Dat Do
(+84 28) 7300 7000 (x1043)
datdt@acbs.com.vn

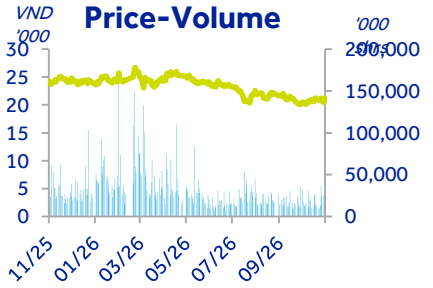
Company Update

Recommendation	**BUY**
	HSX: HPG
	Construction material
Target price (VND)	**30,400**
Market price (VND)	**20,900**
Expected share price return	45.5%
Expected dividend yield	2.4%
Expected total return	**47.9%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-10.2	6.0	-5.8	-8.6
Relative	-7.1	8.1	-2.5	-15.7

Source: Bloomberg



Ownership

Tran Dinh Long (Chairman)	25.8%
Dragon Capital	7.7%
Vu Thi Hien	6.9%

Stock Statistics

	09-Nov-26
Bloomberg code	**HPG VN**
52-week range (VND)	19,600 – 27,000
Shares O/S (m)	8,443
Mkt cap (VND bn)	178,570
Mkt cap (USD m)	6,761
Est. Foreign room left (%)	27.3
Est. free float (%)	82.0
3m avg daily vol (shrs)	19,511,216
VND/USD	26,410
Index: VNIndex / HNX	1699.62/251.80

HOA PHAT GROUP JSC (HPG VN)

3Q2026 and 9M2026 earnings exceeded our forecasts, driven by 59% YoY growth in HRC sales volume and a resilient gross margin of 19.2%, despite 3Q being a seasonally weak quarter for the steel industry. In 9M2026, net profit reached VND23.58tn (+103% YoY), fulfilling 86% of our full-year forecast and exceeding HPG's annual profit target by 7%.

We raise our 2026–2027 net profit forecasts by 3% and 2% to VND28.34tn (+83% YoY) and VND33.85tn (+19% YoY), respectively, reflecting additional production capacity. We maintain our BUY recommendation, but lower our end-2027 target price to VND30,400/share, 11% below our 2026 target price, due to a higher discount rate

HPG reported 3Q2026 revenue of VND62.21tn (+13% QoQ, +71% YoY) and net profit of VND8.22tn (+29% QoQ, +106% YoY), supported by higher sales volumes and selling prices. Steel sales volume reached 3.8mn tonnes (+8% QoQ, +54% YoY), comprising construction steel, HRC, wire rods and steel billets. Key highlights include:

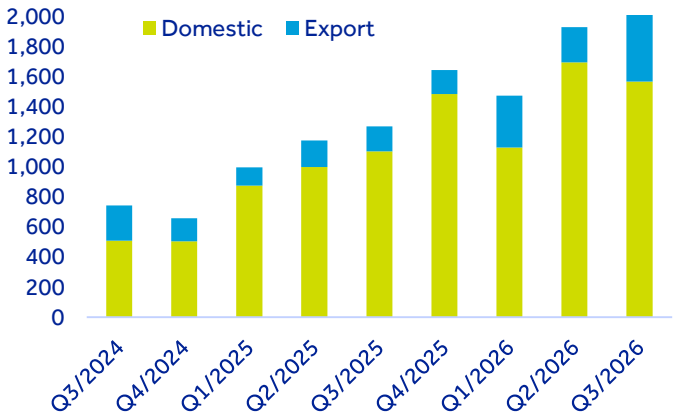
- HRC sales exceeded 2mn tonnes (+8% QoQ, +64% YoY), remaining the largest volume contributor, supported by Dung Quat 2 operating above its nominal capacity in 3Q2026. Domestic sales reached 3.06mn tonnes (-3% QoQ, +28% YoY), supported by infrastructure demand and a growing preference for domestically produced HRC. Exports reached 1.08mn tonnes (+64% QoQ, +163% YoY), primarily to the USA, where elevated HRC prices may help sustain HPG's export competitiveness despite the 50% tariff under Section 232.
- Average construction steel selling price (ASP) was estimated at VND14.6mn/tonne, broadly flat QoQ and up 7% YoY.
- Gross margin remained robust at 19.2%, compared with 19.0% in 2Q2026 and 16.7% in 3Q2025.

