

## STOCK ANALYSIS: HPG



### I. NON FINANCIAL ANALYSIS

#### 1. 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

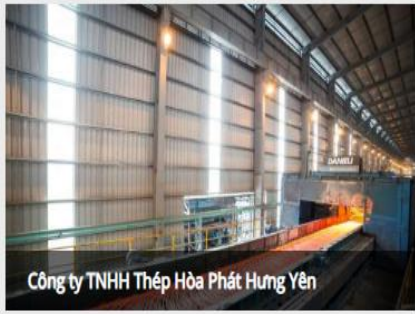
**Core values:** “Harmony for Development” philosophy

**Strategic Vision:** To become a leading industrial manufacturing group with steel as the core business.

**Ecosystem:** Iron & Steel, Steel Products, Agriculture, Real Estate, Household Appliances.

## 1. 1. Member company:

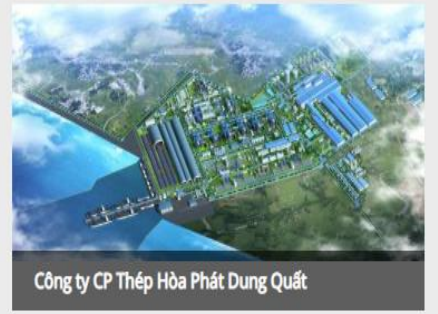




Công ty TNHH Thép Hòa Phát Hưng Yên



Công ty CP Thép Hòa Phát Hải Dương



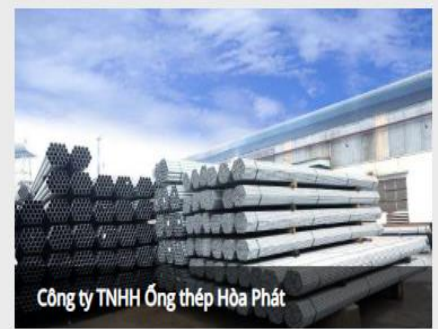
Công ty CP Thép Hòa Phát Dung Quất



Công ty TNHH Chế tạo kim loại Hòa Phát



Công ty CP Đầu tư khoáng sản An Thông



Công ty TNHH Ống thép Hòa Phát



Công ty TNHH Tôn Hòa Phát



Công ty CP Phát triển Nông nghiệp Hòa Phát



Công ty CP Sản xuất Container Hòa Phát



Công ty TNHH Điện máy Gia dụng Hoà Phát



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



## 1. 2. Awards and Achievements:

Over 27 years of conquering and dominating the market, Hòa Phát has become Vietnam's leading industrial manufacturing group. The Hòa Phát brand leads the market in construction steel and steel pipes with market shares of 25.2% and 30.4% respectively. In the office furniture sector, Hòa Phát also maintains the number one position nationwide, affirming its leadership across its business segments. With 27 years of dedication to quality, Hòa Phát continues to elevate its stature.

On October 16, Vietnam Economic Times (VnEconomy) organized the Vietnam Strong Brands 2024 Awards Ceremony, where Hòa Phát Group was honored in the Top 10 Strong Brands – Outstanding Business 2024. This marks the 13th consecutive year that Hòa Phát has been listed among the top brands.



*Ban tổ chức trao giải Thương hiệu Mạnh - Kinh doanh Xuất sắc 2024 cho đại diện Tập đoàn Hòa Phát*

In 2022, four of Hòa Phát's product lines were recognized as National Brands: Hòa Phát Construction Steel, Hòa Phát Steel Pipes, Hòa Phát Coated Steel Sheets, Hòa Phát Household Appliances. This certification served as a launchpad for market expansion, enhancing brand credibility through advertising, communication, and packaging. It not only attracted global partners but also strengthened customer trust worldwide.



Other notable awards: Top 10 Reputable Building Materials Enterprises (5 consecutive years, 2017–2022), Top 50 Best Listed Companies, Third-class Labor Medal from the President (2018), Top 3 Large Cap Companies with Most Favorable IR Activities, Top 10 Billion-Dollar Enterprises.

## 2. Relevant industry characteristics (Recently relevant policies, regulations, news,...)

Hòa Phát Group (HPG) is one of Vietnam’s leading diversified industrial manufacturing conglomerates, with core business areas including iron and steel production, steel products, agriculture, real estate, and household appliances. As such, developments and characteristics related to these sectors have a significant impact on HPG’s business operations.

### 2.1. 1. Ngành Thép (Gang thép, Sản phẩm thép)

Steel is Hòa Phát’s primary business, so relevant policies and market movements directly affect the Group’s performance.

#### ***Market Outlook and Pricing (2024–2025):***

- Demand Recovery: Vietnam’s steel production is projected to grow 8–10% during 2025–2026 as domestic demand recovers, reaching approximately 21.5–22.5 million tons.
- Input Prices: Prices of iron ore and steel scrap have declined compared to 2023 and early 2024, helping lower production costs for manufacturers like Hòa Phát.
- Production and Sales: In Q1/2025, finished steel production reached 7.464 million tons (+5.7% YoY), while sales hit 7.501 million tons (+12.2% YoY).

