

Hoa Sen Group JSC (HSX: HSG)

The start of a new cycle

- In 4Q24, HSG reported net loss of VND186bn (-273% yoy) due to shrinking GPM and rising selling expenses. In 2024, NP reach VND510bn (+1,600% yoy).
- We expect FY25-26F NP will record 869/1,324 VNDbn (+70%/52% yoy) thanks to the bright outlook of domestic market while export would report lower growth.
- We recommend ADD for HSG with the target price of VND 24,800/share.

4Q24: Narrow GPM and rise of selling expenses burdened 4Q24 NP

In 4Q24, revenue climb 21% yoy to VND10,223bn thanks to the growth of volume. In term of volume, HSG reported total 521 thousand tons (+24% yoy) mainly thanks to domestic demand (16% yoy) and offset the decrease 7% of price. However, the decline of domestic (-7% yoy) and export (-8% yoy) price are key drivers for narrow GPM, which reached 8.5% (-4.0%pts). Moreover, the selling expense accelerated 90% yoy to reach VND908bn due to doubled pressure of shipping cost. Due to GPM fall and higher logistic cost, HSG reported net loss of VND186bn (-273% yoy). Overall, 2024NP reach VND510bn (+1,600% yoy).

FY25–26F NP may rise 70%/52% yoy on bright outlook of domestic market

We expect domestic market share is main driver for the growth of NP in 2025-26 while lower growth reported in export volume due to AD tax for HRC imported in EU. Total volume could report 2.05/2.2 million tons (+6%/8% yoy) with 60% contribution of domestic consumption. In term of domestic market, HSG volume would report 1.04/1.1 million tons supported by improvement of the market share to 30%/31% in next 2 years (from 29% in 2024) thanks to the implementation of AD tax for steel – sheet in Q1/25. Furthermore, with lower pressure from China, the price would rise 984/1,053 USD/ton (+6%/7% yoy). The uptrend of HRC would lead to higher spread between HDG and input material (HRC) and GPM would improve to 11.2%/11.8% (+0.4/0.8% pts yoy). Thanks to rise of volume and GPM, NP could report 869/1,324 VNDbn (+70%/52% yoy) in 2025-26F.

Recommend Add with the target price of VND 24,800/share

The target price based on equal weighting of FCFF and P/B method (WACC: 11.6%), representing 24% upside. We believe current stock price has fully reflected poor 4Q24 performance and we forecast 1Q25 NP would recover to VND250bn, hence HSG would be rerated. We believe it is the suitable time to accumulate HSG for the next steel cycle. The cycle is expected to step to expansionary phase since 2025 and HSG could be the beneficiary from the increase market share of HDG and widen GPM.

| Financial metrics | Dec-23 | Dec-24 | Dec-25 | Dec-26 |
|-------------------|--------|--------|--------|--------|
| Net revenue | 31,651 | 39,272 | 45,760 | 51,477 |
| Net profit | 30 | 510 | 869 | 1,324 |
| Revenue growth | -36% | 24% | 17% | 12% |
| Net profit growth | -88% | 1600% | 70% | 52% |
| GPM | 10% | 11% | 11% | 12% |
| EBITDA | 4% | 3% | 4% | 5% |
| ROAE | 0.3% | 4.5% | 7.1% | 9.8% |
| ROAA | 0.2% | 2.6% | 4.1% | 5.8% |
| EPS (VND/share) | 49 | 828 | 1,376 | 1,949 |
| BVPS (VND/share) | 17,621 | 18,449 | 18,914 | 19,055 |

Source: HSG, MBS Research forecast

ADD

Target price

VND 24,800

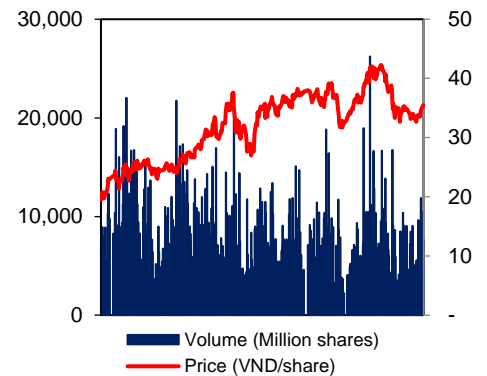
Upside

24%

Key changes in the report

N/A

Information



Source: FiinPro, MBS Research

| | |
|-----------------------|--------|
| Market price (VND) | 20,000 |
| Highest in 52w (VND) | 24,500 |
| Lowest in 52w (VND) | 19,000 |
| Market cap (VND bn) | 12,860 |
| P/E (TTM) | 19.5 |
| P/B | 1.1 |
| Dividend yield (%) | 0% |
| Foreign ownership (%) | 20.7% |

Source: <https://s24.mbs.com.vn/>

Ownership Structure

| | |
|---------------------------|-------|
| Đầu tư và Du lịch Hoa Sen | 19.7% |
| Lê Phước Vũ | 17.0% |
| Foreign | 20.7% |
| Others | 43.6% |

Source: <https://s24.mbs.com.vn/>

Analyst



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Hoa Sen Group JSC (HSX: HSG)

Investment Thesis & Recommendation

Investment Thesis

- We expect the price of domestic and export Hot – Dipped Galvanized (HDG) could recover since 2025 thanks demand growth.
- The AD tax for HDG narrow the spread of China and VN steel which contribute to HSG gaining market share. We expect market share of HSG could rise to 30%/31% (from 29% in 2024) in 2025-26F.
- 2025-26F net profit may growth 70%/52% yoy thanks to the growth of volumes (6%/8% yoy) and rise of GPM (0.4% pts/0.6% pts yoy) thanks to implementation of AD tax.
- In term of valuation, HSG is undervalued the average P/B in 2 last cycle (1.0 as compared to 1.3) in the expansionary phase of steel cycle. Furthermore, P/E FY25F forward could reduce to 9.0 (lower than 10 – the average in 2 last cycle).

