

APPENDIX

STOCK ANALYSIS_HPG

I. NON FINANCIAL ANALYSIS



Corporate profile

- Ticket: HPG (HOSE)
- Listed year: 2007
- Share Outstanding: 6,396,250,200 shares
- Industry: Construction steel/ Steel pipes/ Interior/ Refrigeration
- Chairman: Trần Đình Long
- CEO: Nguyễn Việt Thắng
- Core values: Philosophy of Harmony and Development
- Strategic Vision: To become a leading industrial manufacturing group, with steel as its core business
- Ecosystem: iron and steel, steel products, agriculture, real estate, and household appliances

What goals does HPG set for 2025?

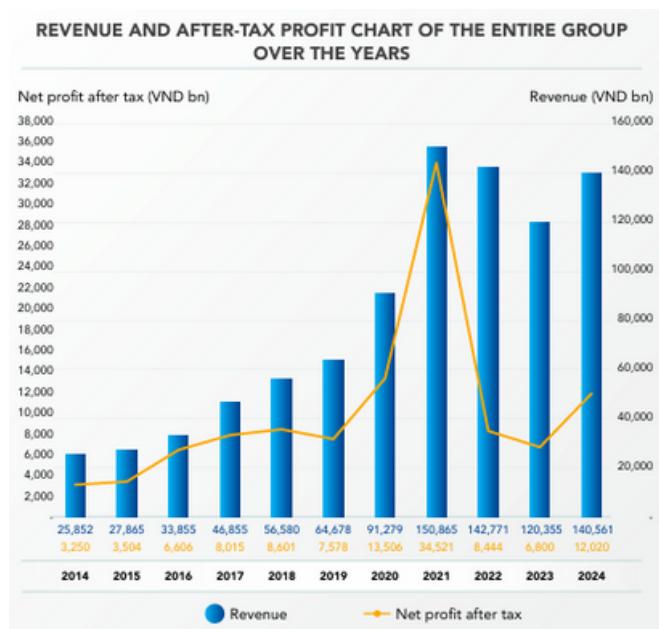
Hoa Phat is also focusing on completing and commissioning the Dung Quat 2 Iron and Steel Production Complex, with a total investment of VND 85 trillion (equivalent to US\$3.34 billion), expected to be fully operational by the end of 2025. The Group also aims to expand its portfolio of high-grade steel products



Sustained Revenue Growth Driven by Digital Services

In 2024, revenue reached 100% of the planned target, marking a 17% increase compared to 2023. Steel accounted for 93% of the Group's total revenue. The steel sector's revenue grew by 16%, driven by rising market demand and stable steel prices. Meanwhile, revenue from the real estate segment surged by 123%. Net profit for 2024 reached 120% of the planned target, reflecting a 77% increase year-over-year, with the primary driver of this growth being the steel sector, which saw a 64% increase in profit compared to 2023.

Strong Profit Growth Reflects Operational Excellence



Hoa Phat Group's steel segment remained its core business in 2024, contributing 93% of revenue and 86% of net profit, with sales volumes across key steel products increasing significantly. The agriculture segment also saw substantial growth, contributing 5% of revenue and 8% of net profit, with profits surging 4.6 times compared to 2023.

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Member company:

TỔNG CÔNG TY GANG THÉP

- Công ty TNHH Thép Hòa Phát Hưng Yên
- Công ty CP Thép Hòa Phát Hải Dương
- Công ty CP Thép Hòa Phát Dung Quất
- Công ty CP Đầu tư Khoáng sản An Thông
- Công ty CP Vận tải Biển Hòa Phát

TỔNG CÔNG TY NÔNG NGHIỆP

- Công ty TNHH Thức ăn chăn nuôi Hòa Phát Hưng Yên
- Công ty CP Phát triển Chăn nuôi Hòa Phát
- Công ty TNHH Thương mại Hòa Phát
- Công ty TNHH MTV Gia cầm Hòa Phát Phú Thọ

TỔNG CÔNG TY SẢN PHẨM THÉP

- Công ty TNHH Ống thép Hòa Phát
- Công ty TNHH Tôn Hòa Phát
- Công ty TNHH Chế tạo kim loại Hòa Phát
- Công ty CP Sản xuất Container Hòa Phát

TỔNG CÔNG TY BẤT ĐỘNG SẢN

- Công ty CP Xây dựng & Phát triển Đô thị Hòa Phát
- Công ty CP Bất động sản Hòa Phát Hà Nội
- Công ty CP Bất động sản Hòa Phát Sài Gòn

