Shinhan Securities

Investment Outlook 2H2025

“A self-reliant, resilient economy”



Reseach Center – Shinhan Securities Vietnam
☎ (84-28) 6299-8000
✉ support@shinhan.com

Investment Outlook 2H2025

Foreword

In 2025, the global economy faces significant challenges, particularly sharp fluctuations in international trade policies. Vietnam is no exception, especially with the US implementing a reciprocal tariff of up to 46% on Vietnamese exports.

In response to this situation, the Vietnamese government has been actively negotiating with the US on tariff issues while simultaneously implementing economic solutions to maintain growth momentum. This determination is evident through the issuance and adjustment of policies that facilitate Vietnam's deeper participation in global supply chains and strengthen its domestic economic resilience, such as promoting public investment, stimulating consumer demand, and supporting import-export businesses. We believe this also presents an opportunity for Vietnam to restructure its economy and foster the development of the private economic sector.

With proactive policies and adaptable businesses, Vietnam's economy will maintain its growth momentum in the latter half of 2025 and confidently achieve its growth targets for the year.

Research Team
Shinhan Securities Vietnam
June 02nd, 2025

Macroeconomic outlook

We believe Vietnam's economy will adapt to the new situation as the U.S. imposes reciprocal tariffs on countries worldwide. In all scenarios, these U.S. tariffs could impact Vietnam's import-export growth. While export pillars may not maintain their historical growth momentum, we expect Vietnam's economy to continue growing based on its internal strength. Given the results achieved in the first four months of the year, we estimate that GDP for 2025 could reach a growth rate of over 6%, inflation will be controlled below 4%, and the VND may continue to depreciate by another 2-3%.

Stock market outlook

Even with the headwinds from the global economy, the Vietnamese stock market holds substantial promise. Recent sharp pullbacks have opened doors to acquire stocks at attractive valuations. A clear positive is the resurgence of foreign investment in May, following a period of outflows, indicating a notable turnaround. Additionally, the potential upgrade to an Emerging Market by FTSE in September 2025 serves as a significant catalyst for market growth.

Besides this, the stock market will be driven by the internal strength of the economy, with estimated earnings growth for listed companies reaching nearly 15% in 2025. The target P/E is 12x, corresponding to a reasonable range for the VNIndex of 1,380. In a positive scenario, we expect the VNIndex to approach its old peak of 1,500 points (target P/E 13x, -1 standard deviation from the 10-year average).

Potential Sectors

Our investment strategy for the second half of 2025 centers on three key thematic stock groups: (1) Export group, (2) Domestic group, and (3) Stocks benefiting from emerging market upgrade. For the export theme, we're selecting companies with inherent competitive strengths and the agility to capture new investment flows. Within the domestic theme, we're honing in on sectors that will thrive from government policies stimulating local demand and increased public investment. Lastly, our preference for the upgrade theme is for large-cap companies well-positioned to attract significant foreign capital if the market status improves.

| Table of Content|

“A SELF-RELIANT, RESILIENT ECONOMY”

1 Macroeconomic Outlook 2H2025: **Adapt**

2 Import – Export: **The rise of localization & Market diversification**

3 Industrial real estates: **Opportunities come with challenges**

4 Banking: **Conservative target**

5 Real estates: **Outstanding opportunity**

6 Public investment: **Promote infrastructure development**

7 Steel: **Shifting gears to the domestic**

8 Food & Beverage: **Stimulate consumption to boost growth**

9 Retail: **Keeping up the growth momentum**

10 Power: “**Green**” **investment, sustainable growth**

11 Stock Market Outlook 2H2025: **In crisis lies opportunity**

Macroeconomics

Vietnam will adapt the new world situation due to the US reciprocal import taxes on many countries. While being proactive in negotiating with US in the tariff rate, Vietnam Government showed the resolution in issuing and adjusting new policies for the country to integrate deeper in the global value chain and to strengthen the inner strength. Vietnam economic will grow resiliently thanks to the developing inner strength and the country's competitive advantages.



Shinhan Securities

Macroeconomics

Adapt



Nien Nguyen
(84-28) 6299-8000
nien.nh@shinhan.com

Phuong Duong
(84-28) 6299-9004
phuong.nd@shinhan.com

Tien Le
(84-28) 6299-8000
tien.ld@shinhan.com

Content

Macroeconomics – Adapt

On April 2, 2025, the US President announced reciprocal import tariffs on more than 180 trading partners. Vietnam must adapt to global economic fluctuations to continue writing its growth story. In this section, 3 main topics are discussed:

1. General assessment of the impact of reciprocal tariffs

Vietnam and other Asian countries share some common trade issues with the US, such as import quotas, specialized license requirements, strict technical standards, and regulations on mandatory joint ventures in some service sectors. The US imposing tariffs on Vietnam will affect foreign direct investment (FDI) flows and Vietnam's trade in both the short and long term.

2. Vietnam's exports and advantages in attracting FDI

Based on Vietnam's current export and FDI structure, our assessment indicates that while reciprocal tariffs may have an impact, the degree will be less severe in the short term.

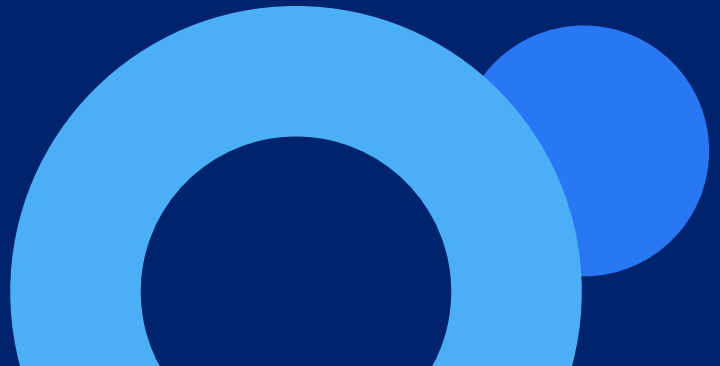
3. Growth scenarios

We project Vietnam's economic growth based on different tariff levels. Even if the export pillar may not maintain its past growth momentum, Vietnam's economy will still grow based on its inner strength.

01

General assessment of the impact of reciprocal tariffs

In the short term, we believe FDI enterprises would temporarily limit expanding production activities in Vietnam. They will wait for clearer trade policy guidance from the United States. Additionally, the flow of new investment capital into Vietnam could slow down because the investment environment lacks the certainty for long-term decision-making.



Key trade issues highlighted by the US for Vietnam

Key issues

- Based on the "2025 National Trade Estimate Report on Foreign Trade Barriers" released by the Office of the United States Trade Representative (USTR), we noted that many countries in Asia — including Vietnam, Thailand, Indonesia, Malaysia, the Philippines, and India — were encountering similar trade barriers. Specifically, these nations maintain relatively high tariffs and implement various non-tariff barriers such as import quotas, specialized licensing requirements, stringent technical standards, mandatory joint venture regulations in certain service sectors, and untransparent domestic protectionist policies. Furthermore, common notable issues include challenges with intellectual property protection and weak mechanisms for enforcing trade laws.

Key issues

Issues	Details
Tariffs and Import Duties	Vietnam's average MFN (Most Favored Nation) tariff rate was 9.4% in 2023, with agricultural goods at a higher 17.1%. Some products, especially those Vietnam produces domestically, have unusually high tariffs.
Non-Tariff Barriers	These include bans on importing used consumer goods, encryption devices, refurbished medical equipment, and certain IT products. There are also overlapping issues in customs clearance procedures, food quarantine, and product registration requirements.
Intellectual Property Protection	Vietnam remains on the "Watch List" due to concerns about counterfeit goods, copyright infringement, weak criminal enforcement, and an inadequate data protection system for pharmaceutical testing.
Government Procurement Policies and Legal Transparency	While Vietnam has improved its public bidding framework, it hasn't joined the GPA (Agreement on Government Procurement). There's also a lack of transparency in policy-making processes due to overlapping functions between ministries.
E-commerce/Digital Trade Barriers	Regulations on cybersecurity, domestic data storage (Circulars 13/2023, 53/2022), and electronic signatures lack specific guidance, creating legal risks for foreign businesses.
Investment Barriers	Vietnam maintains a list of sectors where market access for foreign investors is prohibited or restricted, including banking, logistics, telecommunications, and Internet services. The amended Telecommunications Law now extends its scope to data, cloud computing, and OTT services, raising concerns about future foreign capital control.
Environment	The US continues to monitor Vietnam's implementation of the 2021 Timber Agreement to prevent the use of illegally harvested timber in supply chains.

Source: National Trade Estimate Report on Foreign Trade Barriers, Shinhan Securities Vietnam

Assessing the global impact

Potential negative effects on economies worldwide

- According to the report "Trade Elasticities in Aggregate Models: Estimates for 191 Countries" (Devarajan, Go & Robinson, 2023), high-income countries exhibit higher import elasticity coefficients than developing nations. This reflects their more diverse product structures and greater substitutability of goods. This also implies that if the price of goods increases, high-income countries will significantly reduce their import demand (import elasticity = 1.4). Developing countries, conversely, will have lower elasticity coefficients (import elasticity = 0.7), meaning their import demand will decrease less when prices rise.
- Regarding export activities, developing countries have an export elasticity of approximately 0.6, which is considerably lower than the 1.465 export elasticity of high-income countries. This indicates that developing countries have lower export flexibility (it's harder for them to switch to other markets), which means that export-dependent developing countries will be more severely impacted when tariffs are imposed.
- Essentially, the report's empirical data shows that tariff imposition, leading to price increases, will negatively affect demand across all economies, whether developed or developing.

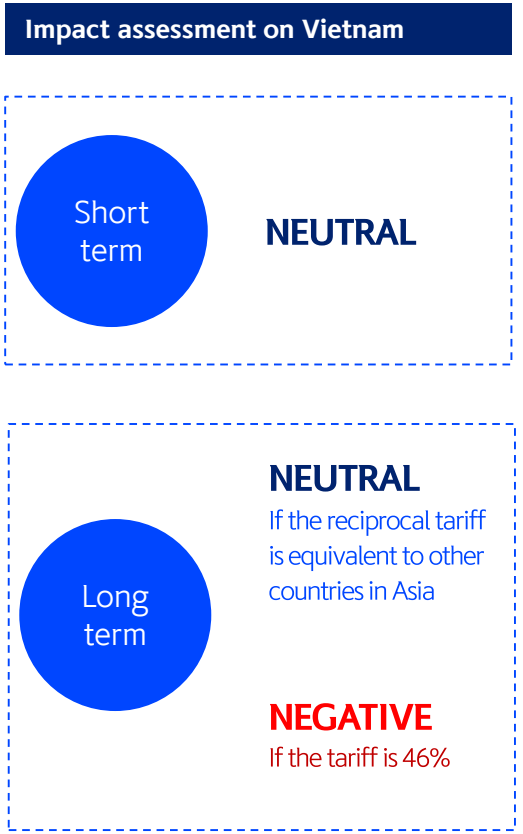
Effects on economy if imposing US reciprocal tariff



General impact assessment on Vietnam

Short-Term: Neutral, Long-Term: Dependent on Multiple Factors

- In the short term, we believe that FDI enterprises would temporarily limit expanding their production activities in Vietnam. This is likely while they await clearer trade policy guidance from the United States. Additionally, the flow of new investment capital into Vietnam could slow down because the investment environment currently lacks the certainty needed for long-term decision-making.
- Even amidst policy uncertainty, supply chain shifts cannot happen quickly due to barriers like reinvestment costs, time for licensing, and reassessment of the investment environment. Therefore, we believe the likelihood of FDI withdrawing from Vietnam in the short term is insignificant. Furthermore, Vietnam is assessed by the World Economic Forum (WEF) as a country with high political stability, a crucial factor when considering continued investment in Vietnam in the future.
- In the long term, if the tariffs applied to goods from Vietnam are negotiated and adjusted to a level comparable to the general rates of regional competitors like Bangladesh, Indonesia, the Philippines, Thailand, or Cambodia, Vietnam will likely maintain its attractiveness for FDI in the medium and long term. This is thanks to foundational factors such as a stable political environment, a strategic position in the regional supply chain, a competitive labor force, an extensive network of FTAs, and proactive investment support policies from the government.
- However, if import tariffs into the United States for goods from Vietnam remain at approximately 46%, the difference compared to competing countries like Thailand, Indonesia, the Philippines, Malaysia, Bangladesh, and India will range from 10–20 percentage points. This significant disparity could erode Vietnam's cost advantage in production, especially in labor-intensive sectors such as textiles, footwear, and consumer electronics. If prolonged, this would weaken Vietnam's ability to attract new FDI and could cause some capital to divert to competing countries in the region.



Vietnam actively negotiates trade with the US

Vietnam-US negotiation progress

- Vietnam has quickly pushed forward the trade negotiation process with the United States. The negotiation outcome is expected to lead to an early bilateral trade agreement between Vietnam and the US, fostering stable economic and trade relations. We anticipate a reasonable tariff level of around 20% will be agreed upon by the two countries.

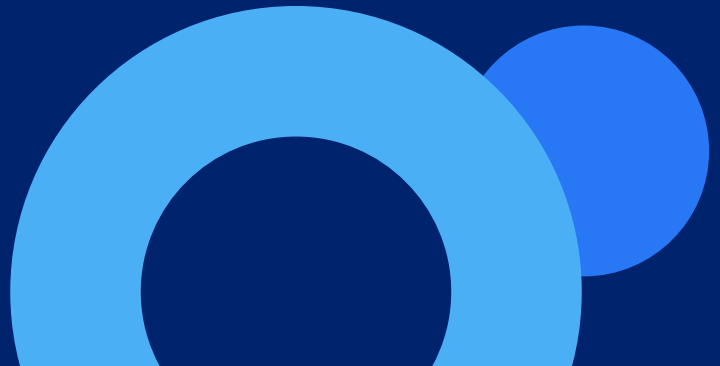
Timeline	Major events	Development
02/4/2025	Tariffs Announcement	US President Donald Trump announced reciprocal import tariffs on over 180 trading partners. Vietnam was subject to a 46% tariff.
09/4/2025	90-day tariff suspension	The US announced a 90-day suspension of its reciprocal tariff plan for over 75 non-retaliating trade partner countries.
10/4/2025	Agreement to organize negotiations	Deputy Prime Minister Ho Duc Phoc met with US Treasury Secretary Scott Bessent and US Commerce Secretary Howard Lutnick. Both sides agreed to organize negotiations for a bilateral trade agreement between the two nations.
12/4/2025	Online negotiations for trade talks	Vietnam established a Government Negotiation Delegation for trade issues with the United States. Vietnam and the US held online negotiations to implement the Vietnam -US Reciprocal Trade Agreement as directed by the high-level leaders of the two countries.
16/5/2025	Round 1 negotiations	Ministerial-level negotiations were held in Jeju, South Korea. Vietnam's representative was Minister of Industry and Trade Nguyen Hong Dien, and the US representative was the United States Trade Representative (USTR) Jamieson Greer.
19/5/2025 – 22/5/2025	Round 2 negotiations	The second round of bilateral negotiations for the Reciprocal Trade Agreement between Vietnam and the United States was held from May 19-22, 2025, in Washington D.C, USA.
June 2025	Round 3 negotiation	Expect to reach the end of negotiations soon with the best results

Source: Baochinhphu, Shinhan Securities Vietnam

02

Vietnam's exports and advantages in attracting FDI

A large portion of Vietnam's export value relies on FDI enterprises. The market currently has concerns that FDI flows will be negatively impacted when the US imposes tariffs on Vietnam. However, in our assessment, even if there is an impact, the severity will be insignificant in the short term. This is because Vietnam's competitive advantages compared to other countries in the region are unlikely to change in the near future.

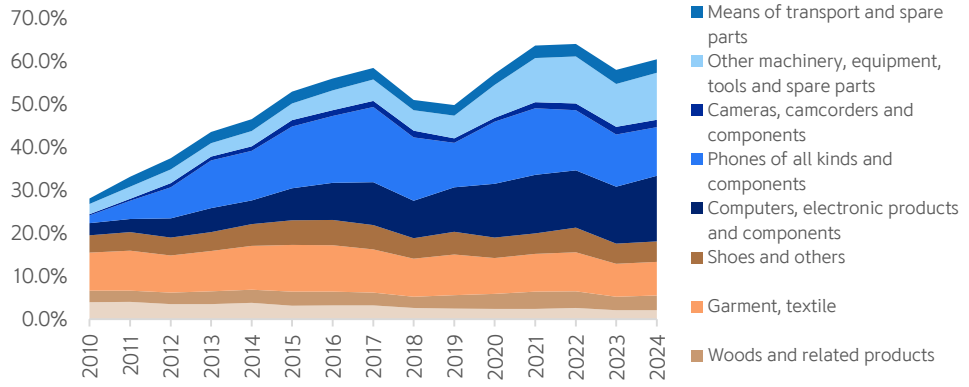


Export and FDI

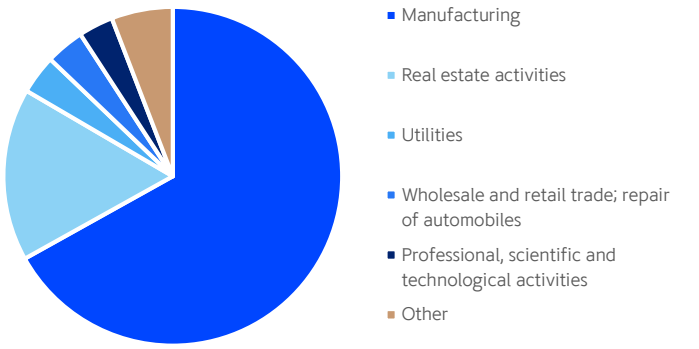
FDI enterprises play a crucial role in Vietnam's exports

- Exports are vital to Vietnam's economy, with their value accounting for 85% of total GDP in 2024. Exporting businesses significantly contribute to the economy by creating jobs and enhancing domestic manufacturing technology.
- Before joining the WTO in 2007, Vietnam's main export products were agricultural goods, garments, and fashion items. These were largely labor-intensive industries with low technological content. After joining the WTO, the export value of high-tech products, such as electronic components, steadily increased its share of total export value. By 2024, high-tech exports accounted for nearly 50% of the total. Vietnam exports these high-tech goods not only to the US but also to other Asian countries like China, South Korea, and Japan.
- In 2024, FDI flowing into the processing and manufacturing industries made up 67% (two-thirds) of total FDI capital. In the same year, FDI enterprises accounted for 71.2% of the total export value. The majority of Vietnam's export value relies on FDI enterprises. The inflow of FDI into Vietnam plays a significant role in the domestic economic development, primarily by focusing on manufacturing industries.

Export value structure by products over total GDP



FDI structure by sector in 2024



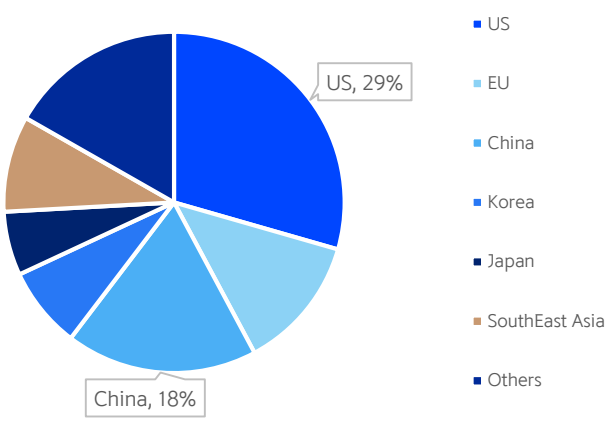
Source: Fiinpro, GSO, Vietnam Custom, Shinhan Securities Vietnam

Vietnam's export

The US is the main export. High-tech products are the main export.

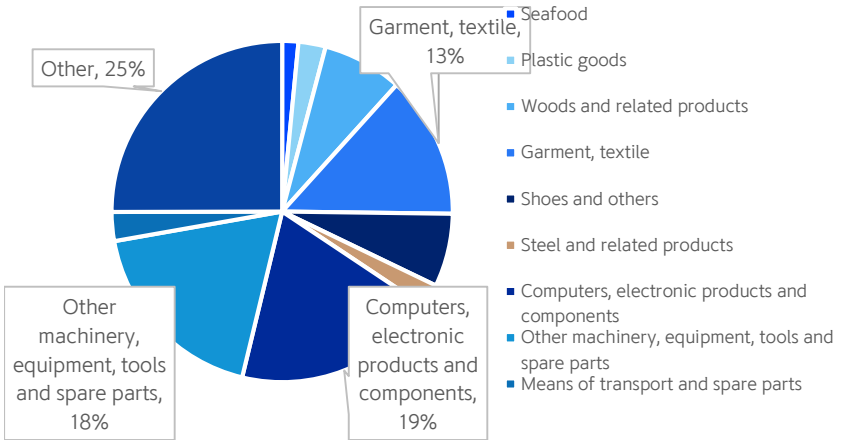
- The United States has been Vietnam's primary export market in recent years. In 2024, exports to the US reached $119.5 billion, accounting for 29% of Vietnam's total export value. China ranked second with an 18% share. Vietnam's main exports to the US are high-tech processed and manufactured products. Computers, electronic products, and components comprised 19% of the total export value in 2024, while machinery, equipment, and spare parts came in second at 18%. Traditional manufactured goods like textiles and garments also held a significant share, accounting for 13% of total exports to the US.
- Concerns exist in the market that FDI flows and exports will be negatively affected if the US imposes tariffs on Vietnam. However, based on our assessment of Vietnam's advantages compared to other Asian countries in attracting FDI for two key export groups—high-tech and fashion (garments, textiles, footwear)—we believe Vietnam possesses competitive advantages that are unlikely to change significantly in the short term (1-2 years).

Vietnam export structure by countries in 2024



Source: Custom Viet Nam, Shinhan Securities Vietnam

Vietnam export to US by product in 2024



Source: Custom Viet Nam, Shinhan Securities Vietnam

Vietnam has certain advantages over regional competitors

Comparative advantages in garment manufacturing FDI attraction

- According to the USFIA (US Fashion Industry Association) report assessing the competitiveness of garment manufacturing countries, Vietnam is highly regarded within the Asian region. While Vietnam scores lower than China and Bangladesh in terms of processing costs, and lags behind China in speed (shipping, flexibility, and agility in meeting changing demands) and vertical integration (linkage with other stages in the value chain), it excels in other crucial criteria. Notably, in terms of labor-related risks, social responsibility standards (e.g., appropriate age for workers, suitable working environment), and geopolitical stability, Vietnam is rated higher than other Asian countries. Therefore, we assess that the garment manufacturing sectors will be less affected by the upcoming tariffs, likely facing only the lowest rates. Vietnam's existing advantages over competitors in fashion manufacturing are unlikely to be impacted in the near future.

- Furthermore, for manufacturing sectors like garments and footwear, we believe the US government will not impose high tariffs on these items. This is because the US lacks a cost advantage in their production, and these goods do not require high technological content. Within Asia, Vietnam competes with China, India, Bangladesh, Sri Lanka, and Cambodia in this manufacturing segment.

Table comparing the competitive advantages of Asian countries participating in the US fashion industry value chain

Sourcing destination	Speed to market	Sourcing cost	Flexibility and agility	Minimum order quantity (MOQ)	Vertical integration	Risk of labor and social com pliance	Risk of environental c ompliance	Geopolitical risk
China	3.5	4.0	4.0	3.5	4.5	2.0	2.0	1.5
Vietnam	3.0	3.5	3.5	3.0	3.0	3.0	3.0	3.0
Bangladesh	2.0	4.0	3.0	2.5	3.0	2.5	2.5	3.0
Indonesia	2.5	3.5	3.5	3.0	2.5	3.0	2.5	3.5
India	2.5	3.5	3.5	3.0	4.0	2.5	2.5	3.5
Sri Lanka	2.0	3.5	3.5	3.0	2.5	3.0	3.0	3.5
Cambodia	2.5	3.5	3.0	2.5	2.5	2.5	2.5	3.0

Source: USFIA, Shinhan Securities Vietnam

Vietnam has certain advantages over regional competitors

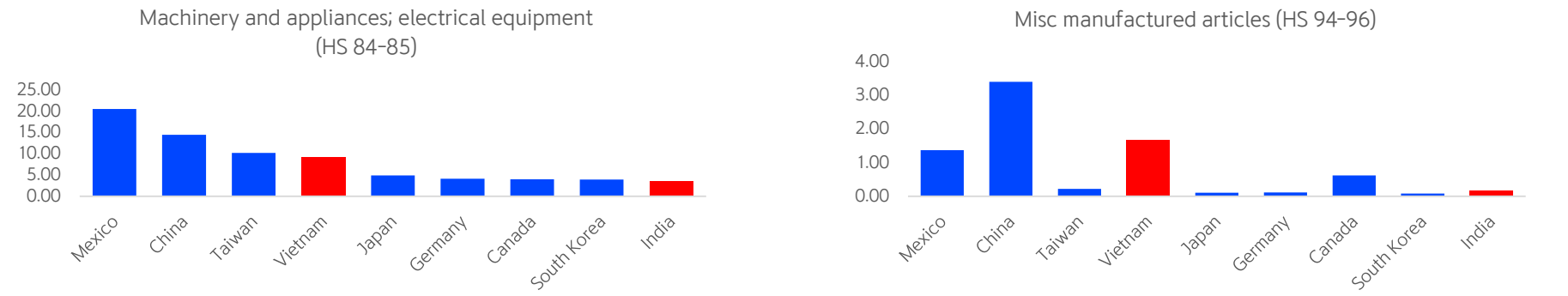
Comparative advantages in high-tech manufacturing FDI between Vietnam and other countries

- Asian countries exporting high-tech products to the US include China, Japan, South Korea, Vietnam, and India. Vietnam will compete with India to participate in the final stages of the high-tech value chain, specifically in areas like packaging, testing, and assembly. Both India and Vietnam are chosen for these final stages due to their abundant skilled labor forces suitable for such tasks. However, Vietnam still possesses several advantages over India regarding its workforce.

  - ❑ While India's basic wage levels are similar to Vietnam's, wage regulations in some parts of India are more complex than in Vietnam. This complexity could be a barrier that FDI enterprises will consider. Certain Indian states have varying basic wage regulations categorized by occupation, skill level, and geographical location within that state. For instance, Maharashtra, India's second most populous state, has different wage levels for skilled, semi-skilled, and unskilled workers, as well as distinct rates for workers in three different zones (Zone I, Zone II, Zone III) within the state. Furthermore, workers in different professions also receive varying wages; for example, engineering roles will have different rates than machinery repair.

  - ❑ Another key advantage for Vietnam is its higher literacy rate compared to India. In 2023, Vietnam's literacy rate was 96.6%, while India's was 77%. Despite a significant gap in educational and training programs and work skills, Vietnam remains one of the countries with a highly skilled manufacturing workforce in Asia.

Import value of technology-manufactured industrial goods into the US in March 2025 (unit: billion USD)

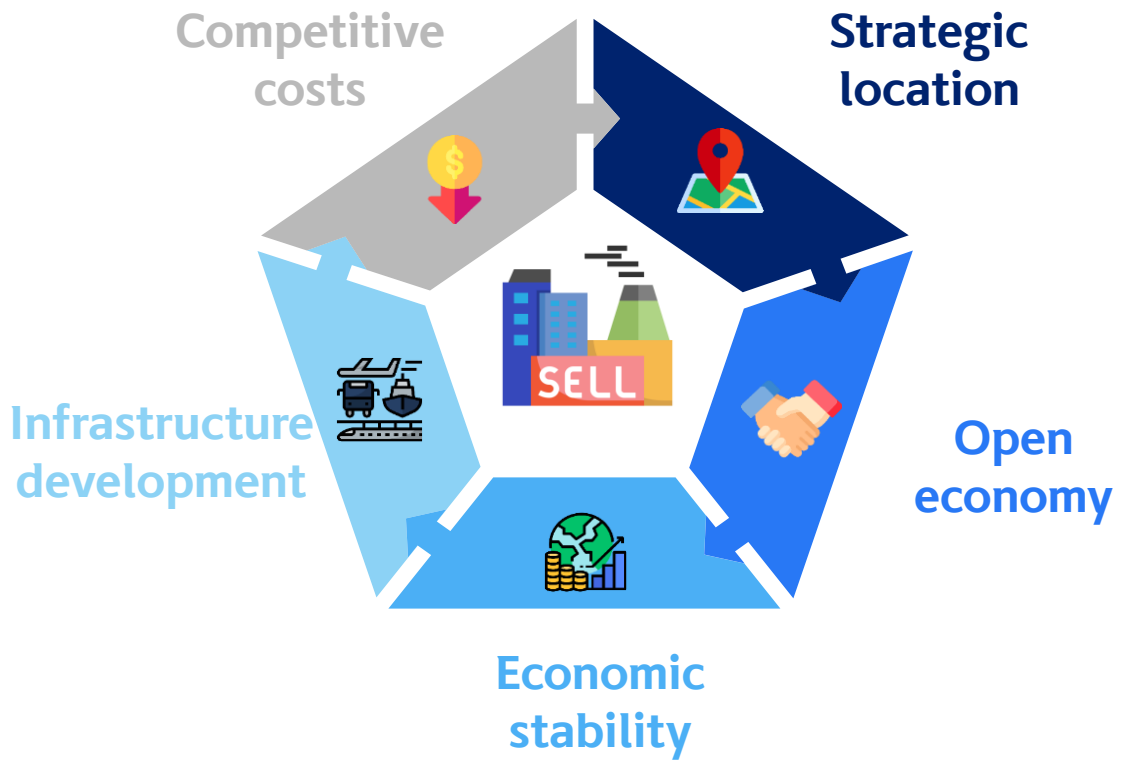


Source: Bloomberg, Shinhan Securities Vietnam

Factors Promoting FDI Capital Flow into Vietnam

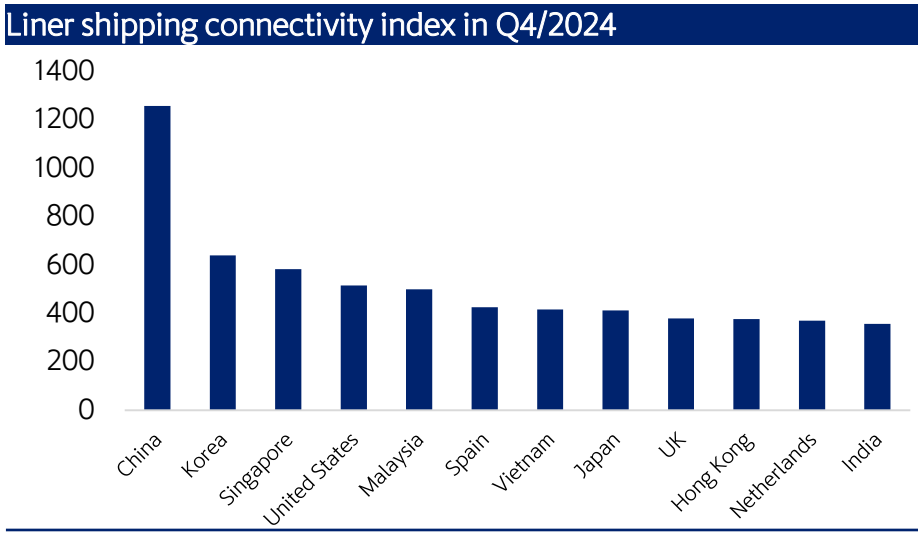
Besides comparing specific advantages in manufactured goods, Vietnam also has general advantages such as:

- **Strategic location:** Vietnam possesses a geographically advantageous location for facilitating trade and goods transportation. This creates favorable conditions for attracting foreign enterprises to invest and establish operations in the country.
- **Open economy:** With a neutral strategic approach, Vietnam has signed numerous free trade agreements (FTAs), creating favorable conditions for import-export activities. As a result, foreign companies can transport goods more easily on a global scale.
- **Economic stability:** Positive economic growth combined with a stable political environment are key factors driving the development of industrial real estate.
- **Infrastructure development:** A long coastline, dense river network, and significant investments in infrastructure have supported economic growth and created favorable conditions for industrial real estate.
- **Competitive costs:** Competitive industrial land rental rates, low electricity costs, and affordable labor are among the attractive factors for foreign businesses, thereby contributing to the growth of real estate in industrial zones.

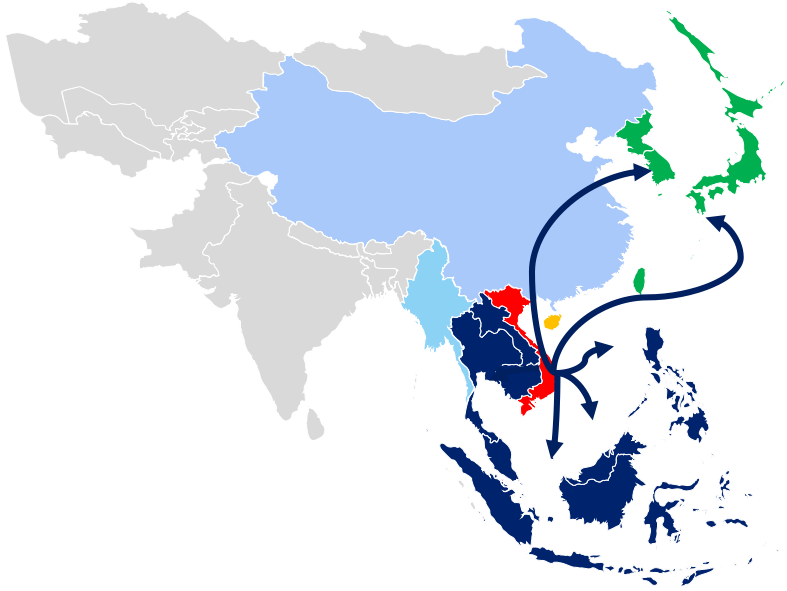


Competitive advantage in attracting FDI capital

Vietnam holds a favorable position for global connectivity



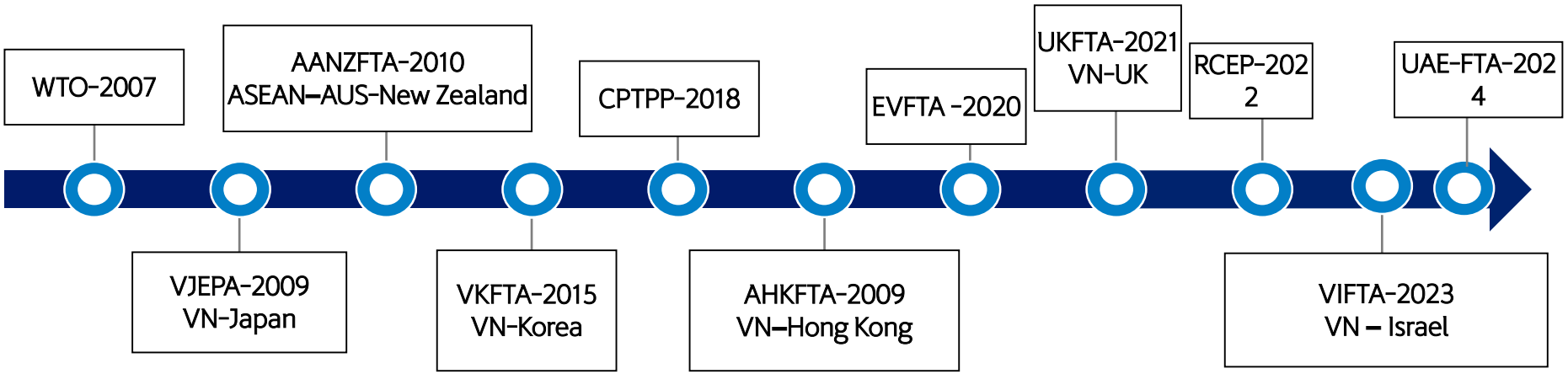
Source: Worldbank, Shinhan Securities Vietnam



- Vietnam holds a strategic geographical position as it is located right next to the East Sea—one of the most important international shipping routes—serving as a critical bridge for transporting goods from Asia to other regions around the world. Notably, the two major maritime routes passing through Southeast Asia and the Asia-Pacific region currently account for 14% and 56% of the world's total cargo volume, respectively. This geographical advantage creates favorable conditions for Vietnam to develop its maritime transport sector.
- In addition, Vietnam has a 3,260-kilometer-long coastline and numerous deep-water bays situated near international shipping routes, making it highly suitable for the construction and expansion of deep-water port systems. According to the Liner Shipping Connectivity Index (LSCI) published by the World Bank, Vietnam rose to 7th place globally in 2023, up from 13th in 2020. These factors demonstrate that Vietnam is increasingly meeting the conditions to become a regional international freight transit hub, playing a crucial role in the global supply chain, especially in logistics operations serving foreign direct investment (FDI) enterprises.

Competitive advantage in attracting FDI capital

FTAs pave the way for foreign enterprises to enter the Vietnamese market



Free Trade Agreements facilitate foreign enterprises' participation in the Vietnamese market

With its open economic policy, Vietnam has signed 17 key free trade agreements (FTAs), thereby creating a favorable environment for foreign businesses to invest in the country.

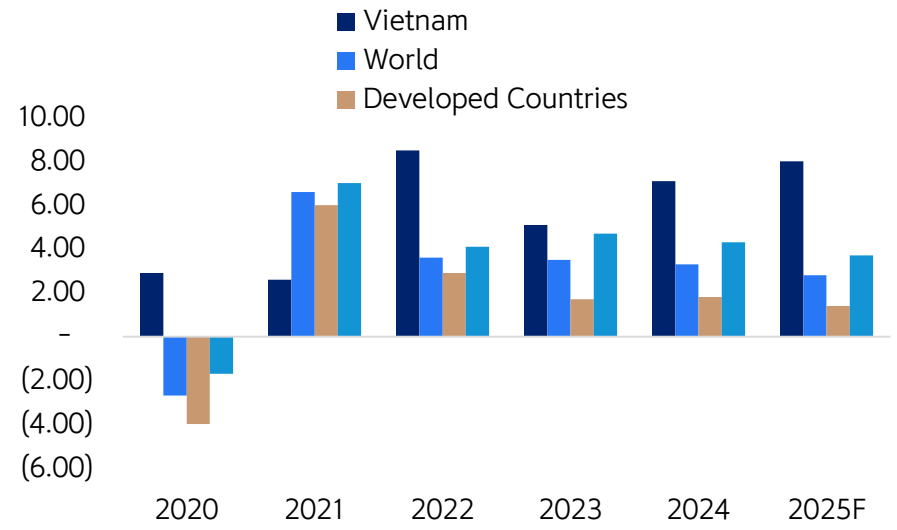
When investing in Vietnam, these enterprises can benefit from preferential policies such as tax reductions and the elimination of various fees. In particular, FTAs help reduce tariffs for multinational corporations that regularly import raw materials and export finished products on a global scale.

These advantages not only lower the cost of doing business but also enhance the competitiveness of foreign investors operating within Vietnam's market and supply chain ecosystem.

Competitive advantage in attracting FDI capital

Economic growth and favorable investment environment drive FDI into Vietnam

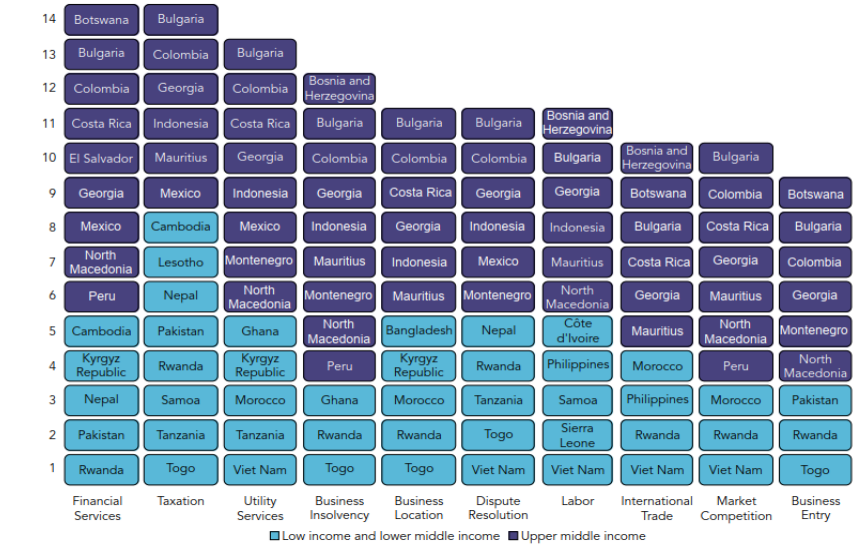
Vietnam's GDP growth compared to Southeast Asian countries 2020 – 2025F (%)



Source: IMF, Shinhan Securities Vietnam

Assessment according to criteria of countries according to Business ready 2024 report

FIGURE ES.7 Low-income and middle-income economies can be found in the top two quintiles in every topic



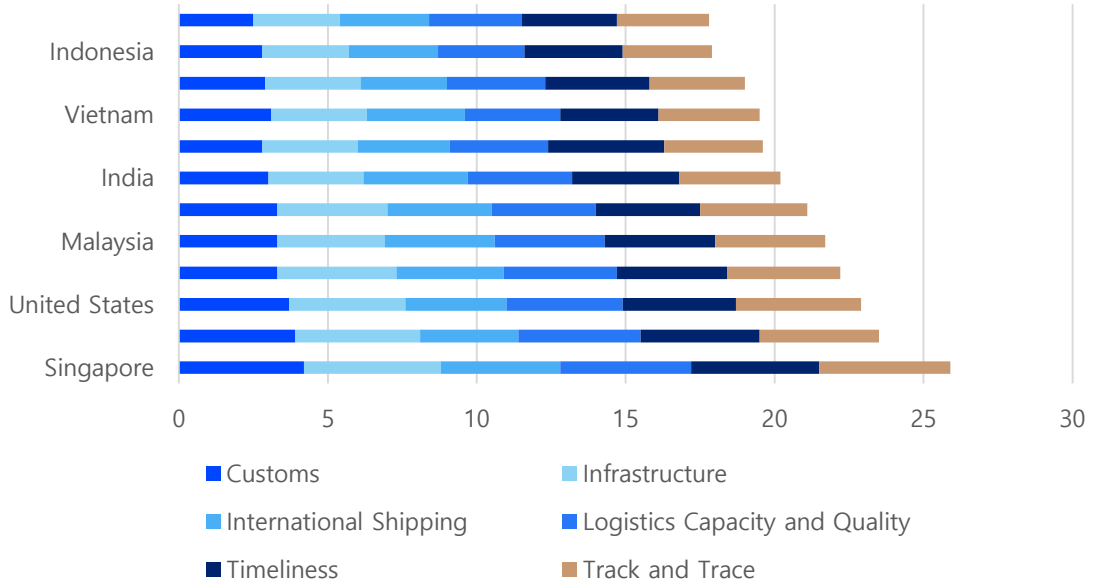
Source: Worldbank, Shinhan Securities Vietnam

- Despite global economic instability caused by tariffs, in Official Dispatch No. 47/CĐ-TTg dated April 22, 2025, Prime Minister Phạm Minh Chính remains determined to set an ambitious GDP growth target of 8% for 2025, along with key tasks and solutions to promote economic growth throughout the year.
- The Business Ready 2024 report, published by the World Bank (WB), aims to comprehensively assess the business environment in 50 countries around the world, based on 10 core criteria groups. The report also reflects Vietnam's ranking position according to each assessment criterion. According to the World Bank's Business Ready 2024 report, Vietnam ranks highly in areas such as utilities services, dispute resolution, labor, market competition, and international trade. This reflects the continuously improving investment environment in Vietnam, which contributes significantly to enhancing the country's attractiveness to foreign enterprises.

Competitive advantage in attracting FDI capital

Accelerated infrastructure investment enhances more effective economic connectivity

Factors Affecting Logistics Capacity in Vietnam in 2023



Country	Rank	LPI Index
Singapore	1	4.3
Japan	14	3.9
United States	18	3.8
China	20	3.7
Malaysia	31	3.6
Thailand	37	3.5
India	38	3.4
Philippines	47	3.3
Vietnam	50	3.3
Brazil	51	3.2
Indonesia	63	3
Colombia	68	2.9

Source: World Bank, Shinhan Securities Vietnam

According to the 2023 Logistics Performance Index (LPI) report published by the World Bank, Vietnam ranks 50th globally in logistics capacity with an LPI score of 3.4. With this result, Vietnam is assessed to have logistics capabilities comparable to the leading countries within the ASEAN region. The report also notes a positive upward trend in the LPI score over recent years, reflecting the effectiveness of policies and investment efforts in logistics infrastructure that the government has implemented.

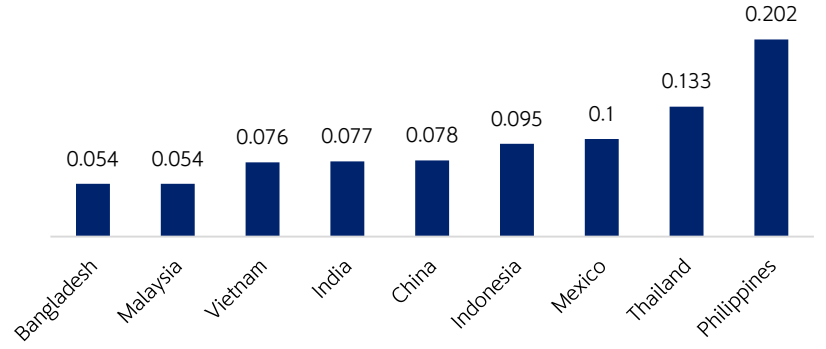
Competitive advantage in attracting FDI capital

Competitive production costs contribute to attracting enterprises to expand manufacturing in Vietnam

Vietnam holds a competitive advantage due to low production costs compared to many countries in the region and globally

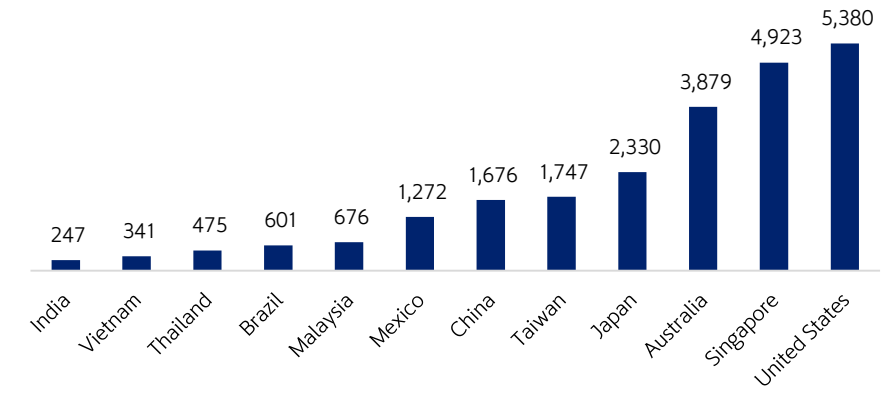
- The costs of land for factories, pre-built warehouses, and industrial zones in Vietnam remain low relative to regional and global levels. Electricity costs are also among the lowest, particularly benefiting energy-intensive industries such as technology sectors.
- Vietnam boasts a large and active labor force, with a labor participation rate reaching 69%. In addition, low labor costs combined with an improving quality of the workforce contribute significantly to attracting foreign direct investment (FDI) enterprises to invest in Vietnam.

Electricity usage cost in 2024 (USD/KWh)



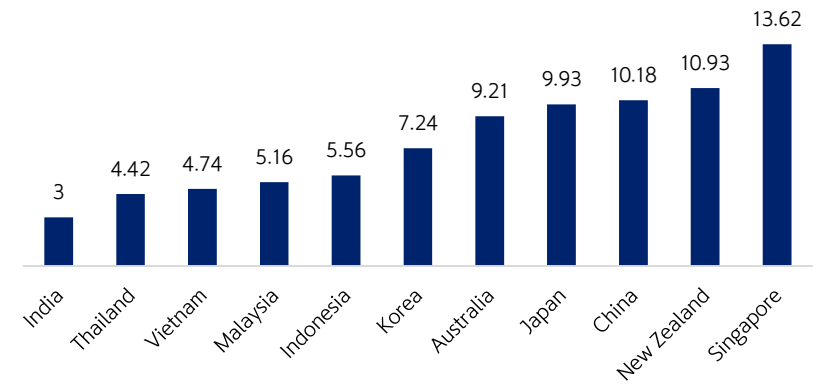
Source: Worldpopulationreview, Shinhan Securities Vietnam

Labor cost (USD/month) in 2024(%)



Source: Trading economic, Shinhan Securities Vietnam

Average rental cost of ready-built factories and warehouses in 2024 (USD/m2/month)



Source: JLL, Shinhan Securities Vietnam

Impact of tariffs on FDI

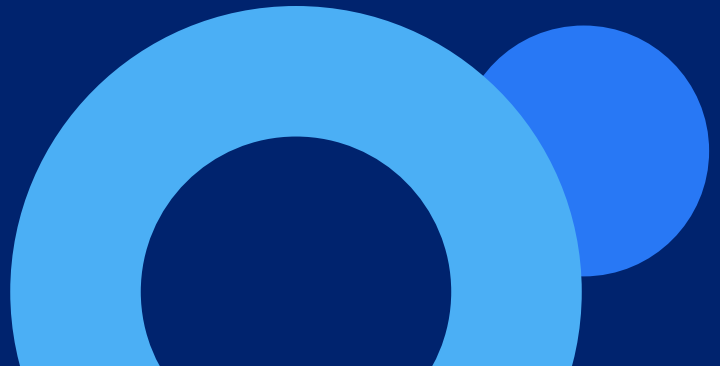
Minimal negative effect in the short term

- On May 12, 2025, the US and China reached an agreement to temporarily suspend tariffs on each other for 90 days. This increases the likelihood that other countries exporting goods to the US, such as Vietnam, will have the opportunity to negotiate reasonable tariff levels.
- For the fashion manufacturing industry, while tariffs might affect production costs in Vietnam compared to other countries, other factors like logistics services and the investment environment will help Vietnam maintain its current FDI in this sector. In a worst-case scenario with high tariffs on Vietnam, its manufacturing sector would likely see a shift from low-tech to higher-tech production.
- Regarding the high-tech manufacturing industry, although there might be some shift in FDI, possibly towards India, we believe that after the recent tariff event, manufacturing companies in the US and other countries will avoid concentrating production in a single country to mitigate risk. In the short term, Vietnam and India are the only nations capable of participating in the global value chain; other developing countries in the region still lack the competitive edge. Many multinational corporations are already building their supply chains with this trend in mind. To cope with the current tariff situation:
  - ❑ Apple, a major US tech corporation, announced that most of its iPhone orders for Q2 2025 will be manufactured in India, while other products like iPads, Macs, Apple Watches, and AirPods will be assembled in Vietnam.
  - ❑ Sourcenext, the maker of Pocketalk (an offline translation device), has decided to establish a new production facility in Vietnam to avoid US tariffs on China.
  - ❑ UTI High-Tech Factory Project, owned by CNCTech Group (a leading South Korean high-tech company and a major Samsung partner), began construction on May 17, 2025.
- Given these current developments and the analysis of Vietnam's advantages, we believe that the impact of US reciprocal tariffs on Vietnam will be insignificant for FDI flows in the short term, as well as for Vietnamese exports. As of May 15, 2025, Vietnam's export value continues to maintain its growth momentum, at 12% year-on-year.

03

Growth scenarios

Developing inner economic strength will be the main driver. Even with different tariff levels, in the short term, Vietnam will prioritize boosting public investment and domestic consumption as the primary engines to develop the economy's inner strength. In the long term, Vietnam will cultivate its internal power based on the growth of the private economic sector. We project GDP based on three scenarios: base case, negative case, and positive case, corresponding to the potential tariffs the US might impose on Vietnam. Even in the most negative scenario, GDP is still expected to achieve positive growth thanks to the economy's internal resilience.

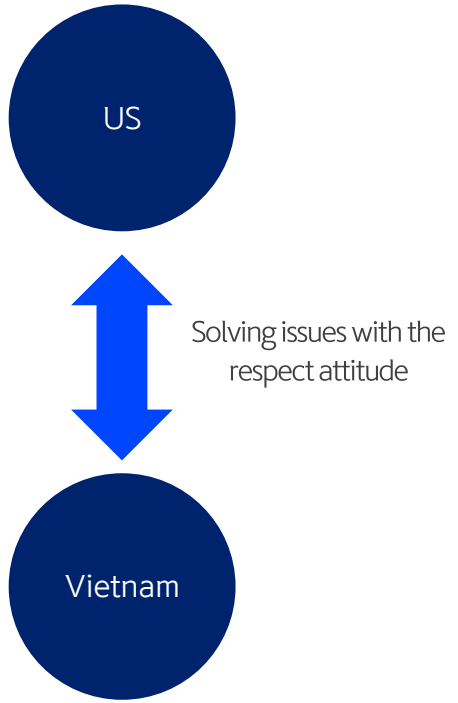


Flexible and adaptive response to reciprocal tariffs

Managing origin issues and proactive international integration

- Vietnam is responding to reciprocal tariffs by implementing policy and strategic changes to (1) improve trade relations between Vietnam and the US and (2) strengthen Vietnam's economic resilience. Key actions taken by Vietnam to bolster its economy include promoting (i) international integration, (ii) domestic consumption and public investment, and (iii) deeper participation in the global production value chain.
- One of the issues in Vietnam-US trade relations is the management of goods origin. Vietnam has intensified efforts to manage intellectual property rights and product origin. On April 21, the Ministry of Industry and Trade issued a decision to revoke the authority to issue Certificates of Origin (C/O), Certificates of Non-Manipulation (CNM), and REX codes previously delegated to the Vietnam Chamber of Commerce and Industry (VCCI). The Agency of E-commerce and Digital Economy will ensure the electronic data infrastructure within the Ministry of Industry and Trade's electronic origin management and certification system. C/O, CNM, and REX codes are crucial documents and data for traceability. Transparent management of this data will demonstrate that goods exported from Vietnam are not merely transshipped from China.
- Vietnam also aims to proactively strengthen its international integration. Vietnamese businesses need to actively diversify their export and import markets to reduce reliance on the US and China. Fully leveraging Free Trade Agreements (FTAs) like the EVFTA and CPTPP is essential to mitigate risks associated with over-reliance on a single market.

Adaptive strategy



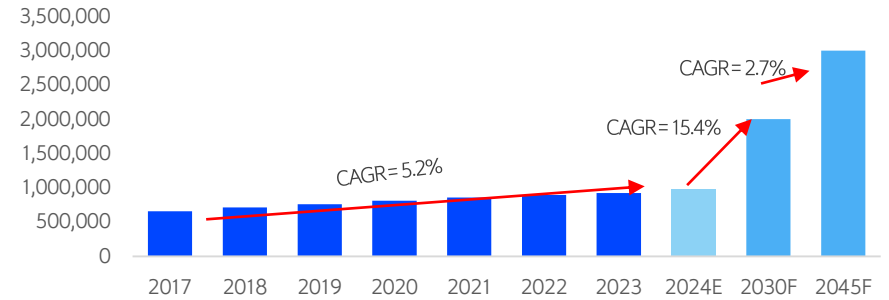
- Promote international integration, reduce depen-dence on one market
- Promote the internal strength of the economic sector
- Participate more deeply in the world value chain by promoting the attraction of high-tech manufacturing industries.

Flexible and adaptive response to reciprocal tariffs

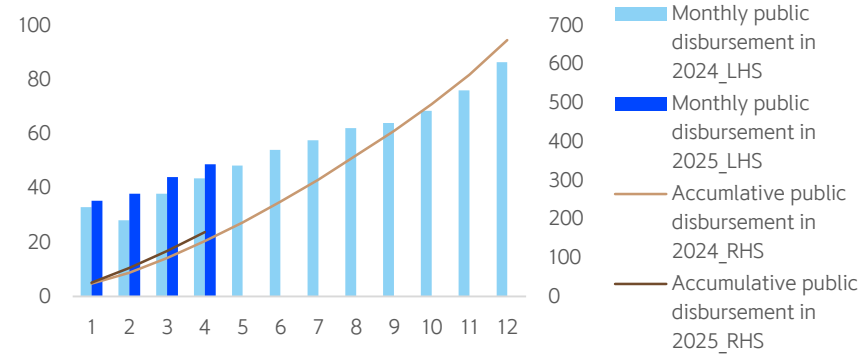
Boosting public investment and domestic consumption. Focusing on private sector development

- With its inherent national advantages, coupled with flexible policy changes from the Government and strategic business approaches from the corporate sector, Vietnam's economy will continue to maintain growth despite the challenges ahead. Regardless of the varying tariff levels, in the short term, Vietnam will prioritize boosting public investment and domestic consumption as the main drivers for developing the economy's internal strength. In the long term, Vietnam will foster its internal power based on the growth of the private economic sector.
- As of April 2025, total retail sales of goods and consumer service revenue for April increased by 11.1% year-on-year. Accumulated over four months, this figure rose by 9.9% year-on-year. Total retail sales of goods are expected to achieve growth exceeding 9% in 2025 and maintain a high level in 2026. Public investment in the first four months of 2025 is estimated to have reached VND 165.6 trillion, marking a 17.7% year-on-year increase.
- On May 4, 2025, the Politburo issued a Resolution on private economic development, outlining guiding principles towards ambitious targets with a vision to 2030 and 2045. The goal is to increase the private sector's contribution from its current level of over 50% of GDP to 55%-58% by 2030 and 60% by 2045. This increased contribution will come from a rising number of businesses participating in the economy, growing from an estimated 0.98 million enterprises by the end of 2024 to a total of 2 million enterprises by the end of 2030 and 3 million by the end of 2045.

Number of private enterprises



Public investment (VND trillion)



Source: Resolution 68, GSO, Shinhan Securities Vietnam

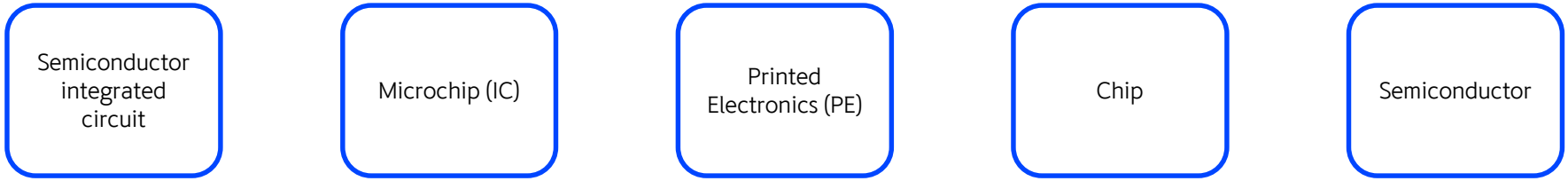
Adaptive policies and management to prepare for tariffs

Attracting High-Tech Investment

- The Resolution on private economic development contains several notable points regarding technological production. It sets a target for Vietnam to have at least 20 major enterprises participating in global value chains by 2030. Furthermore, Vietnam's technological level, capacity, innovation, and digital transformation capabilities are aimed to be among the top 3 ASEAN countries and top 5 in Asia. To achieve this, Vietnam must attract high-tech industries and foster a spillover effect, transferring technology to domestic enterprises. To realize the goal of participating in global value chains, alongside flexible policy changes, we believe that leading companies play a crucial role. Pioneer companies in clean energy, semiconductors, and information technology will lead the way in joining global value chains. Currently, Vietnam has a few domestic companies involved in integrated circuit design, such as FPT (through its subsidiary FPT Semiconductor) and Viettel (through its subsidiary Viettel High Tech). We believe these companies will play a leading role.

- Additionally, the National Assembly has passed Law No. 57/2024/QH15, significantly improving the legal framework through a series of groundbreaking changes. A prominent feature is the "Special Investment Procedure," applicable to projects in industrial parks, free trade zones, and economic zones, which helps shorten approval times and attract strategic investors. The Investment Support Fund, a new addition to the Investment Law, is designed to attract multinational corporations and strategic investors. High-tech investments that are strategic and enhance national competitiveness will receive special priority and maximum encouragement. Law No. 57 also lays the groundwork for proposing the establishment of international financial centers in Ho Chi Minh City and Da Nang.

Prioritized sectors for investment development



Tariff scenarios

GDP projections based on tariff scenarios

- Three tariff scenarios are considered for Vietnam. The negative scenario assumes the initial high tariff rate of 46% announced by the US. The second is a positive scenario where Vietnam faces only a minimum tariff of 10%. The third, which we consider more likely, is a baseline scenario with a tariff rate of approximately 20%, falling between the lowest and highest figures.
- In all scenarios, the US reciprocal tariffs will affect Vietnam's export and import growth. The strong export growth rates exceeding 14% seen in recent years will be difficult to sustain. Such high export growth could only be achieved in 2026 under the lowest tariff scenario. To maintain high economic growth, controlling the exchange rate and inflation are two crucial keys. We assume the government will keep inflation under 4%, despite a target of 4.5%, and the exchange rate will depreciate by a maximum of 3% against the USD in the worst-case scenario, thanks to the flexible management of the State Bank of Vietnam (SBV).
- Assuming Vietnam concludes tariff negotiations in July 2025, the market will need time to absorb and react to tariffs applied not only to Vietnam but also to other countries. Given Vietnam's economic growth in the first four months of the year, we project that Vietnam will maintain positive growth in 2025. In 2026, Vietnam will boost its domestic economy and actively integrate internationally to sustain a higher growth rate than in 2025.

	Negative case (46%)		Base case (20%)		Positive case (10%)	
Economic indicators	2025F	2026F	2025F	2026F	2025F	2026F
GDP growth (% YoY)	3.1	3.3	6.1	6.4	6.7	7.3
CPI (% YoY)	3.6	3.5	3.5	3.3	3.3	3.1
IIP (% YoY)	7.5	7.8	8.2	8.6	8.8	9.2
Retail sales (% YoY)	8.1	8.3	8.6	8.8	9.1	9.3
Export growth (% YoY)	8.8	8.9	11.5	12.5	12.5	15.5
Import growth (% YoY)	7.5	7.7	9.1	10.1	10.8	14.1
FDI disbursement (USD billion)	19.6	20.0	25.3	27.4	26.6	28.9
Public investment (VND trillion)	714	778	714	778	714	778
Credit growth (% YoY)	15.0	15.0	15.0	15.0	15.0	15.0
Refinancing central bank rate (%)	4.50	4.50	4.50	4.25	4.50	4.00
Exchange rate	26,500	26,800	26,300	26,500	26,200	26,300

Appendix – Four pillars Politburo Resolutions

No	Document	Content	Resolution Goals	Issued date
1	Resolution 57-NQ/TW	Promoting science, tech- nology, and innovation as key drivers of growth and development.	By the year 2030: • Science, technology and innovation potential level advance in many essential areas, being among the leading countries in the upper middle-income group. • Contribution of the total factor productitvity (TFP) in economic growth at 55% • Human Development index (HDI) above 0.7 • R&D expenditure reaches 2% of GDP, in which social expenditure accounts for more than 60%, allocating at least 3% of total annual budget expenditure to develop science, tech- nology, innovation, national digital transformation and gradually increasing following the development requirements. • Advanced, modern, super-large digital technology infrastructure, ultra-wide bandwidth on par with advanced countries • State management from the number of localities on the environment, connecting and operating intelligently between facilities within the system	22/12/2024
2	Resolution 59-NQ/TW	Proactive and compre- hensive international integration	• International economic integration • International integration in politics, defense, security • International integration in science, technology and innovation, culture, society, tourism, environment, education - training, health and other fields • Improving capacity and political awareness for international integration	24/1/2025
3	Resolution 66-NQ/TW	Revamp the legal frame- work and law enforce- ment to better support national development in the new era	By 2030, Vietnam will have a democratic, fair, synchronous, unified, public, transparent, and feasible legal system with a strict and consistent implementation mechanism, ensuring a legal basis for the normal, continuous, and smooth operation of agencies after restructuring the apparatus, removing obstacles arising from practice, paving the way for development creation, mobilizing all people and businesses to participate in socio-economic development.	30/4/2025
4	Resolution 68-NQ/TW	Developing private sector	By 2030: • The private economy is the most important driving force of the national economy • Strive to have 2 million enterprises operating in the economy, 20 enterprises operating/ thousand people. Have at least 20 large enterprises participating in the global value chain. • The average growth rate of the private economy is about 10-12%/year, higher than the growth rate of the economy; contributing about 55-58% of GDP, about 35-40% of total state budget revenue, creating jobs for about 84-85% of the total workforce; labor productivity increases on average about 8.5-9.5%/year. • Technology level, capacity, innovation, digital transformation are among the top 3 countries in ASEAN and the top 5 countries in Asia.	4/5/2025

Source: Legal Library, Government News, Shinhan Securities Vietnam

Export-oriented

We select export businesses that possess certain competitive advantages, are self-sufficient in their production supply chains, and can pivot their export markets in a timely manner.

Additionally, businesses with special competitive advantages help maintain investment appeal or lead in the shift of investment capital

Some industries mentioned in the report include aquaculture, textiles, logistics, and industrial real estate.



Shinhan Securities

Import – Export

The rise of localization & Market diversification



Thao Nguyen
☎ (84-28) 6299-8004
✉ thao.np@shinhan.com

Trang Pham
☎ (84-28) 6299-8000
✉ trang.pq@shinhan.com

Content

Import – Export – The rise of localization & Market Diversification

1. Vietnam's import – export performance in Q1/2025

In Q1/2025, Vietnam's total import-export turnover reached USD 202.5 billion (+13%YoY). Several key export items such as textiles and garments, footwear, computers, electronic products and components,..., maintained double-digit growth rates. We believe that the upward momentum is strengthened by increased demand and the "front-loading" effect in tariff changes.

2. Reciprocal tariff and its impact on import-export groups

We assess that several industry groups will be directly affected by the impact of reciprocal tariff, such as: textiles and garments, seafood, wood products,... These are industry groups with a large export proportion to the US market.

3. Vietnam's import – export outlook

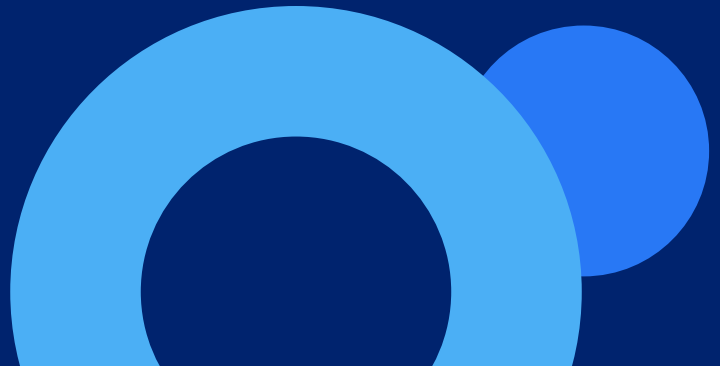
We assess that front-loading goods in the first half of 2025 could partially mitigate the negative impact of the new US reciprocal tariff on Vietnam's export situation in the second half of 2025.

In the medium and long term, the market diversification, the rise of localization, as well as the effective utilization of trade agreements will be key to more sustainable growth of Vietnam's import and export activities.

01

Vietnam's import – export performance in Q1/2025

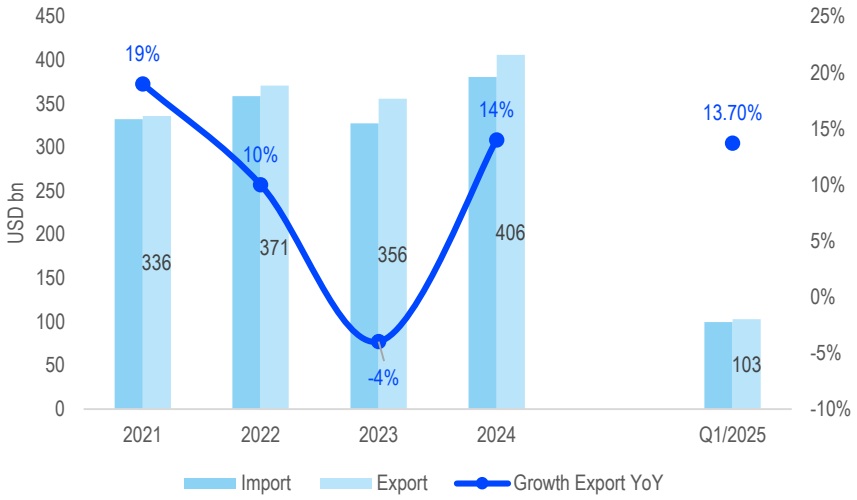
In Q1/2025, Vietnam's total import-export turnover reached USD 202.5 billion (+13%YoY). Several key export items such as textiles and garments, footwear, computers, electronic products and components,… maintained double-digit growth rates. We believe that the upward momentum is strengthened by increased demand and the "front-loading" effect in tariff changes



1. Vietnam's import – export performance in Q1/2025

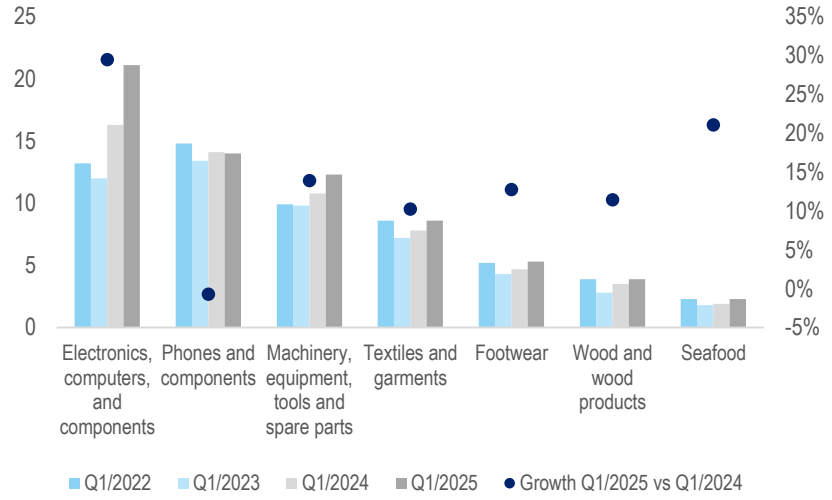
The acceleration of export-import activities

Vietnam's import-export growth



Source: GSO, Shinhan Securities Vietnam

The growth of exported groups in Q1/2025



Source: GSO, Shinhan Securities Vietnam

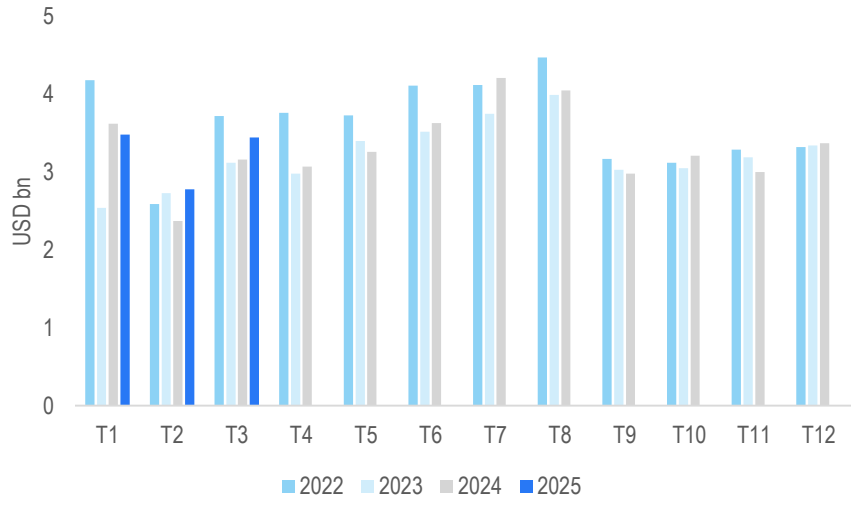
- In Q1/2025, the total import-export turnover reached USD 202.5 bn, an increase of 13.7% compared to the same period last year, of which exports increased by 10.6% and imports increased by 17%. The trade balance continued to have a surplus of over USD 3 bn. Notably, the export turnover in March was accelerating again after a slower-than-expected start in the first two months of the year.

- The key industrial export items continued to recover well: Wood and wood products reached USD 3.9 bn, an increase of 11.4%; textiles and garments reached USD 8.6 bn, an increase of 10.3%. The export value of computers, electronic products, and components reached USD 21.1 bn, a strong increase of 29.4% compared to the same period last year.

1. Vietnam's import – export performance in Q1/2025

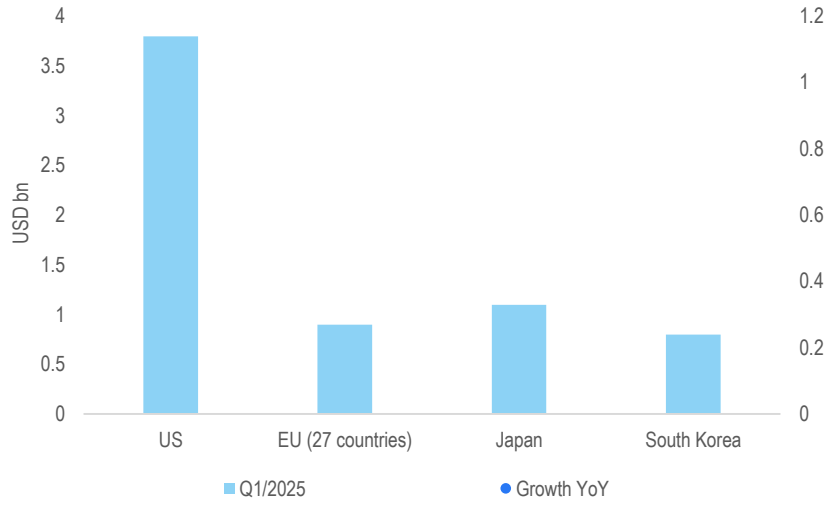
Textile and garment exports start positively

Textile and garment exports in Q1/2025



Source: GSO, Shinhan Securities Vietnam

The value of textile and garment exports to key markets



Source: GSO, Shinhan Securities Vietnam

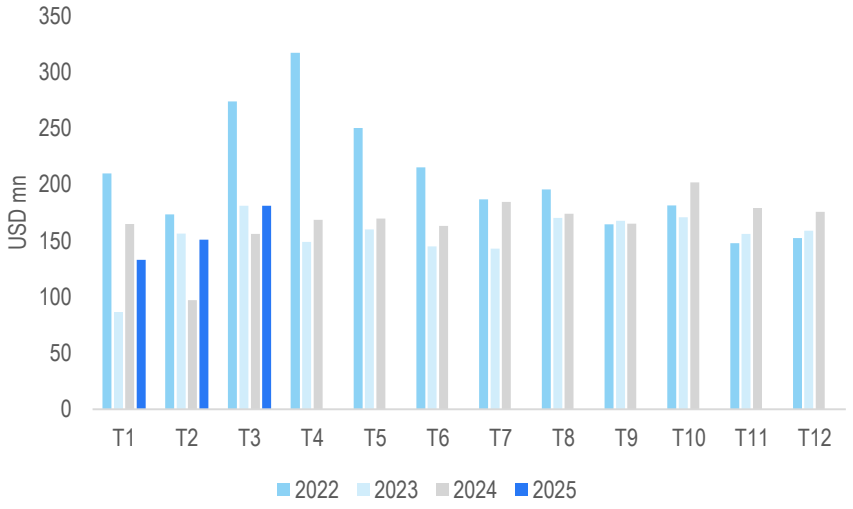
- In Q1/2025, the estimated export value of textiles and garments (textiles and garments; fibers and yarns) reached USD 9.7 bn (+9% YoY), showing an increase in most key markets. Among these, the United States continued to be the main market with an export value of USD 3.8 bn (+15% YoY), accounting for 44% of the total export turnover.

- The recovery of Vietnam's textile and garment market mainly comes from: (1) The increasing trend of order shifts away from China from key markets such as the US and EU; (2) A clear improvement in consumer demand; (3) Reduced inventory levels of many major fashion brands; (4) Domestic enterprises effectively leveraging the advantages of Free Trade Agreements (FTAs).

1. Vietnam's import – export performance in Q1/2025

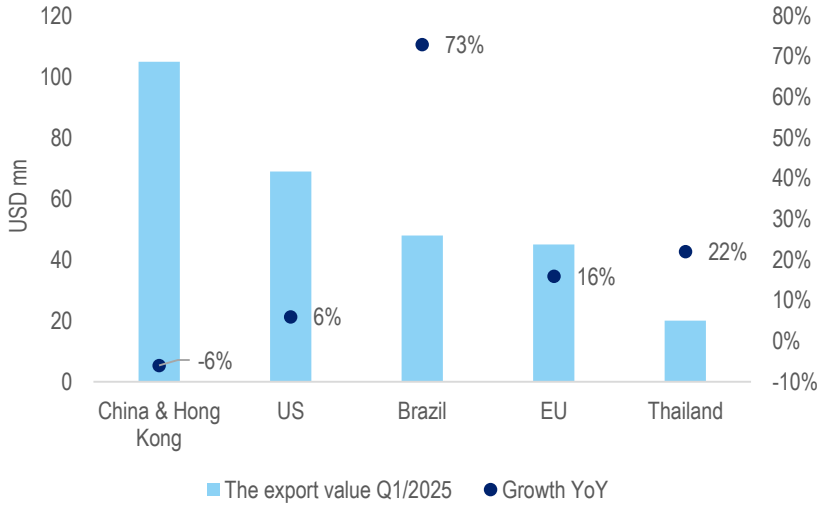
Pangasius exports to major markets remain stable

Pangasius exports in Q1/2025



Source: Vasep, Shinhan Securities Vietnam

The value of pangasius exports to key markets



Source: Vasep, Shinhan Securities Vietnam

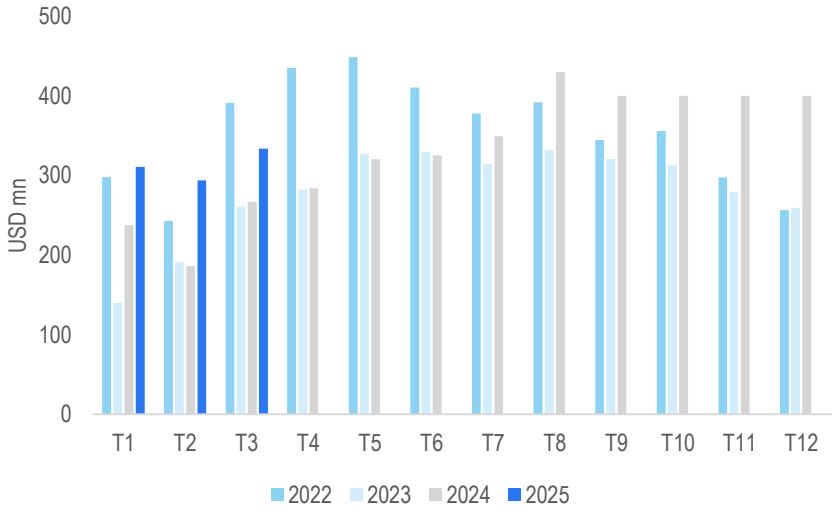
❑ Accumulated pangasius exports in Q1/2025 reached over USD 465 mn (+13% YoY). Notably, pangasius exports have accelerated in the last two months.

- The value of pangasius exports to the US reached nearly USD 69 mn, a 6% year-on-year increase. Despite the growth in export value in recent months, pangasius exports to the US are anticipated to be significantly impacted by reciprocal tariffs.
- Notably, the export value of pangasius to Brazil reached nearly USD 48 mn (+73% YoY) thanks to competitive price and stable quality.
- Thailand rose to the 2nd position among the top Asian countries importing Vietnamese pangasius. VASEP anticipates that Thailand will continue to be a stable growth market, with increasing consumption of pangasius imported from Vietnam.

1. Vietnam's import – export performance in Q1/2025

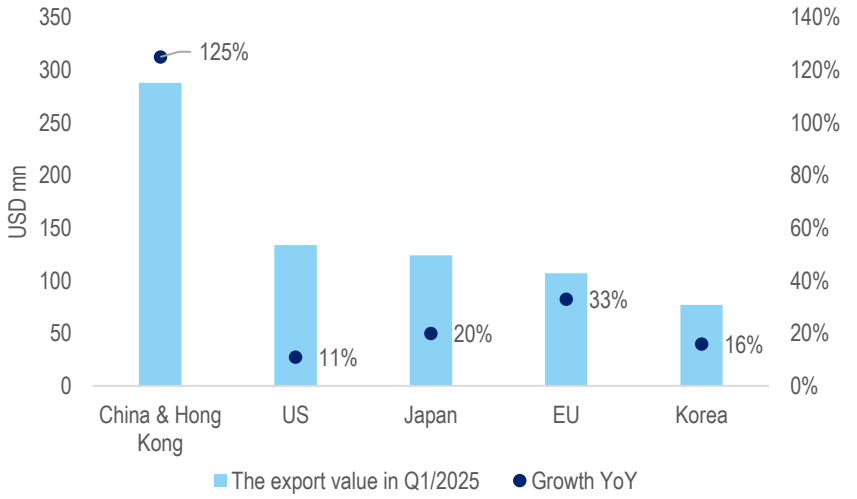
Shrimp exports accelerated

Shrimp exports in Q1/2025



Source: Vasep, Shinhan Securities Vietnam

The value of shrimp exports to key markets



Source: Vasep, Shinhan Securities Vietnam

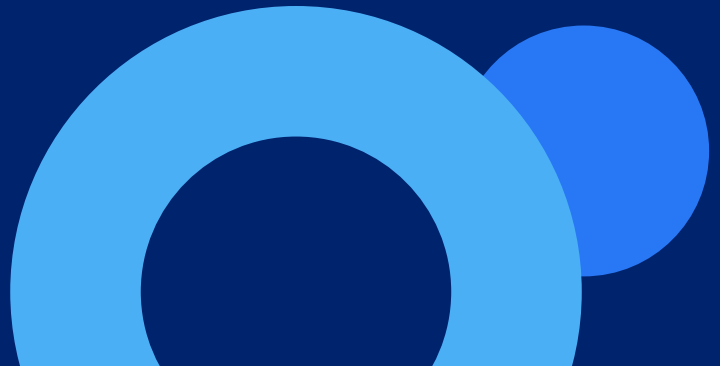
- Vietnam's shrimp exports in Q1/2025 reached USD 939 mn (+37% YoY). Specifically, shrimp exports in March 2025 alone reached USD 327 mn, an increase of 20.4% compared to March 2024. This impressive growth stemmed from the recovery in demand in many major markets, especially China, the United States, Japan, and the CPTPP bloc.
- The China and Hong Kong markets recorded the strongest growth of 125% YoY, reaching USD 288 mn USD in Q1/2025, driven by strong demand and current difficulties in China's seafood production such as environmental pollution limitations and the decline of marine resources.
- The EU market recorded a rather good increase, reaching USD 107 mn (+33% YoY), showing that Vietnamese shrimp is increasingly asserting its quality and meeting the high requirements of the EU market.

02

Reciprocal tariff and its impact on import-export groups

We assess that several industry groups will be directly affected by the impact of reciprocal tariff, such as: textiles and garments, seafood, wood products,... These are industry groups with a large export proportion to the US market.

Indirectly affected groups will experience a lag when consumption decreases and economic growth slows down, such as: F&B, retail, oil and gas, etc.



2. Reciprocal tariff and its impact on import-export groups

Directly affected groups

Industry	Outlook	Assessment	Listed businesses impacted
Textile & garment	Negative	The textile and garment industry is assessed to be affected as the US currently accounts for nearly 43% of Vietnam's textile and garment export turnover. The 46% reciprocal tariff rate on Vietnamese textiles is no longer attractive compared to the rates of direct competitor countries such as China (104%), India (26%), Bangladesh (37%), and Mexico (25%).	The proportion of exports to the US accounts for a large part of the revenue: MSH (80% of revenue), TNG (46% of revenue), VGT (35% of revenue), TCM (25% of revenue).
Fishery	Negative	The seafood industry is assessed to be affected because the U.S. currently accounts for nearly 18% of Vietnam's total seafood export turnover. The 46% reciprocal tariff rate on Vietnamese seafood render it less appealing in comparison to the tariff structures of direct competitors, including China (104%), Indonesia (32%), India (26%), and Ecuador (10%).	A significant proportion of revenue comes from exports to the US: VHC (32% of revenue), FMC (30% of revenue), MPC (25% of revenue).
Wood and wood products	Negative	The wood industry is being affected as the US currently accounts for nearly 56% of Vietnam's total export turnover of wood and wood products The 46% reciprocal tariff rate on Vietnamese wood is no longer competitive when compared to the rates faced by direct competitors like China (104%), Canada (25%), Mexico (25%), and the EU (20%).	The U.S. market constitutes a major share of export revenue: PTB (40% of revenue), ACG (13% of revenue).

2. Reciprocal tariff and its impact on import-export groups

Indirectly affected groups

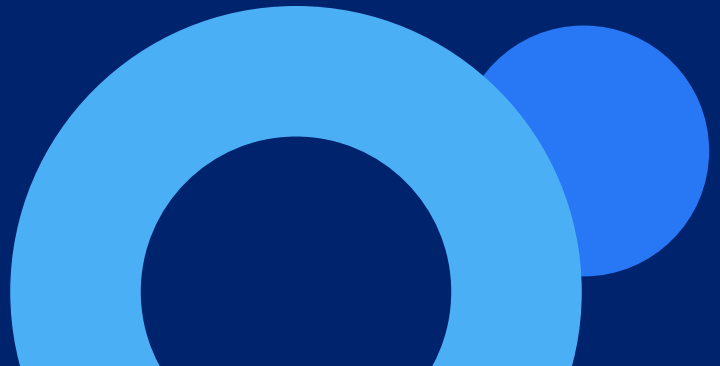
Industry	Outlook	Assessment	Listed businesses impacted
Industrial Real Estate	Negative	Vietnam's 46% reciprocal tariff rate could make FDI enterprises hesitant to expand production in Vietnam, especially when they have other options in the region with lower tariffs like Indonesia (32%) and India (26%).	Industrial park enterprises such as KBC, BCM, IDC, SZC, NTC, SIP, LHG, GVR may face pressure from reduced land lease demand in the short term.
Logistics	Neutral	The logistics and maritime transport sectors are heavily dependent on the import-export situation. When Vietnamese goods face tariff barriers to the US, this can reduce exports to the US and create a shift in trade flows.	Companies like HAH, GMD, PHP, PDN, and others could experience a drop in cargo volume through ports.
Steel	Neutral	Steel is not on the list of products subject to the US's reciprocal tariffs, thus not directly impacted by them. However, Vietnamese steel enterprises are currently facing a 25% tariff under Section 232 and are also under further investigation for antidumping (AD) and countervailing (CVD) duties (preliminary duties have been announced). This could lead to a reduction in the volume of goods exported to the US.	Steel companies with a significant proportion of revenue from the US, such as GDA (22% of revenue), NKG (10% of revenue), and HSG (7% of revenue), may face a decrease in output.

03

Vietnam's import – export outlook

We assess that front-loading goods in the first half of 2025 could partially mitigate the negative impact of the new US reciprocal tariff on Vietnam's export situation in the second half of 2025.