Valuation

We apply two valuation methods FCFF and P/B to value HSG with a fair value of 25,300 VND/share. We expect HRC price could be on the upward trend since 2025 thanks to lower pressure of China and Vietnam demand recovery.

We choose P/B at 1.3x to value HSG. This P/B level is based on the average P/B of the business during the recovery period of the steel industry in the last 2 cycles. Therefore, in the context of the industry's recovery, this valuation is suitable for businesses in the early stages of the growth cycle.

Figure 1: Valuation summary

| Method | Weight | Price (VND) |
|------------------------------|--------|---------------|
| FCFF | 50% | 24,300 |
| P/B (P/B target 2024 = 1.3x) | 50% | 25,300 |
| Target price | | 24,800 |

Source: MBS Research

Figure 2: Projected FCFF

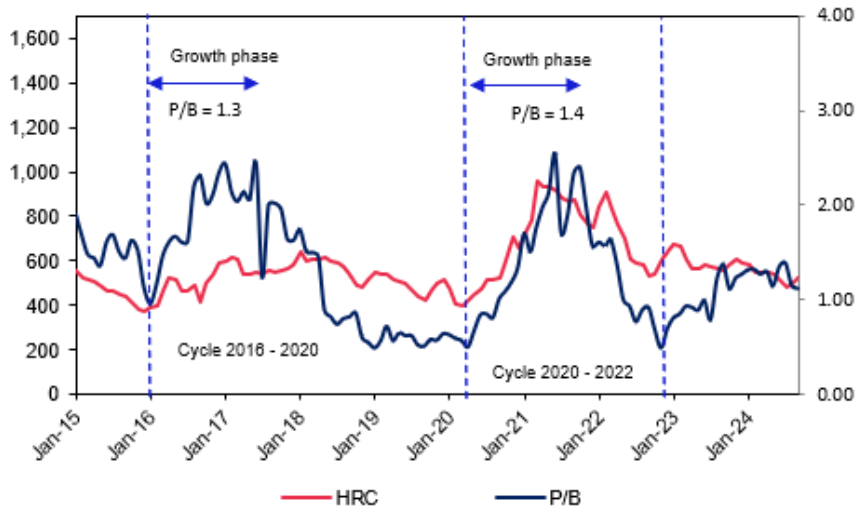
| | 2025F | 2026F | 2027F | 2028F |
|-----------------------------|-------|-------|-------|---------|
| Profit after tax | 869 | 1,324 | 1,903 | 3,728 |
| Non-cash charges | 638 | 721 | 801 | 880 |
| Interest expenses after tax | 106 | 184 | 188 | 180 |
| Fixed asset investment | 340 | 210 | 368 | 205 |
| Working capital | 799 | (350) | (275) | (1,105) |
| FCFF | 330 | 1,459 | 1,527 | 2,750 |

Figure 3: FCFF valuation

| | | |
|---|----------------|--------|
| (+) PV of FCFF for the period 2024-2028 | VNDbn | 6,067 |
| (+) PV of terminal value | VNDbn | 12,375 |
| (+)) Cash & equivalents | VNDbn | 1,765 |
| (-) Debt | VNDbn | 5,663 |
| Enterprise value | VNDbn | 14,519 |
| Number of shares outstanding | Million shares | 5.98 |
| Share price | Thousand VND | 24,300 |

| Cost of equity | | WACC and long-term growth rate | |
|---------------------|-------|--------------------------------|-------|
| Risk-free rate | 3.0% | Cost of debt | 12.0% |
| Beta | 1.20 | Tax rate | 20.0% |
| Equity risk premium | 9.6% | WACC | 11.2% |
| Cost of equity | 13.1% | Long term growth | 1% |

Figure 4: P/B of HSG in growth phase of 2 cycle



Source: FinproX, HSG, MBS Research

Figure 5: Peer of comparison company

| Ticker | (Million US\$) | P/E (x) | | P/B (x) | | ROA (%) | | ROE (%) | | |
|-----------------------------|-----------------------------|--------------|-------------|-------------|------------|------------|-------------|-------------|-------------|-------------|
| | | 2024 | 2025F | 2024 | 2025F | 2024 | 2025F | 2024 | 2025F | |
| Hoa Phat Group | HPG VN | 6,660 | 23.4 | 13.5 | 1.7 | 1.6 | 3.8% | 6.6% | 7.2% | 12.5% |
| Hoa Sen Group | HSG VN | 610 | 130.2 | 23.8 | 1.3 | 1.1 | 2.6% | 4.1% | 4.7% | 7.2% |
| Nam Kim Group | NKG VN | 270 | 50.1 | 25.1 | 1.2 | 1.1 | 0.9% | 3.2% | 3.11 | 7.3% |
| VN - Germany Steel Pipe JSC | VGS VN | 110 | 18.3 | 9.5 | 1.3 | 1.5 | 5.4% | 6.2% | 7.1% | 8.5% |
| Nippon Steel | 5401 JP Equity 000932 CH | 19,800 | 19.8 | 16.8 | 0.6 | 0.5 | 12.1% | 11.8% | 18.1% | 17.6% |
| Valin Steel Group | Equity | 4,750 | 13.2 | 19.3 | 0.9 | 0.9 | 5.6% | 6.3% | 8.9% | 9.6% |
| Kobe Steel | 5406 JP Equity | 4,100 | 8.8 | 8.2 | 0.7 | 0.8 | 7.7% | 7.5% | 8.5% | 8.3% |
| Average | | 5,186 | 37.6 | 16.6 | 1.1 | 0.9 | 5.6% | 6.4% | 6.0% | 8.7% |

Source: Bloomberg, MBS Research

Investment risks

- (1) The downtrend of China continues until 2025 will bring pressure to domestic market price.
- (2) The housing supply could not recover as expected.

