

Vietnam

HOLD (previously ADD)

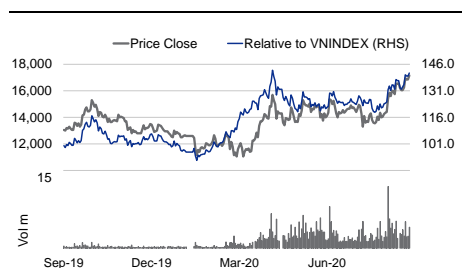
Consensus ratings*: Buy 5 Hold 1 Sell 0

| | |
|-------------------------|---------------|
| Current price: | VND17,150 |
| Target price: | VND17,100 |
| Previous target: | VND15,800 |
| Up/downside: | -0.3% |
| CGS-CIMB / Consensus: | 7.2% |
| Reuters: | DPM.HM |
| Bloomberg: | DPM VN |
| Market cap: | US\$289.6m |
| | VND6,711,383m |
| Average daily turnover: | US\$1.95m |
| | VND45,777m |
| Current shares o/s: | 391.4m |
| Free float: | 28.5% |

*Source: Bloomberg

Key changes in this note

- FY20F EPS forecast increased by 41.1%.
- FY21-22F EPS forecasts decreased by 6.6-26.6%.



Source: Bloomberg

| Price performance | 1M | 3M | 12M |
|-------------------|------|------|------|
| Absolute (%) | 22.5 | 20.4 | 31.9 |
| Relative (%) | 17.3 | 16.8 | 41.3 |

| Major shareholders | % held |
|---|--------|
| PetroVietnam | 59.6 |
| Edgbaston | 4.9 |
| Nghe An Agricultural Materials and Food JSC | 3.9 |

Analyst(s)

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PetroVietnam Fertilizer and Chemicals

Fairly priced at this point

- Strong net profit growth expected in FY20F off a low FY19 base, but FY21-22F outlook seems less promising on rising gas input costs.
- Our TP is raised to VND17,100. We downgrade our rating from Add to Hold as the strong FY20F results appear to have been priced in.

1H20 results buoyed by oil price decline and cost-cutting efforts

DPM's urea production/sales volume saw significant jumps of 62.3%/60.0% yoy in 1H20, as its plant underwent a 72-day maintenance in 1H19. This helped offset the 18.0% yoy decline in urea prices, leading to an 11% yoy increase in 1H20 net revenue. However, net profit ballooned by nearly five times to VND407bn, fueled by (1) the 8.0% pts expansion in gross margin, driven by the 42.4% drop in benchmark fuel oil price, (2) reduced SG&A expenses, from 12.1% in 1H19 to 11.5% of revenue in 1H20, thanks to continued cost-cutting efforts, and (3) higher interest income (+58.0% yoy) and lower interest expense (-11.3% yoy). 1H20 net profit was higher at 74.8% of our FY20F forecasts mainly due to lower-than-expected oil price and operating expenses.

2H20F results look solid on strong support from low oil price

We expect DPM's 2H20F urea sales volume to remain solid on high rice export prices in 8M20 (+12.9% yoy), giving local farmers the extra funds to reinvest in their crops, thus boosting full-year volume by 15% yoy. Meanwhile, we cut our FY20F oil price forecast from US\$62/bbl to US\$43/bbl, leading to a 4.7% pts upward revision in overall gross margin. We now expect FY20F net profit at VND768bn (+103% yoy), driven by a 33% drop in oil price and stronger financial profit (+145% yoy) on quick debt payment.

Rising risk from further increases in transportation tariffs

We estimate DPM's transportation tariff to increase from average US\$1.4/mmbtu in FY19 to US\$1.7/mmbtu in FY20F due to higher contributions of the high-cost supply, especially the fields at Cuu Long basin. This could worsen in FY21-24F as the cheap supply (e.g. from Bach Ho field) continues to deplete; therefore we expect rising transportation tariffs (along with higher oil prices) to put pressure on DPM's gas input costs going forward.