In 9M2026, net revenue reached VND170.27tn (+55% YoY) and net profit VND23.58tn (+103% YoY), fulfilling 81% of HPG's annual revenue target and 107% of its profit target, equivalent to 83% and 86% of our respective full-year forecasts.

We maintain our positive outlook on HPG for 2027, supported by resilient steel demand driven by public investment. The full operation of Dung Quat 2 is expected to improve production efficiency and support profitability, while continued trade protection measures against imported HRC should help strengthen the competitive position of domestic producers.

	2023	2024	2025	2026F	2027F
Net Sales (VNDbn)	118,953	138,855	156,116	216,375	243,596
Growth	*-15.9%*	*16.7%*	*12.4%*	*38.6%*	*12.6%*
NPAT (VNDbn)	6,800	12,021	15,515	28,338	33,847
Growth	*-19.5%*	*76.8%*	*28.5%*	*83.4%*	*19.4%*
EPS (bonus-adjusted, VND)	1,175	1.879	1.973	3,343	3,993
Growth	*-19.0%*	*59.9%*	*5.0%*	*69.4%*	*19.4%*
ROE	6.6%	10.5%	11.8%	17.4%	17.6%
Net debt/Equity (times)	0.3	0.5	0.5	0.4	0.1
PER (times)	26.4	16.5	13.2	6.3	5.4
PBR (times)	1.8	1.7	1.6	1.1	0.9
DPS (VND)	500	0	0	500	500
Dividend yield	2.3%	0%	0%	2.3%	2.3%

Domestic and export HRC volume (thousand tons)



Construction steel volume (thousand tons)



Sources: HPG, ACBS

Table 1: Business results

Unit: VNDbn	3Q2025	3Q2026	YoY Change	9M2025	9M2026	YoY Change
Total revenue	**36,407**	**62,214**	**71%**	**109,940**	**170,274**	**55%**
Steel	33,912	60,362	78%	102,876	164,657	60%
RE	464	215	-54%	806	695	-14%
Agriculture	2,031	1,637	-19%	6,258	4,923	-21%
Gross profit	6,087	11,922	96%	18,101	30,775	70%
Financial income	712	1,188	67%	1,648	7,743	370%
Financial expenses	-1,073	-2,135	99%	-3,023	-5,929	96%
SG&A expenses	-1,155	-2,153	86%	-3,388	-5,910	74%
NPAT-MI	**3,988**	**8,217**	**106%**	**11,589**	**23,582**	**103%**

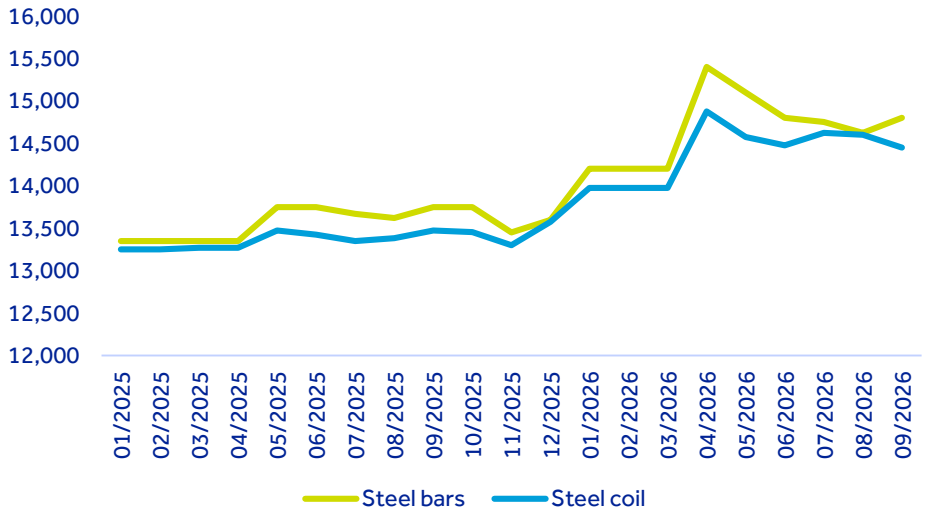
Gross margin remained elevated at 19.2%, versus 19.0% in 2Q2026 and 16.7% in 3Q2025.