GPM and volume widen is the key driver for 2024 performance

Figure 6: Business performance

| Business Metrics | Q4/24 | YoY (%) | QoQ (%) | 2024 | YoY (%) | Assessment |
|-------------------------|--------|---------|-----------|--------|-----------|---|
| Volume (Thousand Tons) | 521 | 24% | 3% | 1,941 | 35% | In 2024, total volumes rise 35% yoy thanks to the recovery of domestic demand. |
| <i>Including:</i> | | | | | | |
| Domestic | 281 | 16% | 6% | 985 | 25% | Domestic volumes increased 12% yoy in Q4/24 thanks to the positive signs of construction sector. The growth of housing supply and FDI factory are main contributor for HDG consumption in 2024. |
| Export | 220 | 10% | -2% | 820 | 11% | Export volumes increased 10% yoy Q4/24 thanks to the spread of EU and VN steel climb slightly to 60 USD/ton (+8% yoy). In 2024, export performance increase 11% yoy due to rise in EU and Asean. |
| Price (USD/Ton) | | | | | | |
| Domestic | 900 | -7% | -4% | 928 | -10% | Price of steel - sheet decreased 7% yoy in Q4 and 10% yoy in 2024 due to the fierce competition of China and Korean product. |
| Export | 895 | -8% | -2% | 838 | -6% | HDG price in key market export such EU and Asean fall 10% and 12% yoy would have negatively impact on export price. |
| Revenue | 10,223 | 21% | -6% | 39,882 | 24% | The growth of revenue driven by the recovery of volume which offset the fall of price. |
| Gross profit | 847 | -20% | -35% | 4,253 | 39% | |
| Gross profit margin | 8.5% | -4% pts | -3%pts | 10.8% | +1.3% pts | The GPM decreased 4% pts yoy due to provision for devaluation of inventories. In 2024, GPM widen driven by the the drop of input material more than selling price. |
| Financial Income | 129 | 8% | 395% | 342 | 47% | Financial income accelarated 47% yoy in 2024 thanks to the gain of exchange rate. |
| Financial expense | 98 | 50% | 40% | 254 | -19% | Financial expense declined due to the lower pressure of interest expense. |
| - Interest expense | 40 | 12% | 1% | 133 | -32% | Interest expense cooled down due to lower level of interest rate. |
| Selling expense | 908 | 90% | 1% | 3,345 | 35% | Q4/24, the expense increased 90% yoy because the transportation cost doubled. In 2024, shipping expense was key point for rise of selling expense. |
| G&A expense | 149 | 98% | 11% | 496 | 22% | |
| %SG&A expense / revenue | 11% | 2% pts | -0.8% pts | 10% | -0.1% pts | |
| Profit before tax | (176) | -286% | -263% | 541 | 271% | |
| Net profit | (186) | -273% | -245% | 510 | 1,600% | In Q4/2024, NP fall due to (1) GPM decline 4% pts due to decreasing steel price and (2) significant pressure of shipping cost. 2024 NP acelerated 1,600% yoy from the low base, driven by (1) improved sale volume yoy, (2) GPM climb to 10.2% (0.2% pts yoy)and lower pressrue of financial expense. |

Source: HPG, MBS Research

Anti-dumping (AD) tax applying is key contributor for net profit growth in 2025-26F

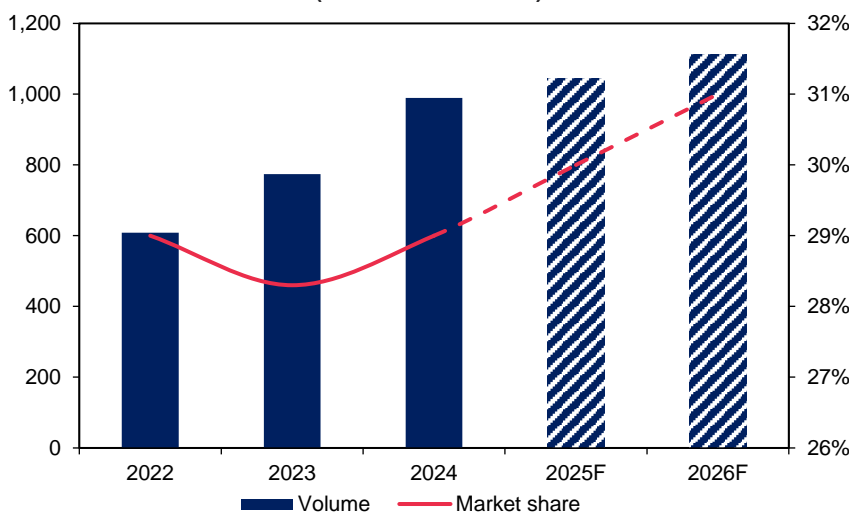
Domestic: the recovery phase would continue in 2025-26F

In 2024, domestic volumes accelerated 25% yoy to 985 thousand tons thanks to demand recovery. The growth of HDG demand driven by rise of housing supply and industrial construction. According to CBRE, total condominium supply in HN and HCM expected to rise 40% yoy and reach 12,000 units in 2024. Besides, industrial construction could be supported by Foreign Direct Investment (FDI). In 9M/24, FDI investment capital recorded 24.8 billion USD which mainly focus on manufacturing (accounted to 66%) which improve the demand of manufacturing investment.

In 2025 – 2026F, we project the rise of housing supply and FDI capital investment continue to be key drivers for the increase of HDG demand. In the latest report, CBRE estimate the housing supply grow both landed property and condominium. In particular, the new launch apartment rise 2% yoy in HN and 90% yoy in HCM with the contribution of metropolitan projects. Moreover, FDI capital would be supported by the situation of trade tension of EU and USA with China, several giant manufacturer plan to move their supply chain to VN since 2022. So that, the FDI could be grow due to the trend of supply chain transition which results of widen manufacturing construction.

Thanks to the growth of residential and industrial construction, HDG demand could be improved since 2025. We expect the recovery phase of steel industry to continue in 2025-26F, HSG domestic volume is forecast to reach 1.04/1.1 billion tons (+6%/7% yoy) and account for 30%/31% domestic market share in 2025 – 2026.

