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# THE OVERLOOKED SECTOR WHILE BUSINESS RESULTS EXCEED ALL EXPECTATIONS

• **The 3Q25 and 9M25 results of natural rubber producers significantly exceeded all expectations**, from corporate guidance to markets' forecasts, marking the third consecutive quarter of revenue and net profit growth in 2025. This performance was driven primarily by sustained high selling prices of Vietnamese rubber products compared to the same period last year. By the end of 3Q25, selling prices remained at VND 48–50 million/ton (+4–6% YoY, equivalent to USD 1.8–1.85/kg).

• **We maintain a positive view on the sector's outlook, underpinned by three key points**: **(1)** Rubber prices are expected to remain stable at around USD 1.85/kg through 2Q26, supported by robust domestic demand from tire manufacturers shifting production to Vietnam amid intensifying tariff-related conflicts (the US vs. global markets; the EU vs. China) and the rapid expansion of domestic automobile manufacturing and assembly. **(2)** EUDR-compliant products may command a price premium of USD 0.15–0.30/kg once the regulation officially takes effect in 2026 after a one-year implementation delay. **(3)** Income from land-compensation payments related to IPs projects scheduled to commence during 2025–2027.

• **We believe natural rubber companies are currently trading at compelling valuations**, supported by: (i) forward P/E discounts of 20%–50% compared with their target valuation ranges; (ii) attractive and sustainable projected cash dividend yields of 6%–10% per year, supported by favorable industry cyclicality and the sector's strong financial position, with most companies having zero outstanding debt. We **recommend BUY** for rubber stocks **PHR, DPR, TRC, and DRI** with respective upside potentials of **36.0%, 30.0%, 32.0%, and 49.6%** (including projected cash dividend yields of **4.5% to 9.8%**).

**At the end of 3Q25 and 9M25, rubber companies reported business results that exceeded all expectations, from corporate plans to projections:**

- In 3Q25, rubber companies maintained an average revenue growth of 25% YoY, with gross profit and net profit continuing to improve in both value and efficiency. This growth was primarily driven by the average rubber selling price in Q3/25 reaching 48–50 million VND/ton (+4–6% YoY, equivalent to 1.8–1.85 USD/kg).
- Cumulatively for 9M2025, rubber companies achieved an average of 102% of its plan and 116% of the company's plan, thanks to the recovery in sales volume and an ASP of 51–52 million VND/ton (~1.9 USD/kg).

**We remain positive about the outlook for the natural rubber group in 4Q25–FY2027:**

i. **We forecast that Vietnamese rubber selling prices (SVR10)** will remain around **USD 1.85/kg** (equivalent to **VND 49 million/ton**) during **4Q25 – 2Q26**, before moderating slightly to **USD 1.75/kg** (VND 46.4 million/ton) through FY27. A price level above USD 1.75/kg—significantly higher than the previous 2021–2023 cycle — is well supported by robust domestic demand from multiple sources: