

21 Apr 2023

Nam Kim Steel JSC (NKG)

AGM Brief: Turnaround will be in 2Q23

On April 21, Nam Kim Steel (NKG) held the Annual General Meeting. The company presented full-year 2022 results as well as the FY2023F business plan.

2023 guidance: Made a loss in 1Q23

- The company targets a VND20,000bn revenue and a VND400bn EBT. In 1Q23, NKG made a loss of around VND50bn while the revenue is around VND4,300-4,400bn, according to the BOD.
- The BOD expects 2Q23 will be the turnaround, bringing the 1H23 profit to be positive.
- The company has been approved to pay no dividends in 2022. In addition, the Phu My factory plan is suspended due to the low demand.
- Export orders were up to June, however, the demand is believed not sustainable according to the BOD.
- The BOD supposed that the company did not benefit much from high US HRC price due to the tax and the shipping cost.
- The BOD seems to be cautious about long-term outlook. Depending on economic condition, the company expects to have suitable strategy in short term period.

Rating and recommendation

- We reiterate HOLD rating as we have yet seen light at the end of tunnel. Dimming outlook as we examined [in the in-depth flat steel report](#) has reinforced our recommendation. Earnings are under review.

12M rating **HOLD (Maintain)**

12M TP **NA**

Up/Downside **NA**

Stock Data

VNIndex (20 Apr, pt)	1,049
Stock price (20 Apr, VND)	14,650
Market cap (USD mn)	160
Shares outstanding (mn)	263
52-Week high/low (VND)	30,889/7,400
6M avg. daily turnover (USD mn)	6.13
Free float / Foreign ownership (%)	64.5/12.2
Major shareholders (%)	
Ho Minh Quang	15.4

Performance

	1M	6M	12M
Absolute (%)	(3.3)	(9.8)	(53.7)
Relative to VNIndex (%p)	(5.9)	(12.9)	(31.3)

Stock price trend



Source: Bloomberg

	2020A	2021F	2022F	2023F	2024F
Sales (VND bn)	11,560	28,173	22,358	12,880	16,396
chg. (% YoY)	(5.1)	143.7	(20.6)	(42.4)	27.3
Operating profit (VND bn)	509	2,749	528	426	683
Net profit (VND bn)	295	2,225	275	295	511
EPS (VND)	1,547	10,059	1,044	1,120	1,937
chg. (% YoY)	539.7	550.4	(89.6)	7.3	73.0
EBITDA (VND bn)	886	3,128	913	871	1,168
PE (x)	9.5	1.5	14.0	13.1	7.6
EV/EBITDA (x)	5.7	1.9	7.1	6.1	5.5
PB (x)	0.8	0.6	0.7	0.7	0.6
ROE (%)	9.5	50.0	4.8	5.1	8.5
Dividend yield (%)	0.0	0.0	5.7	5.7	5.7

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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