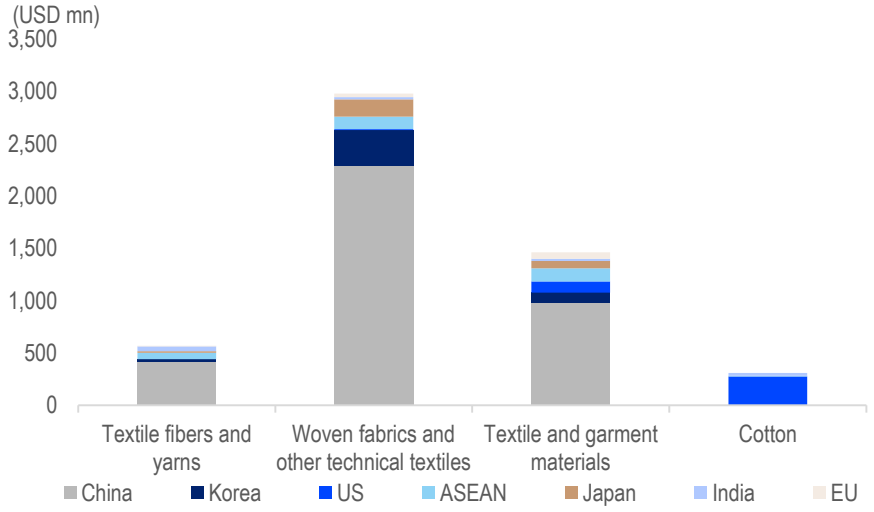
In the medium and long term, the market diversification, the rise of localization, as well as the effective utilization of trade agreements will be key to more sustainable growth of Vietnam's import and export activities.



3. Vietnam's import – export outlook

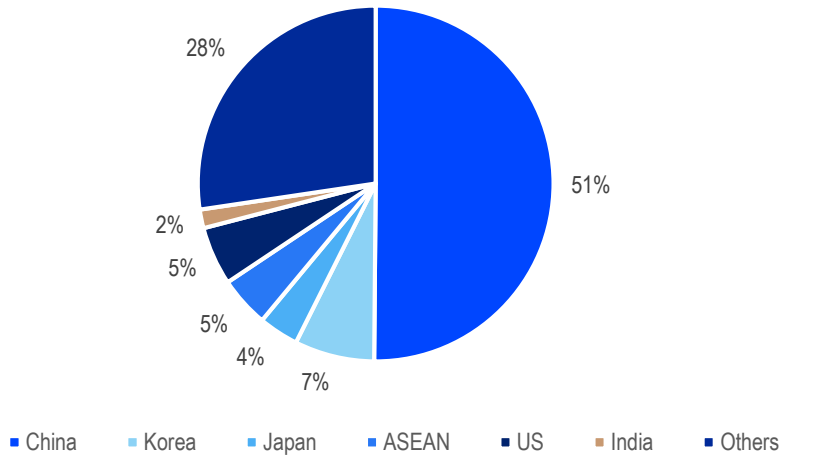
Textile and garment exports – Diversifying raw material markets is a long-term strategic direction

The breakdown of Vietnam's import of raw and auxiliary materials by country



Source: GSO, Shinhan Securities Vietnam

Import market of raw materials for Vietnam's textile and garment industry Q1/2025



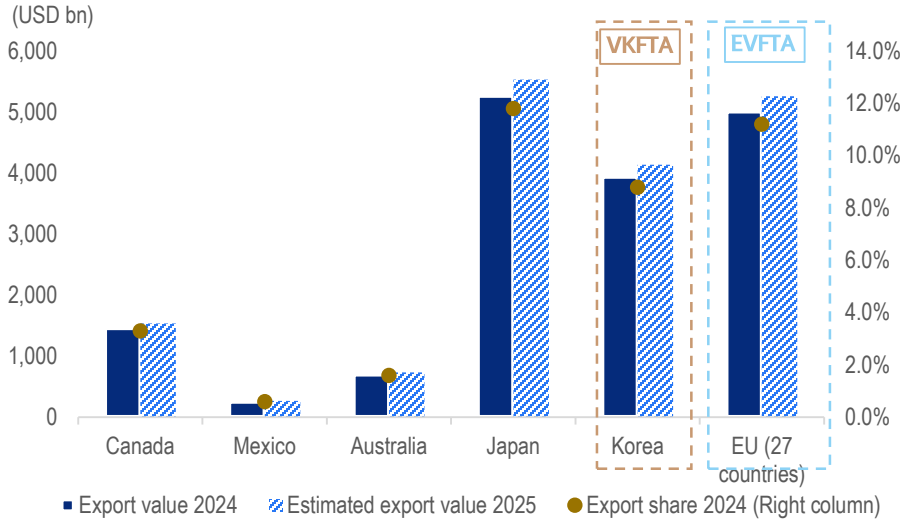
Source: GSO, Shinhan Securities Vietnam

- The structure of Vietnam's textile and garment raw material imports exhibits a significant reliance on China (51%). This dependence consequently impedes the industry's compliance with rules of origin stipulated in free trade agreements, thereby diminishing its potential to capitalize on tariff preferences.
- In that context, diversifying supply sources is imperative. We assess India and South Korea as two potential import markets, thanks to: (1) The AIFTA and VKFTA Free Trade Agreements not only minimize tariff barriers but also optimize customs clearance times; (2) With its position as a major fiber producer, especially of cotton and synthetic fibers, India is a crucial supply partner and (3) South Korea, a leading nation in woven fabrics and technical textiles, and simultaneously Vietnam's second-largest fabric supplier, ensures a diversified and high-quality supply.

3. Vietnam's import – export outlook

Textile and garment exports – The effective utilization of trade agreements

Key potential markets for export growth



Source: GSO, Shinhan Securities Vietnam

Free Trade Agreements of some major textile and garment exporting countries in the world

Country	Trade Agreement	Import tariffs in the EU	Import tariffs in Japan	Import tariffs in Korea	Import tariffs in Canada
Viet Nam	**EVFTA, CPTPP, RCEP, VJEPA, VKFTA, UKVFTA,...**	**0% - 5% (EVFTA)**	**0% (VJEPA)**	**0% (VKFTA)**	**0% (CPTPP)**
China	RCEP	12%	3.1%	0% (CKFTA)	18%
Bangladesh	EBA, GSP	0% (EBA)	0% (GSP/IEJPA)	0% (GSP – LDC)	16%
Indonesia	RCEP, CPTPP	9.6%	0% (RCEP)	0% (AKFTA – ASEAN-Korea FTA)	0% (CPTPP)
India	CEPA, GSP, India–UK FTA	0%	0% (CEPA)	0% (CEPA)	16%-18%

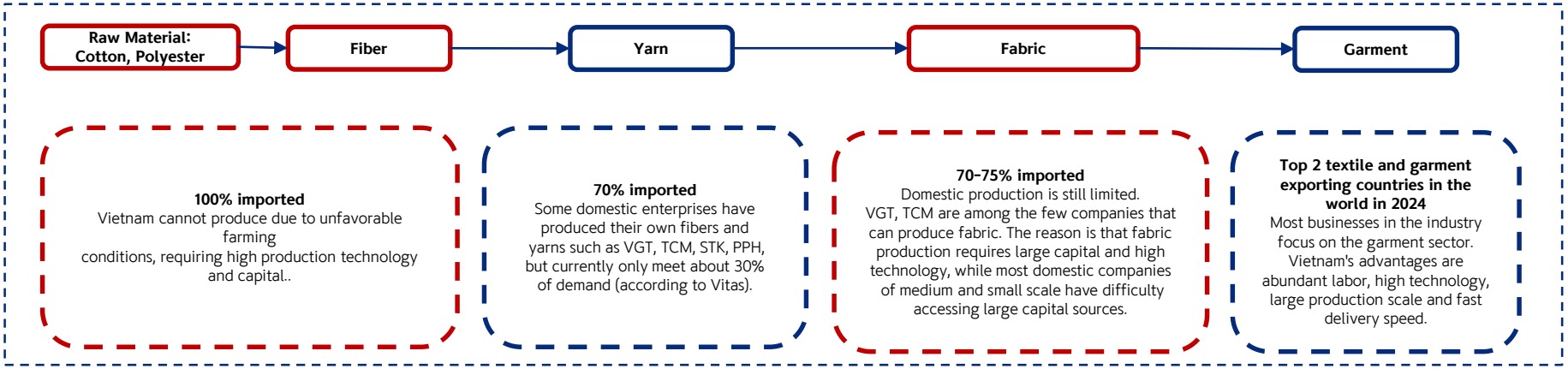
Source: GSO, Shinhan Securities Vietnam

- Amidst the fluctuations in U.S. tariff policies, we anticipate that Vietnam's textile and garment industry will more effectively leverage existing FTAs to reduce its dependence on the key U.S. market and shift exports towards potential markets such as Japan, South Korea, the EU, Canada, and others. Trade agreements like EVFTA (EU), VKFTA (South Korea), and VJEPA (Japan) will offer significant competitive advantages for Vietnamese textiles and garments, benefiting from 0% tariff rates.
- We evaluate the CPTPP region as a significantly promising market for Vietnam's textile and garment industry, given the 0% import duties, contrasting with the high tariffs still faced by competitors such as China, Bangladesh, and India.

3. Vietnam's import – export outlook

Textile and garment exports – Localization and domestic supply chain completion

Vietnam Textile and Garment Industry Supply Chain



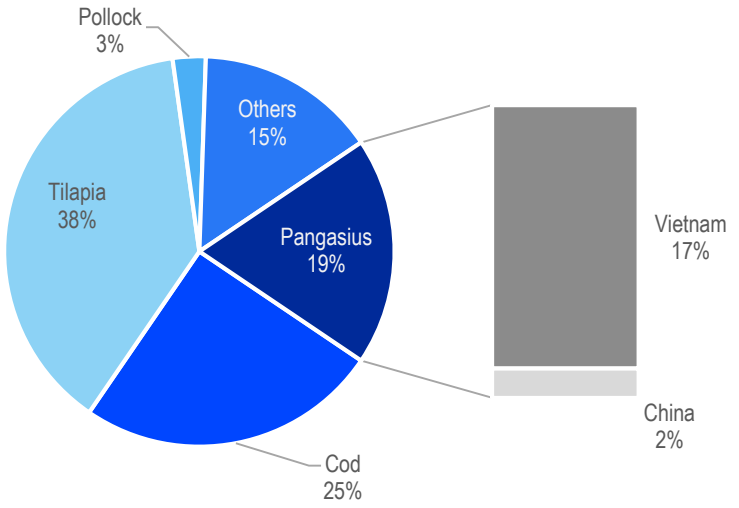
Source:, Shinhan Securities Vietnam

- The Vietnamese textile and garment industry is facing a bottleneck in the raw materials and accessories stage, with a large proportion still relying on imports and limited domestic fabric production capacity. This creates significant pressure in the context of new-generation FTAs (Free Trade Agreements) which impose strict requirements on rules of origin. According to VITAS (Vietnam Textile and Apparel Association), only 15–20% of businesses currently have the capability to trace origins according to standards. Therefore, localizing raw materials and accessories and completing the supply chain is an imperative trend.
- We contend that accelerating digital transformation; along with investing in or establishing joint ventures in the fabric production stage, will enable enterprises to gain proactive control over their supply sources. This approach will also allow them to fulfill the 'green' requirements and adhere to rules of origin for goods, starting from yarn/fabric, as stipulated in new-generation FTAs.
- To build a strong domestic supply chain and minimize the impact of global fluctuations, the Ministry of Industry and Trade has proposed establishing a Center for manufacturing, storing, and trading raw materials for the textile and garment and footwear industries, with an expected operational date of 2025.

3. Vietnam's import – export outlook

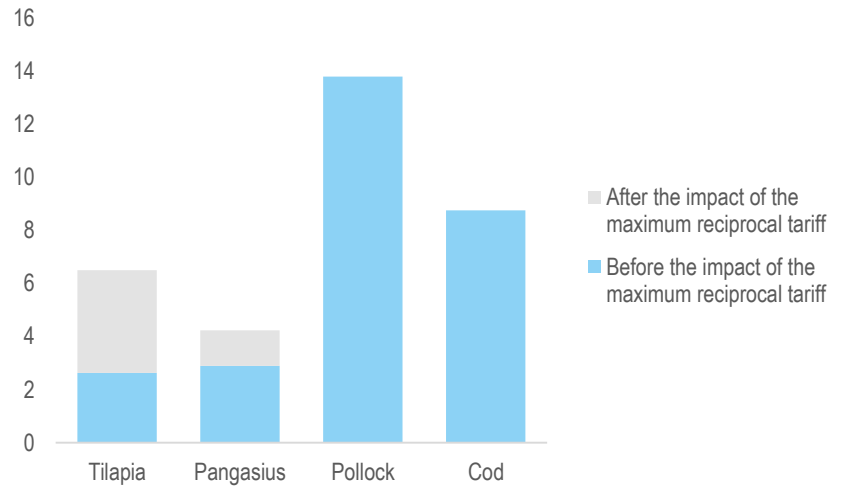
Pangasius Exports – Sustaining position with stable supply and competitive prices

The estimation of structure of U.S. whitefish import value in 2024



Source: NoAA, Shinhan Securities Vietnam

Retail price of whitefish in the U.S. market before and after being subject to the maximum reciprocal tariff (USD/kg)



Source: EUMOFA, Shinhan Securities Vietnam

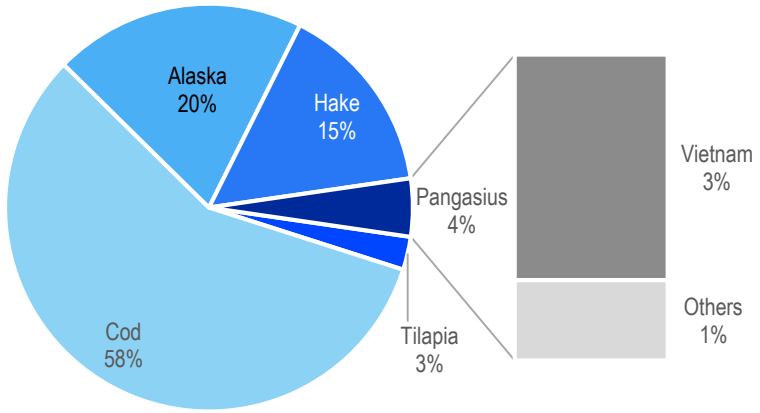
Our assessment is that Vietnamese pangasius continues to hold a substantial competitive edge in both the U.S. and European markets, attributable to its consistent supply, product diversification, and a more favorable price point relative to other whitefish.

(1) Pangasius, a competitively priced white fish, suits American consumer tastes. Pangasius accounts for approximately 13-20% of the U.S.'s annual imported fish fillet market share; (2) Vietnam's direct competitor in pangasius exports, China, is currently subject to a higher reciprocal tariff than Vietnam and (3) Directly competing products such as Chinese tilapia also face higher tariffs, and China is currently encountering difficulties with tilapia farming.

3. Vietnam's import – export outlook

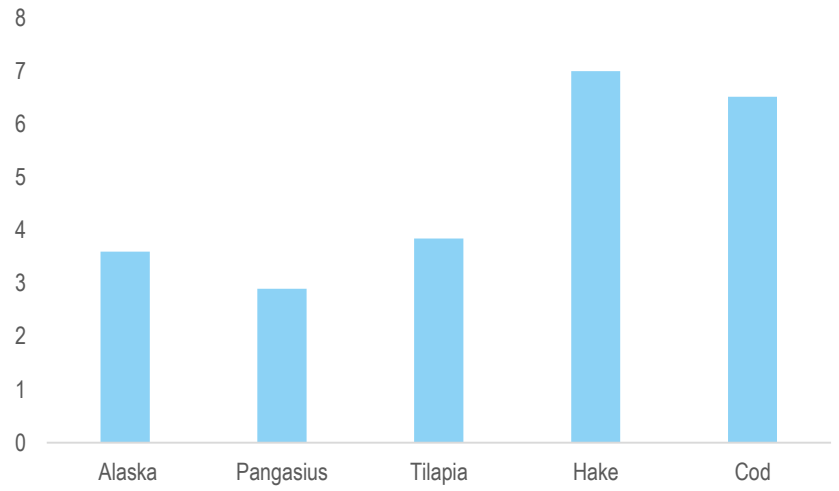
Pangasius Exports – Sustaining position with stable supply and competitive prices

The estimation of structure of EU's whitefish import value in 2024



Source: NoAA, Shinhan Securities Vietnam

Retail price of whitefish in the EU market (USD/kg)



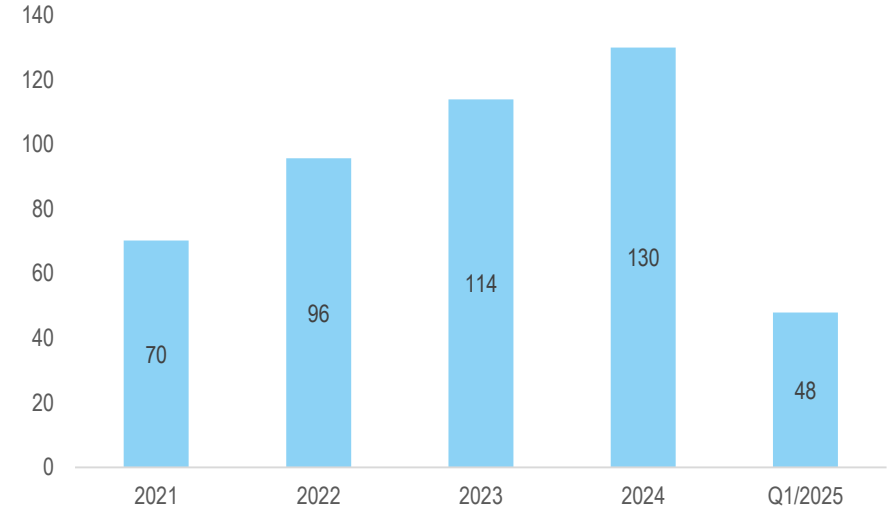
Source: EUMOFA, Shinhan Securities Vietnam

Currently, Vietnam dominates pangasius exports to Europe, but the revenue remains low due to geographical location and the relatively high competitiveness of this product. Given the significant consumption potential of the EU market, we believe Vietnamese pangasius still has ample opportunities for growth thanks to: (1) a stable supply, (2) many similarities in texture and taste compared to other white fish species like cod, haddock, and pollock, and (3) competitive price.

Particularly, cod prices are trending upwards due to reduced fishing quotas caused by overfishing and the low recovery rate of fish stocks. Additionally, the European Union's imposition of a 13.7% tariff on pollock imported from Russia will create a favorable market gap for Vietnamese pangasius, which benefits from a 0% tariff rate under the EVFTA Agreement.

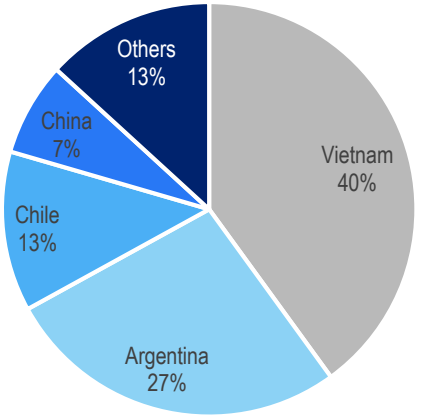
Pangasius Exports – The key of market expansion

Vietnam's pangasius export value to Brazil from 2021–Q1/2025 (USD millions)



Source: Vasep, Shinhan Securities Vietnam

The estimation of market share of imported whitefish in Brazil by value in 2024



Source: Trendeconomy, Shinhan Securities Vietnam

In Q1 2025, Brazil rose to become the third-largest importer of Vietnamese pangasius, only after China and the United States. Despite challenges posed by high tariffs, we consider Brazil a strategic destination for Vietnam to reduce its reliance on traditional markets. High consumer demand, a shortage of domestic supply, and relaxed import standards policies present significant opportunities for Vietnamese pangasius.

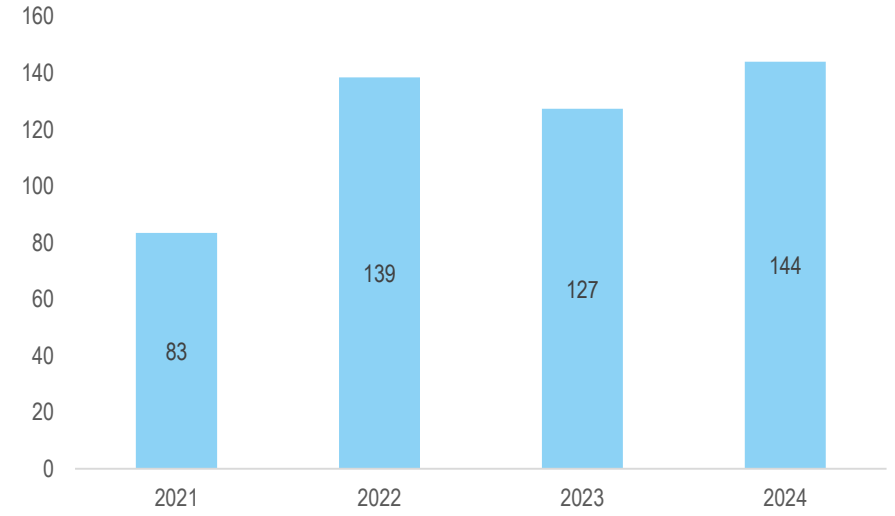
(1) Despite its advantages in long coastline, water resources, and marine biodiversity, Brazil has to import 60% of the seafood it consumes from South American, Asian, and European countries. This can be explained by cultural factors and transportation-related challenges.

(2) Demand for seafood in Brazil is on the rise, driven by its culinary culture, especially in coastal areas and large urban centers like São Paulo and Rio de Janeiro. The average consumption is 12 kg per person per year. While this is higher than in the United States, it's still lower than Japan, indicating significant potential for growth.

3. Vietnam's import – export outlook

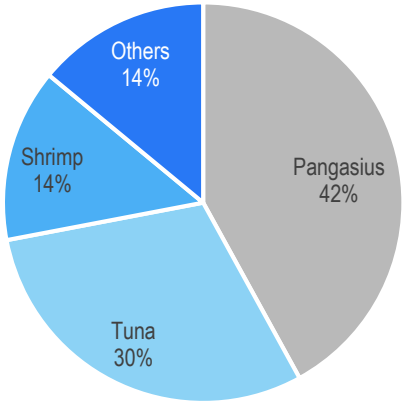
Pangasius Exports – The key of market expansion

Vietnam's pangasius export value to the Middle East from 2021-2024 (USD million)



Source: Vasep, Shinhan Securities Vietnam

Vietnam's seafood export to the Middle East by value in 2024



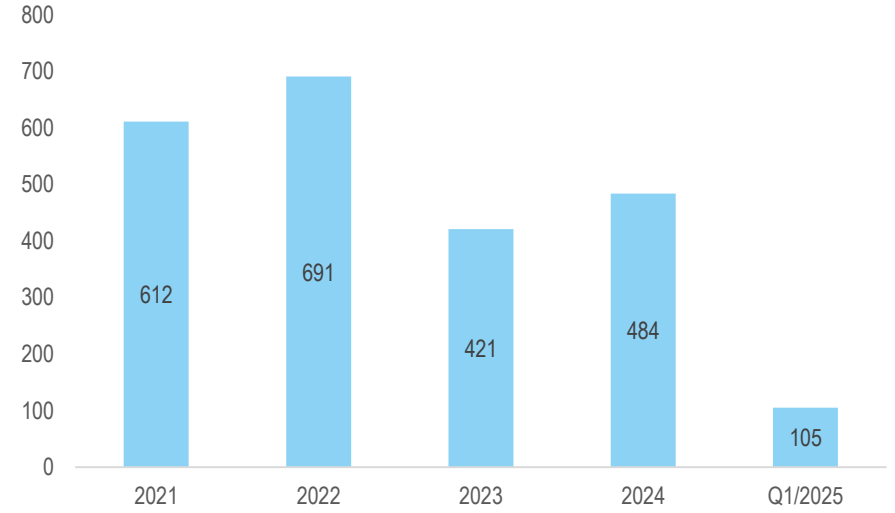
Source: Trendeconomy, Shinhan Securities Vietnam

Pangasius is currently Vietnam's largest seafood export to the Middle East, accounting for 40% of seafood export turnover in 2024. Frozen pangasius in the form of fillets, cut portions, and whole fish continues to dominate due to its convenience and ease of preparation, meeting the consumption demands of consumers in this region. The Middle East is considered one of the potential markets for Vietnamese seafood thanks to:

1. The Middle East, with its predominantly Muslim population, traditionally observes a diet rich in seafood. However, domestic supply in many countries within the region, such as Egypt and the UAE, is insufficient to meet the demand for both quantity and variety. Consequently, these nations are compelled to import seafood, including frozen pangasius fillets from Vietnam. Consumers in the Middle East generally seek affordable products, and Vietnamese pangasius effectively fulfills this requirement.
2. The Middle East is also a hub for the transit and distribution of seafood to other markets in North Africa and West Asia.

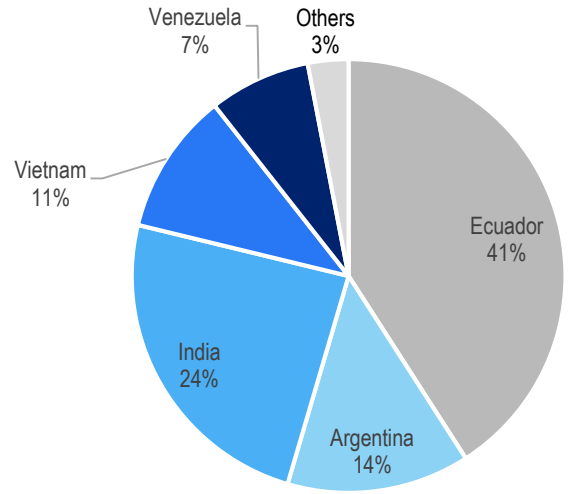
Shrimp exports – Market diversification and deep processing

Vietnam's shrimp export value to the EU from 2021–Q1/2025 (USD mn)



Source: Vasep, Shinhan Securities Vietnam

Estimated EU shrimp import market share by value in 2024.



Source: EUMOFA, Shinhan Securities Vietnam

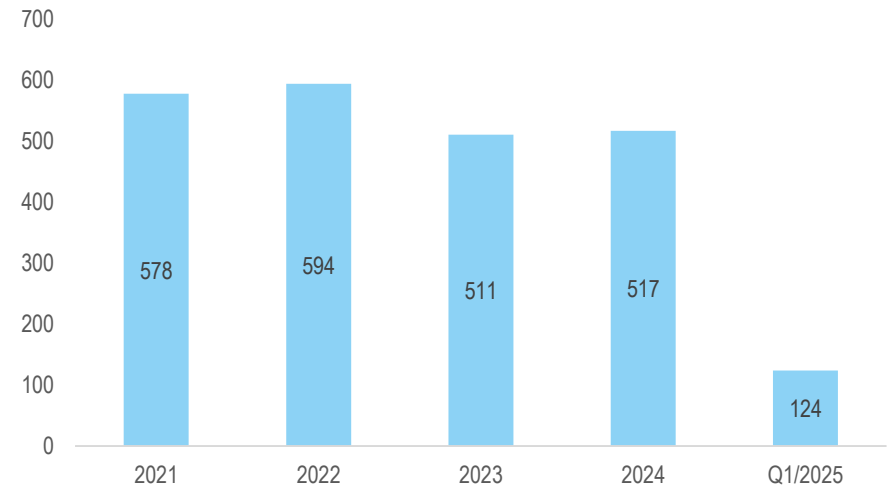
Despite the EU being the world's leading seafood consumer market, Vietnam's market share there is quite small. This is due to stringent quality standards and fierce competition from other suppliers. We anticipate that by continuously improving product quality and effectively leveraging the EVFTA Agreement, the EU will become a promising market for Vietnam's shrimp exports.

The EVFTA provides a significant competitive advantage for Vietnamese seafood through tariff incentives, making prices more competitive compared to other suppliers. For example, in 2024, many Vietnamese shrimp products benefit from a 0% import tariff when entering the EU. Meanwhile, key competitors such as Thailand (subject to a basic 12% tariff due to not having GSP (Generalized System of Preferences) or an FTA), India and Indonesia (both subject to a 4.2% GSP tariff due to not having an FTA), and Ecuador (subject to a basic 12% tariff) are at a tax disadvantage.

3. Vietnam's import – export outlook

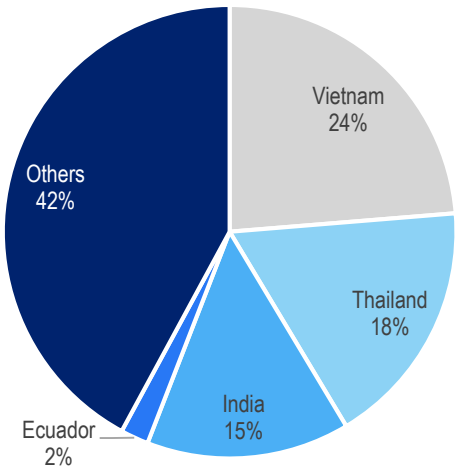
Shrimp exports – Market diversification and deep processing

Vietnam's shrimp export value to Japan from 2021–Q1/2025 (USD mn)



Source: Vasep, Shinhan Securities Vietnam

Estimating Japan's shrimp import market share by value in 2024



Source: Vasep, Shinhan Securities Vietnam

Japan is considered a potential and suitable target market for Vietnam's shrimp industry, helping to reduce dependence on traditional markets like the US. Vietnam's value-added shrimp products, including breaded shrimp, fried shrimp, sushi shrimp, and more, maintain a significant competitive advantage in the Japanese market.

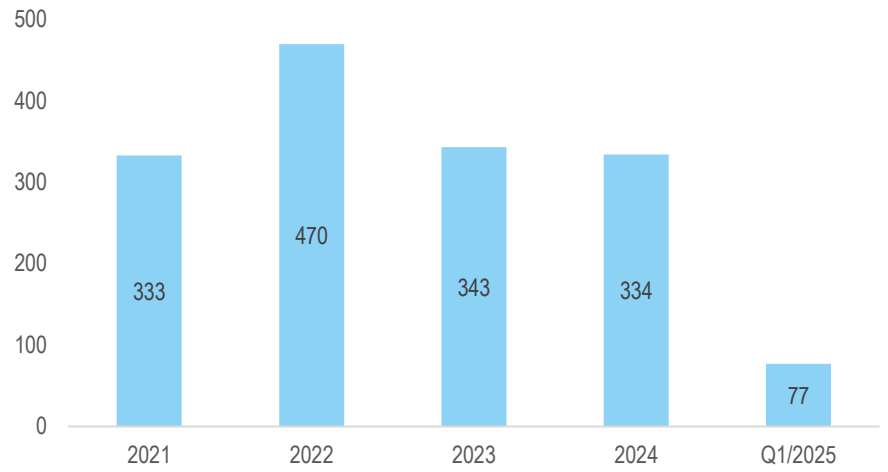
(1) While low-priced, minimally processed shrimp from India and Ecuador are popular in the US and EU markets, Vietnam has the capacity for sophisticated, meticulous processing, which suits the demands of the Japanese market.

(2) Concurrently, logistics expenses to Japan are lower than those for more distant shipping routes such as the US and EU. This prevents significant price increases, thereby facilitating smoother consumption.

(3) Furthermore, unlike the U.S., Japan does not impose countervailing duties (CVD) on shrimp.

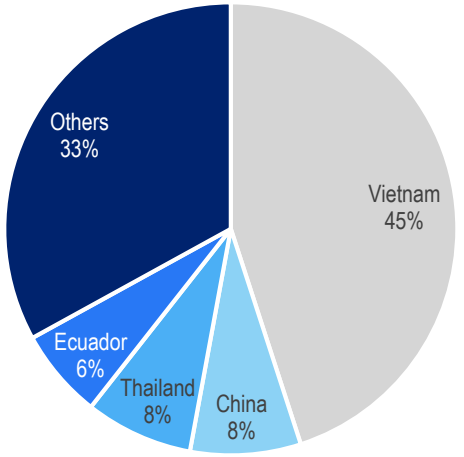
Shrimp exports – Market diversification and deep processing

Vietnam's shrimp export value to Korea from 2021–Q1/2025 (USD mn)



Source: Vasep, Shinhan Securities Vietnam

Estimating Korea's shrimp import market share by value in 2024



Source: Vasep, Shinhan Securities Vietnam

Each year, South Korea imports over 100,000 tons of shrimp, valued at USD 800 mn to USD 1 bn. Of this, Vietnamese shrimp consistently holds the largest market share, nearly 50%. We believe South Korea will continue to be a potential market for Vietnam's shrimp exports thanks to:

(1) Save on logistics costs thanks to the advantage of shorter distances compared to long shipping routes like the US and EU.

(2) Vietnamese shrimp has certain advantages in import tariffs compared to other sources. Vietnamese shrimp exported to South Korea benefits from preferences under the Vietnam-Korea Free Trade Agreement (VKFTA) with a duty-free quota of 150,000 tons per year. For shrimp exceeding this quota, the import tax is 20%. Therefore, the import tax on Vietnamese shrimp entering South Korea ranges from 14-20%.

(3) Meanwhile, South Korea applies a 0% import tariff on up to 5,000 tons of shrimp annually from Thailand. Any shrimp exceeding this quota will be subject to a basic tariff of 20%. Other suppliers without separate FTAs, such as China, India, and Ecuador, typically face a 20% tariff.

3. Vietnam's import – export outlook

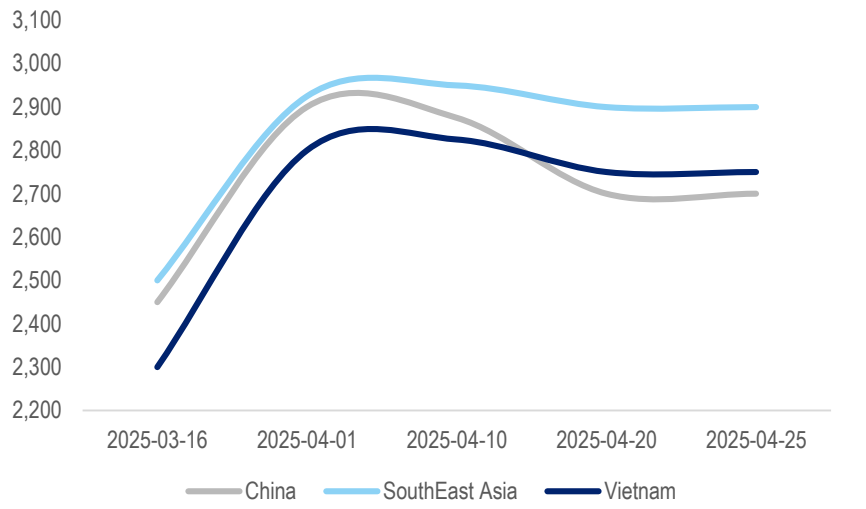
Logistics – Revolving Global Trade

Container shipping rates (USD/FEU)



Source: Xeneta, Shinhan Securities Vietnam

The average spot rate to US West Coast (USD/FEU)



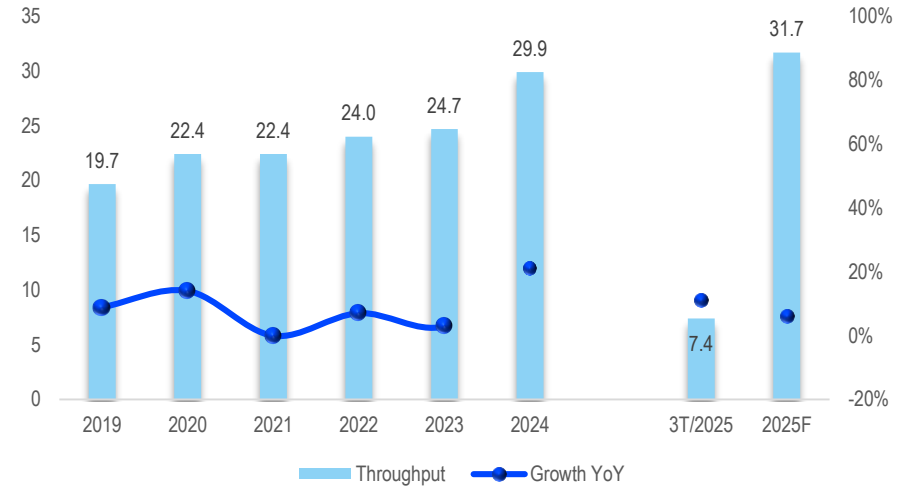
Source: Drewry, Shinhan Securities Vietnam

Global shipping rates have generally fallen by about 30% since the beginning of 2025 due to fluctuating demand and a rebound in container capacity. In January 2025, the volume of global containerized cargo grew by nearly 6% year-on-year, while container shipping capacity more than doubled. From another perspective, the impact of trade wars could lead importers and exporters to temporarily halt or completely cancel shipments. This could reduce demand for capacity on container ships, resulting in a drop in freight rates.

A diversification is emerging among transportation routes. Since mid-April, container shipping rates from Southeast Asia and Vietnam to the US have been higher than those from China due to the tariff situation. The decline in demand for goods from China, coupled with the rush to ship goods from Vietnam and other countries that are temporarily exempt from tariffs, indicates a shift in global trade.

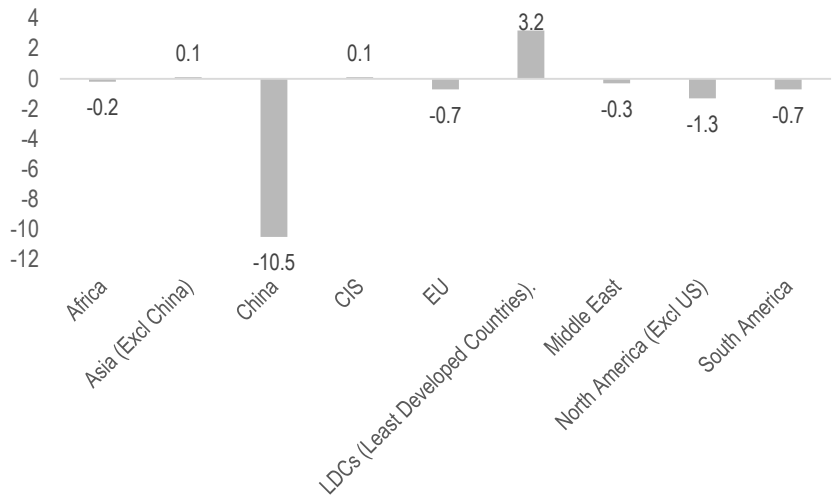
Logistics – Revolving Global Trade

Vietnam's Container Throughput (million TEU)



Source: VPA, Shinhan Securities Vietnam

Estimate the change in the share of exports to the US (percentage points)



Source: WTO, Shinhan Securities Vietnam

- In the short term, we believe the logistics industry could benefit from a sudden surge in imports from the US, driven by "frontloading" before new tariffs are implemented. Conversely, domestic businesses are also increasing imports of raw materials for stockpiling. These factors are expected to support port and logistics companies.
- In the long run, with the imposition of high tariffs on imported goods, especially those from China, the transport market may experience a shift in trade flows. We believe that intra-Asian and Asia-Europe routes will become more active as domestic businesses diversify their export markets to reduce the impact from the U.S. market.

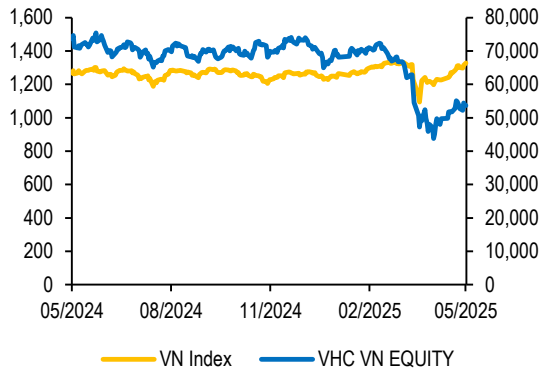
Vinh Hoan Corporation (HOSE: VHC)

VINH HOAN

Target price (12 months)	59,500 VND
Current price (05/27/25)	58,400VND
Return (%)	1.8%

VN-INDEX	1,340
HNX-INDEX	221
Market Cap (bn VND)	13,108
Outstanding shares (mn)	224
Free-Floating (mn)	112
52-Wk High/Low (VND)	80,300/43,750
90-day avg. trading volume (mn)	1
90-day avg. turnover (bn VND)	66
Shareholders (%) Truong Thi Le Khanh	42.3
Shareholders (%) Dragon Capital	6.8

Performance	3M	6M	12M
Absolute (%)	-24.5	-25.1	-29.4
Relative to VNIndex(%)	-26.9	-33.3	-34.2



Confident plan achievement

Vinh Hoan Corporation is a leading pangasius enterprise in Vietnam, accounting for over 15% of the country's total pangasius export value. Vinh Hoan's primary export markets include the United States, the European Union, and China.

Investment thesis & Catalyst

- The natural production of white-fleshed fish, which directly competes with pangasius, has significantly decreased. Additionally, the losses incurred by Chinese tilapia farming could create a substantial opportunity for pangasius to become an attractive alternative in the US market.
- Pangasius continues to suit the tastes of American consumers and holds a certain advantage in trade negotiations due to its irreplaceable nature. Furthermore, pangasius doesn't face many direct competitors, allowing it to maintain its position in this market, especially since it has a more competitive market share in the U.S. compared to Russian pollock (which is banned from import into the U.S.). Additionally, VHC also benefits from being removed from the U.S. anti-dumping duty list.
- VHC will continue its outward expansion beyond the US, especially into Europe, where demand is increasing due to a shortage of cod. Cod quotas have been reduced because of overfishing and low reproduction rates, leading to high prices in Europe. This gives pangasius (tra fish) a competitive advantage in market share.

- Outlook for 2025

- In Q1 2025, net revenue reached VND 2,647 billion (-7% YoY), and NPAT reached VND 211.3 billion (+11.7% YoY). VHC proactively adjusted production output to cope with rising raw material prices and selectively chose orders to maintain profit margins.
- In 2025, we believe VHC will face numerous challenges due to tariff fluctuations. However, the impact of U.S. tax policy on VHC won't be overly pessimistic because: Vietnamese pangasius holds a nearly irreplaceable position in the global seafood supply chain, especially in the U.S.USDA quality control on its products provides a competitive advantage. VHC will continue to expand beyond the U.S., particularly into Europe, where demand is increasing due to cod shortages.

Downside risks: (1) disease risks and unfavorable weather conditions for aquaculture, (2) Risk of shortage in the supply of raw pangasius, (3) Risk of high transportation costs

Year to Dec	2021	2022	2023	2024F	2025F
Revenue (VND bn)	9,054	13,231	10,039	12,535	12,741
OP (VND bn)	1,199	2,254	928	1,253	1,177
NP (VND bn)	1,107	2,013	974	1,311	1,203
EPS (VND)	5,933	10,771	3,994	5,496	5,046
OPM (%)	13.2	17.0	9.2	10.0	9.2%
NPM (%)	12.2	15.2	9.5	10.5	9.4%
ROE (%)	20.0	29.6	11.7	14.6	11.7%
P/E (x)	10.5	6.5	15.1	11.5	12.5
P/B (x)	2.0	1.7	1.6	1.6	1.4

Source: Company data, Bloomberg, Shinhan Securities Vietnam

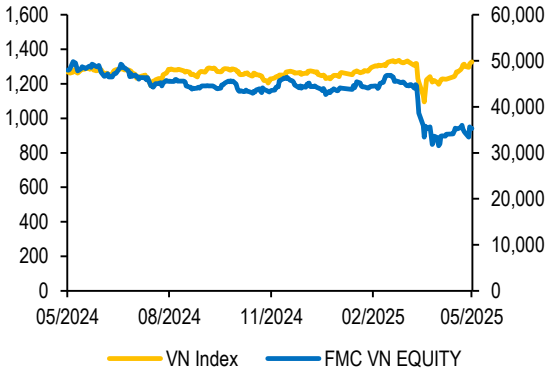
Sao Ta Foods JSC (HOSE: FMC)

FIMEX VN
A MEMBER OF THE PAN GROUP
THE PAN GROUP

Target price (12 months)	43,600 VND
Current price (05/27/25)	38,900 VND
Return (%)	12.1%

VN-INDEX	1,340
HNX-INDEX	221
Market Cap (bn VND)	2,543
Outstanding shares (mn)	65
Free-Floating (mn)	15
52-Wk High/Low (VND)	53,000/32,400
90-day avg. trading volume (mn)	0.1
90-day avg. turnover (bn VND)	5
Shareholders (%) The PAN group JSC	37.75
Shareholders (%) C.P Vietnam Breeding JSC	7.12

Performance	3M	6M	12M
Absolute (%)	-24.8	-23.3	-30.2
Relative to VNIndex(%)	-27.2	-31.4	-35.0



Shinhan Securities

Timely market redirection

Sao Ta Food Corporation is one of Vietnam's leading shrimp exporters, consistently ranking among the top 5 largest shrimp exporters in Vietnam. FMC is currently self-sufficient in 30% of its raw shrimp supply and owns a vast farming area of 505 hectares

Investment thesis & Catalyst

- Deep processing helps FMC maintain business efficiency, enhance the value of exported shrimp products on the global market, thereby maintaining market share in Japan (a market that demands meticulous processing techniques) and the US (in the face of pressure from the processed shrimp of Ecuador, India, and Indonesia).
- "Green production" and the application of technology in shrimp farming. The 200-hectare farming area of FMC, certified by ASC (Aquaculture Stewardship Council), will facilitate market penetration in Western Europe. Additionally, the application of technology to increase the success rate of farming and reduce production costs will enhance competitiveness compared to shrimp from Ecuador and India.
- Diversifying Export Markets: Thanks to the advantage of achieving standardized farming areas, FMC will continue to push into new markets such as Canada and Australia.

Outlook for 2025

- In Q1/2025, revenue reached VND 1,990 billion (+36.2% YoY), and profit before tax reached VND 36.3 billion (-36.5% YoY). The decline was due to high raw shrimp prices, which led to increased production costs and narrowed profit margins. Another reason for the low Q1 profit was the significant proportion of exports to the US market, which has the lowest profit margin among the main markets.
- In 2025, we assess that FMC will face numerous challenges due to tariff fluctuations. However, the impact of U.S. tax policy on FMC will not be overly negative because: (1) FMC significantly ramped up production in Q1/2025 and also pre-exported to the U.S. to minimize risk if tax policies change after 90 days, (2) FMC holds an advantage in the deep-processing segment and (3) FMC is pursuing a strategy of expanding into new markets such as Canada and Australia.
- Downside risks: (1) Competitive risks, (2) Risks of diseases and unfavorable weather conditions for cultivation, (3) Risks of input materials, (4) Risks of high transportation costs.

Year to Dec	2021	2022	2023	2024F	2025F
Revenue (VND bn)	5,199	5,702	5,087	6,913	7,372
OP (VND bn)	265	307	292	363	329
NP (VND bn)	287	321	302	423	415
EPS (VND)	4,677	4,605	4,221	4,675	4,589
OPM (%)	5.1	5.4	5.7	5.3	4.5
NPM (%)	5.5	5.6	5.9	6.1	5.6
ROE (%)	22.4	15.7	13.9	17.1	13.8
P/E (x)	10.8	7.0	7.6	8.8	8.9
P/B (x)	1.7	1.0	0.9	1.2	1.0

Source: Company data, Bloomberg, Shinhan Securities Vietnam

Song Hong Garment Joint Stock Company (HOSE: MSH)

Target Price (12 Months)	**VND 67,000**
Current Price (05/27/2025)	VND 57,600
Return (%)	**16%**
VNINDEX	1,340
HNXINDEX	222
Market Cap (bn VND)	4,321
Outstanding shares (mn)	75
Free-Floating (mn)	37
52-Wk High/Low (VND)	62,800 / 37,750
90-day avg. trading volume (mn)	0.30
90-day avg. turnover (bn VND)	15
Major shareholders (%) Bui Duc Thinh	23.9
Major shareholders (%) FPT Securities JSC	12.8

Performance	3M	6M	12M
Absolute (%)	-5.9	9.3	16.6
Relative to VN-Index (%)	-8.3	1.4	10.9



Catching the recovery wave

Song Hong Garment Joint Stock Company (HOSE: MSH) is one of the leading enterprises in manufacturing export garments and bedding in Vietnam. With an export turnover of nearly 300 million USD/year, MSH is currently in the top 10 enterprises with the largest garment export value in Vietnam. The US is currently MSH's main export market, accounting for about 80% of export revenue with main customers being major fashion brands such as Columbia Sportswear, Haddad Brands, G-III, .. In addition, MSH also possesses great potential in production capacity with 102 million products/year (excluding Xuan Truong II factory).

Investment thesis & Catalyst

- Regarding the uncertainties about tariffs from the US market, we believe MSH will be affected, but the actual impact won't be overly negative thanks to (1) Vietnam's continued competitiveness in the US market thanks to its diverse production capabilities and fast delivery; (2) Increased orders due to the trend of supply chain diversification away from China; (3) MSH's sustained strong position thanks to its stable supply chain, large-scale production, high-quality products, and competitive production costs from applying high technology and (4) Long-term cooperative relationships with major clients.
- Xuan Truong II factory is expected to come into operational from 2025, reaching full capacity after 2 years. Thereby, it is expected to earn 1,500 billion VND in revenue (+30% revenue, +31% capacity compared to 2024).
- The joint venture factory in Egypt is expected to operate with more than 800 employees and 15 sewing lines by the end of 2025. It is expected that by 2027, the production scale will increase to 45 sewing lines and more than 2,000 employees.
- Healthy financial structure and stable policy dividends.

Outlook for 2025:

In Q1/2025, MSH recorded net revenue of 1,036 billion VND (+35% YoY), gross profit of 191 billion VND (+12% YoY). MSH's revenue and profit grew positively thanks to the increase in both selling price and number of orders from the key US market. We forecast MSH's net revenue and net profit to reach VND5,574 billion (+6% YoY) and VND 450 billion (+2% YoY), respectively, thanks to (1) Increasing orders shifting from China, (2) Improved production capacity and (3) Focus on high value-added products.

Risks: (1) Risk of declining US textile and garment consumption demand; (2) Risk of fluctuating input material prices; (3) Risk of falling selling prices, (4) Risk of rising exchange rates and (5) Risk of customer bankruptcy.

Year to Dec.	2022	2023	2024	2025F	2026F
Net revenue (bn VND)	**5,521**	**4,542**	**5,280**	**5,574**	**6,338**
OP (bn VND)	359	187	441	442	647
NP (bn VND)	**338**	**245**	**440**	**450**	**643**
EPS (VND)	4,998	3,260	5,465	3,999	5,716
BPS (VND)	21,452	21,948	23,908	21,963	25,715
OPM (%)	6.5	4.1	8.4	7.9	10.2
NPM (%)	6.1	5.4	8.3	8.1	10.2
ROE (%)	**19.6**	**13.6**	**21.4**	**20.2**	**22.8**
PER (x)	5.7	11.1	9.5	14.3	10.0
PBR (x)	1.4	1.5	1.9	2.6	2.2
EV/EBITDA (x)	4.7	6.7	6.5	8.0	5.8

Source: Company data, Bloomberg, Shinhan Securities Vietnam

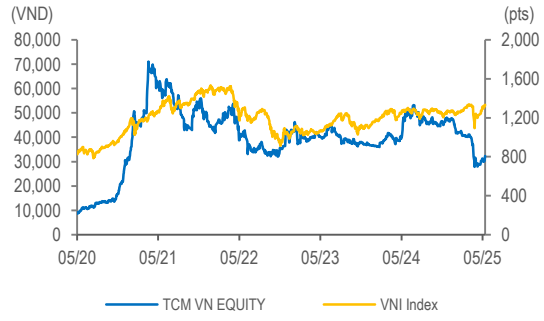
Thanh Cong Textile Garment Investment Trading JSC (HOSE: TCM)

DỆT MAY THÀNH CÔNG

Target Price (12 Months)	**VND 48,400**
Current Price (05/27/2025)	VND 34,600
Return (%)	**40%**

VNINDEX	1,338
HNXINDEX	10.9
Market Cap (bn VND)	3,524
Outstanding shares (mn)	102
Free-Floating (mn)	44
52-Wk High/Low (VND)	54,400/27,000
90-day avg. trading volume (mn)	1.71
90-day avg. turnover (bn VND)	62
Major shareholders (%) E-Land Asia Holdings Pte.,Ltd Singapore	47,0
Nguyen Van Nghia	10,0

Performance	3M	6M	12M
Absolute (%)	-16.0	-26.4	-26.8
Relative to VN-Index (%)	-18.4	-34.1	-32.4



Directly benefit from the CPTPP Free Trade Agreement

Thanh Cong Textile Garment Investment Trading JSC (HOSE: TCM) is one of the leading textile and garment enterprises in Vietnam with a closed production chain from yarn-weaving/knitting-dyeing-sewing-distribution. The high level of linkage between stages in the value chain helps TCM to be self-sufficient in yarn and fabric supply, with a high speed of product supply and directly benefit from the incentives of the two free trade agreements CPTPP and EVFTA. The Asian market (Korea, Japan) is the main market accounting for more than 40% of TCM's export revenue. With a design capacity of up to 35 million products/year, TCM is among the enterprises with the largest textile and garment production capacity in Vietnam.

Investment thesis

- A diversified export market structure helps minimize the risk of tariffs from the US: 28% of TCM's export revenue comes from Korea, 13% from Japan, 8% from the EU market while exports to the US account for 18%. This helps TCM respond more flexibly in the context of uncertain US tariffs.
- As one of the few businesses in Vietnam that can produce fabric, TCM directly benefits from exporting textiles to CPTPP markets such as Canada and Mexico. At the same time, we believe that the demand for fabrics produced in Vietnam will increase thanks to increasingly strict regulations on the origin of textiles. This will create opportunities for TCM to boost fabric supply to the market, contributing to increasing the company's revenue.
- The TC Tower real estate project is expected to be granted a construction permit in early 2026 and open for sale in 2027. Thereby promoting revenue growth in the medium and long term. The project is expected to generate VND 2,813 billion in revenue and VND 1,106 billion in profit for TCM.

Outlook for 2025: In Q1/2025, TCM recorded net revenue of VND 1,011 billion (+8% YoY), profit after tax of VND 78 billion (+26% YoY). Positive business results thanks to expanding export markets, optimized production costs and increased textile demand in key markets. We forecast TCM's net revenue and after-tax profit to reach VND 4,428 billion (+16% YoY) and VND 336 billion (+21% YoY), respectively, thanks to (1) Expanding export markets to CPTPP countries, (2) Improved profit margins thanks to reduced raw material costs, and (3) TC Tower project bringing revenue growth prospects in the medium and long term.

Risks: (1) Risk of declining demand; (2) Risk of fluctuation in input material prices; (3) Risk of decreased selling prices and (4) Risk of increased exchange rates

Year to Dec.	**2022**	**2023**	**2024**	**2025F**	**2026F**
Net revenue (bn VND)	**4,337**	**3,325**	**3,810**	**4,428**	**4,976**
OP (bn VND)	346	185	339	401	418
NP (bn VND)	**281**	**134**	**278**	**336**	**330**
EPS (VND)	2,898	1,211	2,708	3,187	3,216
BPS (VND)	24,002	21,576	22,177	14,164	14,486
OPM (%)	8.0	5.6	8.9	9.1	8.4
NPM (%)	6.5	4.0	7.3	7.6	6.6
ROE (%)	**12.9**	**5.6**	**12.2**	**14.0**	**12.4**
PER (x)	14.7	25.9	16.9	10.9	10.8
PBR (x)	2.2	1.9	2.2	2.4	2.4
EV/EBITDA (x)	9.6	11.3	10.3	9.4	9.6

Source: Company data, Bloomberg, Shinhan Securities Vietnam

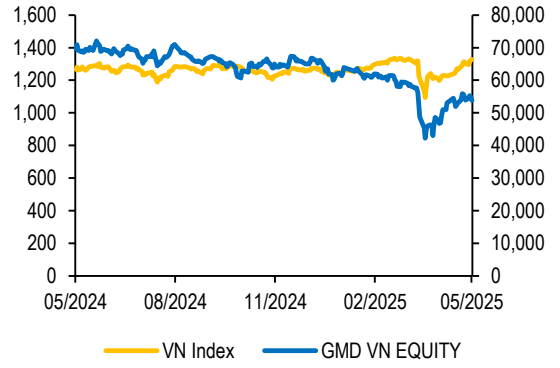
Gemadept Corporation (HOSE: GMD)

GEMADEPT CORPORATION

Target price (12 months)	**78,000 VND**
Current price (05/27/25)	59,500VND
Return (%)	31.3%

VN-INDEX	1,340
HNX-INDEX	221
Market Cap (bn VND)	25,001
Outstanding shares (mn)	420
Free-Floating (mn)	389
52-Wk High/Low (VND)	74,778/42,200
90-day avg. trading volume (mn)	1.79
90-day avg. turnover (bn VND)	119
Shareholders (%) VII FUND II,L.P	13.81
Shareholders (%) SSJ Consulting VN	7.17

Performance	3M	6M	12M
Absolute (%)	-13.2	-16.1	-24.8
Relative to VNIndex(%)	-15.6	-24.2	-29.6



A solid foundation

GMD is one of the leading logistic companies in Vietnam, having modern and large-scale ports system, being located at critical economic positions. The main operating businesses: Port operation; logistic activities. GMD owns a total of 7 seaports, with an annual capacity of up to 5 million TEUs and 5 million tons of bulk cargo.

Investment thesis & Catalyst

- We expect strong import-export activity in 2025 thanks to peak seasons in the US and EU, coupled with pre-emptive stockpiling ahead of potential tariff changes.
- Core profit is expected to continue growing due to port service prices, which are expected to maintain a growth momentum of 5-8% per year. In 2025, we expect GMD's throughput to grow by 9.5% YoY as Nam Dinh Vu Port Phase 2 and Gemalink Port have operated at near full capacity in 2024. Additionally, Gemalink is continuously signing cooperation agreements with shipping lines, adding many new shipping routes, which is expected to bring in more new shipping lines to the port
- Furthermore, in 2025, GMD will proceed with legal procedures and construction for Phase 3 of Nam Dinh Vu Port and Gemalink 2A, aiming to commence operations in the first and third quarters of 2026, respectively. This will contribute an additional 1.4 mn TEU of capacity to GMD from 2026, resulting in a 20% increase in overall capacity

Outlook for 2025

- In Q1 2025, revenue reached VND 1,276 billion (+26.9% YoY), and PBT (Profit Before Tax) reached VND 583 billion (-17.5% YoY). Excluding the divestment, PBT is estimated to have increased by 57% YoY, driven by a strong 30% YoY increase in container throughput.
- In 2025, despite concerns over the US countervailing duty, GMD's business results are expected to grow thanks to (1) new international service routes at Gemalink and (2) an increase in imports ahead of the tariff deadline. Additionally, GMD anticipates approval for a 10%-15% increase in handling fees at Gemalink port in Q2/2025, and the divestment from the rubber segment is expected to be completed this year.
- Downside risks: (1) World economic risk and (2) Slow down in demand.

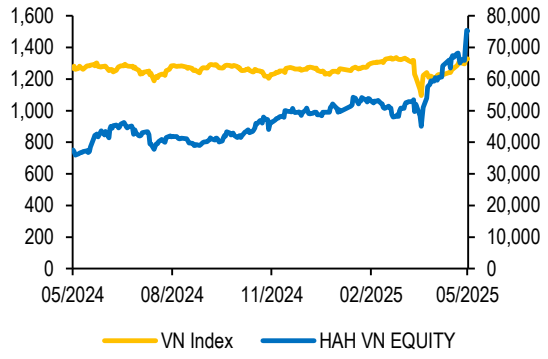
Year to Dec	2021	2022	2023	2024	2025F
Core revenue (VND bn)	3,206	3,916	3,846	4,832	5,308
OP (VND bn)	693	1,104	1,116	1,345	1,585
Core NP (VND bn)	721	1,157	1,061	1,570	1,809
EPS (VND)	1,869	3,054	2,366	3,410	4,278
OPM	21.6	28.2	29.0	27.8%	29.9%
NPM	19.1	25.4	27.6	32.5%	34.1%
ROE (%)	10.0	15.0	10.1	10.7%	11.0%
P/E (x)	33.7	20.6	26.6	18.7	14.9
P/B (x)	2.9	2.6	2.2	2.1	2.0

Source: Company data, Bloomberg, Shinhan Securities Vietnam

Hai An Transport & Stevedoring JSC (HOSE: HAH)

Target price (12 months)	72,000VND
Current price (05/27/25)	84,400 VND
Return (%)	N/A
VN-INDEX	1,340
HNX-INDEX	221
Market Cap (bn VND)	10,963
Outstanding shares (mn)	121
Free-Floating (mn)	46
52-Wk High/Low (VND)	51,300/32,000
90-day avg. trading volume (mn)	2.48
90-day avg. turnover (bn VND)	116
Shareholders (%)	Hai Ha Investment and Transport JSC 16.8

Performance	3M	6M	12M
Absolute (%)			
Relative to VNIndex(%)			



Keep the ball rolling

Hai An Transport and Handling Joint Stock Company (HAH) is one of the leading shipping enterprises in Vietnam. Hai An is one of the few companies with a complete value chain in the shipping industry. Hai An provides a full range of shipping services including freight services (for North-South routes and international maritime routes), shipping agency, port operation services through Hai An port (such as receiving ships, loading, and unloading goods), warehousing services (withdrawing and storing goods) and logistics services. The complete value chain helps Hai An operate efficiently and optimize costs.

Investment thesis & Catalyst

- We expect strong import-export activity in 2025 thanks to peak seasons in the US and EU, coupled with pre-emptive stockpiling ahead of potential tariff changes.
- Expanding the fleet contributes to increased capacity. HAH has successfully added 4 new vessels in Q3/2024 and continues to approve ship purchase plans in October 2024. Upon completion, HAH's fleet size will reach 16 vessels with a total carrying capacity increasing by up to 15%, reaching 26,500 TEU.
- HAH is actively forming joint ventures with shipping companies ZIM and ONE (expected in Q4/2024) to explore new shipping routes and increase operational output. The cooperation with ZIM and ONE has already started generating profits since Q2/2024, and it is expected that profits will continue to improve in the coming years.

Outlook for 2025

- In Q1/2025, HAH reported net revenue of VND 1,169 billion (+66% YoY) and profit after tax of VND 274 billion (+478% YoY). HAH has put four new ships into operation, alongside an increase in transportation volume and freight rates.
- In 2025, we project HAH's core profit to continue growing due to: (1) new vessels received in 2024 securing favorable freight rates, approximately 10% higher than early 2024; (2) the opening of new intra-Asia routes; and (3) an anticipated positive demand for intra-Asia container shipping in light of new tariff policies.
- Downside risks: (1) World economic risk , (2) Slow down in demand and (3) Rising fuel costs

Year to Dec	2021	2022	2023	2024	2025F
Revenue (VND bn)	1,955	3,206	2,613	3,844	4,103
OP (VND bn)	629	1,308	447	807	1,031
NP (VND bn)	551	1,041	358	637	822
EPS (VND)	9,133	11,699	3,648	4,727	6,095
OPM	32.2	40.8	17.1	21.0	25.1
NPM	28.2	32.5	13.7	16.6	20.0
ROE (%)	28.9	36.1	11.2	15.8	16.6
P/E (x)	5.4	4.2	13.6	11.7	9.1
P/B (x)	1.6	1.5	2.0	21.0	25.1

Source: Company data, Bloomberg, Shinhan Securities Vietnam

Shinhan Securities

Industrial real estate

Opportunities come with challenges



Le Duc Tien
☎(84-28) 6299-8029
✉tien.ld@shinhan.com

Content

Industrial real estate – Opportunities come with challenges

1. Update on industrial real estate situation

Industrial real estate absorption in the Southern and Northern regions continues to record positive results. Occupancy rates continued to remain high and rental prices continued to grow slightly in Q1/2025.

2. FDI capital flow and industrial real estate development strategy

Strong infrastructure investment, along with constantly increasing FDI capital flows, creates a solid foundation to promote the development of industrial real estate.

3. Update on industrial park real estate stocks

Industrial real estate enterprises have improved in Q1/2025, land lease area and rental price increased. Enterprises with large land funds available for lease recorded positive growth.

01

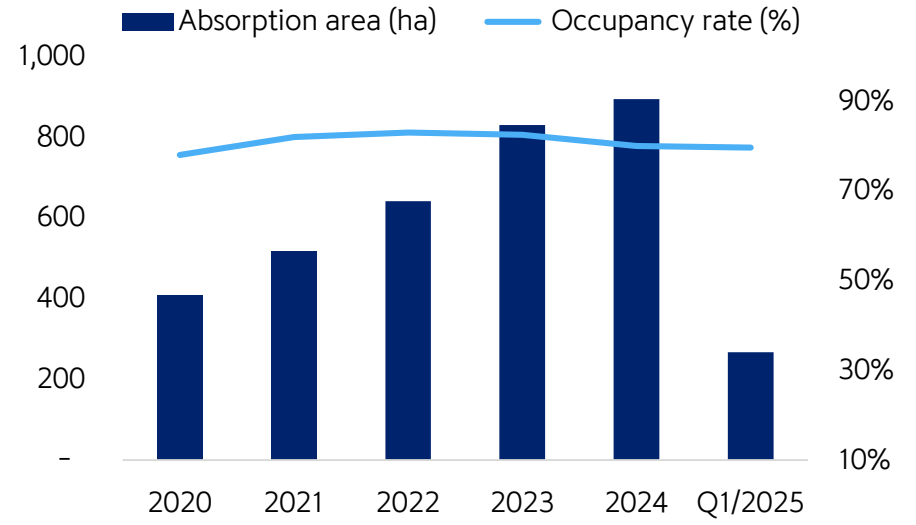
Update on industrial real estate situation

Industrial real estate absorption in the Southern and Northern regions continues to record positive results. Occupancy rates continued to remain high and rental prices continued to grow slightly in Q1/2025.

1. Update on industrial real estate situation

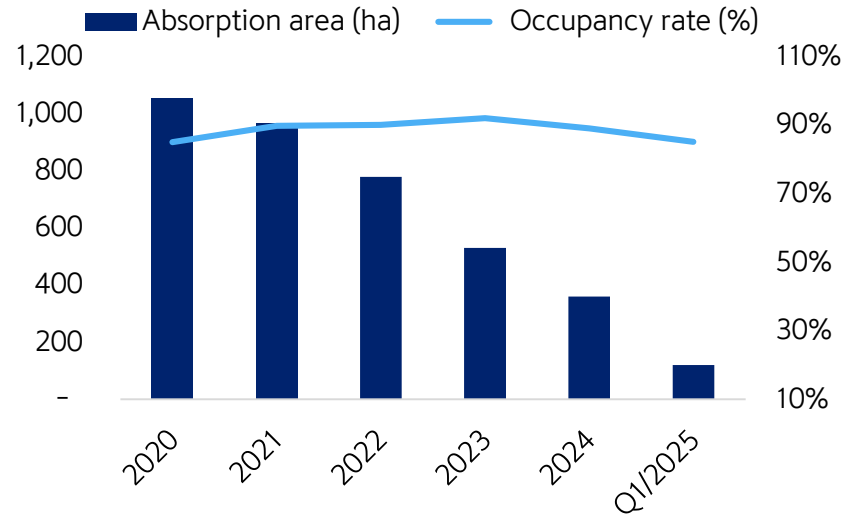
Occupancy rates remained high with a slight increase in rental prices

Industrial real estate absorption and occupancy rate from 2020 – Q1/2025 in the North



Source: JLL, Shinhan Securities Vietnam

Industrial real estate absorption and occupancy rate from 2020 – Q1/2025 in the South



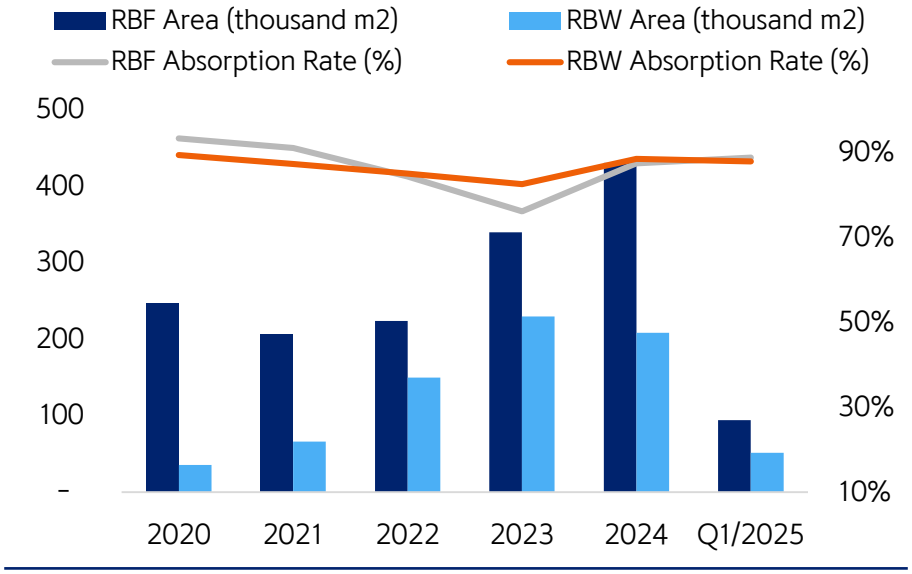
Source: JLL, Shinhan Securities Vietnam

- In Q1/2025, the Northern region recorded an absorption area of 267 hectares with an occupancy rate of 79.7%. The Southern region recorded a slight increase in absorption area, with a total absorption area of more than 120 hectares, with an occupancy rate of 85.1%. The average rental price in the Northern region reached USD 134.7/m²/cycle (+2% YoY), and the average rental price in the Southern region reached USD 182/m²/cycle (+1% YoY).
- Northern provinces such as Bac Ninh and Hai Phong continued to attract a large number of industrial park land tenants with a focus on technology and electronics. Absorption area in the Southern provinces is mainly concentrated in Binh Duong, Dong Nai, and Ba Ria - Vung Tau.

1. Update on industrial real estate situation

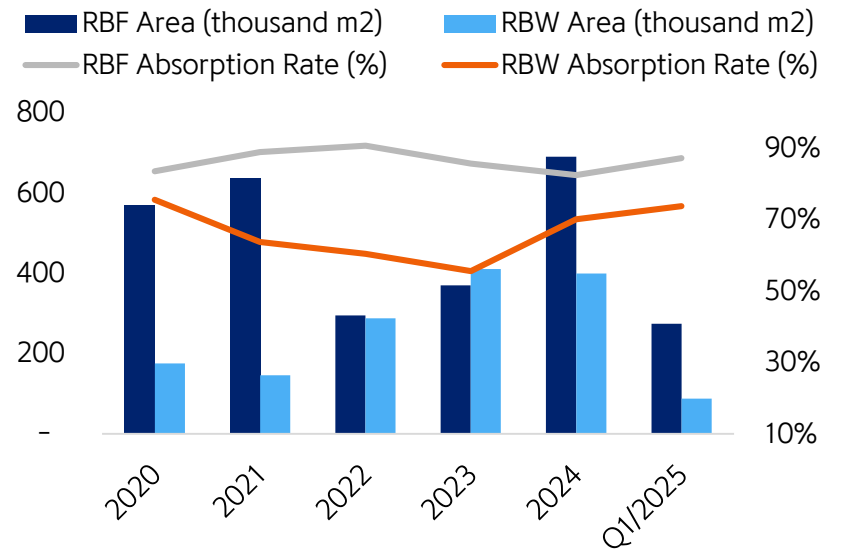
Demand for RBW and RBF remains high, with a strong absorption rate.

RBW/RBF absorption and occupancy rate from 2020 – Q1/2025 In the North



Source: JLL, Shinhan Securities Vietnam

RBW/RBF absorption and occupancy rate from 2020 – Q1/2025 In the South



Source: JLL, Shinhan Securities Vietnam

- The Northern region recorded improved absorption in Q1/2025 compared to the same period in 2024, with the absorption rate reaching 87.4% for ready-built factories (RBF) and 88.8% for ready-built warehouses (RBW). RBF in the North showed strong year-over-year growth, while RBW declined compared to last year. In the Southern region, vibrant activity was observed, with the absorption area in Q1/2025 significantly increasing compared to the same period in 2024, with absorption rates reaching 87.3% for RBF and 73.8% for RBW.
- Rental prices for both RBF and RBW saw a stable increase. In the Northern region, RBF and RBW rents reached USD 4.9/m² (+2% YoY) and USD 4.7/m² (+2.1% YoY), respectively. Meanwhile, in the Southern region, RBF and RBW rents stood at USD 5.0/m² (+2% YoY) and USD 4.7/m² (+5.3% YoY), respectively.

02

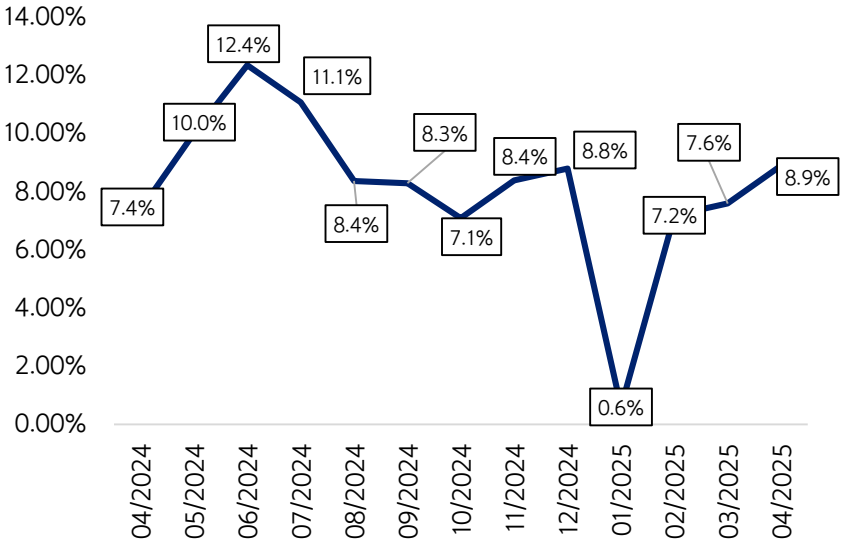
FDI capital flow and industrial real estate development strategy

Strong infrastructure investment, along with constantly increasing FDI capital flows, creates a solid foundation to promote the development of industrial real estate.

2. FDI capital flow and industrial real estate development strategy

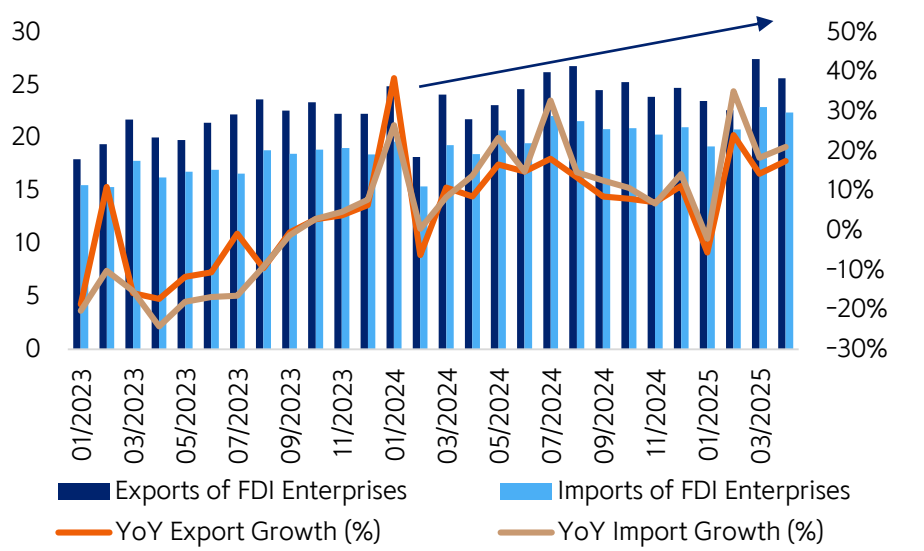
Production situation of FDI enterprises in Vietnam

Industrial Production Index – IIP 04/2024 – 04/2025 (%)



Source: GSO, Shinhan Securities Vietnam

Import and export of FDI enterprises 01/2024 – 04/2025 (billion USD)



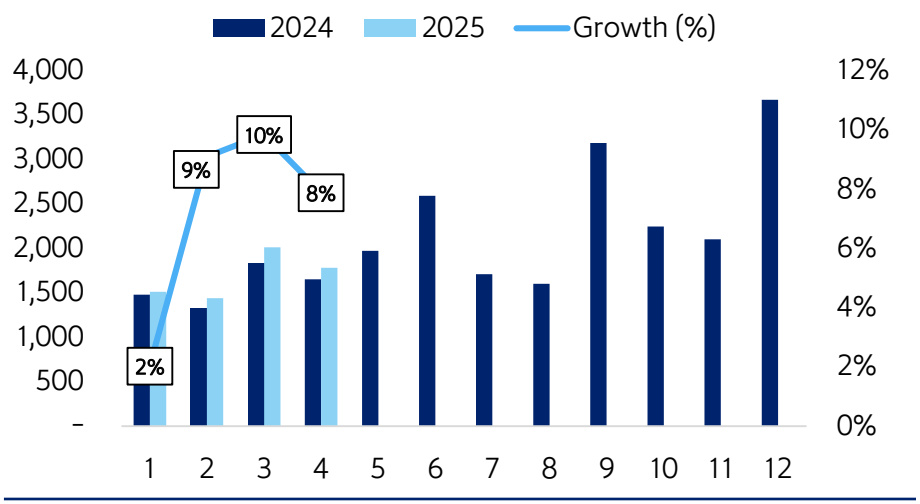
Source: Fiinpro, Shinhan Securities Vietnam

- The industrial production index remained stable in the first four months of 2025 despite pressures from global trade tensions, reflecting the stability of domestic manufacturing activities.
- Cumulative exports by FDI enterprises in 4M2025 reached USD 99.09 billion (+11.45% YoY). Imports and exports of FDI enterprises showed clear month-over-month improvement, indicating that production and business activities in the FDI sector continued to progress positively. This reinforces the foundation for a continued upward trend in FDI inflows in the coming period.

2. FDI capital flow and industrial real estate development strategy

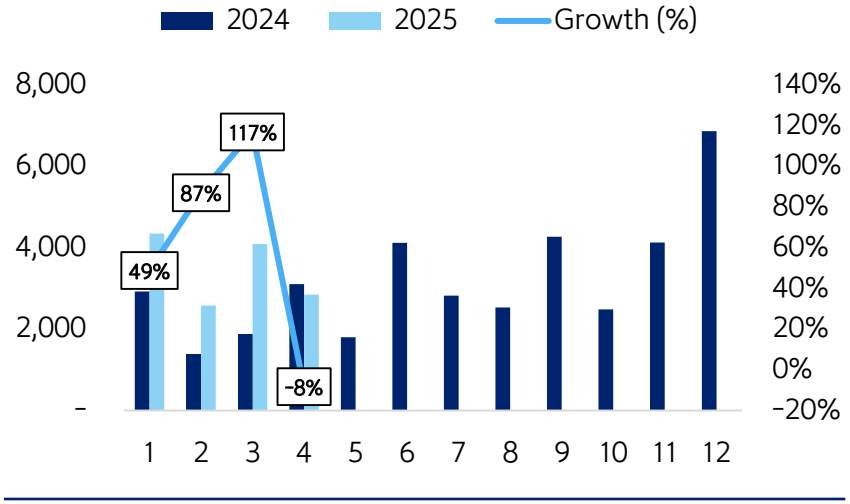
FDI inflows remained positive in the first four months of 2025

FDI capital disbursed in 2024 and 4M2025 (million USD)



Source: Fiinpro, Shinhan Securities Vietnam

Registered FDI capital in 2024 and 4M2025 (million USD)



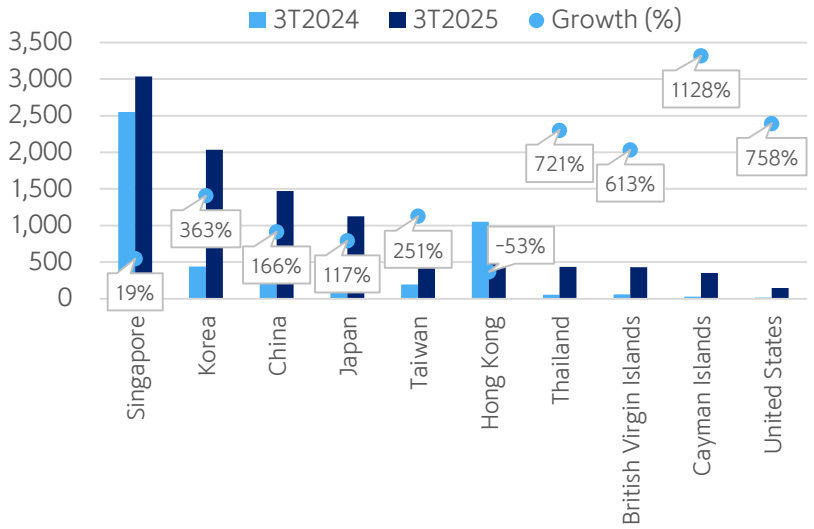
Source: Fiinpro, Shinhan Securities Vietnam

- FDI inflows in the first 4M2025 continued to show a stable upward trend. Specifically, as of the end of April 2025, total registered FDI reached USD 13.82 billion (+39.9% YoY), while disbursed capital stood at USD 6.74 billion (+7.3% YoY). These are the highest levels recorded in the past five years for both registered and disbursed capital, reaffirming Vietnam's position as an attractive destination for foreign investors.
- In Q1/2025, the surge in FDI was mainly driven by strong increases from South Korea, China, and Taiwan, with registered capital from these markets rising significantly compared to the same period in 2024. The key factor behind this wave was the U.S. imposition of tariffs on Chinese imports during the first three months of 2025. However, in April 2025, the U.S. expanded its tariff policy to cover all countries with trade deficits, prompting increased caution among investors. As a result, registered FDI capital in April showed signs of slowing down, reflecting investor hesitation in response to global trade policy uncertainties.

2. FDI capital flow and industrial real estate development strategy

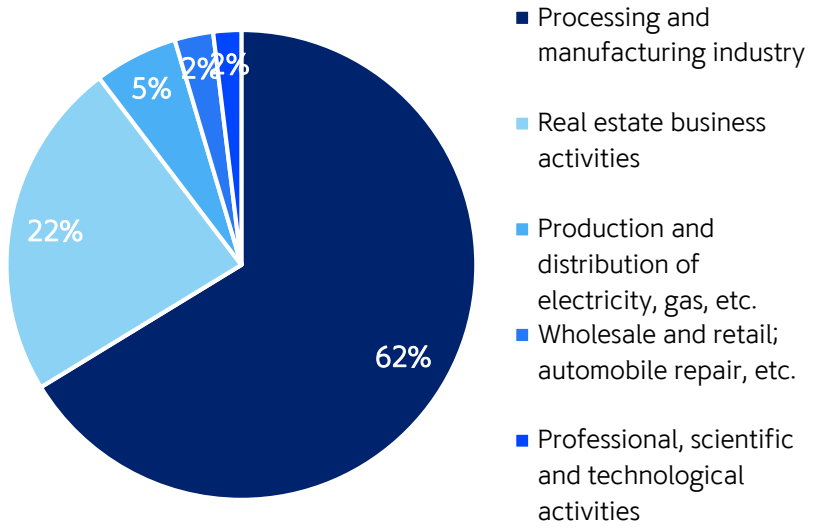
Asian countries play an important role in the structure of registered FDI capital.

Top 10 countries investing in Vietnam 3M2024 and 3M2025 (million USD)



Source: Fiinpro, Shinhan Securities Vietnam

Structure of registered FDI investment capital sectors in 3M2025 (%)



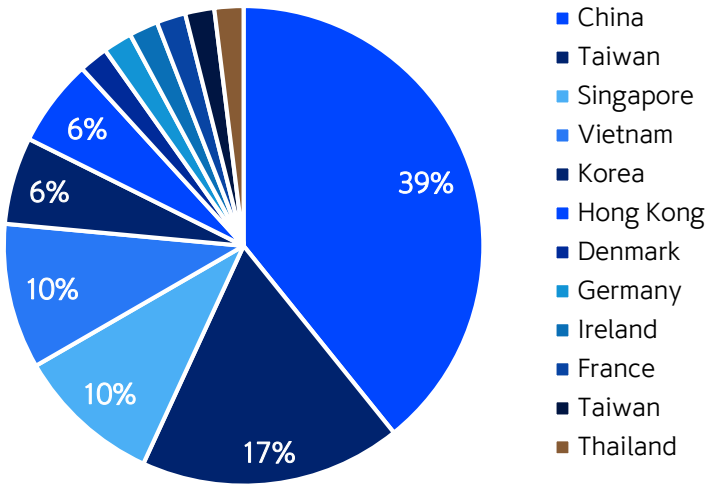
Source: Fiinpro, Shinhan Securities Vietnam

- Asian investors (Singapore, Japan, China, South Korea, Taiwan) recorded impressive growth in Q1/2025. In addition, Vietnam also witnessed a notable increase in FDI capital from several Western countries such as the United Kingdom and the United States.
- The manufacturing and processing sector remained the primary area of interest for foreign investors, accounting for 62% of total FDI into Vietnam. Notably, total registered FDI capital in the real estate sector reached USD 2,394 million (+51% YoY). Industrial real estate, residential, and office real estate are among the segments benefiting most from FDI inflows.

2. FDI capital flow and industrial real estate development strategy

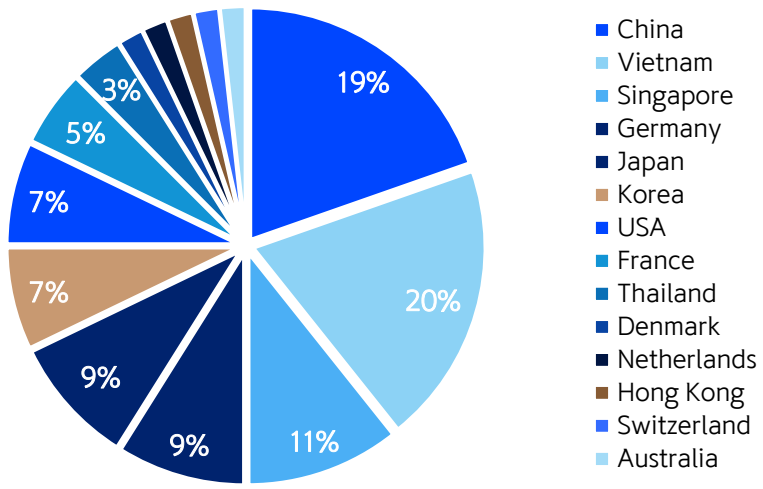
Chinese FDI enterprises are mainly concentrated in the North, while the Southern region recorded more evenly.

National structure in Northern Industrial Parks from 2022 – 2024 (%)



Source: CBRE, Shinhan Securities Vietnam

National structure in Southern Industrial Parks from 2022 – 2024 (%)



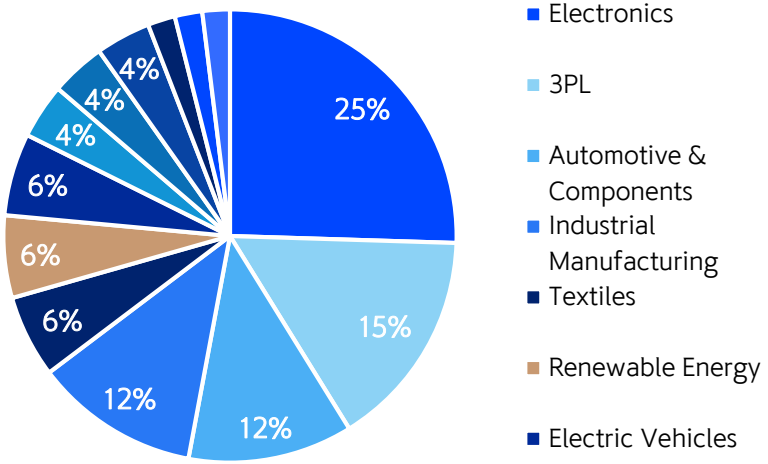
Source: CBRE, Shinhan Securities Vietnam

- According to data from projects during the 2022–2024 period compiled by CBRE, Chinese enterprises accounted for approximately 39% of the FDI capital structure in Northern industrial zones. This significant share is largely attributed to the geographical advantage of the Northern region, being close to the Chinese border, facilitating convenient transportation and cross-border trade. In addition, the "China +1" strategy has been a key driver encouraging Chinese manufacturers to relocate part of their operations to Vietnam as a means to diversify and mitigate supply chain risks.
- Meanwhile, the Southern region presents a more diversified investor profile, with a strong presence of investors from the United States and other Western countries. The share of FDI from these markets in the South is notably higher than in the North, reflecting differences in strategic orientation and international connectivity between the two regions in attracting high-quality FDI inflows.

