

Infrastructure investment to speed up in 2H 2023

According to the plan of Ministry of Transportation, major highway projects and Vành Dải 3 HCMC will be pushed in late June, beside North-south highway mega project which is under construction. Four over five of major infrastructure will be conducted in the South of Vietnam, and is expected to reform the network of transportation between major economic hubs. The list of projects is showed below.

Major infrastructure projects to start in 2H.2023

Name of project	Budget (Bil.VND)
Vành Dải 3 HCMC	73.300
Châu Đốc – Cần Thơ – Sóc Trăng highway	44.700
Kinh Hòa – Buôn Ma Thuột highway	22.000
Bến Hòa – Vũng Tàu highway	17.830
Vành Dải 4 (Hà Nội)	85.800

Source: Ministry of Transportation

As we can see in table above, the total budget for those 5 major projects reaches 240.000 Bil.VND, which will be distributed till 2025. The domestic construction materials market was heavily affected by slowdown of real estates market, which cause a stagnance in the progress of residential construction, therefore, leading to a downtrend of construction material demand. With the push of public spending for infrastructure in 2H.2023, the consumption of construction material is expected to be driven by public spending for remaining of 2023, given that real estate market does not show many signals of strong recovery.

With the positive expectation of public investment in 2H.2023, we can expect a recovery in operation result of construction materials company in remaining of 2023. While the construction materials composition of infrastructure projects is different to residential construction, which has higher proportion of cementary, asphalt and construction stone, we are putting positive expectation on second-half operation of construction stone (ex. **KSB, DHA**), cementary (ex. **HT1**) and asphalt (ex. **PLC**).

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