

Business highlights

- **Establishment:** HPG was initially established in 1992 and restructured into a holding company on Sep 1st 2007. HPG currently consists of 10 subsidiaries and 6 associates.
- **Key business activities:**
 - ✓ Manufacturing and trading steel billet, construction steel made from iron ore and coke raw materials;
 - ✓ Manufacturing furniture, refrigeration engineering, equipment and accessories, (15% revenue);
 - ✓ urban plus industrial zone development and construction (3% revenue);
- **Shareholding structure:** As at September 06, 2011, ownership structure of HPG is as the following table:

Structure	% ownership
Others	63.57
Foreign Investors	36.43
Total	100.00

- **Market position:** Currently, in the first 5 months of 2011, HPG is the leading company in consuming steel nationwide, achieved 300,000 tons that equivalent to 14% market share. Other sector in HPG such as furniture, construction materials also have stable growth.
Main competitors in supplying steel for construction: Pomina Steel, Thai Nguyen Steel and Vinakyoel Steel.

- **Subsidiaries, Joint Ventures and Associates:**

Name	Capital (VNDb)	Ownership (%)
Hoa Phat Equipment & Accessories Co., Ltd	140	99.64
Hoa Phat Furniture JSC	200	99.50
Hoa Phat Steel Pipe Co., Ltd	200	99.75
Hoa Phat Refrigeration Engineering Co., Ltd	150	99.67
Hoa Phat Urban Development & Construction	150	99.33
Hoa Phat Trading Co., Ltd	50	99.00
Hoa Phat Steel Jsc	1,000	85.00
Hoa Phat Energy Jsc	150	49.00
Yen Phu Mineral JSC	30	40.00

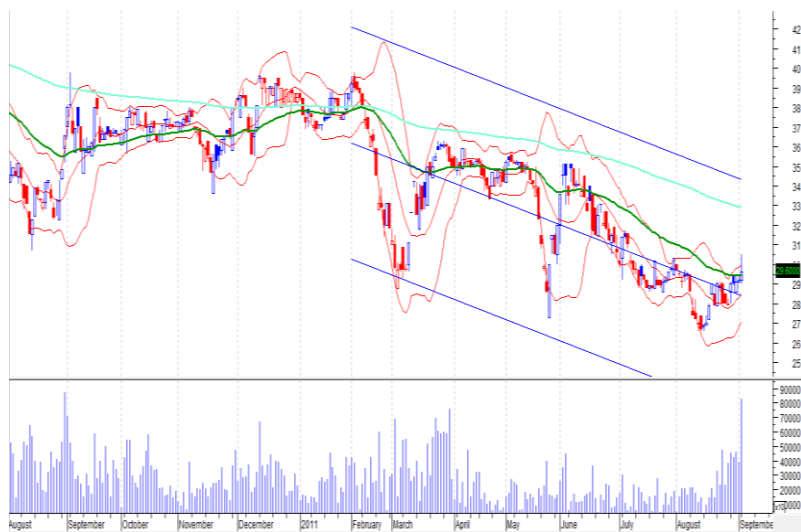
- **Update information from HPG in 2011:**

- ✓ More than 50% proportion of revenue and profit will derive from steel production. In June and July, business result was falling down as compared to April and May. Also, in June, the manufacturer has stopped production from 15 to 17 days for maintenance purpose. However, the company expect to return a high selling quantity in the last quarter that focusing on the months construction projects will be pushed to complete construction progress.
- ✓ Current iron ore capacity of HPG is more than 40 million tons (raw material), that can extracted 20 million tons of material used for steel production. Current exploitation capacity of iron ore is from 350,000 to 380,000 tons/year, provide 80% the need of production in phase I, the remaining 20% will purchase from other suppliers.
- ✓ Thach Khe iron ore contains the largest reserve in South East Asia, however, it currently has too many investors that joint investment without identification of the majority investor, so that Thach Khe is not expected to put into operation now. HPG hope that it will be exploited in the next 3 to 5 years.
- ✓ In the first 8 months of 2011, HPG has sold 432,000 tons construction steel, increased 14% as compared to the same period last year. Only in August, HPG has sold 60,200 tons, increased 42% regarding to previous month.

