining rules for Vietnam's competitive power market • Decision 1509 on Revised PDP VIII	• Legal hurdles clearing up • Laggard with catchup potential • Steady demand amid global uncertainty
Financial: Brokers	• KRX system with new features gradually launching • Circular 68 re. non-pre-funding • Study of decrease settlement date to T+2 • Study of implementing short selling	• Higher liquidity • Market upgrade to Emerging classification • Legal hurdles clearing up and new IPOs
Public Investment related	• Reinstate Build to Transfer (BT) model • Amended of Public investment law • Amended PPP model • Amended Planning law	• Government initiative to accelerate public investment disbursement • The reinstate of BT model attracts more private participation

Source: HSC Research

FY26 outlook: Vietnam's story evolving

Vietnam looks to be in the middle of a bull-market; GDP is in the growth phase, valuations justified

Vietnam's GDP growth often correlates with the VN Index, as history has proven. GDP growth is a partial reflection of underlying economic strength, which ultimately translates into higher EPS growth, a key driver of equity market performance. As Vietnam enters its next growth phase, with the government targeting double-digit expansion, we expect the current bull run to extend in the near-medium term, supported by robust EPS growth and a rebound in domestic demand. The return of FDI and a recovery in export competitiveness represent additional upside risks on the external front.

Over the past two decades, Vietnam has experienced three major bull markets, each lasting roughly 60-70 weeks. In 2025 to date, the VN Index has already delivered a respectable 33.5% YTD gain, but within only around 33 weeks, despite fundamentals being considerably stronger than during the previous three cycles. With the outlook for a stronger GDP moving into 2026, and with many major catalysts yet to materialize, the probability of an extended upward leg remains high should historical patterns play out once again.

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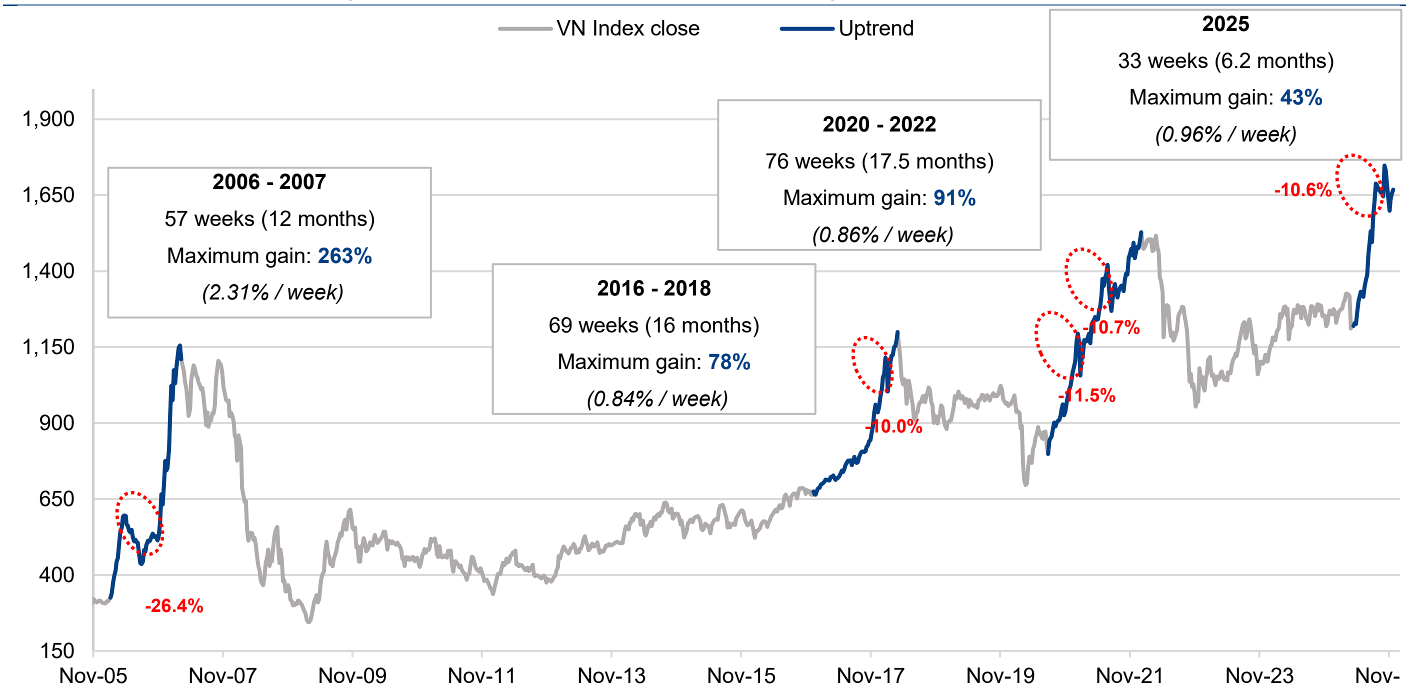
Figure 6: VN Index vs GDP growth: A 20-year overview

VN Index and GDP growth shares co-relationship, sensitivity is distorted only in certain periods

Source: NSO, HSC Research

Figure 7: VN Index historical bull run compilation

Mid-uptrend corrections with magnitude around 10-11% are considered average



Source: HSC Research

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Figure 8: Bull-runs: Then vs now

The current bull-run is increasingly underpinned by a firmer fundamental backdrop and more compelling valuations

Criteria		2006 - 2008	2016 - 2018	2020 - 2022	2025 onwards
Macro context	GDP growth	8.3%	7.08%	8.02%	Targeting 8.2-8.5%
	Credit growth (YTD)	33.8%	15.7%	13.4%	15.1% (as of end-Oct)
	VND depreciation	9.8%	3.0%	2.0%	3.3% YTD
Valuation & Earnings	Avg. EPS growth	N/A	4.1%	-18.7%	20.3%*
	Highest P/E trailing / forward	42.3 / 16.3	23.0 / 20.1	25.3 / 18.0	16.7 / 14.4
	Highest P/B trailing / forward	9.0 / 3.1	3.4 / 3.5	2.9 / 2.8	2.1 / 2.1
	Peak M/E ratio	Over 200%	182%	129%	125% (end-Sep)
Liquidity & Drivers	Net foreign flow	N/A	Net buy USD1.7bn	Net sold USD3.1bn	Net sold USD4.8bn
	Bull run drivers	WTO accession optimism Bank & SOEs equitization wave Massive credit growth	'China+1' strategy Active flow to EM markets	Easing monetary policy Domestic-driven stock market inflow	Historical reforms Accelerating credit growth Easing monetary + fiscal policy
Cycle features	Uptrend duration (weeks)	57	69	76	21+
	Substantial correction	-26.4%	-10.0%	-11.5%	N/A
	Bull run velocity (% per week)	2.31%	0.84%	0.86%	1.71%
Outcome & Correction	Maximum run-up *In VND*	263%	78%	91%	42%
	Maximum run-up *In USD*	240%	76%	90%	37%
	Causes of bearish turnaround	US financial crisis spillover Double digits inflation	Global credit tightening Trade war 1.0 led to risk-off sentiment	Global credit tightening Corporate bond crisis Geopolitical uncertainties	N/A
	Number of correction week	14	10	9	N/A

Source: HSC Research

Valuations remain attractive on both a headline and adjusted basis

The VN Index is trading at 11.7x FY26F P/E, broadly in line with its five-year average, supported by a steady recovery in EPS growth and expectations for a more vibrant 2026. When excluding outliers, particularly Vingroup-affiliated names, the index trades at a meaningful discount to its five-year average. This suggests that the broader market is far from overvalued and that the broad-based non-outlier stocks offer greater upside potential than the headline multiples imply.

Liquidity should come back as soon as 2026, both from local and foreign investors

Retail investor interest, reflected in the recent surge of new account openings, has picked up markedly in recent months. However, liquidity in the market continues to slow down. Steady account growth should align with rising market liquidity, instead of a negative correlation seen from Aug-25.

Figure 9: VN Index P/E forward (x) ex- Vin-trio

Trading at an attractive 10.6x forward P/E

Note: Vin-trio consists of VIC, VHM, and VRE.
Source: Bloomberg, HSC Research

Figure 10: VN Index P/B forward (x), ex- Vin-trio

Trading at below 5-yr average

Note: Vin-trio consists of VIC, VHM, and VRE.
Source: Bloomberg, HSC Research

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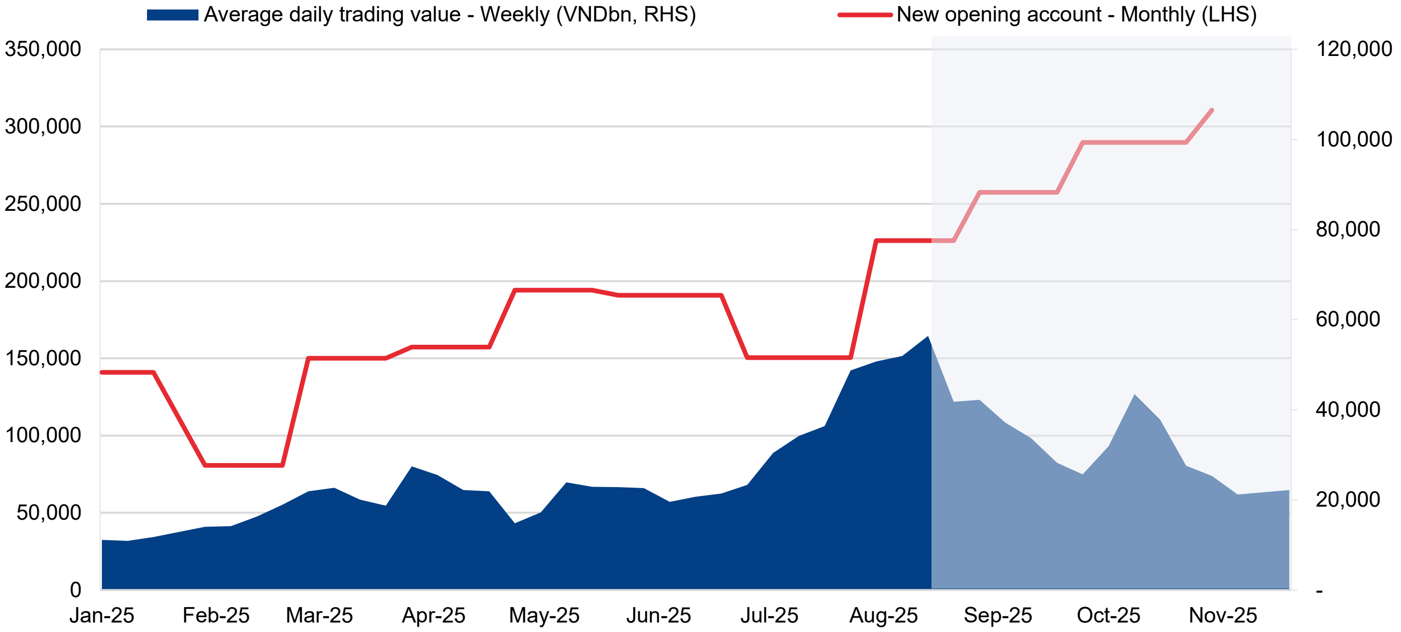
This is likely to indicate that the recent liquidity withdrawal from the stock market is temporary, occurring ahead of a typically quieter period as the National Party Congress (NPC) convenes. In January 2026, once the NPC concludes and the new cabinet is announced, prevailing uncertainties should dissipate, easing the sentiment overhang for local investors. Historically, the market has consistently seen corrections and softer liquidity in the run-up to each NPC over the past two decades, before rebounding to new highs with stronger liquidity afterward (see Figure 11). We expect a similar pattern to play out this time.

Figure 11: Trading account growth vs monthly average daily trading value (ADTV), Vietnam

Steady account growth should align with improving market liquidity, instead of a negative correlation seen since Aug-25



Source: VSD, FiinPro, HSC Research

Figure 12: Market performance before the National Party Congress (NPC)

Year	NPC term	Retracement magnitude (%)	Timing of retracement (how long before NPC)	Retracement duration (Days)	Average daily liquidity BEFORE NPC	Average daily liquidity AFTER NPC	Higher highs AFTER NPC
2011	XI	10.5	3 months	15	-34%	8%	Yes
2016	XII	16.6	3 months	47	-7%	19%	Yes
2021	XIII	6.4	3 months	9	-12%	42%	Yes

Source: HSC Research

Meanwhile, the increase in capital raised by brokerage firms is expected to expand room for margin trading. Currently, margin-to-equity ratios at brokers are approaching previous bull-run highs of ~129%, raising concerns about potential constraints on retail participation. With an additional VND25.9tn/USD990.8mn entering the market through 2026, we anticipate a significant reduction in the overall margin-to-equity ratio, facilitating more market buying. This is particularly relevant given that retail investors still account for a substantial portion of market activity (89% of participation in 3Q25).

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Figure 13: Capital raising plans in FY24-25 period and in planning, selected VN brokers

Listed brokers have raised VND43.1tn and plan to raise a further VND22.3tn

Player	Issuance type	% outstanding shares	Issuance (mn shares)	2024 (VNDbn)	Completed in FY25 (VNDbn)	Upcoming (VNDbn)
Raised on equity market				**19,108**	**43,170**	**22,359 (*)**
SSI	Right issues	10%	151	1,510		
	Private placement	7%	104		3,250	
	Right issues	20%	415			6,225
VND	Right issues	20%	243.6	2,436		
	Private placement	20%	106.5			N/A
	Right issues	20%	325.7			3,257
HCM	Right issues	50%	228.6	2,286		
	Right issues	50%	360		3,600	
VCI	Private placement	30%	144	2,420		
	Private placement	17%	127.5			3,950
MBS	Right issues	25%	109.4	1,094		
	Private placement	5%	26	765		
	Right issues	12%	68.7		687	
TCX	Issue for management	5%	119	1,337		
	IPO	11%	231.1		10,800	
VCK	IPO	15.8%	202.3		12,120	
	Private placement	10.9%	161.8			N/A
VPX	IPO	25%	375		12,713	
VIX	Right issues	95%	636	6,360		
	Right issues	60%	919			11,028
TCI	Public offerings	100%	115.6			1,156
	Private placement	30%	70			
DSE	IPO	10%	30	900		
VDS	Private placement	17.5%	48			864
Raised internally				**6,638**	**12,780**	**3,600**
ACBS	Issued shares for ACB	42%	300	3,000		
	Issued shares for ACB	36%	400		4,000	
LPBS	Right issues	1450%	363.8	3,638		
	Right issues	225%	878		8,780	
ORS	Issued shares for TPB	86%	288			3,600
Total				**25,746**	**55,950**	**25,959 (*)**

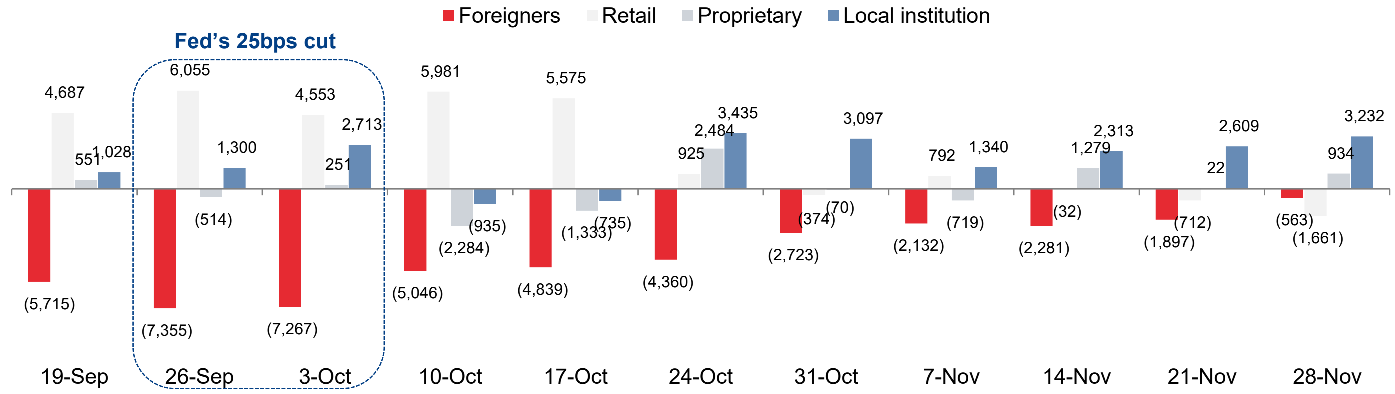
Note: (*) The upcoming proceeds didn't count proceeds from VCK's and VND''s private placements, which are estimated quite substantial.
Source: HSC Research

Foreign investor sentiment is clearly improving across the region

In Malaysia, net foreign selling has narrowed sharply to just USD63mn, compared with USD647mn in October. Indonesia has seen a decisive turnaround with USD672mn in net inflows, while the Philippines also attracted USD166mn. The Fed rate cut in September appears to have helped here.

Figure 14: Weekly net flows (VNDbn), key investor group

Foreign net-selling pressure has eased markedly following the Fed's rate cut



Source: FiinPro, HSC Research

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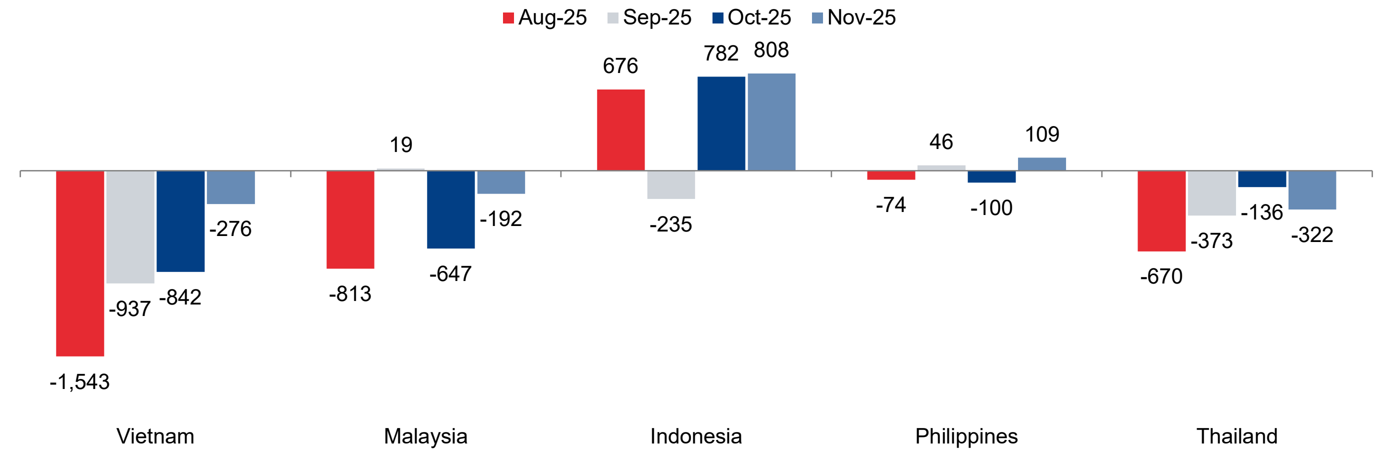
For Vietnam, in our view, the exchange rate overhang remains the primary obstacle. Vietnam is currently the only market in the region where the local currency has depreciated against the USD this year (down 3.5% YTD) even as the DXY has fallen 7.8% over the same period. In addition, Part of the overselling can be attributed to redemptions from Vietnam-focused funds in popular markets such as Thailand and Taiwan, where retail investors are cashing in on profits from their unit trusts, meaning inflows are only likely when there is a major macro catalyst, which, in the near-term, is absent. However, in the mid-term, key catalysts could emerge as early as 1H26, which should resolve this situation and help attract capital flow once again.

Figure 15: Monthly net foreign flow (USDmn), selected countries

Net foreign selling has generally eased in recent months in the SEA region



Source: Bloomberg, HSC Research

Beyond this, on the currency front, we expect FDI momentum to remain strong. October 2025 data showed robust gains in both FDI registration and disbursement at +20.4% y/y and +11.4% y/y, respectively, while a seasonal uptick in year-end remittances should further help alleviate FX pressures.

Additionally, US labor data indicates mounting stress in the job market. The unemployment rate rose to 4.4%, above the 4.3% consensus, marking the fourth consecutive monthly increase. Although October inflation data was unavailable due to the US government shutdown, the broader trend points to a cooling labor market. Markets are now pricing in a 67.3% probability of another 25bps rate cut, up from 42% the previous Wednesday. Should US rate cuts materialize, we see additional room for Vietnam's exchange rate to stabilize.

Internal growth drivers will define Vietnam's story in 2026

Vietnam is shifting from an economy once anchored primarily on external engines, such as FDI inflows and its well-known "bamboo diplomacy", towards a more balanced model where domestic drivers are taking center stage. Investors are now focusing more on (1) sweeping government reforms, (2) pro-growth policies led by expanded public investment, and (3) a recovery in household consumption. The equity market appears to have already priced-in part of this shift, particularly following the appointment of the new Party General Secretary. But this remains only the early phase of a broader structural cycle, with further upside ahead.

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Figure 16: VN Index performance and notable policies/events recap

Source: HSC Research

Doi Moi 2.0: Politics come before economics

Vietnam is undergoing one of the most extensive periods of change in its modern history. In Southeast Asia, Vietnam included, politics typically precede economics, and the current environment underscores that reality. Political stability is essential to unlocking the full potential of Vietnam's young, dynamic workforce and its low-income base. By 2H25, Vietnam had secured that stability.

Figure 17: Political & economic strategy in Doi Moi 2.0

Executive Summary

Areas	Impact
'Anti-wastage' efforts (digitalization in government operations; eliminate redundancy and petty corruption)	• **Digitalization**, save costs in the long run + potentially increase **efficiencies**
Regulatory and administrative reforms (Biggest revision of laws and regulations in modern Vietnam history)	• One of the **largest regulatory reform** years in **history of** modern **Vietnam** • **Merging provinces** to create efficiency and scale • Key laws to look for: Land Law, Public Investment Law; Electricity Law, Investment Law, and Securities Law
Pro-growth ideologies (Highest growth targets in decades)	• Ideologies are tilted towards growth to support **internal growth engines** • **GDP** target of **8.3-8.5% in 2025;** Aiming at **10% GDP** in 2026 • Resolution No. 68-NQ/TW on emphasizing the **private sector** • **Public Investment** to get a meaningful boost • Decision to **uplift Capital markets**: Decree 245 and Decision 2014
Diplomatic efforts (59 Engagement in 11M25, Upgrade relationship status with 12 Partners, signed 339 cooperation agreements, more than two-fold y/y)	• **Pros:** **Diversification** from the traditional major export destinations, regional focus, **bilateral** relationships • **Concerns:** May take time to see tangible results

Source: HSC Research

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Government reforms have since become the primary catalyst for the country's improved outlook, which can be distilled into four pillars: (1) anti-wastage initiatives; (2) regulatory and administrative reforms; (3) pro-growth policy direction; and (4) a "new" diplomatic posture centered on diversification and deeper bilateral partnerships.

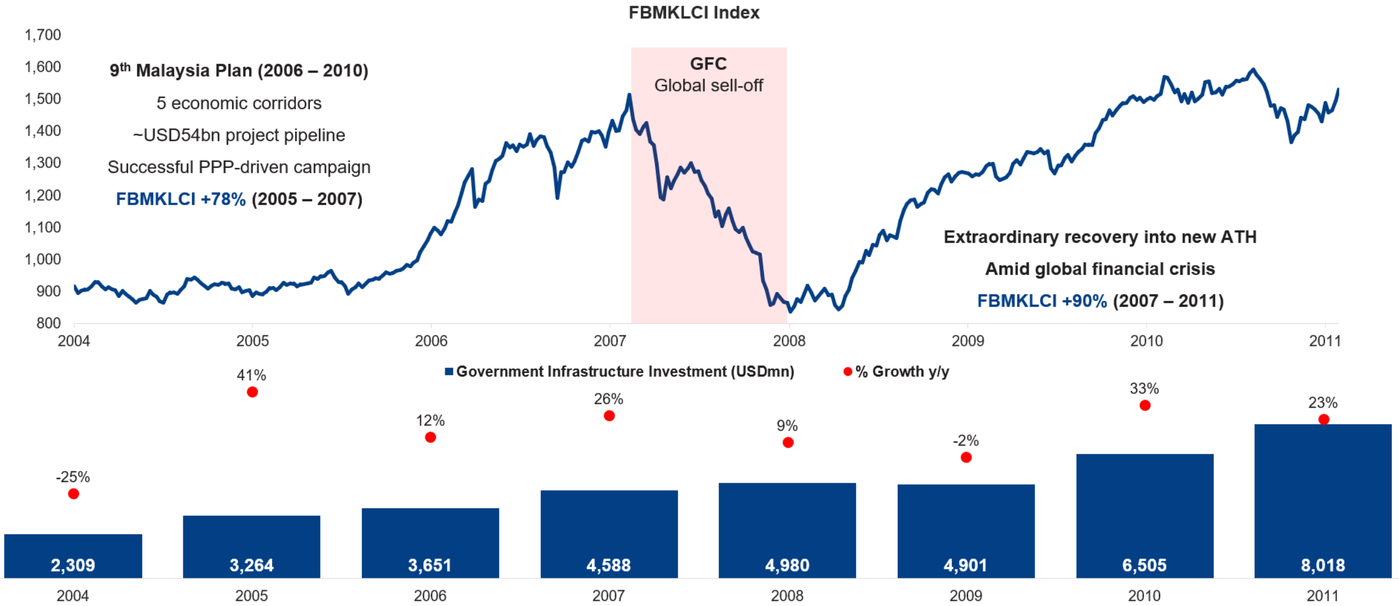
Bottom of the spending cycle, similar to regional peers

There are numerous examples of how massive infrastructure investments packages impact on the mid-term outlook of equity market returns. We observe that every successful National Infrastructure Pipeline (NIP) would deliver a significant and lasting effect on both economic and stock market growth momentum.

Looking at Malaysia in the mid-2000s, the so-called "9th Malaysia Plan (9MP)" was the largest plan ever launched by the Malaysian Administration, allocating a gross budget of USD54bn in today's money. The 9MP was strategically implemented to strengthen national competency by expanding infrastructure, upgrading human capital, and enhancing institutional capacity to support Malaysia's transition toward a higher-value, more competitive economy.

As a result, the Malaysia KLCI Index had an impressive bull-run of 78% from mid-2005 to 2007. While the global market was heavily undermined by the ripple effect the 2008 GFC, the Malaysia's stock market had already bottomed out in the early of that year, and swiftly recovery into a new all-time high by late-2009, registered an impressive return of 90% between 2008 and 2010.

Figure 18: Malaysia's government spending vs. stock market performance
Strategically planned infrastructure investment completely offset stock market losses during global downturn (GFC* 2008)



*Note: * Global financial crisis.*
Source: Bank of Negara Malaysia, Bloomberg, HSC Research

Similarly, China's Shanghai Composite Index surged about 330% during 2004-07 as the economy entered a period of massive fixed-asset investment growth, consistently above 20% annually and exceeding USD1.0tn by 2006.

More recently, India's NIFTY 50 Index has sustained a multi-year bull market from 2019 to 2024, supported by the USD1.4tn National Infrastructure Pipeline under the Modi 2.0 agenda. Between 2020 and 2023, government capital expenditure in India continued to expand at rates above 20% each year.

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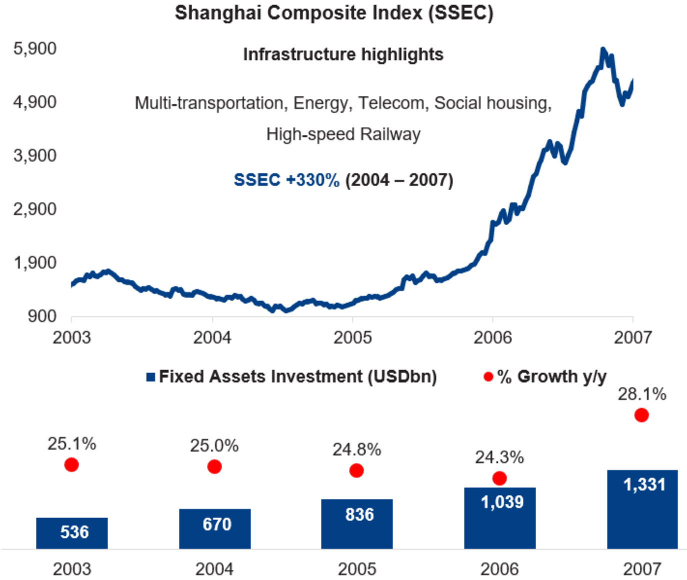
Figure 19: China's government spending vs. stock market performance

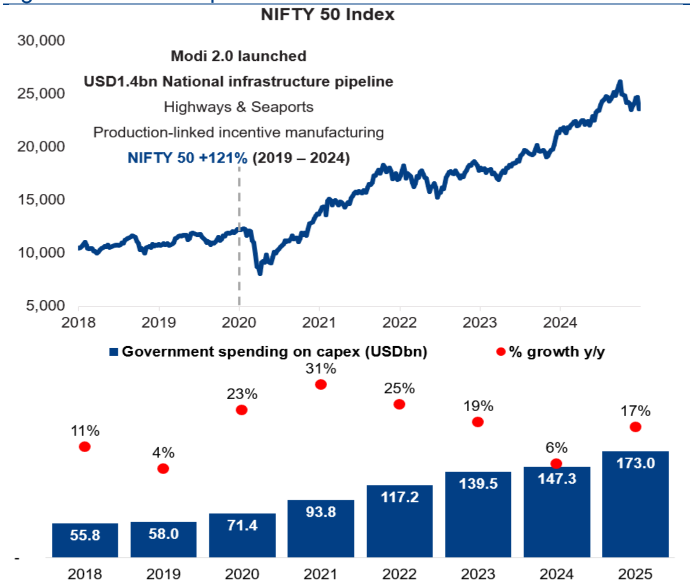
Stronger infrastructure outlays have historically translated into significant market upside



Source: National Bureau of Statistic of China, HSC Research

Figure 20: India's government spending campaign vs. stock market performance

Stronger infrastructure outlays have historically translated into significant market upside



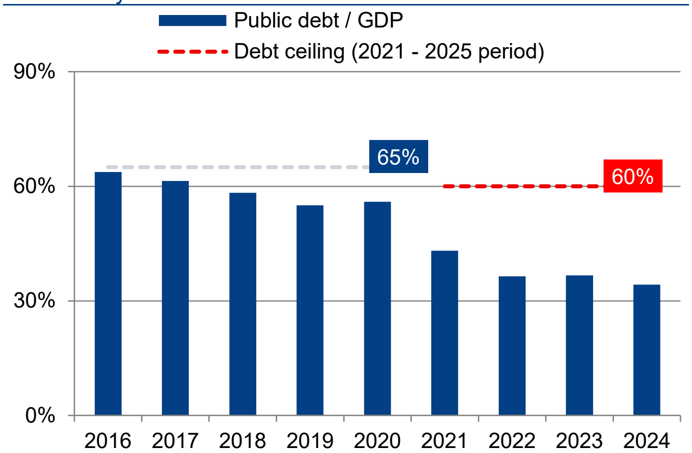
Source: Government of India, CEIC, HSC Research

Vietnam now has ample fiscal space to accelerate spending. Further details are provided in the Economics section by Chief Economist Long Pham (*[Vietnam economics outlook 2026-2027: New dynamics]*). Overall, Vietnam's macro positioning is strengthening, paving the way for multiple years of expansionary capacity. Public debt as a share of GDP has steadily improved, and the decision to lower the debt ceiling in 2021 underscores the government's conservative and disciplined fiscal approach. Collectively, these factors signal that Vietnam is entering a phase in which it can deploy public resources more assertively in the years ahead.

Consequently, the budget deficit has also narrowed, moving in-line with the decline in government bond-to-GDP ratios. In terms of fiscal positioning, Vietnam compares favorably with regional peers. Taken together with the broader macro backdrop, the country clearly has the capacity to increase public spending.

Figure 21: Vietnam public debt / GDP

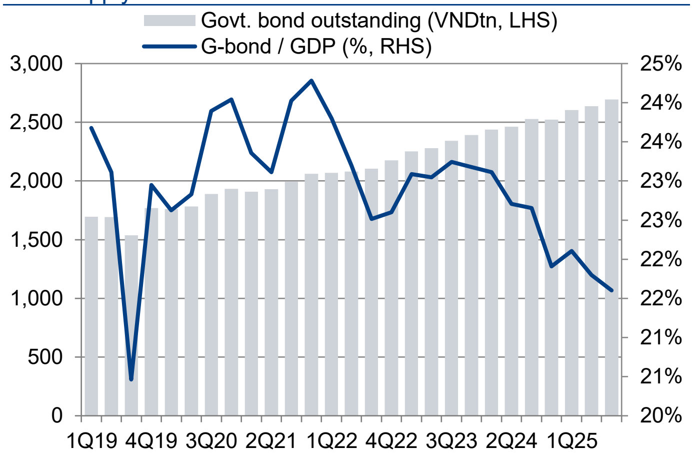
Well-contained below ceiling over the past decade, remaining comfortably within the 60% of GDP limit



Note: Resolution No. 23/2021/QH15 of the National Assembly on the National Financial Plan and Public Debt Borrowing and Repayment for the 2021-25 period.
Source: IMF, MoF, HSC Research

Figure 22: Vietnam government bond market

Debt ratio moderates, creating room for expanded government bond supply



Source: Vietnam Bond Market Association, HSC Research

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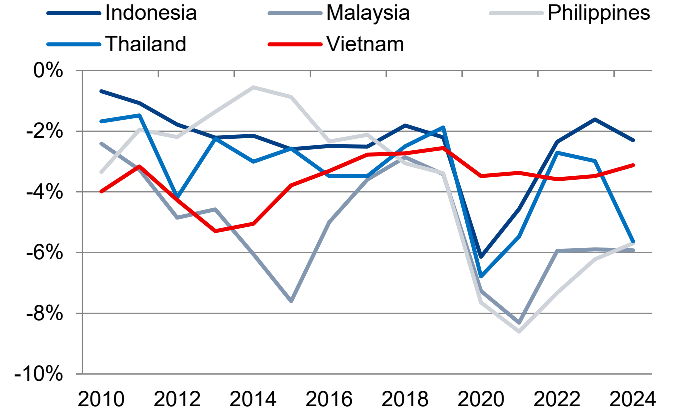
Figure 23: Budget deficit as % of GDP comparison

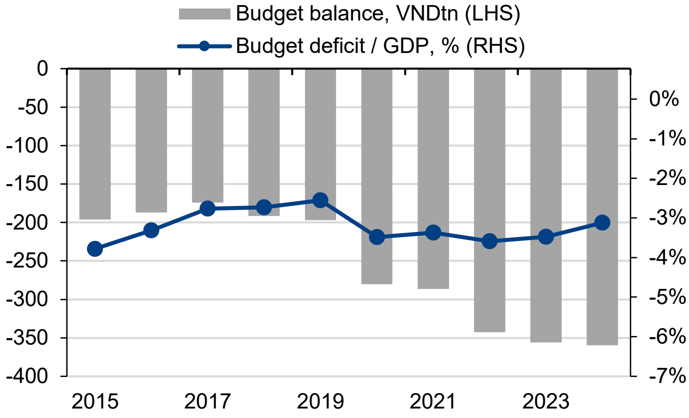
Vietnam's budget deficit has remained well managed, staying broadly in line with regional averages



Source: CEIC, MoF, HSC Research

Figure 24: Vietnam's fiscal balance

Despite rising expenditure, a larger economic base has kept the deficit well contained at around 3-4% of GDP

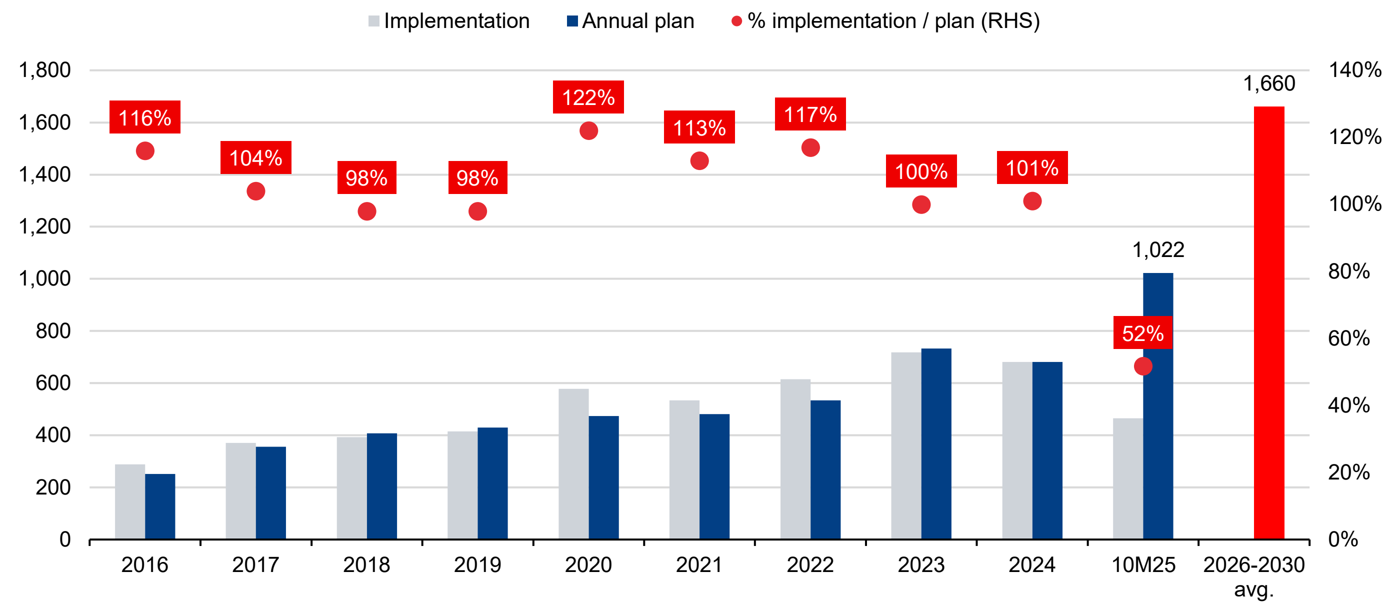


Source: CEIC, MoF, HSC Research

In Vietnam's case, the economy's infrastructure requirements are even more substantial, given its more advanced stage of development relative to India. However, public investment has yet to scale meaningfully, in part due to regulatory bottlenecks. The current administration has been highly effective in removing these constraints, creating conditions similar to the case studies above. As these reforms translate into sustained public-investment growth, we expect Vietnam's equity market to benefit from 2026 onward, with Financials, Property, and Utilities likely to lead the next upcycle.

Figure 25: Vietnam public investment (VNDtn)

Vietnam disbursed 52% of the country's new plan of more than VND1.0 quadrillion in 10M25



Source: Ministry of Finance, National development plan for the 2016-30 period, HSC Research

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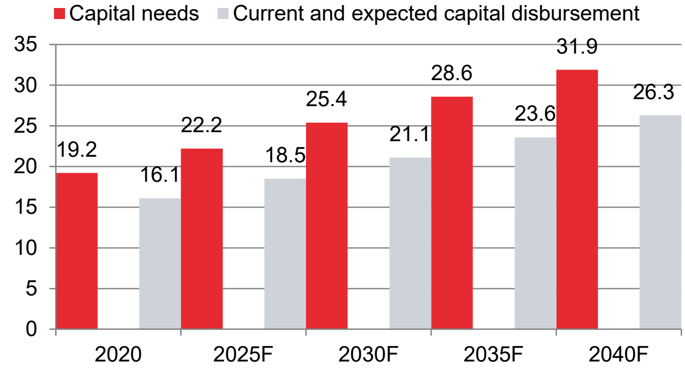
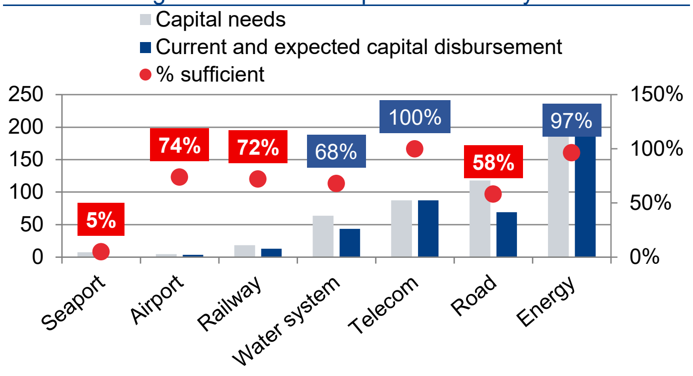
Figure 26: Vietnam infrastructure capital needs (USDbn)
Vietnam is expected to experience a shortage in the near future



Source: Global Infrastructure Outlook, HSC Research

Figure 27: Vietnam infrastructure capital needs (USDbn)
Severe shortages seen in the seaport and road system



Source: Global Infrastructure Outlook, HSC Research

There are more mid- and longer-term catalysts to look forward to

Vietnam is on the cusp of upgrades across multiple fronts: (1) a FTSE reclassification in the near-term, (2) a potential MSCI upgrade in the mid-term, (3) higher EM-basket allocations from both index providers, and (4) ultimately a sovereign-rating upgrade to investment grade over the longer horizon (Vietnam is only one notch below investment grade). This is not to mention several other potential upgrades, including (5) the prospect of the US granting Market Economy status.

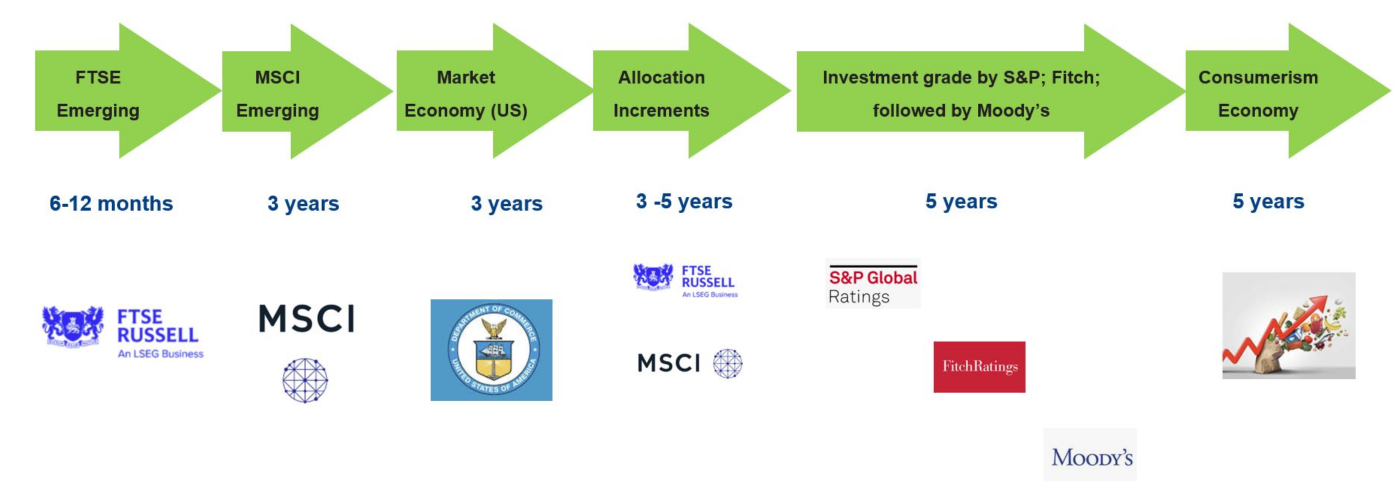
In parallel, Vietnam's capital markets are undergoing significant restructuring through initiatives such as the International Finance Centers in Ho Chi Minh City and Da Nang, along with regulatory reforms designed to protect foreign-investor minority rights and align the market with MSCI and broader EM standards. Key milestones include Decree 245/2025/ND-CP and Decision 2014/QD-TTg.

These targets are also embedded in the central government's recent strategic agenda, with most objectives aimed for completion by 2030. Such upgrades will be a decisive catalyst for capital inflows into Vietnam, beginning from 2026 onward.

Key downside risks to monitor

Foreign exchange rates: The VND has depreciated more sharply than regional peers over the past two years. Errors and omissions, combined with major political events in Vietnam, may also widen the gap between official and free-market rates, creating liquidity constraints (see Figure 29).

Figure 28: Vietnam's upgrade expectations
There are more mid-longer-term catalysts to look forward to



Source: HSC Research

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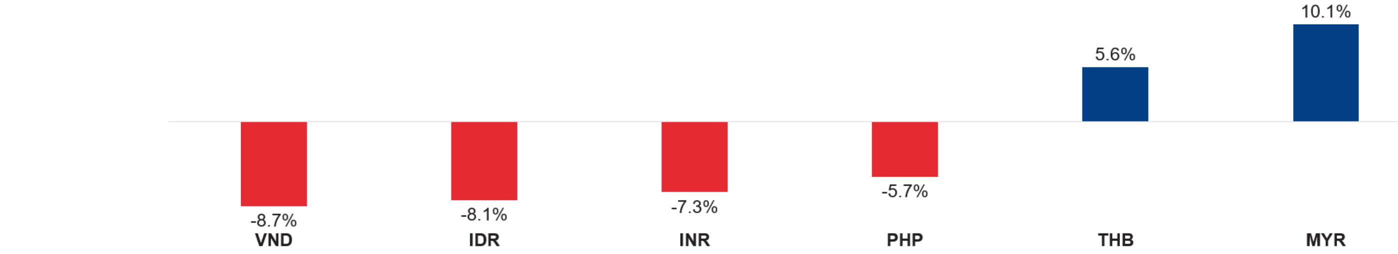
While 2026 could bring some relief, supported by expected Fed rate cuts, softer USD demand after Vietnam's political cycle, and a better export outlook, meaningful downside risks remain if these factors fail to materialize. Our economist, however, is forecasting a 1.5% VND depreciation in 2026 versus the USD, which is a fair rate as our base-case.

Figure 29: Currency movement versus USD since 2024, selected countries

Regional macro drivers and relative FX fundamentals

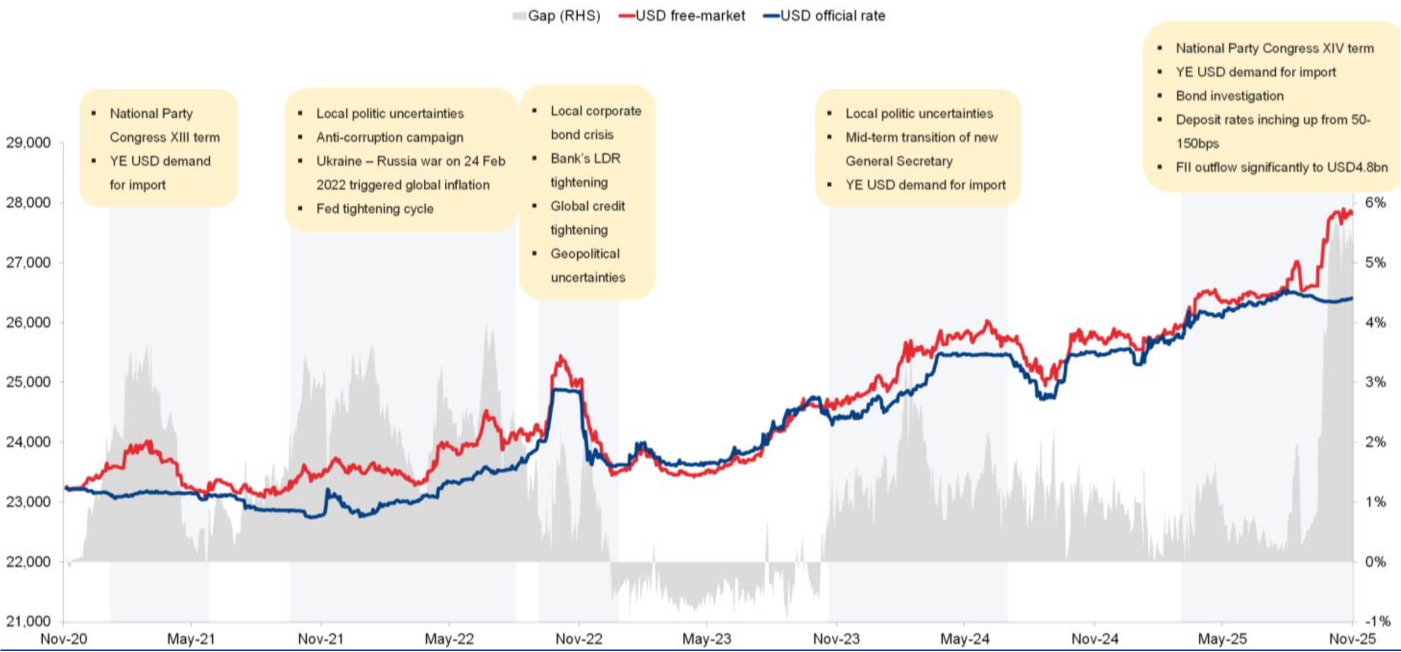


	VND	IDR	INR	PHP	THB	MYR
Trade balance (end Sep-25)	USD2.8bn	USD4.3bn	(USD32.1bn)	(USD4.3bn)	USD1.2bn	USD4.8bn
Risk-free rate gap (vs. US)	2.0% **lower**	2.5% **higher**	2.5% **higher**	1.9% **higher**	2.0% **lower**	0.5% **lower**
GDP growth (3Q25)	**8.2%**	5.0%	N/A	4.0%	1.2%	5.2%
CPI	3.3%	2.8%	2.0%	1.7%	-0.7%	1.5%
Credit growth	16.1%	7.6%	11.3%	10.5%	-1.3%	5.5%
FX reserves / Months of import	2.1	6.4	10	6.4	7.9	5.5
FDI disbursed / GDP (10-yr avg.)	**4.6%**	1.9%	1.6%	2.3%	1.6%	3.1%
Net foreign outflow (% market cap.)	**USD4.8bn (1.4%)**	USD1.7bn (0.2%)	USD16.3bn (0.7%)	USD643mn (0.4%)	USD3.3bn (0.7%)	USD4.6bn (1.6%)

*Note: **Red / Blue** indicates **depreciation / appreciation** vs. USD.*
Source: HSC Research

Figure 30: VN exchange rate comparison: Official vs. free market

Free-market USD-VND rates typically diverge from official rates during major political events or seasonal periods in Vietnam



Source: HSC Research

Credit growth and inflation: High credit growth can deliver a short-term GDP boost, and the government appears to be leaning on this strategy, based on the recent newly announced ideologies and official initiatives. Strong credit expansion is becoming a key tool to pursue the newly approved 10% GDP growth target, but it raises concerns

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about growth quality. Credit needs to be redirected toward manufacturing, export-oriented industries, and value-added services rather than inflating asset prices. Currently, a disproportionate amount of credit continues flowing into real estate, contributing to significant price increases in major cities (e.g., condominium prices in Hanoi and HCMC have risen up to 50% YTD). Inflation is another pressure point: With a higher inflation target set for next year, questions arise about the government's ability to control price pressures during a rapid credit expansion cycle.

Political and execution risks: Ongoing restructuring within the government apparatus could temporarily slow policy execution, particularly public investment. With the domestic economy still in a fragile recovery, especially in manufacturing, any delay in public investment poses a major downside risk to growth and could trigger market derating in 2026. Export-market concentration also remains high, particularly toward the US Although diversification efforts are advancing (59 high-level engagements in 11M25, upgraded relations with 12 partners, and 339 cooperation agreements signed, more than double y/y), these initiatives will take time to translate into results, likely 2–3 years before US concentration risk meaningfully eases.

Global economic slowdown: The current global recovery is weaker than expected, including in Vietnam's key export market, the US. A further downturn in global growth would hinder Vietnam's turnaround momentum, particularly as export performance has already softened significantly.

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Vietnam economics outlook 2026-27: New dynamics

- VN's economy is expected to grow 7.6% in 2026, slightly below the revised 7.7% for 2025, as export gains normalize and tariff effects become more binding. Retail sales are projected to recover gradually, expanding 11-12% over the next two years, while public investment will rise sharply, supported by a USD42bn development budget for 2026 and a broader USD166bn 3-year investment plan.
- Credit growth is forecast to reach 19% and continue driving economic activity, lifting the credit/GDP to 154% in FY26. Trade remains resilient, with exports expected to grow 8.2% and FDI to rise by 5.9% in 2026. CPI is projected at 3.9% in 2026, as rising investment may add cost-push pressures. Medium-term path will depend on structural reform & measures to contain overheating risks.

Beyond momentum: Steering VN toward a high-income future

The world entering 2026 points to moderating growth, easing inflation, and continued policy uncertainty. Despite continued expansion in manufacturing & services through late 2025, the medium-term outlook remains subdued due to persistent protectionism and tighter global financial conditions. Major economies are expected to grow below pre-pandemic norms, constrained by fiscal limits and structural imbalances such as China's protracted RE sector adjustment. As such, external demand for export-oriented economies like VN remains uneven and sensitive to global shocks. For VN, the overall situation suggests sustained FX pressures, higher imported CPI risks, and limited scope for monetary easing, even as domestic CPI remains contained.

VN's domestic growth continues to be driven by rapid credit expansion and record public investment. Credit growth remains among the region's highest, and the 2026-30 public investment program signals a strong push for infrastructure upgrading. Household consumption, however, has yet to return to pre-pandemic trends, weighed down by shocks and precautionary savings, despite supportive fiscal measures.

Vietnam's longer-term trajectory will depend on structural reform, private sector upgrades, and the ability to sustain productivity growth from a higher income base. While the government's 2026-30 GDP growth target of 10% annually is ambitious, international experience suggests that sustained growth of 6.5-7.0%, supported by deeper global value-chain integration, technological adoption, and more effective mobilization of private capital, may be sufficient for the transition toward high-income status. As such, the aim is not simply faster growth, but higher-quality growth.

Figure 31: HSC macroeconomic forecasts

Economic growth is expected to ease slightly in 2026 amid higher inflation pressures

	2022	2023E	2024E	2025F	2026F	2027F
Currency (VND: USD) (at YE)	23,555	24,265	25,480	26,600	27,000	27,500
GDP annual growth rate (%)	8.10	5.05	7.09	7.70	7.60	8.00
GDP (USDbn)	411	433	476	508	545	582
GDP per capita (USD)	4,132	4,317	4,702	4,972	5,280	5,597
12M average inflation (y/y %)	3.1	3.3	3.6	3.4	3.9	4.0
Policy interest rate (%)	6.00	4.50	4.50	4.50	4.50	4.50
Overnight interbank rate (%)	4.4	0.5	4.0	4.0	4.0	4.0
Government bond 10Y (%)	4.8	2.2	2.8	4.0	4.2	4.3
FX reserves (USDbn)	85	90	81	83	85	90
Balance of trade (USDbn)	12.1	28.4	24.9	20.9	20.3	24.9
Current account to GDP (%)	-0.3	6.5	5.5	3.7	3.3	3.4
Public debt to GDP (%)	37.4	36.9	37.0	36.9	37.3	38.6
Gov't budget deficit (% of GDP)	3.1	2.9	3.5	3.6	4.2	5.0
Credit to GDP (%)	125.3	132.7	135.7	143.9	153.6	164.4
Credit growth (y/y %)	14.2	13.8	15.1	18.0	19.0	19.0
Imports (y/y %)	8.0	-9.2	16.7	16.2	8.7	10.0
Exports (y/y %)	10.6	-4.6	14.4	14.2	8.2	10.5
FDI disbursement (USDbn)	22.4	23.2	25.4	26.9	28.5	30.3
Annual manufacturing prod'n (%)	8.0	3.6	9.8	10.5	7.0	9.5
Annual nominal retail sales (%)	19.8	9.4	9.0	10.0	11.0	12.0

Source: HSC Research

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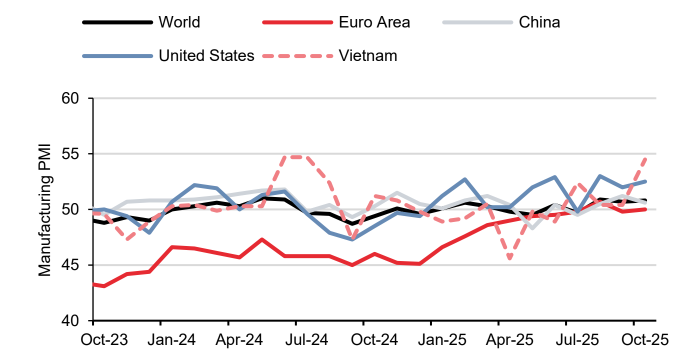
Beyond momentum: Steering VN toward a high-income future

Global economic activity continued to expand at the start of the final quarter, with growth strengthening across both manufacturing and services (Figures 32-33). Inflationary pressures eased further, but trade conditions weakened and business confidence softened.

However, global growth is projected to decline to 3.1% in 2026, below both the pre-pandemic average and estimated 3.2% pace for 2025 (Figure 34), reflecting the lingering effects of protectionism, policy uncertainty (Figure 35) and elevated interest rates.

