

Sector: Steel

**Recommendations BUY HOA PHAT GROUP JSC (HSX: HPG) SOLID FUTURE**

Current price:	33,200	Report writing date:	07/06/2022	<b>Shareholder structure</b>
Previous target price:	61,700	Outstanding shares (Million)	4,473	Tran Dinh Long 26.1%
New target price:	2,100	Market capitalization (billion VND)	148,501	Vu Thi Hien 7.3%
Dividend yield	1.2%	10 sessions average volume	21,112,460	Dragon Capital 4.7%
<b>Upside:</b>	<b>27%</b>	Foreign ownership	25.83%	VOF Investment Limited 3.0%

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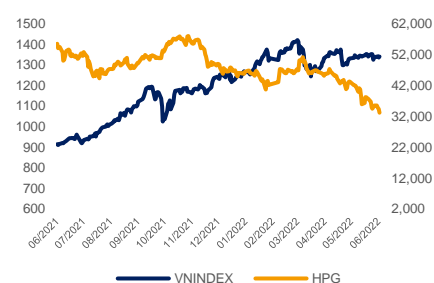
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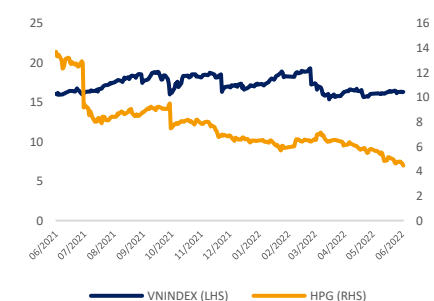
Target price: N/A

Cut-loss price: N/A

**Comparison table of stock prices and VN-Index**



**P/E and VN - index comparison table**



**Valuation**

- BSC maintained its recommendation to BUY HPG shares but revised down its one-year target price to VND42,100 per share, equivalent upside 27% of 07/06/2022 price.
- We use two methods to value PE and EV/EBITDA, adjusting the target levels to P/E = 7.0x and EV/EBITDA = 5.5x from the previous report, reflecting the market's severe discounting in the face of inflation risks and declining demand.

**Forecasting business results**

- We adjusted HPG's Net revenue and NPAT projections for 2022 to VND171,798 billion (+15% YoY) and VND27,576 billion (-20% YoY), respectively, EPS FW = VND 6,154/CP.
- We maintained our forecast (i) Total steel consumption of all kinds increased by 8.7% yoy, but adjusted the assumption of steel prices and raw material prices based on actual fluctuations in 5M2022 as follows: (ii) Long steel price +10% yoy; (iii) Flat steel price +5% yoy; (iv) Iron ore price -25% yoy and Coal price +100% yoy.

**Investment thesis**

- The long-term consumption forecast is positive, due to the benefits of big and closed production scales in lowering costs; and escalating demand in the market.
- Low valuation compared to business position and long-term potential.

**Risk**

- Consumption demand decreased;
- Fluctuations in steel prices and raw material prices.

**Business updates**

- In Q1/2022, HPG's net revenue reached VND44,058 billion (+47% yoy), and NPAT reached VND8.206 billion (+17% yoy). The steel section continues to contribute significantly to this quarter's business achievements, with VND42,381 billion (+47% yoy).
- Steel consumption in Q1/2022 +20% yoy, reaching 2.13 million tons, of which the main contribution came from finished construction steel with 1.34 million tons (+57% yoy) and HRC 466 thousand tons (-30% yoy).

	2021	2022F	Peer	VN-Index	2019	2020	2021	2022F	
PE (x)	5.9	5.43	4.2	17.2	Net sales	63,658	90,119	149,680	171,798
PB (x)	2.2	1.26	1.3	2.0	Gross profit	11,185	18,904	41,108	33,143
PS (x)	1.4	0.87	0.8	3.5	NPAT	7,578	13,506	34,521	27,576
ROE (%)	38.0%	23.3%	3 6.7%	14.7%	EPS	2,726	4,060	7,708	6,154
ROA (%)	19.4%	12.8%	17.8%	6.6%	EPS Growth	N/A	48.9%	89.8%	-20.2%
EV/ EBITDA (x)	5.9	4.3	5.1	N/A	Net debt/Equity	67.2%	68.3%	38.3%	36.1%

## BUSINESS UPDATE

HPG's Q1/2022 net revenue was flat (-1% QoQ) but NPAT grew (+11% QoQ) thanks to a sharp increase in steel prices over the first two months of the year. The agriculture segment reported a loss after tax for 2 consecutive quarters.

