

HOA SEN JOINT STOCK COMPANY (HOSE: HSG)

A leading position in the coated steel industry seeking growth strategies

Using a combination of the cash flow discount method (DCF) and the comparison method (P/B, P/S), we offer a target price for HSG stock at VND 24,000, combined with a cash dividend of VND 500/share, the expected profit is 27%.

Number one position in the domestic galvanized steel industry: Thanks to the advantages of a long-standing brand, large factory capacity and comprehensive distribution system, HSG's galvanized steel market share has always maintained at 29% for many years. Along with the expectation that the steel price cycle will recover from 2025, we forecast HSG's profit after tax (NPAT) in the period 2025-2029 to reach a CAGR of 11%.

Hoa Sen Home model – HSG's differentiated strategy with great potential

- Hoa Sen Home chain of building materials stores and supermarkets is the driving force for HSG's long-term revenue growth when the Company does not plan to expand factory capacity. In addition to the advantages of the retail model (good profit margins, higher valuation, etc.), Hoa Sen Home is expected to solve many current problems of the building materials retail market in Vietnam.
- Along with the P/S of 2x for Hoa Sen Home's short-term valuation of, we expect this model to contribute about 10-15% more revenue to HSG from new commercial product segments.

Risks

- *Export volume recovered slower than the projected level of 5% in our baseline scenario due to many risks in protectionist policies and emission regulations (CBAM) in HSG's main markets.*
- *New commercial products, especially those branded by Hoa Sen, will need time to increase brand recognition with customers, which may affect Hoa Sen Home's projected revenue. In addition, large operating costs in the early period may cause profit margins to fall short of expectations.*

Key financial indicators

Y/E Dec (Billion VND)	FY2021	FY2022	FY2023	FY2024F	FY2025F	FY2026F
Net revenue	48,727	49,711	31,651	39,272	38,054	42,857
Growth (%)	77%	2%	-36%	24%	-3%	13%
EBIT	4,906	323	58	302	731	1,068
NPAT	4,314	251	30	515	853	1,127
Growth (%)	274%	-94%	-88%	1615%	66%	32%
Net margin (%)	9%	1%	0%	1%	2%	3%
ROA (%)	19%	1%	0%	3%	4%	6%
ROE (%)	50%	2%	0%	5%	8%	10%
Basic EPS (VND)	8,741	420	49	835	1,380	1,830
Book value (VND)	21,917	18,171	17,475	17,697	18,510	19,736
Cash Dividend (VND)	0	1	0	499	499	499
P/E (x)	1.5	-10.9	13.2	17.6	17.3	13.1
P/BV (x)	0.6	1.2	1.0	0.9	1.3	1.2

Source: HSG, RongViet Securities. Based on the closing price on September 19th, 2025.

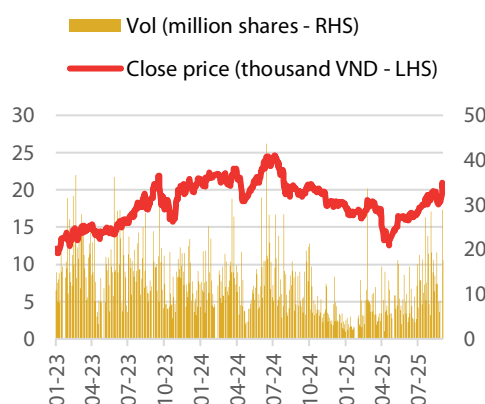
BUY

+27%

Market price (VND)	19,300
Target Price (VND)	24,000
Cash Dividend (VND)	VND 500

Stock Info

Industry	Materials
Capitalization (billion VND)	12,606
SLCPDLH (million shares)	621
Beta	1.2
Free Float (%)	76
52-week high	22,000
52-week low	12,400
Average KLGD 20 sessions	216



Profitability (%)

	3M	1Y	2Y
HSG	26.6	2.7	6.9
VN30 Index	34.1	41.5	53.7
VN-Index	28.9	32.1	39.8

Major shareholders (%)

Le Phuoc Vu	16.96
Amersham	1.99
Dragon Capital	1.17
Others	79.88
Remaining foreign investor ownership limit (%)	38.22

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VALUATION

Combining FCFF's free cash flow discount method and comparative valuation (P/B, P/S), we offer a target price of HSG stock of 24,000 VND/share.

HSG VALUATION USING THE SOTP METHOD

Method	Index	NPV (billion VND)	Density
DCF	FCFF	24,828	50%
Comparables	P/B & P/S	23,108	50%
Target price		24,000	

LONG-TERM VALUATION USING THE FCFF METHOD

We use 6 times EV/EBITDA for HSG's final value at the end of the forecast period based on the expectation that the market will value Hoa Sen Home retail model higher than the traditional manufacturing segment. Specifically, the assumptions are presented in the table below:

DCF Assumption	Value	Valuation Summary	Unit: VND Billion
WACC 2029	11%	DCF forecast time	5 years
Effective tax rate	18%	Discounted free cash flow	18,832
Cost of Equity	13.5%	+ Cash & Equity at valuation date	689
Risk-free rate	2.7%	- Debt	4,228
Equity risk premium	9.35%	Equity Value	15,294
Beta	1.15	Number of outstanding shares (million shares)	615,98
Exit EV/EBITDA	6	Equity per share (VND)	24,828

Table 1: Sensitivity table for HSG's Equity Value per Share (VND)

		Exit EV/EBITDA				
		5.0	5.5	6.0	6.5	7.0
WACC	8.97%	22,652	24,785	26,919	29,052	31,186
	9.97%	21,747	23,798	25,848	27,899	29,950
	10.97%	20,884	22,856	24,828	26,800	28,772
	11.97%	20,062	21,959	23,856	25,753	27,650
	12.97%	19,278	21,104	22,929	24,755	26,580

SHORT-TERM VALUATION BY COMPARISON METHOD

Valuation of the traditional segment (steel & plastics production) by P/B method

For the traditional steel and plastic production segment, we use the P/B valuation method because: 1/ This index is suitable for cyclical manufacturing enterprises (strong fluctuations in profits) and 2/ Assuming that HSG's traditional segment is stable in the forecast period. The P/B used is 1.1 times – higher than the average for businesses in the industry with the expectation that the Company will be valued higher in the recovery cycle.

Table 2: Steel manufacturers used for comparison

Company	Market Cap (million USD)	Net revenue 2024 (million USD)	EBITDA 2024 (million USD)	Gross margin (%)	Net margin (%)	P/E 2024	P/B 2024
Hyundai Steel (South Korea)	1,873	17,033	5.4	6.0	0	N/a	0.1
Jiangsu Shagang (China)	1,881	2,002	81.3	4.7	1.1	89.4	0.9
Kyoei Steel (Japan)	545	920	158	11.9	3.3	7.6	0.2
SeAH Steel (Korea)	228	1,327	1.36	16.5	7.6	2.5	0.3
NKG (Vietnam)	191	879	42.5	8.9	2.2	10.1	0.8
Average P/B for 2019-2024			0.8				
Median P/B 2019-2024			0.4				

Valuation of Hoa Sen Home by P/S method

We use a 2x P/S for Hoa Sen Home's 202-5 projected revenue, which is lower than the industry average and in line with Hoa Sen Home's current outlook. Investors can refer to the sensitivity of Hoa Sen Home's valuation assumptions in table 4.

Table 3: The construction materials retailers used for comparison

Company	Market Cap (million USD)	Net revenue 2024 (million USD)	EBITDA 2024 (million USD)	Gross margin (%)	Net margin (%)	P/E 2024	P/S 2024
Home Depot (USA)	409,508	159,514	26,948	33.4	9.3	27.6	2.5
MR DIY (Malaysia)	3,914	1,019	256	45.8	12.2	30.7	3.7
Home Pro (Thailand)	3,598	1,928	347	26.8	9.6	19.2	1.8
Siam Global House (Thailand)	2,104	920	121	26.2	7.3	30.4	2.2
DOHOME (Thailand)	831	879	65	17.1	2.2	42.1	0.9
Caturkarda Depo (Indonesia)	103	177	9	19.8	3.4	17.7	0.6
Average P/S for the period 2019-2024			2.5				
Median P/S 2019-2024			2.4				

Table 4: HSG's Equity Per Share sensitivity table by comparison method (billion VND)

		P/B Traditional Segment				
		0.9	1	1.1	1.2	1.3
P/S Hoa Sen Home	1	17,888	19,698	21,508	23,318	25,128
	1.5	18,688	20,498	22,308	24,118	25,928
	2	19,488	21,298	23,108	24,918	26,728
	2.5	20,288	22,098	23,908	25,718	27,528
	3	21,088	22,898	24,708	26,518	28,328

Source: RongViet Securities

Here, we present the aspects of HSG that support our valuation section above in the following sections:

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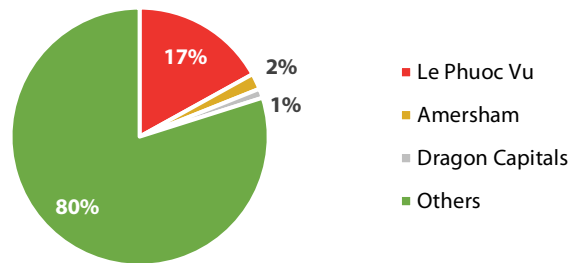
ENTERPRISE VALUE CHAIN ANALYSIS ([Back to page 4](#))

1. Business Overview ([Back to page 4](#))

Hoa Sen Group Joint Stock Company (HSG) was established in 2001 with a charter capital of VND 30 billion, the main business is the production and trading of steel products (mainly galvanized steel). In 2004, the Company put into operation the first color-coated corrugated iron production line with a capacity of 45 thousand tons/year. By 2024, the total design capacity of the Group's lines will reach 5.5 million tons/year, of which the capacity of cold-rolled steel and galvanized steel will reach 2 million tons/year and 2.7 million tons/year, respectively.

Currently, HSG is largely owned by domestic individuals (75%), of which Chairman of the Board of Directors – Mr. Le Phuoc Vu is the largest shareholder with 16.96% of shares. The group of foreign organizations accounts for about 19% of the shares, including some major shareholders such as Amersham (1.99%) and Dragon Capital Group (1.77%).

Figure 1: Shareholder structure of HSG



Source: HSG, Bloomberg, RongViet Securities

2. Core business activities ([Back to page 4](#))

Figure 2: HSG's value chain



Source: HSG, RongViet Securities

2.1. Galvanized steel and steel pipe [\(Back to page 4\)](#)

2.1.1. Input

Main raw materials to produce galvanized steel and the steel pipe is HRC hot-rolled coil (accounting for about 80% of the cost price). HRC supply of Vietnam's galvanized steel industry chief from China and two domestic enterprises, HPG and Formosa, Nevertheless, with the HRC China continue to be subject to the Protective tax follow Latest conclusions from the case AD20 by July 2025, Domestic HRC is expected to become the main source of supply for HSG's steel production activities. Detailed assumptions about HRC prices are presented at [Page 22](#).

2.1.2. Production

HSG has the largest production capacity of galvanized steel sheet design in Vietnam and currently has no plans to expand steel production.

Hoa Sen currently has a total of 10 factories with 2 factories located in the North, 2 factories in the Central region and 6 factories in the South. The Company's total design capacity in the period 2019-2024 has not changed much, reaching 2, respectively.430, 850 and 130 thousand tons for all kinds of galvanized corrugated iron products, steel pipes and plastic pipes. In particular, Hoa Sen Phu My corrugated iron factory with a total design capacity of 1.2 million tons, which is HSG's largest factory and also one of the largest corrugated iron factories in Southeast Asia.

Table 5: HSG's factories

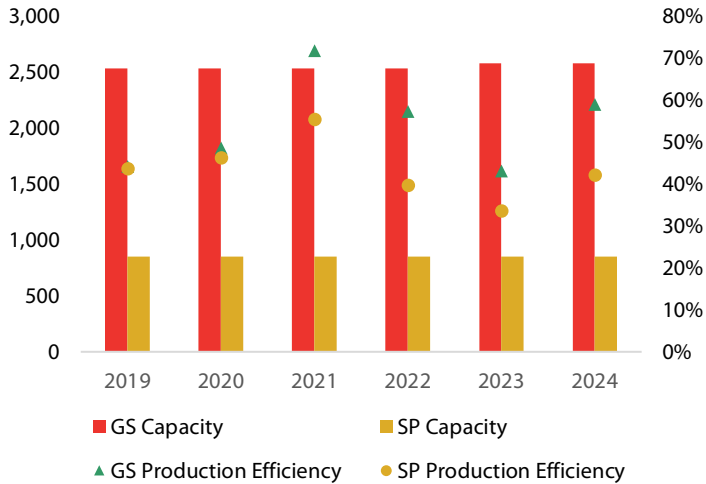
Area	Factory	Area (ha)	Product	Capacity (tons/year)
North	Yen Bai Hoa Sen Zinc Pipe	8.7	- Steel Pipe	82,800
	Hoa Sen Ha Nam	20.5	- Steel Pipe	217,800
Central	Hoa Sen Nghe An	35	- Cold-rolled steel	700,000
			- Galvanized sheet	800,000
			- Color-coated steel	240,000
	Hoa Sen Nam Cam	9.4	- Steel Pipe	120,000
	Hoa Sen Flower Binh Dinh	13.8	- Steel Pipe	100,000
	Hoa Sen Binh Duong	4.7	- Cold-rolled steel	800,000
South	Hoa Sen	21.8	- Cold-rolled steel	350,000
			- Galvanized steel	430,000
			- Color-coated steel	195,000
	Hoa Sen Resin	10.8	- Plastic pipes	129,691
	Hot-dip galvanized steel pipe Hoa Sen Phu My	9.3	- Steel Pipe	332,040
			- Hot-dip galvanized steel pipe	85,000
	Hoa Sen Phu My	16.6	- Galvanized steel	1,200,000
			- Color-coated steel	330,000

Source: HSG, RongViet Securities

The production efficiency of HSG's factories in the period of 2019-2024 ranges from 47%-76% for galvanized steel products (high in 2021 thanks to favorable sales) and from 30%-46% for steel pipes. Compared with NKG and GDA, HSG's galvanized steel production efficiency is still quite low due to large-scale factories; therefore, the Company currently has no plan to expand the capacity for steel products.

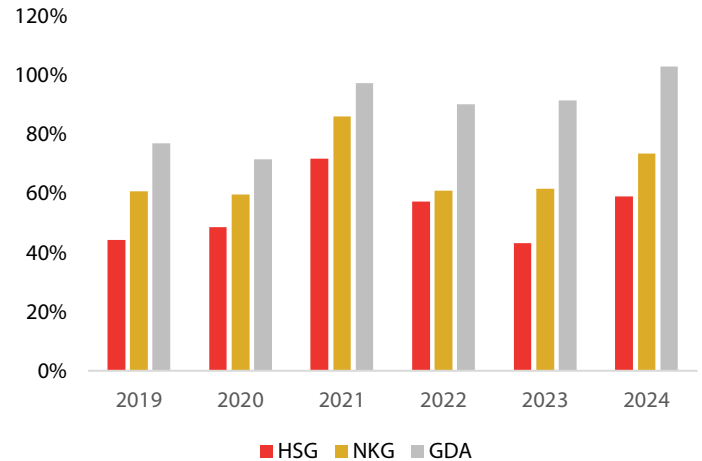
For plastic pipes, Hoa Sen Phu My Plastic Factory (Ba Ria-Vung Tau) has a capacity of 130 thousand tons/year and is currently running at a stable level of ~5,000 tons/month, equivalent to an efficiency of ~25-35%.

