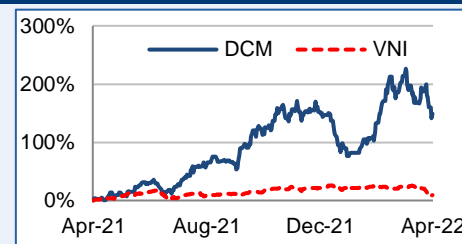


PetroVietnam Ca Mau Fertilizer (DCM)

Earnings Flash

Industry:	Agrochemicals		2021	Q1 22	2022F
Report Date:	April 27, 2022	Rev Growth	30.5%	117.6%	22.2%
Current Price:	VND38,000	EPS Growth	188.9%	901.5%	9.6%
Target Price ⁽¹⁾ :	VND45,200	NPAT (VND bn)	1,918	1,516	2,102
Upside:	+18.9%	DPS (VND)	1,200	N/A	1,200
Dividend Yield:	3.2%	EV/EBITDA	4.9x	N/A	4.0x
TSR %:	+22.1%	P/E ⁽²⁾	11.4x	N/A	10.4x
Rating ⁽¹⁾ :	BUY	P/E ⁽³⁾	8.9x	N/A	8.4x



Market Cap:	USD875.0mn		DCM	VNI
Foreign Room:	USD365.2mn	P/E (ttm) ⁽²⁾	6.7x	15.1x
ADTV30D:	USD12.5mn	P/B (curr)	2.3x	2.3x
State Ownership:	75.6%	Net D/E	-68.1%	N/A
Outstanding Shares:	530 mn	ROE	36.6%	15.7%
Fully Diluted Shares:	530 mn	ROA	25.3%	2.6%
3-yr PEG ⁽²⁾ :	N.M.	(1) TP and rating last updated February 25, 2022; (2) reported; (3) adjusted P/E assuming a normal 20-year depreciation policy		

Company Overview

DCM is one of the two largest urea producers in Vietnam and has ~32% market share. DCM owns a urea plant with an annual capacity of 800,000 tonnes of granular urea. In addition, DCM has invested in an NPK plant with a capacity of 300,000 tonnes.

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Stellar Q1 2022 thanks to robust urea prices, volume

- DCM released Q1 2022 financial statements with revenue of VND4.1tn (USD177mn; +117.6% YoY) and NPAT-MI of VND1.5tn (USD66mn; +10x YoY), which were mainly driven by urea prices surging 121.2% YoY and urea sales volume increasing 11.0% YoY.
- Compared to Q4 2021, Q1 2022 NPAT-MI rose 38.1% as urea prices and sales volume climbed 14.3% and 34.2%, respectively. We note that DCM allocated VND178bn (USD8mn) of expenses for its science fund in Q1 2022.
- Q1 2022 revenue and NPAT-MI completed 33.8% and 72.1% of our respective full-year forecasts, beating our expectations.
- As stated in our [April 8, 2022 Energy Sector Update](#), we expect international gas prices to remain high until 2023, which should reduce the global urea supply and continue to support global urea prices. We thus foresee potential upside to our net profit forecasts, pending a fuller review.

Figure 1: DCM's Q1 2022 results

VND bn	Q1 2021	Q1 2022	YoY growth %	% of VCSC's 2022F
Fuel oil price (USD/tonne)	351	541	54.1%	N/A
Input gas price (USD/MMBTU)	5.8	8.0	37.3%	N/A
Urea selling price (VND/kg)	7,076	15,651	121.2%	N/A
Urea selling price (USD/tonne)	308	680	121.2%	N/A
Urea sales volume ('000 tonnes)*	217	241	11.0%	28.3%
Revenues	1,873	4,075	117.6%	33.8%
Gross profit	267	1,977	639.7%	65.9%
Sales & marketing exp	-81	-178	119.9%	35.4%
General admin (GA) exp	-53	-243	357.1%	54.5%
Operating profit	133	1,556	1,068.4%	75.8%
Financial income	36	69	93.8%	27.5%
Financial expenses	-9	-20	115.2%	57.8%
In which, interest expense	-3	-4	20.6%	54.8%
Shared profit/loss from associates	0	0	N.M.	N.M.
Net other income/loss	2	1	-48.5%	39.5%
NPAT-MI	151	1,516	901.5%	72.1%
EBITDA	462	1,901	311.4%	55.0%

Source: DCM, VCSC (*VCSC's estimates)

VCSC Rating System

Stock ratings are set based on projected total shareholder return (TSR), defined as (target price – current price)/current price + dividend yield, and are not related to market performance.

Equity rating key	Definition
BUY	If the projected TSR is 20% or higher
OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
UNDERPERFORM	If the projected TSR is between -10% and -20%
SELL	If the projected TSR is -20% or lower
NOT RATED	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulation and/or firm policies in certain circumstances, including when VCSC is acting in an advisory capacity in a merger or strategic transaction involving the company.
RATING SUSPENDED; COVERAGE TERMINATED	A rating may be suspended, or coverage terminated, if fundamental information is deemed insufficient to determine a target price or investment rating or due to a reallocation of research resources. Any previous investment rating and target price are no longer in effect.

Unless otherwise specified, these performance parameters are set with a 12-month horizon. Movement in share prices may cause a temporary mismatch between the latest published rating and projected TSR for a stock based on its market price and the latest published target price.

Target prices are generally based on the analyst's assessment of the stock's fair value over a 12-month horizon. However, the target price may differ from the analyst's fair value if the analyst believes that the market will not price the stock in line with assessed fair value over the specified time horizon.

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