

TEXTILES

WAITING FOR THE SUN TO RISE



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OVERVIEW

Having recovered from the global downturn caused by high inflation, the textile and garment industry continues to face the wave of the US-China trade war 2.0. Unlike the previous cycle, this round has a broader impact as tariff measures are expanded on a global scale. Export performance of textiles to the US has been volatile: surging in 1H2025 as businesses accelerated shipments ahead of tariffs, but slowing down in the second half due to rising importers' inventories. Despite fluctuations in 2025, Vietnam demonstrated strong adaptability, with textile and footwear export values reaching USD 39 billion (+8% YoY) and USD 24 billion (+6% YoY), respectively. By maintaining a stable 20% tariff rate with the US has positioned, Vietnam has positioned itself as the largest supplier to this market, achieving a 21.3% market share (+140 bps YoY). Meanwhile, although China and Bangladesh continue to dominate the European market thanks to lower costs, Vietnam still shows potential to expand its share by 12 bps YoY to 4.8%, reflecting a strategy of moving up the value chain rather than competing purely on price.

In 2026, the global textile industry is expected to face a mixed outlook, with increasing consumer caution amid prolonged geopolitical tensions. On the positive side, easing inflation and proactive business adjustments are key supporting factors. We expect Vietnam to maintain its competitive advantages, including the ability to fulfill large-scale orders, meet high-quality standards, and benefit from a stable political environment. These advantages are likely to translate into quantitative gains, with market share in the US and EU projected to increase by 50 bps and 10 bps, respectively. Export values to the US and EU are forecast to reach USD 17.7 billion (+7% YoY) and USD 4.7 billion (-3% YoY). This divergence reflects contrasting demand dynamics between the two markets in 2026.

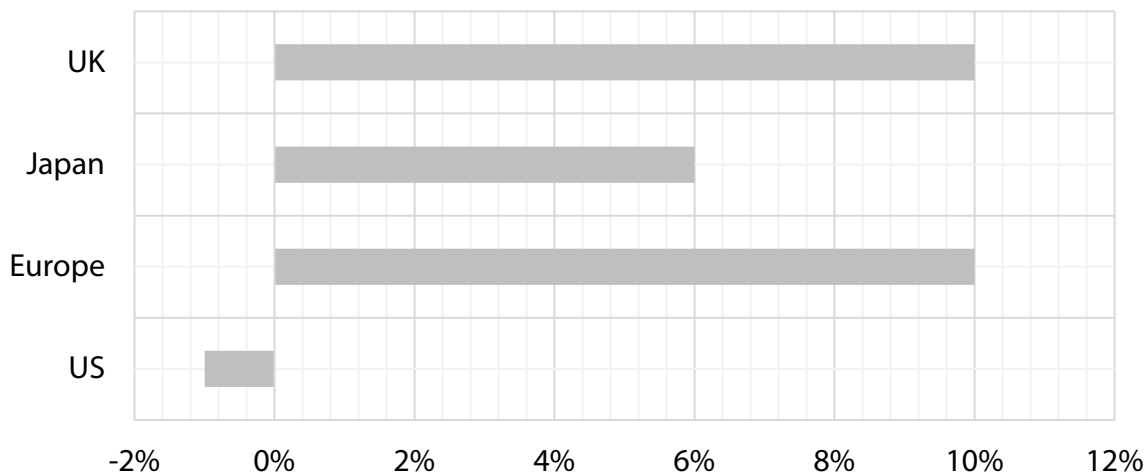
2026 HIGHLIGHTS

- **The EU market:** Textile import value is projected at USD 95 billion (-6% YoY), returning to the 2021-2025 average after an unusually strong increase in 2025. Consumption pressure intensifies as income growth (+1% YoY) lags behind inflation (+2% YoY), weakening real purchasing power. With economic growth expected at only around 1.2% in 2026, import demand is likely to decline from the high base of 2025.
- **The US market:** Textile import value is projected at USD 82 billion (+5% YoY), recovering from the 2025 low (the lowest level in the past 10 years) and returning to long-term averages. The recovery is driven by inventory restocking after a sharp decline, along with more stable consumption compared to Europe, supported by disposable income growth (+1% YoY) and consumer credit expansion (+3% YoY). At the same time, spending on goods remains at 2.7% of total income and has stopped declining, indicating stabilizing demand and creating momentum for import recovery.
- Textile stocks have been under pressure from macroeconomic and geopolitical uncertainties since April 2025, leading to valuations that have not fully reflected earnings growth. Stocks are currently trading at P/E and EV/EBITDA fwd 2026 at levels 30-40% below the mean 5Y industry, indicating attractive valuations. We recommend **BUY** for MSH, TNG.

RISKS

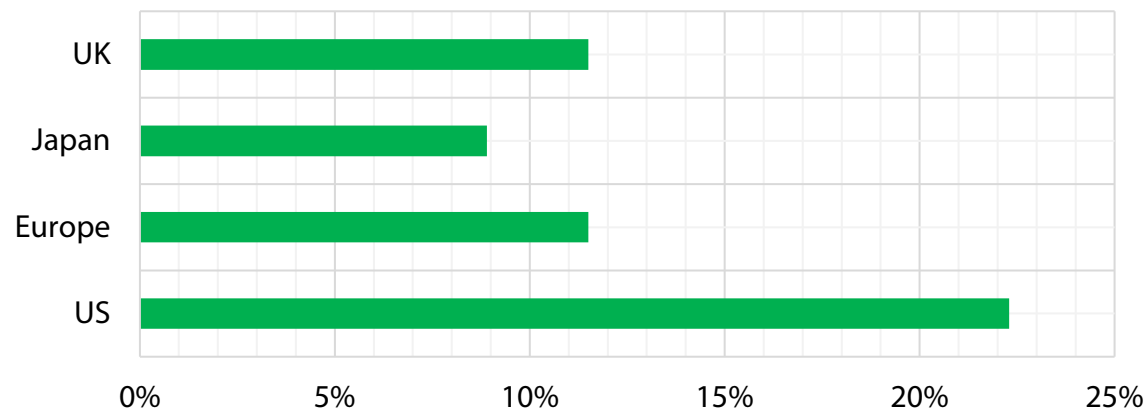
- Rising costs may put pressure on consumer demand in the US, leading to reduced orders for fashion and textile products.
- In non-US markets, Vietnamese enterprises continue to face strong price competition from Chinese products, which are rapidly expanding into these regions.

Apparel Imports of Major Markets 10M2025 (YoY%)



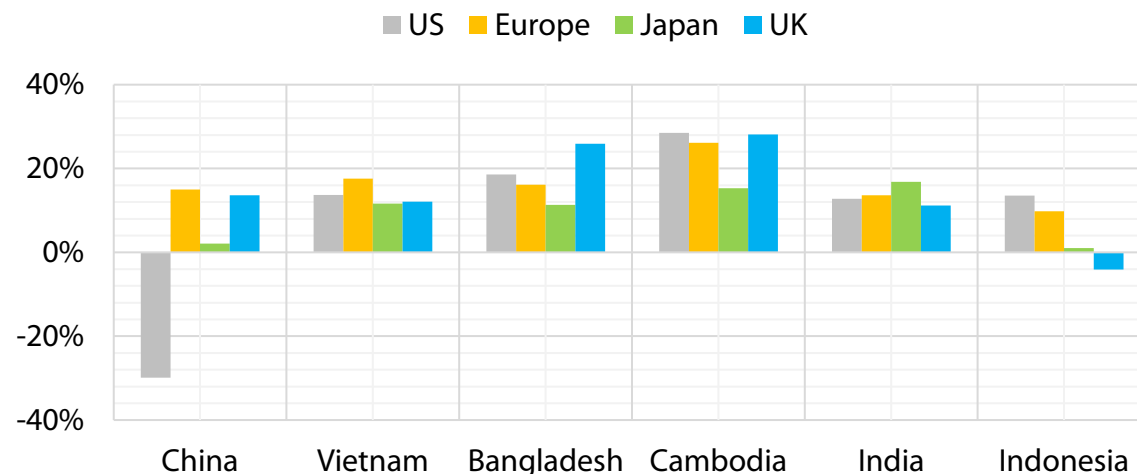
Source: USITC, Rong Viet Securities

Average tariff rates on apparel in selected countries following the US tariff policies



Source: USITC, Rong Viet Securities

Textile Exports to Major Markets 10M2025 (YoY%)



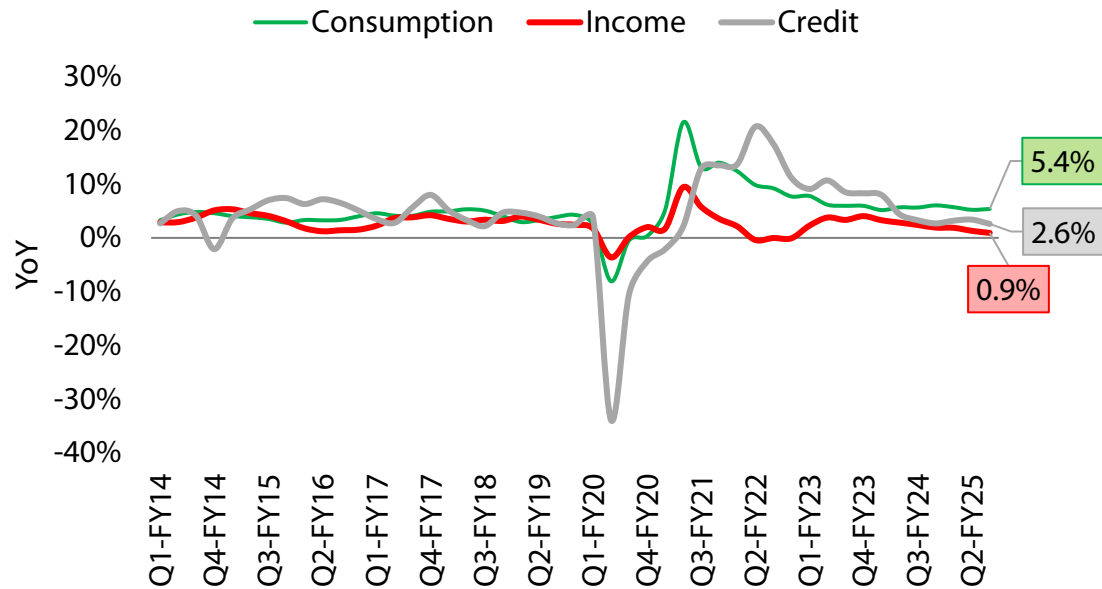
Source: USITC, Rong Viet Securities

Tariffs have surged under President Trump, restraining the US apparel import demand.

- The average tariff rate in 2025 for textile and garment imports into the US reached 22%, which was more than double the rates applied in Europe, the UK, and Japan. Higher product prices have reduced consumer spending on apparel in the US
- The value of the US textile imports declined by 1% YoY, while import growth in other markets reached 6-10% YoY.

Amid the impact of the US tariffs, Asian manufacturing countries have demonstrated strong adaptability, with most achieving positive growth in 10M2025.

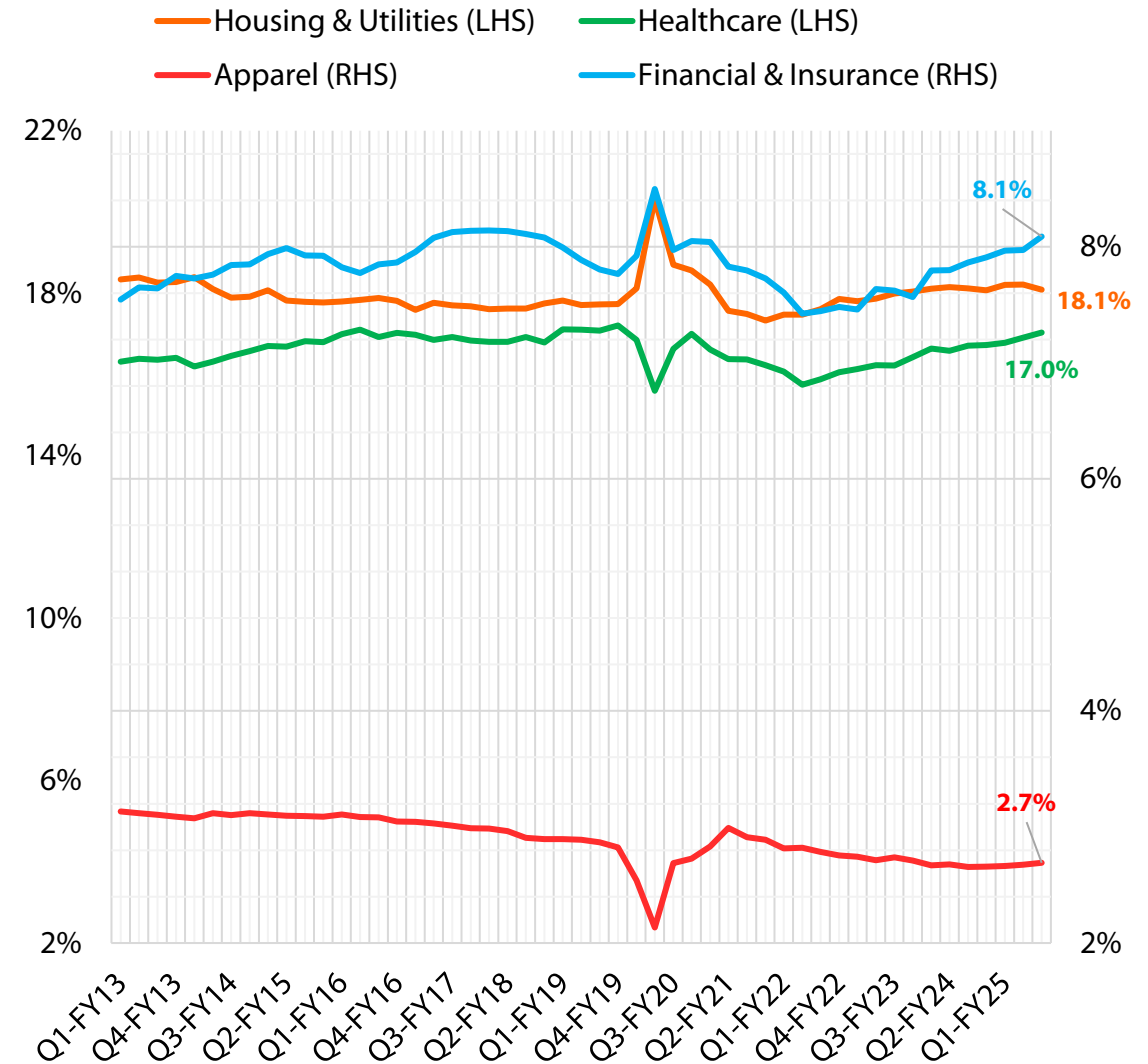
Growth in Consumption, Real Income, and Credit Card Debt



Source: US BEA, RongViet Securities

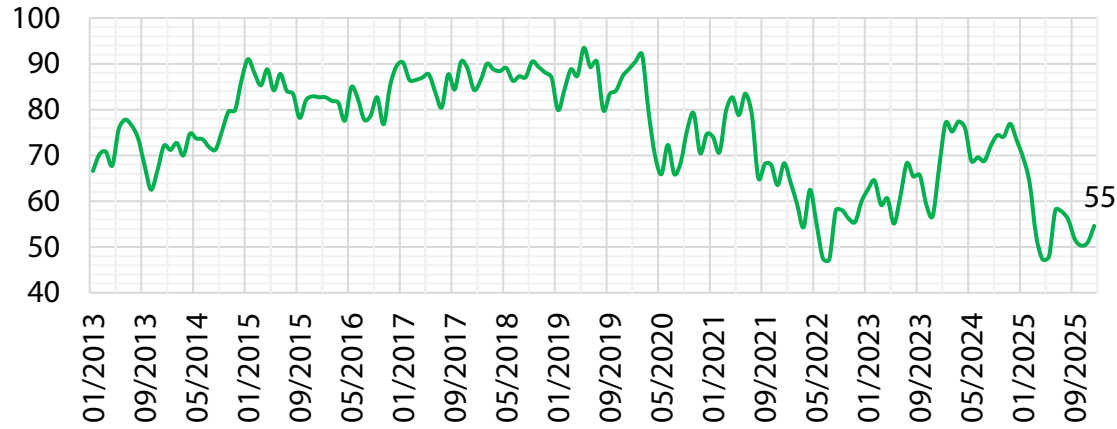
- As of 9M2025, the US personal consumption increased by 5% YoY, indicating that domestic demand remains relatively stable. Growth is supported by a 1% YoY increase in real disposable income and an expansion in consumer credit (+3% YoY).
- Spending structure continues to shift toward essential and more sustainable categories, with housing and utilities accounting for 18%, alongside rising expenditures on healthcare, financial services, and insurance. In contrast, apparel and footwear maintain a low share (~2.7%) and have remained flat since Q1-FY24, reflecting a more selective consumption trend.

The US Consumer Spending Breakdown (% of Total Income)



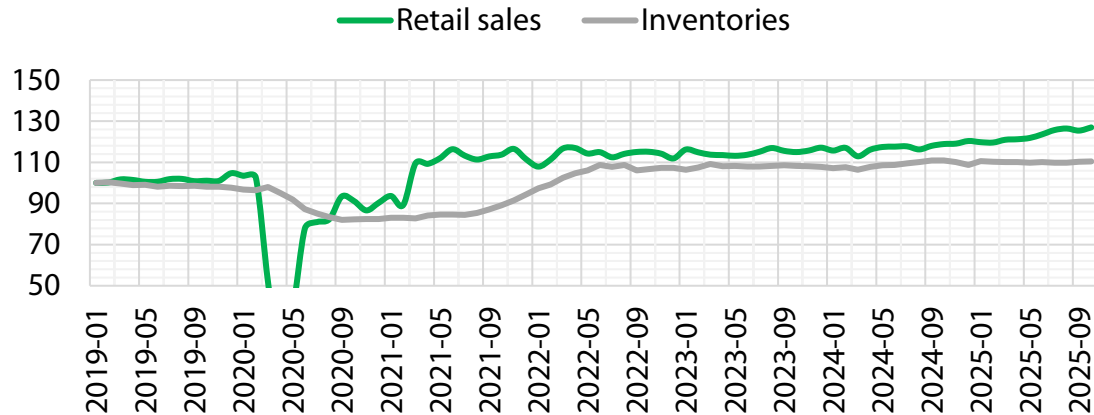
Source: US BEA, RongViet Securities

Consumer confidence shows slight improvement toward the end of 2025 but remains at a low level



