

Hoa Phat Group (HPG)

Continued Growth Momentum

Domestic market remains positive alongside recovering exports

- Hoa Phat's 1Q26 FS recorded consolidated revenue of VND52.9tn (+41% YoY) and consolidated gross profit of VND8,365bn (+54% YoY).
 - o **Steel segment:** Reported robust revenue growth of VND50.9tn (+43.5% YoY). Positive performance was driven by both sales volume and selling prices.
 - **Sales volume** in 1Q26 reached ~3.5 million tons (+29.5% YoY). Of which:

The *domestic market* continued to be the primary growth driver (+31% YoY), fueled by: (a) the commencement of real estate supply from previous quarters, and (b) domestic galvanized steel manufacturers shifting to local HRC instead of Chinese HRC after Vietnam officially imposed anti-dumping duties on HRC imported from China and India starting in late February 2025.

Notably, *export activities* recorded their first quarter of positive growth after five consecutive quarters of decline, reaching approximately 709,000 tons (+23% YoY), as HPG ramped up HRC exports to Southeast Asian markets with new capacity from the Dung Quat 2.2 plant.

	1Q26	4Q25	1Q25	QoQ	YoY
Consolidated Rev	52,901	46,176	37,622	15	41
- Steel	50,859	43,441	35,433	17	44
- Agriculture	1,763	1,857	1,987	(5)	(11)
- Real estate	278	879	202	(68)	38
Consolidated gross profit	8,365	6,397	5,424	31	54
- Steel	7,745	5,567	4,759	39	63
- Agriculture	453	441	534	3	(15)
- Real estate	166	389	131	(57)	27
Gross margin	15.8	13.9	14.4	2.0	1.4
- Steel	15.2	12.8	13.4	2.4	1.8
- Agriculture	25.7	23.8	26.9	1.9	(1.2)
- Real estate	59.8	44.2	64.8	15.6	(5.0)
NPAT	9,031	3,888	3,350	132	170

Source: Company data, KISVN

12M rating **NON-RATED**

12M TP
Up/Downside

Stock Data

VNIndex (05 May, pt)	1,875
Stock price (05 May, VND)	27,300
Market cap (USD mn)	7,959
Shares outstanding (mn)	7,675
52-Week high/low (VND)	30,350/21,167
6M avg. daily turnover (USD mn)	40.00
Free float / Foreign ownership (%)	82.0/22.7
Major shareholders (%)	
Tran Dinh Long & relationships	35.41
Dragon Capital	7.65
VOF Investment Limited	4.88

Performance

	1M	6M	12M
Absolute (%)	2.4	3.8	27.5
Relative to VNIndex (%p)	(9.0)	(9.9)	(26.3)

Stock price trend



Source: Bloomberg

Research Department

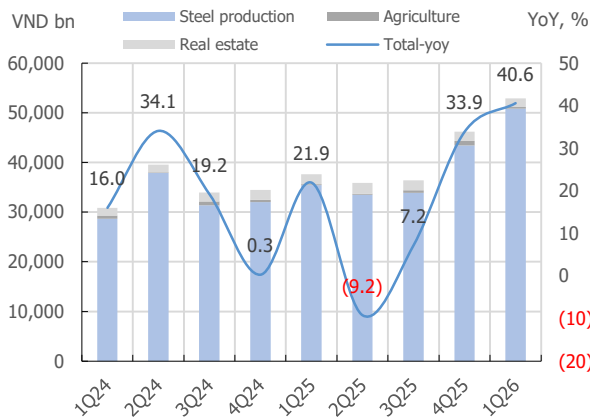
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- **Average selling price (ASP)** of steel products was approximately VND14.5mn/ton, up ~10.8% YoY or 15.6% QoQ. We attribute this price hike to: (i) rapid price increases in the European and U.S. markets, (ii) a higher proportion of high-value prestressed steel products in the sales mix, and (iii) rising transportation costs.
- **Steel segment gross profit** reached VND7,745bn, with a gross profit margin (GPM) of 15.2% (+2.4 pts QoQ or +1.8 pts YoY). This improvement was driven by higher asset utilization and the fact that HPG's selling prices rose faster than costs, amid robust domestic demand and improving export activities as analyzed above.
 - **Agriculture segment:** Recorded revenue and gross profit of VND1,763bn (-11% YoY) and VND453bn (-15% YoY), respectively.
 - **Real Estate segment:** Recorded revenue and gross profit of VND278bn (+38% YoY) and VND166bn (+27% YoY), respectively.
- Selling expenses spiked significantly by +82% YoY and +395% QoQ to VND1,345bn. This was primarily due to increased shipping/export costs and outsourced service expenses, driven by rising fuel prices and freight rates.
- Financial income saw a surge to VND5,938bn, including a one-off gain of VND4,916bn from the divestment of the Pho Noi project in Hung Yen.
- As a result, NPAT reached VND9,031bn, up +170% YoY.

