

Vietnam

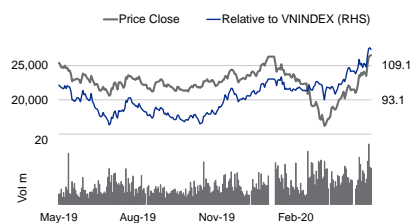
Consensus ratings*: Buy 8 Hold 1 Sell 1

Current price:	VND26,500
Target price:	VND32,800
Previous target:	VND29,700
Up/downside:	23.88%
CGS-CIMB / Consensus:	13.4%
Reuters:	HPG.HM
Bloomberg:	HPG.VN
Market cap:	US\$3,143m
	VND73,168,464m
Average daily turnover:	US\$7.33m
	VND173,381m
Current shares o/s:	2,761m
Free float:	59.7%

*Source: Bloomberg

Key changes in this note

- FY20F EPS increased by 7.2%
- FY21F EPS increased by 0.9%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	31.2	12.5	4.7
Relative (%)	18.7	20.1	17.2

Major shareholders	% held
Tran Dinh Long	25.4
Dragon Capital	7.7
Vu Thi Hien	7.3

Hoa Phat Group

Aggressive FY20F growth targets

- We raise our TP by 10.4% as we raise our forecasts to reflect the better outlook in FY20-21F.
- HPG is targeting FY20F net profit to grow by at least 18.8% yoy.
- We expect FY19 cash dividend at VND500/share (1.9% dividend yield).
- Reiterate Add on the back of higher sales volumes in FY20-21F.

HPG aiming for at least 18.8% net profit growth in FY20F

At an analyst meeting in Hanoi, HPG's management guided for FY20F revenue at VND85,000bn-95,000bn (+33.5-49.2% yoy) and net profit at VND9,000bn-10,000bn (+18.8-32.0% yoy); net profit guidance is in line with our forecast of VND9,132bn (+21.6% yoy). We note that HPG often beats its targets; it beat its net profit guidance by 17.8% on average during FY17-19.

Management is positive on domestic steel market

Despite a 15.4% yoy decline in construction steel sales volume in 1Q20, HPG's chairman Tran Dinh Long expects domestic steel demand to remain resilient in 2H20F thanks to imminent public investment expansion and a recovery in property market in late-20F. HPG guided for construction steel sales volume at about 3.6m tonnes (+29.7% yoy) for FY20F, in line with our previous forecast.

HPG will pay cash dividend for the first time in four years

FY19 dividend plan includes a cash dividend of VND500/share and stock dividend of 20%. The plan needs to be approved at the 2020 AGM (expected on 25 Jun 2020). From 2020F onwards, management said it would target to pay cash dividends of VND1,000-1,500/share, after the completion of Dung Quat Steel Complex (DQSC).

Changes to our forecast

We raise our FY20/21F EPS by 7.2%/0.9% to reflect: (1) 55.6%/15.2% yoy growth in FY20F/21F total steel sales volume (vs. our previous forecasts of 23.2%/21.1% yoy growth); (2) a 3.1% decrease in average coking coal prices in 2020F vs. our previous forecast; and (3) lower FY20F corporate income tax due to DQSC's tax exempt status for four years from FY20F (vs. our previous forecast of four years from FY21F).

Reiterate Add and raise target price by 10.4%

We raise our TP to VND32,800 following our forecast increase. Our valuation is based on an equal weighting of: (1) a forward P/E of 8.0x on FY20F EPS; and (2) a DCF valuation over a 10-year projection period. Risks to our call include: (1) slower-than-expected steel demand growth; and (2) lower-than-expected HRC plant utilisation.

