Febuary 19th, 2025

Shinhan Securities



Hoa Phat Group JSC

[Vietnam / Steel]

Bloomberg Code (HPG VN) | Reuters Code (HPG.HM)

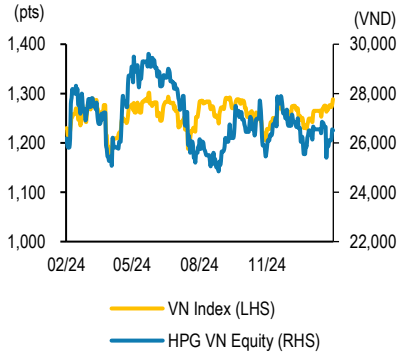
BUY

Update Report

Target price (12 months)	**34,300 VND**
Current price (19/02/25)	26,150 VND
Return (%)	29%

VNINDEX		1,289
HNXINDEX		237.79
Market Cap (bn VND)		169,501
Outstanding shares (mn)		6,396
Free-Floating (mn)		3,586
52-Wk High/Low (VND)		29,950/24,750
90-day avg trading volume (mn)		17.43
90-day avg turnover (bn VND)		434
Major shareholders (%)	Tran Dinh Long	26.08%
	Dragon Capital	7.65%

Performance	3T	6T	12T
Absolute (%)	4.1	2.5	-0.2
Relative to VN-Index (%)	-2.8	0.4	-5.4



Nguồn: Bloomberg

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Internal growth

Update coverage with BUY call and target price of VND 34,300

Hoa Phat Group Joint Stock Company (HPG) is one of the leading steel companies in Vietnam, holding the largest market share in construction steel (38%) and steel pipes (27%). We value HPG shares at VND **34,300**, corresponding to a **29%** return, using the P/E and DCF valuation methods with weights of 50% and 50%, respectively. We expect HPG to continue to be the leading company based on the recovery of the steel industry in 2025.

Q4/2024 business results update

In Q4/2024, HPG reported revenue of VND 35,232 billion (+3% QoQ, +1% YoY) and net profit of VND 2,809 billion (-7% QoQ, -5% YoY). For the full year, revenue reached VND 138,855 billion (+17% YoY), and net profit was VND 12,020 billion (+77% YoY), exceeding the profit target by 20%. Finished steel sales grew to 8.1 million tons (+20% YoY), while HRC sales rose modestly to 2.93 million tons (+5% YoY) due to competition from rising Chinese steel imports (12 million tons, +30% YoY). Gross profit margin expanded to 13.3% (+2.4ppt YoY), driven by lower input costs (iron ore: -24.6%, coking coal: -28.4%, scrap steel: -4.6%, HRC: -10.7%, rebar: -5%) and strong performance in agriculture, which saw a 12% YoY revenue increase and a 418% YoY net profit surge.

Driving force from Dung Quat 2 and HRC anti-dumping tax decision in 2025

_Steel segment: In 2025, we expect Hoa Phat's steel consumption to reach 10.6 million tons (+30% YoY), driven by (1) the commissioning of Dung Quat 2 and the anticipated imposition of anti-dumping duties on HRC, (2) a recovery in the domestic real estate market, (3) increased public investment. Additionally, the outlook for rising steel prices and a slight decline in raw material costs will help improve profit margins. As a result, Hoa Phat's gross profit margin (GPM) could reach 14.4% in 2025. However, we see pressure from Chinese steel and U.S. tariff policies as two key risks that could impact steel prices.

Dung Quat 2 project update: Completed the installation and trial operation of the blast furnace in Phase 1 and 50% of Phase 2 is expected to contribute approximately 1.4 million tons of steel in 2025.

_ Agriculture segment: expected to continue stable growth in 2025, with the gross profit margin (GPM) maintaining at 13-14% amid potential increases in pork prices and lower input grain costs.

We forecast revenue and net profit to reach VND 172,785 billion (+24.4% YoY) and VND 14,589 billion (+21.3% YoY) in 2025, respectively.

Risks : (1) Risk of fluctuations in steel and coke prices; (2) Slow penetration of real estate market support policies; (3) Risks of the real estate market situation in China, (4) Risks of competing with cheap steel from China; (5) Risks of exporting to Europe and the U.S.

Year to Dec.	2023	2024	2025F	2026F	2027F
Revenue (bn VND)	**118,953**	**138,855**	**172,785**	**212,905**	**237,323**
OP (bn VND)	7,651	13,267	16,009	24,737	28,860
NP (bn VND)	**6,800**	**12,020**	**14,589**	**22,454**	**25,826**
EPS (VND)	1,117	1,879	2,078	2,906	3,038
BPS (VND)	17,674	17,878	20,211	22,131	23,980
OPM (%)	6.4	9.6	9.3	11.6	12.2
NPM (%)	5.7	8.7	8.4	10.5	10.9
ROE (%)	**6.6**	**10.5**	**10.3**	**13.1**	**12.6**
PER (x)	23.8	13.5	12.2	8.7	8.4
PBR (x)	1.6	1.4	1.3	1.1	1.1
EV/EBITDA (x)	11.9	15.3	7.0	5.2	4.1

Source: Company data, Shinhan Securities Vietnam

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Update on U.S. Import Tariffs on Steel and Aluminum and The Impact

Update on U.S. Import Tariffs on Steel and Aluminum

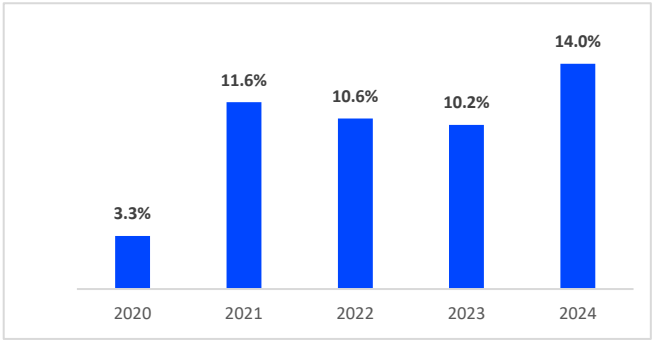
On February 10, 2025, U.S. President Donald Trump signed an executive order imposing a 25% tariff on all steel and aluminum imports into the U.S., with no exceptions or exemptions. This tariff will take effect on March 4, 2025. This is an extension of the Section 232 tariff implemented by Trump in 2018:

Criteria	Section 232 Tariff (2018)	New Import Tariff (2025)
Tariff Rate	25% on steel, 10% on aluminum	25% on both steel and aluminum
Targeted Countries	Applies to most countries with exemptions or quotas for certain countries (Canada, Mexico, EU, South Korea, Argentina, Brazil, Australia)	Applies to all countries, with no exemptions
Scope of Impact	Some countries are not exempt, helping to reduce the negative impact on the supply chain.	Stronger impact due to the lack of exemptions, covering all import sources.
Effectiveness	From March 2018	Expected to take effect from March 4, 2025

Impact Assessment

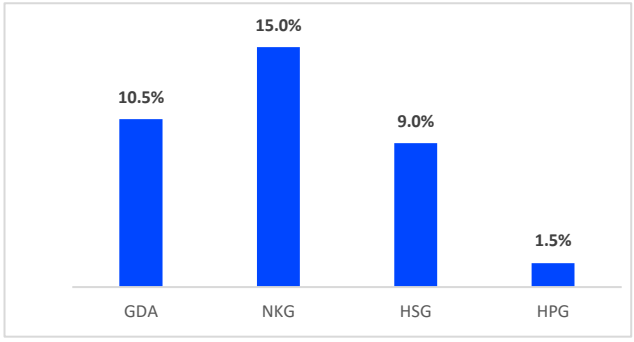
For Vietnam, steel products exported to the U.S. have been subject to a 25% tariff under Section 232 since March 2018. In 2024, Vietnam's steel exports to the U.S. accounted for only 14% of total production. For HPG, steel exports to the U.S. account for only 1.5% of total sales volume, so the impact of this new tariff policy is limited.

Percentage of Vietnam's steel exports to the U.S



Source: General Department of Customs, Shinhan Securities Vietnam

U.S. steel exports as a share of major firms' total output



Source: General Department of Customs, Shinhan Securities Vietnam

Previously, U.S. allies such as Argentina, Brazil, Canada, the EU, South Korea, Japan, and the UK were exempt from these tariffs. Currently, the competition has become more equal as all producers face the same tariff. Regarding production, we believe that this new tariff policy will create export opportunities directly to the U.S. for HPG and its customers (NKG, HSG, and GDA).

However, when it comes to pricing, the 25% tariff on steel imports from all countries could lead to the risk of price reductions because: (1) The U.S. is the largest steel importer globally, and the imposition of tariffs on all imported steel to protect domestic production will affect overall steel demand; (2) Steel producers from the affected countries will seek alternative markets, making prices more competitive in non-U.S. markets.

Update 2024 business results and 2025 forecast

Items	2024 (Billion VND)	%YoY	2025F (Billion VND)	%YoY	Note
Net revenue	**138,855**	**+17%**	**172,785**	**+24%**	In 2024, revenue grew 17% YoY, fulfilling our projection, driven by a 20% YoY increase in production, despite a drop in construction steel prices. We expect HPG's steel sales to reach 10.5 million tons (+24% YoY) and a 4% rise in steel prices in 2025, supporting further revenue growth.
Output (thousand tons)					
Construction steel	4,482	18%	4,930	10%	Construction steel production in 2024 showed strong recovery in both domestic and export markets. We expect construction steel sales to grow 10% YoY in 2025, driven by a real estate recovery and higher public investment.
HRC	2,925	5%	4,325	48%	Production rose 5% YoY last year amid rising Chinese steel imports (12 million tons, +30% YoY). In 2025, HRC volume should grow 48% YoY, driven by Dung Quat 2's launch and anti-dumping duties.
Steel Pipe	707	4%	742	5%	
Galvanized Steel	446	32%	557	25%	
Gross Profit	**18,498**	**43%**	**24,812**	**34%**	In 2024, iron ore and coking coal prices fell 24.6% and 28.4%, while HRC and construction steel dropped 10.7% and 5%, boosting GPM of Hoa Phat from 10.9% to 13.3%. In 2025, we expect steel prices to rise 4% YoY, with raw material costs easing slightly, pushing HPG's GPM to 14.4%.
Gross Profit Margin	13.3%		14.4%		
SG&A expenses	3,883	19%	4,549	17%	
Profit from Operating Activities	**13,267**	**73%**	**16,009**	**21%**	
EBIT	13,693	76%	16,578	21%	
NPAT	**12,020**	**76%**	**14,589**	**21%**	

Valuation and recommendation

Update valuation with BUY recommendation, target price 34,300 VND

We make our first valuation of Hoa Phat Group Joint Stock Company (HPG) with a buy recommendation and target price of 34,300 VND, corresponding to an increase of 29%. For a vision in the next 12 months, HPG can be considered with the following advantages:

(1) Vietnamese Steel "tycoon" and the prospect of Dung Quat 2 project operating in early 2025

(2) The "nudge" from the Residential Real Estate and Public Investment

(3) Profit margins improve by taking advantage of low input costs

(4) Initiation of anti-dumping tax on HRC steel from China and India helps increase domestic sales volume

Valuation method

We apply a combination of P/E and Discounted Cash Flow (FCFF) valuation methods with proportions of 50% and 50% respectively, to valuate Hoa Phat Group Joint Stock Company (HPG).

Method	Density	Price (VND)
P/E	50%	33,000
FCFF	50%	35,600
Target price		**34,300**
Current price (19/02/2025)		26,500
Profit rate (%)		**29%**

Source: Chứng khoán Shinhan Việt Nam

Discounted Cash Flow method (DCF) – FCFF

Variable	Value
D/E	0.51
Beta	1.11
Risk - free rate	3.1%
Cost of equity	12.38%
Cost of debt	7.05%
WACC	10.91%

Source: Bloomberg, Shinhan Securities Vietnam

For the Average Cost of Capital (WACC), we use the 10-year Vietnamese government bond interest rate at 3.1% as the risk-free interest rate. Beta is calculated based on the most recent 5-year historical data of HPG and VNINDEX. Based on those assumptions, the target price according to the FCFF method of HPG is valued at 35,600 VND.

FCFF model

Unit: VND billion	2025F	2026F	2027F	2028F	2029F
Net profit	**14,589**	**22,454**	**25,826**	**27,953**	**30,887**
Plus: After-tax interest expense	6,126	7,163	7,098	6,430	6,070
Plus: Non-cash charges	11,097	10,101	10,178	9,790	8,488
Minus: Change in working capital	3,626	11,236	6,334	5,781	3,864
Minus: Capital expenditure	12,115	6,926	6,695	6,916	6,903
Free cash flows to the firm (FCFF)	**16,070**	**21,556**	**30,073**	**31,475**	**34,678**
Discount rate	0.90	0.81	0.73	0.66	0.60
Present value of FCFF	14,489	17,522	22,039	20,797	20,658
Terminal growth rate	0%				
Present value of terminal value	189,256				
Enterprise value	284,762				
Minus: Total debt	**82,962**				

Plus: Cash balance	25,861
Minus: Minority interest	6.396
Number of shares outstanding (bn shares)	**35,600**

Source: Company data, Shinhan Securities Vietnam

P/E method

Based on the P/E method, we collect data from domestic and foreign steel companies. We estimate HPG's target P/E at 15.8x. Combined with forecast EPS of 2,078 VND, HPG's target price in 2025 is valued at 33,035 VND.

Comparison of peer enterprises

Company name	Country	PS	Market cap. (USD mn)	Revenue growth YoY (%)	EPS growth YoY(%)	ROA (%)	ROE (%)
Hoa Sen	Vietnam	11.60	0.534	24.08	1,606	4.9	7.58
Nam Kim	Vietnam	7.60	0.237	21.73	174	3.52	8.02
Baoshan Iron & Steel	China	15.55	21.739	(6.53)	(-64.39)	2.63	5.59
Beijing Shougang Co Ltd	China	25.90	3.313	(8.56)	n.a	1.40	2.85
Jindal Stainless Ltd	India	12.40	6.730	8.54	(5.45)	14.23	22.42
Steel Authority of India	India	13.70	6.651	0.75	40.80	4.86	3.97
TA Chen Stainless pipe	Taiwan	16.00	3.208	(10.20)	(76.36)	4.3	7.35
Western Superconducting Techno	China	24.40	4.297	24.43	58.04	7.35	13.84
Average			**15.8x**				
Median			**14.6x**				
5 years average P/E			**14.7x**				
P/E forward			**15.8x**				
EPS forward			**2,078**				
Target price			**33,035**				

Source: Bloomberg, Shinhan Securities Vietnam

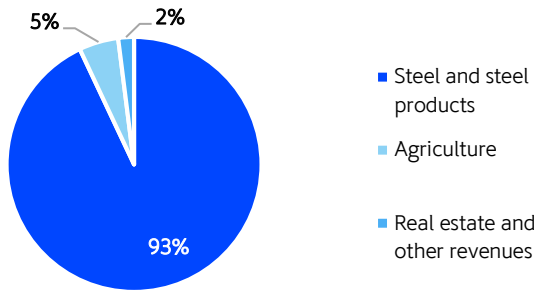
Company background

Company history

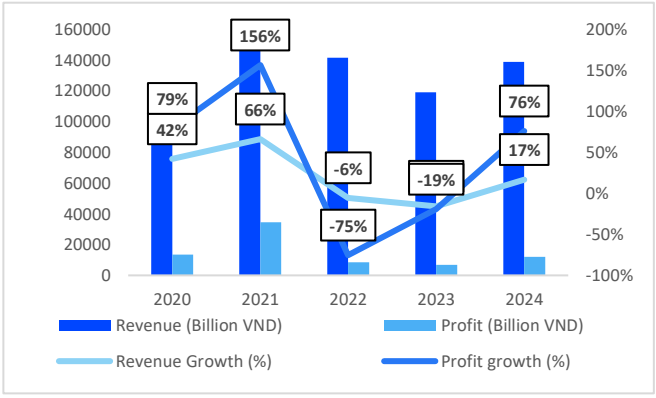
Hoa Phat was established in August 1992, beginning as a construction machine trading company, then expanded to other fields such as furniture, steel pipes, construction steel, refrigeration, real estate, and agriculture. On November 15, 2007, Hoa Phat officially listed shares on the Vietnam stock market with the stock ticker HPG.

Currently, the group operates in 05 fields: **Iron and steel (construction steel, hot rolled steel), Steel products (including steel pipes, galvanized steel sheets, wire drawing steel, pre-stressed steel), Agriculture, Real estate and household electrical appliances**. Hoa Phat's core business is Steel, contributing over 90% of the group's revenue and profit. With an average capacity of 8.5 million tons of crude steel/year, Hoa Phat holds the top 1 market share in Vietnam for construction steel and steel pipes, the top 10 largest private enterprises in Vietnam and is in the top 15 steel companies with largest capitalization in the world steel industry. Hoa Phat's average revenue and profit growth rate from 2019-2023 reaches 22% and 35%.

Hoa Phat revenue structure in 2024 (%)

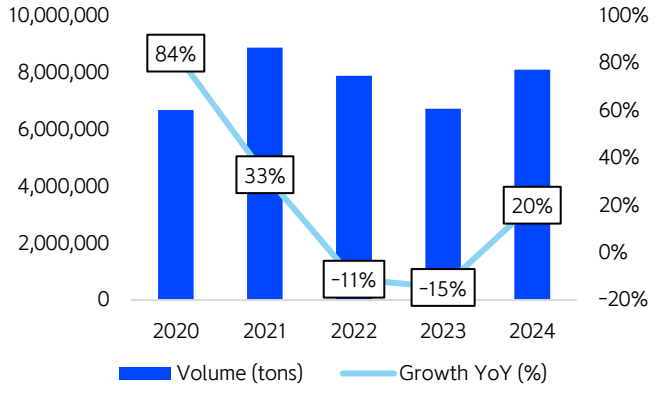


Hoa Phat revenue and profit 2020-2024

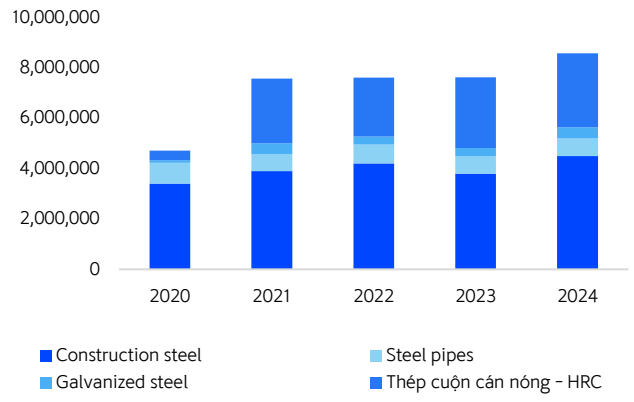


Source: Company report, Shinhan Securities Viet Nam

Hoa Phat sales volume 2020 – 2024 (tons)