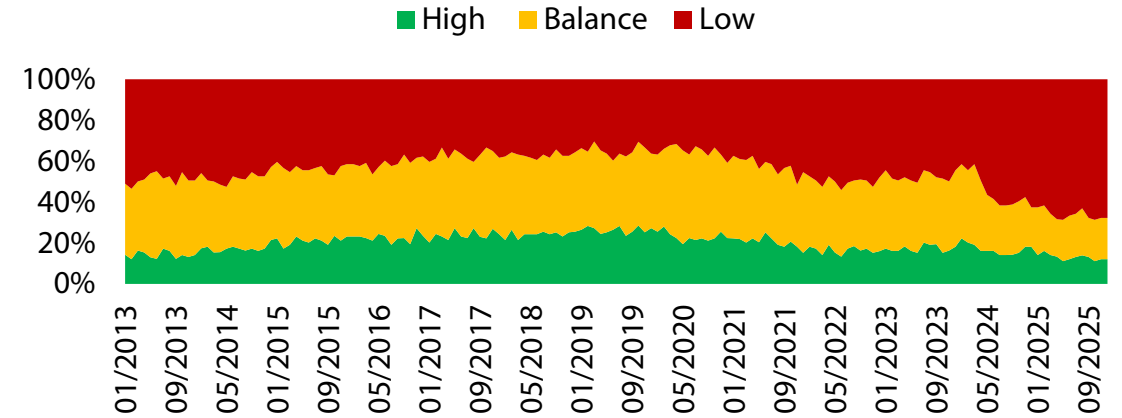
Source: University of Michigan, RongViet Securities

Retail sales grow modestly as consumers increase spending, while inventories are tightly managed...



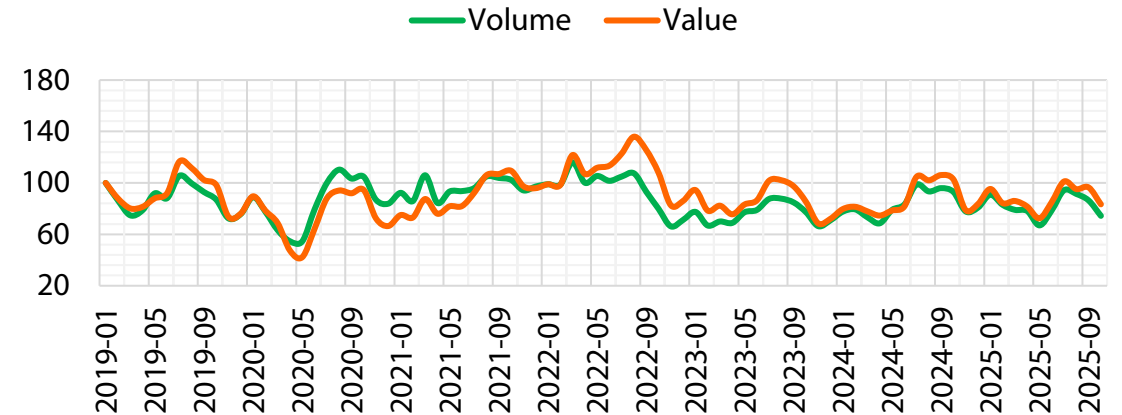
Source: Fred, RongViet Securities, 01/2019 = 100

Survey indicates that around 70% of consumers believe income growth will lag behind inflation



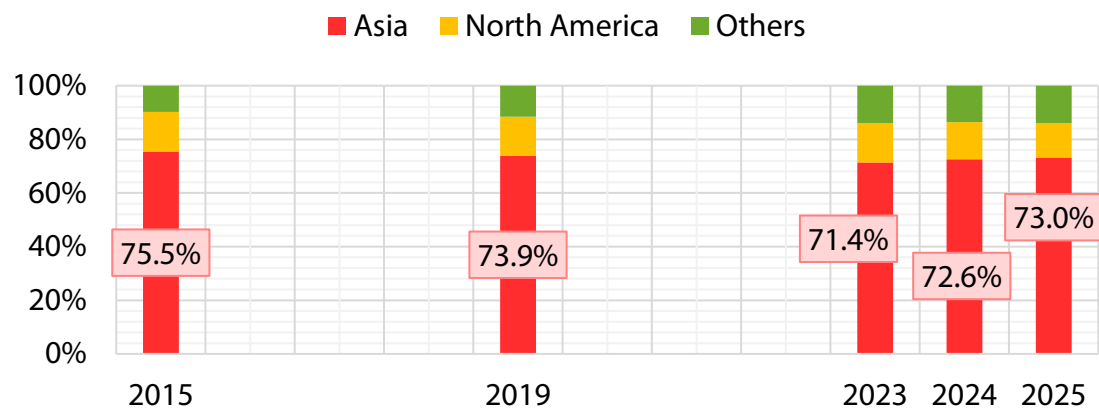
Source: University of Michigan, RongViet Securities

...therefore, fluctuations in apparel import activity are largely seasonal and remain unstable



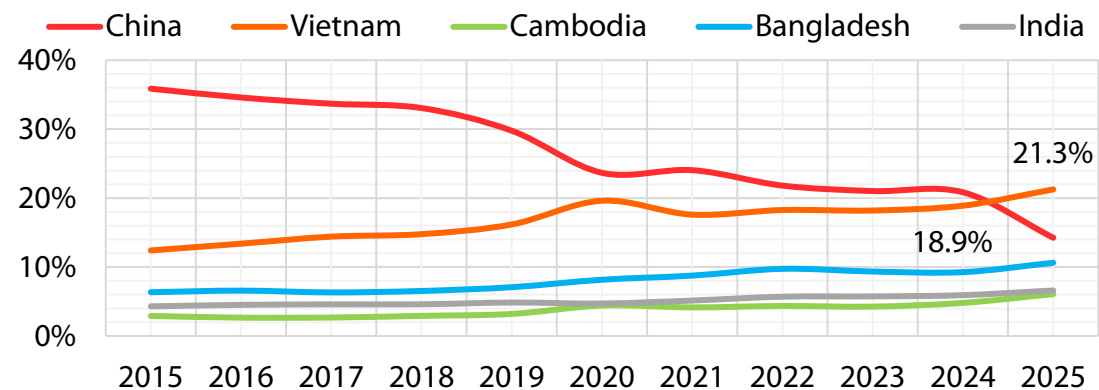
Source: OTEXA, RongViet Securities, 01/2019 = 100

Asia remains the key apparel manufacturing hub for the US, accounting for 73% of import value in 10M2025



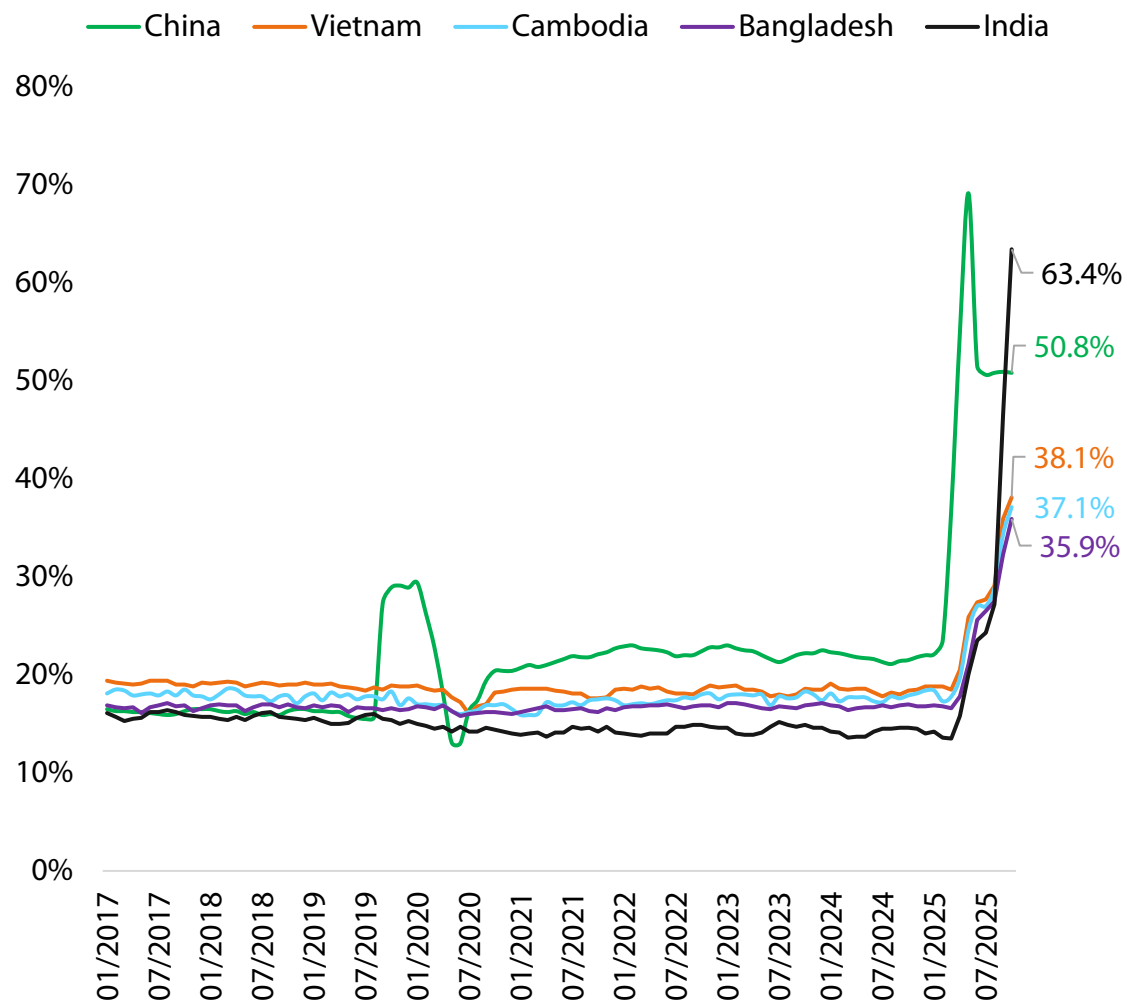
Source: OTEXA, RongViet Securities

Vietnam benefits from the trend of reduced reliance on China, emerging as the leading supplier in the US, with market share increasing from 19% to 21%



