VIETNAM STEEL INDUSTRY OUTLOOK 2021

OVERWEIGHT

Valuations reflect industry growth
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2. Nam Kim Group (NKG VN)  
3. Hoa Phat Group (HPG VN)
PROSPECTS OF STEEL INDUSTRY IN 2021

Industry overview of 2020

In the Steel Industry Outlook 2020 and the 2020 Galvanized Steel Industry Report, we wrote that the steel industry in 2020 deserved to increase its proportion in investment portfolio. We believe after restructuring process, earning of all stocks in coverage of steel industry improved naturally. They also benefited from hot rolled coil (HRC) price increases since 3Q19. In addition, the trend of increasing public investment from China and Vietnamese also ignite a huge demand of steel. Besides, Vietnam’s Ministry of Trade imposed anti-dumping duties for galvanized sheet products from China, Hong Kong, and Korea to lower the pressure for domestic producers. Consequently, import steel volume in 10M20 decreased to 11.3mn tons (-7% YoY). For The stock prices of market-leaders HPG, HSG, and NKG have increased by 188%, 397%, and 234%, respectively, from the market bottom in April 2020 (compared with a 62% increase in the VN-Index in the same period). We believe the steel industry will enjoy a significant rise in profitability in 2020.

Opportunities in 2021

In 2021, the steel industry should maintain its positive position, based on the following: 1) HRC price is expected to remain high, due to trade tensions between China and Australia, putting pressure on the supply of iron ore; 2) global production output is expected to recover from 2021; 3) domestic steel production will improve alongside the recovery of the real estate industry; and 4) an expected decline in interest rates should result in decreased debt/equity ratios.

Valuation

Vietnam’s steel industry is trading at a P/E of 9.8x and EV/EBITDA of 6.1x, equivalent to the average of the Asian steel industry (P/E: 10x; EV/EBITDA: 5.3x). However, in 2021 we forecast the sales volume of Vietnam’s steel industry to grow by 15.7% (versus 5% globally), with 2021 P/E at 8.1x and EV/EBITDA at 4.2x, equivalent to 20% of the minimum expected profit for Vietnam steel industry.

Investment thesis

China boosts public investment by US$530bn: In March 2020, China announced plans to boost public investment in its steel industry with US$530bn (+150% versus 2019), mobilized from local government bonds. This represents a significant increase in the rate of disbursement, in terms of total capital mobilized from bonds, for infrastructure and industrial zones, at 29% and 3% respectively, compared with a disbursement rate of only 1% and 0.3%, respectively, in 2018.

Iron ore and HRC prices surged to historic peaks: With negative growth in 2020 and a series of policies designed to stimulate infrastructure in 2021, we forecast global steel production to reach 1,958mn tons (+5% YoY). Moreover, due to trade tensions between China and Australia, we believe that concerns over shortages of supply will help keep iron ore prices high in 1H21.

Vietnam steel industry’s sales volume expected to increase by 15.7% in 2021, three times higher than forecast global volume growth: In particular, we estimate that output of Dung Quat project will add 2.2mn tons to total output of Vietnam steel industry, while the Pomina Phu My plant will increase construction steel output by 1.1mn tons. In 2021, we believe that the real estate industry will gradually recover alongside the recovery of the world economy, which would benefit Vietnam’s steel industry. Output in 2021 is expected to reach 28.67mn tons (+15.7% YoY).

Recommended stocks

- Hoa Sen Group – HOLD – TP: VND25,500/share – Upside: +3.7%
- Nam Kim Group – HOLD – TP: VND16,400/share – Upside: +5.8%
- Hoa Phat Group – HOLD – TP: VND42,500/share – Upside +2%
Global steel industry – Expectation for recovery from FY21

1. China using all resources to promote public investment

In March 2020, China announced its plan to promote public investment via fiscal policies. According to a Metrics report, in July 2020, China raised US$530bn (+150% compared with 2019) via sovereign bonds. In which, we see a big difference when China government strongly increased the disbursement rate for infrastructure and industrial parks, which push up the demand for construction material. According to our revised estimates, the disbursement for infrastructure and industrial parks will be 29% and 5% of total bond value (versus 1% and 0.3%, respectively, in 2019), respectively. In summary, we calculate that China invested US$163bn in infrastructure, while the amount in 2019 was only US$22.5bn.

