



CHỨNG KHOÁN GUOTAI JUNAN (VIỆT NAM)
GUOTAI JUNAN SECURITIES (VIETNAM)

SECTOR UPDATE

CONSTRUCTION AND BUILDING

MATERIALS

OUTLOOK: PROMISING

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CONSTRUCTION SECTOR

GENERAL OVERVIEW

2025 INDUSTRY OUTLOOK

INVESTMENT RECOMMENDATIONS:

CTD, HHV, VCG

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2025 OUTLOOK: KEY DRIVERS FROM PUBLIC INVESTMENT AND RESIDENTIAL REAL ESTATE RECOVERY

In 2025, Vietnam's construction sector is expected to rebound strongly, driven by accelerated public investment disbursement, projected to exceed 95% of the plan (approximately VND 876.5 trillion). This will serve as a key engine for economic growth, with a GDP target of 8%. Major projects such as the North-South Expressway, Long Thanh Airport, and stimulus packages will be the main drivers, boosting demand for construction materials (CMs), particularly steel, cement, and crushed stone. Meanwhile, the real estate market is set to recover in the second half of 2025, supported by low interest rates and government policies, further stimulating CM demand.

However, we assess that the building materials sector—especially steel—continues to face challenges from low steel prices driven by oversupply from China. Nevertheless, we expect domestic steel prices to improve from Q3 2025, supported by Vietnam's anti-dumping duties on steel imports from China, South Korea, and others, creating opportunities for local steel producers such as Hoa Phat and Hoa Sen. These factors, along with rising public investment and the recovery of the real estate market, are positive signals for steel and construction stocks in 2025, with an estimated price upside potential of 15–20%.

Watchlist recommendation: CTD, VCG, HHV, HPG, HSG

STEEL SECTOR

GLOBAL STEEL PRODUCTION OVERVIEW

PRICE TRENDS OF STEEL AND RAW MATERIALS

2025 INDUSTRY OUTLOOK

PERFORMANCE OF STEEL COMPANIES

INVESTMENT RECOMMENDATIONS: HPG, HSG

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Bidding

Capital raising

Construction (materials, machinery, labor)

Acceptance/Hand-over

Infrastructure construction

Priority companies with strong capacity and solid legal relationships (**VCG, HHV, C4G, CII, HUT**)

BOT companies often carry high debt levels to finance BOT station construction (in 2024, HHV's debt-to-equity ratio was 174%, VCG's was 79%)

- Stone quarries in Binh Duong and Dong Nai (**KSB, VLB, DHA**) benefit significantly from the Long Thanh Airport and North-South Expressway projects due to proximity and large reserves. Low transportation costs provide a competitive advantage.
- The railway project is expected to drive up steel demand by approximately 10 million tons.

BOT operation management and infrastructure operation (roads, airports, metro) (**HHV, CII, ACV**)

Residential construction

Advantage for companies like CTD, residential construction accounting for 45% of total revenue in 2024

CTD holds a financial advantage (in 2024, debt-to-equity ratio was 0.31x, with VND 2,478 billion in cash)

Materials: **HPG**, with a 35-38% market share in construction steel, and **HSG**, with a 31% market share in coated steel, both benefit from the gradual recovery of the residential real estate market.

On-time acceptance and hand-over increase the potential for repeat sales. **CTD** is often prioritized in major projects due to its strong track record of timely delivery.

Industrial park construction

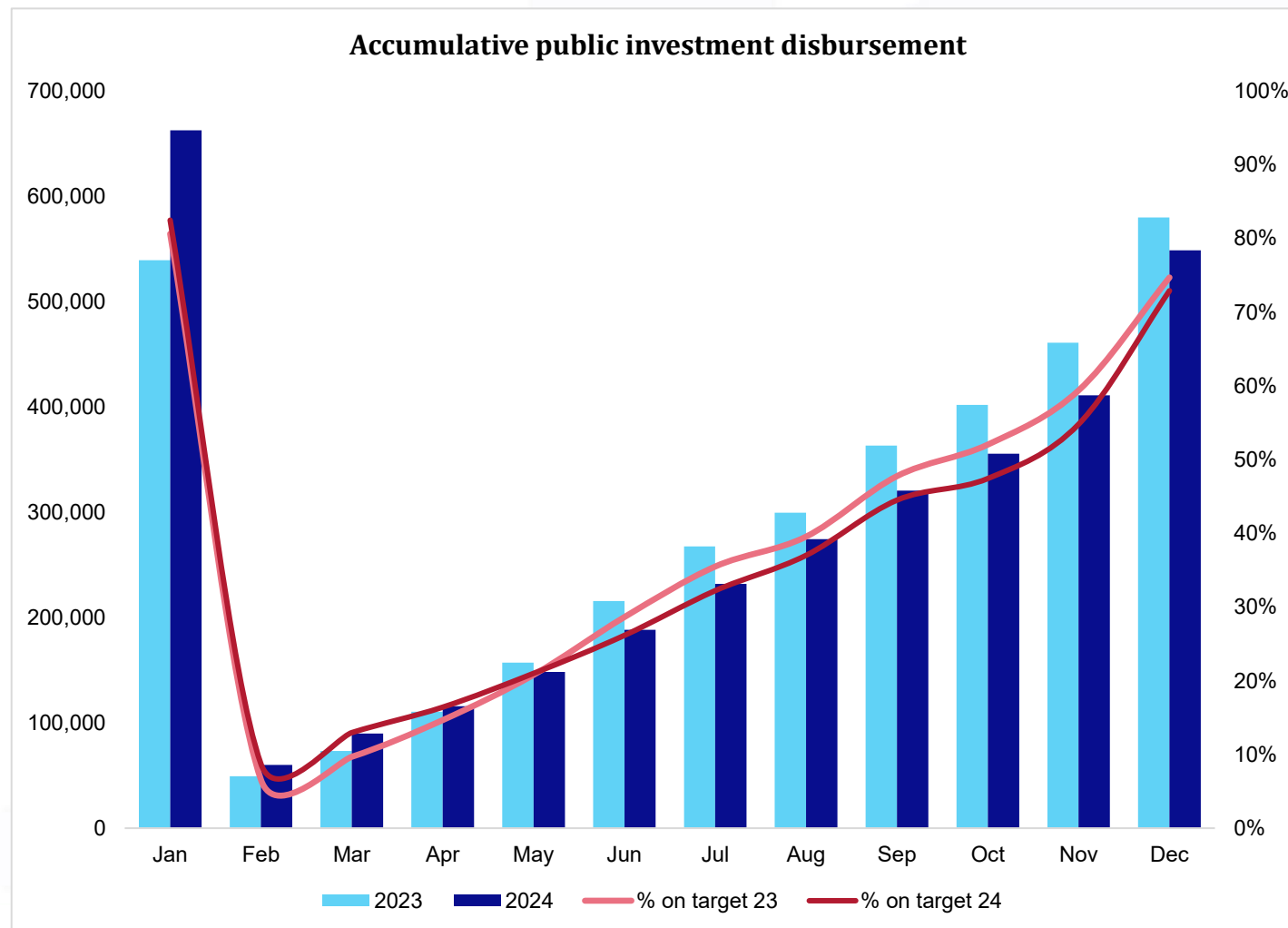
Companies with large land banks and strategic locations hold a competitive advantage

FDI flows into industrial parks (Samsung, LG, Foxconn). Contractors like **FCN** and **LCG** benefit indirectly from FDI capital.

FCN and **LCG** specialize in foundation work, technical infrastructure, and factory construction in major industrial parks (VSIP, Deep C...). They benefit from the wave of FDI supply chain relocation to Vietnam.

On-time handover to industrial park developers like **KBC** and **BCM** helps retain major tenants.

PUBLIC INVESTMENT DISBURSEMENT IS POSITIONED AS A KEY GROWTH DRIVER FOR 2025



According to the Ministry of Finance, public investment disbursement in 2024 reached VND 548.57 trillion, equivalent to 72.9% of the planned VND 752.48 trillion. Disbursement rates for national and transport infrastructure projects remain uneven, with major cities like Ho Chi Minh City and Hanoi lagging behind (Ho Chi Minh City: 19.63%, Hanoi: 44.62%). Key reasons include: Lack of clear regulations on land compensation pricing and procedures for exploiting soil and sand. Slow project investment procedures and absence of specialized legal frameworks. Real estate market volatility delaying auctions and reducing land-related budget revenues. Challenges in disbursing ODA due to discrepancies between domestic and donor requirements, alongside limited management capacity. Natural disasters such as floods and droughts severely affecting construction progress. In response to the scarcity of soil and sand supplies, ministries are urging localities to accelerate extraction to avoid further project delays.

We expect public investment disbursement in 2025 to meet the ambitious government target of VND 876.5 trillion, growing 24%–31% year-over-year, as this marks the final year of the 2021–2025 medium-term investment plan.

Transport infrastructure construction is a key focus, accounting for 43.7% of total state budget expenditure in the 2021–2025 period (approximately VND 732.21 trillion)

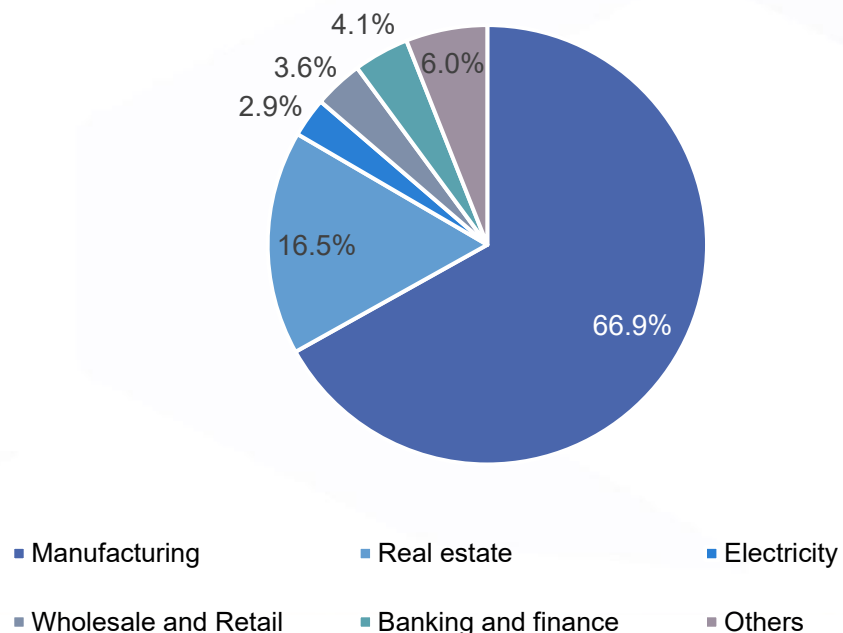
Summary table of key infrastructure projects in Vietnam

Project	Capital scale(VND billion)	Progress	Construction material demand
North–South Expressway (Eastern section, 2021–2025 phase)	147,000	Expected completion in 2025	Includes 12 sub-projects with a total length of 729 km. Basic material supply is expected to meet demand: <ul style="list-style-type: none"> Construction stone: 20 million m³ Construction sand: 10 million m³
North–South Expressway (Eastern section, 2021–2025 phase)	109,717	Expected completion in 2026	<ul style="list-style-type: none"> Construction stone: 5 million m³ Construction sand: 4.5 million m³
Ring Road 3 – Ho Chi Minh City	75,000	Expected completion in 2026	A review of licensed reserves in Dong Nai shows that only stone can meet demand. Other materials such as construction sand and backfilling sand are currently insufficient for construction needs. <ul style="list-style-type: none"> Construction stone: 4 million m³ Construction sand: 2.5 million m³
Ring Road 4 – Hanoi Capital Region	85,000	Expected completion in 2027	
Lao Cai – Hanoi – Hai Phong Railway	194,929	2025-2030	Construction steel: approximately 10 million tons
North–South High-Speed Railway	1,713,548	Start in 2027	
Terminal T3 – Tan Son Nhat Airport	11,000	Expected completion in 2025	Capacity of 20 million passengers per year. Groundbreaking took place in December 2022, currently under construction.