Figure 3: Design capacity (LHS, thousand tons) and production efficiency (RHS) of HSG's galvanized steel (GS) and steel pipe (SP) factories



Source: HSG, VSA, RongViet Securities

Figure 4: Comparison of production efficiency of galvanized steel company



Source: HSG, VSA, RongViet Securities

2.1.3. Output

Brand and distribution channel advantages

Hoa Sen's main products are galvanized steel and galvanized steel pipes mainly used for construction activities (civil construction, factories, etc.).

In addition to the advantage of a long-standing brand, Hoa Sen also owns a wide distribution system, including more than 550 stores and around 21,000 distribution units. The Group is also transforming traditional stores and distributors into supermarkets and selling Hoa Sen Home building materials – a new direction in Vietnam's building materials retail industry with great potential for the future (page details).

Table 6: Comparison of distribution systems of some construction materials manufacturing and trading enterprises

	Shops/Showrooms	Distributors	Dealers/ Retailers
HSG	122	450	21,000
GDA	0	1,700	0
Hamaco	0	0	1,000
Rita Vo	29	2	0
Viglacera	11	95	12,200
Nanoco	1	1,300	6,000

Source: RongViet Securities

Hoa Sen is the enterprise with the number one market share in galvanized steel and the second in steel pipes (after HPG)

Hoa Sen provides galvanized corrugated iron products (zinc, aluminum, alloy), steel pipes (box, round) and galvanized steel pipes. In the period of 2019-2024, the total market share of HSG's galvanized steel sheet and steel pipes in both import and export channels fluctuated at 29% and 16%, respectively, securing the top two positions in the industry.

Figure 5: Some steel products of HSG



Source: HSG, RongViet Securities

Figure 6: Proportion of HSG's galvanized steel sheet sales volume by market

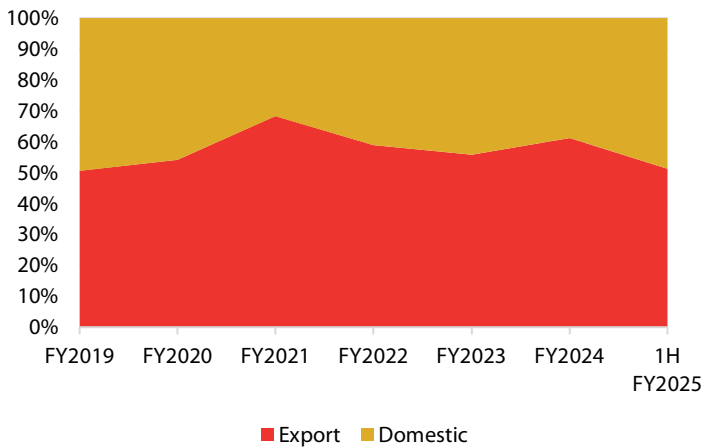
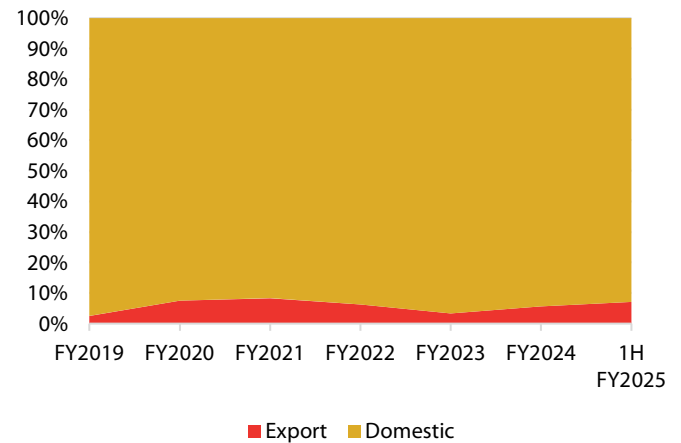
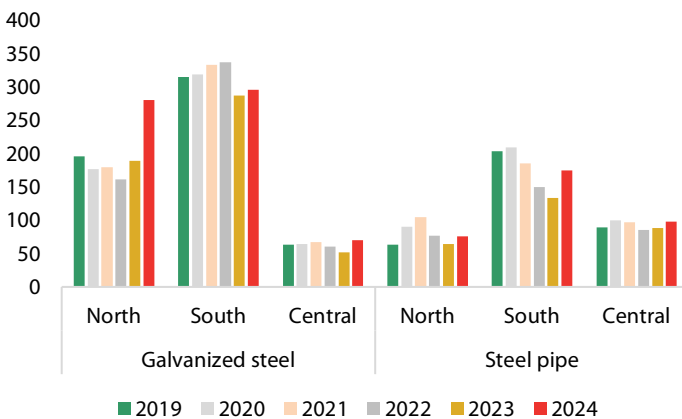


Figure 7: Proportion of HSG's steel pipe sales volume by market



Source: HSG, VSA, RongViet Securities

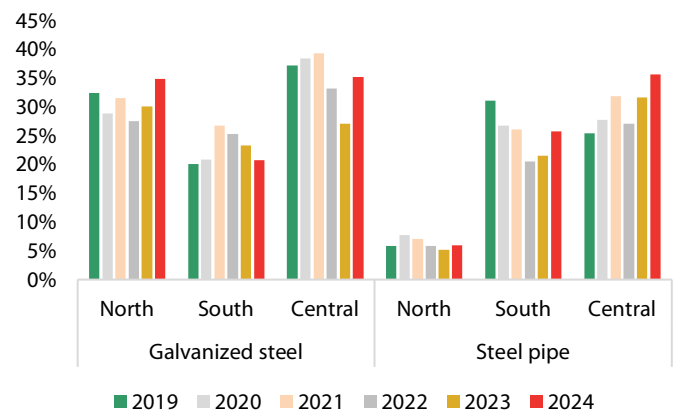
Figure 8: HSG's sales volume in the domestic market, period 2019-2024 (thousand tons)



Source: HSG, VSA, RongViet Securities

Source: HSG, VSA, RongViet Securities

Figure 9: HSG's market share in the domestic market, period 2019-2024



Source: HSG, VSA, RongViet Securities

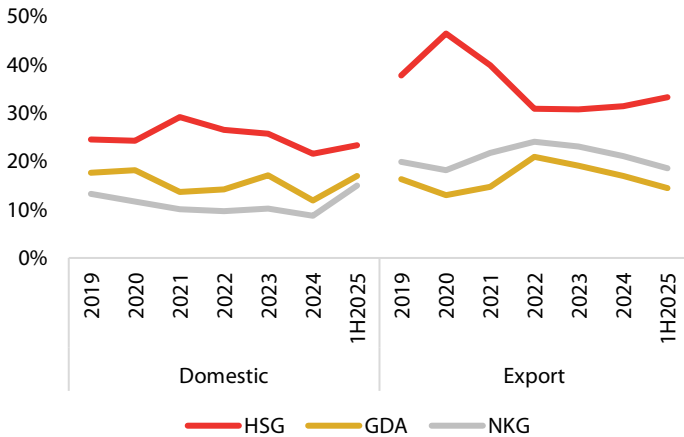
Domestic market: In terms of galvanized steel sheets, ~90% of HSG's domestic production is concentrated in the North and South. In 2024, the proportion of galvanized steel consumption in the North will increase to 43% (+7% YoY, ~30% higher than the previous period) and increase the market share in this market to 35% (+500 bps YoY). In terms of steel pipes, ~50% of production is concentrated in the southern market

– accounting for about 20-26% of the market share. For the Northern market, although this market has greater consumption demand, HSG's market share only accounts for about 5-8%.

Export market (mainly galvanized steel): HSG's export market is quite diverse with about 90 consuming countries worldwide, of which the majority are Southeast Asian countries, Europe and the US. However, with the trend of protecting the steel industry of countries around the world, galvanized steel enterprises, including HSG, are gradually focusing more on the domestic market.

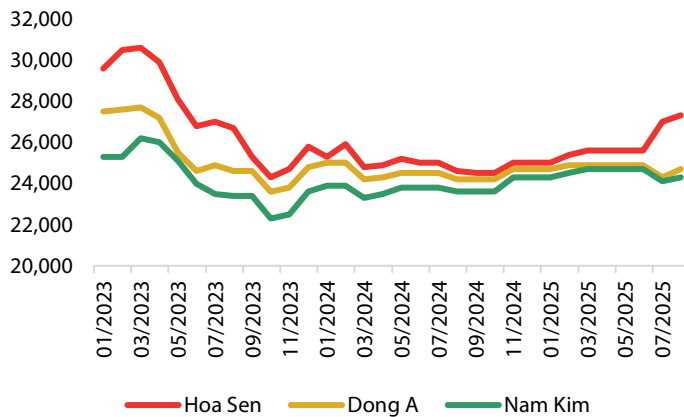
Thanks to the advantages of distribution channels and product quality, Hoa Sen's galvanized steel sheets always maintain a good market share while the selling price is maintained about 5-10% higher than competitors.

Figure 10: Market share of HSG galvanized steel



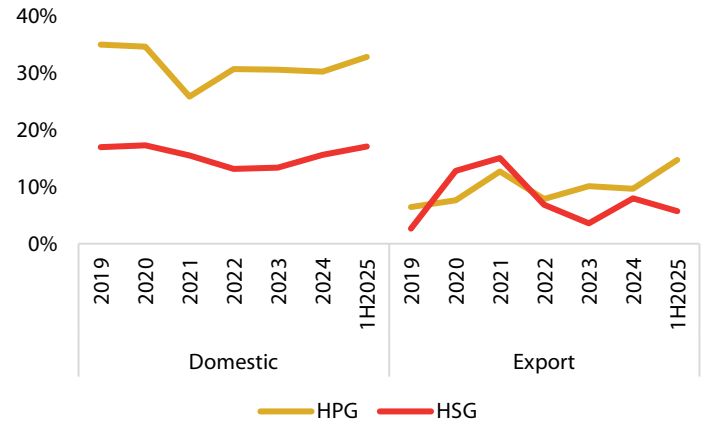
Source: VSA, RongViet Securities

Figure 12: Selling price of AZ100 0.35mm cold sheet (South, seller's warehouse) of HSG (VND/kg)



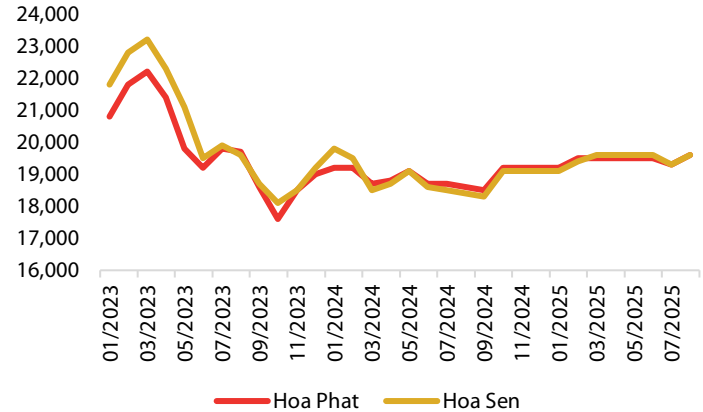
Source: Steel market, RongViet Securities

Figure 11: HSG steel pipe market share



Source: VSA, RongViet Securities

Figure 13: Selling price of 1.0mm galvanized steel pipe (South, seller's warehouse) of HSG (VND/kg)



Source: Steel market, RongViet Securities

2.2. Plastic pipe [\(Back to page 4\)](#)

Input: As in the steel segment, the input cost of HSG's plastic segment is mainly raw materials, specifically plastic resins (PVC, HDPE...). Due to insufficient domestic capacity, plastic pellets are mainly imported (PVC: China, Korea, Thailand; PE: South Korea, Saudi Arabia, Thailand...). In general, with the movement of plastic pipe selling prices not too volatile, the price of plastic resins will be the main factor affecting HSG's gross profit margin in this segment.

Stable production capacity. The manufacturing process of plastic pipes is generally quite simple with the technology commonly used being extrusion (melting plastic granules and then shaping). HSG's plastic factory is currently located in Phu My, Vung Tau with a design capacity of about 130 thousand tons/year, using production technology from Battenfeld – Cincinnati (Germany). HSG's plastic pipe factory runs quite stably with an output of about 5,000 tons/month (equivalent to an efficiency of about 40%/year).

Output: Hoa Sen plastic pipes have regained market share since 2022.

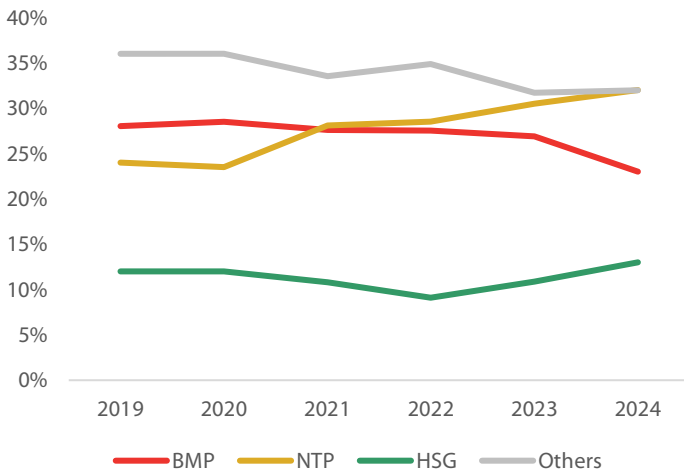
HSG provides PVC-U, HDPE, PP-R and LDPE plastic pipe products for residential and industrial water systems. In the period of 2019-2024, Hoa Sen plastic pipes maintain the third position in the domestic market in terms of market share (after BMP and NTP). Since 2022, HSG's market share has gradually recovered to 12% (COMPARABLE to the trend of Tien Phong plastic) thanks to the low selling price strategy and attractive discount policy for dealers (ten percentage points higher than competitors).

