



Common share data - 6M 2023:

- Basic earnings per share: 921 VND/share
- Number of outstanding shares: 391,334,260 shares
- Average daily trading volume: 1,970,461
- Closing share price (end of period): VND 34,750
- Market capitalization (end of period): VND 13,599 billion
- Dividend per share (2023): 4.000 VND/share
- Dividend yield: 11.5%

Key shareholders (June 2023):

- PetroVietnam: 59.59%
- Nghe An Agricultural Materials JSC: 6%
- CTCB: 3.2%
- Norges Bank: 2.4%
- FUBON FTSE VIETNAM ETF: 1.8%

I. MESSAGE TO INVESTORS

PetroVietnam Fertilizer and Chemicals Corporation (“PVFCCo” or “the Corporation” – Stock code: DPM) reported significant production and business results for the half year ended June 30, 2023, leveraging its competitive advantages to consolidate its leading position in the domestic fertilizer market amid challenging market conditions and rising input costs.

Global fertilizer prices kept falling in the 1H2023, reflecting lower market demand and oversupply in most regions around the world. Urea prices in key markets such as the USA and Brazil dropped to less than US\$250/ton (FOB) in the first week of June due to weak demand before recovering to over US\$300/ton in July with new orders. Despite improved affordability and the declining pricing movement, sales were sluggish in general as traders delayed purchases in hopes of further price drops.

For the domestic market, purchasing power improved in Q2 compared to Q1 thanks to increased application when the South entered the rainy season and a significant drop in selling prices encouraged farmers’ investment.

DPM's operating and financial performance

DPM's recorded weaker operating results in Q2 and 1H2023 compared with strong performance of the same period last year, mainly reflecting lower margins with lower selling prices and high input material cost.

Phu My urea output in Q2 reached 169 thousand tons, down 26.5% YoY due to 26 days turnaround maintenance (from March 27 to April 22, 2023). Total urea output in 1H2023 was 386 thousand tons, reaching 49% of annual production target and down 16% YoY due to downtime for maintenance.

Phu My urea sales in Q2 increased by 25.3% compared to Q1 and up 31% yoy, reaching 267 thousand tons. Total Phu My urea sales in 1H reached 480.4 thousand tons, completing 60% of the planned target and up 6.5% YoY. In 1H2023, PVFCCo exported 66 thousand tons of Phu My urea and potassium, with export value at 595.4 VND billion.

NPK production and sales in 1H2023 showed negative YoY growth (down 35% and 8.7%, respectively), mainly due to adverse impact from the consumption market and high inventories. On the contrary, deliveries of imported fertilizers were positive, reaching over 110 thousand tons, up 6% YoY.

Chemicals sale output was also negatively affected by the difficult consumption market, and the selling price fell sharply YoY.

Financial highlights in 1H2023:

- Total revenues: 7,231 VND billion, down 34% YoY, mainly due to significant declining in selling prices of key products.
- Gross profit: 912 VND billion, down 80.8% YoY. Gross margin reached 13.1% compared with 43.8% of 1H.2022.
- EBITA and margin: 734 VND billion with 10.5% margin.
- EBIT and margin: 533 VND billion with 7.6% margin.
- Cash flow from operating activities: 289 VND billion.
- Free cash flow: 210 VND billion.
- Capex: 107 VND billion.

Outlook and targets for 2H2023

Positive elements:

- Improving demand trends and upwards price sentiment supports the Corporation's expectations for a healthy second half of 2023;
- Lower inventories in certain regions;
- Favorable farmers' economics (when prices of agriculture products increase);
- Application season for Summer – Autumn push demand recovery;
- Lower material costs expected to benefit margin;
- Besides, production volume of urea should increase in 2H as Phu My Plant returns normal capacity from turnaround; which will enable DPM to increase sales volume 10-20% higher than yearly target;

Negative elements:

- High input cost.
- Recent erratic changes in the fertilizer market have caused many challenges for forecasting and planning production and business.
- VAT policy has not been adjusted, putting domestic fertilizer companies at disadvantages.

In view of the above positive and negative impacts in 2H2023, PVFCCo's Leadership aims to operate the plants safely and stably, enhance product quality through research, and improve market forecast for flexible and efficient business operations. In addition, PVFCCo also seeks to identify and explore all urea export opportunities in an effort to relieve the oversupply pressure in the domestic market.

Regarding cost management, the Leadership continues to apply and strictly control the implementation of material consumption norms, maximizing thrift practice in production to optimize the overall operational efficiency.

PVFCCo sets the key goals for 2H2023 as follows:

Production:

- Phu My urea: 431,000 tons
- Phu My NPK: 95,400 tons
- Kebo urea: 4,500 tons
- UFC85: 7,000 tons
- Commercial NH3: 35,900 tons

Sales:

- Phu My urea: 364,000 tons
- Phu My NPK: 95,400 tons
- Phu My Kebo: 4,700 tons
- Import fertilizers: 159,500 tons
- NH3: 35,900 tons
- UFC85: 4,620 tons
- CO2: 24,300 tons
- Petrochemicals: 334 tons

Financial:

- Total revenues: VND 8,245 billion
- Gross profit: VND 1,256 billion
- Investment capital disbursements: VND 308 billion

Q2 and 1H2023 financial statements are available on PVFCCo website: www.dpm.vn

II. BUSINESS HIGHLIGHTS IN 1H2023

1. Production:

Phu My urea: 385.6 thousand tons, achieving 49.1% of yearly plan, down 16% YoY.

Phu My NPK: 66.7 thousand tons, representing 33.4% of yearly plan, down 35% YoY.

UFC85: 6,015 tons, representing 48% of yearly.

Commercial NH3: 22.7 thousand tons, representing 34.7% of yearly plan.

2. Sales:

2.1 Sales of fertilizers

Phu My Urea: 480.4 thousand tons, representing 60% of yearly plan, up 6.5% YoY.

Phu My NPK: 71.7 thousand tons, representing 36% of yearly plan, down 8.7% YoY.

Trading of imported fertilizers: 110 thousand tons, representing 35.6% of yearly plan, up 5.8% YoY.

2.2 Sales of chemicals:

Supply and demand movements in the chemicals market

NH3: Since the beginning of 2023, China's economic reopening and export surge have pushed down NH3 price sharply from early May amid the global recession. The forecast indicates a slight rebound in Q3.

NH3 domestic market: Demand was low as many big companies (Ajinomoto, Vedan) have switched their technology (using less NH3 than before). Steel, rubber and thermal power plants also cut back on consumption due to lower prices of rubber and steel.

UFC85: PVFCCo sold mainly to Ca Mau Fertilizer Plant and Ninh Binh Fertilizer Plant, and currently has no customers in other areas. The price of UFC85 has also fallen since the start of the year, following the downward trend of urea and methanol.

CO2: Customer demand rose in early 2023, but sales remained sluggish due to high level of NH3 inventories. In addition, Phu My Fertilizer Plant also reduced CO2 supply output during the turnaround maintenance period from late March 2023 to April 23, 2023.

Petrochemicals: Petrochemical demand in Vietnam tended to follow a downward trend. Currently, production is declining by 5-8% per year as most fields have been over-exploited.

Sales of chemicals in 1H2023:

Sales volume of chemicals in 1H2023 reached 52.8 thousand tons, achieving 89% of 1H plan, down 18% YoY.

Revenue of chemicals was VND 427 billion, down 54% YoY. Profit reached VND 63 billion, down 87% YoY.

Specifically, as follows:

NH3: 29,503 tons, reaching 83% YoY, completing 87% of 1H target.

UFC85: 4,585 tons, reaching 99% YoY, completing 118% of 1H target.

CO2: 18,093 tons, reaching 77% YoY, completing 77% of 1H target.

Petrochemicals: 643 tons, reaching 118% YoY, completing 192% of 1H target.

3. Key financial ratios in 1H2023:

No.	Item	1H2022	1H2023	Increase/Decrease (%)
I.	PROFITABILITY RATIOS			
1	Return on Assets (ROA) (Profit after tax/Total Assets)	22.08%	2.24%	-90%
2	Return on Equity (ROE) (Profit after tax/ Equity)	28.53%	2.75%	-90%
3	Profit before tax/Revenue	37.90%	6.94%	-82%
II.	LIQUIDITY RATIOS			
1	Overall liquidity ratio (Total liabilities/Total Assets)	0.22	0.16	-27%
2	Quick ratio (Current assets - Inventories)/Current liabilities)	3.41	4.76	39%
3	Current ratio (Current assets/Current liabilities)	4.30	6.00	40%
4	Liabilities-to-equity ratio (Liabilities/equity)	0.29	0.19	-32%

Total assets: Total assets as at 6/30/2023 was VND 15,150 billion, down 14% from the beginning of the year.