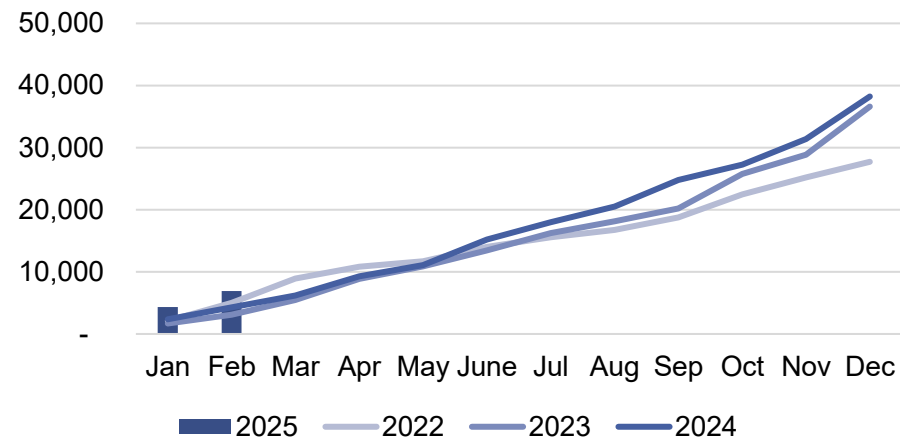
FDI CONTINUES TO BE A GUIDING FORCE DRIVING INFRASTRUCTURE DEVELOPMENT AND CREATING NEW OPPORTUNITIES FOR INDUSTRIAL CONSTRUCTION

According to the General Statistics Office, total registered foreign direct investment (FDI) into Vietnam as of December 31, 2024, reached USD 38.23 billion. Specifically, 3,375 new projects were granted investment registration certificates with a total capital of USD 19.73 billion, representing a 1.8% increase in the number of projects but a 7.6% decrease in registered capital compared to the same period last year. Traditional partners such as Singapore and South Korea continued to expand investments in provinces with strong infrastructure and attractive incentive policies, with Bac Ninh, Hai Phong, and Ho Chi Minh City leading in capital attraction.

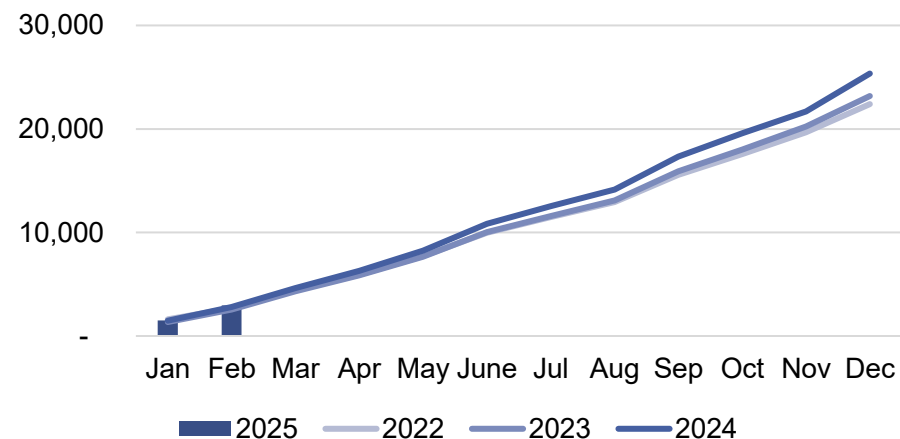
Proportion of disbursed FDI by sector in 2024:



Cumulative annual registered FDI (million USD)



Cumulative annual disbursed FDI (million USD)



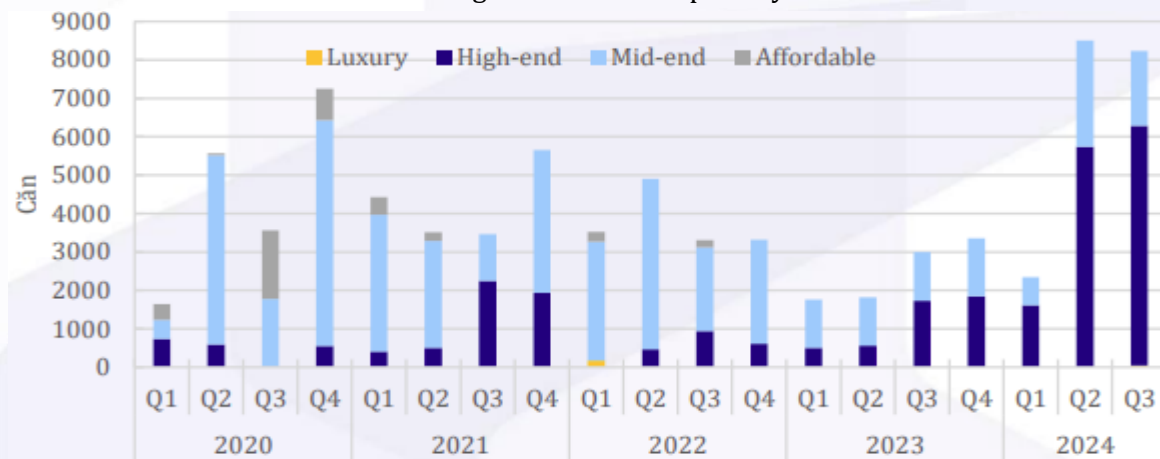
The residential real estate market is expected to continue its recovery trend, with developers accelerating project progress

Three new laws (the 2024 Land Law, the 2023 Housing Law, and the 2023 Real Estate Business Law) took effect on August 1, 2024—five months earlier than originally planned (January 1, 2025)—helping to resolve overlapping regulations and creating a more transparent legal framework for residential real estate projects. The real estate market showed positive signals starting mid-2024, with a sharp increase in supply and improved transaction activity. In Ho Chi Minh City, the real estate market grew by approximately 9% in the first 11 months of 2024, following a contraction of 6.38% in 2023. According to the Vietnam Association of Realtors (VARs), the primary market recorded 56,000 units sold in 2024, out of a total of 81,000 units launched—up more than 40% compared to 2023. Of these, 65,376 were newly launched units, triple the number in 2023. This growth was largely driven by the new laws that helped remove legal bottlenecks, particularly for commercial housing and social housing projects.

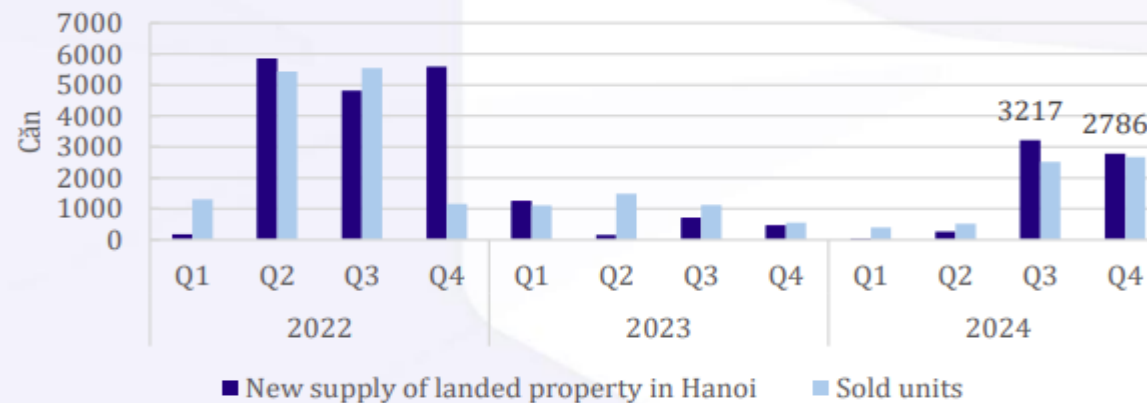
The industrial construction sector is supported by accelerated public investment

The amended Public Investment Law, effective from January 1, 2025, introduces two key changes to stimulate investment activities. First, the law shortens administrative approval times through decentralization and delegation mechanisms, reducing intermediary steps and improving project processing efficiency. Second, it raises the minimum capital threshold for national projects from VND 10 trillion to VND 30 trillion, making it easier to attract private investment into large-scale projects. These changes have contributed to boosting industrial construction activity in 2025.

According to CBRE, the total number of newly launched apartments in Hanoi in 2024 reached over 30,000 units, nearly three times the number launched in 2023, marking the highest level in the past 5 years.



