

Deputy Head of Analysis

Ngo The Hien

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Recommendation: **OW**

Current Price (Aug 1st 2025): 25,150 VND

Target **31,000 VND**

% up/down: +23.2%

Company Data

Capitalization (Bil VND)	93,038
Outstanding shares	7,675,465,855
Number of listed shares	7,675,465,855
10 day - Avg daily vol	37,440,620
52W Low (VND)	17,740
52W High (VND)	26,400
Foreign ownership limit	22.6%
Free float	58.98%

Price Performance



Source: SHS Research, FiinProX

Billion VND	2023	2024	1H 2025
Total Asset	187,783	224,439	242,224
Shareholder's Equity	102,836	114,647	122,359
Revenue	118,953	138,855	73,532
PAT	6,800	12,020	7,617
ROE	6.88%	11.07%	11.55%
ROA	3.82%	5.83%	5.92%
EPS (VND)	1,117	1,879	1,750
BVPS (VND)	17,674	17,878	15,834
P/B (x)	1.45	1.48	1.59
P/E (x)	22.87	14.1	14.4

MORE POSITIVE THAN EXPECTED

We maintains **Overweight** recommendation on HPG stock, raising 12-month target price to VND 31,000 per share, implying an upside of 23.2% compared to the closing price on August 1st 2025 based on the following key investment thesis:

- Positive Steel Consumption driven by rising domestic demand and government protectionist policies. Sales volume in Q2 increased +10% QoQ, and +17.7% YoY over the first six months. Major product lines posted strong growth: HRC (+41.6% YoY), steel pipes (+26% YoY), and construction steel (+22% YoY). HPG continues to lead the market in construction steel and gain market share in steel pipes.
- Agriculture segment recorded a surge of +38.2% YoY in revenue and +130% YoY in profit in the first six months, supported by favorable pork prices.
- Revenue for H1 2025 reached VND 73,532 billion (+4.4% YoY), achieving 49% of the full-year plan. Net profit after tax hit VND 7,614 billion (+23% YoY), completing 50.7% of the annual target. Gross profit margin in Q2 was 18.4%, the highest since Q1/2022.
- Dung Quat 2 Project is on track, with Blast Furnace No.2 scheduled to start operations in October 2025. The blast furnace incident at Dung Quat Integrated Complex 1 has been resolved and resumed operations in August 2025, supporting HPG's production recovery and sales performance in H2 2025.
- The rail production plant project, expected to begin operations by 2027, will offer HPG a strategic advantage in supplying materials for Vietnam's proposed high-speed rail and other railway infrastructure projects.
- 2025 projected revenue is VND 160,870 billion (+16% YoY), with net profit after tax of VND 15,630 billion (+29.2% YoY), and EPS of VND 2,255 per share.

RISKS

- Tighten global protectionist policy.
- Decarbonization trend risks for steel production.

1. World Steel Market

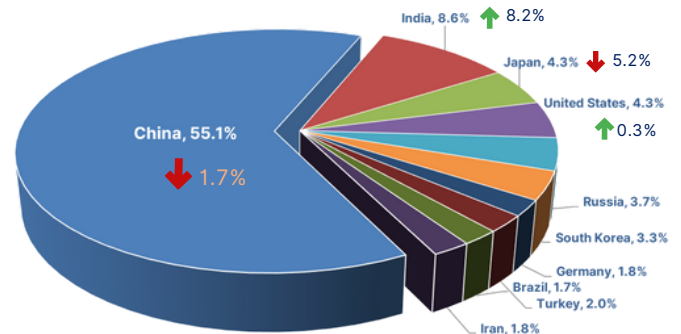
Production eases on tax concerns

According to the World Steel Association (WSA), global crude steel production reached 158.8 million tons in May (+1.7% QoQ, -3.8% YoY). For the first five months of 2025, total crude steel output was 784 million tons, representing a slight decline of 1.3% compared to the same period in 2024.

Crude Steel Output



Top 10 Crude Steel Producing Countries



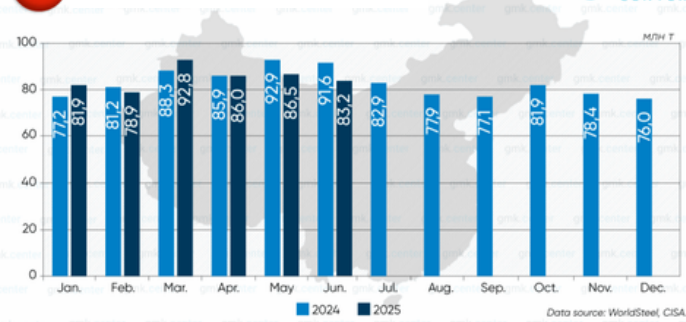
Source: WSA

The U.S. decision to impose a 25% tariff on imported steel in February, followed by an increase to 50% starting in early June, has not only significantly impacted major exporting countries such as Mexico and Canada, but also had broader implications for the global steel market.

