

The background of the slide is a photograph of a construction site. Several large yellow tower cranes are visible against a clear blue sky. In the foreground, there are concrete pillars and rebar structures of a building under construction. The text is overlaid on the right side of the image.

# **STEEL SECTOR**

## **BUSINESS UPDATE**

### **OUTLOOK: POSITIVE**

24/12/2025  
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## STEEL SECTOR

- CHINA STEEL SECTOR
- VIETNAM STEEL CONSUMPTION
  - 9M25 BUSINESS RESULTS OF STEEL COMPANIES
- STOCK RECOMMENDATION: **HPG**

The steel industry continued to experience significant volatility in 2025, affected by reciprocal tariff measures, trade defense policies, and low steel prices in the first half of the year, which posed challenges for steel producers. In the second half of the year, however, the industry outlook has turned more positive, supported by a recovery in steel prices, the impact of trade defense duties on Chinese steel and coated steel products, a rebound in the real estate sector, and strong demand for raw materials driven by robust public investment. In addition, China has signaled tighter production controls and potential export restrictions from 2026, while a new economic stimulus package is expected to have a positive impact on steel price dynamics in late 2025–2026.

Domestically, HPG continues to act as the industry leader, holding the largest market share in the construction steel segment. The completion of the Dung Quat 2 complex strengthens HPG's production capacity and marks the beginning of a new high-growth cycle for the company. Other steel producers remain in a relatively fragile position due to intense competition and the need to redirect export markets amid potential trade defense tariffs from the U.S. Overall, these companies are still undergoing restructuring. Meanwhile, the emergence of a new player, VinMetal, through Vingroup's acquisition of Pomina, indicates that Vietnam's steel industry is gradually attracting participation from financially strong shareholder groups. **Investment outlook and stock recommendation:** Differentiation among companies is expected to become more pronounced, as scale advantages and an integrated value chain will be the key determining factors. Hoa Phat Group (HPG) remains a standout investment choice and a representative proxy for the steel industry's growth prospects over the medium to long term.

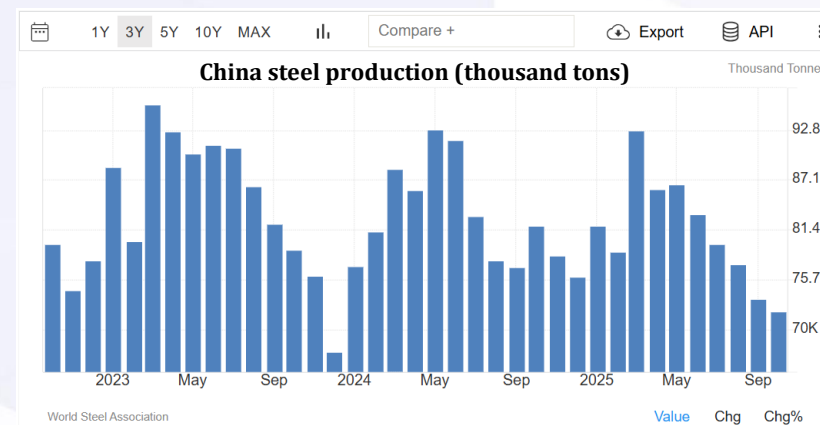


## Policies implemented by Chinese regulators continue to play a critical role in shaping steel price movements in China and globally



Raw material prices in the third quarter recovered compared to the beginning of the year, mainly due to expectations of new economic stimulus measures from China. However, in the short term, prices may fluctuate as the peak construction season in China is coming to an end. In addition, China's recent policy on a new export licensing system starting in 2026 may create significant and uncertain impacts on the price trend of this key product. According to an announcement by China's Ministry of Commerce on December 12, around 300 steel products will be subject to export license requirements from January 1, 2026. Exporters will need to apply for export licenses based on export contracts and quality inspection certificates from manufacturers..

