

DPM REPORTS EARNINGS FOR THE FIRST 9 MONTHS 2020

DPM reports strong sales growth, PBT in 9M2020 reached VND 718 billion, 4.1x higher year-on-year

Petrovietnam Fertilizers and Chemicals Corporation (PVFCCo – stock code DPM) announced results for the third quarter and the first 9 months, ended September 2020. The Corporation delivered strong performance in a less favorable pricing environment during Covid -19 pandemic thanks to cost leadership strategy of reducing operating expenses through continuous production improvement, efficiencies and cost controls.

During the outbreaks of the Covid – 19 following unfavorable weather and market conditions, the Corporation is proud of the tremendous efforts of its employees and leadership team in implementing protocols and action plan to prioritize the health and safety of its labor workforce and at the same time remains stable operational capacity throughout this extraordinary difficult period. DPM achieved solid growth in sales of all key products due to significant increased volume of Urea Phu My and NH3 compared with low-base of the same period last year when Phu My Urea Plant underwent long lasting maintenance period of 72 days.

PVFCCo maintained its leading position in the country's fertilizer and chemical industry, with its total revenue in 9M2020 reaching VND 5,960 billion, 9% yoy increase. Total production and sales output of fertilizers and chemical products reflects strong recovery, which largely offset lower pricing of key products such as urea compared with the same period last year (-16% yoy). Lower input gas material price (-26% yoy) and aggressive cost cutting in reducing production and operating expenses mitigated the impact of lower selling prices and notably expanded gross margin and operating margin compared with the same period last year.

The Corporation's EBIT margin was enlarged to 13.5% (compared with 4.8% of the same period last year) reflects its continuous determination of cost leadership strategy to further strengthen the company's production efficiencies and financial position to attain higher profitability.

Total production output of Phu My Urea and Phu My NPK in the first 9 months amounted to 739k tons, increased 35% yoy. Particularly, production volume of Phu My Urea Plant reached 650k tons, fulfilling 83% of its yearly target and increased by 34% yoy. Production volume of Phu My NPK Plant reached 89k tons, fulfilling 50% of its yearly target and increased by 47% yoy.

Despite lower prices in 9M across all key product categories due to market unfavorable conditions and Covid – 19 outbreaks, the Corporation's total sales volume of fertilizer & chemical products rebounded from a high level of production and positive results in rice export, which has helped local farmers to increase investment in plantation.

PVFCCo's total sales volume of fertilizers in the first 9 months amounted to 829k tons, increased 24% yoy. Sales volume of Phu My Urea reached 636k tons, completing 82% of its yearly target and increased 40% yoy, partly supported by strong export volume in 3Q. Sales volume of Phu My NPK reached 69.3k tons, completing 38% of its yearly target and increased 34% yoy. The Corporation's revenue from fertilizers (included trading imported fertilizers) in 9M2020 totaled VND 5,372 billion, increased 7% yoy, representing 90% of the company's total revenue.

Total sales of chemical products in 9M2020 reached 100k tons, completing 87% of its yearly target and increased 37% yoy, mainly thanks to strong sales growth of NH₃, which amounted to 51.4k tons, 59% increase compared with the same period last year. Sales of UFC85 in 9M reached 6,981 tons, completing 78% of its yearly target and increased 15% yoy.

Operating and financial results:

- 9M2020 revenues arrived at VND 5,960 billion, translating 65% of its annual target and increased 9% yoy. Revenue under-performed its target mainly due to lower pricing of all key product categories (except UFC85). Particularly, ASP of Phu My Urea in 9M is 16% lower than the same period last year and 16% lower than the target price; ASP of NH₃ in 9M is 11% lower than the same period last year and 10% lower than the target price.
- 9M2020 gross profit amounted to VND 1,342 billion, increased 59% yoy, translating a strong gross margin of 23% (compared with 16% of the same period last year), which was largely supported by lower gas prices (-26% yoy).
- 9M2020 EBITDA reached VND 1,191 billion, equivalent to a margin of 20%, compared with VND 670 billion (12%) of the same period last year.
- 9M2020 operating profit increased to VND 788 billion, translating an EBIT margin of 13.5%, compared with VND 257 billion of the same period last year.
- 9M2020 profit before tax reached VND 718 billion, increased 306% yoy.
- 9M2020 profit after tax reached VND 597 billion, increased 293% yoy.
- Available cash and cash equivalents stood at VND 2,177 billion as of September 30, 2020.

4th Quarter outlook & summary:

PVFCCo would like to highly recognize the tremendous efforts of its employees and leadership teams during this extraordinary difficult period caused by Covid – 19 pandemic, which has created unforeseeable changes globally. In the coming quarter, PVFCCo's employees and leaders continue to prioritize the health and safety of our workforce to remain stable production and sales efficiencies and to assure that all key financial targets assigned by shareholders are achievable.

The Corporation continues to implement cost controls and other measures to monitor its performance to achieve consistently lower production costs, lower operating costs to further strengthen the company's financial position with a dedication to develop DPM as a stronger and more solid business for the interests of shareholders, partners and employees.

Key targets for 4Q2020:

Production:

- Phu My Urea: 171k tons
- Phu My NPK: 39k tons

Sales:

- Phu My Urea: 148k tons
- Phu My NPK: 44k tons
- Imported fertilizers: 74k tons
- Chemicals: 31k tons

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