

STOCK PITCH REPORT

August 25, 2025

Ca Mau Fertilizer (DCM)

Strong urea prices to propel earnings outlook

Senior Analyst Nguyen Duong Nguyen
(+84) 24-7303-5333 nguyenn1@kbsec.com.vn

Buy

Target price	VND46,800
Support/Entry 1	37,500 – 38,500
Upside 1	22%
Support/Entry 2	34,000 – 35,000
Upside 2	34%

Note:

Investors need to combine the assessment of market trend, the attractiveness of investment catalysts and risk appetite to manage the stock exposure at each entry level accordingly.

Since the determination of each support/entry level is based on different time frames, we do not provide a fixed Stop Loss. In general, Stop Loss levels should be set tighter for near supports/entries (5–7%) and wider for far supports/entries (10–15%).

Business operation

PV Ca Mau Fertilizer (DCM) engages in the production of urea and NPK, with current plant capacities of 800,000 tons/year and 660,000 tons/year, respectively. In the urea segment, DCM commands a 32% market share domestically and a 40% share in the Cambodian market.

Stock price relative comparison

DCM's ROE has been on a recovery trajectory since late 2023 (after urea prices peaked), rising to 15.4% from 9.2% in 4Q2023. DCM is currently trading at a PBR of 1.8x, consistent with its 5-year average. KBSV projects ROE to improve further to 19.4% in 2025, supporting a forward PBR target of 2.4x (+1.5 standard deviations above the 5-year average).

INVESTMENT CATALYSTS

Elevated urea prices as the main catalyst for profit growth

KBSV expects urea prices to remain elevated throughout 2025–2026, supported by: (1) continued constraints on gas supply for fertilizer production in the EU and Middle East due to ongoing geopolitical tensions, and (2) rising consumption demand in India, projected to strengthen further in 2H2025.

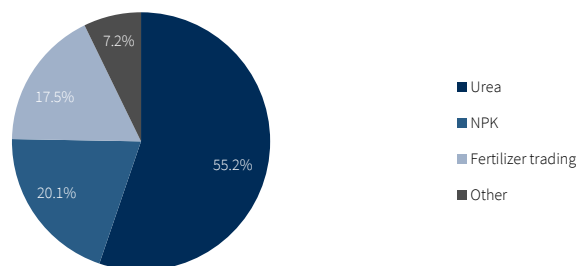
Stable demand, urea expansion, and NPK optimization

DCM's medium-term growth outlook is fueled by: (1) a 25% capacity expansion in the urea segment, (2) an increase in NPK market share to 17% following the acquisition of Korea-Vietnam Fertilizer Co., Ltd (KVF), up from the current 7%, and (3) strategic investment in an industrial gases and chemicals project.

Attractive dividend yield

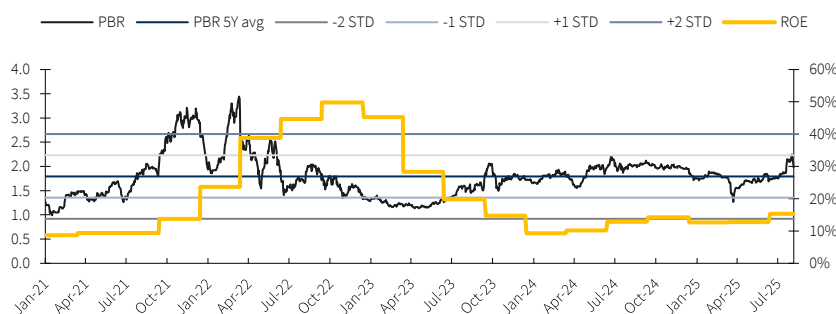
DCM plans to distribute a cash dividend of VND2,000/share in 2025, implying a yield of 4.8%. KBSV forecasts net profit to grow 64% YoY in 2025 and expects the dividend to be raised to VND2,500/share, translating into a yield of 6%.

DCM – Revenue composition (2024)



Source: PV Ca Mau Fertilizer, KB Securities Vietnam

DCM – PBR and ROE (2021–2025)



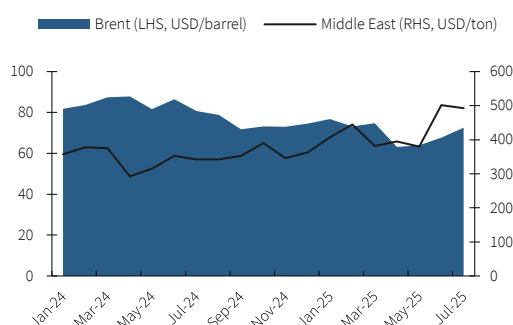
Source: PV Ca Mau Fertilizer, KB Securities Vietnam

1. Elevated urea prices as the main catalyst for profit growth

Urea prices should benefit from (1) tight natural gas supply, (2) rising demand in India, and (3) import restrictions on fertilizers into the EU

