

25 Oct 2022

# Ca Mau Fertilizer (DCM)

Non - rated

## Put all hope in the 4Q22F

### 3Q22: Predictable but still sad

- Ca Mau Fertilizer (DCM) issued 3Q22's business results on Oct 24, posting a VND3,307bn revenue (+83% yoy, -19% qoq) and a VND731bn NPAT (+95% yoy, -30% qoq).
- In which, urea export revenue accounted for about 46% of total urea sales, higher than the rate of 39% in 2Q22. On average, the urea was trading at VND15,000/kg in 3Q22, -10% qoq. We estimate the urea sale volume could be lower than 180,000 tonnes, nearly the same as 2Q22.
- 9M22 revenue and NPAT were VND11,466bn (+90% yoy) and VND3,272bn (+298% yoy), respectively, fulfilling 127%/638% full-year guidance
- After hitting the peak of 48.5% in 1Q22, the gross margin fell steadily and reached 30.5% in 3Q22 (-2.68%p qoq and -1.73%p yoy).
- SG&A to sales rose from 7.5% in 2Q22 to 9.0% in 3Q22. As a result, the net margin fell by 3.34%p qoq to 22.1%.

### 4Q22F looks good

- We forecast DCM's gas input price in 4Q22 could be USD210/tonne, -11% vs the 3Q22 level.
- However, we think DCM could improve their revenue in 4Q22F by about 25%-30% qoq thanks to the increasing domestic demand for the Winter-Spring crop.
- In Oct, urea's selling price is around VND15,000-15,800/kg. We think it could steadily increase until reaches a peak of VND16,500-17,000 in Nov-Dec 2022.
- DCM is trading at 3.9x TTM PE, far below 3-yrs average of 11.6x, and 1.6x PB, higher than the 3-yrs average of 1.4x.

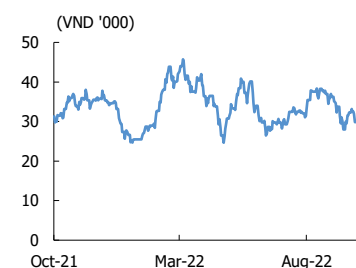
### Stock Data

VNIndex (Oct 24, pt)	986
Stock price (Oct 24, VND)	29,900
Market cap (USD mn)	637
Shares outstanding (mn)	529
52-Week high/low (VND)	45,725/24,632
6M avg. daily turnover (USD mn)	8.07
Free float / Foreign ownership (%)	24.4/9.4
Major shareholders (%)	
Petro Vietnam	75.56

### Performance

	1M	6M	12M
Absolute (%)	(17.5)	(17.5)	(4.2)
Relative to VNIndex (%p)	0.4	10.3	23.8

### Stock price trend



Source: Bloomberg

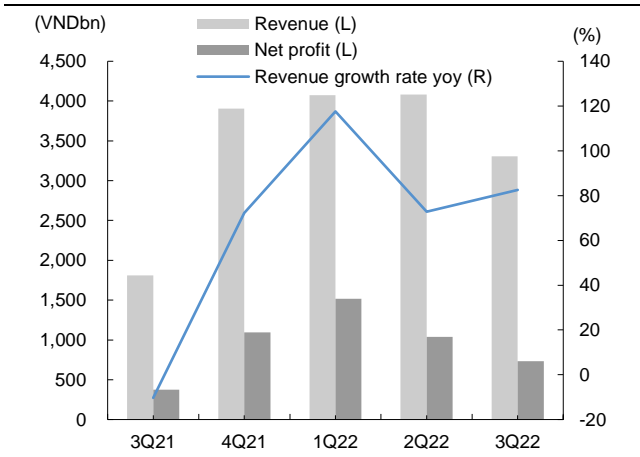
	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	5,748	6,689	7,043	7,561	9,870
chg. (% YoY)	17.1	16.4	5.3	7.4	30.5
Operating profit (VND bn)	710	781	394	644	1,920
Net profit (VND bn)	641	659	428	662	1,921
EPS (VND)	1,075	1,113	578	1,018	3,073
chg. (% YoY)	6.3	3.5	-48.1	76.1	201.9
EBITDA (VND bn)	2,019	2,084	1,713	1,962	3,218
PE (x)	8.9	7.5	10.2	13.2	11.3
EV/EBITDA (x)	3.9	2.6	1.6	2.8	4.8
PB (x)	0.8	0.7	0.5	1.1	2.5
ROE (%)	9.5	9.5	5.1	8.7	23.7
Dividend yield (%)	10.4	11.4	16.1	4.7	2.3

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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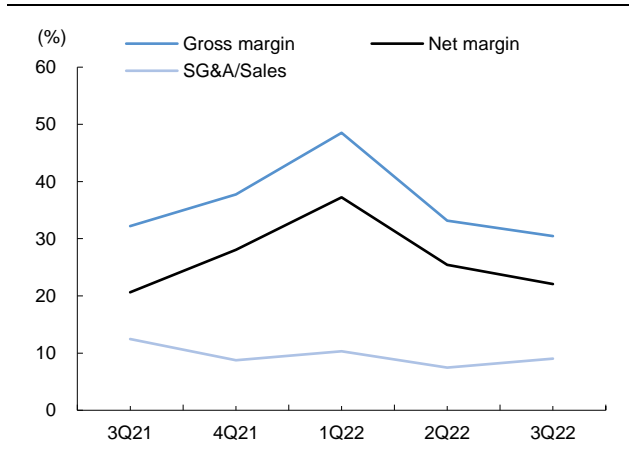
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**Figure 1. Revenue and revenue growth rate yoy**



Source: Company data, KIS

**Figure 2. Gross margin and Net margin by quarters**



Source: Company data, KIS

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