Current liabilities: Current liabilities as at 6/30/2023 was VND 1,878 billion, down 37% from the beginning of the year.

Non-current liabilities: Non-current liabilities as at June 30, 2022 was VND 589 billion, of which VND 404 billion was the long-term loan to finance the NH3 – NPK Complex.

Equity: Equity as at 6/30/2023 was VND 12,691 billion, down 9% from the beginning of the year due to first round dividend payment of VND 1,565 billion (40% par value).

III. MARKET INSIGHTS IN 1H2023:

1. Domestic fertilizer market

Domestic fertilizer production

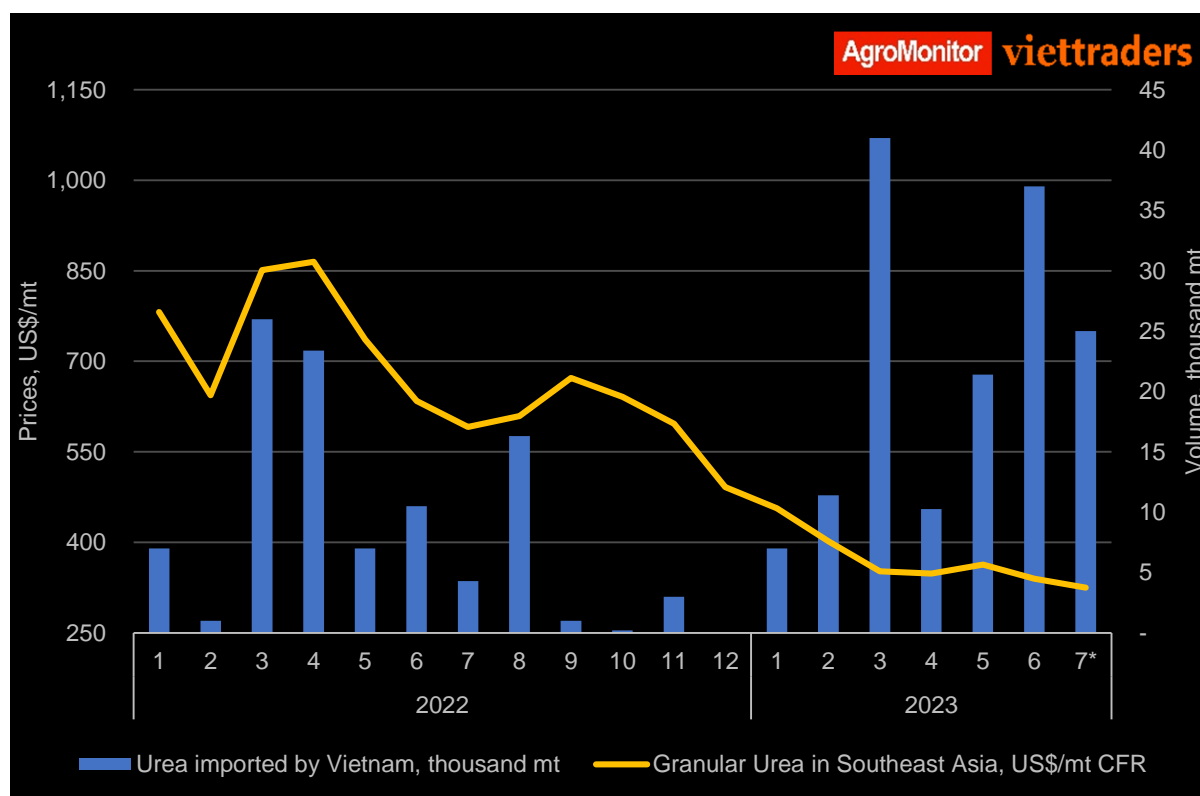
According to General Statistics Office, Vietnam's total production output of urea and NPK in June 2023 was estimated at 239 thousand tons and 336 thousand tons, up 12.1% and 20.2% YoY, respectively. In 1H2023, Vietnam produced 1.3 million tons of urea (down 4.1% YoY) and 1.8 million tons of NPK (up 11.9% YoY) in total. Total urea supply in 1H2023 reached 1.6 million tons, down 3% YoY, total demand of urea reach 1.24 million tons, down 13% YoY.

Fertilizer imports

Vietnam's total fertilizer import in 1H2023 was estimated at nearly 1.62 million tons valued at US\$594.5 million, down 7% in volume (124.2 thousand tons) and down 28% in value

(US\$230.4 million) YoY. Potassium import decreased the most by 120.1 thousand tons, SA fell by 86.2 thousand tons. During this period, the import of other fertilizers was still on the rise. Specifically, the import volume of urea increased by 53.3 thousand tons, NPK by 25.9 thousand tons, DAP by 13.7 thousand tons YoY.

Chart 1: Correlation between urea import in Vietnam (thousand tons) and granular urea price in Southeast Asia (US\$/ton) from 1/2022-7/2023



Source: AgroMonitor (7*/2023: estimated, July price as at 07/07/2023)

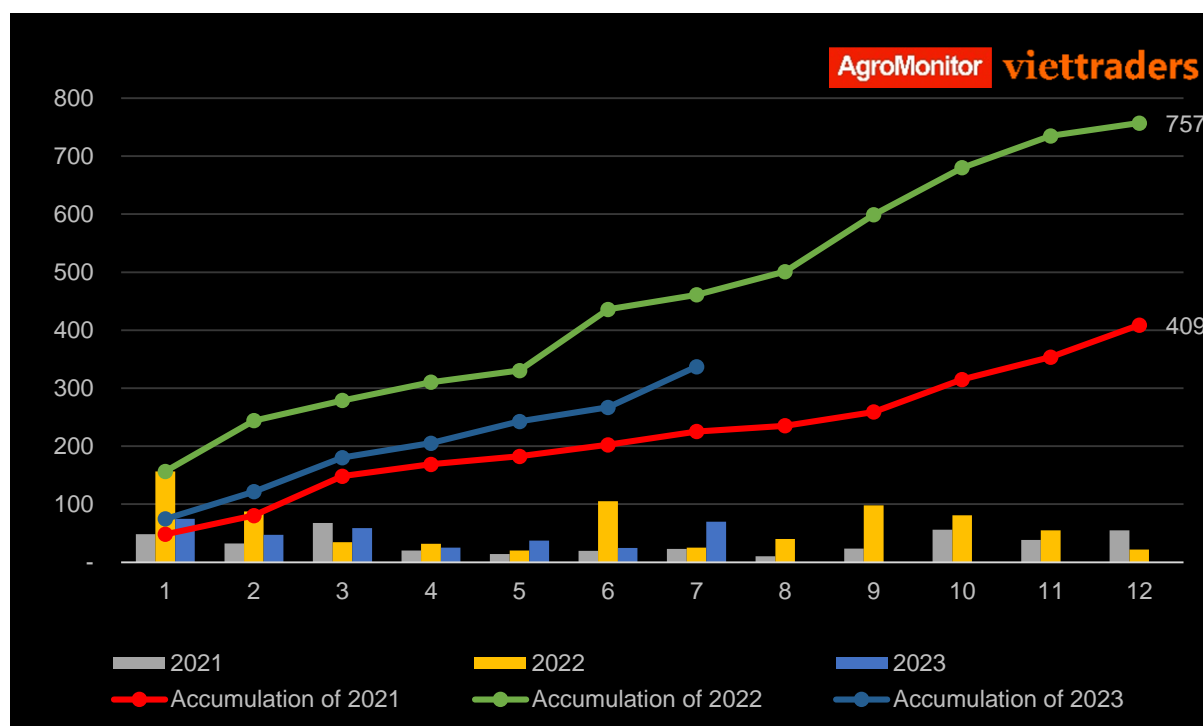
China was the leading import market with import volume reaching 855.8 thousand tons (accounting for 53%), up 23.3 thousand tons YoY. Among fertilizers imported from China in 1H2023, SA ranked first with 432.1 thousand tons (down 84.3 thousand tons YoY), followed by NPK with 124.6 thousand tons (up 37.6 thousand tons), DAP with 92.3 thousand tons (up 48.7 thousand tons).

The second largest import market was Japan with 169.7 thousand tons (down 24.3 thousand tons YoY). Among them, SA reached 47.2 thousand tons (down 27.9 thousand tons), NPK 986 tons (up 873 tons), other fertilizers 121.5 thousand tons (up 1.9 thousand tons).