Downgrade from Add to Hold on valuation grounds

We raise our FY20F EPS forecast by 41% to reflect lower oil price, but cut those in FY21-22F by 7-27% due to upward revisions in gas transportation tariffs. This leads to a higher TP of VND17,100, based on a 40:30:30 combination of DCF, target FY20F P/E of 8.0x and target FY20F P/BV of 0.7x. We downgrade our rating from Add to Hold as the stock has become fairly priced following gains in 2Q in response to lower oil prices. Upside risks include lower-than-expected transportation tariffs and oil prices. Downside risks are lower-than-expected urea and NPK selling prices.

| Financial Summary | Dec-18A | Dec-19A | Dec-20F | Dec-21F | Dec-22F |
|--------------------------------|---------|---------|---------|---------|---------|
| Revenue (VNDb) | 9,297 | 7,684 | 7,990 | 8,730 | 9,140 |
| Operating EBITDA (VNDb) | 1,321 | 994 | 1,474 | 1,306 | 1,083 |
| Net Profit (VNDb) | 699.6 | 377.7 | 768.3 | 675.4 | 536.8 |
| Core EPS (VND) | 1,787 | 965 | 1,963 | 1,726 | 1,371 |
| Core EPS Growth | 1% | (46%) | 103% | (12%) | (21%) |
| FD Core P/E (x) | 9.59 | 17.77 | 8.74 | 9.94 | 12.51 |
| DPS (VND) | 1,999 | 1,027 | 1,000 | 1,000 | 1,000 |
| Dividend Yield | 11.7% | 6.0% | 5.8% | 5.8% | 5.8% |
| EV/EBITDA (x) | 4.12 | 4.13 | 2.37 | 2.06 | 2.06 |
| P/FCFE (x) | 48.78 | 4.04 | 8.00 | 6.59 | 9.96 |
| Net Gearing | (17.4%) | (34.0%) | (39.8%) | (47.7%) | (52.1%) |
| P/BV (x) | 0.83 | 0.84 | 0.80 | 0.78 | 0.76 |
| ROE | 8.77% | 4.70% | 9.39% | 7.93% | 6.15% |
| % Change In Core EPS Estimates | | | 41.1% | (6.6%) | (26.6%) |
| CGS-CIMB/Consensus EPS (x) | | | 1.28 | 1.19 | 1.00 |

SOURCES: VND RESEARCH, COMPANY REPORTS

Fairly priced at this point

1H20 results buoyed by oil price decline and cost-cutting efforts

Figure 1: 1H20 results overview

| FYE Dec (VND bn) | 2Q20 | 2Q19 | % yoy | 1H20 | 1H19 | % yoy | % of FY20F forecasts | Comments |
|------------------------------------|---------|---------|-----------|-------|-------|-----------|----------------------|--|
| Brent crude oil (US\$/bbl) | 33.4 | 68.5 | -51.2% | 42.1 | 66.2 | -36.4% | | |
| Gas input price (est., US\$/mmbtu) | 3.8 | 6.1 | -37.4% | 4.4 | 6.0 | -27.9% | | The benefit from lower oil price was undermined by higher transportation tariff, as the gas depletion at Bach Ho field caused DPM to buy gas from higher-cost sources such as other fields at Cuu Long and Nam Con Son basins. |
| Urea sales volume | 231 | 127 | 82.3% | 418 | 261 | 60.0% | | 2Q20 urea consumption jumped 82.3% yoy as the plant only operated two out of three months in 2Q19. |
| Average urea sales price (VND/kg) | | | | 6,125 | 7,469 | -18.0% | | |
| Net revenue | 2,179.6 | 1,931.2 | 12.9% | 3,877 | 3,505 | 10.6% | 42.8% | |
| Gross profit | 570.5 | 262.4 | 117.4% | 909.3 | 531.0 | 71.3% | 53.1% | |
| Gross profit margin | 26.2% | 13.6% | 12.6% pts | 23.5% | 15.1% | +8.3% pts | | Gross profit margin increased 12.6% pts to 26.2% in 2Q20 as oil price fell to the five-year trough and stayed low in 2Q. |
| Selling expenses | 134 | 119 | 13.2% | 274 | 219 | 24.8% | 43.7% | |
| G&A expenses | 96 | 115 | -16.5% | 171 | 205 | -16.6% | 35.6% | |
| SG&A/net revenue (%) | 10.6% | 12.1% | -1.5% pts | 11.5% | 12.1% | -0.6% pts | +0.6% pts | |
| Operating income | 339.9 | 28.5 | 1092.6% | 464.5 | 106.3 | 336.9% | 76.9% | |
| Financial income | 42.0 | 31.4 | 33.4% | 73.0 | 46.9 | 55.6% | 44.7% | Interest income rose 58.0% yoy on higher cash balance |
| Financial expenses | 21.9 | 27.5 | -20.5% | 50.0 | 55.3 | -9.6% | 48.2% | Lower interest pressure as DPM paid off its long-term debt (-10% as at end-2Q20 vs. 2Q19). |
| Profit before tax | 364.6 | 36.3 | 903.3% | 493.4 | 101.7 | 385.1% | 73.4% | |
| Net profit | 302.8 | 31.4 | 864.5% | 407.6 | 83.2 | 390.2% | 74.8% | |

