



SECTOR OUTLOOK 2H2026

The Era of Ascendance



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03 Disclaimer

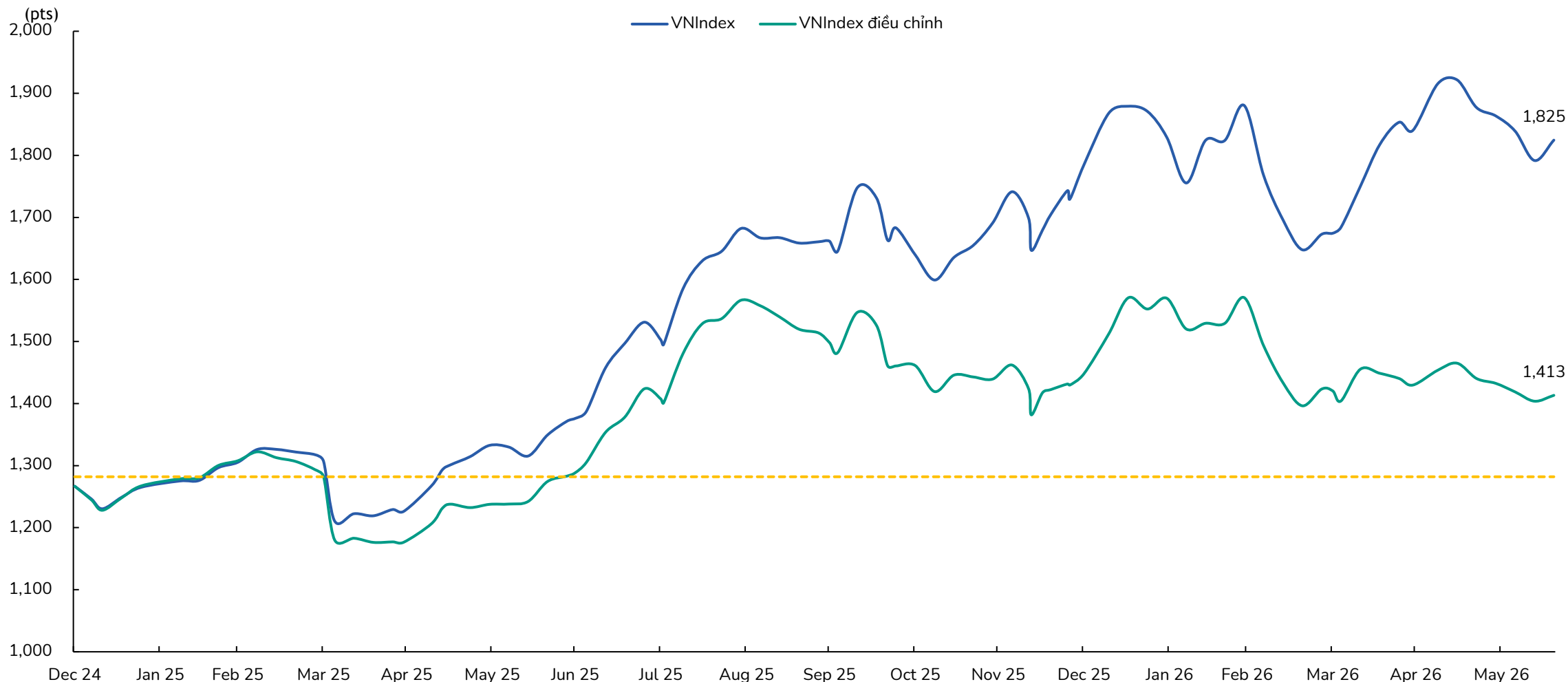


REVIEW OF 1H2026

HIGH CONCENTRATION IN
A FEW STOCK GROUPS



Stock market gains concentrated in a small number of stocks



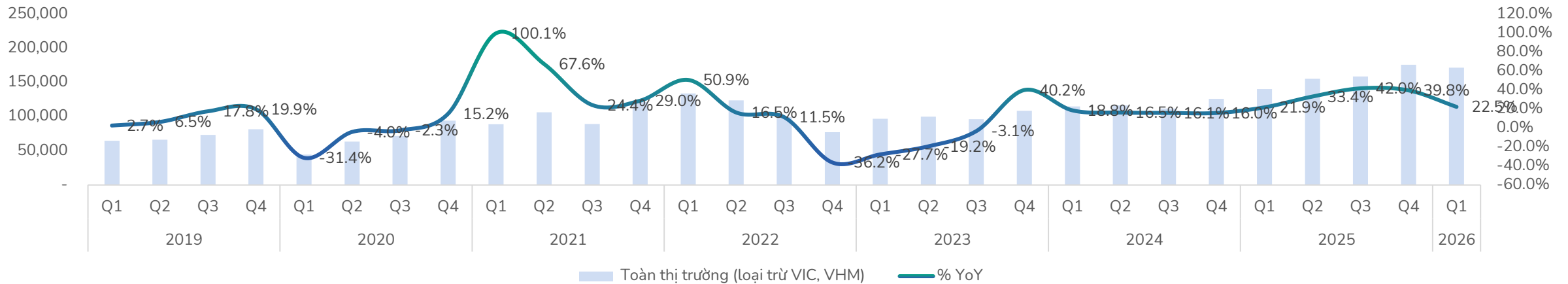
- As of June 19, the VnIndex reached 1,825 points (-2% YTD), while the VnIndex excluding Vingroup stocks reached 1,742 (-7% YTD), showing that the market's uptrend remains concentrated in a small number of stock groups, similar to 2025 (in 2025: the VnIndex rose 43%, the VnIndex excluding Vingroup stocks rose 16%).

Market profit growth remains positive

% YoY Tăng trưởng LNST toàn thị trường



% YoY Tăng trưởng LNST toàn thị trường (loại trừ VIC VHM)



- Although market performance (excluding Vingroup stocks) has been rather muted, profit growth over the last 5 quarters has maintained a positive pace.

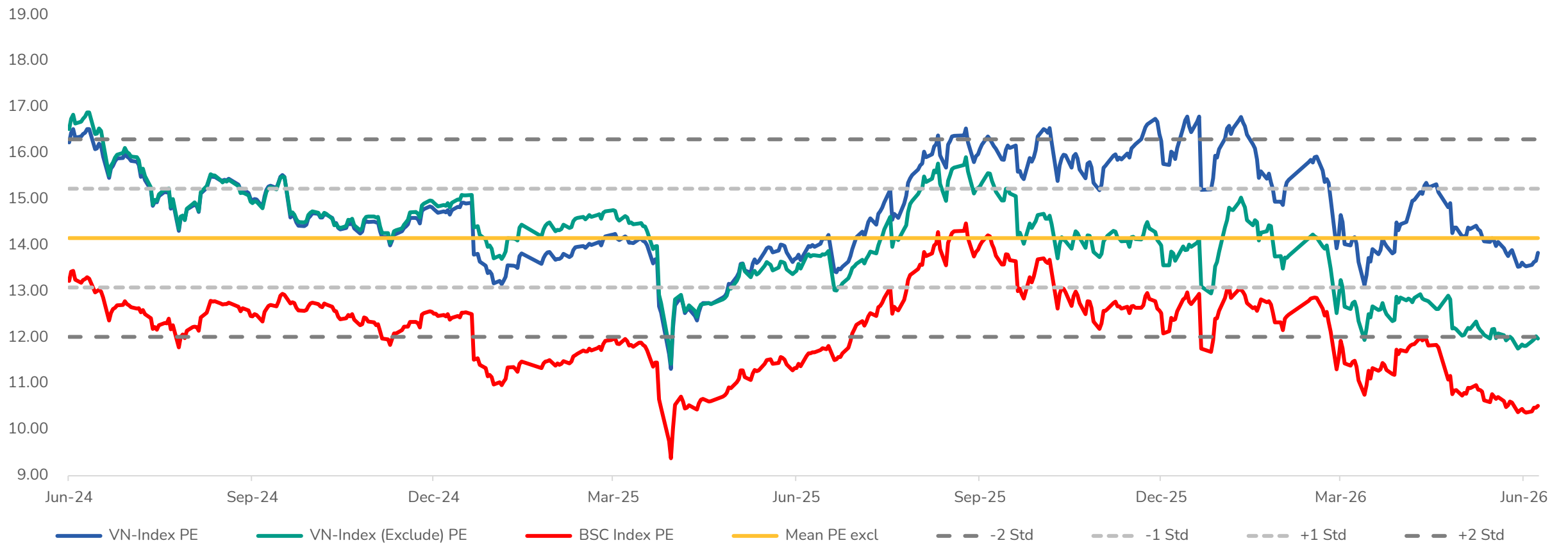
Profit growth largely driven by core earnings

Earnings quality assessment: 7/19 sectors grew core earnings, 9/19 sectors saw an improved EQS

EQS index: based on 4 criteria (i) earnings above prior peak (ii) earnings growth acceleration (iii) margin improvement (iv) earnings stability

Sector	EQS Q1/2025	EQS Q4/2025	EQS Q1/2026	ΔEQS QoQ	ΔEQS YoY	QoQ Trend
Basic Resources	69.8	73.9	92.5	+18.6	+22.7	Improving
Oil & Gas	50.8	84.1	92.2	+8.1	+41.4	Improving
Telecommunications	36.4	66.2	81.0	+14.8	+44.5	Improving
Retail	73.8	84.7	80.2	-4.5	+6.4	Declining
Media	48.2	59.3	80.1	+20.8	+31.9	Improving
Food & Beverage	52.9	77.8	79.7	+1.9	+26.8	Stable
Personal & Household Goods	74.8	74.6	75.1	+0.5	+0.3	Stable
Travel & Leisure	55.3	41.2	73.7	+32.4	+18.4	Improving
Electricity, Water & Gas	67.3	78.5	73.6	-4.9	+6.3	Declining
Chemicals	60.8	45.6	72.8	+27.2	+12.0	Improving
Banking	72.3	72.7	72.4	-0.3	+0.1	Stable
Real Estate	89.9	79.1	70.9	-8.2	-19.0	Declining
Industrial Goods & Services	68.7	62.1	70.1	+8.0	+1.4	Improving
Financial Services	59.8	87.7	68.9	-18.9	+9.1	Declining
Healthcare	58.2	69.5	64.4	-5.2	+6.2	Declining
Automobiles & Parts	53.8	57.6	62.5	+4.9	+8.7	Improving
Construction & Materials	61.1	73.5	62.2	-11.3	+1.0	Declining
Insurance	56.0	46.1	58.9	+12.8	+2.9	Improving
Information Technology	80.9	75.5	51.2	-24.3	-29.7	Declining

VnIndex_exclude valuation is cheap at 12.0x, equivalent to -2 standard deviations



Source: BSC Research,

VNINDEX_EXCLUDE as of 30/12/2025

PE TTM 13.5x	MEAN 14.3x
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VNINDEX_EXCLUDE as of 19/06/2026

PE TTM 12.0x	MEAN 14.2x
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Legend:

- P/E VN-Index_500 STOCKS: >500 tickers, over 90% of total market cap.
- P/E VN-Index exclude: excludes contributions of VHM, VIC, VRE, VPL
- P/E BSC's Universe: Top 87 stocks BSC covers, ~67% of VN-Index market cap



OUTLOOK 2H.2026 – 2027

LIQUIDITY REMAINS A KEY
FACTOR TO MONITOR

KEY CRITERIA

Profit growth

- Overall rating: 3/5
- Profit growth, BSC universe: expected +22% YoY and +16% YoY in FY2026 and FY2027
- Earnings quality: Good, mostly from core business operations (except PHR)

Valuation

- Overall rating: 4/5
- VN-Index valuation excl. VIC/VHM: PE TTM at 12.0, a 15% discount to the median of 14.2; trading at -2 standard deviations.

Market liquidity

- Overall rating: 1/5
- Foreign investors: strong net selling
- Interbank liquidity: remains tight in 2H.2026

OTHER CATALYSTS

SOE divestment

- Major shareholders, especially the State, transfer part of their ownership through public auctions or on-exchange transactions.
- Companies may issue additional shares to raise capital and dilute the ownership of existing major shareholders.
- Report [link: https://www.bsc.com.vn/Report/ReportFile/15302](https://www.bsc.com.vn/Report/ReportFile/15302)

Market upgrade

- Estimated 23 stocks allocated across 4 conversion phases
- Expected USD 1.4 billion of inflows from Sep 2026 – Sep 2027
- Report link: 15477

High weighting in the Index

- Prioritize stocks with large index weightings
- Example: VIC (18.5%), VHM (6.9%), VCB (5.9%)

PROFIT GROWTH CRITERIA: +22% FY2026 AND +16% FY2027

2026F profit forecast: Compared with the previous report (Mar 2026), across nearly 80 stocks under coverage, BSC revises its 2026F profit forecast to VND 525.1 trillion, up 3.7% versus the previous report and up 21.9% YoY. The change is concentrated mainly in Real Estate (VHM), Oil & Gas (BSR), etc.

Earnings quality assessment: Good — mostly derived from core business operations. The 21% earnings-quality growth rate is at a moderate level relative to historical profit growth (60th percentile).

CHANGE IN PROFIT FORECAST (vs Q1.2026)

Domestically-driven growth companies:

Raised forecasts for

- + Real Estate: +31% vs Q1.2026, concentrated in VHM
- + Oil & Gas: +33% vs Q1.2026, concentrated in BSR

Lowered forecasts for

- + Banks: -3% vs Q1.2026, concentrated in STB and EIB.

Internationally-driven growth companies:

No major changes

Note:

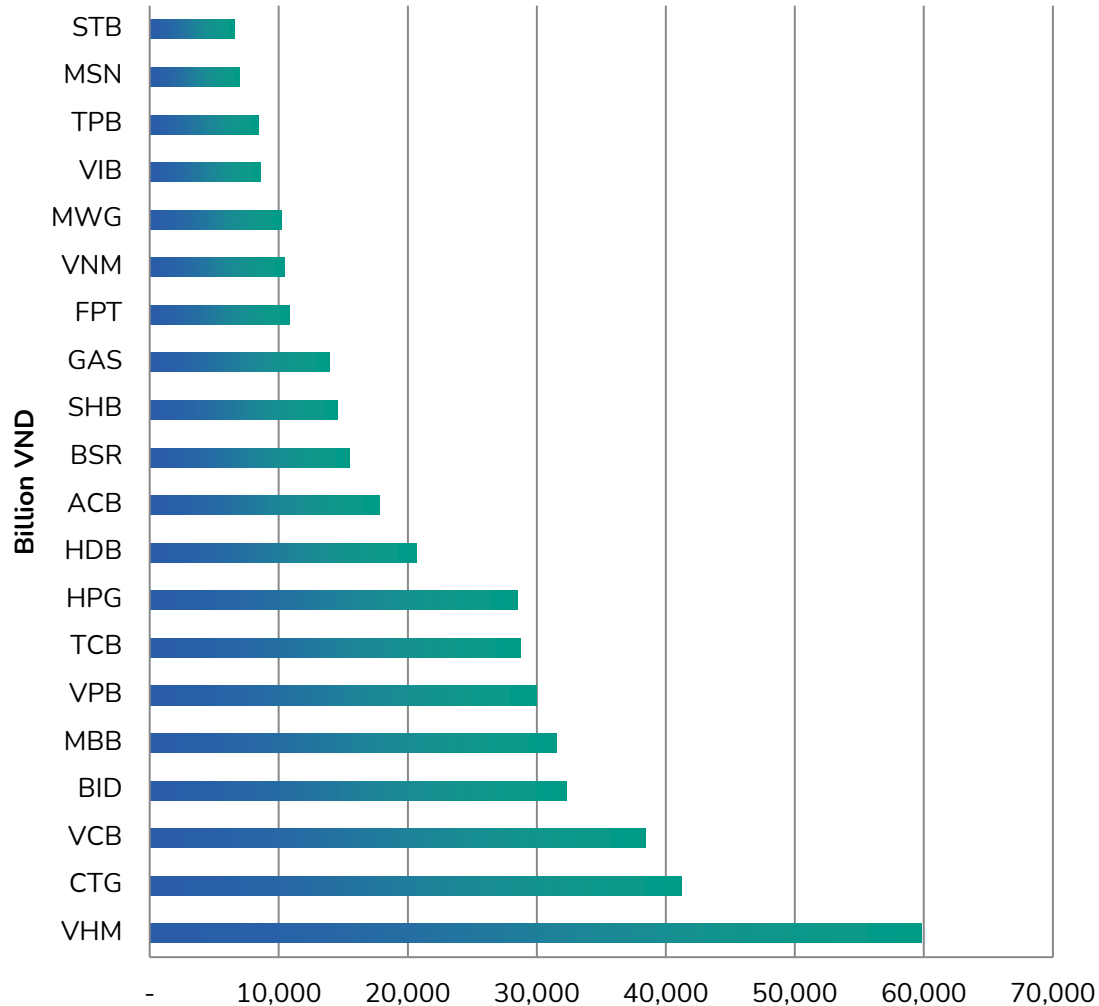
- BSC universe: 78 stocks, accounting for 61% of market capitalization and 77% of the market's after-tax profit

Sector	Forecast change	Magnitude of change
Chemicals (newly added PHR)	Up	32%
Real estate (revised up VHM)	Up	31%
Oil & Gas (revised up BSR)	Up	30%
Food & Beverage	Up	13%
Retail	Up	12%
Personal & Household Goods	Up	5%
Electricity, Water, Oil & Gas Utilities	Up	4%
Construction & Materials	Up	2%
Information Technology		0%
Travel & Leisure		0%
Industrial Goods & Services		0%
Basic Resources	Down	-3%
Banks	Down	-3%
Financial Services	Down	-5%

PROFIT GROWTH CRITERIA: +22% FY2026 AND +16% FY2027

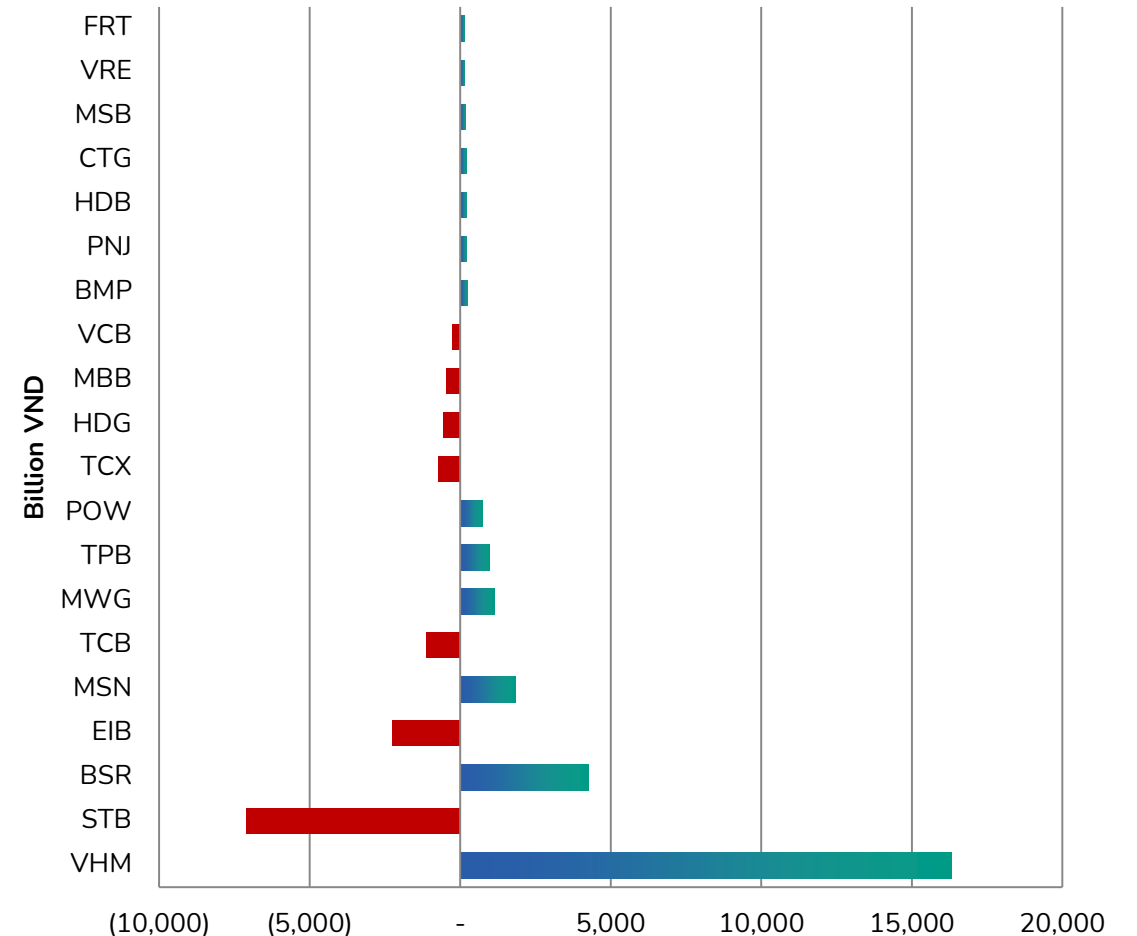
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The 20 largest contributors to total net profit in 2026



The 20 enterprises with the largest profit-forecast revisions vs. the previous report

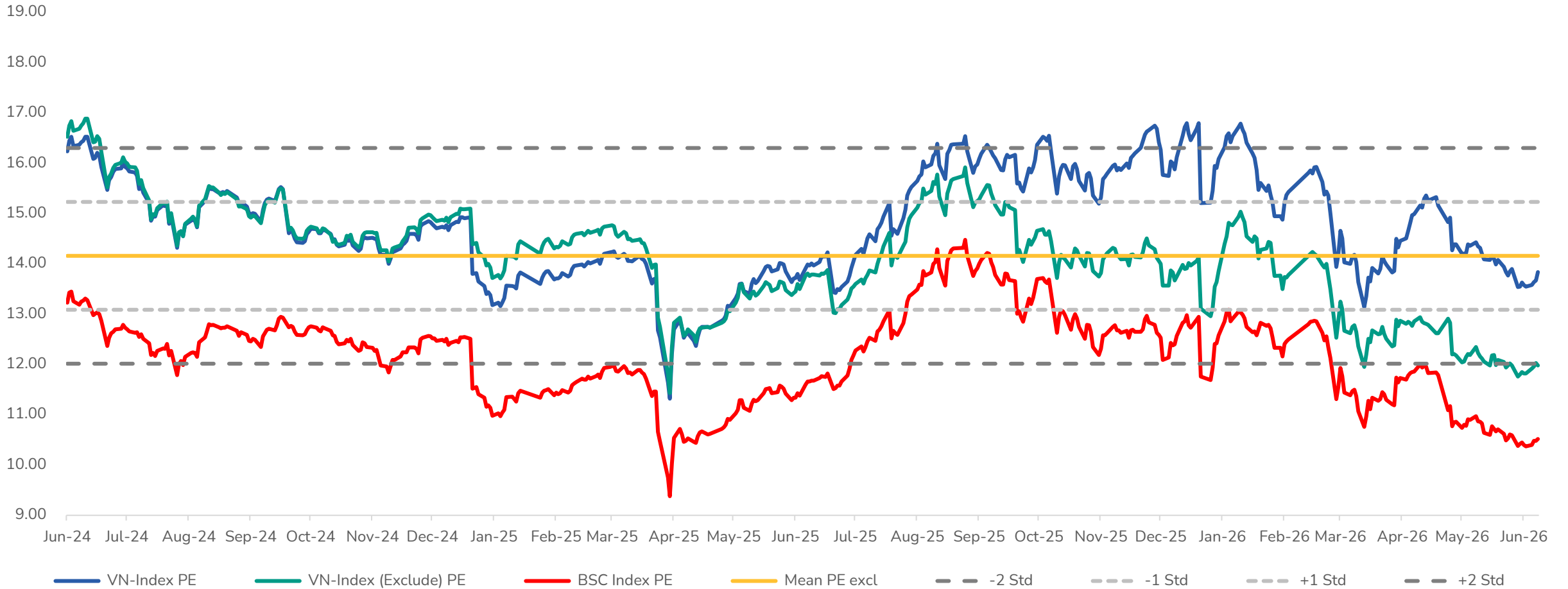
Top 20 NPATMI Change — Q1 vs Q2 2026F (VND bn)



PROFIT GROWTH CRITERIA: +22% FY2026 AND +16% FY2027

Sector	No. of companies observed	Doanh thu 2025	Doanh thu 2026	Doanh thu 2027	NPAT - MI 2025	NPAT - MI 2026	NPAT - MI 2027	PE ttm	PE FW 2026
Banks	16	666,057	773,383	905,884	255,723	295,183	344,472	9.2	7.6
Retail	3	232,132	288,024	326,353	8,380	12,064	13,931	15.2	12.3
Basic Resources	4	211,095	283,987	311,572	16,774	29,742	36,004	9.8	7.4
Real Estate	10	200,772	246,718	411,434	55,853	76,226	91,893	10.3	10.5
Food & Beverage	6	187,259	217,343	235,285	18,984	22,599	24,659	13.6	12.5
Oil & Gas	3	185,031	238,055	216,665	8,046	18,495	16,627	10.5	9.2
Electricity, Water & Oil & Gas Utilities	3	177,238	222,648	229,077	15,200	17,570	17,652	17	14
Travel & Leisure	1	121,213	130,981	144,801	7,302	1,075	6,194	8.5	7.8
Construction & Materials	12	83,737	97,925	126,779	5,657	6,397	8,172	13.2	11.2
Information Technology	2	71,630	59,398	71,109	9,496	11,002	13,806	12.6	11.3
Industrial Goods & Services	4	66,557	71,895	76,558	5,397	5,723	7,181	16.7	16.3
Personal & Household Goods	3	49,213	66,386	72,711	3,833	5,106	5,770	8.8	8.4
Financial Services	5	41,757	47,872	51,169	15,812	17,354	17,994	17.7	17
Chemicals	4	40,614	48,684	49,353	4,146	6,445	5,608	8.8	6.7
Automobiles & Parts	1	5,004	4,956	5,155	121	122	62	7.4	8.5

VALUATION CRITERIA: Vnindex_exclude is cheap at P/E 12.0x



Source: BSC Research,

VNINDEX_EXCLUDE as of 30/12/2025

PE TTM 13.5x	MEAN 14.3x
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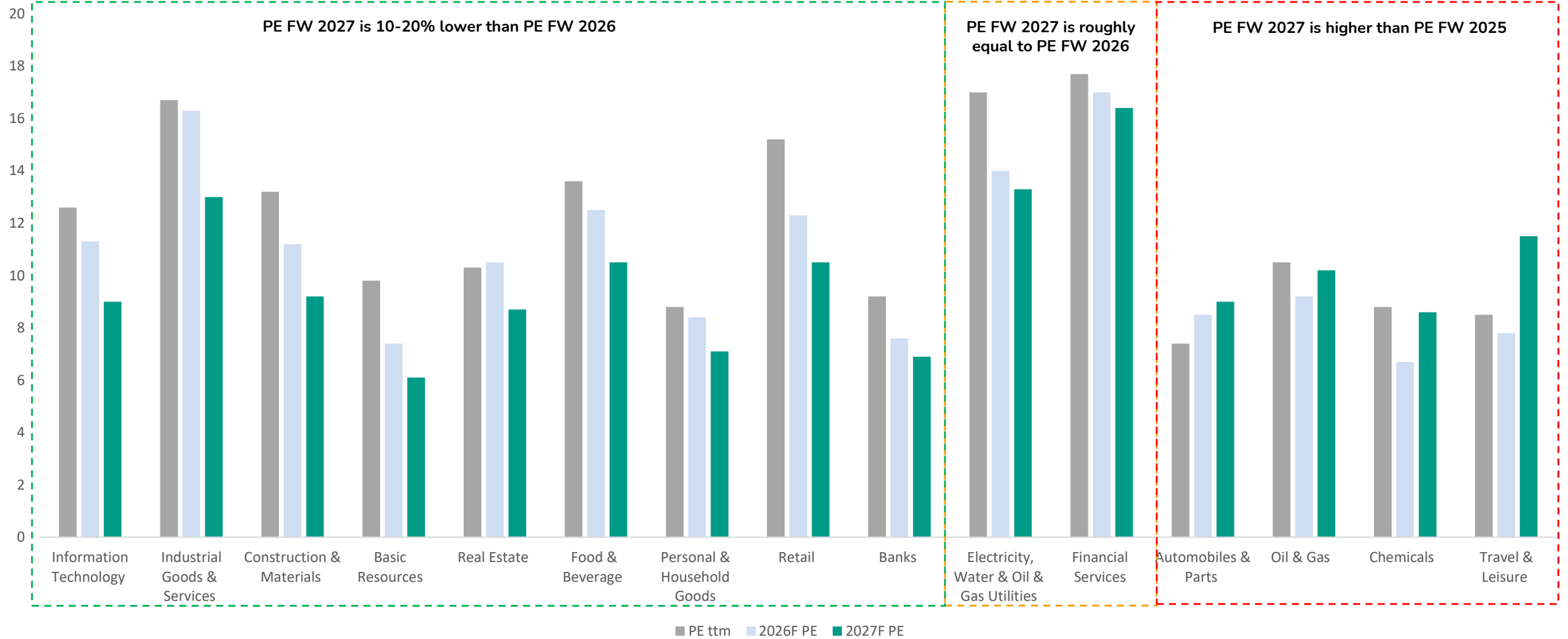
Legend:

- **P/E Vn-index_500 STOCKS:** >500 stocks accounting for over 90% of capitalization weight.
- **P/E Vn-index exclude:** excludes contributions from VHM, VIC, VRE, VPL
- **P/E BSC's Universal:** Top 87 stocks BSC covers, accounting for about 67% of VN-Index capitalization weight

BSC's view:

Vnindex valuation is cheap relative to history; however, tight liquidity will cause most stocks to trade at low valuations.

09/15 BSC_UNIVERSAL SECTORS RECORD VALUATIONS 10-20% LOWER VS 2026FW



As of 19/06/2026:

- Sectors with 2027 fwd P/E lower than 2026: 9/15
- Sectors with 2027 fwd P/E higher than 2026: 4/15

As of 19/06/2026:

- Largest 2027 vs 2026 fwd P/E gap: Information Technology
- Smallest gap: Travel & Leisure, Chemicals

Liquidity/interest rates unlikely to reverse in 2H2026

Likelihood of a rate cut in 2H2026: LOW



A. INTERBANK MARKET

Monetary policy: The SBV may provide support but will not abruptly reverse its liquidity-injection policies due to pressure from inflation (impact of the Iran war) and the exchange rate.

