

UNLOCKING NEXT GROWTH ENGINE

BUY [+37%]

Fair price **88,000**

Current price **64,400**

STOCK INFORMATION

Outstanding shares (mil) 43.44

Free float (mil) 19.54

Market cap. (billion VND) 2,749.94

3m avg. volume (shares) 130,833

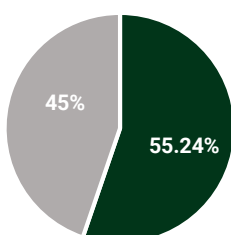
Foreign ownership (%) 3.26

First listing date 30/11/2007

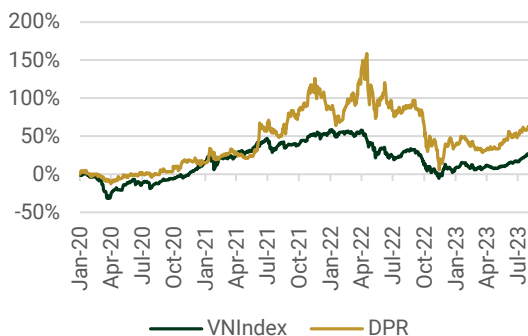
MAJOR SHAREHOLDERS

Updated: 16/08/23

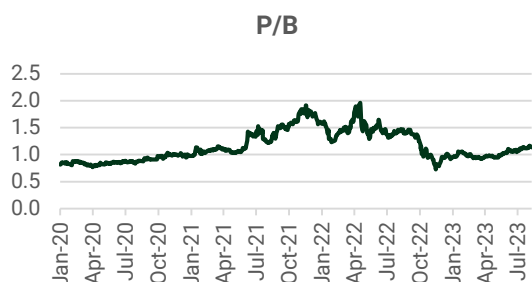
- Rubber Group Vietnam (GVR)
- Others



PRICE MOVEMENT COMPARED TO THE INDEX



VALUATION HISTORY



Company profile: Dong Phu Rubber Joint Stock Company (HSX: DPR), listed on HOSE in 2007, currently operates over 16,700 hectares of rubber plantations. Besides, together with Binh Phuoc Rubber JSC and Nam Tan Uyen JSC, DPR established Bac Dong Phu Industrial Park JSC in 2009, in which the occupancy rate is closed to 100% as the company's another important industry park - Nam Dong Phu IP.

Business result 1H23 and projection 2023F:

In 1H23, DPR reported a net revenue of VND 326.1 bn (-35% YoY), and NPAT of VND 127.2 bn (-14% YoY). The significant drop in revenue is attributed to weak demand for natural rubber and a stagnant pricing environment amid global economic challenges. However, despite these challenges, DPR has a substantial short-term investment, enabling it to benefit from high interest rates from the previous year. As a result, its interest income in 1H23 surged to VND 60.9 bn (+123% YoY), supporting its operating results this period.

Looking ahead to 2023F, we anticipate a remarkable decrease in DPR's net revenue to reach VND 892 bn (-26% YoY) while NPAT is projected to gain VND 302 bn (+4% YoY), due to (i) significant increase in financial income to VND 121 bn (+77% YoY) and (ii) receiving VND 100 bn from land compensation.

Investment thesis: Primary growth driver comes from Expansion of 2 current IPs & Compensation Income

(i) Rubber sector: Although business results have been affected negatively by the current declining trend of rubber prices, the rubber plantations at the age of high-yield exploitation will contribute to increased output for DPR in the future. Along with the plan to liquidate an average of 400-500 hectares of rubber trees per year, DPR can maintain a stable source of funds and distribute dividends in cash at a rate of 15-20% per year.

(ii) IPs: The primary growth driver for DPR is the expansion of two current IPs - Bac Dong Phu Expansion and Nam Dong Phu Expansion. With an average rental price ranging from 70-80 USD/m2/lease term, DPR is expected to earn about 5,000 - 6,000 billion VND from these two projects in the medium and long term.

(iii) Extraordinary Income from land compensation: DPR will transfer approximately 2,000 hectares of land to the People's Committee of Binh Phuoc Province within the next 10 years at an average transfer price of VND 1 bn per hectare. Therefore, DPR can expect to receive an average of VND 100-150 bn annually from this land transfer project.

Valuation & Recommendation:

Using SOTP and RNAV methods, we derive the fair price of DPR is VND 88,000 per share. Thus, our recommendation is BUY with a potential upside of 37%.

Investment risks:

(1) Lower rubber demand along with decrease in price (2) IPs cannot get approval to expand due to legal issue; (3) Lower rental price or low occupancy rate due to weak economic condition; (4) Lower compensation fee and pending transfer land condition.

Financial indicators	2018A	2019A	2020A	2021A	2022A	2023F
Net revenue (billion VND)	1,030	1,033	1,138	1,217	1,211	892
Net Profit (billion VND)	235	191	212	473	291	302
EPS (VND)	5,473	4,253	4,138	10,025	5,767	5,903
EPS Growth (%)	10%	-22%	-3%	142%	-42%	2%
Book Value (VND)	44,214	41,202	41,676	50,973	53,676	56,081
P/E	15.45	21.53	23.11	7.34	12.65	10.37
P/B	1.42	1.53	1.51	1.24	1.18	1.09
Cash dividend (%)	50%	50%	40%	35%	15%	30%