April, 2026

HOA PHAT GROUP JOINT STOCK COMPANY (HOSE: HPG)

Short-term impact, long-term growth

Indicator (VND billion)	Q4-FY25	Q3-FY25	*+/- qoq*	Q4-FY24	*+/- yoy*
Net revenue	46,176	37,622	23%	39,556	17%
NPAT-MI	3,888	3,350	16%	3,320	17%
EBIT	5,714	4,339	32%	4,112	39%
EBIT margin	12%	12%	1pps	10%	2 pps

Source: HPG, Rong Viet Securities

FY2025: DQ02 contributes positively, short-term impact from raw material prices

- In 2025, with the DQ02 plant coming into operation (in the second half of the year), HPG recorded double-digit growth in business results, with net revenue and net profit after tax - minority interest (NPAT-MI) reaching VND 156 trillion (+12% YoY) and VND 15.45 trillion (+29% YoY), completing 87% and 83% of our projections, respectively. While these results were positive, they were lower than expected, largely due to Q4 performance where the gross profit margin decreased to 14% (compared to 17% in previous quarters) and short-term fluctuations in raw material prices.
- Regarding project development, the company continues to invest in potential projects in the steel (core) and industrial park (potential) sectors, aiming to: i/ Expand the steel product portfolio (especially product groups not yet produced by Vietnamese enterprises); ii/ Leverage capital scale advantages to expand into industrial park development (long-term potential thanks to Vietnam's FDI attraction advantage).

2026-27 Outlook: Continuing the growth cycle

- We maintain a positive outlook for HPG in the 2026-2027 period, with an average NPAT-MI growth of 35%, driven by: i/ Average production volume growth of 10% - positive domestic construction demand and the DQ02 plant operating at positive capacity (expected to reach ~100% capacity in 2027); ii/ Margin improvement due to the steel price recovery cycle.
- HPG's revenue in the 2026-27 period will reach VND 197 trillion (+26% YoY) and VND 233 trillion (+19% YoY), respectively. NPAT-MI in the 2026-2027 period is projected to reach VND 20 trillion (+30% YoY, excludes profits from project transfers) and VND 28.6 trillion (+43% YoY), respectively; the corporate income tax rate will reach 12.6% (2026) and 12.1% (2027) as the DQ02 plant receives CIT incentives.

View and Recommendation

With its leading position in the Vietnamese steel industry, we believe that HPG can achieve a compound profit growth rate of 23% in the 2026–2030 period thanks to (1) HRC imported from China being subject to anti-dumping duties, increasing demand for domestic products, (2) Expanded company scale when the Dung Quat 2 plant operates at full capacity, and (3) Raw material optimization through a long value chain.

*Using a combination of the discounted cash flow (FCFF) method and the comparative method (P/B) with a 50:50 weighting, we maintain the fair value of HPG shares at **VND 33,200/share**, combined with an expected 12-month cash dividend of VND 500/share, the total expected **return is 20%** based on the closing price on 22/04/2026. Accordingly, we recommend **BUY** for HPG, assessing it as the top choice for the construction materials industry in 2026.*

BUY +20%

Market price (VND)	28,200
Target price (VND)	33,200
Cash dividend (VND)	** VND 500*

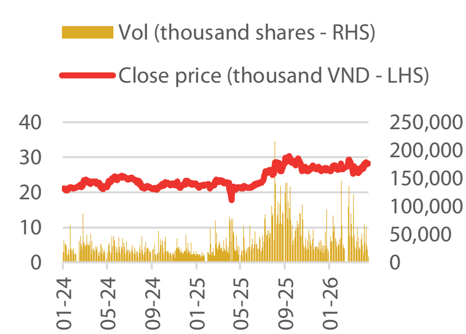
**expected to be received in the next 12 months*

Stock information

Industry	Basic Materials
Market cap (VND billion)	214,913
Outstanding shares (million shares)	7,675
3-month average volume (thousand shares)	46,342
3-month average trading value (VND billion)	1,268
Remaining foreign ownership limit (%)	22.61
52-week price range (VND)	20792 - 30350

	FY2025	Current
EPS	2,013	2,211
EPS growth (%)	9.4	3.0
P/E	13.3	14.6
P/B	1.6	1.7
EV/EBITDA	10.1	10.8
ROE (%)	12.7	12.7

Price performance



Major shareholders (%)	
Tran Dinh Long (and related parties)	35.0
Board of Directors and Management	9.0
Foreign shareholders	21.5
Others	34.8
Remaining foreign ownership limit (%)	27.4

Do Thach Lam, CFA

(084) 028 - 6299 2006 -Ext: (1524)

lam.dt@vdsc.com

FY25 Business Results: DQ02 contributes positively, short-term impact from raw material prices

In 2025, with the DQ02 complex coming into operation (in the second half of the year), HPG recorded net revenue and net profit after tax - minority interest (NPAT-MI) reaching VND 156 trillion (+12% YoY) and VND 15.45 trillion (+29% YoY), completing 87% and 83% of our projections, respectively. Although positive, the business results were lower than expected, largely due to Q4 performance where the gross profit margin decreased to 14% (compared to 17% in previous quarters) and short-term fluctuations in raw material prices:

- Construction steel recorded positive sales volume compared to the same period last year, reaching 4.9 million tons (+9% YoY, operating capacity at 83%). The main consumption market is in the North (accounting for ~50% of total volume) as the demand for construction steel for infrastructure and real estate projects there is relatively large. With the advantage of being the leading construction steel market share holder, HPG continues to benefit from the recovery trend of the real estate market and the promotion of public investment infrastructure projects in the 2025-2026 period.
- HRC sales volume recorded significant growth after putting the Dung Quat 02 (DQ02) plant into operation from the second half of 2026 (with ~70% capacity for both phases) and was widely consumed by domestic flat steel producers (North and South). Sales volume thus achieved positive growth, reaching 5 million tons (+72% YoY, domestic volume accounting for 88% of total consumption); and HPG met 38% of Vietnam's hot rolled coil demand (according to our estimates).
- The full-year gross profit margin (GPM) reached 15.7% (a high level compared to the 2022-2025 period), and gross profit reached VND 24.5 trillion (+32% YoY), coming from: 1/ Stable selling prices (especially in the first half of the year) while major raw material prices (iron ore and coking coal) decreased by ~5-7% compared to the same period in 2024; 2/ DQ02 fuel optimization compared to the DQ01 plant. The profit margin was lower than our estimate due to fluctuations in raw material prices in Q4 (coking coal prices increased by 10% QoQ, due to supply disruptions from Australia – the main exporter – with abnormal storms affecting mining operations).
- Selling & General Administrative (SG&A) expenses were at VND 4 trillion (+5% YoY, SG&A/revenue ratio: 4.8%), which highlighted the company's cost management, as transportation costs (recorded in selling expenses) for domestic orders were lower than transportation costs for export orders. During the period, HPG recorded net financial expenses of VND 2,522 billion (+87% YoY) due to: i/ The company recorded interest expenses from the DQ02 project (no longer capitalized into Construction in Progress, as the project is officially operational); ii/ Exchange rate fluctuations caused the company to record an exchange rate loss of VND 1,335 billion (equivalent to 2024) – serving raw material import activities.

Regarding project development, the company continues to invest in potential projects in the steel (core) and industrial park (potential) sectors, aiming to: i/ Expand the steel product portfolio (especially product groups not yet produced by Vietnamese enterprises); ii/ Leverage capital scale advantages to expand into industrial park development (long-term potential thanks to Vietnam's FDI attraction advantage).