Analyst(s)

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Financial Summary

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (VNDb)	55,836	63,658	86,215	100,221	109,132
Operating EBITDA (VNDb)	12,524	11,914	18,890	20,820	21,590
Net Profit (VNDb)	8,392	7,318	9,545	10,531	11,638
Core EPS (VND)	3,039	2,651	3,457	3,814	4,215
Core EPS Growth	7.2%	(12.8%)	30.4%	10.3%	10.5%
FD Core P/E (x)	8.72	10.00	7.67	6.95	6.29
DPS (VND)	2.1	0.0	500.0	500.0	1,000.0
Dividend Yield	0.01%	0.00%	1.89%	1.89%	3.77%
EV/EBITDA (x)	7.29	8.73	5.78	4.70	4.00
P/FCFE (x)	NA	40.15	25.07	28.61	22.58
Net Gearing	44.5%	64.3%	62.6%	36.0%	16.5%
P/BV (x)	1.81	1.54	1.28	1.09	0.95
ROE	23.1%	16.6%	18.2%	16.9%	16.1%
% Change In Core EPS Estimates			7.2%	1.0%	(12.0%)
CGS-CIMB/Consensus EPS (x)			1.19	0.99	1.05

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Aggressive FY20F growth targets

Key takeaways from HPG's analyst meeting

Net profit to grow at least 18.8% yoy in FY20F

- HPG is targeting FY20F revenue of VND85,000bn-95,000bn (+33.5-49.2% yoy) and net profit of VND9,000bn-10,000bn (+18.8-32.0% yoy).
- We note that HPG typically beats its targets. In FY19, the company beat its net profit target by 26.3%.

HPG will pay cash dividend for the first time in four years

- HPG will submit its FY19 dividend policy at the 25 June AGM for approval, involving a payment of 20% stock dividend and a VND500/share cash dividend (equivalent to 1.9% dividend yield).
- HPG's management also said that the company will return to regular cash dividend payments every year at VND1,000-1,500/share, after three years of dividend suspension to fund DQSC.

Hot Rolled Coil (HRC) plant to start commercial production in Sep 2020

- The Dung Quat HRC plant's start-up date has been delayed due to travel bans as a result of the Covid-19 outbreak. The plant was slated to start on 1 Apr 2020.
- However, HPG's management is confident of completing HRC plant's test run in Aug 2020 before starting commercial operations a month later.

Construction steel sales volume could grow 29.7% yoy in FY20F

- HPG expects construction steel sales volume of about 3.6m tonnes (+29.7% yoy) in FY20F, in line with our previous forecast.
- Total FY20F sale volume guidance includes 800,000 tonnes of billets, 500,000 tonnes of HRC, 120,000 tonnes of galvanised steel and about 750,000 tonnes of steel pipes.
- In 4M20, HPG sold 1m tonnes of construction steel (+7.4% yoy), 533,000 tonnes of steel billets (none in 4M19) and 205,100 tonnes of steel pipe (-9.2% yoy).
- The company is aiming for 40% domestic market share in the near term (+13.9% from FY19), strengthening its leading position in the construction steel sector.

DQSC's lower production cost to enhance HPG's competitiveness

Management said that DQSC's EBITDA margin will be higher than that of the Hai Duong factory at optimal utilisation (Hai Duong's factory's EBITDA margin stood at 19.4% in FY19, based on our estimates), given:

- The deep-water seaport at Dung Quat can accommodate vessels of up to 200,000 DWT (compared to only 80,000 DWT in Hai Duong), which helps cut 3.5-4.7% of the material cost. Currently, 95% of the construction work at the sea port has been completed and it is expected to receive its first 200,000 DWT vessel in Jun 2020.
- Thanks to new technology, DQSC will have a lower material loss rate than Hai Duong factory. To produce one tonne of steel billets, the Hai Duong factory needs 0.4 tonnes of coking coal, while the DQSC factory only needs 0.36 tonnes.

HPG's agriculture business saw stellar performance in 1Q20

HPG reported VND2,780 (+58.5% yoy) in revenue and VND482 (+421.6% yoy) in net profit for the agriculture business in 1Q20. According to HPG, pork and

imported beef contributed about 60% and 30% of 1Q20 agriculture net profit, respectively. The rest came from animal, chicken and eggs.

