

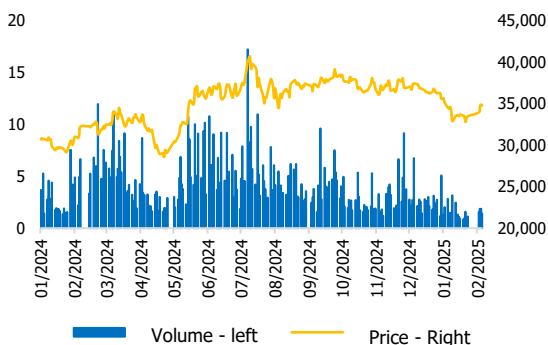
PETROVIETNAM CAMAU FERTILIZER JSC (HSX: DCM)
Industry Fertilizer
GROWTH ON A HIGHER PROFIT BASE

Recommendation	BUY
12-Month Share Price	40,300
Current Share Price	34,650
Upside Potential	+16.31%
<i>Date</i>	<i>FEB. 07, 2025</i>

2024 Business Performance Update: In 2024, PetroVietnam Camau Fertilizer (DCM) recorded net revenue of VND 13,456 billion (+7% YoY), primarily driven by the NPK segment (+62% YoY), which offset the revenue decline (-7% YoY) in the Urea segment. Additionally, the recognition of a VND 168 billion profit from the consolidation of KVF, coupled with a significant 74% YoY reduction in depreciation expenses, contributed to a 20.8% YoY increase in net profit, reaching VND 1,341 billion. For 2025, DCM has set a conservative business plan with a total revenue target of VND 13,983 billion and net profit of VND 774 billion. According to the management, this projection does not account for financial income or the impact of the new VAT law.

Key Metrics VND in billions	2024	2025F
Net Revenue	13,456	14,439
Gross Profit	2,385	2,855
EBIT	1,493	1,581
Net Income	1,341	1,397
NI growth (%)	21%	4%
EPS	2,534	2,640
EPS growth (%)	21%	4%
BVPS (VND)	19,112	19,751
ROE (%)	13.4%	13.6%
ROA (%)	8.7%	8.7%

Urea Segment - Expanding Gross Margin on a Higher Profit Base: The gross margin for the Urea segment reached 27% in 2024, marking an increase of 4 percentage points compared to the 2016 – 2020 period, driven by the completion of depreciation on the Ca Mau fertilizer plant. With this new profit baseline established, key growth drivers include: (1) Benefiting from the Amended VAT Law. Management estimates that applying a 5% VAT rate on fertilizers could reduce the cost of goods sold (COGS) by 3.8%, equivalent to approximately VND 421 billion based on 2024 figures; (2) Lower Input Gas Prices. In 2025, Bloomberg projects Brent crude oil prices to remain in the range of USD 70–75 per barrel, representing an 11% YoY decline. Consequently, input gas prices, which are linked to oil prices, are estimated at approximately USD 8.7/MMBTU (-9% YoY).

Price performance


Expanding the NPK Business to Drive Revenue Growth. Following the acquisition of the Han Viet Fertilizer plant (KVF), DCM's NPK revenue surged by an impressive 62% YoY in 2024, reaching VND 2,716 billion, with KVF contributing 25.5% of this total. In 2025, the company plans to produce 340,000 tons of NPK (+41% YoY), supported by KVF's stable operations, which are expected to generate a sales volume of 120,000 tons (+32% YoY). Additionally, to strengthen market penetration in Southeast, Central, and Central Highlands regions—Vietnam's highest NPK demand areas—DCM is constructing the Ca Mau Fertilizer Plant – Binh Dinh Facility, with a designed capacity of 50,000 tons of mixed NPK per year. The 14,296 m² storage facility is scheduled to commence operations in early 2025, while full plant operations are expected in Q4/2025.

