

March 29, 2024

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Duc Giang Chemicals (DGC)

Updates on 2024 AGM

2023 business performance

- In 2023, a depressed market led to a 33% YoY decrease in DGC's revenue. Except for the thermal phosphoric acid (TPA) segment, which recorded an impressive revenue growth of 85% (+43.5% YoY), other key segments including yellow phosphorus (P₄) (-53.6% YoY) and wet phosphoric acid (WPA) 50% (-28% YoY) experienced significant declines following sharp decreases in selling prices from high bases. Gross profit margin decreased from 47% in 2022 to only 35% in 2023 as a result of reduced selling prices and increased electricity costs.
- Tia Sang Battery Plant recorded a 13% YoY decrease in revenue in 2023, but its net profit increased by 22.7% YoY.

2024G business plan

- DGC management has set a relatively cautious plan for 2024. Specifically, the projected total revenue is expected to reach VND10,202 billion, equivalent to a 4.7% YoY increase. In detail, P₄ sales should increase by 12% YoY, TPA 85% should decrease by 8% YoY, and WPA 50% sales should contract by 19% YoY. Profit after tax is expected to remain unchanged YoY.
- DGC observes that the demand for importing yellow phosphorus may have bottomed out in 2023 and is showing signs of increasing again. The firm expects the price of P₄ to slightly increase from the current level. Improvements in demand from the Indian market may be due to conflict and tension in the Red Sea disrupting the supply from Africa. The US market is trending towards ramping up the construction of lithium iron phosphate (LFP) battery plants, which is expected to boost demand for various phosphate-based chemicals in the near term. Additionally, DGC will adjust upward the export price of yellow phosphorus to align with the upward trend of domestic electricity prices.

Duc Giang Nghi Son Chemical Complex

- Thanh Hoa province has passed a resolution on site clearance compensation. Construction commenced in June 2023 and is expected to be completed within a year. Upon reaching full capacity, the project could generate revenue of approximately USD100 million per year.

Dak Nong project (bauxite ore mining)

- On March 23rd, DGC and Dak Nong province signed a memorandum of understanding (MOU) for investment cooperation on the bauxite ore mining project. The company has prepared financial plans and technological procedures, but it still needs to await thorough evaluations by relevant authorities before obtaining the investment license. It may take approximately two years to obtain the investment license and another two years to complete the construction.

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Investment Ratings for Stocks

(based on expectations for absolute 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 expectations for absolute price gains over the next 6 months)

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

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