Figure 32: Manufacturing PMIs, selected areas

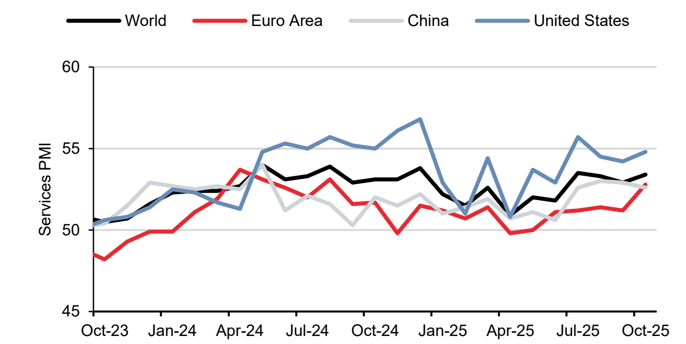
both the manufacturing and …



Source: CEIC & HSC Research

Figure 33: Services PMIs, selected areas

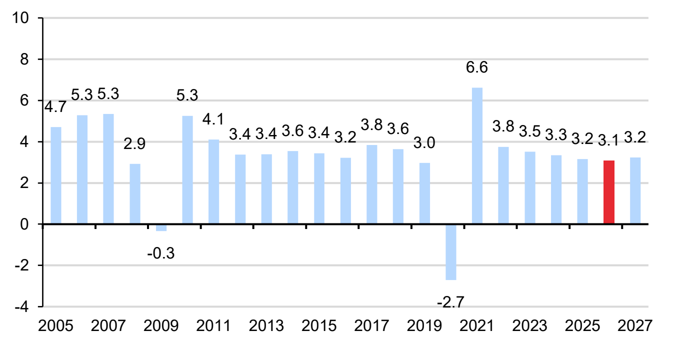
…service sector recorded faster rates of growth, thus showing broad-based improvements



Source: CEIC & HSC Research

Figure 34: World real GDP growth

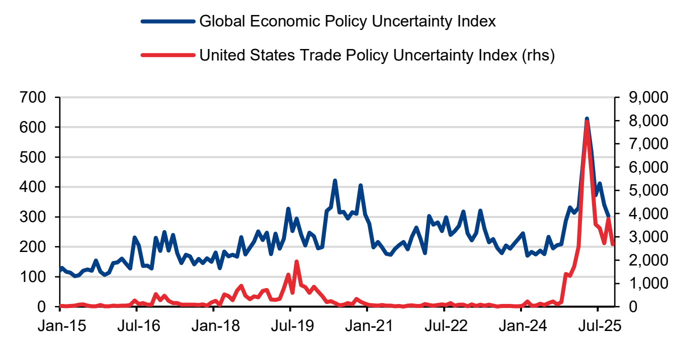
Global growth is projected to decline to around 3.1% in 2026…



Source: IMF & HSC Research

Figure 35: Global policy and US trade uncertainty

…reflecting the lingering effects of policy uncertainty



Source: CEIC & HSC Research

US growth in 2025 is expected to slow to around 2% (with the Fed projecting an even lower 1.6%) vs. 2.8% in 2024 as the labor market softens and public investment weakens, while consumption remains under pressure from high borrowing costs. Supported by lower-than-expected reciprocal tariffs, growth may edge up to 2.1% in 2026 (Fed: 1.8%). However, a large fiscal deficit and high public debt will continue to constrain fiscal space.

In the Euro area, growth is forecast to remain subdued at around 1.0-1.4% over the next two years, weighed down by weak domestic demand and a slow decline in core inflation. The European Central Bank (ECB) is likely to continue cutting rates to support activity, though it must remain cautious given rising fiscal risks.

China's growth is projected to reach about 4.2% in 2026, down from 4.8% in 2025, as a sluggish property market, weak consumption, and slow structural reforms continue to exert pressure. The government is expected to maintain an expansionary fiscal stance, ramping up public investment and issuing special bonds, while the People's

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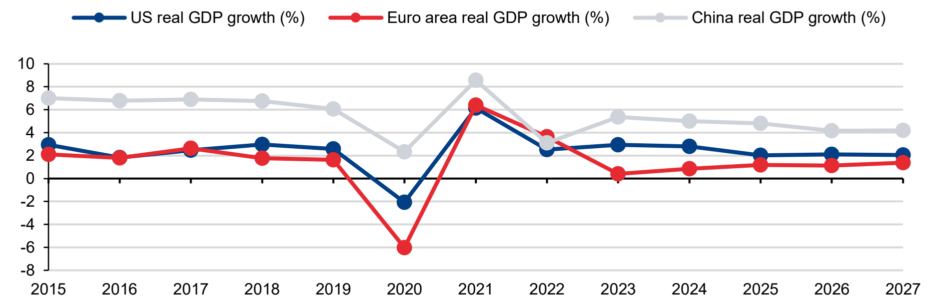
Bank of China (PBoC) will likely pursue targeted monetary easing. However, deflation risks and weak private-sector confidence remain major challenges.

Figure 36: Real GDP growth, key economies

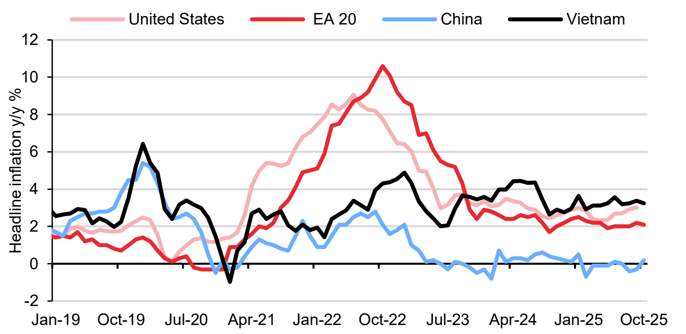
Supported by lower-than-expected reciprocal tariffs, US growth may edge up to 2.1% in 2026



Source: IMF & HSC Research

Figure 37: Headline inflation, selected countries

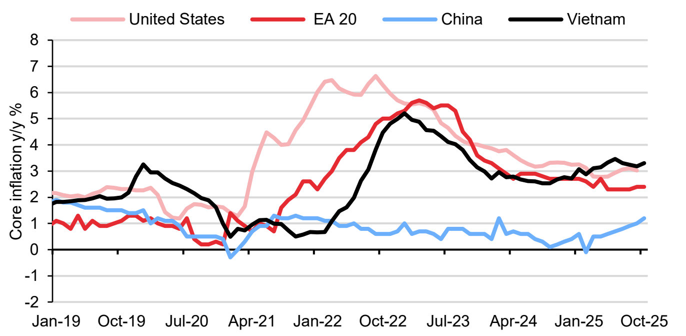
In the tariff-imposing country, the United States, both headline…



Source: CEIC & HSC Research

Figure 38: Core inflation, selected countries

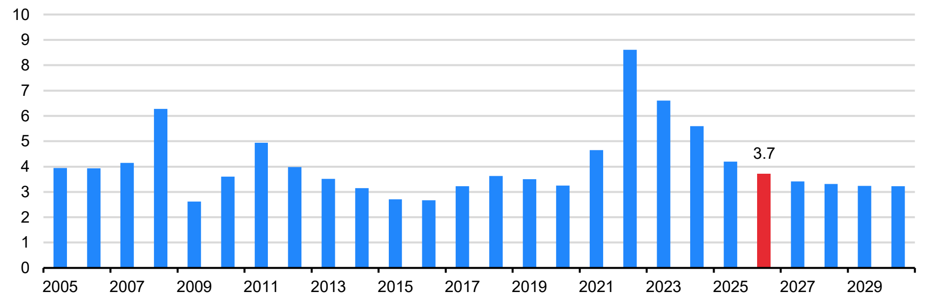
…and core inflation have risen only slightly



Source: CEIC & HSC Research

Figure 39: World average CPI (%)

Global inflation is projected to decline to 4.2% in 2025 and further to 3.7% in 2026



Source: CEIC & HSC Research

To date, the impact of tariffs and the associated rewiring of supply chains on inflationary pressures has remained limited. In the tariff-imposing country, the United States, both headline and core inflation have risen only slightly (Figures 37-38). However, a closer look at core inflation shows a more noticeable increase in core goods prices in the US, a trend not observed elsewhere. Notably, this rise has occurred against a backdrop of persistently elevated services inflation.

Global inflation is projected to decline to 4.2% in 2025 and further to 3.7% in 2026. In the US, inflation is expected to remain elevated in 4Q25 as tariff effects will be increasingly passed through to consumers, before gradually returning to the Fed's 2% target by 2027. Meanwhile, in emerging Asia (China, India, Thailand), inflation is set

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to ease sharply, supported by lower-than-expected prices for food, energy, and other government-regulated goods.

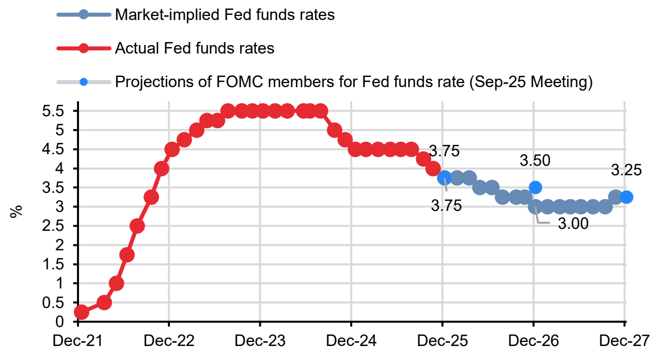
Regarding the US monetary policy, the Federal Open Market Committee (FOMC) will continue to adjust the fed rate in line with the macro-outlook. In an environment where the labor market is weakening but inflation remains elevated, and with additional pressures from the Trump administration's tariff and immigration policies, policy calibration has become particularly challenging. Easing too quickly risks reigniting inflation, while keeping rates high could push unemployment higher.

Examining the FOMC projections materials and minutes, we see that the Fed maintains a 2% inflation target and views the 4.2% unemployment rate as broadly sustainable. The Federal Reserve may continue cutting rates to support demand but will proceed cautiously, given that core inflation remains near 3%. According to FOMC members' projections, over the next two years, the Fed is likely to carry out only three more rate cuts: one in Dec-25, one in 2026, and one in 2027, each by 25bps (Figure 40).

Amid expectations of a more limited pace of future Fed rate cuts, with the Fed having implemented five reductions since September 2024 from a peak of 5.5% down to 4%, the DXY appears set to recover in the second half of 2025. This occurs in a context where the VND has shown weak correlation with the DXY and has experienced persistent depreciation (Figure 41).

Figure 40: Projections of Fed funds rate

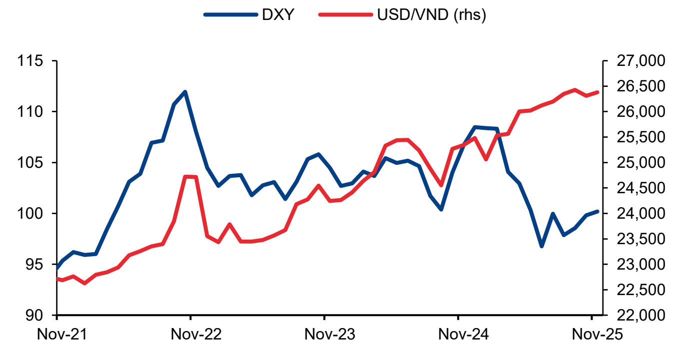
Over the next two years, the Fed is likely to carry out only three more rate cuts, each by 25 basis points



Source: CME Group, FOMC & HSC Research

Figure 41: The dollar's strength index (DXY)

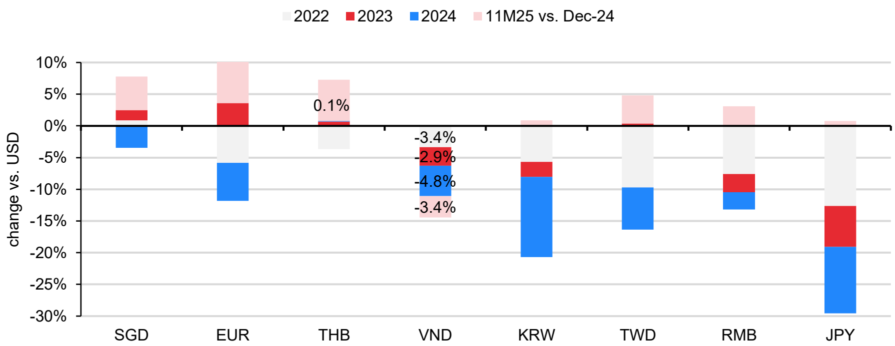
The VND has shown weak correlation with the DXY and has experienced a persistent depreciation



Source: CEIC, Investing.com & HSC Research

Figure 42: Currencies of Vietnam's key trading partners: changes vs. the USD

VND has steadily depreciated over the past four years



Source: CEIC, Investing.com & HSC Research

Vietnam in a global context

Despite the economy maintaining strong growth, the VND has steadily depreciated over the past four years (Figure 42), leaving the size of the economy in USD terms broadly comparable to other countries in the region, apart from Indonesia (Figure 43).

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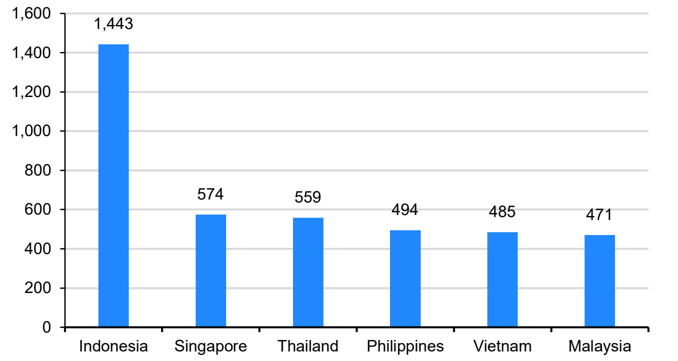
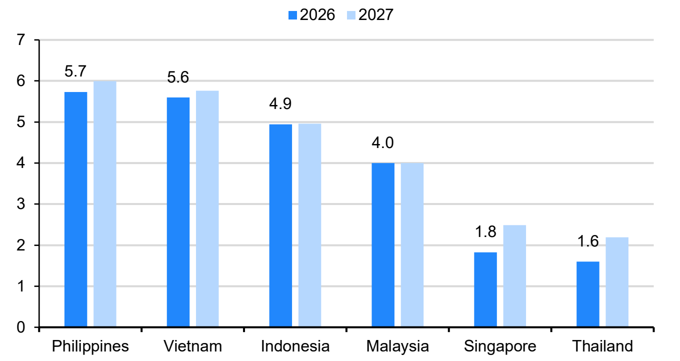
According to the IMF, Vietnam's growth is expected to slow to 5.6% in 2026, while inflation remains below target reflecting persistently low inflation in China, Vietnam's largest import market. Nevertheless, Vietnam's growth rate is projected to remain one of the highest in the region in next two years (behind Philippines) (Figure 44).

Figure 43: Estimated GDP in 2025 (USDbn), selected ASEAN economies
Size of Vietnam's economy in USD terms broadly comparable to other countries in the region



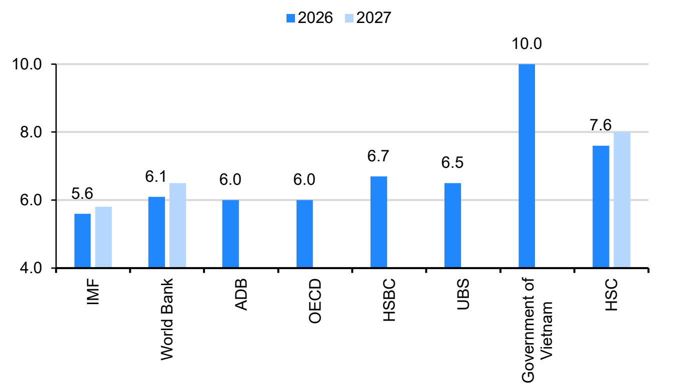
Source: IMF & HSC Research

Figure 44: GDP growth forecasts (%), selected ASEAN economies
Vietnam's GDP growth is expected to remain one of the highest in the region in next two years (behind Philippines)



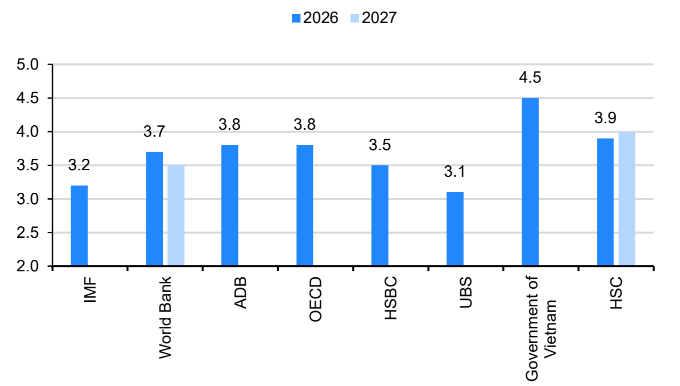
Source: IMF & HSC Research

Figure 45: VN GDP growth forecasts (%), selected sources
Our forecast for VN is more optimistic than many others…



Source: HSC Research

Figure 46: Vietnam inflation forecasts (%), selected sources
…although it still falls short of the government's targets



Source: HSC Research

Overall, international organizations project Vietnam's economic growth and inflation in 2026 to be significantly below the government's targets of 10% and 4.5%, respectively (Figures 45-46). This reflects the various challenges outlined above, against a backdrop of persistently subdued global economic growth.

Key growth drivers

Bank credits

Economic activity in Vietnam is heavily reliant on credit growth. Vietnamese policymakers estimate that a 1ppts increase in GDP requires a 2ppts expansion in credit. In fact, credit accelerated to 15.1% in 2024 and 19.9% y/y in August, supported by an accommodative monetary policy environment and a recovery in the real estate sector (Figure 47). Credit-to-GDP rose to 136% in 2024, and we expect it to exceed 150% next year, the highest level among emerging markets. In fact, Vietnam's credit growth significantly outpaces the second highest in the region, the Philippines (Figure 48).

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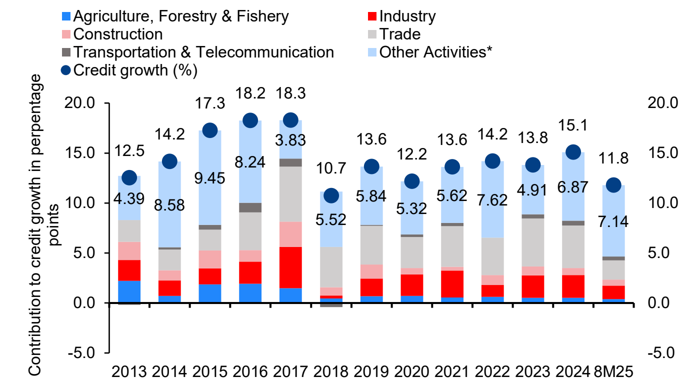
Figure 47: Contribution to Vietnam credit growth by sector

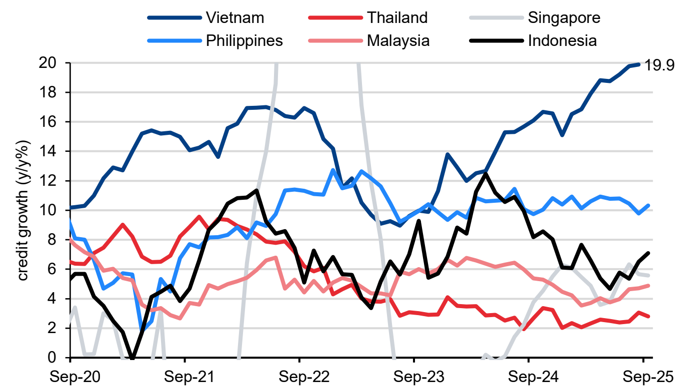
credit accelerated to 19.9% y/y in August, supported by a recovery in the real estate sector



*Notes: *: Real estate, financial and other services.*
Source: SBV & HSC Research

Figure 48: Credit growth, selected ASEAN economies

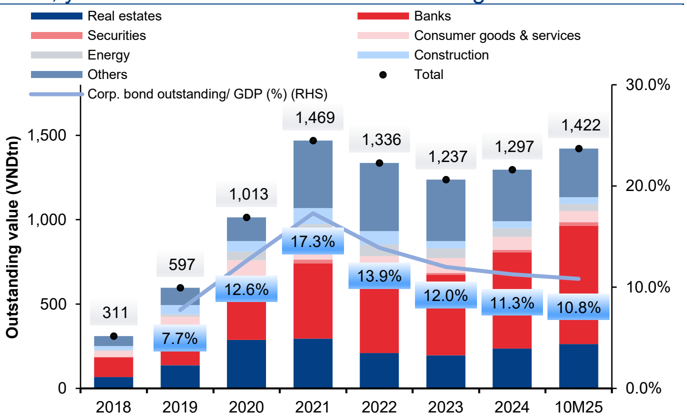
Vietnam's credit growth significantly outpaces the peers



Source: CEIC & HSC Research

Figure 49: Value of outstanding corporate bonds, VN

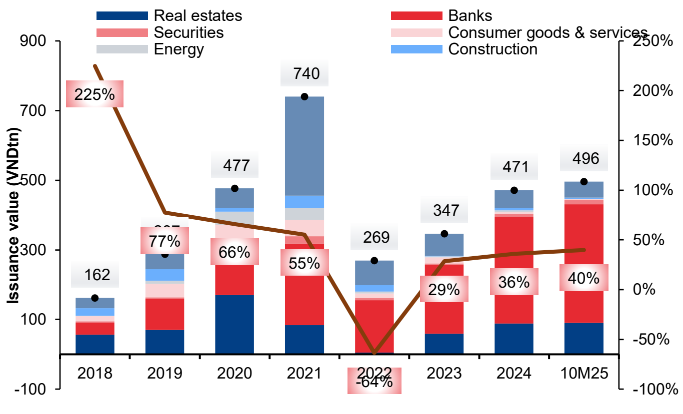
The market size has now nearly approached its historical peak in 2021, yet remains below the 20% of GDP target for 2025



Source: HNX, VBMA & HSC Research

Figure 50: Bond issuance value by sector, VN

New issuances in 10M25 have surpassed total 2024's issuance



Source: HNX & HSC Research

Meanwhile, the outstanding value of corporate bonds, as well as new issuances, has continued to recover but remains below 2021 levels, prior to the bond market crisis (Figures 49-50), placing additional pressure on the banking system going forward.

Corporate bond issuance is expected to enter a more robust growth phase during FY26-27, supported by refinancing needs, long-term capital demand, and a maturing regulatory framework (Law No. 56/2024/QH15 amending the 2019 Securities Law and other relevant laws, Law No. 76/2025/QH15 amending the Enterprise Law & Decree 245/2025/NĐ-CP). That said, CB issuance yields are poised for a gradual upward adjustment over the next two years, reflecting rising deposit rates and evolving funding costs (see our report *Corp. bond mkt. FY26-27F outlook: Building the next chapter*, 21 November).

A low-interest-rate environment coupled with robust economic growth appears to have supported the equity market. The Vietnamese stock market has been in an upward channel for three consecutive years, with liquidity rising to rank among the top three in the region (after Singapore and Thailand) (Figure 52). Nonetheless, the current pace of gains remains reasonable in a historical context: over the past 26 years, the Vietnamese stock market has grown at an average rate of 11% per year, below nominal GDP growth of 13% (Figure 53).

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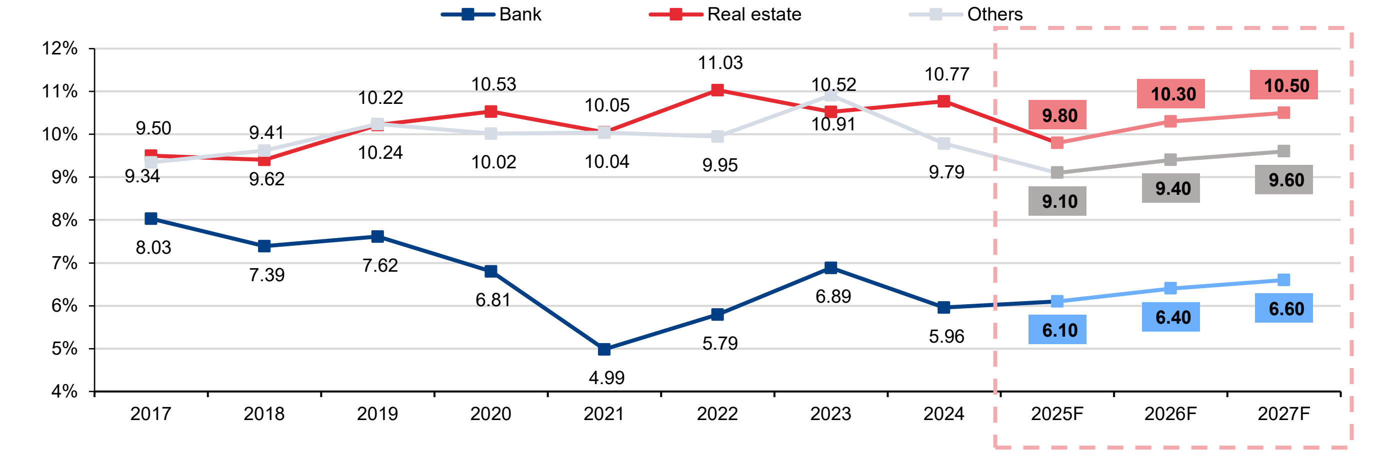
Figure 51: Forecast of corporate bond interest rates at issuance, Vietnam

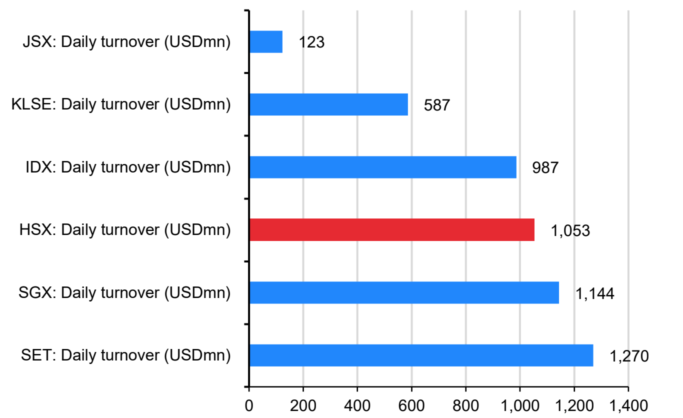
CB issuance yields are poised for a gradual upward adjustment over the next two years



Source: HNX & HSC Research

Figure 52: Daily liquidity (YTD), selected equity markets

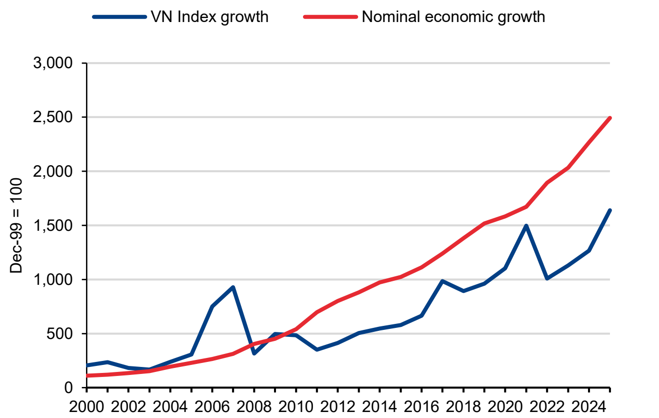
HSX liquidity rising to rank among the top three in the region (after Singapore and Thailand)



Source: CEIC & HSC Research

Figure 53: VN equity market vs economic performance

Vietnamese stock market has grown at an average rate of 11% per year, below nominal GDP growth



Source: HSC Research

Domestic consumption

Vietnam's consumption pace has yet to return to its pre-pandemic trajectory and is therefore expanding more slowly than overall economic growth. As a result, the ratio of retail sales to GDP has declined from its 2019 peak of 64% to just 57% in the first nine months of this year (Figure 54). Passenger vehicle sales have likewise yet to return to their pre-trend trajectory (Figure 55).

However, these figures do not include electric vehicle (EV) sales. In the first nine months, VinFast reported selling over 100,000 EVs. Incorporating these numbers yields two implications: first, total passenger vehicle sales have effectively returned to their post-pandemic peak in 2022; and second, consumer preferences are gradually shifting toward EVs, in line with the government's green-transition agenda for transportation (Decision 876, 2022).

That said, consumer confidence has been undermined by a series of major shocks during 2020-25, including the pandemic, real estate & financial sector stresses, and the impact of reciprocal tariffs, which has likely heightened precautionary savings (Figure 56).

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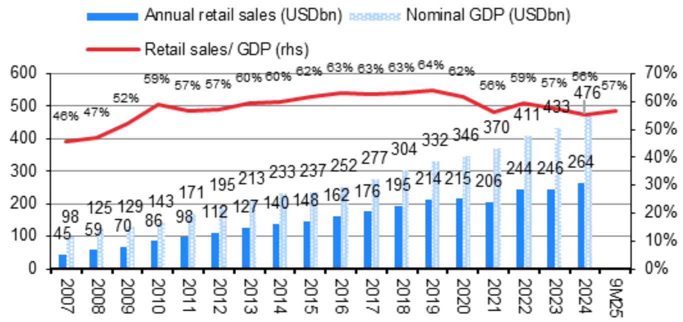
Figure 54: Nominal retail sales as % of nominal GDP

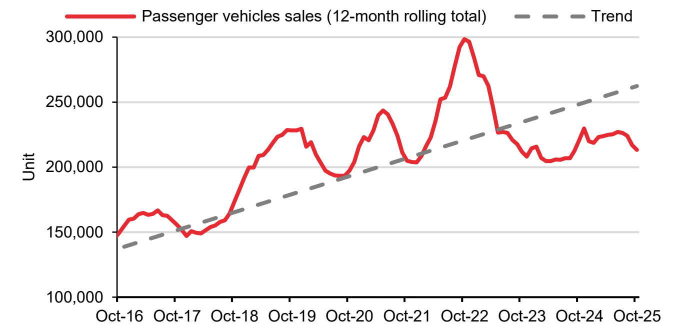
Retail sales to GDP has declined from its 2019 peak of 64% to just 57% in 9M25



Source: CEIC, HSC Research

Figure 55: Passenger vehicles sales

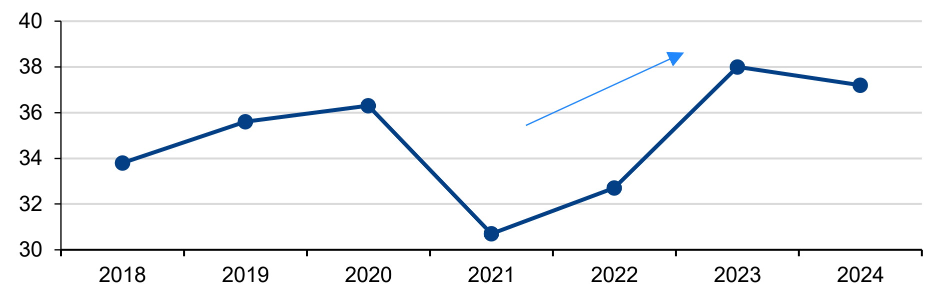
Passenger vehicle sales (excluding EVs) have likewise yet to return to their pre-trend trajectory



Notes: Passenger car (PC) sales include all major segments – sedans, crossovers, MPVs, convertibles, hatchbacks, and others – covering Mercedes-Benz, Lexus, Thaco Premium, and Peugeot models, with hybrid vehicles included (and growing rapidly), but excluding VinFast.
Source: CEIC & HSC Research

Figure 56: Vietnam's gross national saving rate (%)

Consumer confidence has been undermined by a series of major shocks during 2020-25, which has likely heightened precautionary savings



Source: IMF & HSC Research

The government has introduced several measures to support consumption. Most notably, the 2% VAT reduction on selected goods and services has been extended through 2026, helping stimulate domestic demand and production. The National Assembly is also reviewing proposals to raise the tax-exempt revenue threshold for household and individual businesses (currently set at VND200mn in the Draft of the revised Personal Income Tax Law) from 2026. If adopted, the policy would positively affect over 5.2mn household businesses, which collectively generate 8-9 million jobs, according to NSO data for 2018-20.

Over the next two years, we project retail sales of goods and services to continue recovering, reaching growth rates of 11% and 12%, respectively, although this year is unlikely to achieve our 10% growth forecast. In 4Q24, Vietnam has been struck by a series of disasters & historic floods, causing at least USD3bn in damage and revealing the fragility of the country's climate resilience.

Public investments

Given its relatively greater fiscal space compared with peers (Figure 57), fiscal policy could play a more prominent role in prudently supporting economic activity. The government plans to allocate approximately VND8.51mn billion (USD320bn) for development investment during the 2026-30 period, compared with around VND3.4mn billion (USD128bn) earmarked for 2021-25.

For 2026, the budgeted development investment is set at VND1.12mn billion (USD42bn), representing a 41.7% increase over the initial 2025 allocation. Development investment over the next three years is projected to total VND4.4mn billion (USD166bn) (Figure 58).

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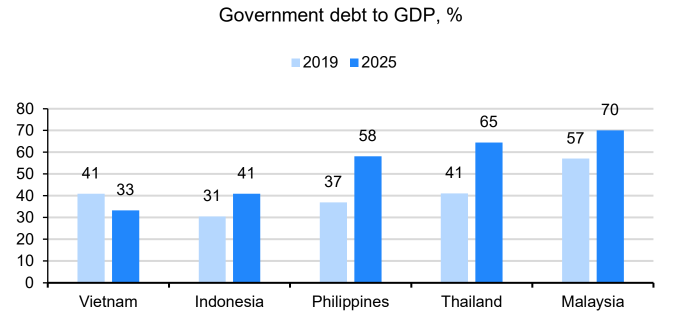
Figure 57: Government debt to GDP

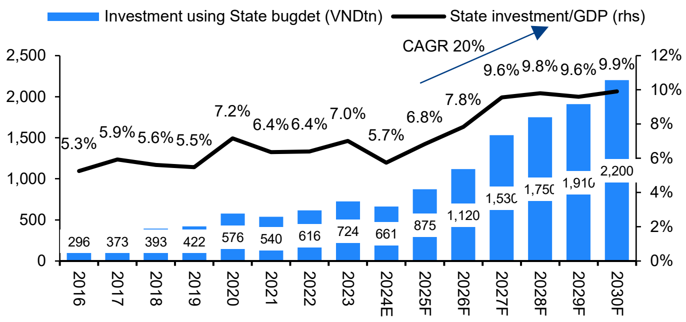
Vietnam has a relatively greater fiscal space compared with peers



Source: CEIC & HSC Research

Figure 58: Investment using State budget

The government plans to allocate approximately VND8.51mn billion for development investment during the 2026-30 period



Source: MOF & HSC Research

Figure 59: Key infrastructure, port, and energy projects

Major nationally strategic projects include Eastern North–South Expressway, the Lao Cai–Hanoi–Hai Phong Railway, key metro lines in Hanoi and HCMC, the Long Thanh International Airport, Hanoi Ring Road 4, HCMC Ring Road 3 etc.

	Public investment/PPP projects	Total investment (USDbn)	2022	2023	2024	2025	2026	2027	2028	2029
	A. Expressway & Ring Road									
1	12 North–South Expressway Projects (Eastern section) (723.7 km)	6.2								
2	Chau Doc – Can Tho – Soc Trang Expressway (188.2 km)	1.7								
3	Bien Hoa – Vung Tau Expressway (54 km)	0.7								
4	Khanh Hoa – Buon Ma Thuot Expressway (117.5 km)	0.8								
5	HCMC Ring Road 3 (76.3km)	3.2								
6	Hanoi Ring Road 4 (113.5km)	3.7								
7	North–South Expressway (Eastern, CT.01) – Can Tho 2 Bridge & approaches (15 km)	1.1								
8	North–South Expressway (Western, CT.02): Phu Tho–Co Tiet–Hoa Lac–Duc Hoa–My An (123 km)	2.3								
9	Hanoi – Hoa Binh – Son La – Dien Bien Expressway (CT.03) (302 km)	2.5								
10	Tuyen Quang – Ha Giang Expressway Phase 2 (CT.15) (58.5 km)	0.6								
11	Bac Kan – Cao Bang Expressway (CT.07) (87.3 km)	1.1								
12	Noi Bai – Bac Ninh Expressway (CT.09) (30 km)	0.1								
13	Dong Dang – Tra Linh Expressway Phase 2 (CT.10)	0.4								
14	Hanoi Ring Road 5 (CT.39) (331 km)	6.5								
15	Phu Ly – Nam Dinh Expressway (CT.11) (25 km)	0.4								
16	Ninh Binh – Hai Phong Expressway (CT.08) (29 km)	0.5								
17	Vinh – Thanh Thuy Expressway (CT.17) (60 km)	0.7								
18	Cam Lo – Lao Bao Expressway (CT.19) (56 km)	0.5								
19	Quy Nhon – Pleiku Expressway (CT.20) (125 km)	1.6								
20	Quang Ngai – Kon Tum Expressway (CT.42) (144 km)	1.7								
21	HCMC Ring Road 4 (CT.41) (199 km)	4.6								
22	Hong Ngu – Tra Vinh Expressway (CT.36) (68 km)	0.8								
23	Go Dau – Xa Mat Expressway Phase 1 (CT.32) (65 km)	0.3								
24	Ha Tien – Rach Gia – Bac Lieu Expressway (CT.35) (100 km)	2.1								
25	Ca Mau – Dat Mui Expressway (CT.43) (84 km)	2.2								
	B. Rail & Metro									
1	North–South High-Speed Railway (1,541 km)	67.3								
2	Lao Cai – Hanoi – Hai Phong Railway (390.9 km)	8.4								
3	HCMC Metro Line 2: Ben Thanh – Tham Luong (11.3 km)	2.0								
4	HCMC Metro Line 3, 4, 6	19.0								
5	Binh Duong New City – Suoi Tien Metro Line (32.43 km)	2.4								
6	Ben Thanh – Can Gio Metro Line	3.3								
7	Hanoi Metro Line 5: Van Cao – Ngoc Khanh – Hoa Lac (39 km)	2.5								
8	Hanoi Metro Line 2: Nam Thang Long – Tran Hung Dao (11.5 km)	1.4								
	C. International airports									
1	Chu Lai International Airport	0.6								
2	Gia Binh International Airport (Phase 1)	5.4								
3	Long Thanh International Airport (Phase 1)	4.7								
	D. Seaport system									
1	Can Gio International Transshipment Port (7 phases)	5.5								
2	Cai Mep Ha General Port (Phase 1)	0.5								
3	Lach Huyen Port – Terminals 7 & 8	0.5								
4	Nam Do Son Port (Phase 1)	1.1								
5	Lien Chieu Deep-Water Port	1.8								
	E. Energy & Utilities									
1	Ninh Thuan Nuclear Power Plant	22.0								
2	Thermal Power Plants: Na Duong II, An Khanh – Bac Giang, Vung Ang II, Quang Trach I, Van Phong I, Long Phu I	8.2								
3	Gas-fired Power Plants: O Mon II/III/IV; Central Region I/II; Dung Quat I/II/III	6.4								
	Estimated total investment	**209.3**								

Past construction
Planned construction

*Notes: * Major nationally strategic projects under enhanced oversight by the 16th National Assembly include the Eastern North–South Expressway, the Lao Cai–Hanoi–Hai Phong Railway, key metro lines in Hanoi and HCMC, the Long Thanh International Airport, Hanoi Ring Road 4, HCMC Ring Road 3, and critical expressway such as Khanh Hoa–Buon Ma Thuot, Bien Hoa–Vung Tau, Chau Doc–Can Tho–Soc Trang. Within the energy sector, Block B-O Mon stands out as key project, with its four gas-fired power plants (Units I-IV) expected to reach first gas in 2027.*

Source: HSC Research

We have listed the key infrastructure, port, and energy projects currently underway or planned over the next ten years in Figure 59, with an estimated total value exceeding USD200bn.

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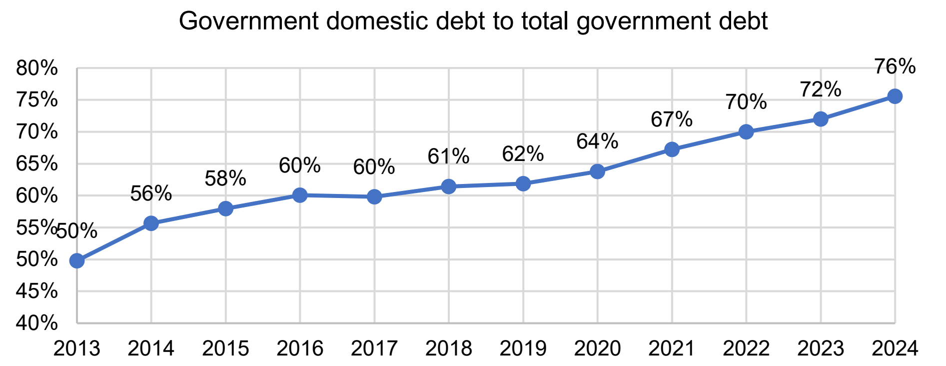
To finance public investment, the government is advancing tax reforms to broaden and enhance revenue efficiency, including measures such as e-tax administration, the elimination of presumptive taxation, and mandatory tax declarations from 2026.

At the same time, the government will likely need to continue mobilizing capital through government bond issuance to fund development expenditure and offset the projected budget deficit – estimated at VND2.4 quadrillion (USD90bn) over the next three years, equivalent to 4.8% of GDP annually. Nonetheless, Vietnam's public debt remains well managed, with a structure increasingly less reliant on external borrowing: the share of domestic government debt has risen sharply from 56% a decade ago to 76% at the end of last year (Figure 60). The government's most recent international bond issuance was a USD1bn, 10-year bond issued in Nov-14 at a coupon of 4.8%, which matured in November last year.

Figure 60: Government domestic debt to total government debt

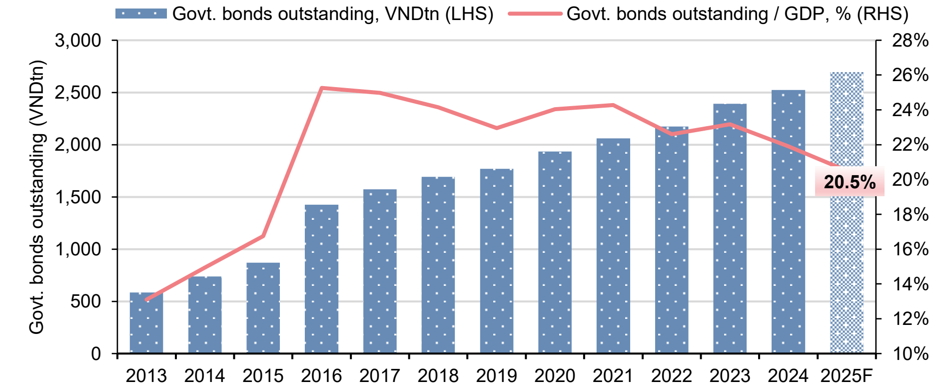
The share of domestic government debt has risen sharply from 56% a decade ago to 76% at the end of last year



Source: MOF & HSC Research

Figure 61: Size of government bond market

The ratio of outstanding government bonds to GDP has nearly doubled since 2013, amid a period of robust economic expansion



Source: ADB, CEIC, HSC Research

We expect the government to raise its government bond (GB) issuance target for FY2026 by around 10% compared with the 2025 plan, to VND 550 trillion. That said, despite the increase in outstanding GBs in absolute terms, issuance continues to expand more slowly than the overall economy. As a result, the ratio of outstanding government bonds to GDP has declined from 25% in 2016 to an estimated 20.5% by the end of this year (Figure 61).

Higher issuance requirements are exerting upward pressure on government bond yields, with our year-end 2025 forecasts for the 5-year and 10-year tenors revised to 3.3% and 4.0% (from 3.2% and 3.8%). Yields are expected to rise further to 3.5% and 4.2% in 2026, and to 3.6% and 4.3% in 2027, while remaining comfortably below the

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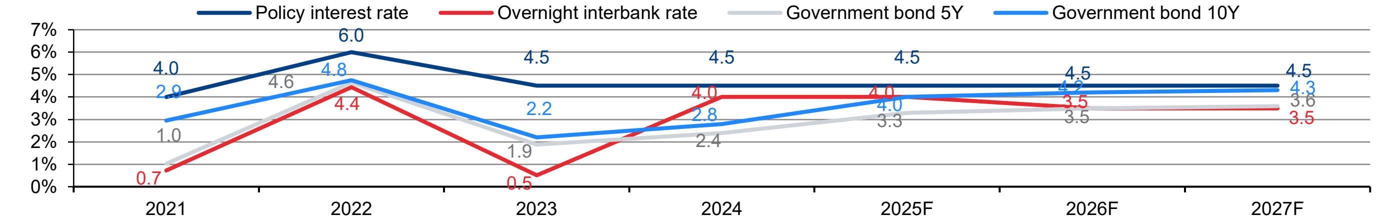
current policy rate of 4.5% (Figure 62). For a more detailed discussion, refer to GB market FY26-27F: Steering through fiscal momentum, 26 November 2025, HSC.

Figure 62: Summary of our forecast for government bond yields and overnight interbank rate

Government bond yields are expected to edge higher, yet remain below the prevailing policy rate



Source: HSC Research

Trade and FDI outlook looking up

We raise our trade growth forecasts by 3.2ppts for 26F and 2.5ppts for 27F (see our report *Trade & FDI 2026-27F outlook: Unshaken by the tariffs*, 20 November), bringing our projections to 8.2% for exports and 8.7% for imports in 2026, and 10.5% and 10.0% y/y for exports and imports in 2027 (Figure 63).

The upward revision is underpinned by a clearer tariff environment and Vietnam's successful trade negotiations. Tariff uncertainty has eased significantly since Trump rolled out his trade protectionist agenda on 2 Apr., as most countries have pursued trade agreements rather than retaliation. Second, Vietnam has successfully signed a trade framework with the US, achieving a favorable tariff rate vs. peers and retaining potential for further exemptions under Annex III.

In accordance with our upgraded trade forecasts, we raise our FDI forecasts, with total committed FDI expected to rise 5.2% in 26F and 10.2% in 27F, while implemented FDI up 5.9% and 6.3% in FY26-27, respectively, reflecting the convergence of both external push factors – eased US tariffs, and domestic pull factors – Vietnam's proactive diplomacy efforts and infrastructure-driven growth agenda (Figure 66).

Figure 63: Trade and FDI heatmap and forecasts

Greater clarity around tariff policy and Vietnam's relatively competitive tariff positioning prompted upward revisions to trade and FDI forecasts. Growth trajectory is expected to soften in FY26F before regaining momentum in FY27F

Trade & FDI	2018	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F
Exports (USDmn)	243,697	264,268	282,629	336,167	371,715	354,721	405,896	463,533	501,543	554,205
Exports (y/y)	13.3%	8.4%	6.9%	18.9%	10.6%	-4.6%	14.4%	14.2%	8.2%	10.5%
Imports (USDmn)	236,869	253,393	262,691	332,843	359,575	326,358	380,991	442,711	481,227	529,350
Imports (y/y)	11.2%	7.0%	3.7%	26.7%	8.0%	-9.2%	16.7%	16.2%	8.7%	10.0%
Exports to the US (y/y)	14.0%	29.0%	25.7%	24.9%	13.7%	-11.3%	23.2%	25.9%	6.5%	10.1%
Imports from China (y/y)	11.8%	15.2%	11.5%	31.3%	7.2%	-6.0%	29.6%	25.0%	5.7%	5.6%
Trade balance (USDmn)	6,828	10,874	19,938	3,324	12,140	28,363	24,906	20,822	20,316	24,856
Total committed FDI YTD (USDmn)	35,466	38,019	28,530	31,153	27,718	36,602	38,226	42,000	44,200	48,708
Total committed FDI YTD (y/y)	-1.2%	7.2%	-25.0%	9.2%	-11.0%	32.1%	4.4%	10.0%	5.2%	10.2%
Implemented FDI YTD (USDmn)	19,100	20,380	19,980	19,740	22,396	23,183	25,351	26,900	28,500	30,300
Implemented FDI YTD (y/y)	9.1%	6.7%	-2.0%	-1.2%	13.5%	3.5%	9.4%	6.1%	5.9%	6.3%

Source: NSO, CEIC & HSC Research

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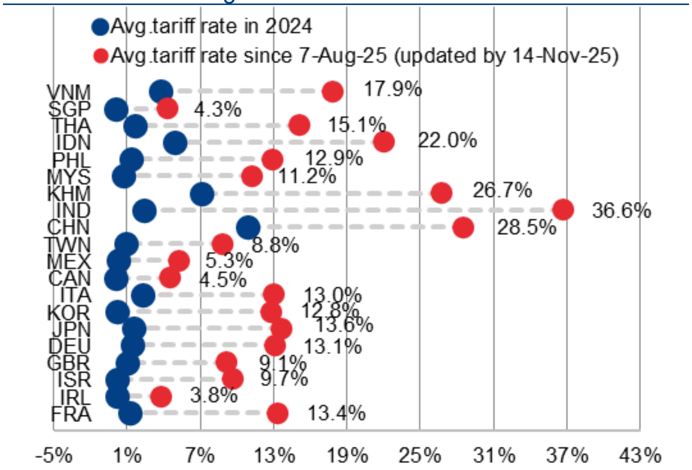
Figure 64: Effective tariff comparison by period

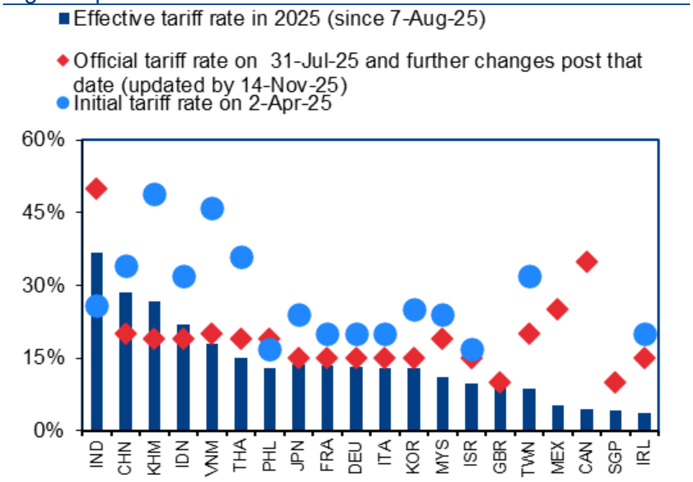
Pursuing trade agreements rather than retaliation has been instrumental in driving tariff reductions.



*Note: Vietnam's average tariff rate was most recently revised down to 17.9% following the 14-Nov EO, which removed agricultural levies, compared with 18.1% previously. China's overall tariff burden has moderated meaningfully, falling from 38.2% under the 31-Jul-25 EO to 28.5% as of 14-Nov. This follows an in between decline to 28.6% on 10-Nov, reflecting progress on the 30-Oct US-China trade agreements, which included a reduction of the 'fentanyl-related' tariff to 10%. In contrast, India saw a sharp escalation, with its average tariff raised to 36.6% from 20.3%, effective 6-Aug, following the US decision to lift India-specific tariff rates to 50% from 25%. Detailed methodologies listed in Appendix 57; * Country codes: IND: India, CHN: China, KHM: Cambodia, IDN: Indonesia, VNM: Vietnam, THA: Thailand, PHL: Philippines, JPN: Japan, FRA: France, DEU: Germany, ITA: Italy, KOR: Korea (South), MYS: Malaysia, ISR: Israel, GBR: United Kingdom, TWN: Taiwan, MEX: Mexico, CAN: Canada, SGP: Singapore, and IRL: Ireland.*
Source: US White House, US ITC & HSC Research

Figure 65: Effective tariff comparison by period

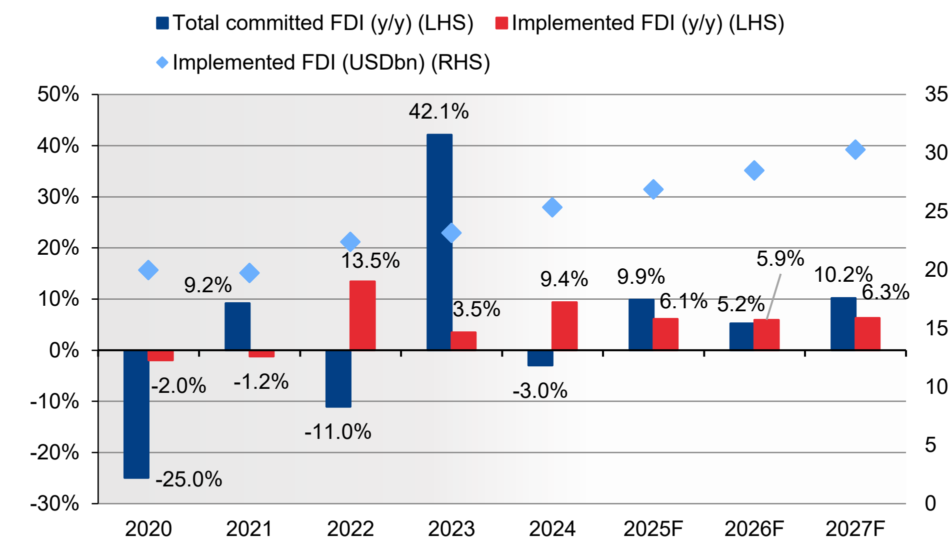
Vietnam's tariff rate, currently at 17.9%, stands favorably against regional peers



*Note: Vietnam's average tariff rate was most recently revised down to 17.9% following the 14-Nov EO, which removed agricultural levies, compared with 18.1% previously. China's overall tariff burden has moderated meaningfully, falling from 38.2% under the 31-Jul-25 EO to 28.5% as of 14-Nov. This follows an in between decline to 28.6% on 10-Nov, reflecting progress on the 30-Oct US-China trade agreements, which included a reduction of the 'fentanyl-related' tariff to 10%. In contrast, India saw a sharp escalation, with its average tariff raised to 36.6% from 20.3%, effective 6-Aug, following the US decision to lift India-specific tariff rates to 50% from 25%. Detailed methodologies listed in Appendix 57; * Country codes: IND: India, CHN: China, KHM: Cambodia, IDN: Indonesia, VNM: Vietnam, THA: Thailand, PHL: Philippines, JPN: Japan, FRA: France, DEU: Germany, ITA: Italy, KOR: Korea (South), MYS: Malaysia, ISR: Israel, GBR: United Kingdom, TWN: Taiwan, MEX: Mexico, CAN: Canada, SGP: Singapore, and IRL: Ireland.*
Source: US White House, US ITC & HSC Research

Figure 66: Summary of yearly FDI forecasts

Growth in total committed and implemented FDI is expected to ease in FY26F before picking up momentum in FY27F



Source: NSO, CEIC & HSC Research

GDP forecasts

For the reasons outlined above, real economic growth is expected to moderate slightly in 2026 to 7.6%, compared with the upwardly revised 7.7% projected for this year from our previous forecasts (Figure 67), as "frontloaded" exports unwind, and the full effects of tariffs become more pronounced. The current account surplus is expected to narrow

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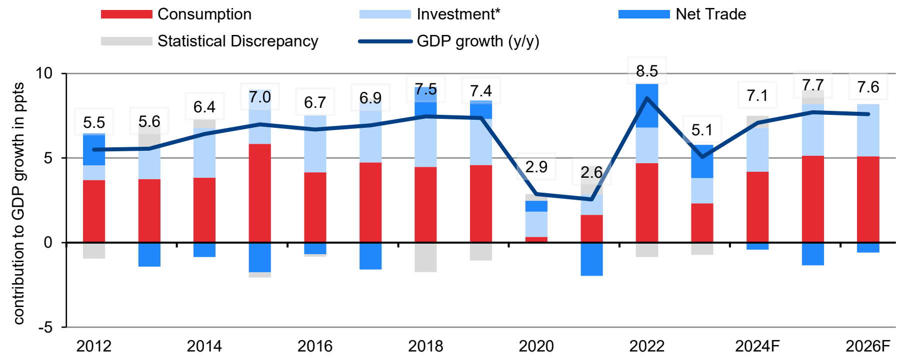
to USD18bn in 2026, compared with an estimated USD19bn in 2025, reflecting slower export growth and continued negative net trade growth in FY26.

Gains from trade diversion are expected to be limited, given tighter rules-of-origin monitoring and ongoing uncertainty in global trade policy. Meanwhile, retail sales continue to recover, and public investment is planned at record levels, should result in final consumption and investment (gross capital formation) contributing approximately 5.1ppts and 3.1ppts, respectively, to overall GDP in 2026.

Figure 67: GDP forecasts

Real economic growth is expected to moderate slightly in 2026 to 7.6%, compared with the upwardly revised 7.7% projected for this year



Source: HSC Research

Figure 68: Quarterly GDP forecasts

Growth is being driven by an expected recovery in retail sales and record-high public investment, amid a slowdown in trade activity

% y/y	CPI	Retail sales	Industrial production	Exports	Imports	Public investment	Real GDP growth
2Q25	3.3	9.0	9.1	18.2	19.1	26.9	8.2
3Q25	3.3	10.0	9.6	18.4	20.1	35.2	8.2
4Q25F	4.1	9.4	8.3	10.8	10.7	31.5	7.4
1Q26F	3.4	9.0	7.3	8.7	9.6	24.0	7.5
2Q26F	3.9	9.3	6.0	6.7	7.5	33.4	7.1
3Q26F	4.1	12.3	5.3	6.1	6.4	24.4	7.2
4Q26F	4.1	13.0	9.0	11.7	12.1	30.5	8.6

Source: HSC Research

Quarterly forecasts for GDP and its components are presented in Figure 68.

Private sector outlook

Private sector development is a key focus under Resolution 68-NQ/TW (4 May 2025), which recognizes the private sector as a primary driver of the national economy. By 2030, the vision is for the private sector to lead in technology, innovation, and digital transformation, with 2mn operating enterprises, including around 20 large firms integrated into global value chains – achieving 10-12% annual growth, contributing 55-58% of GDP, 35-40% of budget revenue, and providing employment for 84-85% of the workforce, with labor productivity rising 8.5-9.5% per year.

Technological, innovation, and digital capabilities are targeted to rank among the top three in ASEAN and top five in Asia. Looking further to 2045, the private sector is expected to be robust, sustainable, and globally competitive, comprising at least 3mn enterprises, contributing over 60% of GDP, and actively participating in global production and supply chains (Figure 69).

The resolution also emphasizes the rapid formation and development of large and medium-sized enterprises, as well as private economic groups of regional and global scale. It calls for expanding private sector participation in key national projects, which appears to have had an immediate impact on certain large publicly listed Vietnamese companies, such as Vingroup (VIC) and VietJet (VJC), which are seen as benefiting from Resolution 68 and currently exhibiting growth rates exceeding that of the VN-Index (Figure 70).