**Table 1: Summary of business result Q1/2022**

VND Billion	Q1.2022	Q1.2021	% yoy	Q4.2021	%QoQ	Notes
<b>Net sales</b>	<b>44,058</b>	<b>25,778</b>	<b>71%</b>	<b>44,711</b>	<b>-1%</b>	
<i>Steel</i>	42,381	28,804	47%	42,598	-1%	Steel segment revenue grew strongly, as both crude steel production +57% yoy and average steel price +10% yoy
<i>Agriculture</i>	1,628	2,248	-28%	1,781	-9%	Agricultural segment continues to decline as pork prices do not rise
<i>Real estate</i>	49	125	-61%	332	-85%	Leasing industrial park land in the projects of Pho Lien A (600ha), Yen My II (231ha), Hoa Mo (203ha).
<b>Gross profit</b>	<b>10,108</b>	<b>8,183</b>	<b>24%</b>	<b>9,587</b>	<b>5%</b>	
<i>Gross profit Margin</i>	22.9%	31.7%		21.4%		
<b>SG&amp;A</b>	<b>841</b>	<b>621</b>	<b>35%</b>	<b>1220</b>	<b>-31%</b>	Selling Expenses decreases due to reduced export share, causing shipping costs to fall
<i>%SG&amp;A/Net sales</i>	1.9%	2.4%		2.7%		
<b>EBIT</b>	<b>9,267</b>	<b>7,562</b>	<b>23%</b>	<b>8,367</b>	<b>11%</b>	
Interest	597	622	-4%	630	-5%	
Financial revenue	769	898	-14%	857	-10%	Financial revenue rises thanks to Short-Term Financial Investment +152% yoy
<b>NPAT</b>	<b>8,206</b>	<b>7,006</b>	<b>17%</b>	<b>7,419</b>	<b>11%</b>	
<i>Steel</i>	8,229	6,573	25%	7,327	12%	
<i>Agriculture</i>	(56)	392	-114%	(98)	-43%	The selling price did not increase in line with the increase in the price of animal feed, causing the profit margin to fall sharply.
<i>Real estate</i>	33	40	-18%	191	-83%	
<b>Steel consumption (tons)</b>						
Construction Steel	1,340,302	855,046	57%	1,092,104	23%	
Steel Pipe	217,815	184,012	18%	177,448	23%	
Galvanised	105,706	73,748	43%	155,710	-32%	
HRC, CRC	466,695	665,272	-30%	629,281	-26%	
<b>Domestic market share</b>						
Construction Steel	39%	33%		36%		Continue to lead the market.
Steel Pipe	37%	32%		35%		Continue to lead the market, far ahead of the second-ranked rival HSG
Galvanised	8%	8%		6%		
<b>Export share in total consumption</b>						
Construction Steel	28%	17%		31%		Exports (steel billets, finished construction steel and galvanized steel) began to decline since China's anti-epidemic blockade
Steel Pipe	2%	4%		3%		
Galvanised	28%	17%		31%		
<b>Some items in the balance sheet</b>						
Short-term debt	46,261	37,292	24%	43,748	6%	
Long-term debt	13,922	18,268	-24%	13,465	3%	Dung Quat stage 1 project put into operation, reducing long-term outstanding debt over the same period
Inventory	40,223	27,849	44%	42,370	-5%	

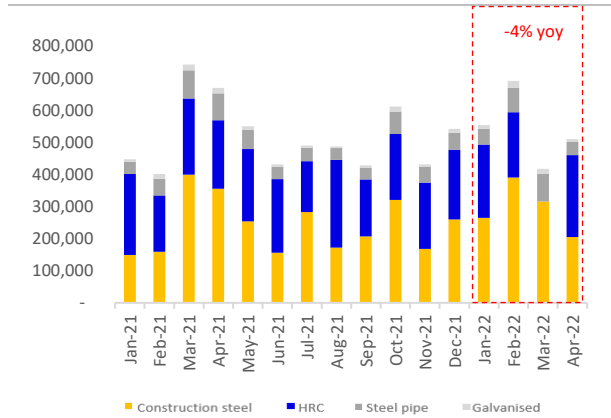
Cash, cash equivalents & Short-term investments	46,309	24,825	87%	40,708	14%	Part of the balance of money is used as reciprocal capital for the loan of Dung Quat stage 2 project
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Source: HPG, Fiinpro, BSC Research

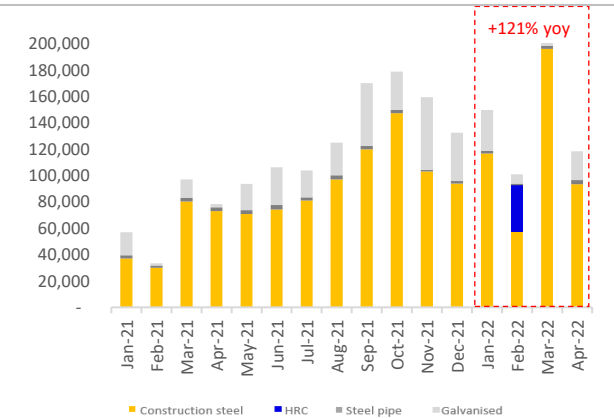
**Steel consumption in the first months of 2022 is in line with our forecasts ([link](#))**

Total steel consumption in the first 4 months of 2022 +9% yoy, of which export activities contributed 21.3% of HPG's total consumption.

**Pictured: Domestic steel consumption begins to decline since April 2022 (tons)**



**Figure: Steel export output increased sharply over the same period (tons)**



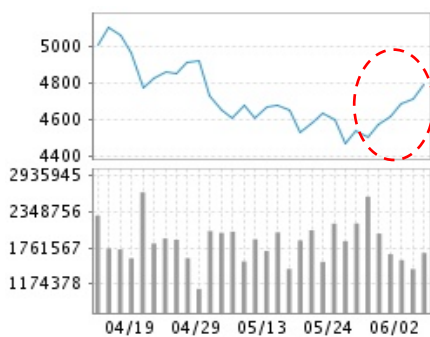
Source: Fiinpro, BSC Research

**Steel price fluctuations since the beginning of the year have impacted steel consumption.** Construction steel prices after 7 consecutive increases since the beginning of the year (+15% ytd) have had 4 recent downward corrections (-5% since the peak in 2022). Two-month HRC futures, after rising nearly 20% to \$925/tonne, have also fallen back 10% to \$820-830 a tonne. We believe that steel consumption slowed down in April 2022, meanwhile steel prices adjusted down because dealers delayed the import of goods to wait for better selling prices.

**Steel demand may recover in the short term on prospect of China reopening**

**Steel futures prices rebounded as China reopened.** China is slowly reopening after nearly a month of quarantine due to Covid 19. The outlook for economic activity gradually returned to normal, helping steel futures prices in the early June session (when Shanghai reopened) to rebound. Since China accounts for 60% of the world's steel demand, we think that if the price momentum of Chinese steel persists for a long time, it will have a positive impact on domestic steel selling prices and exports.