Source: OTEXA, RongViet Securities

Vietnam gains advantage from lower applicable tariffs compared to China and India, enhancing competitiveness and attracting US orders



Source: General Department of Customs, RongViet Securities

Garment export growth of each country and key markets (10M2025)

		Importing markets			
		United States	Europe	United Kingdom	Japan
Exporting country	China	-29.9%	15.0%	13.6%	2.1%
	Vietnam	13.7%	17.6%	12.1%	11.6%
	Bangladesh	18.6%	16.1%	25.9%	11.3%
	Cambodia	28.5%	26.1%	28.1%	15.3%
	India	12.8%	13.6%	11.2%	16.8%
	Indonesia	13.5%	9.8%	-4.1%	0.9%
	Pakistan	14.0%	16.9%	15.1%	-2.2%

Source: OTEXA, RongViet Securities

Proportion of the European market in the textile and garment export structure of each country

Country	2023	2024	2025	2025 vs 2024
China	17.1%	17.5%	18.9%	1.47
Vietnam	11.4%	11.5%	11.9%	0.45
Cambodia	31.4%	32.5%	31.4%	-1.10
India	28.2%	28.1%	28.5%	0.37
Indonesia	12.3%	11.9%	11.9%	0.02
Pakistan	42.8%	43.9%	43.1%	-0.87

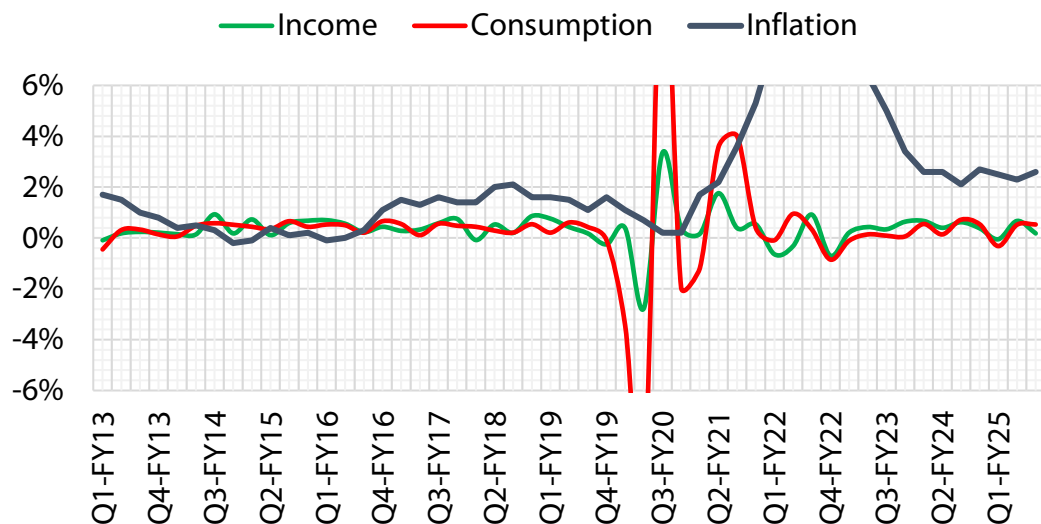
Source: General Department of Customs, RongViet Securities

Due to high countervailing duties in the US, China's garment exports to the US declined by nearly 30% in 10M2025. Meanwhile, exports to Europe and the UK increased by 15% and 13.6% respectively, raising the proportion in these two markets to 22.6% of China's total garment export value..

Similarly, the Europe also became a more important market for Vietnam, Bangladesh, and India in 10M2025 as these countries faced high duties in the US

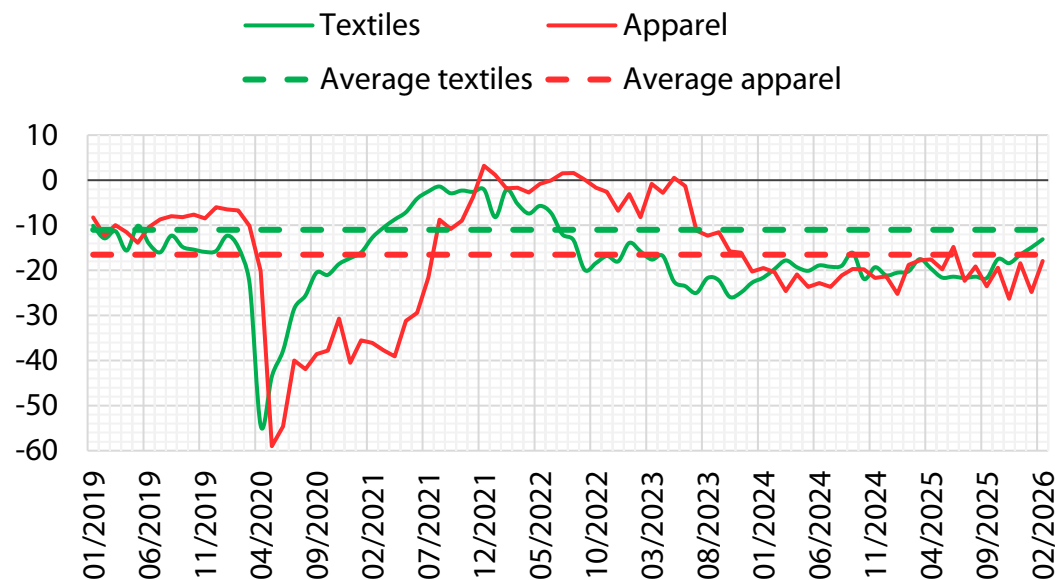
However, this shift is unlikely to be sustainable in the long term due to sluggish demand growth and the risk of rising protectionism.

Inflation, income and consumption growth in the EU (YoY %)



Source: Eustat, RongViet Securities

Business confidence in the EU

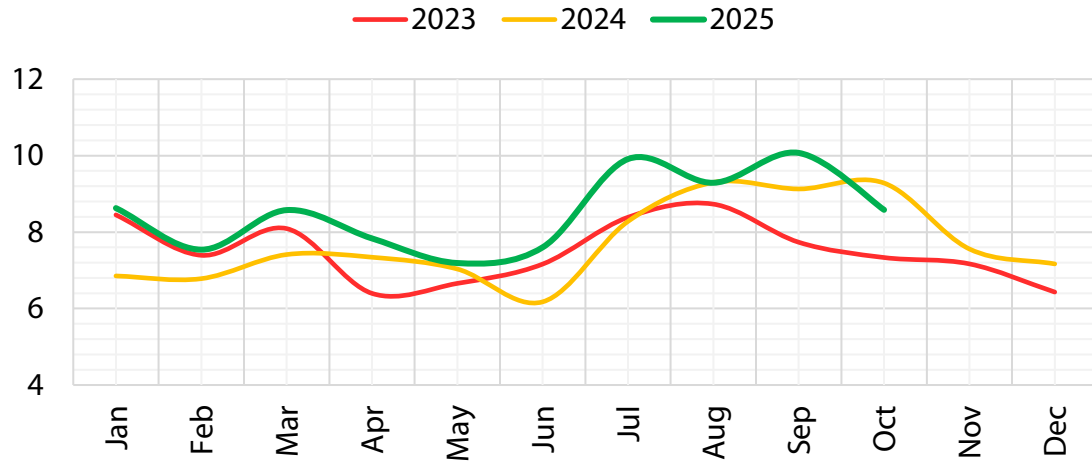


Source: Bloomberg, RongViet Securities

Although business confidence in the textile and garment industry has improved, it has yet to break through its long-term average; low income and consumption growth are early indicators of sluggish demand growth in Europe.