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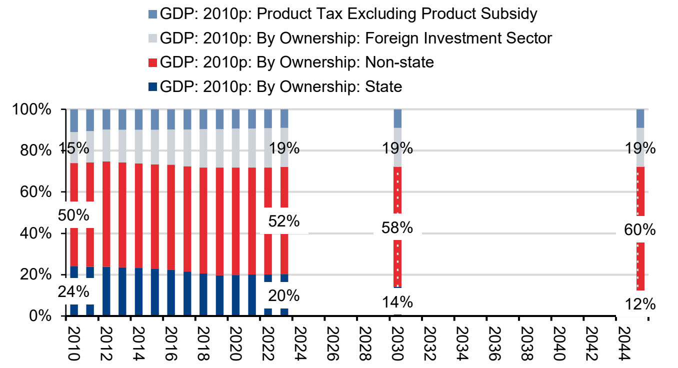
Figure 69: GDP by ownership

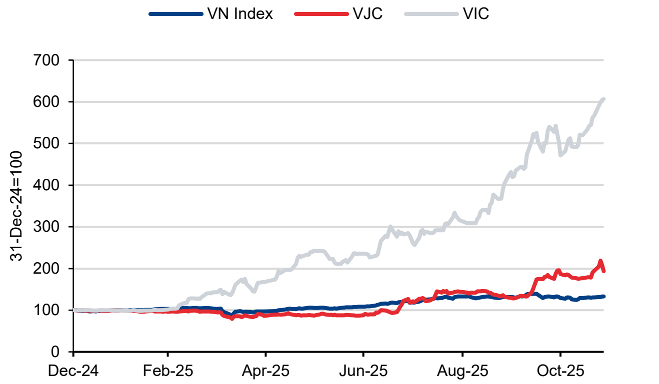
The private sector is expected to contribute over 60% of GDP in 2045



Source: NSO & HSC Research

Figure 70: Performance of big corporations vs. VN Index

Res. 68's push for private sector involvement in key projects has boosted VIC and VJC, which now outperform the VN-Index



Source: HSC Research

Figure 71: Vietnam CPI heatmap and forecasts by key baskets

We expect CPI to rise 3.9% in 26F and 4.0% in 27F, from 3.4% in 25F

	2018	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F
Average growth (y/y %)										
Headline CPI	**3.5**	**2.8**	**3.2**	**1.8**	**3.1**	**3.3**	**3.6**	**3.4**	**3.9**	**4.0**
Food & Foodstuffs	3.2	4.1	10.0	0.7	2.6	3.4	4.0	3.5	4.4	4.3
Housing & Construction	3.3	3.0	1.8	1.8	3.1	6.6	5.2	5.6	9.7	9.9
Transportation	6.4	-1.0	-11.2	10.5	11.3	-2.5	0.8	-2.5	-2.3	-0.3
Education	6.3	5.7	4.1	1.9	1.7	7.4	5.4	6.0	2.0	0.5
Health & Personal Care	10.8	3.8	2.2	0.2	0.4	1.2	7.2	10.2	2.0	1.8
Contribution (ppts)										
Food & Foodstuff	1.2	1.5	3.4	0.2	0.9	1.2	1.4	1.1	1.5	1.4
Housing & Construction	0.5	0.5	0.3	0.3	0.6	1.2	1.0	1.2	1.8	1.9
Transportation	0.6	-0.1	-1.1	1.0	1.1	-0.2	0.1	-0.2	-0.2	0.0
Education	0.4	0.3	0.3	0.1	0.1	0.5	0.3	0.1	0.1	0.0
Health & Personal Care	0.5	0.2	0.1	0.0	0.0	0.1	0.4	0.7	0.1	0.1

Source: NSO, CEIC, HSC Research

CPI outlook

We maintain our average CPI forecasts at 3.9% in 2026F and 4.0% in 2027F, vs. 3.4% expected in 2025F (Figure 71), and the Government's 4.5% projection for 2026F (see our report *CPI outlook FY26-27F: Forecasts maintained amid re-accelerating demand-pull and cost-push dynamics*, 25 November).

On the fiscal front, accelerated infrastructure spending via public investment and development investment is expected to drive cost-push inflation, particularly in housing and construction sub-index. Simultaneously, continued accommodative monetary policy stance – with credit growth under HSC Financial services team's coverage projected at 19.0% – should lift M2, acting as a demand-pull inflationary force for the coming time.

Long-term outlook: Opportunities and challenges

According to the Draft Political Report of the 13th Central Committee of the Communist Party at the coming 14th National Congress in next January, the target is to achieve average annual GDP growth of 10% or higher for the 2026-30 period, with per capita GDP reaching approximately USD8,500 by 2030 (Figure 72). Achieving this ambitious target could position Vietnam to converge with Thailand and outpace Indonesia and the Philippines in income levels over the next five years.

However, looking at historical trends, Vietnam has never fully achieved its socio-economic development targets for any five-year period over the past 30 years. Even for the 2021-25 term, if growth reaches 8.3% this year, the average growth for the entire term would be only 6.3%, falling short of the 6.5% target set at the beginning of the term (Figure 73).

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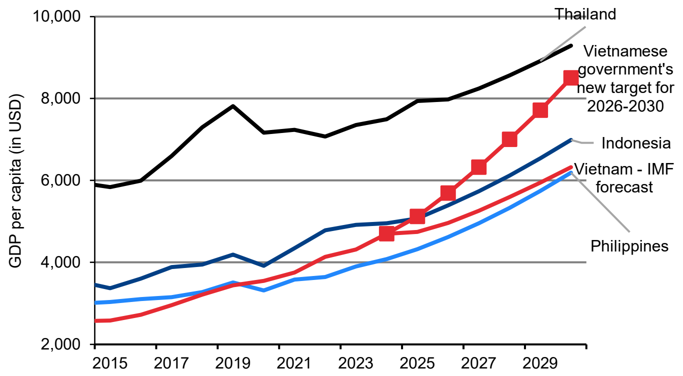
Vietnam aims to achieve high-income status by 2045, marking 100 years since the country's founding. This raises the question of whether sustaining 10% growth over the coming years is necessary to reach this goal, or if a lower rate would suffice.

Figure 72: Vietnam economic scale over the next five years

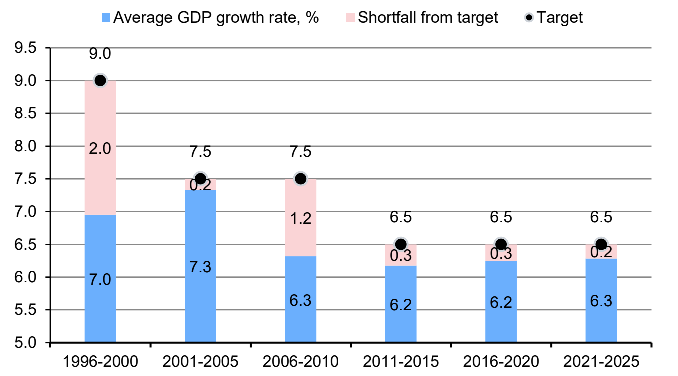
The govt. target is to achieve average annual GDP growth of 10% or higher for the 2026-30 period



Source: IMF, HSC Research

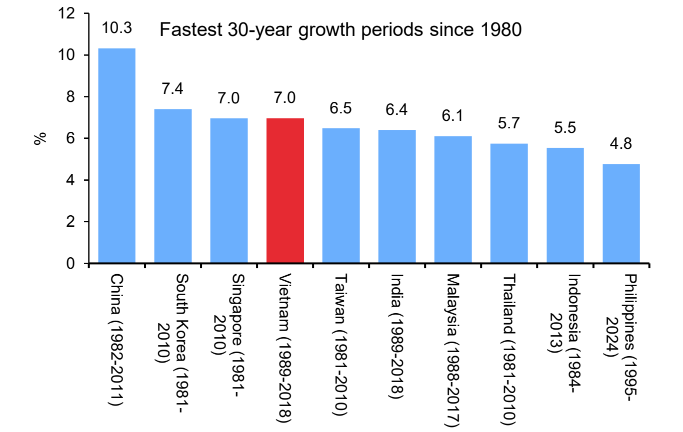
Figure 73: Economic growth targets over the past 30 years

If growth reaches 8.3% this year, the average growth for the 2021-25 term would be only 6.3%, falling short of the 6.5% target



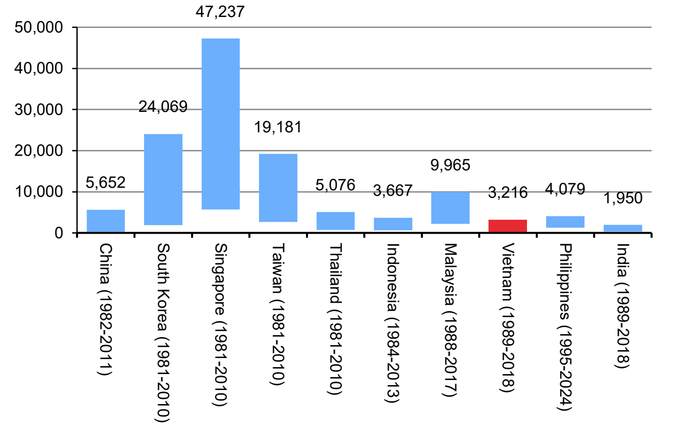
Source: NSO, HSC Research

Figure 74: Fastest 30Y growth periods since 1980, selected countries



Source: IMF, HSC Research

Figure 75: GDP per capita (in current USD) during the fastest 30Y, selected countries



Source: IMF, HSC Research

To address this, we examined historical data from countries that have successfully achieved high-income status. Over the past 50 years, Vietnam ranks fourth in Asia for maintaining high growth over a 30-year period, averaging 7% annual growth between 1989 and 2018 (Figure 74), behind China (10.3%), South Korea (7.4%), and Singapore (7%), and ahead of Taiwan (6.5%).

This period of rapid growth helped countries such as South Korea, Singapore, and Taiwan reach high-income status. However, in Vietnam's case, the high growth rate was achieved from a very low base, with per capita GDP reaching only just over USD3,200 by the end of the rapid growth phase (Figure 75).

The next relevant question is: for a country starting from a relatively high base like Vietnam (per capita GDP around USD5,000), what average growth rate is required, and how long would it take, to become an upper-middle-income country?

In practice, Singapore, Taiwan, South Korea, and even China achieved this from a USD 5,000 starting point within 15 years, with growth rates ranging from 6.7% (China, Taiwan) to 8.3% (Singapore) (Figure 76).

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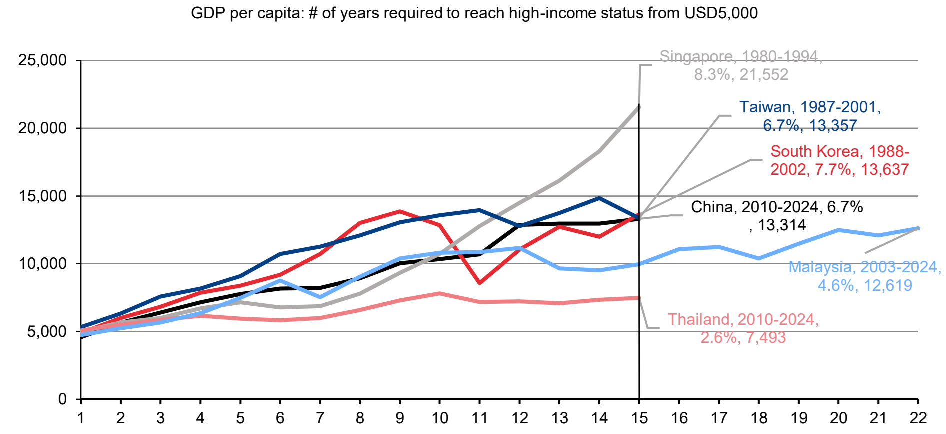
Figure 76: Number of years required to reach high-income status from USD5,000

Data suggests that Vietnam does not necessarily need to sustain 10% annual growth to reach high-income status



Source: IMF & HSC Research

Technically, the high-income threshold (set by World Bank) will be higher over the next 15 years, but this suggests that Vietnam does not necessarily need to sustain 10% annual growth to reach high-income status.

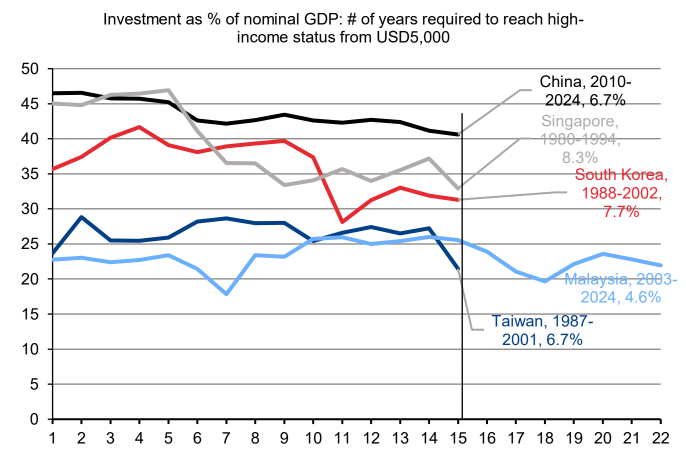
Next, we examine the drivers that enable economies to grow from a USD5,000 per capita base to high-income status, and compare them with Vietnam's current structure.

Figure 77 shows that successful economies (to become high-income status) typically maintain a high investment-to-GDP ratio initially, which gradually declines over time. For example, China and Singapore recorded ratios above 45% in the first five years, declining to 35–40% by the final five years. Thus, even in the later stages of their growth cycles toward high-income status, these countries maintained nominal investment-to-GDP ratios significantly higher than Vietnam's current level of 30%.

Regarding demographic structure, successful countries generally experience a rising share of working-age population during the transition to high-income status, as seen in South Korea and Singapore. However, China's labor force participation declined, yet it still could achieve high-income status (Figure 78).

Figure 77: Investment as % of nominal GDP

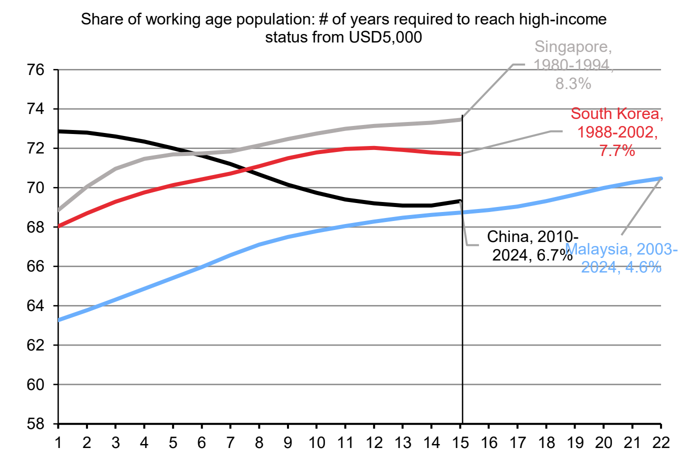
Successful countries typically maintain a high investment-to-GDP ratio initially, which gradually declines over time



Source: IMF & HSC Research

Figure 78: Working age population

China's labor force participation declined, yet it still could achieve high-income status



Source: IMF & HSC Research

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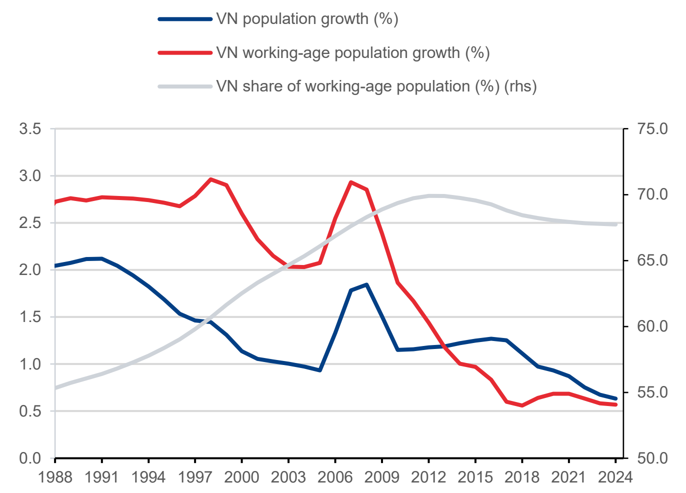
From this, we can draw a lesson for Vietnam. Currently, Vietnam could succeed by following a model like China 15 years ago, by raising the investment-to-GDP ratio while still achieving high-income status despite a declining labor advantage (as China did at that time), provided technological reforms are implemented to boost labor productivity (Figures 79-80).

Achieving this third factor highlights the critical importance of implementing Resolution 57-NQ/TW on breakthroughs in national science, technology, innovation, and digital transformation.

Figure 79: Vietnam demographic structure

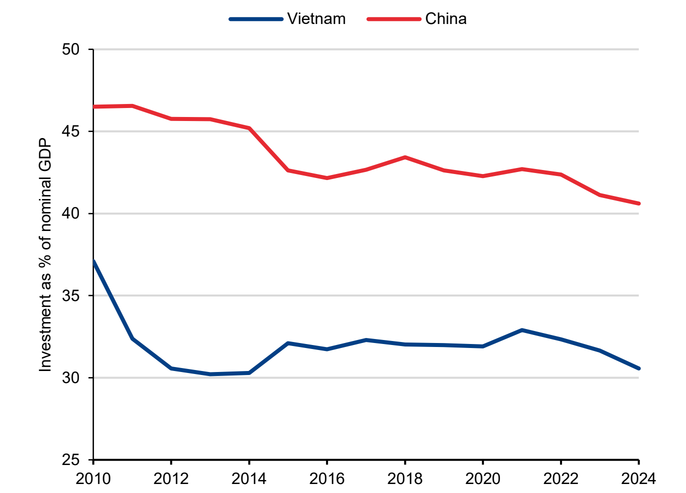
VN could succeed by following a model like China 15Y ago…



Source: CEIC, HSC Research

Figure 80: Investment as % of nominal GDP: VN & CN

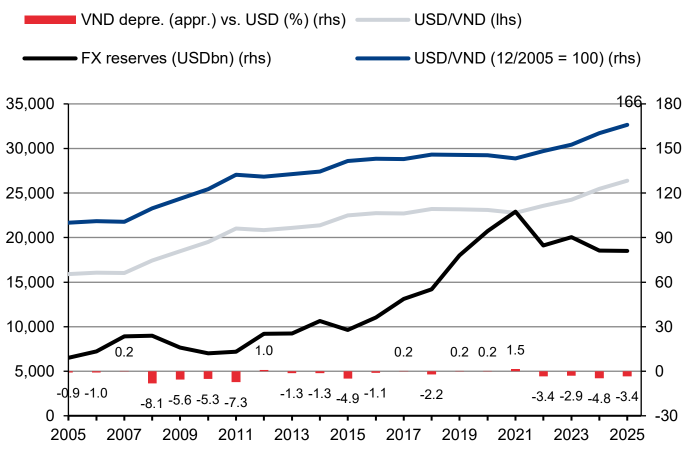
…by raising the investment-to-GDP ratio



Source: CEIC, HSC Research

Figure 81: Vietnam's Dong movement vs. USD

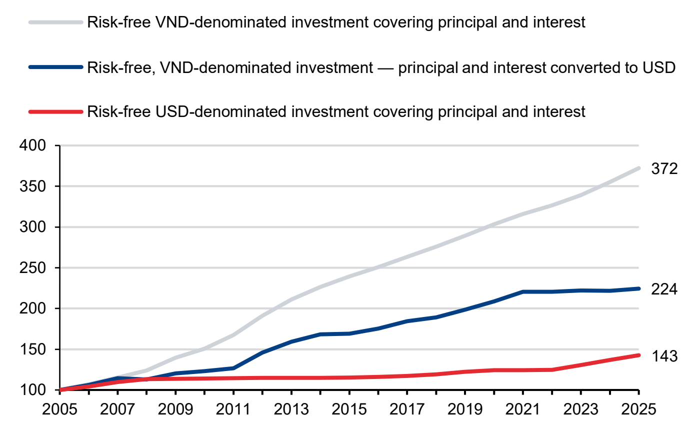
Vietnam's success has rested not only on growth but also on exchange rate stability, with a CAGR depreciation of only 2.5%



Source: HSC Research

Figure 82: VND value vs. USD

This allowed the VND to yield higher real returns than the USD when accounting for interest rate differentials



Notes: benchmarks for risk free: for USD investment: US 1-yr GB yields, for VND investment: 1-year commercial bank deposit rate.
Source: CEIC & HSC Research

Another important point is that high growth must be sustainable; if it causes instability, such as in the exchange rate, the target (to become high income economy) may still not be achieved, since the final income threshold must ultimately be measured in USD.

Over the past 20 years, Vietnam's success has rested not only on growth but also on exchange rate stability, with a CAGR depreciation of only 2.5% (Figure 81). This has effectively allowed the VND to yield higher real returns than the USD when accounting for interest rate differentials between the two currencies (Figure 82).

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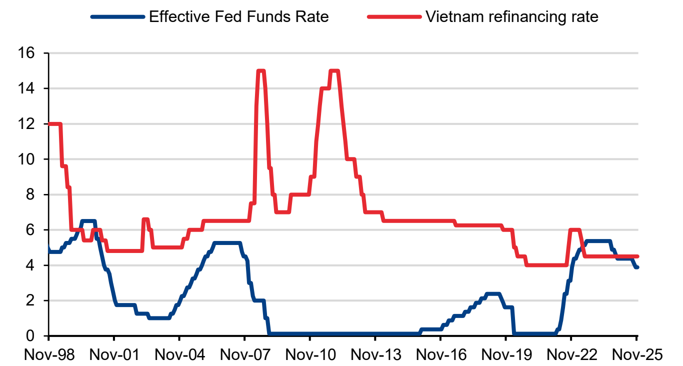
FX risks

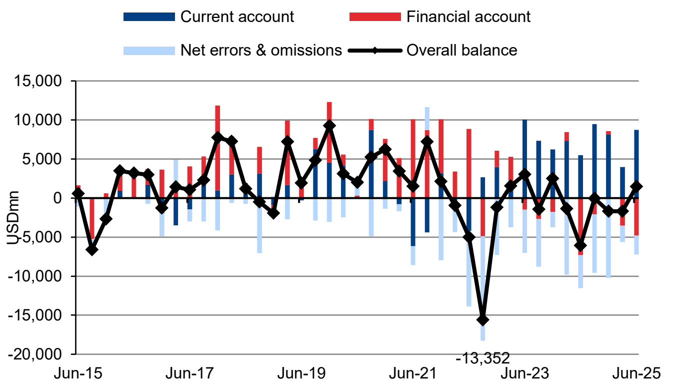
The final point we wish to address in this report concerns the exchange rate. After more than two years during which the US policy rate exceeded SBV policy rate, creating tensions in both the interbank and black markets, the situation has now reversed, with Vietnam's policy rate higher than that of the US (Figure 83).

Figure 83: Vietnam and US policy rate movements
Vietnam's policy rate is now higher than that of the US



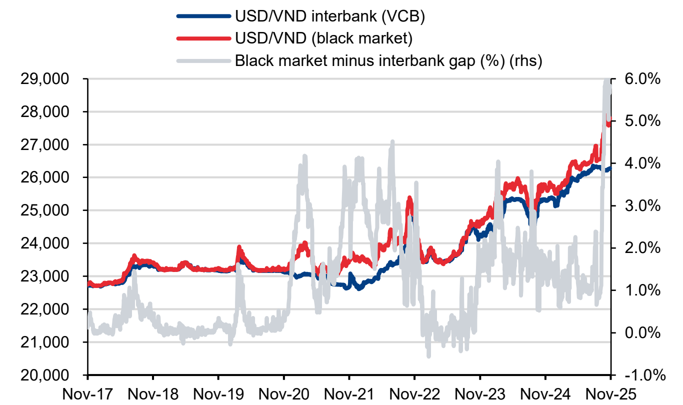
Source: CEIC & HSC Research

Figure 84: Vietnam's Balance of Payments
Improved balance of payments supported by an improved goods trade surplus



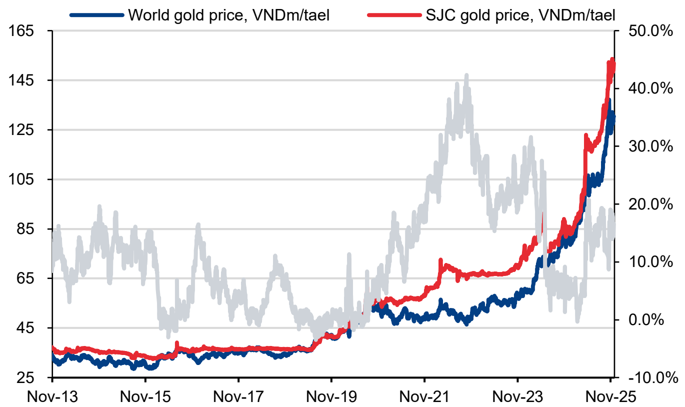
Source: SBV & HSC Research

Figure 85: USD/VND movements: interbank vs. black mkt.
The gap between the interbank and black-market exchange rates has continued to widen to around 6%



Source: HSC Research

Figure 86: Gold price movements: domestic vs. international
A sustained premium of approximately 20% between domestic and international gold prices



Source: HSC Research

This, combined with an improved balance of payments supported by an improved goods trade surplus (Figure 84), has eased tensions in the interbank market, with the VND depreciating by 3.4% year-to-date, below our full-year forecast of 4.2% for this year.

However, the gap between the interbank and black-market exchange rates has continued to widen to around 6% (Figure 85), reflecting increased demand for USD amid a persistently rising global gold price and a sustained premium of approximately 20% between domestic and international gold prices.

As a result, we maintain our exchange rate outlook for next year, but revise the outlook for 2027 to 27,500 VND per USD, up from the previous forecast of 27,000.

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Financials: Entering a new cycle of growth

Pham Lien Ha, CFA
Senior Director, Head of Financials
ha.plien@hsc.com.vn
+84 24 3933 4693 Ext. 4852

Nguyen Thanh Tung, CFA
Manager, Financials Research
tung.nguyenthanh@hsc.com.vn
+84 24 3933 4693 Ext. 4869

Le Khanh Tung
Manager, Financials Research
tung.lkhanh@hsc.com.vn
+84 24 3933 4693 Ext. 4844

Nguyen Bao Ngoc
Junior Analyst, Financials Research
ngoc.nguyenbao@hsc.com.vn
+84 24 3933 4693 Ext. 4869

- Banks: NIM is expected to stay stable amid funding-cost pressure, but strong credit growth, cost discipline, and fee diversification support an improving earnings outlook. Policy reforms enhance sector's mid-and LT attractiveness.
- Brokers: We expect robust ADTV in FY26-27 on policy reforms and a market upgrade. Margin lending is a key earnings driver, helped by brokers' ample capital.
- Insurance: Rising interest rates and higher gov't bond yields benefit insurers, lifting inv. income and potentially reducing provisions for life insurers in the near-term.
- Financials top picks include CTG, MBB, TCB, VPB, TCX, SSI, and BVH.

Banks: Credit expansion and policies reform key drivers

2025 policy changes (Basel 3 rollout, more flexible FOL rules, regulated digital-asset and gold markets, and potential credit-quota removal) boost the sector's medium and long-term prospects despite limited near-term P&L impact. NIM should stay stable amid funding-cost pressure, but strong credit growth, cost discipline, and fee diversification supports FY25-27 PBT growth of 13.7%/17.4%/20.5%. Valuations are reasonable; we like CTG, MBB, TCB, VPB for growth, and ACB, VCB for medium-term value.

Brokers: Earnings momentum intact despite liquidity pullback

Market ADTV grew robustly to VND29.3tn, up 39% y/y. We expect continued strong ADTV growth of 15%/20% for FY26-27, driven by sustained tailwinds from policy reforms and market upgrade effectiveness. Margin lending continues to be a key earnings driver, supported by brokers' ample capital. Covered brokers earnings are expected to stay robust at 3Y CAGR of 26.1%. TCX and SSI are our top picks.

Insurance: Rising rates drive the next phase of growth

Rising interest rates and higher gov't bond yields are a clear tailwind for insurers, lifting investment income and potentially reducing provisions for life insurers in the near-term. We expect our covered insurers' PBT to grow 29.5% on avg. in FY26 (BVH up 38.6%, PVI up 15%, MIG up 7%), supported by improving investment yields, solid investment asset expansion and better product mix. BVH is our top pick.

		Price	Rating		TP (VND)		Up/(down)	P/E (x)		P/B (x)		Div. yield (%)	
	Ticker	(VND)	New	Old	New	Chg (%)	side (%)	2025F	2026F	2025F	2026F	2025F	2026F
Asia Commercial Bank	ACB	24,250	Buy	-	32,300	-	33.2	7.06	6.13	1.29	1.12	3.59	4.12
Bank for Inv't & Dev't of VN	BID	37,100	Add	-	41,900	-	12.9	10.1	8.84	1.61	1.39	1.21	1.21
Bao Viet Holdings	BVH	52,100	Buy	-	66,100	-	26.9	14.0	10.1	1.59	1.43	2.02	2.80
VietinBank	CTG	49,000	Buy	-	62,800	-	28.2	8.20	7.02	1.51	1.28	0.92	1.02
HD Bank	HDB	32,000	Add	-	37,500	-	17.2	7.09	6.31	1.71	1.38	1.56	1.56
LPBank	LPB	48,600	Sell	-	25,500	-	(47.5)	13.5	12.8	3.13	2.68	5.14	2.06
Military Commercial Bank	MBB	23,250	Buy	-	30,400	-	30.8	7.44	6.20	1.40	1.17	0.98	1.29
Military Insurance Corporation	MIG	17,000	Add	-	19,200	-	12.9	9.98	9.40	1.35	1.26	2.80	4.67
Maritime Comm. JSB	MSB	13,150	Buy	-	15,700	-	19.4	7.47	7.34	0.97	0.86	0	0
Orient Commercial JSB	OCB	12,300	Buy	-	14,900	-	21.1	9.05	7.96	0.98	0.89	5.27	2.44
PVI Holdings	PVI	87,800	Reduce	-	76,300	-	(13.1)	16.7	14.5	2.47	2.32	3.59	4.10
SSI Securities Corporate	SSI	32,800	Buy	-	42,200	-	28.7	19.2	17.5	2.14	2.03	3.05	3.05
Sacombank	STB	48,600	Add	-	58,400	-	20.2	7.89	6.33	1.40	1.18	-	-
TechcomBank	TCB	33,750	Buy	-	46,000	-	36.3	9.49	7.69	1.49	1.29	2.96	2.96
Techcom Securities	TCX	47,000	Buy	-	78,200	-	66.4	16.9	15.0	2.53	2.23	1.06	1.33
Tien Phong Comm. Bank	TPB	17,300	Add	-	19,000	-	9.83	7.00	6.13	1.16	0.99	5.78	2.31
VietcomBank	VCB	57,400	Buy	-	72,900	-	27.0	13.3	11.6	2.11	1.70	0.78	0.90
Vietcap Securities JSC	VCI	33,750	Buy	-	43,800	-	29.8	20.3	17.6	1.69	1.64	2.96	3.56
Vietnam International Bank	VIB	18,500	Buy	-	22,700	-	22.7	8.30	7.61	1.34	1.19	3.78	3.24
VNDirect Securities	VND	18,400	Add	-	23,000	-	25.0	13.1	15.3	1.35	1.36	2.72	4.35
Vietnam Prosperity Bank	VPB	29,250	Buy	-	35,200	-	20.3	11.0	9.21	1.39	1.23	1.71	1.71

Share prices as of 28 November 2025
Source: Companies, FactSet, HSC Research

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Banks: Credit expansion and policies reform key drivers

Reforms create long-term upside: 2025 policy changes – Basel 3 rollout, more flexible FOL rules, regulated digital-asset and gold markets, and potential credit-quota removal – enhance the sector's medium- and long-term attractiveness despite limited near-term P&L impact. Risks remain but are manageable. NIM is expected to stay stable amid funding-cost pressure, but strong credit growth, cost discipline, and fee diversification support respective FY25-27 PBT growth of 13.7%/17.4%/20.5%. Valuations remain reasonable, with CTG, MBB, TCB, VPB preferred for growth, and ACB and VCB for medium-term value.

Risks, opportunities, and emerging trends

Policy reforms bring medium long-term opportunities

A set of 2025 policy reforms is structurally supportive for Vietnam banks, including Basel III adoption, more flexible foreign-ownership rules, the development of regulated digital-asset and gold markets, and the potential removal of the credit quota mechanism. While near-term P&L effects may be limited, these reforms materially strengthen medium- and long-term sector attractiveness.

Circular 14/2025 on Basel 3: Phased adoption, higher-quality capital

SBV's Circular 14/2025 – effective from 15 Sep. – replaces Circular 41/2016 (Basel II) and sets a phased Basel III trajectory: Voluntary adoption through end-2029, then mandatory from 1 Jan. 2030. We expect Basel II – compliant banks to move to the Standardized Approach (SA) first to capture near-term RWA reductions, while IRB will take longer.

- Basel 3 enhances risk management, improves comparability with regional peers, and should help narrow valuation discounts tied to capital-standard differences.
- The voluntary phase-in and gradual buffer requirements ease short- to medium-term capital pressure, though additional capital will be required over the medium to long-term as most banks remain in a high-growth phase. Banks with thinner capital buffers (BID, CTG, STB) will face greater pressure to strengthen capital over time.
- Basel 3 is broadly positive for banks - especially those able to adopt IRB. Under SA, however, banks heavily exposed to higher-risk real-estate projects may not see the same RWA benefits.

Foreign ownership (FOL) reforms: Widening the foreign door selectively

Decree 69/2025, and Decree 245/2025 removes the prior option for public companies to set sub-ceiling FOL below the legal limit – together lowering barriers, improving liquidity, enabling greater foreign inflows and potential re-rating where headroom exists, particularly into names with headroom or 49% eligibility (HDB, MBB, VPB).

Digital assets: Regulatory runway taking shape

In March 2025, the Prime Minister assigned the Ministry of Finance (MoF) to draft regulatory frameworks and mechanisms for cryptocurrency trading. Subsequently, since Jun-25, three key law/bylaws (Law on Digital Technology Industry, Resolution 222, and Resolution 5) were enacted that define digital assets and set foundational requirements to license domestic digital-asset exchanges.

Among the banks, we see TCB, VPB, and MBB, as being key beneficiaries as they meet key requirements of Resolution 5 and have also shown strong movements toward digital assets exchange development. Medium-term upside to non-interest income could be expected.

Decree 232/2025: Gold market modernization, banks as intermediary

Promulgated 26 Aug. and effective from 10 Oct., Decree 232/2025 amends Decree 24/2012 – ending the State's monopoly over bullion production, formalizing large transactions via the banking system, and better aligning the gold market with the financial system to improve transparency.

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Impact on banks: New fee pools (payments, distribution, potential bullion branding) and higher CASA via mandated non-cash flows; production volumes remain quota-constrained.

Credit quota removal: When and how?

Vietnam's policy stance remains firmly pro-growth, with bank credit still a key lever to support GDP via investment and consumption. The Prime Minister's repeated calls for the SBV to remove administrative credit quotas signal a potential shift toward a more market- and risk-based framework, where each bank's loan growth is driven more by capital strength, risk management and asset quality than by top-down allocation.

That said, there is still uncertainty around the design and timing of any new regime. The SBV is likely to move gradually, potentially replacing hard quotas with tighter prudential metrics or enhanced supervisory oversight.

If the credit-quota mechanism is fully removed, we expect only a moderate impact on sector-wide credit growth, as follows:

- SOCBs, which account for ~40% of system credit, will likely continue to have loan growth "guided" by the SBV. Their relatively modest CAR also constrains their ability to pursue aggressive expansion in any case.
- The most aggressive growers over the past 4-5 years – HDB, MBB and VPB – have benefited from high credit quota linked to their role in restructuring the "zero-dong" banks. With or without quotas, we expect these banks to continue to target above-average growth; to some extent, quota removal is mildly unfavorable for this group.
- Banks with strong ecosystems and solid capital buffers should be better positioned (TCB), while more retail-focused banks or without an ecosystem may face stiffer competition (ACB, OCB, VIB).

Figure 87: Impact of different factors, HSC covered banks

	Credit quota removal	Public/ Infrastructure investment	RE market recovery	Gold	Digital assets	Liquidity risk	Basel III
ACB	Neutral	Neutral	Below average	Positive	Neutral	Below average	Positive
BID	Neutral	Positive	Below average	Positive	Neutral	Below average	Mixed
CTG	Neutral	Positive	Below average	Positive	Neutral	Below average	Mixed
HDB	Negative	Neutral	Above average	Neutral	Positive	Below average	Mixed
LPB	Neutral	Positive	Average	Neutral	Neutral	Average	Mixed
MBB	Negative	Positive	Average	Positive	Positive	Below average	Mixed
MSB	Neutral	Neutral	Average	Neutral	Neutral	Above average	Mixed
OCB	Negative	Neutral	Above average	Neutral	Neutral	Above average	Mixed
STB	Neutral	Neutral	Below average	Neutral	Neutral	Average	Positive
TCB	Positive	Positive	Above average	Positive	Positive	Average	Positive
TPB	Neutral	Neutral	Above average	Neutral	Neutral	Above average	Mixed
VCB	Neutral	Positive	Below average	Positive	Neutral	Below average	Positive
VIB	Negative	Neutral	Above average	Neutral	Neutral	Above average	Positive
VPB	Negative	Neutral	Above average	Positive	Positive	Average	Mixed

Source: HSC Research

Liquidity risk must be addressed to make the system more sustainable

Liquidity pressures in the banking system have intensified, as reflected in rising deposit rates since Oct-25. Stretched LDRs and strong credit growth have lifted funding needs, driving the system's pure LDR to a historical high of around 110% in 3Q25. Year-to-date, SOCBs have relied heavily on State Treasury deposits, while private banks have increasingly turned to valuable papers, the interbank market and OMO for liquidity.

Government and SBV liquidity support has reached a record VND900tn (around 5% of system credit), comprising: (1) VND450tn in State Treasury deposits, (2) VND300tn in net OMO injections and (3) VND150tn in refinancing to the four "zero-dong" banks. Including support for Saigon Commercial Bank (SCB; private/unlisted), total liquidity support could reach ~VND1,500tn (roughly 8.4% of system credit). Despite this

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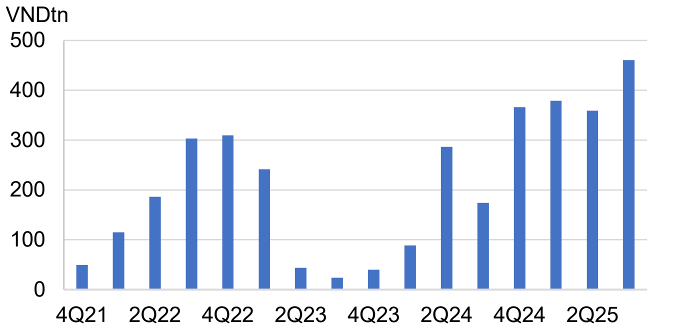
unprecedented scale, the persistent gap between interbank rates (5-6%) and the OMO rate (4-4.5%) suggests that system-wide liquidity stress remains unresolved.

To put the system on a more sustainable footing and still achieve strong credit growth targets, liquidity risks must be tackled proactively. A moderate rate hike – supported by improving economic conditions – could help relieve funding pressure and stabilize FX dynamics.

Figure 88: State treasury deposits, HSC covered SOCBs

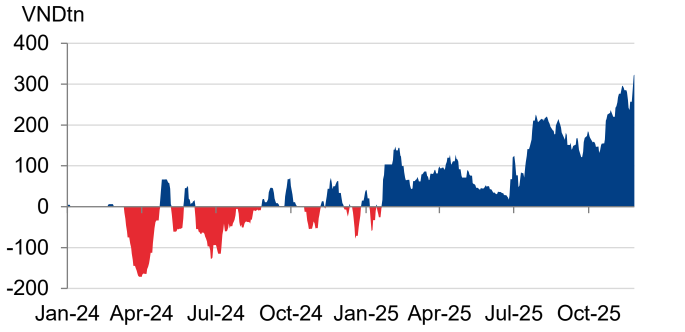
Treasury deposits remained elevated



Source: Company data, HSC Research

Figure 89: Net OMO funding, VN banking sector

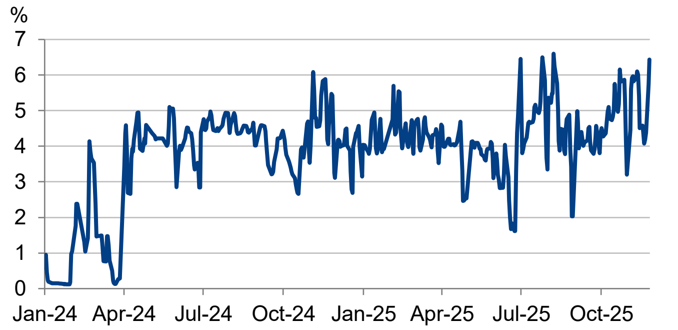
Liquidity support from the SBV reached a record high



Source: SBV, HSC Research

Figure 90: Overnight interest rates, Vietnam

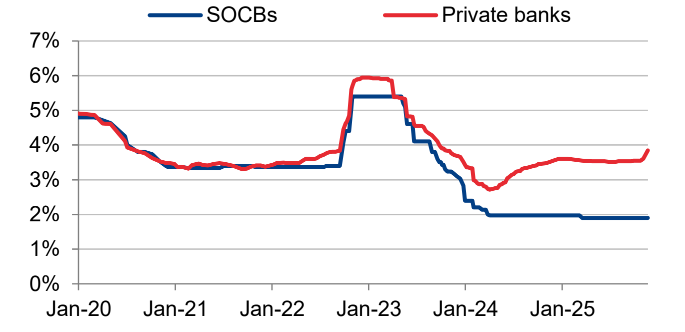
ON rates up by 50bps since 3Q25 compared to 1H



Source: Company data, HSC Research

Figure 91: 3M quoted deposit rates, HSC covered banks

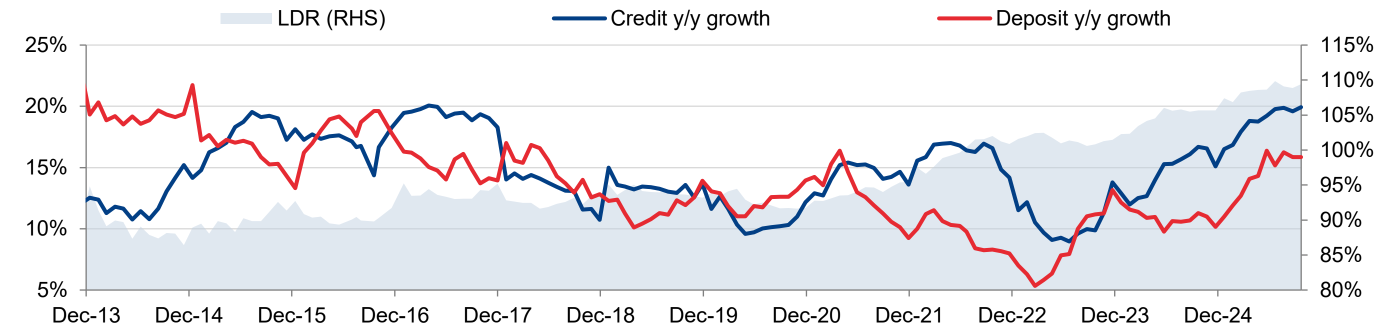
3M quoted deposit rates edged up recently



Source: Company data, HSC Research

Figure 92: Credit growth y/y vs deposit growth y/y and LDR, VN banking sector

Deposit growth has lagged behind credit growth since FY21, leading to the increase in LDR to its current elevated level



Source: SBV, HSC Research

In parallel, the government's efforts to build regulated onshore markets for gold and digital assets are intended to channel part of speculative savings into formal markets, reduce volatility associated with offshore gold and crypto trading, and, over time, support a more stable and diversified deposit base. However, the overall policy path will still depend on the SBV's next steps, particularly whether it raises the ceiling rate

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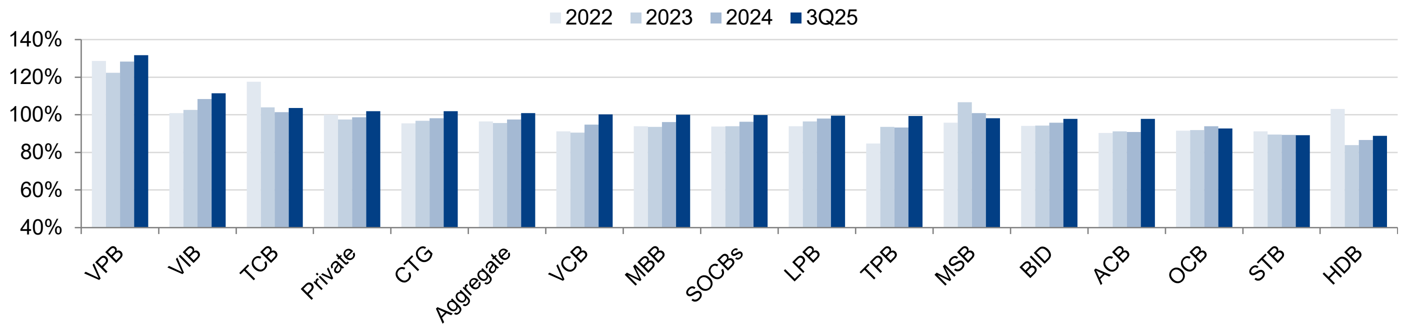
for sub-6M deposits or further expands liquidity support to maintain low interest rates. These choices will be critical and warrant close monitoring in the months ahead.

Figure 93: Adjusted LDR, HSC banks coverage

Most banks see LDR increase over the past three years



Source: Company data, HSC Research

Asset quality remains a key focus

Several newly emerging external and domestic factors have yet to be fully reflected in banks' reported figures. The impact of recently announced US tariff measures on certain imports from Asia is likely to start showing from FY26. While these and broader trade frictions could create pockets of pressure for some export-oriented industries and firms, Vietnam retains key cost and supply-chain advantages that continue to underpin its export competitiveness. At the same time, parts of the domestic real estate market still exhibit elevated leverage and pockets of speculative activity among developers.

Although headline NPL ratios remain manageable for now, these underlying pressures suggest that credit risk might be building beneath the surface, and asset quality will require close monitoring in FY26.

Key growth drivers in FY26-27 and beyond

Strong credit growth to support GDP ambition

Mid-term earnings will continue to be anchored by strong credit expansion, which is necessary to support Vietnam's high GDP growth targets. As demand gradually improves across corporate, retail, and mortgage segments, banks with sufficient capital buffers and liquidity management will be well-positioned to capture lending opportunities. Sustained credit growth provides the core engine for interest income, forming the foundation of bottom-line performance in the coming years.

The rise of universal banking: Deepening fee income and resilience

Banks are steadily shifting toward a one-stop / universal banking model, broadening product suites and integrating services within their ecosystems. This reduces leakage to external providers and strengthens cross-selling across payments, wealth management, insurance, gold, digital assets and other financial services. As customer engagement deepens, banks can capture a larger share of wallet and build a more diversified, resilient earnings mix, with fee income gaining in importance over the medium term.

In the past few years, many banks established new subsidiaries in the investment banking/brokerage, fund management, insurance (both life and non-life) and moving toward universal banking model.

OPEX optimization and digitalization to support profitability

In a still-challenging operating environment, banks are likely to maintain tight cost discipline through stricter expense controls, slower recruitment and more selective wage growth. Productivity enhancement will remain a key focus, supported by digitalization and streamlined processes. The combination of structurally slower cost growth and rising operating leverage should provide meaningful support to mid-term bottom-line growth.

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Figure 94: Banks and their financial services, covered banks

Banks are expanding their product portfolio

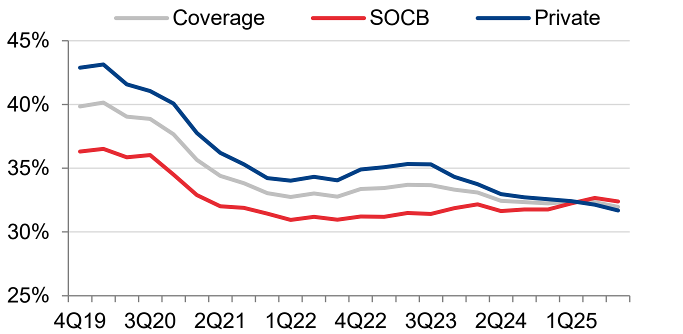
Bank	Foreign bank	Leasing company	Consumer finance	Brokerage	Fund mgmt	AMC	Life insurance	Non-life insurance	Digital asset	Gold bullion brand
ACB		Yes		Yes	Yes	Yes	Banca	**Plan**		**Plan**
BID	Yes	Yes		Yes	Plan	Yes	Yes	Yes		**Plan**
CTG	Yes	Yes		Yes	Yes	Yes	Banca	Yes		**Plan**
HDB			Yes	Associate			Banca	Related party	**Plan**	
LPB				Associate		**Plan**	Banca	Related party		
MBB	Yes		Yes	Yes	Yes	Yes	Yes	Yes	**Plan**	**Plan**
MSB			Yes	**Plan**	**Plan**		Banca			
OCB				Associate		Yes	Banca			
STB	Yes	Yes		**Plan**		Yes	Banca			
TCB				Yes	Yes	Yes	Yes	Yes	**Plan**	**Plan**
TPB			**Plan**	Associate	Yes		Banca			
VCB	Yes	Yes		Yes	Yes		Banca			**Plan**
VIB				Related party		Yes	Banca			
VPB			Yes	Yes	**Plan**	Yes	**Plan**	Yes	**Plan**	

Note: Yes means the bank has a subsidiary in the field, Plan means the bank currently has plan to establish a subsidiary in the field, associate means the bank has an associate company in the field, related party means the bank and the respective company share controlling/major shareholders.

Source: Company data, HSC Research

Figure 95: CIR TTM, HSC covered banks

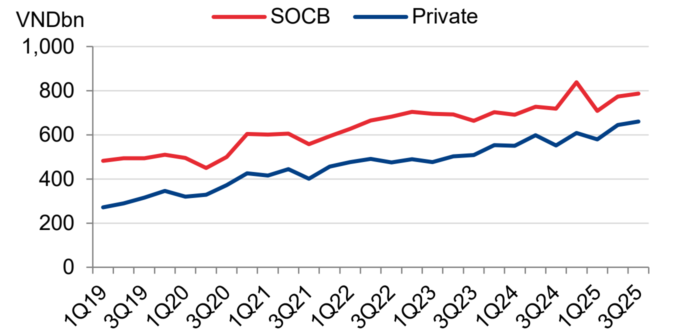
CIR is on declining trend…



Source: Company data, HSC Research

Figure 96: Average TOI per employee, HSC covered banks

TOI/employee



Source: Company data, HSC Research

Recapping FY25-to-date

Our 14 covered banks delivered robust results of 15.6% PBT growth in 9M25, but slightly missing our expectations mainly due to continued soft NIM. Total operating income (TOI) increased by only 10% y/y, driven largely by non-core items despite strong credit expansion. Expenses are tightly controlled. Notable trends have been:

- **Credit growth has been robust but uneven:** Credit growth accelerated strongly from March onward, reaching the highest YTD growth level in the past 10 years. Demand recovered, however, remained uneven across sectors and regions: real estate (developers and mortgages), large corporates, and the northern region saw stronger demand, while SME and household segments - especially in the South - lagged.
- **NIM pressure has persisted,** led by ongoing price competition from SOCBs. After a sharp decline in 1Q25, NIM has stayed stable, with SOCBs continuing accommodative pricing to support policy objectives - putting additional strain on banks in segments where credit demand is still soft
- **On tighter liquidity, funding costs have begun to rise:** Liquidity support hit record levels, aided by State Treasury deposits, OMO, and refinancing to the four "zero-dong" banks. However, as systemwide LDR stretches and strong credit growth lifts funding needs, funding costs have begun to rise.

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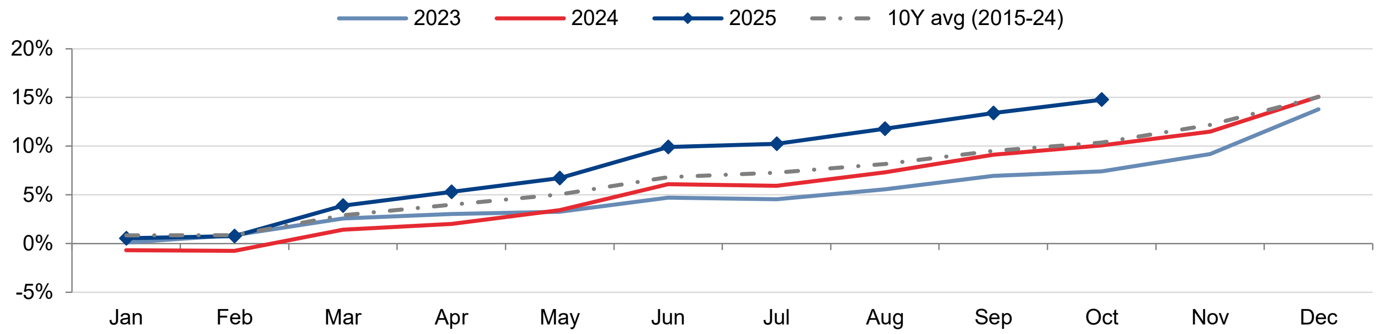
- **Non-interest income has strengthened,** driven by recovery income and equity trading gains at subsidiaries. The recovery in real estate and banks' restructuring efforts supported the rebound in recoveries, in line with our expectation.
- **Asset quality has shown mild deterioration beneath the surface:** Only four of our 14 covered banks reported lower NPL ratios YTD (mostly due to internal restructuring), while the remaining 10 saw increases. Provisions were kept flat to support earnings – an unfavorable trend in our view.
- **OPEX has remained tight,** supported by a ~2% reduction in headcount, led by private banks. CIR and OPEX-to-credit ratios have fallen to historical lows.

