

18 Jul 2023

# Nam Kim Steel (NKG)

## June 2023 – Export channel performed well

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

### Sale recovery hindered by steel pipes sale

- Total May steel sales volume posted 80,917 tonnes, increasing 4.5% mom and decreasing 1.5% yoy.
- Steel coat volume made up 87.4% of the June total sales volume at 70,738 tonnes, increased by 7.8% yoy, 3.5% mom.
- The coated steel export volume (55,140 tonnes) increased by 11.3% mom and 5.2% yoy.
- Domestic volume of steel coat slightly drops by 2.8% yoy and 2.2% mom (15,598 tonnes), and steel pipes volume also reduced by 14.1% mom and 26.1% yoy (10,179 tonnes).

### 6M23 total sales volume declined due to 2022 high-base

- The 6M23 total sales volume came in at 430,331 tonnes, -16.9% yoy. In which, the steel coat volume declined 18.1% yoy to 357,437 tonnes and the steel pipes volume was down by 10.3% yoy to 72,894 tonnes.
- The 6M23 total export volume (accounted for 58.7% of total sales; 260,314 tonnes) decreased by 20.7% yoy while the local sales volume (170,017 tonnes) decreased by 10.2% 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 (17 Jul, pt)	1,173
Stock price (17 Jul, VND)	19,450
Market cap (USD mn)	214
Shares outstanding (mn)	263
52-Week high/low (VND)	23,650/7,400
6M avg. daily turnover (USD mn)	6.79
Free float / Foreign ownership (%)	64.5/9.8
Major shareholders (%)	
Ho Minh Quang	15.4

#### Performance

	1M	6M	12M
Absolute (%)	15.8	24.3	(0.5)
Relative to VNIndex (%p)	10.5	16.6	(1.7)

#### Stock price trend



Source: Bloomberg

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**Table 1. Sales volume growth**

(Tonnes)

	Monthly				Accumulated		
	Jun-22	Jun-23	MoM (%)	YoY (%)	6M22	6M23	YoY (%)
<b>Steel Pipes</b>	<b>13,780</b>	<b>10,179</b>	<b>(14.1)</b>	<b>(26.1)</b>	<b>81,250</b>	<b>72,894</b>	<b>(10.3)</b>
Export	0	0	NA	NA	0	0	NA
Domestic	13,780	10,179	(14.1)	(26.1)	81,250	72,894	(10.3)
<b>Steel Coat</b>	<b>68,344</b>	<b>70,738</b>	<b>7.8</b>	<b>3.5</b>	<b>436,352</b>	<b>357,437</b>	<b>(18.1)</b>
Export	52,403	55,140	11.3	5.2	328,344	260,314	(20.7)
Domestic	15,941	15,598	(2.8)	(2.2)	108,008	97,123	(10.1)
<b>Total Steel Volume</b>	<b>82,124</b>	<b>80,917</b>	<b>4.5</b>	<b>(1.5)</b>	<b>517,602</b>	<b>430,331</b>	<b>(16.9)</b>
Export	52,403	55,140	11.3	5.2	328,344	260,314	(20.7)
Domestic	29,721	25,777	(7.6)	(13.3)	189,258	170,017	(10.2)

Source: Company, VSA, KIS

**Table 2. Production volume growth**

(Tonnes)

	Monthly				Accumulated		
	Jun-22	Jun-23	MoM (%)	YoY (%)	6M22	6M23	YoY (%)
<b>Steel Pipes</b>							
Production	13,310	10,159	(8.0)	(23.7)	74,946	74,162	(1.0)
Inventories	0	0	NA	NA			
<b>Steel Coat</b>							
Production	68,560	72,467	11.8	5.7	448,903	363,771	(19.0)
Inventories	0	0	NA	NA			
<b>Total</b>							
Production	81,870	82,626	8.9	0.9	523,849	437,933	19.6
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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