



## Duc Giang Chemical (DGC VN)

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### 2022 AM updated

- In Q1 2022, DGC record VND 3,634 billion for revenue (+86% YoY), and VND 1,336 billion for NPAT (+370% YoY). GPM reached highest level at 47% due to the fact that selling price of most of their product category have been raising, especially P4 and DAP.
- Market price of phosphorus related products have bounced back strongly since Russia-Ukraine war started in March, which disrupt the global supply chain and supply of those products. While demand keep raising, especially demand for P4 which is main component for semiconductor device and electronic.
- Supply of fertilizers have been tight since Russia prohibited exporting these products until the end of the year, pushing up the price.
- DGC found Duc Giang Dak Nong Ltd, aiming to develop Bauxite mining project (CAPEX of VND 57,000 billion, capacity of 14.4 million tons of ore/year, 5.5 million tons of find ore) and investment in complex NPK Fertilizer production plant (200,000 tons/year), Potassium fertilizer production plant (4,800 tons/year)
- Dong Vang industrial park's investment license and master plan 1/2000, where DGC build their Duc Giang Nghi Son plant, was approved in March 2022.
- DGC higher revenue and earning guidance for Q2 2022 to VND 4,418 billion (+103% YoY) and VND 1,200 billion (+300% YoY) respectively. The output for main products category: P4 (14,190 tons), DAP (18,000 tons), WPA (30,000 tons).
- Lastest update of P4 and DAP price in June in China market: P4 (USD 5,757 /tons) same as last year, DAP ( USD 644 /tons) double last year price.

Rating:

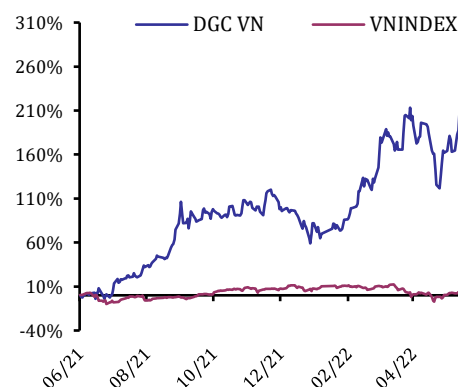
**N/A**  
 N/A

6-18m TP:

Share price:

VND112,000

#### Stock performance



Change in Share Price	1 M	3 M	1 Y
Abs. %	27.3%	27.1%	232.4%
Rel. % to VNI index	32.2%	44.6%	223.3%
Avg. share price (VND)	116,469	108,047	75,435

Source: Bloomberg, Guotai Junan Vietnam

Year End	Revenue	Net Profit	EPS	EPS	PER	BPS	PBR	DPS	Yield	ROE
	(VND bil)	(VND bil)	(VND)	(Δ%)	(x)	(VND)	(x)	(VND)	(%)	(%)
2017A	626	128	2,466	-49%	47	13,836	8.75	0	0%	40
2018A	6,092	873	7,621	209%	15	18,543	4.13	2,000	26%	48
2019A	5,092	572	4,136	-46%	28	20,042	4.54	2,500	60%	46
2020A	6,236	948	5,765	39%	20	18,862	4.44	2,000	35%	35
2021A	9,551	2,514	13,203	129%	9	17,656	3.28	1,000	8%	23

Shares in issue (m)	371.8	Major shareholder	Dao Huu Huyen	18.5%
Market cap. (VND m)	43,286,720	Free float (%)		60.0
3-month average vol. ('000)	2,083.5	FY21 Net gearing (%)		24.0
52 Weeks high/low (VND)	139,000 / 34,987			

Source : the Company, Guotai Junan Vietnam.

**COMPANY RATING DEFINITION**Benchmark: **VN – Index.**Time Horizon: **6 to 18 months**

Rating	Definition
<b>Buy</b>	Relative Performance is greater than 15% Or the Fundamental outlook of the company or sector is favorable
<b>Accumulate</b>	Relative Performance is 5% to 15% Or the Fundamental outlook of the company or sector is favorable
<b>Neutral</b>	Relative Performance is -5% to 5% Or the Fundamental outlook of the company or sector is neutral
<b>Reduce</b>	Relative Performance is -15% to -5% Or the Fundamental outlook of the company or sector is unfavorable
<b>Sell</b>	Relative Performance is lower than - 15% Or the Fundamental outlook of the company or sector is unfavorable

**SECTOR RATING DEFINITION**Benchmark: **VN – Index**Time Horizon: **6 to 18 months**

Rating	Definition
<b>Outperform</b>	Relative Performance is greater than 5% Or the Fundamental outlook of the sector is favorable
<b>Neutral</b>	Relative Performance is -5% to 5% Or the Fundamental outlook of the sector is neutral
<b>Underperform</b>	Relative Performance is lower than -5% OrThe Fundamental outlook of the sector is unfavorable

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