Consumption volume by product 2020-2024 (tons)



Source: Company report, Shinhan Securities Viet Nam

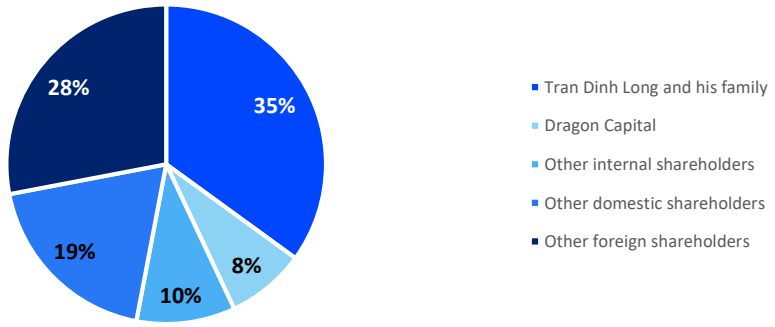
Hoa Phat's main steel products include: construction steel, hot rolled steel coil - HRC, steel billets, steel pipes and galvanized steel sheets. Of which, the largest contributions are construction steel (50%) and hot rolled steel - HRC (37%).

Hoa Phat Steel's sales volume also increased significantly. Within 5 years, Hoa Phat's steel output increased from 6.7 million tons in 2020 to 8.1 million tons in 2024.

1. Shareholders structure

HPG's outstanding share volume as of Febuary 2, 2025 is nearly 6.4 billion shares. Of which, the total ownership of Mr. Tran Dinh Long - Chairman of the Board of Directors of HPG and his family is 35%. In addition, Dragon Capital fund holds 8%, other internal shareholders hold 10%, and the remaining are other domestic and foreign shareholders.

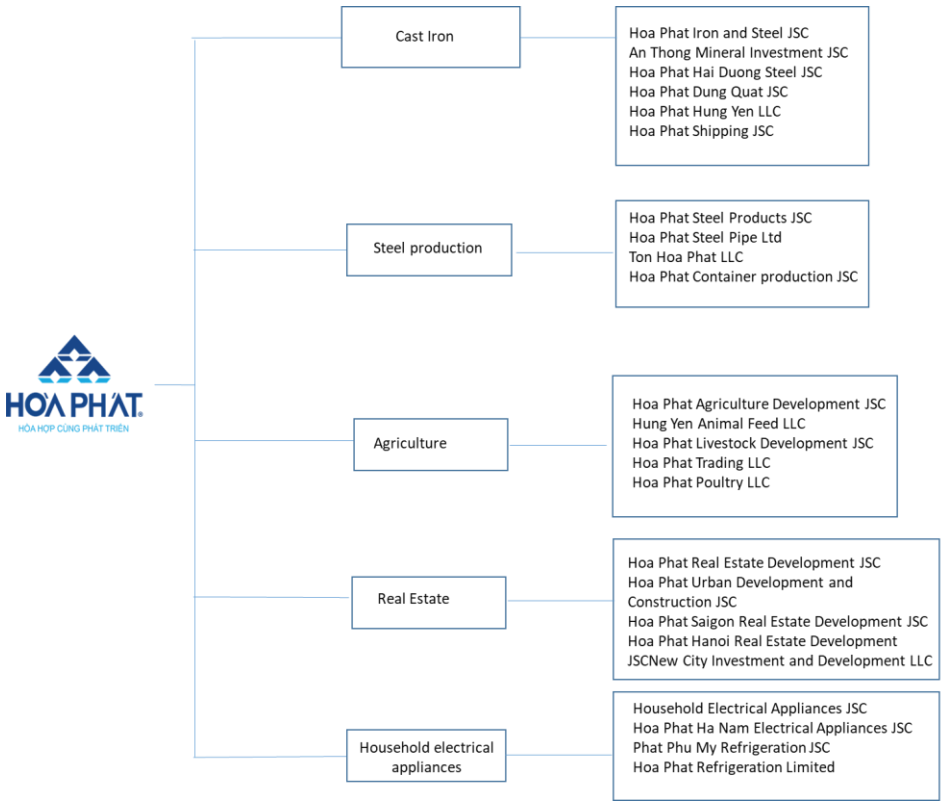
Shareholders structure of Hoa Phat (%)



