

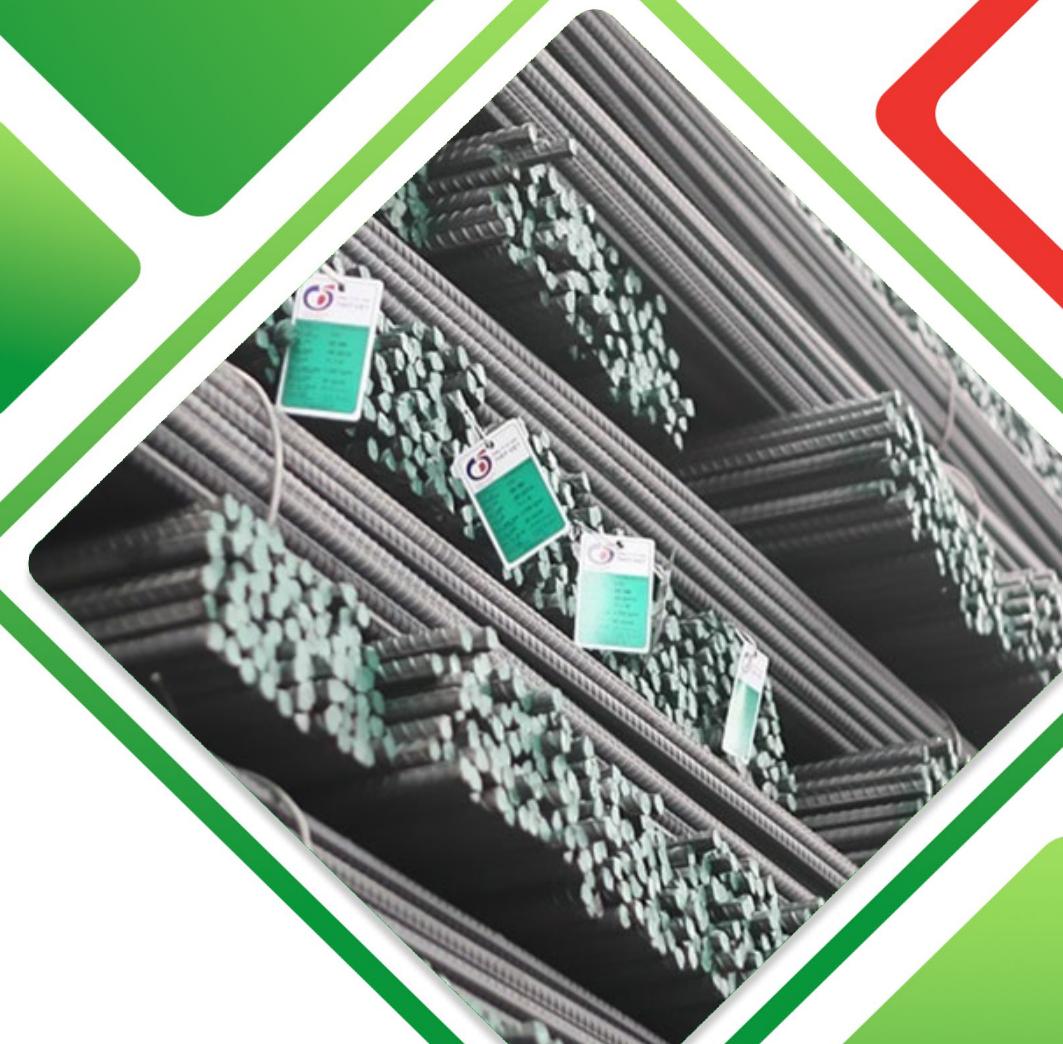


# CONSTRUCTION MATERIAL

FOCUSING ON THE DOMESTIC MARKET



Do Thach Lam, CFA – [lam.dt@vdsc.com.vn](mailto:lam.dt@vdsc.com.vn)





*The steel industry (a major segment within the building materials group) is expected to perform positively in 2025, driven by: 1/ Production growth, led by domestic demand; 2/ Anti-dumping investigations: These efforts protect the market share of domestic manufacturers; 3/ Recovery in selling prices: The pressure from imported steel (especially from China) is expected to ease in 2025. The plastic construction materials industry is also projected to experience a recovery in production volume alongside the recovery of the residential real estate market; additionally the advantage of low raw material costs is expected to continue into 2025.*

## Overview

*HPG (Buy, Target Price: VND 35,800/share) is our preferred stock for 2025 as the company will commence operations at Dung Quat 02 (Phase 1) and fully benefit from the positive industry outlook. Due to negative prospects in export markets, the revenue of coated steel companies is anticipated to remain modest compared to the estimated results for 2024. However, HSG (Buy, Target Price: VND 23,000/share), with expectations of no more provisions for inventory devaluation, leading to significant net profit growth, and GDA (Buy, Target Price: VND 38,700/share), with long-term high growth potential following capacity expansion investments, are two coated steel stocks that investors may consider after HPG*

## Steel Industry - Domestic Production Records Growth, Challenges for Exports

- Domestic steel production is expected to maintain growth in 2025 due to: 1/ The continued recovery of the real estate market, driving demand for residential construction; 2/ Acceleration of public investment projects (2025-2026 is the completion phase for several critical projects). Meanwhile, investigations into Vietnamese steel products may make it challenging for export volumes to remain as high as in 2024.
- The Ministry of Industry and Trade (MOIT) is considering anti-dumping measures to protect domestic manufacturers from the risks of increased steel exports from China to the Vietnamese market. We anticipate that provisional anti-dumping duties will be imposed on flat steel products (HRC, coated steel) in Q1 2025. Companies with advantages in scale and cost (including HPG) are likely to seize market share from steel importers subjected to anti-dumping duties.
- In the base scenario, we forecast (1) construction steel production to grow by 7% YoY (with domestic production rising 10% YoY) and (2) coated steel consumption volume to reach 5.2 million tons (equivalent to 2024), with exports accounting for 52% (down from 56% in 2024).

## Highlights

## Recovery in Selling Prices, as Pressure from the Chinese Market Eases

After a period of increased steel exports from China, we expect domestic steel demand in China to recover (as policies to support the real estate market and economy take effect). With reduced export volumes (due to recovering demand) and lower inventory levels, HRC steel prices in China and Vietnam are expected to recover to USD 530/ton (+4% YoY) and USD 560/ton (+3.5% YoY), respectively.

- Iron ore prices are expected to trade at USD 115/ton (+2% YoY), lower than the increase in finished product prices, due to high inventory levels in China. Coking coal prices are projected to average USD 230/ton (equivalent to the average in the second half of 2024), as supply is expected to improve in 2025..

**Highlights****Plastic Construction Materials - Sustaining the Advantage of Low Raw Material Costs:**

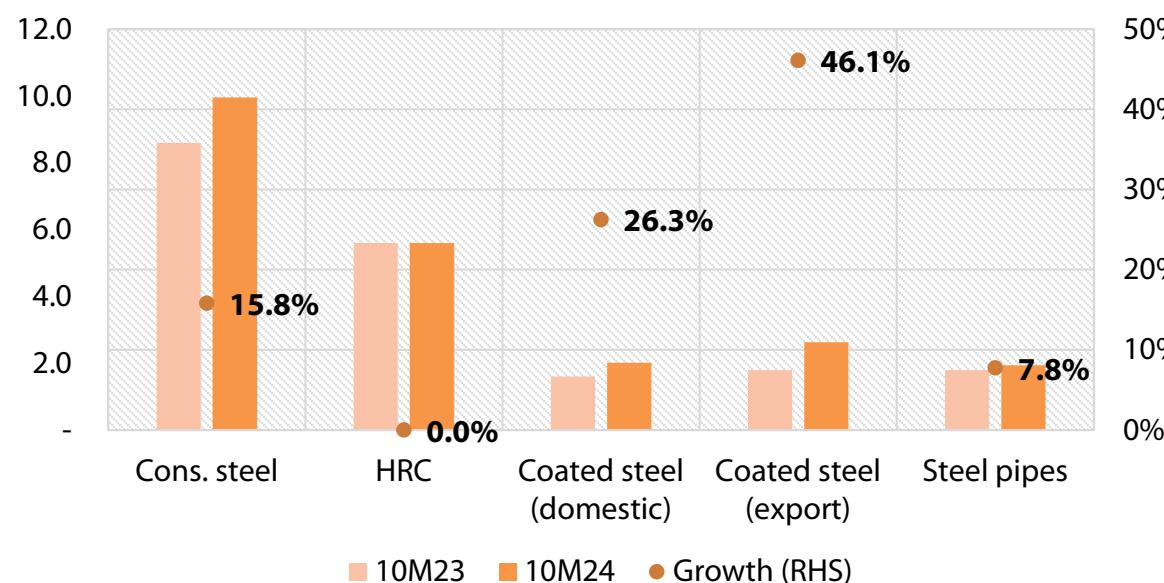
- Production volume is anticipated to grow by 5%, supported by the recovery of the residential real estate market.
- PVC resin prices are forecast to remain at USD 790/ton (unchanged from 2024), as oversupply conditions are unlikely to improve in the medium term. This stability will help maintain gross profit margins (GPM) for companies in the sector.

**Risks to  
Recommendation**

- Downside Risks: Slower-than-expected recovery in raw material and finished product prices; delays in anti-dumping investigations.
- Upside Risks: Stronger-than-expected increase in finished product prices..

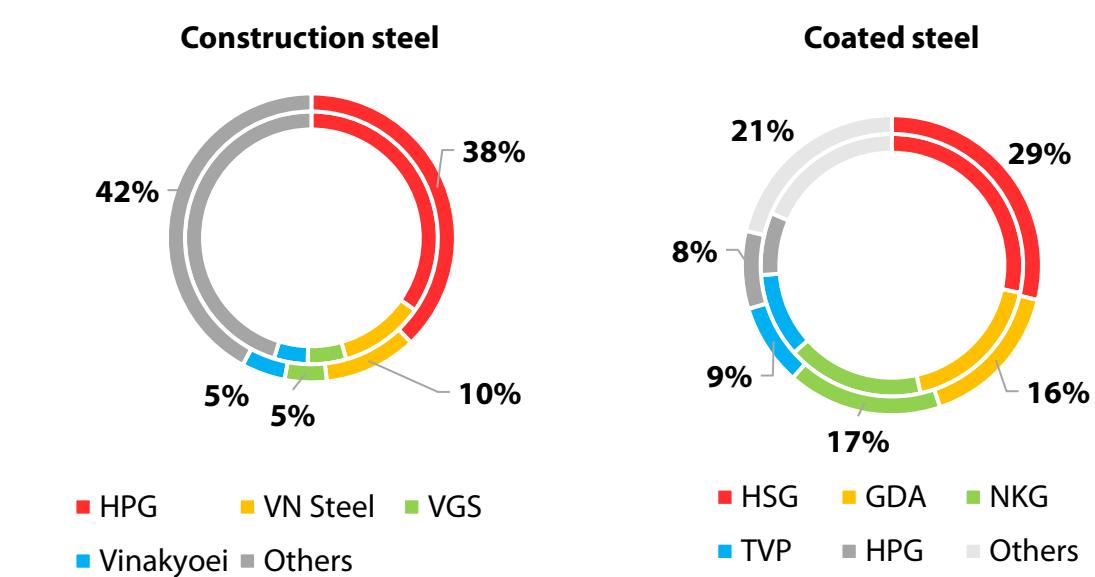
- 2024 marks the recovery in output of Vietnam's construction steel market, when consumption recorded a growth of 15.8% YoY. Flat steel products for construction activities (galvanized steel sheets, steel pipes) maintained output growth, in addition to domestic demand, growth was also recorded from foreign markets (ASEAN, EU, USA).
- Hot-rolled coil (HRC) output is equivalent to 2023 due to trade remedy activities in the EU market in the second half of 2024, which affects export volumes.
- In terms of construction steel market share, HPG has increased its market share from 38% (compared to 35% in 2023) thanks to increased output at infrastructure projects, while boosting exports to other markets (ASEAN,...). The market share of galvanized steel tends to remain stable, with the companies with the largest market share including HSG, NKG and GDA.

**Figure 1: Consumption output in the 10 months of the period 2023-2024 (million tons)**



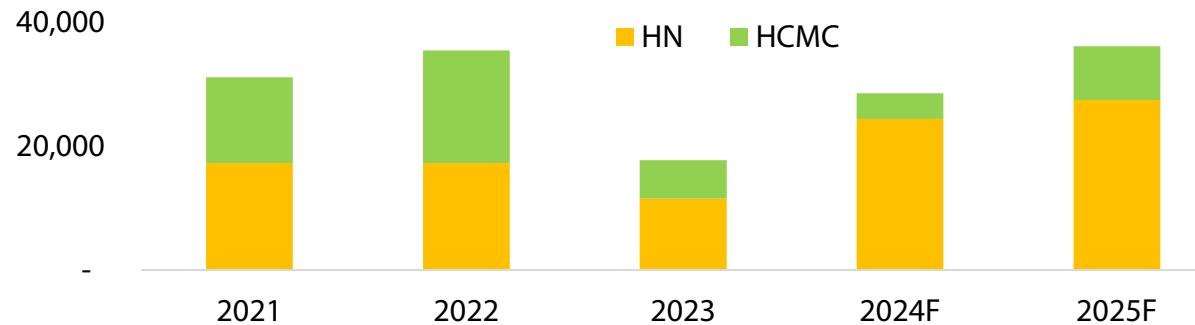
Source: VSA, RongViet Securities.

