

14 Jun 2023

# Hoa Sen Group (HSG)

## Sales volume falter on m-o-m basis

Vietnam Steel Association (VSA) released some worthy headlines on the May sales of the company. Here are some key issues worthy of note.

### Sales volume faltered on m-o-m basis

- Total May steel sales volume posted 127,489 tonnes, rising by 5.1% yoy but decreasing by 1.9% mom.
- Steel coat volume made up 81.3% of the May total sales volume at 103,771 tonnes, -5.6% mom but +3.1% yoy.
- The coated steel export volume (61,992 tonnes) was up by 7.8% yoy but decrease by 13.6% mom.
- Domestic volume of steel coat recorded 41,849 tonnes (+10.5% mom, -3.2% yoy) and steel pipes volume posted 23,098 tonnes (+16.9% mom and +24.5% yoy).

### FY8M23 performance down as FY2022 high base

- The FY8M23 (Oct 2023-Feb 2023) total sale decreased 34.1% yoy to 891,963 tonnes as steel pipes volume declined 21.0% yoy to 185,976 tonnes and steel coat fell 36.9% yoy to 705,987 tonnes.
- The total FY8M23 export volume (accounted for 45.0% of total sales: 401,462 tonnes) fell 44.6% yoy while the local sales volume (490,501 tonnes) also declined by 22.1% yoy.

### Rating and recommendation

- We reaffirm HOLD rating in view of multiple sector bottlenecks on unfavorable selling prices, harsh competitiveness, and weak global demand as we examined [in the in-depth flat steel report](#). Earnings are under review.

12M rating **HOLD (Maintain)**

12M TP **NA**

Up/Downside

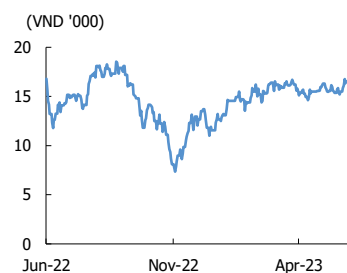
#### Stock Data

VNIndex (13 Jun, pt)	1,122
Stock price (13 Jun, VND)	17,200
Market cap (USD mn)	433
Shares outstanding (mn)	598
52-Week high/low (VND)	18,542/7,350
6M avg. daily turnover (USD mn)	10.03
Free float / Foreign ownership (%)	69.5/15.9
Major shareholders (%)	
Le Phuoc Vu	16.7

#### Performance

	1M	6M	12M
Absolute (%)	5.5	34.4	8.8
Relative to VNIndex (%p)	0.1	26.4	15.8

#### Stock price trend



Source: Bloomberg

**Research Department**

researchdept@kisvn.vn

**Table 1. Sales volume growth**

(Tonnes)

	Monthly				Accumulated		
	May-22	May-23	MoM (%)	YoY (%)	8MFY22	8MFY23	YoY (%)
<b>Steel Pipes</b>	<b>20,647</b>	<b>23,718</b>	<b>15.9</b>	<b>14.9</b>	<b>235,502</b>	<b>185,976</b>	<b>(21.0)</b>
Export	3,471	620	(11.9)	(82.1)	15,035	6,130	(59.2)
Domestic	17,176	23,098	16.9	34.5	220,467	179,846	(18.4)
<b>Steel Coat</b>	<b>100,681</b>	<b>103,771</b>	<b>(5.3)</b>	<b>3.1</b>	<b>1,118,381</b>	<b>705,987</b>	<b>(36.9)</b>
Export	57,462	61,922	(13.6)	7.8	709,097	395,332	(44.2)
Domestic	43,219	41,849	10.5	(3.2)	409,284	310,655	(24.1)
<b>Total Steel Volume</b>	<b>121,328</b>	<b>127,489</b>	<b>(1.9)</b>	<b>5.1</b>	<b>1,353,883</b>	<b>891,963</b>	<b>(34.1)</b>
Export	60,933	62,542	(13.6)	2.6	724,132	401,462	(44.6)
Domestic	60,395	64,947	12.7	7.5	629,751	490,501	(22.1)

Source: VSA, KIS

**Table 2. Production volume growth**

(Tonnes)

	Monthly				Accumulated		
	May-22	May-23	MoM (%)	YoY (%)	8MFY22	8MFY23	YoY (%)
<b>Steel Pipes</b>							
Production	17,761	15,046	(17.6)	(15.3)	199,120	156,231	(21.5)
Inventories	48,727	31,515	(13.9)	(35.3)			
<b>Steel Coat</b>							
Production	99,773	101,900	4.9	2.1	1,133,592	752,274	(33.6)
Inventories	81,419	58,206	(4.4)	(28.5)			
<b>Steel Coil</b>							
Production	122,210	100,187	1.7	(18.0)	NA	790,272	NA
Inventories	28,290	13,305	10.0	(53.0)			
<b>Total</b>							
Production	239,744	217,133	1.5	(9.4)	NA	1,698,777	NA
Inventories	158,436	103,026	(6.0)	(35.0)			

Source: VSA, KIS,

**Company overview & Glossary**

Founded in 2001, HSG is a leading manufacturer of galvanized steel sheets (capacity of 2.8Mn tonnes per year capacity) in Vietnam. Other products include steel pipes (capacity 990,000 tonnes per year) and plastic pipes. HSG also has its own retail distribution network with 536 branches.

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Prepared by: Research Department

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