STRATEGY REPORT
Second half of 2025

POLICY STORMS LIQUIDITY REMEDY

Created by **Research & Market Strategy team**
ACB Securities Co. Ltd

APPENDIX

PART 1. INVESTMENT STRATEGY FOR 2H2025

PRIORITIZING STABILITY

Research & Market Strategy Department

LOOKING BACK 1H2025

ACBS's PREVIOUS FORECAST

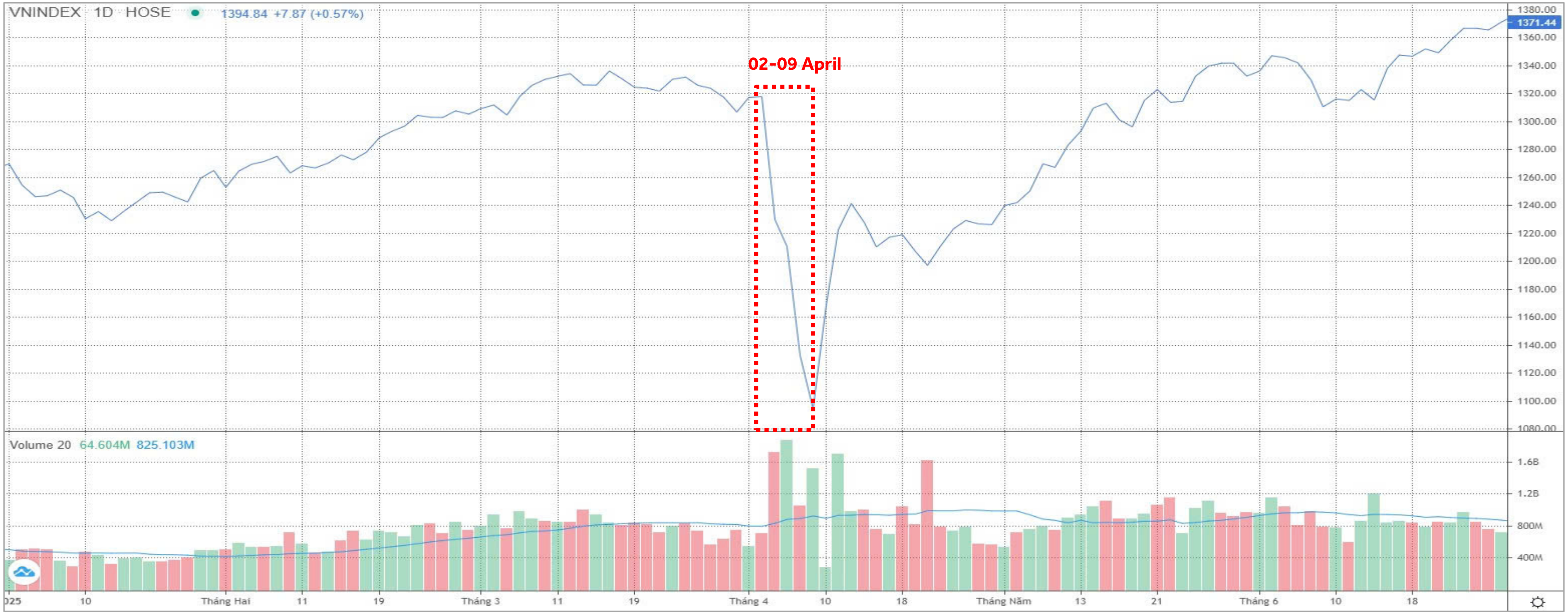
REALITY ???

	ACBS's PREVIOUS FORECAST		REALITY ???
1	We expected the Vietnamese stock market to continue trading within its baseline valuation range, defined by a P/E band of ±1 standard deviation over the past three years. This corresponded to a VN-Index range of 1,240–1,420, supported by a 15% increase in liquidity compared to the 2024 average.	P	The VN-Index traded mostly within the 1,230–1,341 range during Q1 2025 before sharply dropping to 1,094 following the tariff event. However, the market quickly staged a V-shaped recovery and approached the 1,380 by the end of June.
2	We projected that the 2025 net profit of listed companies could increase by 15–16% year-on-year, credit growth would reach 15.6%, and the policy interest rate would rise by 25 basis points to 4.75%.	P	We revised down our 2025 net profit growth forecast for listed companies from the previously projected 15–16% YoY to 12%. However, we maintained our view that credit would grow by 16.0%, and that there remained a risk of a 25 bps increase in the policy interest rate to 4.75% by year-end.
3	We forecasted that the Vietnamese economy in general, and the stock market in particular, entered 2025 without a favorable starting position, as the global macroeconomic environment became increasingly unstable. The most significant risks stemmed from exchange rate pressures and the potential decline in exports if the trade war evolved unfavorably.	Y	The market developments in the first six months of the year were in line with our forecast of a highly volatile global macro environment. Elevated retaliatory tariffs posed challenges for Vietnam in terms of exchange rate pressures and declining exports.
4	We projected that Vietnam's GDP growth in 2025 could reach 7.0–7.5%, while CPI would range from 3.5% to 4.5%. The USD/VND exchange rate was expected to depreciate by up to 4.5% during the year.	Y	GDP in the first half of 2025 reached a record high of 7.52%, with Q2 2025 alone posting growth of 7.92%. However, we believe that the impact of tariffs will gradually materialize in the coming quarters and weigh on GDP growth.
5	**Investment Strategy:** We focused on stocks that clearly benefited from the three major investment themes of 2025: industrial real estate, seaports & maritime logistics, and public investment. In addition, we prioritized bank and energy stocks given their stable earnings outlook and attractive valuations.	N	Our investment strategy delivered a very positive result in Q1 2025. However, the tariff developments immediately impacted the industrial real estate, seaport, and maritime transport sectors. In contrast, stocks in public investment, banking, and energy continued to maintain a stable upward trend.

P: Partially correct, Y: Correct , N: Not correct

VNINDEX PERFORMANCE 1H2025: 1,094-1,370

- The VN-Index traded mostly within the 1,230–1,341 range during Q1 2025 before sharply dropping to 1,094 following the tariff event. However, the market quickly staged a V-shaped recovery and approached the 1,380 by the end of June.

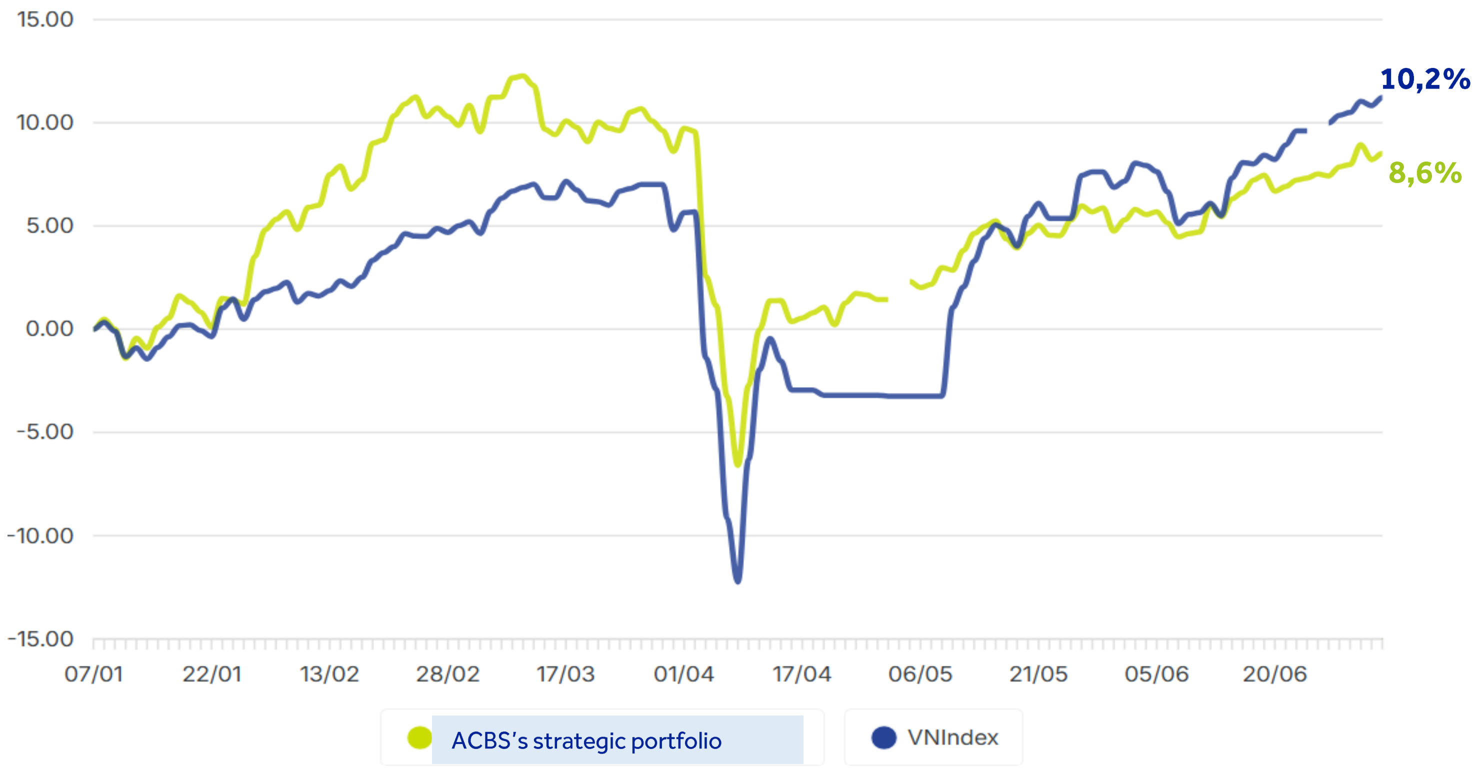


Source: tradingview

ACBS

STRATEGIC PORTFOLIO PERFORMANCE

- 1H2025: ACBS's strategic portfolio recorded a gain of 9.0%, compared to a 10.2% increase in the VN-Index => 1.2% underperform.
- We adjusted our portfolio and maintained a 42% cash position following the tariff event on April 2, 2025.
- Details of our strategic portfolio as of June 30, 2025, are provided in the table below.
- We will implement portfolio adjustments based on the new strategic allocation for the second half of 2025 in July 2025.



No.	Ticker	P&L	Weighting
1	BCM	-12%	5.00%
2	BID	-10%	5.00%
3	CTD	24%	7.00%
4	CTG	12%	6.00%
5	HAH	25%	0.00%
6	HDG	1%	4.00%
7	HHV	8%	3.00%
8	HPG	5%	4.00%
9	POW	14%	3.00%
10	SIP	-13%	5.00%
11	STB	27%	10.00%
12	TCB	43%	7.00%
	Cash		42.00%

Source: ACBS

MARKET OUTLOOK FOR 2H2025

1 The tariff event on April 2, 2025, weakened the outlook for global growth. The latest forecasts from leading international economic research institutions revised down global GDP growth expectations by approximately 0.5%, to a range of 2.6–2.9% (compared to 3.3% in 2024). The greatest risk arising from the tariff issue was the "policy uncertainty" associated with President Trump's decision-making. Meanwhile, any comprehensive negotiation process is expected to require significant time. As a result, this challenging environment is likely to persist throughout at least the duration of President Trump's term.

2 **The global economy is facing two major risks in the near term**: (1) Geopolitical tensions and growing polarization are fueling prolonged trade conflicts, heightening supply chain disruptions and threatening growth; (2) Tight monetary policies with elevated interest rates are unfolding amid rising sovereign debt risks across many countries. In this context, policy decisions by President Trump have added further uncertainty to the global outlook.

3 **Investment flows shifted toward safer asset classes.** Global financial markets witnessed a reallocation of capital into more defensive investment channels, such as gold, short-term money market funds, and undervalued equity markets including those in the EU, Japan, and Germany. The U.S. dollar (DXY) weakened significantly against most major currencies, while U.S. Treasury yields remained elevated due to rising investor concerns over record-high public debt and a growing fiscal deficit.

4 **Vietnam's economy is facing structural challenges stemming from the impact of U.S. tariff policy**. The initial proposal of one of the highest tariff rates has placed Vietnam at direct risk of export decline and VND depreciation. Although the most recent negotiations suggest Vietnam is maintaining some advantages for domestically produced exports, the country's open economic structure and high FDI share in trade activities make its growth highly vulnerable.

5 **The Vietnamese government continued to pursue a strategy of strengthening domestic capabilities and diversifying diplomatic relations**. A more streamlined and efficient government, greater emphasis on the role of the private sector, prioritization of pilot programs in technology and artificial intelligence, and active participation in bilateral and multilateral trade agreements were among the key strategies expected to drive qualitative breakthroughs in Vietnam's economy over the coming decade. However, the negative impact of tariffs may dampen GDP growth in 2H2025

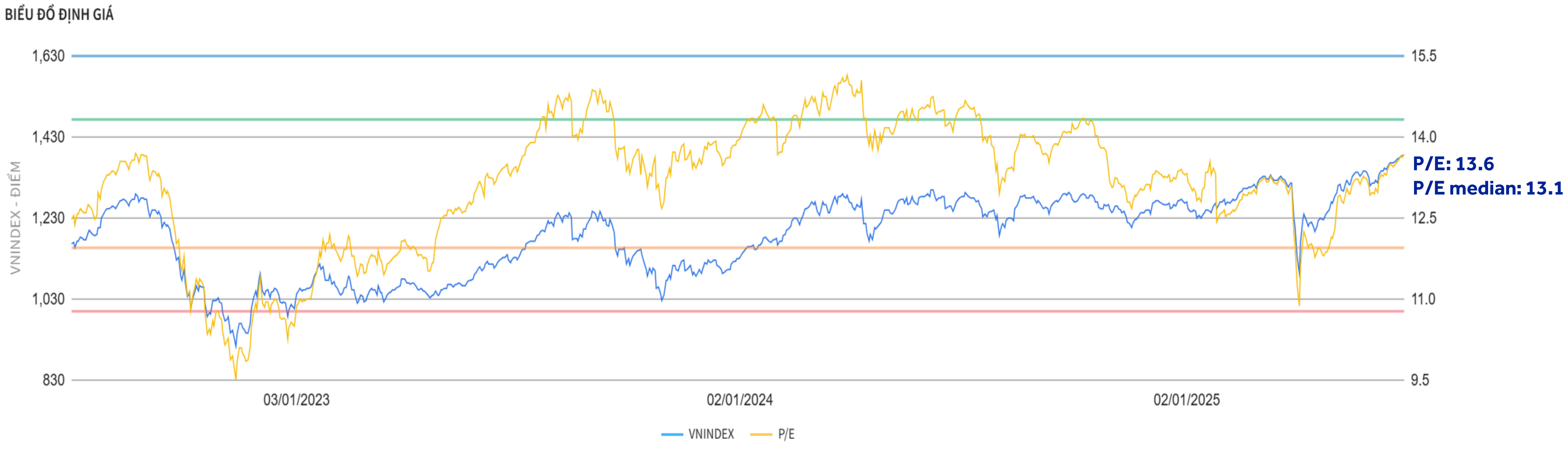
6 **Vietnam's stock market upgrade target has continued to make progress**. The non-prefunding regulation was implemented in late 2024, and the KRX trading system officially went live in early May 2025. As a result, we remain optimistic about the potential for Vietnam's stock market to be upgraded to Secondary Emerging Market status under FTSE's criteria in the upcoming September 2025 review.

7 **We revised our 2025 net profit growth forecast for listed companies within our coverage universe to 11.6% YoY.** The baseline valuation range remains around the -1 STD to the 3-year median P/E, corresponding to a VNINDEX range of 1.350-1.500. The market liquidity was projected to increase by 20% YoY. Improved liquidity in 2H2025, particularly from foreign capital inflows, is expected to support the market's upward momentum.

8 **Our investment strategy for the 2H2025** focuses on stability in the face of increasing uncertainty in the global macroeconomic environment. Accordingly, we are concentrating on a portfolio of stocks in the following sectors: **banking, consumer, public investment, technology, chemicals & fertilizers, and residential properties.**

VNINDEX OUTLOOK FOR 2H2025: 1,350-1,500

- The stocks within our coverage universe (~50% of HOSE market capitalization) were projected to deliver net profit growth of 11.6% in 2025.
- The baseline valuation range remained around -1 standard deviation to the 3-year median P/E, corresponding to a VN-Index range of 1,350–1,500.
- VN-Index liquidity was projected to increase by 20% compared to 2024.



Source: Fiintrade

STRATEGIC PORTFORLIO FOR 2H2025

No.	Ticker	Sector	NPAT 2023 (VNDbn)	NPAT 2024F (VNDbn)	*2024%*	NPAT 2025F (VNDbn)	*2025%*	Market price (*) (VND)	Target price (VND)	*% upside*	2024 P/E	2025F P/E	2024 P/B	2025F P/B
1	STB	Banking	7,719	10,087	*30.7%*	*12,027*	*19.2%*	47,050	50,700	*7.8%*	9.6	8.4	1.6	1.4
2	BID	Banking	21,505	24,658	*14.7%*	*27,210*	*10.3%*	36,550	44,000	*20.4%*	11.5	10.7	1.8	1.5
3	CTG	Banking	19,904	25,348	*27.4%*	*29,671*	*17.1%*	42,700	50,400	*18.0%*	10.1	8.6	1.6	1.3
4	VNM	Consumers	9,019	9,453	*4.8%*	9,034	*-4.4%*	57,800	68,300	*18.2%*	14.3	15.0	3.7	3.8
5	FPT	Technology	7,788	9,427	*21.1%*	10,665	*13.1%*	122,500	139,200	*13.6%*	24.9	21.9	6.0	5.0
6	MWG	Retails	168	3,733	*2122.0%*	4,748	*27.2%*	66,300	67,600	*2.0%*	26.1	20.5	3.5	3.1
7	HPG	Steels	6,800	12,020	*76.8%*	14,572	*21.2%*	23,250	27,400	*17.8%*	15.2	12.3	1.5	1.4
8	VCG	Construction	403	926	*129.8%*	963	*4.0%*	22,850	26,700	*16.8%*	14.8	15.3	1.7	1.2
9	DCM	Fertilizers	1,110	1,428	*28.6%*	1,480	*3.6%*	33,400	36,300	*8.7%*	12.4	11.9	1.7	1.6
10	DGC	Chemicals	3,242	3,107	*-4.2%*	3,353	*7.9%*	102,000	108,400	*6.3%*	13.0	12.1	2.8	2.5
11	KDH	Real estate	730	804	*10.1%*	*1,047*	*30.2%*	29,700	33,800	*13.8%*	36.2	40.6	1.7	1.7
12	NLG	Real Estate	800	1387	*73.4%*	*1254*	*-9.6%*	39,150	43,400	*10.9%*	30.2	22.5	1.6	1.5

(*): Closing price as of 04/07/2025

Source: ACBS

SECTOR RANKING

Negative | Neutral | Positive

Sector	Short-term	Change	Medium-Long term	Change	Representatives
Financial services					
Banking					STB, VCB, MBB, TCB, CTG, BID, VIB
Brokerage					SSI, VCI, HCM, VND
RE & construction					
Residential properties				▲	VHM, NLG, KDH, DIG, TCH
IP Properties		▼		▼	IDC, SIP, KBC, BCM, VGC, PHR
Hospitalities					NVL, CEO
Constructions					LCG, HHV, VCG, CTR, CTD, HBC
Consumer & Retails					
Consumer & Retails					FRT, MWG, PNJ, DHG, DHC, VNM
Construction Materials					
Steel					HPG, HSG, NKG
Energy					
Oil & gas					PVS, PVD, BSR, PLX, GAS
Power					QTP, REE, GEG, PC1, NT2, POW
Fertilizers & Chemicals		▲			DGC, DCM, DPM
Seafood & Textile Export					FMC, VHC, ANV, IDI, MSH, STK, TCM
Logistics		▼		▼	GMD, VSC, HAH, PVT, SCS
Technology					FPT, CMG, FOX

Comments

ACBS's coverage universe (47 stocks, representing 52% of HOSE market capitalization) projected a 11.6% YoY net profit growth for 2025.

Sectors with stable business outlook in 2H2025:

1. Banking
2. Consumers & retails
3. Public investment (construction materials, infrastructure development)
4. Fertilizers & chemicals
5. Technology

Sectors exposed to tariff risks:

1. Export-related industries (textiles & garments, seafood, wood, rubber, etc.)
2. Industrial real estate
3. Logistics

ACBS's COVERAGE UNIVERSE (1)

(*): Market price: as of July 04, 2025

No.	Ticker	Sector	NPAT 2023 (VNDbn)	NPAT 2024F (VNDbn)	*2024%*	NPAT 2025F (tỷ VND)	*2025%*	Market price (*)(VND)	Target price (VND)	*% upside*	2024F P/E	2025F P/E	2024F P/B	2025F P/B
1	STB	Banking	7,719	10,087	*30.7%*	*12,027*	*19.2%*	47,050	50,700	*7.8%*	9.6	8.4	1.6	1.4
2	TCB	Banking	18,191	21,760	*19.6%*	*26,254*	*20.7%*	34,950	33,100	*-5.3%*	11.5	9.5	1.7	1.5
3	MBB	Banking	20,677	22,634	*9.5%*	*25,064*	*10.7%*	26,000	26,000	*0.0%*	7.5	6.8	1.4	1.2
4	VCB	Banking	33,033	33,831	*2.4%*	*35,652*	*5.4%*	58,400	66,600	*14.0%*	15.6	14.8	2.5	2.1
5	CTG	Banking	19,904	25,348	*27.4%*	*29,671*	*17.1%*	42,700	50,400	*18.0%*	10.1	8.6	1.6	1.3
6	VIB	Banking	8,563	7,204	*-15.9%*	*8,025*	*11.4%*	18,400	19,200	*4.3%*	7.7	6.8	1.3	1.1
7	BID	Banking	21,505	24,658	*14.7%*	*27,210*	*10.3%*	36,550	44,000	*20.4%*	11.5	10.7	1.8	1.5
8	NLG	Real estate	800	1387	*73.4%*	*1254*	*-9.6%*	39,150	43,400	*10.9%*	30.2	22.5	1.6	1.5
9	KDH	Real estate	730	804	*10.1%*	*1,047*	*30.2%*	29,700	33,800	*13.8%*	36.2	40.6	1.7	1.7
10	VHM	Real estate	33,533	35,073	*4.6%*	*38,835*	*10.7%*	76,000	69,700	*-8.3%*	10.3	8.9	1.5	1.3
11	VRE	Real estate	4,409	4,096	*-7.1%*	*4,510*	*10.1%*	25,150	24,800	*-1.4%*	14.0	12.7	1.4	1.2
12	IDC	IP	1,656	2,392	*44.4%*	*1,772*	*-25.9%*	46,400	50,800	*9.5%*	7.7	10.6	2.7	2.6
13	SIP	IP	1,004	1,279	*27.4%*	*1,307*	*2.2%*	69,000	76,900	*11.4%*	13.5	13.2	3.3	2.8
14	KBC	IP	2,245	422	*-81.2%*	*1397*	*231.0%*	26,800	28,100	*4.9%*	53.8	16.3	1.1	1.0
15	BCM	IP	2,280	2,395	*5.0%*	*2,022*	*-15.6%*	65,500	67,600	*3.2%*	32.7	39.5	3.5	3.4
16	FRT	Retails	-329	408	*-224.0%*	698	*71.1%*	188,400	189,400	*0.5%*	80.9	48.8	13.4	10.5
17	FPT	Technology	7,788	9,427	*21.1%*	10,665	*13.1%*	122,500	139,200	*13.6%*	24.9	21.9	6.0	5.0
18	MWG	Retails	168	3,733	*2122.0%*	4,748	*27.2%*	66,300	67,600	*2.0%*	26.1	20.5	3.5	3.1
19	VNM	Retails	9,019	9,453	*4.8%*	9,034	*-4.4%*	57,800	68,300	*18.2%*	14.3	15.0	3.7	3.8
20	PNJ	Retails	1,971	2,113	*7.2%*	1,939	*-8.2%*	82,700	88,000	*6.4%*	14.5	16.1	2.5	2.2
21	IMP	Pharmaceuticals	300	321	*7.1%*	373	*16.3%*	52,000	48,300	*-7.1%*	29.0	25.0	3.7	3.2

ACBS's COVERAGE UNIVERSE (2)

(*): Market price: as of July 04, 2025

No.	Ticker	Sector	NPAT 2023 (VNDbn)	NPAT 2024F (VNDbn)	*2024%*	NPAT 2025F (tỷ VND)	*2025%*	Market price (*)(VND)	Target price (VND)	*% upside*	2024F P/E	2025F P/E	2024F P/B	2025F P/B
22	PVD	O&G	546	698	*27.8%*	814	*16.6%*	20,150	25,300	*25.6%*	16.1	13.9	0.7	0.7
23	PVS	O&G	1,060	1,254	*18.3%*	1,660	*32.4%*	32,200	37,400	*16.1%*	15.6	10.7	1.0	1.1
24	GAS	O&G	11,793	10,590	*-10.2%*	10,970	*3.6%*	66,400	74,500	*12.2%*	15.1	14.6	2.5	2.3
25	PLX	O&G	3,077	3,161	*2.7%*	2,405	*-23.9%*	37,250	38,000	*2.0%*	21.1	26.7	1.6	1.6
26	BSR	O&G	8,592	591	*-93.1%*	1,719	*190.9%*	17,950	17,900	*-0.3%*	88.4	31.8	1.0	1.0
27	DCM	Fertilizers	1,110	1,428	*28.6%*	1,480	*3.6%*	33,400	36,300	*8.7%*	12.4	11.9	1.7	1.6
28	DPM	Fertilizers	519	538	*3.7%*	815	*51.5%*	38,450	37,000	*-3.8%*	32.1	20.8	1.3	1.3
29	DGC	Chemicals	3,242	3,107	*-4.2%*	3,353	*7.9%*	102,000	108,400	*6.3%*	13.0	12.1	2.8	2.5
30	HDG	Multi sectors	865	447	*-48.3%*	1,072	*139.8%*	25,350	32,400	*27.8%*	24.7	10.1	1.2	1.0
31	PC1	Power & M&E	303	453	*49.5%*	806	*77.9%*	21,850	27,000	*23.6%*	18.2	10.2	1.1	1.0
32	GEG	Power	143	92	*-35.7%*	776	*743.5%*	16,300	17,700	*8.6%*	56.9	6.7	0.9	0.8
33	POW	Power	1,283	1,211	*-5.6%*	1,234	*1.9%*	13,450	15,200	*13.0%*	25.3	24.9	0.9	0.8
34	QTP	Power	615	650	*5.7%*	442	*-32.0%*	13,200	14,600	*10.6%*	10	13.9	1.2	1.1
35	NT2	Power	473	83	*-82.5%*	273	*228.9%*	19,500	19,700	*1.0%*	64	29.5	1.2	1.2
36	REE	Multi sectors	2,786	2,396	*-14.0%*	2,783	*16.2%*	66,600	71,200	*6.9%*	18.2	15.2	1.6	1.5
37	HPG	Steels	6,800	12,020	*76.8%*	14,572	*21.2%*	23,250	27,400	*17.8%*	15.2	12.3	1.5	1.4
38	DHC	Paper	309	242	*-21.7%*	323	*33.4%*	28,700	34,500	*20.2%*	11.9	10.0	1.6	1.5
39	GMD	Logistic	2,534	1,924	*-24.1%*	1,768	*-8.1%*	60,500	73,800	*22.0%*	13.1	14.2	2.1	1.7
40	HAH	Logistic	358	800	*123.6%*	620	*-22.5%*	69,000	69,000	*0.0%*	4.0	3.0	0.9	0.7
41	SCS	Logistics	498	693	*39.0%*	724	*4.5%*	66,600	97,800	*46.8%*	8.9	8.7	4.4	4.2
42	PVT	Logistic	1,222	1,470	*20.3%*	1,419	*-3.4%*	17,900	20,800	*16.2%*	16.7	16.7	1.1	0.9
43	VSC	Logistic	199	435	*118.3%*	428	*-1.5%*	16,800	10,800	*-35.7%*	17.6	17.9	1.5	1.5
44	CTD	Constructions	188	309	*64.4%*	283	*-8.4%*	84,200	96,000	*14.0%*	25.4	30.9	1.0	1.0
45	HHV	Constructions	322	426	*32.3%*	430	*0.9%*	12,500	16,000	*28.0%*	12.2	12.1	0.6	0.6
46	VCG	Constructions	403	926	*129.8%*	963	*4.0%*	22,850	26,700	*16.8%*	14.8	15.3	1.7	1.2
47	DPG	Constructions	203	223	*9.9%*	289	*29.6%*	44,200	41,000	*-7.2%*	12.5	15.6	1.4	1.4

PART 2. MACROECONOMIC UPDATES

A SLOW ASCENT THROUGH THE HAZE

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KEY TAKEAWAYS

GLOBAL: SLOWING GROWTH, ESCALATING TRADE WAR AND GEOPOLITICAL UNCERTAINTY

- The U.S.'s assertive tariff policy – though yet to be finalized – has already posed significant risks to global growth momentum. The IMF revised its global economic growth forecast for 2025 down from 3.2% in previous report to 2.8%.
- Inflation continues to decline across major economies (except the U.S., which saw a slight uptick in May 2025), largely supported by stable oil prices (USD 70–75/barrel) and falling food prices amid improved supply.
- While central banks are expected to continue monetary easing in 2025, the pace of rate cuts will likely be more cautious due to elevated geopolitical risks and trade uncertainty – especially stemming from U.S. tariff policy.
- Global PMI dropped to 49.6 in May, indicating a clear manufacturing slowdown. Nonetheless, China, Taiwan, and India maintained expansionary readings.

VIETNAM: VULNERABLE POSITION, BUT DOMESTIC RESILIENCE EMERGING

- The government has maintained its GDP growth target of 8% for 2025. GDP in Q2 2025 was reported at 7.96% YoY, bringing the 6M2025 growth to 7.52% YoY. Meanwhile, international research institutions have adopted a more cautious stance. Their 2025 GDP forecasts for Vietnam, which already account for the impact of tariffs, generally range from 5.2% to 6.1%.
- Vietnam was making efforts to finalize a principle-based tariff agreement with the U.S. before the July 9 deadline. Preliminary statements indicated that the U.S. was considering a 20% tariff on exports from Vietnam and a 40% tariff on transshipped goods. In return, Vietnam would open its market to U.S. products. However, in the absence of finalized tariff terms for other countries, it remained too early to assess the overall impact as clearly positive or negative.
- Macroeconomic data for 1H2025 indicated overall stability, though sustainability remained in question. The industrial and construction sector grew by 8.33%, but electricity consumption declined. Import-export activity surged, raising concerns about front-loading ahead of new tariffs. Disbursed FDI reached USD 11.7 billion — the highest in 5 years — but growth momentum slowed, with most new capital coming from existing project adjustments. The services sector expanded by 8.14%, contributing over 52% to GDP growth, supported by consumption, tourism, and public spending. CPI rose 3.27% in 1H, staying below the government's 4.5% target.
- The USD/VND exchange rate continues to face upward pressure despite a softening DXY, driven by Vietnam's high trade openness, U.S. tariff risks, unattractive VND-USD interest spreads amid a slower Fed pivot, and strong domestic gold demand.

VIETNAM OUTLOOK 2025F

Macroeconomic key indicators	2024	2025F	
		Min	Max
GDP	7.1%	6.5%	7.0%
IIP	8.4%	9.0%	10.0%
Total retail sale	9.0%	90%	11.0%
CPI	3.6%	3.5%	4.5%
Export (% YoY)	14.3%	8.0%	10.0%
USDVND (SBV's rate)	24,335	25,450	
% YoY	*1.9%*	*4.0%*	
USDVND (Interbank)	25,551	26,570	
% YoY	*1.9%*	*4.0%*	
SBV's refinance rate	*4.5%*	*4.75%*	
Credit growth		*16%*	

Source: ACBS

TARIFF KEY MILESTONES

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Jan 20	• U.S. announces 25% tariffs on imports from Canada and Mexico.
Feb 1	• Executive order signed to impose 25% tariffs on nearly all Canadian and Mexican goods; • 10% tariff on Chinese imports.
Feb 4	• 10% tariff on Chinese goods takes effect; • China retaliates with 15% tariffs on U.S. coal, LNG, crude oil, and agricultural machinery.
Feb 10	• U.S. revokes 2018 steel tariff exemptions; • Aluminum tariffs raised from 10% to 25%.
Mar 12	• 25% tariffs on all steel and aluminum imports come into effect; • EU and Canada respond with billions in retaliatory tariffs.
Apr 2	**Liberation Day** • U.S. imposes 10% base tariff on all imports; higher rates for countries with trade surpluses with the U.S.
Apr 4	China responds with 34% tariffs on U.S. goods, mirroring U.S. measures.
Apr 9	• U.S. suspends most elevated tariffs for 90 days (until July 9), maintaining the 10% base rate; • China announces 84% tariffs on U.S. goods; • EU and Canada retaliate.
May 12	• U.S. and China reach a 90-day de-escalation deal; • U.S. tariffs cut to 30%, China's to 10%.
May 25	U.S. postpones 50% tariff on all EU imports until July 9.
Jun 4	Tariffs on steel and aluminum imports raised further from 25% to 50%.
Jul 2	The U.S. announced a principle-based tariff agreement with Vietnam: a 20% tariff on Vietnamese goods and a 40% tariff on transshipped goods. In return, Vietnam would apply a 0% tariff on U.S. goods.

- Following his inauguration on January 20, 2025, President Donald Trump swiftly implemented a protectionist tariff policy: 25% on imports from Canada and Mexico, and 10% on goods from China. Within two months, tariffs on Chinese goods rose to 20%, and broad duties of 25% were extended to imported steel, aluminum, and automobiles. The peak came on April 2—dubbed "Liberation Day"—when the U.S. imposed a blanket 10% tariff on most imports and retaliatory tariffs of up to 145% on Chinese goods, severely disrupting global supply chains.
- In response to market backlash and rising domestic political pressure, the White House pivoted toward negotiations. On May 12, the U.S. reached a temporary deal with China, which U.S. reduced tariffs to 30% and China reduced to 10%. By mid-June, the U.S. signed a tariff-reduction agreement with the U.K. and opened dialogue with G7 nations, signaling a "hard threats, soft talks" approach.
- In early June, the U.S. and China announced a new-phase trade agreement, setting tariffs at 55% (including a 10% base rate, 20% targeting fentanyl-related activities, and 25% legacy tariffs from Trump's previous term), along with commitments to reopen strategic sectors such as education. Further tariff adjustments will depend on the outcome of ongoing negotiations ahead of the July 8 deadline – seen as a pivotal milestone for future talks.

MARKETS REACTION!!!

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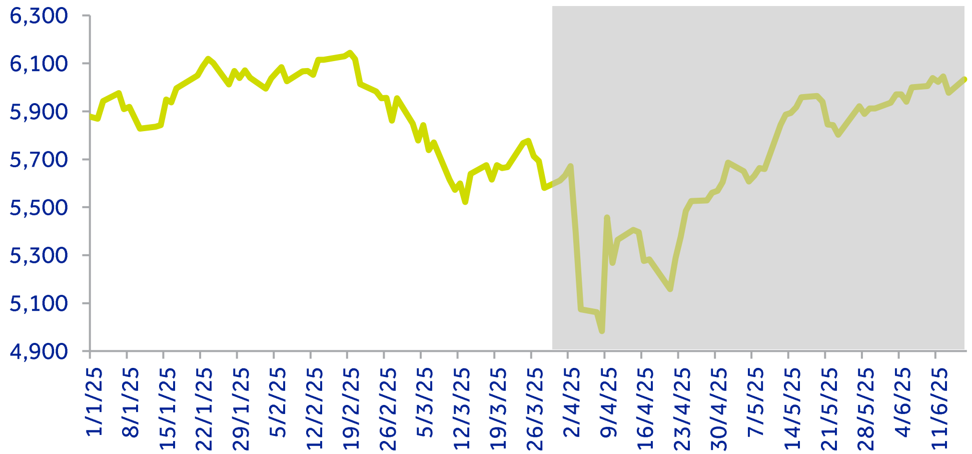
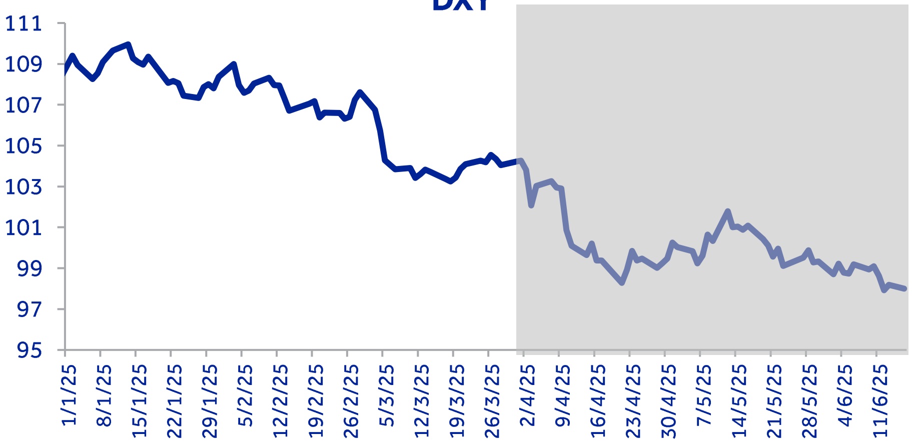
S&P500



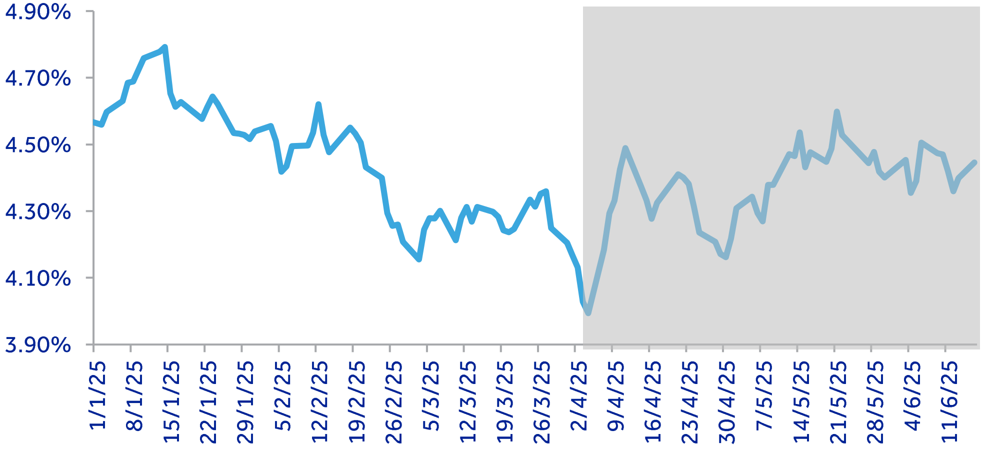
Following the sharp decline on April 2, the S&P 500 quickly rebounded, nearing previous highs, supported by optimism that tax policies would become less aggressive and more transparent through ongoing negotiations.

DXY



Following April 2, DXY dropped sharply amid escalating global trade concerns and extended its decline as the U.S.'s hardline policy stance eroded the dollar's attractiveness and international credibility, against a backdrop of growing fiscal uncertainty.

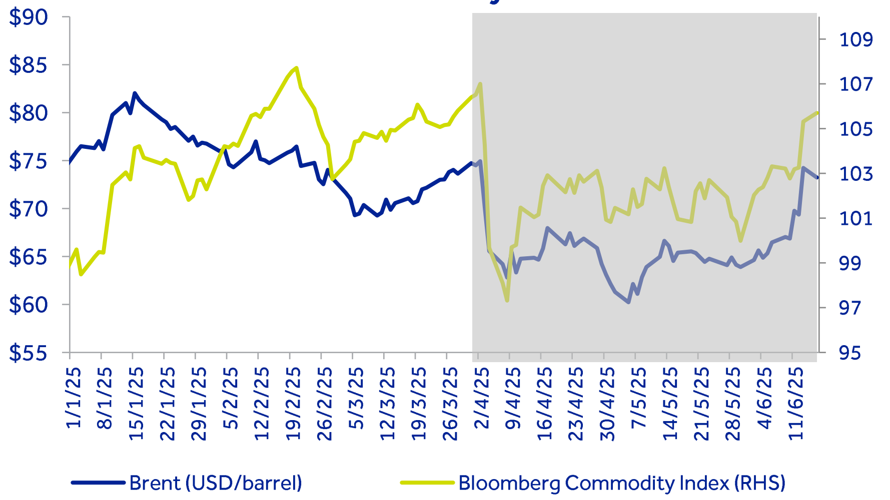
US Bond Yield 10Y



The U.S. 10-year Treasury yield surged following the so-called "Liberation Day," driven by inflation concerns. The uptrend was further supported by fears of widening budget deficits stemming from expansionary fiscal policy, putting additional upward pressure on yields.

Source: Bloomberg

Brent & Commodity Index



Brent crude oil and key commodity prices dropped after April 2 on concerns about a global growth slowdown and weaker demand amid escalating trade tensions. However, prices later recovered as expectations of clearer trade agreements between the U.S. and its partners improved. Additionally, geopolitical risks in Europe contributed to supporting oil prices.

GLOBAL GDP 2025: 2.6% - 3.2%

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- **GDP Growth:** In early 2025, before U.S. tariff plans became clear, global growth forecasts for the year ranged from 2.6% to 3.3% according to the IMF, OECD, and Bloomberg. However, as protectionist policies began to take shape, the IMF lowered its global growth forecast to 2.8% – a 0.4% downgrade – while the OECD revised its projection from 3.3% to 2.9%. The U.S. is expected to be among the most affected, with growth estimates cut from 2.2% to 1.8% (IMF), from 2.1% to 1.4% (Bloomberg), and from 2.4% to 1.6% (OECD). The EU and Japan also saw significant downward revisions.
- China's forecast was more resilient, with the IMF slightly lowering its projection to 4.0%, while Bloomberg and OECD maintained theirs at 4.5% and 4.7%, respectively.
- Vietnam remains among the stronger performers despite downward adjustments: from 6.1% to 5.2% (IMF), 6.6% to 6.1% (Bloomberg), and 6.5% to 6.2% (OECD). Overall, trade tensions have weighed on global growth outlooks, particularly in advanced economies, while emerging markets have remained relatively resilient.