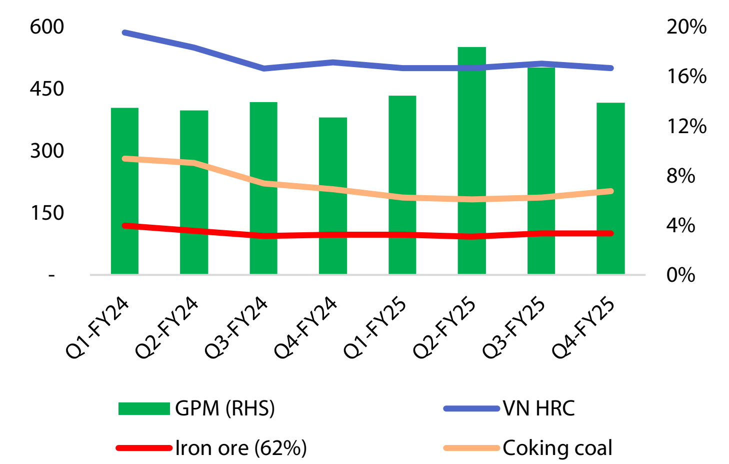
- Steel production: Leveraging the existing infrastructure of the DQ02 complex, the company is investing in a high-quality steel plant (500,000 tons/year) with main products being steel grades for industrial production (pre-stressed cable, tire cord steel, and other industrial products), and expects to contribute to the company's revenue from after 2027. More notably, in December, the company commenced construction of the Hoa Phat Dung Quat Rail and Special Steel plant (designed capacity of 700,000 tons/year) – leveraging the advantage of high-strength steel production capability (from DQ02) and policies prioritizing the use of domestic raw materials for rail steel products (according to Decree 04/2026/ND-CP).
- Industrial Parks: HPG tends to expand its industrial park land bank in key Tier-I markets to over 1000ha, notably including Industrial Park No. 06 - Phase 1 (Hung Yen, 230ha), Ly Thuong Kiet Industrial Park (Hung Yen, 235ha), Hoang Dieu Industrial Park (Hai Phong, 245ha), and Dong Phuc Industrial Park (Bac Ninh; 355ha). Developing industrial parks – leveraging the company's capital scale advantage – is a suitable move and a notable business activity in the long term.

Table 1: HPG's FY25 Business Results

Unit: VND billion	12M 2025	+/-YoY	% 2025 Plan	% 2025 Projection
Sales volume (Thousand tons)				
Construction steel	4,891	9%		
HRC	5,038	72%		
Construction steel price (million VND/ton)	13.4	-6%		
HRC price (USD/ton)	503	-6%		
Net revenue	**156,116**	**12%**	**92%**	**87%**
Cost of goods sold	(131,618)	9%		
Gross profit	**24,498**	**32%**		
Selling and administrative expenses	(4,070)	5%		
EBIT	**20,428**	**40%**		
Financial income	2,085	-21%		
Financial expenses	(4,607)	16%		
Other income (net)	135	-81%		
Profit before tax	**18,041**	**32%**		
NPAT - MI	**15,515**	**29%**	**103%**	**83%**

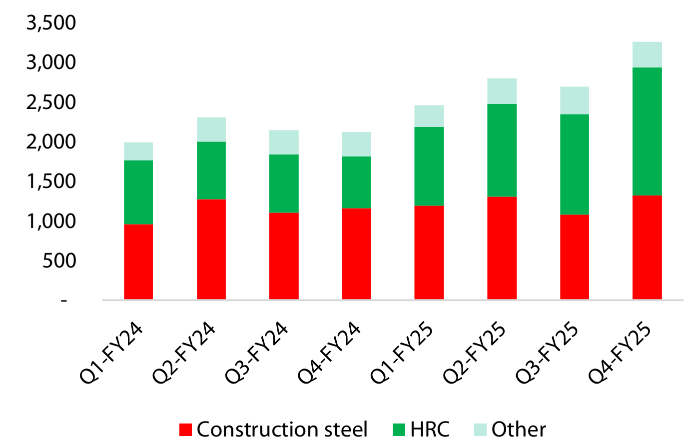
Source: HPG, RongViet Securities.

Figure 1: Company's gross profit margin, correlated with raw material price fluctuations (USD/ton)



Source: HPG, RongViet Securities

Figure 2: Sales volume (thousand tons), by product



Source: HPG, RongViet Securities

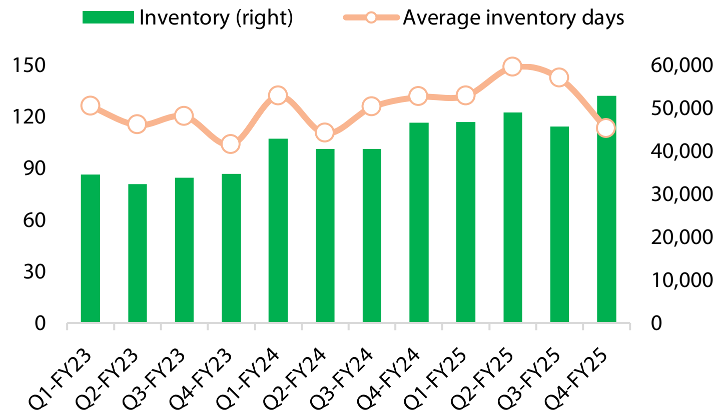
Working capital management: Stable trend, preparing for a new production cycle

Right in the first half of 2025 – when the DQ02 complex was completed and phase 01 was put into operation, the Company showed a trend of inventory accumulation (for the new plant) and increased average inventory days to over 130 days (the highest level in the 2023-2025 period), and the average inventory balance reached VND 46 trillion (15% higher than the 2023-2024 average) – the company has stockpiled raw materials for the operation of the entire complex. At the end of Q4/2025, although the average inventory days decreased to 113 days, the inventory value increased to VND 53 trillion (+15% QoQ), showing that the Company is still maintaining raw materials for the complex's operation (operating at high capacity and reaching ~70%).

Looking further, in the 2021-2025 period, we see HPG's strength in cash flow management, while still ensuring the new production cycle. Specifically, the cash conversion cycle (CCC) remained stable at 100 days for the 2023-2025 period (higher than the 90-day level in previous years); the main reason is the days of inventory on hand (DOH), from an average of 110 days to 138 days in 2025 (inventory accumulation trend, mentioned above). In addition, the company also tends to increase payables to suppliers (payable days increased to 65 days), showing the company's credibility and also helping to stabilize working capital. HPG is currently mainly financed by short-term loans (maintaining a debt balance of over VND 60,000 billion, equivalent to the company's inventory and receivables balance), with relatively competitive interest rates thanks to the advantage of maintaining a large deposit balance (average interest rate at 4-5%/year).

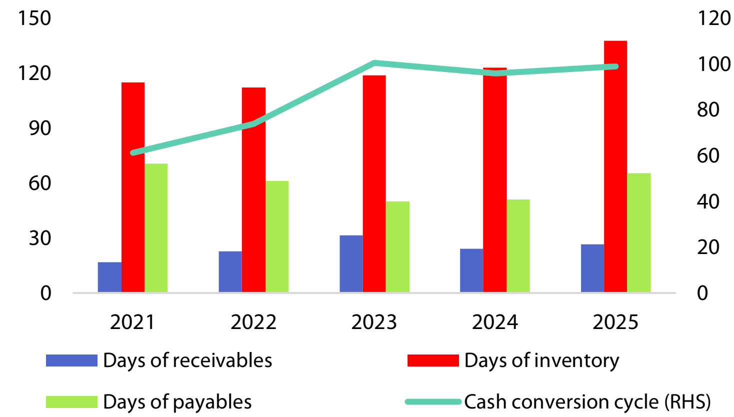
As mentioned, the company's gross profit margin may be affected by raw material price fluctuations (in the short term), however, in the medium term, HPG can stabilize the steel production margin, thanks to advantages from: i/ Ability to optimize fuel at blast furnaces, ii/ Brand and leading position helping the company shift cost-push trends to selling prices, iii/ The company uses its position in futures contracts to hedge against raw material price fluctuations.

Figure 3: Inventory balance and average inventory days (VND billion)



Source: HPG, RongViet Securities

Figure 4: Company's cash conversion cycle (days), 2021-2025 period



Source: HPG, RongViet Securities

Asset utilization efficiency - slight decrease compared to the previous year

Return on equity (ROE) recorded a recovery in 2025 (to 12%, compared to ~9% in the 2022-2024 period), mainly due to the net profit margin improving to 9.9% (putting the new plant into operation and optimizing production costs), consistent with the company's positive business results in 2025 (mentioned above). Asset turnover and financial leverage ratios remained stable in the 2023-2024 period, showing that the company effectively uses assets (with reasonable leverage) to generate revenue growth. In the 2026-2027 period, with revenue and profit continuing to grow, we believe HPG will continue to improve its asset utilization efficiency.

