

Riding the next cycle

- We expect SVR10 to remain elevated through the end of this year and break out to USD 2.8–3.0/kg in 2027 as extreme weather conditions could exacerbate supply shortages;
- 2026 net profit (NP) of rubber companies is expected to increase by 92% yoy, driven by elevated rubber prices and land compensation. In 2027, NP is forecast to decline by 3% yoy due to a 36% yoy decline in land compensation income, while income from rubber latex and tree liquidation is expected to maintain growth of 6%/4% yoy, respectively;
- We recommend POSITIVE rating on the rubber sector and favor GVR, TRC, and PHR for 2H2026–2027.

Natural rubber prices for 2H2026–2027

Since the beginning of the year, natural rubber prices across major producing markets in Southeast Asia have recorded a strong increase, reaching their highest levels in the past 10 years. SVR10 is expected to remain elevated at around USD 2.5/kg through 1H2027, as processing plants are building up higher inventories amid concerns over supply shortages. The impact of El Niño could lead to lower yields in the 2027 season, prompting us to forecast a further increase in SVR10, with the average price reaching approximately USD 2.8–3.0/kg in 2H2027. However, downside risks remain as consumption is expected to weaken in China and the US.

Domestic rubber industry for 2026–2027

In 2026, we expect export value to exceed the target, increasing by 6% yoy, driven by a 15% yoy increase in average export price. Total gross profit from latex of the rubber companies under our coverage is expected to grow 48%/6% yoy in 2026–2027, with gross margins expanding by 5ppt/2ppt yoy, respectively. In addition to the rubber segment, land conversion is expected to provide significant support to profit in 2026–2027. Several projects involving the conversion of rubber land during 2026–2027 include the eco-smart industrial–urban–service complex and social housing project in Binh Duong Ward (HCMC), VSIP III Binh Duong industrial park (IP), Bac Tan Uyen 1 IP, Hiep Thanh IP, Thanh Duc IP, and the high-tech agricultural project in Dong Nai. Accordingly, we expect FY26-27F aggregate NP of rubber companies to grow 92%/-3% yoy.

Our stock picks are GVR, TRC and PHR

We recommend POSITIVE rating on the rubber sector for 2026–2027, supported by higher prices and land compensation. Investment thesis: (1) strong earnings growth, (2) attractive valuation, (3) the issuance of Decision No. 40/2026/QĐ-TTg raise expectations that the State may reduce its ownership stake in GVR during 2026–2030, supporting both price momentum and liquidity of rubber stocks (4) progressively higher cash dividend payouts, underpinned by the companies' good financial positions and low leverage. Downside risks: (1) rubber prices could decline due to weaker demand in China and the US, (2) extreme weather conditions could increase diseases in rubber trees, resulting in lower output and higher costs, (3) availability of export-grade rubber from Africa could put downward pressure on natural rubber prices.



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Natural rubber prices in 2H2026-2027

Natural rubber prices remain elevated, but downside risks persist

Figure 1: Key factors affecting natural rubber prices

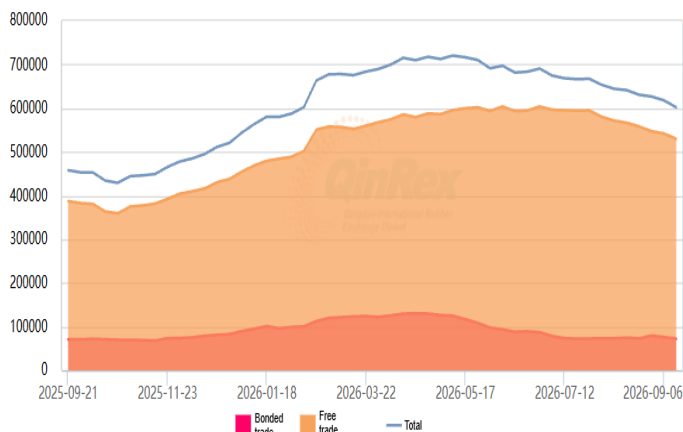
	Key factors	Comments	Impact
Supply	Major Southeast Asian producers are reducing rubber land areas	Rubber production declines due to shrinking areas, while aging trees result in lower yields.	↑↑
	African countries issue policies to encourage rubber cultivation and processing	Higher export-grade rubber production supports an increase in global supply.	↓↓
	ENSO phenomenon results in extreme weather conditions	El Niño causes extreme heat and severe drought, while La Niña brings heavier rainfall and more frequent storms. Adverse weather conditions affect tree growth and reduce the number of tapping days.	↑↑
	Diseases (e.g., wet-season leaf fall, yellow leaf fall, and powdery mildew)	Rubber trees are more susceptible to diseases under adverse weather conditions. These diseases affect tree growth and reduce yields.	↑
Demand	Rubber inventory declines at Qingdao port	Processing plants in China resume operations, driving down inventory.	↑
	Consumption of vehicle and tire decline in major markets such as China, the US, and Europe.	Rubber Consumption declines	↓
	Higher oil prices	Higher oil prices indirectly increase Consumption for natural rubber.	↑

(Source: MBS Research)

Elevated prices are supported by supply disruption and sign of a modest recovery in demand