Forecasted Economic Growth in 2025

	IMF		Bloomberg		OECD	
	Old Projection	New Projection	Old Projection	New Projection	Old Projection	New Projection
World	3.20%	2.80%	2.60%	2.60%	3.30%	2.90%
United States	2.20%	1.80%	2.10%	1.40%	2.40%	1.60%
EU area	1.20%	0.80%	1.20%	1.10%	1.30%	1.00%
Germany	0.80%	0.00%	0.60%	0.20%	0.70%	0.40%
France	1.10%	0.60%	0.80%	0.50%	0.90%	0.60%
Italy	0.80%	0.40%	0.80%	0.50%	0.90%	0.60%
United Kingdom	1.50%	1.40%	1.50%	1.00%	1.70%	1.30%
Japan	1.10%	0.60%	1.20%	0.80%	1.50%	0.70%
Canada	2.40%	1.80%	1.80%	1.20%	2.00%	1.00%
Autralia	2.10%	1.60%	2.00%	1.80%	1.90%	1.80%
China	4.50%	4.00%	4.50%	4.50%	4.70%	4.70%
India	6.50%	6.20%	6.80%	6.30%	6.90%	6.30%
Russia	1.30%	1.50%	1.50%	1.40%	1.10%	1.00%
Brazil	2.20%	2.00%	2.00%	2.10%	2.30%	2.10%
Vietnam	6.10%	5.20%	6.60%	6.10%	6.50%	6.20%

Source: IMF, Bloomberg consensus, OECD

ACBS

GLOBAL INFLATION: EASING BUT AT A SLOWER PACE

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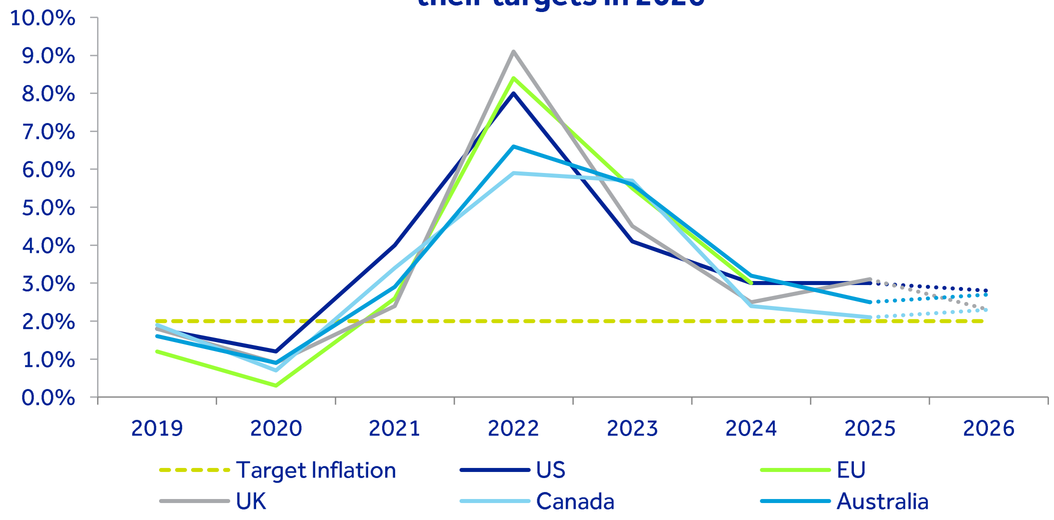
- **Global inflation pressures are expected to stay relatively moderate in 2025, though slightly higher than initial projections.** According to updated Bloomberg data, inflation in the U.S., U.K., and Canada continues to decline but at a slower pace than forecast earlier in the year, with new estimates at 3.0%, 3.1%, and 2.1%, respectively. Australia and Japan remain broadly within their target ranges, around 2.5–2.8%.
- Across Asia, inflation has remained largely stable compared to prior forecasts. Vietnam's inflation has been slightly revised up to 3.7% but remains within the government's target range. Countries such as Indonesia, Thailand, and Malaysia are seeing lower inflation projections, supported by cooling commodity prices and flexible policy responses.
- Oil prices are forecast to stay within range USD 70–75 per barrel, despite rising geopolitical risks. The most immediate concern stems from potential supply disruptions from Iran. However, this may be offset in the medium term by increased output from other regions and rising U.S. oil production. Meanwhile, the World Bank has revised its 2025 global food price forecast to a 7% decline (from 4% at the start of the year), citing improved weather conditions and India's decision to resume rice exports.
- China – the world's second-largest economy – continues to experience ultra-low inflation, recording just 0.2% in 2024. Its 2025 forecast has been revised downward again, from 1.0% to 0.3%, reinforcing concerns over medium-term deflation risks amid weak domestic demand, persistent asset price pressures, and ongoing industrial overcapacity.

Inflation in developed countries: gradually falling towards their targets in 2026



Source: Bloomberg consensus

Forecast of inflation

	2024	2025F (Old Projection)	2026F (Old Projection)	2025F (New Projection)	2026F (New Projection)
U.S.	3.00%	2.50%	2.10%	3.00%	2.80%
EU	2.50%	2.20%	2.10%	2.20%	2.00%
UK	2.50%	2.40%	2.50%	3.10%	2.30%
Canada	2.40%	1.70%	1.80%	2.10%	2.30%
Australia	3.20%	2.80%	2.60%	2.50%	2.70%
Japan	2.70%	2.10%	1.80%	2.80%	1.80%
China	0.20%	1.00%	1.50%	0.30%	1.00%
India	5.00%	4.30%	4.30%	4.20%	4.60%
South Korea	2.30%	2.00%	2.00%	2.00%	1.80%
Taiwan	2.20%	1.80%	1.60%	1.90%	1.70%
Mexico	4.70%	4.00%	3.70%	3.70%	3.60%
Vietnam	3.60%	3.50%	3.50%	3.70%	3.50%
Indonesia	2.30%	2.40%	2.40%	2.00%	2.60%
Malaysia	1.80%	2.50%	2.30%	2.10%	2.30%
Philippines	3.20%	2.80%	3.20%	3.10%	2.70%
Singapore	2.40%	2.00%	1.90%	2.10%	1.60%
Thailand	0.40%	1.20%	1.30%	0.60%	1.00%

**Green, red, and yellow backgrounds indicate upward, downward, or unchanged revisions vs. prior forecasts.*
***Green, red, and yellow text indicates increase, decrease, or no change vs. last year.*

MONETARY POLICY: CAUTIOUS AMID HEIGHTENED UNCERTAINTY

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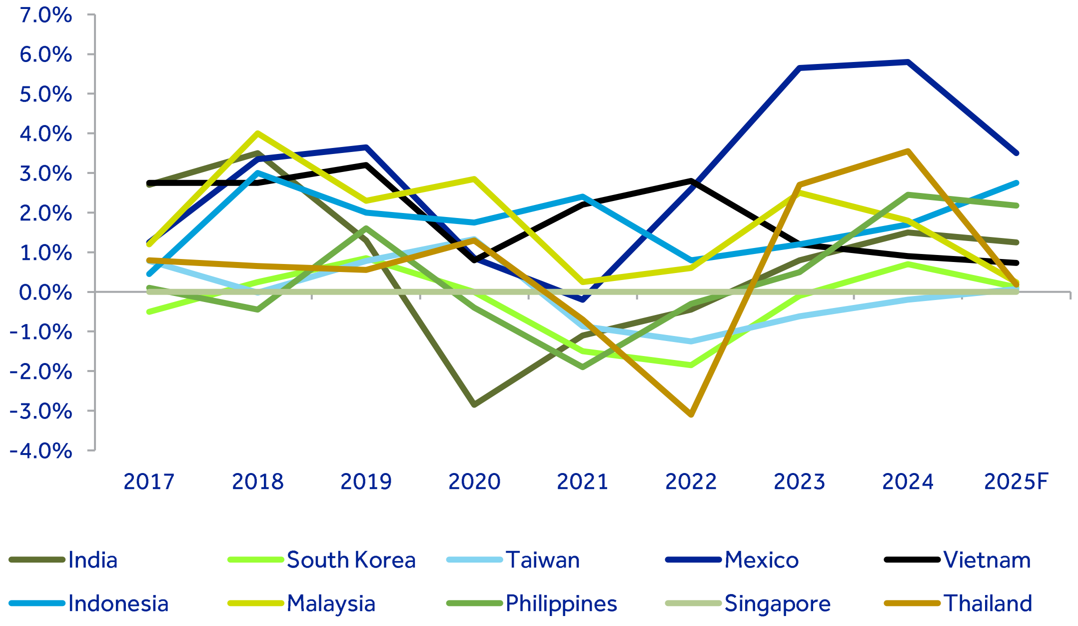
- **Monetary policy in 2025 is expected to remain broadly accommodative across many countries, but rate cuts are likely to proceed at a slower, more cautious pace than previously projected.** Inflation in most major economies has eased toward target levels, giving central banks room to begin rate-cutting cycles. However, rising geopolitical risks and trade uncertainties—especially new U.S. tariffs—have made the outlook for growth and inflation more unpredictable, prompting a more careful policy stance.
- In Vietnam, monetary policy is likely to stay stable in the second half of 2025, with the policy rate held at 4.5%. However, given the government's high growth target and pressure from U.S. tariffs, the State Bank of Vietnam (SBV) may need to remain flexible – balancing exchange rate stability and inflation control with growth support. If the government pushes harder to achieve its 8% growth target, the SBV may consider mild easing – potentially cutting rates and tolerating a modest depreciation of the VND – to create more room to support exports and domestic production.

Positive real interest rates



Source Bloomberg

Policy interest rates are expected to continue to decline in many countries

	2022	2023	2024	2025 (Old Projection)	2026 (Old Projection)	2025 (New Projection)	2026 (New Projection)
U.S.	4.50%	5.50%	4.50%	3.70%	3.50%	4.04%	3.47%
EU	2.50%	4.50%	3.15%	2.20%	2.15%	2.19%	2.30%
UK	3.50%	5.25%	4.75%	3.65%	3.25%	3.71%	3.30%
Australia	3.10%	4.35%	4.35%	3.55%	3.35%	3.37%	3.28%
Japan	0.10%	-0.10%	0.40%	0.80%	1.00%	0.67%	0.94%
India	6.25%	6.50%	6.80%	5.70%	5.55%	5.45%	5.39%
Korea	3.25%	3.50%	3.00%	2.30%	2.15%	2.12%	1.94%
Taiwan	1.75%	1.88%	2.00%	1.85%	1.70%	1.87%	1.76%
Mexico	4.25%	5.50%	10.50%	11.25%	10.00%	7.50%	7.00%
Vietnam	6.00%	4.50%	4.50%	4.35%	4.45%	4.43%	4.50%
Indonesia	5.00%	5.00%	5.20%	5.15%	5.10%	5.15%	4.90%
Malaysia	4.00%	5.00%	4.10%	3.90%	3.80%	2.74%	2.67%
Philippines	5.50%	6.50%	5.65%	4.90%	4.60%	4.98%	4.71%
Thailand	3.00%	4.00%	3.95%	3.05%	2.80%	1.38%	1.28%

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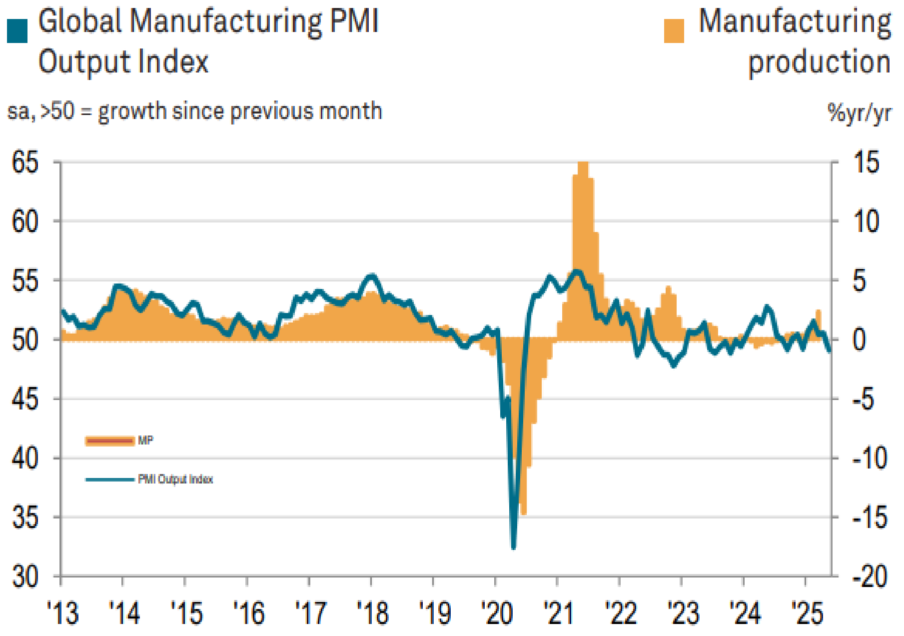
GLOBAL MANUFACTURING LOSING MOMENTUM

- Global manufacturing showed signs of weakening 5M2025, with the global PMI mostly below the 50 threshold and falling to 49.6 in May—the lowest in five months. Output and new orders continued to decline, particularly in intermediate and capital goods, while consumer goods maintained modest growth. Production contracted in China, the U.S., Japan, and the U.K., while India and the EU showed slight recovery. Despite ongoing job cuts, business sentiment improved thanks to hopes of U.S. – China trade stabilization.
- We expect global manufacturing to remain under pressure in the second half of 2025, especially as the early boost from pre-tariff inventory buildup fades. Manufacturing PMI is likely to hover around 50, signaling a fragile equilibrium with limited growth momentum. Asia remains a key support, driven by domestic production stimulus in China and India and a short-term pickup in orders ahead of tariff changes. However, prolonged trade tensions and continued supply chain disruptions remain major risks to a sustained recovery in global manufacturing.

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Japan	48.0	47.2	48.2	49.6	50.4	50.0	49.1	49.8	49.7	49.2	49.0	49.6	48.7	49.0	48.4	48.7	49.4
China (NBS)	49.2	49.1	50.8	50.4	49.5	49.5	49.4	49.1	49.8	50.1	50.3	50.1	49.1	50.2	50.5	49.0	49.5
China (Caixin)	50.8	50.9	51.1	51.4	51.7	51.8	49.8	50.4	49.3	50.3	51.5	50.5	50.1	50.8	51.2	50.4	48.3
Taiwan	48.0	48.1	47.9	49.4	55.4	53.7	52.2	53.6	49.2	50.0	51.4	50.8	48.7	54.0	54.2	48.9	51.0
South Korea	51.2	50.7	49.8	49.4	51.6	52.0	51.4	51.9	48.3	48.3	50.6	49.0	50.3	49.9	49.1	47.5	47.7
India	56.5	56.9	59.1	58.8	57.5	58.3	58.1	57.5	56.5	57.5	56.5	56.4	57.7	56.3	58.1	58.2	57.6
Thailand	46.7	45.3	49.1	48.6	50.3	51.7	52.8	52.0	50.4	50.0	50.2	51.4	49.6	50.6	49.9	49.5	51.2
Philippines	50.9	51.0	50.9	52.2	51.9	51.3	51.2	51.2	53.7	52.9	53.8	54.3	52.3	51.0	49.4	53.0	50.1
Singapore	50.7	50.6	50.7	52.6	50.6	50.4	50.7	50.9	51.0	50.8	51.0	51.1	50.9	50.7	50.6	49.6	49.7
Malaysia	49.0	49.5	48.4	49.0	50.2	49.9	49.7	49.7	49.5	49.5	49.2	48.6	48.7	49.7	48.8	48.6	48.8
Vietnam	50.3	50.4	49.9	50.3	50.3	54.7	54.7	52.4	47.3	51.2	50.8	49.8	48.9	49.2	50.5	45.6	49.8
Indonesia	52.9	52.7	54.2	52.9	52.1	50.7	49.3	48.9	49.2	49.2	49.6	51.2	51.9	53.6	52.4	46.7	47.4



Source: S&P Global, JP Morgan

VIETNAM: GROWTH FACES MULTIPLE CHALLENGES

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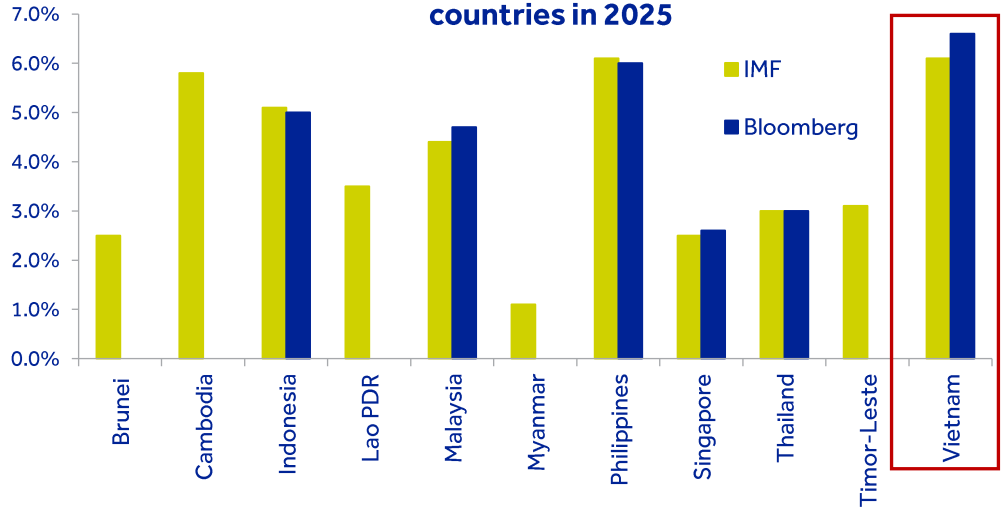
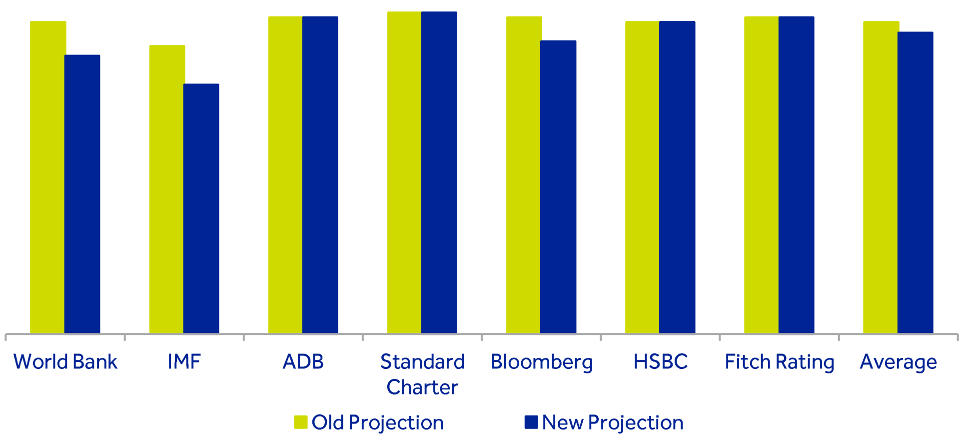
- For 2025, Vietnam's National Assembly and Government have raised the GDP growth target to 8% (from the previous 6.5%–7.0%) and aim to maintain this ambitious target throughout the 2026–2030 period. This is a bold move given rising global trade uncertainty and risks from new U.S. tariff policies under President Donald Trump.
- To achieve this target, the government is accelerating public investment disbursement, positioning it as a key growth driver to offset external shocks. Major infrastructure projects—including the North – South high-speed railway, Southern expressways, and regional logistics networks – are being pushed forward to lay the groundwork for medium- to long-term growth.
- Despite strong domestic optimism, several international institutions have downgraded Vietnam's 2025 GDP forecast, averaging around 6.3%, with the IMF making the sharpest cut to 5.2%.
- ACBS has revised its growth forecast to 6.5%–7.0% (from 7.0%–7.5%) due to short-term challenges, although several structural positives remain:
  - ***Exports may weaken due to U.S. tariffs,*** *even under a baseline scenario of 20–25% duties. However, if the U.S. applies rules-of-origin tariffs at an average of 16%, trade and currency pressures could be partially eased.*
  - ***Global FDI continues to shift, but Vietnam faces tougher competition from countries with lower tariffs such as India and Malaysia****. On the flip side, origin-based tariffs may encourage production localization and drive Chinese FDI into Vietnam.*
  - ***Public investment remains the main growth engine for 2025, but spillover effects are still limited****. Most of the expected impact will come in the 2026–2030 period when major infrastructure projects are more substantially disbursed.*
  - ***Domestic consumption is recovering well,*** *supported by low interest rates, government stimulus, and sustained international tourist arrivals – boosting sectors like accommodation and food services.*

Vietnam's GDP is forecast to outperform other SEA countries in 2025



Forecast of Vietnam's 2025 GDP



Source ACBS compiled

ACBS

STABLE BUT UNSUSTAINABLE PRODUCTION OUTLOOK

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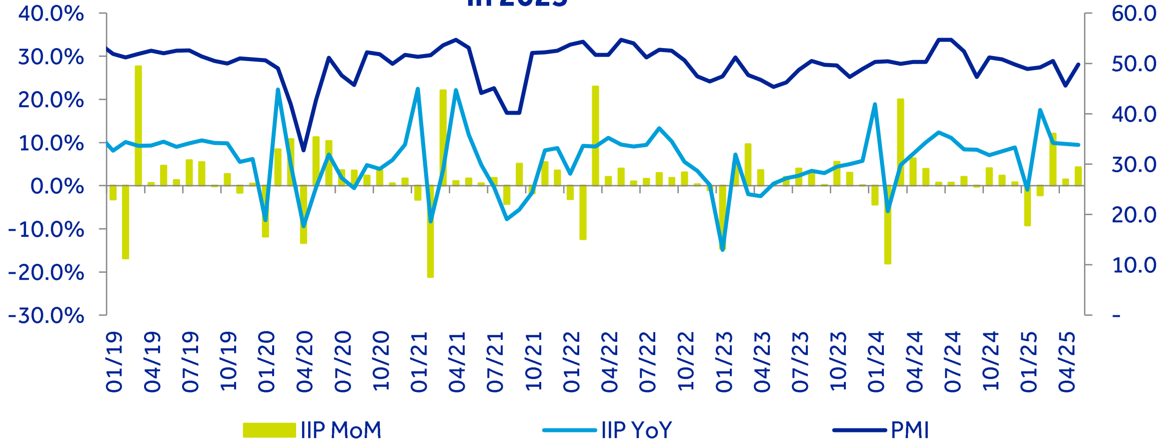
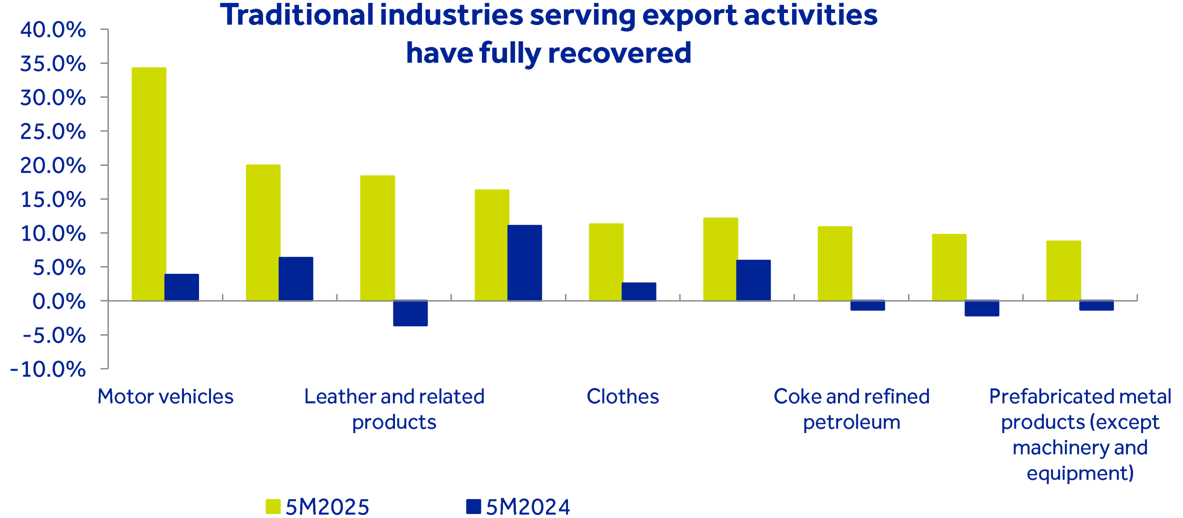
- Export-oriented manufacturing in Vietnam has remained resilient despite growing concerns over U.S. tariffs. The Industrial Production Index (IIP) rose 8.8% YoY in 5M2025, driven mainly by strong performance of manufacturing sector. Although the PMI weakened in 1Q and dropped sharply in April due to tariff shocks, it recovered to 49.8 in May – signaling only mild contraction in production activity. Output and input costs have begun to stabilize, suggesting that the impact from tariffs and weaker global demand remains manageable for now.
- Notably, FDI rebounded strongly in May, with newly registered FDI surging by 111.2% and disbursed FDI rising 9.6% YoY. This reflects continued foreign investor confidence in Vietnam's manufacturing outlook. Notably, the potential for U.S. tariffs based on origin is accelerating investment from firms tied to Chinese supply chains, driving them to localize production in Vietnam to reduce tariff exposure and capitalize on the country's FTAs.
- We maintain a positive view on industrial production, especially in FDI-related sectors. Under a base-case scenario of average tariffs around 20–25% – or lower if origin-based – the risk of large-scale production relocation out of Vietnam remains limited. Manufacturing will likely remain a key growth driver in 2H2025. However, given existing risks, we revise our full-year industrial production growth forecast to 9–10% YoY, down from our initial estimate of 10–11.5%.

Industrial production expected to continue growing in 2025



Traditional industries serving export activities have fully recovered



Source: GSO

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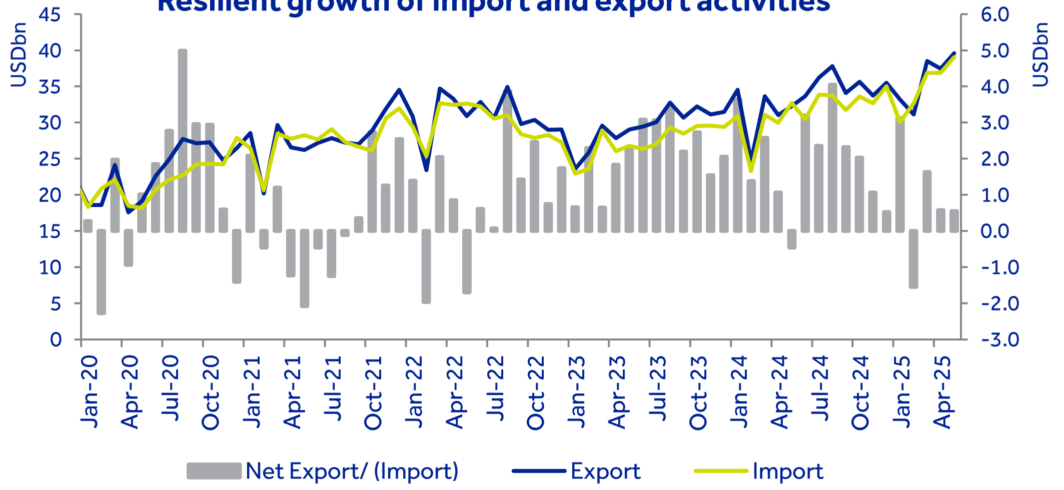
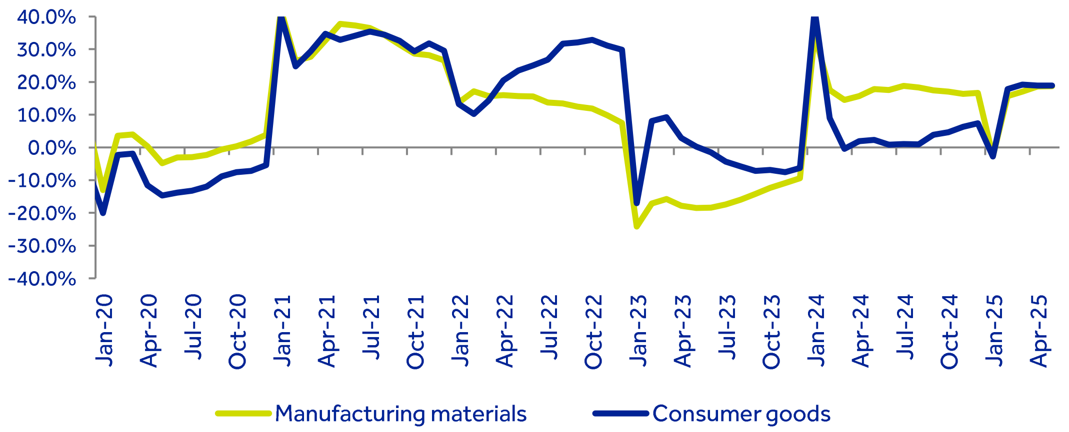
TRADE REMAINS RESILIENT, BUT RISKS ARE EMERGING

- **Vietnam's Export-Import activities remained robust in 5M2025**, with total import-export turnover reaching USD355.79 billion (+15.7% YoY). Exports rose to USD180.23 billion (+14.0%), while imports grew faster at USD 175.56 billion (+17.5%). As a result, the trade surplus narrowed significantly to USD4.67 billion—nearly half the level from the same period last year.
- Import of production materials – including machinery, equipment, and raw materials – continued to dominate, totaling USD171.8 billion and accounting for 97.9% of total imports. This reflects strong production demand but also poses a risk if export growth doesn't keep pace.
- By market, the U.S. remained Vietnam's largest export partner, with a value of USD57.2 billion (29% of total exports) and a trade surplus of USD49.9 billion (+28.5%). China was the top import source, reaching USD69.4 billion (39% of imports) and a trade deficit of USD45.9 billion (+40.3%).
- We maintain a positive outlook for Vietnam's trade in 2025, though several uncertainties remain:
  1. **Economic growth in key markets like the U.S., EU, and U.K. is expected to stay healthy**, supporting demand for key Vietnamese exports such as textiles and seafood in the second half of the year.
  2. **Strong import growth of production inputs suggests capacity expansion**, but if export orders fail to catch up, trade balance pressure may rise.
  3. **If the U.S. applies origin-based tariffs**, the effective average tariff on Vietnamese goods may be much lower than the assumed 25%, easing pressure on exports and the VND.
  4. **Origin-based tariffs may also drive more FDI into Vietnam**, especially from Chinese manufacturers aiming to localize production.
  5. **FTAs remain a key factor** in diversifying export markets and reducing dependence on major partners.

Resilient growth of import and export activities



Raw manufacturing material imports continued to increase



Source: GSO & Custom VN

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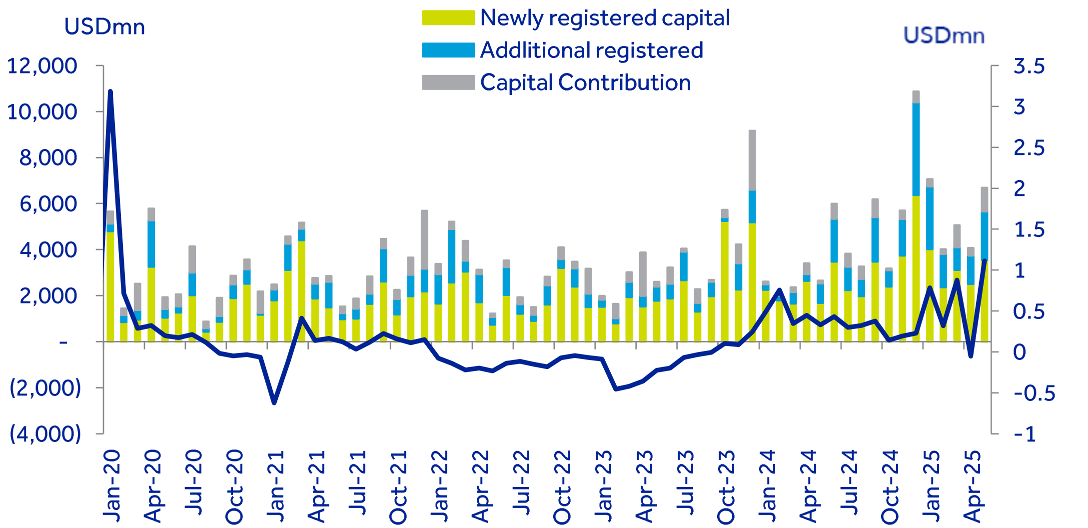
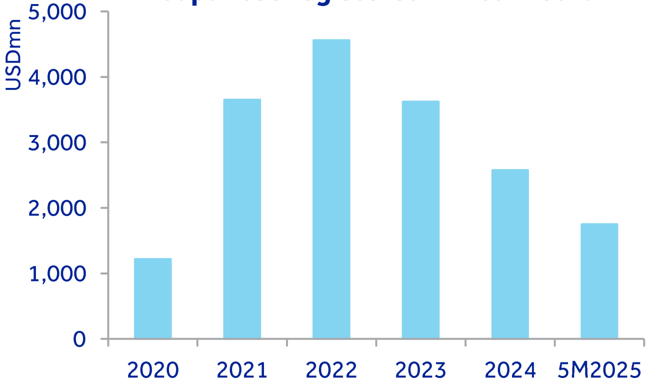
FDI: OPPORTUNITIES AMID UNCERTAINTY

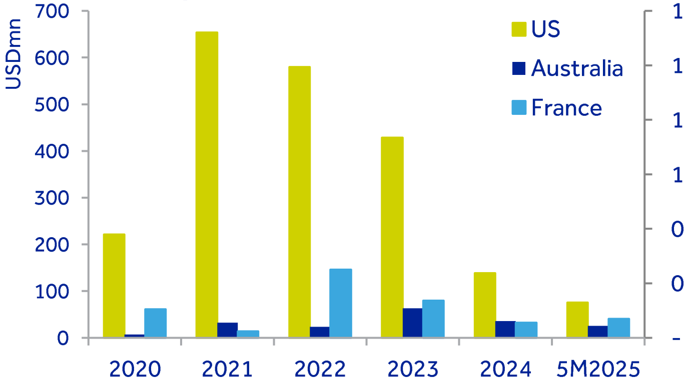
- Despite early-year concerns over U.S. tariffs, Vietnam's FDI inflows rebounded in May 2025. In the first five months, registered FDI reached USD18.4 billion (+51% YoY), including USD 7 billion in newly pledged capital across 1,550 projects (+14%) and USD8.5 billion in additional capital to existing projects (a 3.5x increase). Disbursed FDI rose to USD8.9 billion (+7.9%), marking the highest level in the past five years.
- The data shows a strong shift of FDI into provinces with good infrastructure and investment environments. Hanoi led with a 2.8x increase YoY, followed by major gains in Bac Ninh (+160.4%), Ho Chi Minh City (+60.5%), Ba Ria–Vung Tau (+165%), Binh Duong (+119%), Quang Ninh (+73.7%), and Hai Phong (+67.4%).
- Traditional investors from Asia – such as Singapore, China, South Korea, Japan, Hong Kong, and Taiwan—remain dominant contributors.
- We maintain a positive outlook on Vietnam's FDI prospects, supported by global supply chain restructuring, free trade agreements (FTAs), and the potential application of origin-based tariffs by the U.S. These tariffs are prompting manufacturers – especially from China – to expand real production operations in Vietnam to avoid tariffs. Additionally, Vietnam's rapidly expanding network of strategic partnerships – with the U.S., Japan, Australia, and France – is laying the groundwork for attracting new investment, particularly in high-tech sectors like semiconductors and renewable energy.



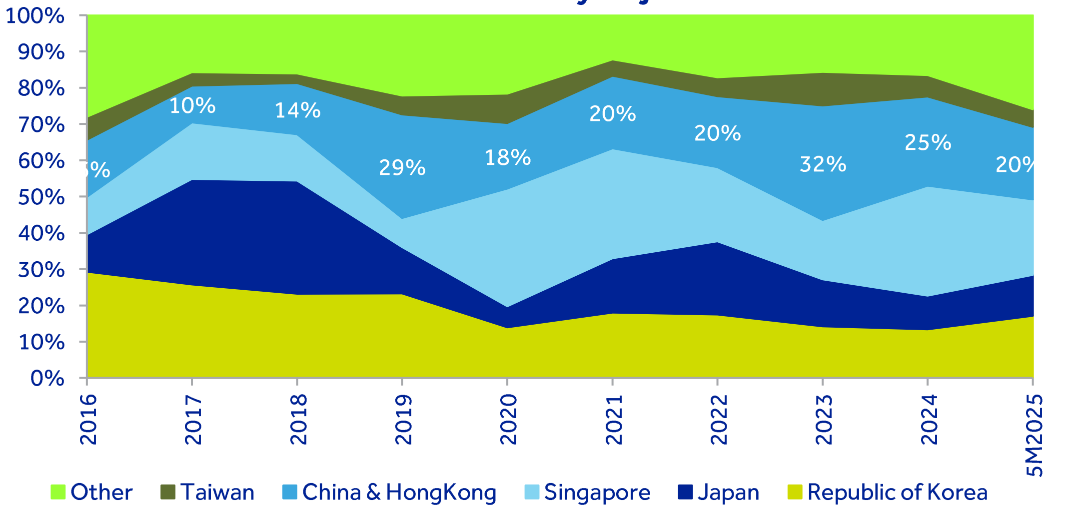
Japanese registered FDI to Vietnam



Registered FDI to Vietnam



FDI to Vietnam by Major Countries



Source: GSO

STRONG CONSUMPTION RECOVERY BOOSTS GROWTH

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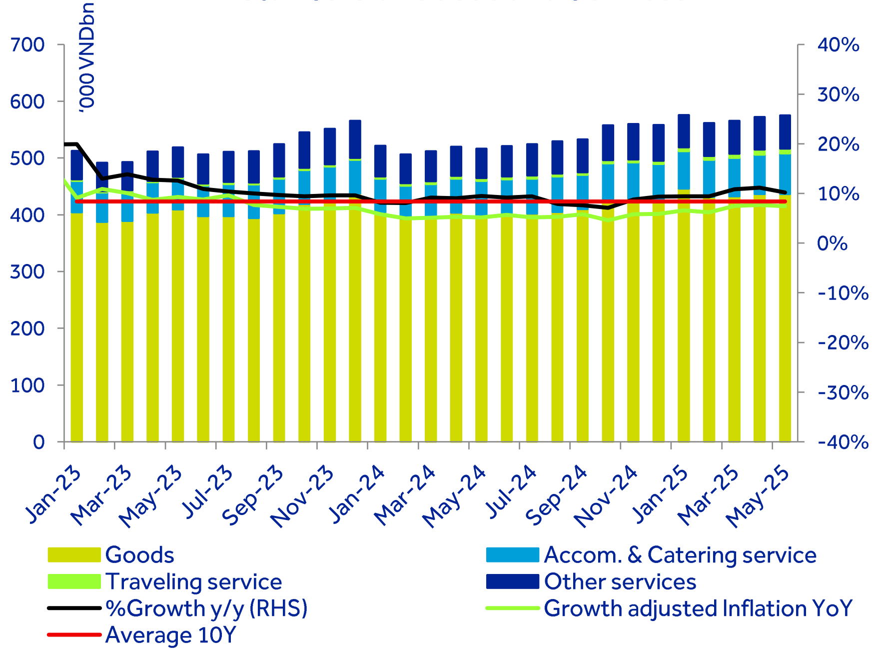
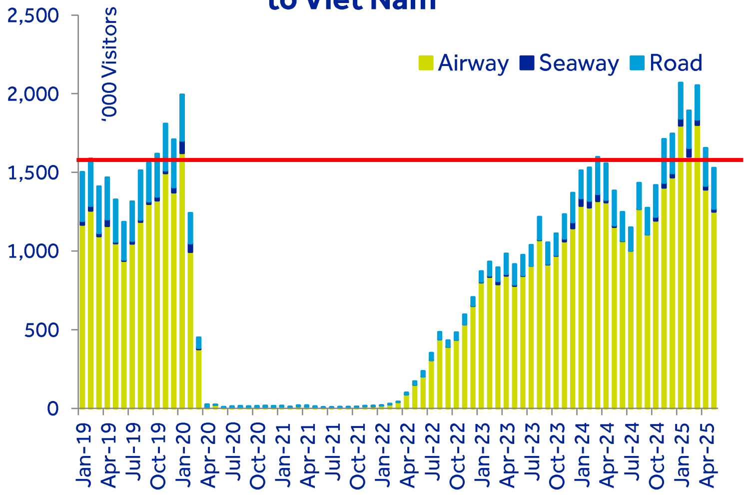
- **Retail sales growth continued to recover in 2025, now exceeding the 10-year average pace.** As of May, total retail sales of goods and services rose by 10.2% YoY, with retail sale of goods alone reaching VND2,182.3 trillion (+8.2% YoY). Essential goods (such as food, education, and cultural products) and services like accommodation, dining, and travel saw strong growth of 15.2% and 24.7% YoY, respectively – reflecting a solid rebound in both domestic and international tourism
- **We expect consumption to continue strengthening in 2H2025**, driven by two key factors (1) year-end holiday season, a surge in international tourism, and the government's extension of the 2% VAT reduction through 2026 will likely boost consumer sentiment and spending, especially on essentials, apparel, and hospitality services; and (2) Interest rates remain low, and the labor market has not experienced significant weakening, supporting household spending capacity. That said, seasonal inflation pressures and cautious spending behavior among low- to middle-income groups remain downside risks to monitor.

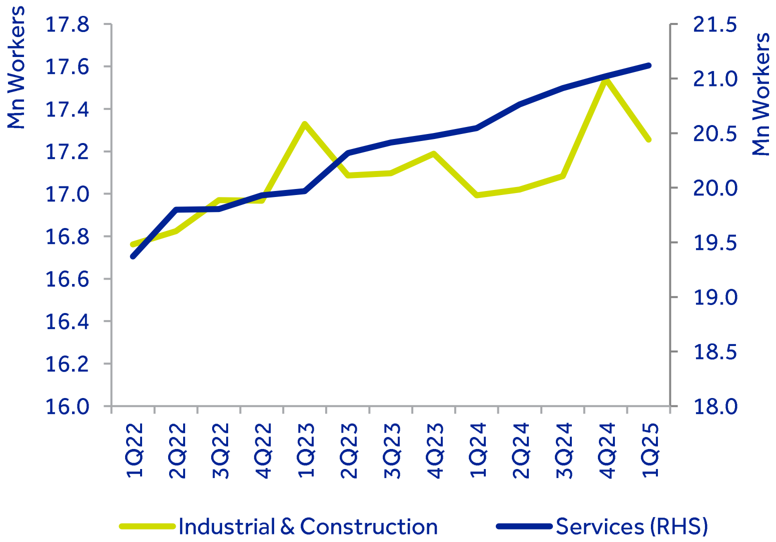
Retail Sale of Goods and Services



Number of international tourists to Viet Nam



Labor force in the industrial and construction sectors is recovered



Source: GSO

PUBLIC INVESTMENT: ACCELERATED, EXPECTED TO SPILLOVER

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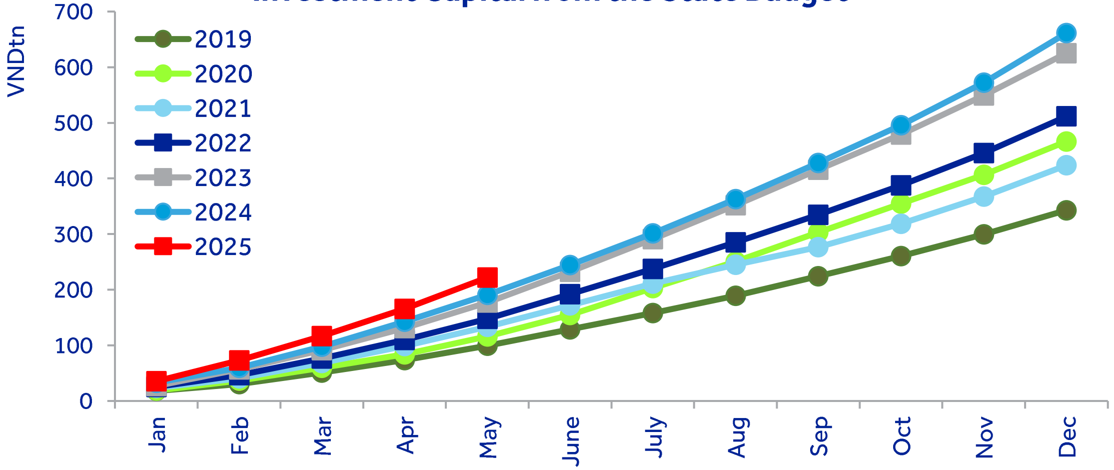
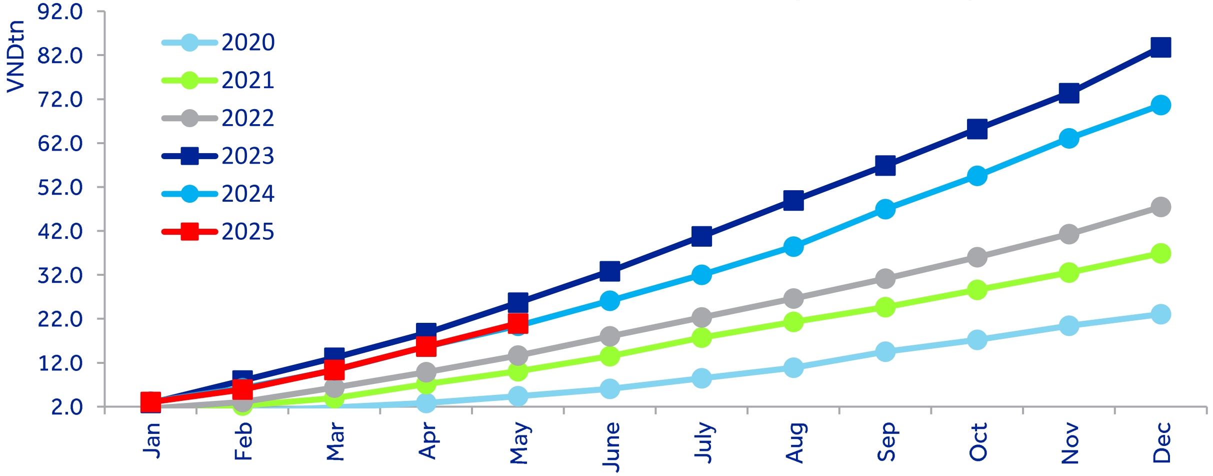
- Public investment is gaining strong momentum in 2025. Disbursed capital rose by 15.3% in May and 17.5% over the 5M2025, reaching 24.3% of the annual target—highlighting the Government's clear commitment to using public investment as a key lever to support its ambitious 8% GDP growth target.
- A series of large-scale infrastructure projects and supportive policies are being fast-tracked, including (1) completion of 1,188 km of expressways in 2025 to reach a nationwide expressway network of 3,000 km; (2) the North–South high-speed railway project, with Phase 1 expected to break ground by end-2025; and (3)the application of PPP mechanisms for key routes such as the Eastern North–South Expressway and Can Tho–Ca Mau, creating room to attract private capital. Alongside southern expressways and inter-regional logistics networks, public investment is not only boosting short-term demand but also laying the groundwork for medium- and long-term growth.
- Public investment remains a central driver of growth in 2025, especially as Vietnam ramps up disbursement toward the end of the Vietnam's Medium-Term Public Investment Plan. However, its spillover effects to the private sector are still limited due to policy implementation lags. We believe the real growth impact of public investment will become more visible during 2026–2030, when major infrastructure projects move into large-scale execution phases.