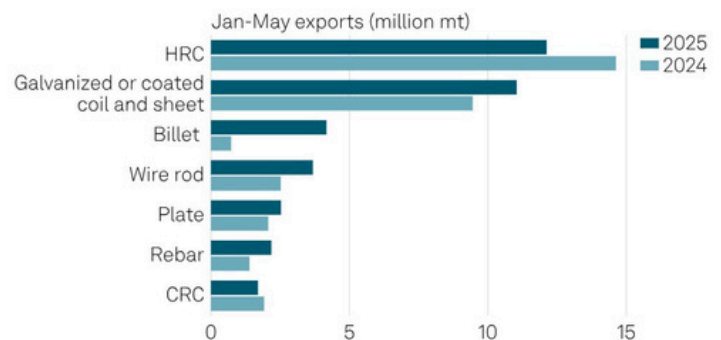
Among the world's top 10 steel-producing countries, 7 nations experienced a decline in output, while India stood out as a rare bright spot, maintaining strong production growth thanks to robust domestic demand and import tariffs on flat steel products.

In China—the world's largest steel producer—steel output was estimated at 514.8 million tons in the first half of 2025, marking a 3.3% YoY decline and the lowest level since 2020. This was mainly due to persistently weak domestic demand, despite record-high steel exports during the same period, exceeding 58 million tons (+9.2% YoY). The surge in exports was driven by pre-tariff stockpiling of both finished steel and steel products in importing markets.

Chinese crude steel production (Million tones)



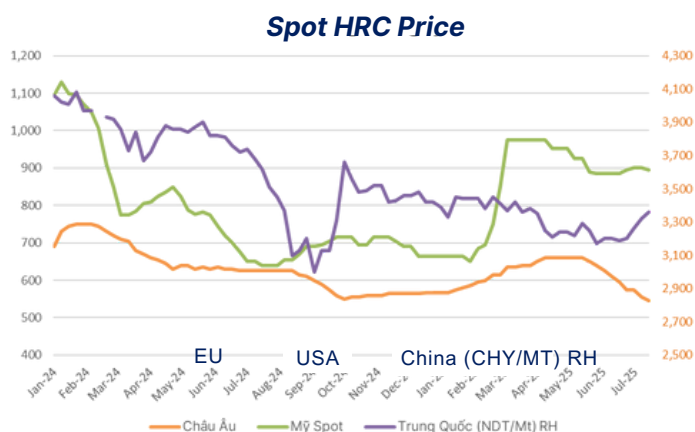
Chinese major steel export in 5 months 2025



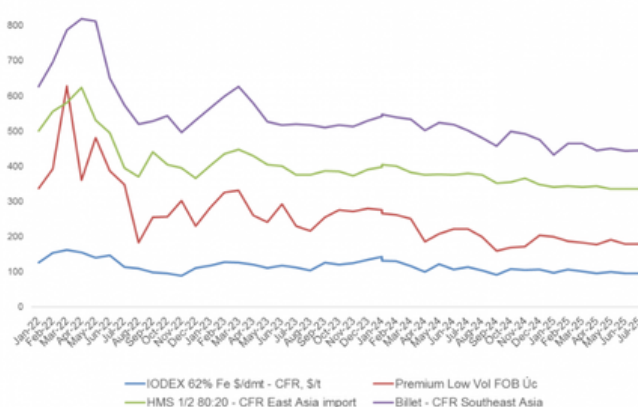
Source S&P Global Trade Analytics Suite

Raw material prices fall while finished product prices in the US increase sharply

U.S. HRC steel prices surged following the government's decision to impose a 25% import tariff, rising from USD 680/ton to nearly USD 1,000/ton (+44%) due to increased stockpiling demand amid tight supply. By the end of June, prices had cooled to around USD 900/ton, still +34.6% YTD. In contrast, steel prices in China continued to decline, primarily due to weak domestic demand, especially as the real estate market remained sluggish. During H1 2025, the average HRC price in Shanghai dropped 14.2% YoY. A similar trend was observed in the European market, where demand remained subdued. Buyers became more cautious, opting to draw down inventories instead of placing new orders—despite efforts from producers to negotiate with OEM clients. Amid policy shifts and geopolitical tensions causing market uncertainty, input material prices for steel production have generally remained low and stable. Specifically, average HRC price in the first six months stood at USD 494/ton (-12.9% YoY), Iron ore price averaged USD 100.7/ton (-14.2% YoY).