2. FDI capital flow and industrial real estate development strategy

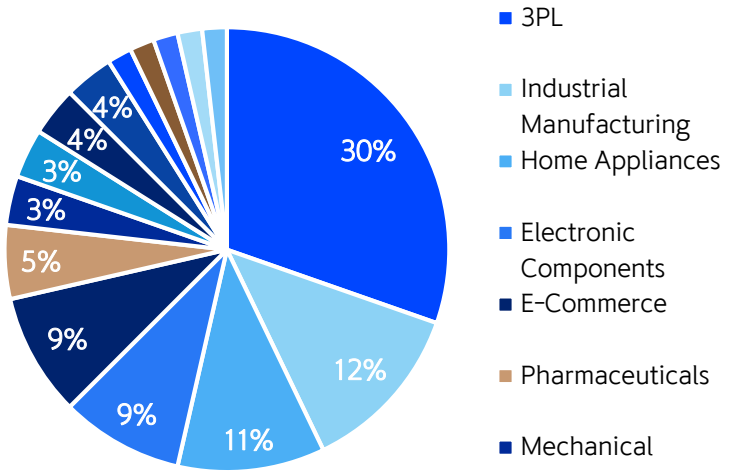
Northern FDI Prioritizes High Technology, Southern Focuses on Production and Logistics

Enterprise structure by industry in Northern Industrial Parks from 2022 – 2024 (%)



Source: CBRE, Shinhan Securities Vietnam

Enterprise structure by industry in Southern Industrial Parks from 2022 – 2024 (%)



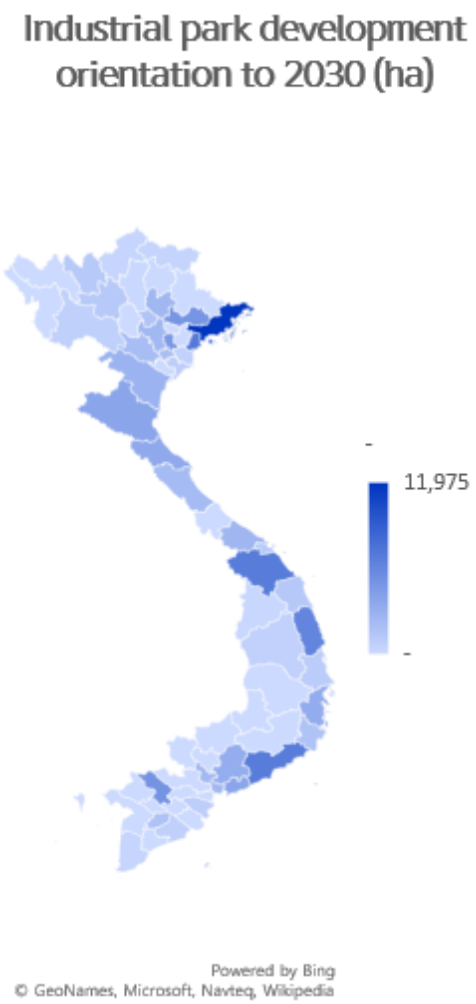
Source: CBRE, Shinhan Securities Vietnam

- The sectoral structure of FDI enterprises shows clear regional differentiation between the North and the South. In the Northern region, FDI capital is primarily concentrated in high-tech sectors such as electronic component manufacturing, third-party logistics (3PL), the automotive industry, and renewable energy. These projects are predominantly located in areas with developed infrastructure and strategic positioning, such as Hanoi, Bac Ninh, and Hai Phong — key industrial hubs of the region.
- In contrast, the Southern region records a more diversified sectoral distribution of FDI, with significant presence in 3PL, e-commerce, and traditional manufacturing industries, including processing, pharmaceuticals, mechanical engineering, and textiles. FDI investment activities are primarily concentrated in Ho Chi Minh City, Binh Duong, Dong Nai, and Long An — localities with strong advantages in labor supply, regional connectivity, and well-developed industrial infrastructure.

2. FDI capital flow and industrial real estate development strategy

Orientation to expand industrial parks by 2030 by province

Province	Industrial park area (ha)
Quang Ninh	11,975
Hai Phong	7,034
Quang Nam	6,855
Binh Thuan	6,852
Binh Dinh	6,191
Dong Thap	5,188
Bac Giang	5,034
Hung Yen	4,788
Nghe An	3,864
Ba Ria - Vung Tau	3,850
Ha Tinh	3,526
Khanh Hoa	3,320
Dong Nai	3,260
Thanh Hoa	2,853
Thua Thien Hue	2,640
Thai Nguyen	2,574
Hanoi	2,480
Ho Chi Minh	2,465
...	
Total	108,324

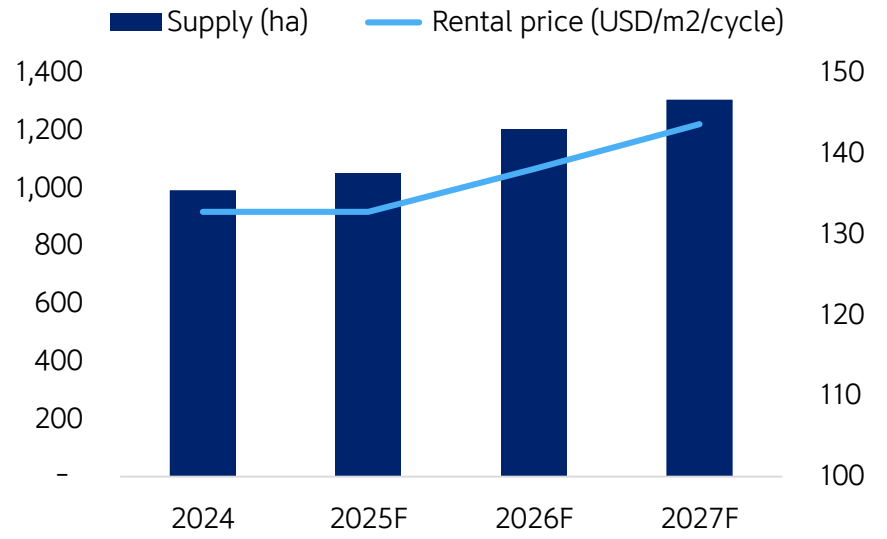


- According to the national industrial park (IP) development master plan to 2030 approved by the Government, Vietnam will add 221 new IPs, expand 76 existing ones, and adjust the planning of 22 IPs, resulting in a total additional area of approximately 108,324 hectares.
- The industrial park development strategy is clearly zoned according to each region's strengths. In the North, provinces such as Hanoi, Bac Ninh, Hai Phong, and Quang Ninh are planned to attract high-tech industries, particularly electronics. The Southern region, with Ho Chi Minh City, Binh Duong, and Dong Nai, will focus on smart manufacturing, logistics, and supply chain industries. Meanwhile, the Central region — including Da Nang, Quang Nam, and Nghe An — is oriented toward supporting industries and leveraging seaport advantages.
- Notably, coastal provinces and areas near major ports such as Quang Ninh, Hai Phong, Quang Nam, and Ba Ria–Vung Tau are set to become focal points in the strategy to expand IP land, thanks to their advantages in international trade connectivity.

2. FDI capital flow and industrial real estate development strategy

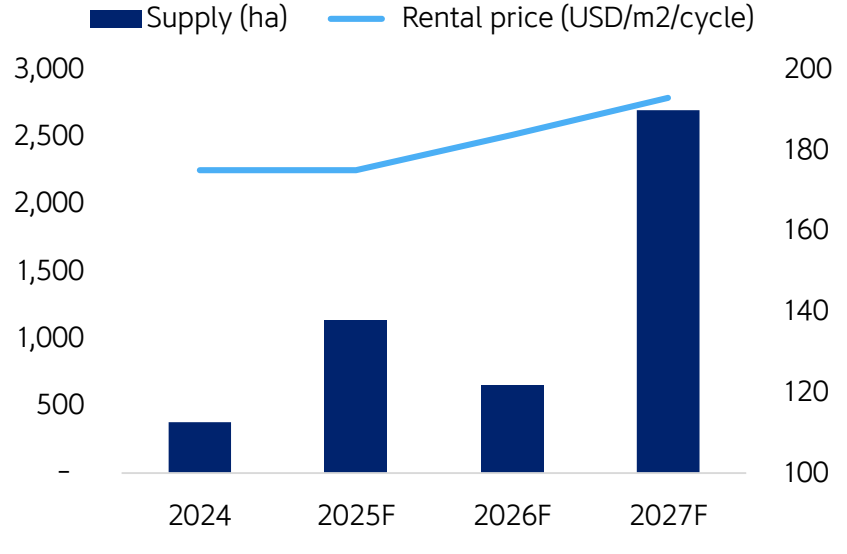
Industrial real estate prospects continue to maintain stable growth in the future

Projected cumulative area and industrial park land rental price from 2024 – 2027F in the North



Source: CBRE, Shinhan Securities Vietnam

Projected cumulative area and industrial park land rental price from 2024 – 2027F in the South



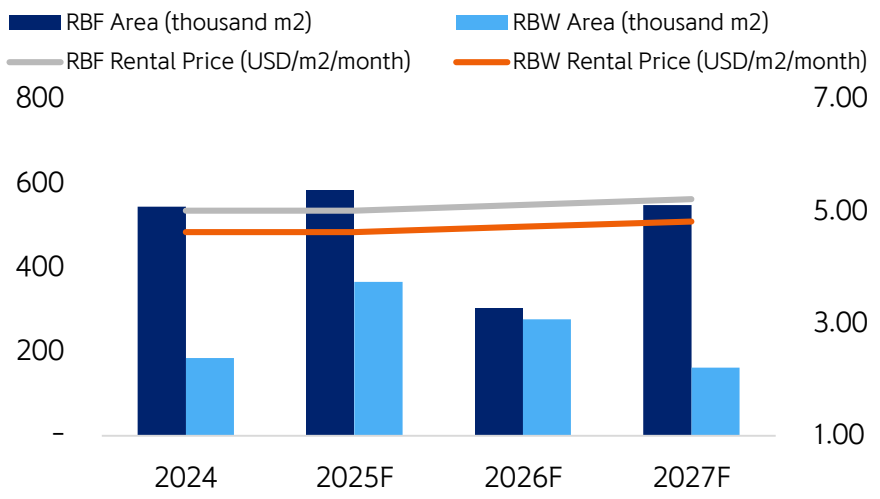
Source: CBRE, Shinhan Securities Vietnam

- We estimate that the supply of industrial real estate in 2025 will grow by approximately 1,000 hectares in the Northern region and 1,100 hectares in the Southern region. In the North, the majority of new supply will be concentrated in provinces such as Hai Phong, Vinh Phuc, and Hung Yen. In the South, the new supply is expected to be primarily located in Binh Duong, Dong Nai, and Long An.
- Industrial land prices are projected to remain flat in 2025, as uncertainties stemming from global trade tensions may lead to slower demand growth. The occupancy rate is expected to remain high, at around 83% in the Northern region and 90% in the Southern region.

2. FDI capital flow and industrial real estate development strategy

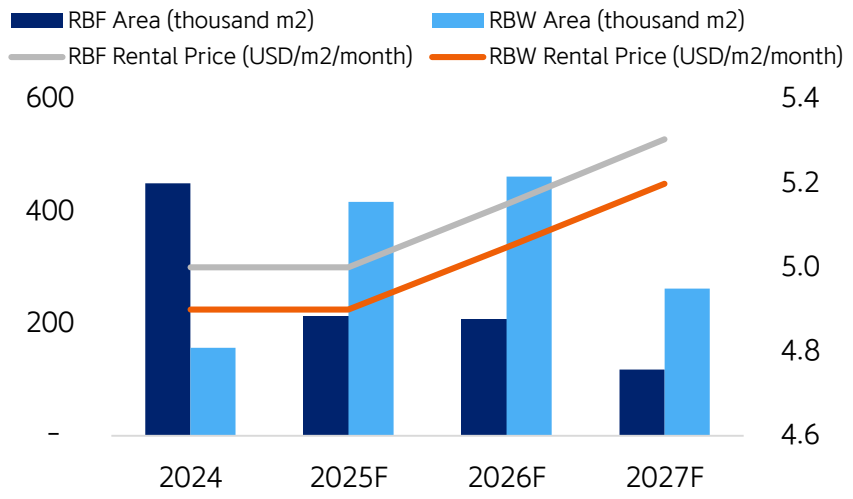
RBF and RBW supply continues to grow in line with market demand

Projected absorption area and RBF/RBW price 2024 – 2027F in the North



Source: CBRE, Shinhan Securities Vietnam

Projected absorption area and RBF/RBW price 2024 – 202F in the South



Source: CBRE, Shinhan Securities Vietnam

- According to CBRE's forecast for the 2025F–2027F period, the supply of Ready-Built Factories (RBF) is expected to remain around 500,000 m² in the Northern region, while the Southern region is projected to see approximately 200,000 m². In contrast, the supply of Ready-Built Warehouses (RBW) in the North is anticipated to reach around 300,000 m², while in the South, it is estimated at around 400,000 m².
- Rental prices and absorption rates are expected to remain flat in 2025 due to ongoing uncertainties related to global trade tensions. However, moving into 2026F, we expect rental prices to resume growth, at a projected rate of around 2%–3% per year.

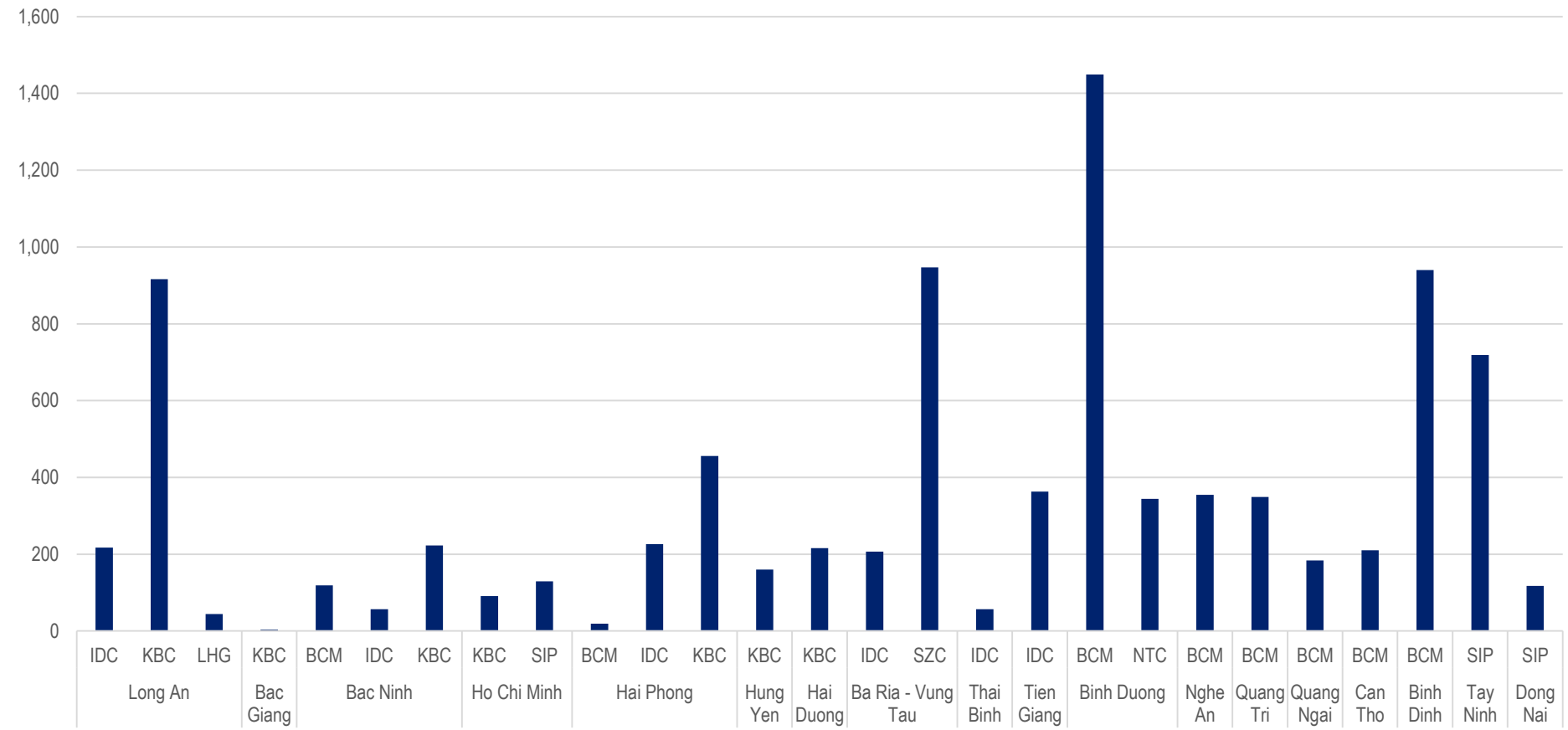
03

Update on industrial real estate stocks

Industrial real estate enterprises have improved in Q1/2025, land lease area and rental price increased. Enterprises with large land funds available for lease recorded positive growth.

3. Update on industrial park real estate stocks

Land area available for lease of some industrial park real estate enterprises by province (ha)



Source: Corporate Report, Shinhan Securities Vietnam

3. Update on industrial park real estate stocks

Ticker	Market price (VND)	Target Price* (VND)	Upside (%)	Market cap (Billion VND)	Revenue 2025F (Billion VND)	Revenue growth (% YoY)	Net profit 2025F (Billion VND)	Net profit growth (% YoY)	ROA – TTM (%)	ROE – TTM (%)	Cash ratio	D/E	P/E – TTM	P/B – TTM
BCM	61,600	77,000	25%	63,756	7,848	50%	2,034	-15%	4%	13%	0.05	1.11	26.01	3.17
KBC	27,250	34,600	27%	20,917	8,188	195%	1,433	239%	3%	7%	1.04	0.82	15.87	1.03
IDC	41,900	61,700	47%	13,827	8,363	-5%	1,899	-21%	9%	31%	0.43	0.48	8.43	2.54
SZC	35,400	46,500	31%	6,371	981	13%	348	15%	4%	12%	0.25	0.63	16.50	1.87
NTC	153,000	226,700	48%	3,701	488	33%	493	68%	5%	26%	0.08	2.09	11.84	2.97
LHG	31,500	40,000	27%	1,575	539	27%	216	15%	9%	16%	0.15	0.09	5.58	0.84
SIP	69,100	83,000	20%	14,548	8,048	3%	1,190	-7%	5%	30%	0.14	0.78	11.17	3.05

* Target price (fair value) in the next 12 months

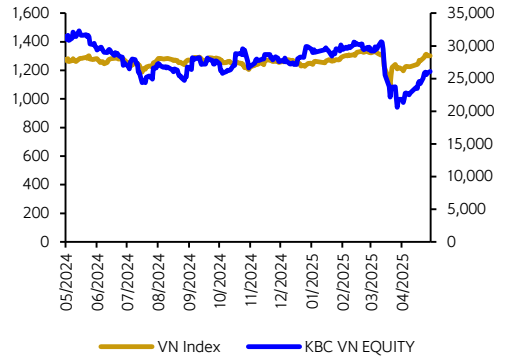
Source: SSV Research, Bloomberg, Fiipro, Company Reports
Data as of 05/27/2025

- We highly assess the potential of industrial parks (IPs) located near seaports, particularly in the Northern region (Hai Phong, Quang Ninh) and the Southern region (Ba Ria – Vung Tau), thanks to their advantageous geographic locations that facilitate seamless connectivity to global trade routes.
- In the context of fluctuations related to tariff policies, IPs with diversified business activities, especially those developing residential real estate, are expected to demonstrate stronger resilience and become bright spots in the event of difficulties in the industrial real estate segment. Additionally, enterprises with high cash liquidity ratios and low financial leverage (D/E) are considered safer choices, suitable for navigating the current volatile risk environment.
- We selected KBC and SZC based on the following factors: Strategic location, abundant commercial land fund, potential for developing complementary residential projects, and a healthy financial foundation to maintain long-term stability.

Kinh Bac Urban Development Corporation – (HOSE: KBC)

Target price (12 months)	34,600 VND
Current price (05/27/25)	26,750 VND
Return (%)	27%
VNINDEX	1,340
Market P/E (x)	10.7
Market Cap. (bn VND)	20,034
Outstanding Shares (mn)	768
Free Floating Shares (mn)	488
52-week high/low (VND)	32,500/20,050
Average 90-day trading volume (million shares)	6.48
Average trading value in 90 days (billion VND)	192
Major shareholders (%) Dang Thanh Tam	18.06
Major shareholders (%) Kinh Bac Investment and Consulting JSC	8.11

Performance	3T	6T	12T
Absolute (%)	-13.4	-1.9	-15.3
Rel.to VN-Index (%)	-14.4	-9.9	-17.5



Strong growth expected thanks to legal bottlenecks removed

Kinh Bac City Development Holding Corporation (HoSE: KBC), established in 2002, is one of the leading industrial real estate developers in Vietnam. KBC has extensive experience in collaborating with and attracting major FDI corporations into Vietnam. Over 90% of KBC's industrial park tenants are foreign enterprises, originating from countries such as Japan, Taiwan, South Korea, and China, with notable clients including Canon, Foxconn, and LG.

In Q1/2025, Kinh Bac reported net revenue of VND 3,117 billion, 20.5 times higher YoY, of which the industrial park (IP) segment contributed VND 2,483 billion. Net profit after tax reached VND 849 billion. The leased industrial land area in Q1/2025 totaled 68 hectares, mainly coming from previously signed contracts at Nam Son Hap Linh IP and Hung Yen Industrial Cluster.

KBC's business performance is expected to improve significantly in 2025, with key projects such as Trang Due 3 IP and Trang Cat Urban Area having completed legal procedures. We estimate that KBC's total revenue will reach approximately VND 8,188 billion (+195% YoY) in 2025. Net profit after tax in 2025 is projected at VND 1,433 billion (+212% YoY). We expect: (1) Industrial land lease area to reach approximately 157 hectares in 2025, mainly contributed by Nam Son Hap Linh, Trang Due 3 IPs, and Hung Yen Industrial Cluster. (2) The urban real estate segment will continue to grow in 2025 thanks to the Nen Social Housing project, Tan Phu Trung Residential Area, and is expected to boom in 2H2025 when the Trang Cat Urban Area project begins pre-sales in Q3 and Q4/2025.

Risks:

(1)Decline in demand for industrial real estate leasing;

(2) High debt-to-equity ratio;

(3) Weakened FDI inflows;

(4) Delays in industrial project implementation progress.

Year	2022	2023	2024	2025F	2026F
Revenue (billion VND)	950	5,618	2,776	8,188	14,424
Operating profit (billion VND)	-245	2,883	657	1,780	4,139
OPM (%)	(25.7)	51.3	23.7	21.7	28.7
NPAT (billion VND)	1,526	2,031	426	1,328	2,568
NPM (%)	160.6	36.1	15.4	16.2	17.8
EPS (VND)	1,993	2,646	555	1,730	3,345
ROE (%)	10.1	11.9	2.3	6.8	11.8
P/E (x)	12.14	12.00	49.01	15.55	8.04
P/B (x)	1.16	1.34	1.12	1.06	0.95

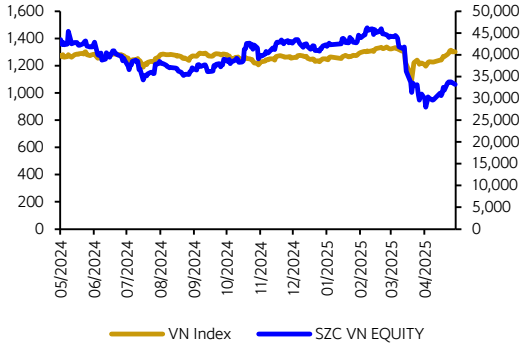
Source: Bloomberg, Shinhan Securities, Data as of May 20, 2025

Sonadezi Chau Duc Joint Stock Company – (HOSE: SZC)

Target price (12 months)	**46,500 VND**
Current price (05/27/25)	35,400 VND
Return (%)	31%

VNINDEX		1,340
Market P/E (x)		10.7
Market Cap. (bn VND)		6,371
Outstanding Shares (mn)		180
Free Floating Shares (mn)		76
52-week high/low (VND)		47,200/27,700
Average 90-day trading volume (million shares)		2.07
Average trading value in 90 days (billion VND)		87
Major shareholders (%)	Industrial Park Development Corporation	46.84
	Sonadezi Long Thanh Joint Stock Company	10.08

Performance	3T	6T	12T
Absolute (%)	-25.4	-15.1	-23.2
Rel.to VN-Index (%)	-26.4	-23.1	-25.5



Benefit from FDI capital flow with Chau Duc Industrial Park

Sonadezi Chau Duc JSC (HoSE: SZC), established on June 26, 2007, formerly known as Sonadezi Infrastructure Development JSC, primarily operates in industrial land leasing, real estate development, and BOT project investments. The industrial real estate segment accounts for over 80% of SZC's total revenue structure. SZC owns a large land bank of 2,287 hectares in Chau Duc District, Ba Ria – Vung Tau Province, of which 1,556 hectares are allocated for industrial parks, while the remainder is mainly designated for residential areas and golf courses.

In Q1/2025, SZC recorded revenue of VND 414 billion (+93% YoY) and net profit after tax of VND 126 billion (+94% YoY). Revenue from the industrial park segment contributed 95% of total revenue, reaching VND 394 billion (+103% YoY). Gross profit margin declined from 48% in Q1/2024 to 39% in Q1/2025.

With a strategic location and competitive land rental prices, we estimate SZC will lease approximately 40 hectares of industrial land in 2025. Additionally, industrial land rental prices are expected to grow by 5%–8% during the 2025–2028 period. Business results in 2025 will also benefit from Phase 2 sales of the Sonadezi Huu Phuoc Residential Area project (starting in Q4/2024). Furthermore, the full operation of the golf course and the resumption of the BOT 768 project will positively contribute to SZC's earnings.

We forecast 2025 revenue to reach VND 981 billion (+12% YoY) and net profit after tax to reach VND 348 billion (+15% YoY).

Risks:

(1) Weakened demand for industrial land leasing;

(2) Slowdown in FDI inflows;

(3) Legal and compensation issues related to Chau Duc IP;

(4) Delays in industrial park project implementation.

Year	2022	2023	2024	2025F	2026F
Revenue (billion VND)	859	818	871	981	1,110
Operating profit (billion VND)	260	295	369	419	488
OPM (%)	30	36	42	42.7	43.9
NPAT (billion VND)	197	219	302	348	403
NPM (%)	23	27	35	35.5	36.3
EPS (VND)	1,197	1,410	1,616	1,934	2,238
ROE (%)	12	13	11	10.3	11.0
P/E (x)	15	26	26	17.27	14.92
P/B (x)	2	3	2	1.79	1.64

Source: Bloomberg, Shinhan Securities, Data as of May 20, 2025

Domestic-oriented

We select industries that benefit from domestic demand-side stimulus policies, loose monetary/fiscal policies, increased public investment, credit expansion - interest rate reduction, legal streamlining, and an improved investment environment,…

Some of the industry groups mentioned in the report are as follows: Banking, Real Estate, Public Investment, Steel, Consumer Goods.



Shinhan Securities

Banking Industry

Conservative target



Phuong Nguyen
☎ (84-28) 6299-9004
✉ phuong.nd@shinhan.com

Banking Industry – Conservative target

Content

1. Business result of listed banks

Regarding the issue of tariffs, the management of banks generally believes that the policy related to the US reciprocal tax rate imposed on imported goods from Vietnam would have a negative impact on the whole industry but will still stick to the target growth plan approved by AGM in 2025

Regarding pre-tax profits, banks continue to have a year of cautious profit growth planning. Overall, in Q1/2025, the industry's profits increased in line with the target plan. Most banks achieved about 20-25% of the annual profit plan

Compared to the end of 2024, the bad debt balance at the end of Q1/2025 of listed banks increased by nearly 19%. NPL ratio increased from 1.8% to 2.05%. This seasonal pattern typically emerges in Q1 each year. We need to monitor developments over the coming months to establish a more definitive trend in asset quality.

2. Outlook for the 2025

We are reducing our 2025 profit growth forecast for the group of banks listed on HOSE to approximately 16%. We anticipate that Net Interest Margin (NIM) recovery will be challenging, given potential indirect impacts on loan demand from tariffs. In a negative scenario, the group's profit growth for 2025 could be as low as 12%.

3. Investment opportunities in bank stocks

HDB, VPB

01

Business result of listed banks

Q1/2025 industry-wide credit growth remains strong year-over-year. However, inconsistent credit expansion in the final month of the quarter suggests that borrowing demand is primarily concentrated among large customer segments.

Regarding tariffs, bank leaders generally anticipate a negative industry-wide impact from US reciprocal tariffs on Vietnamese imports. Despite this, they intend to adhere to the fundamental growth plans approved by their respective General Meetings of Shareholders for 2025.

1. Business result of listed banks

Overview of banks listed on HOSE

18 banks listed on HOSE exchange

Vietcombank, BIDV, VietinBank, TECHCOMBANK, VPBank, MB, ACB, HDBank, Sacombank, TPBank, SHB, VIB, SeABank, EXIMBANK, MSB, OCB, LienVietPostBank, Ngân hàng Nam Á

Industry market capitalization
~40% of market capitalization

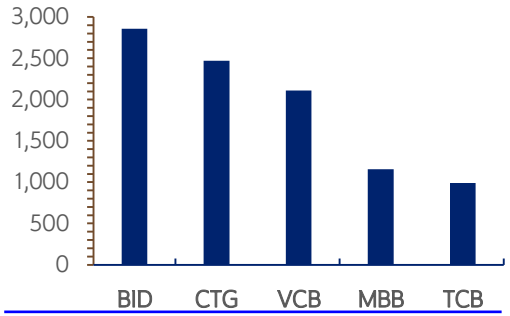
Transaction value
~26% of total market transaction value

Trading volume
~35% of the market's trading volume

Total asset 05/06/2025
~16.23 trillion dong

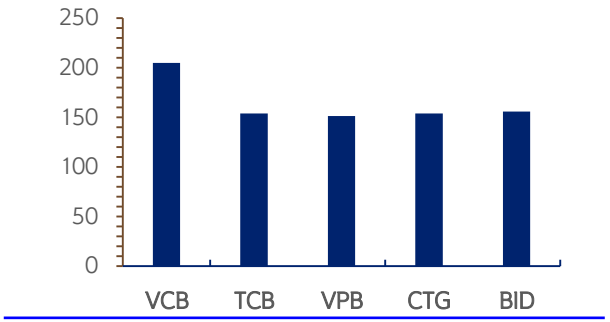
Total Equity: 05/06/2025
~1.46 trillion dong

Top 5 banks with the largest assets (trillion))



Source: Company data, Fiiinpro, Shinhan Securities Vietnam

Top 5 banks with the largest equity (trillion)



Source: Company data, Fiiinpro, Shinhan Securities Vietnam

Source: Fiinpro, Shinhan Securities Vietnam

Data as of 05/06/2025

Summary of the 2025 AGM of banks (1/4):

Be cautious and respond to multiple growth scenarios

Summary of key points

- Regarding tariffs, the banking group's management generally concurred that high tariffs would negatively impact overall economic growth and the business expansion of the entire industry. Specifically, export-oriented clients would be directly affected, prompting the banks to focus on promoting domestic enterprises to mitigate any unfavorable tax policy implications. Management also stated that adverse US reciprocal tariffs on Vietnamese imports could negatively affect the industry's growth due to reduced overall market consumer demand. Consequently, banks have prepared for growth under various scenarios, with the base scenario closely aligning with the industry-wide target growth rate of 15-16%.
- HOSE-listed banks are targeting a relatively cautious 14% growth in pre-tax profits for 2025.
- While banks anticipate stable interest rates, intense competition within the sector could pressure the industry's Net Interest Margin (NIM).
- Capital increase transactions, including private placements by VCB and BID, are expected to continue in 2025.
- TCB plans an IPO for its subsidiary, TCBS, within 2025
- STB has approved the acquisition of a securities company to bolster growth in that segment. OCB also intends to expand in this area, though its acquisition plan might be deferred to a more opportune time. Besides STB, MSB has similarly approved a securities firm acquisition, reflecting the strong trend of bank-backed securities company development in recent years. For instance, in 2024, HDB acquired a 30% stake in HD Securities Company and significantly increased capital in Kafi Securities Company and ACBS, among others.
- With deposit interest rates remaining low, banks will need to continue relying on interbank channels and valuable papers for funding.
- The legalization of Resolution 42 is expected to streamline banks' collateral asset resolution processes, thereby enhancing other bank income.
- Despite various uncertainties, many banks plan to maintain their cash dividend policies in 2025.

Summary of the 2025 AGM of banks (2/4):

Stock	Target of 2025	Dividend policy	Summary of key points from the Q1/2025 AGM and Investor Meeting
VCB	Assets increased by 10%, credit balance 16.28% NPL ratio controlled under 1.5% Profit before tax growth about 43,700 billion (+3.5%)	Details of the dividend plan have not been announced.	- VCB reported that the impact of the US reciprocal tax rate on imported goods from Vietnam is quite clear, primarily because VCB has a 20% market share in international payments and trade finance of the entire system. VCB also stated that the details of VCB's FDI portfolio accounts for more than 20% of the bank's wholesale loans. VCB has signed an agreement to sponsor Vietnam Airlines to buy 50 Boeing aircraft from the US, with Vietnam Airlines committing to approve the plan to issue individual shares (6.5%). This plan has been proposed by the bank for many years but has not yet been completed.
BID	Credit growth 16% NPL ratio under 1.4% Profit growth 6-10%. Bank profit before tax reaches around 32,400 billion VND - 33,700 billion VND	Pay stock dividend at 19.9% rate	- In response to the impact of tariffs, the management board has established a steering committee to deal with it. It is estimated that directly affected customer loans account for 15% of BIDV's total outstanding loans. Affected industries include steel, seafood, textiles, etc. The management board stated that tariffs will have a negative impact on the profits of the entire banking industry in 2025; however, if negotiations are successful, the tax rate may be reduced. - BIDV approved a plan for a private offering or public offering at a maximum rate of 3.84%.
CTG	Total assets increased by 8-10% Credit balance according to assigned limit NPL ratio below 1.8%	Dividend payment by stock. Detailed ratio not announced	- Trade tensions in the context of Vietnam's highly open economy will have a negative impact on domestic business operations. Bad debt may be under increasing pressure in 2025. However, in the baseline scenario, CTG still maintains its business targets despite global economic fluctuations. The impact of tariffs on CTG will not be too large despite high lending to FDI enterprises. - Regarding interest rates, the bank believes that NIM will continue to be under pressure due to fierce interest rate competition among banks in the system. - Regarding prospects, the real estate and construction industries are showing a relatively positive recovery. Meanwhile, the wood industry may face many obstacles in the coming time.
MBB	Total assets increased by 21.2% Credit increased by 23.7% NPL ratio controlled under 1.7% Profit before tax reached VND 31,712 billion (+10%)	Pay 32% stock dividend, 3% cash	- MBB's retail lending accounts for 55% of total outstanding loans, expected to increase to 60%. Regarding the tariff situation, MBB stated that the group of customers with US market accounts for only 0.6% of MBB's outstanding loans, so it will be less directly affected. - MBB plans to buy back 100 million treasury shares, equivalent to 1.6% of charter capital. This is a measure to support the market, stabilize liquidity, and create confidence for investors. - MBB will contribute 5,000 billion VND to MBV after officially receiving the mandatory transfer. MBB said that MBV's indicators will not be consolidated into the bank's financial statements.
TCB	Credit growth at assigned level NPL ratio below 1.5% Profit before tax reached VND 31,500 billion (+14.4%)	Pay 10% cash dividend before December 31, 2025	- Regarding the question about the real estate market, the management board said that if a trade war breaks out, it will impact the economy, affecting GDP and consumption. With the Government's strong infrastructure development plan and the large demand for housing from the people, the management board said that the real estate market will continue to recover but may not bounce back as in the previous period. - Regarding NIM, the management board said that the level of competition is increasingly fierce, especially with the group of customers with good credit quality. - TCB is currently working with 1-2 large investors on the TCBS IPO. It is expected to be implemented in 2025.

Source: Compiled by Shinhan Securities Vietnam

Summary of the 2025 AGM of banks (3/4):

Stock	Target of 2025	Dividend policy	Summary of key points from the Q1/2025 AGM and Investor Meeting
VPB	Total assets target increased by 23% Parent bank NPL ratio under 3% Consolidated profit before tax reached 25,300 billion VND (+26%) Fe Credit profit reached 1,126 billion VND (+120%), VPBankS profit reached 2,003 billion VND (+64%), OPES reached 636 billion VND (+34%)	Pay 5% cash dividend, expected in Q2 and Q3/2025	- Regarding the tariff situation, VPB evaluates three main groups in the export sector, where the proportion of this group is about 3% so the level is not large. In the FDI group, VPB serves 500 businesses with outstanding loans of 6,000 billion VND, so the assessment also has little impact. However, the indirect impact on purchasing power will be a factor that needs to be carefully observed. VPB has a large number of low- and middle-income customers, meaning export orders can affect employment and reduce purchasing power in the market. - VPB has taken over GPBank. VPB is confident that it will successfully restructure GPBank. - VPB has no plans to buy treasury shares because it wants to focus resources on participating in restructuring GPBank, trying to increase credit growth by 35% year in the next 5 years. - Expanding the foreign ownership limit to 49% could give VPB the opportunity to add new partners, helping to support growth. - After having FE Credit, OIPES, VPBank's board of directors has the ambition to add more life insurance and fund management companies.
LPB	Total assets increased by 3.5%, Credit balance increased by 15.8% Profit before tax reached VND 14,868 billion (+22.2%)	Pay cash dividend at 25% rate	- Regarding the question related to tariffs, LPB has met and proposed response plans. The outstanding debt of the import-export group that affects US tariffs accounts for 0.3% of the outstanding debt of the system. LPB assesses the direct impact as insignificant. - LPB has a plan to sell capital to foreign countries but has not implemented it in 2025.
ACB	Credit growth reached 16% Profit reached 23,000 billion VND (+10%)	Pay 15% stock dividend and 10% cash dividend	- ACB believes that the policy related to the reciprocal tax rate imposed by the US on imported goods from Vietnam may affect aggregate demand. Accordingly, exchange rates, foreign investment, and consumption will be affected. Impact on credit growth and NIM of the banking industry. Despite difficulties, ACB expects credit growth of 16-18% for 2025, thanks to the recovery of individual customers. - ACB expects interest rates to stabilize in the coming time
STB	Total assets grew by 9.6%, credit increased by about 14%. NPL ratio controlled below 2%. Expected profit reached 14,650 billion VND (+15%).	Details of the dividend plan have not been announced.	- Regarding the direct impact of tariffs: STB said that the outstanding export loans are around 3.5%, accounting for about 7% of the bank's income. The direct impact on banking operations will be insignificant. Phong Phu Industrial Park debt: STB has collected VND1,500 billion in 2024, expected to collect an additional 30-40% for 2025 and 2026. - Debt related to Mr. Tram Be: This amount is secured by shares (equivalent to 32% of shares). The related debt has been 100% provisioned for principal and related amounts. The settlement plan is being submitted to the State Bank, including debt sold to VAMC and publicly auctioned. The plan is still waiting for approval. - STB said it has no need to buy Sacombank Securities Company. It believes a company that is suitable for the company's orientation.
HDB	Assets increased by 28%, credit balance increased by 32% NPL ratio controlled under 1.5% Profit before tax reached 21,179 billion VND (+27%)	The policy is expected to be similar to last year but the payment plan details have not been announced yet.	- Regarding the tariff situation, as soon as the information was available, HDBank reviewed the portfolio and customers that were likely to be affected from strong to moderate. The review results, with a balanced portfolio risk management policy, showed that the direct impact was not significant. HDBank's outstanding debt in the US market was below 1.5% of the loan portfolio. The Board of Directors also said that the CAR ratio of 14.85% helped HDB to be more resilient to market fluctuations.
VIB	Total assets and outstanding credit increased by 22%. NPL ratio under 3%. Profit before tax reached VND 11,020 billion (+22%).	Pay 7% cash dividend and 14% stock dividend	- CBA has fully divested, and the VIB stated it is seeking for a more suitable partner in the future. This partner is expected to be financially compatible, providing capital and technology support to the bank. – Legalization of Resolution 42: It is expected to significantly improve the ability of banks to handle bad debts, helping to improve other bank income.

Source: Compiled by Shinhan Securities Vietnam

Summary of the 2025 AGM of banks (4/4):

Stock	Target of 2025	Dividend policy	Summary of key points from the Q1/2025 AGM and Investor Meeting
OCB	Total assets increased by 13%, credit balance increased by 16%. Profit before tax reached VND 5,388 billion (+33%)	Pay dividend with 7% dividend	- The Board of Directors stated that the tariff policy creates uncertainty, and OCB expects Vietnam to negotiate tariffs in a favorable direction. - OCB said that it postponed the plan to buy OCBS due to unfavorable market conditions. The Board of Directors also said that the stock market still has a lot of growth potential when the rate of population participating in the market is still low. - Strategic shareholder Aozora Bank affirmed that it will commit to long-term cooperation (at least 10 years).
EIB	Total assets increased by 10.7% Outstanding credit increased by 16.2% Profit before tax reached VND 5,200 billion (+23.8%)	No dividend	- Regarding the impact of tariffs, EIB believes that the instability may affect the interest rate level in an upward direction, leading to risks related to exchange rates. With the advantage of import and export, EIB is carefully assessing the impacts on credit growth and asset quality. The Board of Directors also said that the bank's long-term capital needs have increased, making interest rate competition more intense. - To tighten the foreign ownership ratio at 6%, the Board of Directors stated that the ratio is kept low to stabilize the shareholder structure and attract strategic investors. - EIB elected a new Board of Directors and Supervisory Board for the next term.
MSB	Total assets increased by 9%, Credit balance increased by 20% NPL ratio under 3% Profit before tax reached VND 8,000 billion (+16%)	Stock dividend at 20% rate	- Regarding the assessment of tariff impacts, MSB is managing the portfolio cautiously. The export industry group accounts for 9.5% of MSB's outstanding loans. - MSB believes that 20% credit growth is completely feasible by the end of Q1/2025, with the bank having grown by 9%. - MSB has submitted for approval the capital contribution to a securities and fund management company. In addition, the bank also continues its plan to divest from TNEX Finance
SHB	Total assets increased by 11%, Total outstanding credit balance expected to be 16% NPL ratio controlled under 2% Profit before tax reached 14,500 billion VND (+25%)	Cash dividend is 5%, stock dividend is 15%	- Regarding the assessment of the impact of tariffs, SHB assessed that the proportion and level of impact are not large. However, the bank also said that it does not take it lightly and has prepared a response scenario. - The Board of Directors is confident that the credit plan will increase by 16% thanks to the Government's oriented sectors such as infrastructure, green credit, high technology. - SHB said that it is completing procedures to send to the State Bank to transfer 50% of SHB Finance.
TPB	Total assets increased by 8%, credit balance increased by 20% NPL ratio controlled under 2.5% Profit before tax reached 9,000 billion VND (+18%)	Pay cash dividend at 10% rate and stock dividend at 5% rate	- Regarding the assessment of tariff impact, TPB said that the outstanding debt of import-export customers related to the US market is about 10,800 billion VND. Of this, the revenue of the customer group exported to the US only accounts for 20% of total revenue. TPB assessed that the direct impact is not large.
NAB	Total assets increased by 10%, outstanding credit increased by about 16%. NPL ratio controlled under 2.5%. Bank's profit before tax reached 5,000 billion (+10%).	Pay stock dividend at 25% rate	
SSB	Total assets increased by 10%, Credit growth reached 15% Profit before tax reached 6,458 billion VND (+7%)	No dividend	

Source: Compiled by Shinhan Securities Vietnam

1.1

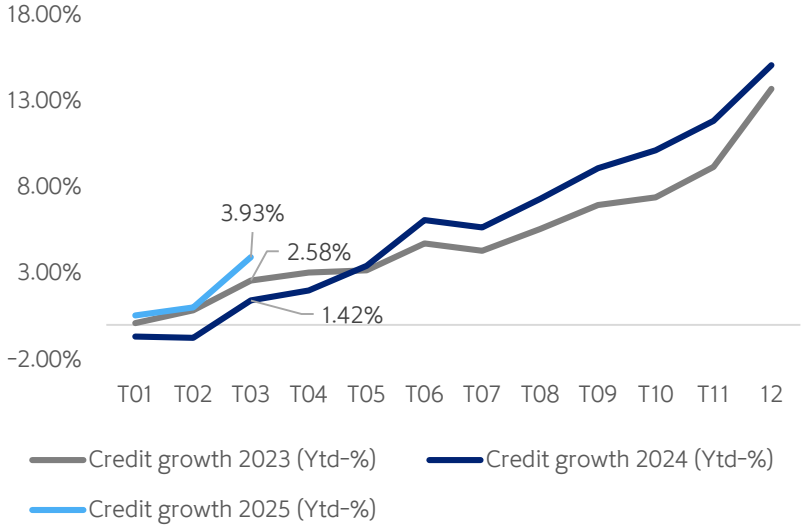
Slow in Q1/2025

Overall, the banking group experienced more positive credit growth in Q1 2025 compared to Q1 2024. For pre-tax profit, banks continued to plan cautiously for the year, resulting in a slight overall decrease in the industry's profit for Q1 2025. Most banks achieved approximately 20-25% of their annual profit targets.

1.1 – Slow in Q1/2025

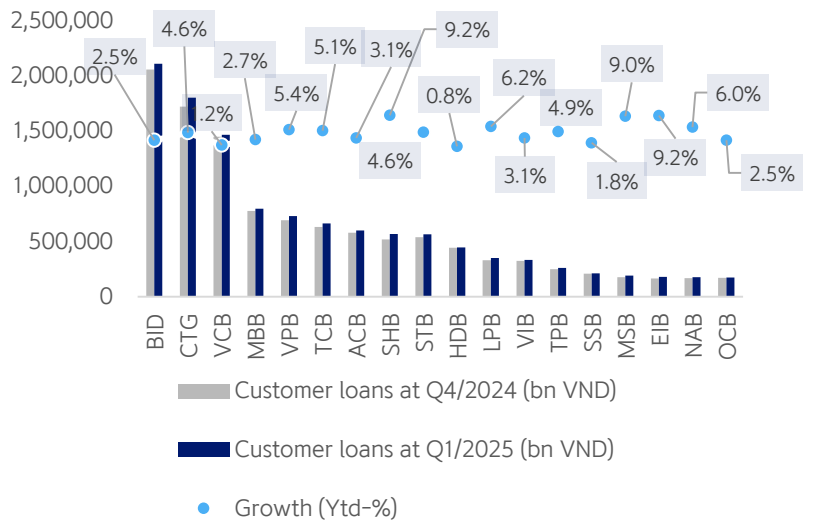
Positive credit growth in Q1/2025. SMEs still grow weaker than expected

Credit growth of the banking in 2025



Source: Fiinpro, SBV, Shinhan Securities Vietnam

Customer loan growth of banks on HOSE Q1/2025



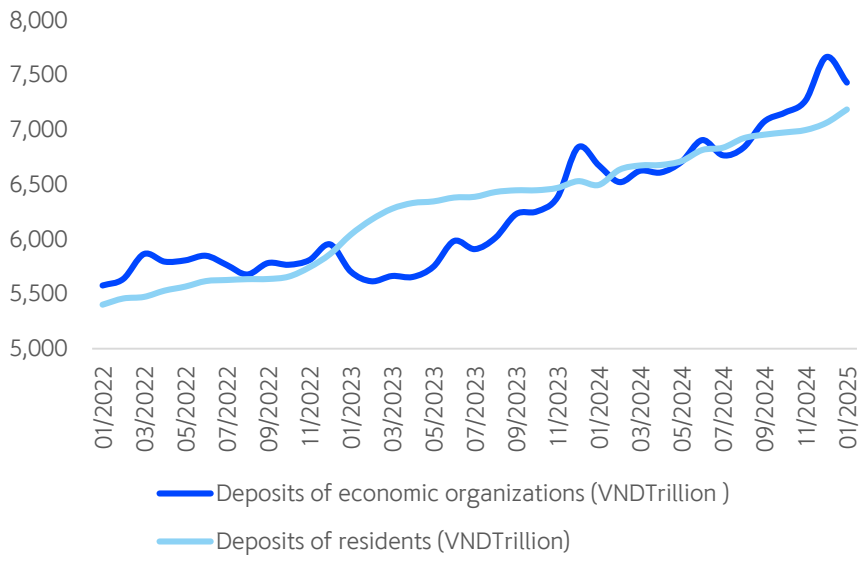
Source: Fiinpro, Financial reports of banks, Shinhan Securities Vietnam

- Overall, credit growth in Q1/2025 was more positive than the same period in 2023-2024, reaching 3.93% at the end of March. Notably, growth was mostly concentrated in March, and the staggered credit growth at the end of each quarter often reflects that credit demand has not really recovered strongly. Credit growth is concentrated in large enterprises with valuable collateral and good credit history, while small and medium enterprises continue to face difficulties in accessing capital. At the investor meeting of ACB, the management shared that the SME segment is still slow to recover in the first months of 2025.
- Credit growth and customer loans of banks listed on HOSE reached 3.8% in Q1/2025, equivalent to the growth rate of the entire system. Banks with the highest customer loan growth in Q1/2025 include SHB, MSB, and EIB. The remaining banks grew around the industry average.

1.1 – Slow in Q1/2025

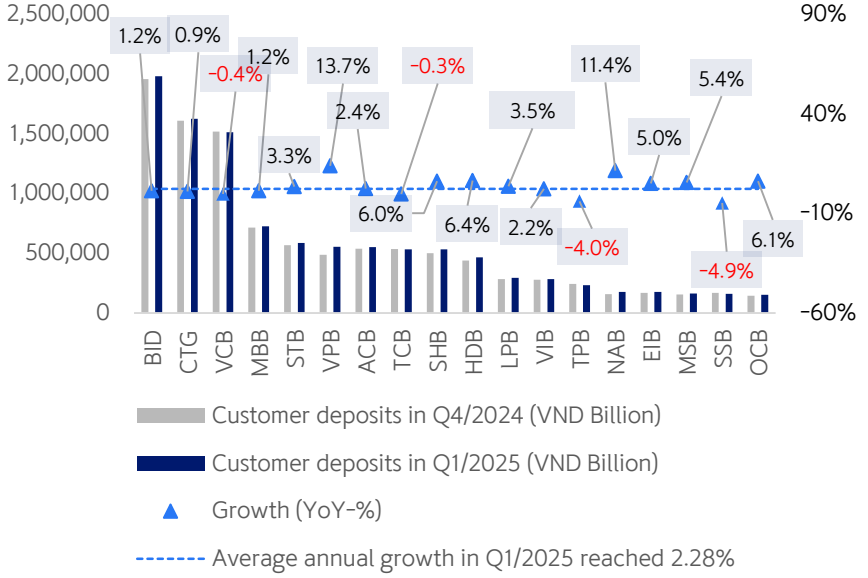
Interest rates remain stable at historic lows

Deposits of economic organizations and residents grow evenly



Source: SBV, Shinhan Securities Vietnam; Detailed data is officially updated on the SBV website until March 2025.

Growth of customer deposits at banks on HOSE (%)



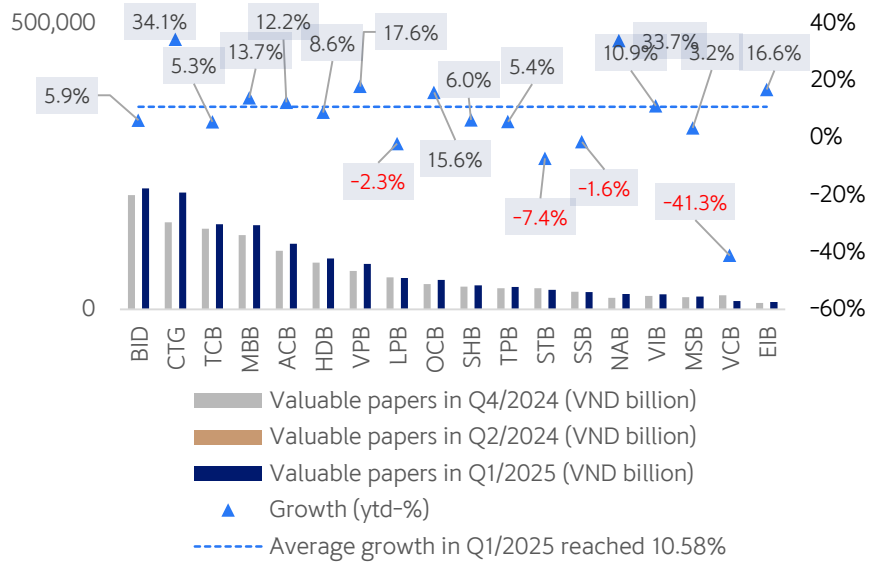
Source: Fiinpro, Financial reports of banks, Shinhan Securities Vietnam

- Customer deposit growth of the group of banks listed on HOSE reached 2.28% at the end of Q1/2025. In the context of stable deposit interest rates around low levels, customer deposit growth is generally relatively slow.
- The differentiation is clearly shown in Q1/2025, some banks have negative deposit growth such as TPB, SSB, VCB and TCB. Meanwhile, NAB and VPB have very positive deposit growth with growth of more than 10% in Q1/2025.
- The deposit structure in the two economic and residential sectors is relatively stable with little change from 2024 to early 2025.

1.1 – Slow in Q1/2025

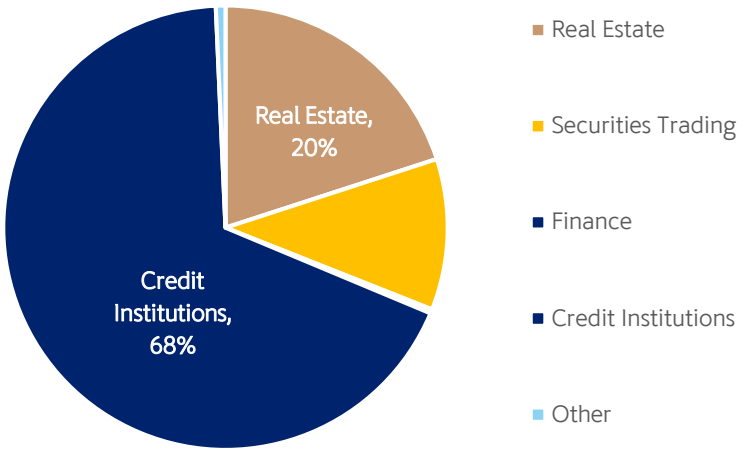
Mobilizing valuable papers continues to be a mobilization channel promoted by banks.

Valuable papers at banks on HOSE at the end of Q1/2025



Source: Fiinpro, Financial reports of banks, Shinhan Securities Vietnam

Proportion of bonds issued in 4M/2025 (%)



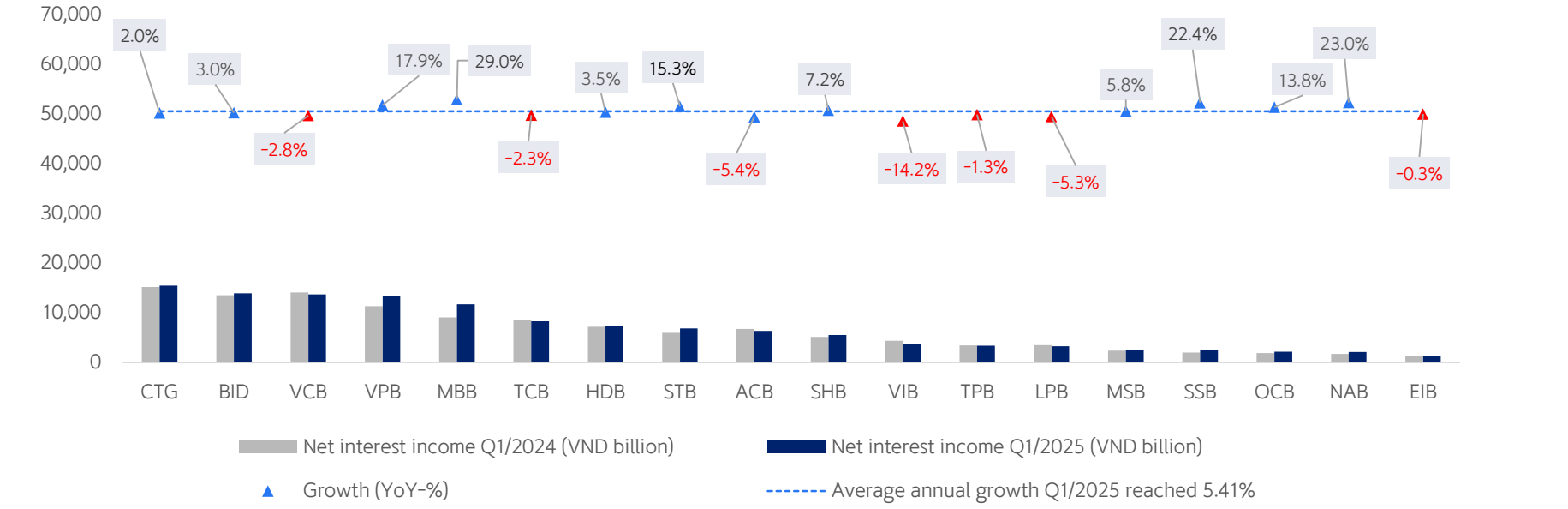
Source: VBMA end of April 2025, Shinhan Securities Vietnam

- In contrast to the slow growth of customer deposits, mobilization through valuable papers including certificates of deposit and bonds grew more positively, reaching an average of 10.58% at the end of Q1/2025.
- According to data compiled by VBMA, the proportion of bonds issued in 2025 by credit institutions reached about 68% of the total issuance value, as of April 2025.

1.1 – Slow in Q1/2025

Net interest income growth faces headwinds from NIM

Net interest income of banks listed on HOSE Q1/2025



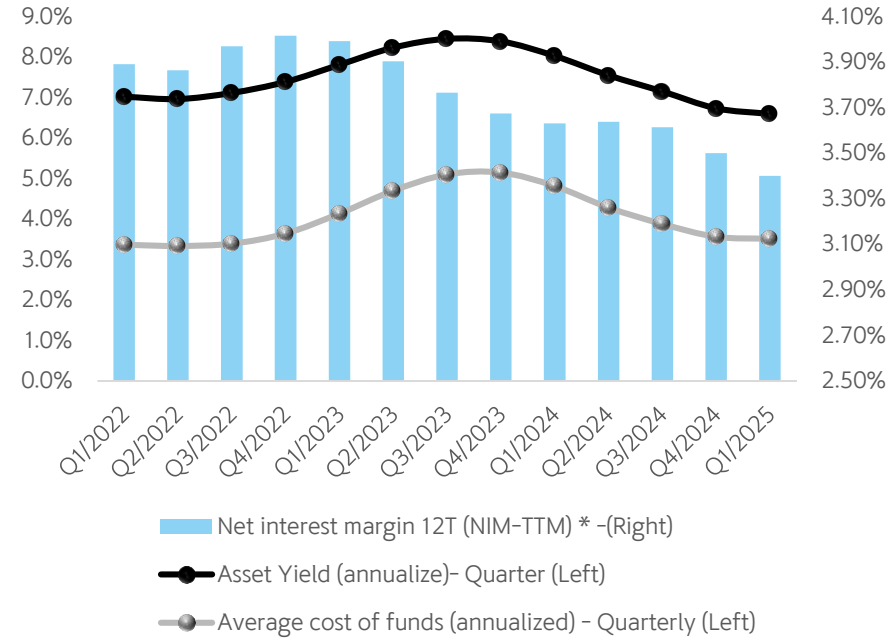
Source: Fiinpro, Financial reports of banks, Shinhan Securities Vietnam

- Competitive interest rate pressure among banks to boost credit growth has affected the growth of interest income in the entire industry. In Q1/2025, net interest income of banks listed on HOSE increased slightly by only 5.41% compared to the same period in 2024. This modest increase came from the narrowing of NIM of many banks.

1.1 – Slow in Q1/2025

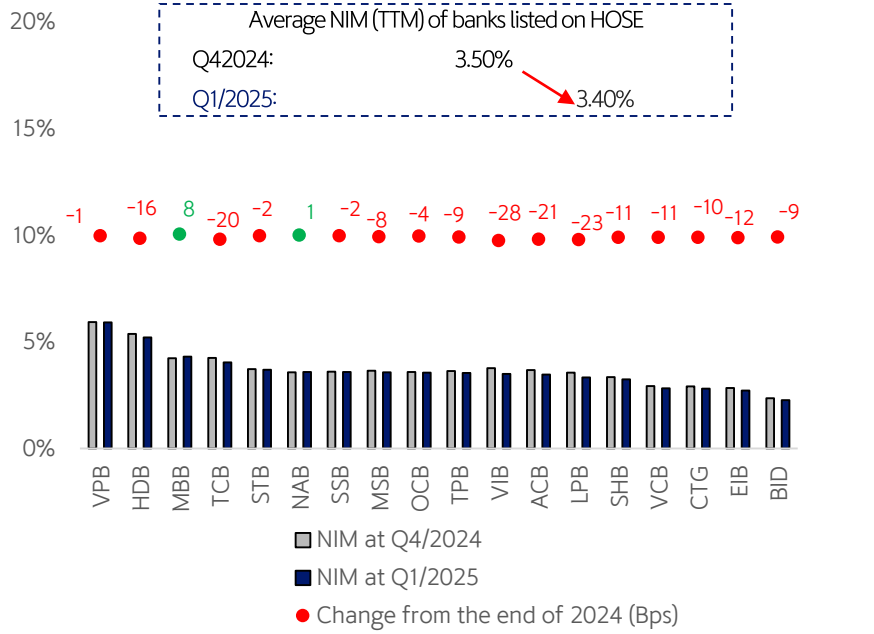
Interest rates across the industry are under pressure to decrease.

Asset Yield (IAE), Cost of Funds (COF), Net Profit Margin (NIM) of Banks on HOSE 2022-2025



Source: Fiinpro, Financial reports of banks, Shinhan Securities Vietnam * NIM TTM is calculated as net interest income of the last 4 quarters divided by the average outstanding balance of interest-earning assets of the last 4 quarters. Changed from the calculation method at the beginning and end of the period in the latest report.

Net Profit Margin (NIM) – TTM



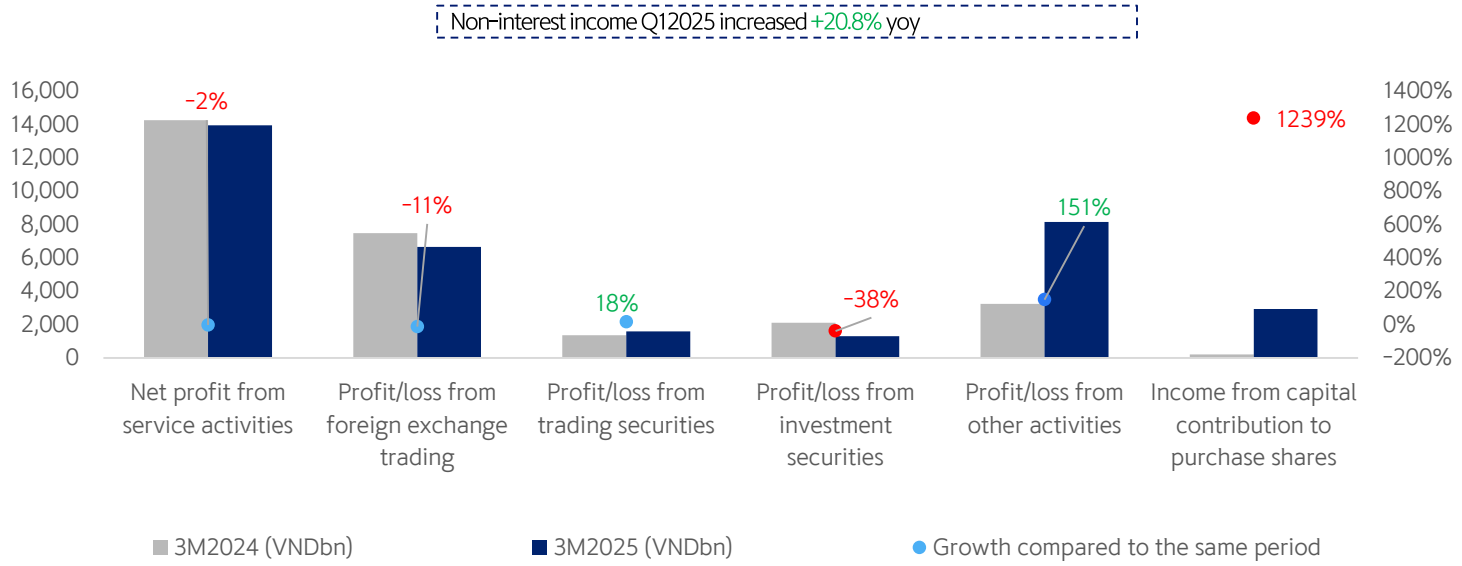
Source: Fiinpro, Financial reports of banks, Shinhan Securities Vietnam * NIM TTM is calculated as net interest income of the last 4 quarters divided by the average outstanding balance of interest-earning assets of the last 4 quarters. Changed from the calculation method at the beginning and end of the period in the latest report.

- Contrary to the forecast that NIM will improve in 2025, NIM figures in Q1/2025 showed that the downward trend continues. Apart from MBB, which has a good improvement in NIM, the remaining banks' NIM remained stable or decreased in Q1/2025.

1.1 – Slow in Q1/2025

Non-interest income growth due to other income (Related to bad debt and one-off transactions)

Non-interest income growth positively in Q1/2025



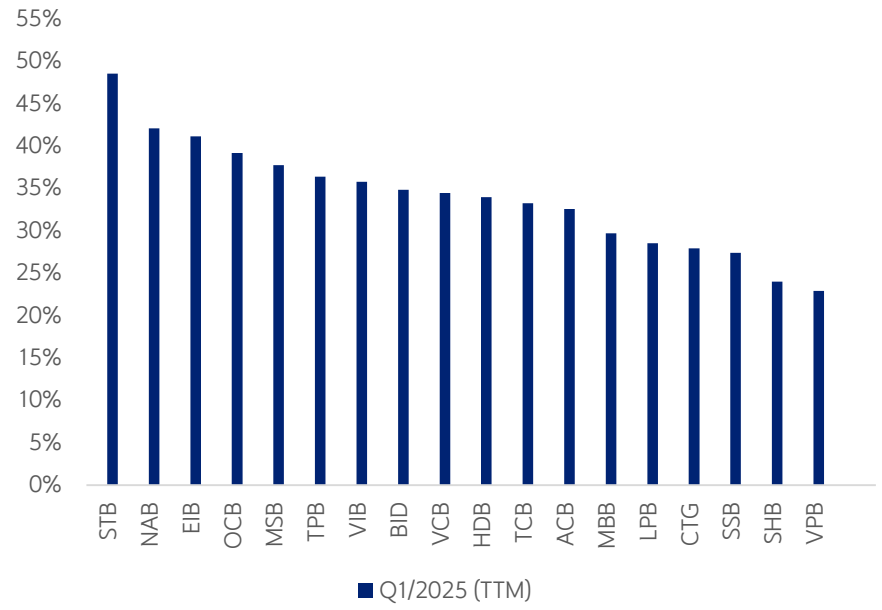
Source: Fiinpro, Financial reports of banks, Shinhan Securities Vietnam

- In Q1 2025, Non-Interest Income (NII) expanded by over 20%, primarily propelled by Other Income, predominantly from collateral handling, and gains on equity investments. The recent resurgence in the real estate market, following bad debt write-offs from the balance sheet, significantly boosted Other Income(+151% YoY). A major contributor to the surge in income from equity investments was SSB's completion of the transfer of PTF Finance Company to AEON Financial Service, a transaction valued at VND 4,300 billion.
- For the income from equity investments, the majority of this surge is explained by SSB completing the transfer of PTF Finance Company to AEON Financial Service. This transfer contract is worth VND4,300 billion as announced

1.1 – Slow in Q1/2025

ROE continues to decline despite tight cost control

CIR to remain stable in 2025



Banks' operating efficiency to slightly decline in 2025

MCK	ROE TTM end of Q4/2024 (%)	ROE TTM end of Q1/2025 (%)	Changes (bps)
ACB	21.75%	20.44%	-131
BID	19.52%	18.20%	-132
CTG	18.60%	17.93%	-67
EIB	13.99%	14.04%	5
HDB	25.79%	25.82%	3
LPB	25.10%	23.67%	-143
MBB	22.09%	22.60%	51
MSB	16.21%	15.54%	-67
NAB	20.89%	20.39%	-50
OCB	10.54%	9.41%	-113
SHB	17.24%	16.61%	-63
SSB	14.75%	20.28%	553
STB	20.03%	20.40%	37
TCB	15.61%	14.73%	-88
TPB	17.26%	16.90%	-36
VCB	18.74%	17.57%	-117
VIB	18.06%	17.44%	-62
VPB	11.41%	11.54%	13
Median	**18.33%**	**17.75%**	**-58**

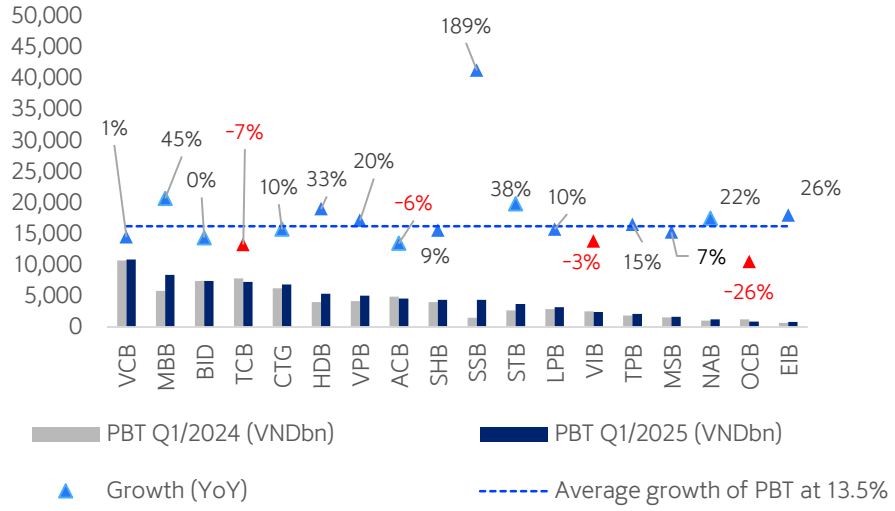
Source: Fiinpro, Financial reports of banks, Shinhan Securities Vietnam

- The trend of strictly controlling CIR and streamlining personnel was strongly implemented by banks in late 2024 and early 2025. Banks with high cost/income ratios (CIR) such as STB also stated that the trend of cutting personnel will likely continue in the following years.
- The median ROE at the end of Q1/2025 decreased slightly to 17.75%. This trend continued into the third year, most banks had a slight decrease in operating efficiency in Q1/2025. In contrary, SSB increased sharply due to recording other income from the sale of the company; MBB is a story of improving NIM and STB is from the end of the restructuring phase story.

1.1 – Slow in Q1/2025

Profit growth slows compared to the same period and the bank maintains a cautious growth target

Bank's profit before tax in Q1/2025



Source: Compiled from 2025 Shareholders' Meeting, * averaged from 5-10% growth target

Profit before tax compared to the target plan of banks in 2025

MCK	PBT Q12025 (VNDbn)	PBT plan for 2025 (VNDbn)	Completed(%)
ACB	4,597	23,106	**20%**
BID*	7,413	34,224 *	**22%**
CTG*	6,823	33,987*	**20%**
EIB	832	5,185	**16%**
HDB	5,355	21,247	**25%**
LPB	3,175	14,870	**21%**
MBB	8,386	31,712	**26%**
MSB	1,631	8,008	**20%**
NAB	1,225	5,000	**24%**
OCB	893	5,328	**17%**
SHB	4,371	14,462	**30%**
SSB	4,350	6,462	**67%**
STB	3,674	14,628	**25%**
TCB	7,236	31,504	**23%**
TPB	2,109	8,968	**24%**
VCB	10,860	43,714	**25%**
VIB	2,421	10,985	**22%**
VPB	5,015	26,817	**19%**
Total	**340,209**	**80,366**	**24%**

Source: Compiled from 2025 Shareholders' Meeting, * averaged from 5-10% growth target

- Banks' pre-tax profit in Q1/2025 grew relatively slowly compared to the same period last year, reaching only 13.5% growth. Banks with the best growth rates include SSB, MBB, STB and HDB.
- In 2025, banks set a cautious profit growth target, with the total growth target for 18 banks listed on HOSE at about 14% for the whole year. In Q1/2025, most banks achieved over 20% of the annual plan, except for EIB, OCB and VPB (which often set ambitious targets).

1.2

Asset quality remained stagnant in Q1 2025

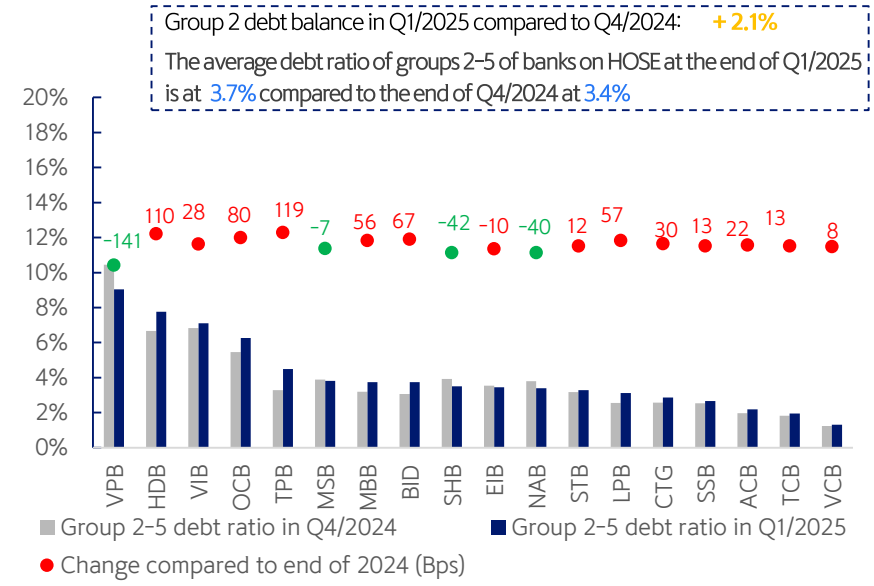
Compared to year-end 2024, Non-Performing Loans (NPLs) for HOSE-listed banks saw a nearly 19% increase by the end of Q1 2025. Consequently, the NPL ratio rose significantly from 1.8% to 2.05%. This is a common seasonal trend observed in Q1; therefore, closer monitoring over the coming months is essential to determine a clearer trajectory for asset quality.

Furthermore, the Loan Loss Coverage Ratio (LLR) continued to decline by Q1 2025, reaching levels comparable to 2019-2020 and notably lower than the 2021-2022 period. This attenuated coverage ratio could exert significant pressure on provisioning expenses in the near term, should asset quality deteriorate.

1.2 – Bank asset quality continues to face pressure

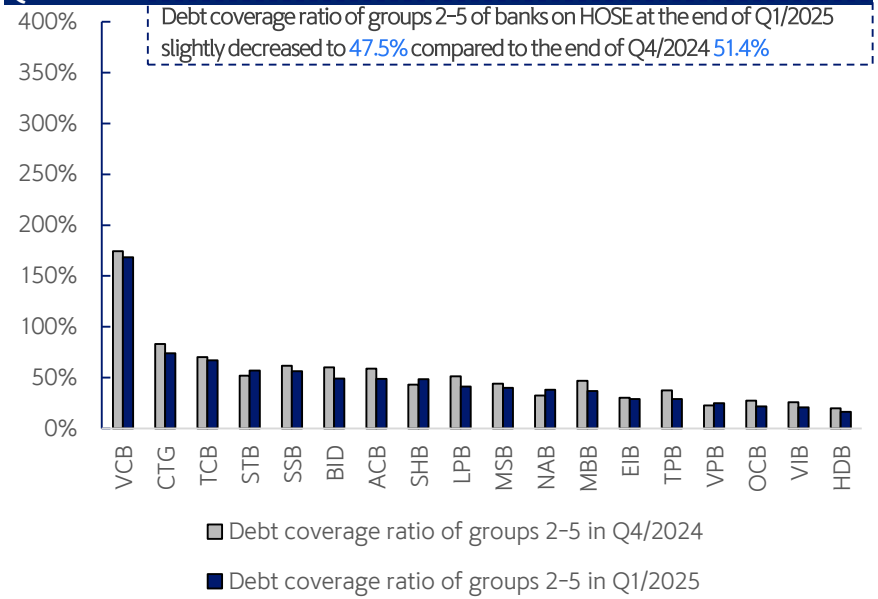
Overdue debt ratio tends to increase in Q1/2025

Debt ratio of groups 2-5 at banks on HOSE at the end of Q1/2025



Source: Fiinpro, Financial reports of banks, Shinhan Securities Vietnam

Debt coverage ratio of group 2-5 banks on HOSE at the end of Q1/2025



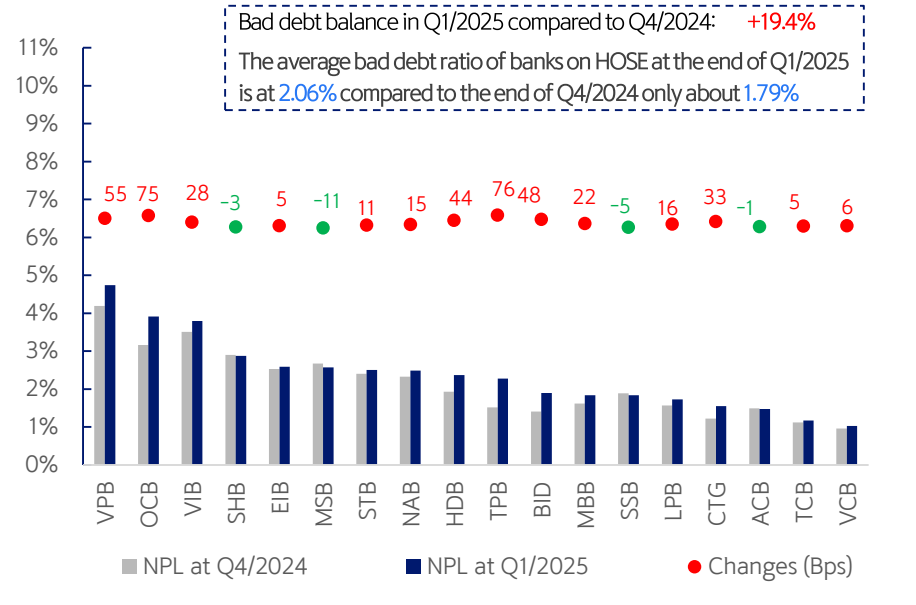
Source: Fiinpro, Financial reports of banks, Shinhan Securities Vietnam

- The overdue debt ratio of banks increased slightly to 3.7% by the end of Q1/2025. However, this is usually a common development in Q1 every year and data from the following quarters are needed to determine a clear trend of asset quality in 2025.
- The debt coverage ratio of groups 2-5 decreased slightly from 51.4% at the end of 2024 to 47.5% at the end of Q1/2025. In general, the overdue debt coverage ratio has been relatively stable in recent quarters.

1.2 – Bank asset quality continues to face pressure

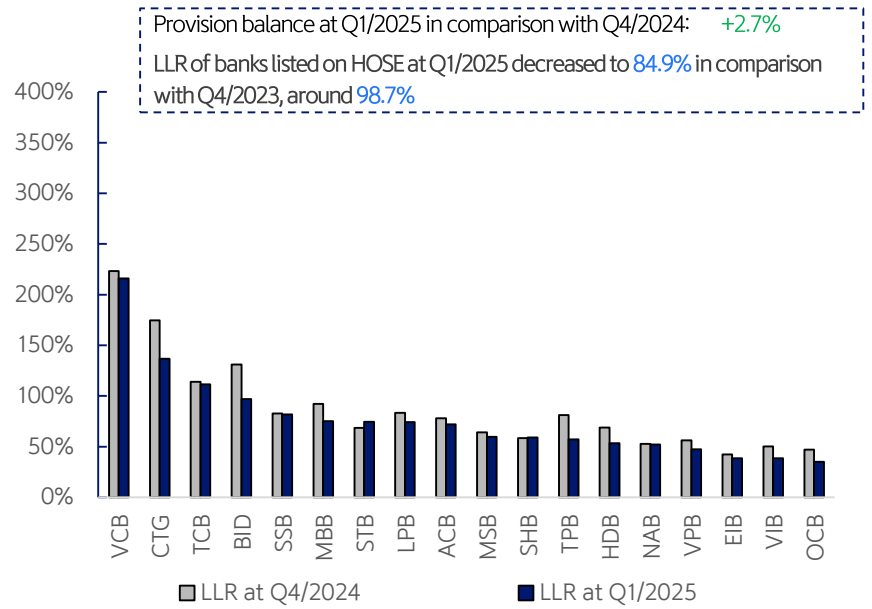
NPL ratio tends to increase mainly from the retail group.

NPL of banks on HOSE at the end of Q1/2025



Source: Fiinpro, Financial reports of banks, Shinhan Securities Vietnam

LLR of banks on HOSE at the end of Q1/2025



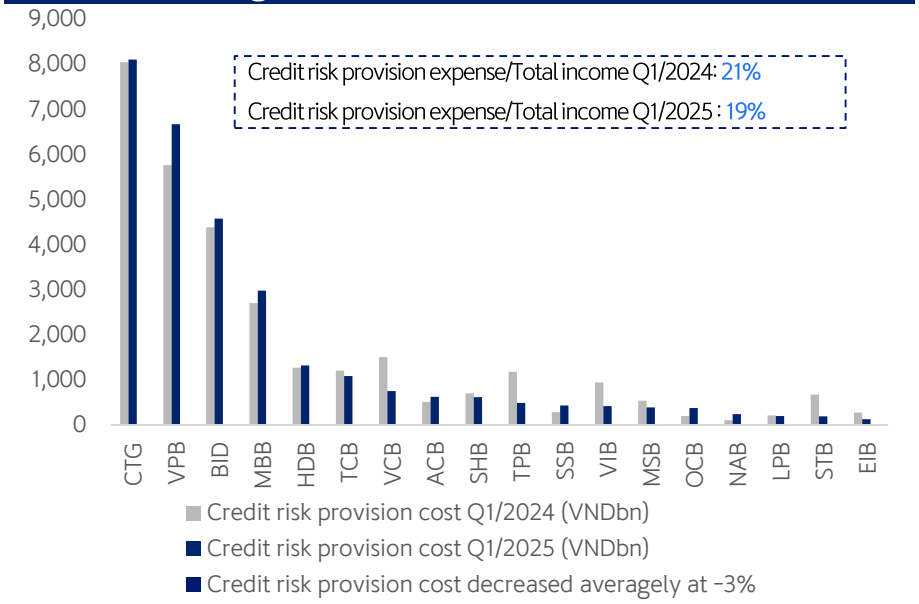
Source: Fiinpro, Financial reports of banks, Shinhan Securities Vietnam

- The NPL balance at the end of Q1/2025 increased by 19.4% compared to the end of 2024. Except for SHB, MSB and SSB, which slightly reduced their NPL ratios, the remaining banks are showing an increasing trend of NPL in the first quarter of the year. However, this trend is seasonal in the first months of the fiscal year.
- LLR continues to thin and is currently at 84.9% at the end of Q1/2025. The continued LLR will potentially create pressure on provisioning expenses in case of a decline in asset quality.

1.2 – Bank asset quality continues to face pressure

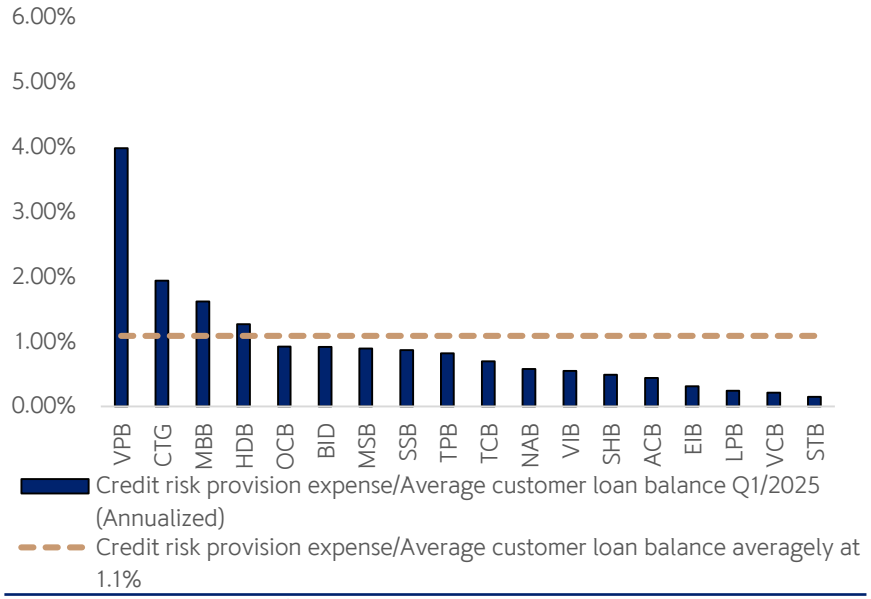
LLR continue to thin, weighing on banks' defenses

Bank provisioning expenses in Q1/2025



Source: Fiinpro, Financial reports of banks, Shinhan Securities Vietnam

Provision cost/average loan balance (%)



Source: Fiinpro, Financial reports of banks, Shinhan Securities Vietnam

- The credit risk cost to total income of banks in Q1/2025 decreased slightly to 19%, showing that banks are trying to limit the recording of risk provision costs to ensure profit growth.
- Regarding the average provisioning cost/ outstanding customer loans of the banking group in Q1/2025, the average ratio of the whole industry is 1.1%. Of which, VPB, CTG, MBB and HDB have higher ratios than the industry average. For VPB, this is a characteristic of a bank that lends large consumer finance when compared to other banks.

2

Outlook for 2025

Contrary to our positive outlook without the impact of the policy related to the US reciprocal tariffs on imported goods from Vietnam, we believe that the banking group will continue to face a lot of pressure in 2025. Accordingly, we reduce the 2025 profit forecast of the group of banks listed on HOSE to around 16%.

We believe that NIM will be difficult to recover in the context that loan demand may be indirectly affected by tariffs.

In the negative scenario, the profit of the banking group may only grow around 12% in 2025.