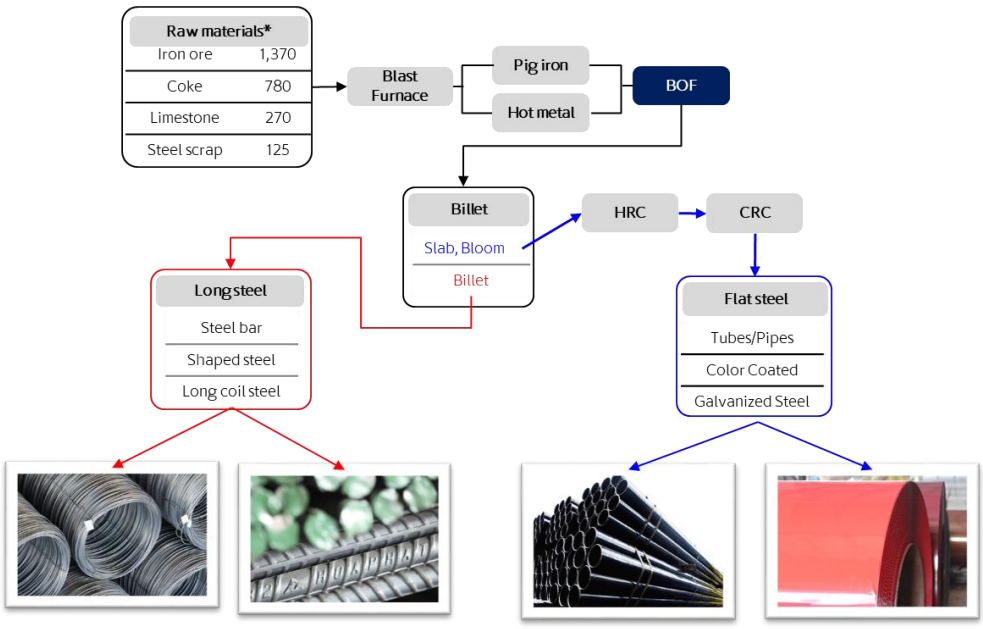
Source: Company report, Shinhan Securities Viet Nam

2. Organizational structure

HPG's business activities include 5 segments: **Iron and Steel, Steel Products, Agriculture, Real Estate, and Electrical Appliances.** HPG owns a total of 24 subsidiaries with many different fields.



3. Value chain of steel segment



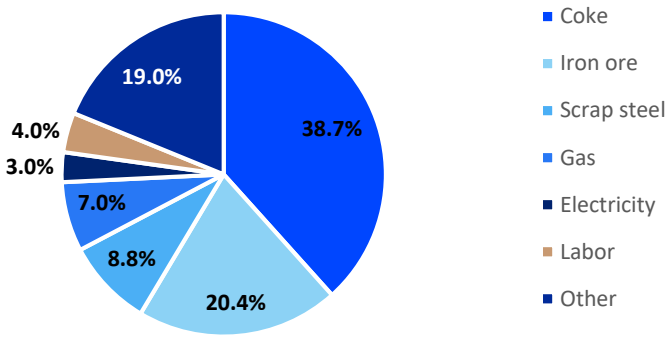
(*) Unit: ton

3.1. Input:

Coke, iron ore and scrap steel are the three main components in HPG's steel production cost. The enterprise uses blast furnace technology to refine iron and blowing oxygen furnace

(BOF) to refine steel. In 2024, coke (38.7%), iron ore (20.4%), and scrap steel (8.8%) account for 67.9% of the cost of making 1 ton of steel using BOF furnace technology.

Cost structure of Hoa Phat steel segment (%)



Source: Company report, Shinhan Securities Viet Nam

3.2. Manufacture:

HPG uses modern European closed cycle steel production technology, with main stages including: Refining raw materials (sintering, pelletizing iron ore + coke refining) -> Blast furnace -> Blowing furnace -> Billet casting -> Steel rolling. With a designed capacity by 2024 of 8.5 million tons of crude steel/year, HPG's steel production activities are concentrated in 3 provinces of Hai Duong, Hung Yen and Quang Ngai.

The enterprise has plans to expand its iron and steel segment by building Hoa Phat Dung Quat 2 factory, expected to come into operation in 2025 and increase Hoa Phat's crude steel capacity to 14.5 million tons/ year.

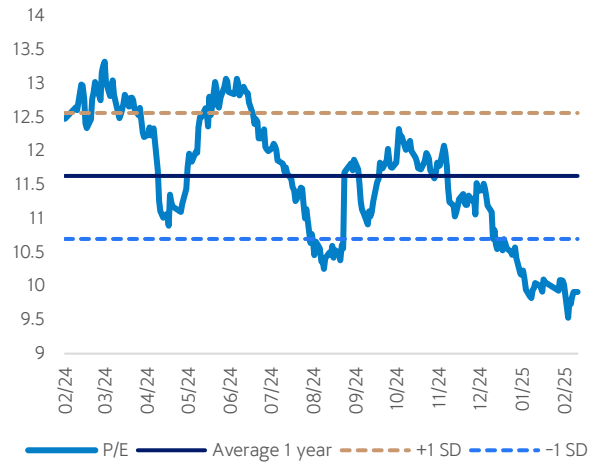
3.3. Output:

HPG's product portfolio is more extensive than other businesses on the market. HPG's steel segment output includes trading steel billets and post-rolled products including **construction steel, special steel (black wire, galvanized wire,...)**, **HRC steel, steel pipes and galvanized steel sheets.** In Vietnam, only HPG has the capacity to produce special steel products such as prestressed steel (PC Bar and PC strand), galvanized steel wire, container shells, to serve export to demanding markets such as EU, US, Canada,...

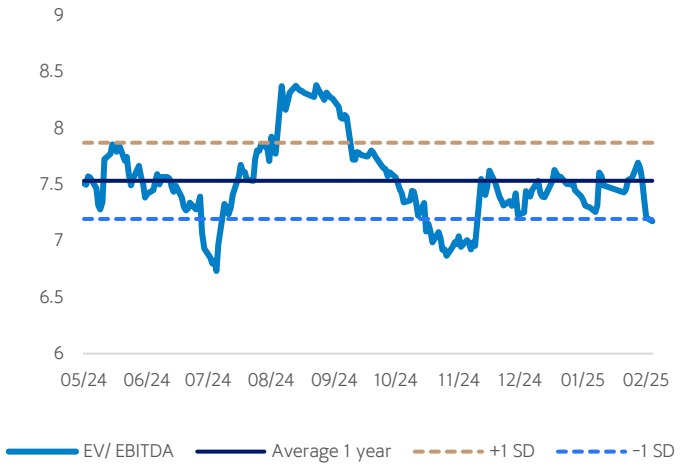


Despite experiencing many ups and downs in the domestic and world steel market, HPG's market share not only maintained but also continuously grew. As of June 2024, **HPG supplies 38% and 27% of domestic construction steel and steel pipes, respectively.**