Shareholders

Vietnam Oil and Gas Group - PVN	75.56%
Others	24.44%

Vietnam's fertilizer market is projected to maintain stable growth in 2025. According to Modor Intelligence, the market is expected to grow at a CAGR of 3.38% during the 2024–2030 period. Growth drivers for 2025 include: (1) Favorable weather conditions, as the La Niña phenomenon is expected to transition to a neutral phase by mid-2025, supporting fertilizer demand in the Summer-Autumn and Winter-Spring cropping seasons of 2025–2026. (2) The 5% VAT Law, which enhances the competitiveness of domestic fertilizers, supporting increased consumption.

We forecast DCM's 2025 revenue and net profit at VND 14,439 billion (+7.3% YoY) and VND 1,397 billion (+4.2% YoY), respectively. Our 12-month target price for DCM stock is VND 40,300 per share (+16.31% compared to the closing price on February 7, 2025).

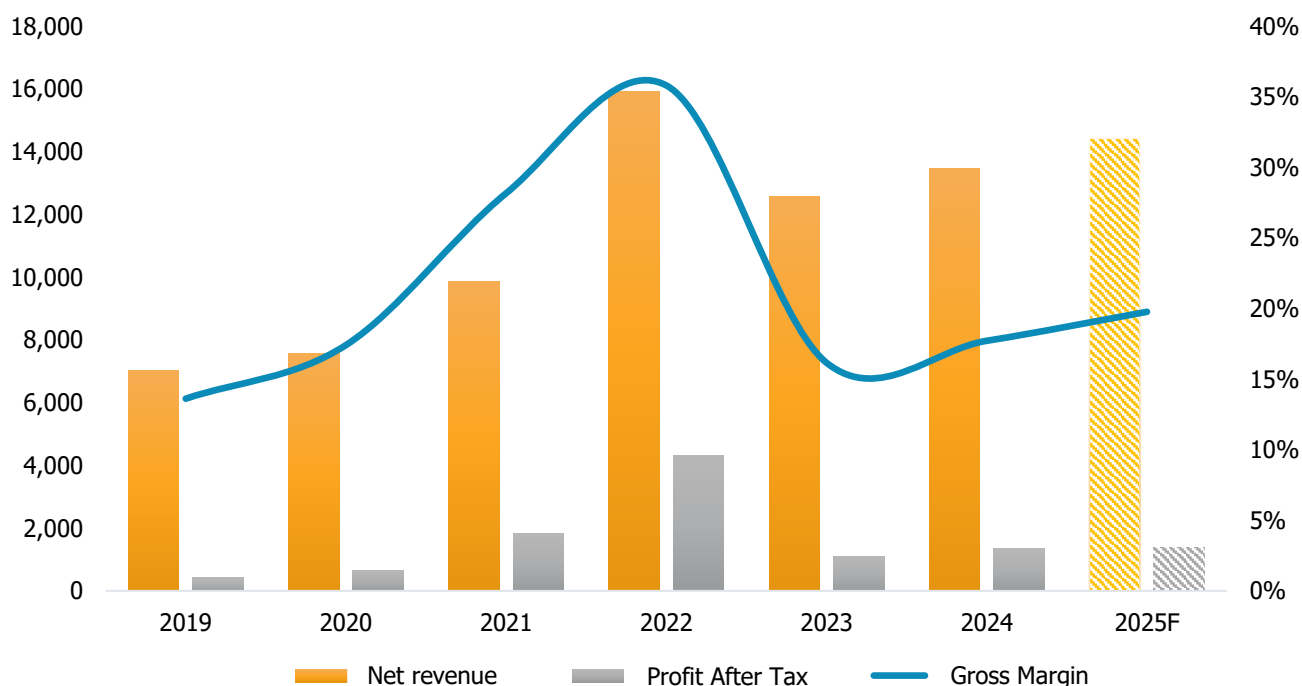
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We maintain our **BUY** recommendation based on valuation and key growth drivers: (1) Lower production costs as input gas prices decline, following the downward trend in oil prices; (2) Long-term revenue prospects from the NPK segment; (3) The 5% VAT policy supporting domestic fertilizer producers by improving their competitiveness; (4) Attractive cash dividend yield, consistently maintained between 6%–10% per year.