Fertilizer exports

Vietnam’s total fertilizer export in 1H2023 was estimated at 680.2 thousand tons valued at US\$285.5 million, down 121.6 thousand tons (-15%) and US\$219 million (-43%) yoy. The export slump was largely due to a sharp decline in urea export by 168.2 thousand tons, NPK by 43.35 thousand tons, though some other fertilizers increased, such as phosphate (+44, 7 thousand tons), DAP (+44 thousand tons), ammonium nitrate (+6.8 thousand tons).

Chart 2: Vietnam's urea export volume from 1/2021-07/2023



Source: AgroMonitor (7/2023: estimated)

Supply and demand in 1H2022 and trend forecast

A strong surge in imports boosted the supply in Q1, despite a breakdown at Ninh Binh Fertilizer Plant in March. Granular urea price slightly improved in late February but the overall market remained slow. Consequently, urea price could not recover, and continued to decline throughout March.

In Q2, the urea price in Vietnam rose steadily for nearly 1 month from late April, largely driven by high demand in the Mekong Delta/Eastern/Central Region and limited supply on the market. The price rebounded after a continuous down trend for the past 6 months. However, from late May to early June, as the demand in the Mekong Delta eased, the urea price was again adjusted downwards by traders/dealers even when the plants raised the order prices in May.

Both total demand and total supply rose in May, but demand outpaced supply and cut down inventories. Total supply increased by 2% as higher production and import largely offset the decline in inventory at the beginning of the month. On demand-side, fertilizer consumption for crops increased by about 13%, and raw material demand for NPK/wood/plywood factories also went up by 12.5% from April; at the same time, export also surged by almost 50%, leading to a 17% growth in total demand from April. Inventories were gradually depleted in late May, and the fertilizer plants sold by product suits (white/colored urea, NPK), reducing the availability of white urea, causing its price to rise steadily for most of May.

In June, total urea demand decreased by 19% (-48 thousand tons) compared to May, as crop consumption, exports and raw material demand from NPK plants declined from the previous month. Exports in June reached 24 thousand tons, down 13 thousand tons from May due to weak global demand and falling world price. Domestic demand also decreased in June as

Mekong Delta was in seasonal transition from Summer-Autumn to Autumn-Winter, resulting in low demand. Demand in the Central/Eastern Regions & Central Highland rose but could not compensate for the drop in Mekong Delta, while the Northern Region was out of season and remained idle.

On supply side, production was stable with plants manufacturing about 205,000 tons in June, the same as in May, while imports increased by 16,000 tons. Total urea supply in 1H2023 reached 1.6 million tons, down 3% YoY. Inventories, however, decreased by 26,000 tons in early June from a month earlier, resulting in a decrease of 10,000 tons in total supply on month-on-month basis. The inventories in late June surged to 403,000 tons, an increase of 38,000 tons from early June.

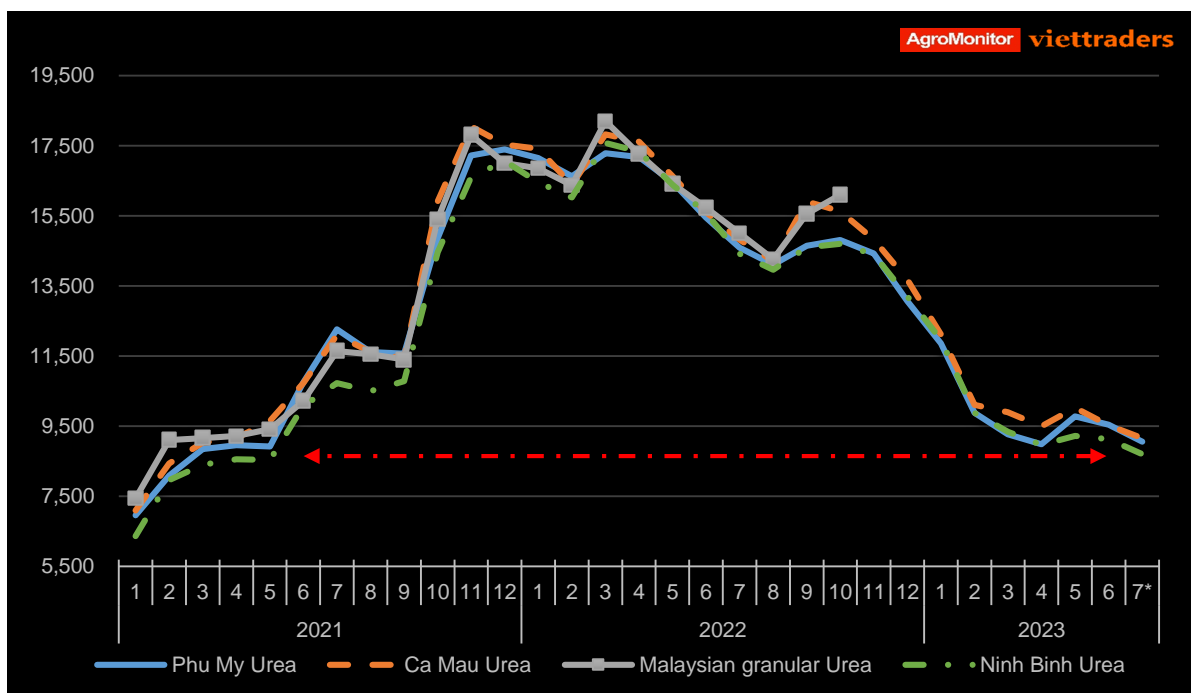
Urea prices in Vietnam declined in June, reversing the rebound in May due to sluggish domestic demand, rising import but slow export.

In 1H2023, the average urea price in Vietnam decreased by 6,500-7,500 VND/kg, down 40%-45% yoy. By the end of June, the average Urea price dropped to the level in May 2021.

Trend forecast:

Total demand in Q3 is expected to reach 545 thousand tons, down 18% from Q2, but up 17% YoY. In July, the demand continues to be boosted by the Summer-Autumn rice crop in the North and the third rice crop in Mekong Delta, as well as industrial crops during the raining season in Central Highland/South East. However, the demand will decline in August-September when the regions are out of season.

Chart 3: Monthly urea price in Vietnam 2021-2023, VND/kg



Source: AgroMonitor (Updated as at July 07)

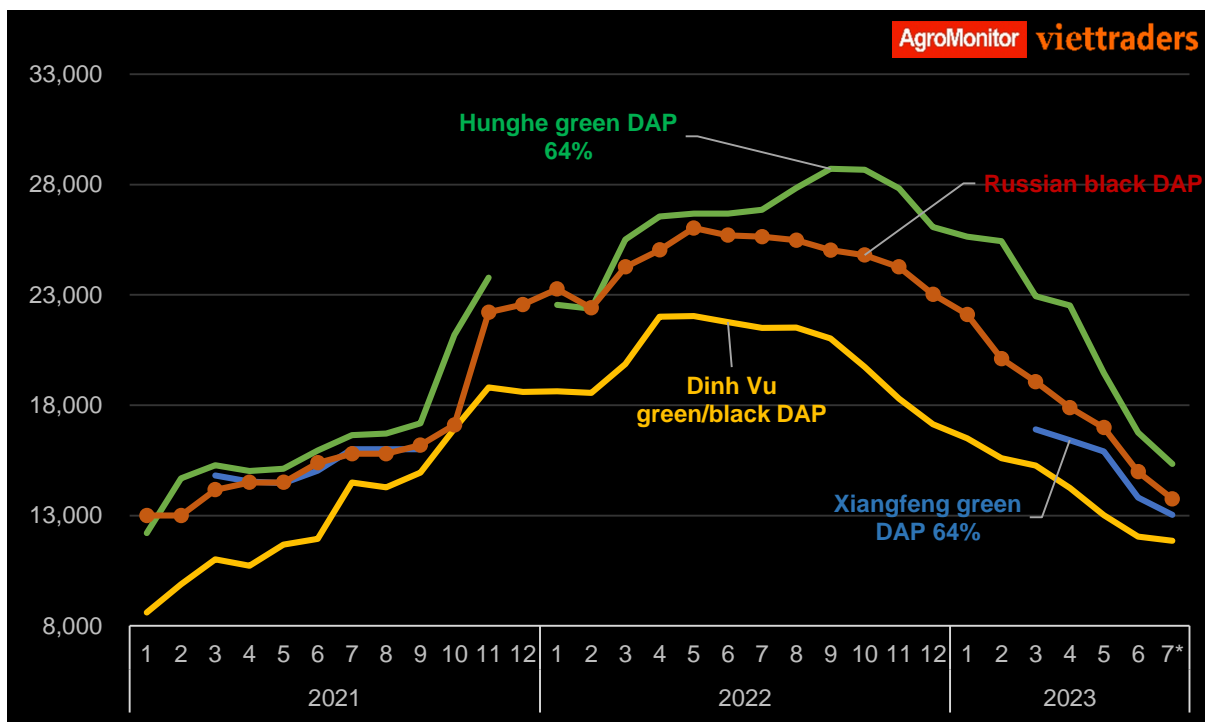
Urea import and production will follow a similar trend, remaining relatively stable in July (compared to June) but plunging in August-September due to weaker demand.

