true friend KIS Viet Nam Securities Corporation

2H26 STEEL OUTLOOK

CHALLENGES

LESS POSITIVE

2H26F Steel Outlook
Challenges

Sector Outlook

NEGATIVE NEUTRAL POSITIVE

Global – Slight recovery from a low base

- **Global demand:** Two leading organizations, World Steel (+0.3% yoy) and the OECD (+0.4% yoy), maintain a slightly positive growth forecast for the full year 2026, despite a -1.5% yoy decline recorded in the first five months of the year. This indicates that both organizations remain optimistic about the steel industry's recovery in 2H2026F.

Vietnam – Domestic Market Risks Weigh on the Steel Sector

- **Overall sector:** For 2H2026F, we forecast total steel sales volume in Vietnam to grow by -3.3% yoy, categorized as follows:
- **Domestic market:** Forecasted at -5.6% yoy. We anticipate that rising interest rates will dampen demand in the residential construction sector, which typically accounts for 60-70% of domestic steel consumption. However, the accumulation of newly licensed real estate projects (4-quarter rolling: +65% yoy) and the Government's aggressive push for public investment (5M2026: +19% yoy; 2026 plan: +28% yoy) will serve as buffers to mitigate the downside risks from the household construction segment.
- **Exports**: In 2H2026F, we project total steel exports from Vietnam to achieve growth of +1.0-2.0% yoy, driven by the following expectations:
  - i. Exports to the US market continue to show signs of recovery.
  - ii. Exports to ASEAN markets are expected to maintain positive growth, albeit at a slower pace compared to the first few months of the year.
  - iii. Exports to the EU are forecasted to continue declining in 2H2026F as the EU's quota policy, effective from July 1, 2026, imposes tighter restrictions on imports of galvanized steel sheets and steel pipes from third countries. Nevertheless, a bright spot remains as HRC (Hot Rolled Coil), construction steel, and steel billets remain largely unaffected by this new quota policy.
- **Input costs:** We estimate that steel production costs for Vietnamese enterprises may increase by 1-2% in 2H2026F.
- **Export selling prices**: Despite the estimated slight rise in production costs, economic organizations project a decline in steel export prices in the US, EU, and China in 2H2026F, primarily due to falling energy costs and the persistence of oversupply.
- **Domestic selling prices & profit margins**: Overall, these will face headwinds compared to the trend in input costs, as factory capacity utilization is expected to decline due to the sluggish domestic market and slow export growth.

Company Outlook

- HPG [NON-RATED] : Projected NPAT for 3Q/ 4Q/ 2H26F is 3,603/ 3,460/ 7,063 VNDbn, respectively, representing -10%/ -11%/ -11% yoy.
- NKG [NON-RATED] : Projected NPAT for 3Q/ 4Q/ 2H26F is -2/ -39/ -40 VNDbn.
- GDA [NON-RATED] : Projected NPAT for 3Q/ 4Q/ 2H26F is -10/ -35/ -45 VNDbn.

STEEL SECTOR WATCHLIST

Table 1. Steel sector watchlist

Ticker	Rating	Target price	Upside	3Q26F NPAT		4Q26F NPAT		2026F NPAT		2026F ROE	Fw 26F PE	Fw 26F PB	DY
		VND/share	%	VND bn	yoy, %	VND bn	yoy, %	VND bn	yoy, %	%	x	x	%
HPG	NON - RATED	-	-	3,603	(10)	3,460	(11)	20,381	31	14.9	9.6	1.3	2.0
NKG	NON - RATED	-	-	(2)	(104)	(39)	#NA	29	(85)	(3.0)	Negative	0.8	1.9
GDA	NON - RATED	-	-	(10)	(112)	(35)	(196)	53	(80)	8.4	6.3	0.6	7.4

Source: Bloomberg, KISVN estimates

2H26F Steel Outlook

Challenges

I. Sector Outlook

1. Global – Slight recovery from a low base

2. Vietnam – Domestic market risks weigh on the sector

2H26F - Global steel demand forecast to improve

Figure 1. Steel demand forecast to improve in 2H26F

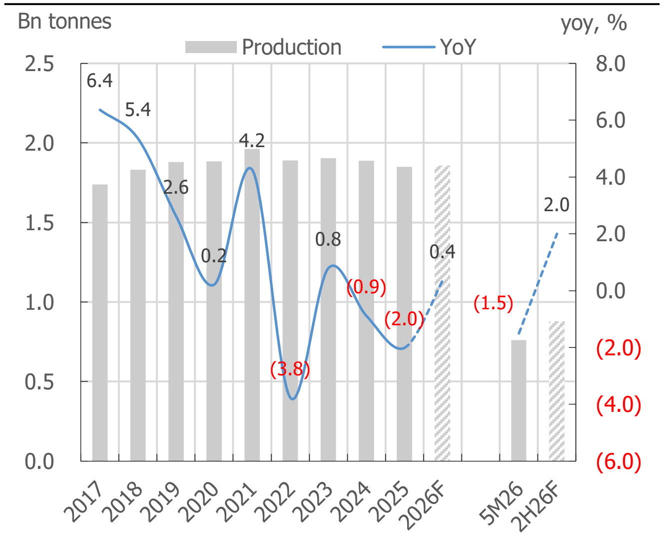
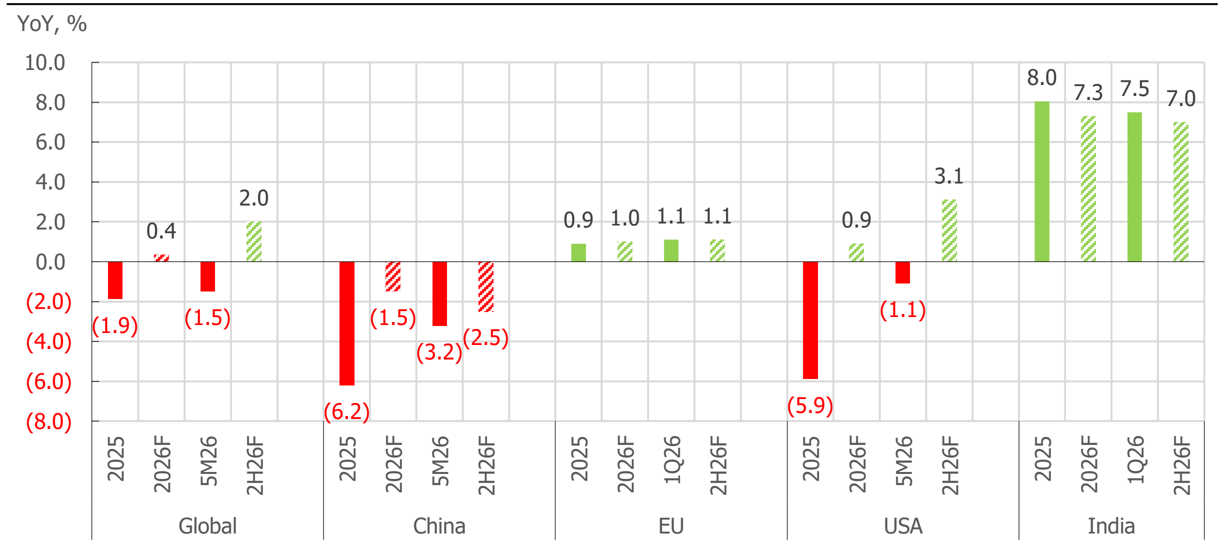


Figure 2. Growth forecast for major regions' steel demand in 1H26 and 2H26F



Source: WSA, OECD, S&P Global, Bloomberg, HSBC, JPMorgan, KISVN compilation

Global: In its latest report (April 2026), the World Steel Association forecasts global steel output growth of +0.3% yoy, a downward revision of 1.0ppt from the +1.3% yoy growth projected in its previous report (December 2025). Meanwhile, in a separate report on the global steel industry outlook published in June 2026, the OECD forecasts growth of +0.4% yoy. Overall, both leading organizations still expect slightly positive growth for full-year 2026, despite a -1.5% yoy decline recorded in the first five months of the year. This suggests both organizations remain confident that the steel industry will turn more optimistic in 2H26F (Figure 1).

China: 5M26 data continues to show weakness, with growth of -3.2% yoy — notably worse than the -0.7% to -1.0% yoy forecast at the start of the year. Forecasts suggest this negative growth trend is likely to persist through 2H26F (Figure 2, Table 1).

India: Growth forecasts made at the start of the year for India's steel demand remain largely on track. In 1Q26, India's steel demand growth is estimated at +7.5% yoy, and is expected to hold at 7.0–7.5% yoy in 2H26F, driven mainly by India (+9.0% yoy), supported by urbanization and industrial development.

EU: According to Eurofer, EU steel demand returned to growth in 3Q25 after 10 consecutive months of decline. Growth in 1Q26 is estimated at 1.0%, with 2H26F growth forecast at 1.0–1.1%.

US: According to AISI US data, US steel demand growth remained at -3.7% yoy, marking five consecutive quarters of decline. However, positive growth returned in April and May 2026. Based on World Steel and OECD forecasts, US growth in 2H26F is expected to reach +3.1% yoy.

2H26F - India, EU, US and ASEAN positive, while China forecast to continue declining

Table 1. International organizations' steel demand forecasts

Region	Institution		Demand growth	Growth drivers
Global	World Steel	12/2025	1.30%	WSA maintains a positive view on 2026F demand, driven by (1) a moderate recovery supported by sustained public infrastructure investment in major economies; and (2) gradual policy easing.
		04/2026	0.30%	Regional outlook: WSA expects: (1) China's steel demand decline to slow; (2) strong growth in developing economies such as India, Vietnam, Egypt and Saudi Arabia; (3) a continued recovery in Europe.
	OECD	06/2026	0.40%	Key challenges include: (1) high production costs; (2) prolonged pressure on consumer affordability; (3) rising trade tensions; and (4) continued geopolitical uncertainty.
China	World Steel	12/2025	-1.00%	China's demand decline slows as the property market bottoms out.
		04/2026	-1.50%	However, (1) manufacturing sector demand could weaken amid an unfavorable global trade environment, and (2) prolonged fiscal pressure on local governments could constrain infrastructure investment.
	BI		-0.70%	China's steel demand is forecast to keep declining as the economy shifts from property-driven growth toward high-value manufacturing and green technology. (1) Construction remains weak, with only a mild recovery; (2) Infrastructure investment is not enough to offset the property-sector decline; (3) Automotive and energy are the fastest-growing segments, supporting demand for higher-grade steel. Other note: Supply is expected to decline by 0.5% amid tighter capacity controls and the government's carbon-reduction policy direction.
	OECD	06/2026	-0.60%	
India	World Steel	12/2025	9.00%	Steel demand is growing strongly, driven by broad-based growth across all steel-consuming sectors.
		04/2026	7.30%	
	HSBC			Supply side: low-cost coal and iron ore, along with a supportive regulatory framework. Domestic demand: urbanization, infrastructure investment (especially transport), housing and industrial expansion.
	OECD	06/2026	6.70%	
ASEAN	World Steel	12/2025	4.00%	Growth driven by (1) economic growth and (2) steady construction and infrastructure investment activity.
	OECD	06/2026	3.50%	

2H26F - India, EU, US and ASEAN positive, while China forecast to continue declining

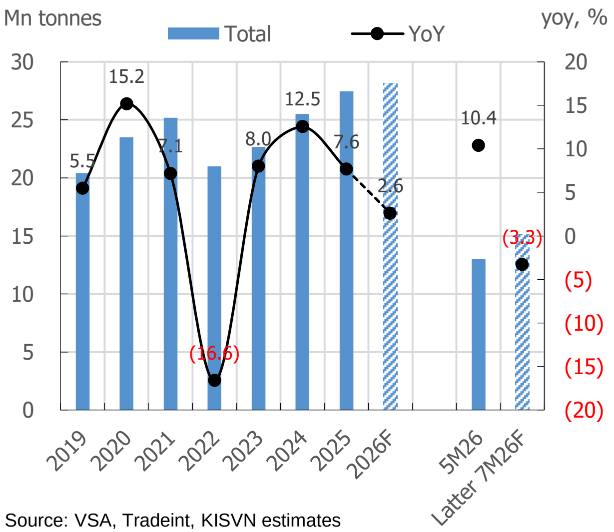
Table 1. International organizations' steel demand forecasts

