

24 November 2023

**RECOMMENDATION**

**BUY**

Fair price	44,000 VND
Current price	30,000 VND
Upside/downside	46%

**STOCK INFORMATION**

Outstanding shares (mil)	86.69
Free float (mil)	39.09
Market cap. (billion VND)	2,693.46
3m avg. volume (shares)	224,954
Foreign ownership (%)	2.72
First listing date	30/11/2007

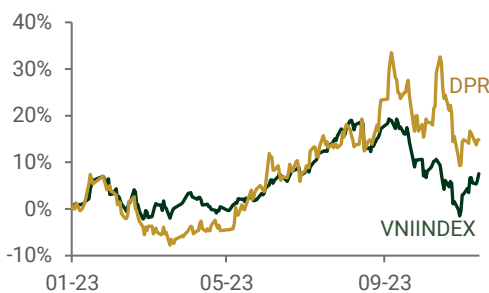
**OWNERSHIP**

Vietnam Rubber Group	55.24%
Others	44.71%

**KEY ATTRIBUTES**

EPS (VND)	2,002
BVPS (VND)	27,845
Debt/Equity (%)	0.00
ROA (%)	4.11%
ROE (%)	7.31%
P/E	15.48x
P/B	1.11x
Dividend yield (%)	4.84%

**PRICE PERFORMANCE**



**COMPANY PROFILE**

Dong Phu Rubber Joint Stock Company (HSX: DPR), listed on HOSE since 2007, operates 03 rubber plantations of over 16,700 ha. Additionally, DPR, in collaboration with Binh Phuoc Rubber JSC and Nam Tan Uyen JSC (NTC), established the Bac Dong Phu Industrial JSC in 2009. This entity operates Bac Dong Phu Industrial park (IP) and Nam Dong Phu IP.

**ANALYST(S)**

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**FACING CHALLENGES IN NATURAL RUBBER MARKET**

- In 9M23, revenue reached 612 billion VND (-29% YoY), aligning with our forecast, achieved 69% of the estimated 23F at VND 892 billion.
- Continued expectation for the land compensation and approval of the expansion of Bac Dong Phu IP and Nam Dong Phu IP by the end of 24F.
- DPR is trading at P/B fwd for 23F of 1.09x and for 24F of 1.07x, in line with the 5-year median of 1.09x. We maintain our BUY recommendation with a target price of 44,000 VND per share.

**Updated business result 3Q23**

In Q3/2023, DPR reported revenue of VND 286 billion (-16.1% YoY), and NPAT reached VND 56.7 billion (-42% YoY). In 9M23, DPR's revenue amounted to 612 billion VND (-29% YoY), with NPAT at 154.7 billion VND (-28% YoY), achieving 69% and 51.2% of PHS projection, respectively.

**Weak consumption leading to a decline in business results**

- Natural rubber sector:** Still the main contributing sector for DPR, accounting for 72% of total revenue. In 9M23, rubber consumption at parent company recorded 7,487 tons (-11% YoY), completing 58% of annual plan. The average rubber selling price was estimated to decrease by ~17% compared to same period, reaching VND 33.5 mil/ton. This sector's GPM was heavily impacted, reducing to 5.2% compared to 20.3% in 2022. With market conditions showing weak positive signals, we believe the average selling price of rubber will continue to fluctuate around VND 33 – 34 million/ton, GPM of this sector will be maintained at a low level.
- Rubber tree liquidation:** This sector didn't meet our expectations, revenue 9M23 reached VND 86.2 billion (-24% YoY). Binh Phuoc plantation has liquidated 40% of annual plan with 190 ha (-50% YoY) of liquidated area.

**Lower profit due to delayed land compensation phase**

DPR hasn't been able to recognize about VND 100 bn in land compensation from Tien Hung 1 and Tien Hung 2 residential projects (issued compensation plans) due to unfavorable market economic conditions these projects haven't been implemented, that impacted negatively our projection in 23F.

**Demonstrating robust financial position**

At the end of Q3/2023, the debt-to-equity ratio reduced to 0%, and DPR possesses a substantial amount of cash & short-term deposit with VND 1,521 bn (+0% YTD), and 112 billion VND in long-term deposits (+893% YTD). Financial strength has contributed to:

- Financial income growth:** Accumulated in 9M23, DPR recorded VND 88 billion (+95% YoY) in financial income.
- Maintaining cash dividends at an attractive rate:** DPR announced the cash dividend distribution for 2022 at 30% ratio (3,000 VND per share), with an estimated dividend yield of 4.84%, which is quite attractive.