

TEAM VNF

BUY
+27.7%

RISE WITH THE CYCLE
KÍCH ĐẨU CÙNG MÙA LỄ QUỐC KHÁM



HOÀ PHÁT
HÒA HỢP CÙNG PHÁT TRIỂN

HOA PHAT GROUP JSC (HOSE: HPG)

- Sector: Materials – Industry: Industrial Metals
- Ho Chi Minh Stock Exchange (HOSE)
- HOA PHAT GROUP (Ticker: HPG.HM)

Closing Price: VND 28,700
4th July 2024 **USD/VND:** 25,450

Target Price: 36,700 VND

➤ **Recommendation: BUY**

WHY BUY HPG?



**Significant demand recovery of
Construction Steel**



**HRC, the main earning driver
after DQSC2 mega project completion**

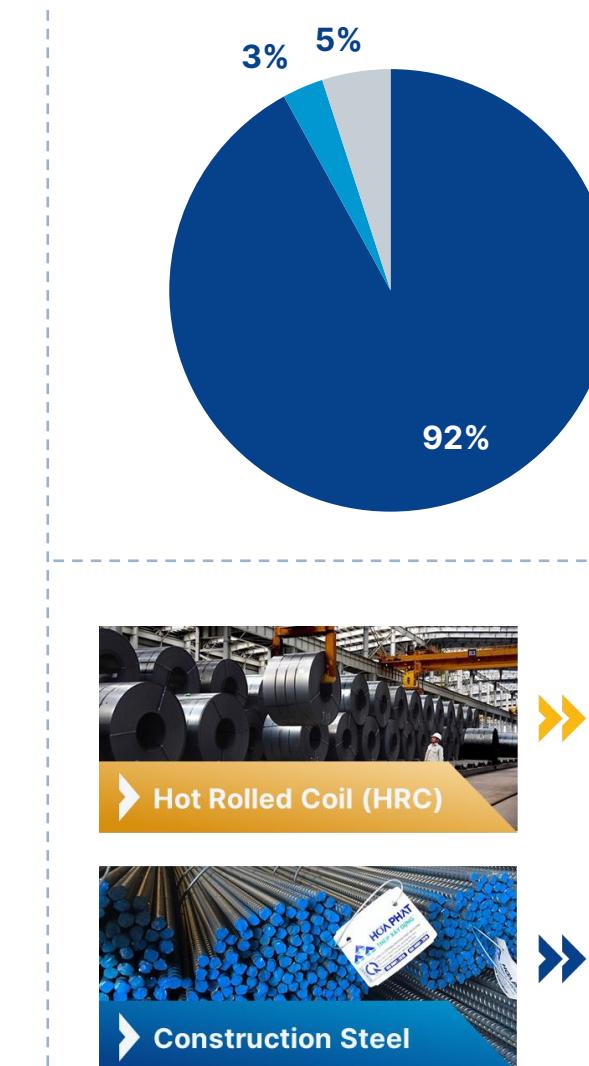
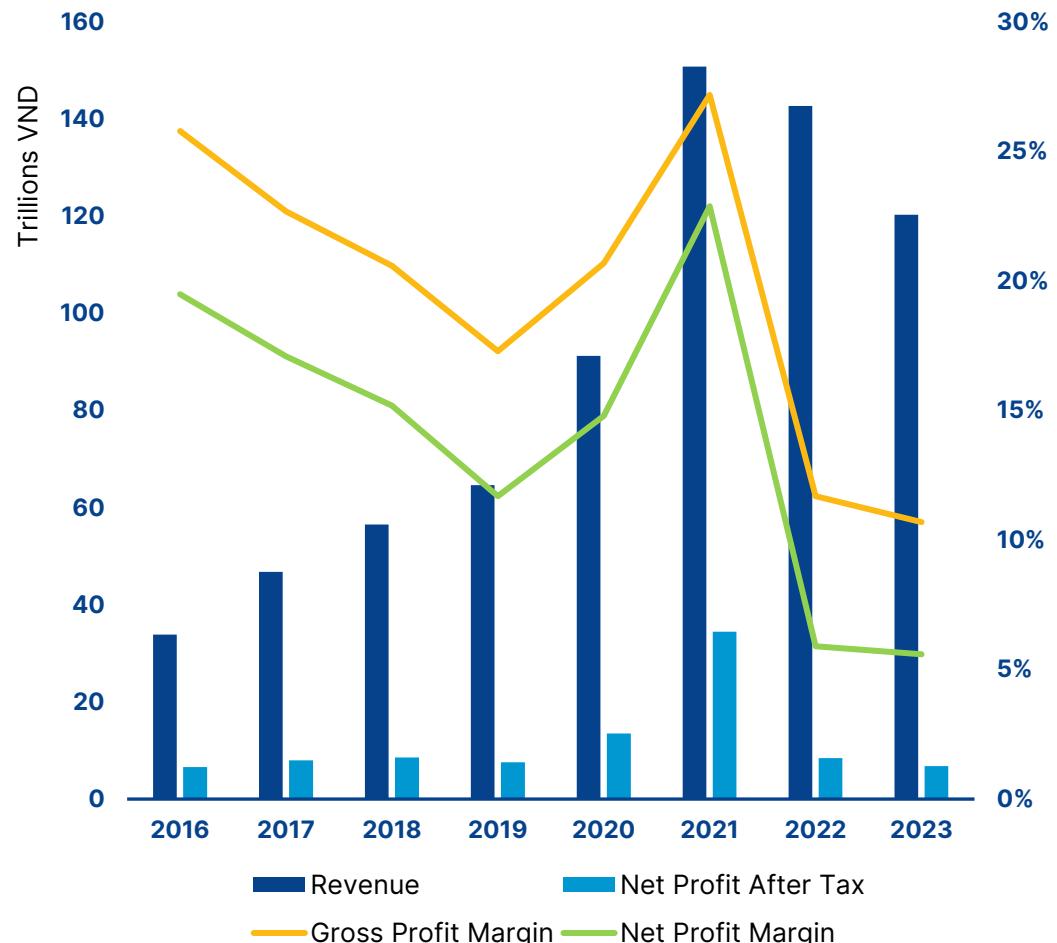


The strongest of them all



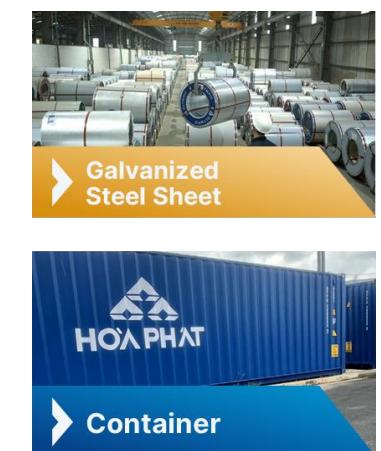
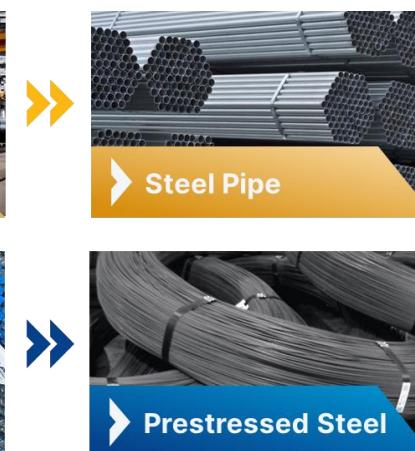
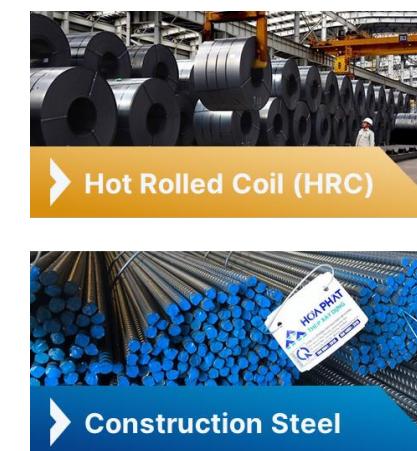
**RISE
WITH
THE
CYCLE**

Business Overview



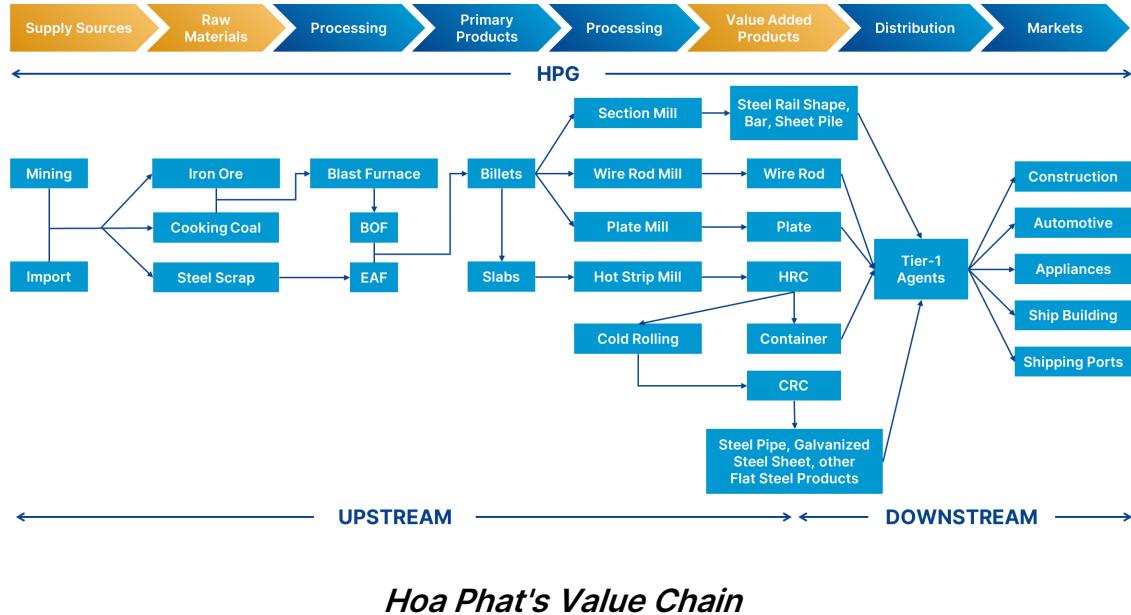
Revenue Structure

- Steel
- Agriculture
- Real Estates



Business Strategy

HPG differentiates themselves through a long value chain strategy.



Source:
 - Team research
 - HPG Report

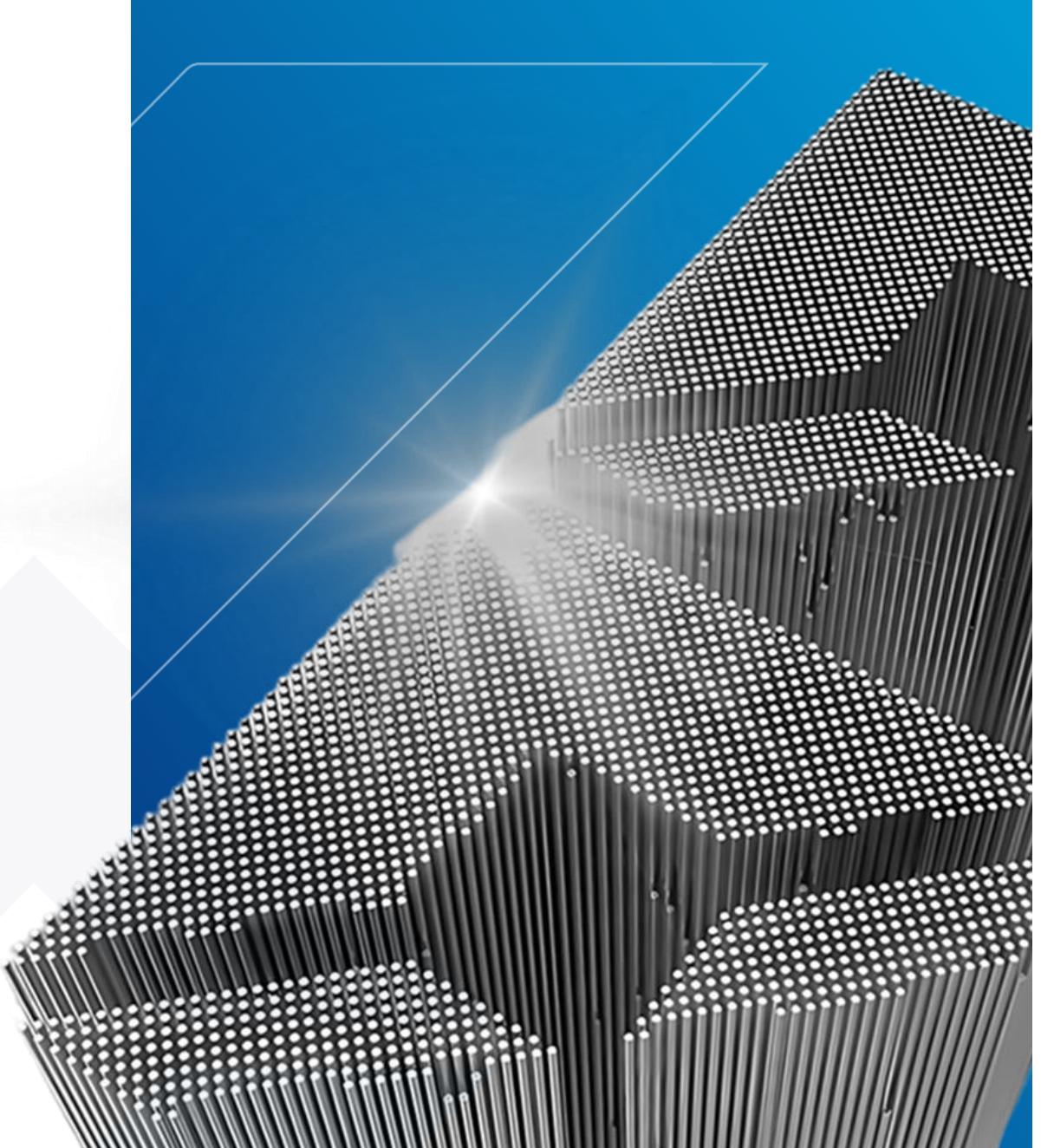
Industry-leading capacity expansion, aimed at lowering costs.



Hoa Phat's Crude Steel Capacity and Total Yearly Capex from 2018 - 2026

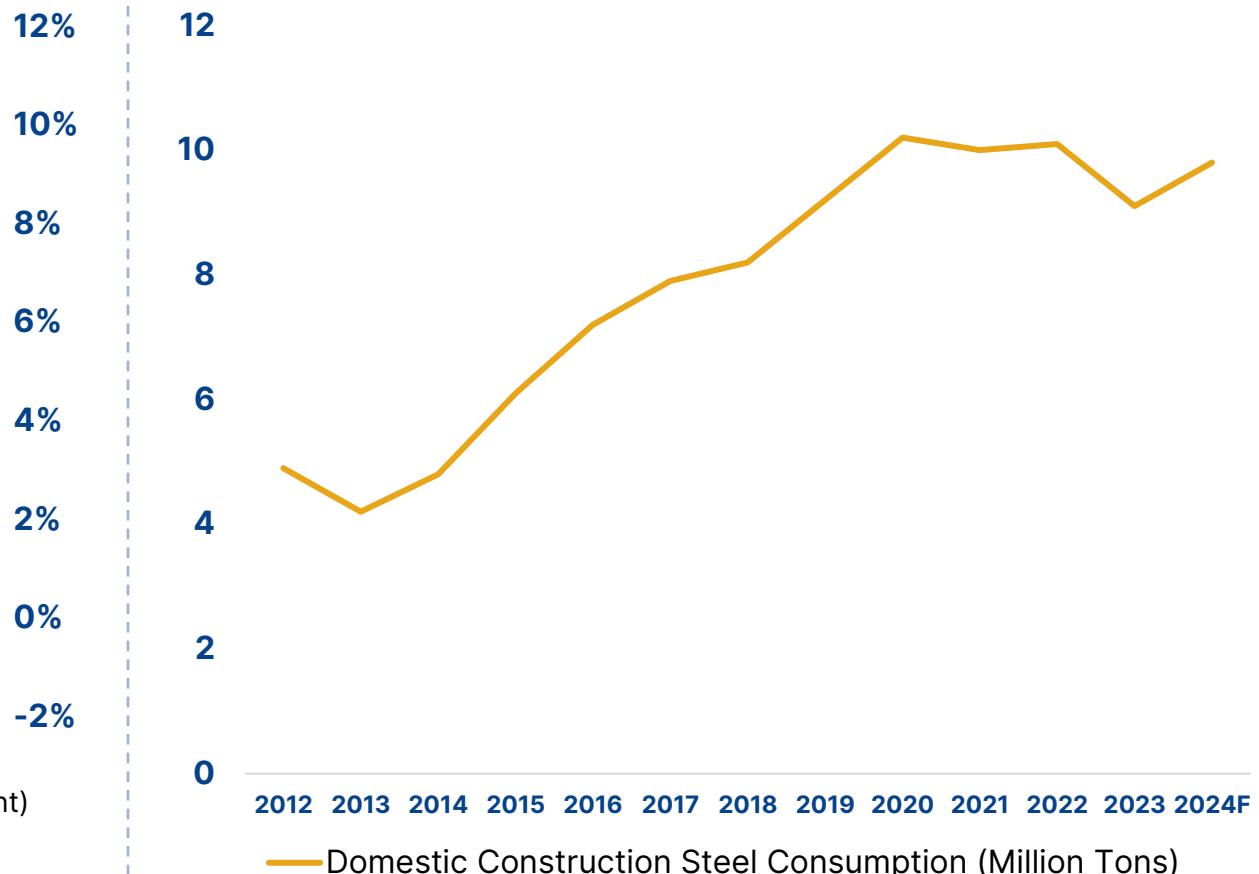
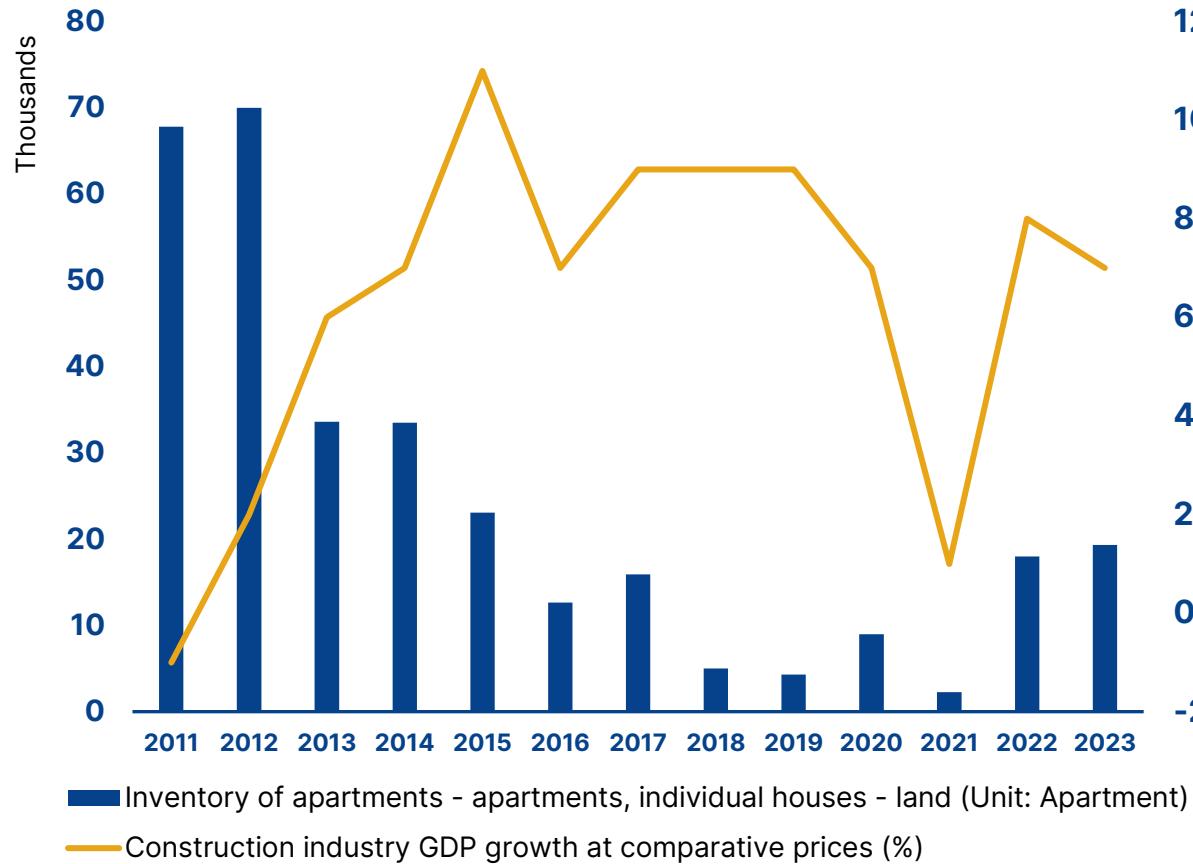
1.

Significant demand recovery of Construction Steel



Significant growth for domestic demand for construction steel, fueled by the recovery of the real estate market.

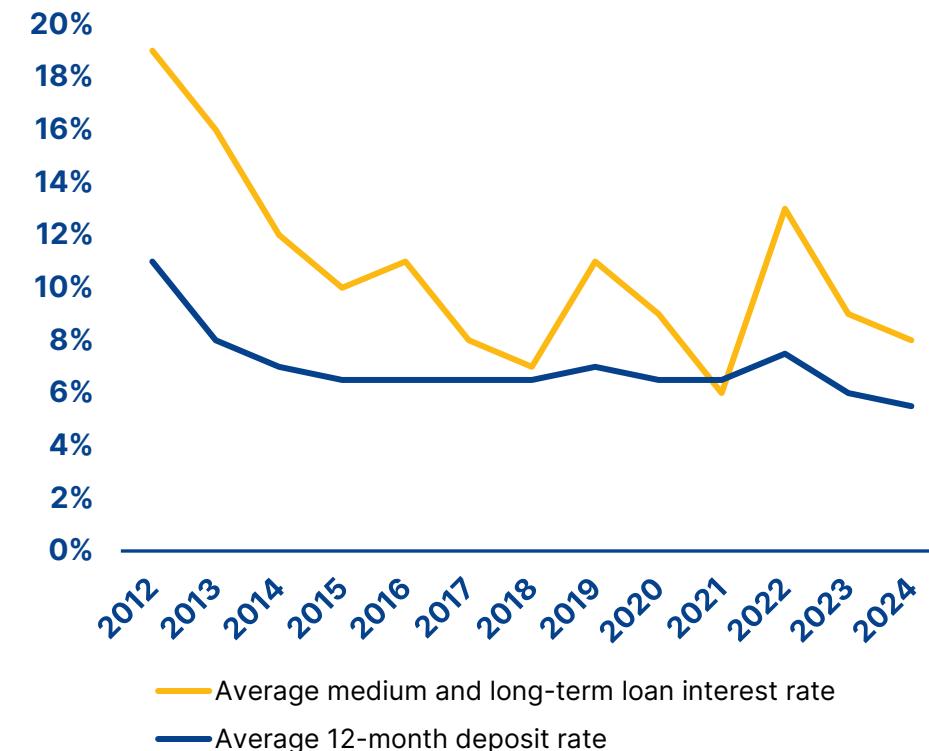
The real estate market is expected to **recover significantly**,
proved by similarities with the 2013-2019 cycle.



Significant growth for domestic demand for construction steel, fueled by the recovery of the real estate market.

	Low interest rate	Government's policies
2013 - 2019 cycle	Average long-term loan interest rates have dropped to around 12% from the base level of 19% in 2012.	<p>In lowering interest rate: Resolution 02/2013/NQ-CP lowering medium and long term interest rate, supporting interest rates of 6% for commercial housing.</p> <p>In completing the legal framework:</p> <ul style="list-style-type: none"> - Land Law 2013 - Housing Law 2014 - Real Estate Business Law 2014.
Current 2021-2024 period	Both medium and long term loan interest rate and home loan interest rates have decreased, by 5% and 2,5% in the last 2 years. Deposit rate decreased by 1,5%.	<p>In lowering interest rate:</p> <ul style="list-style-type: none"> - Dispatch 6385/NHNN-CSTT - Dispatch 4462/NHNN-CS <p>In completing the legal framework:</p> <ul style="list-style-type: none"> - Land Law 2024 - Housing Law 2023 - Real Estate Business Law 2023 <p>In supporting bond principal payment:</p> <ul style="list-style-type: none"> - Decree 08/2023/ND-CP - Resolution 31/2023/NQ-CP - Resolution 33/2023/NQ-CP

Average medium and long-term loan interest rates of commercial banks



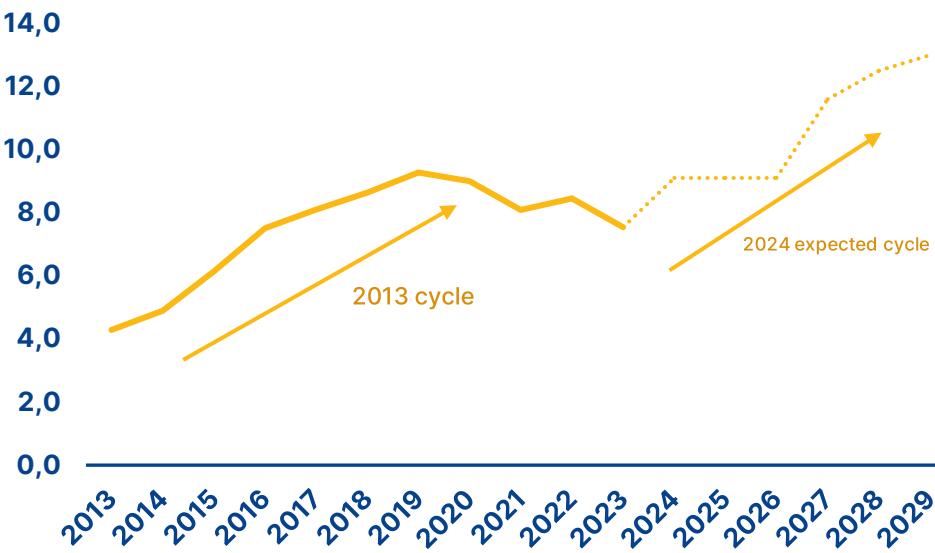
- The **low housing purchase interest rate** environment is maintained.
- Real estate issues are resolved through government's effort, demonstrated by policies both in long term and short term.

Potential earning growth due to having a high market share.

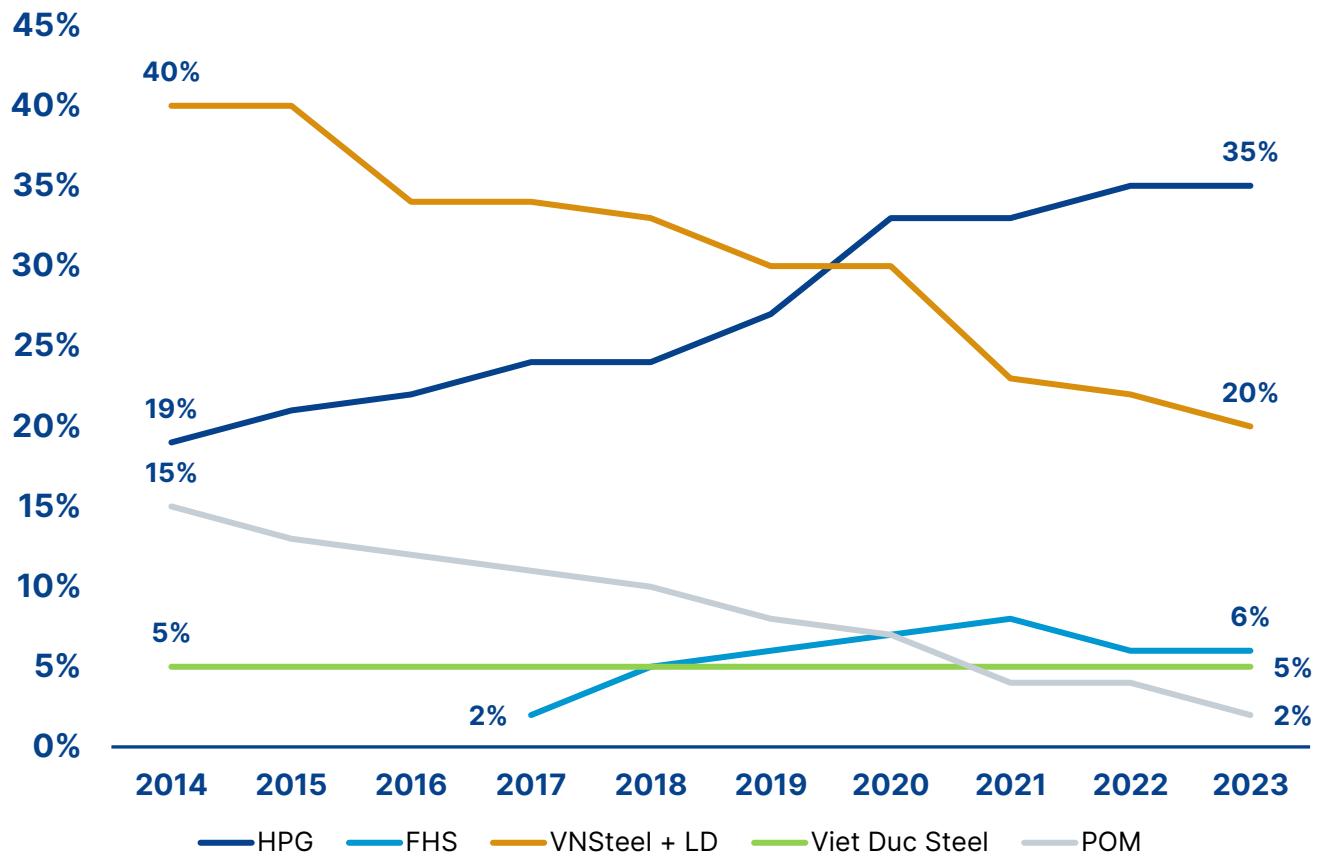
HPG's construction steel production capacity has not been fully utilized

3,7 mil tons in 2023 = **74%** of their capacity

With the rise in domestic demand fuel by real estate cycle

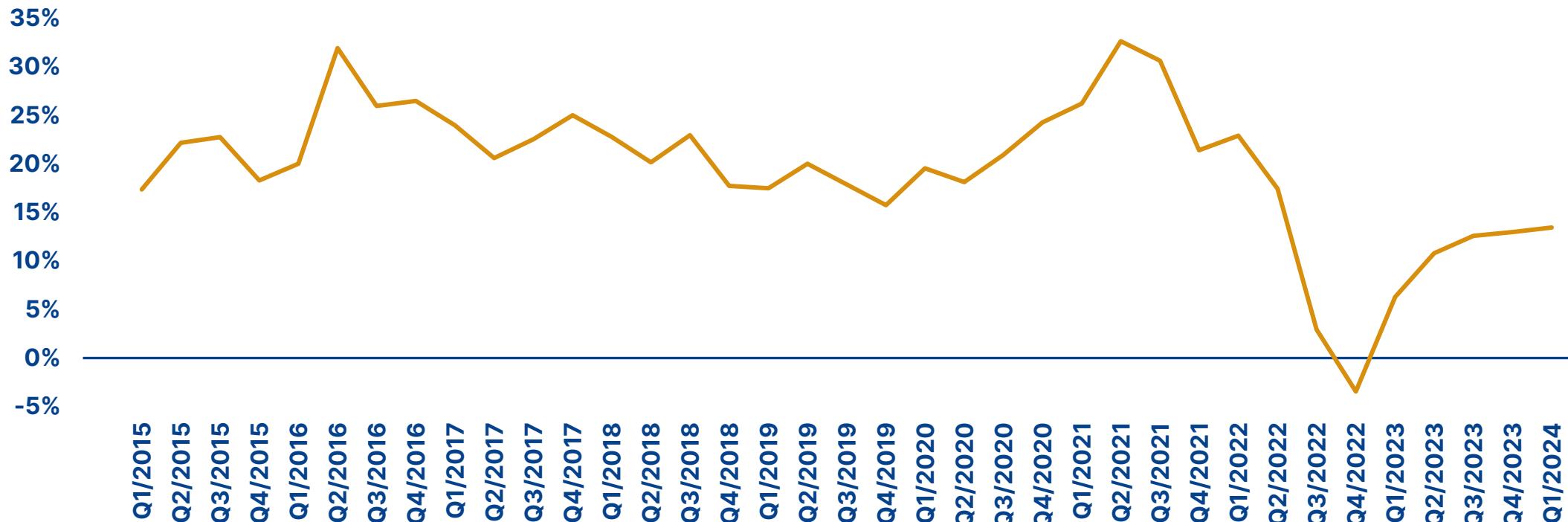


HPG has the highest construction steel market share, which means that HPG will be the greatest beneficiary of the recovery



Improving gross profit margin, fueled by the recovery of domestic demand.

HPG's gross profit margin has increased by more than 16% since Q4/2022,
and we expect HPG's gross profit margin will revert to the normal level of 18-20%.



- Improved supplier's power.
- Market price setter.