### ***International Trade Policies (Trade Defense Measures)***

- Anti-dumping and Countervailing Duties: Vietnam's steel industry, including Hòa Phát, faces trade defense measures from major export markets like the US (Section 232 and countervailing duties) and the EU (updated trade remedies). India also plans to introduce new import policies.
- Impact: These measures could reduce export volume and value for steel products like HRC, coated sheets, and steel pipes, leading to market volatility.
- Hòa Phát's Strategy: Hòa Phát has stated it will not adjust its business plan in response to U.S. tariffs and emphasizes its experience in data transparency and cost control in anti-dumping cases.

### ***Environmental Policy & EU CBAM (Carbon Border Adjustment Mechanism):***

- Net Zero Commitment: Vietnam has pledged to reach net zero carbon emissions by 2050. This mandates green transformation in industries, especially the high-emission steel sector.
- EU Carbon Tax (CBAM): Starting from 2023 (transition phase) and officially in 2026, the EU will tax carbon emissions on imported products, including steel — imposing significant cost pressures on Vietnam's steel exports.
- Required Actions: Steel manufacturers like Hòa Phát must invest in clean production technologies, carbon reduction, renewable energy, and energy efficiency to comply and avoid high carbon taxes.

## **2. 2. Real Estate Sector**

Hòa Phát's real estate arm (via Hòa Phát Construction and Urban Development JSC) is also heavily affected by new laws and regulations.

### ***Real Estate Business Law 2023 (Effective from January 1, 2025):***

- Brokerage regulations: Brokers must work within licensed enterprises — individual brokers can no longer operate independently.
- Land parceling restriction: Lot-splitting for sale is banned in wards of urban areas classified as Type III and above (effective August 1, 2024), impacting project supply and development strategy.
- Transaction method: Certain real estate transactions must be conducted via bank transfer.

## **2. 3. Agriculture Sector**

Hòa Phát's agricultural business (livestock, feed) benefits from supportive fiscal and credit policies.

#### Preferential Policies:

- Agricultural land tax exemption: The government has proposed extending tax exemption until 2030 to encourage rural investment and sectoral restructuring.
- Preferential Credit Program: The State Bank proposed a VND 100 trillion preferential credit package for agriculture, forestry, and aquaculture with low-interest rates.

### **2. 4. Household Appliances**

#### Market Competition & Digital Transformation Trends:

- Cost Optimization: Retailers in electronics are closing underperforming stores and expanding e-commerce channels.
- E-commerce Forecast: The electronics sector is expected to grow 23% in 2025 through online platforms — presenting opportunities for Hòa Phát Refrigeration to boost online sales.

### **3. Company's products and services**

Starting as a supplier of construction and mining equipment, Hòa Phát (HPG) entered the steel business in 1996 and began steel production in 2000. Today, steel is the Group's core business, accounting for approximately 94% of HPG's annual revenue.

After 24 years of development, HPG now owns the largest crude steel production capacity in Vietnam and Southeast Asia, at 8.9 million tons per year — more than 35 times its initial capacity of 250,000 tons — and accounting for nearly 33% of Vietnam's total capacity. This achievement comes from continuous investment and upgrades to steel complexes including: Hung Yen Steel Rolling and Casting Complex (2004), Hai Duong Iron and Steel Integrated Complex (2010), Dung Quat Iron and Steel Integrated Complex (2020)

HPG is currently the only Vietnamese company capable of producing hot-rolled coil (HRC) steel, with a capacity of 3.5 million tons per year. Additionally, HPG owns a system of 6 steel pipe factories with a combined capacity of 1 million tons/year, making it the largest pipe producer in Vietnam.

#### **HPG's Steel Products Include:**

Upstream steel products: Billets (130mm × 130mm and 150mm × 150mm), Hot-rolled coils (HRC) with thicknesses from 1.2mm to 19mm, Construction steel (rebar, deformed bar, angle bar, wire rod...), High-quality steel to replace imports such as wire rod steel, prestressed steel (PC Bar, PC Strand, PC Wire) used in technically demanding, heavy-load, and high-safety projects such as towers, viaducts, sea-crossing bridges, high-rise buildings, cable cars...

Downstream products made from crude steel: Steel Pipes: black welded pipes up to 325mm diameter and 12mm thickness, hot-dip galvanized pipes, large-size pipes... Coated Steel Sheets: pickled coil, galvanized coil, galvalume coil, color-coated steel sheet

Since late 2023, HPG has started supplying the market with empty shipping containers, produced at its factory with a design capacity of 500,000 TEU/year (Phase 1: 200,000 TEU/year). These containers are made at the Dung Quất Integrated Complex from HRC SPA-H grade weather-resistant steel.



HPG's steel products are manufactured at Hung Yen Plant, Two integrated steel complexes in Hai Duong and Dung Quất, Steel pipe factories in Central and Southern Vietnam.

