

07/02/2025

RECOMMENDATION

BUY

Fair price	32,400
Current price	26,700
Upside/downside	21.3%

STOCK INFORMATION

Outstanding shares (mil)	6,396.3
Free float (mil)	56%
Market cap. (billion VND)	168,861
3m avg. volume (shares)	16,165,423
Highest price 52W (VND)	29,600
Lowest price 52W (VND)	24,850

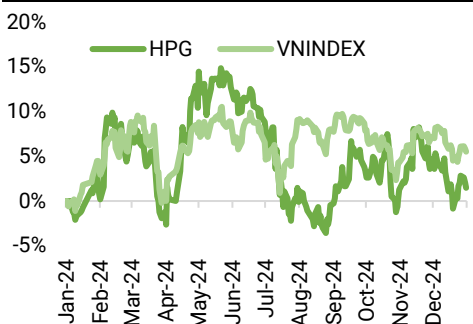
SHAREHOLDER STRUCTURE

Tran Dinh Long	25.8%
Vu Thi Hien	6.9%
Others	67.3%

KEY ATTRIBUTES

TTM EPS (VND)	1,905
BVPS (VND)	17,446
Debt/Equity (%)	70.41%
ROA (%)	6.33%
ROE (%)	11.53%
P/E	14.16
P/B	1.51
Dividend yield (%)	0%

PRICE PERFORMANCE



COMPANY PROFILE

Hoa Phat Group JSC is a multi-disciplinary manufacturing company. The Company manufactures a wide range of products, including steel, steel pipe, furniture, and refrigeration equipment.

ANALYST(S)

Hoa Nguyen Thi Mai
hoanguyenmai@phs.vn

Revenue driven by domestic steel demand

- 4Q24 consolidated revenue stayed flat, 2024 net revenue surged 16.7% YoY to VND140,561bn in 2024, in-line with our expectation. Net profit rebounded considerably 75.9% YoY to VND12,020bn in 2024, completed 102.1% of our expectation.
- We expect the business results to be better in 2025 thanks to the higher domestic demand and the bright potential of new project.
- We kept BUY rating. Our TP is VND32,400, with an upside of 21.3%, increasing 15% from our last report. We rolled the earning point to 2025 and choose P/E of 12x, lower than 10-year average of 15.5x that was impacted by poor business results in 2023.

Financial highlights

4Q24 net revenue stayed flat compared to 4Q23. Looking at the whole year 2024, HPG's net revenue surged 16.7% YoY to VND140,561bn, in-line with our expectation. The revenue growth is driven by sales volume increase, the total sales volume including construction steel, HRC, high-quality steel and steel billets went up 20% YoY to 8.1mn tons. While HRC segment showed little improvement, the main driver of the production growth in 2024 came from the long steels, especially in export markets.

Gross profit improved significantly 2.4% pts to 13.3% in 2024 when steel prices fell but raw material costs fell at a higher space.

Net profit rebounded considerably 75.9% YoY to VND12,020bn in 2024, mainly thanks to higher gross profit and lower financial expenses.

Investment thesis

Steel consumption driven by domestic demand

In 2025, Vietnam's steel demand is expected to grow, driven by robust public investment in infrastructure projects like expressways and airports, alongside rising residential construction as legal obstacles ease and the business environment improves. VSA forecast steel consumption in Vietnam to rebound 6.4% YoY to 21.6mn tons in 2025. HPG will get benefit from the country's infrastructure development thanks to its advanced technology and large production scale.

Dung Quat 2 drives revenue growth strongly

Dung Quat 2 focuses on HRC, used for many industries that have the high potential in Vietnam like construction, automobile and energy. We expect Dung Quat 2 Phase 1 to operate in 1Q25 and Phase 2 in 2026 will contribute 20%/30% of total revenue in 2025-26.

Steel margins improve in 2025 amid rising prices and lower costs

Steel prices are expected to rise 4% YoY in 2025 due to strong domestic demand, despite pressure from Chinese exports. Falling raw material costs (iron ore, coke, and scrap) will further support margins as China's steel production slows. Higher selling prices and lower input costs are set to boost profitability.

Valuation and Recommendation

Using the DCF and P/E methods to estimate target price of VND32,400/share, we keep BUY rating with a potential upside of 21.3%.