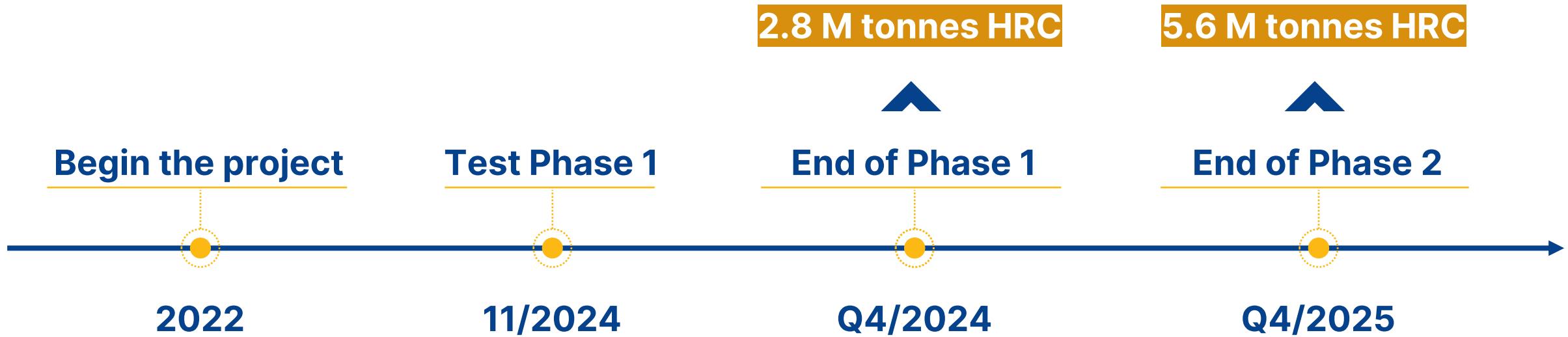
Source:
- Team research
- HPG Report
- Fiinpro

2.

HRC, the main
earning driver after DQSC2
mega project completion



Overview of Dung Quat Steel Complex 2



Why Dung Quat Steel Complex 2 will be a success?

**GROWING
DOMESTIC DEMAND**

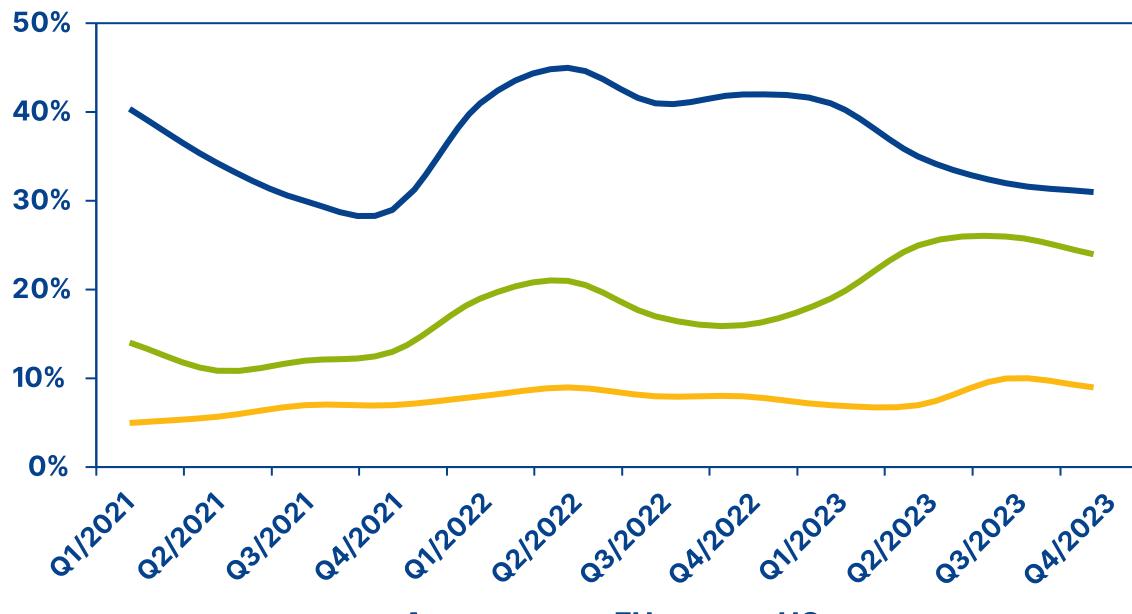
+ **POSSIBLE TARIFF
AGAINST CHINA HRC** **+**

**COST CUT BY
ECONOMY OF SCALE**



**DUNG QUAT 2
WILL BE A SUCCESS**

Growing domestic demand for HRC steel

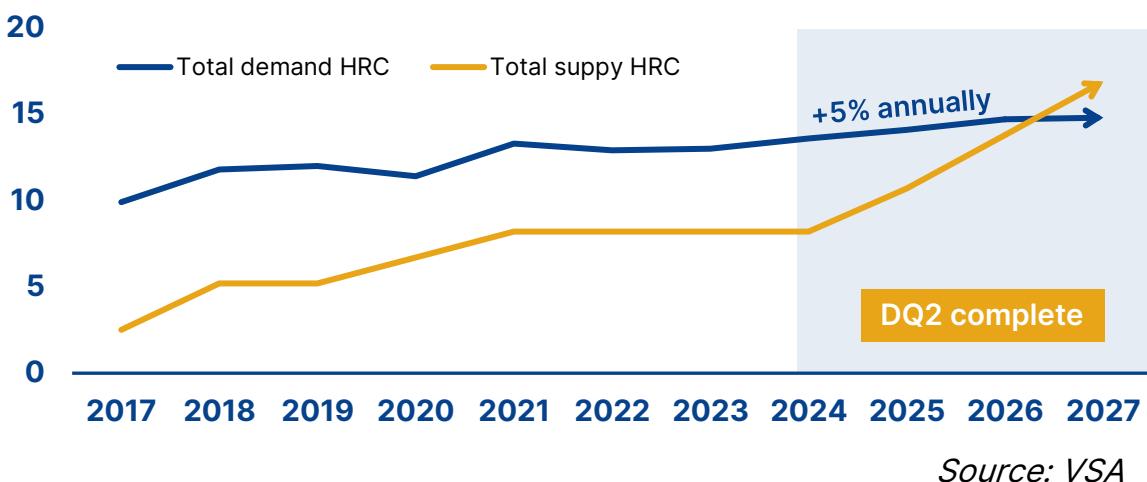


Source: VSA

- ▶ In Vietnam, **HRC is mainly used to make galvanized steel**, most of them are exported to 3 main market: EU, ASEAN and the USA
- ▶ **The USA and EU have proposed tariffs** on galvanized steel that being made by HRC from China

► HPG would benefit from trade war

HRC Demand Growth are met with the Completion of DQSC2

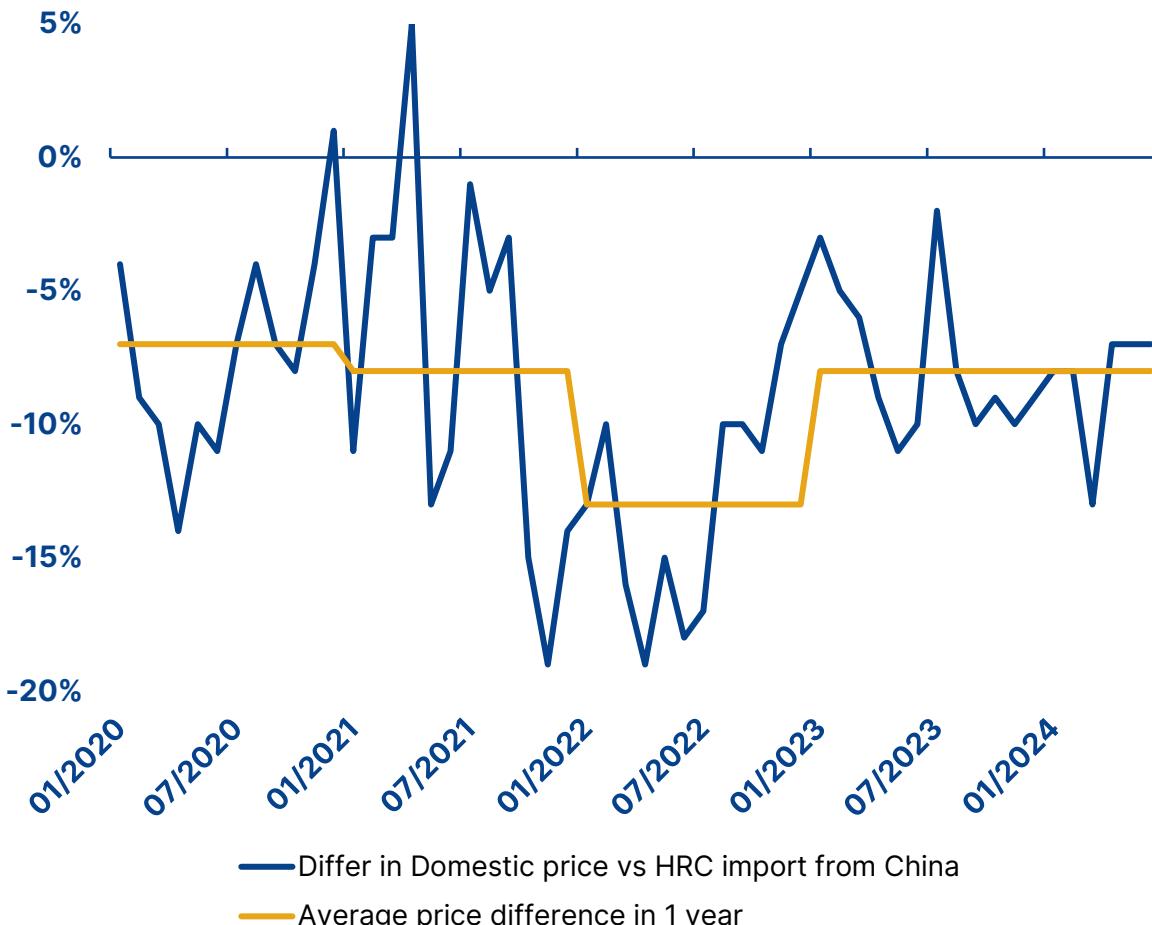


Source: VSA

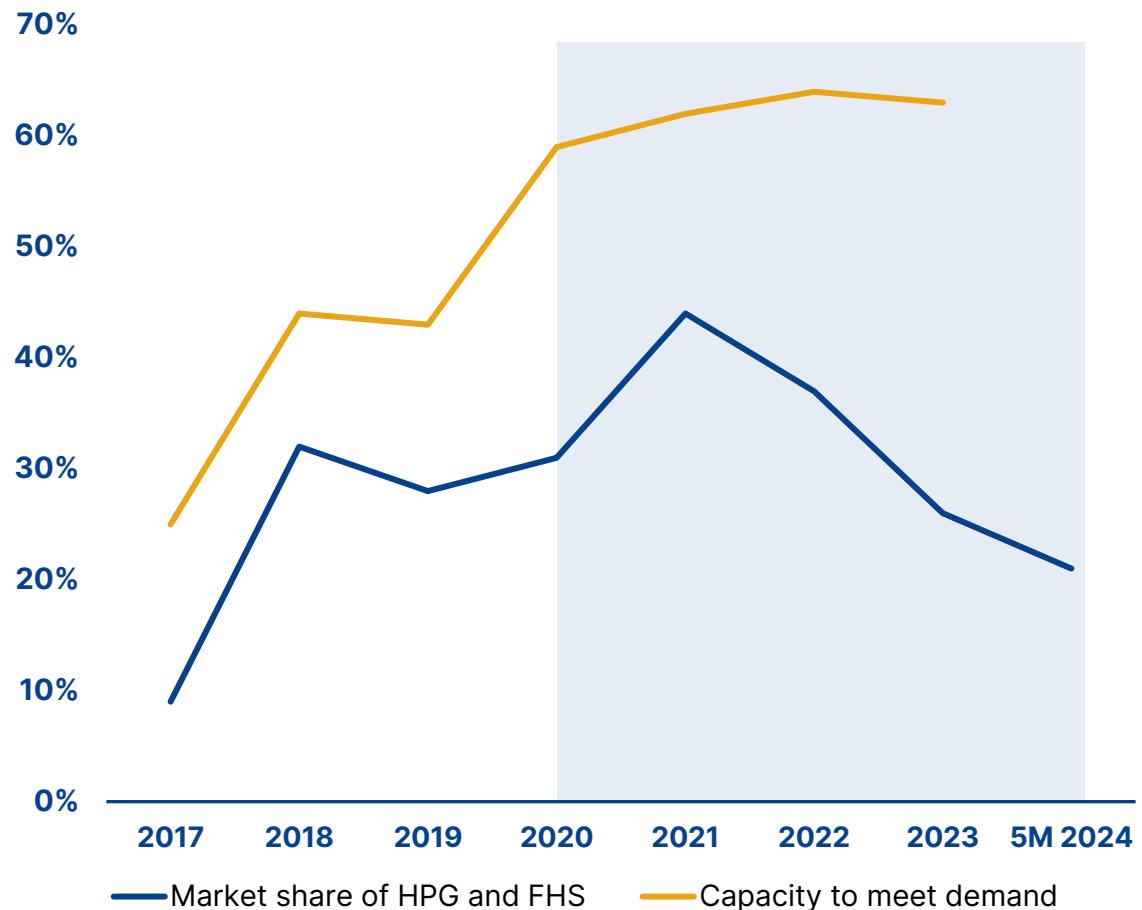
Domestic demand for HRC will improve over time due to increase in demand for steel pipe, galvanized steel forecasted by VSA

High possibility of approval of anti-dumping tax on China's HRC

(1) Chinese HRC prices are lower than domestic about 8-16%



(2) The market share of domestically produced HRC decreased while domestic production capacity increased



High possibility of approval of anti-dumping tax on China's HRC

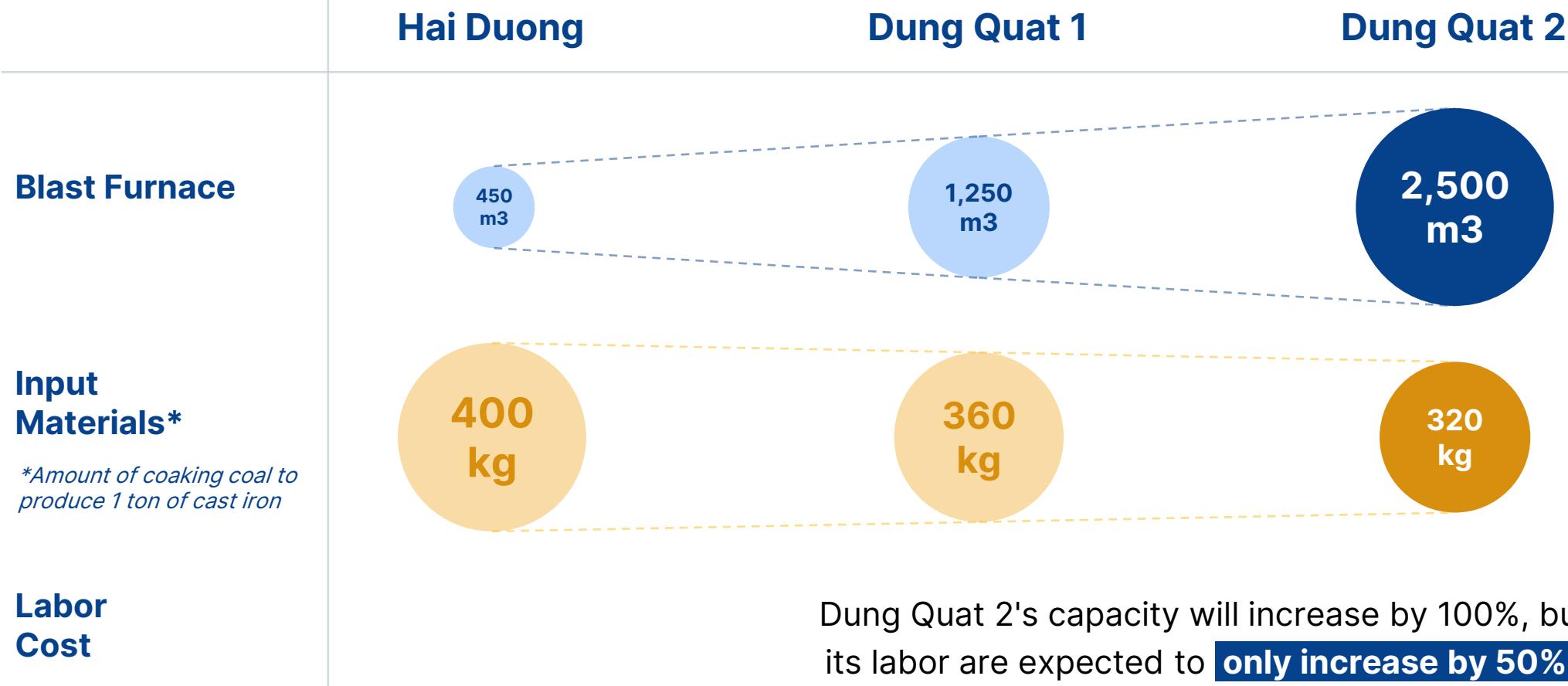
(3) The phenomenon of Chinese steel dumping was discovered and tariff were imposed not only in Vietnam but also in many ASEAN EU countries, Turkey, Mexico,...

Countries	Tariff	Tariff-Imposing Period	China HRC Market Share	Notes
Thailand	30.90%	2011 - 2023	60%	Continue investigation in 2024, Thai Ministry of Industry and Trade plans to extend tax period in June 2024
Indonesia	4.2% - 50.2%	2022 - 2027	37%	Investigation from Q3 2020
Malaysia	6.4% - 25.2%	2015 -	25%	Investigation from 2014, continued extension
Turkey	16.9% - 22.6%	2017 - 2025	8%	Investigation in 2026, extended to 2022
EU	1% - 31.3%	2017 - 2027	N/A	Investigation in 2016, extended to 2022
Mexico	72% - 78%	2015 - 2025	N/A	Investigation in 2014, extended to 2020
Brazil	5% - 25%	2017 - 2027	N/A	Investigation in 2016, extended to 2023
Australia	2% - 5.5%	2017 - 2027	N/A	Investigation in 2016, extended to 2022
Vietnam	Expected 11.7% initial 8.2% 3 years period	Expected 2026 - 2029	48%	Expected investigation in 2024

(4) The Government's policy is to protect domestic steel production from the upstream stage.

(5) Anti-dumping lawsuits are often successful in Vietnam after being approved. (HPG and Formosa have been approved).

The economy of scale of Dung Quat 2 helps cut cost and improve margin



► When Dung Quat 2 is fully operational, the cost of Hoa Phat's steel products will be improved

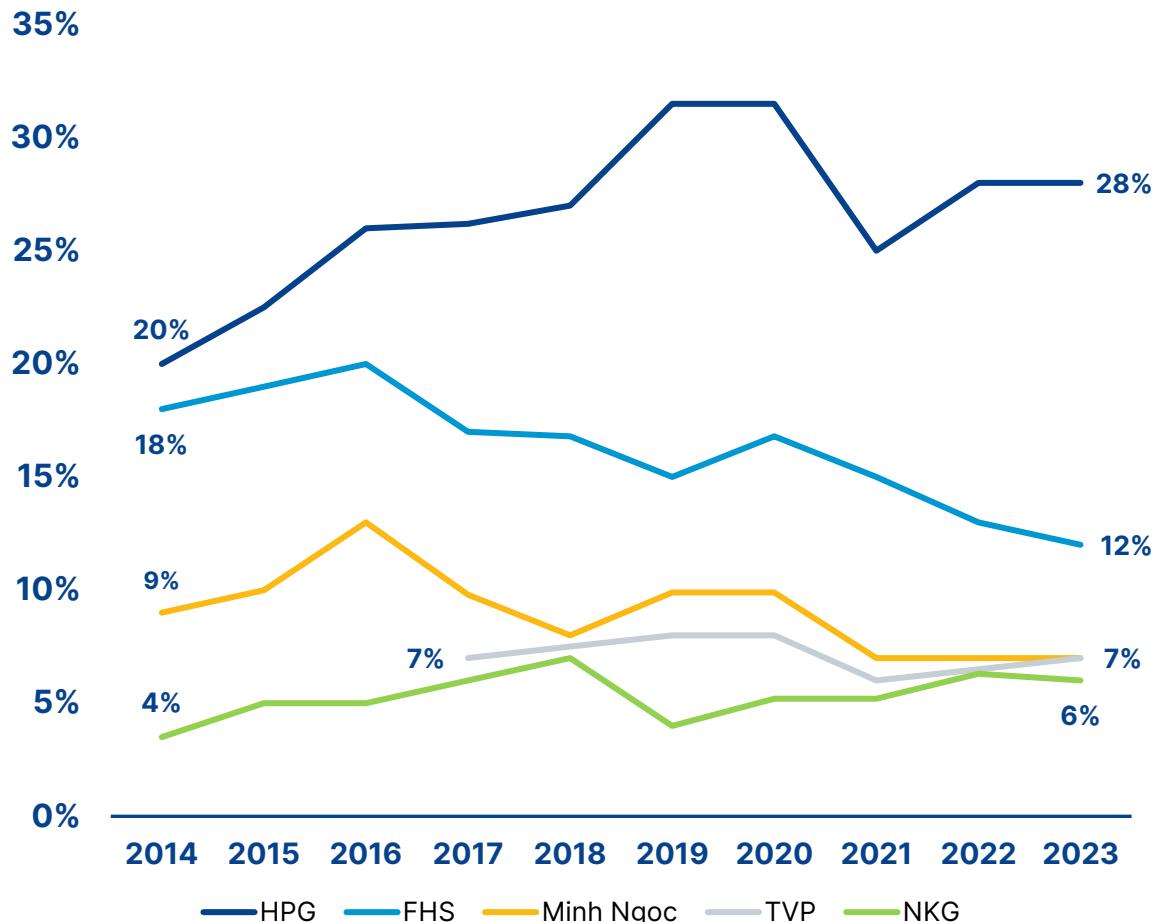
3.

The Strongest of Them All

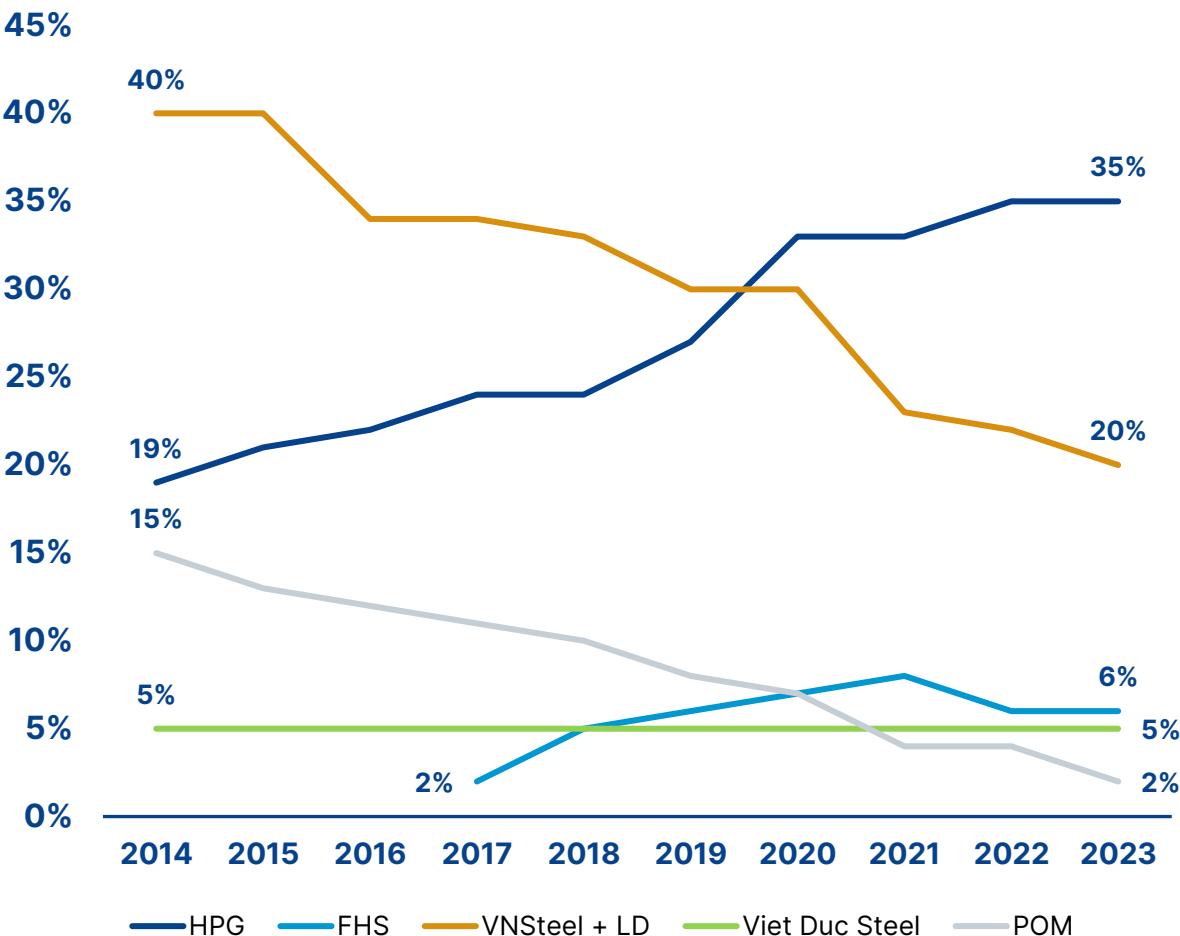


HPG solidify their market leader status over time

HPG remains the steel pipe market leader for 10 years.



HPG improve construction steel market share over time



How has HPG achieved this position?



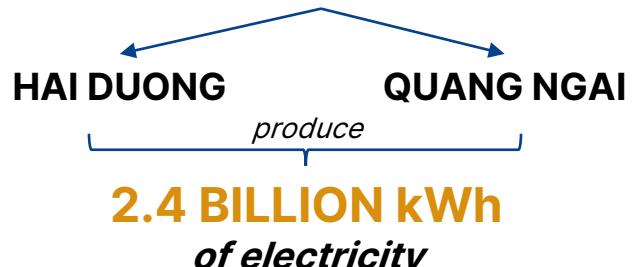
Maintaining cost leadership by technology and electricity reuse

BOF technology is more cost efficient than EAF

Components	BOF	EAF	Unit Price	Notes
Iron Ore	1.70 ton	0 ton	80-110 USD/ton	Average price of Fe 62% ore (2017 - 2024)
Coking Coal	0.70 ton	0 ton	210-230 USD/ton	Average coke price from 2017 - 2024
Steel Scrap	0.13 ton	1.13 ton	330-360 USD/ton	Steel price list approved 2017 - 2024
Electricity	250 KWh	450 KWh	0.08 USD/KWh	Electricity price in Vietnam
Depreciation Expense	25 USD	15 USD		The furnace is depreciated over 20 years.
Other Expenses	35 USD	20 USD		Includes \$15 labor cost
Total Expenses	380-430 USD/ton	437-470 USD/ton		Cost difference from 10%-15%

Ability to self-provide electricity efficiently

Hoa Phat Iron and Steel Complex's
redundant electricity

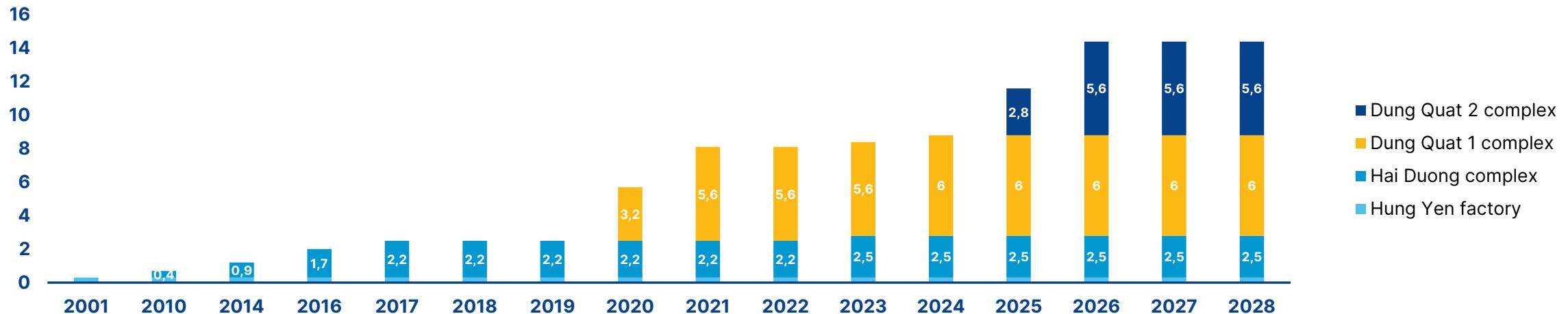
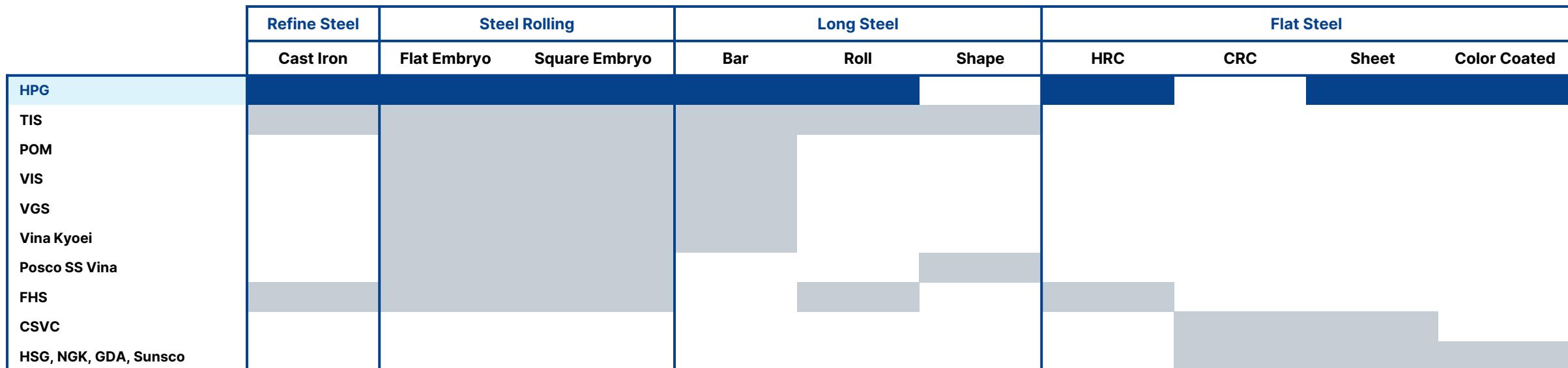