Figure 97: Credit growth YTD, VN banking sector

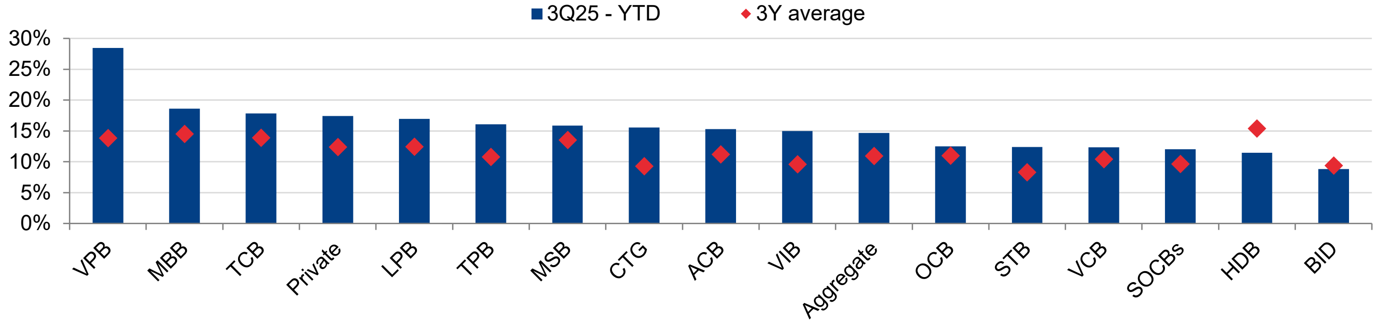
Credit experienced the strongest growth in the past decade



Source: SBV, HSC Research

Figure 98: YTD credit growth, HSC covered banks

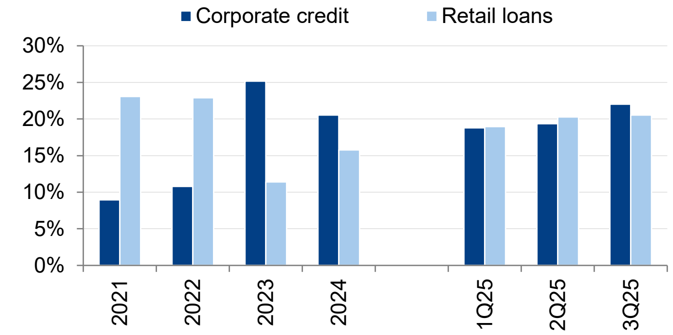
Most banks achieved higher credit growth compared to last 3-year average



Source: Company data, HSC Research

Figure 99: Y/y credit growth by segment, HSC covered banks

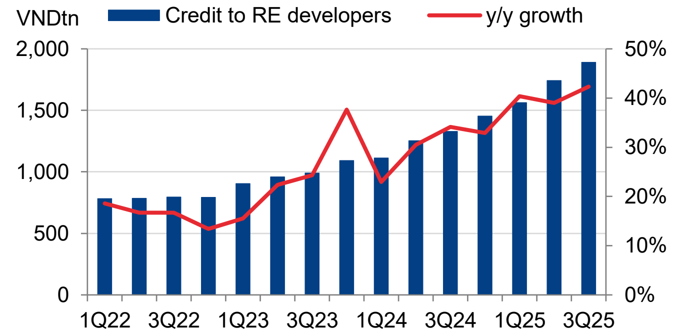
More balanced growth between corporate and retail in FY25



Source: Company data, HSC Research

Figure 100: Loans to real estate businesses, VN banking sector

RE business loans have been growth drivers during FY22-25



Source: MOC, HSC Research

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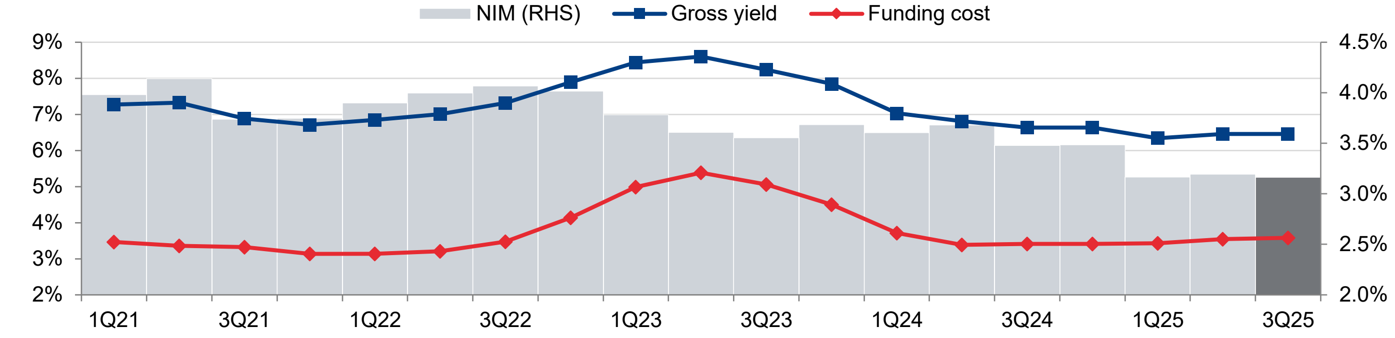
Figure 101: Quarterly NIM breakdown, HSC covered banks

NIM remained stable q/q after a 30bps drop in 1Q25



Source: Company data, HSC Research

Figure 102: 3Q24 NIM, gross yield, and COF comparison, HSC covered banks

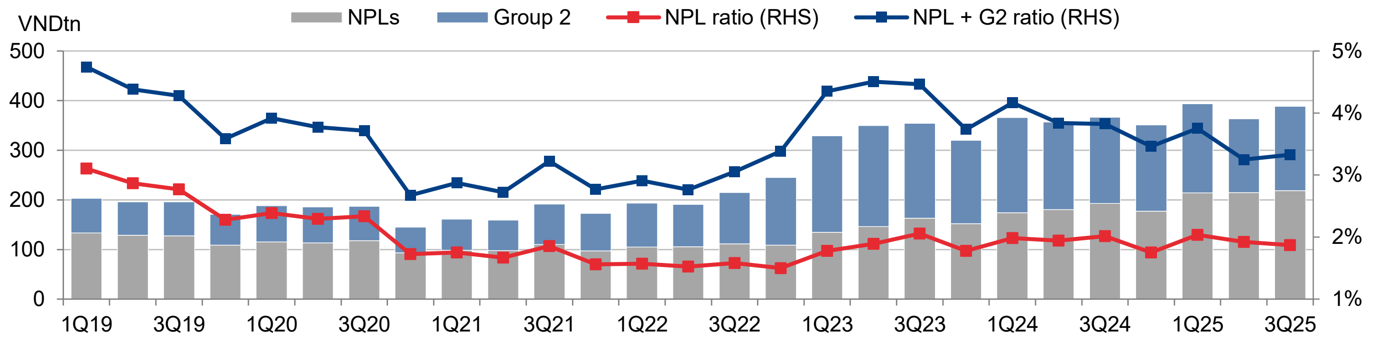
NIM declined by 32bps y/y on average

	NIM	Change q/q	Change y/y	Gross yield	Change q/q	Change y/y	COF	Change q/q	Change y/y
	%	bps	bps	%	bps	bps	%	bps	bps
STB	3.9%	39.7	19.9	7.9%	52.6	61.9	4.3%	20.2	47.5
LPB	3.3%	26.4	-16.6	8.0%	53.1	29.2	5.1%	28.2	45.9
OCB	3.2%	16.9	-22.0	7.2%	29.6	-2.5	4.4%	11.3	13.4
VPB	5.5%	11.2	-52.6	9.5%	17.9	-17.0	4.7%	9.6	43.1
MSB	3.4%	9.1	2.6	6.5%	5.6	15.5	3.5%	-6.4	11.6
CTG	2.6%	7.0	-31.7	5.6%	3.0	-19.0	3.2%	-4.9	16.1
TCB	4.1%	5.6	-31.6	7.3%	5.5	-23.2	3.5%	1.9	14.4
VIB	3.1%	1.6	-68.6	7.0%	13.9	-50.5	4.3%	12.5	13.5
Aggregate	**3.2%**	**-3.2**	**-31.6**	**6.5%**	**-0.8**	**-18.0**	**3.6%**	**3.1**	**16.4**
ACB	2.9%	-4.9	-68.9	6.5%	14.1	-27.8	4.0%	20.7	41.0
BID	2.1%	-6.0	-22.8	5.3%	-8.7	-39.3	3.3%	-1.2	-14.9
VCB	2.6%	-6.6	-28.3	4.7%	-1.2	-18.8	2.4%	5.7	9.8
MBB	4.1%	-8.0	-17.8	7.0%	-10.2	-12.0	3.3%	-3.4	2.7
TPB	3.1%	-16.0	-57.2	7.5%	-23.3	10.3	4.6%	-9.7	76.2
HDB	4.4%	-144.4	-135.5	9.1%	-157.1	-139.2	4.9%	-11.5	29.5

Source: Company data, HSC Research

Figure 103: NPL and Group 2 loans ratios, HSC covered banks

NPL ratio declined slightly q/q



Note: We include net VAMC bond as NPLs.
Source: Company data, HSC Research

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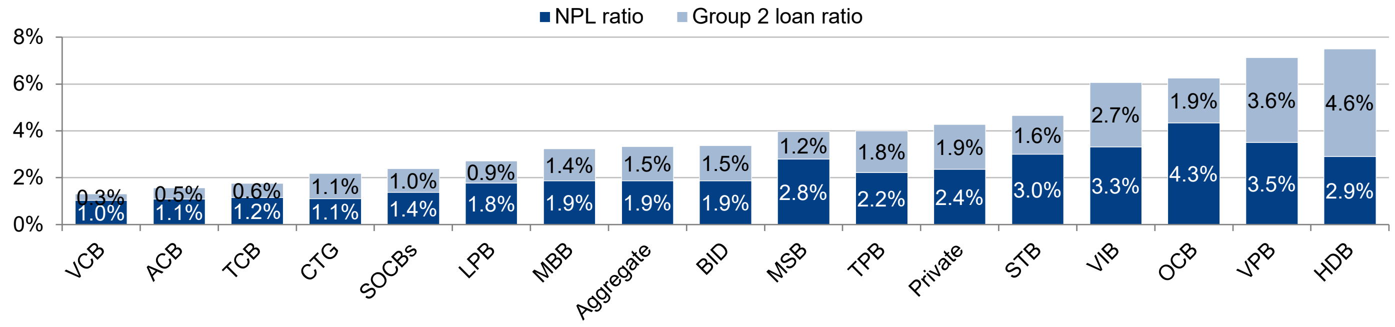
Figure 104: 3Q25 asset quality comparison, HSC covered banks

VCB, ACB, CTG, TCB currently lead in terms of asset quality



Note: We include net VAMC bond as NPLs.
Source: Company data, HSC Research

FY25-27: Solid and improving earnings outlook

We have become more cautious on NIM following updated management guidance and rising funding-cost pressure. Instead of a gradual q/q recovery, we now expect NIM to stay broadly flat over the next few quarters. Further downside appears limited, in our view, as SOCBs have begun to lift lending rates to offset higher COF. Against this backdrop, we still see strong credit growth as the main earnings driver over the next two years, supported by ongoing OPEX optimization and fee-income diversification.

We also expect growth to diverge more clearly at the bank level, depending on capital strength, funding profiles and risk appetite. Overall, we now forecast sector aggregate PBT growth of 13.7%/17.4%/20.5% for FY25-27, respectively, slightly below our previous 15.2%/19.8%/19.6% projections.

On the risk side, we believe the recent rise in interest rates should lift deposit growth to broadly match credit growth in FY26-27, easing funding pressure. Asset-quality risks should remain manageable, with broadly stable NPL formation but somewhat higher credit costs as banks continue to work through existing problem loans.

Figure 105: Key assumptions and forecasts, HSC covered banks aggregate

Major revision is higher credit growth and lower NIM

		Old forecast			New forecast		
	FY24A	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
P&L growth ratio							
NII	13.7%	10.7%	22.3%	20.4%	8.1%	21.0%	21.1%
NFI	-3.5%	7.7%	15.0%	16.6%	8.0%	13.9%	16.5%
TOI	13.0%	11.3%	18.9%	19.1%	9.0%	17.3%	19.6%
OPEX	9.4%	8.6%	14.4%	15.5%	6.6%	11.8%	15.7%
Provision	7.0%	6.2%	24.1%	23.6%	1.9%	25.3%	24.3%
PBT	18.6%	15.2%	19.8%	19.6%	13.7%	17.8%	20.1%
Net profit	17.5%	15.3%	19.8%	19.6%	13.2%	17.8%	20.1%
Key ratios							
Credit growth	17.9%	18.9%	19.2%	19.0%	19.2%	19.4%	19.4%
Deposit growth	14.1%	16.5%	19.9%	20.4%	15.6%	19.2%	21.7%
NIM	3.48%	3.28%	3.43%	3.52%	3.19%	3.29%	3.39%
NFI/Average assets	0.41%	0.38%	0.38%	0.37%	0.38%	0.37%	0.37%
CIR	32.2%	31.5%	30.3%	29.3%	31.5%	30.0%	29.1%
OPEX/Average credit	1.95%	1.79%	1.72%	1.67%	1.75%	1.64%	1.59%
NPL formation (VAMC included)	1.36%	1.24%	1.20%	1.24%	1.20%	1.17%	1.17%
NPL ratio (VAMC included)	1.75%	1.71%	1.60%	1.52%	1.74%	1.65%	1.56%
LLR	104%	95%	95%	96%	95%	94%	96%
Credit cost	1.25%	1.12%	1.16%	1.21%	1.07%	1.12%	1.17%
ROA	1.60%	1.58%	1.62%	1.66%	1.55%	1.56%	1.60%
ROE	18.3%	17.9%	18.2%	18.5%	17.9%	17.9%	18.2%

Source: HSC Research

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Figure 106: Net profit growth, HSC covered banks

Bottom line growth is expected to be diverse between banks

	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F	FY14-24 CAGR (10Y)	FY24-27 CAGR (3Y)	FY17-27 CAGR (10Y)
ACB	25.0%	42.5%	17.2%	4.6%	5.1%	15.1%	18.2%	33.2%	12.7%	27.5%
BID	51.1%	72.1%	18.2%	16.9%	1.5%	16.6%	18.3%	17.4%	11.9%	17.9%
CTG	3.0%	19.1%	18.6%	27.4%	26.5%	17.0%	15.3%	16.1%	19.5%	19.3%
HDB	42.5%	28.0%	30.0%	26.7%	24.2%	23.4%	20.9%	38.9%	22.8%	29.8%
LPB	58.8%	52.5%	23.5%	74.5%	10.7%	5.2%	12.5%	35.5%	9.4%	25.0%
MBB	53.7%	37.7%	18.3%	9.5%	11.2%	20.0%	29.2%	24.8%	19.9%	27.2%
MSB	100.6%	14.4%	0.6%	18.8%	-0.6%	1.8%	14.8%	44.1%	5.1%	48.6%
OCB	24.6%	-20.3%	-5.9%	-3.9%	14.0%	13.7%	16.2%	30.6%	14.6%	19.3%
STB	27.2%	47.8%	53.1%	30.7%	15.1%	24.7%	25.9%	16.4%	21.8%	31.5%
TCB	46.5%	11.6%	-10.7%	19.5%	16.8%	23.4%	25.0%	34.9%	21.7%	19.6%
TPB	37.7%	29.6%	-28.7%	36.0%	7.6%	14.1%	13.9%	27.5%	11.9%	24.3%
VCB	18.8%	36.4%	10.5%	2.4%	6.5%	18.5%	17.0%	22.2%	13.9%	18.6%
VIB	38.1%	32.1%	1.1%	-15.9%	5.2%	9.2%	22.1%	30.0%	12.0%	24.6%
VPB	12.6%	55.0%	-45.1%	58.2%	33.8%	19.3%	22.1%	28.8%	24.9%	16.9%
Total	**30.4%**	**33.5%**	**5.1%**	**17.5%**	**13.2%**	**17.8%**	**20.1%**	**23.7%**	**17.0%**	**21.5%**
SOCBs	19.1%	39.2%	14.8%	13.3%	11.0%	17.4%	16.7%	18.6%	15.0%	18.6%
Privates	37.6%	30.3%	-0.6%	20.4%	14.7%	17.9%	22.2%	28.9%	18.2%	23.7%

Source: Company data, HSC Research

Reasonable valuation, stronger growth preferred

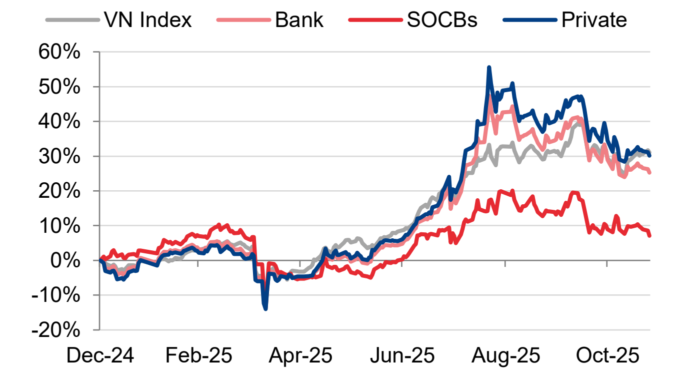
Bank stocks have surged ~47% since April, though many have eased from their August peaks on profit-taking. The sector's 1Y rolling forward P/B has re-rated to peak at 1.6x and is now at 1.33x, driven by strong gains among private banks with above-average real-estate exposure, while SOCBs and retail-focused banks remain below historical averages.

We revise our valuations with updated earnings forecasts and the roll forward of our valuation basis by 6M to end-FY26. Our new valuations imply an FY26 sector target P/B is 1.48x and ~18% average upside from current levels for our covered names. Performance, however, will diverge by group:

- SOCBs: Solid fundamentals but slower credit expansion constrains earnings momentum, keeping ROE stable rather than rising.
- Private banks: Tier-1 names, with stronger franchises and competitive moats, can justify multiples gravitating closer to prior peaks. Tier-2 banks are likely to improve more gradually, making it harder to close valuation gaps. Our residual-income work indicates SOCBs, ACB, and several midsize banks such as VIB and MSB still offer attractive upside, albeit with more moderate growth trajectories than Tier-1 private peers. For investors seeking growth exposure, on a PEG basis several Tier-1 banks – MBB, HDB, VPB, STB, TCB – look inexpensive relative to their outlook.

Figure 107: YTD performance, covered banks

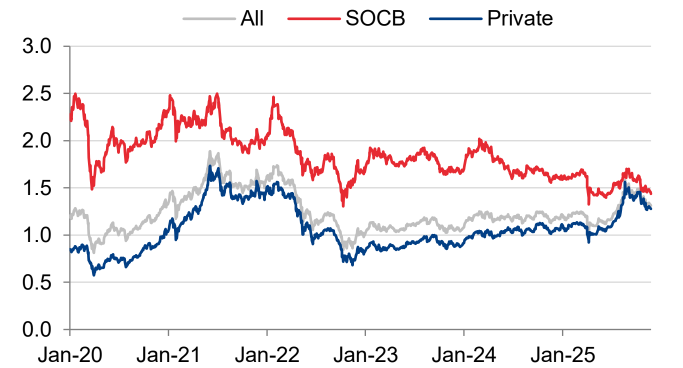
The correction slowed from Nov-25



Source: Market data, HSC Research

Figure 108: 1Y rolling fwd P/B, covered banks

Sector average P/B of 1.33x

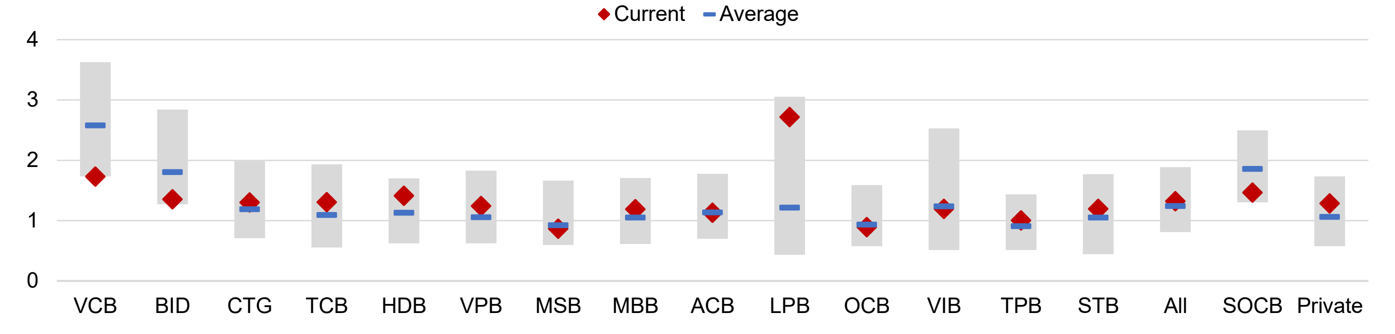


Source: Market data, HSC Research

Please refer to the disclosures of potential conflict of interest and the disclaimer at the end of this report

Figure 109: 1Y rolling fwd P/B comparison, covered banks

Most banks trade close to their historical average, except for: VCB and BID at historical lows, and LPB at near peak



Source: Market data, HSC Research

Figure 110: 3Q25 key operating metrics, HSC covered banks

"The bluer the better"

	SOCB			Tier 1						Tier 2				
	BID	CTG	VCB	MBB	VPB	TCB	ACB	STB	HDB	LPB	VIB	TPB	MSB	OCB
CAR (2Q25)	9.6%	10.3%	12.0%	11.6%	13.8%	15.0%	11.0%	9.7%	13.0%	11.8%	12.0%	13.7%	12.1%	12.5%
Tier 1 (2Q25)	6.8%	7.2%	11.5%	9.7%	13.1%	14.3%	11.6%	8.6%	8.5%	9.5%	10.6%	10.8%	12.8%	12.1%
NPL	1.9%	1.1%	1.0%	1.9%	3.5%	1.2%	1.1%	3.0%	2.9%	1.8%	3.3%	2.2%	2.8%	4.3%
G2	1.5%	1.1%	0.3%	1.4%	3.6%	0.6%	0.5%	1.6%	4.6%	0.9%	2.7%	1.8%	1.2%	1.9%
LLR	94.5%	176.5%	201.9%	79.2%	55.1%	119.2%	84.0%	93.3%	43.4%	76.1%	39.4%	61.2%	53.7%	34.6%
RE & construction exposures (2Q25)	7.1%	9.2%	10.1%	13.7%	31.8%	37.4%	4.7%	13.4%	27.9%	12.1%	3.3%	17.4%	18.4%	23.5%
CIR	34.5%	28.1%	34.9%	28.9%	23.6%	34.0%	31.9%	45.2%	28.5%	28.7%	36.1%	38.1%	39.8%	37.4%
OPEX/Average credit	1.3%	1.2%	1.5%	1.9%	2.0%	2.3%	1.7%	2.7%	2.0%	1.5%	2.0%	2.3%	2.6%	2.1%
NIM	2.2%	2.7%	2.7%	4.2%	5.7%	4.0%	3.1%	3.7%	5.2%	3.2%	3.2%	3.3%	3.5%	3.3%
NIM - credit cost	1.1%	1.6%	2.5%	2.3%	2.1%	3.4%	2.9%	3.4%	3.1%	2.7%	2.2%	2.1%	2.5%	2.2%
ROA	0.9%	1.3%	1.6%	2.0%	2.0%	2.2%	2.0%	1.6%	2.0%	2.1%	1.5%	1.6%	1.7%	1.3%
ROE	17.7%	21.6%	17.1%	20.7%	14.2%	14.4%	20.3%	21.4%	24.8%	24.2%	17.6%	17.1%	14.2%	12.1%
PBT grt.	12.1%	54.2%	1.4%	15.6%	62.2%	-1.9%	6.7%	43.9%	10.8%	6.5%	5.2%	34.3%	22.8%	75.8%
Credit grt.	14.5%	23.8%	16.1%	30.4%	39.3%	22.0%	20.6%	15.3%	21.5%	21.3%	25.2%	22.5%	19.4%	23.3%
Deposit & VP grt.	10.9%	18.7%	12.2%	28.4%	31.4%	25.1%	13.6%	13.0%	21.1%	22.3%	20.7%	16.6%	26.0%	24.1%

Note: (1) Data are presented on 3Q25 TTM basis; (2) we include net VAMC bond as NPLs.
Source: Company data, HSC Research

Figure 111: HSC covered banks comparables

Ticker	Current price VND	Rating	Target price VND	Upside	P/B (x) FY25	P/B (x) FY26	P/E (x) FY25	P/E (x) FY26	ROE (%) FY25F	ROE (%) FY26F	EPS growth (%) FY26F	EPS growth (%) FY27F	PB at TP (x) FY26F
ACB	24,350	Buy	32,300	32.6%	1.30	1.12	7.2	6.2	19.4%	19.3%	15.1%	18.2%	1.49
BID	37,100	Add	41,900	12.9%	1.61	1.39	11.8	10.1	14.5%	14.8%	16.8%	16.5%	1.57
CTG	49,000	Buy	62,800	28.2%	1.51	1.28	9.0	7.6	18.2%	18.2%	18.4%	16.0%	1.64
HDB	32,000	Add	37,500	17.2%	1.71	1.39	8.2	6.6	22.7%	23.1%	23.5%	20.9%	1.63
LPB	48,600	Sell	25,500	-47.5%	3.13	2.68	14.2	13.5	22.8%	21.4%	5.2%	12.5%	1.41
MBB	23,250	Buy	30,400	30.8%	1.40	1.17	8.0	6.7	18.9%	19.0%	20.0%	29.2%	1.53
MSB	13,150	Buy	15,700	19.4%	0.97	0.86	7.5	7.3	13.9%	12.4%	1.8%	14.8%	1.02
OCB	12,300	Buy	14,900	21.1%	0.98	0.89	9.1	8.0	11.1%	11.7%	13.7%	16.2%	1.08
STB	48,600	Add	58,400	20.2%	1.40	1.18	8.8	6.9	17.3%	18.6%	27.5%	27.3%	1.42
TCB	33,750	Buy	46,000	36.3%	1.49	1.29	9.5	7.7	16.4%	18.0%	23.4%	25.0%	1.76
TPB	17,300	Add	19,000	9.8%	1.16	0.99	7.0	6.1	17.0%	17.4%	14.1%	13.9%	1.09
VCB	57,400	Buy	72,900	27.0%	2.11	1.70	14.5	12.6	15.5%	14.9%	14.7%	13.4%	2.16
VIB	18,500	Buy	22,700	22.7%	1.34	1.19	8.5	7.7	16.8%	16.3%	9.2%	22.4%	1.46
VPB	29,250	Buy	35,200	20.3%	1.39	1.23	11.0	9.2	13.7%	14.2%	19.3%	22.1%	1.48
Sector				**17.9%**	**1.53**	**1.31**	**9.6**	**8.3**	**17.0%**	**17.1%**	**15.9%**	**19.2%**	**1.48**
SOCBs				**22.7%**	**1.74**	**1.46**	**11.8**	**10.1**	**16.1%**	**16.0%**	**16.7%**	**15.3%**	**1.79**
Private banks				**16.6%**	**1.48**	**1.27**	**9.0**	**7.8**	**17.3%**	**17.4%**	**15.7%**	**20.2%**	**1.40**

Source: HSC Research

Preferred names: Over a 12-month horizon we lean toward growth and select CTG, MBB, TCB, VPB as top picks. For the medium-term and value names, we like ACB and VCB, particularly at the current valuations.

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Figure 112: Valuation multiples, HSC covered banks

CTG, HDB, MBB, STB, TCB and VPB looks relatively cheap on PEG multiples

Bank	ROE 3Y average	EPS 3Y CAGR	PEG	FY26 P/E	FY26 P/B
ACB	19.5%	12.5%	0.50	6.22	1.12
BID	14.7%	10.5%	0.96	10.10	1.39
CTG	18.1%	21.2%	0.36	7.61	1.28
HDB	22.7%	22.7%	0.29	6.64	1.39
LPB	21.6%	8.0%	1.70	13.50	2.68
MBB	19.5%	19.6%	0.34	6.70	1.17
MSB	12.9%	5.1%	1.43	7.34	0.86
OCB	11.7%	14.6%	0.55	7.96	0.89
STB	18.6%	22.6%	0.30	6.88	1.18
TCB	17.9%	21.6%	0.36	7.70	1.29
TPB	17.2%	11.8%	0.52	6.13	0.99
VCB	15.0%	11.5%	1.10	12.61	1.70
VIB	16.8%	11.7%	0.66	7.75	1.19
VPB	14.4%	25.0%	0.37	9.21	1.23
Sector	**17.2%**	**15.6%**	**0.53**	**8.31**	**1.31**
SOCBs	**15.9%**	**14.4%**	**0.70**	**10.11**	**1.46**
Private banks	**17.5%**	**15.9%**	**0.49**	**7.82**	**1.27**

Note: PEG is calculated by dividing FY26F P/E to EPS 3Y CAGR; MSB and OCB's adjusted PEGs (excluding FY24 one-off income in EPS 3Y CAGR) are 0.47x and 0.43x, respectively – cheaper than pre-adjustment for one-off/non-core gains.

Source: Market data, HSC Research:

Brokers: Earnings momentum intact despite liquidity pullback

The VN Index rallied 30% YTD as of 10M25 (including a 21% q/q gain in 3Q25), while market ADTV rose to VND29.3tn, up 39% y/y. This outperformance has been driven by mounting expectations of supportive policies and an impending market upgrade. Looking into FY26-27, we believe these tailwinds will increasingly feed through into corporate earnings and more than offset short-term headwinds such as foreign selling. We forecast ADTV to grow at a 25% CAGR over FY25-27. For brokers' earnings, we raise forecasts for SSI, VCI and VND by an average of 9% p.a., reflecting their enlarged earning-asset bases post-capital increase. We upgrade SSI to Buy (from Add), VCI to Buy (from Add) and VND to Add (from Reduce) following the recent share price pullback. TCX remains our top pick, followed by SSI.

Market liquidity cooled from peak levels

The VN Index staged a 21% rally in 3Q25, approaching 1,700 by September, before peaking at 1,766 in mid-October and then easing to 1,639 at end-October. Year-to-date, the index is up 30%, among the world's best-performing equity markets.

Breaking down the VN Index performance by sector, we see some out-performers YTD, namely banking, real estate, brokers, basic materials, and consumer services (retails & airlines). These sectors have enjoyed the following market/policy tailwinds:

- **Market upgrade anticipation**: Foreign investors net bought strongly between May and July (VND12tn), driven by the expectation of EM FTSE upgrade for Vietnam.
- **Infrastructure boost and real estate recovery**: Strong government commitment to infrastructure development has spurred growth in industrial and construction sectors, benefiting material firms, and made real estate developers (led by Vingroup) confident to resume projects sales.
- **Strong policy reforms**: The government has introduced key regulations to drive economic growth, including Resolution No. 68-NQ/TW on private sector development, Resolution 5/2025/NQ-CP about setting up legal framework for the legitimate trading & issuance of digital assets, and Resolution 222/2025/QH15 about establishing International Financial Center (IFC).

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Figure 113: VN Index performance and contribution from key sectors

Four key sectors Banking, Financials, Consumer services, and Basic materials (together making up 65% of VN Index market-cap) were key contributors for VN Index performance

Sector/sub-sector	YTD perf	Since-3Q perf	Market-cap contribution	Key drivers
Basic Materials L1	21.6%	10.4%	6.4%	(2)
Consumer Services L1	34.2%	12.3%	5.8%	(3)
Financials L1	114.0%	51.6%	27.4%	
Real Estate L2	*142.4%*	*56.9%*	*21.4%*	*(2) (3)*
Financial Services L2	*41.1%*	*32.7%*	*5.0%*	*(1) (3)*
Banks L1	27.8%	19.5%	28.5%	(1) (2)
VN Index	**30.1%**	**19.8%**	**100.0%**	**(1) (2) (3)**

Source: Fiingroup data, HSC Research

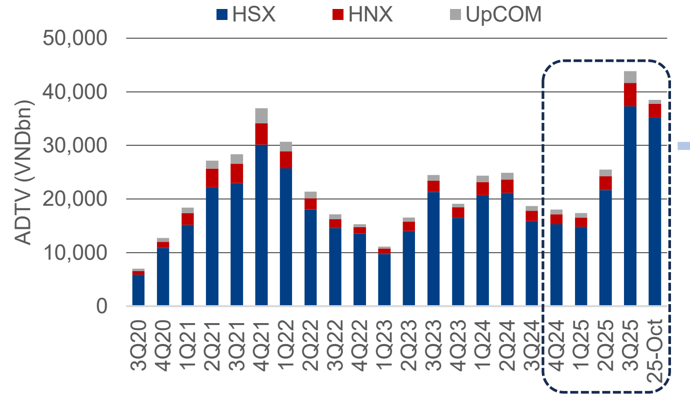
However, liquidity has trailed the index since September. Average daily trading value (ADTV) fell from August's record ~VND60tn to VND34tn in September, before modestly recovering to VND38tn in October. Overall, 10M25 ADTV still rose 39% y/y to VND29.3tn, from VND21.0tn in 2024.

The liquidity pullback was attributed to three key factors:

- **Rising interest rates amid tighter system liquidity:** Given two years of low policy rates, credit has far outpaced deposit growth in 2025, in need of SBV liquidity support. In the meantime, VND depreciation pressures and FX stability concerns have posed gradual rise in funding costs. These developments have weighed on investor sentiment, which had become accustomed to the stable, low interest rates.
- **Heavy foreign outflows:** Offshore institutional investors net sold VND52tn in August-October, locking in gains at all-time-high index levels. The huge profit-taking weighed on their prices and dampened retail investors' trading activity.
- **Big broker capital raisings:** Brokers, taking advantage of strong market liquidity, have raised around VND43.1tn in 2025 on equity market to strengthen their capital base. This said, they will inject this capital back into the market via margin lending.

Figure 114: Quarterly ADTV, Vietnam

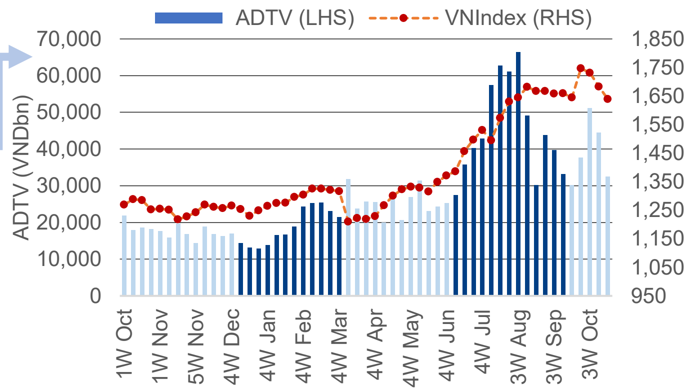
ADTV reached the highest level in 3Q25, then reduced in Oct



Source: HSX, HSC Research

Figure 115: Weekly ADTV, Vietnam

ADTV in Jul-Aug skyrocketed on both domestic & foreign inflows



Source: HSX, HSC Research

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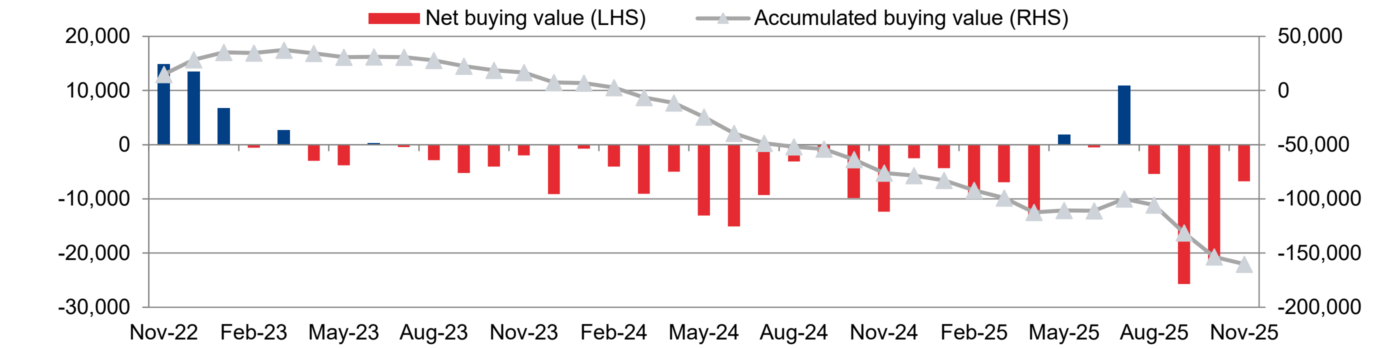
Figure 116: Foreign buying/selling value, Vietnam

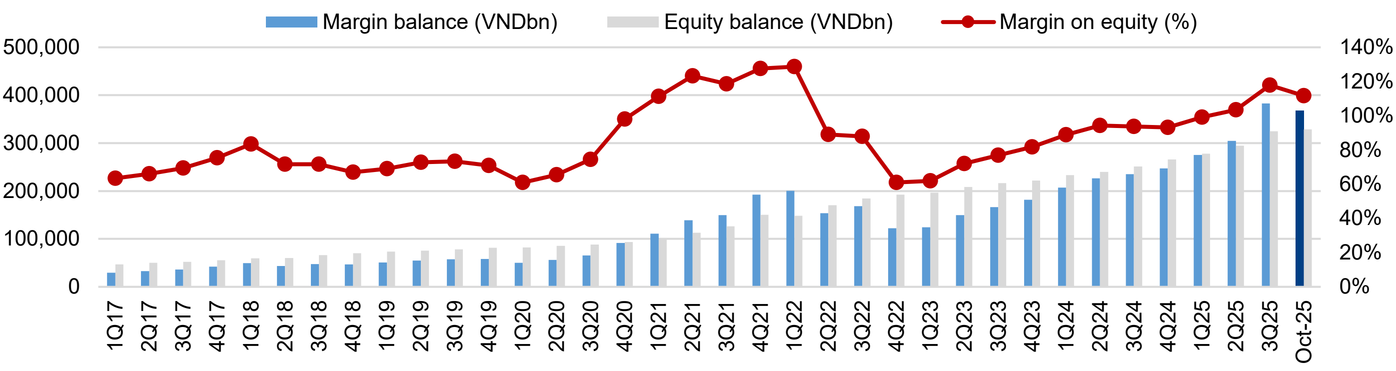
Foreign investors have resumed net selling since Aug-25 when the VN Index reached the high base



Source: HSX, HSC Research

Figure 117: Margin lending vs. Equity, Brokers sector

Estimated margin lending balance fell to VND367tn as of end Oct-25, while margin on equity ratio maintained around 112%



Source: Company data, HSC estimates

Margin lending remains a key growth driver with ample capital

Margin lending balances jumped 30% q/q to VND383tn at end-3Q25, before easing 4% m/m to VND367tn at end-Oct 2025. On a YTD basis, margin balances are up 48%, supported by robust market liquidity. The margin-to-equity ratio stood at 112% at end-Oct 2025, slightly below 118% at end-3Q25. The leverage has remained manageable despite heightened margin balances, with brokers' capital base raising plans.

In particular, they are expected to raise around VND43.1tn in 2025 on the equity market (mainly in 2H25 via IPOs and right issues) to reinforce their capital buffers. This leaves ample room for further expansion in margin capacity as the market uptrend continues.

Margin lending rates likely to soften as broker capital strengthens

While the margin lending balance can grow robustly, we expect margin lending rates to be under pressure due to intensifying competition among brokers who will deploy the newly raised capital. Meanwhile, rising deposit and interbank rates suggest funding costs will edge higher. We expect margin NIM to normalize to around 4.5-4.8% from the unusually high 3Q25 level (5.3%).

Figure 118: Capital raising plans in FY24-25 period and in planning, selected brokers

Listed brokers raised VND43.1tn of capital on equity market, and they plan to raise an additional VND22.3tn going forward. Counting internal capital raisings (mainly from unlisted brokers), the brokerage sector raised VND56.0tn in 10M25

Player	2024 (VNDbn)	Completed in FY25 (VNDbn)	Upcoming (VNDbn)
Raised on equity market	19,863	43,170	22,359
Raised internally	6,638	12,780	3,600
Total	**26,609**	**55,950**	**25,959**

Source: Company data, HSC Research

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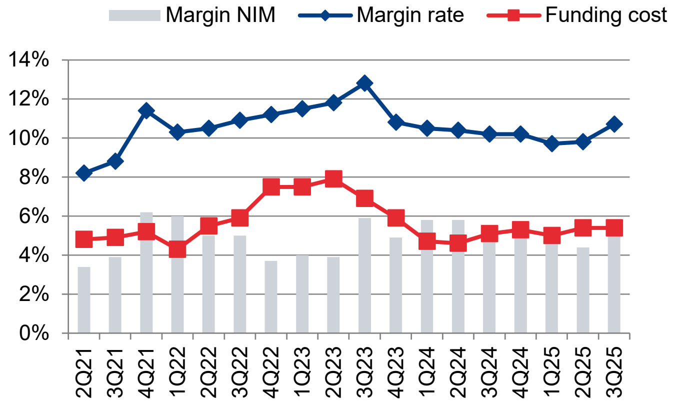
Figure 119: Quarterly margin rate & funding cost, sector

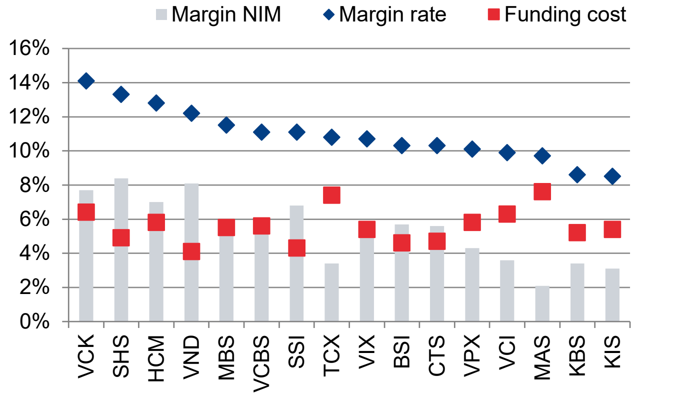
Margin lending rate picked up 90bps q/q on strong market demand, but should ease going forward on sector competition



Source: Company data, HSC Research

Figure 120: Margin rate & funding cost in 3Q25, by broker

Retail-brokers remained a high margin lending rate (12-14%), while bank-backed brokers still kept a rate of around 10%.



Source: Company data, HSC Research

Regulatory developments

Resolution 05: Initial guidance on digital assets

This was issued on 9 Sep, setting out the core pillars of a domestic digital assets market mechanism, including: (1) Requirements for the establishment of licensed domestic digital asset exchanges, (2) Rights and obligations of Vietnamese digital asset investors, and (3) Conditions for the issuance and offering of digital assets.

We expect the first digital assets exchange will go-live in 3Q26, potentially repatriating capital and deepening Vietnam's financial markets, and benefiting most likely first movers, namely SSI and TCX, who have made concrete strategic investments.

Circular 102/2025/BTC: a more prudent standard on Brokers "CAR"

On 29 Oct., the Ministry of Finance issued Circular 102/2025/BTC, amending Circular 91/2020/BTC on financial safety ratios for securities companies, with two key changes:

- Raises market-risk coefficients for corporate bonds, concentrated equity positions and alerted/controlled stocks; and
- Raises settlement-risk values for deposits/advances for real estate and direct lending unrelated to core securities business.

As such, Cir. 102 will mechanically lower Liquidity Capital Ratio (LCR) for brokers with large bond books, concentrated or speculative equity portfolios, or material non-core lending/property-related exposures. However, the impact is modest given their LCRs are already above the 180% floor and continue to go up with further capital raises.

Detail analysis in our previous note*: Earnings momentum intact despite liquidity pullback*.

FY26-27 ADTV and earnings outlook

We raise our FY25 ADTV estimate by 8% to VND29.8tn, implying an unchanged 4Q25 assumption of VND33tn – down 25% q/q from the 3Q peak but up 94% y/y.

For FY26-27, we leave our ADTV projections largely unchanged at VND34.2tn (up 15% y/y) and VND41.1tn (up 20% y/y), respectively. We believe the forward ADTV growth should continue to benefit from rising retail penetration, the potential return of foreign investors post-EM upgrade, and a growing supply of high-quality listed companies via IPOs – all supported by brokers' significantly expanded capital bases.

Please refer to the disclosures of potential conflict of interest and the disclaimer at the end of this report

Figure 121: Actual and forecast yearly market turnover, Vietnam

We raise our FY25 ADTV estimate by 8% to VND29.8tn but keep FY26-27 estimates unchanged; 3Y ADTV CAGR comes to 25%

VNDbn	2024	Old forecasts			New forecasts		
		2025F	2026F	2027F	2025F	2026F	2027F
Bear case					28,330	32,580	39,096
Growth y/y					35%	15%	20%
Base case	**20,985**	**27,281**	**34,101**	**40,922**	**29,799**	**34,269**	**41,123**
Growth y/y	20%	30%	25%	20%	42%	15%	20%
Bull case					31,478	36,200	43,440
Growth y/y					50%	15%	20%

Source: Company data, HSC forecasts

Figure 122: Actual and forecast profit before tax growth, HSC Brokers coverage

Overall sector CAGR in FY24-27 seen at 26.1%

VNDbn	2024	2025F	2026F	2027F
SSI	**3,544**	**5,182**	**5,842**	**6,721**
Growth y/y	*22%*	*46%*	*13%*	*15%*
VCI	**1,089**	**1,525**	**1,943**	**2,296**
Growth y/y	*85%*	*41%*	*27%*	*18%*
VND	**2,088**	**2,729**	**2,910**	**3,150**
Growth y/y	*-15%*	*31%*	*7%*	*8%*
TCX	**4,802**	**7,032**	**9,034**	**10,964**
Growth y/y	*60%*	*46%*	*28%*	*21%*

Source: Company data, HSC forecasts

For brokers' earnings, we lift our FY25 net earnings estimates for SSI, VCI and VND by 17% on avg, while for FY26-27, we lift forecasts for each of SSI and VCI by 6% on avg. and VND by 3% on avg., mainly reflecting larger balance sheets, particularly the margin-lending book. TCX's FY25-27 forecasts remain unchanged.

On our new forecasts, our covered brokers will deliver a 3Y net profit CAGR of 26.1%.

Valuation and recommendations

We recently raised our TP for SSI by 6%, and for VND by 3%, but reduced VCI's by 11%. Key TP revisions: (i) we rolled forward earnings basis to FY26 basis (from avg. FY25-26) and (ii) we raised earnings est. while factoring in dilution effect of new capital raisings. We maintain targeted valuation multiples unchanged for these three names given that we maintain our unchanged view about 4Q25/FY26 market liquidity.

For TCX, we keep its TP unchanged given intact target relative P/E basis and forecasts.

Our TPs imply FY25 P/E multiples of 23.4x for SSI, 22.9x for VCI, 20.2x for VND, and 25.0x for TCX. Given current upside, we upgraded our rating for SSI to Buy (from Add), for VCI to Buy (from Add), VND to Add (from Reduce), and maintained our Buy on TCX.

Figure 123: Comparables, HSC Brokers coverage

VND	Current price	Rating	Target price	P/E (x) FY25F	P/E (x) FY26F	ROE FY25F	ROE FY26F	EPS growth FY25F	EPS growth FY26F	P/E at TP (x) FY26F
SSI	34,800	Buy	42,200	21.0	19.2	11.0%	11.3%	15.6%	9.4%	23.4
VCI	35,500	Buy	43,800	21.6	18.7	8.3%	9.0%	20.4%	15.2%	22.9
VND	19,400	Add	23,000	14.4	17.1	9.8%	8.2%	31.2%	-15.5%	20.2
TCX	45,000	Buy	78,200	16.2	14.4	17.4%	15.8%	41.9%	12.3%	25.0
Sector				**19.0**	**18.3**	**9.7%**	**9.5%**	**22.4%**	**3.1%**	**22.2**

Note: Price data on 20 Nov.
Source: Company data, HSC Research

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Insurance: Rising rates drive the next phase of growth

Non-life premium was up 10.2% y/y with a stronger combined ratio, while life premium fell unexpectedly in 3Q25 after new-product launches. Rising interest rates and higher government bond yields provide a clear tailwind, lifting investment income and potentially reducing provisions for life insurers. We revise sector life-premium forecasts to be flat in FY25, up 6% in FY26 and up 12% in FY27, while keeping non-life growth at 11%. We expect our covered insurers' PBT to grow 29.5% on average in FY26 (BVH up 38.6%, PVI up 15%, MIG up 7%), supported by improving investment yields, solid investment asset expansion and better product mix. With a rolled-forward valuation, we upgrade BVH to Buy and MIG to Add, while downgrade PVI to Reduce.

FY25 YTD: Top line steady, profit surged

Non-life premium increased by 10.2% y/y, combined ratio improved

Non-life premium increased 10.2% y/y, with health & personal-accident products up 10% y/y, with motors up 13%, and commercial-line up 9%, based on our estimates. These figures were broadly in line with our expectations.

The combined ratio improved significantly, thanks partly to reduced price competition among top players and partly to storm-season impact that will likely be booked mainly in 4Q.

Supported by solid top line growth and improved margins, our covered non-life insurers delivered strong profit growth in 9M25, with PVI up 54% and MIG up 86%. We expect current trends – including top line growth and market-share dynamics – to continue into FY26, while the combined ratio may normalise at some insurers.

Life premium experienced an unexpected decline in 3Q25

Total life premium and new business premium fell sharply by around 6% and 23% in 3Q25, based on our estimates, interrupting the recovery trend seen over the previous four quarters. The decline was driven by the rollout of new products to comply with the new regulations in Jul, which required agents to spend time learning and adapting, leading to lower productivity during the quarter. This could weigh on revenue for several more quarters in our view.

The banca channel has not yet shown a meaningful recovery. Among our covered banks, only a few private banks recorded an increase in bancassurance sales, while most others continued to experience sluggish performance.

BVH remained in the top position in 1H25 in terms of top line and likely maintained this lead in 3Q25, supported by its large and experienced agency force, which has proven more resilient than peers. BVH's profit also increased strongly as expected in 9M25 (up 35% y/y), driven by improved life-insurance margins and strong expansion in its investment-asset base. The tailwind for BVH continues as interest rates are rising.

Sector growth forecast revision

Following the unexpected decline after the launch of new life-insurance products, we revise our life-premium forecast to be flat y/y in FY25, followed by a gradual recovery of 6% in FY26 and an acceleration to 12% growth in FY27 (down from 4%/13%/12% previously). Meanwhile, we maintain our non-life premium growth forecast at 11% annually.

We remain positive on the sector's long-term outlook, given the currently low penetration rate. As average income rises, businesses expand, and awareness of the benefits and necessity of insurance improves over time, insurers have ample room to grow their top line in the long run.

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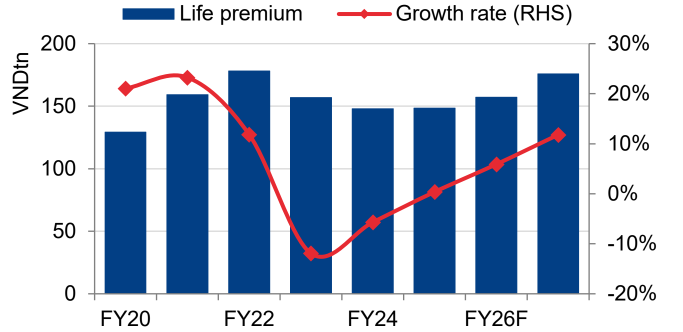
Figure 124: Life premium forecast, sector

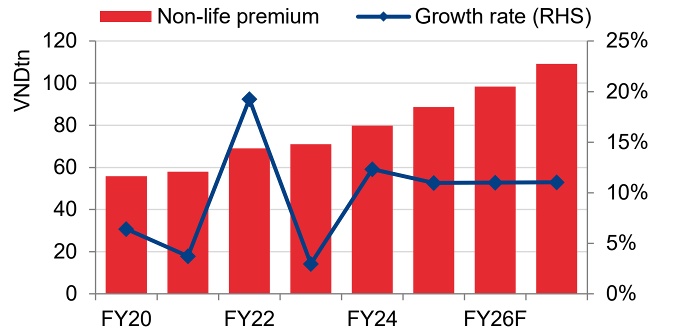
We expect a slightly lower growth in FY25-27



Source: HSC Research

Figure 125: Non-life premium forecast, sector

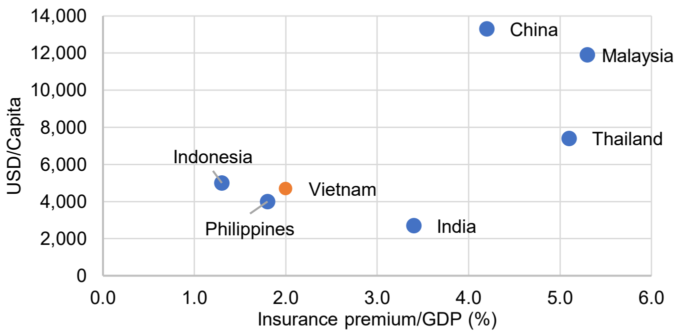
We maintain our forecast of 11% annual growth for non-life



Source: HSC Research

Figure 126: FY24 penetration rate, Vietnam vs peers

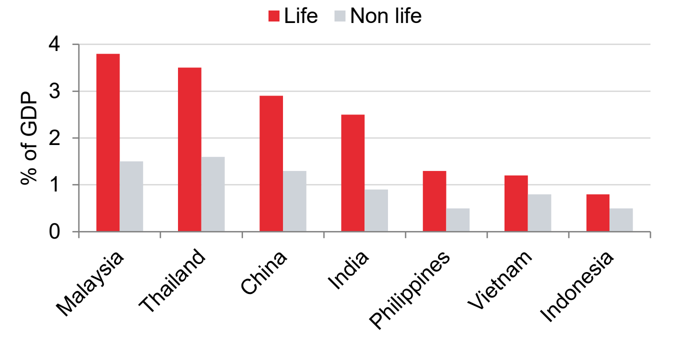
Vietnam has significant potential to enhance penetration rate…



Source: Gallagher Re, HSC Research

Figure 127: Penetration rate by segment, Vietnam vs peers

…regarding both life and non-life insurance



Source: Gallagher Re, HSC Research

Tailwinds from rising interest rates

Interest rates are showing a clearer rising trend, with several private banks recently increasing short-term deposit rates – often a leading indicator. This reflects genuine funding needs across the system, as banks seek to mobilize more deposits to strengthen liquidity and support credit expansion in line with SBV targets, amid tight system liquidity and elevated LDR ratios across the sector.

Government bond yields are also trending up more decisively, driven by higher government borrowing needs and rising opportunity/funding costs for banks – the main buyers at the moment – as interbank rates (5–6%) now exceed yields offered by government bonds.

Given these conditions, we expect the upward trend in rates to continue, supporting investment income for insurers, whose yields have already bottomed out and have begun to recover since 3Q25. Life insurers should also benefit from potential increases in technical rates, driven by rising government bond yields, which would help lower provisioning requirements.

FY26 diverges, with BVH standing out

We expect the bottom line of our covered insurers to continue growing by 29.5% on average in FY26, led by BVH, following an expected 36% increase in FY25. However, growth rates and drivers vary meaningfully across companies:

- **BVH:** We forecast FY26 PBT to grow 38.6%, supported by expansion in investment assets and a recovery in average yield. Rising government bond yields could also enhance insurance profit margins, though this will depend on the company's provisioning policy (technical rate and cash-flow assumptions). From our conservative view, we expect underwriting profit (after SG&A) to remain broadly stable y/y, leaving upside risk to our forecasts. Top line growth is expected to remain modest, but this is not the key thesis for BVH.

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- **PVI:** We expect FY26 PBT growth to moderate to around 15%, after a strong 46% increase in FY25, driven by robust top line growth of 21.5%, higher investment assets and yields. The combined ratio may be a constraint, given the absence of further provision reversals booked in FY26.
- **MIG:** FY26 PBT growth is the lowest among our coverage at around 7%, due to the high base of investment income in FY25 (supported by a strong VN Index), while top line growth is projected at roughly 10%. However, we believe MIG may be entering a new cycle of moderate but higher-margin growth, supported by deeper cooperation with its parent bank to expand commercial-line products, which carry better profitability than health or motor lines.

U/g BVH to Buy, MIG to Add, d/g PVI to Reduce on valuation

Besides the earnings forecast revision, we also make some change in valuation assumptions, including roll forward the valuation basis from mid-FY26 to end-FY26, applied to all three covered insurers and reduced beta assumption for MIG due to its reduced correlation with the VN Index over the last 12M.

Based on the outlook and valuation of each stock, we now see BVH as the most attractive opportunity, with strong bottom line growth forecast, solid catalyst from rising Gbond yields, upside risk from reduced provisions, and an attractive upside above 20%. We upgrade the rating for BVH from Add to Buy with a TP of VND66,100.

On MIG, despite a modest bottom line growth forecast, the current valuation is attractive compared to peers as well as its historical data. Given that the company is entering a better cycle, with higher insurance margin couple with moderate top line growth. We upgrade the rating for MIG from Hold to Add with TP of VND19,200.

Regarding PVI, despite liking the company's fundamentals the most in our coverage (no.1 position in the domestic market, strong expansion in international market), its current valuation is elevated. We downgrade our rating to Reduce with a TP of VND76,300.

Figure 128: Valuation and recommendation, HSC covered Insurance stocks

BVH provides the highest upside.

VND	Rating	Current price	Target price	Upside	FY26 FW P/B at TP	FY26F ROE	Note
BVH	Buy	51,900	66,100	27.4%	1.8x	14.6%	Strong PBT forecast & benefit the most from rising interest rate
PVI	Reduce	87,500	76,300	-12.8%	2.0x	16.3%	Solid fundamental but elevated valuation
MIG	Add	17,100	19,200	12.3%	1.4x	13.1%	Expected to begin a new cycle with deeper collaboration with MBB, improving margins

Source: HSC Research

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Consumer: Reacceleration expected

Tran Huong My
Director, Head of Consumer Research
my.th@hsc.com.vn
+84 28 3823 3299 Ext. 362

Bui Nguyen Cam Giang, CFA
Manager, Research
giang.bnc@hsc.com.vn
+84 28 3823 3299 Ext. 369

Truong Hong Kim
Manager, Consumer Research
kim.thong@hsc.com.vn
+84 24 3933 4693 Ext. 4850

Huynh Phuong Bao Khanh
Junior Analyst, Consumer Research
khanh.hpb@hsc.com.vn
+84 28 3823 3299 Ext. 369

- We expect domestic consumption to strengthen in 2026, supported by improving consumer confidence and continued government-led stimulus and forecast aggregate net profit for our consumer coverage to grow 16% in 2026. MWG, MSN, and PNJ are our top picks.
- We remain positive on the fishery sector, with ANV and VHC as preferred names, while maintaining a cautious stance on the textile and garment sector amid intensifying competition and weak global demand.
- The fertilizer sector should continue to benefit from margin expansion driven by lower gas prices, input VAT refunds, and stable selling prices, with DCM as our top pick.

Consumer: Strong growth potential remains

We raise our 2026 retail sales growth forecast to 11.0% from 10.0%, supported by improving consumer confidence and ongoing government-led consumption stimulus. For our consumer coverage, we expect FY26 net profit growth of 16%, driven by stronger consumer demand, market share gains, the normalization of the general trade channel after the 2025 disruption, and improved operating efficiency. Our top picks are **MWG**, **MSN**, and **PNJ**.

Aqua/agriculture, Textiles, and Healthcare: Be selective

Fishery exporters should continue gaining U.S. market share as Chinese tilapia faces elevated tariffs and buyers diversify; meanwhile pangasius prices are set to rise further. **ANV** and **VHC** are our top picks, each rated Buy.

The **livestock sector** faces pressure from African swine fever and severe floods, but BAF, with a large pork business, is still positioned a strong profit growth.

Agrichems producers DCM and DPM should see sustained margin expansion from lower gas prices, input VAT refunds, and stable selling prices. **DCM** is our top pick.

The **textiles sector** likely delivers modest growth in FY26 due to intensifying competition and sluggish global consumer demand. We have a Hold rating on **TCM.**

Healthcare sector fundamentals should be supported by major reforms expanding insurance coverage, improving service access. We rate both pharma names **IMP** and **DHG** Add and hospital group **TNH** as Reduce.