**Figure 2: Share of steel companies in the period 2023-2024**



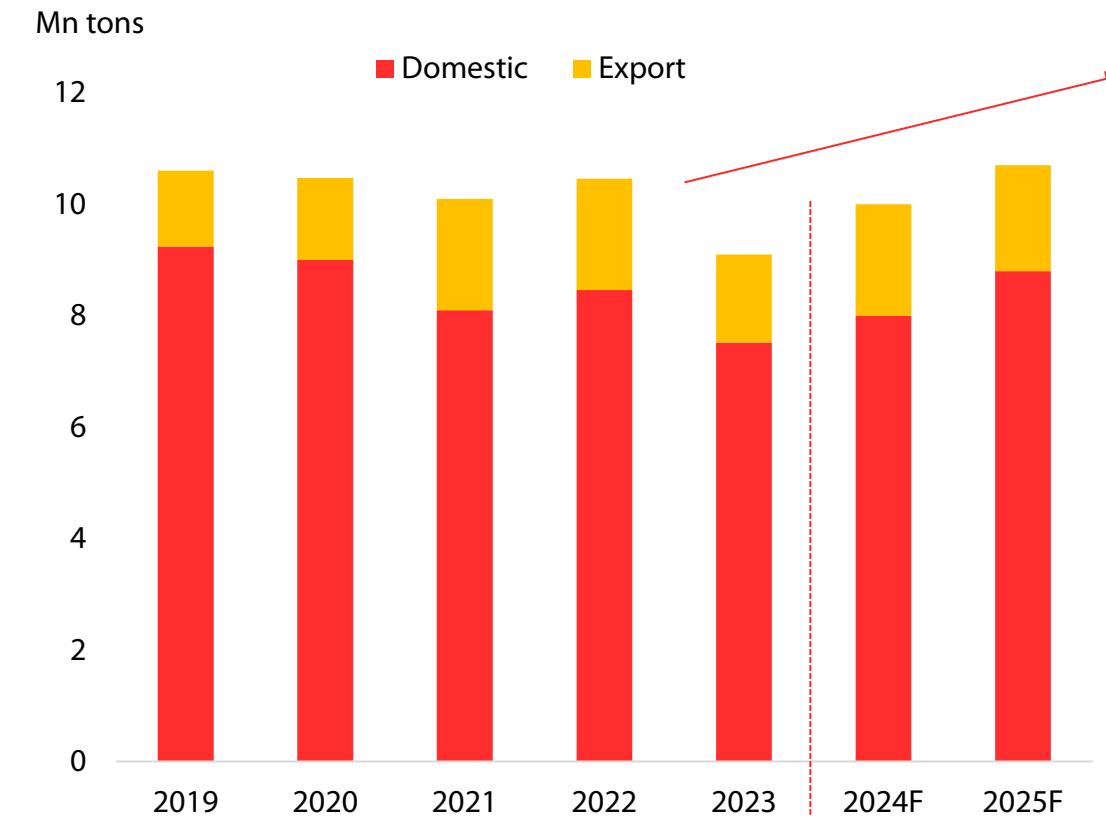
Source: VSA, RongViet Securities. Inner circle represents 2023 market share

- We expect domestic steel production to maintain its growth momentum in 2025, driven by: 1/ Recovery in the real estate market, boosting residential construction demand; 2/ Acceleration of public investment projects, especially critical projects slated for completion in 2025-2026.
- In the base scenario, construction steel consumption volume is expected to reach 10.7 million tons (+7% YoY), with domestic consumption projected to grow by 10% YoY.

**Figure 3: No of apartments successfully opened for sale in tier I cities**

**Table 1: Infrastructure projects to be completed in the period 2025-2026**

Projects	Current status
North-South Expressway (Phase 02)	<ul style="list-style-type: none"> <li>• Localities hand over 99% of construction sites</li> </ul>
Bien Hoa – Vung Tau Expressway	<ul style="list-style-type: none"> <li>• Project implementation output reaches 60.8% of total value</li> <li>• Component 1&amp;2 (Through Dong Nai): Site handover in progress</li> </ul>
Ring road 03 – HCMC	<ul style="list-style-type: none"> <li>• Construction value in Ho Chi Minh City, Long An, Binh Duong respectively reached 16%, 45% and 13% of the total value.</li> </ul>
Long Thanh Airport	<ul style="list-style-type: none"> <li>• 3/4 component projects are on schedule, expected to be handed over in the 4Q2025.</li> </ul>

Source: CBRE, Ministry of Transport, RongViet Securities

**Figure 4: Construction steel output in the period 2020-2025**


Source: VSA, RongViet Securities

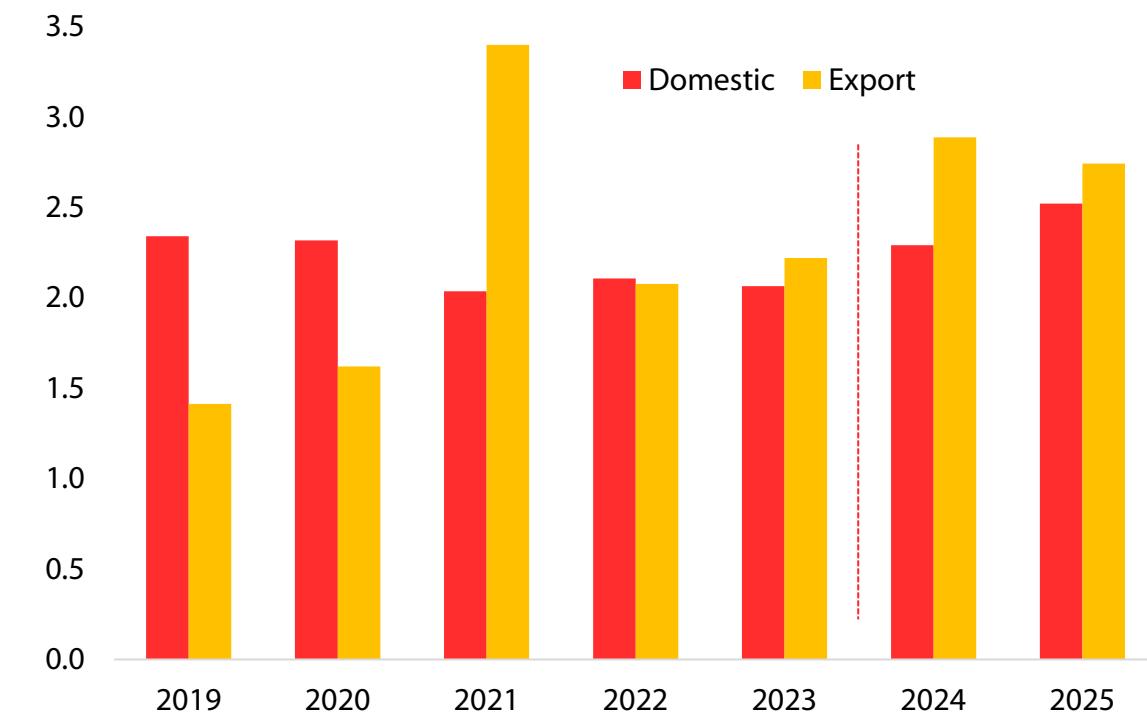
- Flat steel manufacturers (HRC, coated steel) saw positive export volume growth in the first half of 2024. However, major import markets (EU, USA) raised concerns, implementing anti-dumping investigations in the latter half of the year.
- We believe export demand will continue to recover in 2025, but due to ongoing investigations into Vietnamese steel products, export volumes are unlikely to remain as high as in 2024. In the base scenario, coated steel consumption volume is expected to reach 5.2 million tons (flat compared to 2024), with export volumes projected to decline by 5% YoY. The export ratio is anticipated to be 52% (down from 56% in 2024).

**Table 2: Trade defense measures (by importing countries) against steel products originating from the Vietnamese market, 2024-2025**

Market	Product	Year	Details
EU	Coated steel	2024-2026	Extension of tariff quota (1.9 million tons/year). If the quota is exceeded, the import tax payable on the excess is 25%.
US	Coated steel	2024	Anti-dumping and anti-subsidy investigation initiated on corrosion-resistant steel products (CORE) imported from Vietnam
Mexico	Coated steel	2023 - nay	AD duties at 0 – 10.84%
Malaysia	Coated steel	2020-2025	AD duties at 2.18 – 37.14%
EU	HRC	2024	Anti-dumping investigation on HRC imported from Vietnam
India	HRC	2024	Anti-dumping investigation on HRC imported from Vietnam

Source: RongViet Securities

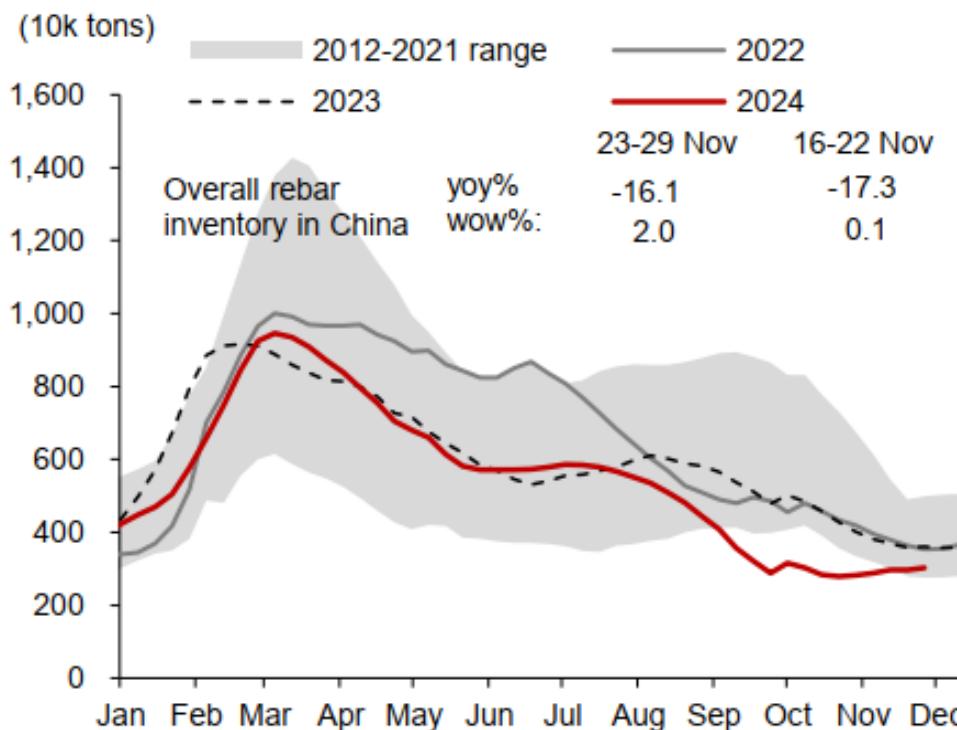
**Figure 5: Galvanized steel output in the period 2020-2025 (million tons)**



Source: VSA, RongViet Securities.

- After China ramped up steel exports to over 80 million tons per year during the 2014-2015 period (due to overcapacity), we expect domestic steel demand in China to recover, supported by fiscal and monetary policies aimed at revitalizing the real estate market and the broader economy. With reduced export volumes and lower inventory levels, Chinese steel prices are expected to rebound significantly in 2025.
- This recovery will pave the way for neighboring countries (including Vietnam) to experience price recovery starting in 2025. Prices for HRC in China and Vietnam are projected to recover to USD 530/ton (+4% YoY) and USD 560/ton (+3.5% YoY), respectively.

**Figure 6: Construction steel inventory levels in China (thousand tons) – lowest levels during the period 2012-2024**



Source: Huatai Research, RongViet Securities

**Table 3: Chinese Government's Real Estate Market Support Policies in 2024**

Policies	Details
Demand Side: Lower Mortgage Rates and Lower Minimum Payments	<ul style="list-style-type: none"> <li>Lower interest rates for new mortgages from 31/10</li> <li>Reduce minimum down payment to 15% for both first and second home purchases</li> <li>Increase PBOC's financial support ratio from 60% to 100%, for RMB300 billion affordable housing re-lending program,</li> </ul>
Demand side: Local government policies	<ul style="list-style-type: none"> <li>Issue special local government bonds to purchase unsold land and houses for affordable housing</li> <li>Renovate dilapidated housing (~1 million units)</li> <li>Enable 4.5 million new citizens and young people to move into public housing by the end of 2024</li> </ul>
Supply side: Increase project funding	<ul style="list-style-type: none"> <li>Expanding the "white list" to support real estate projects to RMB 4 trillion</li> </ul>
Demand side (indirect): Monetary policy easing	<ul style="list-style-type: none"> <li>Rate Cut: 30bps cut in medium-term lending rate (MLF), 25bps cut in 1-year and 5-year loan prime rate (LPR)</li> <li>Adopt new swap facility worth RMB500 billion for capital market</li> </ul>

Source: DBS, RongViet Securities.