- Pork: After five years of development, HPG is able to self-supply piglets for its herd. The company plans to sell 200,000 pigs in 2020.
- Imported beef: HPG is the leading supplier of imported beef in Vietnam, accounting for 50% domestic market share of imported Australian beef. The company targeting to sell 150,000-170,000 tonnes of Australian beef in 2020F.
- Chicken eggs: It expects chicken eggs' sales volume to jump to about 700,000 eggs/day by end-2020F, from 450,000 eggs/day currently.

Despite strong 1Q20 performance, HPG has set a conservative net profit target of VND1,200bn (+114.8% yoy) in FY20F, as the management is concerned about the government's efforts to lower hog prices to VND65,000/kg from VND90,000/kg currently.

We see stronger outlook for HPG in FY20-21F

Higher-than-expected utilisation rate of DQSC phase 1 in 4M2020

According to Vietnam Steel Association (VSA) data, HPG's construction steel output in 4M20 rose 20.3% yoy to 1,125,170 tonnes. In addition, based on HPG's steel billet sales volume, we estimate the blended utilisation rate of all the existing steel facilities (Hai Duong, Hung Yen and Dung Quat) was about 95% in 4M20, vs. our previous forecast of 45% utilisation rate for DQSC Phase 1.

We note that HPG launched its second blast furnace, and completed Phase 1 works at DQSC in late-Nov 2019. As such, we are positive on HPG's efforts to maximise utilisation at DQSC Phase 1 only five months after starting production.

DQSC Phase 1 to drive HPG's sales volume growth in 2020F

We now expect utilisation rate to reach 90% at Phase 1 in 2020F, and the plant to produce 1.35m tonnes of construction steel and 900,000 tonnes of steel billets (2.2% of which is used internally), accounting for 50.3% of HPG's total construction steel output in FY20F. We expect HPG's total sales volume to jump 56.9% yoy in FY20F, driven by (1) a 54.4% increase in long steel volumes, (2) HRC supply of 500,000 tonnes from DQSC, and (3) flat steel pipe volume of 751,000 tonnes. We also expect HPG's sales volume to maintain its growth momentum in FY21F, rising 15.2% yoy thanks to (1) a 160.3% surge in HRC, and (2) 10.0% growth in steel pipe volume.

Changes to our FY20-21F forecasts

We raise our FY20/21F EPS by 7.2%/0.9% to reflect: (1) 55.6%/15.2% yoy growth in total steel sales volume (vs. our previous forecasts of 23.2%/21.1% yoy growth); (2) a 3.1% decrease in average coking coal prices in 2020F vs. our previous forecast; and (3) lower FY20F corporate income tax due to DQSC's tax exempt status for four years from FY20F (vs. our previous forecast of four years from FY21F).

Figure 1: Earnings revision for FY20-FY21F (VNDbn)