Investment Capital from the State Budget



Investment Capital from the State Budget - Ministry of Construction



Source: GSO, MPI

2H2025: FX PRESSURES PERSIST

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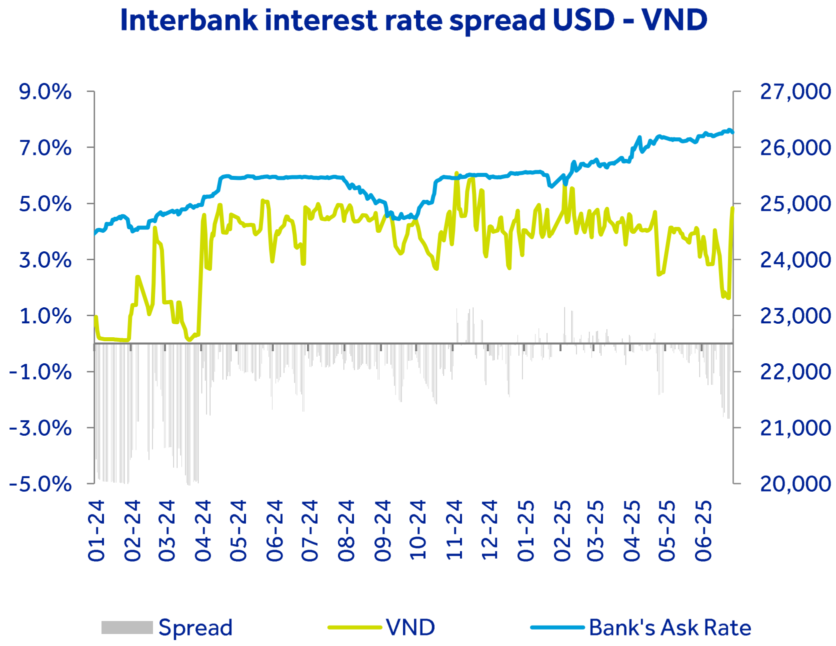
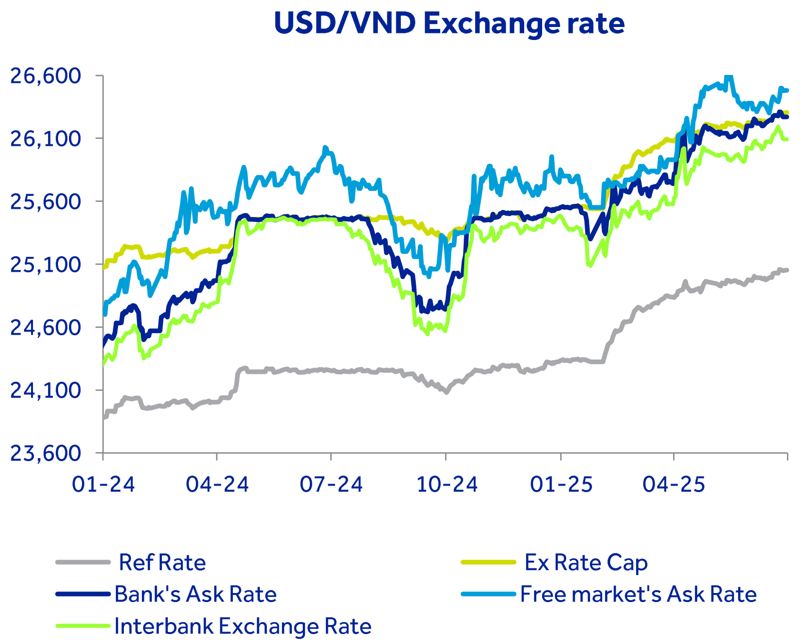
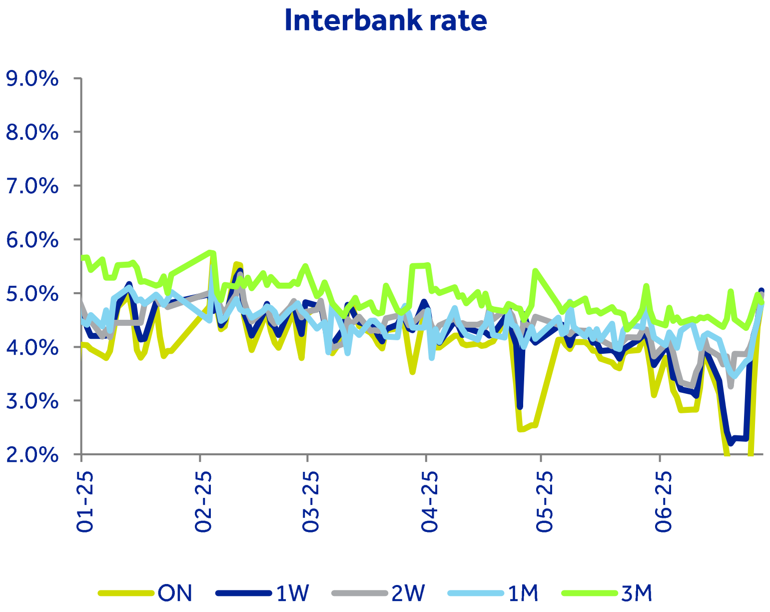
- Macroeconomic developments in 5M2025 confirm ongoing exchange rate pressures, consistent with our earlier projections. The VND has depreciated by over 2% against the USD, diverging from the strengthening trends of regional currencies such as the TWD (+11%), KRW (+6.5%), and THB (+3.9%). This VND depreciation is seen as a rational response to the initially proposed tariff rate of up to 46% on Vietnamese goods, coupled with heightened uncertainty around any potential trade agreements at the time.
- We expect the USD/VND exchange rate to remain biased upward in the short term, even as the DXY weakens. Our base-case forecast sees USD/VND gradually rising to 26,450 in Q3/2025 before easing, based mainly on the following four factors (1) Countervailing tariff risks remain constant. With the current foreign policy under President Trump, uncertainty is the only certainty. Therefore, Vietnam's structure—being heavily dependent on FDI and exports—becomes increasingly vulnerable; (2) The Fed's slow pace of rate cuts means the VND–USD interest rate differential remains unattractive to FDI & FII inflows; (3) Foreign exchange reserves remain limited. Although, if we exclude the "temporary import for re-export" factor in China–U.S. trade, the reserve level is not excessively low; and (4) Geopolitical tensions are driving gold hoarding, leading to sustained demand for USD in the domestic market.







Source: Bloomberg, ACBS

ACBS

INFLATION: REMAINS STABLE IN 2025

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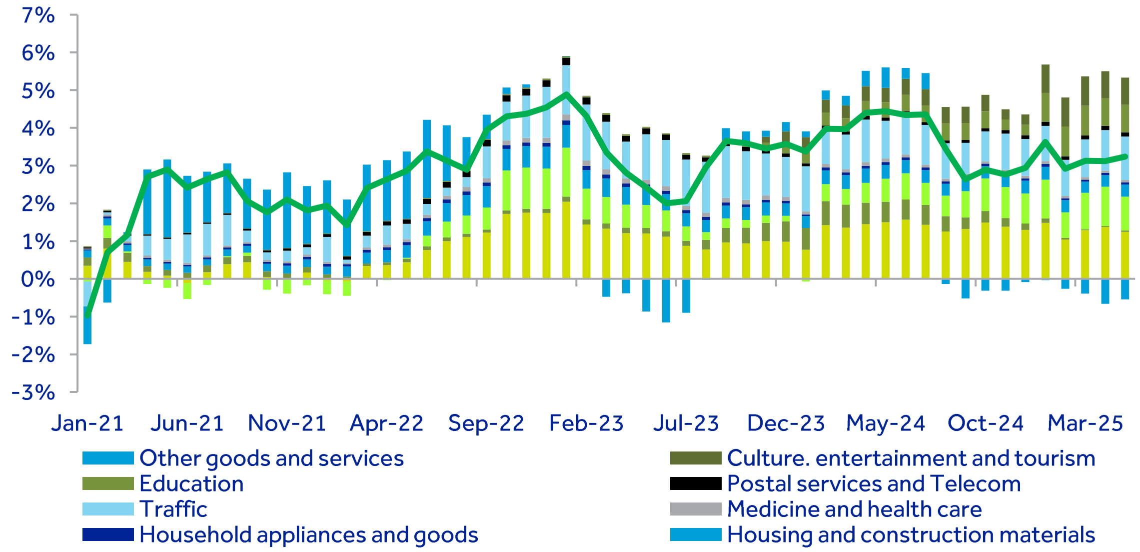
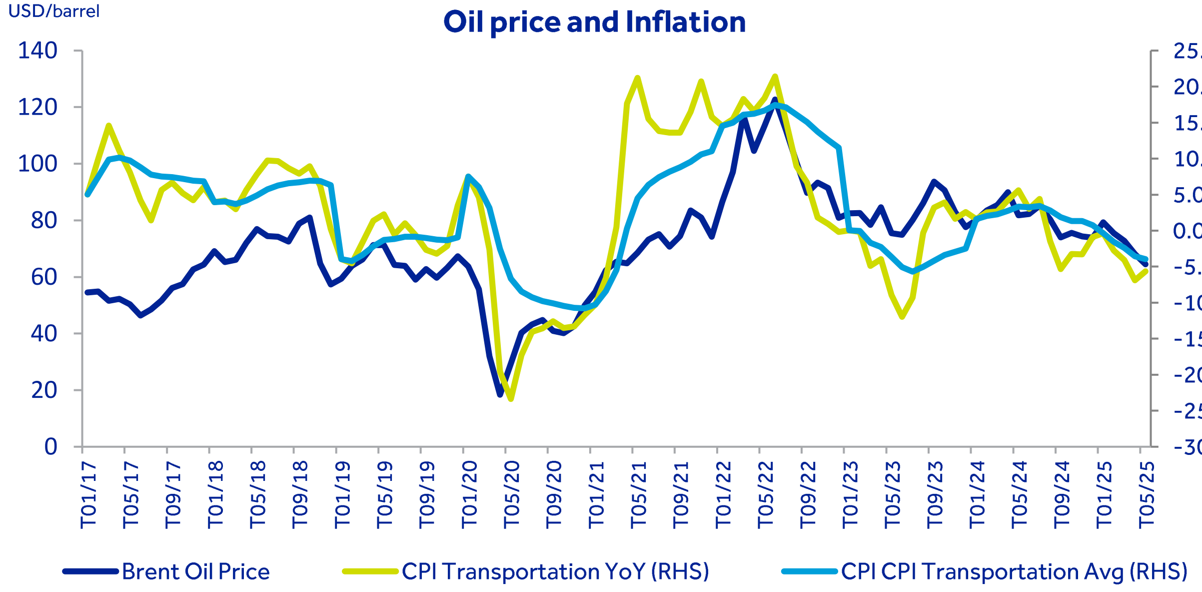
- Vietnam's inflation remains well-contained, with the Consumer Price Index (CPI) rising by just 0.16% MoM in May 2025, mainly due to increases in electricity (+0.84%), water supply (+1%), and construction materials (+1.2%). On average, CPI rose by 3.21% YoY in the 5M2025, while core inflation increased by 3.1% – both well below the government's target ceiling of 4.5%.
- We forecast average inflation in 2025 to hover around 3.5%, supported by several favorable factors: (1) Global oil prices are expected to remain stable within the $70–75/barrel range, minimizing cost-push inflation from energy and transportation; (2) Domestic food supply remains abundant, as rice, vegetables, and seafood production recorded solid gains in the first five months, according to data from GSO and the Ministry of Agriculture and Rural Development; and (3) World Bank's April 2025 report projects global food prices to decline by approximately 7% this year, including a notable 29% drop in rice prices as supply recovers and India eases export restrictions.
- Nevertheless, several risks to the inflation outlook remain: (1) Escalating geopolitical tensions may push up global commodity prices again; (2) Potential further adjustments in electricity and public service prices, especially amid EVN's financial constraints; and (3) Extreme weather events could negatively impact agricultural output and food prices.

Inflation is well controlled



Oil price and Inflation



Source: GSO, Bloomberg

VIETNAM MONTHLY MACRO INDICATORS

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Monthly data	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Industrial Production (YoY)	18.9%	-5.9%	4.8%	7.4%	10.0%	12.4%	11.1%	8.4%	8.3%	7.1%	8.0%	8.8%	-1.0%	17.6%	9.9%	9.6%	9.4%
Purchasing Managers Index	50.30	50.40	49.90	50.30	50.30	54.70	54.70	52.40	47.30	51.20	50.80	49.80	48.90	49.20	50.50	45.60	49.80
Retail Sales (YoY)	8.1%	8.1%	8.2%	8.5%	8.7%	8.6%	8.7%	8.5%	8.8%	8.5%	8.8%	9.3%	9.5%	9.4%	10.8%	11.1%	10.2%
Consumer Price Index (MoM)	2.7%	3.0%	2.8%	2.8%	2.7%	2.6%	2.6%	2.5%	2.5%	2.7%	2.7%	2.9%	3.1%	2.9%	3.1%	3.1%	3.3%
Consumer Price Index (YoY)	3.4%	4.0%	4.0%	4.4%	4.4%	4.3%	4.4%	3.5%	2.6%	2.9%	2.8%	2.9%	3.6%	2.9%	3.1%	3.1%	3.2%
Export Value (% YoY)	46.2%	-4.6%	13.8%	11.4%	11.1%	14.3%	20.5%	15.4%	11.1%	10.5%	8.4%	12.9%	-3.9%	26.0%	14.4%	20.6%	22.7%
Import Value (% YoY)	34.6%	-1.2%	7.5%	15.2%	22.1%	15.5%	25.5%	15.1%	11.5%	13.8%	10.4%	19.0%	-2.7%	40.1%	18.6%	23.0%	19.3%
Trade Balance (BnUSD)	3.6	1.4	6	1.1	(0.5)	3.2	2.4	4.0	2.3	2.0	1.1	0.5	3.1	(1.5)	1.6	0.6	0.6
Disbursed FDI (BnUSD)	1.5	1.3	1.8	1.7	2.0	2.6	1.7	1.6	3.2	2.2	2.1	3.7	1.5	1.4	2.0	1.8	2.2
Registered FDI exl Cap. Cont.(BnUSD)	2.3	1.8	1.7	2.6	1.7	3.5	2.2	2.0	3.5	2.4	3.7	6.4	4.0	2.4	3.1	2.5	3.5

Source: GSO

VIETNAM QUARTERLY MACRO INDICATORS

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Quarterly data	**Q1 2022**	**Q2 2022**	**Q3 2022**	**Q4 2022**	**Q1 2023**	**Q2 2022**	**Q3 2023**	**Q4 2023**	**Q1 2024**	**Q2 2024**	**Q3 2024**	**Q4 2024**	**Q1 2025**
GDP (YoY)	5.1%	7.8%	13.7%	5.9%	3.3%	4.1%	5.5%	6.7%	5.9%	7.1%	7.4%	7.6%	6.9%
Agriculture, Forestry and Fishing	2.5%	3.1%	3.7%	3.9%	2.9%	3.7%	4.3%	4.1%	3.4%	3.6%	2.9%	3.0%	3.7%
Industry and Construction	6.4%	8.7%	12.2%	4.2%	-0.4%	2.1%	5.2%	7.4%	6.7%	8.6%	9.0%	8.4%	7.4%
Services	4.6%	8.9%	19.3%	8.1%	6.6%	6.2%	6.4%	7.3%	6.2%	7.1%	7.5%	8.2%	7.7%
Industrial Production (YoY)	6.8%	9.8%	10.9%	3.0%	-2.6%	-0.2%	2.8%	5.0%	5.9%	9.9%	9.3%	7.9%	7.8%
Retail Sales (YoY)	5.0%	20.1%	41.2%	17.1%	13.2%	8.8%	7.3%	9.3%	8.4%	9.1%	8.5%	9.3%	9.9%
Export Value (YTD) (BnUSD)	89.0	97.1	95.3	88.4	79.1	86.4	93.5	94.8	92.9	97.0	108.1	104.9	102.8
Import Value (YTD) (BnUSD)	87.5	97.3	90.0	83.5	75.5	79.2	84.8	88.5	85.3	93.2	99.4	101.3	99.6
Trade Balance (BnUSD)	1.5	(0.2)	5.4	4.9	3.6	7.2	8.7	6.3	7.6	3.8	8.7	3.6	3.2
Disbursed FDI (BnUSD)	4.5	5.6	5.4	7.0	4.3	5.9	5.7	7.3	4.6	6.2	6.5	8.0	5.0
Registered FDI (BnUSD)	7.3	4.5	3.7	7.1	4.2	6.0	5.2	12.7	5.7	7.8	7.7	12.5	9.5

Source: GSO

PART 3. MARKET UPDATES

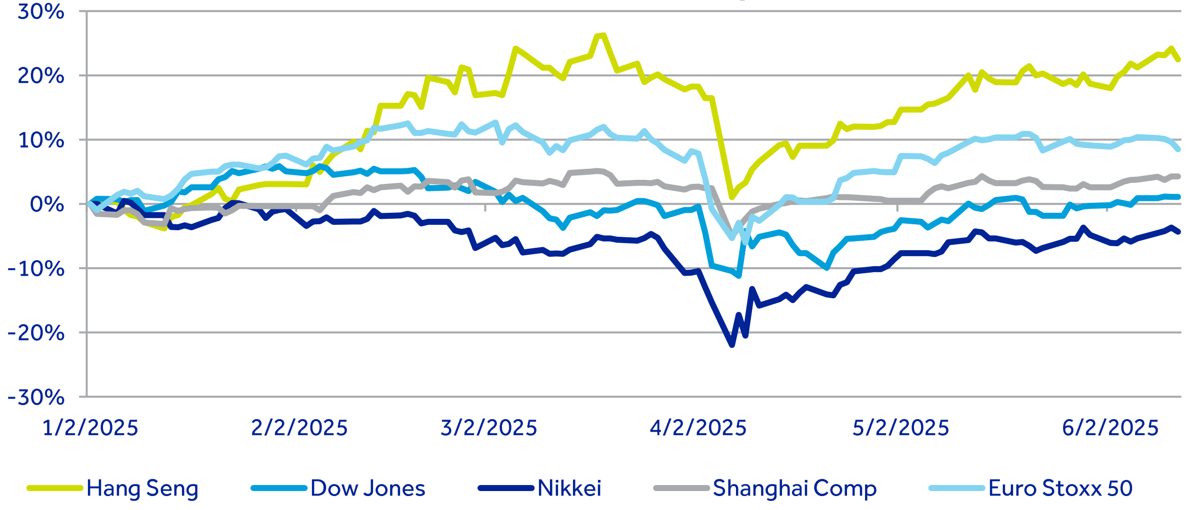
STRONG REBOUND

Market Strategy Sub-Department

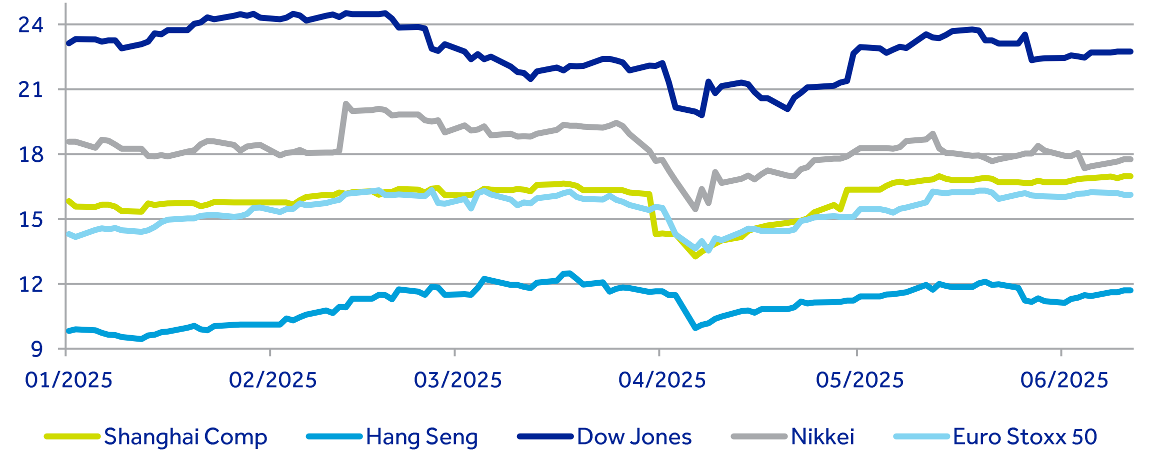
GLOBAL STOCK MARKETS: STRONG REBOUND FOLLOWING TARIFF NEWS

- In 1H2025, global stock markets experienced significant volatility, particularly the sharp decline in early April following the announcement of reciprocal tariffs by the U.S. Investor sentiment turned negative when the U.S. government declared additional tariffs on imports from China and other countries, triggering a steep sell-off across major indices.
- After the reciprocal tariff measures were officially announced on April 2, 2025, global financial markets plunged rapidly. Dow Jones Industrial Average dropped by 10.9% within days after the announcement. Similarly, European stock markets also saw a 9.6%% drop during this period. In Asia, the Nikkei and Shanghai indices fell by 12.8% and 7.2%, respectively. Meanwhile, the Hang Seng Index recorded a historic plunge of 14.2%.
- However, market sentiment improved significantly on April 9, 2025, when President Trump announced a 90-day postponement of the new tariff plan to allow for further negotiations. This news triggered a sharp V-shaped rebound in major indices over the following sessions.
- While most trade negotiations between the U.S. and its partners remained unresolved and continued to evolve, investor confidence improved on the belief that "the worst is over" — and that final tariff rates may be significantly lower than originally feared. As a result, most markets fully recovered to their pre-tariff announcement levels.
- Overall, trading in the first half of 2025 illustrates that global markets were heavily influenced by policy-related events, especially trade war tensions. Nevertheless, the positive response to the tariff delay showed that markets still retain strong recovery potential when macroeconomic conditions stabilize.

Global stock markets performance



Global stock markets valuation



Source: Bloomberg

ACBS

BUT CAPITAL SHIFTED TOWARD SAFE-HAVEN ASSETS

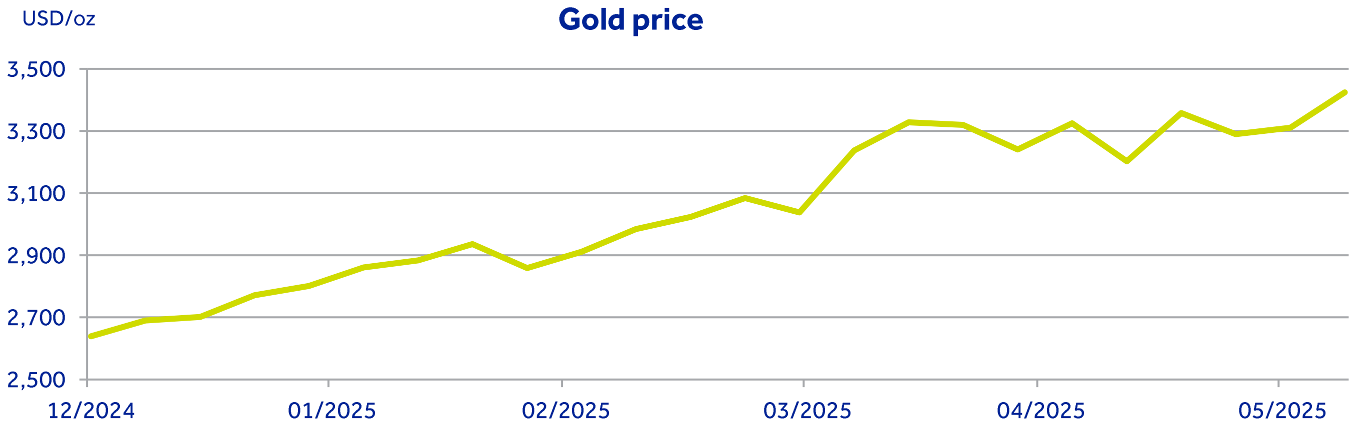
- Amid rising economic and geopolitical uncertainty, global capital flows in Q1 showed a clear shift toward safe-haven assets. In the U.S. — even with only Q1 data available — inflows into the bond market reached $303 billion, far surpassing the $23 billion that flowed into equities.
- Notably, although bond inflows in the U.S. remained large, YoY growth was negative (Q1/2024), representing a sharp decline from previous peaks.
- Meanwhile, capital continued pouring into gold, with gold prices repeatedly breaking all-time highs (+30% YTD as of May 2025). This trend reflects global investors strengthening their defensive positions to hedge against risks stemming from prolonged high interest rates, regional conflicts, and fears of a global economic slowdown. It also highlights growing caution toward riskier assets, especially equities.
- In 5M2025, central banks around the world continued buying gold at a steady pace, although purchases slowed compared to the previous quarter. In Q1/2025 alone, net purchases totaled around 244 tonnes (down 33% QoQ), but still 25% higher than the five-year average. In April 2025, central banks added another 12 tonnes — lower than the 12-month average of approximately 28 tonnes, according to World Gold Council data. At the same time, major gold ETFs — which include large-scale and institutional investors — saw strong inflows, with around 226–227 tonnes of physical gold added in Q1. This equates to more than $21 billion flowing into gold ETFs, the highest level since 2022.

Capital flow into equity markets (left) and bond markets (right)

Unit: mn USD	As of	Net value	YoY
Euro Area	31/3/2025	57.985	253.908
United States	31/3/2025	23.190	572.583
China	31/3/2025	8.606	N/A
Japan	30/5/2025	1.561	-70.112
Vietnam	9/6/2025	-1.591	-1.633
Thailand	9/6/2025	-2.172	1.270
Malaysia	9/6/2025	-2.522	-3.618
Indonesia	5/6/2025	-3.014	731

Unit: mn USD	As of	Net value	YoY
United States	31/3/2025	303.512	-257.348
United Kingdom	31/12/2024	161.452	31.795
Qatar	30/4/2025	78.560	11.843
Euro Area	31/3/2025	72.730	-34.279
Japan	30/5/2025	72.223	132.947
Germany	31/3/2025	67.570	25.250
France	30/4/2025	50.826	-163.546
China	30/4/2025	39.700	-48.513

Source: Bloomberg



Source: Investing.com

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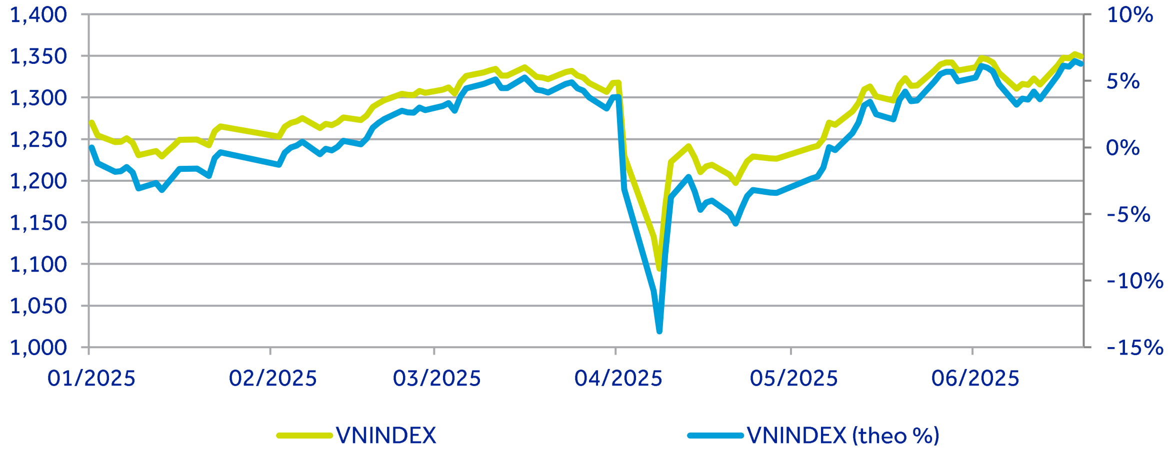
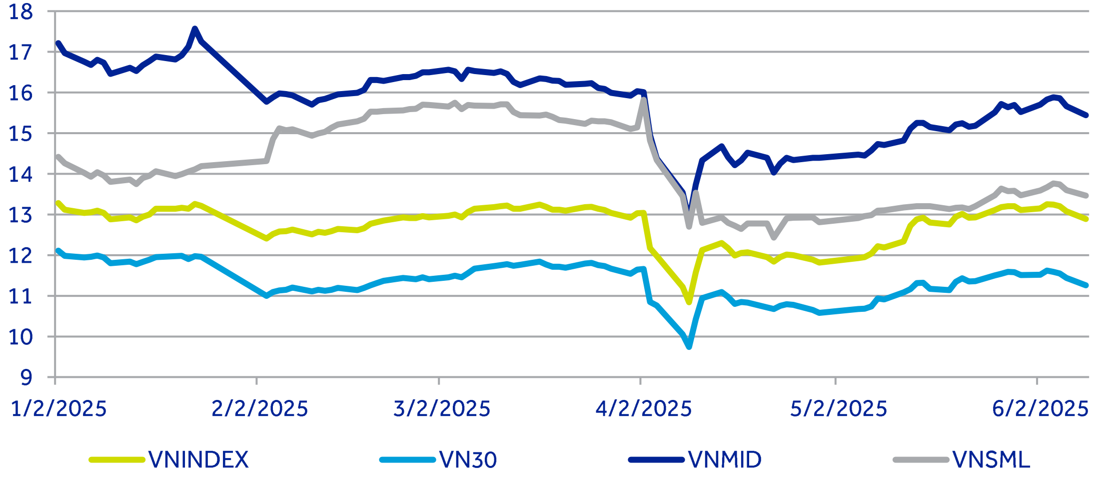
VNINDEX RECOVERED, BUT NOT FOR ALL

- In Q1/2025, the Vietnam stock market recorded a positive performance driven by two main factors: (i) expectations of economic recovery as both domestic and international challenges gradually eased, and (ii) the prospect of attracting foreign capital following news that FTSE was reviewing a potential market upgrade. These two factors helped strengthen investor confidence and supported a steady upward trend in the market.
- However, market sentiment was quickly tested when the U.S. unexpectedly announced retaliatory tariffs on several countries — with Vietnam facing a tariff rate of up to 46%, the third highest after Cambodia (49%) and Laos (48%). This negative development triggered a sharp correction, with the VN-Index briefly falling to around 1,080 points, corresponding to a P/E valuation of about 11.x — equal to – 2STD level.
- Shortly after, the U.S. decision to temporarily suspend the application of the retaliatory tariffs led to a strong market rebound. Investor sentiment improved significantly, and capital returned to the market, helping the VN-Index not only recover but surpass the key psychological level of 1,300 points, reaching a new peak around 1,350 points. This movement suggests that the underlying strength of the VN-Index is sufficient to support a medium-term uptrend — provided the macroeconomic environment remains stable.
- At the 1,350-point level, the VN-Index is trading at a P/E ratio of approximately 13.x, equivalent to -1 STD level. However, the rally has yet to broaden across the market and remains concentrated in a few large-cap stocks, particularly VIC, VHM, VRE and others such as TCB, SHB, GVR, etc. This reflects lingering investor caution, as retaliatory tariffs continue to be a key factor shaping overall market sentiment.

VNINDEX Performance (YTD)



Valuation (YTD)



Source: Fiinpro

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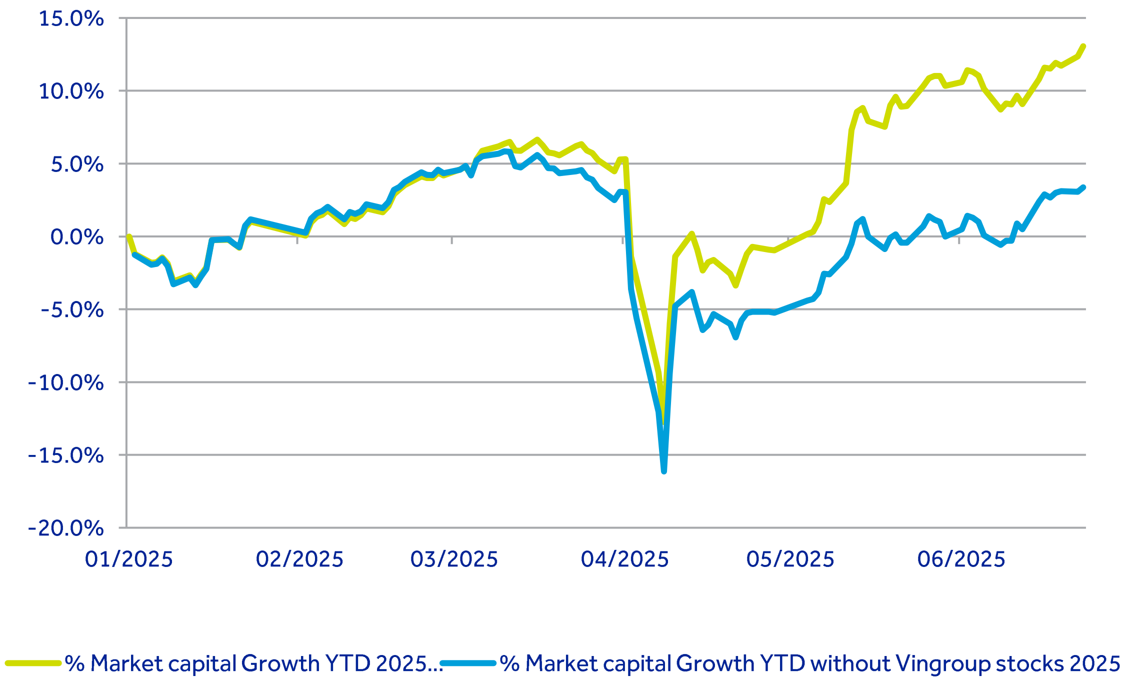
TOP 5 STOCKS CONTRIBUTING ~100 POINTS TO THE UPSWING

- The main contributors to the market's uptrend were stocks from the Vingroup group (VIC, VHM, VRE, and VPL), which collectively added over 83 points to the VN-Index's gain. On the other hand, FPT and VCB were the two stocks that contributed the most to the index's decline.
- Excluding the Vingroup stocks, the market is still trading in the range of – 2STD to -1 STD P/E level, indicating that investors remain cautious due to risks related to U.S. reciprocal tariffs.

% Market capital growth YTD 2025 (W/WO contribution from Vingroup stocks)



Top 10 Stocks with the Most Impact on VNIndex (Gainers / Laggards)

Tickers (*)	YTD changes %	Contribution to VNIndex
VIC	123%	45.56
VHM	82%	31.79
TCB	22%	9.10
GEE	249%	6.10
HVN	3%	5.25
VRE	55%	5.07
SHB	48%	4.29
GEX	5%	3.83
MBB	11%	3.45
STB	16%	2.67

Tickers (*)	YTD changes %	Contribution to VNindex
FPT	-24%	-12.97
VCB	-8%	-10.14
BID	-6%	-4.01
HDB	-16%	-3.39
BSR	-19%	-3.10
VNM	-10%	-3.05
GAS	-8%	-2.93
BCM	-16%	-2.86
DGC	-22%	-2.31
GVR	-7%	-2.13

Source: Bloomberg, (*): Closing prices as of June 10, 2025

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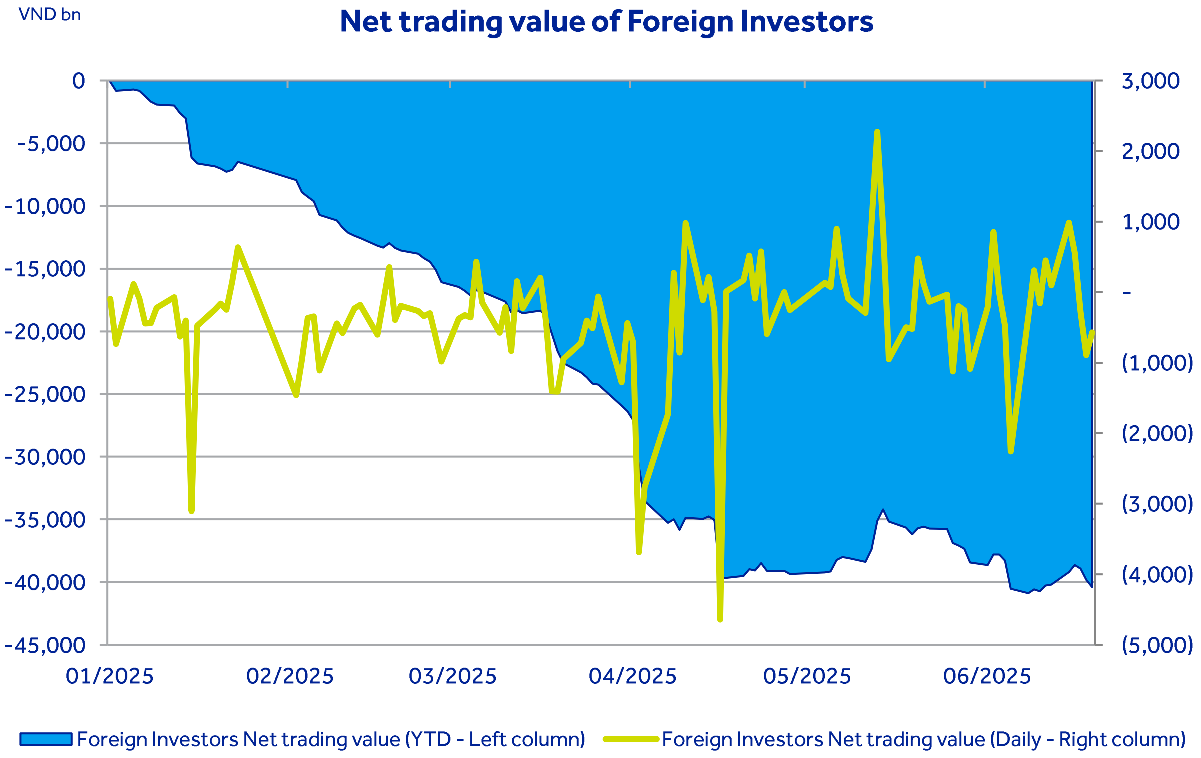
FOREIGN INVESTORS REDUCED NET SELLING SINCE MAY 2025

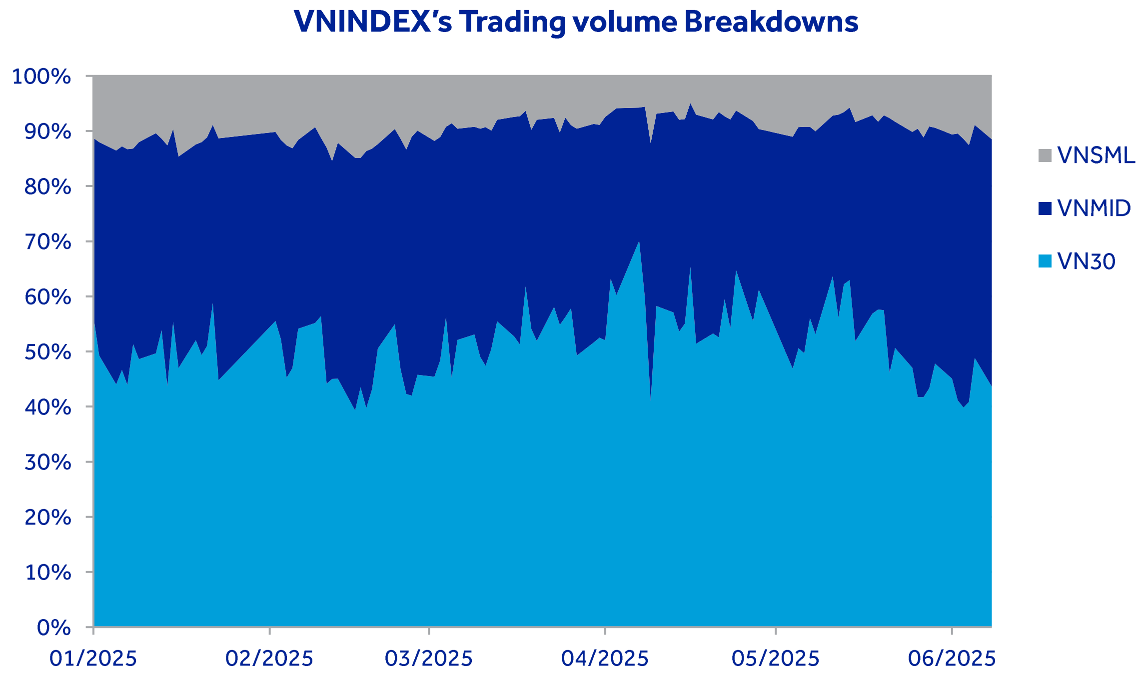
FOREIGN INVESTORS REDUCED NET SELLING SINCE MAY 2025

- Foreign investors maintained net selling throughout 1H2025, with a total net outflow of nearly VND 44 trillion (~USD 1.72 billion).
- However, the selling pressure eased significantly starting in May 2025 — with a net inflow of VND 488 billion in May, followed by a reduced net outflow of VND 2,391 billion in June.



LIQUIDITY IN 1H2025 SURGED

- 1H2025 average daily trading value on the HSX reached VND 19 trillion per session, down 12% YoY. Liquidity began to surge from February 2025, as improving economic prospects and upgrade expectations boosted market sentiment.