2. Outlook for 2025-2027

Economic growth forecasts revised down by major organizations

Consensus projections of some economies in the world for the period 2025-2027

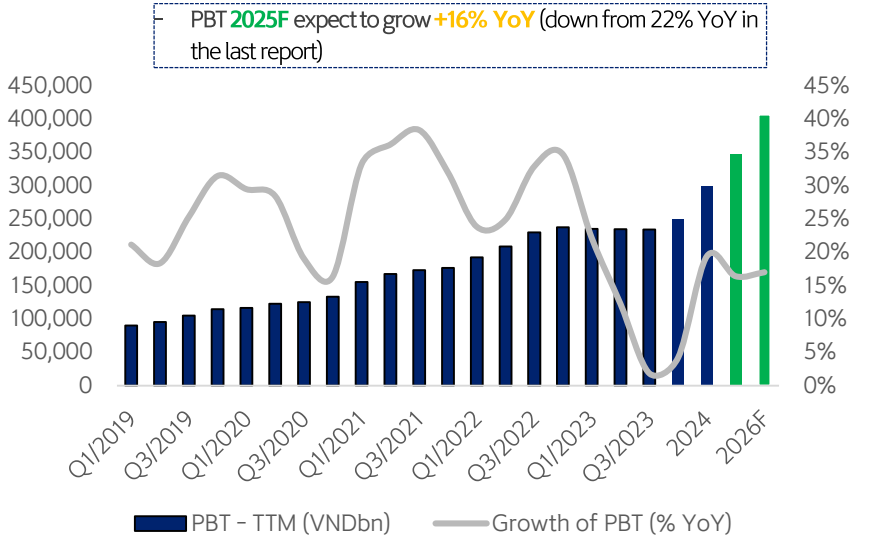
Index	GDP growth			CPI			Unemployment rate		
Country/Year	**2025**	**2026**	**2027**	**2025**	**2026**	**2027**	**2025**	**2026**	**2027**
Vietnam	**6.5 %**	**6.3 %**	**6.3 %**	**3.5 %**	**3.5 %**	**3.7 %**	**2.2 %**	**2.2 %**	**2.0 %**
China	4.2 %	4.0 %	4.0 %	0.4 %	1.0 %	1.5 %	5.1 %	5.1 %	5.0 %
Hong Kong	2.0 %	2.2 %	2.2 %	1.8 %	1.9 %	2.0 %	3.1 %	3.0 %	3.0 %
India	6.2 %	6.3 %	6.5 %	4.6 %	4.1 %	4.5 %			
Indonesia	4.8 %	4.9 %	5.2 %	2.0 %	2.7 %	2.7 %	5.0 %	5.0 %	4.9 %
South Korea	1.2 %	1.9 %	1.9 %	2.0 %	1.9 %	1.9 %	2.9 %	3.0 %	2.8 %
Malaysia	4.6 %	4.6 %	4.7 %	2.3 %	2.3 %	2.3 %	3.2 %	3.2 %	3.2 %
Phillipines	5.8 %	5.8 %	6.0 %	2.7 %	3.1 %	3.0 %	4.1 %	4.1 %	4.3 %
Singapore	2.4 %	2.1 %	2.5 %	1.3 %	1.7 %	1.6 %	2.0 %	2.1 %	2.2 %
Taiwan	2.9 %	2.5 %	2.5 %	1.9 %	1.7 %	1.8 %	3.4 %	3.4 %	3.4 %
Thailand	2.5 %	2.5 %	3.1 %	1.0 %	1.2 %	1.2 %	1.0 %	1.1 %	
USA	1.4 %	1.5 %	2.0 %	3.2 %	2.9 %	2.4 %	4.4 %	4.5 %	4.3 %
Japan	1.0 %	0.8 %	0.8 %	2.7 %	1.9 %	1.8 %	2.5 %	2.4 %	2.3 %
Euro	0.8 %	1.1 %	1.5 %	2.1 %	1.9 %	1.9 %	6.4 %	6.4 %	6.2 %
United Kingdom	0.9 %	1.2 %	1.5 %	3.0 %	2.3 %	2.0 %	4.6 %	4.7 %	4.8 %
Canada	1.2 %	1.0 %	2.0 %	2.2 %	2.1 %	2.0 %	6.8 %	6.8 %	6.5 %
Australia	1.9 %	2.3 %	2.5 %	2.5 %	2.6 %	2.5 %	4.3 %	4.3 %	4.4 %
Sweden	1.7 %	2.0 %	2.0 %	1.2 %	1.8 %	2.0 %	8.5 %	8.1 %	7.7 %
New Zealand	1.0 %	2.5 %	2.8 %	2.1 %	2.1 %	2.0 %	5.3 %	5.0 %	4.6 %
Switzerland	1.1 %	1.5 %	1.5 %	0.4 %	0.7 %	1.0 %	2.8 %	2.8 %	2.5 %
Denmark	2.6 %	1.9 %		2.0 %	1.9 %		5.2 %		
Norway	1.1 %	1.5 %	1.7 %	2.6 %	2.2 %	2.1 %	4.0 %	3.8 %	3.7 %
Germany	0.0 %	1.2 %	1.5 %	2.2 %	2.0 %	2.1 %	6.4 %	6.2 %	5.8 %
France	0.5 %	0.9 %	1.4 %	1.0 %	1.6 %	1.9 %	7.5 %	7.6 %	7.5 %
Italy	0.5 %	0.8 %	1.0 %	1.9 %	1.7 %	1.8 %	6.3 %	6.2 %	6.2 %

Source: Bloomberg Consensus, Shinhan Securities Vietnam

- **In 2025,** Vietnam targets to achieve a growth target of about **6.5-7%** strive to achieve a growth rate of **7-7.5%, 8%**. In the period of **2026-2030**, Prime Minister expects to achieve **7.5-8.5%** per year. The State has not made any changes to this growth target.
- Meanwhile, the IMF has simultaneously cut the growth forecast of many countries in the world. Of which, Vietnam was adjusted down to 5.2% for 2025 and only 4% for 2026. Other organizations, based on updated data from Bloomberg, forecast Vietnam to achieve a growth rate of 6.5% for 2025, 6.3% for the period of 2026-2027. In general, world organizations have a more cautious view after the policy related to the reciprocal tax rate imposed by the US on imported goods from Vietnam was announced by the US. However, Vietnam is still leading in growth expectations in the coming years.

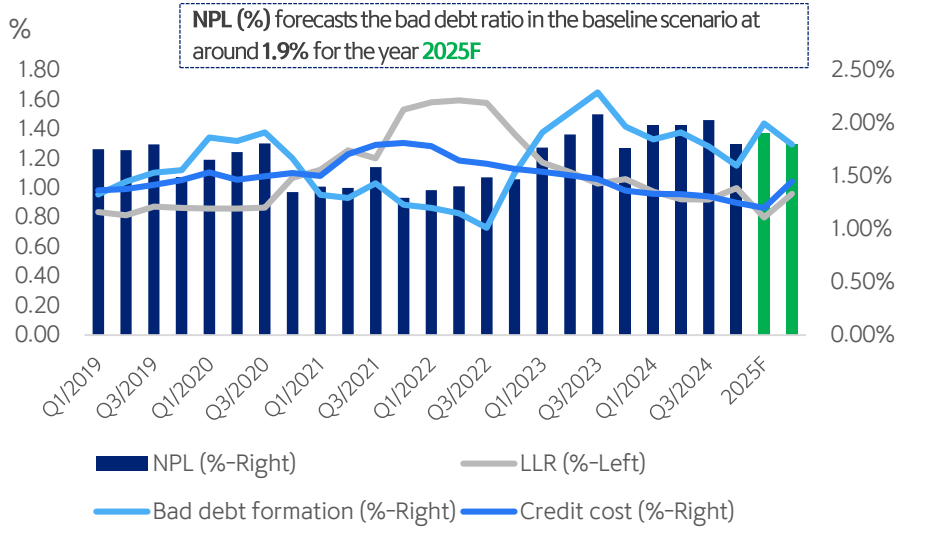
We lower our 2025 banking group profit growth forecast to a baseline of 16%

Profit before tax (VNDbn)



Source: Fiinpro, Shinhan Securities Vietnam

Projected NPL ratio (NPL)



Source: Fiinpro, Shinhan Securities Vietnam

- **Key assumptions for net profit of 18 banks listed on HOSE:**

- NIM in **2025F** is under slight downward pressure as retail lending demand may not recover as expected. Strong competitive interest rates are also a factor that puts pressure on output interest rates. We reduce our projected NIM in **2025F** to **3.36%.**
- We maintain our credit growth target of **16%** for **2025F**
- Indirect impact on bad debt may cause the industry-wide bad debt ratio to remain at current levels, around **1.9%** for **2025F**
- Non-interest income growth is expected to be **15%** for **2025F**
- Bank pre-tax profit in **2025F** in the base scenario is at **16%.**
- In the negative scenario, the bad debt ratio in **2025F** exceeds **2.2%**, the bank will have to increase provisioning costs. Then the bank's profit in **2025F** may only reach 12%.

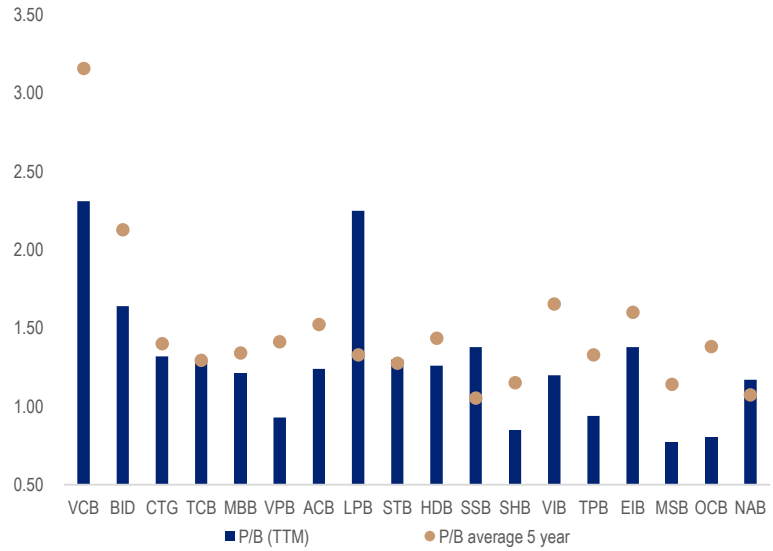
Uncertainty about the future keeps bank valuations low

Valuation of banks on HOSE (P/B)



Source: Bloomberg May 28, 2025, Shinhan Securities Vietnam

P/B of banking stocks



Source: Bloomberg , Shinhan Securities Vietnam

- The bank's P/B valuation continues to be below the industry's 5-year average (1.8x). Currently, the industry's P/B is at 1.5x. Concerns about the decline in asset quality along with slowing growth in the global and domestic economies have impacted the industry's valuation level in recent times.
- On the upside, greater clarity on tax policies in the coming time and capital flows from stock upgrades can improve the overall valuation level of the Vietnamese market in general and banks in particular.

03 Investment opportunities in bank stocks

HDB, VPB

Listed banks

Stock	Market Cap (tỷ đồng)	Current price (VND)	Target price for 2025 (VND)	Upside (%)	PBT growth for Q1/2025 (% YoY)	PBT growth for 2025 (% YoY)	Asset/Equity (x)	NIM (TTM)	NPL (%)	LLR (%)	CIR (TTM)	ROE (TTM)	P/B (TTM)	PB Forward 2025
VCB	472,931	56,600	**65,000**	**14.8%**	1%	**10%**	10.3	2.8%	1.0%	216%	34.46%	20.44%	2.31	1.8
BID	246,450	35,100	**47,000**	**33.9%**	0%	**15%**	18.3	2.2%	1.9%	97%	34.82%	18.20%	1.64	1.2
CTG	201,106	37,450	**50,000**	**33.6%**	10%	**18%**	16.0	2.8%	1.6%	137%	27.92%	17.93%	1.32	1.0
TCB	194,990	27,600	**31,800**	**15.2%**	-7%	**15%**	6.4	4.0%	1.2%	112%	33.24%	14.04%	1.29	1.0
MBB	143,403	23,500	**29,000**	**23.4%**	45%	**10%**	9.4	4.2%	1.8%	75%	29.71%	25.82%	1.21	0.9
VPB	134,877	17,000	**24,100**	**41.7%**	20%	**20%**	6.6	5.8%	4.7%	47%	22.90%	23.67%	0.93	0.8
ACB	107,870	24,150	**33,000**	**36.6%**	-6%	**11%**	10.2	3.4%	1.5%	72%	32.56%	22.60%	1.24	1.0
LPB	103,061	34,500			10%		10.9	3.3%	1.7%	74%	28.54%	15.54%	2.25	
STB	74,937	39,750	**42,000**	**5.6%**	38%	**30%**	13.1	3.5%	2.5%	75%	48.54%	20.39%	1.30	1.0
HDB	74,095	21,200	**30,900**	**45.7%**	33%	**27%**	11.7	5.1%	2.4%	53%	33.96%	9.41%	1.26	0.9
SSB	53,202	18,700			189%		8.7	3.5%	1.8%	82%	27.40%	16.61%	1.38	
SHB	52,442	12,900			9%		12.9	3.2%	2.9%	59%	23.99%	20.28%	0.85	
VIB	52,284	17,550	**21,000**	**19.6%**	-3%	**25%**	11.4	3.4%	3.8%	39%	35.76%	20.40%	1.20	0.9
TPB	37,119	14,050			15%		9.9	3.5%	2.3%	57%	36.37%	14.73%	0.94	
EIB	35,578	19,100			26%		9.8	2.7%	2.6%	39%	41.13%	16.90%	1.38	
MSB	29,380	11,300			7%		8.3	3.5%	2.6%	60%	37.72%	17.57%	0.77	
OCB	26,014	10,550			-26%		8.9	3.4%	3.9%	35%	39.16%	17.44%	0.80	
NAB	23,608	17,200			22%		13.0	3.5%	2.5%	52%	42.08%	11.54%	1.17	

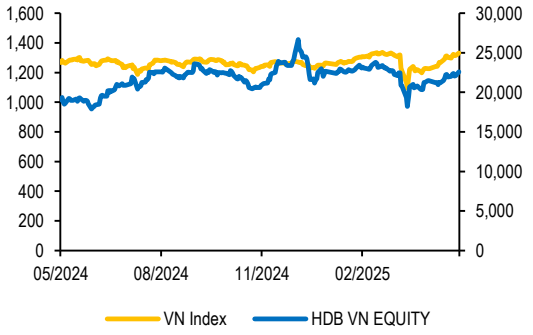
Source: Bloomberg, updated on May 11, 2025. Financial indicators are from Fiinpro, Shinhan Securities Vietnam.

Ho Chi Minh City Development JSB (HOSE: HDB)

HDBank

Target price (2025)	**VND 30,900**
Current price (05/27/25)	VND 22,600
Upside (%)	36.7%
VNINDEX	1,333
PE market (26F)	10.9
Market cap (VNDbn)	78,639
Outstanding shares (shares mn)	3,495
Free Float (shares mn)	2,494
52-week high/low(VND)	26,650/ 18,000
Average trading volume 90 days (shares mn)	10.91
Average trading value of 90 days (VNDbn)	233
Foreign ownership (%)	16.8
Major shareholder(%) Sovico	14.27

Performance	**3M**	**6M**	**12M**
Absolute (%)	-2.0	8.3	12.1
Relative to VN-Index (%)	-3.8	1.0	7.0



Boosting credit growth from large corporate customers

HDBank has a multi-purpose retail banking strategy, targeting small and medium-sized enterprises and individual customers in secondary and rural cities by developing specialized financial products and services that suit their needs. At the same time, HDB is strengthening its e-banking platform to improve customer access. This targeting strategy is clearly demonstrated through its impressive performance in recent times, with asset and profit growth of over 25% per year in the period 2019-2023. We believe that HDB can maintain positive growth in the coming time and achieve its 2025 profit target of over VND20,000 billion. Based on that foundation, HDBank's stock price in 2025 is forecast at VND30,900.

Business results 3M/2025

While many banks' profit growth slowed down, HDB continued to maintain good growth in Q1/2025. Customer loan growth reached VND450 billion (+2.8% YTD). The growth was mainly contributed by the corporate customer group. The bank said it is actively participating in issuing a VND3,000 billion green credit package and VND20,000 billion economic support program, focusing on infrastructure development, semiconductor manufacturing and information technology.

Consolidated NIM decreased slightly to around 5.2% (from 5.4% at the end of 2024). Net interest income reached VND7,408 billion (+3.5% YoY).

Asset quality, consolidated NPL ratio reached 2.4%. (up from 1.93% at the end of 2024), this trend occurred in most banks in our research scope

HDB's non-interest income in Q1 had good growth, helping to offset the net interest income segment. Net profit from service activities, interest from trading securities and other income doubled in Q1/2025.

HDB's pre-tax profit was VND 5,355 billion (+28.6%), completing more than 25% of the 2025 profit plan

Investment thesis

- Thanks to its participation in restructuring weak banks, HDB has high potential for credit growth. The management board has set a growth target of over 30% for 2025.
- HDB has been granted a 49% FOL room and is in the process of seeking a strategic investor in the near future. If the deal is successful, it will have a positive impact on the bank's business and valuation.

Outlook for 2025

- We maintain our forecast from the latest report. We assume credit growth of over 20% for 2025 with growth momentum more focus on corporate than individual customers. NIM is expected to decrease slightly as lending rates continue to be low. Total income in 2025 is expected to grow by 20% YoY. Cost-to-income ratio (CIR) is around 33% for 2025. NPL ratio is controlled below 2%. Provisioning costs reduce pressure, helping HDB's pre-tax profit in 2025 reach VND 20,963 billion (+25% YoY).
- **Risks**: 1) Slower-than-expected economic recovery could cause bad debt pressure to persist; 2) Real estate market continues to recover slowly; 3) NIM narrows if deposit interest rates increase rapidly

Year	2021	2022	2023	2024	2025F
Net interest income (VND bn)	13,891	18,012	22,184	30,856	36,608
Net non-interest income (VND bn)	2,867	3,956	4,230	3,172	4,219
TOI (VND bn)	16,758	21,967	26,414	34,028	40,827
Profit before tax (VND bn)	8,070	10,268	13,017	16,731	20,963
Growth of PBT (%)	38.87%	27.21%	25.90%	25.0%	25.2%
P/E (x)	10.2	5.2	5.8	5.9	4.7
P/B (x)	2.1	1.1	1.3	1.5	1.1
ROE (%)	23.3	23.5	24.2	25.7	25.8

Source: Bloomberg, Shinhan Securities Vietnam

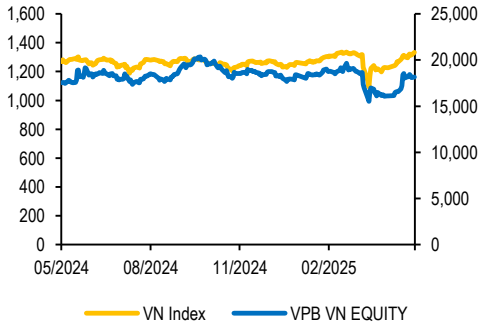
Shinhan Securities

Vietnam Prosperity JSB (HOSE: VPB)

VPBank

Target price (2025)	**VND 24,100**
Current price (05/27/25)	VND 18,150
Upside (%)	32.8%
VNINDEX	1,333
PE market (26F)	10.9
Market cap (VNDbn)	144,001
Outstanding shares (shares mn)	7,934
Free Float (shares mn)	7,281
52-week high/low(VND)	21,050/ 15,750
Average trading volume 90 days (shares mn)	21.26
Average trading value of 90 days (VNDbn)	455
Foreign ownership (%)	24.5
Major shareholder(%) Sumitomo Mitsui	15.0

Performance	3M	6M	12M
Absolute (%)	-5.7	-4.7	0.8
Relative to VN-Index (%)	-7.6	-12.0	-4.3



Low valuations and encouraging recovery momentum

Established in 1993, VPBank is a bank pursuing a modern retail strategy. VPB has grown strongly thanks to its ability to expand its network of branches and transaction points nationwide, along with the development of diverse products. FE Credit, a subsidiary of VPBank, is currently in the final stages of restructuring its loan portfolio. With its leading position in consumer finance, FE Credit expects positive growth in 2024 and a clearer recovery in 2025-2028. In early 2023, VPB reached an agreement to sell 15% of its charter capital to SMBC through a private placement. VPB's capital adequacy ratio at the end of 2023 is at the highest level among listed banks in Vietnam. Two other subsidiaries, VPBankS (Securities) and OPES (Insurance), are also gradually contributing more to the bank's operations. Based on the residual income method and P/B comparison method, we estimate VPB's 2025 target price at VND24,100/share.

Business results 3M/2025

- VPB's consolidated credit growth in Q1/2025 reached 5.2% (YTD), higher than the industry average. The bank continues to leverage its strengths from individual customers with home loan products contributing the most.
- VPB's mobilization and valuable paper growth in Q1/2025 reached an increase of 14.2% compared to the end of 2024. This increase, in our opinion, is necessary to improve the bank's liquidity and risk management indicators.
- The bank's NIM was stable at around 5.9%-6% in Q1/2025 (almost unchanged compared to Q4/2024). With its subsidiary specializing in consumer finance FE Credit, VPB continues to lead in NIM among listed banks.
- Consolidated NPL ratio at the end of Q1/2025 increased slightly to 4.7%. The parent bank's bad debt ratio is below 3% and FE Credit is estimated at around 17%.
- Non-interest income grew thanks to bad debt handling, growing 129% YoY.
- VPBank's consolidated pre-tax profit reached VND5,015 billion, up 20% YoY and closely following the plan submitted to the annual general meeting of shareholders. Of which, the parent bank contributed VND4,942 billion, along with positive contributions from subsidiaries. Notably, FE CREDIT made a profit for the fourth consecutive quarter with disbursement revenue increasing by 17% in the first quarter, and VPBankS increased pre-tax profit by 93%

Investment thesis

- VPB has the highest CAR ratio, 15.7% at the end of Q3/2024 after paying cash dividends. With a high CAR ratio, VPB has a large room for asset growth in the future. A high CAR ratio and good growth help VPB maintain its cash dividend policy in the coming years.
- After the restructuring period, FE Credit is showing many signs of improvement.

Outlook for 2025

- Key assumptions for 2025 include Consolidated credit growth of around 22%, consolidated NIM of around 6% thanks to contributions from FE Credit, consolidated NPL controlled at around 4.0-5.0%, Credit risk cost/total credit of around 4.2%, consolidated CIR of 22-23%. Consolidated VPB's pre-tax profit in 2025 is forecast to reach VND24,360 billion (+21.8% YoY). We currently maintain the key assumptions in VPB's latest report.
- **Risks:** (1) Slower-than-expected economic recovery may cause bad debt pressure to persist; 2) Real estate market continues to recover slowly; 3) FE Credit recovers more slowly than expected

Year	2021	2022	2023	2024	2025F
Net interest income (VND bn)	26,200	36,023	38,175	49,080	62,291
Net non-interest income (VND bn)	10,735	9,570	11,569	13,166	15,073
TOI (VND bn)	36,934	45,593	49,743	62,246	77,364
Profit before tax (VND bn)	16,527	22,729	10,987	20,004	24,360
Growth of PBT (%)	54.6	37.5	-48.9	68.2	21.8
P/E (x)	15.4	7.1	13.4	10.5	8.7
P/B (x)	1.8	1.0	1.1	1.0	0.93
ROE (%)	17.8	7.1	9.4	11.3	12.6

Shinhan Securities

Source: Bloomberg, Shinhan Securities Vietnam

Shinhan Securities

Real estate

Outstanding opportunity



Ngoc Le
(84-28) 6299-8017
ngoc.lh@shinhan.com

Kien Tran
(84-28) 6299-7751
kien.tt@shinhan.com

Content

Real estate – Outstanding opportunity

1. Update on real estate sector

   The context of the real estate industry continues to be maintained as at the beginning of the year with positive criteria such as: (1) FDI in the sector continues to grow strongly and ranks second in terms of proportion and (2) credit for real estate maintains an upward trend. In addition, negative criteria continue such as: (1) supply and demand in the whole market, although growing, are still uneven in the South and the North and (2) real estate corporate bond issuance activities are not very active, recording negative growth in issuance value.

2. Listed real estate companies updates

   Major real estate businesses have set relatively ambitious business and new sales plans for 2025. SSV assesses that the ability of businesses to complete their plans is feasible based on a much more positive market context compared to the same period last year, partly reflected in positive business results in Q1/2025.

3. Prospects of the real estate industry in 2025

   We maintain our optimistic view that the real estate market will continue to recover in 2025, especially when (1) the completed legal corridor boosts supply and (2) attractive interest rates boost demand.

4. Real Estate Stock Pick

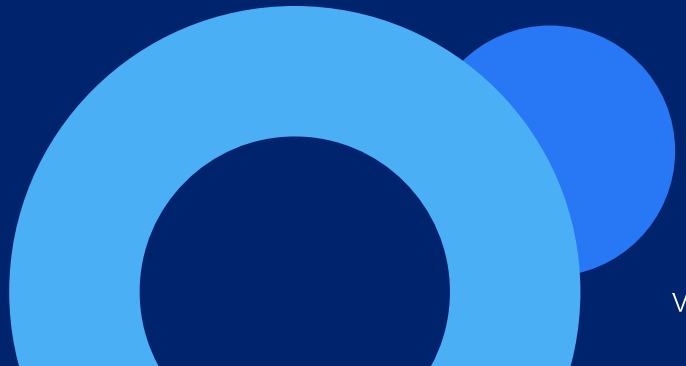
   DXG, NLG & VHM

5. Appendix

01

Update on real estate industry

The context of the real estate industry continues to be maintained as at the beginning of the year with positive criteria such as: (1) FDI in the sector continues to grow strongly and ranks second in terms of proportion and (2) credit for real estate maintains an upward trend. In addition, negative criteria continue such as: (1) supply and demand in the whole market, although growing, are still uneven in the South and the North and (2) real estate corporate bond issuance activities are not very active, recording negative growth in issuance value.

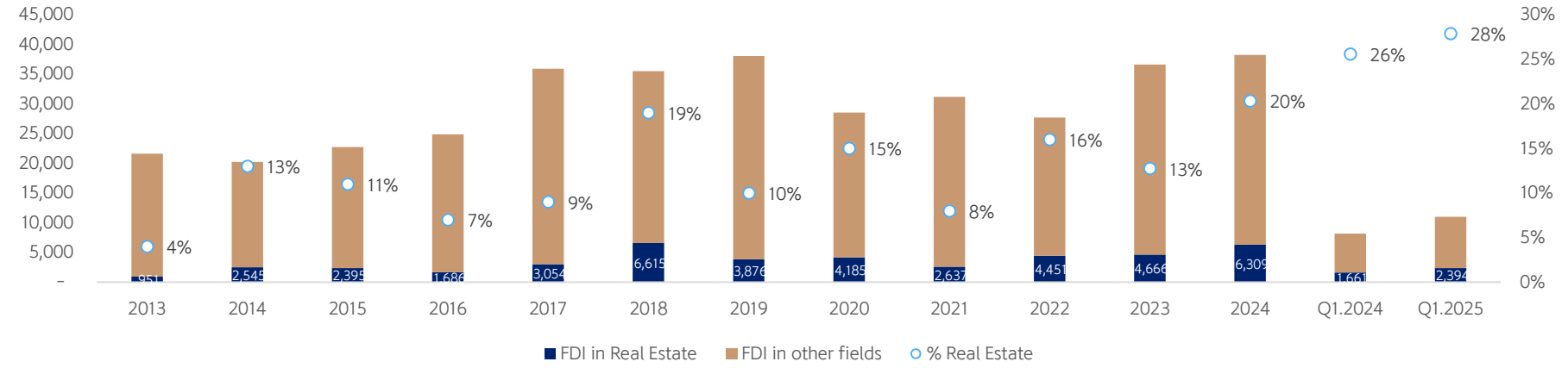


1.1 - Update on real estate industry – FDI

The real estate sector continues to strongly attract FDI

The real estate business sector continues to maintain its position as the second most attractive field for registered FDI. However, its share has significantly increased to **28%**, compared to just **26%** during the same period last year. In the first 3 months of 2025, the total investment in real estate reached **USD 2,394 million (+44.1% YoY),** accounting for **28%** of the total registered investment, second only to the manufacturing and processing industry, which attracted **USD 6,792 million**, representing **61.8%**.

Real estate continues to maintain its position as the second most attractive sector for FDI (million USD)



Source: FiinPro, Shinhan Securities Vietnam

1.2 – Update on real estate industry – Interest Rate

Mortgage loan interest rates remain attractive

According to Batdongsan.com.vn, in the first 4 months of 2025, in addition to the majority of banks continuing to maintain low interest rates, a few banks have made slight increases, however, we believe that the current preferential interest rate for home loans is still low and attractive.

Home loans continue to be commonly structured in the form of two interest rates: (1) preferential loan interest rate and (2) post-preferential interest rate, the adjustment margin between the two interest rates is currently in the range of **2.1% - 4.3%.** Specifically, preferential interest rates for commercial home loans at banks range from **5.0%-7.5%/year**, after the preferential period, the interest rate falls to around **7.1%-11.8%/year.**

In addition to maintaining attractive general interest rates, many banks have launched preferential home loan packages specifically designed for young customers (under 35 years old), with preferential fixed interest rates in the first years at only around **5.x%/year.**

Changes in commercial home loan interest rates at some major banks

Bank	01/2024			12/2024			04/2025		
	Preferential rate (%/year)	Maximum loan rate (%)	Maximum tenor (year)	Preferential rate (%/year)	Maximum loan rate (%)	Maximum tenor (year)	Preferential rate (%/year)	Maximum loan rate (%)	Maximum tenor (year)
Vietcombank	6.7	70	20	5.5	70	20	6.2	70	20
Shinhan bank	6.6	70	30	7.0	70	30	6.8	70	30
Techcombank	10.5	70	35	6.7	80	35	6.7	80	35

Source: Batdongsan.com.vn, Shinhan Securities Vietnam

1.3 – Update on real estate industry – Credit

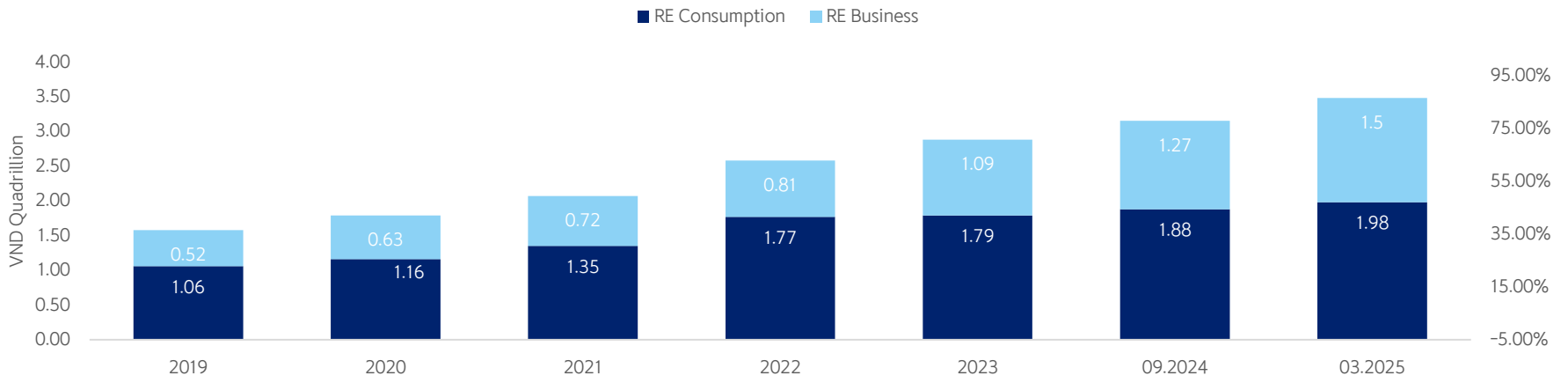
Outstanding credit for real estate sector maintains upward trend

By the end of Q1/2025, credit in the entire economy reached **VND 16.23 trillion (+3.93% YTD)** – an impressive credit growth compared to the increase of only **1.42%** in the same period in 2024.

Regarding outstanding credit for the real estate sector, the State Bank has not yet announced data at the end of 2024, making it difficult to assess the growth trend in Q1/2025. However, based on the estimated data from the Governor of the State Bank for outstanding real estate credit at March 2025 at **VND 3.48 trillion**, we can see that the upward trend continues when the outstanding credit is only at **VND 3.15 trillion** in September 2024.

Specifically by purpose of use, credit for real estate business reached **1.50 trillion VND** while credit for real estate consumption was **1.98 trillion VND.**

The credit for real estate shows positive signs



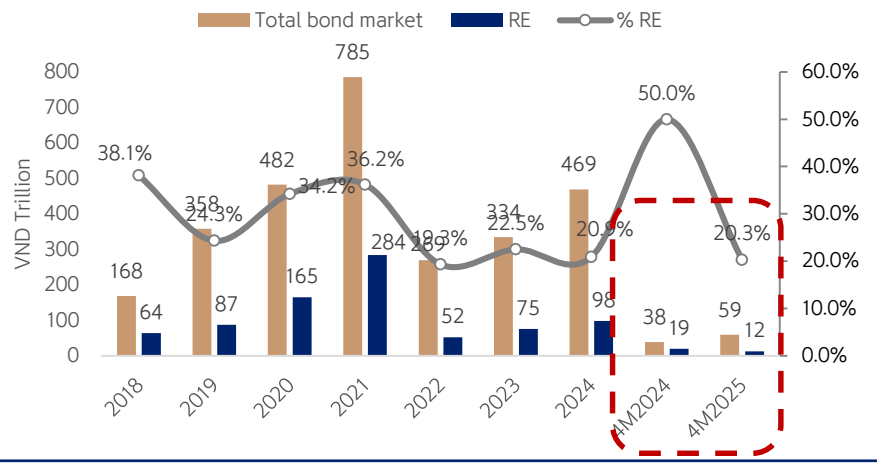
Source: Ministry of Construction, State Bank of Vietnam, Shinhan Securities Vietnam

1.4 – Update on real estate industry – Bonds

Real estate corporate bond issuance activities are not yet active

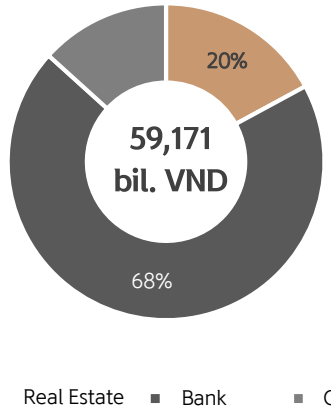
The corporate bond market in the first 4 months of 2025 grew impressively in issuance value, especially thanks to the Banking group. Specifically, the total value of corporate bonds issued in the first 4 months reached **VND 59,171 billion (+56% YoY),** of which the Banking sector ranked first, accounting for **68%**, equivalent to **VND 40,236 billion (+212% YoY)**; however, for the Real Estate sector, enterprises did not issue actively in the early stages of the year, leading to the cumulative issuance value recording a negative growth of **-36% YoY**, reaching **VND 11,834 billion.**

The value of corporate bonds issued in 4M2025



Source: VBMA, Shinhan Securities Vietnam

Real estate was the second largest issuer in 4M2025



Source: VBMA, Shinhan Securities Vietnam

1.5 – Update on real estate industry – Implementation of Laws

Real Estate Laws are being implemented concurrently, but their impact remains limited

In the first 4 months of 2025, a significant legal change in the real estate market was the passage of Decree 75/2025/ND-CP and Decree 76/2025/ND-CP, which promoted the removal of legal obstacles for hundreds of stagnant real estate projects in many localities such as Ho Chi Minh City, Da Nang and Khanh Hoa. However, the limitations we mentioned are still continuing, specifically:

Limitations

- Many localities have not yet issued full documents detailing the Laws under their jurisdiction. This creates a lack of uniformity in the implementation of the Law.
- Many localities are facing challenges in issuing revised land price tables. As a result, developers must wait for the calculation of land use fees (LUF) to fulfill their financial obligations and proceed with project development.
- Many projects are still awaiting adjustments to their planning or decisions related to the requirement that 20% of the land banks must be designated for social housing.
- Businesses and local authorities will need time to understand and apply the new regulations.

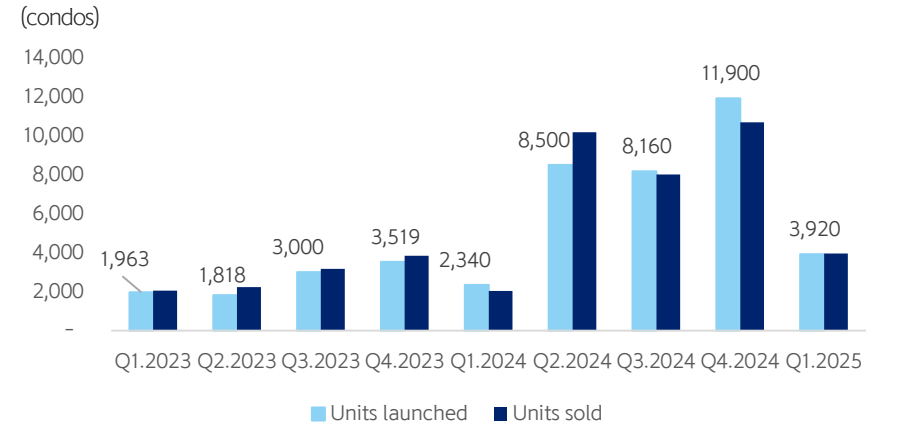
1.6 – Update on real estate industry – Supply and Demand

New supply in Hanoi housing market remains high

In Hanoi, the new housing supply, although recorded a quarterly decrease due to seasonal factors, still recorded strong growth compared to the same period. Specifically, the new apartment supply in Q1.2025 reached **3,920 units (up 68% YoY).** The product structure still maintained a high proportion in the high-end segment (accounting for about 90% of supply). The market absorption rate remained good with about **3,950 units consumed (+72% YoY).** This shows positive consumer sentiment towards the real estate market outlook.

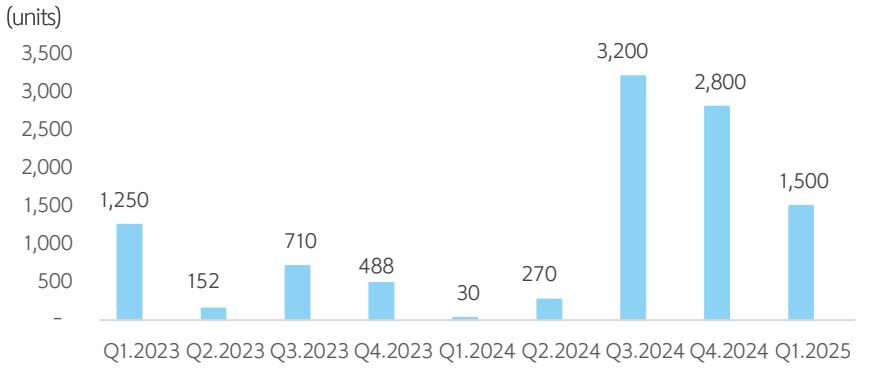
Meanwhile, the supply of townhouses in Q1.2025 reached **1,500 units**, mainly from the Vinhomes Wonder City project in Dan Phuong. Although recording a decrease of **-46% QoQ**, the supply of townhouses still showed a significant growth rate when the same period was only at **30 units.**

New apartment supply in Hanoi remains high



Source: CBRE, Shinhan Securities Vietnam

New supply of townhouses in Hanoi has similar development



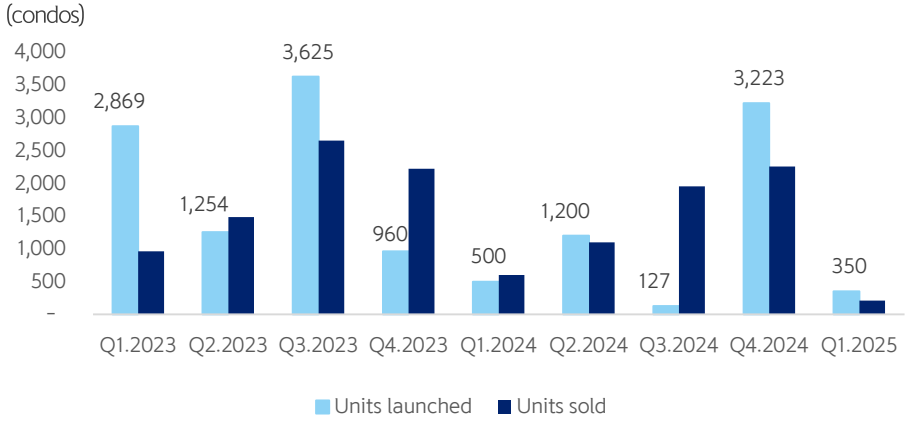
Source: CBRE, Shinhan Securities Vietnam

1.6 – Update on real estate industry – Supply and Demand

On the other hand, the housing market in Ho Chi Minh City is recovering slowly

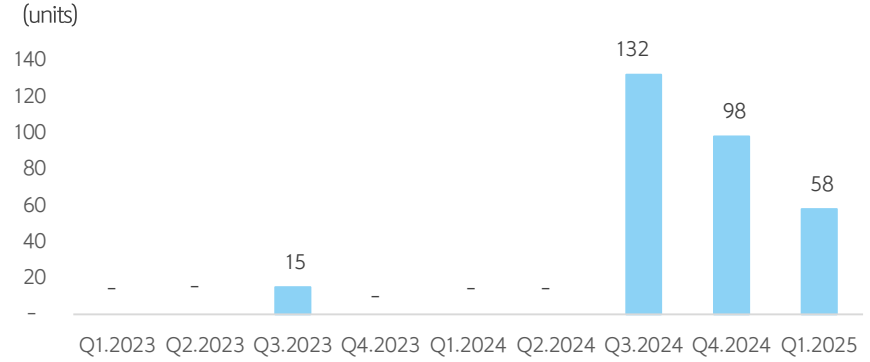
In Ho Chi Minh City, the new apartment supply is still generally unfavorable in Q1.2025. Of which, the total new apartment supply only reached **350 units (-30% YoY).** Thus, contrary to the increasing supply trend in the Northern market in general, the Ho Chi Minh City market is quieter when the number of apartments for sale is only **9%** of the Hanoi market. Similarly, for the townhouse type, the new supply in Q1.2025 only reached **58 units**, although it has not returned to the high base level as in 2022, it still shows positive progress when the whole market had no new supply in the same period.

The new apartment supply in HCMC is recovering slowly



Source: CBRE, Shinhan Securities Vietnam

New supply of landed property in HCMC is returning



Source: CBRE, Shinhan Securities Vietnam

02

Listed real estate companies updates

Major real estate businesses have set relatively ambitious business and new sales plans for 2025. SSV assesses that the ability of businesses to complete their plans is feasible based on a much more positive market context compared to the same period last year, partly reflected in positive business results in Q1/2025.

2. Listed real estate companies updates

Q1/2025 business results of real estate enterprises grow well

In Q1/2025, large real estate enterprises achieved good growth in business results thanks to the handover of products at previously opened projects, while in the same period of Q1/2024, the market was relatively more difficult. In addition, the legal implementation status of projects and the opening of new projects by enterprises also recorded progress and excitement, specifically:

Company	Revenue (Bn. VND)	Growth YoY	Net profit (Bn. VND)	Growth YoY	Note
VHM	15,698	+91%	2,689	204%	- Mainly from product handover at Vinhomes Ocean Park 2 and 3 and Vinhomes Royal Island, and revenue and other income from Vinhomes Global Gate project. - Pre-sales reached VND 35 trillion (same period: VND 16.2 trillion) mainly from Vinhomes Wonder City (VND 28 trillion) opened for sale in March 2025.
NLG	1,291	529%	108	N/A	- Mainly from product handovers at Akari project (VND 582 billion) and Can Tho (VND 559 billion). - As of April 21, 2025, pre-sales reached VND 2,576 billion (+100% YoY), mostly from the sale of low-rise apartments at Southgate.
DXG	925	-13%	48	54.60%	- Growth in business results comes from real estate handover activities with both revenue and profit margin recording improvements, thereby helping the entire enterprise's profit to grow positively despite a slight decrease in total net revenue, specifically: + Real estate handover revenue segment: Revenue reached VND 666 billion (+18.8% YoY) with gross profit margin reaching 55.9% (Q1/2024: 39.4%). + Brokerage segment: Revenue reached VND 196 billion (+3.3% YoY) with gross profit margin decreasing to 61.5% (same period: 76.9%) - The enterprise has no new sales activities in Q1/2025.
KDH	710	+113%	122	92.00%	- The business results are mainly contributed by the handover of the remaining 40% of products of The Privia project (the last 20 products will be handed over in Q2/2025). - The company has no new sales activities in Q1/2025.

Source: Companies, Shinhan Securities Vietnam

Real estate businesses set ambitious 2025 plans

Regarding the 2025 business plan, in general, real estate businesses are setting relatively positive expectations with profit growth at double digits. In addition, in terms of pre-sales, businesses are also expected to grow strongly, based on the context: legal procedures are gradually being improved and market demand is recovering after a difficult 2-year period. Specifically, regarding the 2025 business plan and some important information that businesses shared at the General Meeting of Shareholders:

Company	Revenue (Bn. VND)	Growth YoY	Net profit (Bn. VND)	Growth YoY	Note
VHM	180,000	76.5%	42,000	19.8%	- Sales plan: VND 150,000 billion - VND 200,000 billion from the sale of Wonder City - Dan Phuong (Opened for sale in March 2025), Hau Nghia - Long An and other projects depending on the market situation. - Profit structure after tax in 2025: 40% - 45% from unrecorded revenue at the end of Q4/2024, 10% from other activities: general contractor, operation services..., the rest comes from the sale of existing projects and new projects.
NLG	6,794	-6.0%	701	35.0%	- Pre-sales for the year is expected to reach VND 14,645 billion (2.8 times higher than the same period last year), mainly from key projects such as Southgate, Izumi City, Can Tho 43ha project and Paragon Dai Phuoc. - The main source of revenue and profit for the year will come from the handover of products at the projects: Southgate, Can Tho 43ha, Can Tho EhomeS, Akari City phase 2, Izumi City... In addition, capital sales activities at projects and revenue from construction services also contribute significantly. - Nam Long approved the plan to issue more than 100 million shares to existing shareholders at VND 25,000/share, equivalent to a total mobilized capital of over VND 2,500 billion. The purpose of capital use includes: (1) Investment in Nam Long Land and Nam Long Commercial; (2) invest in the company's existing projects and (3) repay loans.

2. Listed real estate companies updates

Company	Revenue (Bn. VND)	Growth YoY	Net profit (Bn. VND)	Growth YoY	Note
DXG	7,000	62.0%	368	45.7%	- Capital increase plan: Private offering of 93.5 million shares to professional securities investors at a minimum price of VND18,600/share. Expected issuance time is in 2025 after being approved by SSC. The company has no plans to issue to existing shareholders in the period of 2025-2027. - Accelerate the implementation of strategic projects including the project: The Privé (will be the main source of revenue in 2027-2030), Gem Sky World project (will be the main source of revenue in the period of 2025-2026). - Subsidiary Dat Xanh Services (HOSE: DXS): Planned revenue is VND5,156 billion (+112% YoY) and parent company's after-tax profit is VND412 billion (+194% YoY). - The Privé project: Kicked off on May 9, 2025 and is determining the selling price to suit the market.
KDH	3,800	15.3%	1,000	24.5%	- In 2025, KDH only plans to open sales for the Gladia By The Waters project (a project of nearly 12 hectares in cooperation with Keppel with 226 low-rise products and 600 high-rise products). Currently, KDH is applying for a license to open sales for the project, expected to be completed in Q2/2025. From there, it is expected that the project will be opened for sale in Q3/2025 and revenue will be recorded in 2025. - KDH has no plans to expand its land fund in provinces neighboring Ho Chi Minh City, instead it will continue to develop the company's existing land fund.

Source: Companies, Shinhan Securities Vietnam

03

Prospects of the real estate industry in 2025

We maintain our optimistic view that the real estate market will continue to recover in 2025, especially when (1) the completed legal corridor boosts supply and (2) attractive interest rates boost demand.

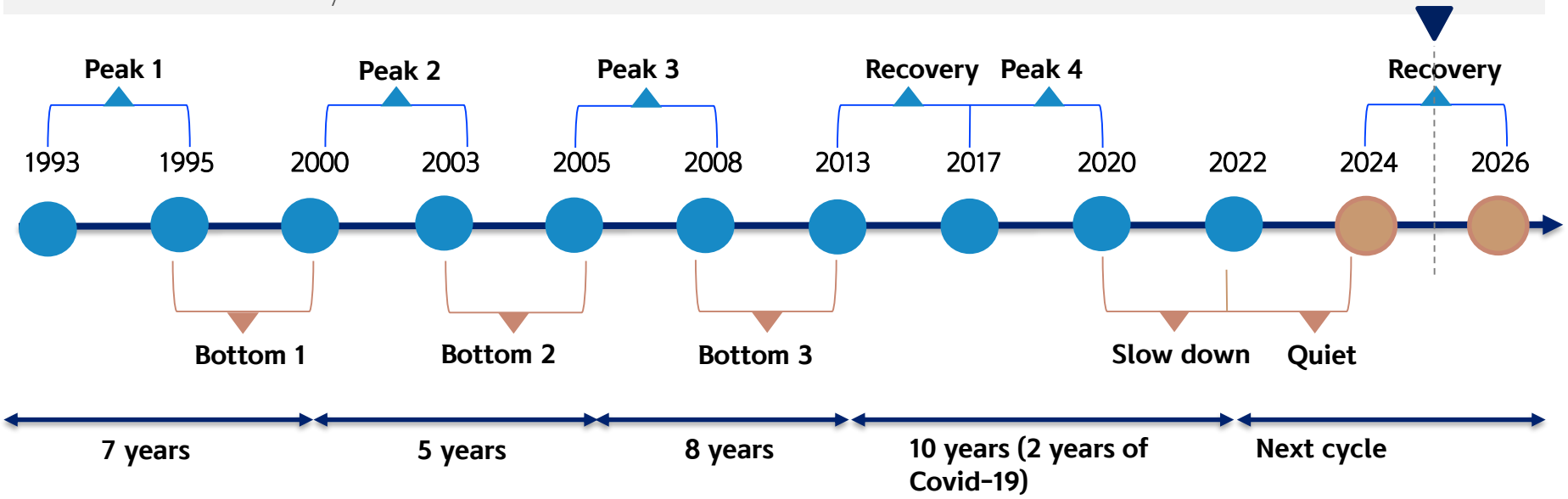
3. Prospects of the real estate industry in 2025

We maintain our view that the real estate industry entered a recovery phase in the 2H2024

We maintain the view that has been stated throughout the Real Estate Industry Outlook Reports starting from the end of 2023: Real Estate Industry Report – The beginning of a new cycle is the most difficult period for the Real Estate Industry has passed and the market is in the recovery phase with expectations:

(1) Industry internals: Complete legal framework promotes real estate supply & positive market demand.

(2) Favorable environment: Interest rates continue to be attractive, further reinforced by expectations of supporting the domestic economy in the context of tariff uncertainty.



Source: Cushman &Wakefield, Shinhan Securities Vietnam

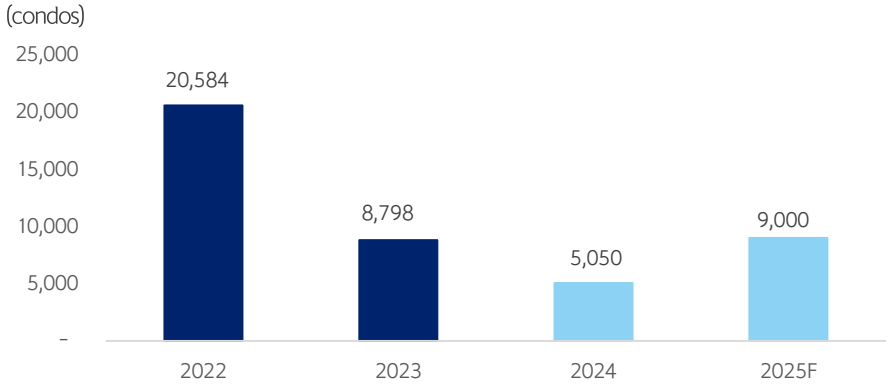
3. Prospects of the real estate industry in 2025

The legal framework is expected to be completed, which will help boost the supply of real estate

We expect that the continued completion of the legal corridor and the issuance of specific Resolutions will contribute to removing obstacles and increasing supply for the real estate market. Specifically:

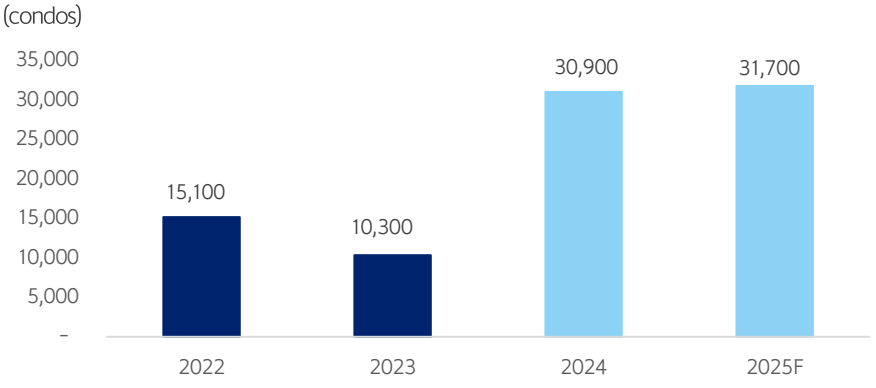
- A series of Resolutions and Circulars guiding the implementation of basic Real Estate Laws have been issued (details in *Appendix 1 – List of some documents guiding implementation*). From there, it will create a basis for bringing the Law into life, unblocking supply for the market.
- The approval of Decree 75/2025/ND-CP and Decree 76/2025/ND-CP to detail Resolutions No. 171 and No. 170, promoting the removal of legal obstacles for hundreds of stagnant real estate projects in many localities such as Ho Chi Minh City, Da Nang and Khanh Hoa has shown a further step forward in terms of completing the legal corridor.

The supply of condos in HCM is expected to continue recovering



Source: CBRE, Shinhan Securities Vietnam

The supply of new condos in Hanoi continues accelerating

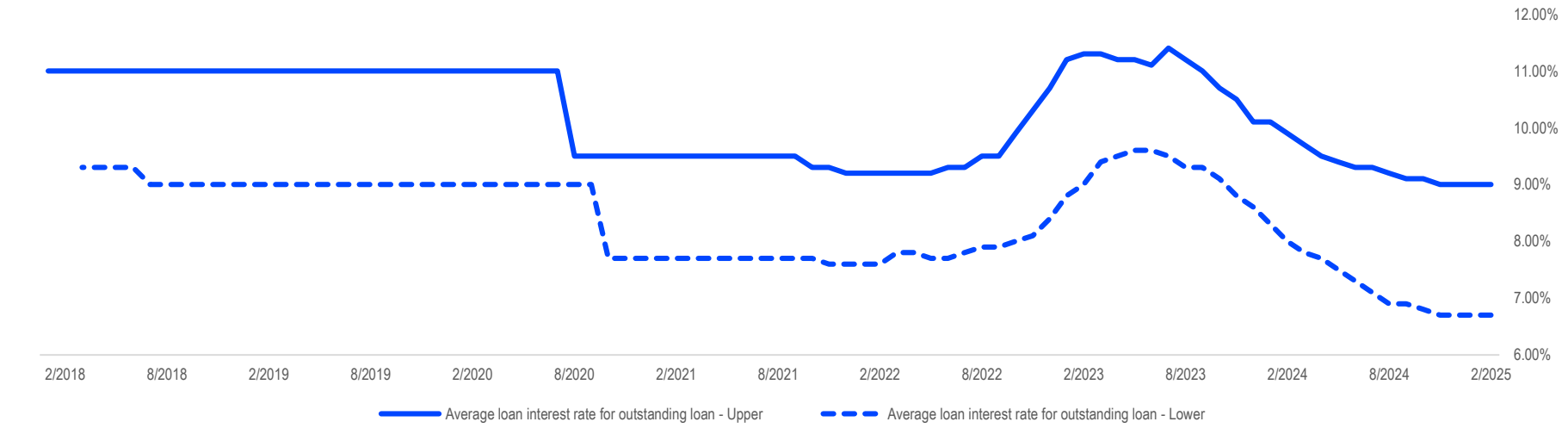


Source: CBRE, Shinhan Securities Vietnam

3. Prospects of the real estate industry in 2025

Interest rate environment remains favorable

Lending rates have returned to low levels and may increase slightly in 2025



Source: SBV, Shinhan Securities Vietnam

With expectations of: (1) Credit growth at +16% YoY, led by the retail credit group and (2) Average lending interest rates will increase slightly from the current low level and (3) Expectations of support policies, boosting the domestic economy in the context of tariff instability; we believe that 2025 will continue to be a year with a favorable interest rate environment, boosting real estate consumption demand, especially amplified compared to 2024 by many positive fundamental changes such as: (1) Laws bring more specific impacts after the completion period, (2) Market supply is expected to be vibrant again and (3) Positive sentiment in the market.

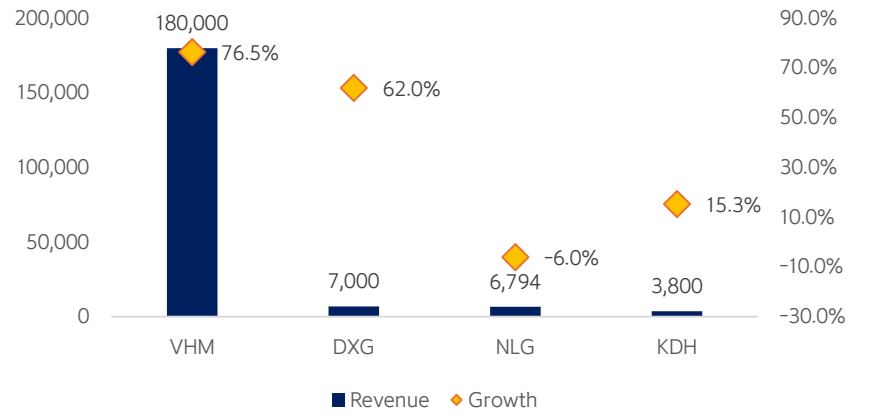
The direct impact from tariffs is insignificant

Similar to the assessment of most leaders shared at the General Meeting of Shareholders, we believe that the impact of the US reciprocal tax policy on real estate businesses is insignificant, mainly an indirect impact through the impact on the economy leading to negative impacts on income, demand and sentiment of the real estate market.

However, SSV believes that the above impact is mitigated by: (1) The industry has been much more consolidated after the difficult period of 2022–2024, with a complete legal framework creating positive confidence in the market and demand for real estate purchases, which has been partly demonstrated through positive business results in Q1/2025 and ambitious business plans for 2025 of businesses; and (2) The Government's efforts to support and promote domestic economic development to limit the impact of tariffs.

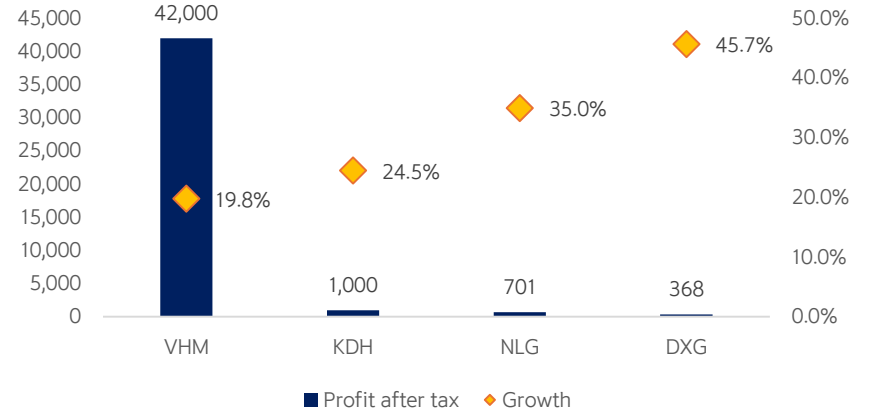
In terms of investment opportunities, SSV believes that real estate stocks may even be the dominant group of stocks in the market because (1) They belong to the industry group that is least affected by tariff policies and (2) Strong growth comes from the industry's internal factors, making this group of stocks more attractive when compared to the market and other industry groups.

Revenue plan 2025 (billion VND)



Nguồn: Doanh nghiệp, Shinhan Securities Vietnam

Profit after tax plan 2025 (billion VND)



Nguồn: Doanh nghiệp, Shinhan Securities Vietnam

04 Real estate stock pick

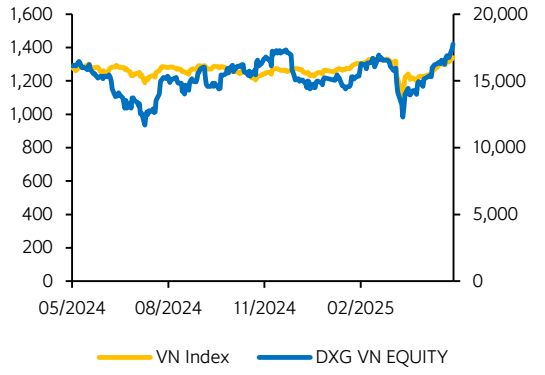
DXG, NLG & VHM

Dat Xanh Group JSC (HOSE: DXG)

DAT XANH GROUP

Target price (12 months)	**VND 19,400**
Current price (27/05/25)	VND 17,750
Return (%)	9.3%
VNINDEX	1,340
Market P/E (x)	11.1
Market cap (billion VND)	15,458
Outstanding shares (mil shares)	871
Free-float (mil shares)	711
52-week high/low (VND)	18,150/11,560
90-day avg. trading volume (mil shares)	12.13
90-day avg. turnover (bn VND)	218
Major SHDs (%) BOD and related parties	18.1
Major SHDs (%) Prusix Asian Smaller Companies Fund	4.8

Performance	3M	6M	12M
Absolute (%)	8.9	6.3	10.1
Rel.to VN-Index (%)	6.3	-1.5	5.6



The Privé unlocks presales for 2025

Dat Xanh Group JSC (HOSE: DXG) is a major listed company in the mid-range property segment. Additionally, DXG holds a leading market share in the brokerage sector nationwide (33%). The company's revenue and profit are expected to grow in the near future due to: (1) DXG being a key developer in the mid-range segment with a land bank exceeding 100 hectares; (2) The relaunch of The Privé (kicked off in 05/2025) and Gem Sky World (GSW) is anticipated to boost sales growth for DXG during 2025-2026; (3) The brokerage segment is expected to thrive alongside the recovery of the real estate market.

Investment Thesis

-**DXG is one of the largest developers in the mid-range segment, owning a land bank of over 100 hectares.** The company is actively seeking new land to expand its long-term land banks.

-**Presales in 2025: Expected to reach VND 8,768 billion, significantly higher than 2024 (when no projects were launched).** This will primarily come from the relaunch of the two outstanding projects. Specifically, presales from The Privé are estimated at VND 5,914 billion, and GSW at VND 2,854 billion.

Update

-**Q1/2025 Business Results:** DXG recorded net revenue and net profit of **VND 925 billion (-13.1% YoY)** and **VND 48 billion (+54.6% YoY)**, respectively. Business results growth mainly came from the real estate handover segment: Revenue reached VND **666 billion (+18.8% YoY)** with gross profit margin reaching **55.9% (Q1/2024: 39.4%).**

-**Valuation:** Based on the RNAV method, we recommend DXG stock with a target price of **VND 19,400.**

Outlook for 2025

We project DXG's revenue in 2025 to reach **VND 4,642 billion (-1.9% YoY),** primarily driven by (1) continued handover of the GSW project and (2) strong growth in the brokerage segment due to the ongoing recovery of the market.

Risks: (1) Lower-than-expected absorption rates at the The Privé project due to concerns over the cancellation of preliminary agreements signed with customers (from 2018); (2) delays in the relaunch of the Gem Sky World project; (3) Administrative delays and challenges in implementing new legal regulations.

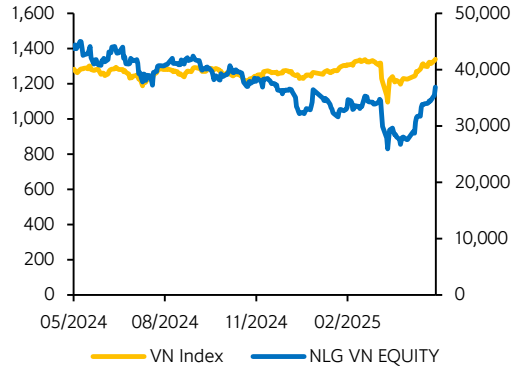
Year	2021	2022	2023	2024	2025F
Revenue (bil VND)	10,089	5,512	3,725	4,733	4,642
Operating Income (bil VND)	2,712	830	734	1,152	1,204
NP (bil VND)	1,594	534	151	455	469
EPS (VND)	1,942	355	273	359	409
OPM	26.9	15.1	19.7	24.3	25.9
NPM	15.8	9.7	4.1	9.6	10.1
ROE (%)	11.9	3.8	1.1	3.0	2.7
P/E (x)	6.9	53.4	60.0	47.3	47.4
P/B (x)	0.9	1.2	1.1	1.1	1.4

Source: Company data, Shinhan Securities Vietnam

Nam Long Investment Corporation (HOSE: NLG)

Target price (12 months)	VND 39,600
Current price (27/05/25)	VND 36,900
Return (%)	7.3%
VNINDEX	1,340
Market P/E (x)	11.1
Market cap (billion VND)	14,209
Outstanding shares (mil shares)	385
Free-float (mil shares)	233
52-week high/low (VND)	45,200/25,750
90-day avg. trading volume (mil shares)	2.96
90-day avg. turnover (bn VND)	116
Major SHDs (%) BOD and related parties	21.0
Major SHDs (%) Ibeworth Pte.Ltd	7.6

Performance	3M	6M	12M
Absolute (%)	6.3	-3.7	-16.5
Rel.to VN-Index (%)	3.7	-11.5	-21.0



Steady growth driven by a large backlog

Nam Long Investment Corporation (HOSE: NLG) is one of Vietnam's leading affordable real estate developers. The company also owns a large land bank of 684 hectares with excellent infrastructure connectivity. We expect (1) the focus on the affordable segment and (2) the ownership of a land bank ready for project development to help NLG take the lead in the real estate market recovery.

Investment Thesis

- **NLG is a reputable real estate developer with a solid financial structure, owning a clean land fund of up to 684 hectares with potential for long-term development.** NLG's land fund provides a diverse product portfolio suitable for home buyers, ensuring that the company can continuously develop projects for the next 5 years. This is a great advantage of NLG in the context of clean land funds around HCMC becoming increasingly scarce and land prices increasing, while at the same time, management agencies are currently stepping up to remove difficulties in the industry, helping market sentiment become more positive.

- **NLG's revenue in 2025 is forecast to reach VND 6,755 billion (-6.1% YoY) and net profit at VND 686 billion (+32.5% YoY),** mainly from the handover of the Akari project phase 2 in the first quarter of 2024, the Southgate project, the Can Tho project and revenue recognition from the transfer of 15% of shares of the Izumi City project to partners.

Update

- **3M2025 business performance:** Net revenue reached VND1,291 billion (+530.9%YoY), net profit reached VND108 billion (compared to a net loss of VND77 billion in Q1/2024). Thus, in Q1/2025, NLG achieved 19.1% of our revenue forecast and 15.7% of our profit forecast.

- **Valuation:** Adjusted according to (1) Q1/2025 data and (2) maintaining a 10% discount with the expectation of risks of a slow recovery of the provincial real estate market and indirect risks of tariffs with the US, we give a new target price for NLG shares of VND39,600/share.

Outlook for 2025

We assess that NLG's prospects in 2025 and the coming years will depend largely on the recovery of the real estate market in the provinces surrounding HCMC and the project development strategy in line with the market situation to optimize NLG's capital efficiency. At the same time, promoting the development of infrastructure connecting regions will be a growth driver for the real estate market.

Risks: (1) Legal bottlenecks; (2) Credit scarcity; (3) Low absorption rate.

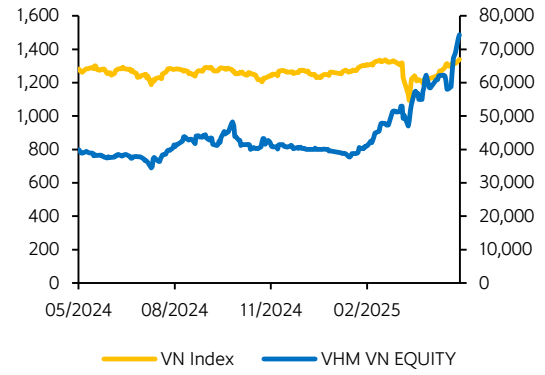
Year	2022	2023	2024	2025F	2026F
Revenue (bil VND)	4,339	3,181	7,196	6,755	6,669
Operating Income (bil VND)	829	582	1,664	1,642	1,781
NP (bil VND)	556	484	518	686	649
EPS (VND)	1,345	1,187	1,285	1,784	1,686
OPM	19.1	18.3	23.1	24.3	26.7
NPM	19.9	25.2	19.3	17.5	18.2
ROE (%)	6.2	5.3	5.4	7.0	6.4
P/E (x)	27.3	27.2	20.5	15.5	16.4
P/B (x)	1.7	1.4	1.1	1.1	1.0

Source: Company data, Shinhan Securities Vietnam

Vinhomes JSC (HOSE: VHM)

Target price (12 months)	**VND 66,500**
Current price (27/05/25)	VND 74,300
Return (%)	N/A
VNINDEX	1,340
Market P/E (x)	11.1
Market cap (billion VND)	305,181
Outstanding shares (mil shares)	4,107
Free-float (mil shares)	1,088
52-week high/low (VND)	74,700/34,000
90-day avg. trading volume (mil shares)	9.09
90-day avg. turnover (bn VND)	608
Major SHDs (%) VIC	69.34
Major SHDs (%) Government of Singapore	4.99

Performance	3M	6M	12M
Absolute (%)	80.3	80.8	86.0
Rel.to VN-Index (%)	77.7	72.9	81.5



Strong long-term position

Vinhomes is a leading real estate company in Vietnam. Vinhomes possesses several overwhelming advantages, including: (1) a large and high-quality land bank that continues to grow, (2) an outstanding track record with many effective investment projects, and (3) a high-value, reputable brand in the market.

Investment Thesis

- **The large, clean, and continually expanding land bank provides long-term growth potential.** Vinhomes owns some of the most prime land in the market, with key projects like Vinhomes Long Beach Can Gio, Vinhomes Ha Long Xanh, and Vinhomes Cam Ranh driving long-term growth.
- **Vinhomes is well-positioned to benefit from the new phase of the real estate market,** with strong financial capabilities, exceptional legal expertise, and high-quality projects, making the company well-positioned to benefit from new laws.

Update

- **Q1/2025 Business Results: Pre-sales reached VND 35.0 trillion (+116% YoY)** with more than 2,200 newly signed products (same period: 2,700) mainly thanks to the opening of Vinhomes Wonder City project (VND 28.0 trillion, accounting for 80%) in March 2025. **Undelivered revenue increased, reaching VND 120 trillion,** of which Vinhomes Wonder City accounted for the highest proportion of up to 28%.
- **Valuation:** Adjustments due to (1) new economic benefits from key projects such as Wonder Park and Global Gate, and (2) increased discount rate to account for group risks, the new target price for VHM shares is **VND 66,500.**

Outlook for 2025

- Projected revenue for 2025 is **VND 124,899 trillion (+22% YoY),** driven by the delivery of new products at Vinhomes Royal Island and continued handovers at The Crown and The Empire.
- Net profit is expected to reach **VND 31,424 billion (-0.3% YoY).**

Risks: (1) Legal bottlenecks; (2) Credit scarcity; (3) Low absorption rate.

Year	2022	2023	2024	2025F	2026F
Revenue (bil VND)	62,393	103,334	102,045	124,899	105,400
Operating Income (bil VND)	30,696	35,707	32,425	43,323	38,243
NP (bil VND)	28,831	33,125	31,527	31,424	34,414
EPS (VND)	6,611	7,597	7,665	7,635	8,362
OPM	49.2	34.5	32.2	35.3	36.4
NPM	46.7	32.2	34.3	25,4	33.3
ROE (%)	19.6%	18.3%	15.9%	12.6%	12.3%
P/E (x)	6.2	5.4	6.2	8.7	8.0
P/B (x)	1.3	1.0	1.0	1.2	1.0

Source: Company data, Shinhan Securities Vietnam

05 Appendix

Appendix 1 – List of some guiding documents for implementation

No.	Document	Content	Date of Issue	Effective Date
1	Decree 76/2025/NĐ-CP	Detailed regulations for the implementation of Resolution No. 170/2024/QH15	1/4/2025	1/4/2025
2	Decree 75/2025/NĐ-CP	Detailed regulations for the implementation of Resolution No. 171/2024/QH15	1/4/2025	1/4/2025
3	Decree 123/2024/NĐ-CP	Regulations on administrative sanctions in the land sector	4/10/2024	4/10/2024
4	Decree 112/2024/NĐ-CP	Guidelines on rice land management	11/9/2024	11/9/2024
5	Decree 104/2024/NĐ-CP	Regulations on Land Development Fund	31/07/2024	1/8/2024
6	Decree 103/2024/NĐ-CP	Regulations on land use fees and land rental fees	30/07/2024	1/8/2024
7	Decree 102/2024/NĐ-CP	Detailed implementation regulations of the 2024 Land Law	30/07/2024	1/8/2024
8	Decree 101/2024/NĐ-CP	Regulations on land data systems; registration, issuance of certificates, and information systems	29/07/2024	1/8/2024
9	Decree 88/2024/NĐ-CP	Regulations on compensation, support, and resettlement for state land recovery	15/07/2024	1/8/2024
10	Decree 71/2024/NĐ-CP	Regulations on land prices	27/06/2024	1/8/2024
11	Circular 11/2024/TT-BNV	Regulations on the preparation and management of administrative boundary records issued by the Ministry of Home Affairs	18/10/2024	18/10/2024
12	Circular 12/2024/TT-BTNMT	Guidelines for training, education, and knowledge updates for professionals in the land management sector	31/07/2024	1/8/2024
13	Circular 08/2024/TT-BTNMT	Regulations on data systems, statistics, and mapping of land use status issued by the Ministry of Natural Resources and Environment	31/07/2024	1/8/2024

Source: Legal Library, Shinhan Securities Vietnam

Appendix 1 – List of some guiding documents for implementation

No.	Document	Content	Date of Issue	Effective Date
14	Circular 09/2024/TT-BTNMT	Regulations on content, structure, and technical standards for land database systems and national data integration software issued by the Ministry of Natural Resources and Environment	31/07/2024	1/8/2024
15	Circular 10/2024/TT-BTNMT	Regulations on cadastral records, land use rights certificates, and property ownership rights issued by the Ministry of Natural Resources and Environment	31/07/2024	1/8/2024
16	Circular 11/2024/TT-BTNMT	Regulations on valuation techniques, protection, and restoration of land issued by the Ministry of Natural Resources and Environment	31/07/2024	1/8/2024
17	Circular 56/2024/TT-BTC	Regulations on fees, collection, submission, management, and use of national land database data issued by the Ministry of Finance	31/07/2024	1/8/2024
18	Decree 94/2024/NĐ-CP	Guidelines on the Law on Real Estate Business regarding project construction and management of information systems and data on real estate markets	24/07/2024	1/8/2024
19	Decree 96/2024/NĐ-CP	Guidelines on the Law on Real Estate Business	24/07/2024	1/8/2024
20	Circular 04/2024/TT-BXD	Guidelines on training framework and knowledge updates for real estate brokerage professionals issued by the Ministry of Construction	30/07/2024	1/8/2024
21	Circular 49/2024/TT-NHNN	Amendments to Circular 11/2022/TT-NHNN dated 30/09/2022 on foreign currency credit management	25/10/2024	10/12/2024
22	Decree 95/2024/NĐ-CP	Guidelines on the Law on Housing	27/06/2024	1/8/2024
23	Decree 98/2024/NĐ-CP	Guidelines on housing renovation, reconstruction, and apartment buildings	26/07/2024	1/8/2024
24	Decree 100/2024/NĐ-CP	Guidelines on the development and management of social housing	26/07/2024	1/8/2024
25	Circular 05/2024/TT-BXD	Guidelines issued by the Ministry of Construction	31/07/2024	1/8/2024

Source: Legal Library, Shinhan Securities Vietnam

Appendix 2 – Special Resolution for resolving projects

The legal framework is expected to be completed, which will help boost the supply of real estate

Resolution No. 171/2024/QH15 and Resolution No. 161/2024/QH15 are supplements to the existing laws to address the issues and difficulties in projects that have not been resolved by the Real Estate Laws. Specifically:

Three Real Estate Laws

The land for the commercial housing project must have residential land (according to the amended Land Law).

Resolution No. 171/2024/QH15

The land for the project is expanded to include agricultural land, non-agricultural land that is not residential land, residential land, or other land within the same plot in the case of an agreement on land use rights transfer.

The pilot project in **urban areas or areas designated for urban development nationwide.**

The total residential land area in the pilot projects [...] does not exceed 30% of the additional residential land area in the planning period...

The resolution will be effective from **April 1, 2025**, and will be implemented for a period of **5 years**.

According to the report from the Ministry of Natural Resources and Environment, between 2014 and 2023, there were about **189 projects in Hanoi** and **126 projects in HCMC** facing issues related to the requirement of having "residential land." Therefore, we expect that the pilot program allowing other types of land to be used for projects can help resolve **some of the projects** that have been stuck in legal limbo for many years. Therefore, the approval of Decree No. 76/2025/ND-CP of the Government: Detailed regulations on Resolution No. 170/2024/QH15 is significant progress in removing difficulties.

Appendix 2 – Special Resolution for resolving projects

The legal framework is expected to be completed, which will help boost the supply of real estate

Three Real Estate Laws

There are no regulations for resolving issues related to the project or land that are entangled in inspection, audit conclusions, or judgments.

Resolution No. 161/2024/QH15

There is a suitable solution to **resolve the real estate projects facing difficulties, legal obstacles, and delays** due to the prolonged implementation process and changes in the law over time.

"There are specific solutions and guidelines for ministries, sectors, and localities to **resolve obstacles related to land management and usage during the equitization of state-owned enterprises** and the divestment of state capital in enterprises [...]."

Urgently issue all detailed regulatory documents and organize effective implementation of the Resolution on specific mechanisms and policies to **resolve difficulties and obstacles related to projects, land issues in inspection, audit conclusions, and judgments** in HCMC, Da Nang City, and Khanh Hoa Province.

Obstacles highlighted in resolution, determined to resolve bottlenecks. Da Nang implements four Government Inspectorate conclusions, three court rulings, with thousands of projects stuck, some from 2013 inspections. Decree 76/2025/ND-CP, issued April 1, 2025, details solutions, expecting positive real estate impacts.

Appendix 3 – Impact of some major policies

The legal framework is expected to be completed, which will help boost the supply of real estate

We evaluate the impact of several major policies on the real estate market, such as:

Documents	Content	Impact
Land Law	Replace the 5-year land price framework with an annual land price table that more closely aligns with market valuations.	The land price table is utilized for compensation and land clearance purposes. Therefore, adopting a new land price table that aligns more closely with market values could **expedite the land clearance process**. However, this approach may also **increase compensation costs for enterprises.**
Law on real estate trading	The law mandates a minimum equity capital requirement/total invesrment of 20% for projects with a land area below 20 hectares and 15% for projects with a land area exceeding 20 hectares.	Previously, the minimum equity ratio requirement was established under Decree 02/2022/ND-CP. However, its codification into law signifies a **stricter enforcement of this requirement.**
	Disclosure of information on real estate for business purposes.	Contributing to the **transparency of the real estate market and ensuring the protection of homebuyers.**
Decree No. 96/2024/ND-CP on real estate trading	The regulations impose stricter debt-to-equity ratio requirements for projects based on their land use scale. For projects utilizing land areas below 20 hectares, the maximum allowable debt-to-equity ratio is capped at 4x, while for projects exceeding 20 hectares, the ratio is set at 5.67x.	This regulation contributes to **maintaining the financial safety ratio of real estate enterprises and ensuring the overall health of the market**. Under these provisions, real estate companies that use leverage beyond the prescribed limits may face restrictions on further increasing their debt levels to finance ongoing or new projects.
Decree 71/2024/ND-CP on Land Prices	Additional costs to be included in the land development expenses include provisions for price escalation, interest expenses, consulting fees for investment and construction, project management costs, and other related expenditures.	We expect that incorporating additional costs incurred during the project development process into the land development costs for calculating land use fees will contribute to the **rationalization of land use fees for businesses, thereby stabilizing the real estate market.**
Resolution No. 171/2024/QH15	Land designated for projects can be expanded to include agricultural land, non-agricultural land that is not designated for residential use, residential land, or other land within the same parcel, in cases where there is an agreement regarding the right to transfer the land.	The specific resolutions are supplementary to the laws already enacted, aimed at addressing issues and difficulties in projects that have not been resolved by the Real Estate Laws. We anticipate that these resolutions, in conjunction with the Real Estate Laws, will **help alleviate bottlenecks in stalled projects, thereby stimulating market supply starting in 2025.**
Resolution No. 161/2024/QH15	Addressing the issuance of policies to resolve market obstacles in the real estate sector arising from the equitization process, changes in the legal framework, and other related factors.	

Shinhan Securities

Public investment stock

Promote infrastructure development



Tien Le
☎(84-28) 6299-8029
✉tien.ld@shinhan.com

Content

Public investment stock - Promote infrastructure development

1. Update on public investment situation

The public investment disbursement plan for 2025 is set at a large scale, with a total estimated value of approximately VND 875,000 billion, reflecting the Government's strong commitment to promoting economic growth through a long-term infrastructure development strategy.

2. Potential public investment stocks

Q1/2025 earnings results of the public investment-related stock group showed strong divergence, with stocks focusing on infrastructure construction witnessing positive developments.

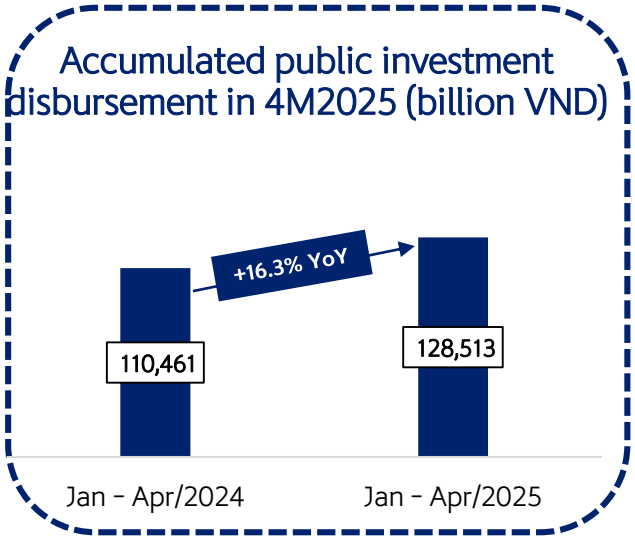
01

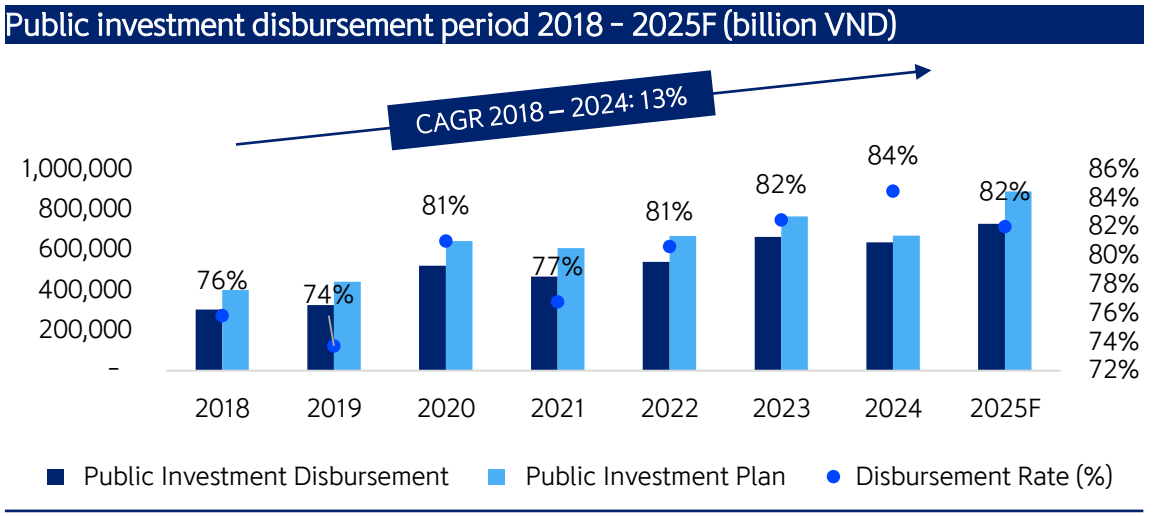
Update on public investment situation

The public investment disbursement plan for 2025 is set at a large scale, with a total estimated value of approximately VND 875,000 billion, reflecting the Government's strong commitment to promoting economic growth through a long-term infrastructure development strategy.

1. Update on public investment situation

Strong public investment contributes to promoting infrastructure development





Source: Ministry of Finance, Shinhan Securities Vietnam

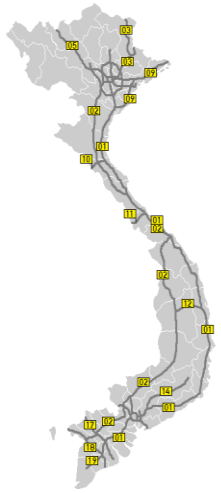
- According to the Ministry of Finance, public investment disbursement from the beginning of the year to April 30, 2025, is estimated at VND 128,513 trillion (+16.3% YoY), reaching 14.32% of the target assigned by the Prime Minister. The disbursement rate in 4M2025 showed a decline compared to 4M2024, dropping from 15.64% to 14.32%.
- In 2025, the Government adjusted the public investment plan to approximately VND 875 trillion (higher than the previously assigned plan of VND 790.7 trillion), representing a 37.7% increase compared to the public investment disbursed in 2024. This is expected to serve as a key driver for economic growth, especially for stocks related to public investment.
- To accelerate disbursement progress, at the conference on promoting public investment held on May 20, 2025, Prime Minister Pham Minh Chinh emphasized the determination to disburse 100% of the planned public investment capital within 2025.

1. Update on public investment situation

Accelerating infrastructure investment to enhance more effective economic connectivity

Infrastructure 2024

- National Highway: Total length reached 25,551/ 170 routes
  Expressway : 2,021 km
- Seaport system: 864.4 million tons/year
- Railway system: 7 lines passing through 34 provinces
  Total length 3,143 km
- Airport system: There are 22 airports including 9 international airports and 13 domestic airports.
- Inland waterway system: 310 Inland ports, 20 routes
  Total tonnage: 23.5 million tons



Government Plan to 2030

Plan to 2030

- National Highway: Total length reached 32,000 km/174 routes
  Expressway : 5,000 km
- Seaport system: capacity from 1.140 to 1.423 million tons
- Railway system: Build 9 more railway lines with a total length of 2,362 km
- Airport system: 28 airports, including 14 international airports and 14 domestic airports
- Inland waterway system: Investing and upgrading 19 routes

1. Update on public investment situation



Road Infrastructure Development Plan

Strong investment prospects for the period 2020 - 2030

- A total of VND 1,874 trillion will be invested nationwide in infrastructure projects during the 2021–2030 period. Of this, road infrastructure accounts for 48% of the state budget allocation.
- As of December 2024, Vietnam has put into operation over 2,000 km of expressways. The government has set a target of reaching approximately 3,000 km of expressways by 2025, with a long-term plan to expand this network to 5,000 km by 2030.