Total urea supply in Vietnam in Q3 is expected to decrease by 9.7% from the previous 3 months, to 966 thousand tons. Urea inventories in July-September vary from 383 to 421 thousand tons, a milder fluctuation than in Q2 (366-456 thousand tons) – but those inventories are still high, and might put some downward pressure on price. However, the global urea price is expected to be stable in July-August, helping stabilize domestic price in Q3. The prilled urea price in China in Q3 is forecasted to remain stable at US\$300-310/ton FOB.

DAP market

DAP prices in Vietnam continued to drop sharply in Q2 following the downward trend of world prices (prices in China down US\$43/ton FOB, India down US\$46/ton CFR). As China's DAP price kept falling, importers remained wary, resulting in a lower DAP import volume in May of 19 thousand tons (down 6 thousand tons from April). Production output of domestic plants also dropped to about 23 thousand tons (-7 thousand tons) due to the lack of apatite ore. Accordingly, the total supply in May went down by 12% to 166 thousand tons. Meanwhile, the total demand rose slightly to 67 thousand tons, mainly driven by higher volume of DAP used as materials as a result of NPK plant's capacity expansion. DAP inventories slumped to 99 thousand tons in late May – for the first time below 100 thousand tons since early 2023. However, DAP prices in Vietnam still decreased by 500- 3,000 VND/kg in May compared to April due to the decline in world DAP prices.

Chart 4: Correlation between DAP inventory and domestic trading price by month in 2021-2023, VND/kg



Source: AgroMonitor (Updated as at July 07)

DAP inventories in Vietnam hit 99 thousand tons in early - the lowest level since late October 2022 - but DAP price in Vietnam still fell by 1,000-3,700 VND/kg (equivalent to US\$0.04-0.16/ton) in June from May, following the global and import prices into Vietnam. The import price of Van Thien Hoa DAP 64% green by road to Lao Cai decreased by US\$50/ton in June

from May, while the import price of China's DAP 64%/57% by sea to Southern ports fell by US\$20-60/ton CFR. In China, export price of China's DAP in June dropped by US\$41/ton compared to May. DAP's plummeting price from week to week (and sometimes from day to day) caused less transactions to materialize. In Vietnam, traders/dealers avoided buying in large volumes and stocking up, and postponed the purchase until closer to actual demand so that part of the delivery would be sent directly to their sub-dealers to reduce risks. Total demand in June fell to 59 thousand tons, down 8 thousand tons compared to May. Total supply in June also decreased by 6 thousand tons from the previous month.

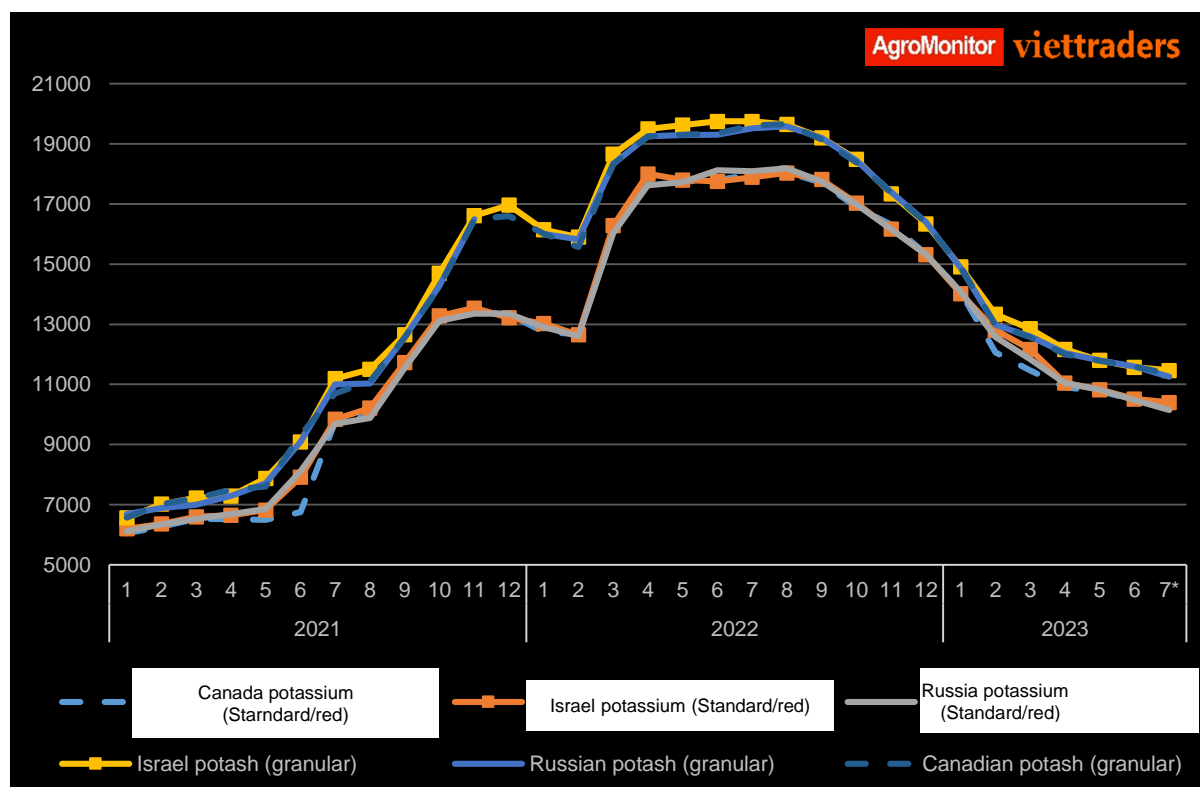
In 1H2023, the average price of DAP in Vietnam decreased by 3,000-6,000 VND/kg, down 12%-29% yoy. By June-end, DAP import price had dropped by 8,000-10,350 VND/kg and domestic DAP price had plunged by 4,000-7,000 VND/kg since the start of 2023, down to the price level of March-April 2021.

Trend forecast

In July, the low domestic demand may lead to less buying from local dealers, and the export volume is expected to decline slightly, forcing the plants to reduce their capacity. In early July 2023, the demand will remain low and the world DAP price will continue its downward trend.

Vietnam Potassium market

Chart 5: Monthly potassium prices in Saigon 2021 - 2023 (VND/kg)



Source: AgroMonitor (Updated as at July 07)

In Q2, the domestic Potassium demand was expected to reach its annual peak of 64,000 tons in May, and with import volume down by 10 thousand tons from April, the inventories plummeted to 85 thousand tons in early June, down 30 thousand tons from a month earlier.

Potassium inventories in early June were estimated to reach its lowest level in the last 3 years, but the increase in import volume to 65,000 tons (highest in 1H2023) would help keeping the supply from being depleted. However, the downward trend in world potassium prices also put pressure on the domestic market in the short term.

Demand tended to slow down, resulting in the increase in inventories by about 18 thousand tons to 103 thousand tons in late June. Potassium price in June kept following the downward trend of world prices amid lack of significant recovery in demand and the surge in import volume.

In 1H2023, average prices of granular and powder potassium in Saigon were 12,600-12,700 VND/kg and 11,600-11,900 VND/kg respectively, down 4,000-5,500 VND/kg YoY. In late June-early July, the potassium price in Saigon fell down to the price level in August 2021.

Trend forecast:

Potassium import in July-August is expected to remain at a high level of about 60,000 tons/month. Total supply in Q3 is expected to reach 258,000 tons, down about 12 thousand tons compared to Q2. Domestic demand is forecasted to decrease by about 40,000 tons compared to the last 3 months mainly due to lower demand for potassium used as raw materials for NPK production.