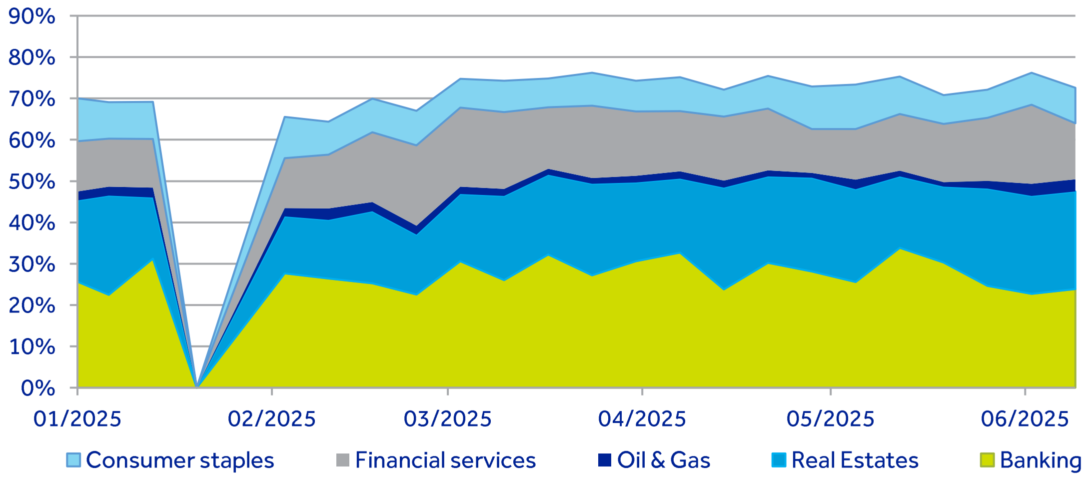


Source: ACBS, Fiinpro

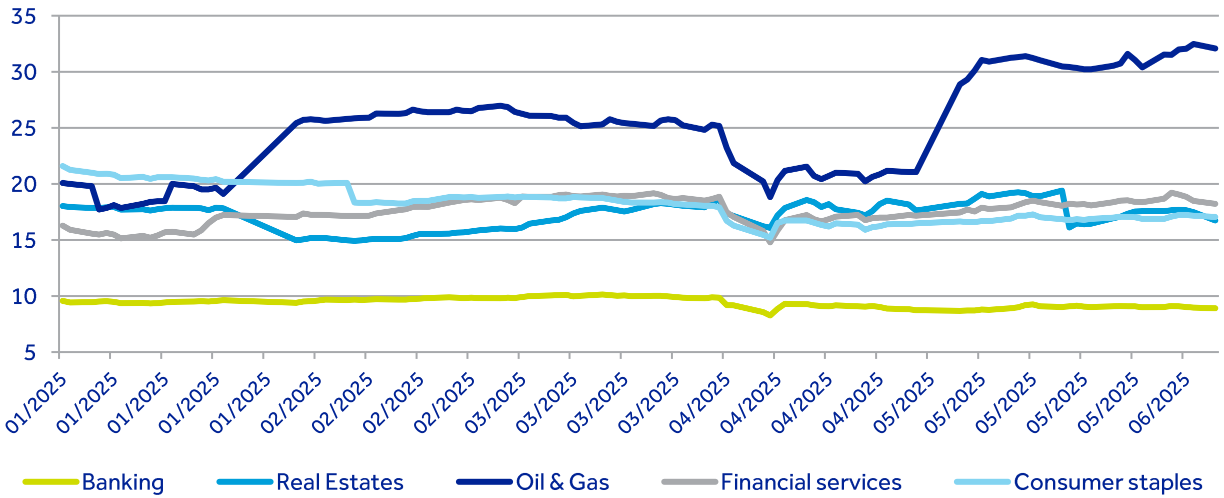
SECTORS VALUATION

- The price movement of the VN-Index in 1H2025 lacked broad participation from key sector pillars such as Banking, Construction & Materials, and Financial Services. The market was mainly supported by the real estate sector, particularly stocks related to the Vingroup ecosystem.
- While VN-Index rose by 3% and banking stocks gained 2%, real estate stocks outperformed significantly with a surge of 47%.Trading value in the real estate group also increased sharply, in line with the upward price trend, and its share of total market turnover is now approaching that of the banking sector.
- Meanwhile, investor interest in oil & gas stocks is rising, as the sector is trading at a P/E of around 30x — a sharp increase from the beginning of the year — fueled by the rebound in oil prices driven by geopolitical tensions in the Middle East.

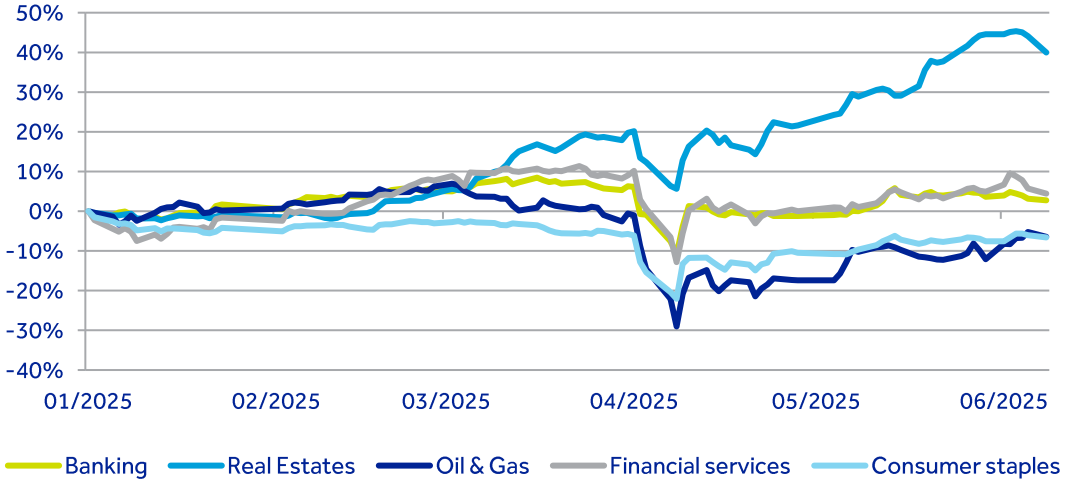
Sector Contribution to Total Trading Volume of VNIndex



P/E Trends of Key Sectors



Market movements per sectors



Source: ACBS, Fiinpro

PART 4. TARIFF IMPACTS

STRUCTURAL WAKE-UP CALL

TARIFFS: THE NEVER-ENDING STORY

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- The tariff negotiation process between Vietnam and the United States made notable progress on July 2, 2025, when both **sides agreed in principle on a 20% tariff for goods exported from Vietnam and a 40% tariff for transshipped goods. In return, Vietnam committed to opening its market to U.S. goods.**
- However, the definition of "transshipped goods" remains unclear between the two parties. Given Vietnam's high reliance on imported raw materials—particularly from China—we believe this issue will require thorough and detailed discussions. In the event of strict requirements for RVC, Vietnam could face pressure on export growth due to the structural characteristics of its economy.
- That said, the reduction in the proposed tariff rate from 46% to 20% can be considered an early success for Vietnam's proactive approach to negotiating with the U.S. Especially when compared to the new tariff schedule announced by President Trump for several countries on July 8, 2025.
- On July 8, the administration of President Donald Trump officially issued notification letters to 15 countries that had yet to reach a trade agreement with the U.S., stating that new tariffs would take effect on August 1. President Trump also warned that any retaliatory tariffs imposed on U.S. goods would result in corresponding additional duties. The new tariff regime is set to come into force on August 1, 2025.
- In addition, President Trump announced that countries within or supporting the BRICS bloc may be subject to an additional 10% tariff.
- Amid the formal announcement of new tariffs on multiple trading partners effective from August 1, Vietnam currently holds a relatively favorable position in the region. The agreed 20% tariff remains lower than those applied to other Southeast Asian countries and is significantly reduced from the initial 46% proposal.
- Nonetheless, under current conditions, we believe that tariff negotiations will remain a long-term, recurring theme throughout President Trump's term. As such, uncertainty should be considered the new normal.
- The sectors directly affected by the tariff developments include textile and garment exports, seafood, wood products, rubber, steel, industrial real estate, and logistics.

No.	Trading Partners	Previously "Receprocal Tariff"	Newly Announced Tariff	Difference compared with Vietnam
1	**Vietnam**	**46.00%**	**20.00%**	**N/A**
2	Japan	24.00%	25.00%	5.00%
3	South Korea	25.00%	25.00%	5.00%
4	Thailand	36.00%	36.00%	16.00%
5	Malaysia	24.00%	25.00%	5.00%
6	Indonesia	32.00%	32.00%	12.00%
7	South Africa	30.00%	30.00%	10.00%
8	Cambodia	49.00%	36.00%	16.00%
9	Bangladesh	37.00%	35.00%	15.00%
10	Kazakhstan	27.00%	25.00%	5.00%
11	Tunisia	28.00%	25.00%	5.00%
12	Serbia	37.00%	35.00%	15.00%
13	Laos	48.00%	40.00%	20.00%
14	Myanmar	44.00%	40.00%	20.00%
15	Bosnia and Herzegovina	35.00%	30.00%	10.00%

Source: U.S. White house

VALUE CHAIN OF VIETNAM EXPORT GOODS

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	Products	Total Export Value Q1/2025		Export by FDI Enterprises Q1/2025			Export to US Q1/2025		Total Import Value Q1/2025		Import from China Q1/2025	
		Bn USD	% YoY	Bn USD	FDI Share (%)	% YoY	% Export to US / VN Total Export	% YoY	Bn USD	% YoY	Bn USD	Import from China to VN/ Total Export (%)
	Total	102.84	10.60%	73.44	71.40%	9.5%	30.50%	21.9%	99.68	17.00%	58.08	38.20%
1	Electronics & Computers	21.12	29.20%	19.72	93.40%	23.2%	35.40%	48.3%	31.64	51.50%	10.56	32.70%
2	Phones & Components	14.04	-0.90%	14.01	99.80%	-0.9%	19.60%	-10.2%	2.55	12.00%	0.00	88.50%
3	Machinery & Equipment	12.37	13.60%	10.26	82.90%	5.8%	42.50%	25.3%	12.64	22.10%	7.77	61.50%
4	Garments & Fabrics	8.69	11.10%	5.15	59.20%	10.4%	43.60%	15.2%	3.45	9.70%	2.29	66.40%
5	Footwear & Leather Materials	5.37	12.10%	4.26	79.30%	10.9%	36.70%	15.6%	1.70	9.40%	0.98	57.00%
6	Wood & Wooden Products	3.93	11.10%	1.73	44.00%	6.5%	54.30%	12.9%	0.67	24.70%	0.29	43.00%
7	Vehicles & Parts	3.92	7.00%	3.14	80.00%	1.7%	19.10%	-1.9%	0.26	-27.20%	0.04	15.00%
8	Coffee	2.81	45.80%	0.94	33.50%	38.3%	6.40%	50.8%	#N/A	#N/A	#N/A	#N/A
9	Seafood	2.31	19.20%	0.19	8.40%	9.3%	16.10%	14.9%	0.76	23.00%	0.08	9.90%
10	Iron & Steel	1.79	-25.10%	0.72	40.50%	-31.8%	11.70%	-47.7%	2.65	-9.60%	1.41	53.20%

Source: Custom of Vietnam

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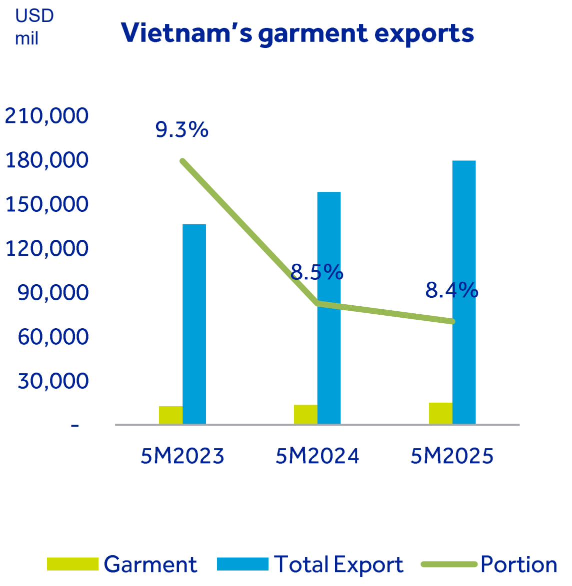
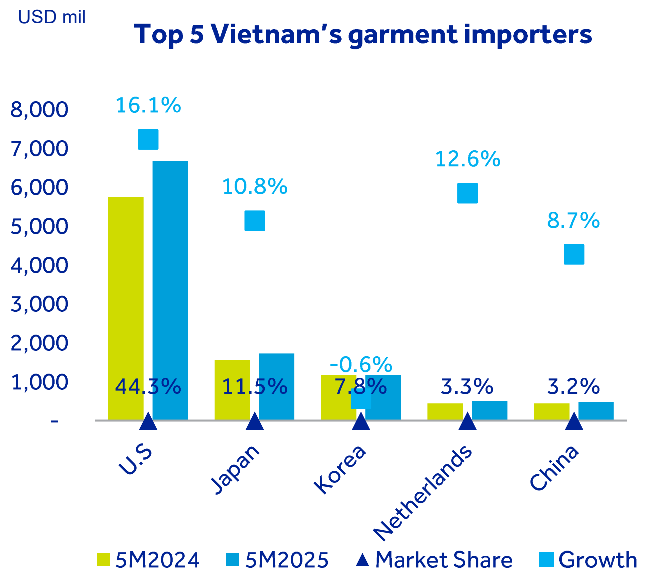
Garment exports rose by 12% YoY in 5M2025

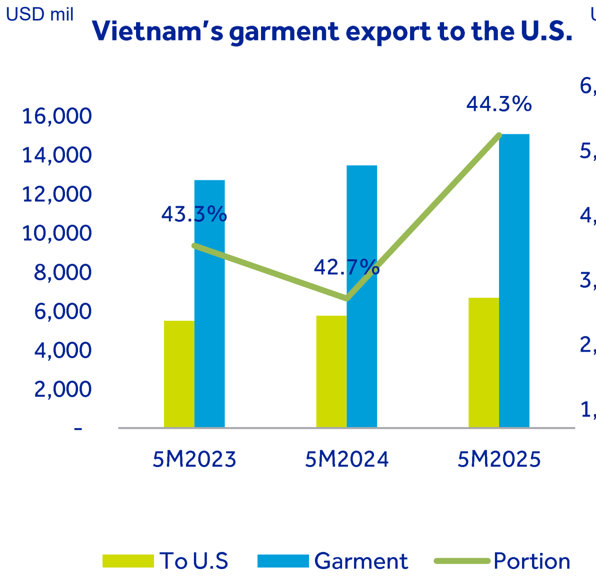
- According to Vietnam Customs, Vietnam's garment exports reached over USD15bn, +12% YoY, accounting for 8.4% of the country's total exports in 5M2025. This growth was primarily attributed to a recovery in the global demand for garment products, particularly in such key markets as the U.S. and Japan, and a shift of orders given geopolitical tension in some other countries.

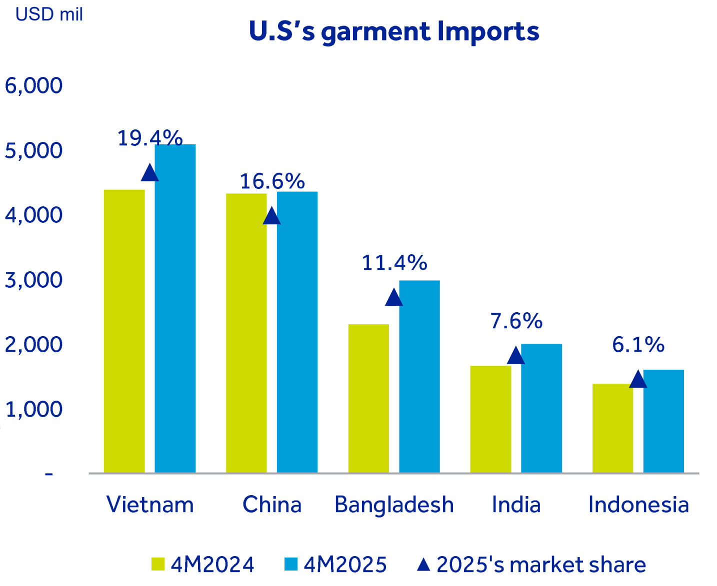
The U.S. remains the most crucial market

- Vietnam's garment exports to the U.S. reached USD6.7bn, up by 16.1% YoY, occupying 45% of Vietnam's total garment exports and nearly 12% of total exports of Vietnamese goods to the US in 5M2025. In addition to a recovery in demand, the front-loading effect given concerns over potential higher tariffs may have also bolstered this growth.
- Data from the U.S. Department of Commerce's Office of Textiles and Apparel (OTEXA) indicates that Vietnam has surpassed China to be the largest apparel exporter to the US in 4M2025. Vietnam's exports to the U.S. reached USD5.1 bn, +16.1% YoY, outperforming China's USD4.4 bn, +0.6% YoY. Other significant contributors included Bangladesh (USD3.0 bn, +29.3% YoY), India (USD2.0 bn, +20.4% YoY), and Indonesia (USD1.6 bn, +15.6% YoY).









Sources: Vietnam Customs, ACBS

GARMENT INDUSTRY: EVERY CLOUD HAS A SILVER LINING

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An exemption from higher tariffs is expected to be considered in view of effectiveness

- **As a major market of Vietnam's garment industry, the imposition of higher tariffs by the U.S. government could directly and adversely affects** Vietnamese garment companies' business performance. The impacts may come true if ongoing negotiations for tariff reductions are unsuccessful, although a 90-day tariff suspension is currently in effect and the tariffs have not yet been reflected in 5M2025 results. Potential changes in tariffs, even when the negotiations finish, may continue to cause uncertainties for the industry.

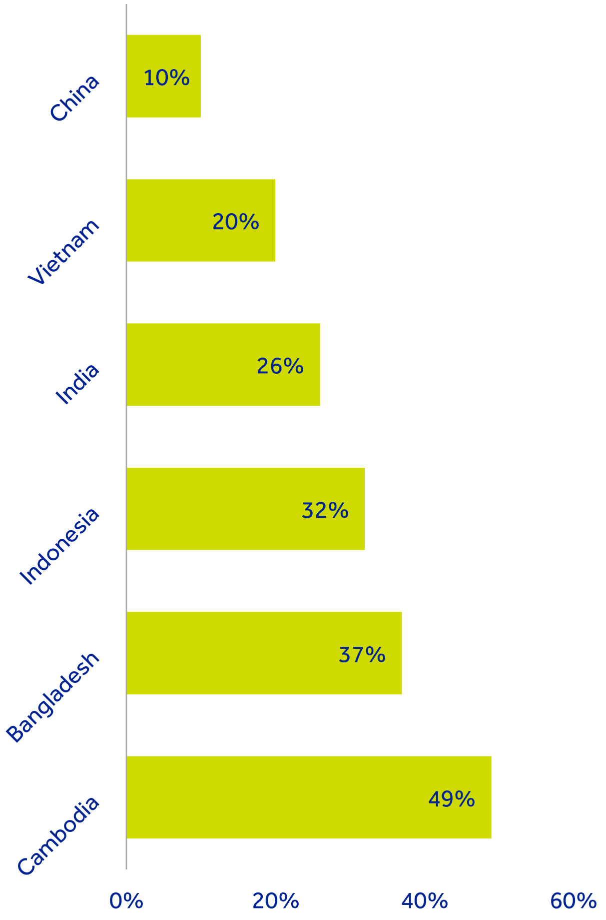
- **The substantial risk for Vietnam lies in increased competition from countries enjoying more favorable tariffs**, alongside a potential decline in consumption. However, direct impacts on product selling prices in the U.S. market might not be severe, as production costs of garment products in Vietnam typically constitute a minor proportion of the final retail prices in the U.S.

- **Despite these concerns, it is widely expected that high tariffs on garment exports may ultimately not be implemented for two primary reasons**: i) The U.S. strategic focus is on reshoring high-tech and national security-critical manufacturing, with no similar intent observed for labor-intensive, lower value-added sectors like the current textile and garment production in exporting countries. ii) Cost-effectiveness considerations, including production costs, labor costs, and the availability of skilled labor, etc. present significant disadvantages for the U.S. if it were to attempt extensive domestic production in this industry.

- **Even if high tariffs are applied, the ongoing trend of reducing reliance on China** amidst the unresolved U.S.-China trade conflict may present opportunities for Vietnam. While Vietnam's cost advantage might diminish, its stable political and manufacturing environment, established production infrastructure, logistics networks, and skilled workforce could maintain its competitiveness. This is further supported by political instability in some competing nations like Pakistan (with India) and energy crises in others such as Bangladesh.

- **Furthermore, leveraging existing Free Trade Agreements (FTAs) and diversifying export markets** are among Vietnamese manufacturers' strategies to reduce reliance on the U.S. market and mitigate long-term tariff impacts.

% U.S. Tariff



Sources: Cafef, ACBS

GARMENT INDUSTRY: EVERY CLOUD HAS A SILVER LINING

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Positive order outlook in short-term

	Mkt Cap (20/06/2025)	Revenue Q1/2025	+/- YoY	NPAT Q1/2025	YoY	Primary Market	2025 NPAT Plan	+/- YoY	P/E	Impact of Tariff
TCM	3,417	1,011	8%	78	26%	Asia (60%)	279	1%	11	Low
TNG	2,329	1,511	12%	43	2%	The Americas (> 50%)	340	8%	7	High
VGG	2,095	2,256	23%	56	93%	U.S. (>25%)	248	6%	5	Medium
HTG	1,519	1,278	8%	56	24%	U.S. (>47%)	360	28%	5	High

- Despite +12% yoy in Garment exports in 5M2025, signaling market recovery and robust corporate efforts, VITAS maintains a cautious and proactive stance regarding its strategic plans following recent tariff announcements and affirms the U.S. market will remain a primary focus. The industry currently confronts significant challenges stemming from new U.S. tax policies, necessitating timely strategic adjustments to sustain its growth trajectory and competitive position

- Despite persistent uncertainties regarding tariff policies, Vietnam's textile and garment exports are projected to remain positive in the short term, driven by an uptick in global demand, particularly in the U.S. According to Vietnam National Textile and Garment Group (Vinatex), actual inventory levels in the U.S. are currently very low, indicating a scarcity of goods for the back-to-school and year-end holiday seasons. Our observations indicate that many textile and garment enterprises have secured orders through Q3/2025, with some extending to Q4/2025.

- Notable examples include Song Hong Garment JSC (HOSE: MSH) and TNG Investment & Trading JSC (HNX: TNG), which have confirmed orders through the end of 2025 and Q3/2025, respectively. Both companies have reported an increase in their labor force size, signaling ongoing production expansion.

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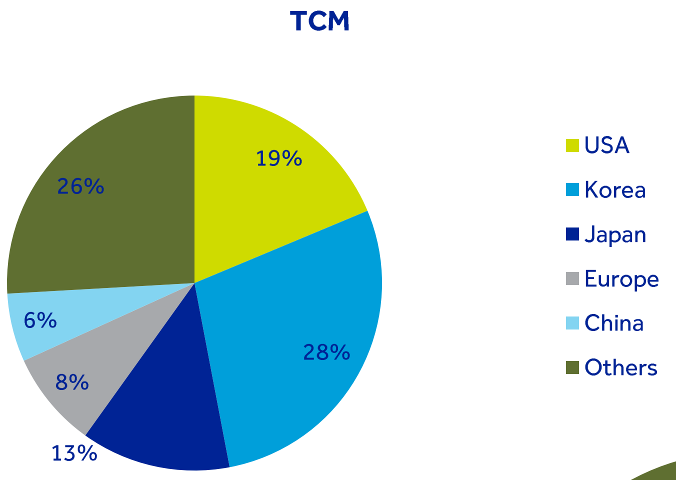
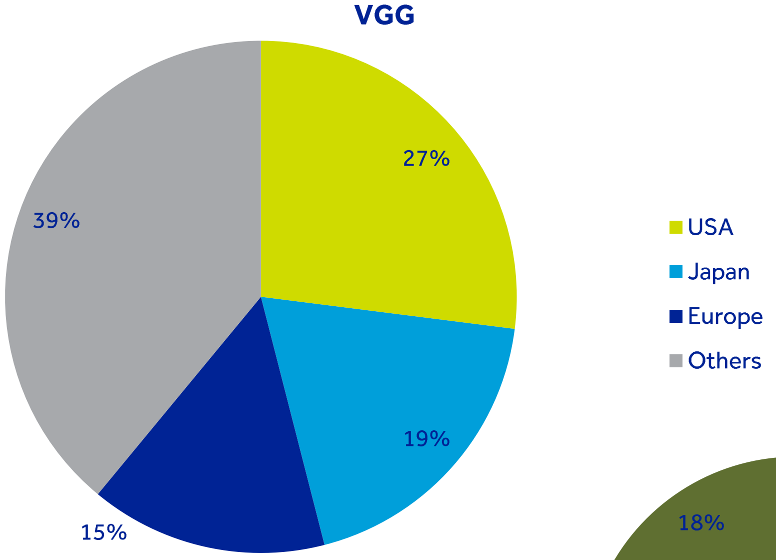
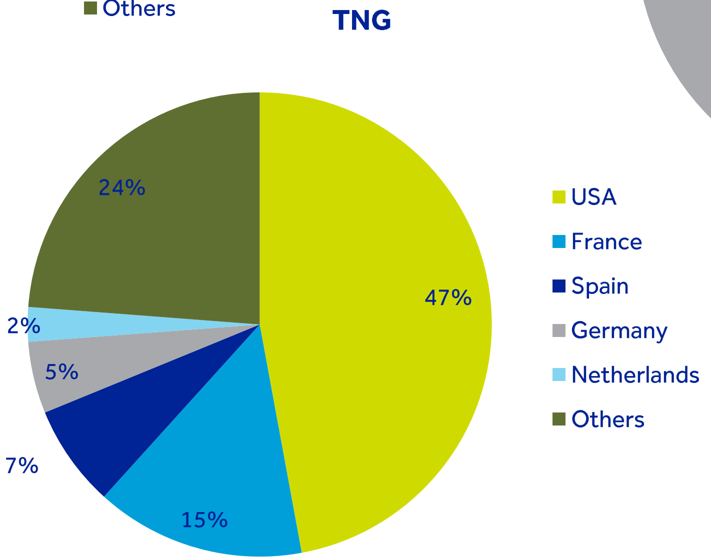
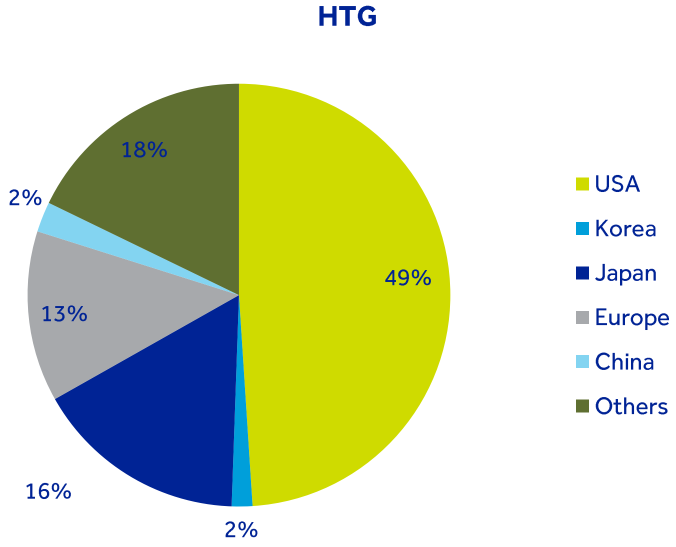
Triển vọng đơn hàng tích cực trong ngắn hạn

Export market concentration among several Garment enterprises. In which, TNG and HTG exhibit the highest proportion of exports destined for the U.S. market. Consequently, these firms are projected to be most significantly affected by tariff-related risks.









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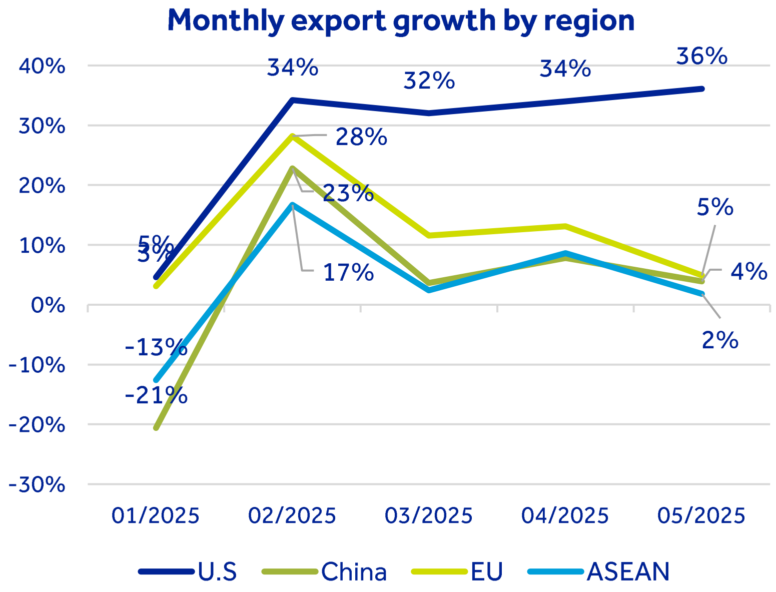
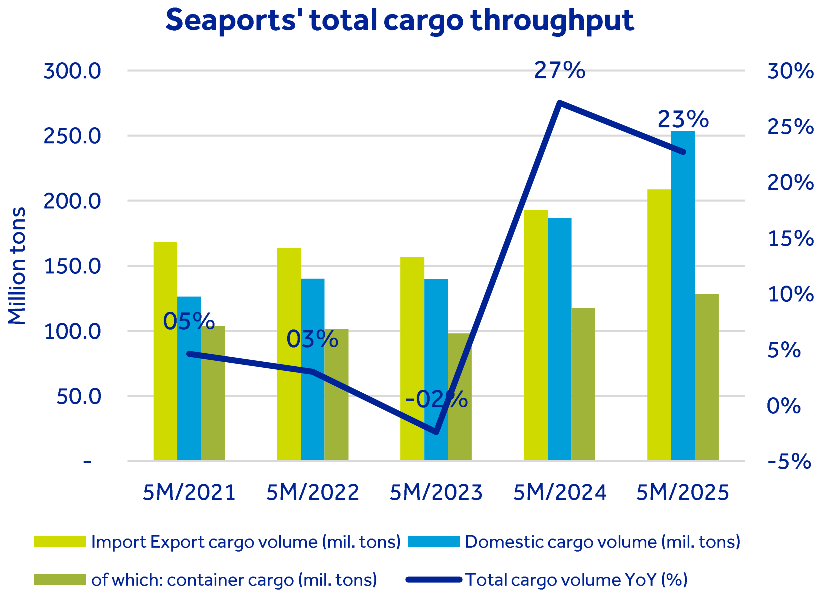
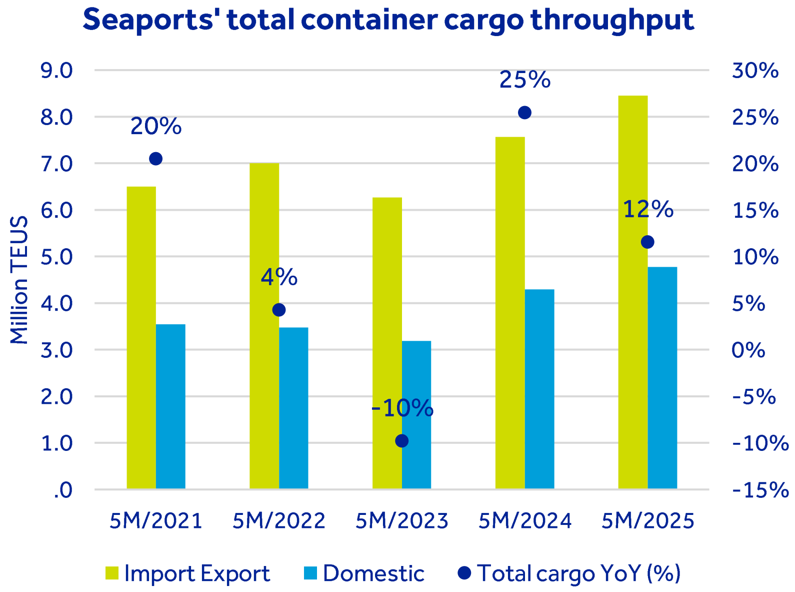
- **In 6M/2025, the logistics sector continued to show growth, supported not only by the positive momentum sustained since 2024 but also by a short-term driver – front-loading activities ahead of the effective date of new tariffs.** The U.S. announced a delay in tariff implementation and set a negotiation deadline in early July, which prompted businesses to accelerate exports to the U.S. in Q2 and potentially Q3/2025, before the new tariff policy fully takes effects. As a result, Vietnam's export value to the U.S. rebounded strongly in April and May. According to the General Statistics Office, the total export value for 5M/2025 reached USD 180.2 billion, up 14% YoY, with exports to the U.S. rising by 27.4%.

- **Domestic trade activities also remained positive, with domestic container volume reaching 4.8 million TEUs (+11.6% YoY).** We believe logistics companies' business results will continue to benefit from this growth momentum at least until the end of Q3/2025 – the point at which the new tariff policies begin to take effect.







Source: GSO, VPA, ACBS

LOGISTICS - SEAPORT

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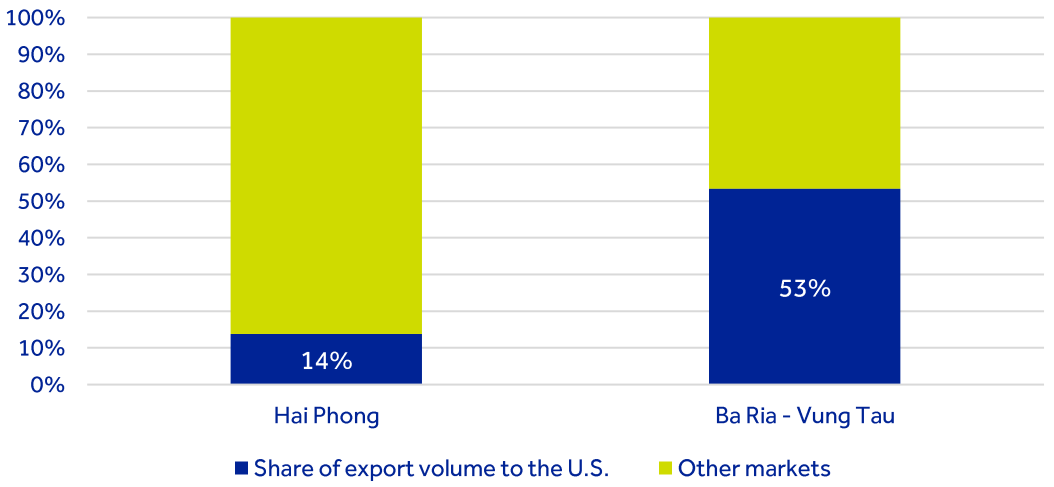
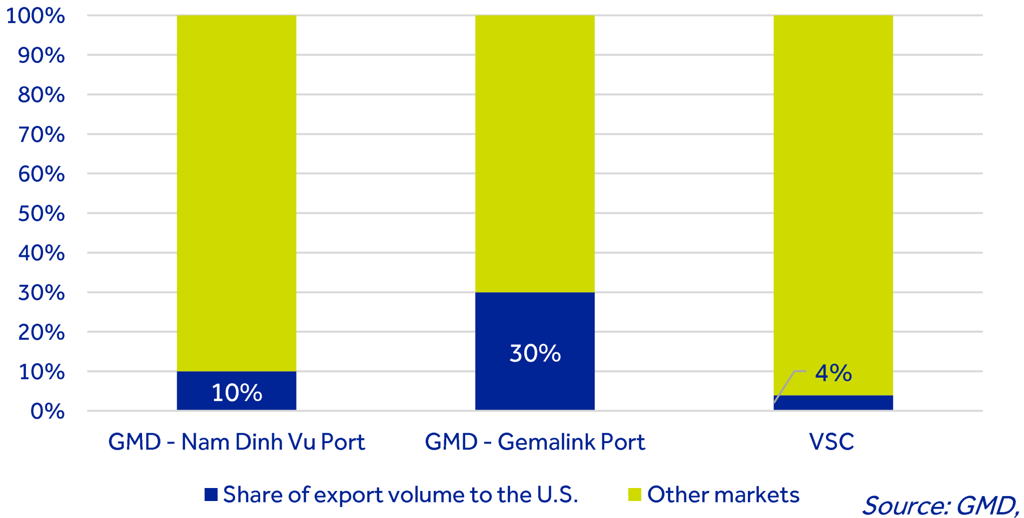
Tariff impacts vary depending on port location and served markets

- The new tariff policy could put pressure on cargo volume growth at seaports during 2025–2026. However, the level of impact will largely depend on each port's geographic location and target market.
- Cai Mep – Thi Vai port cluster is expected to be more significantly affected, as it mainly handles container exports to the U.S.—about 4.1 million TEUs in 2024 (around 54% of total export volume). On the other hand, the impact on Hai Phong is likely to be smaller, as the area only handled around 1.1 million TEUs bound for the U.S. (about 14% of its total export cargo), mostly serving the domestic and intra-Asia markets.
- In addition, goods exported to the U.S. tend to be concentrated at coastal ports rather than river ports located along the upstream and midstream areas of Cam River in Hai Phong.
- Based on the exported market structure and U.S. cargo proportion, we assess that GMD will likely see a neutral impact, while VSC could benefit slightly thanks to its low exposure to U.S.-bound shipments, making it less vulnerable to tariff risks.

Share of container exports to the U.S. by area



Share of container exports to the U.S. by port



Source: GMD, VSC, ACBS

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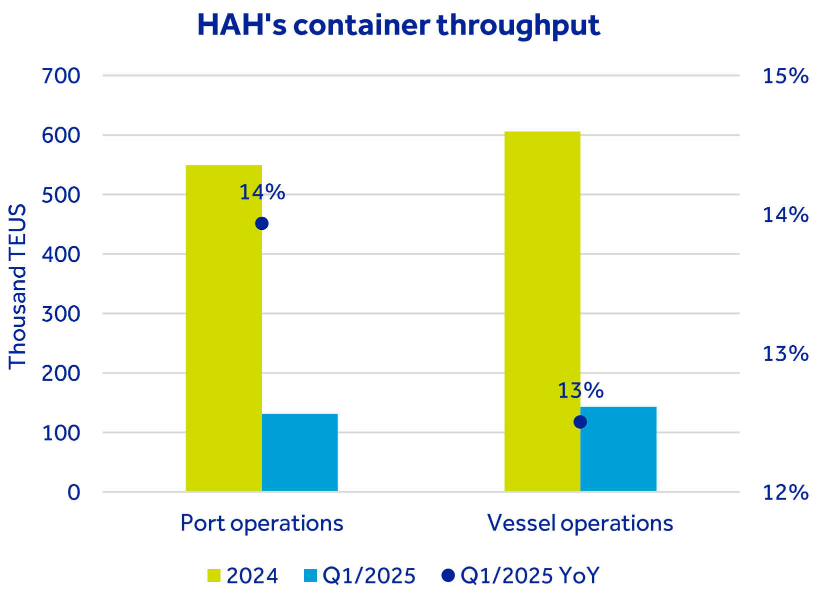
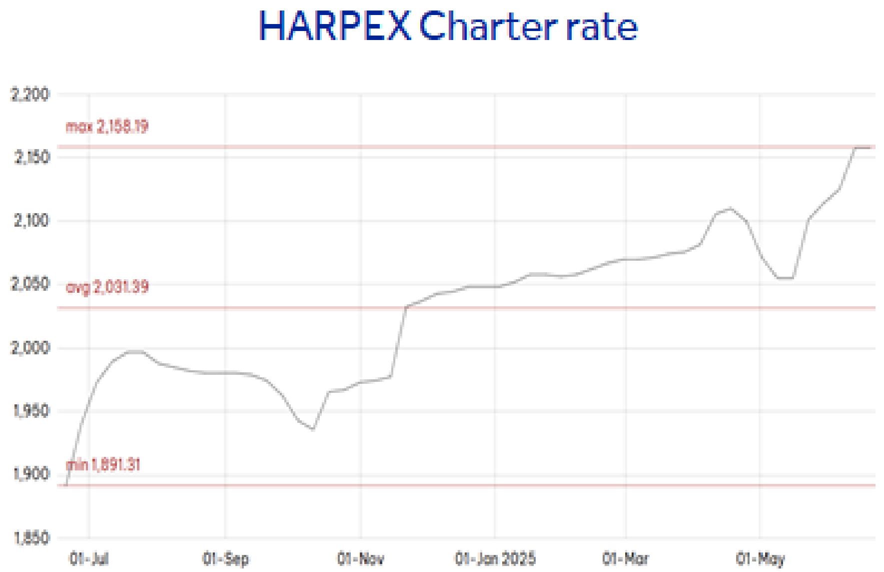
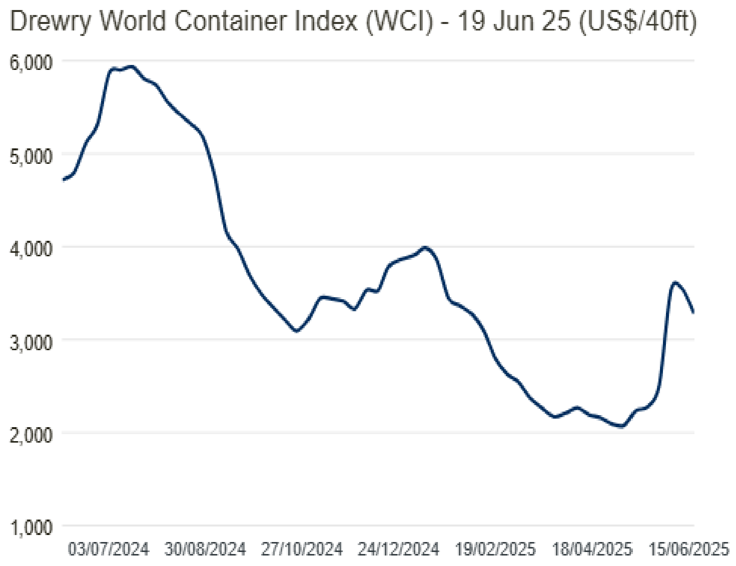
LOGISTICS – FREIGHT TRANSPORTATION

Maritime transport: mainly affected by geopolitical tensions in the Red Sea; no significant impact yet from tariff policies in H1 2025

- In 2025, most newly delivered vessels globally will be in the large-size segment (over 5,100 TEU), primarily serving long-haul intercontinental routes. Meanwhile, the supply of smaller vessels remains tight. Vietnamese maritime transport companies mostly operate on short- and medium-haul routes (mainly domestic or intra-Asia), using mid-size and small vessels.
- Ongoing geopolitical tensions in the Red Sea have forced large vessels to continue rerouting via the Cape of Good Hope, limiting their availability for short- and medium-haul services. As a result, the supply of mid-size vessels remains low, unable to fully meet current demand. This situation has helped Harpex charter rates (mainly related to short- and mid-size vessels) continue rising since mid-2024, even as container freight rates on long-haul routes dropped. In 1H/2025, container rates averaged around USD 3,000/40ft, lower than the 2024 average of USD 4,500.
- We maintain a positive outlook on HAH for the 2H/2025, thanks to its well-aligned fleet structure and rising market demand and charter rates.