TỔNG CÔNG TY ĐIỆN MÁY GIA DỤNG

- Công ty TNHH Điện lạnh Hòa Phát
- Công ty CP Điện máy gia dụng Hòa Phát Hà Nam



Công ty TNHH Thép Hòa Phát Hưng Yên



Công ty CP Thép Hòa Phát Hải Dương



Công ty CP Thép Hòa Phát Dung Quất



Công ty TNHH Tôn Hòa Phát



Công ty CP Phát triển Nông nghiệp Hòa Phát



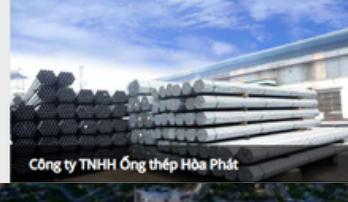
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Công ty CP Đầu tư Khoáng sản An Thông



Công ty TNHH Ống thép Hòa Phát



Công ty TNHH Điện máy Gia dụng Hòa Phát



Công ty CP Xây dựng và Phát triển Đô thị Hòa Phát

THE IT INDUSTRY AND ITS DEVELOPMENT POTENTIAL

Relevant industry characteristics

Hoa Phat Group (HPG) is one of Vietnam's leading multi-industry industrial manufacturing conglomerates. Its core business sectors include iron and steel, steel products, agriculture, real estate, and home appliances. Consequently, characteristics related to these industries significantly impact HPG's operations.

Market and Price Outlook (2024–2025)

The Steel Industry

- Demand Recovery: Vietnam's steel production is projected to increase by 8-10% in the 2025-2026 period as domestic steel consumption recovers. Local steel demand is expected to reach approximately 21.5-22.5 million tons.
- Raw Material Prices: Iron ore and scrap steel prices are trending downwards compared to the same period in 2023 and early 2024, which helps reduce input costs for steel manufacturers like Hoa Phat.
- Production and Consumption: In Q1 2025, finished steel production reached 7.464 million tons (a 5.7% increase year-on-year compared to 2024), and sales reached 7.501 million tons (a 12.2% increase year-on-year compared to 2024).

Real Estate Industry

- Brokerage Regulations: Individuals practicing real estate brokerage are no longer permitted to operate independently. Instead, they must work within a real estate exchange service business or a real estate brokerage service business.

Home Appliance Industry

Competitive Market and Digital Transformation Trends

- Cost Optimization: Major retailers in the electronics sector are optimizing costs by reviewing and closing underperforming stores, while simultaneously boosting their e-commerce channels.

COMPANY'S PRODUCTS AND SERVICES

STEEL PRODUCTS



HPG's current products are manufactured at its Hung Yen factory and two integrated complexes located in Hai Duong and Dung Quat. Additionally, the company has steel pipe factories in the Central and Southern regions of Vietnam.

AGRICULTURAL PRODUCTS

- HPG entered the agricultural sector in 2015, starting with the construction of a feed mill and subsequently expanding into livestock farming (pigs, cattle) and poultry (chickens). This expansion followed a high-tech, integrated, closed-loop model.
- Currently, HPG supplies imported layer chicken breeds and over 300 million eggs annually to supermarkets, schools, cafeterias, industrial zones, restaurants, and hotels.

OTHER PRODUCTS

- HPG currently manages and develops industrial parks in Ha Nam and Hung Yen, totaling 1,134 hectares with an average occupancy rate of 95%. In the coming period, HPG plans to develop three additional industrial parks and construct a housing project for workers at Yen My 2 Industrial Park (Hung Yen), covering 31 hectares with an investment capital of VND 5,000 billion.
- In addition to the aforementioned activities, HPG also provides electronics and home appliances under the Hoa Phat and Funiki brands. Among these, Funiki air conditioners and freezers have established strong brand recognition with domestic consumers.

STRENGTHS

- Leading Market Position: HPG is Vietnam's largest steel producer, holding a dominant market share in both construction steel (35-40%) and HRC (approximately 50%) segments. This position provides advantages in terms of scale, pricing power, and negotiation leverage with suppliers and customers.
- Diversified Business Portfolio: Beyond steel, HPG is involved in sectors such as agriculture, furniture, and real estate.
- Closed-Loop Value Chain and Production Autonomy: HPG possesses a self-contained production chain, from iron ore and coking coal to steel billets, and finished steel products (construction steel, HRC, steel pipes, galvanized steel). This optimizes production costs, reduces dependence on external suppliers, and enhances quality control.
- Large and Modern Production Capacity: The integrated iron and steel production complexes (especially Dung Quat 1 and 2) are large-scale and utilize modern technology. This enables HPG to meet significant market demand and benefit from economies of scale.

