



Company Report: Hoa Phat Group (HSX: HPG)

Analyst

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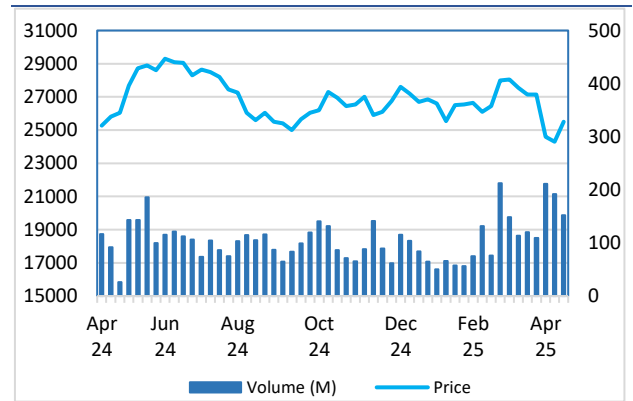
HPG 2025 Annual General Meeting
Update - April 17, 2025**Business Performance and 2025 Targets**

- At the AGM, Hoa Phat (HPG) announced its Q1 2025 results, reporting 37,000 billion VND in revenue (+20% yoy) and a net profit after tax of 3,300 billion VND (+15% yoy). HPG has set an ambitious target for 2025, aiming for **170,000 billion VND** in revenue (+21% yoy) and **15,000 billion VND** in net profit after tax (+25% yoy).
- The company highlighted that Vietnam's domestic steel demand is around **13 million tons** per year, with consumption growing at a rate of **3-5% annually**. In order to meet this demand, HPG plans to continue expanding its Hot Rolled Coil (HRC) production capacity, ensuring the production aligns with market consumption capacity. The company has a robust strategy in place to consistently sell all of its produced HRC through effective market exploration.
- Financial health: The group currently has a healthy debt structure, with a total debt-to-equity ratio of 0.5 at the end of 2024, which increased to 0.6 by the end of Q1 2025. This is considered a low and safe leverage ratio compared to global standards. The company maintains an active cash reserve of approximately 25,000 billion VND, ensuring financial flexibility and security.

Stock information

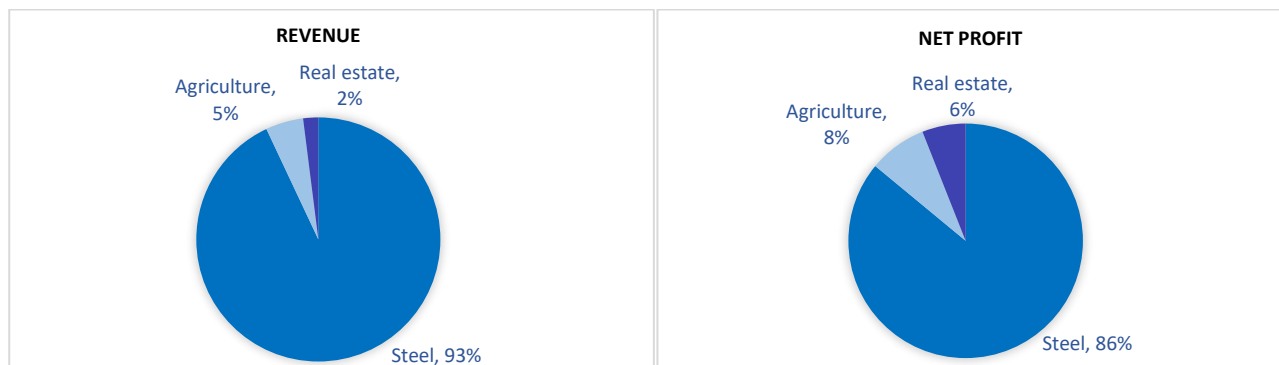
Market capital (VND b)	163,104
Shares in issue (m)	6,396
Current price	25,500
52w high/low (VND)	29,950/ 22,900
1 month average vol.	36,372,784
Top shareholders	
Trần Đình Long	25.8%
Vũ Thị Hiền	6.88%
Foreign own	21.66%
Free float	55%
Dividend	0.00%

Price performance



Source: Bloomberg, GTJAS VN Research

The contribution ratios of business sectors in 2024

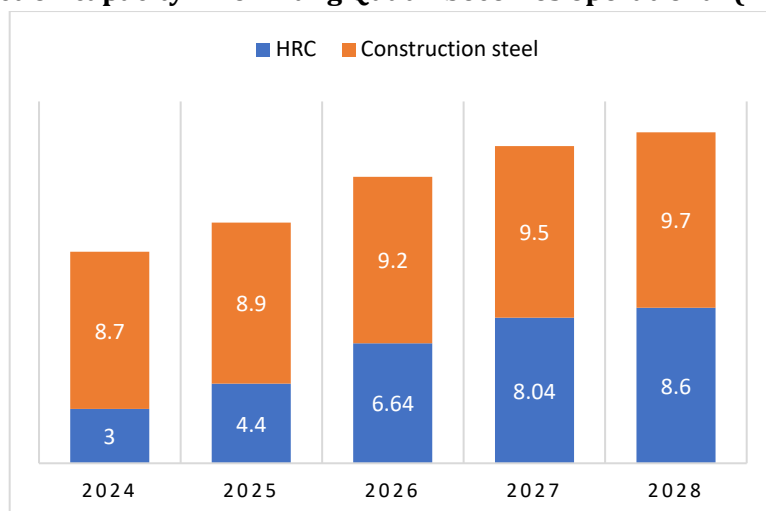


Source: Company report, GTJAS VN Research

Progress of major projects

	2025	2026	2027	Scale
Dung Quat 2				85,000b VND
Blast furnace 1	50% capacity	80% capacity	100% capacity	
Blast furnace 1	Complete in Sept	50% capacity	80% capacity	
Rail Steel Plant	Start building in May	-	First product	14,000b VND
Hòa Phát Steel Complex at Hòa Tâm Industrial Park – Phú Yên	Registration completed with authorities			86,000b VND