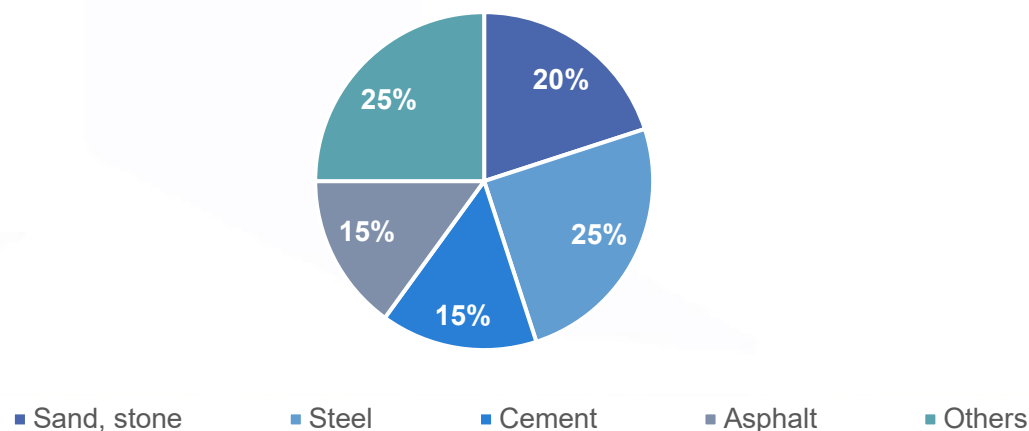
The supply of landed property in Hanoi grew strongly in the second half of 2024, mainly driven by low-rise units in the Vinhomes Global Gate mega-urban project (Co Loa, Dong Anh) and the next sales phase of Vinhomes Ocean Park 2&3 (Gia Lam, Hanoi).



Construction material prices in 2025 are expected to rise moderately by 5–15%.

Materials	Price Apr 2025	Price estimate	Note
Steel	14,000-15,000 VND/kg	14,500-16,000 VND/kg (+5-10%)	Rising construction demand, increasing iron ore prices, and competition with imported steel from China.
Cement	1.2-1.5mVND/tonne	1.3-1.6 b VND/tonne (+3-5%)	Slight increase due to higher input costs of coal and electricity.
Sand	200,000-300,000 VND/m ³	220,000-350,000 VND/m ³ (+10-15%)	Supply shortage and high demand from expressway construction.
Stone	250,000-350,000 VND/m ³	270,000-380,000 VND/m ³ (+5-10%)	Rising demand and increasing transportation costs.

Material composition in bridge and road construction:



Construction material prices in 2025 are expected to rise moderately (5–15%) due to increased domestic demand driven by public investment and real estate recovery, alongside rising input costs (iron ore, coal, fuel). However, pressure from low-cost imported steel and abundant cement supply will likely restrain price surges. Construction companies may face higher execution costs, though the impact is expected to be manageable given the modest price increases.

AVERAGE CONSUMER PRICE INDEX (CPI) OF HOUSING AND CONSTRUCTION MATERIALS, IN UNITS, VIETNAM, 2015 - 2023



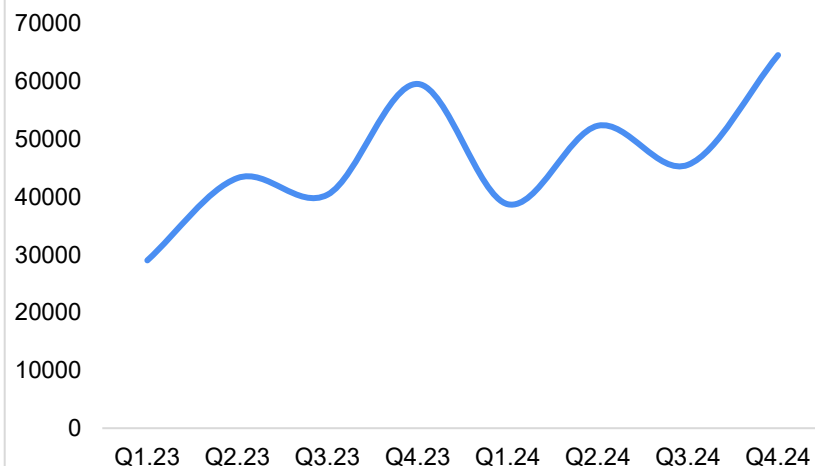
Source: MOC, Statista, GTJASVN Research

Key projects by companies in the sector are primarily focused on transport infrastructure (North–South Expressway, Long Thanh Airport) and industrial and urban developments (CaraWorld, Phu My Hung The Horizon, My Phuoc Industrial Park)

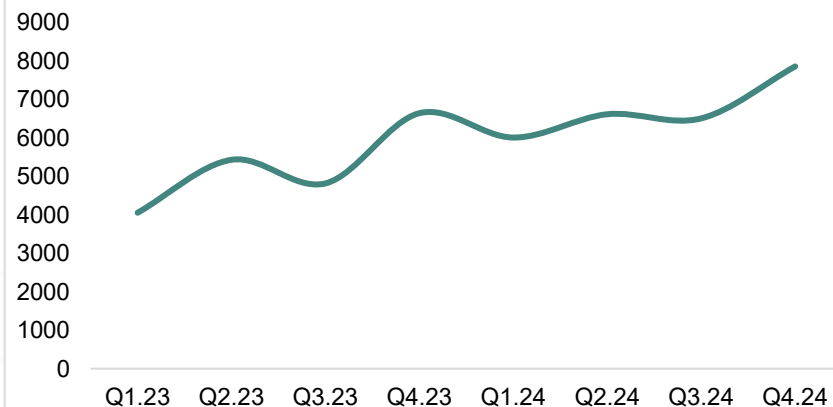
Company	Backlog (b VND)	Key projects	Business plan 2025
Vietnam Construction and Import-Export Joint Stock Corporation (VCG)	18,200	Vung Ang – Bung, Bai Vot – Ham Nghi, Bien Hoa – Vung Tau; new urban area project in Ha Nam (groundbreaking in May 2023); Terminal T3 at Long Thanh Airport	Projection: Revenue reaches VND 14,000 billion (+12%), net profit increases by 8% to VND 1,200 billion
Deo Ca Group Joint Stock Company (HHV)	9,500	Quang Ngai – Hoi Nhon Expressway, Hoi Nhon and Dong Dang – Tra Linh; Dong Dang – Tra Linh Expressway (groundbreaking in early 2024, total capital VND 14,000 billion)	HHV targets revenue and net profit of VND 3,584 billion and VND 555 billion, respectively, up 8% and 12% year-over-year.
Cienco4 Group Joint Stock Company (C4G)	12,000	Hau Giang – Ca Mau Expressway, Ring Road 3 (HCMC), and Long Thanh Airport; Bach Dang 2 Bridge (total value over VND 2,000 billion)	CIENCO4 has set a business plan with total revenue of VND 4,000 billion and net profit over VND 200 billion, representing growth of 19% in revenue and 12% in profit year-over-year.
Licogi JSC (LCG)	6,500	Vung Ang – Bung, Nha Trang – Van Phong, and Bien Hoa – Vung Tau expressways; My Phuoc Industrial Park project (Binh Duong)	VND 3,000 billion in revenue (+6.5%); VND 140 billion in net profit (+15%)
Fecon JSC (FCN)	5,000	Nhon Trach 3&4 Power Plants, Long Thanh Airport, Vung Ang Port	VND 5,000 billion in revenue (+48%); VND 200 billion in net profit (+565%)
Coteccons JSC (CTD)	10,500	Long Thanh Airport; Phu My Hung The Horizon luxury apartment project (Design & Build model); Yen Phong CN14.1 logistics project (Bac Ninh); CaraWorld coastal urban project (Khanh Hoa, total capital USD 2.06 billion)	VND 24,500 billion in revenue (+15%); VND 400 billion in net profit (+30%)

In 2024, the construction segment of listed construction companies recorded net revenue of VND 201 trillion (+17% YoY) and gross profit of VND 27 trillion (+29% YoY).

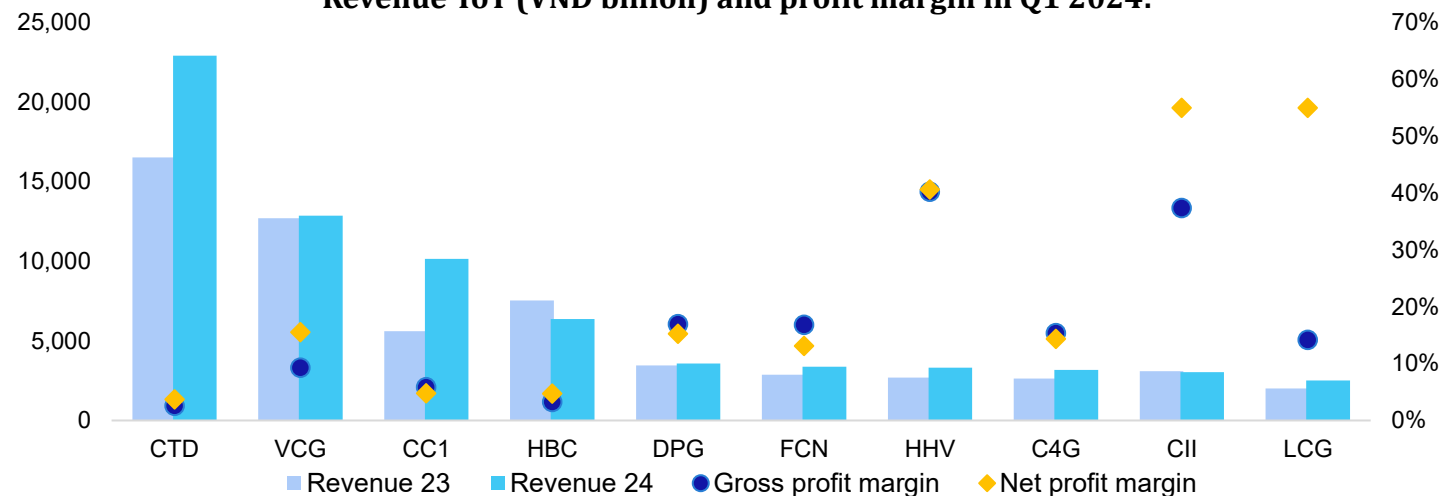
Industry revenue (bVND)



Industry gross profit (b VND)



Revenue YoY (VND billion) and profit margin in Q1 2024:



The entire sector experienced strong growth in the final quarter of 2024, reflecting the construction industry's recovery driven by public investment policies and disbursed FDI capital, which rose by 8.8% YoY.

CTD led the industry in both revenue and revenue growth, supported by its focus on the FDI segment, a high bidding success rate, a large backlog, and efficient management. Meanwhile, VCG and CC1 also posted strong revenue and growth. Leading companies in the sector maintained stable revenue levels compared to the previous year.

Profit margins ranged from 5% to 15%, with CII and LCG recording the highest margins due to their focus on high-margin segments (BOT, real estate, public investment projects), smaller revenue scale allowing for better cost control, and benefits from restructuring.