Stock statistics as at September 06, 2011

Market cap (VNDb)	9,376.57	Current price (VND)	29,500
30 day av trading volume (Mil)	251,211	52 weeks high	40,000
Outstanding share (mil)	317.85	52 weeks low	26,700
Chartered capital (VNDb)	3,178	TTM P/E (x)	6.95
Adjusted EPS (VND)	4,245	P/B (x)	1.47
Dividend yield(%)	6.78	Foreign ownership (%)	36.43

Technical Price Chart



Other events:

- From 22/03/2011 to 22/06/2011, HPG has bought 4,230,930 treasury stocks over total registered 10,000,000 treasury stocks. Up to now, total treasury stock maintained in BS of HPG is 4,230,930 stocks.
- BOM resolution No. 09/NQHP-2011 dated 04/07/2011 has announced to establish Yen Phu Mineral Investment and Exploitation JSC, chartered capital VND 30bil with ownership of HPG is 40%. Purpose of the company is to evaluate the potential of iron ore at Tan An, Ban Phao, Khe Bang – located in Van Chan, Yen Bai and Yen Lap, Phu Tho.
- BOM resolution No. 10/NQHP-2011 dated 04/07/2011 has announced to dissolve the Hoa Phat Lao Co., Ltd, head office at Chanthabuli, Vientian Capital, Laos. Chartered capital if this company is VND48bil with 100% ownership of HPG.
- From August 06, 2011, Mr. Ta Tien Dung takes responsibility as Deputy General Director of HPG.
- Hoa Phat Mineral JSC has signed principal contract to supply coke coal for JFE Shoji. The first delivery of coke coal will be performed in the period from September to November with initial quantity of 6,000 tons. From 2012 onward, quantity of coke coal will be improve to 20,000 tons per annum.

Financial figures

Profit & loss (VNDm)	^(*) Q2 2011	2010	2009	2008
Net sales	17,377,642	14,267,084	8,123,395	8,364,805
Gross profit	3,073,073	2,458,688	1,976,043	1,258,309
Financial income	340,949	204,711	131,695	149,815
Financial expense	1,010,650	693,801	281,066	170,814
Net operating profit	2,014,385	1,515,746	1,505,681	992,443
Profit before tax	1,991,288	1,564,151	1,509,979	1,018,629
Taxation	229,987	208,253	251,196	164,134
Profit after tax	1,770,963	1,376,316	1,270,707	859,410
Balance sheet (VNDm)	^(*) 30/06/2011	31/12/2010	31/12/2009	31/12/2008
Cash & cash equivalent	1,152,397	1,047,177	1,480,491	510,218
Short-term investments	102,540	290,231	146,138	734,386
Current receivables	1,768,481	1,832,703	883,023	720,175
Inventories	6,555,852	4,540,811	2,556,676	1,820,240
Other current assets	379,337	155,172	341,512	63,990
Long-term receivables	449,229	449,009	43	43
Fixed asset	5,511,280	4,603,673	3,065,312	1,265,421
Goodwill	1,014,524	963,942	493,817	-
Investment properties	13,009	15,189	19,550	18,331
Long-term investments	317,318	708,793	1,101,992	380,606
Other long-term assets	334,316	296,959	154,686	125,964
TOTAL ASSETS	17,598,283	14,903,658	10,243,240	5,639,375
Short-term liabilities	6,574,005	6,136,482	4,565,113	1,256,331
Long-term liabilities	3,303,844	2,029,187	539,494	37,768
Owners' equity	7,184,985	6,398,096	4,898,776	4,111,067
Other funds & reserves	535,449	339,893	239,857	234,209
TOTAL RESOURCES	17,598,283	14,903,658	10,243,240	5,639,375
Ratios	^(*) Q2 2011	2010	2009	2008
Growth				
Sales (%)	21.80	75.63	(2.89)	48.24
Net profit (%)	28.67	8.31	47.86	33.45
Owner's equity (%)	12.30	30.61	19.16	30.82
Total assets (%)	18.08	45.50	81.64	18.55
Gross profit margin (%)	17.68	17.23	24.33	15.04
Net profit margin (%)	11.59	10.62	18.54	11.86
ROE (%)	10.90	10.95	16.00	16.53
ROA (%)	26.08	24.37	28.21	23.70
Basic EPS (VND)	4,245	4,550	6,477	4,439
Current ratio (x)	1.51	1.28	1.18	3.06
Interest bearing debt/E	0.98	0.87	0.85	0.14
Total debt/equity (x)	1.37	1.28	1.04	0.31