![Figure 1. Change in proportion of Chinese municipal bond disbursement for period of 2018-1H20](image)

According to an S&P Global report, China approved 14 airport projects with a total investment of US$15.3bn in 7M20 alone. In addition, 38 railway projects will compliment to railway system planning for the period 2020–2025, with a total of 5,801km new railway tracks added. According to Bloomberg, in 10M20, China increased steel consumption to 1,055mn mt (+ 9.4% YoY), with a total imported amount of 18.9mn mt (+174% YoY). As a result, all steel producers in the region are taking advantage of huge demand from China. In particular, Hoa Phat is a directly beneficiary, as HPG is able to release pig iron capacity from blast furnaces 1 & 2 of the Dung Quat steel complex (DQCP).

2. Steel demand expected to recover by 5% in 2021F

Based on data from Bloomberg, we forecast that China's steel production in 2020 will reach 1.145mn mt (+8.5% YoY), accounting for 61.4% of world demand. We estimate that 2020F global steel demand will decrease 3%, due to a decline in construction demand, implying 2020 global steel demand volume of 1.865mn mt.

However, for the year 2021, we are more about optimistic global steel demand, as Covid-19 vaccines will be widely distributed throughout Europe, the US, and Russia. We believe that the Covid-19 vaccination process will be implemented rapidly even within the developed countries of Asia, thereby creating a driving force for global steel production to recover in 2021. With negative growth in 2020 and a series of policies to stimulate demand for infrastructure in 2021, we expect global steel output to reach 1.958mn
tons (+5% YoY). Thus, we are bullish on the prospects of Vietnam’s steel industry exports in 2021. It is worth noting that the proportion of exports to the China market increased sharply in 2020 (to 34.7% of Vietnam’s total export volume, up from 3% in 2019).

Thus, we are bullish on the prospects of Vietnam’s steel industry exports in 2021. It is worth noting that the proportion of exports to the China market increased sharply in 2020 (to 34.7% of Vietnam’s total export volume, up from 3% in 2019).

Figure 2. Expected capacity of China and Global steel 2020F–2022F

<table>
<thead>
<tr>
<th>Mn mt</th>
<th>2018</th>
<th>2019</th>
<th>2020f</th>
<th>2021f</th>
<th>2022f</th>
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<td>2,000</td>
<td>2,500</td>
<td>3,000</td>
</tr>
<tr>
<td>%YoY China (RHS)</td>
<td>-3.0%</td>
<td>0.0%</td>
<td>3.0%</td>
<td>6.0%</td>
<td>9.0%</td>
</tr>
<tr>
<td>%YoY Global (RHS)</td>
<td>-3.0%</td>
<td>0.0%</td>
<td>3.0%</td>
<td>6.0%</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

Source: Bloomberg, MAS Global, MAS Research Vietnam

3. Forecast HRC price remains high due to massive global demand

In 4Q20, Vale (Brazil’s largest iron ore producer) announced that the company had lowered its iron ore output target to 300mn mt (-5% YoY), due to the impact of the Covid-19 epidemic. At the same time, the trade war between China and Australia has escalated, with China imposing an anti-dumping tax and threatening to halt the importation of agricultural and mineral products from Australia. We are concerned that if China stops importing iron ore from Australia (China imports 72% of Australia’s iron ore), while simultaneously boosting public investment in its steel industry, it will cause a shortage of iron ore. Iron ore prices have reached a 5-year peak, at US$154/mt, +93% from the bottom in May 2020. Thus, the Shanghai HRC price has risen steadily to US$687/mt, an increase of 46% from the bottom in March 2020.