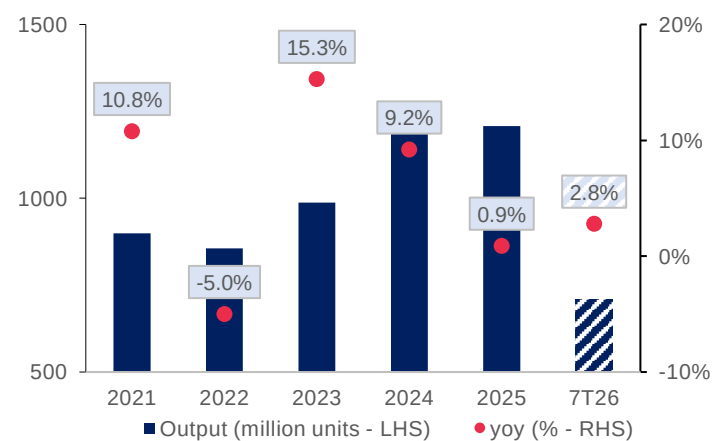
- ✓ **Prolonged heavy rainfall in Thailand, Vietnam, and China:** According to the Thai Meteorological Department, in late August 2026, the Northeast and Southern regions were affected by strong Southwest monsoon activity, triggering heavy rainfall across 60–80% of the areas. In Southern Vietnam, showers and thunderstorms persisted for several days and continued into early September 2026. In Southern China, Typhoons No. 4 and 5 moved slowly over the South China Sea, bringing heavy rainfall to Yunnan and Hainan provinces.
- ✓ **Rubber inventory continues to decline:** According to QinRex data, natural rubber inventory at Qingdao Port, China's largest rubber trading center, stood at 617.8 thousand tonnes as of September 6, 2026, down 8.8 thousand tonnes from the end of the previous month. The continued decline in rubber inventory indicates a modest recovery in demand, although inventory level remains relatively high.
- ✓ **China's tire production recovers:** According to the National Bureau of Statistics of China, tire production increased 8.1% yoy in July 2026 to 102.6 million units, while cumulative production for the first seven months of 2026 rose 2.8% yoy to 709 million units.

Figure 2: Rubber inventory at Qingdao Port continues to decline



(Source: QinRex)

Figure 3: China's tire production



(Source: National Bureau of Statistics of China, MBS Research)

.... but downside risks remain

China's demand – the world's largest rubber-consuming country – remains weak, as: (1) China's imports of natural and synthetic rubber declined 5.2% yoy in the first eight months of 2026; and (2) China's vehicle inventory index rose to 61.1% in July 2026, significantly above the 50% threshold, which indicates excessive vehicle inventory. High inventory could prompt automakers to reduce production. Meanwhile, US tire demand has weakened, with tire imports into the US declining 3.9% yoy to 162.3 million units in the first seven months.

Tapping incentives remain strong amid elevated prices. Sufficient profit margins are encouraging growers to increase fertilizer application, start tapping earlier, and prioritize tapping over other activities. High rubber prices are driven by inventory accumulation among processing plants and concerns over supply disruption, rather than reflecting supply shortage. In Thailand, field latex is traded at around THB 76–79/kg, while cup lump stands at THB 69–72/kg. The spread between field latex and cup lump in Thailand remains within a reasonable range, suggesting that supply is not yet sufficiently tight to indicate a significant shortage. As supply increases during the peak harvesting season, prices could come under downward pressure.

Figure 4: Price spread between field latex and cup lump in Songkhla, Thailand (THB/kg)



(Source: MBS Research)

Field latex is liquid latex collected directly from rubber tree. It is the highest quality, retains the natural properties of rubber and is used to produce high-end technical products requiring high elasticity and durability.

Cup lump refers to latex that has coagulated into lumps inside cups. It is dry and contains impurities. Cup lump is used as a raw material for producing technically specified rubber (TSR) grades of lower quality, such as SVR 10 and SVR 20. Farmers often allow the latex to naturally coagulate into cup lump before collection, as this reduces the labor and storage costs.

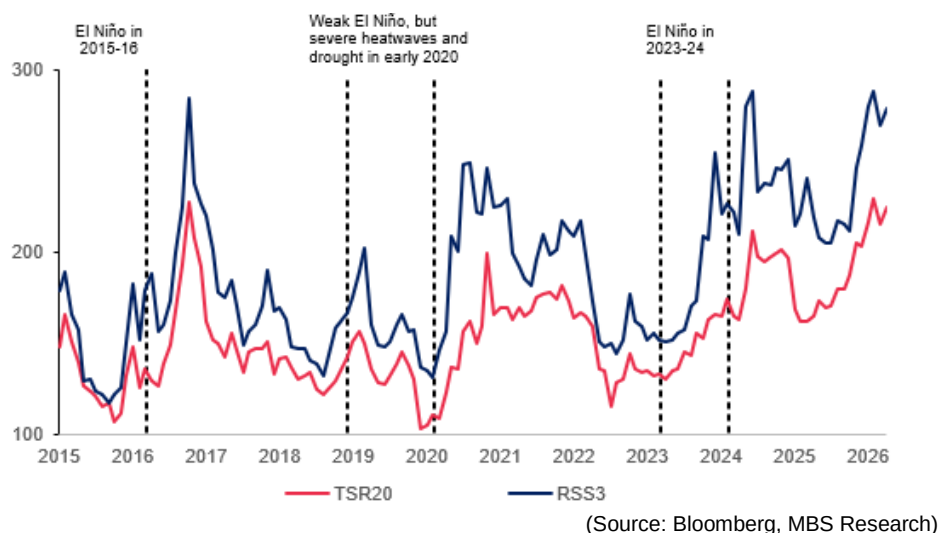
The widening spread between field latex and cup lump indicates a shortage of high-quality rubber supply, forcing buyers to raise prices. Conversely, the narrowing spread indicates that supply is sufficient to meet demand.

El Niño impacts on natural rubber supply

According to the August 2026 update from the International Research Institute for Climate and Society (IRI), the probability of El Niño is high, with a 100% probability of El Niño persisting through March 2027. The probability of El Niño occurring during the March–May and April–June 2027 periods is 97% and 78%, respectively. El Niño could bring prolonged heatwaves and widespread drought across Southeast Asia.

El Niño affects natural rubber supply through two mechanisms. First, El Niño affects the yield of rubber trees. Drought can cause irreversible damage to the root and vascular systems of rubber trees, with the impact reflected in long-term output. Second, El Niño affects the number of tapping days, with the magnitude of the impact depending on the timing of the drought. For example, sufficient rainfall during May–August to support leaf flushing and tree growth, followed by dry conditions during August–October, could increase the number of tapping days and, consequently, support higher output. Conversely, prolonged heat, water shortages, and severe drought could cause premature leaf fall, slower tree growth, lower yields and shorten the tapping period. Historical data from the 2015–2016 and 2023–2024 periods indicate that El Niño does not lead to an immediate decline in output during the event itself, but its impact lags until the subsequent tapping cycle. Therefore, we believe weather conditions in major regions across Southeast Asia should be monitored in the coming months to assess the extent of El Niño's impact on output. We expect natural rubber prices to become more volatile during the peak harvesting season, as extreme weather conditions could disrupt tapping activities. As El Niño may persist through April–June 2027, a period when rubber trees require adequate water for growth, output could decline, providing support to natural rubber prices in 2H2027.