	Old forecasts		New forecasts		The difference btwn new and old forecasts		Comments
	2020F	2021F	2020F	2021F	2020F	2021F	
Total revenue	72,825	85,160	86,215	100,221	18.4%	17.7%	
Steel	60,169	72,372	70,883	84,236	17.8%	16.4%	We raise our FY20/21F steel revenue forecasts by 17.8%/16.4% as increases of 26.3%/10.3% in total sales volume offset decreases of 7.9%/4.9% in ASP vs. our previous forecasts.
Industrial production	3,930	4,195	3,289	3,476	-16.3%	-17.1%	
Agriculture	7,375	7,557	10,691	10,962	45.0%	45.1%	The agriculture segment will record impressive growth in 2020F, thanks mainly to a 40% yoy jump in average pork prices.
Real estates	1,351	1,035	1,351	1,547	0.0%	49.4%	The real estate segment will begin to hand over the Hoa Phat Pho Noi project in 2021F.
Gross profit	14,316	16,255	15,474	16,754	8.1%	3.1%	
Gross profit margin	19.7%	19.1%	17.9%	16.7%	-1.7% pts	-2.4% pts	
SG&A expense	1,744	2,040	2,064	2,399	18.3%	17.6%	
EBITDA	17,556	19,901	18,890	20,820	7.6%	4.6%	
Interest expense	1,782	1,536	1,911	1,711	7.2%	11.4%	We raise FY20F interest expense forecast as short/long-term debts are expected to be 24.5%/12.3% higher than our previous forecast.
Pretax profit	10,776	12,626	11,325	12,387	5.1%	-1.9%	
Net profit	9,132	10,705	9,792	10,803	7.2%	0.9%	DQSC enjoys 0% tax incentive for four years starting from 2020.
Net margin	12.5%	12.6%	11.4%	10.8%	-1.2% pts	-1.8% pts	
EBITDA margin	24.1%	23.4%	21.9%	20.8%	-2.2% pts	-2.6% pts	
SG&A as % of revenue	2.4%	2.4%	2.4%	2.4%	0.0% pts	0.0% pts	
EPS (VND)	3,225	3,780	3,457	3,814	7.2%	0.9%	
Sale volume (tonne)	4,530	5,485	5,724	6,597	26.3%	20.3%	
Construction steel	3,591	4,041	3,591	4,041	0.0%	0.0%	
Steel billet	111	152	880	426	692.8%	180.3%	HPG will gradually reduce steel billet sales volume when rolling mills of DQSC phase 2 come online in 4Q20F.
Steel pipe	813	894	753	828	-7.4%	-7.4%	
HRC	15	397	500	1,302	3205.6%	227.6%	We adjust our HRC sales volume externally due to: 1) the rate of internal HRC sales volume that will decrease to 20% / 13% in FY20-21F from 98.5% / 73.5% in our previous forecast, and 2) the utilisation rate of HRC plant that falls to 25% / 60% in FY20-21F from 40% / 60%, as the plant enters commercial operation four months later than in our previous forecast.

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 2: Forecast summary (VNDbn)

	FY18A	FY19A	FY20F	FY21F
Total revenue	55,836	63,658	86,215	100,221
Steel	46,424	50,179	70,883	84,236
Gross profit	11,671	11,185	15,474	16,754
Gross profit margin	20.9%	17.6%	17.9%	16.7%
SG&A expense	1,121	1,442	2,064	2,399
EBITDA	12,524	11,914	18,890	20,820
Interest expense	540	937	1,911	1,711
Pretax profit	10,071	9,097	11,325	12,387
NPATMI	8,573	7,578	9,792	10,803
Net margin	15.4%	11.4%	11.4%	11.6%
EBITDA margin	18.5%	18.7%	21.9%	19.3%
SG&A as % of revenue	2.0%	2.3%	2.4%	2.4%
Revenue growth	21.0%	14.0%	35.4%	16.2%
Net profit growth	7.1%	-11.6%	29.2%	10.3%
EPS	3,039	2,655	3,457	3,814
Sale volume (tonnes)				
Construction steel	2,379	2,775	3,591	4,041
Steel pipe	654	753	753	828

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Reiterate Add with a higher TP of VND32,800

We raise our TP to VND32,800 following our forecast increase. Our TP is based on an equal weighting of (1) a forward P/E of 8.0x on EPS in FY20F, and (2) a DCF valuation over a 10-year projection period. Risks to our call include: (1) lower-than-expected steel demand growth; and (2) lower-than-expected utilisation at HRC plant.

Figure 3: DCF model - key assumptions & input, based on our estimates

General assumptions	
Risk free rate (10-year VGB yield)	4.0%
Equity risk premium	10.0%
Beta (source: BB, 1-y adj. beta)	1.1
Cost of equity	15.1%
Long-term growth rate	2.0%
Cost of Debt	5.0%
WACC	11.8%
(in VND bn, otherwise noted)	
PV of DCF (10 years)	69,529
PV of Terminal value	71,145
Enterprise value	140,674
Less: Total Debt	43,251
Plus: Cash and Cash equiv.	7,385
Less: Minority Interest	253
Implied EV	104,554
No. of o/s shares (mn shares)	2,761
Implied value per share (VND)	37,867

SOURCES: VNDIRECT RESEARCH

Figure 4: P/E method, key inputs, based on our estimates

EPS 2020	3,457
Industry average multiple	6.1
Premium	31.1%
Target multiple	8.0
Implied value per share (VND)	27,656

