true friend KIS Viet Nam Securities Corporation

Company Brief

5 Aug 2026

Hoa Phat Group (HPG)

Continued Growth Momentum

2Q26 - Solid Domestic Market, Rising Exports

- Hoa Phat's consolidated FS for 2Q26 recorded revenue and gross profit reaching VND55.2tn (+54% yoy) and VND10.48tn (+59% yoy), respectively.
    - **Steel segment:** Continued to record strong revenue growth compared to the same period last year, reaching VND53.4tn (+59% yoy).
        - **Sales volume** of all steel product types in 2Q26 reached ~3.82 million tons (+35.5% yoy) (Figure 7), driven by new additional capacity from the Dung Quat 2 plant since the end of 4Q25, which significantly boosted HRC production capacity.

          The *domestic market* maintained positive growth of +31% yoy and +13% qoq, reaching 3.16 million tons, driven by: (a) the supply of real estate projects commenced in previous quarters, and (b) domestic galvanized steel manufacturers shifting to use more domestic HRC to replace Chinese HRC after Vietnam officially imposed anti-dumping duties (ADD) on HRC imports from China and India starting in late February 2025.

          Notably, *export activities* recorded positive growth compared to both the same period last year (+58.3% yoy) and the previous quarter (+10% qoq), reaching 662.6 thousand tons, thanks to more vibrant export activities to the Americas and Australia (Figure 8).

	2Q26	1Q26	2Q25	QoQ	YoY
Consolidated Rev.	55,159	52,901	35,911	4	54
- Steel	53,436	50,859	33,530	5	59
- Agriculture	1,523	1,763	2,240	(14)	(32)
- Real estate	89	278	139	(68)	(36)
Consolidated gross profit	10,488	8,365	6,590	25	59
- Steel	9,915	7,745	5,827	28	70
- Agriculture	419	453	679	(7)	(38)
- Real estate	42	166	83	(75)	(49)
Gross margin	19.0	15.8	18.4	3.2	0.7
- Steel	18.6	15.2	17.4	3.3	1.2
- Agriculture	27.6	25.7	30.3	1.9	(2.8)
- Real estate	47.2	59.8	59.3	(12.6)	(12.0)
NPAT	6,424	9,056	3,350	(29)	92

Source: Company data, KISVN

12M rating	**NON-RATED**
12M TP	
Up/Downside	

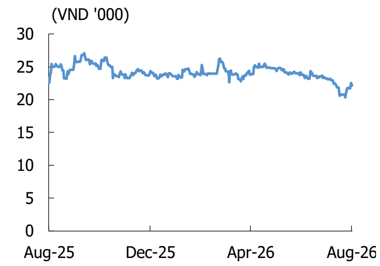
Stock Data

VNIndex (04 Aug, pt)	1,777
Stock price (04 Aug, VND)	22,150
Market cap (USD mn)	7,117
Shares outstanding (mn)	8,443
52-Week high/low (VND)	27,096/20,350
6M avg. daily turnover (USD mn)	32.65
Free float / Foreign ownership (%)	82.0/21.5
Major shareholders (%)	
Tran Dinh Long & relationships	35.41
Dragon Capital	7.65
VOF Investment Limited	4.88

Performance

	1M	6M	12M
Absolute (%)	(4.7)	(12.3)	(1.9)
Relative to VNIndex (%p)	(0.6)	(12.8)	(20.6)

Stock price trend



Source: Bloomberg

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- **The average selling price** (ASP) of steel products was approximately VND13.99 million/ton, increasing by ~18% yoy or decreasing by ~7% qoq (Figure 3). The qoq decrease in selling prices, despite observed increases in listed HRC and construction steel prices in 2Q26, was driven, in our view, by an increased proportion of HRC and billet exports—which have lower selling prices—in the sales mix (Figures 4, 5, 6, 7).
- **Gross profit from the steel segment** reached VND9,915bn, with a gross profit margin of 18.6%, up 3.3 ppt qoq or 0.7 ppt yoy. The qoq improvement in the gross profit margin, in our view, stems from expanding economies of scale, which enhanced the efficiency of input material utilization (-11% qoq) and fixed costs per product (-7% qoq), despite average selling prices registering a decline in 2Q26 (-7% qoq) and benchmark input material prices generally remaining higher in 2Q26 compared to 1Q26 (Figure 10).