Figure 5: Historical data for 2015–2026 indicate that natural rubber prices have risen sharply following El Niño events

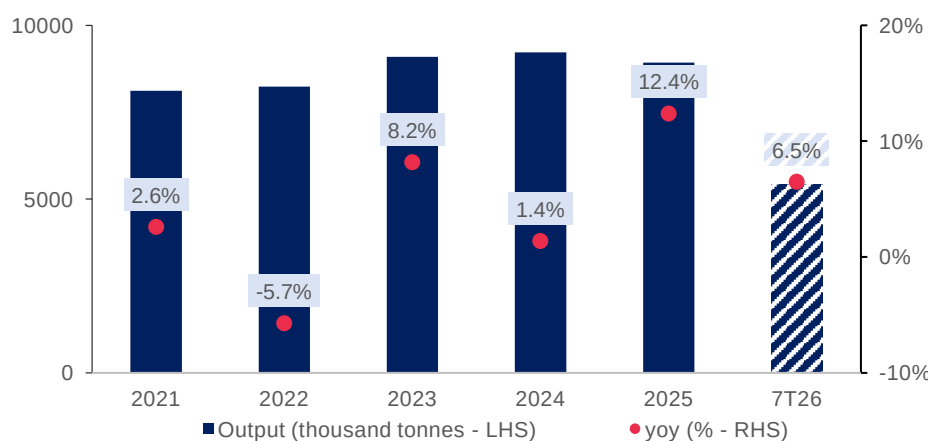


Oil prices have become less influential on natural rubber prices

Brent oil prices have risen sharply, averaging USD 87/barrel, up 43% from the beginning of 2026. The increase has been driven by geopolitical tensions in the Middle East and disruptions to shipping through the Strait of Hormuz. Higher oil prices have supported an increase in synthetic rubber prices. However, natural rubber prices have not moved in tandem with crude oil prices. The correlation coefficient between Brent oil and TSR20 has stood at 0.47 YTD, and even turned negative at -0.22 since the outbreak of the US–Iran conflict. This divergence is attributable to China – the world's largest synthetic rubber producer, accounting for approximately 30% of global production – continuing to ramp up synthetic rubber production, supported by low-cost Iranian oil supplies under the strategic cooperation framework between the two countries established in 2021. According to the National Bureau of Statistics of China, synthetic rubber production increased 6.5% yoy in the first seven months to 5.4 million tonnes. Additional output from China has partially offset supply shortages in other countries. As a result, average synthetic rubber prices have increased by 30%, lower than the increase in crude oil prices.

After crude oil is refined, it produces naphtha, which can be processed into butadiene and styrene. These are key feedstocks for producing synthetic rubber, including styrene-butadiene rubber (SBR) and butadiene rubber (BR). Synthetic rubber can substitute for natural rubber in many applications, particularly in tire manufacturing.

Figure 6: China's synthetic rubber production maintains strong growth



(Source: National Bureau of Statistics of China)

Natural rubber price forecast

Natural rubber prices are expected to remain elevated through the end of 2026. The impact of El Niño could reduce yield, driving a sharp increase in 2027. Historical data show that rubber prices have increased by an average of 15%–27% in the 12 months following the end of El Niño. Accordingly, we forecast SVR10 to remain elevated at around USD 2.5/kg through 1H2027, before breaking out to an average of USD 2.8–3.0/kg in 2H2027.

Figure 7: SVR10 price forecast for 2H2026–2027



(Source: MBS Research)

Industry outlook through 2030

Supply declines in major producing countries due to reducing areas

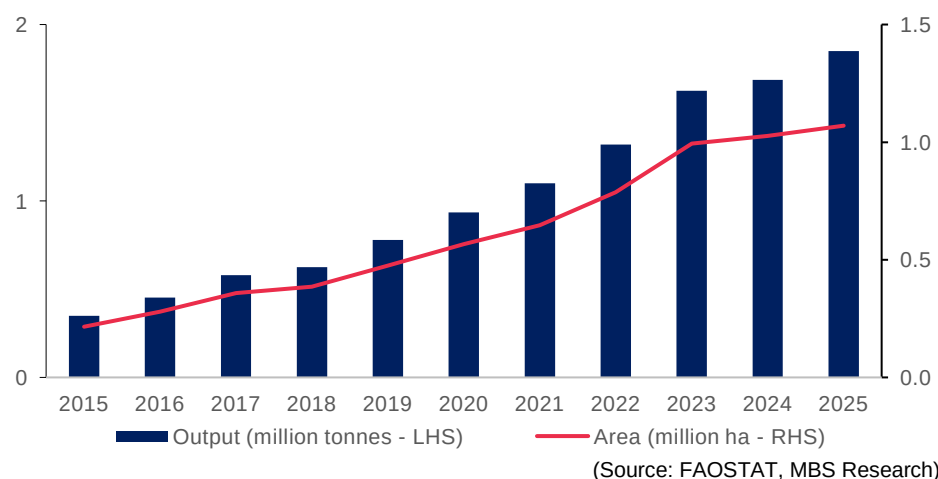
Major Southeast Asian producers, including Thailand, Indonesia, and Vietnam, are reducing rubber land areas and converting rubber land to other agricultural land or IPs with higher economic benefits:

- ✓ Thailand – accounting for approximately 30% of global production – has continued to reduce its area to manage supply. According to Thailand's Ministry of Agriculture and Cooperatives, the land area declined from 24.8 million rai (3.96 million ha) to 23.8 million rai (3.80 million ha), representing a 4% decline since 2020. The tapping rate has reached 94%, close to saturation, leaving limited room to increase output when rubber prices are high. The aging of rubber trees has reduced productivity by 3%, from 221 kg/rai in 2020 to 215 kg/rai in 2025.
- ✓ Indonesia, the world's second-largest natural rubber producer, is converting rubber land to other agricultural land. According to Statistics Indonesia (BPS), the rubber land area declined by 17%, from 3.78 million ha in 2021 to 3.13 million ha in 2025. Natural rubber production has also continued to decline, from 3.05 million tonnes to 2.13 million tonnes.
- ✓ Vietnam is converting rubber land for IPs and national infrastructure projects. Despite the decline in area, rubber trees that remain in their productive stage continue to deliver solid yields. The Association of Natural Rubber Producing Countries (ANRPC) expects Vietnam's output to remain stable in the coming years.