Source: HPG's
Annual Report



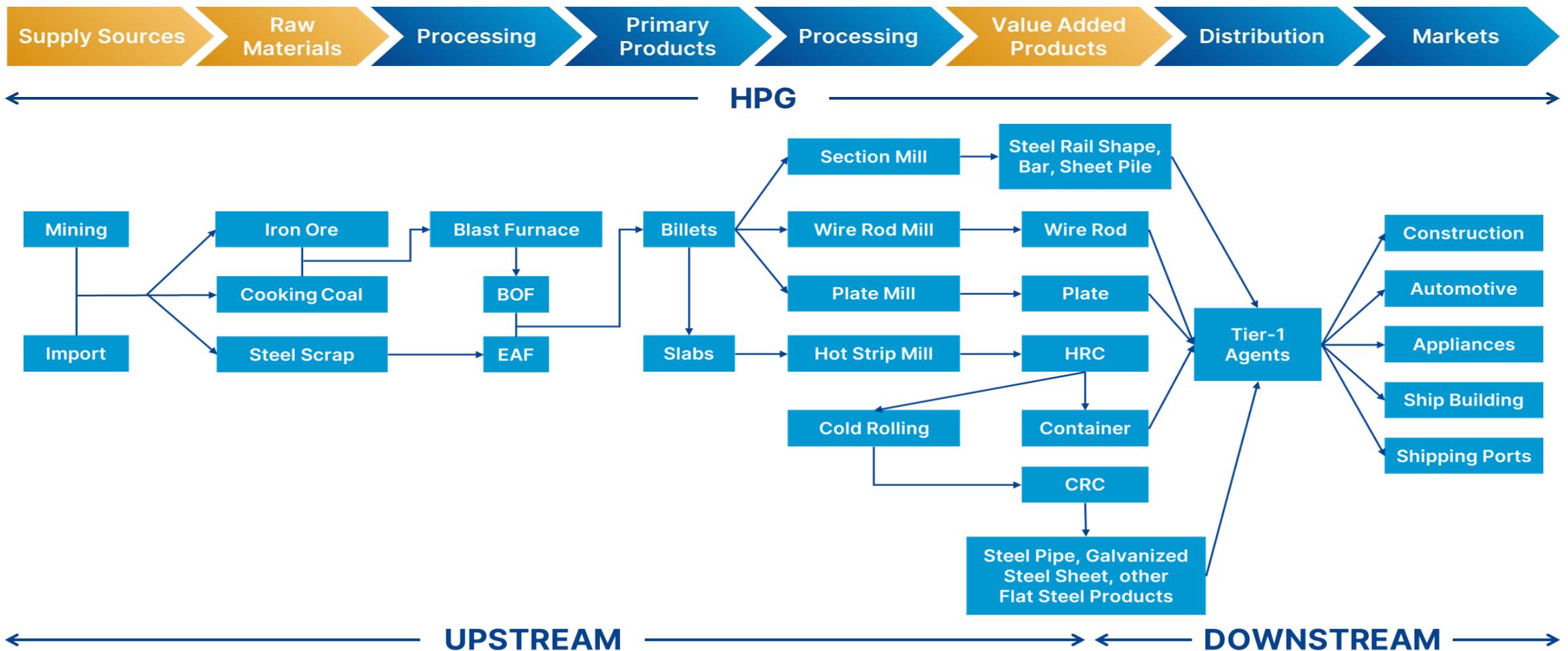
90% production needs

Maintaining cost leadership by continuously developing value-added products



Maintaining cost leadership by manufacturing high-value-added products

Extend and complete value chain



Improving cost leadership by cutting down on logistics cost

Develop Seaports - Transport ships to cut cost on export



The deep-water Dung Quat Port (11 berths)

reduces raw
material costs

saving ↓
\$3-5
ton

→ saving ↓
\$30-50M
annually

Several actions from the BODs to complete the value chain by buying ores mine



Acquiring the Roper Valley iron ore project

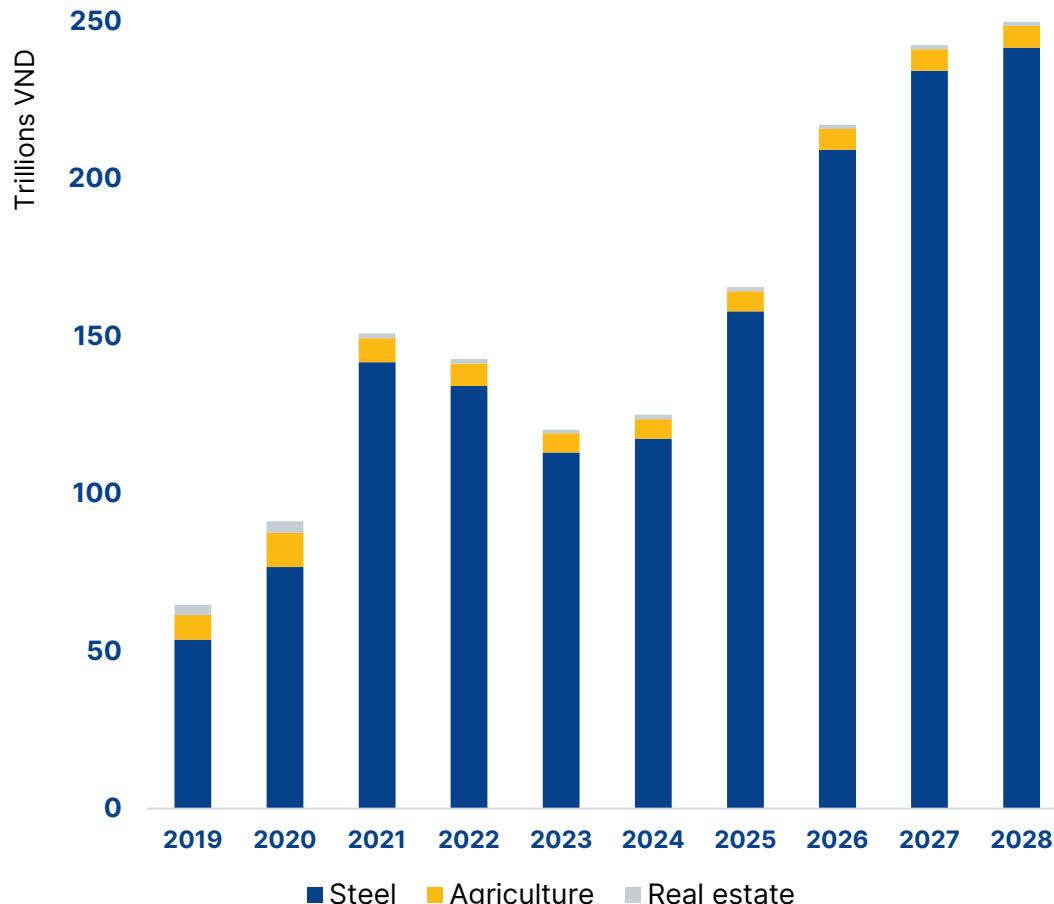
320M
tons of reserves

+ **4M ton**
annual capacity

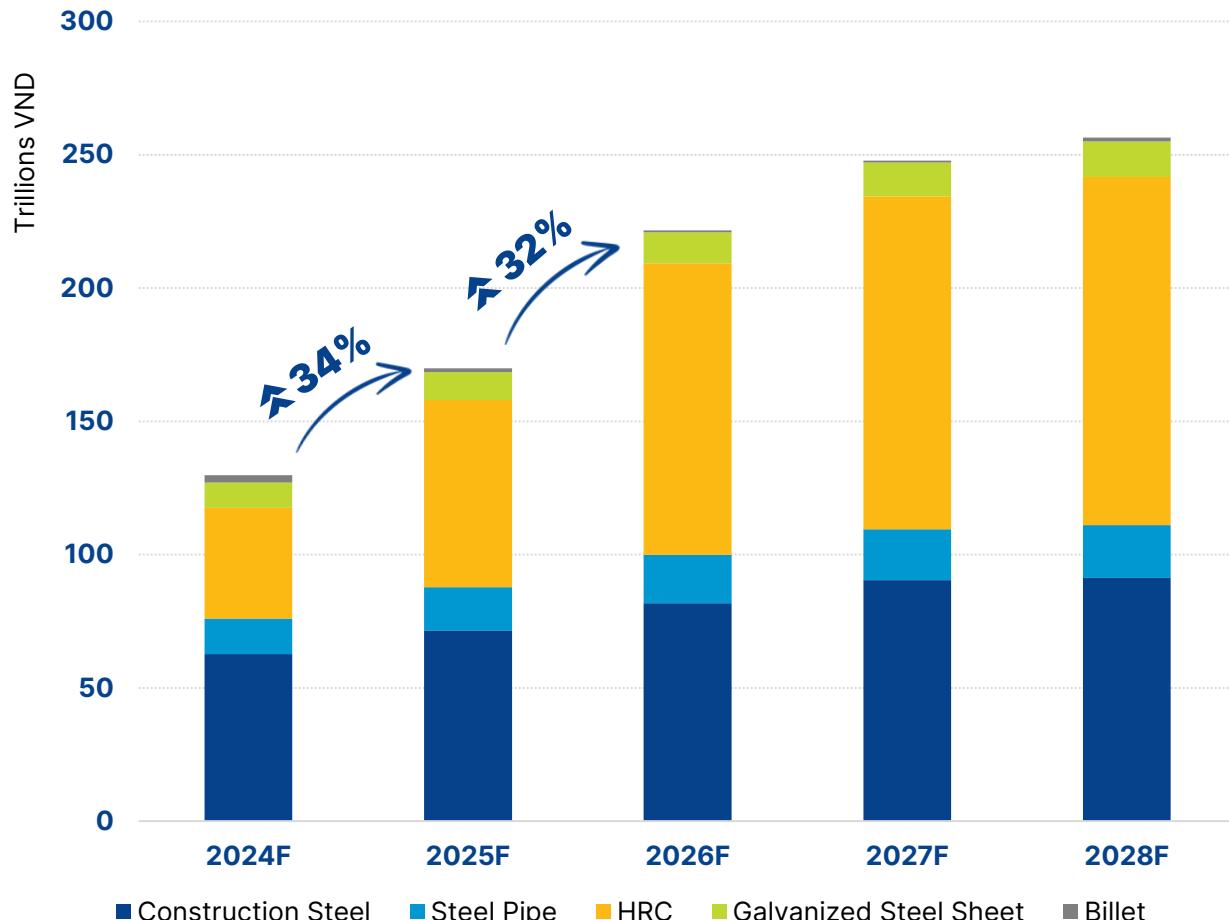
→ **50%**
HPG's iron ore needs

Steel recovery drives strong future revenue growth.

HPG's revenue had been declining over the last 2 years. However, entering 2024, steel industry has shown signs of recovery.



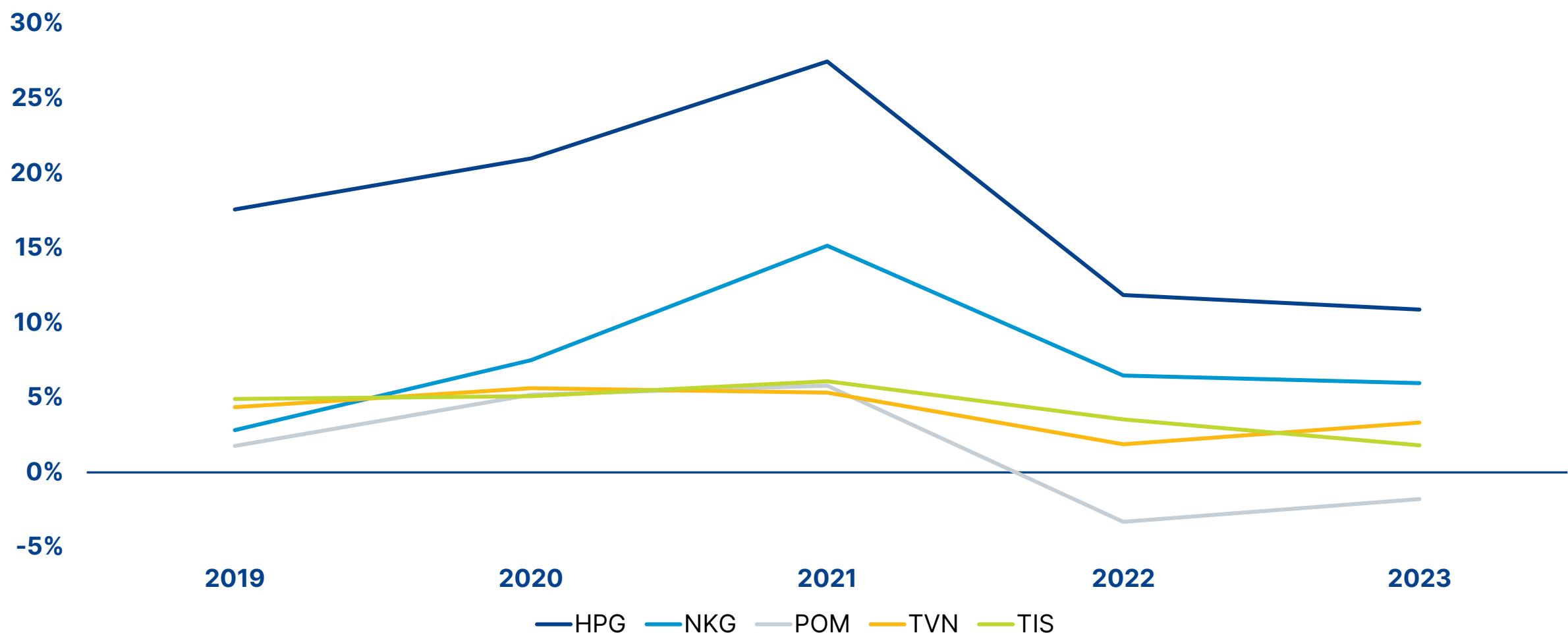
A very positive future for steel sector, especially after completing phase 1 & 2 of DQSC2 in 2025 and 2026.



Source: HPG's Report

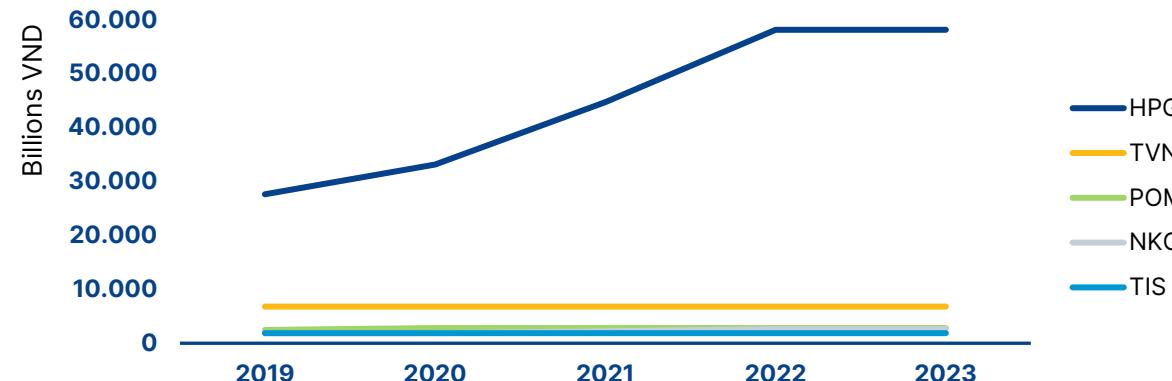
Steady profit despite revenue decline thanks to effective cost control.

Superior profit margin compared to all other domestic competitors

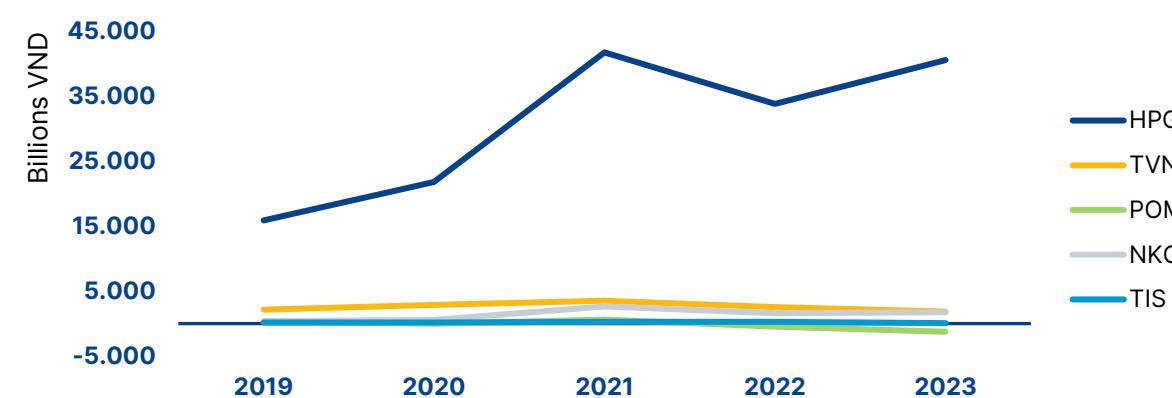


Impressive capital increase and management skill allow rapid expansion

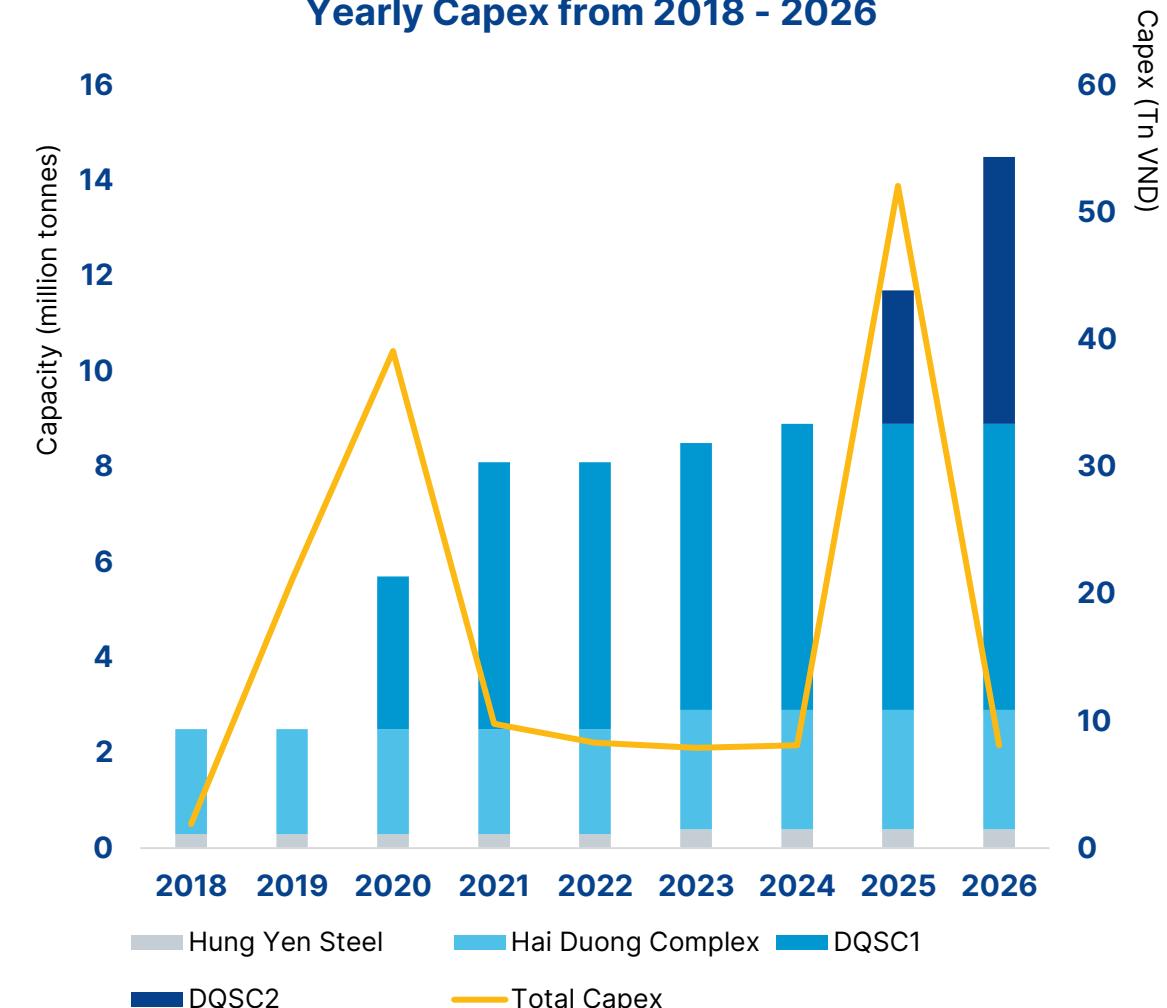
HPG has significantly increased its charter capital over recent years, unlike other most other competitors.



HPG has achieved impressive growth in retained earnings, significantly outperforming industry peers.

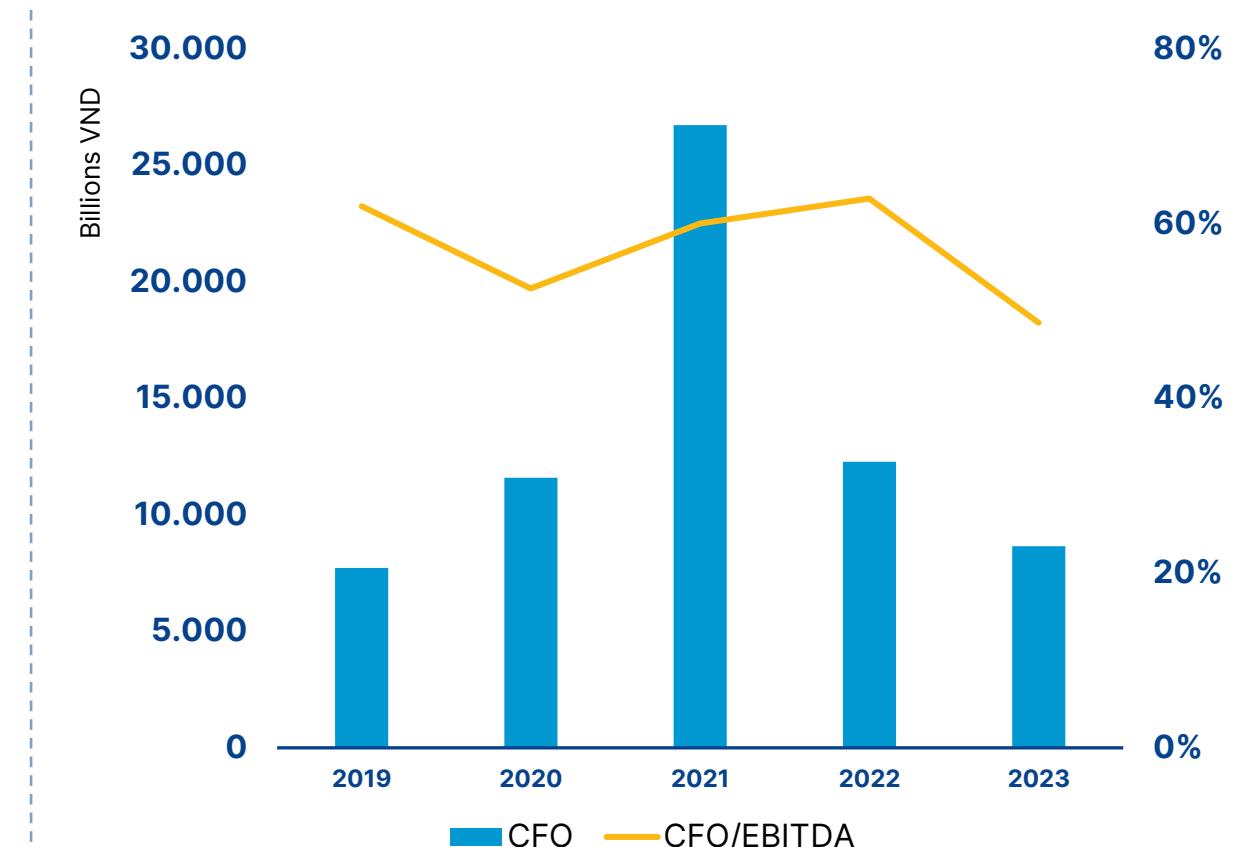
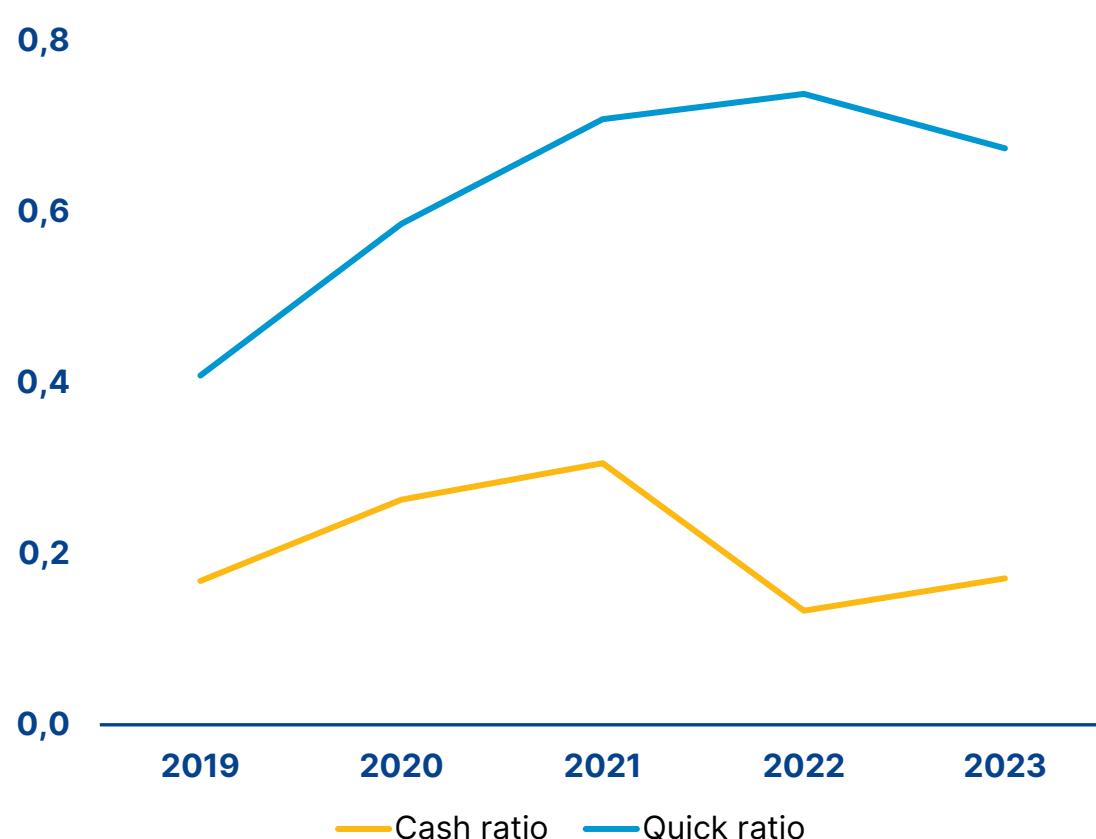


Hoa Phat's Crude Steel Capacity and Total Yearly Capex from 2018 - 2026



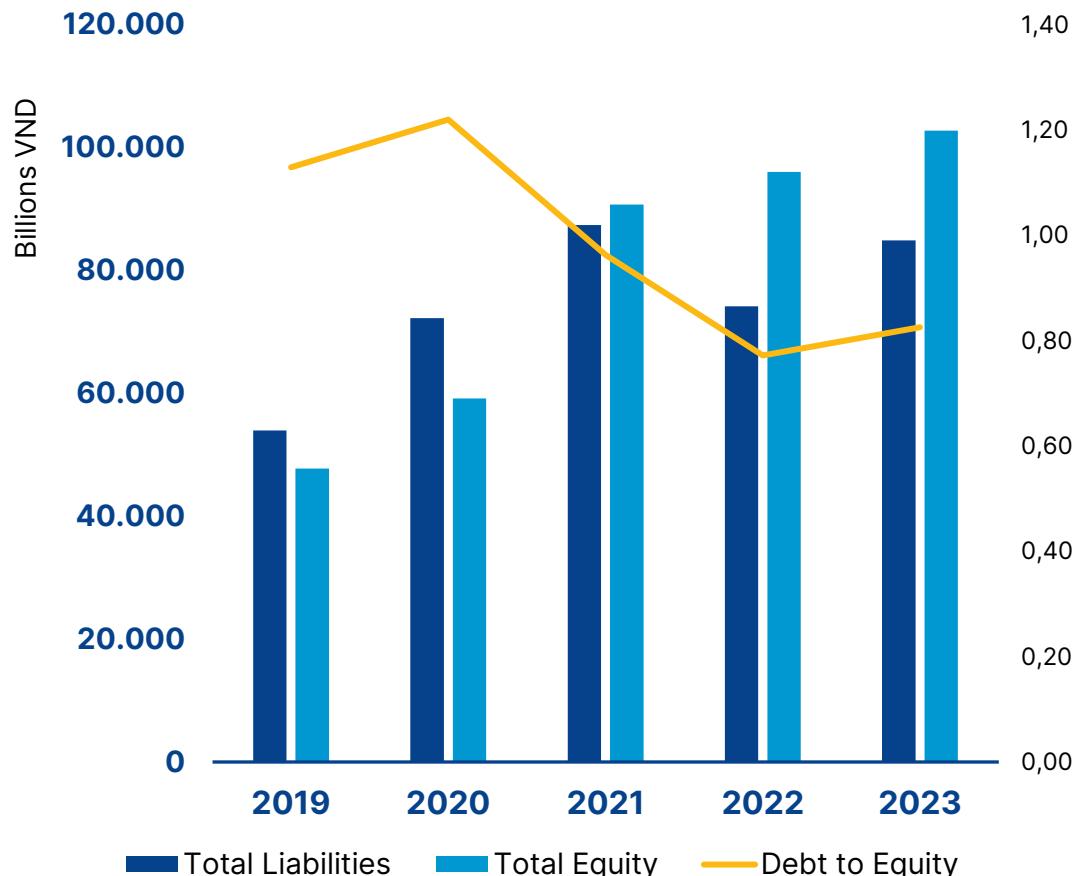
Strong cash generation ensures sufficient financing for expansion.

HPG maintains strong liquidity and cash flow, shown by consistent improvements in liquidity ratios over recent years.

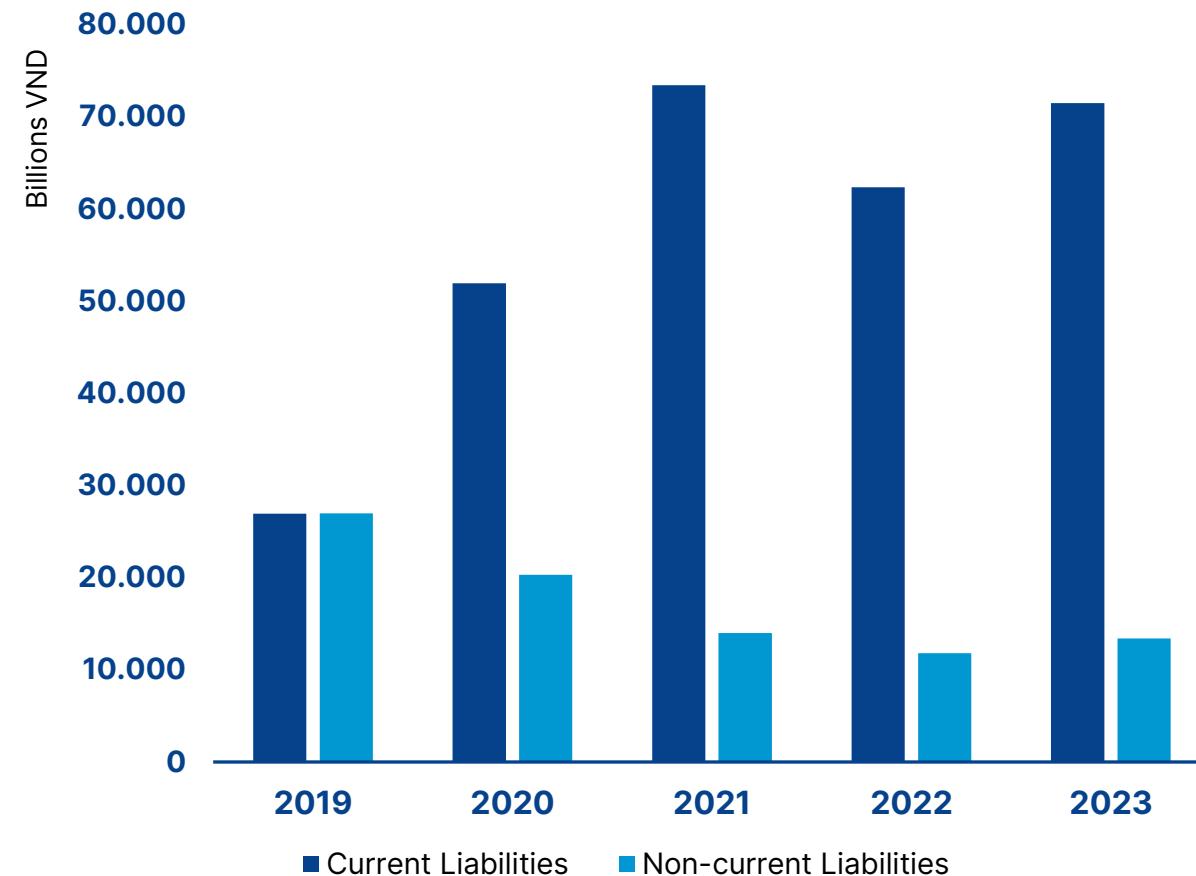


Strategic debt management for financially safe operation and investment.

HPG maintains a conservative debt-to-equity ratio below 1 even during major investments.

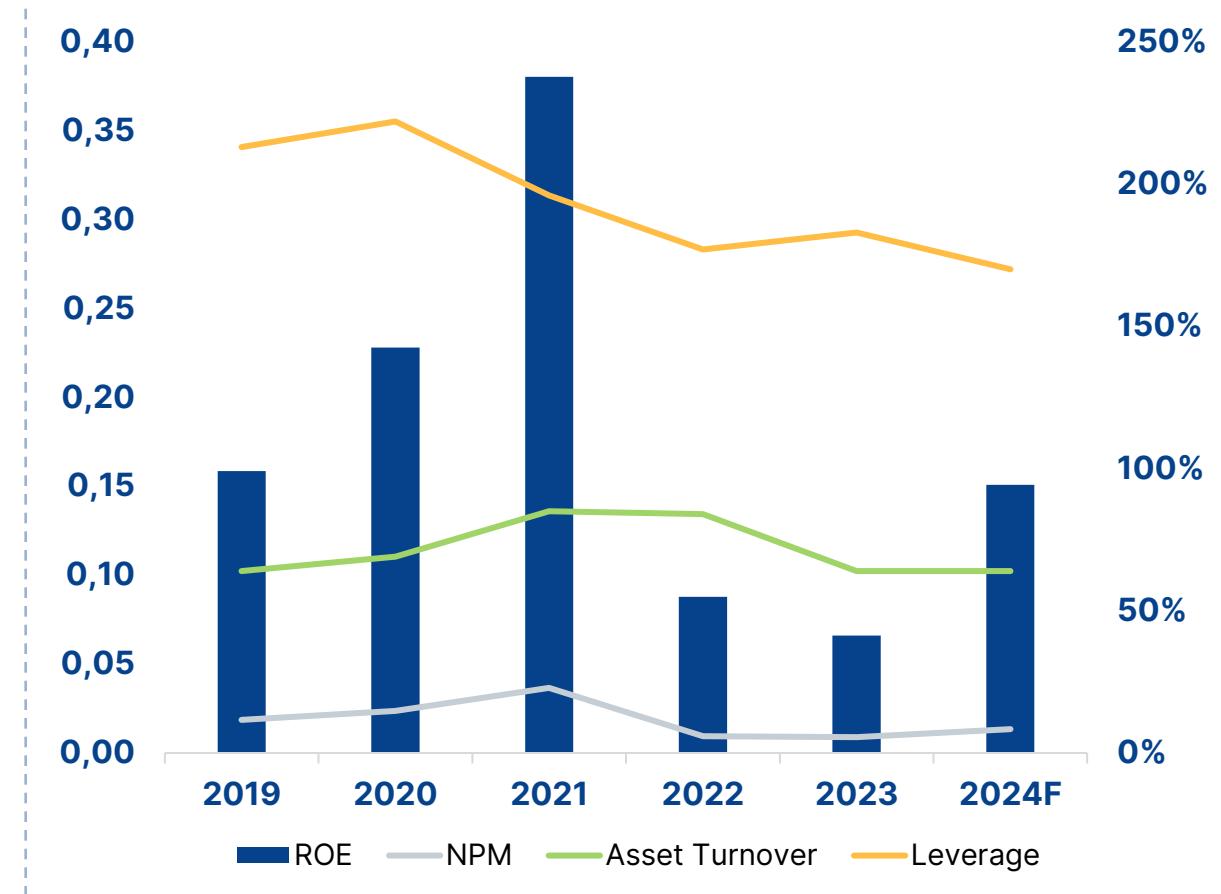


Primarily utilizes short-term debt for materials purchase, benefiting from low interest rates due to its strong industry stance.



