

26/04/2025

RECOMMENDATION	OVERWEIGHTING
Fair price	90,800
Current price	102,300
Upside/downside	12.7%

STOCK INFORMATION

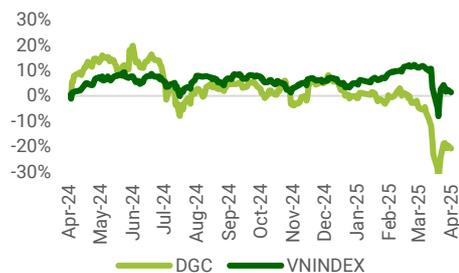
Outstanding shares (mil)	379.8
Free float (mil)	62%
Market cap. (billion VND)	39,079
3m avg. volume (shares)	1,840,988
Highest price 52W (VND)	131,800
Lowest price 52W (VND)	73,100

SHAREHOLDER STRUCTURE

Dao Huu Huyen	18.4%
NGO THI NGOC LAN	6.6%
DAO HUU KHA	6.0%
Others	69.0%

KEY ATTRIBUTES

TTM EPS (VND)	7,302
BVPS (VND)	35,173
Debt/Equity (%)	6.31%
ROA (%)	18.90%
ROE (%)	21.80%
P/E	11.78
P/B	2.48
Dividend yield (%)	3.44%

PRICE PERFORMANCE

COMPANY PROFILE

Duc Giang Chemicals JSC provides chemical products. The Company offers fertilizers, phosphorus, phosphoric acid, and animal feed additives. Duc Giang Chemicals serves customers in Vietnam.

ANALYST(S)

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BRIGHT OUTLOOK BUT NEAR-TERM CAUTION

- 2024 net revenue stayed flat at VND9,865bn and net profit fell slightly 3.7% YoY to VND2,987bn in 2024, in-lined with our forecast.
- In 2025, we expect revenue to grow slightly, while gross profit margin will decline due to (1) a higher contribution from lower-margin segments and (2) rising production costs.
- We keep OVERWEIGHT rating with TP of VND102,300 and 12.7% upside (-19.7% from our last report). We revised down our TP due to the lower net revenue and net profit forecast in 2025.
- Recently, DGC's stock price has declined by 25% YTD due to negative market sentiment following the reciprocal tariff imposed by the US on Vietnamese exports. DGC stated that although its phosphorus chemical products are highly favored by the US, the revenue contribution from this market is relatively small (3–5% of total revenue). We believe that the impact of the tariffs on DGC is direct but insignificant. DGC is fully capable of finding new customers in Asian and European markets, thanks to its high-quality products.

Financial highlights

1Q25 net revenue increased 16.2% QoQ/17.8% YoY, almost main segments recorded a double-digit growth. The phosphorus chemicals revenue rose 13% YoY, DAP and other fertilizer revenue surged 37%/19% YoY in 1Q25.

Gross profit rose faster than revenue, GPM improved significantly 2.7% pts to 34.9% in 1Q25 because the selling price of P4 and DAP increased YTD while the production cost remained stable.

For 2025, we revised down our revenue and net profit forecast due to lower assumptions of key products' sales volume and gross profit. We expect revenue, gross profit and net profit to change 5.2%/-0.4%/-1.3%YoY in 2025.

Investment thesis
Limited raw material constrain sales volume growth

P4 demand is supported by strong semiconductor demand in Asia; however, DGC's supply of high-grade ore is limited, which will constrain phosphorus chemical segment volume growth in 2025–2026. We expect P4 sales volume to remain flat and the ASP to recover by 7% YoY.

Fertilizers make larger contribution to total revenue

DGC is ramping up fertilizer production amid a favorable business environment, supported by (1) selling prices benefiting from export restrictions by China and Russia, and (2) input VAT on raw materials being deductible. Revenue from DAP & MAP is expected to remain high at VND1,757bn in 2025, contributing 16.9% to total revenue.

New contribution from the Caustic Soda and Ethanol projects

DGC's ethanol plant is scheduled to begin operations at 80% capacity, supplying 22,000 tons of 96% ethanol in 2025, with estimated revenue of VND450bn, equivalent to 4% of total revenue in 2025.

Additionally, we expect the CAV Nghi Son project to come into operation at 70% capacity in 2026, contributing VND1,000bn, equivalent to 9% of total revenue and margin of 13-15% in 2026.