Potential supply from Africa

While production in Indonesia and Malaysia is expected to continue declining, and output in Thailand and Vietnam is expected to remain stable, Côte d'Ivoire is considered to have long-term supply potential. This could limit the upside potential for natural rubber prices. Based on Thailand's maximum capacity, Côte d'Ivoire's production could increase by 0.5–1.0 million tonnes. Accordingly, the country's maximum production is estimated at 2.3–2.8 million tonnes.

Figure 8: Potential supply from Côte d'Ivoire



Liberia has some favorable conditions in West Africa for rubber cultivation. It is the only one among the five West African countries to benefit from a 0% tariff on natural rubber exports to China. The Liberian government has imposed a ban on exports of unprocessed natural rubber, requiring foreign companies to invest in domestic processing facilities. Chinese companies have had limited involvement in rubber processing in Liberia, with Melian Group and Guansheng being the only notable participants. The biggest constraint on imports by downstream Chinese companies is Liberia's limited capacity. If the country's production capacity improves in the future, its 0% tariff advantage could make Liberia a more attractive source of rubber for Chinese companies than Côte d'Ivoire. However, we believe this scenario is unlikely to materialize within the next five years.

Few African countries are likely to replicate Côte d'Ivoire's model in the near term. Côte d'Ivoire's rubber industry has expanded rapidly since 2015, driven by two key factors: (1) the government implemented a nine-year development plan starting in 2009, which encouraged rubber planting. A large portion of the planted areas is entering the early stage, contributing to rapid supply growth; and (2) during the same period, several Chinese companies, including Meilan Group and Hainan Rubber, made significant investments in rubber processing facilities, laying the foundation for the development of the industry's value chain. In the near term, other African countries lack the combination of supportive government policies, newly planted areas, and investment in processing capacity that has driven Côte d'Ivoire's growth. Therefore, we believe the likelihood of these countries replicating Côte d'Ivoire's model in the foreseeable future remains relatively low.

Tree liquidation and land compensation make a meaningful contribution to profit of rubber companies

Tree liquidation income increases thanks to land conversion

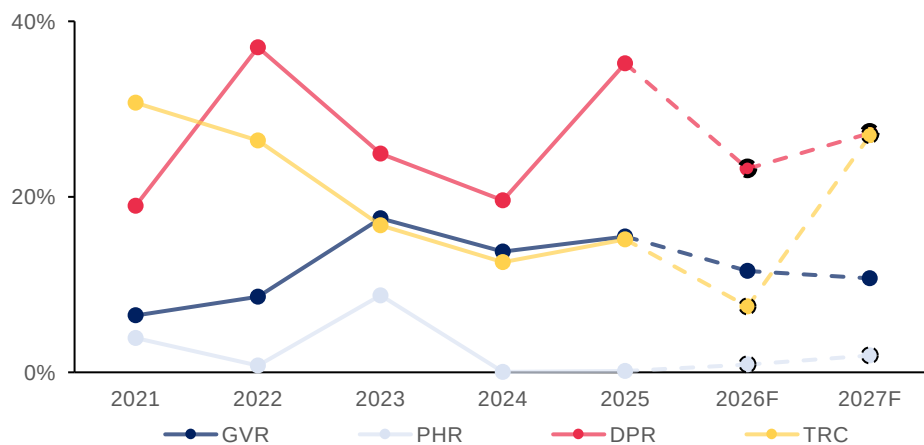
Tree liquidation income comprises both planned and unplanned liquidation.

- ✓ **Planned tree liquidation:** Rubber trees have an average lifespan of 25–40 years, depending on soil conditions, weather, and cultivation practices. Aging trees with declining yields are sold for timber processing. Liquidating low-yielding trees and replanting new rubber trees can generate better economic benefits from the existing land area.
- ✓ **Unplanned tree liquidation due to land conversion and fallen trees:** When rubber land is recovered for conversion into real estate, IPs, or infrastructure projects, the area depends on the requirements of the new project. Extreme weather conditions can also cause trees to fall, uproot, or be dried and decayed.

The annual liquidation area depends on tree yields and replanting plans. For example, DPR liquidates approximately 400–500 ha/year, TRC does around 180–200 ha. PHR does only a small area in 2024–2025. DRI has not yet recorded this activity as its rubber trees remain in the development stage. In 2026, GVR targets total liquidation area of approximately 7,400 ha.

Liquidation prices depend on the timber volume (m³/tree) and firewood volume (ster/tree) of each rubber tree (1 ster = 0.7 m³). Timber prices are approximately VND 1.3 million/m³, while firewood prices are around VND 0.2 million/ster. Plantation density ranges from 500 to 800 trees/ha, resulting in a liquidation value of approximately VND 100–500 million/ha. Tree liquidation is typically conducted through auctions. Tree liquidation income is calculated as Contract value – (Historical cost – Accumulated depreciation + Liquidation costs, if any). Tree liquidation income accounts for a relative portion of the company's profit. During 2021–2025, this income represented 27% of DPR's pre-tax profit, 20% of TRC's, 12% of GVR's, and 3% of PHR's (DPR has a high contribution from this income because its long-established plantations are continuously replanted, with about 400 ha/year, and the company owns a wood processing plant. For 2026–2027, we forecast total income from tree liquidation to increase by 24%/4% yoy, respectively, driven by tree liquidation associated with the conversion of rubber land at GVR, PHR, and TRC.