Infrastructure projects that help connect effectively contribute to attracting FDI capital

- Infrastructure projects play an important role in attracting foreign companies to invest in facilities in Vietnam. Increasing investment in infrastructure will help connect the economy better. Thereby, increasing the efficiency of transporting goods and raw materials domestically, contributing to increasing production efficiency and reducing costs. In addition, developed infrastructure will support connections with important seaports and airports, helping to boost exports.

Source: Ministry of Transport, Shinhan Securities Vietnam

1. Update on public investment situation

Key public investment projects

Project name	Duration	Total investment (billion VND)	Investment situation of projects
North-South Expressway Phase 2	2023 – 2025	146,990	Expected to be completed by the end of 2025, divided into three main milestones: April 30 (4 sections: Bai Vot - Ham Nghi, Ham Nghi - Vung Ang, Bung - Van Ninh, Van Phong - Nha Trang), September 2 (5 sections: Vung Ang - Bung, Van Ninh - Cam Lo, Hoai Nhon - Quy Nhon, Quy Nhon - Chi Thanh, Chi Thanh - Van Phong), December 31 (3 sections: Quang Ngai - Hoai Nhon, Can Tho - Hau Giang, Hau Giang - Ca Mau).
Ring Road 3 (Ho Chi Minh City)	2022 – 2026	75,378	The entire 4 provinces of Binh Duong, Ho Chi Minh, Dong Nai and Long An have completed site clearance. The project is expected to open more than 21 km to traffic by the end of 2025 and the remaining 55 km by April 30, 2026.
Ring Road 4 (Hanoi)	2022 – 2026	85,813	Site clearance work through provinces and cities has reached over 95%, the overall construction progress of the component projects of the Ring Road 4 project (Hanoi) has reached about 20%.
Long Thanh Airport Phase 1	2020 – 2026	114,451	The Long Thanh Airport project phase 1 consists of 4 component projects, of which projects 1, 2 and 3 have met or exceeded the schedule, but component project 4 is still behind schedule. Package 5.10, the largest item of the passenger terminal, has completed 30.4% of the volume by October 2024, equivalent to VND 10,110 billion.

Source: Ministry of Transport, Shinhan Securities Vietnam

1. Update on public investment situation

Long-term outlook for future infrastructure investment projects



North-South Expressway Project Phase 3

- Total expected length: 361 km
- Project implementation period: 2026 – 2030
- Total investment: VND 69,123 billion
- Main sections: Bai Vot (Ha Tinh) - Cam Lo (Quang Tri), Quang Ngai - Nha Trang (Khanh Hoa), Can Tho - Ca Mau



High-Speed Railway Project on the North–South Axis

- Total expected length: About 1,541 km, connecting Hanoi and Ho Chi Minh City, passing through 20 provinces and cities
- Project implementation period: 2025 - 2026 (establishing and approving feasibility report, overall technical design), 2027 - 2030 (starting construction)
- Total investment: VND 1,713,548 billion (equivalent to USD 67.3 billion)
- Design speed: 350 km/h, helping to reduce travel time between the two ends of the country to about 5 hours.

Source: Ministry of Transport, Shinhan Securities Vietnam

1. Update on public investment situation

Long-term outlook for future infrastructure investment projects





Lao Cai – Hanoi – Hai Phong – Quang Ninh Railway Project

- Total expected length: Total length is about 360 km, including three main sections: Lao Cai - Hanoi - Hai Phong - Quang Ninh
- Project implementation period: 2021 - 2023 (survey and design), 2023 - 2025 (Complete land clearance investment procedures and implement construction of the first sections), 2026 - 2030 (construction)
- Total investment: VND 203,231 billion (equivalent to USD 8.3 billion)
- Enhance domestic and international trade connections, especially trade between Vietnam and China through Lao Cai border gate.

Can Gio International Port Project

- The port is expected to cover an area of about 500 - 700 hectares and is designed to be capable of receiving large vessels of up to 100,000 - 200,000 DWT
- Project implementation period: 2023 - 2025 (completing legal procedures), 2026 - 2033 (starting construction)
- Total investment: About VND 35,000 - 50,000 billion (equivalent to about USD 1.5 - 2.1 billion)

Source: Ministry of Transport, Shinhan Securities Vietnam

1. Update on public investment situation

Prospect for Metro lines in Ho Chi Minh City



Metro Line	Route	Length (km)	Current status	Construction Start Date	Estimated Completion Time	Total investment (estimated, billion VND)
Metro 1	Ben Thanh – Suoi Tien	19.7	Completed, operational from 22/12/2024	2012	2024	43,757
Metro 2	Ben Thanh – Tham Luong	11.8	Under construction, site clearance nearly completed	Expected end of 2025	2029–2030	47,890
Metro 3	Ben Thanh – Tan Kien (phase 1)	20	Preparing for feasibility report	Not yet started	2030	66,900
Metro 4	Thanh Xuan – Hiep Phuoc	35.75	Preparing for investment, expected to start construction after Q2/2026	Expected end of 2026	2030	109,680
Metro 5	Bay Hien Intersection – Saigon Bridge (phase 1)	8.9	Completed pre-feasibility report	Expected 2027	2032	40,000 – 45,000
Metro 6	Ba Queo – Phu Huu	15.7	Raising fund	Expected Q2/2027	2035	60,000
Metro 7	Nguyen Van Linh – Cu Chi	30	Under study	Expected 2027–2028	2035	75,000
Metro 8	Cho Lon – Cu Chi	20	Under study	Expected 2027–2028	2035	70,000

Source: Ministry of Transport, Shinhan Securities Vietnam

1. Update on public investment situation

Prospect for Metro lines in Hanoi



Metro Line	Route	Length (km)	Current status	Construction Start Date	Estimated Completion Time	Total investment (estimated, billion VND)
Metro 1	Yen Vien – Ngoc Hoi	12.5	Under construction, building station and track	2016	2025	35,000
Metro 2	Nam Thang Long – Tran Hung Dao	11.5	Completed	2010	2024	38,000
Metro 3	Nhon – Hanoi Railway Station	13.1	Under construction, some sections completed	2010	2026	28,000
Metro 4	Co Loa – Hoa Lac	38	Preparing for feasibility study	Not Started	2030	55,000
Metro 5	Van Cao – Ngoc Khanh	14.3	Preparing for investment	Not Started	2032	40,000
Metro 6	Van Giang – Yen Vien	15.5	Researching for project	Not Started	2035	50,000
Metro 7	Tay Ho – Noi Bai Airport	17.6	Researching	Not Started	2035	60,000

Source: Ministry of Transport, Shinhan Securities Vietnam

02

Potential public investment stocks

Q1/2025 earnings results of the public investment-related stock group showed strong divergence, with stocks focusing on infrastructure construction witnessing positive developments.

2. Potential public investment stocks

Disbursement situation of important public investment projects in 2025

Project Name	Disbursement plan in 2025 (VND billion)	Accumulated disbursement up to March 31, 2025 (billion VND)	Disbursement rate (%)
North-South Expressway Phase 2	32,135.90	1,690.20	5.30%
Khanh Hoa – Buon Ma Thuot Expressway Phase 1	5,588.60	896	16.00%
Bien Hoa – Vung Tau Expressway Phase 1	5,006.90	245.1	4.90%
Chau Doc – Can Tho – Soc Trang Expressway Phase 1	10,845.50	646.1	6.00%
Ring Road 4 – Hanoi	10,996.80	665.3	6.00%
Ring Road 3 – Ho Chi Minh City	14,299.60	414.5	2.90%
Ho Chi Minh Road	5,354.30	223.5	4.20%
Long Thanh International Airport	253.9	3.7	1.50%
High-speed railway on the North-South axis	150	-	0.00%
...			
Total	87,533	4,813	

Source: Ministry of Finance, Shinhan Securities Vietnam

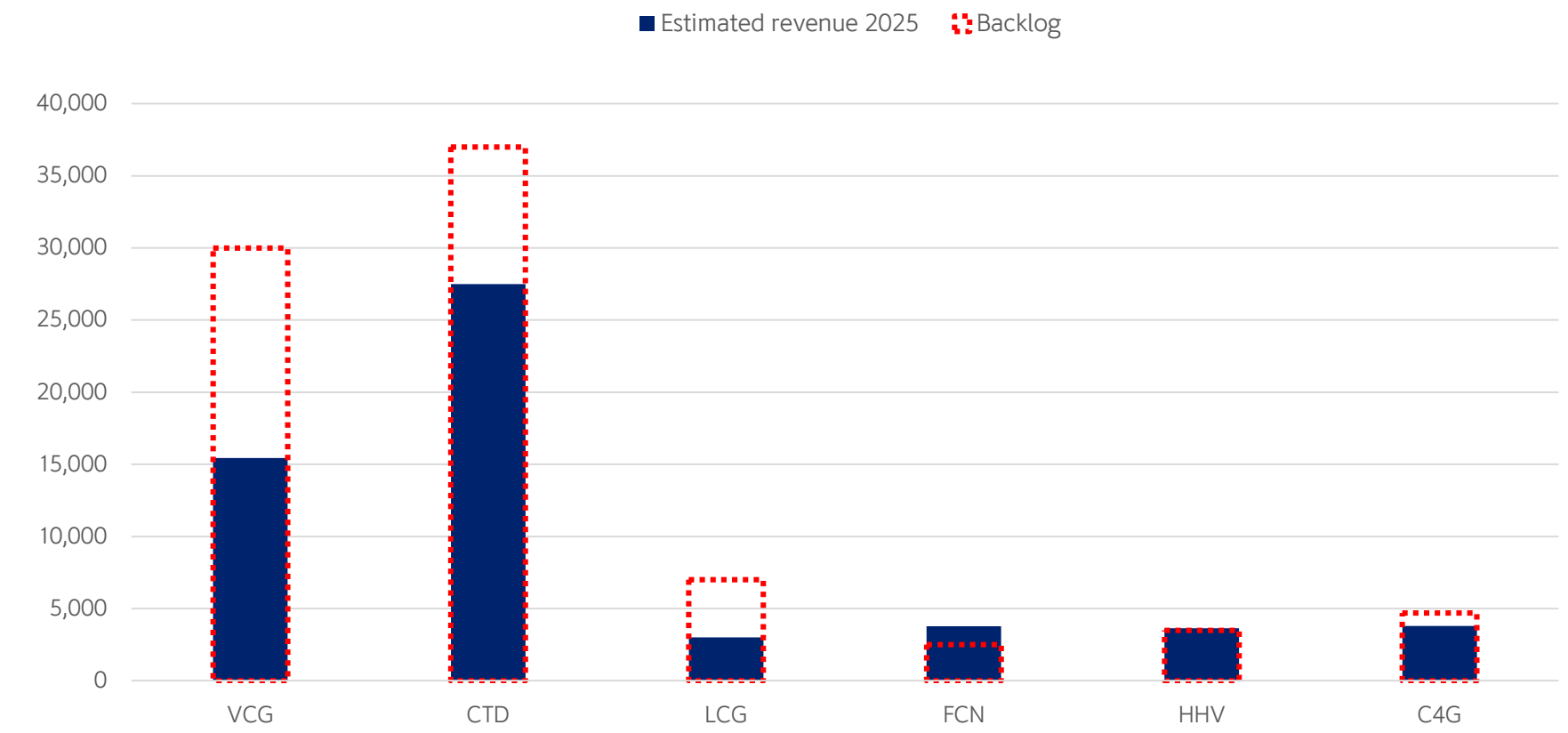
2. Potential public investment stocks

Project information				Contract value of companies on the stock exchange (billion VND)			
	Length (km)	Investment value (billion VND)	Completion time	VCG	LCG	HHV	C4G
Bai Vot - Ham Nghi	36	7,403	30/04/2025	6,044			
Ham Nghi - Vung Ang	54	10,185					
Van Phong - Nha Trang	83	12,906			5,365		
Bung - Van Ninh	51	10,526					3,939
Vung Ang - Bung	58	11,785	02/09/2025	5,300	5,400		
Van Ninh - Cam Lo	68	10,591					
Hoai Nhon - Quy Nhon	69	12,544					
Quy Nhon - Chi Thanh	62	12,298		3,055			
Chi Thanh - Van Phong	51	10,601				4,393	
Quang Ngai - Hoai Nhon	88	20,898	31/12/2025			14,700	
Can Tho - Hau Giang	37	9,768					
Hau Giang - Ca Mau	72	17,485					7,256
Total	**729**	**146,990**		**14,399**	**10,765**	**19,093**	**11,195**

Source: Ministry of Transport, Shinhan Securities Vietnam

2. Potential public investment stocks

Estimated revenue and backlog of construction enterprises in 2025 (billion VND)



Source: Corporate Report, Shinhan Securities Vietnam

2. Potential public investment stocks

Ticker	Market price (VND)	Target price* (VND)	Upside (%)	Market cap (Billion VND)	Revenue 2025F (Billion VND)	Revenue growth (% YoY)	Net profit 2025F (Billion VND)	Net profit growth (% YoY)	Net profit TTM (%)	ROA - TTM (%)	ROE - TTM (%)	Cash ratio	D/E	P/E - TTM	P/B - TTM
VCG	22,350	23,800	6%	13,379	15,448	20%	1,233	11%	6%	2%	7%	0.11	0.78	22.12	1.60
CTD	83,600	96,407	15%	8,354	27,487	20%	459	24%	1%	1%	4%	0.12	0.32	25.01	0.93
LCG	9,820	13,200	34%	1,896	3,016	7%	151	25%	4%	2%	5%	0.02	0.42	14.28	0.71
FCN	14,250	15,500	9%	2,244	3,780	12%	179	495%	1%	0%	0%	0.06	1.20	(438.40)	0.93
HHV	12,600	15,300	21%	5,969	3,639	10%	640	29%	17%	1%	5%	0.05	1.67	11.10	1.03
C4G	7,500	11,300	51%	2,654	3,805	17%	243	36%	5%	2%	4%	0.06	0.72	17.60	0.69

* Target price (fair value) in the next 12 months

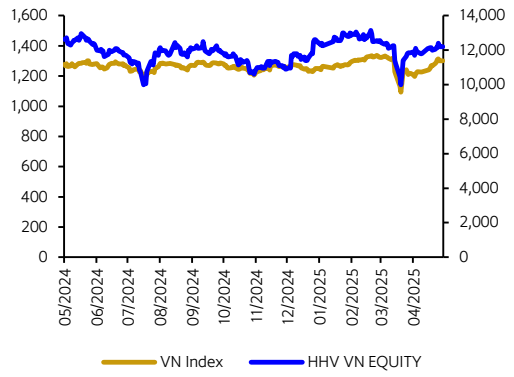
Source: SSV Research, Bloomberg, Fiipro, Company Reports
Data as of 05/27/2025

- In Q1/2025, the business results of construction companies showed a clear divergence.Companies operating in the civil construction segment were negatively affected, with declines in both revenue and profit. The primary reasons stemmed from the slow recovery of the real estate market, accompanied by limited supply in the early part of the year. In addition, rising input costs due to the surge in construction material prices also placed pressure on the profit margins of this group.
- In contrast, infrastructure-focused companies such as HHV and LCG recorded positive results in the first quarter. Notably, the BOT (Build-Operate-Transfer) segment continued to be a key driver of profit growth for both companies, alongside their traditional construction activities.
- Based on construction capacity, experience in implementing large-scale infrastructure projects, and the ability to effectively manage profit margins, we maintain a positive outlook and prioritize HHV as a preferred stock within the construction sector.

Deo Ca Transport Infrastructure Investment JSC – (HOSE: HHV)

Target price (12 months)	15,300 VND
Current price (05/27/25)	12,600 VND
Return (%)	21%
VNINDEX	1,302
Market P/E (x)	10.7
Market Cap. (bn VND)	5,969
Outstanding Shares (mn)	474
Free Floating Shares (mn)	397
52-week high/low (VND)	13,450/9,720
Average 90-day trading volume (million shares)	7.64
Average trading value in 90 days (billion VND)	94
Major shareholders (%) B.O.T Hai Thach investment JSC	14.68
Major shareholders (%) Northern infrastructure investment JSC	7.84

Performance	3T	6T	12T
Absolute (%)	-6.2	15.1	-2.6
Rel.to VN-Index (%)	-7.2	7.1	-4.8



Long-term Growth Potential Driven by Transportation Infrastructure Projects

Deo Ca Traffic Infrastructure Investment JSC (HoSE: HHV) was established in 1974. HHV is one of Vietnam's leading investors and operators of transportation infrastructure projects. The company primarily operates through BOT (Build–Operate–Transfer) investments in road infrastructure projects (accounting for ~70% of total revenue) and the construction of roadworks (contributing ~25% of revenue).

In Q1/2025, HHV reported revenue of VND 735 billion (+7% YoY) and net profit of VND 173 billion (+52% YoY). Revenue from BOT operations reached VND 526 billion, with gross margin improving from 66% in Q1/2024 to 70% in Q1/2025. The improvement was mainly driven by increased traffic volume and the commencement of toll collection on the Cam Lam – Vinh Hao expressway since May 2024.

We estimate HHV's total backlog value exceeds VND 3,500 billion, primarily derived from major projects such as Dong Dang – Tra Linh, Huu Nghi – Chi Lang, and HCMC – Thu Dau Mot – Chon Thanh. The company's increasing ownership in key BOT projects like Cam Lam – Vinh Hao, Huu Nghi – Chi Lang, and Dong Dang – Tra Linh is expected to contribute positively to revenue growth. We also expect a ~6% increase in BOT toll fees, while modest traffic growth will continue to support revenue expansion.

HHV is projected to achieve revenue of VND 3,639 billion (+10% YoY) and net profit of approximately VND 639 billion (+35% YoY). Over the long term, large-scale national projects such as the North–South Expressway (Phase 3) and the North–South high-speed railway will provide substantial opportunities for HHV to expand its backlog and secure new contract wins.

Risks:

(1) Delay in the implementation of public investment projects;

(2) Volatility in construction material prices;

(3) High interest expenses.

Year	2022	2023	2024	2025F	2026F
Revenue (billion VND)	2,726	2,629	3,308	3,639	3,821
Operating profit (billion VND)	301	1,020	1,272	1,391	1,461
OPM (%)	11.1	10.7	38.5	38.2	38.2
NPAT (billion VND)	152	130	405	548	612
NPM (%)	5.6	5	12.24	15.05	16.02
EPS (VND)	746	410	937	1,267	1,416
ROE (%)	8.2	4.2	4.82	5.78	6.25
P/E (x)	11.9	28.5	12.4	9.32	8.33
P/B (x)	0.9	1.1	0.5	0.45	0.44

Source: Bloomberg, Shinhan Securities, Data as of May 20, 2025

Shinhan Securities

Steel industry

Shifting gears to the domestic



Huong Le
☎ (84-28) 3243-0357
✉ huong.lt@shinhan.com

Content

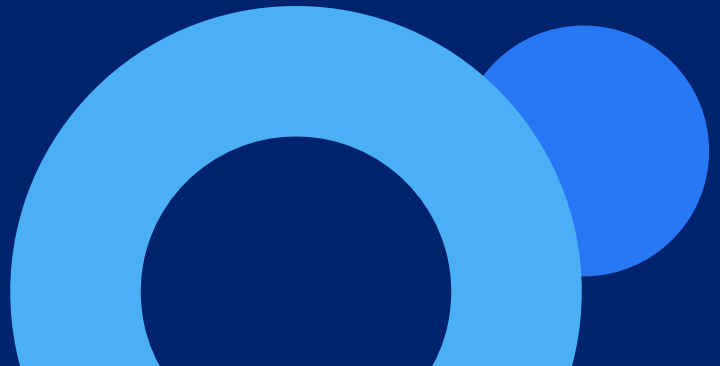
Steel industry – Shifting gears to the domestic

1. World Steel Market
   - Steel output in key markets declined in Q1/2025
   - Global protectionism poses new barriers for the steel industry
2. Vietnam Steel Market
   - Steel output recovers, driven by domestic demand
   - Steel exports decline year-over-year
   - Business outlook of steel companies
3. Steel industry outlook 2025-2026
   - Real estate recovery supported by legal reforms
   - Acceleration of key infrastructure projects
   - Profit margins expected to improve
   - Trade defense policies ease competitive pressure from imported steel
4. Steel Stock Investment Opportunities
   - HPG

01

World steel market

The global steel industry has emerged from a challenging Q1/2025, marked by several headwinds: (1) global trade protectionism, and (2) pressure from a wave of cheap steel exports from China amid persistent supply-demand imbalances in the country. Nonetheless, the steel sector has been somewhat insulated from global market volatility due to the relatively low prices of essential raw materials, including iron ore and coking coal.

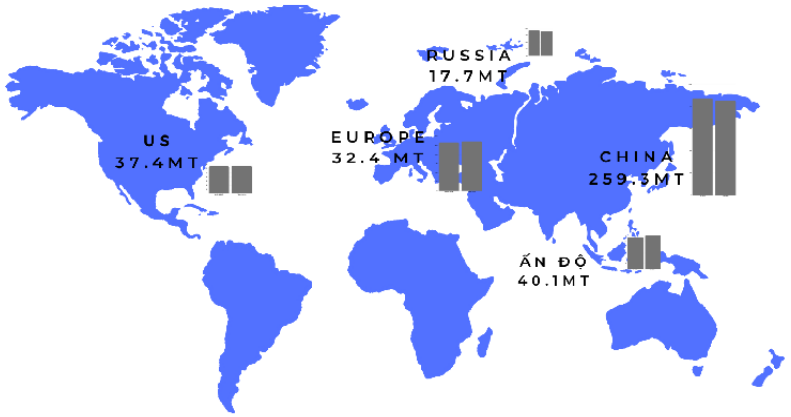


1. World steel market

Steel volume in key markets declined in 3M2025

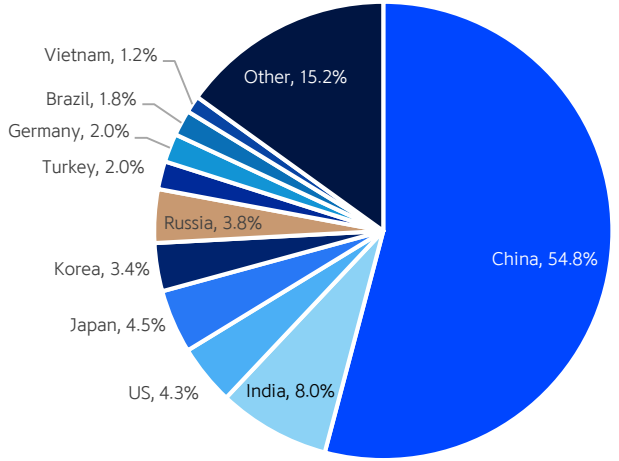
- In Q1 2025, global crude steel production was 468 million tons, down 0.4% year-on-year. China, the largest producer, reached 259.3 million tons, up 0.6% mainly due to exports despite weak domestic real estate demand. India grew 6.8% to 40.1 million tons, driven by infrastructure and industrial investment. Vietnam ranked 13th with 3.28 million tons, up 6.4% year-on-year.
- Overall, the global steel sector faced continued difficulties due to weak residential construction and infrastructure demand amid economic uncertainties, alongside ongoing protectionism in major countries causing prolonged trade tensions.

Steel production output in key countries 3M/2025 YoY



Source: WSA, Shinhan Securities Vietnam

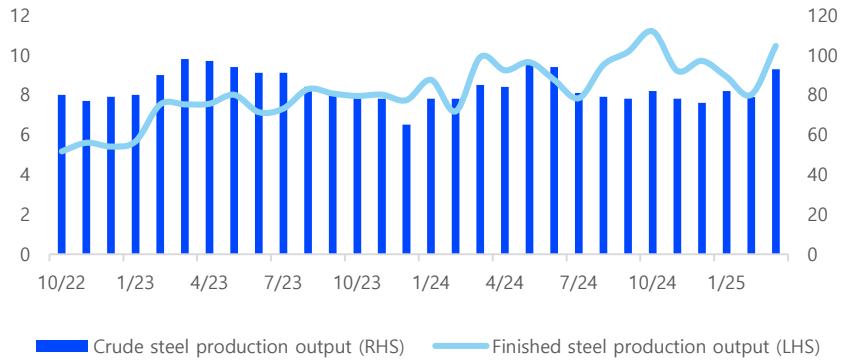
Steel production by region 3M/2025



Source: WSA, Shinhan Securities Vietnam

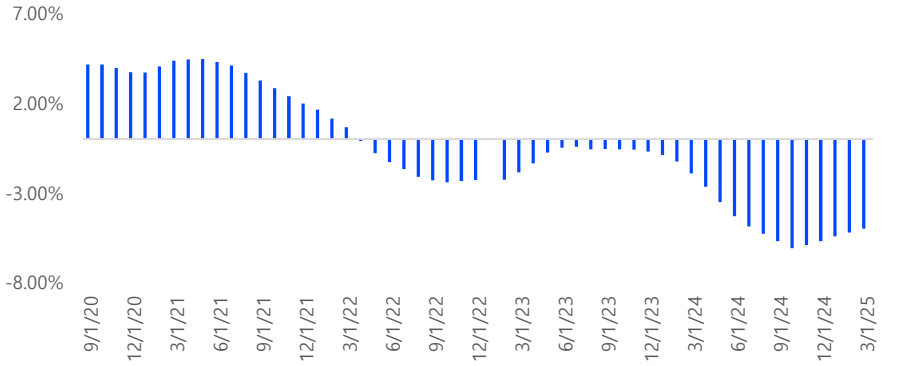
China's real estate market: "Waiting for the light at the end of the tunnel"

China crude steel output by month (million tonnes)



Source: Bloomberg, Shinhan Securities Vietnam

China House Price Growth (YoY)

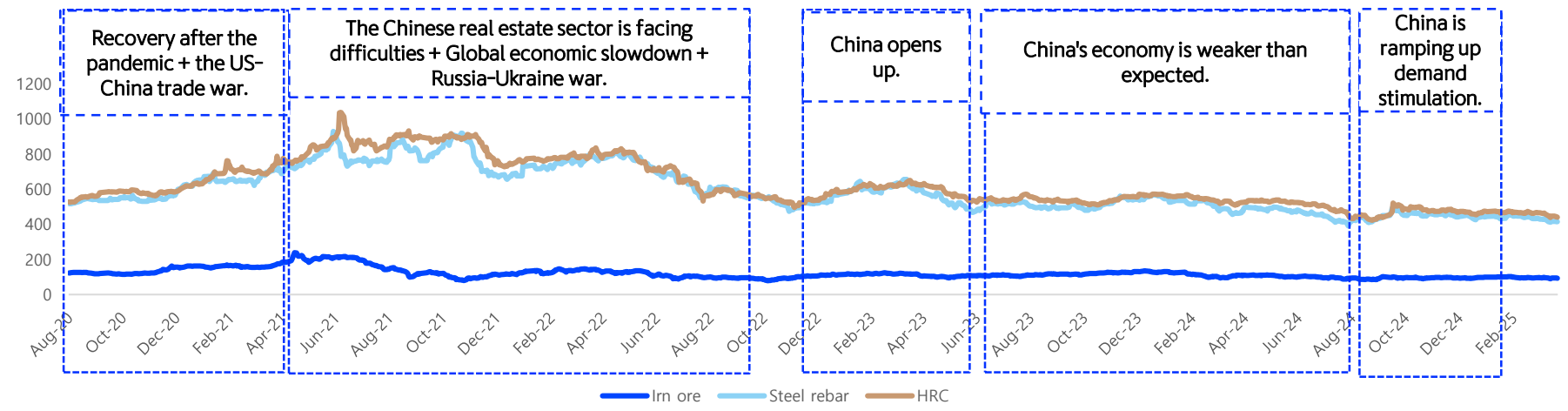


Source: Bloomberg, Shinhan Securities Vietnam

- China's crude steel production saw a mild recovery in Q1/2025, reaching 259.3 million tons, up 0.6% year-on-year, mainly supported by a rebound in exports. Notably, housing prices in China continued to decline during the same period, indicating that the real estate market remains under significant pressure.
- Steel exports from China surged in Q1 2025, totaling 27.42 million tons, a 6.3% year-on-year increase. This was driven by: (1) a weaker CNY, which made Chinese steel more competitive as its price fell 11% year-on-year; and (2) increased buying from overseas markets ahead of upcoming protectionist tariffs.
- However, we expect China's steel exports to decline in the remaining quarters of 2025 due to: (1) the imposition of anti-dumping duties on Chinese steel in several countries, and (2) a potential escalation in U.S.–China trade tensions under President Donald Trump, which may restrict Chinese steel imports into the U.S.

Chinese steel prices continue downward trend

Global iron ore and coking coal prices (USD/Ton)



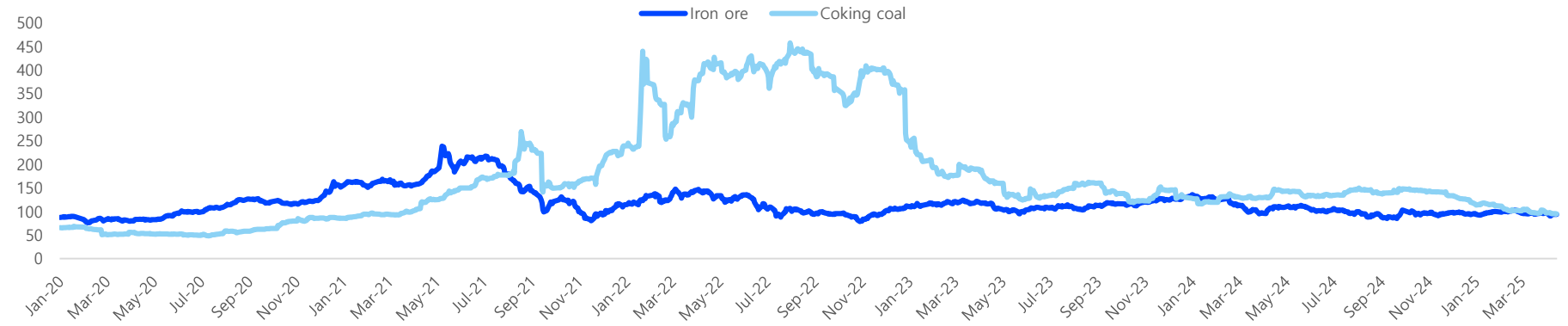
Source: Bloomberg, Shinhan Securities Vietnam

- HRC and rebar steel prices in China declined by 10.8% YoY and 11.3% YoY respectively in Q1/2025. The primary reason is the continued weakness in domestic demand: (1) the real estate market shows no signs of recovery, with new home sales dropping 11.4% YoY in March 2025 and housing prices marking three consecutive years of negative growth; (2) prolonged oversupply in the market.
- We forecast that China's steel demand will remain weak through the end of 2025, as the country's real estate sector has yet to recover. Accordingly, HRC and rebar prices may continue to adjust slightly in the upcoming quarter (hovering around USD 450–470/ton) and are expected to recover from late Q4/2025, as oversupply cools down when Chinese steel mills cut production in line with government policies.

1. World steel market

Declining input material prices help sustain profit margins for the steel industry

Global prices of iron ore and coke (USD/ton)



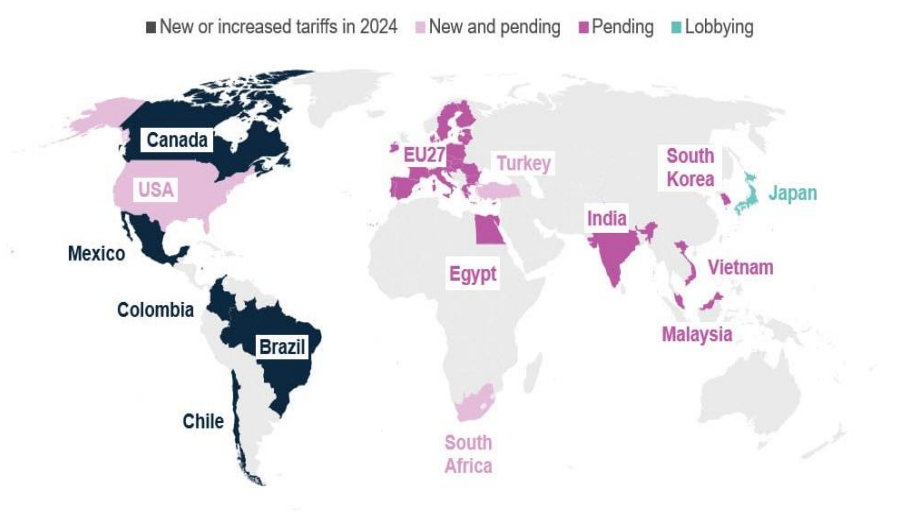
Source: Bloomberg, Shinhan Securities Vietnam

- Prices of key input materials continued to decline in Q1/2025. Specifically, coking coal prices dropped by 25% YoY to USD 102/ton due to: (1) steel oversupply in China leading to weaker raw material demand,(2) increased coal supply in Australia and China, and(3) China's coal price regulation policies. Iron ore prices also fell by 11.4% YoY to USD 95/ton, mainly due to: (1) sustained high output from major miners such as Vale (Brazil) and Rio Tinto (Australia), and (2) weak demand in China.
- We expect coking coal and iron ore prices to remain low over the next three quarters, potentially averaging USD 100/ton and USD 90/ton, respectively, on the back of: (1) rising export supply from Australia, (2) continued weakness in China's steel production in 2025, and (3) trade tensions indirectly dampening raw material demand.

1. World steel market

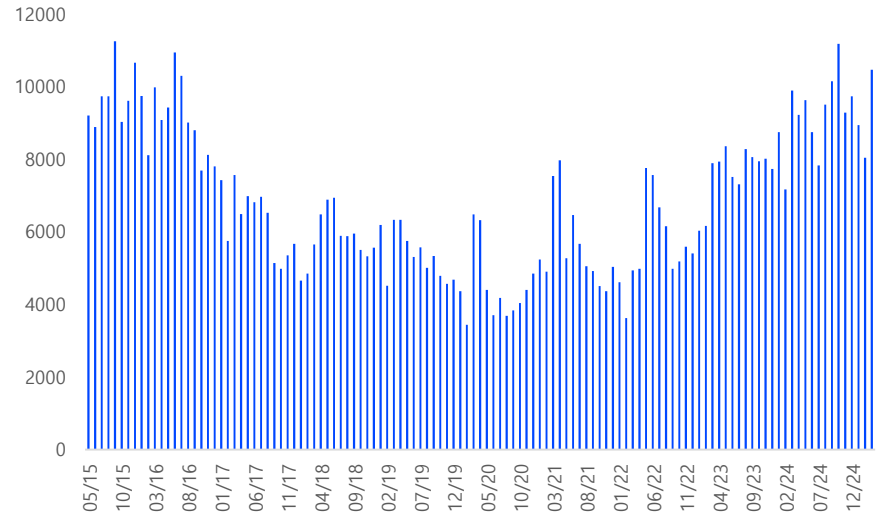
Global protectionism creates new barriers for the steel industry

The global wave of anti-dumping tariffs



Source: WSA, Shinhan Securities Vietnam

China's monthly steel exports (thousand tons)

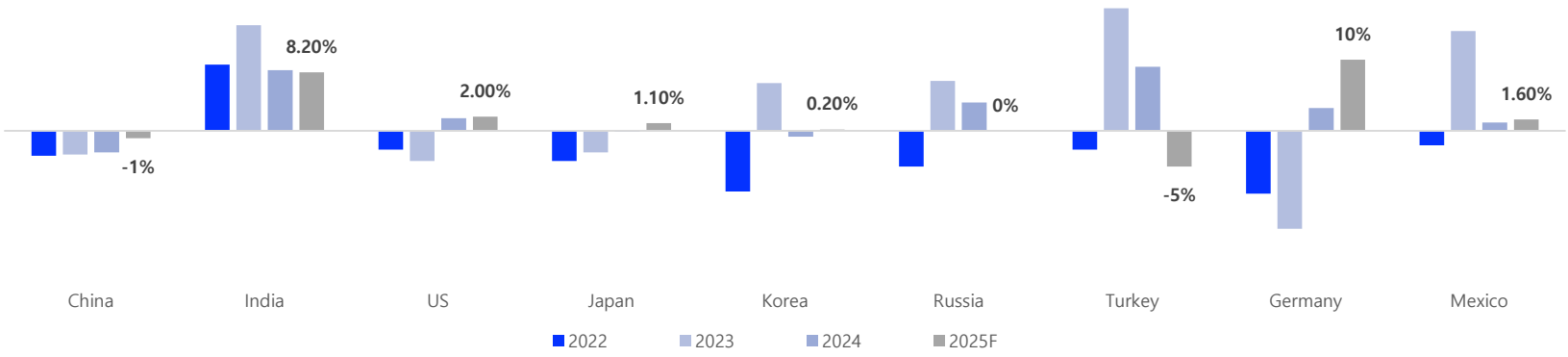


Source: Bloomberg, Shinhan Securities Vietnam

- Protectionism is a long-term phenomenon that could change the structure of the global steel industry. Specifically, according to the OECD, there are more than 240 trade defense measures on steel products globally as of Q1/2025. Of which, China is the target of more than 60 anti-dumping lawsuits. Vietnam has also officially applied anti-dumping duties on HRC and galvanized steel products from China, India and South Korea as of Q1/2025.
- In terms of impact, this protection policy creates new barriers for the steel industry: (1) decrease in export orders; (2) disruption of traditional trade flows, affected countries have to find alternative markets or invest in factories in intermediary countries to avoid taxes; (3) Emerging markets such as Indonesia, Vietnam, and India face the risk of becoming alternative markets for cheap steel from China.

World Steel Association forecasts global steel demand growth

Forecast of global Steel demand growth by WSA



Source: Bloomberg, Shinhan Securities Vietnam

- The World Steel Association (WSA) forecasts global steel demand to increase by +1.2% YoY, equivalent to an output of 1.77 billion tons in 2025, after 3 consecutive years of negative growth.
- Specifically, WSA believes that the global economy is facing many difficulties and geopolitical instability, trade tensions causing production activities to continue to weaken, and purchasing power to decline in most major economies. Accordingly, WSA expects steel consumption demand in some key countries such as China (2025: -1% YoY), India (2025: +8.5% YoY)... While the ASEAN region is expected to grow steadily (2025: +3.5% YoY).

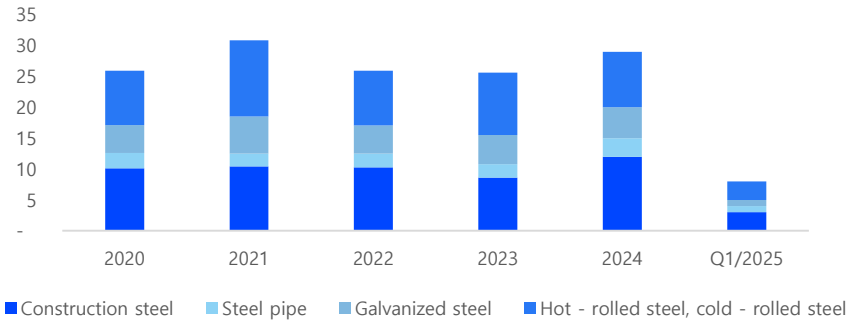
02

Vietnam steel market

In Q1/2025, the domestic market served as the primary driver for the steel industry, while the export market encountered challenges due to global tariff instability. The Vietnamese government also implemented anti-dumping measures on imported steel to safeguard the domestic steel manufacturing sector.

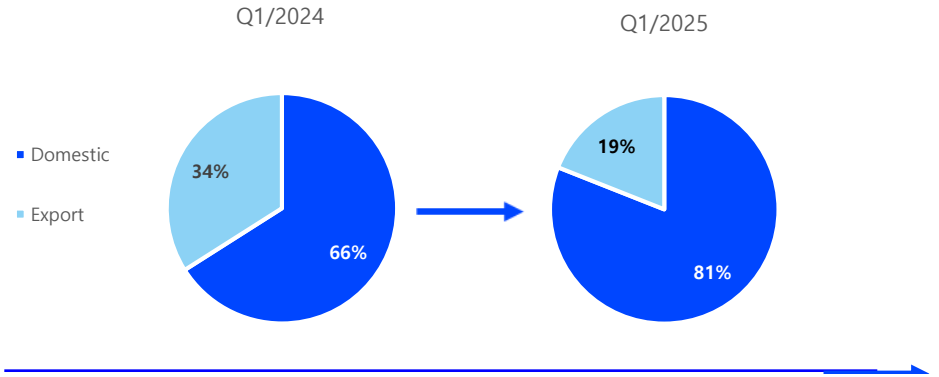
Steel output recovered, with the domestic market being a bright spot

Finished steel sales volume by product (million tons)



Source: VSA, Shinhan Securities Vietnam

Proportion of finished steel sales by market



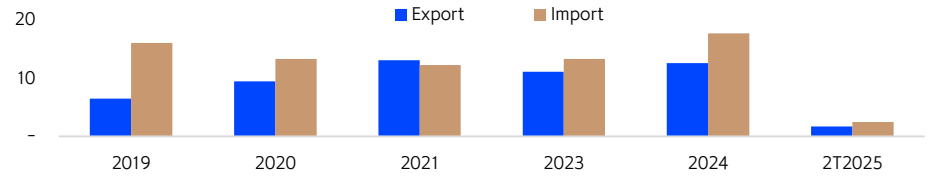
Source: VSA, Shinhan Securities Vietnam

- Domestic finished steel consumption recorded a positive recovery in Q1/2025 (7.5 million tons, +12% YoY), primarily driven by the domestic market. Specifically: (1) Construction steel (3.07 million tons, +20% YoY) benefited from increased real estate supply, particularly in the Northern region (+70% YoY), and numerous public investment projects initiated in Q1/2025. (2) Rolled steel (2.6 million tons, +12.1% YoY): notably, HRC consumption increased by 9% YoY, a positive outcome of temporary anti-dumping duties on HRC imported from China, prompting galvanized sheet manufacturers to switch to domestically produced HRC. (3) Galvanized sheet (1.2 million tons, -6% YoY) and steel pipes (626 thousand tons, +18% YoY).
- In Q1/2025, domestic consumption volume rose by 37%, accounting for 81% of total output. The gross profit margin for steel sold domestically (~15%) was higher than for exports (~9%), thus, recovering domestic demand will significantly benefit steel enterprises. Overall, current production has achieved a supply-demand equilibrium, poised for a new steel cycle to emerge in the 2025-2026 period.

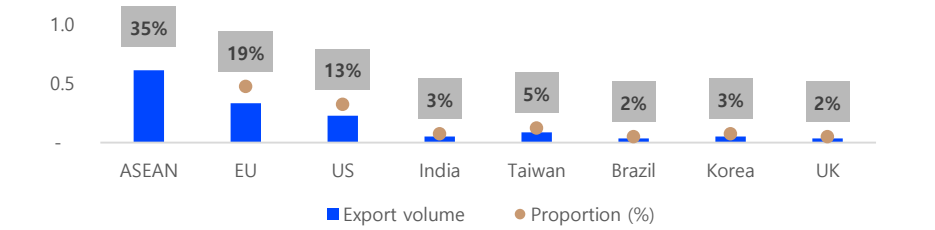
Steel exports declined year-on-year

- In the first two months of 2025, Vietnam's total steel export volume declined, reaching 1.74 million tons, a 19% year-on-year decrease, attributed to tariff barriers in key markets. Vietnam's total steel import volume reached 2.51 million tons, down 5% year-on-year.
- Regarding export markets in 2M2025, the ASEAN region was the largest consumer of Vietnamese iron and steel products, accounting for 35% of total turnover. The EU market ranked second, comprising 19% of total turnover, followed by the U.S. market at 13%.
- Concerning import markets in 2M2025, China continued to be the largest supplier (62% of total volume) but recorded a 5% year-on-year decrease. We anticipate that steel import volume from China to Vietnam will continue its downward trend in the remaining three quarters of 2025 due to the impact of temporary anti-dumping duties on imported HRC and galvanized steel.

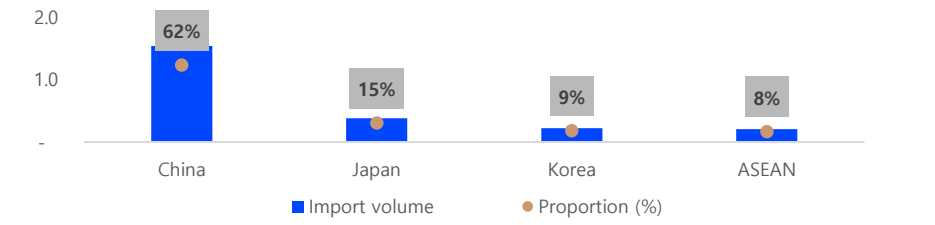
Vietnam Steel import and export 2019 – 02/2025 (million tons)



Vietnam Steel export markets 2019 – 02/2025 (million tons)



Vietnam Steel import markets 2019 – 02/2025 (million tons)



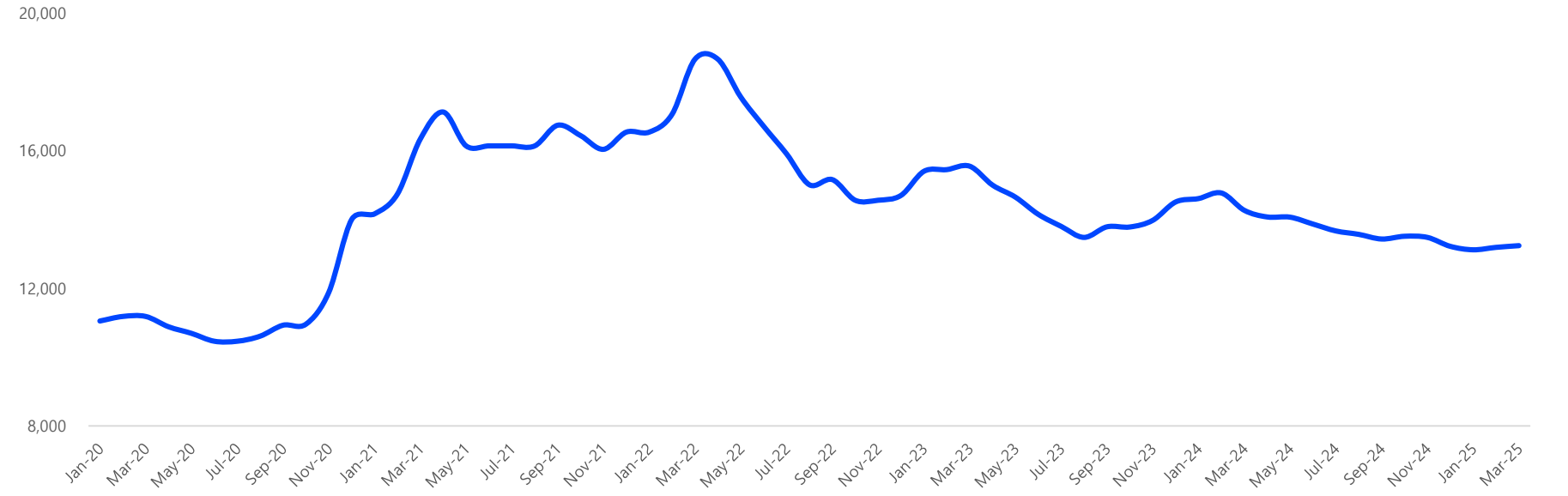
Source: VSA, Shinhan Securities Vietnam

** The above steel import and export data includes semi-finished steel and finished steel.*

2. Vietnam steel market

Domestic steel prices have been fluctuating at a 4-year low

Domestic steel price trend (VND/kg)



Source: Fiinpro, Shinhan Securities Vietnam

Domestic steel prices moderated in Q1/2025 but resumed an upward trend in the subsequent two months. Nevertheless, current steel prices remain around VND13,000 – 13,500/kg, representing the lowest price range in the last four years. We project a modest 5% year-on-year increase in steel prices during H2/2025, primarily driven by (1) government-backed recovery of the residential real estate market, (2) accelerated infrastructure development, and (3) diminished competitive pressure from Chinese steel following the application of anti-dumping duties on imported HRC and galvanized steel.

Anti-dumping tax policies of countries on Vietnam's steel

Foreign countervailing duties on Vietnamese steel

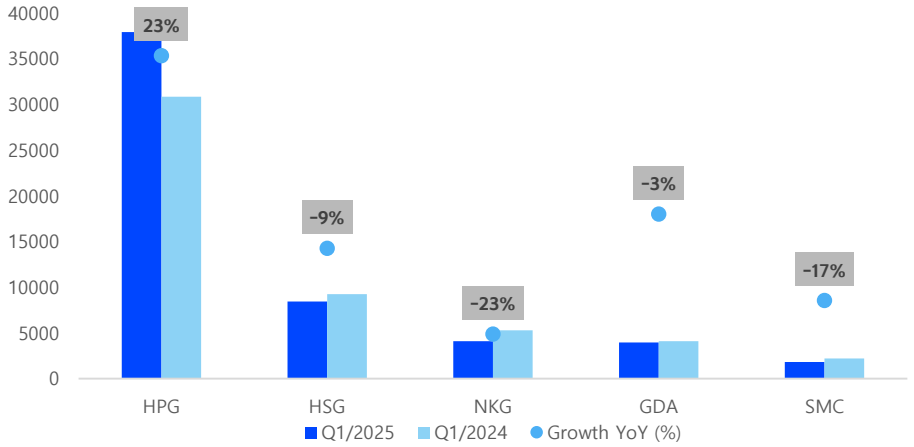
Case code	Imposing country	Country/Region subject to tax	Imposition time	Applied tax rate	Affected stock
Galvanized steel	Malaysia	Vietnam	Under investigation		HSG, NKG, HPG, GDA
Cold-rolled carbon steel	Thailand	Vietnam, China, Taiwan	Under investigation		HPG, GDA, TNS, VGS
Imported steel and aluminum	US	Global	Applied tax	Aluminum: 15%; Steel: 25%	HSG, NKG, GDA, HPG, TIS, TVN,…
Hot-rolled coil steel	EU	Vietnam, India, Japan	Provisional applied tax	0-12.1% (12.1% for Formosa; 0% for HPG)	
Alloy steel, non-alloy steel	India	Global	Provisional applied tax	20%	HSG, NKG, HPG, GDA, TIS, TVN,…
Steel pipes	Thailand	Vietnam	02/2020 - End of review	6.97%-51.61%	HSG, HPG
Coated steel sheet	US	Vietnam	4/4-10/2025 (preliminary)	39.84%-88.12%	HSG, NKG, GDA, HPG

Source Fiinpro, Shinhan Securities Vietnam

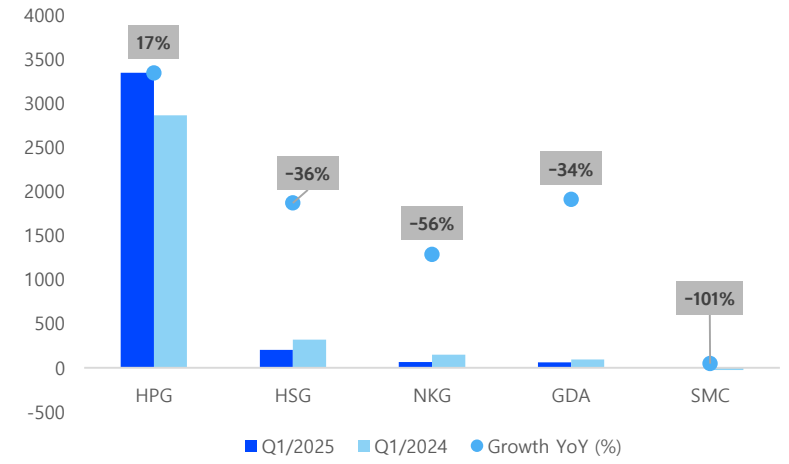
- The global protectionism wave is currently a major barrier for steel enterprises in Vietnam. The majority of investigations target Vietnam's coated steel sheet products (due to the extensive use of cheap raw material supply from China) – posing a risk to the export volume of coated steel sheet enterprises (NKG, HSG, GDA). However, we expect this to be an opportunity for Vietnam's steel industry to reduce its reliance on China, especially as Vietnam has already imposed anti-dumping duties on hot-rolled coil (HRC) and coated steel sheets from that country.

The business outlook of steel companies

Revenue of typical steel companies



Net profit of typical steel companies



Source: Fiinpro, Shinhan Securities Vietnam

The steel industry landscape in Q1/2025 shows a divergence between steel manufacturers and coated steel sheet manufacturers

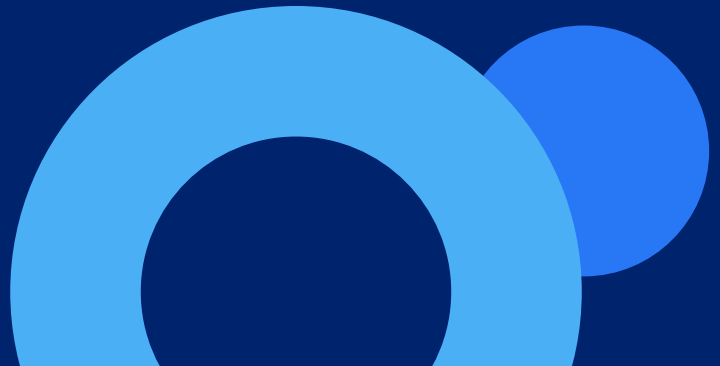
HPG, the sole construction steel and HRC manufacturer listed on the stock exchange, recorded positive business growth in Q1/2025 with revenue reaching VND 37,622 billion (+22% YoY) and after-tax profit reaching VND 3,350 billion (+17% YoY), thanks to strong growth in domestic consumption volume, while steel prices saw a slight recovery during the quarter.

Conversely, listed coated steel sheet manufacturers such as HSG, NKG, GDA, etc., recorded declines in both revenue and profit in Q1/2025. The reasons for this were a sharp decrease in export volume due to tariff uncertainties, and increasingly fierce domestic competition as orders that could not be exported had to be sold back into the domestic market.

03

Outlook for the Steel industry in 2025-2026

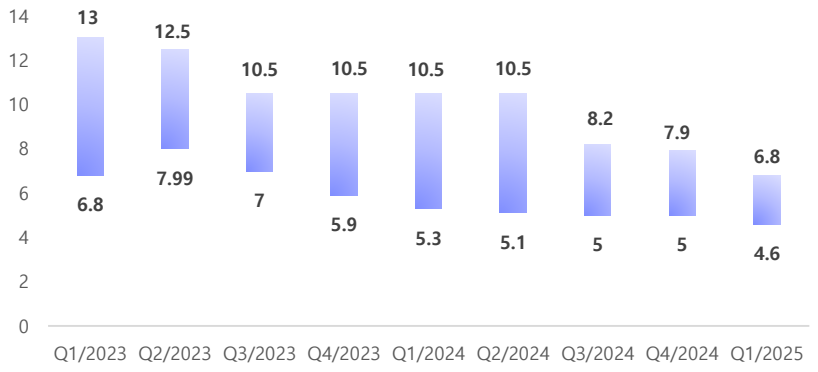
In the 2025-2026 period, the drivers for the steel industry's recovery include: (1) The real estate market beginning to pick up thanks to a favorable interest rate environment and clarified legal frameworks; (2) Accelerated construction of key infrastructure projects; (3) Expected improvement in profit margins due to raw material prices remaining at low levels; (4) Trade defense policies reducing competitive pressure from imported steel. However, we believe that the global wave of tariffs could shrink the entire industry's export volume.



3. Outlook for the Steel Industry in 2025-2026

Real estate recovery driven by the easing of legal regulations

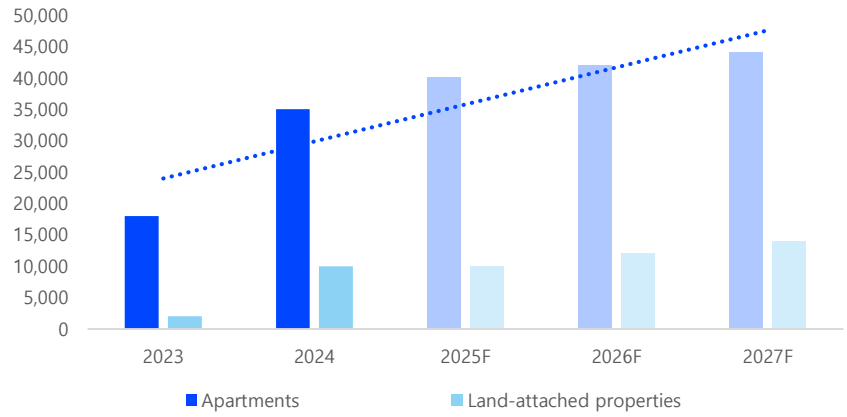
Preferential home loan interest rates in the first year from banks (*)



(*) The banks surveyed include: State-owned banks: BIDV, Vietinbank, VCB, Agribank
Commercial banks: SHB, VPBank, MBBank, Techcombank
Foreign banks: Woori Bank, Shinhan Bank, Hong Leong Bank, HSBC.

Source:: Ministry of Construction , Shinhan Securities Vietnam

Projected real estate supply in 2 major cities (*)



(*) Projected total commercial real estate supply in Hanoi and Ho Chi Minh City

Source: Fiinpro, Shinhan Securities Vietnam

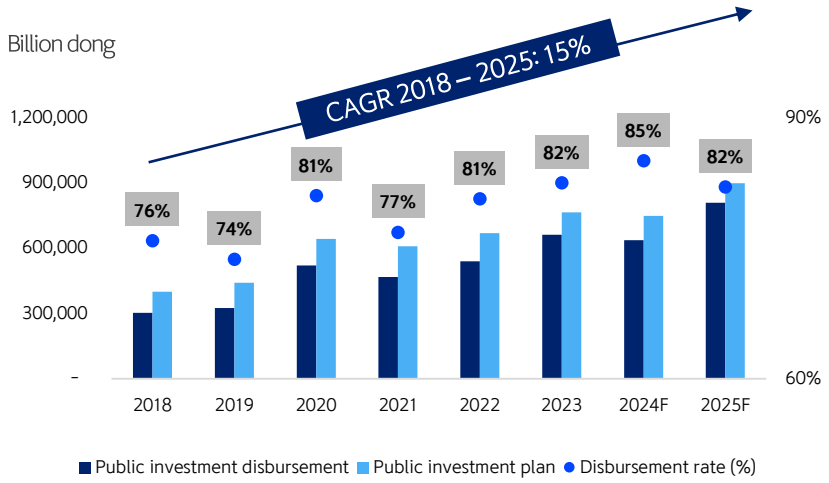
Residential real estate – the main domestic consumption market for the steel industry – is showing signs of recovery quarter by quarter. Specifically, the supply of apartments and land-attached properties in Hanoi increased by 70% YoY in Q1/2025. At the same time, home loan interest rates have also consistently decreased from 6.8%-13% in Q1/2023 to 4.6%-6.8% in Q1/2025, clearly reflecting monetary policy's direction to support the real estate market. Furthermore, according to CBRE's forecast, the compound annual growth rate (CAGR) for apartment selling prices and supply will be 7% and 6% respectively in the 2024-2027F period.

Assessment: 2025 marks the beginning of the recovery cycle for the domestic real estate market due to (1) The positive impact of the amended Land Law, (2) interest rates remaining at low levels (an average of 7.8% for medium and long-term loans as of March 2025), and (3) signs of recovery in housing supply and prices, especially in the Northern region.

3. Outlook for the Steel Industry in 2025-2026

Accelerating the construction of key infrastructure projects

Public investment disbursement over the years (% YoY)



Source: Ministry of Construction, Shinhan Securities Vietnam

Key infrastructure projects

Project	Investment amount (Trillion VND)	Progress	Construction duration
Long Thanh Airport phase 1	114	In progress	2021- 2026
North-South Expressway (Phase 2)	147	In progress	2021-2025
Ring Road 3 (Ho Chi Minh City)	75	In progress	2022-2025
Ring Road 4 (Hanoi)	86	In progress	2023-2026
Can Gio International Port	113	Not yet implemented	Begin construction in 2025
North-South High-Speed Railway	1,714	Not yet implemented	2027 -2035 (estimated)

Source: GSO, Shinhan Securities Vietnam

The pressure to accelerate public investment is a significant opportunity for steel enterprises.

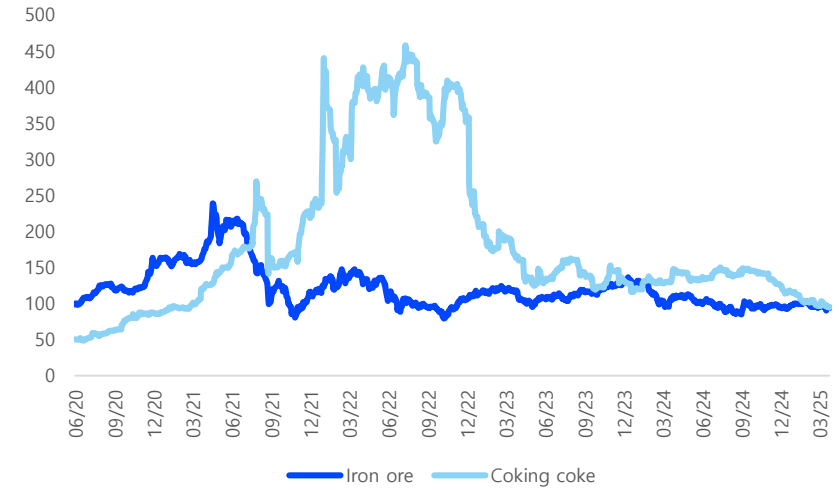
Estimated public investment disbursement by the end of Q1/2025 reached VND 78,712 billion, achieving 9.53% of the Prime Minister's plan, a decrease of 12.27% YoY; indicating slow disbursement of public investment from local budgets. However, we believe that the pressure for public investment disbursement in the remaining three quarters of 2025 is significant, and disbursement issues will soon be resolved as public investment is a key spearhead to achieve the 8% GDP growth target, especially amidst existing export risks.

The public investment plan for 2025 is VND 790,727 billion, a significant increase compared to the 2024 plan of VND 670,000 billion. As a result, public investment capital in 2025 will increase by approximately VND 120,000 billion compared to the previous year. With key projects in 2025 such as Long Thanh Airport, Can Gio International Port, Ring Road 3, North-South Expressway, etc., the significant disbursement pressure will be an opportunity for steel enterprises to increase their consumption volume.

3. Outlook for the Steel Industry in 2025-2026

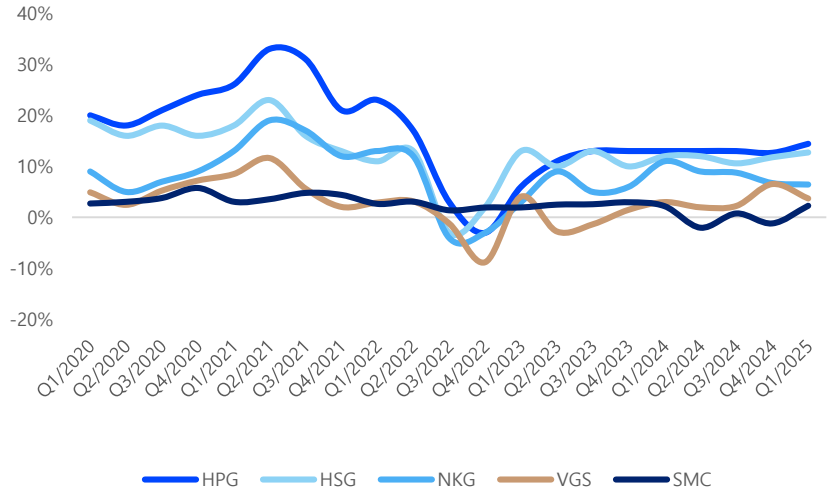
Profit margins are expected to improve

Prices of coal, iron ore, and HRC (USD/ton)



Source: Bloomberg, Shinhan Securities Vietnam

Gross profit margins of steel companies (%)



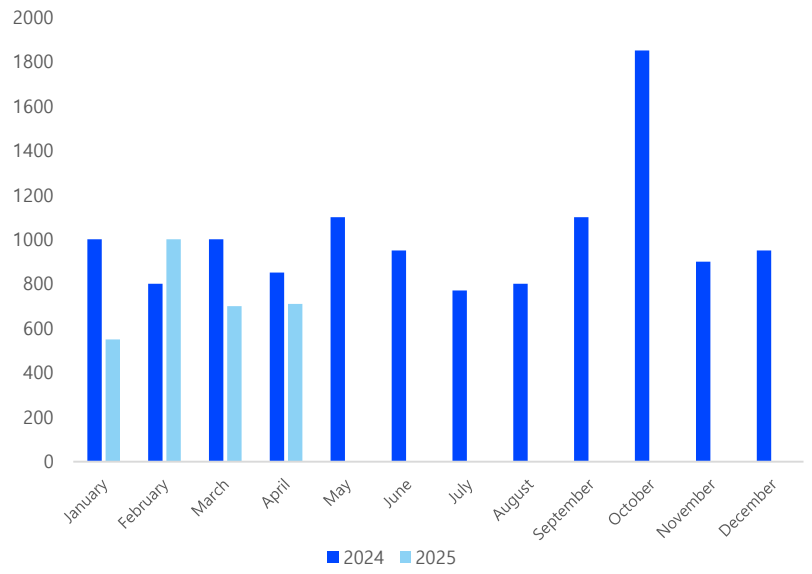
Source: Bloomberg, Shinhan Securities Vietnam

- In Q1/2025, iron ore and coking coal prices decreased by 11% YoY and 25% YoY respectively, which helped the gross profit margin of steel manufacturer HPG improve from 13.46% to 14.42% YoY.
- In 2025-2026, we believe the scenario for domestic HRC steel prices will increase by an average of 5% YoY, driven by the 'brighter' expectations for the residential real estate market, infrastructure spending, and anti-dumping duties on imported HRC and coated steel products. However, we assess that the upside for HRC prices is higher than for coated steel, due to increased competition in the domestic market (which is already oversupplied), especially in the context of a shift away from export markets. Meanwhile, we project coking coal and iron ore prices to fluctuate at low levels due to relatively weak iron ore demand in China and increased coking coal supply in African and Australian markets. Consequently, the profit margins of steel manufacturers will improve.

3. Outlook for the Steel Industry in 2025-2026

Trade defense policies reduce competitive pressure from imported steel.

Vietnam's steel imports from China (Thousand tons)



Source: General Department of Vietnam Customs, Shinhan Securities Vietnam

Vietnam's anti-dumping duties on foreign steel

Country	Year	Product
China, South Korea	2024-2029	Pre-painted galvanized steel (AD04)
India, China	Provisional	Hot-rolled coil steel (AD20)
South Korea, China	Provisional	Coated steel sheet (AD19)
China, Indonesia, Malaysia, Taiwan	Under investigation	Cold-rolled stainless steel (AD01)
China	Under investigation	H-beam steel (AD03)
Malaysia	Under investigation	Z-section steel (AD12)
China, Malaysia, Thailand	Under investigation	Pre-stressed concrete steel bars (AD17)

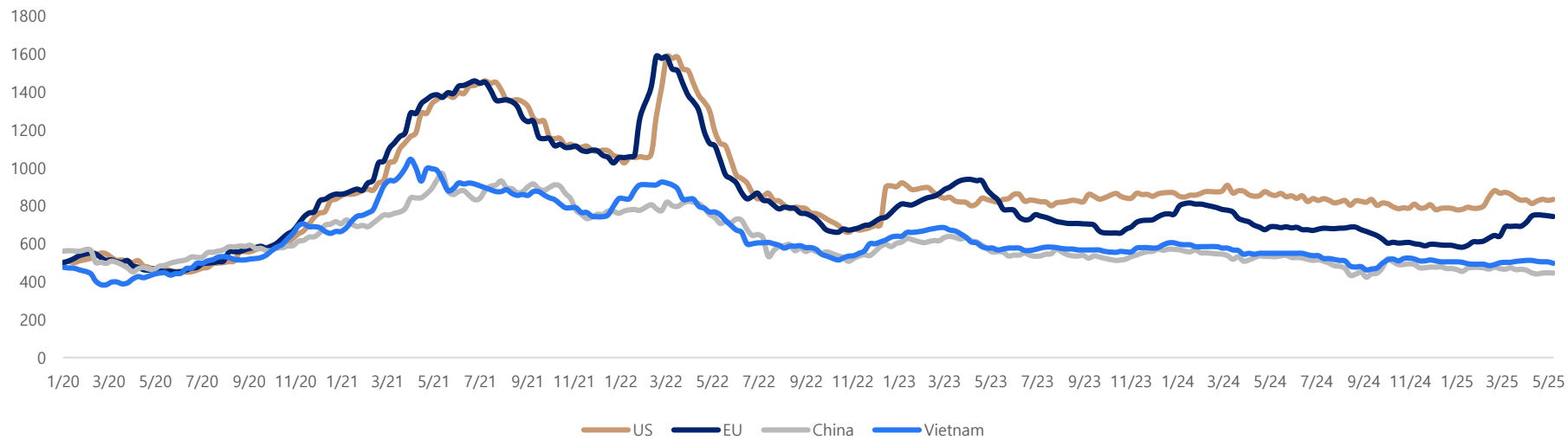
Source: VSA, Shinhan Securities Vietnam

Vietnam's anti-dumping duties applied to HRC and coated steel will alleviate competitive pressure from imported steel.

- According to the General Department of Vietnam Customs, in the first four months of 2025, steel imports from China reached 2.9 million tons, a decrease of 19% YoY; the proportion dropped from 68% to 58%. We believe this reflects the effectiveness of trade defense measures on HRC and coated steel from China, India, and South Korea, thereby supporting the consumption volume of domestic steel enterprises in the first four months of 2025.
- The application of protectionist measures helps shield domestic producers from import surges, thereby contributing to an increase in domestic steel output and strengthening the steel industry's recovery in 2025.

Exports: Risk of declining output due to tariff impacts

HRC price trends across countries (USD/Ton)



Source: Bloomberg, Shinhan Securities Vietnam

Global protectionism may narrow steel price spreads, making it difficult for Vietnamese steel to be exported to the US and Europe.

Over the past four years, the price difference between HRC steel in Europe and the US compared to Asia has been around 200-250 USD/ton. This is why, on average, ~20% of the steel consumed in these two regions is imported from Asia each year. However, we assess that the protectionist tariff policies of the US and the environmental taxes of Europe on steel from Asia could narrow the actual price difference and impact Vietnam's steel export volume (in 2024, the US and EU accounted for 13% and 30% respectively of Vietnam's total steel export volume).

We believe that Asian steel producers may have to (1) sacrifice a portion of their profit margins to keep steel prices competitive when exporting to Europe and North America; (2) shift towards alternative markets, such as the Middle East and South America.

04 Typical stocks in steel industry

HPG

4. Typical stocks in the steel industry

Listed steel companies

General information			Stock price			Forecast				Financial ratio (**)				Valuation (25F)	
No.	Ticker	Market Cap (billion VND)	Price (VND)	Target* (VND)	Upside (%)	Forecast Revenue 2025F	Growth 2025F	Forecast profit 2025F	Growth 2025F	Gross profit margin	D/E	ROA	ROE	P/B (x)	P/E (x)
1	HPG	HPG	171,099	25,550	31,300	23%	169,329	22%	14,207	18%	14%	0.55	5.80%	11.20%	1.45
2	HSG	HSG	10,680	16,400	18,600	13%	40,392	3%	623	22%	13%	0.27	2.34%	4.13%	0.90
3	NKG	NKG	6,713	13,100	14,500	11%	19,805	-4%	351	-22%	6%	1.56	2.71%	5.63%	0.78
4	GDA	GDA	3,142	20,500	N/A	N/A	18,179	-5%	327	-4%	8%	75.19	2.79%	9.20%	0.59

*Target price (fair value) for the next 12 months

** Data for the 12 months ending Q1/2025

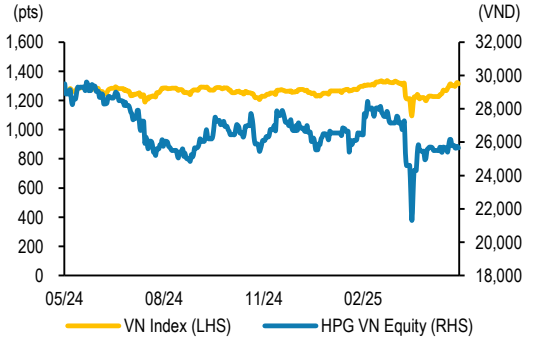
Source: SSV Research, Bloomberg

Data as of 05/27/2025

Hoa Phat Group (HSX: HPG)

Target price (12 months)	31,300 VND
Current price (27/05/25)	25,550 VND
Return (%)	22.5%
VNINDEX	1,340
Market P/E (x)	11.1
Market cap (billion VND)	163,424
Outstanding shares (mil shares)	6,396
Free-float (mil shares)	3,773
52-week high/low (VND)	29,950/21,300
90-day avg. trading volume (mil shares)	24.78
90-day avg. turnover (bn VND)	723
Major SHDs (%) Tran Đinh Long	26.08
Major SHDs (%) Dragon Capital	7.65

Performance	3T	6T	12T
Absolute (%)	-8.8	-3.2	-12.3
Rel.to VN-Index (%)	-11.4	-11.1	-16.9



Breakthrough in domestic output

Hoa Phat Group Joint Stock Company (HoSE: HPG) founded in August 1992 as a construction machinery trading company, Hoa Phat later expanded into steel pipes, construction steel, furniture, refrigeration, real estate, and agriculture. Its main steel products include construction steel, hot-rolled coil (HRC) steel, steel billets, steel pipes, and coated steel—construction steel alone accounts for 59% of total steel consumption. Hoa Phat leads the market with a 38% share in construction steel and 27% in steel pipes.

Business Results: Q1/2025 revenue reached VND 37,621 billion (+22% YoY), and after-tax profit reached VND 3,349 billion (+17% YoY), completing 18% of the 2025 annual profit plan. HPG's total output reached 2.7 million tons (+25% YoY) thanks to strong growth in construction steel (+30% YoY) and improved HRC steel (+23% YoY) due to contributions from Dung Quat 2 and anti-dumping duties on imported HRC. Gross profit margin improved by 0.3 percentage points to 13.6% as raw material input prices decreased faster than finished product selling prices.

Outlook for 2025: We believe that (1) construction steel output will gradually recover with the return of the real estate market, especially stalled projects restarting as new real estate laws take effect from mid-2024; (2) the Government will accelerate public investment disbursement with major key projects; (3) the company will benefit from the steel price gap with the US and EU; (4) selling prices will rise faster than raw material costs. Consequently, estimated 2025 revenue is VND 176,036 billion (+27% YoY), and after-tax profit is VND 18,921 billion (+57% YoY). In the long term, the Dung Quat 2 Phase 1 project, with a 2.8 million tons/year HRC capacity, is under trial operation, expected to contribute from Q1/2025 and reach full capacity by 2027..

Key factors: (1) Developments in protectionist tariffs on Vietnamese steel; (2) Developments in borrowing interest rates during 2024-2026, as HPG increases debt for the construction of Dung Quat 2 project; (3) Steel prices in China.

Risk: (1) The risk of economic recession affecting steel demand and pushing steel prices down; (2) The risk of competition from hot-rolled steel products from China and India.

Year	2023	2024	2025F	2026F	2027F
Revenue (billion VND)	118,953	138,855	172,785	212,785	237,323
Operating profit (billion VND)	7,651	13,267	16,009	24,737	28,860
Operating profit margin (%)	6.4	9.5	9.2	11.6	12.1
Net profit after tax (billion VND)	6,800	12,020	14,589	22,454	25,826
Net profit margin (%)	5.7	8.6	8.4	10.5	10.8
EPS (VND)	1,117	1,879	2,078	2,906	3,038
ROE (%)	7	10.5	10.3	13.1	12.6
P/E (x)	23.8	13.5	12.2	8.7	8.4
P/B (x)	1.6	1.4	1.3	1.1	1.1

Source: Company data, Bloomberg, Shinhan Securities Vietnam

Shinhan Securities

Food & Beverages

Stimulate consumption to boost growth



Nhi Nguyễn
☎ (84-28) 6299 8000
✉ nhi.ntt@shinhan.com

Food & Beverages: Stimulate consumption to boost growth

Content

1. F&B 2024: Tightened expenditure remained the prominent feature

   FMCG consumption decreased across most categories, with Rural areas being less affected in comparison to Urban areas.

2. F&B 2025 outlook

   Sugar industry: Sugar prices slightly decreased amid sluggish consumption at the beginning of the year.

   Beer industry: Expectations of delaying the increase in Excise tax until 2027 and decreasing raw material prices.

   Dairy industry: Potential for consumption growth and expected lower milk powder prices due to trade war would support profit growth.

3. Investment opportunities

   SAB, VNM & MSN

01

F&B 2024: Tightened expenditure remained the prominent feature

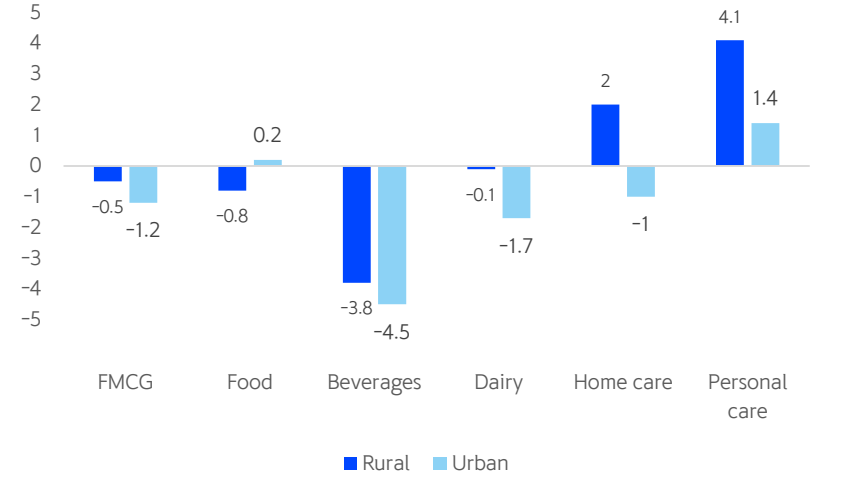
FMCG consumption decreased across most categories, with Rural areas being less affected in comparison to Urban areas.

1. F&B 2024: Tightened expenditure remained the prominent feature

2024 marked a relatively hard year when consumption recorded negative growth in almost all segments. In particular, Rural areas seem to be less affected by the decline in spending, two segments including personal care and family care even recorded positive growth.

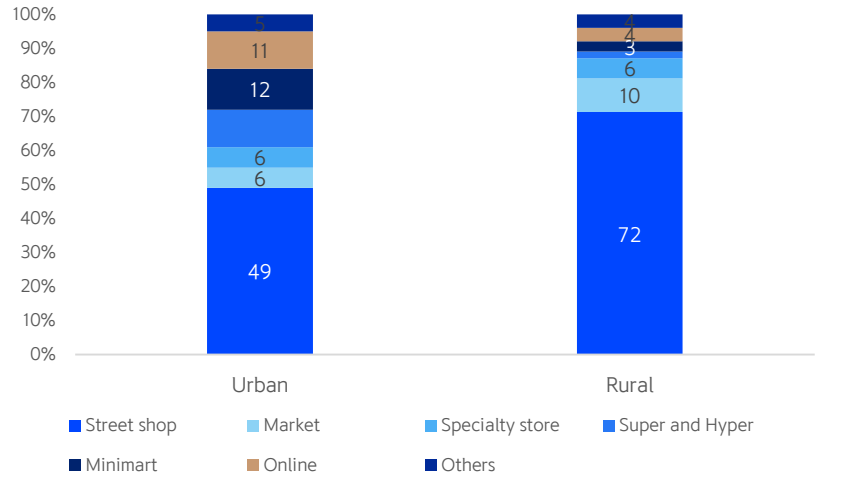
Throughout the year, the Food and Beverages and Dairy segment recorded negative growth in both Urban and Rural areas (except for Food which grew slightly by 0.2% in Rural areas). However, the bright spot is that consumption showed signs of recovery in the last 2 quarters of the year while the momentum of decline slowed down.

Change in FMCG expenditure MAT Q4/2024 (% YoY)



Source: Kantar, Shinhan Securities Vietnam

Distribution channels (%)



Source: Kantar, Shinhan Securities Vietnam

In Urban areas, FMCG growth recovered slightly in Q4 after 3 consecutive declining quarters, with Dairy and Personal Care in particular recorded good volume growth.

In Rural areas, FMCG growth slowed down in Q4 in both volume and price, especially for Beverages. On the other hand, Personal Care recorded good volume growth, while the other segments only saw slight improvements.

02

F&B 2025 outlook: Stimulate consumption to boost growth

Sugar industry: Sugar prices slightly decreased amid sluggish consumption at the beginning of the year.

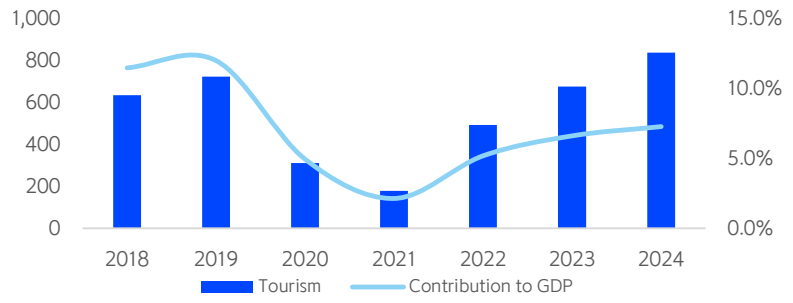
Beer industry: Expectations of delaying the increase in Excise tax until 2027 and decreasing raw material prices.

Dairy industry: Potential for consumption growth and expected lower milk powder prices due to trade war would support profit growth.

2. F&B 2025 outlook: Stimulate consumption to boost growth

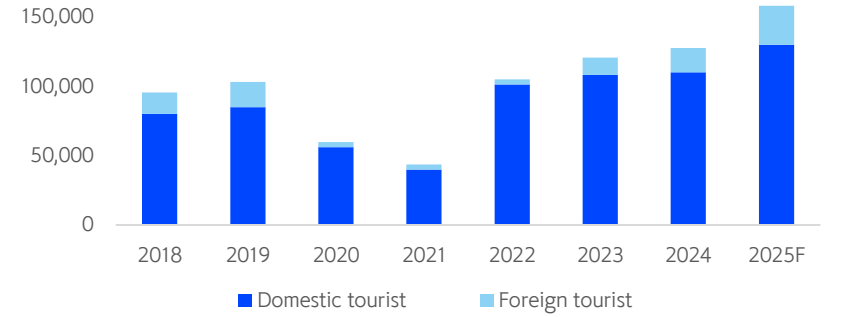
In the long run, F&B remains a potential sector thanks to favorable demographic factors and potential from tourism development.

Total revenue from tourism (VND bil)



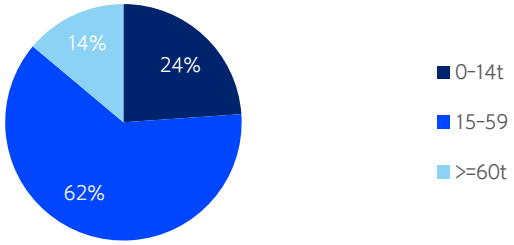
Source: VNAT, GSO, Shinhan Securities Vietnam

Tourist arrivals (thousand)



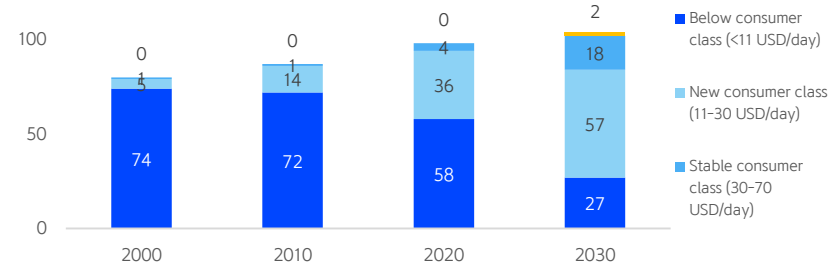
Source: VNAT, Shinhan Securities Vietnam

Population by age groups (%)



Source: GSO, Shinhan Securities Vietnam

Population by incomes (mil people)



Source: McKinsey, Shinhan Securities Vietnam

In addition to demographic advantages such as a young population structure and an expanding middle class, the potential growth of tourism services also serves as an important driver of expenditure on food and accommodation services.

2. F&B 2025 outlook: Stimulate consumption to boost growth

Domestic demand will need support from the Government's policy.

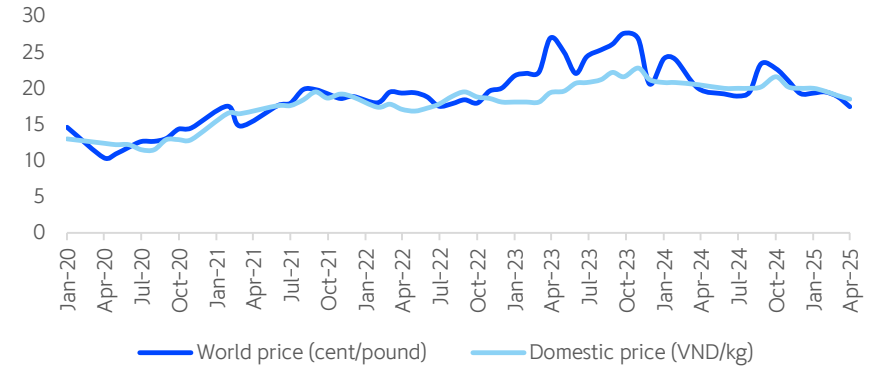
To support economic recovery after the COVID pandemic, the Government reduced VAT from 10% to 8% for the first time ever in 2022. Currently, the 8% VAT tax will be effective until June 30, 2025. The current draft Resolution is to keep this VAT until the end of 2026, while expanding applicable items to information technology products and services. In addition, increasing salaries for the public sector and implementation of trade promotion programs are also factors to support the stimulation of domestic consumption, or the recovery of the real estate market to provoke the wealth effect.

In addition, recent strong efforts to prevent and crack down on counterfeit and fake products (for example, in the food and pharmaceutical sectors) also contribute to purifying the market and increasing the competitiveness of domestic enterprises, helping those enterprises take advantage of the consumption gap left by low-quality products.

2. F&B 2025 outlook: Sugar industry

Sugar prices have decreased compared to the beginning of the year and are expected to remain stable.

Sugar price

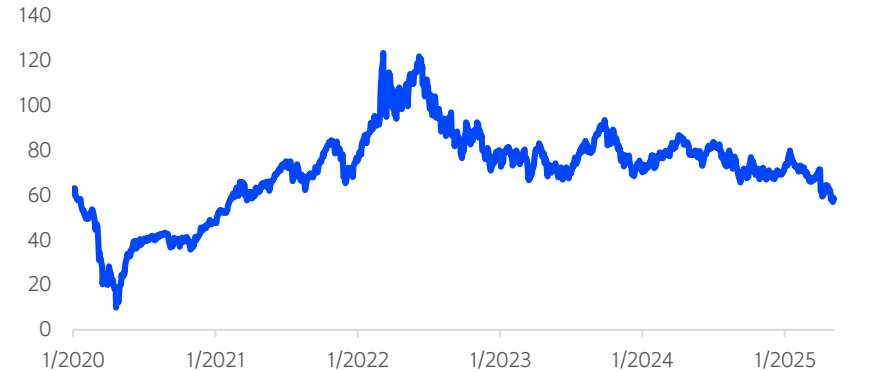


Source: Bloomberg, Agromonitor, Shinhan Securities Vietnam

**Domestic sugar reference is RS An Khe at factory warehouse*

** World sugar reference is Sugar No 11 contract on ICE exchange*

WTI crude oil price (USD/barrel)



Source: Bloomberg, Shinhan Securities Vietnam

World sugar prices fell in April due to concerns about global demand being affected by the trade war. As of the end of April 2025, world sugar prices were anchored at 17.46 cents/pound, which decreased about 10% since the year's beginning. Domestic sugar prices also experienced a slight drop in the first 4 months as the domestic market continued to be in a state of oversupply (abundant supply caused by year-end commercial inventories combined with supply from factories to the market after Tet Holiday) and consumption decreased in the first quarter. However, consumption output showed signs of improvement in April.

