Equities | Vietnam | Materials - Chemicals

PetroVietnam Fert. & Chem. (DPM - HSX)

Company Focus

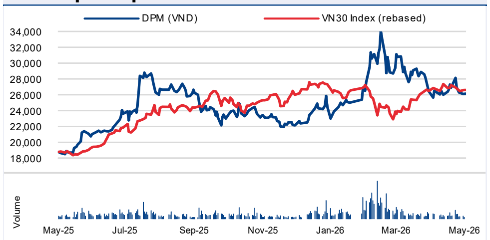
28 May 2026

Buy *(unchanged)*
Target price: VND32,400 *(from VND34,900)*
Up/downside: 23.9%

Share price (VND) (as of 27 May 2026)	26,150
Bloomberg code	DPM VN
52-week range (VND)	18,454-34,000
Trading value (5D) (VNDmn)	59,801
Market cap. (VNDbn)	17,782
Market cap. (USDmn)	675
Shares outstanding (mn)	680
Total FOL share room (mn)	340
Current FOL share room (mn)	306
Foreign ownership limit	50.0%
Foreign owned ratio	4.93%
Free float	0%
Major shareholder	PetroVietnam Group (59.6%)

Source: Company, HSC Research estimates

Share price performance



Share price (%)	-1 mth	-3 mth	-12 mth
Ordinary shares	(1.13)	(5.25)	39.2
Relative to index	(1.67)	(3.41)	(1.75)
Relative to sector	-	-	-

Source: Company, FactSet

HSC vs. consensus

EPS adj. (VND)	HSC	Cons	% diff
2026F	2,691	2,112	27.4
2027F	2,516	2,119	18.7
2028F	2,325	2,422	(4.0)

Source: Bloomberg, HSC Research estimates

Company description

The largest fertilizer producer and trader in Vietnam, controls 40% of urea market share.

24% upside to new/lower TP; Buy

- We maintain our Buy rating on DPM but cut our TP by 7.2% to VND32,400 as we roll forward our valuation basis by 6M to mid-FY27.
- DPM reported strong 1Q26 net profit of VND402bn (up 96% y/y; 22% of our FY26F), mostly on strong sales of NPK and imported fertilizers and monetization of low-cost 4Q25 inventory. We maintain our forecasts despite this, as fertilizer prices may face downside if Strait of Hormuz shipping normalizes in 2H (timing uncertain).
- Off 1% in the past 1M and off 5% over 3M, DPM is now trading on a 1Y rolling fwd P/E of 9.9x, 1.2 SDs below its historical avg.

Event: Stronger-than-expected 1Q26 earnings results

DPM reported impressive 1Q26 results, with net profit of VND402bn (up 96% y/y; 22% of our FY26F), supported by margin expansion in imported fertilizers driven by the monetization of low-cost inventory carried over from 4Q25. Net sales reached VND5,623bn (up 36.5% y/y; 27.4% of our FY26F), underpinned by volume growth in NPK and imported fertilizers of 50% and 31.5%, respectively.

Maintaining FY26-28 forecasts

While 1Q26 results were strong, downside risks persist as fertilizer prices may correct sharply if shipping through the Strait of Hormuz normalizes, potentially weighing on 2H earnings although the timing and likelihood remain highly uncertain. We therefore maintain our forecasts, with FY26 net profit projected at VND1,830bn (up 70.4% y/y), followed by VND1,711bn (off 6.5% y/y) in FY27F and VND1,581bn (down 3.6% y/y) in FY28F.

Our FY26-28 net profit projections – significantly above consensus – imply a 3Y CAGR of 13.8%, while a prolonged Strait closure remains a key upside risk that would further support fertilizer prices.

Valuation and recommendation

Off 1% in the past 1M and off 5% over 3M, DPM is now trading on a 1Y rolling fwd P/E of 9.9x, 1.2 SDs below its historical avg. We cut our DCF-derived TP by 7.2% to VND32,400 as we roll forward our valuation basis by 6M to mid-FY27; we maintain our WACC unchanged at 13.2% (based on a 4.0% risk-free rate, an 8.75% equity risk premium, and a 2% terminal growth rate).

We show assumptions and calculations underpinning our valuation on page 2. Please refer to our lastest Sector Focus report *'VN urea producers: Middle East disruptions likely positive'* for additional details re. our earnings forecasts and valuation).

