



TRADING GRAPH



INVESTMENT RECOMMENDATION

Investment View	Buy
Target price	19,105
Market price (10/06/2015)	13,200
Prospect 3M	Tăng
Prospect 6M	Tăng
Prospect 12M	Tăng

TRADING INFORMATION

Outstanding (mil shares)	39.90
Market cap (bil)	522.69
BVPS	13,206
Foreign Ownership (%)	2.39%
Current price (đ/share)	13,200
Avg 10 days (shares)	53,710
Lowest price 52W (đ)	9,000
Highest price 52W (đ)	16,200
+/- 7 days	1.54%
+/- 1 Month	-2.22%

Analyst

Huong Luong

Email: huonglt@bsc.com.vn

Tel: + 84 4 39352722 (108)

NKG - STEEL SHEET MARKET SHARE UP 4%

We maintain NKG's target price as in our previous report, which was 19,105 VND/share. We expected 2015 Earnings After Tax (EAT) achieves VND 120 billion, corresponding to EPS 2015 of VND 3,008, and NKG is currently trading with PE forward = 4,39x, which is an attractive level compared to the current PE in HSX of 12,75x.

Q1/2015 EAT of NKG reached VND 20.45 billion (+102.03% yoy), thanks to the increase in the company's market share of coated steel sheet by 4%, the improvement in gross margins and the reduction in interest expense. (1) According to the VSA, in the first 3 months of 2015, NKG consumption of steel pipes reached 10,699 tons (+15.29% yoy, accounting for 3.8% market share), consumption of coated steel sheet reached 57,670 tons (+87.29% yoy, accounting for 13.3% market share - an increase of 4%, and remained No. 2 in the market). **(2)** Although steel prices fell sharply, the increase in demand helped NKG increase Q1 gross profit margin slightly to 5.91%, higher than the figure in Q1 2014 of 4.94% **(3)** Interest expense was VND 13.18 billion, a decrease by 61% compared to Q1 2014, which helped improve Q1 2015's earnings.

Gross profit margin of NKG can be significantly improved since 2Q2015 when the cold-rolled line will start operation. The 2nd cold-rolled system of NKG with capacity of 200,000 tons/year will operate from March 2015, bringing the total designed capacity of cold-rolled line to 400,000 tons/year. Operating capacity of this new line is currently at 80-90%, will help NKG to save about 30 USD/ton of cold-rolled products.

The NOF Aluminium Zinc Coated line with capacity of 100,000 tons/year will be into operation from 7/2015. Currently, the capacity of Aluminium Zinc Coated line is 150,000 tons/year. This product has the highest profit margin and account for 77% of the exports and 39% of domestic consumption of NKG.

We expect that EAT 2Q2015 is about VND 40-45 billion, NKG estimated that total consumption in Q2 2015 could reach 82-83 thousand tons. Aside from that, the pressure to reduce profit margins will be lower due to the decline trend of HRC price has been slower, HRC price is trading around 400 USD/ton.

Financial ratios	2011	2012	2013	2014	1Q-2015
Net Rev (bil đ)	2,575	2,927	4,663	5,835	1,177
% y-o-y	0.29%	13.67%	59.32%	25.13%	
Total Asset (bil đ)	1,933	2,276	2,323	2,937	3,036
Equity (bil đ)	383	278	330	506	527
Charter capital (bil đ)	299	299	299	399	399
Gross profit (bil đ)	206	118	302	317	69.54
EAT (bil đ)	11.53	-105.13	51.85	76.65	20.45
% y-o-y	-88.95%	-1011.7%	-149.32%	47.83%	
Gross margin	7.98%	4.03%	6.48%	5.43%	5.91%
ROE	3.01%	-37.82%	15.72%	15.13%	3.88%
ROA	0.60%	-4.62%	2.23%	2.61%	0.67%

Valuation Methodology: *The selection of methods depends on the industry, the company, the stock. Our valuations are based on a single or a combination of one of the following valuation methods: 1) Relative models (P/E, P/B, EV/EBIT, EV/EBITDA); 2) Discount models (DCF, DVMA, DDM); 3) Asset-based evaluation methods (NAV, RNAV).*

Rating System	Note
STRONG BUY	If the target price is 20% higher than the market price
BUY	If the target price is 5% to 20% higher than the market price
HOLD	If the target price is 5% higher or lower than the market price
SELL	If the target price is more than 5% lower than the market price
NOT RATED	The investment rating and target price have been removed pursuant to BSC policy when BSC is acting in an advisory capacity, in a merger or strategic transaction involving this company, and in case BSC do not have enough material to perform valuation.

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Sales & Advisory

Duong Le

Tel: 0439352722 (155)

Email: duonglh@bsc.com.vn

Head of Research

Long Tran

Tel: 0439352722 (118)

Email: longtt@bsc.com.vn

CONTACT INFORMATION

BSC Head Office

10th, 11th Floor – BIDV Tower
35 Hang Voi – Hoan Kiem – Hanoi
Tel: 84 4 39352722
Fax: 84 4 22200669
Website: www.bsc.com.vn

BSC Ho Chi Minh Branch

9th Floor – 146 Nguyen Cong Tru Str
District 1, Ho Chi Minh City
Tel: 84 8 3 8218885
Fax: 84 8 3 8218510
Website: www.facebook.com/BIDVSecurities

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