Nam Kim Steel (NKG)

Phu My Steel Plant operating from 1H26

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NKG completed 44% full-year guidance after 1H25

In 1H25, Nam Kim Steel JSC (NKG) logged a contraction in revenue and net NPAT, reaching VND7,899/VND157 billion respectively (-28%/58% YoY), due to (1) a 23% YoY decrease in sales volume, of which export volume plummeted 48% YoY and (2) an increase in COGS as changes HRC materials led to higher costs.

The company plans to focus on local market in the medium term and take time to expand export markets to replace the US

We expect domestic galvanized steel consumption to be boosted by residential construction activities as the real estate market entering a growth phase in 2025-2027. In 7M25, galvanized steel market share of NKG reached 15% (vs 11% in 2024), with market share in the Southern market touching 22% (vs 14% in 7M24). According to the plan set by Management, Nam Kim Phu My Steel Plant will operate from 1Q26. KBSV estimates that galvanized steel sales volume in 2026 will achieve 21% YoY growth.

Steel ASP should gain 3% YoY in 2026, and estimated GPM improves to 8.4%

HRC and galvanized steel prices in China have climbed 7%/4% since the beginning of 3Q25, reflecting the positive sentiment of manufacturers after the campaign against aggressive price competition started with the expectation of cutting excess steel production capacity. We expect steel prices to gradually enter a new growth cycle, but NKG's galvanized steel average selling price (ASP) will increase more slowly than HRC prices due to increased competition for domestic market share, forcing NKG to balance profit and capacity targets, especially when Nam Kim Phu My starts operating from 1H26.

Valuation: NEUTRAL - Target price VND16,500

KBSV determines the fair value of NKG at VND16,500/share (10% lower than market price) and recommends NEUTRAL.

Neutral maintain

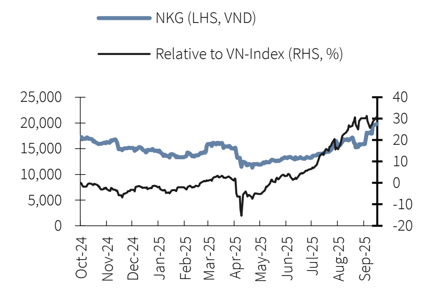
Target price	VND16,500
Downside	10%
Current price (Sep 19, 2025)	VND18,250
Consensus target price	VND14,900
Market cap (VNDtn/USDbn)	0.89/0.34

Trading data

Free float	75%
3M avg trading value (VNDbn/USDmn)	314.4/11.9
Foreign ownership	6.9%
Major shareholder	Chairman Ho Minh Quang (15.9%)

Share price performance

(%)	1M	3M	6M	12M
Absolute	15	51	23	23
Relative	12	24	-4	-13

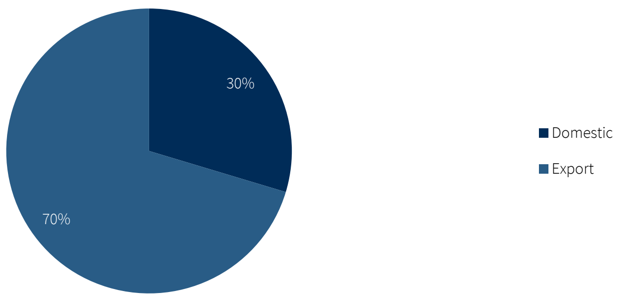


Source: Bloomberg, KB Securities Vietnam

Forecast earnings & valuation

FY-end	2023A	2024A	2025F	2026F
Net revenue (VNDbn)	18,596	20,609	16,407	21,238
Operating income/loss (VNDbn)	177	557	412	505
NPAT-MI (VNDbn)	117	453	415	404
EPS (VND)	446	1,434	926	903
EPS growth (%)	-194.2	221.5	-35.4	-2.5
P/E (x)	55.3	10.1	19.7	20.2
P/B (x)	1.3	0.8	1.1	1.0
ROE (%)	2.2	8.0	6.0	5.0
Dividend yield (%)	0.0	0.0	0.0	0.0

Revenue composition (2024)



Source: Nam Kim Steel, KB Securities Vietnam

Business operation

Nam Kim Steel (NKG) is one of the largest steel manufacturers in Vietnam, operating in producing galvanized steel and steel pipes with a capacity of 1.2 million tons/year. Its main market is the Southern region. By the end of 2023, NKG is in the top three largest coated steel sheet manufacturers in Vietnam with 16.9% market share.

