DGC Flash Note - OUTPERFORM

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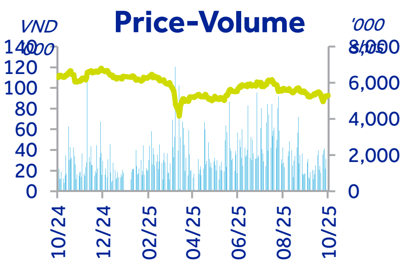
Flash Note

Recommendation	**OUTPERFORM**
	HSX: DGC
	Chemicals
Target price (VND)	**108,000**
Market price (VND)	**92,900**
Expected share price return	16.2%
Expected dividend yield	3.2%
Expected total return	**19.4%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-20.3	-4.7	-12.2	-14.0
Relative	-52.7	-6.7	-23.5	-50.3

Source: Bloomberg



Ownership

Dao Huu Huyen	18.4%
Ngo Thi Ngoc Lan	6.6%

Stock Statistics

Stock Statistics	**27-Oct-25**
Bloomberg code	**DGC VN**
52-week range (VND)	73,100 - 119,200
Shares O/S (m)	380
Mkt cap (VND bn)	35,281
Mkt cap (USD m)	1,334
Est. Foreign room left (%)	36.9
Est. free float (%)	61.7
3m avg daily vol (shrs)	2,188,365
VND/USD	26,445
Index: VNIndex / HNX	1652.54/265.36

DUC GIANG CHEMICALS GROUP JSC (DGC VN)

DGC announced Q3/2025 business results with NPAT reaching VND804 billion (+8.9% YoY and -9.6% QoQ), in line with our expectations. For 9M2025, NPAT increased 9.1% YoY to VND2,532 billion, fulfilling 84.4% of the full-year plan and 75.5% of our forecast. We maintain our 2025F and 2026F projections, but adjust our target price for 2026 to VND 108,000/share, representing a +19.4% upside from the current market price. Rating OUTPERFORM.

DGC recorded revenue of VND2,816 billion (+10.1% YoY) and NPAT of VND804 billion (+8.9% YoY). Revenue growth was driven by:

- Selling prices of DAP/MAP fertilizers remaining high QoQ and estimated to have increased by 35% YoY.
- P4 (yellow phosphorus) sales volume estimated to have grown by 10% YoY.

Meanwhile, gross profit margin fell to 31% from 34.4% in the same period last year due to: (1) higher electricity input costs (accounting for 25–30% of total COGS), rising 4.5% since May 2025; (2) P4 selling prices estimated to have decreased by 3% YoY; (3) sulfuric acid prices (used in fertilizer and animal feed production) estimated to have increased by 61% YoY.

As a result, NPAT growth was supported by: (1) financial income increasing 27.6% YoY to VND 192 billion; (2) selling expenses declining 41.3% YoY to VND 99 billion, lowering the selling expense-to-sales ratio to 3.5% from 6.5% in the same period last year, thanks to lower transportation costs.

For 9M2025, revenue reached VND8,521 billion (+14.4% YoY) and NPAT reached VND2,532 billion (+9% 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 remain the main positive driver supporting 9M2025 results.

Outlook

Input electricity prices are expected to continue rising gradually. Meanwhile, China P4 prices in October have fallen by 3% MoM and 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 VND108,000/ share by the end of 2026. 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	11,982
Growth	*51%*	*-33%*	*1%*	*15%*	*5%*
EBITDA (VNDbn)	6,283	3,204	3,202	3,501	3,487
Growth	*123%*	*-49%*	*0%*	*9%*	*0%*
PAT (VNDbn)	6,037	3,242	3,109	3,353	3,337
Growth	*140%*	*-46%*	*-4%*	*8%*	*0%*
EPS (bonus-adjusted, VND)	13,855	7,675	7,868	8,422	8,382
Growth	*133%*	*-45%*	*3%*	*7%*	*0%*
ROE	70%	28%	24%	23%	20%
ROIC	53%	19%	17%	17%	14%
Net debt/EBITDA (times)	(1.4)	(2.8)	(3.1)	(3.3)	(3.6)
EV/EBITDA (times)	4.3	8.2	8.0	6.7	6.5
PER (times)	6.7	12.1	11.8	11.0	11.1
PBR (times)	3.3	2.9	2.6	2.3	2.0
DPS (VND)	1,000	4,000	6,000	3,000	3,000
Dividend yield	1%	5%	7%	3%	3%

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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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