**Picture: Steel bar futures price on the Shanghai floor (CNY/ton)**



**Picture: Futures HRC steel price on the Shanghai floor (CNY/ton)**



Source: Shanghai Future Exchange

**2022 Annual General Meeting of Shareholders - Continue to go up**

At the 2022 Annual General Meeting of Shareholders, Chairman Tran Dinh Long made some comments about the company's business plan:

**The short-term consumption situation is negatively affected** by: (i) the rising price of coal due to the lack of supply when Russia is sanctioned; (ii) China's blockade to combat the epidemic, causing steel demand to drop and steel prices to go down.

**The company persists in investing in capacity expansion.** HPG is focusing on investing in Dung Quat stage 2. In May, HPG signed key contracts, contractors are bringing in machinery and equipment and ready to start construction. The company is also working on Dung Quat stage 3, emphasizing that it will aim to continuously develop, putting HPG in the top of the world's leading steel enterprises.

**The 2022 business plan is reduced and the dividend is 5% in cash.** HPG set a revenue target of \$25 trillion to \$30 trillion due to the unfavorable steel industry outlook. The plan to pay a dividend of 5% in cash and 30% in shares presented by the company at the general meeting of shareholders has been approved. The dividend rate in cash is low (6.5%) to ensure that the Company has enough equity to invest in Dung Quat stage 2 project (estimated at VND 45 trillion).

BSC assessed HPG's business plan for 2022 is quite cautious, but reasonable in the face of fluctuations in steel and raw material prices. **We take an optimistic view of the company's business prospects after capacity expansion from new projects**, presented in the latter part of this report.

## GOOD STEEL CONSUMPTION PROSPECTS IN THE LONG TERM

We maintain a positive view on HPG's long-term steel consumption prospects

The demand for steel in Vietnam still has a lot of room to increase. Vietnam's steel consumption per capita is much lower than that of the other industrialized countries. We believe that, as a developing country with a low urbanization rate, demand for steel for construction in Vietnam will continue to rise in the future.

Figure: Vietnam's steel consumption/capita (kg/person) is still low compared to other countries in the region

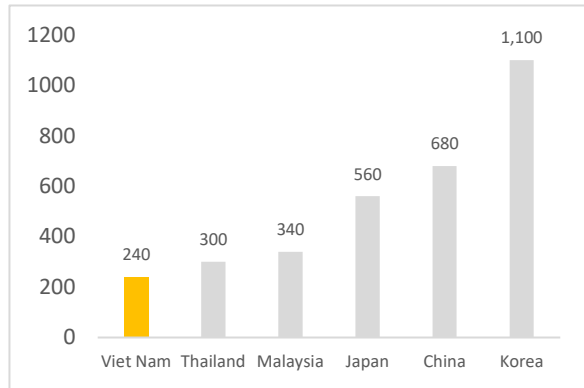
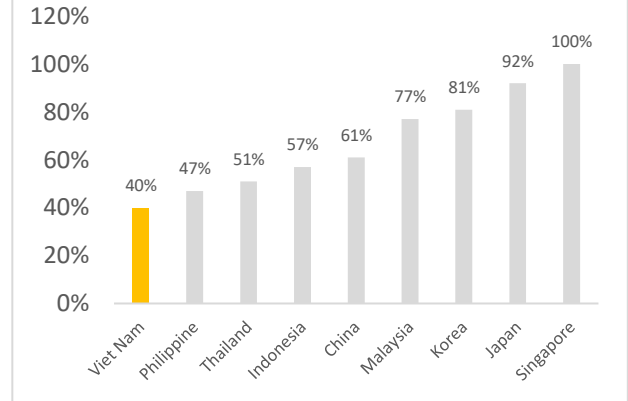


Figure: Vietnam's urbanization rate is still low compared to other countries in the region



Source: WSA, WB, BSC Research

HPG is also developing a variety of high-quality steel products for the export market. In Vietnam, only HPG currently has the capacity to produce prestressed steel products (PC Bar and PC Strand), galvanized wire steel, container shells, mainly for export to fastidious markets such as the EU, USA, Canada,... Diversifying the export market increases HPG's steel consumption capacity.

HPG's steel products have many competitive advantages thanks to the large production scale.

HPG has the ability to reduce costs thanks to its large production scale. The large scale of production helps HPG control fixed costs, sales costs and business management at a lower level than other businesses in the same industry.

Figure: SG&A/Net revenue ratio is relatively stable despite the production size (thousand tons) +143% after 2 years