Price of main raw materials for steel production



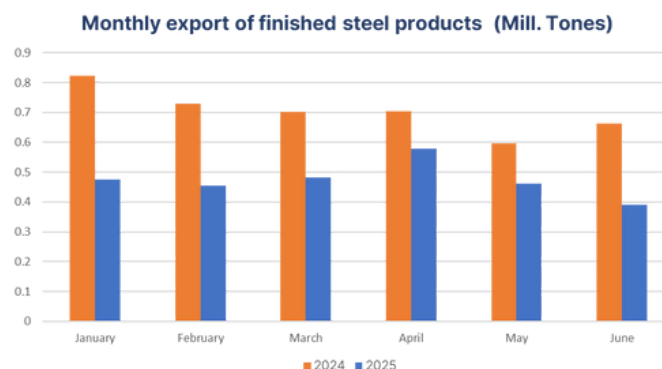
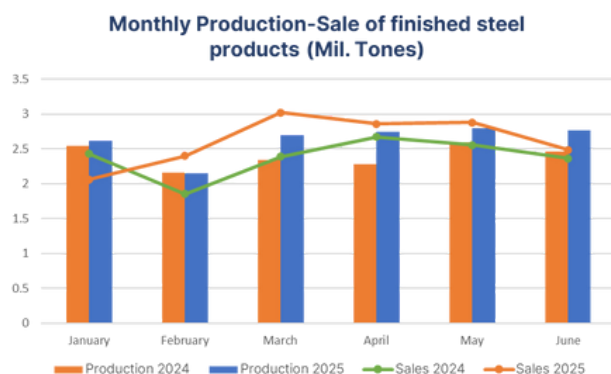
Source: VSA

2. Vietnam Steel Market

Positive Domestic Production and Consumption, While Exports Face Headwinds

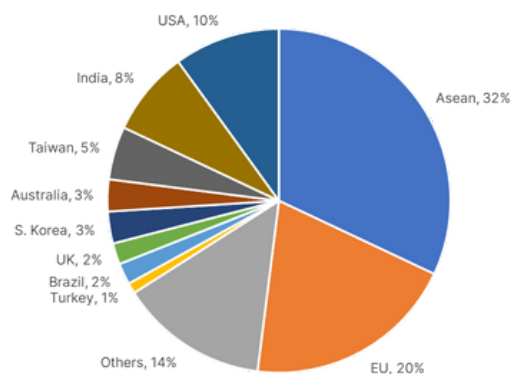
According to the Vietnam Steel Association (VSA), finished steel production reached 2.76 million tons in June (-1.3% MoM, +12.2% YoY). Cumulatively, steel production in the first six months of 2025 totaled 15.8 million tons (+9.7% YoY). Steel sales in June amounted to 2.48 million tons (-13.79% MoM, +5.1% YoY). For the first half of the year, total steel consumption reached 15.73 million tons (+10.2% YoY).

Notably, while exports faced significant challenges due to external volatility and protectionist trade policies—steel export volume fell sharply by 32.5% YoY to just 2.84 million tons in the first half—the domestic market emerged as a key growth driver for the steel industry, with domestic consumption rising by 28%.

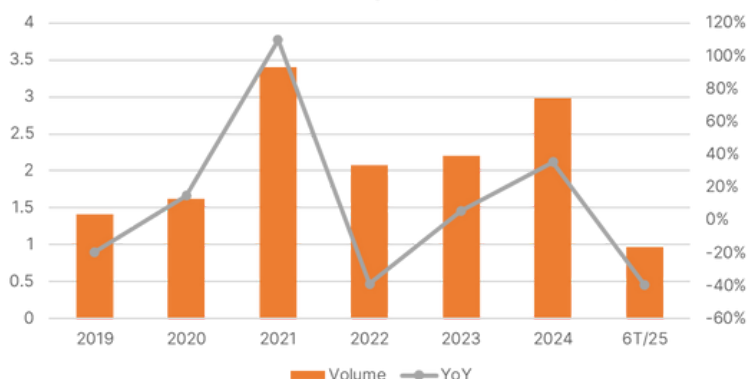


Source: VSA

Top 10 Export market for Vietnamese Steel 5m 2025



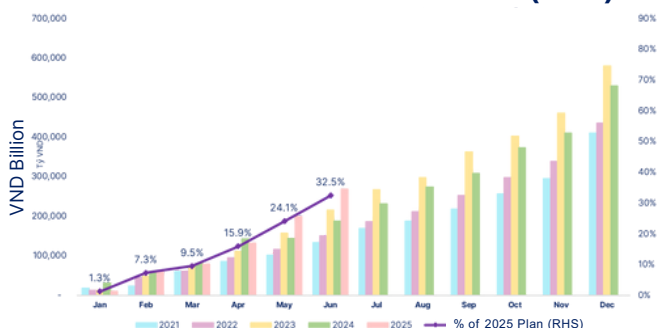
Galvanized Steel Export (Million tonnes)



