SHINNING WHITE GOLD AMID THE DUST OF TARIFFS

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RESEARCH DIVISION

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We recommend the following tickers based on attractive valuations:

- **BUY HSX: PHR** – Target price: VND 72,800/share, representing an upside potential of 21.6%, including a 2.2% FY24 cash dividend yield.
- **HOLD HSX: DPR** – Target price: VND 43,500/share, representing an upside potential of 9.6%, including a 4.8% FY24 cash dividend yield.
- **BUY HSX: TRC** – Target price: VND 94,500/share, representing an upside potential of 45.1%, including a 3.7% FY24 cash dividend yield.
- **BUY UpCOM: DRI** – Target price: VND 18,000/share, representing an upside potential of 44.5%, including a 3.9% FY24 cash dividend yield.

We maintain a positive outlook on the natural rubber sector, supported by the following key catalysts:

1) **The market appears to be underestimating the outlook for rubber prices in Vietnam and the actual impact of trade tariffs, which may not be as negative as perceived:** (i) Natural rubber is currently exempted from the list of U.S. reciprocal tariffs; (ii) Rubber product manufacturing (especially tires) in Vietnam continues to post double-digit growth, ensuring stable domestic demand; (iii) The average selling price of SVR10 rubber in 2Q2025 is estimated to increase by 8% YoY, with prices expected to stay elevated at around USD 1.8/kg through 3Q2025.

2) **Global rubber demand remains resilient, primarily driven by the tire industry — particularly the replacement segment, which is less cyclical and classified as a non-discretionary good:** (i) Approximately 75%–85% of global annual tire demand, including in key markets like the U.S. and Europe, comes from the replacement segment; (ii) Travel activity in these markets has returned to pre-COVID levels and is expected to continue on a growth trajectory.

3) **Vietnam's domestic rubber industry is gaining new growth opportunities, thanks to the relocation of offshore tire manufacturers in response to global trade tensions, this trend helps stabilize local rubber demand and supports output prices for rubber producers in Vietnam**. In the current tariff landscape—(i) the U.S. enforces Section 232 tariffs with a 25% rate on the auto industry, and (ii) the EU may impose anti-dumping duties on Chinese tires starting in 2026—Vietnam remains an attractive production base due to its lower cost structure.