Figure 9: Tree liquidation income/pre-tax profit



(Source: MBS Research)

Land conversion generates both extraordinary earnings and new opportunities for rubber companies

Land compensation can be divided into two cases. The first case involves conversion for state-invested projects. Compensation rates are determined in accordance with regulations in each locality and range from VND 0.1–0.5 billion/ha, equivalent to tree liquidation prices. The second case involves conversion for real estate, IPs, or other projects not invested by the Government. Compensation rates are negotiated between the developer and the rubber company and are paid upfront rather than the project development schedule. This represents an extraordinary income for rubber companies.

Beyond land compensation, rubber companies can participate in joint development of new projects. For example, GVR collaborates with Becamex IDC and VSIP to develop eco-smart industrial–urban–service complexes and social housing in Binh Duong Ward (HCMC), aimed at attracting investment and supporting the development of the Northern HCMC Science and Technology Urban Area. PHR could cooperate with VSIP to develop an urban project adjacent to an IP, covering about 500 ha, in Bac Tan Uyen Commune. TRC is increasing its capital, creating opportunities to participate in the development of urban areas and IPs in Tay Ninh.

Figure 10: Land conversion in 2026–2027

Company	Projects	Land area	Notes
GVR	Eco-smart industrial–urban–service complexes and social housing in Binh Duong Ward (HCMC)	About 8,000 ha	Plan to convert about 8,000 ha of rubber land by 2030
	Bac Tan Uyen 1 IP	786 ha	Land compensation agreement with Thaco (VND 1.44 trillion)
PHR	VSIP III Binh Duong IP	691 ha (compensation area)	Instead of making payments following the project schedule, VSIP will make a one-off payment of the remaining land compensation to PHR. The compensation rate is VND 4.7 billion/ha for the 691ha land area, resulting in total compensation of VND 3.26 trillion. The remaining amount of approximately VND 2.1 trillion is expected to be received in 2026–2027.
DPR	High-tech agricultural project	1,500 ha	Developer approval (the company being affiliated with Xuan Thien Group). Land compensation is expected to be recognized during 2027–2029.
TRC	Hiep Thanh IP	574 ha	Construction commenced in December 2025, with the land compensation expected to be approved in 2026.
	Thanh Duc 1 IP	500 ha	Investment approval, with potential for expansion through Thanh Duc IPs 2&3.

(Source: MBS Research)

Assessment of State divestment during 2026–2030

On August 5, 2026, the Prime Minister issued Decision No. 40/2026/QD-TTg on criteria for classifying enterprises to restructure state capital at state-owned enterprises and enterprises with state ownership. Based on the classification criteria, the rubber companies under our coverage do not meet the criteria specified in Article 3 of the Decision. The restructuring framework allows the State to fully divest from the companies, meaning that its ownership stake could be reduced to 0%. Although the divestment plan has not yet been announced, we believe that during 2026–2030, the State is likely to reduce its ownership stake in GVR to below 90% to comply with regulations applicable to public companies. In contrast, we believe state divestment from PHR, DPR, and TRC is unlikely.

Figure 11: Assessment of potential divestment

Company	Founding shareholder ownership	State ownership under Decision No. 40/2026/QD-TTg	Assessment of potential divestment during 2026–2030	Notes
GVR	The Ministry of Finance holds a 96.77% stake.	≥0%	≤90%	To comply with public company requirements under the Law on Securities, the State's ownership stake in GVR must be reduced to below 90%.
PHR, DPR, TRC	GVR is the parent company	≥0%	Low	According to GVR's development strategy proposal for 2026–2030, with a vision to 2045, these companies are not subject to GVR's divestment plan.
DRI	DRG holds a 45% stake	Non-SOE	None	According to the 2026 Annual General Meeting minutes, the company's management stated that DRG has no plans to divest its stake in DRI and intends to continue supporting DRI.

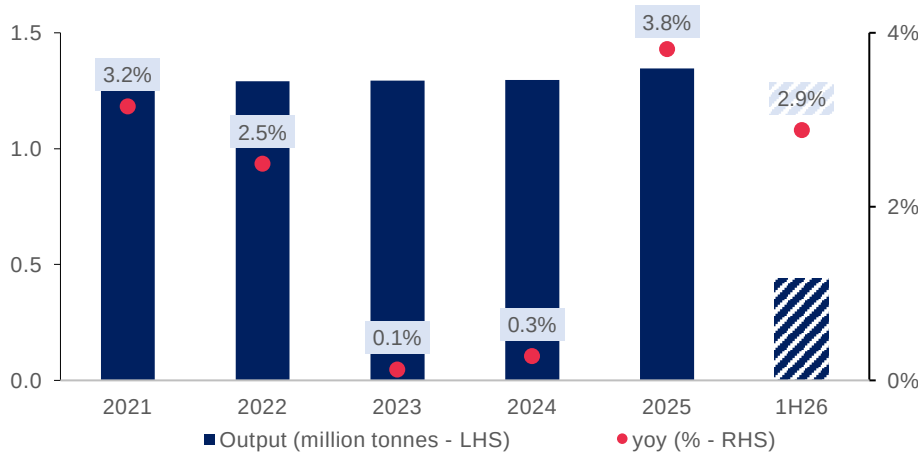
(Source: MBS Research)

Domestic rubber industry in 1H2026

Output and export value

According to the General Statistics Office of Vietnam, natural rubber output reached 308 thousand tonnes in 2Q2026 (+5% yoy) and 440 thousand tonnes in 1H2026 (+3% yoy). This represents the highest level during 2021–2026, driven by elevated natural rubber prices since the beginning of 2026, which have encouraged growers to increase tapping activity.

Figure 12: Output increased in 1H2026, driven by elevated rubber prices



(Source: General Statistics Office of Vietnam, MBS Research)

Higher rubber prices lifted Vietnam's average export price by 4% yoy to USD 1,924/tonne. Export volume reached 638 thousand tonnes, down 8% yoy, bringing export value in 1H2026 to USD 1.22 billion, down 4.6% yoy. By market, Vietnam's rubber exports declined mainly due to weak demand from China. In contrast, exports to several other markets recorded solid growth, with Indonesia becoming Vietnam's second-largest market. We forecast Vietnam's export value to exceed the 2026 target and increase 6% yoy, driven by a 15% yoy increase in average export price, partly offset by an 8% yoy decline in export volume.

