

Hoa Phat Group

Sector: General Industrials | Exchange: Ho Chi Minh

31/12/2024

RECOMMENDATION

Sell

Current price	26,650
Buy	1
Hold	2
Sell	3

STOCK INFORMATION

Outstanding shares (million)	6,396.248
Capitalization (billion VND)	170,460
Avg trading volume 3 months	16,856,503.33
Initial listing date	15/11/2007

MATERIAL ASPECT

EPS (VND)	1,879.23
BVPS (VND)	20,000
Dept/Equity	9.58%
ROA	5.35%
ROE	10.48%
P/E	14,181.34
P/B	1,486.82

PRICE MOVEMENT COMPARED VNINDEX



PRICE TREND



COMPANY OVERVIEW

Hoa Phat Group Joint Stock Company (HSX: HPG) was established in 1992, initially specializing in trading construction machines. Over the years, HPG has grown into a leading industrial manufacturing group in Vietnam, focusing on steel, steel products, agriculture, real estate, and home appliances. Hoa Phat is the largest steel producer in Southeast Asia, holding a significant market share in construction steel, steel pipes, and hot-rolled coil (HRC) steel.

STUDENT ANALYST

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BUSINESS PERFORMANCE ANALYSIS

Hoa Phat Group's financial performance reveals a fluctuating revenue trend. From 2020 to 2021, the company experienced substantial revenue growth of 66.09%, reaching VND 149,679.79 billion. However, revenue declined by 5.53% in 2022 and further by 15.88% in 2023, indicating challenges in maintaining growth momentum. Notably, 2024 shows a positive turnaround with a 16.73% increase in revenue, reaching VND 138,855.11 billion, suggesting a recovery in market demand or improved operational efficiency. This rebound signifies the company's resilience and ability to adapt to changing market conditions.

The profit after tax mirrors the revenue trend, with significant volatility. A remarkable 155.59% profit surge was observed in 2021. Conversely, 2022 and 2023 witnessed sharp declines of 75.54% and 19.47%, respectively, reflecting the impact of market headwinds on profitability. The year 2024 stands out with a robust 76.75% increase in profit after tax, reaching VND 12,020.02 billion. This substantial profit growth, coupled with revenue recovery, underscores Hoa Phat's successful efforts in cost management, operational optimization, or strategic initiatives that have positively impacted the bottom line.

Investment highlights

Hoa Phat's leading position in steel production in Southeast Asia provides a strong foundation for growth, driven by increasing infrastructure development and construction activities in the region. This dominance ensures a stable revenue stream and potential for further market share expansion.

The company's diversified business portfolio, including real estate, agriculture, and home appliances, reduces reliance on the steel industry and provides resilience against sector-specific downturns. This diversification strategy enhances long-term stability and growth prospects.

Hoa Phat's continuous investment in modern technology and expanding production capacity, particularly in hot-rolled coil (HRC) steel, positions it to capitalize on growing demand from downstream industries. This strategic investment strengthens its competitive advantage and market leadership.

Overview of the Market Landscape

In 2024, the overall market experienced a significant 69.35% increase in net profit after tax, driven primarily by the non-financial sector (+62.35%). This growth was fueled by recovery stories in sectors like Basic Resources (including Steel), and Real Estate. The substantial contribution from these sectors indicates a broad-based economic recovery and improved business conditions across various industries.

The financial sector also contributed to the overall market growth, with a 74.3% increase in net profit after tax. Within the financial sector, Banking, which constitutes 30.28% of market capitalization, likely played a pivotal role. The strong performance of both financial and non-financial sectors underscores the robust economic environment and positive investor sentiment in 2024.