Table 2: DUPONT analysis for HPG's profitability

	2021	2022	2023	2024	2025
ROE	**38.0%**	**8.8%**	**6.7%**	**10.5%**	**12.0%**
In which:					
Net profit margin	*23.0%*	*6.0%*	*5.7%*	*8.7%*	*9.9%*
Asset turnover	*0.8*	*0.8*	*0.6*	*0.6*	*0.6*
Financial leverage	*2.0*	*1.8*	*1.8*	*2.0*	*2.0*

Source: HPG, RongViet Securities

2026-2027 Outlook: Continuing the growth cycle

Profit will grow by double digits when plants operate at optimal capacity during the industry's recovery cycle

As stated in the initial report in April 2025, we maintain a positive outlook for HPG in the 2026-2027 period, with projected average NPAT-MI growth of 35%, coming from: i/ Average production volume growth of 10% due to increased domestic construction demand and the

DQ02 plant operating at ~100% capacity in 2027; ii/ Margin improvement due to the steel price recovery cycle. Accordingly, the company's business result estimates for this period are as follows:

- Construction steel production: The company's sales volume in the 2026-2027 period is expected to reach 5.16 million tons (+8% YoY) and 5.6 million tons (+9% YoY), respectively; the main driver continues to be the domestic market (expected average growth rate of +10%, supported by construction demand in civil real estate and industrial park projects and infrastructure development potential) and HPG continues to maintain its leading market share at 36.5% (equivalent to the period from 2023 to present).
- HRC production: We believe that the DQ02 plant will be able to operate at 100% in 2027, supported by: i/ Cost advantage (HPG's HRC price is only 3-5% higher than HRC at Chinese ports, with the ability to optimize costs at plants); ii/ Anti-dumping measures (with AD20 – applying anti-dumping duties on hot rolled coil from China and AC3.AD20 – applying additional trade defense measures for some wide-width HRC products) have almost completely blocked HRC imported from China, helping HPG replace imported steel and meet the demand of domestic flat steel producers. Hot rolled coil sales volume for the whole period is expected to reach 7.1 million tons (+38% YoY) and 8.3 million tons (+17% YoY), respectively – the company meets 60-70% of domestic hot rolled coil consumption and completely captures the market share of imported Chinese steel. (refer to *Steel Industry Outlook*).
- With the scenario of finished product prices (construction steel, HRC) recovering from 3.5% YoY in the 2026-2027 period and recording a more positive recovery than raw material prices (refer to *Opportunities from the Steel Price Recovery Cycle*), we expect: Gross profit margin is expected to continue to be positive and reach 15.5% (2026) and 17.3% (2027), respectively – the advantage from investing in low-cost inventory and the ability to optimize raw materials (mentioned above).
- Accordingly, we project that HPG's revenue in the 2026-27 period will reach VND 197 trillion (+26% YoY) and VND 233 trillion (+19% YoY), respectively. The company's gross profit will reach VND 30.4 trillion (+28% YoY) and VND 1,543 billion (+21% YoY), respectively – benefiting from improved profit margins.
- With other operating expenses: SG&A expenses are expected to reach VND 4.9 trillion (+22% YoY) and VND 5.9 trillion (+19% YoY), respectively, with the SG&A/revenue ratio reaching 2.5% (equivalent to 2025, when the company focuses on domestic orders). Net financial expenses will reach VND 2.5 trillion (equivalent to 2025, interest expenses still affected due to the high interest rate environment) and VND 2 trillion (-20% YoY, the company's cash flow helps reduce long-term debt).
- In addition, the company may also record potential revenue from the full transfer of the Urban Area project North of National Highway 5 (Pho Noi Urban Area, with expected financial revenue of ~VND 3,500 billion, mentioned below). As the progress of the transfer deal has not been confirmed, we have not included it in the company's valuation model and profit projection.
- In summary, NPAT-MI in the 2026-2027 period is projected to reach VND 20 trillion (+30% YoY) and VND 28.6 trillion (+43% YoY), respectively; the corporate income tax rate will reach 12.6% (2026) and 12.1% (2027) as the DQ02 plant receives CIT incentives for the first 5 years since operation. The company's business results recorded double-digit growth in this period due to: i/ Production volume recorded an average growth rate of 10%/year, supported by domestic demand and the DQ02 complex operating at maximum capacity; ii/ The commodity price recovery cycle helps improve profit margins.

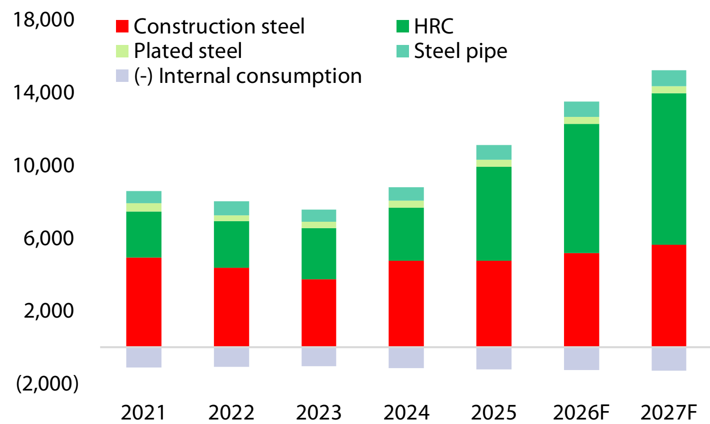
Table 3: HPG's 2026-2027 business result projection

Unit: VND billion	2026F	+/-YoY	2027F	+/-YoY	Assumptions
Sales volume (Thousand tons)					
Construction steel	5,159	8%	5,645	9%	Production growth, from domestic construction demand
HRC	7,100	38%	8,300	17%	DQ02 operates at 70% (2026) and 100% (2027) capacity, thereby meeting 60-70% of domestic hot rolled coil consumption
Construction steel price (mn VND/ton)	*14*	*4%*	*14.4*	*3.5%*	*Steel price recovery cycle*
HRC price (USD/ton)	*521*	*3.5%*	*539*	*3.5%*	*Steel price recovery cycle*
Net revenue	**196,541**	**26%**	**233,135**	**19%**	
Cost of goods sold	*(166,158)*	*26%*	*(192,775)*	*16%*	
Gross profit	**30,382**	**24%**	**40,361**	**33%**	Gross profit margin expected to be positive and reach 15.5% (2026) and 17.3% (2027)
Selling and administrative expenses	(4,953)	22%	(5,875)	19%	
EBIT	**25,429**	**24%**	**34,485**	**36%**	

Financial income	2,871	38%	3,558	24%	Positive income, deposit balance increased thanks to cash flow from operations and no large-scale project investments
Financial expenses	(5,393)	17%	(5,560)	3%	Expenses increased in 2026 (due to rising interest rates) and gradually decreased due to reduced long-term debt
Other income (net)	100	-159%	100	0%	Excluding revenue from Pho Noi Urban Area transfer
Profit before tax	**23,007**	**30%**	**32,583**	**42%**	
NPAT - MI	**20,044**	**30%**	**28,583**	**43%**	

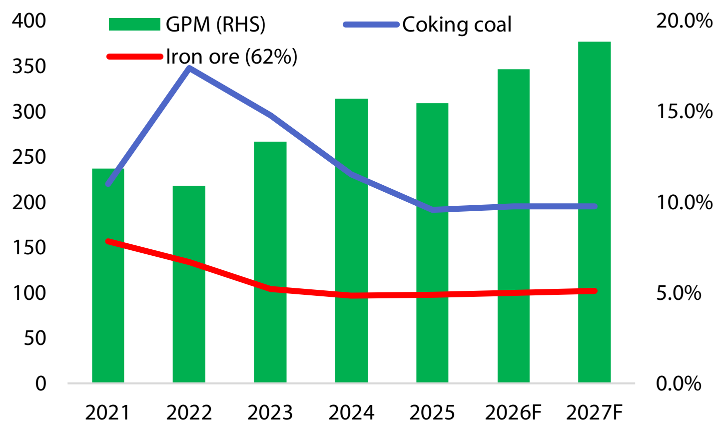
Source: RongViet Securities

Figure 5: HPG's sales volume 2021-2027 period



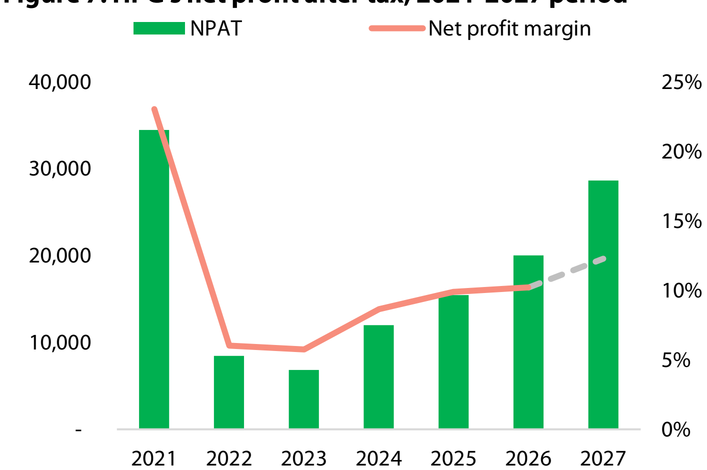
Source: HPG, RongViet Securities

Figure 6: HPG's gross profit margin 2021-2027 period, correlated with average raw material prices (USD/ton)



