

Hoa Phat Group (HPG)

May construction steel volumes up 14.3% YoY

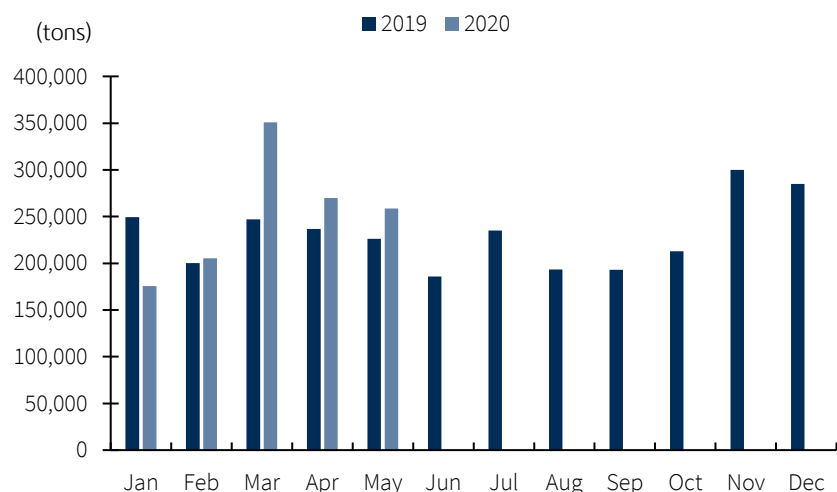
May construction steel volume up 14.3% YoY; Dung Quat on track for 2 million tons

— May construction steel volumes were 258,500 tons or up 14.3% YoY. Year-to-date sales volumes were 1.26 million tons or up 9% YoY for the first five months of the year and about 35% of the full-year target. The company continues to expand market share in the southern region, with May sales volumes in the south up sharply to 80,650 tons or 2.7 times higher than the same period last year. This shows early success in using the new Dung Quat facilities to increase supply to boost exports and expand market share in the south. Moreover, Phase 1 of the Dung Quat project is still in trial operations but continual improvements in efficiency should allow it to meet the company's 2-million-ton output capacity target by the end of this year.

Steel billet exports reached 600,000 tons since the start of the year until May

— May steel billet exports reached 100,000 tons, bringing this year's total to 600,000 tons. This compares to the 200,000 tons exported during all of 2019. HPG has successfully entered markets in China (more than 50%), Taiwan, Sri Lanka and other Southeast Asian countries. Recently, China's CIEC Hangzhou Group agreed to purchase 120,000 tons of billet in a contract valued at over VND1,000 billion. Contracts like this and the rapid growth in billet exports to China clearly show the ability of HPG to compete at par with Chinese steel makers.

Fig 1. Vietnam Steel – Monthly construction steel sales volume, Jan 19–May 20 (tons)



Source: HPG, KBSV Research

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(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

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(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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