Region	Institution		Demand growth	Growth drivers
Europe	World Steel	12/2025	3.20%	The long-awaited recovery in EU steel demand is expected to be driven by (1) higher infrastructure and defense spending; and (2) improving macro conditions, including lower inflation, easier credit, and rising real household income.
		04/2026	1.10%	
	BI		2.00%	(1) Lower interest rates supporting construction (2) Low inventories supporting early-year restocking (3) A recovery in the automotive and construction sectors, albeit selective (4) Growth in select niche segments (warehousing, aerospace, rail, defense), though not yet broad enough to lift the whole sector (5) High inflation and tight monetary policy remain headwinds. Other note: Tariffs will support domestic output through tighter import quotas.
	JPMorgan			Lower inflation, a cyclical tailwind. Cutting EU steel imports by more than 40% could push steel prices up by 10-15%.
	Eurofer		3.00%	Demand is recovering as industrial conditions improve and global tensions ease; however: (1) High tariffs and weak manufacturing are slowing the steel demand recovery; (2) Geopolitical tensions and macroeconomic headwinds; (3) Regional monetary easing is unlikely to provide a significant near-term boost.
	OECD	12/2025	1.40%	
US	World Steel	04/2026	1.80%	Modest but resilient growth, supported by (1) demand from residential construction and private investment, (2) easing financial conditions, and (3) reduced volatility.
	BI		3.00%	Demand from infrastructure investment, data-center construction and reshoring of manufacturing continues to provide support, while demand from the automotive and industrial manufacturing sectors is slowing.
	JPMorgan		0.90%	OBBB, deregulation and lower expected interest rates will support demand toward the end of 2026-2027. Seasonal restocking activity is supporting prices in 1H26.
	OECD	06/2026	0.60%	

Source: WSA, OECD, S&P Global, Bloomberg, HSBC, JPMorgan, KISVN compilation

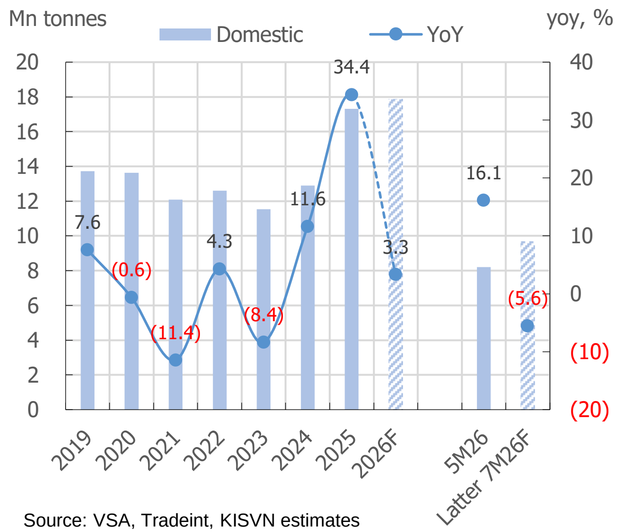
2H26F – Domestic market risks weigh on the sector

Figure 3. Forecast growth trend for Vietnam's steel sector



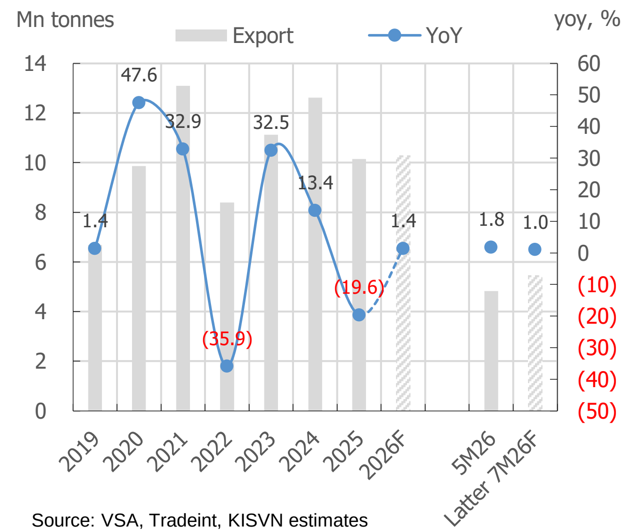
Source: VSA, Tradeint, KISVN estimates
Note: Includes both VSA members and non-members

Figure 4. Domestic consumption growth forecast to decline in 2H26F on weaker household construction



Source: VSA, Tradeint, KISVN estimates
Note: Includes both VSA members and non-members

Figure 5. Export growth forecast at +1.0-2.0% as the EU market shrinks while the US and ASEAN expand



Source: VSA, Tradeint, KISVN estimates
Note: Includes both VSA members and non-members

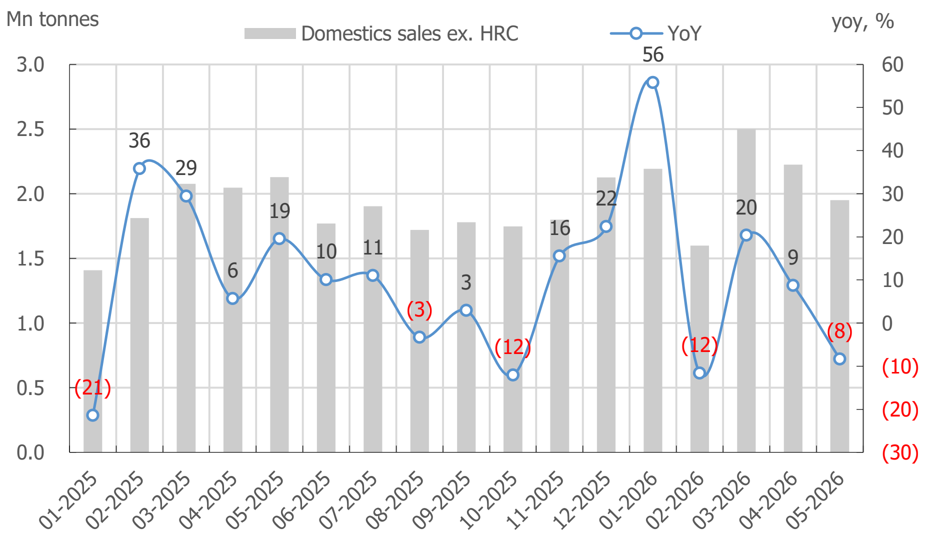
In 5M2026, total sales volume for Vietnam's steel industry grew by approximately **+10.4% yoy**. Growth continued to be driven by the domestic market (+16.1% yoy), supported by: *(i)* low interest rates, *(ii)* active development of commercial housing projects, and *(iii)* the Government's determined public investment push. Meanwhile, exports grew only **+1.8% yoy**, driven by higher HRC export volumes from the Dung Quat plant to Southeast Asian markets and the US, alongside Vietnamese firms' efforts to expand coated-steel exports to ASEAN markets (Figures 3, 4, 5).

In 2H26F, we forecast total sales volume for Vietnam's steel industry to grow **-3.3% yoy**, mainly due to a forecast **-5.6% yoy** decline in *the domestic market*, as we expect rising interest rates to dampen residential construction demand — which accounts for 60-70% of domestic steel demand — while commercial housing development and public investment continue to grow favorably. *For exports*, we estimate growth will slow to **+1.0% yoy** in 2H26F, mainly due to declines in coated products, pipes and stainless steel in the EU and other markets (outside the EU, US and Southeast Asia) amid protectionist policies. However, we remain optimistic about export growth to the US market in 2H26F, and exports to Southeast Asian markets remain favorable.

For 2026F, we forecast sector-wide, domestic and export growth of **+2.6%/ +3.3%/ +1.4% yoy**, respectively.

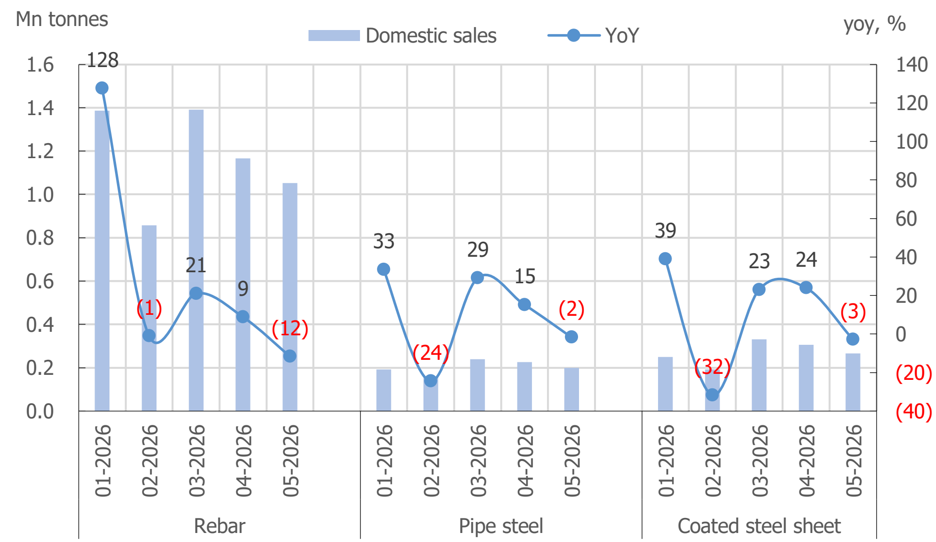
5M26 – Still growing well, but some early warning signs of a slowdown have emerged

Figure 6. 5M26 domestic steel consumption volume still growing well, though the trend is slowing



Source: VSA, FiinPro-X, KISVN

Figure 7. Products geared toward the domestic market — construction steel, coated steel and steel pipe — all posted negative growth in May 2026



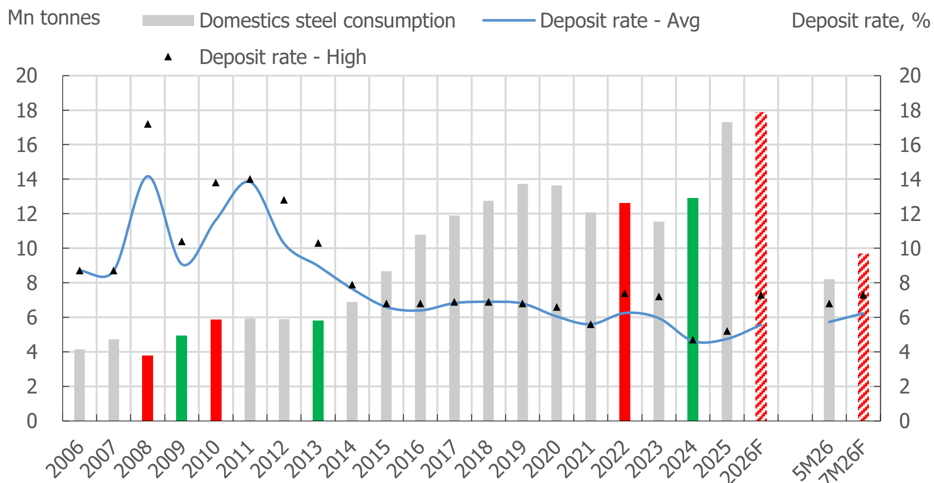
Source: VSA, FiinPro-X, KISVN

In 5M2026, according to VSA data, although domestic steel consumption volume still posted favorable growth of **+16.1% yoy**, this growth rate has been slowing since March 2026 and turned **negative** in May 2026 (March 2026: +22% yoy, April 2026: +12% yoy, May 2026: -9% yoy, Figure 6).

Notably, (i) products geared specifically toward the domestic market — construction steel (-19% yoy), coated steel (-33% yoy) and steel pipe (-2% yoy) — all posted negative growth (Figure 7). (ii) Cement consumption shows a **similar declining trend**, though from a **more negative starting point** (Jan-Feb 2026: +46.7% yoy, Mar 2026: -4.8% yoy, Apr 2026: -1.6% yoy). **This suggests that the risk of rising interest rates and higher construction costs has begun to weigh on overall domestic construction demand, particularly in residential construction**, even though data on permits issued for commercial housing projects remains fairly strong (4Q25: +222% yoy and 1Q26: +96% yoy) and public investment activity remains favorable (5M26: +19% yoy).