Credit supply and demand:

- Credit demand is very high due to the large capital needs of major players (Vingroup, SunGroup, Sunshine, etc.), causing a “crowding out” effect.
- Credit supply is low because (i) people are holding large amounts of cash (tax collection, etc.) and (ii) capital is tied up in high-priced assets (VND 2 quadrillion of the shortfall is locked in real estate)

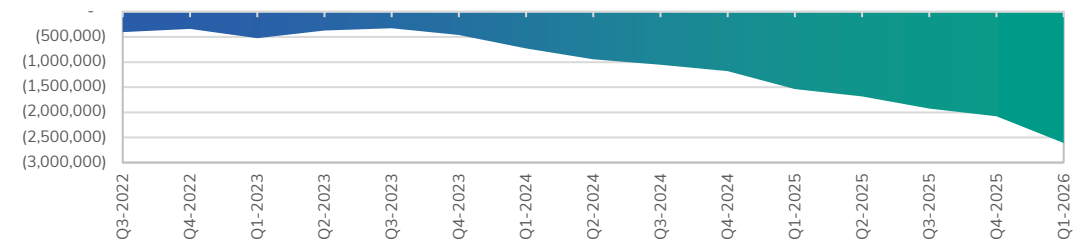


B. STOCK MARKET

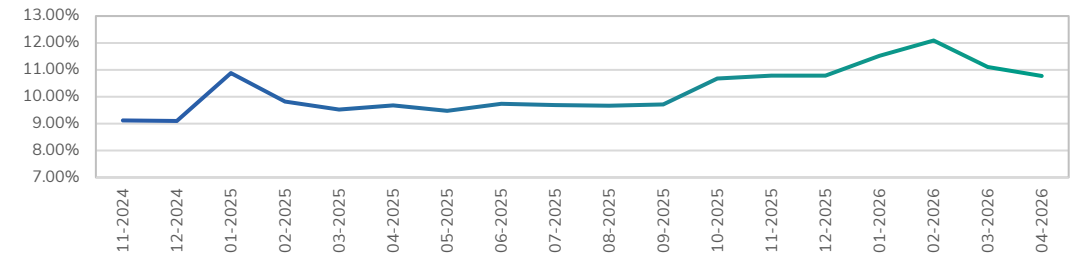
Net foreign outflows: Cumulatively over 5M.2026, foreign investors net sold VND 65,000 billion (~USD 2.5 billion) (+57% YoY).

Market upgrade: ~VND 3,700 billion (~USD 141 million) is expected to flow in from Sep 2026 in connection with the upgrade.

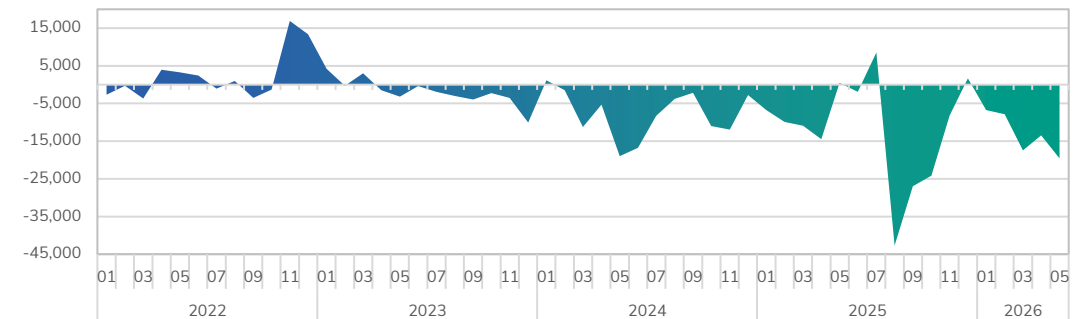
Gap between deposits and capital mobilization



Ratio of cash /total means of payment



Foreign investor cash flow (VND bn)



Liquidity/interest rates unlikely to reverse in 2H2026

TIMING

A. STATE POLICY

Fiscal policy is being accelerated: As of the end of May 2026, total disbursed public-investment capital reached VND 219,358 billion (21.6% of the plan assigned by the Prime Minister, +13% YoY). BSC believes public-investment disbursement will accelerate further after Ho Chi Minh City finalizes its 100-Year Master Plan.

Monetary policy is supportive: Currently, BSC observes that the State Bank is introducing market-support policies: e.g., not counting credit for key projects toward credit limits, raising the medium- and long-term lending ratio, etc.)

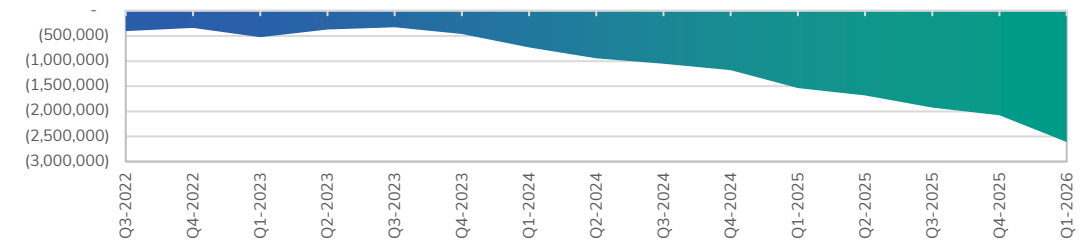
B. DECLINING CASH-HOLDING RATIO

BSC believes that for households to deposit more money into the system, the following factors should be monitored:

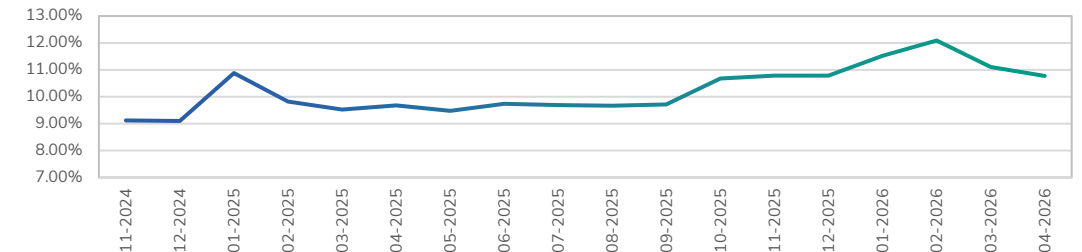
- The proposal to exempt revenue below VND 5 billion from tax is approved / people stop holding cash to avoid tax
- It will take time for cash from land-clearance compensation to return to the system / people re-deposit money as other asset channels stall

C. CAPITAL LOCKED IN REAL ESTATE RETURNS TO THE ECONOMY

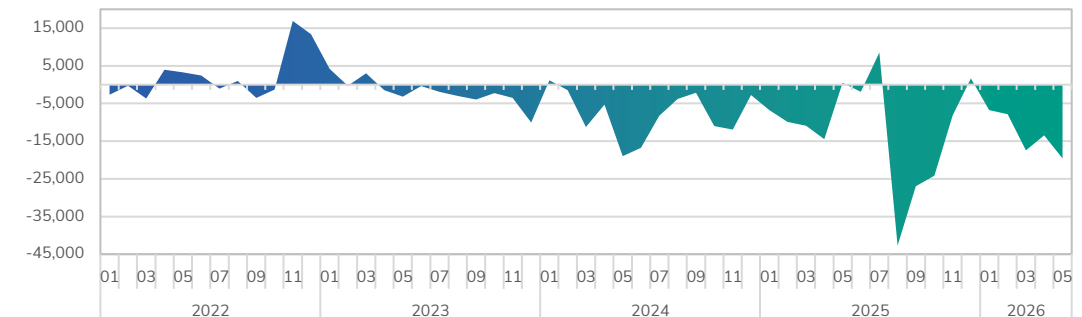
Difference between deposits and capital mobilization



Cash-to-total liquidity ratio



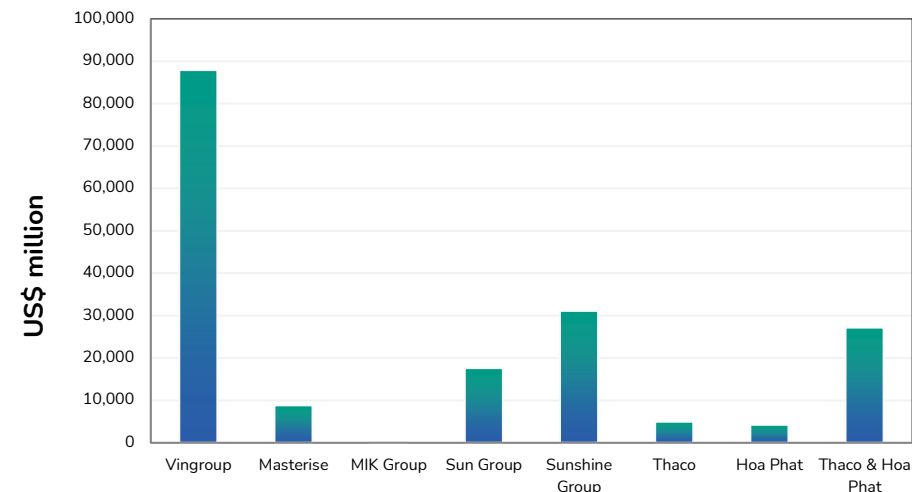
Foreign institutional cash flow (VND Billion)



Company	No. of projects tracked	Total investment (USD million)	Total investment (VND billion)
Vingroup	12	87,912	2,309,013
Masterise	3	8,816	231,556
Sun Group	10	17,601	457,429
Sunshine Group	5	31,100	818,000
Thaco	5	13,012	341,600
Hoa Phat	4	8,023	12,450
Thaco & Hoa Phat	1	27,160	714,256
Total	40	193,778	4,888,343

Company	Sector	Total investment (VND billion)
Vingroup	High-speed rail	224,580
Vingroup	Real estate	1,899,320
Vingroup	Energy	105,113
Vingroup	Steel	80,000
Masterise	Airport	196,378
Masterise	Bridge	35,178
Sungroup	Real estate	392,510
Sungroup	Airport	8,480
Sungroup	Expressway	25,087
Sunshine Group	Real estate	818,000
Thaco - Dai Quang Minh - Hoa Phat	Real estate	736,963

Total investment by enterprise (USD million)



Note:

- Excluding VND 1.5 quadrillion of investment for Hanoi's 5 metro lines (as it uses state capital)
- Excluding the real-estate projects of Masterise and MIK (no information available)
- Excluding projects currently under proposal (e.g., metro lines, expressways)
- Per our research, the banks focused on Vingroup: TCB, SBT, LPB, TPB (partly)

For the 2H.2026 – 2027 investment strategy, BSC pursues 3 key criteria to select sectors/stocks: **(i) profit growth; (ii) current valuation; and (iii) the analyst's level of confidence.**

Risk: Liquidity in the market (both interbank and stock market) is expected to remain challenging in 2H.2026, which may cause share prices not to reflect fundamental changes but to depend mainly on short-term market supply and demand. Therefore, the holding time horizon will need to be longer to limit the impact of liquidity stress on target prices.

3 key selection criteria

Three main conditions affecting sector/stock recommendations.

1 Profit growth 2H.2026 – 2027

- Positive growth
- Improving growth rate
- Tied to Vietnam's domestic growth drivers

2 Current valuation

Valuation lower than/equal to the 3-year median

3 Analyst confidence level

✓ Conclusion: prioritize a portfolio with growth driven by domestic factors, at cheap/average valuations

PRIORITY MAIN DISH

- **Banks (2027):** Expected to be a key beneficiary when credit demand is large (especially demand from large private enterprises willing to borrow heavily at high lending rates). However, concentration risk (go big or go home) also rises.
- **Retail:** Gaining market share with high growth while valuations have already been heavily discounted
- **FPT/HPG:** High growth, discounted valuation.
- **Real estate:** Expectations of a reversal of the tightening policy

WATCHING SIDE DISH

- **Mostly individual stocks – interesting stories but not yet fully meeting the criteria**

• **Examples:** POW, ANV, MSN, PVD, PVS, PVT, KBC, DHC, CTR

NOT PRIORITIZED

- Not prioritizing sector groups associated with legal risk, or that do not fit the three selection conditions.

BANKS – Focus sector group

Focus stocks: VCB, MBB

Sector: The SBV has taken several actions to ease system liquidity pressure; the sector's NIM is expected to bottom out and asset quality to remain stable.

Call:

- **MBB:** Credit growth of 30% thanks to taking over a zero-dong bank; raising the cap on the short-term-funding-for-long-term-lending ratio to 40% will help support MBB's liquidity.
- **VCB:** Catalysts: reversal of bond provisions, record-high State Treasury term deposits, and historically low valuation.

RETAIL – Focus sector group

Focus stocks: MWG, FRT

Sector: Expanding market share thanks to the shift toward genuine, transparent retail, along with operational optimization. However, watch consumption pressure amid inflation, persistently high interest rates, and a high prior-year earnings base.

Call:

- **MWG:** Valuation discounted to PE FW 2026 = 11–12x (-1 standard deviation) with outperforming growth as DMX and BHX open new stores efficiently.
- **FRT:** Valuation has dropped to a level that only reflects Long Chau's latest strategic stake sale. It has not yet factored in the positive >20% annual growth outlook and FShop's business recovery—Forward P/E is 19x.

REAL ESTATE – Focus sector group

Focus stocks: KDH, DXG

Sector: (1) The interest-rate environment shows signs of peaking; (2) profit growth is secured by strong 2025–2026 presales, amid attractive sector valuations.

Call:

- **KDH:** Expecting a new partner with strong financial capacity to accompany the company long term, also targeting the large Tan Tao project (zones A, B) and Phong Phu
- **DXG:** Strong profit growth thanks to handover of The Prive in 2027 and cheap valuation

BUILDING MATERIALS – Non-focus sector group

Focus stock: HPG

Sector: Consumption volume recovering, led by the domestic market.

Call:

- **HPG:** Benefits from (i) higher output as the Dung Quat 2 plant reaches stable operation, and (ii) higher HRC selling prices after Vietnam officially imposed anti-dumping and anti-circumvention duties on wide-format HRC.

IT – Non-focus sector group

Focus stock: FPT

Sector: New contract signings began recovering in the first 4 months of 2026 (+33% YoY). APAC customers have resumed negotiations.

Call:

- **FPT:** PE FW 2026 = 12x, a discount of -2 standard deviations from the 5-year average (19–20x), amid the sector starting to show a recovery trend.

Recommendation summary: MAIN DISH

Stock	Current price 26/6/2026 (VND/share)	Target price (VND/share)	Upside	NPATMI 2026F growth	NPATMI 2027F growth	PE FW 2026	PB FW 2027	Investment thesis
BANKING SECTOR								
VCB	61,400	75,800	20%	9%	14%	P/B 1.91	P/B 1.67	<ul style="list-style-type: none"> A thick 250% NPL coverage ratio helps cushion macro shocks. Catalysts: reversal of VND 3.1 trillion in bond provisions and a 6.5% private placement. Valuation at a historical low, PB TTM = 2.2x.
MBB	24,750	32,900	33%	18%	22%	P/B 1.19	P/B 0.97	<ul style="list-style-type: none"> Credit growth of 30% thanks to taking over a zero-dong bank. Circular 25 raising the cap on the short-term-funds-for-long-term-loans ratio from 30% to 40% will help support MBB's liquidity.
RETAIL SECTOR								
MWG	77,200	106,800	38%	46%	15%	11.0	9.6	<ul style="list-style-type: none"> Valuation discounted to PE FW 2026 = 11-12x (below the 5-year average of 17x) Growth headroom >45% YoY, with MWG outperforming as DMX and BHX open new stores efficiently, capturing the sector's shift toward transparency.
FRT	122,000	161,600	+32%	43.7%	18.5%	19.1	16.1	<ul style="list-style-type: none"> Valuation has dropped to a level that only reflects Long Chau's latest strategic stake sale. It has not yet factored in the positive >20% annual growth outlook and FShop's business recovery—Forward P/E is 19x.
BUILDING MATERIALS SECTOR								
HPG	23,500	36,000	53%	+85%	+22%	7.1	5.8	<ul style="list-style-type: none"> HPG benefits from (i) higher output as the Dung Quat 2 plant reaches stable operation, and (ii) higher HRC selling prices after Vietnam officially imposed anti-dumping duties and anti-circumvention duties on wide-format HRC.
INFORMATION TECHNOLOGY SECTOR								
FPT	70,800	90,600	28%	15.7%	20.2%	12	9.8	<ul style="list-style-type: none"> FPT trades at a valuation discounted by -2 standard deviations from the 5-year average (19-20x) and has begun to show early signs of recovery via new contract signings +33% in the first 4 months of 2026.
REAL ESTATE SECTOR								
DXG	12,450	20,800	67%	261	3,645	55.7	4.0	Strong profit growth thanks to handover of The Prive in 2027 and cheap valuation
KDH	21,600	39,900	84%	1,150	1,686	27.4	18.7	Expecting a new partner with strong financial capacity to accompany the company over the long term, also targeting the large Tan Tao project (zones A, B) and Phong Phu

KBC

Target price	NPATMI 2026F Growth	NPATMI 2027F Growth	PE FW 2026F	PB FW 2026F
42,300	35%	66%	9.8	0.9

- **Story:** Biggest beneficiary of the wave of Chinese FDI into Vietnam.
- **Drawback:** Trang Cat still accounts for a large portion of the valuation, while the short-term outlook for the Trang Cat bulk-sale prospects is not positive.

PVT

Target price	NPATMI 2026F Growth	NPATMI 2027F Growth	PE FW 2026F	PB FW 2026F
27,800	26%	14%	7.2	0.7

- **Story:** Expanding the fleet with new vessels over the years; freight-rate levels recovering and anchored at a new base.
- **Drawback:** The story is fairly clear; the growth rate gradually declines next year.

ANV

Target price	NPATMI 2026F Growth	NPATMI 2027F Growth	PE FW 2026F	PB FW 2026F
28,300	8%	12%	5.3	1.3

- **Story:** Export volumes trending toward recovery, market diversification, and a discounted valuation.
- **Drawback:** Risk of tariff volatility.

PVS

Target price	NPATMI 2026F Growth	NPATMI 2027F Growth	PE FW 2026F	PB FW 2026F
52,300	0%	-6%	14.8	1.6

- **Story:** Higher new backlog (Ca Voi Xanh / Blue Whale), increased new investment in infrastructure.
- **Drawback:** Low profit growth over the next 2 years as this is not the main earnings inflection point.

DHC

Target price	NPATMI 2026F Growth	NPATMI 2027F Growth	PE FW 2026F	PB FW 2026F
43,400	26%	-5%	7.2	1.3

- **Story:** Widening spread between selling price and input cost as supply tightens while demand grows modestly; low valuation.
- **Drawback:** Hard to grow in the short term as capacity is maxed out; the new plant comes online from 2028.

PVD

Target price	NPATMI 2026F Growth	NPATMI 2027F Growth	PE FW 2026F	PB FW 2026F
39,450	11%	2%	16.2	1.4

- **Story:** Growth from rig expansion & high anchored charter rates, and long-term momentum from the Block B - O Mon project (a surge in well-drilling services after FID).
- **Drawback:** Market sentiment is sensitive to oil-price movements.

POW

Target price	NPATMI 2026F Growth	NPATMI 2027F Growth	PE FW 2026F	PB FW 2026F
17,100	15%	6%	16.9	1.1

- **Story:** Gas supply is secured. The Vung Ang 1 plant has an FX gain of VND 1.8 trillion. The Nhon Trach 3 and 4 plants have a chance to raise their Qc ratio from 65% to 75%.
- **Drawback:** Oil-price volatility is hard to predict. The company is in a new-plant investment phase, so it will not pay cash dividends.

CTR

Target price	NPATMI 2026F Growth	NPATMI 2027F Growth	PE FW 2026F	PB FW 2026F
93,800	7%	13%	15.2	13.6

- **Story:** Building 50,000 units of social housing; low valuation.
- **Drawback:** Low short-term growth; no clear information yet on social-housing direction.

MSN

Target price	NPATMI 2026F Growth	NPATMI 2027F Growth	PE FW 2026F	PB FW 2026F
93,600	70%	18%	16	13

- **Story:** Growth from the consumer segment and MSR. The forward P/E has been discounted (16x), only reflecting the valuation of MCH and TCB (per SOTP). Benefits from the stock-market upgrade.
- **Drawback:** Higher valuation than industry peers; needs to prove the sustainability of its business performance

Recommendation summary: SIDE DISH

Stock	Current price 26/6/2026 (VND/share)	Target price (VND/share)	Upside	NPATMI 2026F Growth	NPATMI 2027F growth	PE FW 2026	PB FW 2026	Investment thesis
KBC	29,400	42,300	44%	35%	+66%	9.8	0.9	<ul style="list-style-type: none"> • Story: Biggest beneficiary of the wave of Chinese FDI into Vietnam • Drawback: Trang Cat still accounts for a large portion of the valuation, while the short-term outlook for Trang Cat bulk sales is not positive
PVT	19,550	27,800	42%	26%	14%	7.4	0.7	<ul style="list-style-type: none"> • Story: Expanding the fleet with new vessels over the years; freight-rate levels recovering and anchored at a new base • Drawback: The story is fairly clear; the growth rate gradually declines next year
ANV	21,950	28,300	29%	8%	12%	5.3	1.3	<ul style="list-style-type: none"> • Story: Export volumes trending toward recovery, market diversification, and a discounted valuation • Drawback: Risk of tariff volatility
PVS	37,500	52,300	39%	0%	-6%	14.8	1.6	<ul style="list-style-type: none"> • Story: Higher new backlog (Ca Voi Xanh / Blue Whale), increased new investment in infrastructure • Drawback: Low profit growth over the next 2 years as this is not the main earnings inflection point
DHC	32,750	43,400	33%	26%	-4%	7.1	7.5	<ul style="list-style-type: none"> • Story: Widening spread between selling price and input cost as supply tightens while demand grows modestly; low valuation • Drawback: Capacity is already maxed out; the new plant comes online from 2028
MSN	71,400	93,600	31%	70%	18%	16.0	13.0	<ul style="list-style-type: none"> • Story: Growth from the consumer segment and MSR; valuation has been discounted • Drawback: Valuation is still higher than that of industry peers
PVD	31,600	39,450	25%	11%	2%	16.2	1.4	<ul style="list-style-type: none"> • Story: Growth from rig expansion & high anchored charter rates, and long-term momentum from the Block B - O Mon project (a surge in well-drilling services after FID). • Drawback: Market sentiment is sensitive to oil-price movements
POW	14,800	17,100	15%	15%	6%	16.9	1.1	<ul style="list-style-type: none"> • Story: Gas supply is secured. The Vung Ang 1 plant has an FX gain of VND 1.8 trillion. The Nhon Trach 3 and 4 plants have a chance to raise their Qc ratio from 65% to 75%. • Drawback: Oil-price volatility. The new-plant investment phase reduces cash dividends
CTR	84,500	93,800	11%	7%	13%	15.2	13.6	<ul style="list-style-type: none"> • Story: Building 50,000 units of social housing; low valuation • Drawback: Low short-term growth; no clear information yet on social-housing direction
PNJ	64,100	87,100	36%	42.5%	15%	8.8	7.6	<ul style="list-style-type: none"> • Valuation discounted to 2026 Forward P/E of 8.8x (at -3 std dev), with 2026 growth at +42.5% YoY driven by market share expansion and value-added products. • Downside: Personal misconduct at PNJ-LAB could impact corporate reputation, consumer trust, and short-term market sentiment.

OTHER CATALYST: MARKET UPGRADE

STT	Ticker	Exchange	Market cap (USD mn)	Free-float market cap (USD mn)	Market-cap size	Est. trading value Phase 1 (09/2026 - 10%)	Est. trading value Phase 2 (03/2027 - 20%)	Est. trading value Phase 3 (06/2027 - 35%)	Est. trading value Phase 4 (09/2027 - 35%)	Total trading value (USD mn)	Analyst report
1	VIC	HSX	62,651	21,928	Large	62.65	125.29	219.26	219.26	626.47	Link
2	VHM	HSX	22,783	6,835	Large	19.53	39.05	68.34	68.34	195.27	Link
3	MSN	HSX	4,219	2,531	Small	7.23	14.46	25.31	25.31	72.32	Link
4	HPG	HSX	8,092	2,127	Mid	6.08	12.16	21.27	21.27	60.78	Link
5	VNM	HSX	4,835	1,934	Small	5.53	11.05	19.34	19.34	55.26	Link
6	VCB	HSX	18,983	1,881	Large	5.37	10.75	18.81	18.81	53.75	Link
7	SSI	HSX	2,617	1,779	Small	5.08	10.17	17.79	17.79	50.83	Link
8	VIX	HSX	1,555	1,430	Small	4.09	8.17	14.30	14.30	40.87	Link
9	VRE	HSX	2,788	1,024	Small	2.92	5.85	10.24	10.24	29.24	Link
10	VJC	HSX	4,046	954	Small	2.73	5.45	9.54	9.54	27.25	Link
11	FPT	HSX	4,886	876	Mid	2.50	5.00	8.76	8.76	25.02	Link
12	STB	HSX	4,834	850	Small	2.43	4.86	8.50	8.50	24.28	Link
13	VCI	HSX	1,142	800	Small	2.28	4.57	8.00	8.00	22.84	Link
14	SHB	HSX	2,904	781	Small	2.23	4.46	7.81	7.81	22.32	Link
15	NVL	HSX	1,740	753	Small	2.15	4.30	7.53	7.53	21.52	Link
16	VND	HSX	931	698	Small	2.00	3.99	6.98	6.98	19.95	Link
17	BID	HSX	11,091	665	Large	1.90	3.80	6.65	6.65	19.01	Link
18	GEX	HSX	1,340	576	Small	1.64	3.29	5.76	5.76	16.45	Link
19	KBC	HSX	1,213	481	Small	1.37	2.75	4.81	4.81	13.75	Link
20	BSR	HSX	4,489	359	Small	1.03	2.05	3.59	3.59	10.26	Link
21	DGC	HSX	773	330	Small	0.94	1.89	3.30	3.30	9.44	Link
22	GEE	HSX	2,432	316	Small	0.90	1.81	3.16	3.16	9.03	Link
23	KDH	HSX	1,083	239	Small	0.68	1.37	2.39	2.39	6.84	Link
Total						143.27	286.55	501.46	501.46	1,432.74	

OTHER CATALYST: STATE-OWNED ENTERPRISE DIVESTMENT

STT	Ticker	Company name	Exchange	Market cap as of 03/06/2026 (VND bn)	Shares outstanding	State ownership (%)	Foreign ownership (%)	Free-float ratio (%)	Treasury shares	Treasury shares / shares outstanding (%)	Notes
1	ACV	Airports Corporation of Vietnam	UPCoM	156,107	3,582,324,023	95.41%	1.77%	4.60%	685,785	0.02%	
2	PLX	Petrolimex	HOSE	49,744	1,270,592,235	75.87%	13.99%	10.00%	23,285,846	1.83%	On 03/06, announced the sale of treasury shares to meet public-company status requirements
3	DPM	PetroVietnam Fertilizer and Chemicals Corporation	HOSE	17,100	679,925,021	59.59%	4.78%	40.00%	229,682	0.03%	
4	PVD	PV Drilling	HOSE	16,676	555,880,006	50.42%	8.45%	50.00%	2,094,856	0.38%	
5	SNZ	SONADEZI	UPCoM	10,943	376,491,800	99.54%	0.00%	0.46%	9,010	0.00%	
6	SEA	SEAPRODEX	UPCoM	5,737	124,990,500	63.38%	0.00%	25.00%	9,595	0.01%	
7	AGR	Agriseco	HOSE	3,265	228,311,776	74.93%	0.39%	30.00%	63	0.00%	
8	PPC	Pha Lai Thermal Power	HOSE	3,126	320,613,054	51.02%	4.47%	30.00%	8,738,837	2.73%	
9	NCT	Noi Bai Cargo Services	HOSE	2,384	26,165,732	65.07%	13.03%	35.00%	1,208	0.00%	
10	PGD	PV GAS D	HOSE	2,376	98,997,311	50.50%	46.42%	3.50%	955	0.00%	
11	BVS	Bao Viet Securities	HNX	1,848	72,200,145	59.92%	1.23%	40.00%	49,668	0.07%	
12	PLC	Petrolimex Petrochemical	HNX	1,713	80,797,566	79.07%	0.27%	25.00%	1,273	0.00%	
13	MTA	Ha Tinh Minerals and Trading	UPCoM	1,384	110,113,591	97.37%	0.01%	2.63%	4,073	0.00%	
14	SZL	Sonadezi Long Thanh	HOSE	1,376	27,902,540	58.58%	16.25%	35.00%	2,169,311	7.77%	
15	HWS	Hue Water Supply	UPCoM	1,319	87,383,000	70.01%	1.07%	25.00%	217,000	0.25%	



RECOMMENDATION SUMMARY AND FORECAST

Stock ticker	NPATMI FY25	NPATMI FY26	NPATMI FY27	% Growth 2026	% Growth 2027
Banks	255,723	295,183	344,472	15%	17%
MSB	5,629	6,397	7,187	14%	12%
STB	5,939	6,554	7,631	10%	16%
MBB	26,779	31,552	38,655	18%	23%
HDB	16,503	20,686	25,805	25%	25%
VIB	7,558	8,579	9,548	14%	11%
VPB	23,990	30,004	36,051	25%	20%
VCB	35,178	38,412	44,005	9%	15%
TCB	25,290	28,759	34,014	14%	18%
TPB	7,380	8,410	9,532	14%	13%
ACB	15,625	17,829	18,443	14%	3%
EIB	1,137	1,299	1,607	14%	24%
NAB	3,778	4,231	4,599	12%	9%
OCB	3,772	4,410	4,908	17%	11%
SHB	12,619	14,535	16,940	15%	17%
Real Estate	50,051	68,262	79,748	36%	17%
NLG	701	738	1,103	5%	49%
PDR	515	762	2,012	48%	164%
KDH	1,053	1,150	1,686	9%	47%
VRE	6,446	5,526	5,991	-14%	8%
VHM	41,107	59,824	65,311	46%	9%
DXG	229	261	3,645	14%	1297%

Stock ticker	NPATMI FY25	NPATMI FY26	NPATMI FY27	% Growth 2026	% Growth 2027
Securities					
SSI	4,107	4,167	4,280	1%	3%
TCX	5,683	5,683	5,886	0%	4%
VPX	3,569	4,968	5,166	39%	4%
Construction	1,639	2,181	3,273	33%	50%
DPG	345	426	663	23%	56%
LCG	150	223	279	49%	25%
HHV	588	739	1,094	26%	48%
C4G	100	89	109	-11%	22%
CTD	456	704	1,128	54%	60%
Industrial Parks	7,650	10,227	13,031	34%	27%
VGC	1,402	1,441	1,604	3%	11%
IDC	1,932	1,981	2,372	3%	20%
PHR	478	1,694	1,912	254%	13%
KBC	2,104	2,834	4,717	35%	66%
Basic Materials	18,620	31,821	38,389	71%	21%
HSG	732	507	547	-31%	8%
HT1	274	435	872	59%	100%
HPG	15,450	28,538	34,768	85%	22%
BMP	1,229	1,182	914	-4%	-23%
NKG	199	202	216	1%	7%
DHA	110	85	112	-22%	32%
VLB	301	316	373	5%	18%

Stock ticker	NPATMI FY25	NPATMI FY26	NPATMI FY27	% Growth 2026	% Growth 2027
Fisheries	2,362	2,716	3,147	15%	16%
ANV	999	1,178	1,355	18%	15%
VHC	1,363	1,538	1,792	13%	17%
Fertilizers	3,668	4,751	3,696	30%	-22%
DPM	1,074	1,509	997	41%	-34%
DCM	1,960	2,741	2,297	40%	-16%
DDV	634	501	402	-21%	-20%
Oil & Gas	19,775	32,414	30,582	64%	-6%
PVD	1,039	1,154	1,179	11%	2%
GAS	11,729	13,919	13,955	19%	0%
BSR	5,186	15,515	14,000	199%	-10%
PVS	1,821	1,826	1,712	0%	-6%
Tires	121	122	62	1%	-49%
DRC	121	122	62	1%	-49%
Utilities	5,715	5,644	6,156	-1%	9%
HDG	769	792	1,168	3%	47%
POW	2,341	2,682	2,727	15%	2%
GEX	1,475	1,201	1,291	-19%	7%
NT2	1,130	969	970	-14%	0%
Aviation	7,302	1,075	6,194	-85%	476%
HVN	7,302	1,075	6,194	-85%	476%

Stock ticker	NPATMI FY25	NPATMI FY26	NPATMI FY27	% Growth 2026	% Growth 2027
Chemicals	393	494	472	26%	-4%
DHC	393	494	472	26%	-4%
Logistics	3,922	4,522	5,890	15%	30%
HAH	1,206	1,110	1,088	-8%	-2%
GMD	1,677	2,107	3,311	26%	57%
PVT	1,039	1,305	1,491	26%	14%
F&B, Retail	26,234	34,820	38,801	33%	11%
DGW	548	684	777	25%	14%
PNJ	2,829	4,032	4,652	43%	15%
FRT	795	1,142	1,354	44%	19%
MWG	7,037	10,238	11,800	45%	15%
DBC	1,507	1,324	1,415	-12%	7%
MSN	4,108	6,970	8,204	70%	18%
VNM	9,410	10,430	10,599	11%	2%
Information Technology	10,096	11,641	14,529	15%	25%
FPT	9,369	10,837	13,627	16%	26%
ELC	127	165	179	30%	8%
CTR	600	639	723	6%	13%
Textiles & Garments	1,004	1,074	1,118	7%	4%
MSH	612	646	652	6%	1%
TNG	392	428	466	9%	9%



BANKING SECTOR OUTLOOK REPORT

BANKING: LDR EXCEEDS 110% – DEPOSIT MOBILIZATION IS THE CORE CHALLENGE BSC | 29

BIDV SECURITIES JSC

Credit in the first 5 months of the year continued to grow positively but market 1 deposits failed to keep pace, pushing the system-wide LDR above 110% — making deposit mobilization a more urgent challenge than credit growth targets.

