Febuary 27th, 2025

Shinhan Securities



# Hoa Sen Group

[ Vietnam / Steel ]

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

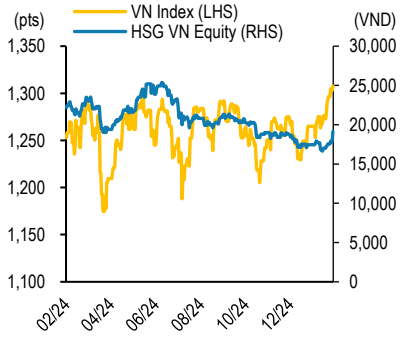
## BUY

Update report

| | |
|---|---|
| **Target price** (12 months) | **22,800 VND** |
| Current price (27/02/25) | 19,150 VND |
| Return (%) | 19% |

| | | |
|---|---|---|
| VNINDEX | | 1,308 |
| HNXINDEX | | 239 |
| Market Cap (bn VND) | | 11,892 |
| Outstanding shares (mn) | | 621 |
| Free-Floating (mn) | | 472 |
| 52-Wk High/Low (VND) | | 26,100 /16,600 |
| 90-day avg trading volume (mn) | | 4.86 |
| 90-day avg turnover (bn VND) | | 79 |
| Major shareholders (%) | Hoa Sen Investment and Tourism Co., Ltd | 19.87% |
| | Le Phuoc Vu | 17.02% |

| Performance | 3M | 6M | 12M |
|---|---|---|---|
| Absolute (%) | 1.3 | -7.9 | -16.2 |
| Relative to VN-Index (%) | -4.0 | -10.1 | -21.9 |




Source: Bloomberg


**Le Thien Huong**

☎ (84-28) 6299-8004

✉ huong.lt1@shinhan.com

**Ly Bui – Head of Research**

☎ (84-28) 6299-8029

✉ ly.btt@shinhan.com


# Conflicting impacts of policy

### Updated valuation with BUY recommendation, target price of VND 22,800

Hoa Sen Group (HSG) is a leading player in Vietnam's galvanized steel industry, holding a 29% domestic market share and 35% of total industry exports. Its core products include galvanized steel, steel pipes, plastic pipes, and construction materials retail. Using DCF and PE valuation methods, we update our target price for HSG at 22,800 VND, reflecting a 19% return. With the advantage of its Hoa Sen Homes distribution network, we believe HSG will maintain its leading position amid the industry's overall recovery.

### Q1/FY2024-2025 business results update:

In Q1 FY 2024-2025, HSG recorded net revenue of 10,221 billion VND (+13% YoY, +1% QoQ) and net profit of 166 billion VND (+60% YoY, reversing a 186 billion VND loss). Strong domestic and export sales drove total galvanized steel and steel pipe volume to 499,500 tons (+11% YoY). However, costs increased, with financial expenses up 51.3% YoY due to higher short-term borrowing (+36.8% YoY) for inventory (+23.6% YoY), while selling expenses rose 18.1% YoY due to rising shipping costs. Despite this, gross margin improved to 11.8% (from 10.5% same period last year) thanks to lower HRC input costs and stable galvanized steel prices.

### Policy for the galvanized steel was extended in the context of recovering domestic demand

On October 24, 2024, the Ministry of Industry and Trade imposed anti-dumping duties (2.56% to 34.27%) on coated steel imports from China and South Korea. This will boost domestic production amid the steel industry's recovery. However, HSG may face risks from reduced exports due to U.S. anti-dumping investigations on Vietnamese coated steel, and higher raw material costs from Vietnam's anti-dumping duties on imported HRC from China.

**Steel prices are expected to enter an upward cycle** due to (1) improved steel demand in China and interest rate cuts in key partner countries like the U.S., EU, and ASEAN, stimulating the housing market, and (2) the recovery of the domestic residential real estate sector, especially in the North, where HSG has started expanding sales by establishing a central warehouse in Ha Nam in 2024.

### Forecast of business results for the fiscal year 2024-2025

We forecast HSG's revenue at 45,933 billion VND (+17% YoY) and net profit at 1,031 billion VND (+102% YoY) in FY 2024-2025.

**Risks:** (1) Market share decline; (2) HRC steel price volatility; (3) Domestic real estate instability; (4) Export risks to the U.S. and EU.

| Year to Dec. | 2022 | 2023 | 2024 | 2025F | 2026F |
|---|---|---|---|---|---|
| **Revenue (bn VND)** | **49,711** | **31,651** | **39,272** | **45,933** | **53,612** |
| OP (bn VND) | 310 | 96 | 500 | 1,317 | 1,644 |
| **NP (bn VND)** | **251** | **22** | **510** | **1,031** | **1,264** |
| EPS (VND) | 420 | 49 | 828 | 1,674 | 1,865 |
| BPS (VND) | 18,171 | 17,475 | 17,689 | 18,690 | 19,541 |
| OPM (%) | 0.6 | 0.3 | 1.3 | 2.9 | 3.1 |
| NPM (%) | 0.5 | 0.1 | 1.3 | 2.2 | 2.4 |
| **ROE (%)** | **2.3** | **0.2** | **4.7** | **8.1** | **8.7** |
| PER (x) | 11.0 | 23.8 | 21.4 | 10.6 | 9.5 |
| PBR (x) | 1.1 | 1.6 | 1.0 | 0.9 | 0.9 |
| EV/EBITDA (x) | 7.8 | 11.9 | 10.4 | 4.3 | 3.6 |

Source: Company data, Shinhan Securities Vietnam

**HSG's fiscal year: from October 1 to September 30 of the following year*


Shinhan Securities Vietnam Co., Ltd. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Analysts employed by Shinhan Securities Vietnam Co., Ltd. , or a non-US affiliate thereof, are not registered/qualified as research analysts with FINRA, may not be associated persons of the member and may not be subject to FINRA restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account. For analyst certification and important disclosures, refer to the Compliance & Disclosure Notice at the end of this report.