P/E 1 year

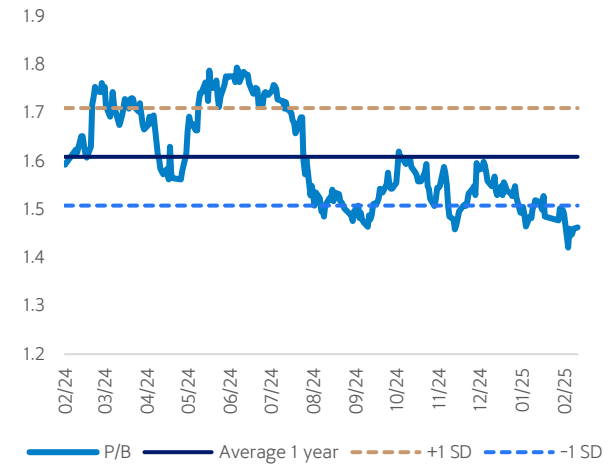


EV/EBITDA 1 year

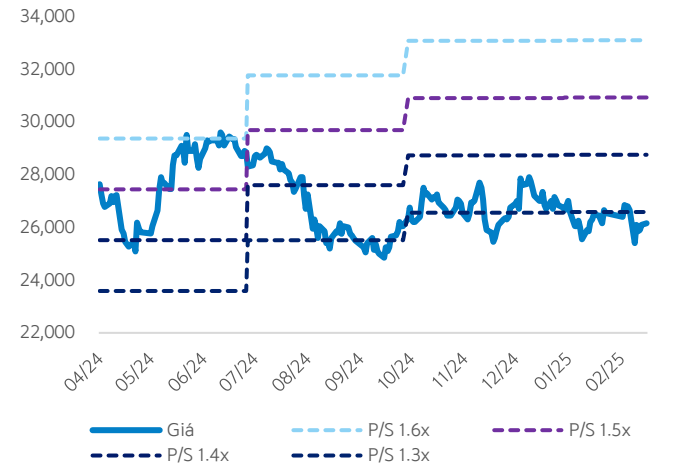


Source: Bloomberg data, Shinhan Securities Vietnam

P/B 1 year

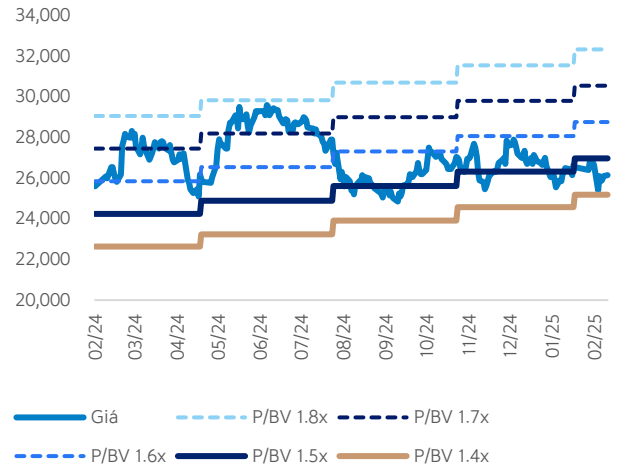


P/S band

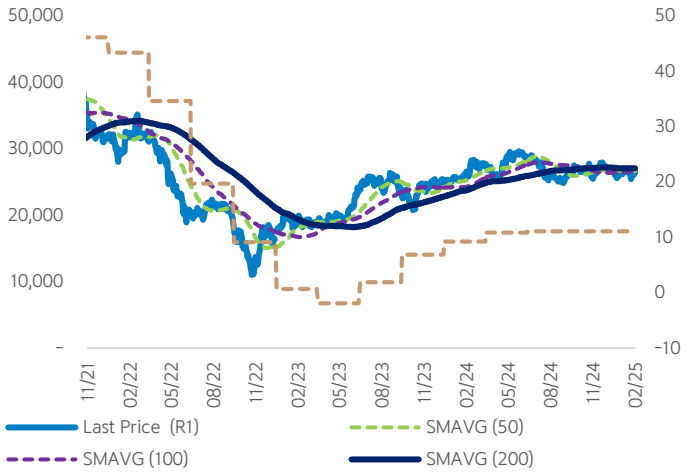


Source: Bloomberg data, Shinhan Securities Vietnam

P/B band

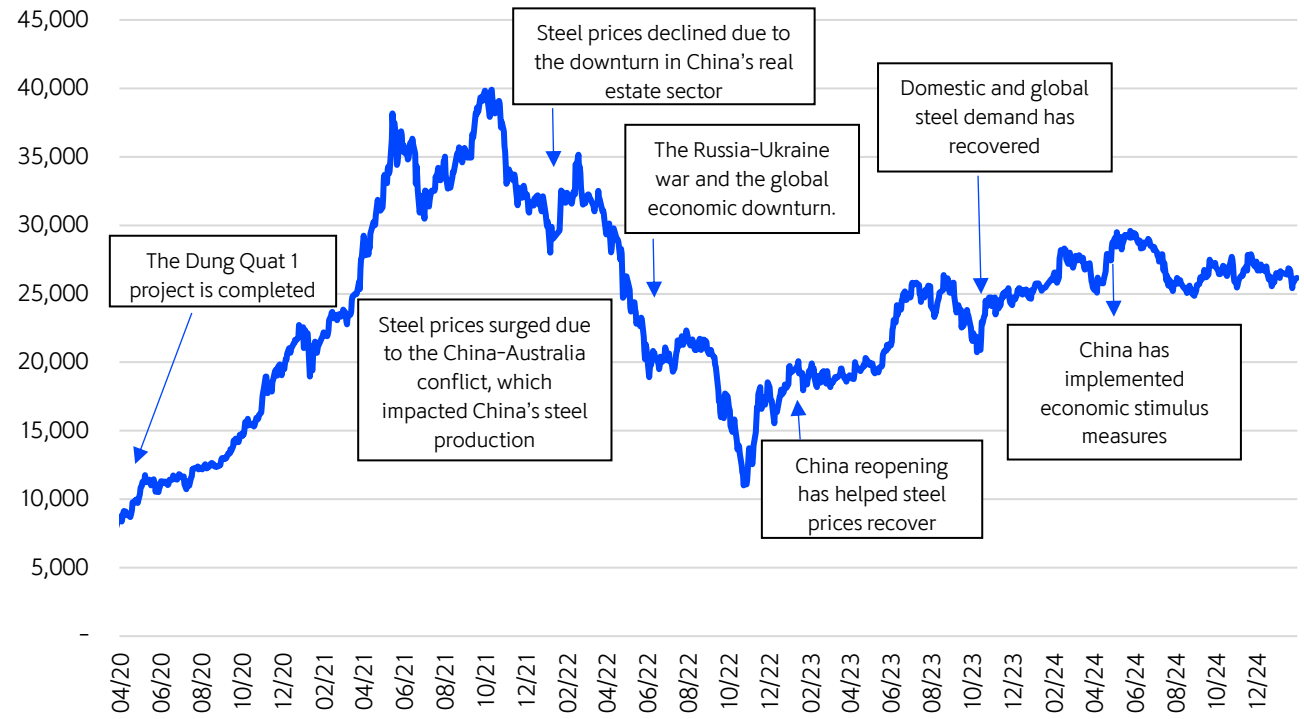


ROE and MA 5 year



Source: Bloomberg data, Shinhan Securities Vietnam

Key event chart of HPG



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

Risk of fluctuations in steel and coke coal prices

Steel price fluctuations have a great impact on Hoa Phat's selling price. With the ratio of export revenue accounting for 20% - 30% of Hoa Phat's revenue, steel selling prices are influenced by changes in domestic and world steel prices. Coke coal price directly affects Hoa Phat's input costs, thereby directly affecting Hoa Phat's profit margin.

Risk of unstable domestic real estate market

The real estate market directly affects Hoa Phat's steel consumption. Steel consumption in the real estate sector accounts for more than 30% of domestic steel consumption. Unstable developments in the real estate situation will negatively affect the steel industry.

Risks of the real estate market situation in China

Vietnam is currently importing a large amount of Chinese steel (especially hot rolled steel products - HRC). Unstable developments in China's real estate market will cause the country's steel prices to stay low, affecting Vietnam's domestic steel prices.

Risks of exporting to Europe and the U.S

The European Commission (EC) has issued a decision to investigate anti-dumping duties on steel imports until June 2026, while applying a 15% quota on steel imports from other countries (equivalent to 142,000 tons per quarter for Vietnam). Additionally, the EC has received a request to investigate anti-dumping on HRC imports from Vietnam. If this duty is imposed, Hòa Phát will need to reduce its reliance on the European market. Furthermore, the U.S. has imposed a 25% tariff on steel imports under Section 232 since 2018. In 2025, the global trend of trade protectionism is expected to continue, creating significant barriers for steel-exporting companies, including Hòa Phát, when accessing export markets.

Risk of competition with cheap steel from China

As the data mentioned in the report, Chinese steel imports into Vietnam increased sharply in Q2/2024, while import prices decreased due to severe oversupply in the country. If this problem is not overcome by protection measures, domestic steel prices will continue to be affected, negatively impacting the business results of domestic steel enterprises.

Appendix: Financial statements

Statement of financial position

Year to Dec. (bn VND)	2023	2024	2025F	2026F	2027F
Total assets	**187,783**	**224,490**	**254,454**	**303,783**	**343,208**