Source: HAH, WCI, Harpex, ACBS

LOGISTICS – FREIGHT TRANSPORTATION

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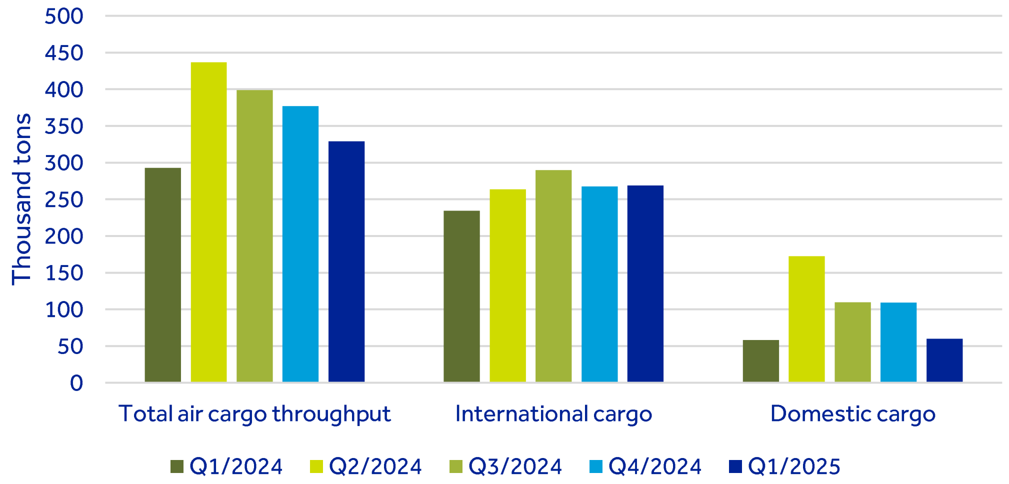
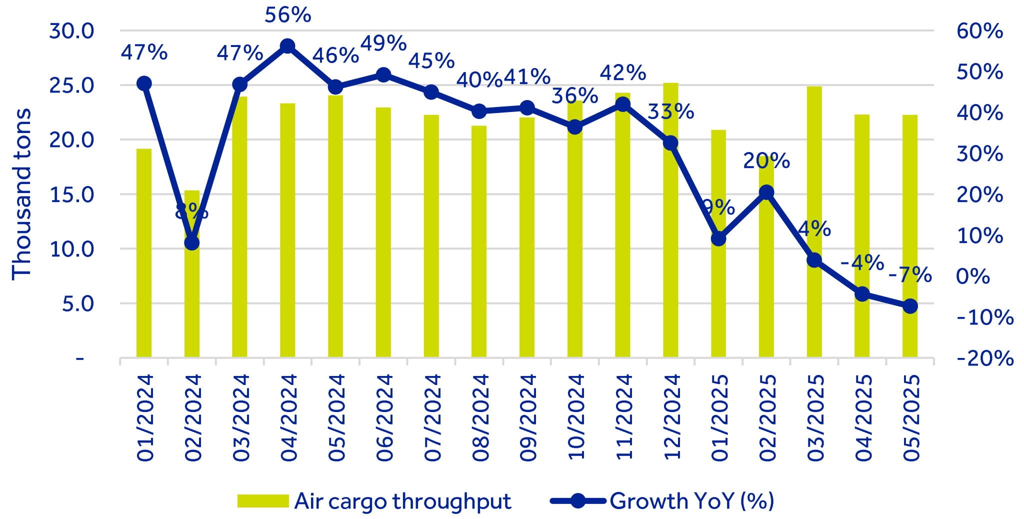
Air freight: no significant impact from tariff policies yet

- One of the key drivers of global air cargo volume in 2024 is the geopolitical conflict in the Red Sea that began in late 2023, disrupting maritime routes through the Suez Canal. This has caused many companies to shift part of their cargo—especially high-value goods with strict lead times—to air freight, boosting international air cargo growth. In 2025, while maritime transport is expected to stabilize and freight costs decline, any potential impact from tariff policies could still drive demand for global air cargo. However, more time is needed to assess how much tariffs will influence overall air freight volumes.
- According to IATA, global air cargo volume in 2025 is forecast to reach around 69 million tons, up 0.6% YoY, still well below the 11.6% YoY growth in 2024. In Vietnam, air cargo throughput in Q1/2025 reached 329 thousand tons (+12.4% YoY), driven mainly by international cargo (+14.8% YoY), while domestic cargo growth was modest at only +1.3% YoY.
- **SCS recorded a total air cargo volume of 109 thousand tons in 5M/2025**, up 2.9% YoY, though domestic volume dropped to 23.3 thousand tons (-17.6% YoY), with international cargo growing 10.3% YoY to 85.5 thousand tons.
- **SCS growth outlook for 2025–2026 is not significantly affected by tariffs, but instead is primarily influenced by increasing domestic competition.** Specifically, the upcoming international air cargo terminal at Long Thành Airport—expected to begin operations with a design capacity of 1.2 million tons/year—is set to substantially increase air cargo service supply in southern Vietnam.

Total air cargo throughput



SCS's air cargo throughput



Source: ACV, SCS, ACBS

LOGISTICS

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- **Stocks under coverage: GMD, VSC, SCS, HAH**
- **Stocks on watchlist: ACV, VTP**

Ticker	Revenue Q1/2025	+/- YoY	PBT Q1/2025	+/- YoY	2025 PBT Plan	+/- YoY	2025F PBT (ACBS)	+/- YoY	TTM P/E	Tariff impact
GMD	1,298	29.1%	583	-17.6%	1,800	1.1%	1,988	10,4%	13.1	Neutral
VSC	682	16.3%	135	50.2%	303	-42.2%	515	-1,7%	17.3	Neutral
HAH	1,169	66.0%	333	398.7%	865	8.1%	775	-20,7%	11.9	Neutral
SCS	266	25.2%	214	27.1%	860	9.9%	852	9%	9.1	Neutral
ACV	6,350	12.5%	3,865	6.7%	10,531	-17.2%	N/A	N/A	N/A	N/A
VTP	5,042	7.9%	89	20.5%	506	4.7%	N/A	N/A	N/A	N/A

Source: ACBS

STEEL - OVERVIEW

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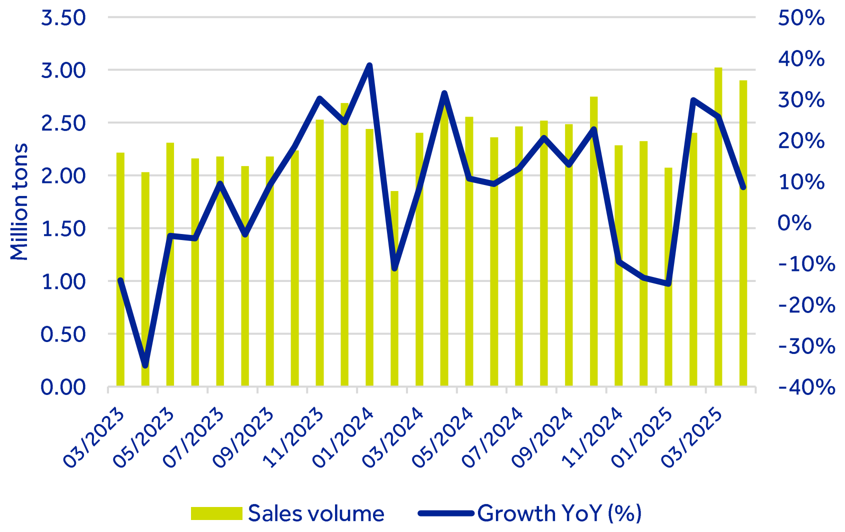
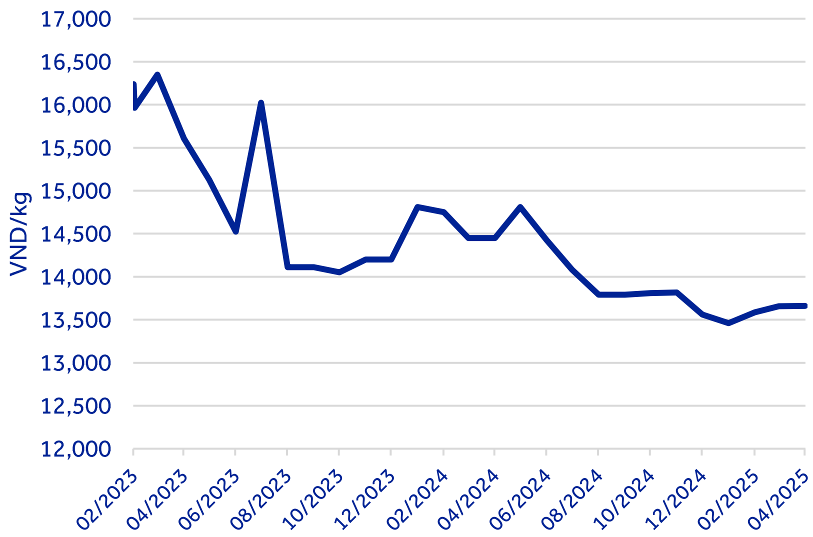
Domestic steel consumption recovered in Q1/2025 thanks to growth in the real estate market

- In first half of 2025, steel industry recorded a recovery in domestic consumption, especially in March and April, driven by improving signals from public investment and the real estate sector. Sales volume in 4M/2025 by VSA member companies reached 10.1 million tons (+11% YoY). Notably, both March and April recorded nearly 3 million tons each — the highest monthly figures since early 2023.
- However, domestic construction steel prices remained low and showed little sign of improvement. As of April 2025, construction steel prices ranged from 13,800–14,000 VND/kg, roughly flat year-on-year and lower than the same period in 2024. This trend reflects the prolonged weak demand in the global market, along with pressure from low-priced imported steel from China. Although Vietnam has implemented trade defense measures against HRC and coated steel since late Q1/2025, the market still needs time for policies to take full effect and for domestic prices to improve.

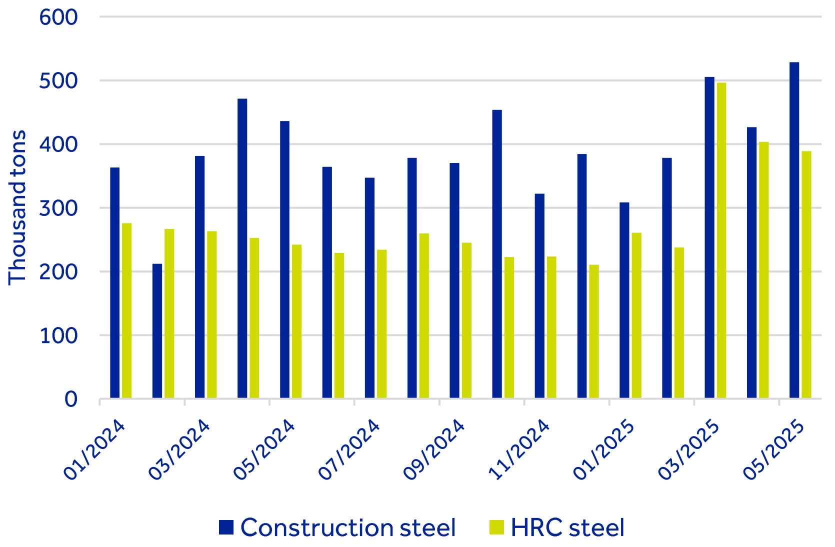
Steel sales volume of VSA members



Construction steel price



HPG's steel sales volume



Source: VSA, FiinPro, ACBS

STEEL – IMPACT FROM TARIFFS

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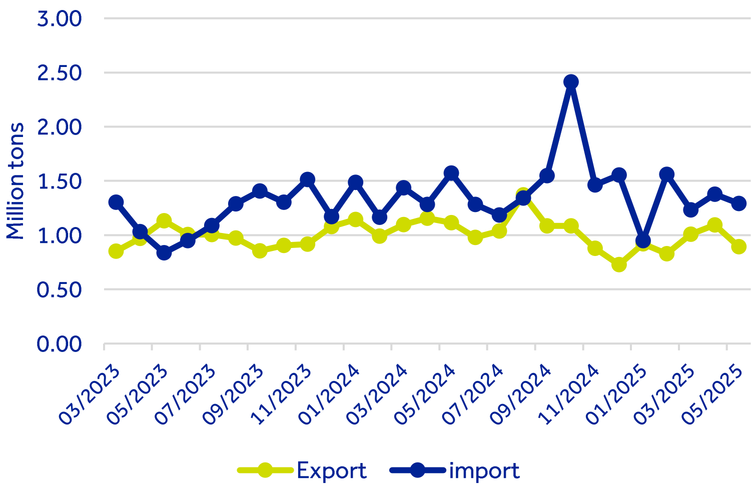
Not significantly affected directly by U.S. Tariffs

- The U.S. tariff policy does not have a major direct impact on Vietnam's steel export activities, as exports to the U.S. only account for 14.5% of the total export value in 2024. In 5M/2025, Vietnam's steel export value reached USD 3.1 bn (-23.5% YoY), of which the U.S. market accounted for USD 0.39 bn (-49% YoY), making up 10% of the total export value.
- In addition, the proportion of exports to the U.S. also varies across different companies. Specifically:

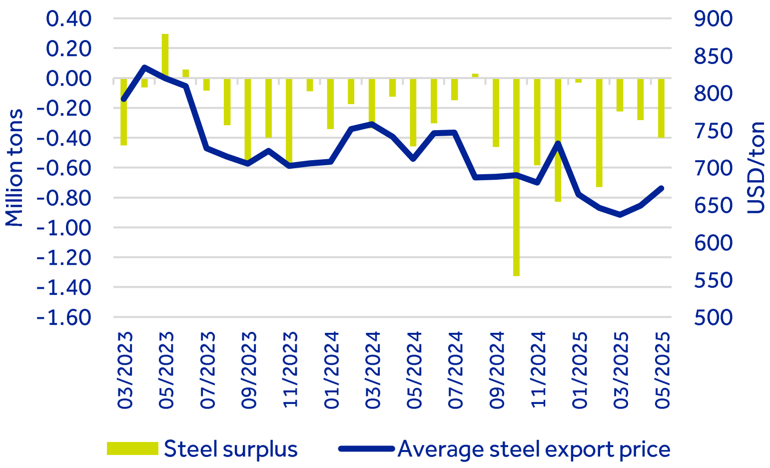
Unit: tons	Export volume to the US in 2024	Total export volume	US Export/Total export	Total sales volume (Domestic & Export)	US export/Total sales volume
HPG	80.100	8,040,000	1.0%	29.090.000	0.3%
HSG	140.700	950.800	8.4%	1.909.600	4.2%
NKG	100.200	620.600	12.9%	882.300	9.1%

- However, export prospects continue to face more challenges compared to 2024 due to tariff policies, especially from the EU market. Export value to the EU in 5M/2025 reached USD 0.62 bn (-37.9% YoY), accounting for 20.1% of total export value.

Export & import of steel



Steel trade balance



Export region	Export proportion 5M/2025	Import tariff on steel from Vietnam	Tariff rate
ASEAN	29.6%		
EU	20.1%	Safeguard Tariff	25% if exceeding quota
U.S.	9.7%	Protective Tariff	46%
India	8.2%	Temporary Safeguard Tariff	12%
Taiwan	4.5%		
Australia	3.8%		
South Korea	4.8%		
Others	19.1%		

Source: VSA, ACBS

ACBS

STEEL - HPG

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- **Stock under coverage: HPG**
- **Stock on watchlist: HSG, NKG**
- Q1/2025 Business results: HPG recorded revenue of VND 37,621 bn (+21.9% YoY), and profit-after tax of VND 3,350 bn (+16.7% YoY), thanks to strong consumption growth in March and April 2025. Gross profit margins improved due to an increased share of domestic construction steel consumption and well-controlled raw material (coal, ore) costs.
- HPG reported total consumption volume in 5M/20252025 reaching 4.43 million tons (+22.3% YoY). Of this, construction steel volume was 2.1 million tons (+15.2% YoY) and HRC was 1.8 million tons (+37.3% YoY). Notably, the strong growth of HRC came after phase 1 of the Dung Quat 2 officially began operation in late Q1/2025, significantly increasing the output. Phase 2 is expected to start operation at the end of 2025, raising HRC capacity to 6 million tons/year, laying the foundation for medium- and long-term growth for HPG.

Ticker	Revenue Q1/2025	+/- YoY	PBT Q1/2025	+/- YoY	2025 PBT Plan	+/- YoY	2025F PBT (ACBS)	+/- YoY	TTM P/E	Tariff impact
HPG	37,622	21.9%	3,840	17.7%	15,000	24.8%	14.573	21%	14.3	Neutral
HSG*	8,452	-8.6%	227	-27.4%	500	-2.7%	N/A		N/A	Neutral
NKG	4,090	-22.7%	81	-56.9%	440	-21.1%	N/A		N/A	Neutral

** HSG Q2/2025 Business results (fiscal year from 01/10 to 30/09)*

Source: ACBS

SEAFOOD

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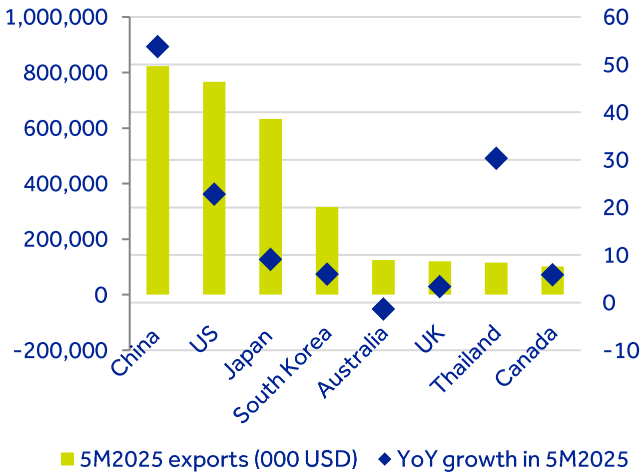
Seafood exports grew by 17.8% YoY in 5M2025

- Vietnam's seafood exports grew by 17.8% YoY (and 7.9% in volume) to USD4.2bn, occupying 2.3% of the country's total exports in 5M2025, according to Vietnam Customs and Industry and Trade information Center of Ministry of Industry and Trade (IIIC-MoIT).
- The industry has established a diversified customer base, although China, the US and Japan together accounted for the largest share of 53% of the country's seafood exports. Most of major import markets generated YoY growth in 5M2025.
- Pangasius and shrimp remain Vietnam's major export products together capturing 58% of the country's seafood exports in 5M2025. While moderate growth (of 5.9% YoY in value, to USD0.8bn) was reported in the pangasius category, shrimp exports rose by 8.6% in volume and 30% YoY in value (to USD1.67bn) thanks to increased demand and a recovery in prices.

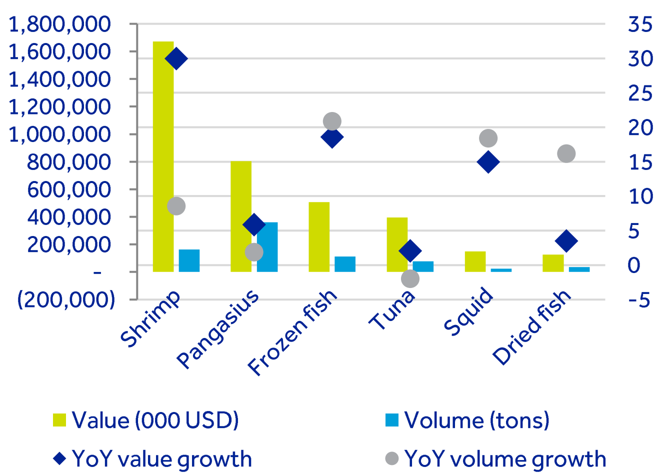
The US is one of the major markets

- Vietnam's seafood exports to the US performed vigorously with 22.8% YoY growth (to USD0.77bn), accounting for 18% of the country's total seafood exports in 5M2025. The results might have yet been affected adversely and significantly by the US's higher tariff policy as a 90-day suspension is currently in effect, while the front-loading effect might have also contributed to the growth.
- Pangasius, tuna and shrimp were the primary seafood products that Vietnam exported to the US. Pangasius exports to the US reached USD0.1bn (-0.63% YoY), occupying 16.5% of Vietnam's pangasius exports in 4M2025. The value for shrimp was USD0.19bn (+14.7% YoY), accounting for 15% of Vietnam's shrimp exports in 4M2025.

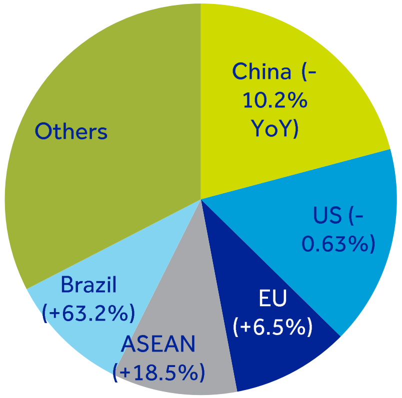
Vietnam's seafood exports by major markets in 5M2025



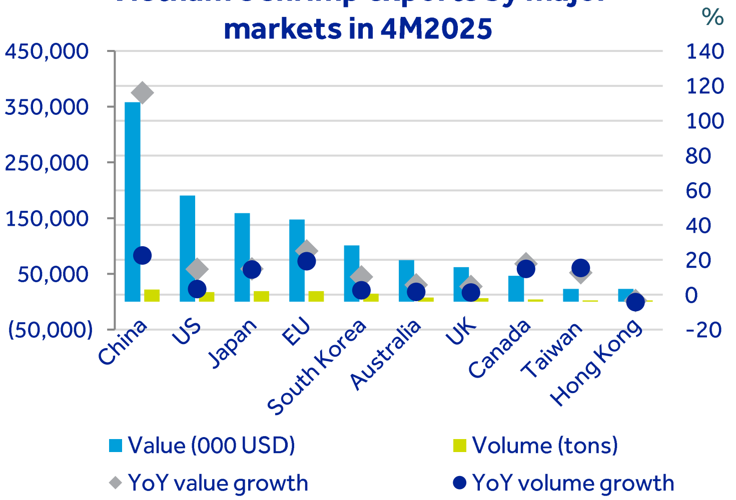
Vietnam's exports by major products in 5M2025



Top importers of Vietnamese pangasius in 4M2025



Vietnam's shrimp exports by major markets in 4M2025



Source: IIIC-MoIT, ACBS

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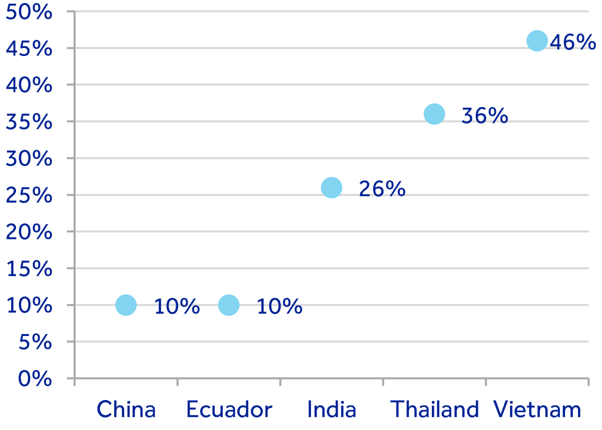
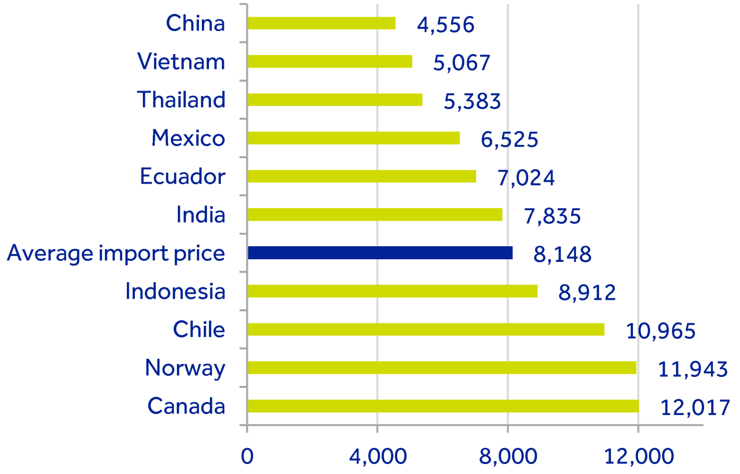
Higher tariffs may erode but not entirely eliminated competitiveness

- **As one of Vietnam's major seafood importers, the imposition of higher tariffs by the U.S. government could directly and adversely affects** Vietnamese seafood companies' business performance if ongoing negotiations for tariff reductions are unsuccessful, in additions to the exiting pressures from anti-dumping and countervailing duties. Further changes in tariffs, even when the negotiations finish, are reckoned possible and continue to cause uncertainties for the industry.
- **The impacts does not look too stressful** on a general view for the whole industry, considering diversification of export markets, competitive export prices and the magnitude of the US's contribution (18%). Nonetheless, the influence likely differs depending on companies' exposure to the US market.
- **The substantial risk for Vietnam lies in increased competition from countries enjoying more favorable tariffs**, especially for the shrimp category, which has faced price competition from India and Ecuador.
- **However, Vietnamese pangasius exports may not witness a worrying diminution in its competitiveness** given that i) it gains a dominant share in the US's pangasius imports (at 94%-95% in both volume and value in 4M2025, according to International Trade Center and IIIC-MoIT) for cheaper prices compared to those of other whitefishes, stable quality, convenience in cooking and abundant supply.
- **Leveraging the existing Free Trade Agreements (FTAs) and diversifying markets** would continue to be among Vietnamese manufacturers' strategies to mitigate long-term tariff impacts.

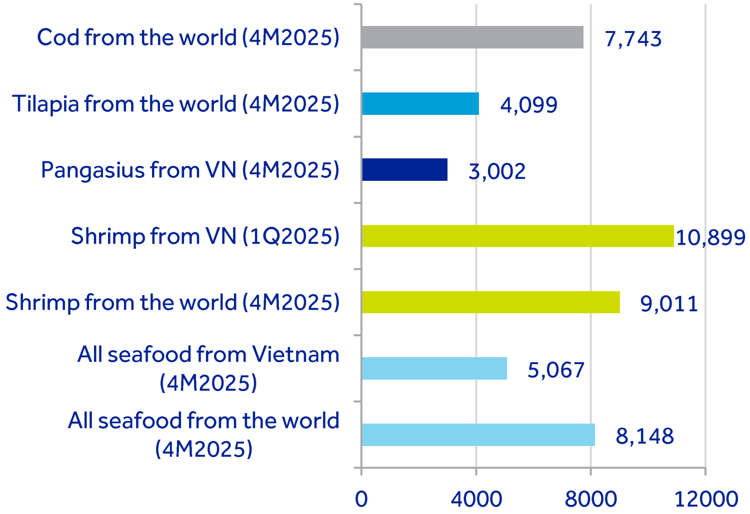
US's reciprocal tariff on some countries



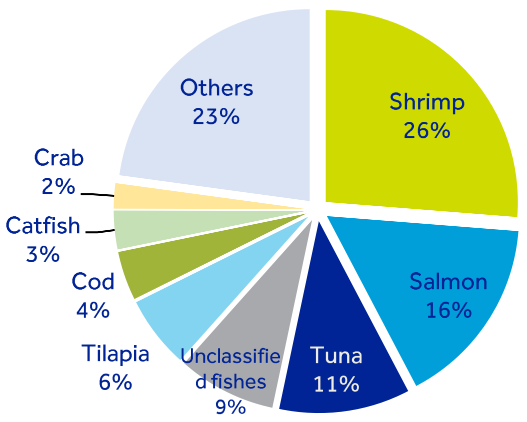
US's average import price of seafood from major markets (USD/ton)



The US's average import prices (USD/ton)



Key seafood categories (by volume) that the US imports from the world in 4M2025



Source: IIIC-MoIT, ACBS

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Cautious business targets in the midst of uncertainties

	Revenue 1Q2025	+/- YoY	NPAT 1Q2025	YoY	Primary Market	2025 NPAT Plan	+/- YoY	TTM P/E	Impact of Tariff
VHC	2,648	-7.3%	211	11.8%	US (56%)	*1,000 (basic); 1,300 (high)	-18.4% (basic), 6% (high)	10.6	Neutral
IDI	1,495	-8.3%	29	74.7%	China	170	134%	26.0	Low
ANV	1,106	8.9%	132	681%	Asia	**500	537%	34.9	Low
FMC	1,991	36.3%	38	-34%	US (33%), Japan (28%)	**420	-0.4%	8.6	High

**: NPATMI; **: EBT. Source: companies' documents; ACBS*

- Given uncertainties from the US's tariff policies, Vietnam Association of Seafood Exporters and Producers (VASEP) estimates three scenarios for Vietnam's seafood exports in 2025:
  - *Best case: If the reciprocal tariff is 0%, Vietnam's seafood exports may reach USD10bn like 2024.*
  - *Base case: If the reciprocal tariff is 10%, Vietnam's seafood exports may reach USD9.5bn (-5% YoY).*
  - *Worst case: If the reciprocal tariff is more than 10%, Vietnam's seafood exports may reach USD9bn (-10% YoY).*
- Seafood companies with high exposure to the US market like VHC, FMC tend to set conservative targets for 2025.
- VHC has yet expressed an intent to abandon the US market in defiance of uncertainties about the US's tariff policies. The company believes that the importers should bear the tariff and does not plan to share it. These opinions may be reasonable considering price competiveness of Vietnamese pangasius compared to other whitefish products and its properness to the US's consumers' interest.
- Focusing on the high-end segment, instead of competing directly with the low-end products from India and Ecuador, has helped FMC establish its position in the US market. Given uncertainties about the US's tariff policies, the company has expanded its customer base to other markets (e.g Canada, Australia) to mitigate the tariff impacts. However, the company's management predicts that Vietnamese shrimp products may hardly uphold their presence in the US market if the US's reciprocal tariff on Vietnam is applied without a substantial reduction.

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The impact of U.S. tariff policy varies across companies

- **The U.S. tariff policy, if it turns unfavorable for Vietnam compared to other FDI-attracting countries, could have an indirect impact on the industrial property (IP) sector.** Higher tariffs relative to competitors may affect FDI inflows into Vietnam, thereby influencing the performance of IP leasing activities. If this trend persists, it could lead to lower leasing prices and higher vacancy rates, similar to what happened in China in 2018 when the U.S. imposed tariffs of up to 25% on USD350 bn worth of Chinese goods. Additionally, when export-oriented manufacturers scale down operations, it may negatively affect other revenue streams of IP developers such as electricity and water supply services.

- **However, the indirect impact of the U.S. tariff policy on the industrial property sector varies across companies** and depends on many factors, such as revenue recognition methods for industrial land leasing, the proportion of revenue and profit from industrial land leasing, and the main export markets of current and potential tenants. Specifically:
  - Companies with a lower proportion of revenue and gross profit from industrial land leasing, such as **GVR, SIP, and DPR**, are less affected compared to those with a higher proportion like **SZC, KBC, and IDC**.
  - Companies that recognize revenue from land leasing by annual allocation method (e.g., **GVR, SIP, DPR, PHR**) are less impacted than those that record it in a one-off lump sum.
  - Companies which tenants' main markets are Vietnam and/or other countries apart from the U.S. are less affected than those which tenants rely heavily on the U.S. market. However, detailed statistics on tenants' export destinations are currently unavailable.

- Business results of industrial property companies in 1H2025 have not yet reflected the impact of the tariffs, as the policy was announced in early April 2025 and is currently under a 90-day suspension period, with no final decision yet issued.

Ticker	Proportion of revenue from industrial land leasing in 2022-2024 period	Proportion of gross profit from industrial land leasing in 2022-2024 period	Revenue recognition method for industrial land leasing	Update of land leasing activities in 5M2025
GVR	3%	8%	Annual allocation	
SIP	5%	25%	Annual allocation	The leasing plan for 2025 remains unchanged at 45 ha, down 40% YoY. Agreements have been reached with 15 potential tenants.
DPR	6%	12%	Annual allocation	
PHR	12%	36%	Annual allocation	
VGC	28%	51%	One-off	Leasing prices will be maintained at current levels. The leasing plan for 2025 remains unchanged at 120 ha, down 20% YoY. In 5M2025, 51–52 ha have been leased, achieving 43% of the target.
LHG	37%	40%	One-off	
IDC	45%	74%	One-off	Leasing prices will be maintained at 2024 levels. The leasing plan for 2025 remains unchanged at 124 ha, up 23% YoY. IDC leased 38 ha in 1Q2025, fulfilling 31% of the target.
KBC	60%	67%	One-off	
SZC	86%	104%	One-off	
BCM	n/a	n/a	One-off	

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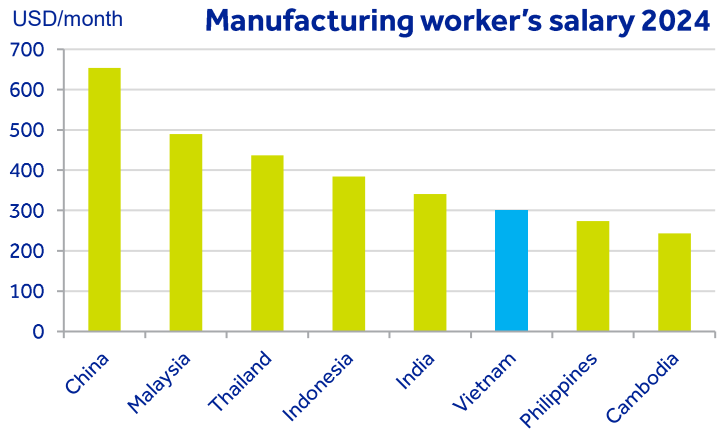
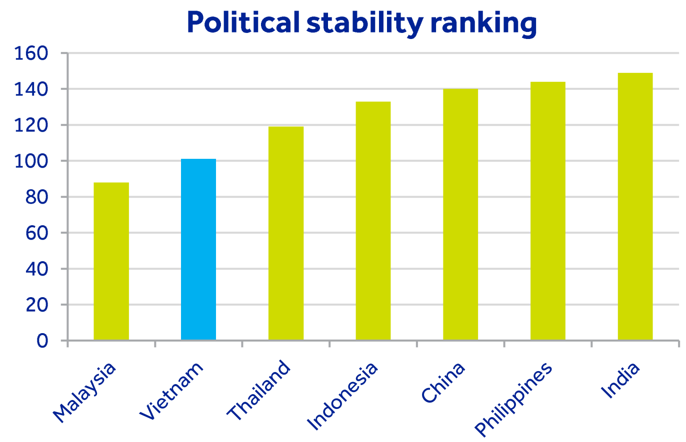
FDI Inflows is expected to remain a key growth driver

- Despite potential adverse impacts from tariffs, Vietnam is still expected to retain its attractiveness to FDI thanks to key advantages such as political stability, a large labor force, competitive labor and electricity costs, and its participation in numerous Free trade agreements (FTAs).

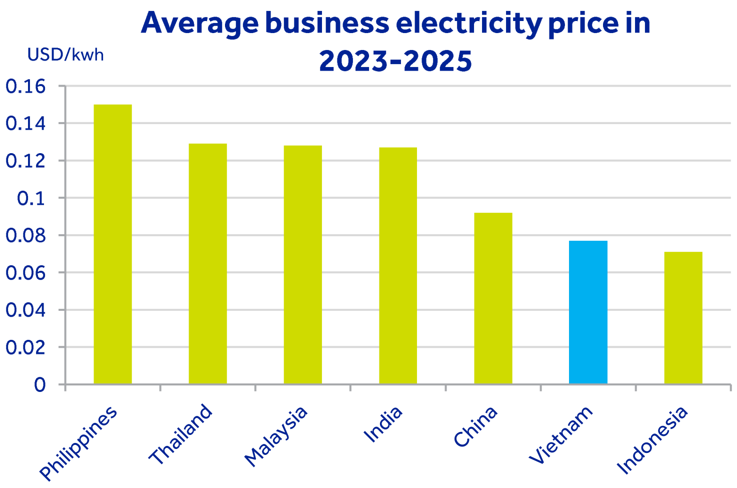
- Most industrial property developers maintain strong financial positions, with high cash holdings and low debt levels, enabling them to withstand potential volatility caused by tariffs. These companies continue to invest in the development of new IPs, although the pace of investment may be adjusted depending on how the tariff situation evolves. However, rental price growth potential remains limited, while rising costs—such as land clearance and compensation—are putting pressure on future profit margins.



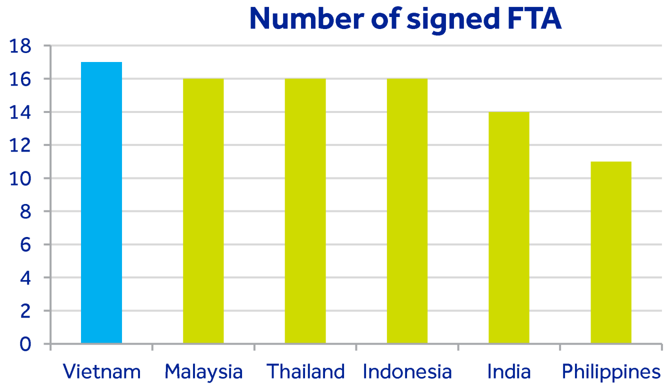
Source: JETRO



Source: theglobaleconomy.com



Source: Globalperolprices.com



Source: ADB

INDUSTRIAL PROPERTY: CAUTIOUS AMID VOLATILITY

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- **Cover list: SIP, IDC, KBC, BCM**
- The business results of industrial property companies in Q1/2025 showed strong YoY growth (except IDC), mainly because leasing revenues were largely derived from contracts signed in 2024.
- Except for KBC, which set a high growth target for 2025, other companies announced cautious business plans.

Ticker	Revenue Q1/2025	YoY growth	NPAT Q1/2025	YoY growth	Estimated revenue 2025	YoY growth	Estimated NPAT 2025	YoY growth	P/E 2025F	P/B 2025F	Impact of tariff
SIP	1,941	6%	402	56%	8,689	11%	1,307	2%	12.2	2.6	Medium
IDC	1,793	-27%	417	-48%	7,754	-12%	1,772	-26%	9.5	2.3	High
KBC	3,117	1946%	849	n/a	5,339	92%	1,192	183%	18.4	1.0	High
BCM	1,847	59%	366	27%	6,747	29%	2,022	-16%	35.3	2.9	High
GVR	5,682	24%	1,356	109%	30,452	16%	4,780	-1%	n/a	n/a	Medium
DPR	203	9%	76	22%	796	-16%	216	-4%	n/a	n/a	Medium
PHR	311	-4%	103	31%	1,674	+9%	376*	5%	n/a	n/a	Medium
VGC	2,881	8%	299	26%	14,437	21%	1,743*	7%	n/a	n/a	High
LHG	234	207%	110	250%	657	24%	145	-22%	n/a	n/a	High
SZC	414	94%	126	94%	931	7%	302**	0%	n/a	n/a	High

Note: Estimated 2025 revenue and NPAT of GVR, PHR, VGC, LHG, SZC are company's targets.
**NPBT, ** NPATMI*

Ticker	Remaining NLA of operating IPs (ha)	NLA of new IPs which received Approval of investment in principle but have not been put into operation*	NLA of IPs seeking for approval (ha)*
SIP	966	n/a	n/a
BCM	439	505	n/a
VGC	437	571	1,277
IDC	446	910	n/a
SZC	500	n/a	n/a
GVR	310	1,425	463
KBC	190	1,929	1,321
LHG	0	0	163
NTC	0	256	n/a
PHR	21	0	136
DPR	0	216	326

Source: ACBS
*Note: *Assume NLA = 68% of total IP area for unknown data*

INDUSTRIAL PROPERTY: CAUTIOUS AMID VOLATILITY

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- Revenue from supplying electricity and water in IPs will be affected by tariffs, depending on the industries of tenants and their primary export markets.
  - SIP has many big tenants in the textile and garment industry, with main export markets in the U.S., Europe, and Asia. In addition, SIP also has some tenants producing tire, such as Sailun and Jinyu, and a major solar panel manufacturer, First Solar, which main export market is the U.S.
  - IDC's big tenants in its IPs operate in various industries and export to a diverse range of countries.
  - KBC's big tenants are concentrated in the electronic components and devices industry, with primary export markets in the U.S. and Europe. Additionally, KBC has a major tenant producing solar panels, JA Solar, which main export market is the U.S.
  - BCM's large tenants operate in various industries, with their main markets being the U.S., Vietnam and Japan.

Ticker	IP	Sector of big tenants	Main markets of big tenants
SIP	Phuoc Dong	Brotex: fiber Gainlucky: textile Sailun, Jinyu, ACTR: tire Chang Li: plastics, rubber	Brotex: Vietnam, Asia Gain Lucky: US, Asia Sailun, Jinyu, ACTR: US Chang Li: Vietnam
SIP	Dong Nam	First Solar: solar panel Worldon: textile	First Solar: US Worldon: Europe, US, Japan
SIP	Le Minh Xuan 3	Paiho: textile Roders: mechanical machinery Konohana: packaging	Paiho: multiple countries Roders: Germany Konohana: Japan, UK
SIP	Loc An Binh Son	Freudenberg&Vilene: textile Elite: textile SLP Park: logistics Dong Yang, Dong-A: electronic component	Freudenberg&Vilene: US, Asia Elite: US, Germany SLP Park: Vietnam Dong Yang, Dong-A: Korea, Vietnam
IDC	Phu My 2 and Phu My 2 expansion	POSCO: steel Linde: industrial gas Behn Meyer: chemical	POSCO: US, Asia Linde: Vietnam, Asia Behn Meyer: Vietnam, Asia
IDC	Huu Thanh	Kizuna: factory /warehouse leasing Nature Foods: food Advance: tire Alliance One: textile	Kizuna: Vietnam Nature Foods: Japan, Australia, Europe Advance: North America, Europe Alliance One: Europe, US
IDC	Que Vo 2	DK UIL, Mitac: electronic component and electronic device	DK UIL: India, Singapore, Vietnam Mitac: Vietnam
KBC	Que Vo, Nam Son Hap Linh, Quang Chau, Trang Due	Foxconn, LG: electronic component and electronic device JA Solar: solar panel	Foxconn, LG: US, Europe JA Solar: US
BCM	My Phuoc 1,2,3, 4	P&G: FMCG Kumho: tire Takako, Midea: electronic device, HVAC Primacy: textile	P&G, Midea: Vietnam Kumho: Korea, US, Europe Takako: Japan, US Primacy: US, Canada
BCM	Bau Bang and Bau Bang expansion	Foster: electronic component Polytex Far Eastern: fiber, fabric Kolon: fiber Lacquer Craft: furniture	Foster: Japan, US Polytex Far Eastern: US Kolon: Asia Lacquer Craft: Vietnam

Source: ACBS

BANKING SECTOR

2H2025 – RIDING OUT THE STORM

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SLOWER – BUT NOT WEAKER

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- Despite facing pressures from international trade uncertainties, the banking sector is expected to remain resilient, as demonstrated during the Covid-19 period of 2020-22 and the real estate-corporate bond crisis of 2022-23. We forecast that **pre-tax profit growth for banks in our coverage will reach 12.4% y/y in 2025**, slower than last year's 17.3% but still robust. This is driven by:
  - Credit growth projected at 17.1% y/y;
  - Total revenue growth expected at 12.4% y/y;
  - Non-performing loans (NPLs) have peaked, although we believe banks will need to increase provisions (+21.2% y/y) to maintain their provision buffers.
- However, we note that real estate business lending continues to grow strongly. Banks reporting real estate lending balances at the end of Q1/25 showed a growth of approximately 9.7% compared to the end of 2024, significantly outpacing the industry-wide credit growth of 3.9%. Notably, some banks have a high concentration of real estate loans, making them sensitive to fluctuations in the real estate market, which is currently valued at a relatively high level.
- The banking sector's current valuation is at a **P/E of 9.3x**, nearly one standard deviation below its historical median. We believe this is an appropriate level for long-term investment, given the moderate but sustainable profit growth outlook.
- Our preferred banking stocks for the second half of 2025 are **BID, CTG, and STB**. Specifically:
  - BID is currently trading at a historical low valuation, with business performance likely to recover in the coming quarters.
  - CTG remains attractively priced, with strong core business growth and positive profit prospects in upcoming quarters.
  - STB is expected to record significant profits from recovering debts related to Phong Phu Industrial Park in 2025-26, and specially debts secured by 605 million STB shares.

Ticker	PBT 2024	PBT 2025F	+/- 2025F	ROA 2024	ROA 2025F	ROE 2024	ROE 2025F	P/E 2024	P/E 2025F	P/B 2024	P/B 2025F	Mkt price 20/6/25	Target price	Cash dividend	Total exp return	Issued date
VCB	42,236	44,509	5.4%	1.6%	1.5%	17.2%	15.3%	15.4	14.6	2.4	2.1	57,200	66,600	0	16.4%	14-03-2025
BID	31,383	34,657	10.4%	1.0%	0.9%	19.2%	17.7%	11.5	10.7	1.8	1.5	35,900	44,000	0	22.6%	27-03-2025
CTG	31,764	37,959	19.5%	1.0%	1.1%	16.7%	16.9%	9.2	7.7	1.4	1.2	40,350	50,400	0	24.9%	29-05-2025
TCB	27,538	32,817	19.2%	2.4%	2.4%	15.6%	16.7%	8.1	7.0	1.2	1.1	32,400	33,100	500	3.7%	10-02-2025
MBB	28,829	31,925	10.7%	2.0%	1.8%	20.5%	18.9%	7.1	6.5	1.3	1.1	25,000	26,000	500	6.0%	29-04-2025
STB	12,720	15,034	18.2%	1.3%	1.3%	18.3%	17.6%	8.2	7.1	1.4	1.1	46,000	50,700	0	10.2%	24-02-2025
VIB	9,004	10,205	13.3%	1.6%	1.5%	17.8%	18.0%	7.7	6.9	1.3	1.1	18,200	19,200	700	9.3%	17-09-2024
Average			**12.8%**	**1.6%**	**1.5%**	**17.9%**	**17.3%**	**9.6**	**8.6**	**1.6**	**1.3**					

Source: ACBS

ACBS

2025 PBT: FORECAST TO GROW 12.4% Y/Y

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We forecast **12.4% y/y pre-tax profit growth for banks in our coverage in 2025** (compared to 14.9% y/y in our early 2025 strategy report), slower than last year's profit growth of 17.3% y/y. Specifically:

- **TOI is projected to grow 12.4% y/y**, driven by **high credit growth of 17.1% y/y**. NII is expected to grow 15.2% y/y, despite a 6 bps y/y decline in NIM. NFI is forecasted to grow modestly at 3.3% y/y, impacted by challenges in payment fee income due to international trade uncertainties, though off-balance-sheet bad debt recovery is expected to be positive.
- **Operating expenses** are expected to be well-controlled, growing slower than total revenue at **10.8% y/y**, ensuring banks' solid profitability.
- We maintain our view that NPLs have peaked, and asset quality is likely to be kept stable in the coming quarters. **Credit costs in 2025 are expected to rise slightly to 0.9%** from a low base of 0.8% in 2024 to strengthen thinning provision buffers. **Provisions are forecasted to increase by 21.2% y/y**, with variations across banks.