Figure 13: Export value declined due to weaker demand from China

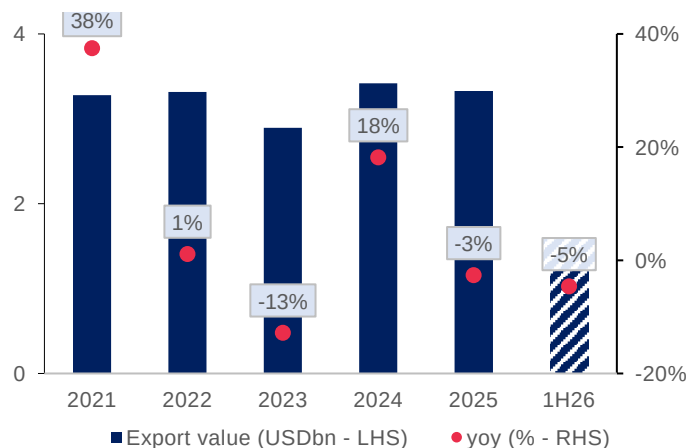
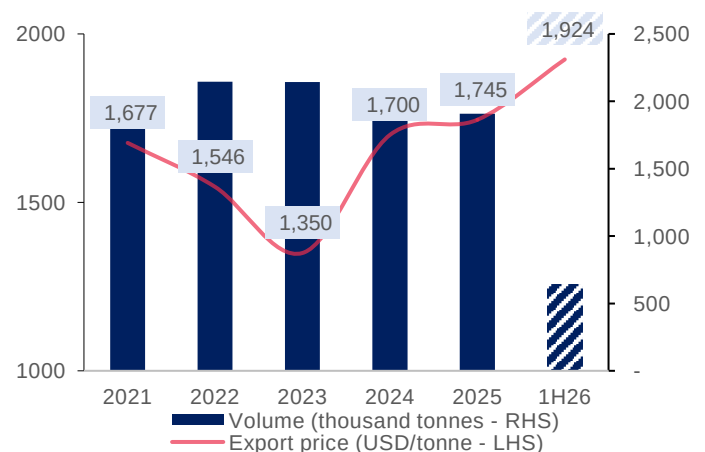


Figure 14: Average export price increased



(Source: Vietnam's Custom, MBS Research)

1H2026 business results grew strongly

Figure 15: Revenue and NP of the rubber companies under our coverage

Company	%revenue	%NP	Gross margin	Net profit margin	ROE (TTM)	ROA (TTM)	Comments
GVR	38%	68%	28%	28%	12.2%	8.2%	Revenue increased 38% yoy, driven by a 44% yoy increase in rubber latex revenue. Gross margin remained unchanged yoy at 28%. GVR recorded VND 1,028 billion in tree liquidation income (+39% yoy) and VND 956 billion in land compensation while only VND 89 billion in the same period last year. As a result, NP increased 68% yoy.
PHR	29%	245%	29%	74%	21.9%	14.5%	Sales from rubber latex production and trading were the main contributors to revenue in 1H2026. Rubber latex revenue increased 31% yoy, with gross margin reaching 28%, up 2ppt yoy, driven by higher prices. Supported by VND 495 billion in proceeds from VSIP (VND 323 billion) and Thaco (VND 172 billion), NP increased 245% yoy, with NP margin reaching 74%.
DPR	63%	58%	39%	28%	13.6%	6.1%	The two main segments, rubber latex and tree liquidation and wood processing, recorded revenue growth of 77% and 36% yoy, respectively. Supported by a large deposit amid higher interest rates, financial income increased 34% yoy. As a result, NP reached VND 187 billion, up 58% yoy.
TRC	12%	35%	29%	35%	12.5%	10.9%	Rubber latex revenue increased 12% yoy, while the segment's gross margin declined by 6ppt due to a higher proportion of lower-quality rubber. The company liquidated 182.3 ha of rubber trees, generating approximately VND 40 billion in income, compared with no income from this activity in the same period last year. As a result, NP increased 35% yoy to VND 142 billion.
DRI	61%	83%	41%	29%	30.1%	23.5%	Rubber latex revenue increased 63% yoy, driven by the sale of 2025 carryover inventories in early 2026 at favorable prices. Financial income increased 110% yoy, supported by VND/LAK foreign exchange gains. The company has not yet recorded any tree liquidation income, as its rubber area remain in the development stage.
Total	38%	77%	N/A	N/A	N/A	N/A	

(Source: FiinproX, MBS Research)

Figure 16: Gross margins on rubber latex at most companies reached/exceeded their 2021–25 highs in 1H2026

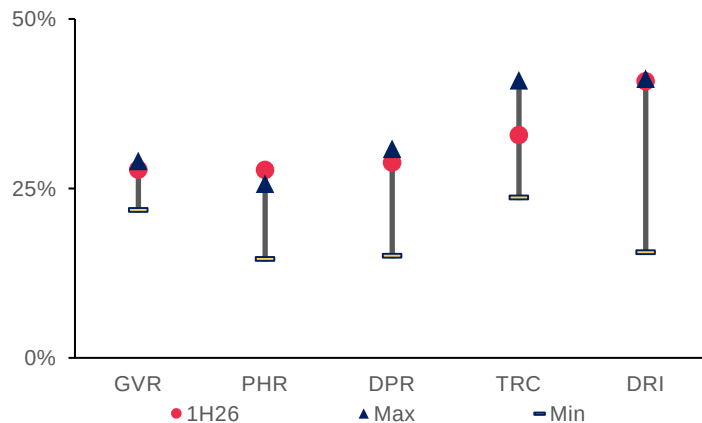
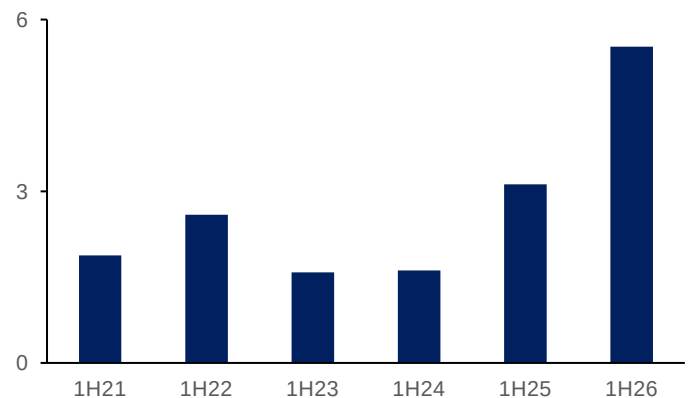


