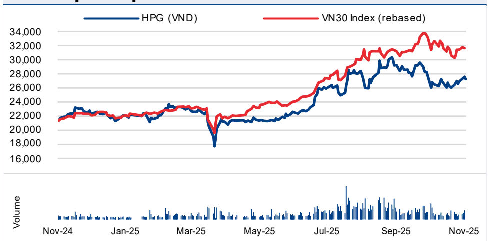
Hoa Phat Group (HPG - HSX)

Buy
Target Price: VND36,800
Up/downside: 35.0%

Share price (VND) (as of 20 Nov 2025)	27,250
Bloomberg code	HPG VN
52-week range (VND)	17,749-30,350
Trading value (5D) (VNDmn)	1,016,310
Market cap. (VNDbn)	209,156
Market cap. (USDmn)	7,929
Shares outstanding (mn)	7,675
Total FOL share room (mn)	3,761
Current FOL share room (mn)	2,300
Foreign ownership limit	49.0%
Foreign owned ratio	19.0%
Free float	54.1%
Major shareholder	Mr. Tran Dinh Long (26.1%)

Source: Company, HSC Research estimates

Share price performance



Source: Company, FactSet

Summary financials and valuation

Year end: Dec	12-24A	12-25F	12-26F
Net sales (VNDbn)	138,855	165,688	224,889
EBITDA adj. (VNDbn)	21,543	28,865	39,591
Pre-tax profit (VNDbn)	13,693	19,190	24,962
Net profit adj. (VNDbn)	11,420	15,772	21,819
FCF (VNDbn)	(28,887)	(5,230)	1,062
EPS adj. (VND)	1,488	2,055	2,843
DPS (VND)	0	1,000	1,000
BVPS (VND)	17,879	17,057	18,910
EBITDA adj. growth (%)	31.1	34.0	37.2
EPS growth adj. (%)	59.9	15.1	38.3
DPS growth (%)	nm	nm	0
EBITDA adj. margin (%)	15.5	17.4	17.6
Pre-tax margin (%)	9.86	11.6	11.1
Net margin adj. (%)	8.66	10.0	10.2
Div. payout ratio (%)	0	46.2	33.4
Net debt/equity (%)	67.2	70.9	62.8
ROAE (%)	11.1	13.5	16.6
Return on avg. CE (%)	11.0	13.3	16.5
EV/sales (x)	1.67	1.70	1.25
EV/EBITDA adj. (x)	10.8	9.75	7.11
P/E adj. (x)	18.3	13.3	9.59
P/B (x)	1.52	1.60	1.44
Dividend yield (%)	0	3.67	3.67

Source: Bloomberg, HSC Research estimates

Company description

HPG is a leading industrial manufacturing group in Vietnam operating in four key businesses: Iron & steel; steel sheet & steel pipe; real estate, and agriculture.

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Oct-25: Strong with 19% y/y growth, led by HRC

- HPG sold in total 1.12mn tonnes of steel in Oct-25, up 19% y/y and 4% m/m despite the adverse weather in Vietnam recently; in-line with our expectations. This led 10M25 sales volume to 9.49mn tonnes, up 21% y/y.
- HRC continues to be the growth engine, up 153% y/y and 18% m/m to 562,179 tonnes. Const'n steel was off 21% y/y; 4% m/m on the prolonged export weakness and impact of flooding/typhoons in the domestic market.
- Exports now account for 17% of HPG sales vol. in Oct-25 and 18% in 10M25, vs. 31% in FY24. The better market mix, focusing more on the domestic, helps to improve margins. Maintain Buy with TP VND36,800.

Event: Oct-25 and 10M25 steel sales volume announced

Today, Vietnam Steel Association (VSA) released its monthly report. Accordingly, HPG sold 1,115,758 tonnes of steel, up 19.1% y/y and 4.0% m/m, leading 10M25 steel sales volume to 9,493,343 tonnes, up 20.5% y/y. The result came in line with our expectation. Details are as follows:

HRC remains the growth engine…

HPG sold 562,179 tonnes of HRC in Oct-25, up 152.7% y/y and 17.7% m/m, generating 10M25 volume of 3,996,138 tonnes, up 60.4% y/y. The strong results were mainly thanks to the effectiveness of anti-dumping (AD) duties up to 27.83% imposing on Chinese HRC with width below 1,880mm since 8 March (temporary duties) and 6 July (for 5Y protection), HPG have been on well-positioned to gain its market share for HRC in Vietnam.