We forecast that, in 2021, both iron ore and HRC prices will continue to increase by 10% a year, equivalent to the HRC price of US$755/mt, as many countries have announced plans to increase public investment in 2021 to alleviate the economic downturn caused by the Covid-19 pandemic.
VIETNAM STEEL INDUSTRY—POSITIVE PROFIT IN 1H21

1. Production capacity forecast to reach 28.67mn mt, up by 15.7%, in 2021F

In 2018–2019, the divestment of galvanized sheet projects and reduction in debt ratio helped galvanized steel sheet companies complete their restructuring, paving the way for a recovery in business results in 2020. In addition, 2020 is also the year that steel companies added new blast furnaces, including 2mn tons of HRC from blast furnaces 3 & 4 of the Dung Quat project and 1.1mn tons of construction steel from Pomina Steel Corporation’s Phu My project.

Steel demand is directly related to the real estate industry. However, due to Covid-19, the real estate industry was relatively inactive in 2020 (see our Vietnam Real Estate Industry Outlook 2021). The government’s stimulus package, coupled with huge demand from China, kept output from falling too deeply; thus, only a slight decline is expected in the steel industry’s 2020F output. Construction steel, steel pipe, and galvanized steel output will reach 10.3mn tons (-3% YoY), 2.25mn tons (-5% YoY), and 4.08mn tons (-4% YoY).

In 2021, we expect the real estate and construction sectors to recover, thereby boosting the output of the steel industry. In particular, we expect the HRC segment to see the biggest increase, with 2mn tons of additional capacity from blast furnaces 3 and 4 of the Dung Quat Hoa Phat project (DQCP). We forecast Vietnam’s total output of HRC and CRC in 2021 to reach 10.69mn tons (+30% YoY). The output of construction steel, steel pipe, and galvanized steel products in 2021F is expected to reach 11.2mn tons (+9% YoY), 2.49mn tons (+8% YoY), and 4,415mn tons (+8% YoY), respectively.
2. Profit margin expansion of steel companies to correspond with ore and HRC price rises

We believe that, thanks to the sharp increase in iron ore and HRC prices in 2H20, the combined margins of the steel and galvanized steel industries will reach US$685/mt (+38% in 2H20) by end-2020. We forecast the net profit of NKG, HSG, and HPG in 4Q20 to be VND90bn (+1.180% YoY), VND420bn (+132% YoY), and VND3.344bn (+83%), respectively. For 2021, we maintain a positive view of the steel and galvanized steel industries, with projected NPAT growth rates of 30.4% YoY for NKG, 49.9% YoY for HSG, and 16% YoY for HPG.

Figure 7. Correlation between HRC (US$/ton) and LNR of Nam Kim Tole and Hoa Sen Tole (VNDbn)

Source: Bloomberg, MAS Research Vietnam

Risks for steel and galvanized steel industry

Risk of volatility in iron ore prices: The steel and galvanized steel industry are in a vulnerable position, as raw material costs account for 65–75% of production cost. The galvanized steel industry is especially
at risk, as HRC prices account for more than 80% of raw material costs, causing the industry’s profits to fluctuate greatly, according to HRC prices. However, the leading galvanized steel companies, such as NKG and HSG, have gradually switched to selling contracts on closing orders three months before, so we believe that, in 1H21, the risk will not be high. However, in case HRC prices fall sharply in 1Q21, steel companies will be affected first. For galvanized steel companies, the impact will come later—in the second half of 2021—if HRC prices fall within 1H21.

**Risks from Covid-19:** Risks from Covid-19 are still present, as large-scale vaccinations have not yet taken place. This could affect the overall recovery, as well as the production capacity, of the steel and galvanized steel industry.