Construction material prices are expected to rise slightly by around 5–10% this year, driven by improved construction demand and supply shortages of certain materials such as construction stone and soil.



Stock data

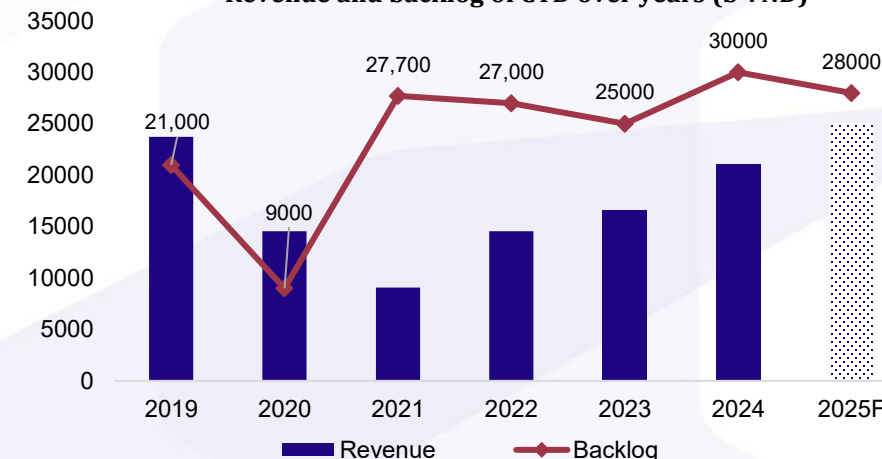
Price (VND)	78,800
Highest 52w	96,000
Lowest 52w	58,126
Outstanding shares (million)	99.93
Foreign ownership	49%
Current foreign ownership limit	22,583
Market cap(b VND)	8,673
Dividend	1.15%



Top shareholders

Kustocem Pte Ltd	17.9%
Thanh Cong Investment and Business Ltd	14.2%
The 8 th Pte, Ltd	10.6%

Revenue and backlog of CTD over years (b VND)



INVESTMENT THESIS

1 Superior Revenue Growth: While the domestic construction industry recorded approximately 7.5% YoY growth in FY2024, Cotecons achieved a remarkable 31% growth. The company targets a 30% annual growth rate over the next five years.

2 Strong Backlog Momentum: Cotecons signed VND 10,300 billion in new contracts over the first 10 months of 2024, raising the 2025 backlog to VND 28,000 billion. This was supported by a warming residential real estate market and an effective repeat sale strategy, with repeat clients accounting for 69% of new projects.

3 Improved Profit Margins: Gross margin rose to 4.3%, driven by a focus on high-margin FDI projects. Further margin expansion is expected following the integration of Sinh Nam and UGVN, strengthening the company's supply chain.

4 Healthy Financial Position: For the first time, Cotecons did not increase provisioning for doubtful debts, thanks to a shift toward FDI projects with lower default risk.

RECOMMENDATION

Using the FCFE valuation method, we maintain our target price for CTD at **VND 83,500/share** (8.0% upside from the May 21, 2025 closing price), with a **HOLD** recommendation.

INVESTMENT RISKS

Slower-than-expected recovery in the real estate market.

Rising bad debts and provisioning costs if the company takes on low-margin contracts or fails in risk management.

Surging construction material costs may compress profit margins.



Stock data

Price (VND)	23,350
Highest 52w	23,081
Lowest 52w	16,400
Outstanding shares (million)	598.6
Foreign ownership	6.08%
Current foreign ownership limit	256,924,426
Market cap(b VND)	12,600
Dividend	0%



Top shareholders

Pacific Holdings Investment JSC	45%
Vietnam Enterprise Investment Ltd	2.02%

Company Overview

Founded in 1988, VCG (Vinaconex) primarily operates in the construction of civil, industrial, transportation, and hydropower projects. Vinaconex is among the largest listed construction companies in Vietnam by market capitalization. The company has participated in several national key projects such as Buon Tua Srah Hydropower Plant, Terminal T2 of Noi Bai International Airport, Nhat Tan Bridge, and the National Convention Center.

INVESTMENT THESIS

1 Large Backlog Supports Revenue Growth: As of March 2025, VCG holds a construction backlog of VND 19,000 billion, including key national projects such as the North–South Expressway segments (Vung Ang – Bung, Bai Vot – Ham Nghi, Bien Hoa – Vung Tau) and Terminal T3 of Long Thanh Airport, ensuring stable revenue for the next 2–3 years.

2 Restructuring and Improved Financial Efficiency: VCG recorded revenue of VND 12,873 billion in 2024 (+1.3% YoY), supported by capital restructuring and reduced financial expenses.

Upside from Real Estate Recovery: Projects like Cat Ba Amatina Urban Area, Green Diamond (Hanoi), and a new township in Ha Nam are expected to generate significant revenue starting in 2025, as the real estate market recovers.

3 RECOMMENDATION

We assign a fair value of **VND 24,000/share** to VCG (2.8% upside from the closing price on May 21, 2025), with a **HOLD** recommendation.

INVESTMENT RISKS

- Ongoing challenges in the real estate market.
- Construction delays from project owners may result in lower-than-expected revenue from construction activities.
- Volatility in construction material prices could increase costs.



Stock data

Price (VND)	12,450
Highest 52w	16,857
Lowest 52w	11,893
Outstanding shares (million)	411.68
Foreign ownership	8.26%
Current foreign ownership limit	167,726,810
Market cap(b VND)	5,228.34
Dividend	0%



Top shareholders

Hải Thạch BOT JSC	16.1%
Northern Infrastructure Investment JSC	8.6%
Mr. Phạm Đình Thắng	4.95%

INVESTMENT THESIS

1/ Stable Growth from BOT Segment: HHV currently operates 7 BOT toll stations on key national routes such as Deo Ca, Hai Van, Cu Mong, and the Bac Giang – Lang Son expressway. This segment contributed about 58% of total revenue in 2024, reaching VND 1,900 billion (up 21% YoY), with toll collection periods extending to 2039–2045, ensuring a steady and reliable cash flow. Traffic volume is expected to remain stable.

2/ Diversified Income Streams Enhance Profitability: In addition to BOT, HHV also serves as a general contractor and manages road tunnels, contributing additional revenue and improving profit margins. For 2025, HHV targets revenue of VND 3,600 billion (+8% YoY) and net profit of VND 555 billion (+12% YoY). As of Q1/2025, HHV reported consolidated revenue of VND 735 billion and net profit of nearly VND 173 billion, up 6.5% and 51.8% YoY, respectively. BOT toll revenue remained the largest contributor, reaching VND 526 billion (+10%). HHV is currently implementing nearly 400 km of expressway projects with a total investment exceeding VND 100 trillion. Key projects such as Dong Dang – Tra Linh, Huu Nghi – Chi Lang, and Quang Ngai – Hoai Nhon are progressing, with expected completion by the end of the year. Long term, HHV is aiming to participate in large-scale public investment projects such as the North-South high-speed railway, with an estimated total investment of USD 67.34 billion. Given the structural similarities between railway and road infrastructure (bridges and tunnels), HHV sees strong potential for future project participation.

3/ High Leverage Risk: Despite a positive outlook, HHV bears a significant debt burden, with VND 24,300 billion in long-term debt as of December 31, 2024, mostly tied to BOT projects. Rising interest rates could reduce profitability if not properly managed.

RECOMMENDATION: We issue a WATCH recommendation for HHV.

INVESTMENT RISKS: 1/ Construction progress may be slower than expected.2/ High financial costs and repayment delays pose significant risks for BOT-focused firms like HHV.3/ Rising construction material prices may squeeze profit margins.



**2025 Outlook
Construction
Materials
Industry**

STEEL: NEUTRAL

The World Steel Association (WSA) has issued an optimistic yet cautious forecast for the recovery of global steel demand in 2025, projecting it to reach 1,771.5 million tons, a 1.2% increase compared to 2024.

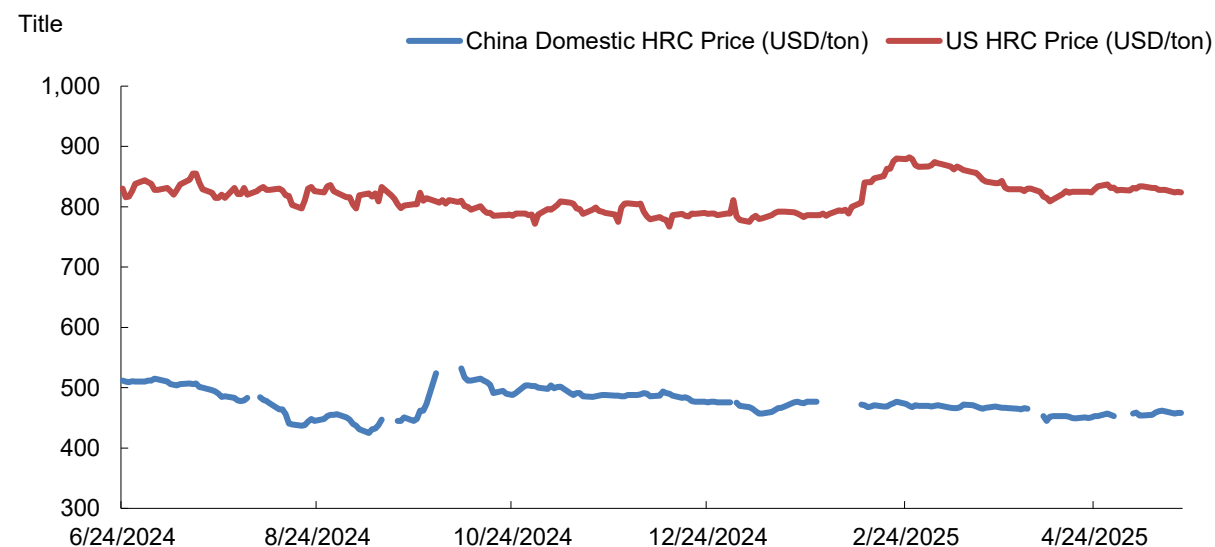
China – the world's largest steel producer – is expected to continue facing weak domestic demand in 2025, primarily due to the sluggish recovery of the real estate market. The World Steel Association (WSA) forecasts steel demand in China to decline by about 1% in 2025, following a 3% drop in 2024. China's crude steel output is estimated at around 1,000 million tons in 2024 but could slightly decrease to 980–990 million tons in 2025 due to capacity control policies and global trade protectionism pressures. China's steel exports, which reached 110 million tons in 2024 (up 25.1%), may be constrained in 2025 by U.S. tariffs and anti-dumping investigations from other countries such as Vietnam and the EU.