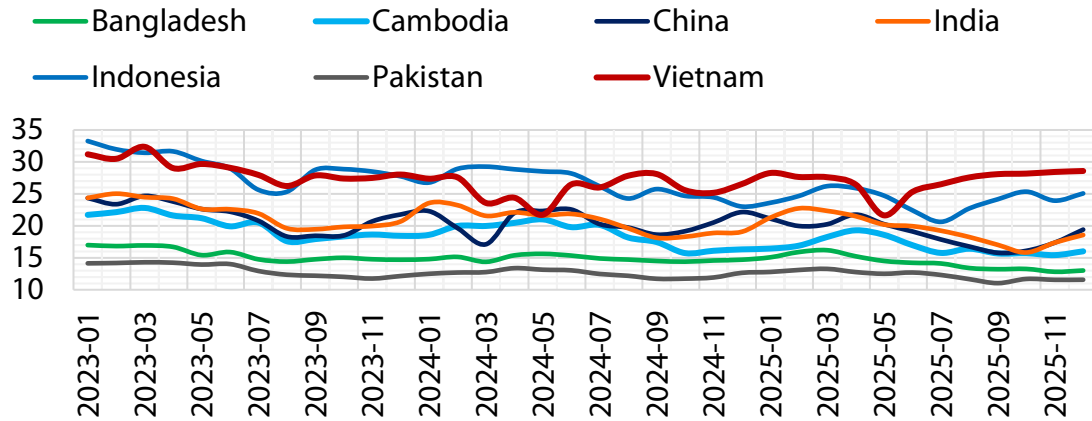
- In 2025, income and consumption maintained low growth, both reaching approximately 0.3% YoY. Meanwhile, inflation anchored at an average of 2.5%, leaving the Europeans with limited financial room to spend on garments, meaning total domestic demand has not strongly improved.
- The European textile and garment enterprises have noted an improvement in orders but are concerned about fierce competition from cheap imports, especially from China, while total demand remains stagnant. Therefore, although the business confidence index has increased over the past six months, it remains below the long-term average.

Europe's garment import value (USD Bn)



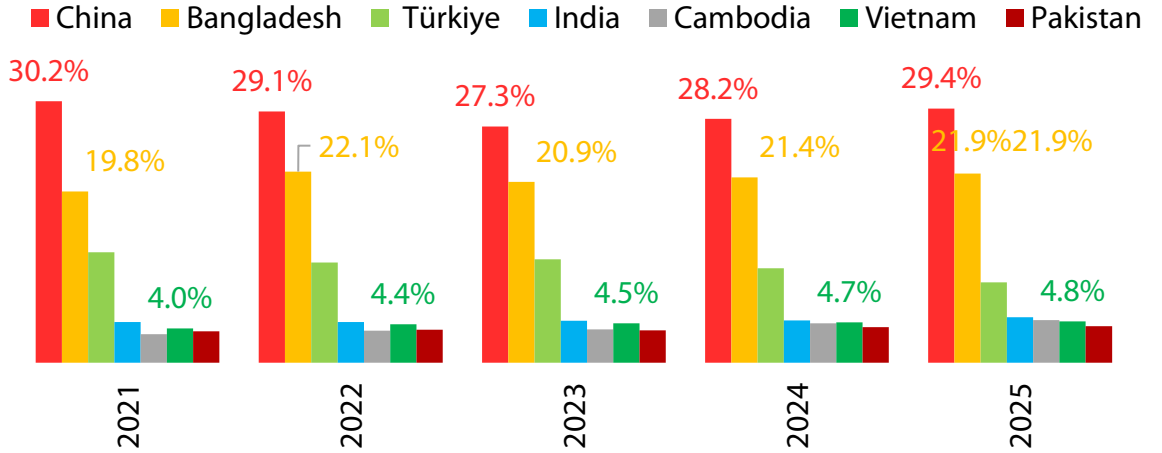
Source: UN Comtrade (HS Code: 61 & 62), RongViet Securities

Europe's garment import unit price by country (HS Code 61 & 62) (EUR/Kg)



Source: EU Stat, RongViet Securities

Market share of textile and garment exporting countries to Europe

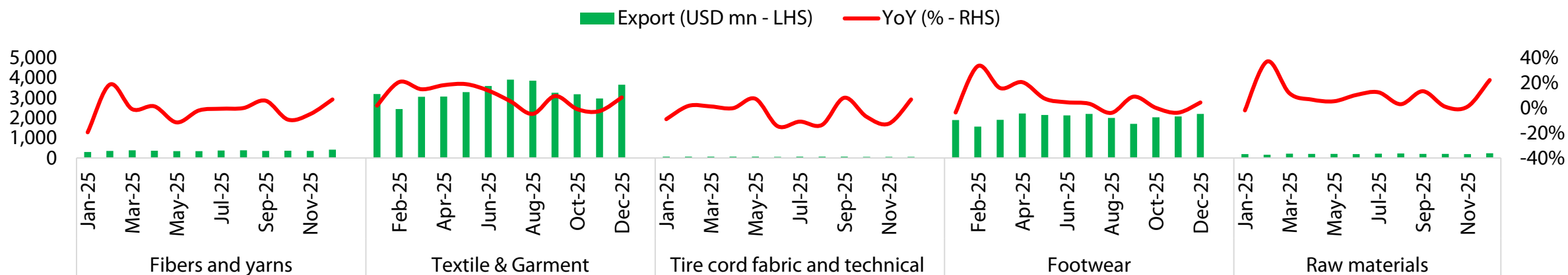


Source: UN Comtrade (HS Code 61 & 62), RongViet Securities

By competing on product quality, Vietnam continues to expand its market share in Europe.

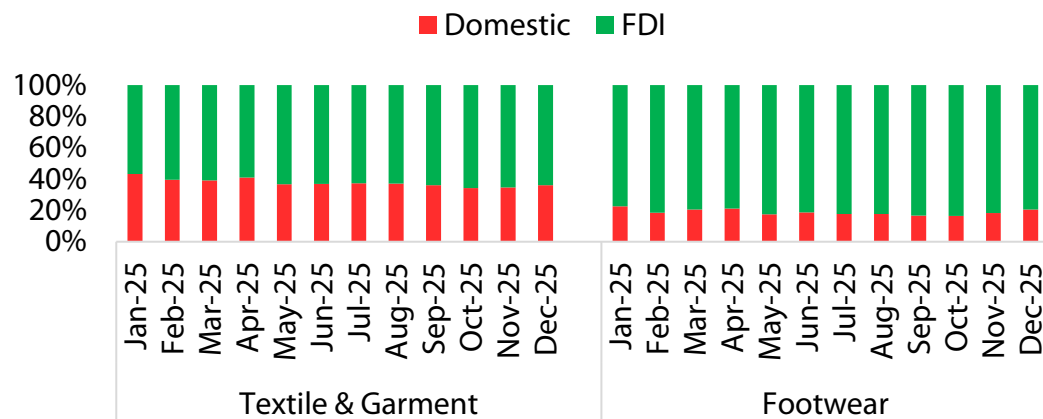
- In Europe, Vietnam faces a tariff disadvantage compared to other Asian countries, such as Bangladesh, Cambodia, and Myanmar (0%). Because fabric materials are mostly imported from China and Taiwan, they are not yet eligible for the 0% preferential tax rate under the EVFTA.
- While China and Bangladesh continue to dominate the European market thanks to low costs, Vietnam maintains its ability to expand its market share, growing by 10 bps YoY to reach 4.8%, reflecting a strategy of enhancing product value rather than purely competing on price.

In 2025, despite tariff barriers, textile/garment and footwear exports still grew 7.5% and 5.9%, mainly driven by 6M2025 during the countervailing duty suspension. Growth slowed in Q3-FY25 but gradually recovered toward year-end...

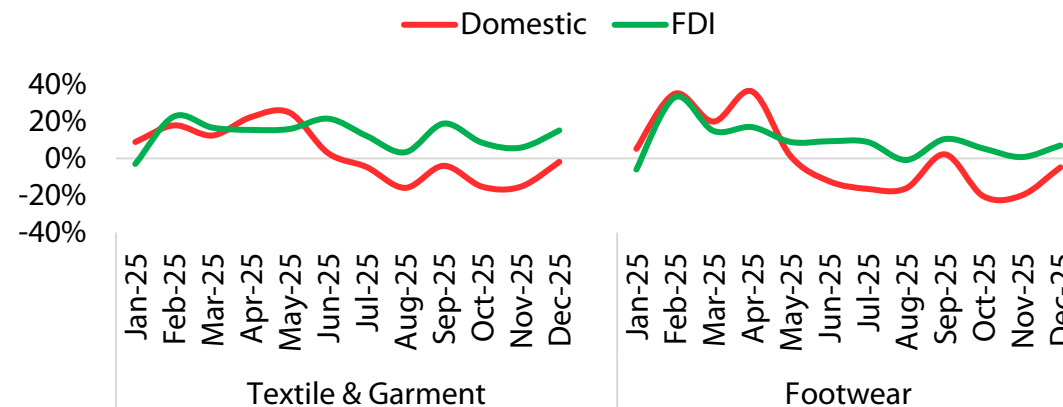


However, FDI firms dominated the market and drove export growth, while most domestic textile and garment companies struggled, posting only modest revenue gains in 2025. Encouragingly, recovery signals emerged toward year-end

