

Hoa Phat Group (HPG)

Growth beating market consensus

3Q26 - Solid domestic demand, expanding exports

- Hoa Phat's 3Q26 consolidated financial statements recorded revenue and gross profit of VND62.2tn (+71% yoy) and VND11.92tn (+96% yoy), respectively.
 - o **Steel segment:** Revenue continued to grow strongly year on year to VND60.4tn, +74% yoy.

- **Steel sales volume** in 3Q26 reached ~4.14 million tons, +47.8% yoy (Figure 7), thanks to new capacity added by the Dung Quat 2 plant since late 4Q25, which significantly increased HRC production capacity.

The domestic market continued to grow positively, +28% yoy and -3% qoq, to 3.06 million tons, driven by: (a) supply from real estate projects launched in prior quarters coming to market, and (b) higher freight rates, which have lifted domestic HRC demand since 2Q26.

Notably, *exports* posted another positive quarter, up 163% yoy and 64% qoq to 1.08 million tons, thanks to stronger exports to Asian, American and Australian markets (Figure 8).

	3Q26	2Q26	3Q25	QoQ	YoY
Consolidated Rev.	62,214	55,159	36,407	13	71
- Steel	60,362	53,436	34,671	13	74
- Agriculture	1,637	1,523	2,031	8	(19)
- Real estate	215	89	464	142	(54)
Consolidated gross profit	11,922	10,488	6,087	14	96
- Steel	10,070	9,915	5,541	2	82
- Agriculture	413	419	470	(2)	(12)
- Real estate	166	42	76	296	117
Gross margin	19.2	19.0	16.7	0.1	2.4
- Steel	16.7	18.6	16.0	(1.9)	0.7
- Agriculture	25.2	27.6	23.2	(2.3)	2.1
- Real estate	77.2	47.2	16.4	30.0	60.8
NPAT	8,265	6,424	4,012	29	106

Source: Company data, KISVN

12M rating **NON-RATED**

12M TP

Up/Downside

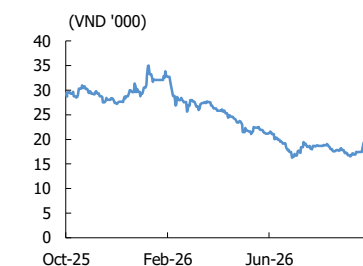
Stock Data

VNIndex (30 Oct, pt)	1,742
Stock price (30 Oct, VND)	21,300
Market cap (USD mn)	6,872
Shares outstanding (mn)	8,443
52-Week high/low (VND)	26,248/20,050
6M avg. daily turnover (USD mn)	18.10
Free float / Foreign ownership (%)	82.0/21.7
Major shareholders (%)	
Tran Dinh Long & relationships	35.41
Dragon Capital	7.65
VOF Investment Limited	4.88

Performance

	1M	6M	12M
Absolute (%)	4.2	(15.2)	(11.9)
Relative to VNIndex (%p)	5.7	(10.6)	(20.1)

Stock price trend



Source: Bloomberg

Research Department

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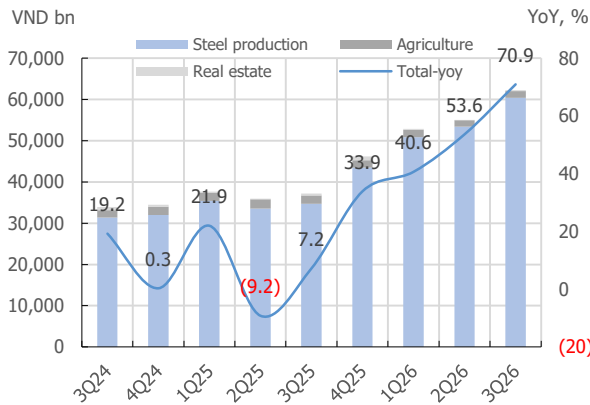
- **The average selling price (ASP)** of steel products was about VND14.6 mn per ton, up ~18% yoy and slightly up ~4% qoq (Figure 3). We believe the qoq price increase likely came from billet, which fetched good export prices in 3Q26.
- **Steel segment gross profit** was about VND10,070bn (+82% yoy), with a gross margin of 16.7%, down 1.5 ppt yoy and 1.9 ppt qoq. We believe the slight q/q margin decline came from a higher share of exports to Asian markets, which have the lowest margins among all markets, and a higher share of billet exports, which also carry the lowest margin among product groups.

Overall, however, although the margin declined slightly qoq, this is considered a positive signal as absolute gross profit grew strongly.

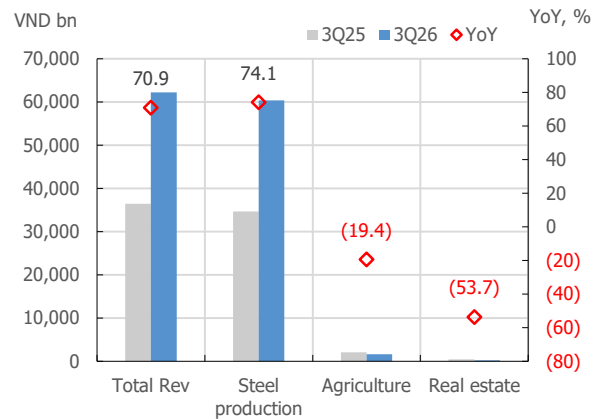
- **The Agriculture segment** recorded revenue and gross profit of VND1,637bn (-19% yoy) and VND413bn (-12% yoy), respectively.
- **The Real Estate segment** recorded revenue and gross profit of VND215bn (-54% yoy) and VND166bn (+117% yoy), respectively.
- Selling expenses remained high and rose sharply, +108% yoy to VND1,692bn, mainly due to higher export freight costs and outsourced expenses amid rising fuel prices and freight rates.
- Financial expenses continued to rise to VND2,135bn (+99% yoy, +11% qoq), likely due to higher interest rates, while total outstanding debt changed little during the period.
- As a result, NPAT was VND8,265bn, +106% yoy.