2H26F – Downside risk from weaker household construction, while project construction and public investment remain positive

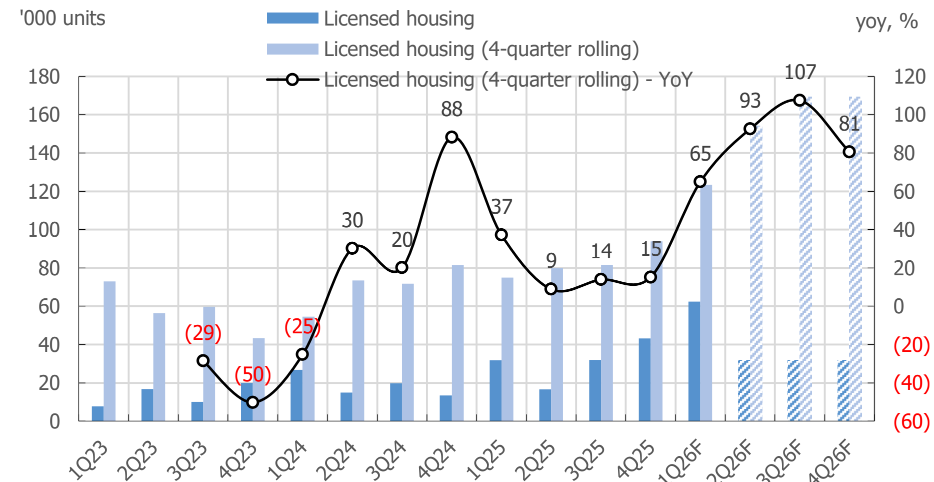
Figure 8. Steel demand forecast to face greater pressure in 2H26F, particularly household construction, which reacts quickly to interest rates and construction costs and accounts for a high share (~60-70%) of domestic steel demand



Source: VSA, FiinPro-X, KISVN estimates

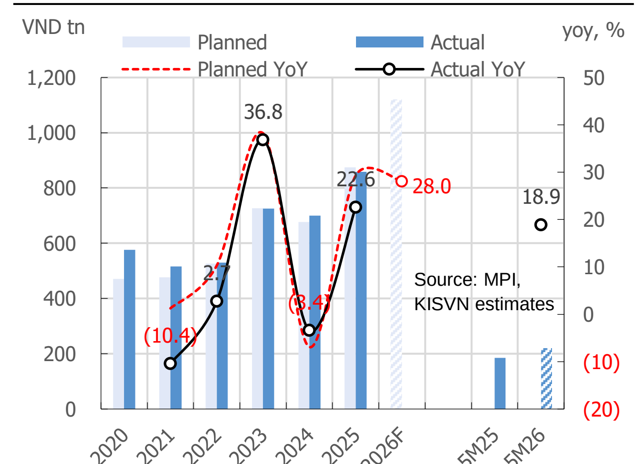
Note: Red bars denote years when interest rates began rising sharply

Figure 9. The number of real estate projects granted construction permits continued to grow well over the past 4 quarters (4-quarter cumulative +65% yoy) ….



Source: Ministry of Construction, VSA, KISVN estimates

Figure 10. … And the Government's determined push on public investment (5M26: +19% yoy, 2026 plan: +28% yoy) will be two cushions absorbing some of the downside pressure from household construction



Source: MPI, KISVN estimates

In 2H26F, we forecast the negative domestic sales volume growth trend that began in May 2026 is likely to continue into 2H26, with domestic steel consumption volume growth of **-5.6% yoy**, as we believe:

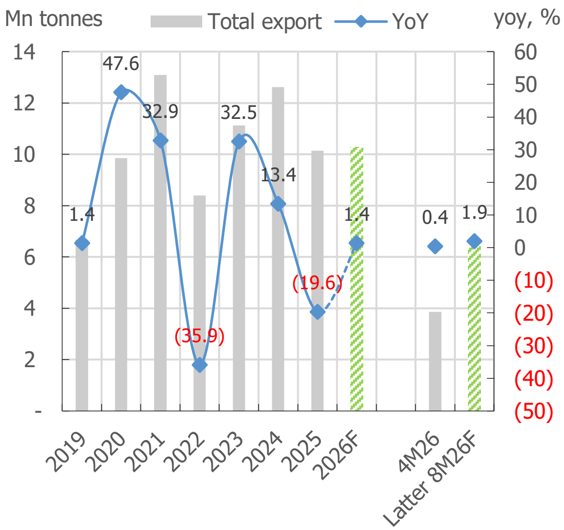
- Historical data show that, looking at the full year in years when interest rates first began rising, steel output generally still maintained growth (2008, 2010, 2022). However, there was a divergence within the year: (i) in the first six months after rates began rising, steel demand still generally posted fairly good growth, while (ii) the slowdown trend continued in the following months (Figure 8).

  In 2026, interest rates began reversing upward again from January 2026, and we therefore forecast steel demand could face greater pressure in 2H26F, particularly in household construction, which reacts quickly to interest rates and construction costs and accounts for a high share (~60-70%) of domestic steel demand.

- The number of real estate projects granted construction permits continued to grow well over the past 4 quarters (4-quarter cumulative +65% yoy, Figure 9), and the Government's determined push on public investment (5M26: +19% yoy, 2026 plan: +28% yoy, Figure 10) will continue to be two cushions absorbing some of the downside risk from household construction.

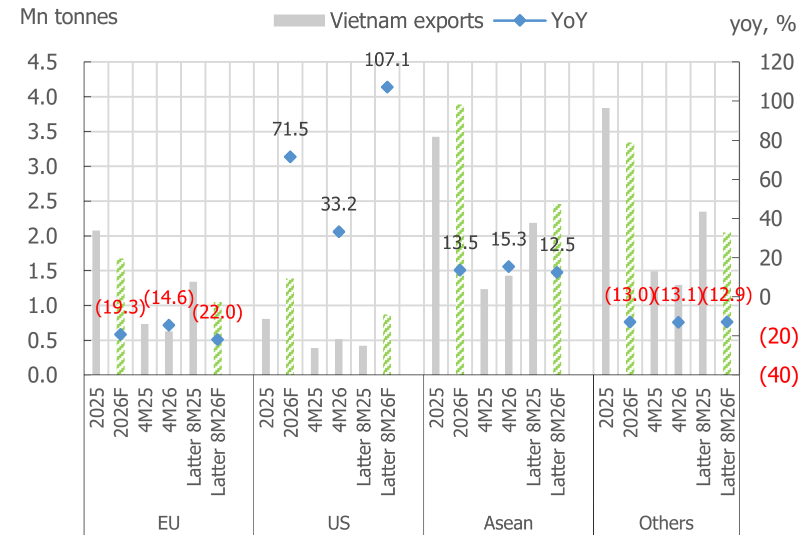
4M26 – EU remains challenging, while the US and ASEAN expand

Figure 11. Vietnam's exports in 4M26 and 2H26F forecast



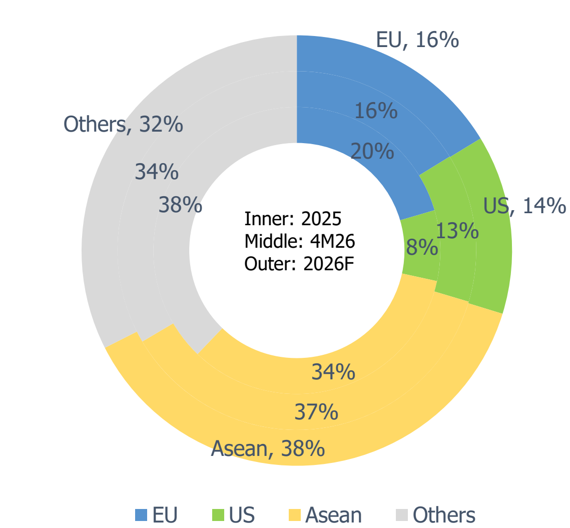
Source: VSA, Tradeint, KISVN estimates
Note: Includes both VSA members and non-members

Figure 12. Vietnam exports 4M26 – EU challenging, while the US and ASEAN expand



Source: VSA, Tradeint, KISVN estimates
Note: Includes both VSA members and non-members

Figure 13. Export market share breakdown



Source: VSA, Tradeint, KISVN estimates
Note: Includes both VSA members and non-members

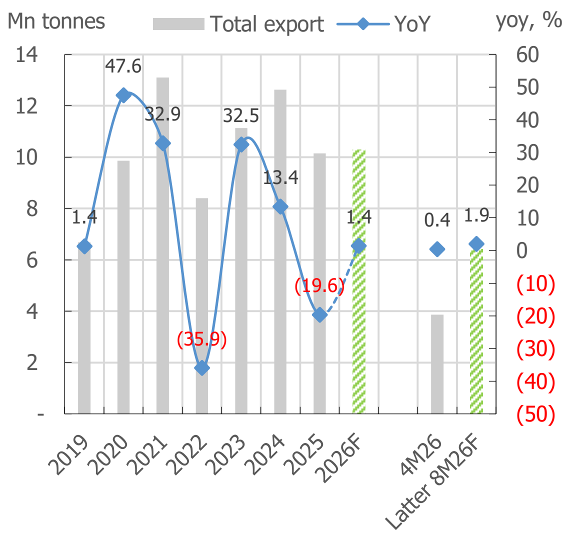
In 4M26, according to VSA and Customs Department (TCHQ) data, Vietnam's steel exports grew **+0.4% yoy** (Figures 11, 12, 13), supported by additional HRC volumes from the Dung Quat plant, alongside Vietnamese firms' efforts to expand coated-steel exports to Southeast Asian markets (+15.3% yoy) and the US (+33.2% yoy), where demand is estimated to have continued growing in 4M26. Meanwhile, exports to the EU market faced considerable headwinds (-14.6% yoy).

In addition, the data show that apart from HRC, which maintained positive growth (+43.9% yoy, Figure 15), other major steel product groups such as construction steel & billet (-8.2% yoy) and coated products, pipes or stainless steel (-6.8% yoy) all posted negative growth in 4M26, due to unfavorable US tariff policy in 2025 and the initial difficulties coated-steel producers faced in expanding into alternative markets to replace the EU — a market that carries risks from new quota policies effective from 01/07/2026 and potential future CBAM-related reimbursement risk if formally implemented.

2. Vietnam | Export

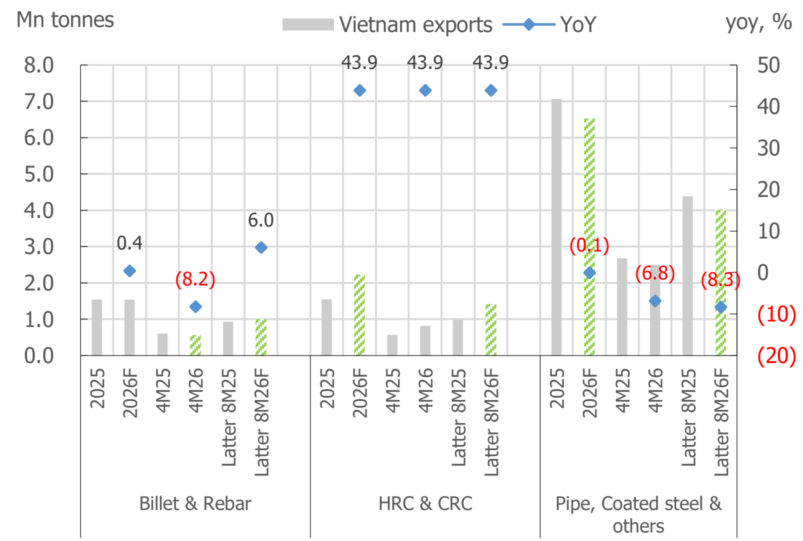
2H26F – Growth forecast at +1.0-2.0% yoy, current export trends expected to continue into 2H26

Figure 14. Vietnam's exports in 4M26 and 2H26F forecast



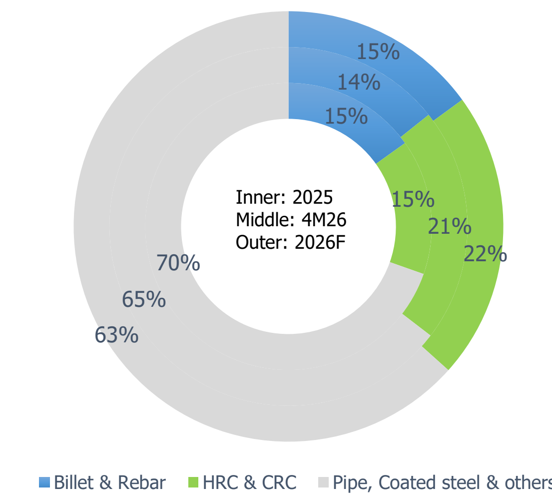
Source: VSA, Tradeint, KISVN estimates
Note: Includes both VSA members and non-members

Figure 15. Apart from HRC, which maintained positive growth, other major steel product groups such as construction steel, coated products & pipes, and stainless steel all posted negative growth in 4M26



Source: VSA, Tradeint, KISVN estimates
Note: Includes both VSA members and non-members

Figure 16. Product group share breakdown



Source: VSA, Tradeint, KISVN estimates
Note: Includes both VSA members and non-members