Figure 1: Net Profit Growth (%) by Year

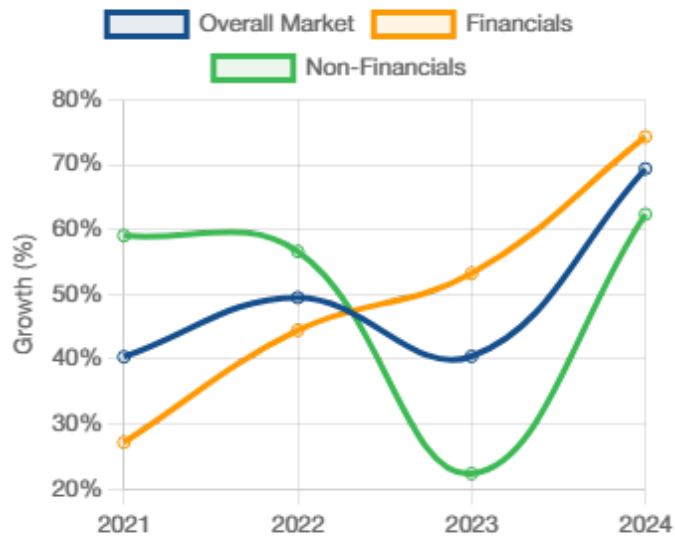
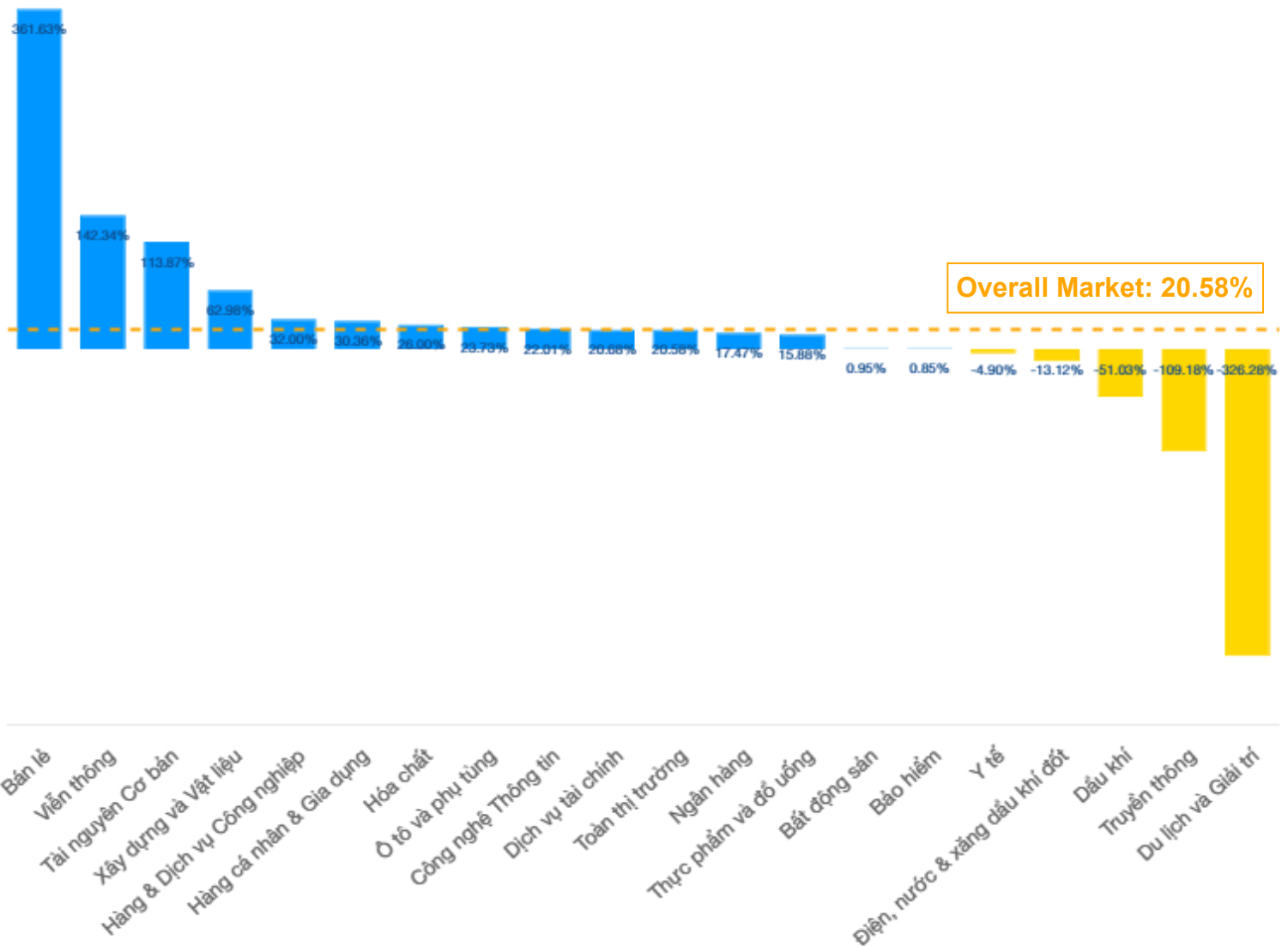