❖ **Business Performance Update for 2024**

In 2024, Đạm Cà Mau recorded net revenue of VND 13,456 billion (+7% YoY), primarily driven by a 62% YoY increase in NPK segment revenue, reaching VND 2,716 billion, which offset the 7% YoY decline in Urea segment revenue. Additionally, a gain of VND 168 billion from the consolidation of KVF and a significant 74% YoY decrease in depreciation expenses supported a 20.8% YoY growth in net profit, which reached VND 1,341 billion. With this result, DCM fulfilled 98.9% of its revenue target and exceeded the adjusted net profit plan by 17.2% in 2024. Moving into 2025, DCM has set a conservative business plan, targeting total revenue of VND 13,983 billion and net profit of VND 774 billion. According to the management, this plan does not yet include financial income and the impact of the 5% VAT tax law on fertilizers.

Business Results for DCM (VND in billions)



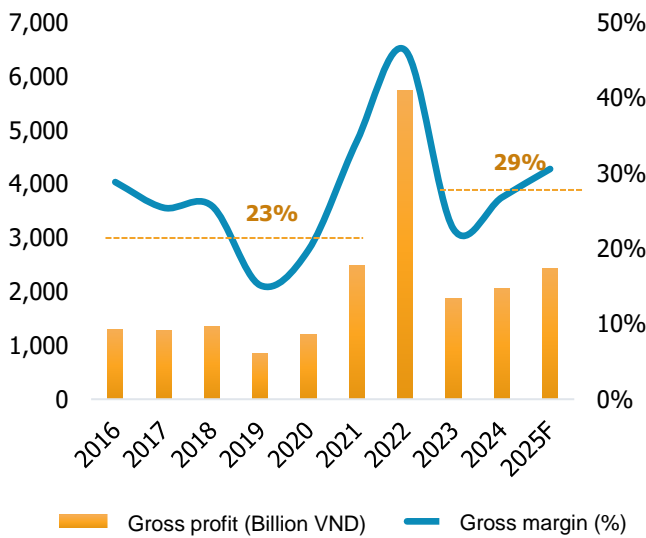
❖ **Urea Segment – Expanding Gross Margin on a Higher Profit Base**

The Urea segment's gross margin reached 27% in 2024, an increase of 4 percentage points compared to the 2016–2020 period, thanks to the completion of depreciation at Đạm Cà Mau's plant. After establishing this new profit base, the key growth drivers include:

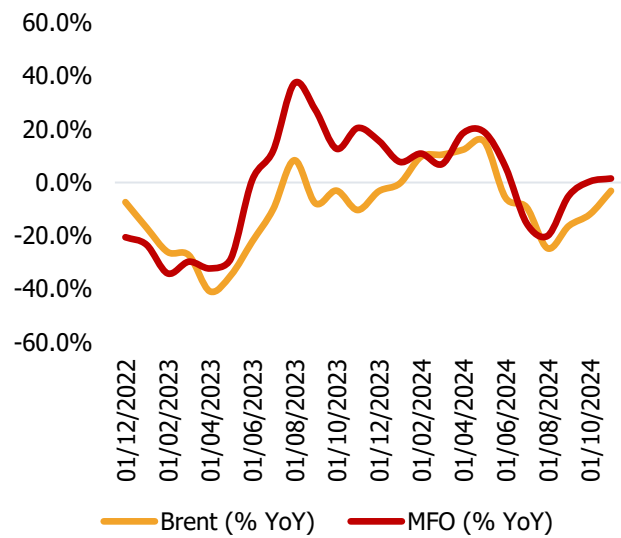
(1) **Benefiting from the Revised VAT Law:** The shift of fertilizers from VAT-exempt to a 5% VAT rate could allow DCM to reclaim VAT and reduce input costs compared to previous years. According to management, with the new tax law in place, the company could save 3.8% of the cost of goods sold, equivalent to approximately VND 421 billion based on 2024 figures.