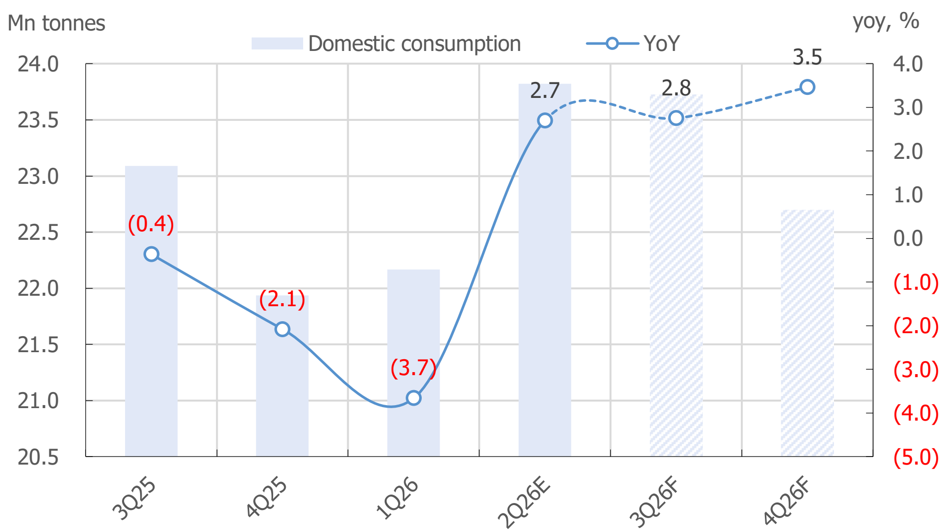
In 2H26F, we forecast Vietnam's total steel exports could achieve growth of **+1.0-2.0% yoy** (Figure 14), driven by the following expectations:

- Exports to the US market continue to show a recovery (slide 13);
- Exports to Southeast Asian markets are expected to maintain positive growth, though somewhat slower than in the early months of the year, as steel import growth in the region shows signs of slowing in April 2026 (slide 15);
- Exports to the EU market are forecast to continue declining in 2H26F as the EU's quota policy effective from 01/07/2026 further tightens export volumes of coated and pipe products from third countries. Even so, a bright spot is that HRC, construction steel and billet products have generally not yet been affected by this new quota policy (slide 14).

2. Vietnam | Export | US

2H26F – Positive on HRC and billet products, which are not subject to AD/CVD duties

Figure 17. US steel demand growth estimated positive at +3.1% yoy



Source: International Trade Administration (ITA), Bloomberg, KISVN estimates

- **In 1H26**, although Vietnam's steel exports to the US posted strong growth in 1Q26 (+87% yoy) and 2Q26 (+59% yoy, Table 2), with the increase mainly coming from HRC and billet — two products not subject to anti-dumping (AD) and countervailing (CVD) duties when imported into the US. In our view, this momentum stems from (i) a gradual recovery in US demand and (ii) Vietnamese billet producers facing excess capacity (as Dung Quat 2 comes online amid a weak EU market) and having to shift some output toward lower-priced products.
- **In 2H26F**, based on our analysis, these drivers are likely to remain largely unchanged, as US steel demand growth could reach +3.1% yoy (interpolated from international organizations' forecasts and 5M26 US steel consumption data, Figure 17), while the oversupply situation at Vietnamese billet mills is expected to persist. Based on these arguments, we forecast Vietnam's steel export volume to the US market could be maintained at **300-350k tonnes/quarter** (Table 2).

Table 2. US steel demand and import supply, 2026F

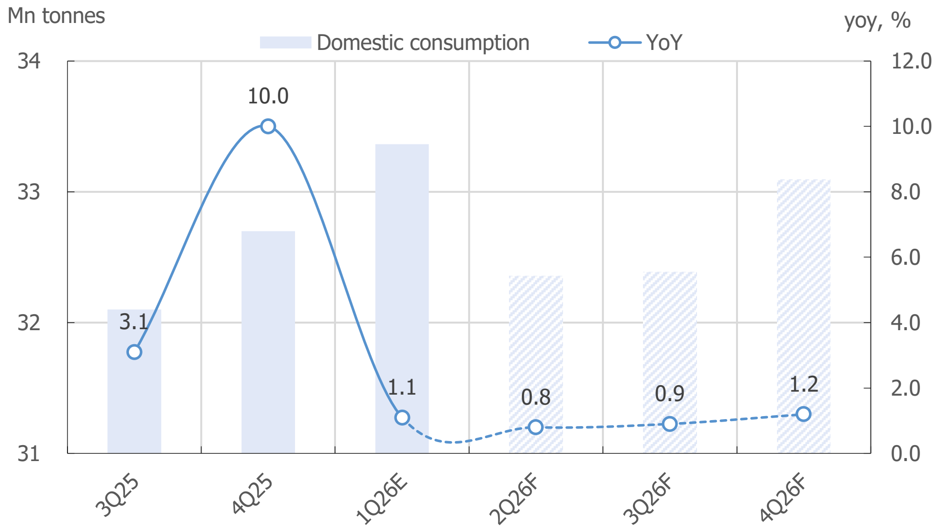
	Unit	3Q25	4Q25	1Q26	2Q26E	3Q26F	4Q26F	2026F
Domestic consumption	'000 tonnes	23,089	21,936	22,167	23,822	23,725	22,696	92,410
yoy	%	(0.4)	(2.1)	(3.7)	2.7	2.8	3.5	0.9
Imports								
Vietnam	'000 tonnes	184	174	285	440	327	300	1,352
yoy	%	(43.7)	(41.8)	86.7	59.0	77.5	71.9	71.5
Imports as % of total demand	%	0.80	0.79	1.29	1.85	1.38	1.32	1.46
Canada	'000 tonnes	830	728	662				
yoy	%	(40.5)	(47.9)	(55.1)				
Imports as % of total demand	%	3.6	3.3	3.0				
Brazil	'000 tonnes	676	725	649				
yoy	%	(37.9)	1.9	(51.0)				
Imports as % of total demand	%	2.9	3.3	2.9				
South Korea	'000 tonnes	681	417	801				
yoy	%	1.1	(16.4)	14.2				
Imports as % of total demand	%	3.0	1.9	3.6				
Mexico	'000 tonnes	541	415	500				
yoy	%	(0.2)	(52.8)	(51.7)				
Imports as % of total demand	%	2.3	1.9	2.3				
Other countries	'000 tonnes	2,238	2,035	1,736				
yoy	%	(1.4)	(7.8)	(27.9)				
Imports as % of total demand	%	9.7	9.3	7.8				

Source: ITA, Bloomberg, Tradeint, KISVN estimates

2. Vietnam | Export | EU

2H26F – Downside pressure from the new quota policy

Figure 18. EU steel demand growth estimated at +1.0-1.1% yoy



Source: Eurostat, Eurofer, KISVN estimates

- **In 2H26F,** according to Eurofer's forecast, EU steel demand growth could reach +1.0-1.1% yoy (Figure 18). However, exporters from outside the EU are not expected to benefit — on the contrary, most will face lower export volumes due to the new quota policy effective from 01/07/2026.
- For Vietnamese steel exporters, the new quota policy has significantly different impacts by product group, specifically:
  - **For HRC products, the new quota policy has almost no impact on Vietnamese exporters**, as the EU still grants Vietnam a quota of 414,972 tonnes for HRC, boxed CRC steel and wind-tower steel (HS codes 7208, 7211.13-14-19, 7225.30-40 and 7226.19-91). Overall, this volume is generally sufficient for Vietnamese steel exporters, as in 2025 and 1Q26 we exported these products at approximately ~350k tonnes and 420-450k tonnes (annualized), respectively,
  - **Billet and construction steel products are not yet subject to quotas,**
  - **While exporters of coated products, pipes and stainless steel are expected to face greater difficulties** as the quota is tightened to around 50% and the out-of-quota tariff reaches up to 50%.

Table 3. EU steel demand and import supply from outside the EU, 2026F

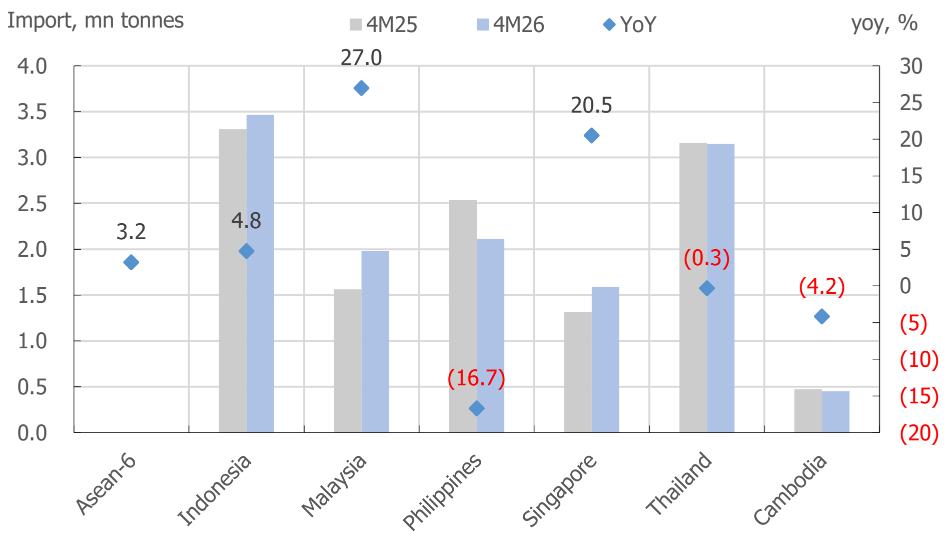
	Unit	3Q25	4Q25	1Q26E	2Q26F	3Q26F	4Q26F	2026F
Domestic consumption	'000 tonnes	**32,100**	**32,700**	**33,363**	**32,357**	**32,389**	**33,092**	**131,201**
yoy	%	3.1	10.0	1.1	0.8	0.9	1.2	1.0
Imports								
Vietnam	'000 tonnes	**540**	**554**	**556**	**556**	**390**	**390**	**1,891**
yoy	%	*(19.2)*	*(9.6)*	*(19.6)*	*(0.8)*	*(27.8)*	*(29.6)*	*(19.3)*
Imports as % of total demand	%	*1.7*	*1.7*	*1.7*	*1.7*	*1.2*	*1.2*	*1.4*
South Korea	'000 tonnes	**692**	**719**					
yoy	%	*4.1*	*(7.5)*					
Imports as % of total demand	%	*128.1*	*129.8*					
India	'000 tonnes	**527**	**829**					
yoy	%	*(23.3)*	*77.2*					
Imports as % of total demand	%	*76.2*	*115.2*					
Taiwan	'000 tonnes	**359**	**352**					
yoy	%	*(33.4)*	*(14.9)*					
Imports as % of total demand	%	*68.2*	*42.5*					
Turkey	'000 tonnes	**716**	**903**					
yoy	%	*(4.9)*	*35.0*					
Imports as % of total demand	%	*199.3*	*256.4*					
China	'000 tonnes	**646**	**1,127**					
yoy	%	*61.5*	*183.3*					
Imports as % of total demand	%	*90.3*	*124.9*					
Other countries	'000 tonnes	**3,123**	**5,137**					
yoy	%	*19.0*	*98.0*					
Imports as % of total demand	%	*483.2*	*455.8*					

Source: Eurostat, Eurofer, Tradeint, KISVN estimates

- Based on the above analysis, we estimate Vietnam's steel exports to the EU market could be maintained at around **390k tonnes/quarter in 2H26F** (Table 3).