In the Chinese market, steel output in November fell to 69.87 million tons, down 10.9% compared with the same period last year. This was the lowest monthly output since December 2023. Steel production in the first eleven months of this year reached 891.67 million tons, a decrease of 4% year on year. In contrast to the decline in steel production, iron ore imports are moving toward a record high. According to SteelHome, China is rebuilding its inventories. Iron ore stockpiles at ports have increased for eight consecutive weeks, reaching 139.6 million tons on November 14. Iron ore imports may decline in the coming months, as inventory growth is expected to be limited.

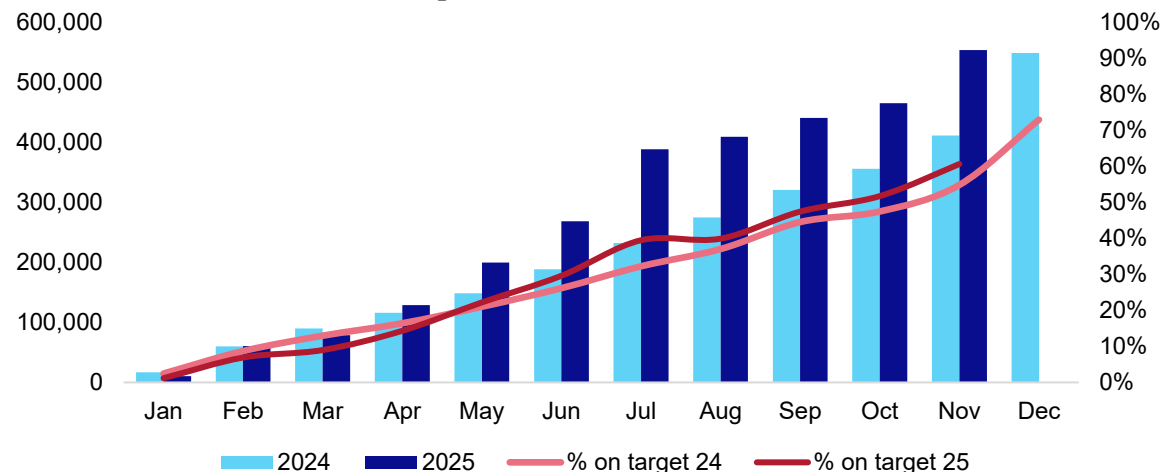


Source: SteelHome, Investing.com, FiiX, GTJASVN Research





## Cumulative public investment disbursement



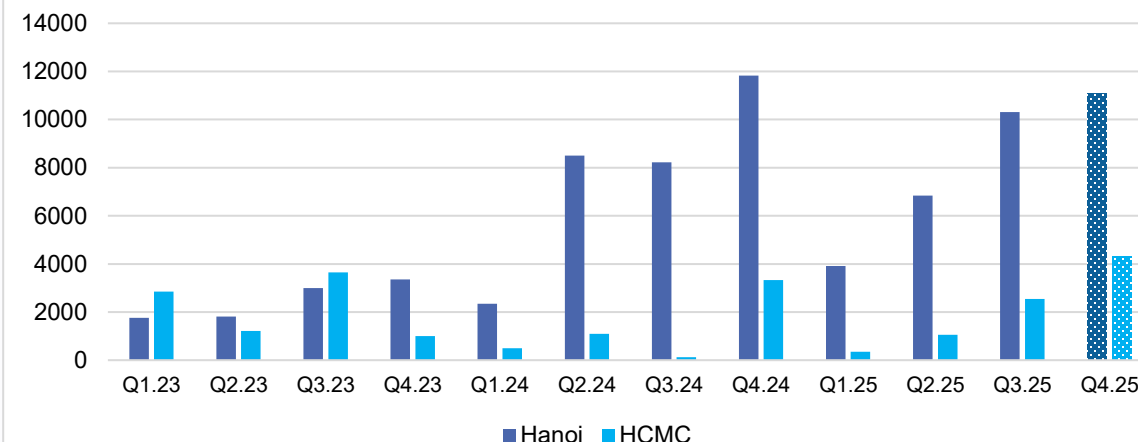
### Long Thanh Airport racing toward completion

On December 19, Runway No.1 welcomed its first passenger flight. Runway No.2, which started construction on May 30, 2025, has currently reached around 16% completion, with the remaining backlog estimated at about VND 2,100 billion. The passenger terminal still has around 31% of construction work remaining, equivalent to VND 10,737 billion. By December 2025, the project is expected to reach 63.6% completion based on contract value. So far, 3 out of 15 construction packages have been completed, creating a foundation for the implementation of the remaining 12 packages. Demand for raw materials is expected to continue rising as the project moves quickly toward completion in 2026.