(2) **Lower Expected Input Gas Prices to Boost Gross Profit Margin:** In 2024, the average prices of Brent crude oil and MFO were USD 80 per ton (-2.98% YoY) and USD 459 per ton (+2.82% YoY), respectively. In 2025, Bloomberg forecasts Brent crude oil prices to remain around USD 70–75 per ton, an 11% decrease from 2024. Consequently, input gas prices, which are linked to oil prices, are estimated at around USD 8.7/MMBTU, a 9% reduction compared to 2024.

DCM's Urea segment gross margin



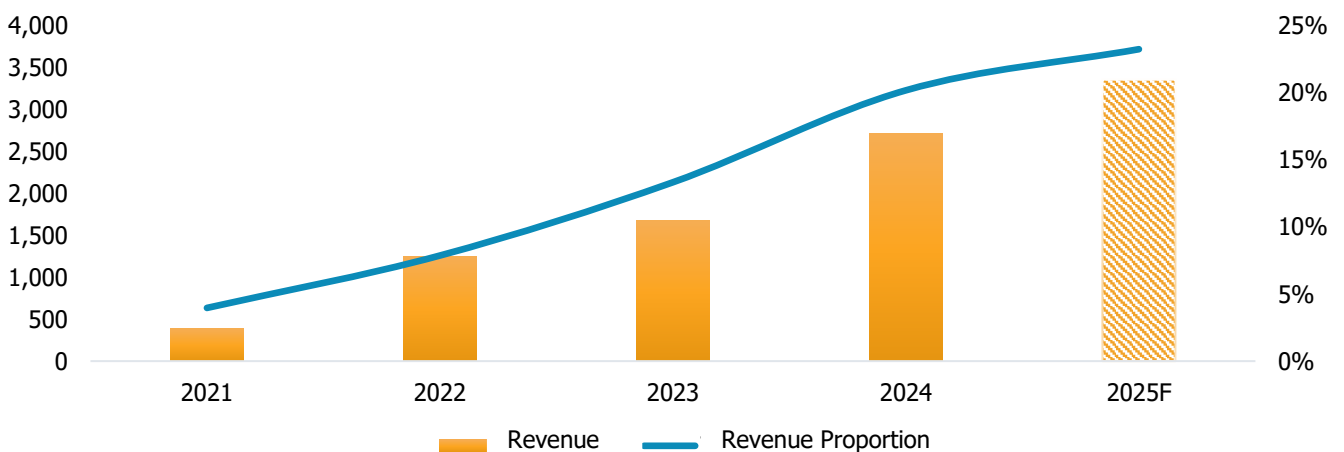
Monthly Oil Price Trends



❖ Expanding the NPK Business to Drive Revenue Growth

Through the acquisition of the Han Viet Fertilizer Plant (KVF), DCM has effectively expanded its market reach in the Southeast, Central, and Central Highlands regions, which have the highest demand for NPK fertilizers in Vietnam. As a result, the NPK segment's revenue in 2024 grew significantly by 62% YoY to VND 2,716 billion, with KVF contributing 25.5% of the revenue structure. In 2025, the company targets NPK sales volume of 340,000 tons (+41% YoY), based on the stable operation of the Han Viet Fertilizer Plant, which is expected to generate profits with a planned sales volume of 120,000 tons (+32% YoY). Additionally, the company is constructing the Ca Mau – Binh Dinh Fertilizer Plant, which will have a capacity of 50,000 tons of blended NPK per year. The plant's warehouse section (14,296 m²) is expected to be operational by early 2025, with the entire project set to commence operations in Q4/2025.