SOURCES: VND RESEARCH, COMPANY REPORTS

2H20F results look solid on strong support from low oil prices

Fertiliser demand expected to stay solid ►

We expect urea demand in 2H20F to be supported by (1) good 2019/2020 winter-spring crop and high 8M20 export price of rice (+12.9% yoy), providing farmers with the extra funds to reinvest in agricultural inputs, such as seeds, fertilisers, chemicals, etc., and (2) improved weather conditions compared to the El Nino-affected 2019, given a higher chance of La Nina (60%) in the 2020/2021 winter in the northern hemisphere. Therefore, we maintain our forecast of a 15% increase in urea sales volume in FY20F (794,000 tonnes), which is 1% above DPM's 2020F plan.

Gross margin boosted by lower gas input prices ►

In 1H20, oil price declined by an average of 36.4% yoy to the lowest level in five years, hence DPM's gross margin improved by 8.3% pts yoy to 23.5%. We expect oil prices to stay around the 1H level of US\$42-43/bbl, therefore we cut our full-year oil price forecast from US\$62/bbl earlier to US\$43/bbl. This leads to an FY20F GPM of 23.6%, 4.7% pts higher than our previous forecast of 18.9%.

Growing concern over rising gas input costs

In 1H20, DPM finalised its gas supply contract with PVGas (GAS VN, Hold, TP:VND70,000), in which DPM would receive gas from other fields at Cuu Long and Nam Con Son basins in compensation for the gas shortage at Bach Ho field, at a ratio of 60:40 (2019: 50:50). The transportation tariffs for other fields at Cuu Long/Nam Con Son basins are much higher than for Bach Ho (US\$3.22/mmbtu and US\$1.41-1.44/mmbtu vs. US\$1.02/mmbtu). This would lead to much higher

gas input costs in FY20F of US\$1.7/mmbtu vs. FY19F's US\$1.4/mmbtu, in our estimation, as DPM is running at full capacity in FY20F, which implies higher contribution of supplemental gas than in FY19.

From FY21F onwards, we believe DPM would bear the double effect of increasing oil price and greater mobilisation of high-cost supply. This could be partially alleviated by a negotiation to receive more gas from Nam Con Son than Cuu Long, to take advantage of the lower tariffs. But we expect the company's gross margin to still be hurt strongly by the higher gas cost, hence our FY21F/FY22F net profit forecasts are set to fall by 12%/21% yoy.

