



# DCM Flash note – NEUTRAL

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## Mr. Hung Phan

(+84 8) 7300 7000 - Ext: x1044

[hungpv@acbs.com.vn](mailto:hungpv@acbs.com.vn)

## Earnings Flash note

Recommendation **NEUTRAL**

HSX: **DCM**

**Fertilizer**

Target price (VND) **36,300**

Market price (VND) **34,600**

Expected share price return 4.9%

Expected dividend yield 2.9%

Expected total return **7.8%**

## Stock performance (%)

	YTD	1M	3M	12M
Absolute	-2.8	-1.6	-4.2	11.7
Relative	-2.7	-2.4	-6.1	1.9

Source: Bloomberg



## Ownership

PVN	75.56%
PVFC Capital	5.01%

## Stock Statistics 04-Feb-2025

Bloomberg code	DCM VN
52-week range (VND)	29,850 - 41,800
Shares O/S (m)	529
Mkt cap (VND bn)	18,317
Mkt cap (USD m)	733
Est. Foreign room left (%)	43.2
Est. free float (%)	21.2
3m avg daily vol (shrs)	2,492,054
VND/USD	25,000
Index: VNIndex / HNX	1264.68/226.61

## PETRO VIET NAM CA MAU FERTILIZER JSC (DCM VN)

DCM announced Q4/2024 business results with a sharp decrease of 41.2% YoY in NPAT, reaching VND286 billion, lower than our expectations. For the whole year 2024, NPAT increased by 20.8% to VND1,341 billion, completing 117% of the company's newly adjusted plan and 94.4% of ACBS's projection.

In Q4/2024, DCM recorded revenue of VND4,213 billion (+18.2% YoY) and NPAT of VND286 billion (-41.2% YoY). According to DCM's management, the sharp decline in NPAT was because: (1) input gas prices at the year-end settlement, recorded in Q4, were higher than provisional prices that DCM applied in the year, (2) higher-than-expected USD/VND exchange rate caused an increase in input gas prices; and (3) maintenance costs and discounts for dealers were higher at the year-end settlement. For the full year of 2024, DCM achieved revenue of VND13,456 billion (+7% YoY). This growth was driven by the NPK segment, which saw an increase of 30.2% YoY in sale volume and 24.5% YoY in selling prices, offsetting the decline in the urea segment. NPAT reached VND1,341 billion (+20.8% YoY) in 2024. However, if excluding the impact from completing depreciation for its factory from September 2023, which helped DCM reduce depreciation cost by VND 815 billion compared to that in 2023, along with the one-off financial gain of VND167 billion from the revaluation of investment in Han-Viet Fertilizer Co., Ltd. (KVF) in Q2/2024, net profit from core business activities would decrease. This was due to: (1) an estimated 3% YoY increase in input gas price, (2) a 2% YoY decrease in average urea selling price, (3) a 7% YoY decline in urea output, and (4) a 7% YoY increase in SG&A.

## 2025 Outlook

DCM set 2025 plan based on an expected oil price of USD70/ barrel, with revenue of VND 13,983 billion (+3.9% YoY) and NPAT of VND 774 billion (-42% YoY).

With the forecasted average Brent oil price declining by 9.3% to USD73/barrel in 2025, we expect input gas price to decrease by only 5% YoY due to a reduction in the supply of cheap gas. The average urea selling price in 2025 is expected to decrease (-2% YoY) as China is likely to lift its restrictions on urea exports from April 2025 and India plans to stop importing urea by the end of 2025. Additionally, with Trump's target to end the Russia-Ukraine and Middle Eastern tensions earlier, the urea supply is expected to increase again. On the other hand, the policy of deductible VAT input tax, effective from July 2025, will support NPAT growth. We project 2025 revenue at VND13,994 billion (+4% YoY) and NPAT at VND1,480 billion (+11% YoY). Using the DCF method, we estimate DCM's stock price at VND36,300/share by the end of 2025.