Figure 14: Some plastic products of HSG



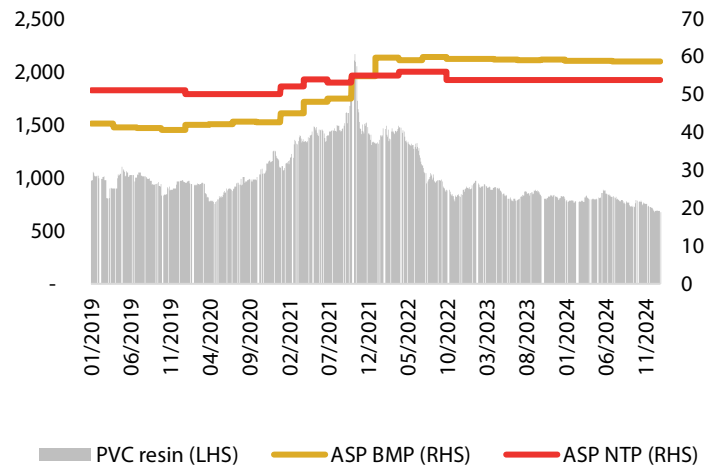
Source: HSG, RongViet Securities

Figure 15: Hoa Sen plastic pipe market share



Source: RongViet Securities

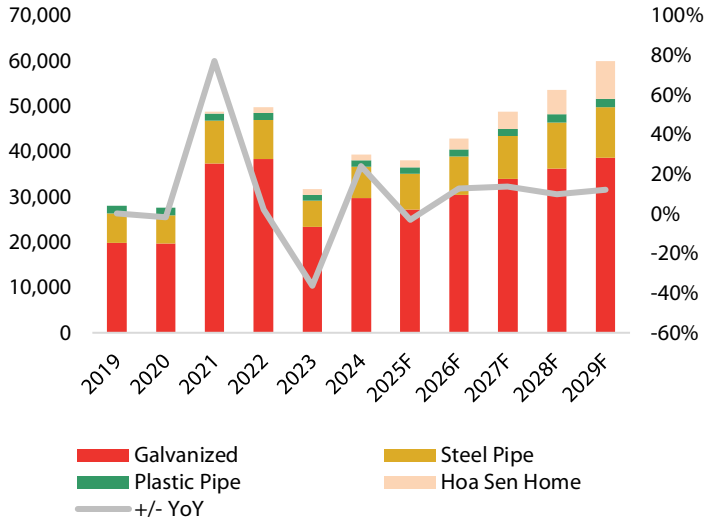
Figure 16: Correlation of PVC resin price (USD/ton) and average selling price of BMP plastic pipe (million VND/ton)



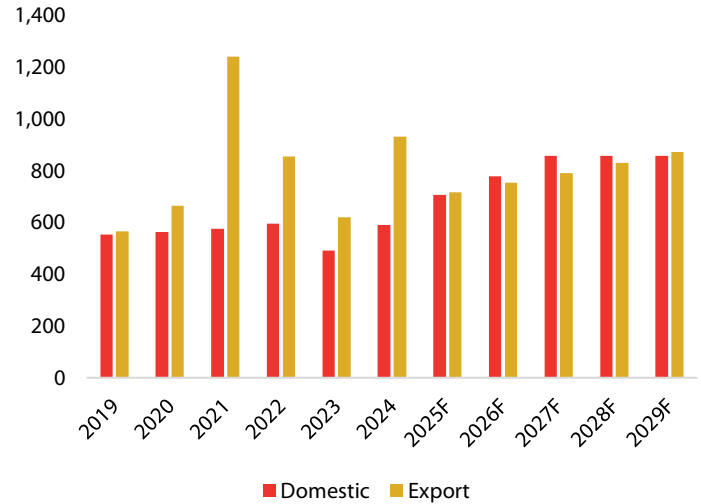
Source: Bloomberg, BMP, NTP, RongViet Securities

FINANCIAL ANALYSIS & FORECAST FOR THE PERIOD 2025-2029 ([Back to page 4](#))

Revenue: We expect HSG's net revenue in 2025 to decline slightly (+3.1% YoY) due to lower export volumes. For the period of 2025-2029, it is estimated that revenue will grow with a CAGR of 12% when demand gradually recovers and selling price movements are favorable when HRC prices recover.

Figure 17: Projected net revenue of HSG (Billion VND)


Source: HSG, RongViet Securities

Figure 18: Sales volume of HSG's galvanized steel sheet by forecast market (thousand tons)


Source: VSA, RongViet Securities

Galvanized steel segment: Output is expected to reach a CAGR of 9% in the period of 2025-2029 with the structure shifting to the domestic market.

In FY 2024-2025: With existing factories operating at an average performance level and the Company has no plans to invest in further expansion, along with actual sales in the first 9 months of FY 2024-2025, we believe that the Group's upcoming strategy will be to maintain market share and focus on promoting distribution channels. The domestic and export market shares in 2025 are estimated to reach 21% and 40%, respectively, equivalent to an output of 707 thousand tons (+20% YoY) and 716 thousand tons (-23% YoY).

In the period of 2026-2029, with the expectation that the consumption of domestic galvanized steel sheet will maintain a stable growth rate, we believe that HSG will increase sales volume and improve current production efficiency. The detailed thesis is as follows:

- Domestic market:** Given HSG's dominant position in the domestic market (average market share of 25% in the period 2019-2024) and the expansion strategy in the Northern market, we expect HSG's consumption volume to grow by 10% in the period of 2026-2027 (corresponding to the projected growth rate of the industry ([refer to page 18](#))). This will help HSG maintain market share and keeping it at 40%-45% of the domestic proportion in total sales volume. Consumption is then expected to slow down after the growth phase due to the cyclical calculation of the steel industry and reach 870 thousand tons in FY 2028-2029.
- Export Markets:** With anti-dumping investigation and trade protection activities of major export markets (USA, EU...), We expect the export market to grow more slowly than the domestic market (CAGR 2025-2029 to reach 5% in terms of consumption). We expect protectionist policies to be more relaxed in 2026 onwards, when demand recovers clearly and pressure from the Chinese steel market eases ([Refer to page 19](#)).

The average selling price of galvanized steel sheet in 2025 is expected to decrease by 2.5% over the same period based on developments in the 2024-2025 fiscal year. In the long term, by Cost production Depends on the price of raw materials is the main hot-rolled coil (HRC, occupying interval 80% Cost of production),

we fake Selling Valuation will have fluctuations equivalent to Volatility of HRC Price, Thereby, increase with speed 4%/year in the period of 2026-2029 ([Refer to page 22](#)).

Steel pipe segment: *The expected growth rate is 9.2%/year due to stable demand.*

In FY 2024-2025, HSG's steel pipe consumption grew quite well (accumulated in 9 months reached 311 thousand tons, +20% YoY), favorable thanks to demand mainly in the domestic market (not affected by export channels). We expect the total cumulative sales volume at the end of the year to grow by 18% YoY and reach 424 thousand tons.

In the period of 2026-2029, we expect the consumption of steel pipe segment to grow by 5% per year, thereby reaching 515 thousand tons in the fiscal year 2028-2029 (equivalent to an operational efficiency of 60%).

Plastic segment: *Expected CAGR growth of 6.4%.*

We forecast Hoa Sen Plastics' revenue to grow at a rate of 6.4%/year in the period of 2025-2029, supported by 1/ The recovery cycle of the real estate market, especially the housing construction segment and 2/ HSG's market share showing signs of recovery since 2022.

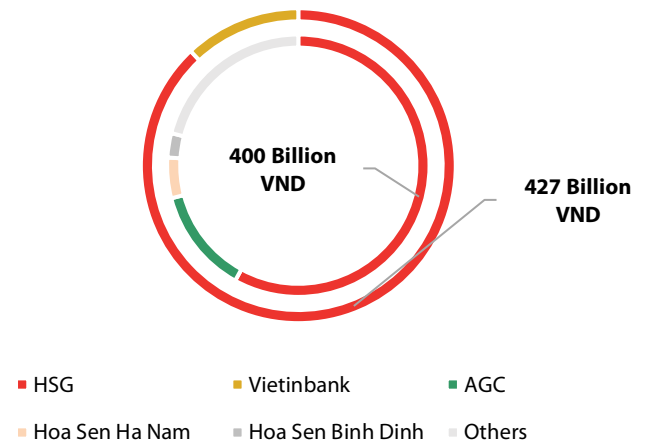
Currently, the Company is planning to reduce the ownership rate of the plastic segment to focus resources on developing the Hoa Sen Home system. HSG is expected to issue about 35 million shares of Hoa Sen Plastic Joint Stock Company (HSN) to strategic investors after paying dividends to the parent company (from undistributed profits), thereby transferring HSN from a subsidiary to an associate company. Due to the lack of official information, we have not temporarily separated HSG's plastic segment revenue from the consolidated financial statements in the valuation model and will update as more information becomes available.

Table 7: Plan to reduce the ownership rate of Hoa Sen plastic segment

Issuers	Hoa Sen Plastic Joint Stock Company
Share Type	Common
Form	Issuance to strategic investors
Purpose	Supplementing capital for Hoa Sen Home
Expected Issue Quantity	35 million shares
Total quantity after release	65 million shares
Current charter capital	300 billion VND

Source: HSG, RongViet Securities

Figure 19: Debt structure (outer ring) and payable to seller (inner ring) of Hoa Sen Plastic

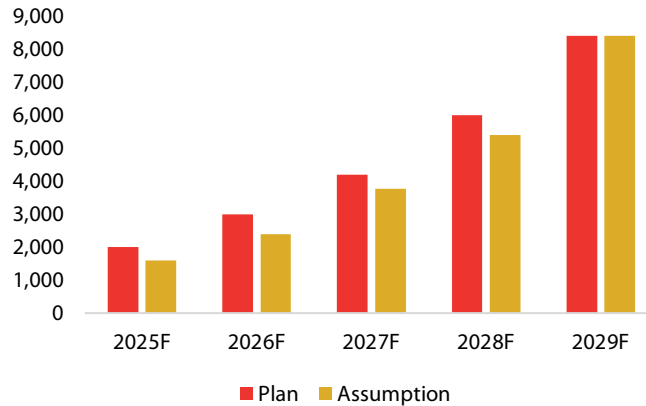


Source: HSG, RongViet Securities

Hoa Sen Home: *We assume revenue from commercial products in the period of 2025-2029 of Hoa Sen Home will reach the plan current of the Company, Thereby, recorded CAGR growth = 51% and achieve VND 8,400 billion in 2029.*

According to the current plan, the proportion of commercial products in Hoa Sen Home's the total revenue will gradually increase in each store. With the prospect of this model detailed in [page 24](#), we expect Hoa Sen Home to be able to achieve the goals set out in the current plan.

Figure 20: Projected revenue of commercial products of Hoa Sen Home (billion VND)



Source: HSG, RongViet Securities

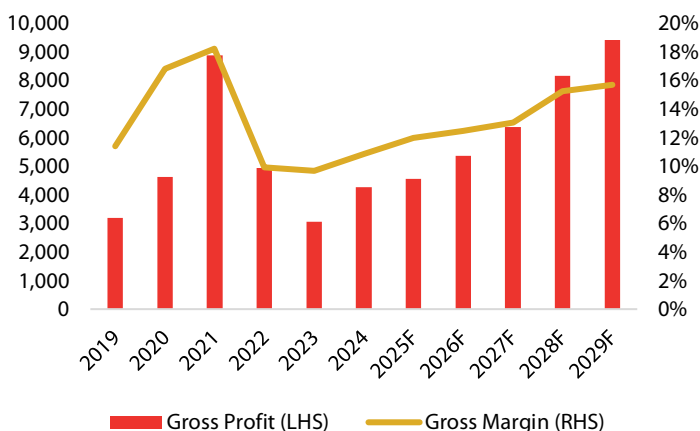
Gross Profit

Galvanized steel sheet & steel pipe: HRC price will be the main factor to estimate the cost of goods sold in HSG's galvanized steel & steel pipe segment over the years (because this material accounts for the majority – 80% of production costs). HRC Price Assumptions presented at [page 22](#), with the: 1/ The recovery cycle of steel prices in the period of 2025-2028 and 2/ The company maintains a prudent inventory policy (Number of days Average Raw Material Inventory interval 3,5 month). In addition, it is estimated that galvanized steel mills will gradually out of depreciation in the period 2028-2029, we Projection Gross profit margin (GPM) array galvanized steel sheet and steel pipe shall by roster gradually increased to 15.3% and 12.8% in the period of 2025-2029.

Plastic Segment: With the expectation that the price of plastic resins will continue to remain low ([Refer to page 29](#)), we assume that HSG's plastic segment gross margin will be maintained at 22%.

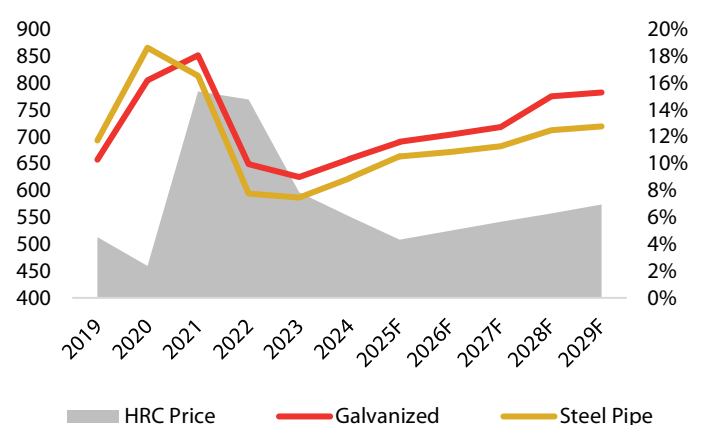
Hoa Sen Home: The gross margin of the building materials retail model is expected to gradually increase to 20% by 2029, supported by: 1/ Hoa Sen Home gradually increasing the proportion of commercial products with good profit margins and 2/ The company manages costs more effectively.

Figure 21: Gross profit of HSG (Billion VND)



Source: HSG, RongViet Securities

Figure 22: Gross profit margin of HSG's steel segment compared to the average HRC price (USD/ton)



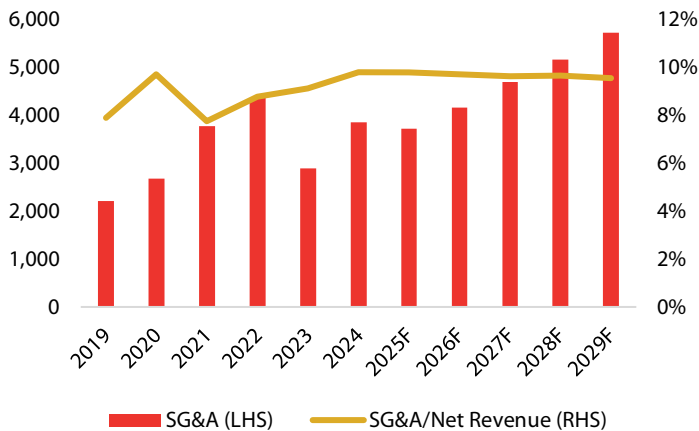
Source: HSG, RongViet Securities

Cost of sales & Business Management: Occupy 9,8% in total revenue in 2024 (is the high level in the period 2019-2024). We assume the cost ratio Sales/net revenue of HSG will remain at 9.5% in Period 2025-2029 when the Hoa Sen Home system Expanded and additional investment companies' management, marketing, employee system... for stores. ([Refer to page 27](#)).

Financial Income: HSG's financial income mainly comes from the realized exchange rate difference (~90%) while the deposit interest and other amounts account for a negligible amount (the average deposit interest rate is about 0.4%/year). Financial costs, including short-term and long-term interest expenses, of HSG improved in the period of 2019-2024 when the Company paid off its long-term loans and only kept about 40% of the ratio of short-term loans/working capital. We estimate that net income from financial activities will be around VND 100 billion in the period of 2025-2029 (~15% of projected profit), based on the assumptions: 1/ Low demand for loans (due to the assumption of not expanding capacity) leading to low borrowing cost pressure and 2/ Temporarily not including operations related to Hoa Sen Plastic Joint Stock Company (capital increase) into the valuation model.