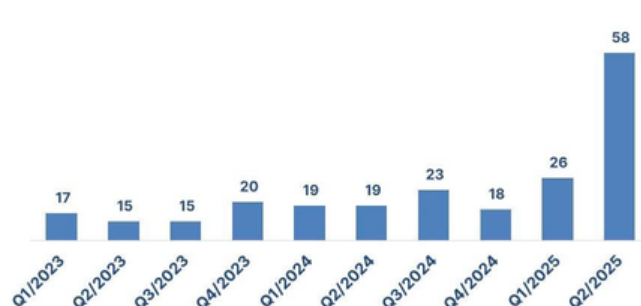
The growth mentioned above can be attributed to several factors:

- Vietnam imposed a provisional anti-dumping (AD) duty starting from February 2025 on imported HRC from China, with tariff rates ranging from 19.38% to 27.83%. According to the newly issued official decision, the final AD duties are set at 23.1% to 27.83%.
- In April 2025, Vietnam further imposed provisional AD duties on imported galvanized steel with the highest rate of 37.13% on Chinese products and 15.67% on products from South Korea.
- The real estate market showed positive momentum, with several major projects launched, thereby boosting steel demand. In addition, the public investment was accelerated, with disbursed capital in the first six months increasing by 36.3% YoY, reaching VND 268 trillion

Public Investment Disbursement (cum.)

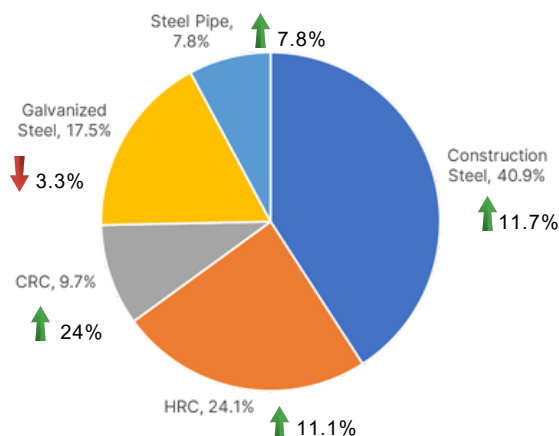


Construction permit approval

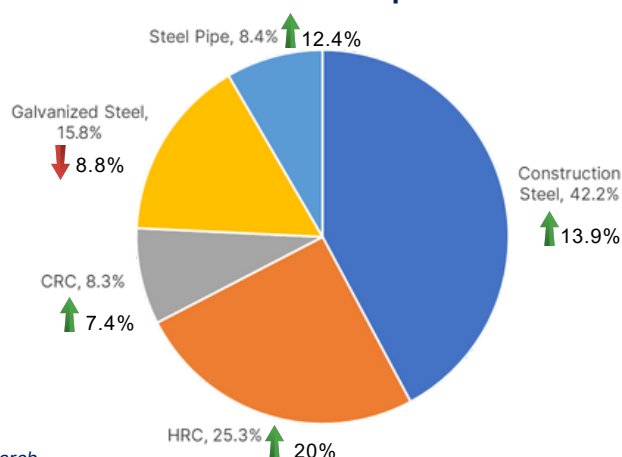


In terms of product structure, all categories recorded growth except for coated steel (galvanized steel), which saw a decline of 8.8% YoY in consumption. Notably, HRC (hot-rolled coil) posted the highest growth rate, with a 20% increase over the first six months.