Earnings revision

Figure 2: Forecast revision

| Unit: VNDbn, otherwise noted | 2020F | | | 2021F | | | 2022F | | | Note |
|-------------------------------------|-------|-------|-----------|-------|-------|-----------|--------|-------|-----------|--|
| | Old | New | %Δ | Old | New | %Δ | Old | New | %Δ | |
| Brent crude oil (average, US\$/bbl) | 62.0 | 43.0 | -30.6% | 65.4 | 50.0 | -23.5% | 66.8 | 55.0 | -17.7% | We lower oil price forecast to reflect 1H20 numbers and our expectation of lower long-term oil price. |
| Urea ASP (VND/kg) | 7,064 | 6,283 | -11.1% | 7,105 | 6,472 | -8.9% | 7,237 | 6,536 | -9.7% | We revise down 2020F forecast as urea price in 1H20 remained subdued due to high inventory, but we expect a soft recovery in ASP from 2H20F as demand picks up. |
| Urea volume ('000 tonnes) | 794 | 794 | - | 802 | 802 | - | 810 | 810 | - | |
| NPK volume ('000 tonnes) | 150 | 125 | -16.7% | 175 | 150 | -14.3% | 200 | 175 | -12.5% | In 1H20, the NPK plant still encountered some technical issues and had to stop operation for a few days. 1H20 sales volume was only 43,000 tonnes. Therefore, we reduce our sales volume assumption to reflect weaker-than-expected performance of this plant. |
| Other fertilizers ('000 tonnes) | 189 | 189 | - | 220 | 220 | - | 220 | 220 | - | |
| Net revenue | 9,063 | 7,990 | -11.8% | 9,717 | 8,730 | -10.2% | 10,222 | 9,140 | -10.6% | |
| Gross profit | 1,711 | 1,888 | 10.3% | 1,965 | 1,806 | -8.1% | 2,005 | 1,621 | -19.2% | We increase FY21-22F transportation tariff forecast from US\$1.5/mmbtu to US\$2.1/mmbtu, assuming supplemental gas supply from Cuu Long and Nam Con Son at 40:60 ratio. |
| Gross profit margin | 18.9% | 23.6% | +4.7% pts | 20.2% | 20.7% | +0.5% pts | 19.6% | 17.7% | -1.9% pts | |
| Selling expenses | 626 | 552 | -11.8% | 661 | 594 | -10.2% | 695 | 612 | -11.9% | |
| G&A expenses | 482 | 425 | -11.8% | 509 | 468 | -8.1% | 531 | 488 | -8.2% | |
| Operating profit | 604 | 912 | 51.0% | 796 | 744 | -6.4% | 779 | 521 | -33.1% | |
| Financial income | 163 | 172 | 5.5% | 167 | 194 | 16.0% | 175 | 212 | 21.1% | |
| Financial expenses | 104 | 93 | -10.3% | 87 | 78 | -10.2% | 70 | 63 | -10.1% | |
| Pre-tax profit | 672 | 1,000 | 48.8% | 887 | 872 | -1.7% | 896 | 683 | -23.8% | |
| Net profit | 545 | 768 | 41.1% | 723 | 675 | -6.6% | 731 | 537 | -26.6% | |
| Basic EPS (VND/share) | 1,391 | 1,963 | 41.1% | 1,848 | 1,726 | -6.6% | 1,869 | 1,371 | -26.6% | |
| Adjusted EPS (VND/share) | 1,113 | 1,570 | 41.1% | 1,478 | 1,380 | -6.6% | 1,495 | 1,097 | -26.6% | |

SOURCES: VND RESEARCH, COMPANY REPORTS

Downgrade from Add to Hold

We raise our FY20F EPS forecast by 41% to reflect lower oil prices, but cut those in FY21-22F by 7-27% due to upward revisions in gas transportation tariffs. This leads to a higher TP of VND17,100, based on a 40:30:30 combination of DCF, target FY20F P/E of 8.0x and target FY20F P/BV of 0.7x. We downgrade our rating from Add to Hold, as the stock has become fairly priced after the strong gains in 2Q in response to the lower oil prices.

Figure 3: DCF valuation summary

| General assumptions (in VND bn, otherwise noted) | 2020F | 2021F | 2022F | 2023F | 2024F | Terminal |
|--|-------|-------|-------|-------|-------|---------------------------------------|
| Net income | 768 | 675 | 537 | 357 | 290 | |
| Tax rate (%) | 21.4% | 20.5% | 19.4% | 15.4% | 10.5% | |
| Interest expense | 87 | 72 | 57 | 42 | 29 | |
| -Changes in working capital | (186) | 104 | (108) | (28) | (64) | |
| -Net Capex | (116) | (117) | (118) | (119) | (120) | |
| +Depreciation & Amortisation | 562 | 562 | 562 | 561 | 561 | |
| FCFF | 1,097 | 1,282 | 918 | 807 | 692 | 6,171 |
| PV of FCFF | 986 | 1,036 | 667 | 528 | 407 | 3,627 |
| PV of DCF (5 years) | 3,625 | | | | | Risk free rate (10-year VGB yield) 4% |
| PV of Terminal value | 3,627 | | | | | Equity risk premium 11% |
| Enterprise Value | 7,251 | | | | | Beta (Source: BB, adj. beta) 0.7 |
| Less: Total debt | 1,241 | | | | | WACC 11% |
| Less: Total liability relating to PVTex investment | 1,311 | | | | | Terminal growth rate 0% |
| Less: Minority interest | 165 | | | | | |
| Plus: Cash and Cash equiv. | 4,012 | | | | | |
| Implied EV | 8,546 | | | | | |
| No. of o/s shares (m) | 391 | | | | | |
| Implied value per share (VND) | | | | | | 21,834 |