(Continued on page 2)

Year end: December	12-24A	12-25A	12-26F	12-27F	12-28F
EBITDA adj. (VNDbn)	756	1,379	2,561	2,428	2,294
Reported net profit (VNDbn)	538	1,074	1,830	1,711	1,581
EPS adj. (VND)	791	1,579	2,691	2,516	2,325
DPS (VND)	2,000	1,500	1,500	1,500	1,500
BVPS (VND)	16,441	16,960	18,173	19,207	20,044
EV/EBITDA adj. (x)	14.4	9.52	4.60	4.76	5.01
P/E adj. (x)	33.1	16.6	9.72	10.4	11.2
Dividend yield (%)	7.65	5.74	5.74	5.74	5.74
P/B (x)	1.59	1.54	1.44	1.36	1.30
EPS adj. growth (%)	3.52	99.7	70.4	(6.51)	(7.59)
Ret. on avg. equity (%)	4.73	9.46	15.3	13.5	11.8

Note: Use of ▲ ▼ indicates that the item has changed by at least 5%.
Source: Bloomberg, HSC Research estimates

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Figure 1: FCFF calculation, DPM

VNDbn	2026F	2027F	2028F	2029F	2030F	2026F
EBIT	2,115	1,968	1,819	1,590	1,382	1,158
Unlevered net income	1,712	1,593	1,472	1,287	1,119	937
Plus: D&A	447	461	475	490	506	522
Less: Capex	(558)	(498)	(494)	(527)	(546)	(565)
Less: WC increase	1,198	(202)	(261)	488	(105)	1,569
UFCF	**2,799**	**1,353**	**1,193**	**1,738**	**974**	**2,463**

Source: HSC Research

Figure 2: WACC calculation, DPM

	Value
Risk-free rate	4.0%
Equity risk premium	8.75%
Beta	1.1
Cost of equity	**13.6%**
Average interest rate	5.5%
CIT	17.2%
After-tax cost of debt	3.7%
Weight of debt	95.0%
WACC	**13.2%**

Source: HSC Research

Figure 3: DCF calculation, DPM

	Unit	Value (at mid-FY27)
Terminal growth rate		2%
PV of FCFs	VNDbn	6,329
PV of terminal value	VNDbn	9,568
Firm value	**VNDbn**	**15,897**
Plus: Cash + short-term investments	VNDbn	10,521
Less: Gross debt, adjustment	VNDbn	(4,413)
Equity value	**VNDbn**	**22,004**
Shares o/s	mn	680
Fair value	**VND/share**	**32,400**

Source: HSC Research

Figure 4: TP sensitivity to terminal growth rate and risk-free rate (VND), DPM

		Terminal growth rate				
		1.0%	**1.5%**	**2.0%**	**2.5%**	**3.0%**
Risk-free rate	**3.0%**	32,900	33,200	33,400	33,600	34,200
	3.5%	32,500	32,700	32,900	33,100	33,600
	4.0%	32,000	32,200	**32,400**	32,600	33,000
	4.5%	31,600	31,700	31,900	32,100	32,500
	5.0%	31,200	31,300	31,500	31,600	32,000

Source: HSC Research

Financial statements and key data

Income statements (VNDbn)	12-24A	12-25A	12-26F	12-27F	12-28F
Sales	13,496	16,564	20,495	20,655	20,655
Gross profit	1,898	2,939	4,502	4,146	4,004
SG&A	(1,540)	(1,929)	(2,388)	(2,178)	(2,186)
Other income	4.46	18.0	0	0	0
Other expenses	-	-	-	-	-
EBIT	**363**	**1,028**	**2,115**	**1,968**	**1,819**
Net interest	304	322	149	148	136
Associates/affiliates	2.65	3.04	3.27	3.43	3.60
Other non-operational	-	-	-	-	-
Exceptional items	-	-	-	-	-
Pre-tax profit	**669**	**1,353**	**2,267**	**2,119**	**1,958**
Taxation	(115)	(258)	(390)	(364)	(337)
Minority interests	(16.5)	(21.9)	(46.9)	(43.9)	(40.5)
Exceptional items after tax	-	-	-	-	-
Net profit	**538**	**1,074**	**1,830**	**1,711**	**1,581**
Net profit adj'd	**538**	**1,074**	**1,830**	**1,711**	**1,581**
EBITDA adj.	**756**	**1,379**	**2,561**	**2,428**	**2,294**
EPS (VND)	791	2,202	2,691	2,516	2,325
EPS adj. (VND)	791	1,579	2,691	2,516	2,325
DPS (VND)	2,000	1,500	1,500	1,500	1,500
Basic shares, average (mn)	680	488	680	680	680
Basic shares, period end (mn)	680	680	680	680	680
Fully diluted shares, period end (mn)	680	680	680	680	680

Cash flow statements (VNDbn)	12-24A	12-25A	12-26F	12-27F	12-28F
EBIT	363	1,028	2,115	1,968	1,819
Depreciation & amortisation	(394)	(351)	(447)	(461)	(475)
Net interest	304	322	149	148	136
Tax paid	(115)	(258)	(390)	(364)	(337)
Changes in working capital	188	(3,061)	1,011	(390)	(449)
Others	(186)	(454)	(426)	(270)	(215)
Cash flow from operations	**948**	**(2,072)**	**2,905**	**1,552**	**1,430**
Capex	(85.5)	(129)	(558)	(498)	(494)
Acquisitions & investments	(17,258)	(19,079)	0	0	392
Disposals	0.52	2.82	0	0	0
Others	13,535	21,286	0	0	0
Cash flow from investing	**(3,808)**	**2,081**	**(558)**	**(498)**	**(102)**
Dividends	(801)	(587)	(1,020)	(1,020)	(1,020)
Issue of shares	0	0	0	0	0
Change in debt	5,068	8,381	52.8	241	186
Other financing cash flow	(1,646)	(7,638)	0	0	0
Cash flow from financing	**2,621**	**155**	**(967)**	**(779)**	**(834)**
Cash, beginning of period	1,242	1,005	1,168	2,548	2,823
Change in cash	**(240)**	**164**	**1,380**	**275**	**494**
Exchange rate effects	3.18	(0.40)	0	0	0
Cash, end of period	**1,005**	**1,168**	**2,548**	**2,823**	**3,317**
Free cash flow	**862**	**(2,202)**	**2,347**	**1,054**	**936**