A strong ROE ensures attractive returns for shareholders.

Hoa Phat's industry-leading potential is shown by its **consistently superior**
Return on Equity (ROE) compared to industry peers over time



With its great potential, HPG is now undervalued

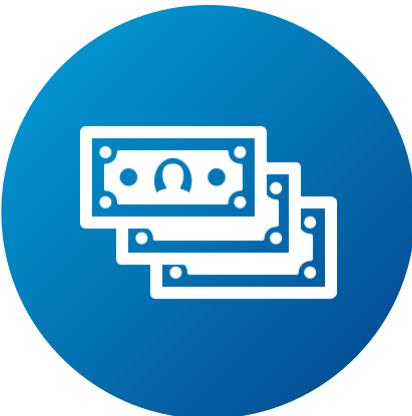
DCF - FCFF

P/E Multiple



VND 37,705

50%



VND 35,610

50%



12-month target price

+27.7%
UPSIDE
from VND28,700
closing July 4th

Discounted Cash Flow Method

DCF - FCFF
Target Price

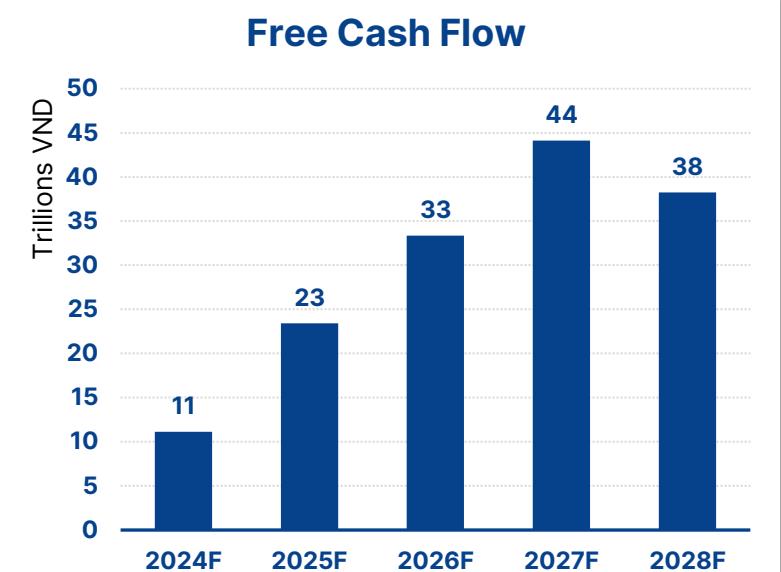
VND 37,705

WACC
10.04%



Risk-free rate	4.6%
Adjusted beta	1.1671
Cost of equity	12.35%
After-tax cost of debt	7.25%

Terminal growth rate
3%



P/E Multiple
Target Price

VND 35,610

EPS forward

2,023.95

Peers selection criteria



Product Portfolio



Debt-to-Equity Ratio



Position in Industry



Domestic Industry Average P/E

Hoa Sen Group	17.57
Nam Kim Steel JSC	20.50
Iskenderun Demir Ve Celik AS	11.33
Baoshan Iron & Steel Co	15.09
Pohang Iron and Steel Company (POSCO)	21.59
JSW Steel Ltd	27.01
Daido Steel Co., Ltd	10.07
Industry Average	17.59

Scenario Analysis

+36%
UPSIDE

BUY

BULL CASE
VND 38,903

China's real estate demand recovers faster than expected

Domestic consumption increases sharply thanks to strong influence of real estate policies and related factors

DQSC2 runs at over 90% capacity

BUY

BASE CASE
VND 36,658

+13.7%
UPSIDE

HOLD

BEAR CASE
VND 32,651

Anti-dumping tax on HRCs enacted for later than expected

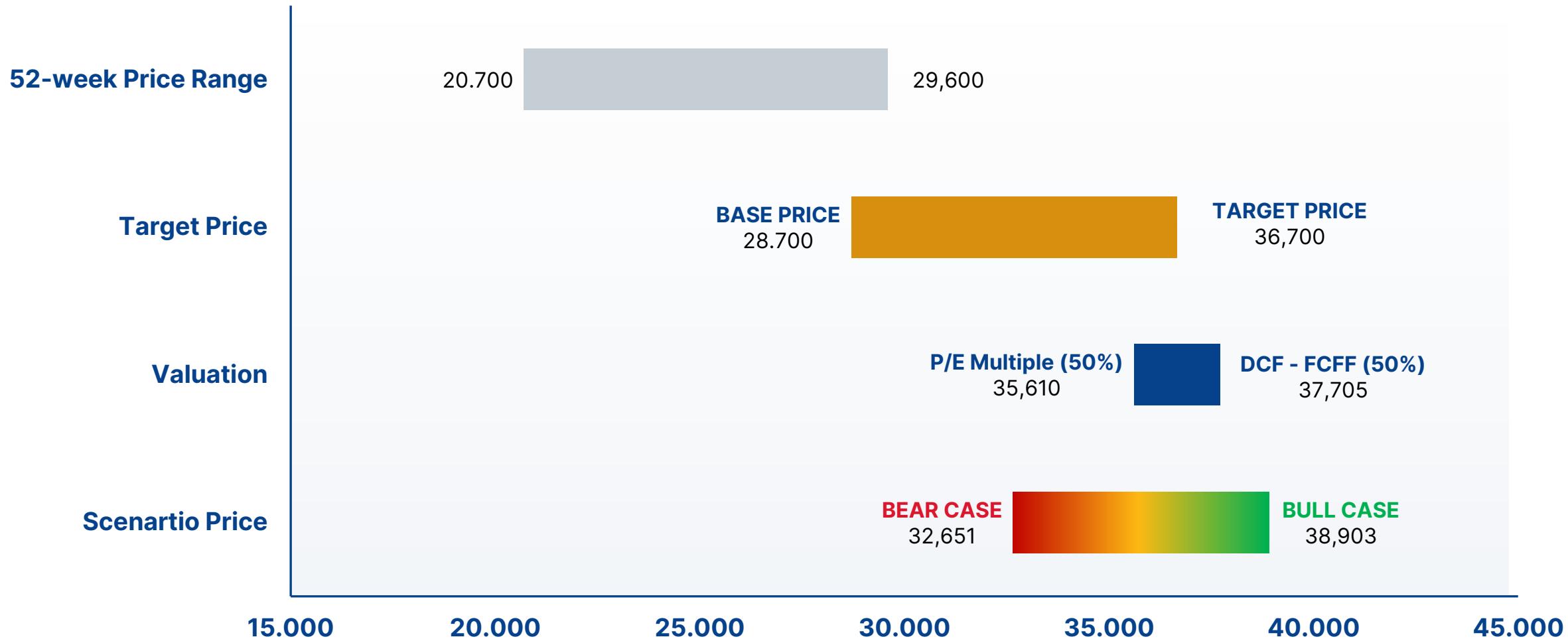
Demand for China's real estate industry has not recovered yet, and relief policies have not yet "absorbed" into the economy

DQSC2 runs below 70% capacity

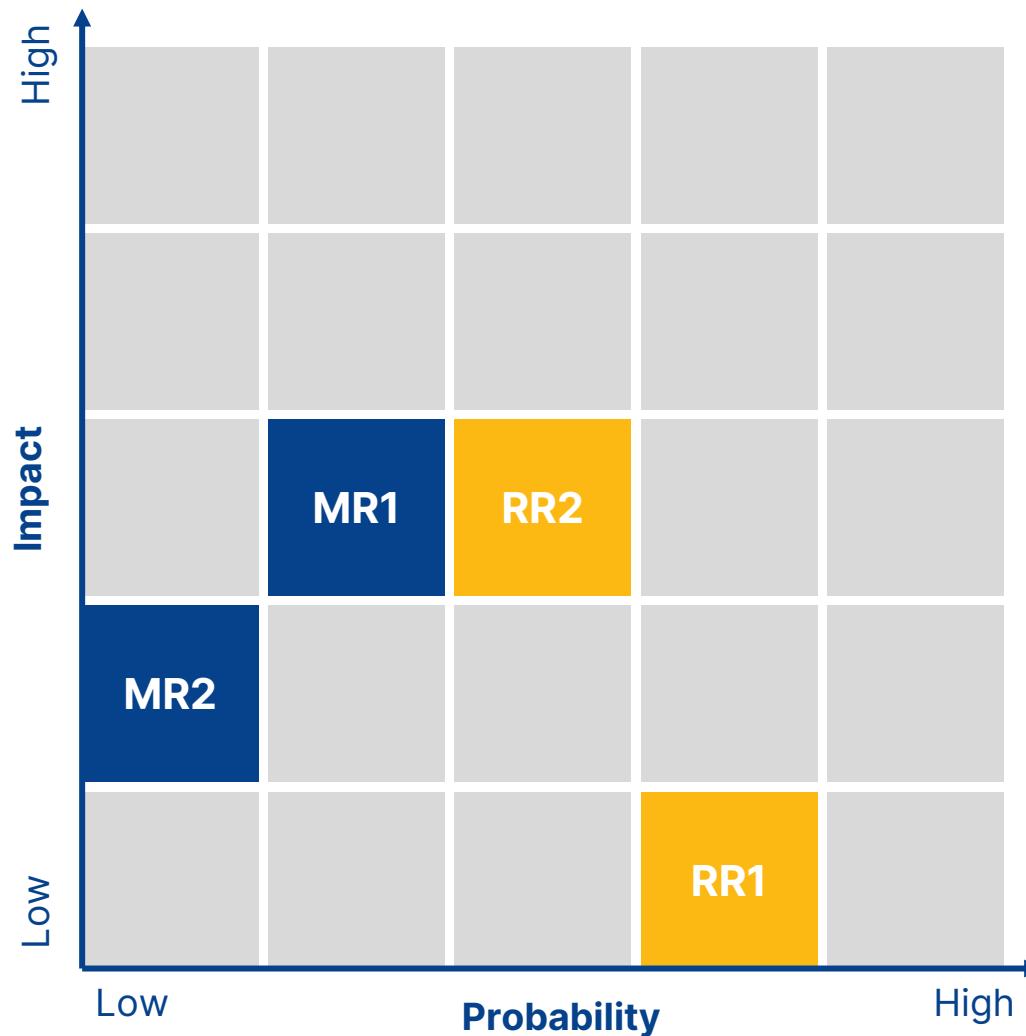
Sensitivity Analysis

		Perpetual growth rate				
		2,00%	2,50%	3,00%	3,50%	4,00%
WACC	9,04%	37.503	39.101	40.964	43.162	45.797
	9,54%	35.714	37.075	38.645	40.474	42.633
	10,04%	34.151	35.321	36.658	38.199	39.995
	10,54%	32.773	33.788	34.937	36.25	37.763
	11,04%	31.549	32.436	33.432	34.561	35.85

Valuation Summary



Low investment risks due to effective management of market and regulatory challenges



MARKET RISK (MR)

- Raw Materials Price Volatility (MR1)
- Predatory steel trade practices from China (MR2)

REGULATORY RISK (RR)

- EU import quota and trade remedies risk (RR1)
- The Carbon Border Adjustment Mechanism (CBAM) commencing 2026 (RR2)

Harmonizing industry leading position with ESG

ENVIRONMENTAL



HPG faces the challenge of managing toxic gas and chemical emissions



Implements recycling and wastewater treatment



Uses heat recovery for electricity generation



Establishes green spaces to reduce pollution



GOOD

SOCIAL



Implements a circular economy model



Comprehensive employee training, health check-ups,...

CSR efforts extend to initiatives in:



Healthcare



Education



Transport



Community Support

GOVERNANCE



Follows a top-down management system



Maintains a diverse board with limited independent and female directors



Mr. Tran Dinh Long's 25.80% ownership raises concerns about **minority shareholder influence**



Emphasizes stringent Disclosure and Transparency practices



Key committees enhance oversight and prevent power consolidation

HPG: RISE WITH THE CYCLE

1

Significant demand recovery
for Construction Steel

2

HRC, the main earning driver
after DQSC2 mega project completion.

3

The strongest
of them all.



BUY
↑ +27.7%
UPSIDE

Target Price:
36,700 VND

Appendix Table

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- [B5: Crude Steel Capacity](#)
- [B6: Steel Production Technologies](#)
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- [D1: Real Estates Inventory & Growth](#)
- [D2: Domestic Construction Steel Consumption](#)
- [D3: Interest rates of Commercial Banks](#)
- [D4: Vietnamese Credit Growth](#)

D5: Preferential Interest rates for Home loans

D6: Vietnam Construction Steel Market share

D7: Policy Explanation

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- [F4: Trade Remedies Risk](#)
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- [H3: Steel Price Cycle](#)
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- [H5: Steel, Iron Ore, Coking Coal Price Correlation](#)
- [H6: Expected Tariff](#)
- [H7: Expected Tariff](#)
- [H8: Expected Tariff](#)
- [H9: Previous Tariff](#)
- [H10: China Steel Capacity](#)
- [H11: HPG Cost Leadership](#)
- [H12: China Steel Situation](#)
- [H13: HPG Inventory Control](#)
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- [H15: Expected Tariff Range](#)

APPENDIX A1: INCOME STATEMENT

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	2019A	2020A	2021A	2022A	2023A	2024F	2025F	2026F	2027F	2028F
1. Revenue from sales and service provision	64,678	91,279	150,865	142,771	120,355	125,160	165,805	217,348	242,737	250,294
Steel	53,683	76,674	141,813	134,205	113,134	117,522	157,960	209,272	234,356	241,644
Agriculture	7,761	10,953	7,543	7,139	6,018	6,258	6,509	6,769	7,040	7,322
Real estate	3,234	3,651	1,509	1,428	1,204	1,380	1,337	1,307	1,341	1,328
2. Revenue deductions	1,020	1,161	1,186	1,362	1,402	1,307	1,637	2,255	2,569	2,582
3. Net revenue from sales and service provision	63,658	90,119	149,680	141,409	118,953	123,853	164,169	215,094	240,168	247,711
4. Cost of goods sold	52,473	71,214	108,571	124,646	106,015	108,144	140,055	185,610	211,928	211,925
5. Gross profit on sales and service provision	11,185	18,904	41,108	16,763	12,938	15,709	24,113	29,484	28,240	35,786
6. Revenue from financial activities	471	1,005	3,071	3,744	3,173	3,362	1,161	938	2,066	2,356
7. Financial costs	1,182	2,837	3,732	7,027	5,192	3,936	3,792	3,113	3,092	2,997
8. Share of profit and loss in joint ventures and affiliated companies	-1	2	4	-1	-1	0	1	1	0	0
9. Selling expenses	873	1,091	2,120	2,666	1,961	2,045	2,836	3,604	4,047	4,201
10. Business management costs	569	690	1,324	1,019	1,307	1,117	1,488	2,084	2,224	2,313
11. Net profit from business activities	9,031	15,292	37,008	9,794	7,651	11,973	17,160	21,622	20,942	28,630
12. Other income	658	654	797	872	772	781	997	1,346	1,509	1,543
13. Other expenses	592	592	748	743	630	685	865	1,148	1,287	1,331
14. Other profits	66	65	48	129	142	96	132	198	222	212
15. Total accounting profit before tax	9,097	15,357	37,057	9,923	7,793	12,070	17,292	21,820	21,164	28,842
16. Corporate income tax	1,603	1,785	2,855	1,001	1,074	1,569	1,902	1,964	2,751	3,750
17. Deferred corporate income tax	-85	66	-319	477	-81	101	162	302	112	266
18. Profit after corporate income tax	7,578	13,506	34,521	8,444	6,800	10,501	15,389	19,857	18,412	25,093

APPENDIX A2: BALANCE SHEET

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	2019A	2020A	2021A	2022A	2023A	2024F	2025F	2026F	2027F	2028F
A- CURRENT ASSETS	30,437	56,747	94,155	80,515	82,716	87,104	87,839	108,128	124,165	131,520
I. Cash and cash equivalents	4,545	13,696	22,471	8,325	12,252	22,199	7,398	5,799	13,305	15,139
II. Short-term financial investments	1,374	8,127	18,236	26,268	22,177	17,429	19,791	21,680	21,789	22,375
III. Short-term receivables	3,561	6,125	7,663	9,893	10,702	11,224	13,181	16,671	18,656	21,360
IV. Inventory	19,412	26,287	42,134	34,491	34,504	33,691	44,074	59,531	65,450	67,525
V. Other current assets	1,544	2,513	3,650	1,538	3,081	2,807	3,720	4,874	5,442	5,613
B. NON-CURRENT ASSETS	71,339	74,764	84,082	89,821	105,066	110,445	136,483	137,604	122,799	122,087
I. Non-current receivables	28	305	809	894	1,881	1,975	2,074	2,177	2,286	2,401
II. Fixed assets	31,249	65,562	69,281	70,833	71,998	83,099	108,698	109,343	109,033	107,769
1. Tangible fixed assets	30,980	65,308	68,744	70,199	71,787	82,907	108,525	109,190	108,899	107,655
2. Intangible fixed assets	269	254	537	634	211	192	172	153	134	115
III. Investment real estate	577	564	548	629	594	545	497	449	400	352
IV. Non-current assets in progress	37,435	6,247	9,699	13,363	26,099	20,000	20,000	20,000	5,000	5,000
V. Non-current financial investment	46	171	7	1	40	16	19	25	20	21
VI. Other non-current assets	2,004	1,915	3,738	4,100	4,454	4,810	5,195	5,611	6,060	6,544
TOTAL ASSETS	101,776	131,511	178,236	170,336	187,783	197,549	224,322	245,732	246,964	253,607
C. LIABILITIES	53,989	72,292	87,456	74,223	84,946	84,171	95,575	99,113	87,449	81,550
I. Current liabilities	26,984	51,975	73,459	62,385	71,513	65,454	80,166	86,712	77,723	73,298
II. Non-current liabilities	27,005	20,316	13,996	11,837	13,433	18,717	15,409	12,401	9,727	8,253
D. SHAREHOLDER'S EQUITY	47,787	59,220	90,781	96,113	102,836	113,379	128,747	146,619	159,515	172,057
TOTAL LIABILITIES & SHAREHOLDER'S EQUITY	101,776	131,511	178,236	170,336	187,783	197,549	224,322	245,732	246,964	253,607

APPENDIX A3: CASH FLOW STATEMENT

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	2019A	2020A	2021A	2022A	2023A	2024F	2025F	2026F	2027F	2028F
I. Cash flow from business activities										
1. Profit before tax	9,097	15,357	37,057	9,923	7,793	12,071	17,292	21,821	21,164	28,843
2. Profit before changes in working capital	12,359	21,932	44,209	19,291	15,421	20,747	28,288	33,483	33,550	42,056
Net cash flow from operating activities	7,715	11,587	26,721	12,278	8,643	19,684	13,314	12,373	23,323	34,350
II. Cash flow from investment activities										
1. Change of fixed assets	-20,798	-11,881	-11,572	-17,866	-17,167	-12,021	-35,453	-11,453	3,547	-11,453
2. Changes in debt instrument investment	2,365	-6,968	-9,985	-8,093	3,476	4,748	-2,362	-1,889	-109	-586
3. Change investment in other units	-	-	834	-365	-526	24	-3	-6	5	-1
Net cash flow from investing activities	-18,064	-18,495	-19,669	-24,626	-11,995	-7,248	-37,818	-13,348	3,444	-12,040
III. Cash flow from financial activities										
1. Change in equity capital contribution	0	3	11	4	-2	-	-	-	-	-
2. Change loan capital	12,391	17,470	3,423	479	7,285	-2,529	9,725	1,360	-13,744	-7,923
3. Dividends and profits paid to owners	-13	-1,419	-1,693	-2,261	-8	-	-	-1,986	-5,524	-12,547
Net cash flow from financial activities	12,378	16,054	1,740	-1,778	7,276	-2,489	9,703	-624	-19,261	-20,475
Net cash flow during the period	2,029	9,146	8,792	-14,127	3,924	9,947	-14,801	-1,599	7,506	1,835
1. Cash and cash equivalents at the beginning of the period	2,516	4,545	13,696	22,471	8,325	12,252	22,199	7,398	5,799	13,305
2. Effects of changes in foreign currency exchange rates	0	6	-16	-20	4	-	-	-	-	-
Cash and cash equivalents at the end of the period	4,545	13,696	22,471	8,325	12,252	22,199	7,398	5,799	13,305	15,139

Steel products by % Segment Revenue

Type	Proportion
Construction Steel	49,89%
Steel Pipe	9,01%
HRC	36,66%
Color Coated Corrugated Iron	4,45%

Ongoing Real Estates project			
Project	Location	Scale	Occupancy rate
Pho Noi A - Yen My II	Hung Yen	662,5 ha	92%
Hoa Mac	Ha Nam	131 ha	90%
New project & Expansion plan			
Project	Location	Scale	Expansion
Northern Pho Noi	Hung Yen	262 ha	
Yen My II	Hung Yen		216 ha
Pho Noi A	Hung Yen		92,5 ha

HPG'S FARMING SECTOR CAPACITY OBJECTIVE				
Sector	Animal Feed	Pig Farming	Cattle Farming	Eggs
2024	600.000 tons	600.000 heads	150.000 heads	600.000 eggs
2025F	1.000.000 tons	750.000 heads	200.000 heads	600.000 eggs

(source: HPG's 2023 Annual General Meeting, Mekong Asean)

APPENDIX B2: LIST OF SUBSIDIARIES

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SUBSIDIARIES	SECTOR	HPG'S OWNERSHIP
Hoa Phat Steel Corporation Joint Stock Company	Iron and Steel	99,99%
An Thong Mineral Investment Joint Stock Company	Iron and Steel	99,96%
Hoa Phat Hai Duong Steel Joint Stock Company	Iron and Steel	99,99%
Hoa Phat Dung Quat Steel Joint Stock Company	Iron and Steel	99,99%
Hoa Phat Hung Yen Steel Company Limited	Iron and Steel	99,99%
Hoa Phat Shipping Joint Stock Company	Logistics	99,99%
Hoa Phat Steel Products Joint Stock Company	Iron and Steel	99,99%
Hoa Phat Steel Pipe Company Limited	Steel Pipe	99,96%
Hoa Phat Steel Sheet Company Limited	Steel Sheet	99,99%
Hoa Phat Container Manufacturing Joint Stock Company	Container	99,79%
Hoa Phat Agriculture Development Joint Stock Company	Agriculture	99,99%
Hoa Phat Hung Yen Feed Company Limited	Agriculture	99,99%
Hoa Phat Livestock Development Joint Stock Company	Agriculture	99,97%
Hoa Phat Trading Company Limited	Agriculture	99,91%
Hoa Phat Poultry Company Limited	Agriculture	99,99%
Hoa Phat Real Estate Development Joint Stock Company	Real Estate	99,96%
Hoa Phat Construction and Urban Development Joint Stock Company	Real Estate	99,93%
Hoa Phat Real Estate Development Saigon Joint Stock Company	Real Estate	99,86%
Hoa Phat Real Estate Development Hanoi Joint Stock Company	Real Estate	99,93%
New City Development Investment Company Limited	Real Estate	99,96%
Hoa Phat Home Appliances Joint Stock Company	Household Appliances	99,90%
Hoa Phat Ha Nam Home Appliances Joint Stock Company	Household Appliances	99,80%
Hoa Phat Phu My Refrigeration Joint Stock Company	Household Appliances	99,80%
Hoa Phat Refrigeration Company Limited	Household Appliances	99,73%

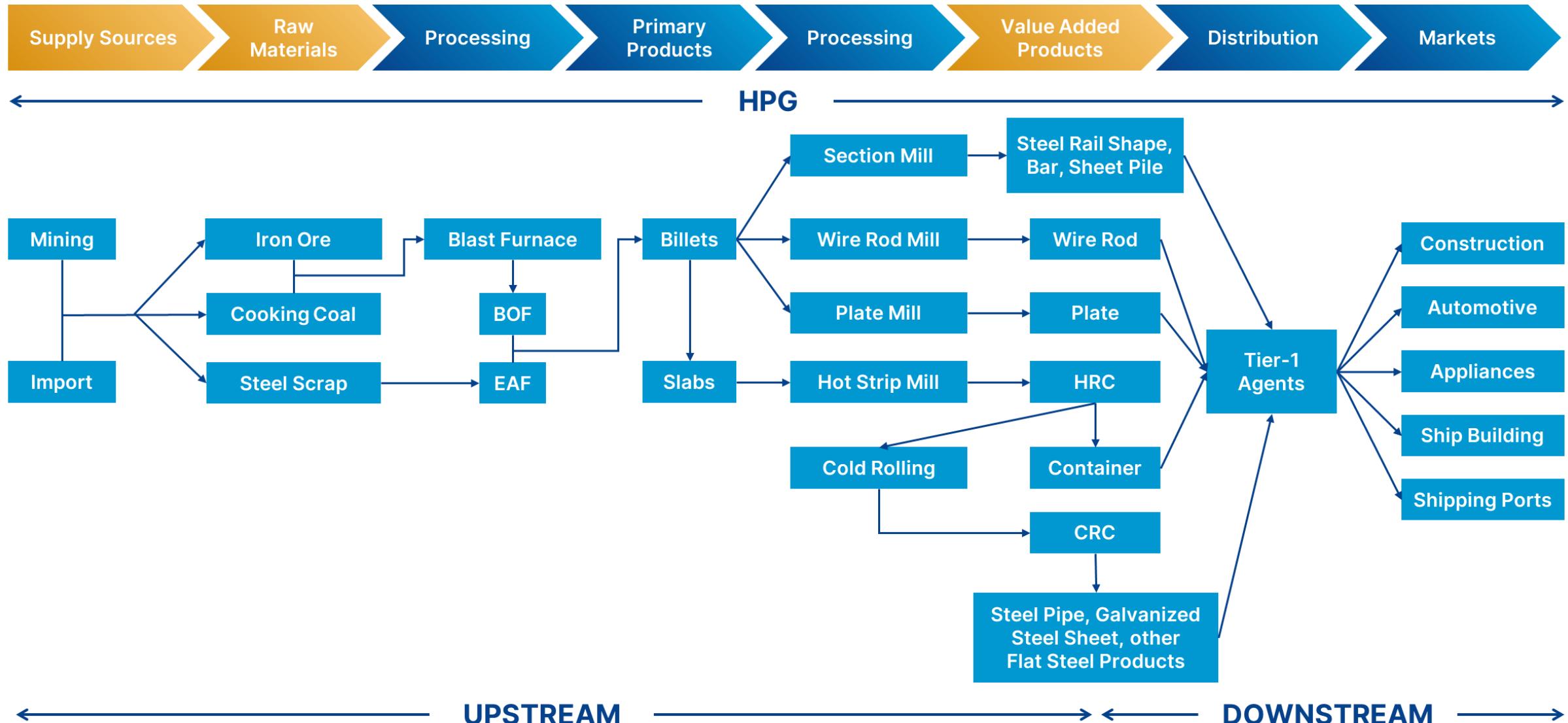
APPENDIX B3: STEEL DISTRIBUTION NETWORK

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APPENDIX B4: STEEL VALUE CHAIN

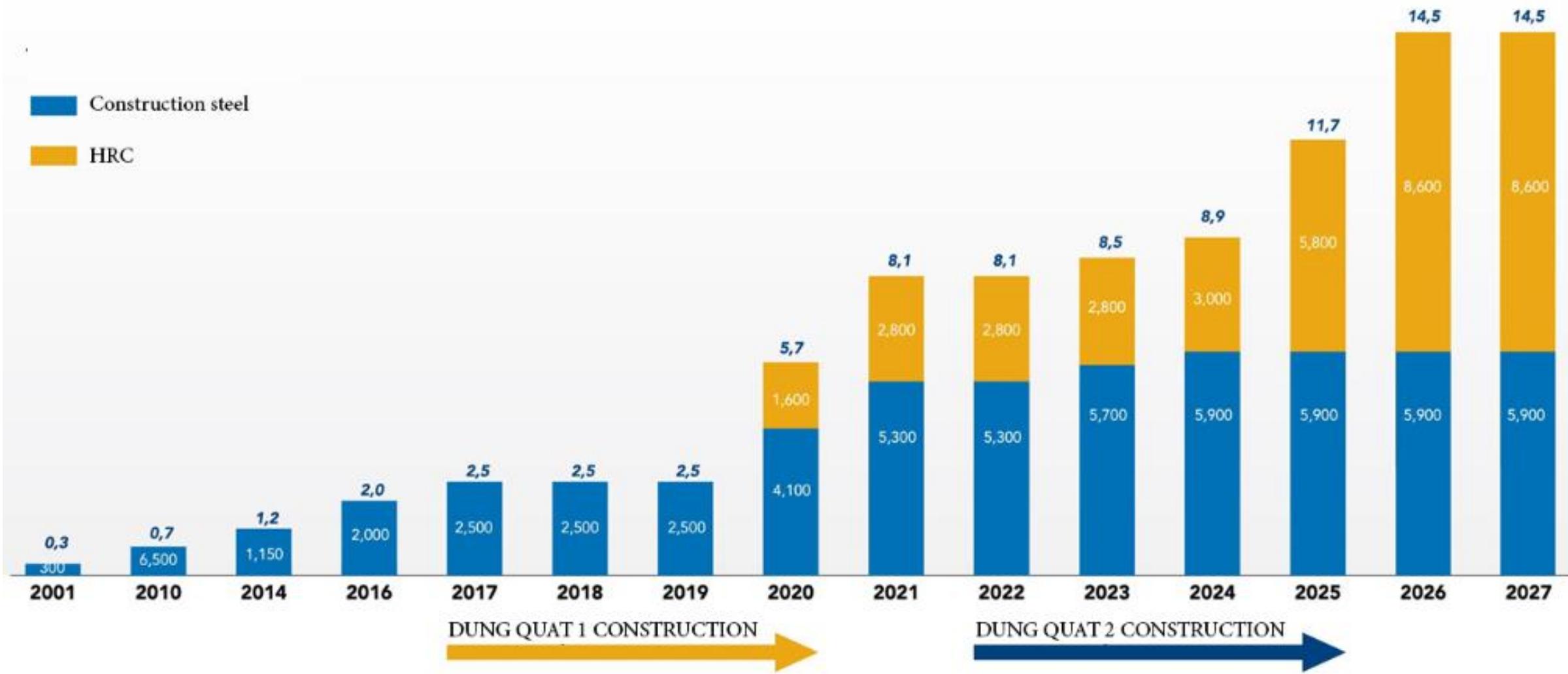
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APPENDIX B5: CRUDE STEEL CAPACITY 2001-2027

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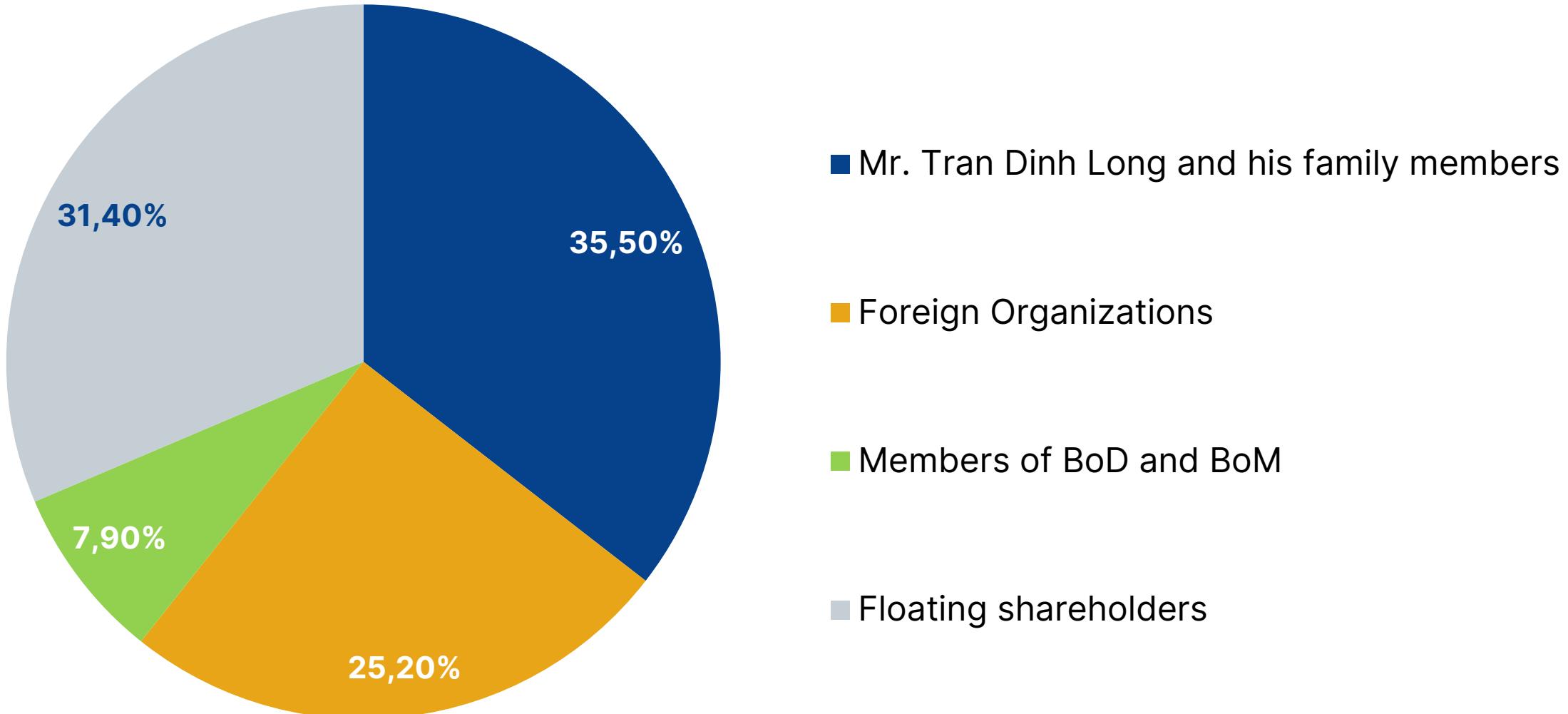
HPG's Crude Steel Output 2001 - 2027