Investment Catalysts	Notes
Galvanized steel consumption may grow 21% YoY in 2026, boosted by additional capacity from Nam Kim Phu My phase 1 when it comes into operation in 1H26	Please see more details below
Steel prices are expected to enter a new growth cycle, NKG's galvanized steel ASP should increase 3% YoY in 2026, contributing an 8.4% GPM.	Please see more details below

Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	16,407	21,238	-24%	-10%	18,868	25,224	-13%	-16%
EBIT	582	827	-22%	-13%	563	736	3%	12%
NP after MI	415	404	-24%	-35%	329	567	26%	-29%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks

Bull-case scenario	VND20,000 (2026F steel ASP gains 6% YoY)
Base-case scenario (target price)	VND19,600
Current price	VND16,500
Bear-base scenario	VND14,700 (2026F steel ASP rises 1% YoY)

Base-case scenario: catalysts
1) 2026F sales output: +21% YoY
2) 2026F steel ASP: +3%

Bull-case scenario: upside risk
1) 2026F sales output: +30% YoY
2) 2026F steel ASP: +6%

Bear-case scenario: downside risk
1) 2026F sales output: +15% YoY
2) 2026F steel ASP: +1%

Business performance

Table 1. NKG – 1H25 business results

(VNDbn, %)	2Q24	2Q25	+/-%YoY	1H24	1H25	+/-%YoY	Notes
Revenue	**5,661**	**3,808**	**-33%**	**10,952**	**7,899**	**-28%**	
Domestic	**1,915**	**2,265**	**18%**	**3,522**	**4,248**	**21%**	
Export	**3,769**	**1,562**	**-59%**	**7,478**	**3,688**	**-51%**	Export activities were hit by the US reciprocal tariffs.
Gross profit	**512**	**270**	**-47%**	**1,079**	**533**	**-51%**	
Gross profit margin	*9.0%*	*7.1%*	*-195 bps*	*9.9%*	*6.8%*	*-310 bps*	Input costs were higher after the anti-dumping measures on HRC imported from China and Korea take effect.
Financial income	114	60	-47%	179	107	-40%	
Financial expenses	-70	-144	105%	-191	-208	9%	NKG recorded a foreign exchange loss of VND88 billion in 2Q25.
Profits from affiliates	0	0		0	0		
SG&A	-284	-169	-41%	-608	-337	-45%	Transportation costs in 1H25 decreased by 54% YoY.
Operating profit/loss	**272**	**18**	**-93%**	**459**	**95**	**-79%**	
Other income	1	94		1	98		Profit came from liquidation of fixed assets.
PBT	**273**	**112**	**-59%**	**460**	**193**	**-58%**	The company completed 44% of the full-year plan after 1H25.
NPAT	**220**	**92**	**-58%**	**370**	**157**	**-58%**	
NP after MI	**220**	**92**	**-58%**	**370**	**157**	**-58%**	
NPAT margin	***3.9%***	***2.4%***	*-148 bps*	*3.4%*	*2.0%*	*-139 bps*	

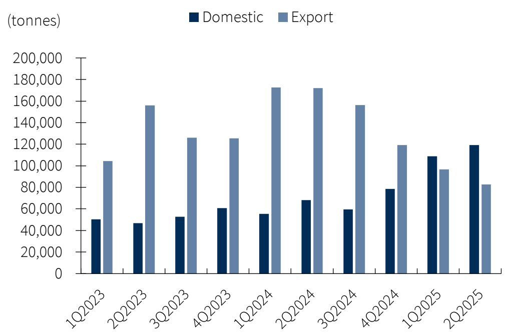
Source: Nam Kim Steel, KB Securities Vietnam