Current assets	82,716	87,079	113,044	165,918	208,975
Cash & equivalents	12,252	6,888	23,392	58,016	88,504
Short-term financial asset	22,177	18,975	28,454	35,061	39,082
Accounts receivable	10,702	7,622	13,126	13,852	15,882
Inventories	34,504	46,521	44,876	55,712	62,521
Non-current assets	105,066	137,411	138,197	135,022	131,539
Net fixed assets	71,787	67,244	106,650	127,765	124,420
Investment assets	40	137	88	88	88
Other long-term assets	4,454	4,587	4,587	4,587	4,587
Total liabilities	**84,946**	**109,842**	**112,151**	**132,367**	**138,887**
Current liabilities	71,513	75,503	81,499	104,909	117,985
Accounts payable	16,532	19,621	15,983	15,986	18,016
Short-term borrowings	54,982	55,883	65,516	88,923	99,969
Others	4,144	5,511	5,658	7,145	7,635
Non-current liabilities	13,433	34,339	30,652	27,458	20,902
Long-term borrowings	10,399	27,080	23,393	20,200	13,643
Other financial liabilities	3,034	7,258	7,258	7,258	7,258
Total shareholders' equity	**102,836**	**114,647**	**142,303**	**171,415**	**204,321**
Capital stock	58,148	63,963	70,359	77,395	85,134
Capital surplus	3,212	0	3,212	3,212	3,212
Other capital	41,411	50,392	68,633	90,675	115,806
Retained earnings	40,593	49,576	67,814	89,856	114,988
Non-controlling interest equity	66	293	100	135	169
*Total debt	65,381	82,963	88,909	109,123	113,612
*Net debt (cash)	30,952	57,101	37,063	16,046	(13,973)

Statement of comprehensive income

Year to Dec. (bn VND)	2023	2024	2025F	2026F	2027F
Revenue	**118,953**	**138,855**	**172,785**	**212,905**	**237,323**
Growth (%)	-15.9	16.7	24.4	23.2	11.5
COGS	**(106,015)**	**(120,358)**	**(147,973)**	**(177,303)**	**(197,610)**
Gross profit	**12,938**	**18,498**	**24,812**	**35,602**	39,713
GPM (%)	10.9	13.3	14.4	16.7	16.7
SG&A	**(3,269)**	**(3,883)**	**(4,549)**	**(5,742)**	**(6,487)**
Operating profit	**7,651**	**13,267**	**16,009**	**24,737**	**28,860**
Growth (%)	(0.2)	0.7	0.2	0.5	0.2
OPM (%)	6.4	9.6	9.3	11.6	12.2
Non-operating profit	**(1,876)**	**(921)**	**(3,970)**	**(4,767)**	**(4,046)**
Financial income	3,173	2,619	3,193	3,451	3,738
Financial expense	(5,192)	(3,967)	(7,447)	(8,574)	(8,104)
In which: interest expenses	(3,585)	(2,287)	(5,373)	(6,283)	(6,226)
Net other non-operating profit	142	426	284	355	320
Pre-tax profit	**5,774**	**12,346**	**12,039**	**19,971**	**24,815**
Income tax	81	(1,248)	(1,989)	(2,994)	(3,674)
Net profit	**6,800**	**12,020**	**14,589**	**22,454**	**25,826**
Growth (%)	(19.5)	76.8	21.4	53.9	15.0
NPM (%)	5.7	8.7	8.4	10.5	10.9
Controlling interest	6,835	12,020	14,624	22,489	25,861
Non-controlling interest	(35)	0	(35)	(35)	(35)
EBIT	**11,378**	**15,981**	**21,951**	**31,731**	**35,726**
Growth (%)	(12.5)	40.5	37.4	44.6	12.6
EBIT Margin (%)	9.6	11.5	12.7	14.9	15.1
EBITDA	**17,736**	**15,981**	**33,048**	**41,832**	**45,904**
Growth (%)	(9.1)	(9.9)	106.8	26.6	9.7
EBITDA margin (%)	14.9	11.5	19.1	19.6	19.3