SOURCES: VND RESEARCH

Figure 4: P/E and P/BV valuations

| | FY20F |
|-------------------------------|--------|
| EPS FY2020F (VND) | 1,570 |
| Target multiple (x) | 8.0 |
| Implied value per share (VND) | 12,563 |
| BVPS FY2020F (VND) | 21,862 |
| Target multiple (x) | 0.7 |
| Implied value per share (VND) | 15,303 |

SOURCES: VND RESEARCH,

Figure 5: Blended target price

| Valuation method | Implied value per share (VND) | Weight (%) | Weighted value per share (VND) |
|---------------------------|-------------------------------|------------|--------------------------------|
| DCF | 21,834 | 40% | 8,734 |
| P/E | 12,563 | 30% | 3,769 |
| P/BV | 15,303 | 30% | 4,591 |
| Fair value | | | 17,094 |
| Target price (rounded up) | | | 17,100 |

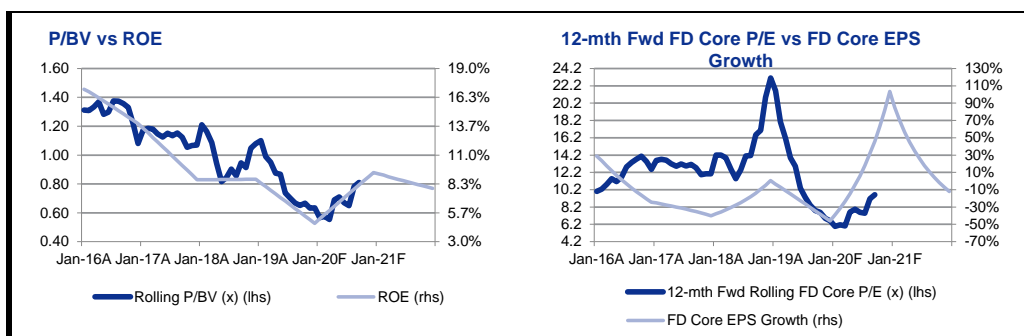
SOURCES: VND RESEARCH,

Figure 6: Peer comparison

| Company | Bloomberg Ticker | Bloomberg Recom. | Share Price (local curr) | Target Price (local curr) | Market Cap (US\$ m) | P/E (x) | | P/BV (x) | | Recurring | | EV/EBITDA | | Dividend | |
|---------------------------------------|------------------|------------------|--------------------------|---------------------------|---------------------|------------|------------|------------|------------|-------------|-------------|------------|------------|------------|------------|
| | | | | | | FY20F | FY21F | FY20F | FY21F | FY20F | FY21F | FY20F | FY21F | FY20F | FY21F |
| Fatima Fertilizer Co Ltd | FATIMA PA | NR | 31 | N/A | 396.3 | 4.9 | 5.9 | 0.7 | 0.7 | 17.1 | 12.8 | NA | NA | 6.4 | 6.4 |
| Engro Fertilizers Ltd | EFERT PA | NR | 62 | N/A | 499.3 | 7.7 | 7.2 | 1.8 | 1.7 | 23.8 | 25.3 | 4.1 | 3.8 | 11.5 | 11.7 |
| Chambal Fertilizers and Chemicals Ltd | CHMB IN | NR | 143 | N/A | 807.2 | 5.1 | 4.8 | 1.3 | 1.1 | 26.0 | 22.6 | NA | NA | 3.5 | 4.6 |
| Fauji Fertilizer Co Ltd | FFC PA | NR | 110 | N/A | 838.6 | 8.0 | 7.8 | NA | NA | 46.8 | 45.8 | NA | NA | 10.5 | 11.0 |
