

16 May 2023

Nam Kim Steel (NKG)

Apr 2023 – The m-o-m recovery to falter

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

The m-o-m recovery to continue

- Total Apr steel sales volume posted 77,269 tonnes, decreasing 7.6% mom and 17.0% yoy.
- Steel coat volume made up 85.8% of the Apr total sales volume at 66,290 tonnes, -16.5% yoy, -4.6% mom.
- The coated steel export volume (51,163 tonnes) slightly increased by 2.1% mom but -14.8% yoy.
- Domestic volume of steel coat dropped by 21.7% yoy and 22.0% mom (15,127 tonnes), and steel pipes volume decreased by 22.0% mom and 20.2% yoy (10,979 tonnes).

4M23 total sales volume dropped due to 2022 high-base

- The 4M23 total sales volume came in at 271,967 tonnes, -22.4% yoy. In which, the steel coat volume declined 24.6% yoy to 221,091 tonnes and the steel pipes volume was down by 11.0% yoy to 50,870 tonnes.
- The 4M23 total export volume (accounted for 57.2% of total sales; 155,619 tonnes) decreased by 27.7% yoy while the local sales volume (116,348 tonnes) decreased by 14.0% 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 (16 May, pt)	1,066
Stock price (16 May, VND)	15,000
Market cap (USD mn)	168
Shares outstanding (mn)	263
52-Week high/low (VND)	24,977/7,400
6M avg. daily turnover (USD mn)	6.18
Free float / Foreign ownership (%)	64.5/12.0
Major shareholders (%)	
Ho Minh Quang	15.4

Performance

	3M	6M	13M
Absolute (%)	2.4	89.6	(27.5)
Relative to VNIndex (%p)	1.1	75.9	(20.0)

Stock price trend



Source: Bloomberg

Research Department

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Table 1. Sales volume growth

(Tonnes)

	Monthly				Accumulated		
	Apr-22	Apr-23	MoM (%)	YoY (%)	4M22	4M23	YoY (%)
Steel Pipes	13,756	10,979	(22.0)	(20.2)	57,182	50,870	(11.0)
Export	0	0	NA	NA	0	0	NA
Domestic	13,756	10,979	(22.0)	(20.2)	57,182	50,870	(11.0)
Steel Coat	79,354	66,290	(4.6)	(16.5)	293,265	221,097	(24.6)
Export	60,023	51,163	2.1	(14.8)	215,150	155,619	(27.7)
Domestic	19,331	15,127	(22.0)	(21.7)	78,115	65,478	(16.2)
Total Steel Volume	93,110	77,269	(7.6)	(17.0)	350,447	271,967	(22.4)
Export	60,023	51,163	2.1	(14.8)	215,150	155,619	(27.7)
Domestic	33,087	26,106	(22.0)	(21.1)	135,297	116,348	(14.0)

Source: Company, VSA, KIS

Table 2. Production volume growth

(Tonnes)

	Monthly				Accumulated		
	Apr-22	Apr-23	MoM (%)	YoY (%)	4M22	4M23	YoY (%)
Steel Pipes							
Production	12,883	12,739	(17.6)	(1.1)	52,506	52,964	0.9
Inventories	0	0	NA	NA			
Steel Coat							
Production	79,757	69,799	(3.7)	(12.5)	300,050	226,465	(24.5)
Inventories	0	0	NA	NA			
Total							
Production	92,640	82,538	(6.1)	(10.9)	352,556	279,429	26.2
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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