As estimated to 12/06, system-wide credit growth reached approximately 6.3% YTD, while market 1 deposits only grew 4.2% YTD, creating a gap of VND 2.8 quadrillion – the largest discrepancy in history. Within BSC's coverage universe, many banks recorded negative customer deposit growth in Q1: ACB (-2.8%), MBB (-1.7%), STB (-2.8%), TCB (-3.1%), TPB (-4.3%). The direct consequence is that net LDR (loans/customer deposits) at some banks has exceeded 115%.

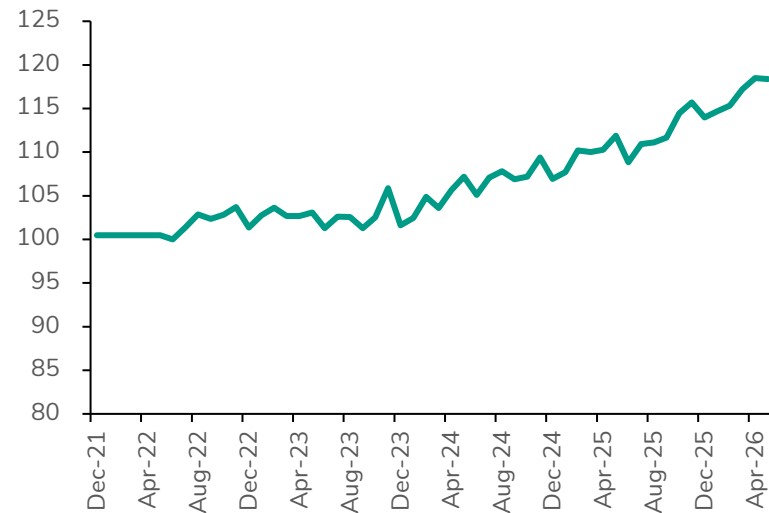
Key reasons behind the slowdown in deposit mobilization include:

- Surging oil prices pushed 5-month inflation close to the government's 4.5% target, leaving limited room for monetary policy easing.
- The state budget surplus reached nearly VND 440 trillion in the first 4 months of 2026 as public investment disbursement remained slow, reaching only 22% of the annual plan after 5 months.
- Cash withdrawal behavior among small businesses following the implementation of the new tax law.

To compensate for the liquidity shortfall, banks significantly increased issuance of high-cost valuable papers (VP). Long-tenor VPs carry interest rates 80–150 bps above TT1 deposits, directly impacting funding costs and putting pressure on NIM compression in coming quarters.

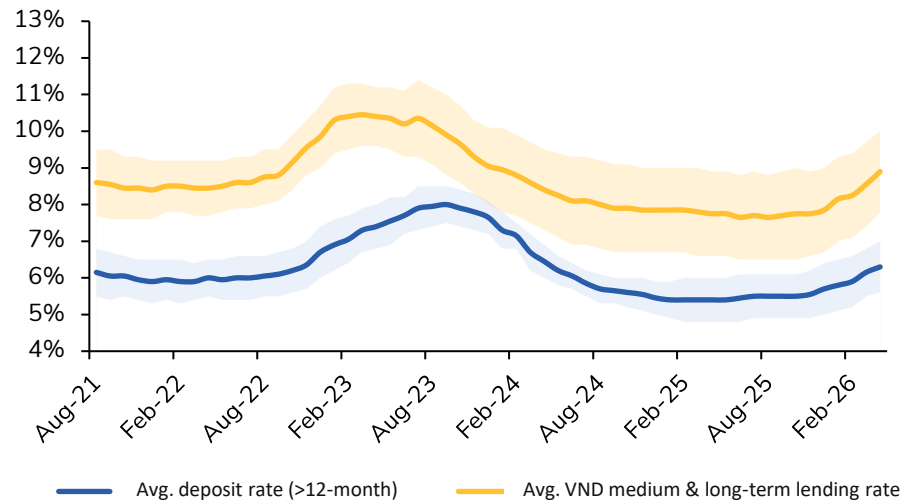
Looking ahead to 2H2026, BSC expects TT1 deposit rates to rise to a new equilibrium to re-attract capital flows back into the banking system, given the SBV's inability to conduct large-scale OMO liquidity injections due to exchange rate pressure. However, the pace of deposit rate increases may slow compared to 1H2026 as the SBV has made some flexible adjustments to ease short-term liquidity pressure on banks (continued on next page).

Loans/Total market 1 deposits continues to rise and reaches 118%



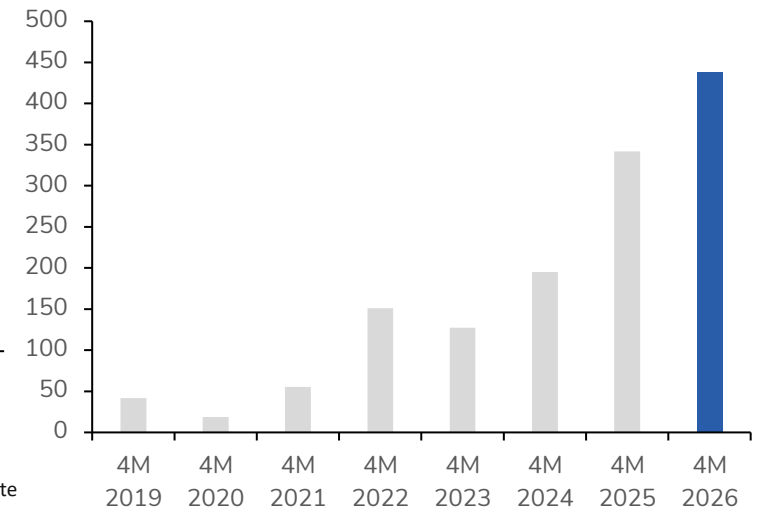
Source: Bank financial statements, BSC Research estimates

Medium and long-term lending rates returning to pre-COVID normal levels of 9.5–10%/year



Source: SBV, Fiiipro

State budget surplus in the first 4 months continues to set records (VND trillion)



Source: GSO

The SBV is consulting on a draft circular to replace Circular 22/2019, introducing the Basel III framework (LCR, NSFR, LEV) and replacing LDR with a CDR (Capital Deployment Ratio) cap of $\leq 85\%$. The long-term direction is positive, but near-term risk centers on the CDR constraint if no clear transition roadmap is provided.

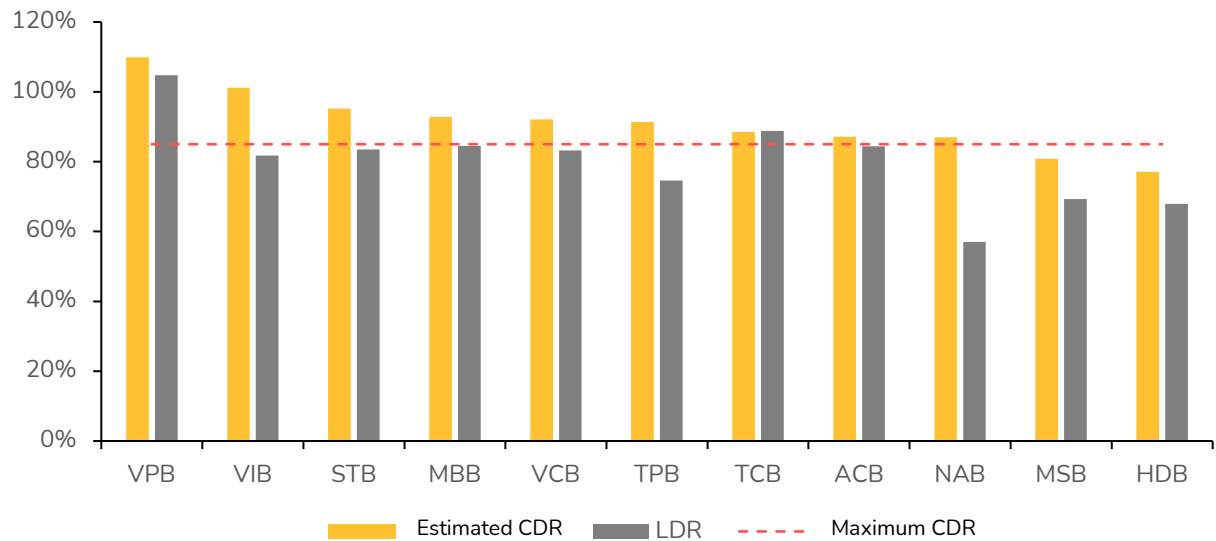
The draft circular maintains the 85% ceiling but changes the calculation from LDR to CDR (Capital Deployment Ratio). CDR is broadly similar to net LDR but with important adjustments to both numerator and denominator:

- **Numerator:** standard credit, corporate bonds held, and off-balance sheet commitments (LCs, guarantees, UPAS); the equity-funded portion is excluded;
- **Denominator:** market 1 deposits (retail and corporate deposits), 20% of State Treasury term deposits. Interbank deposits and VPs/bonds held by other credit institutions are excluded.

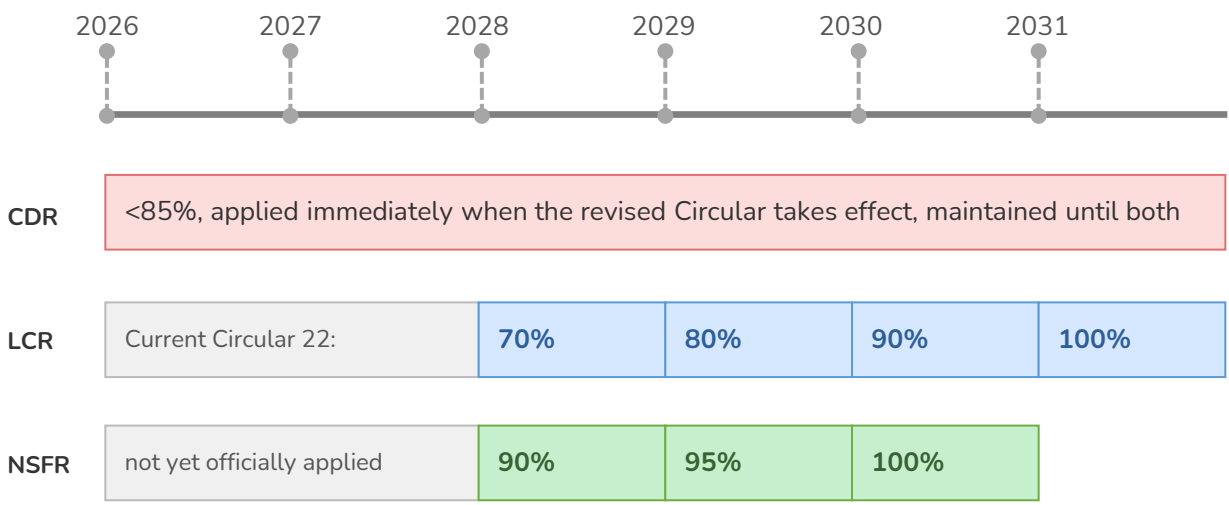
Impact varies significantly by bank. Based on BSC estimates, most banks would breach the CDR cap using Q1/2026 data, with VPB, VIB, STB, and MBB facing the greatest CDR pressure.

BSC views the long-term direction of the draft as positive — LCR, NSFR and LEV will enhance the resilience of Vietnam's banking system, particularly during periods of exchange rate stress. However, in the near term, an immediate CDR constraint would further tighten available funding at a time when system liquidity is already stretched. We will continue to monitor and update as final official ratios for CDR, LCR and NSFR are published.

Many banks will face challenges if CDR is applied immediately



CDR, LCR, NSFR Implementation Roadmap (Draft Amendment to Circular 22)



1/1/2028: LCR & NSFR officially take effect

Source: CDR ratios self-estimated by BSC Research (excluding off-balance sheet commitments)

Source: Draft amendment to Circular 22

BANKING: SBV REMAINS FLEXIBLE IN SUPPORTING LIQUIDITY

The SBV remains receptive to banks' feedback and issued Circular 25/2026 to support short-term liquidity immediately after oil prices fell below USD 80/barrel.

- The short-term funding ratio for medium and long-term lending (NVNHCVTDH) was raised to 40% (from 30% applied since 01/10/2023). This allows banks to proactively disburse long-term loans (currently including key national infrastructure projects) without increasing long-term funding costs.
- There was a minor change in the total deposit calculation: 80% of State Treasury term deposit balances continues to be excluded from total deposits, or at a ratio determined by the Governor in each period. This gives the SBV a more flexible tool for managing short-term liquidity.

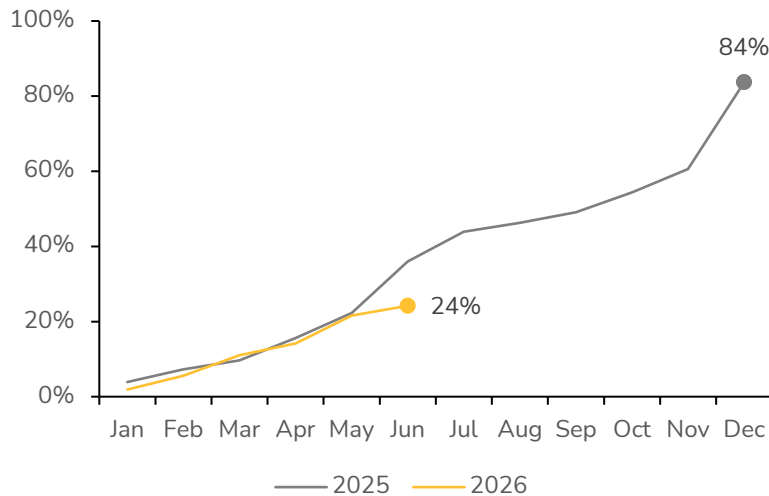
Other factors supporting liquidity:

- **Raising the State Treasury deposit ceiling** from VND 460 trillion to VND 700 trillion, benefiting the SOE group as 20% of this amount counts toward total deposits.
- **Accelerating public investment disbursement** of VND 1.1 quadrillion in 2026 is the most critical factor for naturally relieving system liquidity in 2H2026. Each VND of public investment disbursed from the State Treasury back into the system will cycle back and directly supplement market 1 deposits, reducing LDR/CDR pressure without increasing banks' funding costs.

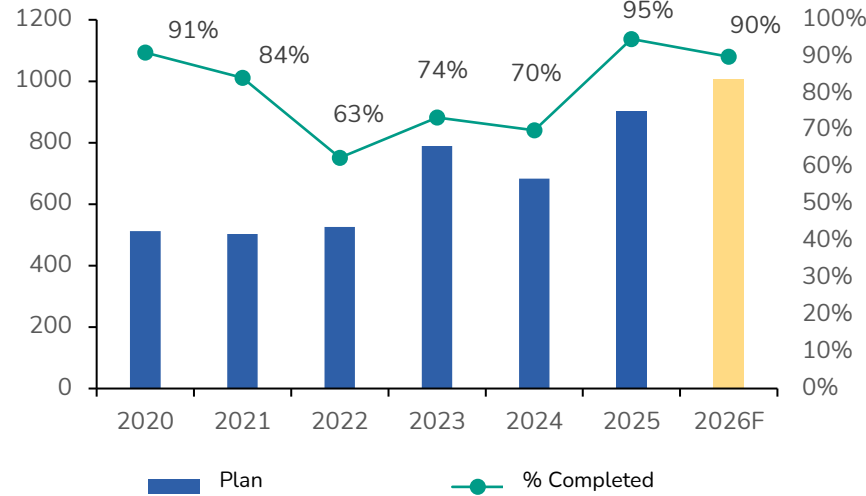
Expectations for selective policy easing:

The SBV has issued Official Letter 5386 permitting VND 752 trillion of credit (estimated VND 210 trillion to be disbursed in 2026, equivalent to an additional 1.1% in system credit growth) extended to 18 key projects by 3 companies – SunGroup, Vingroup, and Masterises Infrastructure – to be excluded from annual credit growth calculations of commercial banks. This signals the regulator's determination to achieve 10% GDP growth, and we are monitoring whether additional policies will be issued to support liquidity for these projects.

2026 public investment disbursement remains slow, expected to accelerate in 2H

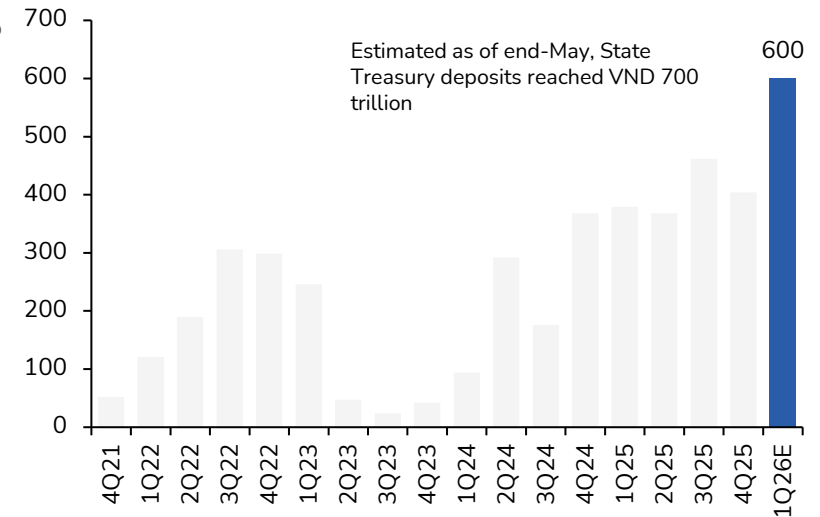


Public investment plan of over VND 1 quadrillion in 2026 (VND billion)



Source: Ministry of Construction, BSC Research estimates

Treasury deposits at commercial banks hit record high, partially supporting liquidity (VND billion)



Source: Bank financial statements, BSC Research estimates

BANKING: NIM HITS 5-YEAR LOW AND EXPECTED TO STABILIZE IN 2H2026

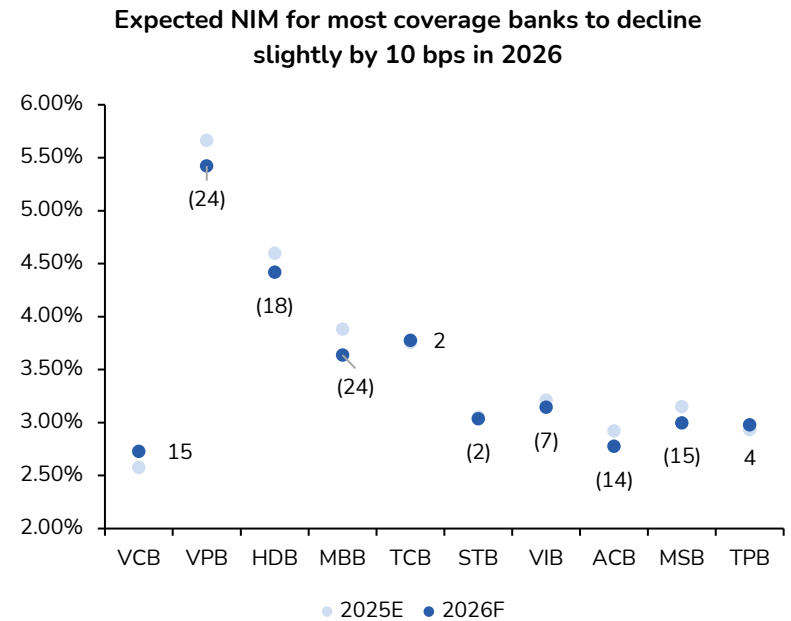
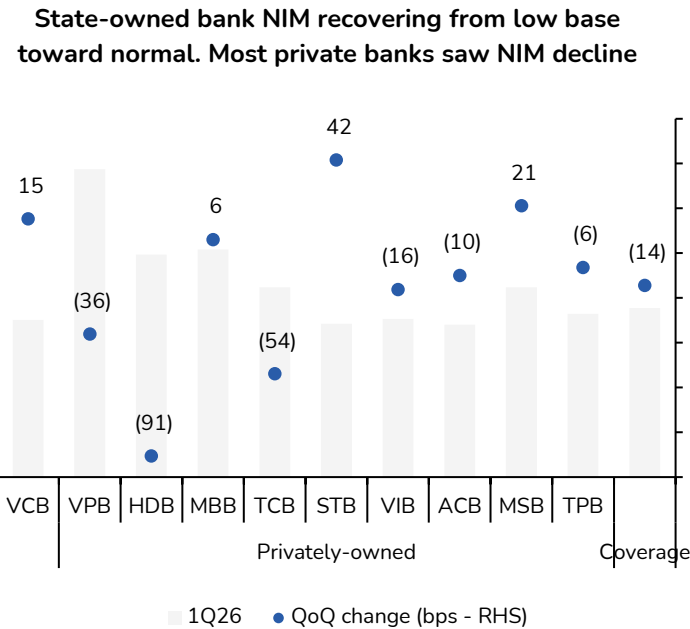
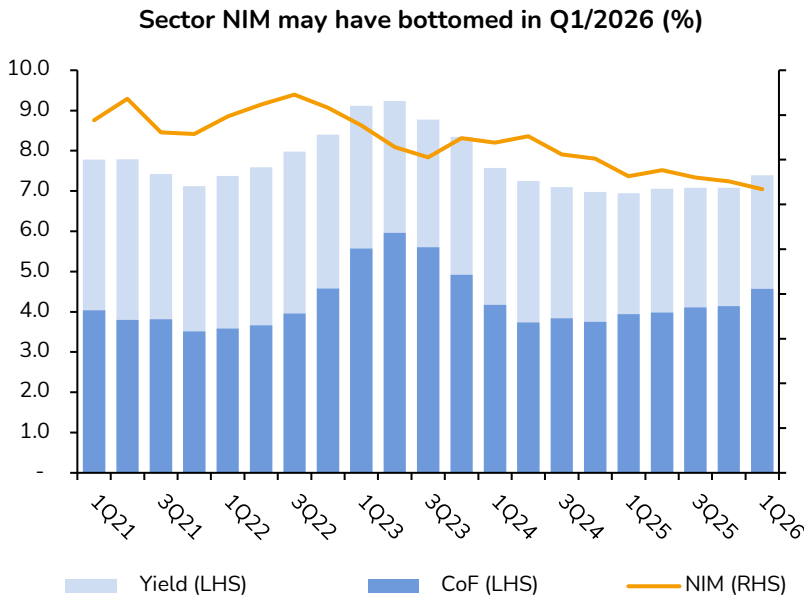
We expect private bank NIM in 2H2026 to remain flat versus Q1/2026 — rising funding costs will be passed through to lending rates.

We believe system liquidity in 2H2026 will improve relative to 1H2026, supporting sector-wide NIM in 2H2026 not declining further from the start of the year and potentially recovering slightly at some state-owned banks, primarily as liquidity pressure gradually eases:

- The SBV has issued several controlled short-term liquidity easing policies as outlined on the previous page and may continue to do so. This is supported by inflationary pressure cooling after oil prices fell from the USD 120/barrel peak to below USD 80/barrel.
- Public investment disbursement is being re-accelerated.
- FDI attraction policies under Resolution 10.

On lending rates, some banks indicated that floating rates on existing loans have gradually caught up with the rise in deposit rates. Additionally, banks are increasingly extending credit to large corporate clients willing to pay higher rates around 12–15%. Therefore, NIM for this group may have bottomed in Q1/2026 and is expected to remain flat for the rest of the year.

In Q1/2026, NIM for the SOCB group is recovering from the low base of 2025 (when multiple preferential lending programs were in effect), with VCB notably recording NIM recovery of +15 bps QoQ, +22 bps YoY to a quarterly average of 3.07%. BSC expects SOCB NIM to continue recovering 15–20 bps YoY in the remaining three quarters due to the low base effect.

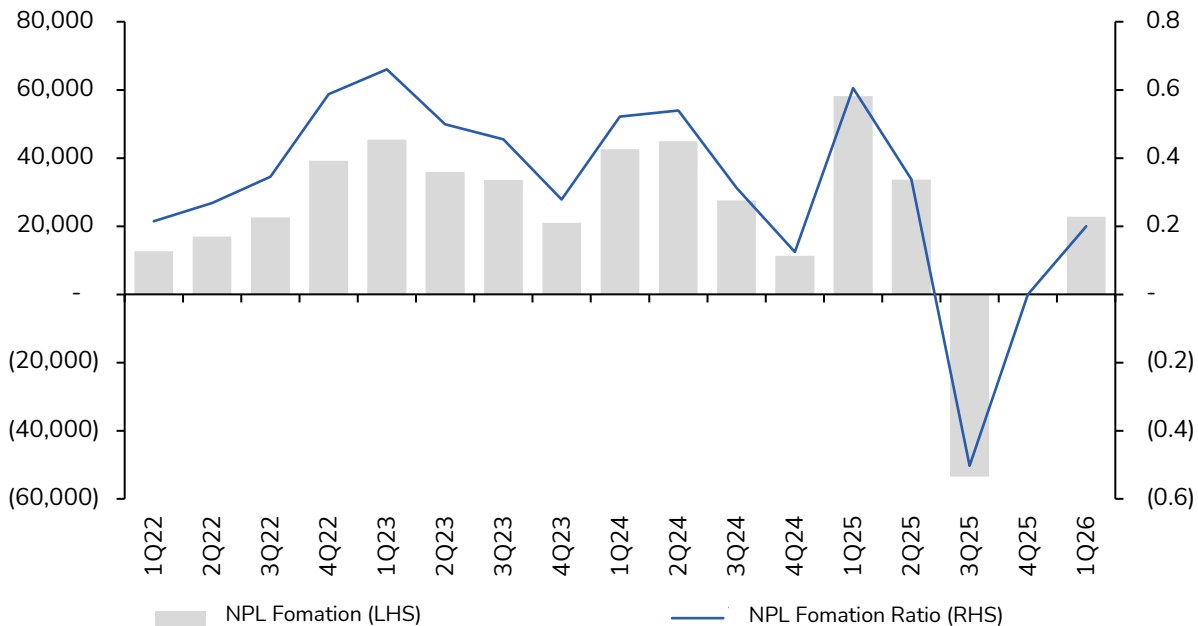


BANKING: ACCELERATING GROUP 2 DEBT IS AN EARLY WARNING SIGNAL

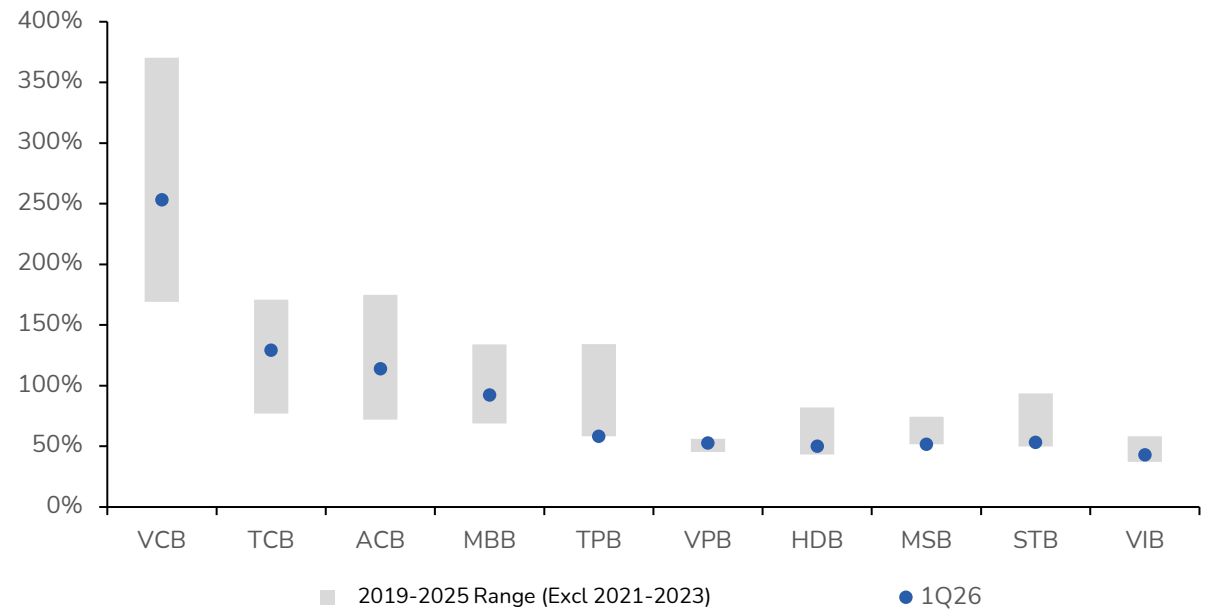
System-wide asset quality continued to deteriorate in Q1/2026, with NPL rising to 1.88% — partly seasonal, but Group 2 debt increasing +12% QoQ is an early warning signal deserving close attention. Banks with thin LLCR buffers face the greatest risk if the NPL cycle accelerates.