- Iron Ore: After a ~10% price drop in 2024 (due to weak steel demand, particularly in China), we anticipate a mild recovery in 2025 as demand improves. In the base scenario, iron ore prices are forecast to trade at USD 115/ton (+2% YoY), lower than the increase in finished product prices due to high inventory levels in China.
- Coking Coal: Supply is expected to improve in 2025 due to: 1/ Enhanced supply from Australia (a major supplier), showing signs of recovery in late 2024; 2/The potential resolution of the Russia-Ukraine conflict in 2025, boosting supply in the latter half of the year. As a result, coking coal prices are expected to average USD 230/ton (equivalent to the average in the second half of 2024).

Figure 7: Price of main raw material of BOF (USD/ton)



Source: Bloomberg, RongViet Securities

Figure 8: Iron Ore Inventory Level in China (million tonnes)

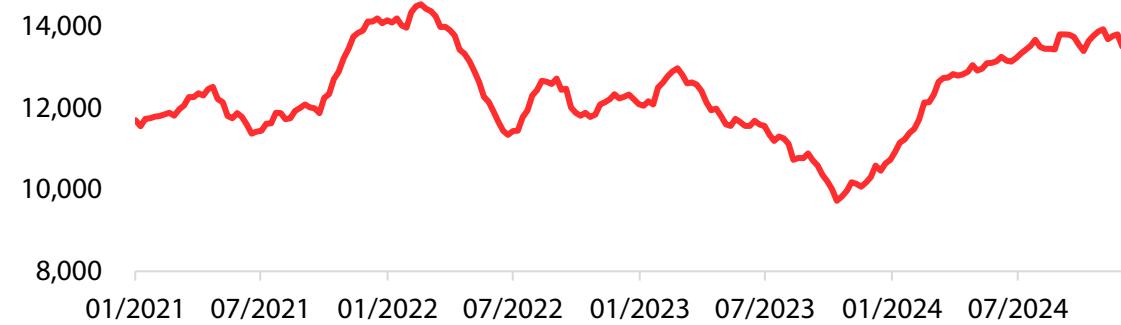
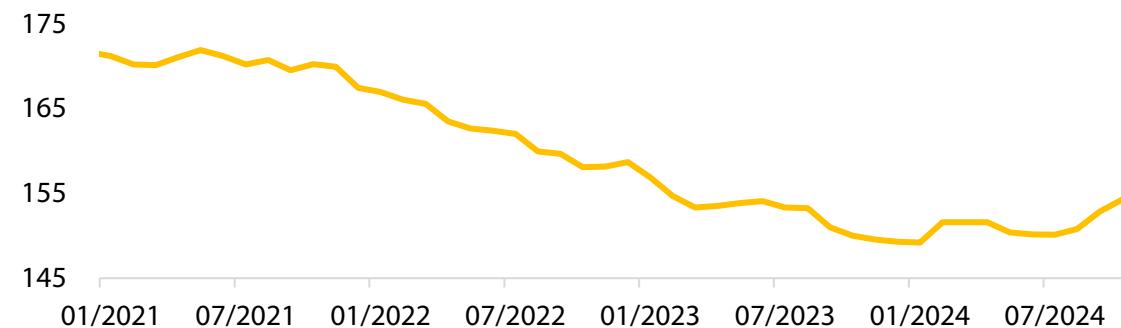


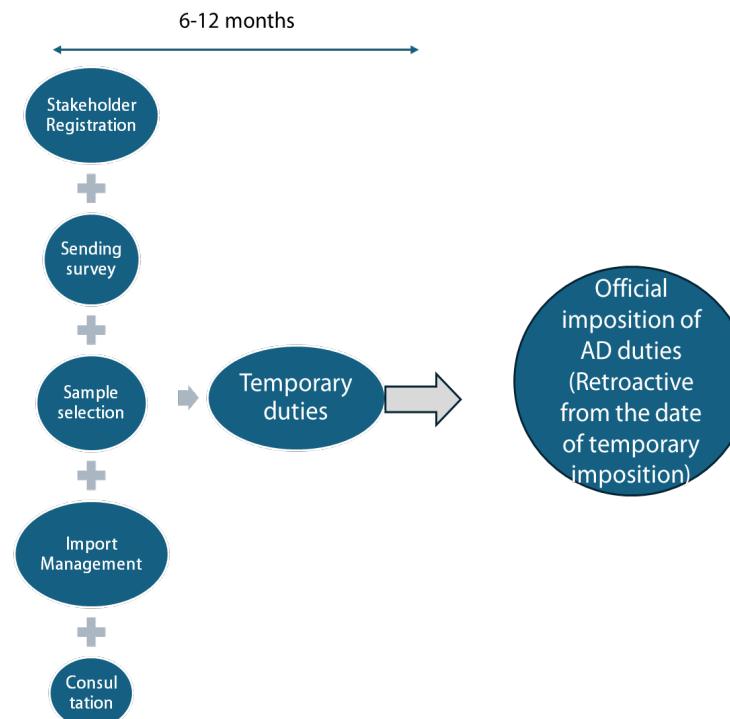
Figure 9: Australian coking coal export output (million tonnes, TTM)



Source: Bloomberg, RongViet Securities.

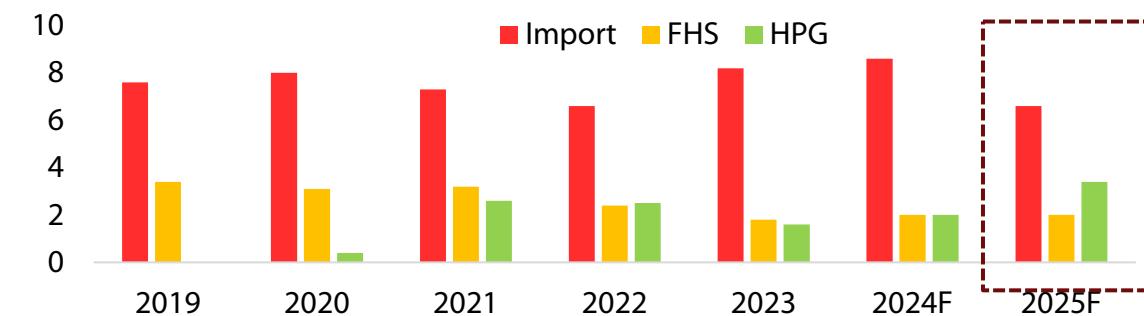
- In 2024, due to risks associated with increased exports of Chinese steel products, the Ministry of Industry and Trade (MOIT) implemented anti-dumping investigations to protect domestic manufacturers. Measures include: 1/ Decision No. 1535/QD-BCT (AD19) on coated steel products from China and South Korea; 2/ Decision No. 1985/QD-BCT (AD20) on hot-rolled steel products from China and India.
- In the base scenario, we anticipate provisional anti-dumping duties on flat steel products (HRC, coated steel) by Q1 2025. Leading companies with advantages in scale and cost (including HPG) will have opportunities to capture market share from steel importers subject to anti-dumping duties.

**Figure 10: The AD investigation process, based on MOIT circulars**

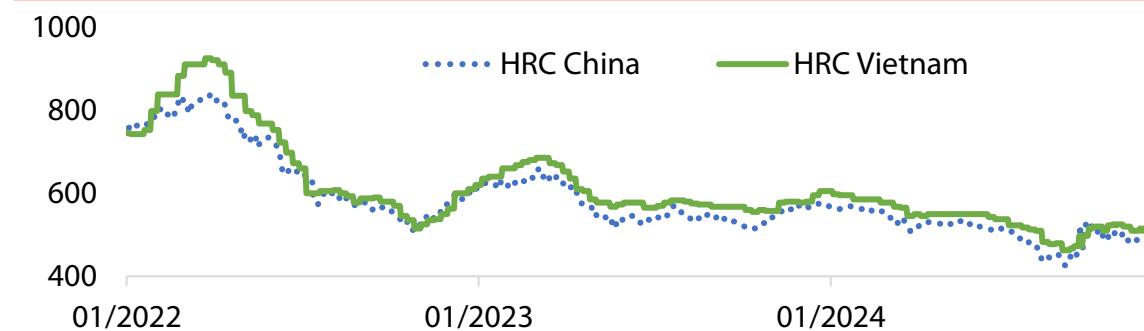


Source: MOIT, RongViet Securities

**Figure 11: Sales volume of HRC in Vietnam (mn tons)**



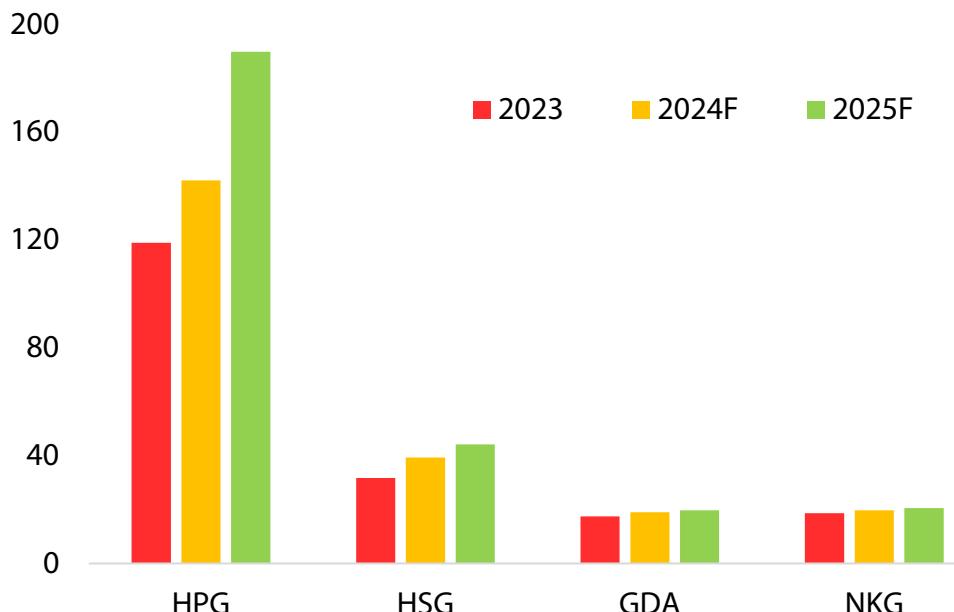
**Figure 12: HRC prices (domestic) of Vietnam and China (USD/ton)**



Source: VSA, Customs, Bloomberg, RongViet Securities.

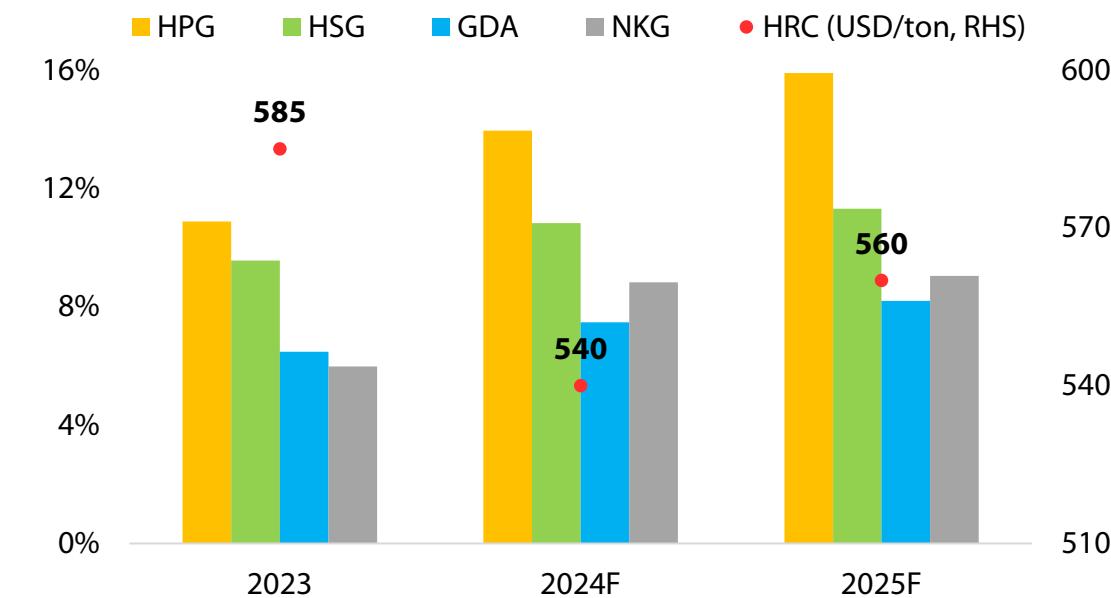
- With a more positive outlook (as mentioned in previous slides), we expect finished product prices to recover. Construction steel and HRC prices are projected to reach VND 14.8 million/ton (+4% YoY) and USD 560/ton (+3.5% YoY), respectively.
- Construction Steel Manufacturers: HPG (Buy, target price: VND 35,600/share) is expected to achieve positive profit growth in 2025 due to: Recovery in construction steel production, supported by the company's leading market share. Commissioning of DQ02 (phase 01), along with provisional anti-dumping duties on HRC imports from China, helping HPG gain market share from steel importers. Expected recovery in finished product prices, improving gross profit margins for companies utilizing upstream production (BOF furnaces).
- Coated Steel Manufacturers, with profit growth is expected to remain modest due to: 1/Potential decline in export volumes 2/ Already high gross profit margins in 2024-2025. We favor leading domestic market players trading at discounts to their intrinsic value, including HSG (Buy, target price: VND 23,000/share) and GDA (Buy, target price: VND 38,700/share).