Table 2. NKG – Steel consumption (ton)

(tons)	2Q24	2Q25	+/-%YoY	1H24	1H25	+/-%YoY	Notes
Galvanized steel	240,328	201,736	-16%	468,361	407,159	-13%	Domestic consumption output in 1H25 spiked 84% YoY while export output plunged 48% YoY.
Steel pipe	37,034	0	-100%	63,504	0	-100%	
Total	**277,362**	**201,736**	**-27%**	**531,865**	**407,159**	**-23%**	

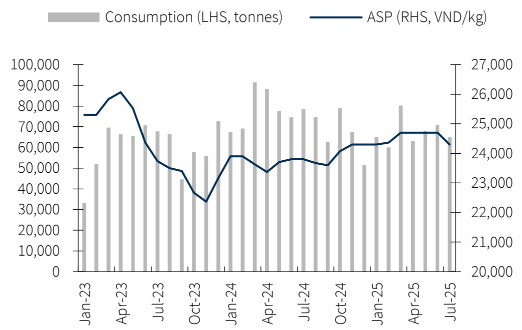
Source: Vietnam Steel Association, FiinProX, KB Securities Vietnam

Fig 3. NKG – Domestic & export sales volume of galvanized steel (ton)



Source: Vietnam Steel Association, FiinProX,, KB Securities Vietnam

Fig 4. NKG – Domestic consumption & ASP of galvanized steel (ton, VND/kg)



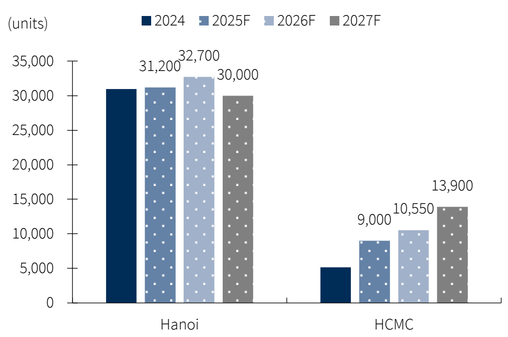
Source: Vietnam Steel Association, FiinProX,, KB Securities Vietnam

Domestic demand recovery is the main growth driver but faces fierce competition for market share

We still believe that increased domestic consumption demand will be the main growth driver for the steel industry in the period 2025 – 2027 while tax chaos has been raging on export markets. The recovery of the real estate market will facilitate construction activities, thereby stimulating the consumption of galvanized steel. According to CBRE, the apartment supply in Ho Chi Minh City is estimated to increase by 16%/year from 2025-2027.

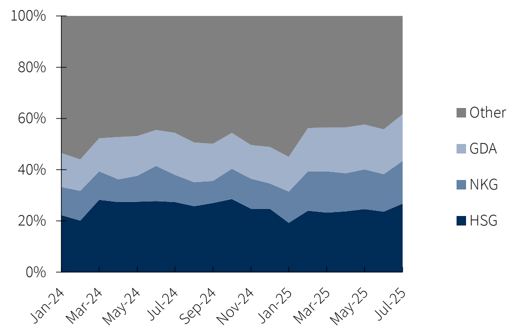
However, trade defense trends related to the steel industry in the US and EU may increase the competition for domestic market share in the coming time. We estimate NKG's market share in the first seven months of 2025 at 15% (vs 11% in 2024) with market share in the Southern region reaching 22% (vs 14% in the same period last year).