To support its steel and steel product operations, HPG also owns:

- An Thong Mineral Investment JSC: mines iron ore in Hà Giang and Yên Bái, supplying 600,000–800,000 tons/year for HPG's steel production.
- Hòa Phát Energy JSC: operates coke oven systems and recycles residual heat for power generation. Current coke capacity is 2.3 million tons/year.
- Hòa Phát Shipping JSC: owns three large Kamsarmax ships (80,000–90,000 DWT each) and two domestically built ships (24,500 DWT each) to transport raw materials and finished goods.
- Hòa Phát Container Factory: built in 2022 with a designed capacity of 500,000 TEU/year, Phase 1 completed at 200,000 TEU/year. HPG has delivered various

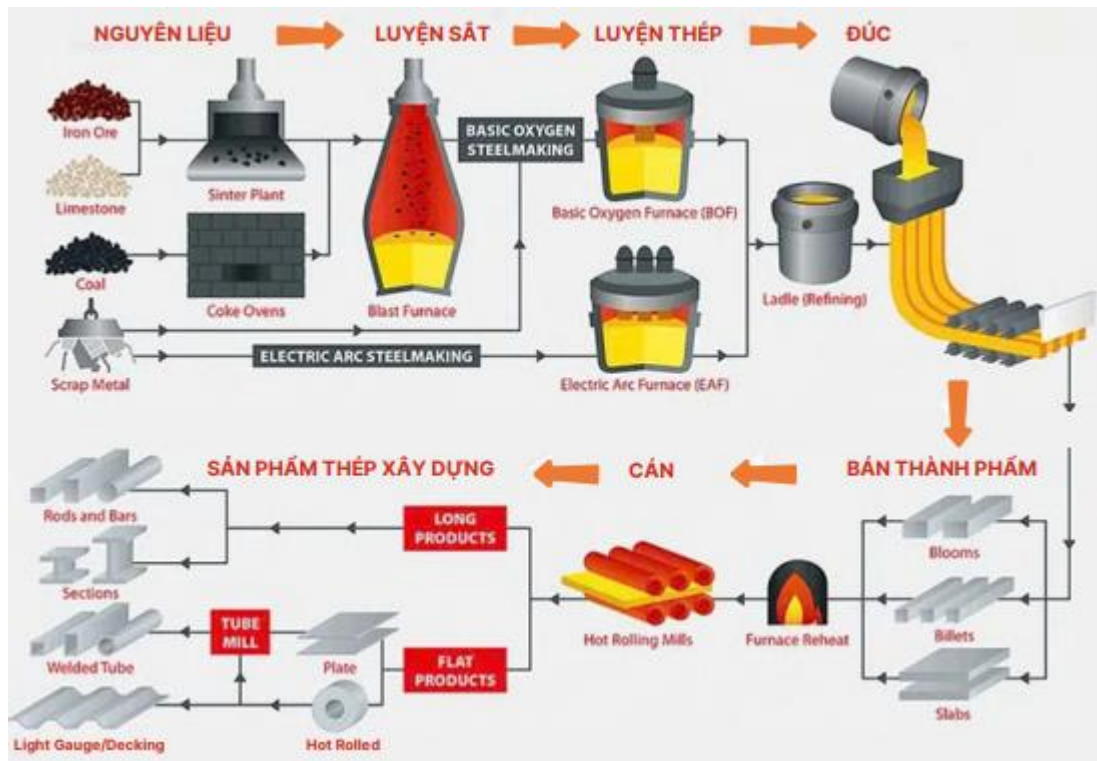


container types to domestic and international customers such as Hapag-Lloyd, Seacube, VIMC, Hải An, Visico, Vinafco, and others.



Currently, Hòa Phát (HPG) utilizes two steel production technologies: Electric Arc Furnace (EAF) with Continuous Casting – applied at the Hưng Yên Steel Plant, Blast Furnace (BF) – Basic Oxygen Furnace (BOF) with Continuous Casting – implemented at the Hải Dương and Dung Quất Integrated Complexes