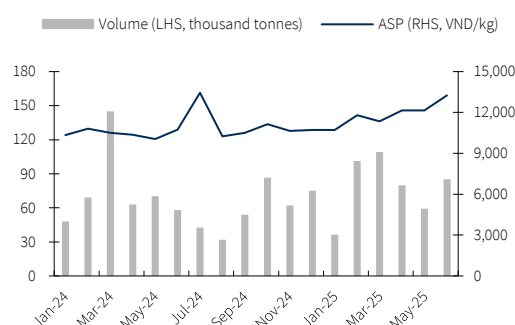
As of end-July 2025, urea prices in the Middle East and China had risen by 36% and 74% YTD, respectively. The rally was driven by: (1) production disruptions amid tight gas supply and elevated gas prices caused by geopolitical tensions involving the EU-Russia and Israel-Iran, and (2) strong domestic demand in India since the start of the year, and (3) the enforcement of EU import tariffs on urea from Russia and Belarus effective July 1, 2025 (Table 03). Benefiting from these favorable international market dynamics, DCM's domestic wholesale urea prices have climbed 30% YTD (Agromonitor), boosting 1H2025 performance with adjusted NPAT-MI up 32% YoY to VND1,168 billion. Looking ahead, we expect urea prices to remain elevated, backed by: (1) continued gas supply constraints in the EU and Middle East amid geopolitical tensions, (2) robust demand growth in India projected for 2H2025 on the back of tight supply, and (3) stronger EU import demand ahead of potential price hikes following additional tariffs. KBSV forecasts DCM's average urea selling price at VND11,400/kg in 2025 (+20% YoY and VND11,300/kg in 2026 (flat YoY).

Fig 1. Global Brent crude oil prices vs. urea prices in the Middle East



Source: Bloomberg, KB Securities Vietnam

Fig 2. DCM – Urea sales volume & prices (thousand tons, VND/kg)



Source: PV Ca Mau Fertilizer, KB Securities Vietnam

Table 3. EU – Import tariffs on fertilizers effective July 1, 2025

	2025	2026	2027	2028+
Value-based tax	6.5%	6.5%	6.5%	6.5%
Fixed tax per ton	40 – 45 EUR/ton	60 – 70 EUR/ton	80 – 95 EUR/ton	315 – 430 EUR/ton
Import cap	2.7 million tons	1.8 million tons	0.9 million tons	0.9 million tons

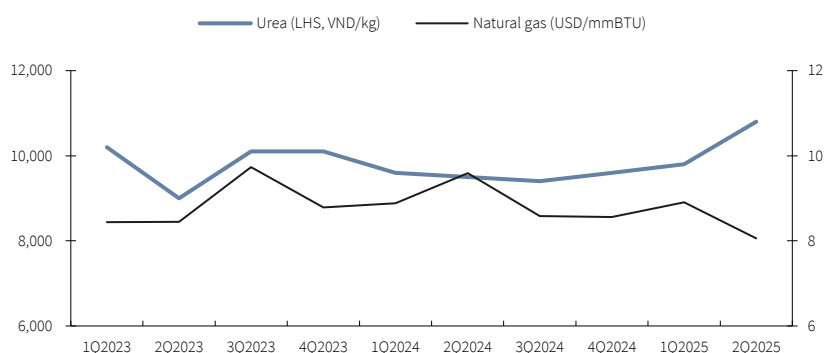
Source: KB Securities Vietnam

Gross margin is expected to be supported by (1) lower natural gas prices and (2) the revised VAT law on fertilizers

Brent crude oil and fuel oil (FO) prices have declined by 9% and 7% YTD, respectively, resulting in a 6% YTD reduction in DCM's natural gas costs. Favorable input prices lifted DCM's gross margin to 22% in 1H2025 compared with 20% in the same period last year. Over the long term, DCM plans to secure new gas purchase agreements with a revised pricing mechanism, adding USD1/mmBTU for volumes sourced from VIEG and Petronas. Management believes the new contract terms to remain more competitive than other domestic gas sources, thereby strengthening DCM's sustainable cost advantage. In the near term, we expect Brent crude prices to average USD68/65 per barrel in 2025/2026, in line with market consensus. Accordingly, KBSV forecasts DCM's gross margin to reach 22.1%/22.7% in 2025/2026, supported in part by VAT refunds of VND102 billion in 2H2025 and VND205 billion in 2026, following the implementation of the amended VAT Law on fertilizers effective July 1, 2025.

DCM's adjusted NPAT-MI rose 32% YoY in 1H2025 (or +64% YoY excluding the bargain purchase gain related to KVF), driven by (1) an 8% YoY increase in average urea selling prices and (2) a 3% YoY decline in natural gas costs.