**Figure 13: Revenue (trillion VND) of companies in the cover list**



Source: Finnpro, VSA, RongViet Securities.

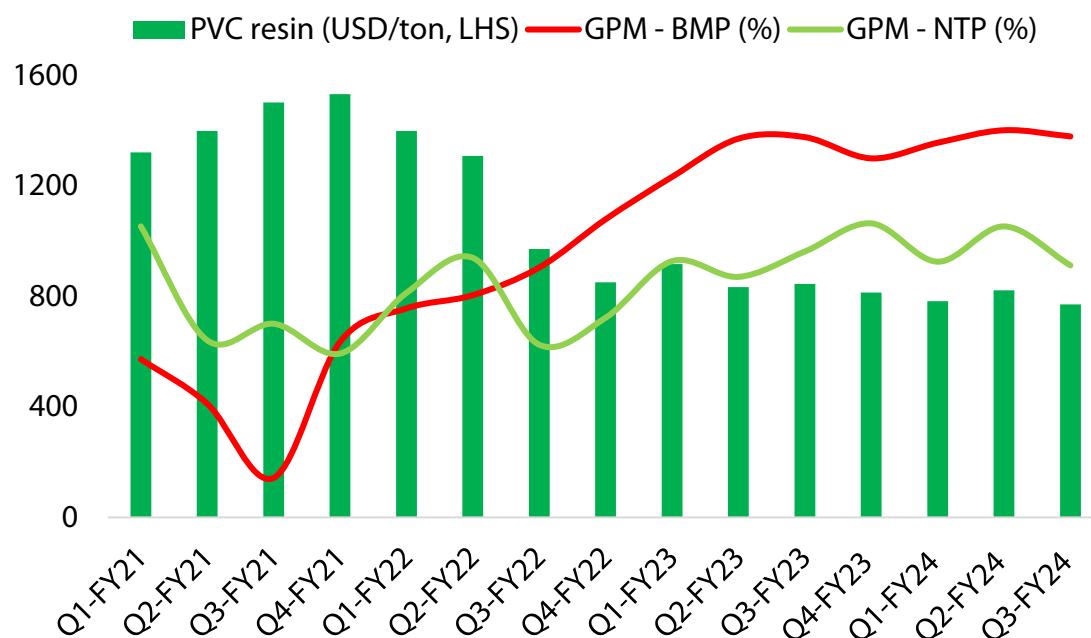
**Figure 14: HRC price (USD/ton) and GPM of covered companies**



Source: Bloomberg, Finnpro, RongViet Securities.

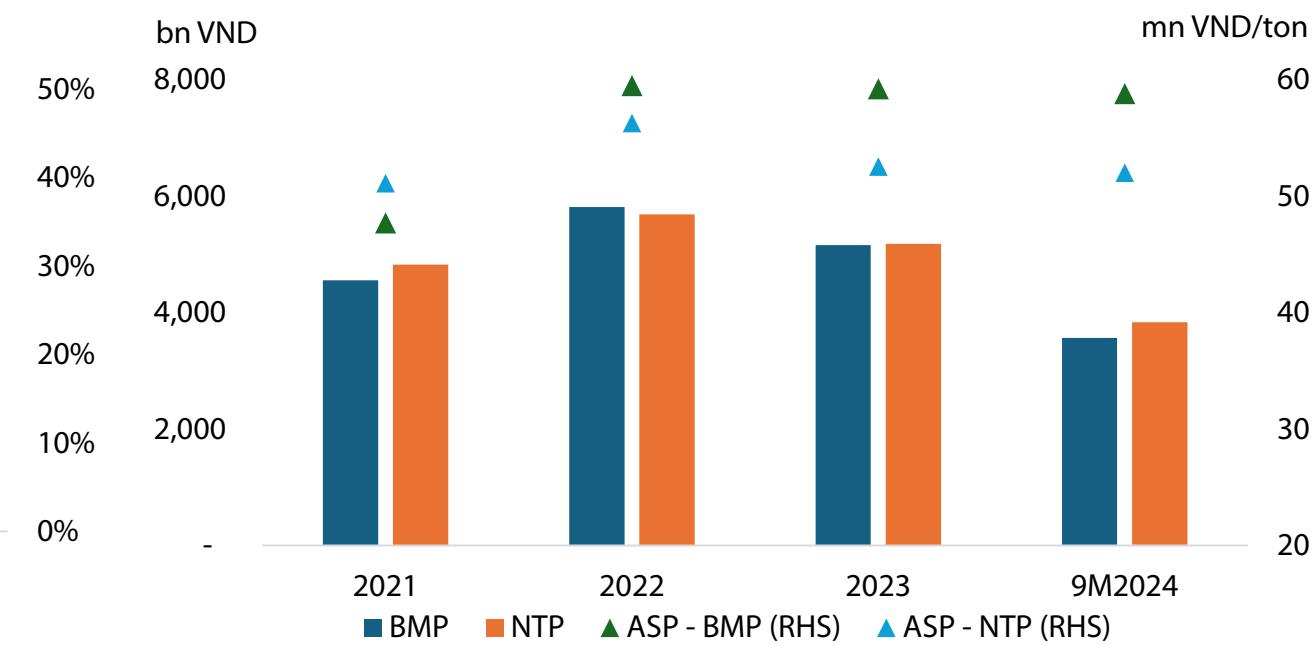
- In 2024, plastic building material companies did not record revenue growth due to subdued demand for plastic construction products. Revenue for BMP and NTP in 9M2024 reached VND 3.6 trillion (-3% YoY) and VND 3.8 trillion (flat YoY), respectively. However, an improvement in profit margins was a bright spot, attributed to a decline in PVC resin prices to USD 790/ton (-9% YoY), driven by: 1/ Oversupply of plastic raw materials in the Chinese market; 2/ Unrecovered demand for building materials.
- For 2025, similar to the steel industry, the plastic building material sector is expected to achieve volume growth of ~5%, supported by the recovery in the residential real estate market. PVC resin prices are projected to remain at USD 790/ton (flat YoY), as oversupply conditions are unlikely to improve in the medium term. This will help maintain gross profit margins for industry players..

Figure 15: GPM of BMP and NTP, and PVC resin price, in the period 2021-2024



Source: Bloomberg, Finnpro, RongViet Securities.

Figure 16: Revenue and ASP of BMP and NTP in the period 2021-9M2024



Source: Finnpro, BMP, NTP, RongViet Securities

Ticker	Market Cap. (USD mm)	3M.daily turnover AVG. (USD mn)	Current P/E (x)	Current P/B (x)	Trailling 12 M ROE (%)	Target price	Market price as of 12/19/24	Expected return	2023A		2024E		2025F		Revenue Growth		NPAT Growth	
									EPS	BVPS	EPS	BVPS	EPS	BVPS	2024E	2025F	2024E	2025F
<b>HPG</b>	6,745	544,739	14.40	1.54	11.5%	35,800	26,850	33.3%	1,015	16,067	1,815	17,426	3,004	19,975	19.4%	33.6%	80.7%	65.5%
<b>HSG</b>	462	151,046	23.64	1.07	4.7%	23,000	18,950	21.4%	1,321	17,621	828	17,606	1,265	18,372	24.1%	10.3%	1599.1%	64.4%
<b>GDA</b>	122	4,962	11.02	0.86	8.0%	38,700	27,100	42.8%	2,472	31,538	3,308	33,846	3,580	36,426	9.3%	3.6%	37.7%	7.4%
<b>NKG</b>	259	88,970	11.02	0.85	8.0%	16,700	14,750	13.2%	347	16,046	1,191	16,838	1,218	18,056	6.0%	4.3%	368.1%	2.3%
<b>BMP</b>	402	31,045	10.09	3.48	34.4%	118,500	125,000	-5.2%	12,717	32,857	11,586	33,437	12,006	34,037	-1.7%	5.1%	0.1%	3.6%
<b>NTP</b>	358	23,138	13.34	2.64	20.7%	N.R	64,000	n.a	3,537	21,858	n.a	n.a	n.a	n.a	N.R	N.R	N.R	N.R
<b>VGS</b>	69	24,203	28.79	1.74	6.2%	N.R	31,600	n.a	979	17,543	n.a	n.a	n.a	n.a	N.R	N.R	N.R	N.R
<b>SMC</b>	23	5,257	n.a	0.70	-31.4%	N.R	8,020	n.a	(12,027)	11,145	n.a	n.a	n.a	n.a	N.R	N.R	N.R	N.R

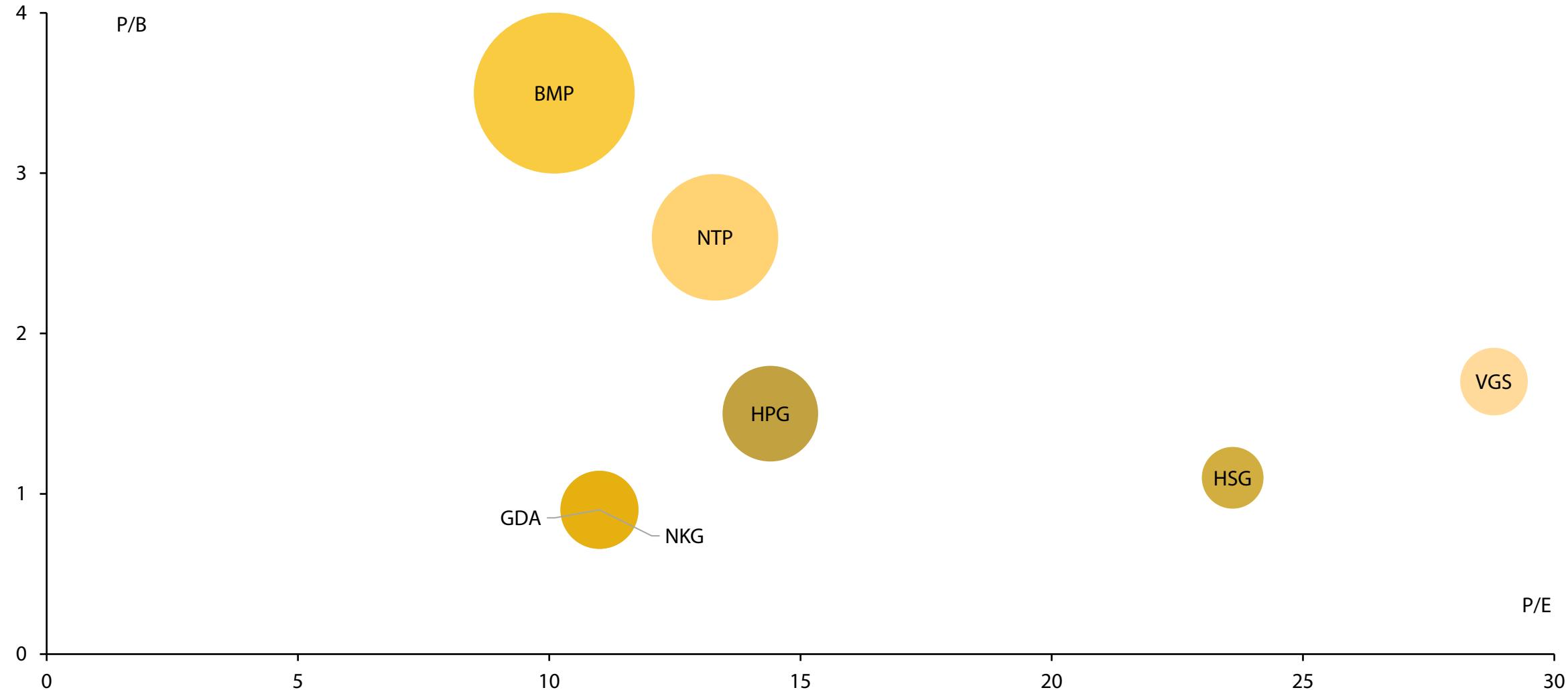
Source: Bloomberg, RongViet Securities. Data was updated as of 19/12/2024

N.R: Non rate

N.A: Not available

EPS: Earning per share

BVPS: Book value per share

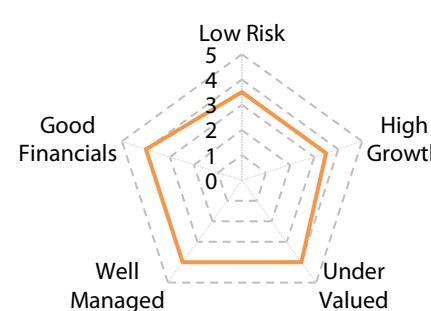
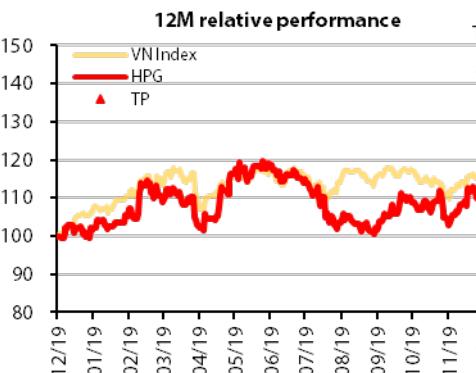


Source: Fiinpro, RongViet Securities. Bubble size equals respective ROE. Share price as of 19 Dec 2024. Excluding companies recorded TTM loss.