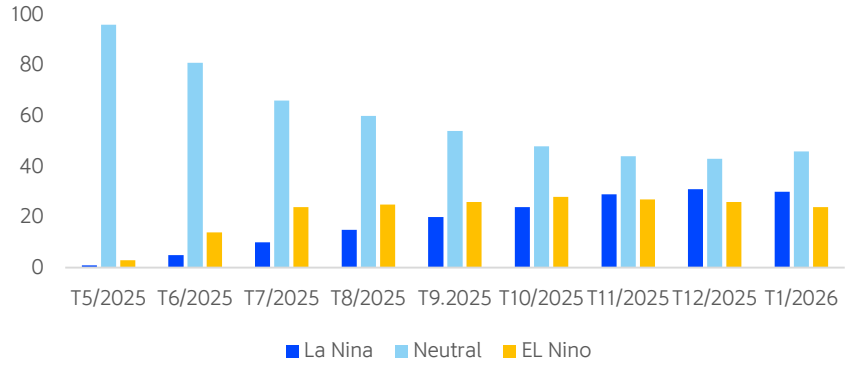
At the same time, the gap between sugar prices and oil prices will continue to favor sugar production from sugarcane instead of Ethanol.

2. F&B 2025 outlook: Sugar industry

Global sugar market is expected to see deficit in 2024/2025 crop, which is a supporting factor for global sugar price

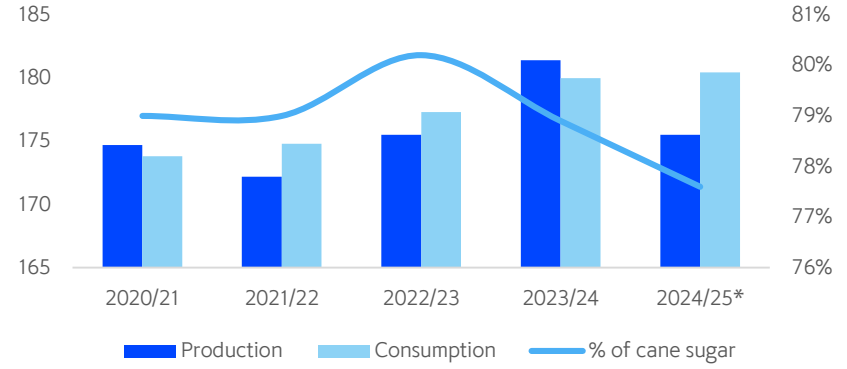
As of mid-April 2025, the equatorial Pacific Ocean is in neutral ENSO phase. IRI's forecast indicates a high probability (96%) of neutral conditions from April to June 2025. These neutral conditions are expected to extend from August to October 2025, with probabilities above 50%. For subsequent seasons, ENSO neutral conditions remain the most likely outcome, although the probability may decrease to around 40%. During the forecast period, neither El Niño nor La Niña are likely to be strong, providing a favorable environment for sugarcane cultivation.

ENSO probabilities (%)



Source: IRI, Shinhan Securities Vietnam

Global production and consumption forecast (mil ton)



Source: ISO Q1/2025, Shinhan Securities Vietnam

According to ISO forecasts, global production in the 24/25 crop year has been revised down to 175.5 million tons (5.84 million tons lower than the previous crop). Consumption is forecast to reach a record 180.42 million tons (0.25 million higher than the previous crop). Thus, the sugar supply and demand deficit is forecast to be -4.88 million tons, which serves as a supportive factor for global prices.

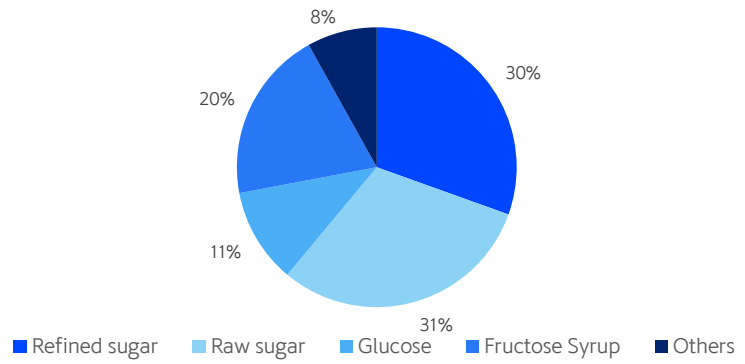
2. F&B 2025 outlook: Sugar industry

Still heavily dependent on imported sugar when production fails to meet demand

The current structure of the domestic sugar sector only affords half of the demand, the rest still depends on imported sugar, including official imports and smuggled sugar. Of which, the main imported categories are refined sugar and raw sugar (61% in Q1)

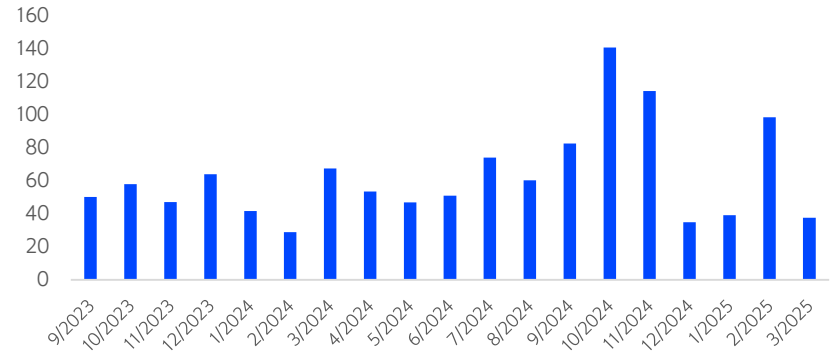
In Q1/2025, the total import volume of raw sugar and refined sugar reached 175.2 thousand tons (+40% YoY). The reason laying behind is the surge in imported refined sugar when the its import prices of other countries tended to decrease and become more stable. However, imports slowed down in March for both types of sugar.

Sugar import by category in Q1/2025



Source: Agromonitor, Shinhan Securities Vietnam

Official import volume of raw and refined sugar (thousand ton)



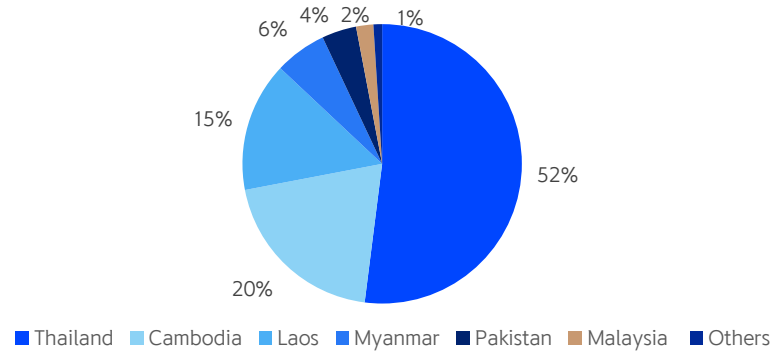
Source: Agromonitor, Shinhan Securities Vietnam

** Preliminary Q3/2025 data from March 1-25, 2025*

2. F&B 2025 outlook: Sugar industry

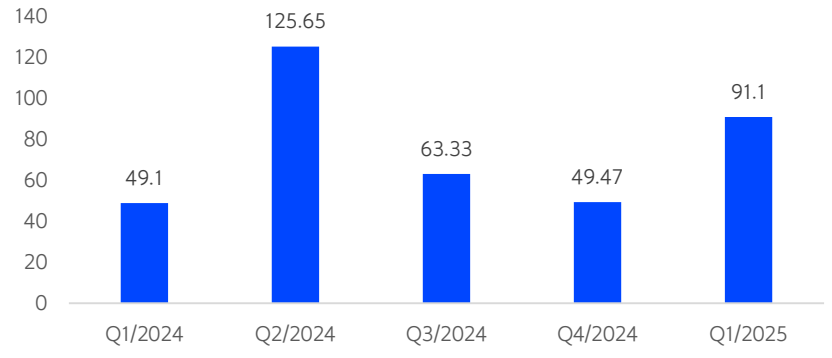
Thailand remains the principal import market besides Lao, Cambodia, Myanmar…

Raw and refined sugar import by country in Q1/2025



Source: Agromonitor, Shinhan Securities Vietnam

Import volume from Thailand (thousand ton)



Source: Agromonitor, Shinhan Securities Vietnam

** Statistics for officially imported raw and refined sugar*

Investigations in place and recommend extension of anti-dumping and anti-subsidy tax on Thai sugar

In order to protect the domestic manufacturing industry, from June 16, 2021, the Ministry of Industry and Trade issued a decision to impose an anti-dumping tax of 42.99% and an anti-subsidy tax of 4.65% on Thai sugar for a period of 5 years. Thus, these taxes will expire in June 2026. Currently, businesses and industry representatives are petitioning the Defense Department to review and extend these taxes.

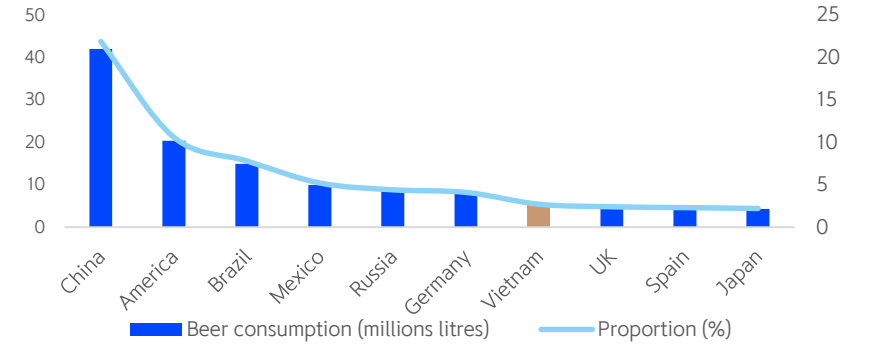
The specialized agency will conduct an investigation within 6-9 months and will announce the results about 3 months before the expiration date.

2. F&B 2025 outlook: Beer industry

Vietnam is still considered an attractive and potential beer consumption market.

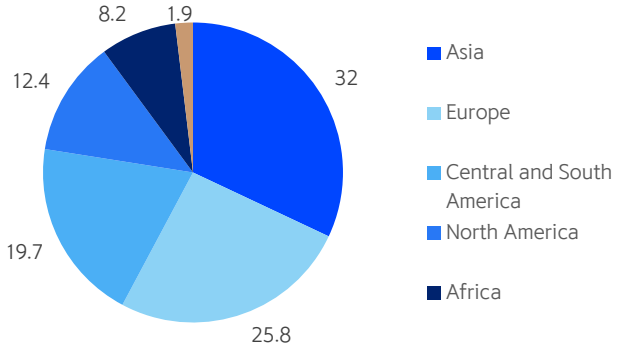
Due to cultural and geographical factors, Vietnam is one of the countries with the highest beer consumption volume in the world (in the top 10). In 2023, beer consumption in Vietnam accounted for 2.7% of total beer consumption worldwide, Asia is also the continent ranked first in beer consumption with a proportion of 32% worldwide.

Beer consumption in 2023 (left) and proportion (right)



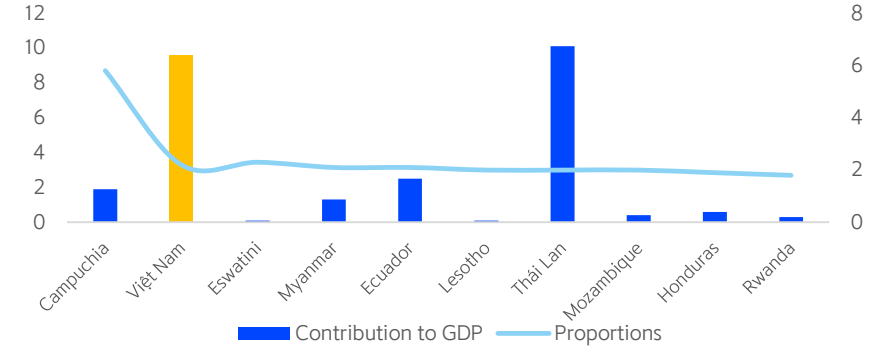
Nguồn: World Population Review, Shinhan Securities Vietnam

Beer consumption by regions in 2023 (%)



Nguồn: World Population Review, Shinhan Securities Vietnam

Contribution of beer to GDP in 2023 (bil USD, left) and proportions (%, right)



Source; Oxford Economics, Shinhan Securities Vietnam

Beer industry contributed more than 2% to GDP

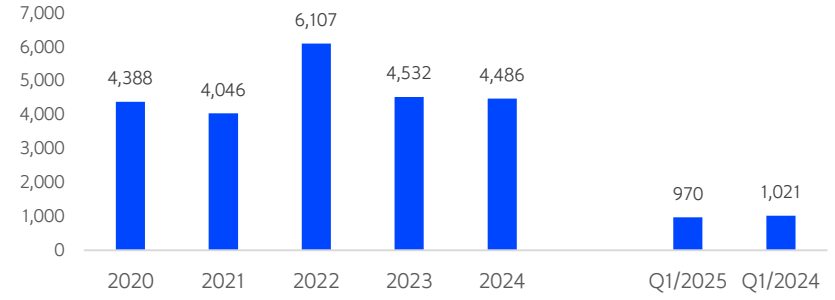
The beer industry itself is also an important component of the economy. According to Oxford's Beer's Global Economic Footprint study, in 2023, the beer industry contributed 9.6 billion USD (2.2%) to GDP, 1.153 million jobs (2.2%) and 5.6 billion USD in taxes (7.6%).

Moreover, Vietnam held the second position in the ranking of the beer industry's contribution to the country's GDP, just under Cambodia.

2. F&B 2025 outlook: Beer industry

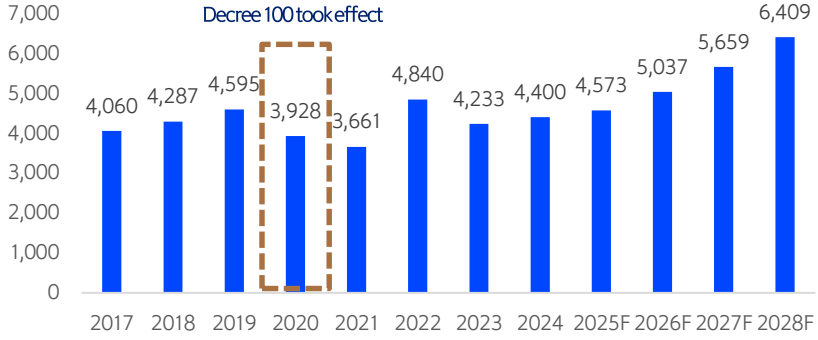
Beer consumption and production remained flat in 2024

Beer production in Vietnam (mil liter)



Source: GSO, Shinhan Securities Vietnam

Beer consumption in Vietnam (mil liter)



Source: Euromonitor, Shinhan Securities Vietnam

According to statistics from Euromonitor, beer consumption in Vietnam in 2024 increased slightly compared to the previous year, reaching 4,400 million liters, almost recovered to the consumption level before Decree 100 came into effect. After the decline in 2023, beer consumption in 2024 experienced modest recovery, especially in the context of Decree 168 (replacing Decree 100) which imposes fines on alcohol violations while driving is still being strictly enforced. However, the beer industry is still expected to grow at a CAGR of 9.8% per year and reach 6,400 million liters in 2028.

Additionally, data from the GSO shows that beer production last year remained almost flat with 4,486 million liters of production volume, a slight decrease compared to the previous year. As of the first quarter of 2025, beer output reached 970 million liters, which decreased compared to 1,021 million liters in Q1/2024. It can be seen that the beer market is almost entirely domestic, products are produced domestically and serves domestic demand. Therefore, it is less affected by import and export restrictions. Two factors affecting the industry are (1) Consumption demand related to purchasing power and consumer confidence and (2) Fluctuations in raw material prices, especially imported materials.

2. F&B 2025 outlook: Beer industry

Market is quite concentrated with about 80% in the hands of two giants, Heineken and Sabeco, while the proportion of sales through the Off-trade channel is increasing

Major beer companies

SABECO

There are 26 factories

Brands: Saigon Gold, Saigon Special, Saigon 333, Saigon Export, Saison Lager, Saigon Chill, Lac Viet Beer

Bottled beer and canned beer products

HEINEKEN VIETNAM

There are 06 factories

Brands: Heineken, Heineken Silver, Heineken 0.0, Tiger, Tiger crystal, Larue special, Biere Larue, Bia Viet, Bivina, Strongbow Cider.

Products include bottled beer, canned beer, and draft beer

HABECO Sức bật Việt Nam

There are 16 factories

There are brands: Truc Bach, Hanoi Bold, Hanoi Light, Hanoi Beer 1890, Hanoi Beer, Hanoi Peremium Beer, Hanoi Green Label Beer.

There are bottled beer products, canned beer, draft beer

Carlsberg Vietnam

There is 01 factory in Hue City,

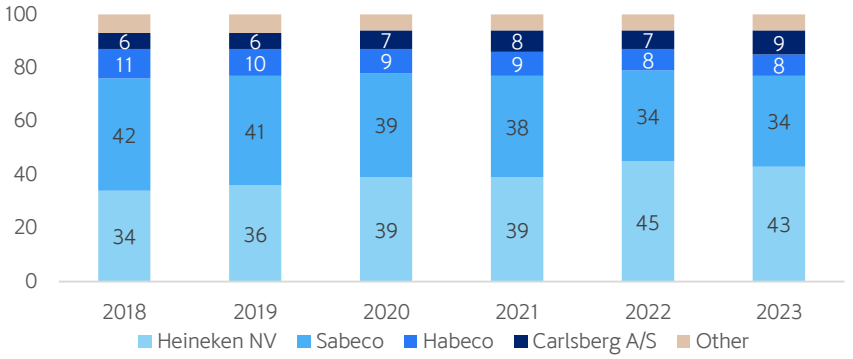
Brands: 1664 Blanc, Carlsberg, Tuborg, Huda, Huda Ice Blast, Huda Gold, Festival, Halida, Halida Export, Halida Dark.

Bottled beer, canned beer, draft beer

Total output accounts for nearly 95% of the industry's beer output.

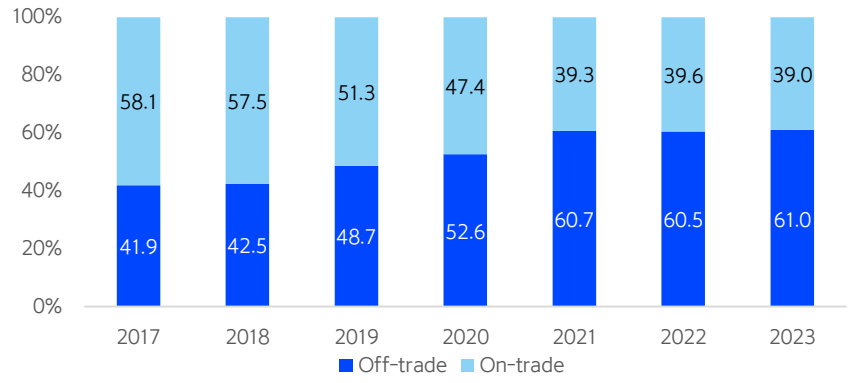
Source: VBA (2024)

Market share (%)



Source: Euromonitor, Shinhan Securities Vietnam

The proportion of distribution through Off-trade channels is increasing



Source: Euromonitor, Shinhan Securities Vietnam

2. F&B 2025 outlook: Beer industry

Expected approval of proposal to postpone increase in excise tax until 2027

Recently, the Ministry of Finance proposed postponing the excise tax increase by one year, which would take place in 2027 instead of 2026 as previously planned. Accordingly, the excise tax will increase from the current rate of 65% to 70%–90% during the 2027–2031 period (5% increase each year). If approval is acquired, this will be good news for businesses in the industry.

Due to its indirect nature, normally the increased tax is fully passed on to consumers through price increases. Therefore, it is highly likely that beer companies will raise their selling prices to avoid pressure on their profit margins.

Many studies show that beer is a commodity with inelastic demand, so the impact of price increases on demand may not be so significant

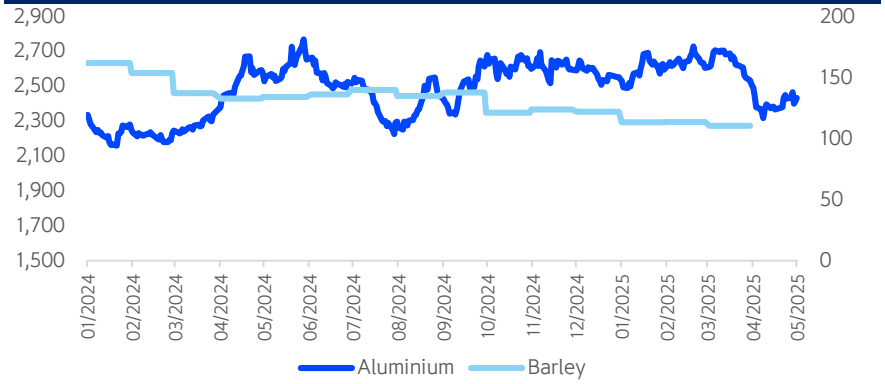
Conducted studies indicate that beer has a price-inelastic demand, meaning that a 1% change in the price of the good or service results in a less than 1% change in the quantity. Studies in the United States and Europe typically find the price elasticity of beer in the range of −0.3 to −0.7. In other words, a 10% price increase might only lead to a 3% to 7% decrease in volume.

A study by the University of Munich (Germany) shows the price elasticity of demand for beer in Germany is −0.4. Research by Cornell University (USA) indicates the elasticity in the US is −0.5. In China, an Asian country with more similarities to Vietnam, research results show that beer demand is even less affected by price. In a study by Environmental Research and Public Health in China, the price elasticity for alcoholic beverages is very small (almost zero for beer and −0.12 for spirits).

At the same time, studies also show differences across product segments. The more premium the alcoholic beverage, the greater its price elasticity of demand, meaning that consumption will decrease more significantly once the selling price increases. This creates advantages for manufacturers in the Popular segment like Sabeco.

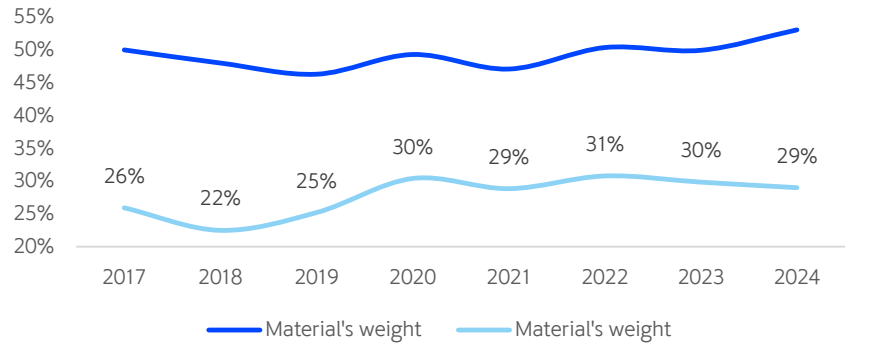
Lower aluminium prices may help improve profit margins

Raw materials



Source IMF, Bloomberg, Shinhan Securities Vietnam
**Barley (Right– USD/ton and Aluminium (Left– USD/ton)*

Material's weight in production cost and Gross profit margin of SAB (%)



Source: Company data, Shinhan Securities Vietnam

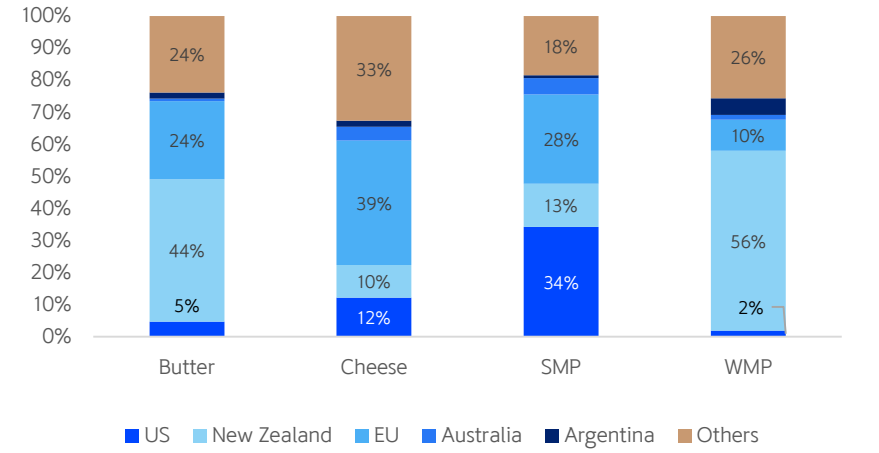
In the production cost structure of beer manufacturers (SAB and BHN), the proportion of raw material costs ranges from 45–55%. In which, the supply of input materials depends almost entirely on imported sources, including malt, hops, and aluminum.

Under the influence of the trade war, aluminum prices have decreased by about 10% since March (from 2,700 USD/ton to 2,400 USD/ton). Recently, Goldman Sachs has also reduced its forecast for aluminum prices in Q3/2025 to 2,000 USD/ton (previous forecast was 2,650 USD/ton) due to concerns about weak demand when economic growth is affected.

Looking back at the first trade war, aluminum prices also decreased by about 30% (from 2,300 USD/ton to 1,500 USD/ton) in the period of Q3/2018 – Q2/2020, until the US and China signed agreements and reduced tariffs. The data shows that SAB's gross profit margin also improved significantly during this period.

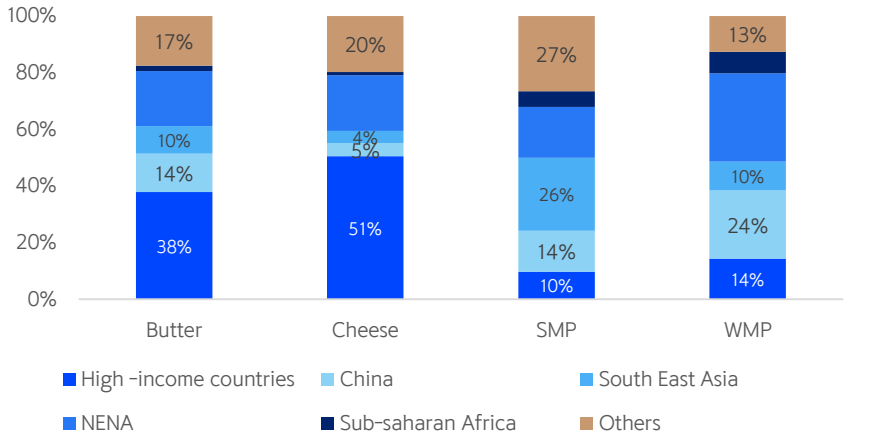
Global dairy market: Main supply from the US, New Zealand, EU and Australia..

Global export markets 2021-2023 (%)



Source: USDA, Shinhan Securities Vietnam

Global import markets 2021-2023 (%)



Source: USDA, Shinhan Securities Vietnam

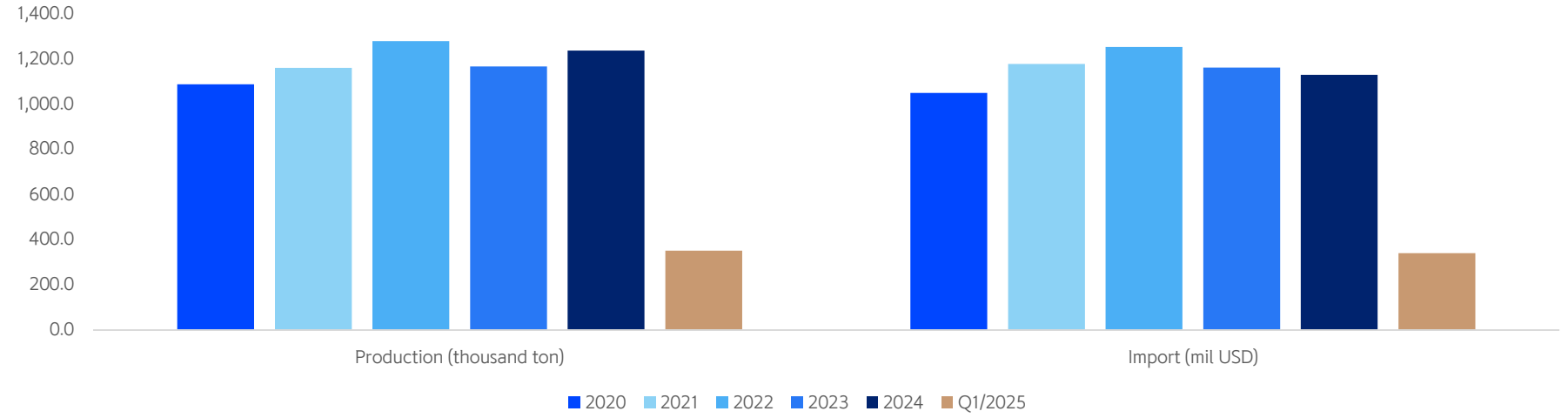
The main export countries for milk and dairy products are the US, New Zealand, EU, Australia... In which, the US is dominant in exporting SMP (34%), New Zealand is the main exporter of WMP (56%) and Butter (44%), while the EU has the advantage in Cheese (39%).

In terms of imports, the major import regions are China, Southeast Asia,... In which, China still maintains its position as the largest import country, although it has the orientation to develop the domestic dairy industry to achieve self-sufficiency in supply and reduce dependence.

2. F&B 2025 outlook: Dairy industry

Vietnam: Production and import volume remains stable

Production and import volume of Vietnam

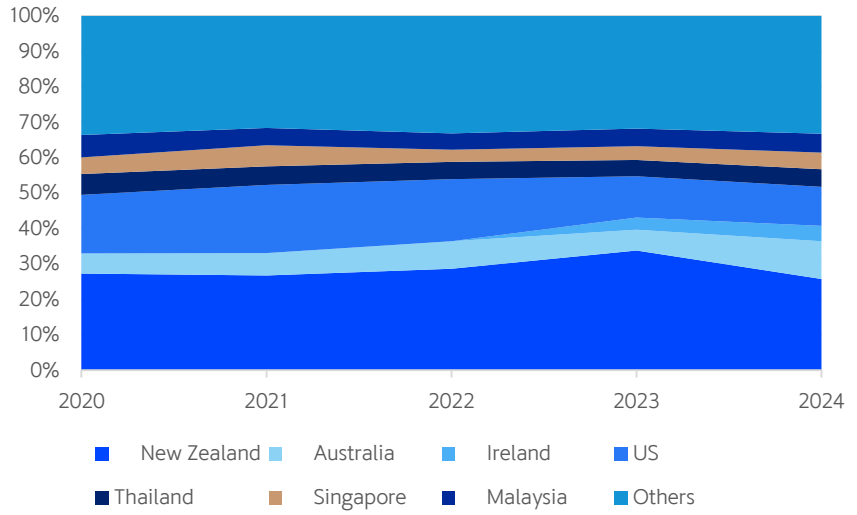


Source: GSO, Shinhan Securities Vietnam

Data from the GSO shows that the production and import of milk and dairy products saw no significant change in 2024. Specifically, the production volume in the year was 1,235 thousand tons, a slight increase of 6% YoY, while the import volume is 1,128 million USD, a decrease of 2.8% YoY. In the first quarter of 2025, Vietnam produced 350 thousand tons and imported 340 million USD of milk and dairy products.

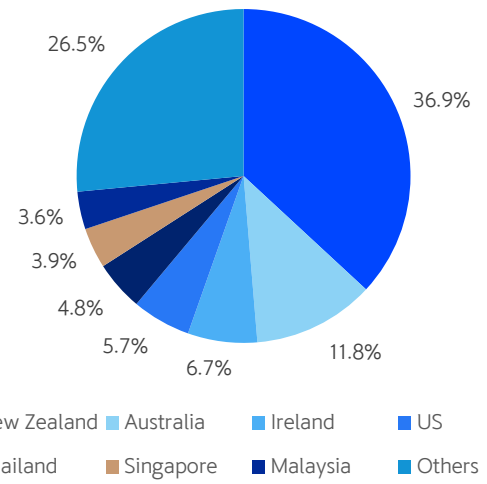
Vietnam: Still depends on imported materials

Import structure by country (%)



Source: GSO, Shinhan Securities Vietnam

Import markets in Q1/2025 (%)



Source: GSO, Shinhan Securities Vietnam

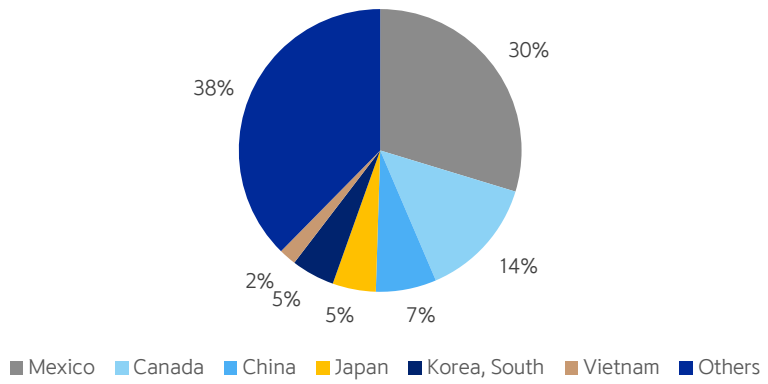
Due to limitations in cow herds' size and climate features, domestic milk supply is insufficient to meet demand. Dairy manufacturers in Vietnam still have to import additional raw materials such as milk powder and cream from abroad, resulting in profit margins being affected by swings in the prices of these raw materials. In addition, Vietnam also imports many types of foreign milk to meet consumer demand.

The main import markets are New Zealand, Australia, Ireland and the US. Of which, New Zealand accounts for the largest share of 36.9% in Q1/2025.

2. F&B 2025 outlook: Dairy industry

Expectations of lower raw material prices due to trade war could have a positive impact on profit margins of dairy manufacturers

US's export markets in 2024 (%)



Source: USDA, Shinhan Securities Vietnam

US's export value to China (mil USD)



Source: USDA, Shinhan Securities Vietnam

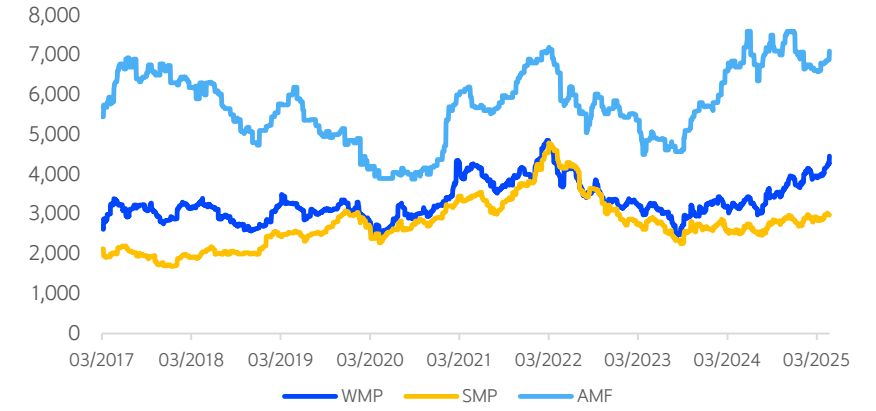
China is the third largest export market for the US (after Mexico and Canada). The value of Chinese imports from the US reached 584 million USD in 2024, of which the largest proportion is whey and lactose (accounting for 42% and 72% of US export value, respectively).

Looking back at the first trade war with a 25% tax rate that China imposed on US imports, the export value of dairy products from the US to China has dropped severely, decreasing by 14% and 25% respectively in 2018–2019, and only recovered in 2020 after negotiations. The blockage of trade flows forces the US to look for alternative markets, and may put pressure on milk powder prices, causing them to fall due to oversupply in the short term. This will be a favorable factor for businesses in the industry with the ability to improve profit margins in the short term.

2. F&B 2025 outlook: Dairy industry

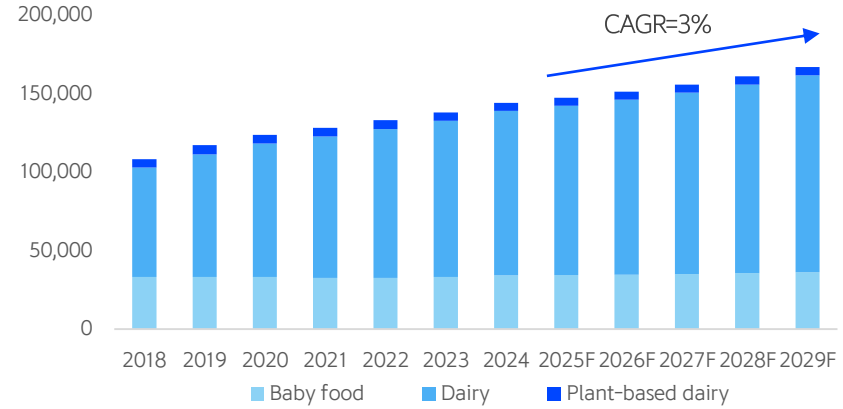
Dairy market is expected to grow at CAGR=3% in 2025-2029 period

Milk powder prices (USD/ton)



Source: Bloomberg, Shinhan Securities Vietnam

Sales of dairy products by category (bil dong)



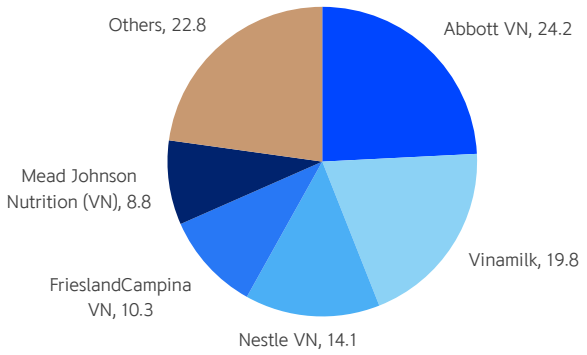
Source: Euromonitor, Shinhan Securities Vietnam

Since the beginning of the year, the prices of all types of milk powder have increased, partly due to China's increased imports while domestic supply failed to meet demand. This has increased the cost of raw materials for manufacturers in the first quarter of 2025. For example, VNM's BOD shared that the average price of raw materials increased by 4.2% in the first quarter. However, we believe that the trade war between the US and China may help cool down the increase in raw materials as stated above.

According to Euromonitor's estimates, the 2024 milk market revenue was VND 144,062 billion, of which milk accounts for the largest proportion of 73%, followed by milk and baby food and plant milk - accounting for 24% and 4% respectively. Although the size of plant milk is still quite humble, this is a great potential when the demand for healthy food increases as well as the vegetarian market is growing rapidly. Euromonitor's latest forecast suggests that the overall dairy market will grow at a CAGR of 3% during the 2025-2029 period.

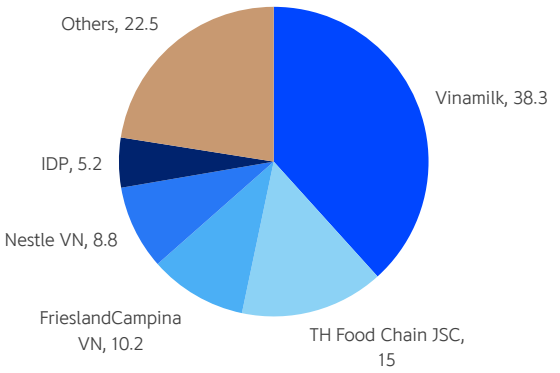
The milk market in Vietnam is quite fragmented with fierce competition.

Baby food's market share in 2024 (%)



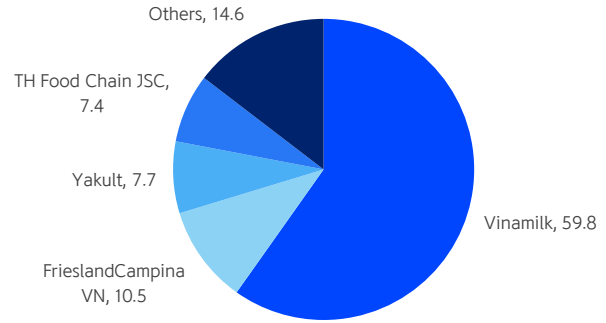
Source: Euromonitor, Shinhan Securities Vietnam

Drinking milk's market share in 2024 (%)



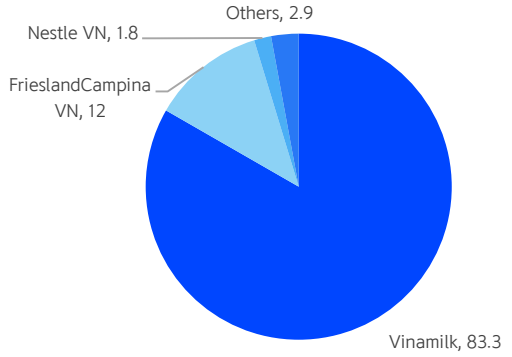
Source: Euromonitor, Shinhan Securities Vietnam

Yoghurt and sour milk's market share in 2024 (%)



Source Euromonitor, Shinhan Securities Vietnam

Condensed milk's market share in 2024 (%)



Source: Euromonitor, Shinhan Securities Vietnam

03

Investment opportunities

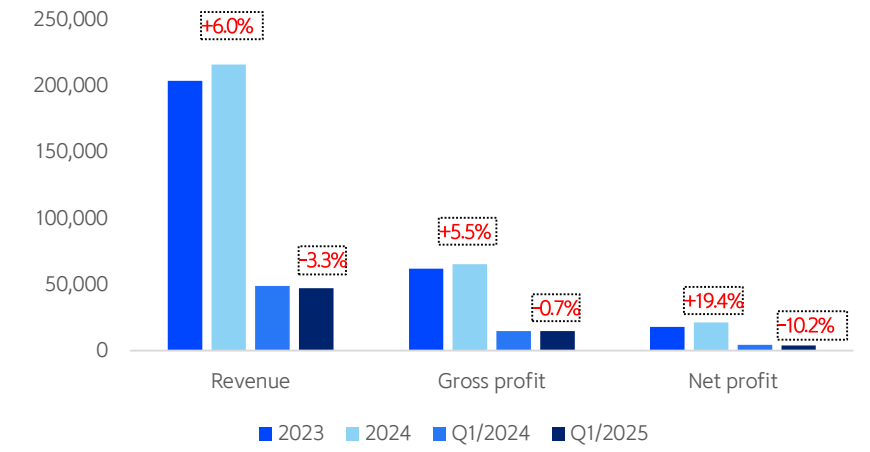
VNM, SAB, & MSN

- SAB: Lower aluminium price, high cash dividend payment, expected approval to postpone excise tax increase.
- VNM: Raw material prices are expected to cool down and improve profit margins, attractive dividend yield.
- MSN: Growth potential from the retail-consumer sector, MCH's motivation to list on HOSE is a factor supporting the stock price in the short term.

3. Investment opportunities

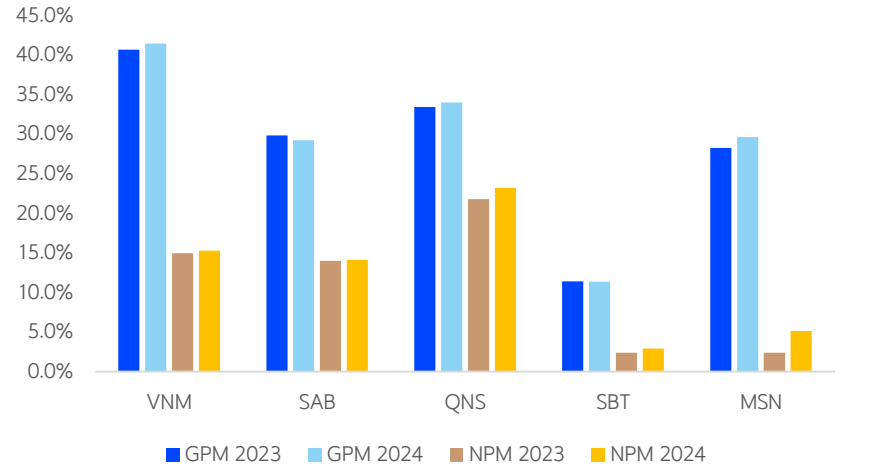
Update on 2024 and Q1/2025 results

Business results of listed companies* (bil dong)



Source: Company data, Shinhan Securities Vietnam
*Listed companies under coverage include MSN, SAB, VNM, SBT & QNS

Profit margins of listed companies



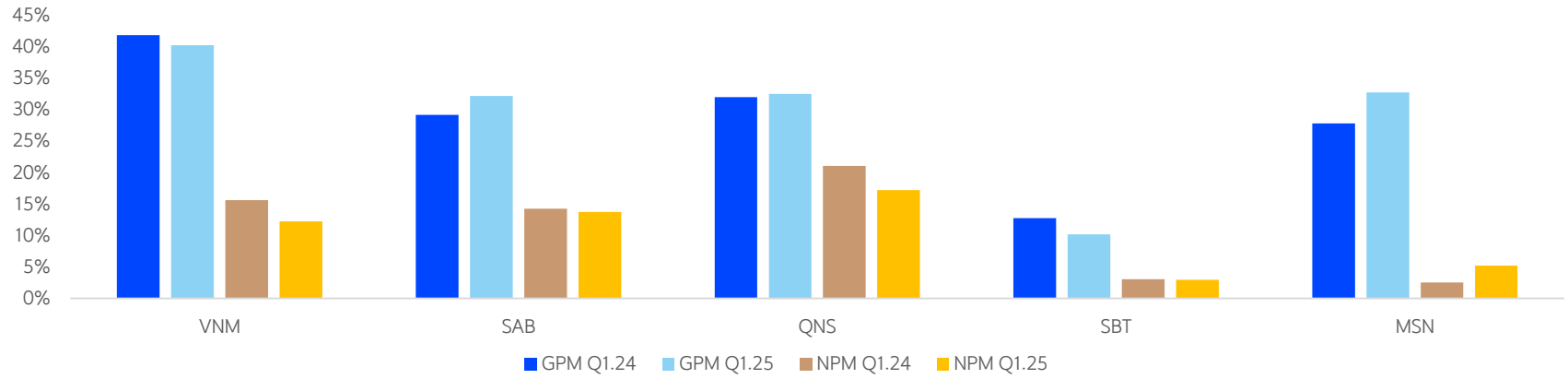
Source: Company data, Shinhan Securities Vietnam

In 2024, the F&B industry witnessed a slight increase in revenue of listed enterprises (+6.0% YoY), in which net profit achieved double-digit growth (19.7% YoY – mainly thanks to the contribution of MSN (net profit increased 2.28 times compared to the low base of 2023 due to a significant decrease in financial expenses while subsidiaries such as WCM and MML returned to report profit).

However, Q1 business results showed less positive results when revenue and net profit both decreased compared to the same period (-0.7% and -10.2%), reflecting that purchasing power was not really strong in the first three months of the year.

Update on 2024 and Q1/2025 results

Profit margins in Q1/2025



Source: Company data, Shinhan Securities Vietnam

Margins varied across the companies under coverage. Gross margins improved at SAB thanks to the exhausted utilization of high-priced barley inventories, and also increased at MSN due to restructuring effort and divestment of underperforming businesses. In contrast, VNM saw its gross margins decline due to higher raw material prices.

Update on listed companies under coverage

2025 Forecast

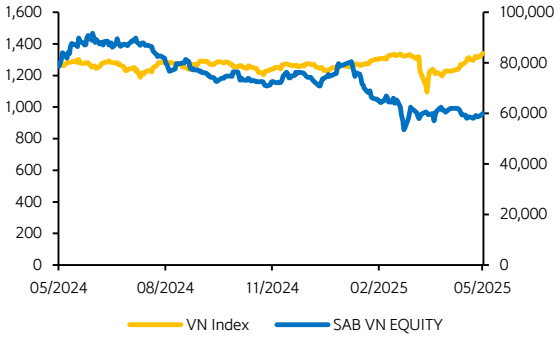
Ticker	Market cap (bil VND)	Market price (VND)	Target price 2025 (VND)	Upside (%)	Revenue forecast 2025 (bil VND)	Revenue growth (YoY) (%)	Net profit forecast 2025 (bil VND)	Profit growth (YoY) (%)	Debt/Equity	P/B (2025F)	P/E (205F)
VNM	115,784	55,400	72,700	31.2	63,134	2.2	9,464	0.1	0.26	4.6	18.2
SAB	63,423	49,450	64,900	31.2	32,522	2.0	4,714	4.9	0.02	3.6	19
QNS	17,500	47,600	61,700	29.6	9,902	-3.3	2,186	-8.0	0.27	1.8	8.9
MSN	92,055	64,000	83,000	29.7	81,597	-1.9	5,424	26.9	1.6	3.6	45.3
SBT*	15,092	18,050	N/A	N/A	31,343	18.3	808	8.0	2.1	1.6	15.8
	Total				**218,498**	**5.7%**	**22,596**	**5.6%**			

(*) Consensus data
Source: Bloomberg, Shinhan Securities Vietnam
Data collected on 27/05/2025

Saigon Beer – Alcohol – Beverage Corporation (HOSE: SAB)

Target price (12 months)	**64,900 VND**
Current price (27/05/25)	49,450 VND
Return (%)	31.2%
VNINDEX	1,340
PE market	10.9
Market cap (billion VND)	63,423
Outstanding shares (mil shares)	1,283
Free-float (mil shares)	134
52-week high/low (VND)	69,400/41,500
90-day avg. trading volume (mil shares)	1.08
90-day avg. turnover (bn VND)	67
Foreign ownership (%)	60
Major shareholders (%)	CTTNHH Vietnam Beverage 53.59

Performance	3T	6T	12T
Absolute (%)	-5.3	-11.9	-15.5
Rel.to VN-Index (%)	-7.7	-19.7	-21.2



Lower aluminum price helps improve profit margins

Investment thesis

Saigon Beer – Alcohol – Beverage Corporation (Sabeco, HOSE: SAB) is the second largest beer producer in Vietnam with a market share of 34%. SAB is the leader in the number of breweries with a capacity of 3 billion liters/year, providing products from popular to high-end. We recommend SAB shares for the following reasons: (1) Lower input aluminum prices could help improve profit margins, (2) SAB continues to maintain stable cash dividends, and (3) The proposal to postpone the increase in excise tax until 2027, if approved, will be positive news for the industry.

Update on business results and forecast

In Q1/2025, SAB recorded net revenue of VND 5,810 billion (-19.1% YoY) and net profit of VND 799 billion (-21% YoY). Although gross profit margin improved to 32.2% (compared to the same period of 29.1%) thanks to lower input material costs, increased financial expenses and SG&A margin, combined with the calculation of excise tax on SBB when it was consolidated as a subsidiary instead of an associate, are the reasons behind the heavier decline in net profit.

As an industry leader with healthy cash flow, SAB maintains an attractive dividend payment plan. Recently, the company has increased the cash dividend payout ratio for 2024 to 50%, with the remaining portion (VND 3,000/share) expected to be paid in July. Regarding 2025 profit distribution, the AGM also approved a cash dividend of 50%. With this dividend level, SAB's dividend yield is quite attractive, around 10%.

Regarding the risk of trade war, the company assesses that there is no direct impact because almost all of SAB's consumption market is the domestic market. On the other hand, the decrease in input aluminum prices due to concerns about economic growth due to unpredictable developments of tariffs can help the company improve its profit margin. The company plans to achieve net revenue of VND 31,641 billion (-1% YoY) and net profit of VND 4,835 billion (+8% YoY).

For 2025, we forecast SAB's revenue to be VND 32,522 billion (+2.0% YoY) and net profit to be VND 4,494 billion (+4.9% YoY).

Risks

(1) Policy risks on restricting consumption of alcoholic beverages; (2) Risks of increasing raw material prices; (3) Risks of weak short-term consumption demand; (4) Risks of special consumption tax.

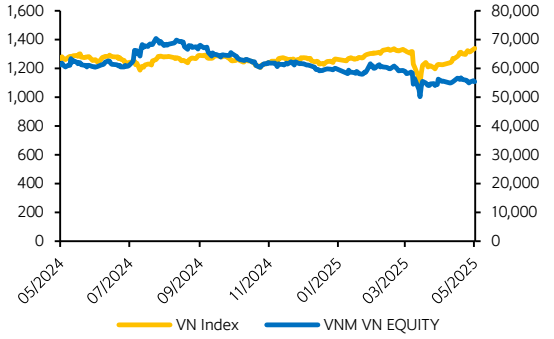
Year	2022	2023	2024	2025F	2026F
Revenue (bil VND)	**34,979**	**30,461**	**31,872**	**32,522**	**34,165**
Operating Income (bil VND)	5,498	3,811	4,437	4,704	4,962
NP (bil VND)	**5,499**	**4,255**	**4,494**	**4,714**	**5,090**
EPS (VND)	7,980	3,132	3,291	3,459	3,743
BPS (VND)	36,083	18,877	18,152	18,680	18,982
OPM (%)	15.7	12.5	13.9	14.5	14.5
NPM (%)	15.7	14.0	14.1	14.5	14.9
ROE (%)	**22.4**	**16.7**	**18.39**	**18.6**	**19.7**
P/E (x)	9.0	18.0	17.0	19.0	17.0
P/B (x)	2.0	1.8	3.4	3.6	3.5

Source: Company data, Shinhan Securities Vietnam

Vietnam Dairy Products JSC (HOSE: VNM)

Target price (12 months)		**72,700 VND**
Current price (27/05/25)		55,400 VND
Return (%)		31.2%
VNINDEX		1,340
PE market		10.9
Market cap (billion VND)		115,784
Outstanding shares (mil shares)		2,090
Free-float (mil shares)		737
52-week high/low (VND)		76,200/51,400
90-day avg. trading volume (mil shares)		3.90
90-day avg. turnover (bn VND)		252
Foreign ownership (%)		51.5
Major shareholders (%)	Tổng CT Đầu tư và Kinh doanh vốn Nhà nước	36.0
	F&N Dairy Investments Private Limited	17.69

Performance	3T	6T	12T
Absolute (%)	-10.9	-14.2	-16.2
Rel.to VN-Index (%)	-13.4	-22.1	-21.9



Shinhan Securities

Motivation from foreign markets

Investment thesis

Vietnam Dairy Products Joint Stock Company (Vinamilk, HOSE: VNM) is the dairy manufacturer with the largest market share in Vietnam along with the largest distribution system and cow herds. In addition, the company is also continuously expanding to large markets such as China and the Middle East. At the current price, VNM is worth considering as an investment because: (1) High dividend payout ratio and strong financial potential (2) Growth momentum from export markets and overseas companies and (3) Growth potential of the dairy industry is considered attractive in the long term when the compound growth is forecast at 3%/year in the period 2025-2029 (according to Euromonitor) and milk consumption per capita is still low.

Update on business results and forecast

In Q1/2025, VNM recorded net revenue of VND 12,935 billion (-8.3% YoY) and after-tax profit of VND 1,587 billion (-28.1% YoY), completing 20% and 16% of the annual plan, respectively; of which domestic revenue accounted for 77.4% and export revenue and foreign branches accounted for 12.5% and 10.1%. Domestic revenue achieved poor results with negative growth of -13%, while foreign markets maintained the 7th consecutive quarter recognizing positive growth (+12%) thanks to positive export activity. The decrease in revenue was partly due to the restructuring of the distribution system causing disruptions in the sales process, combined with negative growth in some key products. SG&A margin in Q1 increased to 27.8% (24.7% in Q1, resulting in a decrease in net profit margin compared to the same period last year. Gross profit margin improved slightly compared to the previous quarter and decreased on a year-over-year basis due to the increase in milk powder prices from Q2/2024.

However, the BOD disclosed that domestic revenue returned to double-digit growth YoY in April, mainly contributed by growth in traditional channels. At the same time, SKUs such as condensed milk, powdered milk and liquid milk also recorded growth. The company expects that in a positive scenario, Q2 will return to positive growth compared to the same period last year.

Speaking of the risk of trade war, the company assesses that there is no direct impact on business activities but there will be an indirect impact due to more cautious consumer sentiment. In terms of input materials, the expectation of lower milk powder prices due to China's reduction in imports which may lead to a short-term supply surplus could serve as a support for profit improvement.

As a leading enterprise, VNM maintains an attractive dividend payment plan. The company is expected to pay an additional VND 2,350/share for 2024. For 2025, the company plans to pay a minimum cash dividend of 50% of the net profit plan (equivalent to a minimum of VND 2,300/share).

In 2025, we forecast revenue to reach VND 63,134 billion (+2.2% YoY) and net profit to reach VND 9,464 billion (+0.1% YoY) due to the negative impact of Q1.

Risks (1) Risk of dependence on imported raw materials; (2) Falling birth rate; (3) Weaker-than-expected consumption recovery speed.

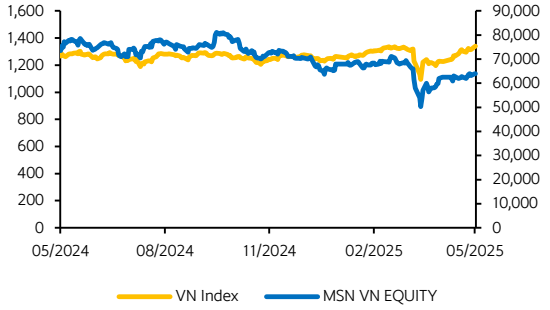
Year	2022	2023	2024	2025F	2026F
Revenue (bil VND)	**59,956**	**60,369**	**61,782**	**63,134**	**64,356**
Operating Income (bil VND)	9,753	9,771	10,405	10,522	11,021
NP (bil VND)	**8,577**	**9,019**	**9,452**	**9,464**	**9,851**
EPS (VND)	3,632	3,796	4,022	4,035	4,200
BPS (VND)	14,282	15,166	15,444	15,893	16,360
OPM (%)	16.3	16.2	16.8	16.7	17.1
NPM (%)	14.3	14.9	15.3	15.0	15.3
ROE (%)	**25.0**	**26.6**	**26.6**	**25.8**	**26.2**
P/E (x)	19.2	17.0	15.8	18.2	17.5
P/B (x)	4.9	4.3	4.1	4.6	4.5

Source: Company data, Shinhan Securities Vietnam

Masan Group JSC (HOSE: MSN)

Target price (12 months)	**83,000 VND**
Current price (27/05/25)	64,000 VND
Return (%)	29.7%
VNINDEX	1,340
PE market	10.9
Market cap (billion VND)	92,055
Outstanding shares (mil shares)	1,438
Free-float (mil shares)	663
52-week high/low (VND)	82,300/50,300
90-day avg. trading volume (mil shares)	4.88
90-day avg. turnover (bn VND)	357
Foreign ownership (%)	25.13
Major shareholders (%)	Masan Group 29.5
	Sunflower Construction Limited Co. 13.21

Performance	3T	6T	12T
Absolute (%)	-10.9	-14.2	-16.2
Rel.to VN-Index (%)	-13.4	-22.1	-21.9



Organic growth fuels profit

Investment thesis

Masan Group Corporation (Masan, HOSE: MSN) is one of the largest private multi-industry economic groups in Vietnam with a focus on retail - consumption, expected to benefit from demographics and the expansion of the middle class, in addition to the mining - resources sector and associated interests at Techcombank. Established in 1996, the group has expanded its scale through strategic M&A deals.

We recommend BUY with the expectation that: (1) The core retail consumer segment will grow positively, creating momentum for profit growth when WinCommerce and Masan MEATLife started to make profits in 2024, (2) Restructuring of non-core business activities will help reduce debt and improve operating efficiency, and (3) MCH's story of uplisting to HOSE is a driving force for the stock price. Our target price is VND 83,000.

Update on business results and forecast

In Q1/2025, MSN recorded net revenue of VND 18,897 billion (+0.2% YoY) and NPATMI of VND 394 billion (+278.8% YoY), net debt/EBITDA ratio at 2.9x, unchanged from the previous quarter. EBITDA of the whole group reached VND 4,003 billion, Q1's EBITDA margin improved to 21.2% (compared to 19.1% in 2024). In which, revenue of core business segments all recorded growth, such as MCH +13.8%, WCM +10.4%, MML +20.4%. Divestment at HC.Starck also helped reduce losses at MHT, with Q1/2025 revenue decreasing by 55% and NPAT Pre-MI reaching -222 billion VND (improved compared to the same period of -702 billion VND). Techcombank also contributed VND1,177 billion to EBITDA in Q1 (-4.3% YoY).

Speaking of the impact of tariffs, we believe that the impact on the company's business performance is insignificant as the US market contributes less than 1% of MCH's revenue, while MHT's export portfolio (including tungsten oxide, bismuth…) is also exempted from tariffs. The sharp increase in metal prices due to China's export restrictions also positively affects MHT's outlook. However, because of its focus on the retail-consumer sector, MSN may be indirectly affected if income and consumption decline once consumers' confidence deteriorate.

In 2025, we forecast MSN to achieve revenue of VND 81,597 billion (-1.9% YoY due to the divestment of H.C.Starck) and NPAT of VND 5,424 billion (+26.9% YoY) thanks to improved profit margins across most divisions.

Risks

(1) Risks in the group's capital structure, (2) Risks of weak consumer demand affecting the consumer retail sector, (3) Exchange rate and interest rate risks, (4) Raw material risks, (5) Competition risks

Year	2022	2023	2024	2025F	2026F
Revenue (bil VND)	**76,189**	**78,252**	**83,178**	**81,597**	**87,329**
Operating Income (bil VND)	4,669	4,179	6,174	7,633	8,859
NP (bil VND)	**4,754**	**1,870**	**4,273**	**5,424**	**6,973**
EPS (VND)	2,511	294	1,345	1,765	2,360
BPS (VND)	18,366	18,560	21,031	22,442	24,330
OPM (%)	6.1	5.3	7.4	9.4	10.1
NPM (%)	6.2	2.4	5.1	6.6	8.3
ROE (%)	13.0	4.9	10.5	12.1	14.4
P/E (x)	37.0	227.9	50.3	48.1	36.0
P/B (x)	3.3	3.3	3.3	3.8	3.5

Source: Company data, Shinhan Securities Vietnam

Shinhan Securities

Retail Sector

Keeping up the growth momentum



Phuc Nguyen
(84-28) 6299-8025
phuc.nlh@shinhan.com

Contents

Retail Sector – Keeping up the growth momentum

1. Global Retail Industry Update

In 2025, sales of global retail market is estimated to reach USD 31.8 trillion (+3.9% YoY). Growth is forecast to slow down but is expected to maintain a 4% annual rate during the 2025-2028 period.

2. Vietnam Retail Market Update

In 2025, the Vietnam retail is expected to maintain stable growth compared to 2024. In 4M2025, retail sales of goods and services reached VND 2,286 trillion (+9.9% YoY).

3. Outlook for Vietnam's Retail Market in 2025

Retail growth in 2025 is predicted to cool down due to escalating global trade tensions, which may weaken purchasing power. Retail pace is forecast to maintain at 8-9% growth in FY2025.

4. Vietnam retail sector long-term prospects towards 2030

Despite the growth's cooling down in 2025, the long-term outlook for Vietnam's retail sector through 2030 remains positive.

Retail sector's key growth drivers: (i) Golden population structure, rising urbanization rates; (ii) Improving income level; (iii) Increasing household consumption spending.

5. Vietnam retail market trend

The shifting in Omni-channel model, integrating online and offline channels, meeting people's shopping demand, enhancing retailers' business results.

6. Typical retail stocks

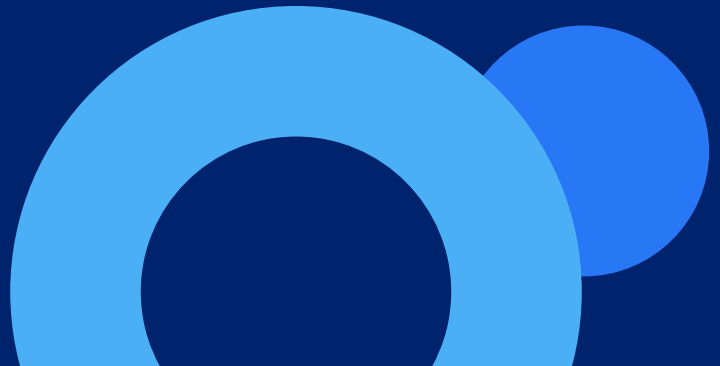
FRT, MWG

01

Global Retail Industry Update

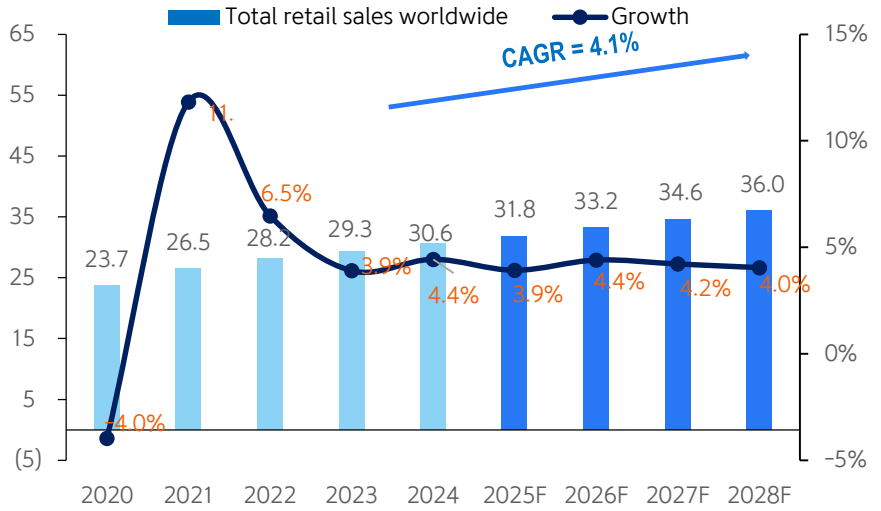
The expansion of the retail industry plays a substantial role in the broader economic rebound following significant disruptive events.

In 2025, global retail market revenue is estimated at USD 31.8 trillion, representing a 3.9% year-on-year increase from 2024. From 2025 to 2028, the growth rate is forecasted to moderate but will likely be sustained at approximately 4% per annum.



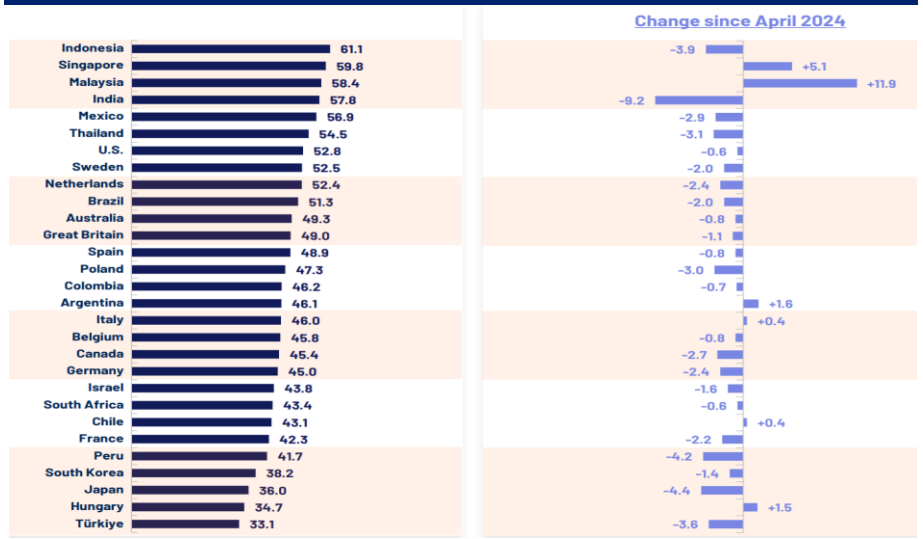
1. Global Retail Industry Update

Total Global Retail Sales and Forecasts (trillions of USD)



Source: Insider Intelligence, eMarketer (2024), Statista, Shinhan Securities Vietnam

Consumer Confidence Index in April 2025 at some countries

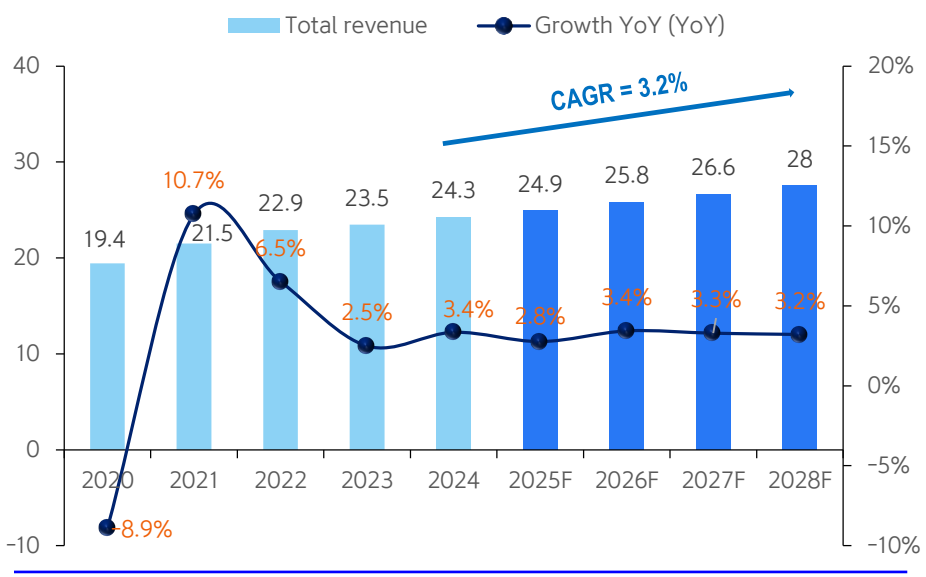


Source: Ipsos (April 2025), Shinhan Securities Vietnam

- Global retail growth is expected to slow down as the overall global economy faces instability. Slow income growth, depleted savings, and high credit debt lead to constrained spending, especially on non-essential and high-value goods.
- Additionally, the impact of US tariff policies causing price increases also contributes to reduced shopping demand, particularly affecting imported goods and supply chains. According to research by the Yale Budget Lab, current U.S. tariffs have increased consumer prices by about 2.9% in the short term, equivalent to an additional cost of $4,700 per year per American household due to higher goods prices. As a result, end consumers pay more, negatively impacting purchasing power. Retail revenue growth worldwide is expected to slow to only 4.1% annually during the 2024-2028 period.
- The Conference Board notes that real retail sales (inflation-adjusted) and real consumer spending are projected to decline in 2024. This decline reflects a shift in spending from goods to services (entertainment, dining, personal care, travel, education), prioritizing experiences over material ownership.

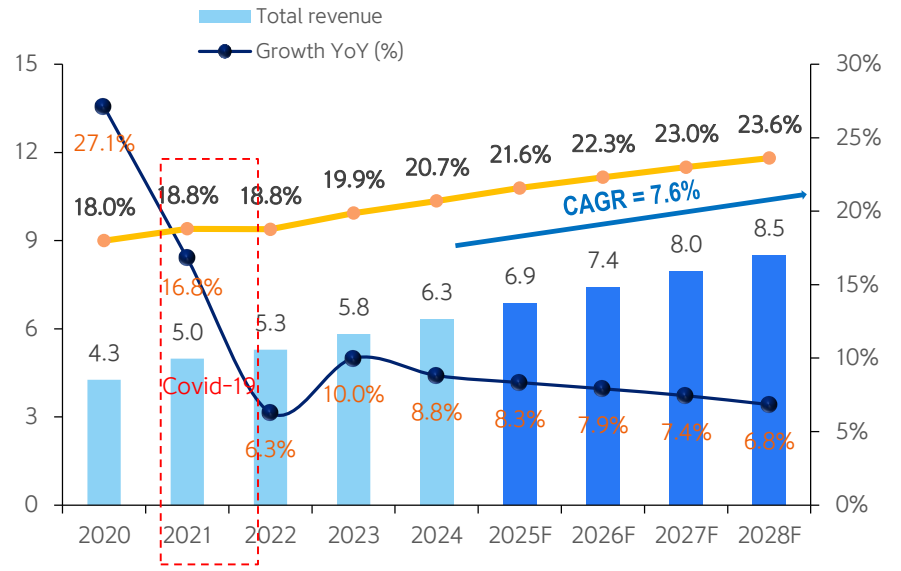
1. Global Retail Industry Update

Global sales of offline retail channel (trillion USD)



Source: Insider Intelligence, eMarketer (2024), Shinhan Securities Vietnam

Global sales of online retail channel (trillion USD)



Source: Insider Intelligence, eMarketer (2024), Shinhan Securities Vietnam

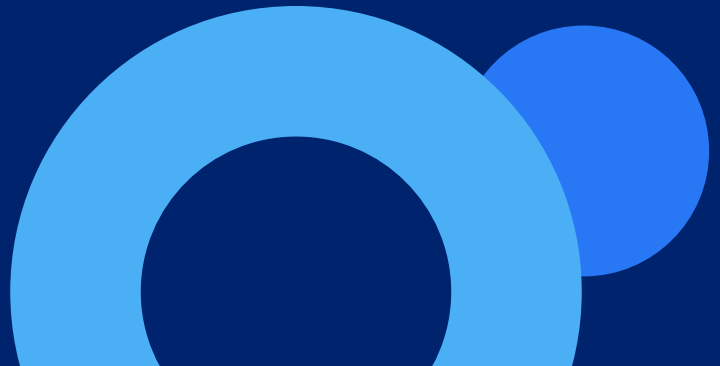
- Sales from physical retail store models in 2024 reached USD 24.9 trillion (+3.4% YoY), maintaining over 3/4 of the total global retail sales. Growth in this retail channel is projected to cool down, with an estimated CAGR of 3.2% during the 2024–2028 period.
- Meanwhile, e-commerce is becoming increasingly popular worldwide. The B2C e-commerce retail channel experienced impressive growth following the social distancing measures during the COVID-19 pandemic. However, the future retail model will still be omnichannel, harmoniously combining physical stores and online platforms to meet new consumer habits and optimize sales potential. It is projected that the contribution of B2C e-commerce to total global retail revenue will significantly improve, maintaining market share of 21–25%, with rapid sales growth at CAGR of 7.6% during 2024–2028.

02

Vietnam Retail Market Update

Despite the continued instability of both the domestic and global economies, Vietnam's retail sector still maintains stable growth compared to 2024 level.

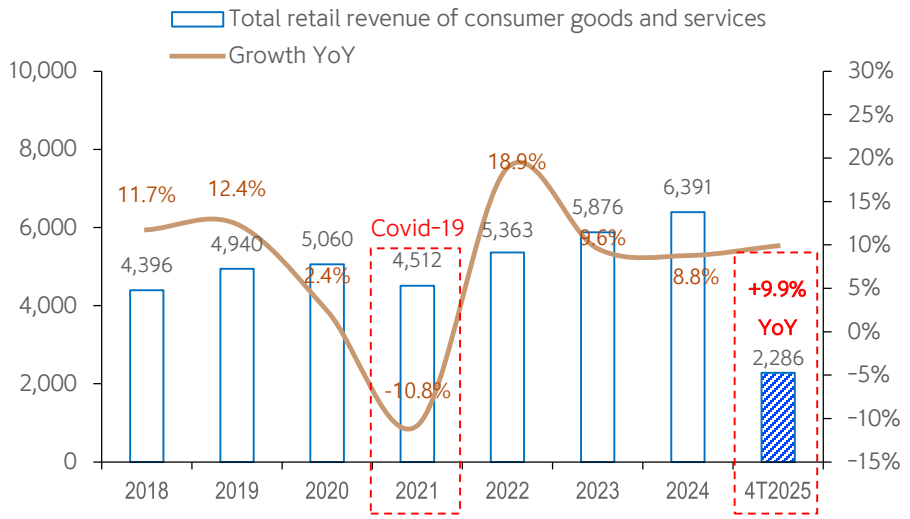
Cumulative sales from retail of goods and services in 4M2025 totaled VND 2,286 trillion, representing a nearly 10% increase over the same period in 2024.



2. Vietnam Retail Market Update

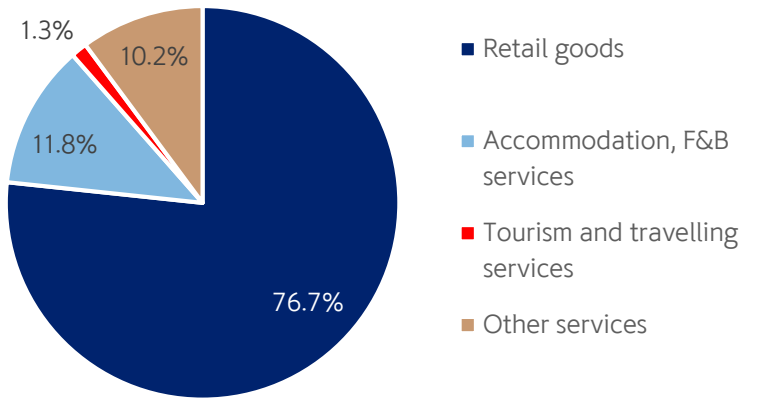
Update retail goods and services

Sales of retail goods and services in Vietnam (trillion VND)



Source: GSO, Shinhan Securities Vietnam

Sales contribution by retail segments in 4M2025



Source: GSO, Shinhan Securities Vietnam

- Retail is one of Vietnam's key sectors, with a market size of approximately USD 260 billion (VND 6,391 trillion) in 2024.
- For the cumulative 4M2025, Vietnam recorded retail sales of goods and services reaching VND 2,286 trillion, up 9.9% yoy.
- Retail sales of goods and services in Vietnam are contributed by four main segments: (i) Retail goods; (ii) Accommodation and F&B services; (iii) Tourism and travelling; (iv) Other services. Among these, the "Retail goods" segment consistently contributes the highest revenue to the entire retail sector, typically accounting for 70–80% of the total.
- Thanks to support from multiple factors, especially the government's efforts to maintain economic stability, promote infrastructure investment, streamline state administrative systems, introduce policies to stimulate consumer demand, and boost tourism—we project a positive outlook for total retail and service revenue in 2025. It is expected to reach VND 7,100 trillion (+11.0% YoY), equivalent to USD 275 billion, contributing nearly 60% of the national GDP.

2. Vietnam Retail Market Update

Update sales of retail goods

Sales of retail in April every year (trillion VND)



Source: GSO, Shinhan Securities Vietnam

Accumulated 4M sales of retail goods every year (trillion VND)

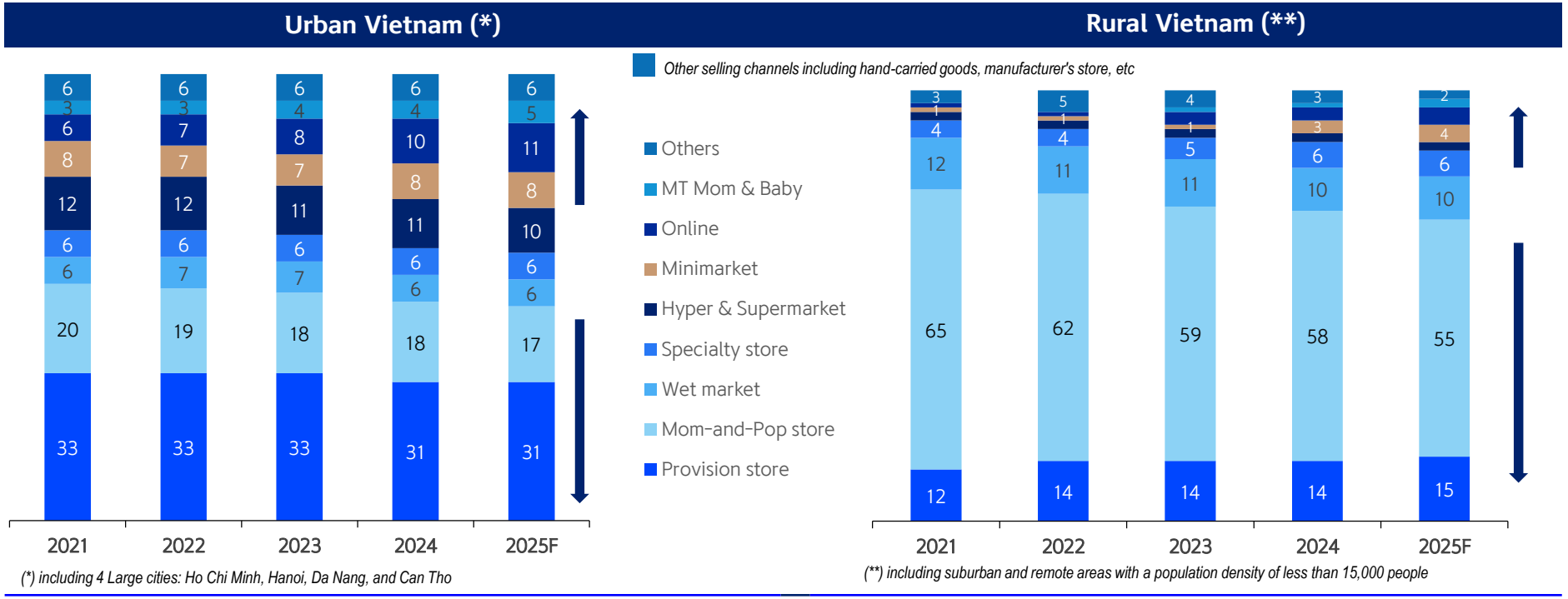


Source: GSO, Shinhan Securities Vietnam

- Following the recovery period after the impact of the COVID-19 pandemic, timely support through the government's stimulus policies has helped the retail sector gradually rebound and maintain stability. In 2025, despite various fluctuations in both domestic and global economies, the retail sector's growth momentum is expected to remain steady compared to 2024.
- As of April 2025, retail sales of goods are estimated to have reached VND 442.8 trillion, marking an 8.8% y/y increase. For the cumulative 4M2025, retail sales of goods recorded VND 1,752.5 trillion, up 8.7% y/y, accounting for 76.7% of the total retail sales of goods and services (4M2024: 78.2%).

2. Vietnam Retail Market Update

Contribution of retail goods value by channel (%)



(*) including 4 Large cities: Ho Chi Minh, Hanoi, Da Nang, and Can Tho

(**) including suburban and remote areas with a population density of less than 15,000 people

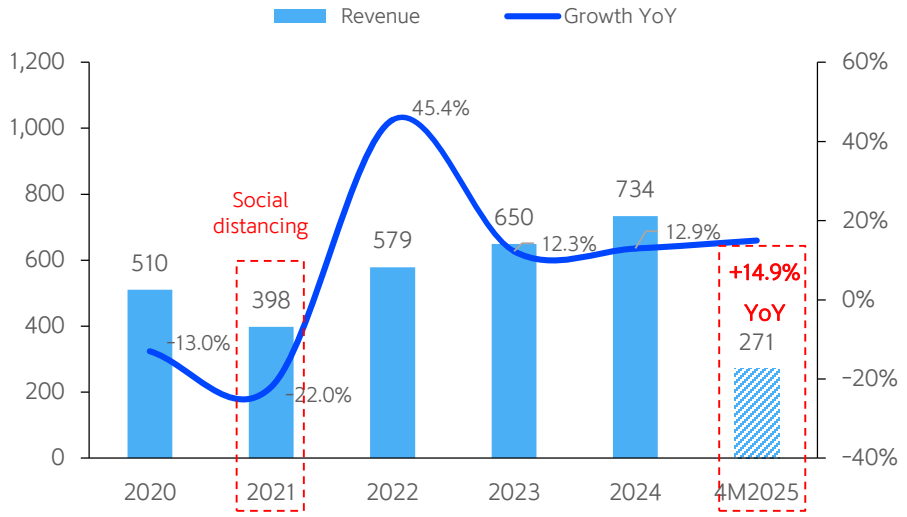
Source: Kantar Worldpanel, Shinhan Securities Vietnam

- The revenue contribution from traditional retail channels such as grocery stores still holds the largest market share but is gradually shrinking due to the rapid expansion of modern retail business models, leading to shifts in consumer behaviors.
- Many brands are increasing their presence across multiple sales channels, leveraging the potential of online sales platforms to provide consumers with a more seamless and convenient shopping experience. Modern sales channels are also expanding their reach to rural consumers.
- With the development of internet infrastructure, e-commerce retail platforms (B2C) are becoming increasingly familiar to Vietnamese people, boosting the contribution of online channels in both urban and rural areas. This opens up opportunities for brands of all sizes to attract and develop their loyal customer base.

2. Vietnam Retail Market Update

Update on accommodation, F&B, and tourism services

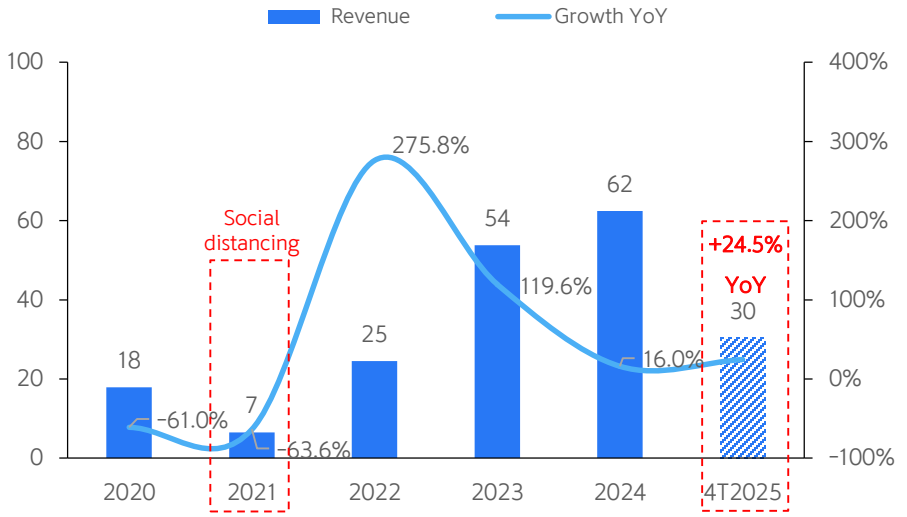
Revenue from accommodation & food services (trillion VND) (*)



(*) includes revenue from accommodation services (hotels, resorts, villas, serviced apartments, homestays, etc.) and food and beverage services (restaurants, eateries, small food stores, etc.)

Source: GSO, Shinhan Securities Vietnam

Revenue from Tourism activities (trillion VND) (**)



(**) only includes service revenue of travel companies, not including expenses outside of travel services (food, shopping, transportation, other entertainment services, etc.)