Fig 4. DCM – Urea & natural gas prices (VND/kg, USD/mmBTU)



Source: PV Ca Mau Fertilizer, KB Securities Vietnam

Table 5. Global – Brent crude oil price forecast

	3Q2025	4Q2025	1Q2026	2Q2026	3Q2026	4Q2026
Median	67	64	64	63	65	66
Morgan Stanley	68	65	60	60	60	60
JP Morgan Chase	63	61	55	57	57	60
Citigroup	66	63	65	65	65	65
UBS Group	68	68	68	68		
BofA Merrill Lynch	66	61	68	70	70	72
Goldman Sachs	63	59	57	56	55	55
BNP Paribas	52	65	71	76	81	83
Standard Charter	66	59	55	58	66	70
MUFG	63	62	64	62	63	60
HSBC	67	65	65	65	65	65

Source: Bloomberg, KB Securities Vietnam

2. Stable demand, urea expansion, and NPK optimization

DCM's urea sales volume is projected to grow 6%/5% YoY in 2025/2026

DCM's domestic urea market share is estimated at 32%, with its share in the Southeast region climbing to 72% by end-2Q2025 (vs. 61% in the same period last year). In 1H2025, DCM's urea export volume rose 29% YoY to 225 thousand tons, with Cambodia contributing 34% of total exports, where DCM captured a 40% market share as of 2Q2025. KBSV projects DCM's urea sales volume at 851/890 thousand tons in 2025/2026, representing 6%/5% YoY growth.

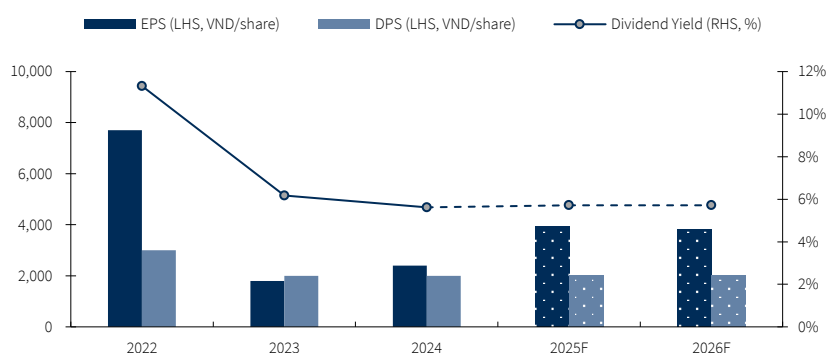
Long-term growth drivers include (1) urea expansion, (2) NPK optimization, and (3) the industrial gases and chemicals project

For the 2025–2030 period, DCM targets to raise its urea production capacity to 1 million tons per year (a 25% increase from the current level) to reinforce long-term competitiveness. Following the KVF merger, which lifts total capacity to 660 thousand tons per year, DCM also aims to expand its domestic NPK market share to 17% (vs. 7% currently). In addition, the company intends to invest in an industrial gases and chemicals project, which will process N₂, O₂, Ar, H₂, and CO₂.

3. Attractive dividend yield

In 2025, management plans to distribute a cash dividend of VND2,000 per share, implying a relatively attractive dividend yield of 4.8%. KBSV estimates DCM's adjusted NPAT-MI at VND2,081/1,981 billion in 2025/2026 (+64%/–3% YoY). Backed by robust earnings growth, DCM's cash dividend is expected to rise to VND2,500 per share in 2025, equivalent to a 6% yield based on the current market capitalization.

Fig 6. DCM – EPS, DPS, dividend yield



Source: PV Ca Mau Fertilizer, KB Securities Vietnam

Risks

Policy reversal in China's fertilizer exports

China is expected to resume urea exports during May–September 2025, with an export quota capped at 4 million tons. Although the export volume remains relatively modest, the policy reversal signals a potential risk, which could exert downward pressure on urea prices in 2026 should the quota be further relaxed.

Escalating geopolitical tensions drive heightened oil price volatility

Meanwhile, escalating geopolitical tensions between Russia–Ukraine or Israel–Iran could drive oil prices higher. This, in turn, would push natural gas prices up again, squeezing DCM's profit margins.

KB SECURITIES VIETNAM (KBSV)

Head Office:

Levels 16&17, Tower 2, Capital Place, 29 Lieu Giai Street, Ba Dinh District, Hanoi, Vietnam

Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

Hanoi Branch:

Level 1, Office Building, 5 Dien Bien Phu Street, Ba Dinh District, Hanoi, Vietnam

Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

Ho Chi Minh Branch:

Level 21, Vietinbank Tower, 93-95 Ham Nghi Street, District 1, HCMC, Vietnam

Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang Street, District 1, HCMC, Vietnam

Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

CONTACT INFORMATION

Hotline: 1900 1711

Email: info@kbsec.com.vn

Website: www.kbsec.com.vn

Investment ratings & definitions

Investment Ratings for Stocks

(Based on the expectation of price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(Based on the assessment of sector prospects over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

Opinions in this report reflect the professional judgment of the research analyst(s) as of the date hereof and are based on information and data obtained from sources that KBSV considers reliable. KBSV makes no representation that the information and data are accurate or complete and the views presented in this report are subject to change without prior notification. Clients should independently consider their own circumstances and objectives and are solely responsible for their investment decisions. We shall not have liability for investments or results thereof. These materials are the copyright of KBSV and may not be reproduced, redistributed or modified without the prior written consent of KBSV. Comments and views in this report are of a general nature and intended for reference only, not authorized to use for any other purposes.