BUY: 33%

MP: 26,850

TP: 35,800



## STOCK INFO

Sector	Basic Resources
Market Cap (USD Mn)	6,745
Current Shares O/S (Mn shares)	6,396
3M Avg. Volume (K)	20,105
3M Avg. Trading Value (VND bn)	537
Remaining foreign room (%)	27.3
52-week range ('000 VND)	24.14 - 29.95

## FINANCIALS

	2023	2024F	2025F
Revenue (VND bn)	118,953	142,055	189,733
NPATMI (VND bn)	6,835	12,349	20,439
ROA (%)	3.8	6.1	9.1
ROE (%)	6.8	11.1	16.0
EPS (VND)	1,175	1,815	3,004
Book Value (VND)	17,674	17,426	19,975
Cash dividend (VND)	-	-	-
P/E (x)	21.6	14.8	8.9
P/B (x)	1.4	1.5	1.3

## INVESTMENT THESIS

## Launching DQ02, combined with trade defense measures, will enable HPG to meet domestic demand for HRC

- Launching DQ02, combined with trade defense measures, will enable HPG to meet domestic demand for HRC. The demand for HRC in Vietnam (a raw material for coated steel, steel pipes, and industrial steel production) is approximately 12.5 million tons in 2024, with expected future growth (driven by construction demand and recovery). Currently, 70% of the supply is imported steel (mainly from China, which has a price advantage of ~5-10% compared to Vietnamese manufacturers). The expected imposition of anti-dumping duties (provisional) on imported HRC from China in Q1/2025 (with rates over 5%) will allow domestic manufacturers to compete effectively with imports.
- Dung Quat 02 (Phase 1, with a capacity of 2.8 million tons of HRC/year) is expected to commence commercial operations in Q1/2025. With cost advantages (HPG maintains a GPM above 10% while being price competitive with Chinese HRC) and trade defense measures, the company is poised to capture market share from imported steel. We expect Phase 1 to operate at 70% capacity, corresponding to HPG's 2025 HRC production reaching 4.9 million tons (+69% YoY), including domestic production of 3.4 million tons (meeting ~26% of total demand).

## The recovery in production volume and profit margins will result in positive business performance for HPG in 2025.

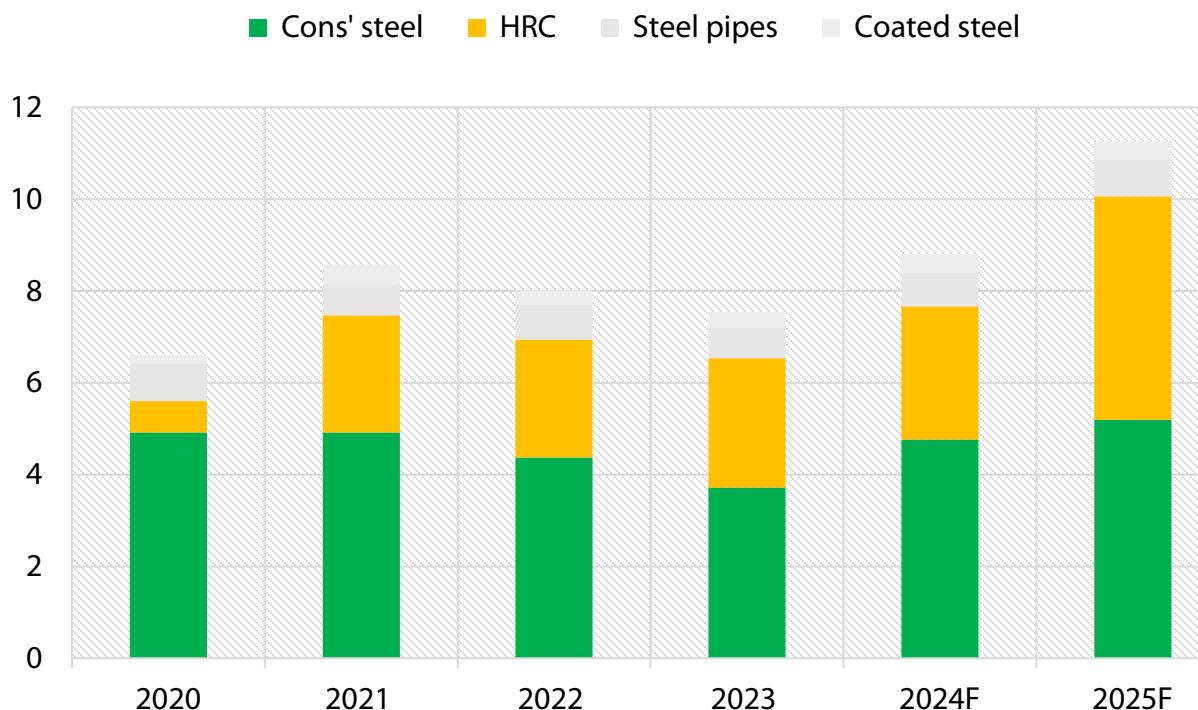
- In 2025, we anticipate HPG's revenue reaching VND 190 trillion (+34% YoY), driven by: 1/ Domestic demand supporting construction steel production; 2/ Increased HRC production due to DQ02 (Phase 1). The company's gross profit margin in 2025 could reach 16%, supported by: 1/ Optimal production costs at DQ02 (15% reduction in coking coal consumption compared to DQ10); 2/ Clear recovery in finished product prices (especially HRC) starting in 2025, as pressure from the Chinese market is expected to ease. Net profit in 2025 is forecast to reach VND 20 trillion (+66% YoY).

## RISKS TO RECOMMENDATION

- Significant volatility in finished product prices (rebar, HRC).
- Delays in implementing trade defense measures.

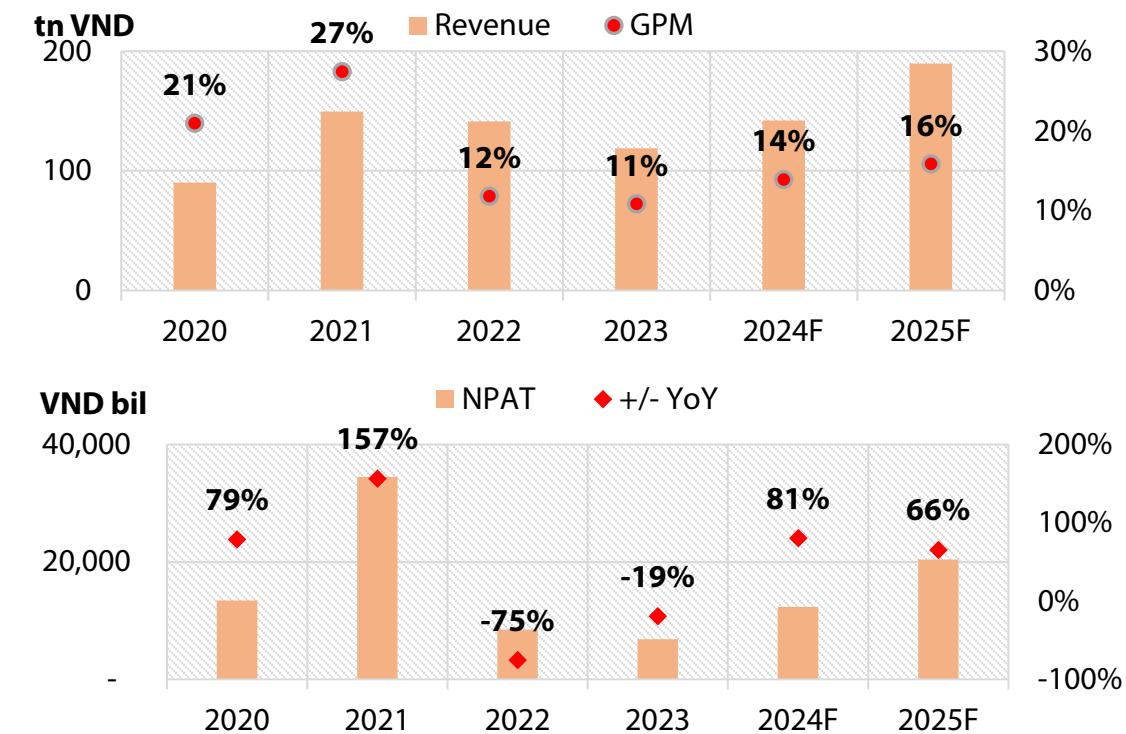
- HPG's revenue for 2024/2025 is projected at VND 142 trillion / VND 190 trillion (+20% YoY, +34% YoY), driven by: i/ Domestic demand supporting construction steel production; ii/ DQ02 (Phase 1) operations boosting HRC production capacity to 5.8 million tons/year, becoming a core product for HPG beyond 2025; iii/ Strong demand for HRC products, particularly in the domestic market (currently, Vietnamese manufacturers meet only 30% of demand, and the government is inclined to support domestic production).
- With the expectation of: i/ Optimal production costs at DQ02 (15% reduction in coking coal consumption compared to DQ10); ii/ Clear recovery in finished product prices (especially HRC) starting in 2025, aligned with the anticipated price cycle for steel products, HPG's gross profit margin in 2025 could recover to 16% (compared to 14% in 2024).

**Figure 1: HPG's sales volume in the period 2020-2025 (mn tons)**

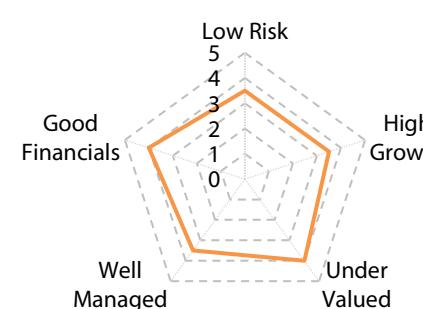
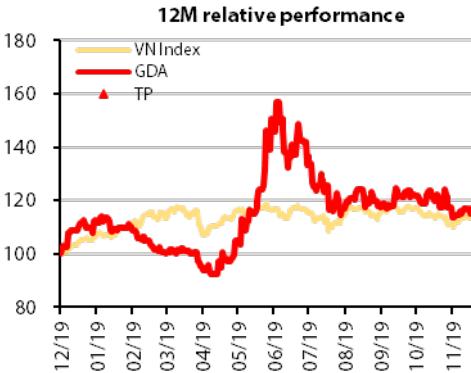


Source: HPG, RongViet Securities

**Figure 2: HPG's revenue and profit in the period 2020-2025**



Source: HPG, RongViet Securities

**BUY: 43%**
**MP: 27,100**
**TP: 38,700**


### STOCK INFO

Sector	Basic Resources
Market Cap (USD Mn)	122
Current Shares O/S (Mn shares)	115
3M Avg. Volume (K)	240
3M Avg. Trading Value (VND bn)	5
Remaining foreign room (%)	28.4
52-week range ('000 VND)	21.4 - 36.4

### FINANCIALS

	2023	2024F	2025F
Revenue (VND bn)	17,435	19,051	19,735
NPATMI (VND bn)	284	391	420
ROA (%)	5.1	6.2	6.1
ROE (%)	8.0	10.4	10.5
EPS (VND)	2,472	3,308	3,580
Book Value (VND)	31,556	33,846	36,426
Cash dividend (VND)	1,000	1,000	1,000
P/E (x)	10.2	8.2	7.6
P/B (x)	0.8	0.8	0.7