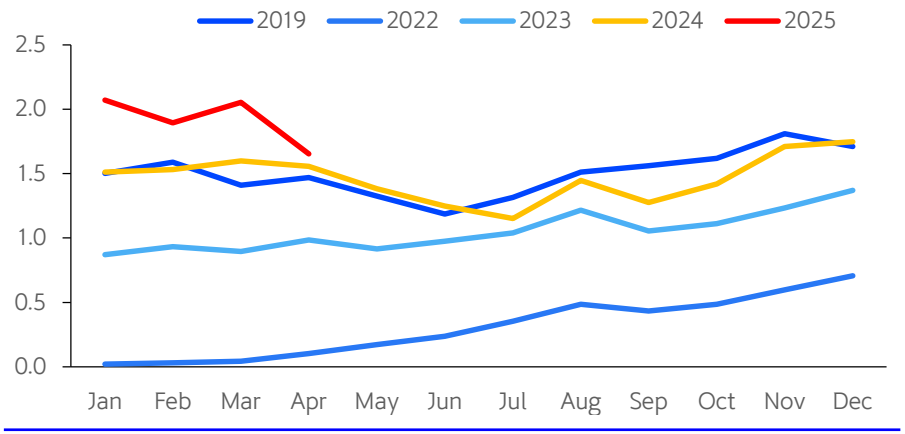
Source: GSO, Shinhan Securities Vietnam

- After the Covid-19 period, travel demand has been recovering strongly. In 4M2025, the cumulative revenue from accommodation and food services reached VND 270.6 trillion (+14.9% YoY). Revenue from travel and tourism services was recorded at VND 30.4 trillion (+24.5% YoY). In terms of economic efficiency, total 4M2025 revenue from tourists (both inbound and domestic) reached VND 328 trillion, aiming for a target of over VND 980 trillion (+16.6% YoY) in FY2025.
- In 2025, revenue from accommodation, food services, and tourism segments is expected to cool down but still maintain double-digit growth, forecast to reach VND 817.1 trillion (+11.3% YoY) and VND 71.3 trillion(+14.1% YoY), respectively.
- Vietnam aims to attract 22-23 million international visitors (+25-30% YoY) and over 120 million domestic tourists (up 9-10% YoY) in 2025; targeting the tourism industry to contribute 8-9% to GDP in 2025 and 13-14% to GDP in 2030.

2. Vietnam Retail Market Update

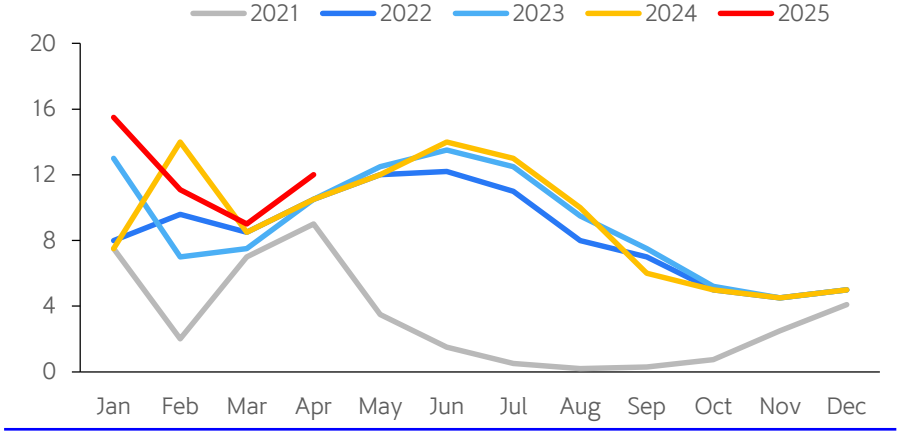
Update on retail service – Tourism segment

Inbound visitors to Vietnam (million)



Source: GSO, Shinhan Securities Vietnam

Domestic tourists (million)



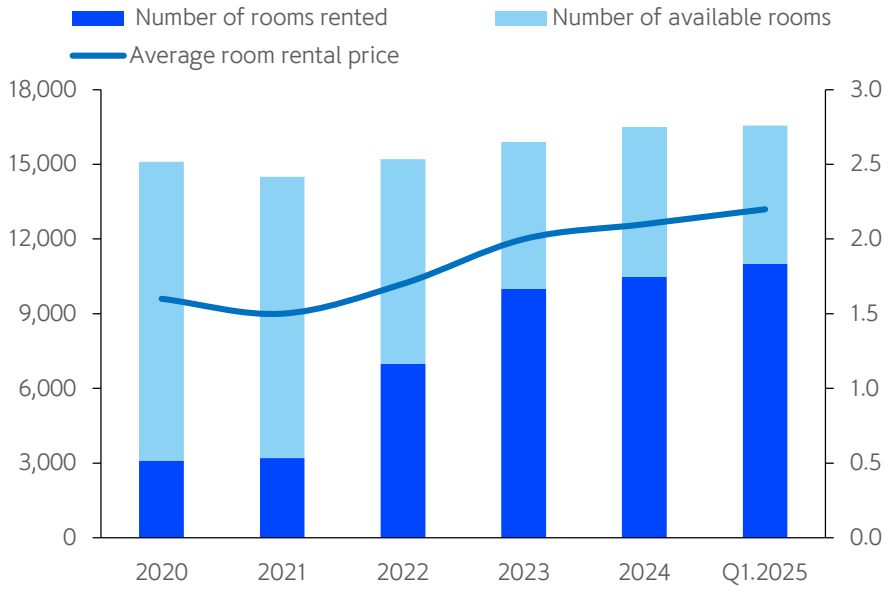
Source: Vietnam National Administration of Tourism, Shinhan Securities Vietnam

- **Inbound:** Cumulative for the 4M2025, Vietnam welcomed 7.7 million international tourist arrivals (+23.8% y/y), achieving 34% of the initial target. Notably, January 2025 recorded a surge in international visitors (over 2 million arrivals, +37% y/y).
- **Domestic:** Vietnam also served 47.5 million domestic tourist arrivals in 4M2025 (+17.5% y/y). Domestic tourism is a key driver supporting Vietnam's economy and other retail sectors. Specifically, during the extended public holiday from April 30 to May 4, Vietnam's tourism sector is estimated to have served approximately 10.5 million domestic tourists, up 31.2% y/y.
- The strong recovery in international tourist arrivals is attributed to favorable visa policies (such as expanding the list of visa-exempt countries, simplifying the e-visa application process, and extending the duration of stay for tourists) as well as other tourism stimulus programs. Vietnam's diverse natural resources and rich cultural heritage provide a solid foundation for promoting tourism and the development of the hospitality industry.
- Additionally, improved infrastructure and the organization of numerous major entertainment events and recreational activities in metropolitan cities have attracted a large number of domestic and international tourists. The year 2025 also features many major public holidays in Vietnam, further boosting tourism activities for both international and domestic travelers.

2. Vietnam Retail Market Update

Update on retail service – Accommodation segment

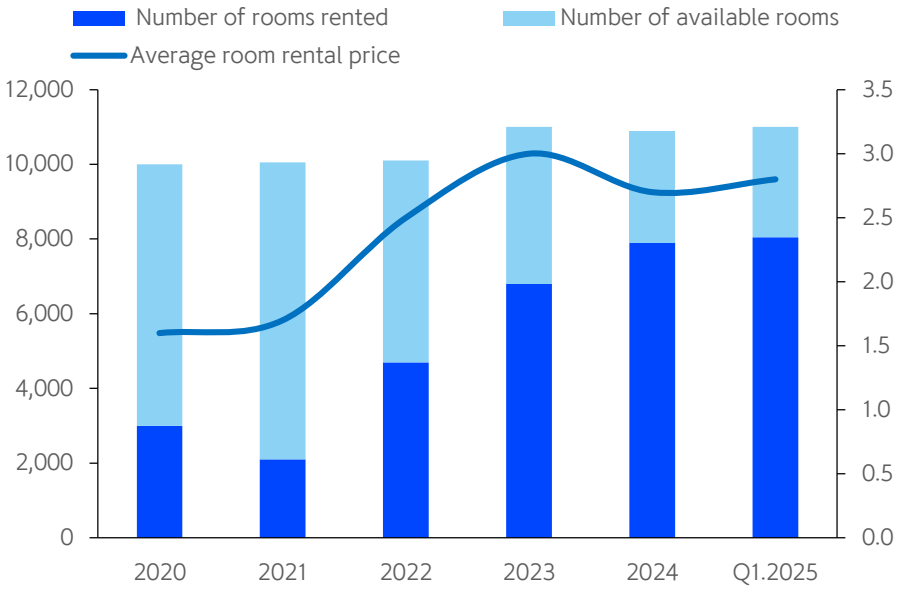
Hotel rental performance in Ho Chi Minh City



Source: Savills Vietnam, Shinhan Securities Vietnam

Note: Average room rental price for group bookings (million VND/room/night)

Hotel rental performance in Hanoi



Source: Savills Vietnam, Shinhan Securities Vietnam

- According to Savills, the strong recovery of the tourism industry, along with numerous promotional programs and room rate discounts at mid- to high-end hotels, has attracted a diverse range of both international and domestic tourists, boosting occupancy rates at hotels and other accommodation service providers.
- In Q1/2025, the hotel market in HCMC maintained an occupancy rate of over 66%. Room rates have recovered significantly from their 2021 lows and have gradually stabilized in the following years, with a slight increase of nearly 5% YTD by the end of Q1.2025.
- Meanwhile, Hanoi's hotel market maintained a stable supply, with occupancy rates improving significantly—from 56% in 2023 to 73% by the end of Q1/2025. The average room rate in Hanoi for Q1 2025 also improved by 3.7% YTD after a sharp 10% decline in FY2024.

03

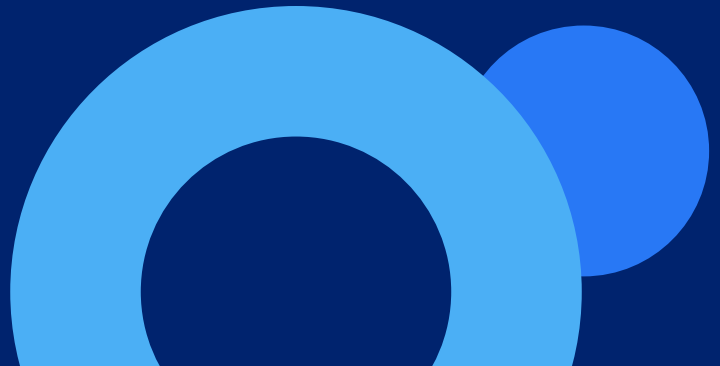
Vietnam retail sector outlook in 2025

Retail growth in 2025 is predicted to cool down due to escalating global trade tensions, which may weaken consumer purchasing power.

Retail pace is forecast to maintain at 8-9% growth in FY2025.

Key sustainable drivers of Vietnam's retail sector growth:

- Positive economic growth prospects;
- Improved income levels and a rising urbanization rate;
- Growth momentum from new retail segments.



3. Vietnam retail sector outlook in 2025

Vietnam's GDP growth rate estimates	
	2025F
The Government	Target: 8.0% **Quarter I: +6.93%**
World Bank	6.8%
IMF	6.9%
ADB	6.6%
Moody's	6.5-7.0%
Fitch Ratings	7.0%
Standard Chartered	6.7%
HSBC Global Research	6.5%

Source: Shinhan Securities Vietnam summarized

Recent change of Vietnam's sovereign credit rating		
	Nearest rating score	**Revised date**
Moody's	Ba2 (stable outlook)	August 22nd, 2024
S&P Global Ratings	BB+ (stable outlook)	June 20th, 2024
Fitch Ratings	BB+ (stable outlook)	June 28th, 2024

Source: Shinhan Securities Vietnam summarized

Positive GDP growth in Q1/2025, recorded at 6.93%, maintaining strong growth momentum of 7.1% in 2024. In terms of GDP size, Vietnam currently ranks 4th in SEA and 33rd in the world.

However, Vietnam's GDP growth target in 2025 is assessed to be relatively high and challenging.

In 2025,the National Assembly approved the following targets:

- ❑ GDP growth to reach 8% or more;
- ❑ GDP scale to reach USD 490-500 bn;
- ❑ GDP per capita of USD 5,000;
- ❑ Average CPI to be around 4.5-5%.

In terms of Vietnam's long-term outlook perspective, the country growth rate remains positive. Improved income, increasing urbanization rate, and timely government support policies.

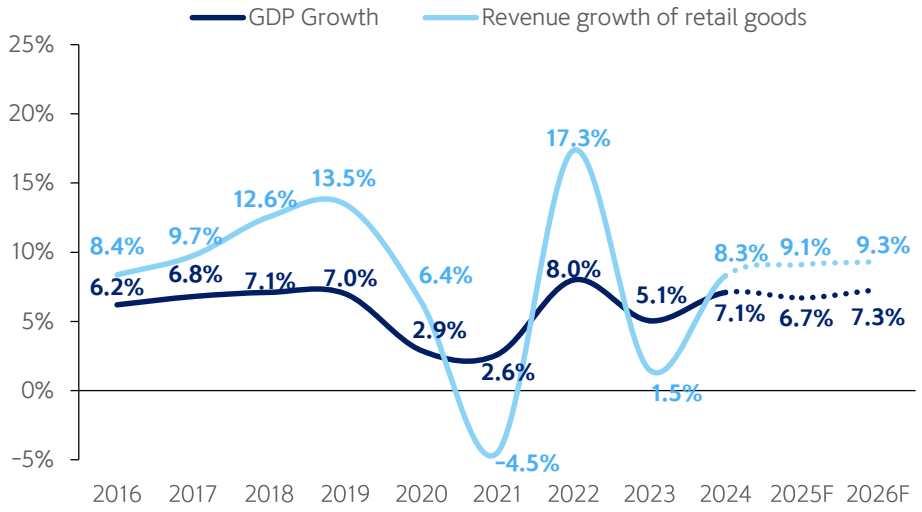
ICT retail businesses have been recovering after the price war among retailers in 2023. Besides, the positive picture from new retail segments is also the motivation for retailers in the coming period.

Long-term perspectives: Many financial institutions evaluate Vietnam as the country having stable economic health and forecast its GDP growth will range around 7.0% in 2025.

3. Vietnam retail sector outlook in 2025

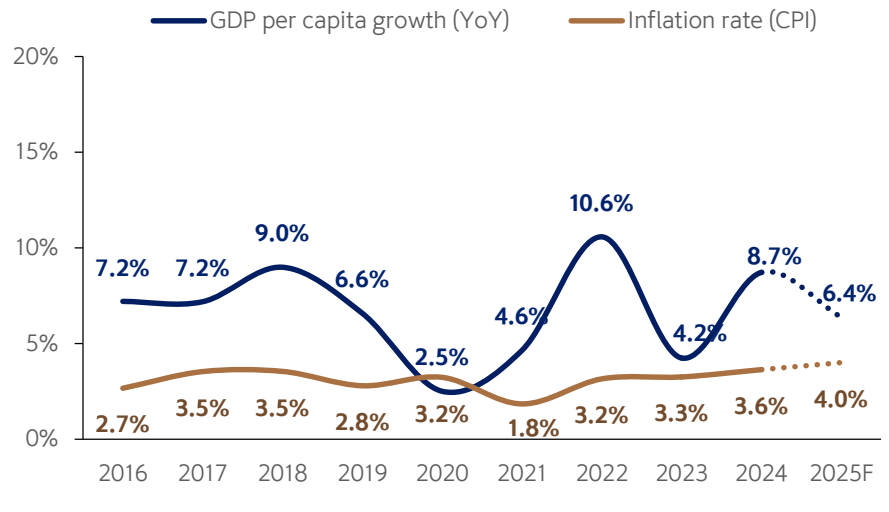
Impact of the economy on Vietnam's retail industry

Growth of Vietnam GDP and revenue of retail goods



Source: World Bank, GSO, Shinhan Securities Vietnam

Vietnam GDP per capita growth and CPI rate



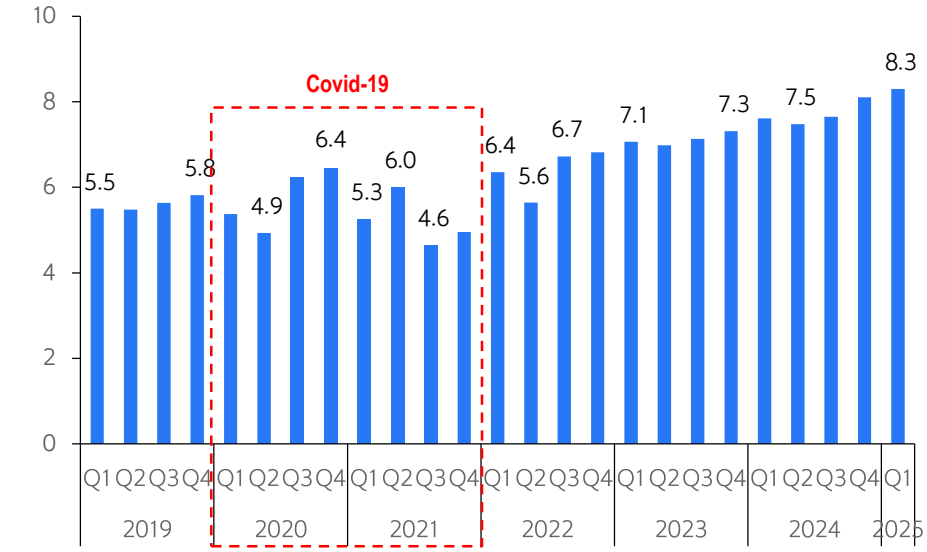
Source: World Bank, IMF, GSO, Shinhan Securities Vietnam

- In Q1/2025, GDP growth remained positive, with retail sales in the first four months of the year increasing by 8.7% YoY. In addition, per capita income has been steadily improving, reaching USD 4,700 in 2024 (+8.3% YoY). The IMF projects that this figure will surpass USD 5,000 in 2025.
- We forecast that retail sales growth for the full year 2025 will reach 8-9% YoY.
- **Measures to promoting sustainable growth**: (i) Promoting credit growth; (ii) Continuing the 2% VAT reduction until the end of 2026; (iii) Maintaining annual regional minimum wage increases; (iv) Developing infrastructure (completion and operation of Tan Son Nhat Airport Terminal T3; continued development of metro lines in Hanoi and Ho Chi Minh City; accelerating progress on Long Thanh International Airport, expected to be completed in 2026; and approval of the investment policy for the high-speed North-South railway). These will serve as catalysts to support the retail sector and Vietnam's economy in continuing sustainable growth in the coming years.

3. Vietnam retail sector outlook in 2025

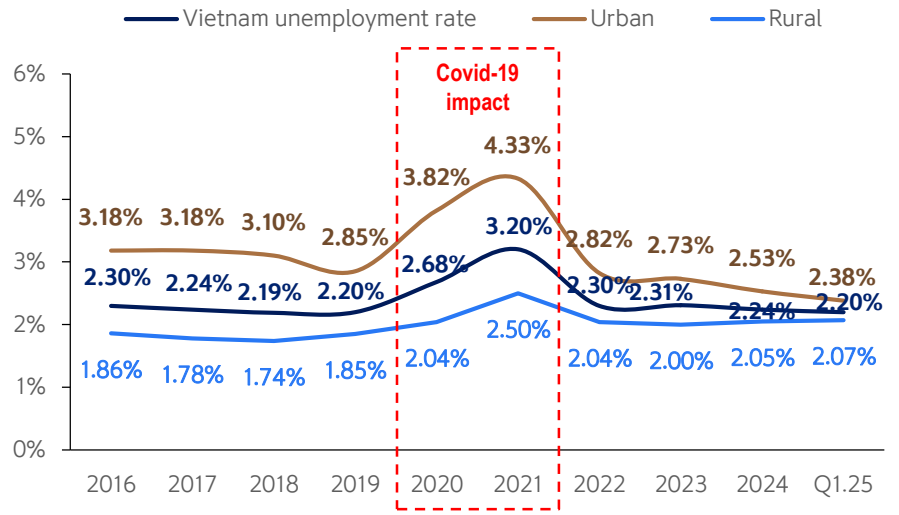
Impact of the economy on Vietnam's retail industry

Estimated average monthly income (million VND/month)



Source: GSO, Shinhan Securities Vietnam

Unemployment rate (%) (*)



(*) The percentage of unemployed people compared to the labor force.
Unemployed people: People aged 15-61 (male) or 15-56 (female) who have all 3 factors: Not working, looking for work and ready to work.

Source: GSO, Shinhan Securities Vietnam

- People's income continues to show a clear improving trend over time following the approval of the proposal to increase regional minimum wages, which will take effect from July 1, 2024. This has significant implications for improving living standards and social welfare, boosting consumer purchasing power, ensuring social stability, and creating opportunities for personal development—thereby contributing to the sustainable development of the economy.
- By the end of Q1/2025, Vietnam had approximately 1.04 million unemployed individuals of working age (a decrease of 14,400 year-on-year), with the national unemployment rate estimated at around 2.20%, closely aligning with the government's goal of keeping the unemployment rate below 3%.

04

Vietnam retail sector long-term prospects towards 2030

Although retail growth is expected to slow down in 2025, the long-term outlook for Vietnam's retail sector through 2030 remains positive.

Retail pace is forecast to maintain at 8-9% growth in FY2025.

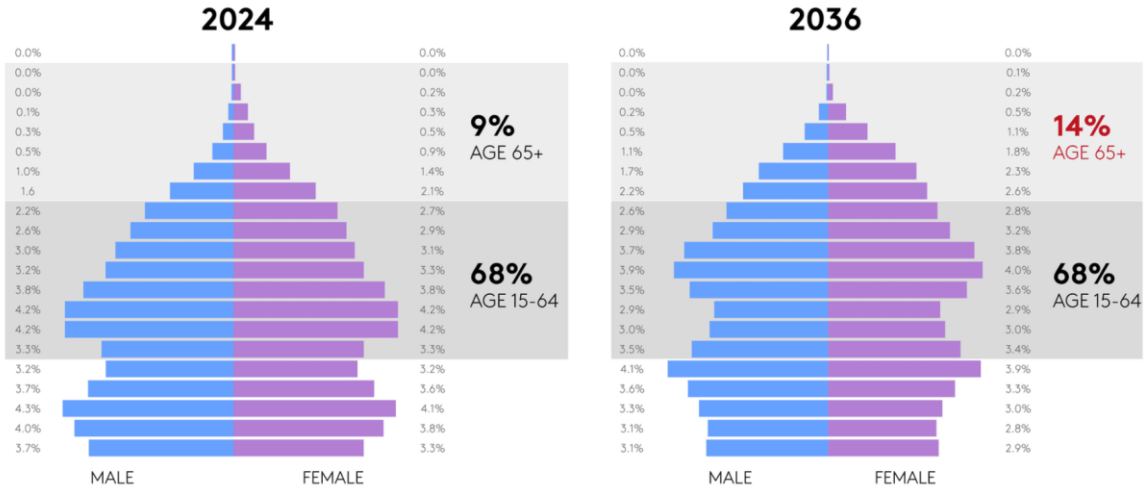
Key sustainable drivers of Vietnam's retail sector growth:

- A favorable golden demographic structure and rising urbanization rates;
- Improving income level;
- Increasing household consumption spending.



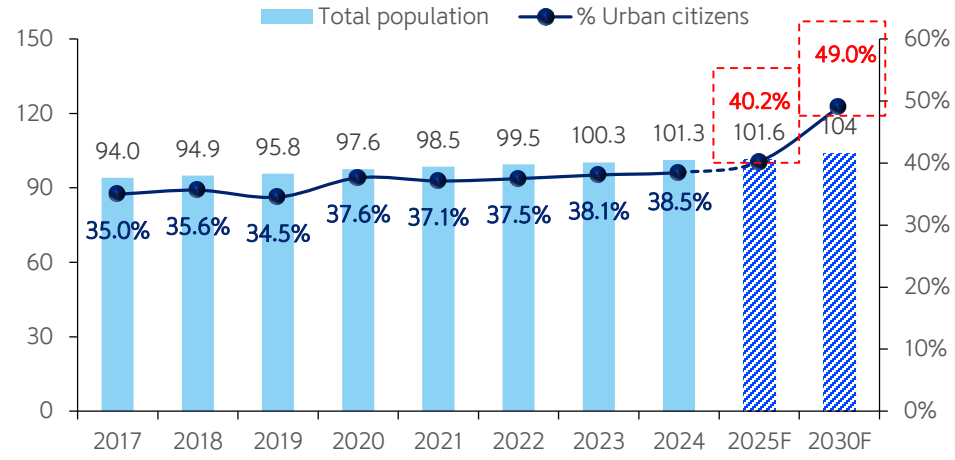
4. Vietnam retail sector long-term prospects towards 2030

Vietnam population structure



Source: World Bank, Kantar, Shinhan Securities Vietnam

Vietnam population over the years (million people)



Source: GSO, Ministry of Health, Shinhan Securities Vietnam

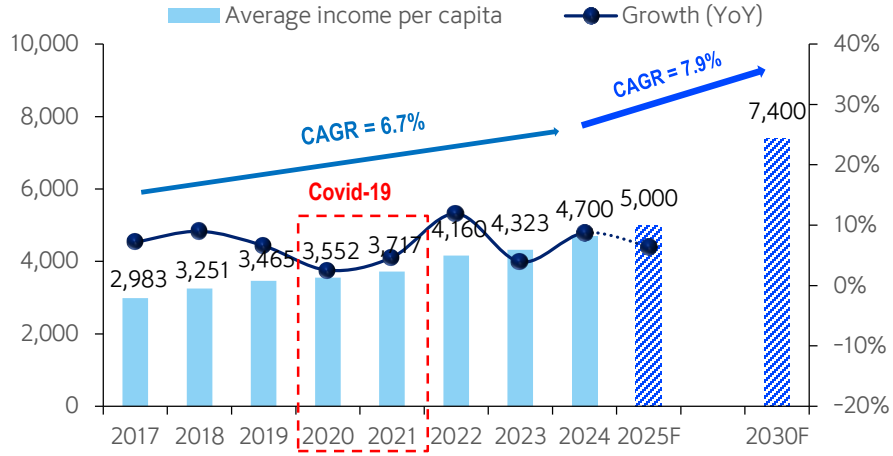
Golden population structure

- Vietnam recorded population of over 101 mn in 2024, making it the third most populous country in SEA, after Indonesia and Philippines. Additionally, the steadily increasing urbanization rate is a positive factor driving the growth of Vietnamese retail businesses through: (i) increased consumer demand (thanks to higher incomes), and (ii) diversification of sales channels and retail models.
- However, population aging and a declining birth rate are gradually altering the demographic structure. Vietnam is currently benefiting from demographic advantage but is expected to enter an aging population phase around 2036–39. By 2036, one in every five Vietnamese citizens will be a senior (over 64 years old).
- This demographic shift will have significant social and economic implications. The growing elderly population introduces new needs and priorities, requiring brands to adapt their strategies and product offerings. Given the diversity within the senior demographic—ranging in education, income, lifestyle, and consumption habits—brands will need to personalize both products and communications.
- To capture this consumer segment, brands must adopt a consumer-centric approach, developing products and services tailored to the aging process. At the same time, fostering intergenerational connections and emotional engagement with both older and younger consumers will be key to sustainable growth.

4. Vietnam retail sector long-term prospects towards 2030

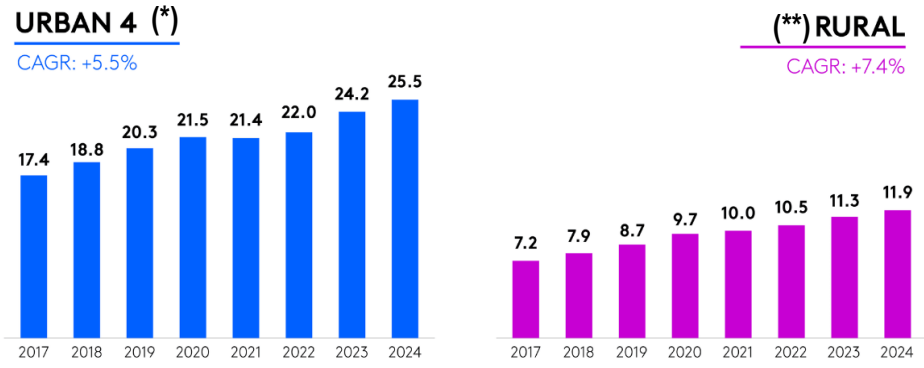
Impact of the economy on Vietnam's retail industry – The improvement of average income

Average annual income per capita in Vietnam (USD)



Source: GSO, Shinhan Securities Vietnam

Average monthly household income (million VND)



(*) including 4 Large cities: Ho Chi Minh, Hanoi, Da Nang, and Can Tho
(**) including suburban and remote areas with a population density of less than 15,000 people

Source: Kantar Worldpanel, Shinhan Securities Vietnam

Factors driving the retail market and consumer purchasing power in Vietnam market:

- ❑ Golden population structure and its continuous increase in urbanization rate in the coming years;
- ❑ Improving income levels, with an expected CAGR of 7.9% during the 2024–2030 period.
- ❑ Both urban and rural areas in Vietnam are witnessing a continuous increase in average income. This growth is significantly contributing to the expansion of the middle class.

4. Vietnam retail sector long-term prospects towards 2030

Strong growth trajectory of Vietnam household consumer expenditure

Consumer expenditure per household index (Year 2024 = 100)

	2024	2025F	2026F	2027F	2028F
Latin America	100	118	136	157	179
Middle East Asia	100	110	121	132	145
India	100	109	120	131	144
Vietnam	100	106	115	127	139
Philippines	100	108	115	123	132
Indonesia	100	104	111	118	126
Eastern Europe	100	106	111	118	126
Thailand	100	106	112	119	126
APAC	100	105	112	118	124
Western Europe	100	105	110	117	124
Malaysia	100	105	111	117	124
China	100	103	110	116	123
Hong Kong	100	103	108	114	120
North America	100	103	107	111	116
Singapore	100	100	107	111	115
South Korea	100	103	105	109	114
Taiwan	100	102	106	110	113
Australia	100	101	105	108	112
Japan	100	103	105	108	111

Source: Euromonitor (2024), Shinhan Securities Vietnam

- According to Euromonitor, Vietnam stands out as one of the fastest growing consumer markets in the region, with peak growth around 2026-2027.
- As households spend more, it indicates a transition from basic consumption (necessities) to more discretionary spending (entertainment, technology, lifestyle products), reflecting economic resilience, rising income, and expanding middle-class consumption.
- Moreover, higher demand follows by the potential of booming retail sectors, especially modern trade channels like supermarkets, minimarts, e-commerce platforms, and shopping malls.
- Lastly, as disposable income rises, private healthcare and education sectors are likely to grow as families prioritize quality services.
- This makes Vietnam an attractive market not only for domestic businesses but also an ideal penetrating market for international players focusing on consumer-driven industries (retail, e-commerce, F&B, FMCG, and other consumer services).

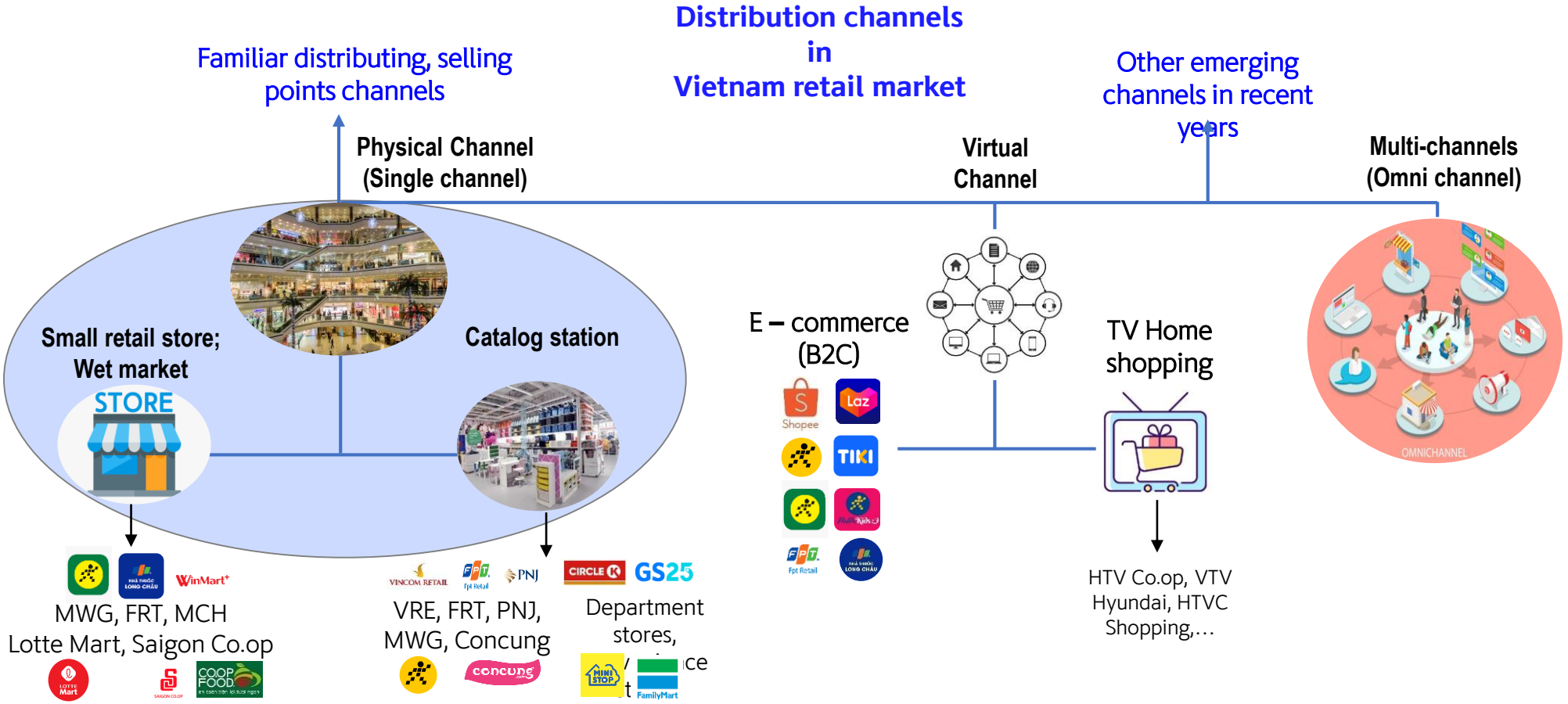
05

Vietnam retail market trend

Vietnam's retail market is shifting toward an Omni-channel model, seamlessly integrating online and offline channels.

This trend meets the growing demand for flexible, personalized shopping experiences while helping businesses operate more efficiently and boost revenue.

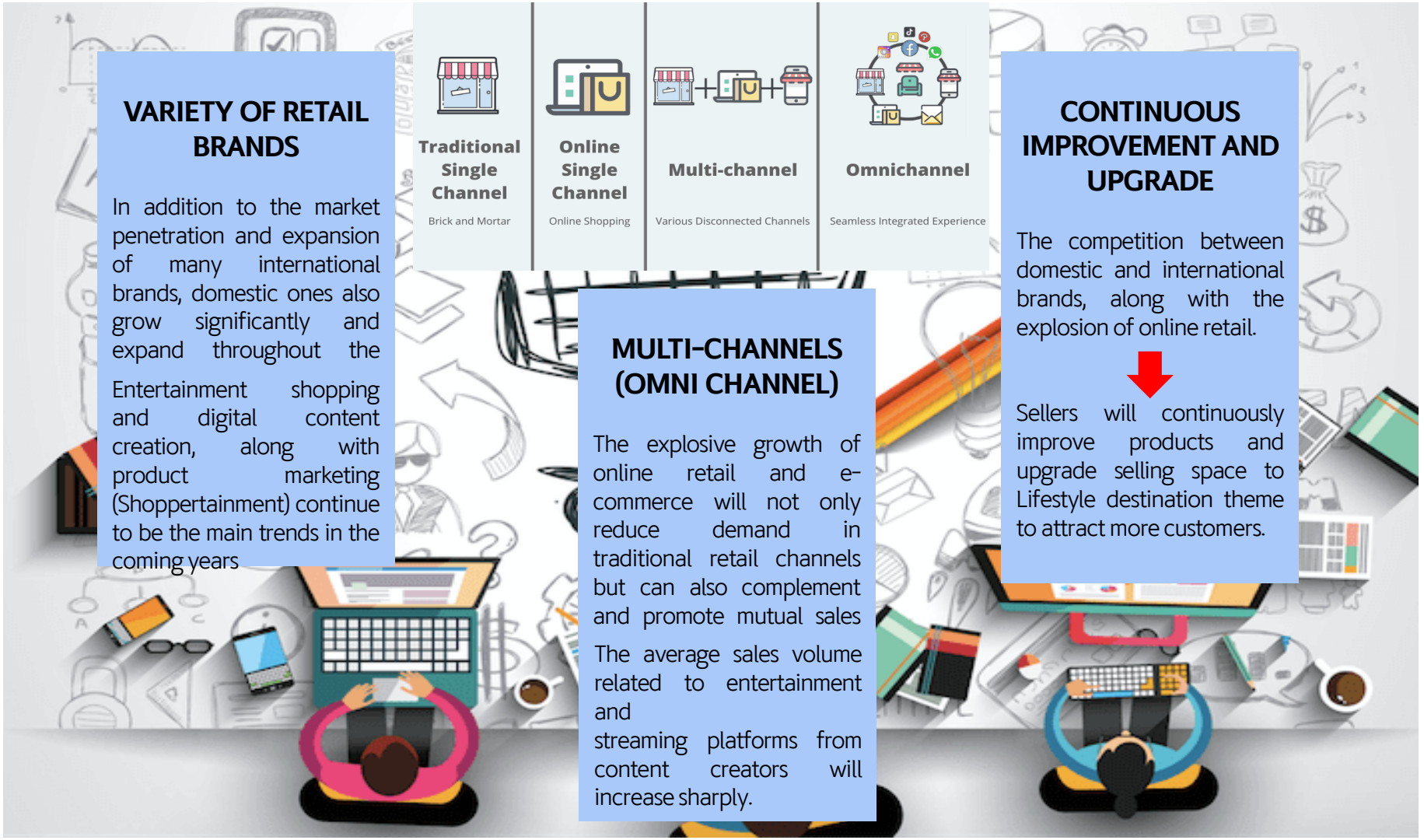
5. Vietnam retail market trend – Omni channel model



- Many retailers are adopting the omni-channel sales model to optimize sales across both traditional and online channels.
- According to market research units, modern shopping channels will account for more than 30% of the total retail market share by 2025. Currently in Vietnam, an average of 100,000 people will need 1 hypermarket and 1 shopping mall; 10,000 people will need 1 medium-sized supermarket; 1,000 people will need 1 – 3 convenience stores. These are potential factors and favorable conditions for retail businesses to expand their market share and have a lot of room for development.

5. Vietnam retail market trend – Omni channel model

Retail Market Trend



VARIETY OF RETAIL BRANDS

In addition to the market penetration and expansion of many international brands, domestic ones also grow significantly and expand throughout the

Entertainment shopping and digital content creation, along with product marketing (Shoppertainment) continue to be the main trends in the coming years

MULTI-CHANNELS (OMNI CHANNEL)

The explosive growth of online retail and e-commerce will not only reduce demand in traditional retail channels but can also complement and promote mutual sales

The average sales volume related to entertainment and
streaming platforms from content creators will increase sharply.

CONTINUOUS IMPROVEMENT AND UPGRADE

The competition between domestic and international brands, along with the explosion of online retail.

Sellers will continuously improve products and upgrade selling space to Lifestyle destination theme to attract more customers.

5. Vietnam retail market trend – Omni channel model

Foreign brands continues showing interest in Vietnam retail market

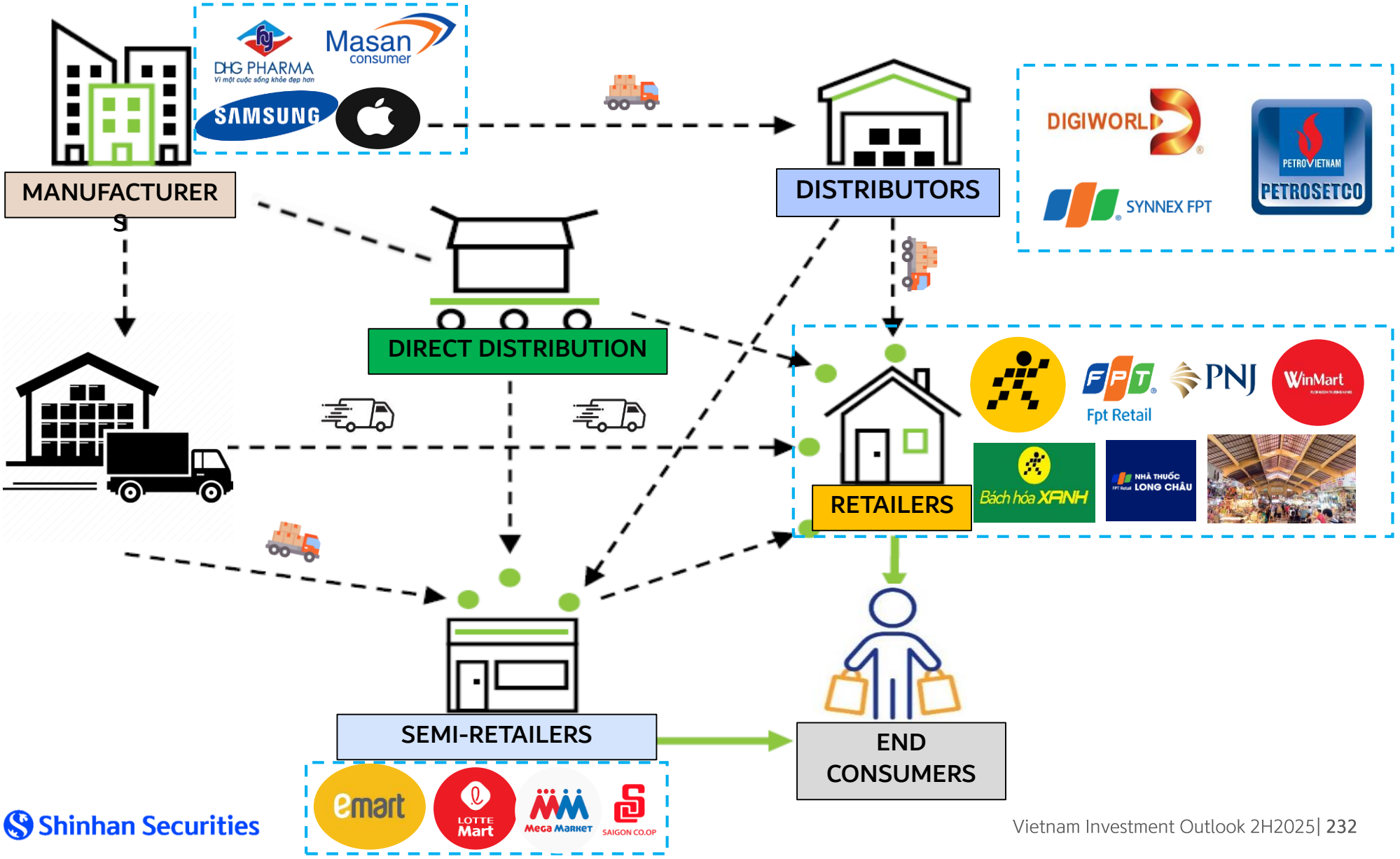
International brands and labels in the Vietnamese retail market

	Fashion and Accessories	Food and Beverage	Lifestyle and Others
Newly joined in 2024	RENE CAOVILLA, Kiton, FRANCK MULLER, MAISON KITSUNÉ, PRIMADONNA, SEMIR, UR, Herschel, MESSYWEEKEND, MENBUR, FENDI, MSGM, PUMA, THE HOUR GLASS, VHERNIER, VICTORIA'S SECRET, KARL LAGERFELD, SAINT LAURENT PARIS	DAHU HOTPOT, SNACK KINGDOM, SHANG CHI, ASANOHA, MEISSE CLAY OVEN, XUNJIAO YING, 味界BBQ, taipan, 松屋 MATSUYA, 40thTEXAS, XINWAH, MINIMELTS, WOW! YAKINIKU, ANTICO FORNAIO, MIKADO SUSHI, XIAOYU, BLUE BAY, Tian Xin	SUFEIYA, flying tiger copenhagen, POP MART, photoism, la prairie SWITZERLAND, PEEKTON, KKV, FACIAL BAR, PHOTO OBJET 포토오브제, QB HOUSE, Serta
Potentially to join in 2025, 2026	ZHOU LIU FU, Beneunder, BALENCIAGA, Malbon, Loro Piana, GENTLE MONSTER CELINE, TOM FORD, ACMEITEM	CHAGEE 霸王茶姬, THE FELLAS TERRACE, YANQING BARBECUE, Royal Host, COMMUNE, Richeese Factory, SONGSABU, GENKI SUSHI, 探魚烤魚 TANYU GRILLED FISH	OH! SOME, DREAMUS, Hamleys, GiGO, THE COLORIST, Kiztopia

Source: CBRE, Shinhan Securities Vietnam

5. Vietnam retail market trend – Omni channel model

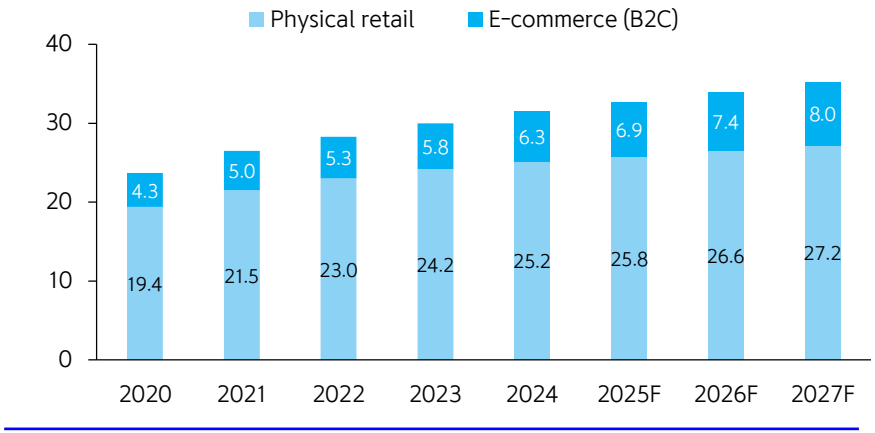
Typical key players in Vietnam retail market



5. Vietnam retail market trend – Omni channel model

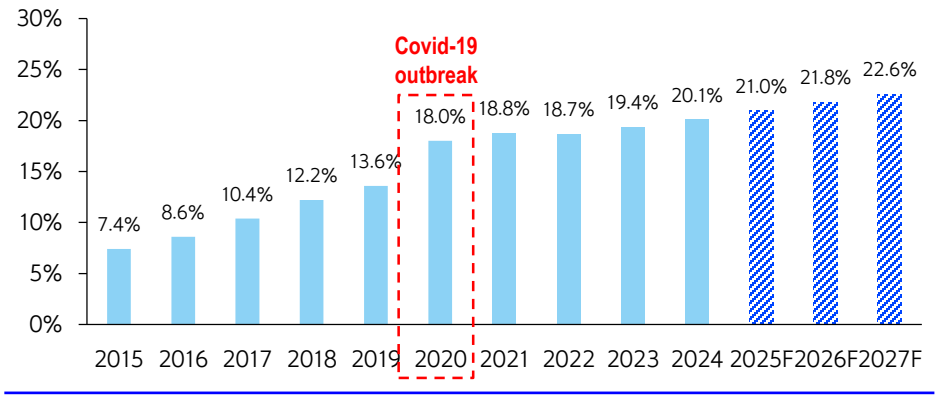
E-commerce channel booming

Retail sales at stores versus e-commerce channels (tn USD)



Source: Insider Intelligence,eMarketer (2024), Statista, Shinhan Securities Vietnam

E-commerce retail market share compared to total global retail



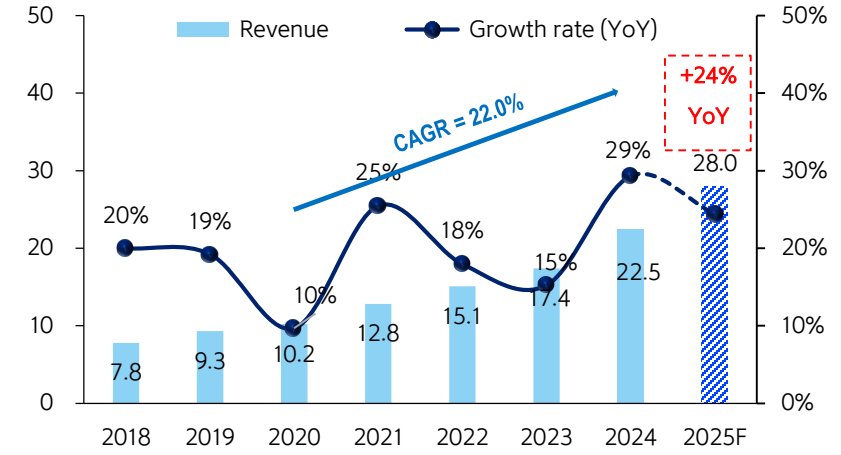
Source: Insider Intelligence,eMarketer (2024), Statista, Shinhan Securities Vietnam

- Global B2C e-commerce retail revenue reached USD 1.3 trillion in Q1/25 (+9.8% y/y), with over 73% of transactions conducted via smartphones. This growth was driven by emerging markets such as India (+21% y/y), Brazil (+17% y/y), and Mexico (+15% y/y). E-commerce has become a key retail channel, increasingly integrated into retailers' omni-channel strategies.
- According to Metrics, fashion remains the top-selling product category on e-commerce platforms, with Q1/25 sales growth of 11.5% y/y, accounting for 28% of total global e-commerce revenue; followed closely by electronics and home appliances, growing 8.7% y/y and contributing 22% of total result.
- The COVID-19 pandemic significantly accelerated the shift toward online activities, leading to the formation of new consumer habits such as working and studying from home, ordering food online, and shopping digitally.
- Currently, the trend of shopping directly through social media platforms like Instagram and TikTok—known as social commerce—is becoming increasingly popular, particularly among Gen Z. Additionally, many online retailers are actively integrating AI to recommend products based on consumer behavior and preferences, achieving a conversion rate of 26% in Q1/25.

5. Vietnam retail market trend – Omni channel model

Update on Vietnam e-commerce market

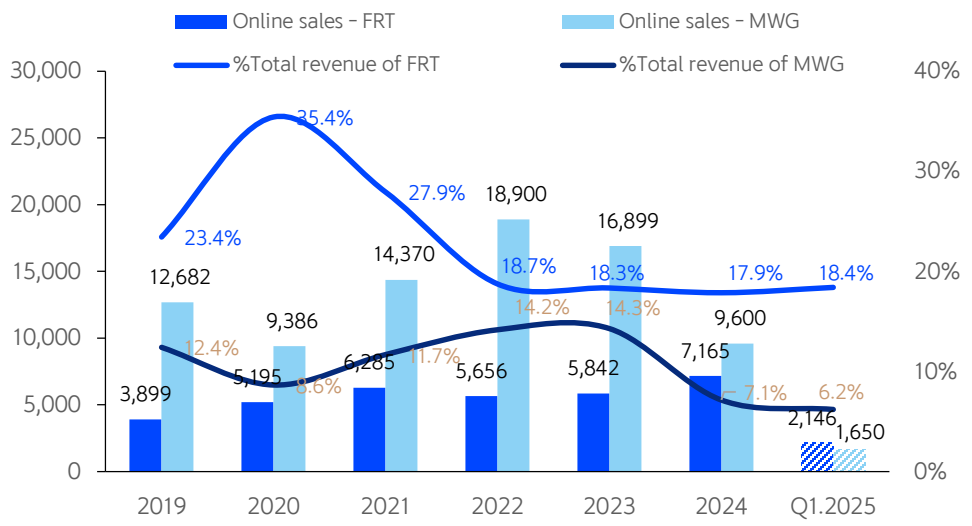
Vietnam e-commerce revenue (USD billion) (*)



(*) The above revenue only includes retail sales of goods (B2C) through e-commerce channels (excluding online revenue from payment, service, banking, credit, insurance, online games, advertising, etc.)

Source: MoIT, Shinhan Securities Vietnam

Online revenue of typical retail firms in Vietnam (billion VND)



Source: Company data, Shinhan Securities Vietnam

- E-commerce plays an important role in Vietnam's retail sector, helping to stimulate consumer spending. Vietnam is one of the fastest-growing e-commerce markets in the world, driven by a young, tech-savvy population with a strong preference for online shopping. The government also promotes cashless payments, enabling e-wallets and major e-commerce platforms in Vietnam to benefit significantly from changing shopping and payment habits, as well as a growing user base in recent years.
- According to the Vietnam E-commerce Association (VECOM), the size of Vietnam's e-commerce market in 2024 is estimated to reach USD 32 billion (+27% y/y), with online retail (B2C) accounting for USD 22.5 billion (+29% y/y). MOIT targets B2C e-commerce revenue to reach USD 28 billion by 2025 (+24% y/y).
- According to Metrics, considering the four leading e-commerce platforms in Vietnam (Shopee, TikTok, Lazada, Tiki), total e-commerce revenue in Q1.2025 reached VND 101.4 trillion (+42.3% y/y). In addition, major retailers such as MWG and FRT continue to invest in online sales channels (websites, apps). MWG's AvaKids chain is shifting its strategy to focus on online sales, with limited expansion of physical stores in the coming years.

5. Vietnam retail market trend – Omni channel model

Prospective future of Vietnam e-commerce market



- Vietnam currently ranks 3rd in online retail value in Southeast Asia; among the top 10 leading countries regarding e-commerce growth in the world, boosting economic development and digital transformation in businesses.
- Notably, cross-border e-commerce is also identified as a new target for export activities (online exports), helping to expand consumption markets for Vietnamese goods.

- According to Amazon Global Selling, in 2024, more than 17 million products from Vietnamese businesses were exported online; export value increased by 50%; the number of selling partners increased by 40%. Cross-border e-commerce has grown by 26% y/y.
- With a long-term development orientation, the Ministry of Industry and Trade will propose the development of an E-commerce Law in 2025 to ensure the consistency of the legal system on ecommerce with other laws.



06

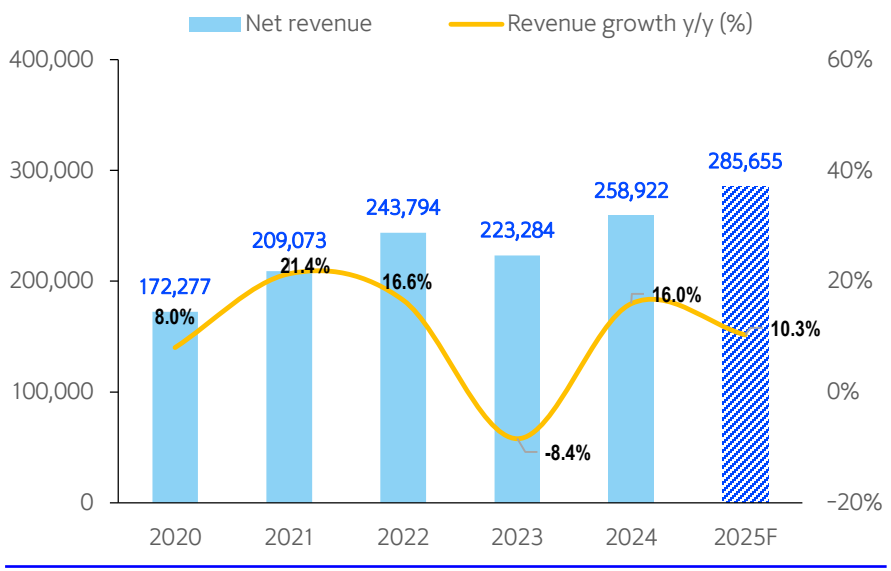
Typical stocks in retail sector

FRT, MWG

6. Typical stocks in retail sector

Update business results of retail firms

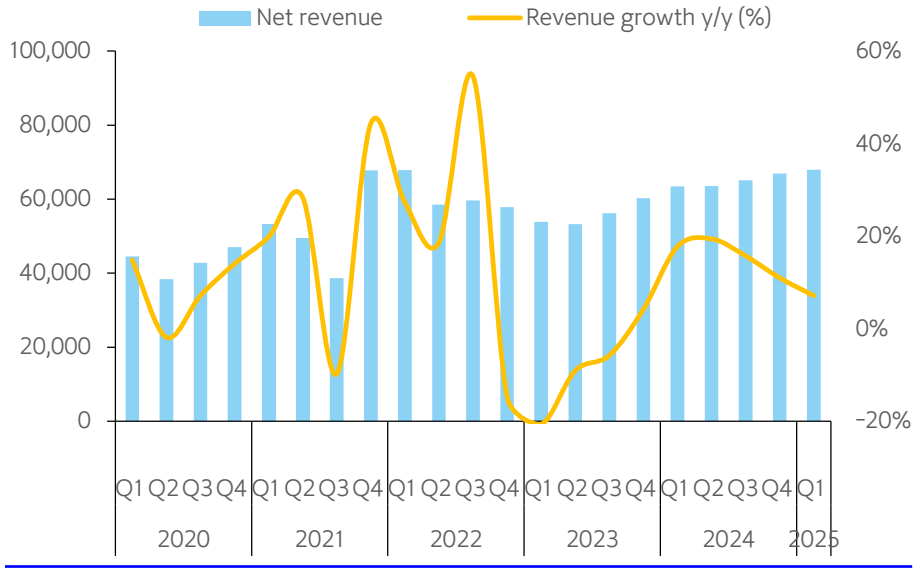
Revenue of typical listed retail firms (*) (VND billion)



Source: FiinPro, Shinhan Securities Vietnam

(*) Including typical retail firms listed on HoSE: MWG, FRT, DGW, PET, PNJ, HAX.

Quarterly revenue of typical listed retail firms (*) (VND billion)



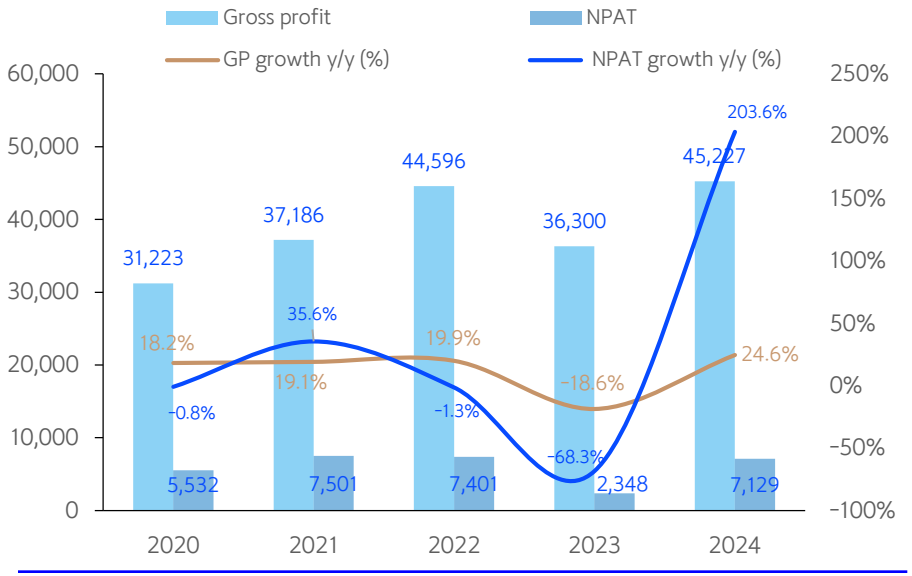
Source: FiinPro, Shinhan Securities Vietnam

- In 2024, both revenue and profit margins of retail companies have improved significantly, even outperforming previous years. A positive economic growth outlook, rising household incomes, and the extension of the 8% VAT rate until the end of 2026 are favorable factors that help boost overall consumer purchasing power. Update Q1/2025 earnings, the retail sector continued to record positive growth, with revenue increasing by 7.1% y/y.
- In 2025, many retail companies are setting optimistic business targets, aiming to sustain double-digit growth in both revenue and profit. New business segments are emerging as key highlights, delivering strong performance and driving revenue growth for retailers in the coming years.
- ICT Retail segment: After COVID-19 period, many individuals have become accustomed to studying and working from home. The ICT equipment replacement cycle has resumed since 2024 and been more evident in 2025, supported by improved economic conditions and proactive government policy efforts led by the Prime Minister.

6. Typical stocks in retail sector

Update business results of retail firms

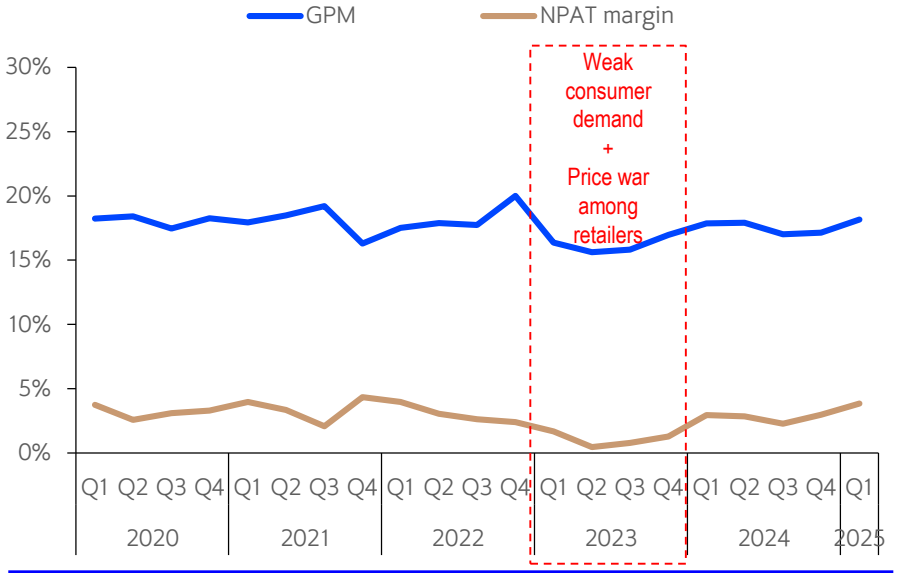
Profit of typical listed retail firms (trillion VND)



Source: FiinPro, Shinhan Securities Vietnam

(*) Including typical retail firms listed on HoSE: MWG, FRT, DGW, PET, PNJ, HAX.

Profit margins of typical listed retail firms



Source: FiinPro, Shinhan Securities Vietnam

- 2024 serves as a foundational year for the new business segments of retail companies to accelerate profit growth. We believe these segments will not only drive revenue but also significantly improve profit margins for retailers during the 2025–2029 period.
- MWG's Bach Hoa Xanh grocery chain has recorded positive bottom line and resumed expansion after a prolonged period of downsizing and restructuring. FRT is also converting and opening CE retail stores, helping to improve ICT retail segment's profit margin. In addition, Long Chau pharmacy and vaccination chain continue to expand, with expectations of sustaining double-digit revenue and profit growth over the next 3–5 years.
- To leverage nationwide branch networks, retail chains such as TGDD, DMX (MWG), FPT Shop (FRT), and WinCommerce (MSN) have announced partnerships with banks to roll out deposit/withdrawal services (MWG: VPBank; FRT: Vietcombank; MSN: Techcombank), aiming to enhance service income and optimize idle cash flow.

6. Typical stocks in retail sector

Typical listed retail firms

General information				Share price					Key financials					Valuation (25F)	
No.	Ticker	Retail industries	Mkt. Cap. (VND bn)	CP (VND)	TP* (VND)	Return (%)	1M (%)	YTD (%)	Revenue Q1.25 (VND bn)	Revenue 25F (VND bn)	GPM 25F	ROA (25F)	ROE (25F)	P/B (x)	P/E (x)
1	MWG	ICT	95,095	64,300	72,400	12.6	5.6	5.4	36,135	150,628	21.4%	7.4%	16.6%	2.6	17.0
2	FRT	ICT, pharmacy	22,902	168,100	205,100	22.0	1.3	-9.4	11,670	51,519	19.7%	4.5%	31.4%	32.3	10.1
3	DGW	ICT distribution	7,386	33,700	44,500	32.0	4.2	-14.9	5,519	24,572	9.3%	5.0%	16.8%	2.8	24.3
4	PET	ICT distribution	2,668	25,000	30,000	20.0	33.7	-0.6	4,017	21,178	4.7%	2.2%	8.7%	1.1	12.1
5	PNJ	Jewelry	27,134	80,300	99,400	23.8	134	-17.5	9,635	32,660	20.6%	13.8%	20.0%	2.5	13.8
6	HAX	Automobiles	1,665	15,400	18,000	16.9	10.8	-2.6	959	6,581	8.9%	6.8%	11.9%	1.4	19.4

* Target price (fair value) for the next 12 months

Source: SSV Research, Bloomberg

Data as of May 27th, 2025

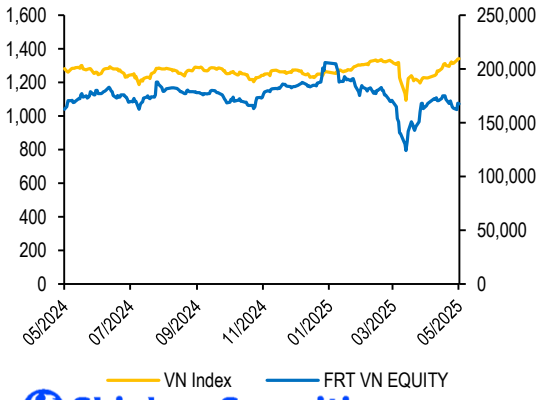
FPT Digital Retail JSC (HSX: FRT)

FPT Retail

Target price (12 months)	**VND 205,100**
Current price (27/05/2025)	VND 168,100
Return (%)	22.0%
VNINDEX	1,340
Market P/E (x)	11.1
Market Cap. (bn VND)	22,902
Outstanding Shares (mn)	136
Free Floating Shares (mn)	66
52-WkHigh/ Low (VND)	209,400/ 121,100
3M Avg. Trading Vol. (mn)	0.51
3M Avg. T/O (bn VND)	79
Beta (12M)	1.0

Major Shareholders (%)	FPT Corporation	46.53
	Group of Dragon Capital Funds	13.80

Performance	3M	6M	12M
Absolute(%)	-8.5	-5.3	3.1
Relative to VN-Index (%)	-11.3	-13.3	-1.6



Shinhan Securities

Long Chau chain and the strategic long-term game

Investment points

FPT Digital Retail JSC (FRT Retail, HSX: FRT) is one of the leading retailers of ICT equipment and products in Vietnam. FRT owns two ICT retail chains, FPT Shop and F. Studio, with a total of 628 stores. Additionally, FRT's Long Chau pharmacy chain has become a familiar brand, leading the market with 2,022 pharmacies nationwide.

Update Q1.2025 business results: Net revenue and NPAT reached VND 11,670 bn (+29% y/y) and VND 273 bn (+207% y/y), respectively, completing 24% and 30% of the 2025 target. Online sales contributed more than 18% of FRT's total consolidated revenue, recording a growth of 38% y/y. NPAT margin in Q1.25 improved, reaching 1.8% (Q1.2024: 0.67%) thanks to significant contributions from the Long Chau chain.

ICT chain: Revenue slightly increased by 3% y/y, reaching VND 3,682 bn. Q1.25 GPM declined to 12.5% (Q1.24: 13.4%) due to the company maintaining promotional campaigns for the expansion period of CE retail segment. GPM is expected to improve in 2H25 when this segment stabilizes operations. Despite considerable efforts to optimize opex, the ICT segment recorded net loss of VND 18.5 bn in Q1.25 (Q1.24: loss of VND 50.8 bn). FRT will not open new ICT stores but will instead convert some existing ICT stores into CE retail outlets, aiming to boost ICT-CE segment revenue, improve GPM and achieve positive full-year NPAT.

Long Chau chain: Revenue contributed 69% of FRT's total revenue, reaching VND 8,054 bn (maintaining double-digit growth, +46% y/y); average revenue per pharmacy stood at VND 1.2–1.3 bn/month. Additionally, Long Chau vaccination center chain model has been gone into operation smoothly. FRT plans to expand aggressively in 2025, targeting revenue of VND 1.9–2 bn/center/month.

Outlook in 2025: We forecast FRT's 2025 revenue and NPAT to reach VND 51,519 bn (+28.5% y/y) and VND 829 bn (doubling y/y), respectively. The development and expansion of Long Chau's healthcare ecosystem will be the key driver of FRT's long-term sustainable growth. Long Chau plans to expand its healthcare ecosystem and platform by (i) launching new business activities in diagnostics and treatment (e.g., clinics) and (ii) further expanding its existing businesses and services (pharmaceuticals, vaccinations, home health monitoring, and insured drug coverage).

Risk: (1) High leverage exposure; (2) Competitive risk; (3) Weak retail consumption; (4) Risk from impairment of inventory.

FY	2022	2023	2024	2025F	2026F
Revenue (bn VND)	**30,166**	**31,850**	**40,104**	**51,519**	**61,205**
OP (bn VND)	474	-297	543	1,035	1,601
NPAT (bn VND)	**398**	**-329**	**408**	**829**	**1,279**
EPS (VND)	2,865	-2,537	2,331	5,697	7,863
BPS (VND)	17,115	12,021	14,486	18,189	24,532
OPM (%)	1.6	-0.9	1.4	2.0	2.6
NPM (%)	1.3	-1.0	1.0	1.6	2.1
ROE (%)	**19.4**	**-19.1**	**19.3**	**31.4**	**33.1**
PER (x)	20.8	-42.2	79.6	32.3	23.4
PBR (x)	3.5	8.9	12.8	10.1	7.5
EV/EBITDA (x)	12.7	91.7	28.2	18.5	13.8

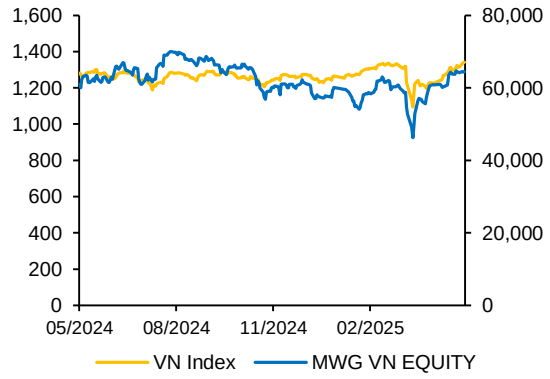
Source: Company data, Bloomberg, Shinhan Securities Vietnam

Mobile World Investment Corporation (HSX: MWG)

MWG

Target price (12 months)	**VND 72,400**
Current price (27/05/2025)	VND 64,300
Return (%)	**12.6%**
VNINDEX	1,340
Market P/E (x)	11.1
Market Cap. (bn VND)	95,095
Outstanding Shares (mn)	1,479
Free Floating Shares (mn)	1,227
52-WkHigh/ Low (VND)	70,800/45,750
3M Avg. Trading Vol. (mn)	7.25
3M Avg. T/O (bn VND)	484
Beta (12M)	1.24
Major Shareholders (%)	Retail World Investment Consulting 10.49
	Group of Dragon Capital Funds 7.95

Performance	3M	6M	12M
Absolute(%)	10.5	7.3	4.7
Relative to VN-Index (%)	7.7	-0.7	0.0



Steady growth from retail chains

Investment points

Mobile World Investment Corporation (Mobile World, HSX: MWG) is a leading retail enterprise in Vietnam, offering an ecosystem that meets the diverse needs of customers. MWG remains the leading retailer of mobile phones and electronics in Vietnam, holding over 50% of the market share; also to be the largest consumer goods retailer nationwide.

Update Q1.2025 business results: Net revenue and NPAT respectively reached VND 36,135 bn (+14.8% YoY), VND 1,548 bn (+71.4% y/y), completing 24% and 32% of company's plan.

ICT-CE chains: TGDD, DMX chains recorded revenues of VND 8,311 billion (+22.2% y/y), VND 15,972 billion (+9.8% y/y), contributing 23% and 44.2% of total revenue, respectively. End of Q1.2025, ICT-CE chain had 3,044 stores (net decrease of 3 stores YTD). ICT-CE chains have no expanding intension in 2025 and will continue to optimize existing stores, focus more on home appliance retail segment. MWG targets to raise its ICT-CE market share from the current 50–60% to 70–80% by 2030.

EraBlue's revenue of nearly VND 700 bn; reporting profit at the company level. The company plans to open 60 new stores in 2025, focusing on expansion to increase market share. By the end of April 2025, EraBlue had 115 stores (+28 stores YTD).

BHX chain: Generating VND 11,008 bn in revenue (+20.2% y/y), reporting Q1 profit of VND 22 billion, targeting VND 500 bn for the FY2025 (FY23: loss VND 1,256.6 bn; FY24: profit of VND 102.7 bn). Average monthly sales was VND 1.9–2.0 bn/store, with SSSG of 10% y/y.

BHX plans to open 400 new stores in 2025, primarily in the Central provinces. In 4M25, BHX opened 310 new stores. Newly opened stores in the Centrals (operating more than 3 months) recorded monthly sales of VND 1.2–1.5 bn/store, achieved positive store-level profitability.

An Khang: Sales was of VND 515 bn, recording loss of VND 31 bn. The chain remains on track to reach break-even (expected in Q2.2025) and will consider expansion thereafter

AvaKids: Revenue reached VND 313 bn (over 50% from online channel), achieving company-level profitability in Q1.

Risk: (1) Competitive risk; (2) Risk from weak retail consumption; (3) Risk from having many diversified retail chains; (4) Risk from impairment of inventory.

FY	2022	2023	2024	2025F	2026F
Revenue (bn VND)	**133,405**	**118,280**	**134,341**	**150,628**	**165,872**
OP (bn VND)	6,575	1,047	5,227	6,565	8,399
NPAT (bn VND)	**4,102**	**168**	**3,733**	**5,010**	**6,342**
EPS (VND)	2,810	115	2,546	3,426	4,340
BPS (VND)	16,321	15,944	19,921	22,146	26,039
OPM (%)	4.9	0.9	3.9	4.4	5.1
NPM (%)	3.1	0.1	2.8	3.3	3.8
ROE (%)	**18.5**	**0.7**	**14.5**	**16.6**	**18.0**
PER (x)	22.4	381.6	17.2	17.0	13.4
PBR (x)	3.8	2.8	2.3	2.6	2.2
EV/EBITDA (x)	8.5	11.8	6.4	9.0	8.6

Source: Company data, Bloomberg, Shinhan Securities Vietnam

Shinhan Securities

Shinhan Securities

Power

“Green” investment, sustainable growth



Hoang Nam
☎ (84-28) 6299-7603
✉ nam.h@shinhan.com

Glossary of abbreviations

COD	Commercial operation date
CAN	Capacity Add-on Price
CfD	Contract for Difference
EPTC	Electricity Power Trading Company
ERAV	Electricity Regulatory Authority of Vietnam
EVN	Vietnam Electricity Corporation
FDP	Field Development Plan
FID	Final Investment Decision
FMP	Full Market Price
GSA	Gas Sales Agreement
IEA	International Energy Agency
LNG	Liquefied Natural Gas
MOIT	Ministry of Industry and Trade
NCHMF	National Center For Hydro-Meteorological Forecasting
Pc	Contractual Price
Pmax	Maximum Capacity
PPA	Power Purchase Agreement (signed between EVN/EPTC)
PSC	Production Sharing Contract
PVN	Vietnam Oil and Gas Group
Qc	Contract Quantity
Qm	Metered Quantity
SMP	System Marginal Price
TKV	Vietnam National Coal and Mineral Industries Group
VCGM	Vietnam Competitive Generation Market

Content

Power sector – "Green" investment, sustainable growth

I. Power Industry Update 2025

_ Electricity production growth slowed in Q1/2025

_ Power capacity over the years and implementation progress of the 8th power development plan (PDP VIII).

_ EVN reported its first profit turnaround in 2024, with expectations of positive net profit in 2025.

II. Power industry outlook 2025-2030

1. Electricity output plan and forecast based on economic growth scenarios for 2025F–2026F
2. Electricity production growth expected to remain high from 2025 to 2030.
3. Power capacity targets by 2030.
4. Volume of work in the electrical construction segment.
5. Gas-fired power: domestic gas supply gradually declining.
6. LNG-fired power: significant increase in LNG import demand expected.
7. Renewable energy group: further consolidation of potential.

III. Investment opportunities – REE & PC1.

Companies with defensive characteristics and maintain long-term growth drivers thanks to strong electricity source demand under the revised PDP VIII.

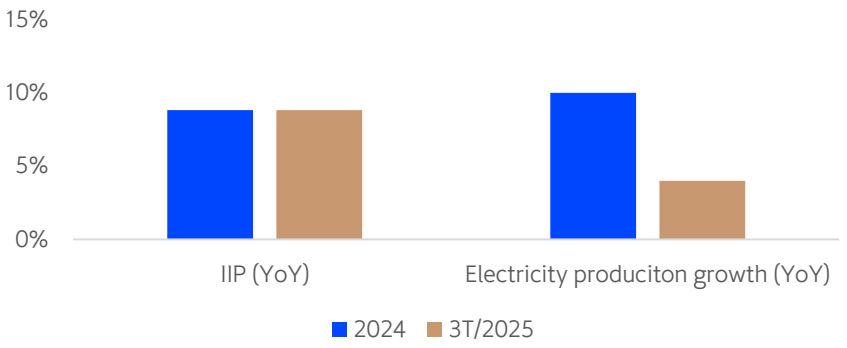
Power Industry Update 2025

1

In the first three months of 2025, the industrial production index (IIP) increased by an average of about 8–10%, while electricity production growth reached nearly 5%, indicating slower growth. Meanwhile, the risk of power shortage in the northern region remains in 2025, although it has eased compared to 2024. Additionally, EVN recently raised electricity prices by 4.8% and is expected to start recording positive profits in 2025.

Electricity production growth reached double digits and is expected to continue strong growth in 2025

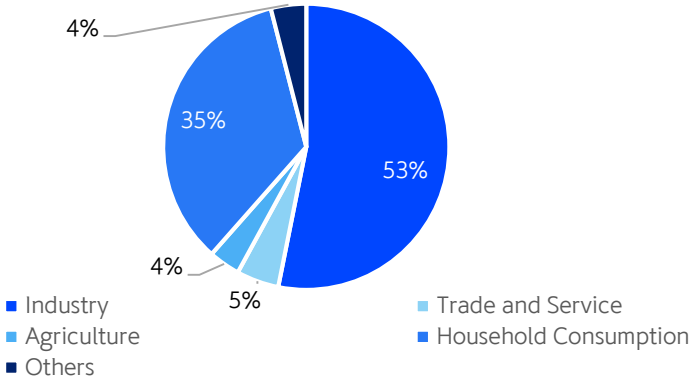
Growth in electricity production and industrial production index (IIP)



Source: EVN, Fiinpro, Shinhan Securities Vietnam

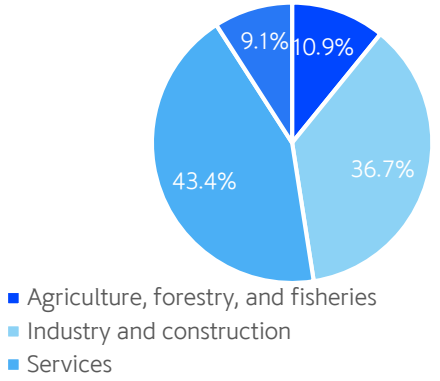
- In the full year of 2024, total electricity production across the system reached 308.73 billion kWh (+9.9% YoY), alongside an industrial production index (IIP) increase of 8.84% YoY, reflecting strong growth in industrial manufacturing activities. In the first three months of 2025, the IIP increased by an average of about 8–10%, while electricity production growth slowed to nearly 5%. This slowdown was primarily due to the Southern petrochemical complex project halting production in Q1 and a decline in the steel manufacturing sector.
- On average, from 2020 to 2024, growth in commercial electricity consumption was mainly driven by the industrial sector, accounting for 53%. Depending on the U.S. tax scenarios applied to Vietnam, there could be impacts on GDP growth, which in turn may negatively affect electricity demand growth in 2025.

Average structure of commercial electricity output, 2020–2024



Source: EVN, Shinhan Securities Vietnam estimates

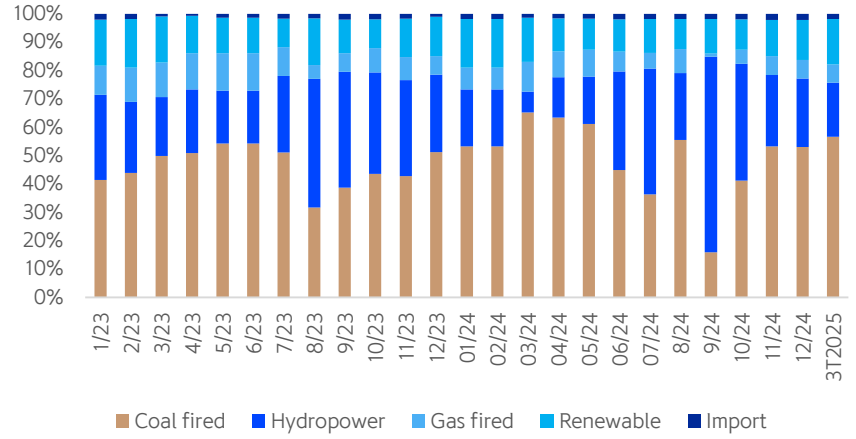
GDP components 2024



Source: Fiinpro, Shinhan Securities Vietnam estimates

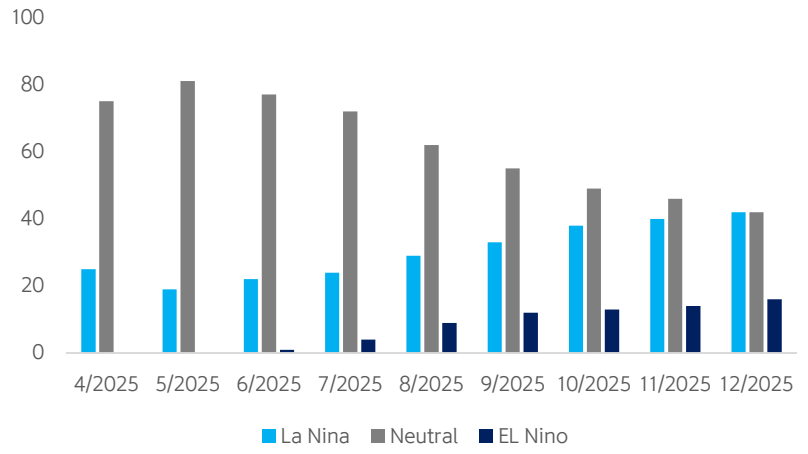
Coal-fired thermal power will remain the main source of dispatch, while hydropower is expected to remain stable in 2025

The proportion of coal-fired power generation accounted for the majority in Q1/2025



Source: EVN, Shinhan Securities Vietnam

Official NOAA CPC ENSO probabilities (%)

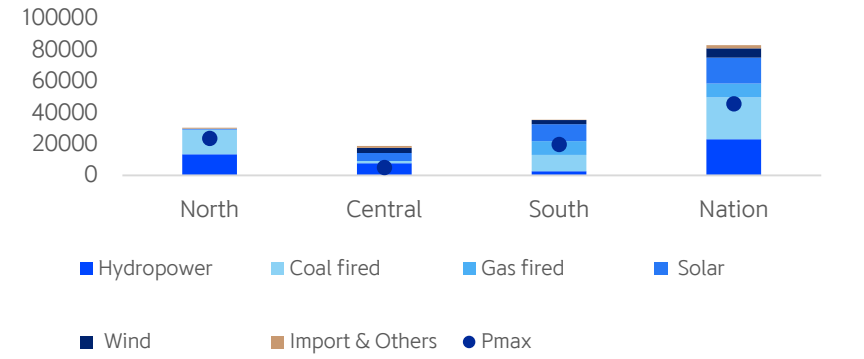


Source: IRI, Shinhan Securities Vietnam

- **Thermal power output has been increasingly dispatched since the end of 2024**. Cumulatively in the first three months of 2025, hydropower output reached 13.8 million kWh (+30% YoY), accounting for 19% of the total, while coal power output reached 40.8 million kWh (+2% YoY), accounting for 57%.
- According to the IRI, a neutral phase is the dominant trend with the highest probability of 50–60% in 2025. Additionally, toward the end of 2025, the probability of La Niña gradually increases. However, according to the Meteorological and Hydrological Forecast Center, water inflow and rainfall in hydropower reservoirs in the Northern region are 10–40% below the multi-year average, causing the North to depend heavily on transmitted and imported electricity, especially during peak hot periods.

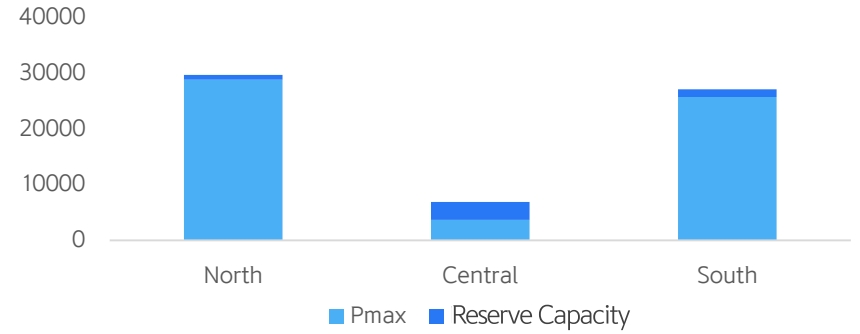
Power shortage risk in the northern region eases compared to 2024

Installed capacity and Pmax by region in 2023 (MW)



Source: ERAV, Shinhan Securities Vietnam estimates

Northern region has the lowest reserve capacity among the three regions in 2025F (MW)

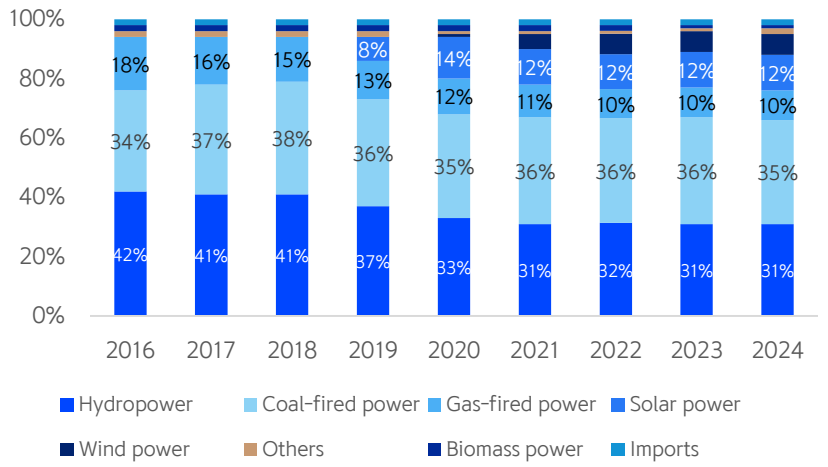


Source: Draft of Revised PDP VIII, Shinhan Securities Vietnam estimates

- **In recent years, the Northern region has faced electricity shortages during certain periods of the dry season, with 2023 being the peak year.** Due to the uneven distribution of power sources across regions, particularly with hydropower concentrated mainly in the North, the region faces a higher risk of power shortages during dry seasons when electricity demand surges, as seen in 2023. Specifically, in 2023, only about 30% of the designed hydropower capacity was available, resulting in a shortfall of approximately 3,000 MW in the North. This was exacerbated by frequent failures in coal-fired power plants operating at 100% capacity and gas shortages. However, the situation improved significantly in 2024 due to two key measures implemented by EVN: (1) Storing water in hydropower reservoirs for the dry season, (2) operating the third 500kV transmission line, which increased transmission capacity from the Central to the North by 2,500 MW, reaching a total of 5,000 MW. In addition, according to the NCHF, this year's peak hot period is expected to be milder compared to 2024.
- In 2025, the Northern region is projected to face the highest power deficit of approximately 776 MW in June under a high-risk scenario. Therefore, it is estimated that the North will need about 12 billion kWh (accounting for around 8% of the electricity produced in the region) from transmitted sources in 2025, increasing to 29 billion kWh by 2030.