NPK Segment Revenue and Its Proportion in DCM's Total Revenue (Billion VND)

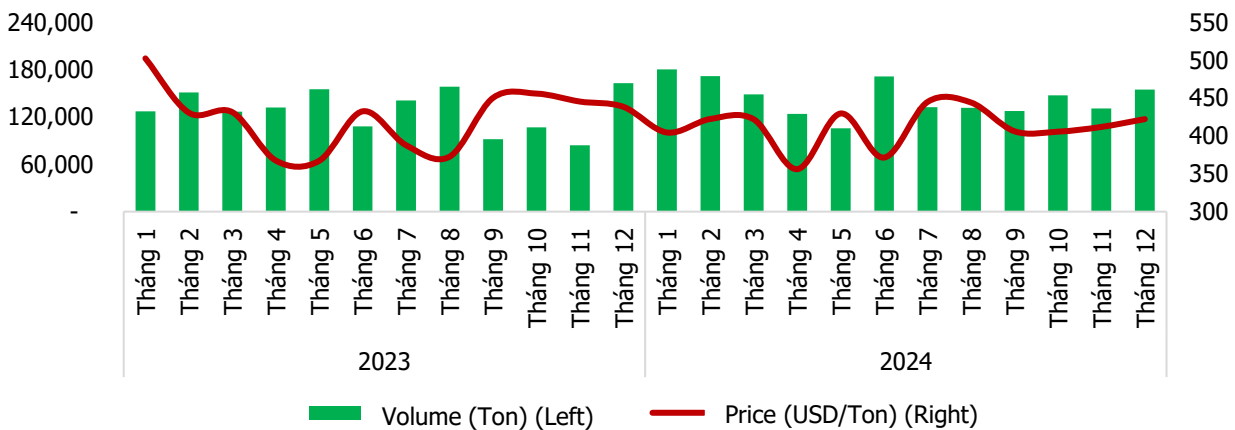


❖ Vietnam’s fertilizer market is projected to maintain stable growth in 2025

Recovery in Fertilizer Exports

According to data from the General Department of Vietnam Customs, the country exported nearly 1.73 million tons of fertilizer in 2024, equivalent to more than USD 709.91 million, with an average price of USD 411.1 per ton. This represents an 11.7% increase in volume, a 9.4% rise in export value, but a 2% decline in price compared to 2023. The International Fertilizer Association (IFA) predicts that fertilizer exports will recover, particularly in traditional markets such as Cambodia and South Korea. Meanwhile, Vietnam is also expanding its market to Europe, where product quality standards are higher.