## INVESTMENT THESIS

### Sustained position in the domestic market

- Thanks to a cautious investment strategy focusing on product quality, GDA has gradually increased its market share and remains one of the top three largest coated steel companies (alongside HSG and NKG). From 2016 to 2024, GDA consistently held the second position in the domestic market, with an average market share of 15%.
- In 2025, although export volumes may be affected by trade defense measures in key markets (e.g., US), we expect GDA to shift part of its orders to the domestic market, increasing the domestic share to 47% (from 42% in 2024). This will result in GDA's 2025 output and revenue reaching 850,000 tons (flat YoY, with 100% operational efficiency) and VND 19.7 trillion (+4% YoY), respectively. With a projected GPM of 8.2% (assuming HRC prices recover to USD 530/ton, +3.5% YoY), GDA's 2025 net profit could reach VND 420 billion (+8.2% YoY).
- Currently, GDA is trading at 2025 P/E and P/B multiples of 8.2x and 0.8x, respectively, offering an attractive valuation given its position as the second-largest coated steel company in the domestic market

### Long-term growth potential from a new plant

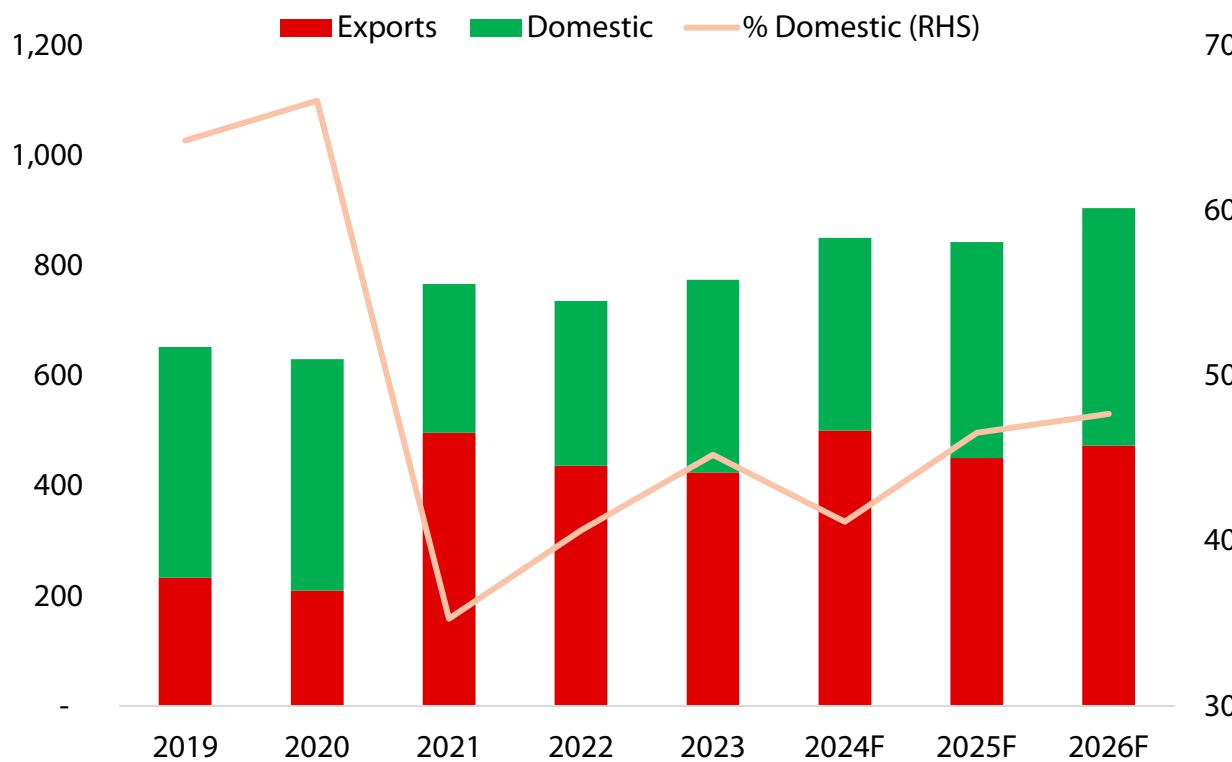
- From H2 2026, the company plans to launch Phase 1 of its new flat steel plant (total capacity: 1.1 million tons/year, Phase 1: 300,000 tons/year). In the long term, beyond construction coated steel, the company is equipped to enter the industrial steel market—a segment with double-digit growth potential and no significant domestic players

### RISKS TO RECOMMENDATION

- Greater-than-expected volatility in raw material prices (HRC), negatively impacting short-term financial results.

- GDA's profits for 2024/2025 are projected at VND 391 billion / VND 423 billion (+38% / +8% YoY). While short-term growth potential is limited due to full production capacity, the Phu My plant (Phase 1, operational from H2 2026) will be a long-term growth driver.
- Currently, GDA trades at 2025 P/E and P/B multiples of 8.2x and 0.8x, highlighting its attractive valuation compared to its position as the second-largest coated steel company in the domestic market.

Figure 1: GDA sales volume by market (thousand tons)



Source: GDA, VSA, RongViet Securities

Figure 2: GDA's GPM and HRC price, period 2020-2025

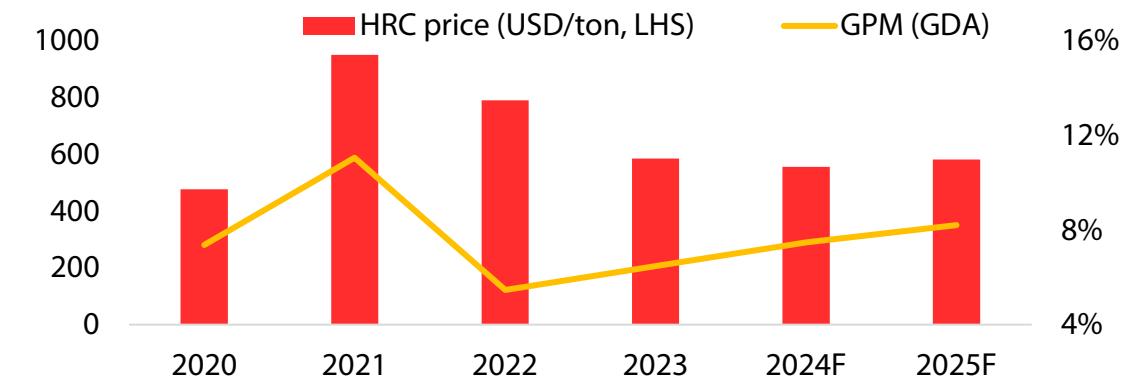
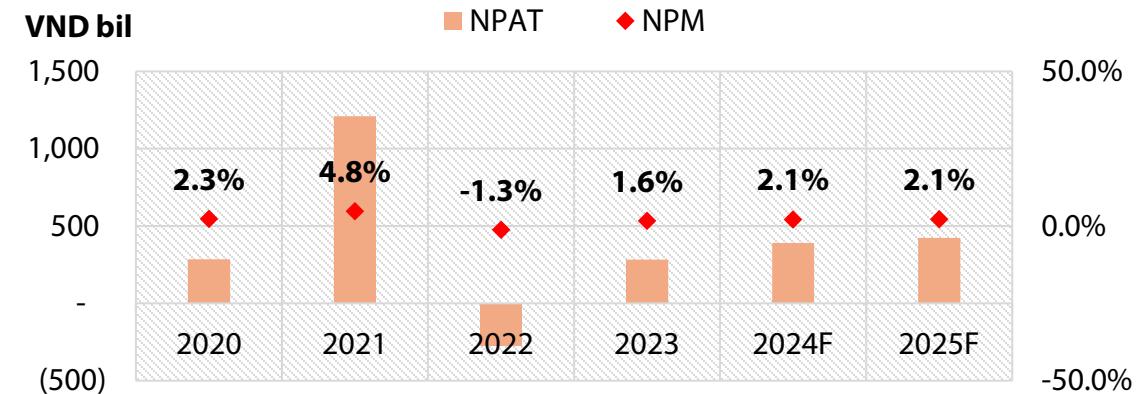


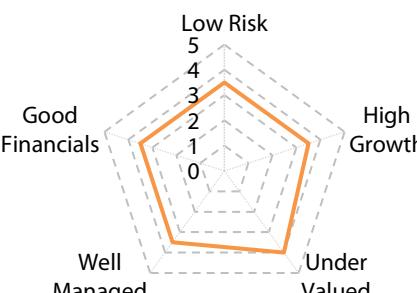
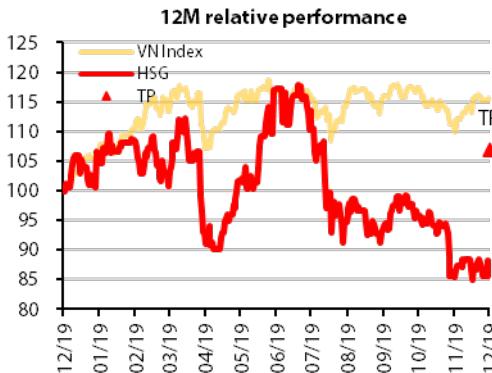
Figure 3: GDA's NPAT for the period 2020-2025



**BUY: 21%**

**MP: 19,000**

**TP: 23,000**



## STOCK INFO

Sector	Basic Resources
Market Cap (USD Mn)	462
Current Shares O/S (Mn shares)	621
3M Avg. Volume (K)	7,536
3M Avg. Trading Value (VND bn)	152
Remaining foreign room (%)	39.0
52-week range ('000 VND)	17.55 - 26.1

## FINANCIALS

	2023	2024A	2025F
Revenue (VND bn)	31,651	39,270	43,331
NPATMI (VND bn)	30	510	838
ROA (%)	0.1	2.6	4.0
ROE (%)	0.2	4.7	7.6
EPS (VND)	47	828	1,265
Book Value (VND)	17,345	17,606	18,372
Cash dividend (VND)	-	500	500
P/E (x)	485.1	22.9	15.0
P/B (x)	1.3	1.1	1.0

## INVESTMENT THESIS

### Recovery outlook driven by the domestic market and market leadership

For FY2025, coated steel production is expected to reach 1.5 million tons (+3% YoY), including a 15% YoY increase in domestic consumption, supported by: 1/ Signs of recovery in the real estate market and accelerated real estate project sales in 2025, boosting construction and material demand; 2/ A nationwide network of stores (~400 traditional outlets and ~110 HoasenHome stores), enabling the company to capture domestic market share, particularly in northern Vietnam.

### Improved profit margins in FY2025, maintaining costs for HoasenHome

- Assuming HRC prices recover to USD 530/ton (+3.5% YoY), we expect HSG to maintain a GPM of 11.6% in FY2025 (compared to 10.8% in FY2024). While HSG continues to maintain superior profit margins compared to other coated steel companies, it will need to sustain relatively high SG&A costs in FY2025 (VND 4.1 trillion, +8% YoY, with an SG&A/revenue ratio of 9.5%) to expand the HoasenHome network.
- Net profit for 2025 is projected at VND 838 billion (+64% YoY, following a loss in Q4 FY2024). The stock is trading at 2025 P/E and P/B multiples of 15x and 1.0x, making it attractive given the company's industry outlook and position.

## RISKS TO RECOMMENDATION

- Higher-than-expected volatility in raw material prices.
- Weaker-than-expected demand for coated steel.