Balance sheets (VNDbn)	12-24A	12-25A	12-26F	12-27F	12-28F
Cash	1,005	1,168	2,548	2,823	3,317
Short-term investments	9,464	7,835	7,835	7,835	7,443
Accounts receivable	653	1,390	1,362	1,494	1,533
Inventory	1,731	3,434	3,008	3,244	3,533
Other current assets	367	683	611	661	712
Total current assets	**13,220**	**14,510**	**15,364**	**16,057**	**16,539**
PP&E	1,942	1,818	1,910	2,007	2,109
Intangible assets	859	894	831	767	704
Investment properties	181	171	161	152	142
Long-term investments	3.60	3.60	3.60	3.60	3.60
Associates/JVs	30.6	31.8	31.8	31.8	31.8
Other long-term assets	317	348	439	453	442
Total long-term assets	**3,333**	**3,267**	**3,376**	**3,414**	**3,433**
Total assets	**16,552**	**17,777**	**18,741**	**19,471**	**19,971**
Short-term debt	3,422	4,164	4,164	4,164	4,164
Accounts payable	691	671	924	917	902
Other current liabilities	811	844	688	615	598
Total current liabilities	**5,199**	**6,028**	**6,179**	**6,156**	**6,095**
Long-term debt	0	0	0	0	0
Deferred tax	133	133	133	133	133
Other long-term liabilities	41.2	82.7	71.6	122	114
Long-term liabilities	**174**	**215**	**204**	**255**	**247**
Total liabilities	**5,372**	**6,244**	**6,383**	**6,410**	**6,342**
Shareholders' funds	11,180	11,533	12,358	13,061	13,630
Minority interests	-	-	-	-	-
Total equity	**11,180**	**11,533**	**12,358**	**13,061**	**13,630**
Total liabilities and equity	**16,552**	**17,777**	**18,741**	**19,471**	**19,971**
BVPS (VND)	16,441	16,960	18,173	19,207	20,044
Net debt/(cash)*	2,417	2,996	1,616	1,341	847

Financial ratios and other	12-24A	12-25A	12-26F	12-27F	12-28F
Operating ratios					
Gross margin (%)	14.1	17.7	22.0	20.1	19.4
EBITDA adj. margin (%)	5.60	8.32	12.5	11.8	11.1
Net profit margin (%)	3.98	6.48	8.93	8.28	7.65
Effective tax rate (%)	17.2	19.0	17.2	17.2	17.2
Sales growth (%)	(0.54)	22.7	23.7	0.78	0
EBITDA adj. growth (%)	7.26	82.3	85.8	(5.19)	(5.54)
Net profit adj. growth (%)	3.52	99.7	70.4	(6.51)	(7.59)
EPS growth (%)	3.52	178	22.2	(6.51)	(7.59)
EPS adj. growth (%)	3.52	99.7	70.4	(6.51)	(7.59)
DPS growth (%)	(33.3)	(25.0)	0	0	0
Dividend payout ratio (%)	253	68.1	55.7	59.6	64.5
Efficiency ratios					
Return on avg. equity (%)	4.73	9.46	15.3	13.5	11.8
Return on avg. CE (%)	3.13	8.90	17.4	15.2	13.4
Asset turnover (x)	0.90	0.97	1.12	1.08	1.05
Operating cash/EBIT (x)	2.61	(2.02)	1.37	0.79	0.79
Inventory days	54.5	92.0	68.7	71.7	77.5
Accounts receivable days	20.6	37.2	31.1	33.0	33.6
Accounts payable days	21.7	18.0	21.1	20.3	19.8
Leverage ratios					
Net debt*/equity (%)	23.6	28.2	15.3	12.6	8.44
Debt/capital (%)	22.0	24.9	23.7	23.0	22.4
Interest coverage (x)	N/a	N/a	N/a	N/a	N/a
Debt/EBITDA (x)	4.81	3.21	1.73	1.84	1.95
Current ratio (x)	2.54	2.41	2.49	2.61	2.71
Valuation					
EV/sales (x)	0.81	0.79	0.58	0.56	0.56
EV/EBITDA adj. (x)	14.4	9.52	4.60	4.76	5.01
P/E (x)	33.1	11.9	9.72	10.4	11.2
P/E adj. (x)	33.1	16.6	9.72	10.4	11.2
P/B (x)	1.59	1.54	1.44	1.36	1.30
Dividend yield (%)	7.65	5.74	5.74	5.74	5.74

*Note: *Excluding short-term investments.*
Source: Company, HSC Research estimates