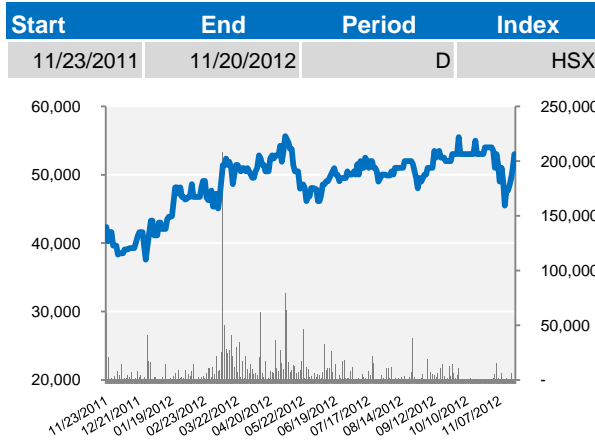


**Ticket:** DPR  
**Address:** Dong Phu Dist., Binh Phuoc  
**Telephone:** (84-651) 3819786

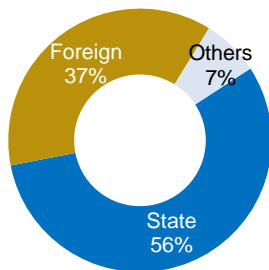
**Industry:** Basic Materials **Revenue 2012 plan (Bil VND):** 1,517  
**Sector:** Commodity Chemicals **Net income plan (Bil VND):** 476  
**Website:** <http://doruco.com.vn> **DPS plan (VND):** 3,000

Key statistic	
Price (VND) (20/11/2012)	53,000
Market cap (Bil VND)	2,279
Outstanding shares	43,000,000
Beta:	0.29
Enterprise value (Mil VND):	1,655
% of Foreign:	37%
% Free float:	37%
Trailing P/E:	3.01
Forward P/E:	4.79
P/B:	1.21
Dividend Yield:	0.06

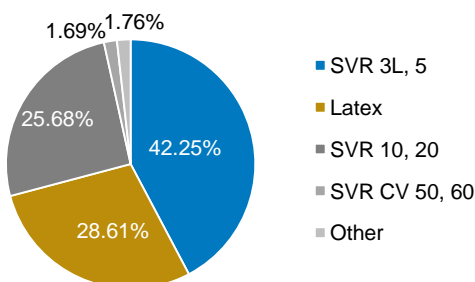


Price change	
1 day	3.9%
1 month	0.0%
3 months	10.4%
6 months	14.8%
1 year	37.6%

Average volume	
Av 1M	1,977
Av 3M	2,859
Av 6M	4,256
Av 1Y	8,126

**Holder information**

**Growth rate (CAGR) summary**

	1 year	3 years
Revenue	78.6%	68.3%
EBIT	97.5%	92.4%
EBITDA	94.0%	85.0%
Net income	103.6%	95.1%
Asset	45.0%	39.6%
Total Equity	22.0%	51.8%

**Product structure**

**Financial statement summary**

Year end 31 Dec		2008	2009	2010	2011
Revenue	Bil VND	729	648	1,028	1,837
Gross profit	Bil VND	252	233	463	866
Net income	Bil VND	234	211	394	802
EBIT	Bil VND	238	236	442	874
EBITDA	Bil VND	262	264	465	903
EPS	VND	5,851	5,269	9,165	18,663
P/E	x	9.06	10.06	5.78	2.84
P/S	x	2.9	3.3	2.2	1.2
P/B	x	3.3	2.6	1.9	1.2
ROE	%	37%	29%	38%	51%
Net debt/Equity	x	0.2	0.2	0.0	0.0

**Q32012 Business result**

Unit: Bil VND	Q3 2012	Growth (%)	9M	Growth (%)	% plan
Revenue	459	-26.6%	958	-25.2%	63.1%
Gross profit	175	-22.2%	359	-28.6%	
Gross margin (%)	38.1%	6.0%	37.4%	-6.4%	
Interest expense	1	80.9%	2	-47.2%	
Net income	164	-26.2%	354	-29.2%	74.4%
NPM (%)	35.7%	0.5%	37.0%	-16.4%	
Working capital	1,098	37.9%	1,098	18.3%	
Short-term borrowings	4	-	4	-	
Long-term borrowings	35	-1.2%	35	-1.2%	
Shareholders' equity	2,061	27.0%	2,061	27.0%	
Total assets	2,538	13.9%	2,538	13.9%	