NPK market

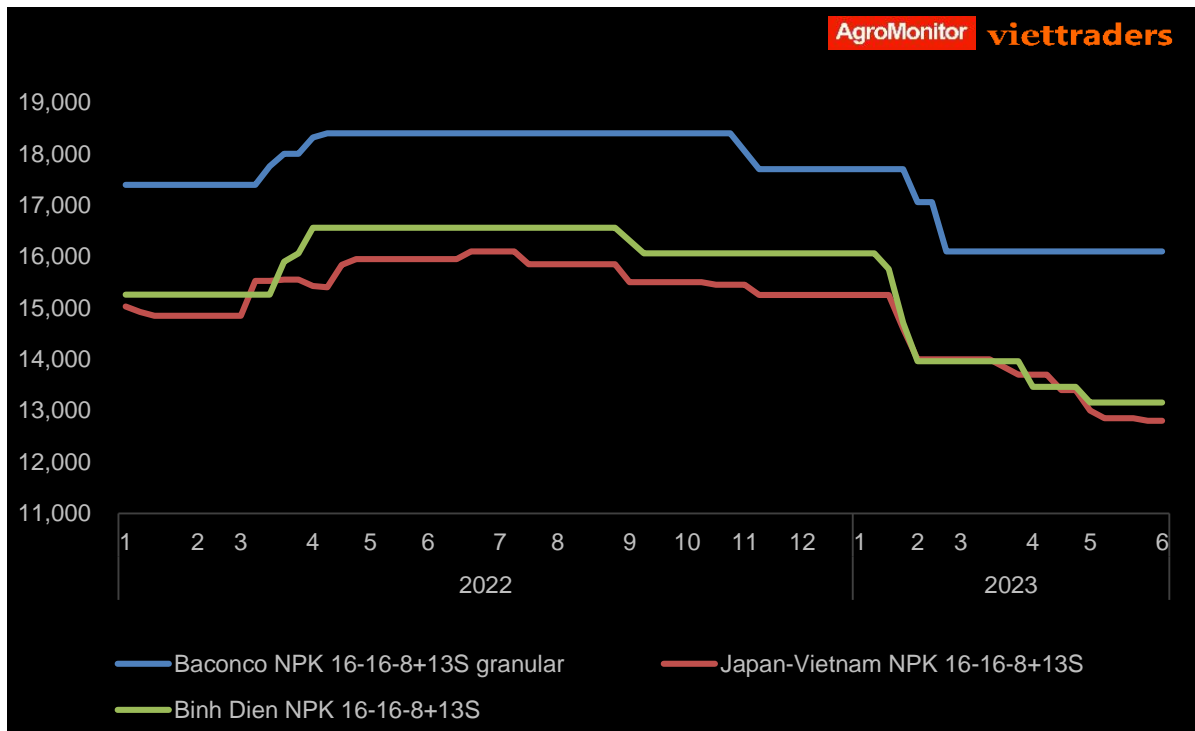
In May, NPK demand in Vietnam generally increased in Q2 compared to Q1, but the total supply exceeds the total demand resulting in high inventories. Rising inventory combined with falling price of single-element fertilizers caused a decline in NPK price in Q2 from Q1. By the end of June, NPK inventories in Vietnam reached about 557 thousand tons.

In general, the NPK market in Vietnam was still put under pressure from high inventories and the price of input materials in Vietnam, such as DAP and potassium, has not stopped falling since September 2022, except for Urea price which recovered briefly in May before resuming the downward trend in June.

Trend forecast:

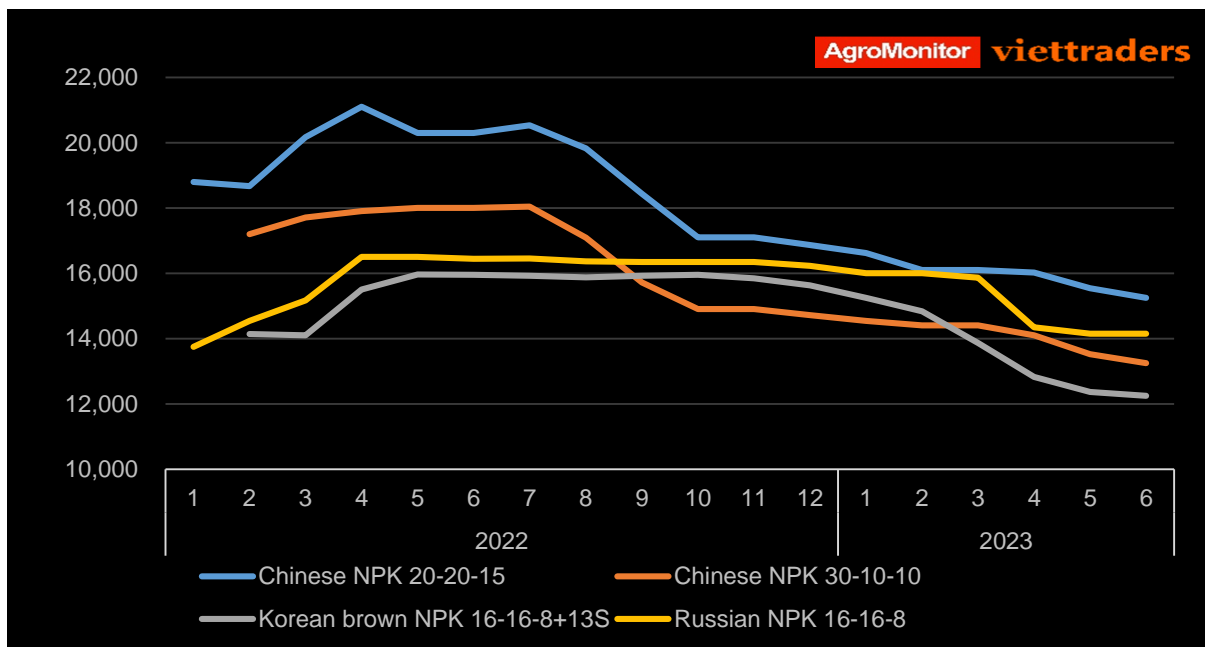
Total NPK supply in Vietnam is expected to reach 2 million tons in Q3, down 23% from Q2, but up 106% YoY. On the demand side, total demand is expected to reach 640 thousand tons, down 30% from Q2. NPK import volume and NPK demand are expected to decrease gradually between July to September due to weak seasonal demand across all regions. NPK ending inventory is expected to decline from July but rebound in September. NPK price is expected to remain under pressure of high inventory and low demand.

Chart 6: Domestic NPK prices in Saigon by month in 2022-2023, VND/kg



Source: AgroMonitor

Chart 7: Domestic NPK prices in Saigon by month in 2022-2023, VND/kg



Source: AgroMonitor

International fertilizer market:

World urea market

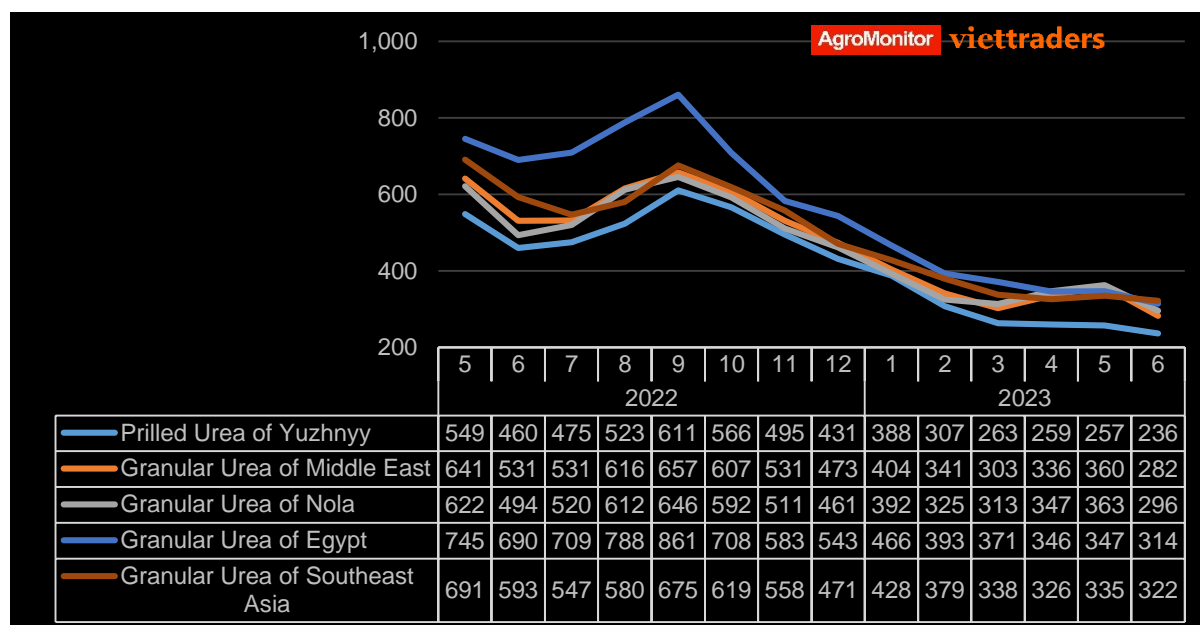
The world urea market experienced a continuous price slump in 1H2023, following the downward momentum since September 2022. Global urea supply started to increase when Russia and China resumed exports from March-April, 2023 despite the raging Russia-Ukraine war. On the other hand, India's low demand and offer prices for its bidding packages dampened the global market sentiment. The world urea market in June returned to the price level in April 2021 (e.g. price of granular urea in Egypt was US\$314/ton FOB, in ASEAN was US\$322/ton CFR, etc.). Declining demand in major markets such as India, Brazil... along with climate change, prolonged hot weather caused by El Nino phenomenon also contributed to a reduction in cultivation acreage in many regions. The plunge in fertilizer prices was favorable for farmers encouraging them to use more fertilizers, but the stagnant price of agricultural products kept them cautious and focused on fertilizing high-value crops only.