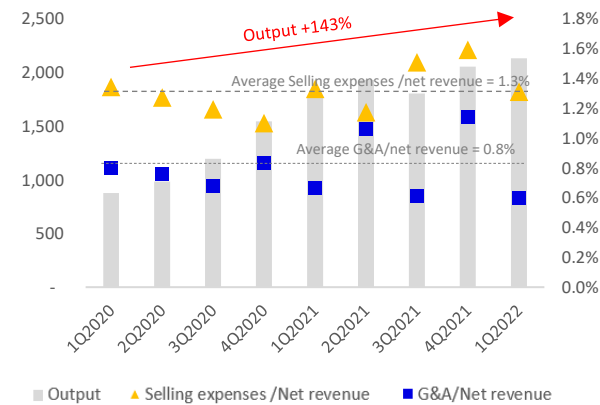
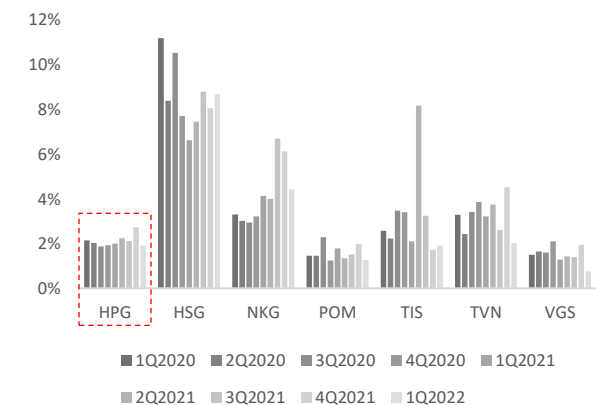
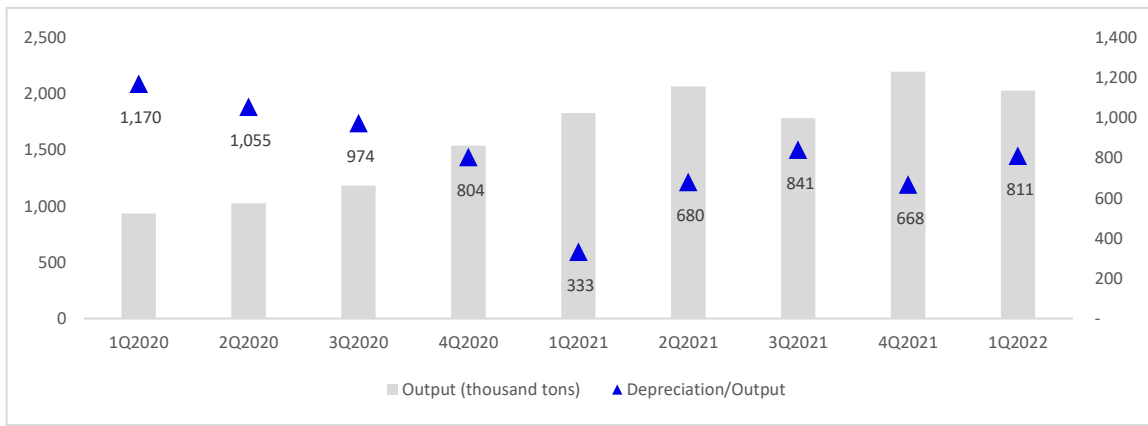


Figure: HPG's SG&A/ Net revenue ratio is stable and significantly lower than businesses in the same industry



Source: Fiiipro, Corporate Financial Statements, BSC Research

Figure: Depreciation/output cost ratio (VND/kg) decreased as production capacity doubled in the past 2 years



Source: Corporate Financial Statements, BSC Research

**HPG continues to complete the closed production chain, which helps to better control input costs.** HPG already owns An Thong mineral company with an annual consumption of 500,000-600,000 tons of ore of all kinds, giving HPG partial autonomy of domestic demand (estimated to account for 5% of iron ore demand). As part of its expansion strategy, HPG has acquired the Roper Valley iron ore mine (Australia) with mining reserves of 4 million tons per year and increased its fleet of coal and iron ore carriers, in addition to owning Dung Quat deep-water port to help HPG optimize production costs.

**The increased market share as capacity expansion demonstrates HPG's good sales capabilities.** HPG currently leads the market share of construction steel (37.9%) and steel pipes (34.9%), while the market share of galvanized steel enters the top 5 after only 1 year of sales implementation (if including export output). We expect HPG to continue to strengthen its leading position in the domestic market thanks to competitive selling price compared to its competitors.

Figure: HPG's domestic consumption market share increases gradually as capacity expansion

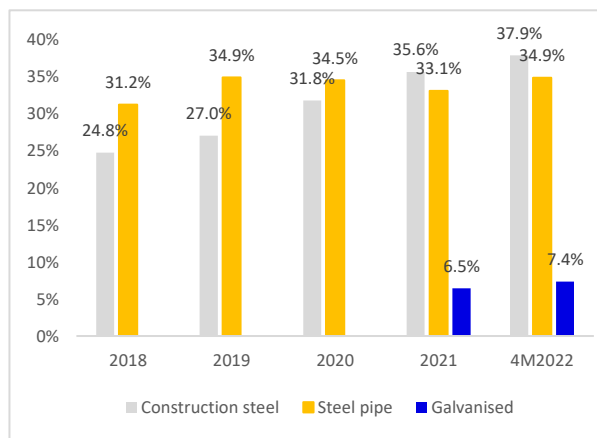
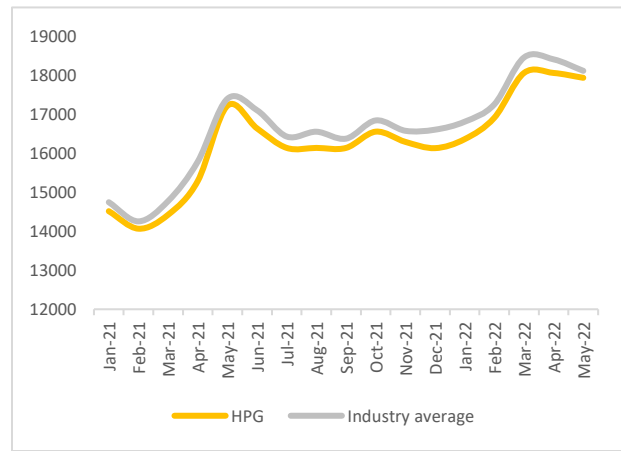


Figure: HPG's construction steel selling price is usually lower than the industry average



Source: Fiinpro, BSC Research

We believe that, with the above competitive advantages, HPG will be able to consume all its steel output after raising capacity in the next 2-3 years..