Ticker	PBT 2024 (VND bn)	PBT 2025F (VND bn)	+/- 2025F	Credit growth 2024	Credit growth 2025F	TOI 2024	TOI 2025F	+/- 2025F	NIM 2024	NIM 2025	NPLs 2024	NPLs 2025F	CIR 2024	CIR 2025F	CAR 2024
VCB	42,236	44,509	5.4%	13.9%	14.9%	68,578	76,285	11.2%	2.88%	2.88%	1.0%	1.0%	33.6%	31.7%	12.2%
BID	31,383	34,657	10.4%	15.5%	15.6%	81,060	91,698	13.1%	2.38%	2.50%	1.4%	1.3%	34.3%	30.7%	9.0%
CTG	31,764	37,959	19.5%	16.8%	16.9%	81,909	87,005	6.2%	2.95%	2.63%	1.2%	1.1%	27.5%	28.5%	9.5%
TCB	27,538	32,817	19.2%	21.7%	21.0%	46,990	54,681	16.4%	4.27%	4.09%	1.1%	1.1%	32.7%	32.3%	15.3%
MBB	28,829	31,925	10.7%	24.7%	25.0%	55,413	65,233	17.7%	4.13%	4.20%	1.6%	1.7%	30.7%	28.7%	11.8%
STB	12,720	15,034	18.2%	11.7%	14.0%	28,677	32,307	12.7%	3.73%	3.61%	2.4%	2.3%	48.8%	46.3%	10.1%
VIB	9,004	10,205	13.3%	21.5%	20.0%	20,569	23,512	14.3%	3.95%	3.81%	3.5%	3.1%	35.1%	32.2%	11.9%
Average				**16.9%**	**17.1%**			**12.4%**	**3.47%**	**3.41%**	**1.7%**	**1.7%**	**33.1%**	**31.7%**	**11.4%**

Source: ACBS

CREDIT ACCELERATES

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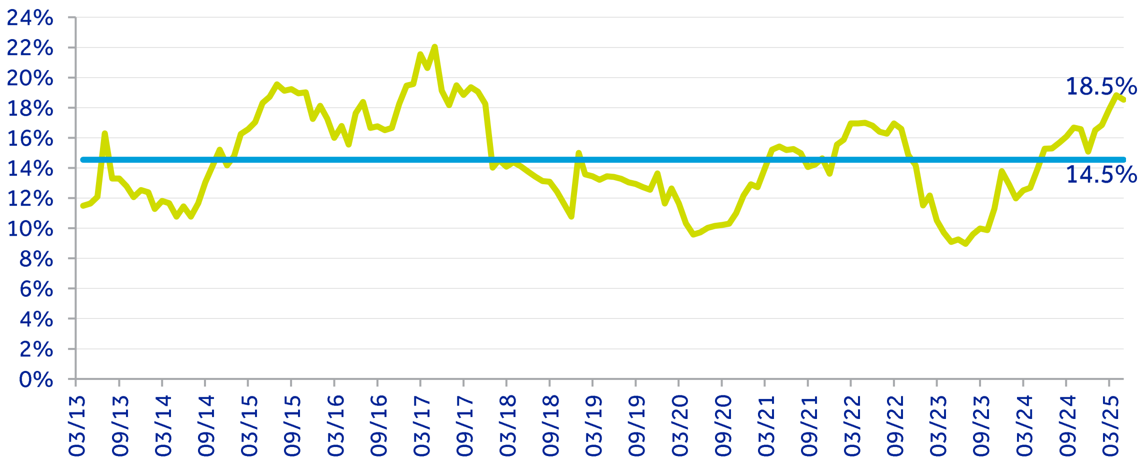
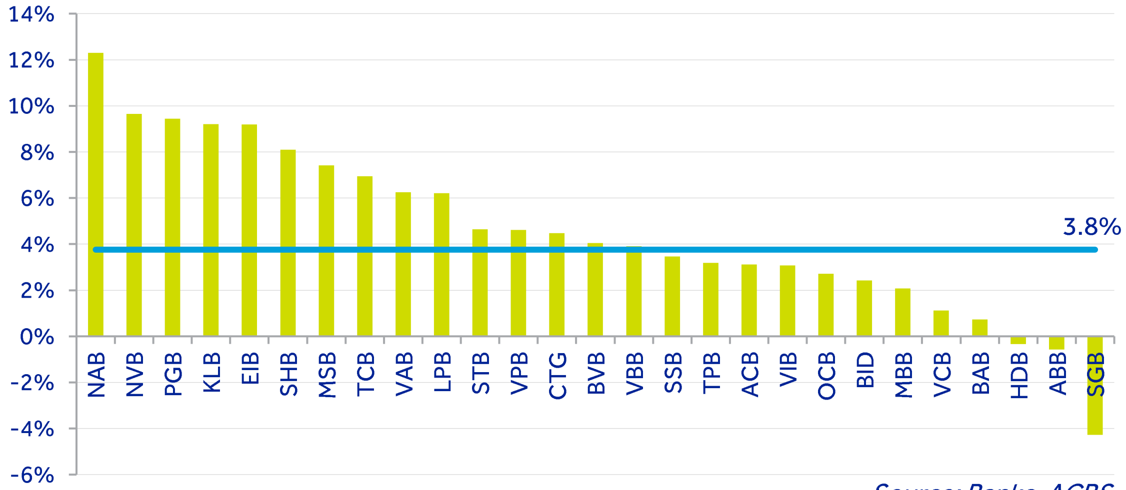
- **Credit growth continues to accelerate and serves as a key driver for banking performance.** As of the end of May 2025, credit outstanding grew 6.5% YTD and 18.5% y/y, significantly surpassing the historical average of 14.5%. A low interest rate environment has improved credit demand.
- **The real estate market shows clearer signs of improvement**, with rising property prices and recovering project supply due to resolved legal bottlenecks. Demand for home loans has rebounded since 3Q24 after remaining flat in 2023.
- **We forecast sustained high credit growth in 2H2025 and 2026** for the following reasons:
  - The economy is expected to continue recovering in 2025, with the government targeting 8% GDP growth and up to 10% in 2026-2030.
  - Public investment is a government priority in 2025, with expectations of significant growth in 2026-2030. Estimated public investment disbursement in 1H2025 reached VND268,134 billion, up 42.3% y/y.
  - The corporate bond market has not yet recovered, making bank credit the primary source of capital for the economy.
- For the full year 2025, we forecast **industry-wide credit growth of 16%**, in line with the government's target and higher than last year's 15.1%. **For banks in our coverage, we project 17.1% credit growth**.

Credit growth remains high to stimulate economic growth.



Source: SBV

Credit growth of banks by the end of Q1 2025



Source: Banks, ACBS

LIQUIDITY IS STEADY TO SUSTAIN LOW INTEREST RATES

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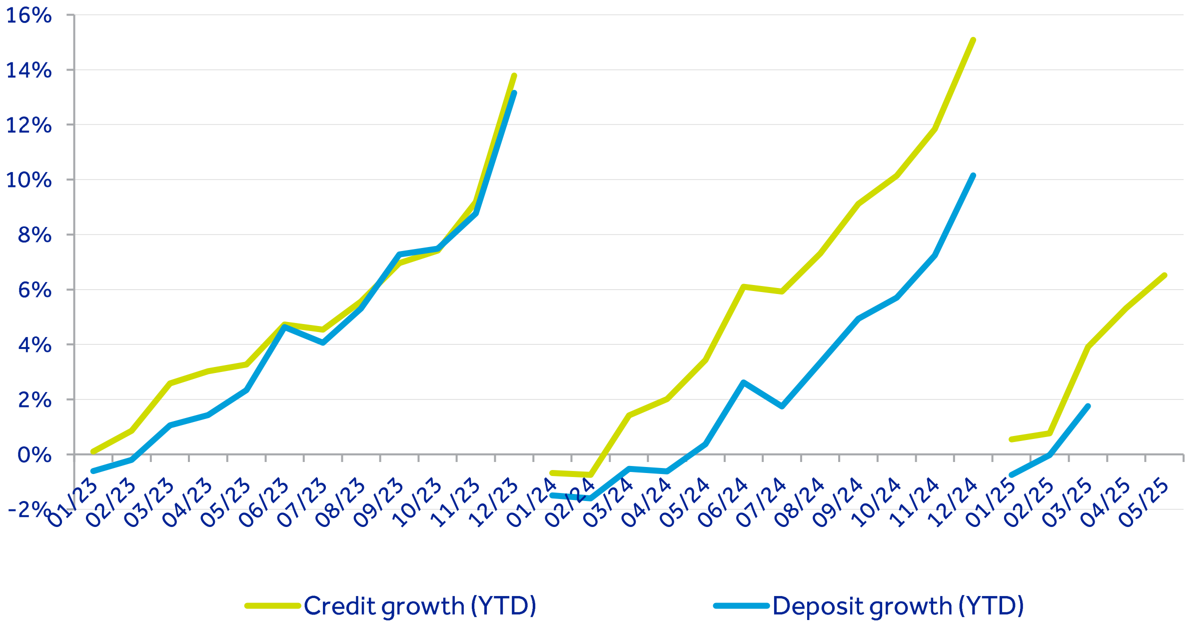
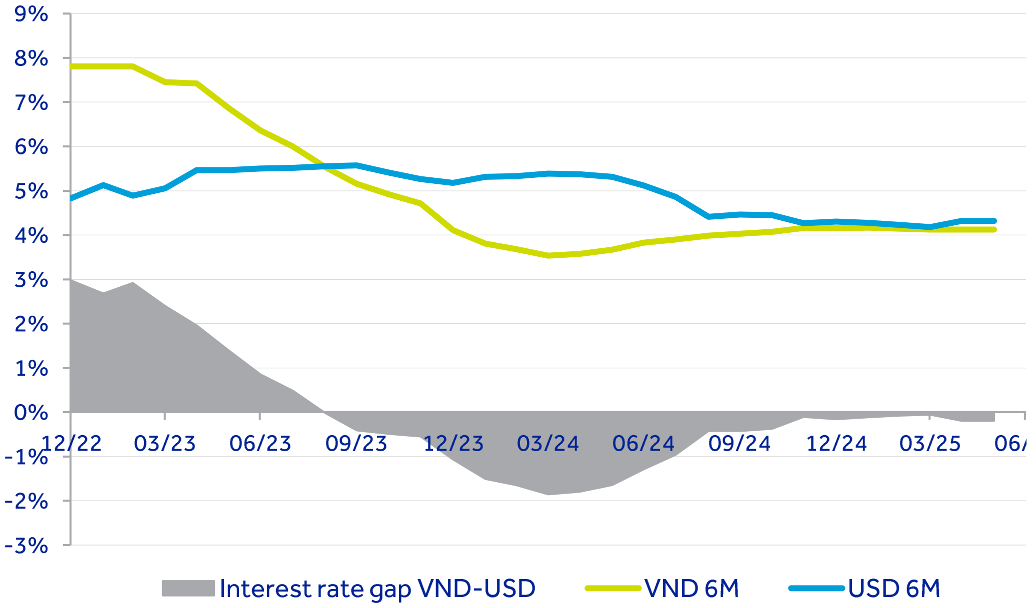
- The VND-USD interest rate differential in the first half of 2025 remains unattractive for foreign capital inflows, somewhat impacting institutional CASA (current account savings account) balances. This led to **deposit growth lagged behind credit growth** since 2024.
- **Interbank interest rates are stable at 4%,** with system liquidity ensured by the State Bank of Vietnam through OMO operations. However, the USD/VND exchange rate rose 2.7%, despite a 10% decline in the DXY index during the same period, due to the SBV's limited room to ease exchange rate pressures.
- The market expects the Fed to cut rates to around 3.5%-4.25% from Sep-25 to the end of 2025. We believe deposit rates for VND will face little upward pressure in 2025, with **1-year deposit rates likely to remain stable at around 5%**.

Deposit growth lagged behind credit growth



Source: ACBS

6M interest rate gap between VND-USD



Source: Banks, ACBS

NIM UNDER PRESSURE BUT RECOVERY EXPECTED IN 2H2025

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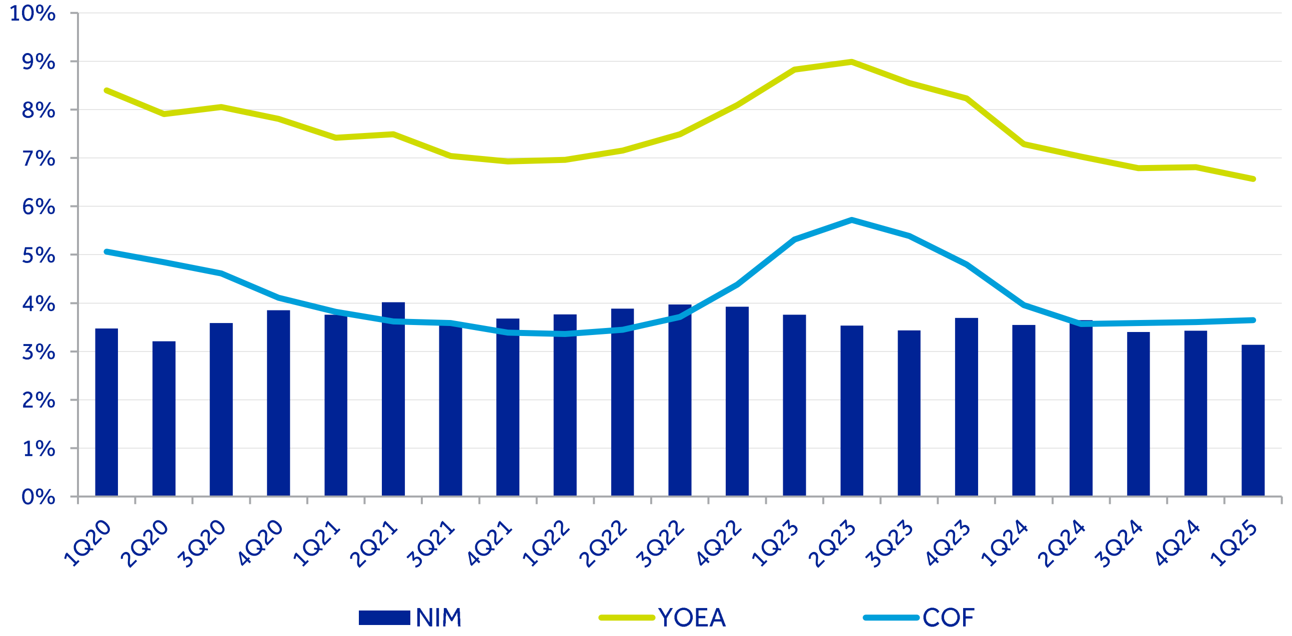
- **NIM is declining as the government and SBV guide lower lending rates amid intense competition among banks to boost credit.** Industry-wide NIM in 1Q25 fell 29 bps q/q and 41 bps y/y to 3.1%, the lowest since the post-Covid period.
- We expect **lending rates and NIM for banks in our coverage to slightly recover in 2H2025** due to:
  - Lending rates, especially for short-term loans (~57% of total loans), are currently very low (5-7%) and unlikely to decrease further. Preferential loan packages to support customers affected by Typhoon Yagi in late 2024 are maturing, and new loans currently carry higher rates than maturing ones.
  - The recovery of the real estate market, accelerated public investment, and economic growth stimulate credit demand.

Lending yield dropped, putting pressure on NIM



Source: Banks, ACBS

NIM	1Q25	q/q (bps)	n/n (bps)
VCB	2.7%	-16	-53
BID	2.1%	-38	-37
CTG	2.6%	-29	-46
TCB	3.6%	-28	-81
VPB	6.2%	-41	-23
MBB	4.3%	-5	13
ACB	3.0%	-57	-87
HDB	4.8%	-82	-72
SSB	3.1%	-21	-10
VIB	3.2%	-33	-103
LPB	2.7%	-119	-94
STB	3.8%	26	-5
SHB	3.1%	-153	-50
TPB	3.6%	30	-69
EIB	2.7%	-46	-26
OCB	3.3%	-90	-14
MSB	3.3%	-94	-42
NAB	3.5%	-1	4
BAB	2.1%	-3	-11
ABB	2.3%	-12	23
PGB	2.6%	-5	-16
VBB	1.7%	-13	36
BVB	2.1%	-120	-37
NVB	2.0%	200	54
VAB	2.1%	-87	-12
SGB	2.9%	222	36
KLB	4.0%	19	89
Listed banks	3.1%	-29	-41

Source: Banks, ACBS

ACBS

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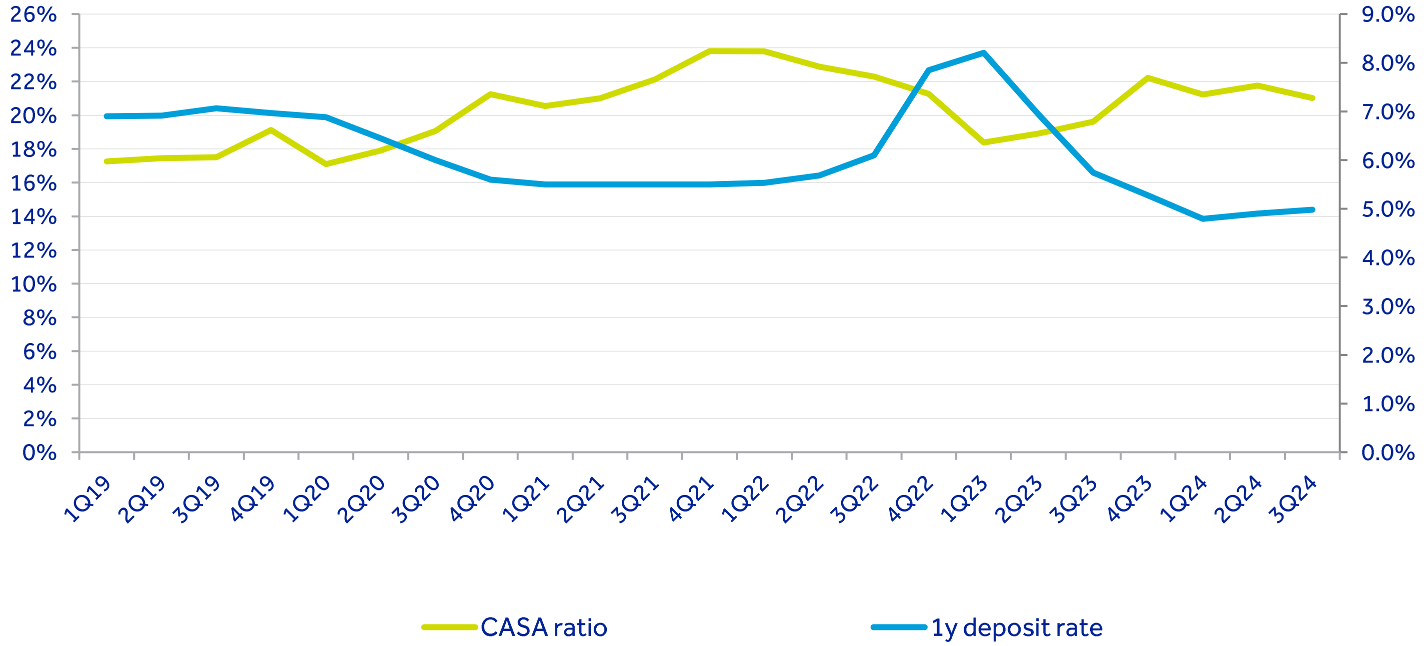
CASA YET TO RECOVER AS EXPECTED

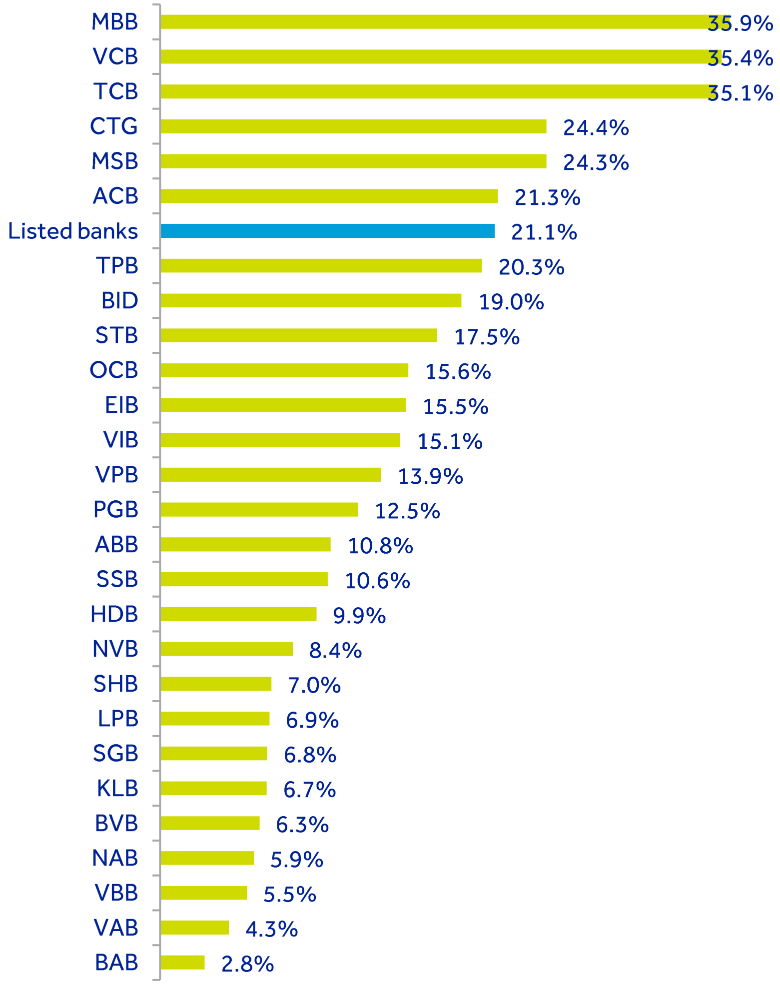
- The CASA ratio significantly impacts funding costs and bank performance. Typically, CASA is influenced by: (1) online payment trends, (2) term deposit rates, and (3) the vibrancy of investment channels.
- While the CASA ratio has recovered since the sharp interest rate decline in Q1/23, it has not returned to its Covid-era peak. This has limited improvements in funding costs and banking performance.
- In 2H2025, with the recovery of key investment channels like real estate and securities, we expect a clearer improvement in the CASA ratio, helping reduce funding costs.

CASA ratio has not recovered strongly despite low deposit interest rates



Source: Banks, ACBS

CASA ratio of banks



Source: Banks, ACBS

OPEX TIGHTLY CONTROLLED

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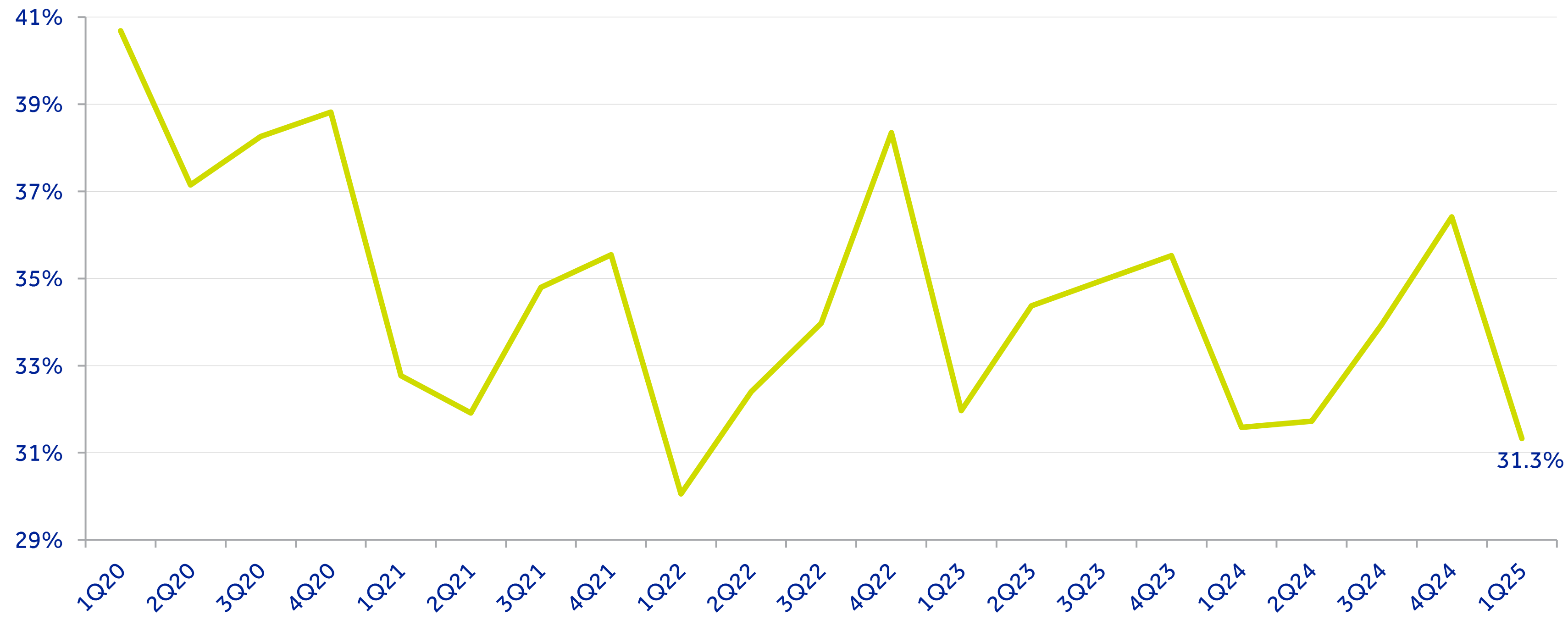
- Amid narrower NIM, banks are controlling operating expenses to maintain profitability. The industry's CIR has decreased from over 40% pre-Covid to around 30%, a globally good level.
- Unlike the previous trend of expanding headcount (accounting for ~60% of operating expenses), many banks reduced staff in 2024 and 1Q25. Digitalization has led to fewer physical branches and transaction offices. Banks in our coverage have limited personnel cost growth through digitalization investments.
- We forecast **operating expenses** for banks in our coverage to grow **7.5% y/y** in 2025, lower than total revenue growth (12.4% y/y). The **CIR** is projected to decline from 33.1% in 2024 to **31.7%**, ensuring solid profitability.

CIR is at a good level but there is still room for further decline



Source: Banks, ACBS

	1Q25	q/q (pps)	y/y (pps)
VCB	32.7%	-7.0	3.5
BID	33.0%	-2.5	1.6
CTG	27.0%	-3.9	1.8
TCB	28.3%	-	1.8
VPB	24.9%	3.4	-1.0
MBB	25.8%	-5.9	-3.5
ACB	34.0%	2.0	0.2
HDB	27.4%	-10.0	-4.2
SSB	17.8%	-	-
VIB	38.2%	5.0	3.0
LPB	28.0%	-1.7	-2.7
STB	50.4%	7.8	-1.2
SHB	17.5%	-6.7	-1.6
TPB	42.0%	7.0	6.3
EIB	47.0%	15.2	6.7
OCB	44.1%	11.1	6.1
MSB	37.9%	-6.6	4.3
NAB	35.8%	-17.4	-8.0
BAB	55.9%	-3.7	-3.6
ABB	42.1%	-6.9	-15.8
PGB	52.1%	-7.9	-5.9
VBB	52.1%	13.9	-16.0
BVB	59.8%	7.1	-7.3
NVB	63.8%	-	-
VAB	33.8%	8.0	-1.7
SGB	51.8%	-	-
KLB	51.1%	13.6	-6.7
Listed banks	31.3%	-5.1	-0.3

Source: Banks, ACBS

CREDIT COSTS REMAIN LOW

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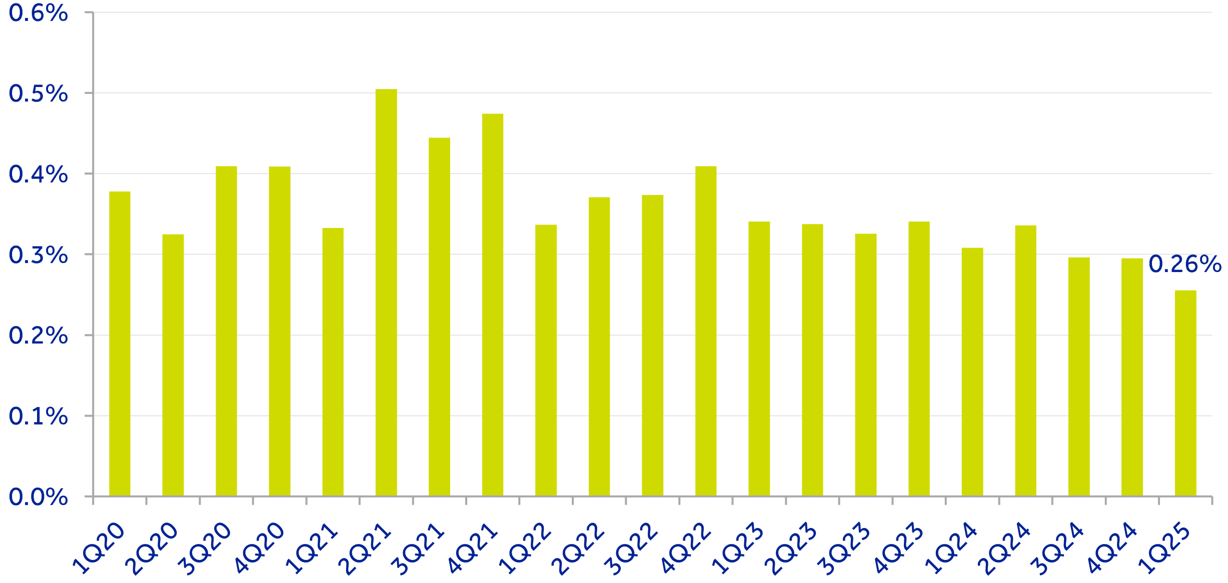
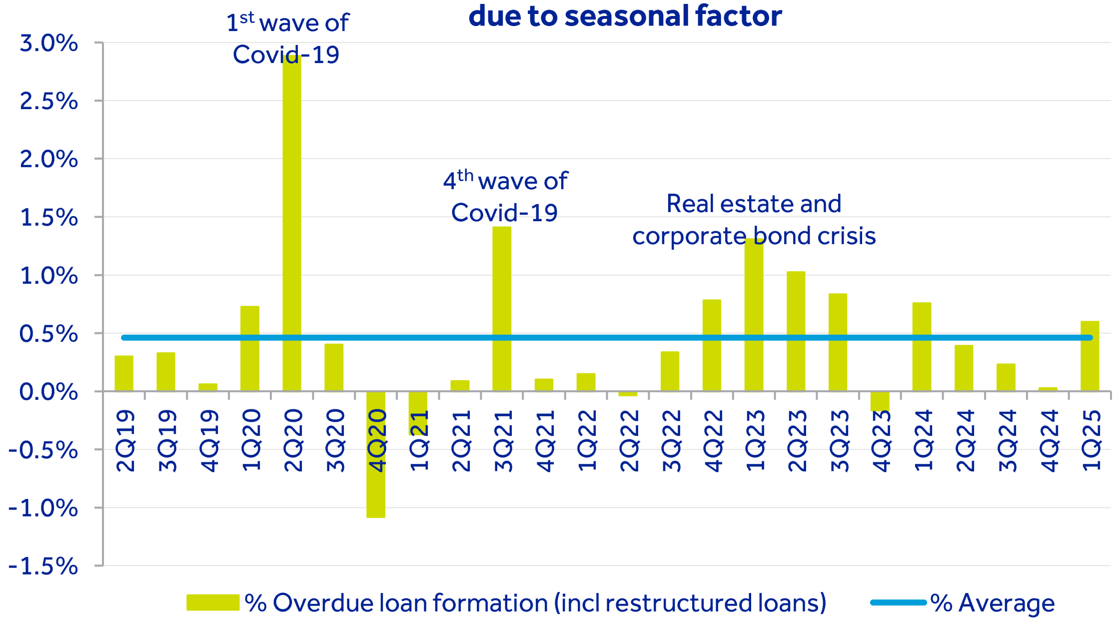
- Due to challenges in revenue growth, some banks have adjusted provisions and reversed provisions made in 2021-22 to sustain profit growth. **Credit costs in Q1/25 were only 0.26%, the lowest in years**. Consequently, **provision expenses fell 1.3% y/y and 9.2% q/q**, despite a rise in overdue loans in Q1/25.
- Typically, the delinquency transfer rate is at its lowest at the end of Q4, before increasing again in Q1, so we believe that the increase in delinquency rate in Q1/25 is seasonal rather than due to a worsening economic situation. In addition, we also see that the delinquency transfer rate in Q1/25 is lower than Q1 of previous years, indicating that the economic situation has actually improved.
- In the coming time, despite the risk from US tariffs that may affect the economy, we expect the delinquency rate to decrease again. The recovery of the real estate market, combined with the Government's loose monetary policy and private economic development, will help improve the economic situation as well as the financial health of customers.

Credit costs (quarterly) was kept at low level



Source: Banks, ACBS

Overdue loan formation (incl restructured loan) rised in 1Q25 due to seasonal factor



Source: Banks, ACBS

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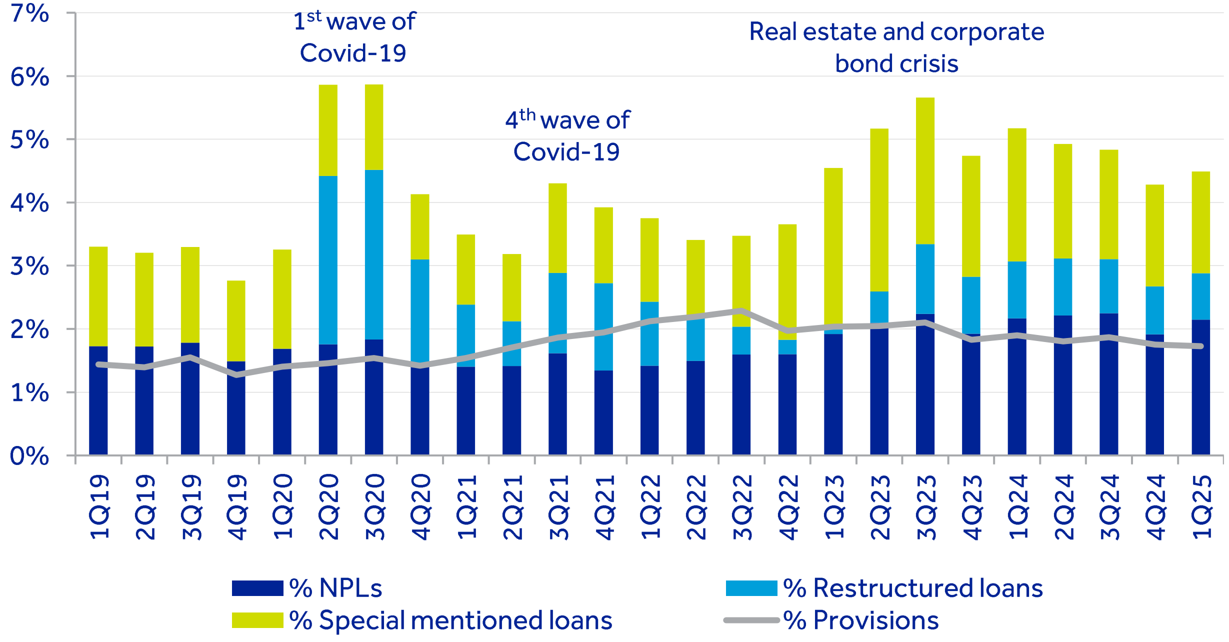
NPLS ROSE IN Q1/25 DUE TO SEASONALITY

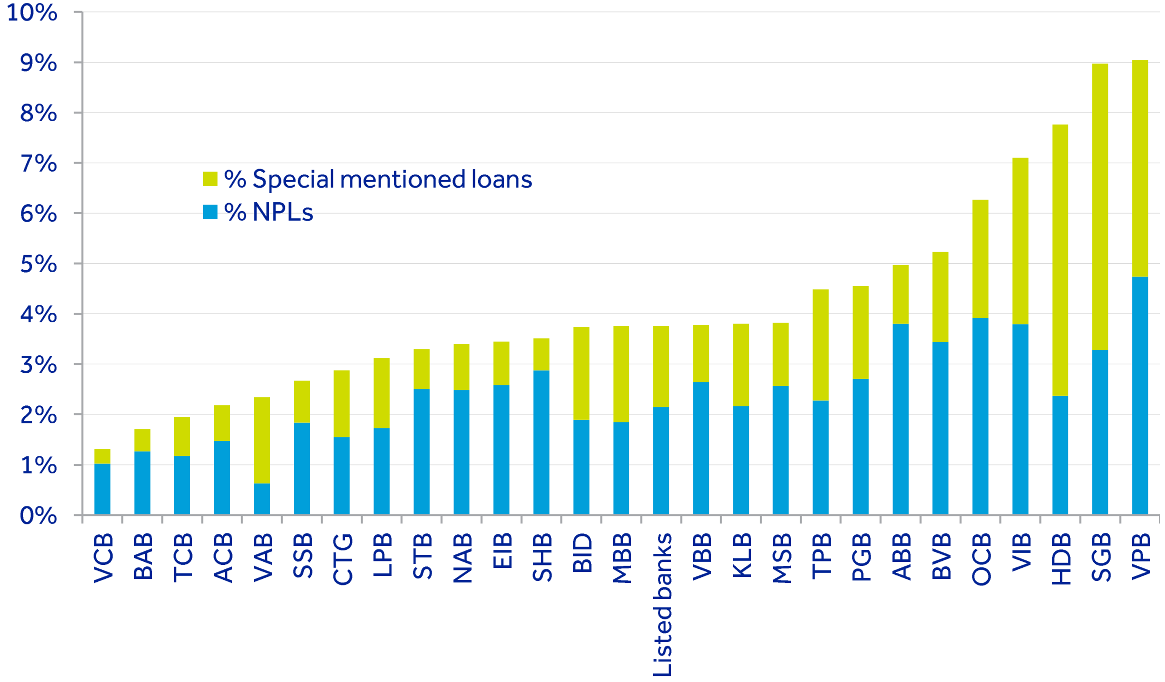
- By the end of Q1/25, the NPL ratio for listed banks remained high at **2.15%**. However, this is seasonal, as NPL ratios typically decrease in Q4 due to increased provisions and bad debt write-offs before rising again in Q1. Therefore, we expect a more positive trend in NPLs going forward.
- Special mentioned loan ratio (loans close to becoming NPLs) remained low at 1.61%, similar to Q4/24, indicating reduced pressure on loan deterioration. Restructured loans are not a significant concern, with restructured loans under Circular 02/2023 accounting for only 0.7% of total loans, and those under Circular 53/2024 (Typhoon Yagi) remaining minimal.
- The draft legislation of Resolution 42/2017, likely to be passed by the National Assembly in July 2025, will allow credit institutions to seize and process collateral without court proceedings. This will enhance banks' ability to recover bad debts, as demonstrated by the recovery of VND 440 trillion in bad debts during the 2017-2023 pilot phase.

Overdue debt ratio increased in Q1/25 mainly due to seasonality



Source: Banks, ACBS

Overdue loan ratio of banks



Source: Banks, ACBS

PROVISION BUFFERS HAVE THINNED

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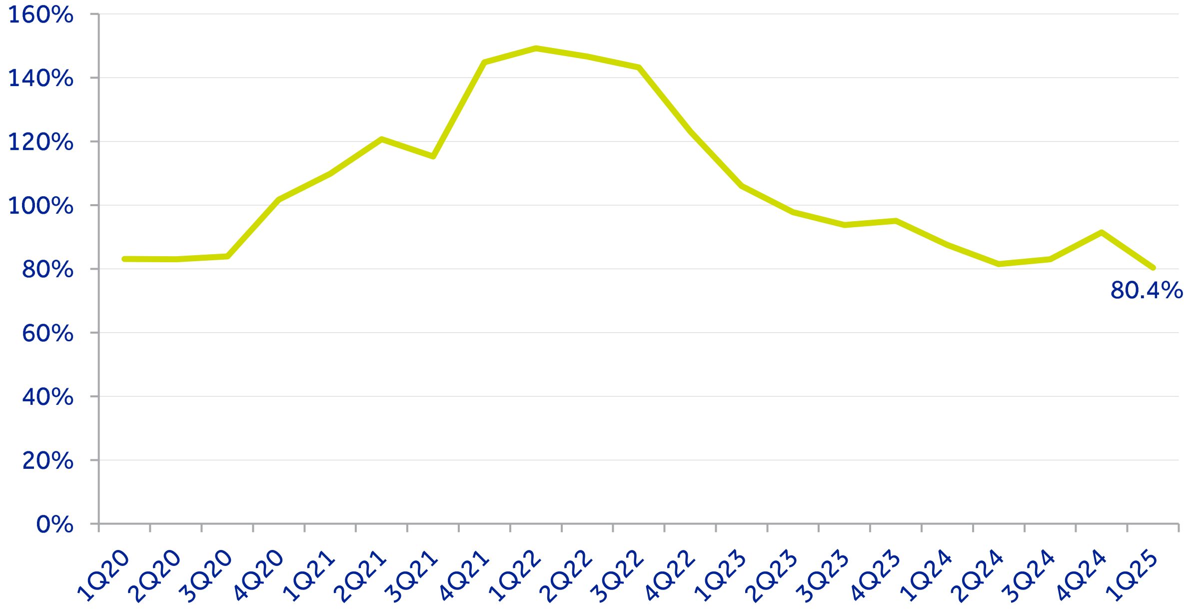
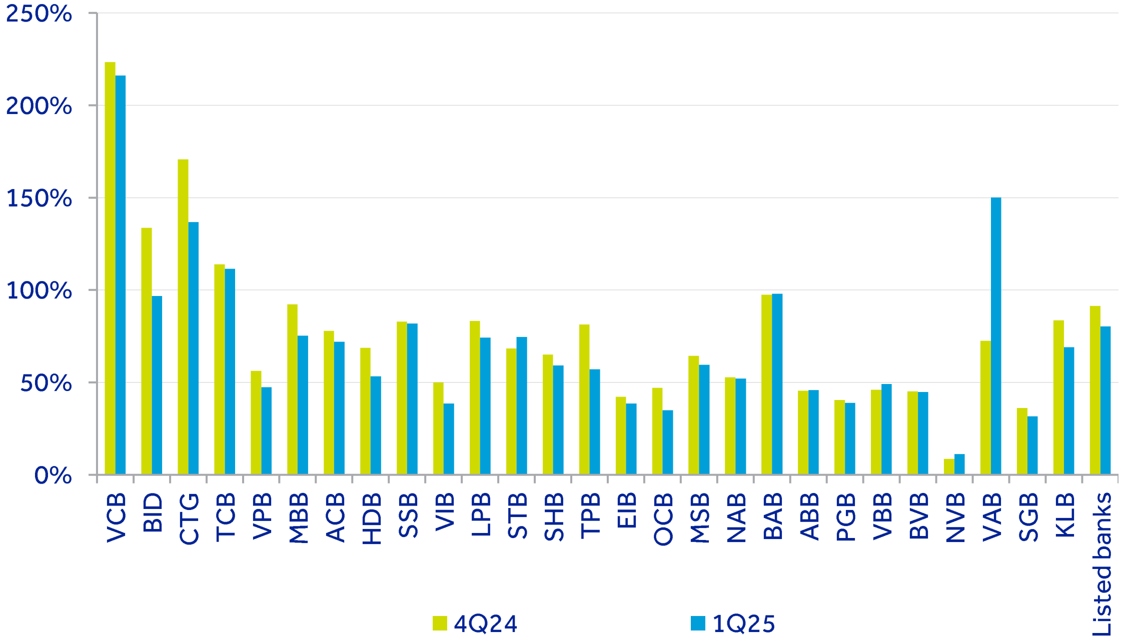
- NPL coverage ratio in Q1/25 fell to **80.4%**, comparable to pre-Covid levels. Provision buffers are thinning but vary significantly across banks. Smaller private commercial banks have lower provision buffers than state-owned banks.
- VCB, CTG, and TCB face less pressure to increase provisions due to diversified loan portfolios, stable asset quality, and strong provision buffers. VPB, HDB, and VIB may need to boost provisions to strengthen their reserve buffers. STB has the potential to reverse VAMC bond provisions upon recovering legacy bad debts.
- We forecast **credit costs** for banks in our coverage to rise slightly to **0.9%** in 2025 from low base of 0.8% in 2024, with provision expenses increasing 21.2% y/y. With thinning provision buffers, banks will need to increase provisions to maintain stable coverage ratios.