As in June, the average global urea price fell by nearly 66% from its peak in April 2022. Granular urea prices in Egypt fluctuated at US\$290-348/ton FOB, in Southeast Asia at US\$305-333/ton FOB and in the United States at US\$295-301/st FOB Nola. Compared to the previous month, the price in those markets decreased by US\$13-67/st/ton (4-19%), and by 40-54% yoy. From January to the end of June 2023, India held 3 biddings and purchased 1.7 million tons of urea, down from 2.7 million tons a year earlier.

China's domestic urea price plummeted for four consecutive months to 1,997-2,125 yuan/ton (depending on region). In June, the agricultural sector had limited buying demand, except for the regions that required top dressing for rice and corn.

Trend forecast:

Chart 7: Average urea price in certain regions in 1H2023 (US\$/ton FOB)



Source: AgroMonitor

Prilled and granular urea prices have bottomed out and are forecasted to remain stable in July-August before rising slightly in September due to seasonal demand and higher raw material costs. Prices of natural gas and coal may increase, pushing urea prices higher than forecast. NFL (India) is expected to announce a tender to import about 1 million tons of urea in the second half of July for delivery in late August. The main supply sources may be the Middle East and China.

World DAP market

Since May 2022, the world price of DAP has been in a continuous downward trend, decreasing by US\$461-778/ton by June 2023. In June, the US market saw the steepest drop in DAP prices, falling by up to 10% from May, followed by India with a 9% decrease. Most of purchase activities were in the West Suez and South Asia regions, but the trade volume tended to shrink YoY.

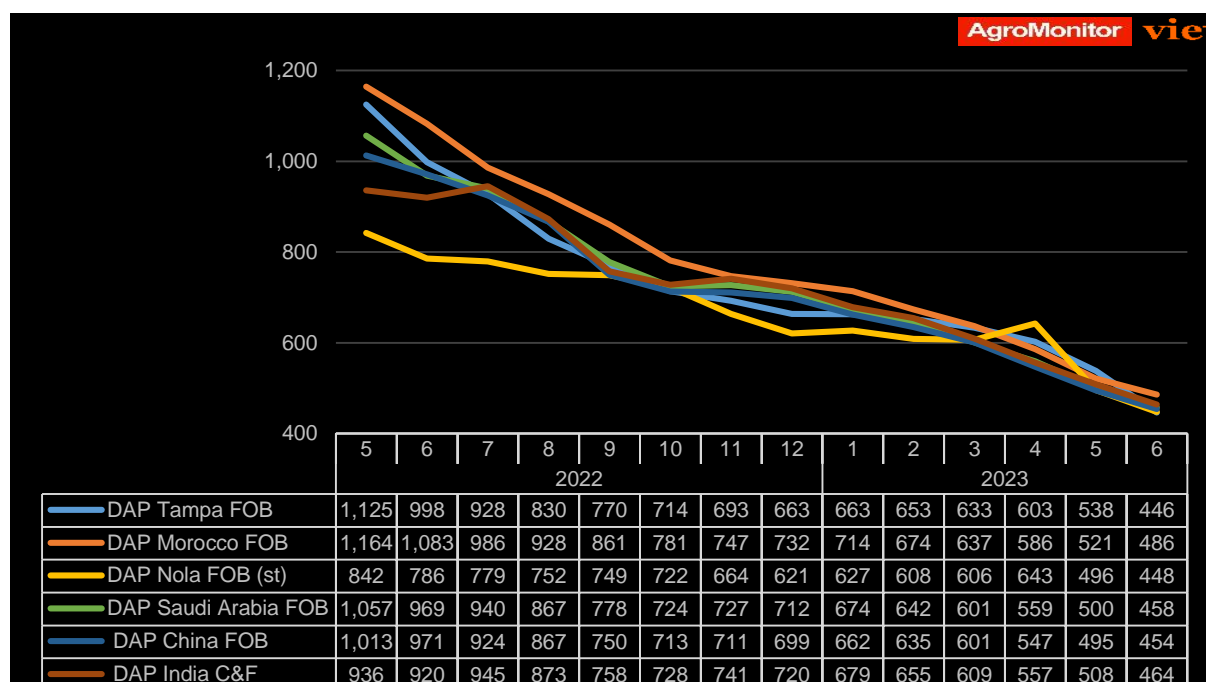
In South Asia, DAP prices kept falling in India and Pakistan. India maintained some purchasing demand with several biddings reported; Bangladesh also witnessed a rise in demand when the private sector launched biddings to buy 400 thousand tons.

China's export DAP price has been on a downward trend since March 2022, dropping by US\$614/ton in June 2023 (compared to February 2022) and the export price ranged from US\$440 to 465/ton FOB, down US\$41/ton (-8%) from May and a plunge of US\$517/ton (-53%) YoY.

Trend forecast:

DAP/MAP prices are expected to decline in most of the major markets globally in Q3 and Q4. Some markets may see a slight recovery in prices from December 2023.

Chart 8: Average DAP price in certain regions in 1H2023 (US\$/ton FOB)



Source: AgroMonitor

World potassium market

The world potassium market has been falling steadily from its peak in May 2022 following the slump of other single-element fertilizers (MOP price in Brazil hit US\$1,158/ton FOB in May 2022 and plummeted to only US\$335/ton FOB in June/2023, a 70% reduction in value). So far, the supply of potassium from Russia/Belarus remains limited, but the US/EU have softened their sanctions on fertilizer export from these countries. However, importers still have to source Russian/Belarusian potassium from third countries to avoid breaching sanctions.

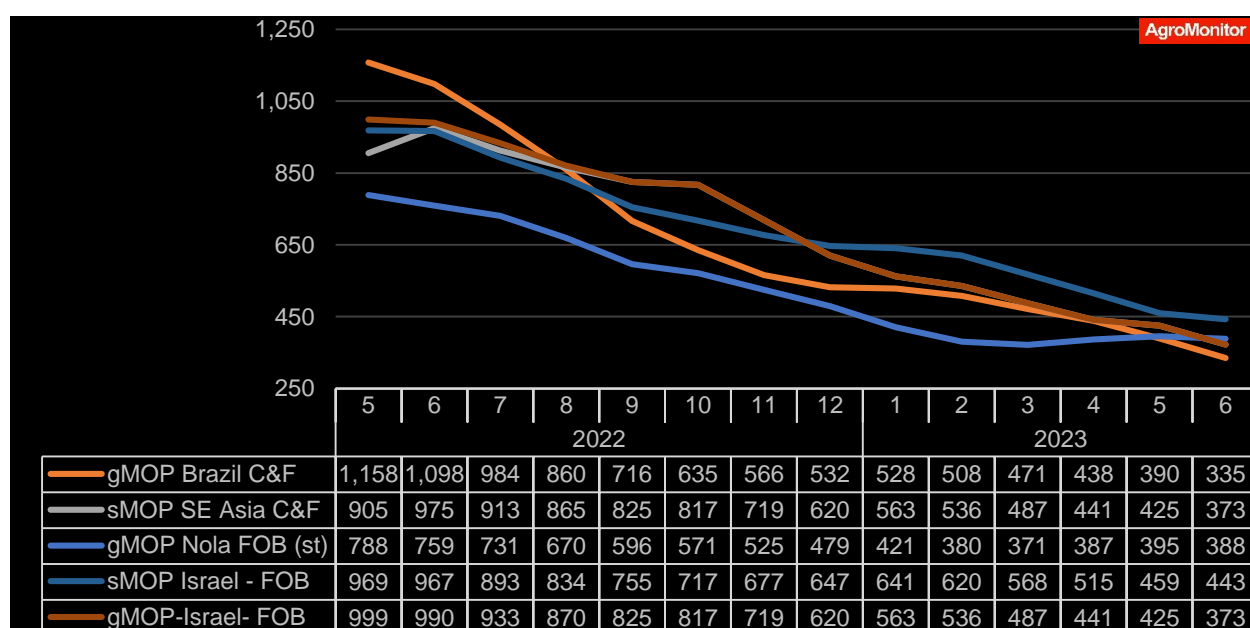
The global MOP market saw India renegotiate its standard MOP contracts with suppliers in June 2023 after China signed contracts at US\$307/ton CFR. India's new prices are likely in the range of US\$315-322/ton CFR.