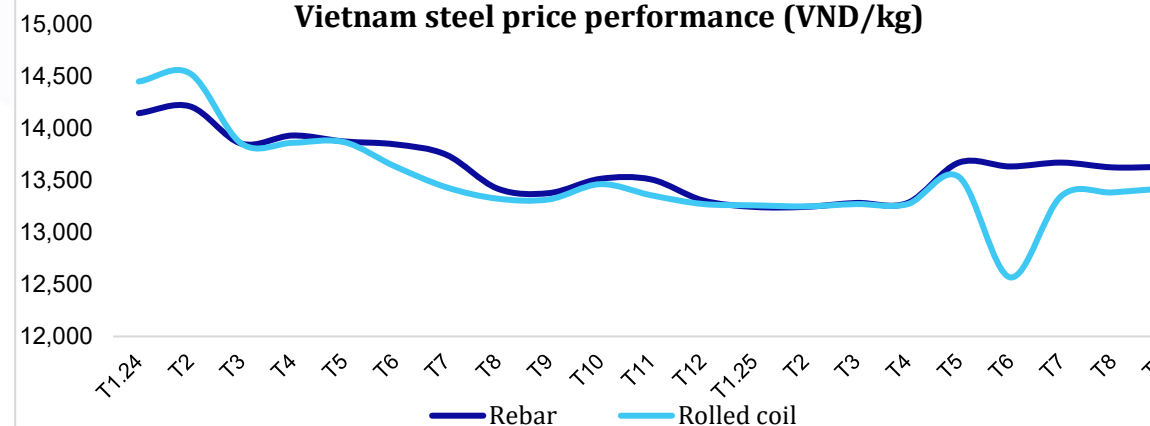
### North-South high-speed railway targets late-2026 start

The Ministry of Construction is preparing impact studies and investment plans. Consultant selection and site clearance guidance are expected by January 2026. Construction may start in 2026. Hòa Phát has started building a steel plant to supply rail steel for the project.

## New apartment supply



## Vietnam steel price performance (VND/kg)



The recovery of the domestic steel market was mainly driven by public investment disbursement, which increased by more than 37% year on year by the end of Q3 2025. In addition, the recovery of the real estate market, as many projects were allowed to resume sales, led to a strong rise in demand for construction materials, especially steel.