Figure 1: Sales volume expected to recover (thousand tons)

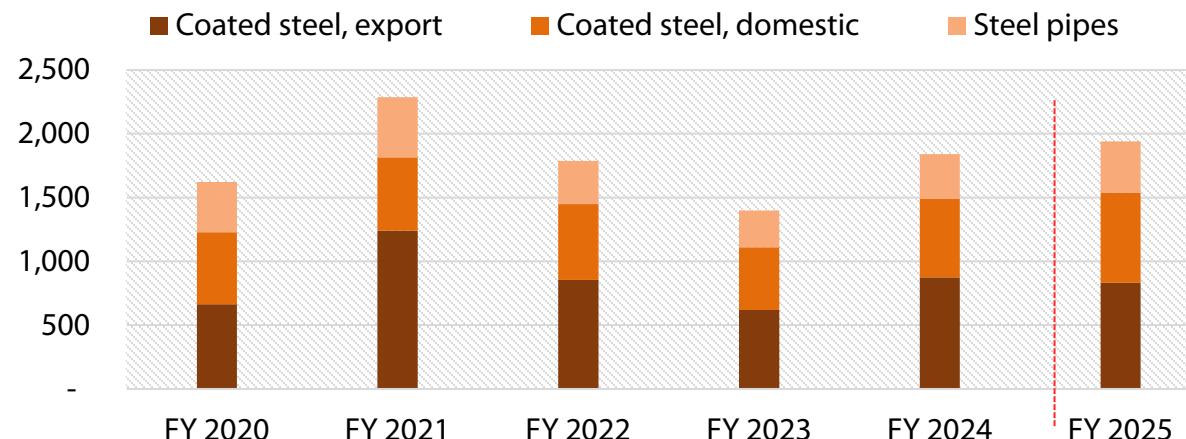


Figure 2: HSG uses short-term debt for working capital needs (billion VND)

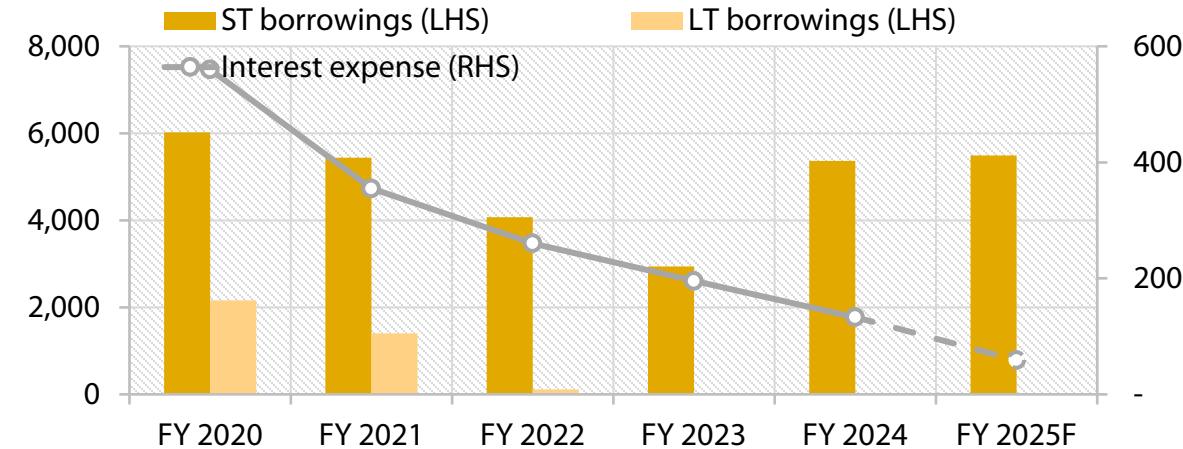
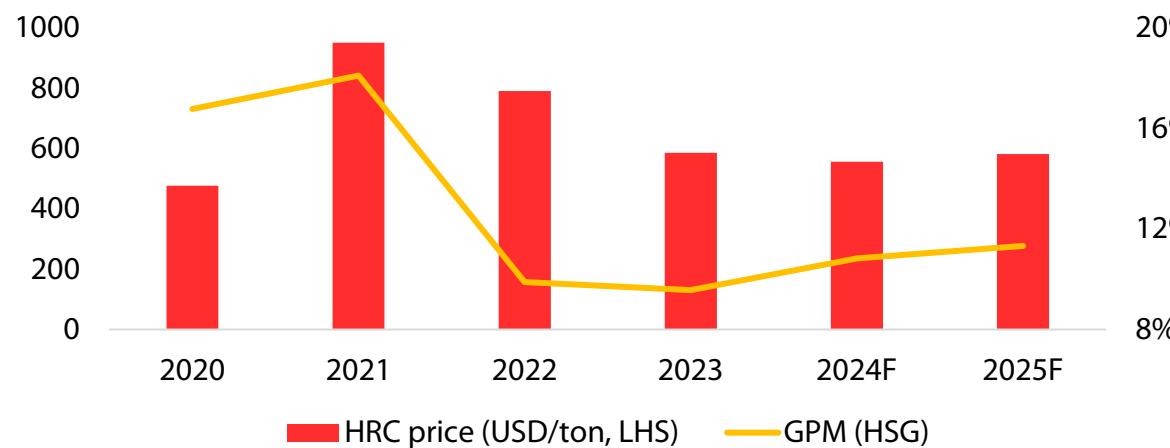
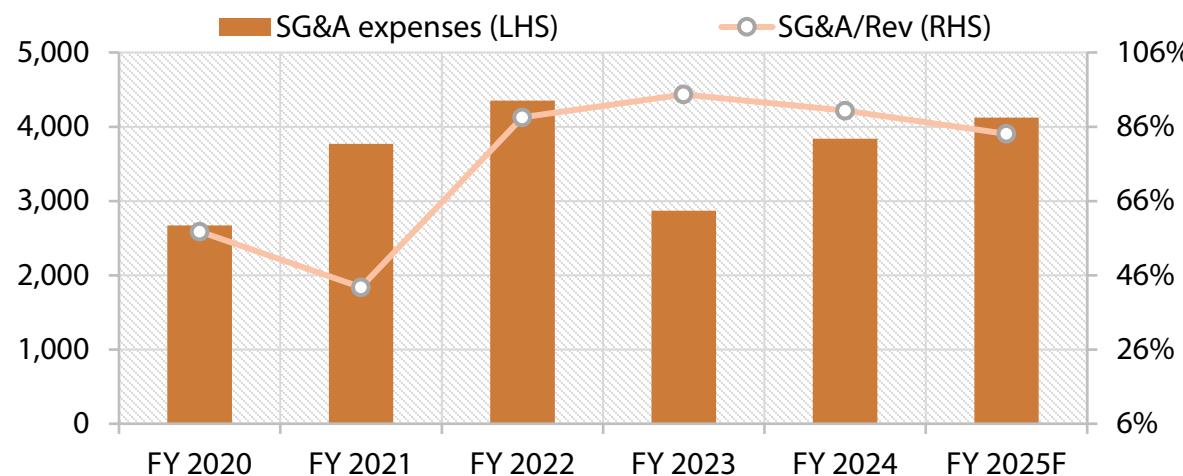


Figure 3: HSG's GPM and HRC price, period 2020-2025



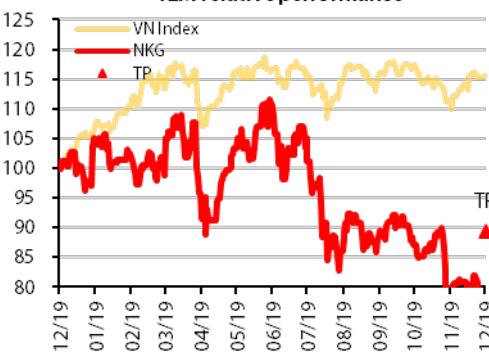
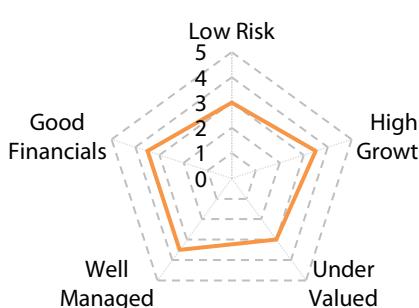
Source: VSA, HSG, RongViet Securities

Figure 4: Maintaining the Hoasen Home system helps the company have superior profit margins, but records high SG&A costs (billion VND)



**ACCUMULATE: 13%**

12M relative performance


**MP: 14,800**
**TP: 16,700**


## STOCK INFO

Sector	Basic Resources
Market Cap (USD Mn)	Revenue (VND bn)
Current Shares O/S (Mn shares)	NPATMI (VND bn)
3M Avg. Volume (K)	ROA (%)
3M Avg. Trading Value (VND bn)	ROE (%)
Remaining foreign room (%)	EPS (VND)
52-week range ('000 VND)	Book Value (VND)

## FINANCIALS

	2023	2024A	2025F
Revenue (VND bn)	18,596	19,720	20,578
NPATMI (VND bn)	117	550	562
ROA (%)	0.9	3.5	3.3
ROE (%)	2.2	7.3	7.0
EPS (VND)	446	1,191	1,218
Book Value (VND)	20,598	16,838	18,056
Cash dividend (VND)	-	-	-
P/E (x)	43.1	12.4	12.1
P/B (x)	0.9	0.9	0.8

## INVESTMENT THESIS

### Short-term Challenges in Export Markets, Supported by Domestic Volume

- In 2025, coated steel production is expected to reach 847 thousand tons (-1% YoY). Due to protectionist trends in the company's key export markets (EU, USA), export volume is projected to slightly decline to 574 thousand tons (-5% YoY, accounting for 68% of total production). Meanwhile, the domestic market is anticipated to experience a recovery in demand (driven by the recovery in the real estate market and construction demand), with domestic production expected to reach 273 thousand tons (+10% YoY)..

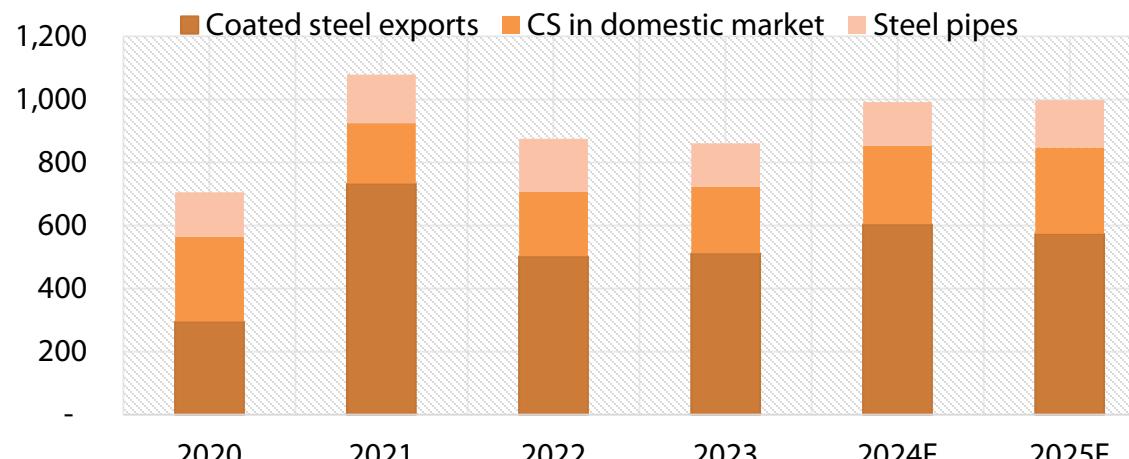
### Sustained Profits in 2025, Deep Valuation Discount Compared to Company Position

- Under the scenario of HRC prices recovering to USD 530/ton (+3.5% YoY), we expect NKG to maintain a gross profit margin of 9% in 2025 (equivalent to 2024 levels). Consequently, projected net profit for 2025 is estimated at VND 562 billion (similar to 2024). The stock is currently trading at a 2025 projected P/E and P/B of 9.2x and 0.7x, respectively, reflecting the company's short-term risks and presenting a short-term trading opportunity with the expectation of raw material price recovery in 2025.
- Additionally, with the plan to issue shares to existing shareholders (ratio 2:1, issue price: VND 12,000/share), NKG is expected to generate substantial revenue (VND 1,600 billion) to develop a new flat steel factory (capacity: 800 thousand tons/year), serving as a long-term growth driver for the company.

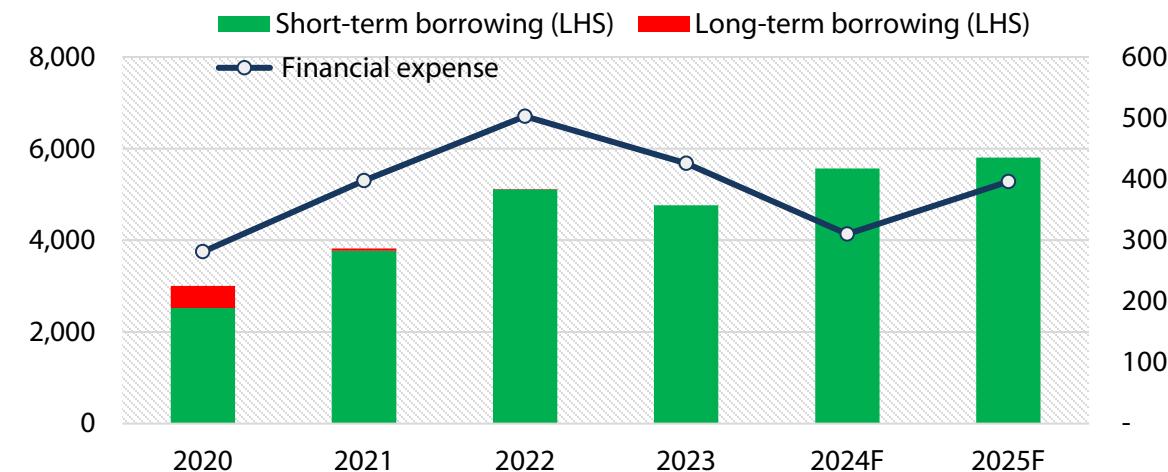
## RISKS TO RECOMMENDATION

- Higher-than-expected raw material price volatility; lower-than-expected demand for coated steel.