Figure 7: Domestic volume of HSG (Unit: Thousand Tons)



Source: HSG, MBS Research

In 2025 –26F, HDG price could be on upward trend with the increase of 6%/7% yoy

In 2024, price of domestic HDG dropped 10% yoy and reached 1,020 USD/ton. The decrease of domestic HDG price was negatively impacted by China enven though import tax ranging 15% - 30%. In 9M/24, domestic market was

dominated by China, Korea imported steel, which accounted for 55% total HDG consumption. Domestic product was seriously competed by the China and Korean steel – sheet as the spread between domestic and china HDG expanded to 100 USD/ton (as compared with 70% of average 2 year).

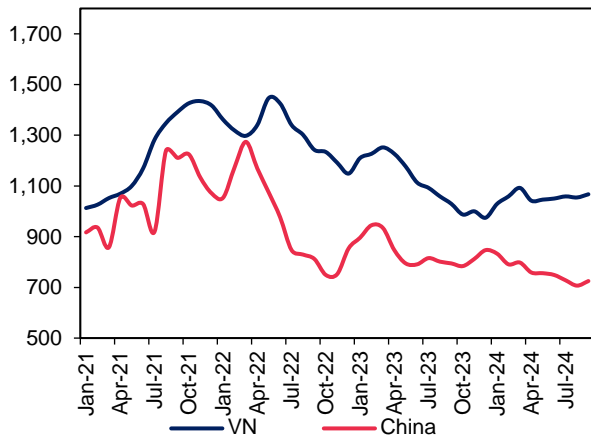
Since Q2/2024, The Ministry of Industry and Trade has just issued Decision No. 1535/QD-BCT dated June 14, 2024 on investigating and applying anti-dumping measures on some galvanized steel products originating from China and Korea. We forecast high possibility that AD tax would be launched because the market share of imported reached 55% (higher than 42% in 3 years). The tax is expected to ranging from 30% to 40% for each type of product, which would help decrease the spread to 50 – 60 USD/ton. Thanks to AD tax, we forecast market share of domestic company could reach 60% in 2026 (from 45% in 2024).

Figure 7: Timeline of AD tax to China and Korea

| No. | Date | Comment |
|------------------------|--------|---|
| Initiate investigation | Jun-24 | MOIT initiate investigation on AD tax after the request from domestic company from May 2024 |
| Investigation | Sep-24 | |
| Conclusion | Dec-24 | We expect the conclude could be finished in 6 months (equal to the previous AD tax 2016) |
| Temporary tax | Feb-25 | Temporary tax is forecasted to launch 1-2 month after the conclusion. |
| Offical tax | Jul-25 | Offical tax could be implemented in more than 1 year of investigation. |

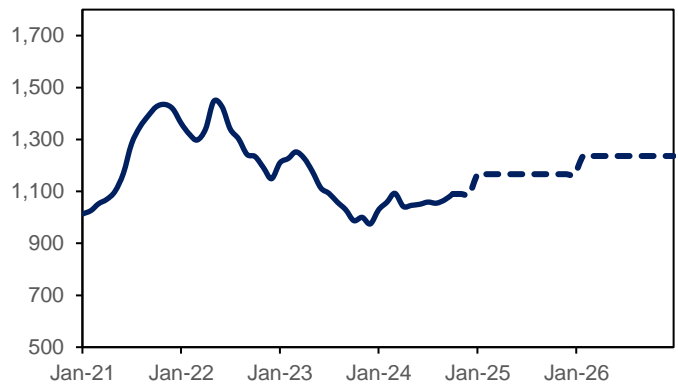
Source: HSG, MBS Research

Figure 8: Price of VN and China HDG (Unit: USD/Ton)



Source: HSG, MBS Research

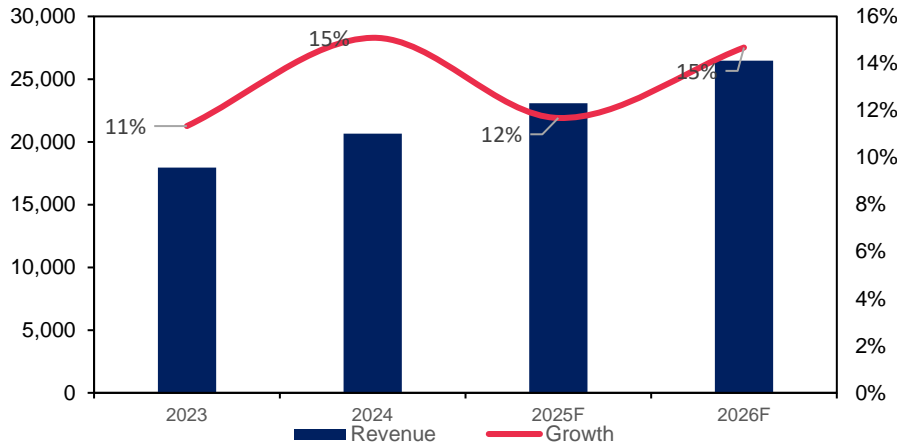
Figure 9: Price of VN HDG forecast in 2024 - 2026 (Unit: USD/Ton)



Source: HSG, MBS Research

Furthermore, China steel would have bright signal to recover since Q4/24 driven by the stimulus policy and cut off production. In Q3/24, the People’s Bank of China (POBC) cut interest rates on existing mortgages by 0.5 percentage points and supported new lending by reducing the level of reserves banks. This measure is launched to support to borrower and deal with the crisis in real estate in the situation of plunge in new home price. So that, the positive indication of real estate could contribute to the recovery of steel price. In term of supply, China government postponed the approvment of new coal – based steel since 2024 to protect the environment and limit the new supply. Furthermore, major steel – manufacturing provinces such as Heibei, Jiangsu cut off 20% - 30% production when the gross profit hit minus 4% (lowest in 5 years), and China volumes in July decreased 9% yoy.