NPL coverage ratio decreased and remained at the pre-Covid level



Source: Banks, ACBS

NPL coverage ratio has clear differentiation among banks



Source: Banks, ACBS

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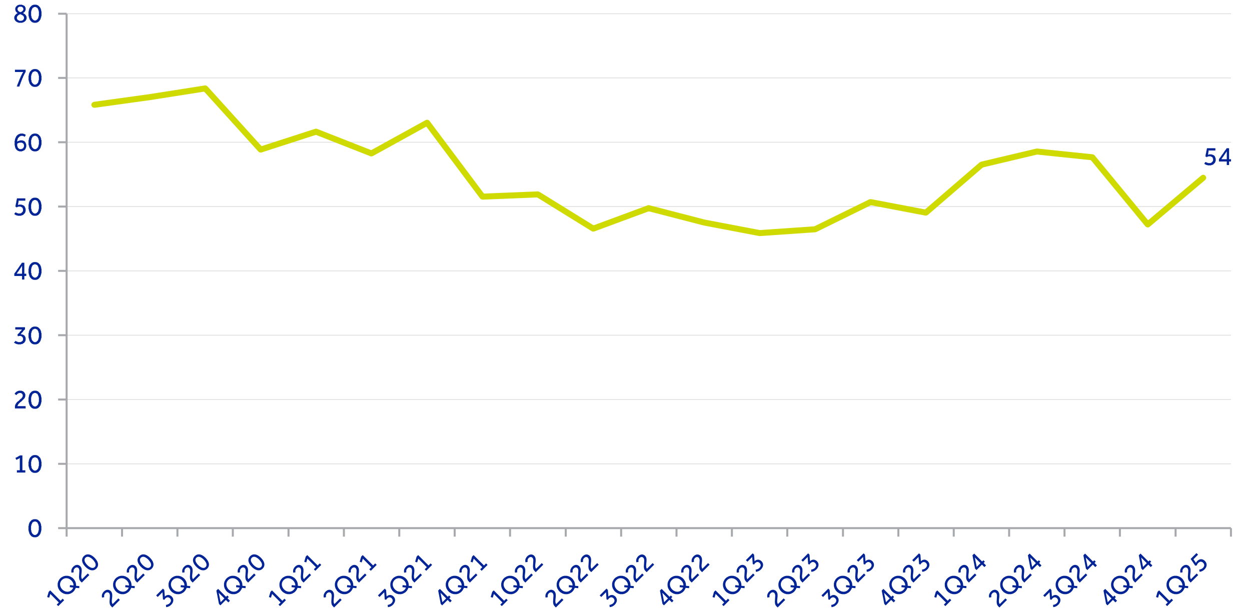
ACCRUED INTEREST REMAINS HIGH AT SMALLER BANKS

- The industry-wide days of interest collection rose to **54 days** in Q1/25 from a low of 47 days in Q4/24. Some smaller private banks have very high accrued interest days, posing risks of profit erosion (reversal of accrued interest and increased provisions) if bad debts arise and accrued interest cannot be collected.
- However, industry-wide interest collection days have decreased compared to mid-2024, indicating better control of potential bad debt risks.

Interest collection days increased again in 1Q25 showing that potential bad debt still exists



Source: Banks, ACBS

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25
VCB	33	28	31	33	37	34	33	34	36
BID	33	31	36	37	43	57	55	57	62
CTG	37	35	35	41	42	39	37	37	42
TCB	55	57	58	60	72	79	83	49	56
VPB	43	36	38	40	42	39	38	35	37
MBB	43	48	52	46	43	44	46	44	47
ACB	30	29	28	31	32	29	27	33	39
HDB	43	39	36	35	43	46	41	32	38
SSB	75	64	83	59	74	57	57	44	57
VIB	32	33	40	39	35	31	27	28	32
LPB	46	45	63	52	45	67	83	45	61
STB	34	33	37	37	40	40	41	37	36
SHB	80	115	115	87	135	163	171	69	121
TPB	45	41	44	45	49	52	53	43	50
EIB	24	22	20	20	26	26	29	30	36
OCB	42	44	48	50	49	46	51	49	59
MSB	65	69	88	100	117	107	82	81	108
NAB	62	58	71	36	72	63	73	60	70
BAB	106	99	97	90	122	113	111	123	143
ABB	45	40	34	51	73	75	82	37	54
PGB	60	62	57	60	62	64	65	46	41
VBB	69	69	85	90	106	106	97	90	106
BVB	66	67	67	78	99	101	66	76	80
NVB	115	157	211	224	242	256	236		31
VAB	269	311	405	292	400	436	375	196	210
SGB	57	61	76	63	87	86	84	60	64
KLB	74	78	78	73	85	79	86	70	56
Listed banks	46	46	51	49	57	59	58	47	54

Source: Banks, ACBS

2025 PBT: FORECAST TO GROW 12.4% YOY

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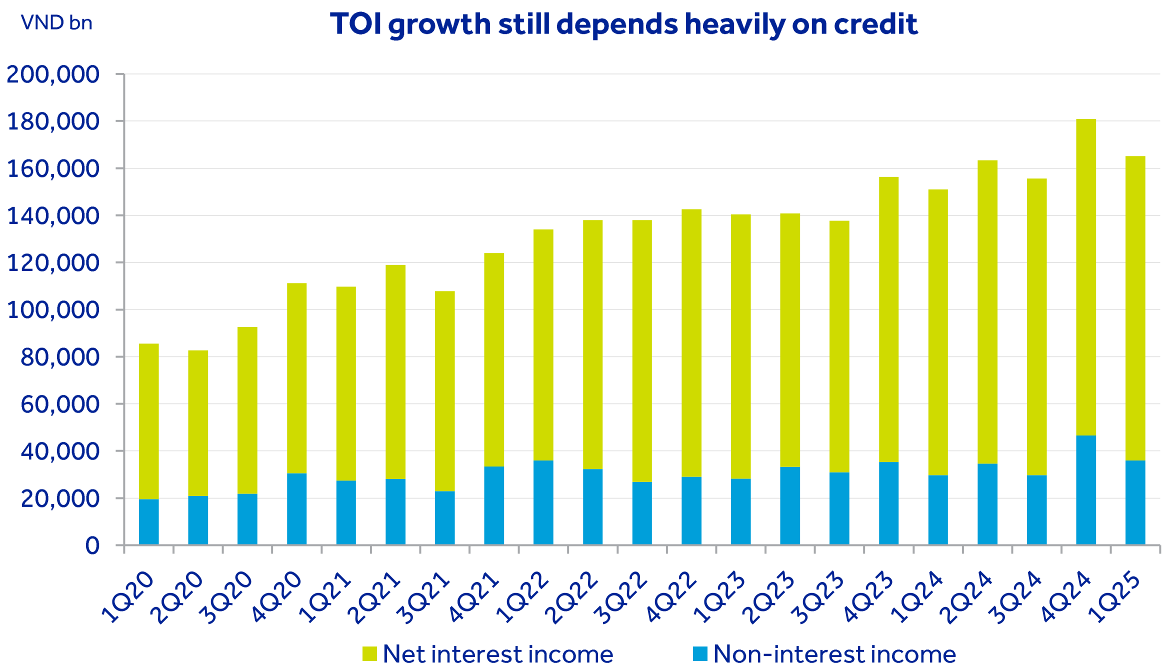
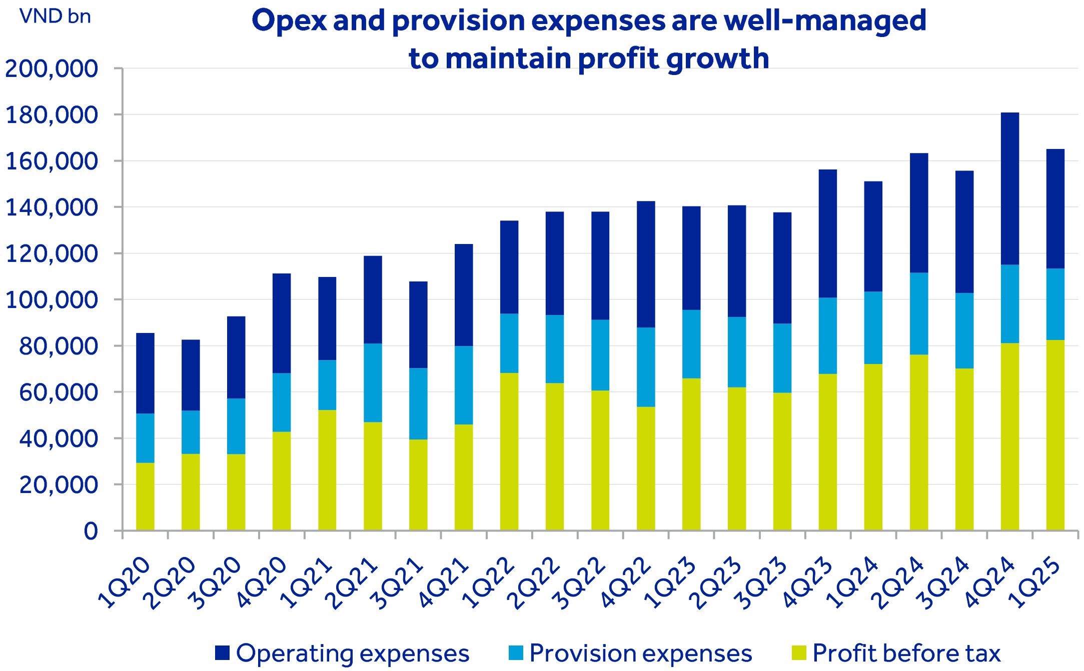
- Overall, we are confident that the banking sector will continue to weather challenges, leveraging its resilience as demonstrated during the Covid-19 crisis (2020-21) and the real estate-corporate bond crisis (2022-23).
- We forecast **12.4% y/y pre-tax profit growth** for banks in our coverage, driven by:
  - **TOI** growth of **12.4% y/y**, supported by strong 17.1% y/y credit growth. NFI is expected to grow slowly at 3.3% y/y due to challenges in payment fee services from international trade uncertainties, though off-balance-sheet bad debt recovery will be a bright spot.
  - **Operating expenses** growth of **7.5% y/y**, with the CIR declining to 31.7% from 33.1% in 2024, ensuring solid profitability.
  - **Provision expenses** increasing **21.2% y/y** to strengthen thinning provision buffers.

TOI growth still depends heavily on credit



Source: Banks, ACBS

Opex and provision expenses are well-managed to maintain profit growth



Source: Banks, ACBS

VALUATION: ATTRACTIVE FOR MEDIUM-TERM INVESTMENT

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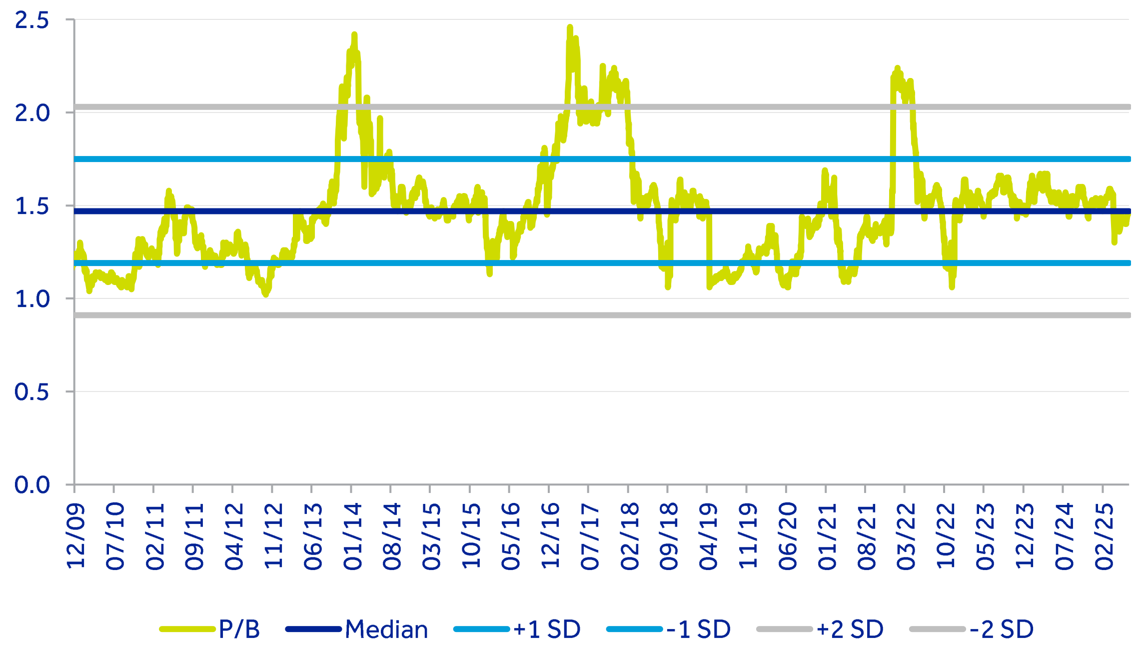
- Banking stocks are trading at a **P/B of 1.5x**, in line with the historical median. However, we note that the sector's profitability and asset quality are significantly better than in most previous periods. Thus, we believe P/E is a more appropriate valuation metric.
- The current **P/E of 9.3x** is nearly one standard deviation below the historical median (11.4x). With moderate but sustainable profit growth (12.4% in 2025), we believe the **current price range is attractive for medium and long term investment** in banking stocks.

	P/E	P/B	ROE
Vietnam	9.7	1.6	18.2%
China	7.0	0.7	10.2%
Thailand	7.5	0.7	9.2%
Malaysia	9.8	1.1	11.1%
Indonesia	17.1	2.5	19.4%

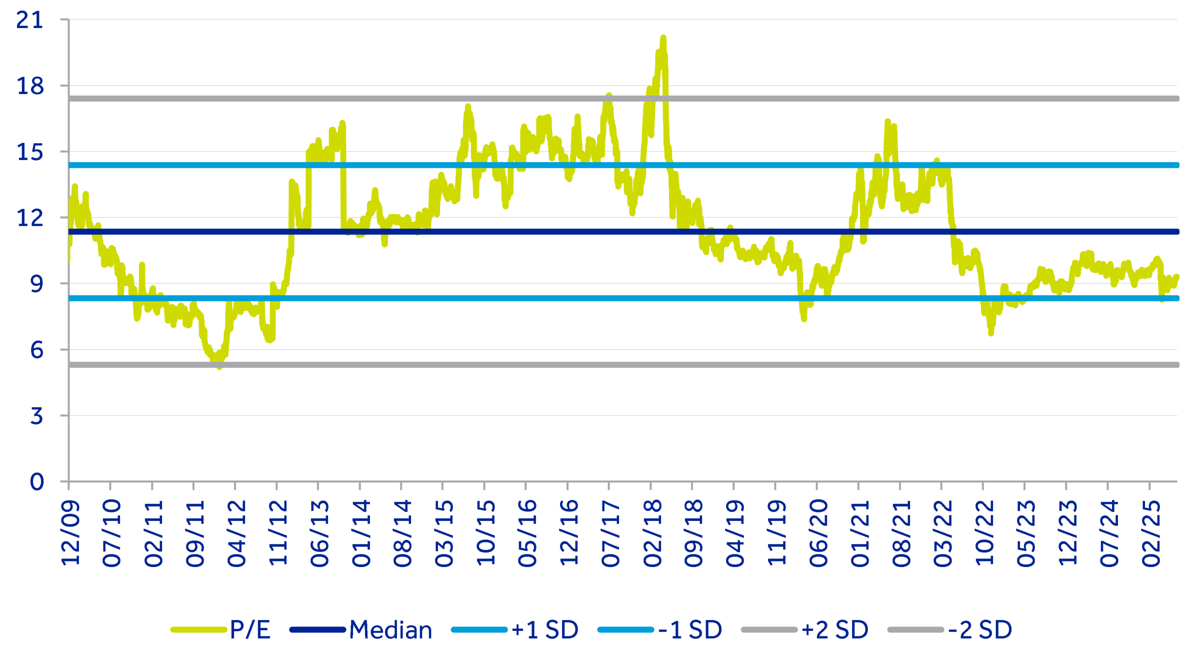
Source: Bloomberg

Historical P/B



Source: Banks, ACBS

Historical P/E



Source: Banks, ACBS

BANKING SECTOR FINANCIAL INDICATORS

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Unit: VND bn

Ticker	Exchange	Mkt cap 20-Jun-25	Total Assets Q1/25	Equity Q1/25	NPL ratio Q1/25	Special mentioned loan ratio Q1/25	NPL coverage Q1/25	ROA	ROE	CAR Q4/23	P/E	P/B
BID	HOSE	262,220	2,575,981	138,440	1.7%	1.7%	116.0%	1.0%	18.5%	8.6%	11.2	2.0
CTG	HOSE	195,468	2,229,791	140,986	1.5%	1.5%	153.0%	1.0%	16.3%	9.3%	9.0	1.4
VCB	HOSE	525,375	1,932,362	190,297	1.2%	0.4%	210.5%	1.9%	19.4%	11.4%	15.2	2.8
MBB	HOSE	130,270	1,028,819	110,023	2.2%	2.0%	68.8%	2.2%	21.6%	10.8%	6.1	1.2
TCB	HOSE	170,969	927,053	144,368	1.3%	0.9%	105.7%	2.5%	16.5%	14.4%	7.6	1.2
VPB	HOSE	154,712	858,885	142,240	4.8%	7.4%	50.7%	1.6%	9.7%	17.1%	11.6	1.1
ACB	HOSE	114,793	777,393	78,854	1.5%	0.7%	81.1%	2.2%	21.7%	12.5%	7.1	1.5
STB	HOSE	64,003	702,986	51,281	2.5%	0.8%	75.0%	1.3%	18.0%	9.1%	7.3	1.3
SHB	HOSE	38,455	688,387	55,751	3.1%	1.9%	62.1%	1.2%	14.5%	12.2%	4.9	0.7
HDB	HOSE	77,765	629,569	53,584	1.9%	3.8%	65.9%	2.1%	26.8%	12.6%	6.0	1.5
LPB	HOSE	86,192	455,805	40,668	2.0%	1.2%	78.4%	2.3%	25.9%	12.2%	8.8	2.1
VIB	HOSE	57,646	445,378	39,942	3.9%	3.8%	47.2%	1.7%	18.6%	11.7%	8.0	1.4
TPB	HOSE	43,460	385,352	36,311	2.3%	2.3%	58.9%	1.3%	14.0%	12.4%	8.9	1.2
MSB	HOSE	30,160	300,701	35,233	2.9%	2.0%	63.0%	1.5%	13.2%	12.8%	6.9	0.9
SSB	HOSE	48,762	288,518	33,778	1.9%	0.6%	80.8%	1.7%	14.8%	13.6%	10.2	1.4
OCB	HOSE	26,754	265,502	30,494	3.2%	3.0%	53.9%	1.3%	10.3%	13.3%	8.7	0.9
NAB	HOSE	21,359	238,830	17,815	2.9%	1.6%	45.3%	1.6%	22.0%	11.2%	5.9	1.2
EIB	HOSE	34,833	223,684	24,176	2.7%	0.9%	40.0%	1.3%	11.6%	13.4%	12.9	1.4
Average		**115,733**	**830,833**	**75,791**	**2.4%**	**2.0%**	**80.9%**	**1.6%**	**17.4%**	**12.1%**	**8.7**	**1.4**
Median		**70,884**	**658,978**	**52,432**	**2.3%**	**1.7%**	**67.3%**	**1.6%**	**17.3%**	**12.3%**	**8.4**	**1.3**

Source: FiinPro-X, ACBS

RESIDENTIAL PROPERTY SECTOR

RESOLVE SUPPLY CONSTRAINTS

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RESIDENTIAL PROPERTY: RESOLVE SUPPLY CONSTRAINTS

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The residential property sector continued to recover in 1H2025 with some new projects achieving high absorption rates. However, most of these successful launches belonged to Vinhomes (VHM), with limited spillover effects to other developers. The reason is that most of the new supporting policies came into effect from Q2/2025, requiring more time for companies to complete legal documentation and meet the conditions to launch their projects. We expect the residential property sector to continue to recover widely in the coming time thanks to the removal of project legal issues, increased investment in transport infrastructure and stable interest rates.

COMMERCIAL HOUSING SEGMENT:

- **The property market is recovering but unevenly between regions**. The supply in the North has clearly recovered while the supply in the South is still limited, especially in the condominium segment.
- **The Government continues to issue many legal documents to remove difficulties and legal obstacles for projects such as Resolutions 170, 171 and Decrees 75, 76** to increase housing supply and promote market recovery. However, most of these documents take effect from April and May 2025, so more time is needed for companies to complete all legal documents to launch projects.
- **Sales performance has not improved much**, except for the leading company VHM, which recorded positive results.
- **The financial situation of property companies remains stable**. Total debts in the industry continues to increase but the leverage ratio remains flat.

OUTLOOK:

- **The commercial housing segment continues to recover with increased supply, especially in the southern market, while demand remains stable** thanks to the removal of project legal issues, increased investment in transport infrastructure and stable interest rates.

SOCIAL HOUSING SEGMENT:

- **The Government has issued many policies to support the development of social housing, but the progress of social housing development is still slower than target,** mainly due to issues related to land bank, complicated legal procedures, short application period for preferential interest rates, high interest rates, etc.
- **Resolution No. 201/2025/QH15 on piloting some specific mechanisms and policies for social housing development**, effective for 5 years from June 1, 2025, **is expected to be a driving force for the social housing market by shortening the time for licensing and project implementation.**

OUTLOOK:

- **The social housing segment is expected to accelerate but is still unlikely to become the main driving force for the property industry because:**

(1) The profit of social housing projects is still kept at a maximum of 10% of the total investment cost, so it has not created motivation for companies to participate in the market.

(2) Many localities have not paid attention to the development of social housing. Currently, only about 22 localities have included social housing development targets in their socio-economic development targets.

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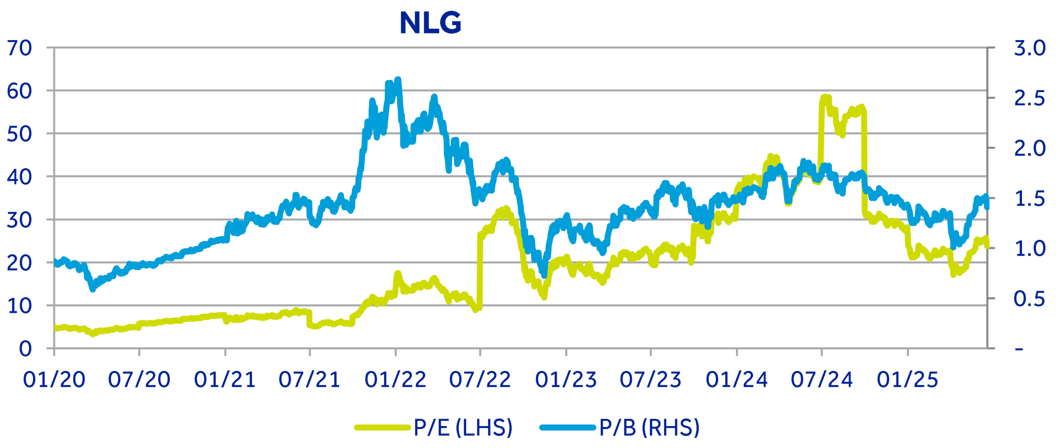
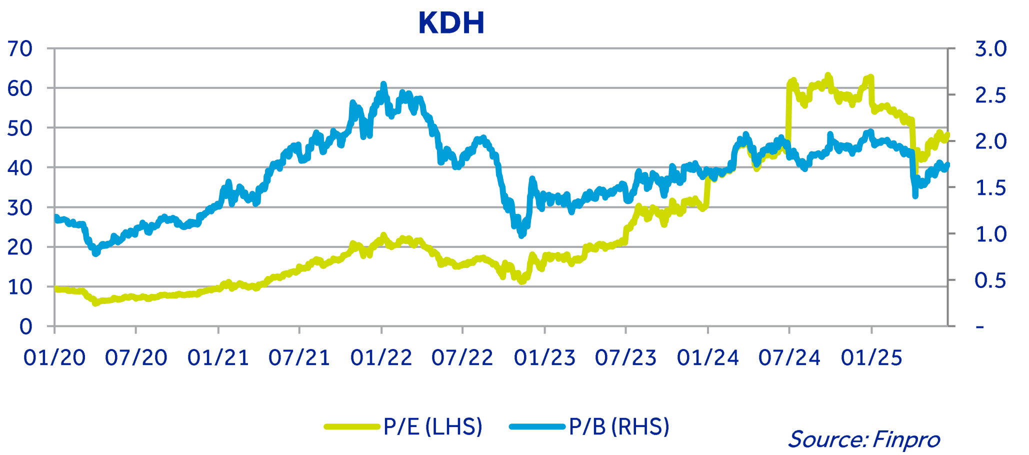
➢ **Recommended stocks: NLG and KDH**

- **NLG**: The company has good financial situation and a land bank of 681 hectares located mainly in southern provinces such as Long An, Dong Nai, HCMC and Can Tho. It focuses on the mid-end segment to serve real housing needs. NLG benefits from the legal clearance of the Izumi City project and the construction of the HCMC's Ring Road 3.
- **KDH**: The company has a land bank of 620 hectares located entirely in HCMC, good financial situation, and transparent projects' legal status. It benefits from the limited supply of landed properties and high demand in HCMC.

Ticker	Revenue 2025F	% YoY	NPAT 2025F	% YoY	EPS 2025F	Net debt/ Equity Q1/2025	P/E 2025F	P/B 2025F	Market price (*)	Target price 2025	+/-
VHM	89,923	-12%	38,835	11%	8,573	28.3%	8.2	1.2	70,200	69,700	-0.7%
NLG	6,264	-13%	715**	38%	1,737	14.4%	20.5	1.4	35,700	43,400	21.6%
KDH	3,563	9%	1,047	30%	731	25.7%	41.3	1.7	30,200	33,800	11.9%

Sources: VHM, NLG, KDH, ACBS
*Note: * data as of 06/20/2025, * *NPATMI*





Source: Finpro

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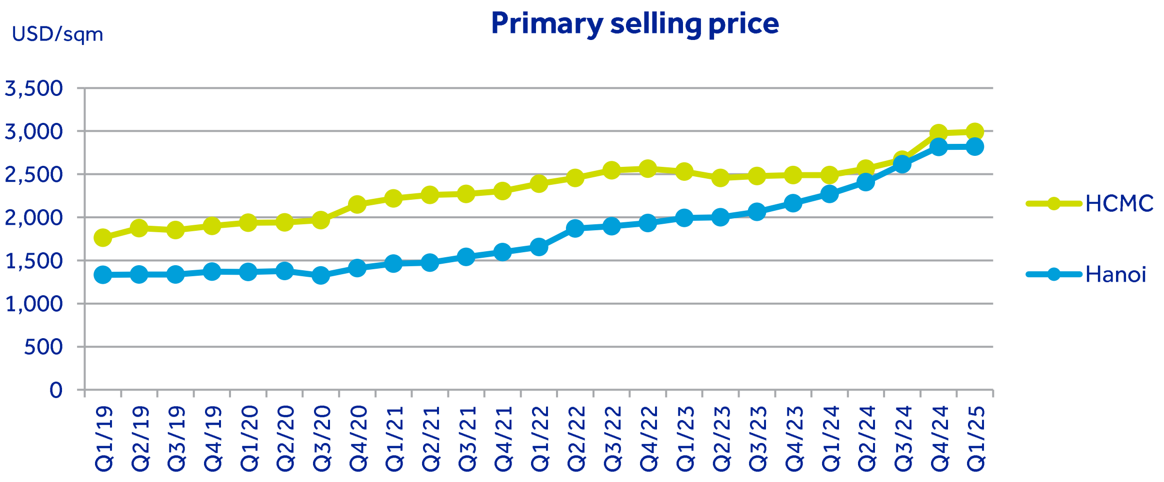
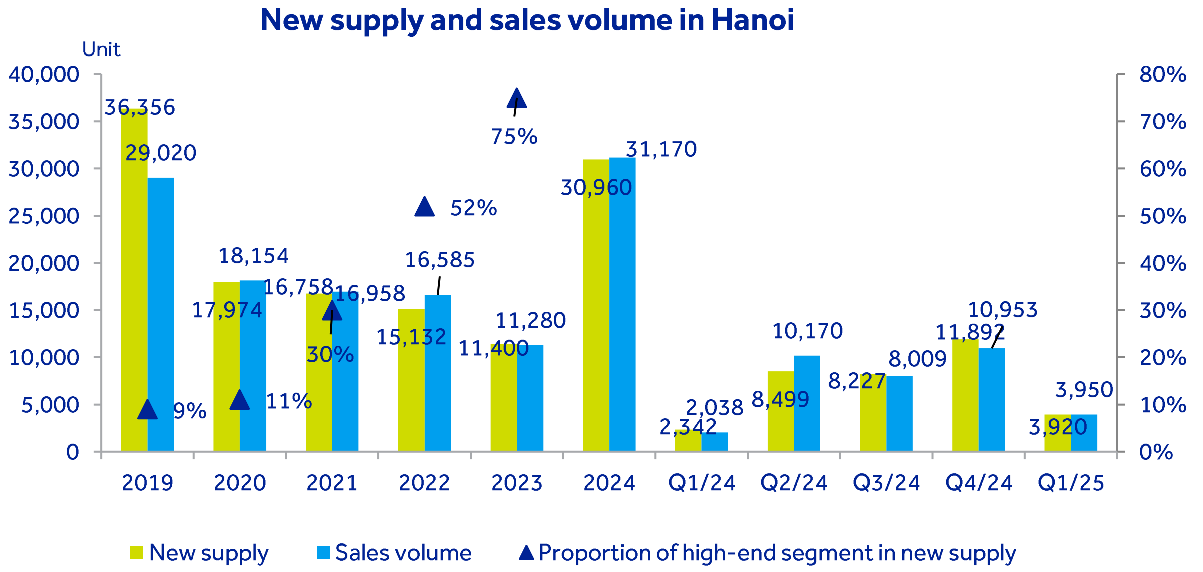
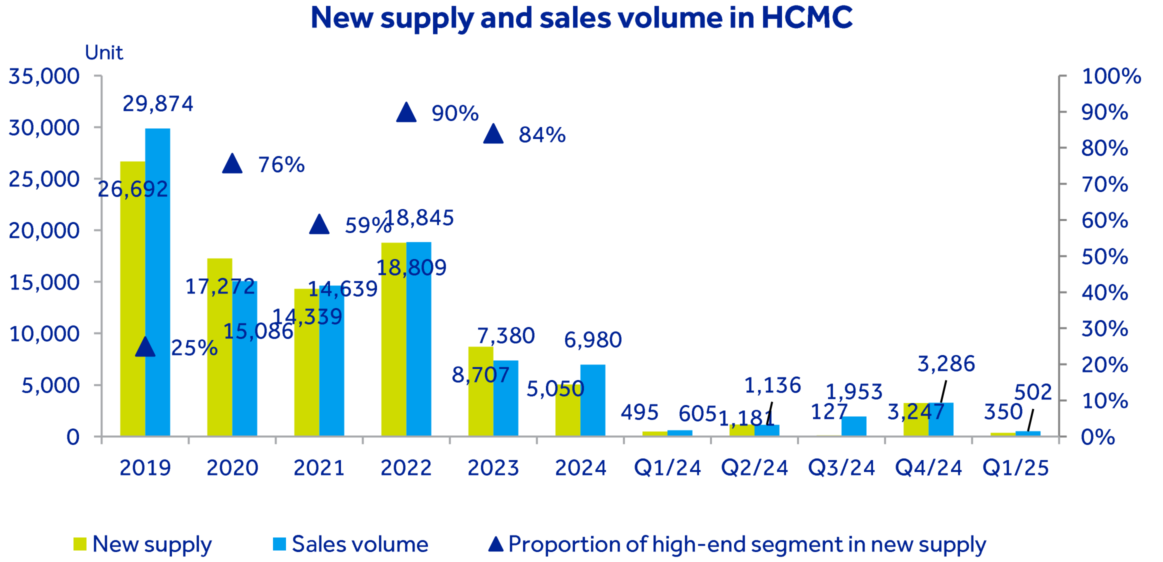
➢ **Condominium segment: Hanoi market continued to grow while HCMC market remained sluggish**

- Supply and sales volume in Hanoi in Q1/2025 nearly doubled YoY.
- Supply and sales volume in HCMC in Q1/2025 continued to decline YoY.
- Primary selling prices in the two cities remained flat compared to the previous quarter and reached nearly USD3,000/sqm.







Source: CBRE

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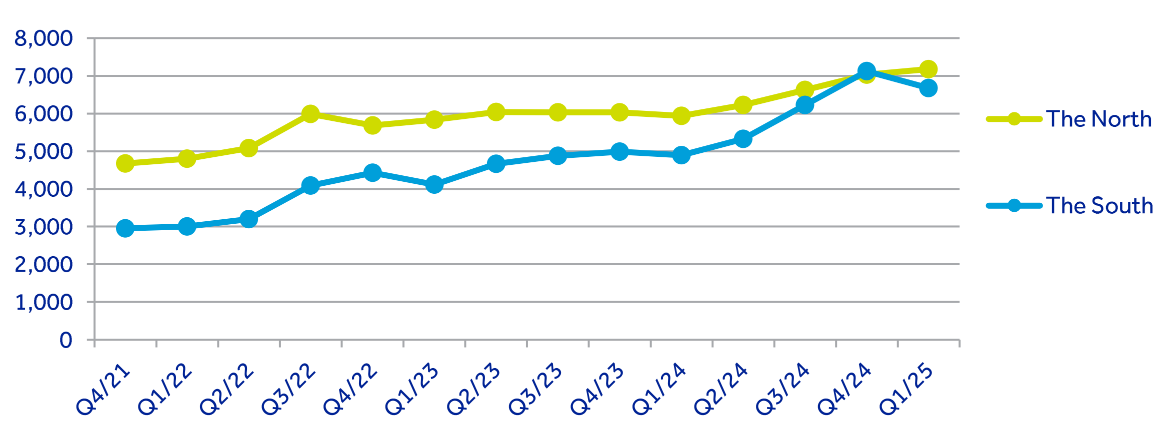
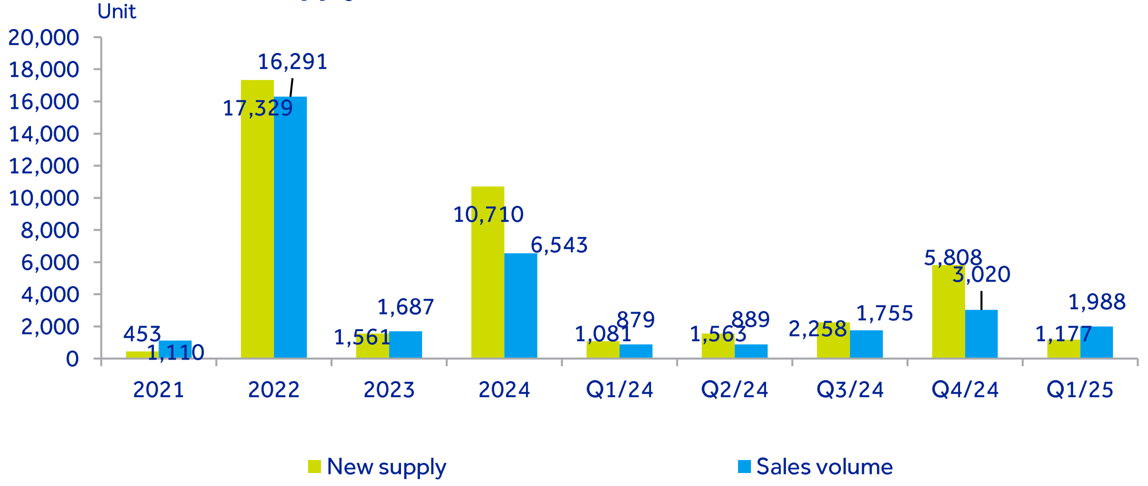
➢ **Landed property segment**:

- Sales volume in the North doubled YoY in Q1/2025 mainly thanks to good absorption rates at Vinhomes Global Gate (Hanoi), Vinhomes Royal Island (Hai Phong) and Hoang Huy New City (Hai Phong).
- New supply and sales volume in the South grew strongly in Q1/2025 mainly thanks to the LA Home project (Long An) which was launched nearly 400 units and was well absorbed.
- Primary selling prices in the North increased slightly by 2% QoQ, reaching USD7,178/sqm.
- Primary selling prices in the South decreased by 6% QoQ, reaching USD6,672/sqm due to competitive prices of LA Home units.

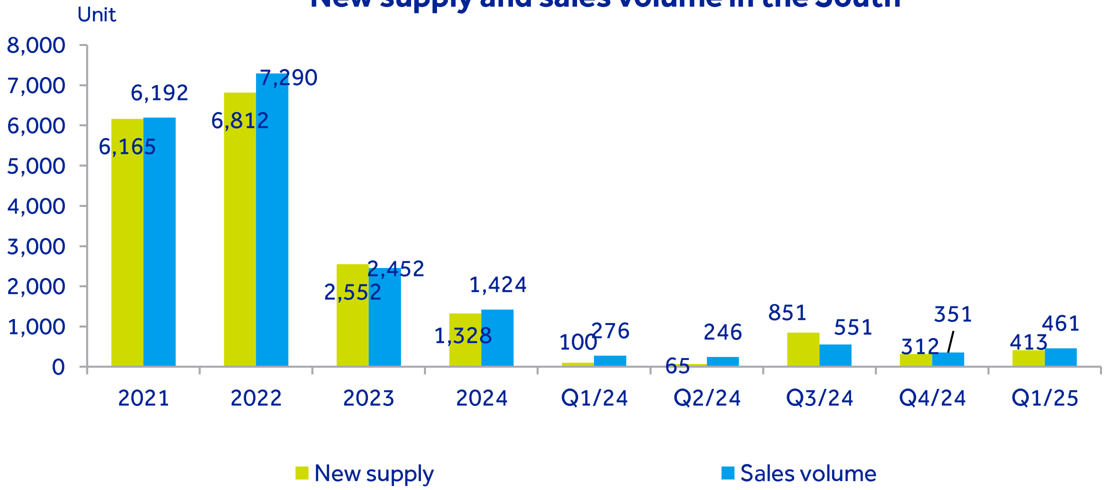
Primary selling price



New supply and sales volume in the North



New supply and sales volume in the South



Source: JLL
The North includes Hanoi, Hai Phong, Bac Ninh, Hung Yen and Vinh Phuc.
The South includes HCMC, Binh Duong, Dong Nai, Long An and Ba Ria-Vung Tau.

RESIDENTIAL PROPERTY: RESOLVE SUPPLY CONSTRAINTS

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- The Government has actively issued many legal documents to speed up the process of legal clearance for real estate projects, increase housing supply and accelerate the market recovery. However, most of these documents took effect from April and May 2025, thus companies require more time to complete legal documents and meet the conditions to launch their projects.
- Some companies that have had legal obstacles removed for their projects include: NVL, NLG, VIC, DGC, PC1

Document	Effective date	Main content	Effect
Resolution 171/2024/QH15	04/01/2025	A pilot for developing commercial housing projects through agreements on receiving land use rights or having land use rights.	- Facilitate real estate companies to expand land bank, develop projects on agricultural land, non-agricultural land other than residential land, residential land and other land in the same land plot. - Increase housing supply.
Decree 75/2025/NĐ-CP	04/01/2025	Guidance on the process of preparing, approving and announcing the List of land plots to implement the pilot according to Resolution 171/2024/QH15.	
Resolution 30/NQ-HĐND	04/29/2025	A list of 148 land plots with a total area of about 840 hectares in Hanoi to be piloted under Resolution 171/2024/QH15.	
Resolution 170/2024/QH15	04/01/2025	Specific mechanisms and policies to remove difficulties and obstacles for projects and land in inspection, examination and judgment conclusions in HCMC, Da Nang City and Khanh Hoa Province.	- Help to complete projects' legal procedures. - Increase housing supply. - Stabilize the buyers and businesses' sentiment. - Stimulate investment capital flows into the real estate market.
Decree 76/2025/NĐ-CP	04/01/2025	Procedures for adjusting land use term, re-determining land price, land rent, or land use fee of projects or land in inspection, examination conclusions, judgments in HCMC, Da Nang City and Khanh Hoa province according to Resolution 170/2024/QH15.	
Decision 1746/QĐ-UBND	05/29/2025	Approval of adjusted 1/5000 Planning of subdivision C4 under the general planning of Bien Hoa city.	- Create a legal basis for companies to adjust the 1/500 Planning of their projects in subdivision C4.
Law on State Capital Management and Investment	08/01/2025	Remove regulations restricting state-owned enterprises from investing in real estate business.	- Increase housing supply.