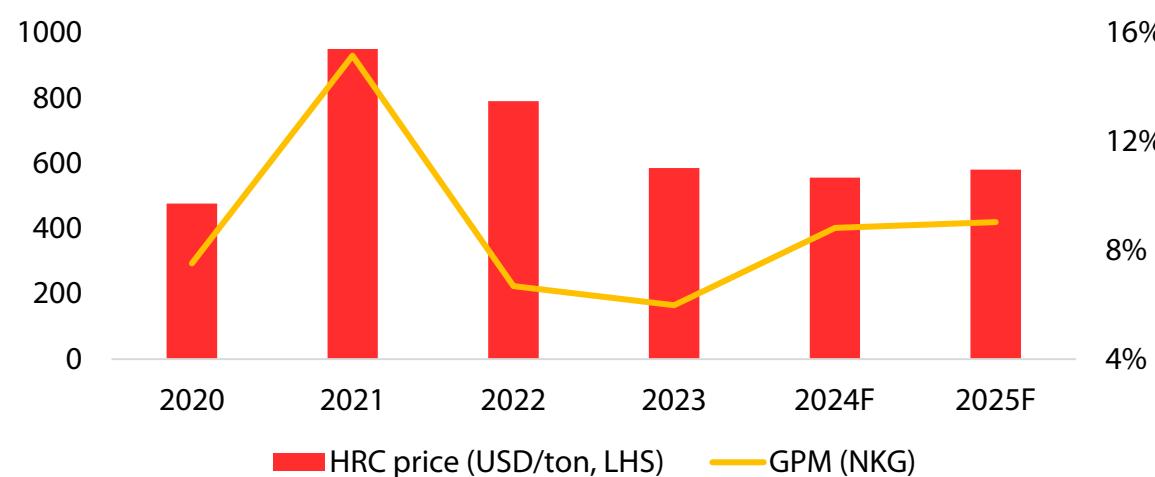
**Figure 1: Export output slightly decreased, domestic output recovered (thousand tons)**



**Figure 2: NKG uses short-term debt to finance working capital, without long-term debt to finance new factories (billion VND)**

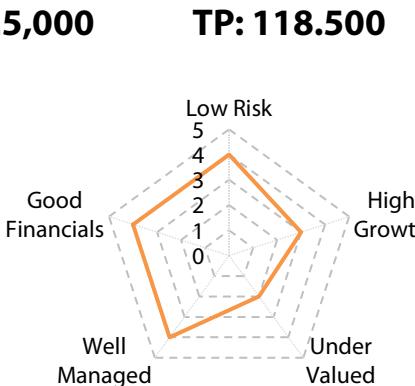
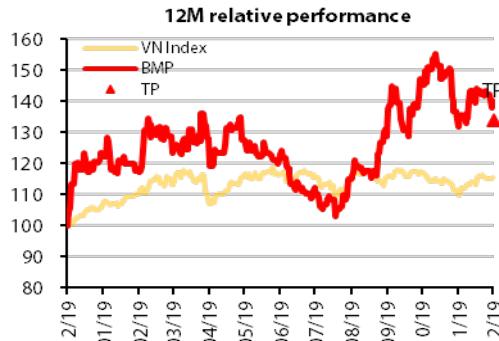


**Figure 3: NKG's GPM and HRC price, period 2020-2025**



- NKG's profit for 2025 is expected to reach VND 562 billion (equivalent to 2024), as export volume might slightly decline in 2025.
- With the plan to issue shares to existing shareholders (ratio 2:1, issue price: VND 12,000/share), NKG is projected to generate substantial revenue (VND 1,600 billion) for developing a new flat steel factory (capacity: 800 thousand tons/year), serving as a long-term growth driver for the company.
- NKG is currently trading at a 2025 projected P/E and P/B of 9.2x and 0.7x, respectively, indicating that the market price has already factored in the company's short-term risks.

Source: VSA, NKG, RongViet Securities

**NEUTRAL: 4% (\*)**
**MP: 125,000**
**TP: 118.500**


## STOCK INFO

Sector	Construction & Materials
Market Cap (USD Mn)	402
Current Shares O/S (Mn shares)	82
3M Avg. Volume (K)	247
3M Avg. Trading Value (VND bn)	31
Remaining foreign room (%)	15.9
52-week range ('000 VND)	87.2 - 137.8

## FINANCIALS

	2023A	2024F	2025F
Revenue (VND bn)	5,157	5,068	5,326
NPATMI (VND bn)	1,041	1,042	1,080
ROA (%)	32.0	33.3	33.6
ROE (%)	38.7	38.1	38.8
EPS (VND)	12,717	11,586	12,006
Book Value (VND)	32,857	33,437	34,037
Cash dividend (VND)	12,000	11,500	11,500
P/E (x)	8.2	10.8	10.4
P/B (x)	3.2	3.7	3.7

## INVESTMENT THESIS

### Construction Plastic Pipes – Recovery Prospects with the Advantage of Low Raw Material Costs

- In 2025, residential real estate projects are expected to accelerate sales launches, particularly in the Southern market, along with construction activities boosting demand for raw materials (including BMP's plastic pipe products). As a result, sales volume may recover to reach 90 thousand tons (+5% YoY).
- BMP can maintain current selling prices thanks to its strong position in the Southern market and continued low raw material costs (assuming PVC resin prices remain at USD 790/ton, the same as in 2024). Gross profit margin (GPM) is expected to reach 42.2%, and we project 2025 net profit after tax (NPAT) to reach VND 1,080 billion (+4% YoY), with 2025 EPS at VND 12,000.

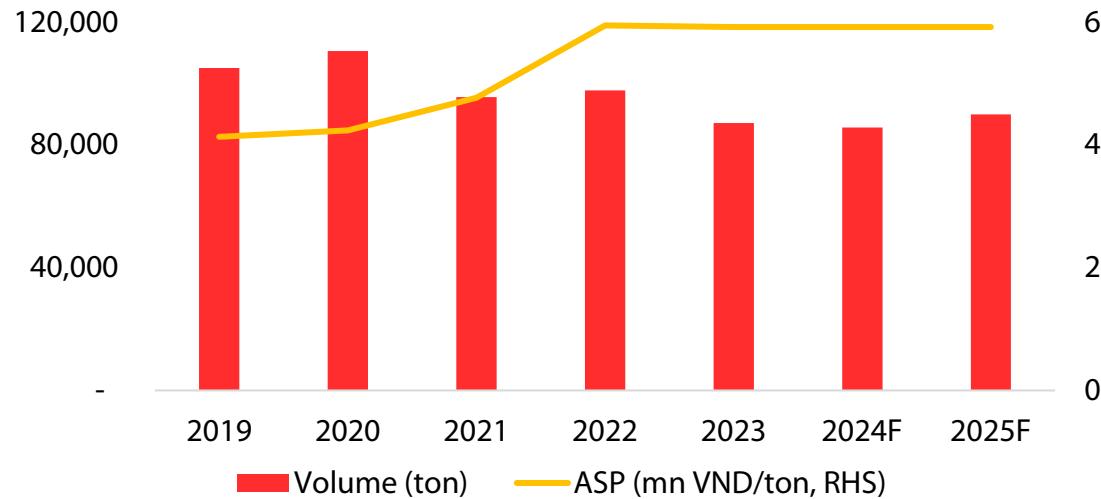
### Maintaining a High Dividend Policy

- Since becoming a subsidiary of Nawaplastic Industries (holding a 55% stake) in the 2018-2019 period, BMP has maintained a high dividend policy, distributing over 95% of annual profits as cash dividends (dividend yield consistently above 10%). For 2025, with EPS of VND 12,000, we expect the cash dividend payout to be VND 11,500/share, corresponding to a dividend yield of 9.2%, higher than the average of listed companies.

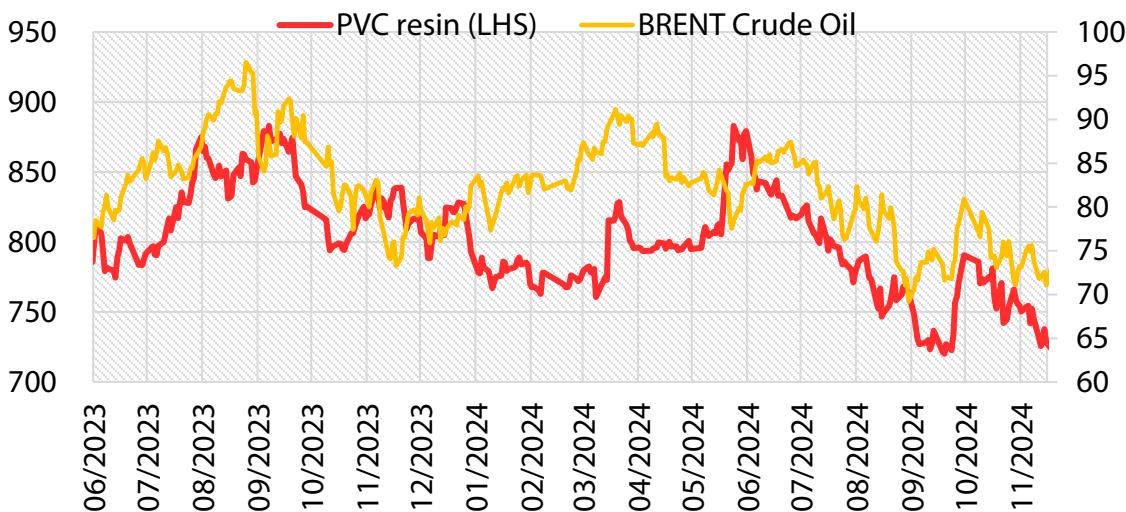
### RISKS TO RECOMMENDATION

- Higher-than-expected volatility in raw material prices; lower-than-expected demand for construction plastic pipes.

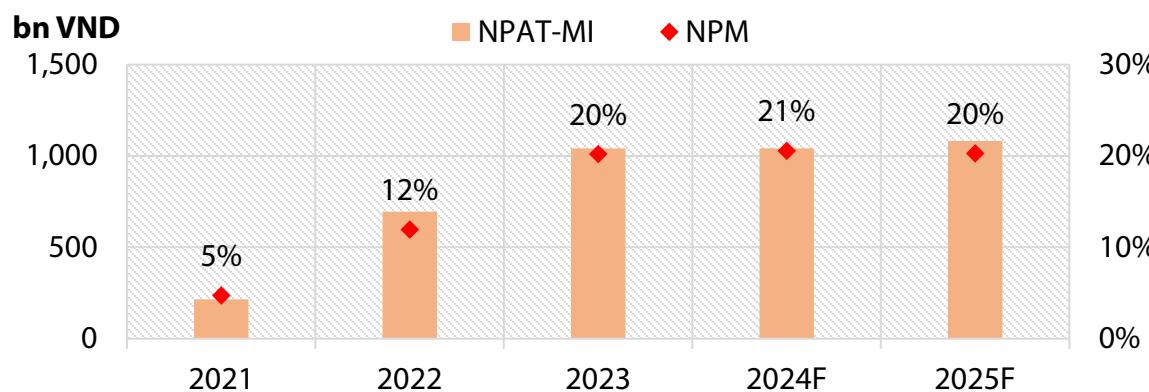
**Figure 1: BMP maintains selling price, despite slight recovery in demand**



**Figure 3: Raw material prices continue to remain at low-level**

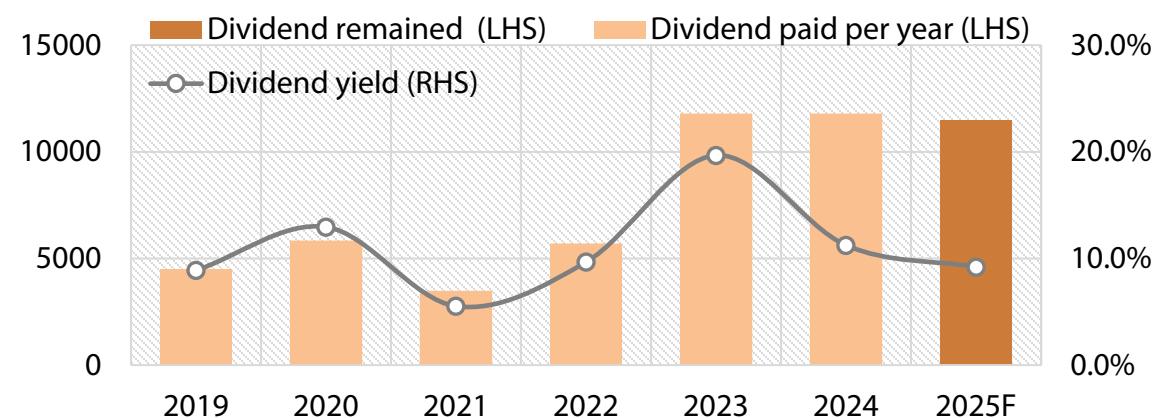


**Figure 2: BMP's Profit for the period 2020-2025**



Source: BMP, RongViet Securities

**Figure 4: High dividend yield since 2019**



Source: Bloomberg, BMP, RongViet Securities



## VIET DRAGON SECURITIES CORPORATION



Floor 1 to Floor 8, Viet Dragon Tower, 141 Nguyen Du Street., Dist.1, HCMC, Vietnam



[www.vdsc.com.vn](http://www.vdsc.com.vn)