**Risks from export market:** The steel industry currently exports a large portion of its production to China, the EU, and the US (19.56% of total sales). There is a huge risk that tariff policies will change amid trade wars between China and other countries.
Valuation – Industry earnings results

1. Prosperous year for steel industry stocks

Since the arrival of the Covid-19 pandemic, steel and galvanized steel stocks have enjoyed remarkable price increases over the VN-Index average. Since Covid-19 reached its peak transmission rates in April 2020, the VN-Index has recovered by 78% to 1,180 points. However, the increase in steel demand from China has helped steel stock prices outperform the VN-Index. The share prices of our top three picks, Hoa Phat (HPG), Ton Hoa Sen (HSG), and Ton Nam Kim (NKG), which we recommended in the Steel Industry Outlook 2020 and the Galvanized Steel Industry Report 2020, increased by 188%, 397%, and 234%, respectively. Not only did they take advantage of rising demand from China, but they also completed restructuring programs in 2020. Compared with the rest of the steel industry, NKG, HSG, and HPG have the potential to see massive improvements in profit margins in 2021.

![Comparison between steel industry stocks and VN-Index performance](source: Bloomberg, MAS Research Vietnam)

2. Valuation of Vietnam steel industry still attractive thanks to rapid growth rate

In 2020, steel industry stock prices effectively withstood headwinds. Upon the arrival of the Covid-19 pandemic in early-2020, we expressed our concerns about oversupply, especially in the galvanized steel sector. However, by the end of 11M20, Vietnam’s steel manufacturers had seen their best-ever share price performance, at +45%, compared with regional peers, such as Thailand (+35% YTD), Taiwan (+42% YTD), and Indonesia (+31% YTD).

The rapid increase in steel stocks in the period from the middle of 2Q20 to the present has made the valuation level of Vietnam’s steel stocks rise to a reasonable level, equivalent to P/E of 9.8x and EV/EBITDA of 6.1x. Currently, the average valuation of the steel industry in Asia is a P/E of 10x and EV/EBITDA of 5.3x, and there is almost no difference from the valuation of the domestic steel industry. In our 2020 steel industry outlook, we recommend increasing the proportion of the industry, as the steel industry traded at a P/E of 7.5x and EV/EBITDA of 5.5x, 17% lower than the average valuation of steel industry in Asia.

For the 2021 outlook, we expect that 2021F steel production growth will reach 15.7% (compared with 5% globally). 2021F P/E and EV/EBITDA will reach 8.1x and 4.2x, respectively, equivalent to 20% of the minimum expected return for Vietnam stock market for 2021F.
Figure 9. Actual stock price growth and expected return at peak of Covid transmission (April 2020) of Vietnam’s steel industry stocks in 2020 compared with those of other countries

Source: Bloomberg, Reuters, MAS Research Vietnam

Figure 10. Valuation of regional peers’ steel industries (PE; EV/EBITDA; dividend yield %)

Figure 11: Valuation of Vietnam steel industry in 2020 vs. Asian average

Source: Worldbank, Steel SA, Bloomberg, MAS Research Vietnam
Galvanized steel industry

Hoa Sen Group
(HOSE: HSG)

Moving toward historic peak

We raise our target price for Hoa Sen Group (HSG) by 15% to VND25,500 (HSG – BUY – Update FY20/21 result). With FY20/21 forward P/E at 7.6x. For FY20/21–FY21/22, we increased our forecast for HSG’s net profit by 7.5% over our previous forecast, based on the company’s faster-than-expected growth. The share price has increased by 33% since our November 2020 update report (versus +21% for the VN Index in the same period). Therefore, we downgrade our recommendation for HSG to Hold (from Buy), with an expected return of +6.3%.

Investment thesis

Leading position in galvanized sheet industry: With 9% YoY output growth in FY19/20, Hoa Sen increased its market share from 30% to 32.5% in 3Q20, maintaining its market-leading position in the galvanized industry.