Estimated production capacity when Dung Quat 2 becomes operational (million tons)



Source: Company report, GTJAS VN Research

Business prospects are strengthened by participating in strategic projects

• North-South Express railway:

Starting from September 2024, the Prime Minister of Vietnam assigned the task to businesses to produce rail steel for the railway projects, and HPG has committed to balancing resources to ensure that the steel products meet the required standards. Hoa Phat can provide rail steel for the foundation, while for the locomotive and wagons, the company can supply raw materials. The total demand for steel in railway construction is estimated at around 10 million tons, but this figure can change quickly as new projects are launched.

A positive aspect is that the Ministry of Construction has presented a decree to the government, assigning specific tasks and orders to domestic enterprises, ensuring that the produced rail steel will be well absorbed in the market.

• Strategic Cooperation with Domestic Enterprises:

HPG continues to seek cooperation opportunities with domestic enterprises like VinFast (VF), Thành Công, and Thaco to support each other, as these companies are still importing steel from other countries for automotive production.

Just two days before the AGM, HPG signed a cooperation agreement with an oil and gas group to supply steel for offshore wind power projects.

• ODA Loan Projects from China:

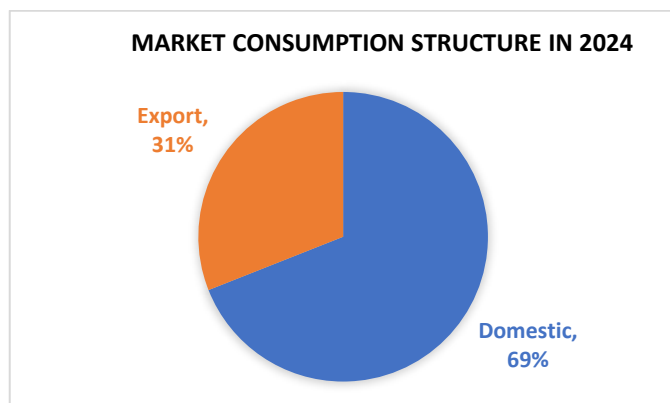
HPG also plans to participate in projects using China's ODA, such as the Lao Cai - Hanoi - Hai Phong Expressway and Saigon - Can Gio projects.

Development Strategy and Risk Management

• Iron ore supply: HPG assesses that the current supply of iron ore is relatively abundant and easy

to source, with new sources of hundreds of thousands of tons available, such as in Africa, which are not yet recognized on the global ore map (like the Simandou mine). Currently, the company is planning to self-supply iron ore to reduce dependence on imports.

- **Tariffs and trade policies:** HPG has calculated its ability to cope with reciprocal tariffs and has developed a scenario that is optimistic but still cautious. The anti-dumping measures have helped improve the profit margins for HRC (Hot Rolled Coil).



Source: Company report, GTJAS VN Research

- **Steel price fluctuation:** HPG's Chairman stated that steel price fluctuations are an external factor that is difficult to control. Instead, the company focuses on expanding production capacity and self-supplying raw materials to optimize operational efficiency.
- **Product development, technology and improving operational efficiency as well as profit margin:** HPG has succeeded in producing high-quality steel (pre-stressed steel, steel for tunnels, roads, and bridges). The company has its own R&D department dedicated to researching new product development strategies and building new plants to serve various business sectors.
- **Other business sectors:**
 - **Agriculture Sector:** In 2024, Hoa Phat's agriculture sector achieved its highest profit margin, surpassing long-established companies in the market. This is also one of the highest profit margins in Vietnam's agricultural industry. In Q1 2025, the agriculture sector recorded a net profit of 400 billion VND.
 - **Real Estate and Social Housing:** The real estate and social housing business segments contribute only 5-7% of HPG's profit, so they are not significantly affected by the real estate market. However, the social housing sector is stable, and HPG continues to conduct these projects.
- **Cautious dividend policy:** In response to the uncertain developments of tariffs and the market, HPG has taken a cautious approach to its dividend policy. For 2025, HPG plans to distribute a 20% stock dividend instead of the original plan of 5% cash dividend and 15% stock dividend.

GTJAVN's assessment

At the 2025 AGM, HPG demonstrated a strong development strategy with major projects such as Dung Quat 2, Phu Yen Steel Plant, and rail steel production. The company is also proactively addressing risks from tariffs and market fluctuations. The target of 170,000 billion VND in revenue and 15,000 billion VND in net profit after tax reflects HPG's confidence, supported by growing domestic steel demand and policies prioritizing domestic production. However, the change in dividend policy also indicates caution in light of the pressures from U.S. tariffs on the steel industry.

Additionally, we note that the company's cash flow may face pressure due to reinvestment in major projects. A positive aspect is that the Dung Quat 2 project coming into operation will provide financial support for HPG in the coming years.

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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