Statement of cash flow

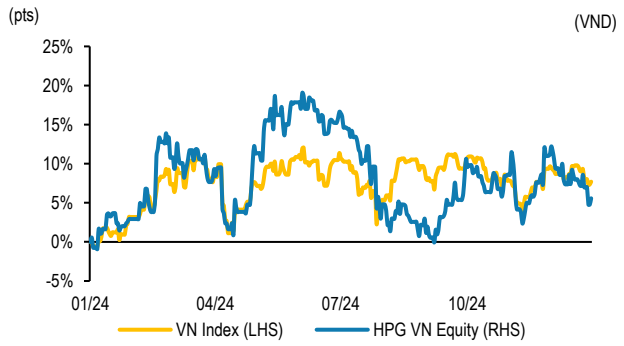
Year to Dec. (bn VND)	2023	2024	2025F	2026F	2027F
Cash flow from operations	**8,643**	**7,027**	**20,353**	**19,216**	**27,325**
Net profit	6,800	12,020	14,589	22,454	25,826
Depreciation expense	6,359	0	11,097	10,101	10,178
(Gain) from investing activities	(1,928)	(1,256)	(1,707)	(2,104)	(2,345)
Change in working capital	(2,151)	-	(3,626)	(11,236)	(6,334)
Others	(437)	(3,737)	-	-	-
Cash flow from investments	**(11,995)**	**(30,143)**	**(19,839)**	**(11,429)**	**(8,371)**
Change in fixed assets	(7,947)	-	(48,795)	(29,113)	(4,488)
Change in investment assets	-	-	(9,431)	(6,607)	(4,021)
Others	(4,048)	(30,143)	38,387	24,291	138
Cash flow from financing	**7,276**	**17,752**	**15,991**	**26,837**	**11,534**
Change in equity	-	-	6,396	7,036	7,739
Net borrowing	7,276	17,752	5,946	20,214	4,489
Dividends	-	-	3,649	(413)	(695)
Change in total cash	**3,924**	**(5,365)**	**16,504**	**34,624**	**30,488**
Beginning cash	8,325	12,252	6,888	23,392	58,016
Change in FX rates	-	-	-	-	-
Ending cash	12,252	6,888	23,392	58,016	88,504

Key ratios

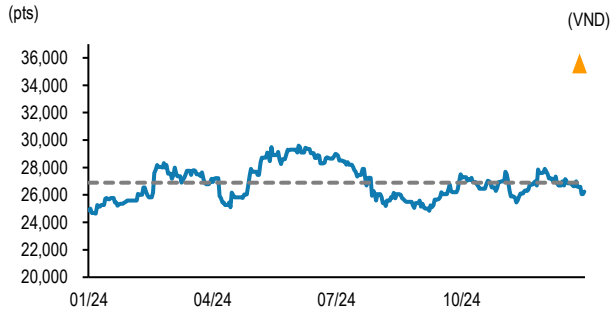
Year to Dec.	2023	2024	2025F	2026F	2027F
EPS (VND)	1,117	1,879	2,078	2,906	3,038
BPS (VND)	17,674	17,878	20,211	22,131	23,980
PER (x)	23.8	13.5	12.2	8.7	0.0
PBR (x)	1.6	1.4	1.3	1.1	0.0
EV/EBITDA (x)	11.9	15.3	7.0	5.2	0.0
Dividend payout ratio (%)	0	0	5	5	5
Dividend yield (%)	0.0	0.0	5.0	5.0	6.0
Profitability					
EBITDA margin (%)	14.9	11.5	19.1	19.6	19.3
OPM (%)	6.4	9.6	9.3	11.6	12.2
NPM (%)	5.7	8.7	8.4	10.5	10.9
ROA (%)	3.6	5.4	5.7	7.4	7.5
ROE (%)	6.6	10.48	10.3	13.1	12.6
Stability					
Debt to equity ratio (%)	63.6	72.4	62.5	63.7	55.6
Net debt ratio (%)	174.5	357.3	112.2	38.4	(30.4)
Cash ratio (%)	48.1	34.3	63.6	88.7	108.1
Interest coverage ratio (x)	3.2	7.0	4.1	5.1	5.7
Activity (%)					
Working capital turnover (times)	36.0	34.8	25.8	16.4	14.8
Inventory turnover (days)	118.8	122.9	112.7	103.5	109.2
Receivable turnover (days)	31.6	24.1	21.9	23.1	22.9

Hoa Phat Group JSC (HPG)

Share price



Target price (VND)



Date	Rating	TP (VND)	TP gap (%) TB	TP gap (%) Max/Min
27/08/2024 (Initiation)	BUY	34,000	35.46	14.19/66.46
06/11/2024 (Update)	BUY	37,400	32.63	28.20/35.30
19/02/2025 (Update)	BUY	34,300	27.50	14.50/38.60

Shinhan Securities Vietnam

Stock	Sector
◆ **BUY:** Expected 12-month gain of 15% or more ◆ **HOLD:** Expected 12-month loss of 15% to gain of 15% ◆ **SELL:** Expected 12-month loss of 15% or more	◆ **OVERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated BUY ◆ **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD ◆ **UNDERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated SELL

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