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RESEARCH DIVISION

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ONE STEP BACK, THREE STRIDES AHEAD

- Although **4Q25 rubber sector recorded an average 39% YoY decline in NPAT-mi**, we believe this contraction does not signal a deterioration in underlying fundamentals. It only reflects deliberate operational adjustments, **as companies accelerated inventory accumulation (+41% YoY) to position for double-digit earnings growth in 2026**, in line with the Government's policy direction.
- For **FY2025, the sector (06 stocks under our watchlist) delivered 13% YoY revenue growth and 23% YoY net profit growth, 04 of them achieving 98% and 96% respectively of our forecasts**. These results represent a solid earnings base ahead of the next expansion cycle.
- We maintain a constructive outlook on the sector, supported by three structural growth pillars: **(1) Sustained strength in domestic rubber prices** – Following SVR10's rally in early 2026, we revise our average price forecast upward to **USD 1.9/kg (~VND 50 mn/tonne) for 1H26**, before normalizing to **USD 1.8/kg (~VND 48.7 mn/tonne) for 2H26–2028**. Prices are underpinned by projected **15% CAGR growth in domestic raw material demand over 2025–2030**, providing a firm pricing floor; **(2) Land compensation income as a step-change driver during 2026–2028** – Compensation income is expected to begin recognition this year. Compared with our July 2025 report, we raise our minimum land conversion income assumption by 38% to VND 0.55 bn/ha, reflecting higher crop compensation rates following provincial administrative consolidation; **(3) Strong balance sheet resilience** - Most natural rubber producers operate with minimal or no debt, with net cash averaging 25% of total assets. As such, they remain insulated from rising interest rates. On the contrary, higher deposit yields—up 20–30% since 4Q25—are providing incremental interest income support.
- Reflecting upward revisions to our assumptions on selling prices, sales volume, and minimum compensation rates, we raise our target prices and reiterate BUY recommendations for **HSX: PHR** (TP 85,700 VND/share); **HSX: DPR** (TP 55,400 VND/share); **HSX: TRC** (TP 108,600 VND/share); **UpCOM: DRI** (TP 17,700 VND/share) and HOLD recommendation for **HSX: GVR** (TP 42,200 VND/share).

Table 1: Summary of recommendations and projection by PHS

Ticker	Recommendation	Target price (VND/share)	Upside (*)	% Growth EPS			P/E			P/B			% ROE		
				25A	26F	27F	TTM	26F	27F	TTM	26F	27F	25A	26F	27F
GVR	HOLD	42,200	6.3%	41.0%	23.4%	9.4%	25.8	22.4	20.5	2.6	2.4	2.3	10.3%	11.7%	11.6%
PHR	BUY	85,700	30.7%	11.6%	118%	17.6%	15.9	7.3	6.2	2.0	1.7	1.5	13.2%	25.2%	25.6%
DPR	BUY	55,400	25.7%	20.6%	12.4%	2.2%	10.8	9.7	9.5	1.3	1.1	1.1	12.4%	13.2%	12.7%
TRC	BUY	108,600	36.2%	17.5%	53.9%	-0.5%	8.4	5.6	5.6	1.0	0.9	0.9	11.5%	16.0%	14.3%
DRI	BUY	17,700	21.9%	45.5%	10.3%	0.9%	5.7	5.2	5.1	1.3	1.0	0.9	24.7%	23.5%	21.5%

Source: PHS compiled and projected, (*) Included cash dividend yield calculated based on closing price on 27/02/2026