- Within BSC's coverage universe (Q1/2026 data), the Group 2 debt / total loans ratio: TPB and ACB recorded the largest QoQ increases (+81 bps and +34 bps respectively), reflecting NPL migration risk in coming quarters if the interest rate environment remains stressed — warranting close monitoring in Q2/2026.
- Floating lending rates for newly disbursed home purchase loans are currently prevalent at 14–15%/year, with fixed promotional rates of ~9–10%/year — these levels are accumulating meaningful repayment risk for 2H2026, particularly as household income growth has not kept pace with interest rates. BSC views this as the primary asset quality risk for banks with high retail/consumer real estate lending exposure such as VIB, VPB, and HDB.
- The loan loss coverage ratio (LLCR) is the most important differentiating factor in the current uncertain environment. In Q1/2026: VCB leads with LLCR of 253%, TCB (129%), ACB (114%) forming the thick-buffer group. Thin-LLCR banks (VIB 43%, HDB 50%, MSB 51%, STB 53%, TPB 58%, VPB 53%) are most vulnerable: if NPL increases by another 50–100 bps, some would be forced to significantly increase provisions.
- BSC assesses that sector-wide asset quality will remain stable in 2026 but warrants close monitoring.

Newly formed NPL volumes showing signs of acceleration (VND billion)



LLCR of VCB, TCB, ACB remains maintained at high levels



Maintaining NEUTRAL stance on the banking sector in 2H2026. BSC maintains its 2026F pre-tax profit growth estimate for the coverage universe at +16% YoY, with NIM continuing to hold at trough levels and asset quality remaining stable.

Q1/2026 pre-tax profit for BSC's coverage banks was relatively positive: VPB (+58%), TCB (+23%), ACB (+17%), MBB (+15%), VCB (+9%). STB was the negative outlier (-43% YoY) due to accelerated provisions for legacy NPL write-offs. Despite Q1 results beating expectations at some names, BSC notes that NIM and asset quality will be the key variables in 2H2026.

BSC's stock selection criteria for 2H2026 revolve around 3 pillars:

- Remaining credit room — banks allocated broader credit growth by the SBV will benefit during the H2 disbursement cycle;
- Corporate and infrastructure ecosystem — the SBV has recently proposed raising the maximum single-customer credit limit for key infrastructure clients to 38% of own capital (from the current 13%), creating significant room for banks with deep conglomerate relationships;
- LLCR buffer — banks with thicker LLCR buffers have more flexibility in resolving NPLs without significantly impacting earnings.

BSC continues to favor:

Growth strategy

- TCB: Vingroup–commercial real estate ecosystem remains a strong fee income foundation (Noll/TOI 30%), Q1/2026 PBT +22.6% YoY. LLCR 129.4% provides flexibility. CDR warrants monitoring due to large corporate bond holdings (~VND 56.6 trillion).
- VPB: Wide credit room, highest sector NIM (5.52% TTM), Q1/2026 PBT up strongly +57.9% YoY from low 2025 base. However, BSC reduces relative priority due to net LDR of 126.7% (highest in group), CDR expected to breach 85% threshold significantly, and high Q1 NPL formation rate.
- MBB: Allocated the highest credit room in the group (+35%), military–conglomerate ecosystem with strong risk controls, direct beneficiary of key infrastructure projects (airports, expressways). Q1/2026 annualized NIM recovered to 4.45%, leading the PCB group. Q1/2026 PBT +14.8% YoY.

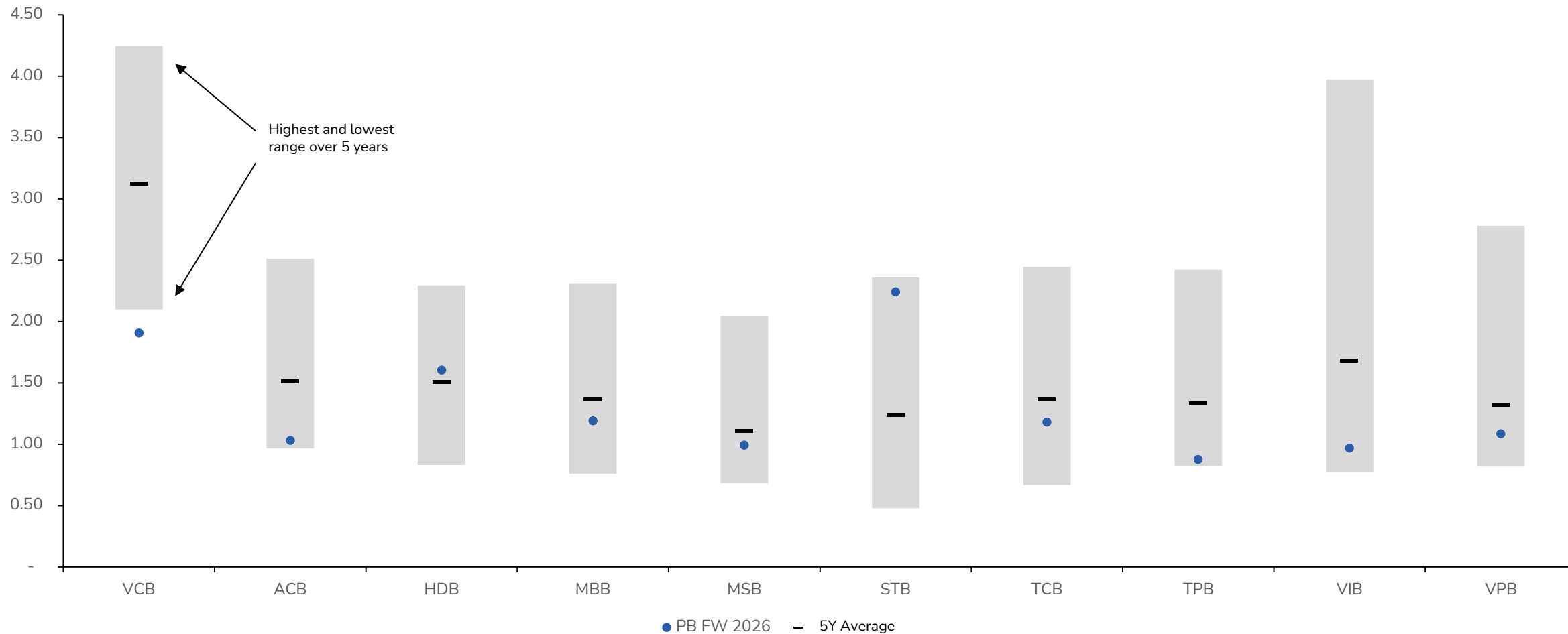
Defensive strategy

- VCB: LLCR 253.4% — highest in the system, thickest buffer for withstanding NPL cycles. NPL = 0.62%, Group 2 debt = 0.23% — lowest in group. CASA ratio 34.2%, second highest after MBB, protecting low funding costs. Q1/2026 NIM recovered 15 bps to 3.07% after exiting the 2025 preferential package.
- ACB: Low beta, strong asset quality (NPL 0.97%, LLCR 114%), tightly managed loan portfolio. NIM 2.94% stable. Suitable for cautious investors in an uncertain environment.



BANKING: MANY BANKS STILL TRADING AT RELATIVELY DEEP DISCOUNTS

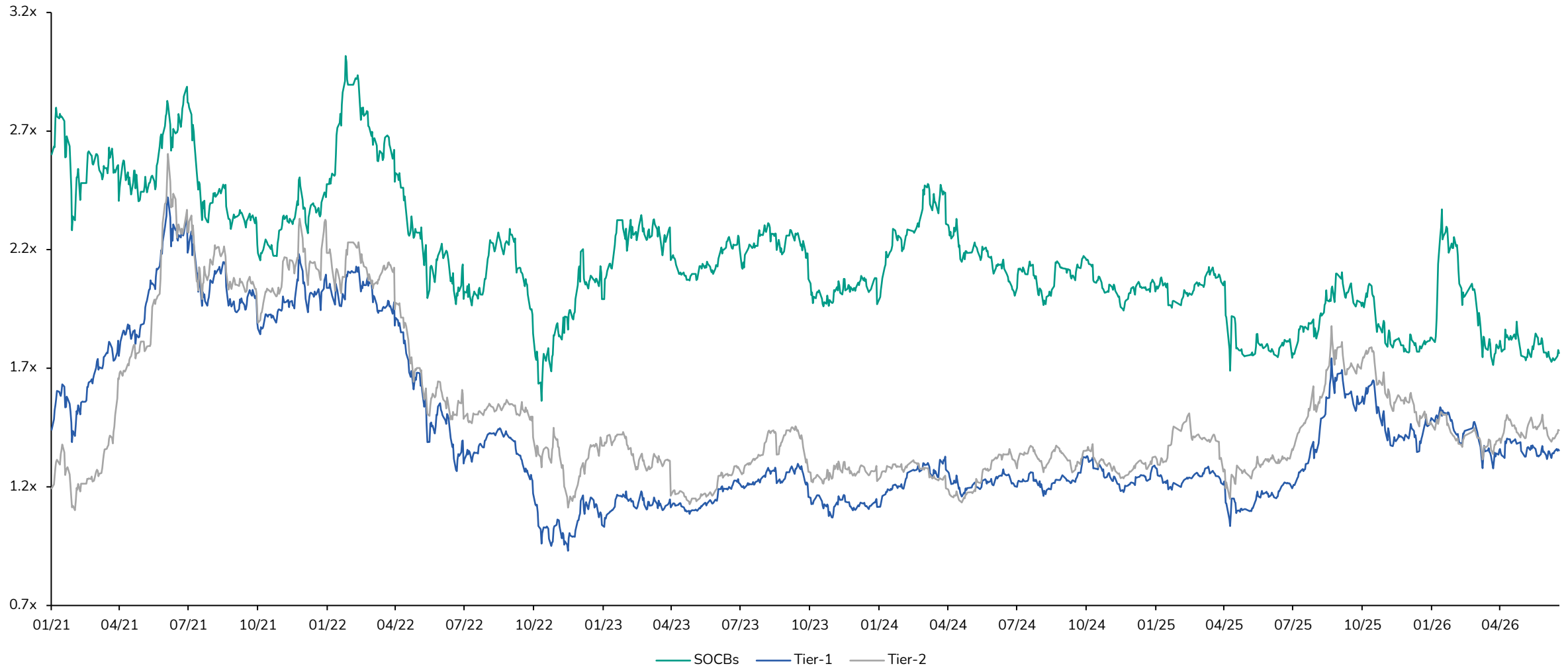
Most banks are still trading at a relatively deep P/B discount to their 5-year average following the negative macro developments in 1H2026



Source: Fiinpro, BSC Research forecasts (23/06/2026)

BANKING: P/B VALUATION OF STATE-OWNED BANKS IS AT ATTRACTIVE LEVELS

P/B of state-owned banks is near historical lows, while private banks are at their 5-year average



P/B for each group calculated based on total market cap and total equity

SOCBs include 3 listed state-owned banks

Tier-1 includes ACB, HDB, MBB, SHB, STB, TCB, VPB

Tier-2 includes EIB, LPB, MSB, NAB, OCB, SSB, TPB, VIB

Source: Fiiipro, BSC Research compilation



Sector Outlook Report

Oil & Gas - Power - Fertilizer Sector

1. Overview of the oil and gas industry 1H2026:

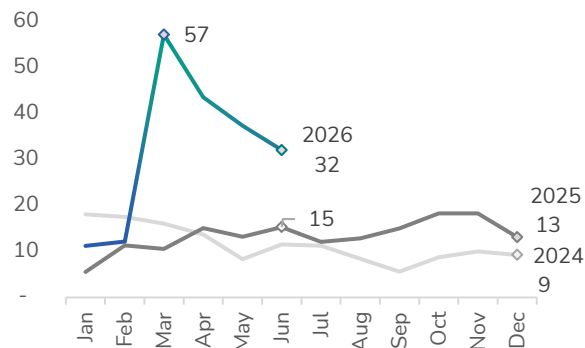
- **Upstream (PVS, PVD):** Construction and installation (Block B, Golden Camel) underpinned strong revenue for PVS. PVD maintained **~100% jack-up utilization** at elevated day rates (~USD 90,000–100,000/day).
- **Midstream (GAS):** LNG imports grow strongly compared to the low base in 2025, offsetting the natural decline of the domestic gas segment.
- **Downstream (BSR):** Crack spreads peaked in Q1 before easing in Q2 but remaining elevated year-on-year; The plant operated at a record **124-125% capacity**.

2. Outlook 2H.2026F - 2027:

BSC expects the sector focus to shift from near-term geopolitical volatility toward the **long-term investment cycle of domestic projects**, underpinned by a streamlined regulatory environment and the concurrent rollout of key projects.

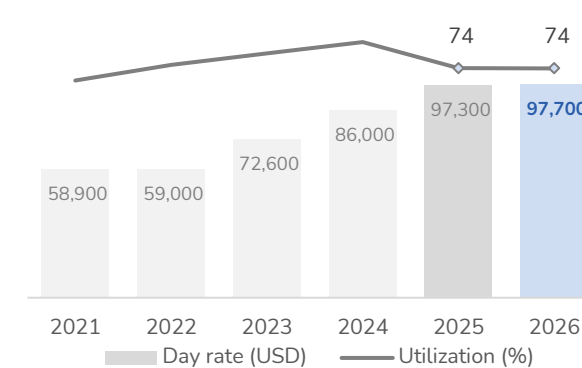
(i) Brent price forecast revision: BSC lowers its 2026 average Brent assumption from **USD 80/bbl to USD 75/bbl** (broadly in line with major agency consensus). At this level, Brent remains within the economic threshold (>USD 70/bbl), supporting the economics of domestic E&P projects.

Figure: Crack spreads ease but remain elevated



Source: Bloomberg, BSC Research

Figure: Rig day rates remain elevated (USD/day)



Institution (USD/barrel)	Q2.26	Q3.26	Q4.26	2026F revised	2026F old	2027F
BSC's forecast				75	80	
Median	98	85	80	76	75	75
Citigroup Inc	99	75	70	82	83	-
BMI (Fitch Solutions)	98	84	80	76	70	76
Morgan Stanley	98	85	80.5	85	86	78
Standard Chartered	98	88	78	72	85	67
JYSKE BANK AS	93	85	85	76	73	75
Intesa Sanpaolo SpA	110	90	80	89	72	80
Julius Baer Group Ltd	103	104	98	62	68	78
JPMorgan Chase & Co	88	75	71	70	58	-
Landesbank Baden-Wuerttemberg	107	103	93	84	74	86
Rabobank	79.2	62.5	60	69	85	63
Goldman Sachs Group Inc	114	101	87	79	77	75
HSBC Holdings PLC	75	75	70	74	80	68

Source: Bloomberg, BSC Research

2. Outlook 2H.2026F – 2027 (continued):

(ii) Differentiation of prospects along the value chain:

- **Upstream (PVS, PVD) – Booming investment cycle:** PVS benefited the most from the construction and installation stage with a record M&C backlog of **USD >4.5 billion** over the 2025–2030 period from Block B, Golden Camel and White Lion 2B. PVD benefited from drilling services when the demand for wells exploded (~63 wells/year), keeping jackup utilization at ~100% with elevated day rates of over **USD 100,000 per day**.
- **Midstream (GAS) – LNG Transition:** The natural decline in domestic gas sources is offset by imported LNG supplied to Nhon Trach 3 & 4 (benefiting from Decree 73/2025 reducing LNG tariffs to 2%). Over the medium term (2027–2028), Block B will come on stream, supporting a recovery in GAS's production volumes.
- **Downstream (BSR) – Cooling Refining Margins:** Crack spreads eased from the Q1/2026 peak and held at elevated levels through 2H/2026 before normalizing toward the 2027 base. The medium-term catalyst hinges on the Dung Quat expansion upgrade project (15% capacity increase).

3. Valuation

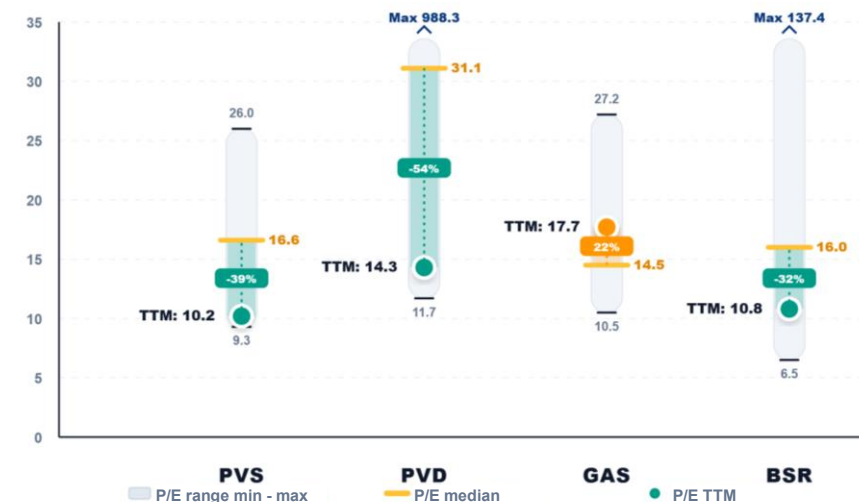
- **Upstream (PVD, PVS):** Near-term oil price volatility weighs on sentiment, though the underlying earnings outlook remains intact. Attractive valuation; PVD and PVS trade at **54% and 39% discounts** to their respective 5-year median P/Es.
- **Refining & Petrochemical (BSR):** Crack spreads eased in line with BSC's forecast. BSR trades at an attractive **33% discount to its 5-year median P/E**.

4. Investment View:

BSC maintains a POSITIVE sector stance on Oil & Gas for 2H2026–2027, driven by the domestic upstream investment cycle and the removal of regulatory bottlenecks (Petroleum Law 2022, Resolution 66.6/2025/NQ-CP):

- **BUY - Upstream (PVS, PVD):** Well-positioned to ride the upcycle on a sizeable EPCI backlog (Lot B, Golden Camel) and full jackup utilization at elevated day rates.
- **HOLD - Downstream (BSR):** Crack spreads have retreated from peak levels but remain above the 2025 base.
- **HOLD - Midstream (GAS):** Monitoring the inflection point for LNG import volume recovery and Block B gas pipeline handover progress in 2027.

Table: P/E valuation of Oil & Gas companies



Source: BSC Research

UPSTREAM PROJECT PROGRESS

TECHNICAL UPDATE



Block B - O Mon

START DATE: **August 2027 (Q3 2027)**

CAPEX: USD 12 Billion

RESERVES: 107 Billion m³ of Gas

Completed the 13,000-ton platform jacket in Jan 2026. EPCI#1 & EPCI#2 package progress reached 29% and 55% respectively as of June 2025. Pipeline construction is proceeding on schedule.



White Lion 2B

START DATE: **Q3 2026 (First Gas 2B)**

CAPEX: USD 1.1 - 1.3 Billion

RESERVES: 17 - 20 Billion m³ of Gas

The Engineering, Procurement, and Construction (EPC) contract was officially awarded to PVS in July 2025. The entire value chain is adhering to the schedule for first gas stream from Phase 2B in Q3 2026.



Golden Camel

START DATE: **Q4 2026 - 2027**

CAPEX: USD 693 Million

RESERVES: 100 - 113 Million Barrels

The central processing and auxiliary wellhead platforms construction commenced in October 2024. The LDV-A jacket positioning was completed in September 2025 as per technical commitments.



Blue Whale

START DATE: **FID Pending**

CAPEX: Not Officially Disclosed

RESERVES: 150 Billion m³ of Gas

ESTIMATED

Finalizing land leasing procedures and coordinating maritime channels; Final Investment Decision (FID) is pending.



LEGAL FRAMEWORK & SUPPORTING POLICIES

Petroleum Law 2022 & Decree 45/2023

Upstream

Orientation: Standardizing field development processes, shortening the cycle from discovery to commercial production; adding incentives for marginal and near-field areas.

Upstream (PVS, PVD): Shortening procedures to achieve FID, supporting an increase in long-term EPC backlog.

Resolution 66.6/2025/NQ-CP

Upstream

Orientation: Granting autonomy to PVN to self-approve small field development plans and self-adjust investment capital (<10%).

Upstream (PVS, PVD): Shortening intermediate approval times, creating continuous work streams from small fields.

Resolution 70-NQ/TW (08/2025)

Upstream

Orientation: Targeting gas production of 30-35 Billion m³/year; prioritizing protection of domestic contractor capabilities and technical services.

Upstream (PVS, PVD): Protecting domestic contractor capabilities, maintaining stable work volume.

BENEFITING STOCKS ALONG THE VALUE CHAIN:

UPSTREAM

PVS, PVD

EPC Bidding and Drilling Rig Supply

MIDSTREAM

GAS

Block B Gas Pipeline and LNG Infrastructure

DOWNSTREAM

PLX, OIL

Ceiling-based Gasoline Price Self-determination

1. Power Sector Overview 1H2026:

Accelerating demand: Electricity demand grew positively, tracking the **7.8% - 13.4%** growth forecast range of the Ministry of Industry and Trade (MOIT).

Thermal power serves as the system's baseload: Adverse hydrological conditions limited hydropower availability, creating headroom for coal-fired and domestic gas-fired generation to be dispatched, underpinning system reliability.

Domestic Fuel Cost Advantage:

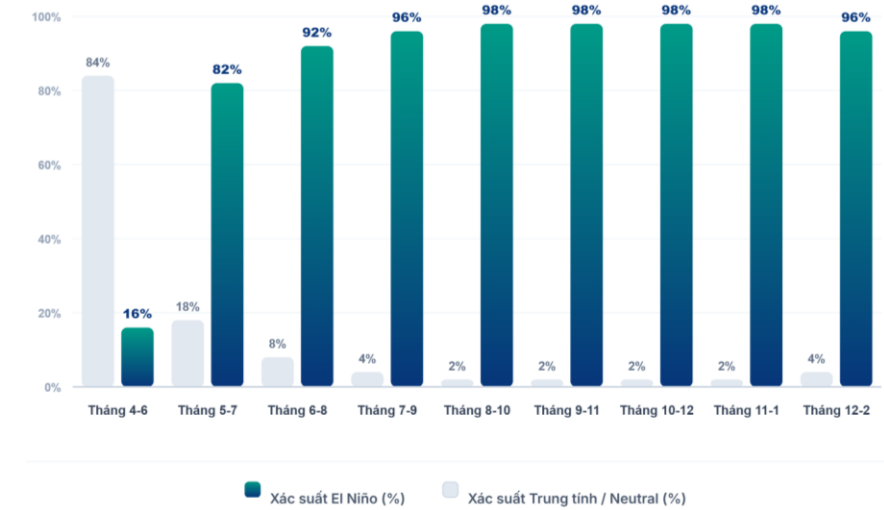
- **Coal-fired power:** Benefiting from a ~ 70% domestic coal sourcing mix, with strictly controlled selling prices (usually **30% - 40%** below international benchmark levels).
- **Gas-fired power:** Domestic gas prices are more stable and **35% - 40%** lower than imported LNG prices, protecting gross margins from upward pressure in international fuel oil (FO) prices.

2. Outlook 2H2026–2027: Fuel Cost Trends and Inflection Points:

2.1 Fuel Price Trends and Weather Dynamics (Near-Term):

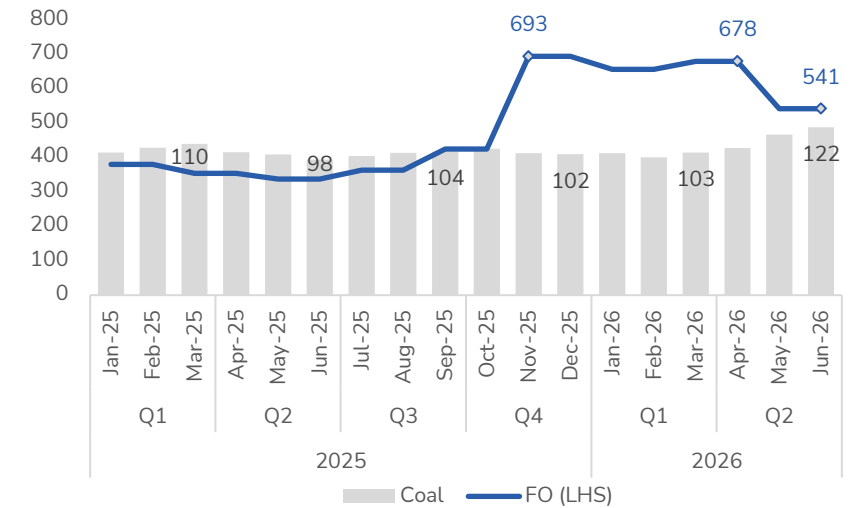
- **Coal-fired power – Global coal prices rise; domestic coal prices edge up modestly due to high domestic sourcing ratio:** Global coal prices climbed from USD 98/t (Jun-25) to USD 122/t (Jun-26). By contrast, domestic blended coal prices rose just 15% from 2.15 million VND/ton to 2.49 million VND/ton as only ~30% of coal for power generation is imported, with the remaining 70% sourced domestically at administratively controlled prices.
- **Gas-fired power – Phu My gas prices have peaked and are rolling over:** International fuel oil (FO) prices peaked at USD 693/t (Nov-25) before declining sharply to USD 541/t (Jun-26). Tracking FO, gas prices peaked at USD 10.05/mmBtu (Mar-26) before retreating to USD 9.78/mmBtu (Apr-26) and are expected to continue declining through 2H2026.

Figure: ENSO Cycle Probability Forecast
The probability of El Niño surging from May 2026



Source: BSC Research

Figure: Fuel input costs (USD/ton)



Source: Bloomberg, BSC Research

2. Outlook 2H2026–2027: Fuel Cost Trends and Inflection Points:

2.1 Fuel price trends and weather impacts (Short-term dynamics):

- El Niño probability at peak, supporting thermal power dispatch:** The latest ENSO data show El Niño probability surged from 16% (Apr–Jun) to 82% (May–Jul), breaking through to 92% (Jun–Aug) and holding at peak levels of 96–98% through 2H2026 (through Feb-27). Severe drought conditions have significantly disadvantaged hydropower hydrology, forcing the system to ramp up baseload thermal dispatch to compensate for the hydro output shortfall.

2.2 Thermal power as the primary beneficiary

BSC expects **domestic gas-fired thermal power (NT2, POW)** and **domestic coal-fired power** to be the primary beneficiaries in 2H2026, under the dual impact of weather and fuel prices:

Gas-Fired Thermal Power (NT2, POW) – The sharpest earnings recovery from trough:

- Improving fuel input margins:** Gas prices retreated quickly from the peak in March and continues to trade 35% - 40% lower than imported LNG prices.
- Dual tailwind: Qc and FMP:** El Niño peaking in 2H2026 is driving the competitive electricity market price (FMP) to surge toward the historical peak of VND 1,538–1,754/kWh (6.0x the Nov-25 trough of VND 290.4/kWh). Gas-fired plants are expected to run at maximum dispatch with strong FMP support.

Domestic coal-fired power – Defensive cost structure and output stability:

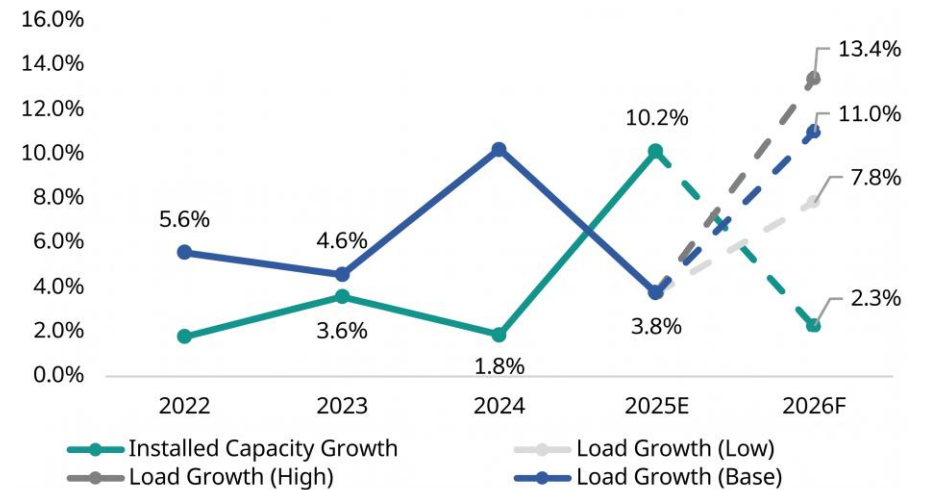
- With only ~30% imported coal exposure, this segment is largely insulated from global coal price increases. The dispatch of maximum capacity as a baseload in the dry season helps the domestic coal group maintain the most stable cash flow and profit in the system.

