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Steel and Power Analyst
Le Thanh Cong
congltt@kbsec.com.vn

Hoa Phat Corp (HPG)

2Q earnings could reach VND2,700 billion, up 32% yoy

2Q earnings are expected reach VND 2700 billion, up 32%

— At the annual shareholders' meeting yesterday, HPG Chairman Tran Dinh Long estimated 2Q earnings at VND 2700 billion (up 32% yoy), of which earnings from steel segment should be VND 2,100 billion (up 16.5% yoy) and earnings from of animal husbandry segment should reach VND500 billion (30 times higher than the same period last year). Six-month earnings are estimated at VND 5,000 billion, (up 29.5% YoY) or 56% of full-year target. Accumulated consumption of construction steel in the first six months is expected to reach 1.52 million tons, up 13% yoy and meet 42% of full-year guidance.

20% of stock dividend and cash dividend VND500 per share for 2019 earnings

— Shareholders approved 2020E guidance for growth of 20% in earnings to VND 9,000 billion and growth of 33% in sales to VND86,000. Company expects 80% earnings from the steel segment on sale volumes of 3.6 million tons for construction steel (up 30% yoy), 750,000 tons of steel pipes (flat YoY), 120,000 tons of coated steel (up 20% YoY) and 800,000 tons of new products – steel billets. The company also announced a cash dividend of VND500 per share and 20% stock dividend for 2019 earning, and expected a cash dividend of VND1000 per share and 10% stock dividend for 2020 performance.

HRC production line is in testing run and should officially start in October 2020.

— After being delayed by COVID 19 lockdown, foreign experts can now come to Viet Nam to complete the hot-rolled coil (HRC) production line in *Dung Quat Project*. The phase 2 of the project has been almost done. Production line of HRC is in testing run and should officially operate by October 2020.

KB SECURITIES VIETNAM RESEARCH

Head of Research – Nguyen Xuan Binh

binhnx@kbsec.com.vn

Macro/Strategy

Head of Macro & Strategy – Tran Duc Anh

anhtd@kbsec.com.vn

Macro Analyst – Thai Thi Viet Trinh

trinhhtt@kbsec.com.vn

Market Strategist – Le Anh Tung

tungla@kbsec.com.vn

Equity (Hanoi)

Head of Equity Research (Hanoi) – Duong Duc Hieu

hieudd@kbsec.com.vn

Information Technology & Logistics Analyst – Nguyen Anh Tung

tungna@kbsec.com.vn

Property Analyst – Pham Hoang Bao Nga

ngaphb@kbsec.com.vn

Power & Construction Material Analyst – Le Thanh Cong

congltt@kbsec.com.vn

Financials Analyst – Nguyen Thi Thu Huyen

huyenntt@kbsec.com.vn

Equity (Ho Chi Minh)

Head of Equity Research (Ho Chi Minh) – Harrison Kim

harrison.kim@kbfq.com

Consumer & Retailing Analyst – Dao Phuc Phuong Dung

dungdpp@kbsec.com.vn

Fisheries & Pharmaceuticals Analyst – Nguyen Thanh Danh

danhnt@kbsec.com.vn

Oil & Gas & Chemicals Analyst – Nguyen Vinh

vinhn@kbsec.com.vn

Research Marketing

Korea Marketing Analyst – Seon Yeong Shin

shin.sy@kbsec.com.vn

KB SECURITIES VIETNAM (KBSV)

Head Office:

Levels G, 2 & 7, Sky City Tower, 88 Lang Ha Street, Dong Da District, Hanoi, Vietnam
Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

Hanoi Branch:

Level 1, VP Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam
Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

Ho Chi Minh Branch:

Level 2, TNR Tower Nguyen Cong Tru, 180-192 Nguyen Cong Tru Street, District 1, HCMC, Vietnam
Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, HCMC, Vietnam
Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

CONTACT INFORMATION

Institutional Client Center: (+84) 28 7303 5333 – Ext: 2656
Private Customer Care Center: (+84) 24 7303 5333 – Ext: 2276
Email: ccc@kbsec.com.vn
Website: www.kbsec.com.vn

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Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

| Buy: | Hold: | Sell: |
|--------------|--------------|--------------|
| +15% or more | +15% to -15% | -15% or more |

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

| Positive: | Neutral: | Negative: |
|-----------------------|---------------------------------|-------------------------|
| Outperform the market | Perform in line with the market | Underperform the market |

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