2Q26F Earnings expected to maintain YoY-growth

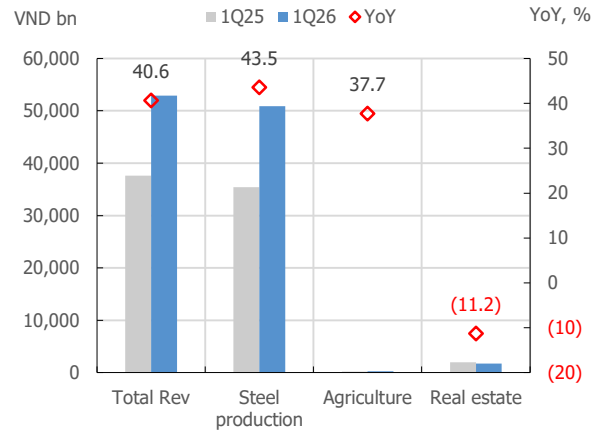
- Sales volume is expected to sustain positive growth, supported by a strong number of nationwide construction permits issued in recent quarters and initial recovery signals from export markets. *However, the growth rate may slow down* as construction activities are gradually impacted by rising interest rate trends. Furthermore, the advantage of a low base and the benefits from anti-dumping duties on Chinese and Indian HRC will diminish starting from March 2026.
- Gross Profit Margin (GPM) is likely to continue expanding due to: (i) HPG has adjusted HRC prices upward twice since late March with significant margins: an increase of VND900/kg in early April 2026 and VND1,320/kg in early May 2026; (ii) steel prices in European and U.S. markets maintain a positive upward trend. Meanwhile, (iii) although input raw material costs are rising, the pace of increase remains slower than that of selling prices.

Figure 1. Revenue grew by 41% yoy in 1Q26 ...



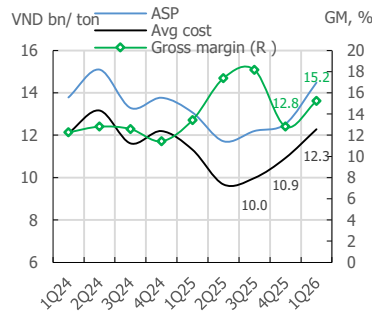
Source: Company Data, KISVN

Figure 2. ... being driven by the steel and agriculture segments



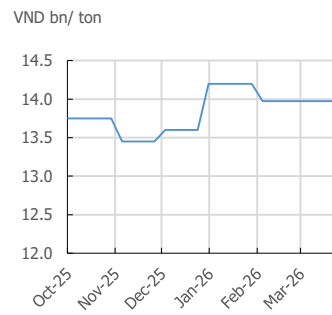
Source: Company Data, KISVN

Fig 3. ASP of steel products was approximately VND14.49mn/ton, up ~10.8% YoY or 15.6% QoQ