**Dung Quat 2 project:** Dung Quat stage 2 is expected to start construction in Q2/2022 and be completed by the end of 2024, increasing HPG's total capacity by 5.6 million tons of HRC per year. Not to mention the export offers, the domestic HRC supply has not yet met the demand for consumption (currently at 13 million tons/year, +10%/year - according to the Ministry of Industry and Trade), so we expect the additional capacity from this project will be consumed by the market.

Figure: HRC supply from FMS and HPG still has not reached domestic demand.

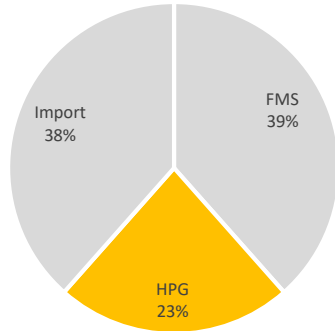
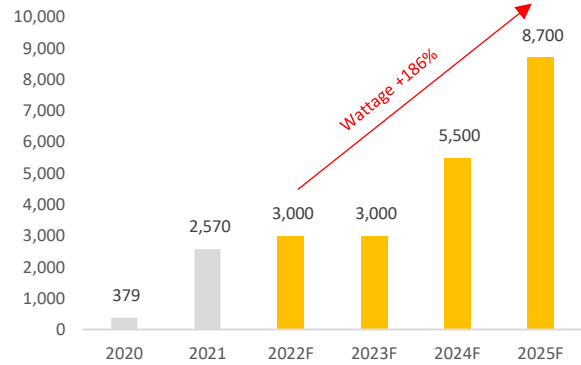


Figure: HPG's HRC capacity and consumption is expected to be +186% in the next 3 years



Source: MOIT, HPG, BSC Research

**Steel pipe factory project in Long An:** HPG has set aside 21 hectares of land in Long An to build a steel pipe factory, which is expected to start construction in Q3/2022, helping to increase HPG's steel pipe and steel pipe capacity by +150% and +30% respectively compared to the current capacity. Despite accounting for a large market share of steel pipe consumption, HPG has yet to exploit the southern plating steel market (the largest market in the country, accounting for 63% in 2021). In the absence of consuming all steel pipes, we assume that HPG is likely to sell galvanized steel products (1 stage of the steel pipe production process) to fully exploit expanded production capacity, not to mention export capacity.

Figure: Expected steel pipe capacity of HPG +30% after expansion (thousand tons/ year)

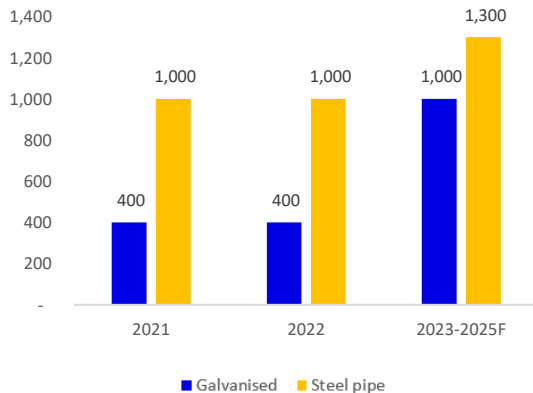
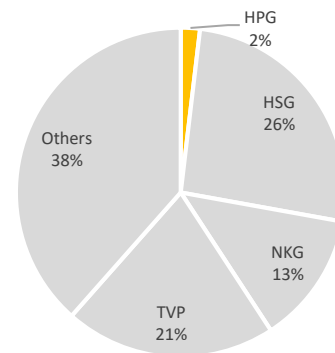


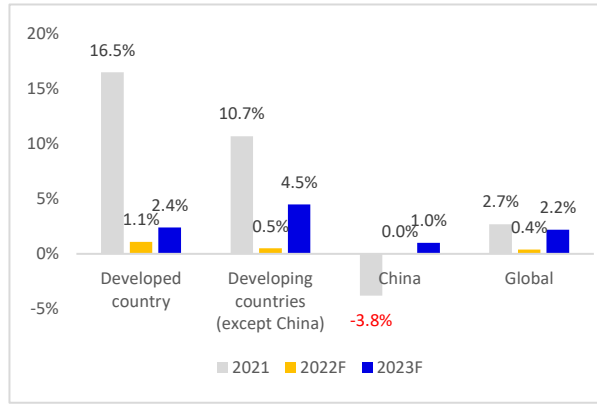
Figure: The market share of galvanized steel consumption in the Southern region is still modest compared to the market (calculated over the first 4 months of 2022)



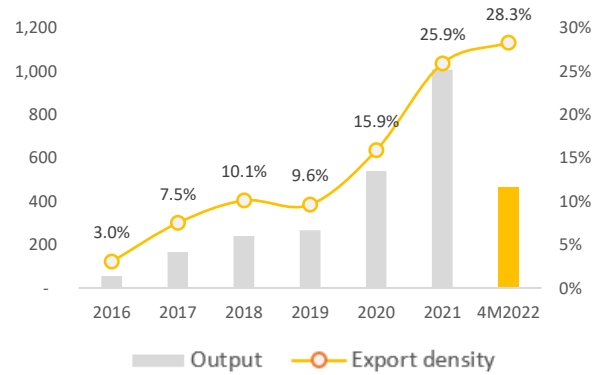
Source: HPG, Fiinpro, BSC Research

**Steel Export Outlook:** The World Steel Association (WSA) forecasts that slowing world steel demand growth in 2022, especially the Chinese market, could affect HPG's export outlook as it is the main export market. However, if the export market is not favorable, HPG is fully capable of selling domestically because export output only accounts for a small proportion of total consumption.