In 3Q2026, HPG's gross margin reached 19.2%, edging up from 19.0% in 2Q2026 and improving from 16.7% a year earlier. By our estimates, the average steel selling price was approximately VND14.6mn/ton, flat QoQ and up 7% YoY. Meanwhile, the Vietnam HRC price based on Bloomberg data, covering both Hoa Phat and Formosa products, averaged approximately USD520/ton, down 7% QoQ but up 5% YoY. We therefore believe margins were supported by favorable export prices, the lag in recognizing raw material costs and efficiency gains from high utilization. Raw materials held in inventory from earlier purchases likely helped contain pressure on COGS, given that the average coking coal price in 2Q2026 was about 15.9% lower than in 3Q2026. In addition, high utilization allowed fixed costs to be spread over larger volumes.

HPG's flexibility to shift volumes between domestic and export markets supports sales and operating efficiency. However, the benefit of low-cost raw material inventory may fade as it is replaced by new purchases. We therefore remain cautious about sustaining a gross margin of around 19% in the coming quarters, a level that

warrants further assessment against selling prices, raw material costs and the actual sales mix.

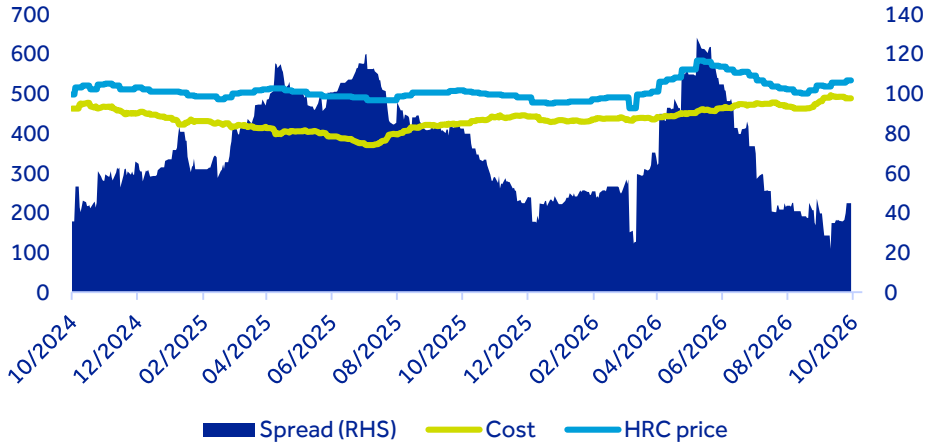
Selling prices of steel coils and bars (VND/kg)



Sources: FiinPro, ACBS

Steel margins remain under pressure from input costs. In 3Q2026, the HRC price fell 7% QoQ while raw material costs rose 4.2%, mainly on a sharp rise in coking coal prices. The HRC–raw material spread thus narrowed 57% QoQ to USD42.3/ton, signaling significant pressure on steelmaking margins. Although the spread recovered slightly toward quarter-end on firmer HRC prices and easing input costs, the margin recovery warrants close monitoring in the coming quarters.

Steel ASP, cost and spread (USD/ton)



Sources: Bloomberg, ACBS

FINANCIAL MODEL	Current price: VND	20,900	Target price: VND	30,400	Market cap: VND bn	182,386
(VND bn except where stated)		**2023**	**2024**	**2025**	**2026F**	**2027F**
Net sales (VND bn)		**118,953**	**138,855**	**156,116**	**216,375**	**243,596**
Growth (%)		*-15.9%*	*16.7%*	*12.4%*	*38.6%*	*12.6%*
COGS		-9,241	-113,384	-131,618	-176,634	-194,481
Gross profit		**19,712**	**25,471**	**24,498**	**39,741**	**49,114**
Gross profit margin		*16.6%*	*18.3%*	*15.7%*	*18.4%*	*20.2%*
SG&A		-3,269	-3,883	-4,070	-8,063	-5,130
SG&A margin		*-2.7%*	*-2.8%*	*-2.6%*	*-3.7%*	*-2.1%*
Profit/(loss) in associates, JVs		-	-	-	-	-
EBITDA		**16,443**	**21,588**	**28,898**	**42,054**	**43,984**
EBITDA margin		*13.8%*	*15.5%*	*18.5%*	*19.4%*	*18.1%*
Net operating profit		**9,669**	**14,615**	**20,428**	***31,678***	***32,971***
Operating profit margin		*8.1%*	*10.5%*	*13.1%*	*14.6%*	*13.5%*
Financial income		1,953	1,259	1,576	9,151	9,252
Financial expenses		-3,585	-2,287	-3,115	-8,064	-2,959
Other income		142	427	135	187	210
Profit before tax		**7,793**	**13,694**	**18,041**	**32,952**	**39,357**
Profit after tax		**6,800**	**12,020**	**15,515**	**28,338**	**33,847**
Non-controlling interest		-35	0	0	0	1
NPAT-MI		**6,835**	**12,020**	**15,515**	**28,338**	**33,847**
Net profit margin		*5.7%*	*8.7%*	*9.9%*	*13.1%*	*13.9%*
Cash, cash equivalents & short-term investments		34,429	25,862	27,785	30,564	33,620
Share outstanding (mn)		5,814.9	6,396.2	7,675.5	8,442.9	8,442.9
EPS (VND)		**1,175**	**1,879**	**1,973**	**3,343**	**3,993**
Adjusted EPS (VND)		**1,175**	**1,879**	**1,973**	**3,343**	**3,993**
Growth 's adjusted EPS		*-19.0%*	*59.9%*	*5.0%*	*69.4%*	*19.4%*