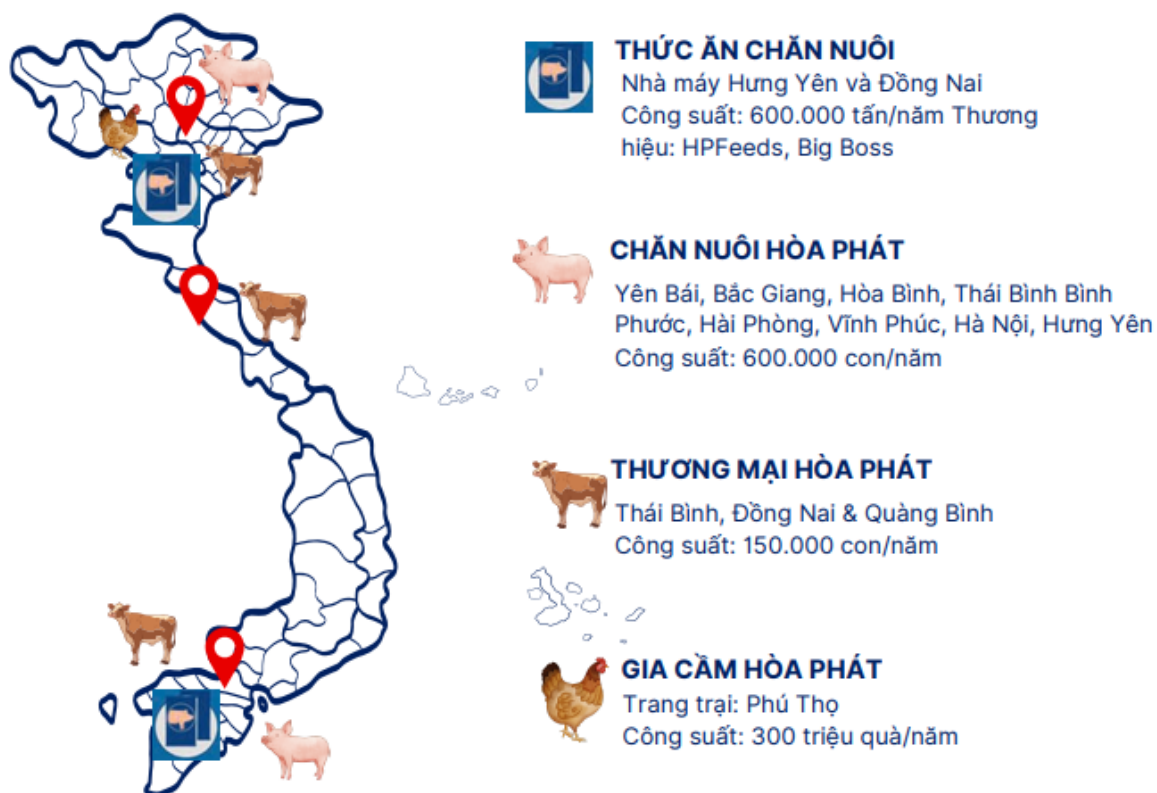
The BOF technology enables steelmaking directly from iron ore and offers key advantages such as: Higher energy efficiency in the production process Capability to produce higher-quality steel products compared to the EAF method. This is also the most widely used steelmaking technology globally, accounting for approximately 70% of steel plants worldwide.



### HPG's Agricultural Products:

Hòa Phát (HPG) entered the agriculture sector in 2015 by constructing its first animal feed factory, and later expanded into livestock farming (pigs, cattle) and poultry farming (chickens) using a centralized, closed-loop model with high technology applications. Key highlights include: The Hòa Phát Đồng Nai Animal Feed Factory is Global G.A.P. certified, The Hòa Phát Pig Farm is VietGAP certified 100% of breeding stock is directly imported from Denmark.

Currently, HPG supplies: Imported high-yield egg-laying chicken breeds. Over 300 million eggs per year to supermarkets, schools, canteens, industrial parks, restaurants, hotels, resort complexes, and for export to Laos and Cambodia. This segment generates an average annual revenue of approximately VND 7,000 billion, accounting for about 5% of HPG's total revenue.



### HPG's Real Estate and Other Products:

Besides its well-known residential real estate projects in Hanoi (e.g., 257 Giải Phóng Apartment, Mandarin Garden 1 & 2, 70 Nguyễn Đức Cảnh), HPG is also managing and developing industrial parks in Hà Nam and Hưng Yên with a total area of 1,134 hectares and an average occupancy rate of 95%. Looking ahead, HPG plans to Develop 3 additional industrial parks, Build worker housing at Yên Mỹ 2 Industrial Park (Hưng Yên) with a scale of 31 hectares and a total investment of VND 5,000 billion

**Household Electrical and Consumer Products:** In addition to the above activities, HPG also provides household electrical and consumer products under the Hòa Phát and Funiki brands. Notable products include: Funiki air conditioners and freezers, which have built a strong brand reputation among domestic consumers, Other consumer electronics and household goods such as:

- Refrigerators, water purifiers, washing machines, range hoods
- Kitchen appliances including induction cookers, hoods, rice cookers, etc.

These business segments have variable revenue, depending on the timing of residential project handovers and recognition, but on average, they contribute about 3% of total revenue in recent years.



*Sản phẩm điện máy, gia dụng của HPG*

#### **4. Company's pricing environment**

##### **4. 1. Market Demand**

- Real Estate Market: This is a key factor affecting the demand for construction steel — Hòa Phát's (HPG) flagship product. When the real estate market recovers (driven by government support policies and increased public investment), steel demand rises, creating favorable conditions for HPG to raise selling prices. Conversely, in a downturn, reduced demand puts downward pressure on prices.

- Exports: Demand for steel from export markets also affects pricing. However, trade barriers (such as anti-dumping duties) may negatively impact export activities and limit pricing flexibility.



## **4. 2. Input Costs**

- Prices of Iron Ore, Coking Coal, and Scrap Steel: These are the main raw materials for steel production. Global price fluctuations of these materials have a direct and significant impact on HPG's production costs and profitability. HPG is still highly dependent on imported raw materials.