**WSA forecasts world steel demand will be flat in 2022 and grow again in 2023**



**Figure: Proportion of exports to total steel consumption of HPG**

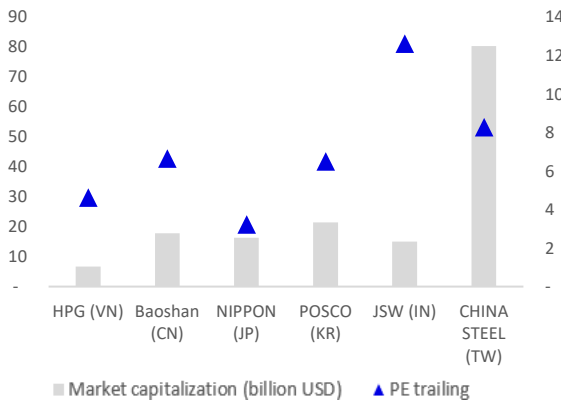


Source: WSA, Fiinpro, BSC Research

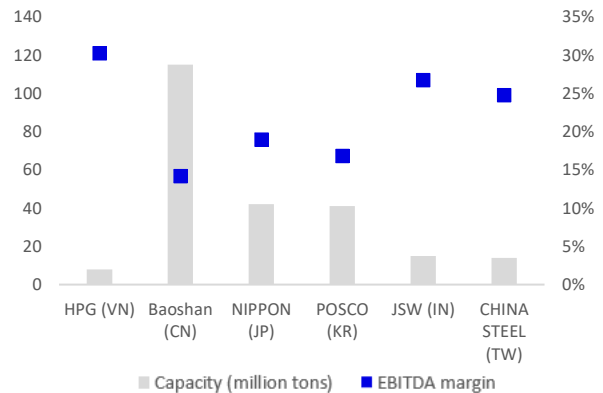
### CHEAP VALUATION WITH LONG-TERM POTENTIAL

**HPG is undervalued compared to its leading position in the steel industry in a market that is still growing as well as Vietnam.** HPG's profitability is much better than that of other leading enterprises, but is undervalued. We think HPG deserves a better valuation given the long-term growth potential of the business.

**Figure: Low valuation (PE trailing) compared to leading steel enterprises in the region**



**Figure: HPG's EBITDA profit margin is higher than many other leading enterprises**



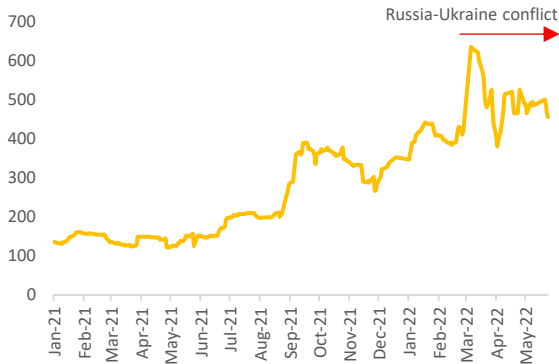
Source: Bloomberg, BSC Research



**RISK**

**Fluctuations in raw material prices, especially coking coal prices.** The price of coking coal (accounting for 35%-40% of the cost of producing crude steel) has increased sharply since the beginning of the year, at one point surpassing \$ 600/ton (+73% ytd). Coal prices have risen sharply as sources have been affected since the Russia-Ukraine conflict. If the anchor coal price stays at \$500 per tonne for a long time, we assume HPG's gross margin could fall by about 3%-3.5% if the selling price cannot increase accordingly.

**Coking coal prices, Australian FOB rise sharply since the outbreak of the Russia-Ukraine conflict (USD/ton)**



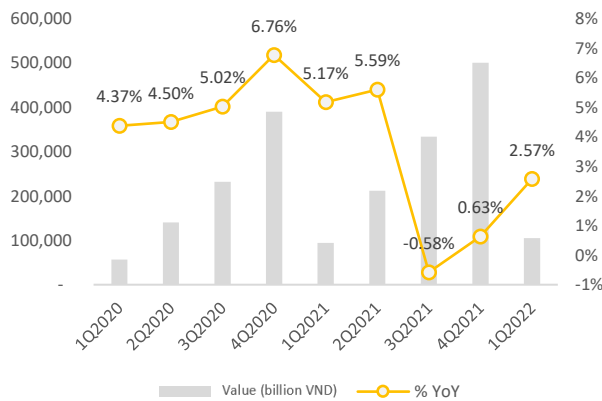
**Figure: Iron ore and scrap steel price fluctuations (USD/ton)**



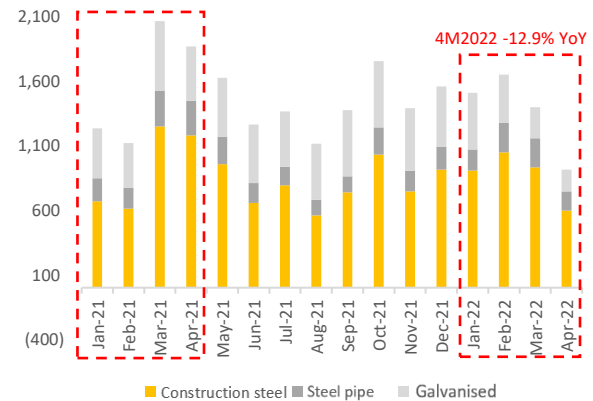
Source: Bloomberg, BSC Research

**Domestic steel demand declined.** In our previous analysis ([link](#)) report, we expect HPG to benefit as domestic demand recovers in 2022. However, the price of building materials increased too quickly and the measure of tightening credit into the real estate industry could slow construction activity in the short term, causing steel demand to decline.