Export structure by enterprise group

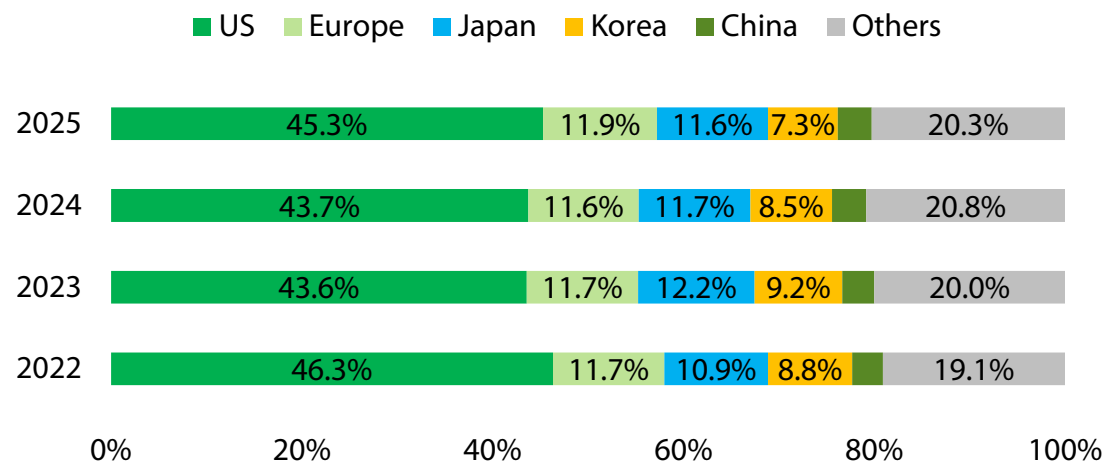


Export growth by enterprise group



Source: GSO, RongViet Securities

Textile and garment export structure to key markets

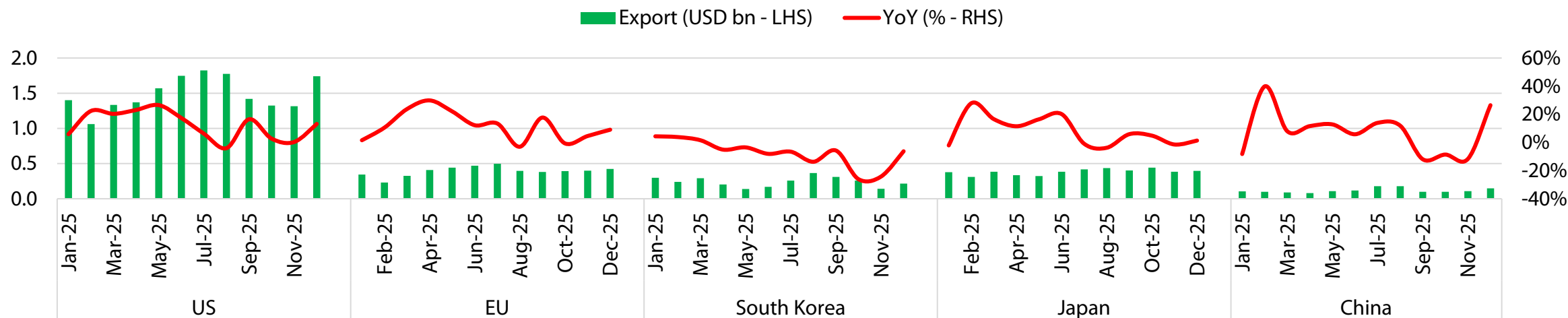


Source: General Department of Customs, RongViet Securities

Increasing the export proportion to the US and Europe, while maintaining growth in China

- Increasing the export proportion to the US and Europe aligns with the context of expanding market share in these two markets. Particularly, the export proportion to the US increased by 1.6 percentage points as US customers sought alternative supply sources to China
- Although the export proportion to China remained flat YoY, the export value to China still maintained its growth rate, reaching USD 1.4 billion (+7% YoY), indicating positive demand and that this market still holds potential for Vietnam's textile and garment industry.

Textile and garment export value to major markets

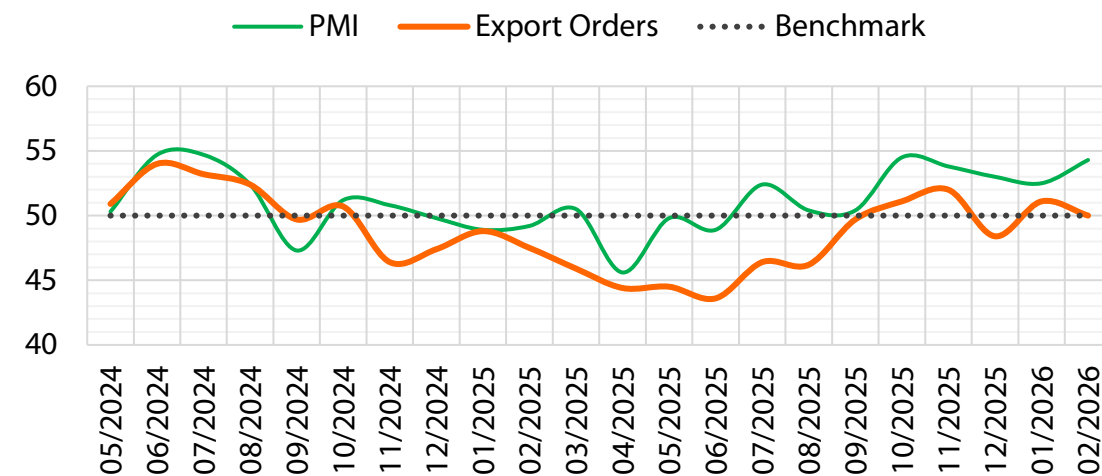


Source: GSO, RongViet Securities

We expect export demand to continue improving in 2026 based on early indicators.

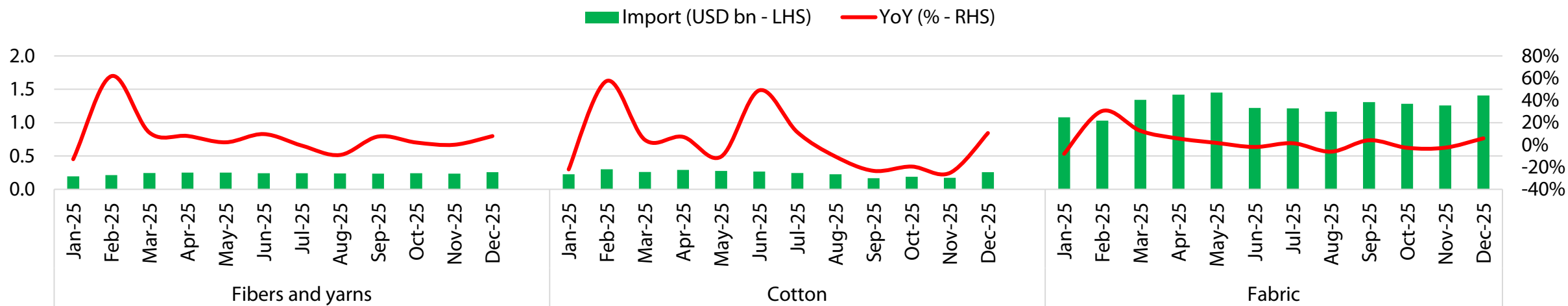
- **Manufacturing momentum continues to improve.** The Vietnam Manufacturing PMI reached 54.3 points in February, increasing from 52.5 points in January and marking a four-month high, thereby extending the streak of improving business conditions to 8 consecutive months. Export orders remained unchanged from the previous month according to the S&P Global report, in the context of not yet entering the peak export season.
- **Increasing demand for raw material stockpiling.** Boosting the stockpiling of input materials is also viewed as a positive signal for the textile and garment export outlook in 2026.

Vietnam PMI



Source: S&P Global, RongViet Securities

High demand for textile and garment raw material imports in late 2025 serves as an early indicator of export growth in 2026



Source: GSO, RongViet Securities

Ticker	Mkt Cap. (\$mn)	AVG. 3M Daily Trading value (VND mn)	Target price (VND)	Closing price	Cash dividend Nxt 12M	12M Expected return %	Foreign room leftover %	P/E		P/B		ROE Forward	EPS			Book value per share			2026 Growth		
								2026F	5 Yr. AVG	2026F	5 Yr. AVG		2025A	2026F	2027F	2025A	2026F	2027F	Sales%	NPAT-MI%	
MSH	160	25,820	48,400	37,450	4,000	21.5	42.5	6.5	8.4	2.0	2.0	22.3	5,436	5,435	6,045	17,012	18,447	20,250	8.4	8.6	
TNG	116	58,778	30,700	23,700	800	6.3	26.9	8.1	8.5	1.4	1.4	11.6	3,045	2,837	3,363	15,546	17,318	20,505	8.7	5.6	
TCM	97	39,416	n.a	22,850	n.a	25.6	1.7	9.3	24.3	1.1	2.0	10.3	2,161	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
BDG	36	15	n.a	38,000	n.a	n.a	48.6	n.a	6.1	n.a	1.5	28.6	5,041	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
HTG	58	866	n.a	42,300	n.a	n.a	n.a	n.a	5.5	1.4	1.4	32.5	7,549	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
VGT	234	33,216	n.a	12,300	n.a	n.a	34.8	n.a	19.6	n.a	1.1	4.5	1,666	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
GIL	53	4,566	n.a	13,850	n.a	n.a	48.7	n.a	33.8	n.a	1.0	-3.6	308	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
HDM	28	86	n.a	37,100	n.a	n.a	n.a	n.a	4.9	1.4	1.2	28.1	6,535	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a

Source: Bloomberg, Viet Dragon Securities. Data as of 8 April 2026.