SOURCES: VNDIRECT RESEARCH

Figure 5: Blended target price, based on our estimates

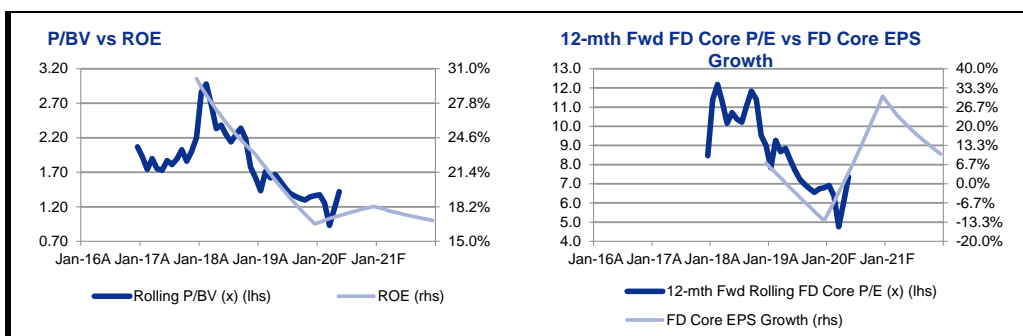
Method	Implied value per share (VND)	Weight (%)	Weighted price (VND)
DCF	37,867	50%	18,934
P/E	27,656	50%	13,828
Target price (VND, rounded)			32,800

SOURCES: VNDIRECT RESEARCH

Figure 6: Peer Comparison

Company	Ticker	Recom.	Price	TP	Mkt cap	P/E (x)		3-year EPS		P/BV (x)		EV/EBITDA (x)		ROE (%)	
			LC\$	LC\$	US\$ m	CY20F	CY21F	CAGR (%)	CY20F	CY21F	CY20F	CY21F	CY20F	CY21F	
Regional listed steel producers															
Sansteel Minguang Co Ltd -A	002110 CH	na	7,02	9,4	2.425	5,7	5,5	na	0,8	0,7	4,2	4,0	13,6	13,2	
Xinxing Ductile Iron Pipes-A	000778 CH	na	3,35	na	1.883	8,8	8,5	68,9	0,6	0,6	6,1	5,8	6,1	6,4	
Xinyu Iron & Steel Co Ltd-A	600782 CH	na	4,1	5,7	1.842	4,6	4,8	179,9	0,5	0,5	5,6	5,2	10,1	10,0	
Nanjing Iron & Steel Co-A	600282 CH	na	2,82	na	1.762	4,9	4,5	na	0,7	0,6	4,9	4,4	13,1	13,1	
Liuzhou Iron & Steel Co-A	601003 CH	na	5,11	5,6	1.845	6,5	7,7	na	1,1	1,0	7,4	(45,7)	12,6	11,8	
Hangzhou Iron & Steel Co-A	600126 CH	na	8,48	na	4.035	na	na	na	na	na	8,0	(45,0)	na	na	
SGIS Songshan Co Ltd-A	000717 CH	na	3,93	na	1.340	5,6	5,7	na	1,0	0,9	4,1	3,8	17,6	16,1	
<i>Average</i>					2.085	6,0	6,2		0,7	0,7	6,6	(7,3)	10,1	10,5	
<i>Median</i>					1.843	5,7	5,7		0,7	0,6	5,9	4,2	12,6	11,8	
Hoa Phat Group	HPG VN	Add	26.500	32.800	3.145	9,5	8,6	7,7	1,6	1,3	1,7	1,6	17,2	16,0	