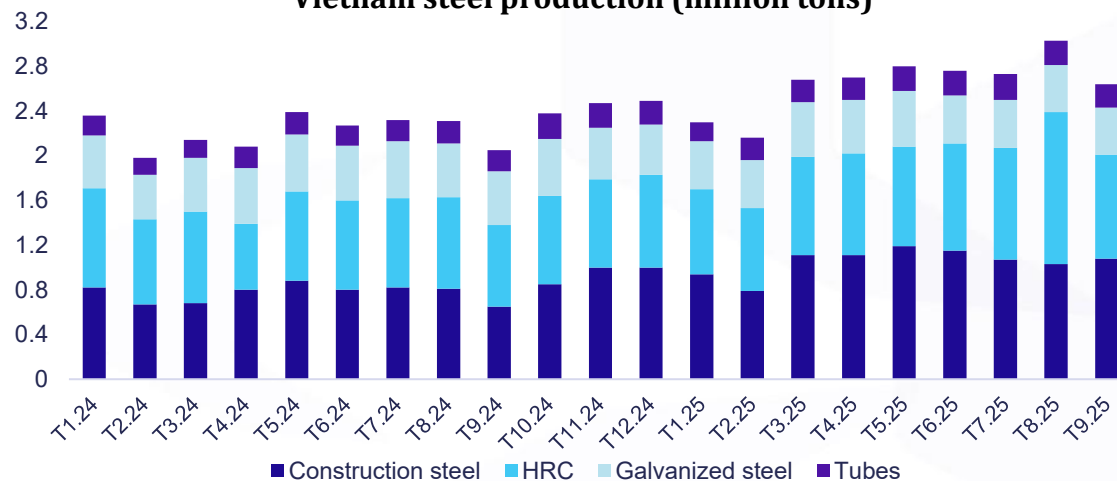


## Consumption increased mainly from domestic demand, while companies limit exports



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

**Vietnam steel production (million tons)**

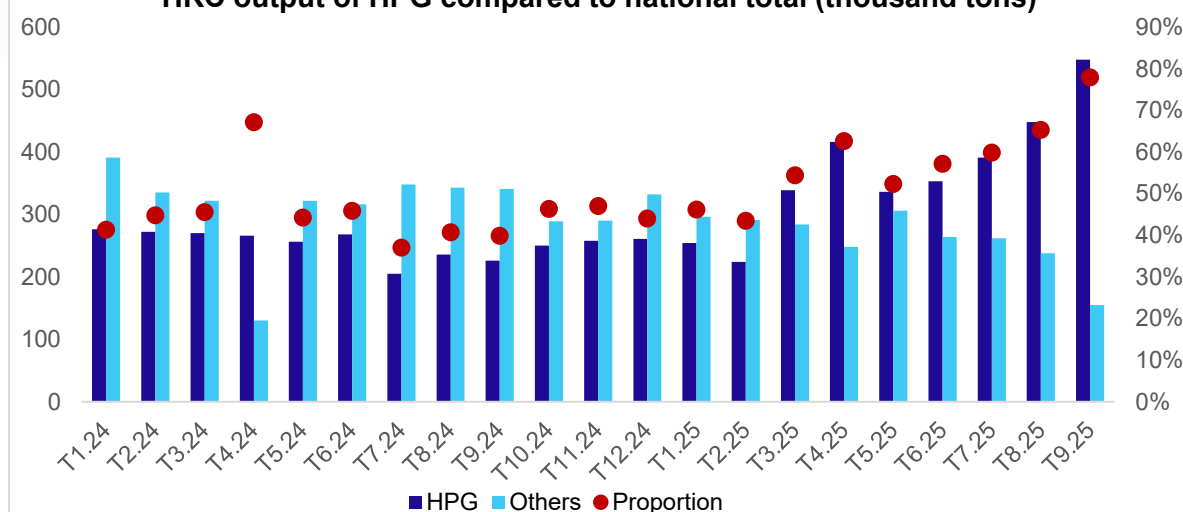


Steel production in the first nine months reached 23.8 million tons, up 19% year on year. Consumption growth was mainly driven by construction steel and HRC, supported by output from Dung Quat 2, with demand focused on the domestic market. Meanwhile, steel exports continued to decline in September, reaching 324,000 tons, down by half compared with the same period last year. In the first nine months, total steel exports were around 3.7 million tons, a sharp decline compared with 2024. As previously expected, the US and EU strengthened trade protection measures. The US raised steel import tariffs to 50% from June, causing export targets to shift to other markets. Cambodia became a bright spot, as Vietnam exported about 1.2 million tons of steel to Cambodia in the first ten months, up 26% year on year. This market now accounts for around 14% of Vietnam's total steel exports. In contrast to last year, when the US was Vietnam's largest single steel export market, the share of steel exports to the US has fallen to 8.4% this year, compared with nearly 14% in the same period last year.