Figure 2: % Contribution of Sectors to Market Capitalization

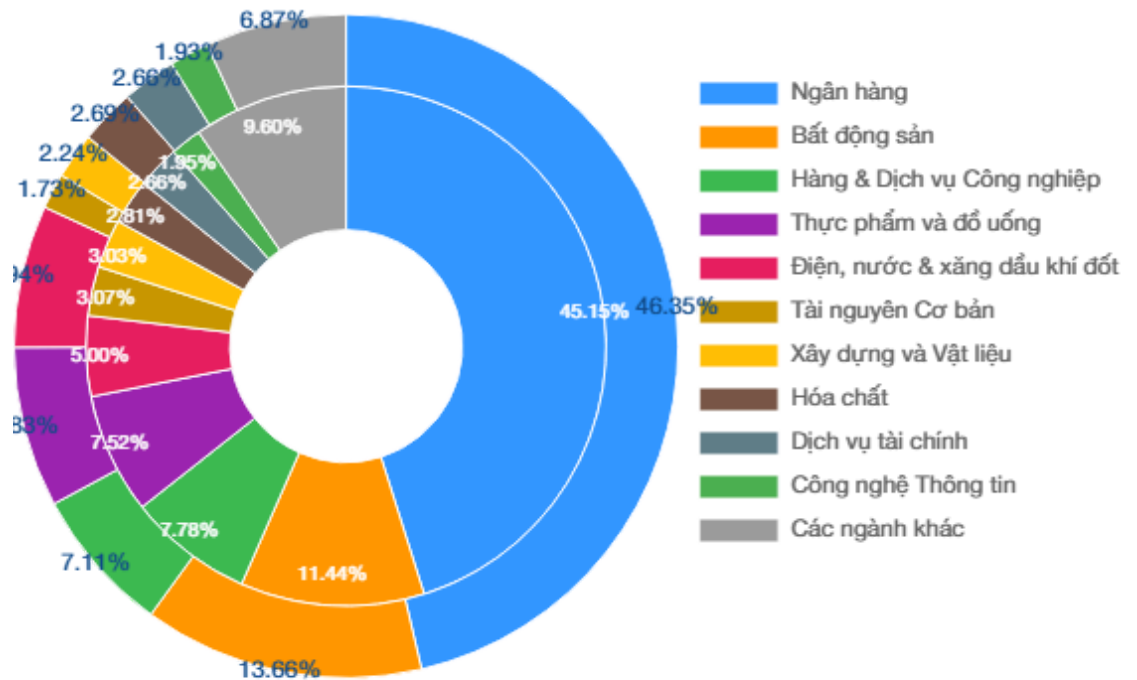


Figure 3: Net Profit Growth in 2024 (YoY) by Sector



The chart illustrates net profit growth by sector in 2024 (YoY). Notably, Securities, Retail, and Tourism & Entertainment led the market with strong profit growth, significantly surpassing the overall market average of 20.58%. Other sectors such as IT, Utilities, and Basic Resources also posted positive but moderate gains. Meanwhile, several sectors hovered near zero growth, indicating stabilization. On the other hand, Real Estate, Personal Goods, and especially Construction & Materials experienced negative profit growth, with the latter showing the sharpest decline. This suggests a clear divergence in performance, where growth is concentrated in consumer-driven and financial sectors, while property-related and discretionary sectors continue to face major headwinds.

Figure 4: Net Profit Contribution Chart for 2023 and 2024



Không thể phân tích doanh thu và lợi nhuận.

Figure 5: Net buying/selling (Matched orders)

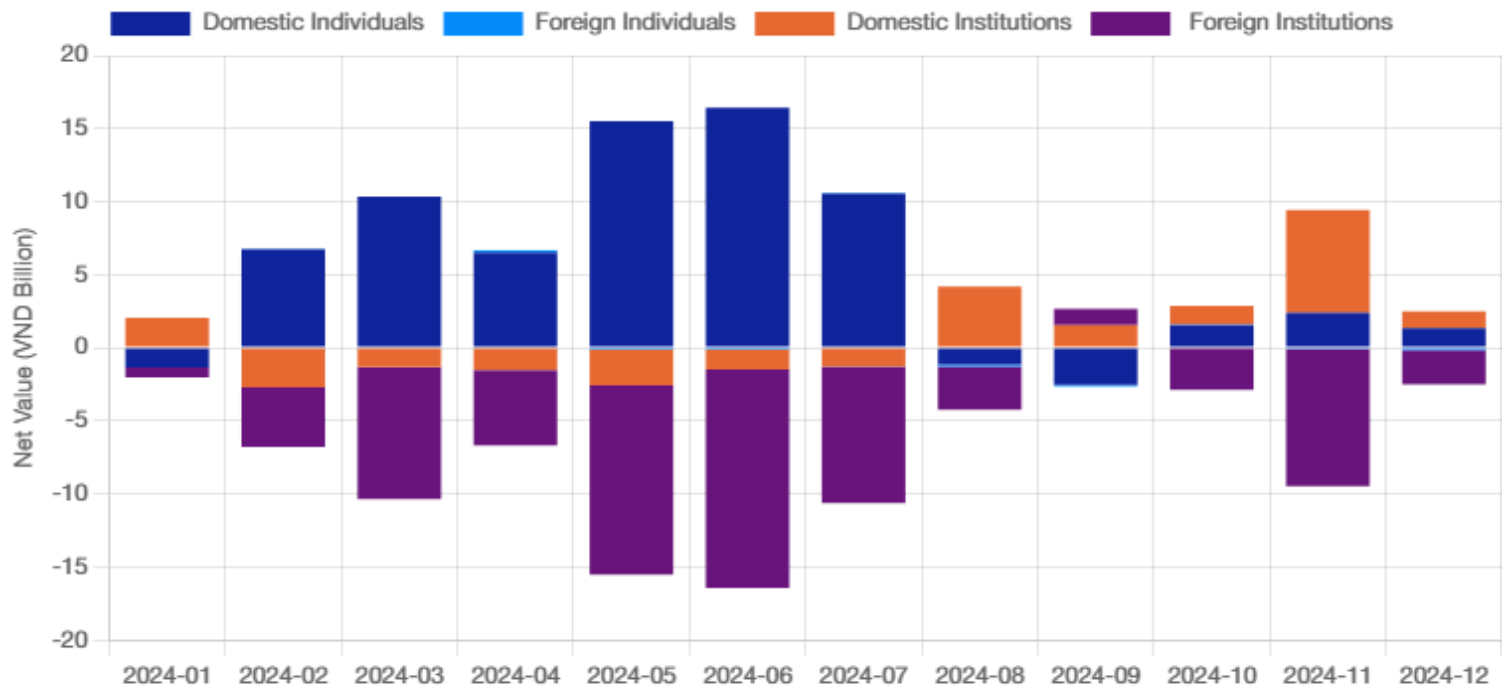


Figure 6: Net buying/selling (Negotiated trades)

