

# Company Brief

14 Jun 2023

# **Hoa Phat (HPG)**

## May 2023 – Export drove the May growth

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

## Domestic demand was still weak despite strong export

- Total May steel sales volume posted 619,165 tonnes, increasing by 5.6% you and 15.6% mom.
- Construction steel volume increased to 284,214 tonnes, -9.6% yoy, +32.7% mom. In which, domestic sales volume increased by 9.2% mom while its export surged by 250.0% yoy.
- The coated steel sales volume (34,136 tonnes) surprisingly upped by 108.6% yoy, 4.0% mom while steel pipes sales volume (57,471 tonnes) rose by 12.7% yoy, 16.8% mom.
- The steel coil sales volume (HRC) was 243,344 tonnes (+19.1% yoy +1.6% mom). In which, export volume reached 132,849 tonnes in May.
- The total May domestic sales volume diminished by 19.1% yoy but upped 3.1% mom to 390,548 tonnes.

## 5M23 sales volume dropped significantly

- The 5M23 total finished-product sale volume dropped significantly to 2,736,337 tonnes, -24.8% yoy. Of which, all products sale volume declined due to high base in 2022.
- The total 5M23 export volume (590,489 tonnes) went down by 14.5% yoy while the local sales volume (2,145,848 tonnes) decreased by 27.3% yoy.

## Rating and recommendation: Maintain HOLD

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

## 15M rating HOLD (Maintain)

15M TP

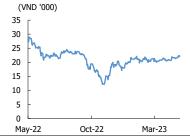
#### Stock Data

VNIndex (13 Jun, pt)	1,122
Stock price (13 Jun, VND)	23,400
Market cap (USD mn)	NA
Shares outstanding (mn)	5,815
52-Week high/low (VND)	28,911/12,100
6M avg. daily turnover (USD mn)	NA
Free float / Foreign ownership (%	54.3/24.1
Major shareholders (%)	
Tran Dinh Long	26.1

#### Performance

	1M	6M	15M
Absolute (%)	NA	NA	NA
Relative to VNIndex (%p)	NA	NA	NA

## Stock price trend



Source: Bloomberg

## **Research Dept**

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Table 1. Sales volume growth

(Tonnes)

	Monthly			A			
	May-22	May-23	MoM (%)	YoY (%)	5M22	5M23	YoY (%)
Steel Pipes	51,014	57,471	16.8	12.7	312,454	266,733	(14.6)
Export	1,997	1,678	(8.6)	(16.0)	10,465	10,489	0.2
Domestic	49,017	55,793	17.8	13.8	301,989	256,244	(15.1)
Steel Coat	16,368	34,136	4.0	108.6	152,865	136,656	(10.6)
Export	8,058	21,065	3.3	161.4	87,977	56,714	(35.5)
Domestic	8,310	13,071	5.2	57.3	64,888	79,942	23.2
Constr' Steel	314,541	284,214	32.7	(9.6)	1,952,619	1,368,034	(29.9)
Export	93,366	73,025	250.0	(21.8)	556,675	221,058	(60.3)
Domestic	221,175	211,189	9.2	(4.5)	1,395,944	1,146,976	(17.8)
Steel Coil	204,298	243,344	1.6	19.1	1,222,689	964,914	(21.1)
Export	0	132,849	16.8	NA	35,473	302,228	752.0
Domestic	204,298	110,495	(12.1)	(45.9)	1,187,216	662,686	(44.2)
Total Steel Volume	586,221	619,165	15.6	5.6	3,640,627	2,736,337	(24.8)
Export	103,421	228,617	45.7	121.1	690,590	590,489	(14.5)
Domestic	482,800	390,548	3.1	(19.1)	2,950,037	2,145,848	(27.3)

Source: Company, VSA, KIS

Table 2. Production volume growth

(Tonnes)

	Monthly				Accumulated			
_	May-22	May-23	MoM (%)	YoY (%)	5M22	5M23	YoY (%)	
Steel Pipes								
Production	51,784	54,342	25.7	4.9	303,520	256,032	(15.6)	
Inventories	0	0	NA	NA				
Steel Coat								
Production	29,068	38,278	35.3	31.7	156,851	NA	NA	
Inventories	0	0	NA	NA				
Constr' Steel								
Production	401,748	316,545	47.5	(21.2)	2,087,995	1,406,837	(32.6)	
Inventories	381,355	358,331	9.9	(6.0)				
Steel Coil								
Production	249,435	260,833	(3.3)	4.6	NA	1,076,903	NA	
Inventories	149,151	142,543	14.0	(4.4)				
Total								
Production	732,035	669,998	20.5	(8.5)	NA	NA	NA	
Inventories (Const, Coil)	530,506	500,874	11.0	(5.6)				

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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