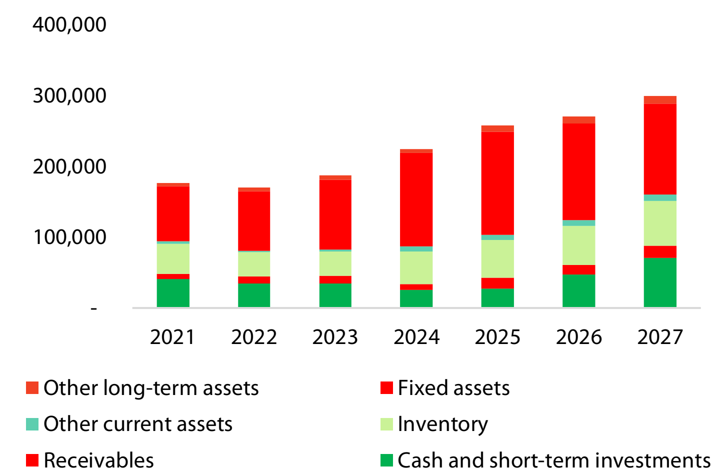
Source: HPG, RongViet Securities

Figure 7: HPG's net profit after tax, 2021-2027 period



Source: HPG, RongViet Securities

Figure 8: HPG's asset structure, 2021-2027 period



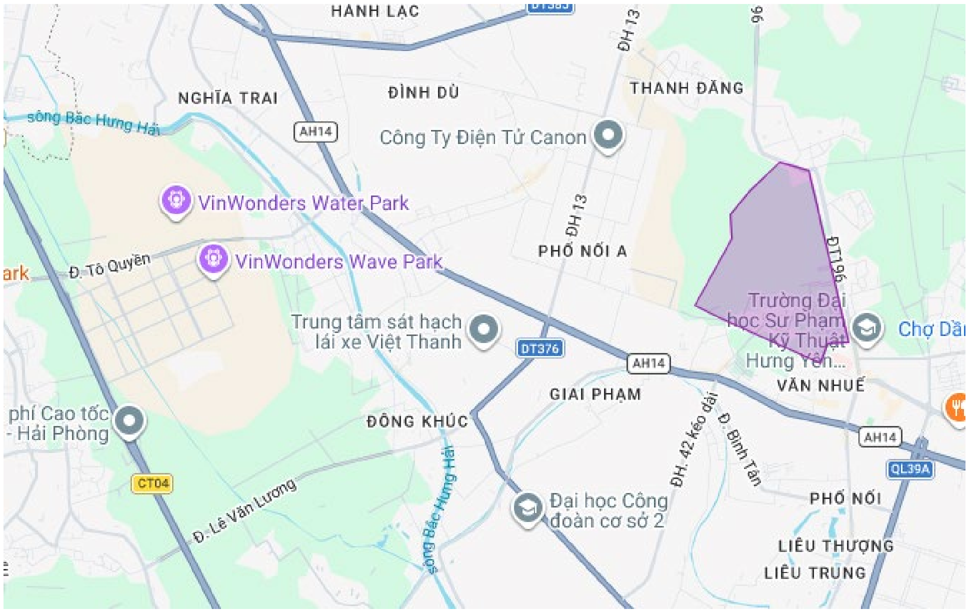
Source: HPG, RongViet Securities

Potential profit from project transfer, modest revenue contribution from new projects

Expectations from the transfer of the Urban Area project North of National Highway 5 (Pho Noi Urban Area). The project is located in a strategic position in My Hao town and Van Lam district, Hung Yen province, and is expected to become a major urban area creating strong growth momentum for the region. In 2004, the People's Committee of Hung Yen province assigned Hoa Phat Urban Construction and Development JSC (a subsidiary of HPG) as the project investor. However, according to the Government Inspectorate's conclusion in February 2024, the land allocation process to HPG had not gone through bidding and land prices had not been determined despite being allocated since 2018. Therefore, Hung Yen province organized a bid to re-select the investor and Green Urban Area Development JSC (a subsidiary, 70% owned by HPG) officially won the bid to continue implementing this project. As of the end of 2025, the total construction in progress cost at the project was VND 1,747 billion (mainly site clearance costs, in which most households have agreed with the compensation plan of the investor and the Provincial People's Committee).

We highly appreciate the location and long-term development prospects of the project. However, with a relatively large investment capital (VND 35,000 billion, according to the new investment policy) and HPG having industrial park projects simultaneously implemented in the coming time, transferring the project to a partner (through transferring all shares in Green Urban Area Development JSC) is suitable for the company. Estimated net profit after tax from the project transfer reach VND 3,500 billion, and NPAT-MI in the period (recorded) will have a corresponding increase.

Figure 9: Location of the Urban Area project North of National Highway 5 (Pho Noi Urban Area) – expected to be transferred in 2026

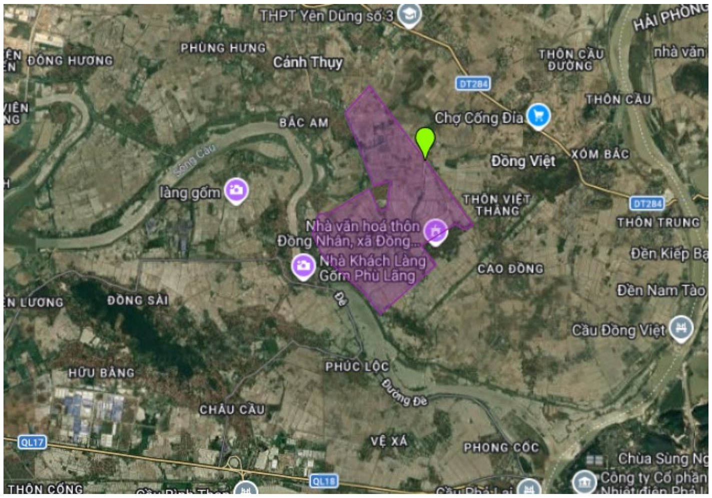


Source: GGmap, RongViet Securities

New projects in the investment process, not yet contributing significantly to the company's revenue:

- Most of the company's industrial park projects have only been approved for investment policy and are in the process of completing subsequent legal steps (completing planning, site clearance, and land use fee calculation). Therefore, we believe that these projects will not contribute to the company's revenue in the 2026-2027 period. Specifically for Dong Phuc Industrial Park (focusing on site clearance in the 2025-2026 period), we believe that the company will have enough conditions to lease land from 2027, with estimated revenue reaching VND 781 billion (leasing ~25ha, with a rental price of USD 120/m2/cycle).
- With the rail steel project, although construction started in 2025 and site clearance is underway in 2026, we believe that the project will not be able to record significant revenue in the 2026-2027 period due to: i/ Rail steel is a relatively new product, which will need time for testing, ii/ Sales volume will depend on the implementation progress of high-speed railway projects – which will need time for site clearance and handover, before being able to proceed with steps related to railway infrastructure construction (the stage of consuming HPG's rail steel products).

Figure 10: Location and status of Dong Phuc Industrial Park project (Bac Ninh)



Source: GGmap, RongViet Securities

VALUATION

LONG-TERM VALUATION USING FCFF METHOD

With HPG maintaining a compound annual growth rate (CAGR) for the 2026-2030 period at 23% & shifting the valuation time to early 2026, we maintain the one-year target price of HPG shares at VND 33,200/share, corresponding to the projected P/E for 2026 and 2027 of 13.6x and 9.5x, respectively. Thereby, the company continues to be the top choice in the steel industry as the company: i/ continuously expands capacity to capture the market, and ii/ has the ability to increase profit margins during the industry's recovery cycle.

Regarding valuation assumptions using the FCFF method, we apply a risk-free rate of 4.0% (slight increase), beta of 1.2 (unchanged), standard equity risk premium at 10% (unchanged – as HPG belongs to the cyclical business group), debt ratio of 40% (unchanged), and pre-tax debt cost of 8.0% (unchanged, thanks to the company's industry-leading advantage), exit EV/EBITDA of 6.5x (unchanged). Accordingly, the WACC assumption remains at 12.7% (slight increase compared to 12.2% in the most recent report).