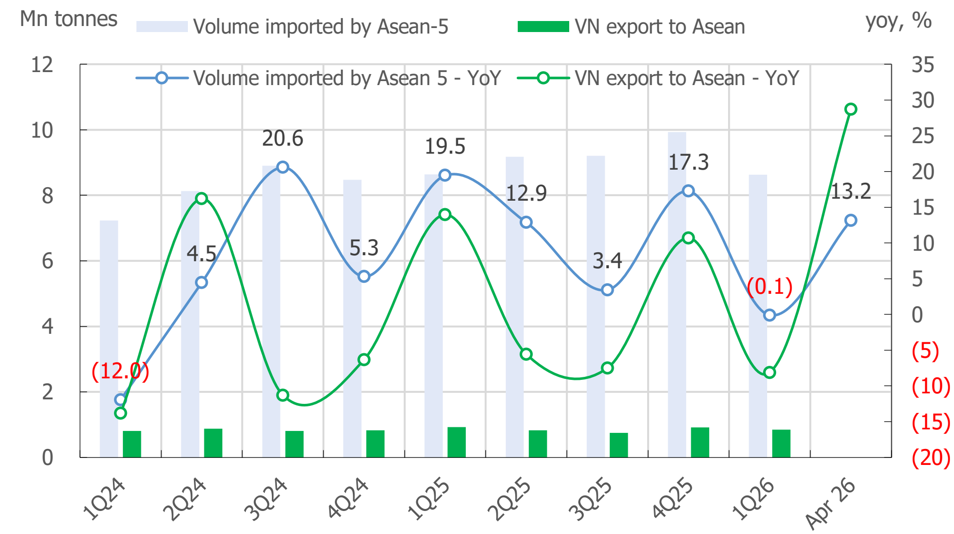
2H26F – Growth forecast to continue, but at a slower pace

Figure 19. Steel import trends of ASEAN countries in 4M26



Source: Bloomberg, KISVN estimates

Figure 20. Vietnam's steel exports to ASEAN countries posted growth of -8.1% yoy in 1Q26, before surging +28.7% yoy in April 2026, lifting 4M26 export growth to +15.3% yoy



Source: VSA, KISVN estimates

In 4M26, according to VSA data, Vietnam's steel exports to ASEAN countries posted growth of -8.1% yoy in 1Q26, but then surged +28.7% yoy in April 2026, lifting 4M26 export growth to **+15.3% yoy** (Figure 20), largely because these markets maintained growth in 4M26 (+3.2% yoy, Figure 19).

2H26F Forecast:

- It is difficult to forecast growth for the ASEAN-6 export group in 2H26, as most of these countries do not publish monthly or quarterly output or demand data that we could cross-reference against forecasts from organizations such as the OECD or World Steel.
- However, based on the interest-rate environment — one of the leading indicators alongside policy and public investment — among the countries driving 4M26 growth are Indonesia, Malaysia and Singapore. Indonesia raised its policy rate from 4.75% to 5.25% in May 2026, while Malaysia is still holding its policy rate at a very low 2.75%, though this country's government bond yields across tenors have begun rising since late February 2026. **We therefore expect steel imports into these ASEAN countries in 2H26F to still post growth, though lower than the 3.2% yoy seen in 4M26. On this basis, we believe Vietnam's steel exports to ASEAN markets will also be lower than the +15.3% recorded in 4M26.**

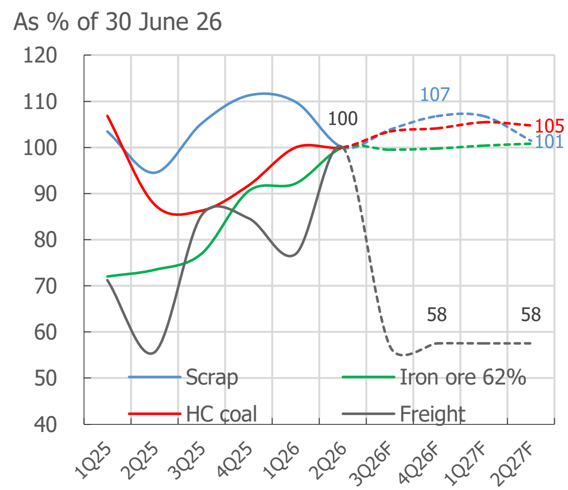
2H26F – Export prices forecast to fall faster than input costs

Table 4. Summary of Bloomberg input price forecasts

Input	Unit	1Q26	2Q26	3Q26F	4Q26F	1Q27F	2Q27F
US Scrap HMS	USD/ton	103	94	97	100	100	95
Iron ore 62%	USD/ton	224	243	242	243	244	245
H.C. coal	USD/ton	365	365	378	380	385	383
Dry freight	USD/ton	12	16	9	9	9	9
US Scrap HMS	as % of 2Q26	110	100	104	107	107	101
Iron ore 62%	as % of 2Q26	92	100	100	100	100	101
H.C. coal	as % of 2Q26	100	100	103	104	105	105
Dry freight	as % of 2Q26	77	100	57	58	58	58

Source: Bloomberg, KISVN compilation

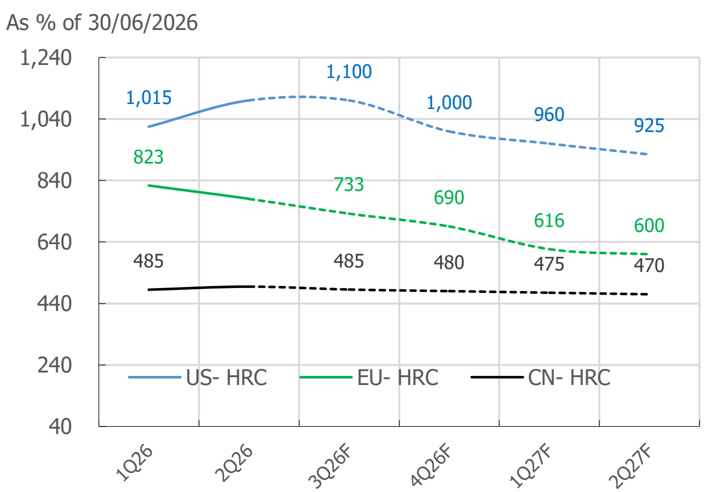
Figure 21. Input price movements versus end-2Q26



Input cost forecast to decline in 2H26F:

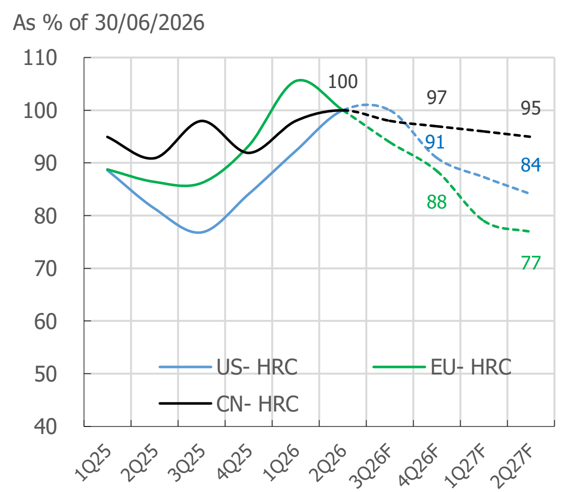
- According to forecasts from various institutions compiled by Bloomberg, relative to end-2Q26 levels, scrap steel and coking coal prices are generally forecast to rise in 2H26F, while iron ore is expected to stay flat and freight rates are forecast to fall sharply (Table 4, Figure 21).
- Based on this, we estimate Vietnamese steel producers' production costs could increase by a further 1-2% in 2H26F (Table 5).

Figure 22. Summary of Bloomberg's HRC price forecasts across global markets, generally trending lower in 2H26F



Source: Bloomberg, KISVN compilation

Figure 23. HRC price movements versus end-2Q26



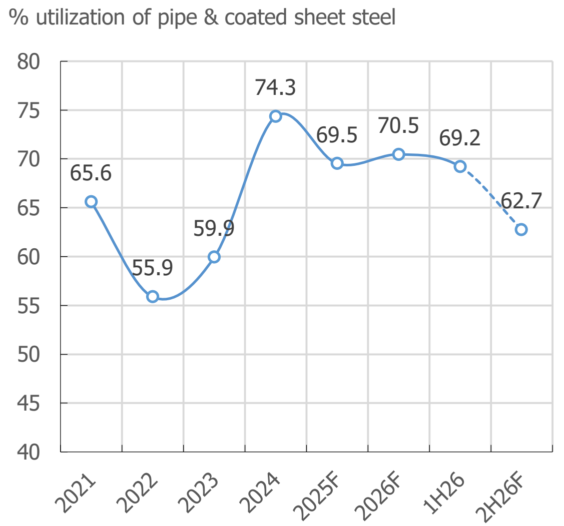
Export price forecast to decrease in 2H26F:

- Although production costs are estimated to rise slightly, various institutions forecast steel export prices in the US, EU and China markets will decline in 2H26F, on the back of lower energy prices and persistent oversupply (Figures 22, 23).

2. Vietnam | Domestic selling prices & Margins

2H26F – Domestic selling prices more competitive amid oversupply pressure

Figure 24. Forecast utilization rate of domestic coated steel & pipe mills



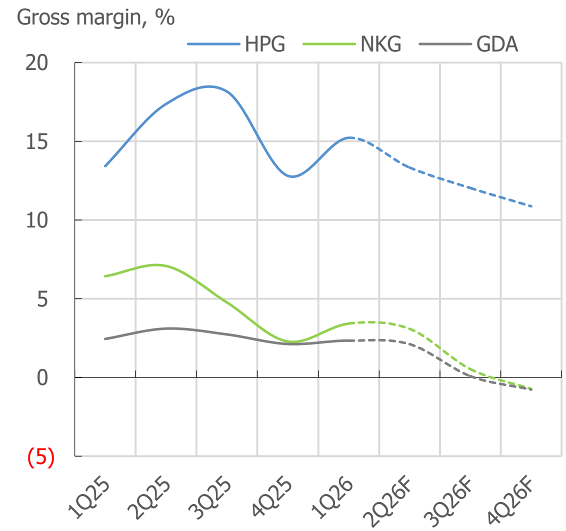
Source: VSA, FiinX, KISVN estimates

Table 5. Forecast production costs and domestic selling prices of key products

	3Q25	4Q25	1Q26	2Q26	3Q26F	4Q26F
Domestic selling price (000 VND/kg)						
Rebar	13.6	13.5	14.0	14.9	14.6	14.6
HRC	13.3	13.5	13.4	15.2	14.5	14.4
Coated steel	22.1	22.1	22.1	23.5	22.3	22.2
Production cost	10.0	10.9	12.3	13.1	13.0	13.0
QoQ (%)						
Rebar		(0.4)	3.4	6.5	(2.0)	0.0
HRC		1.3	(0.9)	13.5	(4.9)	(0.5)
Coated steel		(0.1)	(0.1)	6.4	(5.0)	(0.5)
Production cost		9.5	12.4	6.9	(1.4)	0.5

Source: FiinX, Thitruongthep.com, KISVN estimates

Figure 25. Forecast gross margin trend for select steel companies in 2H26F



Source: KISVN estimates
Note: Includes steel business segment only

Construction Steel and Domestic Coated Steel & Pipe Prices and Margins: Based on our analysis of the domestic and export sales outlook in the previous sections and mills' design capacity, we estimate utilization rates at construction steel and coated steel/pipe mills will continue to decline in 2H26F (Figure 24). As a result, we believe price competition for these products in the domestic market will become somewhat more intense in 2H26F, which will in turn affect the margins of coated steel producers (Figure 25).

Domestic HRC Prices and Margins: As coated-steel producers' export activity is forecast to face increasing difficulty from the start of 3Q26F due to the EU's tariff policy, alongside the forecast decline in the domestic market as analyzed in previous slides, we forecast HRC selling price trends will move significantly unfavorably relative to production cost trends in 2H26F (Figure 25).

Steel Sector 2H26F

Challenges

II. Company Outlook

1. HPG – Margin pressure weighs on profit

2. NKG – Difficulties both at home and in exports

3. GDA – Domestic market competition

1. HPG – NON-RATED

Margin pressure weighs on profit

Investment Thesis

- **2H26F**
  - We forecast HPG's revenue in 3Q/4Q/2H26F at VND50.7tn/VND50.6tn/VND101.2tn, respectively, corresponding to growth of +39%/+10%/+23% yoy.
  - Sales volume in 2H26F is forecast at 6.54 million tonnes, +4% yoy. Of which: domestic sales are forecast to grow only +2% yoy, as we analyzed in the sector section, given that the domestic market will slow due to the impact of interest rates on household construction. Meanwhile, we forecast export volume to still achieve +16% yoy growth, driven by higher construction steel and billet exports to the US market, alongside HRC export expansion to ASEAN and US markets, as has been occurring in 1H26.
  - HPG's gross margin and operating margin in 2H26F are forecast at 10.7% and 8.5%, respectively, both down from 1H26, mainly due to operating leverage effects and an unfavorable selling-price trend in both the domestic and export markets.
  - We forecast HPG's NPAT in 3Q/ 4Q/ 2H26F at 3,603/ 3,460bn/ 7,063 VNDbn, respectively, corresponding to growth of -10%/-11%/-11% yoy.
- **Medium term –** Benefits from the Red River Landscape Boulevard BT project (total investment of VND737,000bn, in which HPG holds a 30% stake).

Key Risks

- Sales volume currently depends heavily on the domestic market.
- Risk of a sudden slowdown in domestic demand due to macro volatility.