**Vietnam's steel export volume (thousand tons)**

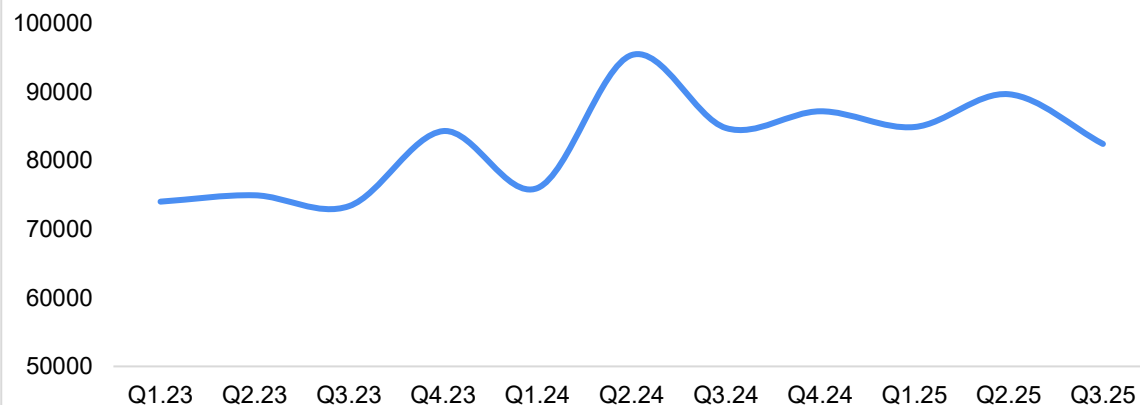


**HRC output of HPG compared to national total (thousand tons)**

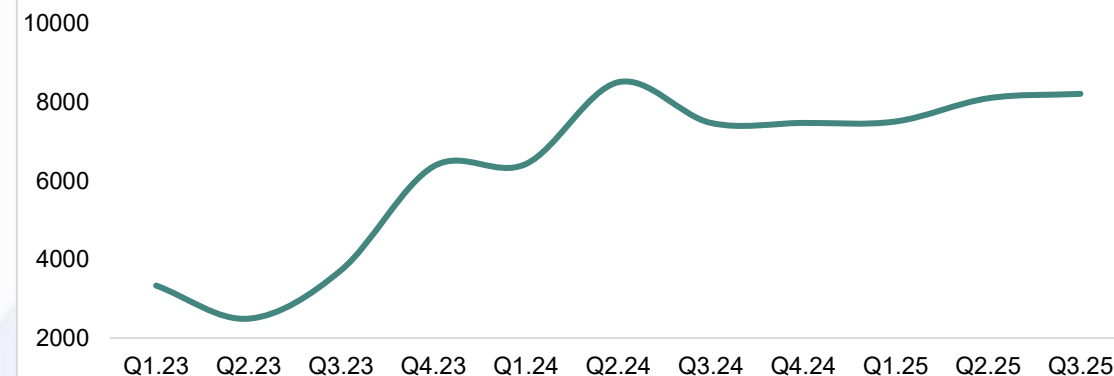


Industry revenue improved slightly in 9M 2025, + 0.3%. Gross profit increased by 6% YoY, mainly driven by contributions from HPG's new added capacity

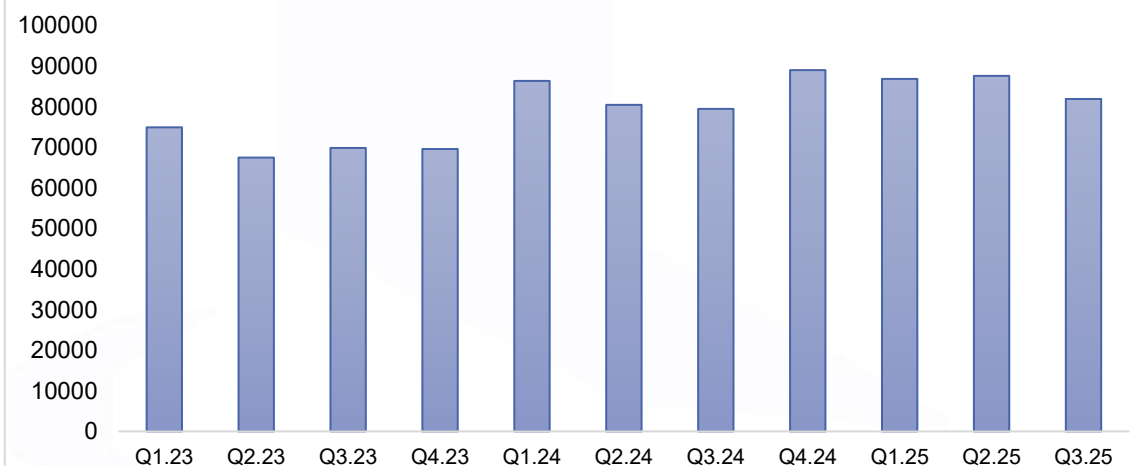
Industry revenue (VND bn)