		Price	Rating		TP (VND)		Up/(down)	P/E (x)		EV/EBITDA (x)		Div. yield (%)	
	Ticker	(VND)	New	Old	New	Chg (%)	side (%)	2025F	2026F	2025F	2026F	2025F	2026F
Nam Viet Corporation	ANV	29,250	Buy	-	36,100	-	23.4	8.29	7.36	7.23	5.73	3.42	3.42
BAF Vietnam Agriculture JSC	BAF	31,500	Buy	-	39,300	-	24.8	17.0	11.9	10.8	7.42	-	-
PetroVietnam Ca Mau Fert.	DCM	33,900	Buy	-	47,800	-	41.0	8.95	8.83	4.20	3.42	4.42	2.95
Digiworld Corp	DGW	43,700	Buy	-	51,700	-	18.3	18.1	14.9	17.3	13.1	1.14	1.14
DHG Pharmaceutical JSC	DHG	102,600	Add	-	118,500	-	15.5	13.8	12.4	10.7	9.79	9.75	9.75
PetroVietnam Fert. & Chem.	DPM	23,100	Buy	-	30,000	-	29.9	9.86	12.4	5.28	5.19	5.19	6.49
Sao Ta Foods JSC	FMC	36,200	Add	-	40,800	-	12.7	8.38	8.07	7.58	6.36	5.52	5.52
FPT Retail	FRT	147,000	Add	-	170,000	-	15.6	34.6	24.2	19.6	15.6	0.34	0.68
Imexpharm Corp.	IMP	47,600	Add	-	53,500	-	12.4	21.3	18.7	12.0	11.1	1.05	1.05
Masan Consumer Corporation	MCH	216,100	Reduce	-	167,600	-	(22.4)	33.6	29.0	29.2	25.5	2.78	3.24
Masan Group	MSN	77,400	Buy	-	109,600	-	41.6	31.4	22.7	14.4	12.2	-	-
Mobile World Inv't Corp.	MWG	79,900	Buy	-	99,500	-	24.5	17.9	15.1	15.5	13.1	1.25	1.25
Phu Nhuan Jewelry	PNJ	91,000	Buy	-	115,000	-	26.4	13.6	11.9	10.3	8.60	2.20	2.20
Quang Ngai Sugar	QNS	43,900	Reduce	-	41,500	-	(5.47)	7.40	7.28	6.52	6.20	9.11	9.11
Sabeco	SAB	46,400	Buy	-	60,000	-	29.3	13.1	12.3	7.47	6.58	10.8	10.8
Thanh Cong Text. Garment	TCM	28,200	Hold	-	29,200	-	3.55	13.5	15.7	6.13	6.45	1.77	1.77
Thien Long Group	TLG	55,500	Add	-	58,200	-	4.86	12.3	11.1	7.78	7.50	4.50	4.50
TNH Hospital Group JSC	TNH	11,800	Reduce	-	11,000	-	(6.78)	N/a	823	92.6	20.9	-	-
Vinh Hoan Corp.	VHC	57,600	Buy	-	71,000	-	23.3	8.79	8.43	7.13	6.57	3.47	3.47
Viet Nam Dairy Products	VNM	64,000	Add	-	70,600	-	10.3	16.4	15.1	11.1	10.1	6.80	6.80

Share prices as of 28 November 2025
Source: Companies, FactSet, HSC Research

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Core consumer: Strong growth seen; top picks MWG, MSN, PNJ

We raise our 2026 retail sales growth forecast to 11.0% from 10.0%, supported by improving consumer confidence and ongoing government-led consumption stimulus. For our consumer coverage, we expect aggregate FY26 net profit growth of 16%, driven by stronger market demand, market share gains, the normalization of the general trade channel after the 2025 disruption, and improved operating efficiency. Our top picks are MWG, MSN, and PNJ, with catalysts including MWG's double-digit earnings momentum driven by improving consumer demand and market share gains in the consumer tech segment alongside BHX's profitable scale-up, PNJ's stronger retail sales and positive sentiment around OEM opportunities following Decree 232/2025 on gold bar production, and MSN's earnings uplift from MCH's recovery, WCM's improving profitability, and MML's growth supported by WCM's minimart expansion.

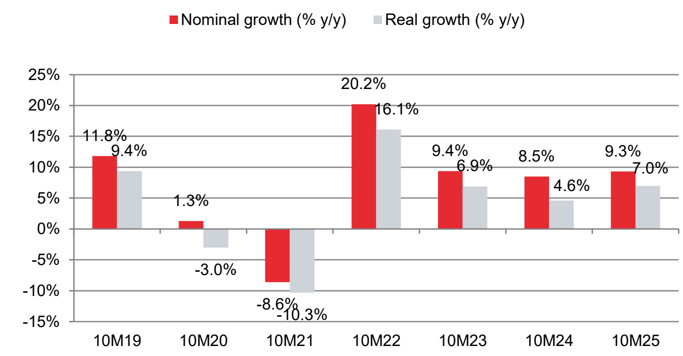
2026 consumption: Gradual improvement on the horizon

We expect stronger retail sales for 2026, revising our forecast upward to 11.0% y/y (from 10.0% previously). This reflects our view that consumer demand will continue the momentum in 2025 (up 9.5% as per our estimate), supported by better consumer confidence and the continued government-led consumption stimulus, including fiscal expansion and accommodative monetary policy.

We note that Vietnam retail sales grew 9.3% y/y in 10M25, a slight improvement from 8.5% in 10M24 although still below the double-digit growth before COVID-19. Drivers came from all segments: Goods (up 8.0%), accommodation and F&B (up 14.6%), travel and tourism (up 19.8%) and other services (up 11.8%).

Figure 129: 10M25 retail sales growth, Vietnam,

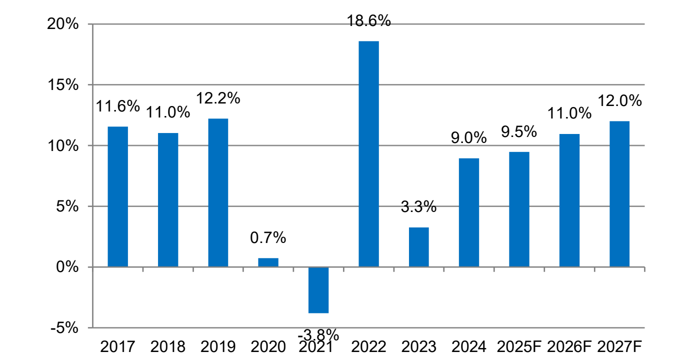
Up 9.3% y/y in 10M25, an improvement from 8.5% in 10M24



Source: NSO

Figure 130: FY25-26 retail sales growth forecasts, Vietnam

We forecast retail sales to recover by 11% in 2026



Source: NSO, HSC Research estimates

Figure 131: Forecasts revision, Vietnam retail sales growth

		Old forecasts		New forecasts	
	2024A	2025F	2026F	2025F	2026F
Retail sales of goods, y/y growth	8.3%	8.5%	9.8%	8.3%	9.9%
Retail sales of services, y/y growth	11.2%	14.7%	14.6%	13.9%	14.5%
Retail sales, y/y growth	**9.0%**	**10.0%**	**11.0%**	**9.5%**	**11.0%**

Source: HSC Research estimates

Food and foodstuffs

Staple foods: Sustained mid-teen growth

Staple food sales rose 15.9% in 2024, and we expect momentum to remain solid, with growth of 13.8% in 2025 and 14.1% in 2026. This is supported by steady volume gains of 9-10% on improved demand and price increases of 3.5-4.4%.

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Figure 132: Bottom-up forecasts for retail sales, Vietnam

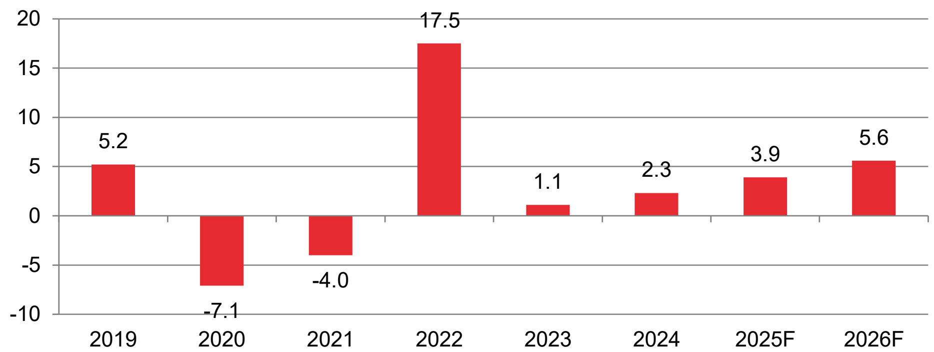
We expect recovery in both areas: goods (up 11.4% in 2026) and services (up 13.9% in 2026)

Items	Classification	% contribution to retail sales	2024	2025F	2026F
Foods and foodstuffs	**Consumer staples**	**27.7%**	**10.8%**	**10.4%**	**11.4%**
+ Staple foods	Consumer staples	18.8%	15.9%	13.8%	14.1%
+ Packaged staple foods	Consumer staples	1.6%	2.1%	6.1%	7.1%
+ Dairy	Consumer staples	1.7%	-0.6%	0.6%	2.9%
+ Beverage	Consumer staples	5.6%	2.8%	4.3%	5.9%
Soft drinks	Consumer staples	2.0%	4.4%	3.0%	5.5%
Beer	Consumer staples	3.2%	2.0%	5.1%	6.1%
Household products	**Consumer discretionary**	**8.0%**	**3.6%**	**6.5%**	**9.3%**
+ Consumer technologies	Consumer discretionary	2.3%	3.0%	7.6%	10.0%
Transportation means	**Consumer discretionary**	**7.7%**	**12.5%**	**6.9%**	**12.1%**
+ Auto	Consumer discretionary	4.1%	16.6%	7.1%	14.5%
+ Motorbikes	Consumer discretionary	1.3%	5.4%	0.0%	10.0%
Leisure and personal goods	**Consumer discretionary**	**2.5%**	**4.0%**	**6.4%**	**9.6%**
+ Jewelry	Consumer discretionary	1.8%	3.6%	7.0%	9.0%
Retail sales of goods		**76.1%**	**8.3%**	8.2%	10.0%
Retail sales of services		**23.9%**	**11.2%**	**13.8%**	**13.9%**
Retail sales total		**100.0%**	**9.0%**	**9.5%**	**11.0%**

Source: NSO, HSC Research estimates

Figure 133: FMCG sales growth y/y, Vietnam

We project FMCG sales to improve by 3.9% in 2025 and 5.6% in 2026, driven by packaged food and beverage and personal and home care



Source: NIQ, HSC Research estimates

FMCG: Improving trajectory 2026

FMCG sales grew 2.8% y/y in 10M25 and are projected to rise 3.9% in 2025. We expect a stronger recovery to 5.6% in 2026, driven by the normalization of the general trade channel following the 2025 disruptions and better consumer demand.

Consumer technology products: Expecting 10% growth in 2026

Sales of consumer technology products, covering ICT, appliances, and consumer electronics, rose 8% y/y in 8M25. Growth was supported by a 16% rebound in ICT on strong smart phones and laptops sales and a 13% rise in small appliances, offsetting declines of 4% in major appliances and 3% in consumer electronics.

By player, the recovery was driven largely by MWG, the industry's No.1 retailer, whose ICT sales grew 21% y/y and accounted for 60% of total industry sales. We expect Vietnam's consumer tech retail sales to increase 8% in 2025 and 10% in 2026.

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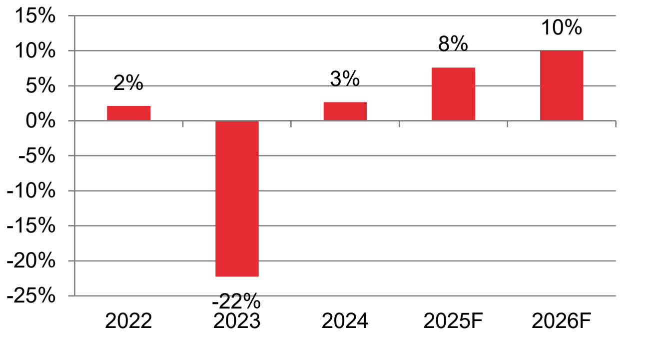
Figure 134: Consumer tech sales growth, Vietnam

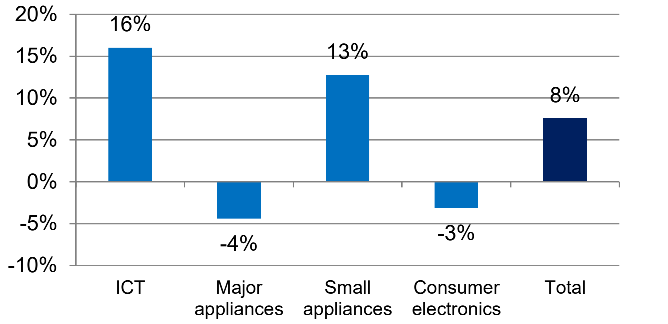
We forecast 8% and 10% growth in 2025 and 2026



Source: HSC Research estimates

Figure 135: Consumer tech sales growth in 8M25, Vietnam

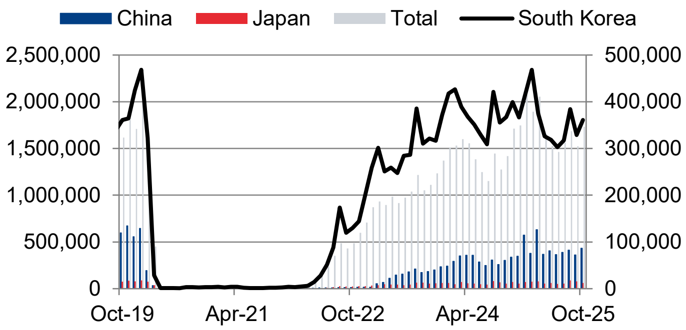
A strong rebound in ICT sales, on strong mobiles and laptops



Source: GFK, HSC Research estimates

Figure 136: Monthly international arrivals, Vietnam

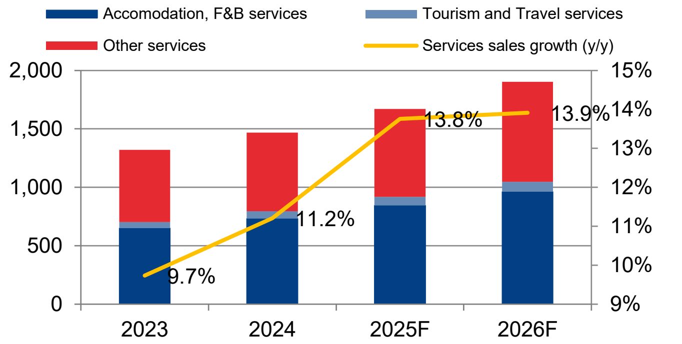
Int arrivals exceeded pre-COVID level in Jan, Feb and Mar-25



Source: NSO

Figure 137: Actual and forecast retail sales of services, VN

Expecting to grow 13.8% in 2025 and 13.9% in 2026



Source: NSO, HSC Research estimates

Services: Expecting to outperform goods

We expect retail sales of services to remain robust in 2025 and 2026, with projected growth of 13.8% and 13.9%, respectively. This is underpinned by steady increases in both international and domestic tourist numbers, as well as strong momentum in other service categories, reflecting a continued shift among middle- and high-income consumers from purchasing goods to spending on experiences.

International arrivals reached 17.2 million in 10M25, up 21.5% y/y, contributing to the recovery in service-related retail sales. During the same period, accommodation and F&B sales rose 14.6%, tourism and travel sales surged 19.8%, and other services went up 11.8%, driving a 13.6% increase in total retail sales of services. We forecast that in 2025 and 2026, international arrivals will increase by 17% and 13% to 20.5mn and 23mn, respectively.

Consumer confidence improved

Consumer confidence for 2026 improved to 57 out of 110 points, up from 52 six months earlier, according to a late-Nov-25 survey by Infocus Mekong Research (IFM). Consumers expect their spending to rise by an average of 7.49% in real terms. Higher spending is anticipated in F&B, education, household utilities, healthcare, personal care, transportation, and communications, while spending on household care products, entertainment and dining out, personal electronics, and home appliances is expected to decline.

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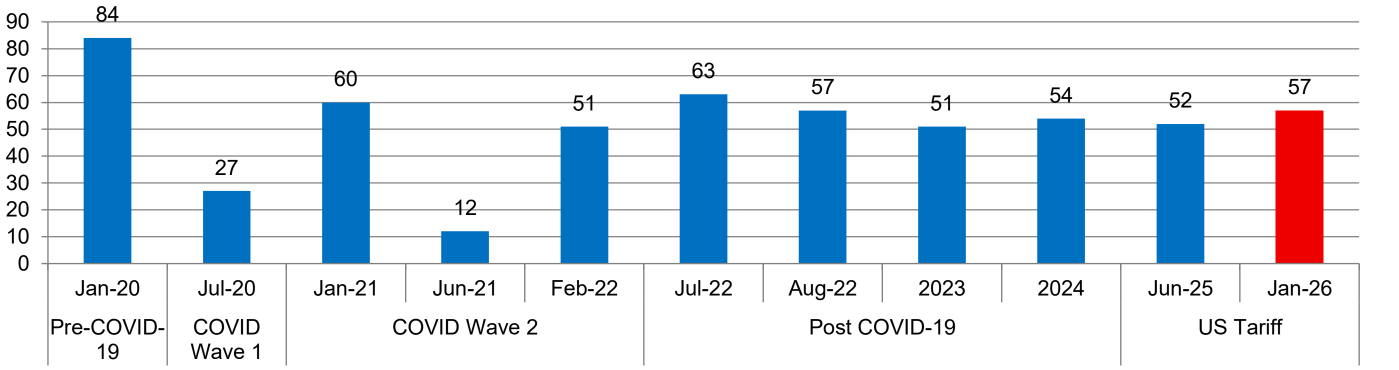
Figure 138: Consumer confidence index, Vietnam



Source: Infocus Mekong Research

Policy mixed: VAT cuts, PIT cuts and higher household-business taxes remain net supportive of consumption

VAT reduction

The 2% VAT cut on selected goods and services has been extended from 2H23 through end-2026, with additional sectors newly eligible, including transportation, logistics, and IT goods and services. This implies forgone tax revenue of VND64.5tn in 2025 and VND82.2tn in 2026.

Although only part of this shows up as higher real consumption due to the normalization of consumer behavior after more than three years and other leakages, we think VAT cuts will prevent a slowdown in demand. As per our estimates, relative to a non-policy baseline, it likely adds VND30-65tn to consumption each year equivalent to 0.4-0.9% of retail sales in 2025, with the strongest benefit in mass FMCG and mid-ticket discretionary segments.

Personal income tax (PIT) reduction

The Government has proposed amendments to the PIT Law, with two key changes: (i) higher personal and dependent deductions, and (ii) a restructured progressive tax bracket.

According to Ministry of Finance estimates, these adjustments would raise household income by VND26.4tn-27.4tn annually, equivalent to around 0.4% of 2025 retail sales. The beneficiaries are primarily formal salaried workers, whose marginal propensity to consume remains relatively high. Most of the gain is likely to feed into discretionary spending, especially urban services, travel and mid-range durables. The PIT cut therefore reinforces the VAT measure, though its absolute scale is smaller.

Figure 139: Minimum monthly income subject to personal income tax (VNDmn/month)

Number of Dependents	0	1	2	3	4	5
Previous	11.0	15.4	19.8	24.2	28.6	33.0
From 2026	15.5	21.7	27.9	34.1	40.3	46.8

Source: HSC Research

Figure 140: Comparison between current tax bracket and the two proposed options

	1	2	3	4	5	6	7
Current bracket							
Monthly taxable income (VNDmn)	< 5	> 5 - 10	> 10 - 18	> 18 - 32	> 32 - 52	> 52 - 80	> 80
PIT rate	5%	10%	15%	20%	25%	30%	35%
Proposed bracket							
Monthly taxable income (VNDmn)	< 10	> 10 - 30	> 30 - 60	> 60 - 100	> 100		
PIT rate	5%	10%	20%	30%	35%		

Source: HSC Research

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Tax hikes on household businesses

Under Decision 3389/QD-BTC, the presumptive tax regime for household businesses (HKDs) will be replaced from 2026 with a three-tier framework. Under the preliminary structure:

- Household businesses with annual revenue less than VND500mn will be tax-exempt.
- Those between VND500mn and VND3bn will be taxed under the direct percentage-of-revenue method.
- Those with revenue more than VND3bn will move to the deductible basis, with a 17% tax rate on profit.

We did some scenario analysis to measure the impact of these changes on consumption. In our base case, the new regime for household businesses increases tax revenue by VND5,575bn, while these households lose around VND12,900bn in income. These people typically have a very high propensity to consume; therefore, we see a localized drag on consumption, creating a modest negative shock to private consumption. However, this drag is smaller than the positive effects from the VAT and PIT cuts, so the net impact on consumption remains slightly positive overall. We estimate consumption growth will be lifted by around 0.3-0.5ppts in 2026 thanks to this policy mix.

Core consumer coverage: Strong growth potential remains

FY25-27 forecasts: Expecting net profit CAGR of 17%

Following a solid 3Q25, when aggregate net profit rose 24% y/y, we expect our consumer coverage to maintain strong momentum in 4Q25 with projected aggregate net profit growth of 33% y/y. This would translate into FY25 net profit growth of 20% y/y.

For FY26, we forecast net profit to increase 16% y/y, supported by stronger market demand, market share gains, and margin expansion. Overall, we maintain a positive view on the sector’s earnings outlook. *Note: We exclude MCH from aggregate calculations to avoid double counting with MSN.*

Figure 141: FY25-27 net profit forecasts, HSC consumer coverage

Expecting FY24-27 net profit CAGR of 16.8%

	New forecasts			Growth y/y			Revisions		
Company	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
MWG	6,571	7,958	9,949	76.5%	21.1%	25.0%	3.4%	1.0%	1.4%
MSN	3,799	5,280	7,048	90.0%	39.0%	33.5%	24.2%	26.7%	16.4%
PNJ	2,375	2,731	3,061	12.4%	15.0%	12.1%	11.9%	14.5%	15.4%
SAB	4,638	4,922	5,124	7.1%	6.1%	4.1%	0.6%	0.8%	3.2%
DGW	533	651	784	20.0%	22.1%	20.4%	3.9%	0.6%	2.5%
VNM	9,134	9,922	10,275	-2.8%	8.6%	3.6%	0.6%	3.4%	2.1%
FRT	723	1,033	1,324	127.4%	42.9%	28.2%	21.9%	21.0%	13.5%
TLG	434	480	539	-6.0%	10.6%	12.3%	-5.0%	-6.6%	-4.9%
MCH	6,799	7,878	8,954	-12.9%	15.9%	13.7%	1.9%	2.5%	3.1%
QNS	1,870	1,902	1,995	-21.3%	1.7%	4.9%	-9.5%	-19.8%	-21.6%
Aggregate	**36,876**	**42,757**	**49,053**	**9.0%**	**15.9%**	**14.7%**	**3.8%**	**4.3%**	**4.5%**
Aggregate, excluding MCH	**30,077**	**34,879**	**40,099**	**19.6%**	**16.0%**	**15.0%**	**4.2%**	**4.7%**	**0.8%**

Source: HSC Research estimates

Earnings drivers for key names include:

- **MSN:** FY26 net profit is expected to rise 38%, driven by strong performance at Techcombank, the recovery of Masan Consumer, and improved profitability at WinCommerce.
- **MWG:** We forecast FY26 net profit growth of 21%, supported by improving demand for consumer tech products, continued market share gains, higher net financial income at TGDD/DMX, and rising contributions from the BHX grocery chain.

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- **PNJ:** We expect FY26 net profit to grow 15%, supported by stronger jewelry demand (up 9% y/y as per our forecasts) and OEM opportunities.

Compared with our earlier estimates, our new FY26 forecasts are up 5% on average, reflecting upward revisions at 8 out of 10 companies. MSN, PNJ, and VNM account for the majority of this increase, contributing 71%, 22%, and 20% of the total upward revision, respectively.

Valuation and recommendations

Share prices rose 8.5% over the past 3M, led by MCH and MWG

Over the past 12 months, share prices across our consumer coverage rose by an average of 8.5%, with performance ranging from +49.3% for MCH to –13.0% for TLG. Overall, the group significantly underperformed the VN Index by 29.4%. Within the coverage, MCH and MWG were the strongest performers, while SAB and TLG lagged the most.

Excluding MCH, the coverage is trading reasonably at FY26 P/E of 14.9x

In terms of valuation, the coverage trades at an average FY26 P/E of 16.3x and a 1Y rolling forward P/E of 16.4x, about 0.1 standard deviations below the three-year historical average.

Excluding the outlier MCH, whose share price surged 68.8% in the past 3M and 49.3% in the past 12M, valuations look more reasonable, with average FY26 P/E at 14.9x and 1Y rolling forward P/E at 15.4x. Several stocks, including SAB and PNJ, screen as inexpensive, trading well below their historical 1Y rolling forward P/E, while MCH appears expensive following its sharp price appreciation.

Figure 142: Share price performance, HSC consumer coverage

Over the past 12M, MCH was the top performer, followed by MWG

	1M share price performance	3M share price performance	12M share price performance	1M vs VN Index	3M vs VN Index	12M vs VN Index
MWG	-5.1%	3.4%	35.1%	-3.9%	0.0%	-8.6%
MSN	-2.0%	-6.9%	6.9%	-0.7%	-9.9%	-27.7%
PNJ	-4.1%	8.1%	0.3%	-2.9%	4.5%	-32.2%
SAB	0.2%	-0.3%	-7.9%	3.4%	-3.6%	-37.7%
DGW	9.1%	3.8%	7.8%	10.6%	0.4%	-27.1%
VNM	11.5%	9.8%	8.4%	13.0%	6.3%	-26.7%
FRT	-0.7%	11.3%	3.9%	0.6%	7.7%	-29.7%
TLG	3.9%	5.3%	-13.0%	5.3%	1.9%	-41.2%
MCH	44.2%	68.8%	49.3%	46.1%	63.6%	1.0%
QNS	-4.8%	-7.2%	-6.1%	-3.5%	-10.2%	-36.5%
Average	**5.2%**	**9.6%**	**8.5%**	**6.8%**	**6.1%**	**-26.6%**
Average, excluding MCH	**1.3%**	**3.7%**	**4.4%**	**2.9%**	**0.3%**	**-29.4%**

Source: HSC Research estimates

Figure 143: Valuation, HSC consumer coverage

SAB screens as the cheapest stock in our coverage while MCH appears the most expensive

Ticker	Rating	TP	Upside (%)	P/E 2025F	P/E 2026F	1y rolling fwd. P/E	SD from 3y mean	Div.yield 2025F	Div.yield 2026F
MWG	Buy	99,500	24.5	17.9	15.1	15.3	(0.4)	1.3	1.3
MSN	Buy	109,600	41.6	31.4	22.7	23.3	(0.6)	-	-
PNJ	Buy	115,000	26.4	13.6	11.9	12.1	(0.9)	2.2	2.2
SAB	Buy	60,000	29.3	13.1	12.3	12.4	(1.1)	10.8	10.8
DGW	Buy	51,700	18.3	17.4	14.8	15.1	(0.9)	1.1	2.3
VNM	Add	70,600	10.3	16.4	15.1	15.2	-	6.8	6.8
FRT	Add	170,000	15.6	34.6	24.2	26.4	(0.2)	0.7	1.0
TLG	Add	58,200	4.9	12.3	11.1	11.2	0.7	4.5	4.5
MCH	Reduce	167,600	(22.4)	33.6	29.0	25.7	2.3	2.8	3.2
QNS	Reduce	41,500	(5.5)	7.4	7.3	7.3	0.5	9.1	9.1
Average				**19.8**	**16.3**	**16.4**	**(0.1)**	**3.9**	**4.1**
Average, excluding MCH				**18.2**	**14.9**	**15.4**	**(0.3)**	**4.1**	**4.2**

Source: HSC Research estimates

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Top picks

MWG: Momentum builds; Buy with TP VND99,500, upside 24.5%

We maintain our solid view on MWG. At TGDD/DMX, we expect double-digit earnings growth, supported by a strategic shift away from price competition toward strengthening customer trust and experience, offering the best product portfolios, including priority access to the best-selling and most exclusive products, and providing full lifecycle services. Meanwhile, BHX appears to have reached a scalable and sustainable operating model, and we expect the chain to continue expanding rapidly with further profitability gains in the coming years.

MWG's share price is up 3% over the past 3M and the stock is trading at a 1Y rolling forward P/E of 15.3x, 0.4 standard deviations below its historical mean of 17.2x (since Nov-22). Its FY25 P/E of 15.1x also represents a 15% discount to peers, which trade at an average of 17.8x.

We recently raised our target price by 5% to VND99,500, reflecting a 7% upward revision in our valuation of TGDD/DMX following earnings upgrades.

PNJ: Well positioned amid policy reforms; Buy with TP of VND115,000, upside 26.4%

The gold market is entering a new phase after the Government ended the long-standing SJC monopoly through Decree 232/2025 (Aug-2025). Under the new regulation, the SBV grants raw gold import licenses with quotas to eligible enterprises and credit institutions, allowing gold bar production and jewelry manufacturing.

Despite expectations that gold prices will remain elevated through FY26, we maintain a positive view on PNJ, supported by stronger demand and new growth avenues from the new Decree, which potentially includes opportunities for PNJ to produce gold bars for selected banks who are authorized for gold bar production.

We forecast net profit growth of 12% in FY25, 15% in FY26, and 12% in FY27, translating to VND2,375bn, VND2,731bn, and VND3,061bn, respectively.

From a valuation perspective, PNJ appears attractive, trading at a 1-year forward P/E of 12.1x, about 13% below (0.9 SDs) its historical average P/E of 13.8x since Jan-2021.

MSN: Valuation becomes more compelling amid a stronger outlook; Buy with TP of VND109,600, upside 41.6%

As the prospects for core consumer and retail businesses remain solid, with MCH's earnings set to recover post-restructuring, WCM entering a profitable phase, and MML benefiting from WCM's minimart expansion, we expect MSN to maintain high double-digit growth over the next two years. The share price has yet to price in this trajectory, so we see meaningful upside for MSN.

Down 7% in the past 3M, MSN is now trading on a 1Y rolling fwd. P/E of 23.3x, 0.6 SD below its historical mean of 70.4x (since Nov-22), and materially cheaper than 3M ago (27 Aug-25) when it traded at 32.6x.

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Textiles & Garments: Pressures through FY26

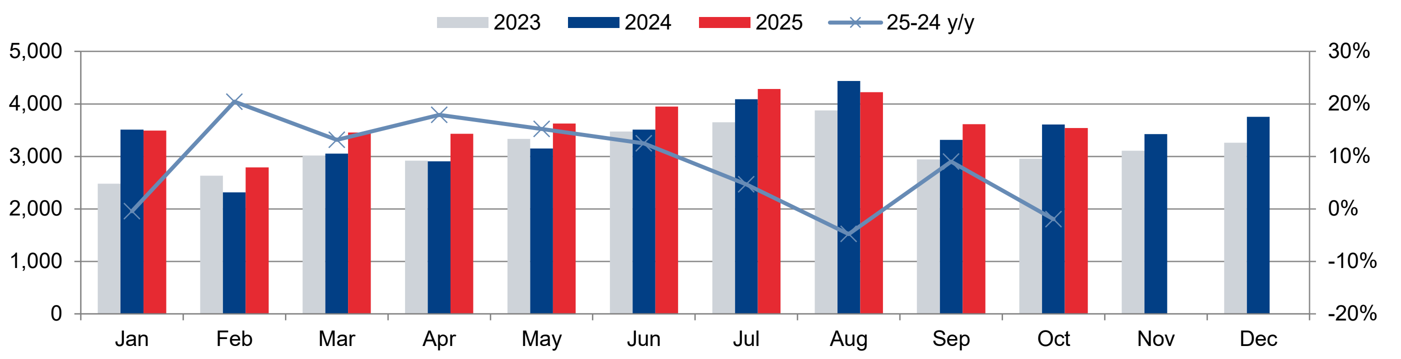
Vietnam's T&G export turnover rose 7.4% y/y in 10M25, largely underpinned by US front-loading activities. Looking forward, we forecast 2026 growth to moderate to 2.8% y/y from a high base. Our primary concerns center on intensifying competition and sluggish global consumer demand. That said, while Vietnam's structural advantages provide a partial buffer against downside risks, the overall outlook remains muted. We maintain a cautious view of the sector, reiterating our Hold rating on TCM with a target price of VND29,200.

Momentum softens as tariffs bite

In 10M25, Vietnam's textile and garment (T&G) export turnover increased 7.4% y/y, largely underpinned by aggressive front-loading activities from US importers ahead of the 7 August reciprocal tariff deadline. As expected, export momentum has started to decelerate following the tariff implementation. The high inventory levels built up during the grace period have weighed on new orders as US buyers prioritize destocking.

Figure 144: T&G monthly export value (USDbn), Vietnam

Export value (including yarn) increased 7.4% y/y in 10M24



Source: VN Customs

FY26 outlook: Low single digit growth expected

We maintain a cautious outlook for the sector through 2026, projecting Vietnam's T&G export turnover to grow modestly by 2.8% y/y from a high base this year. Our view is shaped by two primary concerns:

- **Intensifying competition:** US tariff hikes have triggered fierce competition globally, exerting downward pressure on average selling prices (ASP) and compressing exporters' profit margins.
- **Softening global demand:** Geopolitical uncertainty continues to dampen consumer sentiment, especially on discretionary goods such as textiles and garment. According to a recent Nielsen survey regarding the 2026 outlook, clothing ranks among the top three categories where global consumers intend to cut spending, signaling sluggish demand.

That said, Vietnam's strong production capacity, competitive cost structure, and strategic advantage as a "friendshoring" destination should provide partial support for industry growth, cushioning the industry against steep downside risks.

We do not recommend T&G stocks for now

Given ongoing uncertainties surrounding the industry outlook, we do not recommend T&G stocks at this time. For TCM, we reiterate our Hold rating with a TP of VND29,200 (1% upside). While FY25 net profit is projected to edge up 2.9% y/y to VND272bn on cost control and financial income, we expect earnings to contract 11.2% y/y in FY26 as ASP pressure compresses margins, before recovering 4.6% y/y in FY27. TCM is now trading at a 1-year rolling forward P/E of 15.7x, 30% below its historical average since Jan-2021. However, its FY26 P/E of 16.1x remains unattractive relative to the peer average of 12.6x.

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Agriculture-related names: Solid market outlook for FY26

Looking into FY26, our agriculture coverage - fishery, livestock, and fertilizers - is well positioned for earnings growth and margin tailwinds. Fishery exporters should continue gaining U.S. market share as Chinese tilapia faces elevated tariffs and buyers diversify; ANV remains our top pick given its dual earnings engines (pangasius and tilapia) and diversified markets, while VHC also stands to benefit, whereas FMC faces ongoing tariff pressure and is downgraded to Add. In livestock, the accelerated exit of smallholders after floods and African swine fever continues to favor BAF, supporting further market share gains and double-digit profit growth. Fertilizer producers DCM and DPM should see sustained margin expansion from lower gas prices, input VAT refunds, and stable selling prices. Overall, FY26 should deliver a continued recovery and robust performance across the agriculture universe.

The agriculture universe under our coverage includes the fishery (VHC, ANV, FMC), livestock (BAF), and agricultural chemicals (DCM, DPM) sub-sectors.

2025 remains challenging for the fishery sector due to uncertainty around US reciprocal tariffs, Vietnam's largest export market. While the temporary tariff structure is unfavorable for shrimp producers like FMC, pangasius exporters such as VHC and ANV may benefit as Chinese competitors face significantly higher duties. Despite the mixed landscape, sector earnings are still projected to grow around 69.6% y/y in 2025.

Meanwhile, the livestock sector is pressured by African swine fever and severe Sep - Nov floods, which disrupted production, raised disease-prevention costs, and created local supply - demand imbalances. Even so, BAF could deliver up to 75% y/y profit growth from a low base, supported by herd and farm expansion and limited direct flood impact. Even so, BAF could deliver up to 75% y/y profit growth from a low base, thanks to continuous herd and farm expansion, relatively effective disease control and minimal direct impact from flooding.

On the other hand, fertilizer producers such as DPM and DCM are enjoying a "double tailwind" of lower fuel costs, stable selling prices, and new VAT refund eligibility, with gross profit expected to rise about 61% y/y.

Fishery exporters: Growth drivers intact for FY26

Tariff challenges persist, yet sector outlook stays positive

US tariffs on Chinese seafood will decrease from 34% to around 20%, keeping the tariff gap between Chinese and Vietnamese whitefish at about 25%, similar to 2024 rather than widening to 35% as initially proposed. While this narrows the previously expected advantage, it is unlikely to halt US buyers' ongoing diversification away from Chinese tilapia due to longer-term trade risks. As a result, Vietnamese exporters such as ANV should continue to benefit, and reduced Chinese tilapia supply may also shift some demand toward Vietnam's pangasius segment.

Pangasius prices set to improve

Pangasius remains the cheapest whitefish in the US market, even after 'reciprocal' tariffs. Import prices for Vietnamese pangasius in the US - Vietnam's largest market - are still near a two-year low. Import demand is expected to recover in 2026 from the 2025 trough, as trade and tariff uncertainties under the Trump administration become clearer. Meanwhile, raw material supply in Vietnam is tightening due to low inventories and a decline in fingerling availability. These factors should support further improvement in pangasius export prices in 2026.

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Figure 145: FY25-27 net profit forecasts, HSC fishery universe

ANV's net profit continues to grow double digits from high base in FY26.

VNDbn	FY25F	Growth y/y	FY26F	Growth y/y	FY27F	Growth y/y
VHC						
Revenue	12,486	0.0%	13,793	10.5%	15,249	11.0%
Net profit	1,470	19.0%	1,528	4.0%	1,736	14.0%
ANV						
Revenue	6,402	30%	7,694	20.2%	8,446	10.0%
Net profit	940	1843%	1,059	12.7%	1,192	13.0%
FMC						
Revenue	8,540	24%	7,783	-8.9%	8,726	12.0%
Net profit	282	-8%	293	3.9%	329	12.0%
Aggregate						
Revenue	27,428	12.8%	29,270	6.7%	32,420	10.8%
Net profit	2,693	69.6%	2,881	7.0%	3,258	13.1%

Source: HSC Research

ANV (Buy, VND36,100) is our top pick

We maintain our Buy ratings on pangasius exporters ANV and VHC (Buy, VND71,000); however, ANV stands out as our preferred pick at this juncture. The company has proactively captured a strategic window of opportunity, establishing itself as Vietnam's leading tilapia exporter to the US amid materially higher tariffs on Chinese tilapia and a clear shift among US importers toward non - Chinese suppliers. Backed by two distinct earnings engines: pangasius and tilapia, alongside a well-diversified market structure and strong operational agility, ANV is positioned for continued outsized growth in the coming year.

Conversely, we downgrade FMC to Add at VND40,800 (TP) as the current U.S. tariff landscape places Vietnamese shrimp producers at a relative disadvantage versus major competitors in Ecuador and India.

Livestock: Buy BAF on solid earnings outlook

Historic floods from Sep. to Nov. across the Northern region, North Central Coast, Central Highlands, and South-Central Coast severely disrupted Vietnam's livestock sector, particularly household farming. Widespread inundation damaged or destroyed many swine farms and related infrastructure, and early local reports point to significant production losses, including a notable reduction in sow herds that will tighten near-term supply.

Household farmers, who account for about 50% of national pork output, were already under pressure to upgrade facilities to meet the Livestock Law effective January 2025. The floods have intensified these challenges, and many smallholders may be unable to restore operations or meet regulatory requirements, accelerating their exit from the sector.

These conditions are favorable for BAF, which experienced minimal flood or disease impact and maintained its herd as planned. The accelerated decline of small-scale production should further consolidate the industry, enabling commercial players like BAF to capture additional market share.

Figure 146: FY25-27 earnings forecasts, BAF

3-yr net profit CAGR is now expected at 50.5%

VNDbn	2025	Growth y/y	2026	Growth y/y	2027	Growth y/y
Net sales	5,079	-8.50%	7,289	43.50%	9,839	35.00%
Net profit	565	75.10%	804	42.30%	1,100	36.90%

Source: HSC Research

Agriculture chemicals: Market conditions remain solid

Energy prices trending lower

The US Energy and Information Administration expects global oil inventories to keep rising through 2026, putting downward pressure on prices, with Brent crude forecast

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at around USD63/bbl in late 2025 and averaging USD55/bbl in 2026. As DCM and DPM's gas costs are indexed to Brent and fuel oil, input prices should remain favorable in 4Q25 and beyond. We accordingly cut FY25–27 gas cost assumptions by 8.7% for DCM and 6.8% for DPM, reflecting 9M25 actuals and the updated energy outlook.

Full-year VAT rebate impact

From 1 July 2025, fertilizers became subject to 5% VAT, enabling producers to reclaim input VAT. DCM expects approx. VND100bn in VAT refunds in 2H25, while DPM anticipates approx. VND210bn in 3Q25. In 2026, with the full-year effect, refunds are projected at approx. VND200bn for DCM and approx. VND420bn for DPM providing meaningful support to margins.

Urea prices softening but remain healthy

Consensus expects urea prices to ease 5% y/y to around USD420/ton in 2026, which remains 22% above the 10-year average. The moderation reflects normalized Russian exports and stable global demand, though geopolitical risks, gas-related supply issues, project delays, and China's export quota should cap further downside. We therefore forecast FY26 selling prices to fall 6% y/y for DPM and 9% y/y for DCM.

Figure 147: FY25-27 earnings forecasts, HSC fertilizer universe

We expect 3yr net profit CAGR of 14.3% and 33.8% for DCM and DPM, respectively.

VNDbn	2025F	Growth y/y	2026F	Growth y/y	2027F	Growth y/y
DCM						
Revenue	16,788	24.80%	15,580	-7.20%	15,922	2.20%
Net profit	2,006	41.30%	2,033	1.40%	2,119	4.20%
DPM						
Revenue	16,366	21.30%	15,557	-4.90%	15,661	0.70%
Net profit	1,142	112.40%	1,270	11.10%	1,290	1.60%

Source: HSC Research

DCM (Buy, VND47,800) is our top pick

DCM has a strong operating cash flow (>VND1,800bn/year) and a solid net cash balance (>VND8,000bn; >VND15,000/share). This supports higher financial income amid rising interest rates. Although a stronger USD may raise production costs given DCM's USD-denominated gas purchases, the impact is mitigated by input VAT refunds and an expected decline in gas prices over the forecast period.

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Healthcare: Bright outlook on government policy

The healthcare sector is benefiting from strong policy support. Resolution 72-NQ/TW outlines major targets through 2030, including higher life expectancy, free annual health check-ups, broader insurance coverage, and stronger grassroots healthcare, while Decision 1165 and recent legal reforms further support the pharmaceutical industry's trajectory toward a USD20bn market with higher domestic production and more EU-GMP-certified manufacturers. We rate IMP and DHG as Add given their positive earnings outlook, whereas TNH is rated Reduce as its earnings remain under pressure from high costs associated with new hospitals.

Strong policy support from the Government

On 9 September, the Politburo issued Resolution 72-NQ/TW, outlining breakthrough reforms to strengthen the healthcare system. By 2030, key targets include raising life expectancy to 75.5 years with at least 68 healthy years, increasing average child height by 1.5 cm, achieving over 95% vaccination coverage, providing free annual health check-ups with lifelong electronic medical records from 2026, and waiving basic hospital fees under health insurance by 2030.

The Resolution also aims to reinforce grassroots healthcare, ensuring each commune health station has 4-5 doctors by 2027 and lifting the share of health insurance-covered visits at these stations to over 20%. Health insurance coverage is targeted to exceed 95% by 2026 (vs 93% in 2023) and reach universal coverage by 2030 through more flexible insurance models.

Furthermore, the ultimate vision for 2045 is to raise average life expectancy to above 80 years, aligning Vietnam's health indicators with developed-country standards.

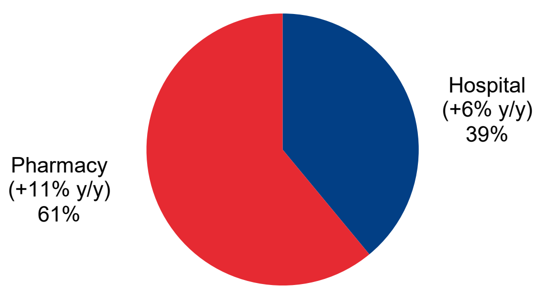
In parallel, Decision 1165 and recent amendments to the Pharmaceutical and Health Insurance Laws lay the groundwork for a USD20bn pharmaceutical industry by 2030, with domestic production accounting for 80% and a growing number of EU-GMP-standard manufacturers, supporting Vietnam's ambition to become a regional high-value pharma hub.

Pharmaceutical segment: Overall positive results YTD

Pharma segment has performed well YTD. In 1H2025, the total pharmaceutical market value reached VND231tn, recording 9% y/y growth. The retail channel continued to be the main growth driver, contributing 61% of market value and expanding 11% y/y, while the hospital channel accounted for 39% with a more modest 6% y/y increase. Listed pharma companies posted broadly positive 9M25 results, with aggregate net sales up 10% y/y and net profit up 13% y/y.

Figure 148: Pharma market value breakdown by distribution channels in 1H25, Vietnam

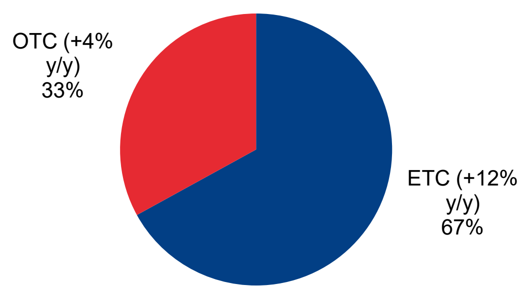
Sales of pharmacy channel increased 11% y/y and contributed 61% in 1H25



Source: IQVIA Research

Figure 149: Pharma market value breakdown by product types in 1H25, Vietnam

Sales of ETC products increased 12% y/y and contributed 67% in 1H25



Source: IQVIA Research

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Stock views: Add IMP and DHG; Reduce TNH

IMP: We rate IMP as Add with TP of VND53,500. We forecast mid-teen profit growth over the next 3 years. Net profit is expected to increase 16% in FY25 to VND371bn, 14% in FY26 to VND423bn and 14% in FY27 to VND482bn. IMP now trades on a 1-year rolling forward P/E of 19x, 0.2 SDs (or 4%) above its average of 18.2x (since 2021).

DHG: We rate DHG as Add with TP VND118,500. We forecast strong net profit will of 30% in FY25 to VND1,009bn, 11% in FY26 to VND1,121bn, and 8% in FY27 to VND1,211bn. DHG is trading on FY26 P/E of 12.4x, below peers' average P/E of 17.8x.

TNH: We rate the stock Reduce with a TP of VND11,000. Earnings prospect remains under pressure following high cost related to new hospitals. We forecast a huge loss of VND87bn in FY25. Pofit then will come to VND2bn in FY26 and VND47bn in FY27.

Figure 150: Comps, HSC healthcare coverage

Add DHG and IMP, Reduce TNH

		Price	Rating		TP (VND)		Up/(down)	P/E (x)		EV/EBITDA (x)		Div. yield (%)	
	Ticker	(VND)	New	Old	New	Chg (%)	side (%)	2024F	2025F	2024F	2025F	2024F	2025F
DHG Pharmaceutical JSC	DHG	102,600	Add	-	118,500	-	15.5	17.8	13.8	12.8	10.7	7.31	9.75
Imexpharm Corp.	IMP	47,600	Add	-	53,500	-	12.4	24.6	21.3	13.9	12.0	1.05	1.05
TNH Hospital Group JSC	TNH	11,800	Reduce	-	11,000	-	(6.78)	34.2	N/a	17.9	92.6	-	-

Source HSC Research estimates:

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Real Estate: Broad-based sector strength seen

Ho Thi Kieu Trang, CFA
Director, Head of Real Estate
trang.htk@hsc.com.vn
+84 28 3823 3299 Ext. 129

Pham Ngoc Trung, CFA
Manager, Real Estate
trung.pn@hsc.com.vn
+84 28 3823 3299 Ext. 172

Bui Thi Thuy Trang
Senior Analyst, Real Estate
trang.btt@hsc.com.vn
+84 28 3823 3299 Ext. 172

Doan Bao Anh Tuan
Analyst, Real Estate
tuan.dba@hsc.com.vn
+84 28 3823 3299 Ext. 172

- We expect a stronger property market in FY26 as supportive government policies begin to unlock supply and broadly stable interest rates keep homebuyer investment demand resilient.
- A livelier market should translate into a solid year for construction and brokerage firms, and we continue to view concerns over tariff impacts on the industrial-park sector as overstated, with developers' strong fundamentals remaining intact.
- We favor KDH and NLG for long-term residential picks and suggest NVL for a short-term play on a turnaround story. We like IDC, SIP, and KBC as our top IP picks and CTD given its leadership in the construction sector.

Residential property developers: Solid FY26 seen

The government's pro-growth shift, which is seen in accelerated legal clean-ups, streamlined procedures, and new pilot mechanisms, makes 2025 a foundation year, with more tangible impacts expected from 2026 as approvals and launches pick up. This is consistent with our discussion with developers as they have already seen smoother project approvals. Thus, we forecast a 32% CAGR in presales for our six covered names in FY24-27. Demand should stay supported by broadly stable 2026 mortgage rates despite stretched affordability and a high-end-heavy supply mix that raises longer-term risks. We favor NLG and KDH for their solid fundamentals and resilient mid-end end-user demand, and view NVL as a short-term turnaround idea on improving legal progress.

Realtors and construction: Should benefit from a livelier property market

We see a constructive outlook for realtors and construction companies as direct beneficiaries of a strengthening property market, with solid earnings growth expected over the next 12 months. We prefer DXS over CRE given its stronger foothold in the Southern market, where liquidity is set to improve most, and we continue to favor CTD on its record-high backlog and upward-trending GPM.

IP developers: Concerns over tariff impact look overstated

We believe tariff-related concerns for IP developers are overstated, with Vietnam's legal reforms, rising infrastructure investment, and improving trade outlook reinforcing its mid- to-long-term FDI appeal; this aligns with strong 3Q25 results and renewed FDI interest, and we favor IDC, SIP, and KBC for their solid fundamentals and strong track record of serving FDI Client.

		Price	Rating		TP (VND)		Up/(down)	P/E (x)		P/B (x)		Div. yield (%)	
	Ticker	(VND)	New	Old	New	Chg (%)	side (%)	2025F	2026F	2025F	2026F	2025F	2026F
Becamex IDC	BCM	66,600	Add	-	72,600	-	9.01	26.5	30.0	2.98	2.68	-	-
Century Land JSC	CRE	9,700	Hold	-	9,600	-	(1.03)	30.9	28.9	0.78	0.76	-	-
Coteccons Construction JSC	CTD	84,500	Buy	-	110,000	-	30.2	12.6	13.6	0.90	0.86	1.21	1.81
Dat Xanh Group JSC	DXG	18,800	Buy	-	25,100	-	33.5	61.5	72.0	1.53	1.50	-	-
Dat Xanh Services	DXS	10,000	Buy	-	14,000	-	40.0	13.2	12.8	0.89	0.84	0	0
IDICO Corporation - JSC	IDC	40,300	Buy	-	56,900	-	41.2	8.54	7.64	2.44	2.14	7.44	7.44
Kinh Bac City Development	KBC	35,300	Buy	-	44,500	-	26.1	17.4	9.03	1.35	1.17	-	-
Khang Dien House	KDH	35,000	Buy	-	44,100	-	26.0	39.4	27.2	2.13	1.98	0	0
Nam Long Investment Corp	NLG	35,950	Buy	-	46,200	-	28.5	25.1	24.3	1.38	1.33	1.39	1.39
Novaland Group	NVL	14,800	Add	-	17,000	-	14.9	N/a	33.2	0.79	0.78	-	-
Phat Dat Real Estate	PDR	22,500	Hold	-	22,000	-	(2.22)	11.1	51.9	1.61	1.56	0	0
Phuoc Hoa Rubber JSC	PHR	55,600	Add	-	66,000	-	18.7	12.6	8.43	1.92	1.71	5.40	5.40
Sai Gon VRG Invest. Corp.	SIP	56,600	Buy	-	86,000	-	51.9	9.40	11.4	2.26	1.97	2.77	3.18
Viglacera	VGC	44,000	Add	-	52,800	-	20.0	16.2	14.9	2.29	2.18	4.55	4.55
Vinhomes	VHM	102,900	Add	-	106,600	-	3.60	14.3	10.6	1.78	1.52	0	0
Vingroup	VIC	260,400	Sell	-	125,000	-	(52.0)	1,613	422	7.10	6.98	-	-
Vincom Retail	VRE	34,250	Buy	-	39,600	-	15.6	10.9	16.8	1.59	1.45	-	-

Share prices as of 28 November 2025
Source: Companies, FactSet, HSC Research

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Residential RE: From tightening to proactive support

The government's shift toward a more supportive, growth-focused stance positions 2025 as a foundation-building year, with more tangible impacts from 2026 as approvals and project launches accelerate, in line with developer feedback on smoother approvals. Demand is expected to remain solid, supported by broadly stable interest rates in 2026; however, the high-end supply skew remains a key long-term concern. Against this backdrop, we favor NLG and KDH for their solid fundamentals and exposure to resilient mid-end, buy-to-live demand, and view NVL as a short-term trading play and potential turnaround on improving legal progress.

Policy shift: From tightening to proactive support

Since the new leadership took office, our observation is that the government has noticeably shifted its stance on the real estate sector, moving away from the previous period of regulatory tightening toward a more supportive, growth-oriented approach.

This is quite evident as since late 2024 and throughout 2025, the government has issued a series of major resolutions and decrees aimed at untying long-standing legal knots, streamlining investment procedures, resolving inspection-related backlogs, and opening new pilot mechanisms for land access and social housing. These include frameworks that allow developers to acquire land-use rights through agreements rather than compulsory auctions, mechanisms to resolve legal conflicts among overlapping laws, and directives pushing provinces to accelerate approvals (figure 152).

The changing view from the government opens a new era for the real estate market. As 2025 is the year to set the foundation in terms of the legal framework, we expect more tangible impacts to be seen in 2026, leading to an increasing number of projects being approved. We also expect a significant increase in products launched by market participants following the acceleration of approvals.

This is also consistent with feedback from developers. In our recent discussions with senior representatives from NLG and KDH, the shared view is that government officials are no longer as reluctant in granting project approvals. Developers that follow the required procedures are now seeing a smoother approval process and timely issuance of key documents. We view this as a positive shift for the sector and expect it to support a faster pace of project launches from FY26. Developers are all ramping up in their launches with multiple projects being kicked-off simultaneously.

On the back of a more relaxing legal environment, we are forecasting that aggregate presales of six developers in our coverage to grow by a CAGR of 31.7% over the period of FY24-27.

Figure 151: Valuation and recommendation, residential property developers

		Price	Rating		TP (VND)		Up/(down)	P/E (x)		P/B (x)		Div. yield (%)	
	Ticker	(VND)	New	Old	New	Chg (%)	side (%)	2025F	2026F	2025F	2026F	2025F	2026F
Dat Xanh Group JSC	DXG	18,800	Buy	-	25,100	-	33.5	61.5	72.0	1.53	1.50	-	-
Khang Dien House	KDH	35,000	Buy	-	44,100	-	26.0	39.4	27.2	2.13	1.98	0	0
Nam Long Investment Corp	NLG	35,950	Buy	-	46,200	-	28.5	25.1	24.3	1.38	1.33	1.39	1.39
Novaland Group	NVL	14,800	Add	-	17,000	-	14.9	N/a	33.2	0.79	0.78	-	-
Phat Dat Real Estate	PDR	22,500	Hold	-	22,000	-	(2.22)	11.1	51.9	1.61	1.56	0	0
Vinhomes	VHM	102,900	Add	-	106,600	-	3.60	14.3	10.6	1.78	1.52	0	0

Note: Based on closing price as of 28 Nov-25
Source: HSC research

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Figure 152: Some notable legal documents effective in 2025 that impact property sector

Several legal documents have been issued to support the property sector's development

No	Document	Date issued	Effective date	Key content
1	Resolution 171/2024/QH15; followed by Decree 75/2025/ND-CP	30-Nov-24	1-Apr-25	Pilot mechanism allowing real estate enterprises to acquire land-use rights (including agricultural and non-residential land) through negotiation (not auction/bidding) to implement commercial housing projects. Applicable for 5 years.
3	Resolution 170/2024/QH15	29-Nov-24	1-Jan-25	Special mechanisms to address legal bottlenecks of real estate and land projects in Ho Chi Minh City, Da Nang, and Khanh Hoa. Focuses on resolving backlogged cases arising from inspections, audits, court judgments.
4	Resolution 201/2025/QH15; followed by Decree 192/2025/ND-CP	29-May-25	1-Jul-25	Pilot mechanisms and special policies to promote social housing development: land allocation, tax incentives, exemption of land-use fees, investor selection mechanisms, preferential credit policies.
5	Resolution 206/2025/QH15	24-Jun-25	1-Aug-25	Special mechanism to resolve legal obstacles arising from conflicting or unclear laws, allowing flexible application of certain legal provisions in specific cases to accelerate project approval.
6	Special Resolution aiming at addressing difficulties and bottlenecks in implementing the Land Law 2024	19-Nov-25	Not yet	Several changes that ease Land Law 2024 implementation, including broader cases for land allocation/lease without auctions, allowing provinces to repossess land once 75% of compensation is secured, shifting land-price table updates to a five-year cycle with adjustment coefficients, simplifying land-use planning to two administrative levels, and giving developers the option of annual or one-time land-use fee payments.

Source: HSC research

Softening real demand amid high prices, though sentiment should remain strong

In 2025, the highlight in Vietnam's property market was the sharp rise in apartment prices in HCMC and Hanoi, segments historically anchored by real end-user demand and known for steady capital gains of 5-7% p.a. and rental yields of 3-5% p.a.

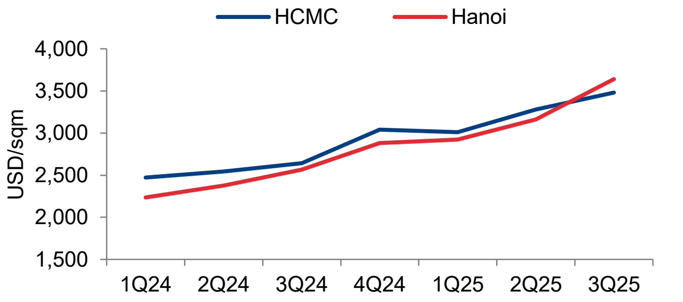
According to CBRE, by end-3Q25 Hanoi's primary average selling price surged 16% q/q and 41% y/y to USD3,640, surpassing HCMC at USD3,480 (up 6% q/q and 31% y/y). A similar pattern emerged in the secondary market, where prices rose 8% q/q in Hanoi to USD2,320 psqm (up 26.7% y/y) and 13% q/q in HCMC to USD2,400 psqm (up 25.2% y/y).

We attribute this acceleration to a post-bond crisis shift in buyer behavior toward more "fundamental, cash-generating" residential assets. Apartments in Tier-1 CBDs proved notably more resilient during the downturn supported by real end-user demand, while liquidity for landed properties and peripheral land plots largely evaporated.

This shift, combined with a low-interest-rate environment throughout 9M25, underpinned by expansionary monetary policy and targeted support for first-home buyers, triggered a strong wave of investment demand. Secondary-market liquidity subsequently reinforced confidence in primary launches, enabling early movers to raise selling prices and contributing to a notable increase in market averages. Our analysis indicates that the recent demand surge has been driven predominantly by investment activity seeking capital gains rather than genuine end-user needs, meaning this segment could be increasingly sensitive to interest-rate movements.