4Q26F to 1Q27F - A tougher outlook

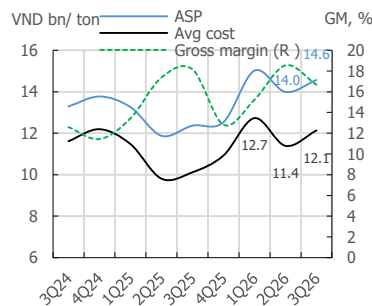
- 3Q26 results significantly exceeded our expectations, even though our estimates were already quite high relative to market consensus. However, over the next two quarters, we believe the current level of profit and gross margin will likely be hard to sustain, as domestic demand may face slight downside risk: high interest rates have begun to weigh on residential construction demand, and commercial projects risk slowing down after the 2025-2026 boom.

Figure 1. Revenue rose 71% yoy in 3Q26 ...


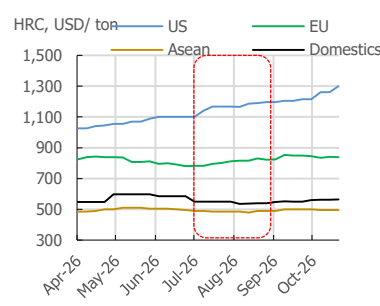
Source: Company Data, KISVN

Figure 2. ... with steel the main growth driver


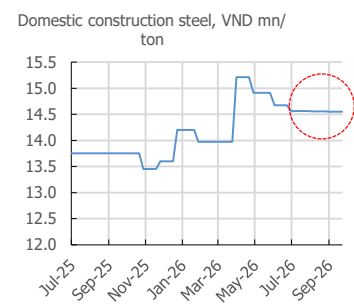
Source: Company Data, KISVN

Fig 3. ASP of steel products ~VND14.6mn per ton, up slightly 4% qoq


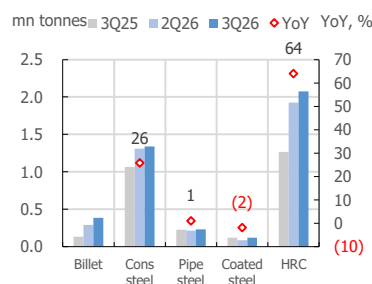
Source: Company Data, KISVN estimates

Fig 4. ... Although HRC prices in the markets ...


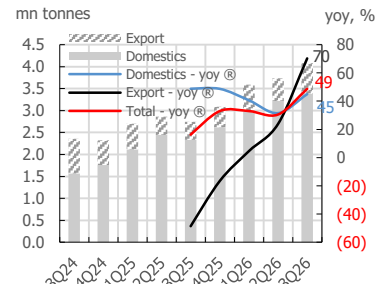
Source: Bloomberg, KISVN

Fig 5. ... and domestic construction steel both declined slightly qoq ...


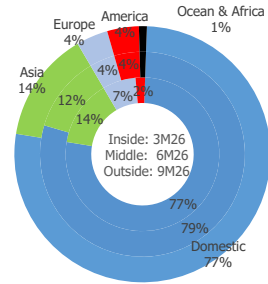
Source: FiinX, VSA, KISVN

Fig 6. ... We believe this likely came from billet, which fetched good export prices in 3Q26 - billet was the fastest-growing export product (qoq) in 3Q26


Source: Company data, VSA, KISVN

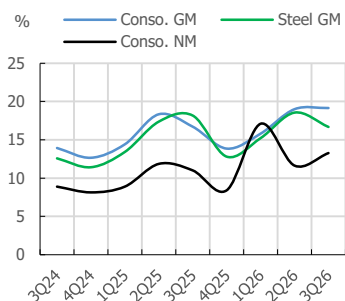
Fig 7. HPG's sales volume growth by market


Source: Company data, VSA, KISVN

Fig 8. HPG's sales volume breakdown by market


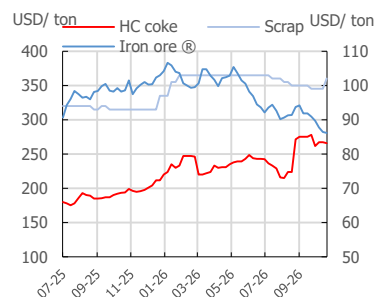
Source: Company data, KISVN

Fig 9. We believe the slight qoq gross margin decline came from a higher share of exports to Asian markets, which have the lowest margins among all markets, and a higher share of billet exports, which also carry the lowest margin among product groups



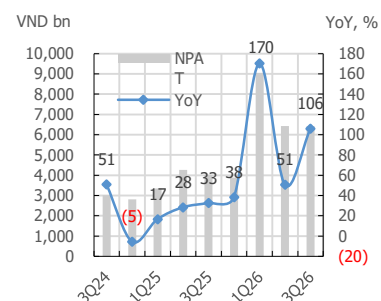
Source: Company data, KISVN

Fig 10. ... Input material price movements



Source: Bloomberg, KISVN

Fig 11. As a result, NPAT was VND8,265 billion, +106% yoy



Source: Company data, KISVN

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