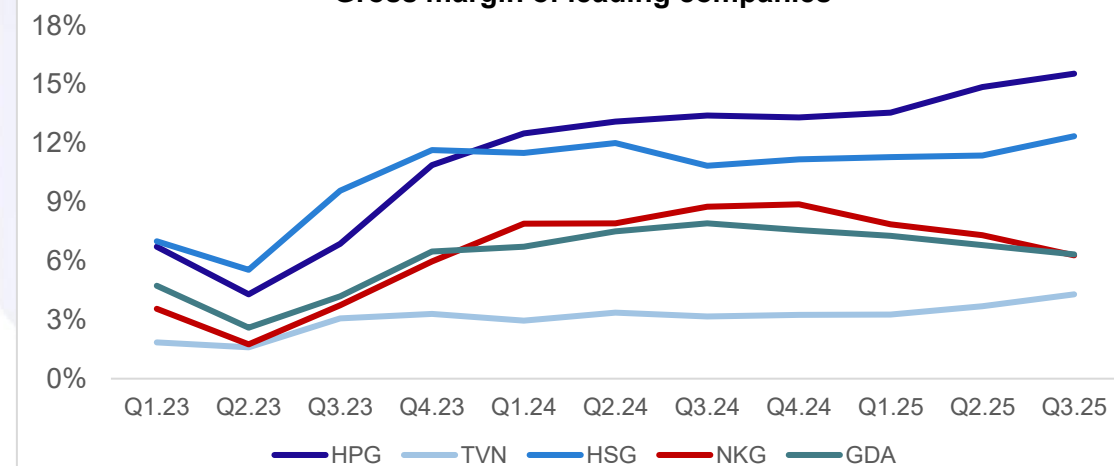
Industry profit (VND bn)