Vietnam's Fertilizer Exports in the 2023-2024 Period

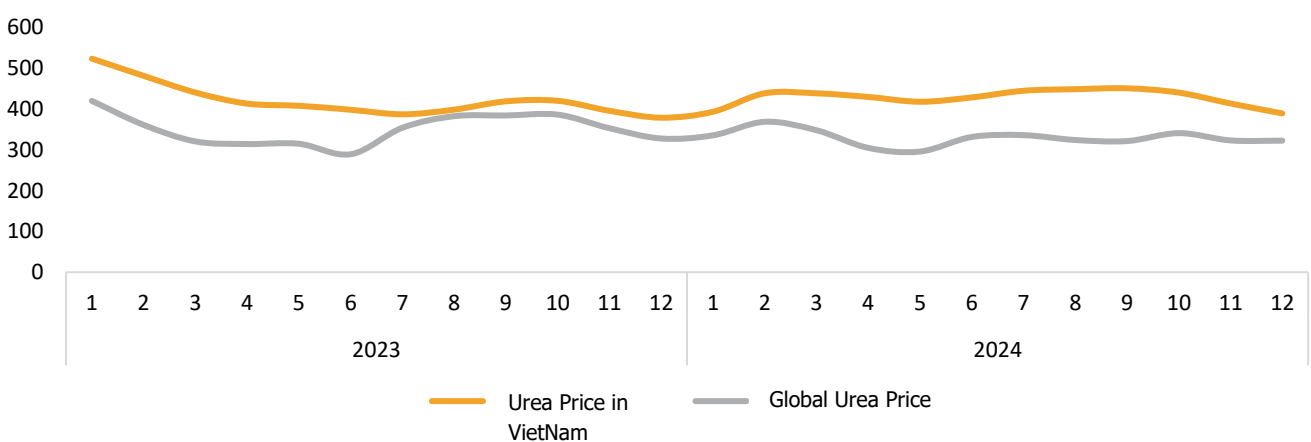


Source: General Department of Customs, Compiled by PSI

Fertilizer Prices to Fluctuate Within a Narrow Range, Tracking Global Trends

Domestic Urea prices fluctuate in tandem with global Urea prices but are currently 10–13% higher than international prices, averaging around VND 9,500–10,500 per kg in 2023–2024. Experts anticipate that fertilizer prices in Vietnam will still be influenced by global factors in 2025 but are expected to remain more stable than in 2024. The total supply is projected to be around 11.5–12 million tons, while domestic consumption demand is estimated at 10–10.5 million tons.

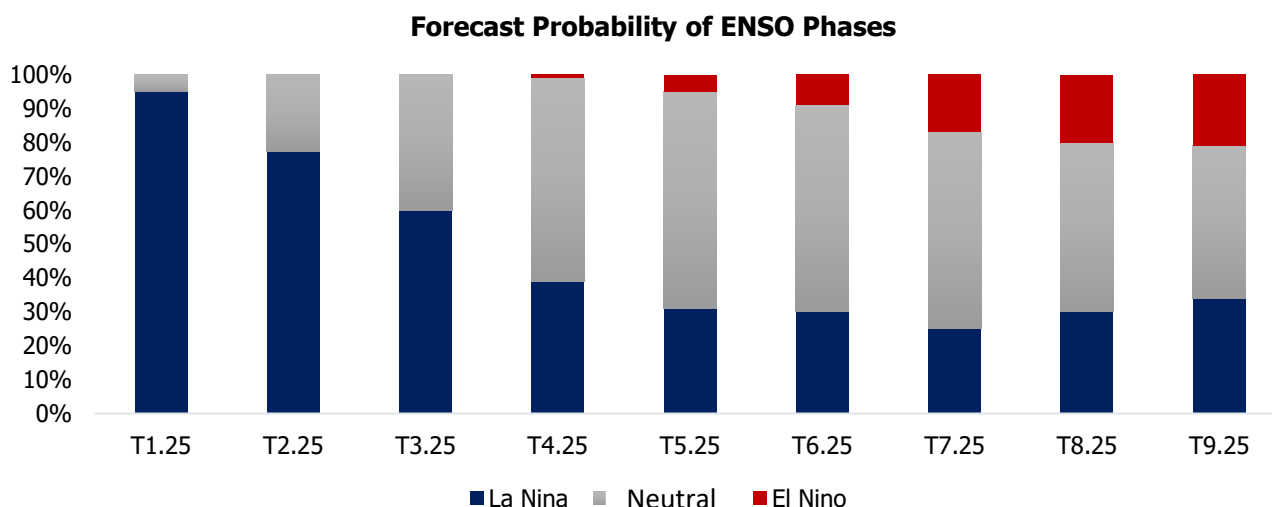
Domestic Urea Price Trends in Line with Global Urea Prices (USD/Ton)



Source: Agromonitor, Argus, PSI Outlook

According to Mordor Intelligence, the Vietnamese fertilizer market is estimated to reach USD 4.20 billion by 2030, with a CAGR of 3.38% during the forecast period (2024–2030). The 2025 market outlook is based on (1) More Favorable Weather Conditions: According to forecasts from the U.S. National Oceanic and Atmospheric Administration (NOAA), the La Niña phenomenon is expected to transition to a neutral state by mid-2025, supporting fertilizer demand for the Summer–Autumn and Winter–Spring crops of the 2025–2026 farming season. (2) Implementation of the 5% VAT Law on Fertilizers (July 1, 2025)

is expected to boost domestic competitiveness by lowering local fertilizer costs while raising import prices by 5%, supporting consumption growth.