# Update on Anti-Dumping Duties for Imported HRC from China and Impact on Hoa Sen

## Update on Anti-Dumping Duties for Imported HRC from China

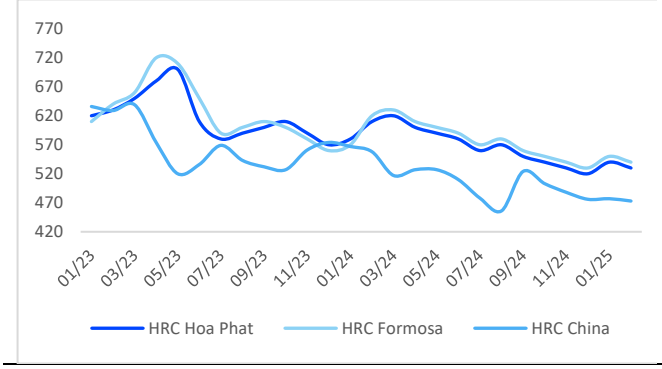
On February 21, 2025, Vietnam's Ministry of Industry and Trade issued Decision No. 460/QĐ-BCT imposing temporary anti-dumping duties on certain hot-rolled coil (HRC) imports from China. The applied tax rates range from 19.38% to 27.83%, taking effect 15 days after issuance and lasting for 120 days.

## Impact on Hoa Sen

The primary goal of this new tax policy is to protect the domestic HRC industry and mitigate the risk of an influx of Chinese HRC, which could lead to unfair competition. This is especially relevant as the Trump 2.0 policy tightens controls on Chinese steel imports, potentially pushing China to seek alternative markets, including Vietnam. The imposed tariffs will support local HRC producers like HPG and Formosa by boosting sales volume and may drive HRC prices higher in the mid-term.

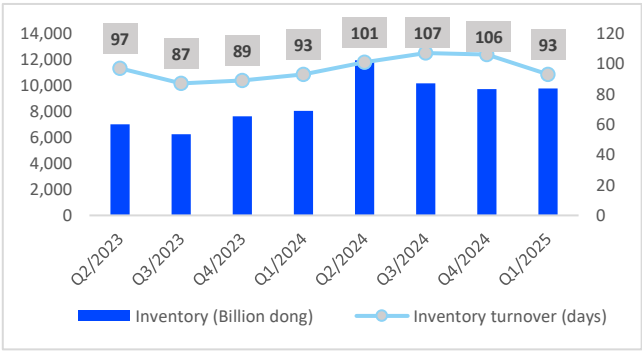
However, domestic galvanized steel producers (HSG, NKG, GDA) primarily rely on imported Chinese HRC as a key raw material due to its competitive pricing. The new tariffs may raise input costs, putting pressure on profit margins. We assess that HSG will be less affected than NKG and GDA, given its leading domestic market share and lower export dependency. However, we expect the company to find ways to optimize costs, diversify HRC supply sources, and adjust pricing strategies flexibly to maintain profit margins in the near future.

HRC price of Hoa Phat, Formosa, and China (USD/ton)




Source: Bloomberg, Bigmint, Shinhan Securities Vietnam

HSG's inventory value and inventory turnover days




Source: Company reportt, Shinhan Securities Vietnam

# Update Q1/2025 business results and 2025 forecast

| Items | Q1/2025 (Billion VND) | %YoY | 2025F (Billion VND) | %YoY | Chú thích |
|---|---|---|---|---|---|
| **Net revenue** | **10,221** | **+13%** | **45,933** | **17%** | Revenue growth was driven mainly by a recovery in sales volume (499 thousand tons, +11% YoY), especially in the domestic market (282 thousand tons, +15% YoY). |
| ***Output (thousand tons)*** | | | | | |
| *Galvanized Steel* | 394 | 9% | 1,759 | 14% | We forecast galvanized steel sales to reach 1.7 million tons (+14% YoY), driven by the enforcement of anti-dumping measures on imported galvanized steel, contributing an additional 10% to volume compared to the previous year. |
| *Steel Pipe* | 105 | 18% | 374 | 4% | Steel pipe sales rely mainly on the domestic market. We forecast 2025 sales to reach 374 thousand tons (+4% YoY), driven by the recovery of local construction activity. |
| **Gross Profit** | **1,205** | **32%** | **5,515** | **35%** | We forecast HSG's gross profit margin (GPM) will improve from 10.8% in 2024 to 12% in 2025, driven by its HRC supply diversification strategy and flexible pricing adjustments. |
| Gross Profit Margin | 12% | | 12% | | |
| SG&A expenses | 991 | 18.1% | 4,172 | 9% | In 2024, shipping costs doubled, causing a sharp rise in HSG's selling expenses. We expect freight rates to stabilize in 2025. |
| **Profit from Operating Activities** | **182** | **75%** | **1,317** | **163%** | |
| **EBIT** | 189 | 64% | 1,416 | 162% | |
| **NPAT** | **166** | **60%** | **1,031** | **102%** | |

# Valuation and Recommendation

## Update valuation with BUY recommendation, target price VND 22,800

We update the valuation of Hoa Sen Group JSC (HSG) with a BUY recommendation and a target price of VND 22,800, equivalent to an expected return of 19%. For 12 months investment horizon, HSG can be considered with the following advantages:

1) Protective policies for the galvanized steel industry are extended amid recovering domestic demand;
2) Steel prices enter a recovery cycle;
3) The improvement of profitability margins.

## Valuation method

We apply a combination of P/E and Discounted Cash Flow (FCFF) valuation methods with weights of 50% and 50% respectively to value Hoa Sen Group Corporation (HSG).

| Method | Density | Price (VND) |
|---|---|---|
| P/E | 50% | 20,300 |
| FCFF | 50% | 25,200 |
| **Target price** | | **22,800** |
| Current price (27/02/2025) | | 19,150 |
| **Profit rate (%)** | | **19%** |

The Discounted Cash Flow (DCF) method – FCFF

| Variable | Value |
|---|---|
| D/E | 0.59 |
| Beta | 1.68 |
| Risk - free rate | 3.1% |
| Cost of equity | 17.15% |
| Cost of debt | 6.97% |
| WACC | 12.75% |

Source: Bloomberg, Shinhan Securities Vietnam

For the Weighted Average Cost of Capital (WACC), we use Vietnam's 10-year government bond yield of 3.1% as the risk-free rate. Beta is calculated based on the past five years of historical data for HPG and VNINDEX. Based on these assumptions, HSG's target price using the FCFF method is valued at 25,200 VND.