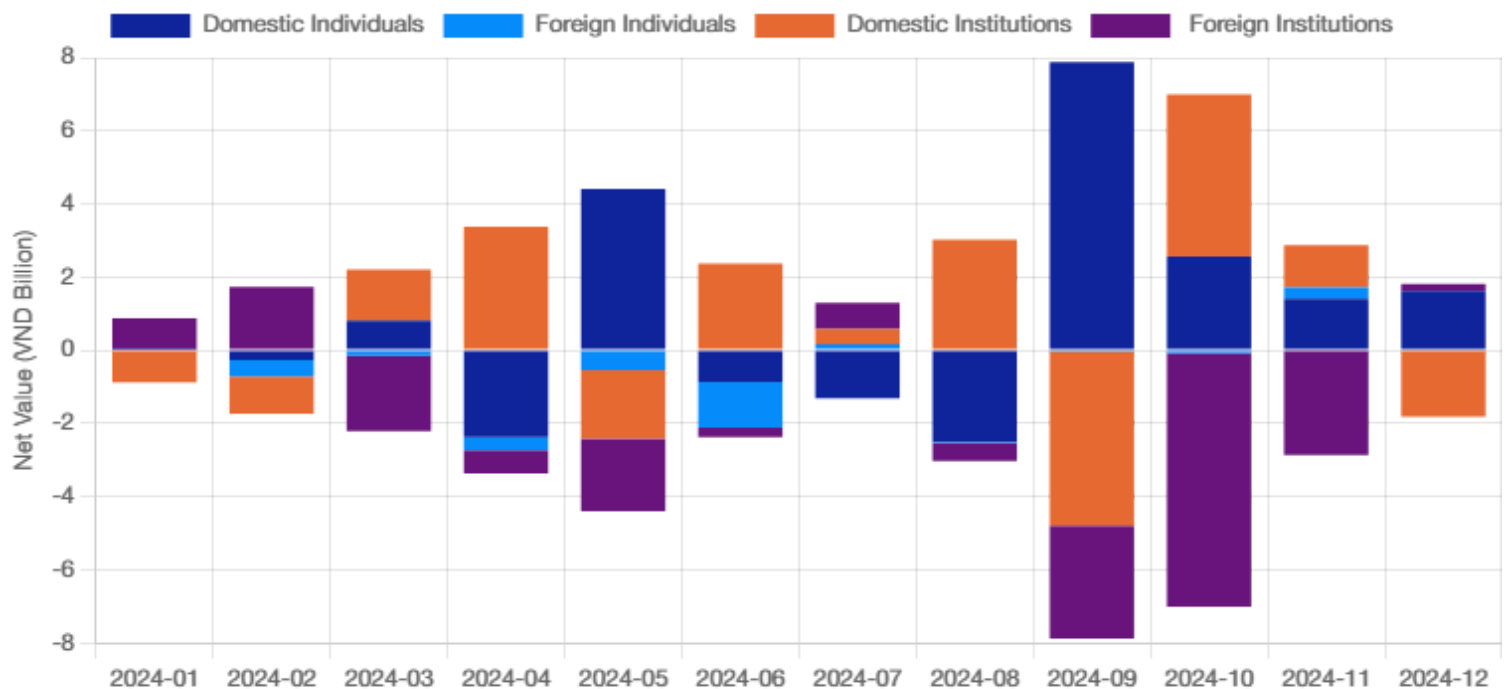


Table 1: Revenue and Net Profit Growth by Sector

Sector	Annual Net Revenue Growth (YoY, %)				Annual Net Profit Growth (YoY, %)			
	2021	2022	2023	2024	2021	2022	2023	2024
TĂNG TRƯỞNG								
Công nghệ Thông tin	12.72	37.89	53.49	75.02	21.55	45.14	65.66	102.13
Hàng & Dịch vụ Công nghiệp	15.61	29.45	13.98	24.91	44.71	87.37	57.72	108.20
Hàng cá nhân & Gia dụng	6.91	35.03	24.88	30.61	34.86	59.01	7.41	40.01
Hóa chất	39.23	68.01	32.05	32.48	78.65	184.02	19.83	50.99
Thực phẩm và đồ uống	11.33	18.17	20.82	21.14	53.70	33.68	22.99	42.52
Điện, nước & xăng dầu khí đốt	6.50	37.25	34.73	29.48	11.43	52.98	21.97	5.97
HỒI PHỤC								
Bán lẻ	19.71	33.65	24.36	39.97	46.81	25.84	-73.98	20.13
Bảo hiểm	6.74	19.51	20.25	23.45	21.59	-10.25	20.92	21.95
Bất động sản	14.92	-6.97	19.24	32.18	0.79	-7.66	-0.72	0.22
Dịch vụ tài chính	84.21	77.44	61.28	78.76	158.11	-2.89	60.41	93.57
Viễn thông	-1.59	16.50	31.39	55.09	-13.39	130.64	107.11	401.92
Xây dựng và Vật liệu	3.78	12.41	5.26	6.59	11.65	1.31	-30.23	13.72
Ô tô và phụ tùng	-0.09	27.49	47.55	109.03	3.15	33.87	-13.58	6.93
TẠO ĐÁY								
Dầu khí	33.02	127.46	109.51	116.63	-2330.66	-3610.05	-2821.86	-1432.77
Truyền thông	6.71	17.15	6.12	14.24	32.95	-157.44	-267.46	-84.62
Tài nguyên Cơ bản	22.91	43.15	23.37	33.65	107.93	-57.53	-67.20	-29.85
SUY YẾU								
Du lịch và Giải trí	-28.33	78.10	130.54	167.48	19.01	-1.76	-62.85	-184.06
Y tế	-6.65	-6.65	-10.42	-25.47	8.45	23.38	31.39	24.95

The table shows sector growth from 2021 to 2024. In 2024, IT, Retail, and Food & Beverage led with strong profit gains. Real Estate and Banking showed signs of recovery, while Utilities stabilized. In contrast, Oil & Gas and Telecommunications saw sharp profit declines, especially Oil & Gas with a -1432.77% drop. The data highlights a widening gap between thriving consumer-driven sectors and struggling ones facing structural challenges.