Healthier balance sheet: In the FY17/18 year, the debt/equity ratio (D/E) reached 3.0, as HSG increased its debt to finance construction steel complex projects in Ca Na and Ninh Thuan, as well as steel pipe projects in Yen Bai and Binh Dinh. Due to environmental protection considerations, the Ca Na project was halted in FY19 and HSG transferred its stake in the Ca Na project at the same time. From early-FY20, we saw HSG’s D/E gradually return to safe levels, at 1.2x in FY19/20. The debt/EBITDA ratio fell sharply from 6.6x to 2.6x in the same period.

Net profit increased by 218% YoY in FY19-20: HSG announces pre-audit FY19/20 business results (October–September), with revenue of VND 27,534bn (-1.8% YoY) and net profit of VND1,151bn (+218% YoY). Sales volume recovered in all three segments, including galvanized steel sheet, steel pipe, and plastic, with total estimated output of 1.62mn mt (+9% YoY). Specifically, we estimate galvanized steel output at 1.14mn mt (+9% YoY or 32.5% of total volume), and steel pipe output at 427,445mt (+10% YoY, steel pipe market share of 16%). Net profit margin also improved from 11.4% in FY18/19 to 16.8%, thanks to higher HRC prices. In addition, interest expense also decreased by 25% YoY, thanks to lower D/E, boosting profit growth in FY21/22.

Growth in net profit to exceed that of revenue in FY20/21: For FY20/21, we forecast revenue of VND32,202bn (+17% YoY) and net profit of VND1,499bn (+30% YoY). The sales volume of galvanized steel and steel pipe is expected to reach 1.22mn mt (+7% YoY) and 453,092mt (+6% YoY), respectively. Interest expense is forecast to decrease to VND467bn (-18% YoY), with profit growth surpassing revenue growth.

Key indicators

<table>
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<tr>
<th>(%)</th>
<th>VN-Index</th>
<th>HSG VN</th>
</tr>
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<tbody>
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<td>250</td>
<td></td>
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</tr>
<tr>
<td>200</td>
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<tr>
<td>150</td>
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<tr>
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<tr>
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<td>Relative</td>
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Earnings results and forecast

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<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
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<tbody>
<tr>
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<td>27,543</td>
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<td>3.5%</td>
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<td>7.2%</td>
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<td>NPAT (VNDbn)</td>
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<td>1,499</td>
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<td>Dividend yield (%)</td>
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<td>0%</td>
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Note: Earnings results are based on VAS accounting standards; NPAT represents that of parent company.
Source: Mirae Asset VN Research
Nam Kim Group (HOSE: NKG)
Classic upstream

We raise our target price for Nam Kim Group (NKG) by 68% to VND16,400, with FY21 forward P/E of 7.8x. For FY21–FY22, we increased our forecast for NKG’s net profit by 27%, compared with our previous forecast, due to the better-than-expected recovery in HRC price and NKG’s sales volume. The share price has risen by 110% since our July 2020 report (versus +24% for the VN Index over the same period).

Based on the partial valuation method, we assume that NKG will transfer all of its 32.6ha industrial land in the My Xuan B Industrial Park in 2021. Thus, we forecast after-tax profit from land transfers at VND395bn, equivalent to a valuation of VND2,200/share. Combining two valuation methods brings us a target price of VND18,700. So far, share price of NKG has increased 110% since our last call in July 2020 and almost reach our target price of VND16,400. Therefore, we downgrade our recommendation for NKG to Hold (from Buy).

HRC price has increased by 37% from the bottom in April 2020, gross margin expected to increase by 3%: NKG’s inventories in 3Q20 reached VND2,458bn (~30% of total assets), while the HRC price has increased by 18% to US$685/mt over the past two months. We expect the minimum gross profit margin to increase by 3%, reaching 6.2%, in FY20, and raise our NPAT forecast by 6% to VND239bn (+405% YoY).

