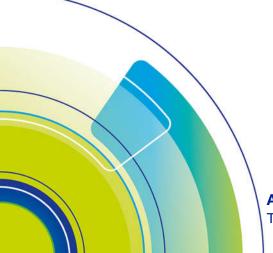


DGC Flash Note - NEUTRAL

July 24, 2025



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DGC Flash Note - NEUTRAL

24-Jul-25

Hung Phan

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Flash Note

Recommendation	NEUTRAL
	HSX: DGC
	Chemicals
Target price (VND)	108,400
Market price (VND)	105,700
Expected share price retu	urn 2.6%
Expected dividend yield	2.8%
Expected total return	5.4%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-9.3	5.7	16.0	-7.7
Relative	-29.8	-6.4	-11.1	-30.2
		So	urce: Blo	omberg



Ownership

Dao Huu Huyen	18.4%
Ngo Thi Ngoc Lan	6.6%
Dragon Capital	6.1%

Stock Statistics	23-Jul-25		
Bloomberg code	DGC VN		
52-week range (VND)	73,100 - 119,200		
Shares O/S (m)	380		
Mkt cap (VND bn)	40,143		
Mkt cap (USD m)	1,531		
Est. Foreign room left (%)	34.3		
Est. free float (%)	61.7		
3m avg daily vol (shrs)	1,992,170		
VND/USD	26,220		
Index: VNIndex / HNX	1512.31/249.33		

DUC GIANG CHEMICALS GROUP JSC (DGC VN)

DGC announced Q2/2025 business results with NPAT reaching VND890 billion (+2.3% YoY and +6.5% QoQ), in line with our expectations. For 6M2025, cumulative NPAT increased by 9.1% to VND1,727 billion, fulfilling 57.6% of its full-year target and 51.5% of our forecast.

In Q2/2025, DGC recorded revenue of VND2,894 billion (+15.6% YoY) and NPAT of VND 890 billion (+2.3% YoY). Revenue growth was driven by: (1) selling prices of DAP/MAP fertilizers increasing an estimated 20% YoY, (2) P4 output rising by an estimated 21% YoY, and (3) P4 selling prices increasing slightly by 2.9% YoY. However, gross profit declined slightly by 0.2% YoY, with the gross margin decreasing to 33.9% from 39.2% in the same period last year due to:

- Domestic supply of Apatite ore (input material) being scarce and of lower quality,
- Input electricity prices (accounting for 25–30% of total COGS) increasing by 4.8% in October 2024 and another 4.5% in May 2025,
- Sulfuric acid prices (input for fertilizer and animal feed production) estimated to have surged by 82.7% YoY.

As a result, the slight NPAT increase did not come from gross profit but was mainly due to a 23.9% YoY reduction in SG&A expenses. Lower transportation costs partly contributed to this performance.

For 6M2025, net revenue reached VND5,704 billion (+16.7% YoY) and NPAT was VND1,727 billion (+9.1% YoY). DGC continues to pursue the same strategy as in 2024, focusing on increasing P4 and fertilizer output, aligned with the context of China suspending DAP/MAP fertilizer exports from December 1, 2024. High DAP/MAP prices were key positive factors supporting the 6M2025 results.

Outlook

Input electricity prices are expected to continue rising gradually. Meanwhile, P4 prices are unlikely to increase significantly due to potential production expansion in China (currently operating at only 50% P4 capacity) and declining input production costs. For 2025, we maintain our forecast for DGC's revenue at VND11,388 billion (+15.4% YoY) and NPAT at VND3,353 billion (+7.8% YoY), supported by the expectation that DAP/MAP fertilizer prices will remain high and that input VAT deductions for fertilizers will help offset rising electricity costs. Using the discounted cash flow method, we value DGC at VND108,400/ share by the end of 2025, implying a total return of 5.4%. However, in the medium to long term (2026F–2028F), DGC may benefit from the Nghi Son caustic soda project and its real estate development plans.

	2022	2023	2024	2025F	2026F
Net Sales (VNDbn)	14,444	9,748	9,865	11,388	12,163
Growth	51.2%	-32.5%	1.2%	15.4%	6.8%
EBITDA (VNDbn)	6,283	3,204	3,202	3,501	3,644
Growth	122.8%	-49.0%	-0.1%	9.4%	4.1%
PAT (VNDbn)	6,037	3,242	3,109	3,353	3,482
Growth	140.2%	-46.3%	-4.1%	7.8%	3.8%
EPS (bonus-adjusted, VND)	13,855	7,675	7,868	8,422	8,746
Growth	133.0%	-44.6%	2.5%	7.0%	3.8%
ROE	70.3%	28.4%	24.2%	22.8%	20.9%
ROIC	53.0%	19.3%	17.3%	17.0%	14.9%
Net debt/EBITDA (times)	(1.4)	(2.8)	(3.1)	(3.3)	(3.5)
EV/EBITDA (times)	4.9	9.5	9.3	7.9	7.4
PER (times)	7.5	13.6	13.2	12.3	11.9
PBR (times)	3.6	3.3	2.9	2.5	2.2
DPS (VND)	1,000	4,000	6,000	3,000	3,000
Dividend yield	1.0%	4.5%	6.2%	2.9%	2.9%

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DGC Flash Note - NEUTRAL 24-Jul-25

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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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