| FCFF model | | | | | |
|---|---|---|---|---|---|
| Unit: VND billion | **2025F** | **2026F** | **2027F** | **2028F** | **2029F** |
| **Net profit** | 1,031 | 1,264 | 1,832 | 2,051 | 2,344 |
| Plus: After-tax interest expense | 305 | 276 | 252 | 216 | 216 |
| Plus: Non-cash charges | 1,411 | 1,148 | 597 | 395 | 400 |
| Minus: Change in working capital | 448 | 403 | 363 | -66 | -100 |
| Minus: Capital expenditure | 362 | -28 | 206 | 204 | 205 |
| **Free cash flows to the firm (FCFF)** | **1,937** | **2,312** | **2,112** | **2,523** | **2,855** |
| Discount rate | 0.89 | 0.79 | 0.70 | 0.62 | 0.55 |
| Present value of FCFF | 1,718 | 1,819 | 1,473 | 1,561 | 1,567 |
| Terminal growth rate | 0% | | | | |
| Present value of terminal value | 12,282 | | | | |
| **Enterprise value** | 20,419 | | | | |
| Minus: Total debt | 6,410 | | | | |
| Plus: Cash balance | 1,529 | | | | |
| Minus: Minority interest | 0.620 | | | | |
| Number of shares outstanding (bn shares) | **25,200** | | | | |

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 HSG's target P/E at 12.1x. Combined with the projected 2025 EPS of VND1,674, HSG's target price is valued at VND20,294.

**Comparison of peer enterprises**

| Company name | Country | PE | Market cap. (USD mn) | Revenue growth YoY (%) | EPS growth YoY(%) | ROA (%) | ROE (%) |
|---|---|---|---|---|---|---|---|
| Hoa Phat | Vietnam | 14.18 | 6.689 | 16.73 | 85.06 | 5.50 | 11.10 |
| Nam Kim | Vietnam | 10.08 | 0.254 | 10.83 | 312.70 | 4.05 | 8.71 |
| Arabian Pipes Co | India | 10.00 | 0.524 | 74.66 | 19.62 | 11.55 | 66.43 |
| Hsin Kuang Steel Co Ltd | Taiwan | 8.40 | 0.606 | (0.58) | 93.86 | 6.3 | 15.9 |
| Shengtal NewMaterial Co Lt | China | 15.30 | 0.396 | 64.13 | 65.08 | 5.44 | 13.67 |
| Olympic Steel Inc | US | 16.80 | 0.365 | (10..03) | (48.83) | 3.47 | 4.73 |
| Tubacex SA | Spain | 18.70 | 0.490 | 19.26 | 79.56 | 3.70 | 16.63 |
| Al Jazeera Steel Product Co | Oman | 5.07 | 0.094 | 3.01 | 72.73 | 4.03 | 8.10 |
| **Average** | | | **12.1x** | | | | |
| **Median** | | | **12.4x** | | | | |
| **P/E forward** | | | **12.1x** | | | | |
| **EPS forward** | | | **1,674** | | | | |
| **Target price** | | | **20,294** | | | | |

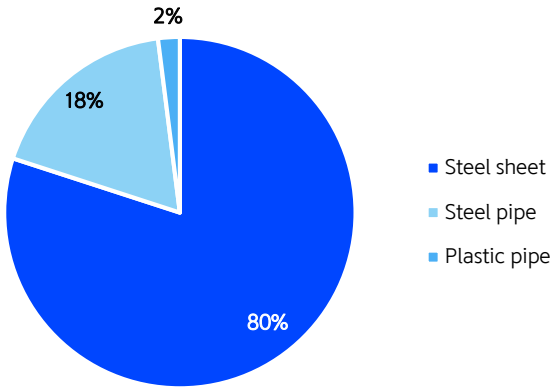
# Company background

## Company history

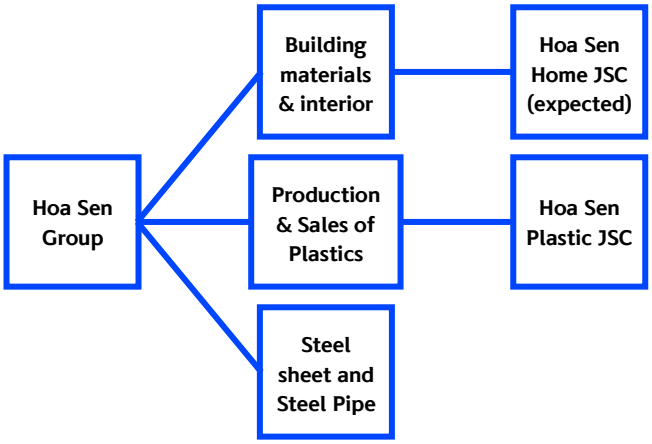
Hoa Sen Group (HSG) was established on August 8, 2001. In 2008, the Company was officially listed on HOSE with the stock ticker HSG. Over 20 years of establishment, Hoa Sen Group has become the number one enterprise in the field of galvanized steel sheets in Vietnam in both domestic and foreign markets, accounting for 29% of the domestic market share and 30% of the export market.

Hoa Sen Group owns a system of more than 600 branches and retail stores across the country. In addition to the domestic market, Hoa Sen Group constantly promotes export activities in many potential markets in the Middle East, South Asia, Africa, Australia, Europe, and America. Currently, Hoa Sen Group's products are present in more than 87 countries and territories.

Structure of Hoa Sen products in 2023




Hoa Sen's business structure

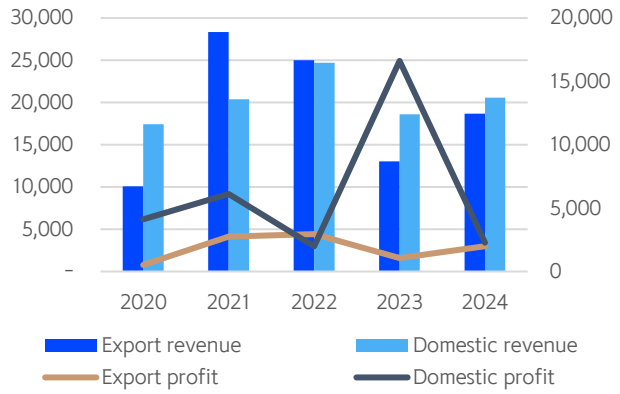



Source: Company Report, Shinhan Securities Vietnam

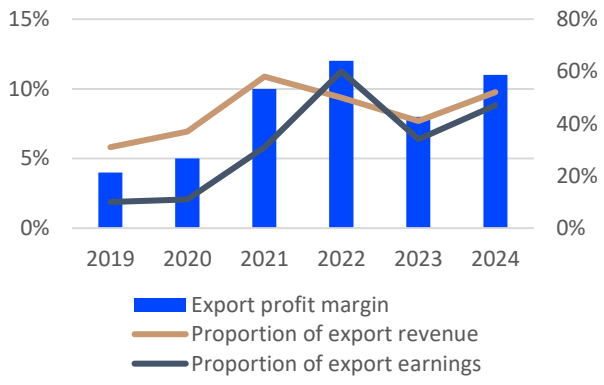
Hoa Sen Group has three main business segments including the Production and trading of steel sheets and steel pipes; the distribution of building materials and interior decoration and plastic production. Which, the plastic business segment is in charge of Hoa Sen Plastic JSC. Hoa Sen Group also plans to establish Hoa Sen Home Joint Stock Company, thereby separating the building materials segment for Hoa Sen Home to be in charge of.