| Engro Corp Ltd | ENGRO PA | NR | 312 | N/A | 1,083.7 | 8.5 | 7.5 | 1.2 | 1.1 | 12.6 | 13.4 | 4.3 | 3.2 | 6.9 | 8.3 |
| Hubei Xinyangfeng Fertilizer Co Ltd | 000902 CH | NR | 12 | N/A | 2,207.7 | 19.0 | 14.9 | 2.1 | 1.9 | 11.4 | 13.3 | 11.0 | 8.6 | 2.1 | 2.7 |
| Average | | | | | 972.1 | 8.9 | 8.0 | 1.4 | 1.3 | 22.9 | 22.2 | 6.4 | 5.2 | 6.8 | 7.4 |
| Median | | | | | 822.9 | 7.8 | 7.4 | 1.3 | 1.1 | 20.4 | 18.0 | 4.3 | 3.8 | 6.6 | 7.3 |
| PetroVietnam Fertilizer and Chemicals | DPM VN | HOLD | 17,150 | 17,100 | 289.6 | 8.7 | 9.9 | 0.8 | 0.8 | 9.4% | 7.9% | 2.4 | 2.1 | 5.8% | 5.8% |

SOURCES: VND RESEARCH, BLOOMBERG (DATA AS AT 14 SEP 20)

BY THE NUMBERS



Profit & Loss

| (VNDb) | Dec-18A | Dec-19A | Dec-20F | Dec-21F | Dec-22F |
|---|--------------|--------------|--------------|--------------|--------------|
| Total Net Revenues | 9,297 | 7,684 | 7,990 | 8,730 | 9,140 |
| Gross Profit | 1,899 | 1,402 | 1,888 | 1,806 | 1,621 |
| Operating EBITDA | 1,321 | 994 | 1,474 | 1,306 | 1,083 |
| Depreciation And Amortisation | (519) | (562) | (562) | (562) | (562) |
| Operating EBIT | 801 | 432 | 912 | 744 | 521 |
| Financial Income/(Expense) | 50 | 32 | 79 | 116 | 149 |
| Pretax Income/(Loss) from Assoc. | 0 | 0 | 0 | 0 | 0 |
| Non-Operating Income/(Expense) | 19 | 3 | 9 | 12 | 13 |
| Profit Before Tax (pre-EI) | 871 | 467 | 1,000 | 872 | 683 |
| Exceptional Items | | | | | |
| Pre-tax Profit | 871 | 467 | 1,000 | 872 | 683 |
| Taxation | (158) | (78) | (214) | (179) | (133) |
| Exceptional Income - post-tax | | | | | |
| Profit After Tax | 712 | 389 | 787 | 693 | 550 |
| Minority Interests | (13) | (11) | (18) | (18) | (14) |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Net Profit | 700 | 378 | 768 | 675 | 537 |
| Recurring Net Profit | 700 | 378 | 768 | 675 | 537 |
| Fully Diluted Recurring Net Profit | 700 | 378 | 768 | 675 | 537 |