Fig 5. Hanoi, HCMC – Apartment supply (unit)



Source: Bloomberg, KB Securities Vietnam

Fig 6. Vietnam – Galvanized steel domestic market share (%)



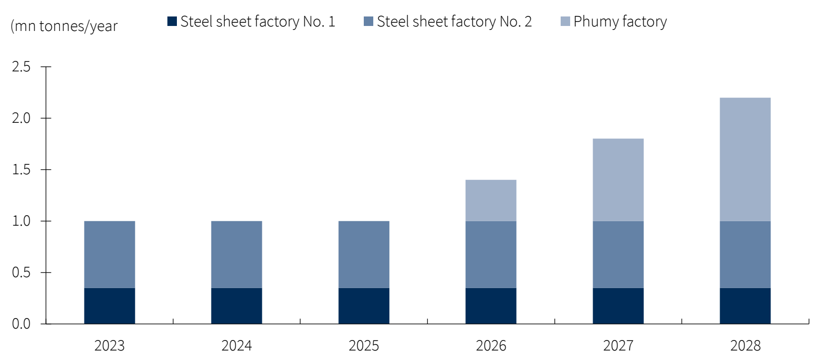
Source: KB Securities Vietnam

Nam Kim Phu My Phase 1 should be operational from 1Q26

By the end of 2Q25, the value of ongoing construction of Nam Kim Phu My Steel Plant was VND3,003 billion (equivalent to 48% of total investment capital). Management expects Nam Kim Phu My Phase 1 to be operational in 1H26, raising galvanized steel capacity of the company to 1.4 million tons in 2026 (+40% YoY). KBSV estimates NKG's galvanized steel consumption output to reach 0.82/1.06 million tons (-7% YoY in 2025/+30% YoY in 2026).

NKG has adjusted Nam Kim Phu My's CAPEX to VND6,200 billion (+38% compared to the original plan) to supplement production lines, technology, and production of silicon electromagnetic steel used in electric motors, automobiles, transformers... According to the Management, in the first two-three quarters after going into operation, Nam Kim Phu My should operate at 50-60% capacity, aiming for 100% by 2027.

Fig 7. NKG – Galvanized steel production capacity (million tons/year)



Source: Nam Kim Steel, KB Securities Vietnam

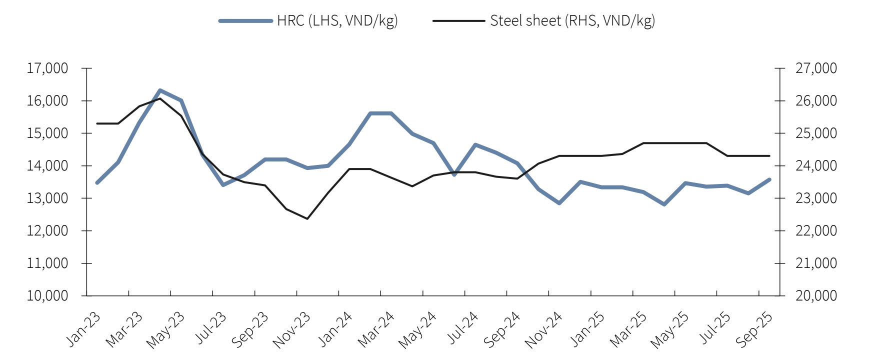
NKG expects a slight improvement in GPM

The Chinese government's policy against excessive price war has helped improve the sentiment of steel producers, causing HRC and galvanized steel prices in 3Q25 to increase by 7%/4% QoQ respectively. We expect this will clear the way for a gradual recovery in steel prices in the future by (1) cutting excess production capacity and (2) limiting aggressive price competition among producers. However, in KBSV's view, upstream steel producers (construction steel & HRC) will be the biggest beneficiaries from higher steel ASP as crude steel output declines. This may narrow GPM of galvanized steel manufacturers in the short term since (1) input HRC prices increase faster, and (2) the adjustment of ASP will depend on the purchasing power of end consumers.

We expect that higher local demand will help NKG adjust galvanized steel prices in line with HRC price movements, expecting galvanized steel prices to increase by 3% YoY. KBSV projects NKG's GPM will reach 7.9%/8.4% in 2025/2026.