WEAKNESSES

- Dependence on Volatile Raw Material Prices: Despite having a closed-loop supply chain, HPG still needs to import a significant portion of its iron ore and coking coal. Fluctuations in global prices for these raw materials directly impact production costs and profit margins.
- Exchange Rate Risk: As HPG imports raw materials and undertakes large-scale projects (such as Dung Quat 2) with foreign currency loans, it is susceptible to exchange rate fluctuations. An appreciation of the USD/VND exchange rate could increase costs and debt obligations.

OPPORTUNITIES

- Dung Quat 2 Project Coming Online: Phase 2 of the Hoa Phat Dung Quat Iron and Steel Production Complex (expected to be completed and operational in 2025) will significantly enhance HPG's production capacity for HRC and high-quality steel products. This will meet domestic demand and strengthen export capabilities.
- Urbanization and Industrial Development Trends: The rapid pace of urbanization and the development of industrial zones in Vietnam continue to generate substantial long-term demand for steel

THREATS

- Pressure from Imported Steel: Especially from China, where excess supply could flood the Vietnamese market at low prices, putting downward pressure on domestic steel prices.
- International Trade Barriers: Trade defense measures (anti-dumping duties, anti-subsidy duties) from importing countries (e.g., US, EU) could reduce HPG's competitiveness and export volume.
- Environmental Challenges and Carbon Emissions (EU CBAM): Increasingly stringent environmental regulations and the implementation of the EU's Carbon Border Adjustment Mechanism (CBAM) will exert pressure on HPG's production costs and its ability to export to markets that demand "green steel."

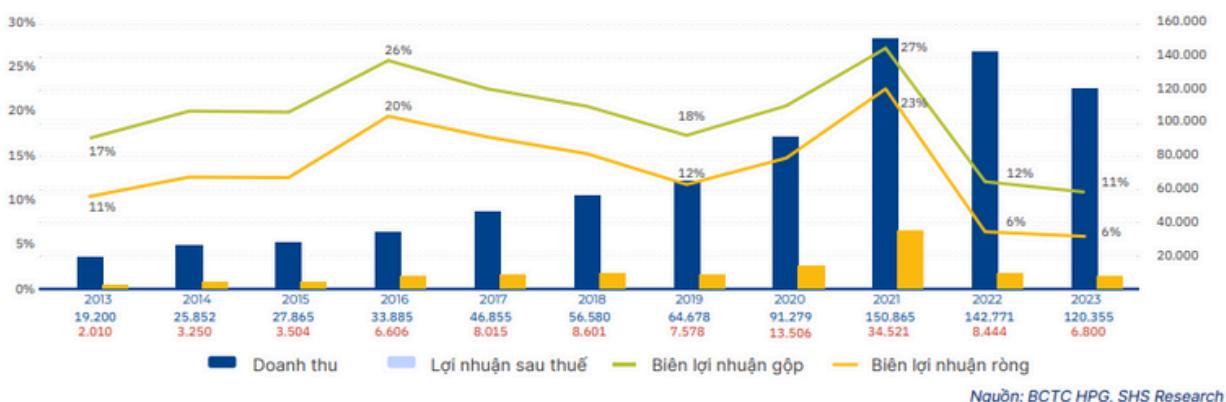
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Business activities

Kết quả kinh doanh HPG giai đoạn 2013-2023



Nguồn: BCTC HPG, SHS Research

- HPG's business results over the past years have shown impressive growth. Revenue during the 2013-2020 period grew at an average of 25% per year (CAGR), and profit increased by 31.3% per year, partly due to revenue from real estate projects. However, this growth primarily stemmed from the company's expansion of production capacity and an increase in steel market share. The company's construction steel sales volume rose from 700,000 tons in 2013 to 3.4 million tons in 2020. Its market share for construction steel and steel pipes also increased from nearly 14% and 15% to 26.4% and 32% respectively, leading the entire industry. The company not only focuses on domestic consumption but also expands into export markets.
- After the 2020-2021 period, which saw record highs driven by surging steel prices amidst the global impact of the Covid-19 pandemic, HPG's operational results declined. This downturn was influenced by a decrease in external demand due to high inflation and a decline in domestic demand after the real estate market was affected by bond market fluctuations.