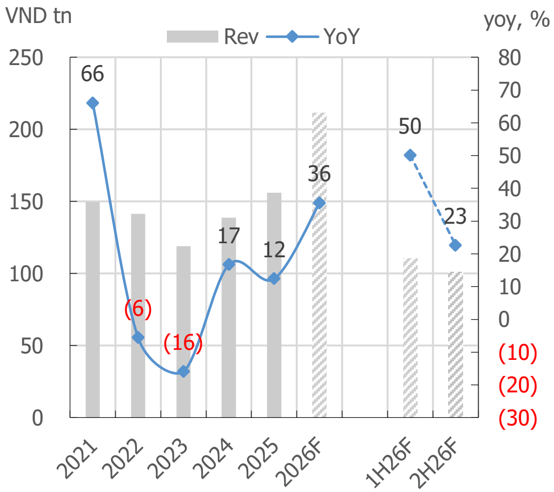
Table 6. HPG business results forecast, 2026F

	Unit	1Q26F	2Q26F	3Q26F	4Q26F	2024A	2025E	2026F
Revenue	VND bn	**52,901**	**57,497**	**50,689**	**50,566**	**138,855**	**156,116**	**211,652**
yoy	%	40.6	60.1	39.2	9.5	16.7	12.4	35.6
Sales volume	000 tonnes	**3,339**	**3,672**	**3,270**	**3,270**	**8,699**	**11,758**	**13,552**
yoy	%	25.5	30.5	17.3	(4.7)	29.4	30.5	15.3
Gross profit	VND bn	**8,365**	**7,947**	**6,346**	**6,034**	**18,498**	**24,498**	**28,692**
yoy	%	54.2	20.6	4.2	(5.7)	43.0	32.4	17.1
Gross margin	%	15.8	13.8	12.5	11.9	13.3	15.7	13.6
Operating profit	VND bn	**6,634**	**6,112**	**5,205**	**4,897**	**14,615**	**20,428**	**22,847**
yoy	%	52.9	12.3	5.5	(14.3)	51.1	39.8	11.8
OP. margin	%	14.9	12.3	11.7	11.0	10.5	13.1	10.8
NPAT	VND bn	**9,056**	**4,262**	**3,603**	**3,460**	**12,020**	**15,515**	**20,381**
yoy	%	170.3	(0.1)	(10.2)	(11.0)	76.8	29.1	31.4
Net margin	%	17.1	7.4	7.1	6.8	9.9	11.6	9.6
Ratio								
ROE	%					11.1	12.7	14.9
PE	Times					14.2	13.1	9.6
PB	Times					1.5	1.6	1.3
DY	%					1.9	1.9	2.0

1. HPG – NON-RATED

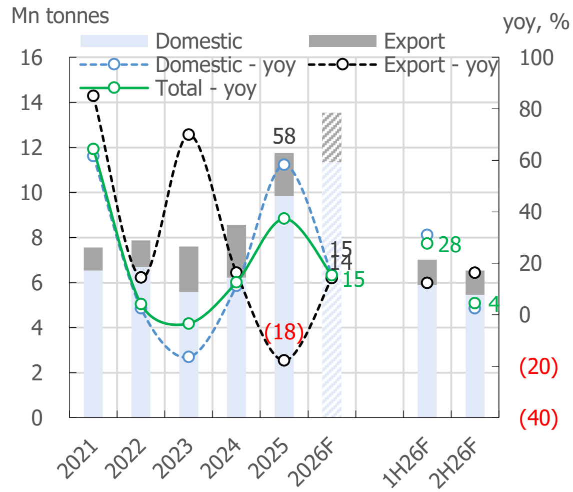
2H26F – Earnings under pressure from forecast weaker domestic demand

Figure 26. HPG's 2H26F revenue forecast at +23% yoy



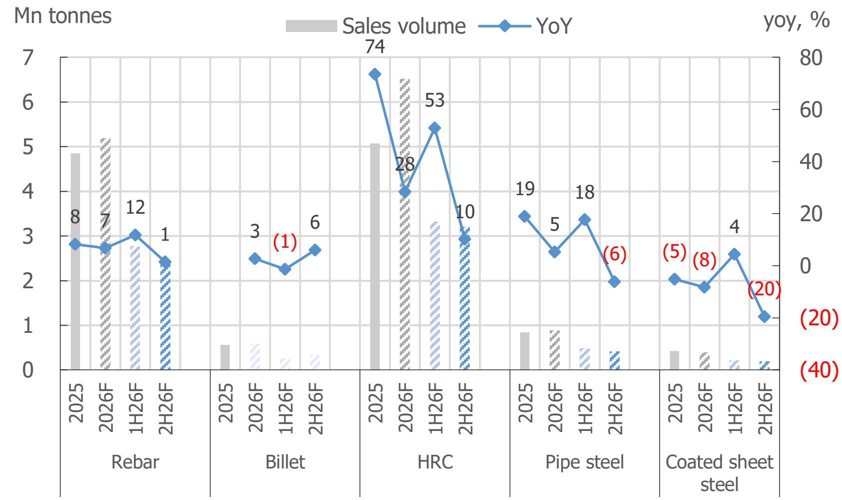
Source: KISVN estimates

Figure 27. Forecast sales volume by market



Source: VSA, KISVN estimates

Figure 28. Forecast sales volume by product



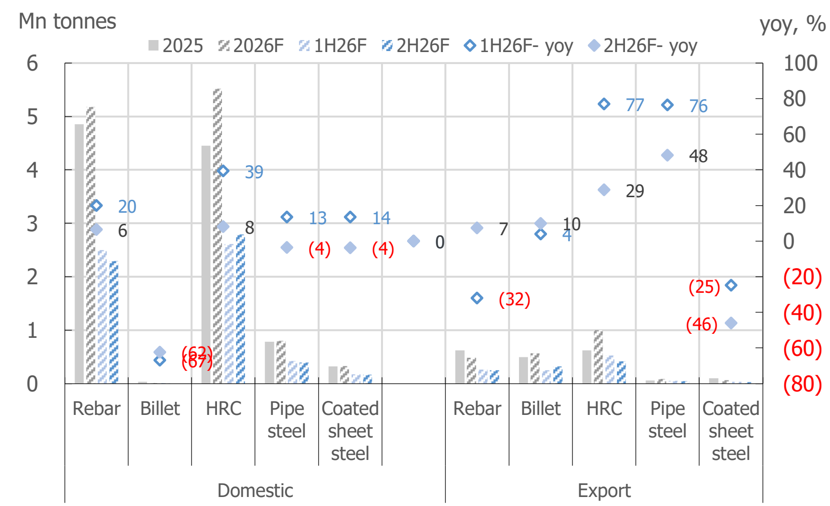
Source: VSA, KISVN estimates

In 1H26, we estimate HPG's total steel sales volume across all products reached 7.01 million tonnes, **+28% yoy.**

In 2H26F, we forecast total steel sales volume of 6.54 million tonnes, **+4% yoy**. Of which domestic sales grow **+2% yoy** and exports grow **+16% yoy** (Figures 27, 28, 29).

- *Construction steel:* We forecast slower growth of +1% yoy in 2H26F as domestic demand is forecast to decline, though export activity should improve on higher exports to the US market.
- *Billet:* Growth is forecast to improve in 2H26F, +6% yoy, driven by higher exports to the US market.
- *HRC:* Growth is forecast to slow significantly in 2H26F, +10% yoy, as we forecast domestic construction demand to decline, while coated-steel producers' export activity faces greater challenges, in turn reducing HRC demand.
- *Coated steel and Pipe:* Forecast to decline by 20% yoy and 6% yoy, respectively, hit by a combined impact from both the domestic and export markets.

Figure 29. Forecast sales volume by market and product



Source: VSA, KISVN estimates

1. HPG – NON-RATED

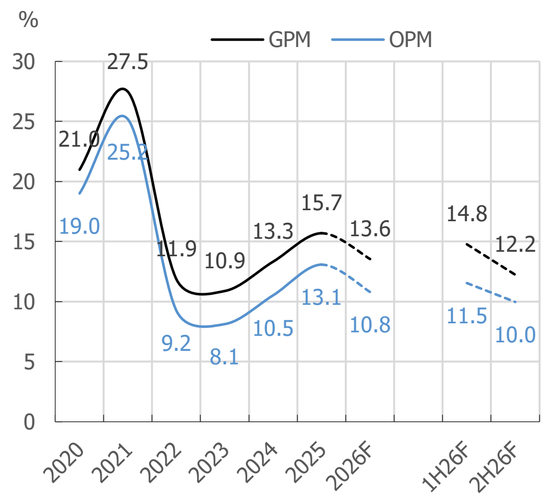
2H26F – Earnings under pressure from forecast weaker domestic demand

Table 7. Forecast production costs and domestic selling prices

	3Q25	4Q25	1Q26	2Q26	3Q26F	4Q26F
Domestic selling price (000 VND/kg)						
Rebar	13.6	13.5	14.0	14.9	14.6	14.6
HRC	13.3	13.5	13.4	15.2	14.5	14.4
Coated steel	22.1	22.1	22.1	23.5	22.3	22.2
Production cost	10.0	10.9	12.3	13.1	13.0	13.0
QoQ (%)						
Rebar		(0.4)	3.4	6.5	(2.0)	0.0
HRC		1.3	(0.9)	13.5	(4.9)	(0.5)
Coated steel		(0.1)	(0.1)	6.4	(5.0)	(0.5)
Production cost		9.5	12.4	6.9	(1.4)	0.5

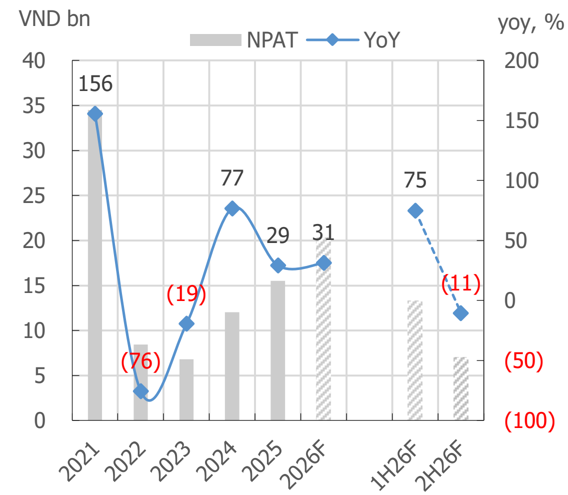
Source: Bloomberg, Thitruongthep.com, KISVN estimates

Figure 31. HPG's forecast margins all decline versus 1H26



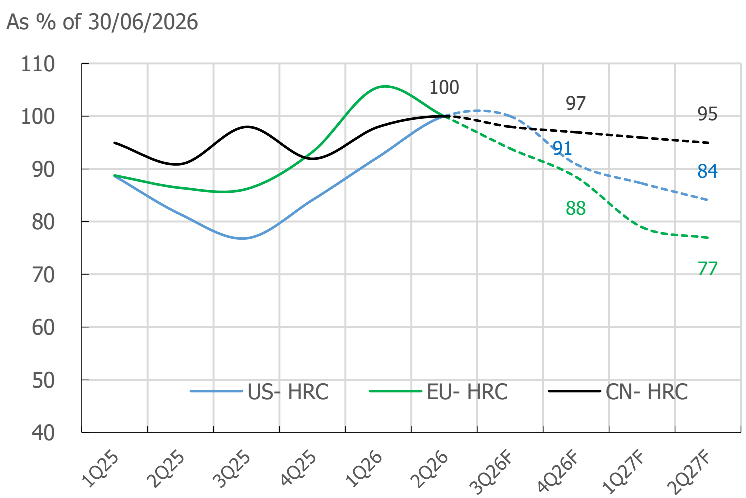
Source: KISVN estimates

Figure 32. NPAT forecast to decline 11% yoy



Source: KISVN estimates

Figure 30. HPG's export prices will move in line with global price trends and are forecast to decline in 2H26F



Source: Bloomberg, KISVN compilation

- **Production costs:** Based on forecast data compiled by Bloomberg, we estimate HPG's steel production cost could decline in 2H26F (Table 7).
- **Export selling prices** will mainly depend on the global market and are forecast to trend lower in 2H26F, as analyzed in slide 16 (Figure 30).
- **Domestic selling prices** for all products are forecast to move less favorably than the production-cost trend, due to the forecast decline in the domestic market and continued weak export activity among coated-steel producers, which in turn reduces HRC demand (Table 7).
- **Profit margins:** Based on the above analysis, we forecast HPG's gross margin and operating margin in 2H26F at 10.7% and 8.5%, respectively, both down from 1H26, mainly due to operating leverage effects and a less favorable selling-price trend (Figure 31).
- **NPAT** in 3Q/ 4Q/ 2H26F is forecast at 3,603/ 3,460/ 7,063 VNDbn, respectively, corresponding to growth of -10/ -11/ -11% yoy.