Senior Analyst  
**Yen Nguyen**  
 (84 8) 3914 6888  
 NguyenthihaiyenB@baoviet.com.vn

## Analysis of Q312 operation

**As per the company's consolidated report for Q32012, DPR earned revenue of VND 459 billion, declined 27% yoy. The NPAT reached VND 164 billion, down by 26%yoy.**

- The sales volume in Q32012 was 7,330 tons, up 13%yoy, but the lower selling price pulled the revenue from rubber trading activity down. The average NR selling price in Q3 was VND 57 million, decreased by 40%yoy. However, the drop in rubber trading revenue had been partly offset by increasing revenue from rubber tree liquidation. The other income, of which revenue from rubber tree liquidation contributed the most, jumped by 98% to VND 169 billion. In Q3, the company liquidated additional 95 ha of rubber area to raise the total liquidation area of 9M2012 to 245ha, accounted for 74% of its plan.

- GPM in the quarter rose to 38% from 36% in Q32011. The GPM of both rubber trading activity and liquidity were improved in compared to same quarter last year, of which the GPM of rubber trading activity was about 32%, higher than the recorded of 29% in Q32011.

- The financial income in Q3 increased by 33%yoy but decreased by 58%qoq. DPR ended the quarter with huge cash and deposits of VND 920 billion, higher than the recorded level of 850 in Q2201. Due to declining interest rate on deposits, the interest income dropped 45%qoq. Aside from falling interest income, DPR's interest expense surged to VND 1.5 billion from VND 240 million in Q22012 because of the increased short-term loan.

**Cumulated 9M2012, DPR's revenue went down 25% to VND 950 billion, of which revenue from rubber trading activity was VND 852 billion. The company registered NPAT of VND 354 billion. The revenue fulfilled 63% of planned revenue and NPAT achieved 89% of the year target profit.**

## Major Projects

Project	Location	Description
Dong Phu – Dak Nong	Dak Nong	The project scale of 4,000 ha, of which the planted area are 2,500 ha. DPR has already been delivered land of 1,000 ha which was planted from 2007. However, the remaining portion of the project was in the trouble of land clearance. DPR probably find another location in Dak Nong in order to expand its rubber land scale but effectiveness of the projects could be reduced due to separation of rubber land.
Dong Phu – Kratie	Campuchia	6,000 ha of rubber out of total 9,000 ha have been planted already. DPR has fully contributed 49% of total charter capital of VND 500 billion. The project plans to increase its capital to VND 840 billion and DPR is expected to raise its ownership in the next capital increase.
Dong Phu – Senoul	Campuchia	The project is currently on halt as not delivered land from Cambodian government.
North Dong Phu IP	Dong Phu	DPR has contributed additional VND 20 billion to increase its invested capital to VND 40 billion. Out of total leasable area of 130ha, 24ha is occupied at lease rate of 18-20 USD/m <sup>2</sup> /50 years.

## Highlight

Information	Comment
DPR paid cash dividend of 2012 in advance by 15%.	With expected results in 2012, DPR would able to ensure the planed dividend of 30%.
After rising to above USD3,000 /ton in the middle of Oct 2012, the FOB price for SVR 3L has been in the downtrend till now.	Selling price in Q4 is still low, revenue can not be improved.