We believe that output steel prices will be adjusted to balance HRC price movements in the context of galvanized steel producers shifting their main consumption channels to the domestic market, increasing competition for market share.

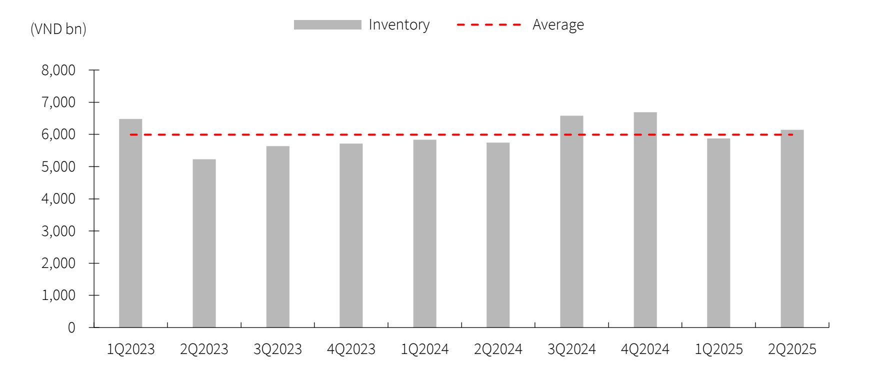
Fig 8. NKG – HRC & galvanized steel ASPs (VND/kg)



Source: Nam Kim Steel, KB Securities Vietnam

Inventory turnover days increased to 143 days in 2Q25 (vs 119 days in 1Q25) due to declining sales

Fig 9. NKG – Inventory (VNDbn)



Source: Nam Kim Steel, KB Securities Vietnam

Forecast & valuation

Table 9. NKG – 2025–2026F business results

(VNDbn, %)	2024	2025	+/-%YoY	2026	+/-%YoY	Assumptions
Revenue	**20,609**	**16,407**	**-20%**	**21,238**	**29%**	2026 sales volume should increase by 21% YoY.
Gross profit	**1,832**	**1,302**	**-29%**	**1,783**	**37%**	
Gross profit margin	8.9%	7.9%	-95 bps	8.4%	46 bps	Steel ASP in 2026 is expected to gain 3% YoY.
Deposit interests	28	28	0%	53	87%	
Interest expenses	-208	-219	6%	-375	71%	Interest expense may surge 71% YoY in 2026 as the company stops capitalizing costs from Nam Kim Phu My phase 1.
Foreign exchange gain/loss, others	43	-71	-266%	0	-100%	
Profits from affiliates	0	0		0		
SG&A	-1,138	-720	-37%	-956	33%	
Operating profit/loss	**557**	**412**	**-26%**	**505**	**22%**	
Other income	1	99	13648%	0		
PBT	**558**	**515**	**-8%**	**505**	**-2%**	
NPAT	**453**	**415**	**-8%**	**404**	**-3%**	
NP after MI	**453**	**415**	**-8%**	**404**	**-3%**	
NPAT margin	**2.2%**	**2.5%**	33 bps	1.9%	-62 bps	

Source: Nam Kim Steel, KB Securities Vietnam

We maintain our NEUTRAL rating with a price target of VND16,500

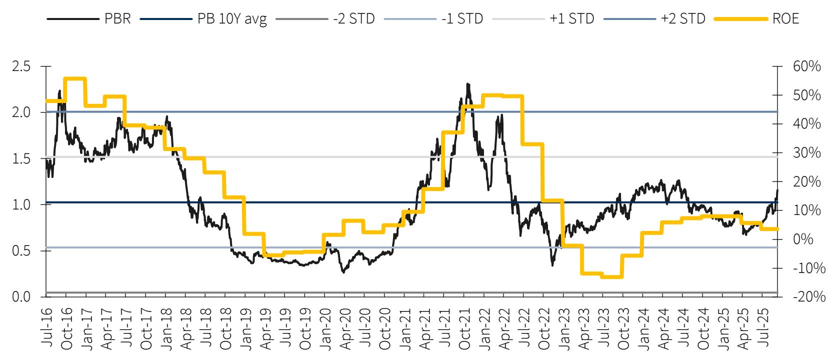
NKG's share price has increased by 31% in the past three months, outperforming the VN-Index's profit margin in the same period. We believe that the negative impact of tariffs on imported galvanized steel in major markets such as the US and EU has been reflected in the share price, while good news related to the increase in steel prices in 3Q25 will benefit the business prospects of NKG in the coming time. Using estimated profits for 2026 and applying the target PER and PBR valuation methods, KBSV determines the fair value of NKG at VND16,500 apiece.