HPG has seen a dramatic surge in its Vietnamese HRC market share, climbing to 31% in Oct-25 from a low of just 7.8% in Oct-24. As a result, our 10M25 estimate puts HPG's market share at 27.0%, successfully surpassing Formosa (20.2%). Although imports still dominate at 52.8% in 10M25 (FY24: 73.3%), we expect their share to decline significantly as control over Chinese HRC products are expected to tighten in the coming time. HPG is now poised to capture the leading position and become the biggest HRC supplier in Vietnam.

Coupled with the slab sales volume within the period, we estimate that HPG would run 90% of its full design capacity of 9mn tonnes for HRC (both Dung Quat Steel Complex Phase 1 and 2) in Oct-25.

Thanks to their strong growth, HRC now accounted for 50.4% of HPG steel sales volume in Oct-25 and 42.1% in 10M25, surpassing construction steel to become the biggest contributor.

By market, domestic dominated its sales volume in Oct-25, with 93%, leaving exports at 7% only. For 10M25 as a whole, domestic volume (+109% y/y) contributed to 87% of HPG's HRC sales volume, improved from 69% in FY24, while exports (-38% y/y) contribution fell to just 13%, vs. 31% in FY24.

(Continued on page 2)

Figure 1: Oct-25 and 10M25 sales volume breakdown, HPG

Strong, led by HRC

Tonne	Oct-25	Growth y/y	Growth m/m	10M25	Growth y/y
Upstream products	1,030,141	27.4%	7.0%	8,460,069	22.5%
Construction steel	*359,511*	*-20.7%*	*-3.7%*	*3,890,972*	*3.0%*
Billet/Slab	*108,451*	*-18.3%*	*-2.9%*	*572,959*	*-10.3%*
HRC	*562,179*	*152.7%*	*17.7%*	*3,996,138*	*60.4%*
Steel pipe	59,396	-29.8%	-16.2%	687,008	17.0%
Steel sheet	26,221	-39.6%	-33.0%	346,266	-10.8%
Total sales volume	**1,115,758**	**19.1%**	**4.0%**	**9,493,343**	**20.5%**
Crude steel volume	**920,312**	**26.1%**	**-9.6%**	**8,843,622**	**23.3%**

Source: VSA, HSC Research

…fully offsetting the weak construction steel

In contrast, construction steel sales volume experienced a sharp contraction, plummeting 20.7% y/y and 3.7% m/m to just 359,511 tonnes due to several contributing factors:

- Sharp drop of 63% y/y in exports to 27,948 tonnes in Oct-25.
- Weak domestic demand of 331,563 tonnes (-12% y/y), impacted by adverse weathers including floodings and typhoons recently.

Overall 10M25 construction steel sales volume grew modestly by 3% y/y (3,890,972 tonnes), demonstrating resilience through a major shift in market mix. Facing increased global competition, HPG's export volumes were cut by 53% y/y and now account for only 13% of sales (down from 26% in FY24). This shortfall was effectively absorbed by a decent 25% y/y rise in domestic sales volume (3,398,083 tonnes), which now makes up 87% of the total construction volume (up from 74% in FY24).

With this result, construction steel sales volume now accounts for 32.2% of HPG's steel sales volume in Oct-25 and 41.0% in 10M25.

Regarding market share in Vietnam, HPG's construction steel market share came at 36.1% in 10M25, vs. 37.6% in FY24, partly on increase competition from non-VSA members, such as VAS An Hung Tuong (private, non listed) in Nghi Son, Thanh Hoa.

Steel sheets and steel pipes were also weak in Oct-25

As same theme to construction steel segment, steel sheet and steel pipe sales volume in Oct-25 was weak, driven by prolonged weakness in exports (for steel sheet) and adverse weather in domestic (for steel pipe).

Accordingly, HPG sold:

- 59,396 tonnes of steel pipe, off 29.8% y/y and 16.2% m/m, lifting 10M25 volume to 687,008 tonnes, up 17.0% y/y. HPG market share improved to 30.5% in 10M25 from 27.7% in FY24.
- 26,221 tonnes of steel sheet, off 39.6% y/y and 33.0% m/m, generating 10M25 volume to 346,266 tonnes, off 10.8% y/y. Its market share improved to 8.6% in 10M25 vs. 8.24% in FY24.

4Q25 earnings preview

Given that HRC products are sold via forward contracts, we estimate the 4Q25 HRC ASP at VND13,808/kg (up 4.7% y/y and 4.1% q/q). Conversely, construction steel, which is typically sold at spot prices, is expected to remain flat y/y and q/q at VND13,750/kg.