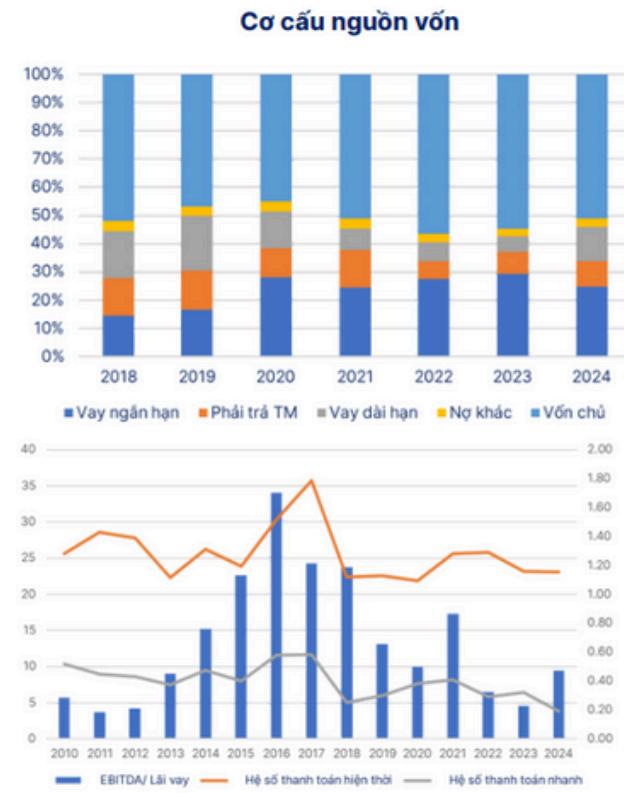
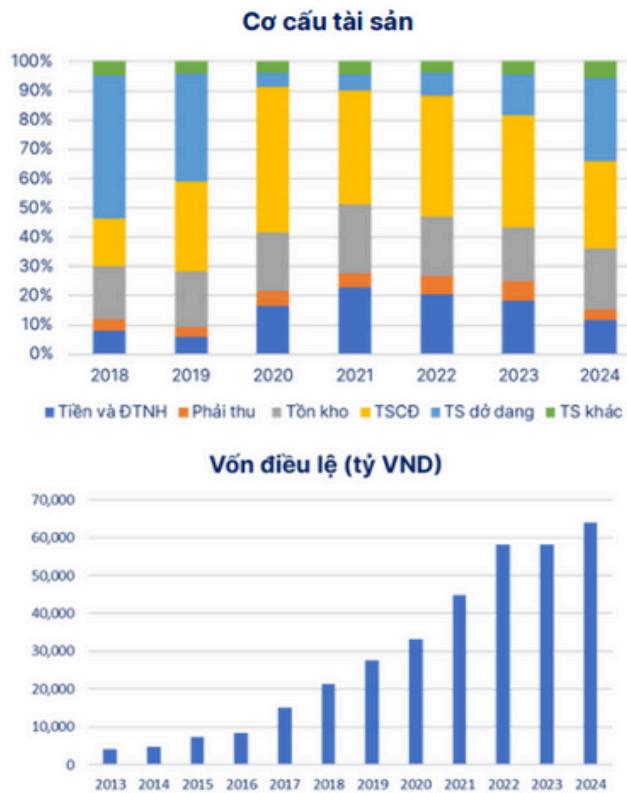
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Assets and Capital

- HPG's asset size has grown rapidly alongside the company's development. Total assets for the 2010-2024 period increased by an average of 21.3% per year, reaching VND 224,489 billion by the end of 2024, a 15-fold increase compared to 2010. The asset structure is quite balanced, with long-term assets accounting for a larger proportion in recent years as HPG focuses investments on the Dung Quat 1 & 2 integrated complex. The value of fixed assets and projects under development at the end of 2024 was VND 131,178 billion, representing 58% of total assets. Current assets are primarily concentrated in receivables and inventory. Cash (including short-term investments) at the end of 2024 was VND 25,862 billion, accounting for 11.5% of total assets, a decrease from 22.8% in 2021.
- HPG utilizes moderate financial leverage thanks to its substantial equity. The average debt-to-capital ratio was 49% for the 2010-2024 period and has shown a gradual downward trend in recent years. Loans account for an average of 77% of total liabilities, with short-term loans primarily used to finance receivables and inventory, while long-term loans fund project investment needs. As a leading company in its industry, HPG can access capital from banks with favorable terms (according to the reviewed 6-month financial statements, the company's short-term VND loan interest rates range from 2.2%-4.3% per annum, and long-term loan rates from 2.48%-7.5% per annum).