Table 4: HPG valuation using FCFF method

DCF Assumptions	Value	Valuation Summary	Unit: VND billion
2025 WACC	12.7%	DCF projection period	5
Effective tax rate	11.9%	Discountable free cash flow	313,873
Cost of equity	16.0%	+ Cash & Equity at valuation date	27,785
Risk-free rate	4.0%	- Debt	92,174
Equity risk premium	10.0%	Equity value	249,484
Beta	1.2	Number of outstanding shares (million shares)	7,675
Exit EV/EBITDA	6.5	Equity value per share (VND)	32,504

Table 5: Sensitivity table for HPG's Equity Value per Share (VND)

		Exit EV/EBITDA				
		4.5	5.5	6.5	7.5	8.5
WACC	10.4%	27,225	31,496	35,766	40,037	44,308
	11.4%	25,927	30,011	34,094	38,177	42,261
	12.4%	24,693	28,599	**32,504**	36,410	40,315
	13.4%	23,518	27,255	30,992	34,729	38,466
	14.4%	22,398	25,975	29,553	33,130	36,707

Source: HPG, RongViet Securities

We continue to use the P/B method to value cyclical companies (including steel manufacturing companies) in the short term because: 1/ Profits and P/E ratios of cyclical companies have high volatility, 2/ The P/B ratio reflects the market's pricing level more accurately – when expectations for the industry's recovery phase are present. Comparing the average P/B level in the 2020-2025 period (at 1.8x) of HPG shares, we believe that the P/B level at 1.8x is suitable for: 1/ A company with a leading position in the steel industry, 2/ Long-term ROE expectations maintained at 18% (after DQ02 is put into stable operation), 3/ No more short-term risks from the export market – the company focuses on taking market share in the domestic market.

Table 6: Sensitivity table for HPG's Equity Value per Share (VND)

BVPS (VND)			**P/B**						
			1.2	1.4	1.6	**1.8**	2	2.2	2.4
	2026	18,785	22,542	26,299	30,055	**33,812**	37,569	41,326	45,083

Source: RongViet Securities

Combining the long-term valuation method (using the FCFF discounted cash flow method) and the short-term valuation method (P/B comparative method) with a 50:50 weighting, we provide the target price of HPG shares at **VND 33,200/share**.

Table 7: HPG valuation summary

Method	Weight	Price	Contribution
FCFF	50%	32,504	16,252
P/B (1.8x)	50%	33,812	16,906
Target price			**33,158**

Source: RongViet Securities

APPENDIX: STEEL INDUSTRY OUTLOOK 2026-2027

Domestic market: *We expect positive construction demand to continue the growth momentum for the domestic steel industry in the coming period, along with domestic trade protection measures helping to avoid competition risks from imported steel. Total construction steel consumption is estimated to maintain an average growth rate of 9%/year (HPG maintains its leading market share), while HRC consumption volume grows impressively (coming from capturing market share from hot rolled coil imported from China).*

We continue to highly value the growth potential of the domestic steel market – led by raw material demand for construction activities (for public investment projects and civil real estate projects). As we maintain the expectation that domestic construction steel volume in the 2024-2029 period can grow with a CAGR of 9%:

- The civil real estate market is still in a recovery cycle, with spillover effects in markets thanks to: 1/ Interest rate levels expected to have peaked and may decrease slightly in the second half of 2026; and 2/ Legal bottlenecks (New Law, land price list) are gradually being removed, increasing the supply of real estate projects and thereby ensuring sustainable output for the construction materials industry (including the steel industry) in the new period.
- The infrastructure development plan, especially expanding the expressway system to 5000 km (up 56%), will create a solid boost for the domestic construction steel industry. Looking further, with Vietnam's urbanization rate still relatively low compared to developing Asian countries, the room for developing urban clusters in Vietnam is quite large, and is a factor driving the long-term growth of steel products in general.

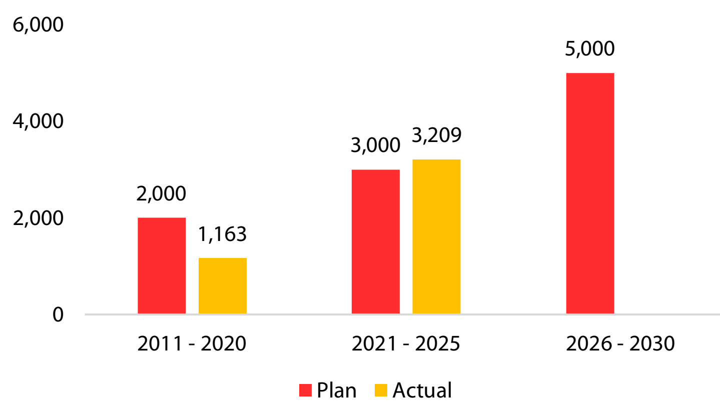
For hot rolled coil products (input for flat steel production), after the 2024-2025 period under pressure from imported steel (especially from China, with competitive costs), Vietnam has implemented protection measures and applied anti-dumping duties (on both ordinary hot rolled coil products and wide-width steel – anti-circumvention) on steel grades imported from China. This is a prerequisite advantage for HPG, for them to operate the DQ02 plant at 100% (in 2027) and capture the domestic HRC market (meeting 60-70% of domestic hot rolled coil consumption) while other domestic enterprises cannot increase capacity at this time.

Table 1: Some anti-dumping investigation cases on steel imported into Vietnam

Case	Tax rate	Number of HS Codes	Time
AD19: Plated steel	- China: 37.13% (with exemptions) - South Korea: 12% to 15.67% (with exemptions)	42	2025-2030
AD08: Cold rolled steel	- China: 4.43%-25.2%	20	2020-2030
AD20: Hot rolled steel	- China: 27.83% (simultaneously applying anti-circumvention measures for wide-width steel, over 1800mm)	27	2025-2030

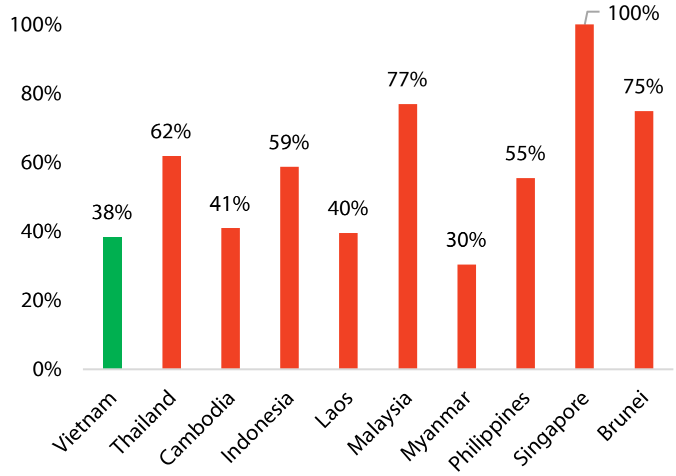
Source: RongViet Securities

Figure 1: Expressway development plan through phases (km)



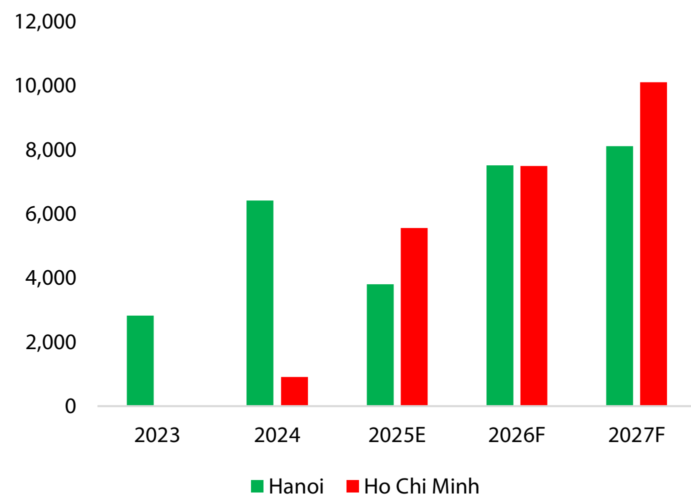
Source: RongViet Securities

Figure 2: Urbanization rate in Vietnam is at a low level in the region (2024)



Source: RongViet Securities compilation

Figure 3: New supply of low-rise real estate in Hanoi and Ho Chi Minh City is expected to improve (units)



Source: CBRE, RongViet Securities

Export market*: Because Vietnam's trade picture is still quite negative, we believe that export consumption in the 2026-2027 period of the entire industry will move sideways at the bottom of 2025.*

With the wave of protectionism in the 2023-2025 period, the export volume of Vietnamese steel products has generally been affected quite negatively. In 2025, total HRC export volume only reached 0.9 million tons (-60% YoY) in the context that major markets like the EU are applying import quotas. We expect HRC export volume in the 2026-2027 period to move sideways compared to the same period, in the context: 1/ Europe has no information on increasing quotas; 2/ HPG, expected to be more flexible in export strategy and can expand volume to other potential markets (Southeast Asia, Middle East) to compensate for the shortage from traditional markets; and 3/ Competitive pressure may decrease from China's capacity reduction capability.