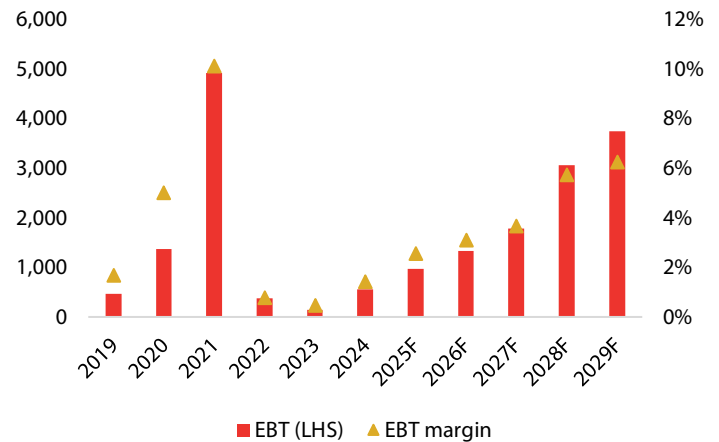
Tax Provision: HSG currently has a few factories that are still in the tax incentive period such as Nam Cam and Dong Hoi factories (respectively 50% tax reduction to FY 2027-2028; 2028-2029), Hoa Sen Nhon Hoi One Member Co., Ltd. (tax rate 10% to FY 2030-2031) ... In addition, as of the end of the 6-month fiscal year 2024-2025, the Company has about VND 150 billion in accumulated losses that can be used to offset future taxable income. We expect these tax incentives and accumulated losses to help HSG reduce Tax Provision and maintain an effective tax rate of ~18% during the forecast period.

Figure 23: HSG's projected SG&A expense (billion VND)



Source: HSG, RongViet Securities

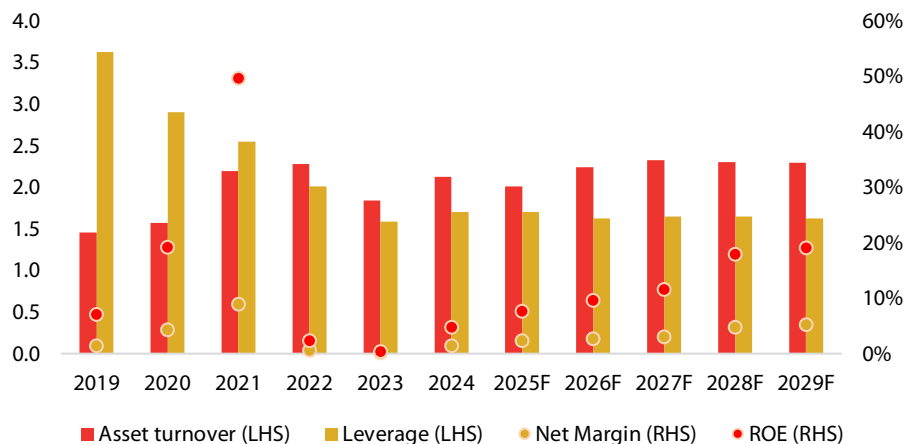
Figure 24: Profit before tax of HSG forecast (billion VND)



Source: HSG, RongViet Securities

Capital efficiency: We expect the Company's return on equity (ROE) to improve and reach 15% in FY 2028-2029, coming from: 1/ Stable asset turnover thanks to revenue growth and 2/ Net profit margin gradually growing thanks to higher HRC prices and factory depreciation.

Figure 25: Dupont Return on Equity (ROE) analysis



Source: HSG, RongViet Securities

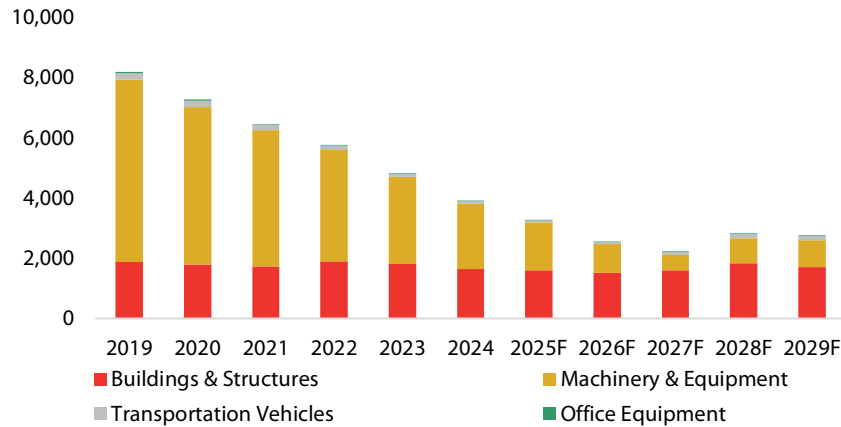
Property Highlights

Factories that are about to run out of depreciation are expected to expand profit margins.

Fixed assets:

The remaining value of the Machinery & Equipment item by the end of FY 2023-2024 is about VND 2,100 billion. With an annual depreciation rate of approximately VND 900 billion, we estimate that assets in this category will be fully depreciated in FY 2027-2028, given the expectation of no additional large-capacity expansion investments. We assess that a decrease in depreciation in the future could improve HSG's accounting profit and asset performance indicators.

Figure 26: Net value of projected tangible fixed assets (billion VND)

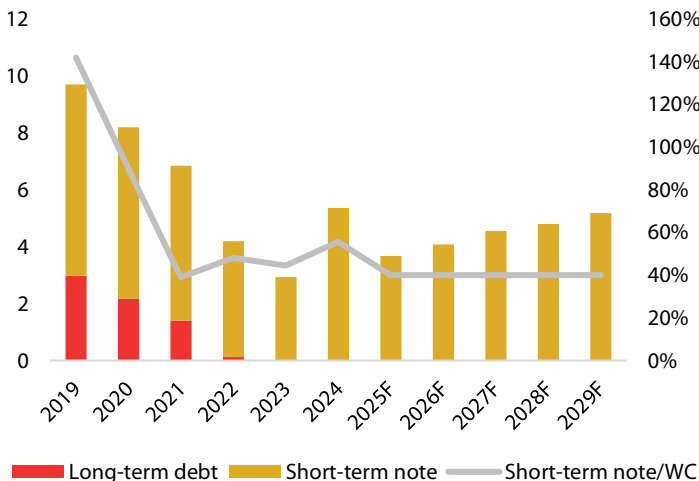


Source: HSG, RongViet Securities

Debt: Due to the lack of a large investment plan to increase capacity, we assume that HSG will only maintain a stable short-term loan ratio equivalent to 40% of working capital.

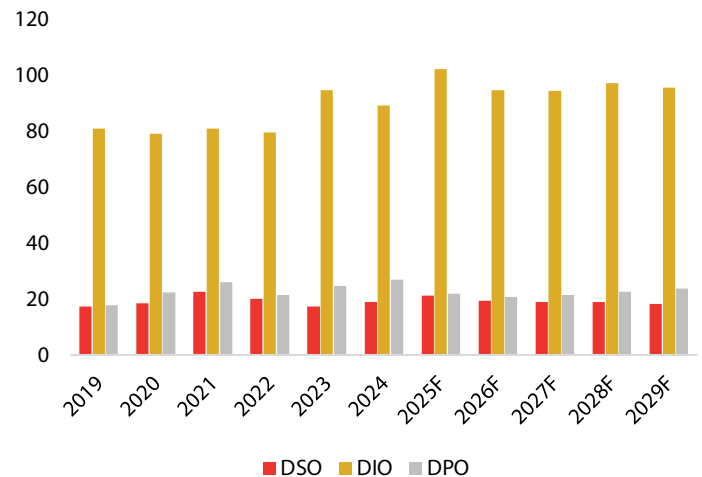
Working capital: The building materials retail model typically has a higher number of days of inventory & receivables while the average number of days payable is lower than that of the traditional manufacturing model (Refer to page 27). Given HSG's goal of expanding the Hoa Sen Home system, we expect the Company's working capital targets to gradually change according to the new model, through which the number of days of inventory, receivables and payables will reach 95, 18 and 24 days at the end of FY 2028-2029, respectively.

Figure 27: Total debt (trillion VND) and ratio of Short-term Loans/Projected Loans



Source: HSG, RongViet Securities

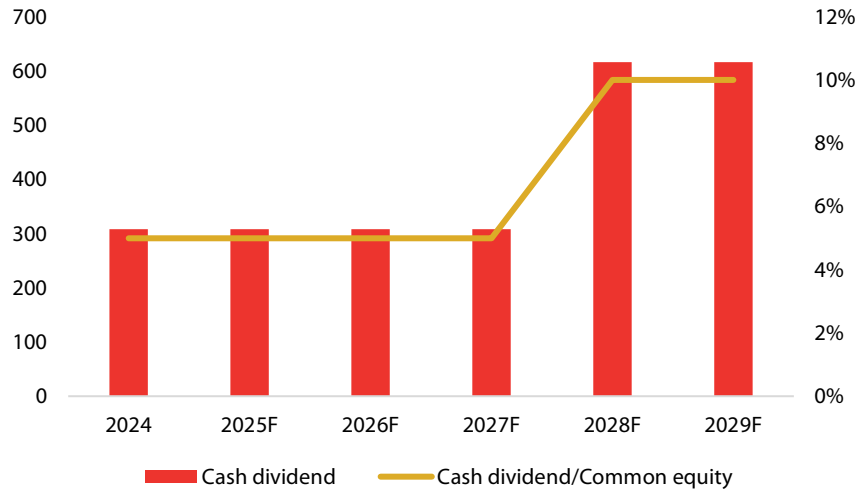
Figure 28: Projected working capital efficiency (days)



Source: HSG, RongViet Securities.

Cash dividend policy: In the 2023-2024 and 2024-2025 financial statements, HSG has paid a cash dividend of VND 500/share (equivalent to a dividend rate of 3%) after a long period of paying dividends in shares. For the period of 2026-2029, we expect HSG to gradually increase the fixed dividend rate thanks to a large amount of undistributed profit (VND 4,500 billion). However, this dividend yield is still quite low and not suitable for dividend investment strategies, especially for businesses whose profits fluctuate sharply due to input material prices, such as HSG.

Figure 29: Projected cash dividend (billion VND)



Source: HSG, RongViet Securities

Table 8: HSG's Annual Financial Statement (Billion VND)

INCOME STATEMENT	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Turnover	48,727	49,711	31,651	39,272	38,054	42,857	48,721	53,516	59,944
Cost of goods sold	39,853	44,772	28,590	35,008	33,490	37,507	42,356	45,369	50,543
Gross Profit	8,873	4,939	3,061	4,264	4,564	5,350	6,365	8,148	9,401
Insurance & QLDN costs	3,770	4,355	2,884	3,840	3,715	4,149	4,680	5,157	5,709
Depreciation expense	1,198	1,174	1,143	996	943	925	919	328	304
EBITDA	6,104	1,497	1,201	1,298	1,674	1,993	2,454	3,153	3,811
Other Net Income	-2	51	50	41	41	40	39	38	37
Financial income	366	267	233	342	342	343	343	348	351
Financial Costs	552	521	314	254	263	257	289	315	345
Income Before Tax (EBT)	4,915	381	146	551	969	1,326	1,779	3,061	3,735
Tax Reserves	602	130	116	37	116	199	320	551	672
Profit/loss at joint ventures/associates	0	0	0	0	0	0	0	0	0
Minority benefits	0	0	0	0	0	0	0	0	0
Net Profit	4,314	251	30	515	853	1,127	1,459	2,510	3,063
Net margin	0	0	0	0	0	0	0	0	0
Earnings per share (VND/CP)	8,741	420	49	835	1,380	1,830	2,368	4,074	4,972

Table 9: HSG's annual balance sheet (Billion VND)

BALANCE SHEET	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
ASSET									
Operating Cash	493	330	597	602	583	657	747	820	919
Short-term investment	28	9	26	31	73	173	413	982	2,337
Accounts receivable	4,324	1,186	1,853	2,272	2,185	2,431	2,712	2,917	3,151
Inventory	12,349	7,395	7,629	9,712	9,298	10,424	11,793	12,654	14,142
Other short-term assets	1,250	649	701	844	818	921	1,047	1,150	1,288
Short-term assets	18,655	9,835	11,275	14,174	13,730	15,552	17,531	20,019	23,353

Tangible Fixed Assets	6,443	5,755	4,833	3,915	3,259	2,541	2,224	2,832	2,775
Intangible assets	219	204	187	196	189	183	176	169	163
Long-term investment assets	17	17	1	1	1	1	1	1	1
Other long-term assets	444	440	396	401	389	438	498	547	612
Long-term assets	7,963	7,190	6,090	5,391	4,620	4,355	4,448	4,425	4,492
Total assets	26,618	17,025	17,365	19,566	18,350	19,907	21,979	24,444	27,845
LIABILITIES									
Short-term debt	5,437	4,070	2,936	5,364	3,682	4,083	4,539	4,803	5,184
Accounts payable	4,294	1,040	2,885	2,328	2,278	2,647	3,158	3,564	4,332
Other short-term payables	4,642	899	747	940	961	995	1,040	1,065	1,085
Short-term liabilities	14,372	6,009	6,569	8,632	6,921	7,726	8,737	9,432	10,601
Long-term liabilities	1,414	133	16	16	15	18	21	22	25
Total liabilities	15,786	6,142	6,585	8,649	6,936	7,743	8,758	9,454	10,626
MINORITY BENEFITS	16	16	16	16	16	16	16	16	16
EQUITY									
Preferred Stocks	0	0	0	0	0	0	0	0	0
Common Stocks	4,935	5,981	6,160	6,160	6,160	6,160	6,160	6,160	6,160
Retained earnings	5,633	4,542	4,369	4,533	5,032	5,775	6,824	8,587	10,808
Other Equity Accounts	248	345	235	208	207	213	221	227	235
Equity	10,816	10,868	10,764	10,901	11,398	12,147	13,205	14,974	17,203
Total capital	26,618	17,025	17,365	19,566	18,350	19,907	21,979	24,444	27,845

Source: HSG, RongViet Securities

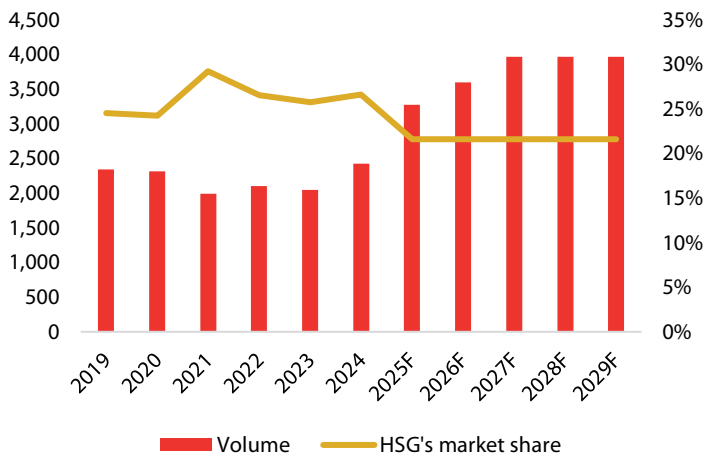
OUTLOOK FOR STEEL OUTPUT ([Back to page 4](#))

Domestic market: We expect the real estate market (both civil and industrial) to show clearer signs of recovery from 2026 onwards, thereby creating a driving force for domestic consumption of galvanized steel sheets and steel pipes.