The U.S. is expected to maintain stable crude steel production at 80–85 million tons in 2025. However, the 25% tariff on imported steel (effective from March 4, 2025, under President Donald Trump) will significantly impact global steel trade flows. Steel demand in the U.S. is anticipated to grow slightly by 2–3% thanks to public infrastructure projects.

Vietnam's steel exports to the U.S. (accounting for 14.4% of total exports in the first nine months of 2024) will face challenges, prompting domestic companies to seek alternative markets such as the EU or ASEAN.

Domestic steel prices in China continue to decline due to oversupply, while U.S. HRC steel prices have surged in Q1 2025 due to the country's trade defense measures on imports.

Supply and demand of steel world wide (mt)



The outlook for steel price recovery is less positive following tariff news, and more time is needed to ease the pressure from the influx of Chinese steel imports.

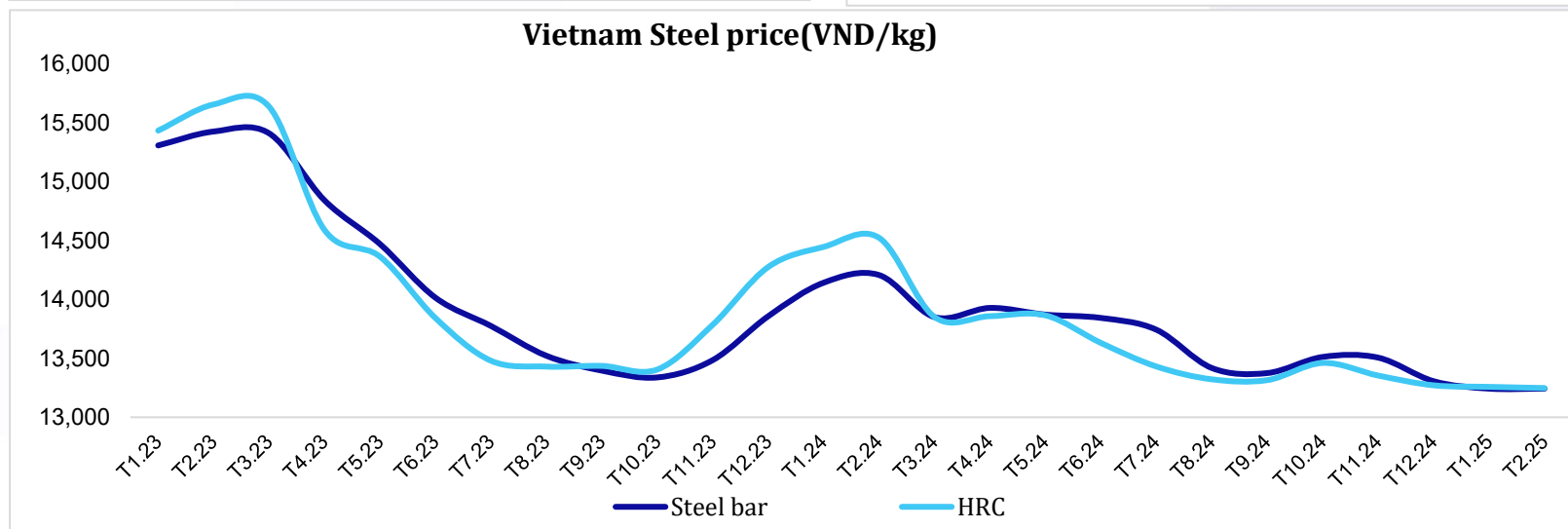
Iron ore price



Coal price



Vietnam Steel price(VND/kg)



The average iron ore price (62% Fe) in January 2025 reached 101.9 USD/ton, down 24.6% YoY due to stable supply from Australia and Brazil while demand from China weakened. For the full year 2025, iron ore prices are forecasted to fluctuate between 95–110 USD/ton, depending on China's economic stimulus policies and global steel production trends. Coking coal prices also dropped significantly YoY (42.1%), reaching 192 USD/ton in January. In 2025, coking coal prices are expected to stabilize at 180–200 USD/ton.

Global steel demand, especially in China, is weakening (projected to decline by 1% in 2025), coupled with falling input material prices, which is keeping domestic steel prices low.

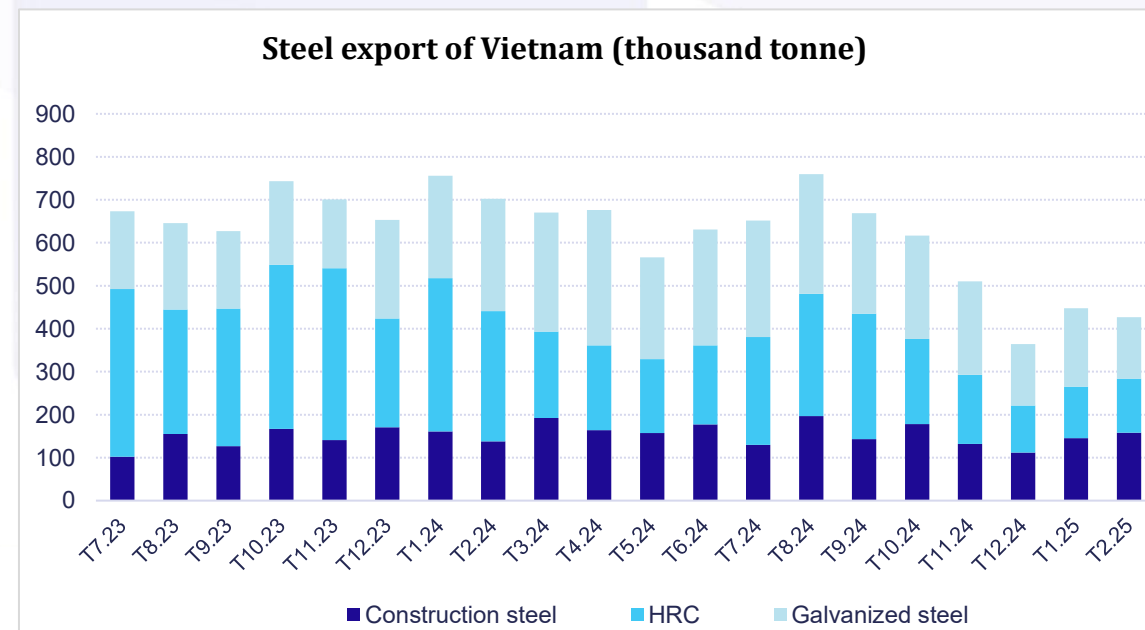
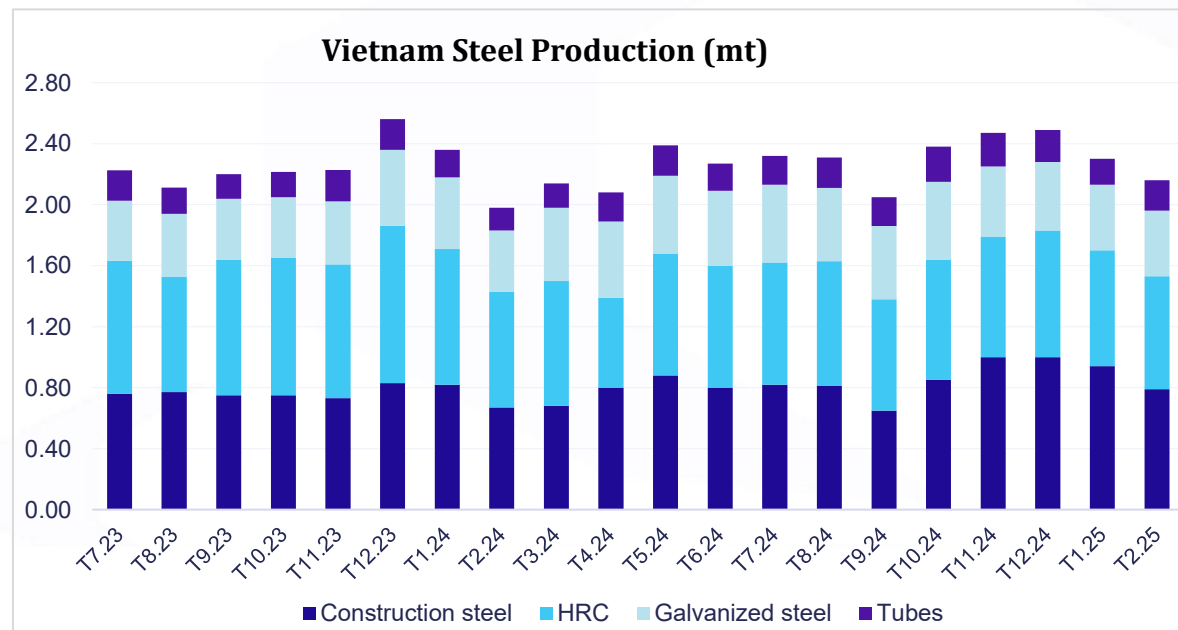
We forecast that in Q2–Q3/2025, steel prices may slightly rise to around 14,000 VND/kg, supported by a recovering real estate market (projected 21% increase in apartment supply). In Q4/2025, prices could reach 14,500–15,000 VND/kg, due to peak construction season and rising demand from infrastructure projects (expressways, airports) nearing completion by year-end.

The steel market faced many challenges in early 2025, but is expected to recover in the second half of the year, with projected output growth of 5% and consumption increasing by 8%.

- Vietnam's steel industry showed a clear recovery in 2024, with total consumption reaching 29 million tons (up 10.4%). This includes 11.9 million tons of construction steel, 6.5 million tons of hot-rolled coil (HRC), 2.6 million tons of cold-rolled coil, 5.4 million tons of galvanized steel, and 2.5 million tons of steel pipes.
- Steel exports reached 12.6 million tons (up 13.5%), with strong growth in items such as billets (+30%), galvanized steel (+34.7%), cold-rolled steel (+18.8%), steel pipes (+16%), and construction steel (+11.8%).
- However, steel imports also surged to 17.7 million tons (+32.9%), putting pressure on the domestic market.

In 2025, the main growth driver is expected to be hot-rolled coil (HRC), supported by new capacity additions from Hòa Phát Group (2.8 million tons out of its total designed capacity of 8.5 million tons). The ASEAN steel market, including Vietnam, will not only face challenges from slowing finished steel demand but also from increased exports of Chinese steel. Furthermore, new steel plants coming online in Southeast Asia will intensify regional competition.