- Exchange Rates: As raw materials are mostly imported, foreign exchange fluctuations — especially the USD/VND exchange rate — directly affect HPG's input costs. An increase in the exchange rate leads to higher import costs, thereby putting pressure on both production cost and profit margin.

## **4. 3. Competitive Landscape**

Competition from Imported Steel: Particularly Chinese steel. When China's real estate sector weakens, surplus supply is redirected to export markets, including Vietnam. This exerts significant pricing pressure on domestic steel manufacturers.

### **HPG's Current Pricing Environment Benefits From:**

The recovery of Vietnam's real estate market and an uptick in public investment. Its ability to control costs effectively thanks to a closed-loop production chain

### **However, HPG Still Faces Challenges From:**

- Global raw material price volatility
- Competitive pressure from imported steel (especially from China)
- Exchange rate risks

## **5. SWOT Analysis**

### **5. 1. Strengths**

Market Leadership: HPG is the largest steel producer in Vietnam, holding a dominant market share in both construction steel (35–40%) and hot-rolled coil (HRC) steel (around 50%). This leading position provides advantages in scale, pricing power, and negotiating leverage with both suppliers and customers.

Diversified Business Portfolio: In addition to steel, HPG is also involved in agriculture, furniture, and real estate. This diversification helps mitigate risks, capture new opportunities, and establish a foundation for sustainable development.

Closed and Self-Sufficient Value Chain: HPG operates an integrated value chain that spans from iron ore and coking coal to billets and finished steel products (construction steel, HRC,

steel pipes, coated sheets). This enables optimized production costs, reduced dependency on external suppliers, and enhanced quality control.

**Large-Scale and Modern Production Capacity:** The integrated steel complexes, especially Dung Quất 1 and 2, are large in scale and equipped with modern technology. This allows HPG to meet high market demand and benefit from economies of scale.

**Strong and Trusted Brand:** The "Hòa Phát" brand is widely recognized and trusted by both domestic and international partners for its product quality. HPG has an extensive nationwide distribution network and dealership system, ensuring efficient and timely market access.

## **Weaknesses**

**Dependence on Raw Material Price Fluctuations:** Although HPG operates a closed-loop production chain, it still relies heavily on the import of iron ore and coking coal. Fluctuations in global prices of these key inputs have a direct impact on production costs and profit margins.

**Foreign Exchange Risk:** Due to the need to import raw materials and finance large-scale projects (such as Dung Quất 2) with foreign currency loans, HPG is exposed to exchange rate volatility. An increase in the USD/VND exchange rate may lead to higher input costs and increased debt servicing expenses.

**Export Competition Pressure:** HPG's export activities may be affected by trade defense measures (e.g., anti-dumping duties) imposed by importing countries. In addition, the company faces intense competition from major global steel producers, particularly from China

## **5. 2. Opportunities**

**Dung Quất 2 Project Commissioning:** Phase 2 of the Hòa Phát Dung Quất Integrated Steel Complex (expected to be completed and operational in 2025) will significantly enhance the company's capacity to produce HRC and other high-quality steel products, better serving domestic demand and strengthening export capabilities.

**Urbanization and Industrial Development Trends:** The rapid pace of urbanization and the continued expansion of industrial zones in Vietnam are driving long-term demand for steel, creating favorable conditions for growth in the construction and infrastructure sectors.

**Development of High-Quality Steel Products:** The increasing demand for specialty steels, including alloy steel, thick plate steel, and prestressed steel, presents an opportunity for HPG to invest in R&D and diversify its product portfolio to meet market needs.

### **5.3. Threats**

Pressure from Imported Steel: Especially from Chinese steel, where oversupply may be diverted to the Vietnamese market at low prices, creating significant downward pressure on domestic steel pricing and market share.

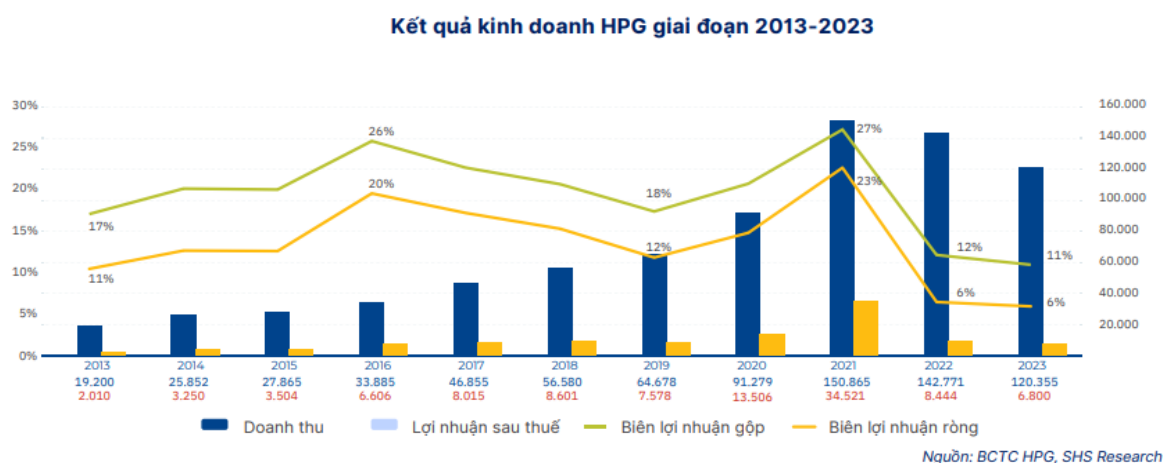
International Trade Barriers: Trade defense measures (such as anti-dumping and countervailing duties) imposed by importing countries like the United States and the European Union can reduce HPG's export competitiveness and limit export volumes.