Figure 153: Average primary prices, Hanoi and HCMC

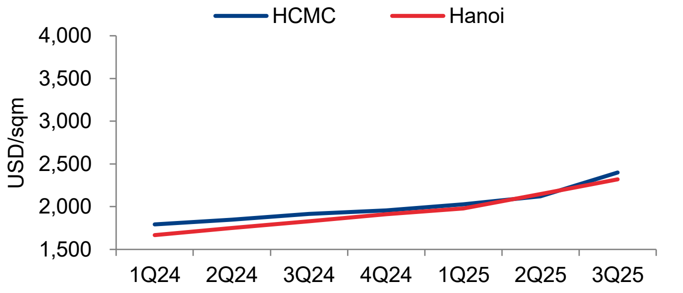
Hanoi condo primary prices surpassed HCMC in 3Q25



Source: CBRE, HSC Research

Figure 154: Average secondary prices, Hanoi and HCMC

HCMC sees a strong uptick in secondary prices.



Source: CBRE, HSC Research

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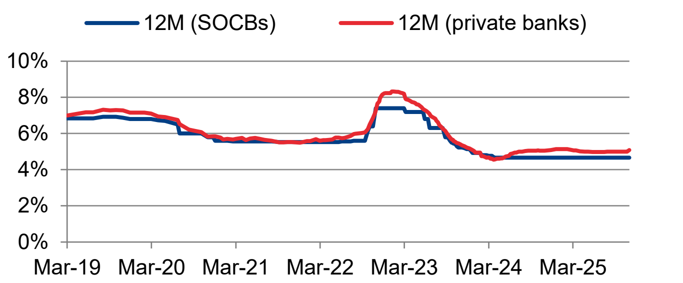
Since Oct 2025, interest rates have begun to edge higher (Figure 155), driving an upward trend in lending rates. According to our banking analysts, most banks have exhausted their credit quotas and are operating under tightening liquidity conditions. Nevertheless, as credit quotas will be reset in Jan 2026, and given that many projects launched in 3Q25-4Q25 are not yet at the bank disbursement stage, we view the risk of credit-driven stress to the property market in 4Q25 as limited.

Moreover, although mortgage rates have risen by 100-150bps across banks, they remain well below COVID-19 levels and that we expect interest rates for the sector will stay broadly stable in 2026, as the government continues to prioritize economic-growth objectives, which should continue to support housing demand.

Looking further into the mid-to-long term, we remain concerned about the growing skew in new launches toward high-end and luxury segments, which primarily attract speculative demand, while signs of weakening real end-user demand are emerging amid elevated price levels. Although we maintain a constructive outlook for 2026, we stay cautious on the market's longer-term health given this widening supply–demand imbalance.

Figure 155: 12M quoted deposit rates, covered banks

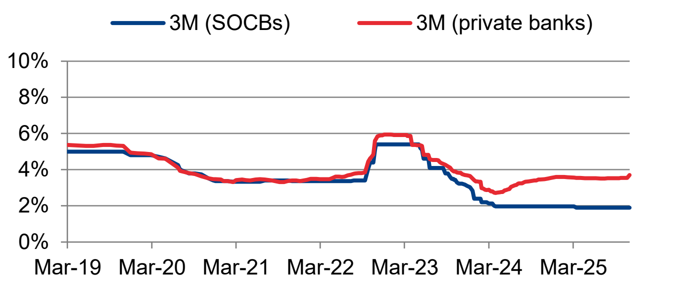
Average 12M quoted deposit interest rate ticked up in Oct…



Source: HSC Research

Figure 156: 3M quoted deposit rates, covered banks

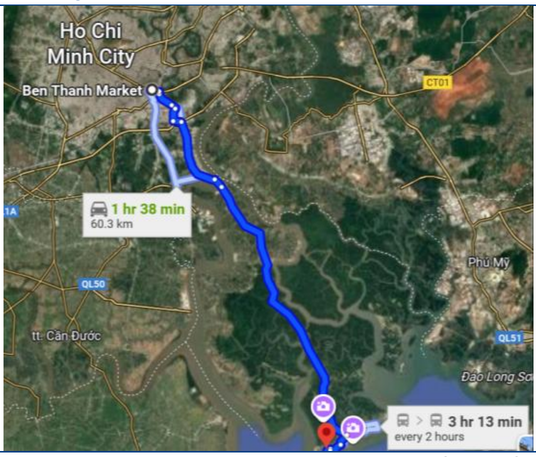
…as well as 3M quoted deposit rates



Source: HSC Research

Figure 157: Ben Thanh-Can Gio current route

It is now taking around close to 2hrs to travel to Can Gio



Source: Google map

Figure 158: Ben Thanh-Can Gio planned high-speed rail

It is expected to cut travelling time to <15 mins with HPR

Source: Vinhomes

The emergence of TOD developments

The concept of transit-oriented developments (TOD) has recently emerged in Vietnam after several large infrastructure projects such as the Metro Line 1 Ben Thanh-Suoi Tien in HCMC has been put into operation or the North-South High-Speed Railway being approved.

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Vinhomes has recently launched its largest projects up till now (2,870 ha) in Can Gio – HCMC with concept of TOD planned to be connected to HCMC CBD by a high-speed railway privately developed by a company in the Group's ecosystem – VinSpeed (this entity is also proposing to invest in the North-South High-Speed Railway). According to the company, when completed, the Can Gio-Ben Thanh High Speed Railway would reduce the travel time from the project to CBD of HCMC from 1h45 minutes (current) to around 12 minutes. The project is also planned to be connected to Vung Tau via Can Gio-Vung Tau Sea-crossing Bridge that is expected to cut travel time between coastal areas to 10 minutes.

The company completed a VND67tn bulk-sales transaction with a local partner in 3Q25 and opened bookings for roughly 2,000 low-rise units in 4Q25. Given its large scale, successful execution would materially intensify competition in the Southern market over the coming quarters.

Presales and earnings: Likely strong for FY26-27

We expect developers in our coverage to ramp up launches in the next periods as they see smoother approvals and better market sentiments. We are forecasting that aggregate presales of six developers in our coverage to grow strongly by 105.7% y/y in FY25 to VND226tn, then slightly down 2.1% y/y in FY26 to VND225tn in FY26 (mainly skewed by Vinhomes's forecasted drop in presales on a very high base of FY25) and grow by 14.0% y/y in FY27 to VND256tn. Overall, We are forecasting that aggregate presales of six developers in our coverage to grow by a CAGR of 31.7% over the period of FY24-27 on the back of this positive change in regulatory environment. Stronger presales are expected to translate into stronger earnings of developers. We are forecasting aggregate earnings to grow by 18.4%/36.0%/14.8% to VND32tn, VND44tn and VND50tn in FY25-27.

Figure 159: Actual and forecast net earnings, HSC RE developers' coverage

VNDbn	FY22	FY23	FY24	FY25F	FY26F	FY27F
VHM	28,831	33,371	31,877	29,646	39,958	41,545
KDH	1,102	716	810	998	1,446	1,850
NLG	556	484	518	695	719	942
DXG	215	176	253	312	266	2,583
NVL	2,162	606	(6,412)	(1,515)	869	2,529
PDR	1,137	684	155	1,990	425	687
Total	**34,003**	**36,037**	**27,201**	**32,126**	**43,683**	**50,136**
Total ex-NVL	**31,841**	**35,431**	**33,613**	**33,641**	**42,814**	**47,607**
Total ex-NVL, VHM	**5,295**	**3,010**	**2,060**	**3,995**	**2,856**	**6,062**
Growth y/y						
VHM	-25.7%	15.7%	-4.5%	-6.8%	34.8%	4.0%
KDH	-8.3%	-35.0%	13.1%	23.2%	44.9%	28.0%
NLG	-48.1%	-12.9%	7.0%	34.2%	3.5%	31.0%
DXG	-81.4%	-18.1%	43.8%	23.2%	-14.5%	869.2%
NVL	-33.0%	-72.0%	-1158.1%	-76.4%	*N/m*	191.0%
PDR	-39.0%	-39.8%	-77.3%	1183.9%	-78.6%	61.6%
Total	**-28.2%**	**6.0%**	**-24.5%**	**18.4%**	**36.0%**	**14.8%**
Total ex-NVL	**-27.8%**	**11.3%**	**-5.1%**	**0.3%**	**27.3%**	**11.2%**
Total ex-NVL, VHM	**95.2%**	**-43.2%**	**-31.6%**	**130.1%**	**-28.5%**	**112.2%**

Source: HSC Research estimates

Valuation and recommendations

Despite attractive outlook driven by improved presales, thus followed by cashflow and earnings, developers in our coverage are trading cheaply. Specifically the sector is trading at 1.8x P/B, 0.8 SD below its 8Y avg. of 3.1x, and significantly below the average of around 3-4x during the last up cycle in 2017-20. Thus, we believe the sector is positioned for a potential re-rating.

Among the names we cover, we favor KDH and NLG as long-term investment ideas given their solid fundamentals and exposure to the mid-end segment, where demand is largely driven by owner-occupiers. This positioning helps insulate them from broader market headwinds stemming from the structural mismatch between supply and demand. We also expect both developers to benefit from the government's ongoing

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efforts to accelerate legal approvals – particularly KDH, which holds a sizeable landbank in HCMC and is advancing its key Tan Tao project into the final stages of site clearance ahead of development.

For the near term, we also see NVL as a trading idea supported by its "turnaround" narrative. Recent progress in the legal status of several major projects – enabled by stronger government support – should facilitate continued bank disbursement and encourage homebuyers to proceed with remaining payments.

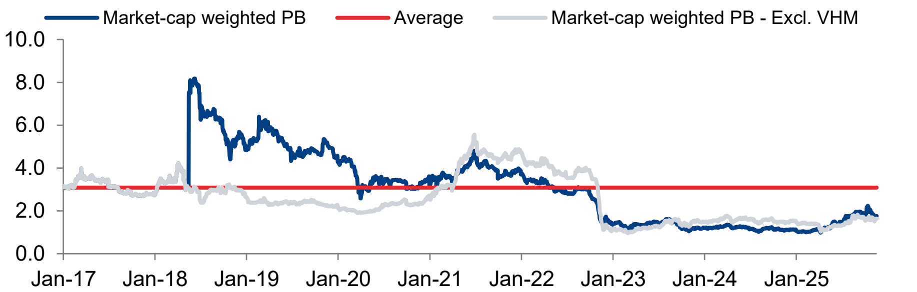
Figure 160: Valuation comps, HSC RE developers' coverage

Ticker	Rating	Share price (VND/share) (28 Nov)	Target price (VND/share)	Upside (%)	RNAVPS (VND/share)	Discount to RNAV (%)	3Y avg. discount (%)
VHM	Add	102,900	106,600	3.6%	133,184	22.7%	50.0%
KDH	Buy	35,000	44,100	26.0%	48,996	28.6%	36.9%
NLG	Buy	35,950	46,200	28.5%	57,700	37.7%	35.0%
DXG	Buy	18,800	25,100	33.5%	35,800	47.5%	53.3%
PDR	Hold	22,500	22,000	-2.2%	24,463	8.0%	29.1%
NVL	Add	14,800	17,000	14.9%	24,260	39.0%	33.0%
Average				**17.4%**		**30.2%**	**39.6%**

Note: Based on closing price as of 28 Nov-25.
Source: HSC Research estimates

Figure 161: Market-cap weighted P/B, Residential RE sector

The sector is trading at 1.8x P/B, 0.8 SD below its 8Y avg. of 3.1x.



Note: (1) Market-cap weighted PB includes six HSC's covered RE developers KDH, NLG, PDR, VHM, DXG and NVL; the average P/B ratio is weighted by market cap.; (2) data based on closing price as of 28 Nov-25.
Source: Bloomberg, HSC Research

KDH (Buy, TP VND44,100): KDH successfully launched the Gladia project in HCMC, which should underpin its earnings prospects for FY25-27. Four projects are being developed simultaneously, The Gladia, Binh Trung Expansion, 11A (Solina), and Le Minh Xuan Expansion, all located in HCMC, which should help accelerate revenue growth, optimize cash flow, and capture market opportunities in the coming years. The long-awaited Tan Tao project is making progress and stands to benefit from the proposed Resolution aimed at easing obstacles and bottlenecks under the Land Law 2024. If approved, the acceleration of land compensation and legal procedures would serve as a strong catalyst for the stock.

NLG (Buy, TP VND46,200): NLG's saw a strong presales recovery across its portfolio, with 9M25 presales up 32% y/y and multiple project launches outperforming expectations, most notably The Pearl at Southgate and the early success of Izumi. Infrastructure tailwinds in Dong Nai and HCMC continue to enhance project connectivity and absorption potential, while bookings at Mizuki Phase 3 signal resilient demand despite permitting delays.

The outlook for FY25-27 remains robust, with an expected 43% CAGR underpinning a solid earnings trajectory. We see value in NLG's solid land bank, which has completed most of its land use fee payments, unlike other developers, which should increase the land cost for their projects. In FY25, the strong presales result, especially at the Southgate and Mizuki projects, as well as the relaunching of Izumi and Paragon, will be catalysts for the share price. We maintain Buy for NLG.

NVL (Add, TP VND17,000): NVL's near-term outlook is increasingly defined by tangible progress in resolving long-standing legal bottlenecks at key projects, most

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notably Aqua City, where sales permits have been granted for 2,400 units and construction has resumed, and Lakeview, which is now moving toward a formal recalculation of land-use fees under Resolution 170. The latter could enable the reversal of VND3tn-4tn of previously provisioned costs, materially improving FY25 results and helping the company avoid special-supervision status.

While our FY25-27 earnings forecasts remain unchanged pending official confirmation, the pathway to profitability from FY26 is supported by a staged recovery in bookings across Aqua City, NovaWorld Ho Tram, and HCMC high-rise projects, with larger contributions from NovaWorld Phan Thiet and Grand Manhattan expected from FY27. Overall, NVL is transitioning from a period of legal overhang to one where regulatory resolution and project reactivation form the core catalysts for balance-sheet repair and an earnings turnaround.

VHM (Add, TP VND106,600): VHM is a key beneficiary of the easing in legal approvals, enabling the company to advance multiple mega projects simultaneously, including Vinhomes Green Paradise (2,870 ha), Vinhomes Green City (197.2 ha), Vinhomes Golden City (240.6 ha), Vinhomes Lang Van (512.2 ha), Vinhomes Wonder City (197.2 ha), while preparing additional landbanks such as Vinhomes Green Ha Long (~8,640 ha) and Vinhomes Lang Van (512.2 ha) for upcoming development phases. Bulk-sales are likely to remain an important instrument for accelerating cash flows and shortening project cycles, though this strategy inherently yields lower aggregate profitability compared with a fully retail-driven model.

Leverage at VHM has continued to edge higher in recent quarters amid an expansion in development activity. Against this backdrop, we maintain a cautious stance regarding the company's balance-sheet exposure and the potential vulnerability of bulk-sale negotiations should macroeconomic conditions deteriorate.

PDR (Hold, TP VND22,000): We expect the stake sales in the Binh Duong Tower project to help PDR accelerate cash inflows; however, the gross development value and thus total valuation will be lower than if PDR were to distribute the units directly. Also, PDR's pipeline will be limited to the Quy Nhon Iconic project and several condotel projects, where sales remain weak given the current sentiment and demand, which are concentrated mainly in major cities. The company recently announced the acquisition of new landbank in HCMC, which could potentially enhance its development pipeline. However, we await further clarity on the detailed execution plan before assessing its broader implications.

DXG (Buy, TP VND25,100): The Privé and the real estate brokerage segment remain the primary drivers of DXG's earnings outlook for FY25-27. We expect The Privé to record solid absorption in FY26, supported by constrained supply in HCMC and a gradual sector recovery. That said, momentum may moderate after the initial launch, particularly as the high-end positioning limits the pool of end-user demand.

We also expect the company to resolve outstanding disputes with former buyers at Gem Sky World and to restart presales in FY26. However, demand recovery for projects located outside HCMC's CBD is likely to be slower. For the rest of DXG's pipeline, we continue to await greater clarity on the status of legal approvals.

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Realtors: Earnings momentum intact

- We expect a robust 8x y/y growth for DXS and 3x y/y growth for CRE in 4Q25. DXS's earnings continue to be supported by Privé and its projects in the Central, while CRE is projected to begin recognizing revenue from the Louis City project.
- We see clearer signs of capital shifting southward following Hanoi's sharp price surge, positioning the southern player, DXS, as the primary beneficiary. We see more subdued earnings prospects for CRE on their weakening core brokerage and shrinking project pipeline.
- We put DXS on our top pick list, given its stronger earnings outlook. The company's diversified product portfolio and extensive nationwide brokerage network - particularly its solid footprint in the South - should support sustained performance.

Continuing market recovery to favor realtors

In 3Q25, Hanoi's condominium supply surged to 10,316 units (up 25.4% y/y), while HCMC's remained much lower at 2,549 units, despite strong y/y growth. Binh Duong has emerged as a key alternative source for affordable and mid-end apartments with 4,150 units launched and 3,710 sold, both up sharply y/y.

Current market conditions are favorable for a rebound in property transactions for realtors, but there are some differences. By 9M25, DXS outperformed, exceeding expectations in both its core brokerage and property sales segments, while CRE fell short. We believe DXS has demonstrated the effectiveness of its nationwide distribution network, capturing the recovery wave in both the North and South, whereas CRE remains focused only on the North. Additionally, DXS's property sales segment is stronger, supported by a pipeline that includes projects in the central region, while CRE's pipeline appears to be shrinking following revenue recognition from the Louis City project.

Capital shifting southward: DXS stands to benefit

We are observing increasingly clear signs of capital flowing southward, which is expected to benefit DXS given its strong presence in the region. While older HCMC districts remain attractive, both residents and investors are shifting toward emerging markets such as Binh Duong and Vung Tau, supported by stable prices, improving infrastructure, and attractive yields. Data from Batdongsan.com shows that interest from Hanoi buyers in new HCMC condominiums rose 28% q/q in 3Q25, with Binh Duong condos seeing a 48% y/y increase.

DXS top pick, upgrade to Buy

We put DXS on our top pick list, given its stronger earnings outlook. The company's diversified product portfolio and extensive nationwide brokerage network - particularly its solid footprint in the South - should support sustained performance in the brokerage segment. In contrast, CRE faces pressure in its brokerage segment from intensifying competition in Hanoi and a limited presence in the southern market. Additionally, a weak secondary market and a nearly completed project pipeline have dampened CRE's earnings prospects.

Figure 162: Valuation and recommendation, realtors

		Price	Rating		TP (VND)		Up/(down)	P/E (x)		P/B (x)		Div. yield (%)	
	Ticker	(VND)	New	Old	New	Chg (%)	side (%)	2025F	2026F	2025F	2026F	2025F	2026F
Century Land JSC	CRE	9,700	Hold	-	9,600	-	(1.03)	30.9	28.9	0.78	0.76	-	-
Dat Xanh Services	DXS	10,000	Buy	-	14,000	-	40.0	13.2	12.8	0.89	0.84	0	0

Source: HSC research

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Construction: Entering new growth cycle

We maintain our positive outlook on construction companies, which stand to benefit from two key trends: the recovery of the property market and accelerated public infrastructure spending. Industry leaders, namely CTD, are strategically positioned to capture disproportionate value from this expanding market opportunity, further amplified by the sector's prior consolidation following the credit crunch, which saw the elimination of financially weaker firms. We project solid bottom-line growth of 36.9% over the next three years, supported by a solid backlog. We reiterate our Buy recommendation for CTD with a target price of VND110,000, implying an upside of 30.2%.

Resurgent residential property sector and accelerating infrastructure investment to boost new contracts

With the property sector's outlook strengthening as discussed above, and infrastructure investment expected to accelerate in FY26, evidenced by 2025 monthly state investment consistently outperforming 2023 and 2024 levels by 32% and 28%, respectively, the construction sector stands to benefit directly and is well positioned to enter its next phase of rapid growth over the coming years.

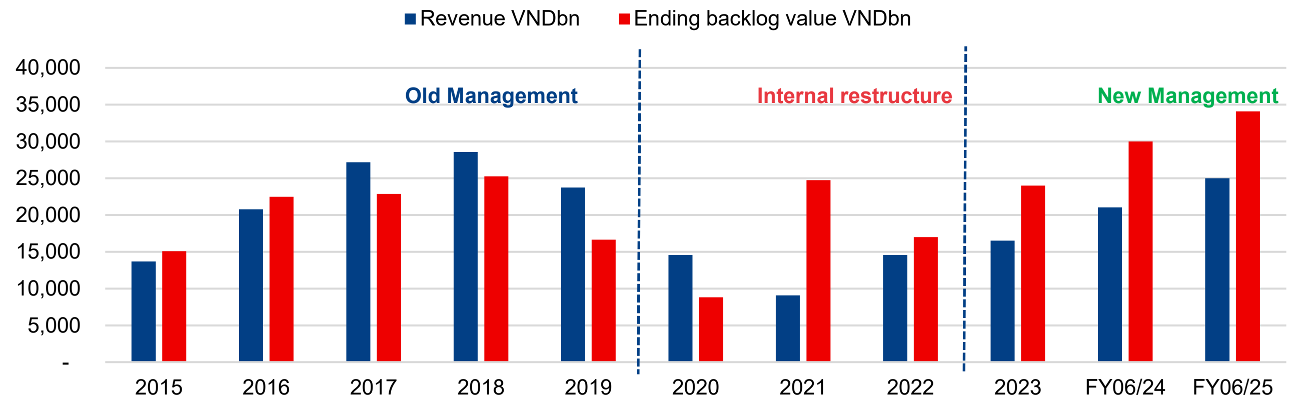
CTD: The essential name for construction exposure

Backlog: As of the end of Sep 25, CTD continues its streak of recording an all-time high historical backlog value, which now stands at an outstanding VND51.0tn (up 70% y/y or 38% q/q); spanning multiple segments: residential (53%), industrial & FDI (37%), and public infrastructure (10%). Notably, CTD's move into public infrastructure is gaining traction. After the Luong Hoa-Binh Chanh Road project, it has secured landmark projects including the new Ha Noi Opera House, Gia Binh International Airport, Phu Quoc International Airport, and the APEC Conference Center. Management expects this segment's contribution to rise further.

Earnings: We are forecasting a strong net profit CAGR of 36.9% from VND556bn to VND856bn over the next three years. We reiterate our Buy rating with TP of VND110,000. The stock is now trading on a 1-yr rolling fwd P/E of 16.3x, 0.54 SD below its average of 21.9x in the last three year.

Figure 163: Revenue and period-end backlog value, CTD, VNDbn

CTD's backlog continues to reach new heights, with exposure to all major segments of the construction sector.



Source: CTD, HSC Research

Figure 164: Valuation and Recommendation, CTD

		Price	Rating		TP (VND)		Up/(down)	P/E (x)		P/B (x)		Div. yield (%)	
	Ticker	(VND)	New	Old	New	Chg (%)	side (%)	2025F	2026F	2025F	2026F	2025F	2026F
Coteccons Construction JSC	CTD	84,500	Buy	-	110,000	-	30.2	12.6	13.6	0.90	0.86	1.21	1.81

Source: HSC research

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Industrial Parks: Overdone risk, set for a rebound

We maintain that market concerns over tariff impacts on IP developers are overstated. Vietnam's resilience, supported by legal reforms, rising infrastructure investment, and an improving trade outlook, continues to reinforce its role as a key mid- to long-term FDI destination. This is consistent with the strong 3Q25 results of developers under our coverage, while they also reported renewed FDI interest after the final tariff announcements. We favor IDC, SIP, and KBC for their strong fundamentals and proven track record in serving FDI clients. These companies are well-positioned to capture opportunities from the ongoing expansion of Southern Vietnam's infrastructure.

Demand: 'Wait-and-see' ends as interests pick up

We observe that demand across HCMC and its surrounding areas remain resilient and broad-based, supported by strong interest from both high-growth sectors (like electronic components and PCB manufacturing) and traditional industries (such as plastics and steel). Per discussions with developers, in tandem with resilence results posted in 3Q25, management also saw renewed interest from FDI clients in 3Q25 following the final tariff announcements, which confirmed that Vietnam is not at a disadvantaged versus key competitors such as India, China, Indonesia, Malaysia, or Thailand.

On 26 October, both countries announced a framework agreement to deepen economic ties, reaffirming the 20% US tariff on Vietnamese goods but allowing tariffs on certain items, such as aircraft parts, pharmaceuticals, and some agricultural products, to fall to 0% if Vietnam meets specific commitments.

On 14 November, a new Executive Order further narrowed reciprocal tariffs, removing several agricultural products (including coffee, tropical fruits, spices, bananas, tomatoes, beef, and select fertilizers) from tariff lists. HSC's Macro team estimates these changes reduce Vietnam's effective tariff rate to 17.9% (from 18.1%), with vegetable-related tariffs dropping sharply to 2.7% (from 20.7%).

This positive policy development, coupled with brighter overall economic prospects and accelerated infrastructure development, has prompted our Macro team to slightly revise its FDI forecast upwards recently.

Figure 165: FDI forecasts for 2025-27

Committed FDI is projected at 10.0%, 5.2%, and 10.2%, while FDI implementation is projected at 6.1%, 5.9%, and 6.3% for the 2025-27 periods, respectively

		2026F		2027F	
USDbn	2025F	Old	New	Old	New
Total committed FDI	42.0	40.8	44.2	44.9	48.7
Growth y/y	10.0%	-3.0%	5.2%	10.0%	10.2%
Total implemented FDI	26.9	27.7	28.5	29.3	30.3
Growth y/y	6.1%	3.0%	5.9%	6.0%	6.3%

Source: HSC Research

Figure 166: Valuation and Recommendation, Industrial Park developers

		Price	Rating		TP (VND)		Up/(down)	P/E (x)		P/B (x)		Div. yield (%)	
	Ticker	(VND)	New	Old	New	Chg (%)	side (%)	2025F	2026F	2025F	2026F	2025F	2026F
Becamex IDC	BCM	66,600	Add	-	72,600	-	9.01	26.5	30.0	2.98	2.68	-	-
IDICO Corporation - JSC	IDC	40,300	Buy	-	56,900	-	41.2	8.54	7.64	2.44	2.14	7.44	7.44
Kinh Bac City Development	KBC	35,300	Buy	-	44,500	-	26.1	17.4	9.03	1.35	1.17	-	-
Phuoc Hoa Rubber JSC	PHR	55,600	Add	-	66,000	-	18.7	12.6	8.43	1.92	1.71	5.40	5.40
Sai Gon VRG Invest. Corp.	SIP	56,600	Buy	-	86,000	-	51.9	9.40	11.4	2.26	1.97	2.77	3.18
Viglacera	VGC	44,000	Add	-	52,800	-	20.0	16.2	14.9	2.29	2.18	4.55	4.55

Source: HSC research

Overall, we reiterate our view that market fears regarding the tariff impacts on industrial park developers recently are overstated. Vietnam's continued resilience supports its mid-to-long-term narrative as a key FDI destination, with sustained government support through legal reforms, expanding infrastructure investment, and improving global trade outlooks serving as key catalysts for the sector.

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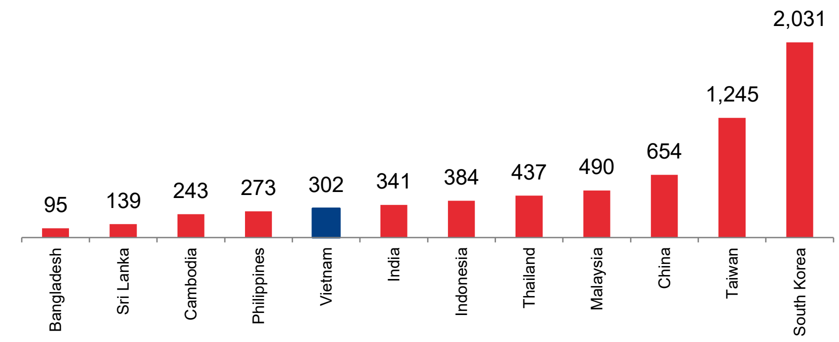
Figure 167: Factory wages (USD/month)

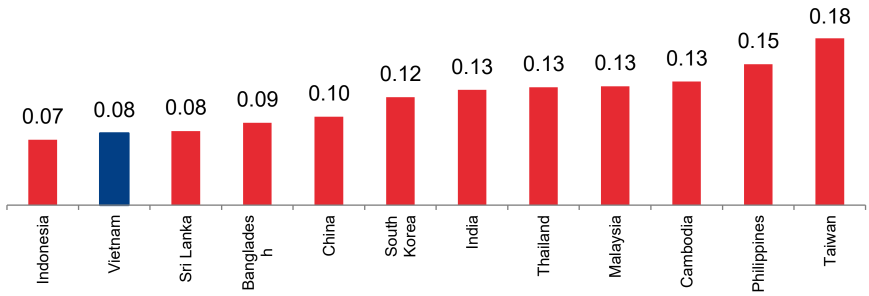
In terms of labor cost, the country remains highly competitive versus peers



Source: HSC Research compiled

Figure 168: Industrial electricity price (USD/kWh)

Vietnam remains competitive even with 10% higher tariff than peers, input cost wise.



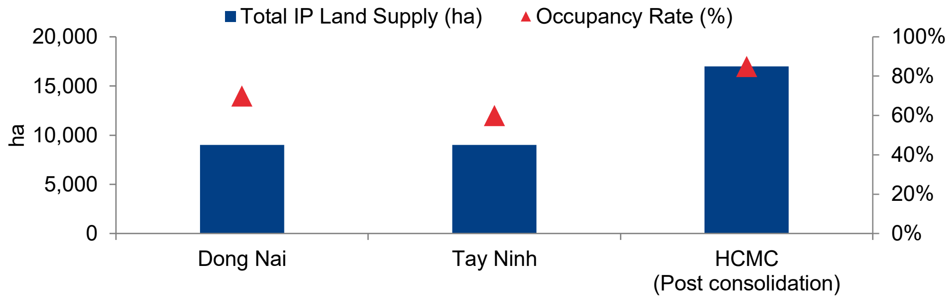
Source: IEA, Global Petrol Prices, HSC Research compiled

Supply: Surges post provincial mergers

Industrial land supply expanded sharply in 3Q25 following the government's administrative boundary consolidation and faster project approvals under the Amended Investment Law. In the Southern Key Economic Region, total supply rose 17% q/q to 34,400 ha, driven by new projects such as Thu Thua IP and the enlarged HCMC area, which now accounts for 47% of the region's land. The Northern region saw a similar surge, adding 700 ha from new IPs in Phu Tho, Hai Phong, and Ninh Binh, bringing total supply to 23,563 ha (up37% q/q).

Figure 169: Existing supply of industrial land in the SKEZ, 3Q25

Occupancy rates remain high in most of areas while Dong Nai led available supply



Source: Cushman & Wakefield

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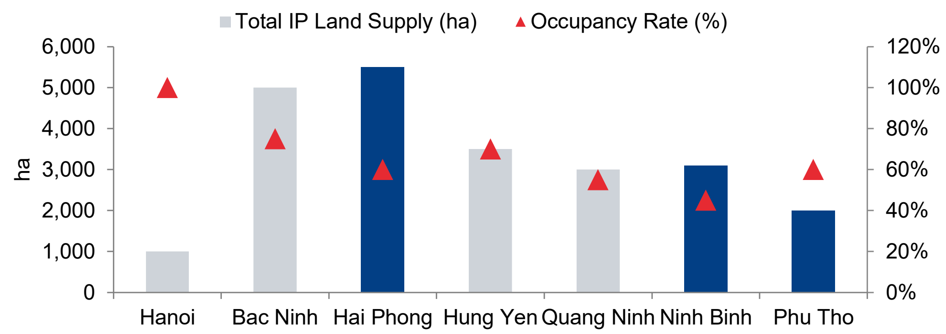
We attribute the substantial increase in industrial park supply across both regions to two synergistic factors: (1) the completion of the provincial merger process, and (2) a significantly expedited project-approval framework under the Amended Investment Law, which allows for greater decentralization in approving new industrial parks.

Looking ahead, we project an ongoing upward trend in supply across both regions, facilitated by (1) provincial authorities showing greater willingness and capacity to approve new projects, and (2) the government's continued commitment to fostering an appealing investment climate for FDI corporations. Crucially, this sustained commitment to FDI is essential for achieving the country's ambitious double-digit growth objectives throughout the 2025-30 cycle.

Figure 170: Existing supply of industrial land in the NKEZ, 3Q25

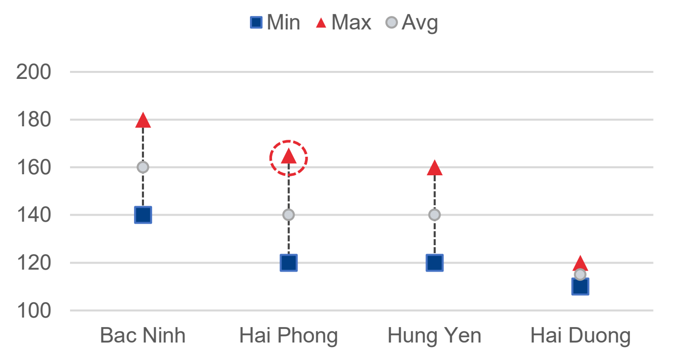
Phu Tho, Hai Phong, and Ninh Binh added 700 ha in new supply during the quarter



Source: Cushman & Wakefield

Figure 171: Industrial land, Asking rents (US$/sqm/remaining terms, Northern region

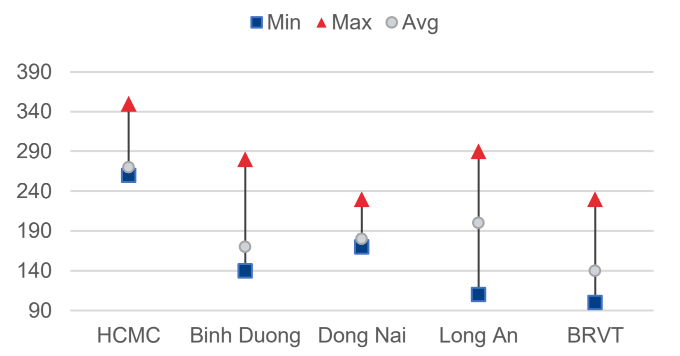
Premium pricing on the recently launched in HP raised the region ASP.



Source: CBRE

Figure 172: Industrial land, Asking rents (US$/sqm/remaining terms, Southern region

Driven by resilience and board demand, new supply entering the Southern region is commanding rents above the market avg.



Source: CBRE

Price: Up marginally, but future growth looks capped

Moving forward, though we expect demand from FDI investors for industrial land area to remain robust supported by infrastructure investment boom, competitive labor and input costs, strategic position, and flexibility in navigating global trade deals, we anticipate limited future growth in industrial park rent prices. This subdued outlook is due to two factors: upcoming ample supply and the fact that rents in some of Vietnam's Tier-1 cities, currently ranging from USD 200–300/m², are becoming less competitive compared to regional peers.

Earnings estimates

Overall, we forecast aggregate earnings for the six IP developers under our coverage to grow 18.9% y/y in FY26, led by KBC with a 92.1% y/y surge in net profit to VND3.7tn, while SIP and BCM are expected to see some moderation after a strong FY25. Across FY24A-27F, we project an average net profit CAGR of roughly 20% for the group.

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Figure 173: Actual and forecast net profit, industrial park developers

Total net profit is forecasted to grow at a 3Y CAGR of 20%

VNDbn	FY24	FY25F	Growth y/y	FY26F	Growth y/y	FY27F	Growth y/y
PHR	469	600	27.9%	892	48.7%	976	9.4%
VGC	1,105	1,220	10.4%	1,322	8.4%	1,520	15.0%
IDC	1,996	1,791	-10.3%	2,001	11.7%	2,405	20.2%
KBC	382	1,914	401.0%	3,677	92.1%	3,678	0.0%
SIP	1,170	1,458	24.6%	1,200	-17.7%	1,260	5.0%
BCM	2,106	2,599	23.4%	2,301	-11.5%	2,657	15.5%
Total	**7,228**	**9,582**	**32.6%**	**11,393**	**18.9%**	**12,496**	**9.7%**

Source: HSC research

Figure 174: Industrial Park developers, valuation

IP developers in our coverage are trading at an average discount of 35.9% vs 3-year average of 33.7%

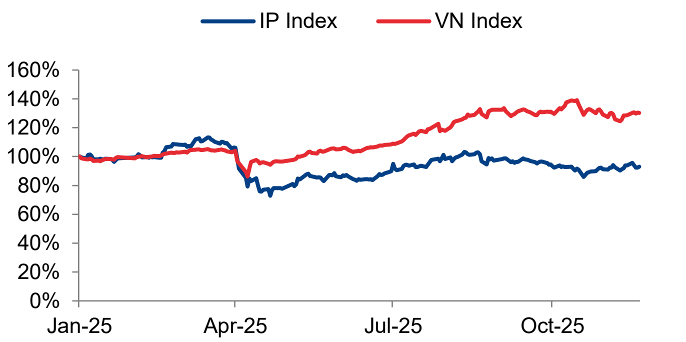
Valuation Comps	Rating	Current price (As of 28 Nov) (VND)	Target price (VND)	Upside to TP (%)	Fwd. RNAVPS (VND)	Discount to fwd. RNAV	3Y-avg. discount to RNAV	1Y rolling FW P/E (xs)	3Y rolling FW PE (xs)
PHR	Add	55,600	66,000	18.7%	74,300	-25.2%	24.0%	8.7	12.7
VGC	Add	44,000	52,800	20.0%	66,000	-33.3%	22.0%	15.4	18.0
IDC (*)	Buy	40,300	56,900	41.2%	71,100	-43.3%	25.0%	7.9	9.2
KBC	Buy	35,300	44,500	26.1%	63,400	-44.3%	41.0%	10.4	19.7
SIP (*)	Buy	56,600	86,000	51.9%	107,241	-47.2%	45.9%	12.3	
BCM (*)	Add	66,600	72,600	9.0%	90,700	-26.6%	23.5%	30.9	33.5
Average						**-36.7%**	**30.2%**	**14.3**	**18.6**

(*) average discount and Rolling FW P/E since our initiation which is less than three years

Source: HSC research

Figure 175: YTD performance, industrial park developers

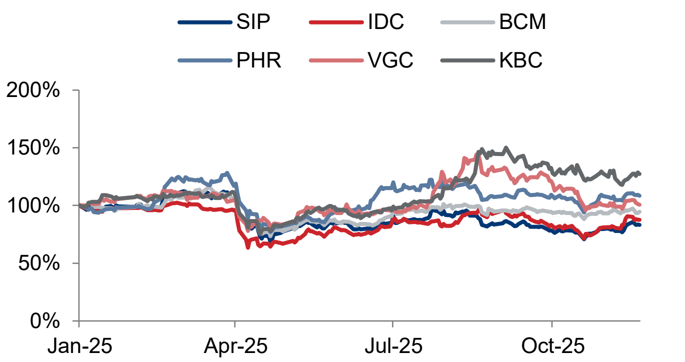
IP stocks underperformed index heavily on concerns over tariff impacts



Source: Bloomberg, HSC research

Figure 176: YTD performance, industrial park developers

Only PHR and KBC saw growth in price YTD



Source: Bloomberg, HSC research

Recommendations

IP stocks in our coverage significantly underperformed the index in YTD due to concerns over tariff impacts, with only KBC and PDR posting positive price movements. In terms of P/B, most of the developers are trading cheap vs. average historical P/B of 3 years and 5-years. In terms of discount to RNAV, developers are trading at an average of 35.9% vs. 30.2% historical average (simple average).

With tariff uncertainties now largely resolved, we expect Vietnam to remain an attractive FDI destination, supporting a short-term rebound in developer presales. The mid- to long-term outlook for industrial park developers also remains positive. Our top picks are IDC, the leading FDI-focused developer with significant exposure to the Southern market, where infrastructure growth is accelerating, and KBC for its sizeable landbank across both industrial and residential segments, along with its strong track record of serving FDI clients and accelerated investment into residential projects. Meanwhile, we maintain our view that SIP remains a hidden gem with cheap valuation.

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KBC (Buy, TP VND44,500): KBC is a leading industrial park developer with an extensive land bank (>5,000 ha) that is increasingly being unlocked to support accelerated project deliveries and strong earnings growth. The company is progressing multiple projects simultaneously – including Kim Dong An Thi, Nam Son Hap Linh, Que Vo Expansion, Trang Due 3, Loc Giang and Kim Thanh 2 – while adding longer-dated assets such as Phu Binh, Binh Giang and Song Hau 2 that provide multi-year visibility.

KBC also carries meaningful residential upside – notably Trang Cat and the Khoai Chau Urban, Ecotourism & Golf Complex – which could add material value if execution proceeds smoothly. That said, unbilled presales and delivery timing remain key near-term drivers (c.105 ha of unbilled presales at end-3Q25) and execution/timing risk for large residential developments is a material caveat.

IDC (Buy, TP VND56,900): IDC remains one of Vietnam's largest and most diversified industrial park operators, supported by a sizeable leasable land bank of 1,338 ha across key FDI provinces such as Tay Ninh, HCMC, Bac Ninh, Thai Binh, and Hai Phong. The company is advancing multiple IP projects in parallel, including Cau Nghin (45 ha remaining), Huu Thanh (222 ha), Phu My II (41 ha), Phu My II Expansion (88 ha), and Que Vo II (32 ha), while preparing major upcoming developments such as Tan Phuoc 1 (363 ha), Vinh Quang (162 ha), My Xuan B1 Expansion (83 ha), and Phu Long (301 ha), which will collectively anchor land deliveries from FY26 onward.

VGC (Add, TP VND52,800): VGC remains one of Vietnam's leading industrial park developers with a sizeable and strategically located land bank, positioning the company to capture FDI inflows despite recent softness in sales progress. The company is advancing multiple projects concurrently, including Phu Ha (271 ha), Tien Hai (190 ha), Hai Yen (137 ha), Phong Dien (217 ha), Yen My (207 ha), Yen Phong IIC (141 ha), and Thuan Thanh (184 ha), while preparing new IPs such as Song Cong II (219 ha), Tran Yen (178.5 ha), and Doc Da Trang (213 ha) that are set to contribute meaningfully from FY26-27. Supported by ~1,100 ha of remaining leasable area—of which ~800 ha is in top FDI-attracting provinces, VGC's industrial land pipeline underpins its mid-term growth outlook.

However, near-term performance remains constrained by slower-than-expected contract signings and softer land delivery. While the building materials segment continues to recover with improving margins, the industrial park division remains the key driver of valuation and cash flow.

BCM (Add, TP VND72,600): BCM is one of Vietnam's largest industrial park developers, backed by a sizeable 6,000+ ha land bank and a vertically integrated ecosystem built around its core IPs. Stronger-than-expected contributions from VSIP in 3Q25 have prompted a 19.5% upgrade to our FY25 earnings forecasts, though we keep FY26–27 largely unchanged as new projects such as Cay Truong and Bau Bang Expansion begin to shape earnings visibility from FY25 onward.

While sector sentiment has improved following greater clarity on tariff risks and Vietnam's sustained competitiveness versus regional peers, short-term cash-flow pressure and elevated leverage remain key constraints before new IP launches begin generating revenue.

That said, BCM continues to benefit from robust underlying demand for IP land, with VSIP expected to lease 280/250/318 ha over FY25–27 and BCM's own IPs set to deliver 45/70/79 ha.

SIP (Buy, TP VND86,000): SIP is a major southern industrial park developer with ~3,200 ha of leasable area and a complementary utilities and residential business that together provide resilient cash flows.

Following stronger-than-expected 3Q25 results (notably higher utilities revenue) we lift our FY25–27 earnings forecasts materially and roll our valuation to end-FY26, raising our SOTP-based TP by 7.5% to VND86,000.

The company's utilities segment – benefiting from higher EVN prices and steady tenant consumption – and the phased handover of low-rise units at Phuoc Dong UA underpin near-term earnings visibility, while a sizeable industrial landbank positions SIP to capture renewed FDI flows over the medium term.

Please refer to the disclosures of potential conflict of interest and the disclaimer at the end of this report

PHR (Add, TP VND66,000): PHR's business includes rubber production and industrial park. PHR owns 33% stake at the NTU III (346 ha, Binh Duong) and 20% economic interest at VSIP III (1,000 ha, Binh Duong) while it progresses to convert ~2,500 ha of rubber land to industrial land. Of which, the Tan Lap 1 (200 ha Binh Duong, PHR expects to own 51%) and the Bac Tan Uyen 1 (786 ha, Binh Duong) which the multi-industry Thaco Group is working with Binh Duong province to take and develop project (PHR will earn compensation income).

We are forecasting FY25 net profit to grow by 28% y/y to VND600bn, driven by high rubber prices and land compensation from the VSIP III project. We forecast FY26 net profit to surge by 49% to VND893bn thanks to land compensation from Bac Tan Uyen 1 project. Helped by 9.3% y/y growth in FY27 thanks to land compensation from Bac Tan Uyen 1 IP and new contribution from Tan Lạp 1 IP project, we see a net profit CAGR of 27.6% over FY24-27.

Please refer to the disclosures of potential conflict of interest and the disclaimer at the end of this report

Retail RE: Growth sustained; Buy the leading player

The retail RE sector continues to benefit from strong demand driven by international brands entering and expanding in Vietnam. This trend is prompting mall developers to strengthen their presence to capture rising leasing demand. VRE is expanding rapidly with twelve mall launches in FY24-27 outpacing competitors. These launches are expected to underpin VRE's earnings growth in the coming years. We see scope for further upward re-rating. We have a Buy rating with TP of VND39,600.

Vietnam retail real estate competitive landscape

The retail real estate sector continues to benefit from strong demand driven by international brands entering and expanding in Vietnam. This trend encourages mall developers to strengthen their presence to capture rising leasing demand. The leading player, VRE, has been the fastest to scale, with eight launched in FY24-25 and another four in the pipeline for FY26-27, far ahead of its closest competitors. AEON follows with three new malls opened over the past two years and aims to reach 100 large-scale stores in Vietnam by 2030.

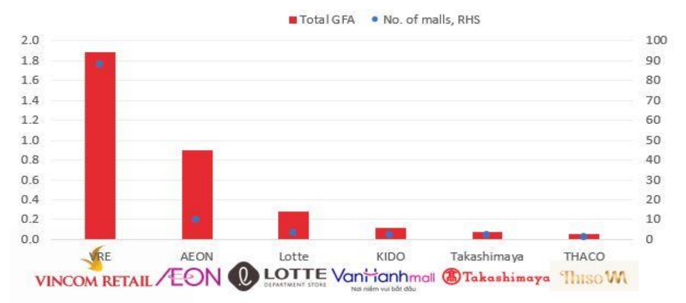
We expect retail leasing activity in Vietnam to remain robust. A continued broadening of retail real estate demand, extending into more fringe areas and gateway cities beyond traditional CBD malls, is likely to accelerate, which should benefit mall developers.

VRE: Robust expansion in preparation for long-term growth

We have a Buy rating with TP of VND39,600 for VRE. We are optimistic about VRE's earnings outlook, particularly from FY27 onward, supported by the contribution of five more new mall launches in FY25-27 and the recognition of two shophouse projects. VRE now trades on a 35.2% discount to RNAV vs. its 3Y avg. of 43.6%, and on a 1-yr rolling fwd. P/E of 14.1x, 0.1 SDs below its 3Y avg. of 11.9x. While the shares look fairly valued on historical metrics, we expect further upward rerating based on a stronger earnings outlook from FY27.

Figure 177: Total GFA (mn sqm) and number of malls (RHS)

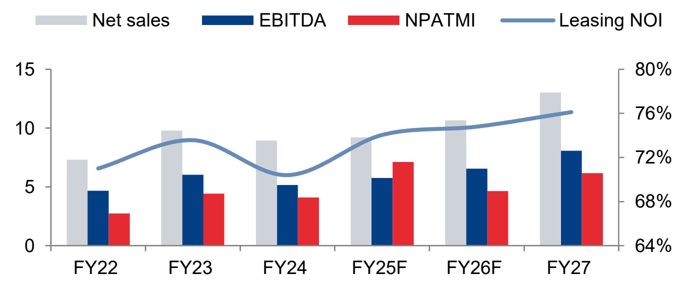
VRE is the leading player, significantly outpacing competitors



Source: HSC Research estimates

Figure 178: Financial performance, VRE

Healthy leasing revenue expected on sector growth momentum



Source: HSC Research estimates

Figure 179: New mall pipeline, VRE

No.	Project	Total GFA (sqm)	Location	Actual/ projected opening
1	VCP Wonder Park	19,000	Hanoi	FY26
2	VMM Green City	70,000	Tay Ninh	FY27
3	VMM Ha Long Xanh	110,000	Quang Ninh	FY27
4	VCP Lang Van	40,000	Da Nang	FY27

Source: Company data, HSC research

Figure 180: Valuation and recommendation, VRE

		Price	Rating		TP (VND)		Up/(down)	P/E (x)		P/B (x)		Div. yield (%)	
	Ticker	(VND)	New	Old	New	Chg (%)	side (%)	2025F	2026F	2025F	2026F	2025F	2026F
Vincom Retail	VRE	34,450	Buy	-	39,600	-	14.9	11.0	16.9	1.60	1.46	-	-

Source: HSC research

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Conglomerates: Euphoria carries risks

Vingroup is expanding aggressively into multiple large new businesses including high-speed rail (VinSpeed), LNG-to-power (VinEnergo), a major deep-sea port, logistics complex, and green steel production (VinMetal) – leveraging the upgraded incentives of the government for private sector. VinFast is showing notable operational momentum, with EV and e-motorbike deliveries surging on the back of rising domestic adoption and supportive government policies. However, large losses expected to remain in FY26-27. High leverage continued to be our key watch and the share price appears to be ahead of the company's underlying cash-flow performance. We rate VIN Sell on valuation.

New exciting opportunities despite large capital needs

Vingroup is expanding aggressively into multiple large new businesses including high-speed rail (VinSpeed), LNG-to-power (VinEnergo), a major deep-sea port, logistics complex, and green steel production (VinMetal) - leveraging the supportive policies of the government to develop private sector. In a bull case, which we include all the above mentioned businesses into the valuation, RNAV/share is VND168,184, still below the market price. We note that these new ventures require substantial upfront capital and may exert additional pressure on the group's leverage in the short term; however, if executed properly, they should enhance profitability over the longer term.

Core losses expected to remain and leverage edging up

With respect to earnings, we forecast core losses for FY25/FY26 respectively at VND38.2tn/VND13.7tn, while projecting that the company will make core profit in FY27 at VND3.1tn driven by narrowing losses of VinFast and higher earnings of VHM. As of 3Q25, VIC's total debt rose sharply to VND321.9tn (up 52% y/y and 15% q/q), pushing net-debt-to-equity to an all-time high of 1.5x (vs. 1.1x in 3Q24 and 1.2x in 2Q25). Nonetheless, short-term maturities fell to VND49.9tn, with only VND10.4tn due in 4Q25 and most remaining obligations likely rollable. VIC is also actively refinancing – retiring five syndicated loans and securing eight new facilities totaling VND48.3tn. While leverage is expected to peak in 2025-26 due to large projects, a VND72tn cash balance, strong recent bulk-sale proceeds, and continued bank support should keep near-term liquidity manageable.

That said, we remain cautiously prudent over the mid-to-long term. High leverage, continued manufacturing pressures, and substantial funding needs leave VIC exposed to: (1) a property-market moderation affecting bulk-sales and retail demand; (2) tighter macro liquidity or higher rates; and (3) potential recalibration of long-term financing commitments from key partners such as TCB/TCBS.

Valuation and recommendation

VIC shares are up 86% in the past 3M and a full 445% in the past 12M, outperforming the VN Index substantially, evidently driven by positive sentiment around supportive policies for its manufacturing and real estate segments, as well as expectations of its potential participation in large-scale infrastructure projects such as the North-South High-Speed Railway. The stock now trades at a 49.6% premium to our updated RNAV (lifted by 19%), significantly higher than its 3-year average discount of 18.7%.

We have a SOTP TP of VND125,000 with a conglomerate discount of 15%. While we remain positive on the company's potential opportunities in various sectors, the current free-float and ownership structure may influence trading patterns and could limit broader market participation. Meanwhile, VinFast's substantial ongoing losses, and heightened leverage levels remain a concern. The share price appears to be ahead of the company's underlying cash-flow performance. We have a Sell rating.

Figure 181: Valuation and recommendation, Conglomerate

		Price	Rating		TP (VND)		Up/(down)	P/E (x)		P/B (x)		Div. yield (%)	
	Ticker	(VND)	New	Old	New	Chg (%)	side (%)	2025F	2026F	2025F	2026F	2025F	2026F
Vingroup	VIC	229,700	Sell	-	125,000	-	(45.6)	1,423	372	6.26	6.16	-	-

Source: HSC research

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Industrials: Capitalizing on infra. boom & supply chain shift

Vo Thi Ngoc Han, CFA
Senior Director, Head of Ind. & Tech.
han.vtn@hsc.com.vn
+84 28 3823 3299 Ext. 314

Che Thi Mai Trang
Manager, Industrials Research
trang.ctmai@hsc.com.vn
+84 24 3933 4693 Ext. 4848

Tran Thi Thu Nga, CFA
Manager, Industrials & Tech.
nga.ttthu@hsc.com.vn
+84 24 3933 4693 Ext. 4807

Mai Doan Ngoc Han
Senior Analyst, Industrials & Tech.
han.mdn@hsc.com.vn
+84 28 3823 3299

- The Vietnamese Industrial sector is positioned for a strong 2026 upturn, driven by accelerated public investment and persistent global supply chain shifts. The national economic strategy now emphasizes infrastructure development as a co-engine for growth, complementing traditional exports.
- While the traditional export engine remains vital for trade/logistics momentum, the government's strong commitment to infrastructure is creating a powerful, complementary growth catalyst. This synergy, amplified by protections for local producers, forms the core driver, benefiting construction materials companies.
- On the back of these themes, our Industrial top picks include; HPG (Buy), GMD (Buy) and VTP (Buy). BMP (Add) would be a dividend play for value investors.

Economic growth engine: Infrastructure & Exports synergy

The traditional export engine will remain crucial, providing sustained momentum for companies involved in international trade, logistics, and port operations. However, the government’s commitment to large-scale infrastructure projects is creating a powerful complementary growth catalyst. This synergy – linking enhanced domestic connectivity (infrastructure) with robust international trade (exports and FDI) – forms the core thesis for the 2026 Industrial outlook. Favorable interest rates, continuous policy efforts to resolve real estate sector bottlenecks and protective policies for local producers further amplifies demand across related industries.

Construction Materials & Logistics sectors will benefit

Construction materials sectors are set for clear and significant benefits. The multi-year effort to accelerate infrastructure investment provides a stable, high-demand backdrop for construction materials with two drivers from public investment and protectionist policies.

Logistics and Ports (global supply chain shifts): The ongoing global shift toward diversifying manufacturing bases away from China continues to favor Vietnam. Companies operating seaports and logistics infrastructure stand to benefit directly from increased cross-border cargo traffic and the higher utilization rates of modern terminals. The emphasis on smart border gates and intelligent cross-border transaction technology will provide a competitive leap for selected enterprises.

To capitalize on the 2026 Industrials themes, our analysis points to Buy-rated leaders **HPG**, **GMD**, and **VTP**. Each company is strategically aligned with the core drivers and has the production/operational capacity necessary to capture the opportunities presented by the infrastructure boom and supply chain shifts. **BMP** (Add), offering a stable annual div. yield of 10%, is also a safe investment.

		Price	Rating		TP (VND)		Up/(down)	P/E (x)		EV/EBITDA (x)		Div. yield (%)	
	Ticker	(VND)	New	Old	New	Chg (%)	side (%)	2025F	2026F	2025F	2026F	2025F	2026F
Airports Corp. of Vietnam	ACV	52,700	Add	-	63,200	-	19.9	13.8	27.9	11.6	12.2	0	0
Binh Minh Plastics JSC	BMP	157,900	Add	-	181,200	-	14.8	10.1	9.85	5.92	5.70	9.50	9.50
Duc Giang Chemicals Group	DGC	94,300	Add	-	115,300	-	22.3	11.1	9.32	10.7	8.86	3.18	3.18
Dong Hai Ben Tre JSC	DHC	33,500	Buy	-	41,100	-	22.7	8.90	8.59	7.36	7.58	2.99	2.99
Da Nang Rubber JSC	DRC	15,300	Hold	-	16,000	-	4.58	18.5	12.4	9.31	6.92	0	3.27
Gemadept	GMD	64,000	Buy	-	79,400	-	24.1	17.5	14.9	16.2	12.7	2.31	2.31
Hai An Transport and Steve.	HAH	60,900	Add	-	72,700	-	19.4	8.56	9.56	5.03	5.38	1.64	1.64
Hang Xanh Motors	HAX	10,800	Hold	-	10,900	-	0.93	N/a	21.0	16.6	6.55	0	0
Hoa Phat Group	HPG	26,550	Buy	-	36,800	-	38.6	12.3	8.87	9.56	6.97	3.77	3.77
Hoa Sen Group	HSG	16,700	Reduce	-	15,900	-	(4.79)	14.2	14.2	8.72	10.5	2.99	2.99
Vietnam Airlines	HVN	28,900	Add	-	34,600	-	19.7	9.87	10.1	7.09	6.92	0	0
Nam Kim Steel	NKG	16,200	Hold	-	17,200	-	6.17	25.4	15.7	13.9	9.72	0	0
Phu Tai JSC	PTB	50,900	Buy	-	64,600	-	26.9	6.72	6.55	5.80	5.45	4.91	4.91
SCSC Cargo Service	SCS	54,800	Reduce	-	50,700	-	(7.48)	7.39	8.53	4.02	4.35	10.9	9.12
VN Engine & Agri. Machinery	VEA	35,400	Add	-	39,300	-	11.0	6.71	7.45	16.4	18.1	14.6	13.8
Vietjet Aviation	VJC	203,500	Sell	-	119,700	-	(41.2)	59.7	43.1	28.7	24.8	0	0
Viettel Post	VTP	99,000	Buy	-	128,000	-	29.3	30.5	24.2	18.9	13.9	1.52	1.52

Share prices as of 28 November 2025
Source: Companies, FactSet, HSC Research

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Big picture: Infrastructure acceleration generating opportunities

The Vietnamese Industrial sector is set for a strong upturn in 2026, driven by accelerated public investment and continuous global supply chain shifts. The national strategy uses this synergy, linking the traditional export engine with enhanced infrastructure development, as a powerful, complementary growth catalyst. This theme, amplified by local producer protections, forms the core driver, providing significant benefit to construction materials and logistics companies. Our top picks to capitalize on these themes include **HPG (Buy; TP VND36,800)**, **GMD (Buy; TP VND79,400)**, and **VTP (Buy; TP VND128,000)**, while **BMP (Add; TP VND181,200)** is suggested as a stable dividend play.

