

18 Oct 2023

Hoa Sen Group (HSG)

September 2023 - Coated steel export still to make stride

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

Coated steel export maintained growth

- Total Sep steel sales volume posted 127,058 tonnes, slight increased by 8.1% yoy but went down by 5.7% mom.
- Steel coat volume made up 81.1% of the Sep total sales volume at 103,047 tonnes, -6.5% mom and +21.3% yoy.
- The coated steel export volume (59,649 tonnes) went down by 8.5% mom but still high compare to 2022 (+69.5% yoy).
- Domestic volume of coated steel recorded 43,398 tonnes (-3.7% mom, -12.9% yoy) and steel pipes volume posted 24,011 tonnes (-2.1% mom and -26.4% yoy).

FY23 saw lackluster sale compare FY22

- The FY23 (Oct 2022 – Sep 2023) total sale decreased 21.8% yoy to 1,398,628 tonnes as steel pipes volume declined 15.3% yoy to 286,915 tonnes and coated steel fell 23.3% yoy to 1,111,713 tonnes.
- The total FY23 export volume (accounted for 44.9% of total sales: 629,031 tonnes) fell 28.1% yoy while the local sales volume (769,597 tonnes) also declined by 15.7% yoy.

Rating and recommendation

- We reaffirm HOLD rating in view of multiple sector bottlenecks on unfavorable selling prices, harsh competitiveness, and weak global and local demand as we examined [in the in-depth flat steel report](#). Earnings are under review.

12M rating **HOLD (Maintain)**

12M TP **NA**

Up/Downside

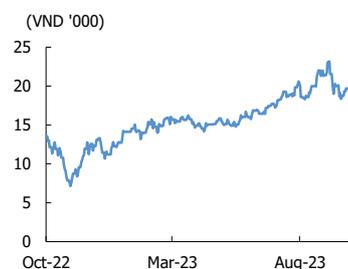
Stock Data

VNIndex (17 Oct, pt)	1,122
Stock price (17 Oct, VND)	18,000
Market cap (USD mn)	445
Shares outstanding (mn)	616
52-Week high/low (VND)	23,150/7,136
6M avg. daily turnover (USD mn)	10.38
Free float / Foreign ownership (%)	79.7/21.0
Major shareholders (%)	
Le Phuoc Vu	17.2

Performance

	1M	6M	12M
Absolute (%)	(15.9)	16.1	31.2
Relative to VNIndex (%p)	(7.3)	9.1	24.3

Stock price trend



Source: Bloomberg

Research Department

researchdept@kisvn.vn

Table 1. Sales volume growth

(Tonnes)

	Monthly				Accumulated		
	9-2022	9-2023	MoM (%)	YoY (%)	12MFY2022	12MFY2023	YoY (%)
Steel Pipes	32,603	24,011	(2.1)	(26.4)	338,788	286,915	(15.3)
Export	752	851	88.3	13.2	20,964	9,412	(55.1)
Domestic	31,851	23,160	(3.8)	(27.3)	317,824	277,503	(12.7)
Steel Coat	84,986	103,047	(6.5)	21.3	1,448,906	1,111,713	(23.3)
Export	35,185	59,649	(8.5)	69.5	853,630	619,619	(27.4)
Domestic	49,801	43,398	(3.7)	(12.9)	595,276	492,094	(17.3)
Total Steel Volume	117,589	127,058	(5.7)	8.1	1,787,694	1,398,628	(21.8)
Export	35,937	60,500	(7.8)	68.4	874,594	629,031	(28.1)
Domestic	81,652	66,558	(3.8)	(18.5)	913,100	769,597	(15.7)

Source: VSA, KIS

Table 2. Production volume growth

(Tonnes)

	Monthly				Accumulated		
	8-2022	8-2023	MoM (%)	YoY (%)	11MFY2022	11MFY2023	YoY (%)
Steel Pipes							
Production	34,825	19,677	(21.1)	(43.5)	289,875	246,028	(15.1)
Inventories	34,679	39,853	(2.6)	14.9			
Steel Coat							
Production	98,525	105,170	(19.2)	6.7	1,440,139	1,212,226	(15.8)
Inventories	64,561	107,818	1.1	67.0			
Roll Steel Coil							
Production	124,901	112,650	(19.0)	(9.8)	1,308,071	1,281,606	(2.0)
Inventories	15,411	14,752	(13.8)	(4.3)			
Total							
Production	258,251	237,497	(19.3)	(8.0)	3,038,085	2,739,860	(9.8)
Inventories	114,651	162,423	(1.4)	41.7			

Source: VSA, KIS,

Company overview & Glossary

Founded in 2001, HSG is a leading manufacturer of galvanized steel sheets (capacity of 2.9Mn tonnes per year capacity) in Vietnam. Other products include steel pipes (capacity 990,000 tonnes per year) and plastic pipes. HSG also has its own retail distribution network with 536 branches.

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Prepared by: Research Department

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