U.S. trade policies, including tariff measures, will significantly impact global steel trade flows and Vietnam's market. The domestic real estate market is also expected to improve and possibly enter a new growth cycle, though the recovery trend will likely become clearer in the second half of 2025. **Meanwhile, the export outlook is less favorable in 2025 due to rising global protectionism.**





Domestic Outlook: Positive, Driven by Public Investment and Real Estate Demand

Vietnam's record-high public investment of VND 876,500 billion in 2025 is expected to boost major infrastructure projects such as the North–South Expressway Phase 2 (VND 146,990 billion), Long Thanh Airport, and ring roads in Hanoi and Ho Chi Minh City. These projects consume significant amounts of steel (estimated at 20–25% of total project costs), particularly construction steel. According to the Vietnam Steel Association (VSA), domestic steel demand is expected to grow by 8% in 2025, reaching approximately 32 million tons (compared to 30 million tons in 2024). The real estate market is also rebounding, with apartment supply increasing by 15% in 2024. This trend may continue in 2025 thanks to legal reforms (e.g., the 2024 Land Law) and a persistently low interest rate environment. Residential construction—especially condominiums—uses large amounts of steel (rebar, structural framing). This segment could contribute an additional 3–4 million tons of steel demand in 2025.

Export Outlook: Negative Due to Tariffs and Market Diversification Efforts

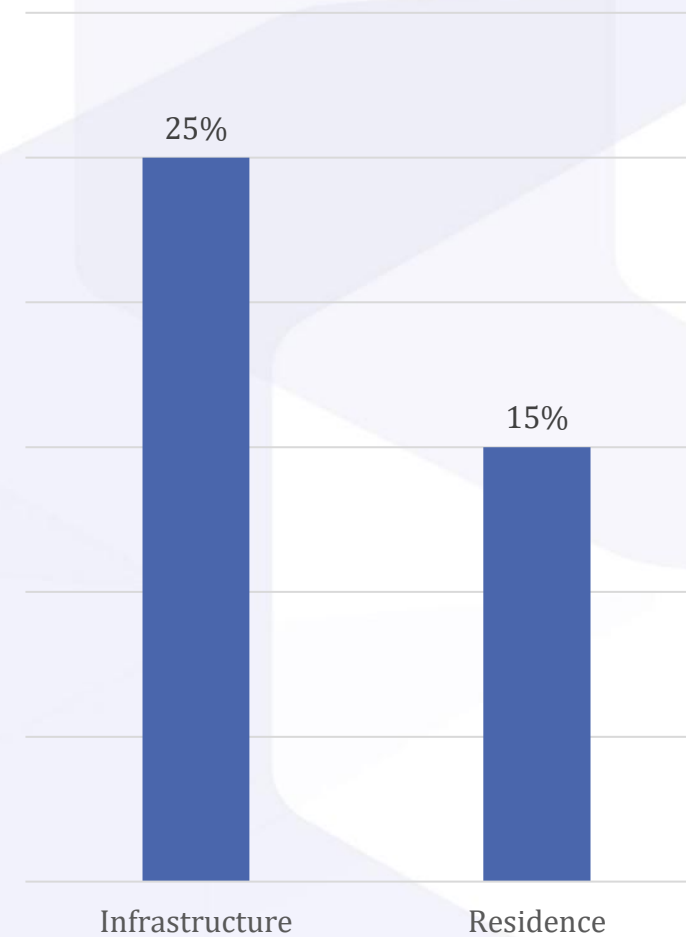
Vietnam's steel export markets (e.g., the U.S., EU) are imposing steep anti-dumping duties. The U.S. applied a 25% duty on cold-rolled steel from Vietnam (U.S. Department of Commerce, 2024), and the EU imposed duties ranging from 7.9% to 19.9% on coated steel (European Commission, 2024). As a result, Vietnam's steel exports may decline by 5–7% in 2025—from 12 million tons (2024) to 11–11.5 million tons. Vietnamese steel companies are expanding into new, lower-tariff markets such as Southeast Asia (ASEAN, which accounts for 25% of Vietnam's steel export value), India, and the Middle East.

Anti-Dumping Duties on Imported Steel Support Domestic Players

In 2024, Vietnam's steel imports surged by 32.88% to 17.71 million tons, with imports from China rising sharply by 48.4% year-over-year, accounting for 68% of total imports. This influx caused significant harm to the domestic industry, reducing production and market share for companies like Formosa and Hoa Phat (HRC market share dropped from 45% in 2021 to 30% in 2023). Anti-dumping duties—19.38–27.83% on HRC and 37.13% on coated steel from China—help curb steel imports and protect the domestic steel industry from production cuts and job losses.

These duties support domestic steel prices, and companies like HPG have gradually regained their 35–38% market share. HSG also maintains a 31% market share in coated steel, with a gross margin of 12–15% in 2024.

Steel proportion in construction

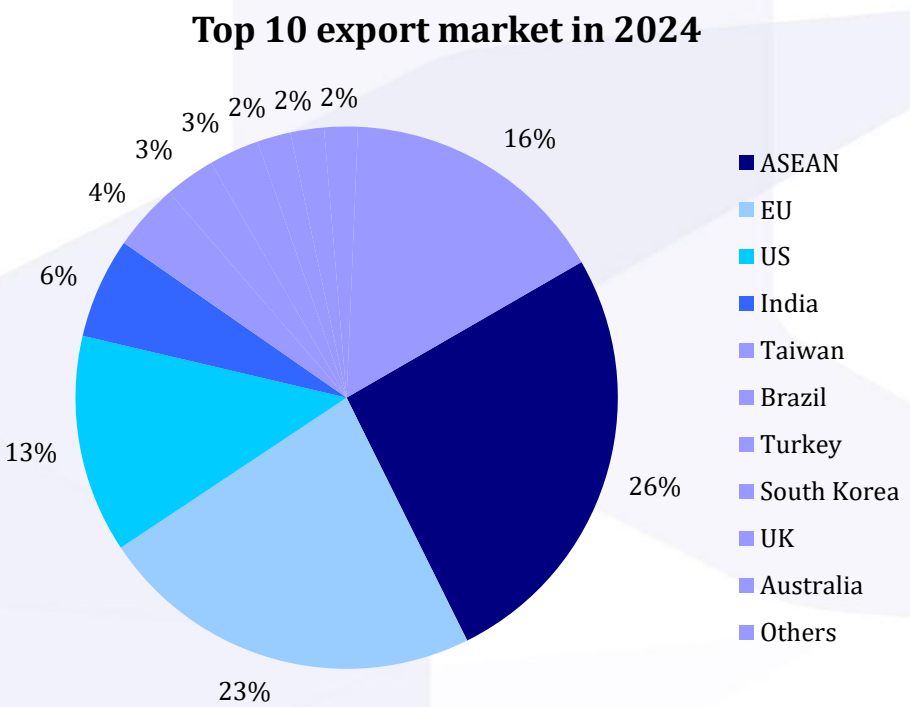


Source: VSA, GTJASVN Research



Tariffs pose a significant barrier to export activities

Nations	Products	AD tax rate	Status
The US	Corrosion-resistant steel	195.23%	Awaiting final conclusion
EU	HRC	12.1%	Subject to provisional tariff
India	HRC	46%	Initiated on August 18, 2024, and the hearing session has not been reopened yet.
The US	Galvanized steel	39.84% to 88.12%	Final conclusion expected in October 2025.
Canada	Wire rod steel	13%-17%	Currently subject to tariff
Mexico	Wire rod steel	36.23%	Currently subject to tariff



Some countries have only initiated anti-dumping investigations and have not yet announced specific tax rates. The anti-dumping tax rates, especially from the U.S. (40–88%), exert significant pressure on Vietnam’s steel industry, reducing its export competitiveness. However, investigations in the EU and India have not reached final tariff conclusions, so Vietnam's steel sector still has opportunities to mitigate the impact of trade barriers.