Financial highlights

Hoa Phat Group's financial performance reveals a fluctuating revenue trend. From 2020 to 2021, the company experienced substantial revenue growth of 66.09%, reaching VND 149,679.79 billion. However, revenue declined by 5.53% in 2022 and further by 15.88% in 2023, indicating challenges in maintaining growth momentum. Notably, 2024 shows a positive turnaround with a 16.73% increase in revenue, reaching VND 138,855.11 billion, suggesting a recovery in market demand or improved operational efficiency. This rebound signifies the company's resilience and ability to adapt to changing market conditions.

The profit after tax mirrors the revenue trend, with significant volatility. A remarkable 155.59% profit surge was observed in 2021. Conversely, 2022 and 2023 witnessed sharp declines of 75.54% and 19.47%, respectively, reflecting the impact of market headwinds on profitability. The year 2024 stands out with a robust 76.75% increase in profit after tax, reaching VND 12,020.02 billion. This substantial profit growth, coupled with revenue recovery, underscores Hoa Phat's successful efforts in cost management, operational optimization, or strategic initiatives that have positively impacted the bottom line.

Figure 1: Net revenue growth

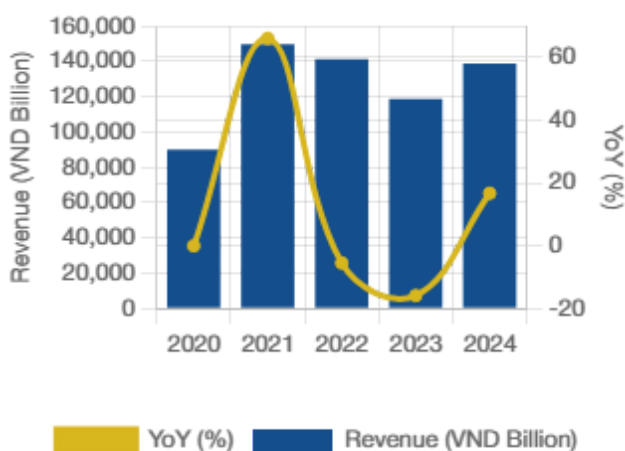


Figure 2: Net profit growth

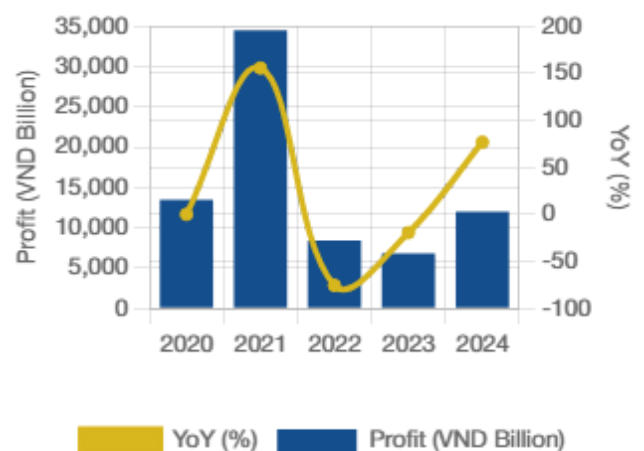


Figure 3: Gross Profit Margin (%)

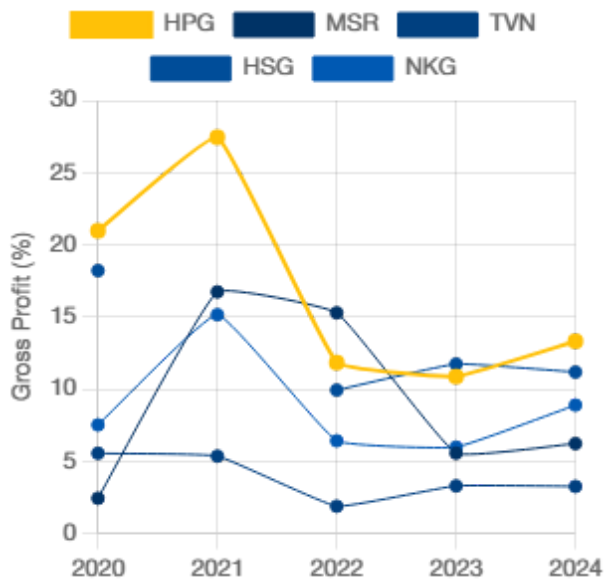


Figure 4: Net Profit Margin (%)