Hoa Sen's main products include galvanized sheets, steel pipes, and plastic pipes. Which, galvanized sheets accounted for more than 80% of Hoa Sen's product structure.

Structure of domestic and export revenue 2018 – 2023 (billion VND)



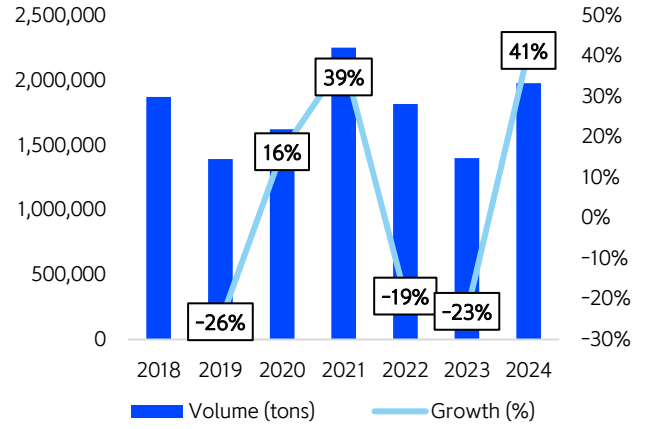

The proportion of export revenue and profit 2018 - 2023



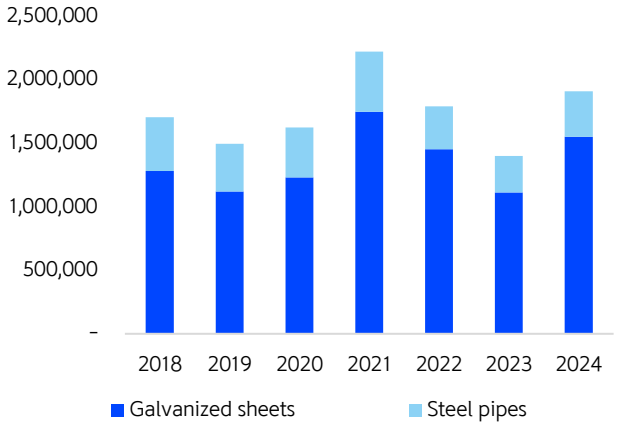

Source: Company Report, Shinhan Securities Vietnam

Hoa Sen is maintaining the average ratio of export and domestic revenue at about 50%.

Hoa Sen sales volume 2018 – 2024 (tons)




Consumption volume by product structure (tons)




Source: Company Report, Shinhan Securities Vietnam

Hoa Sen owns 10 factories across the country with a total production capacity of 2.5 million tons of galvanized steel sheets, 850 thousand tons of steel pipes, and 130 thousand tons of plastic pipes.

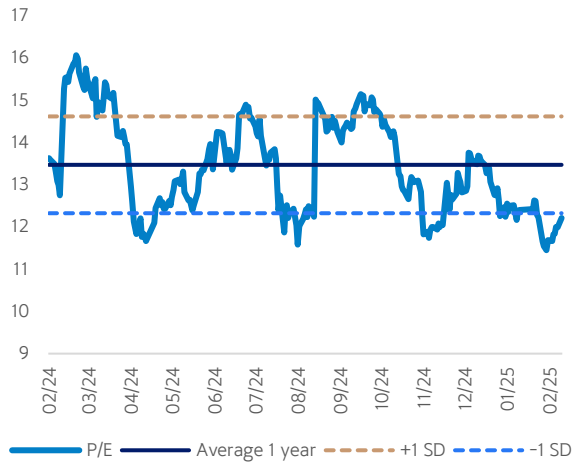
Table: Hoa Sen's factories

Unit: Tons

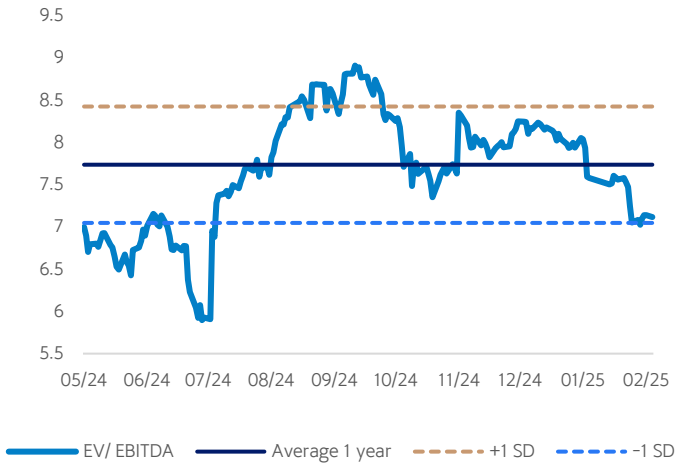
| Factory Name | Area (a) | Steel pipe | Hot Dipped Galvanized Steel Pipe | Cold rolled steel | Production of corrugated iron (NOF) | Color coating | Plastic Pipe |
|---|---|---|---|---|---|---|---|
| Ong Kem Hoa Sen Yen Bai | 8.70 | 82,800 | | | | | |
| Hoa Sen Nghe An | 35.00 | | | 700,000 | 800,000 | 240,000 | |
| Hoa Sen Nam Cam | 9.40 | 120,000 | | | | | |
| Ong Kem - Ong Nhua Hoa Sen Binh Dinh | 13.80 | 100,000 | | | | | |
| Ton Hoa Sen - Binh Duong | 2.40 | | | 980,000 | 150,000 | 45,000 | |
| Ton Hoa Sen Phu My | 16.60 | | | | 1,150,000 | 330,000 | |
| Ong Thep Ma Kem Hoa Sen Phu My | 9.30 | 332,040 | 85,000 | | | | |
| Nha May Nhua Hoa Sen | 10.80 | | | | | | 129,691 |
| Hoa Sen Nhon Hoi - Binh Dinh | 21.80 | | | 350,000 | 430,000 | 195,000 | |
| Hoa Sen Ha Nam | 20.50 | 217,800 | | | | | |
| **Total** | **148** | **852,640** | **85,000** | **2,030,000** | **2,530,000** | **810,000** | **129,691** |

