OUTLOOK FOR VIETNAM STEEL INDUSTRY IN 2018 – THE ROLE OF THE CONSTRUCTION INDUSTRY IN STEEL CONSUMPTION GROWTH OF VIETNAM IN 2019
Agenda

1. Introduction of Vietnam Steel Corporation

2. Outlook for Vietnam Steel Industry in 2018

3. The role of the construction industry in Vietnam steel consumption growth in 2019

4. Conclusion
1. INTRODUCTION OF VIETNAM STEEL CORPORATION

2. Outlook for Vietnam Steel Industry in 2018

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VIETNAM STEEL CORPORATION (VNSTEEL)

- A joint stock company with nearly 94% owned by the State.
- VNSTEEL is founding member and one of the biggest members of Vietnam Steel Association (VSA).
- VNSTEEL member’s market share in 2017: total 33.9% in long products

VNSTEEL production in 2017:
- Crude steel: 2.32 mt
- Long products: 3.16 mt
- Flat products: 0.9mt
VN STEEL STEEL MILLS MAP

ALL OF VNSTEEL FACTORIES HAVE THE Advantageous Geographical Position in Order to Serve Downstream Industries.

1. VIETNAM STEEL CORPORATION

LAO CAI
VTM
(Bauxite mining) 1,000,000 t/y
(Steel billet production) 200,000 t/y

HAI PHONG
VSC - POSCO Steel
(Steel billet production) 240,000 t/y

HAI PHONG
Vinaussteel
(Steel production) 220,000 t/y

HAI PHONG
Vinpipe
(Steel pipe production) 50,000 t/y

BEN HOA
Bien Hoa - VICASA
(Steel billet production) 190,000 t/y and 100,000 t/y

BEN HOA
Southern Steel Sheet
(Galvanized products and color coated products) 110,000 t/y, 70,000 t/y

BEN HOA
Vinagl
(Steel pipe production) 10,000 t/y

BA RIA VUNG TAU, HO CHI MINH CITY
Southern Steel
(Steel billet production and long sheet production) 120,000 t/y

MAI BAC - NBS
(Steel billet production and long sheet production) 190,000 t/y

THU DUC - VKMCG
(Steel billet production and long sheet production) 150,000 t/y and 60,000 t/y

THU DUC - VKMCG
Phu My Flat Steel - PFS
(Cold rolled coil production) 60,000 t/y

THU DUC - VKMCG
Vinakaseel
(Steel production) 40,000 t/y

THU DUC - VKMCG
Thong Nam Flat Steel

THAI NGUYEN
Tisco
(Steel billet production and long sheet production) 450,000 t/y and 1,100,000 t/y

THAI NGUYEN
Notbaolrika
(Steel production) 180,000 t/y

HANOI
VN STEEL Thang Long Coated Sheets - TVT
(Aluminized products and color coated products) 80,000 t/y, 70,000 t/y

DA NANG
Da Nang - DMS
(Steel billet production) 150,000 t/y

CAN THO
Toy Do
(Long steel production) 120,000 t/y
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## I. OUTLOOK VIETNAM ECONOMY FOR YEAR 2018

<table>
<thead>
<tr>
<th>Macro-economic indicators</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>e2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth rate (% YOY)</td>
<td>5.98</td>
<td>6.68</td>
<td>6.21</td>
<td>6.81</td>
<td>6.8</td>
</tr>
<tr>
<td>GDP (USD billion) at current price</td>
<td>186.36</td>
<td>193.5</td>
<td>205.52</td>
<td>220</td>
<td>240.5</td>
</tr>
<tr>
<td>GDP per capital (USD)</td>
<td>2,028</td>
<td>2,109</td>
<td>2,215</td>
<td>2,385</td>
<td>2,540</td>
</tr>
<tr>
<td>Exchange rate (VND/USD)</td>
<td>21,131</td>
<td>21,669</td>
<td>22,159</td>
<td>22,451</td>
<td>22,727</td>
</tr>
<tr>
<td>Foreign Trade:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Export growth rate (%)</td>
<td>13.6</td>
<td>8.1</td>
<td>8.6</td>
<td>21.1</td>
<td>14.2</td>
</tr>
<tr>
<td>- Import growth rate (%)</td>
<td>12.1</td>
<td>12</td>
<td>4.6</td>
<td>20.8</td>
<td>11.8</td>
</tr>
<tr>
<td>- Trade Balance (USD billion)</td>
<td>2</td>
<td>3.2</td>
<td>2.6</td>
<td>2.7</td>
<td>7.7</td>
</tr>
<tr>
<td>Inflation (%)</td>
<td>4.09</td>
<td>2.05</td>
<td>1.83</td>
<td>3.53</td>
<td>&lt; 4</td>
</tr>
</tbody>
</table>
The main objectives of Vietnam Government in the year 2018:
+ Macroeconomic stability;
+ Controlling inflation
+ Restructure economy and creating new model of growth.