## 2012 Forecast

	2012	Growth
Revenue	1,351	-26.5%
Gross profit	520	-40.0%
EBIT	542	-38.0%
Net income	490	-38.9%
EPS	11,397	-38.9%

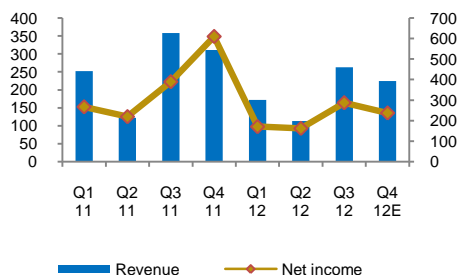
## BVSC forecast

The slow economic recovery weighs heavily on the rebound of natural rubber industry. At beginning of Q4, the three biggest NR producers (Thailand, Malaysia, Indonesia) has executed the price support commitments by cutting 180,000 tons during period Oct – Dec 2012 and cutting additional 120,000 tons during the period Jan – Mar 2013. However, this measure could support NR price for a short time, then the price movement will be governed by actual demand. By 14 Nov 2012, the FOB price for SV 3L was 2,735 USD/ton, down 6% from end of Sep 2012. We find no brighter signals for economic recovery in the last months of 2012, so the estimated selling price for DPR is estimated to be VND 60 million/ton in Q42012. We expect that DPR could reach the sale volume of 5,500 tons. The company plans to liquidate 100ha in the last quarter. Total revenue is estimated to be VND 393 billion.

We suppose that the GPM of rubber trading activities will be improved higher than Q3's level due to increased sale volume. Besides, the rubber wood price in Q4 which is normally higher than other quarters of the year could positively affect the GPM of liquidation activity than previous quarter. The product mix GPM in Q42012 is estimated to increase to 41% from 38% in Q32012. The NPAT can reach VND 136 billion.

Cumulated 2012, DPR is forecasted to reach the revenue of VND 1,351 billion and NPAT of VND 491 billion, generating forward EPS of VND 11,413. Accordingly, the revenue decreases 27% yoy and NPAT down 38% yoy.

## Revenue movement



## Comparison

Peer	Market cap	PE	PB	PS	ROE	D/E
PHR	2,119,231	2.7	1.1	0.9	44.9%	0.22
TRC	1,195,840	2.7	1.1	1.1	41.7%	0.01
<b>DPR</b>	<b>2,279,000</b>	<b>3.0</b>	<b>1.2</b>	<b>1.4</b>	<b>41.3%</b>	<b>0.03</b>
<b>Average</b>		<b>2.8</b>	<b>1.1</b>	<b>1.1</b>	<b>0.4</b>	<b>0.1</b>

## BVSC recommendation

The negative impact of the difficult global economic situation on natural rubber price has resulted in the expected unfavorable DPR's business operation. However, with the projected 2012 EPS of VND 11,400/share, PE forward of 4.65x, DPR is considered as a high efficient company. In the short and medium term, company's prospects are untoward since the production quantity of the current garden has already reached the maximum volume, thus the sale's growth can rely on the selling price. In the long term outlook, we realize the great potential of the rubber plantation project the DPR has participated as large scale - Kratie project in Cambodia, with 6,000 ha of rubber tree area planted already and 3,000ha to be planted as scheduled. However, there are potential risk along with this project such as political risks, natural disasters, soil quality or increased investment expenditure. Besides, DPR shares have low liquidity with average volume of around 5,000 shares per day. Therefore we would only recommend BUY for DPR stocks at the discount price of 20% lower than the target price of VND 61,000/share (as per DCF method), equal to VND48,800.



## ANALYST CERTIFICATION

I, **Nguyen Thi Hai Yen**, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

## GENERAL DISCLAIMER

The report is not done by requirement of any institution or individual. Investors should use information, analysis, comment in the report as a reference source before making own investment decision. The report is for the purpose of providing information and does not intend to advice readers to buy, sell any securities. Investors should refer to other sources of consultancy before making investment decision.

The information contained in this report is verified carefully, BVSC takes no responsibility with regard to the accuracy or completeness of any information contained here. Viewpoint and analysis in the report can be changed without notification.

The report is a property of BVSC and under copyright protection. Infringement of copy, change and reprint of the report without permission of BVSC is illegal. BVSC owns the copyright on the report.

## BAO VIET SECURITIES COMPANY – RESEARCH DEPARTMENT

### Head office

---

8 Le Thai To, Hoan Kiem Dist, Hanoi

Tel: (844) 3 928 8080

Fax: (844) 3 928 9888

### Ho Chi Minh Branch

---

233 Dong Khoi, Dist.1, Ho Chi Minh City

Tel: (848) 3 914 6888

Fax: (848) 3 914 7999