		Blast Furnace - Basic Oxygen Furnace	Electric Arc Furnace
Inputs	Various	Steel scrap, DRI, Hot metal, Pig iron	
Output	Both long and flat steels	Both long and flat steels but at a smaller scale	
Quality	High level of refine	Lower	
Environment emission	CO2 and slag but recycled	Little CO2 but create toxic dust from scrap	
Capacity cost/tonne	\$500 - 1,200/t	\$250– 300/t	
Production cost	Lowest	Higher than IF due to refine	
Operation	Restart is costly	Easy to shut down and restart	

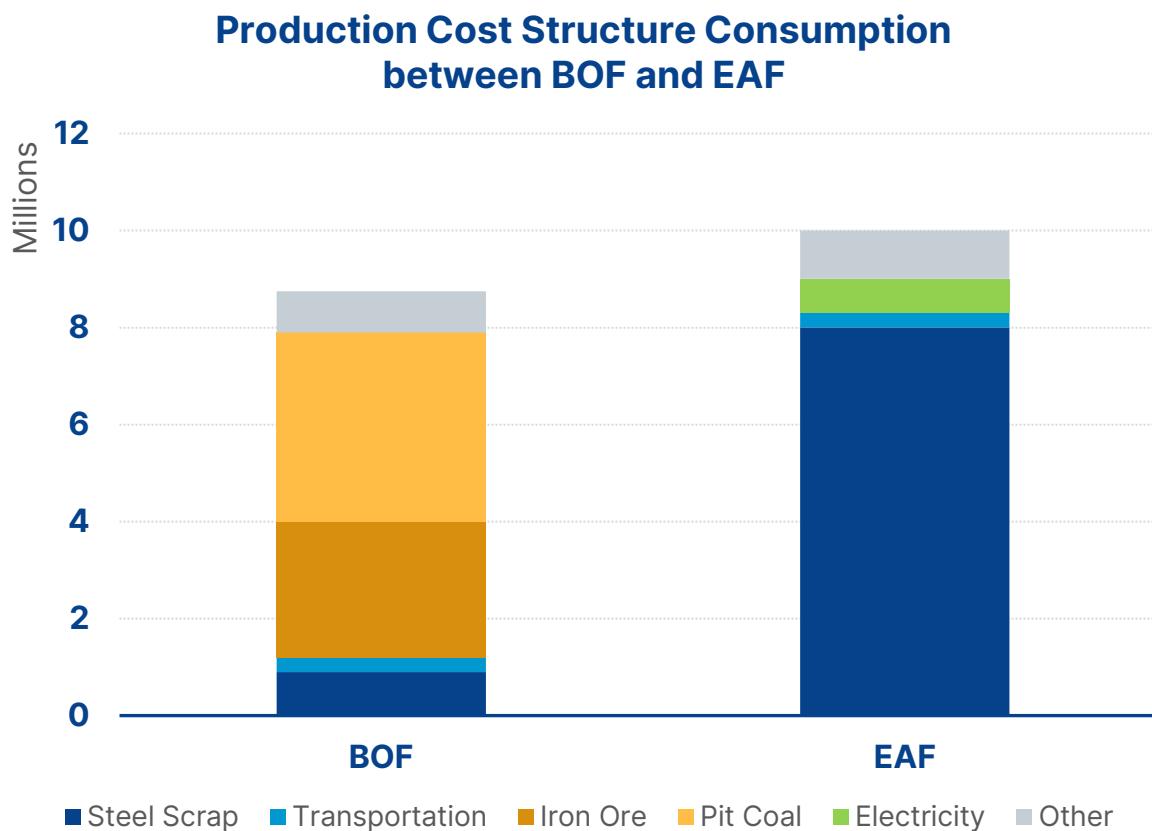
APPENDIX B7: PRODUCT STRUCTURE OF STEEL MANUFACTURERS

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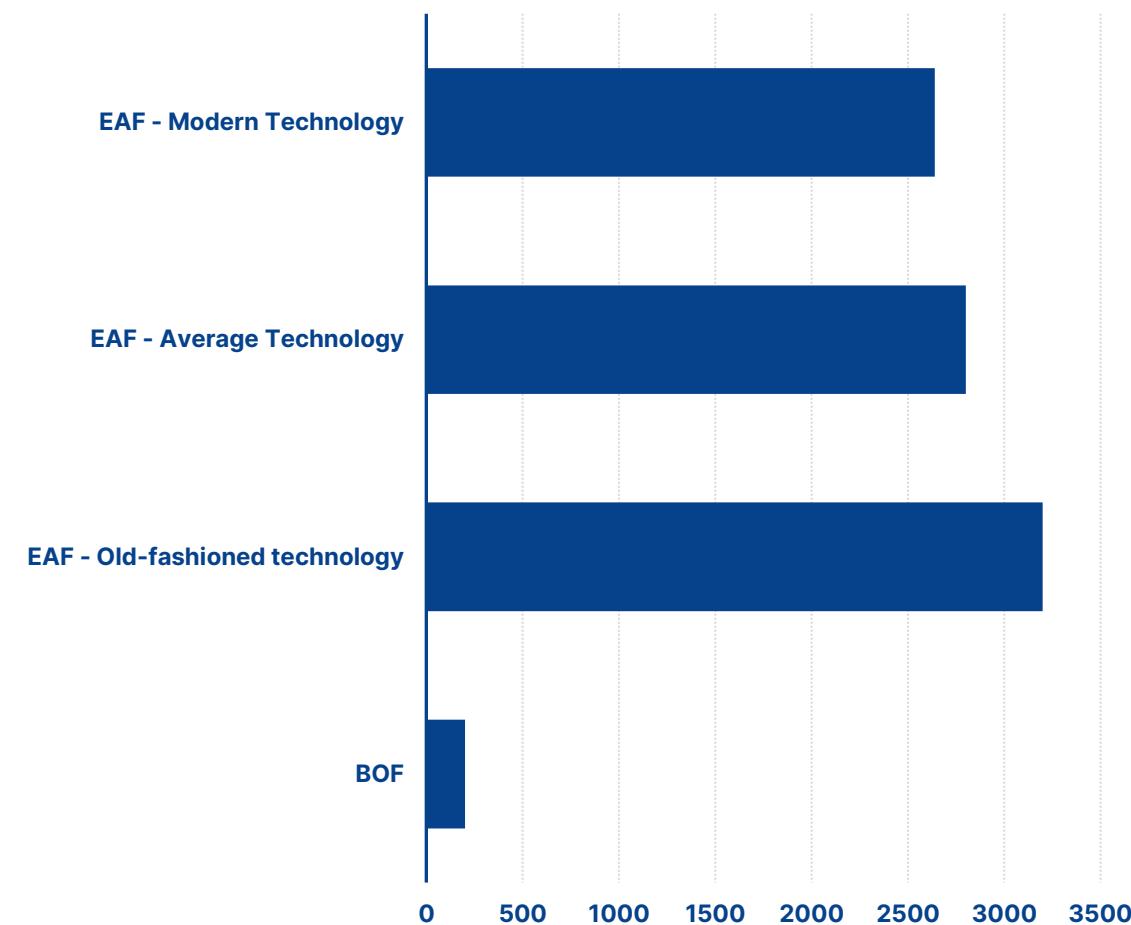


Low cost structure due to high technology in production and operation fuels price competition

Hoa Phat utilizes BOF technology, which offers notable energy efficiency advantages over the EAF technology predominantly used in the Vietnamese steel industry. Specifically, BOF technology reduces power consumption by approximately 10 - 15% per ton of steel produced...



...and the energy consumption of this technology is very low compared to EAF technology

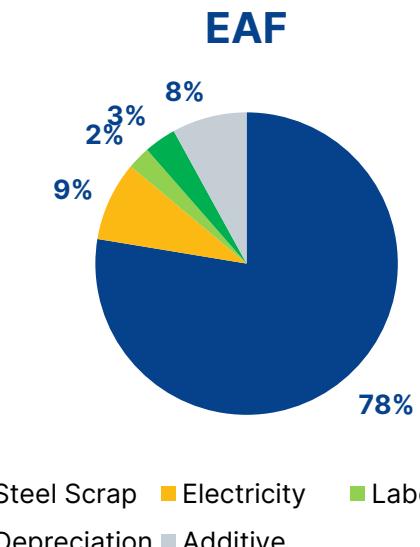
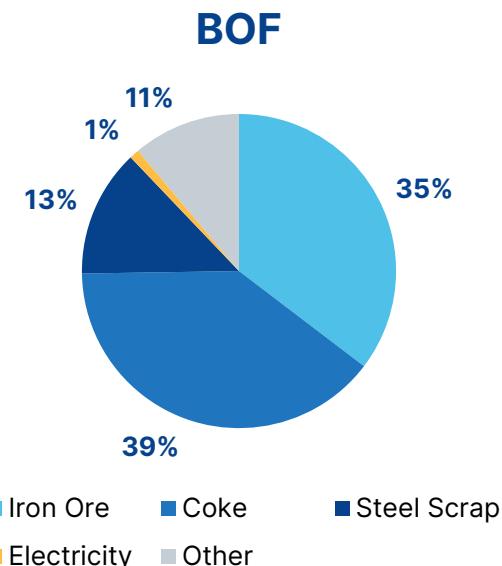


Low cost structure due to high technology in production and operation fuels price competition

Hoa Phat boosts energy efficiency and cuts fuel costs, saving up to 50% on fuel for steel rolling.

The company's advanced technologies of BPRT and continuous casting in Hai Duong and Dung Quat efficiently recover residual heat.

Material Consumption Comparison of BOF and EAF Material Consumption



This solidifies HPG's cost advantage over domestic competitors and is the key reason HPG can price its products lower than its peers.

Cost optimization strategy: Seaports - Transport ships - Raw material mines

The deep-water Dung Quat Port reduces raw material costs by \$3-5 per ton, saving \$30-50 million annually, and facilitates cheaper exports.



Investing in a fleet of 15-20 cargo ships further optimizes shipping costs.

Additionally, acquiring the Roper Valley iron ore project, with 320 million tons of reserves and a 4 million ton annual capacity, secures 50% of Hoa Phat's iron ore needs. This vertical integration minimizes price fluctuations, lowers procurement costs, and ensures supply chain stability.

These strategies collectively optimize production costs and strengthen Hoa Phat's competitive position in the steel industry.

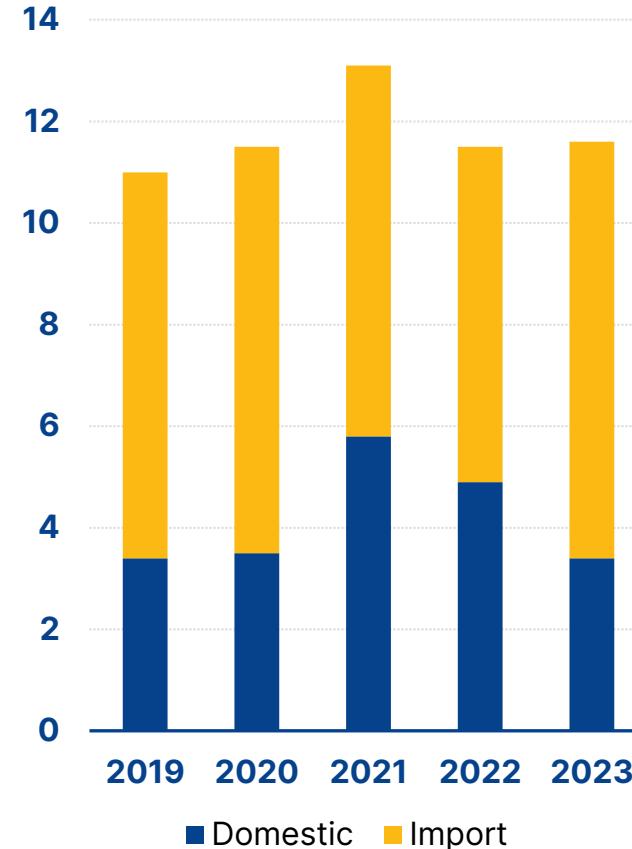
Diverse product portfolio

HPG uniquely produces pre-stressed steel, galvanized wire steel, and container shells for export to high-demand markets like the EU, America, and Canada, boosting its steel consumption capacity.

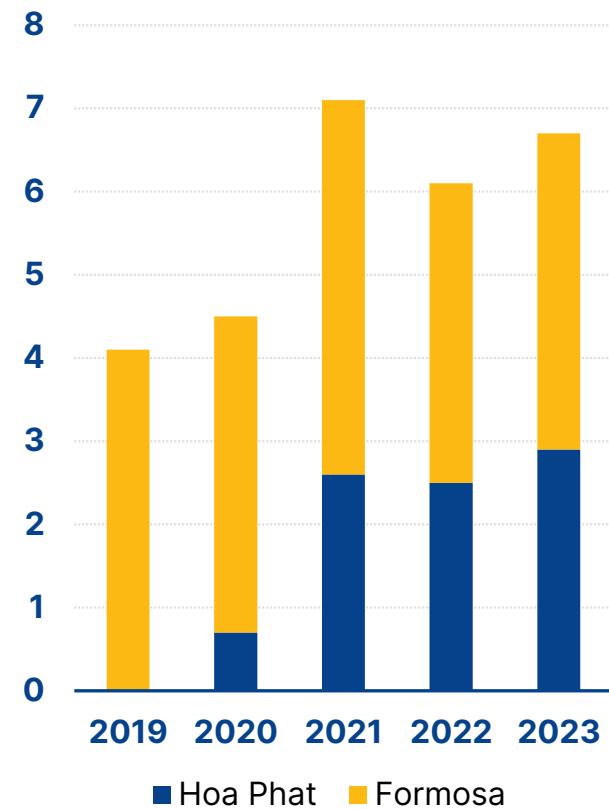
Along with Formosa, HPG's combined HRC production capacity of 8.2 million tons/year still falls short of Vietnam's domestic demand.

This gives HPG a competitive edge, as other manufacturers must buy HRC from Formosa or import it. HPG's HRC autonomy allows it to lower prices for finished products and become a key supplier to other industry players.

HRC Demand in Vietnam



HRC Supply of HPG and Formosa



Source: Team research, HPG Report, Fiinpro, VSA.

APPENDIX C3: HPG & OTHER COMPETITORS' CAPACITY

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HPG can fully utilize their capacity with mass production and low-cost leadership

Company	Capacity (million tonnes)	Technology	Expansion plan	Note
HPG	5,6	93%BOF, 7% EAF	✗	Mass produce, high technology
VAS	2,5	100% EAF	✓	Mass produce, Nghi Son 2 can expand its capacity by 1.5 M
TVN and affiliate	1,8	50% EAF and 50% import embryo	✗	Small scale, not up-to-date technology
Formusa	1,2	100%BOF	✗	Could produce HRC, Mass produce, high technology
POM	1	100%EAF	✗	1 M capacity hasn't functioned due to restructuring, expected end of 2024
TIS	0,8	75%BOF,25%BOF	✓	Medium scale, old technology, Thai Nguyen 2 projected are discontinue due to behind schedule
VGS	0,7	Import embryo	✗	Small scale, not up-to-date technology, plan to shift to real estate
Posco Vina	0,5	100%EAF	✗	Expected to remain producing shape steel
VJS	0,5	100%EAF	✗	Could expand 0.5 m capacity
KVSC	0,5	Import embryo	✗	Small scale
VIS	0,4	100%EAF	✗	small scale, old technology
Total	15,3	50%BOF, 50%EAF		

APPENDIX D1: REAL ESTATE INVENTORY & GROWTH

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Real estate inventory & growth

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Inventory of apartments - apartments, individual houses - land (Unit: Apartment)	67820	70000	33.597	33500	23.097	12655	15943	5.040	4.307	9000	2286	18000	19323
Construction industry GDP growth at comparative prices (%)	-1%	2%	6%	7%	11%	7%	9%	9%	9%	7%	1%	8%	7%

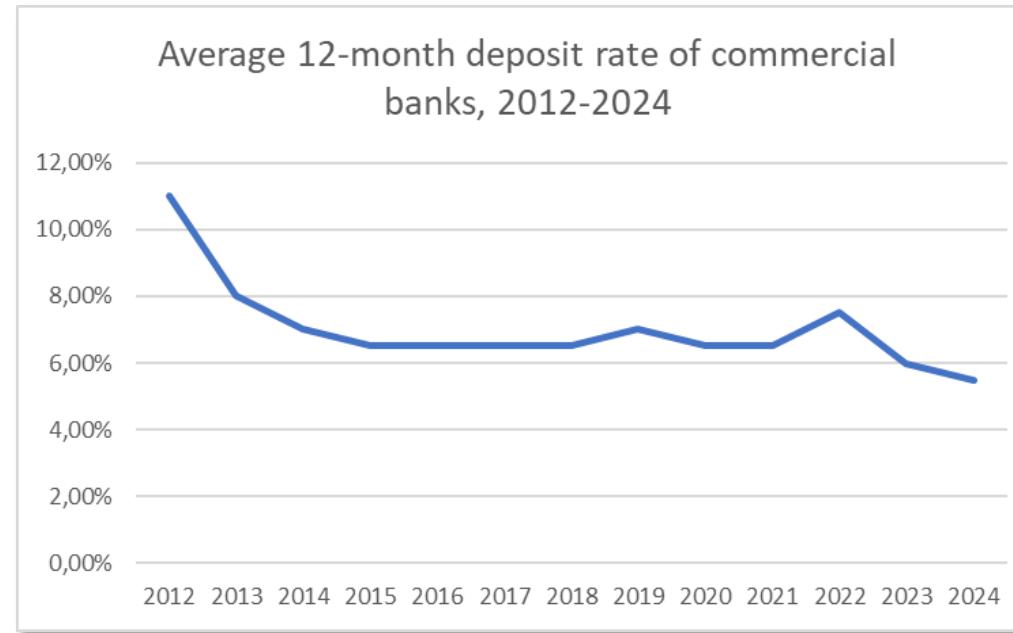
APPENDIX D2: DOMESTIC CONSTRUCTION STEEL CONSUMPTION

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Domestic Construction steel consumption in million tons, 2012-2024													
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024F
Consumption (Million Tons)	4,9	4,2	4,8	6,1	7,2	7,9	8,2	9,2	10,2	10	10,1	9,1	9,8

APPENDIX D3: INTEREST RATES OF COMMERCIAL BANKS

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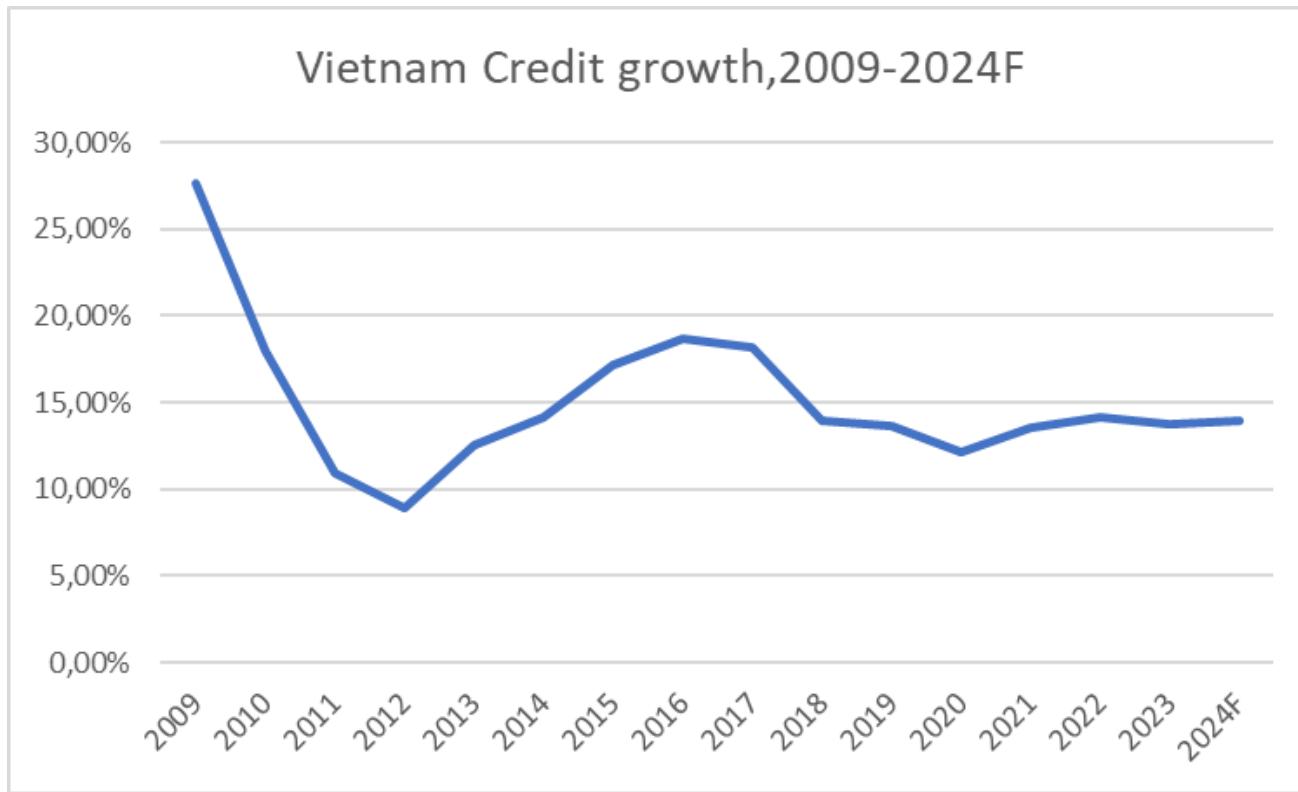


Average medium and long-term loan interest rates of commercial banks, 2012-2024

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Average medium and long-term loan interest rate	19,00%	16%	12,00%	10,00%	11%	8,00%	7,00%	11,00%	9,00%	6,00%	13,00%	9%	8%
Average 12 month deposit rate	11,00%	8,00%	7,00%	6,50%	6,50%	6,50%	6,50%	7,00%	6,50%	6,50%	7,50%	6,00%	5,50%

APPENDIX D4: VIETNAM CREDIT GROWTH

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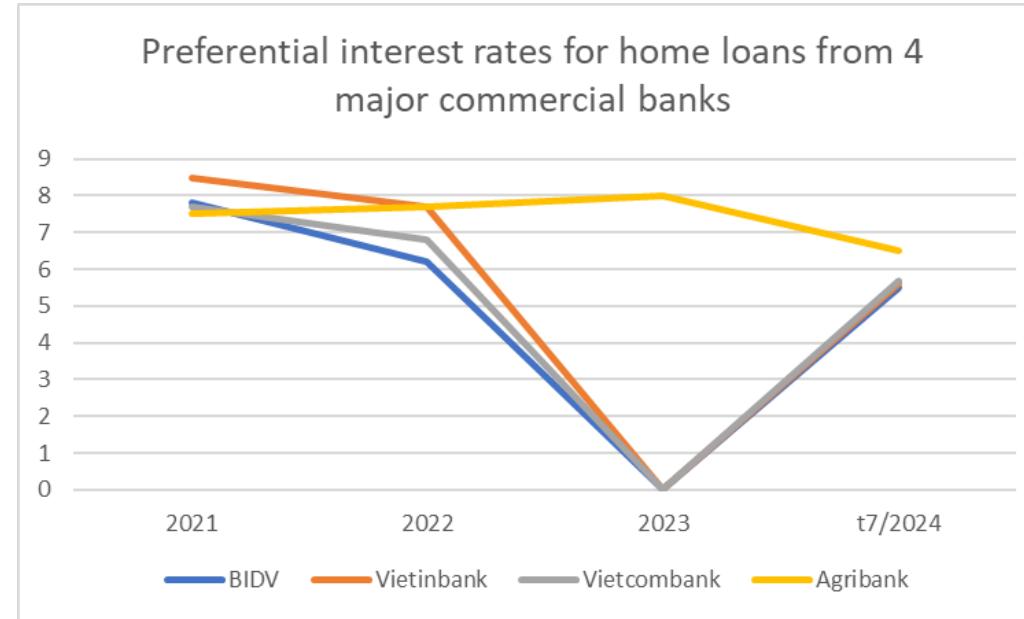


Vietnam Credit growth, 2009-2024F

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024F
27,65%	18%	10,90%	8,91%	12,51%	14,16%	17,17%	18,71%	18,17%	14%	13,70%	12,10%	13,60%	14,20%	13,80%	14%

APPENDIX D5: PREFERENTIAL INTEREST RATES FOR HOME LOANS

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Preferential interest rates for home loans from 4 major commercial banks (%)				
Bank	2021	2022	2023	7/2024
BIDV	7,8	6,2	7,8	5,5
Vietinbank	8,5	7,7	8,2	5,6
Vietcombank	7,7	6,79	9,5	5,7
Agribank	7,5	7,7	8	6,5

APPENDIX D6: VIETNAMESE CONSTRUCTION STEEL MARKET SHARE

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Top 3 construction steel producers with highest market share in Vietnam										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
HPG	19	21	22	24	24	27	33	33	35	35
VNSteel	40	40	34	34	33	30	30	23	22	20
POM	15	13	12	11	10	8	7	4	4	2

Policy explanation		
No.	Legal Document	Description
Legal Framework		
1	Land Law 2024	Provides an extra method of calculating estate price. Requires complete resettlement arrangements before land recovery. Allows for merging and splitting plots more easily.
2	Housing Law 2023	Issue "pink book" for mini apartments. Provide more preferential policies for social housing investors.
3	Real Estate Business Law 2023	Reduce the types of housing formed in the future that are put into business. Adjust the payment amount before renting and purchasing a house formed in the future. Individuals doing small-scale real estate business do not have to establish a company. Real estate brokers are required to have a practicing certificate. Regulates contract types and contents in real estate transactions.

Policy explanation (continued)

No.	Legal Document	Description
Lowering interest rate		
4	6385/NHNN-CSTT	The State Bank requires credit institutions to achieve the target of reducing lending interest rates by 1,5-2%/year.
5	4462/NHNN-CS	The State Bank requires credit institutions to achieve the target of further reducing lending interest rates by 1-2%/year.
Bond principle payment		
6	08/2023/ND-CP	Allow bond issuers to extend payment term to 2 years and allow issuers to negotiate with buyer on principal payment method.
7	31/2023/NQ-CP	The Government assigned ministries, branches and localities to focus on the task of solving difficulties difficulties and obstacles in credit, corporate bond and real estate markets
8	33/2023/NQ-CP	Some solutions to solve and promote the real estate market to develop safely and healthily strong and sustainable
9	313/2023/QD-NHNN	Lower the rediscount interest rate from 4.5% to 3.5%
10	574/2023/QD-NHNN	Lower refinancing interest rate from 6% to 5.5%

APPENDIX E1: DCF METHOD – WACC CALCULATION

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WACC Calculation for DCF Method

	Low	Mid	High	Source
Cost of Equity, Ke				
Risk free rate, Rf	4,60%	4,60%	4,60%	Vietcombank 12-month deposit interest rate
5-year Equity beta, b	0,3610	0,8610	13,610	HPG's 5-year equity adjusted beta
Market risk premium, Rm-Rf	8,80%	9,00%	9,20%	Damodaran T1/2024
Cost of equity, Ke	13,11%	12,35%	17,18%	
Cost of Debt, Kd				
Pre tax cost of debt	8,30%	8,30%	8,30%	Interest rate of HPG long-term loan
Corporate tax rate, t	12,64%	12,64%	12,64%	HPG's 3-year average tax rate
After tax cost of debt, Kd	7,43%	7,25%	7,43%	
Optimum Mix of Equity and Debt				
Proportion of Equity, E/(D+E)	54,76%	54,76%	54,76%	HPG's debt - equity ratio of 2023
Proportion of Debt, D/(D+E)	45,24%	45,24%	45,24%	
Weighted Average Cost of Capital				
Rounding (nearest 0.5%)	9,50%	10,04%	10,54%	

Discounted Cash Flow Calculation

WACC	10,04%
NPV of FCFF	\$52.931.694.692.740,50
Terminal Value - Perpetuity approach	
Perpetual growth rate	3%
Terminal value	389.593.889.477.089
PV of TV	241.438.228.281.296
Enterprise value	294.369.922.974.036
+ Cash and cash equivalent	12.252.001.160.884
- Debt	65.381.002.473.117
- Preferred stock	-
- Non-controlling interest	65.769.846.491
Equity Value	241.175.151.815.312
Num of outstanding share	6.396.250.200,00
Target share price	
	37.705,71

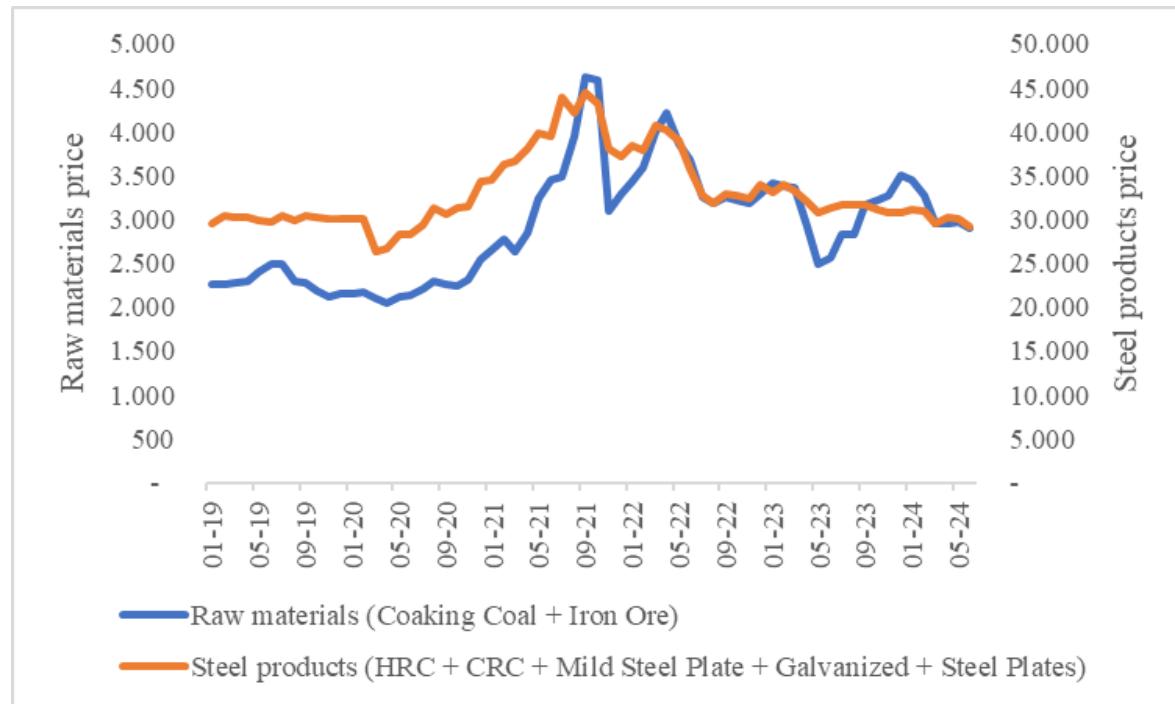
Free Cash Flow for DCF Method

FCFF	2024F	2025F	2026F	2027F	2028F
EBIT	13.679.826.998.980	18.385.835.868.949	22.626.669.525.179	21.738.890.302.187	29.291.025.958.297
Less: Ebit*Tax	(1.892.570.234.875)	(2.194.462.656.610)	(2.349.792.249.075)	(2.940.906.633.701)	(4.077.584.963.798)
Plus: Depreciation and Amortization	6.999.864.228.156	9.834.263.864.011	10.788.663.499.865	11.743.063.135.720	12.697.462.771.575
Less: Capex (FCInv)	(18.119.462.296.923)	(35.452.795.630.256)	(11.452.795.630.256)	(11.452.795.630.256)	(11.452.795.630.256)
Plus: (increase) / decrease in NWC (WCInv)	10.447.218.537.581	(13.977.164.594.212)	13.742.489.256.070	25.026.843.867.455	11.780.325.053.447
Unlevered free cash flow	11.114.877.232.919	(23.404.323.148.118)	33.355.234.401.782	44.115.095.041.404	38.238.433.189.264
FCFE Growth rate	5050201025	(3105675363)	(2425174067)	0,322583871	(0,133212041)
Years from Present	0,5	1,5	2,5	3,5	4,5
Discount coefficient as of 6/2024	1	0,94967147	0,856485814	0,772443916	0,696648553
PV of unlevered free cash flow	11.114.877.232.918,80	(22.226.417.980.059,80)	28.568.285.085.779,30	34.076.436.763.699,50	26.638.749.161.492,70

Peers selection for P/E Relatives Valuation Method

	Ticker	Product Portfolio	Debt-to-Equity Ratio
Hoa Sen Group	HSG	Cold rolled steel, galvanized steel, steel pipe, plastic pipe	0.61
Nam Kim Steel JSC	NKG	Hot-rolled steel, steel pipe, galvanized steel pipe, coated steel, purlin, cold-rolled steel	1.2
Iskenderun Demir Ve Celik AS	ISDMR	Hot-rolled flat steel products, billets used in manufacturing coil, construction steel, and seamless pipes	0.58
Baoshan Iron & Steel Co., Ltd	SHA	Hot-rolled plates and coils, seamless steel tubes, high-speed wire rods, steel billets, and other products	0.74
Pohang Iron and Steel Company	PKX	Hot-rolled and cold-rolled productsplates, wire rods, silicon steel sheets, stainless steel	0.69
JSW Steel Ltd	JSW	Hot-rolled coil and galvanised, construction steel, electrical steel, cold-rolled coil.	0.79
Daido Steel Co., Ltd	5471	Construction steel, stainless steel, machinery	0.64

Raw materials' Price risk



The changes in price of Raw materials lags from the changes in price of steel products.