* For stocks under recommendation coverage: ROE, ROA, P/B, and forward P/E are calculated based on 2026 net profit forecasts.

For stocks under monitoring coverage: metrics are updated based on the latest trailing four quarters.

N.R: Not rated

N.A: Not available or not forecast

NPAT-MI: Net profit after tax attributable to the parent company



Source: FiinPro, Viet Dragon Securities. Bubble size corresponds to the respective ROE. Share prices as of 08 April 2026

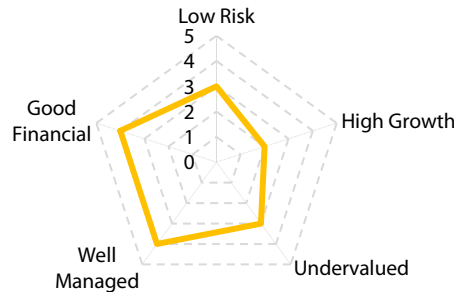
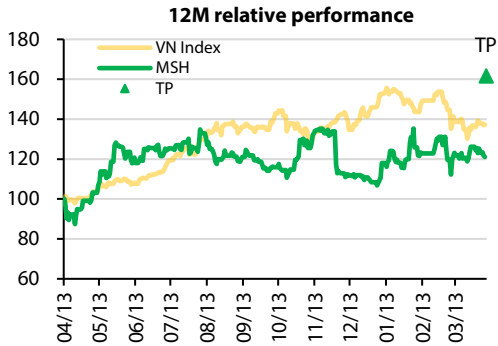
MP: 37,450

TP: 48,400

STOCK INFO

FINANCIALS

2025A 2026F 2027F



Sector	Personal & Household Goods
Market Cap (USD Mn)	160
Current Shares O/S (Mn shares)	113
3M Avg. Volume (K)	697
3M Avg. Trading Value (VND bn)	26
Remaining foreign room (%)	42.4
52-week range ('000 VND)	25.17 - 41.5

	2025A	2026F	2027F
Revenue (VND bn)	5,538	6,006	6,309
NPATMI (VND bn)	612	665	704
ROA (%)	13.1	13.8	14.6
ROE (%)	32.0	30.7	29.9
EPS (VND)	5,436	5,662	6,045
Book value (VND)	17,012	18,447	20,250
Cash dividend (VND)	4,000	4,000	4,000
P/E (x)	9.5	7.0	6.6
P/B (x)	2.2	2.6	2.4

INVESTMENT HIGHLIGHTS

Benefiting from the trend of production shifting away from China, MSH's profitability indicators improved strongly

- In 2025, MSH's revenue reached VND 5,538 billion (+5% YoY). We estimate that revenue from the US market reached VND 4,266 billion (+2% YoY), accounting for a proportion of 77% (-2 pps YoY). Despite sluggish demand growth in the US market due to the impact of tariff measures, MSH has expanded its customer base with the participation of Chinese fashion brands operating in the US (Jiangsu Soho, Jiangsu Guotai Huasheng). This development aligns with the trend of Vietnam increasing its textile and garment export market share to the US, as a portion of orders is shifting away from China to Vietnam.
- In 2025, thanks to the new customer base, MSH's gross profit margin expanded strongly, from 15.7% in 2024 to 21.1%. MSH's net profit margin also increased from 7.8% to 11%. As a result, NPAT-MI achieved outstanding growth compared to the textile and garment industry, reaching VND 612 billion (+48% YoY).

We expect this trend to be maintained thanks to several core factors: (1) MSH has the capacity to fulfill large-scale orders with proven product quality in demanding markets (the US and Europe), and (2) Vietnam's stable foreign policy. Based on this, the 2026F forecasts for revenue and NPAT are VND 6,006 billion (+8% YoY) and VND 665 billion (+8% YoY), respectively.

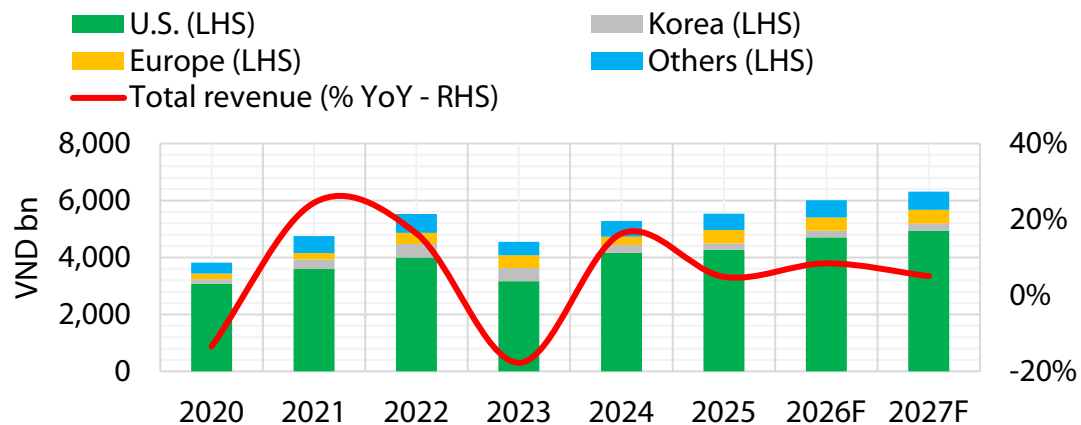
Financial activities maintaining long-term efficiency. Net gain/loss from investment activities contributes an average of about 20% to the annual PBT. The enterprise maintains investments in high-yield bonds (8 - 11%/year) while short-term borrowing rates are only at 3.5 - 4%/year.

Attractive valuation. The forward P/E and EV/EBITDA multiples for 2026 are 6.5x and 5.0x respectively, 35% lower than the 5-year historical average and the textile and garment industry. Concurrently, NPAT-MI is maintained at a high base, and the stable cash dividend policy of VND 4,000/share translates to a dividend yield of 12%.

RISKS TO OUR CALL

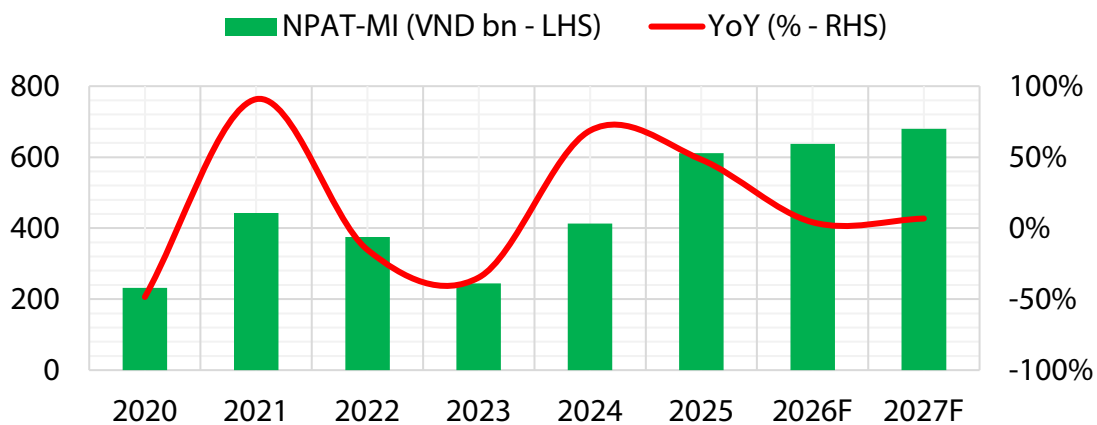
- Profit margins improved strongly thanks to the Chinese customer group, leading to an increased reliance on this customer group.

Estimated revenue structure by market, the US remains MSH's largest market



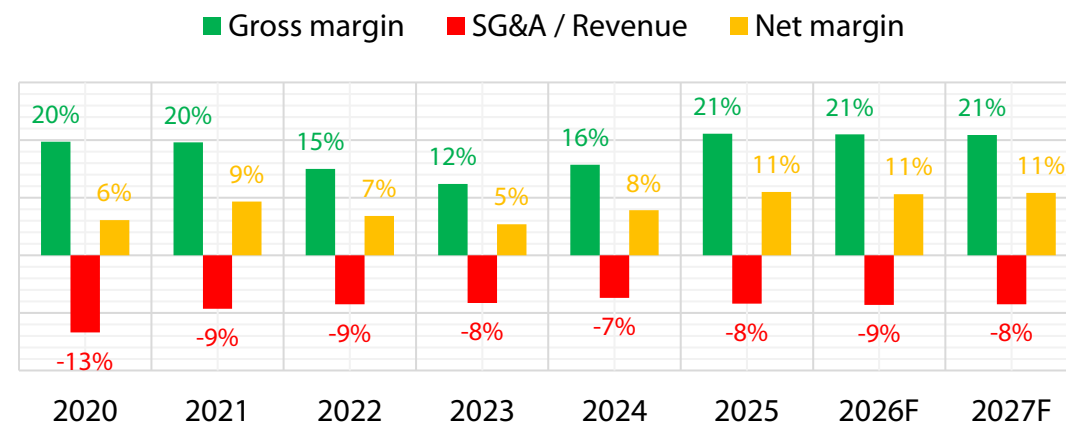
Source: RongViet Securities

... and profitability indicators are expected to be maintained, helping NPAT-MI anchor at a high base



Source: MSH, RongViet Securities

Profitability indicators improved significantly in 2025...



