



Company Report: Hoa Phat Group (HSX: HPG)

Analyst

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AGM 2024 report

HPG held its Annual General Meeting (AGM) 2024 on April 11, 2024, with the following main contents:

Business performance and plans for 2024

- Business results for 2023 declined: Revenue reached 120,355 trillion VND (-16% yoy), achieving 80% of the plan. Net profit after tax reached 6,800 trillion VND (-19% yoy) and achieved 85% of the set target. The Group assessed that 2023 was the bottom for the steel industry, and the production situation in early 2024 as well as throughout the coming year is expected to rebound in line with the industry's recovery momentum.
- In the fourth quarter of 2023, Hoa Phat's business performance showed improvements. Net revenue increased by 33% yoy, reaching 34,384 trillion VND. Steel production in the fourth quarter increased, especially in construction steel which rose by 31.3% qoq; steel pipes increased by 20.4% qoq; and galvanized steel sheets increased by 36% qoq.
- Business results for Q1/2024 show promising signs. Revenue reached 31,000 trillion VND (+15.4% yoy), with net profit after tax reaching 2,800 trillion VND (7 times yoy). Additionally, the company has also consumed high-priced inventory and maintained a low inventory policy in the context of declining raw material prices, accurately reflecting the cost of production based on input prices.
- Business plan for 2024: Revenue is projected to reach 140,000 trillion VND (+17.7% yoy), with net profit after tax expected to reach 10,000 trillion VND (+47% yoy).
Dividend payment: It is anticipated that dividend will be 10% in form of stock payment for the year 2024, thereby increasing the charter capital to 63,962 trillion VND.

Main projects

- The Hoa Phat Dung Quat 2 complex is expected to commence operations, contributing to the Group's total revenue reaching 200,000 trillion VND. The company's leadership anticipates that the first blast furnace will commence operation in early 2025, with the goal of reaching maximum capacity by

Stock data

Market capital (VND b)	161,651
Shares in issue (m)	5,814
Current price	28,050
52w high/low (VND)	31,140/ 20,550
1 month average vol.	21,522,350
Top shareholders	
Trần Đình Long	25.8%
Vũ Thị Hiền	6.88%
Foreign own	24.86%
Free float	55%
Dividend	0.00%

Price performance



September 2026, producing a total of 5.6 million tons of hot-rolled coil (HRC) per year.

- Mr. Tran Dinh Long, Chairman of Hoa Phat Group, has revealed that the conglomerate is researching the production of high-speed railway steel with an expected speed of 850km/h. He stated that the new project is currently just an idea from the enterprise's side, being actively and systematically researched. Regarding the timeline, it is anticipated that the research will be completed by 2026, with the earliest product release targeted for 2028.
- The Chairman of Hoa Phat Group also revealed that the conglomerate is researching the production of silicon steel - a material used in the production of electric motors for electric vehicles. Currently, Vietnam only has one enterprise producing silicon steel, but it only imports and processes the final stage. In contrast, Hoa Phat Group aims to undertake the entire production process from start to finish.

Other highlights

- Continuing to initiate anti-dumping investigations on steel. HPG expressed confidence in meeting the domestic steel demand and strongly opposes the importation of steel into the country at very low prices.
- In 2024, HPG aims to complete and put into operation a Container Shell Production Plant with a total capacity of 500,000 TEUs per year. The first phase, with a capacity of 200,000 TEUs per year, has already been completed and put into operation. With this capacity, Hoa Phat becomes the largest container shell producer in Vietnam as well as in the Southeast Asia region.
- Additionally, in the next 5-10 years, Hoa Phat intends to focus all efforts on steel production and will temporarily suspend the bauxite production research project in Dak Nong.

COMPANY RATING DEFINITION

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

Rating	Definition
Buy	Relative Performance is greater than 15% Or the Fundamental outlook of the company or sector is favorable
Accumulate	Relative Performance is 5% to 15% Or the Fundamental outlook of the company or sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the company or sector is neutral
Reduce	Relative Performance is -15% to -5% Or the Fundamental outlook of the company or sector is unfavorable
Sell	Relative Performance is lower than - 15% Or the Fundamental outlook of the company or sector is unfavorable

SECTOR RATING DEFINITION

Benchmark: VN – Index

Time Horizon: 6 to 18 months

Rating	Definition
Outperform	Relative Performance is greater than 5% Or the Fundamental outlook of the sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the sector is neutral
Underperform	Relative Performance is lower than -5% OrThe Fundamental outlook of the sector is unfavorable

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