Although the risks of the US reciprocal tax law are likely to negatively impact the growth rate of Vietnam's construction industry (especially industrial real estate projects) in the period 2025-2026 (BMI has been lowered to about 6.3% and 7.1% compared to 6.7% and 7.3% previously), We assess that the long-term potential of the real estate industry is still positive, supported by: 1/ Vietnam's low urbanization rate compared to other Asian countries and 2/ Reform policies introduced by the Vietnamese Government in recent years to stabilize the residential real estate market and promote the growth of industrial real estate.

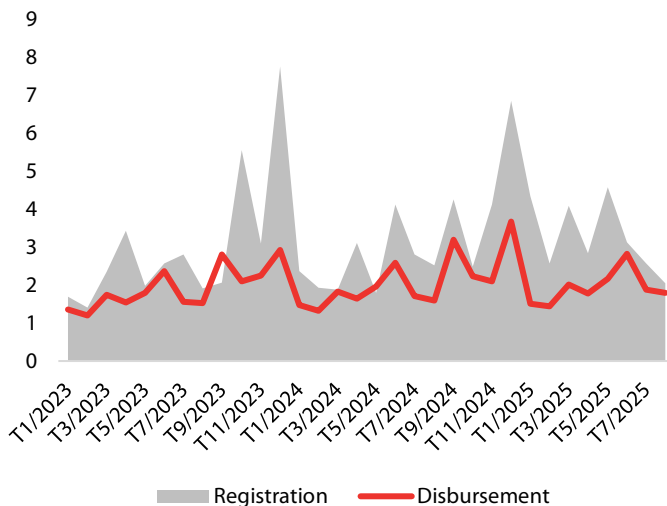
In the baseline scenario, we expect domestic output of galvanized steel sheets and steel pipes in the 2025-2029 period to grow at a CAGR of 5% and 3%, respectively ([return to page 11](#)). Thanks to HSG's great position, we estimate that the Company will maintain a good growth rate, thereby maintaining a stable market share during the forecast period.

Figure 30: Sales volume of galvanized steel in the domestic market, period 2019-2029 (thousand tons)



Source: VSA, RongViet Securities

Figure 32: FDI disbursement as of August 2025 (billion USD)



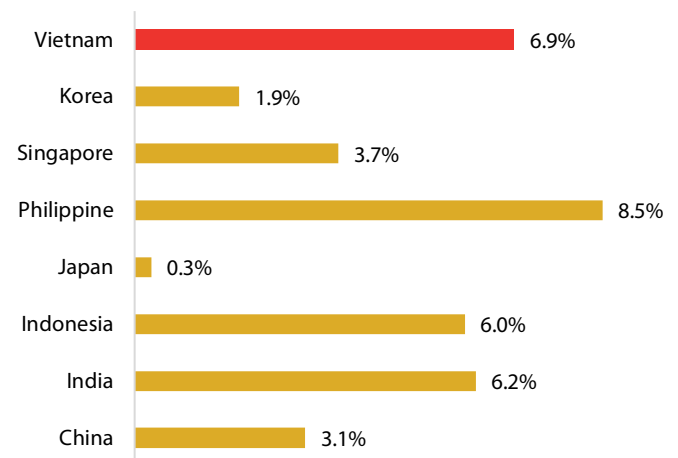
Source: General Statistics Office, RongViet Securities

Figure 31: Sales volume of steel pipes in the domestic market, period 2019-2029 (thousand tons)



Source: VSA, RongViet Securities

Figure 33: Construction industry growth in the period 2025-2034 according to BMI's forecast



Source: BMI, RongViet Securities

Export markets: We expect the main export markets of Vietnam's galvanized steel industry to gradually recover in the period of 2025-2029 at a slow pace.

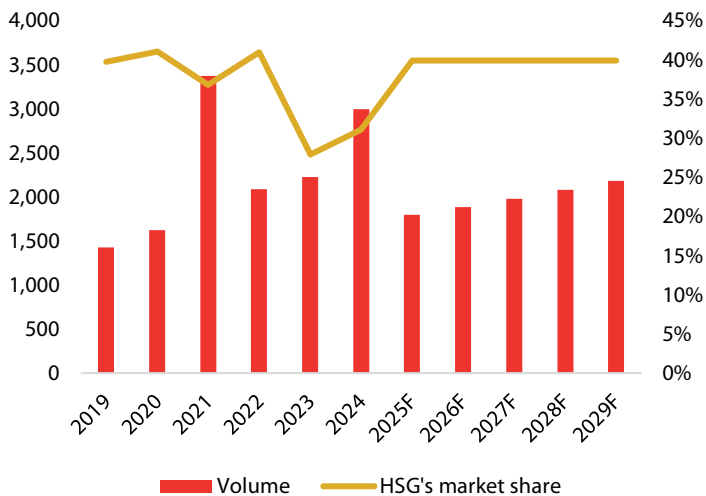
With the wave of protection in the period of 2023-2024, the export volume of Vietnam's galvanized steel industry is generally quite negatively affected. Accumulated in the first 6 months of 2025, the total export output of galvanized steel will only reach 966 thousand tons (-40% YoY) in the context that major markets such as North America, the EU and Southeast Asia all have policies to impose tariffs/quotas on Vietnam's galvanized steel sheet. We expect the average growth rate for exported galvanized steel sheets to recover slowly with an average of 5%/year in the period 2025-2029, Supported by: 1/ Quotas from the European market will be gradually adjusted according to the CBAM mechanism (details below) and 2/ Galvanized steel enterprises, including HSG, will be more flexible in their export strategies and can expand production to other potential markets (Indonesia, Malaysia...). ([Back to page 11](#))

Table 10: Trade remedies (of importing countries) for galvanized steel products originating from the Vietnamese market, period 2023-2025

Market	Condition	Year	Condition Details
EU	Effect	2024-2026	The group of "other countries" (including Vietnam) is proposed to limit the quota for 4A galvanized steel (shared for all fields) at 118 thousand tons/quarter from Q1/2025 (down 40% compared to previous quarters)
United States	Inquire	2024-2025	Imposition of (preliminary) anti-dumping and anti-subsidy duties at the rate of over 40% for Vietnamese manufacturers
Mexico	Effect	2023-present	Imposing CBPG tax at the level of 0 – 10.84%
Malaysia	Effect	2020–present	Imposing CBPG tax at the level of 2.18 – 37.14% for 10 steel codes (HS codes) Expand CPBG investigation for 22 new steel codes (from February 2025)

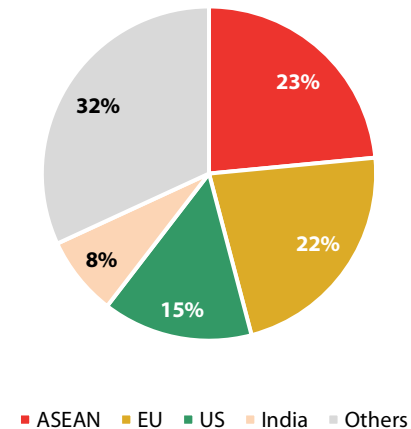
Source: RongViet Securities

Figure 34: Sales volume of galvanized steel industry in the export market, period 2019-2029 (million tons)



Source: VSA, RongViet Securities

Figure 35: Structure of Vietnam's steel exports in 2024 by output



Source: VSA, RongViet Securities

For the EU market alone, the carbon border adjustment mechanism (CBAM) will be a matter of concern for galvanized steel companies because this is one of the six industry groups applied in the early stages (besides cement, aluminum, fertilizer, electricity and hydrogen). Essentially, the mechanism aims to prevent carbon leakage when companies move production to countries with looser emissions regulations and ensure fair competition between goods produced within the EU (subject to carbon tax) and imports (not subject to equivalent tax).

In terms of quantity, the demand for CBAM certificates is calculated according to the formula:

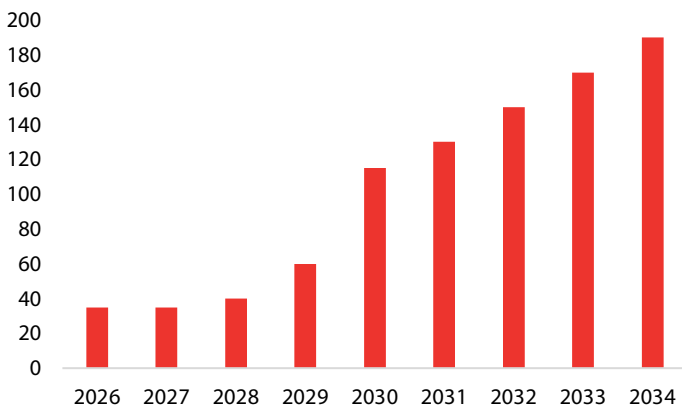
$$\text{Number of Certificates} = \text{Volume} * [\text{Actual CO}_2 \text{ Emissions} - (\text{Standard Emission Level} * \text{Adjusted Rate})]$$

In which:

- Volume (tonnes): Volume of products imported into the EU within the scope of CBAM
- Actual CO2 emissions (tonnes of CO2/tonnes of product): Actual rate of emissions provided by the manufacturer
- Standard emission level (tonnes of CO2/ton of product): This is the standard emission level published by the EU for each type of product (expected to be published in Q3 or Q4 2025)
- Adjustment rate (%): Adjustment percentage (100% in 2026 and will gradually decrease to 0% until 2034, the lower this ratio, the more certificates must be purchased)

In terms of selling price, the selling price of CBAM certificates will be closely tied to the market price of the right to emit one tonne of CO2 in the EU emissions trading system (EU ETS), which is currently trading at around 72 EUR/tonne.

Figure 36: Estimated demand for CBAM certification for the period 2026–2034 for 100,000 tons of billets per year (thousand certificates)



Source: Carboneer, RongViet Securities

Figure 37: EU Carbon Emission Permit Trading Price (USD/certificate)



Source: Carboneer, RongViet Securities

Impact on Vietnamese steel enterprises: *In the short term*, the application of CBAM will force businesses to complete mechanisms to accurately measure emissions during the production process. Businesses that fail to declare carbon emissions or make insufficient payment can face fines of up to 50 euros per tone of CO2, in addition to having their import permits for related goods suspended or refused. *In the long term*, steel enterprises need to take measures to reduce emissions (optimizing factories, using green technology...), while also taking advantage of opportunities from the domestic carbon market. According to estimates by the Ministry of Agriculture and Environment, the cost of CBAM can be up to 20-35% of the value of goods if businesses do not have the right strategies in place – a major financial risk, especially for industries with a high proportion of revenue in the EU such as steel.

Regarding the carbon market pilot plan in Vietnam, this is an important content to improve the conditions for domestic enterprises affected by the CBAM mechanism, first, to understand and familiarize themselves with regulations related to greenhouse gas emissions. According to the plan of Decision 232, in the pilot phase, Vietnam's carbon market will include 2 components of *quota exchange* (mandatory, free of charge in the first phase for 3 fields of thermal power, iron and steel and cement) and *credits* (voluntary, expanding the objects to be exchanged, buy and sell). Exchange and clearing mechanisms, including domestic and international exchange and clearing, will be gradually perfected in the official operation stage.

Table 11: Summary of the Project on Establishment and Development of Carbon Market in Vietnam

Item	Main content
General objectives	Establishing a carbon market to support Vietnam in fulfilling its commitment to reduce greenhouse gas emissions (NDC) at a reasonable cost, promoting a low-carbon economy, aiming for net zero emissions by 2050
Timeframe	<ul style="list-style-type: none"> - Before 6/2025: Develop a legal framework, technical infrastructure and capacity building. - 2025–2028: Pilot operation of the domestic carbon exchange. - From 2029: Officially operate nationwide
Commodities traded	<ul style="list-style-type: none"> - GHG emission quotas: issued free of charge or auctioned to large emitting facilities. - Carbon credits: including domestic and international credits (CDM, JCM, Article 6 of Paris)
Participating Subjects	<ul style="list-style-type: none"> Greenhouse gas emitting facilities are subject to inventory. - Domestic or international carbon project organizations/enterprises in accordance with regulations. - Individuals/organizations that are eligible to invest or trade carbon credits
Implementation organization	<ul style="list-style-type: none"> Ministry of Natural Resources and Environment: assume the prime responsibility for building and operating the market and report on the assessment. - The Ministry of Finance: to coordinate in formulating the financial framework, auction mechanism and budget allocation. - Relevant ministries and sectors (Industry and Trade, Transport, Agriculture and Rural Development, Construction, etc.): implement emission reduction tasks in the field of management

Source: Decision 232/QĐ-TTg, RongViet Securities

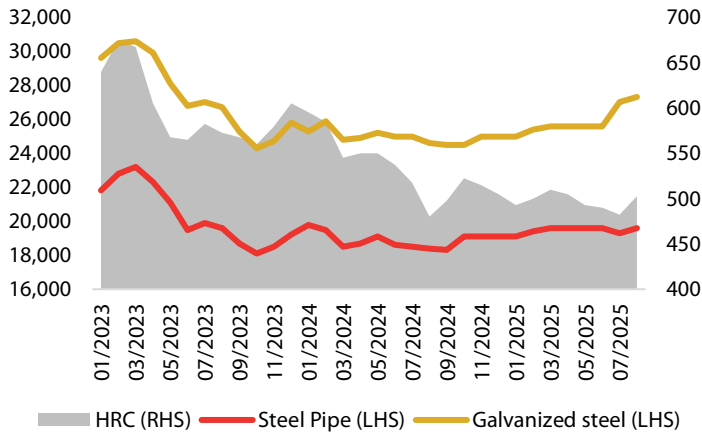
We believe that having a pilot market in the country will promote the construction of the necessary database – which is a prerequisite if businesses want to export to the EU market. In addition, carbon credits according to Vietnamese standards, in case of EU recognition, will help reduce costs for import partners, thereby increasing competitive opportunities for Vietnamese steel products.

On HSG's side, from 2023, several of the Company's factories have been certified to ISO 14064-1:2018 (reporting greenhouse gas emissions) along with nearly 20 product lines that meet ISO 14067:2018 (reporting carbon in the production process). This is the foundation for HSG's galvanized steel products to continue to meet the new standards of the export market like the EU.

OPPORTUNITIES FROM THE RECOVERY CYCLE OF STEEL PRICES ([Back to page 4](#)) ([Back to page 6](#)) ([Back to page 13](#))

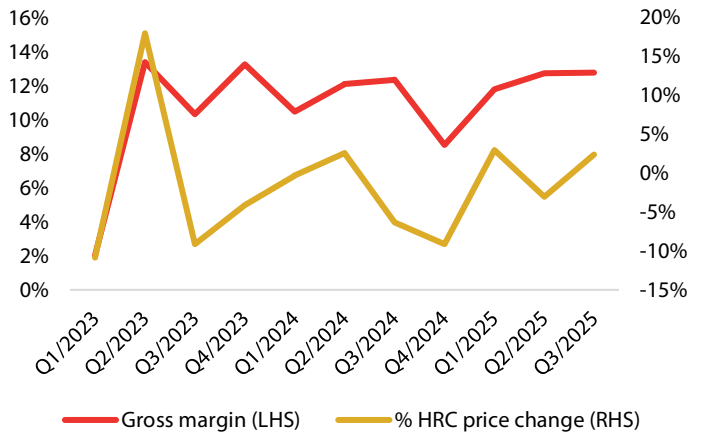
COMPARABLE to other galvanized steel enterprises, HSG's selling price and gross profit margin fluctuate in line with HRC prices because this material accounts for most of the input capital costs (~80%). In the 4th quarter of FY 2023-2024 (Q3/2024), when the price of HRC dropped sharply to 500 USD/ton (-22.7% QoQ), HSG was forced to set aside about VND 122 billion in inventory (increased cost of goods sold), which caused the Company to record a loss of VND 186 billion (COMPARABLE to the period at the end of 2022 when HRC prices fell from the peak).

