

3 Oct 2023

# Hoa Phat (HPG)

## August 2023 – Sale shrank across the board

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

### Coated steel export was decimated in August

- Total August steel sales volume posted 600,992 tonnes, decreased by 8.7% mom and 15.7% yoy.
- Construction steel volume decreased to 306,943 tonnes, -20.7% yoy, +17.6% mom. In which, domestic sales volume decreased by 10.5% mom while its export was down by 28.7% yoy.
- The coated steel sales volume (11,952 tonnes) halved by 58.2% yoy, -62.9% mom while steel pipes sales volume (40,695 tonnes) fell by 45% mom, -36.1% mom.
- The steel coil sales volume (HRC) was 241,402 tonnes (+3.4% yoy -17.1% mom). In which, export volume returned to 114,165 tonnes in August.
- The total August domestic sales volume diminished by 35.8% yoy but downed by 10.7% mom to 385,968 tonnes.

### 8M23 sales volume dropped in all segments

- The 8M23 total finished-product sale volume dropped significantly to 4,630,485 tonnes, -17.3% yoy. Of which, all products sale volume declined due to high base and low domestic demand.
- The total 8M23 export volume (1,212,554 tonnes) upped by 11.8% yoy while the local sales volume (3,417,931 tonnes) decreased by 24.1% 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

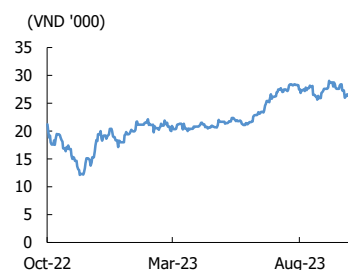
#### Stock Data

VNIndex (02 Oct, pt)	1,155
Stock price (02 Oct, VND)	26,200
Market cap (USD mn)	5,985
Shares outstanding (mn)	5,815
52-Week high/low (VND)	29,000/12,100
6M avg. daily turnover (USD mn)	25.07
Free float / Foreign ownership (%)	54.3/25.0
Major shareholders (%)	
Tran Dinh Long	26.1

#### Performance

	1M	6M	16M
Absolute (%)	(5.1)	19.5	27.1
Relative to VNIndex (%p)	0.4	13.8	21.3

#### Stock price trend



Source: Bloomberg

#### Research Dept

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**Table 1. Sales volume growth**

(Tonnes)

	Monthly				Accumulated		
	8-2022	8-2023	MoM (%)	YoY (%)	8M2022	8M2023	YoY (%)
<b>Steel Pipes</b>	<b>63,687</b>	<b>40,695</b>	<b>(45.0)</b>	<b>(36.1)</b>	<b>501,293</b>	<b>439,779</b>	<b>(12.3)</b>
Export	1,350	2,134	2.6	58.1	15,921	17,303	8.7
Domestic	62,337	38,561	(46.4)	(38.1)	485,372	422,476	(13.0)
<b>Steel Coat</b>	<b>28,623</b>	<b>11,952</b>	<b>(62.9)</b>	<b>(58.2)</b>	<b>225,791</b>	<b>219,749</b>	<b>(2.7)</b>
Export	15,415	519	(96.6)	(96.6)	116,951	99,924	(14.6)
Domestic	13,208	11,433	(33.2)	(13.4)	98,708	119,825	21.4
<b>Constr' Steel</b>	<b>386,990</b>	<b>306,943</b>	<b>17.6</b>	<b>(20.7)</b>	<b>3,060,238</b>	<b>2,222,127</b>	<b>(27.4)</b>
Export	94,397	98,206	253.8	4.0	915,783	399,533	(56.4)
Domestic	292,593	208,737	(10.5)	(28.7)	2,144,455	1,822,594	(15.0)
<b>Steel Coil</b>	<b>233,511</b>	<b>241,402</b>	<b>(17.1)</b>	<b>3.4</b>	<b>1,808,436</b>	<b>1,748,830</b>	<b>(3.3)</b>
Export	0	114,165	(37.1)	n.a	35,473	695,794	1861.5
Domestic	233,511	127,237	16.1	(45.5)	1,772,963	1,053,036	(40.6)
<b>Total Steel Volume</b>	<b>712,811</b>	<b>600,992</b>	<b>(8.7)</b>	<b>(15.7)</b>	<b>5,595,758</b>	<b>4,630,485</b>	<b>(17.3)</b>
Export	111,162	215,024	(5.0)	93.4	1,084,128	1,212,554	11.8
Domestic	601,649	385,968	(10.7)	(35.8)	4,501,498	3,417,931	(24.1)

Source: Company, VSA, KIS

**Table 2. Production volume growth**

(Tonnes)

	Monthly				Accumulated		
	Jul-22	Jul-23	MoM (%)	YoY (%)	7M22	7M23	YoY (%)
<b>Steel Pipes</b>							
Production	60,333	47,514	(29.1)	(21.2)	483,922	423,617	(12.5)
Inventories	0	0	NA	NA			
<b>Steel Coat</b>							
Production	23,207	18,615	24.3	(19.8)	225,109	190,086	(15.6)
Inventories	0	0	NA	NA			
<b>Constr' Steel</b>							
Production	345,406	366,963	6.1	6.2	3,163,701	2,319,830	(26.7)
Inventories	358,090	417,231	16.8	16.5			
<b>Steel Coil</b>							
Production	173,508	252,718	(5.9)	45.7	1,595,988	1,838,359	15.2
Inventories	206,431	120,083	10.4	(41.8)			
<b>Total</b>							
Production	602,454	685,810	(1.5)	13.8	5,468,720	4,771,892	(12.7)
Inventories (Const, Coil)	564,521	537,314	15.3	(4.8)			

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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