Figure 17: Aggregate NP increased 77% yoy, reaching the highest level in the past five years (VND trillion)



(Source: The company's financial statements, FiinproX, MBS Research)

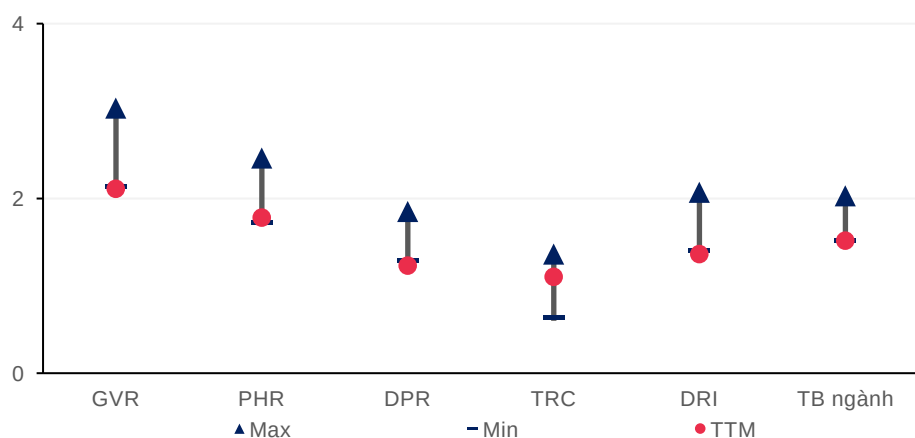
Stock picks

Investment thesis and valuation of rubber industry

2026–2027 is expected to be a strong earnings period for the rubber industry, driven by: (1) revenue and gross profit of rubber latex, which are expected to grow 28%/-1% yoy and 48%/6% yoy, respectively, with gross margins expanding by 5ppt/2ppt yoy, supported by expectations that rubber prices will remain elevated through the end of this year before breaking out to USD 2.8–3.0/kg in 2H2027; and (2) tree liquidation income and land compensation income from rubber land conversion, which are expected to make a significant contribution to profit. Accordingly, we expect aggregate NP of the rubber companies under our coverage to grow 92%/-3% yoy.

Compared with the most recent period of growth cycle from June 2024 to March 2025, the sector's average TTM and forward P/B ratios are relatively attractive at 1.5x and 1.3x, respectively, vs. a high of 2.0x and a low of 1.5x. We believe this is an opportune time to accumulate rubber stocks for 2H2026–2027. Our stock picks are based on two key factors: (1) companies with the potential to increase or maintain output amid rising prices are expected to benefit the most; and (2) companies that can record extraordinary income from land compensation. **We favor GVR, TRC, and PHR.**

Figure 18: The sector and rubber stocks' average P/B ratios are relatively attractive compared with the most recent period of growth cycle (June 2024–March 2025)



(Source: FiinproX, MBS Research)

However, the rubber industry remains exposed to downside risks: (1) rubber prices could decline due to weaker demand in China and the US, the world's two largest automobile markets, as both countries gradually scale back policies supporting EV; (2) extreme weather conditions could increase the incidence of diseases in rubber trees, resulting in lower yield; and (3) greater availability of export-grade rubber from Africa could put downward pressure on global rubber prices.

Investment thesis of rubber stocks

Ticker	Target price (VND/share)	Recommendation	Investment thesis
GVR	38,800	ADD	- Industry-leading rubber company, accounting for more than 40% of Vietnam's rubber land area and about 35% of the country's output. We recommend positive outlook for GVR's rubber segment, supported by high prices and output growth, with approximately 20% of its area yet to be tapped; - Land compensation income from VSIP and Thaco in 2026–2027 (with GVR benefiting indirectly through PHR), totaling approximately VND 3.6 trillion. Accordingly, we expect NP to grow 68%/2% yoy in 2026–2027. - New IP land bank of more than 2,500 ha provides a long-term growth driver, including Hiep Thanh, NTU3, Rach Bap phase 2, Bac Dong Phu ext, Nam Dong Phu ext, and Minh Hung 3 phase 2. - The Government's newly issued Decision No. 40/2026/QD-TTg raises expectations that the State may plan to reduce its ownership stake in GVR from 96.8% to below 90% to comply with the Law on Securities.
PHR	44,100	ADD	- Land compensation agreements provide substantial funding for the company's long-term growth. Total land compensation income is expected to reach VND 3.6 trillion in 2026–2027, including VND 2.1 trillion from VSIP and VND 1.5 trillion from Thaco. Accordingly, we expect NP to increase 4.7x and 3.9x yoy in 2026–2027, respectively, compared with the 2025 base; - The company has nearly fully repaid its debt and paid a 14% cash dividend for 2025–2026.
DPR	56,500	ADD	- Benefits from elevated rubber prices: Rubber latex revenue is expected to grow 28%/-3% yoy in 2026–2027, driven by 14%/5% yoy growth in prices. We expect NP to increase 28%/4% yoy in 2026–2027, respectively. - The Bac Dong Phu ext and Nam Dong Phu ext IPs have been approved, adding nearly 800 ha of land and creating a long-term growth driver. We expect these projects to begin generating cash flow over the next 2–3 years.
TRC	35,600	ADD	- Potential to increase output in Vietnam and Cambodia: In Vietnam, around 60–70% of the total area is being tapped, while about 2,000 ha of immature area consistently maintained. In Cambodia, plantation area established during 2013–2015 is entering their high-yielding stage. Given favorable soil conditions, we expect yields to exceed 2 tonnes/ha, with output reaching more than 12,000 tonnes within the next three years. - Extraordinary income from land compensation related to Hiep Thanh IP: The compensation rate is expected to be approved in 2026. On a conservative basis, assuming a compensation rate of VND 0.8 billion/ha, we estimate after-tax compensation income of approximately VND 360 billion. Accordingly, we expect NP to grow 188%/-37% yoy in 2026–2027, respectively. - Tay Ninh province approved the investment certificate for Thanh Duc 1 IP, a component of the Thanh Duc urban–service–industrial complex. The project is located on TRC's rubber land. While there is currently no official information, we expect TRC to either receive land compensation or participate in the project's development. - The company maintains a high cash dividend policy, with the 2026 dividend yield expected at approximately 9%.
DRI	20,900	ADD	- Rubber plantation in Laos is in a high-growth phase, providing an advantage amid supply shortages: Most of the plantation area has entered its peak-yielding stage, with yields exceeding 2 tonnes/ha. We expect output to reach 16,000–17,000 tonnes/year in 2026–2027. - The company has obtained EUDR/FSC certification for its products in Laos. Certified EUDR/FSC products command a premium of approximately USD 130/tonne over non-EUDR/FSC products, increasing the company's economic value while paving the way for DRI's products to be exported to the EU once the EUDR officially takes effect in 2027. - The company has progressively increased its dividend payout as profitability improves and foreign exchange risk eases. The 2026 cash dividend of 10% implies a dividend yield of approximately 7%.