For year 2018, the National Assembly of Vietnam has approved the targets for socio-economical development:
- GDP growth rate: 6.7%;
- Export growth rate: 7 - 8%;
- Trade deficit: maintained at 3% of total export revenue;
- CPI below 4%;

In the first 9 months of 2018
-GDP growth of 6.98%, the highest increase of 9 months in the past 8 years, of which:
  + Industry and construction: 8.89% (role 2.91% in GDP growth).
    -- Construction: 8.46% (role 0.55% in GDP)
    -- Manufacturing and processing industry: 12.65% (role 2.56% in GDP growth)
  + Service: real estate business increased 4.04% (role 0.24%)
- Trade surplus of US$ 5.39 billion in the first 9 months in 2018.
- CPI in first 9 months in 2018 rose by 3.57%
I. OUTLOOK VIETNAM ECONOMY FOR YEAR 2018

• The economic situation in 9 months in 2018 achieved many positive results
• The economy continues to maintain high growth momentum, macroeconomic stability, inflation is controlled under the target by the National Assembly
• Processing and manufacturing industry still plays the role as the driving force of economic growth. In addition, the construction sector in 9 months maintained a good growth rate of 8.46%, real estate business increased 4.04%.
• Government continue to closely follow the tasks with various solution

Can reach and exceed the targets for socio-economical development in 2018
GDP forecast 6.8%

Support to the Vietnam industry in general and Vietnam steel industry in particular
II. OUTLOOK OF VIETNAM STEEL INDUSTRY IN 2018

Steel production (million tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Long products (rebar, wire rods, sections)</th>
<th>Cold-rolled products</th>
<th>Welded steel pipe</th>
<th>Metallic &amp; color coated</th>
<th>Hot-rolled sheets &amp; strips</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>12.331</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2015</td>
<td>15.022</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2016</td>
<td>17.827</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2017</td>
<td>22.101</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>9M2018</td>
<td>18.644</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Source: VSA
9month 2018:
- Import steel products at 11,021 million tons, down 2% y-o-y
- Export steel products reach 4,905 million tons, up 46.8% y-o-y
9 month 2018:
- Major steel import: hot-rolled steel reach 8.71 million tons, in which 1.18 million tons long products (rebar, wire rod, section), 1.24 million plates, 6.25 million tons hot-rolled sheets & strips
- Major steel export: coated sheets & strips with 1.75 million tons, hot-rolled steel with 1.74 million tons
Vietnam steel products import export by ratio in 9 months 2018

**IMPORT**
- Coated sheets & Strips 11%
- Plates 11%
- Cold-rolled 8%
- Hot-rolled sheets & strips 57%
- Pipes & tubes
- Sections 1%
- Bars 2%

**EXPORT**
- Coated sheets & Strips 36%
- Cold-rolled 7%
- Hot-rolled sheets & strips 14%
- Wire rods 7%
- Pipes & tubes 14%
- Bars 9%
- Plates 2%
- Sections 6%

Source: VSA
Vietnam Apparent Steel consumption

2014: 14.441
2015: 18.254
2016: 22.328
2017: 21.637
9M/2018: 16.50

Source: VSA
II. Outlook of Vietnam Steel Industry in 2018

Apparent Consumption for steel product better than 2017, forecast growth rate 1.7% in 2018, reach 22.005 million tons.

Steel production 9 months in 2018 still get the good growth.

GDP & socia-economy still kept in good performance.

Export 9 months 2018 get the high growth grate, while import decrease a little.
Consumption (million tons)

- 2014: 14.441
- 2015: 18.254
- 2016: 22.328
- 2017: 21.637
- e2018: 22.003

Growth rate (%)

- 2014: 22.7%
- 2015: 26.4%
- 2016: 22.3%
- 2017: -1.7%
- e2018: 1.7%
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Apparent steel consumption in products

Apparent Steel consumption

Thousands tons

-10.00% -5.00% 0.00% 5.00% 10.00% 15.00% 20.00% 25.00% 30.00% 35.00%

2014 2015 2016 2017 e2018

Growth rate of long products
Growth rate of flat products
Growth rate of Steel consumption

Long products
Flat products
Others
Total apparent consumption

Apparent steel consumption

Growth rate of long products
Growth rate of flat products
Growth rate of Steel consumption

www.vnsteel.vn
Recent years, share of flat is slightly higher than long in steel consumption.

Apart of consumption of flat steel runs into the construction.

**Construction steel in apparent consumption of long products**

Although long steel consumption estimated negative growth in 2018, however demand of construction steel still get the positive growth rate 3.26%, contribute for 1.42% in steel consumption.
The contribution of steel construction in Steel consumption growth rate

- **2014**
  - Contribution of steel construction growth: 22.7%
  - Contribution of flat growth: 13.2%
  - Contribution of others: 4.2%

- **2015**
  - Contribution of steel construction growth: 26.4%
  - Contribution of flat growth: 12.2%
  - Contribution of others: 11.7%

- **2016**
  - Contribution of steel construction growth: 22.32%
  - Contribution of flat growth: 13.2%
  - Contribution of others: 9.7%

- **2017**
  - Contribution of flat growth: 2.6%
  - Contribution of others: 1.4%

- **2018**
  - Contribution of others: 3.0%

- **2014-2018 Overall**
  - Contribution of steel construction growth: 1.7%

Legend:
- Contribution of steel construction growth in steel consumption growth
- Contribution of flat growth in steel consumption growth
- Contribution of others in steel consumption growth
Vietnam steel consumption will have growth in 2019

Steel construction will remain the good growth rate & play an important role in steel consumption growth

2019: 6.6%-6.8%
Conclusions
VN STEEL
THANK YOU FOR YOUR ATTENTION!