Table 10. NKG – Final valuation

Valuation method	Target coefficient	Valuation	Weight	Target price
PER	13.0	11,700	50%	5,850
PBR	1.2	21,300	50%	10,650
Price target				16,500
2026 forward P/E				17.8
2026 forward P/B forward				1.0
2026 forward EV/EBITDA				7.7

Source: Nam Kim Steel, KB Securities Vietnam

Fig 11. NKG – PBR & ROE in the last 10 years (x, %)



Source: Nam Kim Steel, KB Securities Vietnam

NKG – 2023A-2026F summarized financials & forecasts

Income Statement (VND billion) (Standard report)	2022	2023	2024F	2025F
Net sales	18,596	20,609	16,407	21,238
Cost of sales	-17,484	-18,777	-15,105	-19,455
Gross Profit	1,112	1,832	1,302	1,783
Financial income	230	341	121	53
Financial expenses	-426	-477	-291	-375
of which: interest expenses	-293	-208	-219	-375
Gain/(loss) from joint ventures (from 2015)	0	0	0	0
Selling expenses	-609	-1,018	-644	-855
General and admin expenses	-130	-120	-76	-101
Operating profit/(loss)	177	557	412	505
Other incomes	1	2	99	0
Other expenses	0	-1	99	0
Net other income/(expenses)	0	1	99	0
Income from investments in other entities	0	0	0	0
Net accounting profit/(loss) before tax	177	558	515	505
Corporate income tax expenses	-60	-105	-101	-101
Net profit/(loss) after tax	117	453	415	404
Minority interests	0	0	0	0
Attributable to parent company	117	453	415	404

Margin ratio	2022	2023	2024F	2025F
Gross profit margin	6%	9%	8%	8%
EBITDA margin	3%	4%	5%	5%
EBIT margin	1%	2%	3%	2%
Pre-tax profit margin	1%	3%	3%	2%
Operating profit margin	1%	3%	3%	2%
Net profit margin	1%	2%	3%	2%

Balance Sheet (VND billion) (Standard report)	2022	2023	2024F	2025F
TOTAL ASSET	12,235	13,519	16,901	19,551
CURRENT ASSETS	9,323	10,202	10,498	12,555
Cash and cash equivalents	785	392	137	1,175
Short-term investments	290	247	1,106	1,106
Accounts receivable	1,927	1,943	1,667	2,156
Inventories	5,719	6,690	6,444	6,973
LONG-TERM ASSETS	2,913	3,317	6,403	6,996
Long-term trade receivables	0	1	1	1
Fixed assets	2,359	2,021	1,666	5,633
Long-term incomplete assets	312	286	3,661	286
Long-term investments	3	525	516	516
Good will (before 2015)	0	0	0	0
LIABILITIES	6,812	7,648	9,036	11,282
Current liabilities	6,784	7,621	7,241	8,651
Trade accounts payable	1,631	856	1,561	1,941
Short-term borrowings	4,768	6,312	5,477	6,276
Other short-term liabilities	385	453	203	434
Long-term liabilities	28	27	1,795	2,631
Long-term trade payables	0	0	0	0
Long-term borrowings	0	0	1,770	2,606
Other long-term liabilities	28	27	25	25
OWNER'S EQUITY	5,423	5,871	7,865	8,269
Paid-in capital	2,633	3,159	4,476	4,476
Share premium	786	259	522	522
Other funds	273	281	281	281
Undistributed earnings	1,731	2,172	2,586	2,990
State capital	0	0	0	0
Interest of non-controlling shareholders	0	0	0	0