SOURCES: VNDIRECT RESEARCH, BLOOMBERG, DATA AS OF 21 May 2020

BY THE NUMBERS

Profit & Loss

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	55,836	63,658	86,215	100,221	109,132
Gross Profit	11,671	11,185	15,474	16,754	17,756
Operating EBITDA	12,524	11,914	18,890	20,820	21,590
Depreciation And Amortisation	(2,206)	(2,417)	(5,757)	(6,840)	(6,840)
Operating EBIT	10,318	9,498	13,133	13,979	14,750
Financial Income/(Expense)	(245)	(465)	(1,779)	(1,580)	(1,051)
Pretax Income/(Loss) from Assoc.	0	(1)	(1)	(1)	(1)
Non-Operating Income/(Expense)	(1)	66	(27)	(12)	(52)
Profit Before Tax (pre-EI)	10,071	9,097	11,325	12,387	13,646
Exceptional Items					
Pre-tax Profit	10,071	9,097	11,325	12,387	13,646
Taxation	(1,471)	(1,518)	(1,463)	(1,513)	(1,637)
Exceptional Income - post-tax					
Profit After Tax	8,601	7,578	9,862	10,873	12,009
Minority Interests	(28)	(71)	(71)	(71)	(71)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax	(181)	(189)	(247)	(272)	(300)
Net Profit	8,392	7,318	9,545	10,531	11,638
Recurring Net Profit	8,392	7,318	9,545	10,531	11,638
Fully Diluted Recurring Net Profit	8,392	7,318	9,545	10,531	11,638

Cash Flow

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	12,524	11,914	18,890	20,820	21,590
Cash Flow from Inv. & Assoc.	0	(1)	(1)	(1)	(1)
Change In Working Capital	(2,766)	(8,494)	(9,753)	(4,234)	(935)
(Incr)/Decr in Total Provisions	(73)	(6)	0	0	0
Other Non-Cash (Income)/Expense	0	0	0	0	0
Other Operating Cashflow	(86)	(8)	(134)	(128)	(383)
Net Interest (Paid)/Received	(540)	(937)	(1,911)	(1,711)	(1,182)
Tax Paid	(1,416)	(1,518)	(1,463)	(1,513)	(1,637)
Cashflow From Operations	7,642	949	5,627	13,232	17,451
Capex	(27,594)	(21,622)	(10,000)	(3,000)	(5,000)
Disposals Of FAs/subsidiaries	65	22	0	0	0
Acq. Of Subsidiaries/investments	6,148	2,350	0	0	0
Other Investing Cashflow	849	41	0	0	0
Cash Flow From Investing	(20,533)	(19,209)	(10,000)	(3,000)	(5,000)
Debt Raised/(repaid)	11,137	20,082	7,291	(7,675)	(9,212)
Proceeds From Issue Of Shares	11	0	0	0	0
Shares Repurchased					
Dividends Paid	(6)	(13)	(1,381)	(1,381)	(2,761)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	11,143	20,069	5,911	(9,055)	(11,973)
Total Cash Generated	(1,748)	1,810	1,538	1,177	479
Free Cashflow To Equity	(1,754)	1,822	2,918	2,558	3,240
Free Cashflow To Firm	(12,351)	(17,323)	(2,462)	11,943	13,634

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	6,240	5,939	7,385	8,461	9,037
Total Debtors	3,210	3,575	7,347	9,610	8,631
Inventories	14,115	19,412	27,133	29,856	33,846
Total Other Current Assets	1,743	1,546	2,093	2,433	2,650
Total Current Assets	25,309	30,472	43,959	50,361	54,164
Fixed Assets	50,852	68,992	73,235	69,394	67,553
Total Investments	67	26	26	26	26
Intangible Assets	217	269	250	231	212
Total Other Non-Current Assets	1,778	2,032	4,311	5,011	5,457
Total Non-current Assets	52,914	71,319	77,821	74,662	73,248
Short-term Debt	11,495	16,838	20,964	14,980	8,408
Current Portion of Long-Term Debt					
Total Creditors	8,707	6,178	8,721	10,290	12,826
Other Current Liabilities	2,435	3,982	5,173	5,772	6,105
Total Current Liabilities	22,636	26,998	34,859	31,043	27,339
Total Long-term Debt	12,811	19,842	22,287	17,822	13,374
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	2,153	7,163	7,328	8,519	9,276
Total Non-current Liabilities	14,964	27,005	29,615	26,341	22,650
Total Provisions	0	0	0	0	0
Total Liabilities	37,600	54,003	64,474	57,383	49,989
Shareholders' Equity	40,496	47,605	57,053	67,316	77,028
Minority Interests	127	183	253	324	394
Total Equity	40,623	47,788	57,306	67,640	77,422

