VIETNAM UPDATE

DRAGON CAPITAL

April 2026

Broadening capex cycle takes hold as external pressure persists

Tung Dang
Chief Economist

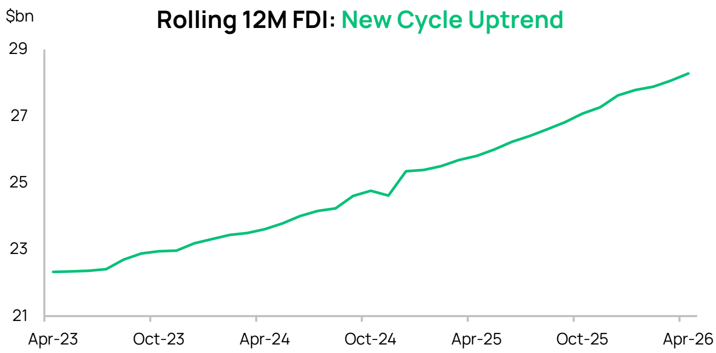
Macroeconomics:

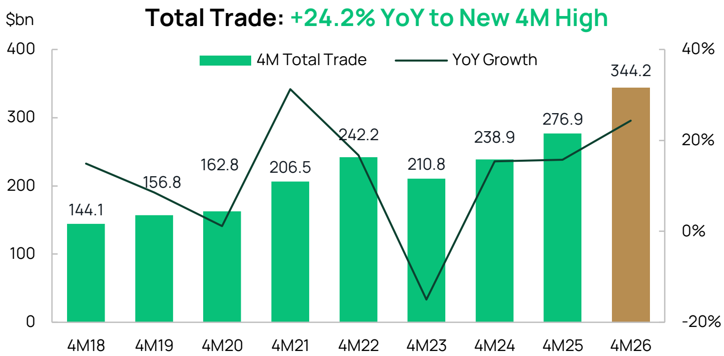
- Industrial output rose 9.9% YoY in April, with manufacturing up 10.0% and breadth widening, pointing to a wider capex cycle.
- Public investment reached $7.1bn YTD (+10.4% YoY) and disbursed FDI was $7.4bn, the highest four-month disbursement level in five years.
- CPI rose 5.5% YoY as oil prices remain elevated, but a 4M26 average of 4.0% remains below the government's 4.5–5.0% ceiling.

Stock Market:

- The VNI rose 10.7% MoM in USD terms, recovering most of March's decline, though the rally was narrow and led by a small number of large-caps.
- Q1 fundamentals were broader than the rally suggests, with Top-100 earnings growth of approximately 56% YoY across 69 of 100 names.
- FTSE Russell confirmed Vietnam's upgrade to Secondary EM status on 8 April, effective September 2026, with the government targeting MSCI EM inclusion by 2030.

CHARTS OF THE MONTH





Monthly Insights

Vietnam is entering a more manufacturing and investment-led phase of growth. Industrial production, FDI, public investment, and business formation all accelerated in 4M 2026, while domestic consumption and services activity held firm. Although the Iran conflict continued to generate volatility across global markets, easing oil prices and domestic policy action helped moderate immediate inflation and supply concerns.

Industrial production rose 9.9% YoY in April, bringing 4M26 IIP growth to 9.2%, while manufacturing expanded 10.0% YoY in April and 9.9% YTD. Growth broadened further into investment and infrastructure-linked sectors, including chemicals (+20.6%), metals (+18.7%), non-metallic minerals (+17.9%), and motor vehicles (+17.0%), pointing to a recovery extending beyond electronics into a wider capex cycle. Domestic demand also strengthened. Retail sales and services revenue rose 12.1% YoY in April and 11.1% YoY YTD. Services activity continued to outperform, led by accommodation and food services (+13.4%) and tourism-related services (+12.1%), reinforcing the broadening of growth beyond manufacturing into consumer-facing sectors.

Investment indicators strengthened materially. Public investment disbursement reached $7.1bn YTD, up 10.4% YoY and equivalent to nearly 20% of the 2026 disbursement plan. Disbursed FDI reached $7.4bn (+9.8% YoY), the highest four-month level in five years, while registered FDI rose 32.0% YoY to $18.2bn. Manufacturing accounted for approximately 69% of newly registered and expanded capital. Business formation also accelerated, with nearly 77,800 newly established enterprises (+50.7% YoY), and total active additions exceeding 119,000 (+32.8% YoY). That this is occurring against a more uncertain external trade backdrop strengthens the read.

On the external front, total trade turnover reached $344.2bn YTD, up 24.2% YoY, with exports rising 19.7% and imports up 28.7%. Import growth was concentrated in machinery, electronics, and intermediate goods, with production-related imports accounting for over 94% of total imports. Electronics and computer component imports alone rose 52.3% YoY to $65.3bn, suggesting firms continue to expand production capacity despite ongoing tariff repricing and energy-driven volatility.