Cash Flow Statement (VND billion)	2022	2023	2024F	2025F
Net profit/(loss) before tax	177	558	515	505
Depreciation and amortisation	376	370	372	554
Profit/loss from investing activities	-19	-29	0	0
Interest expense	293	208	219	375
Operating profit/(loss) before changes in Working Capital	622	1,145	1,107	1,433
(Increase)/decrease in receivables	-482	307	276	-490
(Increase)/decrease in inventories	1,488	-972	247	-530
Increase/(decrease) in payables	-1,045	-763	705	380
(Increase)/decrease in prepaid expenses	-11	-12	0	0
Operating cash flow	269	-560	1,471	550
Purchases of fixed assets and other long term assets	-130	-884	-3,391	-1,146
Proceeds from disposal of fixed assets	0	1	0	0
Loans granted, purchases of debt instruments	-40	-812	-850	0
Collection of loans, proceeds from sales of debts instruments	15	340	0	0
Investments in other entities	0	0	0	0
Proceeds from divestment in other entities	0	0	0	0
Dividends and interest received	10	15	0	0
Investing cash flow	-146	-1,340	-4,242	-1,146
Proceeds from issue of shares	0	0	1,579	0
Payments for share returns and repurchases	0	0	0	0
Proceeds from borrowings	18,142	20,726	936	1,634
Repayment of borrowings	-18,451	-19,216	0	0
Finance lease principal payments	-34	-3	0	0
Dividends paid	0	0	0	0
Interests, dividends, profits received	0	0	0	0
Financing cash flow	-342	1,507	2,515	1,634
Net increase in cash and cash equivalents	-220	-393	-255	1,038
Cash and cash equivalents - beginning	1,005	785	392	137
Cash and cash equivalents - ending	785	392	137	1,175

Key ratios (x, %, VND)	2022	2023	2024F	2025F
Multiple				
P/E	55.3	10.1	19.7	20.2
P/E diluted	55.3	10.1	19.7	20.2
P/B	1.3	0.8	1.1	1.0
P/S	0.3	0.2	0.5	0.4
P/Tangible Book	3.3	2.7	6.0	1.5
P/Cash Flow	24.2	-8.2	5.6	14.9
EV/EBITDA	14.0	9.9	16.0	11.5
EV/EBIT	28.1	15.1	26.3	19.2
Operating performance				
ROE	2%	8%	6%	5%
ROA	1%	4%	3%	2%
ROIC	1%	4%	3%	3%
Financial structure				
Cash Ratio	0.1	0.1	0.0	0.1
Quick Ratio	0.4	0.3	0.4	0.5
Current Ratio	1.4	1.3	1.4	1.5
LT Debt/Equity	0.0	0.0	0.2	0.3
LT Debt/Total Assets	0.0	0.0	0.1	0.1
Debt/Equity	0.9	1.1	0.7	0.8
Debt/Total Assets	0.4	0.5	0.3	0.3
ST Liabilities/Equity	0.4	0.2	0.2	0.3
ST Liabilities/Total Assets	0.2	0.1	0.1	0.1
Total Liabilities/Equity	0.4	0.2	0.2	0.3
Total Liabilities/Total Assets	0.2	0.1	0.1	0.1
Activity ratios				
Account Receivable Turnover	9.1	11.1	11.1	13.3
Inventory Turnover	2.3	2.9	3.4	3.9
Account Payable Turnover	12.5	11.1	12.5	16.7

Source: Nam Kim Steel, KB Securities Vietnam

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Investment ratings & definitions

Investment Ratings for Stocks
(Based on the expectation of price gains over the next 6 months)

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

Investment Ratings for Sectors
(Based on the assessment of sector prospects over the next 6 months)

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