Source: Company Report, Shinhan Securities Vietnam

P/E 1 year

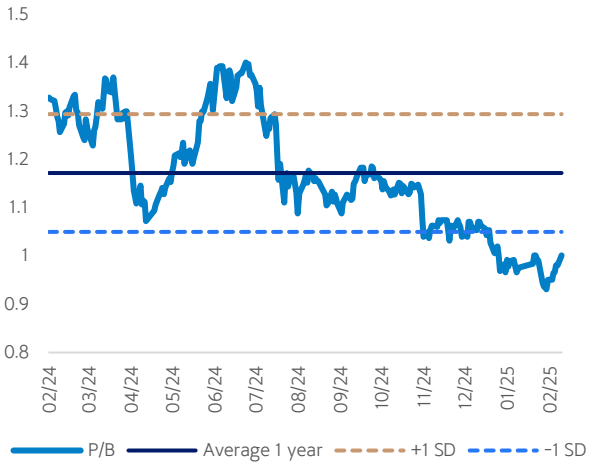



EV/EBITDA 1 year

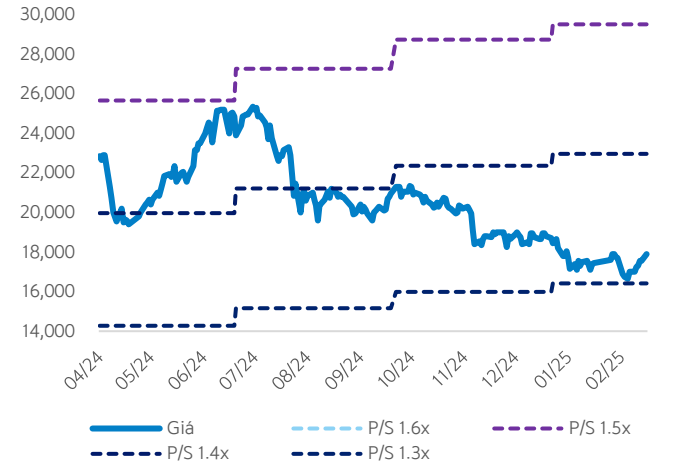



Source: Bloomberg data, Shinhan Securities Vietnam

P/B 1 year

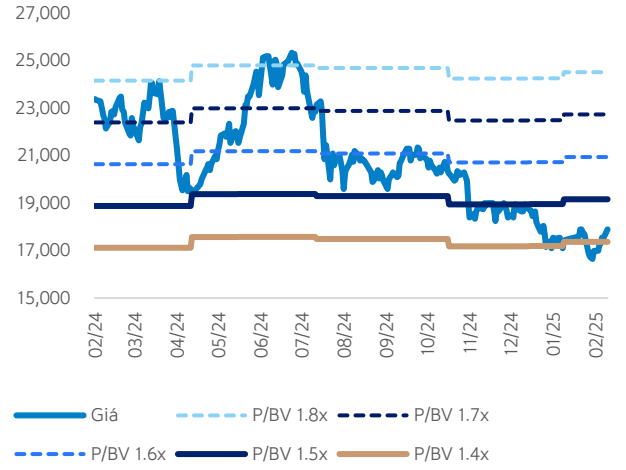



P/S 1 year




Source: Bloomberg data, Shinhan Securities Vietnam

P/B band

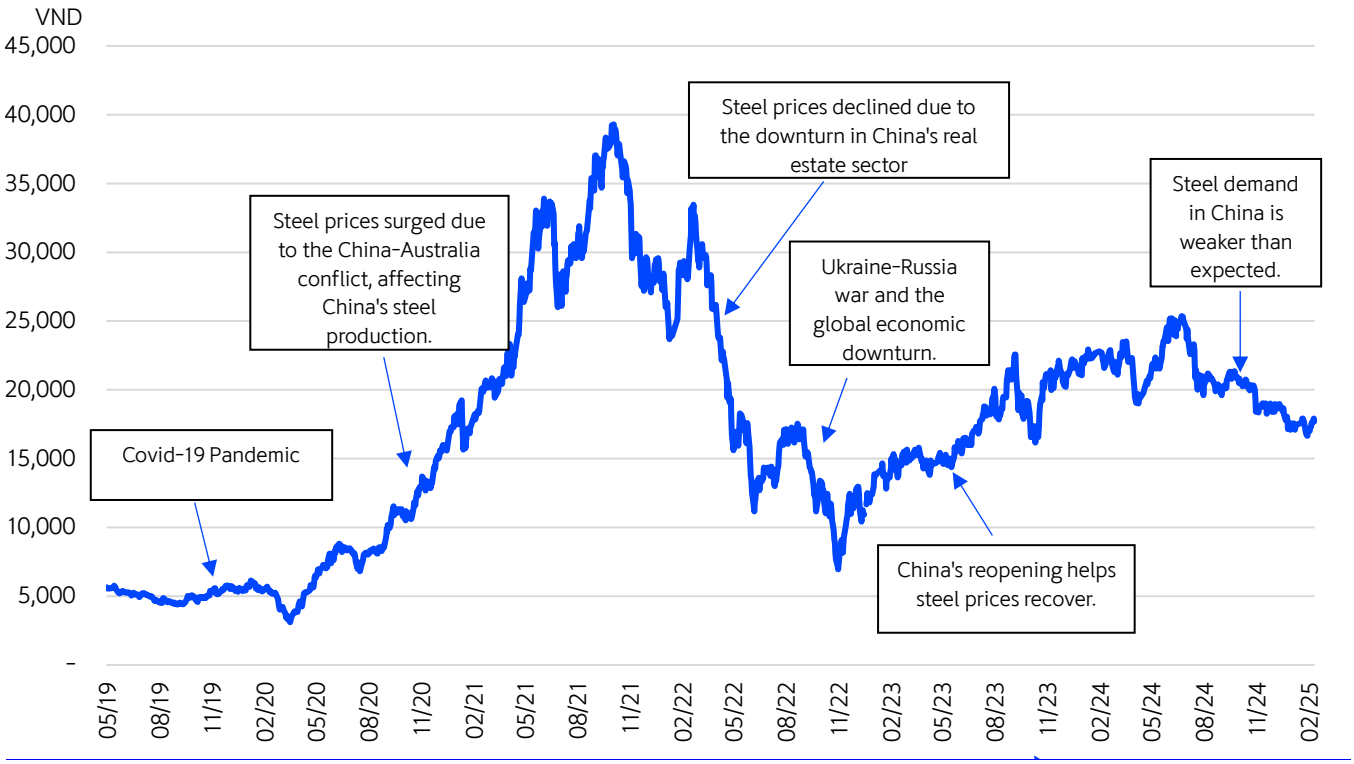



ROE and MA 1 year




Source: Bloomberg data, Shinhan Securities Vietnam

**Key event chart of HSG**

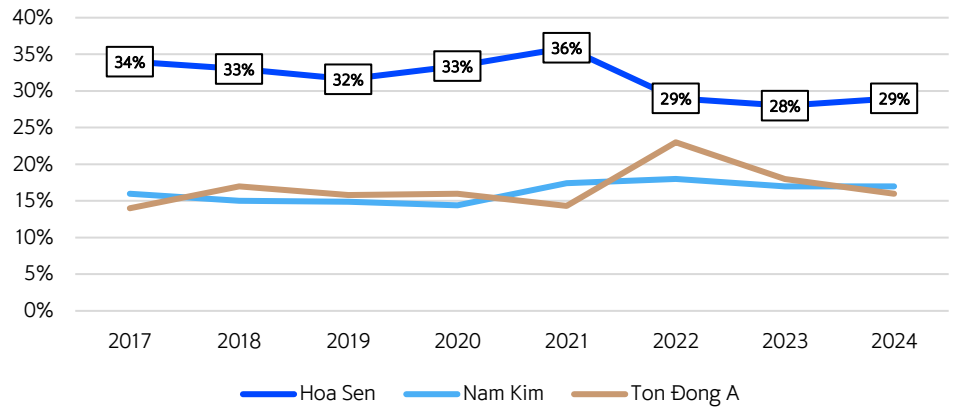



Source: Bloomberg, Company data, Shinhan Securities Vietnam

# Risks

## Risk of market share decline

Hoa Sen market shares and competitors from 2017 to 2018 (%)




Source: Bloomberg, Company data, Shinhan Securities Vietnam

Hoa Sen's galvanized sheet market share has decreased from 36% to 29% in 2022. Meanwhile, competitors such as Nam Kim and Ton Dong A still maintain and expand their market share. The decline in market share occurred in 2022 as Hoa Sen focused on expanding the retail segment with Hoa Sen Home furniture and construction materials supermarkets while Ton Dong A actively reduced selling prices for real estate businesses to help companies overcome difficulties.

With the strategy of focusing on the retail distribution of building materials, Hoa Sen's business segment will be less dependent on the galvanized sheet segment, thereby having a less direct competition with rivals.

## Risk of fluctuations in steel price HRC

The price fluctuation of HRC steel has a great impact on Hoa Sen's selling price because HRC steel is the main raw material in Hoa Sen's galvanized steel production process and Hoa Sen's galvanized steel price is calculated as a markup from the price of HRC steel. With export revenue accounting for around 50% of total revenue, Hoa Sen's steel selling price is influenced by both domestic and international steel price movements.

## Risk of unstable domestic real estate market

The real estate market directly affects the selling amount of galvanized steel sheets and steel pipes of Hoa Sen. 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 and Hoa Sen.