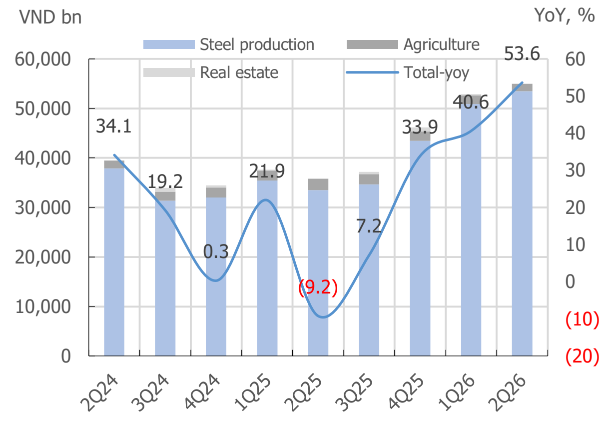
- **Agriculture segment:** Recorded revenue and gross profit of VND1,523bn (-32% yoy) and VND419bn (-38% yoy), respectively.
- **Real Estate segment:** Recorded revenue and gross profit of VND89bn (-36% yoy) and VND42bn (-49% yoy), respectively.

- Selling expenses spiked significantly by +108% yoy to VND1,718bn. This was primarily due to increased shipping/export costs and outsourced service expenses, driven by rising fuel prices and freight rates.
- Financial expenses continued to increase to VND1,926bn (+97% yoy or +3% qoq) due to higher borrowings and interest rates.
- As a result, NPAT reached VND6,424bn, up +50.6% yoy.

2H26F – More Challenging Outlook

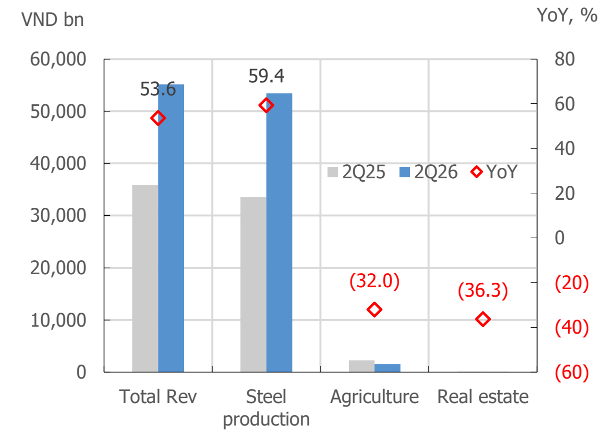
- 2Q26 business results are quite aligned with our expectations. However, entering 2H26F, we believe that current profit levels and gross profit margins are unlikely to be sustained as *(i)* the domestic market is forecasted to face stiffer competition, alongside un-improved export activities of galvanized steel enterprises, thereby impacting demand and profit margins for domestic products; and *(ii)* according to Bloomberg's forecasts, input material costs in 2H26F will be higher compared to late 2Q26 levels amid falling demand, posing another disadvantage for HPG's business outlook in 2H26F.

Figure 1. Revenue grew by 54% yoy in 1Q26 ...



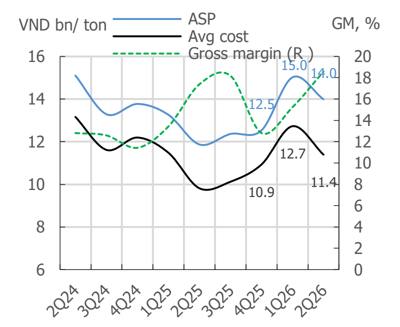
Source: Company Data, KISVN

Figure 2. ... Among them, the steel segment is the main growth driver



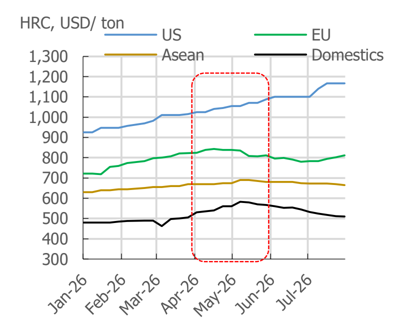
Source: Company Data, KISVN

Fig 3. ASP of steel products was approximately VND13.99 million/ton, ~7% qoq



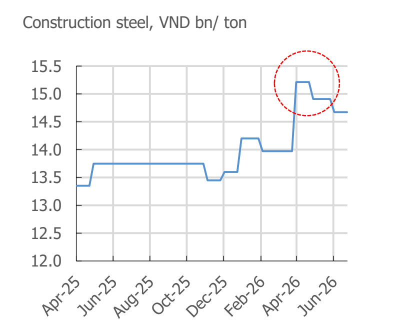
Source: Company Data, KISVN estimates

Fig 4. ... Despite observed increases in listed HRC ...