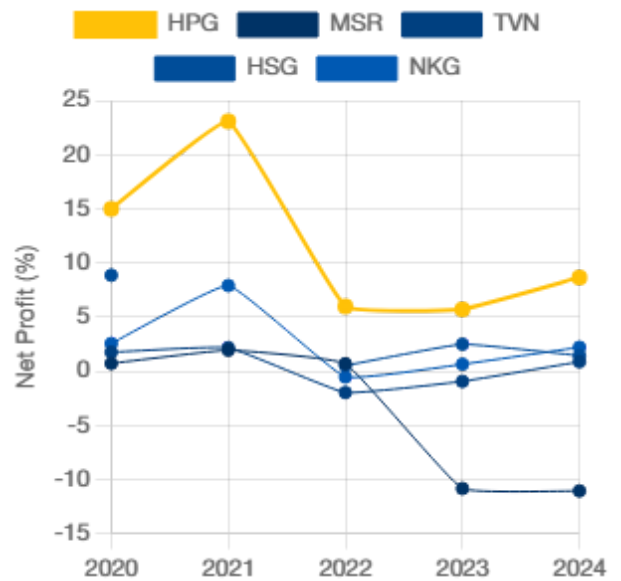


Figure 5: SG&A Expenses / Revenue (%)

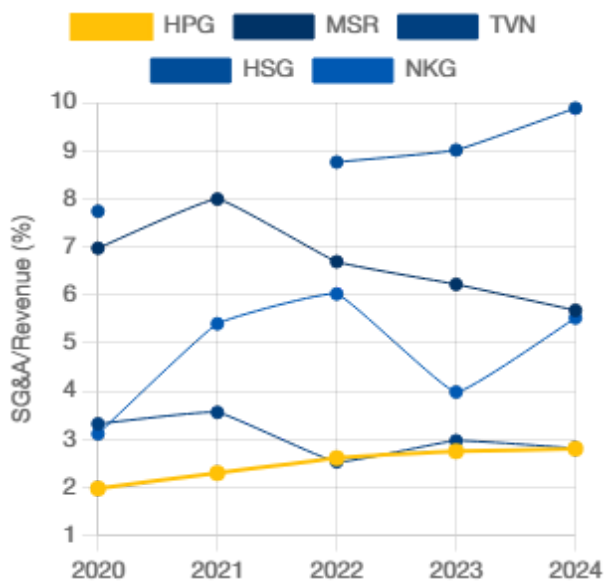
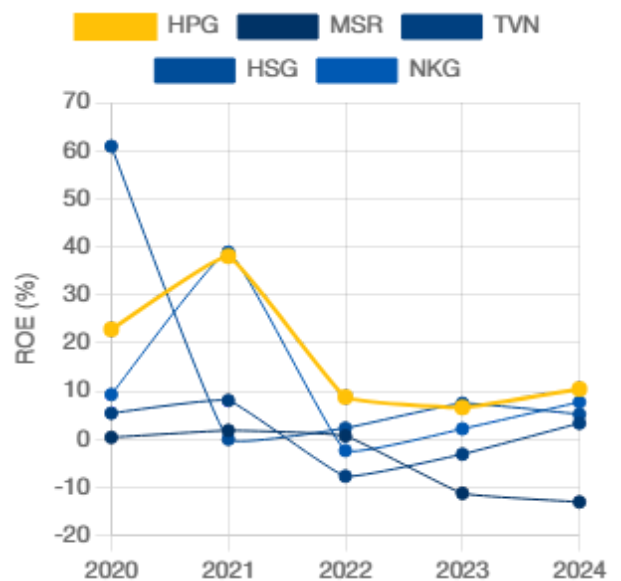
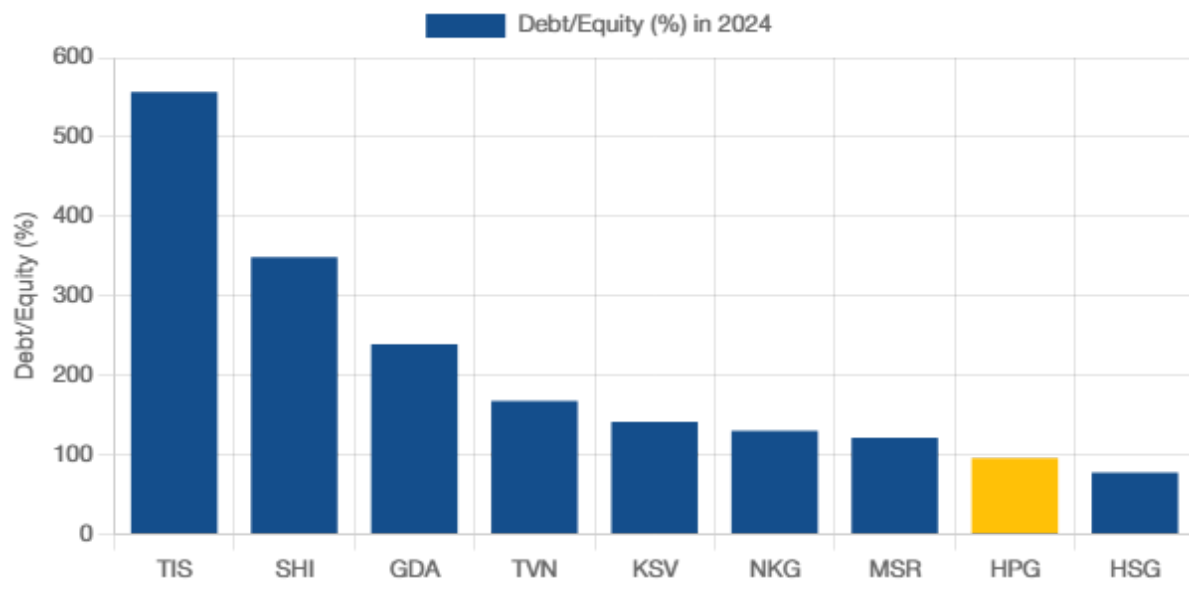


