FERTILIZER SECTOR / X-POINT

DPM: Corporate Access 2026

Selling Prices, Gas Costs & Growth Strategy

EVENT HIGHLIGHTS

Business outlook: **(1)** long-term gas supply will be supplemented by the Su Tu Trang 2B field in 2027–2028; **(2)** the company is pushing new growth drivers through NPK product diversification and new chemical projects. Risks: pressure to meet Petrovietnam's double-digit growth target, together with volatility in world urea/NPK prices and China's and India's import-export policies.

1. Business Results & Near-Term Drivers (Selling Prices & Costs)

- **Selling Prices & Exports:** In Q2/2026, DPM's export price was among the highest in the market (above US$900/tonne). Selling prices going forward may adjust in line with world price movements.
- **Feedstock Gas Cost:** Natural gas feedstock is supplied mainly from the Cuu Long Basin and comprises two components: a low-cost source (only around 10–20% of the total) and a higher-cost source. Gas costs include transportation fees, connection/dispatch (take-or-pay) charges, and annual price escalation. The gas supply is expected to be supplemented by the new Su Tu Trang 2B field (Central region) in 2027–2028.
- **Cost Optimization & Turnaround:** The company has completed its turnaround and equipment upgrades, boosting operating capacity. DPM is focused on optimizing feedstock costs and maintaining its periodic equipment overhaul/turnaround schedule (typically at year-end, around November–December).

2. Long-Term Corporate Strategy

- **Growth-Target Pressure:** The new leadership is under significant pressure from Petrovietnam and the Government to meet double-digit growth targets, pushing the company to proactively seek new growth drivers.
- **New growth drivers: (i) Product & Trading Diversification:** shifting from pure urea production to NPK (plant completed in 2018), stepping up fertilizer import/export activity, and trading other products; **(ii) New Chemical Projects:** expanding the value chain, aiming to cooperate on large projects (Nghi Son/Long Son Petrochemicals), which have yet to contribute to results in the near term.

3. International Fertilizer Market

- **India & China:** India is stepping up imports to build stockpiles ahead of any release of supply or tariff moves from China.
- **CBAM (EU) Tax Impact:** Although the company does not export much directly to the EU, the CBAM mechanism and environmental levies are indirectly reshaping global trade flows (Russian supply is being redirected to markets not subject to high tariffs).
- **Industry Trend:** Global oversupply will accelerate the closure/elimination of older, less efficient production facilities.

4. BSC's View

- **Factors to watch:** (1) Movements in input gas prices & progress of the Su Tu Trang 2B field; (2) World urea/NPK price trends, China's and India's export/import policies & the CBAM tax; (3) Progress on new chemical projects & the performance of the trading segment.

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BSC Head Office

Floors 8&9, Thai Holdings Building

210 Tran Quang Khai, Hoan Kiem Ward, Hanoi

Tel: (024) 3935 2722 | Fax: (024)33816699

BSC Ho Chi Minh City Branch

Floors 4 & 9, President Place Building

93 Nguyen Du Street, Sai Gon Ward, Ho Chi Minh City

Tel: (028) 3821 8885 | Fax: (028) 3821 8879

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