Based on these price dynamics, we forecast a 4Q25 net profit of VND5tn, representing a substantial increase of 78% y/y and 26% q/q. This significant earnings jump is primarily driven by the full-quarter contribution from the first Blast Furnace of the Dung Quat Steel Complex Phase 2.

If HPG achieves this result, the full-year FY25 net profit would reach VND16.6tn, marking a 38% y/y growth.

Maintain Buy rating with an unchanged TP of VND36,800

We maintain our Buy rating on HPG with an unchanged TP of VND36,800 (upside 35%). HPG trades on 1-yr rolling fwd P/E of 9.9x, cheap vs. its 3Y avg. of 13.1x.

Financial statements and key data

Income statements (VNDbn)	12-23A	12-24A	12-25F	12-26F	12-27F
Sales	118,953	138,855	165,688	224,889	241,206
Gross profit	12,938	18,498	26,002	34,909	40,666
SG&A	(3,269)	(3,883)	(4,755)	(6,454)	(6,923)
Other income	-	-	-	-	-
Other expenses	-	-	-	-	-
EBIT	**9,669**	**14,615**	**21,247**	**28,455**	**33,743**
Net interest	(2,018)	(1,348)	(2,172)	(3,538)	(3,197)
Associates/affiliates	0	0	0	0	0
Other non-operational	-	-	-	-	-
Exceptional items	142	426	116	45.0	48.2
Pre-tax profit	**7,793**	**13,693**	**19,190**	**24,962**	**30,595**
Taxation	(992)	(1,673)	(2,591)	(1,997)	(2,142)
Minority interests	34.7	1.42	1.96	2.71	3.36
Exceptional items after tax	-	-	-	-	-
Net profit	**6,835**	**12,021**	**16,602**	**22,968**	**28,456**
Net profit adj'd	**6,493**	**11,420**	**15,772**	**21,819**	**27,034**
EBITDA adj.	**16,431**	**21,543**	**28,865**	**39,591**	**45,835**
EPS (VND)	1,175	1,879	2,163	2,992	3,707
EPS adj. (VND)	846	1,488	2,055	2,843	3,522
DPS (VND)	0	0	1,000	1,000	1,000
Basic shares, average (mn)	5,815	6,396	7,675	7,675	7,675
Basic shares, period end (mn)	5,815	6,396	7,675	7,675	7,675
Fully diluted shares, period end (mn)	5,815	6,396	7,675	7,675	7,675

Cash flow statements (VNDbn)	12-23A	12-24A	12-25F	12-26F	12-27F
EBIT	9,669	14,615	21,247	28,455	33,743
Depreciation & amortisation	(6,762)	(6,928)	(7,619)	(11,136)	(12,092)
Net interest	(2,018)	(1,348)	(2,172)	(3,538)	(3,197)
Tax paid	(560)	(937)	(2,591)	(1,997)	(2,142)
Changes in working capital	(6,218)	(13,927)	(10,220)	(33,892)	(14,990)
Others	(4,595)	(2,358)	(3,169)	(4,561)	(4,209)
Cash flow from operations	**8,643**	**6,608**	**15,753**	**3,333**	**28,343**
Capex	(17,374)	(35,495)	(20,983)	(2,271)	(10,712)
Acquisitions & investments	(37,581)	(27,166)	(937)	1,832	(1,322)
Disposals	42,960	32,872	730	992	861
Others	0	0	0	0	0
Cash flow from investing	**(11,995)**	**(29,788)**	**(21,190)**	**553**	**(11,173)**
Dividends	(8.01)	(4.97)	0	(7,675)	(7,675)
Issue of shares	(1.64)	233	0	0	0
Change in debt	7,285	17,587	5,180	2,188	(10,278)
Other financing cash flow	0	0	0	0	0
Cash flow from financing	**7,276**	**17,815**	**5,180**	**(5,488)**	**(17,953)**
Cash, beginning of period	8,325	12,252	6,888	6,630	5,028
Change in cash	**3,924**	**(5,365)**	**(257)**	**(1,602)**	**(783)**
Exchange rate effects	3.86	0.76	0	0	0
Cash, end of period	**12,252**	**6,888**	**6,630**	**5,028**	**4,245**
Free cash flow	**(8,731)**	**(28,887)**	**(5,230)**	**1,062**	**17,631**