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	21.0%	14.0%	35.4%	16.2%	8.9%
Operating EBITDA Growth	9.7%	(4.9%)	58.5%	10.2%	3.7%
Operating EBITDA Margin	22.4%	18.7%	21.9%	20.8%	19.8%
Net Cash Per Share (VND)	(6,543)	(11,134)	(12,990)	(8,815)	(4,616)
BVPS (VND)	14,667	17,241	20,663	24,380	27,898
Gross Interest Cover	19.11	10.14	6.87	8.17	12.48
Effective Tax Rate	14.6%	16.7%	12.9%	12.2%	12.0%
Net Dividend Payout Ratio	0.1%	NA	12.5%	11.5%	20.8%
Accounts Receivables Days	31.92	19.45	23.18	30.88	30.50
Inventory Days	106.9	116.6	120.4	124.6	127.2
Accounts Payables Days	53.44	51.77	38.54	41.57	46.17
ROIC (%)	27.9%	13.0%	13.3%	12.2%	12.9%
ROCE (%)	19.2%	13.3%	14.3%	14.0%	14.9%
Return On Average Assets	15.4%	10.3%	11.3%	10.9%	11.3%

Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
ASP (% Change)	14.6%	-8.8%	-4.0%	1.0%	-1.0%
Unit Sales Growth (%)	6.4%	17.6%	56.8%	15.0%	7.9%
Utilisation Rate (%)	84.7%	68.8%	94.9%	94.8%	94.8%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

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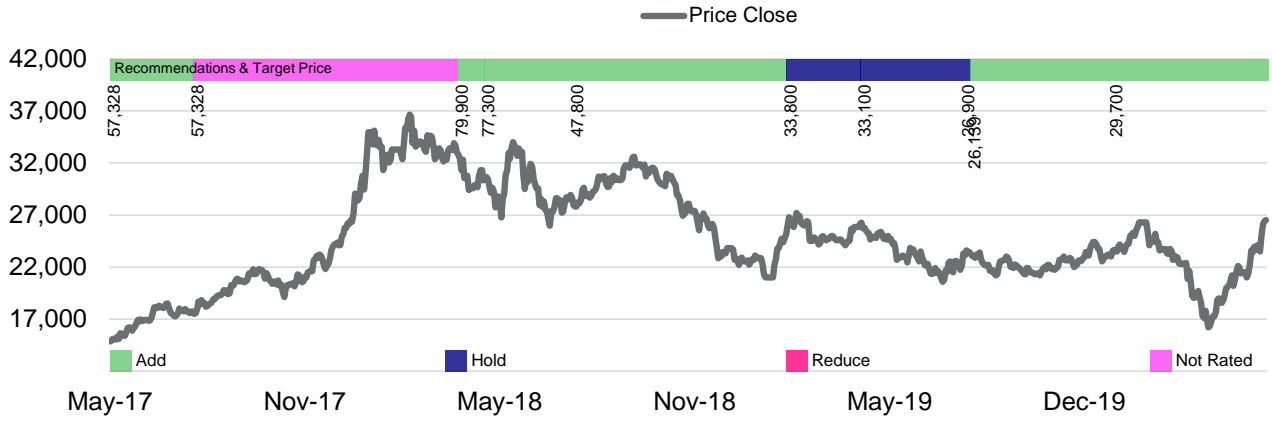
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2020		
811 companies under coverage for quarter ended on 31 March 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.8%	0.1%
Hold	27.6%	0.0%
Reduce	11.6%	0.0%

Spitzer Chart for stock being researched (2 year data)

Hoa Phat Group (HPG VN)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2019, Anti-Corruption 2019

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, n/a, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** – Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** – Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TNR** – Very Good, Certified, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TIPIP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand: the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI).

RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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