

14 Jun 2023

# Hoa Phat (HPG)

## May 2023 – Export drove the May growth

Vietnam Steel Association (VSA) released some worthy headlines on the MAY sales of the company. Here are some interesting highlights.

### Domestic demand was still weak despite strong export

- Total May steel sales volume posted 619,165 tonnes, increasing by 5.6% yoy and 15.6% mom.
- Construction steel volume increased to 284,214 tonnes, -9.6% yoy, +32.7% mom. In which, domestic sales volume increased by 9.2% mom while its export surged by 250.0% yoy.
- The coated steel sales volume (34,136 tonnes) surprisingly upped by 108.6% yoy, 4.0% mom while steel pipes sales volume (57,471 tonnes) rose by 12.7% yoy, 16.8% mom.
- The steel coil sales volume (HRC) was 243,344 tonnes (+19.1% yoy +1.6% mom). In which, export volume reached 132,849 tonnes in May.
- The total May domestic sales volume diminished by 19.1% yoy but upped 3.1% mom to 390,548 tonnes.

### 5M23 sales volume dropped significantly

- The 5M23 total finished-product sale volume dropped significantly to 2,736,337 tonnes, -24.8% yoy. Of which, all products sale volume declined due to high base in 2022.
- The total 5M23 export volume (590,489 tonnes) went down by 14.5% yoy while the local sales volume (2,145,848 tonnes) decreased by 27.3% yoy.

### Rating and recommendation: Maintain HOLD

- The industry obstacles are not clearly fading and hence, we maintain the HOLD rating. Earnings are under review.

15M rating **HOLD (Maintain)**

15M TP

Up/Downside

#### Stock Data

VNIndex (13 Jun, pt)	1,122
Stock price (13 Jun, VND)	23,400
Market cap (USD mn)	NA
Shares outstanding (mn)	5,815
52-Week high/low (VND)	28,911/12,100
6M avg. daily turnover (USD mn)	NA
Free float / Foreign ownership (%)	54.3/24.1
Major shareholders (%)	
Tran Dinh Long	26.1

#### Performance

	1M	6M	15M
Absolute (%)	NA	NA	NA
Relative to VNIndex (%p)	NA	NA	NA

#### Stock price trend



Source: Bloomberg

#### Research Dept

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**Table 1. Sales volume growth**

(Tonnes)

	Monthly				Accumulated		
	May-22	May-23	MoM (%)	YoY (%)	5M22	5M23	YoY (%)
<b>Steel Pipes</b>	<b>51,014</b>	<b>57,471</b>	<b>16.8</b>	<b>12.7</b>	<b>312,454</b>	<b>266,733</b>	<b>(14.6)</b>
Export	1,997	1,678	(8.6)	(16.0)	10,465	10,489	0.2
Domestic	49,017	55,793	17.8	13.8	301,989	256,244	(15.1)
<b>Steel Coat</b>	<b>16,368</b>	<b>34,136</b>	<b>4.0</b>	<b>108.6</b>	<b>152,865</b>	<b>136,656</b>	<b>(10.6)</b>
Export	8,058	21,065	3.3	161.4	87,977	56,714	(35.5)
Domestic	8,310	13,071	5.2	57.3	64,888	79,942	23.2
<b>Constr' Steel</b>	<b>314,541</b>	<b>284,214</b>	<b>32.7</b>	<b>(9.6)</b>	<b>1,952,619</b>	<b>1,368,034</b>	<b>(29.9)</b>
Export	93,366	73,025	250.0	(21.8)	556,675	221,058	(60.3)
Domestic	221,175	211,189	9.2	(4.5)	1,395,944	1,146,976	(17.8)
<b>Steel Coil</b>	<b>204,298</b>	<b>243,344</b>	<b>1.6</b>	<b>19.1</b>	<b>1,222,689</b>	<b>964,914</b>	<b>(21.1)</b>
Export	0	132,849	16.8	NA	35,473	302,228	752.0
Domestic	204,298	110,495	(12.1)	(45.9)	1,187,216	662,686	(44.2)
<b>Total Steel Volume</b>	<b>586,221</b>	<b>619,165</b>	<b>15.6</b>	<b>5.6</b>	<b>3,640,627</b>	<b>2,736,337</b>	<b>(24.8)</b>
Export	103,421	228,617	45.7	121.1	690,590	590,489	(14.5)
Domestic	482,800	390,548	3.1	(19.1)	2,950,037	2,145,848	(27.3)

Source: Company, VSA, KIS

**Table 2. Production volume growth**

(Tonnes)

	Monthly				Accumulated		
	May-22	May-23	MoM (%)	YoY (%)	5M22	5M23	YoY (%)
<b>Steel Pipes</b>							
Production	51,784	54,342	25.7	4.9	303,520	256,032	(15.6)
Inventories	0	0	NA	NA			
<b>Steel Coat</b>							
Production	29,068	38,278	35.3	31.7	156,851	NA	NA
Inventories	0	0	NA	NA			
<b>Constr' Steel</b>							
Production	401,748	316,545	47.5	(21.2)	2,087,995	1,406,837	(32.6)
Inventories	381,355	358,331	9.9	(6.0)			
<b>Steel Coil</b>							
Production	249,435	260,833	(3.3)	4.6	NA	1,076,903	NA
Inventories	149,151	142,543	14.0	(4.4)			
<b>Total</b>							
Production	732,035	669,998	20.5	(8.5)	NA	NA	NA
Inventories (Const, Coil)	530,506	500,874	11.0	(5.6)			

Source: Company, VSA, KIS

**Company overview & Glossary**

Hoa Phat (HPG) is a leading industrial manufacturing group in Vietnam operating in 5 key businesses: Iron & steel; steel sheet & steel pipe; real estate, agriculture and home appliances.

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Prepared by: Research Dept

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