(Source: MBS Research)

FY26-27F business results

VNDbn	GVR			PHR			DPR		
	2025	2026F	2027F	2025	2026F (*)	2027F (*)	2025	2026F	2027F
Revenue	29,078	35,910	35,780	1,795	1,876	1,895	1,188	1,436	1,431
yoy (%)	11%	23%	0%	10%	5%	1%	-3%	21%	0%
Gross profit	8,653	11,613	12,290	504	603	628	462	522	543
Gross margin (%)	30%	32%	34%	28%	32%	33%	39%	36%	38%
EBITDA	8,068	10,083	10,635	423	616	667	410	489	499
EBITDA margin (%)	36%	41%	42%	44%	162%	138%	47%	46%	48%
NP	5,319	8,937	9,096	478	2,233	1,871	392	503	537
yoy (%)	33%	68%	2%	4%	367%	-16%	1%	28%	7%
EPS (VND/share)	1,330	2,234	2,274	3,529	11,771	7,671	4,514	5,785	6,182
BVPS (VND/share)	14,089	15,927	17,799	29,707	24,404	29,660	29,666	32,532	33,473
Net cash/share	5,250	6,736	8,611	15,065	15,173	20,120	23,705	28,089	29,326
Net D/E	-0.1	-0.1	-0.2	-0.10	-0.08	-0.08	-0.08	-0.08	-0.05
Dividend yield (%)	1%	1%	2%	2%	7%	9%	4%	9%	5%
ROAE (%)	10%	15%	13%	12%	45%	28%	16%	19%	19%
ROAA (%)	6%	10%	9%	8%	31%	22%	8%	10%	10%

VNDbn	TRC			DRI		
	2025	2026F (*)	2027F (*)	2025	2026F	2027F
Revenue	844	1,111	1,059	684	1,013	949
yoy (%)	13%	32%	-5%	45%	48%	-6%
Gross profit	294	413	422	262	421	455
Gross margin (%)	35%	37%	40%	38%	42%	48%
EBITDA	264	413	426	228	407	432
EBITDA margin (%)	41%	90%	63%	36%	44%	50%
NP	251	722	455	157	284	315
yoy (%)	13%	188%	-37%	44%	80%	11%
EPS (VND/share)	8,353	9,623	3,791	2,150	3,880	4,300
BVPS (VND/share)	70,798	22,964	24,955	9,578	12,176	14,442
Net cash/share	16,043	10,014	11,357	1,524	3,455	5,635
Net D/E	-0.19	-0.09	-0.11	0.02	-0.03	-0.14
Dividend yield (%)	3%	8%	9%	6%	7%	10%
ROAE (%)	13%	30%	16%	24%	36%	32%
ROAA (%)	11%	27%	15%	19%	28%	27%

(*) Adjusted for the new share count following the rights issue

(Source: The company's financial statements, MBS Research)

Figure 19: Peer comparison

Company name	Tick er	Market price	Market Cap (VNDbn)	P/E		P/B		ROE (%)		ROA (%)	
				TTM	2026	TTM	2026	TTM	2026	TTM	2026
Vietnam Rubber Group	GVR	31,800	127,200	18.1	14.2	2.1	2.0	12.0	14.9	8.0	9.9
Phuoc Hoa Rubber	PHR	33,700	8,219	8.7	3.9	2.0	1.4	12.3	44.8	7.9	31.5
Dong Phu	DPR	37,350	3,245	9.4	6.5	1.2	1.1	13.6	18.6	7.6	10.2
Tay Ninh Rubber	TRC	81,500	2,445	8.6	3.4	1.2	0.9	13.3	29.6	11.9	26.8
Dak Lak	DRI	14,900	1,091	4.8	3.8	1.3	1.2	30.1	35.7	23.5	27.8
Average				9.9	6.4	1.6	1.3	16.3	28.7	11.8	21.2

(Source: FiinproX, MBS Research)

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MBS RECOMMENDATION FRAMEWORK

Stock Ratings

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

ADD	The stock's total return is expected to reach 15% or higher over the next 12 months
HOLD	The stock's total return is expected to be between negative 15% and positive 15% over the next 12 months
REDUCE	The stock's total return is expected to fall below negative 15% over the next 12 months

Sector Ratings

POSITIVE	Stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
NEUTRAL	Stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
NEGATIVE	Stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

ABOUT MBS

Founded in May 2000 by the Military Commercial Joint Stock Bank (MB), MB Securities Joint Stock Company (MBS) is one of the first six securities companies in Vietnam. After years of development, MBS has grown into one of the premier brokerage houses in the country. In two consecutive years between 2009 and 2010, MBS leads the brokerage house in terms of market share on both Hanoi Stock Exchange (HNX) and HCMC Stock Exchange (HOSE) and continuously ranked among the Top 5 of market share at both stock exchanges.

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