Inflation moved higher in April, the first material evidence that lagged energy pass-through has begun as April CPI rose 5.5% YoY. CPI averaged 4.0% in 4M26, with core inflation at 3.9%. Both remain below the government's 4.5–5.0% ceiling, but the cushion narrows if oil stays elevated. Policy support has helped soften the impact: Decree 72's tariff cuts on refined products and fuel-tax reductions have limited domestic pass-through, with both measures up for review at end-June and room to extend if conditions warrant.

Equity markets recovered, with the VNI up 10.7% MoM in USD terms, but the rally was narrow. FTSE Russell confirmed Vietnam's upgrade to Secondary EM status on 8 April, effective September 2026, with the government targeting MSCI EM inclusion by 2030. Beyond the index move, underlying fundamentals are broader: Dragon Capital's Top-100 universe reported Q1 NPAT growth of around 56% YoY, the strongest YoY change since the post-Covid period, with 69 of 100 names posting positive growth. The combination of broadening earnings and a narrow price move points to scope for prices to converge with fundamentals once the external picture settles. The H2 path depends on whether the policy buffers are extended, oil stabilises, and earnings momentum broadens beyond the largest contributors.

Key Indicators

Item	Unit	2021	2022	2023	2024	2025E	2026F
GDP	$bn	366.1	408.8	430.0	476.3	514.0	561.8
Real GDP Growth	%	2.6	8.0	5.1	7.1	8.0	9.3
Services Growth	%	1.2	10	6.9	7.4	8.6	9.5
Agriculture Growth	%	2.9	3.4	2.6	3.3	3.8	4.0
Ind'l and Const'n Growth	%	4.1	7.8	3.5	8.3	9.0	10.5
Retail Sales Growth	%	-3.8	10.2	8.3	9.0	9.2	10.0
Prices							
CPI (Average YoY)	%	1.8	3.2	3.3	3.6	3.3	4.0
Money, FX and Interest Rates							
Money Supply M2	%	8.9	6.2	12.5	12.7	15.0	12.5
Average 12M Deposit Rate	%	6.0	8.0	5.0	5.0	5.8	6.3
5-yr VGB	%	0.9	4.7	1.6	1.4	3.3	3.5
VND:$	$1	22,800	23,550	24,250	25,450	26,300	27,310
External Sector							
Trade Balance	$bn	3.3	12.4	28.0	24.4	20.0	25.0
Current Account	$bn	-8.1	1.4	25.8	30.5	34.5	40.0
Current Account / GDP	%	-2.2	0.3	6.0	6.4	6.7	7.1
FDI Registered	$bn	38.5	27.7	36.6	35.0	38.4	41.9
FDI Disbursement	$bn	19.8	22.4	23.2	25.4	27.6	30.1
FX Reserves	$bn	106.5	85.0	89.0	80.0	78.0	80.0
Public Debt, Fiscal Balance							
External Debt	$bn	138.8	141.2	138	140.3	151.0	168.54
Government	$bn	47.9	48.8	44.4	44.5	47.8	50.0
Enterprises (incl. FDI)	$bn	90.9	92.4	93.6	95.8	103.2	118.54
External Debt (% GDP)	%	37.9	34.5	30.3	30.3	29.4	30.0
Fiscal Balance (% GDP)	%	-4.0	-4.0	-3.6	-3.6	-4.2	-4.0

All forecasts are Dragon Capital estimates

Key Stock Market Data

	HSX		HNX		UPCoM		Total	
	30-Apr-25	30-Apr-26	30-Apr-25	30-Apr-26	30-Apr-25	30-Apr-26	30-Apr-25	30-Apr-26
Market cap ($mn)	197,100	331,638	13,356	17,062	52,581	50,856	263,037	399,556
Number of stocks	391	402	310	302	889	833	1,590	1,537
Number of large cap stocks (>$400mn)	74	84	11	11	15	22	100	117
Stocks with no room for foreigners	62	63	97	111	278	316	437	490
Market cap of stocks with no room ($mn)	16,770	27,161	2,924	2,725	20,164	23,572	39,858	53,457
Share of Market Cap with No Room (%)	8.5	8.2	21.9	16.0	38.3	46.3	15.2	13.4

