

# Shareholder Meeting Update Note

## HPG - Hoa Phat Group

Date: 23/02/2018

# BSC

### Recommendation: BUY

Đỗ Việt Hưng (PTCB)

[hungdv@bsc.com.vn](mailto:hungdv@bsc.com.vn)

Target price	79,300
Current price	62,800
Upside	26.3%

Nguyễn Tuấn Anh (PTKT)

[anhnt@bsc.com.vn](mailto:anhnt@bsc.com.vn)

Target price	76,000
Cut loss	57,000

### Market Data

Outstanding share	1,517
Mkt Cap	93,439
High of 52w	64,400
Avg Vol 10 days (share)	7,789
Foreign onwership	40.05%

### Major shareholder

Trần Đình Long	25%
Dragon Capital	8%
Vũ Thị Hiền	7%
VOF Investment Limited	5%

### Chart (1 year)



### Overview

HPG is the leader in the steel industry, owning a closed production process. HPG has been developing many new projects to maintain the growth rate, affirming the number 1 position in the domestic steel market.

### Business Plan For 2018

Projected revenue: VND55,000 billion, projected after-tax profit: VND8,050 billion, equivalent to EPS of VND3,757 per share. The dividend for 2017 is 40%, and the 2018 dividend is expected to be 30%

### Projected income for Q1

Q1's revenue is expected to be 12,000 billion dong, profit of about 20,002,100 billion dong, including 100 billion dong from real estate (Mandarin Garden 2 project).

### Business Segments Update

#### Steel:

- Plated steel: will be sold to the market starting May, expected profit from steel sheet plating in 2018 will be insignificant. Expected revenue in 2018 is 3000 billion, in 2019 is 9000 billion. Similar to other plated corrugated steel enterprises, the share of exports will be major.

- Construction steel: The current consumption market is in the North (65.70%); the South and Central region accounts for about 15%. With Dung Quat steel project, the oriented market is the Central and the Southern region (75% for the two markets), the rest for export. Now the enterprise is applying for the provincial and government the projects to double the Dung Quat project's capacity (planned to be implemented after 2020). Dung Quat project invested by the company is \$500/ton capacity (Formosa invested \$12.5-13 billion for 7 million tons of capacity, equivalent to \$1700/ton capacity). For high quality steel, Hoa Phat's current main product is fabricated steel with capacity of 1 million tons, of which domestic market: 70-80%, export: 20-30%. Demand for this product in the Vietnamese market is about 1.5 million tons per year.

- Iron ore: Annual demand of the enterprise is about 10-12 million tons, of which only 500 thousand tons are domestic iron ore, the other most must be imported.

- Inox: The enterprise is still in the process of research, there is no specific plan.

#### Agriculture:

The enterprise's point of view is to carry on growing, but in the short term they will not invest more capital. Eggs: imported 2 breeds of foreign breed, successful multiplication (batch F1), according to this year's schedule they will provide 20 million eggs, in the next 5 years there will be 300 million commercial eggs. Livestock sector: the advantage of professional large scale investment will still follow the schedule.

#### Real Estate

The Mandarin Garden project will report a net profit of about 500 billion in 2018, with 100 billion in Q1. 70 Nguyen Duc Canh commercial center has finished the frame

### Other report

### Technical highlights:

- The fall of the MACD indicator, together with the downtrend of the RSI and MFI, indicates the possibility of correction of the stock.
- Liquidity: The average liquidity in 10 sessions was about 292 billion dong per session.

**Comment:** At present, the nearest support level of HPG is 60. Technical indicators indicate the possibility of correction of share price. If HPG breaks support level 60, next support level of the stock will be 56.

**Recommendation:** Investors should continue to follow the movement of the stock price movement.



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