More than 90% of HPG's revenue comes from steel production, of which raw material costs account for 70-75% of production costs. **Supply chain disruptions caused by geopolitical risks** or mining accidents will cause prices to surge. In addition, HPG's iron ore self-supply activities had to be temporarily suspended when focusing its budget on DQSC2, making HPG even **more dependent on outsourcing input materials**.

Source: *Sunsirs*

Mitigation

Updating information from markets that have great influences on daily steel prices

APPENDIX F2: FOREIGN EXCHANGE + INTEREST RATE + PLANT OPERATION RISK

Foreign exchange and interest rate risk

HPG's reliance on imported raw materials is evident in the fact that over 70% of its total COGS in 2023 came from imports. Since the value of imports exceeds that of exports, the exchange rate has a significant impact on production costs.

Mitigation

Minimizing raw material reserves during high exchange rates period to reduce pressure on working capital

Plant Operation Risk

Impact	One day of inactivity of 1 DQ blast furnace: 3700 ton of billet ~ 40 billion
Solutions	State-of-the-art production equipment from world's top suppliers
	Supervision of leading experts
	HPG's proven past experience

Predatory Steel Trade Practices from China

The excess supply of Chinese steel, due to the slump of China Real Estate, incentivizes Chinese producers to sell steel at lower prices in neighboring countries, as they seek to recoup their investments. This poses a significant risk to domestic producers like HPG, who face intensified price competition, potential market share erosion, and reduced profitability. The significant capacity increase (60% for HRC) of DQSC2 could lead to a domestic oversupply situation. A potential 5% decline in production efficiency, could lead to a 1-2% reduction in our target price.

Mitigation

We anticipate the implementation of anti-dumping duties in the near future, which would significantly benefit HPG's domestic market position. Even if these duties are not implemented, HPG has the capacity to export to neighboring countries that have already imposed anti-dumping duties on Chinese steel. They are also actively seeking new export partners to diversify their customer base.

EU import quota and trade remedies risk

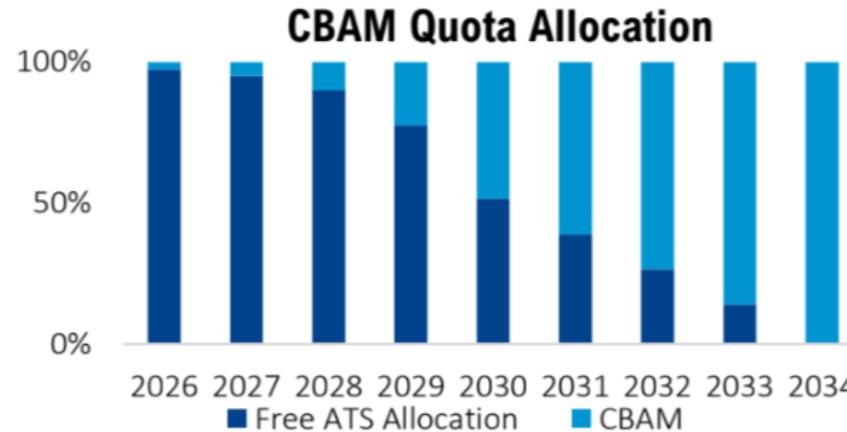
HPG faces significant market and regulatory risks, notably the EU's 15% import quota on HRC from Vietnam and various trade remedies. Additionally, Vietnam has signed many FTAs with preferential tax rate commitments for a wide range of products, of which most iron and steel products will have an import tax rate of 0%. Therefore, these countries are tending to find other measures (in addition to import tax) to create technical barriers for imported steel to protect their domestic industries.

Mitigation



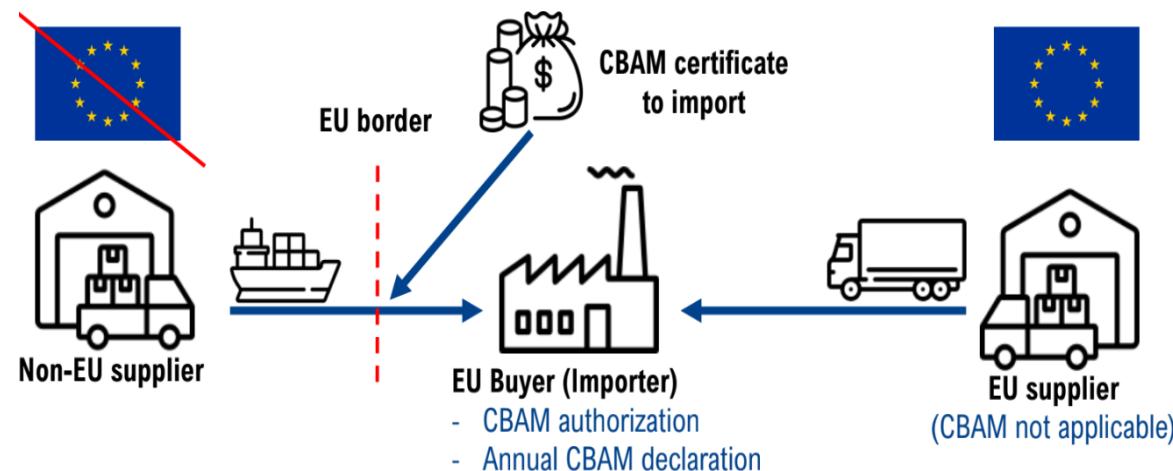
Maintain regular communication with the relevant authorities to ensure optimal support in case of actual events

The Carbon Border Adjustment Mechanism (CBAM) commencing 2026



CBAM is expected to reduce the export value of steel by approximately 4%, with a corresponding 0.8% decrease in production due to lower demand and diminished market competitiveness.

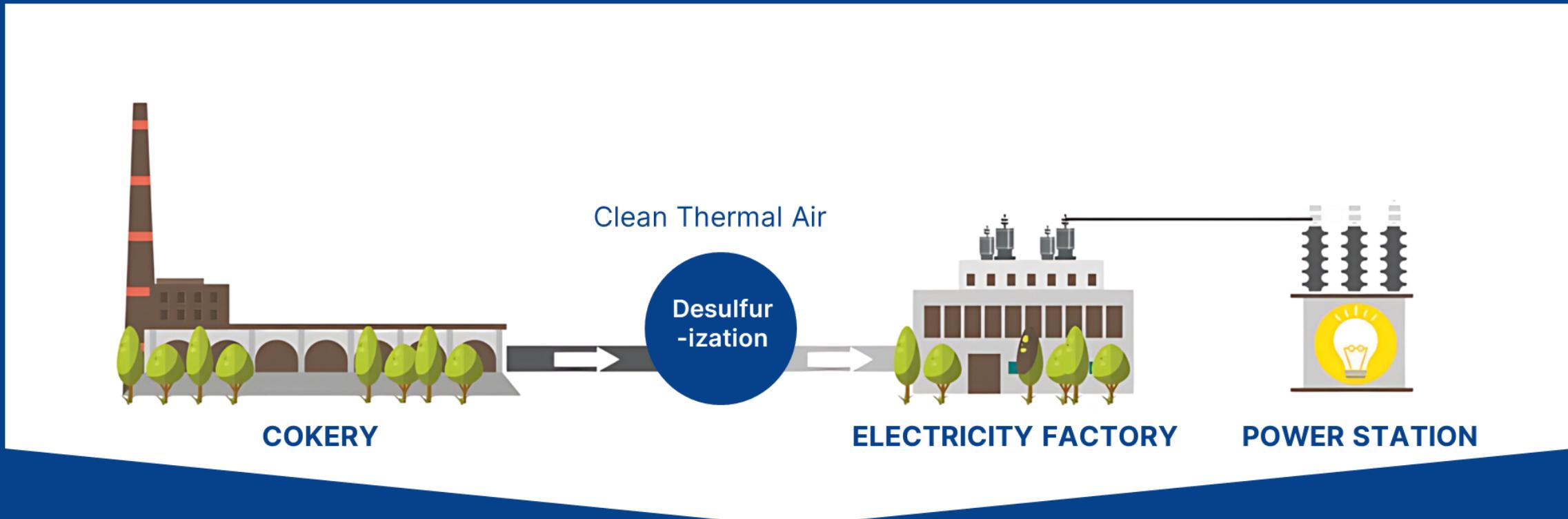
Mitigation



- Collaborate with leading global metallurgical companies to research and implement a carbon-neutral metallurgical technology roadmap.
- Increasing the use of renewable energy, direct reduction iron technology.
- Replacing fossil fuels with natural gas for iron ore reduction.
- Applying continuous casting technology to reduce energy consumption.

APPENDIX G1: DESULFURIZATION

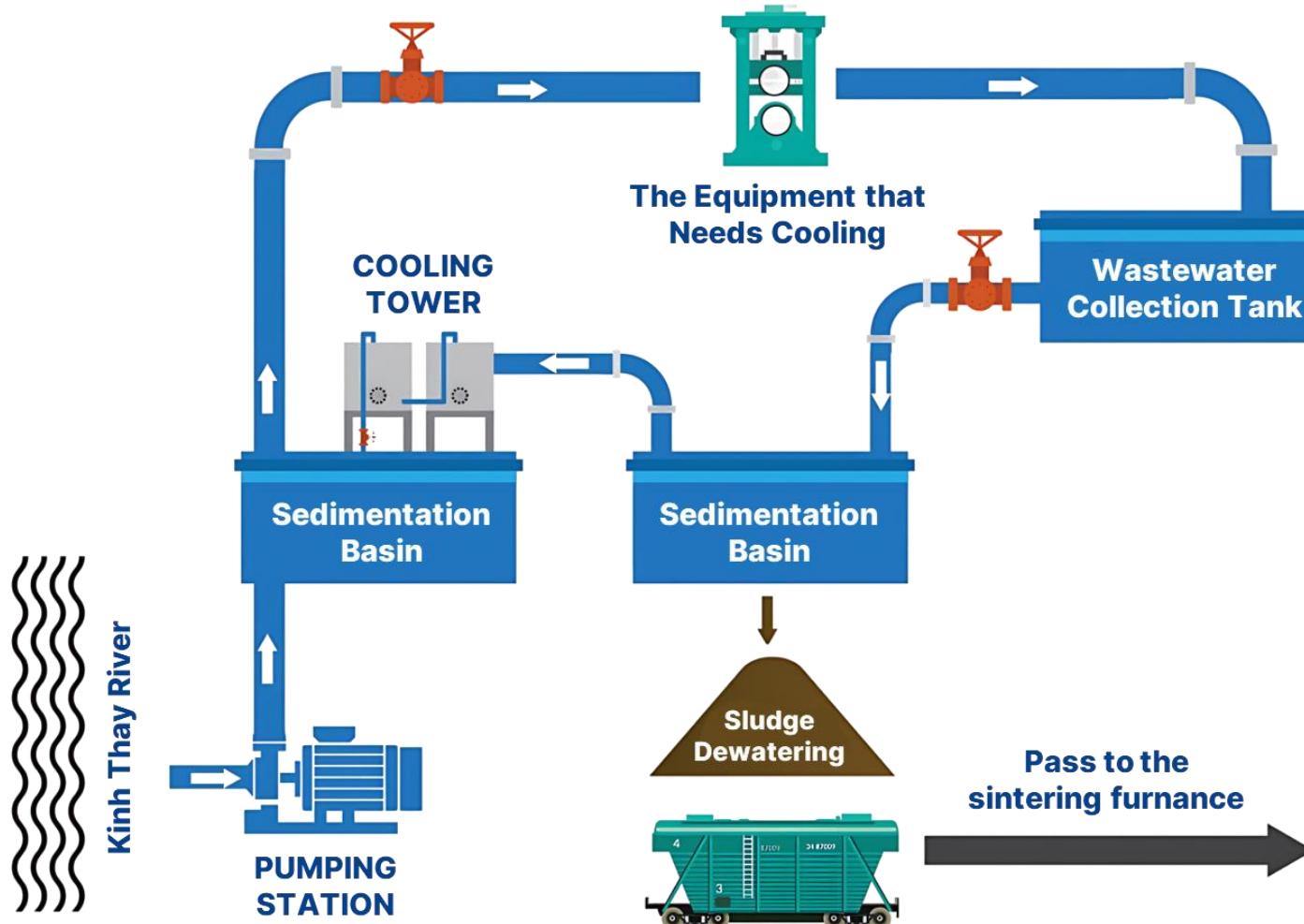
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100%

100% of the excess heat is recovered to generate electricity, meeting 50% of the electricity demand at Hai Duong Integrated Complex and an estimated 60% at Dung Quat Integrated Complex.

HPG'S PRODUCTION WATER CIRCULATION PROCESS



APPENDIX G3: ENVIRONMENT RATINGS

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Rating of the company's environment factor based on MSCI

CRITERIA	DESCRIPTION	RATE	HPG'S ACTION
Climate Change			
Carbon Emissions	What are the company's greenhouse gas emissions and reduction efforts?	2	HPG has implemented clean coke production and heat recovery technologies, reducing harmful emissions and saving energy. However, it still emits more CO2 due to the use of BF-BOF technology.
Product Carbon Footprint	How do the company's products impact the carbon footprint?	2	HPG's products, produced using BOF technology, have a higher carbon footprint compared to peers using EAF. Efforts to mitigate this include CDM-based coking technology and green initiatives.
Financing Environmental Impact	What investments does the company make in environmentally impactful projects?	4	HPG invested significantly in environmentally friendly technologies, including ultra-clean heat recovery and green production systems, spending 20-30% of total capital on these initiatives
Climate Change Vulnerability	How resilient is the company to climate change risks?	3	HPG has invested in closed-loop recycling, advanced wastewater treatment, and green spaces to mitigate climate risks, although occasional environmental issues persist.
Natural Capital			
Water Stress	How does the company's water usage impact water resources?	4	HPG uses modern wastewater treatment and recycling systems, significantly reducing water usage and ensuring compliance with environmental standards.
Biodiversity & Land Use	What is the company's impact on biodiversity and land use?	3	HPG has created green spaces around factories to enhance biodiversity and employs advanced wastewater treatment systems to reduce soil contamination, though some emissions issues remain.
Raw Material Sourcing	How sustainable is the company's raw material sourcing?	3	HPG sources a significant portion of iron ore from An Thong mine, which has a high environmental impact due to emissions and dust generation.
Pollution & Waste			
Toxic Emissions & Waste	How does the company manage toxic emissions and waste?	2	HPG uses advanced filtering systems and clean coke production technology to manage emissions and waste, but occasional scandals indicate ongoing challenges.
Packaging Material & Waste	How sustainable are the company's packaging and waste management practices?	3	HPG has shifted to using carton packaging and reuses plastic straps, reducing plastic waste and improving sustainability in packaging.
Electronic Waste	How does the company manage electronic waste?	4	HPG utilizes waste heat and excess gas to generate electricity, achieving 75-80% self-sufficiency in power supply and reducing reliance on the grid.
Environmental Opportunities			
Clean Tech	How does the company invest in and innovate clean technologies?	4	HPG has adopted CDM coking technology and other green technology solutions, investing heavily in clean tech and encouraging innovation among employees.
Green Building	What initiatives does the company have in sustainable building practices?	4	HPG converts steel production waste into S95 slag aggregate for construction, implementing dust control measures and recycling iron-containing dust to minimize environmental impact.
Renewable Energy	How does the company use and invest in renewable energy?	3	HPG uses heat recovery for electricity generation, achieving significant energy savings and reducing CO2 emissions. Solar roof initiatives are also being implemented to further enhance renewable energy use.
		3.15	

Rating of the company's social factor based on MSCI

CRITERIA	DESCRIPTION	RATE	HPG'S ACTIONS
Human Capital			
Labor Management	What are the company's labor practices and rights?	4	HPG ensures fair wages, provides meal support, accommodation, transportation, and labor protective equipment, indefinite-term contracts, and performance-based bonuses. The company's consistent revenue growth of 15-20% annually has positively impacted the income of its 20,000 employees.
Health & Safety	What are the company's workplace health and safety standards?	4	The company prioritizes employee well-being through occupational safety training, regular health check-ups, and provision of labor protective equipment, ensuring a safe working environment.
Human Capital Development	How does the company invest in employee development?	4	In 2023, HPG continued its robust human capital development efforts, aiming to train over 55,000 employees within the first six months alone. The company has also expanded its collaboration with over 20 educational institutions to enhance skills training and vocational competency.
Product Liability			
Product Safety & Quality	How safe and high-quality are the company's products?	3	HPG adheres to stringent quality standards, ensuring the safety and reliability of its steel products.
Privacy & Data Security	How does the company protect data and privacy?	3	HPG employs digital platforms for data management, indicating efforts towards privacy and data security.
Chemical Safety	How does the company manage chemical safety?	3	HPG manages chemical waste effectively, emphasizing comprehensive employee training and provision of labor protective equipment.
Stakeholder Opposition			
Community Relations	How does the company relate to and impact local communities?	4	HPG's contributions to social welfare are significant, encompassing charitable activities in healthcare, education, and infrastructure, positively impacting local living standards and fostering good community relationships.
Social Opportunities			
Access to Health Care	What efforts does the company make to provide healthcare access?	3	HPG supports employee health through regular health check-ups, particularly for those in high-risk environments.
Opportunities in Nutrition & Health	How does the company contribute to nutrition and health improvements of their employees?	3	HPG's welfare measures, including meal support, contribute to employee well-being and health improvements.
		3.44	

APPENDIX G5: BOARD OF DIRECTORS

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Information about HPG's Board of Director

No.	Name	Education	Year Joined HPG	Description	Shareholding Ratio
1	Trần Đình Long	Bachelor's in Economics, National Economics University	1992	Mr. Trần Đình Long is the co-founder and Chairman of Hòa Phát Group. He was instrumental in the establishment of Hòa Phát Equipment and Accessories Co., Ltd., which later became Hòa Phát Steel Pipe Co., Ltd., a key unit of Hòa Phát Group today. He is skilled in strategy and development and has led Hòa Phát Group's evolution into a leading conglomerate.	25,80%
2	Trần Tuấn Dương	Bachelor's in Economics, National Economics University	1996	Prior to becoming the Vice Chairman of the Board of Directors of Hòa Phát Group (from January 1, 2007), Mr. Trần Tuấn Dương had held various leadership roles at Hòa Phát Group's companies such as Hòa Phát Equipment and Accessories Co., Ltd., Hòa Phát Steel Pipe Co., Ltd., and Hòa Phát Furniture Joint Stock Company. With extensive experience, he has significantly contributed to the brand's elevation within Vietnam's steel pipe industry and Hòa Phát Group in general.	2,31%
3	Nguyễn Mạnh Tuấn	Bachelor's in Economics, National Economics University	1999	In 1996, Mr. Nguyễn Mạnh Tuấn became Deputy General Director of Hòa Phát Steel Pipe Co., Ltd. He took on the role of General Director of Hòa Phát Steel Pipe Co., Ltd. from October 2004. Mr. Tuấn played a key role in transforming Hòa Phát Steel Pipe into a leading steel pipe manufacturer in Vietnam.	2,27%
4	Doãn Gia Cường	Master's in Business Administration, National Economics University	2001	Upon joining Hòa Phát, Mr. Doãn Gia Cường was appointed Deputy General Director and later General Director of Hòa Phát Furniture Joint Stock Company. From January 2007, he also assumed the role of Vice Chairman of the Board of Directors. His clear strategic direction has significantly contributed to the success of Hòa Phát Furniture, making it a household name in Vietnam.	1,25%
5	Hoàng Quang Việt	Graduate, Public Security Academy	2003	Mr. Hoàng Quang Việt joined Hòa Phát as Deputy General Director of Hòa Phát Construction and Development Company in 2003. With the position of General Director from 2001, he successfully established his reputation in the real estate sector by leading key projects in urban and industrial park development.	0,45%
6	Nguyễn Việt Thắng	Construction Engineer	1992	Mr. Nguyễn Việt Thắng has over 20 years of leadership experience at Hòa Phát Group. As Vice Chairman of the Board of Directors, General Director of Hòa Phát Animal Husbandry Joint Stock Company, and General Director of Hòa Phát Hung Yen Steel Joint Stock Company until April 4, 2021, he has significantly contributed to the Group's development and operational success.	0,32%
7	Nguyễn Ngọc Quang	Intermediate level	1992	Mr. Nguyễn Ngọc Quang joined in 1992-1996 as General Director of Hòa Phát Equipment and Accessories Co., Ltd., and since 1997, he has been the General Director of Hòa Phát Steel Pipe Co., Ltd. His leadership has been pivotal in diversifying the customer base and enhancing the company's market position.	1,78%

APPENDIX G6: CORPORATE GOVERNANCE RATINGS

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Rating of the company's governance social factor based on 2023 ASEAN Corporate Governance Scorecard

FACTORS	DESCRIPTION	HPG'S ACTION
The Right of Shareholders		
Basic shareholder rights	Do shareholders have the basic rights to secure methods of ownership registration, transfer of shares, and timely receipt of relevant information?	As per Article 9 and Article 10 of the Company's Charter, shareholders can freely transfer fully paid shares recorded in the company's shareholder register, except for certain restricted cases by law and the company's charter.
Rights to participate in fundamental decisions	Are shareholders able to participate and vote in decisions concerning fundamental corporate changes?	Shareholders can participate and vote in decisions concerning fundamental corporate changes. They are notified of regular and extraordinary information about the company's operations.
Shareholders GMS rights	Do shareholders have the right to attend, vote, and be adequately informed on General Meeting of Shareholders (GMS) matters?	The company facilitates shareholders in attending the GMS and allows proxy representation if requested.
Disproportionate control disclosure	Is there transparency about arrangements that allow certain shareholders disproportionate control?	Shareholders can propose not to execute decisions that violate the law or fundamental shareholder rights.
Control arrangements should be allowed to function	Are control arrangements effectively allowed to function within the legal framework?	The board, supervisory board, and executive board are responsible for compensating the company for any legal violations causing damage.
Cost/benefit to voting	Are the costs and benefits of exercising voting rights balanced and reasonable?	Shareholders can refuse pre-emptive rights to newly offered shares.
The Equitable Treatment of Shareholders		
All shareholders should be treated equally	Are all shareholders, including minority and foreign shareholders, treated equally?	All shareholders, including minority and foreign shareholders, are treated equally. The company ensures shareholders exercise their full rights under the law and the company's charter.
Prohibit insider trading	Are there measures to prevent insider trading and abusive self-dealing?	The Supervisory Board oversees compliance with laws prohibiting insider trading and other unethical practices.
Board/Managers disclose interests	Do board members and managers disclose their material interests in transactions affecting the company?	Board members and managers are required to disclose their material interests in transactions affecting the company as part of their responsibilities to provide accurate and timely information.

APPENDIX G6: CORPORATE GOVERNANCE RATINGS

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Rating of the company's governance social factor based on 2023 ASEAN Corporate Governance Scorecard

FACTORS	DESCRIPTION	HPG'S ACTION
The Role of Stakeholders in Corporate Governance		
Stakeholder rights respected	Are the rights of stakeholders established by law and mutual agreements respected?	The Supervisory Board ensures that the rights of stakeholders, as established by law and mutual agreements, are respected.
Redress for violation of rights	Are stakeholders provided with mechanisms for redress when their rights are violated?	Mechanisms for redress are provided to stakeholders if their rights are violated, ensuring accountability and fairness.
Performance enhancement	Do stakeholders have the opportunity to enhance the company's performance through their contributions?	Stakeholders are typically involved in the company's decision-making processes and can contribute to its performance through their inputs and engagement.
Access to information	Do stakeholders have access to relevant and timely information?	Stakeholders, including the Supervisory Board, have access to accurate, relevant, and timely information necessary to perform their duties effectively.
Disclosure of Transparency		
Disclosure standards	Are there high standards for the disclosure of financial and non-financial information?	The Supervisory Board ensures high standards for the disclosure of both financial and non-financial information, promoting transparency and accountability.
Standards of accounting & audit	Are there internationally recognized standards for accounting and auditing practices?	The company follows internationally recognized standards for accounting and auditing practices, which are overseen by the Supervisory Board.
Independent audit annually	Is there an annual independent audit to verify financial statements?	An annual independent audit is conducted to verify the accuracy and reliability of the company's financial statements.
Fair & timely dissemination	Is information disseminated fairly and in a timely manner to ensure transparency?	Information is disseminated in a fair and timely manner to ensure transparency, meeting the standards set by the Supervisory Board and regulatory requirements.

APPENDIX G6: CORPORATE GOVERNANCE RATINGS

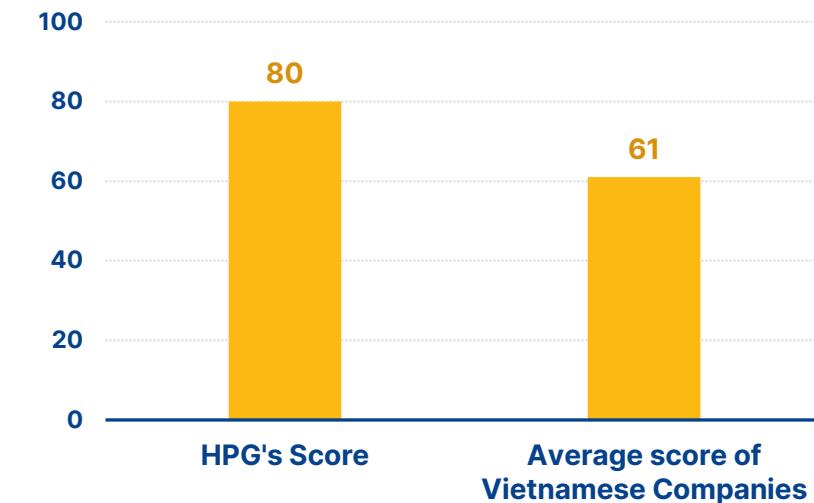
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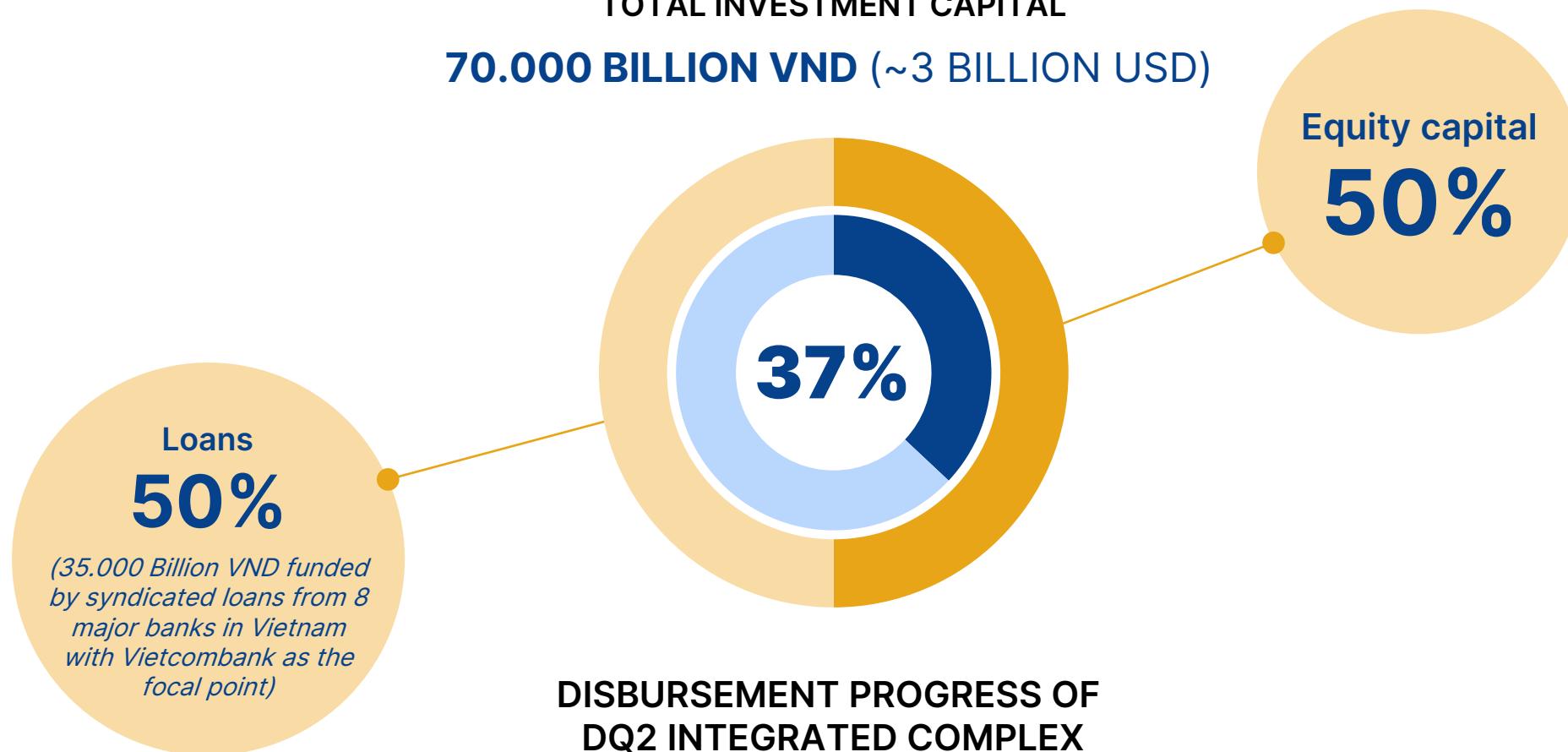
Rating of the company's governance social factor based on 2023 ASEAN Corporate Governance Scorecard

FACTORS	DESCRIPTION	HPG'S ACTION
The Responsibilities of the Board Directors		
Acts with due diligence, care	Does the board act with due diligence and care in the best interests of the company and shareholders?	The board is responsible for overseeing the company's strategic plan and business performance to secure the best interests of company and shareholders.
Treat all shareholders fairly	Does the board ensure fair treatment of all shareholders?	The Supervisory Board ensures fair treatment of all shareholders through oversight of compliance, monitoring transactions to prevent conflicts of interest, protecting minority shareholder rights, promoting transparency, and providing access to relevant information.
Ensure compliance law	Does the board ensure that the company complies with relevant laws and regulations?	The board is responsible for risk management and maintaining internal control systems.
The board should fulfill certain key functions	Does the board fulfill key functions such as setting strategy, risk management, and monitoring performance?	The board reviews and discusses the strategic plan with the management team, ensuring it aligns with the company's goals.
The board should be able to exercise objective judgment	Can the board exercise objective and independent judgment on corporate affairs?	The decision-making process ensures that resolutions are passed based on majority votes.
Access to information	Does the board have access to accurate, relevant, and timely information?	The board is also supported by a Company Secretary to ensure they receive necessary advice and services.