Environmental and Carbon Emission Challenges (EU CBAM): Increasingly strict environmental regulations, along with the implementation of the European Union's Carbon Border Adjustment Mechanism (CBAM), will place cost pressures on HPG's production processes and challenge its ability to export to high-standard markets that require "green steel."

## II. II. FINANCIAL ANALYSIS

*Present and interpret relevant financial ratios, including comparisons over time and comparisons with competitors.*

### 1. Business Operations

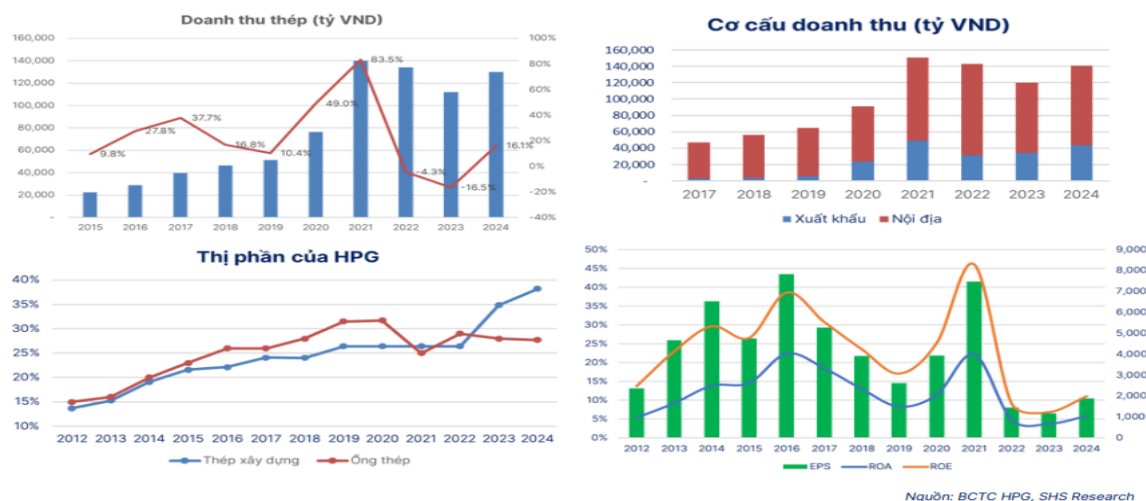


HPG's business performance in recent years has demonstrated impressive growth. During the period 2013–2020, revenue grew at an average CAGR of 25% per year, while profit increased by 31.3% annually, partly thanks to revenue recognition from real estate projects. However, the primary driver of growth was the expansion of production capacity and the increase in steel market share.

The company's construction steel consumption rose from 700,000 tons in 2013 to 3.4 million tons in 2020. Its market share in construction steel and steel pipes also increased significantly, from approximately 14% and 15% to 26.4% and 32%, respectively — making Hòa Phát the industry leader.

HPG not only expanded its domestic consumption but also entered export markets. Following the record-breaking period of 2020–2021, when steel prices surged amid the global impacts of the COVID-19 pandemic, HPG's business results declined due to: Weakened external demand, driven by high global inflation. Lower domestic demand, as the real estate market was affected by instability in the corporate bond market.





Throughout its operations, despite periods of unfavorable raw material price fluctuations, Hòa Phát (HPG) has been able to remain profitable and expand market share — thanks to its large-scale integrated production model and strict cost management — even as many other companies faced difficulties or losses. Raw material costs account for the highest proportion, making up an average of 77% of total production costs, but HPG has managed to keep this ratio relatively stable, averaging 66% of revenue.

Currently, aside from sourcing part of its iron ore domestically from Hà Giang and Yên Bái, HPG also applies dry stamping technology in its coke production process, and continuously improves its systems to recover residual heat and hot gas from sintering and smelting operations. This recovered energy is used to generate electricity for the company’s integrated complexes. In 2024, thermal power plants in Hải Dương and Dung Quất produced 3.18 billion kWh, meeting 90% of HPG’s electricity needs, resulting in an estimated cost saving of VND 5,400 billion. According to a 2022 study by Transition Zero, Vietnam’s steel production costs have become competitive with China, with the only higher cost component being energy (electricity and fuel). Therefore, HPG’s effective cost control has significantly enhanced its operational efficiency and competitiveness, both domestically and internationally.