Figure 10: Forecast revenue of domestic (Unit: VNDbn)



Source: HSG, MBS Research

Thanks to above support factors, we project in 2025-26F HDG price to grow 6%/7% yoy to reach 984/1,053 USD/ton. In 2025-26F, the revenue could grow 12% yoy and 15% yoy thanks to the rise of price and volume.

Export: In 2025-26F, volume and price could slightly grow thanks to EU demand recovery

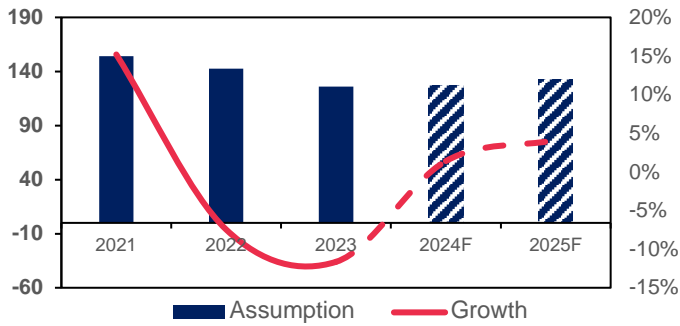
In 2025 – 2026, the volume may grow 4%/5% yoy and price may increase 4%/4% yoy thanks to growth demand in EU

In 9M/2024, the HRC volume export decline 25% yoy due to weak demand of key export markets such as EU and USA. In term of HDG, export volume climb significantly 47% from the low base thanks to the growth of Asean and the rise of spread in 1H24. However, in term of HSG main export market such as EU and USA, the demand was lower than expected. The EU steel consumption forecasted to reach 127 million tons (+1.4% yoy) in 2024 but according latest report of Eurofer, this minimal growth is nothing more than a “technical rebound” after the disastrous year of 2023. Because 2 major steel – using sector as Construction (35%) and Automotive (+18%) could decrease 1.4% and 3% yoy respectively due to high level of interest rate. While in term of USA, according to the American Iron and Steel Institute (AISI), demand for steel in the United States in 2024 could decrease 1% yoy in 2024.

For 2025-26F:

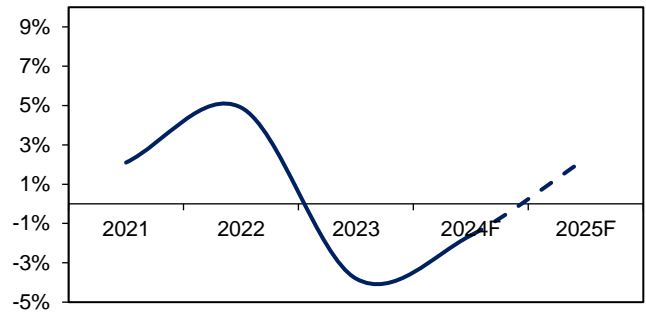
- In 2025F, EU steel production is expected to grow 4% yoy to 133 million tons thanks to the growth of construction and automotive sector are 1.8% and 2.3% yoy. However, European Commission (EC) initiated AD tax investigation in Viet Nam HRC in Q3/2024. We notice that protective policy bring unfavorable effect to HRC export from VN because of lower spread between EU and VN HRC. Accordingly, EU importer tend to chose HRC from other nations such as Korea or Asean due to the drop of pricing spread. We could not forecast more about the disadvantage of Viet Nam HRC export due to no detail of tax rate annouced.
- In term of USA, the bright future expected to due in 2025 thanks to the policy on infrastructure investment of new presidency.
- In 2025 – 2026, the volume would reach 869/930 thousand tons (+4%/5% yoy) driven by rise of construction and automotive sector.

Figure 11: Total EU consumption (Unit: Million Ton)



Source: HSG, MBS Research

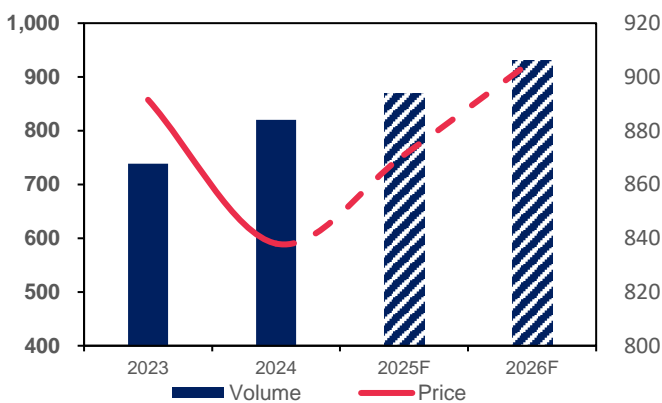
Figure 12: The growth of EU construction sector



Source: HSG, MBS Research

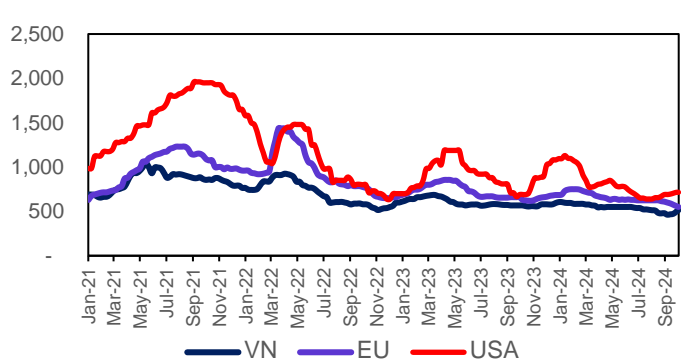
In 2025 – 2026, the price climb 4%/4% thanks to demand recovery

Figure 13: Total HSG export volume (Unit: Million Ton)