Source: NOAA, Compiled by PSI

We maintain a positive business outlook for DCM's revenue and NPAT for the year 2025 of 14.439 billion VND (+7.3% YoY) and 1,396 billion VND (+4.2% YoY), respectively, based on the following key assumptions:

- (1) Input gas prices are estimated at around USD 8.7/MMBTU, down 9% from 2024.
- (2) Urea consumption is expected to reach 835,000 tons, with a selling price of approximately VND 9,500/kg.
- (3) NPK consumption is projected at 300,000 tons, driven by market expansion in Southeast, Central, and Central Highlands regions, with stable NPK prices to enhance brand recognition for NPK Ca Mau.

Valuation

We utilize a combination of two valuation methods: Free Cash Flow to Equity (FCFE) and Price-to-Earnings (P/E) ratio comparison. The valuation results are presented in the table below:

Valuation method	Weighting	Valuation result (VND/share)
Free Cash Flow to Equity (FCFE)	50%	40,767
P/E	50%	39,834
Share Price		40,300

Recommendation:

We recommend **BUY** for DCM shares based on the following assumptions: (1) Business production costs are reduced due to the depreciation of the urea plant ending and input gas prices linked to decreasing oil prices; (2) Long-term revenue prospects from the NPK segment; (3) The approval of a 5% VAT policy on fertilizers will enhance the competitiveness of domestic fertilizer producers; (4) Regular cash dividend payments with an attractive dividend yield of 6% - 10% per year. The 12-month target price for DCM shares is **40,300 VND per share** (+16.31% from the closing price on February 07, 2025).

Financial Statement Forecast

Business Outcome (billion VND)	2023	2024	2025F	Key metrics	2023	2024	2025F
Net Revenue	12,571	13,456	14,439	Valuation			
COGS	(10,539)	(11,071)	(11,584)	EPS	2,097	2,534	2,640
Gross Profit	2,032	2,385	2,855	BVPS	18,820	19,112	19,751
Finance income	577	384	275	Dividend	30%	20%	20%
Finance expense	(27)	(77)	(64)	SG&A			
SG&A	(1,349)	(1,442)	(1,549)	Profit Margin	16%	18%	20%
EBIT	1,232	1,250	1,517	EBITDA %	19%	13%	12%
Others income	199	-	-	EBIT %	10%	11%	11%
EBT	1,255	1,449	1,517	ROE	11%	13%	14%
NI	1,110	1,341	1,397	ROA	8%	9%	9%
NPAT of the parents	1,110	1,341	1,397	Growth			
Equity holders of NCI	-	-	-	Revenue	100%	100%	100%
Balance Sheet (billion)	2023	2024	2025F	Gross Profit	-64%	17%	20%
Current Assets	13,504	12,837	12,823	NPAT	-74%	21%	4%
I. Cash & cash equivalents	2,284	1,903	2,260	EPS	-74%	21%	4%
II. Investment	8,242	7,039	7,732	Total Asset	8%	3%	4%
III. Trade and other receivables	366	447	357	Equity	-6%	2%	3%
IV. Inventories	2,161	2,948	2,057	Financial Health			
V. Others	452	500	417	Current Ratio	2.99	2.73	2.39
Non-current Assets	1,733	2,813	3,522	Quick Ratio	2.51	2.10	2.00
I. Long term receivables	-	1	1	D/A	0.35	0.35	0.36
II. Fixed Asset	1,600	1,946	2,104	D/E	0.53	0.55	0.56
III. Others	45	260	202	Interest coverage	123.56	32.68	23.57
Total Assets	15,238	15,650	16,345				
Total liabilities	5,275	5,532	5,888				
I. Current liabilities	4,517	4,706	5,372				
1. Trade and other payables	1,989	1,655	1,534				
2. Lease liabilities	846	1,229	1,786				
II. Non-current liabilities	757	826	516				
1. Trade and other payables	754	707	344				
2. Lease liabilities	3	120	172				
Owner's equity	9,963	10,118	10,456				
1. Authorized capital	5,294	5,294	5,294				
2. Share capital	-	-	-				
3. Retained earnings	4,638	4,787	5,126				
4. Non-controlling interests	28	33	33				
5. Other equity	4	4	4				
Total Equity	15,238	15,650	16,345				
Current Assets							



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