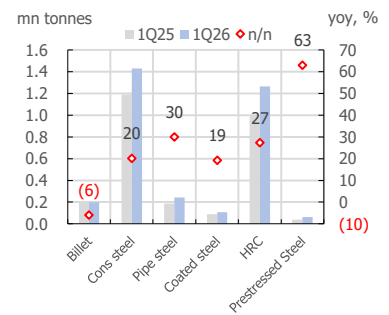
Source: Company Data, KISVN estimates

Fig 4. Sales volume in 1Q26 reached ~3.5 million tons, up +29.5% YoY



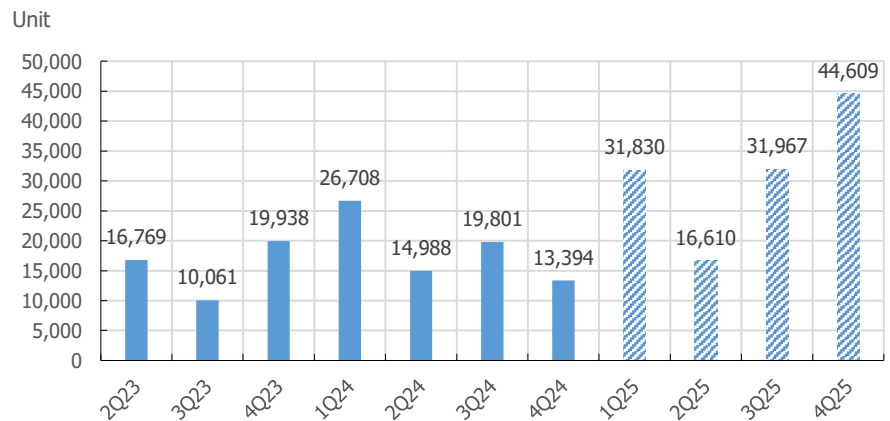
Source: VSA

Fig 5. The majority of product categories recorded growth



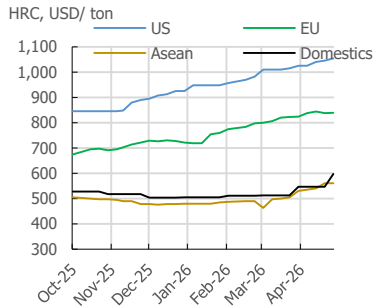
Source: Company Data, VSA

Figure 6. ... A higher number of real estate projects were licensed for construction in the previous quarters being enhanced domestic sales



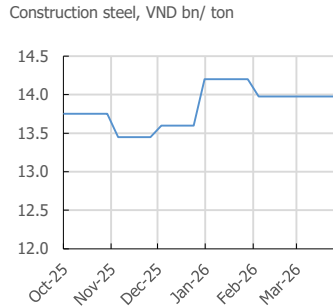
Source: Ministry of Construction, KISVN

Fig 7. HRC prices in European and U.S. markets are rising rapidly, while Southeast Asian and domestic markets have also recorded a positive recovery



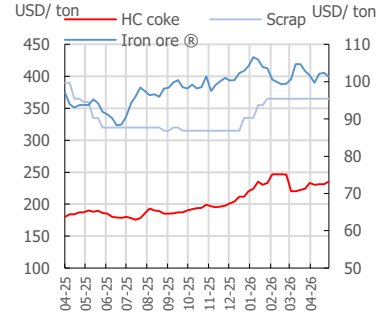
Source: Company data, Bloomberg, Thitruongthep.com

Fig 8. Similarly, HPG's construction steel selling prices also recorded a recovery



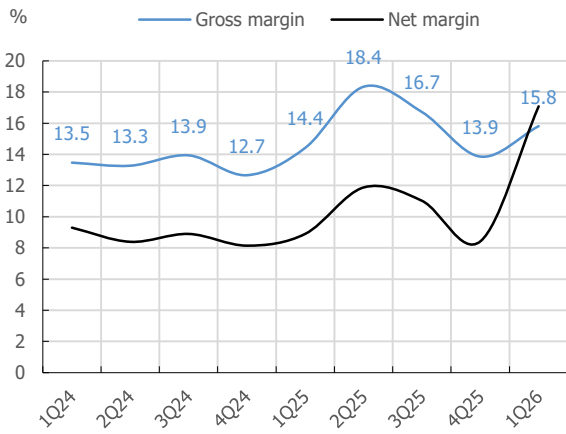
Source: VSA

Fig 9. Overall, steel selling prices in 1Q26 recorded a faster increase compared to the rise in costs



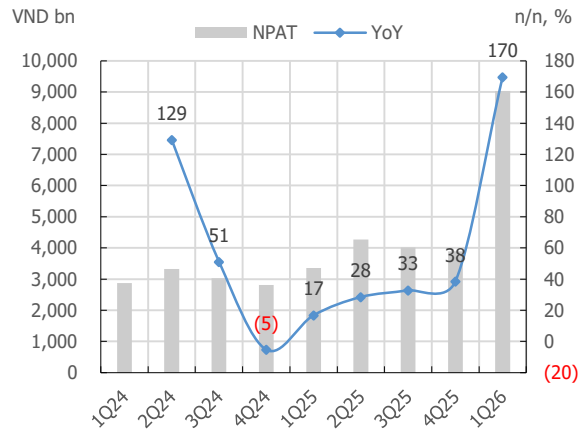
Source: Company data, Bloomberg, Thitruongthep.com

Fig 10. HPG's Gross and Net margin trends



Source: Company data, KISVN

Fig 11. As a result, NPAT reached VND9,031bn, up +170% YoY



Source: Company data, KISVN

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