**Figure: The value growth of the construction industry has not recovered to the same level in the previous period**



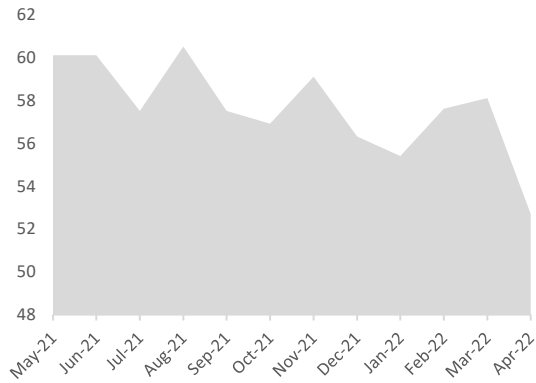
**Figure: Domestic steel consumption across the industry slowed in April**



Source: GSO, VSA, BSC Research

**Steel demand in the import market declined.** The outlook for China's construction sector, HPG's largest import market, has been heavily affected by measures to combat Covid 19 as the country persists with its Zero-Covid policy, which could reduce HPG's export output. In addition, a sharp drop in construction steel prices in China will also negatively impact HPG's export profit margins.

**Figure: China's construction PMI plummets due to covid 19 blockade**



**Figure: China bar steel price -10% from its highest level since early 2022 (USD/ton)**



Source: CEIC, Bloomberg, BSC Research

## FORECAST OF BUSINESS RESULTS

Compared to the previous report ([link](#)), BSC adjusted HPG's **Net revenue** and **NPAT forecasts for 2022** as follows:

**Table: Pre- and post-adjustment forecasts**

	Advance forecast	Adjustment forecast	+/- compared to the previous forecast	% YoY
Net revenue (VND billion)	145,041	171,798	+18.4%	+14.8%
Profit after tax (VND billion)	36,202	27,576	-23.8%	-20.1%
EPS (VND/CP)	8,071	6,154	-23.8%	-20.2%

Net revenue and NPAT projections changed as we revised some assumptions based on material and steel price fluctuations in the first 5 months of 2022. In detail:

**Table: Assumptions**

Assumptions	Previous report	Report update	Notes
Total steel consumption	+8.7% yoy	+8.7% yoy	
Long steel price	-10% yoy	+10% yoy	Upward revision due to sharp rise in coal prices
Flat steel price	-10% yoy	+5% yoy	Upward revision due to sharp rise in coal prices, lower gains than long steel as export profit margins forecast to fall more sharply
Iron ore prices	-20% yoy	-25% yoy	Downward revision due to slow-growing world steel demand forecast (WSA)
Coal prices	+10% yoy	+100% yoy	Coal prices have risen sharply since the outbreak of the Russia-Ukraine conflict. In the short term, we believe that supply is not enough to meet demand.

## VALUATION

We continue to use the P/E and EV/EBITDA (50:50 ratio) methods, however, adjusting the P/E and EV/EBITDA target levels to 7.0x and 5.5x respectively – down from the target level in the previous report ([link](#)) – in order to reflect the stock market that has discounted quite deeply in the face of inflation risks and declining demand. We **maintain our BUY recommendation for HPG shares with a one-year target price of VND42,100 per share, 27% of the closing price of 07/06/2022.**

**Table 3: Valuation Summary**

Pricing method	Density	Target price
P/E	50%	43,078
EV/EBITDA	50%	41,097
Pricing aggregation		<b>42,100</b>

Source: BSC Research

Image: HPG's P/E index

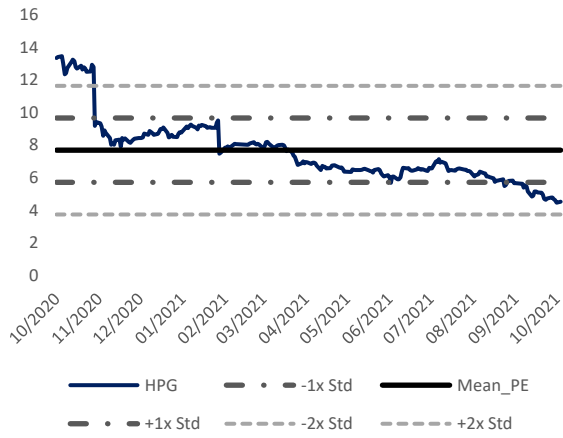
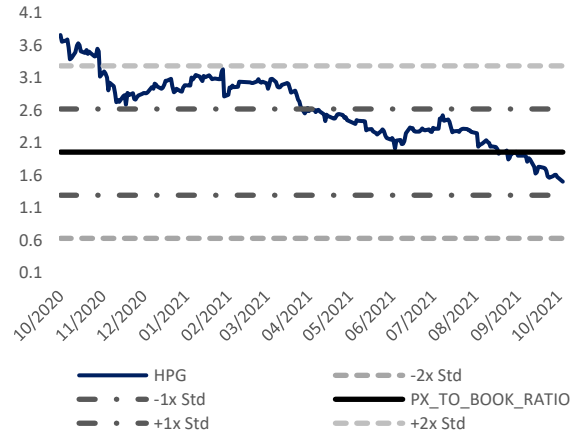