## The risk of a decline in the world economy

The world economic situation directly affects the steel consumption demand of countries around the world. The economic decline will directly affect the investment and construction demand of countries, thereby negatively affecting the consumption and selling price of HRC around the world. With the proportion of exports accounting for around 50% of Hoa Sen's revenue structure, the economic downturn will directly affect Hoa Sen's business results.

# Appendix: Financial statements

## Statement of financial position

| Year to Dec. (bn VND) | 2023 | 2024 | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| **Total assets** | **17,365** | **19,562** | **20,792** | **22,787** | **25,221** |
| Current assets | 11,275 | 14,165 | 16,641 | 19,812 | 22,637 |
| Cash & equivalents | 597 | 602 | 2,864 | 4,360 | 5,848 |
| Short-term financial asset | 26 | 31 | 17 | 20 | 23 |
| Accounts receivable | 2,322 | 2,986 | 3,021 | 2,870 | 3,200 |
| Inventories | 7,629 | 9,702 | 10,739 | 12,561 | 13,566 |
| Non-current assets | 6,090 | 5,397 | 4,151 | 2,975 | 2,584 |
| Net fixed assets | 4,833 | 3,915 | 2,972 | 2,196 | 1,778 |
| Investment assets | 1 | 1 | 1 | 1 | 1 |
| Other long-term assets | 396 | 407 | 407 | 407 | 407 |
| **Total liabilities** | **6,585** | **8,649** | **8,112** | **8,205** | **8,187** |
| Current liabilities | 6,569 | 8,633 | 8,021 | 8,062 | 8,011 |
| Accounts payable | 3,633 | 3,269 | 3,221 | 3,824 | 4,212 |
| Short-term borrowings | 2,936 | 5,364 | 4,800 | 4,239 | 3,799 |
| Others | 747 | 940 | 1,162 | 1,405 | 1,521 |
| Non-current liabilities | 16 | 16 | 91 | 143 | 176 |
| Long-term borrowings | 0 | 0 | 75 | 126 | 160 |
| Other financial liabilities | 16 | 16 | 16 | 16 | 16 |
| **Total shareholders' equity** | **10,780** | **10,912** | **12,680** | **14,581** | **17,034** |
| Charter capital | 6,160 | 6,160 | 6,776 | 7,453 | 8,199 |
| Capital surplus | 157 | 157 | 157 | 157 | 157 |
| Retained earnings | 4,447 | 4,579 | 5,731 | 6,954 | 8,662 |
| Other capital | 4,369 | 4,528 | 5,680 | 6,903 | 8,611 |
| Non-controlling interest equity | 16 | 16 | 16 | 16 | 16 |
| *Total debt | 2,936 | 5,364 | 4,874 | 4,365 | 3,959 |
| *Net debt (cash) | 2,313 | 4,731 | 1,993 | 685 | (1,212) |