Revenue to rebound above pre-Covid level, thanks to expansion of steel pipe production and export market: We expect the export market to continue to account for 40% of NKG’s revenue in 2021. Even amid the Covid-19 pandemic, NKG has maintained export volume, thanks to price advantages. We thus expect export market revenue for FY20 and FY21 to reach VND5,274bn (+8.3% YoY) and VND5,466bn (+3.7% YoY), respectively. In the domestic market, sales have been less affected, due to the rapid recovery of public investment and industrial demand. We project that domestic market revenue will reach VND7,912bn (+8.3% YoY) in FY20 and VND8,919bn (+12.7% YoY) in FY21.

Abnormal profits may come in FY21: We estimate the current average value of My Xuan B Industrial Park at US$100–110/m2. Should NKG transfer successfully the entire 32.6 hectares of industrial land at the minimum price of US$95/m2, we expect after-tax net profit of VND395bn from the asset transfer. Based on the assumption, we estimate the share value will increase by VND2,200/share, equivalent to VND18,700/share.

Valuation and recommendation

**Investment thesis**

<table>
<thead>
<tr>
<th>Key indicators</th>
<th>NKG VN</th>
<th>VN-Index</th>
<th>(VNDbn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OP (20F, VNDbn)</td>
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<tr>
<td>Expected market OP (20F, VNDbn)</td>
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<tr>
<td>Market EPS growth (20F, %)</td>
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<td>Market P/E (20F, x)</td>
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<td>Shares outstanding (mn shares)</td>
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<td>Foreign ownership (%)</td>
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<td>52-week high</td>
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**Earnings results and forecast**

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</tr>
<tr>
<td>EPS (VND)</td>
<td>3,887</td>
<td>315</td>
<td>260</td>
<td>1,390</td>
<td>2,084</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>24.1%</td>
<td>1.9%</td>
<td>1.6%</td>
<td>7.6%</td>
<td>11.0%</td>
</tr>
<tr>
<td>P/E (x)</td>
<td>5.0x</td>
<td>25.1x</td>
<td>26.5x</td>
<td>11.7x</td>
<td>7.8x</td>
</tr>
<tr>
<td>P/B (x)</td>
<td>1.3x</td>
<td>0.5x</td>
<td>0.5x</td>
<td>0.5x</td>
<td>0.4x</td>
</tr>
<tr>
<td>Dividend yield (%)</td>
<td>4%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: Mirae Asset VN Research
Hoa Phat Group (HOSE: HPG)

Time to conquer Southern Vietnam market

Valuation and recommendation

We downgrade our recommendation for Hoa Phat Group (HPG) to Hold (from Buy) and raise our target price to VND42,500 (from VND36,500) and 2021 forward P/E of 16x. After a drop in net profit in FY19, HPG's earnings saw a surprising increase in 2020, thanks to the significant contribution from the agriculture sector and Dung Quat steel complex (blast furnace 1 & 2). However, the share price has risen by 238% from the bottom in April 2020 (versus +78% for the VN-Index over the same period). We adjust that in short-term, the upside from HPG stock is not very attractive. Therefore, we downgrade out recommendation from BUY to HOLD.

We estimate the Dung Quat project’s EBITDA in 9M20 to be 22.7% (versus 25.8% for the Khin Mon factory), reaching the break-even point. Once blast furnace No. 4 comes into operation, we forecast that sales volume of HRC in 2021 will be 2.2mn mt (+260% YoY). Moreover, we expect the real estate market to recover in 2021, after three years of stagnation, while the increase in public investment will help HPG to convert billet to construction steel. In total, we increase our forecast of total construction billet and steel output to 5mn mt in 2021F (versus our previous forecast of 4.1mn mt).

Investment thesis

HRC volume forecast at 2.2mn mt in FY21, raising gross margin of steel pipe and galvanized sheet segment: The No. 3 blast furnace finished hot testing and entered operation in 4Q20. After 10M20, total HRC output reached 284,220 mt. Thanks to HRC from DQCP, Hoa Phat is now able to complete the value chain of steel pipe and galvanized steel. We forecast an increase of 3–4% in the gross margin of steel pipe from 2021, reaching 16%. We project the output of the galvanized steel sheet segment in 2020 and 2021 to be 220,000 mt (+120% YoY) and 300,000 mt (+36% YoY), respectively. In addition, we estimate total domestic HRC demand to be 13mn mt. Even taking into account the 2mn mt HRC output from DQCP, total HRC domestic capacity will be only 9–13mn mt, equivalent to 70% of national demand for HRC. Hence, we forecast HRC output in 2021 of 2.2mn mt, with internal usage of 1.1mn mt.