Image: HPG's P/B index



Source: Bloomberg, BSC Research

## APPENDIX

Income statement (Billion VND)	2019	2020	2021	2022F	Cashflow (Billion VND)	2019	2020	2021	2022F
<b>Net sales</b>	<b>63,658</b>	<b>90,119</b>	<b>149,680</b>	<b>171,798</b>	(Loss)/EBT	9,097	15,357	37,057	29,602
Cost of goods sold	52,473	71,214	108,571	138,655	Depreciation & amortization	3,262	6,575	7,152	6,668
<b>Gross profit</b>	<b>11,185</b>	<b>18,904</b>	41,108	33,143	Change in working capital	(4,644)	(10,345)	(17,488)	(6,834)
Cost of sales	873	1,091	2,120	2,428	<b>CFO</b>	<b>7,715</b>	<b>11,587</b>	<b>26,721</b>	<b>29,436</b>
G&A expenses	569	690	1,324	1,517	Purchase fixed assets	(20,825)	(11,916)	(11,621)	(16,853)
<b>Gross profit</b>	<b>9,743</b>	<b>17,123</b>	<b>37,664</b>	<b>29,198</b>	Other investments	2,761	(6,580)	(8,048)	(20,671)
Financial revenue	471	1,005	3,071	3,616	<b>CFI</b>	<b>(18,064)</b>	<b>(18,495)</b>	<b>(19,669)</b>	<b>(37,524)</b>
Financial expenses	1,182	2,837	3,732	3,266	Dividend payments	(13)	(1,419)	(1,693)	-
Interest expense	937	2,192	2,526	2,485	Net borrowing	12,391	17,470	3,423	7,619
Profit from joint ventures	(1)	2	4	3	Other revenues	0	3	11	-
Other gains/losses	66	65	48	52	<b>CCF</b>	<b>12,378</b>	<b>16,054</b>	<b>1,740</b>	<b>7,619</b>
<b>Profit before tax</b>	<b>9,097</b>	<b>15,357</b>	37,057	29,602	First cash flow	2,516	4,545	13,696	22,471
Corporate income tax	1,518	1,851	2,536	2,026	Money in periods	2,029	9,146	8,792	(468)
<b>Profit after tax</b>	<b>7,578</b>	<b>13,506</b>	<b>34,521</b>	<b>27,576</b>	<b>C&amp;CE at the end of FY</b>	<b>4,545</b>	<b>13,690</b>	22,488	22,003
Non-controlling interest	51	56	43	50					
NPAT - Owners	<b>7,527</b>	<b>13,450</b>	<b>34,478</b>	<b>27,526</b>					
<b>EBITDA</b>	<b>12,179</b>	<b>21,657</b>	45,665	34,837					
<b>EPS</b>	<b>2,726</b>	<b>4,060</b>	7,708	6,154					
<b>Balance sheet (Billion VND)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022F</b>	<b>Ratio (%)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022F</b>
<b>Cash &amp; Short-term investments</b>	<b>5,919</b>	<b>21,823</b>	<b>40,708</b>	<b>57,003</b>	<b>Liquidity</b>				
Trade account receivables	3,561	6,125	7,663	8,976	Current ratio	1.13	1.09	1.28	1.42
Inventories	19,412	26,287	42,134	43,251	Quick ratio	0.41	0.59	0.71	0.88
Other current assets	1,544	2,513	3,650	4,181	<b>Capital structure</b>				
<b>Total current assets</b>	<b>30,437</b>	<b>56,747</b>	<b>94,155</b>	<b>113,411</b>	Debt/Assets	53%	55%	49%	45%
Tangible fixed assets	30,980	65,308	68,744	70,785	Debt/Equity	113%	122%	96%	82%
Invisible fixed assets	269	254	537	615	<b>Working capital</b>				
Financial lease	-	-	-	-	Inventory days	117	118	116	114
Construction in progress	37,435	6,247	9,699	23,863	Receivable days	14	13	11	13
Long-term investment	46	171	7	42	Payable days	85	71	63	67
Other long-term assets	2,608	2,784	5,095	5,767	CCC	46	60	53	56
<b>Long-term assets</b>	<b>71,339</b>	<b>74,764</b>	<b>84,082</b>	<b>101,071</b>	<b>Profit margin</b>				
<b>Total assets</b>	<b>101,776</b>	<b>131,511</b>	<b>178,236</b>	<b>214,483</b>	Gross profit	18%	21%	27%	19%
Account payables	7,507	10,916	23,729	25,393	NPAT profit	12%	15%	23%	16%
Short-term loans	16,838	36,798	43,748	48,712	ROE	16%	23%	38%	23%
Other noncurrent liabilities	2,639	4,261	5,983	5,983	ROA	7%	10%	19%	13%
<b>Current Liabilities</b>	<b>26,984</b>	<b>51,975</b>	73,459	80,087	<b>Valuation</b>				
Long-term loans	19,842	17,343	13,465	16,120	PE	17.81	11.86	4.30	5.40
Other long-term debt	7,163	2,973	532	532	PB	2.71	2.62	1.63	1.25
<b>Noncurrent liabilities</b>	<b>27,005</b>	<b>20,316</b>	13,996	16,651	<b>Growth</b>				
<b>Total Liabilities</b>	<b>53,989</b>	<b>72,292</b>	<b>87,456</b>	<b>96,739</b>	Revenue growth	14%	42%	66%	15%
Capital	27,611	33,133	44,729	44,729	EBIT growth	-8%	76%	120%	-22%
Capital surplus	3,212	3,212	3,212	3,212	LNTT growth	-12%	69%	141%	-20%
Retained earnings	15,877	21,792	41,763	69,241	EPS Growth	-32%	49%	90%	-20%
Other equity	924	934	922	922					
Non-controlling interests	163	149	155	200					
<b>Total Equity</b>	<b>47,787</b>	<b>59,220</b>	<b>90,781</b>	<b>118,303</b>					
<b>Total Capital</b>	<b>101,776</b>	<b>131,511</b>	<b>178,236</b>	<b>215,042</b>					
No. of shares (million)	2,761	3,313	4,473	4,473					

Source: HPG, BSC Research

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