Structure of Steel Production in 1H 2025



Structure of Steel Consumption 1H 2025

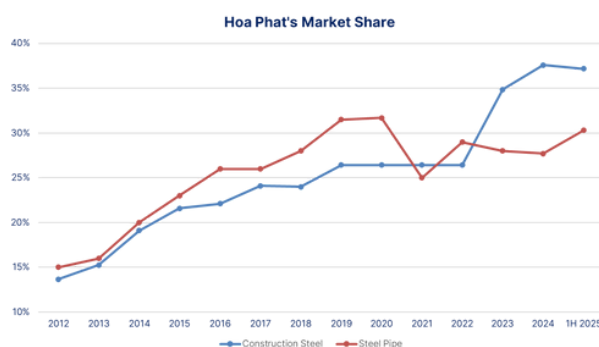


Source: VSA, SHS Research

3. Business result in 1H 2025

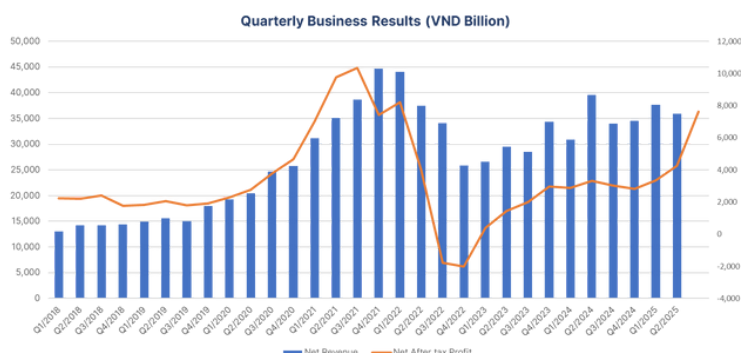
Consumption volume increased sharply thanks to rising demand and the implementation of protective trade measures.

- In Q2 2025, HPG's total steel sales volume reached 2.92 million tons (+10% QoQ, +15.3% YoY). The strongest growth was seen in HRC, with over 1.1 million tons sold (+62% YoY), followed by steel pipes at 216 thousand tons (+15% YoY). Despite showing some recovery compared to Q1, galvanized steel continued to decline for the second consecutive quarter, with sales volume at 110 thousand tons (-11% YoY).
- For the first half of 2025, HPG produced 5.16 million tons of steel (+17.7% YoY) and sold 5.58 million tons (+21% YoY) across all product categories. Excluding coated steel, all other major product lines recorded YoY growth specifically HRC (+41.6%), Steel pipes (+26%), Construction steel (+22%). Performance could have been even stronger if one blast furnace at the Dung Quat 1 Complex had not experienced a technical incident, forcing a halt in operations from mid-May. According to HPG, the company mitigated the shortfall using Blast Furnace No.1 at Dung Quat 2, which is now operating at 80% of its designed capacity. The repair work has been completed, and the affected furnace is scheduled to resume operations in August.
- HPG maintained its leading market share in construction steel at 37.2% during the first half of the year. Its market share in steel pipes also increased, rising from 27.7% at the end of 2024 to 30.3%.

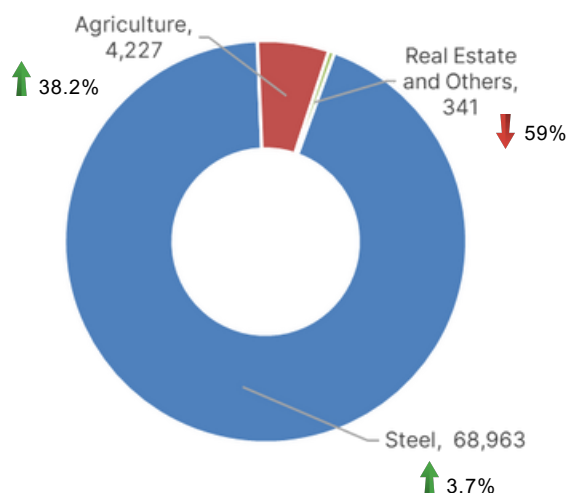


Q2 Gross Profit Margin Was the Highest Since Q1 2022

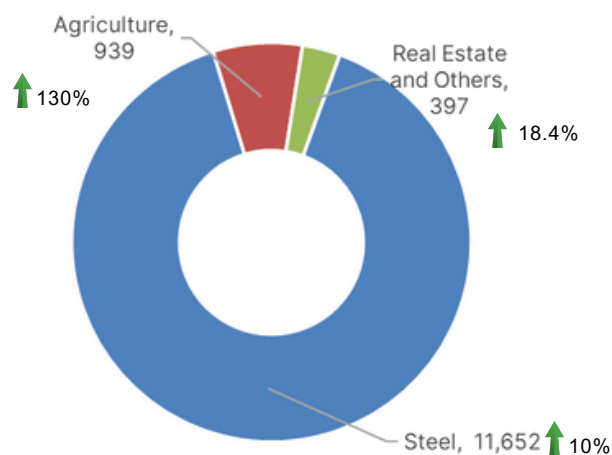
- In Q2 2025, net revenue reached VND 35,910 billion (-9.2% YoY) primarily due to lower selling prices for several steel products compared to the same period last year. However, declining input costs and strong profit growth from the agriculture segment, driven by high pork prices, helped boost the gross profit margin to 18.4%, the highest since Q1 2022. NPAT in Q2 amounted to VND 4,264 billion, a 28.4% YoY increase.
- For the first half of 2025, revenue totaled VND 73,532 billion (+4.4% YoY), fulfilling 49% of the full-year target. NPAT reached VND 7,614 billion (+23% YoY), completing 50.7% of the annual plan. The agriculture segment recorded a profit of VND 939 billion, nearly matching the full-year profit for 2024.