## Statement of comprehensive income

| Year to Dec. (bn VND) | 2023 | 2024 | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| **Revenue** | **31,651** | **39,272** | **45,933** | **53,612** | **60,880** |
| Growth (%) | -36.3 | 24.1 | 17.0 | 16.7 | 13.6 |
| **COGS** | **(28,590)** | **(35,018)** | **(40,418)** | **(47,060)** | **(52,848)** |
| **Gross profit** | **3,061** | **4,253** | **5,515** | **6,552** | **8,033** |
| GPM (%) | 9.7 | 10.8 | 12.0 | 12.2 | 13.2 |
| **SG&A** | **(2,884)** | **(3,840)** | **(4,172)** | **(4,869)** | **(5,529)** |
| **Operating profit** | **177** | **413** | **1,343** | **1,682** | **2,503** |
| Growth (%) | (0.7) | 4.2 | 1.6 | 0.2 | 0.5 |
| OPM (%) | 0.6 | 1.1 | 2.9 | 3.1 | 4.1 |
| **Non-operating profit** | **50** | **128** | **28** | **16** | **14** |
| Financial income | 233 | 342 | 227 | 193 | 174 |
| Financial expense | (233) | (254) | (253) | (231) | (214) |
| In which: interest expenses | (195) | (133) | (247) | (223) | (204) |
| Net other non-operating profit | 50 | 41 | 54 | 54 | 54 |
| **Pre-tax profit** | **227** | **541** | **1,371** | **1,698** | **2,517** |
| Income tax | (124) | (31) | (385) | (477) | (729) |
| **Net profit** | **22** | **510** | **1,031** | **1,264** | **1,832** |
| Growth (%) | (91.1) | 2,174.3 | 102.2 | 22.6 | 45.0 |
| NPM (%) | 0.1 | 1.3 | 2.2 | 2.4 | 3.0 |
| Controlling interest | 30 | 510 | 1,031 | 1,264 | 1,832 |
| Non-controlling interest | (8) | 0 | 0 | 0 | 0 |
| **EBIT** | **342** | **674** | **1,663** | **1,964** | **2,765** |
| Growth (%) | (44.9) | 97.4 | 146.7 | 18.1 | 40.8 |
| EBIT Margin (%) | 1.1 | 1.7 | 3.6 | 3.7 | 4.5 |
| **EBITDA** | **1,405** | **1,548** | **3,074** | **3,112** | **3,362** |
| Growth (%) | (18.5) | 10.2 | 98.5 | 1.2 | 8.0 |
| EBITDA margin (%) | 4.4 | 3.9 | 6.7 | 5.8 | 5.5 |

## Statement of cash flow

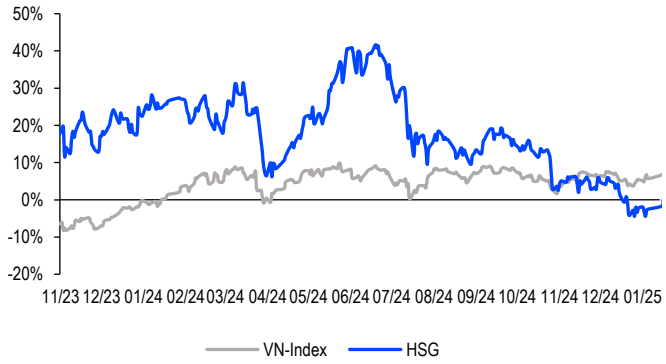
| Year to Dec. (bn VND) | 2023 | 2024 | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| **Cash flow from operations** | **1,866** | **(1,418)** | **2,393** | **1,344** | **1,483** |
| Net profit | 22 | 510 | 1,031 | 1,264 | 1,832 |
| Depreciation expense | 1,063 | 874 | 1,411 | 1,148 | 597 |
| (Gain) from investing activities | (10) | (23) | 399 | (664) | (583) |
| Change in working capital | 523 | (3,305) | (448) | (403) | (363) |
| Others | 267 | 525 | - | - | - |
| **Cash flow from investments** | **(350)** | **(721)** | **(347)** | **27** | **(208)** |
| Change in fixed assets | (141) | 44 | (467) | (370) | (177) |
| Change in investment assets | - | (4) | 13 | (3) | (3) |
| Others | (209) | (760) | 107 | 400 | (28) |
| **Cash flow from financing** | **(1,251)** | **2,142** | **247** | **128** | **214** |
| Change in equity | - | - | 616 | 678 | 745 |
| Net borrowing | (1,251) | 2,493 | (490) | (509) | (406) |
| Dividends | - | (351) | 120 | (41) | (125) |
| **Change in total cash** | **265** | **4** | **2,292** | **1,499** | **1,489** |
| Beginning cash | 330 | 597 | 600 | 2,891 | 4,387 |
| Change in FX rates | 2 | 2 | 2 | 2 | 3 |
| Ending cash | 597 | 600 | 2,891 | 4,387 | 5,875 |

## Key ratios

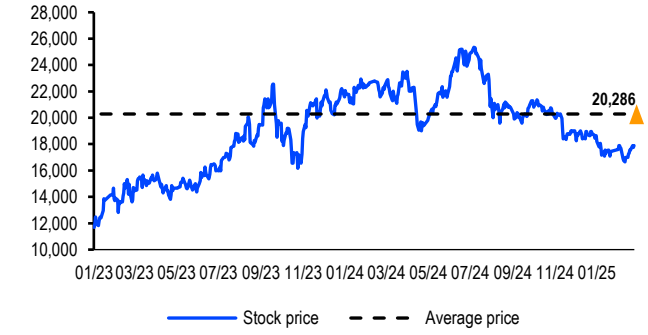
| Year to Dec. | 2023 | 2024 | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| EPS (VND) | 49 | 828 | 1,674 | 1,865 | 2,458 |
| BPS (VND) | 17,475 | 17,689 | 18,690 | 19,541 | 20,756 |
| PER (x) | 23.8 | 21.4 | 10.6 | 9.5 | 7.2 |
| PBR (x) | 1.6 | 1.0 | 0.9 | 0.9 | 0.9 |
| EV/EBITDA (x) | 11.9 | 10.4 | 4.3 | 3.6 | 2.8 |
| Dividend payout ratio (%) | 0 | 5 | 5 | 5 | 5 |
| **Profitability** | | | | | |
| EBITDA margin (%) | 4.4 | 3.9 | 6.7 | 5.8 | 5.5 |
| OPM (%) | 0.6 | 1.1 | 2.9 | 3.1 | 4.1 |
| NPM (%) | 0.1 | 1.3 | 2.2 | 2.4 | 3.0 |
| ROA (%) | 0.1 | 2.6 | 5.0 | 5.5 | 7.3 |
| ROE (%) | 0.2 | 4.7 | 8.1 | 8.7 | 10.8 |
| **Stability** | | | | | |
| Debt to equity ratio (%) | 27.2 | 49.2 | 38.4 | 29.9 | 23.2 |
| Net debt ratio (%) | 164.7 | 305.6 | 64.8 | 22.0 | (36.0) |
| Cash ratio (%) | 9.5 | 7.3 | 35.9 | 54.3 | 73.3 |
| Interest coverage ratio (x) | 1.7 | 5.1 | 6.7 | 8.8 | 13.5 |
| **Activity (%)** | | | | | |
| Working capital turnover (times) | 22.6 | 24.2 | 17.4 | 15.2 | 15.3 |
| Inventory turnover (days) | 95.9 | 90.3 | 92.3 | 90.4 | 90.2 |
| Accounts payable turnover (days) | 21.8 | 24.7 | 23.9 | 20.1 | 18.2 |