Source: MSH, RongViet Securities

Valuation summary

Method	Target multiple	Weight	Contribution
P/E	9.0x	50%	24,500
EV/EBITDA	6.5x	50%	23,900
Target price			48,400

Source: RongViet Securities

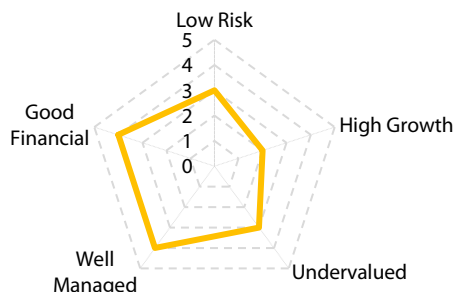
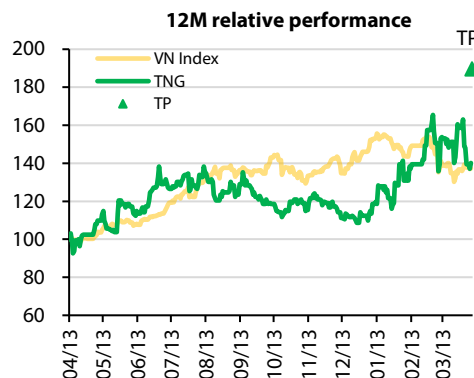
MP: 23,700

TP: 30,700

STOCK INFO

FINANCIALS

2025A 2026F 2027F



Sector	Personal & Household Goods
Market Cap (USD Mn)	116
Current Shares O/S (Mn shares)	129
3M Avg. Volume (K)	2,542
3M Avg. Trading Value (VND bn)	59
Remaining foreign room (%)	47.8
52-week range ('000 VND)	14.1 - 28

Revenue (VND bn)	8,699	9,457	9,813
NPATMI (VND bn)	392	414	463
ROA (%)	5.7	5.9	6.4
ROE (%)	19.6	16.8	16.7
EPS (VND)	3,045	2,907	3,432
Book value (VND)	15,546	17,318	20,505
Cash dividend (VND)	800	800	800
P/E (x)	10.2	8.4	7.1
P/B (x)	1.4	1.4	1.2

INVESTMENT HIGHLIGHTS

Market diversification and operational cost optimization help TNG achieve a leap in business performance in 2025

- In 2025, TNG's revenue reached VND 8,700 billion (+14% YoY); estimated revenue from the US, Europe, and other markets were VND 3,426 billion (+5% YoY), VND 3,248 billion (+16% YoY), and VND 2,025 billion (+28% YoY), respectively. Following the industry-wide trend, US market revenue was relatively gloomy amid the tariff storm, and the Company sought alternative markets such as Canada and Russia. On the other hand, maintaining good growth in Europe thanks to strong cooperation with its loyal customer Decathlon.
- On the other hand, the SG&A expenses-to-revenue ratio decreased to 6.4% (-60 bps YoY), showing signs of improvement in management efficiency and operational optimization. Thanks to cost optimization, TNG's NPAT achieved a leap, reaching VND 392 billion (+25% YoY).

CFor 2026, revenue and NPAT forecasts are VND 9,457 billion (+9% YoY) and VND 414 billion (+6% YoY), respectively. We expect TNG can benefit from the industry-wide trend and increase its market share in the US On the other hand, continuing to strengthen cooperation with Decathlon will maintain TNG's revenue growth in the European market.

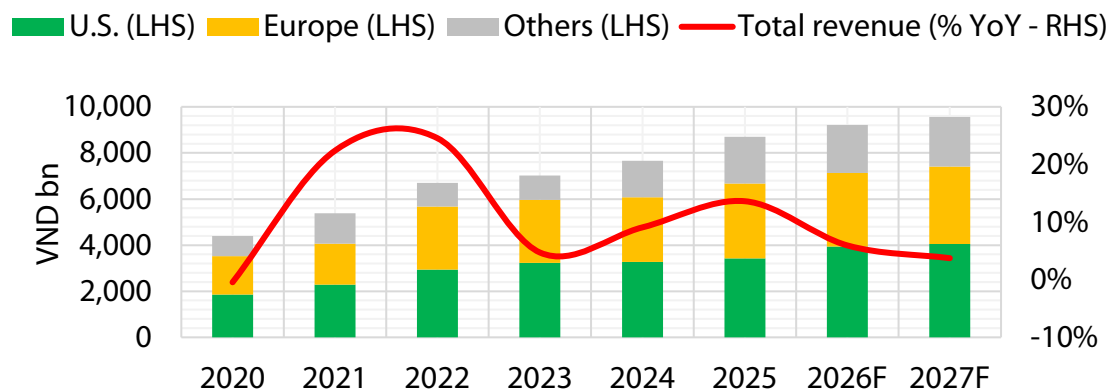
Industrial cluster land leasing segment: Son Cam 1 Industrial Cluster still has plenty of room for leasing, with currently 17 hectares available for lease (accounting for a proportion of about 70%). Leasing activities can supplement cash flow for TNG's business operations.

Attractive valuation. The forward P/E and EV/EBITDA multiples for 2026 are 8.1x and 6.0x respectively, 20% lower than the 5-year historical average and the textile and garment industry.

RISKS TO OUR CALL

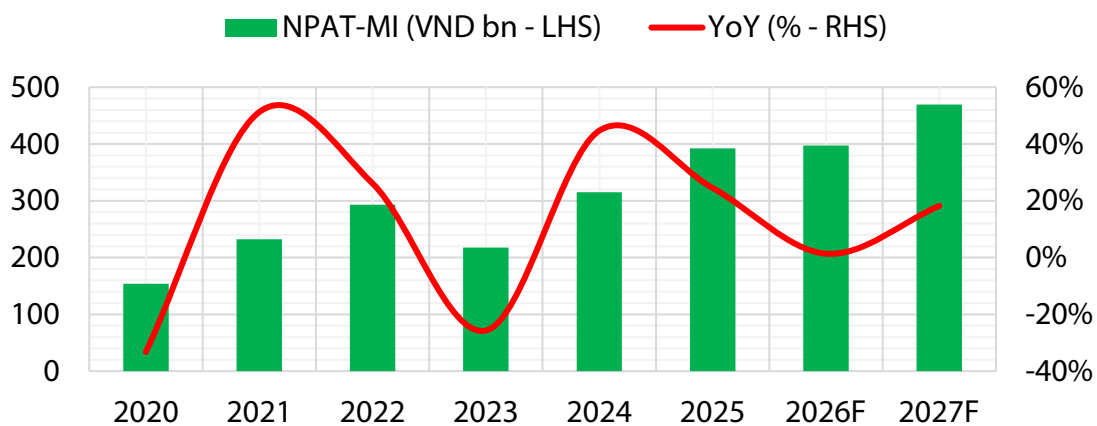
- The capital structure with 75% being debt (the highest among domestic textile and garment companies), makes the Company vulnerable to liquidity risk in unfavorable business conditions.

The US and European markets are estimated to continue driving TNG's revenue growth



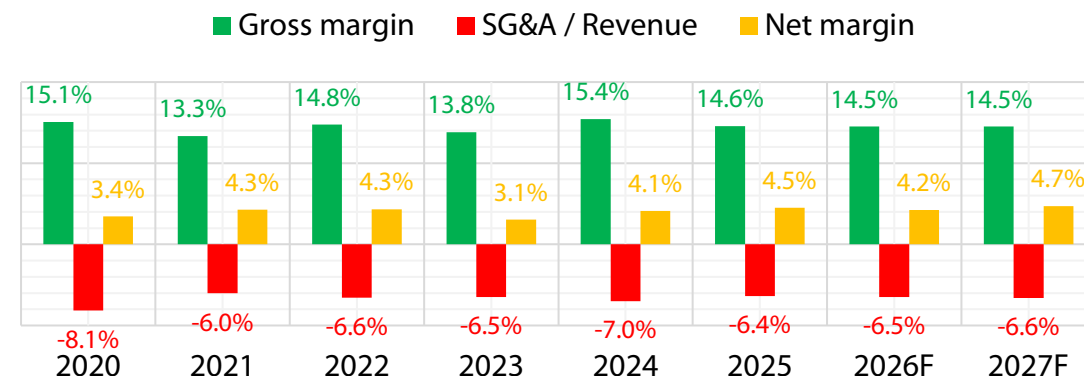
Source: RongViet Securities

NPAT is forecasted to remain flat in 2026 and grow strongly in 2027 thanks to lower bond interest expenses



Source: TNG, RongViet Securities

Increasing the revenue proportion from the US market causes TNG's gross profit margin to narrow but also reduces the SG&A expenses ratio



Source: TNG, RongViet Securities

Valuation summary

Business segment	Method	Ownership	Contribution on value
Textiles	FCFF (WACC: 11,2% & Exit EV/EBITDA: 6,0x)	100%	3,833
Industrial real estate	FCFF (Ke: 15%)	100%	299
Equity value (VND bn)			4,153
Shares outstanding (mn)			135
Target price			30,700

Source: RongViet Securities

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