2. NKG – NON-RATED

Difficulties both at home and in exports

Investment Thesis

- **2H26F**
  - We forecast NKG's revenue in 3Q/4Q/2H26F at VND3.02tn/VND2.97tn/VND6.00tn, respectively, corresponding to growth of -20%/-5%/-13% yoy.
  - Sales volume in 2H26F is forecast at 327 thousand tonnes, -13% yoy. Of which: domestic sales are forecast to decline -17% yoy, as the domestic market slows due to the impact of interest rates on household construction, as we analyzed in the sector section, combined with a high comparison base in 2H25. At the same time, we forecast export volume to decline only slightly, -1% yoy, mainly due to a slight decline in the EU market — where the company has already proactively cut volumes in prior quarters — while seeking orders from ASEAN markets to offset this decline.
  - Gross margin and operating margin in 2H26F are forecast at -0.1% and -2.2%, respectively, reflecting our less optimistic view given (i) a weak forecast domestic market makes it difficult for the company to raise selling prices faster than the trend in input HRC costs, (ii) lower sales volume pressures operating leverage, and (iii) export selling prices are forecast to be less favorable.
  - NPAT in 3Q/ 4Q/ 2H26F is forecast at -2bn / -39bn/ -40 VNDbn, respectively.

Key Risks

- Sales volume currently depends heavily on the domestic market.
- Risk of a sudden slowdown in domestic demand due to macro volatility.

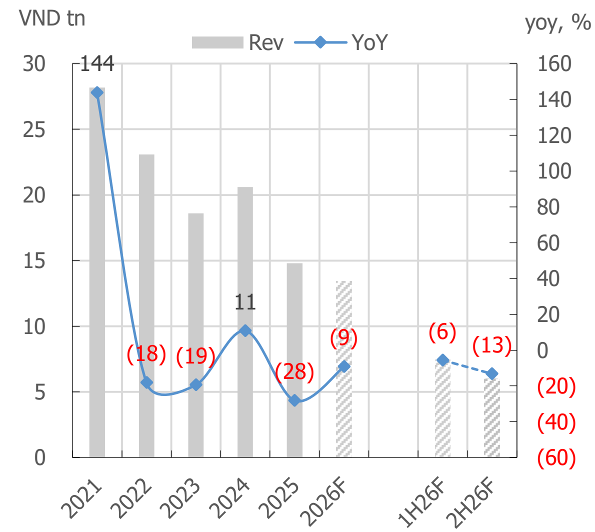
Table 8. NKG business results forecast, 2026F

	Unit	1Q26F	2Q26F	3Q26F	4Q26F	2024A	2025E	2026F
Revenue	VND bn	**3,261**	**4,187**	**3,022**	**2,973**	**20,609**	**14,808**	**13,444**
yoy	%	(20.3)	9.9	(19.9)	(5.2)	(28.1)	(8.9)	(9.2)
Sales volume	000 tonnes	**186**	**214**	**164**	**164**	**1,013**	**782**	**727**
yoy	%	(9.6)	6.0	(16.1)	(9.1)	17.7	(22.8)	(7.1)
Gross profit	VND bn	**85**	**129**	**16**	**(22)**	**1,832**	**785**	**209**
yoy	%	(67.6)	(52.1)	(91.1)	(130.1)	64.7	(57.1)	(73.4)
Gross margin	%	2.6	3.1	0.5	(0.7)	8.9	5.3	1.6
Operating profit	VND bn	**(17)**	**13**	**(47)**	**(84)**	**694**	**230**	**(136)**
yoy	%	(118.1)	(87.5)	(166.9)	129.4	86.1	(66.8)	(159.1)
OP. margin	%	(0.5)	0.3	(1.6)	(2.8)	3.4	1.6	(1.0)
NPAT	VND bn	**21**	**48**	**(2)**	**(39)**	**453**	**197**	**29**
yoy	%	(67.2)	(47.6)	(103.9)	312.3	285.8	(56.5)	(85.3)
Net margin	%	0.7	1.1	(0.1)	(1.3)	2.2	1.3	0.2
Ratio								
ROE	%					8.0	1.9	(3.0)
PE	Times					14.3	51.7	Negative
PB	Times					1.1	0.9	0.8
DY	%					1.9	1.9	1.9

2. NKG – NON-RATED

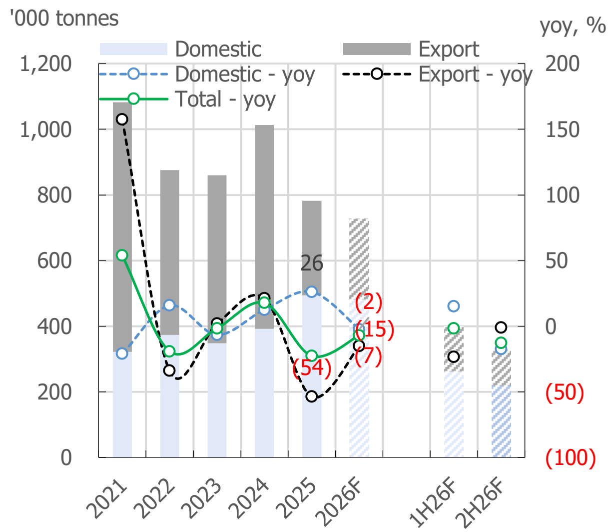
2H26F – Pressure from a competitive domestic market and unfavorable export prices

Figure 33. NKG's 2H26F revenue forecast to decline 13% yoy



Source: KISVN estimates

Figure 34. Forecast 2H26F sales volume down 13% yoy, mainly due to the domestic market, while exports decline only slightly



Source: VSA, KISVN estimates

Table 9. Export volume to the EU estimated to decline 50% in 2H26 as the EU implements its new quota policy, but this is expected to be offset by the ASEAN market

Export market	3Q25	4Q25	1Q26	2Q26F	3Q26F	4Q26F
Export volume (ton)	**56,674**	**51,638**	**49,435**	**87,722**	**53,491**	**53,491**
US	4,931	4,493	9,887	9,887	9,887	9,887
EU	20,403	17,041	8,898	8,898	4,449	4,449
Asean & others	31,341	30,105	30,650	68,937	39,155	39,155
As % of total export (%)	**100**	**100**	**100**	**100**	**100**	**100**
US	9	9	20	11	16	16
EU	36	33	18	10	9	9
Asean & others	55	58	62	79	75	75

Source: VSA, FiinX, Tradeint, KISVN estimates

1H2026F: Sales volume estimated at 399 thousand tonnes, down 2% yoy.

2H2026F: Sales volume forecast at 327 thousand tonnes, -13% yoy (Figure 34, Table 9).

- *The domestic market* is expected to reach 220.5 thousand tonnes (-17% yoy), in line with the sector's overall growth trend.
- *Exports* are expected to decline to 107.0 thousand tonnes (-1% yoy), due to:
  - *The EU market* is forecast to shrink following the new import quota effective from 01/07/2026. We therefore assume NKG's export volume to the EU could decline 50% versus the average of the past two quarters. However, this impact is not significant, as the company had already proactively cut sales volume to the EU market from 4Q25 and has expanded its search for orders from ASEAN markets to offset this decline.
  - *The ASEAN market:* The company has been actively pursuing and developing the ASEAN market to offset the decline from the EU market since 1Q26, and we expect this to continue in 2H26F.

2. NKG – NON-RATED

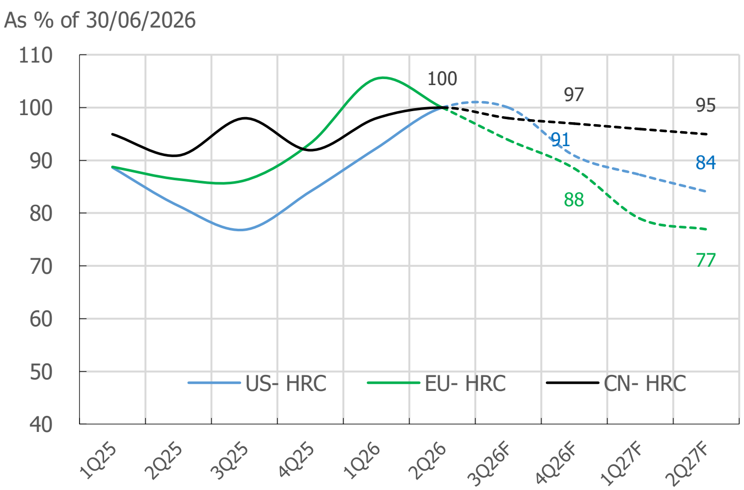
2H26F – Pressure from a competitive domestic market and unfavorable export prices

Table 10. Weak domestic market forecast to make it difficult for NKG to raise selling prices above the trend in input HRC costs

	3Q25	4Q25	1Q26	2Q26	3Q26F	4Q26F
Selling prices & input cost per ton						
Domestic - Sheet (mn VND)	18.0	15.9	15.9	16.9	16.1	16.0
Export - Sheet (USD)	870.1	809.1	864.5	887.5	886.4	857.5
Domestic - HRC (USD)	512.0	516.0	509.0	576.0	547.0	544.3
QoQ (%)						
Domestic - Sheet		(11.8)	(0.1)	6.4	(4.6)	(1.0)
Export - Sheet		(7.0)	6.9	2.7	(0.1)	(3.3)
Domestic - HRC		0.8	(1.4)	13.2	(5.0)	(0.5)

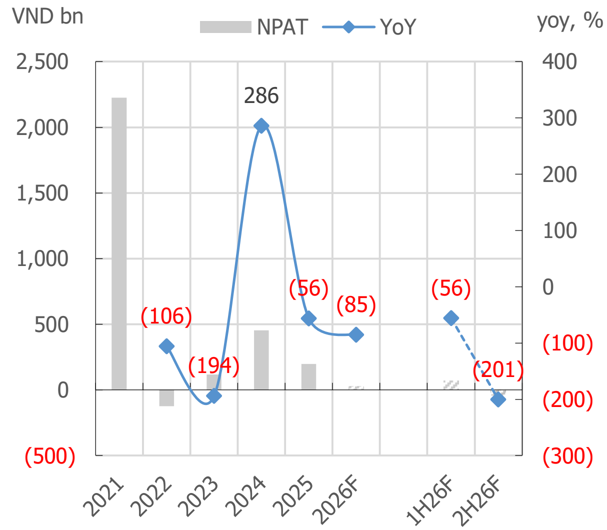
Source: Bloomberg, Thitruongthep.com, KISVN estimates

Figure 35. NKG's export prices will move in line with global price trends and are forecast to decline in 2H26F



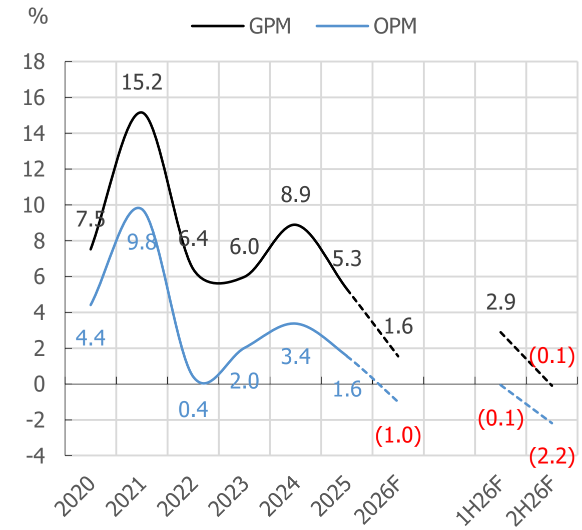
Source: Bloomberg, KISVN compilation

Figure 36. NPAT expected to decline significantly in 2H26F



Source: KISVN estimates

Figure 37. Margin outlook forecast to be less optimistic



Source: KISVN estimates

NKG's gross margin and operating margin in 2H26F are forecast at -0.1% and -2.2%, respectively. Our less optimistic view reflects:

i. A weak forecast domestic market makes it difficult for the company to raise selling prices in line with the trend in input HRC costs (Table 10),

ii. Lower sales volume pressures operating leverage,

iii. Export selling prices are forecast to be less favorable in line with the general trend across export markets (Figure 35). In addition, margins in ASEAN markets are generally significantly lower than in the EU market.