Top 25 Companies by Market Cap

No	Company	30-Apr Price (VND)	Price YTD (%)	Mkt Cap ($m)	Wt in VNI (%)	PER 2024 (x)	PER 2025 (x)	PER 2026E (x)	PBV 2024 (x)	PBV 2025 (x)	PBV 2026E (x)	Yield 2024 (%)	Yield 2025 (%)	Yield 2026E (%)
1	Vingroup	214,000	26.2	62,577	18.90	13.0	115.1	50.1	1.1	8.9	9.1	0.4	0.2	-
2	Vinhomes	146,000	17.7	22,756	6.90	5.2	12.2	10.0	0.8	2.1	1.9	0.4	0.2	-
3	Vietcombank	59,800	4.0	18,961	5.70	17.2	15.7	14.2	2.6	2.1	1.9	-	0.8	-
4	BIDV	40,100	3.1	11,078	3.20	13.3	11.9	11.7	1.8	1.6	1.5	-	1.2	-
5	Viettel Global Investment	89,700	26.7	10,361	-	49.1	23.2	24.8	8.0	5.3	-	0.4	1.9	-
6	Vietinbank	34,950	-2.2	10,301	3.10	8.8	8.9	7.5	1.4	1.6	1.3	-	0.9	-
7	Techcombank	33,850	-3.0	9,102	2.70	8.1	10.1	8.6	1.2	1.5	1.3	3.0	2.9	2.4
8	Hoa Phat Group	27,750	5.1	8,082	2.40	14.2	13.1	9.2	1.5	1.6	1.4	-	-	1.8
9	VP Bank	26,500	-7.5	7,978	2.40	9.4	9.5	7.0	1.0	1.4	1.1	5.2	1.8	4.2
10	MB Bank	26,050	3.0	7,962	2.40	6.0	7.8	6.9	1.2	1.5	1.3	2.1	1.0	-
11	PV Gas	75,200	3.9	6,886	2.10	15.2	15.7	12.5	2.6	2.6	2.5	8.7	2.9	4.7
12	Masan Consumer	137,000	-23.4	6,729	2.00	23.0	34.8	24.2	16.7	12.8	8.6	12.4	1.2	2.7
13	Airports Corporation VN	44,000	-10.0	5,981	-	29.1	18.0	19.8	4.6	2.5	2.0	-	-	-
14	Vinpearl	85,700	-9.0	5,832	1.80	-	153.4	56.1	-	4.6	3.9	-	-	-
15	LienViet Post Bank	47,300	13.2	5,362	1.60	8.9	10.9	10.9	2.0	2.6	2.3	-	6.0	-
16	HD Bank	26,600	-10.4	5,052	1.50	7.0	9.0	6.7	1.6	2.0	1.1	3.3	-	-
17	FPT	75,500	-21.2	4,881	1.50	30.7	18.5	12.4	7.4	4.5	2.9	1.5	2.8	3.5
18	Vinamilk	60,900	-0.5	4,830	1.50	14.5	15.2	15.1	3.8	4.2	4.2	6.2	8.8	7.1
19	Sacombank	67,500	16.4	4,829	1.50	6.9	18.4	19.8	1.3	1.8	2.0	-	-	-
20	Mobile World	84,000	-5.0	4,681	1.40	23.6	18.6	13.4	3.2	4.0	3.1	0.8	1.1	1.2
21	ACB	23,500	-2.1	4,581	1.40	6.7	8.0	6.6	1.3	1.3	1.1	3.4	3.6	1.6
22	Binh Son Refining	23,600	46.6	4,484	1.40	112.0	15.5	4.4	1.3	1.3	1.4	3.1	-	1.7
23	Techcom Securities	50,600	8.8	4,438	1.30	23.8	18.9	17.6	3.5	2.4	2.3	1.3	-	-
24	Masan Group	76,800	-0.3	4,214	1.30	50.4	27.1	15.4	3.3	3.1	2.6	1.7	0.8	0.8
25	Vietjet Air	180,000	-13.9	4,041	1.20	38.6	53.3	340.7	3.2	4.6	5.2	0.1	-	-

All forecasts are Dragon Capital estimates

DISCLAIMER

This document has been prepared by Dragon Capital Management (HK) Limited. It is provided to you following your express request to be included in such communications, and your confirmation of eligibility to receive the same. If you wish to unsubscribe from future updates at any time, please email unsubscribe@dragoncapital.com.

This document is a review of the investment case for Vietnam, and all information is for background purposes only. The document is neither a prospectus nor an offer or invitation to apply for any securities or any other instrument or investment and neither this document nor anything contained herein shall form the basis of any contract of commitment whatsoever. Any investment performance and market information provided in this presentation, including information about any particular companies, are provided for illustrative purposes only and are not investment recommendations.

Past performance is not necessarily a guide to future performance. Certain statements included in this document are forward-looking and are therefore subject to risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied because they relate to future events. Consequently, the actual performance and results of the market or companies could differ materially from the expectations set out herein. Accordingly, no assurance can be given that any particular expectation will be met, and you are cautioned not to place undue reliance on forward-looking statements which speak only at their respective dates.

The information and opinions in this presentation (which includes information drawn from public sources) are subject to change without notice, update, revision, further verification and amendment. Dragon Capital makes no representation or warranty as to the accuracy, completeness or context of the presentation, and expressly disclaims all liability whatsoever arising from reliance upon this presentation or any part of it.

This document must not be distributed or otherwise made available to third parties without the consent of Dragon Capital, and then only to such recipients who have confirmed that distribution of such information is in compliance with all securities laws and regulations which apply to them.