Cash Flow

| (VNDb) | Dec-18A | Dec-19A | Dec-20F | Dec-21F | Dec-22F |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| EBITDA | 1,321 | 994 | 1,474 | 1,306 | 1,083 |
| Cash Flow from Inv. & Assoc. | | | | | |
| Change In Working Capital | (754) | 782 | (186) | 104 | (108) |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | (84) | 29 | (1) | (1) | (1) |
| Other Operating Cashflow | (18) | (28) | 4 | 6 | 7 |
| Net Interest (Paid)/Received | 60 | 29 | 85 | 122 | 155 |
| Tax Paid | (144) | (46) | (214) | (179) | (133) |
| Cashflow From Operations | 381 | 1,759 | 1,162 | 1,358 | 1,003 |
| Capex | (891) | (118) | (116) | (117) | (118) |
| Disposals Of FAs/subsidiaries | 5 | 3 | 0 | 0 | 0 |
| Acq. Of Subsidiaries/investments | | | | | |
| Other Investing Cashflow | 64 | 61 | (11) | (26) | (15) |
| Cash Flow From Investing | (822) | (54) | (127) | (144) | (133) |
| Debt Raised/(repaid) | 578 | (43) | (196) | (196) | (196) |
| Proceeds From Issue Of Shares | 0 | 0 | 0 | 0 | 0 |
| Shares Repurchased | 0 | 0 | 0 | 0 | 0 |
| Dividends Paid | (783) | (402) | (391) | (391) | (391) |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | 0 | 0 | (9) | (2) | (9) |
| Cash Flow From Financing | (204) | (445) | (597) | (590) | (597) |
| Total Cash Generated | (645) | 1,260 | 438 | 625 | 273 |
| Free Cashflow To Equity | 138 | 1,662 | 839 | 1,018 | 674 |
| Free Cashflow To Firm | (378) | 1,812 | 1,123 | 1,287 | 928 |

SOURCES: VND RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

| (VNDb) | Dec-18A | Dec-19A | Dec-20F | Dec-21F | Dec-22F |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Cash And Equivalents | 2,672 | 4,012 | 4,450 | 5,075 | 5,348 |
| Total Debtors | 521 | 289 | 358 | 360 | 393 |
| Inventories | 1,663 | 1,351 | 1,372 | 1,510 | 1,640 |
| Total Other Current Assets | 317 | 292 | 304 | 332 | 347 |
| Total Current Assets | 5,172 | 5,944 | 6,483 | 7,277 | 7,728 |
| Fixed Assets | 4,453 | 3,932 | 3,497 | 3,063 | 2,631 |
| Total Investments | 47 | 45 | 45 | 45 | 45 |
| Intangible Assets | 860 | 858 | 855 | 852 | 848 |
| Total Other Non-Current Assets | 602 | 660 | 664 | 683 | 690 |
| Total Non-current Assets | 5,962 | 5,496 | 5,061 | 4,643 | 4,214 |
| Short-term Debt | 202 | 177 | 133 | 89 | 44 |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | 1,178 | 1,375 | 1,269 | 1,492 | 1,534 |
| Other Current Liabilities | 133 | 509 | 529 | 578 | 605 |
| Total Current Liabilities | 1,514 | 2,061 | 1,931 | 2,158 | 2,184 |
| Total Long-term Debt | 1,032 | 1,064 | 912 | 760 | 608 |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | 334 | 155 | 145 | 143 | 134 |
| Total Non-current Liabilities | 1,365 | 1,218 | 1,057 | 903 | 741 |
| Total Provisions | 0 | 0 | 0 | 0 | 0 |
| Total Liabilities | 2,879 | 3,279 | 2,988 | 3,061 | 2,925 |
| Shareholders' Equity | 8,087 | 7,996 | 8,373 | 8,657 | 8,802 |
| Minority Interests | 168 | 165 | 184 | 202 | 215 |
| Total Equity | 8,255 | 8,161 | 8,557 | 8,859 | 9,018 |

Key Ratios

| | Dec-18A | Dec-19A | Dec-20F | Dec-21F | Dec-22F |
|---------------------------|---------|---------|---------|---------|---------|
| Revenue Growth | 16.3% | (17.4%) | 4.0% | 9.3% | 4.7% |
| Operating EBITDA Growth | 53.3% | (24.7%) | 48.3% | (11.4%) | (17.1%) |
| Operating EBITDA Margin | 14.2% | 12.9% | 18.4% | 15.0% | 11.8% |
| Net Cash Per Share (VND) | 3,674 | 7,080 | 8,701 | 10,798 | 11,998 |
| BVPS (VND) | 20,662 | 20,429 | 21,392 | 22,118 | 22,489 |
| Gross Interest Cover | 12.81 | 4.04 | 10.42 | 10.27 | 9.07 |
| Effective Tax Rate | 18.2% | 16.7% | 21.4% | 20.5% | 19.4% |
| Net Dividend Payout Ratio | 112% | 106% | 51% | 58% | 73% |
| Accounts Receivables Days | 11.11 | 15.72 | 12.48 | 12.73 | 12.71 |
| Inventory Days | 71.19 | 87.55 | 81.63 | 75.95 | 76.46 |
| Accounts Payables Days | 17.60 | 25.98 | 26.46 | 23.64 | 24.50 |
| ROIC (%) | 14.5% | 6.1% | 16.6% | 14.2% | 11.0% |
| ROCE (%) | 10.2% | 6.0% | 11.4% | 9.7% | 7.6% |
| Return On Average Assets | 6.19% | 3.16% | 6.15% | 4.92% | 3.36% |