Revenue Structure (VND Billion)



Profit Structure (VND Billion)



Note: Eliminations is not included

Unit: VND Billion	2024	1H 2025	%YoY
Net Revenue	138,855	73,532	+4.4%
Steel manufacturing and sales	129,866.3	68,963	+3.7%
Agriculture	6,906	4,227	+38.2%
Real Estate and Others	2,082.5	341	-59.0%
Gross Profit	18,497.5	12,014	+27.8%
Gross profit margin	13.3%	16.3%	+3.0%
Financial Income	2,619	936.2	-32.9%
Financial Expense	3,967	1,950	-8.3%
SG&A	3,883	2,232.7	+6.6%
Net after tax profit	12,020	7,614.3	+23.0%
Net profit margin	8.6%	10.35%	+2.9%
EPS (VND/share)	1,879	1,190	+17.5%

Total Assets	224,489	242,224	+7.9%
Current Asset	86,674	97,606	+12.6%
Noncurrent Asset	137,815	144,618	+4.9%
Total Liabilities	109,842	119,865	+9.1%
Current Liabilities	75,225	86,411	+14.8%
Noncurrent Liabilities	34,617	33,453	-3.3%
Shareholder's Equity	114,647	122,359	+6.7%

Dung Quat 2 Project Progressing on Schedule



- According to HPG, Blast Furnace No.1 of the project has been operating stably, and as of the end of July, it was running at 80% of its designed capacity (equivalent to 2.8 million tons).
- Blast Furnace No.2 is expected to begin operations in October, and starting in 2026, once the entire project is fully operational, Hòa Phát's crude steel production capacity will increase by 5.5 million tons (+61%), positioning HPG among the Top 30 largest steel producers globally.
- As of June 30, 2025, the total construction value of the project was recorded at over VND 68,854 billion, marking a 14.5% increase compared to the beginning of the year.

Kick-off of Rail Production Project

North-South High-Speed Railway Design



- At the end of May 2025, HPG signed an agreement with Germany's SMS Group to acquire technology and equipment for its rail and structural steel plant project in Dung Quat, with a total investment of VND 14,000 billion. Under the agreement, SMS Group will design, supply, and install a state-of-the-art production line for rail and special steel using Europe's most advanced technology, featuring a highly flexible 4-roll universal mill system. This setup offers exceptional precision and ensures uniform product quality. The plant will have a designed capacity of 700,000 tons per year and is expected to be completed within 20 months, with operations starting in Q1 2027. Output products will include special steel types such as: Rail steel for urban railways, gantry cranes, and high-speed rail, As well as structural steel types like U, I, H, V beams and other special-grade steels.
- According to the plan, land clearance is being expedited by the Government and is expected to be completed by the end of 2026. In parallel, under the implementation of Resolution No. 106 (dated April 23, 2025), the Ministry of Construction is drafting a list of railway industry products and services, including: Rail, switch, and fastening system manufacturing, and Production and assembly of rail transport vehicles which will be executed through government procurement to boost local enterprise participation and increase the localization rate.
- Aligned with the Government's policy of promoting technological self-reliance and private sector development, HPG's launch of this rail and structural steel plant reflects the company's strategic preparation to participate in supplying steel for the North-South high-speed railway project as well as future urban rail lines such as: Long Thanh – Thu Thiem Metro, Suoi Tien – Binh Duong...

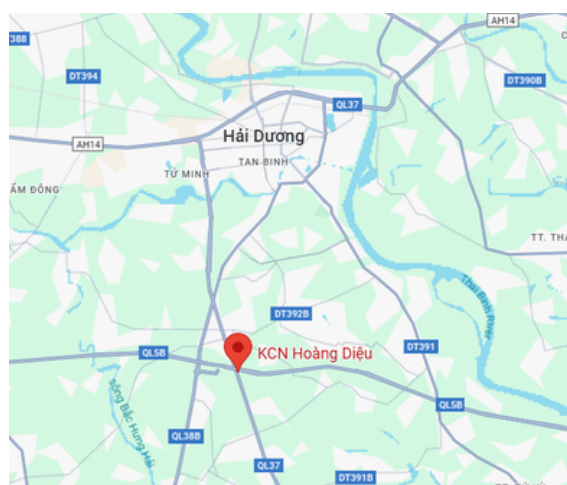
Approved Real Estate Projects



- Recently, Green Urban Area Development JSC (90% owned by HPG) was selected by the Hung Yen Provincial People's Committee as the investor for the Construction Investment Project of Subdivision A – Northern Urban Area of National Highway 5, part of the Pho Noi Urban Area.
- This project was previously assigned to Hoa Phat Urban Development JSC (a subsidiary of HPG). HPG had advanced funds for land clearance compensation, invested in technical infrastructure construction, and was granted management of the project's infrastructure land area. However, based on the 2024 inspection conclusions, the project was terminated prematurely and converted to a bidding process to select a new investor.
- The project covers an area of 262.137 hectares, and includes: 3,811 terraced houses, 398 villas, 11,807 apartment units, and 8,665 social housing units. The total estimated investment is VND 34,978 billion, including VND 1,177 billion allocated for compensation and site clearance.