## 2. Assets and Capital Structure

HPG’s asset base has grown rapidly in line with the company’s development. Between 2010 and 2024, total assets increased at an average annual growth rate of 21.3%, reaching VND 224,489 billion by the end of 2024 — representing a 15-fold increase compared to 2010.

The asset structure is relatively balanced, though in recent years, long-term assets have accounted for a larger share, as HPG has been focusing on investing in the Dung Quất Integrated Complexes 1 & 2. As of the end of 2024, the value of fixed assets and ongoing projects stood at VND 131,178 billion, making up 58% of total assets.

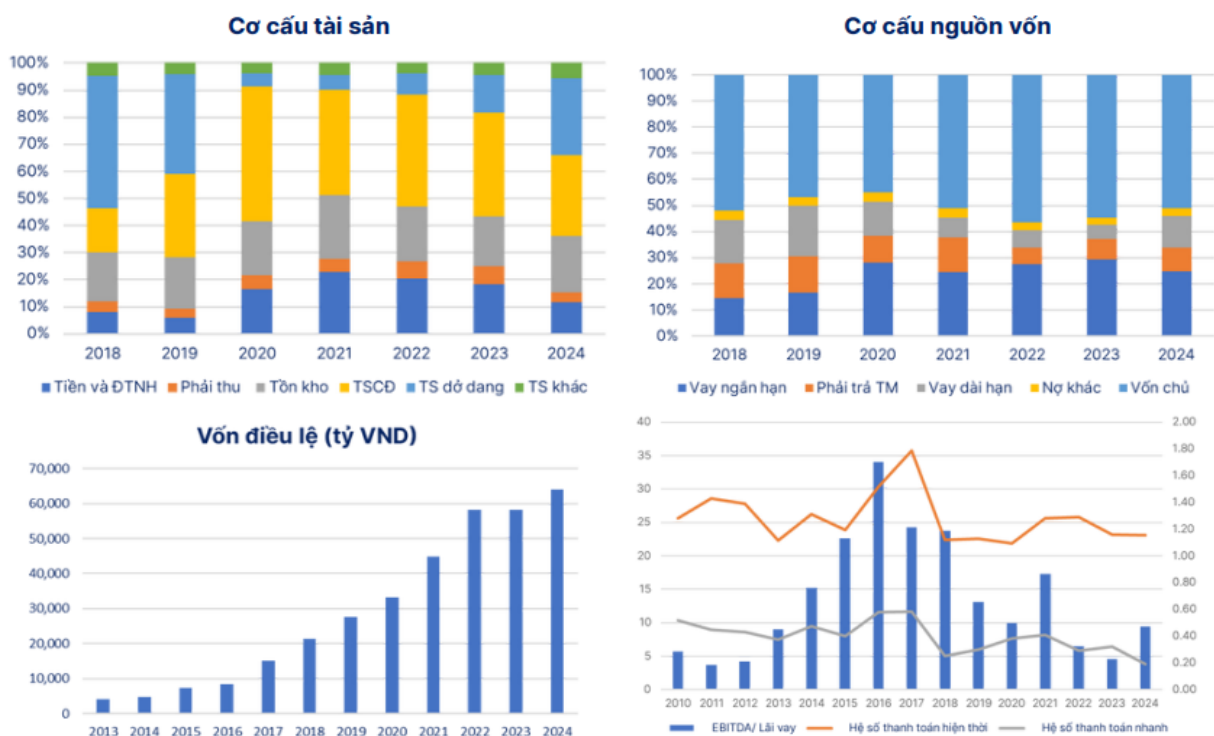
Short-term assets are primarily concentrated in receivables, inventories, and cash (including short-term investments). By the end of 2024, cash and equivalents totaled VND 25,862 billion, accounting for 11.5% of total assets, down from 22.8% in 2021.

HPG maintains a moderate level of financial leverage, supported by a large base of equity capital. During 2010–2024, the company’s average debt-to-capital ratio was 49%, with a declining trend in recent years.

Loans accounted for an average of 77% of total liabilities, with:

- Short-term borrowings primarily used to finance receivables and inventories
- Long-term borrowings allocated to project investments

Thanks to its leading position in the industry, HPG can access capital from banks under favorable terms. According to the audited semi-annual financial statements, the company's short-term VND loan interest rates ranged from 2.2% to 4.3% per annum, while long-term loans ranged from 2.48% to 7.5% per annum.



Nguồn: Fiigroup, SHS Research

### 3. Revenue:

In 2024, HPG recorded strong revenue growth, reaching VND 138,855 billion, an increase of 16.7% compared to 2023. This indicates a recovery in the steel market and HPG's growth potential. Q1/2025: Net revenue reached VND 39,555 billion.

→ HPG's revenue showed a clear recovery after a difficult period for the steel industry, especially in 2024 and Q1/2025. This rebound was driven by both the domestic market (real estate, public investment) and partially by exports.

#### **4. Profit:**

Net profit after tax in 2024: VND 9,100 billion (according to Stockkissvn) or VND 9,210 billion for the first 9 months of 2024 (according to PSI), showing a strong increase over 2023. MISA AMIS reported 2024 profit as VND 9,210 billion.