Figure 6: ROE (%)



In 2024, Hoa Phat (HPG) demonstrates a mixed financial performance. Its gross margin of 13.32% and net margin of 8.66% show improvement from 2023 but remain below 2020-2021 levels. ROE at 10.48% also indicates recovery but lags behind peak performance. Compared to peers, HPG's profitability metrics generally outperform MSR, TVN, HSG and NKG, which struggle with lower or negative net margins. HPG's debt-to-equity ratio of 95.81% is moderate, positioning it competitively within the industry. While SG&A expenses have increased to 2.8% of revenue, HPG's overall financial health appears relatively stronger than its competitors in 2024.

Figure 7: Debt / Equity (%)



In 2024, Hoa Phat's debt-to-equity ratio stands at 95.81%, indicating a moderate level of leverage. Compared to the top 9 peers, HPG's ratio is generally lower than companies like POM, GDA, TIS, and SHI, which have significantly higher debt-to-equity ratios. This suggests that HPG relies less on debt financing relative to its equity, reflecting a healthier financial structure compared to some of its competitors.

Table 1: Summary of financial indicators and industry valuation

Ticker	Exchange	Revenue (VND Billion)	YoY (%) Revenue	Net Profit (VND Billion)	YoY (%) Profit	GPM (%)	Net Profit Margin (%)	ROE (%)	P/E	P/B	Marketcap (VND Billion)	Stock Price Change (%)
HPG	HOSE	138855.11	16.73	12020.02	76.75	13.32	8.66	10.48	14.2	1.5	170460	5.26
MSR	UPCoM	14336.33	1.72	-1586.6	3.73	6.23	-11.07	-13.04	-8.1	1.1	12860.1	-15.22
TVN	UPCoM	36188.17	19.41	311.46	-208.04	3.26	0.86	3.32	17	0.6	5288.4	23.81
HSG	HOSE	40420.33	23.21	576.85	-29.1	11.18	1.43	5.19	19.9	1	11457.12	-19.43
NKG	HOSE	20609.02	10.83	453.01	285.84	8.89	2.2	7.72	10.1	0.8	4565.22	-22.71
Mean		50081.79	14.38	2354.95	25.84	8.58	0.42	2.73	10.62	1	40926.17	-5.66
Median		36188.17	16.73	453.01	3.73	8.89	1.43	5.19	14.2	1	11457.12	-15.22

Table 2: Summary Income Statement

Income Statement Summary	2024	2023	%YoY
Net revenue	138855.11	118953.03	16.73%
Sales expenses	2337.31	1961.36	19.17%
General and Administrative Expenses	1545.52	1307.29	18.22%
SG&A Expenses to Net Revenue (%)	2.80	2.75	1.76%

Hoa Phat's 2024 performance shows a positive trend with a 16.73% year-over-year increase in net revenue, reaching VND 138,855.11 billion. However, selling expenses also rose by 19.17% to VND 2,337.31 billion. The missing data for "Chi phí quản lý doanh nghiệp / DTT (%)" prevents a complete assessment of operational efficiency. While revenue growth is encouraging, monitoring expense management is crucial for sustained profitability.

Gross Profit	18497.55	12937.84	42.97%
Gross Profit Margin (%)	13.32	10.88	22.48%

Hoa Phat's 2024 results indicate a significant improvement in profitability. Gross profit surged by 42.97% year-over-year, reaching VND 18,497.55 billion. This growth is further supported by an increase in gross profit margin, which rose from 10.88% in 2023 to 13.32% in 2024, representing a 22.48% increase. This suggests enhanced operational efficiency, better cost management, or improved pricing strategies. The substantial increase in both gross profit and gross profit margin signals a positive trend in Hoa Phat's core business performance.

Financial Income	2618.91	3173.09	-17.46%
Financial Expenses	3966.64	5191.51	-23.59%
<i>In which: Interest Expenses</i>	2287.36	2287.36	0%

Hoa Phat's financial activities in 2024 show a mixed picture. Financial revenue decreased by 17.46% year-over-year to VND 2,618.91 billion. However, financial expenses also decreased significantly by 23.59% to VND 3,966.64 billion. The missing data for "Trong đó: Chi phí lãi vay" prevents a complete understanding of the underlying drivers. The reduction in financial expenses is a positive sign, potentially indicating better debt management.

Profit Before Tax (PBT)	13693.50	7792.73	75.72%
Profit Attributable to Parent Company	12019.60	6835.06	75.85%
Net Profit Margin (%)	8.66	5.75	50.65%

Hoa Phat's 2024 performance reveals a strong improvement in profitability. Net profit attributable to shareholders increased significantly by 75.85% year-over-year, reaching VND 12,019.60 billion. This is further supported by a substantial increase in net profit margin, which rose from 5.75% in 2023 to 8.66% in 2024, representing a 50.65% increase. The missing data for "Lãi/(lỗ) công ty liên doanh" limits a complete assessment.

