



# **DPM Flash note – Neutral**

**April 2, 2024**

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## Earnings Flash note

Recommendation

**NEUTRAL**

**HSX: DPM**

**Fertilizer**

**Target price (VND)** **34,200**

**Market price (VND)** **35,550**

Expected share price return -3.8%

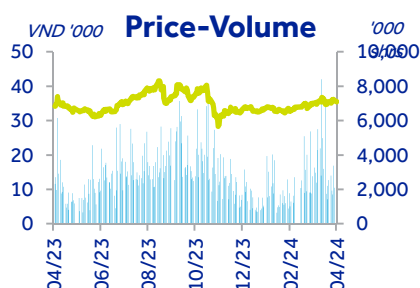
Expected dividend yield 5.6%

**Expected total return** **1.8%**

## Stock performance (%)

	YTD	1M	3M	12M
Absolute	7.1	3.0	7.5	16.4
Relative	-6.6	0.5	-6.3	-6.2

Source: Bloomberg



## Ownership

PVN 59.59%

Dragon Capital 8.95%

## Stock Statistics

01-Apr-2024

**Bloomberg code** **DPM VN**

52-week range (VND) 28,400 - 42,000

Shares O/S (m) 391

Mkt cap (VND bn) 13,951

Mkt cap (USD m) 562

Est. Foreign room left (%) 40.5

Est. free float (%) 36.8

3m avg daily vol (shrs) 2,565,023

VND/USD 24,810

Index: VNIndex / HNX 1281.44/242.81

## PetroVietnam Fertilizer and Chemicals Corp (DPM VN)

DPM has just successfully organized the 2024 Annual General Meeting of Shareholders. At the meeting, many important contents were approved and announced as follows:

- Regarding the 2024 business plan, DPM sets target for revenue at VND12,755 billion (-7% YoY) and NPAT of VND542 billion (+2.3% YoY). Of which, the sale volume of Urea and NPK is expected to reach 870 thousand tons (-1% YoY) and 143.1 thousand tons (+3.9% YoY), respectively. According to DPM's management, this plan is set in the context of the world's unstable economic situation and ongoing conflicts. Besides that, the impact of El Nino also directly affects agricultural production, making urea selling prices uncertain.
- Shareholders also approved the 2023 profit distribution plan with cash dividends of VND2,000/share and VND115 billion for the bonus fund. For 2024, DPM plans to pay dividends of VND1,500/share on the plan to increase charter capital from VND3,914 billion to VND5,479 billion from retained earnings and the development funds.
- The gas contract between DPM and PV GAS 2024 was approved with gas output of 22.1 million mmBTU at an estimated gas price of 9.79 USD/mmBTU. However, we believe that the actual gas price will be higher as DPM's 2024 business plan is based on a low crude oil price scenario of 70 USD/barrel. In addition, although the gas source will mainly come from Bach Ho - Rong Doi Moi field; with cheap gas sources running out, DPM may have to get more from other gas sources with higher transportation costs.
- The General Meeting of Shareholders also elected new members of the Board of Directors: Mr. Nguyen Xuan Hoa - new Chairman and Mr. Phan Cong Thanh - new Board Member cum CEO.

In addition, regarding preliminary Q1/2024 business results, DPM estimates revenue to reach VND3,200 billion (-2.7% YoY) and NPBT of VND311 billion (+3.3% YoY), respectively completing 25% and 47% of DPM's full year plan. Of which, urea and NPK output reached 239,000 tons and 24,000 tons, respectively. We believe that the increase in Q1 may come from: (1) increased urea output thanks to exports when domestic fertilizer demand is still weak, (2) mobilization of electricity output from coal-fired power plants is currently higher than gas thermal power, helping DPM get lower gas input prices thanks to a higher proportion of cheap gas sources. Detailed information will be presented in our upcoming update report.

	2021	2022	2023	2024F	2025F
Net Sales (VNDbn)	12,786	18,627	13,569	12,751	13,218
Growth (%)	65%	46%	-27%	-6%	4%
EBITDA (VNDbn)	4,080	6,819	704	971	1,118
EBITDA margin (%)	32%	37%	5%	8%	8%
Net Profit (VNDbn)	3,117	5,565	519	604	721
Growth (%)	351%	79%	-91%	16%	19%
EPS (bonus-adjusted, VND)	7,811	13,992	1,068	1,267	1,557
Growth (%)	398%	79%	-92%	18%	22%
ROE	33%	45%	4%	5%	6%
ROIC	25%	34%	2%	3%	4%
Net debt/EBITDA (times)	-1.3	-1.3	-9.4	-6.6	-5.8
PER (times)	4.6	2.5	33.3	28.1	22.8
EV/EBITDA (times)	2.2	1.3	12.6	9.1	7.9
PBR (times)	1.3	1.0	1.2	1.2	1.3
DPS (VND)	3,000	5,000	7,000	2,000	2,000
Dividend yield (%)	8%	14%	20%	6%	6%

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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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