Source: truntamwto.vn, vneconomy.vn, GTJASVN Research



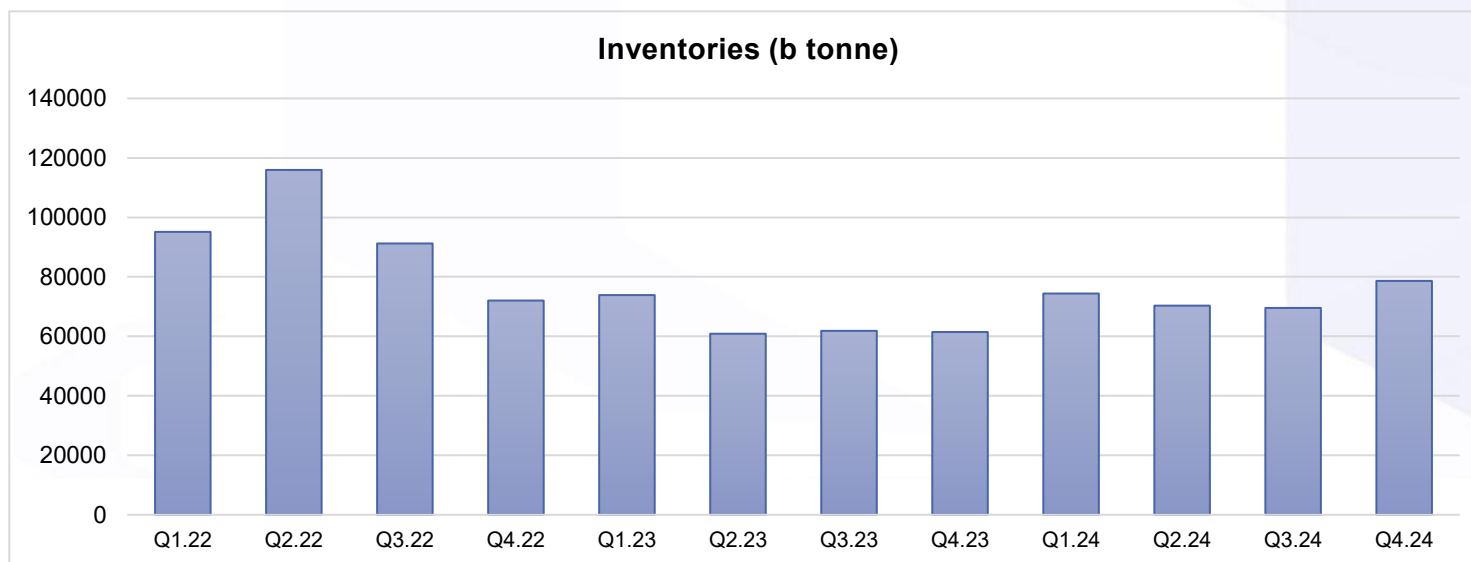
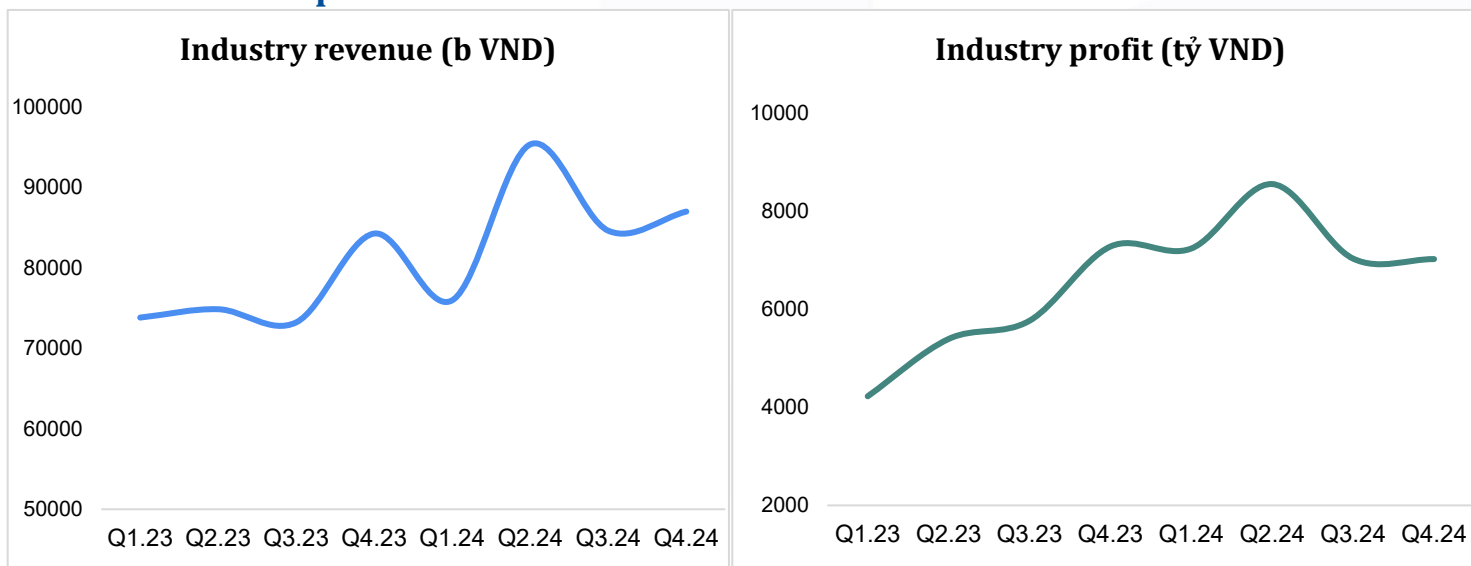
Vietnam's anti-dumping duties applied to imported steel products from various countries

Nations	Products	AD tax rate	Validation	Status	Document
China	HRC	19.38% – 27.83%	Từ 08/03/2025	Temporary (120 days)	Decision No. 460/QĐ-BCT
China	Galvanized steel	Lên đến 37.13%	Từ 16/04/2025	Temporary (120 days)	Decision No. 914/QĐ-BCT
Korea	Galvanized steel	Lên đến 15.67%	Từ 16/04/2025	Temporary (120 days)	Decision No. 3023/QĐ-BCT
China	Color-coated steel	2.53% – 34.27%	Gia hạn đến 23/10/2029	Official	Decision No. 2822/QĐ
China	CRC	4.43% – 25.22%	Gia hạn đến 20/12/2025	Official	Decision No. 3390/QĐ-BCT
China	H-beam steel	22.09% – 33.51%	Gia hạn đến 2027	Official	Decision No. 1640/QĐ-BCT
China, Malaysia, Indonesia, Taiwan	Alloy steel & stainless steel	3.07% – 37.29%	Gia hạn đến 23/10/2029	Official	Decision No. 3162/QĐ-BCT
China, Korea	Galvanized steel	4.02% – 19.25%	Gia hạn đến 23/10/2029	Official	Decision No. 3198/QĐ-BCT

Anti-dumping measures on steel products support domestic steel producers (such as HPG, Formosa), but create pressure on steel importers (such as HSG, NKG) due to rising input costs. However, anti-dumping duties on imported coated steel also create opportunities for domestic coated steel manufacturers to increase their market share both domestically and in exports, thereby enhancing competitiveness in the coated steel industry.

Source: truntamwto.vn, vneconomy.vn, GTJASVN Research

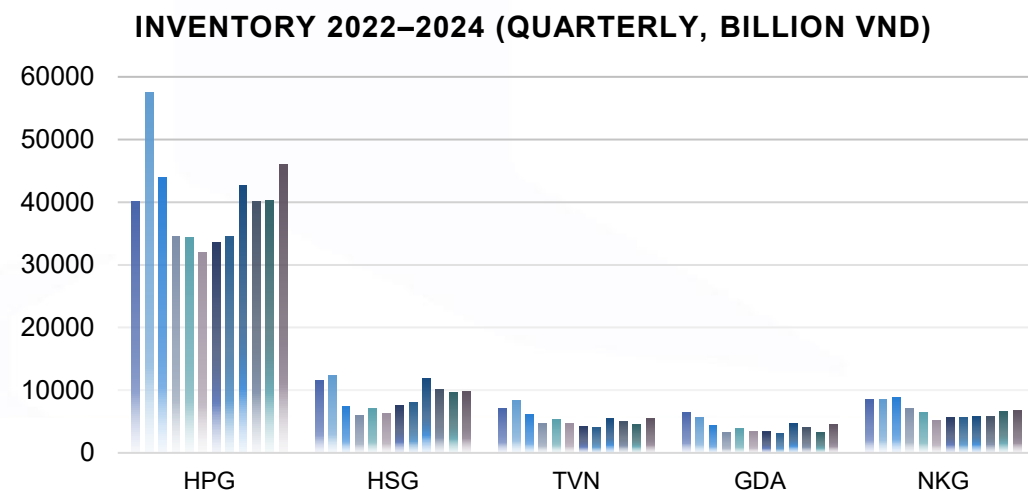
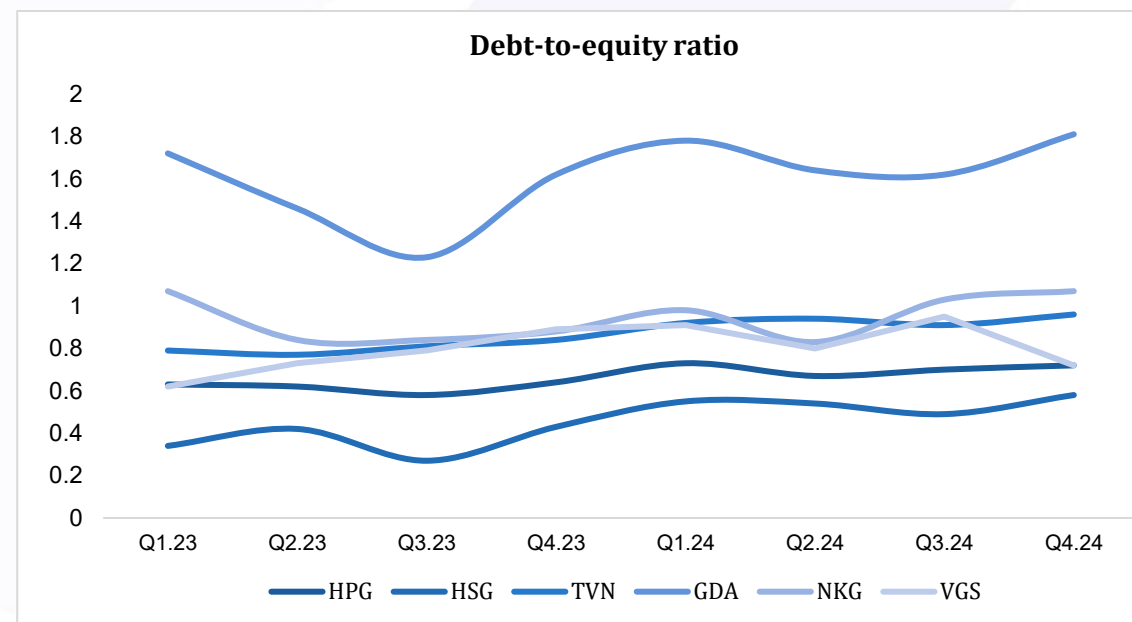
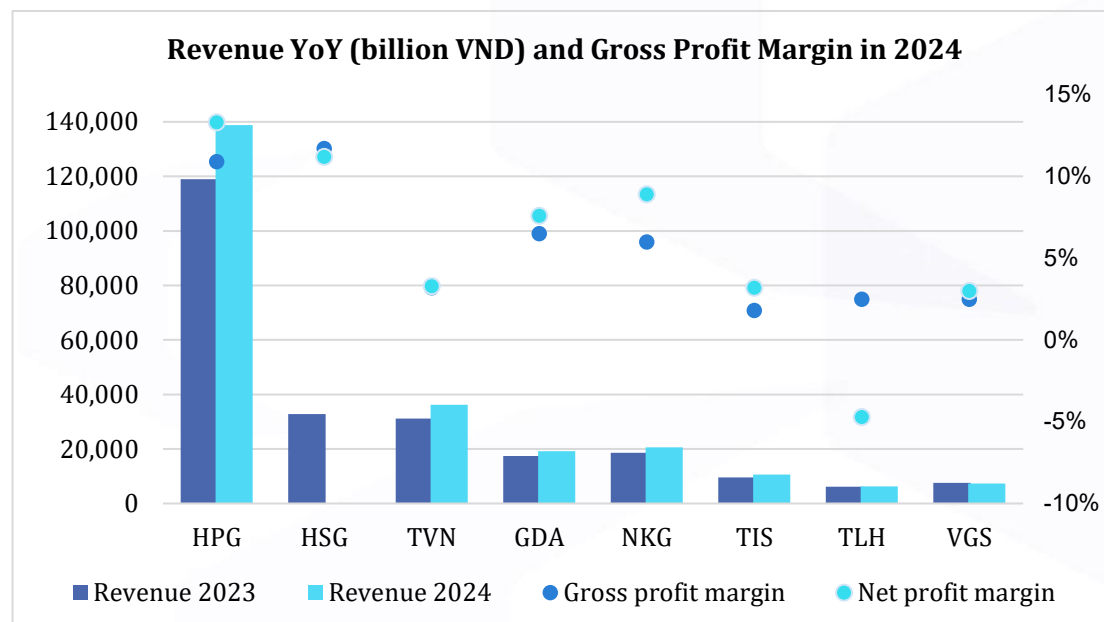
Industry revenue slightly improved in 2024 (+12%), while gross profit increased by 31% year-over-year, driven by a sharp decline in raw material prices.