Annual installed capacity and implementation timeline of PDP VIII

Capacity structure by source, 2016–2024 (MW)



Source: ERAV, Shinhan Securities Vietnam

Progress of power source implementation up to 2025

Source	Implement	PDP VIII Implementation Plan	% Completion
Coal-fired power	1,432	1,432	100%
Onshore wind power	883	4,663	19%
Medium and Large Hydropower	906	2,133	42%
Small Hydropower	569	1,585	36%
LNG-fired Power	1,624	2,824	58%

Source: PDP VIII Implementation Plan, Shinhan Securities Vietnam

- **During the period from 2016 to 2024, the total installed capacity of power sources in the system nearly doubled, increasing from approximately 42 GW to about 75 GW (excluding rooftop solar).** The share of hydropower sources has gradually declined due to the near exhaustion of hydropower potential. By 2024, hydropower accounted for only about 31% of the national power capacity mix. Meanwhile, since 2016, coal-fired thermal power has maintained a share above 35%, driven by the commissioning of many new plants during this period. The shares of solar and wind power have risen from nearly 0% in 2018 to 12% and 7%, respectively, in 2024. Gas turbine power capacity has not been expanded in recent years, resulting in its share dropping from 18% in 2016 to 10% in 2024.
- Compared to the PDP VIII Implementation Plan, except for coal-fired thermal power which achieved 100% of the planned additional capacity (due to the completion of Van Phong 1 Thermal Power Plant in 2024), other power types have relatively lower implementation rates than expected. LNG projects scheduled for operation by 2025 include only Nhon Trạch 3 and 4 Thermal Power Plants (1,624 MW), while the first phase of Hiep Phuoc LNG (1,200 MW) is still under construction.

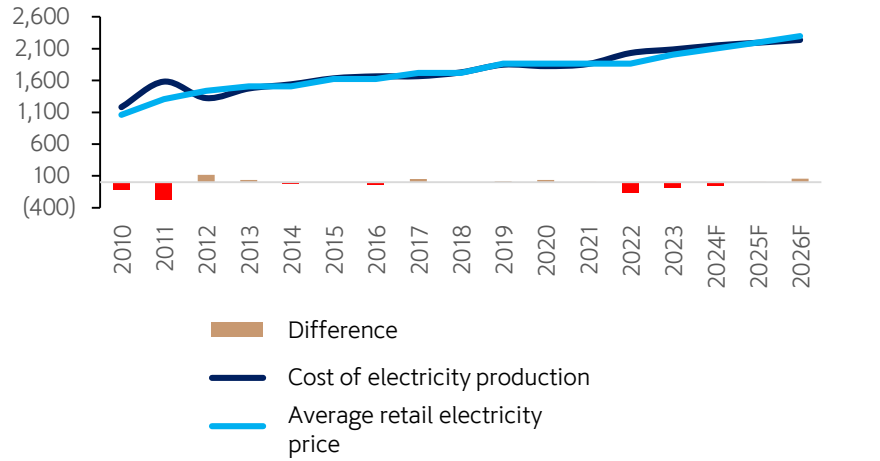
EVN returned to profitability for the first time in 2024, with expectations of positive earnings in 2025

Average retail electricity selling price from 2010-2023 (VND/kWh)



Source: EVN, Shinhan Securities Vietnam

Cost of production and and retail electricity selling prices(VND/kWh)



Source: EVN, Shinhan Securities Vietnam

- On May 15, 2024, Regulation No. 05/2024/QĐ-TTg on the mechanism for adjusting the average retail electricity price came into effect. Notably, EVN is allowed to adjust retail electricity prices more frequently, reducing the average adjustment period from 6 months to 3 months. This enables EVN to promptly reflect changes in input costs in electricity prices, especially in the context where coal prices have cooled down but gas prices remain relatively high.
- Starting from May 10, 2025, EVN issued Decision No. 599/QĐ-EVN to adjust the average retail electricity price to 2,204.07 VND/kWh (+4.8%) (excluding VAT) — a price increase similar to that in October 2024. This marked the fourth electricity price increase since 2023. Thanks to this, EVN officially returned to profitability in 2024. The price increase will help EVN improve its business operations, promptly pay many electricity producers, and accelerate project investment progress, especially since EVN has to purchase power from high-cost LNG gas sources this year. Therefore, we expect electricity prices to continue rising by about 4-5% annually in the coming years. EVN also aims to remain profitable in 2025, consistent with our forecast, and we expect that EVN will not fully erase the accumulated loss of approximately 42 trillion VND until at least the end of 2026.

Power Sector Outlook 2025 and Strategic Orientation for 2030

2

1. Electricity output growth to maintain a high level from 2025 to 2030
2. Power generation capacity targets by 2030
3. Volume of work in the electrical construction segment
4. Gas-fired thermal power: Domestic gas supply gradually declining
5. LNG-fired thermal power: Demand for LNG imports expected to increase significantly
6. Renewable energy group: Further potential consolidation

2.1 – High growth in electricity demand

Electricity output plan and forecast based on economic growth scenarios for 2025F–2026F

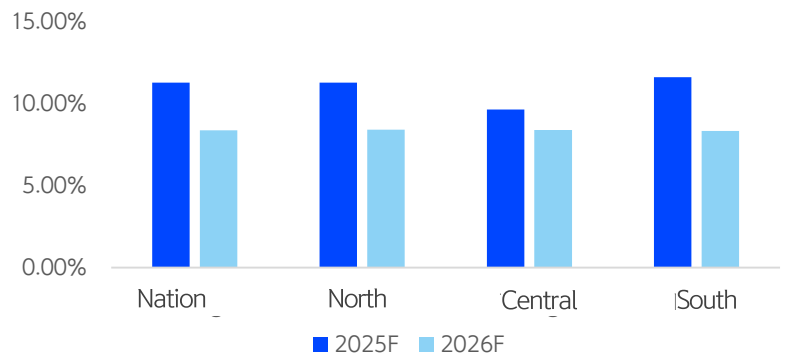
Electricity output forecast under tariff scenarios

	Plan	Negative scenario (46%)		Base scenario (20%)		Negative scenario (10%)	
	2025F *	2025F	2026F	2025F	2026F	2025F	2026F
GDP growth rate(YoY)	8%	3.10%	3.30%	6.10%	6.40%	6.70%	7.30%
Electricity production output (bn kWh)	347.5	322.2	335.2	333.6	359.6	336.3	366.3
YoY	*12.20%*	*4.4%*	*4.0%*	*8.0%*	*7.8%*	*8.9%*	*8.9%*
Commercial electricity output (bn kWh)	303.25	286.4	298.0	296.5	319.7	299.0	325.6
YoY	*9.9%*	*3.8%*	*4.0%*	*7.4%*	*7.8%*	*8.2%*	*8.9%*

Source: EVN, MOIT, Shinhan Securities Vietnam
Plan compiled from multiple sources such as EVN, MOIT, and NSMO

- According to NSMO and MOIT, the nationwide planned electricity production for 2025 is projected at 347.5 billion kWh (+12.2% YoY), with the national peak capacity reaching 54,328 MW (+10.98%). The Northern region is forecasted to continue experiencing very high growth rates.
- We believe that this plan was formulated before the announcements of tariffs by former President Trump and therefore does not reflect the risk of reduced GDP growth. Given the high share of industrial electricity consumption, any slowdown in GDP growth could negatively impact electricity production growth. Consequently, our forecasts under various scenarios are lower than the plan.

Targeted electricity output growth plan by region for 2025F–2026F



Source: EVN, MOIT, Shinhan Securities Vietnam

2.1 – High growth in electricity demand

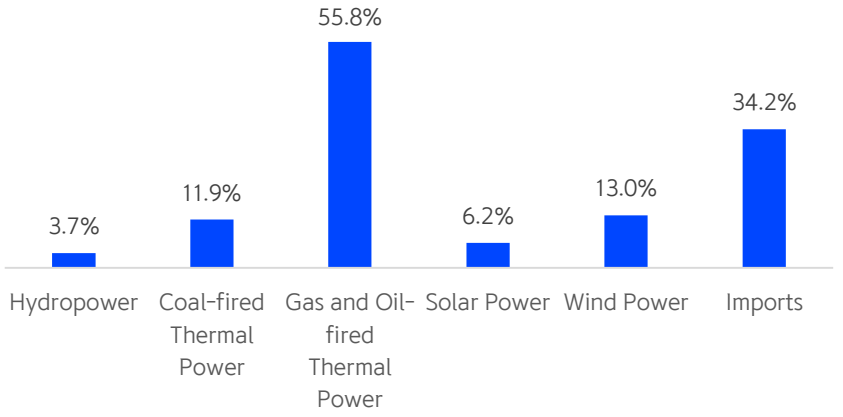
Electricity output growth to maintain a high level from 2025 to 2030

Electricity indicators in the Revised PDP VIII compared to the original PDP VIII

To 2030	PDP VIII	Revised PDP VIII
GDP growth 2026-2030	7.00%	10%
Electricity production output and imports (bn kWh)	566.9	560.4 - 624.6
Commercial electricity output (bn kWh)	505.2	500.4 - 557.8
CAGR of electricity production output	8.6%	10.4%
Pmax (MW)	90,512	89,655 - 99,934
Installed capacity (MW)	155,544	183,291 – 236,363

Source: Revised PDP VIII, Shinhan Securities Vietnam

Forecast of electricity output growth by source in 2025



Source: EVN, MOIT, Shinhan Securities Vietnam esimates

_ **On April 15, Deputy Prime Minister Bui Thanh Son signed Decision No. 768/QD-TTg approving the Revised PDP VIII**. Overall, the indicators were adjusted upward compared to the original PDP VIII, reflecting very high electricity demand in the context of a 10% annual economic growth target through 2030.

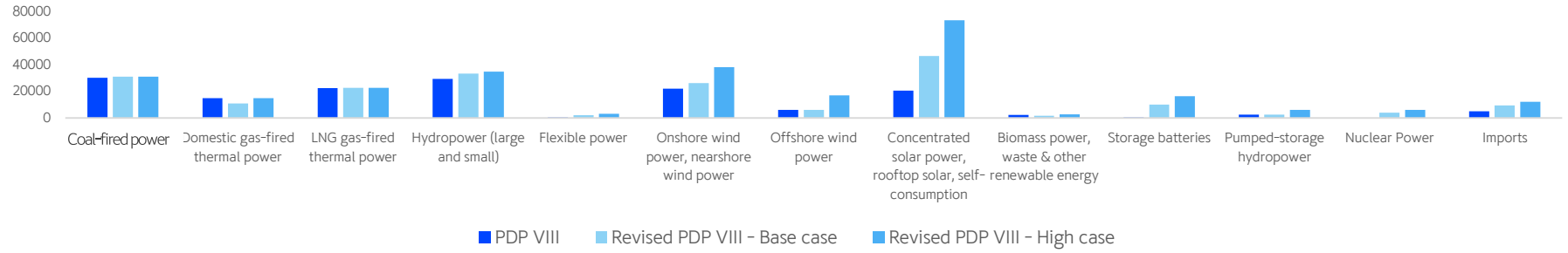
_ **In 2025, based on scenarios from the Ministry of Industry and Trade and the revised PDP VIII plan, we forecast electricity output by source as follows:**

- Coal-fired thermal power is expected to reach approximately 171 billion kWh (+11.9% YoY), and hydropower about 92 billion kWh (+3.7% YoY). Coal power dispatch may be prioritized in the 1H2025 to allow hydropower reservoirs to store water for the dry season.
- Gas and oil-fired thermal power are projected to reach 34.8 billion kWh (+53.4% YoY), mainly due to a strong increase in oil-fired generation plans from a very low base the previous year and trial operation of NT3 and NT4 plants. Although oil-fired generation will increase electricity purchase costs, it is a necessary solution amid surging demand and possible localized shortages of coal and gas supply.
- Renewable energy is expected to grow steadily in line with overall power sector demand, with additional wind power capacity planned for installation in 2025.
- Additionally, electricity imports from Laos and China are projected to increase significantly to 7.5 billion kWh (+34.0% YoY).

2.2 – Power source capacity targets by 2030

The Revised PDP VIII is determined to promote renewable energy

Power capacity sources 2023–2030 (MW)



Source: MoiT, Shinhan Securities Vietnam

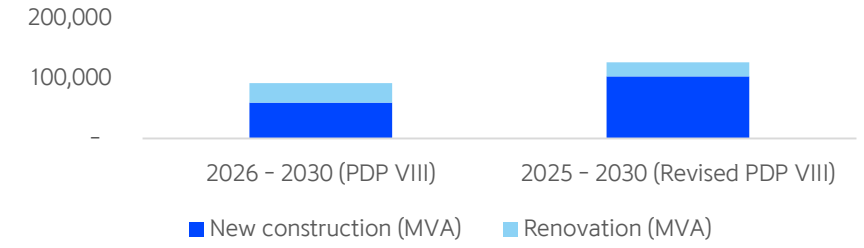
According to the Revised PDP VIII, the total power capacity serving domestic demand (excluding exports, cogeneration sources, and risk thermal power) is projected at 183,291–236,363 MW, an increase of approximately 27,747–80,819 MW compared to the original PDP VIII. The main changes are as follows:

- **Solar power**: by 2030, total centralized solar power capacity is expected to reach about 46,459–73,416 MW, increasing by approximately 25,867–52,825 MW compared to the original PDP VIII. With rising electricity demand, solar power is once again prioritized for development due to its rapid deployment advantage.
- **Offshore wind power**: The Revised PDP VIII maintains the development capacity target of about 6,000–17,032 MW but shifts this to the 2030–2035 period. However, we believe that achieving the 6,000 MW target by 2030 is unlikely due to high investment costs and long implementation timelines for this technology.
- **LNG-fired thermal power**: Nearly unchanged from PDP VIII, with total capacity reaching 22,524 MW by 2030.
- **Onshore wind power**: development is accelerated with capacity ranging from 26,066 to 38,029 MW, compared to 21,880 MW in PDP VIII
- **Storage and flexible sources**: PDP VIII approves two pumped storage projects, Bac Ai and Phuoc Hoa, scheduled for operation between 2026–2030. Battery energy storage systems (BESS) have fast installation times (about 3 months), so their expected commissioning is in 2026–2027.Nuclear power: the nuclear power program has been approved by the 15th national assembly. Two nuclear power projects, ninh thuan 1 & 2 (4,400 MW), are planned to be completed after 2030.
- **Electricity imports**: Electricity imports from Laos and China are expected to increase significantly to about 9,360–12,100 MW (accounting for 4–5.1% of total capacity), compared to 5,000 MW in PDP VIII.

2.3 – Volume of work in the electrical construction segment

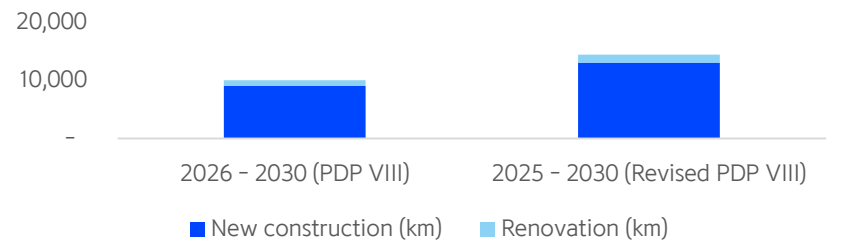
Volume of work in the construction and installation segment has increased significantly compared to the previous PDP VIII

500 kV Substation



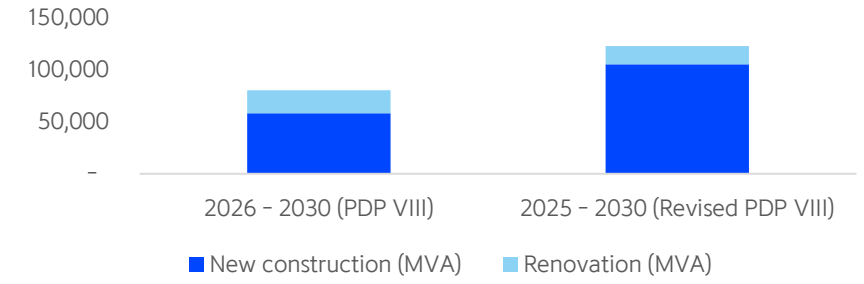
Source: Revised PDP VIII, PDP VIII, Shinhan Securities Vietnam

500 kV Transmission line



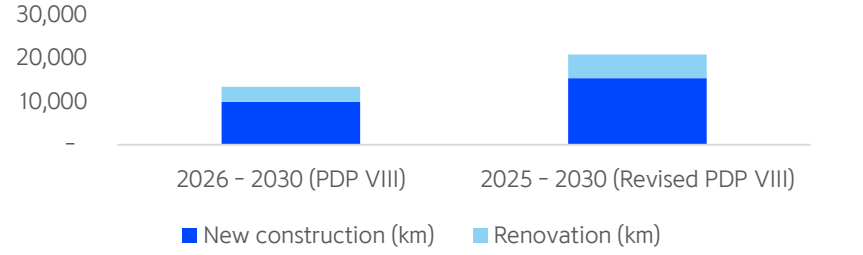
Source: Revised PDP VIII, PDP VIII, Shinhan Securities Vietnam

200 kV Substation



Source: Revised PDP VIII, PDP VIII, Shinhan Securities Vietnam

220 kV Transmission line



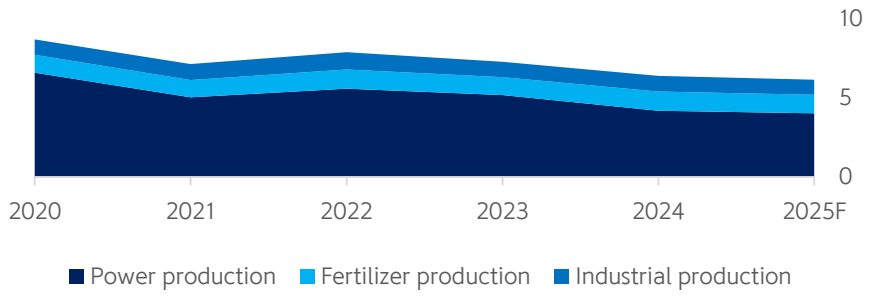
Source: Revised PDP VIII, PDP VIII, Shinhan Securities Vietnam

The push to expand power generation capacity by 2030 creates a very large workload in the development of the power transmission system. Some notable transmission projects in 2025 include the 500 kV Lao Cai – Vinh Yen line (229 km, total investment of 7,410 billion VND) and the 500 kV Monsoon – Thanh My line (44.71 km within Vietnam, total investment over 1,100 billion VND), among others. We expect **PC1** and **TV2** to continue benefiting from this trend.

2.4 – Gas-fired power: Domestic gas supply declines

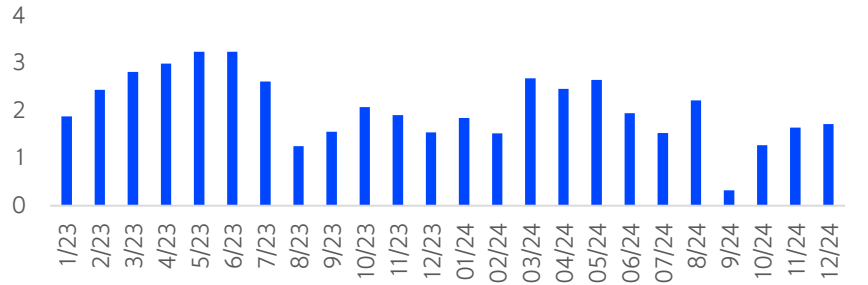
Domestic natural gas resources are continuously declining, leading to a decrease in gas-fired electricity production

Gas consumption volume has sharply declined over the years (billion m³/year)



Source: GAS, Shinhan Securities Vietnam

Gas-fired electricity production has continuously decreased (billion kWh)



Source: EVN, Shinhan Securities Vietnam

- Gas consumption for power generation accounted for approximately 66%, reaching 4.2 billion m³ (including 400 million m³ of LNG) in 2024 (-19% YoY) due to the depletion of remaining reserves in domestic gas fields. According to the MOIT, the gas supply plan for power generation in 2025 is 3.04–4.21 billion m³ (a decrease of about 11.6% compared to the 2024 plan), with the Southeast region accounting for 1.79–2.86 billion m³ (including 800 million m³ of LNG) and the Southwest region 1.25–1.35 bn m³.
- Domestic gas supply capacity for power generation during 2026–2030 is estimated at around 7 billion m³/year. According to the MOIT's assessment, only the O Mon gas power plants are likely to operate before 2030, posing a risk of delays for projects using Blue Whale gas after 2030.
- For the period 2031–2045, gas supply capacity is expected to increase to approximately 13 billion m³/year after the Blue Whale field becomes operational.

Project	Expected capacity (MW)	Operation stage	Note
O Mon Thermal Power I	660	2025-2030	Using gas from Block B
O Mon Thermal Power II	1050	2025-2030	
O Mon Thermal Power III	1050	2025-2030	
O Mon Thermal Power IV	1050	2025-2030	
Dung Quat CCPP& I	750	2025-2030	Using gas from Ca Voi Xanh, synchronized with upstream Ca Voi Xanh source development
Dung Quat CCPP II	750	2025-2030	
Dung Quat CCPP III	750	2025-2030	
Central Region CCPP I	750	2025-2030	
Central Region CCPP II	750	2025-2030	
Quang Tri CCPP	340	2025-2030	Using gas from Bao Vang field, synchronized with upstream source development

Source: Revised PDP VIII, Shinhan Securities Vietnam
*CCCP: Combined Cycle Power Plant

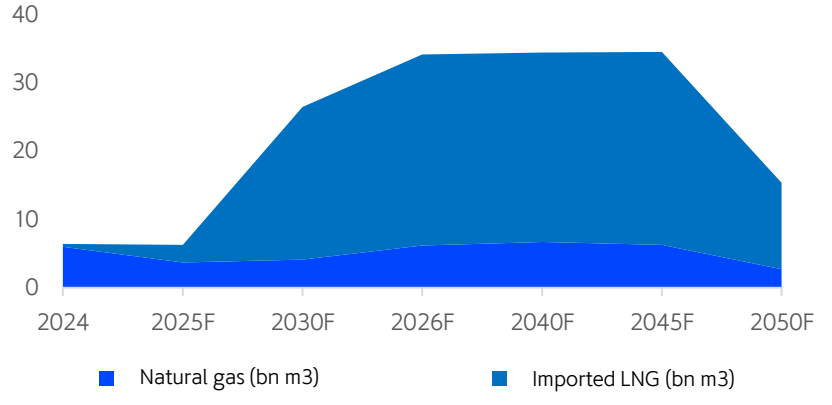
2.5 – LNG-fired thermal power: Import demand will increase significantly

LNG-fired thermal power projects under the revised PDP VIII development plan up to 2030

Project	Capacity (MW)	Note
LNG Quang Ninh	1,500	
LNG Thai Binh	1,500	
LNG Quang Trach II	1,500	
LNG Hai Lang Phase 1	1,500	
Nhon Trach 3 and Nhon Trach 4 Gas Power Plant	1,624	Expected to operate in Q3, Q4/2025
LNG Hiep Phuoc Phase I	1,200	
LNG Long An 1	1,500	
BOT Son My I Thermal Power Plant	2,250	
BOT Son My II Thermal Power Plant	2,250	
LNG Bac Lieu	3,200	Projects need solutions to ensure operational progress according to the approved plan.
LNG Nghi Son	1,500	
LNG Ca Na	1,500	
LNG Quynh Lap	1,500	
LNG Hai Phong Phase I	1,600	According to the commitment of Hai Phong City People's Committee
LNG Hiep Phuoc Phase II	1,500	According to the commitment of HCMC People's Committee

Source: Revised PDP VIII, Shinhan Securities Vietnam

Significant increase in LNG demand for power generation (billion kWh)



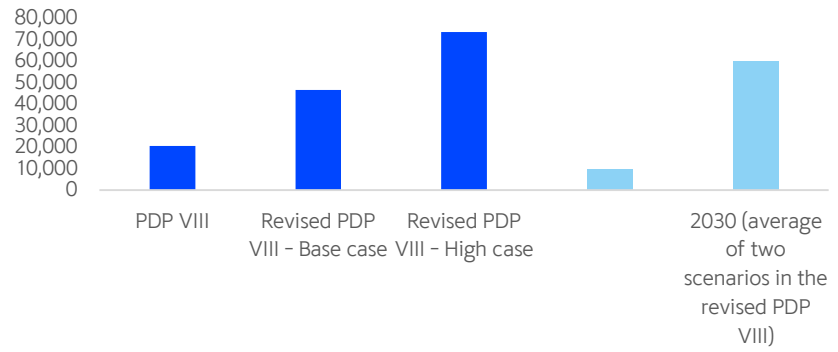
Source: MOIT, Shinhan Securities Vietnam

- **LNG-fired thermal power:** According to the Revised PDP VIII, LNG thermal power capacity is expected to reach 25,624 MW by 2030. Excluding the NT3 and NT4 plants that will operate this year, the capacity needing development is very large, reaching 24,000 MW.
- To serve the gas demand of LNG power plants, in 2024, GAS imported 400 million m³ of LNG at the Thi Vai LNG terminal through a spot contract. For 2025, the Ministry of Industry and Trade plans to import about 800 million cubic meters of LNG to supply existing gas power plants and the NT3 and NT4 LNG power plants; the volume of LNG imports is expected to increase as more LNG power plants come online. Vietnam's LNG demand is forecasted to reach approximately 22.4 billion cubic meters by 2030, **representing a significant business opportunity for GAS.**
- However, aside from LNG NT3&4 and LNG Hiep Phuoc currently under construction, other projects are delayed. If PPA and GSA contracts are not signed in 2026, it will be very difficult to complete them before 2030.
- Additionally, based on our calculations assuming NT3&4 efficiency and an LNG price of around 14 USD/mmBTU, to support about 24 GW of LNG power plants by 2030, Vietnam will need to spend approximately 12 billion USD annually on LNG imports, equivalent to nearly 10% of the current trade deficit between Vietnam and the United States.

2.6 – Renewable energy: Further potential consolidation

Promote renewable power capacity development, especially solar power

Solar power capacity accelerated (MW)



Source: Revised PDP VIII và PDP VIII, Shinhan Securities Vietnam

Renewable power capacity development by region up to 2030

Areas	Onshore wind power (MW)	Offshore Wind power (MW)	Solar farm (MW)	Rooftop solar power (MW)	Waste-to-energy power
North	2,194	N/A	10,306	17,950	523
Central	9,740	N/A	13,922	1,791	323
South	4,212	N/A	3,654	6,635	425
Total	16,146	6,000	27,882	26,376	1,271

- **Increase in solar power capacity up to 2030:** To ensure efficient power supply for the 2026–2028 period, given that gas, LNG gas, and offshore wind power sources are expected to come online at the end of 2029–2030 and with potential delays beyond 2030, fast-deployable sources such as flexible power, storage, and solar power will be developed before 2028. **We believe renewable power developers like REE, HDG, and GEG will benefit significantly, with many projects expected to be implemented.**

- **Update on DPPA mechanism**: According to the revised PDP VIII, the development potential for Direct Power Purchase Agreements (DPPA) is very large. Currently, large customers consuming 1 million kWh or more annually account for about 25% of the total electricity output in the system (with over 1,500 customers). By 2030, about 41% of electricity production is expected to come from renewable sources, with approximately 30% of that allocated for DPPA. Additionally, on December 31, 2024, NSMO issued document No. 1543/NSMO-TTĐ regarding registration for participation in the DPPA mechanism. We believe **TV2** and **REE** are the two companies set to benefit the most, due to their proactive efforts in promoting and signing DPPA contracts with foreign customers.

- **Official electricity sale price for wind power**: Notably, recently **GEG** reached an agreement with EVN on the official electricity sale price for the Tan Phu Dong 1 (TPD1) plant at 1,813 VND/kWh—nearly double the transitional price currently applied at the plant. It is worth noting that TPD1 is among the 85 solar and wind projects in transition that did not meet the FIT price requirements in time. GEG's agreement represents a major breakthrough for the remaining projects to quickly achieve suitable pricing, facilitating favorable conditions for new projects to be deployed promptly under the revised PDP VIII.

Appendix: Updated electricity price framework for renewable energy and LNG power

Selling prices by type and region (VND)

Type	Northern Region	Central Region	Southern Region	Average
Ground-mounted solar power (without storage batteries)	1,382.7	1,107.10	1,012.00	1,059.6
Floating solar power (without storage batteries)	1,685.80	1,336.10	1,228.20	1,416.7
Ground-mounted solar power (with storage batteries)	1,571.98	1,257.08	1,149.86	1,326.3
Floating solar power (with storage batteries)	1,876.57	1,487.18	1,367.13	1,577.0
Offshore wind power*	3,975,1	3,078,9	3,868,5	3,473.7

	Selling Price (VND/kWh)	Source
Onshore wind power	1,643.89	EVN proposed approval based on EPTC's calculation results
Nearshore wind power	1,913.67	
Biomass power	2.091,74 (chưa bao gồm thuế GTGT)	QD1008/QD-BCT
LNG gas power	3,327,42	EVN uses parameters from NT3&4
Solid waste power	2,575.18 (excluding VAT)	
Pumped storage hydropower	3,457.02 (excluding VAT)	Circular 09/2025/TT-BCT

Source: 988/QD – BCT, MOIT, Shinhan Securities Vietnam
* EVN's preliminary calculations

3 Investment Opportunities

REE: Record revenue plan

PC1: High electricity demand drives growth in 2025

Updated business results of some listed power companies

General Information					Stock Price			Key financials Q1/2025				Growth 2025F		Valuation 25F	
No.	Ticker	Industry	Capacity (MW)	Market Cap (billionVND)	CP (VND)	TP* (VND)	Upside (%)	GPM (%)	D/E (x)	ROA (%)	ROE (%)	Revenue (% YoY)	EPS (% YoY)	P/B (x)	P/E (x)
1	VSH	Hyropower	356	12,308	52,100	49,500	-5.0	52.87	0.79	15.13	8.21	8.5	31.0	2.1	17.0
2	REE	Diversified	1,091	34,290	72,800	79,100	8.7	38.7	0.59	11.42	5.91	20.5	29.4	2.0	14.6
3	HDG	Renewable	444	9,047	26,900	30,700	14.1	62.94	0.83	4.59	2.03	13.1	99.0	1.7	16.4
4	POW	Gas-fired Power	4,208	31,615	13,500	14,800	9.6	7.44	1.3	4.44	1.75	36.6	-47.5	1.0	53.7
5	NT2	Gas-fired Power	750	5,283	18,350	23,700	29.2	4.52	0.85	6.79	6.9	25.5	319.0	1.6	22.6
6	QTP	Coal-fired Power	1,200	6,030	13,400	15,100	12.7	6.6	0.34	10.71	7.82	7.1	-0.3	0.8	18.1
7	PPC	Coal-fired Power	1,040	3,831	11,950	13,500*	13.0	3.15	0.27	7.03	5.58	5.1	-18.8	0.8	10.1
8	PC1	Power construction	313	8,262	23,100	25,900	12.1	21.53	1.77	7.97	2.04	32.6	13.6	1.8	20.7
9	GEG	Renewable	503	5,733	16,000	16,200	1.3	54.88	1.46	8.92	2.56	43.6	371.3	1.1	21.3
10	PGV	Diversified	356	12,308	52,100	49,500	-5.0	52.87	0.79	15.13	8.21	8.5	31.0	2.1	17.0

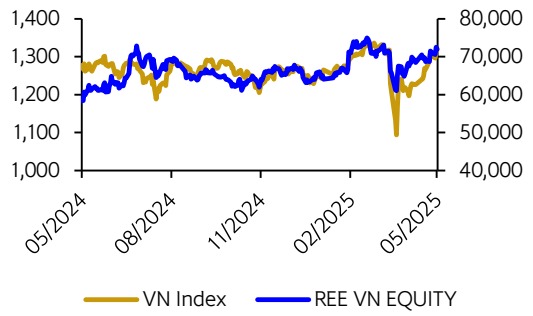
Target Price (fair value) for the next 12 months; * Consensus prices from Bloomberg
Source: Bloomberg, Fiinpro, Shinhan Securities Vietnam
Data as of 05/27/2025

REE Corporation (HOSE: REE)

Target price (12 months)	**79,100 VND**
Current price (27/05/2025)	72,800VND
Return (%)	+8.7%

VNINDEX	1,340
Market P/E (x)	10.9
Market cap (billion VND)	34,290
Outstanding shares (mil shares)	471
Free-float (mil shares)	180
52 week high (VND)	38
52 week low (VND)	76,000
90-day avg. trading volume (mil shares)	57,100
90-day avg. turnover (bn VND)	0.8
Beta	57

Performance	3T	6T	12M
Absolute (%)	-1.6	8.7	17.0
Rel.to VN-Index (%)	-4.1	0.8	11.4



Record revenue plan

_ REE is a company operating in three main sectors: M&E (mechanical and electrical), energy, and office leasing. In addition, REE also operates in water and commercial real estate. In the energy segment, REE owns plants with a total designed capacity of up to 1,005 MW. In real estate, REE leases more than 180,000 m², accounting for 25% of profit contribution.

Investment perspective

_ In 2025, the company targets revenue and net profit after tax (NPAT) of VND 10,248 billion (+22.2% YoY) and VND 2,427 billion (+21.7% YoY), respectively, with growth in all segments except for energy, which has modest growth due to regulations on capacity allocation affecting the actual hydropower electricity price.

_ **M&E:** Recorded a total new contract value of nearly VND 4,447 billion by the end of 2024 (tripled compared to the same period last year). The company aims for revenue and NPAT of VND 3,542 billion (+23% YoY) and VND 165 billion (+10.7% YoY), respectively.

_ **Real estate segment:** E-Town 6 was inaugurated on June 27, 2024. REE targets an occupancy rate of approximately 75% for E-Town 6. For the leasing segment in 2025, the revenue and NPAT targets are VND 1,267 billion (+18.5% YoY) and VND 541 billion (+13.6% YoY), respectively. For real estate development, REE continues to target full sales of the Bo Xuyen project in 2025, with expected revenue and NPAT of VND 846 billion (+956% YoY) and VND 262 billion (+697% YoY), respectively. Additionally, REE expects to record approximately VND 158 billion from the remaining high-rise commercial land in the area.

_ **Power segment**: La Niña is expected to improve hydropower output; however, the average selling price for this group is projected to decline by about 15% due to the increase in capacity allocation ratio from 90% to 98% in 2024. The revenue and NPAT targets are VND 4,452 billion (+5% YoY) and VND 1,054 billion (+4.7% YoY), respectively. REE aims to reach 5,000 MW capacity by 2035.

Update on new energy projects: Tra Khuc 2 hydropower plant (30 MW), expected to start generating revenue in 2027. Thac Ba 2 hydropower plant (18.9 MW), with an average output of about 51.5 million kWh per year, is scheduled to operate and start revenue recognition in 2025. The Duyen Hai V1_4 wind power project (48 MW) is currently preparing for investment and expected to start generating revenue in 2026. REE also actively participates in bidding next month for about 176 MW of wind power capacity in Tra Vinh.

_ **Water segment:** Revenue plan of VND 142 billion (+24.7% YoY) and NPAT of VND 328 billion (+22.8% YoY).

Risks: (1) El Niño risk causing reduced hydropower output; (2) slower-than-expected recovery in the M&E segment revenue; (3) delays in real estate project progress; (4) general risk of violations in the power industry.

Year	2022	2023	2024	2025F	2026F
Revenue (bil VND)	9,372	8,570	8,384	10,107	10,831
OP (bil VND)	3,647	2,954	2,428	3,238	3,645
NP (bil VND)	2,690	2,188	1,993	2,580	2,718
EPS (VND)	7,569	5,354	4,237	5,432	5,759
BPS (VND)	43,513	42,270	40,127	38,767	37,183
OPM	38.9	34.5	29.0	32.0	33.7
NPM	37.5	32.5	28.6	30.4	30.1
ROE (%)	18.3	13.4	10.7	12.3	11.7
P/E (x)	9.4	12.2	18.7	14.6	13.7
P/B (x)	1.6	1.3	2.0	2.0	2.1
EV/EBITDA (x)	5.2	6.3	11.0	8.5	7.8

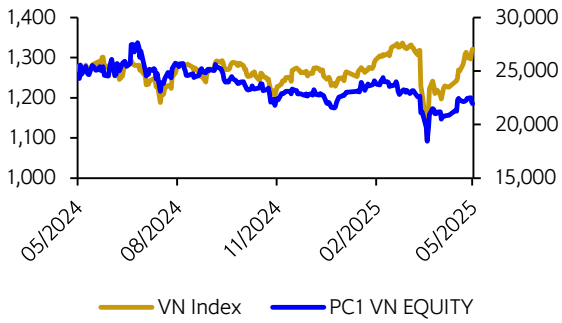
Source: Company data, Bloomberg, Shinhan Securities Vietnam

PC1 Group (HOSE:PC1)

Target price (12 months)	**25,900 VND**
Current price (27/05/2025)	23,100VND
Return (%)	+12.1%

VNINDEX	1,340
Market P/E (x)	10.9
Market cap (billion VND)	8,262
Outstanding shares (mil shares)	358
Free-float (mil shares)	254
52 week high (VND)	27,783
52 week low (VND)	18,400
90-day avg. trading volume (mil shares)	1.9
90-day avg. turnover (bn VND)	40
Beta	1.2

Performance	3T	6T	12M
Absolute (%)	-7.6	-2.0	-11.0
Rel.to VN-Index (%)	-9.5	-9.6	-14.4



Core business segment driving growth

_ PC1 sets its 2025 plan with parent company revenue and net profit after tax (NPAT) of VND 13.4 trillion (+33% YoY) and VND 836 billion (+18% YoY), respectively. The company plans a 15% stock dividend and an ESOP issuance for 2025: up to 10.7 million shares (3% of outstanding shares) at VND 10,000/share, with a 2-year transfer restriction, expected to be implemented in 2025.

_ **Electrical construction segment**: aims to maintain a gross margin of 9–10%. Backlog is expected to exceed VND 6 trillion. Focus on key projects in Vietnam and the Philippines. Notably, PC1 is executing an EPC underground cable project supplying power to Con Dao island, expected to energize by September 2. We also expect PC1 to benefit from the strong additional capacity of solar power under the Revised PDP VIII. The 2025 revenue target is VND 6.5 trillion (+76% YoY).

_ **Residential real estate:** Four projects are delayed due to legal mechanisms, expected to generate over VND 7 trillion in revenue from 2025 to 2028. Meanwhile, PC1 has an ambitious 2028 real estate revenue target of VND 16 trillion. Regarding the Vang Tower project, PC1 plans to complete and hand over to customers in Q4 2025, recognizing revenue and profit of over VND 1.3 trillion and VND 200 billion, respectively.

_ **Industrial zone:** Nomura II industrial park: In 2025, compensation and site clearance of 125 ha is planned, with the remainder carried into 2026. Construction will begin by the end of Q3 2025. Sales plan: 30% sold in 2026, the rest sold out in 2027. Western Pacific (PC1 owns 30%) expects revenue of VND 2.2 trillion and NPAT over VND 1.1 trillion in 2025.

_ **Nickel segment:** Global nickel demand is forecasted to triple in the next 5–10 years. PC1 plans to double current capacity by 2027–2028.

_ **Power segment:** targets an additional 800 MW by 2030, including various types of renewable energy sources. The 2025 revenue target is VND 1,629 billion (+2.58% YoY), supported by favorable hydrological conditions. Hydropower projects Bao Lac A (30 MW) and Thuong Ha (13 MW) are under construction as scheduled.

Risks: (1) Legal risks of projects; (2) diversification risks; (3) narrowing gross margin in electrical construction; (4) higher-than-expected financial costs; (5) nickel mining segment risks linked to LME nickel price fluctuations.

Year	2022	2023	2024	2025F	2026F
Revenue (bil VND)	8,358	7,803	10,089	13,381	13,795
OP (bil VND)	1,318	1,182	828	923	1,125
NP (bil VND)	460	137	468	532	650
EPS (VND)	1,321	395	1,177	1,293	1,374
BPS (VND)	16,451	16,665	15,452	14,569	13,903
OPM	15.8	15.2	8.2	6.9	8.2
NPM	5.5	1.8	4.6	4.0	4.7
ROE (%)	8.4	2.4	9.2	9.5	10.5
P/E (x)	13.3	72.9	19.5	20.7	19.7
P/B (x)	1.1	1.7	1.5	1.8	1.9
EV/EBITDA (x)	8.2	9.7	7.4	5.9	5.1

Investment opportunities in the stock market



We assess that opportunities and risks are currently coexisting, challenging the market's upward momentum amidst unpredictable global macroeconomic fluctuations. Specifically: (1) Alongside strong and panic-driven selling phases in the market, partly due to margin call, numerous opportunities for stock accumulation at lower prices are emerging; (2) the net outflow trend of foreign capital since the beginning of the year is showing strong signs of reversal in May; and (3) although profits in Q1/2025 have somewhat slowed, many sectors are trading at very attractive valuations and (4) An expectation of a stock market upgrade in September 2025.

Shinhan Securities

2H2025 Stock Market Outlook

In crisis lies opportunity



Nam Hoang
☎ (84-28) 6299-7603
✉ nam.h@shinhan.com

Content

2H2025 Stock Market Outlook – In crisis lies opportunity

- Key events driving the stock market in 1H2025.
- VNINDEX is offering one of the most attractive earnings yields in the past 10 years.
- Margin balance and leverage ratios have been continuously rising, but customer deposits are showing signs of recovery.
- Vietnam is among the regions with strong net outflows, but capital flows have shown signs of returning, with a record net buying value in May — the highest since the beginning of 2024.
- Earnings growth showed signs of slowing in Q1/2025, but several sectors are currently trading at attractive valuations and still exhibit solid growth momentum.
- The upgrade roadmap for market classification is being further reinforced.
- Selecting an appropriate P/E level and forecasting the VNINDEX accordingly remains essential.
- Update on market scenarios for 2025.

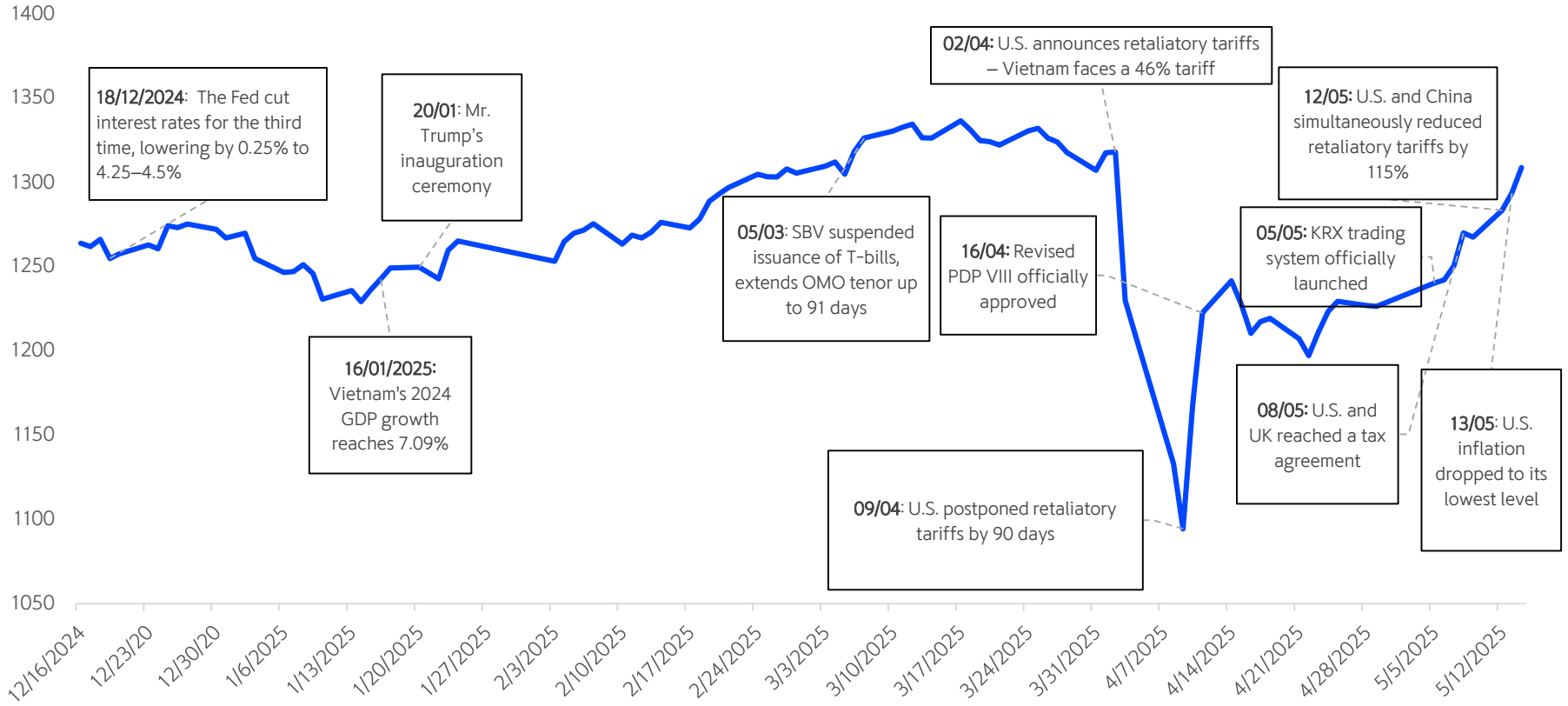
1

2025 Stock Market Outlook

The market in the first half of 2025 experienced extremely high volatility. From the beginning of the year to early April, the index started around the 1,260 level and impressively broke through the 1,300-point mark — a resistance zone that had persisted for over a year. However, the optimism was short-lived. On April 2, 2025, news broke that the U.S. would impose retaliatory tariffs on countries with which it had significant trade deficits (Vietnam faced a high tariff rate of 46%). This triggered a wave of panic selling across global markets, and the VN-Index was no exception, plunging to a low of around 1,073 — a nearly 20% drop in just four sessions. Following this sharp decline, the index staged an impressive rebound as signs of easing global trade tensions emerged, particularly between the U.S. and China. As of May 27, 2025, the index had returned to the 1,340 zone, recovering more than 22% from the bottom.

Key Events Driving the Stock Market in 1H2025

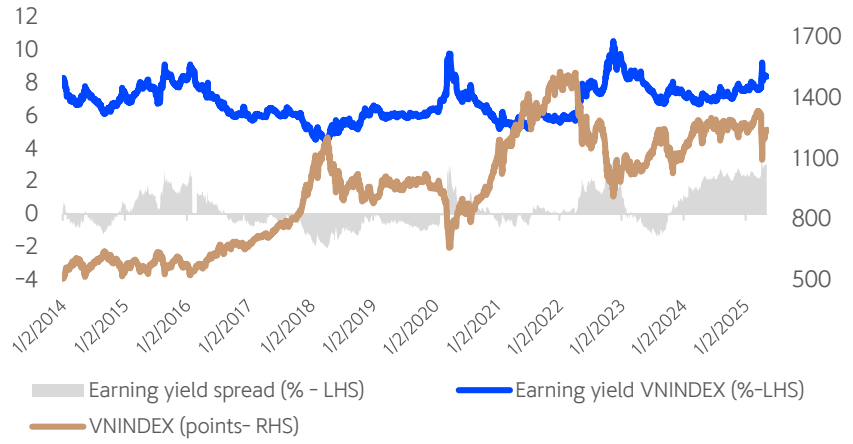
VNIndex, points



Source: Bloomberg, Shinhan Securities VietNam
Data as of 05/14/2025

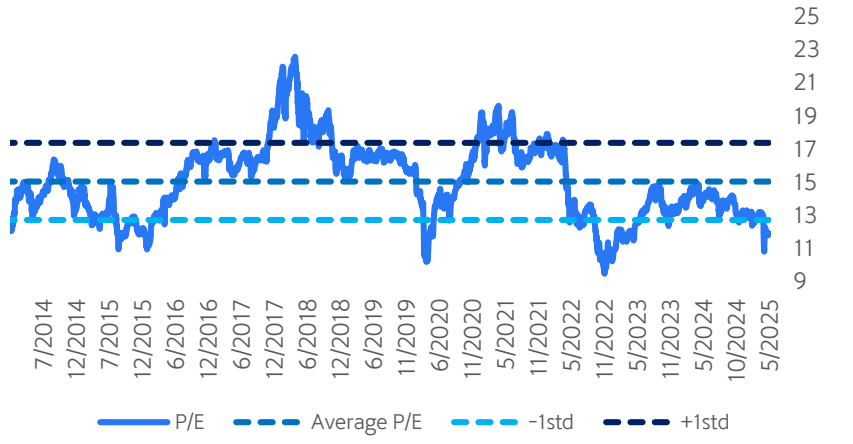
VNINDEX is offering one of the most attractive earnings yields for the past 10 years

Market earnings yield spread reaches 10-year high



Source: Fiinpro, Bloomberg, Shinhan Securities Vietnam
Note: Earning yield spread = Earnings yield (E/P) of VNINDEX – Highest 6–12M deposit interest rate, Data as of May 13, 2025

The market is currently trading at a P/E ratio of 11.9x, which is lower than the 10-year average P/E of 15x

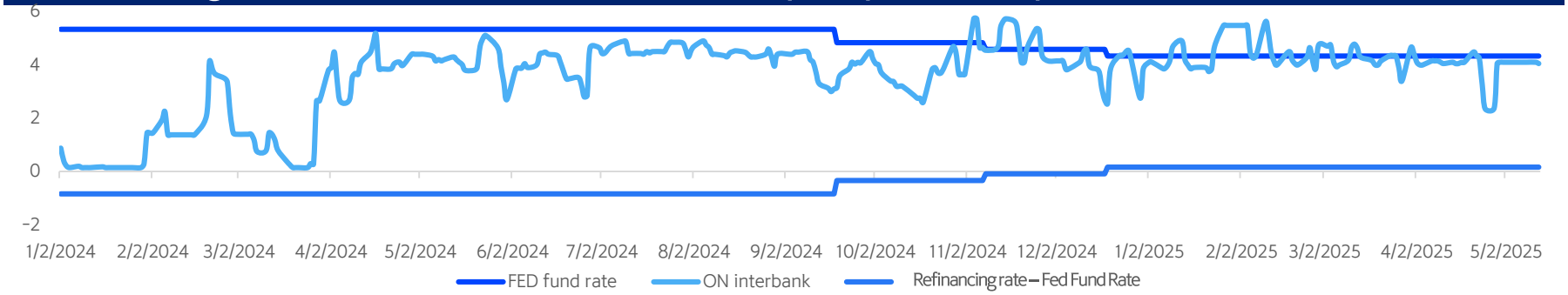


Source: Fiinpro, Shinhan Securities Vietnam
Data as of 13/05/2025

- **The earnings yield spread (E/P of VNINDEX – deposit interest rates) is currently at its highest level for the past 10 years, highlighting the attractiveness of equities as an investment channel.** Based on data from the past decade, all three previous instances when the market's earnings yield spread exceeded 2% coincided with VNINDEX trading at bottom levels, followed by a subsequent uptrend (2015; 2020; and 2023). We observe that the 2024–2025 period bears similarities to 2015–2016, when the earnings yield spread remained above 2% for an extended time, yet the index had not broken out. However, moving into 2017, the market witnessed one of the strongest rallies in its history.

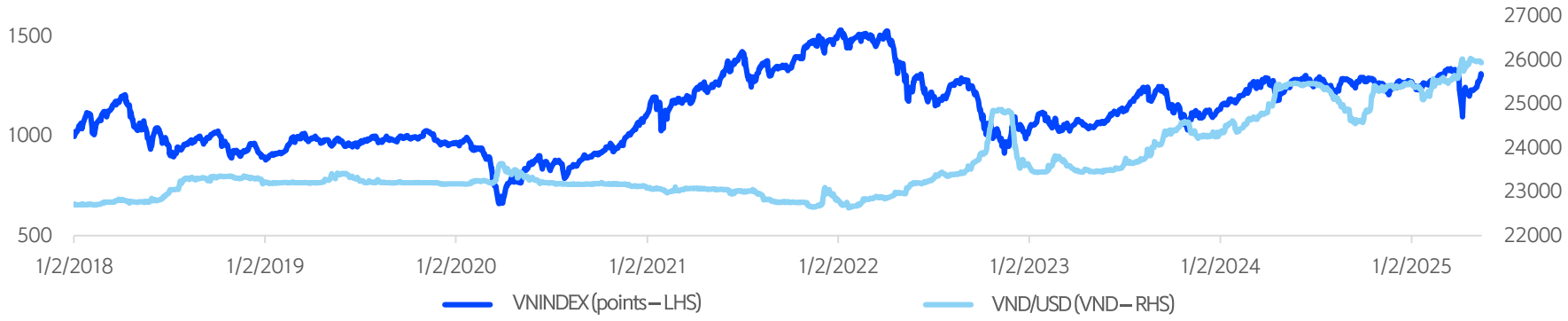
Maintaining low interest rates helps support economic growth, but exchange rate considerations must also be taken into account

Vietnam is making efforts to maintain an accommodative monetary policy, supported by multiple rate cuts from the Fed



Source: Fiinpro, Shinhan Securities Vietnam
Data as of 13/05/2025

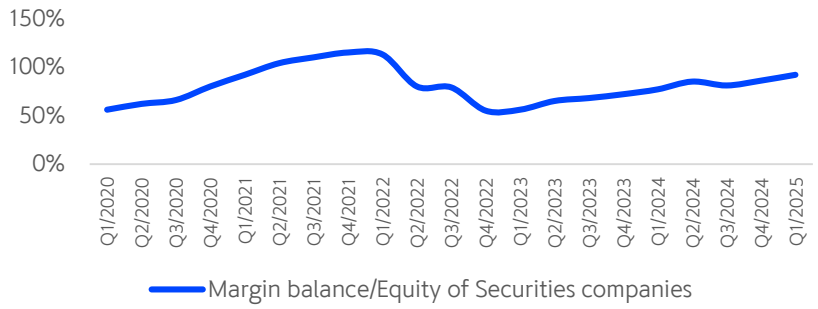
In general, the exchange rate and VNINDEX tend to have an inverse correlation



Source: Fiinpro, Shinhan Securities Vietnam
Data as of 13/05/2025

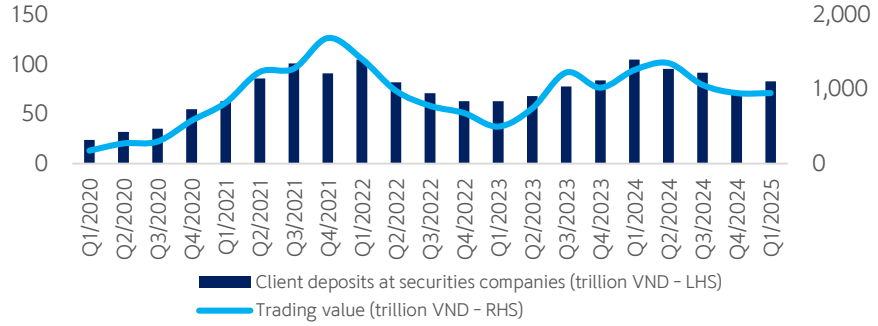
Margin balance and leverage ratios have been continuously rising, but customer deposits are showing signs of recovery

Margin loan balance-to-equity ratio of securities firms continues to increase



Source: Fiinpro, Shinhan Securities Vietnam
Data as of 13/05/2025

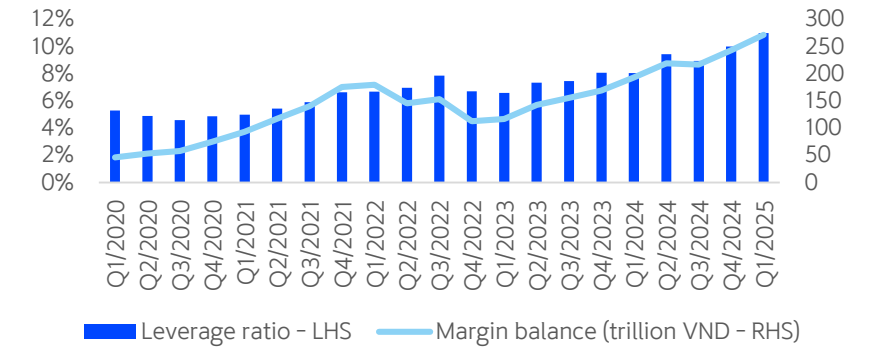
Trading value and client deposits at brokerages show signs of recovery



Source: Fiinpro, Shinhan Securities Vietnam

The margin loan-to-equity ratio of securities companies remains low. However, the continuous rise in margin debt and overall leverage means that, in the event of adverse macroeconomic developments, the market could be vulnerable to panic selling, margin calls, and forced liquidations by brokerage firms.

Leverage ratio remains elevated



Source: Fiinpro, Shinhan Securities Vietnamo
Leverage ratio = Margin balance/ Free-float market capitalization of HOSE and HNX

Vietnam is among the regions with strong net outflows, but...

Capital flows are showing a trend of diversification across different asset classes amid trade war uncertainty.

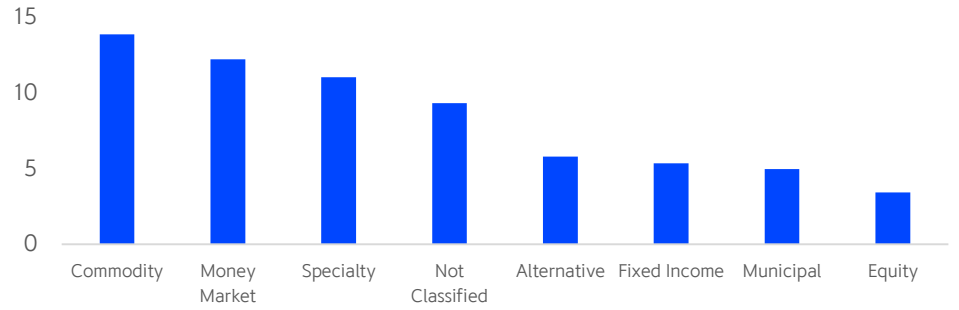
Among regions, Vietnam experienced some of the strongest capital outflows, but there have been signs of foreign inflows returning since early May, coinciding with easing tensions between the U.S. and China. Therefore, we believe that tariff-related developments and signs of de-escalation in the trade war will be key factors influencing the direction of foreign capital flows.

Countries	Foreign Capital Flow (USD mn)			
	WTD	MTD	QTD	YTD
China*	n.a	4,272	8,606	8,606
India	-1,065	1,988	3,259	-10,278
Indonesia	56	172	-1,061	-2,891
Japan*	4,907	7,927	34,405	-2,941
Maylaysia	-34	535	118	-2,124
S.Korea	20	924	-6,031	-11,340
Sri Lanka	3	1	3	-33
Taiwan	640	8,009	7,839	-10,451
Thailand	33	-110	-542	-1,715
Vietnam	-21	140	-372	-1,376

*China: Data lagged for 1 quarter, Japan: Data lagged for 1 week

Source: Bloomberg, Shinhan Securities Vietnam
Data as of 22/05/2025

Asset classes receiving ETF inflows since the beginning of the year (% of total assets)



Source: Bloomberg, Shinhan Securities Vietnam
Data as of 07/05/2025

Top 5 regions – Net ETF inflows/outflows since the beginning of the year (% of total assets)



Source: Bloomberg, Shinhan Securities Vietnam
Data as of 07/05/2025

...but capital flows have shown signs of returning, with a record net buying value in May — the highest since the beginning of 2024

Net buying/selling by sector and investor type YTD (billion VND)

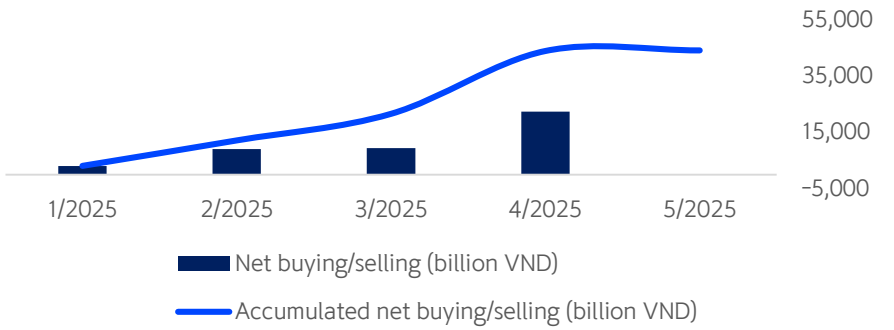
ICB Industry Level 2	Proprietary trading (VND bn)	Foreign (VND bn)	Local Individual (VND bn)	Local Institutions (VND bn)
Real Estate	-704	-6,088	3,474	2,613
Basic Resources	-258	-464	-532	996
Media	2	24	-40	17
Industrial Goods & Services	-636	-1,103	230	873
Health care	-112	209	-101	-109
Chemicals	-146	-1,118	1,261	-144
Financial Services	2,581	-2,384	1,388	996
Travel & Leisure	-10	-112	513	-401
Banks	-1,822	-11,109	18,272	-7,163
Construction & Materials	-61	572	-417	-155
Food and Beverage	-521	-6,873	7,962	-1,089
Retail	-478	-330	690	-360
Utilities	-76	-202	637	-435
Personal & Household Goods	-165	-818	1,022	-204
Technology	-1,091	-8,510	10,052	-1,541
Automobiles & Parts	50	238	-470	233
Insurance	-31	127	-334	207
Oil & Gas	166	-462	599	-137
Total	-3,311	-38,403	44,208	-5,805

Source: Fiinpro, Shinhan Securities Vietnam

The put-through transaction value is not included

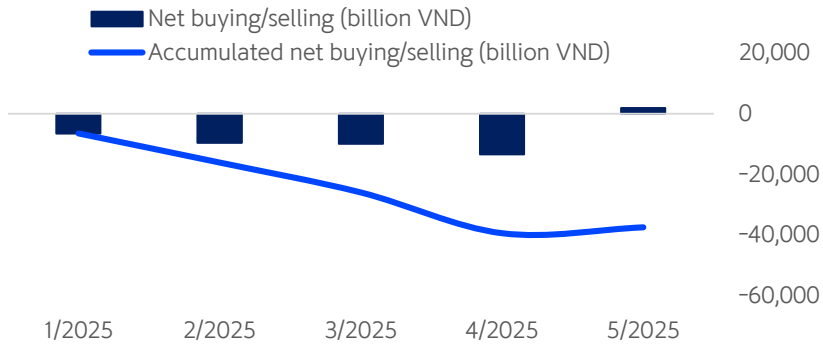
Data as of 13/05/2025

Net buying/selling activity of retail investors YTD



Source: Fiinpro, Shinhan Securities Vietnam; Data as of 13/05/2025

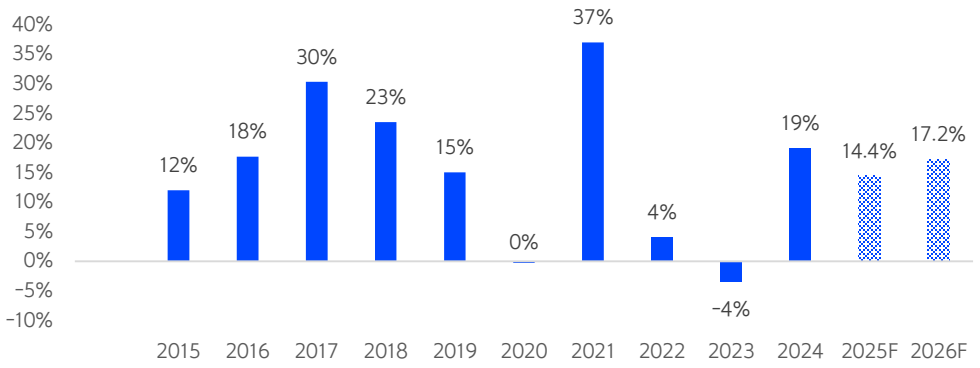
Net buying/selling activity of foreign investors YTD



Source: Fiinpro, Shinhan Securities Vietnam
Data as of 13/05/2025

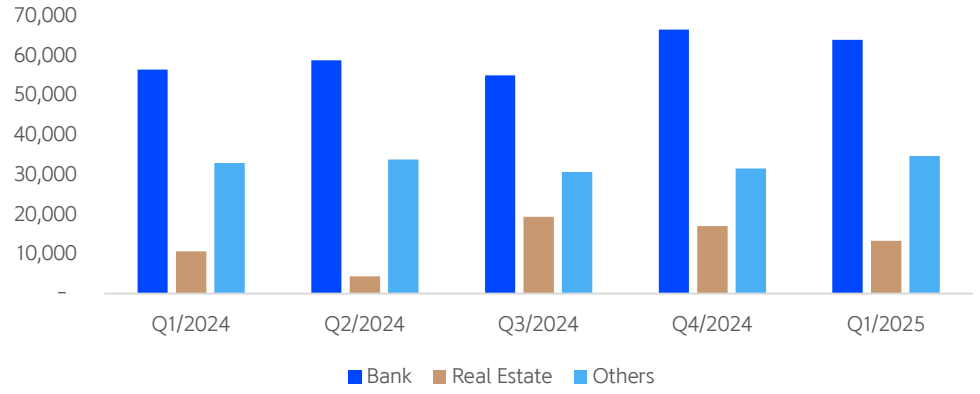
Earnings growth showed signs of slowing in Q1/2025, but…

Annual earnings growth of listed companies on HSX



Source: FiinPro, Shinhan Securities Vietnam

Quarterly earnings of financial and non-financial sectors (VND bn)



Source: Bloomberg, Shinhan Securities Vietnam

Earnings growth by sector (QoQ)

	Q1/2024	Q2/2024	Q3/2024	Q4/2024	Q1/2025
Banks	7%	4%	-6%	21%	-4%
Real Estate	25%	-59%	344%	-12%	-22%
Food and Beverage	12%	33%	4%	-29%	5%
Utilities	-32%	37%	20%	-30%	37%
Chemicals	-26%	36%	-23%	52%	-21%
Basic Resources	30%	5%	-21%	-5%	35%
Financial Services	25%	-5%	-3%	-25%	28%
Technology	0%	8%	7%	12%	9%
Industrial Goods & Services	-4%	55%	-30%	20%	-20%
Travel & Leisure	383%	-71%	4%	21%	129%
Construction & Materials	-4%	-26%	9%	98%	-46%
Retail	560%	22%	-16%	3%	59%
Oil & Gas	28%	13%	-95%	728%	-76%
Personal & Household Goods	7%	-16%	-23%	50%	-9%
Insurance	29%	-11%	-11%	21%	-2%
Health Care	-6%	-4%	-20%	43%	-11%
Automobiles & Parts	-27%	2%	-64%	39%	9%
Media	-50%	41%	11%	249%	-76%
VNINDEX	15.6%	-3%	8%	10%	-3%

Source: Bloomberg, Shinhan Securities Vietnam

Earnings growth by sector (YoY)

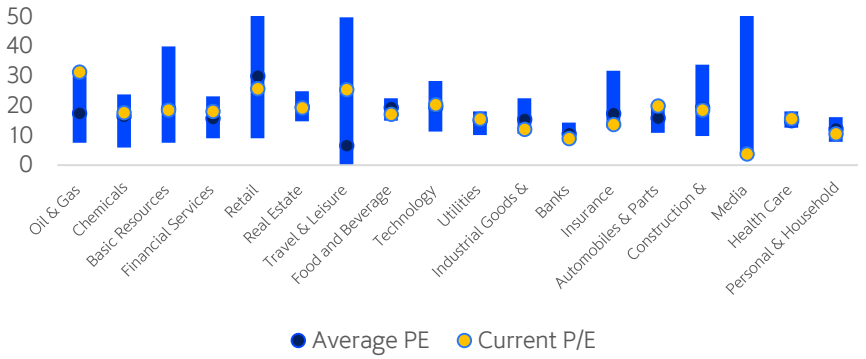
	Q1/2024	Q2/2024	Q3/2024	Q4/2024	Q1/2025
Banks	10%	19%	17%	26%	13%
Real Estate	-34%	-71%	47%	100%	25%
Food and Beverage	34%	3%	30%	10%	3%
Utilities	-50%	-23%	79%	-21%	57%
Chemicals	-1%	89%	37%	18%	25%
Basic Resources	348%	160%	18%	3%	6%
Financial Services	81%	6%	3%	-13%	-11%
Technology	24%	25%	18%	29%	41%
Industrial Goods & Services	-8%	-25%	-7%	24%	4%
Travel & Leisure	1577%	224%	179%	204%	16%
Construction & Materials	243%	-6%	6%	54%	-13%
Retail	554%	2523%	408%	605%	70%
Oil & Gas	56%	23%	-93%	-35%	-88%
Personal & Household Goods	8%	28%	29%	4%	-12%
Insurance	13%	7%	-1%	23%	-6%
Health Care	-16%	-15%	-11%	3%	-3%
Automobiles & Parts	110%	85%	-47%	-62%	-44%
Media	152%	25%	286%	174%	32%
VNINDEX	10.6%	6.3%	28.0%	33.0%	11.9%

Source: Bloomberg, Shinhan Securities Vietnam

Stock market outlook 2H2025

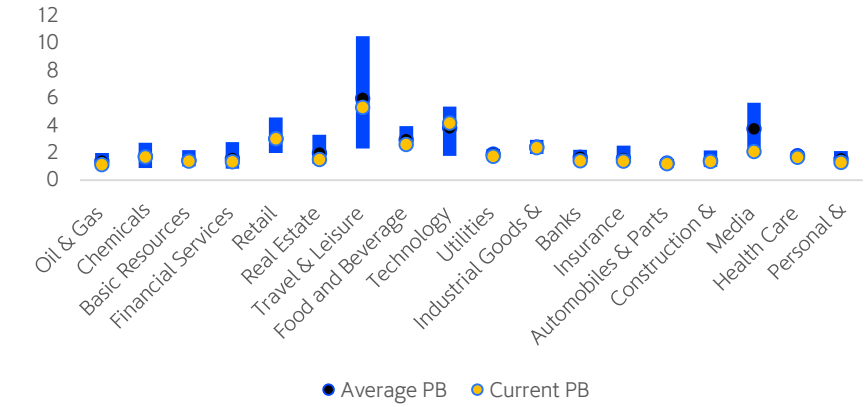
… but several sectors are currently trading at attractive valuations and still exhibit solid growth momentum

P/E valuation from 2018 to Q1/2025 by level-2 industry groups



Source: Fiinpro, Shinhan Securities Vietnam;
Data as of 05/14/2025

P/E valuation by level-2 industry groups from 2018 to Q1/2025



Source: Bloomberg, Shinhan Securities Vietnam

Earnings growth forecast by sector (YoY)

	YoY 25F	YoY 26F
Banks	16%	17%
Real Estate	6%	9%
Food and Beverage	2%	9%
Utilities	29%	19%
Chemicals	-1%	10%
Basic Resources	22%	50%
Financial Services	18%	20%
Technology	20%	21%
Industrial Goods & Services	2%	15%
Travel & Leisure	33%	11%
Construction & Materials	12%	16%
Retail	38%	31%
Oil & Gas	16%	25%
Personal & Household Goods	13%	20%
Insurance	17%	20%
Health Care	15%	9%
Automobiles & Parts	13%	8%
VN100	14.4%	17.2%

Source: Bloomberg, Shinhan Securities Vietnam
Note: The 100 largest market capitalization stocks are used as a proxy for the VNINDEX.

Update on the roadmap to upgrade Vietnam's stock market

Since the beginning of 2025, the Vietnamese stock market has had many positive changes in the upgrade roadmap, specifically:

- Although FTSE still keeps Vietnam on the upgrade watch list, it has had a positive assessment of the continuous commitments of Vietnamese market authorities in reforming various regulations to facilitate international investors.
- After many missed deadlines, the KRX system officially went into operation on May 5, which is a very important factor, especially for the upgrading impact of MSCI. Because unlike Non-prefunding, which is only a temporary solution to meet FTSE's DvP criteria, the KRX system is the infrastructure platform of the central counterparty (CCP) clearing model and is a comprehensive solution for FTSE's DvP criteria and MSCI's CCP criteria. From there, further consolidate the implementation of the CCP model and upgrade MSCI in 2026.
- Circular 03/2025/TT/NHNN approved by the State Bank on April 29, 2025 has contributed to removing another bottleneck mentioned by FTSE in the March 2025 assessment, which is to improve the account registration process for foreign investors.

It can be seen that the roadmap for upgrading the Vietnamese stock market is still on track as expected by SSV in the outlook report at the beginning of the year. Accordingly, we maintain our forecast that the Vietnamese stock market will be upgraded to an secondary emerging market by FTSE in the September 2025 assessment and MSCI in 2026.

Upgrade roadmap continues to be strengthened

2023 | 2024 | 2025 | 2026

Improvements needed

- X Foreign ownership limit level
- X Foreign room level
- X Equal rights to foreign investors
- X Foreign exchange market liberalization level
- X Information flow
- X Clearing and Settlement (no overdraft facilities/pre-funding of trades required)
- X Transferability
- X Stock lending
- X Short-selling

Solutions

- ✓ Through Circular 68/2024/TT-BTC, amendments were made to relevant circulars regarding foreign investors' margin solutions and the disclosure of information in English.
- ✓ Through the amended Law on Securities, stricter regulations were introduced for the operation of the Central Counterparty Clearing (CCP) system: allowing commercial banks and branches of foreign banks to act as clearing counterparties for underlying securities; permitting VSDC to establish subsidiaries to implement CCP operations; and setting a deadline for the implementation of CCP no later than December 31, 2027.

Upgrade to FTSE Emerging Market

- ✓ FTSE requires at least six months to consult investors regarding the non-prefunding solution, starting from its effective date on November 2, 2024. Therefore, September 2025 is the most feasible scenario for the expectation of FTSE upgrading Vietnam's market to Secondary Emerging Market status.
- ✓ KRX officially operated from May 5, 2025.
- ✓ Through Circular 03, it helps to solve difficulties in opening accounts of foreign investors.
- ✓ Continue to address issues: foreign ownership limits, room for foreign investors.

Upgrade to MSCI Emerging Market

- ✓ Operate CCP system.
- ✓ Smooth implementation of the proposed solutions and positive feedback from market participants will help Vietnam's market be upgraded to Emerging Market status.
- ✓ Once upgraded, Vietnam's market is expected to have a weighting of approximately 0.7%–1.2% in the Emerging Market Index, potentially attracting $4–7 billion from passive investment funds (ETFs, index-tracking mutual funds, etc.) and active funds focused on emerging markets.
- ✓ Historical data indicates that stock markets typically experience significant growth in the two years leading up to an official upgrade.

Vietnam Market Weight & Attracted Investment Capital

The weighting of each market in the Emerging Markets Index is typically determined by the proportion of each market's free-float-adjusted market capitalization relative to the total market capitalization of the index. According to the latest MSCI update on April 30, 2025, the Emerging Markets Index has a total market capitalization of $7,935 billion, while Vietnam's free-float-adjusted market capitalization stands at $30.63 billion, equivalent to 0.38% of the total after being added.

To be upgraded by MSCI, Vietnam must implement several measures to reduce foreign ownership limits, thereby increasing free-float-adjusted market capitalization. Solutions such as non-voting depository receipts (NVDRs) and easing foreign ownership restrictions in various sectors are essential. Based on these efforts, we estimate that Vietnam, upon being upgraded, could achieve a weighting of 0.7%–1.2% in the Emerging Markets Index.

According to data published by MSCI, FTSE Russell, and Bloomberg, SSV estimates that investment inflows into Vietnam could reach approximately $4–7 billion, driven by passive funds (ETFs, index-tracking mutual funds, etc.) and active funds focusing on emerging markets.

Market Index	Free-float-adjusted MarketCap (bil. USD)	Weight in Emerging Markets Index
MSCI China Index	2,346	29.57%
MSCI India Index	1,524	19.21%
MSCI Taiwan Index	1,355	17.08%
MSCI Korea Index	740	9.32%
MSCI Brazil Index	361	4.55%
MSCI Vietnam Index	31	*0.38%
MSCI Emerging Markets Index	**7,935**	**100.00%**

Source: MSCI, Shinhan Securities Vietnam

**SSV estimates*

Stocks Benefiting from Market Upgrade

According to event statistics, when a market is upgraded, the overall market index of that market tends to increase by an average of 23.2% during the period between the announcement and the effective date. However, the impact on individual stocks is less predictable. According to our analysis, there are 2 groups of stocks that will benefit mainly from the market upgrade, including:

(1) The group of stocks that meet the conditions to enter the emerging market index, thereby attracting the majority of foreign investment capital.

(2) The group of stocks in the securities industry, especially companies with advantages in institutional brokerage, because this will be the main group that increases transaction fees from new capital entering the market.

For group (1), there are currently 63 stocks that meet the conditions to enter the MSCI basket, of which the 10 stocks with the largest proportion with a total of more than 55.21% of the index are presented in the table below.

And for group (2), there are currently 3 securities companies that are occupying the majority of the institutional brokerage market share, namely SSI Securities Corporation (SSI), Ho Chi Minh City Securities Corporation (HCM), and VIETCAP Securities JSC (VCI). In addition, Decree 69/2025/ND-CP issued by the Government and effective from May 19, 2025, adjusting the ownership ratio of foreign investors in commercial banks receiving compulsory transfers, opens up investment opportunities for 3 banks including: Vietnam Prosperity Joint Stock Commercial Bank (VPB), Ho Chi Minh City Development Joint Stock Commercial Bank (HDB) and Military Commercial Joint Stock Bank (MBB).

Company (Stock ticker)	Free-float-adjusted MarketCap (bil. USD)	Weight in MSCI Vietnam Index
Hoa Phat Group JSC (HPG)	3.07	10.03%
Vingroup JSC (VIC)	3.00	9.79%
VINHOMES JSC (VHM)	2.31	7.53%
JS Commercial Bank for Foreign Trade of Vietnam (VCB)	1.84	6.01%
MaSan Group JSC (MSN)	1.69	5.53%
Vietnam Dairy Products JSC (VNM)	1.62	5.29%
SSI Securities Corporation (SSI)	1.12	3.66%
Vincom Retail JSC (VRE)	0.85	2.77%
Vietnam Prosperity Joint Stock Commercial Bank (VPB)	0.76	2.47%
Duc Giang Chemicals Group JSC (DGC)	0.65	2.13%
Total	**17.08**	**55.21%**

Source: MSCI, Shinhan Securities Vietnam

Select an appropriate P/E level and project the VNINDEX accordingly

P/E based on the spread between earnings yield (E/P) and the highest 6–12 month deposit interest rates

Earnings yield (E/P) spread versus 6- to 12-month deposit interest rates

Highest 6- to 12M deposit interest rates	2.4%	2.6%	2.9%	3.2%
4.8%	13.9	13.5	13.0	12.5
5.0%	13.5	13.2	12.7	12.2
5.3%	13.0	12.7	12.2	11.8
5.6%	12.5	12.2	11.8	11.4
5.9%	12.0	11.8	11.4	11.0

Source: Bloomberg, Shinhan Securities Vietnam
Data as of 14/05/2025

VNINDEX projection based on P/E and listed companies' earnings growth

Forecasted earning growth 2025F

Earning yield (E/P)	P/E	10%	12%	14%	16%	18%
10.5%	9.0	963	981	998	1,016	1,034
9.5%	10.0	1,071	1,090	1,109	1,129	1,148
8.7%	11.0	1,178	1,199	1,220	1,242	1,263
8.0%	12.0	1,285	1,308	**1,331**	1,355	1,378
7.7%	12.5	1,338	1,362	**1,387**	1,411	1,435
7.4%	13.0	1,392	1,417	**1,442**	1,468	1,493
7.1%	14.0	1,499	1,526	1,553	1,580	1,608
6.9%	15.0	1,606	1,635	1,664	1,693	1,723

Source: Bloomberg, Shinhan Securities Vietnam

Update 3 stock market scenarios for 2025

Base scenario: VN-Index reaches 1,380	P/E = 12x; EPS growth ~ 14%	Fueled by favorable macroeconomic conditions and the strong growth in corporate earnings, we project the market will reach 1,380 points. **Priority sectors:** Focus on sectors directly benefiting from domestic strength, including banking, steel, public investment, and more.
Negative scenario: VN-Index trades in the 1,200–1,300 range	P/E = 11x, EPS growth 12 – 14%	_Amidst the risk of retaliatory tariffs from the US, we've opted for lower P/E and EPS multiples, reflecting a pessimistic market sentiment and slower earnings growth for businesses **Priority sectors:** Defensive industries and those with stable dividends will be top choices during this period
Positive scenario: VN-Index 1,400 – 1,500	P/E = 13x, EPS growth 14% - 18%	- With positive expectations from the outcomes of the US-China tariff negotiations and the potential for a market upgrade by FTSE in September 2025, the VN-Index is forecast to reach a higher level. **Priority sectors:** Import-export, industrial parks, securities, and large-cap stocks benefiting from emerging market upgrades.

Technical Outlook and Trading Strategy:

The market has recently broken out of the long-standing consolidation range between 1,200 and 1,300, and is now approaching the previous peak around 1,340, while trading above both the 20-day and 200-day moving averages. However, the year-to-date rally in the VN-Index has been largely driven by the strong performance of VIC and VHM, which together have contributed nearly 150 points to the index. Excluding these two stocks, the VN-Index would still be trading around the 1,200 level, indicating that opportunities remain present across many other sectors and stocks.

_ In the short term, the market's uptrend may face challenges if profit-taking actions occur and capital flows out of VIC/VHM. However, if capital rotation shifts into other large-cap stocks that are still trading below the general market level, these could emerge as new leaders of the index. As a result, any market pullback would likely be limited in depth.



Stock pitch 2H2025

Export group

- GMD ✦ Target price: 78,000 VND, +31.2%
- HAH ✦ Target price : 72,000 VND, N/A
- VHC ✦ Target price : 59,500 VND, +1.8%
- FMC ✦ Target price : 43,600 VND, +12.1%
- MSH ✦ Target price : 67,000 VND, +16.3%
- TCM ✦ Target price : 48,400 VND, +39.8%
- KBC ✦ Target price : 34,600 VND, +26.9%
- SZC ✦ Target price : 46,500 VND, +31.3%

Domestic group

- VPB ✦ Target price: 24,100 VND, +32.8%
- HDB ✦ Target price: 30,900 VND, +36.7%
- DXG ✦ Target price: 19,400 VND, +9.3%
- NLG ✦ Target price: 39,600 VND, +7.3%
- VHM ✦ Target price: 66,500 VND, N/A
- HHV ✦ Target price: 15,300 VND, +21.4%
- HPG ✦ Target price: 31,300 VND, +22.5%
- SAB ✦ Target price: 64,900 VND, +31.2%
- VNM ✦ Target price: 72,700 VND, +31.2%
- MSN ✦ Target price: 83,000 VND,+29.7%
- FRT ✦ Target price: 205,100 VND,+22.0%
- MWG ✦ Target price: 72,400 VND,+12.6%
- REE ✦ Target price: 79,100 VND,+8.7%
- PC1 ✦ Target price: 25,900 VND,+12.1%

Group benefiting from the market upgrade

- HPG ✦ Target price: 31,300 VND, +22.5%
- VIC ✦ Target price: N/A, N/A
- VHM ✦ Target price: 66,500 VND, N/A
- VCB ✦ Target price: 65,000 VND, +14.4%
- VNM ✦ Target price: 72,700 VND, +31.2%
- MSN ✦ Target price: 83,000 VND,+29.7%
- SSI ✦ Target price: 28,400 VND,+19.8%
- VRE ✦ Target price: 24,500 VND, N/A
- VPB ✦ Target price: 24,100 VND,+33.1%
- DGC ✦ Target price: 117,000 VND,+27.4%

Source: Shinhan Securities Vietnam, upside estimated based on closing price on May 27th, 2025

Important Disclosure

Stock

- **BUY:** Expected 12-month gain of 15% or more
- **HOLD:** Expected 12-month loss of 15% to gain of 15%
- **SELL:** Expected 12-month loss of 15% or more

Sector

- **OVERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated BUY
- **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD
- **UNDERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated SELL



Compliance Notice

- Analyst Certification: We/I hereby certify the information and material presented in this report are accurate expressions of their views, and that we/I have not received internally or externally wrongful pressure to express such views.
- All opinions and estimates regarding the company and its securities are accurate representations of the covering analyst's judgments as of this date and may differ from actual results.
- This report is intended to provide information to assist investment decisions only and should not be used or considered an offer or the solicitation of an offer to sell or to buy any securities. Stock selection and final investment decisions should be made at the client's own discretion.
- This report is distributed to our clients only, and any unauthorized use, duplication, or redistribution of this report is strictly prohibited.

Disclaimers

- This research report and marketing materials for Vietnamese securities are originally prepared and issued by the Research Center of Shinhan Securities Vietnam Ltd.., an organization licensed with the State Securities Commission of Vietnam. The analyst(s) who participated in preparing and issuing this research report and marketing materials is/are licensed and regulated by the State Securities Commission of Vietnam in Vietnam only. This report and marketing materials are copyrighted and may not be copied, redistributed, forwarded or altered in any way without the consent of Shinhan Securities Vietnam Ltd.
- This research report and marketing materials are for information purposes only. They are not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This research report and marketing materials do not provide individually tailored investment advice. This research report and marketing materials do not take into account individual investor circumstances, objectives or needs, and are not intended as recommendations of particular securities, financial instruments or strategies to any particular investor. The securities and other financial instruments discussed in this research report and marketing materials may not be suitable for all investors. The recipient of this research report and marketing materials must make their own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser. Shinhan Securities Vietnam Ltd. does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Shinhan Securities Vietnam Ltd.., its affiliates, or their affiliates and directors, officers, employees or agents of each of them disclaim any and all responsibility or liability whatsoever for any loss (director consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or Shinhan Securities Vietnam Ltd. The final investment decision is based on the client's judgment, and this research report and marketing materials cannot be used as evidence in any legal dispute related to investment decisions.
- Copyright ⓒ 2020 Shinhan Securities Vietnam Ltd. All rights reserved. No part of this report may be reproduced or distributed in any manner without permission of Shinhan Securities Vietnam Ltd.

Shinhan Investment Network

SEOUL
Shinhan Securities Co., Ltd
Shinhan Investment Tower
70, Youido-dong, Yongdungpo-gu,
Seoul, Korea 150-712
Tel : (82-2) 3772-2700, 2702
Fax : (82-2) 6671-7573

NEW YORK
Shinhan Investment America Inc.
1325 Avenue of the Americas Suite 702,
New York, NY 10019
Tel : (1-212) 397-4000
Fax : (1-212) 397-0032

HONG KONG
Shinhan Investment Asia Ltd.
Unit 7705 A, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Tel : (852) 3713-5333
Fax : (852) 3713-5300

INDONESIA
PT Shinhan Sekuritas Indonesia
30th Floor, IFC 2, Jl. Jend. Sudirman Kav.
22-23, Jakarta, Indonesia
Tel : (62-21) 5140-1133
Fax : (62-21) 5140-1599

SHANGHAI
Shinhan Investment Corp.
Shanghai Representative Office
Room 104, Huaneng Union Mansion No.958,
Luijiazui Ring Road, PuDong, Shanghai, China
Tel : (86-21) 6888-9135/6
Fax : (86-21) 6888-9139

HO CHI MINH
Shinhan Securities Vietnam Co., Ltd.
18th Floor, The Mett Tower, 15 Tran Bach Dang, Thu Thiem Ward,
Thu Duc City, Ho Chi Minh City, Vietnam
Tel : (84-8) 6299-8000
Fax : (84-8) 6299-4232

HA NOI
Shinhan Securities Vietnam Co., Ltd.
Hanoi Branch
2nd Floor, Leadvisors Building, No. 41A Ly Thai To,
Ly Thai To Ward, Hoan Kiem District,
Hanoi, Vietnam.
Tel : (84-8) 6299-8000


Shinhan
Securities