Trend forecast

In the short term, the MOP contract pricing according to India's new standards should make prices more predictable and may stimulate demand in Southeast Asia. Continued shipments to India and strong demand growth in Brazil, US and South Africa could help stabilize the global potassium price.

Potassium prices are expected to decrease further in 2H as global prices have declined in response to China's new import prices in June, pressured by rising supply and weak demand across the world. However, if the global potassium demand is higher than expected, prices may rise along with demand.

Chart 9: Average potassium price in certain regions in 1H2023 (US\$/ton FOB)



Source: AgroMonitor

World NPK market

The NPK global market in 1H2023 was adversely impacted by plunging prices of single-element fertilizers. NPK prices in different regions have been declining since September 2022

at a monthly rate of 8%-17%. With adequate inventories for the harvest period, India, a major market, reduced its monthly imports to 25,000-65,000 tons, depending on the formula.

In Southeast Asia, demand for imported NPK remained weak as importers had enough stockpiles and the regional markets are likely to consume less. Meanwhile, NPK prices are expected to decline further, pressured by low MOP contract prices in China, a major NPK manufacturer in the region.

Demand in Europe saw an upward trend from mid-June. Sales, however, were mainly limited to small shipments transported by small trucks as buyers avoided stocking large quantities against a declining market.

In Brazil, demand for NPK remained low. However, price negotiations resumed at the end of June, indicating interest and a likely increase in demand in the short term.

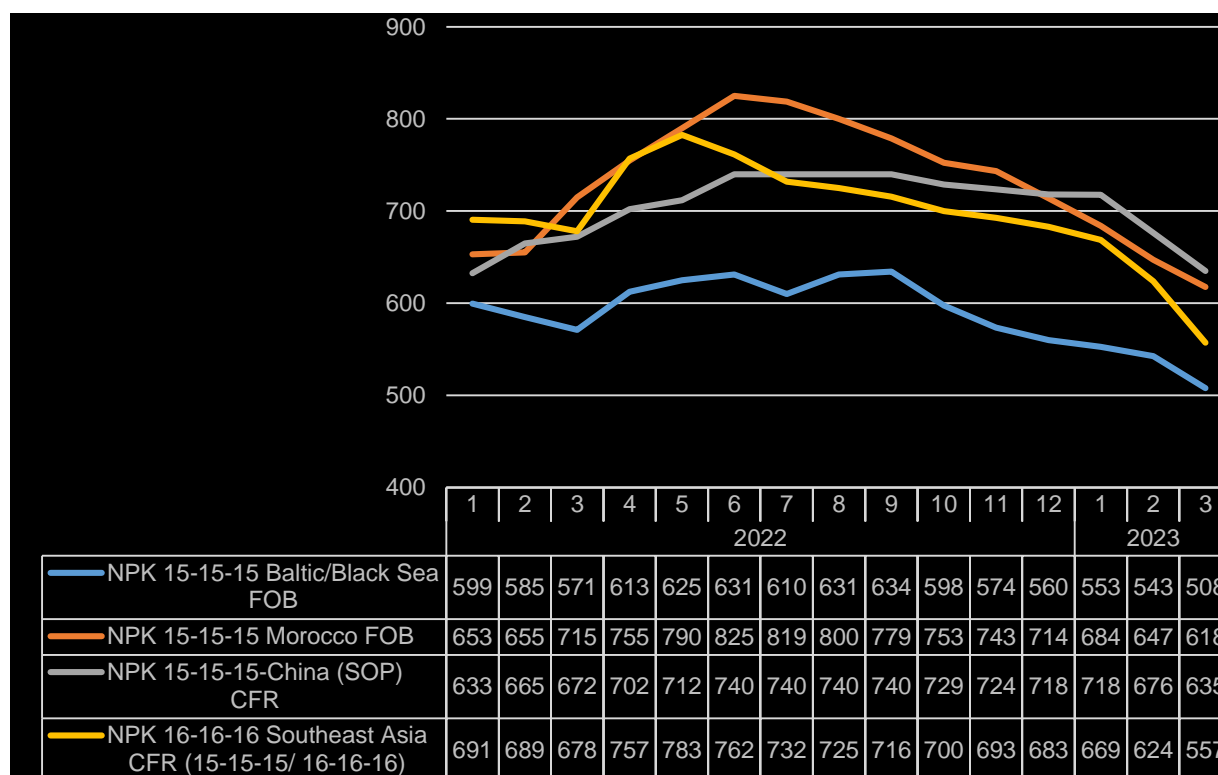
In late June 2023, Russia's NPK 15-15-15 and NPK 16-16-16 prices hovered in the range of US\$300-320/ton CFR depending on seaports, down from US\$350/ton CFR in early June and US\$350-410/ton in May 2023.

Trend forecast:

In the short term, suppliers in most regions will need to reduce NPK prices to sell large volumes. However, when prices are perceived to have hit the bottom, NPK demand will be boosted in Brazil, Southeast Asia and Europe, then NPK sales are likely to rise.

Chart 10: Average NPK prices in certain regions during June 2022 to June 2023(US\$/ton FOB)

Source: Agromonitor



IV. NEWS IN BRIEF

1. Investor relations:

2023 AGM News

On June 27, 2023, PVFCCo's Annual General Meeting of Shareholders was successfully held in Ho Chi Minh City attended by 173 shareholders, representatives & authorized representatives, representing more than 74% of voting shares. The AGM adopted 13 topics, including 2022 performance, 2023 plans, the distribution of 2022 and 2023 profits, plans to issue shares to increase the charter capital, changes to the Board of Directors and the Supervisory Board, etc.

A dividend of VND 7,000 per share was approved for 2022, or 70% of the par value, and a dividend of VND 4,000 per share was approved for 2023, or 40% of the par value.

The question-and-answer session was interactive and productive, with shareholders expressing their views and asking various questions. The management board responded to their feedback and gave updates on issues such as: Outlook of the fertilizer market and business performance, PVFCCo's policy on gas sources and gas prices for 2023 and beyond, plans on new investments, timeline for issuing shares to raise charter capital, and directions to achieve 2023 targets in a more challenging market.

PVFCCo pays first interim cash dividend for 2022

On March 22, 2023, PVFCCo distributed the first interim cash dividend of VND 4,000 per share for 2022, accounting for 40% of par value. This payment amounted to about VND 1,560 billion from 2022 retained earnings.

At the AGM 2023 held on June 27, 2023, PVFCCo shareholders also approved a dividend of VND 7,000 per share for 2022 (or 70% of par value) and VND 4,000 per share for 2023 (or 40% of par value).

PVFCCo is honored with many prestigious awards on governance - sustainable development

“Top 50 Exemplary Sustainable Development Enterprises 2023”

On June 30, 2023, PVFCCo was honored as one of the "Top 50 Exemplary Sustainable Development Enterprises 2023" in the "Outstanding Risk Management Platform" category. This title is awarded to companies with significant contributions to eco-friendly and sustainable development, and social equality.

Reportedly, “Top 50 Sustainable Development Enterprises” Award is organized by the Investment Bridge magazine with a panel that includes leaders from HSBC Bank, Deloitte, PwC, Institute for Circular Economy Development, VinaCapital, and Talentnet to ensure unbiased and scientific evaluation. The awards include three categories of companies: foreign-invested enterprises, listed companies, and small and medium-sized enterprises.

Top 50 Best Listed Companies 2023

According to Forbes Vietnam, PVFCCo continues to be named in the Top 50 best listed companies 2023. This is the 7th time PVFCCo has been on this list and the 11th time Forbes

Vietnam has ranked companies in Vietnam in this category. The rankings are based on the consolidated audited financial statements of companies listed on the Ho Chi Minh City Stock Exchange (HSX) and the Hanoi Stock Exchange (HNX).

2022 was a bumper year for PVFCCo as production and business performance both set new records. Urea production at Phu My reached 917,000 tons, the highest since the plant went into operation. Urea sales reached 791 thousand tons in 2022, up 6% year-on-year; exports hit 191,000 tons, a threefold increase year-on-year and an all-time high.