	2022	2023	2024U	2025F	2026F
Net Sales (VNDbn)	15,925	12,571	13,456	13,994	14,595
Growth (%)	61%	-21%	7%	4%	4%
EBITDA (VNDbn)	5,744	1,770	1,701	1,351	1,230
EBITDA margin (%)	36%	14%	13%	10%	8%
NPAT (VNDbn)	4,316	1,109	1,333	1,480	1,644
Growth (%)	137%	-74%	20%	11%	11%
EPS (bonus-adjusted, VND)	8,162	2,097	2,534	2,801	3,111
Growth (%)	137%	-74%	21%	11%	11%
ROE	43%	13%	14%	15%	15%
ROIC	33%	5%	8%	7%	7%
Net debt/EBITDA (times)	-1.9	-6.8	-6.5	-9.3	-11.1
PER (times)	4.5	17.6	14.6	13.2	11.9
EV/EBITDA (times)	4.3	13.8	14.4	18.1	19.9
PBR (times)	1.8	2.0	1.9	1.8	1.6
DPS (VND)	1,791	3,000	2,000	1,000	1,000
Dividend yield (%)	5%	8%	5%	3%	3%

## CONTACTS

### Ho Chi Minh City Head Office

117 Nguyen Dinh Chieu, Dist. 3, Ho Chi Minh City  
Tel: (+84 28) 7300 7000  
Fax: (+84 28) 7300 3751

### Hanoi Office

10 Phan Chu Trinh, Hoan Kiem Dist., Ha Noi  
Tel: (+84 4) 3942 9395  
Fax: (+84 4)3942 9407

## RESEARCH DEPARTMENT

### Acting Head of Research

#### Trang Do

(+84 28) 7300 7000 (x1041)  
[trangdm@acbs.com.vn](mailto:trangdm@acbs.com.vn)

#### Manager – Properties

##### Truc Pham

(+84 28) 7300 7000 (x1043)  
[trucptt@acbs.com.vn](mailto:trucptt@acbs.com.vn)

#### Manager – Financials

##### Hung Cao

(+84 28) 7300 7000 (x1049)  
[hungcv@acbs.com.vn](mailto:hungcv@acbs.com.vn)

#### Manager – Consumer-related, Technology

##### Chi Luong

(+84 28) 7300 7000 (x1042)  
[chiltk@acbs.com.vn](mailto:chiltk@acbs.com.vn)

#### Associate – Oil & Gas

##### Hung Phan

(+84 28) 7300 7000 (x1044)  
[hungpv@acbs.com.vn](mailto:hungpv@acbs.com.vn)

#### Associate – Industrials

##### Trung Tran

(+84 28) 7300 7000 (x1045)  
[trungtn@acbs.com.vn](mailto:trungtn@acbs.com.vn)

#### Analyst – Utilities

##### Toan Pham

(+84 28) 7300 7000 (x1051)  
[toanpd@acbs.com.vn](mailto:toanpd@acbs.com.vn)

#### Associate – Macro & Money Market

##### Minh Trinh Viet

(+84 28) 7300 7000 (x1046)  
[minhtvh@acbs.com.vn](mailto:minhtvh@acbs.com.vn)

#### Associate – Logistics

##### Hung Nguyen

(+84 28) 7300 7000 (x1047)  
[hungnt@acbs.com.vn](mailto:hungnt@acbs.com.vn)

#### Associate – Construction

##### Dat Do

(+84 28) 7300 7000 (x1048)  
[datdt@acbs.com.vn](mailto:datdt@acbs.com.vn)

#### Analyst – Market data

##### Anh Mai

(+84 28) 7300 7000 (x1110)  
[anhmd@acbs.com.vn](mailto:anhmd@acbs.com.vn)

#### Analyst – Technical

##### Huu Vo

(+84 28) 7300 7000 (x1052)  
[huvvp@acbs.com.vn](mailto:huvvp@acbs.com.vn)

## INSTITUTIONAL CLIENT DIVISION

### Director

#### Huong Chu

(+84 28) 7300 7000 (x1083)  
[huongctk@acbs.com.vn](mailto:huongctk@acbs.com.vn)  
[groupis@acbs.com.vn](mailto:groupis@acbs.com.vn)

### Associate

#### Huynh Nguyen

(+84 28) 7300 6879 (x1088)  
[huynhntn@acbs.com.vn](mailto:huynhntn@acbs.com.vn)

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**BUY:** Expected prospective total return (including dividends) in VND will be 20% or more within 12 months

**OUTPERFORM:** Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months

**NEUTRAL:** Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months

**UNDERPERFORM:** Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months

**SELL:** Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

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