Infra. acceleration is now emerging as the leading growth engine

Vietnam's Industrial sector is positioned for a strong upturn in 2026, driven by an accelerating push in public investment and a continuous realignment of global manufacturing supply chains. The economy is strategically shifting to leverage these factors, positioning infrastructure development alongside traditional exports as a key engine for growth.

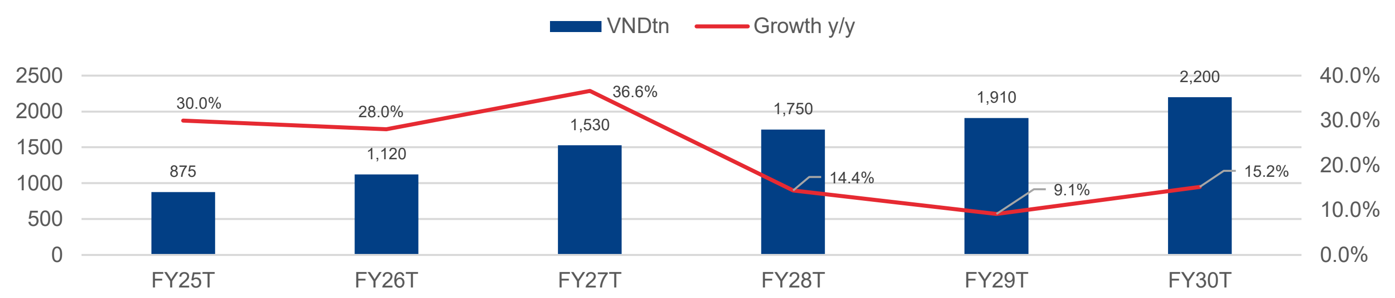
Economic growth engine: Infrastructure-led

The traditional export engine will remain crucial, providing sustained momentum for companies involved in international trade, logistics, and port operations. However, the government's commitment to large-scale infrastructure projects is creating a powerful complementary growth catalyst. Based on the government's master plan, HSC estimates a 6Y CAGR of 22% for public investment disbursement leading up to 2030. (Figure 182).

This synergy, linking enhanced domestic connectivity (infrastructure) with robust international trade (exports and FDI), forms the core thesis for the 2026 industrial outlook. Favorable interest rates, continuous policy efforts to resolve real estate sector bottlenecks and protectionism policy for local producers further amplify demand across related industries.

Figure 182: Public investment (VNDtn), Vietnam

Based on government's master plan, HSC Macro team forecast Vietnam's public investment disbursement will grow strongly in FY25T-30T period with a 6Y CAGR of 22%



Source: NSO, HSC Research

Benefiting sectors: Construction materials, Logistics, and Tourism

Construction materials

This sector is set for clear and significant benefits. The multi-year effort to accelerate infrastructure investment provides a stable, high-demand backdrop for steel, plastic pipe, stone, and other materials.

- **Public investment:** The planned five-year infrastructure push guarantees a predictable pipeline of demand, offsetting the capacity surplus concern in China.
- Protectionism: Domestic producers are further supported by government policies, including anti-dumping (AD) duties and investigations against tax evasion on specific imported products (e.g., Chinese HRC), which serve to protect local market share and stabilize pricing power.

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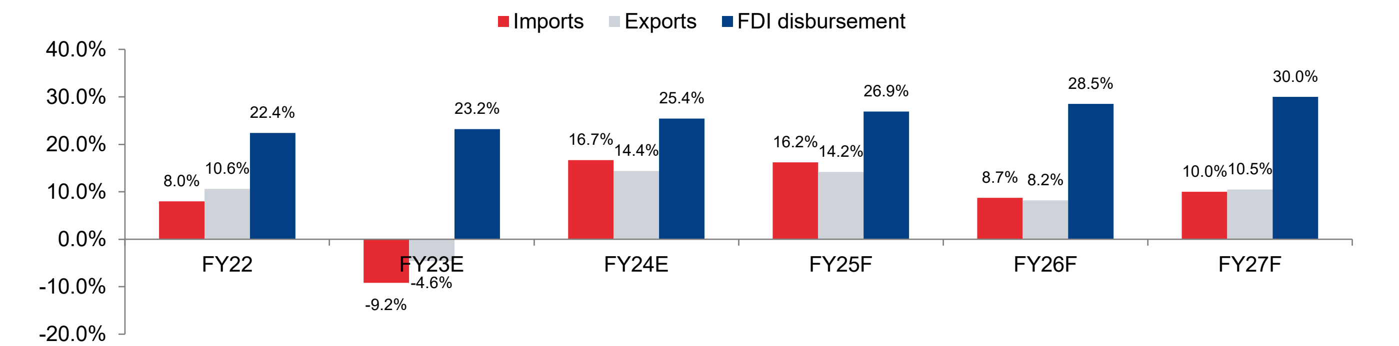
Logistics and Ports (global supply chain shifts)

The ongoing global shift toward diversifying manufacturing bases away from China continues to favor Vietnam. This influx of FDI, which is forecasted to grow by 28.5% in FY26, and 30.0% in FY27 drives demand for industrial parks, warehousing, and, crucially, port capacity. Regarding trading activities, our in-house macro team also forecasts sustainable import/export growth of 8.7%/8.2% in FY26F and 10.0%/10.5% in FY27 respectively, resilient growth after the strong base seen in FY25F.

- Companies operating **seaports and logistics infrastructure** stand to benefit directly from increased cross-border cargo traffic and the higher utilization rates of modern terminals.
- The emphasis on **smart border gates** and intelligent cross-border transaction technology will provide a competitive leap for select enterprises, streamlining customs processes and improving efficiency within the global supply chain network.
- The integration of smart manufacturing and intelligent transportation systems (ITS) is a critical long-term driver. Companies that successfully implement digital technologies in production and develop smart border control and transaction systems will experience significant competitive edge and potentially exponential growth in the coming period, bridging the gap between physical infrastructure and digital efficiency.

Figure 183: Imports/Exports and FDI disbursement growth, Vietnam

Still resilient in FY26-27 period, even after a strong base in FY25F



Source: NSO, HSC Research

Aviation and Tourism

The aviation sector, benefiting from the introduction of new capacity starting in 2026 (Long Thanh International Airport), is key to attracting international tourists. Vietnam holds several advantages: beautiful natural landscapes, attractive travel costs, and favorable shifts in regional tourism (e.g., Chinese tourists partially moving away from destinations like Japan and Thailand). Increased flight capacity will directly translate into higher international arrivals, fueling growth for the tourism ecosystem.

Automotive

The push for electric vehicle adoption is reshaping the automotive landscape. Vietnamese enterprises are entering a phase of rapid expansion to secure new market positions in the EV supply chain.

- **Short-term profitability pressure:** This phase of aggressive expansion and capacity investment will likely temporarily impact profit margins in the short term, as companies incur high initial capital expenditures and operational costs to build new technological capabilities.
- **Long-term positioning:** This investment is necessary for securing long-term dominance and tapping into the inevitable shift towards sustainable transportation.

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Recommendations: HPG, GMD and VTP are our top Industrials picks

The confluence of several macro tailwinds; namely favorable interest rates stabilizing the real estate sector, increased public investment, continued FDI attraction, and booming international tourism, creates a highly supportive environment for Vietnam's industrial backbone. Core sectors like construction materials, logistics, and transportation are poised for outsized gains, establishing the Industrial sector as a premier investment theme for 2026. Our top picks include all Buy-ratings **HPG**, **GMD** and **VTP**. While for value investors, **BMP** offering annual 10% dividend yield is also a safe choice.

Construction materials: Infra. boom takes the lead

As headwinds buffet construction material exports, the Vietnam infrastructure boom has taken the lead for domestic demand, successfully offsetting export weakness. This theme reaffirms our view that companies with greater exposure to the domestic market will exhibit lower risk. Furthermore, enhanced government protection for local producers provides a crucial safety shield for key policy beneficiaries. Given this trend, HPG (Buy) remains our top pick, while BMP (Add) offers safe investment yields.

Strong support for construction material demand

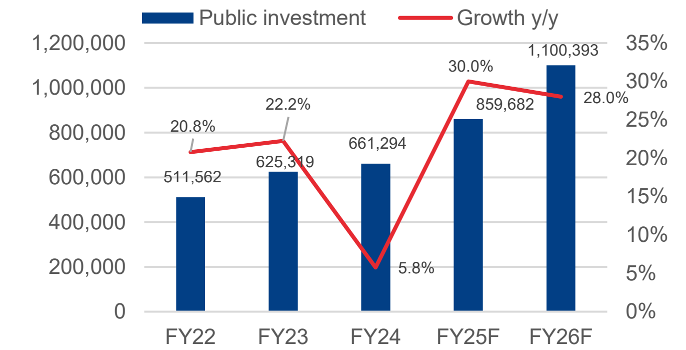
Domestic demand for construction materials is strongly supported by two key pillars: **Public investment** and the **Real estate recovery**.

Public investment surges to record highs - Public investment disbursement remains a crucial growth driver. According to the National Statistics Office (NSO), disbursement hit a new record high in Oct-25 at VND91tn (up 33% y/y and 5% m/m). This brings the 10M25 total disbursement to VND640tn (up 29% y/y), successfully fulfilling 73.2% of the FY25 target of VND875tn. We expect monthly disbursement to maintain this robust upward trend through this year, consistent with historical patterns. For FY25F, our in-house macro team projects a 30% y/y growth in public investment disbursement to VND860tn, and another 28% y/y growth in FY27 to VND1,100tn. As mentioned above, Vietnam's public investment disbursement is set to grow at 6Y CAGR of 22% to VND2,200tn in FY30, underpinned strong demand for construction materials including both steel, plastic pipe, stone, and other materials.

Resilient recovery in Real estate - The real estate industry is providing further support for construction material demand. CBRE reports strong high-rise supply recovery, particularly in major cities including Hanoi and HCMC, fueled by a low-interest rate environment and supportive government policies accelerating approvals for new real estate projects.

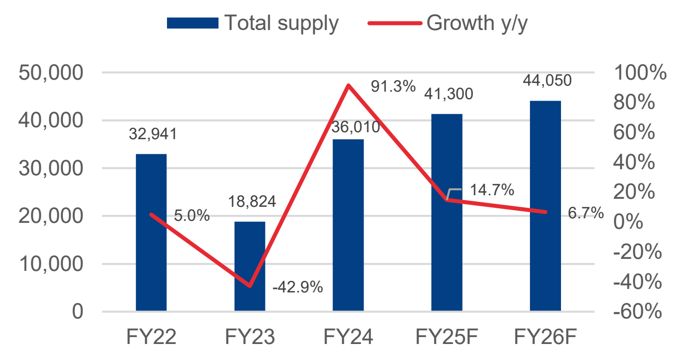
- **Hanoi:** Supply increased 10% y/y in 9M25.
- **HCMC:** Supply saw a dramatic surge of 119% y/y in 9M25.

Figure 184: Public investment (VNDbn), Vietnam
We forecast a strong 30%/28% y/y growth in FY25/26



Source: NSO, HSC Research

Figure 185: High-rise supply (units), Hanoi and HCMC
CBRE forecast a 14.7%/6.7% growth in supply for FY25/26



Source: CBRE, HSC Research

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For FY26, CBRE also forecasts a resilient growth at 6.7% in high-rise supply in Hanoi and HCMC to 44,050 units from 41,300 units projected in FY25, up 14.7% y/y. Meanwhile, low-rise supply is projected to grow even stronger at 20% y/y in Hanoi and HCMC to around 9,000 units vs. 7,500 units estimated in FY25, up 15% y/y.

Steel: FY26 sales vol. is forecast to grow decently by 12.6% y/y

For FY25 as a whole, we forecast total steel sales volume (including construction steel, HRC, steel sheet, steel pipe and billets) at 33.8mn tonnes, up 8.5% y/y, driven by 22.8% y/y growth in HRC. Other segments including construction steel/steel pipe/steel sheet are expected to grow at 8.5%/8.0%/-10% y/y respectively in FY25 to 12.9/2.8/4.9mn tonnes.

Our FY26 forecast for steel sales volume is based on robust macroeconomic support, primarily from public spending and real estate recovery as mentioned above.

Backed by these drivers, we forecast total steel sales volume to grow by 12.6% y/y in FY26, reaching 38.1mn tonnes. Our key segment assumptions are detailed below:

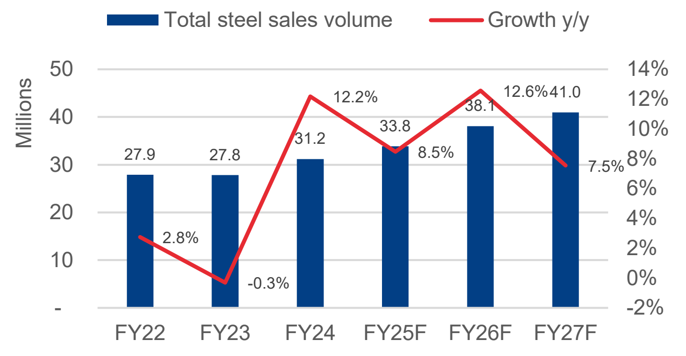
- Construction steel volume is forecast to grow 11.2% y/y to 14.4mn tonnes.
- HRC volume is forecast to grow a further 30.9% y/y to 10.6mn tonnes.

Steel sheet volume is forecast to return to growth momentum at 7% to 5.2mn tonnes after falling 10% y/y in FY25.

With this theme, we reaffirm our view that the company which has greater exposure to the domestic market will reduce the risk. **HPG (Buy; TP VND36,800)** remains our top pick for construction material sub-segment.

Figure 186: Total steel sales volume (tonnes), Vietnam

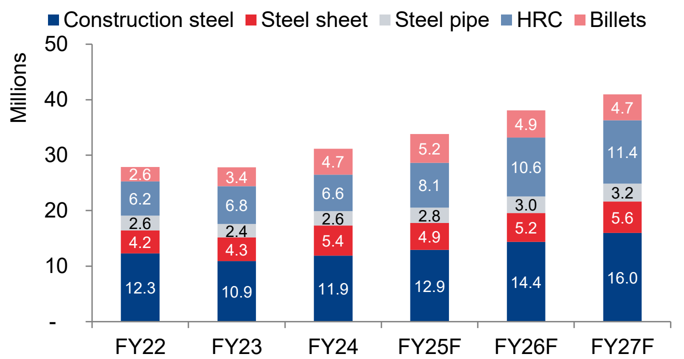
We forecast FY25/26/27 growth of 8.5%/12.6%/7.5%



Source: VSA, HSC Research

Figure 187: Steel sales vol. by segment (tonnes), Vietnam

We forecast HRC/construction steel vol. will lead the growth



Source: VSA, HSC Research

Plastic pipes: Leaders continue to consolidate the market

The Vietnamese plastic pipe market is domestically dominated due to factors like bulk transportation challenges and the need for specific product requirements, resulting in limited imports. The top three players (NTP, BMP, and HSG) collectively hold a significant 74% market share (3Q25). Supported by sticky-cheap input costs (PVC resin), domestic plastic companies are posting record earnings in FY25. With a favorable market environment – underpinned by boosted public investment and a recovering real estate market – we believe plastic pipe companies can maintain high margins and stable earnings in the coming years. Offering a high dividend yield of 10% per annum over the next three years and a strong balance sheet, we like BMP (Add; TP VND128,100) as a safe investment for value investors.

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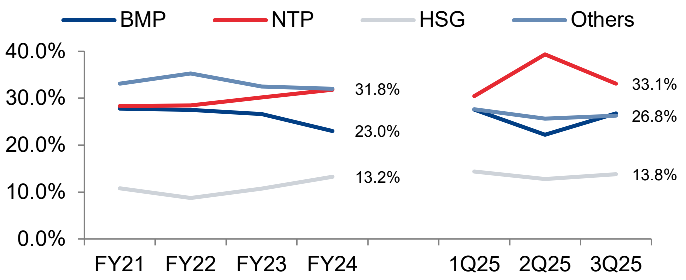
Figure 188: Market share, Vietnam plastic pipe

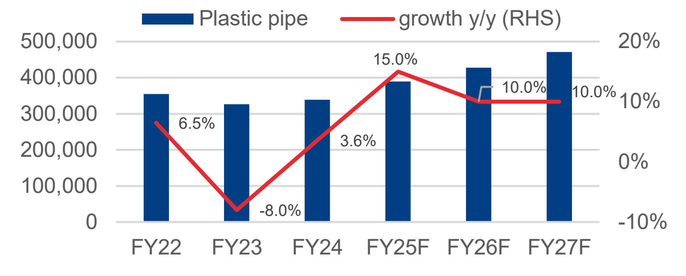
NTP, BMP and HSG holds nearly 75% market share in 3Q25



Source: HSC Research

Figure 189: Plastic pipe demand, Vietnam

We forecast a 10% y/y growth in demand in FY26/27 period



Source: HSC Research

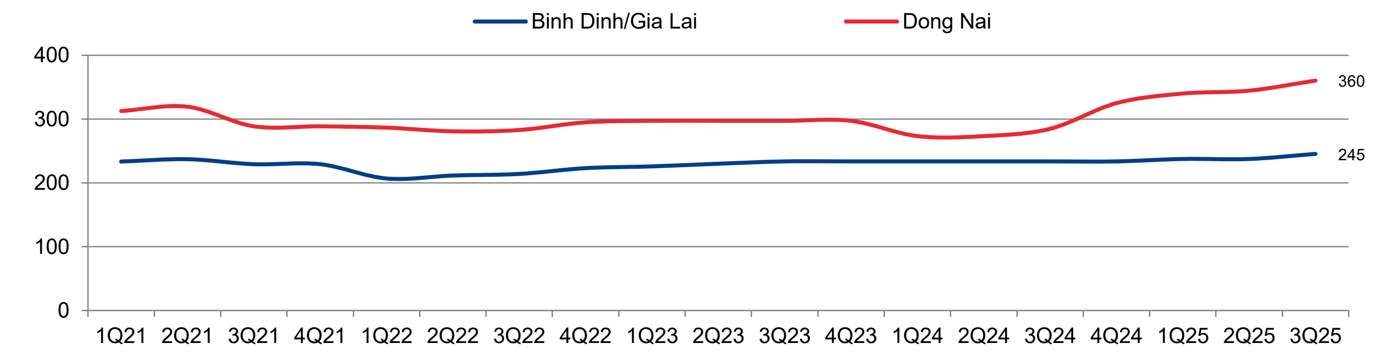
Stone: Public infra. spending supports FY26 stable growth

The Vietnam construction stone demand has seen robust growth momentum in FY25, primarily fueled by the Government's push in public investment. Southern areas have seen stellar momentum in residential and public infrastructure projects (HCMC Ring Road 3, Bien Hoa-Vung Tau expressways, HCMC-Long Thanh-Dau Giay expressway expansion, Long Thanh International Airport, etc.), drove a 27% y/y growth in ASP in Dong Nai province in 3Q25 (c.30% of national volume, the largest quarry in Vietnam), while Central region prices increased 5% y/y in the quarter. With State budget disbursement for public construction continuing to accelerate amid a targeted 10% GDP growth in FY26, we believe construction material players will continue to benefit from the solid/substantial Government's backlog in FY26-30.

For **PTB (Buy; TP VND64,600),** we expect stone volume to grow 10% y/y, supported by deliveries for the Noi Bai T2 expansion in FY25. Looking into FY26, public investment should remain the primary demand driver for PTB's domestic segment, and we project PTB's stone revenue to grow 11% y/y. Key projects in Gia Lai province – Phu Cat Airport upgrade, Quy Nhon – Pleiku expressway, and North-South high-speed railway – have been prioritized for FY26-30 disbursement, and PTB is evaluating participation opportunities. Thus far, the company has joined the Quy Nhon – Pleiku expressway project.

Figure 190: ASP of 1x2 construction stones (thousand VND/m^3), Gia Lai and Dong Nai provinces

ASP rose across regions following the acceleration of State spending



Source: Ministry of Construction, HSC Research compilations and estimates

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Other materials: Sustainable demand expected

We project packaging paper and chemicals to sustain decent growth in FY26. However, the wood-wooden products segment faces a deceleration toward FY26 due to the high base effect established by front-loaded demand in FY25. For the long term, DHC (Buy) and DGC (Add) are strategically positioned with new capacity additions. In the short term, DHC is expected to outperform its peers, driven by rising ASPs and improving margins.

Paper: Tailwinds support ASP and margin expansion

Packaging paper prices and margins are strongly supported by several positive factors in both the global (China) and domestic (Vietnam) markets.

China: Supply tightening and demand improving - The market has seen solid price improvement since the launch of China's anti-overcapacity (anti-involution) campaign in July.

- **Input cost pressure:** Recently, waste paper prices in China have continued to rise, pushing up packaging paper prices. This is fueled by a slow recovery in waste paper supply, which tightens input availability. As a reminder, China strictly controls the imports of waste paper, making the input cost for packaging paper relatively expensive over others.
- **Strong demand intention:** Demand is high due to the successive arrival of e-commerce festivals and year-end promotions, supporting the continuous upward trend in waste paper prices to new year highs.

Vietnam: Capacity discipline and resilient demand: Vietnam's market dynamics are also highly favorable:

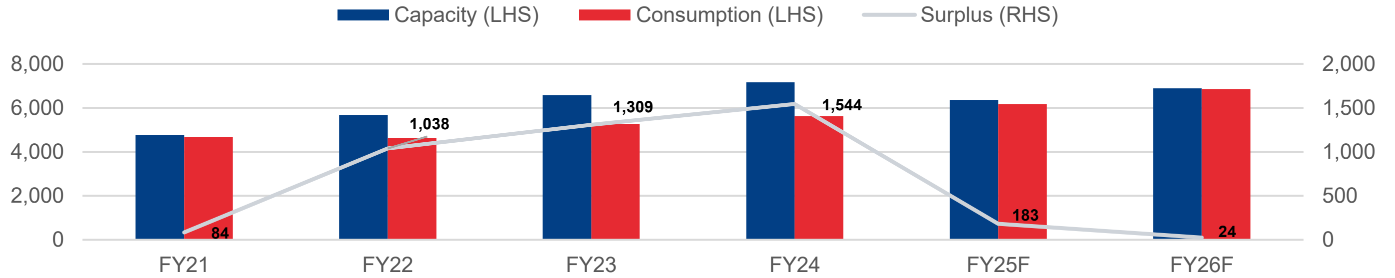
- **Reduced capacity surplus:** The domestic capacity surplus has reduced significantly in FY25. This is a result of improved overall demand (both domestic and export) and capacity cuts in Northern Vietnam during FY24 due to environmental concerns.
- **Resilient exports:** Vietnamese packaging paper demand has been strongly boosted by resilient export activities throughout 10M25, reflected by the overall Vietnam export value improving by 16% y/y to USD391bn. Critically, the market dynamic has changed for the Chinese FDI companies operating in Vietnam:

  In FY24, facing weak domestic demand in China, these companies dumped their products into the Vietnamese market. In FY25, as demand and prices improved in China, these Chinese FDI firms have resumed exporting back to China, easing local supply pressure in Vietnam.

Subdued industry capacity surplus globally and improved demand in Vietnam are driving ASP and margin expansion for DHC. Although capacity constraints persist through FY25-26, margin expansion will lead near-term growth. The Giao Long 3 factory (adding 108% capacity) will then take over as the key growth engine from 2H27 onwards. Given the cheap valuation, we have **Buy** rating on **DHC (TP of VND 41,100).**

Figure 191: Packaging paper capacity surplus ('000 tonnes), Vietnam

We assume no more capacity surplus in FY26, sharp drop vs. 1.5mn tonnes surplus in FY24



Source: HSC Research

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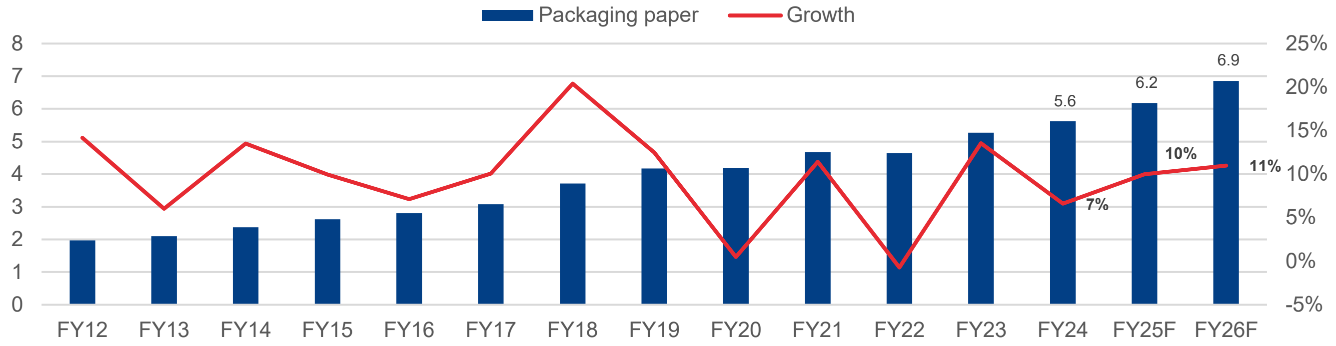
Figure 192: Packaging paper consumption (mn tonnes), Vietnam

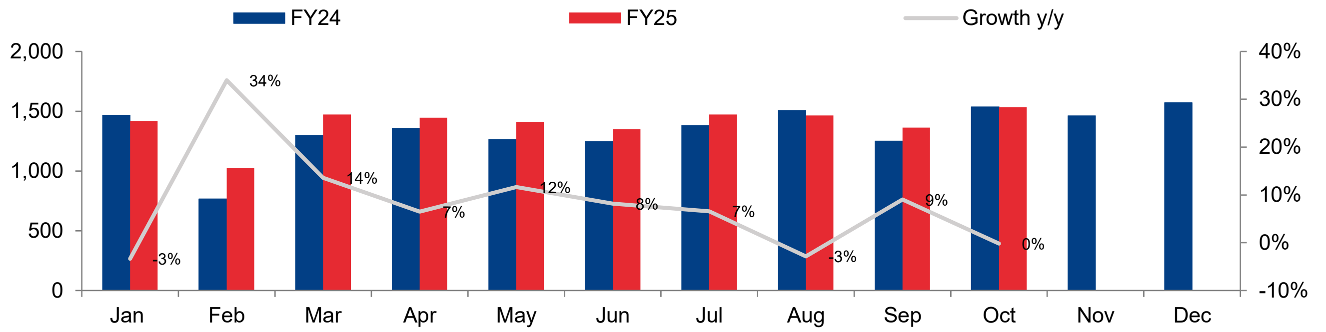
We forecast a 10% and 11% y/y growth in packaging paper consumption in Vietnam for FY25/26 respectively



Source: HSC Research

Figure 193: Total export of wood & wooden products (W&WP), Vietnam

Vietnam's W&WP exports grew 4% y/y and 2% q/q to USD4.3bn in 3Q25



Source: Vietnam Customs, HSC Research

Wood: Slower growth outlook after a year of front-loading

In 10M25, Vietnam's exports of wood and wooden products (W&WP) increased 7% y/y to USD14.0bn. The US market remained the largest driver, accounting for 56% of Vietnam's W&WP export in the period and growing 7% y/y to VND7.8bn in 10M25. This underscores the segment's resilience despite the US imposing 50% tariff on cabinets & vanities and 30% tariff on upholstered furniture (chairs, sofas) on all countries starting 1 Oct-25.

We maintain our forecast that Vietnamese W&WP exports value will grow 5% y/y to USD16.9tn in FY25. Looking into FY26, we expect the sector value to grow 3% y/y to USD17.4tn, a deceleration amid tariff uncertainty weighing on buyers' demand.

PTB still sees solid demand from the US market for wood orders for 1Q26 so far, though not as strong as seen in 1H25 when buyers front-loaded ahead of tariff policy changes. This could be backed by (1) softening mortgage rates seen in the US in 2H25 that partly supports housing activities, and (2) PTB is supporting clients via 5-7% of ASP discounts. We hold a cautious view on wood revenue in FY26, expecting PTB's wood revenue growth of 5% y/y.

Chemicals: Navigating a year of balanced risk and opportunity

The global semiconductor market is projected to enter a trillion-dollar era, surging from USD617bn in 2024 to over USD1tn by 2030, representing an 8.6% CAGR, according to PWC. This explosive demand is powered by the relentless advance of AI and the proliferation of EVs, which drive the fastest-growing segments: Server/Network (11.6% CAGR) and Automotive (10.7% CAGR, with EV chip content growing even faster). Beyond these two giants, computing devices, industrial applications (like renewables and smart agriculture), and home appliances are also contributing to widespread, significant demand for high-performance and connectivity chips.

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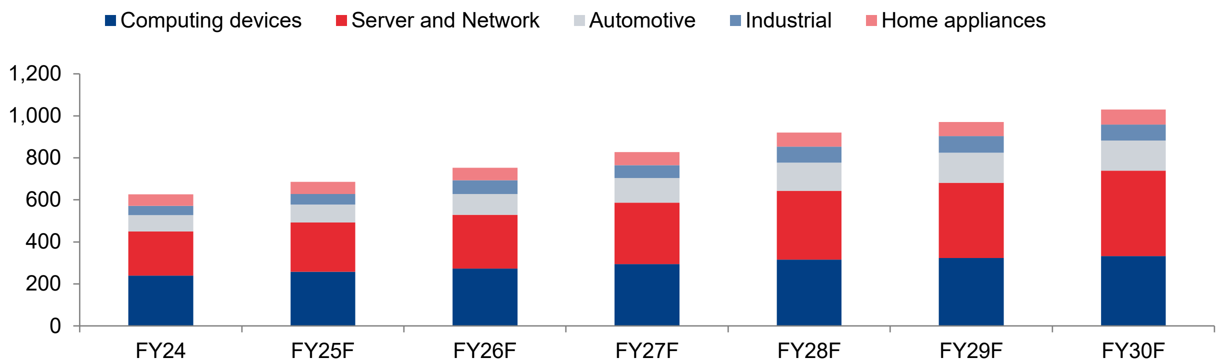
However, this growth is being managed against a backdrop of geopolitical disruption and a global race for supremacy in the supply chain. While the US leads in design and Asia in fabrication, regional shifts are accelerating, driven by government policies aimed at technological sovereignty and risk mitigation. Supply chain focus is shifting heavily toward leading nodes (≤7nm) and high-value segments like advanced packaging and High-Bandwidth Memory (HBM). Companies must prioritize resilience, diversification, and aggressive R&D to navigate export controls and capacity pressures, ensuring supply chain longevity to capture the massive AI and electrification opportunities.

We anticipate continued improvement in demand for semiconductor materials, including yellow phosphorus (P4), positioning DGC (Add; TP VND 115,300) as a direct beneficiary of rising AI and EV chip production. This positive trend is counterbalanced by a significant headwind: the government's plan to raise the P4 export tax from 5% currently to 10% (Jan-26) and 15% (Jan-27), which will temper medium-term earnings growth. Nonetheless, DGC's market-leading position allows it to reduce this negative impact by shifting focus to higher-margin downstream products and prioritizing export channels to countries under treaties like the CPTPP (e.g., Japan). The highly anticipated first revenue from the Nghi Son project in FY26 and further progress on the bauxite project serve as the most crucial near-term catalysts.

Figure 194: Semiconductor revenue (USDbn), Worldwide

FY24-FY30F CAGR of 8.6% is projected



Source: Omdia, PwC, HSC Research

Logistics: Resilient and competitive landscape

Seaport throughput showed resilience and solid growth in Sep.–Oct., following the end of the front-loading effect, thanks to strong export and import value expansion. We expect robust volumes through 2026, supported by competitive US 'reciprocal' tariff rates on Vietnamese products vs. the region. In-land logistics is poised for growth, favoring full-service providers leveraging advanced technology. Our top picks are **GMD (Buy; TP VND79,400)**, driven by new projects and valuation, and **VTP (Buy; TP VND128,000)**, supported by the Lang Son Logistics Park outlook.

Seaports: Solid volume growth despite the end of front-loading

Despite the front-loading effect ending after the US "reciprocal" tariff deferral expired on 7 Aug, volumes in Aug and Sep still rose 12% and 7% y/y, bringing 3Q25 and 9M25 throughput to 6.8mn TEUs (up 9% y/y, 3% q/q) and 19.5mn TEUs (+11% y/y) respectively. This was mainly thanks to solid trade growth. Vietnam's export and import value improved 17%/19% y/y in 10M25 to USD390bn/USD371bn respectively. In Sep and Oct, total trade value reached USD164bn, up strongly by 20% y/y.

We attribute the sustained seaport throughput and trade value, despite the dissipation of the front-loading effect, to Vietnam's favorable "reciprocal" tariff structure relative to key competitors in the US market. Moreover, Vietnamese exporters have accelerated diversification into non-US destinations to mitigate market concentration risk. For the FY26-27 outlook, we expect throughput volume of Vietnam's key terminals will continue to grow strongly by 9%/8% y/y to 28.7mn/31.0mn TEUs in respective years.

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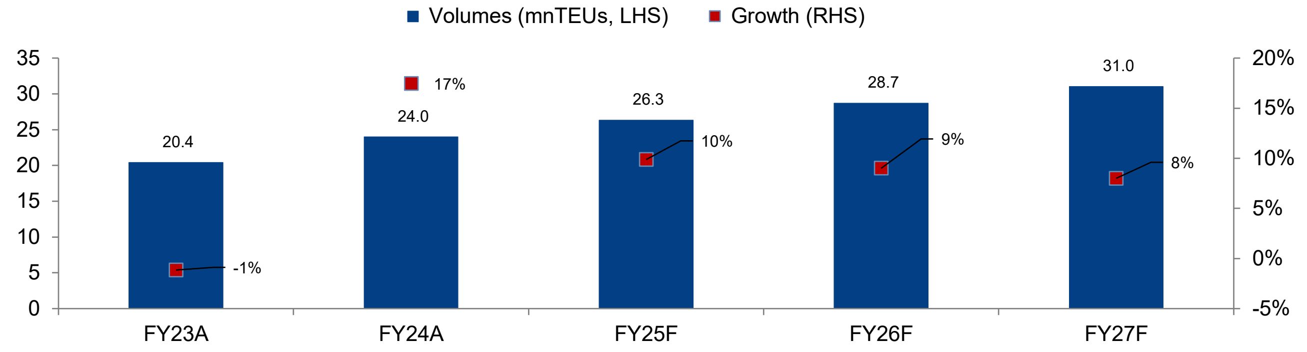
The potential increase in handling tariffs for deep-water ports by the end of FY25, which are expected to support Lach Huyen and Gemalink of GMD, would also provide an earnings growth engine for the sector in the coming years.

Figure 195: Throughput volumes FY23A-FY27F, Vietnam's key terminals

We expect solid seaport volumes growth of 9% y/y in FY26



Source: Vietnam Port Associates, HSC Research

Figure 196: Harpex charter rates index

Charter rates index decreased slightly since Red Sea ceasefire

Source: Harperpetersen

Shipping: Risk of lower FY26 charter rates

The Israel–Hamas ceasefire took effect on 10 Oct-25. As a result, shipping lines are likely to gradually return vessels to the Suez Canal route, which would increase supply as sailing distances shorten. However, we believe this transition will not happen rapidly nor cause charter rates to fall sharply in the near term.

In fact, the charter rate index has only edged down slightly since the ceasefire. In addition, for 1,700 TEU vessels (the type HAH mainly operates), charter rates have remained virtually unchanged compared with 3Q25 as the supply of this vessel class remains tight. According to Clarkson, the world's largest shipbroking group, the 6 to 12 month charter rate for 1,700 TEU vessels remains broadly unchanged in Oct until now vs. 3Q25 average.

This indicates that carriers are deliberately delaying the redeployment of vessels to the Suez Canal to avoid a sudden jump in supply and downward pressure on charter rates.

That said, with the Red Sea situation having improved significantly, carriers will eventually need to resume normal routing through the Suez Canal. We therefore expect the full return will happen in 2026, and vessel charter rates will likely decrease

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y/y. For HAH, we expect average charter rates will decline 13% y/y in 2026 due to the slow redeployment of ships back to the Suez Canal. This will put earnings pressure on the company in FY26.

In-land logistics: VTP looks well positioned

We expect the traditional delivery sector to post mid- to high-teens growth, driven by growing demand for e-commerce. However, competition will remain high, putting pressure on margin of the whole sector. Price competition is ultimately unsustainable.

Given this situation, VTP, one of the leaders in the delivery sector, seems to be making wise moves in expanding its business to offer more comprehensive logistics services including transportation, warehousing and fulfillment. Its border gate-adjacent logistics park business, with the first one being implemented in Lang Son, is well positioned to benefit from the modernization of cross-border trade. Given prospects from new business, **VTP (Buy; TP VND128,000)** is our top pick for in-land logistics.

Top Logistics picks are GMD and VTP

For GMD, we expect FY25 core PBT will grow 18% y/y to VND2.4tn thanks to strong volume growth and the new operation of Nam Dinh Vu (NDV) port phase 3 from end-3Q25. For FY26 and FY27, we forecast core PBT will improve 18% and 12% y/y to VND2.8tn and VND3.1tn respectively, driven by higher utilization rates of NDV and the new operation of Gemalink phase 2A from 2H27. Our forecast suggests a 3Y net profit/core PBT CAGR of 12% and 16% respectively.

We like GMD thanks to its attractive valuation, promising long-term earnings growth prospects driven by new investment projects, experienced and focused management team and good long-term strategy. In the short term, the potential one-off income from divesting rubber projects and the possible increase in handling fees for deep-water ports will be catalysts for the stock price. Our detailed report was published on 25 Nov.

For VTP, we see strong core from its full-scaled service offering (last-mile delivery, transportation, warehousing, fulfillment) and strong outlook for its Lang Son Logistics Park, which is well positioned to be the key beneficiary of Lang Son's smart border gate project. Earnings growth is strong for FY26-27, per our estimate, while it would be even stronger from FY28 as the smart border gate project is completed. For a deep dive into the bright outlook of the Lang Son Logistics Park and Smart Border Gate project, please refer to our comprehensive analysis published on 17 Nov.

Aviation: Bright outlook but increased competition

Vietnam's air travel demand remains strong, supported by the rapid recovery of international passengers – especially from China – and the continued expansion of international routes by domestic carriers. Domestic travel is also improving, reinforcing overall demand. However, competition is set to rise in 2026 as aircraft supply increases driven by fleet expansion and the return of previously grounded aircraft. The allocation of new airport projects to private investors may also weigh on ACV once these airports become operational. We currently rate **Add** on **HVN** and **ACV**, with target prices of **VND34,600** and **VND63,200**, respectively.

FY26 outlook: Strong demand but competition is intensifying

We expect aviation demand to remain strong in FY26, supported by continued growth in international travel and the ongoing recovery of the domestic market. We forecast total passenger volumes to increase by 9% y/y to 132.1mn pax, driven by 13% and 7% y/y growth in international and domestic passengers to 53.4mn and 78.7mn pax, respectively.

Airlines: Tougher competition, offset by potential fuel price decline

As a reminder, the reduced fleets of small carriers due to financial difficulties and the technical issue of Pratt Whitney engines led to aircraft shortages and, consequently, put upward pressure on pricing. Aided by this, HVN and VJC grew 1H25 core profit growth by 106% and 56%, respectively.

Notably, aircraft shortages have eased since 3Q25 and this trend is expected to continue, driven by the resumption of suspended aircraft operations and ongoing fleet

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expansion plans by airlines. As a result, market competition has intensified and is likely to continue rising in the coming periods.

We estimate that the total number of Vietnam operating aircraft will reach 198 units by end-4Q25, up 6% q/q and 8% y/y. The operating fleet is projected to expand to 239 aircraft by end-2026 and 270 by end-2027, representing growth of 21% and 13% y/y, respectively. With passenger demand expected to grow by around 10-13% per year, this rapid fleet expansion will likely exert pressure on competition and profit margins across airlines in FY26-27.

Figure 197: Operating aircraft number, Vietnam's fleet

We expect operating aircraft number will increase strongly in FY26

	End-FY19	End-FY23	End FY24	End-1H25	End-3Q25	End-4Q25	End FY26	End-FY27
HVN	123	112	88	85	91	91	102	107
VJC	71	86	84	86	86	92	109	135
Bamboo Airways	22	11	8	6	7	7	7	7
Viettravel	-	3	3	2	3	5	10	10
Sun Phu Quoc	-	-	0	0	0	3	11	11
Total	**216**	**212**	**183**	**179**	**187**	**198**	**239**	**270**
Growth y/y	**0%**	**0%**	**-14%**	**-2%**	**2%**	**8%**	**21%**	**13%**
Growth vs. FY19	**0%**	**-2%**	**-15%**	**-17%**	**-13%**	**-8%**	**11%**	**25%**

Source: HSC Research

Figure 198: Total air passengers, Vietnam

We expect total air pax will grow consistently in FY26-27F period, on increased capacities of airports and airlines

	Actual						Forecasts		
Mn pax	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**
International	41.8	7.4	0.5	12.0	32.6	41.4	47.4	53.4	62.2
Domestic	74.6	57.8	29.6	87.1	80.4	68.6	73.6	78.7	86.6
Total pax	**116.3**	**65.2**	**30.1**	**99.0**	**113.0**	**110.0**	**121.0**	**132.1**	**148.8**
Growth y/y									
International	14%	-82%	-93%	2202%	173%	27%	14%	13%	16%
Domestic	12%	-22%	-49%	194%	-8%	-15%	7%	7%	10%
Total pax	**12%**	**-44%**	**-54%**	**229%**	**14%**	**-3%**	**10%**	**9%**	**13%**

Source: ACV, HSC Research

Support from potential lower jet fuel prices

In the November report, the EIA revised down its 2025 and 2026 average jet fuel price forecast by 1.1% and 3.4% to USD92/barrel (down 8% y/y) and USD84/barrel (down 9% y/y) versus its Sep. projection. As jet fuel accounts for around 30-35% of HVN's operating expenses and 35-40% for VJC, lower fuel prices would benefit both airlines significantly.

ACV: Potential competition with other airport operators

With the recent allocation of airport investment projects such as the Phu Quoc International Airport (PQC) expansion and the new Gia Binh Airport (GBIA) to private investors, we see a trend of opening the sector for private participation in airport infrastructure development. This development would affect ACV's revenue and earnings once the new airports become operational (expected in 2027), as traffic could be redistributed between existing airports and the new ones. Below are our key assessments of the potential impacts if ACV is not selected as the investor for these new airports.

- **PQC impacts**: On 17 Nov, ACV transferred all assets at PQC to Sun Group, the investor of this airport expansion project. However, the transferred price has not yet been decided. At present, ACV is still operating and receiving operation revenue from PQC, but it is likely that in the coming time it will also transfer the operation to Sun Group. We currently assume that this handover will be completed by end-2025, meaning that from FY26 onwards ACV will no longer receive revenue from PQC. This transfer has already been incorporated into our current forecast model but the potential one-off income from this has not yet been incorporated.

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- **GBIA impacts**: Masterise's role as the investor of GBIA creates a risk of passenger traffic being diverted from ACV's Noi Bai International Airport (NIA) to GBIA, given that the two airports are only 43km apart. Due to limited information, we have not incorporated the impact of this project into ACV's forecast model. However, to provide an overview of the potential impact on ACV's earnings and target price, we conduct the following sensitivity analysis, assuming that 20%–70% of NIA's passenger volume shifts to GBIA. Under a 20% traffic shift scenario, ACV's target price would be VND60,295. Under a 70% shift scenario, the target price would be VND53,492.

Our comprehensive report, dated 20 Nov., provides detailed insights into the opportunities and challenges facing the aviation industry in the coming years.

Top picks: ACV and HVN

Our top picks in aviation industry include ACV (Add, TP VND63,200) and HVN (Add, TP 34,600. In detail:

- For ACV, we forecast FY25/26/27 core net profit of VND11.3tn (up 13% y/y), VND6.8tn (down 40% y/y), and VND6.5tn (down 4% y/y), respectively. The less attractive FY26-27 earnings are mainly due to higher depreciation cost and interest expenses following the commercial operation of Long Thanh International Airport (LTIA) from Jun-26. However, we expect net profit will recover strongly from FY28 thanks to higher utilization rates of the new airport. We forecast net profit CAGR in the FY27-30 period will be strong at 36%/annum given the solid growth of international at 11-14%/annum and domestic passenger growth of 9-10%/annum. ACV is now trading on a 1-yr rolling fwd EV/EBITDA of 10.2x, cheap vs its 3Y data of 12.8x (since Nov-22).
- For HVN, we forecast FY25 core PBT will come to VND8.8tn (up 25% y/y). For FY26 and FY27, we expect core PBT to reach VND8.9tn (up 14% y/y) and VND9.7tn (up 9% y/y). Our core PBT forecasts suggest a 3-yr CAGR of 23%. We view HVN as a value stock now. Its earnings strongly surpassed pre-pandemic level thanks to better cost management, restructuring efforts and lower debts. Meanwhile, HVN is now trading on a 1Y rolling forward EV/EBITDAR of 3.8x –but notably below our pre-pandemic level of 4.1x, which looks cheap in our view.

Autos: EV-led growth, but profitability still lagging

Vietnam leads ASEAN in EV adoption, with the EV sales share hitting 28% in 10M25, dominated by VinFast (92% of EV sales) and Toyota (5%). While policy incentives; such as SCT cuts for hybrids/biofuels starting Jan-26; supporting Toyota's local hybrid expansion (backed by a USD360mn investment), these gains are unlikely to offset the weakening outlook for Honda motorbikes. Honda's 2-wheeler segment, which contributed 75/74% to VEA's FY24/9M25 net profit, is losing significant share to VinFast and other electric 2-wheeler players. Given VEA's portfolio structure (30% in Honda, 20% in Toyota, and 20% in Ford via unlisted Diesel Song Cong), we rate Add on VEA (TP VND39,300) and Hold on HAX (TP VND10,900).

EV transition accelerates among players

Vietnam car ownership/auto penetration rates (per 1,000 capita) increased 54% y/y to 97 vehicles in FY24 (from 63 in FY23) but remain below other countries in the ASEAN region, implying strong potential for auto industry growth. Notably, Vietnam recorded the highest sales share for EVs among the ASEAN markets, approx. 22.1% in FY24 and 27.5% of total sales in 10M25, per our estimates, mainly contributed by BEVs sales from VinFast (c.92% of total EV sales) and hybrid sales from Toyota (c.5%).

Following industry structural changes, Toyota has recently announced an investment worth USD360mn to expand its Northern manufacturing complex in Phu Tho Province, marking its largest capital commitment in Vietnam. In the meantime, Ford officially delivered its luxury battery EV model Mach-E in Vietnam in Sep-25 and installed around 50 charging stations across its authorized dealerships.

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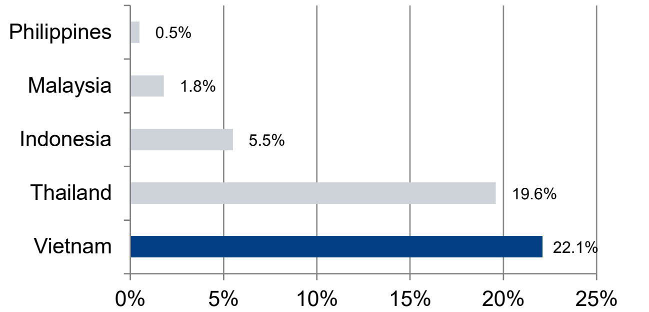
Figure 199: EV sales share (as % total car sales), FY24

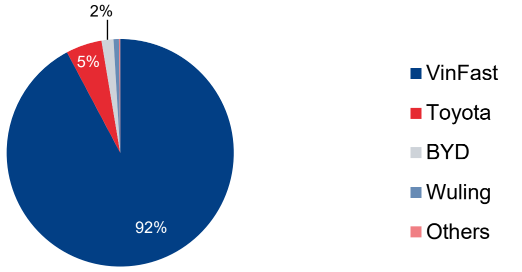
Vietnam shows the strongest EV adoption in the region



Source: International Council on Clean Transportation, HSC Research

Figure 200: 10M25 EV sales share by brands, Vietnam

Majority of Vietnam's EV sales were coming from VinFast



Source: VAMA, Vietnam Register, VinFast, HSC Research

We now project Vietnam's total auto sales volume to rise 19% y/y in FY25 to 572,616 units, driven primarily by VinFast's strong domestic sales. Looking ahead, we forecast FY26 auto sales to maintain double-digit growth of 17% y/y, reaching 668,747 units. VinFast is projected to contribute 225,000 units (up 50% y/y), while other brands grow 5% y/y to 443,747 units. We believe with major automakers' adaptation to structural shifts amid a consumption recovery, expansion momentum would continue in FY26.

For **motorbikes**, VinFast has been gaining market share from traditional 2W players. In our estimate for total motorbike market including VAMA members and pureplay e-2W producers, Honda accounted for 65% of industry-wide volume share in 3Q25, a shrinking position vs. 75% in 3Q24. Honda's motorbike sales have come under pressure lately as Hanoi and Ho Chi Minh City planned for several strict policies aimed at phasing out gasoline vehicles in these cities over FY26-30. We now expect Honda's motorbike sales to grow 1% in FY25 and decline 11% y/y in FY26.

Valuation and recommendation

With uncertainties remaining around the sector, we keep our conservative views on both VEA (Add, TP VND39,300) and HAX (Hold, TP VND10,900), those that are significantly impacted by industry headwinds. Our comprehensive report, dated 25 Nov., provides detailed insights into the opportunities and challenges facing the auto industry in the coming years.

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Energy & Utilities: Reform momentum & emerging trends

Nguyen Hoang Nam, CFA
Director, Head of Energy & Utilities
nam.nhoang@hsc.com.vn
+84 28 3823 3299 Ext. 190

Natalie Nguyen
Research Manager, Energy & Utilities
natalie.nguyen@hsc.com.vn
+84 28 3823 3299 Ext. 110

- The E&U sector is seeing further regulatory reforms to drive future growth with key trends being LNG development, larger demand for grid investment, market share consolidation, and an aggressive capex cycle.
- We expect a 3Y net profit CAGR for the energy & utilities sector of 18.8% (Utilities-Electricity, O&G, Utilities-Water, and Utilities-Gas are 52.8%/10.5%/11.7%/12.1%, respectively).
- Our top picks for FY26 are GEG, PC1, POW, PVS, PVD, PLX, BWE.

Ongoing reforms are prioritizing energy security and unlocking mechanisms to encourage private capital investment. We identify three structural themes defining the medium-term: a massive capex super-cycle, the acceleration of the energy transition (LNG, offshore wind, biofuel gasoline roll-out), and market consolidation for gasoline distribution.

Electricity: The sector is poised for a robust recovery with a projected 3Y net profit CAGR of 52.8%. Key drivers include the critical role of LNG as a flexible baseload to complement renewables, and the urgent need to upgrade transmission infrastructure and long-term upside in unlocking Vietnam's vast offshore wind potential.

Oil & Gas: After a decade of muted investment, the sector is entering an aggressive growth phase. We project aggregate annual capex for key subsidiaries to surge to VND25.6tn over FY25-30, a six-fold increase from the FY14-24 average of VND4.4tn. This growth is anchored by domestic energy security projects like Block B O Mon and supported by PVN's policy of retaining earnings for reinvestment.

Downstream & Utilities: In the Utilities - Gas sector, the upcoming E10 biofuel gasoline mandate (Jun-26) and stricter regulatory enforcement will drive market share consolidation toward dominant incumbents with established infrastructure. Meanwhile, in the Utilities - Water sector is pursuing aggressive capacity expansion and M&A to serve industrial demand, despite tariff headwinds.

Top picks: Utilities – Electricity: **GEG**, **PC1**, **POW**; Oil & Gas: **PVS**, **PVD**; Utilities – Gas: **PLX**; Utilities – Water: **BWE.**

		Price	Rating		TP (VND)		Up/(down)	P/E (x)		EV/EBITDA (x)		Div. yield (%)	
	Ticker	(VND)	New	Old	New	Chg (%)	side (%)	2025F	2026F	2025F	2026F	2025F	2026F
Binh Son Refining & Petroch.	BSR	15,500	Reduce	-	15,000	-	(3.23)	20.2	30.8	13.3	13.9	0	0
Binh Duong Water-Environ't	BWE	47,250	Buy	-	62,300	-	31.9	10.9	11.4	8.39	7.66	2.75	2.75
PetroVietnam Gas	GAS	63,400	Add	-	74,000	-	16.7	12.0	13.0	8.62	8.75	6.31	6.31
Gialai Electricity	GEG	14,300	Buy	-	19,200	-	34.3	5.48	10.7	5.60	7.33	0	0
PetroVietnam Oil Corp.	OIL	10,600	Add	-	12,600	-	18.9	24.6	20.2	25.6	20.6	2.36	2.36
Power Construction	PC1	21,700	Buy	-	28,000	-	29.0	10.2	10.3	6.48	6.17	0	0
Power Generation JSC 3	PGV	19,500	Add	-	23,400	-	20.0	9.99	7.91	5.00	4.75	0	5.00
VN National Petroleum Gp.	PLX	33,900	Buy	-	43,000	-	26.8	16.2	15.6	10.0	8.80	0	0
PetroVietnam Power	POW	15,250	Buy	-	18,500	-	21.3	16.6	21.2	7.07	5.86	0	0
PetroVietnam Drill. & Well	PVD	26,700	Buy	-	32,000	-	19.9	17.0	10.4	7.37	4.93	1.87	0
PetroVietnam Tech'l Services	PVS	32,200	Buy	-	44,860	-	39.3	12.6	10.4	10.3	6.24	2.30	2.30
Refrigeration Electrical Eng.	REE	65,200	Add	-	74,300	-	14.0	12.8	12.9	8.88	8.70	1.53	1.53
Thu Dau Mot Water	TDM	58,500	Hold	-	59,800	-	2.22	30.9	35.8	26.3	30.5	2.39	2.22

Share prices as of 28 November 2025
Source: Companies, FactSet, HSC Research

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Utilities - Electricity

The utilities – electricity sector continues the ongoing regulatory reform with the goal to attract private investment and accelerate PDP8 rollout. Three key trends for the sector that we see are: 1) LNG's increasingly bigger role in the Vietnam power sector, 2) accelerated grid development, and 3) unlocking long-term potential for offshore wind. The sector's net profit 3Y CAGR is expected at 52.8%. Our top picks for the sector are **GEG**, **PC1** and **POW**.

Reform momentum

Following the issuance of Resolution 70/NQ-TW, which set energy security and private participation as national priorities, Vietnam's power sector is now seeing further regulatory acceleration through two major developments: **Resolution 328/NQ-CP** and Government **Proposal 1043/TTr-CP**. These policy updates not only reinforce the national commitment to Power Development Plan 8 (PDP8) implementation but also address longstanding bottlenecks such as rigid planning adjustments, limited capital access, and weak enforcement of delayed project penalties. Altogether, Resolution 70, Resolution 328, and Proposal 1043 represent a coordinated policy push to fast-track energy project execution, unlock capital, and remove legal bottlenecks – laying the groundwork for Vietnam's long-term energy security and clean energy transition.

Figure 201: Overview of some key regulatory changes in the past six months

Name	Issuance date	Key summary
Resolution 70/NQ-TW	**20-Aug-25**	**Strategic priority**: establish energy security and private sector participation as top national priorities.
		Green funding: encourages expanded access to green capital (green bonds and subsidized credit).
		Classification: solar, wind, and new energy projects formally classified as "green," qualifying for state incentives (e.g., interest subsidies).
Resolution 328/NQ-CP	**13-Oct-25**	**Enforcement**: introduces stricter mechanisms to sanction investors who stall or abandon projects, specifically those threatening energy security.
		Integrated hubs: outlines a vision for integrated energy hubs in key provinces combining LNG, refining, and renewables.
Proposal 1043/TTr-CP	**11-Nov-25**	**Fast-track mechanism**: seeks special approval to institutionalize Resolution 70 and unlock mechanisms for 2026–2030.
		Flexibility: allows flexible PDP8 adjustments without full replanning and exempts listed projects from investment policy approval (excluding high-stake/offshore wind).
		Grid & capital: authorizes SOEs (PVN, EVN) for critical grid projects; introduces government guarantees for foreign BOT capital and long-term offtake for LNG.
		Market reform: expands DPPA parties/negotiation; simplifies PPA pricing (auction bid = final tariff); encourages investment in small modular reactors.