Taking advantage of public investment and recovery of real estate industry: In 2020, the Ministry of Investment and Trade (MOIT) announced a stimulus package for public investment, including several major projects, such as the North-South expressway, Long Thanh Airport, etc. We believe those projects will reignite the real-estate industry, lifting up forecasts for steel construction in 2021F to 3.3mn mt (+17.8% YoY) and 4.1mn mt (+24% YoY), respectively.

Net profit of agricultural segment to remain positive in 4Q20 and 1Q21: Due to flooding in the central region, pork prices remained around VND78,000–88,000/kg (versus VND70,000–75,000/kg in 3Q20). However, the price of pork always increases in the period before the Tet holiday, with prices ranging from VND10,000–15,000 kg. Thus, we expect HPG's agricultural segment to maintain profit of VND400bn (+4% YoY) in 4Q20.

Key indicators

<table>
<thead>
<tr>
<th></th>
<th>OP (20f, VND)</th>
<th>Market cap (VND)</th>
<th>Shares outstanding (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VN Index</td>
<td>19,783</td>
<td>1,067</td>
<td>3,313</td>
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<tr>
<td>HPG VN</td>
<td>20,291</td>
<td>147,772</td>
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<table>
<thead>
<tr>
<th>Share performance (%)</th>
<th>1M</th>
<th>6M</th>
<th>12M</th>
</tr>
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<tbody>
<tr>
<td>Absolute</td>
<td>20</td>
<td>70</td>
<td>101</td>
</tr>
<tr>
<td>Relative</td>
<td>8</td>
<td>47</td>
<td>89</td>
</tr>
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Earnings result and forecast

<table>
<thead>
<tr>
<th>FY (31/12)</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (VND)</td>
<td>33,283</td>
<td>46,162</td>
<td>55,806</td>
<td>63,658</td>
<td>90,214</td>
<td>114,725</td>
</tr>
<tr>
<td>OP (VND)</td>
<td>7,856</td>
<td>9,622</td>
<td>10,550</td>
<td>9,743</td>
<td>20,291</td>
<td>24,436</td>
</tr>
<tr>
<td>OP margin (%)</td>
<td>23.6</td>
<td>20.8</td>
<td>18.9</td>
<td>15.3</td>
<td>22.4</td>
<td>21.3</td>
</tr>
<tr>
<td>NPAT (VND)</td>
<td>6,602</td>
<td>8,007</td>
<td>8,573</td>
<td>7,527</td>
<td>12,379</td>
<td>14,350</td>
</tr>
<tr>
<td>EPS (VND)</td>
<td>2,047</td>
<td>2,699</td>
<td>2,588</td>
<td>2,272</td>
<td>3,999</td>
<td>4,330</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>35.3</td>
<td>30.8</td>
<td>23.6</td>
<td>17.1</td>
<td>17.8</td>
<td>18.2</td>
</tr>
<tr>
<td>P/E (x)</td>
<td>6.0</td>
<td>7.9</td>
<td>7.7</td>
<td>8.6</td>
<td>10.7x</td>
<td>9.8x</td>
</tr>
<tr>
<td>P/B (x)</td>
<td>1.8</td>
<td>2.2</td>
<td>1.6</td>
<td>1.4</td>
<td>2.2</td>
<td>2.0</td>
</tr>
<tr>
<td>Dividend yield (%)</td>
<td>3.1</td>
<td>2.9</td>
<td>2.3</td>
<td>2.3</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Source: HPG, Mirae Asset VN Research
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