KEY CASHFLOW AND BS ITEMS	2023	2024	2025	2026F	2027F
Increase in working capital	1,774	8,647	6,220	17,785	7,848
Capex	21,896	24,164	24,164	16,340	6,000
Other cashflow items	3,885	-1,569	2,718	3,116	2,582
Free cash flows	**-9,678**	**-5,884**	**(3,732)**	**7,745**	**33,632**
Increase in net debt	7,644	26,149	7,288	(6,276)	(33,315)
Net debt, end of year	**30,952**	**57,101**	64,389	58,112	24,797
Shareholder's equity	**102,836**	**114,647**	**131,220**	**162,900**	**192,391**
BVPS (VND)	17,685	17,924	17,096	19,294	22,787
Net debt / Equity	*30.1%*	*49.8%*	49.1%	35.7%	12.9%
Net debt / EBITDA	*1.9*	*2.6*	2.2	1.5	0.6
Total assets	**187,783**	**224,490**	**257,899**	**292,966**	**295,762**

KEY RETURN AND VALUATION RATIOS	2023	2024	2025F	2026F	2027F
ROE	*10.5%*	*10.8%*	*11.8%*	*17.4%*	*17.6%*
ROA	*5.3%*	*6.6%*	*6.0%*	*9.7%*	*11.4%*
ROIC	*6.0%*	*7.7%*	*7.0%*	*11.3%*	*13.5%*
WACC	*11.7%*	*11.7%*	*12.2%*	*12.2%*	*12.2%*
EVA	*-5.6%*	*-3.9%*	*-5.3%*	*-0.9%*	*1.3%*
P/E (x)	*15.9*	*11.2*	*13.2*	*6.4*	*5.4*
EV/EBITDA (x)	*10.5*	*8.1*	*10.5*	*7.5*	*6.4*
EV/FCF (x)	*39.1*	*15.5*	*-75.6*	*36.4*	*8.4*
P/B (x)	*1.7*	*1.5*	*1.7*	*1.1*	*0.9*
P/S (x)	*1.0*	*0.8*	*1.0*	*0.8*	*0.7*
EV/sales (x)	*1.7*	*1.4*	*1.7*	*1.3*	*1.2*
Dividend yield	*0%*	*0%*	*0%*	*2,3%*	*2.3%*

CONTACTS

Head Office
3rd Floor, Léman Luxury Building, 117 Nguyen Dinh Chieu,
Xuan Hoa Ward, Ho Chi Minh City
Tel: (+84 28) 7300 7000

Hanoi Branch
10 Phan Chu Trinh, Cua Nam Ward, Ha Noi
Tel: (+84 24) 3942 9396

RESEARCH & MARKET STRATEGY DEPARTMENT

Email: research.gr@acbs.com.vn
trangdm@acbs.com.vn

INSTITUTIONAL CLIENT DIVISION

Head of Institutional Client Division
Huong Chu
(+84 28) 7300 7000 (x1083)
huongctk@acbs.com.vn
groupis@acbs.com.vn

Director, Institutional Trade Execution
Huynh Nguyen
(+84 28) 7300 6879 (x1088)
huynhntn@acbs.com.vn

OUR RECOMMENDATION SYSTEM

BUY: Expected prospective total return (including dividends) in VND will be 20% or more within 12 months
OUTPERFORM: Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months
NEUTRAL: Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months
UNDERPERFORM: Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months
SELL: Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

DISCLAIMER

Please refer to the full Disclaimer, including Analyst Certification(s), Important Disclosures, and Disclaimer by clicking the hyperlink here.

If the hyperlink is unavailable, please visit:
https://acbs.com.vn/acbsmedia/2026/07/Disclamer_ENG.pdf