NPAT in 3Q/ 4Q/ 2H26F is forecast at -2/ -39/ -40 VNDbn, respectively.

3. GDA – NON-RATED

Domestic market competition

Investment Thesis

- **2H26F**
  - We forecast GDA's revenue in 3Q/4Q/2H26F at VND2.94tn/VND2.91tn/VND5.85tn, respectively, corresponding to growth of -20%/-14%/-17% yoy.
  - Sales volume in 2H26F is forecast at 299 thousand tonnes, -18% yoy. Of which: domestic sales are forecast to decline -30% yoy, as the domestic market slows due to the impact of interest rates on household construction, as we analyzed in the sector section, combined with a high comparison base in 2H25. At the same time, we forecast export volume to grow 52% yoy, mainly due to higher exports to ASEAN markets, while GDA is not affected by the decline in the EU market as its sales volume there had already fallen to a very low level since 3Q25.
  - Gross margin and operating margin in 2H26F are forecast at 1.8% and -0.3%, respectively, reflecting our less optimistic view given (i) a weak forecast domestic market makes it difficult for the company to raise selling prices faster than the trend in input HRC costs, (ii) lower sales volume pressures operating leverage, and (iii) export selling prices are forecast to be less favorable.
  - NPAT in 3Q/ 4Q/ 2H26F is forecast at -10/ -35/ -45 VNDbn, respectively.

Key Risks

- Sales volume currently depends heavily on the domestic market.
- Risk of a sudden slowdown in domestic demand due to macro volatility.

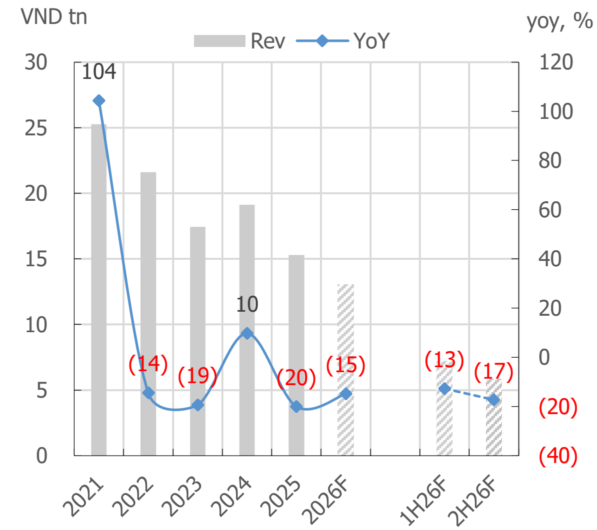
Table 11. GDA business results forecast, 2026F

	Unit	1Q26F	2Q26F	3Q26F	4Q26F	2024A	2025E	2026F
Revenue	VND bn	**3,589**	**3,600**	**2,944**	**2,907**	**19,136**	**15,310**	**13,040**
yoy	%	(9.7)	(15.4)	(20.0)	(14.4)	9.8	(20.0)	(14.8)
Sales volume	000 tonnes	**189**	**174**	**149**	**149**	**865**	**761**	**662**
yoy	%	(4.3)	(13.6)	(20.9)	(13.8)	11.7	(12.0)	(13.1)
Gross profit	VND bn	**160**	**153**	**65**	**39**	**1,449**	**999**	**416**
yoy	%	(43.4)	(54.8)	(67.2)	(78.7)	28.3	(31.0)	(58.4)
Gross margin	%	4.5	4.2	2.2	1.3	7.6	6.5	3.2
Operating profit	VND bn	**84**	**76**	**2**	**(23)**	**311**	**407**	**140**
yoy	%	(13.6)	(42.1)	(97.6)	(131.6)	2.9	31.1	(65.6)
OP. margin	%	2.3	2.1	(0.2)	(1.1)	1.6	2.7	1.1
NPAT	VND bn	**51**	**48**	**(10)**	**(35)**	**342**	**272**	**53**
yoy	%	(19.2)	(45.1)	(111.9)	(196.4)	20.5	(20.4)	(80.3)
Net margin	%	1.4	1.3	(0.3)	(1.2)	1.8	1.8	0.4
Ratio								
ROE	%					9.2	7.0	8.4
PE	Times					9.2	8.8	6.3
PB	Times					0.8	0.6	0.6
DY	%					3.6	6.2	7.4

3. GDA – NON-RATED

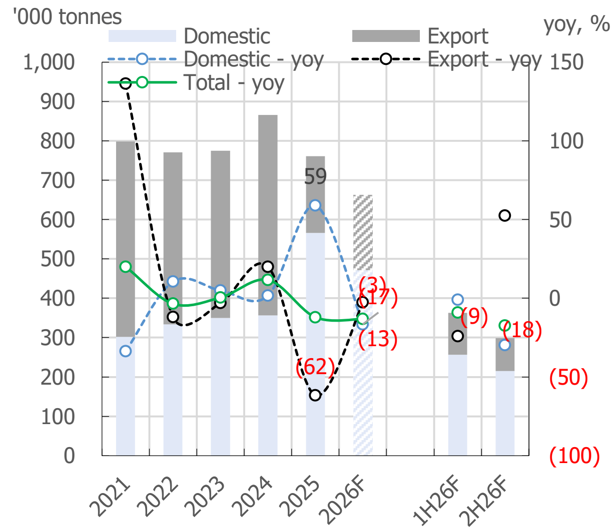
2H26F – Pressure from a competitive domestic market and unfavorable export prices

Figure 38. GDA's 2H26F revenue forecast to decline 17% yoy



Source: KISVN estimates

Figure 39. Forecast 2H26F sales volume down 18% yoy, mainly due to the domestic market, while exports decline only slightly



Source: VSA, KISVN estimates

Table 12. Export volume to the EU estimated to decline 50% in 2H26 as the EU implements its new quota policy, but this is expected to be offset by the ASEAN market

Export market	3Q25	4Q25	1Q26	2Q26F	3Q26F	4Q26F
Export volume (ton)	**33,236**	**21,357**	**46,100**	**60,566**	**41,600**	**41,600**
US	261	2,563	4,149	5,451	4,800	4,800
EU	8,802	2,136	11,064	14,536	6,400	6,400
Asean & others	24,173	16,658	30,887	40,579	30,400	30,400
as % of total export (%)	**100**	**100**	**100**	**100**	**100**	**100**
US	1	12	9	9	12	12
EU	26	10	24	24	15	15
Asean & others	73	78	67	67	73	73

Source: VSA, FiinX, Tradeint, KISVN estimates

1H2026F: Sales volume estimated at 363 thousand tonnes, down 9% yoy.

2H2026F: Sales volume forecast at 299 thousand tonnes, -18% yoy (Figure 39, Table 12).

- *The domestic market* is expected to reach 215.5 thousand tonnes (-30% yoy), in line with the sector's overall growth trend, alongside a high domestic comparison base in 2H25 when GDA shifted focus toward the domestic market earlier as exports faced headwinds.
- *Exports* are expected to rise to 83.2 thousand tonnes (+52% yoy), due to:
  - *The EU market* is forecast to shrink following the new import quota effective from 01/07/2026. We therefore assume GDA's export volume to the EU could decline 50% versus the average of the past two quarters. However, this impact is not significant, as the company had already proactively cut sales volume to the EU market from 3Q25 and has expanded its search for orders from ASEAN markets to offset this decline.
  - *The ASEAN market:* The company has been actively pursuing and developing the ASEAN market to offset the decline from the EU market since 1Q26, and we expect this to continue in 2H26F.

3. GDA – NON-RATED

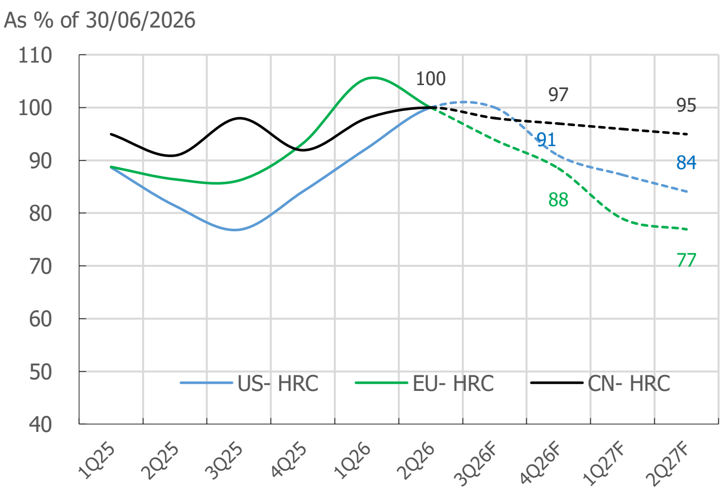
2H26F – Pressure from a competitive domestic market and unfavorable export prices

Table 13. Weak domestic market forecast to make it difficult for GDA to raise selling prices above the trend in input HRC costs

	3Q25	4Q25	1Q26	2Q26	3Q26F	4Q26F
Selling prices & input cost per ton						
Domestic - Sheet (mn VND)	18.0	15.9	15.9	16.9	16.1	16.0
Export - Sheet (USD)	870.1	809.1	864.5	887.5	886.4	857.5
Domestic - HRC (USD)	512.0	516.0	509.0	576.0	547.0	544.3
QoQ (%)						
Domestic - Sheet		(11.8)	(0.1)	6.4	(4.6)	(1.0)
Export - Sheet		(7.0)	6.9	2.7	(0.1)	(3.3)
Domestic - HRC		0.8	(1.4)	13.2	(5.0)	(0.5)

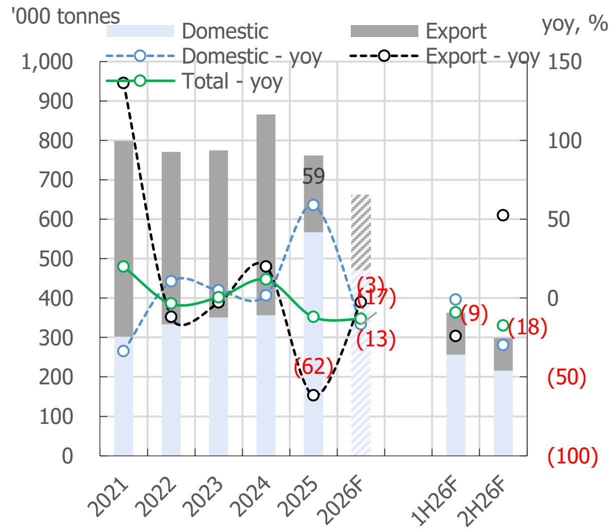
Source: Bloomberg, Thitruongthep.com, KISVN estimates

Figure 40. GDA's export prices will move in line with global price trends and are forecast to decline in 2H26F



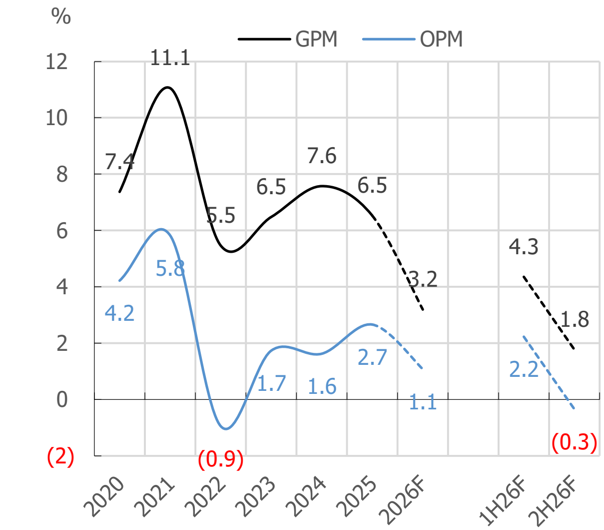
Source: Bloomberg, KISVN compilation

Figure 41. NPAT expected to decline significantly in 2H26F



Source: KISVN estimates

Figure 42. Margin outlook forecast to be less optimistic



Source: KISVN estimates

GDA's gross margin and operating margin in 2H26F are forecast at +1.8% and -0.3%, respectively (Figure 42). Our less optimistic view reflects:

i. A weak forecast domestic market makes it difficult for GDA to raise selling prices in line with the trend in input HRC costs (Table 13),

ii. Lower sales volume pressures operating leverage,

iii. Export selling prices are forecast to be less favorable in line with the general trend across export markets (Figure 40). In addition, margins in ASEAN markets are generally significantly lower than in the EU market.

NPAT in 3Q/4Q/2H26F is forecast at -10/ -35 / -45 VNDbn, respectively.