

## Petro Viet Nam Ca Mau Fertilizer JSC (DCM)

### Key takeaways from DCM's AGM

- DCM sets a more cautious 2026 business plan, with NPAT expected to decline 39.8% YoY, reflecting concerns over a volatile global market.
- DCM reported 1Q26 PBT surged 93% YoY, driven by favorable exports and gross margin expansion.
- The AGM approved a 2025 cash dividend payout ratio of 20%.

#### Update on 1Q26 results and 2026 business plan

1Q26 results: Sales volume increased 45% YoY, of which export volume rose 39% YoY. Total revenue surged 54% YoY to VND5.3tn (USD201.5mn), while PBT jumped 93% YoY to VND878bn (USD21.9mn). The strong performance was driven by a favorable export environment and higher urea selling prices (+11% YoY). DCM sets a 2026 revenue target of a slight 3.4% YoY increase, while NPAT is expected to drop sharply 39.8% YoY, reflecting a cautious stance amid a volatile global market.

#### Production and sales

**Production:** DCM targets urea output to slightly decrease 4% YoY to 926,000 tons, mainly due to a longer-than-usual maintenance turnaround scheduled during the year. Over the medium to long term, DCM continues to upgrade and revamp the Ca Mau urea plant to further reduce energy consumption and gradually operate at 125% of designed capacity by 2030.

**Sales:** DCM targets urea/NPK sales volume to increase 0.8%/5.6% YoY, respectively, while maintaining domestic market share and boosting exports. Cambodia remains the largest export market, while DCM continues to penetrate more demanding markets such as the US and Australia.

#### Urea price outlook in 2026

Global urea prices have surged over 100% YoY to above USD900/ton, lifting domestic prices accordingly. Management expects the Middle East conflict to end in May, after which urea prices may cool down and move sideways toward year-end (with limited downside as production facilities require time to recover).

#### Gas sourcing and input gas price outlook

Average gas price in 1Q26 stood at USD9.9/mmbtu (+7.6% YoY) and is expected to remain elevated in the coming months as the conflict persists. However, domestic gas prices still have a significant advantage over global levels. Contracts between PVN, Petronas and upstream operators will expire in 2027 and have been extended for another 20 years to 2047. The company maintains a gas sourcing mix of 50% from PVN and 50% from Petronas. In the future, if incremental gas supply from Petronas is insufficient, it could be supplemented by LNG imports or pipeline connection from Block B.

#### Business strategy for 2026-30

Financial targets by 2030: Total revenue to reach VND35.9tn (USD1.3bn), including fertilizer production revenue of VND24.1tn (USD916.3mn), industrial gas and chemicals revenue of VND276bn (USD10.4mn), and biotechnology and post-harvest processing revenue of VND10tn (USD380.2mn).

	2025 Actual	2026 Plan	% svck
<b>Consumption Targets ('000 ton)</b>			
Urea	884	891	0.8%
NPK	331	350	5.6%
<b>Financial Indicators (VNDbn)</b>			
Total Revenue	17,033	17,615	3.4%
NPAT	1,962	1,182	-39.8%

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#### 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.

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