Figure 38: Correlation of selling price at HSG's dealership (VND/kg) and HRC Vietnam price (USD/ton)



Source: Steel market, RongViet Securities

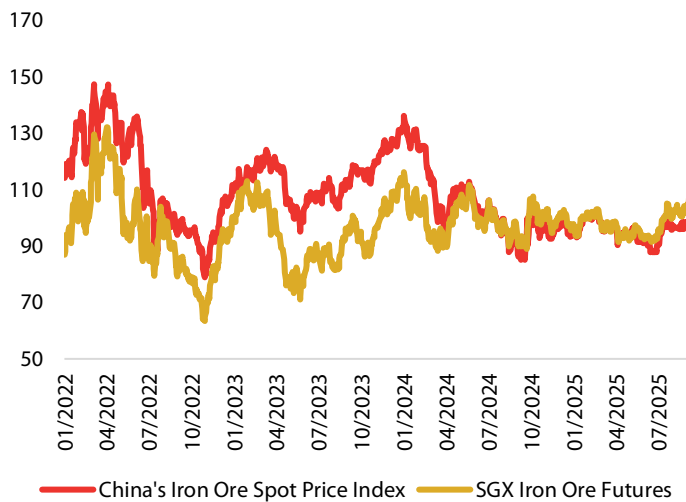
Figure 39: HSG gross profit margin and HRC price movement (QoQ)



Source: HSG, Bloomberg, RongViet Securities

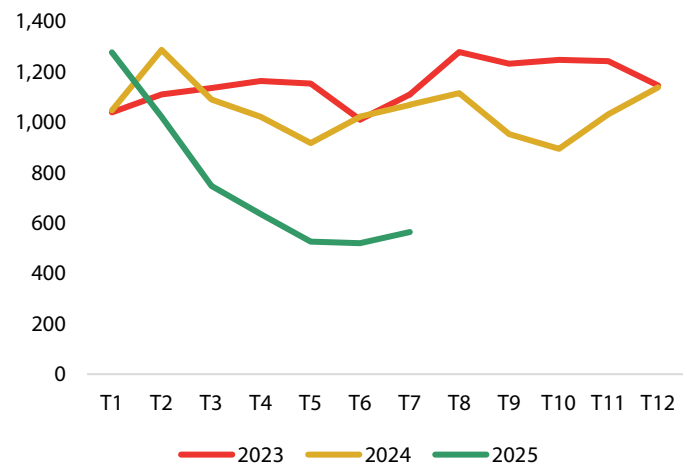
Currently, the price of HRC is trading at 490 USD/ton, the low price in the period 2020-2024. However, we expect HRC prices to gradually recover in the second half of 2025, the main reasons are: 1/ HRC supply from China will continue to be subject to CBPG tariffs (23.1%-27.83% for 5 years) from July 2025, 2/ The increase in iron ore prices is expected to help domestic HRC producers such as HPG and Formosa increase their selling prices and 3/ The industry's steel inventory is in low level.

Figure 40: Price movements of China's spot iron ore and Singapore's iron ore futures (USD/ton)



Source: Bloomberg, RongViet Securities

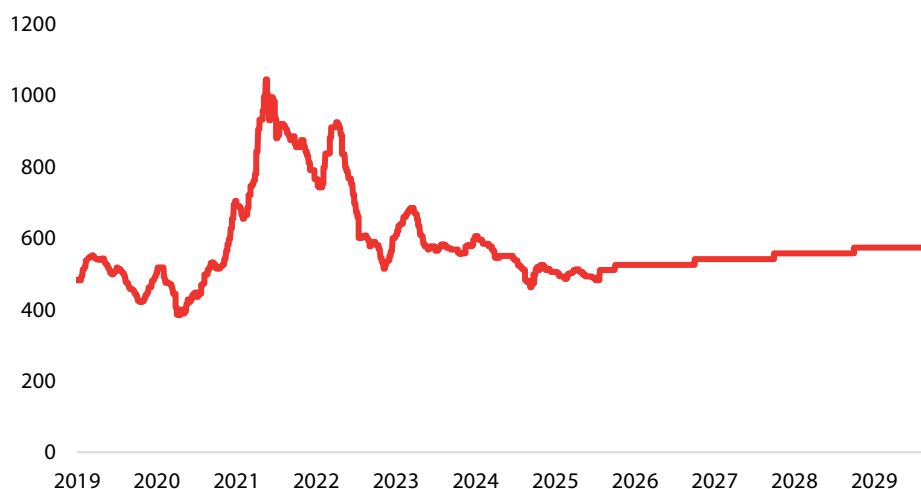
Figure 41: Vietnam's finished steel inventory (thousand tons)



Source: VSA, RongViet Securities

In the baseline scenario, we expect HRC prices to maintain an average growth rate of 3%/year, through which HRC prices can reach an average of USD 574/ton (2029) – equivalent to the price level in the period 2018-2019 and the end of 2023 ([Back to page 11](#)).

Figure 42: HRC (USD/ton) price in the period 2015-2024 (actual) and 2025-2029 (hypothetical)



Source: Bloomberg, RongViet Securities

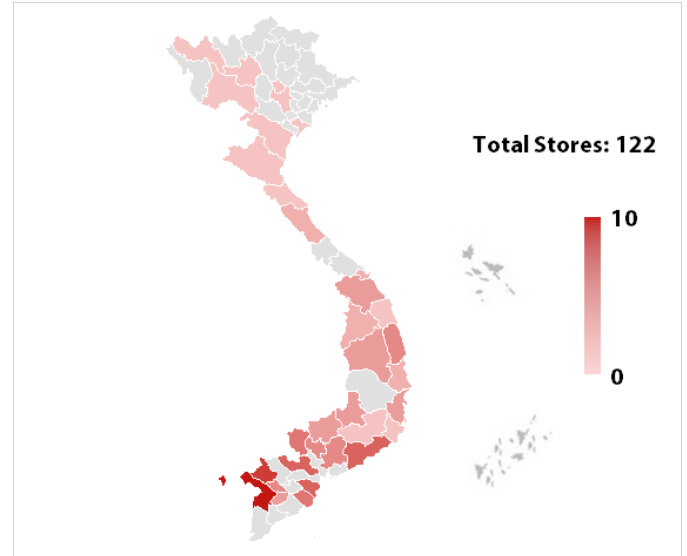
HOA SEN HOME – HSG'S DIFFERENTIATED STRATEGY WITH GREAT POTENTIAL ([Back to page 4](#))
([Back to page 12](#))

Figure 43: Hoa Sen Home building materials supermarket system



Source: HSG, RongViet Securities

Figure 44: Location and number of current Hoa Sen Home stores



Source: HSG, RongViet Securities

Vietnam's building materials retail industry still has many outstanding problems

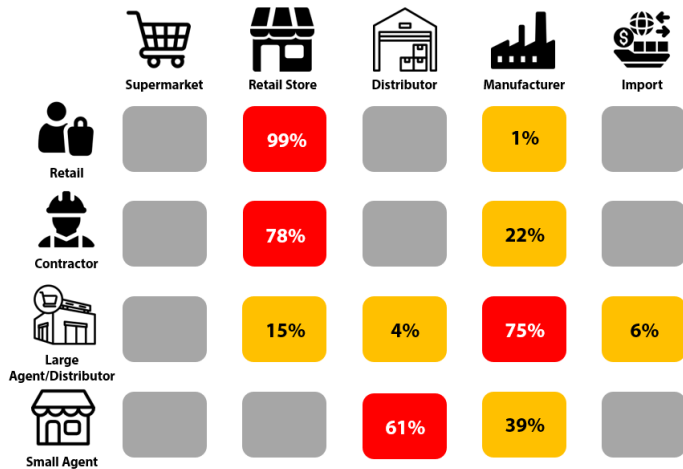
The construction materials distribution market, especially basic building materials, in Vietnam is generally highly fragmented, with hundreds of thousands of retail stores and regional agents competing. The fragmented business mindset and outdated model make the construction materials distribution market still have many problems such as: 1/ Selling prices are not transparent, high competition in selling prices leads to unsustainable service quality & profits, 2/ Supply chain is unstable, highly dependent on suppliers and input material prices, 3/ Manual management, lack or almost no technology application, digital transformation and therefore under great pressure from modern retail chains & e-commerce.

Product structure of Hoa Sen Home system

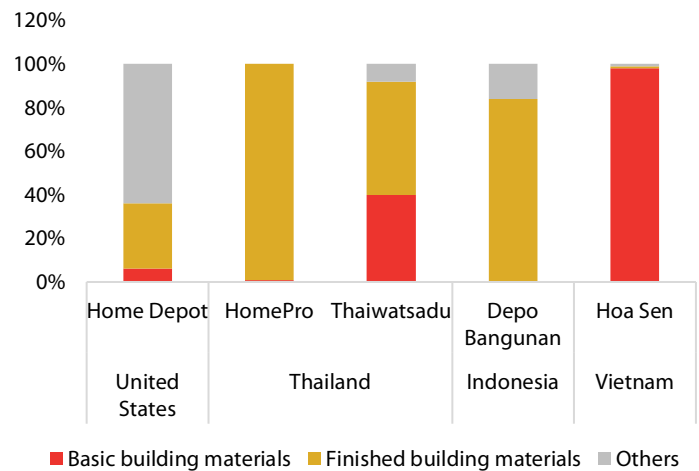
Currently, the products that Hoa Sen Home is distributing are quite diverse, ranging from basic building materials (galvanized sheets, steel pipes, etc.), finishing building materials (bathroom equipment, kitchens, bricks, tiles, etc.) to electrical equipment, specialized construction.

Regarding construction materials: Due to the specific nature, construction materials are often consumed through traditional store channels (for retail customers and contractors) or through the system of distributors and affiliated agents (purchased directly from the factory). In general, in countries with successful store models, revenue from finished building materials often accounts for a larger proportion.

Regarding other products (including Hoa Sen Home branded products and commercial products): In addition to commercial products (distribution cooperation from partners), Hoa Sen Home also owns 8 own brands, of which some products are manufactured by the Company in the form of OEM (Original Equipment Manufacturer – HSG designs and hires companies outside production). In general, compared to steel distribution (gross margin of about 3%), other products such as bricks and tiles usually have a larger profit margin (20-25%), in addition, this model also has better debt terms (payables range from 90-120 days) than the manufacturing enterprise model (20-30 days).

Figure 45: Survey of current channels for purchasing building materials


Source: RongViet Securities

Figure 46: Comparison of revenue structure of some retail models of building materials


Source: RongViet Securities

In Vietnam, the retail model of building materials, especially basic building materials according to chain stores, is still quite new. Compared to some other retailers, the Hoa Sen Home system has several advantages as follows:

Regarding the number of stores: Hoa Sen Home has a fairly large number of stores (122 stores) and is quite evenly distributed in all three regions. The company is combining the conversion of traditional Hoa Sen steel stores (more than 400 stores) to the Hoa Sen Home model in addition to finding new premises, thereby reducing part of the initial investment cost.

About product category: The product portfolio (SKU) and number of products of HelloSen Home are quite diverse. In case the new product is not sufficiently consumed, the Company can sell traditional products to support the new model, thereby reducing the risk when brands need time to increase recognition.

In terms of capital costs: Hoa Sen Home's products are mainly focused on the affordable customer segment, with selling prices about 5-10% lower than competitors. We assess that the Company will have an advantage in capital and operating costs compared to small stores under the store chain model, thereby gradually occupying market share from these units.

Table 12: Comparison of the number of products and brands of some building materials retailers

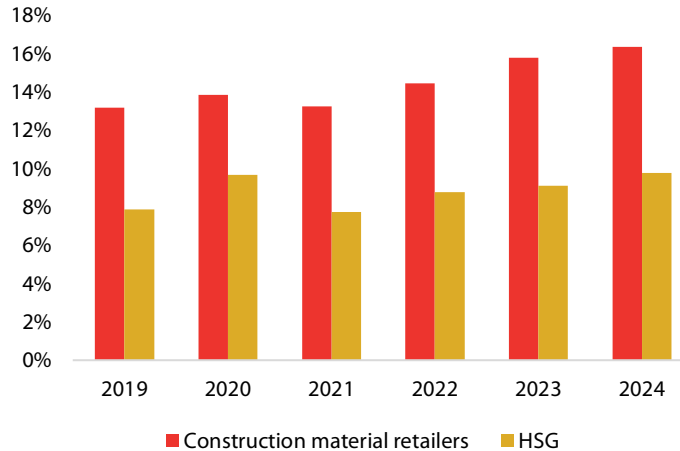
Trademark		SKU	Product code number	Partner Brands	Private Label
Hoa Sen Home		10+	1,610	40+	8
Nanoco		6	1,164	3	1
Rita Vo	Homepro	6	~2,800	12	3
	BuyFastBuilding Materials	6	1000+	30+	
Viglacera		4	488	0	4
Prime		3	8,000+	1	12

Source: RongViet Securities

Risks from operating costs

Having started the transformation in 2021, HSG has only 4 years of experience in operating the HSH model to date. Due to its capital as a manufacturing enterprise, we assess that HSG will face many risks in managing and operating the new model, especially in the cost control stage (premises, personnel, marketing, technology, etc.) considering the speed of expansion and transformation of stores quite quickly according to the current plan. In addition, it will take time for new products branded by Hoa Sen Home to prove their quality and increase their recognition with consumers.