Figure: FMP correlation – hydrology vs. gas prices
 FMP is driven by fuel costs and hydrological conditions



Source: GENCO3, BSC Research

Figure: Power demand projected to reaccelerate to 7.8–13.4% in 2026



Source: BSC Research

2. Outlook 2H2026–2027: Fuel Cost Trends and Inflection Points:

2.2 Thermal power as the primary beneficiary

Hydropower – Under pressure in 2H2026, positioned for recovery in 2027:

- 2H2026 presents near-term headwinds as El Niño peaks. However, in 2027, as weather transitions toward the ENSO-neutral phase, the hydropower group is expected to recover output thanks to improved hydrology.

2.3 Receivables Risk

Note: If retail electricity tariffs fail to adjust in line with fuel cost movements, generators face **the risk of late payment** from delayed receivables, and **profit margins may not be achieved as expected**.

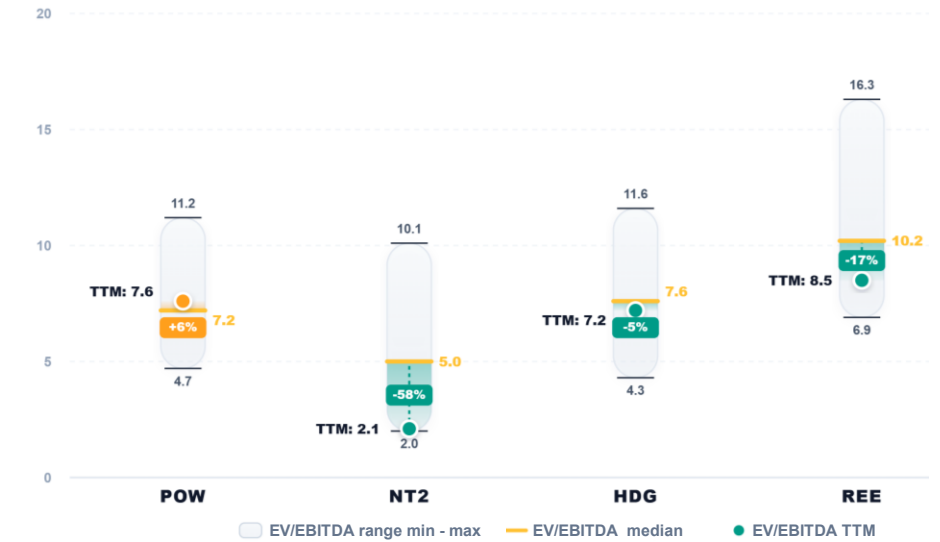
3. Valuation: Differentiation by Segment

- **Deep Discount (NT2):** EV/EBITDA TTM of 2.1x - a 57% below the 5-year median and approaching the historical trough (2.0x).
- **Fair Value (POW):** EV/EBITDA TTM of 7.6x (6% above the 5-year median), reflecting the early capacity contribution of Nhon Trach 3 & 4 flagship projects.
- **Hydropower – Value Accumulation (REE, HDG):** EV/EBITDA TTM of 8.5x (17% below the median) and 7.2x (5% below the median), respectively, reflecting near-term headwinds from El Niño peak conditions.

4. Investment View & Recommendations:

BSC maintains a **POSITIVE** sector stance on Thermal Power for 2H2026–2027, driven by: (i) robust generation dispatch demand and (ii) elevated FMP prices. Our preferred names are POW and NT2.

Figure: Power sector EV/EBITDA vs. 5-year median



Source: BSC Research

1. Fertilizer industry overview 1H2026:

In the first half of 2026, the Fertilizer industry recorded a divergence in performance between the two product groups Urea and DAP, departing from our base-case assumptions in the March 2026 report:

- **Urea Group (DPM, DCM) – Outperformed Expectations**

Domestic urea selling prices in Q2/2026 are estimated to increase sharply by **+48% YoY and +39% QoQ** thanks to the strong increase in world urea prices. This actual increase far exceeds BSC's baseline scenario in the March 2026 report (assuming the average selling price for the whole year 2026 only increases from +10% to +15% YoY). Domestic gas supply insulation allowed producers to benefit from the rise in selling prices relative to input gas cost increases (estimated to increase by +30% YoY and +3% QoQ).

- **DAP Group (DDV) - Gross margin compressed sharply on cost-push pressure**

Sulfur prices touched \$1,300 per tonne (+74% QoQ; +241% YoY) due to the blockade of the Strait of Hormuz. This spike exceeded BSC's forecast. The sharp rise in input costs outpaced domestic DAP selling prices, compressing gross margins significantly in 1H2026.

2. Outlook 2H.2026F - 2027:

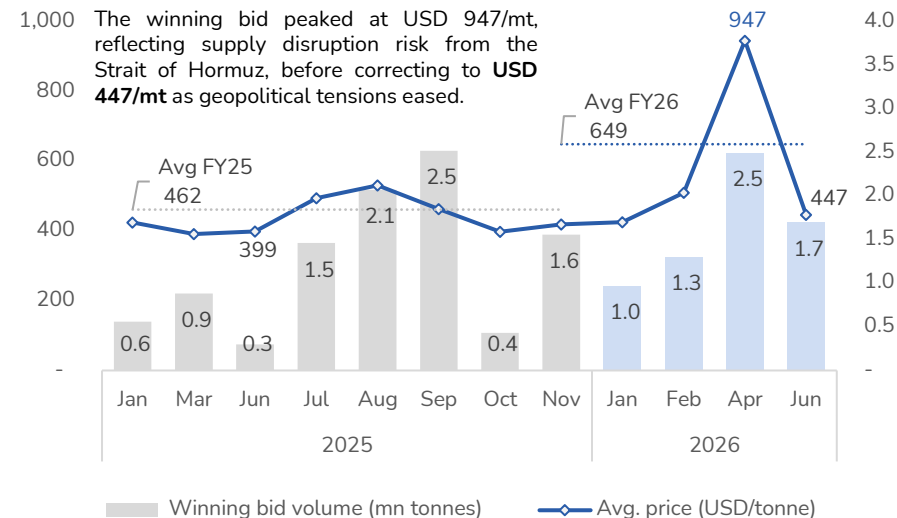
2.1 Outlook 2H.2026 – Near-term correction in Q3 from 1H2026 highs; recovery expected in Q4

The whole industry is expected to record a short-term decline in Q3 from the peak of 1H/2026, before recovering in Q4.

- (i) **Urea Group (DPM, DCM) – Short-term corrective pressure in Q3, anchoring a solid price floor in Q4:**

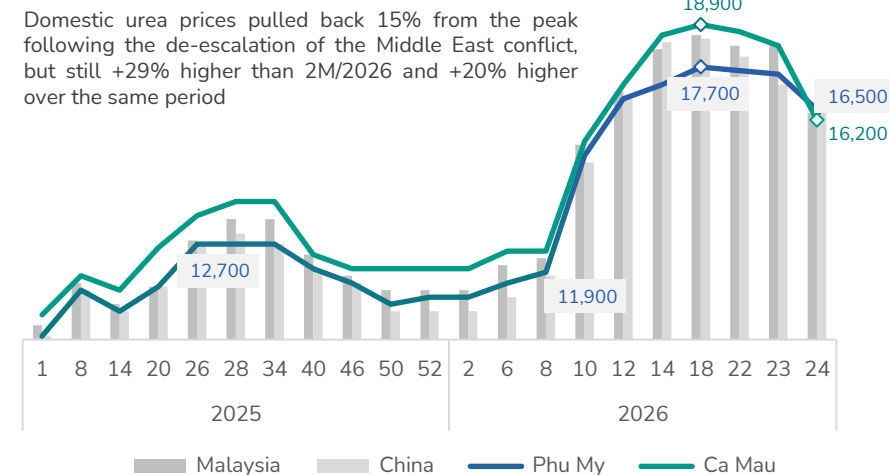
- *Q3 Pressure:* World and domestic selling prices were under deep downward pressure at the beginning of the quarter as buyers deferred purchases anticipating further price corrections post-ceasefire (unwinding of the geopolitical risk premium) and China eased exports early from June (instead of August as previously expected).

Figure: India tender results, 2025–June 2026



Source: BSC Research

Figure: Urea prices retreat from peak on de-escalation of geopolitical tensions (VND/kg)



Source: BSC Research

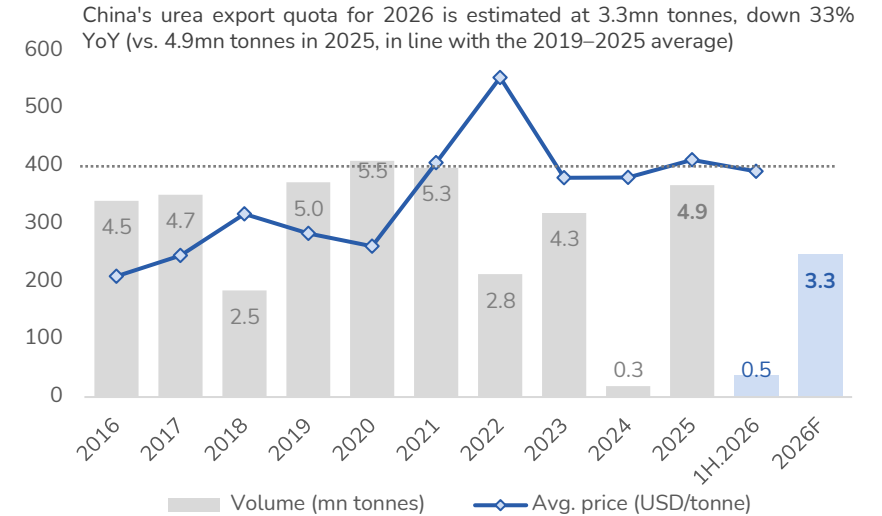
(i) Urea Group (DPM, DCM) – Short-term corrective pressure in Q3, anchoring a solid price floor in Q4:

- *Effects of the end of hostilities:* Cooling geopolitical tensions reduced the speculative activity of international traders, causing the world urea price to quickly adjust downwards. Nonetheless, physical trade flows remain constrained by multiple friction points. Meanwhile, lower energy prices provide a structural tailwind to urea production costs.
- China's total urea export quota for the whole year of 2026 is estimated at **3.3 million tons (-33% YoY)**, divided into 2 tranches: Phase 1 (June) exports ~1.5mn tonnes for commercial and 400k tonnes G2G; Phase 2 (Aug–Oct) covers the remainder. Domestic supply overhang risk is contained by a stringent export floor price mechanism to prevent price erosion.
- *Q4 recovery:* Demand for Winter-Spring and high world production costs (high natural gas prices) set a solid floor for domestic prices.
- *Full-year ASP:* BSC MAINTAINS its FY2026 ASP forecast of +10%–+15% YoY, as the strong Q2 outperformance more than offsets the Q3 trough.

(ii) DAP Group (DDV) – Gross margin recovery from the low base, supported by dual tailwinds:

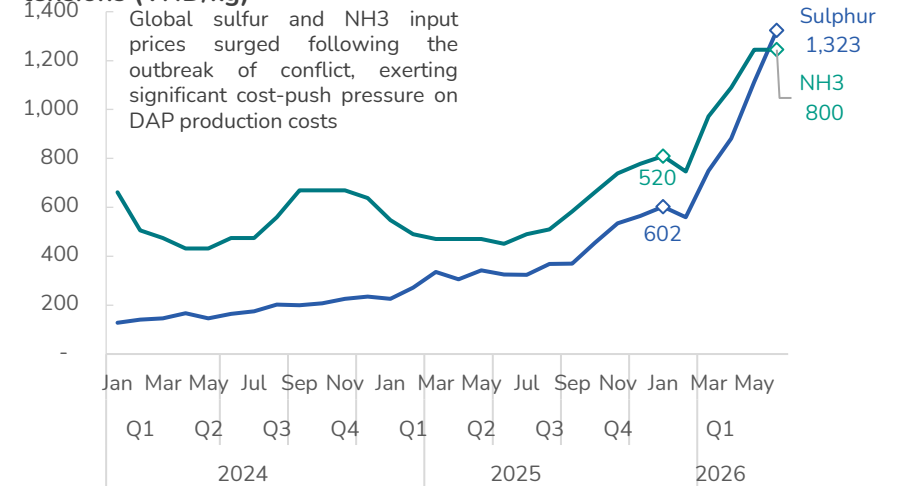
- *Cost price decreases:* The peak of imported sulphur prices (\$1,300/ton) has passed thanks to Hormuz. We expect a sharp decline in sulfur costs, driving meaningful cost deflation in 2H2026.
- *Selling price anchored at elevated levels:* China continues to ban exports of DAP altogether to protect its domestic market. The lack of imports from China keeps domestic DAP prices anchored at a high level.

Figure: China Urea Exports, 2016–1H2026



Source: BSC Research

Figure: Urea prices retreat from peak on de-escalation of geopolitical tensions (VND/kg)



Source: BSC Research

2.2 Outlook 2027 – Normalization from the 2026 Peak

We expect industry earnings to moderate from the 2026 peak, while remaining above 2025 levels.

- **Urea Group (DPM, DCM):** Earnings expected to moderate vs. 2026 but remain above 2025, supported by higher ASPs underpinned by: **(i)** slow recovery of world supply and **(ii)** elevated agricultural commodity prices sustaining farmer purchasing power.
- **DAP Group (DDV):** Gross margin recovery from the 2026 trough, underpinned by stabilizing global sulfur prices and elevated ASP support from China's continued DAP export ban.

3. Valuation

Fertilizer stocks have de-rated to fair value. Urea group shares have de-rated sharply to levels we view as attractive, reflecting peak earnings concerns. Details at the Forecast Table.

4. BSC View

BSC maintains a POSITIVE sector view for 2H2026–2027, as key downside risks are now priced into share prices.

Urea group: We expect a clear earnings recovery from Q4 2026, with 2027 earnings sustaining positive YoY growth off the 2025 base.

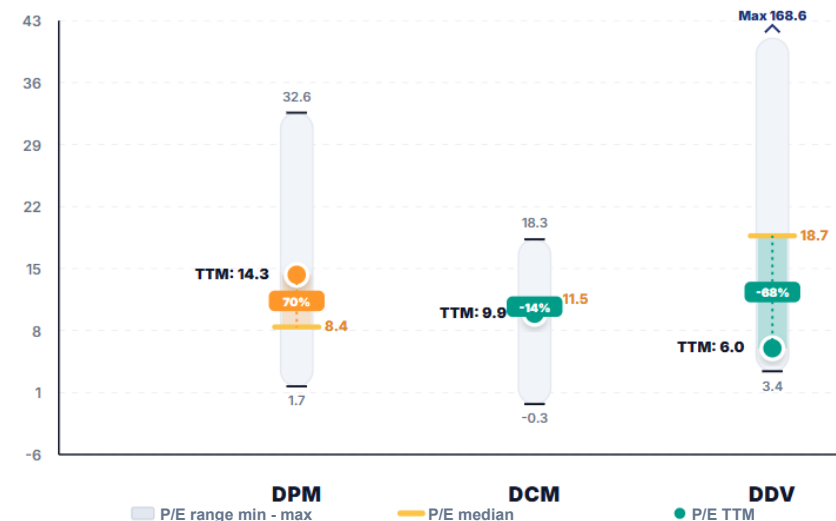
DAP group: Earnings expected to recover swiftly from the trough, driven by a sharp decline in sulfur input costs following the cessation of hostilities.

Policy catalyst: The 5% input VAT regime applies throughout 2026, reducing effective input costs and reinforcing the competitive advantage of domestic producers over imports.

Based on our analysis of both segments, BSC's investment strategy and recommendations are as follows:

- **BUY Urea group (DPM, DCM):** Accumulate during the Q3 seasonal trough ahead of the Winter-Spring crop demand recovery in Q4.
- **HOLD DAP group (DDV):** Await the bottom reversal, driven by rapid normalization of sulfur input costs following de-escalation in the Middle East.

Figure: P/E of fertilizer companies vs. 5-year median



Source: BSC Research

1. Tire industry overview 1H2026:

In 1H.2026, the Tire sector experienced gross margin compression from the simultaneous surge in input costs, driven by a sharp rally in natural rubber prices (+9% YoY, +13% QoQ in Q2/2026) and logistics/freight costs remaining elevated (+12% YoY, +36% QoQ) following the Strait of Hormuz blockade.

2. Outlook 2H2026–2027

For the rest of 2026 and 2027, BSC expects sector prospects to trough in Q3/2026 before differentiating and rebalancing thanks to factors:

- **Input costs establish a new floor:** Natural rubber prices expected to remain elevated in 2H2026, underpinned by El Niño-driven supply tightening. In 2027, prices are forecast to cool down by **-5% to -8% compared to the peak of 2026** but remain at **+10% to +15% higher than the average** for the period 2021-2025.
- **Container freight rates normalise:** Freight rates expected to decline from end-Q3 2026 into 2027, on the back of global container fleet oversupply (capacity growth of 3.6%, outpacing demand growth of 3%), easing the pressure on logistics costs for export routes to the US and Brazil.
- **Demand divergence by segment:**
- *PCR Segment:* Solid growth driven by EV replacement demand and OEM recovery as the global monetary tightening cycle concludes in 2027.
- *LTR Segment:* Steady growth (+4%–+6% YoY) underpinned by robust domestic logistics activity, FDI-driven infrastructure expansion, and recovery in commercial transport demand.

3. Investment Perspective

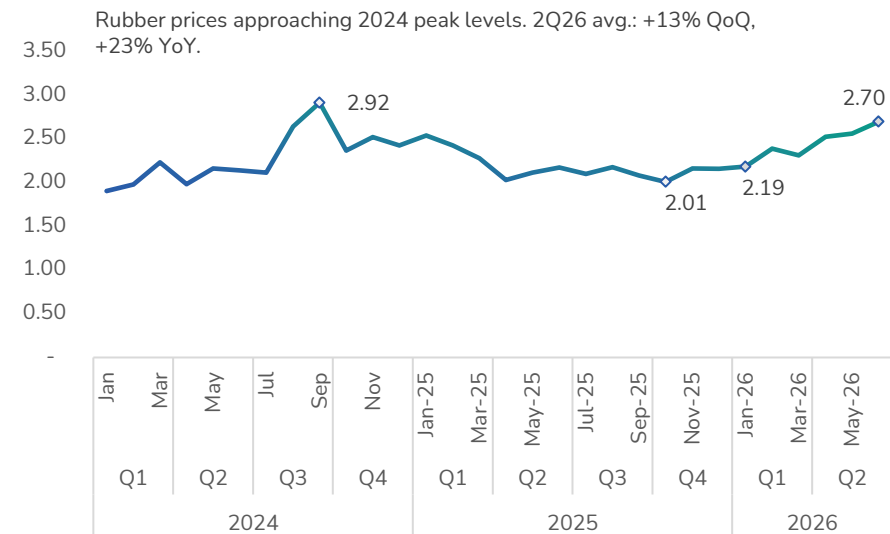
BSC maintains a NEUTRAL view on the Tire sector for 2H2026–2027, on account of:

- Elevated natural rubber prices anchored high, eroding gross margins.
- Anti-dumping duties in the US (cumulative 31–32%) and Brazil compel companies to maintain cost-absorption arrangements, offsetting the tailwind from easing freight rates.

4. Recommended Stocks

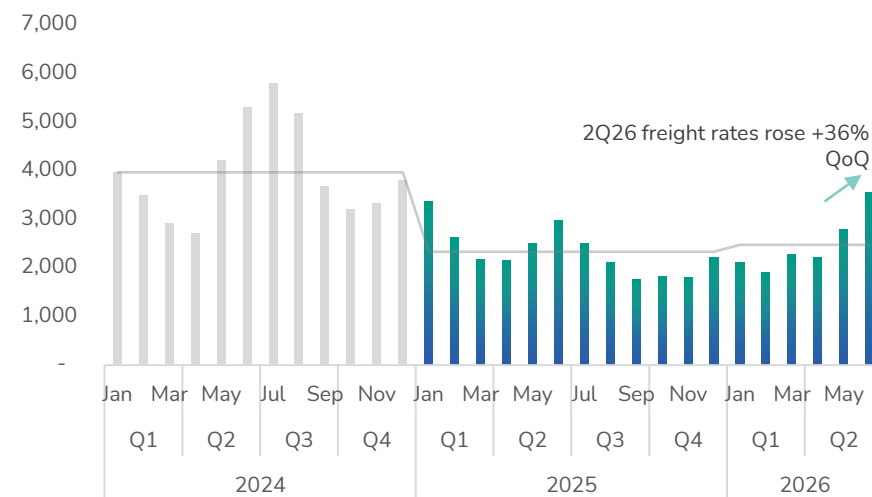
We recommend HOLD on DRC for 2H2026–2027, based on the following rationale: The current valuation has priced in the 1H2026 cost headwinds, limiting the near-term de-rating scope.

Figure: Natural rubber prices rally towards Sep-2024 highs (USD/kg)



Source: Bloomberg, BSC Research

Figure: Freight rates surged following the Middle East conflict



Source: Bloomberg, BSC Research



SECTOR OUTLOOK REPORT BUILDING MATERIALS – REAL ESTATE

1. Q1/2026 Sector Overview:

The building materials sector recorded relatively positive Q1 business results, benefiting from: **(1) higher selling prices driven by rising raw material costs, and (2) companies successfully capitalizing on low-cost inventory accumulated since late last year.** Specifically:

- Steel (HPG, VGS, HSG, NKG, GDA): Revenue grew +26% YoY, and NPAT-MI (Net Profit After Tax minus Minority Interest) surged +148% YoY. This robust performance was primarily driven by (1) a +12% YoY increase in steel selling prices, leading to healthy gross profit margins across the sector, and (2) HPG recording extraordinary income from the sale of the Pho Noi Urban Area project.
- Cement (HT1, BCC): Revenue increased +17% YoY, while NPAT-MI reached VND 67 billion, marking a significant turnaround from the net loss recorded in the same period last year.
- Plastics (BMP, NTP): Revenue grew +11% YoY, and NPAT-MI increased +12% YoY. Gross profit margins expanded thanks to favorable inventory costs. However, net profit margins remained relatively flat as several companies, notably BMP, rolled out promotional discounts, which partially offset the gross margin expansion.

2. Outlook for 2H.2026F - 2027F:

Q2 earnings are expected to maintain the positive momentum seen in Q1, supported by: (1) Sharp increases in selling prices from March to May fully reflecting in Q2 orders; and (2) Volume growth driven by (i) dealers actively stockpiling inventory amid rising prices, and (ii) the sector's inherent cyclical nature as it enters the peak season for infrastructure and civil construction.

2H2026 – 2027F Outlook:

2H. 2026: Most companies will likely experience an earnings contraction in Q3 before recovering in Q4. BSC's base-case scenario assumes the geopolitical conflict concluded in June, which will lead to a decline in manufacturing input costs. Given (1) the time lag between import orders and sales execution, and (2) Q3 being a traditionally low season for sales volume, BSC anticipates a sharp earnings drop for the building materials sector in Q3, followed by a rebound in Q4.

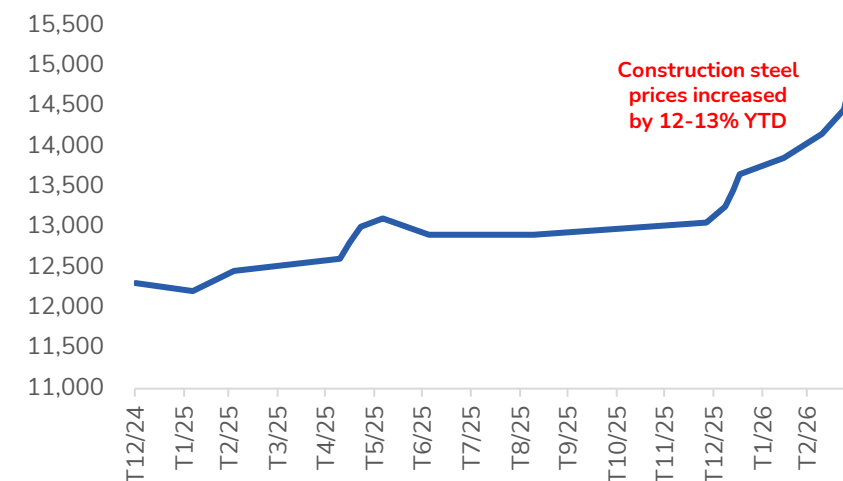
2027F: Although the conflict has ended, BSC believes that supply chain disruptions will be difficult to resolve in the short term. **Our view is that: (i) Prices for oil and petroleum products will remain structurally higher than pre-war levels, and (ii) There are persistent risks of raw material shortages (e.g., PVC, PE, etc.).** The rapid decline in oil and petroleum product prices in June was primarily due to high inventory stockpiling during the low season. BSC expects oil prices to return to a higher baseline toward the end of the year. Consequently, BSC maintains its view that sector-wide profitability will diverge significantly in 2027.

Table: Q1/2026 Earnings Results

Ticker	Revenue	%YoY	Gross Profit	% YoY	NPAT-MI	%YoY
Steel						
HPG	53,313	40.5%	8,365	54.2%	8,994	168.9%
VGS	1,714	-4.6%	69	3.9%	45	10.6%
HSG	9,230	6.6%	1,052	-2.3%	119	-42.8%
NKG	3,278	-20.2%	85	-67.6%	22	-65.9%
GDA	3,589	-9.8%	160	-43.4%	52	-16.6%
Cement						
HT1	2,011	18.1%	249	84.6%	78	-948.1%
BCC	921	13.3%	76	206.1%	(10)	-82.4%
Plastic						
BMP	1,485	5.4%	688	16.6%	304	5.9%
NTP	1,535	17.3%	442	23.4%	254	20.0%

Source: BSC research, Financial Statement

Figure: 1H2026 Construction Steel Price Trends



Source: BSC research

Group least affected by supply chain disruptions, expected to record solid growth (>15% YoY) in 2027.

- **Integrated steel manufacturers with long production cycles (e.g., HPG):** Expected to benefit from (i) output expansion as the Dung Quat 2 complex reaches stable operation, and (ii) higher HRC selling prices following Vietnam's official imposition of anti-dumping (AD) and anti-circumvention duties on wide-coil HRC.

Group negatively affected by input supply chain disruptions, expected to record modest growth (<15% YoY) in 2027..

- **Plastics Sector (BMP, NTP):** BSC believes the sector's profit margins have peaked over the past two years. PVC prices remaining structurally higher than pre-war levels will negatively impact both consumption volume and medium-term profit margins.
- **Steel Trading Sector:** Profit margins are under downward pressure due to (i) a volume decline in export channels; and (ii) the fading of supportive factors from the rising selling prices observed in 1H2026.

3. Valuation:

Most stocks in the building materials sector have discounted to their fair values. Specific multiples are as follows: HPG (2026F P/E = 7.1x vs. historical average of 8.0x - 10.0x), HT1 (2026F P/B = 1.0x), HSG and NKG (FWD P/B = 0.7x - 0.8x vs. historical average of 1.0x - 1.3x), and BMP (2026F P/E = 10.0x).

4. Investment Strategy:

Based on the two aforementioned corporate groups, BSC proposes the following investment strategy:

- **For the group least affected by supply chain disruptions:** BSC recommends **BUY** for HPG.
- **For the group still affected by input supply chain disruptions:** Investors can consider short-term trading opportunities during periods of deep valuation discounts, capitalizing on anticipated earnings recoveries in specific quarters such as Q2 and Q4.

5. Recommendations:

BSC recommends **BUY** for HPG, and **WATCH** for HSG, NKG, GDA, BMP, NTP, HT1, and BCC.

Table: Q2/2026 Earnings Forecasts for Selected Companies

Ticker	Revenue	% QoQ	% YoY	NPAT-MI	% QoQ	%YoY
Steel						
HPG	61,000	+16%	+70%	6,000 - 6,500	-28%	+52%
HSG	10,800	+20%	15%	200 - 230	+94%	-16%
NKG	3,500	+9%	-7%	50 - 70	+130%	-49%
Cement						
HT1	2,100	+12%	+8%	150-170	+92%	+33%
Plastic						
BMP	1,580	+6%	+18%	330	+8%	+0%

Source: BSC forecast

Table: 2026 Earnings Forecasts and Valuations for Selected Companies

Ticker	Revenue	%YoY	NPAT-MI	% YoY	P/E FWD	P/B FWD
Steel						
HPG	221,884	42%	28,538	85%	7.1	1.3
HSG	38,323	5%	507	-31%	19.2	0.8
NKG	19,850	34%	202	1%	24.7	0.7
Cement						
HT1	8,799	+19%	435	+59%	12.1	1.0
Plastic						
BMP	6,182	+12%	1,182	-4%	10.2	4.3

Source: BSC research

5M2026 SECTOR PERFORMANCE UPDATE

1. Price Movements:

In Q2, building material prices witnessed an upward trend, specifically: **(1) Price hikes driven by rising oil-related input costs:** In Q2, construction steel increased by +18% YoY / +10-12% YTD; Cement increased by +15% YoY; and PVC plastic pipes rose by +15% YoY. **(2) Price hikes supported by anti-dumping (AD) duty policies:** In Q2, HRC increased by +11% YoY / +15% YTD.

Moving into 2H2026, BSC expects the upward pricing momentum for most building materials to decelerate due to: (1) Demand entering the low season, coupled with the fact that sharp price increases have dampened purchasing power; and (2) Oil-related input costs showing signs of cooling down. Specifically, in June, BSC observed a downward pricing trend across several products, such as construction steel (down VND 300/kg, or -2% from its peak) and HRC (down USD 10/ton, or -2% from its peak).

2. Volume Trends:

In Q2, the consumption volume of building materials was positive.

- **Domestic Market:** Construction steel volume is estimated at +10% YoY, and cement at +6% YoY. This is attributed to (1) a domestic market recovery, and (2) as analyzed above, rapid price increases prompting dealers to aggressively stockpile inventory.
- **Export Market:** HRC volume is estimated at >30% YoY, and cement at +11% YoY. This robust growth was primarily driven by (1) China facing global trade protection measures, forcing production cutbacks; and (2) China implementing stricter environmental management policies, leading to the closure of highly polluting facilities.

Moving into 2H2026, BSC believes the fundamental recovery trend will persist:

- **Domestic Market:** Will continue to benefit from the Government's accelerated disbursement in public investment and real estate development.
- **Export Market:** BSC considers China's production cutbacks to be a lasting structural trend. This forms the basis for BSC's expectation that the volume recovery for products like HRC and cement will continue in 2H2026. Conversely, other products such as galvanized steel sheets and steel pipes (which Vietnam has heavily exported over the past 2-3 years) will continue their downward trajectory due to the imposition of anti-dumping (AD) duties by Australia.

Figure: HRC 's Price Movements

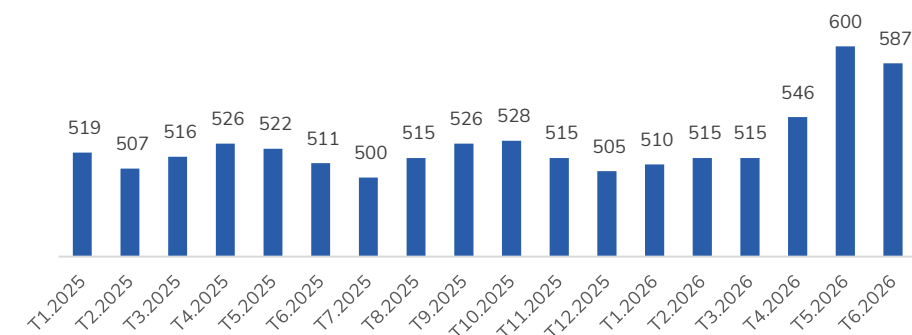


Figure: Domestic Steel Consumption Trends

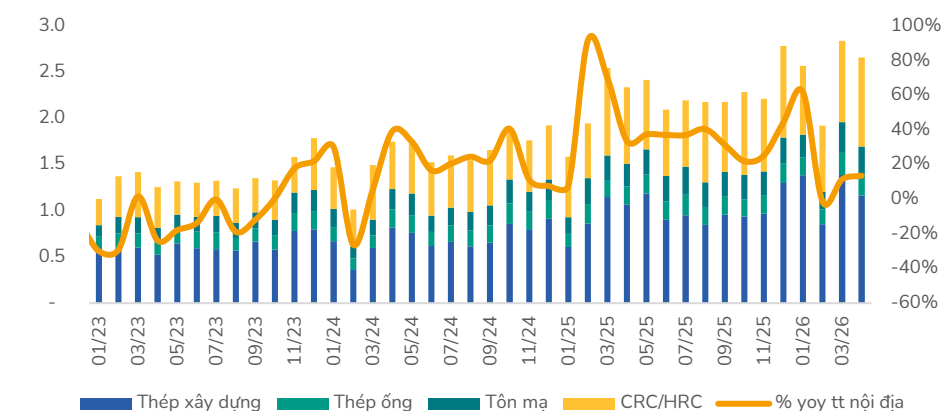
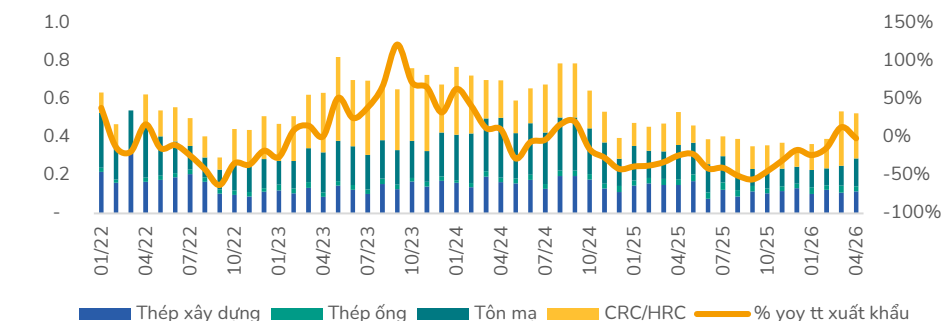


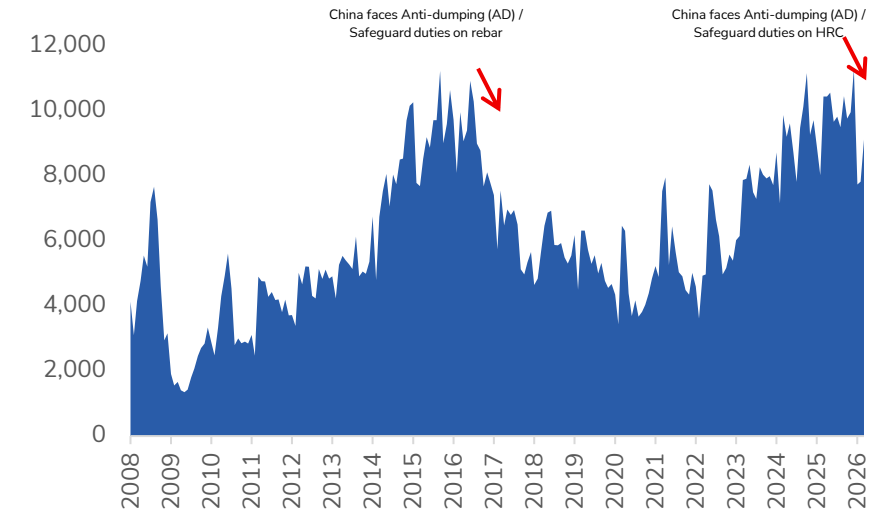
Figure: Steel Export Volume Trends



- 1. Steel: China has initiated cuts in export volumes..** In 5M2026, China's steel export volume reached 44.6 million tons (-8% YoY). Given (i) the rising trend of domestic steel protectionism globally, and (ii) escalating geopolitical tensions, routing HRC through third countries to circumvent duties is no longer an effective strategy. Therefore, BSC believes that Q4/2025 marked the peak for China's steel exports. The country will be forced to reduce output, which will help sustain a higher baseline for steel prices during the 2027–2030 period.
- 2. Cement & Steel: Stricter environmental policies.** In June 2026, China issued regulations requiring nine major high-emission industries—including cement, steel, aluminum, and float glass—to fully comply with energy efficiency standards before the end of 2028. Over the past 3-5 years, capacity reduction efforts have been relatively sluggish due to pressures to maintain economic growth. However, with the Chinese Government firmly setting a completion deadline, the pace of these structural adjustments will inevitably have to accelerate in 2027.

In the event that China implements more aggressive capacity cuts, BSC assesses that the upward pricing momentum for building materials could extend for more than one quarter, which would fundamentally alter our current forecasts. Please note that in our latest reports, adopting a conservative stance, BSC has not yet factored in the scenario of drastic capacity reductions from China.

Table: China's Steel Export Volume (million tons)



Source: BSC research, Mysteel

1. Q1/2026 Sector Overview:

Sluggish public investment disbursement: As of the end of May 2026, the total disbursed public investment capital reached VND 219,358 billion (achieving 21.6% of the Prime Minister's assigned target, marking a +13% YoY increase).

Causes: BSC assesses that the disbursement pace in 5M2026 remained slow due to: (i) Prolonged bottlenecks in site clearance; (ii) Shortages and price volatility of construction materials (leveling dirt and sand); and (iii) Changing barriers related to investment procedures and legal frameworks.

However, the progress of key projects remains intact: Significant efforts are being made to keep major projects on schedule. Specifically, component projects of the North-South Expressway (Phase 2) are in the sprint phase of construction, while the Quang Ngai - Hoai Nhon Expressway, Hanoi Ring Road 4, and others are maintaining construction volumes that closely track or exceed planned targets.

2. 2H2026 Outlook: The focal point for disbursement acceleration

BSC expects the public investment disbursement process to be aggressively pushed by the Government, acting as the primary pillar to achieve the 10% GDP growth target for 2026.

Construction Segment: Heading into the new 2026–2030 cycle, capital flows are beginning to shift toward key mega-projects such as the Eastern North-South Expressway (Phase 2 Expansion), Red River Landscape Boulevard, and Long Thanh International Airport (Phase 2). Currently, contractors are proactively accelerating on-site deployment for foundation construction packages to ensure volume acceptance before the rainy season begins.

Forecast: BSC expects disbursement progress to accelerate starting in Q3/2026, helping the public investment disbursement rate for 2026 to reach approximately 90% of the full-year target (equivalent to VND 950,000 – 1,000,000 billion).

Table: Monthly Public Investment Disbursement Progress of the Ministry of Construction (2023 - 2026)

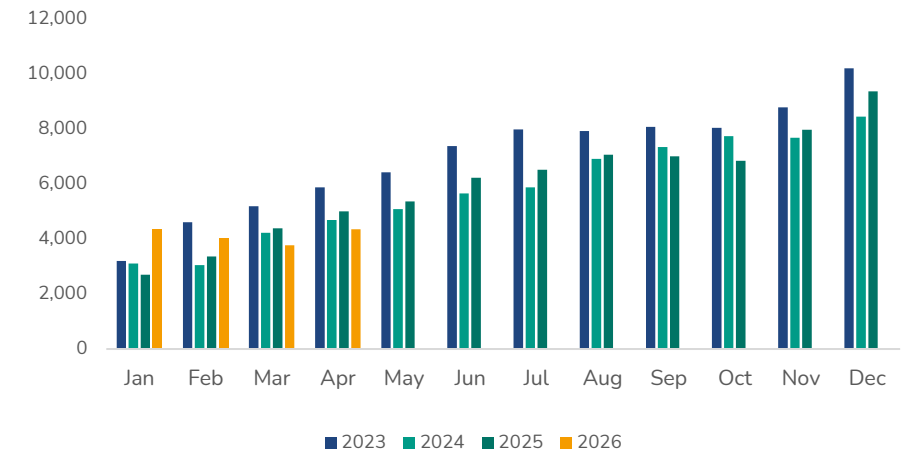
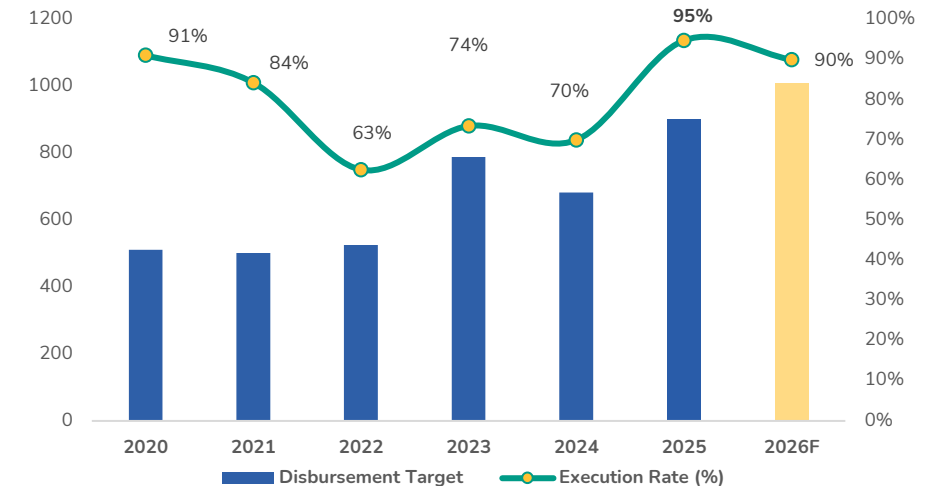


Table: Public Investment Disbursement Target and Execution Rate (2020 - 2026)



Source: BSC research

3. Valuation and Investment Strategy:

In 2026, our investment strategy shows clear divergence based on valuation attractiveness. Specifically:

- **Construction Sector (LCG, HHV): BSC prefers companies with substantial backlogs.** Although public investment disbursement in the early months of 2026 fell short of expectations, (1) valuations for most infrastructure construction stocks have discounted to a reasonable level for accumulation ahead of the 2H cycle (2026F P/B hovering around 0.5x – 0.7x, lower than the construction sector's average of 1.0x), and (2) the progress of key mega-projects remains solidly on track.
- **Building Materials Suppliers (VLB, DHA, CTI):** Earnings face downside risks as incremental sales volume is insufficient to offset the surge in input costs. Therefore, BSC does not recommend this group at present. Investors should wait for new catalysts before participating.

The 2027 Story: Focus on Resolving Legal Bottlenecks

Moving into 2027, the growth story for these companies will hinge on the progress of resolving legal bottlenecks. BSC will continuously monitor and assess the following:

- **Building Materials Suppliers (VLB, DHA, CTI):** Companies in this segment are facing difficulties due to prolonged legal hurdles regarding new licensing procedures, extensions of mining rights, and capacity upgrade approvals at existing stone mines. BSC will shift its stance once the legal frameworks for these mines are fully resolved.
- **BOT Sector (HHV, C4G):** Current Build-Operate-Transfer (BOT) projects are still struggling with mechanism-related obstacles. BSC expects that in 2027, the State budget will be disbursed following the issuance of a new Government Decree aimed at resolving difficulties for BOT enterprises. Consequently, these companies could record extraordinary income.

Investment View: Prioritize investments in companies possessing abundant backlog volumes and ensuring solid construction execution. We recommend **BUY** for standout stocks such as LCG and HHV, and **WATCH** for VLB and DHA.

Table: 2026 Earnings Forecasts and Valuations for Selected Companies

Ticker	Revenue	% YoY	NPAT-MI	%YoY
Construction and BOT				
HHV	4,655	22%	654	13%
LCG	4,624	54%	223	48%
Building Materials				
VLB	1,662	19%	316	18%
DHA	393	-3%	85	-22%

Source: BSC forecast

Table: Key Projects of LCG and HHV

No.	Project	Construction Period	% Completion as of YE2025	Backlog 2026 - 2027
LCG				
1	Hung Yen Parallel Road - Ring Road 4	2023 – 2026	60%	506
2	Hung Yen Heritage Road	2024 – 2026	15%	3,055
3	Huu Nghi - Chi Lang Expressway	2024 – 2026	67%	428
4	Yen Bai - Lao Cai Expansion Project	2025 – 2026	0%	1,923
5	Component Project 3 – Quy Nhon - Pleiku Expressway (Km90+000 - Km125+000)	2025 – 2027	0%	2,173
HHV				
6	Dong Dang - Tra Linh	2024 -2027	26%	1,443
7	Tan Phu - Bao Loc	2025 -2027	0%	1,993
8	Ho Chi Minh City - Chon Thanh - Thu Dau 1 Expressway	2025 – 2027	0%	236
9	Ring Road 4 HCMC	2026 – 2027	0%	243

Source: BSC research

1. Q1/2026 Sector Overview:

The sector recorded positive Q1 business results, benefiting from: (1) a +4% YoY increase in natural rubber latex selling prices amid rising oil prices and related petroleum product costs; (2) strong volume growth due to a low base effect in the same period last year caused by adverse weather conditions; and (3) several enterprises recording extraordinary profits from rubber plantation liquidation and land compensation activities (PHR, GVR, etc.).

2. 2026F Outlook:

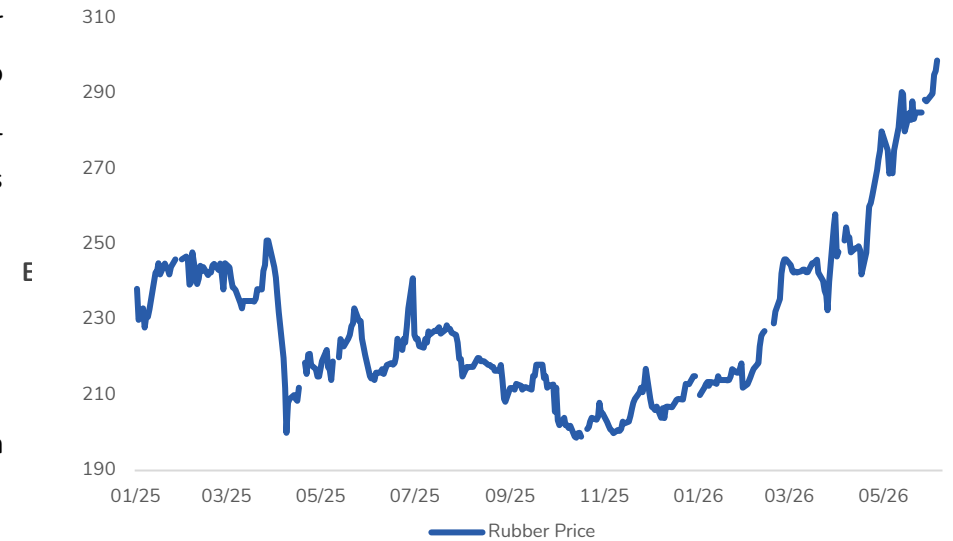
Q2 Earnings Expectations:

- **Rubber Segment:** Selling prices remained elevated throughout April and May, which will directly reflect in Q2 performance, allowing rubber enterprises to continue benefiting from expanded gross profit margins.
- **Compensation & IP Revenue Recognition:** Continuous cash flow recognition is expected from Industrial Park (IP) land compensation and asset liquidation. For instance, PHR is expected to receive approximately VND 1,619 billion in 2026 from the VSIP III and Thaco projects.

2H2026 Outlook:

- **Rubber Segment:** BSC believes that rubber prices likely peaked in Q2. Prices are expected to gradually moderate toward the year-end due to: (i) cooling geopolitical tensions; (ii) supply recovery as the new harvesting season commences from Q3; and (iii) signs of a slowdown in global tire consumption, as shared by corporate management.
- **Compensation & IP Revenue Recognition:** Profitability is projected to remain at high levels, driven by: (i) the timing of profit recognition from land compensation and handover for IP development (notably VSIP III and Thaco); and (ii) the accelerated progress in IP legal procedures, including the liquidation of rubber trees in accordance with the land-use conversion policy.

Figure: Global Rubber Price Trends (JPY/kg)



Source: BSC research

Table: Estimated Quarterly Rubber Selling Prices (VND million/ton)

	Selling Prices			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2023	33.3	30.2	34.5	35.2
2024	37.3	39	39	45
2025	45	57	50	51
2026F	46.4	51.3	63	55

Source: BSC research

2027 Outlook

(1) Accelerated deployment of new IPs: The development progress of new Industrial Parks (IPs) is expected to accelerate, fueled by fresh capital injections from rubber land compensation. For instance, PHR expects to record approximately VND 3,385 billion in compensation during the 2026–2027 period.

(2) Capital raises to reduce State ownership: The majority of rubber companies are state-owned enterprises (with the State holding a dominant stake, e.g., 96% in GVR). The State plans to reduce its ownership ratio to 75% or 65% via public share issuances. If these capital raises are successful, they will provide a new financial resource to deploy IPs currently in the backlog.

(3) Enhanced operational efficiency: Most rubber enterprises operate with a complex, multi-tier subsidiary structure. Based on our discussions, the parent groups are actively pushing for structural streamlining and the reduction of administrative management layers in 2026–2027. This corporate restructuring will help these companies improve their net profit margins.

3. Investment view and valuation

- BSC maintains a **NEUTRAL** rating for the Rubber sector. For most rubber stocks, expectations regarding IP land conversion have already been partially priced in. The timing of profit recognition from compensation projects and asset liquidations will be the decisive factor for any re-rating in the upcoming period.

4. Recommendation: BSC recommends **BUY** for PHR with a target price of VND **73,500/share**, representing an upside of +15%.

Table: Q1/2026 Earnings Results

Ticker	Revenue	%YoY	Gross Profit	%YoY	Other Income, Net	%YoY	NPAT-MI	%YoY
GVR	8,845	56%	2,337	43%	1,038	273%	2,251	85%
PHR	469	50%	117	14%	232	45659%	279	177%
DPR	203	87%	95.7	53%	2	-58%	65	56%
TRC	275	22%	74.6	-15%	41	82772%	100	42%

Table: Summary of IP Land Compensation Rates

Mã	Project	Compensation Price
GVR	Long Duc IP (Phase 2), Bau Can - Tan Hiep (Dong Nai)	N/A
PHR	VSIP III, Nam Tan Uyen Expansion (Binh Duong)	Approx. VND 2.5 - 3.0 billion/ha (VSIP III alone expects to record total compensation up to VND 3,260 billion)
DPR	Tien Hung 1, 2 Industrial Clusters; North/South Dong Phu IP Expansion (Binh Phuoc)	Estimated at approx. VND 1.3 - 1.5 billion/ha (Based on expected total compensation of VND 2,100 - 2,400 billion for 1,600 ha)
TRC	Hiep Thanh IP (Tay Ninh)	Total extraordinary income from land compensation and rubber plantation damage is estimated at approx. VND 593.6 billion (after-tax)

Source: BSC research

1. Sector Overview:

In 1H2026, industrial park (IP) land handover activities were relatively subdued as: (1) developers primarily focused on accelerating infrastructure completion to meet handover schedules for investors in 2H2026; and (2) FDI investment activities remained sluggish in Southern provinces. Consequently, we expect the 1H earnings of the IP sector to record a YoY decline.

2. 2H2026 Outlook

BSC assesses that 2H2026 business results for the IP sector will witness a clear divergence, specifically:

- **Northern IPs (KBC, etc.):** Land handover activities are expected to be positive in 2H2026 driven by: (1) a strong upward trend in Chinese FDI into Northern provinces following Xi Jinping's official visit to Vietnam in April 2025; (2) the Northern provinces' geographically advantageous locations for raw material supply chains and connectivity with China compared to the South; and (3) BSC expects IPs such as Que Vo 2 Expansion, Nam Son Hap Linh, and Trang Due 3 to commence handovers to Luxshare-ICT (MoU for 96 ha), Goertek (MoU for 33.6 ha), etc., in 2H2026.
- **Southern IPs (IDC, SZC, etc.):** Conversely, handover and investment attraction activities in the Southern region are somewhat more muted compared to the North due to: (1) the impact of tariffs and geopolitical tensions, as these IPs are primarily concentrated in highly cyclical and export-dependent industries such as metallurgy, chemicals, textiles, and footwear; and (2) incomplete connective infrastructure.
- **Accounting Changes (Circular 99):** Regarding Circular 99 (TT-99) on changes in IP accounting methods, BSC evaluates that private developers (KBC, IDC, etc.) will continue to adopt **one-off revenue recognition**. This is because: (1) developers will transfer the entirety of management rights, risks, and benefits associated with the assets to partners; and (2) they simultaneously recognize over 90% of the acquired benefits and can reliably determine related costs. Based on our observations, developers required to allocate revenue over time are primarily state-owned IPs (like SZC) that continue to manage infrastructure post-handover.

FDI Policy Shift: Furthermore, with Resolution No. 10 on FDI economic development passed in Q2/2026, the Government aims to focus on technological FDI, shifting from tax incentive-based attraction to a support mechanism based on commitment fulfillment, project lifecycle management, and technology transfer. Consequently, the target is to reach USD 200–300 billion in registered capital and USD 150–200 billion in implemented capital by 2030.

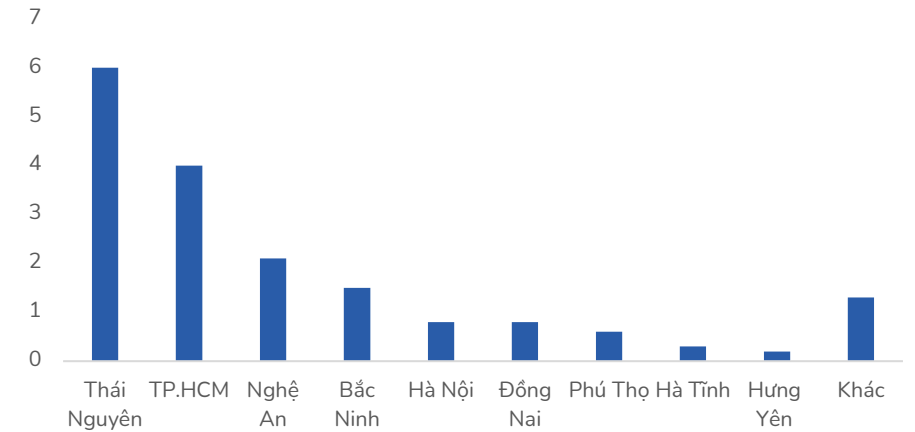
3. Investment view

BSC downgrades the IP sector from **OUTPERFORM** to **NEUTRAL** based on the view that: (1) the 2026 earnings of the IP sector are not expected to exhibit uniform growth, given that robust FDI attraction is concentrated only in select key Northern provinces. (2) Nevertheless, as the valuations of most IP stocks have discounted compared to their 5-year averages, we will consider adjusting our rating based on the prospect of MoU signings in 2H2026 (IDC and KBC are currently trading at 2026F P/B of 1.7x and 0.9x, respectively, compared to their 5-year sector average of 2.8x and 1.3x).

4. Recommendation

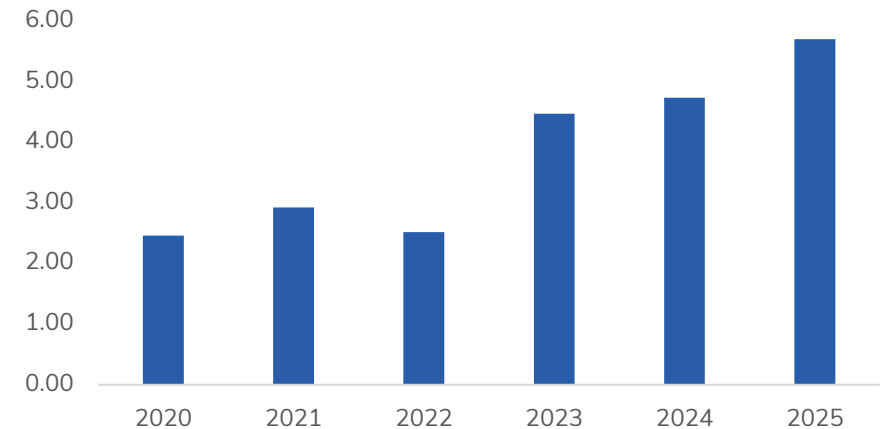
We select **KBC** for 2H2026 due to: (1) positive IP handover prospects in 2026 (investors can refer to the details [here](#)); and (2) its valuation having steeply discounted from its peak.

Figure 1: Registered FDI primarily concentrated in Northern provinces in 4M2026 (USD bn)



Source: FDI.gov

Figure 2: Chinese FDI into Vietnam surges in recent years (USD bn)



Source: Finpro

INVESTMENT VIEW UPDATE

1. Sector Overview

The real estate market is facing multiple pressures from (1) a rising interest rate environment and (2) highly competitive selling prices due to abundant supply. However, bright spots remain as the deployment of critical infrastructure is accelerated and legal frameworks are no longer a major bottleneck. Through a sensitivity analysis between interest rates and loan-to-value ratios, the affordability of standard households is still met under the current macroeconomic context, supported by developers' sales policies and interest rate subsidies to stimulate demand. **BSC assesses that the absorption rate of projects catering to real housing demand remains secured.**

Nevertheless, the sector's profit margins will tend to compress and seek a new equilibrium due to high financial obligations and intense competition. We believe that the scale of individual projects will tend to increase to compensate for declining margins, and developers with strong track records will continue to consolidate their positions.

2. 2026F Outlook:

Overall, thanks to substantial backlogs and improved financial health following the restructuring phase, real estate developers are becoming more proactive in their project deployment plans and are maintaining the "market consolidation" trend through M&A transactions. Solid momentum from 2025–2026 presales will continue to drive impressive earnings growth for the whole sector. **We forecast the sector's 2026 and 2027 NPAT-MI to reach VND 46,339 billion (+2.3% YoY) and VND 55,951 billion (+20.7% YoY), respectively; or VND 2,817 billion (+12.8% YoY) and VND 6,590 billion (+133.9% YoY) if excluding VHM's contribution.**

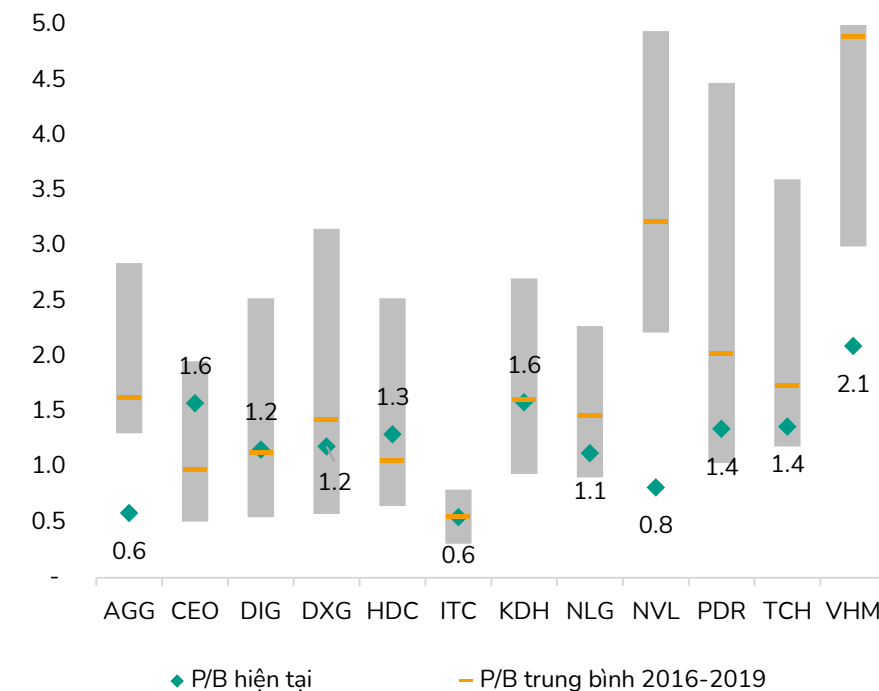
3. Investment view

Although the sector faces numerous challenges, BSC maintains an **OUTPERFORM** rating for the Real Estate sector's investment outlook in 2H2026–2027, given that: (1) sector valuations have returned to an attractive range; (2) the interest rate environment is showing signs of peaking; and (3) earnings growth is secured by robust presales in 2025–2026.