Key Drivers

| | Dec-18A | Dec-19A | Dec-20F | Dec-21F | Dec-22F |
|---------------------------------|---------|---------|---------|---------|---------|
| Oil Price (US\$/bbl) | 71.2 | 64.2 | 43.0 | 50.0 | 55.0 |
| Volume Growth (%) | 2.3% | -14.9% | 14.9% | 1.0% | 1.0% |
| Ratio Of Up To Downstream (x) | N/A | N/A | N/A | N/A | N/A |
| Operating Cash Cost (US\$/bbl) | N/A | N/A | N/A | N/A | N/A |
| Ratio Of High To Low Margin (x) | N/A | N/A | N/A | N/A | N/A |

SOURCES: VND RESEARCH, COMPANY REPORTS

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| | | | | | |
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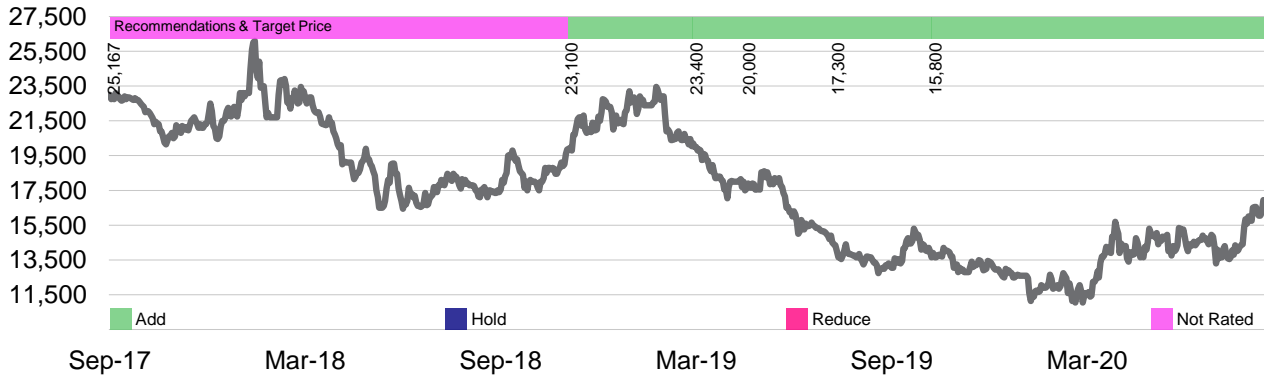
institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

| Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2020 | | |
|--|-------------------------|--------------------------------|
| 800 companies under coverage for quarter ended on 30 June 2020 | | |
| | Rating Distribution (%) | Investment Banking clients (%) |
| Add | 60.1% | 0.4% |
| Hold | 25.9% | 0.1% |
| Reduce | 14.0% | 0.3% |

Spitzer Chart for stock being researched (2 year data)

PetroVietnam Fertilizer and Chemicals (DPM VN)

— Price Close



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2019, Anti-Corruption 2019

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BPCG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, n/a, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** – Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** – Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TNR** – Very Good, Certified, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI) .

RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

| | |
|--------|---|
| Add | The stock's total return is expected to reach 15% or higher over the next 12 months. |
| Hold | The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months. |
| Reduce | The stock's total return is expected to fall below negative 10% over the next 12 months. |

The total expected return of a stock is defined as the sum of the:(i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

| | |
|-------------|--|
| Overweight | An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation. |
| Neutral | A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation. |
| Underweight | An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation. |

Country Ratings

Definition:

| | |
|-------------|--|
| Overweight | An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark. |
| Neutral | A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark. |
| Underweight | An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark. |

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