Nguồn: Füngroup, SHS Research

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Revenue

- In 2024, HPG recorded strong revenue growth, reaching VND 138,855 billion, an increase of 16.7% compared to 2023. This demonstrates the recovery of the steel market and HPG's growth potential. For Q1 2025, net revenue reached VND 39,555 billion.
 - HPG's revenue shows a clear recovery after a difficult period for the steel industry, particularly in 2024 and Q1 2025. This recovery stems from both the domestic market (real estate, public investment) and, in part, from exports.

Profit

- Profit after tax in 2024: Reached VND 9,100 billion (according to Stockkisvn) or an accumulated VND 9,210 billion for the first 9 months of 2024 (according to PSI), a significant increase compared to 2023. MISA AMIS reported 2024 profit as VND 9,210 billion.
- Profit after tax in Q1 2025: VietstockFinance reported the EPS for the most recent four quarters (up to Q1 2025) as VND 1,983.64.
 - HPG's profit has significantly improved, indicating that the company has overcome its most challenging period and is on a path to recovery.

Profit After Tax

- In 2024, HPG's profit after tax reached VND 9,210 billion, a strong increase compared to 2023. This impressive growth demonstrates a solid recovery.
- By the end of Q1 2025, HPG recorded over VND 37,900 billion in revenue, a 22% increase year-on-year. Profit after tax exceeded VND 3,300 billion. Thus, by the end of Q1 2025, HPG had completed approximately 22% of its full-year revenue plan and 22% of its full-year profit plan.
 - The strong profit growth indicates that HPG has overcome its most challenging period and is effectively capitalizing on market opportunities.

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ROA & ROE

a. 2020-2021: Peak Profitability

- ROA: From 11.8% (2020) to 22.0% (2021).
- ROE: From 25.4% (2020) to 46.0% (2021).

This was a golden period for the steel industry in general and HPG in particular. Steel demand surged due to accelerated public investment and a vibrant real estate market following the COVID-19 pandemic. Steel prices consistently rose, while HPG benefited from its closed-loop production chain and large manufacturing capacity. The ROA and ROE metrics reached record highs, demonstrating that the company utilized its assets and equity extremely efficiently to generate substantial profits.

b. 2022-2023: Decline and Bottoming Out

- ROA: Sharply decreased from 22.0% (2021) to 4.6% (2022) and further to 3.9% (2023).
- ROE: Sharply decreased from 46.0% (2021) to 8.8% (2022) and further to 6.9% (2023).

This marked the most challenging period for the steel industry. The causes were a frozen real estate market and a sharp drop in steel demand. Input material prices (iron ore, coking coal) rose, while finished steel prices fell. HPG faced high production costs, high-priced inventory, and declining selling prices, leading to a severe profit decline, even reporting losses in some quarters (like Q4/2022). Consequently, profitability on assets and equity significantly decreased, hitting rock bottom in 2023.

c. 2024 - Q1 2025: Recovery Begins

- ROA: Increased from 3.9% (2023) to 5.8% (2024). By Q1 2025, ROA was 1.48%.
- ROE: Increased from 6.9% (2023) to 11.1% (2024). By Q1 2025, ROE was 2.88%.

In 2024, the steel industry began to recover, driven by policies aimed at resolving real estate difficulties and boosting public investment. Steel demand gradually improved, prices became more stable, and raw material input costs cooled down. HPG also effectively controlled production costs and managed inventory, which helped improve profits and led to the recovery of both ROA and ROE. An ROA of 5.4% and ROE of 10.5% (according to HPG's 2024 Annual Report) demonstrate a significant rebound.

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The fluctuation in HPG's ROA and ROE clearly reflects the cyclical nature of the steel industry and the effectiveness of the company's management during different market phases:

- Cyclical: These indicators peaked during favorable market conditions (2020-2021) and sharply declined when the steel industry faced difficulties (2022-2023). This highlights that HPG's ROA and ROE are significantly influenced by macroeconomic factors such as raw material prices, construction demand, and public investment policies.
 - Resilience and Recovery Capability: Although ROA and ROE sharply decreased during the crisis, HPG demonstrated strong resilience and is on a fast recovery path starting from 2024. This is attributed to its core competitive advantages such as a closed production chain, large scale, and leading market position.
- **Conclusion:** HPG is currently showing positive financial signals after a challenging period. Revenue and profit have strongly recovered, and profit margins remain stable. Profitability ratios like ROA and ROE are improving, though there's still further growth potential. HPG's recent dividend policy has focused on retaining profits to reinvest in key projects like Dung Quat 2, promising long-term growth potential for the company.