Figure 47: Comparison of SG&A expenses/Net Revenue of building materials retailers and HSG



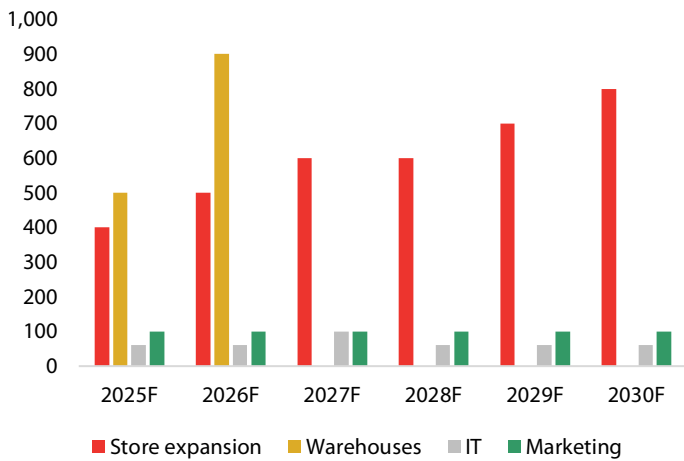
Source: Bloomberg, RongViet Securities

Expansion plans and future opportunities

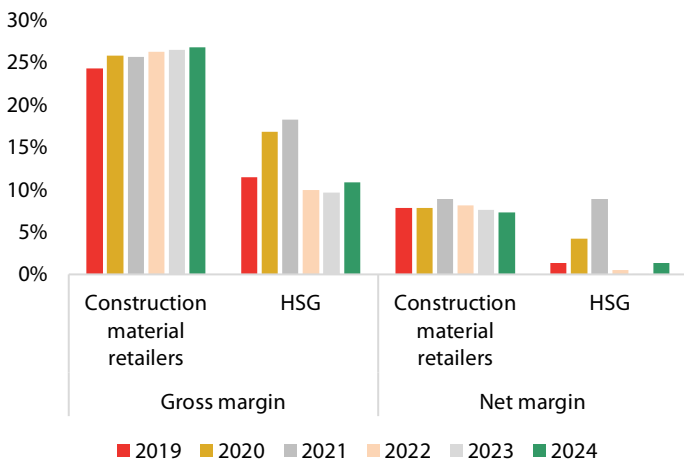
Hoa Sen Home plans to expand about 170 more stores in the next 5-7 years (target of 300 stores in 2030). HSG's strategy is to expand in rural and suburban areas to "encircle" the city and not open in the city center. In addition, in the first time, HSG will invest in a large general warehouse system with the current plan to build 12 general warehouses (4 general warehouses per region, with an average area of 17,000m² per total warehouse).

We assess a number of favorable factors for Hoa Sen Home's development prospects including: 1/ Expecting the real estate market to grow steadily, 2/ Vietnam's per capita expenditure on construction materials is expected to increase because it is currently still at a low level (84 USD in 2024 compared to 106 USD and 149 USD of Indonesia and Thailand – according to research by PwC) and 3/ There are not many brands in rural areas.

In addition, we believe that soon, in addition to investing more in the general warehouse system and store management system to control operating costs, HSG will continue to maintain marketing activities to enhance the identity of its own branded products while keeping attractive selling prices and discounts to win more market share. If product quality and operating costs are well managed, the Hoa Sen Home model can bring the Company an advantage in terms of profitability as well as valuation (figure 52).

Figure 48: HSG's Hoa Sen Home system investment plan (billion VND) ([Back to page 13](#))


Source: Steel market, RongViet Securities

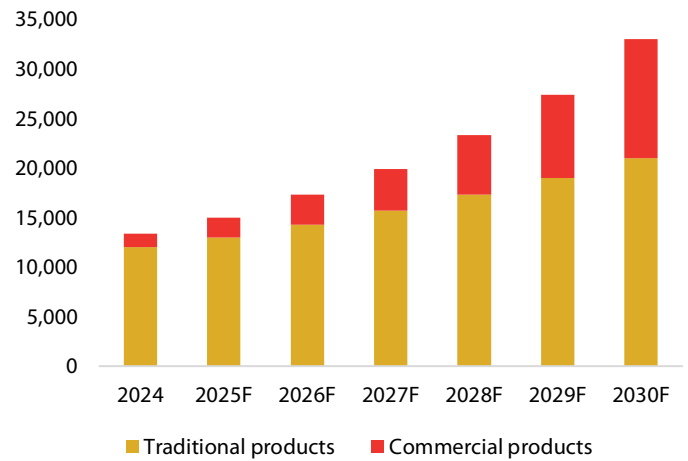
Figure 50: Comparison of the average profit margin of building materials retailers and HSG


Source: Bloomberg, RongViet Securities

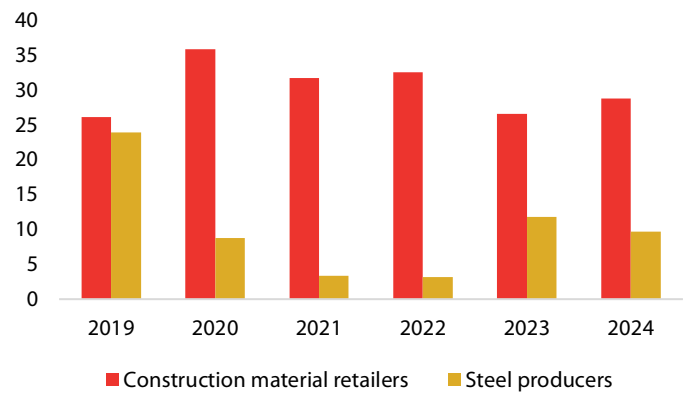
Retailers and steel manufacturers are disclosed in the Appendix

Table 13: Comparison of working capital targets of HSG and building materials retailers (days) ([Back to page 15](#))

		2019	2020	2021	2022	2023	2024
DSO	Home Depot	5.0	3.4	4.0	4.2	4.5	4.5
	Home Pro	1.5	1.4	1.2	1.5	1.8	1.5
	Building DEPO	0.3	0.8	0.7	0.7	0.8	0.8
	Siam Global	2.2	1.8	1.2	1.1	1.2	1.3
	MR DIY	0.5	0.5	0.4	0.6	0.8	0.8
	DOHOME	15.5	16.1	17.4	17.5	15.8	16.0
	Average	4.0	4.1	4.2	4.3	4.1	4.1
	Median	1.5	1.4	1.2	1.1	1.2	1.3
	HSG	17.3	18.5	22.5	19.9	17.3	18.9
DIO	Home Depot	69.7	71.3	69.0	70.2	81.7	82.1
	Home Pro	80.5	87.2	93.0	99.5	100.5	106.2
	Building DEPO	97.1	103.5	100.5	107.5	129.0	128.0
	Siam Global	236.5	268.1	221.9	222.0	225.3	208.7

Figure 49: Revenue growth target of Hoa Sen Home (billion VND)


Source: HSG, RongViet Securities

Figure 51: Comparison of the median P/E index of building materials manufacturing and retailing enterprises (times)


Source: Bloomberg, RongViet Securities

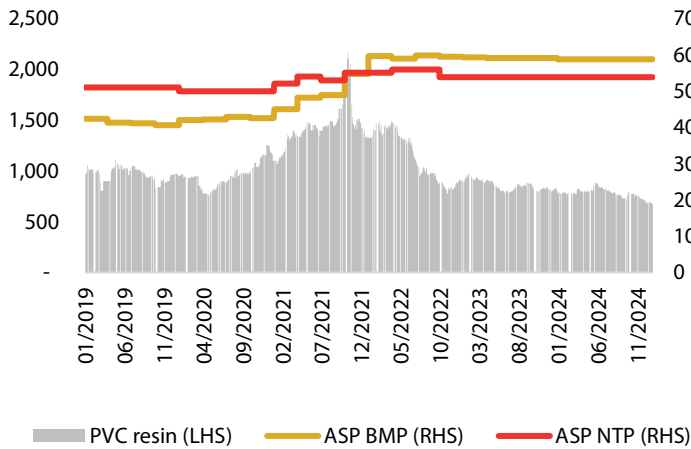
	MR DIY	127.4	148.0	132.5	144.3	167.3	157.4
	DOHOME	162.9	181.5	180.5	176.4	187.4	183.0
	Average	140.9	157.6	145.7	149.9	161.9	156.7
	Median	127.4	148.0	132.5	144.3	167.3	157.4
	HSG	80.8	79.1	80.7	79.4	94.6	89.2
DPO	Home Depot	38.5	38.6	39.5	43.1	40.9	36.9
	Home Pro	92.7	96.7	91.1	94.5	94.0	93.3
	Building DEPO	86.4	75.7	70.0	82.8	85.1	85.2
	Siam Global	30.2	38.9	26.7	26.2	32.0	36.5
	MR DIY	5.4	6.8	7.5	6.6	9.0	10.1
	DOHOME	46.9	49.4	44.0	44.1	49.6	45.1
	Average	52.3	53.5	47.9	50.9	53.9	54.0
	Median	46.9	49.4	44.0	44.1	49.6	45.1
	HSG	17.7	22.3	26.0	21.4	24.7	26.8

Source: Bloomberg, RongViet Securities

PLASTIC PIPE MARKET DYNAMICS IN THE PERIOD OF 2022-2025 ([Back to page 4](#)) ([Return to page 13](#))

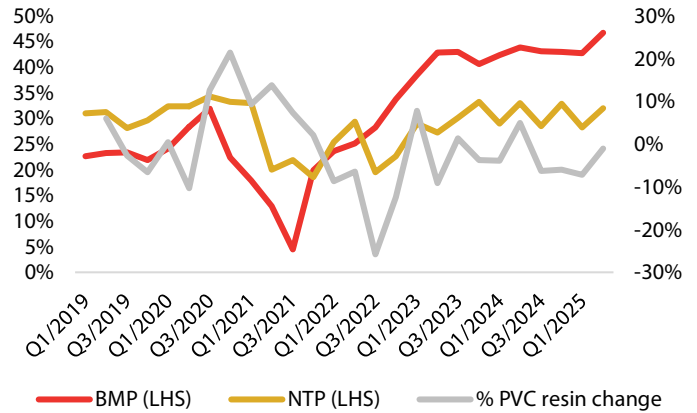
As in the steel segment, the selling price movement of plastic pipes depends mainly on the price of plastic pellets because this is the main input material (usually accounting for about 80% of production costs). When the price of plastic resins increased in the 2021-2022 period, the pressure of pushing costs caused BMP and NTP to raise the average selling price after a long period without adjustment. However, adjusting the selling price of plastic pipes is not as easy as galvanized steel because the domestic market is highly competitive, therefore, the gross profit margin of businesses is often affected when the price of raw materials (plastic granules) increases. In the period of 2021-2024 when the price of plastic resins cools down, BMP still maintains a high selling price while NTP decreases slightly (~10%), which helps BMP's gross margin improve significantly (~40%), but also affects the market share of this business.

Figure 52: Correlation of PVC granules (USD/ton) and average selling price (thousand VND/kg) of BMP and NTP



Source: Bloomberg, BMP, NTP, RongViet Securities

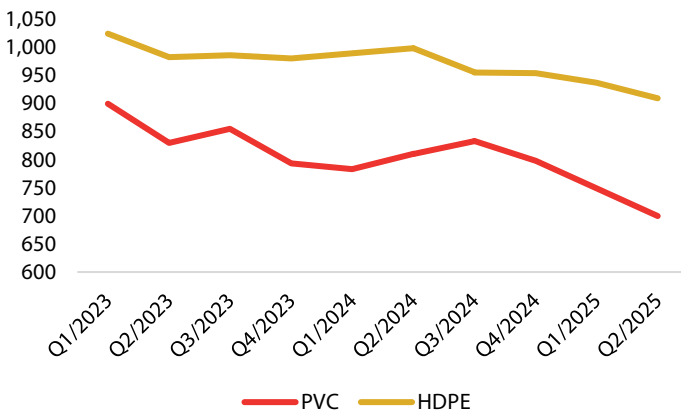
Figure 53: Gross profit margin of BMP, NTP and price fluctuations of PVC resins



Source: Bloomberg, BMP, NTP, RongViet Securities

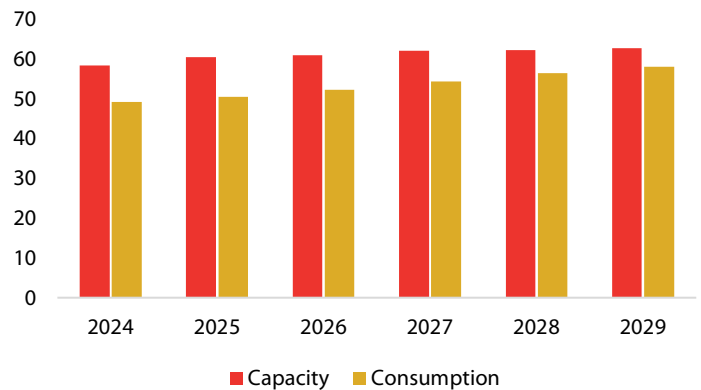
As of the end of August 2025, the price of Southeast Asia PVC and East Asia HDPE (CFR) are fluctuating at 700 and 910 USD/ton, respectively, which is the low level in the 2019-2025 period. The price of plastic resins since the beginning of 2023 has generally not fluctuated much, largely due to the excess production capacity worldwide.

Figure 54: Price movements of PVC and HDPE resins in Southeast Asia (USD/ton)



Source: BMP, RongViet Securities

Figure 55: Projected global PVC capacity and demand (million tons)



Source: Bloomberg, Nexant, RongViet Securities

In the period of 2026-2029, we expect PVC resin prices to increase only slightly (~5% compared to the low of 2024). Therefore, we assess that HSG will not have pressure to increase the selling price, thereby maintaining a stable gross margin at 22%.

APPENDIX - COMPARABLE COMPANIES IN THE FIELD OF STEEL PRODUCTION AND RETAIL OF BUILDING MATERIALS ([Back to page 4](#))

In this report, we use eight companies, including five companies specializing in the production of galvanized steel sheets and six building materials retailers with COMPARABLE status to HSG, as a reference for analysis and forecasting.

Jiangsu Shagang Group (002075 CH) established in 1975 in Jiangsu, China, is a private steel producer in China's top 3 steel producers. After acquiring four steel companies since 2006, Shagang expanded vigorously with key products such as rebar, steel wire, steel billet, hot rolled coil, stainless steel and galvanized steel. Shagang steel is widely applied in the fields of aviation, construction, roads and bridges, petrochemicals, automobiles and food packaging.

Hyundai Steel (004020 KS) is the first and second largest steel company in Korea (accounting for 29% of the total production market share) established in 1953, belonging to the Hyundai Group. The company is well known for its H-Solution and H-Core, which provide material solutions for the automotive and earthquake-resistant steel industries. With a diverse product line such as H-beams, rails, rebar, hot rolled steel and ERW pipes, Hyundai Steel mainly serves the automotive, shipbuilding and construction industries.

SeAH Steel (306200 KS) is a large-scale steel manufacturer in South Korea. The company was formed in 1960 and operates seven steel mills worldwide with locations in the United States, Vietnam, the United Arab Emirates, and Italy. JFE Steel's products include steel plates, tubes, stainless steels, electrical steels, special steels, and iron powders.

Kyoei Steel (5440 JP) is a large-scale steel manufacturer in Japan, founded in 1938. In addition to the largest market share in the construction steel segment (in Japan), the company also has factories in Vietnam (Viet Italia Steel – VIS) and North America (acquisition of AltaSteel Inc).

Nam Kim Steel Joint Stock Company (NKG VN) is the 2nd largest manufacturer of galvanized steel in the Vietnamese market (capacity of 1.2 million tons/year), with the export market accounting for 50-60% of total consumption. The company is planning to invest in a new flat steel factory (total capacity of 1 million tons/year), focusing on high-quality steel grades and steel for industrial production, household appliances, automobiles, etc.

Home Depot (HD US) is a leading retail corporation in the United States, founded in 1978 and headquartered in Atlanta, Georgia. The company is currently the largest retailer of building materials and home improvement in the United States and is in the Fortune 500 group. With a network of more than 2,300 stores in the United States, Canada, and Mexico, Home Depot offers a wide range of products such as building materials, utilities, hand tools, furniture, kitchen and gardening equipment.

