

18 Oct 2023

Nam Kim Steel (NKG)

September 2023 – Growth halted

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

Disappointing domestic sales

- Total September steel sales volume posted 53,644 tonnes, decreased by 14.1% yoy and dropped by 28.9% mom.
- Steel coat volume made up 83.2% of the Sep total sales volume at 44,633 tonnes, +3.4% yoy, -32.8% mom.
- The coated steel export volume (27,616 tonnes) plummeted by 43% mom but rose 19.7% yoy.
- Domestic volume of steel coat went down by 15.3% yoy and 5.3% mom (17,017 tonnes), and steel pipes volume sale volume recorded 9,011 tonnes and was flat compare to August (-0.2% mom -53.3% yoy).

9M23 total sale fell short

- The 9M23 total sales volume came in at 638,277 tonnes, -7.8% yoy. In which, the coated steel volume declined 5.5% yoy to 536,178 tonnes and the steel pipes volume also went down by 18.3% yoy to 102,099 tonnes.
- The 9M23 total export volume (accounted for 61.3% of total sales; 386,223 tonnes) decreased by 6.0% yoy while the local sales volume (252,054 tonnes) decreased by 10.5% 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**

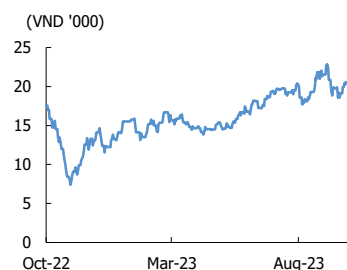
Stock Data

VNIndex (17 Oct, pt)	1,122
Stock price (17 Oct, VND)	18,600
Market cap (USD mn)	200
Shares outstanding (mn)	263
52-Week high/low (VND)	22,850/7,400
6M avg. daily turnover (USD mn)	7.29
Free float / Foreign ownership (%)	64.5/9.8
Major shareholders (%)	
Ho Minh Quang	11.8

Performance

	1M	6M	12M
Absolute (%)	(13.5)	25.2	6.3
Relative to VNIndex (%p)	(4.9)	18.1	(0.7)

Stock price trend



Source: Bloomberg

Research Department

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Table 1. Sales volume growth

(Tonnes)

	Monthly				Accumulated		
	9-2022	9-2023	MoM (%)	YoY (%)	9M2022	9M2023	YoY (%)
Steel Pipes	19,295	9,011	(0.2)	(53.3)	125,041	102,099	(18.3)
Export	0	0	N.a	N.a	0	0	N.a
Domestic	19,295	9,011	(0.2)	(53.3)	125,041	102,099	(18.3)
Steel Coat	43,159	44,633	(32.8)	3.4	567,473	536,178	(5.5)
Export	23,067	27,616	(43.0)	19.7	410,876	386,223	(6.0)
Domestic	20,092	17,017	(5.3)	(15.3)	156,597	149,955	(4.2)
Total Steel Volume	62,454	53,644	(28.9)	(14.1)	692,514	638,277	(7.8)
Export	23,067	27,616	(43.0)	19.7	410,876	386,223	(6.0)
Domestic	39,387	26,028	(3.6)	(33.9)	281,638	252,054	(10.5)

Source: Company, VSA, KIS

Table 2. Production volume growth

(Tonnes)

	Monthly				Accumulated		
	Sep-22	Sep-23	MoM (%)	YoY (%)	9M20	9M21	YoY (%)
Steel Pipes							
Production	17,080	9,044	6.4	(47.0)	121,536	102,626	(15.6)
Inventories	0	0	N.a	N.a			
Steel Coat							
Production	45,328	53,327	(20.1)	17.6	585,258	553,651	(5.4)
Inventories	0	0	N.a	N.a			
Total							
Production	62,408	62,371	(17.1)	(0.1)	706,794	656,277	7.7
Inventories							

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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Prepared by: Research Department

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