Table 2: Trade defense measures on hot rolled steel products originating from the Vietnamese market, 2023-2025 period – HPG is a prominent name when excluded from most investigations

Market	Product	Year	Detailed status
EU	HRC	2024-2026	Import quota of 110 thousand tons/quarter – in the "other countries" group Applying anti-dumping duties on HRC imported from Vietnam (*excluding HRC from DQ plant – HPG)*
India	HRC	2024-present	Applying anti-dumping duties on HRC imported from Vietnam (*excluding HRC from DQ plant – HPG)*
Mexico	HRC	2025-present	Anti-dumping investigation on HRC imported from Vietnam

Source: Rong Viet Securities compilation

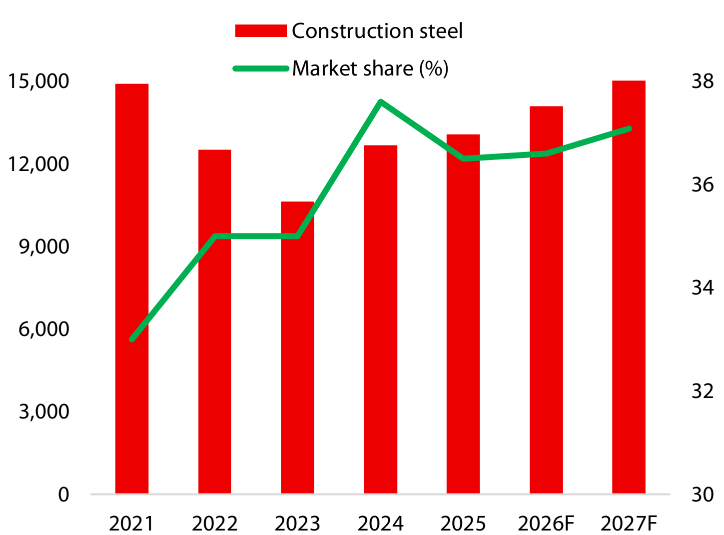
Regarding the EU's Carbon Border Adjustment Mechanism (CBAM), this mechanism was officially applied from January 2026. For HRC products, we estimate that the additional compliance cost will be in the range of 50-100 EUR/ton in the initial phase, thereby increasing the export price of Vietnamese HRC and reaching ~650-700 EUR/ton (including transportation costs), thereby reducing the level of cost competitiveness in this market. However, because Europe currently still applies quotas on imported steel, we believe that this mechanism will not yet significantly affect the export prospects of the Vietnamese steel industry in the short term. In the long term, when initial incentives gradually decrease, causing compliance costs to increase, issues such as reducing plant emissions, building measurement mechanisms, emission certification, carbon credit markets, and related legal policies will need to be paid attention to if Vietnamese steel exports want to compete in the EU market (as well as markets applying similar carbon adjustment mechanisms). With HPG, thanks to the advantage of blast furnace technology (reducing coal consumption), we believe that the company will continue to improve to reduce input raw materials and increase competitiveness in the export market – right when the CBAM mechanism replaces the quota mechanism.

Table 3: Calculation of CBAM costs for Vietnam's HRC (HS code: 720)

Indicator	Unit	Formula	Note	Actual value – 2026	Actual value – 2027	Default value – 2026	Default value – 2027
Average EUA price	EUR / t CO_2 emissions	A	Reference according to EU ETS benchmarks	73.95	73.95	73.95	73.95
Embedded emissions in products	t CO_2 emissions / t steel	B	EU has separate regulations to calculate actual value	2.51	2.51	2.607	2.844
Benchmark emissions	t CO_2 emissions / t steel	C		1.491	1.491	1.491	1.491
Application rate according to CBAM roadmap	%	D	This rate will gradually decrease to 0%	97.5%	95.0%	97.5%	95.0%
Carbon price already paid in the country of origin		E					
Implied CBAM cost	**EUR / t steel**	**F = A × (B – C × D) – E**		**78**	**81**	**85**	**106**
Spot VN HRC price	USD / t steel		Reference price	521	539,235	558,1082	577,642
USD–EUR exchange rate				0.85	0.85	0.85	0.85
Spot VN HRC price	EUR / t steel	G		443	458	474	491
VN HRC price including CBAM fee	**EUR / t steel**	**H = F + G**		**521**	**539**	**560**	**597**

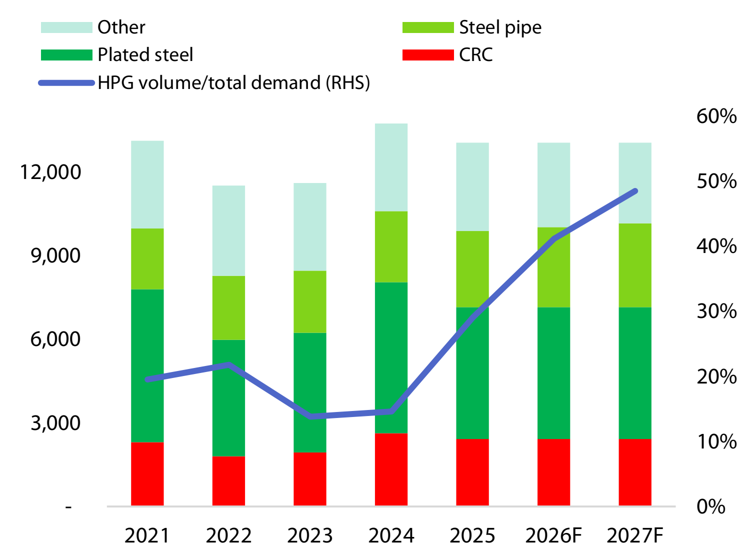
Source: JPMS, Regulation (EU) 2025/621, RongViet Securities

Figure 4: Total construction steel volume, 2021-2027 period (thousand tons) and HPG's market share (%)



Source: VSA, RongViet Securities

Figure 5: Estimated HRC demand in Vietnam (by finished product, 2021-2027 period, thousand tons)



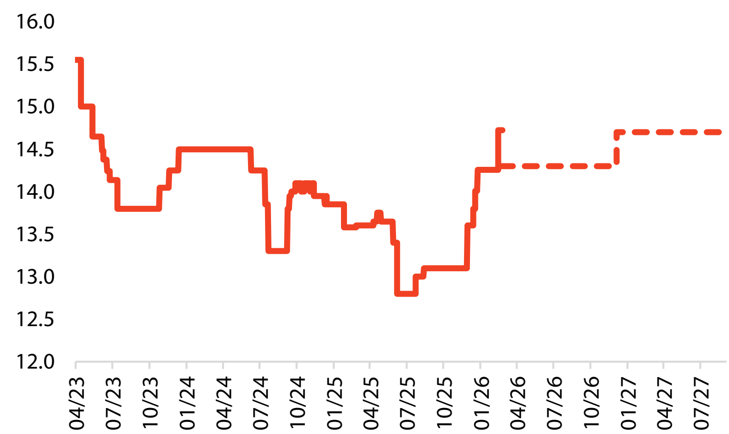
Source: RongViet Securities estimated (converted: 1 ton of HRC into 1 ton of finished product with a wastage rate of less than 5%)
(*) Other purposes include speculation, temporary import for re-export, industrial production,…

APPENDIX: OPPORTUNITIES FROM THE STEEL PRICE RECOVERY CYCLE 2026-2027

Vietnam's HRC price in early 2026 is recording a recovery from the bottom (increasing about 3-4% YoY), supported by: 1/ Cost-push from raw materials (coking coal mainly due to weather factors causing local supply shortages at some large mines in Australia; as well as rising oil prices affecting transportation costs); and 2/ Trend of inventory accumulation to serve the early-year construction season. However, raw material prices in the 2026-2027 period are projected to gradually cool down when: 1/ Coking coal supply stabilizes again after the impact of rain and floods (Australia's Department of Industry, Science and Resources estimates that export volume will increase again by 7.4% and 2.2% each year after a 4.5% decline in 2025); 2/ New iron ore supply (especially from the Simandou mine) meets the world's production demand; 3/ Oil prices are expected to cool down in the second half of 2026 (USA-Iran will find a common voice to cool down tensions).

