

18 Jul 2023

Hoa Phat (HPG)

June 2023 – Export still supported total sales

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

Domestic construction and HRC demand increased in June

- Total June steel sales volume posted 634,762 tonnes, increasing by 2.5% mom but -1.0% yoy.
- Construction steel volume increased to 286,036 tonnes, -17.8% yoy, +0.6% mom. In which, domestic sales volume increased by 10.6% mom while its export was down by 55.5% yoy.
- The coated steel sales volume (38,954 tonnes) surprisingly upped by 47.0% yoy, 14.1% mom while steel pipes sales volume (58,304 tonnes) rose by 1.4% mom, -9.6% mom.
- The steel coil sales volume (HRC) was 251,468 tonnes (+24.3% yoy +3.3% mom). In which, export volume reached 97,950 tonnes in June.
- The total June domestic sales volume diminished by 9.6% yoy but upped 16.3% mom to 454,087 tonnes.

6M23 sales volume dropped significantly

- The 6M23 total finished-product sale volume dropped significantly to 3,371,099 tonnes, -21.3% yoy. Of which, all products sale volume declined due to high base in 2022.
- The total 6M23 export volume (771,164 tonnes) went down by 5.9% yoy while the local sales volume (2,599,935 tonnes) decreased by 24.7% yoy.

Rating and recommendation: Maintain HOLD

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

16M rating **HOLD (Maintain)**

16M TP

Up/Downside

Stock Data

VNIndex (17 Jul, pt)	1,173
Stock price (17 Jul, VND)	27,300
Market cap (USD mn)	6,692
Shares outstanding (mn)	5,815
52-Week high/low (VND)	27,700/12,100
6M avg. daily turnover (USD mn)	20.37
Free float / Foreign ownership (%)	54.3/26.0
Major shareholders (%)	
Tran Dinh Long	26.1

Performance

	1M	6M	16M
Absolute (%)	16.4	25.3	20.4
Relative to VNIndex (%p)	11.1	17.7	19.2

Stock price trend



Source: Bloomberg

Research Dept

researchdept@kisvn.vn

Table 1. Sales volume growth

(Tonnes)

	Monthly				Accumulated		
	Jun-22	Jun-23	MoM (%)	YoY (%)	6M22	6M23	YoY (%)
Steel Pipes	64,517	58,304	1.4	(9.6)	376,971	325,037	(13.8)
Export	2,586	2,600	54.9	0.5	13,051	13,089	0.3
Domestic	61,931	55,704	(0.2)	(10.1)	363,920	311,948	(14.3)
Steel Coat	26,500	38,954	14.1	47.0	179,365	175,610	(2.1)
Export	8,058	27,614	31.1	242.7	96,035	84,328	(12.2)
Domestic	8,310	11,340	(13.2)	36.5	73,198	91,282	24.7
Constr' Steel	347,898	286,036	0.6	(17.8)	2,300,517	1,654,070	(28.1)
Export	117,962	52,511	(28.1)	(55.5)	674,637	273,569	(59.4)
Domestic	229,936	233,525	10.6	1.6	1,625,880	1,380,501	(15.1)
Steel Coil	202,317	251,468	3.3	24.3	1,425,006	1,216,382	(14.6)
Export	0	97,950	(26.3)	NA	35,473	400,178	1028.1
Domestic	202,317	153,518	38.9	(24.1)	1,389,533	816,204	(41.3)
Total Steel Volume	641,232	634,762	2.5	(1.0)	4,281,859	3,371,099	(21.3)
Export	128,606	180,675	(21.0)	40.5	819,196	771,164	(5.9)
Domestic	502,494	454,087	16.3	(9.6)	3,452,531	2,599,935	(24.7)

Source: Company, VSA, KIS

Table 2. Production volume growth

(Tonnes)

	Monthly				Accumulated		
	Jun-22	Jun-23	MoM (%)	YoY (%)	6M22	6M23	YoY (%)
Steel Pipes							
Production	58,233	53,081	(2.3)	(8.8)	169,401	150,647	(4.9)
Inventories	0	0	NA	NA			
Steel Coat							
Production	29,068	33,380	(12.8)	14.8	185,919	NA	NA
Inventories	0	0	NA	NA			
Constr' Steel							
Production	318,606	200,251	(36.7)	(37.1)	2,406,601	1,607,088	(33.2)
Inventories	360,711	272,546	(23.9)	(24.4)			
Steel Coil							
Production	245,177	240,228	(7.9)	(2.0)	NA	1,317,131	NA
Inventories	192,011	131,303	(7.9)	(31.6)			
Total							
Production	651,084	526,940	(21.4)	(19.1)	NA	NA	NA
Inventories (Const, Coil)	552,722	403,849	(19.4)	(26.9)			

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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