4. Recommendation

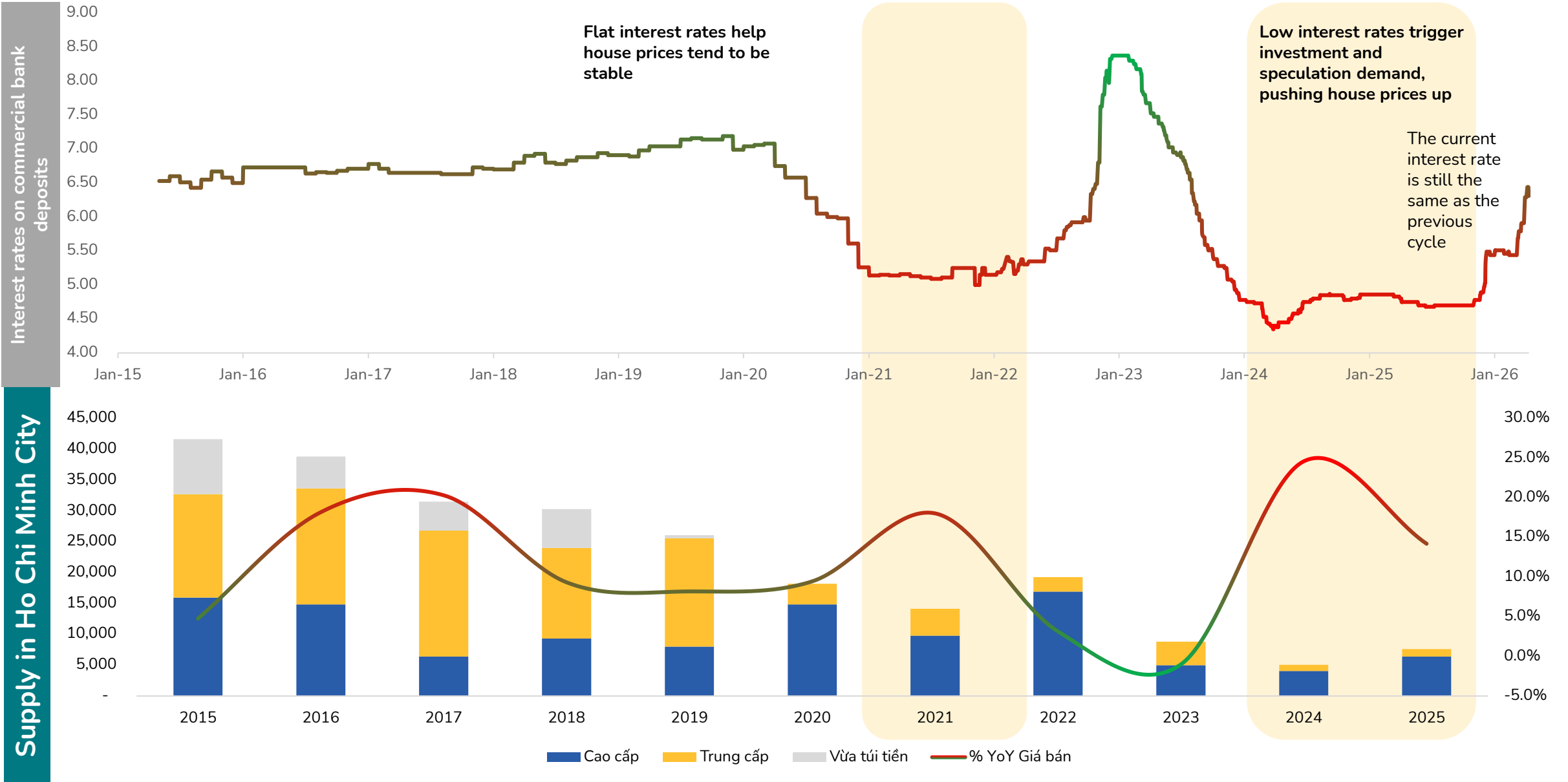
We favor **TCH, NLG, DXG, and KDH** based on the clearer positive momentum of the real estate sector and their current valuations.

Table: Comparison of current valuations vs. the corresponding recovery phase of the previous cycle



Source: BSC research

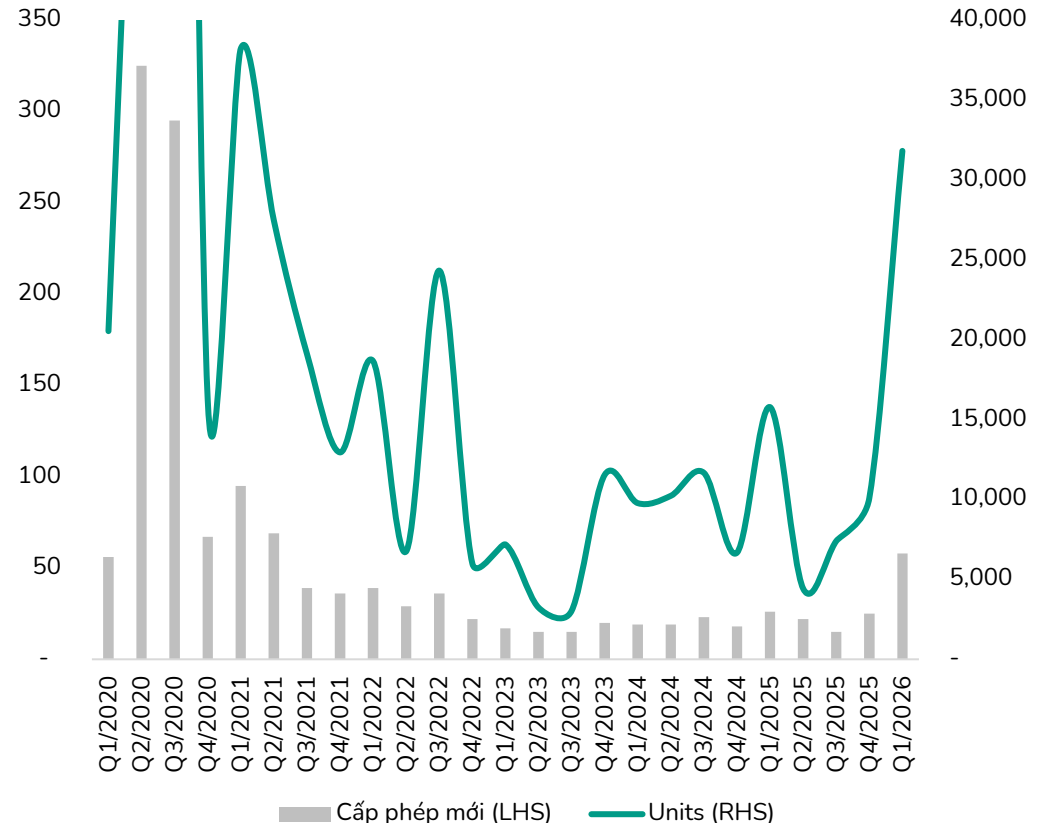
REAL ESTATE: THERE IS ALWAYS A TRADE-OFF BETWEEN HOUSE PRICES AND INTEREST



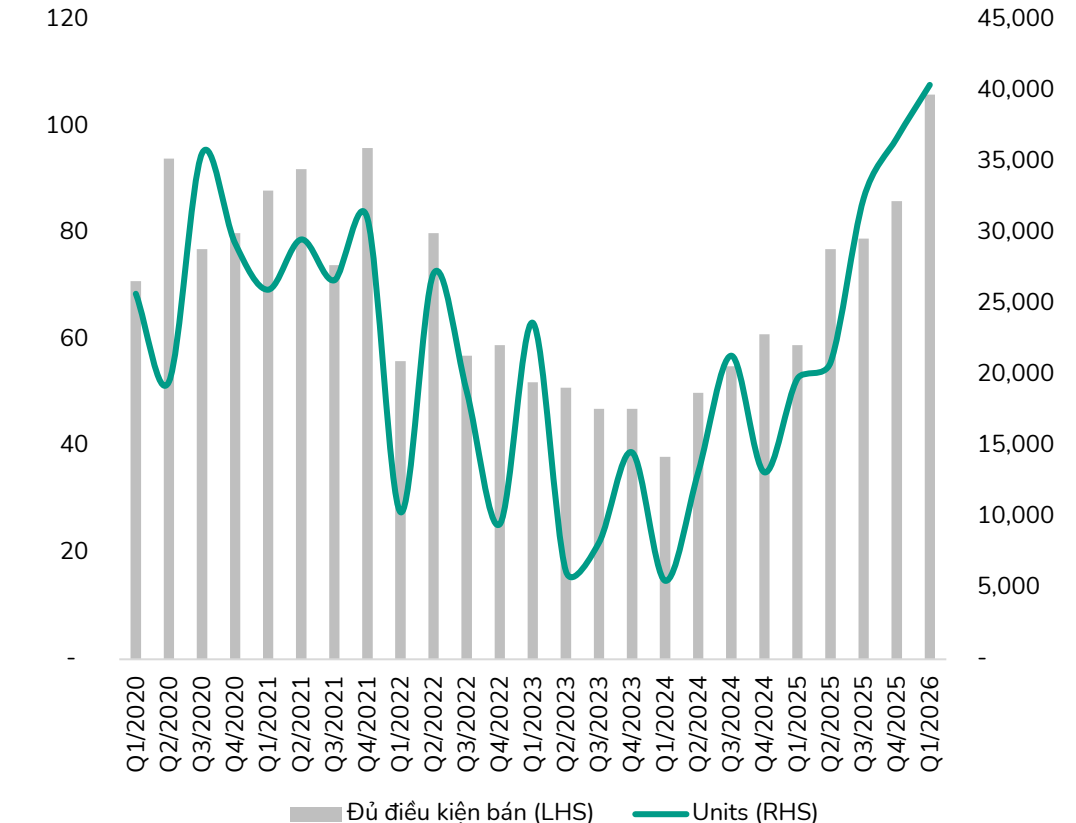
Source: CBRE, BSC Research

According to the report of Ho Chi Minh City, in 2025, the 1645 Working Group has held 56 meetings to consider and remove obstacles in the issuance of pink books for 250 projects. Thereby, there are 218 projects with more than 130,000 houses that have been removed to issue certificates. There are 32 projects with problems (14,673 real estate properties are required by the City People's Committee to settle at least 30% of the dossier per quarter. **We assess that the legal bottleneck is no longer the focus of the market's attention at the moment**, As the legal corridor is gradually cleared, the processing process is standardized, and the data system collected through the centralized real estate exchange is and will continue to help the legal completion process of the project be "smooth" and accelerated.

The number of newly licensed products in 1Q2026 is twice as high as the same period and almost the same as in the whole of 2025



Number of products eligible to sign contracts increased by +105% YoY and +10% QoQ in 1Q2026

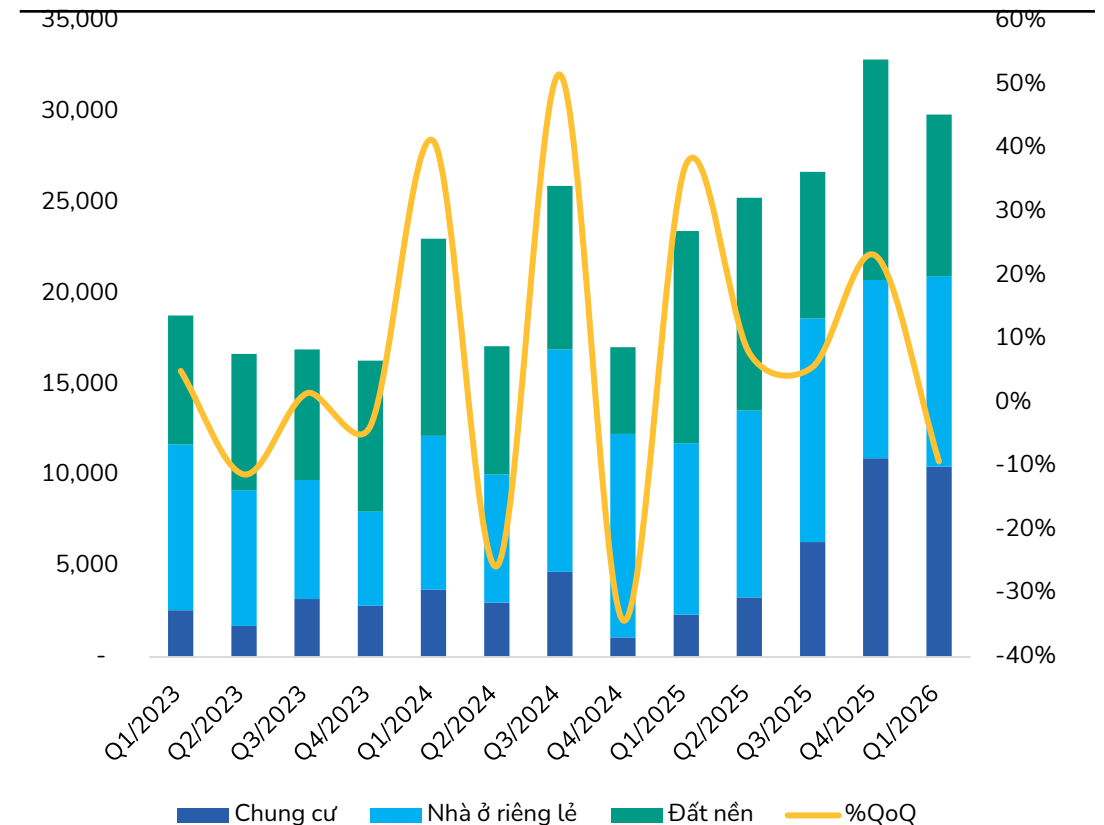
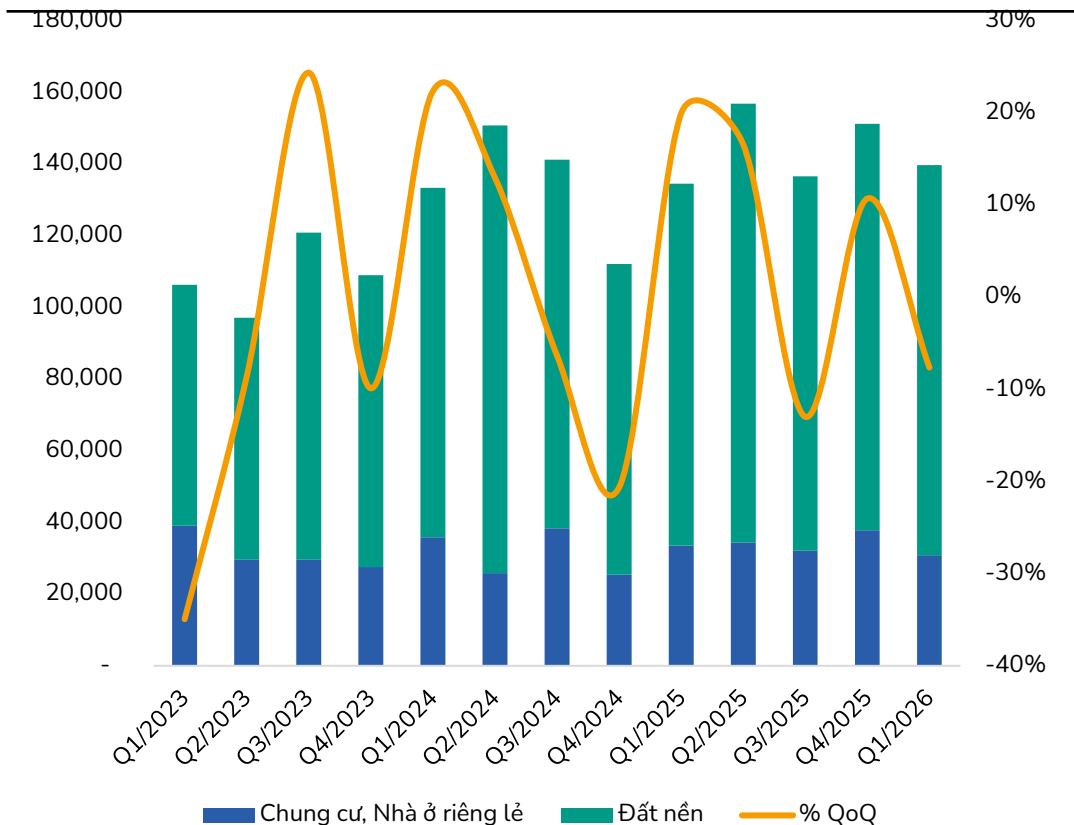


Source: Ministry of Construction, BSC Research

Although home buyer sentiment is somewhat negative in 4Q2025-1Q2026, however **housing transactions still maintain a good growth rate of +3.9% YoY, -8% QoQ** and we believe that record inventory volumes are mainly led by the number of licensed products and the number of products eligible for sale approved in 4Q2025.

The volume of both primary and secondary transactions remained high despite unfavorable interest rates with an increase of +3.9% YoY, -8% QoQ

Real estate inventory in 1Q2026 increased by +27% YoY and decreased by -9% QoQ



New sales recover strongly in 2025-2026, leading cash flow and profit growth in 2027-2028.

In general, thanks to the large backlog and the improved financial situation after the restructuring period, real estate businesses are being more proactive in their project implementation plans and maintaining the trend of "purifying the market" through M&A deals. **We forecast the industry's 2026/2027 EBITDA to reach VND 76,266 billion (+36% YoY)/ VND 91,893 billion (+21% YoY), or VND 16,402 billion (+11% YoY)/ VND 26,582 billion (+62% YoY) respectively if VHM's contribution is excluded.**

The strong recovery in 2025-2026 presales

Presales (tỷ VND)	2020	2021	2022	2023	2024	2025	2026F	2027F
VHM	64,400	78,900	128,200	87,000	103,900	205,300	220,315	299,494
NLG	3,812	5,925	10,152	3,920	5,204	11,855	15,158	17,628
KDH	2,600	3,145	2,699	5,313	2,221	4,521	6,429	9,308
DXG	6,600	5,587	3,038	-	-	10,971	13,717	24,786
NVL	31,466	36,805	44,924	-	-	-	-	7,500
PDR	3,828	3,620	-	-	1,800	4,871	5,426	8,066
DPG	805	943	602	-	-	724	3,095	3,336

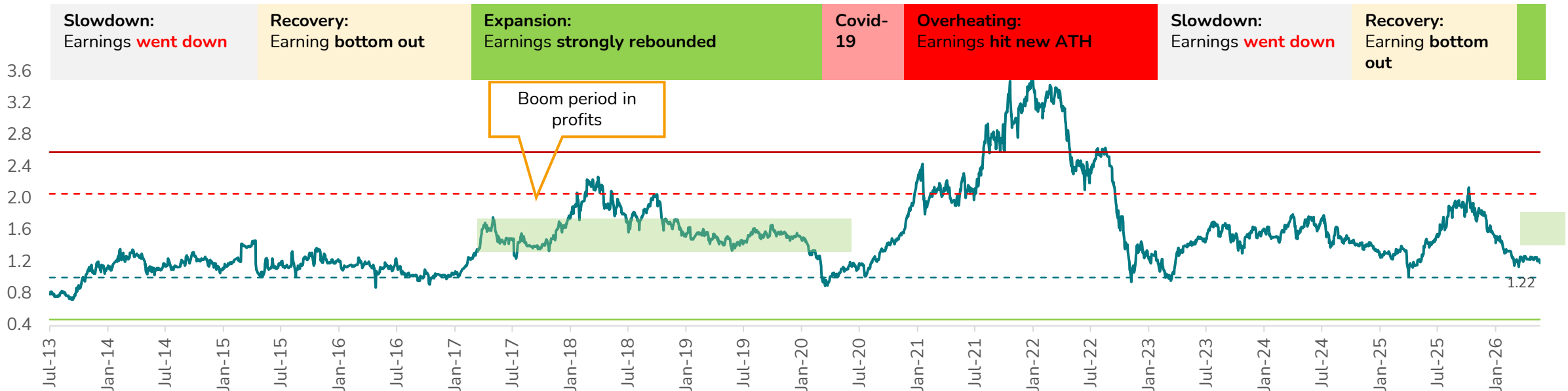
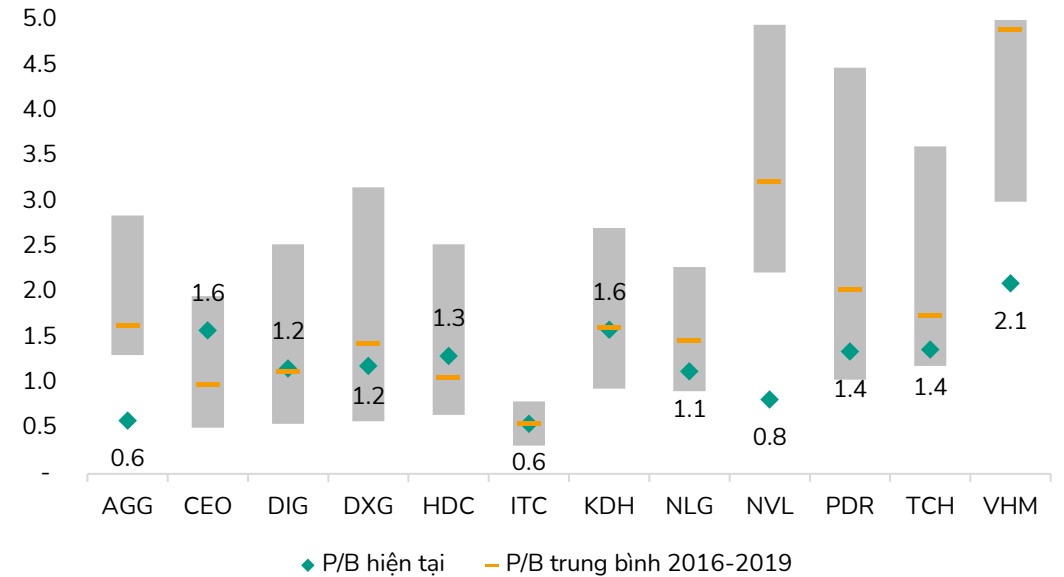
... is the driving force for impressive profit growth in 2026-2027

%YoY LNST-CDTS	2020	2021	2022	2023	2024	2025F	2026F	2027F
VHM	26%	42%	-26%	16%	8%	14%	6%	13%
NLG	-13%	28%	-48%	-13%	6%	37%	5%	49%
KDH	26%	4%	-8%	-35%	48%	-1%	9%	47%
DXG	-141%	-333%	-81%	-20%	54%	-14%	-2%	1096%
NVL	14%	-18%	-33%	-72%	n/a	n/a	n/a	n/a
PDR	40%	53%	-39%	-40%	-77%	232%	37%	60%
DPG	1%	75%	12%	-47%	10%	46%	18%	54%

REAL ESTATE: UNDEMANDING VALUATION IN A NEW CYCLE

Real estate stocks have experienced a sharp correction in 4Q25-1Q26 with a discount compared to the peak ranging from 30-50% compared to the peak set in October 2025, typically including DXG -39.3%, PDR -38.6%, NLG -34.6%, TCH -32.2%, KDH -30.5%.

Currently, the real estate industry is trading at a median P/B = 1.3x – lower than the average P/B of 1.5x in the previous cycle (2013-2022), and also **Lower valuation in the period of strong profit growth of the pre-2017-2019 cycle.** Therefore, we believe that the healthy structure of the market in the new cycle is confirmed by the clear profit outlook and the current attractive valuation are the leading factors that will help the industry to be positively revalued in the near future.





SECTOR OUTLOOK REPORT

EXPORT- PORT&LOGISTICS- CONSUMER&RETAIL

Executive Summary & Key Macro Assumptions for 2026

- **Global Macro Crosscurrents:** (i) Breakthroughs in Middle East negotiations point to easing global CPI pressures. (ii) Headwinds persist from prolonged high-interest rates and US trade protectionism.
- **Brightening Domestic Macro Signals:** (i) **The Foundation for 2H/2026 Growth:** Government's steadfast macro targets, driven by unlocking capital flows to fuel economic expansion. (ii) **The Growth Catalyst:** Enhanced market transparency aligns with cooling domestic inflation(CPI) to bolster mid-to-long term market confidence.

Breakthroughs in Middle East Negotiations?

Preliminary truce: Access through the Strait of Hormuz secured; nuclear talks deferred (60 days).
Positive short-term sentiment: Anticipation of easing CPI pressures.
Notes: Lack of monitoring mechanisms and a sanctions-relief roadmap; Israel/Hezbollah remain non-participants.

FED Maintains High Interest Rates

Rate decision: Fed holds the policy rate unchanged at 3.5% - 3.75% (for the 4th consecutive meeting).
Inflation control: Prioritized over growth support expectations

Section 301 Investigation

Forced labor, intellectual property protection and structural excess capacity& production

Target: Vietnam and multiple global nations.
Proactive response: Vietnam actively cooperates and commits to meeting international standards to ensure the most objective evaluation outcomes.

What Do Apr-May/2026 Data Reveal?

CPI surged by +5.4% – hitting the highest level since 2020, surpassing the 4.5% target CPI; Total Retail Sales of Goods grew **>11% YoY** (excluding inflation factors > 6%).
Bright spots from PMI: Reached over **50.5 points** and **52.8 points** (May/2026).

Government Steadfast in Pursuing Growth and Macro Stability Targets

- Growth conviction anchored by:** (1) Expectations of cooling CPI and (2) The Government's determination to deploy synchronized solutions.
- **Institutional frameworks:** Enacted to unlock FDI flows and stabilize systemic liquidity.
 - **Enhanced market transparency:** Cracking down on financial crimes and counterfeit goods to protect consumers and steer capital into official sectors.
 - **Personal Income Tax Law amendments:** Aimed at boosting disposable income and stimulating long-term consumption amid easing inflationary pressures.

GLOBAL
MACRO
CROSS-
CURRENTS

DOMESTIC
MACRO
BRIGHT
SPOTS

INVESTMENT THESIS

Earnings Forecast Revision (2026): (1) Upgraded forecasts for Modern Retail (MWG, MSN) and downgraded Aviation (HVN). (2) **Top growth drivers for 2026:** Modern Retail (+51% YoY), Seaports (+26% YoY), IT (+16% YoY), and Fishery(+15% YoY).

Selective Investment Strategy: (1) Positive growth coupled with attractive valuation; (2) Deeply discounted valuation relative to the 5-year historical average (excluding volatile periods).

OUTLOOK 2026 – KEY SECTORS

Modern Retail [Positive] – Top Picks: MWG, MSN, PNJ, FRT

- **Revenue Growth Drivers:** Capitalizing on market share expansion opportunities and increasing store density during the industry's shift toward formal and structured retail.
- **Margin Resilience:** Profit margins sustained at high levels thanks to optimized operating models.

Seaports [Positive] – Top Pick: GMD

- **Volume Growth:** Driven by new service route expansions, capacity increases, and benefits from low tax bases.
- **Upward Pricing Trend:** Rising handling fees and value-added services supporting gross margins.

Marine Transportation [Positive] – Top Pick: PVT

- **Fleet Expansion:** Growing fleet size to boost revenue capacity.
- **Contract Renewals:** Re-signing time-charter contracts at higher rates to support profit margins.

Information Technology [Positive] – Top Pick: FPT

- **Foreign Market Recovery:** IT segment expected to rebound overseas driven by the recovery of initial IT contract backlogs (4M.2026 +33% YoY).

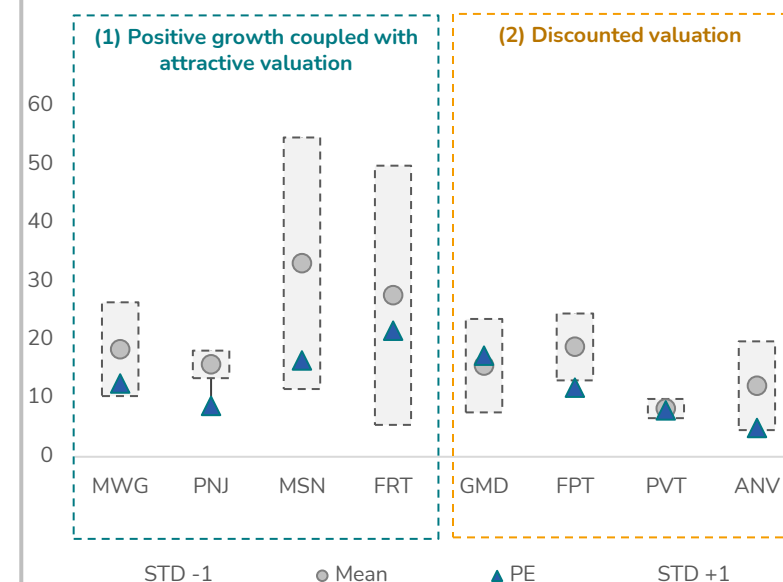
Fishery [Neutral] – Top Pick: ANV

- **Export Demand Rebound:** Major markets like the US are recovering. Despite rising raw material costs, profit margins remain steady due to: (1) upward trend in export prices, (2) self-sufficiency in raw material breeding zones.

Consumer Goods [Neutral]

- **Dairy Segment (VNM):** Revenue growth expected compared to the low base period last year, supported by securing low-price raw milk contracts and completing the re-branding strategy.
- **Pig Farming (DBC):** Earnings pressure expected compared to the high base period last year as feed prices rise and selling prices flatten or improve only slightly.

INVESTMENT STRATEGY



Source: BSC Research

1. Industry Overview

In **1H2026**, the IT sector delivered earnings growth that fell short of BSC's expectations, as new contracts signed in the APAC region during late 2025 have yet to be recognized in revenue.

2. Outlook for 2H2026:

For the remainder of 2026, BSC expects the IT sector's earnings outlook to improve significantly compared with both **1H2026** and the same period in **2025**, supported by the following factors:

- New contract signings continue to recover strongly (**4M2026 cumulative: +33% YoY**), with growth primarily driven by the **Japanese, European, and APAC** markets. In addition, should geopolitical tensions ease sooner than expected, improving business sentiment is likely to further accelerate the sector's recovery.
- In the domestic market, the government's continued push for comprehensive digital transformation across ministries and public agencies is expected to generate substantial software outsourcing opportunities for **FPT** and **CMG**.
- On the other hand, IT infrastructure companies (**CTR, FPT, and ELC**) are expected to scale back or temporarily suspend expansion investments due to (i) slower-than-expected 5G deployment and (ii) a greater focus on improving the utilization of previously invested IT infrastructure assets.