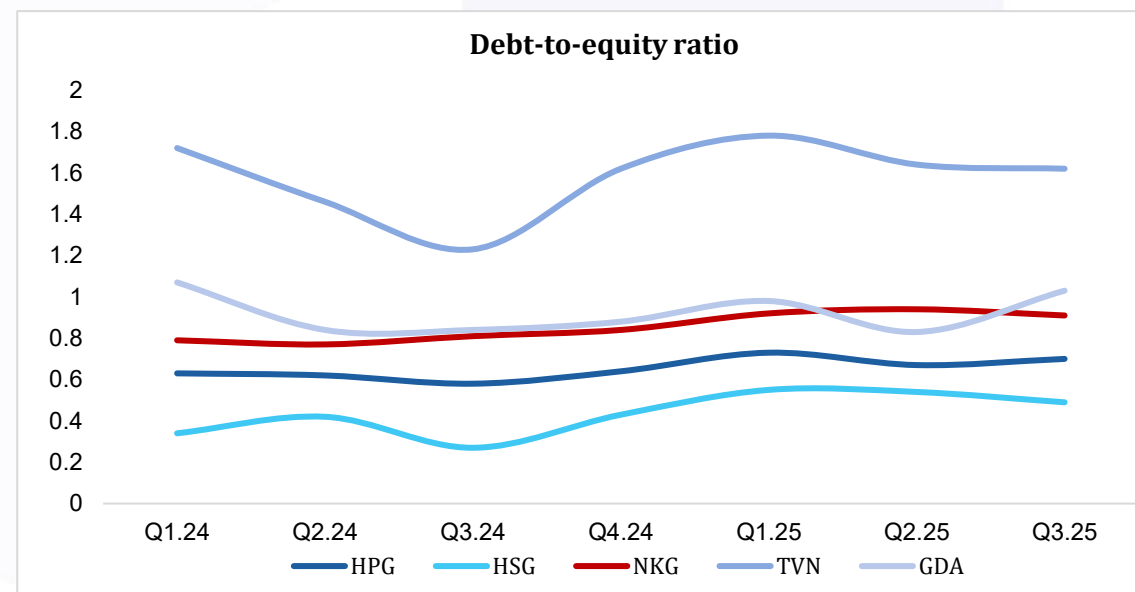
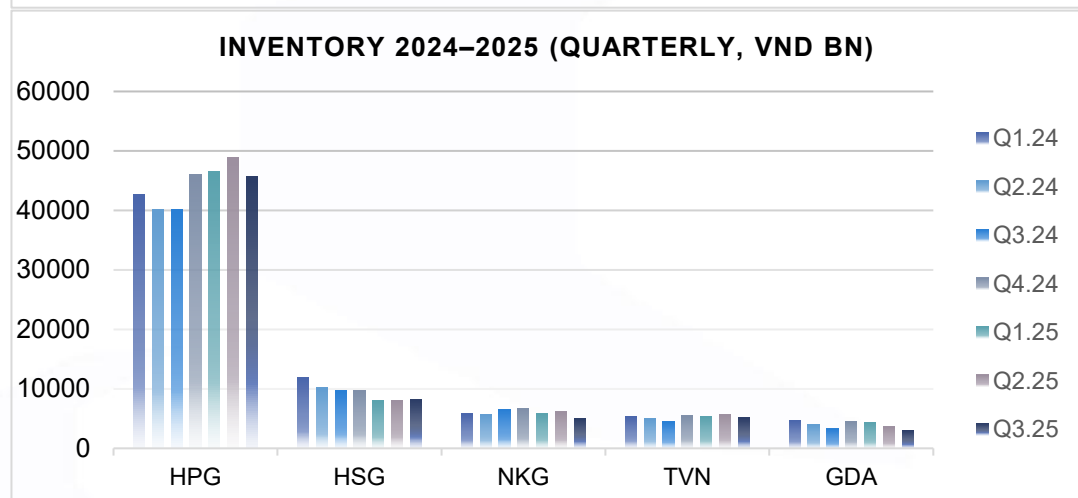
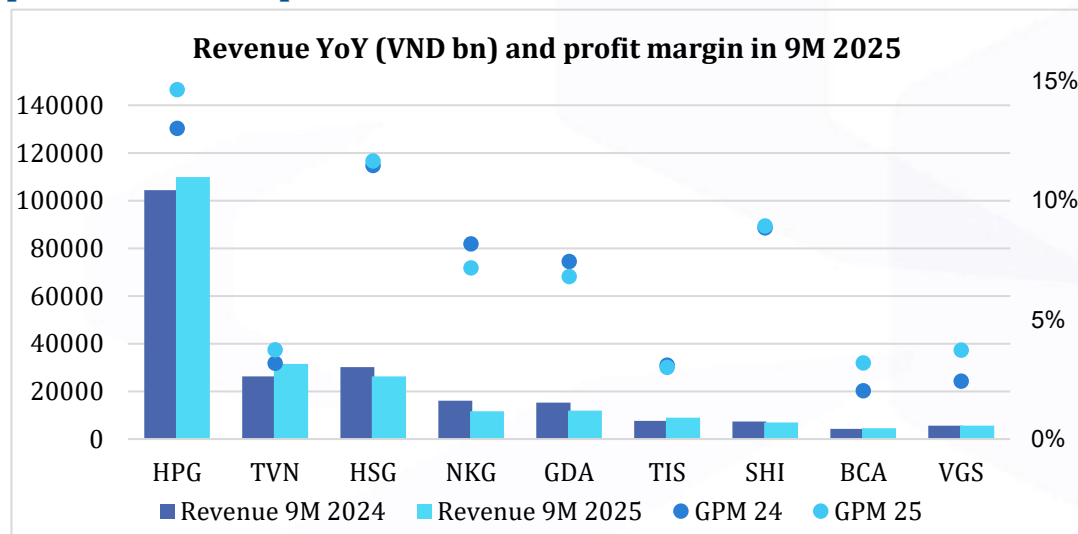
Inventory (million tons)



Gross margin of leading companies



HPG's gross margin improved, while the gross margins of coated steel producers such as NKG and HSG are expected to remain under pressure if HRC prices continue to rise



Revenue performance across the steel industry showed clear divergence between domestically focused companies and export-oriented players. Among leading firms, Hoa Phat and Vietnam Steel recorded solid year-on-year growth, while HSG and NKG saw revenue declines. Profit margins were also stronger for companies focused on the domestic market, with Hoa Phat's gross margin rising from 13% to 14.65%.