PVFCCo ranks 2nd on the list of “2023 Top Prestigious and Effective Public Companies”

This is a prestigious ranking made by Vietnam Report Joint Stock Company (Vietnam Report) in line with international standards and is published annually on domestic and foreign media.

The world's chaotic economic and political situation in the past few years has had a profound impact on the performance of companies, including those in the fertilizer and chemical industry. In response, PVFCCo has applied many solutions to quickly adapt to changes in the business environment, ensuring sustainable growth and best interests of shareholders and related parties.

The “Top 50 Prestigious and Effective Public Companies” list honor prestigious, effective and stable public companies that contribute to Vietnam's economy development and promote the business brand to the business community, at home and abroad.

PVFCCo ranks among Vietnam’s 2023 Top 50 Innovative and Effective Enterprises

Vietnam Investment Review newspaper introduced this annual list for the first time, based on research by Vietnam Research.

The companies in the list are honored for creativity and innovation in their operations, which help them to boost business performance, establish their positions in the market and contribute to Vietnam’s development.

2. News on PVFCCo’s business performance:

PVFCCo supports VND5 billion on Great Solidarity Houses for the poor in Soc Trang province

On June 18, 2023 in Soc Trang, the ceremony was held to donate a model house and support funds to build houses for the poor in the province. This program is campaigned by the Ministry of Public Security, Party Committee and People's Committee of Soc Trang Province.

Joining this program, PVFCCo donated VND5 billion to build houses for poor people in Soc Trang Province to improve their living standards.

Summary conference on Large-scale field model for high- quality rice cultivation using Phu My NPK

On May 19, 2023 at Cam Xuyen Town, Cam Xuyen District, Ha Tinh Province, North PetroVietnam Fertilizer and Chemicals Joint Stock Company (PVFCCo North-PMB) hosted the Summary conference on “50-ha large-scale field model for high quality rice cultivation using Phu My NPK” for the Spring 2023 crop in co-operation with the Town People's Committee and related parties to evaluate and analyze the factors affecting the implementation.

The 50-hectare field model was implemented at Residential Groups No. 3 and No. 5, Cam Xuyen Town, Cam Xuyen District, Ha Tinh Province. Two high-quality rice varieties RVT and Bac Think were selected for the use of Phu My NPK in basal fertilizing and top dressing. The results showed that the rice plants had a growth time of 124 days, yielded 7,000 kg/ha, which is more productive than the comparative rice fields using non-Phu My fertilizers. The rice plants also took longer to wither, grew well, and showed better resistance to pests (rhizoctonia solani, leaf folders) and were less vulnerable to blast disease. In addition, fertilizer and pesticide costs were also lower as compared with comparative rice fields using non-Phu My fertilizers.

PVFCCo's Research & Application Center goes into operation

On March 1, 2023, PVFCCo held the Grand Opening Ceremony of PVFCCo Branch - Research & Application Center (R&D Center). R&D Center is engaged in research and application of products and services related to fertilizers and chemicals, science and technology, project development, and cooperation at home and abroad in technology transfer, research services, etc. It aims to not only research and develop new products and services for PVFCCo but also to perform experiments for clients.

Petrochemicals workshop is relocated to Phu My Fertilizer Plant's premises

On February 10, 2023, PVFCCo held a groundbreaking ceremony for the relocation of its Petrochemicals Workshop from Long Xuyen Industrial Park to Phu My Fertilizer Plant's premises. The Petrochemicals Workshop, currently situated in Long Xuyen Industrial Park in Vung Tau City, produces a wide range of chemicals used in the oil and gas industry and chemicals for rigs with a capacity of 4,000 tons a year. The relocated Workshop, which includes a processing area and a warehouse for chemicals, along with machinery, will help to optimize production, boost efficiency, reduce costs and be easier to operate.

3. News on fertilizers and chemicals market:

The Government issues new Regulations on tax policy for fertilizers

According to Decree No.26/2023/ND-CP and Decision No.15/2023/QD-TT (effective from July 15, 2023), there are no changes to general and preferential tariffs on fertilizer imports into Vietnam. However, there are a few changes to tariffs on exports in Decree No.26/2023/ND-CP. In particular, from July 15, 2023, a different tariff will be imposed on each type of fertilizer. The tariff on phosphate, urea, potassium, and SA exports is 5%. Only NPK, DAP, and MAP exports have a tariff of 0%. Previously, the tariff on exports depended on the ratio of natural resources value and energy cost. If the natural resources value and energy cost account for more than 51% of the production cost, a tariff of 5% will be imposed. If the ratio is under 51%, the tariff is 0%.

However, DAP exports from two Vietnamese plants (Dinh Vu and Lao Cai) have been subject to a tariff of 0% from the beginning of this year until now as their DAP products have the ratio of natural resources value and energy cost below 51%. Therefore, there are no changes to the tariff applied starting July 15.

As the ratio of natural resources value and energy cost no longer determines whether or not a tariff of 0% will apply to DAP exports, there is less paperwork for exporters, who no longer have to demonstrate this ratio is under 51%.

China Market News

In May, China cut the period of inspection for DAP exports at customs to 10 days. This has made it easier for Chinese manufacturers to export DAP/MAP, thus driving down the price of Chinese DAP in the world market. Chinese DAP prices are expected to decline further until the end of the year, so Vietnamese importers are very cautious with orders as prices may drop even further before shipments arrive in Vietnam.

Currently, dealers/traders in Vietnam only stock small quantities just enough to meet demand to avoid having large inventories amid falling prices. Vietnam is expected to import 25,000 tons of DAP in June, up by 5,000 tons from May, mostly from China.

China's potassium market (MOP)

In early June, China signed MOP contract price at US\$307/ton CFR, which sets the new floor price for potassium globally for the rest of the year. This represents a decrease of US\$ 283 from last year and is US\$115 lower than India's 2023 contract price. In China, MOP prices continued to be under the pressure to decline across the regions in May, down 275-425 yuan/ton from April amid weak demand. As a result, global potassium prices will likely be affected by potassium prices in China, and it is unlikely that large quantities will be traded again in the world market before potassium prices are revised.

The Russian government extends export quota from June 1 to November 30, 2023

In May, the Russian government extended the export quota for fertilizers from June 1 to November 30, 2023. The total quota for this period is about 16.3 million tons, including 10.66 million tons for urea, UAN and AN, and 5.67 million tons for MAP, NPK and NP. This is a move to ensure sufficient fertilizers for domestic consumption. The Ministry of Industry and Trade is responsible for the allocation among exporters. Meanwhile, fertilizers exported to Abkhazia and South Ossetia will not be subject to quotas. However, the quota allocation among manufacturers has not been publicly disclosed.

Russia has quit Black Sea Grain Initiative

On July 17, 2023, Russia announced its decision to withdraw from Black Sea Grain Initiative, an agreement signed between Turkey, the UN and Russia to enable safe transportation of Ukrainian grain through the Black Sea Corridor amid the conflict between Moscow and Kiev. Russia blamed the West of breaking all of its promises to Moscow as mutual agreed, including permitting the re-exports of grain and fertilizer from Russia.

Ukraine has been called "Europe's breadbasket," as the country supplies about 10 percent of the global share of wheat exports and nearly half of the world's sunflower oil. Before the outbreak of hostilities, almost 90 percent of Ukraine's grain was exported from Black Sea ports.

As of July 2023, the World Food Programme purchased about 80 percent of Ukraine's wheat through the Initiative and directed some 725,000 metric tons to the most food-insecure places in the world, such as Afghanistan, Yemen, and Somalia. However, in reality, not a lot of the Ukrainian grain landed in poorer countries, as the UN had initially envisioned. China was the biggest purchaser, buying about 25 percent of Ukrainian grain shipped out.

According to experts, Russia's withdrawal will make it even more challenging to export Ukrainian grain. That could destabilize global food prices and jeopardize the most food-insecure countries.

The World Food Programme (WFP) estimates that about 345 million people will face high levels of food insecurity in 2023, with about 129,000 people potentially suffering famine in places such as Burkina Faso, Mali, Somalia, and South Sudan.

Meanwhile, farmers across the world may deal with shortages of fertilizers as Russia and Belarus are the world's leading suppliers of fertilizers. Together, they account for approximately 14% of the world's fertilizer output and exports.

Source: PVFCCo

Board of Editors:

Board of Management: Mr. Hoang Trong Dung – Chairman; Mr. Le Cu Tan – President & CEO;

Office of the BOD: Mr. Truong The Vinh - Secretary and Spokesperson; Ms. Nguyen Thi Ngoc Mai – Investor Relations Manager; Mr. Pham Thanh Long

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