Source: HSG, MBS Research

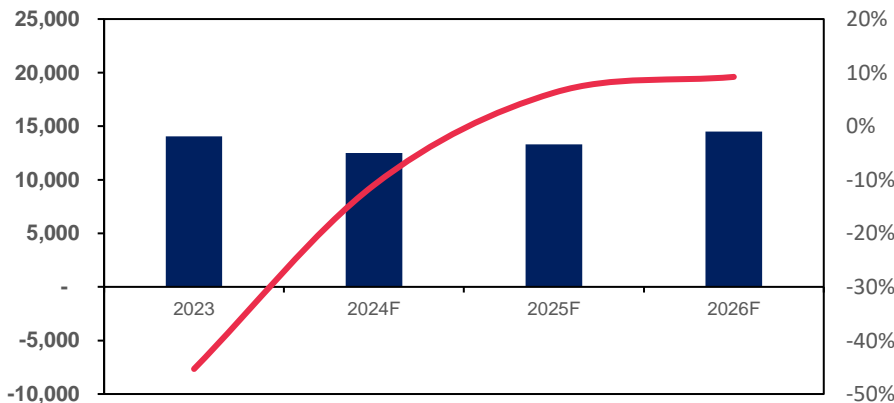
Figure 14: The export price of HSG (Unit: USD/ton)



Source: HSG, MBS Research

Because of pressure from China in 1H24, The HRC price in EU and USA decreased significantly in 2024. EU and USA price dropped 20% and 17% yoy to 600 and 715 USD/ton due to the overwhelming of China product and weak demand. So that the spread between VN and EU,USA reached 50 – 70 USD/ton which would have negative impact on HRC export from VN. But since Q4/24, positive signal of China HRC appeared thanks to cut off production and stimulus policy on real estate, We forecast the HRC in EU and USA could rise and the spread climb to 100 -150 USD/ton, that lead to the improvement import from EU and USA. The export price would reach 838 USD/ton (-5% yoy) in 2024 as negative situation as mentioned. But in 2025 – 2026, we forecast the growth could be 4% yoy due to the increase of consumption.

Figure 15: The revenue of export



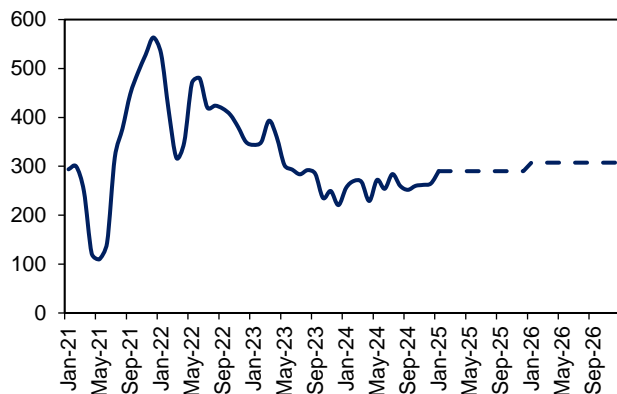
Source: VSA, MBS Research

In 2025-26F, the revenue could grow 6% yoy and 9% yoy thanks to the recovery of price and the volume.

The GPM could be expanded in 2025 – 2026, GPM reach 11.2%/11.8% due to upward trend of HRC

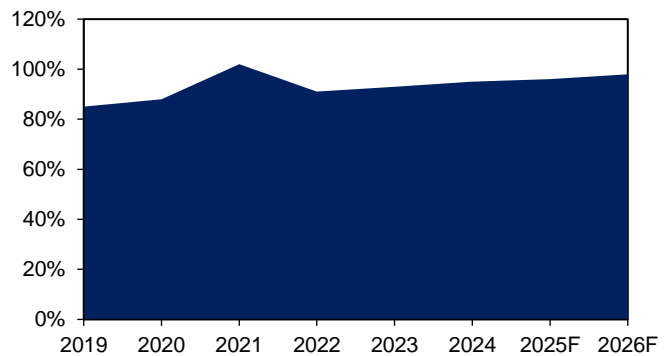
In the last 2 cycle of steel sector, HSG’s GPM widen from 5% to 12% thanks to storage of low – price inventory and the increase of HDG price more than HRC. In next cycle, we forecast the domestic HDG climb 6%/7% yoy while HRC material rise 5%/6% yoy because HSG could storage low - price material 2 quarter before production.

Figure 16: The gap between HRC and HDG (Unit: USD/ Ton)



Source: HSG, MBS Research

Figure 17: The efficiency of HSG manufacturing

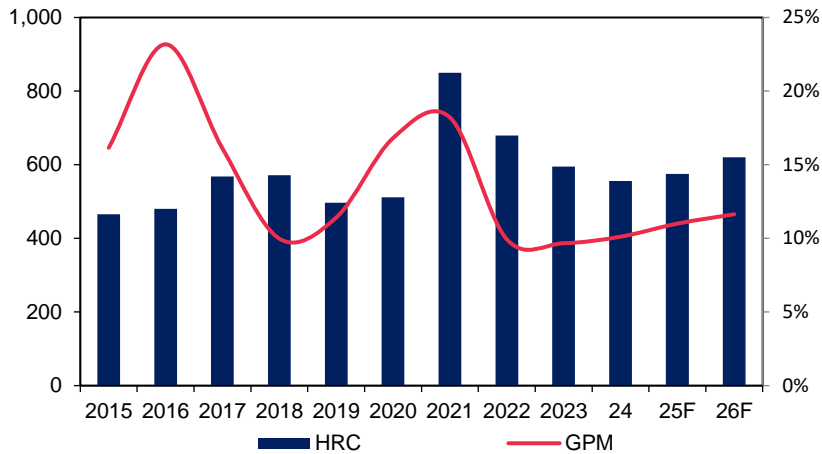


Source: HSG, MBS Research

We forecast the GPM would reach 11.2%/11.8% in 2025 – 2026F thanks to:

- The HRC price would recover since Q4/24 thanks to lower pressure of China product and demand recovery. Moreover, AD tax of HRC is expected to be applied in 2025 and HRC price may grow 5%/6% yoy in 2025 – 2026F thanks to the narrow spread of VN – China steel contribution to the competitiveness of Vietnam steel. The growth of HRC is driver for the recovery of HRC – based product such as steel – sheet and pipes.
- For the steel-sheet manufacturer as HSG, storage of HRC material 2 quarter before manufacturing would result in cheap inventory so the increase of input material could be lower than HRC market price. While the HRC selling price would accelerate following the uptrend since 2025. Hence, the uptrend of HRC expected to reflect on price earlier than input material. Accordingly, the rising would widen the spread of HRC (input material) and HDG which would recorded 290/307 USD/ton (+8%/6% yoy). The boost of gap may rise the GPM.
- The efficiency of manufacturing expected to recover to 94%/96% in 2025 – 2026F due to demand growth. We expect HSG could increase the market share to 31% in 2026 (from 28% in 2024) so the producing would be improved. Growth of efficiency possibly decline the fixed cost for product

Figure 18: GPM of HSG forecast in 2024 - 2026



Source: HSG, MBS Research

Earnings forecast

Figure 19: Our forecast for HSG's FY25-26F business results (Units: VND bn)

| Financial Metrics | 2024 | YoY (%) | 2025F | YoY (%) | 2026F | YoY (%) | Assessment |
|------------------------|---------------|------------|---------------|------------|---------------|------------|---|
| Volume (Thousand Tons) | 1,941 | 35% | 2,057 | 6% | 2,222 | 8% | In 2025 - 2026, the production would be supported by the growth of domestic demand and gaining market share thanks to AD tax |
| <i>Including:</i> | | | | | | | |
| Domestic | 985 | 25% | 1,045 | 6% | 1,112 | 7% | The growth of domestic driven by recovery of housing supply and manufacturing industry. In 2025 - 2026, HSG could obtain more market share of domestic market. |
| Export | 820 | 11% | 869 | 4% | 930 | 5% | In 2025 - 2026, the volume could climb slightly driven by demand recovery but could not remain high base as 2021 due to AD tax of HRC imported in EU. |
| Price (USD/Ton) | | | | | | | |
| Domestic | 928 | -10% | 984 | 6% | 1053 | 7% | The price decrease 10% yoy in 2024 caused by serious competition of China product. We expect the recovery of China steel and demand are driver for the growth of HDG price. |
| Export | 838 | -6% | 871 | 4% | 906 | 4% | The recovery start in 2025 - 2026 thanks to lower pressure from China and the recovery of steel - consumption sectors. |
| Revenue | 39,882 | 24% | 45,760 | 15% | 51,477 | 12% | In 2025 - 2026, the growth of volume and price would contribute to rise of revenue. |
| Gross profit | 4,253 | 39% | 5,141 | 21% | 6,080 | 18% | |
| Gross profit margin | 10.8% | 1.3% pts | 11.2% | 0.4% pts | 11.8% | 0.6% pts | GPM would be expanded because the decrease of material more than selling price (5% as compared to 1%). GPM climb in 2025 - 2026 due to upward trend of HRC. |
| Financial Income | 342 | 47% | 288 | -16% | 315 | 9% | |

| | | | | | | | |
|--------------------------|-------|-----------|-------|---------|-------|-----------|--|
| <i>Financial expense</i> | 254 | -19% | 307 | 21% | 336 | 10% | In 2025 - 2026, interest is driver for growth of financial expense. While we expect the foregin exchange remain constant would lead to lower gain of exchange. |
| - Interest expense | 133 | -32% | 230 | 73% | 236 | 2% | Lower level of interest lead to decrease of interest expense in 2024. HSG would increase debt to storage material in 2025 - 2026. |
| Selling expense | 3,345 | 35% | 3,589 | 7% | 3,886 | 8% | The pressure of transportation cost per ton decrease 8% yoy. Total expense increased due to higher export volume |
| G&A expense | 496 | 22% | 534 | 8% | 653 | 22% | |
| %SG&A expense / revenue | 10% | -0.1% pts | 9% | -1% pts | 9% | -0.2% pts | |
| Profit before tax | 541 | 271% | 1,046 | 93% | 1,564 | 49% | |
| Net profit | 510 | 1600% | 869 | 70% | 1,324 | 52% | The climb of NP driven by (1) The improvement of volume, (2) GPM would be expanded thanks to HRC would be on upward trend since 2025. |

