

14 Jun 2023

Nam Kim Steel (NKG)

May 2023 – Sales volume was flat on mom basic

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

Domestic sales volume showed an uptick

- Total May steel sales volume posted 77,447 tonnes, increasing 0.2% mom and decreasing 8.9% yoy.
- Steel coat volume made up 84.7% of the May total sales volume at 65,602 tonnes, -12.2% yoy, -1.0% mom.
- The coated steel export volume (49,555 tonnes) slightly decreased by 3.1% mom and -18.5% yoy.
- Domestic volume of steel coat rise by 15.0% yoy and 6.1% mom (16,047 tonnes), and steel pipes volume increased by 7.9% mom and 15.1% yoy (11,845 tonnes).

5M23 total sales volume dropped due to 2022 high-base

- The 5M23 total sales volume came in at 349,414 tonnes, -19.8% yoy. In which, the steel coat volume declined 22.1% yoy to 286,699 tonnes and the steel pipes volume was down by 7.0% yoy to 62,715 tonnes.
- The 5M23 total export volume (accounted for 58.7% of total sales; 205,174 tonnes) decreased by 25.6% yoy while the local sales volume (144,240 tonnes) decreased by 9.6% yoy.

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.

13M rating **HOLD (Maintain)**

13M TP **NA**

Up/Downside *NA*

Stock Data

VNIndex (13 Jun, pt)	1,122
Stock price (13 Jun, VND)	17,450
Market cap (USD mn)	193
Shares outstanding (mn)	263
52-Week high/low (VND)	23,650/7,400
6M avg. daily turnover (USD mn)	6.36
Free float / Foreign ownership (%)	64.5/9.8
Major shareholders (%)	
Ho Minh Quang	15.4

Performance

	1M	6M	12M
Absolute (%)	13.3	32.7	(16.7)
Relative to VNIndex (%p)	7.8	24.7	(9.7)

Stock price trend



Source: Bloomberg

Research Department

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Table 1. Sales volume growth

(Tonnes)

	Monthly				Accumulated		
	May-22	May-23	MoM (%)	YoY (%)	5M22	5M23	YoY (%)
Steel Pipes	10,288	11,845	7.9	15.1	67,470	62,715	(7.0)
Export	0	0	NA	NA	0	0	NA
Domestic	10,288	11,845	7.9	15.1	67,470	62,715	(7.0)
Steel Coat	74,743	65,602	(1.0)	(12.2)	368,008	286,699	(22.1)
Export	60,791	49,555	(3.1)	(18.5)	275,941	205,174	(25.6)
Domestic	13,952	16,047	6.1	15.0	92,067	81,525	(11.5)
Total Steel Volume	85,031	77,447	0.2	(8.9)	435,478	349,414	(19.8)
Export	60,791	49,555	(3.1)	(18.5)	275,941	205,174	(25.6)
Domestic	24,240	27,892	6.8	15.1	159,537	144,240	(9.6)

Source: Company, VSA, KIS

Table 2. Production volume growth

(Tonnes)

	Monthly				Accumulated		
	May-22	May-23	MoM (%)	YoY (%)	5M22	5M23	YoY (%)
Steel Pipes							
Production	9,130	11,039	(13.3)	20.9	61,636	64,003	3.8
Inventories	0	0	NA	NA			
Steel Coat							
Production	80,293	64,839	(7.1)	(19.2)	380,343	291,304	(23.4)
Inventories	0	0	NA	NA			
Total							
Production	89,423	75,878	(8.1)	(15.1)	441,979	355,307	24.4
Inventories	0						

Source: Company, VSA, KIS

Company overview & Glossary

Founded in 2002, Nam Kim Steel is one of Vietnam's largest manufacturers of galvanized steel sheets and steel pipes for use in residential, industrial and civil construction.

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