In 2024, raw material prices dropped significantly from their 2022–2023 peaks. Meanwhile, finished steel prices declined more moderately (e.g., construction steel fell from 15,500 VND/kg to 13,500 VND/kg), leading to improved gross profit margins across the industry. Additionally, Vietnamese steel benefited from China's production cuts aimed at reducing emissions, which increased demand for imports from Vietnam. Steel exports rose by 13.5%, with a large proportion going to high-value markets such as the EU (22.4%) and the US (14.4%), compared to ASEAN (25.2%). Despite the global decline in steel prices, exporting to premium markets helped maintain revenue and enhance gross margins. Furthermore, fixed costs such as wages, depreciation, and interest expenses were well-managed. Many companies divested from underperforming segments, contributing to robust profit growth for the industry over the past year.

Thanks to the recovery of domestic construction, steel demand began to gradually improve in 2024. Steel producers increased output and reduced pressure from high inventory levels. Throughout 2024, companies maintained inventory at safe levels, refrained from aggressive production expansion, and remained cautious about the recovery outlook. **Looking ahead to 2025, we expect steel output to rise by 5% and consumption to grow by 8% as domestic demand continues to increase and inventory levels remain low.**

Comparison of Selected Companies in the Steel Industry:



Ticker	GPM	NPM	ROA	ROE
HPG	13.32%	8.66%	5.83%	11.07%
HSG	11.18%	1.43%	2.99%	5.25%
NKG	8.89%	2.20%	3.52%	8.02%
GDA	7.57%	1.79%	2.79%	9.20%
TVN	3.26%	0.86%	1.18%	3.49%
VGS	3.03%	1.50%	4.60%	10.64%
Avg.	7.88%	2.74%	3.48%	7.95%



Stock data

Price (VND)	25,750
Highest 52w	29,600
Lowest 52w	22,900
Outstanding shares (million)	6,396.25
Foreign ownership	21.22%
Current foreign ownership limit	1,777,014,341
Market cap(b VND)	146,474.13
Dividend	0%



INVESTMENT THESIS

1 Dung Quat 2 Expansion: This project is a key revenue growth driver for Hoa Phat, increasing HRC output from approximately 3 million tons to 4.5 million tons when operating at 50% capacity this year. It is expected to contribute 25% of total revenue.

2 Domestic Demand: Major infrastructure projects like the North-South Expressway and Long Thanh Airport are crucial in boosting steel consumption, supported by accelerated public investment disbursement. The recovering real estate supply also drives domestic steel demand. HPG currently leads the construction steel market with a 38% market share.

3 Operational Efficiency: HPG continues to optimize costs and reduce inventories, resulting in a slight improvement in gross profit margin.

4 Revenue Forecast: Projected revenue for 2025 is VND 170,000 billion, up 21% from 2024. Estimated net profit is VND 15,000 billion, a 24.7% increase YoY.

Risks:

Imported Steel Competition: Low-cost Chinese steel (Vietnam imported 17.7 million tons in 2024, up 32.9%, with Chinese steel accounting for 68%) puts pressure on domestic selling prices.

Trade Barriers: Potential impacts from global tariff and anti-dumping measures

Dung Quat 2 Project Progress

As of December 2024, Dung Quat 2 has successfully produced its first HRC products. Blast Furnace No.1 is expected to operate at 50–60% capacity in 2025, with an estimated output of around 1.5 million tons of HRC. By 2026, the project is projected to reach 80% capacity for Furnace No.1 and 50% for Furnace No.2.

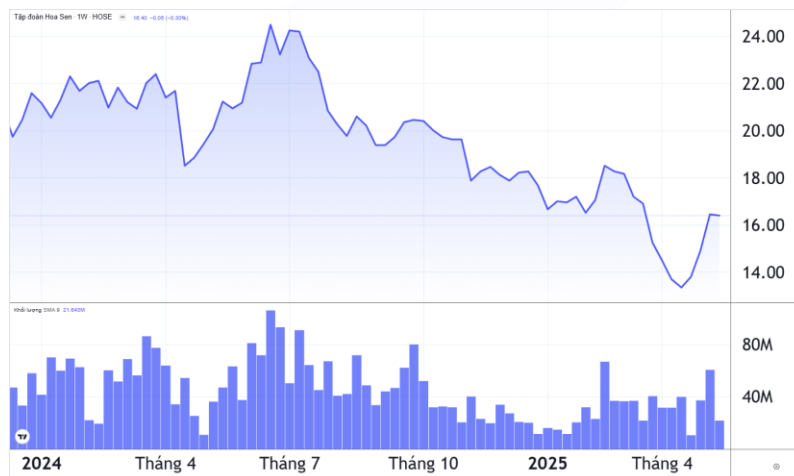
RECOMMENDATION

We maintain our target price for HPG at **VND 32,500/share** (up from the initial “BUY” recommendation at **VND 27,700/share** on March 28, 2024), with a **HOLD** recommendation.



Stock data

Price (VND)	16,400
Highest 52w	24,630
Lowest 52w	14,200
Outstanding shares (million)	620.98
Foreign ownership	7.20%
Current foreign ownership limit	259,596,500
Market cap(b VND)	8,817.95
Dividend	3.52%



HSG is one of the leading companies in the galvanized steel and steel pipe segments, with market shares of 30% and 20% respectively as of 2024. The company operates an extensive distribution network with over 500 branches and stores nationwide, maintaining a competitive advantage in steel product distribution.

CORPORATE UPDATE

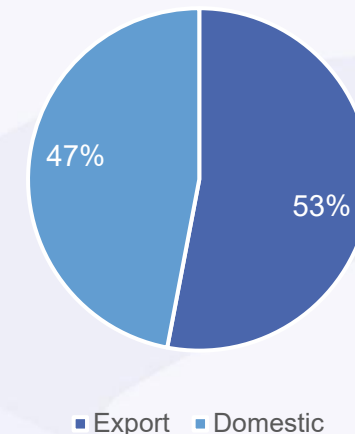
1/ HSG's revenue in Q1 of fiscal year 2024–25 reached VND 10,221 billion, up 13% YoY, and post-tax profit reached VND 166 billion, up 60% YoY, driven by higher average selling prices and optimized operating costs. HSG proposed two business scenarios for FY 2024–2025:

- Scenario 1: Output of 1.8 million tons, net revenue of VND 35,000 billion, and net profit of VND 400 billion;
- Scenario 2: Output of 1.95 million tons, net revenue of VND 38,000 billion, and net profit of VND 500 billion.

2/ Capacity expansion: HSG is investing in a new plant in Phu My (Ba Ria – Vung Tau), expected to be completed by the end of 2025, increasing production capacity by 1.2 million tons/year (bringing total capacity to 5 million tons/year).

3/ Hoa Sen Phu My Co., Ltd. has been converted into Hoa Sen Steel Pipe JSC (with HSG owning 99% equity), with plans to IPO and list within 1–5 years. The company also plans to establish Hoa Sen Home JSC (HSG to hold over 99% equity) during 2025–2026, aiming for IPO and listing within the next 5 years.

Revenue structure of HSG's coated steel products in 2024



Stock data

Price (VND)	16,400
Highest 52w	24,630
Lowest 52w	14,200
Outstanding shares (million)	620.98
Foreign ownership	7.20%
Current foreign ownership limit	259,596,500
Market cap(b VND)	8,817.95
Dividend	3.52%

Additionally, we expect HSG’s large inventory volume to help improve its profit margins.

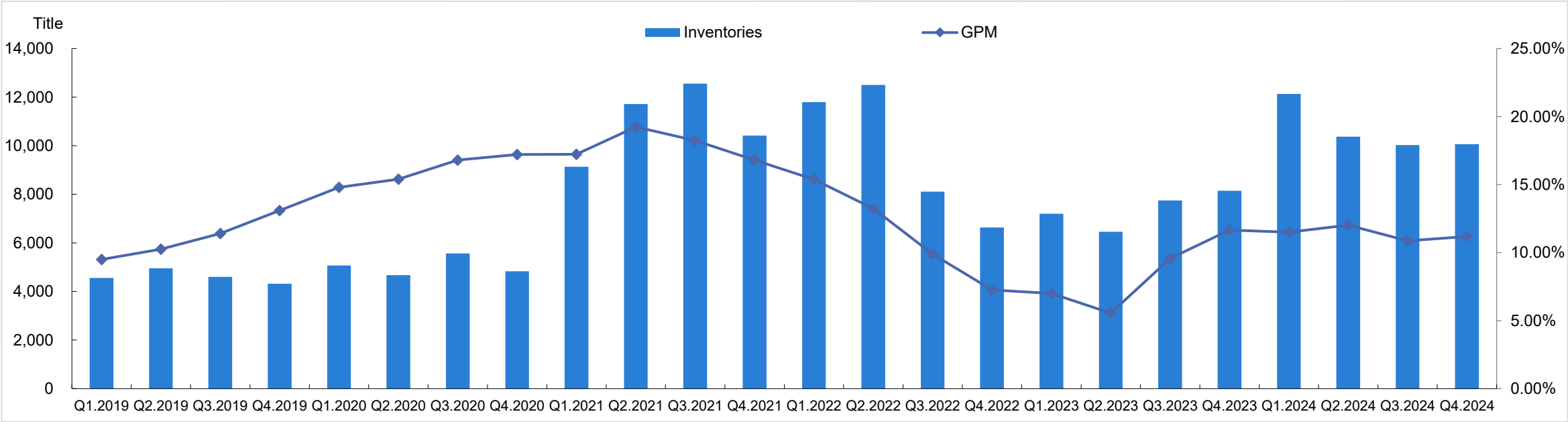
Risks:

Exchange rate risk: HSG’s foreign currency loans account for 25% of total debt, making the company vulnerable to VND/USD fluctuations (exchange rate increased by 3% in 2024).

Export dependency: Exports account for about 53% of total revenue, exposing the company to risks from increasingly stringent import tariffs and trade barriers on steel and galvanized steel products in foreign markets.

INVESTMENT RECOMMENDATION

We set a target price of VND 19,000/share for HSG and issue a **WATCH** recommendation.



Source: FiinX, GTJASVN Research



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