## Stock data

Price (VND)	26,750
Highest 52w	30,350
Lowest 52w	17,750
Shares outstanding (m)	7,675
Foreign own	19.6%
Foreign's room	2,253,646,896
Market cap (b VND)	203,783
Dividend	0%

## INVESTMENT THESIS

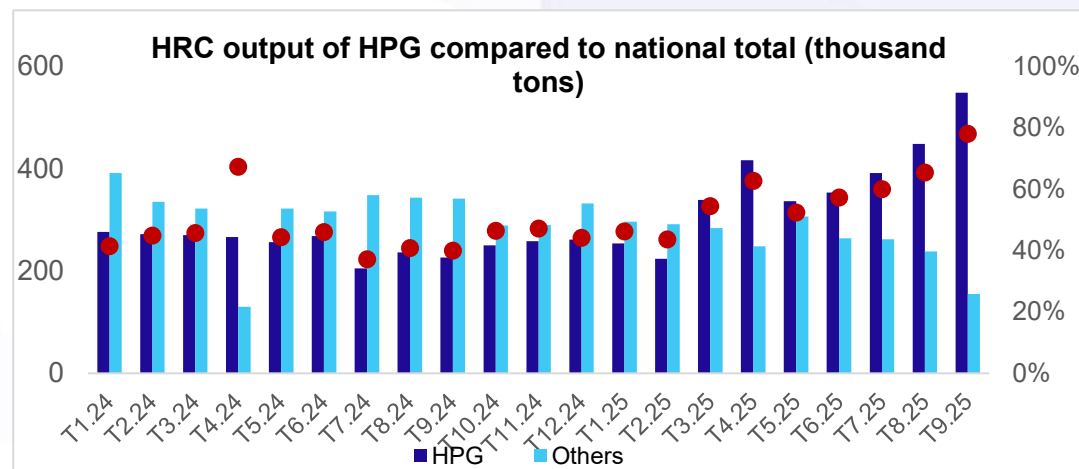
### 1/ Positive business results in 9M 2025:

- In Q3 2025, Hoa Phat's consolidated revenue reached VND 36,794 billion, up 7% year on year, while net profit after tax reached VND 4,012 billion, up 33% YoY. In the first nine months, the Group's consolidated revenue and net profit after tax totaled VND 111,031 billion and VND 11,627 billion, respectively, completing 65% and 78% of the full-year plan
- Crude steel production reached 7.6 million tons (+23% YoY), while finished steel sales reached 7.8 million tons (+22% YoY).
- Expected 2026 results: the Group's revenue and net profit after tax are projected to reach VND 220 trillion (+25.7% YoY) and VND 21,580 billion (+30% YoY), respectively.

**2/ Strong growth in HRC output** thanks to capacity expansion after Dung Quat 2 was completed and put into operation, in September this year HRC produced by Hoa Phat accounted for 78% of the nation's total HRC output, a sharp increase from 40% in the same period last year. Dung Quat 2 continues to be the key growth driver. With capacity utilization of 70–80% from 2026, crude steel output is expected to reach around 10.5 million tons this year (+20% YoY)

**3/ Benefiting from anti-dumping duties and the recovery of the real estate market, as well as infrastructure projects entering an accelerated completion phase**

**Risks:** raw material price volatility; public investment disbursement pace and infrastructure project progress.



## RECOMMENDATION

We value HPG shares at VND 33,700 per share and recommend “Accumulate”, with an expected return of 25.9% compared with the closing price on December 23, 2025.

Source: HPG, FiinX, GTJASVN Research

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