Ticker	Projects with legal obstacles removed
NVL	Lakeview City, Thu Duc City 30.2 ha in Binh Khanh Ward, Thu Duc City The Tresor, HCMC Aqua City, Dong Nai
NLG	Izumi City, Dong Nai
VIC	233, 233B, 235 Nguyen Trai, Thanh Xuan, Hanoi
DGC	5.4ha at 18/44 Duc Giang, Long Bien Dt., Hanoi
PC1	PC1 Residential area, Gia Lam, Hanoi

Source: ACBS summary

ACBS

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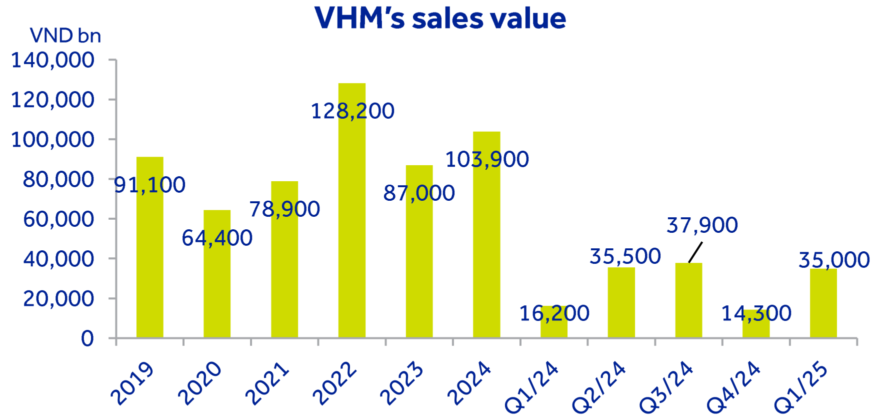
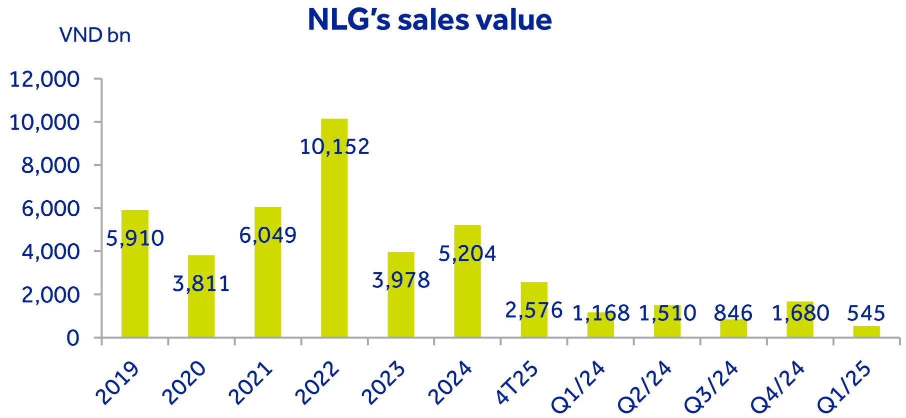
- Sales performance in Q1/2025 has not improved much, with the exception of the leading company, Vinhomes (VHM), which recorded a strong sales value of VND35 trn (more than double YoY), thanks to the launch of Vinhomes Wonder City project in mid-March. As a result, the Advance from customers-to-Inventory ratio for the overall sector remained stable at 24.9% (up 1.4% QoQ but down 2.9% YoY).
- However, sales in the following quarters are expected to be more positive as VHM plans to launch many new projects such as Vinhomes Green City and Vinhomes Green Paradise, KDH launches a new project Cladia, PDR restarts La Pura (formerly known as Astral City) and DXG restarts The Prive (formerly known as Gem Riverside).





Some projects to be launched in 2H2025:

Project	Developer	Location	Total area (ha)
Vinhomes Green City	VHM	Long An	197
Vinhomes Green Paradise	VHM	HCMC	2,870
Vinhomes Golden City	VHM	Hai Phong	241
Vinhomes Apollo City	VHM	Quang Ninh	5,540
Cladia	KDH	HCMC	11.8
The Prive	DXG	HCMC	6.7
Lapura	PDR	Binh Duong	3.7

Sources: VHM, NLG, KDH, DXG, PDR, ACBS

RESIDENTIAL PROPERTY: RESOLVE SUPPLY CONSTRAINTS

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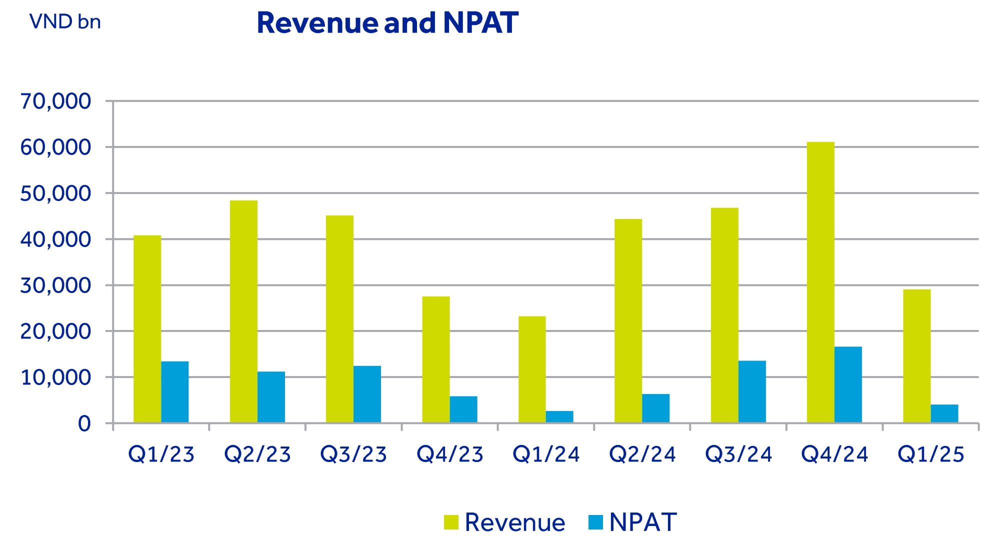
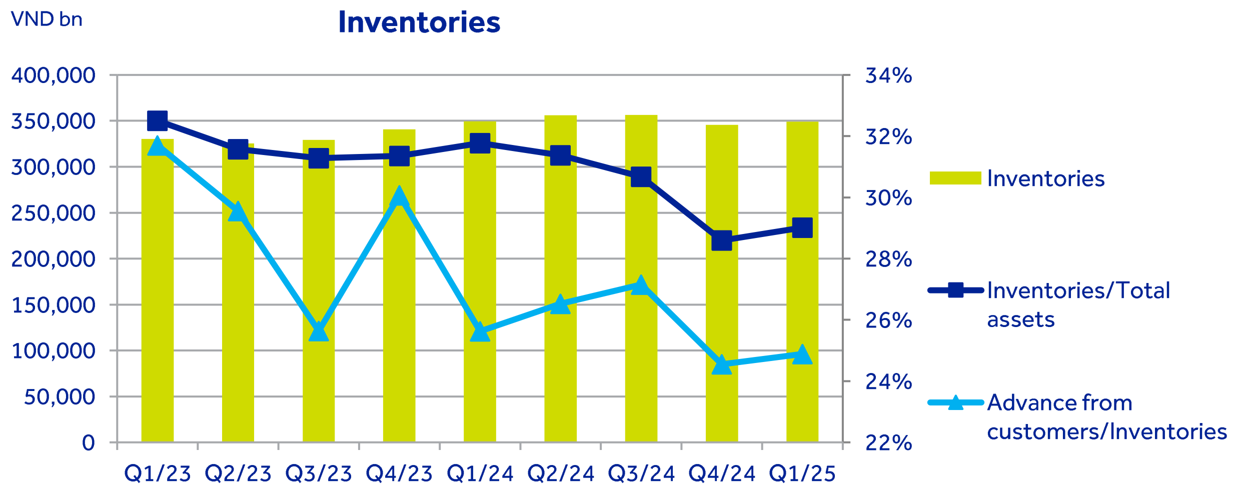
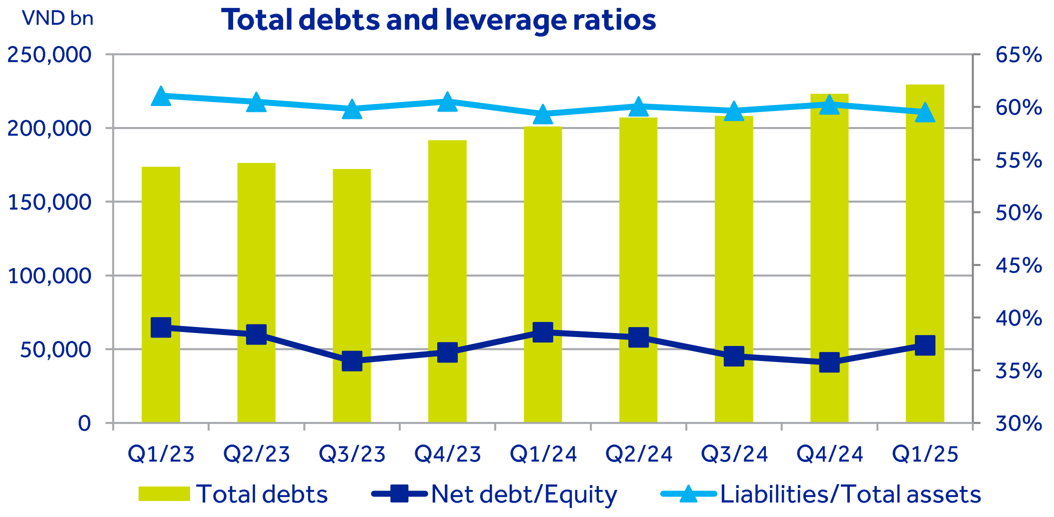
- Total debts of the residential property sector continued its upward trend, reaching over VND229 trn by the end of Q1/2025 (+2.8% QoQ and +14.1% YoY). However, leverage ratios remained mostly stable compared to the previous quarter and the same period last year. Net Debt/Equity ratio was 37.4% (+1.6% QoQ, -1.2% YoY) and Liabilities/Total assets ratio stood at 59.5% (-0.7% QoQ, +0.2% YoY).
- Inventories of the sector also remained stable, reaching over VND 349 trn (+1% QoQ, -0.1% YoY) by the end of Q1/2025. Inventories/Total assets ratio held steady at 29%.
- The sector's business results grew strongly in Q1/2025 with revenue increasing by 25% YoY to over VND 29 trn and NPAT rising by 53% YoY to over VND4 trn, mainly driven by the strong performance of Vinhomes (VHM). However, if excluding VHM, the sector saw a revenue decline of 11% YoY and a NPAT drop of 19% YoY, primarily due to the sharp declines in business results of KSF, CRV, TCH, and AGG.







Sources: Finpro, ACBS

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RESIDENTIAL PROPERTY: RESOLVE SUPPLY CONSTRAINTS

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➢ **Policies promoting the development of social housing projects:**

Document	Effective date	Main content
Housing Law 2023	08/01/2024	Remove difficulties in accessing land bank, expand the subjects eligible for social houses' policies, reduce conditions to buy social houses, increase incentives for developers, etc.
Decree 100/2024/NĐ-CP	08/01/2024	Detail a number of articles of the Housing Law 2023 on the development and management of social housing.
Decision 444/QĐ-TTg	02/27/2025	Assign targets for the number of completed social houses in 2025 and the following years until 2030 to each province/city.
Resolution 201/2025/QH15	06/01/2025	A pilot on some specific mechanisms and policies for social housing development such as allowing developers to be assigned without bidding and self-determine the selling price, etc.
Official letter 4290/NHNN-TD	05/29/2025	Implement a preferential mortgage package for young people under 35 years old to buy social houses (interest rate for the first 5 years is 2% lower than the average medium- and long-term interest rate of 4 state-owned commercial banks (Agribank, BIDV, Vietcombank, VietinBank) and interest rate for the next 10 years is 1% lower than the above average).

➢ **Relaxation of eligibility criteria for purchasing social housing, aiming to stimulate greater demand:**

Conditions to buy social houses (*)	Before 08/01/2024	After 08/01/2024 according to Decree 100/2024/NĐ-CP
Income	Not subject to personal income tax	- Single: Monthly income not exceeding VND15 mn - Married: Total monthly income of husband and wife not exceeding VND30 mn
Residency	Register for temporary or permanent residence for over 1 year in the locality where social houses are built.	Remove this condition
House	Not own a house or own a house but average floor area per capita is lower than 10 sqm	Not own a house or own a house but average floor area per capita is lower than 15 sqm

(*): Satisfy all conditions at the same time

Source: ACBS summary

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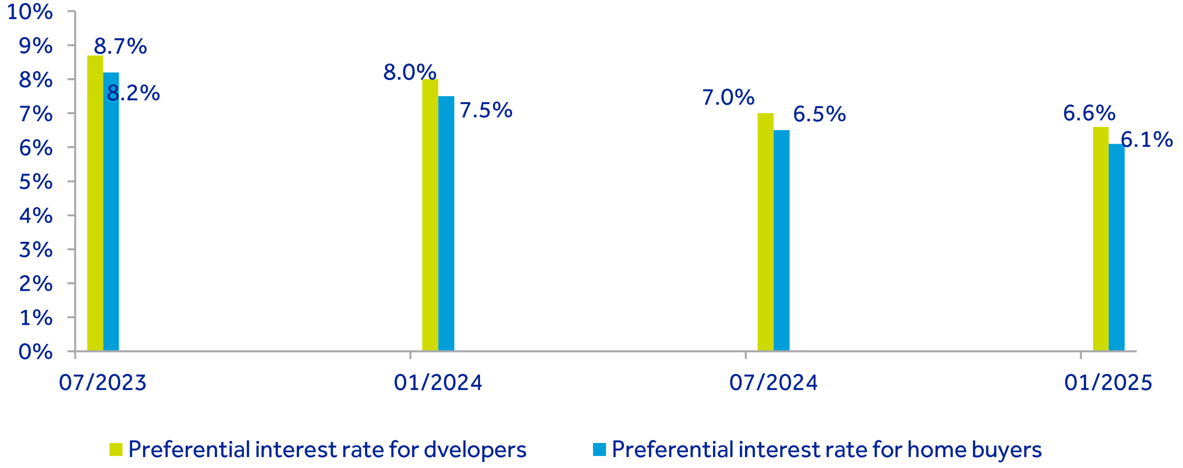
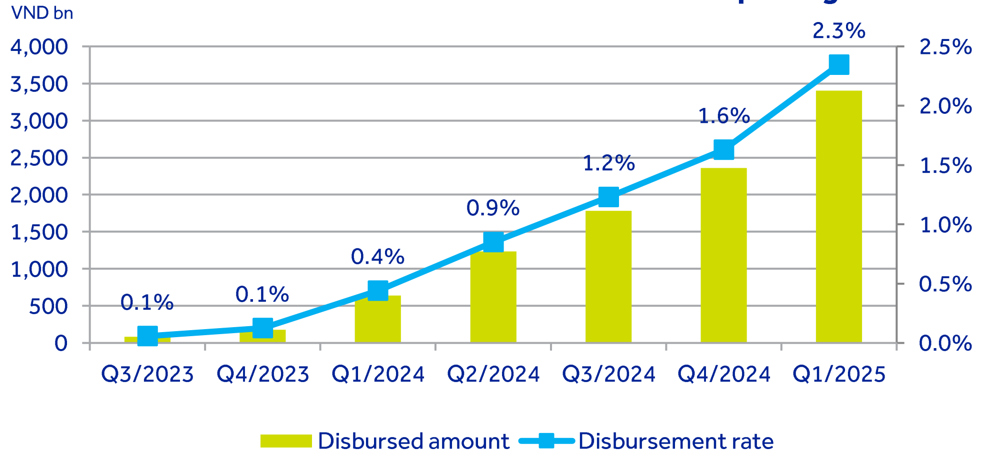
- Credit capital for social housing mainly comes from two primary sources: the Social Policy Bank and commercial banks.
- Although the current preferential interest rate of the VND145 trn credit package has decreased by 2.1% compared to July 2023, to an average of about 6.0-6.5%/year, with a maximum loan term of 35 years, the disbursement rate is still low. After 2 years from April 2023 to March 2025, only over VND3,400 bn has been disbursed (equivalent to a disbursement rate of 2.3%), including VND2,944 bn disbursed to developers in 21 projects and VND458 bn to home buyers in 19 projects.

Credit source	Credit package (VND bn)	Term	Current interest rate
Social Policy Bank	n/a	- Developers of social housing: max 10-20 years - Buyers of social housing: max 25 years	6.6%/year
9 commercial banks (VCB, CTG, BIDV, Agribank, TPB, VPB, MBB, TCB, HDB)	145,000	- Developers of social housing: 4-5 years - Buyers of social housing: max 30-35 years	- Developers of social housing: preferential interest rate of 6,6%/year in the first 3 years - Buyers of social housing: : preferential interest rate of 6,1%/year in the first 5 years

Preferential interest rate of the VND145 trn credit package



Disbursement of the VND145 trn credit package



Sources: Ministry of Construction, State bank of Vietnam, ACBS

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RESIDENTIAL PROPERTY: RESOLVE SUPPLY CONSTRAINTS

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- **The progress of developing social housing projects was still slow compared to the plan.** In 5M2025, Vietnam completed 22.6% of the plan to complete more than 100,000 social housing units in 2025. From 2021 to the end of May 2025, it completed 7.6% of the plan to complete more than 1 million social housing units in the 2021-2030 period. The main reasons of this result are:
  - Some localities have not yet allocated land banks or the land plots lack infrastructure to develop social housing projects.
  - Compensation and site clearance costs are high or the compensation process is slow.
  - Projects' approval procedures are still complicated and entangled.
  - Mortgage loans' procedures are still complicated, preferential interest rates are still high, the application period of preferential interest rate is still short, only in 3-5 years.

Progress of developing social houses in 5M2025	
Number of projects started construction in 5M2025	21
Number of units started construction in 5M2025	20,428
Number of completed units in 5M2025	22,649
Plan for the number of completed units in 2025	100,275
% completion in 5M2025	22.6%
Expected number of completed units in 2025	71,200
% expected completion in 2025	71%

Progress of developing social houses from 2021 to the end of May, 2025	
Number of projects developed	**686**
Of which: Number of projects completed	*117*
Number of projects under construction	*159*
Number of projects received approval of investment policy	*416*
Number of units developed	**627,867**
Of which: Number of units completed	*80,811*
Number of units under construction	*135,563*
Number of units received approval of investment policy	*417,185*
Plan for the number of completed units in 2021-2030	1,062,200
% completion of the plan	7.6%

Sources: Ministry of Construction, ACBS

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- Companies which focuses on developing social housing are mainly industrial park real estate companies such as BCM, KBC, VGC or companies that have developed social housing projects for many years such as HQC and HUD.
- In addition, some companies with large land bank such as VHM and DIG also develop social housing projects but this is not their core segment.

Developer	Social housing project	Location	Number of units	Total investment capital (VND bn)	Progress
BCM	Viet Sing 6	Binh Duong	1,867	1,591	In development
	Dinh Hoa 5		2,373	1,352	In development
	Dinh Hoa 4		3,190	2,296	In development
	Dinh Hoa 3 Phase1		1,178	951	In development
	Total		**8,608**	**6,190**	
KBC	Evergreen Bac Giang	Bac Giang	5,287	4,010	In development
	Evergreen Trang Due	Hai Phong	2,538	1,645	In development
	Total		**7,825**	**5,655**	
HQC	Golden City	Tay Ninh	1,642	2,233	In development
	HQC Tan Huong	Tien Giang	629	533	In development
	Tra Vinh new urban area	Tra Vinh	1,251	975	In development
	13.5 ha Nam Phan Thiet urban area	Phan Thiet	1,216	900	In development
	Binh Minh social housing	Vinh Long	300	618	In development
	Total		**5,038**	**5,259**	
VHM	Nam Trang Cat social housing	Hai Phong	4,288	5,834	In development
	Cam Ranh social housing	Khanh Hoa	4,140	3,800	In development
	Quang Tri social housing	Quang Tri	100	n/a	In development
	Vinhomes Long Phuoc social housing	HCMC	n/a	n/a	
DIG	Social housing in Nam Vinh Yen new urban area	Vinh Phuc	5,320	8,038	Develop from 2024 to 2031
	Social housing in Lam Ha Center Point	Ha Nam	344	379	Expected to be developed in 2027-2028
	Social housing in DIC Victory City urban area	Hau Giang	951	973	Develop from 2024 to 2030
	Total		**6,615**	**9,390**	

Sources: BCM, KBC, HQC, VHM, DIG, ACBS

INFRASTRUCTURE CONSTRUCTION SECTOR

ENHANCING INTERNAL STRENGTH

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PUBLIC INVESTMENT 2025-2030: EXPECTED TO BREAK THROUGH

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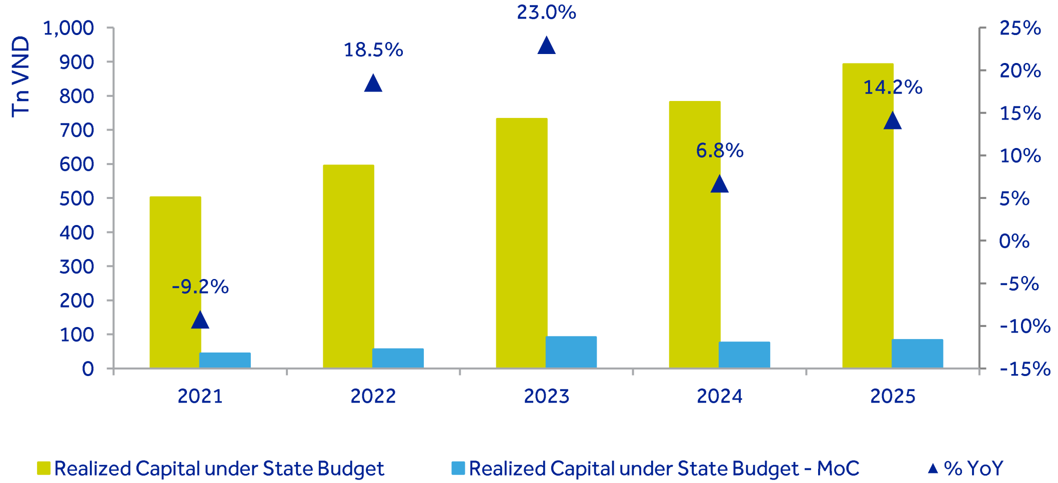
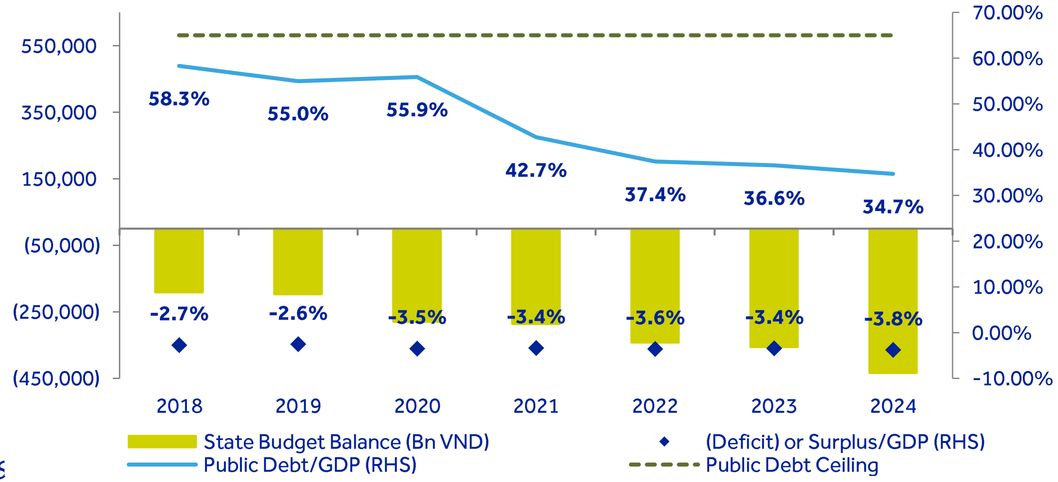
- In the context of heightened global economic uncertainties, public investment has emerged as a critical driver of economic growth. The Vietnamese government is accelerating the disbursement of capital for transport infrastructure development to stimulate domestic demand, generate employment, support related industries, and unlock attractive investment opportunities in 2025.
- Vietnam's fiscal and public debt outlook is currently in a positive state, creating ample room for the Government to increase borrowing and stimulate public investment spending. The public debt-to-GDP ratio has steadily declined over the past decade, reaching 34.7% by the end of 2024. Meanwhile, government bond yields remain low and the fiscal deficit has stabilized at around 4% of GDP.
- Following the enactment of the amended Law on Public Investment and the Law on Public-Private Partnerships (PPP) in January 2025, major bottlenecks—such as compensation, site clearance, raw material shortages, and project financing—are gradually being resolved.
- The government is expediting the completion of key infrastructure projects, including Phase 2 of the North–South Expressway, Long Thanh International Airport, and ring roads encircling Ho Chi Minh City and Hanoi. Looking ahead to the 2026–2030 period, authorities are committed to aggressively advancing a series of strategic projects such as the North–South high-speed railway and the Lao Cai – Hanoi – Hai Phong railway.
- **Beneficiary sectors:** steel, cement, asphalt, infrastructure construction, logistics, civil real estate and industrial parks.
- **Recommended Stocks** : HPG, PLC, VLB, VCG, HHV

Public investment plan in 2021 - 2025



Source: GSO, ACBS

Public debt and Budget Deficit (%GDP)



PUBLIC INVESTMENT DISBURSEMENT CONTINUES TO BE PROMOTED

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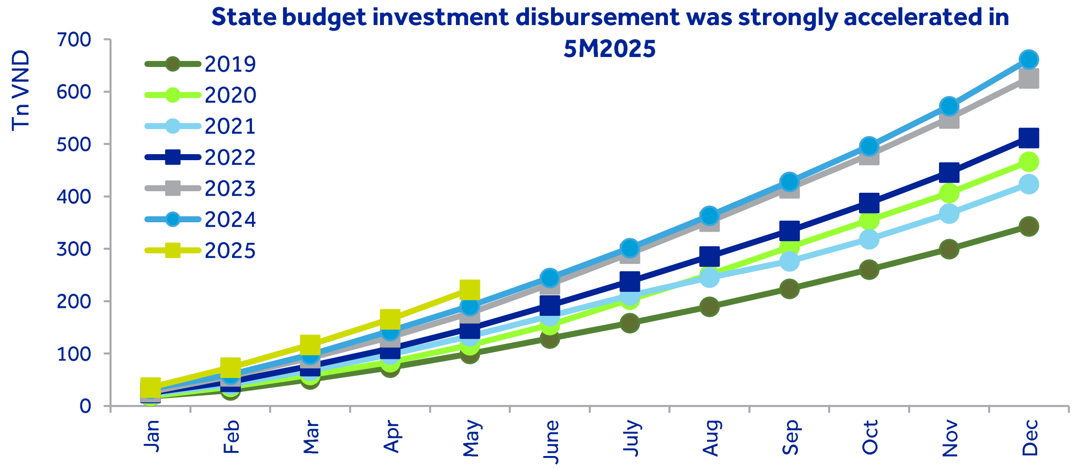
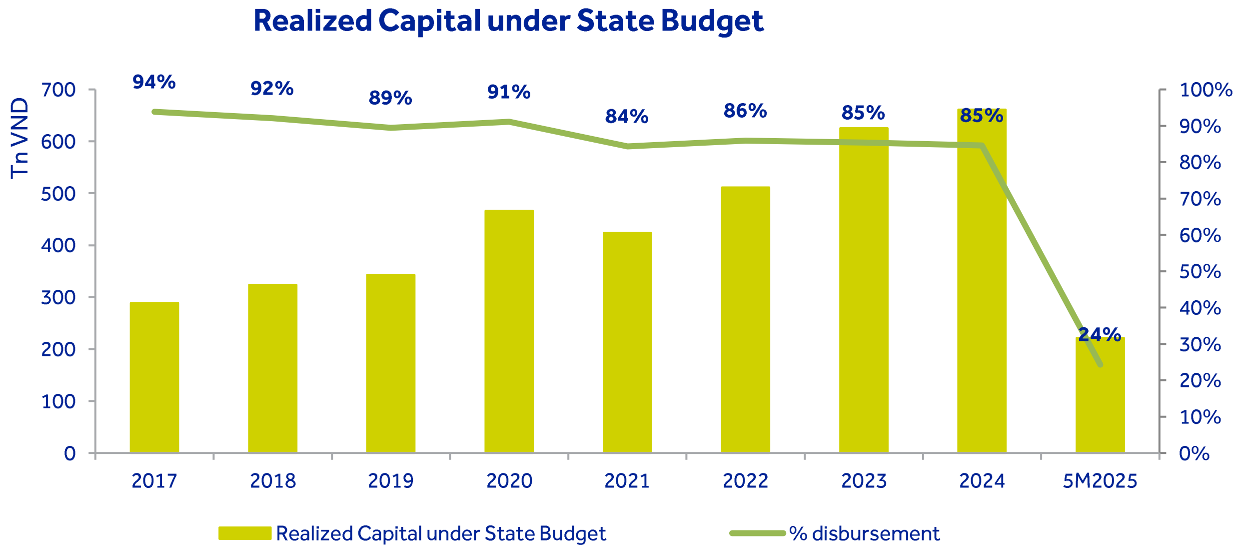
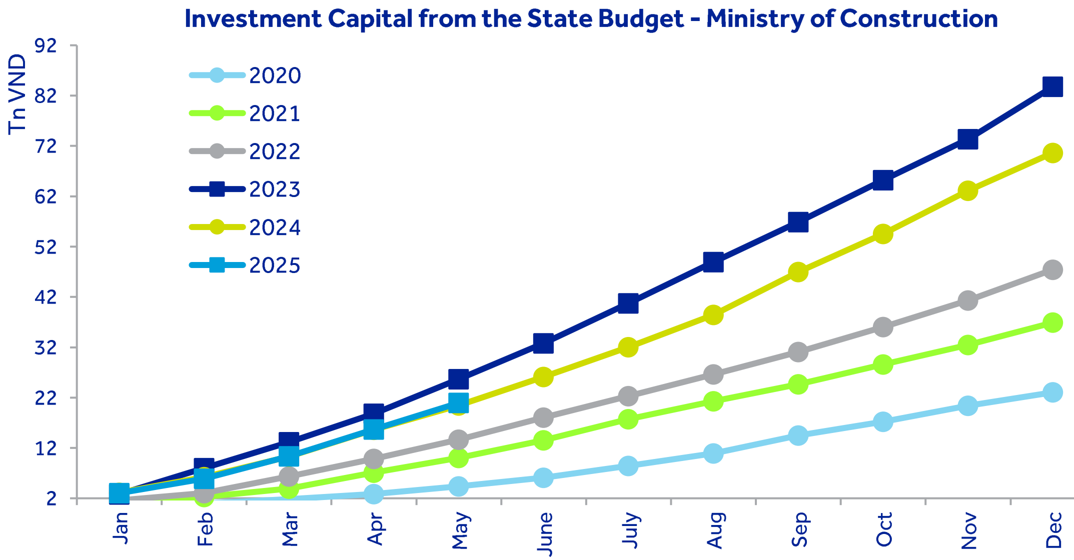
- Public investment spending for 2025 was revised upward, underscoring the Government's strong commitment to achieving the 8% GDP growth target for the year. In February 2025, the total public investment budget was increased to VND 875 tn (approximately USD 34.4 bn), representing a 10.6% rise compared to the previous plan and a 28% increase over the actual disbursement level in 2024.
- The disbursement progress of public investment is accelerating, reflecting the initial effectiveness of government directives (Official Telegrams No. 32/CĐ-TTg dated April 5 and No. 60/CĐ-TTg dated May 9, along with the national conference on boosting public investment momentum). The Prime Minister has instructed all ministries, sectors, and localities to strive for 100% disbursement rate of the 2025 public investment budget, up from the previous 95% target. As of May 31, 2025, cumulative disbursement reached VND 199.3 tn, up 15.8% YoY for May and 17.5% for 5M2025, equivalent to 24.3% of the full-year target.







Source: GSO, ACBS

KEY PROJECTS

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- During the 2024–2026 period, key infrastructure projects are roads and aviation. However, according to the 13th National Party Congress's resolution, Politburo's Conclusion No. 49-KL/TW dated February 28, 2023, and national transport development plans, railway has been identified as a strategic investment priority. Consequently, substantial capital will be allocated to the railway system, including the North–South high-speed railway, the Lao Cai – Hanoi – Hai Phong railway, urban rail systems in Hanoi and Ho Chi Minh City, and other important routes such as Lang Son – Hanoi and Hai Phong – Ha Long – Mong Cai.

Key infrastructure projects in the 2024-2026 period

No.	Project	Investment value (VND bn)	Timeline	Progress
1	North-South expressway phase 2	147,000	2022-2025	The project is expected to be fully completed by the end of 2025, with three key milestones set for April 30, September 2, and December 31.
2	Long Thanh international airport	336,630	2023-2025	Sub-projects 1 and 2 are on schedule, while the bidding for Sub-project 4 commenced in mid-2024. For Sub-project 3, ACV set a target for completion date of September 2026—approximately 60 to 90 days ahead of schedule.
3	The Ring Road 3 in HCMC	75,378	2022-2026	Land clearance has been fully completed. The project is expected to put over 25 km into operation by the end of 2025, with the remaining 51 km scheduled for completion and operation by April 30, 2026.
4	The Ring Road 4 in Hanoi	88,694	2023-2026	Site clearance has been completed nearly 99%. The entire project is expected to reach substantial completion in 2026 and commence operation in 2027.

Some projects expected to be implemented by the Ministry of Transport in 2025

No.	Project	Investment value (VND bn)
1	North-South Expressway expansion project, Eastern section, Cao Bo - Mai Son section	1,875
2	North-South Expressway expansion project, Eastern section, La Son - Hoa Lien	3,010
3	Cho Moi-Bac Can Expressway	5,570
4	My An - Cao Lanh Expressway (phase 1)	6,130
5	Dau Giay - Tan Phu Expressway	8,982
6	Ho Chi Minh City – Long Thanh – Dau Giay Expressway expansion project	14,955
7	Ho Chi Minh City – Trung Luong – My Thuan Expressway expansion project	32,300
8	Lao Cai - Hanoi - Hai Phong Railway	203,231

Sources: GSO, ACBS

PROGRESS OF KEY PROJECTS

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- As of now, Vietnam has completed 2,268 km of expressways. In line with the Government's directive, a nationwide "500-day campaign" has been launched to accelerate progress and achieve the target of completing 3,000 km of expressways by December 31, 2025. Under the national infrastructure development plan, the expressway network is expected to expand to 5,000 km by 2030. Given the ongoing acceleration in site clearance and proactive sourcing of construction materials, we believe the target of completing 3,000 km by YE2025 is achievable.
- Construction companies such as **VCG, HHV, and C4G were appointed by the Ministry of Transport** to build the North-South Expressway phase 2 project.
- **Profits of these companies are expected to peak in the 2025-2026 period.**

List of projects under the North-South Expressway Phase 2

No.	Project	Total investment (VND bn)	Total length (km)	Listed contractor	Progress (%)	Remaining value (VND bn)	Expected completion
1	Bai Vot – Ham Nghi	7,643	35.3	VCG	100%	0	04/2025
2	Ham Nghi – Vung Ang	9,734	54.2		100%	0	04/2025
3	Vung Ang-Bung	12,547	56.1	VCG,LCG	100%	0	04/2025
4	Bung- Van Ninh	9,361	50	C4G	100%	0	04/2025
5	Van Ninh – Cam Lo	9,919	65		100%	0	04/2025
6	Quang Ngai – Hoai Nhon	20,469	88	HHV	60%	8,188	12/2025
7	Hoai Nhon – Quy Nhon	12,401	70.1		63%	4,588	12/2025
8	Quy Nhon – Chi Thanh	14,802	61.7	CC1,RCC,TTL	70%	4,441	10/2025
9	Chi Thanh – Van Phong	10,773	48	HHV	70%	3,232	06/2025
10	Van Phong – Nha Trang	11,808	83.4	VCG	91%	1,063	04/2025
11	Can Tho – Hau Giang	10,370	37.7	CC1-G36	70%	3,111	12/2025
12	Hau Giang – Ca Mau	17,152	73	CC1- C4G	66%	5,832	12/2025
	Total	**147,000**	**721**			**30,454**	

Source: ACBS

KEY PROJECT PROGRESS

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List of the Ring Road 4 bidding packages implemented by listed contractors:

No.	Project	Total length (km)	Total investment (VND bn)	Progress (%)	Remaining value (VND bn)	Listed contractor	Expected completion
1	Route section from Km13+017.92 to Km36+166.74	23.1	1,818	56%	800	**VCG**	06/2026
2	Route from Km48+314.71 to Km58+200	9.9	890	55%	401	**C4G**	06/2026
3	Parallel road (urban road) in Hung Yen province	19.3	1,505	40%	903	**LCG**	09/2026

List of the Ring Road 3 bidding packages implemented by listed contractors:

No.	Project	Total length (km)	Total investment (VND bn)	Progress (%)	Remaining value (VND bn)	Listed contractor	Expected completion
1	Package XL4 through Thu Duc City	3.0	1,642	20%	1,314	**HHV**	11/2026
2	Package XL5 through Thu Duc City	2.4	2,303	32%	1,566	**VCG,DPG,HBC**	12/2026
3	Package XL8 through Hoc Mon District	7.3	1,418	15%	1,205	**C4G**	07/2026
4	Package XL10 through Binh Chanh District	3.1	1,638	30%	1,147	**HBC, C4G**	12/2026
5	Package XL1 through Binh Chanh District	2.4	1,832	30%	1,282	**VCG, HHV**	02/2027

List of outstanding sub-projects of Long Thanh International Airport

No.	Project	Total investment (VND bn)	Progress (%)	Remaining value (VND bn)	Listed contractor	Expected completion
1	Passenger terminal	35,234	30%	24,911	**Vietur: PHC, CC1,VCG**	2026
2	Construction and design of runways, aprons, and auxiliary works	7,274	42%	4,202	**VCG, C4G**	2025
3	Construction and installation of aircraft parking equipment and related works	6,267	32%	4,260	**VCG,C4G**	2026
4	Internal road T1,T2	7,819	58%	1,176	**HHV, TTL**	2025
5	Construction, installation and design of internal port traffic works, airport infrastructure.	11,419	30%	7,968	**VCG,C4G**	2026

Source: ACBS

OUR WATCHLIST

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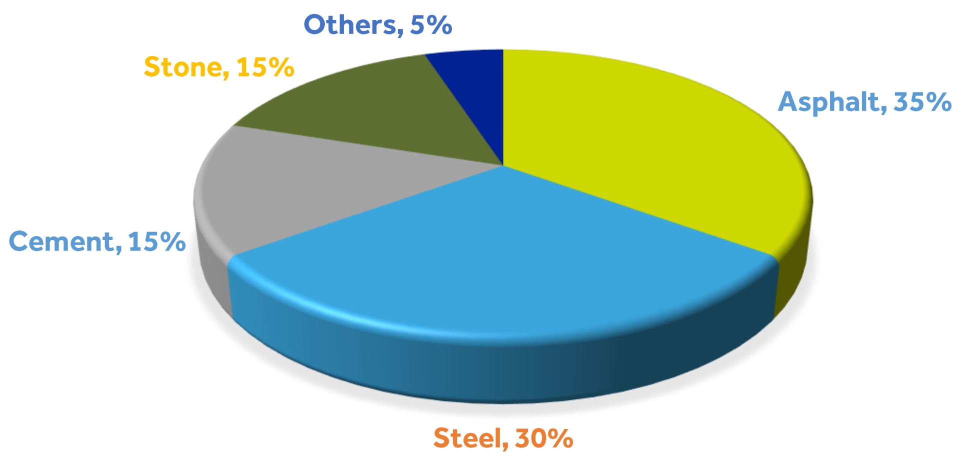
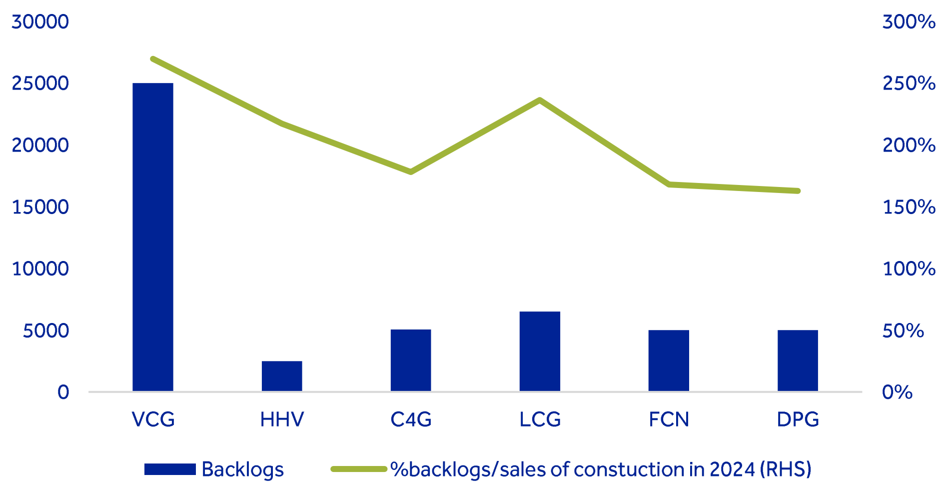
- **Sectors benefiting directly from increased public investment**: Construction materials (construction stone, steel, cement, asphalt), and Infrastructure construction
- Infrastructure construction firms under our coverage, including VCG, HHV, and DPG, are estimated to have construction backlogs by the end of March 2025 amounting to 2–3 times their annual revenue from construction activities. These substantial backlogs provides a solid foundation for revenue growth over the next two years, as these companies ramp up execution of key national infrastructure projects nearing completion.
- In the medium term, the backlogs of infrastructure construction companies such as VCG, HHV, and DPG are expected to expand further thanks to the government's strategic target to invest in major infrastructure projects such as the Lao Cai – Hanoi – Hai Phong railway and the North–South high-speed rail, which are scheduled for implementation after 2027. For BOT operators like HHV, the synchronized development and interconnection of new expressway routes are anticipated to drive higher traffic volumes through toll stations, thereby improving operating cash flows and enhancing financial performance amid a progressively integrated national transport network.
- **Sectors benefiting indirectly from increased public investment**: Residential real estate, industrial parks and logistics

Breakdown of road and bridge construction materials (%)



Value of backlogs (VND bn)



Source: ACBS

OUR TOP-PICKS

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➢ **Material and Infrastructure Construction Sector:** We select leading stocks in each sub-sector with high-growth potential. These companies are expected to benefit from the policies of boosting public investment and have strong prospects of winning numerous future contracts.

No.	Ticker	2025 Target price	Upsize (**) (%)	Investment highlights
1	**HPG**	**32,000**	**19%**	• The demand for construction steel is expected to continue rising in 2025 as the Government accelerates investment in infrastructure projects like the Long Thanh Airport and the North-South High-Speed Railway. • With the advantage of owning a complete steel value chain, HPG maintains a leading position in the domestic market, holding approximately 38% of the total market share for construction steel consumption. The demand for construction steel for public investment will help HPG maximize its capacity, with an estimated production increase of around 10% compared to 2024. Furthermore, stable demand will help maintain steel prices and ensure HPG's profit margins remain stable.
2	**VLB (*)**	**49,300**	**6%**	• VLB owns five mines (Thanh Phu 1, Thien Tan 2, Tan Cang 1, Soklu 2, Soklu 5), all strategically located to supply key infrastructure projects in the Eastern and Southwestern regions of Vietnam, such as the second phase of the North-South Expressway, Long Thanh International Airport, and Ho Chi Minh City's Ring Road 3. • We estimate that the demand for construction stone for major project developments in Southern Vietnam from 2024 to 2030 will reach 37.3 bn cubic meters, equating to an annual increase in stone consumption of 10%. • With an estimated remaining reserve of nearly 85 mn cubic meters of stone at the end of 2024 and an annual licensed extraction capacity of 5.7 mn cubic meters, VLB is well-positioned to meet the increased demand driven by boosted public investment activities.
3	**PLC (*)**	**27,500**	**9%**	• PLC is the largest asphalt supplier in Vietnam, holding about 30% of the national market share. • With its nationwide storage and port system's capacity of 400,000 tons per year, PLC significantly benefits from the growing demand for asphalt which is driven by the Government's ambitious infrastructure goals of achieving 3,000 km of expressways by 2025 and 5,000 km by 2030.
4	**HHV**	**16,000**	**31%**	• In the 2025-2027 period, traffic volume through toll stations under BOT projects operated by HHV is expected to grow steadily at a rate of 8–10% per annum. This growth will support a stable revenue stream from toll collection activities. • We believe the government's continued increase in public investment spending will unlock additional infrastructure opportunities for HHV going forward. As of Q1/2025, HHV's construction backlog stood at over VND 2.3 tn—equivalent to 2.3 times its 2024 EPC revenue—positioning the construction segment as a key earnings driver for the 2025–2026 period.
5	**VCG**	**26,700**	**25%**	• As of Q1/2025, VCG reported a construction backlog of over VND 25 tn, equivalent to 2.7 times of its 2024 construction revenue. The construction segment is expected to remain the primary contributor to VCG's earnings performance over the 2025–2026 period. • With the Government's policy to boost public investment, we expect VCG to secure new contracts thanks to its extensive experience and capability in executing large-scale projects.

Source: ACBS

(*) Bloomberg consensus, (**) data in 20/06/2025

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