Appendix 1

Table 1: Balance Sheet

Chỉ tiêu	2020	2021	2022	2023	2024
Tài sản ngắn hạn	56,747.25	94,154.86	80,514.71	82,716.44	87,078.57
<i>Tiền và tương đương tiền</i>	13,696.1	22,471.38	8,324.59	12,252	6,887.65
<i>Đầu tư tài chính ngắn hạn</i>	8,126.99	18,236.15	26,268.25	22,177.3	18,974.72
<i>Các khoản phải thu ngắn hạn</i>	6,124.79	7,662.68	9,892.87	10,702.14	7,622.38
<i>Hàng tồn kho, ròng</i>	26,286.82	42,134.49	34,491.11	34,504.49	46,520.64
<i>Tài sản ngắn hạn khác</i>	2,512.55	3,650.16	1,537.89	3,080.51	7,073.18
Tài sản dài hạn	74,199.89	83,533.35	89,191.69	104,472.22	136,851.54
<i>Phải thu dài hạn</i>	305.17	809.23	894.48	1,880.92	949.8
<i>Tài sản cố định</i>	65,561.66	69,280.84	70,832.92	71,998.37	67,428.37
<i>Tài sản dở dang dài hạn</i>	6,247.21	9,698.7	13,363.27	26,098.93	63,749.44
<i>Đầu tư dài hạn</i>	171.09	6.72	0.7	40	136.5
<i>Tài sản dài hạn khác</i>	1,914.76	3,737.86	4,100.32	4,454	4,587.43
<i>Lợi thế thương mại</i>	0	0	0	0	0
Tổng cộng tài sản	131,511.43	178,236.42	170,335.52	187,782.59	224,489.7
Nợ phải trả	72,291.65	87,455.8	74,222.58	84,946.16	109,842.25
<i>Nợ ngắn hạn</i>	51,975.22	73,459.32	62,385.39	71,513.49	75,503.44
<i>Nợ dài hạn</i>	20,316.43	13,996.48	11,837.19	13,432.67	34,338.81
Vốn chủ sở hữu	54,925.27	86,492.65	91,981.69	98,740.89	113,538.98
<i>Vốn góp của chủ sở hữu</i>	33,132.83	44,729.23	58,147.86	58,147.86	63,962.5
<i>Vốn khác</i>	0	0	0	0	0
<i>Lợi nhuận giữ lại</i>	21,792.44	41,763.42	33,833.83	40,593.03	49,576.48
Tổng cộng nguồn vốn	131,511.43	178,236.42	170,335.52	187,782.59	224,489.7

Unit: billion VND

Appendix 2

Table 2: Income Statement

Chỉ tiêu	2020	2021	2022	2023	2024
Doanh thu thuần	90,118.5	149,679.79	141,409.27	118,953.03	138,855.11
Lợi nhuận gộp	18,904.05	41,108.41	16,763.43	12,937.84	18,497.55
Chi phí bán hàng	1,090.8	2,120.07	2,665.81	1,961.36	2,337.31
Chi phí QLDN	690.3	1,324.26	1,019.44	1,307.29	1,545.52
Lợi nhuận thuần từ HĐKD	15,292.3	37,008.44	9,794.03	7,650.76	13,267
Doanh thu HĐ tài chính	1,004.79	3,071.44	3,743.65	3,173.09	2,618.91
Chi phí lãi vay	2,191.68	2,525.82	3,083.64	3,585.08	2,287.36
Lãi/lỗ từ công ty liên doanh	1.96	4.47	-1.07	0	0
Lợi nhuận khác	64.66	48.33	128.91	141.97	426.5
Tổng lợi nhuận kế toán trước thuế	15,356.97	37,056.78	9,922.94	7,792.73	13,693.5
Lợi nhuận sau thuế	13,506.16	34,520.95	8,444.43	6,800.39	12,020.02
Cổ đông của Công ty mẹ	13,450.3	34,478.14	8,483.51	6,835.06	12,019.6
Giá vốn hàng bán	71,214.45	108,571.38	124,645.84	106,015.19	120,357.56
Chi phí bán hàng và QLDN	1,781.1	3,444.33	3,685.25	3,268.65	3,882.83

Unit: billion VND

Table 3: Cash Flow Statement

Chỉ tiêu	2020	2021	2022	2023	2024
Lãi trước thuế	15,356.97	37,056.78	9,922.94	7,792.73	13,693.55
Khấu hao TSCĐ	0	0	0	0	0
Lưu chuyển tiền tệ ròng từ các hoạt động sản xuất kinh doanh (TT)	11,587.25	26,720.91	12,277.64	8,643.03	7,026.54
Lưu chuyển tiền tệ ròng từ hoạt động đầu tư (TT)	-18,495.4	-19,669.45	-24,626.21	-11,995.09	-30,143.47
Lưu chuyển tiền tệ từ hoạt động tài chính (TT)	16,053.7	1,740.11	-1,777.99	7,275.61	17,752.09
Lưu chuyển tiền thuần trong kỳ (TT)	9,145.55	8,791.57	-14,126.57	3,923.55	-5,364.84

Unit: billion VND

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