



DPM Flash Note – NEUTRAL

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Flash Note

Recommendation

NEUTRAL

HSX: DPM

Fertilizer

Target price (VND) 37,000

Market price (VND) 35,400

Expected share price return 4.5%

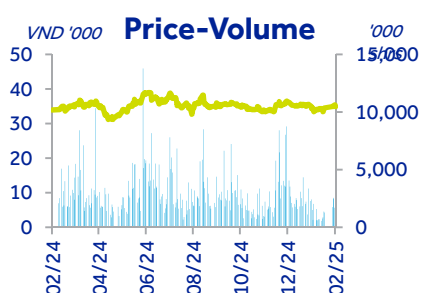
Expected dividend yield 4.2%

Expected total return 8.7%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-0.1	1.1	4.3	12.2
Relative	-0.9	-0.9	3.2	3.3

Source: Bloomberg



Ownership

PVN	59.59%
Dragon Capital	8.95%

Stock Statistics

06-Feb- 2025

Bloomberg code

DPM VN

52-week range (VND) 31,050 - 39,950

Shares O/S (m) 391

Mkt cap (VND bn) 13,677

Mkt cap (USD m) 536

Est. Foreign room left (%) 40.3

Est. free float (%) 39.2

3m avg daily vol (shrs) 2,508,508

VND/USD 25,510

Index: VNIndex / HNX 1276.18/229.49

PetroVietnam Fertilizer and Chemicals Corp (DPM VN)

DPM announced its Q4/2024 financial results, with NPAT decreasing sharply by 62% YoY, reaching VND41 billion, lower than our expectations. For the full year 2024, NPAT increased by 12.4% YoY to VND 610 billion, completing 112% of the company's plan and 81% of ACBS's forecast. For 2025, we forecast DPM may achieve revenue of VND12,819 billion (-5% YoY) and NPAT of VND826 billion (+16% YoY). Using the Discounted Cash Flow (DCF) method, we value DPM at VND 37,000 per share by the end of 2025.

DPM's Q4/2024 financial report showed revenue of VND3,164 billion (-6.4% YoY) and NPAT of VND 41 billion (-62% YoY). The sharp decline in NPAT is primarily due to: (1) a 36% increase in administrative expenses, driven by R&D costs (VND50 billion), and (2) a 30.8% YoY drop in interest income to VND 120 billion.

For the full year 2024, DPM achieved revenue of VND13,496 billion (-0.5% YoY) and NPAT of VND610 billion (+12.4% YoY). The gross margin improved from 12.1% in 2023 to 14.1%, thanks to: (1) a 2% YoY increase in urea sales volume to 898,000 tons, (2) a 2% decrease in input gas prices due to a higher proportion of low-cost gas, driven by lower demand from gas-fired power plants, and (3) an improvement in the gross margin of the imported product segment, rising from -2.8% to +2.9%. Thus, NPAT growth was driven by core business operations, as financial income dropped by 21.3% YoY, and SG&A expenses increased by 8.5% YoY.

5% VAT to be applied from July 2025

We estimate that DPM will be able to deduct VND170 billion in input VAT in 2025 and VND350 billion in 2026. However, the actual benefits will depend on the price support levels negotiated between the company and customers.

2025 Outlook

With an expected decline of 9.3% in the average oil price to USD73/barrel in 2025, we forecast a 4% reduction in input gas prices, which is less than the decline in oil price due to decreasing low-cost gas supply and expected higher demand for gas-fired power generation. However, the average urea selling price in 2025 is projected to drop by 2% YoY, as urea supply may increase due to: (1) China possibly lifting its urea export restrictions starting from April 2025, (2) India planning to cease urea imports by the end of 2025, and (3) potential policies from the Trump administration to end conflicts between Russia-Ukraine and the Middle East sooner.

Additionally, in 2025, as DPM plans to carry out its 12th overall maintenance for 30 days, urea sales volume is expected to decrease by 9% YoY.

	2021	2022	2023	2024U	2025F
Net Sales (VNDbn)	12,786	18,627	13,569	13,496	12,819
Growth (%)	65%	46%	-27%	-1%	-5%
EBITDA (VNDbn)	4,080	6,819	704	805	1,158
EBITDA margin (%)	32%	37%	5%	6%	9%
NPAT-MI (VNDbn)	3,117	5,565	519	594	808
Growth (%)	351%	79%	-91%	14%	36%
EPS (bonus-adjusted, VND)	7,811	13,992	1,068	1,341	1,835
Growth (%)	398%	79%	-92%	26%	37%
ROE	33%	45%	4%	5%	7%
ROIC	25%	34%	2%	3%	4%
Net debt/EBITDA (times)	-1.3	-1.3	-9.4	-8.8	-6.5
PER (times)	4.5	2.5	32.6	26.0	19.0
EV/EBITDA (times)	2.1	1.3	12.2	10.7	7.4
PBR (times)	1.3	1.0	1.2	1.2	1.2
DPS (VND)	3,000	5,000	7,000	2,000	1,500
Dividend yield (%)	9%	14%	20%	6%	4%

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DISCLAIMER

Our Recommendation System

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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