- On May 30, 2025, Phu Yen issued the investment policy approval and investor approval decision for the Phase 1 Infrastructure Construction and Business Project of Hoa Tam Industrial Park. The project is assigned to Hoa Tam Industrial Park Infrastructure Development JSC (a subsidiary of HPG) as the investor. The project has a total investment capital of VND 4,188.42 billion, covering an area of 491.87 hectares, and will be developed in Hoa Tam Commune, Dong Hoa Town, Phu Yen Province. Previously, HPG also proposed two additional projects within the Hoa Tam Industrial Park: Bai Goc Port Project, Integrated Steel Manufacturing Complex.



- On July 8, 2025, Hoang Dieu Industrial Park Infrastructure Development JSC (79.95% owned by HPG) received the investment policy approval decision for the Hoang Dieu Industrial Park project, covering 245 hectares, with a total investment capital of VND 3,400 billion. The project is located in Gia Phuc Commune, Hai Phong City (formerly Gia Loc District, Hai Duong Province). With this approval, HPG's total approved industrial land bank now exceeds 2,225 hectares.

Name	Location	Area (ha)
Pho Noi A	Hung Yen Prov.	688.94
Hoa Mac	Ha Nam Prov.	131
Yen My 2	Hung Yen Prov.	97.5
Yen My 2 expansion	Hung Yen Prov.	216
Dong Phuc	Bac Giang Prov.	355
Hoang Dieu	Hai Duong Prov.	245
Hoa Tam	Phu Yen Prov.	491.87
Total		2,225.31

4. Business forecast and stock valuation

4.1. Business forecast

We have raised our revenue forecast for HPG in 2025 to VND 160,870 billion, an increase of 3.8% compared to the previous projection (+16% YoY), and net profit after tax to VND 15,630 billion, up 23% from the prior estimate (+29.2% YoY), equivalent to an EPS of VND 2,255 per share, based on the following key assumptions:

- Steel consumption volume is projected to grow +20.6% YoY, driven by strong demand from public infrastructure investment projects, a recovery in the real estate market, and government import tariffs aimed at protecting domestic steel producers.
- Agriculture segment revenue for full-year 2025 is expected to increase by 20%, reflecting the positive momentum recorded in H1.
- Real estate segment revenue remains in line with the previous forecast, at VND 1,040 billion.
- Thanks to favorable trends in raw material prices, HPG's gross profit margin for 2025 has been revised upward from 13.3% in 2024 to 15%.

For 2026, we forecast that revenue could reach VND 194,300 billion (+20.8% YoY) and net profit after tax is expected to be VND 17,000 billion (+9.4% YoY).

4.2. Stock valuation

The fair value of HPG stock has been revised upward, partly due to improved earnings forecasts as mentioned above, and also due to a decline in the risk-free interest rate, in line with the global interest rate downtrend. Accordingly, the adjusted fair value of HPG shares, after accounting for dividends, is VND 31,000 per share, representing a +23.2% upside compared to the closing price on August 1, 2025.

Assumptions

Yếu tố	Prior	Update
Risk-free rate of return	4.6%	4.4%
Beta	1.17	1.18
Market risk premium	8.3%	8%
Cost of Equity	14.3%	13.82%
WACC	11.5%	11.2%
Perpetuity growth	4.5%	4.5%

Valuation result

	Giá trị
Total PV of cash flow (VND Billion)	301,220
- Short and Long term Debt (VND Billion)	90,591
+ Cash, cash equivalent and short term investment (VND Billion)	28,272
- Minority interest (VND Billion)	825
Equity value (VND Billion)	238,075
Number of share outstanding	7,675,465,855
Share price (VND)	31,018