3. Investment View

BSC upgrades its recommendation on the IT sector from **Neutral** to **Outperform**, based on:

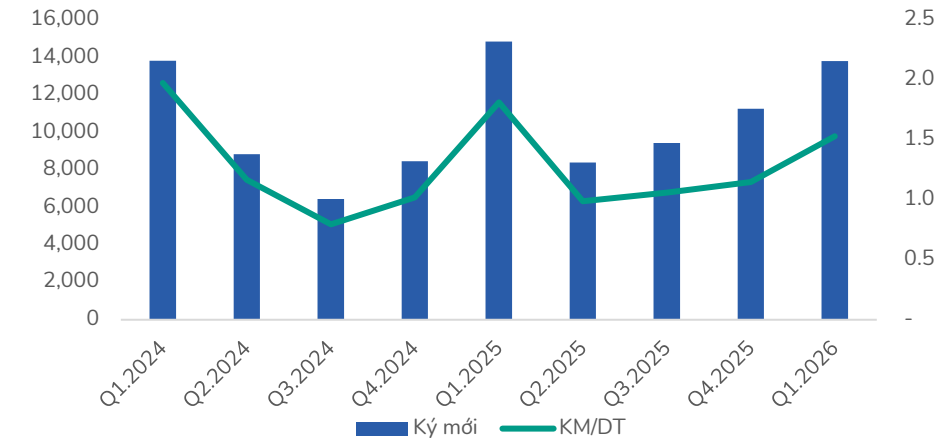
- Initial signs of recovery, reflected in the strong rebound in new contract signings compared with the same period last year; and
- Valuations of IT stocks having largely priced in the key risks previously anticipated by the market, including slowing long-term growth and concerns that AI could reduce demand for software development services.

4. Recommended Stock

We initiate a **BUY** recommendation on **FPT** for **2H2026**, based on the following investment thesis:

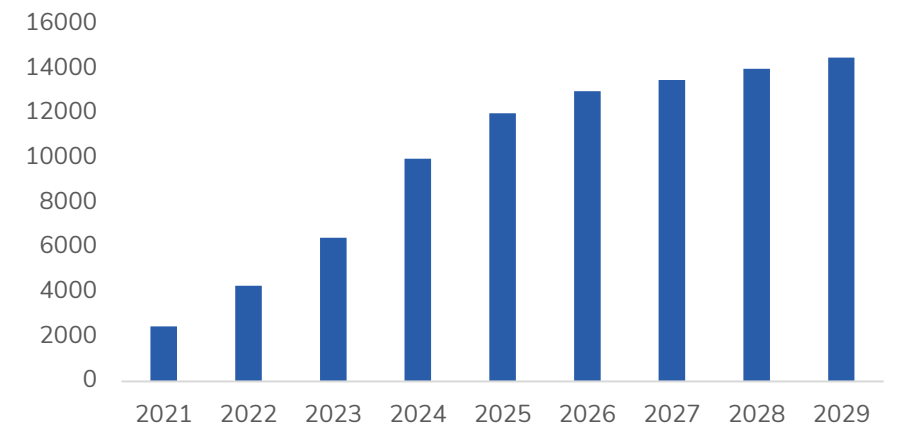
- The stock's valuation has corrected to an attractive level, with a **2026F P/E of approximately 12x**, equivalent to **two standard deviations below** its five-year historical average of **19–20x**.
- Earnings have begun to show early signs of recovery, as evidenced by the **33% YoY increase in new contract signings during 4M2026**.

Figure: FPT's new contract value +33% in 5T.2026



Source: FPT

Figure: CTR is expected to gradually scale back its BTS tower investment from 2026 onward.



Source: CTR, BSC forecast

1. Industry Overview

In **1H2026**, the consumer sector exhibited a clear divergence in earnings performance. **VNM** is expected to deliver year-on-year earnings growth, supported by a low comparison base from the same period last year. In contrast, **DBC** is projected to report weaker earnings due to the impact of African Swine Fever (ASF) and rising animal feed prices during 1H2026.

2. Outlook for 2H2026

For the remainder of 2026, BSC expects earnings across the consumer sector to remain mixed.

The **dairy segment** is projected to continue delivering year-on-year earnings growth, supported by:

- A projected **12.5% YoY decline in raw material costs**, as companies locked in raw material prices for the third quarter in **February 2026**, before geopolitical tensions pushed commodity prices higher; and
- Expectations that **VNM** will defend its domestic market share following the completion of its brand repositioning strategy.

The **pork segment** is expected to report weaker year-on-year earnings due to:

- BSC maintaining its previous view that live hog prices will remain broadly flat compared with the same period last year;
- Soybean and soybean meal prices (key inputs for animal feed production) rebounding from **February 2026** and remaining elevated year-on-year (**June 2026: USD 1,115/bushel, +10% YoY**); and
- Higher mortality rates at pig farms resulting from the continued impact of African Swine Fever.

3. Investment View

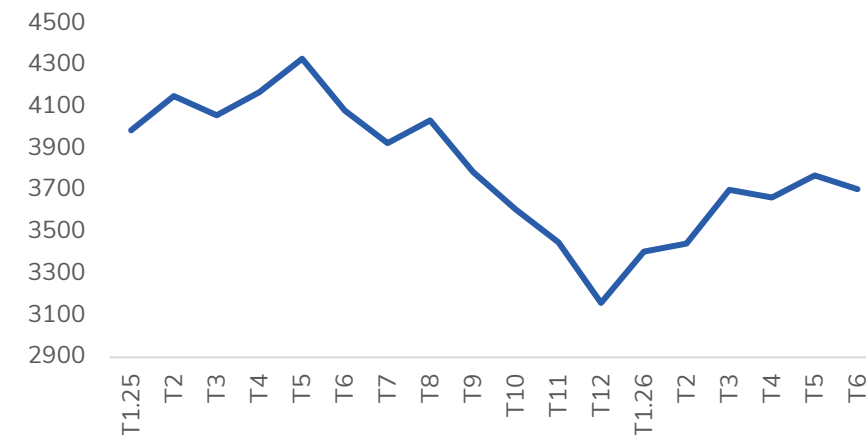
BSC maintains a **Neutral** recommendation on the consumer sector because:

- The pork segment is expected to post weaker earnings in 2026 due to higher feed costs and disease outbreaks;
- Although the dairy segment is projected to achieve year-on-year earnings growth, the current higher interest rate environment may put downward pressure on the valuations of consumer stocks that offer stable annual dividend payouts.

4. Recommended Stocks

At present, we do not have any stock recommendations within the consumer sector. However, as most consumer stocks are currently trading at discounts to their five-year average valuations (**VNM: 13.2x vs. 17.5x; DBC: 6.2x vs. 8.0x**), we will reassess our investment recommendations based on the outlook for live hog prices and market share developments in **4Q2026** and **2027**.

Figure: WMT Price has declined in year over year (USD/MT)



Source: Global Dairy Trade

Figure: Pork price is holding at 67,000 VND/kg



Source: Wichart

INVESTMENT VIEW UPDATE

1. Sector overview

Cumulative 5M/2026, total throughput at Vietnam's core ports is estimated to reach 11.6 million TEUs (+10% YoY). Growth was primarily concentrated at deep-water port clusters such as HTIT and HHIT in the North; SSIT, Gemalink in the South thanks to: **(1)** berths 3-4 and 5-6 at Lach Huyen operating at full capacity after expansion, **(2)** the IEEPA tariff being struck down by the US Supreme Court - boosting export demand, **(3)** shifts in trade flows following the blockade of the Strait of Hormuz.

2. 2H/2026 outlook

- **Shifting tariff developments:** As mentioned in the Import-Export outlook section, the proposed tariff rates under Section 301 currently remain within an acceptable threshold compared to the initial 20% reciprocal tariff. Accordingly, we believe that Vietnam will maintain its relative competitive advantage over regional peers, thereby reducing pressure on export activities, order planning, and supply chain disruption risks.
- **De-escalation of Middle East conflict:** The peace agreement reached between the US and Iran is expected to ease pressure on oil prices as shipping activities through the Strait of Hormuz resume. Consequently, global transportation and production costs may cool down, indirectly supporting Vietnam's import-export demand as well as container throughput across the port system.

3. Investment thesis

Based on these factors, BSC maintains a **POSITIVE** view on the earnings results of the Port sector in 2H2026. However, we anticipate divergence, as growth will be primarily concentrated in enterprises that own deep-water ports due to: **(1)** benefiting from policies raising handling fees, **(2)** aligning with the global trend toward larger vessel sizes, **(3)** successfully adapting and diversifying service routes against tariff risks.

4. Recommended stock

We recommend a **BUY on GMD** based on: **(1)** NDV phase 3 entering operations, which raises the port cluster's total design capacity to 2 million TEUs (+67%); **(2)** Gemalink benefiting from a 10% increase in the container handling fee ceiling; and **(3)** a 2026F FW P/E of 17.5x, lower than its 5-year historical average of 18.2x.

Figure: Total container throughput via Vietnam's seaports

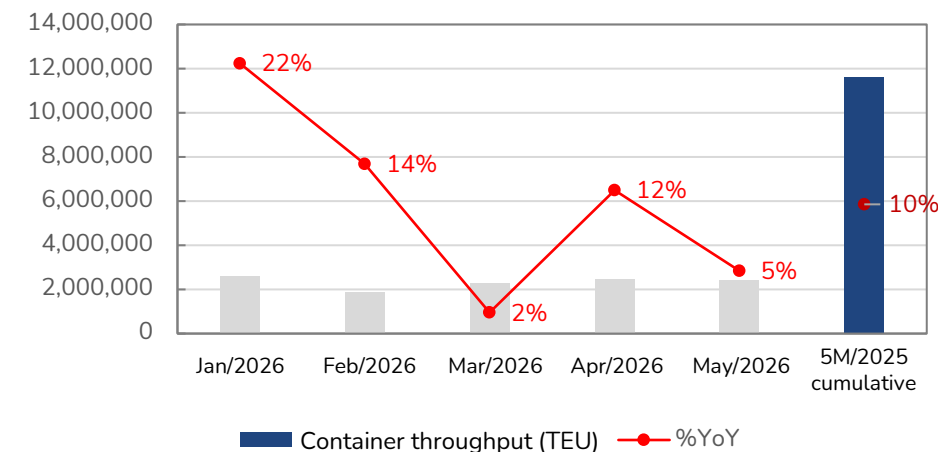
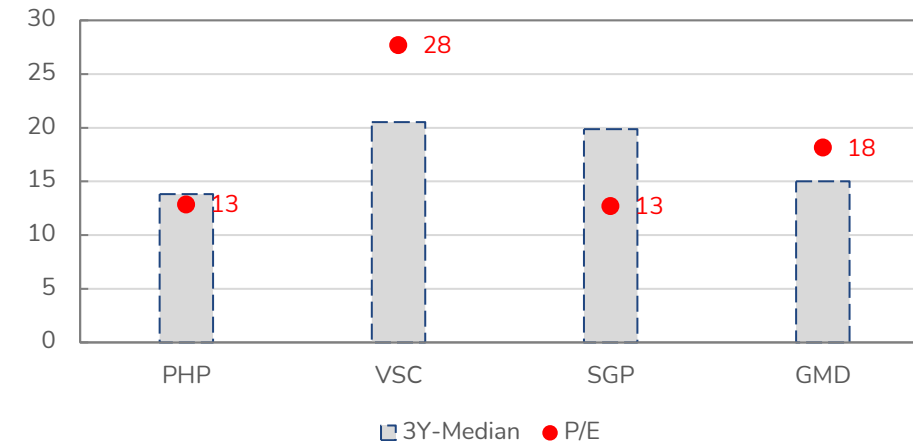


Figure: Valuation of port sector enterprises



1. Industry Overview:

In **1H2026**, the aviation sector is expected to report a significant year-on-year decline in business performance, primarily due to geopolitical tensions that have driven a sharp increase in oil prices (see the chart below for details).

2. Outlook for 2H.2026:

- If **JET A-1 fuel prices** decline to the 2025 baseline of **USD 85–100 per barrel**, the aviation sector is expected to deliver strong year-on-year earnings growth. This would be supported by robust growth in international arrivals to Vietnam, which remained strong during the first five months of 2026 despite ongoing geopolitical tensions. BSC expects this trend to continue throughout the rest of the year, driven by (1) Vietnam increasingly becoming a familiar destination for international travelers; and (2) The government's continued efforts to promote tourism, including its visa exemption policies.
- Conversely, if JET A-1 fuel prices remain at the current level (**June 2026: approximately USD 140 per barrel, up 40% YoY**), the aviation sector is likely to experience a substantial year-on-year decline in earnings.
- Nevertheless, elevated fares are expected to partially offset the impact of higher fuel costs by supporting airlines' profit margins.
- For the airport infrastructure segment, earnings are projected to remain flat or decline year-on-year due to (1) Lower financial income as capital is allocated to new infrastructure investments (2) Higher depreciation expenses as newly completed infrastructure has yet to reach optimal utilization rates; and (3) Delays in the construction progress of the Long Thanh International Airport project.

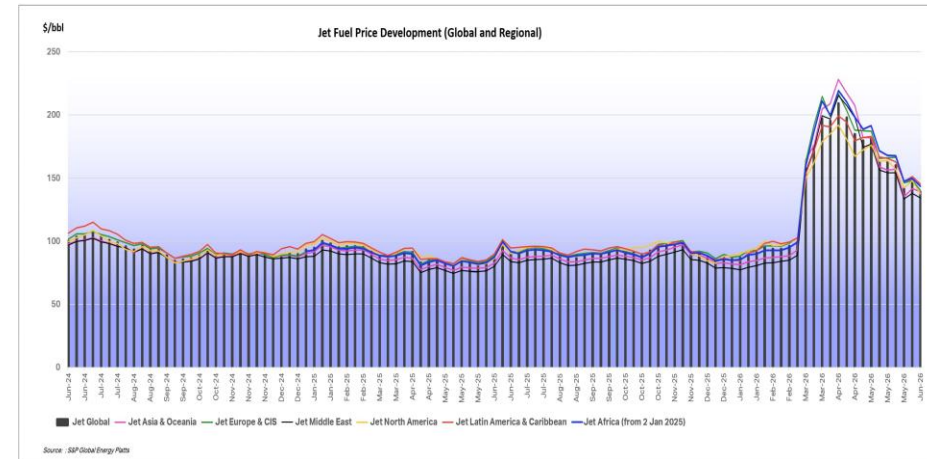
3. Investment View

BSC maintains its **Negative** recommendation on the aviation sector, as the earnings outlook remains uncertain amid persistently elevated JET A-1 fuel prices. We would revise our recommendation should JET A-1 prices decline back to their 2025 baseline. Currently, **ACV** and **HVN** are trading at trailing **EV/EBITDA** multiples of **9.0x** and **4.4x**, respectively, compared with their post-COVID historical averages of approximately **15.0x** and **8.0x**.

4. Stock Recommendation:

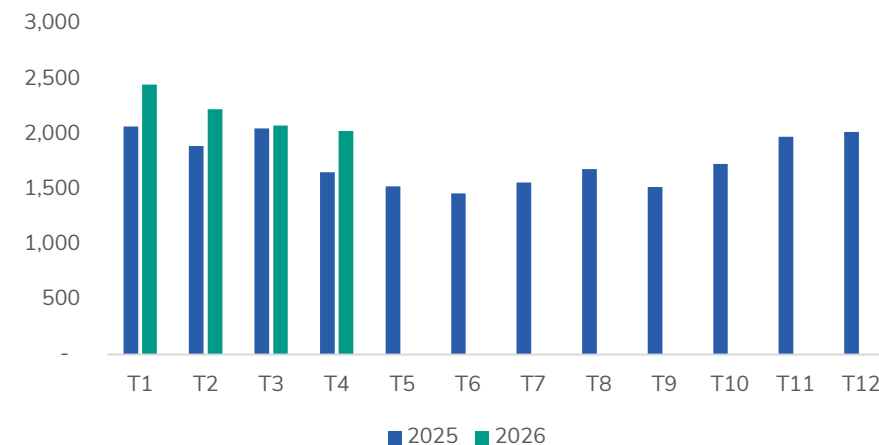
At this time, we do not have any stock recommendations for companies in the aviation sector.

Figure: Jet-A1 price in June = 138 USD/barrel (+40% yoy)



Source: S&P Global

Figure: International passenger volume surge in April



Source: Vietnam Tourism Department

INVESTMENT VIEW UPDATE

1. Sector overview

In 1H/2026, the shipping sector recorded relatively positive earnings results, with energy transportation enterprises standing out in particular. The primary drivers stemmed from: **(1)** a low base effect from the same period last year, as 1H2025 marked the market's bottoming-out phase; and **(2)** a strong recovery in time-charter rates, creating favorable conditions for shipowners to re-sign new contracts at higher rates, thereby improving revenue and profit margins.

2. 2H/2026 outlook

In the context where the US and Iran have completed signing of a peace agreement, the shipping route through the Strait of Hormuz (which accounts for over 30% of energy supply) will gradually reopen - releasing tankers that had been stranded, increasing vessel supply in the market, and putting pressure on freight rates.

In addition, importers are accelerating "front loading" of inventory stockpiling in order to benefit from current tariff levels and hedge against policy risks - driving up container freight rates in the short term.

3. Investment thesis

BSC maintains a **POSITIVE** view on the earnings results of the Shipping sector in 2026F based on: **(1)** the low freight rate base in 2025, **(2)** enterprises beginning to re-sign new contracts as freight rates have anchored at a new base level, and **(3)** recognizing the full-year contributions from newly invested vessels.

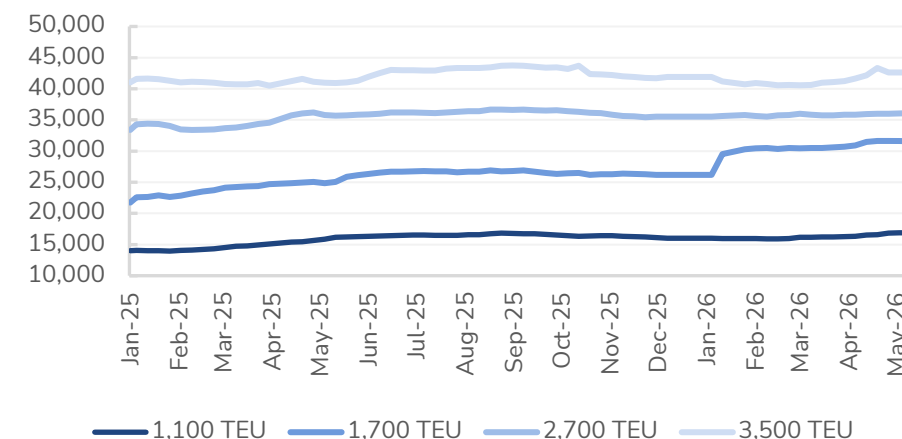
4. Recommended stock

We recommend a **BUY on PVT** based on: **(1)** an expected profit growth of +26% - reflecting contributions from the new fleet in 2025 (with new investments made at the end of the year, +17% to total deadweight tonnage), average freight rates increasing by 10% - 15% YoY in the crude oil/refined petroleum products/chemical segments; **(2)** a 2026F FW P/E valuation of 8.3x, a -20% discount compared to the historical average during freight rate up-cycles.

Figure: Update on time-charter rates across vessel segments

T/C rate	Beginning of year	17/06/2026	%YTD	%YoY
Crude oil				
Aframax	36,500	61,000	+67%	+114%
Refined petroleum products/Chemicals				
MR	19,500	25,000	+28%	+37%
Dry bulk				
Supramax	13,500	15,000	+11%	+33%
Handysize	9,500	10,000	+5%	+18%

Figure: Update on time-charter rates across container vessel segments



INVESTMENT VIEW UPDATE

1. Sector overview

We expect export activity to continue improving in the coming quarters, supported by (1) an earlier-than-usual front-loading season, as importers accelerate inventory accumulation while tariff rates remain low and proactively mitigate policy risks, and (2) the de-escalation of tensions in the Middle East, which is expected to ease fuel prices, lower logistics costs, and support a recovery in consumer demand.

- In addition, the peace agreement between the U.S. and Iran has helped alleviate upward pressure on energy prices. This development is expected to support the Company's profit margins in the coming quarters, as raw material and freight costs gradually normalize from the elevated levels seen during the peak of the conflict.
- While the proposed tariff rate remains manageable compared with the initial 20% reciprocal tariff proposed on Vietnamese exports, downside risks could increase if (1) the U.S. imposes broad-based tariffs on Vietnamese goods should bilateral negotiations fail, or (2) the U.S. continues to deploy trade measures aimed at strengthening protectionist policies.

2. 2H/2026 outlook

We maintain our **NEUTRAL** stance on Export sector, reflecting our cautious view on potential tariff-related uncertainties going forward. That said, valuations have become increasingly attractive, with most textile & garment and pangasius exporters currently trading at forward P/E multiples of around 6–8x.

3. Investment thesis

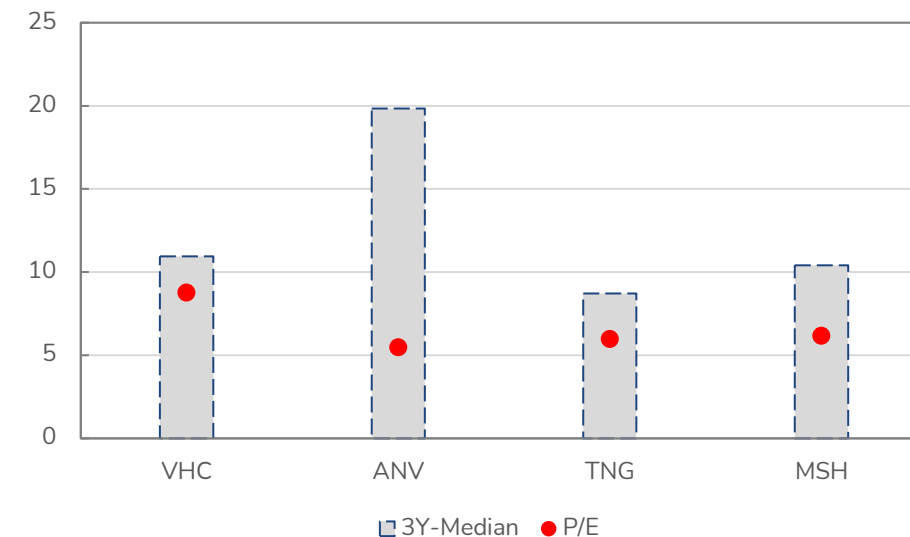
We highlight **ANV** as our top pick for 2H2026 based on two key investment theses: (1) strong growth momentum from tilapia exports to its two key markets, the U.S. and Brazil; and (2) an attractive valuation, with 2026F forward P/E of only ~5x, significantly below both its five-year average of 10x and the 12x average recorded during the 2020–2022 pangasius upcycle.

We note that during the current growth cycle (2024–2026), ANV has delivered a meaningful improvement in both revenue and earnings, with net profit posting a CAGR of approximately 131% p.a. This growth has been driven by the Company's strategy of diversifying exports toward higher-value markets, while establishing tilapia as a new growth engine alongside its core pangasius business.

Figure: Performance of Export Stocks vs. VN-Index

	TNG	PTB	VHC	ANV	MSH
Import-Export Stock Price Performance	+12%	-2%	+4%	-15%	+9%
VNINDEX	+3%				

Figure: Valuation of Import-Export Companies



MODERN RETAIL: A COMPELLING BUY AT DEEP DISCOUNT

1. Industry Overview: Despite high-interest rate pressures and geopolitical instability, 1H2026 earnings of the modern retail sector exceeded BSC's expectations. This performance was driven by businesses quickly adapting to market formalization (stricter tax management, anti-counterfeiting measures) combined with optimized operating models.

2. 2H2026 Outlook

BSC forecasts that 2H2026 earnings for modern retail will maintain positive growth relative to the high base of 2025. Main drivers include structural industry shifts and substantial expansion potential among market-leading players across sub-segments:

- **ICT & CE Retail:** Consolidating market share by reducing unhealthy competition, while aggressively expanding consumer financial services (buy now- pay later).
- **Grocery & Pharmacy Retail:** Scaling up network coverage via lean store formats, leveraging authentic product sourcing to capture market share from traditional/informal channels.
- **Jewelry Retail:** Gaining market share from traditional channels; prioritizing invoice-backed gold procurement to secure raw materials amid regulatory adjustments.

Note: High neo-interest rates, macroeconomic variables, and elevated electronics/appliances prices due to high RAM and chip costs could lag and weigh on general consumer demand.

3. Investment Thesis

We issue a **BUY** recommendation for the modern retail sector based on: (1) 2026–2030 projected earnings growth of 12–15%/year by capturing structural industry shifts; (2) Discounted valuations at highly attractive levels (-1 standard deviation), fully pricing in liquidity concerns while multiple stocks prepare for IPOs (DMX).

Stock pitch:

- **MWG:** Valuation at deeply discounted levels only reflects DMX's value plus net cash and 50% of BHX's 2024 strategic deal value, offering a free option on the explosive growth of DMX (>45% YoY) and BHX (+77% YoY).
- **MSN:** Valuation only reflects the combined value of MCH and TCB (by ownership ratio) net of holding-level net debt, completely capturing no value from the operational turnarounds at WCM and MSR.
- **FRT:** Current valuation is deeply discounted, stuck at Long Chau's latest transaction price while completely overlooking its >20% growth momentum and FPT Shop's turnaround
- **PNJ:** Valuation discounted to 2026 Forward P/E of 8.8x (at -3 std dev), with 2026 growth at +42.5% YoY driven by market share expansion and value-added products.

Downside: Personal misconduct at PNJ-LAB could impact corporate reputation, consumer trust, and short-term market sentiment

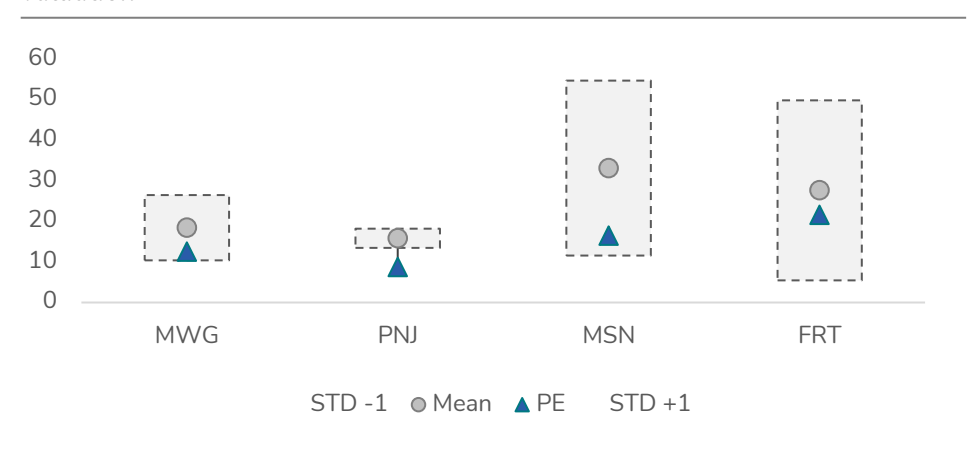
Chart 1: 5M2026 Preliminary Earnings of Modern Retail

(Note: Modern Retail growth outpaces total retail sales of goods & services 5T2026 at 11.2%)

ICT+CE	DMX: Revenue +33% YoY driven by +33% SSSG, outperforming the 15%–55% growth of key categories, and a +49% YoY surge in financed sales. FShop also estimates positive growth, outperforming the market.
Grocery	BHX: Revenue +22.5% YoY, driven by footprint expansion (+532/3,051 stores) and stable margin contribution from FMCGs and Fresh categories, sustaining positive profit contributions to the parent company; WCM: Revenue +28% YoY, scaling up store counts (+464/5,056 stores), primarily in the minimart format, and targeting full-year net profit for the company.
Jewelry	PNJ: Positive growth expected in 2Q thanks to proactive raw material sourcing policies, ensuring supply chain security and flexible product mix adjustments to capture market demand.

Source: BSC Research

Chart 2: Investment opportunities from scaling potential and reasonable valuation



Source: BSC Research

KHUYẾN CÁO SỬ DỤNG

Bản báo cáo này của Công ty Cổ phần Chứng khoán BIDV (BSC), chỉ cung cấp những thông tin chung và phân tích về tình hình kinh tế vĩ mô cũng như diễn biến thị trường chứng khoán trong ngày. Báo cáo này không được xây dựng để cung cấp theo yêu cầu của bất kỳ tổ chức hay cá nhân riêng lẻ nào hoặc các quyết định mua bán, nắm giữ chứng khoán. Nhà đầu tư chỉ nên sử dụng các thông tin, phân tích, bình luận của Bản báo cáo như là nguồn tham khảo trước khi đưa ra những quyết định đầu tư cho riêng mình. Mọi thông tin, nhận định và dự báo và quan điểm trong báo cáo này được dựa trên những nguồn dữ liệu đáng tin cậy. Tuy nhiên Công ty Cổ phần Chứng khoán BIDV (BSC) không đảm bảo rằng các nguồn thông tin này là hoàn toàn chính xác và không chịu bất kỳ một trách nhiệm nào đối với tính chính xác của những thông tin được đề cập đến trong báo cáo này, cũng như không chịu trách nhiệm về những thiệt hại đối với việc sử dụng toàn bộ hay một phần nội dung của bản báo cáo này. Mọi quan điểm cũng như nhận định được đề cập trong báo cáo này dựa trên sự cân nhắc cẩn trọng, công minh và hợp lý nhất trong hiện tại. Tuy nhiên những quan điểm, nhận định này có thể thay đổi mà không cần báo trước. Bản báo cáo này có bản quyền và là tài sản của Công ty Cổ phần Chứng khoán BIDV (BSC). Mọi hành vi sao chép, sửa đổi, in ấn mà không có sự đồng ý của BSC đều trái luật. Bất kỳ nội dung nào của tài liệu này cũng không được (i) sao chụp hay nhân bản ở bất kỳ hình thức hay phương thức nào hoặc (ii) được cung cấp nếu không được sự chấp thuận của Công ty Cổ phần Chứng khoán BIDV.

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