



DGC Flash Note - NEUTRAL

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Hung Phan

(+84 28) 7300 7000 (x1044)

hungpv@acbs.com.vn

Flash Note

Recommendation

NEUTRAL
HSX: DGC
Chemicals
Target price (VND) **108,400**
Market price (VND) **105,700**

Expected share price return 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

Source: Bloomberg



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: VNIIndex / 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%

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

Head of Research & Market Strategy

Trang Do

(+84 28) 7300 7000 (x1041)
trangdm@acbs.com.vn

Manager – Properties

Truc Pham
(+84 28) 7300 7000 (x1043)
trucptt@acbs.com.vn

Manager – Financials

Hung Cao
(+84 28) 7300 7000 (x1049)
hungcv@acbs.com.vn

Manager – Retail, Technology

Chi Luong
(+84 28) 7300 7000 (x1042)
chilkt@acbs.com.vn

Manager – Bonds

Tuyen Vo
(+84 28) 7300 7000 (x1110)
tuyenvdp@acbs.com.vn

Associate – Industrials

Trung Tran
(+84 28) 7300 7000 (x1045)
trungtn@acbs.com.vn

Associate – Oil & Gas

Hung Phan
(+84 28) 7300 7000 (x1044)
hungpv@acbs.com.vn

Associate – Macro & Money

Market
Minh Trinh Viet
(+84 28) 7300 7000 (x1046)
minhtvh@acbs.com.vn

Associate - Logistic

Hung Nguyen
(+84 28) 7300 7000 (x1047)
hungnt@acbs.com.vn

Associate – Utilities

Toan Pham
(+84 28) 7300 7000 (x1051)
toanpd@acbs.com.vn

Analyst – Technical

Huu Vo
(+84 28) 7300 7000 (x1052)
huvvp@acbs.com.vn

INSTITUTIONAL CLIENT DIVISION

Director

Huong Chu

(+84 28) 7300 7000 (x1083)
huongctk@acbs.com.vn
groupis@acbs.com.vn

Manager

Huynh Nguyen

(+84 28) 7300 6879 (x1088)
huynhntn@acbs.com.vn

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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