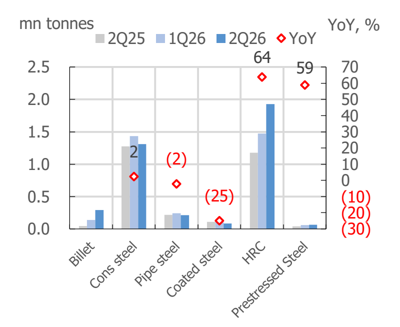
Source: Bloomberg, KISVN

Fig 5. ... and construction steel prices in 2Q26



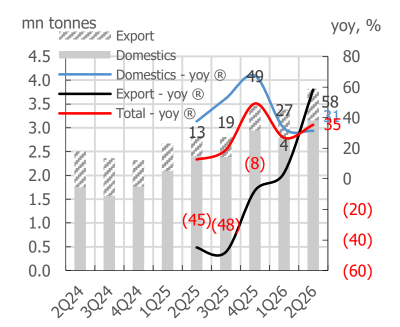
Source: FiinX, VSA, KISVN

Fig 6. ... Was driven, in our view, by an increased proportion of HRC and billet exports—which have lower selling prices—in the sales mix



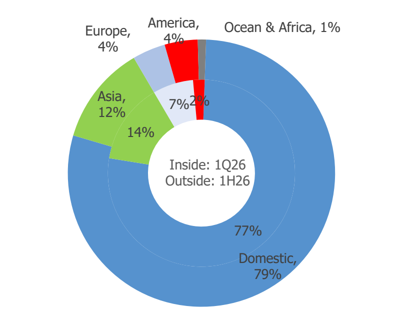
Source: Company data, VSA, KISVN

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

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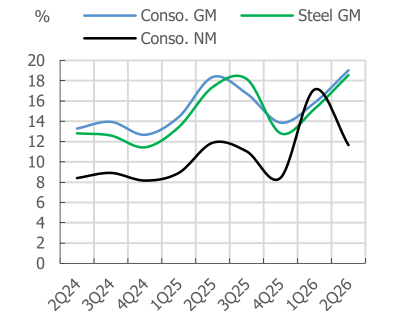
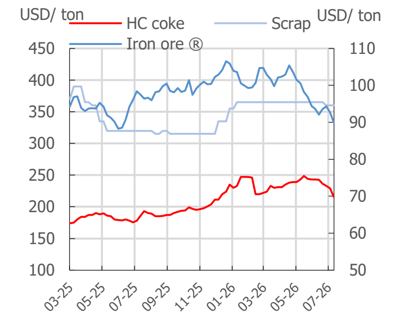
Fig 9. The qoq improvement in the gross profit margin, in our view, stems from expanding economies of scale, which enhanced the efficiency of input material utilization (-11% qoq) and fixed costs per product (-7% qoq) …



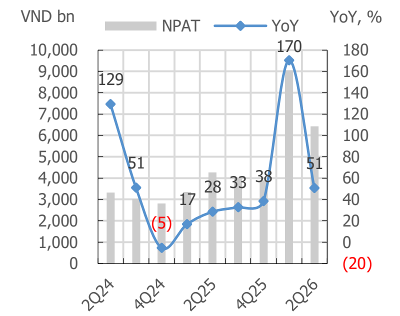
Source: Company data, KISVN

Fig 10. … Despite average selling prices registering a decline in 2Q26 (-7% qoq) and benchmark input material prices generally remaining higher in 2Q26 compared to 1Q26



Source: Bloomberg, KISVN

Fig 11. As a result, NPAT reached VND6,424bn, up +51% yoy



Source: Company data, KISVN

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