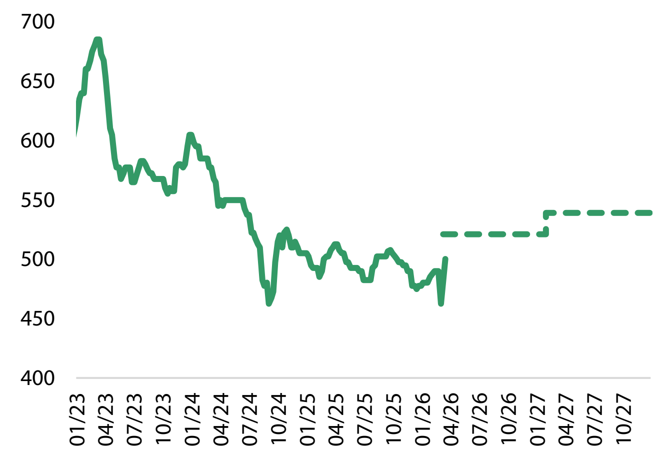
Therefore, we believe that raw material costs will have less impact on domestic HRC prices in the near future and assume a slight recovery level of 3.5% per year supported mainly by: 1/ Vietnam's HRC continues to be fully protected for one year along with the possibility of applying additional anti-dumping duties on China's wide-width HRC in 2026; and 2/ Demand for downstream products performs positively. With construction steel, the price increase level will also be maintained at 3-4%, when domestic construction demand is positive (as mentioned).

Figure 1: Construction steel price (million VND/ton) expected to recover from domestic demand



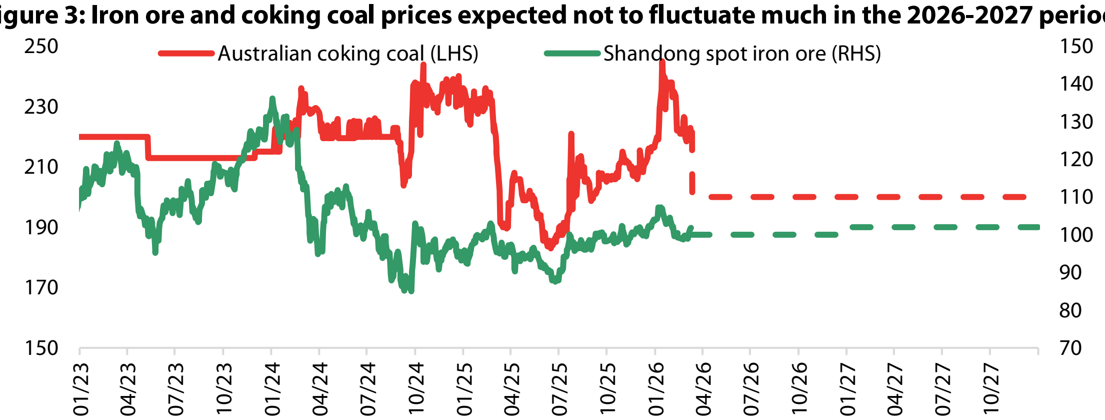
Source: VSA, RongViet Securities

Figure 2: Vietnam HRC price (USD/ton) (*) expected to recover from the low base level of 2025



Source: Bloomberg, RongViet Securities
(*) Ex-works HRC price, market price is about 10% higher

Figure 3: Iron ore and coking coal prices expected not to fluctuate much in the 2026-2027 period



Source: thitruongthep, RongViet Securities

Appendix

Table 1: Q4/2025 Business Results

(VND billion)	Q4-FY25	Q3-FY25	+/- (qoq)	Q4-FY24	+/- (yoy)
Revenue	46,176	36,407	27%	34,491	34%
Gross profit	6,397	6,087	5%	4,365	47%
Selling and administrative expenses	(683)	(1,155)	-41%	(748)	-9%
Operating income	4,567	4,571	0%	3,303	38%
EBITDA	8,594	7,101	21%	5,368	60%
EBIT	5,714	4,932	16%	3,617	58%
Financial expenses	(1,584)	(1,073)	48%	(1,015)	56%
- Interest expenses	(1,237)	(812)	52%	(562)	120%
Depreciation	2,880	2,169	33%	1,751	65%
Non-recurring items (*)					
Extraordinary items (*)	33	57	-43%	(16)	-303%
Profit before tax	4,600	4,628	-1%	3,287	40%
Profit after tax	3,888	4,012	-3%	2,810	38%
NPAT adjusted for items (*)	3,856	3,955	-3%	2,826	36%

Source: HPG, RongViet Securities

Table 2: Q4/2025 Business Analysis

Indicator	Q4-FY25	Q3-FY25	+/- (qoq)	Q4-FY24	+/- (yoy)
Profitability indicators					
Gross profit margin	14%	17%	-3 pps	13%	1 pps
EBITDA/Revenue	19%	20%	-1 pps	16%	3 pps
EBIT/Revenue	12%	14%	-1 pps	10%	2 pps
Net profit margin	8%	11%	-3 pps	8%	0 pps
Adjusted net profit margin	8%	11%	-3 pps	8%	0 pps
Operating efficiency* (x)					
- Inventory turnover	3.23	2.57	0.7	2.78	0.45
- Receivables turnover	12.83	11.18	1.7	16.46	-3.63
- Payables turnover	7.56	6.83	0.7	7.48	0.08
Leverage (%)					
Total debt/Total Equity	97%	93%	4 pps	96%	1 pps

Source: RongViet Securities |(*) annualized

VND Bn

INCOME STATEMENT	FY2024	FY2025	FY2026F	FY2027F
Revenue	**138,855**	**156,116**	**196,541**	**233,225**
COGS	120,358	131,618	166,158	192,813
Gross profit	**18,498**	**24,498**	**30,382**	**40,412**
Selling expense	2,337	2,634	3,145	3,732
Administrative expense	1,546	1,437	1,809	2,146
Finance income	2,619	2,082	2,871	3,558
Finance expenses	3,967	4,604	5,393	5,560
Other income	426	-171	100	100
Gain from j,t ventures	*0*	*0*	*0*	*0*
PBT	**13,693**	**17,735**	**23,007**	**32,632**
Prov, of Tax	1,766	2,526	2,899	3,940
Minority's Interest	0	65	65	68
PAT to Equity S/H	**11,927**	**15,144**	**20,044**	**28,624**
EBIT	14,615	20,428	25,429	34,534
EBITDA	21,588	28,896	34,510	43,614

%

FINANCIAL RATIOS	FY2024	FY2025	FY2026F	FY2027F
Growth				
Revenue	16.7%	12.4%	25.9%	18.7%
EBITDA	31.3%	33.9%	19.4%	26.4%
EBIT	51.1%	39.8%	24.5%	35.8%
PAT	76.6%	27.0%	32.3%	42.8%
Total assets	19.5%	14.9%	4.9%	10.5%
Total equity	11.3%	13.0%	11.6%	16.0%
Profitability				
Gross margin	13.3%	15.7%	15.5%	17.3%
EBITDA margin	15.5%	18.5%	17.6%	18.7%
EBIT margin	10.5%	13.1%	12.9%	14.8%
Net margin	8.6%	9.7%	10.2%	12.3%
ROA	5.3%	5.9%	7.4%	9.6%
ROCE	10.4%	11.7%	13.9%	17.1%
ROE	9.7%	12.4%	14.4%	17.5%
Efficiency				
Receivables turnover	18.2	10.4	13.9	13.5
Inventories turnover	2.6	2.5	3.0	3.0
Payables turnover	6.5	4.6	6.7	6.7
Liquidity				
Current	1.2	1.1	1.3	1.6
Quick	0.5	0.5	0.7	0.9
Finance Structure				
Total debt/equity	72.5%	71.4%	64.5%	55.9%
ST debt/equity	48.9%	50.1%	48.1%	43.7%
LT debt/equity	23.7%	21.3%	16.4%	12.2%