FINANCIAL REPORTS

| Income statement | Dec-23 | Dec-24 | Dec-25 | Dec-26 | Cash flow statement | Dec-23 | Dec-24 | Dec-25 | Dec-26 |
|---------------------------------------|---------------|---------------|---------------|---------------|--|---------------|----------------|---------------|---------------|
| Net revenue | 31,651 | 39,272 | 45,760 | 51,477 | Pretax profit | 631 | 541 | 1,046 | 1,564 |
| Cost of sales | (28,590) | (35,019) | (40,619) | (45,396) | Depreciation & amortisation | 817 | 989 | 674 | 773 |
| Gross profit | 3,061 | 4,253 | 5,141 | 6,080 | Interest paid | 116 | 133 | (230) | (236) |
| Gen & admin expenses | (407) | (496) | (534) | (653) | Other non operating gains/(losses) | (11) | 196 | 48 | 44 |
| Selling expenses | (2,477) | (3,345) | (3,589) | (3,886) | Change in working capital | (1,026) | (2,693) | (1,226) | (516) |
| Total operating costs | 177 | 412 | 1,017 | 1,541 | Cash flow from operations | 527 | (1,418) | 313 | 1,629 |
| Operating EBITDA | (640) | 406 | 379 | 821 | Capex | (244) | (770) | (284) | (210) |
| Operating EBIT | 177 | 412 | 1,017 | 1,541 | Proceeds from assets sales | 24 | 49 | 32 | 13 |
| Interest income | 233 | 342 | 288 | 315 | Cash flow from investing activities | (220) | (720) | (251) | (197) |
| Financial expense | (119) | (121) | (77) | (101) | New share issuance | - | 22 | 308 | 647 |
| Net other income | 50 | 41 | 48 | 44 | Net borrowings | 1,107 | 2,427 | 1,278 | (139) |
| Income from associates & JVs | - | - | - | - | Other financing cash flow | 1 | 2 | - | 75 |
| Pre-tax profit | 146 | 541 | 1,046 | 1,564 | Dividends paid | - | - | - | - |
| Tax expense | (116) | (31) | (178) | (240) | Cash flow from financing activities | 1,108 | 2,142 | 1,586 | 583 |
| Profit after tax | 30 | 510 | 869 | 1,324 | Cash and equivalents at beginning of period | 647 | 597 | 602 | 1,740 |
| Minority interest | - | - | - | - | Total cash generated | 1,415 | 4 | 1,138 | 2,015 |
| Net profit | 30 | 510 | 869 | 1,324 | Cash and equivalents at the end of period | 597 | 602 | 1,740 | 3,755 |
| Dividends paid | (0) | (0) | (308) | (647) | | | | | |
| Retained earnings | 30 | 510 | 561 | 677 | | | | | |
| | | | | | Key Ratios | Dec-23 | Dec-24 | Dec-25 | Dec-26 |
| Consolidated balance sheet | Dec-23 | Dec-24 | Dec-25 | Dec-26 | Revenue growth | -36.3% | 24.1% | 16.5% | 12.5% |
| Cash and equivalents | 597 | 602 | 1,740 | 3,755 | Operating EBITDA growth | 11.2% | -163.4% | -6.5% | 116.3% |
| Short term investments | 31 | 30 | 33 | 36 | Operating profit growth | 30.3% | 232.8% | 246.9% | 151.5% |
| Accounts receivable | 2,272 | 2,272 | 2,272 | 2,194 | Pretax profit growth | -61.7% | 270.5% | 93.4% | 49.4% |
| Accounts receivable | 9,702 | 9,702 | 10,706 | 10,204 | Net profit growth | -88.0% | 1600.0% | 70.3% | 52.4% |
| Total current assets | 14,456 | 14,164 | 16,246 | 17,808 | EPS growth | -89.3% | 1575.2% | 66.2% | 41.7% |
| Gross PPE | 3,914 | 3,915 | 3,583 | 3,085 | Growth rates | | | | |
| Construction in progress | 663 | 664 | 730 | 730 | Gross margin | 9.7% | 10.8% | 11.2% | 11.8% |
| Property Investment | - | - | - | - | EBIT margin | 3.7% | 1.7% | 4.2% | 4.9% |
| Investment in subsidiaries | 1 | 1 | 1 | 1 | Net profit margin | 0.1% | 1.3% | 1.9% | 2.6% |
| Investment in JVs and associates | - | - | - | - | ROAE | 0.3% | 4.7% | 7.2% | 9.8% |
| Other long-term asset | - | - | - | - | ROAA | 0.2% | 2.6% | 4.1% | 5.9% |
| Other long-term asset | 5,388 | 5,397 | 4,967 | 4,470 | ROIC | 0.2% | 3.1% | 4.9% | 7.0% |
| Tổng tài sản | 19,844 | 19,561 | 21,213 | 22,278 | Efficiency | | | | |
| | | | | | Asset turnover | 1.6 | 2.0 | 2.2 | 2.3 |
| Short-term debt | 2,936 | 5,364 | 5,663 | 5,514 | Total debt to equity | 27.2% | 49.2% | 46.7% | 41.0% |
| Accounts payable | 2,885 | 2,329 | 2,607 | 2,468 | Net debt to equity | 21.7% | 43.7% | 32.4% | 13.1% |
| Other current liabilities | 504 | 739 | 607 | 623 | Net debt to assets | 11.8% | 24.3% | 18.5% | 7.9% |
| Total current liabilities | 6,325 | 8,432 | 8,877 | 8,605 | Interest coverage ratio (x) | 0.9 | 3.1 | 4.4 | 6.5 |
| Total long-term debt | - | - | - | - | Balance sheet analysis | | | | |
| Other liabilities | 16 | 16 | 17 | 20 | Days account receivable | 26.2 | 21.1 | 18.1 | 15.6 |
| Total non-current liabilities | 16 | 16 | 17 | 20 | Days inventory | 123.9 | 101.1 | 96.2 | 82.0 |
| Total liabilities | 2,952 | 5,380 | 5,680 | 5,534 | Days creditor | 36.8 | 24.3 | 23.4 | 19.8 |
| Share capital | 6,160 | 6,160 | 6,468 | 7,115 | Liquidity | | | | |
| Additional paid-in capital | 157 | 157 | 157 | 157 | Current ratio | 2.2 | 1.6 | 1.8 | 2.0 |
| Treasury shares | - | - | - | - | Quick ratio | 0.7 | 0.5 | 0.6 | 0.9 |
| Retained earnings reserve | 4,369 | 4,528 | 5,440 | 6,116 | Cash ratio | 0.1 | 0.1 | 0.2 | 0.4 |
| Other reserves | 78 | 50 | 50 | 50 | | | | | |
| Shareholders' equity | 10,780 | 10,897 | 12,117 | 13,438 | Valuations | | | | |
| Minority interest | 16 | 1 | 2 | - | EPS | 49 | 828 | 1,376 | 1,949 |
| Total equity | 10,780 | 10,897 | 12,117 | 13,438 | BVPS | 17,475 | 17,687 | 18,731 | 18,888 |
| Total liabilities & equity | 19,844 | 19,561 | 21,213 | 22,278 | P/E | 410.7 | 24.2 | 14.9 | 10.8 |
| | | | | | P/B | 1.1 | 1.1 | 1.1 | 1.1 |

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| | |
|--------|--|
| ADD | The stock can generate a profitability of 15% or more |
| HOLD | The stock can generate a profitability of between -15% and 15% |
| REDUCE | The stock can generate a loss of 15% or more |

Sector rating

| | |
|----------|---|
| POSITIVE | Industry stocks have Add recommendations on a weighted market capitalization basis |
| NEUTRAL | Industry stocks have Hold recommendations on a weighted market capitalization basis |
| NEGATIVE | Industry stocks have Reduce recommendations on a weighted market capitalization basis |

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