



MESSAGE FROM CHAIRMAN OF THE BOARD OF DIRECTORS

“ HOA SEN GROUP HAS SUCCESSFULLY COMPLETED ITS FIVE-YEAR DEVELOPMENT PLAN WITH SALES VOLUME FAR EXCEEDING 1,000,000 TONS OF FINISHED PRODUCTS, NET SALES REACHING MORE THAN USD 1 BILLION AND AFTER-TAX PROFIT EXCEEDING VND 1 TRILLION.”

SALES VOLUME

1.6

MILLION TONS

NET SALES

26,149

Billion VND

AFTER-TAX PROFIT

1,332

Billion VND



Dear Esteemed Shareholders,

The year of 2017 closed with many complicated developments in the steel industry. Raw material price fluctuated continuously and unpredictably. Domestic market faced fierce competition, while export market was hampered by trade barriers from major export markets in the world. In addition, natural disasters, storms, floods and extreme weather are also affecting the demand of consumers.

Under such circumstance, the Board of Directors and all employees of Hoa Sen Group have tried our best to focus resources on completing the targets and plans assigned by the General Assembly of Shareholders.

All of the aforementioned efforts have contributed to Hoa Sen Group a successful fiscal year. At the end of the fiscal year 2016 - 2017, sales volume and net sales target far exceeded the assigned plan. Specifically, sales volume of finished products reached 1,559,007 tons, exceeding 5% of the plan, increasing 25% over the same period of the previous fiscal year. Net sales reached VND 26,149 billion, equivalent to USD 1.1 billion, exceeding 14% of the plan, increasing 46% over the same period of the previous fiscal year.

As for the profit target in particular, despite the unfavorable movements of raw material prices which affected profit margin, we still managed to reach VND 1,332 billion, achieving 81% of the plan. However, the compound annual growth rate reached 23.1%, which was quite high compared to the general level of the steel industry.

With the above business performance, Hoa Sen Group continues to consolidate its leading position in the domestic market with the distribution system which is continuously expanded to nearly 400 branches/retail stores. Hoa Sen products also present in many construction sites and large construction projects, and Hoa Sen Group occupies more than 30% of galvanized steel sheet market and nearly 20% of steel pipe market. In addition, the export market also expanded to more than 70 countries/territories.

In the fiscal year 2016 – 2017, the Group has also inaugurated a number of production projects in the North and Central regions of the country, contributing to utilize and promote the competitive advantages of location, to increase the efficiency of supply - transport, to quickly meet consumption demand in the country. Moreover, the implementation of ERP system since October 2017 has improved synchronization and standardization in professional operations, creating a premise for the application of new technologies to serve the demand in the future.

Year 2017 closed the 2013 – 2018 term of the Board of Directors. Looking back on the past, we can proudly affirm that: Hoa Sen Group has successfully achieved development goals in 5-year period with the sales volume far exceeding 1,000,000 tons of finished products, net sales reaching over USD 1 billion and after-tax profit exceeding VND 1 trillion.

In 2018, the steel market is forecasted to be complicated and to continue unpredictably. Therefore, in order to prepare for the difficulties and challenges, the Board of Directors aims to focus on the following key tasks:

- To perfect and restructure the management system in a professional and effective operation, promote the important role of the young and key leaders.
- To concentrate on the domestic market which focus on the fast development of the distribution branch network/retail stores across the country, in parallel with consolidating management effectiveness throughout the distribution network.
- To complete quickly and put the production projects into operation soon, in combination with the improvement of technology, increasing the rate of authentic products, increasing production capacity.
- To implement a creative and logical communication strategy to develop the image and brand of the Group.

Year 2018 also begins a new term of the Board of Directors. Therefore, the Board of Directors and all employees must work together and try our best to achieve the objectives and plans in order to ensure the stable growth, create the foundation for strong progress in the future. With an effective management system, the right development strategies and all employees who are young, professional and imbued with "Honest - Community - Development" culture, the Board of Directors firmly believes in successes that we will achieve.

On behalf of the Board of Directors and all employees of Hoa Sen Group, I would like to express my gratitude to Shareholders - who have always supported and believed in us. We hope that esteemed shareholders are always companions of Hoa Sen Group to promote continuously the good cooperation for our prosperous development in the future.

We wish your health, happiness and success
Best regards,

Chairman of the Board of Directors



LE PHUOC VU

EXPORT CHANNEL TO

70

COUNTRIES/TERRITORIES





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