Source: HSC Research estimates

Sectoral trend in mid-term

We identified three important trends to watch out for as the sectoral reforms unfold, including:

LNG playing a larger role in Vietnam's energy transition strategy

PDP8 envisions a significant expansion of gas-fired power. Domestic gas-fired power is expected to grow from 7 GW to 15 GW by 2030, while LNG-fired power capacity is targeted to rise to 22.5 GW. However, as of late 2025, only the Nhon Trach 3 & 4 LNG-fired power projects are on schedule, while most others, such as O Mon 4, remain in early stages. This delay threatens the broader PDP8 goals. With coal power slated to phase out after 2030 and hydropower largely tapped out, Vietnam's future electricity supply must come from renewables and gas-fired plants. Thus, gas-fired power is

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essential to provide the flexible baseload capacity that complements renewables. If LNG plants fail to materialize on time, investment in renewables may stall due to the absence of balancing capacity. This interdependence highlights the need for policy and regulatory alignment to ensure LNG-fired capacity ramps up in lockstep with renewables. Several measures have been proposed to address investor concerns and accelerate gas power deployment:

- **Minimum contracted output (Qc)**: The current proposal is to set minimum Qc for LNG projects at no less than 75% of their multi-year average output vs. current regulation of 65%, which signals encouraging support for investors' demands.
- **Capacity payments**: The 2024 Electricity Law introduced the concept of capacity payments (covering fixed costs and O&M) as private investors require them to ensure revenue stability. A full two-component tariff mechanism, covering both energy and capacity, remains absent for both buyers and sellers.
- **Gas supply commitments**: The National Electricity System and Market Operation Company Limited is expected to dispatch enough power to meet the gas take-or-pay obligations in gas supply agreements. For domestic gas projects like Block B, dispatching will be aligned with available fuel and system demand. However, no such guarantee exists yet for LNG projects, posing a bankability risk.

We expect that growing urgency and legal clarity will drive stronger support for LNG-fired power in the coming years.

Transmission infrastructure: The backbone of the energy transition

To accompany generation expansion, Vietnam must invest USD18.1bn between 2026-2030 in power transmission. The priority is to build out the 500kV and 220kV grids to support inter-regional flows, especially from the renewable-rich central and highland regions to demand centers in the north and south.

A robust transmission network is vital to accommodate the variability of renewables and to reduce curtailment risks. PDP8 aims to build a reinforced 500kV backbone that links all regions and connects to neighboring countries, supported by smart grid technologies.

However, the implementation challenge is enormous: Vietnam must build 12,300 km of new 500kV lines in just five years, which is 24 times the length of the record-setting Quang Trach-Pho Noi line completed in 2024 (source). That project took seven months and required unprecedented coordination across all levels of government. To meet these goals, Vietnam must undertake thorough regulatory reform streamlining permissions, accelerating approvals, and potentially enabling private-sector participation through PPPs or other investment models.

Offshore wind power: Unlocking untapped potential

Though it might be more of a longer-term story, offshore wind represents a major growth opportunity for Vietnam, with a technical potential of up to 600 GW. PDP8 sets targets of 6 GW by 2030 and 17 GW by 2035. However, offshore wind projects face complex regulatory hurdles due to overlapping jurisdiction among ministries, ranging from marine resource management to national defense.

Offshore wind power is rapidly emerging as a strategic pillar in Vietnam's energy transition due to its technical superiority and alignment with national policy goals. Offshore wind projects benefit from higher and more stable wind speeds than onshore counterparts, thanks to open sea conditions free from terrain and structural obstructions. This results in significantly higher capacity factors (the ratio of actual electricity produced to the maximum possible output) ranging from 40% to over 60%, compared to 25-40% for onshore wind, making offshore turbines far more productive per megawatt installed (per MoIT).

Moreover, offshore wind enables large-scale development, offering baseload electricity that can displace coal-fired power in the national energy mix. Offshore deployment avoids the complex land clearance and resettlement issues of onshore projects, while also minimizing noise and visual impacts. Crucially, the development of offshore wind supports Vietnam's commitment to net-zero emissions by 2050, energy security, and renewable energy expansion as outlined in the Revised Power

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Development Plan 8, which targets 6 GW of offshore wind by 2030 and up to 139 GW by 2050.

Vietnam Electricity (EVN) and PetroVietnam (PVN) are key state-owned enterprises anchoring the offshore wind ecosystem. EVN plays a dual role as a grid operator and power purchaser through long-term PPAs, making it essential for grid integration and balancing intermittent sources. PVN, leveraging its offshore oil and gas expertise, is transitioning into a renewable energy leader. Its subsidiaries contribute across the offshore wind supply chain from marine survey and foundation installation (PVS: Buy, TP: 44,860), logistics (PVT: not rated), and chemical supply (PVC: not rated) to integration and generation (POW: Buy, TP: VND18,200). PVN's strategic pivot helps diversify the national energy mix and enables green industrial development in coastal provinces.

Aggregate earnings growth

The aggregate net profit growth for the sector is 52.8% from a low base in FY24.

Figure 202: FY25-27 earnings estimates, covered names in the utilities – electricity sector

Net profit 3Y CAGR of 52.8% from a low base

VNDbn	FY24A	FY25E	FY26E	FY27E	CAGR FY24-27	Explanation
REE	1,994	2,763	2,730	2,825	12.3%	Solid earnings from power and office for lease continue to lead earnings growth. REE is adding four more power plants in FY26.
POW	1,112	2,146	1,684	2,558	32.0%	Sustainable Qc allocation for its thermal power plants. NT3,4 can start operation with higher long-term minimum Qc (75%).
PC1	468	872	869	951	26.7%	Improving EPC gross margins, expanding EPC backlog for transmission lines.
GEG	115	935	477	589	72.5%	Finalization of transitional tariff for TPD1 in FY25, and contribution the of new projects (Duc Hue 2 and VPL2) from FY26.
PGV	-878	2,192	2,768	3,093	n/m	Stable Qc allocation and more benign input cost environment.
Aggregate	**2,810**	**8,907**	**8,528**	**10,017**	**52.8%**	

Source: HSC Research estimates

Top picks

GEG is strategically aligned with market liberalization trends. It is leveraging its scalable renewable platform and execution track record to lead in mechanisms like DPPA, where it may become Vietnam's first solar developer to secure such a contract, positioning itself ahead of peers as private sector participation grows.

PC1 is set to benefit from revised PDP8's USD18.1bn grid investment plan by 2030, given its track record in EPC execution in 500 kV transmission and growing offshore wind ambitions, positioning it as both a key enabler and beneficiary of national grid and renewable integration.

POW stands out as the clear frontrunner in LNG power, with its Nhon Trach 3 & 4 projects nearing completion and primed to capitalize on proposed policy guarantees (e.g., we are expecting a 75% minimum Qc for 15 years), enhancing earning stability and bankability.

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Figure 203: our top picks for the utilities – electricity sector

GEG, PC1 and POW are our top picks

Name	Rating	TP	Upside/ (Downside)	Key catalysts	Key risks to TP
GEG	Buy	19,200	34.3	• Higher than expected negotiated prices for Duc Hue 2 solar power and VPL2 nearshore wind project	• Delays in new project launches for VPL2 and Duc Hue 2.
PC1	Buy	28,000	29.0	• Larger than expected growth in EPC backlog for transmission lines.	• Lower nickel ore output volumes due to difficulties in extraction • Large FX losses due to currency fluctuation
POW	Buy	18,500	21.3	• Higher than expected Qc allocation for both existing gas-fired power plants and new LNG-fired power plants (NT 3 &4)	• Lower-than-expected Qc allocation for gas-fired power plants • Higher-than-expected input prices for gas/coal prices • Large FX losses due to currency fluctuation • Further delayed COD of NT 3 & 4 LNG-fired power plants

Source: HSC Research estimates

Energy - Oil and gas

Recent regulatory reform in the oil & gas sector to allow accelerated growth such as Resolution 70 and LNG-passthrough mechanism. Additionally, Block B made some progress towards the upcoming first gas target in FY27, thus reviving investors' sentiment for the sector. Net profit 3Y CAGR for the sector is 10.5% driven by BSR from a low base, PVD on higher day rates and two new jack-up rigs, and PVS on higher profitability for the EPC segment. Our top picks are **PVS** and **PVD**.

Regulatory reforms

Within the oil & gas sector, new regulatory frameworks are being introduced to accelerate growth in the sector, such as:

- **Resolution 70** to ensure national energy security which includes total primary energy supply to reach 150-170mn tonnes of oil equivalent, and local refineries' capacity to meet at least 70% of domestic demand by 2030.
- **Decree 100/2025/NĐ-CP** on LNG-passthrough mechanisms for gas-fired power plants, which support the development of LNG receiving terminals in Vietnam

Winners emerging

Following a restructuring period, PVN's subsidiaries have emerged with more robust balance sheets and a renewed appetite for expansion. After a decade of muted investment, companies under our coverage are pivoting toward aggressive growth. We reiterate the structural view highlighted in our previous strategy report: A massive capex cycle is underway. While we have fine-tuned our specific estimates, the trajectory remains materially unchanged, with aggregate capex for the four key subsidiaries projected to surge to VND25.6tn per year over FY25-30 – a sharp increase from the VND4.4tn average of FY14-24. This aligns with the parent company's trajectory, as PVN's own 2025F capex is set to jump 40% y/y to USD2.4bn.

Operationally, these companies are transitioning from restructuring to strategic resilience. PVS is diversifying into the renewable energy value chain, planning a renewable hub at its Vung Tau port. PVD is pursuing overseas expansion via a planned joint venture with Lianson Fleet Group in Malaysia to overcome local content barriers, while also eyeing a re-entry into Algeria following its 2024 rig divestment. Meanwhile, BSR is upgrading its refinery capacity to meet Euro 5 standards by FY28.

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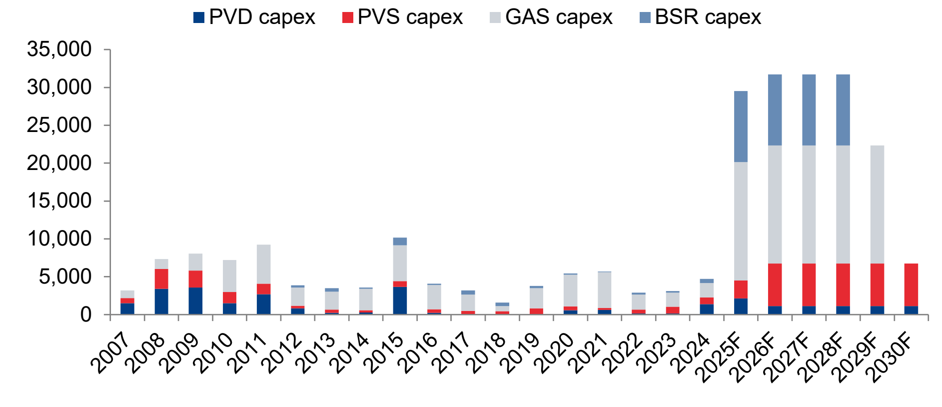
Figure 204: Historical and planned capex for four oil & gas companies, (VNDbn)

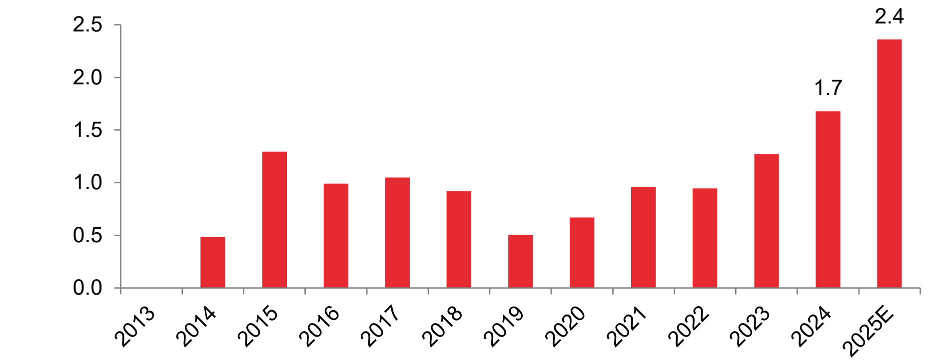
Average annual capex of VND25.6tn for four companies in FY25-30 period



Source: companies' plan, HSC Research estimates

Figure 205: PVN's capex (USDbn)

An increase of 40% y/y in FY25 for PVN planned capex



Source: HSC Research estimates

Progress of Block B O Mon

In Nov-25, the Block B O Mon project showed new progress as Phu Quoc Petroleum Operating Company awarded PVD to provide a PVD 6 jack-up rig for the development of the Block B - 48/95 and 52/97 gas fields, which involves providing 40 development wells in 305 days from Mar-27 to Aug-27. This event created positive sentiment for several oil and gas stocks in the past 1M.

We show below the timeline of Block B O Mon project with corresponding revenue, net profit attributions to PVS, PVD and GAS. Block B is expected to impact revenue and profit of PVS, PVS, and GAS in the near-term and long-term. Meanwhile, as the natural gas from this field will be used for four thermal power plants, we do not expect any impact on BSR's long-term revenue and net profit.

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Figure 206: Project timeline and revenue / net profit contribution to PVS, PVD and GAS in the long term

Block B can bring long-term revenue/ net profit stream to three companies

Block B O Mon gas field											
Year	**2024**	**2025**	**2026**	**2027**	**..**	**2040**	**..**	**2047**	**2048**	**…**	**2050**
Key timeline				**First gas**							**End of life**
PVS											
Contract	EPC contracts: CPP, infield pipelines, onshore pipelines			EPC contracts: 40 wellhead platforms							
Revenue	USD1bn			USD2bn							
Net profit	USD30mn			USD60mn							
Net profit to PVS (100%)	**USD10mn/year**			**USD1.2mn/year**							
Contract				FSO Block B (14 years)			FSO Block B (ext.) (9 years ext.)				
Revenue				USD480mn			USD120mn				
Net profit				USD7.20mn/year			USD7.20mn/year				
Net profit to PVS (51%)				**USD3.60mn/year**			**USD3.60mn/year**				
PVD											
Contract				1JU for 40 wells (50% volume)		1.2 jack-up rigs for 911 wells (100% volume)					
Revenue			USD40mn	USD48mn/year							
Net profit to PVD (100%)			**USD11mn**	**USD13.2mn/year**							
GAS											
Contract				Transmission: 5bn bcm/ year of natural gas for at least 20 years							
Total revenue				USD302mn/year							
Net profit				USD151mn/year							
Net profit to GAS (51%)				**USD77mn/year**							

Source: HSC Research estimates

Figure 207: FY25-27 earnings estimates, covered names in the oil & gas sector

Net profit 3Y CAGR of 10.5%

VNDbn	FY24A	FY25E	FY26E	FY27E	CAGR FY24-27	Explanation
GAS	10,398	12,587	11,804	11,030	2.0%	LNG demand is expected to rise significantly by 2029-30.
PVS	1,070	1,305	1,583	1,625	14.9%	Earnings contribution from FSO Block B, Lac Da Vang, EPC contracts for Su Tu Trang Phase 2B.
PVD	698	874	1,432	1,601	31.9%	Two new jack-up rigs, higher drilling-related services revenue.
BSR	631	3,106	2,520	2,994	68.0%	Crack spreads recover from a low base.
Aggregate	**12,797**	**17,871**	**17,340**	**17,250**	**10.5%**	

Source: HSC Research estimates

Aggregate earnings growth

The aggregate net profit 3Y CAGR is expected at 10.5% driven by BSR (recovering of crack spreads), PVD (adding two new jack-up rigs and higher drilling-supported revenue) and PVS. We expect the companies' near-term earnings to be driven more by the domestic exploration and production capex rather than global crude oil prices, and midstream local oil & gas companies stand to benefit from this trend.

Top picks

We keep PVS and PVD as our top picks for the sector given foreseeable backlogs, expanding activities for oil and gas fields in Vietnam and Southeast Asia region. Growth is supported by PVN's policy to preserve internal cash flow for investment, executing capital increases via stock dividends rather than cash distribution.

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Figure 208: Our top picks for the Oil & Gas sector

PVS, PVS are our top picks

Name	Rating	TP	Upside/ (downside)	Key catalysts	Key risks to TP
PVS	Buy	44,860	39.3	• The implementation of state economic development plan, which is expected to be finalized in 1H26. The plan would help to simplify decision processes and help **PVS** to expand investment in international markets. • Reversals of provision for previous EPC projects are higher than our estimate.	• The abrupt cancellation of FSO/FPSO contracts. • Slowdown in oil and gas capex plan in Vietnam and Southeast Asia region.
PVD	Buy	32,000	19.9	• The implementation of state economic development plan, which is expected to be finalized in 1H26. The plan would help to simplify decision processes and help **PVD** to expand investment in international markets.	• Lower day rates and utilization rates for its rigs. • Any delay in investment approval for additional jack-up rigs.

Source: HSC Research estimates

Utilities - Gas

The sector is preparing to adopt a bio-fuel gasoline mandate nationwide from Jun-26, which creates room for growth for large companies like PLX or OIL with existing fuel-blending capacity. Concurrently, restructuring activities help companies to reduce operational costs and to be more resilient towards sectoral change ahead. The net profit 3Y CAGR for the sector is expected to be 12.1%, driven by high single digit volume growth and additional contribution from jet fuel distribution segment. Our top pick for the sector is PLX.

Biofuel gasoline mandate from FY26

The MoIT's issuance of Circular 50/2025, which mandates E10RON95 gasoline usage starting June 2026, heavily favors major distributors with established blending infrastructure. PLX is positioned as the primary beneficiary, possessing a significant capacity surplus of 3.3mn cbm/year for E10 blending – equivalent to approximately 65% of its estimated FY24 sales volume. This readiness allows PLX to aggressively grab market share in the early implementation phase. Similarly, PVOIL is expected to see volume growth from the mandate, as the technical and capital barriers required to upgrade storage and blending facilities will likely crowd out smaller distributors, consolidating volume toward the well-prepared industry leaders.

Market share consolidation

The petroleum distribution sector is undergoing a period of consolidation, driven by tighter government controls and the disqualification of non-compliant top-level distributors. This regulatory pressure is creating a "flight to quality," allowing dominant incumbents like PLX and OIL to capture market share vacated by smaller, less efficient players. PLX is leveraging its massive retail network and developing new commercial rest stops along the North-South Expressway to physically expand its reach. Meanwhile, PVOIL is diversifying its revenue streams by preparing to enter the jet fuel market and capitalizing on its high proportion of domestic inventory sourcing (80%) to mitigate logistics costs and FX risks, further strengthening its competitive position against smaller rivals.

Figure 209: FY25-27 earnings estimates, covered names in the Utilities - Gas sector

Net profit 3Y CAGR of 12.1%

VNDbn	FY24A	FY25E	FY26E	FY27E	CAGR FY24-27	Explanation
PLX	2,890	2,702	2,809	3,717	8.8%	Driven by volume 3Y CAGR of 8.4%
OIL	411	446	542	932	31.4%	Driven by volume 3Y CAGR of 7.6% and jet fuel business contribution
Aggregate	**3,301**	**3,147**	**3,351**	**4,649**	**12.1%**	

Source: HSC Research estimates

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FY25-27 earnings estimates

The aggregate earnings growth for the sector is at 12.1% for FY24-27 driven by lower SG&A costs from restructuring activities and volume growth from biofuel gasoline mandate from Jun-26.

Top picks

PLX is our top pick in the Utilities - Gas sector. We like PLX as it has room for better cost efficiency and market share enhancement, which will drive the long-term core business performance. Also, the authorities tightening controls over disqualifying top-level petroleum distributors provides an opportunity for PLX to leverage its competitive advantage of having the largest distribution networks among peers.

Figure 210: Our top pick for the Utilities - Gas sector

PLX is our top pick

Name	Rating	TP	Upside/(Downside)	Key catalysts	Key risks to TP
PLX	Buy	43,000	26.8	• The decree amending regulations on petroleum trading may benefit PLX in terms of offering more market share and leveraging its competitive advantage of the largest distribution network.	• Slower than expected reflection of PLX's restructuring plan into PLX's income statements. • Slower than expected operation of rest stops along the North-South Expressway.

Source: HSC Research estimates

Utilities - Water

Plagued by delays in approval of a water tariff hike for the legacy Binh Duong Province following the consolidation with HCMC, BWE has not been able to secure better water tariff schemes for its water supply segment. Despite the obstacle, BWE is pushing forward with the acquisition of shares in other companies as well as expanding its effective water supply capacity. Net profit 3Y CAGR is expected to be 11.7% driven by organic volume growth, capacity expansion from recently acquired companies and flat ASP for water supply for BWE. BWE is our top pick in the sector, as it is expanding to additional provinces such as HCMC, Can Tho, and An Giang Province with the help of ongoing lower ASP from TDM.

BWE: Infrastructure upgrades and portfolio realignment

BWE is pursuing a strategy of aggressive capacity expansion to solidify its long-term operational footprint. The company is heavily investing in upgrading its infrastructure network to address two critical operational goals: resolving persistent water shortages in Long An Province and Phu Quoc Island. Beyond standard water supply, BWE is also integrating state-of-the-art solutions to address broader environmental challenges, enhancing the technical capability of its facilities. Thanks to this effort, BWE has been selected as the investor for two key infrastructure projects in Phu Quoc: the Cua Can Lake water plant (49,500 cbm/day) and the Bai Bon waste treatment plant (250 tonnes/day). Total capex for these two projects is VND938bn, to be completed by May-27.

Simultaneously, the company is undergoing significant corporate restructuring involving its subsidiaries to optimize its holding structure. BWE successfully completed the transfer of stakes in two key entities. This includes the divestment of a 52% stake in Biwelco—effectively removing it from BWE's list of subsidiaries—and the sale of a 27.2% stake in Biwase Long An. Following this transaction, BWE retains a controlling 68% interest in Biwase Long An, streamlining its portfolio while maintaining strategic oversight.

TDM: Long-term capacity expansion

TDM is actively executing a "green and clean" investment strategy centered on physical infrastructure growth. The company is adding new production facilities specifically designed to secure the long-term water supply required by the region's expanding industrial parks such as the Can Tho 3 Water Plant. This focus on capacity

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addition ensures TDM remains capable of meeting future volume requirements from its downstream partners.

In terms of existing infrastructure management, TDM has reached a notable milestone in its asset lifecycle. Key fixed assets within its production facilities have become fully depreciated sooner than anticipated, which results in 23% y/y lower depreciation expenses in 9M25. The full depreciation of its current asset base clears the path for the company to focus its operational resources on the development and integration of these new facilities. TDM has a faster depreciation rate of only 10 years vs. 15 years of BWE.

FY25-27 earnings estimates

The net profit 3Y CAGR is expected at 11.7%, with total net profit reaching VND1.2tn by FY27. Within this segment, BWE shows better earnings growth thanks to support from TDM and higher profit contribution from JVs.

Figure 211: FY25-27 earnings estimates, covered names in the utilities - water sector

Net profit 3Y CAGR of 11.7%

VNDbn	FY24A	FY25E	FY26E	FY27E	CAGR FY24-27	Explanation
BWE	639	953	909	987	15.6%	Continuing support from TDM, higher water ASP from Binh Phuoc and Long An Province, higher profit contribution from JVs.
TDM	204	209	182	189	-2.6%	Ongoing support for BWE cashflow in terms of lower ASP.
Aggregate	**843**	**1,162**	**1,091**	**1,176**	**11.7%**	

Source: HSC Research estimates

Figure 212: our top pick for the utilities – water sector

BWE is our top pick

Name	Rating	TP	Upside/(Downside)	Key catalysts	Key risks to TP
BWE	Buy	62,300	31.9%	• Any increase in average water supply price, wastewater treatment price and waste treatment price.	• TDM's ASP discount will not last as long as expected.

Source: HSC Research estimates

Top pick

BWE is our top pick in the Utilities - Water sector. We like BWE for its aggressive capacity expansion to: (1) resolve water shortages in Long An Province; (2) upgrade our infrastructure to meet increasing demand of new IPs; and (3) provide state-of-the-art solutions to environmental problems.

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Technology: Infra. digitalization & AI set growth path

Vo Thi Ngoc Han, CFA
Senior Director, Head of Ind. & Tech.
han.vtn@hsc.com.vn
+84 28 3823 3299 Ext. 314

Tran Thi Thu Nga, CFA
Manager, Industrials & Tech.
nga.ttthu@hsc.com.vn
+84 24 3933 4693 Ext. 4807

Mai Doan Ngoc Han
Senior Analyst, Industrials & Tech.
han.mdn@hsc.com.vn
+84 28 3823 3299

- Vietnam's technology sectors are expected to be fueled by (1) the accelerated rollout of AI across global and domestic markets, and (2) the massive influx of State budget on infrastructure digitalization in coming years.
- Global IT spending is predicted by Gartner to grow 10% y/y in FY26 to USD6.1tn, led by rapid AI adoption acceleration across enterprises. In Vietnam, the government is simultaneously stepping up State budget allocation for digital transformation. We believe players that pivot toward this theme will lead growth.
- We highlight FPT (Buy, 24% upside) as our top pick in our coverage, leading with solid growth trajectory in FY26 from AI surge and national DX roadmap.

Global IT spending to advance 10% y/y in FY26

According to US IT advisory firm Gartner, FY26 IT spending growth is projected to accelerate to 9.8% (to USD6.1tn), from 8.3% seen in FY25. Within this, IT services remain the biggest category, with estimated growth of 8.7% y/y in FY26 (to USD1.9tn), also accelerated from growth of 8.3% in FY25.

Robust AI demand globally; Gov't spending push digital infra.

The global IT services sector is entering an AI-driven upcycle, with stronger monetization expected from FY26-27 as enterprises shift from experimentation to scaled deployment. While headwinds remain, AI demand is reshaping the industry with emerging demand for AI implementation.

In Vietnam, digital transformation momentum is strengthening under Resolution No. 57 with a major step-up in State budget allocation; we see positive signals for public and private sector who are ramping up digital transformation capex. Additionally, with the robust digital infrastructure theme, sovereign AI buildout and fintech are emerging as key data-center growth engines. The market size for these two segments combined is seen as growing on a 5Y CAGR of 28-30% from USD3.25bn in FY24 (per state-sponsored think tank Vietnam National Innovation Center).

Regarding telecom, 5G rollout is now seen as slower than expected as B2B sectors (industrials, medication, education, etc.) have yet to reach the level of digital maturity required to deploy meaningful 5G-enabled applications. Nevertheless, we still expect the road towards 5G commercialization, with infrastructure sharing, to be inevitable.

Meanwhile, as part of Vietnam's rapid road infrastructure expansion and digitalization, demand for ITS (Intelligent Transportation System) is expected to accelerate.

FPT is our top pick

FPT (Buy, TP VND123,100) is our top pick, standing out as a major contender for AI services in both the Vietnam and global market. **ELC** (Buy, TP VND26,800) thrives on the robust infrastructure digitalization story in Vietnam, however, the stock would suit investors with high risk appetite given its project-based business nature. We have an Add rating on **CMG** (TP VND44,700) and **CTR** (TP VND106,000) for investors who would like exposure on Vietnam's data center and 5G story, respectively

		Price	Rating		TP (VND)		Up/(down)	P/E (x)		EV/EBITDA (x)		Div. yield (%)	
	Ticker	(VND)	New	Old	New	Chg (%)	side (%)	2025F	2026F	2025F	2026F	2025F	2026F
CMC Corp.	CMG	37,400	Add	-	44,700	-	19.5	19.2	15.7	10.2	8.63	1.60	1.87
Viettel Construction	CTR	86,400	Add	-	106,000	-	22.7	21.8	19.6	7.93	6.96	2.89	2.89
Elcom Corp.	ELC	20,700	Buy	-	26,800	-	29.5	18.5	15.5	17.4	15.2	0	2.42
FPT Corp	FPT	96,100	Buy	-	123,100	-	28.1	19.2	16.9	11.9	10.6	2.08	2.08

Share prices as of 28 November 2025
Source: Companies, FactSet, HSC Research

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Big picture: Robust growth in FY26 is expected

Vietnam's technology sector growth is expected to maintain solid momentum into FY26, underpinned by an improving global market landscape and strong government initiatives domestically, despite FY25 headwinds from macroeconomic uncertainty and AI-related global layoffs. We like **FPT (Buy, TP VND123,100)** as the main beneficiary of AI-driven growth.

Global IT spending is projected to grow 9.8% y/y in FY26

According to US IT advisory firm Gartner, FY26 IT spending growth is projected to accelerate to 9.8% y/y (to USD6.1tn), from 8.3% y/y growth seen in FY25 (Figure 213).

Within this, IT services remain the biggest category, with estimated growth of 8.7% y/y to USD1.9tn. Telecom services, being the 3rd largest segment, is projected to grow modestly by 4.5% y/y USD1.4tn.

Data center systems is expected to surge most rapidly by 19.0% y/y growth to USD582bn in FY26, from the robust 48.7% y/y growth in FY25 as the race to build AI infrastructure has further increased demand.

Figure 213: Global IT spending forecasts

Global IT spending is estimated at USD5.5tn (up 8.3% y/y) in FY25 and is forecasted to grow 9.8% y/y to USD6.1tn in FY26

USDbn	FY23	Growth y/y	FY24	Growth y/y	FY25F	Growth y/y	FY26F	Growth y/y
Total global IT spending	**4,898**	**8.0%**	**5,115**	**4.4%**	**5,540**	**8.3%**	**6,084**	**9.8%**
Devices	693	-9.8%	734	6.0%	783	6.7%	836	6.8%
Data center systems	236	11.3%	329	39.4%	489	48.7%	582	19.0%
Software	974	20.7%	1,092	12.1%	1,244	14.0%	1,433	15.2%
IT services	1,504	17.2%	1,588	5.6%	1,719	8.3%	1,869	8.7%
Telecom services	1,492	1.9%	1,372	-8.0%	1,305	-4.9%	1,363	4.5%

Source: Gartner, HSC Research

IT services: FY26 growth driven by accelerating AI adoption

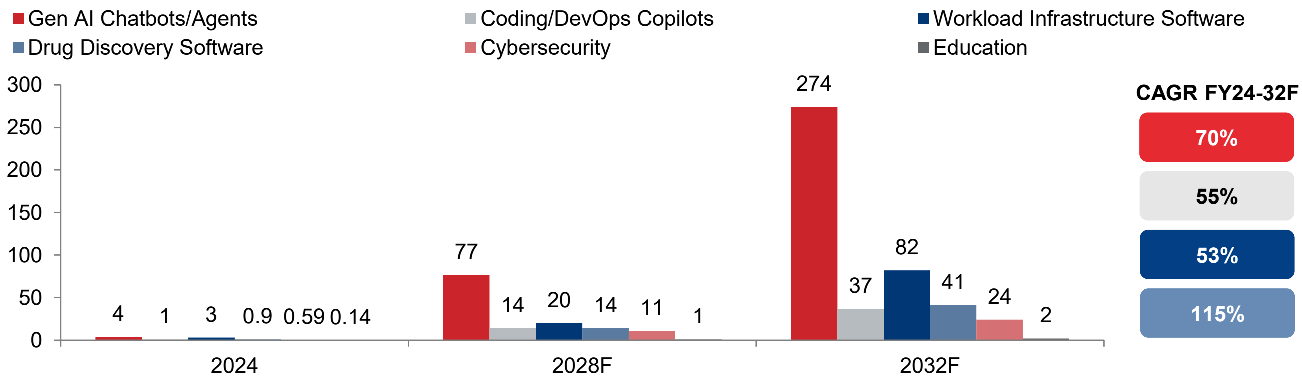
Challenges seen in FY25 might remain the key obstacles for industry players …

Generative AI is reshaping the IT service landscape. The sector saw broad-based layoffs in FY24-1H25, driven by macro uncertainties and the AI-driven automation of junior engineer roles.

On the demand side, most enterprises worldwide struggle to scale AI due to elevated experimentation costs, fragmented technology stacks, the absence of standardized AI engineering frameworks and concerns over data governance and ethics. At the same time, enterprises increasingly demand measurable ROI, such as cost reduction, productivity uplift, and faster innovation cycles, intensifying pressure on IT service providers to deliver scalable, secure, and value-driven AI systems.

Figure 214: Bloomberg's generative AI software spending forecast (USDbn)

Gen-AI agents is forecasted to be the biggest category and led growth of gen-AI software spending in the long term



Source: Bloomberg, HSC Research

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Nonetheless, overall order volumes for IT services are expected to increase to offset for shorter project cycles. At the same time, the surge in AI adoption is creating new services that were previously not viable, opening new revenue streams for vendors able to swiftly adapt to these trends. In the upcoming cycle, Gartner expects AI service growth from FY26-27 at 9-10% y/y, backed by IT vendors' improving AI service offerings and IT spending recovery after an extended period of slowdown from economic uncertainties and pent-up demand. Bloomberg also forecast gen AI chatbots/agents, coding copilots, workload infrastructure and drug discovery would be the main categories that see blooming growth within the gen-AI software landscape.

Figure 215: AI-dedicated engineer and AI revenue contribution, FPT and Accenture

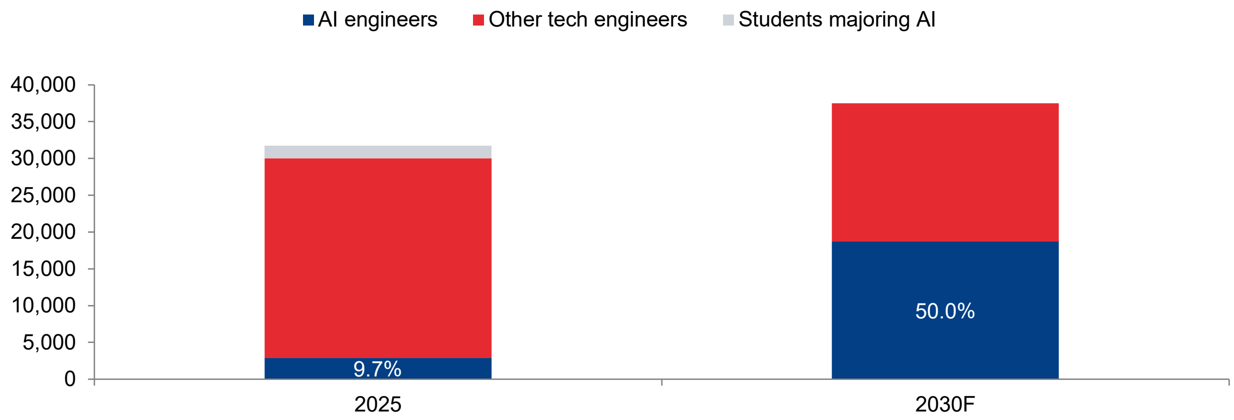
The parallel progress confirms that FPT is actively participating in the rapid market shift toward AI-centric projects

people	AI-dedicated professionals	AI-dedicated/total tech labor	3Q25 AI revenue/Global IT revenue
FPT	2,900	9.7%	8.0%
Accenture	77,000	9.9%	8.5%

Source: FPT, Accenture, HSC Research

Figure 216: Tech engineers by type, FPT

FPT targets 50% of its engineers to dedicate to AI tasks by FY30



Source: FPT, HSC Research

…but those that successfully pivot their business models toward AI-enabled offerings will define the leadership curve in the next phase of AI-driven growth

FPT is strengthening AI capabilities by partnering with the biggest AI chip provider Nvidia, AI research lab Mila and Landing AI, joining the Global AI Alliance with AWS, Microsoft and other cloud providers to access advanced AI infrastructure and models.

In FY25-30, FPT's emphasis shifts toward AI-by-default development processes, standardized prompt libraries, AI-assisted testing, migration modernization, and enterprise knowledge-based automation. FPT is positioning itself as the strategic partner for global enterprises seeking to industrialize generative AI.

Additionally, stabilization and strategic contract wins should drive recovery for FPT in FY26. The market is seeing positive signs as 'reciprocal' tariff issues ease, leading to new contract negotiations resuming in APAC markets (e.g., Singapore) after being put on hold in 1H25. FPT is seizing the momentum through proactive expansion, evidenced by the record Malaysian deal (September) and aggressive growth in Indonesia and Thailand, complementing sustained high growth in the EU/UK.

Compared with Accenture, FPT's AI momentum is closely aligned: AI staff now represent 9.7% of its tech workforce (Accenture: 9.9%), and AI revenue accounts for 8% of Global IT revenue in 3Q25 (vs. 8.5% at Accenture). By FY30, FPT aims for its AI engineers to account for 50% of our projected total company's IT workforce of 37,500 people.

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Domestic IT: National digital transformation roadmap drives growth

The National Assembly's Resolution No.57 sets a strong legal and political foundation for accelerated national digital transformation.

Science and Technology (S&T) spending is targeted to reach up to 3% of total annual State budget expenditure by FY30, a massive jump from the average of 0.65% seen in the preceding 2021-2024 period. For FY21-24 period, annual budget for S&T came to around VND11.2-14.0tn, with a 3Y CAGR of 7.6%.

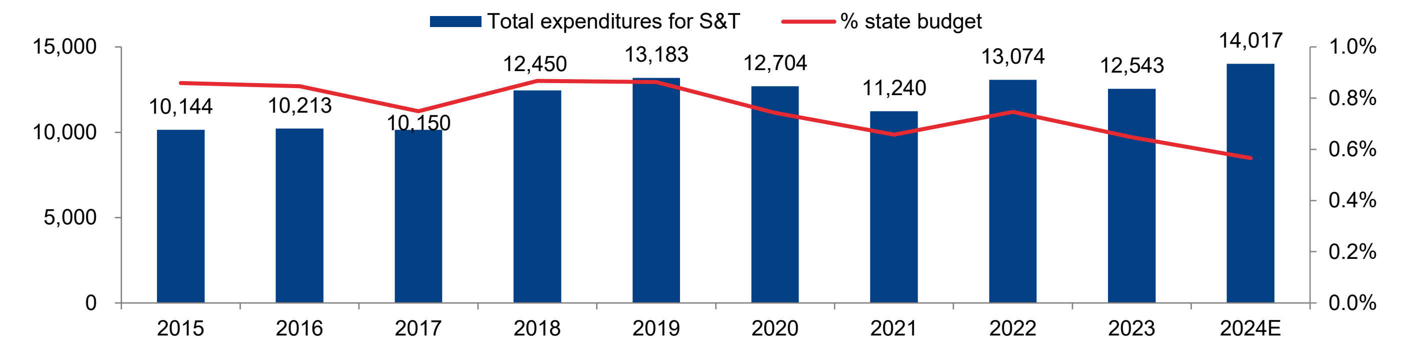
We expect FPT and CMG to be key beneficiaries.

- **Government sector:** FPT, as the State's leading digital infrastructure partner, stands to gain the most from expanding public DX and digital infrastructure. CMG, the 2nd biggest IT vendor, also benefit from this initiative.
- **Private sector:** Private enterprises, led by financial and banking sectors, are also expected to accelerate their capex for DX. With its ecosystem of IT-data center services catering a big chunk in banking and financial service clients, we expect CMG to also benefit from DX demand surging from this vertical.

In conclusion, the combination of a supportive legal framework (Resolution No.57), significantly increased State capex, and continued private sector DX demand creates a powerful, multi-faceted growth tailwind for FPT and CMG in the medium to long-term. Furthermore, we understand that FPT recently established a special task force composed of DX experts to approach and consult with various ministries, agencies, and provincial authorities regarding digital infrastructure and digital transformation within Vietnam. This initiative is expected to set the foundation for accelerated growth in FPT's Domestic IT Services segment and CMG's tech. & solutions segment in the coming period.

Figure 217: Science and Technology expenditures (VNDbn), Vietnam

S&T expenditure rose at a 3Y CAGR of 7.6% in FY21-24 period



Source: Ministry of Finance, HSC Research

Data center services: A dual play on sovereign AI and fintech

We expect in the early phase of AI adoption wave, the Government will be the key client/stakeholder for AI infrastructure, on the rising sovereign AI development across countries in the region. According to Vietnam National Innovation Center (NIC), Vietnam's AI market reached USD750mn in FY24 and is expected to grow at 28% CAGR in the next five years.

In a recent panel discussion between Vietnam's Deputy Prime Minister Nguyen Chi Dung and Nvidia, hosted by the Ministry of Finance, it was revealed that the Vietnamese government is focusing on (i) national data centers and high-performance computing clusters, (ii) Vietnamese-language datasets, (iii) AI talent, (iv) AI startup ecosystem, and (v) supportive policies to enable sovereign AI development.

High-performance graphic-processing units (GPUs) and hyperscale data centers are the most critical focus for AI-native infrastructure in the medium term. For example, Singaporean telco company Singtel is deploying 'GPU-as-a-service' using Nvidia's latest GB200 and GB300 chips to serve Singapore's sovereign funds and government

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agencies. These GPUs require a power of 200 kWh per rack vs 8-10 kWh per rack for conventional servers. Such GPUs need liquid cooling and strong operating systems.

Regarding the fintech outlook, Vietnam's digital asset market reached USD2.5bn value in FY24, per Statista. Recently, the government approved Resolution 05/2025/NQ-CP in Sep-25, allowing a five-year pilot for regulated crypto asset trading. Under this pilot, transactions, issuance and payments in digital assets must be in VND and only Vietnamese financial institutions can get licensed and organize digital asset exchanges. Further sandboxes and laws on fintech are expected, which should encourage the Vietnamese financial service segment to adopt new technology facilitating digital asset trading and hence, fuel demand for digital infrastructure.

We believe sovereign AI buildout and fintech are two leading themes driving data center growth in Vietnam. We expect both FPT and CMG to capture this trend. FPT is running 2 AI factories in Vietnam and Japan, utilizing the H100 Nvidia chips. CMG, focuses on financial services, which includes the most aggressive adopters of cloud and digital technologies here; it supplies around 65% of Vietnam banking's data center demand such that banks represent c.20% of segment revenue.

Figure 218: Key regulation development for digital infrastructure buildout in Vietnam

Infrastructure development for technology industry is critical in the upcoming years

Regulation	Effective date	Brief
Resolution 57-NQ/TW of the Politburo	24-Dec-24	Simplifying regulations, encouraging experimentation, attracting high-talent personnel, building digital infrastructure, and ensuring data sovereignty, cybersecurity, and better cooperation between state, research, and private sectors
Resolution 68-NQ/TW of the Politburo	4-May-25	Calling for reforms in market institutions, finance, land and human-capital policies to boost private enterprises' innovation, productivity and integration into global value chains
Decision 1131/QĐ-TTg	12-Jun-25	Government list of "strategic technologies": AI, digital twin, Vietnamese LLMs, virtual/AR, industry-specific AI
Decree 180/2025/ND-CP	1-Oct-25	Mechanisms for public-private cooperation in science, technology, innovation and digital transformation. Offer tax breaks, land incentives and revenue-risk sharing to attract private investment, while requiring clear contracts on IP, data ownership and profit sharing
No. 71/2025/QH15	1-Jan-26	Law on digital technology industry: Establishing legal frameworks for digital technology industry (such as AI, semiconductors, and digital assets), encourages industry development, requires databases & reporting obligations for industry actors
No. 91/2025/QH15	1-Jan-26	Law on personal data protection: Comprehensive personal data protection rules, notification/72-hour breach of reporting obligations, standards and technical requirements for data protection, rights of data subjects and responsibilities of controllers/processors
New Cybersecurity Law	1-Jan-26	Authorities are consolidating existing cyber laws into an updated cybersecurity law with expanded governance and Ministry of Public Security oversight

Source: Bloomberg, HSC Research

Telecom: Slower than expected 5G rollout

Vietnam's long-awaited 5G commercialization started in late FY24, led by the launch of Viettel (Oct-24), VNPT (Dec-24) and Mobifone (Mar-25).

In order to accelerate 5G deployment, the government announced (via Decree No. 88/2025/ND-CP, issued on 13 Apr-25) to subsidize 15% of the total investment value for equipment if telcos deploy at least 20,000 BTSs in FY25, with the total subsidy not exceeding the total winning bid for spectrum auctions held in FY24.

Following this, Viettel and VNPT announced their plans of deploying 20,000 5G BTSs this year. However, as we have learnt, only Viettel is still sticking with the plan, while VNPT has pulled back. Viettel aims to deploy 22,400 5G BTSs this year, bringing the total number of its 5G BTSs to 29,000 units by end-FY25. By end-10M25, Vietnam had 16,737 5G BTSs (with most owned by Viettel), equivalent to 14% of the number of 4G BTSs and covering 39.5% of total population. We note that the MoST targets 5G coverage to reach 90% of total population by the end of this year and 99% by end-FY30 – the earlier target should be achieved should Viettel keeps track of its plan.

We attribute the withdrawal of VNPT to the slower than expected 5G adoption. For B2C clients, 5G is simply 4G with higher speed, and most demand has been met by 4G. The adoption of 5G should be led by B2B clients with various applications in industrials, medication, education, etc. but those sectors have yet to develop to the level of such applications. Therefore, in order for 5G to be widely adopted, it is not only the job of telcos', but the whole of society and the economy must step up together.

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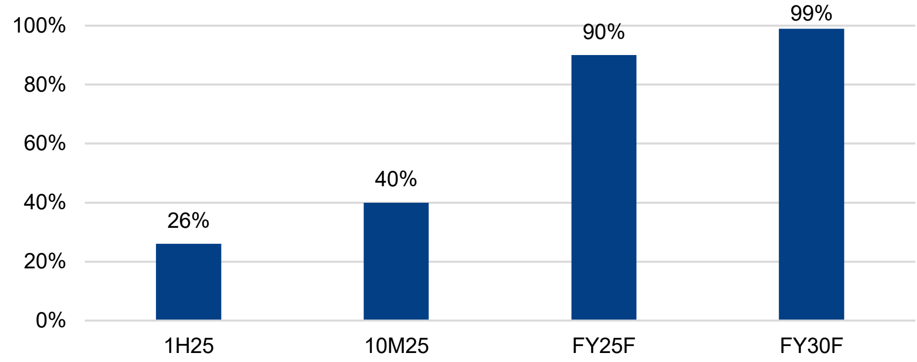
Meanwhile, infrastructure sharing has yet to see meaningful improvement – Leading towerco CTR's tenancy ratio to remain at the 1.03 level for a while due to a lack of mandatory regulations. Currently, the government has not enforced any mandatory actions but only encouraged telcos to share infrastructure, which seems to have not brought much impact as all telcos would want to build their own infrastructure as perceived competitive advantages.

Nevertheless, the road towards 5G commercialization, with infrastructure sharing along the way, is inevitable. It is just the matter of time.

Figure 219: 5G coverage target, Vietnam

5G coverage is expected to reach 99% of population by FY30



Source: MoST

ITS: Strong push from FY25

Vietnam's expressway network is under strong pressure for expansion by the government. From a modest network of 1,163 km achieved by FY20, Vietnam aims to have 3,000km by the end of this year and 5,000 km by FY30.

With Vietnam moving towards smart traffic management, ITS (Intelligent transportation system) is demanded for all expressways' components and major cities. We expect ELC (Buy, VND26,800) will be the key beneficiary of this theme as Vietnam's ITS leader with the strongest track record. However, we note that this stock more suits investors with a bit higher risk appetite due to ELC's project-based business nature, leading to results less recurring and stable compared to those with contract-based nature.

Recommendations: FPT is our top pick

FPT is our top pick with a Buy rating and TP of VND123,100 (24% upside). Driven by the early signs of recovery in signed rev., we forecast an acceleration in FPT's top line growth, to 12.6% in FY26 and 14.6% in FY27, up from 10.4% in FY25. This momentum will be fueled by the upbeat outlook for Global IT Services, FPT's improved capability to secure longer-duration deals; continued expansion of its global footprint, plus the Government's boost in Domestic digital infrastructure.

We also have Buy rating for ITS leader **ELC** (TP VND26,800) but note that the stock might suits investors with a bit higher risk appetite due to ELC's project-based business.

Meanwhile, we have Add rating on **CMG** (TP VND44,700) and **CTR** (TP VND106,000) for investors who would like exposure on Vietnam's data center and 5G story, respectively.

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Macroeconomics forecast

	2019	2020	2021	2022	2023E	2024E	2025F	2026F	2027F
Currency									
Currency (VND: USD) (at YE)	23,155	23,085	22,765	23,555	24,265	25,480	26,600	27,000	27,500
Currency (VND: CNY)	3,317	3,535	3,579	3,415	3,418	3,491	3,773	3,885	3,929
GDP and employment									
GDP annual growth rate (%)	7.36	2.87	2.58	8.10	5.05	7.09	7.70	7.60	8.00
GDP (USDbn)	332	346	370	411	433	476	508	545	582
GDP per capita (USD)	3,398	3,558	3,757	4,132	4,317	4,702	4,972	5,280	5,597
Current account to GDP (%)	3.67	4.35	-2.20	-0.26	6.51	5.48	3.74	3.31	3.43
Public debt to GDP (%)	42.8	43.8	44.7	37.4	36.9	37.0	36.9	37.3	38.6
Government debt to GDP (%)	37.4	38.5	39.6	34.7	33.3	33.0	33.3	34.1	35.7
Gov't budget deficit (% of GDP)	2.09	2.71	2.55	3.08	2.85	3.47	3.61	4.24	5.04
Credit to GDP (%)	106.3	115.0	124.4	125.3	132.7	135.7	143.9	153.6	164.4
Disbursed FDI to GDP (%)	6.1	5.8	5.3	5.4	5.4	5.3	5.3	5.2	5.2
Unemployment rate, year-end (%)	2.15	2.37	3.56	2.32	2.26	2.22	2.30	2.60	2.50
Prices									
12M average inflation (y/y %)	2.8	3.2	1.8	3.1	3.3	3.6	3.4	3.9	4.0
CPI, year-end (y/y %)	5.2	0.2	1.8	4.5	3.6	2.9	3.4	4.1	4.3
Money and rates									
Policy interest rate (%)	6.00	4.00	4.00	6.00	4.50	4.50	4.50	4.50	4.50
Overnight interbank rate (%)	1.4	0.2	0.7	4.4	0.5	4.0	4.0	4.0	4.0
Credit growth (y/y %)	13.6	12.2	13.6	14.2	13.8	15.1	18.0	19.0	19.0
Money supply M2 (VNDtn)	10,574	12,111	13,402	14,227	15,999	17,915	20,781	24,418	28,691
Money supply M2 (y/y %)	14.8	14.5	10.7	6.2	12.5	12.0	16.0	17.5	17.5
FX reserves (USDbn)	79	95	107	85	90	81	83	85	90
VCB 12M deposit interest rate (%)	6.8	5.6	5.5	7.4	4.8	4.6	4.6	5.0	5.5
Deposit rate cap (< 6m, %)	5.0	4.0	4.0	6.0	4.75	4.75	4.75	4.75	4.75
Government bond 5Y (%)	2.4	1.2	1.0	4.6	1.9	2.4	3.3	3.5	3.6
Government bond 10Y (%)	3.2	2.0	2.9	4.8	2.2	2.8	4.0	4.2	4.3
Trade and external sector									
Balance of trade (USDbn)	10.9	19.9	3.3	12.1	28.4	24.9	20.9	20.3	24.9
Current account balance (USDbn)	12.2	15.1	-8.1	-1.1	28.2	26.1	19.0	18.0	20.0
Imports (USDbn)	253	263	333	360	326	381	443	481	529
Imports (y/y %)	6.7	3.7	26.7	8.0	-9.2	16.7	16.2	8.7	10.0
Exports (USDbn)	264	283	336	372	355	406	464	502	554
Exports (y/y %)	8.0	6.9	18.9	10.6	-4.6	14.4	14.2	8.2	10.5
External debt (USDbn)	123	129	140	149	142	155	167	179	184
External debt to GDP (%)	36.9	37.3	37.7	36.2	32.7	32.6	32.8	32.8	32.8
FDI disbursement (USDbn)	20.4	20.0	19.7	22.4	23.2	25.4	26.9	28.5	30.3
FDI commitment (USDbn)	38.0	28.5	31.2	27.7	39.4	38.2	42.0	44.2	48.7
Business & consumer									
Manufacturing PMI (year-end)	50.8	51.7	52.5	46.4	48.9	49.8	51.0	50.0	51.0
Industrial production (y/y %) (at YE)	6.2	9.5	8.7	0.2	5.8	8.8	8.3	7.0	7.5
Manufacturing prod'n (y/y %) (at YE)	7.0	13.1	10.9	0.6	7.6	10.2	9.0	7.5	8.5
Annual manufacturing prod'n (%)	10.5	4.9	6.0	8.0	3.6	9.8	10.5	7.0	9.5
Annual nominal retail sales (%)	11.3	-0.9	-9.1	19.8	9.4	9.0	10.0	11.0	12.0

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Top picks

	HSC	Closing	Target	Upside /	Mkt cap	EPS growth			P/E			P/B			Div yield		
Ticker	rating	price	price	downside	(USDmn)	24A	25F	26F	24A	25F	26F	24A	25F	26F	24A	25F	26F
Financials: Banks & Insurance																	
MBB	Buy	23,500	30,400	29.4%	7,105	8.5%	10.3%	20.0%	8.2	7.4	6.2	1.7	1.4	1.2	1.4%	1.0%	1.3%
TCB	Buy	33,750	46,000	36.3%	9,046	19.5%	16.4%	23.4%	11.0	9.5	7.7	1.6	1.5	1.3	4.4%	3.0%	3.0%
CTG	Buy	48,850	62,800	28.6%	9,983	27.4%	26.5%	17.0%	10.4	8.2	7.0	1.8	1.5	1.3	0.0%	0.9%	1.0%
VPB	Buy	29,100	35,200	21.0%	8,804	38.7%	33.9%	19.3%	14.7	11.0	9.2	1.6	1.4	1.2	3.4%	1.7%	1.7%
Financials: Diversified Financials																	
BVH	Buy	52,900	66,100	25.0%	1,467	18.3%	31.0%	38.6%	18.3	14.0	10.1	1.7	1.6	1.4	1.9%	2.0%	2.8%
Financials: Brokers																	
SSI	Buy	33,200	42,200	27.1%	2,586	-2.6%	13.3%	9.5%	21.7	19.2	17.5	2.4	2.1	2.0	3.0%	3.0%	3.0%
TCX	Buy	47,150	78,200	65.9%	4,946	-82.2%	41.9%	12.3%	23.9	16.9	15.0	3.5	2.5	2.2	11.7%	1.1%	1.3%
Real Estate																	
KDH	Buy	35,400	44,100	24.6%	1,490	-11.5%	11.1%	44.9%	43.7	39.4	27.2	2.0	2.1	2.0	0.0%	0.0%	0.0%
NLG	Buy	35,700	46,200	29.4%	662	5.8%	7.6%	3.5%	27.0	25.1	24.3	1.4	1.4	1.3	1.4%	1.4%	1.4%
IDC	Buy	39,800	56,900	43.0%	580	43.3%	-22.0%	11.7%	6.7	8.5	7.6	2.4	2.4	2.1	11.7%	7.4%	7.4%
KBC	Buy	35,700	44,500	24.6%	1,261	-81.2%	308.8%	92.1%	71.0	17.4	9.0	1.5	1.3	1.2	-	-	-
CTD	Buy	87,500	110,000	25.7%	320	45.6%	48.2%	-7.1%	18.7	12.6	13.6	1.0	0.9	0.9	1.2%	1.2%	1.8%
Energy & Utilities: Energy - Oil & Gas																	
PVD	Buy	25,900	32,000	23.6%	563	19.3%	25.2%	63.9%	21.3	17.0	10.4	0.9	0.9	0.8	-	1.9%	0.0%
PVS	Buy	31,800	44,860	41.1%	625	4.2%	22.0%	21.3%	15.4	12.6	10.4	1.2	1.1	1.0	2.3%	2.3%	2.3%
Energy & Utilities: Utilities - Electricity																	
POW	Buy	15,250	18,500	21.3%	1,355	7.1%	93.1%	-21.5%	32.1	16.6	21.2	1.1	1.1	1.0	0.0%	0.0%	0.0%
PC1	Buy	22,000	28,000	27.3%	339	1189.2%	86.4%	-0.3%	19.1	10.2	10.3	1.6	1.4	1.2	0.0%	0.0%	0.0%
Industrials: Transportation																	
VTP	Buy	99,800	128,000	28.3%	457	0.1%	3.1%	26.4%	31.5	30.5	24.2	7.6	7.2	6.5	1.1%	1.5%	1.5%
GMD	Buy	63,900	79,400	24.3%	1,020	-51.9%	3.9%	17.0%	18.2	17.5	14.9	2.1	2.0	1.9	3.5%	2.3%	2.3%
Industrials: Materials - Industrial Metals																	
HPG	Buy	26,900	36,800	36.8%	7,731	59.9%	15.1%	38.3%	14.1	12.3	8.9	1.5	1.6	1.4	0.0%	3.8%	3.8%
Consumer: Consumer Staples & Discretionary								`									
ANV	Buy	29,300	36,100	23.2%	296	2.3%	1034.5%	12.7%	94.1	8.3	7.4	2.8	2.3	1.8	3.4%	3.4%	3.4%
VHC	Buy	57,800	71,000	22.8%	490	31.9%	-0.7%	3.6%	8.7	8.8	8.5	1.5	1.3	1.1	3.5%	3.5%	3.5%
DCM	Buy	33,950	47,800	40.8%	681	10.2%	64.1%	1.4%	14.7	8.9	8.8	1.8	1.6	1.4	5.9%	4.4%	2.9%
MWG	Buy	80,000	99,500	24.4%	4,482	2121.0%	75.3%	18.9%	31.4	17.9	15.1	4.2	3.6	3.0	0.6%	1.3%	1.3%
MSN	Buy	78,500	109,600	39.6%	4,246	358.0%	83.3%	38.4%	57.6	31.4	22.7	3.9	3.5	3.0	-	-	-
PNJ	Buy	90,200	115,000	27.5%	1,167	2.0%	17.2%	15.0%	16.0	13.6	11.9	2.7	2.3	2.0	2.2%	2.2%	2.2%
Technology, Communications & Internet: Information Technology																	
FPT	Buy	99,500	123,100	23.7%	6,211	5.5%	1.7%	13.6%	19.5	19.2	16.9	4.7	4.4	3.8	2.1%	2.1%	2.1%

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Buy: Expected to rise by more than 20% on an absolute basis in the next 12 months
Add: Expected to rise by between 5% and 20% on an absolute basis in the next 12 months
Hold: Expected to rise or decline by less than 5% on an absolute basis in the next 12 months
Reduce: Expected to decline by between 5% and 20% on an absolute basis in the next 12 months
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HEAD OFFICE
Level 2, 3, 5, 6, 7, 11, & 12, AB Tower
76 Le Lai, Ben Thanh Ward, HCMC
T: (+84 28) 3823 3299
F: (+84 28) 3823 3301

HANOI OFFICE
Level 2, Cornerstone building
16 Phan Chu Trinh, Hoan Kiem District
T: (+84 24) 3933 4693
F: (+84 24) 3933 4822

E: info@hsc.com.vn **W**: www.hsc.com.vn