Marking	CRITERIA	MARK
The Right of Shareholders		80
The Equitable Treatment of Shareholders		85
The Role of Stakeholders in Corporate Governance		75
Disclosure of Transparency		85
The Responsibilities of the Board Directors		80
TOTAL		81

The comparison between HPG's score and the average score of Vietnamese companies in terms of corporate governance

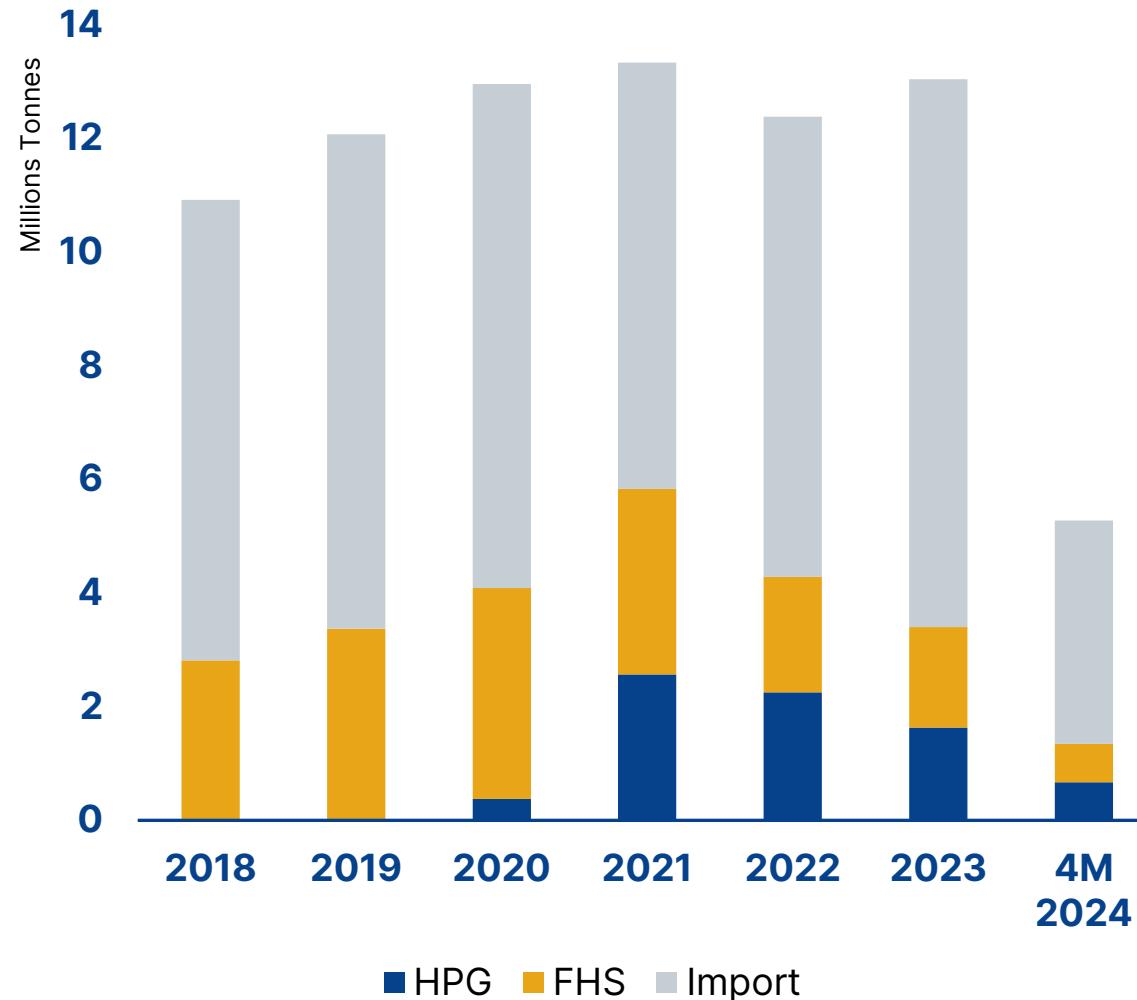




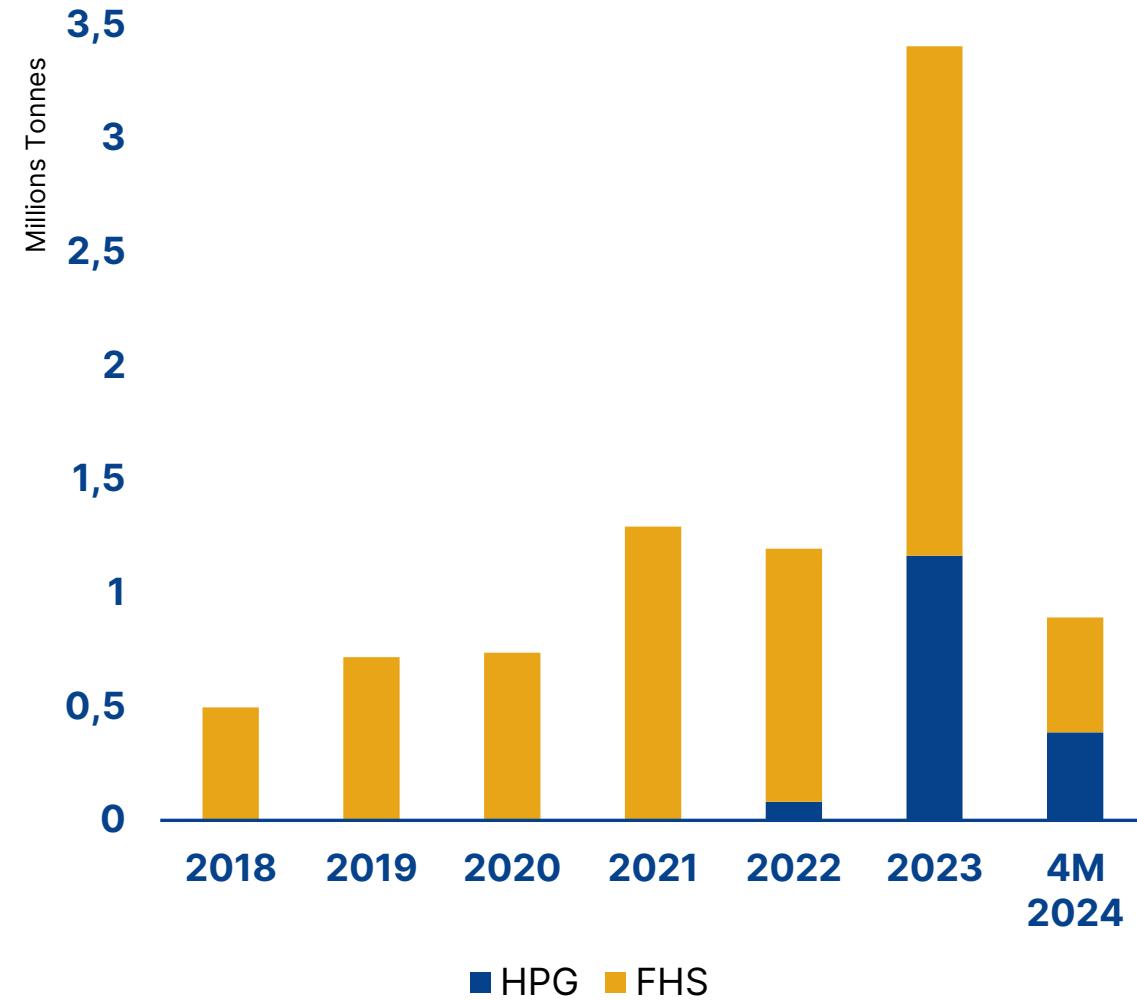
APPENDIX H2: CURRENT HRC IMPORT, EXPORT

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Domestic demand over the years witness large import

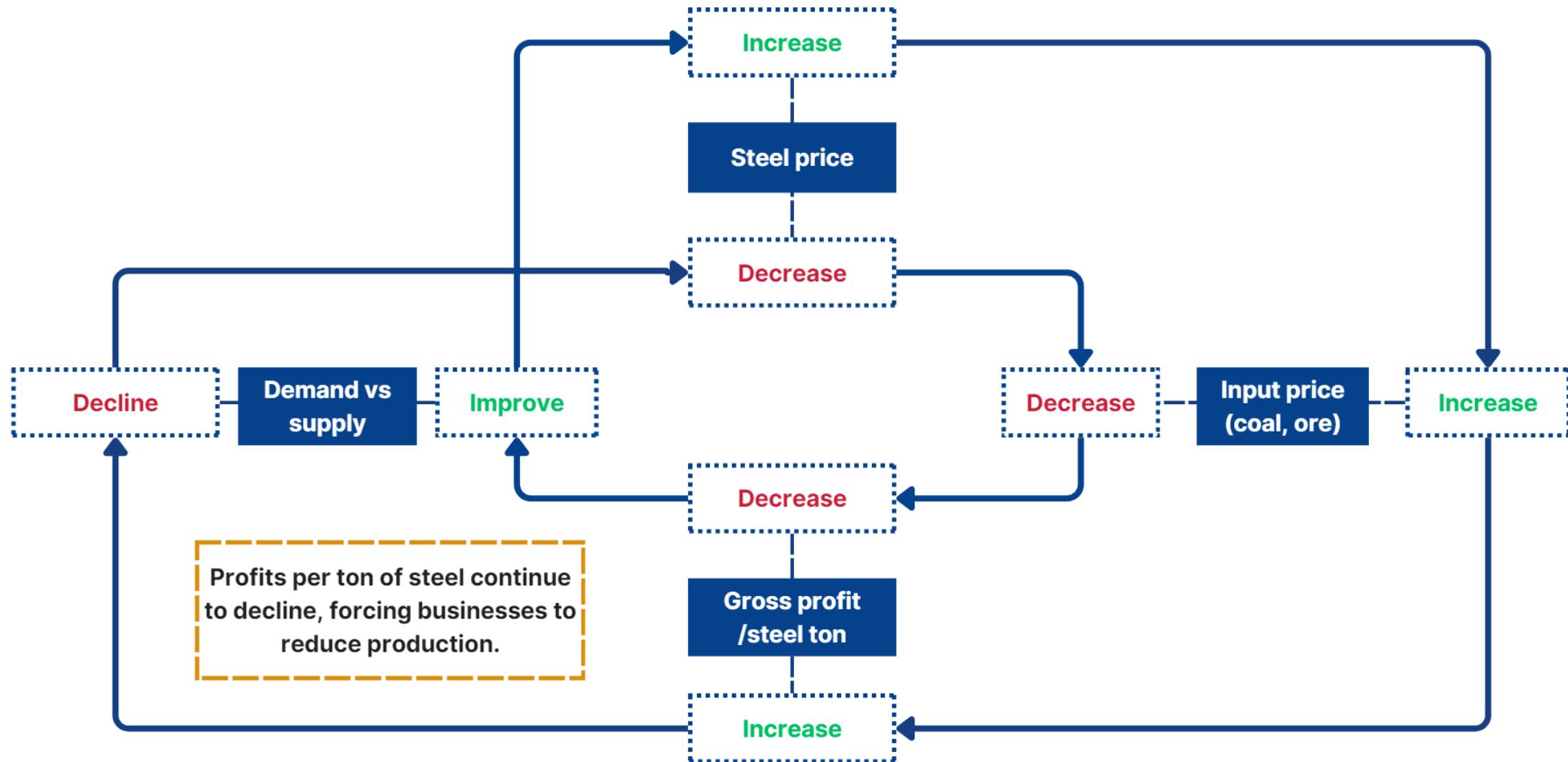


Export increase in HRC



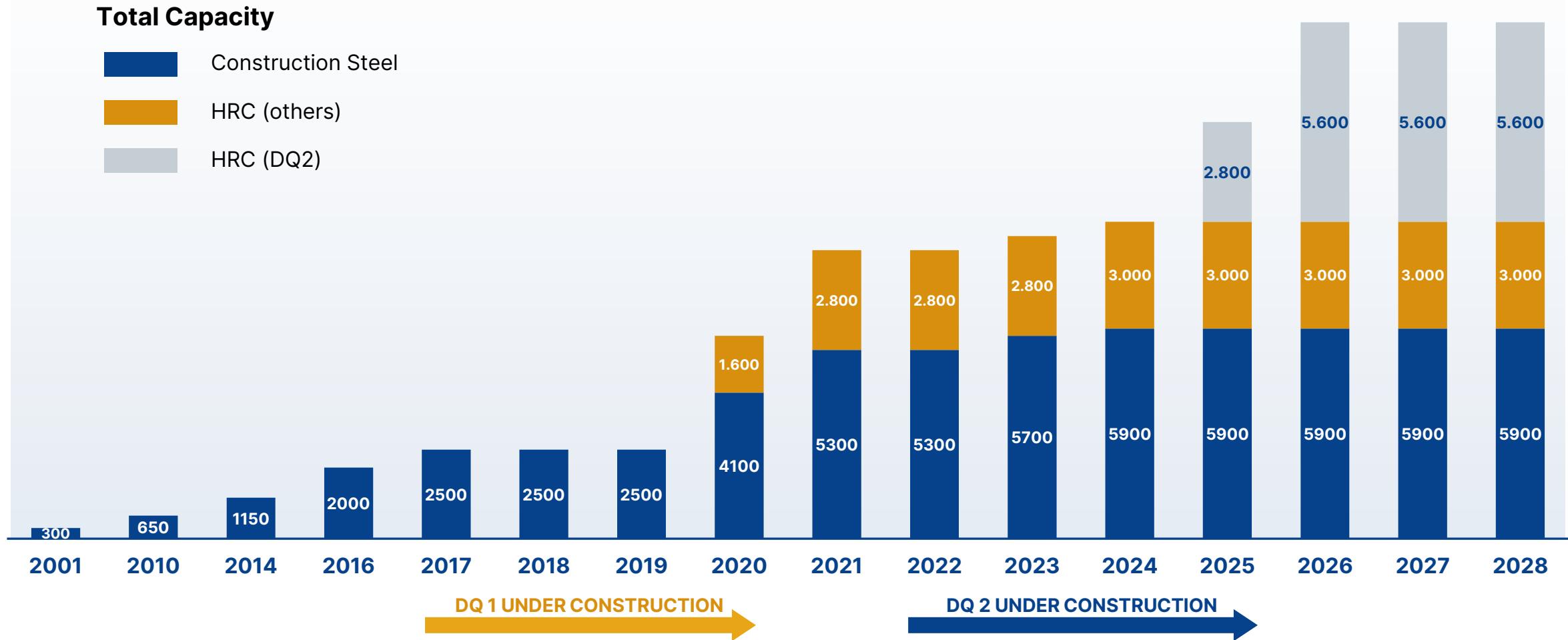
APPENDIX H3: STEEL PRICE CYCLE

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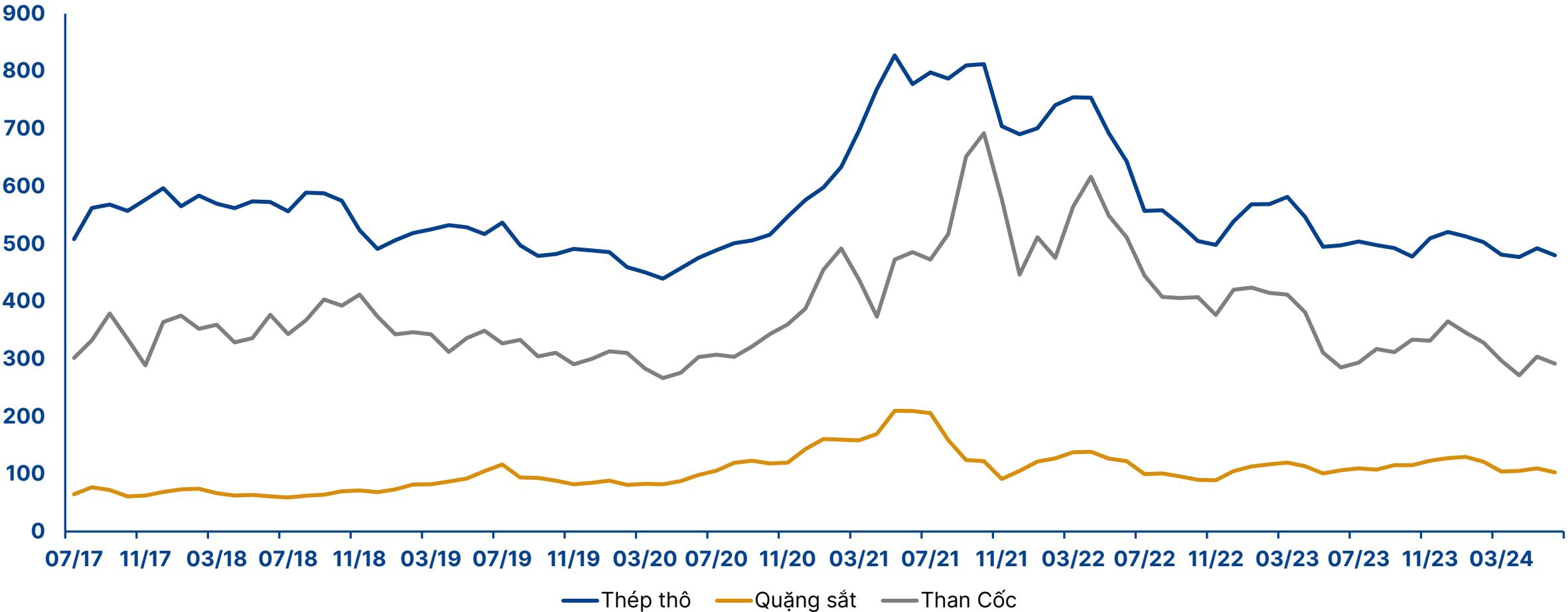


APPENDIX H4: DUNG QUAT 2 PROJECT CAPACITY

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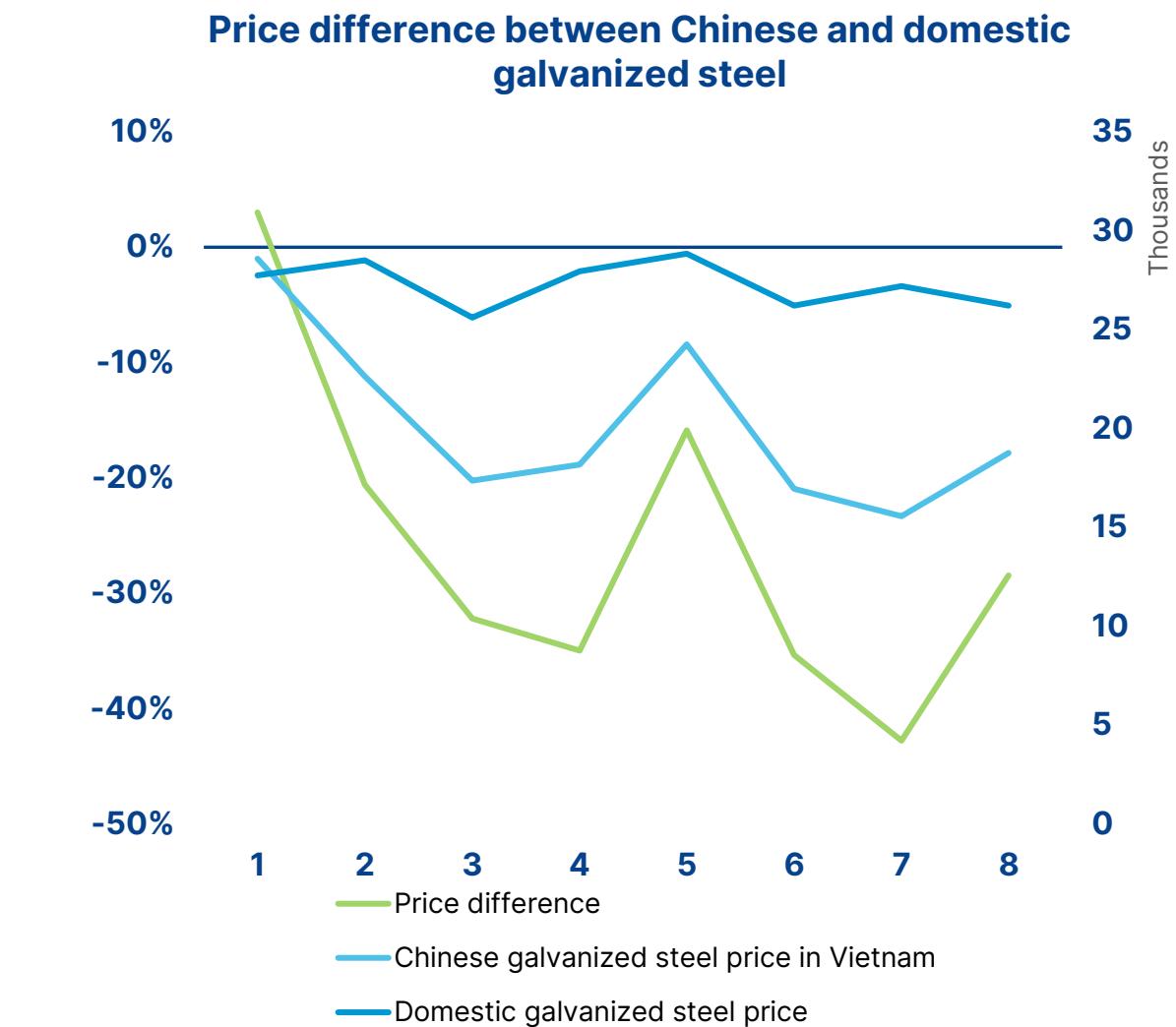
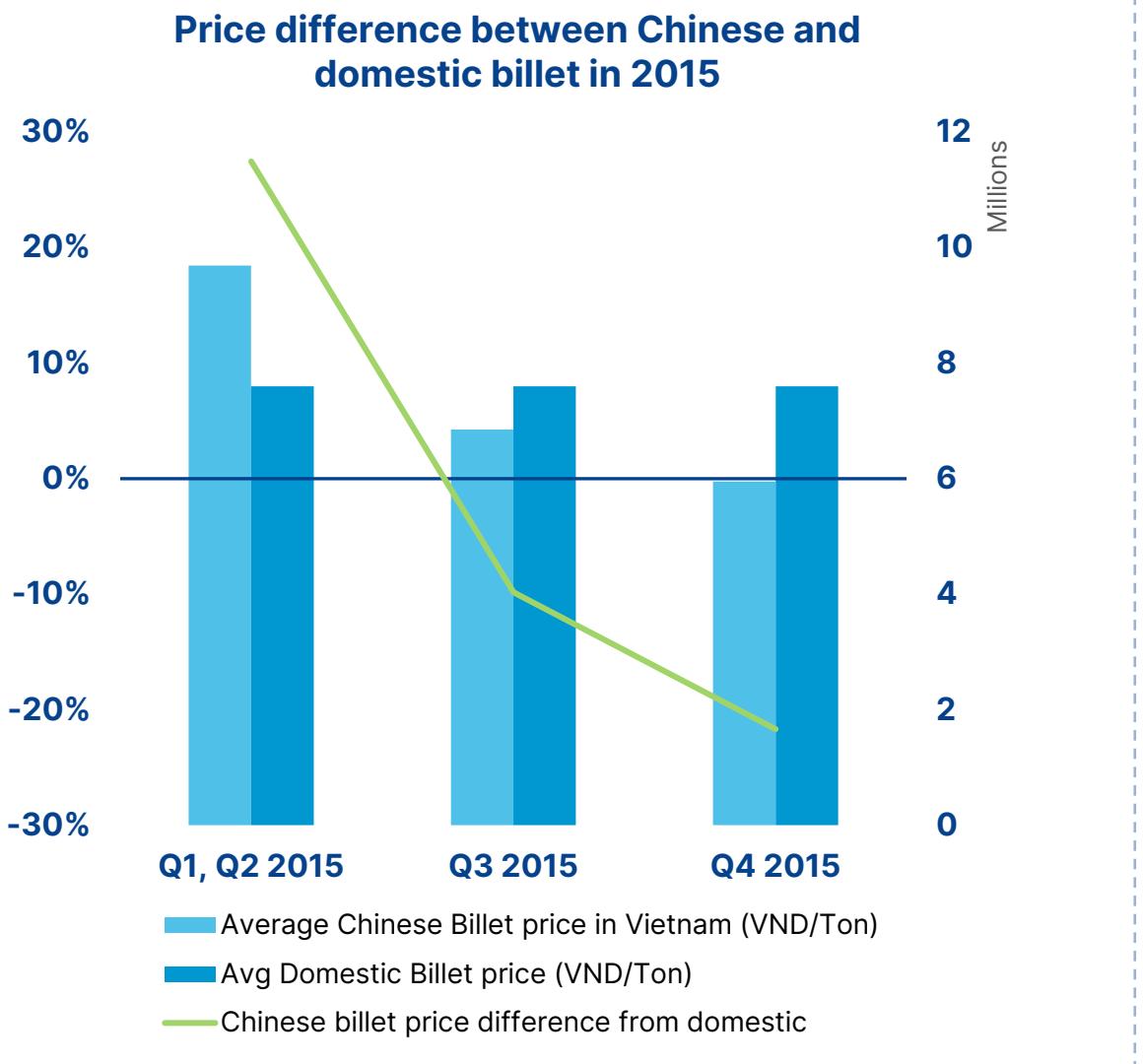


The correlation of steel price and iron ore, coking coal is mostly positive.



APPENDIX H6: EXPECTED TARIFF

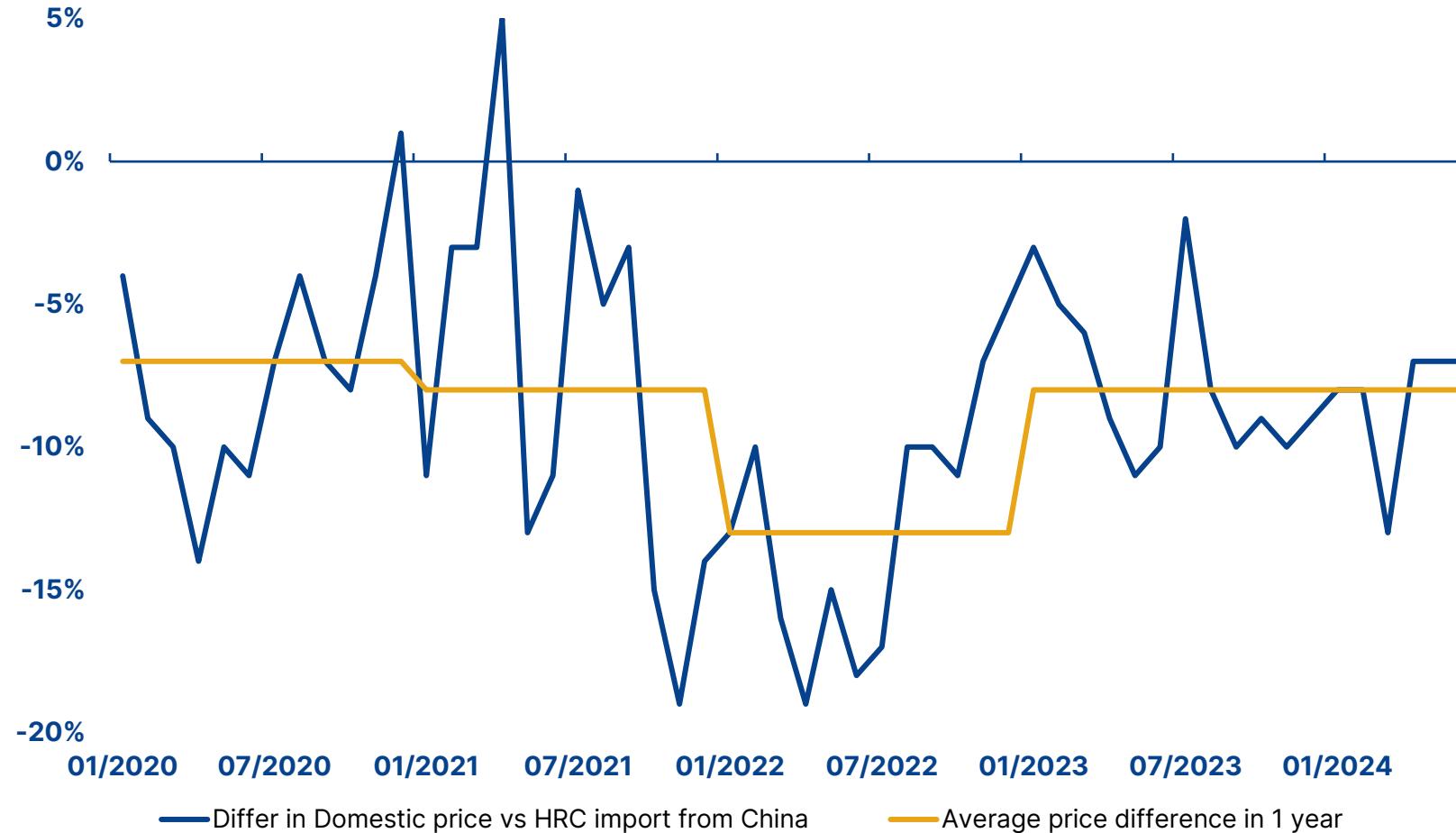
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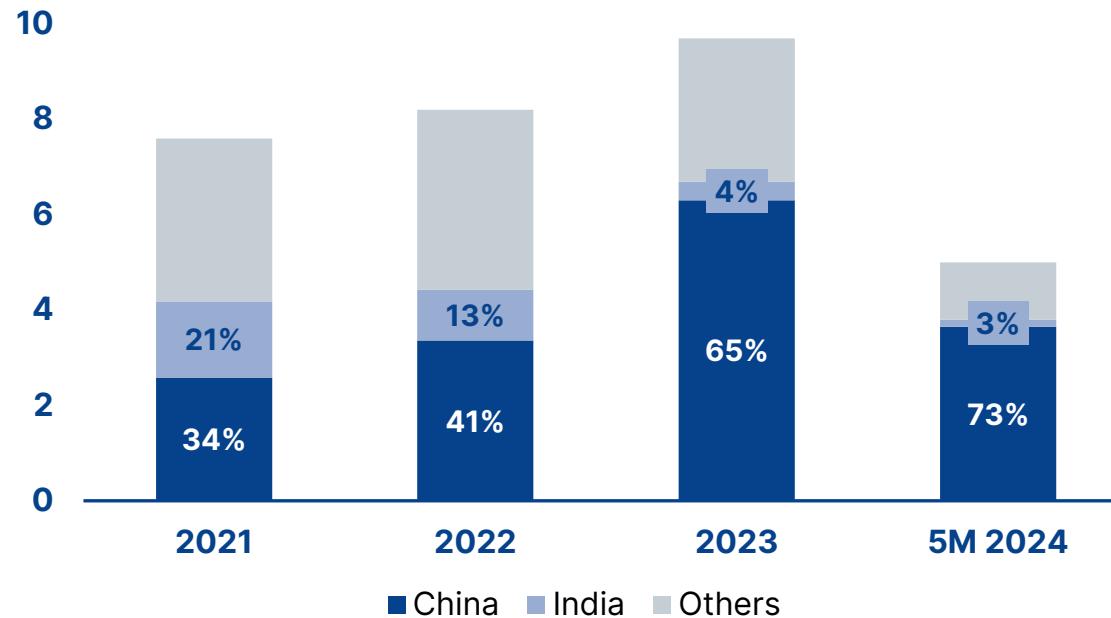
Source: Team research, Fiinpro.