HomePro (HMPRO TB) is a leading furniture and finishing materials retail chain in Thailand, owned by Home Product Center Public Company Limited, established in 1995. The company operates more than 120 stores in Thailand (including HomePro and MegaHome) and expands to Malaysia with 7 stores as of 2024. HomePro specializes in providing products and services related to home renovation such as electrical appliances, furniture, bathrooms, kitchens, tiles, building materials, and decorations. The company also integrates support services such as installation, repair, maintenance, and an omnichannel e-commerce platform.

PT Caturkarda Depo Bangunan Tbk (DEPO IJ) is the first supermarket building materials retail chain in Indonesia, established in 1996 with its headquarters located in South Tangerang, Banten Province. The company operates 16 stores nationwide by the end of 2024 and plans to open 3 more branches in 2025 in Palembang, Pekanbaru and Samarinda. With a one-stop shopping model, DEPO provides more than 97,000 items including building materials, electrical and water equipment, bricks, paint, sanitary ware, furniture and house brands.

Siam Global House (GLOBAL TB) is a leading building materials and interior decoration retail chain in Thailand, established in 1995 and headquartered in Roi et province. The company specializes in providing

items such as building materials, electrical and water equipment, paints, bricks, household appliances, furniture, home improvement and decoration products. As of 2024, Siam Global has more than 85 branches in Thailand and is expanding into international markets such as Laos and Cambodia.

MR D.I.Y. Group (MRDIY MK) is a leading retail chain in Malaysia specializing in providing convenience products for families, established in 2005 with its headquarters in Kuala Lumpur. The company has a portfolio of more than 18,000 products in various industry groups such as hardware, home appliances, children's toys, stationery, electrical appliances, car accessories and sporting goods. MR D.I.Y. currently operates more than 1,300 stores nationwide, with a presence in Thailand, Indonesia, Brunei, the Philippines and Singapore...

Do Home Public Company Limited (DOHOME TB) is a leading home decoration and building materials retail chain in Thailand, established in 1983, headquartered in Ubon Ratchathani. The company operates to provide more than 100,000 diverse items such as building materials, electrical and water equipment, furniture, hand tools, household appliances and home decoration. As of 2024, DOHOME owns more than 25 branches nationwide, including the hypermarket model and small-format store Dohome To Go.

Table 14: Valuation Index of Five Flat Steel Manufacturers in Asia

Steel Manufacturer	2019	2020	2021	2022	2023	2024	Industry Average
EV/EBITDA	15%	15%	15%	15%	20%	20%	Times
Average	6.5x	7.4x	4.1x	6.7x	9.3x	11.8x	7.9x
Median	7.1x	5.6x	3.7x	5.0x	4.9x	5.4x	5.3x
P/E	20%	20%	15%	15%	15%	15%	Times
Average	61.6x	60.7x	6.2x	6.8x	25.5x	24.0x	30.2x
Median	26.0x	9.0x	3.7x	4.0x	10.4x	10.1x	10.5x
P/B	20%	20%	15%	15%	15%	15%	Times
Average	0.8x	1.3x	0.9x	0.6x	0.7x	0.8x	0.8x
Median	0.4x	0.5x	0.4x	0.4x	0.5x	0.4x	0.4x

Source: Bloomberg, RongViet Securities

Table 15: Valuation Index of Six Building Materials Retailers

Building Materials Retailer	2019	2020	2021	2022	2023	2024	Industry Average
EV/EBITDA	15%	15%	15%	15%	20%	20%	Times
Average	18.6x	22.8x	21.1x	20.3x	18.6x	16.0x	19.3x
Median	18.7x	23.9x	20.7x	20.8x	18.1x	16.8x	19.6x
P/E	15%	15%	15%	15%	20%	20%	Times
Average	24.4x	38.4x	32.8x	34.6x	33.0x	27.7x	31.7x
Median	22.3x	35.8x	31.7x	32.5x	26.6x	28.7x	29.4x
P/B	15%	15%	15%	15%	20%	20%	Times
Average	5.6x	25.1x	21.3x	39.6x	60.0x	13.6x	28.5x
Median	3.9x	8.4x	6.8x	6.6x	4.8x	3.7x	5.5x
P/S	15%	15%	15%	15%	20%	20%	Times
Average	2.2x	3.3x	3.0x	2.5x	2.1x	2.0x	2.5x
Median	2.2x	2.6x	2.6x	2.5x	2.3x	2.0x	2.4x

Source: Bloomberg, RongViet Securities

APPENDIX – FINANCIAL ANALYSIS & FORECAST FOR THE PERIOD 2025-2029 ([Back to page 4](#))

Table 16: Projected revenue by segment (billion VND)

	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Galvanized Steel									
Domestic volume (thousand tons)	575	595	492	589	707	778	856	856	856
YoY growth	2%	4%	-17%	20%	20%	10%	10%	0%	0%
Export volume (thousand tons)	1,240	854	620	930	716	752	790	829	871
YoY growth	87%	-31%	-27%	50%	-23%	5%	5%	5%	5%
Total	1,815	1,449	1,112	1,520	1,424	1,530	1,645	1,685	1,726
YoY growth	48%	-20%	-23%	37%	-6%	7%	8%	2%	2%
Domestic Revenue	11,835	15,743	10,318	11,528	13,488	15,430	17,652	18,358	19,092
YoY growth	31%	33%	-34%	12%	17%	14%	14%	4%	4%
Export revenue	25,535	22,574	12,992	18,199	13,663	14,920	16,293	17,792	19,429
YoY growth	140%	-12%	-42%	40%	-25%	9%	9%	9%	9%
Total	37,371	38,317	23,310	29,727	27,151	30,350	33,945	36,150	38,521
YoY growth	90%	3%	-39%	28%	-9%	12%	12%	6%	7%
Steel Pipe									
Revenue	9,391	8,639	5,796	6,823	7,850	8,573	9,361	10,223	11,163
YoY growth	50%	-8%	-33%	18%	15%	9%	9%	9%	9%
Output (thousand tons)	394	472	339	287	359	424	445	467	491
YoY growth	6%	20%	-28%	-15%	25%	18%	5%	5%	5%
Plastic Pipe									
Revenue	1,586	1,563	1,310	1,421	1,452	1,534	1,635	1,743	1,860
YoY growth	-2.7%	-1.4%	-16.2%	8.4%	2.2%	5.6%	6.6%	6.7%	6.7%
Output (thousand tons)	36	32	35	44	47	50	53	56	59
YoY growth	-22%	-11%	9%	26%	6%	6%	6%	6%	6%
Hoa Sen Home									
Revenue	379	1,192	1,235	1,300	1,600	2,400	3,780	5,400	8,400
YoY growth		214%	4%	5%	23%	50%	58%	43%	56%

Source: HSG, VSA, RongViet Securities estimated

Table 17: Projected gross profit margin by array

	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
ASSUMPTIONS ABOUT RAW MATERIAL PRICES (USD/TON)									
HRC	784	768	596	551	508	525	541	557	574
YoY growth	69%	0%	-21%	-3%	-7%	3%	3%	3%	3%
PVC Resin Price	1,318	1,296	861	797	773	773	773	773	773
YoY growth	46%	-2%	-34%	-7%	-3%	0%	0%	0%	0%
PRODUCTION COST (THOUSAND VND/KG)									
Galvanized Steel	17	24	19	18	17	17	18	18	19
YoY growth	26%	41%	-20%	-8%	-4%	3%	3%	1%	4%
Steel Pipe	17	24	19	17	17	17	18	18	19
YoY growth	28%	42%	-21%	-7%	-4%	4%	3%	3%	4%
Plastic Pipe	34	38	29	25	24	24	24	24	24
YoY growth	25%	10%	-23%	-14%	-4%	0%	1%	1%	1%
TOTAL COST OF GOODS SOLD (BILLION VND)	39,853	44,772	28,590	35,008	33,323	37,507	42,003	44,885	49,191

YoY growth	74%	12%	-36%	22%	-5%	13%	12%	7%	10%
GROSS PROFIT									
Galvanized Steel	6,738	3,813	2,094	3,071	3,146	3,674	4,307	5,411	5,887
YoY growth	112%	-43%	-45%	47%	2%	17%	17%	26%	9%
Steel Pipe	1,548	669	432	608	827	931	1,056	1,273	1,425
YoY growth	33%	-57%	-35%	41%	36%	13%	14%	21%	12%
Plastic Pipe	349	344	288	313	319	337	360	384	409
YoY growth	-3%	-1%	-16%	8%	2%	6%	7%	7%	7%
Hoa Sen Home	57	179	185	195	272	408	643	1,080	1,680
YoY growth		214%	4%	5%	39%	50%	58%	68%	56%
Total	8,694	5,003	2,999	4,188	4,564	5,350	6,366	8,148	9,402
Gross Profit Margin (%)	18.2%	9.9%	9.7%	10.9%	12.0%	12.5%	13.1%	15.2%	15.7%
CONSOLIDATED STEEL MANUFACTURING ENTERPRISES					2025F	2026F	2027F	2028F	2029F
Average	14.9%	10.5%	9.5%	9.8%					
Median	15.2%	8.8%	8.2%	8.9%					
GROSS MARGIN OF RETAIL ENTERPRISES									
Average	25.6%	26.2%	26.4%	26.7%					
Median	25.4%	26.2%	26.7%	26.9%					

Source: HSG, Bloomberg, RongViet Securities estimated. Note: All expected gross margins are our assumptions, not HSG sources.

Table 18: Ratio of Outstanding Income & Management / Net Revenue

	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
SG&A	3,770	4,355	2,884	3,840	3,715	4,149	4,680	5,157	5,709
SG&A/Net Revenue	7.7%	8.8%	9.1%	9.8%	9.8%	9.7%	9.6%	9.6%	9.5%

Source: HSG, RongViet Securities

Table 19: Projected net profit margin

	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
NET PROFIT	4,314	251	30	515	853	1,127	1,459	2,510	3,063
YoY growth	274.3%	-94.2%	-88.1%	1615.0%	65.7%	32.2%	29.4%	72.0%	22.0%
	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
NET PROFIT MARGIN	8.9%	0.5%	0.1%	1.3%	2.2%	2.6%	3.0%	4.7%	5.1%

Source: HSG, RongViet Securities estimates

Table 20: Projected performance indicators

WORKING CAPITAL	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
DSO	22.5	19.9	17.3	18.9	21.1	19.4	19.0	18.9	18.2
DIO	80.7	79.4	94.6	89.2	102.2	94.6	94.4	97.0	95.4
DPO	26.0	21.4	24.7	26.8	21.8	20.7	21.4	22.6	23.7

Source: HSG, Bloomberg, RongViet Securities estimates

Table 21: HSG's annual cash dividend

	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Cash dividend (VND/share)	0	1	0	499	499	499	499	1,000	1,000
Dividend payout ratio	0.0%	0.0%	0.0%	5.0%	5.0%	5.0%	5.0%	10.0%	10.0%

Source: HSG, Bloomberg, RongViet Securities

billion VND				
INCOME STATEMENT	FY2023	FY2024	FY2025F	FY2026F
Net revenue	31,651	39,272	38,054	42,857
COGS	28,590	35,008	33,490	37,507
Gross Profit	3,061	4,264	4,564	5,350
SG&A expense	2,884	3,840	3,715	4,149
Finance income	233	342	342	343
Finance expense	195	133	145	124
Other Profits	50	41	41	40
EBT	146	551	969	1,326
Corporate income tax	116	37	116	199
Minority of interest	0	0	0	0
NPAT-MI	30	515	853	1,127
EBIT	58	302	731	1,068
EBITDA	1,201	1,298	1,674	1,993
Net revenue	31,651	39,272	38,054	42,857

FINANCIAL RATIOS	FY2023	FY2024	FY2025F	FY2026F
YoY growth				
Net sales	-36.3%	24.1%	-3.1%	12.6%
EBITDA	-19.8%	8.1%	28.9%	19.0%
EBIT	-82.0%	419.3%	142.2%	46.0%
NPAT-MI	-88.1%	1615.0%	65.7%	32.2%
Total assets	2.0%	12.7%	-6.2%	8.5%
Total equity	-1.0%	1.3%	4.6%	6.6%

Profitability ratios

Gross margin	9.7%	10.9%	12.0%	12.5%
EBITDA margin	3.8%	3.3%	4.4%	4.6%
EBIT margin	0.2%	0.8%	1.9%	2.5%
Net margin	0.1%	1.3%	2.2%	2.6%
ROA	0.2%	2.8%	4.5%	5.9%
ROE	0.3%	4.8%	7.6%	9.6%

Efficiency ratios

Days AR on hands	17.3	18.9	21.1	19.4
Days Inventory on hands	94.6	89.2	102.2	94.6
Day AP	24.7	26.8	21.8	20.7

Liquidity ratios

Current	1.7	1.6	2.0	2.0
Quick	0.4	0.4	0.5	0.5

Solvency ratios

Total liabilities/Total equity	61.2%	79.3%	60.8%	63.7%
Short-term debt/Total equity	27.3%	49.2%	32.3%	33.6%
Long-term debt/Total equity	0.0%	0.0%	0.0%	0.0%

billion VND				
BALANCE SHEET	FY2023	FY2024	FY2025F	FY2026F
Cash	597	602	644	889
Short-term investment	26	31	73	173
Accounts receivable	1,853	2,272	2,185	2,431
Inventory	7,629	9,712	9,298	10,424
Other short-term assets	4,833	3,915	3,259	2,541
Tangible fixed Assets	187	196	189	183
Intangible fixed assets	1	1	1	1
Long-term investment	396	401	389	438
Other long-term assets	597	602	644	889
TOTAL ASSETS	17,365	19,566	18,350	19,907
Trade payables	2,885	2,328	2,278	2,647
Short-term debt	2,936	5,364	3,682	4,083
Long-term debt	0	0	0	0
Other long-term payables	16	16	15	18
Bonus & welfare funds	148	35	56	90
Science and technology Fund	0	0	0	0
TOTAL DEBT	6,585	8,649	6,936	7,743
Paid-in capital	6,160	6,160	6,160	6,160
Treasury shares	0	0	0	0
Retained earnings	4,369	4,533	5,032	5,775
Other Funds	78	51	49	56
Investment & development funds	0	0	0	0
TOTAL CAPITAL	17,365	19,566	18,350	19,907
Minority of interest	16	16	16	16

VALUATION RATIOS	FY2023	FY2024	FY2025F	FY2026 F
EPS (VND/share)	49	835	1,380	1,830
P/E (x)	13.2	17.6	17.4	13.1
BV (VND/share)	17,475	17,697	18,504	19,720
P/B (x)	1.0	0.9	1.3	1.2
DPS (VND/share)	0	499	499	499
Dividend yield (%)			2	2

VALUATION MODEL	Price	Weight	Average
FCFF	24,828	50%	12,414
Compare	23,108	50%	11,554
Target price (VND/share)			24,000

VALUATION HISTORY	Target price	Recommendations	Period
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Company Report

This report is created to provide investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information, with the objective that is to determine the reasonable value of the stock at the time such analyses are performed. Through this report, we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedback and/or receive more information, investors may contact the assigned analyst or our client support department.

RATING GUIDANCE

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

In some cases, we do not provide specific buy/sell recommendations but only offer some reference valuations to give investors additional information, classified under the **OBSERVE** recommendation.

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