Source: HPG, SHS Research

APPENDIX 1

Balance sheet (VND Billion)	2022A	2023A	2024A	2025F
Short-term assets	82,716	87,079	88,505	119,786
Cash/cash equivalents	12,267	6,888	5,828	19,319
Short-term investment	22,162	18,975	21,983	26,551
Accounts receivable	10,702	7,622	11,652	14,074
Inventory	34,504	46,521	42,861	52,377
Other assets	3,081	7,073	6,180	7,465
Long-term assets	105,066	137,411	160,160	157,371
Fixed assets	72,014	67,428	94,464	120,264
Long-term investment	40	137	137	137
Construction in progress	26,083	63,749	58,962	29,174
Other assets	6,929	6,097	6,597	7,797
Total assets	187,783	224,490	248,665	277,157
Current Liabilities	71,513	75,503	82,370	99,488
Accounts payable	12,387	14,110	16,550	19,989
Advances from Customer	742	739	930	1,123
Short-term debt	54,982	55,883	59,825	72,257
Other liabilities	3,402	4,772	5,065	6,119
Non-current Liabilities	13,433	34,339	39,213	37,436
Long-term debt	10,399	27,080	35,767	33,279
Other noncurrent liabilities	3,034	7,258	3,447	4,158
Total Liabilities	84,946	109,842	121,583	136,924
Equity	102,771	114,355	126,788	139,939
Contributed capital	58,148	63,963	76,755	76,755
Capital surplus	3,212	0	0	0
Retained profits	40,593	49,576	49,218	62,368
Other capital	818	816	816	816
Minority interests	66	293	292	292
Total Liabilities and Equity	187,783	224,490	248,665	277,157

Cash flow statement (VND Billion)	2022A	2023A	2024A	2025F
Net cash flow from operating activities	8,643	7,027	25,659	22,337
Net cash flow from investing activities	-11,995	-30,144	-36,150	-14,952
Net cash flow from financing activities	7,276	17,752	9,431	6,106
Net cash flow during the period	3,923	-5,365	-1,059	13,491
Cash/cash equivalents at the beginning of the period	8,325	12,252	6,888	5,828
Cash/cash equivalents at the end of the period	12,248	6,888	5,828	19,319

Profit and Loss (VND Billion)	2022A	2023A	2024A	2025F
Revenue	118,953	138,855	160,871	194,301
Cost of goods sold	106,015	120,358	136,740	167,099
Gross profit	12,938	18,498	24,131	27,202
Operating expenses	3,269	3,269	3,883	4,459
Operating profit	9,669	14,615	19,671	21,816
Financial incomes	3,173	2,619	2,719	3,072
Financial expense	5,192	3,967	4,855	5,891
Other profits	772	1,160	1,344	1,623
Profit/(loss) from joint venture	0.0	0.0	0.0	0.0
Profit before tax	7,793	13,693	18,030	19,595
Corporate income tax	992	1,673	2,398	2,606
NPAT	6,800	12,020	15,632	16,989
Minority interests	-35	0	-1	-1
NPATMI	6,766	12,020	15,632	16,988
% NPAT margin	5.7%	8.7%	9.7%	8.7%
EPS (VND)	1,169	1,879	2,024	2,213

Financial Ratios (VND Billion)	2022A	2023A	2024A	2025F
Valuation ratios				
Outstanding shares (million shares)	5,815	6,396	7,676	7,676
EPS (VND)	1,169	1,879	2,037	2,213
Profitability ratios				
Gross profit margin	10.9%	13.3%	15%	14%
Net profit margin	5.7%	8.7%	9.7%	8.7%
ROE	6.9%	11.1%	12.9%	12.7%
ROA	3.8%	5.8%	6.6%	6.5%

Liquidity and Solvency ratios				
Interest Coverage Ratio	2.7	6.39	7.0	4.6
Debt / Total assets	34.8%	37%	37%	38%
Debt / Equity	63.6%	72.4%	72%	75%
Current Ratio	1.16	1.15	1.2	1.1
Quick ratio	0.32	0.19	0.4	0.5

RECOMMENDATION SYSTEM

- OW: Expected price increase of 20% or more within a 12-month period.
- Positive: Expected price increase between 10% and 20% within a 12-month period.
- Hold: Expected price increase up to 10% within a 12-month period.
- Negative: Expected price decline up to 20% within a 12-month period.
- UW: Expected price decline of 20% or more within a 12-month period.
- Attention Required: Stocks with unusual or significant developments or trading activities that may have a material impact on the business (informational purposes for investors).
- No Recommendation: The research team is currently analyzing or will analyze the stock but does not provide an investment recommendation or target price due to subjective reasons or in compliance with laws and/or company policies. This typically applies in cases where SHS is providing strategic consulting, handling an IPO, etc., to avoid conflicts of interest.
- Not Yet Rated: No investment recommendation or target price is provided due to a lack of sufficient information to make an investment judgment. Any previous recommendations or target prices, if any, are no longer valid for this stock.

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