APPENDIX H7: EXPECTED TARIFF

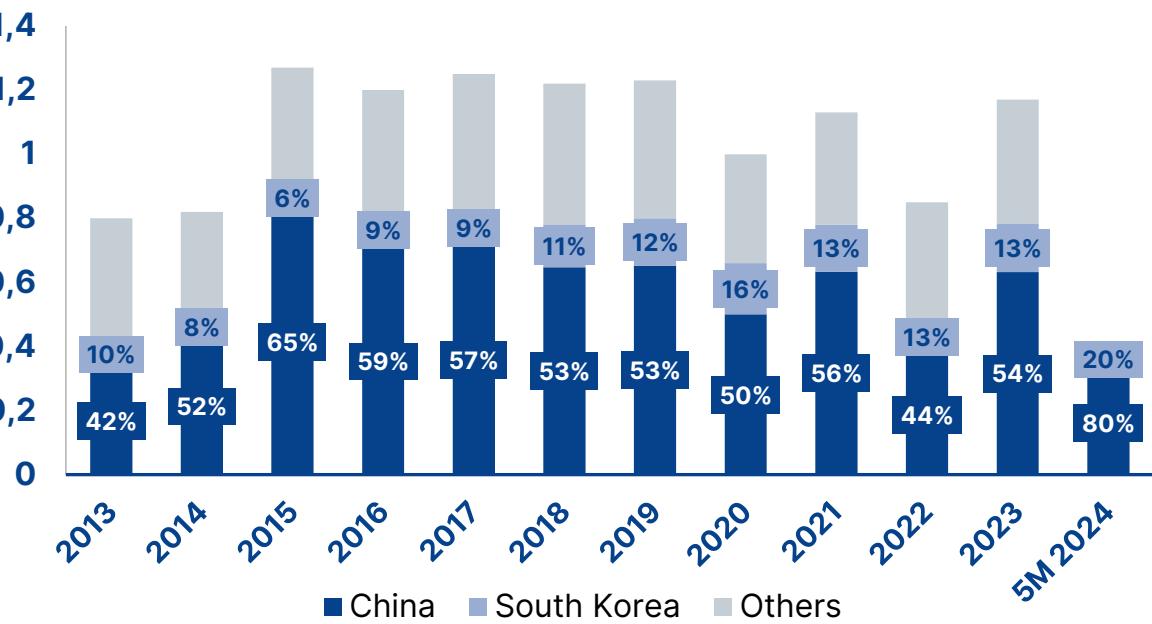
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An increase in importing HRC from China and India



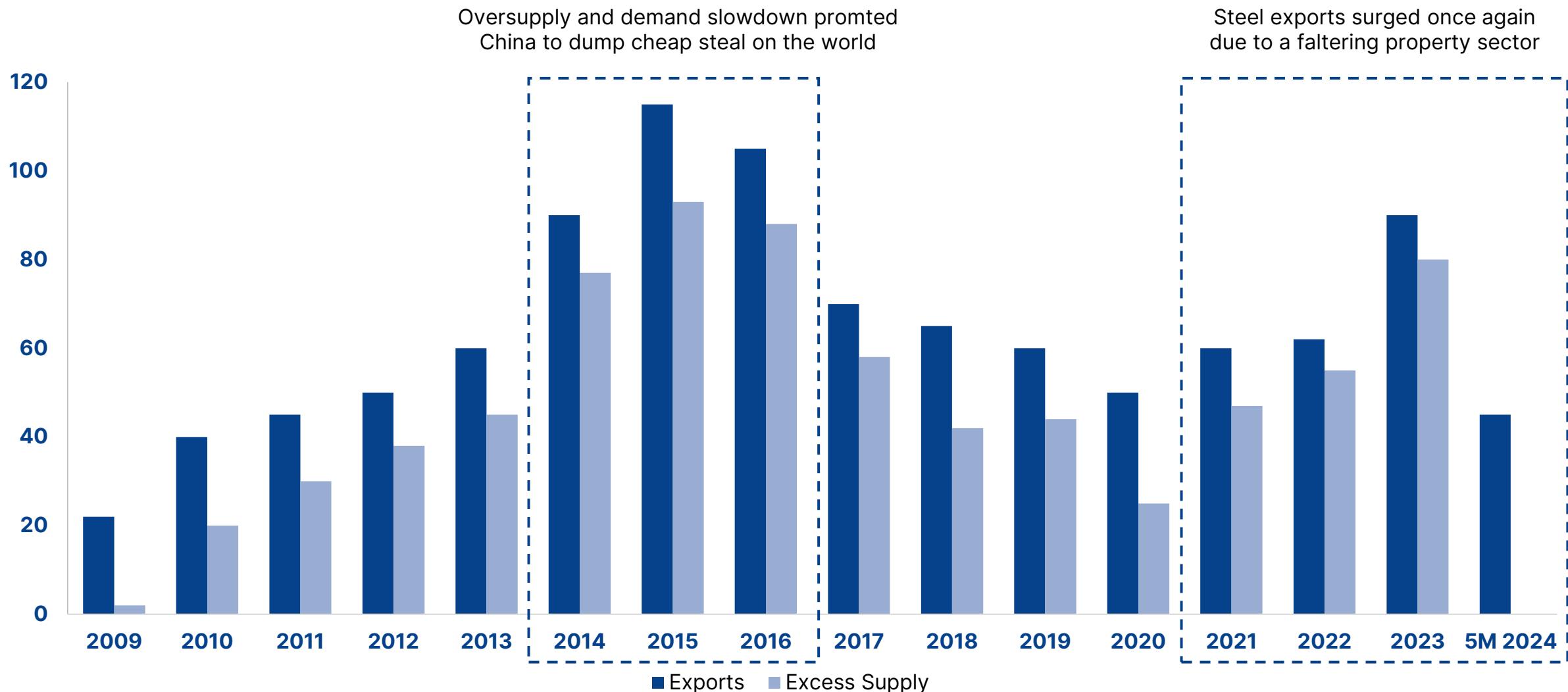
Volume of galvanized steel imports into Vietnam (mn tonnes)



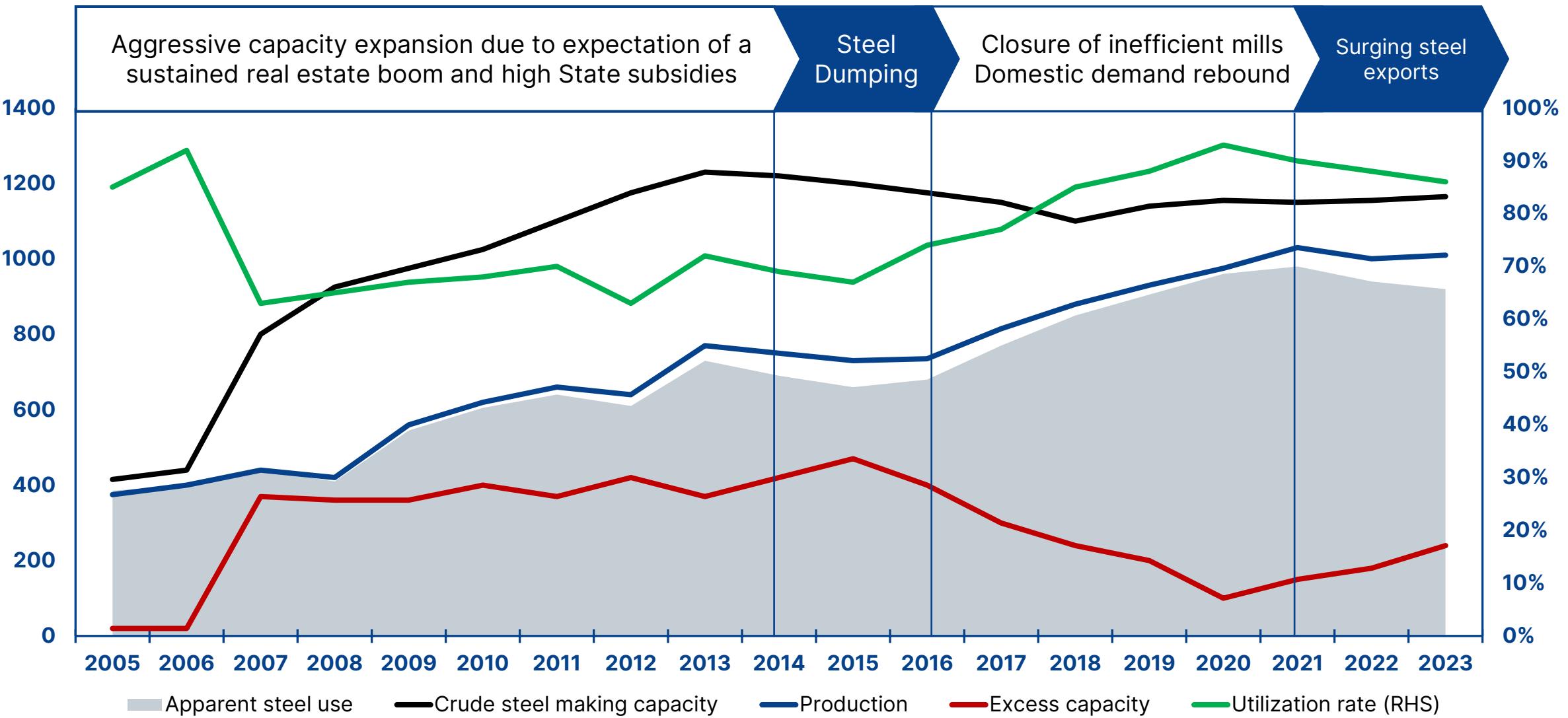
YoY	2022	2023	5M 2024
China	+30%	+90%	~100%
India	-35%	-65%	N/A
Others	+11%	-19%	N/A
Total	+8%	+19%	~35%

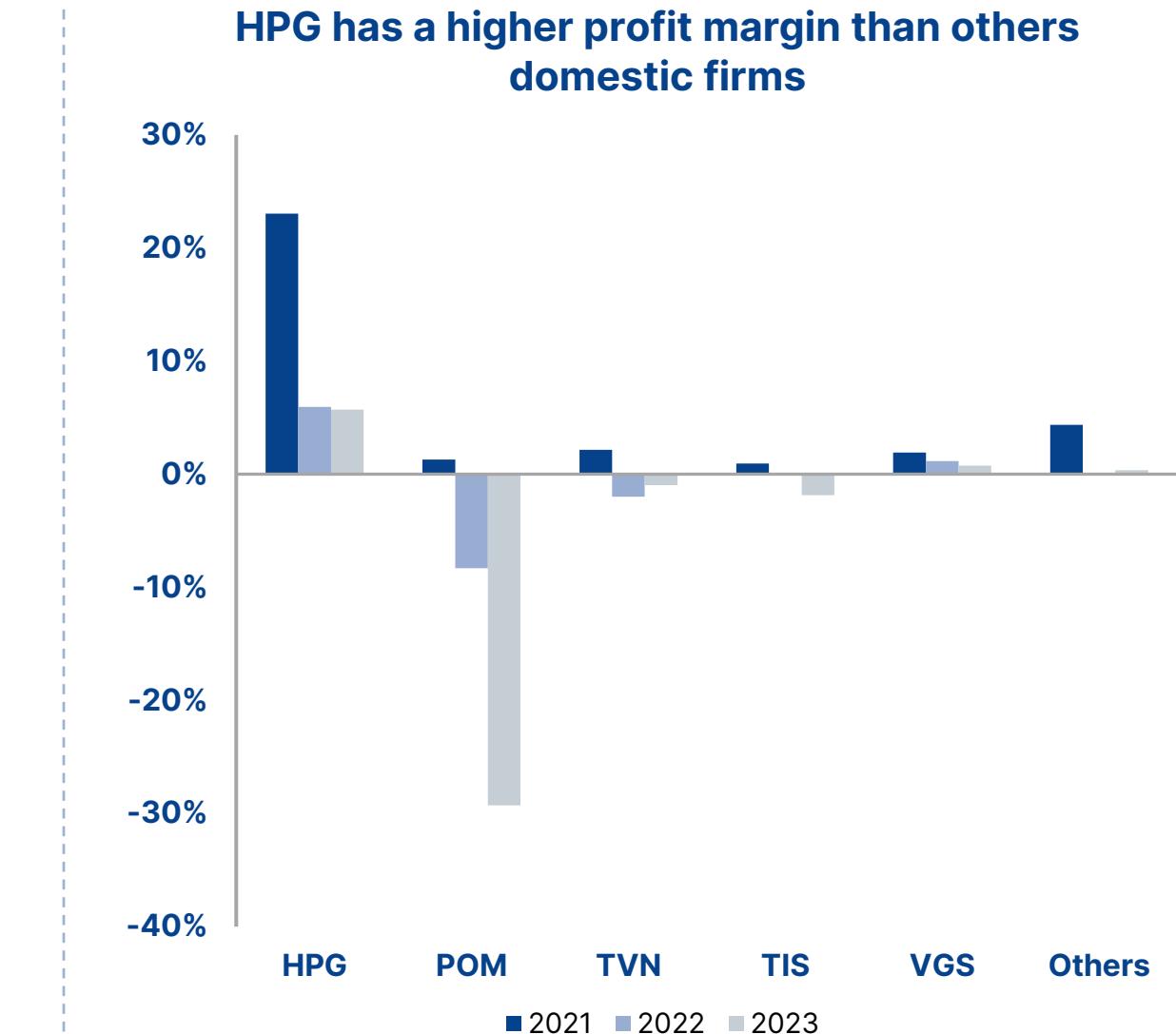
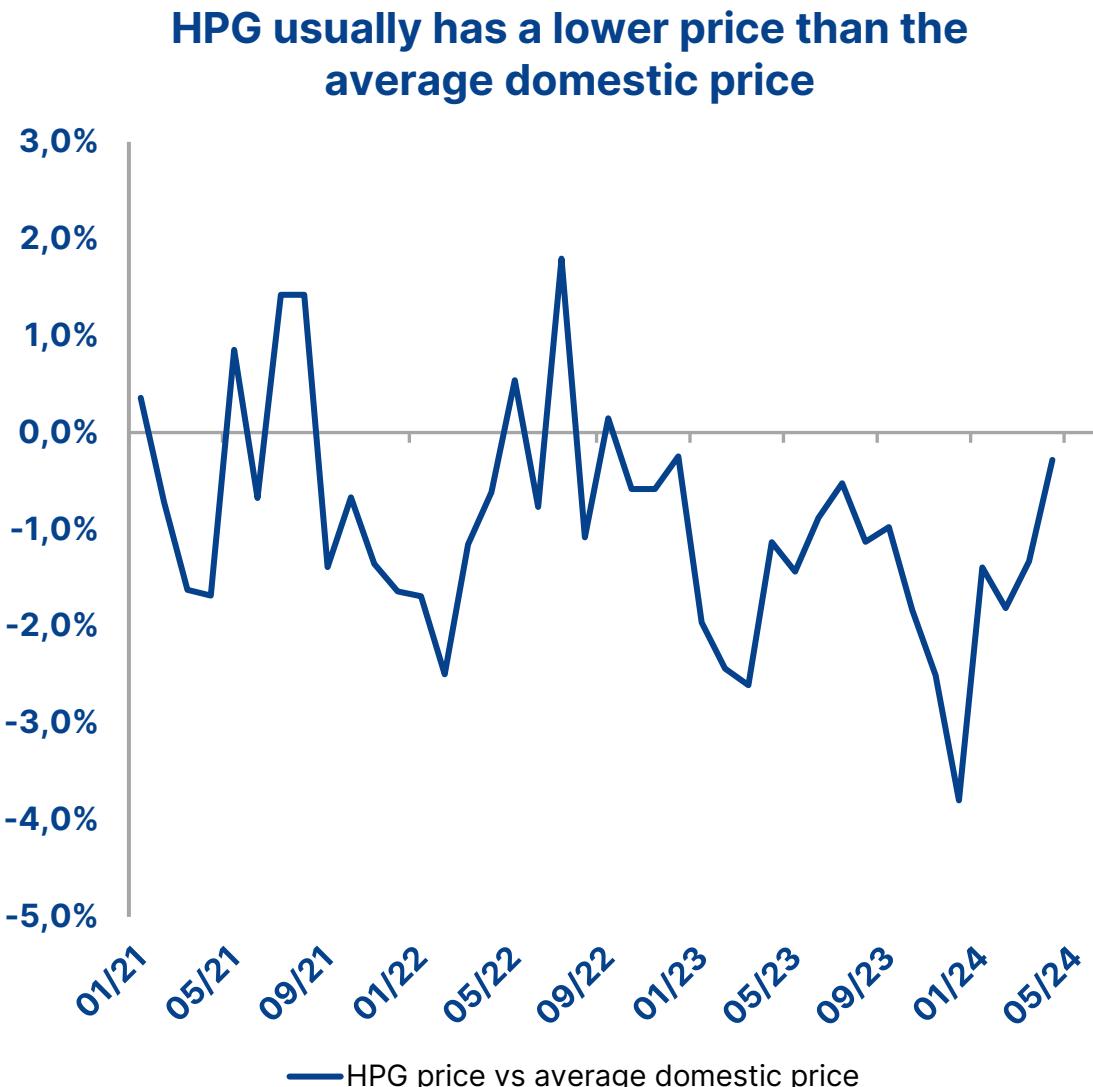
YoY	2022	2023	5M 2024
China	-36%	+38%	+190%
South Korea	-14%	+8%	+66%
Others	+11%	+16%	N/A
Total	-18%	+12%	N/A

China's steel exports to the world and domestic excess supply (mn tonnes)

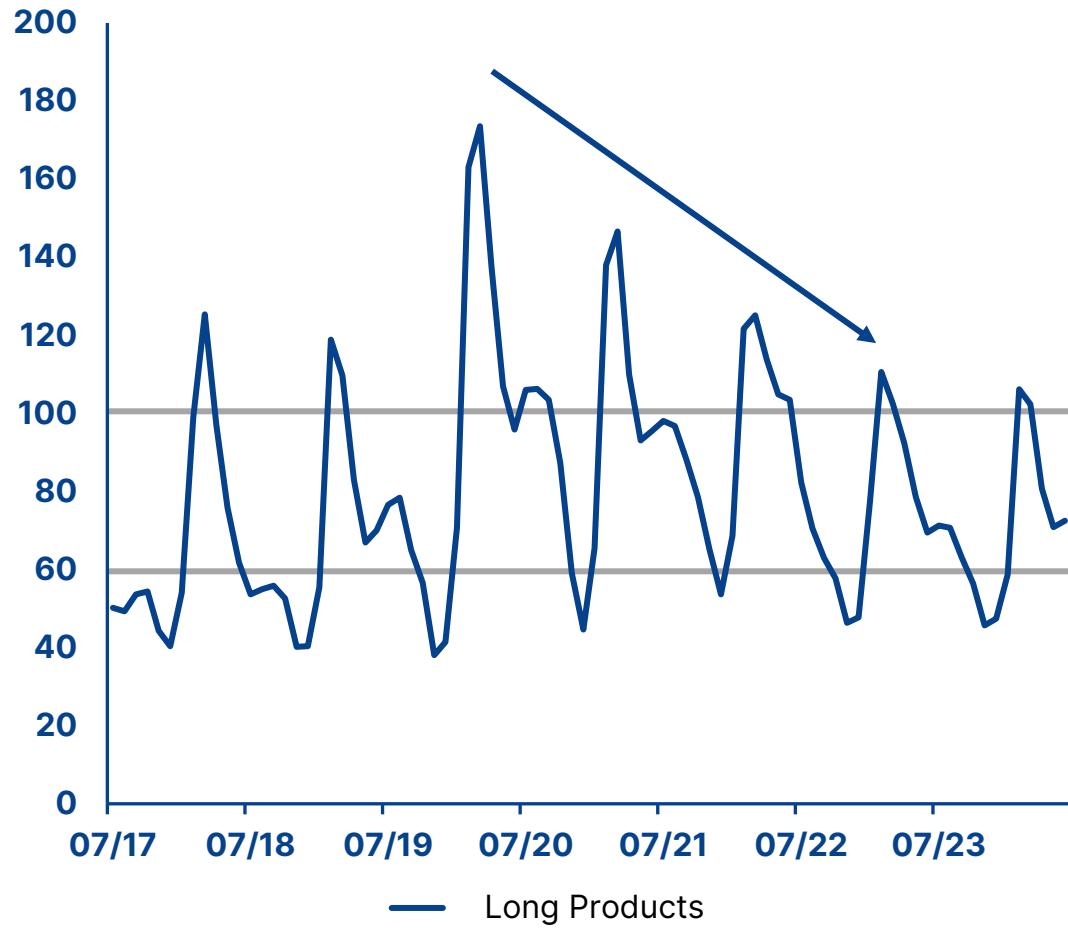


China's steelmaking capacity, production, and domestic demand (mn tonnes)

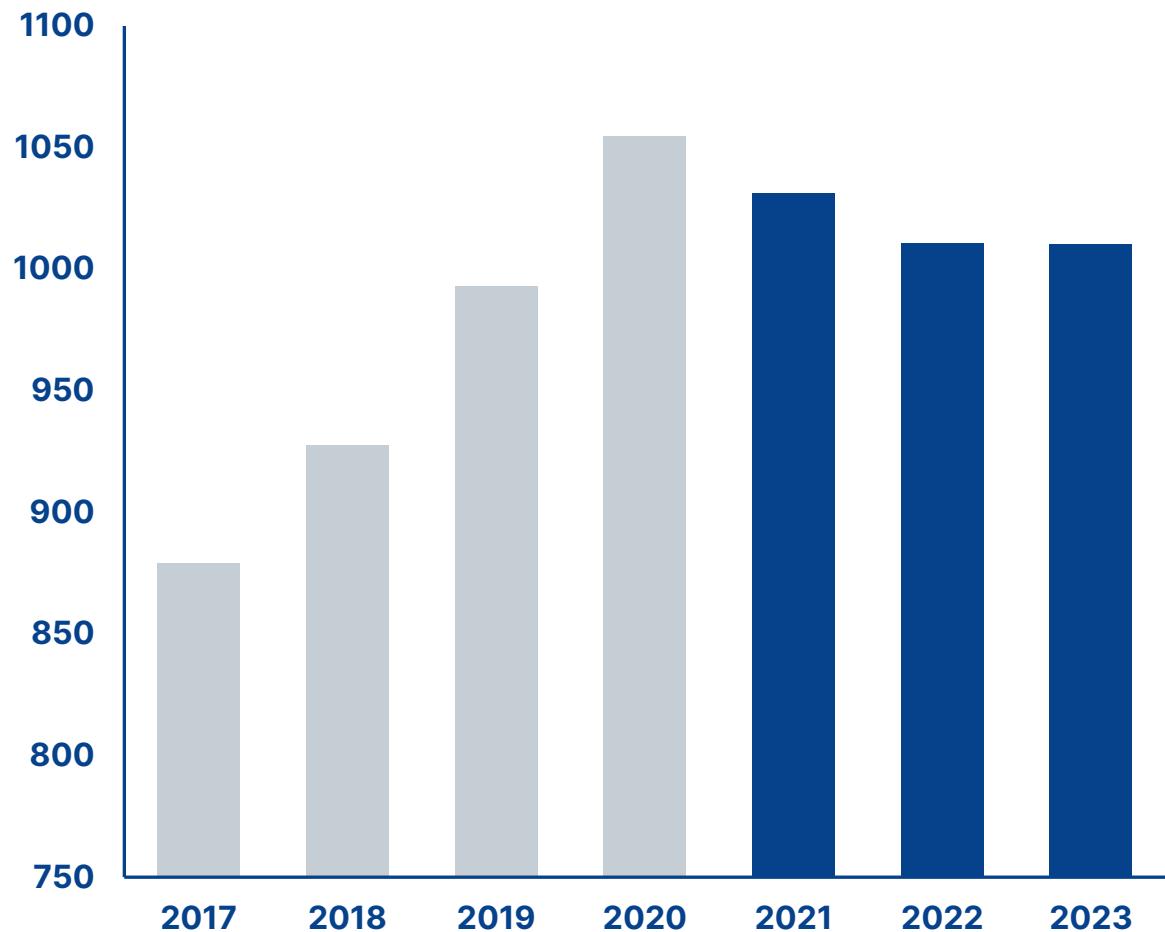




China's long steel inventory decrease over time



China policy to control steel supply from 2021

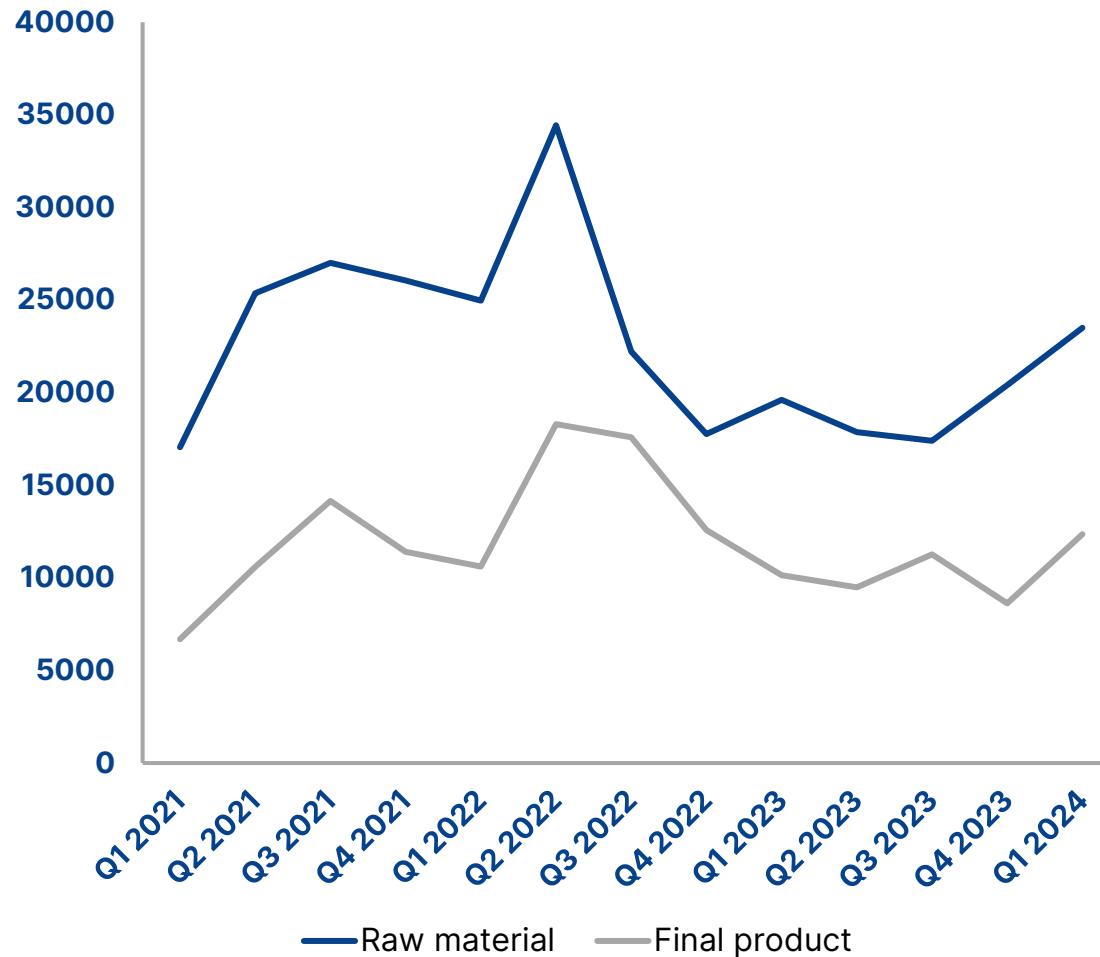


Source: Team research, HPG Report, Fiinpro, VSA.

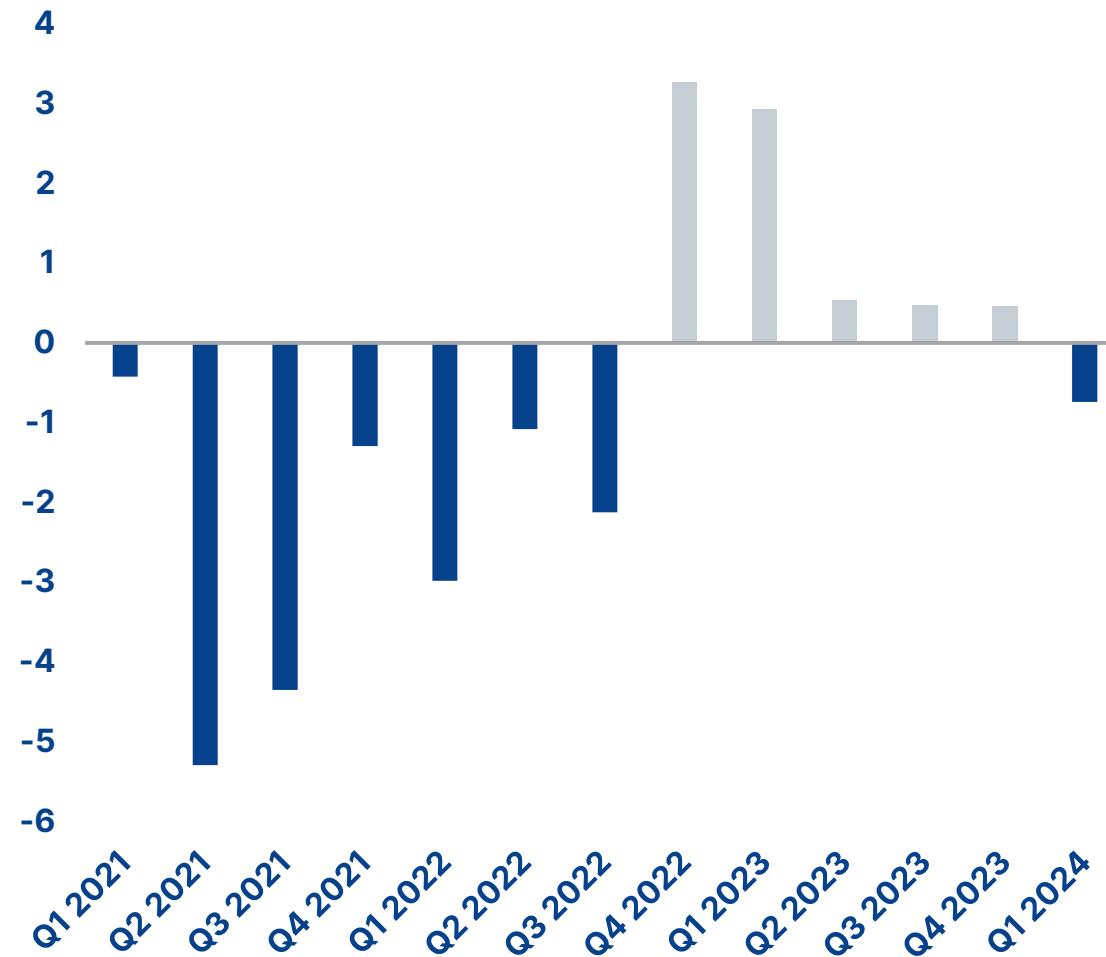
APPENDIX H13: HPG INVENTORY CONTROL

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Value of raw material and final product in inventory of HPG



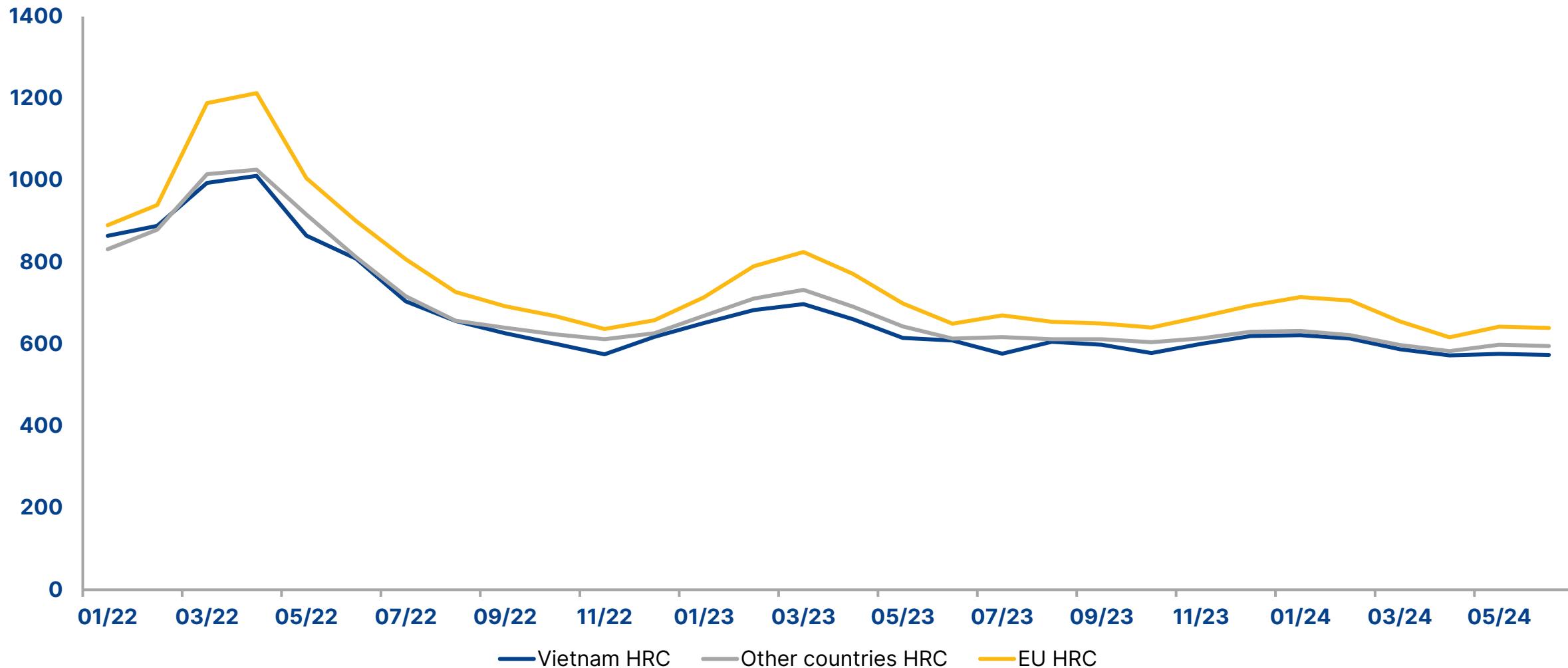
Difference of cost of goods sold and product price



APPENDIX H14: VIETNAM HRC EXPORT

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Vietnam HRC export prices are usually relatively lower than other countries (except China and India)



Note: Other countries include Turkey, Malaysia, Thailand

APPENDIX H15: EXPECTED TARIFF RANGE

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	China situation	Verification	Range dumping	Initial	Long term	Note
2016 AD	2014-2016 dumping: Overcapacity, coupled with lower steel demand due to a slowdown in the domestic real estate sector in the aftermath of the global financial crisis, led to China flooding the global market with cheap steel. This pressured prices and led several countries, including Vietnam, to impose trade measures such as anti-dumping (AD) tariffs and import quotas on Chinese steel	The Ministry of Industry and Trade has received "Filing requesting application of safeguard measures on steel billets and long steel products imported into Vietnam" from a group of 4 companies representing 38.6% of steel billet and steel production. 34.25% of the country's long steel production.	27%	23,3%	17,3%	These companies have satisfied the requirements for representative status of the domestic manufacturing industry (accounting for over 25% of domestic production).
2024	2021-Present: China's property crisis, starting with the "three red lines" policy and the fall of Evergrande, caused another collapse in domestic demand and China increased low-priced steel exports in 2023. We believe this has contributed to lower steel prices globally as China accounts for the largest share of global steel production and demand, at 54% of global crude steel production and 51% of global steel demand in 2023, per WorldSteel	The MoIT confirmed that the filings of HPG and Formosa regarding their proposal for an AD tariff on HRC imported from China and India are complete and valid	13-15%	11,70%	8,2%	These companies have satisfied the requirements for representative status of the domestic manufacturing industry (accounting for over 25% of domestic production).