Balance sheets (VNDbn)	12-23A	12-24A	12-25F	12-26F	12-27F
Cash	12,252	6,888	6,630	5,028	4,245
Short-term investments	22,177	18,975	19,883	17,991	19,296
Accounts receivable	10,702	7,648	14,912	22,489	25,327
Inventory	34,504	46,091	49,706	65,218	69,950
Other current assets	3,081	7,073	8,284	11,244	14,472
Total current assets	**82,716**	**86,674**	**99,416**	**121,971**	**133,290**
PP&E	97,886	130,995	144,370	135,518	134,152
Intangible assets	211	184	203	223	245
Investment properties	594	560	530	496	460
Long-term investments	40.0	137	0	0	0
Associates/JVs	0	0	0	0	0
Other long-term assets	6,335	5,940	6,295	8,519	9,128
Total long-term assets	**105,066**	**137,815**	**151,398**	**144,756**	**143,985**
Total assets	**187,783**	**224,490**	**250,814**	**266,727**	**277,275**
Short-term debt	54,982	55,883	66,275	71,964	65,126
Accounts payable	12,387	14,047	8,284	11,244	12,060
Other current liabilities	2,457	2,813	3,231	4,095	4,427
Total current liabilities	**71,513**	**75,225**	**80,753**	**91,325**	**85,925**
Long-term debt	10,399	27,080	32,237	23,026	19,189
Deferred tax	30.0	29.3	0	0	0
Other long-term liabilities	2,948	7,440	6,612	6,943	7,291
Long-term liabilities	**13,378**	**34,550**	**38,848**	**29,969**	**26,479**
Total liabilities	**84,946**	**109,842**	**119,602**	**121,294**	**112,404**
Shareholders' funds	102,771	114,356	130,923	145,146	164,588
Minority interests	65.8	291	289	286	283
Total equity	**102,836**	**114,647**	**131,212**	**145,433**	**164,871**
Total liabilities and equity	**187,783**	**224,490**	**250,814**	**266,727**	**277,275**
BVPS (VND)	17,674	17,879	17,057	18,910	21,443
Net debt/(cash)*	53,129	76,075	91,882	89,962	80,069

Financial ratios and other	12-23A	12-24A	12-25F	12-26F	12-27F
Operating ratios					
Gross margin (%)	10.9	13.3	15.7	15.5	16.9
EBITDA adj. margin (%)	13.8	15.5	17.4	17.6	19.0
Net profit margin (%)	5.75	8.66	10.0	10.2	11.8
Effective tax rate (%)	12.7	12.2	13.5	8.00	7.00
Sales growth (%)	(15.9)	16.7	19.3	35.7	7.26
EBITDA adj. growth (%)	(17.4)	31.1	34.0	37.2	15.8
Net profit adj. growth (%)	(19.4)	75.9	38.1	38.3	23.9
EPS growth (%)	(19.4)	59.9	15.1	38.3	23.9
EPS adj. growth (%)	(19.4)	75.9	38.1	38.3	23.9
DPS growth (%)	nm	nm	nm	0	0
Dividend payout ratio (%)	0	0	46.2	33.4	27.0
Efficiency ratios					
Return on avg. equity (%)	6.88	11.1	13.5	16.6	18.4
Return on avg. CE (%)	8.62	11.0	13.3	16.5	18.4
Asset turnover (x)	0.66	0.67	0.70	0.87	0.89
Operating cash/EBIT (x)	0.89	0.45	0.74	0.12	0.84
Inventory days	119	140	130	125	127
Accounts receivable days	36.8	23.2	39.0	43.2	46.1
Accounts payable days	42.6	42.6	21.6	21.6	22.0
Leverage ratios					
Net debt*/equity (%)	52.4	67.2	70.9	62.8	49.4
Debt/capital (%)	35.2	37.3	39.6	36.1	30.9
Interest coverage (x)	4.79	10.8	9.78	8.04	10.6
Debt/EBITDA (x)	4.02	3.89	3.44	2.43	1.87
Current ratio (x)	1.16	1.15	1.23	1.34	1.55
Valuation					
EV/sales (x)	1.59	1.67	1.70	1.25	1.12
EV/EBITDA adj. (x)	11.5	10.8	9.75	7.11	5.90
P/E (x)	23.2	14.5	12.6	9.11	7.35
P/E adj. (x)	32.2	18.3	13.3	9.59	7.74
P/B (x)	1.54	1.52	1.60	1.44	1.27
Dividend yield (%)	0	0	3.67	3.67	3.67

*Note: *Excluding short-term investments.*
Source: Company, HSC Research estimates

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Buy: Expected to rise by more than 20% on an absolute basis in the next 12 months
Add: Expected to rise by between 5% and 20% on an absolute basis in the next 12 months
Hold: Expected to rise or decline by less than 5% on an absolute basis in the next 12 months
Reduce: Expected to decline by between 5% and 20% on an absolute basis in the next 12 months
Sell: Expected to decline by more than 20% on an absolute basis in the next 12 months

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