^(*): Trailing P/L items and balances as at 30/6/2011 for BS, sourced from HPG

For more details of information regarding this stock, please log on to our Ezsearch website at <https://ezsearch.fpts.com.vn>

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Financial Comparables as at September 06, 2011

Stock (VNDm)	VIS	SMC	HMC
Market Cap (VNDb)	552.00	341.94	228.90
P/E (x)	2.84	2.68	2.64
P/B (x)	0.94	0.59	0.66
Dividend yield (%)	8.15	11.51	11.93
ROA (%)	11.25	3.73	7.49
ROE (%)	26.39	15.70	26.71
EPS (VND)	6,468.00	5,189.00	4,125.00
Gross profit (%)	8.36	3.49	2.99
Net Profit (%)	4.14	0.94	1.52
LT debt / equity (x)	1.38	1.29	1.15
Current ratio	1.15	2.29	2.21

Source: financial information updated to the end of Q2 2011

Financial highlights

Growth:

- At the end of Q2/2011, HPG has achieved VND1,027 bil, pass 55% financial target of 2011 for profit after tax (PAT). PAT in Q2/2011 is VND474 bil, increase 35% as compared to the same period last year. Hoa Phat Integrated Steel Complex which is built on an area of 90 hectares in Hiep Son commune, Kinh Mon district, Hai Duong province with designed capacity of 1 million tons/year using traditional furnace, start operation in Q2/2010 with low contribution 11.6% PAT over total figure of the Group. However, in Q2/2011, the project has run 100% capacity, contribute 26.8% PAT in the Group.
- In Q2/2010, Hoa Phat Mineral contribute only 9.9% PAT in total result of 2010, however, up to Q2/2011, Hoa Phat Mineral contribute 29% profit after tax to total figure of the Company.
- Growth of total assets concentrates in a higher balance of inventories and fixed assets. It's resulted from full capacity operation of Hoa Phat Integrated Steel Complex, that need higher reserve of raw material for the need of production.

Asset quality:

- In total asset value more than VND17,000 bil, current assets value nearly VND10,000 bil, and the rest is long term assets. Although current assets increase continuously from beginning of the year up to now, the structure of current assets move to a better situation with the falling down of trade receivables while there's still growth of revenue in the first two quarters.
- Currently, HPG maintain the phase 1 of Steel complex only. Movement of assets above in our opinion, is reasonable, while production capacity this period has been improved much as compared to the same period last year. Phase 2 with duplicate capacity cannot be developed this year mainly due to the shortage of iron ore.
- In structure of resources, long-term resources value more than VND10,000 bil, and short-term liabilities is more than 6,800 bil. Total borrowing balances is nearly VND7,000 bil, that equals to owners' equities, showing quite strong structure of resources.

Potential cash-flow in the second half of 2011:

- In the last 2 quarters, it seems to be more difficult in production and trading construction steel, however, actual result in August with quantity sold of 60,200 tons steel proving possibility to fulfil the rest of financial target for all the year 2011.

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