Net profit after tax in Q1/2025: VietstockFinance reported EPS for the trailing 4 quarters (up to Q1/2025) as VND 1,983.64.

→ HPG's profit improved significantly, showing the company has overcome its most difficult period and is on a recovery path.

#### **5. Gross profit margin:**

- Q3/2024: 13.93%

- Q4/2024: 12.66%

- Q1/2025: 14.42%

#### **6. Net profit margin:**

- Q3/2024: 8.9%

- Q4/2024: 8.15%

- Q1/2025: 8.9%

→ HPG's gross and net profit margins remained relatively stable and showed a slight upward trend, indicating good cost control, particularly thanks to its integrated value chain.

#### **7. Net profit after tax in 2024:**

VND 9,210 billion, a strong increase compared to 2023. This impressive growth reflects a solid recovery.

As of Q1/2025, HPG recorded revenue of more than VND 37,900 billion, up 22% year-on-year. Net profit after tax reached over VND 3,300 billion. By the end of Q1/2025, HPG had completed approximately 22% of its full-year revenue and profit targets.

→ The strong profit growth demonstrates that HPG has overcome its most challenging phase and is effectively seizing market opportunities.

## **8. Dividend Policy:**

HPG's dividend policy typically reflects its investment and capital accumulation strategies. Dividend history:

- 2021: Paid dividends in cash (VND 500/share) and in shares (10:3 ratio).
- 2023: Dividends paid in shares only, as the steel industry was under pressure and the company prioritized funding the Dung Quất 2 Integrated Steel Complex project.
- 2024: HPG announced a 2024 dividend payout in shares at a 100:20 ratio (shareholders receive 20 new shares for every 100 owned). Initially, the company proposed a 5% cash and 15% share dividend, but later adjusted to 100% in shares to conserve resources and ensure cash flow safety amid market uncertainties (especially in response to US counter-tax policies). The record date for dividend entitlement is June 27, 2025.

Future policy: Chairman Trần Đình Long stated that if market conditions remain favorable and no unexpected events arise, the company will consider returning to its traditional dividend policy from 2026–2027, including cash dividends.

→ HPG's dividend strategy focuses on retaining earnings to reinvest in major projects (e.g., Dung Quất 2), especially during difficult periods for the steel industry or when large-scale expansion capital is required. This reflects a long-term vision and strong emphasis on internal growth.

## **9. ROA & ROE**

### **9.1. 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 era for the steel industry and HPG. Steel demand soared due to boosted public investment and a vibrant real estate market after COVID-19. Steel prices surged while HPG benefited from its integrated value chain and large production capacity. ROA and ROE hit record highs, reflecting highly efficient use of assets and equity capital to generate massive profits.

### **9.2. 2022–2023: Decline and bottoming out**

- ROA: Dropped from 22.0% (2021) to 4.6% (2022), and further to 3.9% (2023)
- ROE: Fell from 46.0% (2021) to 8.8% (2022), and then to 6.9% (2023)

This was the most difficult period for the steel sector. Causes included a frozen real estate market, plunging steel demand, rising input costs (iron ore, coking coal), and falling finished



steel prices. HPG faced high production costs, overvalued inventory, and declining selling prices, leading to a severe profit slump, even reporting losses in Q4/2022. Thus, return ratios plummeted to bottom levels by 2023.

c. 2024 – Q1/2025: Recovery underway

- ROA: Increased from 3.9% (2023) to 5.8% (2024); Q1/2025: 1.48%

- ROE: Rose from 6.9% (2023) to 11.1% (2024); Q1/2025: 2.88%

In 2024, the steel sector began recovering thanks to supportive real estate policies and ramped-up public investment. Steel demand gradually improved, prices stabilized, and input costs cooled. HPG effectively controlled production costs and inventory management, boosting profits and ROA/ROE recovery. ROA at 5.4% and ROE at 10.5% (according to HPG's 2024 annual report) reflect notable improvement.

→ ROA and ROE fluctuations clearly reflect the cyclical nature of the steel industry and HPG's management effectiveness in each market phase:

- Cyclicality: These metrics peaked during favorable market periods (2020–2021) and dropped sharply in downturns (2022–2023), showing high sensitivity to macro factors like material costs, construction demand, and public investment policies.

- Resilience & Recovery: Despite deep declines during the crisis, HPG showed strong resilience and is now on a rapid recovery path from 2024 — supported by core competitive advantages like its integrated production model, large scale, and market leadership.

- Future outlook: With Dung Quất 2 set to launch operations in 2025, HPG will significantly increase production capacity and further optimize costs. This is expected to drive strong profit growth and significantly improve ROA and ROE in coming years (especially from 2026–2027 onward).

**CONCLUSION:** HPG is showing strong financial recovery after a challenging period. Revenue and profit have rebounded sharply, and profit margins remain stable. ROA and ROE are improving, though there is room for further growth. The company's dividend policy has recently focused on profit retention to reinvest in key projects like Dung Quất 2, indicating a long-term growth vision.