VND Bn

BALANCE SHEET	FY2024	FY2025	FY2026F	FY2027F
Cash	6,888	8,301	17,689	14,987
Short term investment	18,975	19,484	29,113	55,338
Account receivables	7,622	15,065	14,116	17,319
Inventories	46,521	52,828	54,832	63,628
Other short-term assets	7,073	8,004	8,404	8,824
Fixed tangible asset	131,458	144,670	136,611	128,718
Fixed intangible asset	248	239	227	215
Long term financial investment	137	2,248	2,248	2,248
Other long-term assets	5,474	6,934	7,281	7,645
Total asset	**224,395**	**257,773**	**270,521**	**298,922**
Account payables				
Customers pay in advance	18,593	28,538	24,924	28,922
Short term debt	55,883	64,695	69,303	73,116
Long term debt	27,080	27,479	23,626	20,435
Other non-current liabilities	7,258	5,014	5,114	5,216
Bonus and welfare fund	1,027	976	1,266	1,808
Science and technology funds	0	0	0	0
Total liabilities	**109,842**	**126,702**	**124,232**	**129,497**
Common stock and APIC	63,963	76,755	76,755	76,755
Treasury stock (enter as -)	0	0	0	0
Retained earnings	49,576	51,035	66,038	89,107
Other comprehensive income	0	0	0	0
Inv, and Dev, Fund	816	1,388	1,388	1,388
Total equity	**114,355**	**129,178**	**144,181**	**167,250**
Minority interests	293	2,042	2,107	2,175

VALUATION RATIO	FY2024	FY2025E	FY2026E	FY2027E
EPS (VND/share)	1,766	1,892	2,455	3,506
P/E (x)	13.5	10.2	11.4	8.0
BV (VND/share)	14,899	16,830	18,785	21,790
P/B (x)	1.6	1.6	1.5	1.3
DPS (VND/share)	0	0	500	500

VALUATION MODEL	Weight	Price	Average
FCFF	50%	32,504	16,252
P/B (1.8x)	50%	33,812	16,906
Target price (VND/Share)			**33,200**

VALUATION HISTORY	Target price	Recommend	Period
5/2025	28,200	BUY	LONG TERM
9/2025	32,900	ACCUMULATE	LONG TERM
4/2026	33,200	BUY	LONG TERM

UPDATE VALUATION

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Ratings	BUY	ACCUMULATE	HOLD	REDUCE	SELL
Total Return including Dividends in 12-month horizon	>20%	5% to 20%	-5% to 5%	-20% to -5%	<-20%

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RESEARCH CENTER

Lam Nguyen
Head of Research
lam.ntp@vdsc.com.vn
+ 84 28 6299 2006 (1313)

Tung Do
Senior Manager
tung.dt@vdsc.com.vn
+ 84 28 6299 2006 (1521)
- Banking

Hung Le
Senior Manager
hung.ltq@vdsc.com.vn
+ 84 28 6299 2006 (1530)
- Market Strategy
- Macroeconomics

Lam Do
Senior Manager
lam.dt@vdsc.com.vn
+ 84 28 6299 2006 (1524)
- Real Estate
- Construction Materials
- Industrial RE

Hung Nguyen
Manager
hung.nb@vdsc.com.vn
+ 84 28 6299 2006 (1526)
- Retail
- Automotive & Spare parts
- Consumer
- Technology & Telecommunications

Ha Tran
Operation Manager
ha.ttn@vdsc.com.vn
+ 84 28 6299 2006 (1526)

Toan Vo
Senior Analyst
toan.vnv@vdsc.com.vn
+ 84 28 6299 2006 (1530)
- Macroeconomics

Quan Cao
Senior Analyst
quan.cn@vdsc.com.vn
+ 84 28 6299 2006 (2223)
- Sea ports
- Aviation
- Textiles

Hien Le
Senior Analyst
hien.ln@vdsc.com.vn
+ 84 28 6299 2006 (1524)
- Fishery
- Fertilizer

Huong Le
Senior Analyst
huong.lh@vdsc.com.vn
+ 84 28 6299 2006 (1524)
- Oil & Gas

Thao Phan
Operation Executive
thao.ptp@vdsc.com.vn
+ 84 28 6299 2006 (1526)

Trang To
Senior Analyst
trang.th@vdsc.com.vn
+ 84 28 6299 2006
- Banking

Giao Nguyen
Senior Analyst
giao.ntq@vdsc.com.vn
+ 84 28 6299 2006 (1530)
- Real Estate
- Industrial RE

Chinh Nguyen
Senior Analyst
chinh1.nd@vdsc.com.vn
+ 84 28 6299 2006 (1530)
- Utilities

Khoa Bui
Senior Analyst
khoa.bd@vdsc.com.vn
+ 84 28 6299 2006
- Macroeconomics

Duong Tran
Analyst
duong.tt@vdsc.com.vn
+ 84 28 6299 2006
- Construction Materials

Lan Anh Tran
Analyst
anh.tnl@vdsc.com.vn
+ 84 28 6299 2006
- Retail
- Technology & Telecommunications

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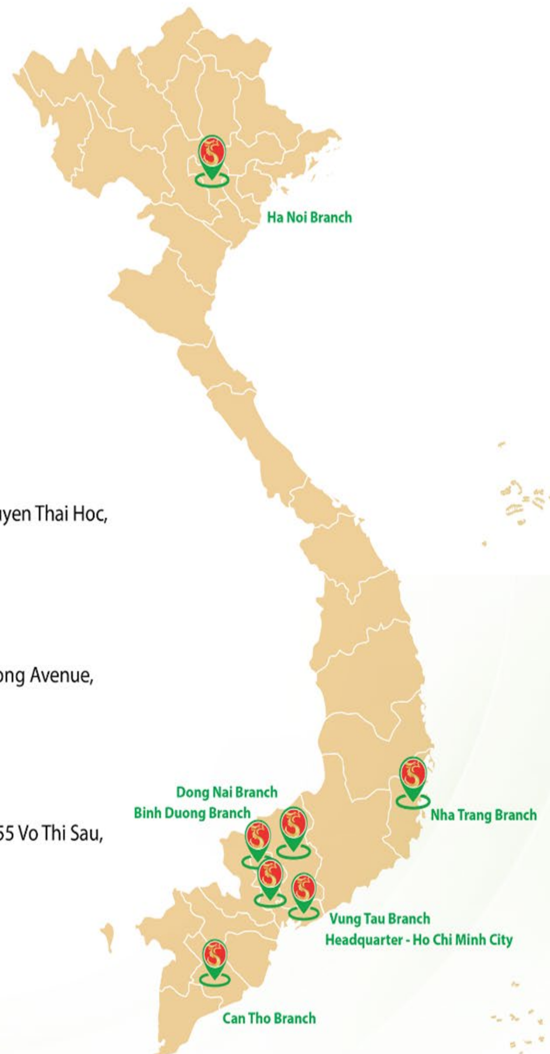

HEADQUARTER IN HO CHI MINH CITY
1st floor to 8th floor, Viet Dragon Tower, 141 Nguyen Du, Ben Thanh Ward, Ho Chi Minh City
T (+84) 28 6299 2006 E info@vdsc.com.vn
W www.vdsc.com.vn Tax code 0304734965

HANOI BRANCH
10th floor, Eurowindow Tower, 02 Ton That Tung, Kim Lien Ward, Hanoi
T (+84) 24 6288 2006
F (+84) 24 6288 2008

VUNG TAU BRANCH
2nd floor, VCCI Building Tower, 155 Nguyen Thai Hoc, Tam Thang Ward, Ho Chi Minh City
T (+84) 25 4777 2006

NHA TRANG BRANCH
7th floor, Sacombank Tower, 76 Quang Trung, Nha Trang Ward, Khanh Hoa Province
T (+84) 25 8382 0006
F (+84) 25 8382 0008

BINH DUONG BRANCH
3rd floor, Becamex Tower, 230 Binh Duong Avenue, Phu Loi Ward, Ho Chi Minh City
T (+84) 27 4777 2006

CAN THO BRANCH
8th floor, Sacombank Tower, 95-97-99 Vo Van Tan, Ninh Kieu Ward, Can Tho City
T (+84) 29 2381 7578
F (+84) 29 2381 8387

DONG NAI BRANCH
8th floor, TTC Plaza Building Tower, 53-55 Vo Thi Sau, Tran Bien Ward, Dong Nai Province
T (+84) 25 1777 2006