# Hoa Sen Group (HSG)

## Share price




## Target price (VND)




| Date | Rating | TP (VND) | TP gap (%) | |
|---|---|---|---|---|
| | | | TB | Max/Min |
| 14/04/2023 (Initiate) | HOLD | 16,100 | -36 | -63/134 |
| 18/11/2024 (Update) | MUA | 23,700 | 16 | -7/30 |
| 27/02/2025 (Update) | MUA | 22,800 | 13 | -12.6/37.3 |

Note: Calculation of target price gap based on past 12 months

**Shinhan Securities Vietnam**

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

# Compliance & Disclosure Notice

## Analyst Certification

- The following analysts hereby certify that their views about the companies and securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Le Thien Huong

## Important Disclosures & Disclaimers

- As of the date of publication, Shinhan Securities Vietnam Co., Ltd. does not beneficially own 1% or more of any class of common equity securities of the following companies mentioned in this report: HSG VN
- Shinhan Securities Vietnam Co., Ltd. or one of its affiliates, and/or their respective officers, directors, or employees may have interests, or long or short positions, and may at any time make purchases or sales as a principal or agent of the securities of the companies mentioned in this report.
- As of the date of publication, research analysts responsible for this report and members of their households do not have any financial interest in the debt or equity securities of the companies mentioned in this report.
- Research analysts responsible for this report receive compensation based upon, among other factors, the overall profitability of Shinhan Securities Vietnam Co., Ltd. including profits derived from investment banking. The analysts responsible for this report may also receive compensation based upon, among other factors, the overall profitability of sales and trading businesses relating to the class of securities or financial instruments for which such analysts are responsible.
- All opinions and estimates regarding the companies and their securities are accurate representations of the research analysts' judgments and may differ from actual results.
- This report is intended to provide information to assist investment decisions only, and should not be used or construed as an offer or a solicitation of an offer to buy or sell any securities. The information herein has been obtained from sources deemed reliable, but such information has not been independently verified and no guarantee, representation, or warranty, expressed or implied, is made as to its accuracy, completeness, or correctness. Shinhan Securities Vietnam Co., Ltd. makes the best effort but does not guarantee the accuracy, completeness, or correctness of information and opinions translated into English from original Vietnamese language materials. Shinhan Securities Vietnam Co., Ltd. accepts no liability whatsoever for any direct, indirect, and/or consequential loss arising from any use of this material or its contents. Stock selection and final investment decisions should be made at the investor's own and sole discretion.
- This report is distributed to our customers only, and any unauthorized use, duplication, or redistribution of this report is strictly prohibited.
- Investing in any Vietnamese securities or related financial instruments discussed in this research report may present certain risks. The securities of Vietnamese issuers may not be registered with, or be subject to the regulations of, the US Securities and Exchange Commission. Information on Vietnamese securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the US. The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in currencies other than the Vietnamese won is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

## Distribution

- United States: This report is distributed in the US by Shinhan Investment America, Inc., a member of FINRA/SIPC, and is only intended for major US institutional investors as defined in Rule 15a-6(a)(2) of the US Securities Exchange Act of 1934. All US persons that receive this document by their acceptance thereof represent and warrant that they are major US institutional investors and have not received this report under any express or implied understanding that they will direct commission income to Shinhan Securities Vietnam Co., Ltd. or its affiliates. Pursuant to Rule 15a-6(a)(3), any US recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Shinhan Investment America, Inc., which accepts responsibility for the contents of this report in the US. The securities described herein may not have been registered under the US Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the US or to US persons unless they have been registered or are in compliance with an exemption from registration requirements.
- All Other Jurisdictions: Customers in all other countries who wish to effect a transaction in any securities referenced in this report should contact Shinhan Securities Vietnam Co., Ltd. or its affiliates only if distribution to or use by the such customer of this report would not violate applicable laws and regulations and not subject Shinhan Securities Vietnam Co., Ltd. and its affiliates to any registration or licensing requirement within such jurisdiction.



## Shinhan Investment Network

### SEOUL

Shinhan Securities Co., Ltd
Shinhan Investment Tower
70, Youido-dong, Yongdungpo-gu,
Seoul, Korea 150-712
Tel : (82-2) 3772-2700, 2702
Fax : (82-2) 6671-7573

### NEW YORK

Shinhan Investment America Inc.
1325 Avenue of the Americas Suite 702,
New York, NY 10019
Tel : (1-212) 397-4000
Fax : (1-212) 397-0032

### Hong Kong

Shinhan Investment Asia Ltd.
Unit 7705 A, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Tel : (852) 3713-5333
Fax : (852) 3713-5300

### Indonesia

PT Shinhan Sekuritas Indonesia
30th Floor, IFC 2, Jl. Jend. Sudirman Kav.
22-23, Jakarta, Indonesia
Tel : (62-21) 5140-1133
Fax : (62-21) 5140-1599

### Shanghai

Shinhan Investment Corp.
Shanghai Representative Office
Room 104, Huaneng Union Mansion No.958,
Luijiazui Ring Road, PuDong, Shanghai, China
Tel : (86-21) 6888-9135/6
Fax : (86-21) 6888-9139

### Ho Chi Minh

Shinhan Securities Vietnam Co., Ltd.
18th Floor, The Mett Tower, 15 Tran Bach Dang Street,
Thu Thiem Ward, Thu Duc City, Vietnam
Tel : (84-8) 6299-8000
Fax : (84-8) 6299-4232

### Ha Noi

Shinhan Securities Vietnam Co., Ltd.
Hanoi Branch
2nd Floor, Leadvisors Building, No. 41A Ly Thai To,
Ly Thai To Ward, Hoan Kiem District, Hanoi, Vietnam.
Tel : (84-8) 6299-8000