



BẢN TIN TỔNG CÔNG TY PHÂN BÓN VÀ HÓA CHẤT DẦU KHÍ

Nhà đầu tư

I N V E S T O R S B U L L E T I N

DPM
QUARTER 3/2020

Basic information:

- Stock code: DPM (HoSE)
- Listing date: 05/11/2007
- Foreign ownership: 11.42% (2/7/2020)
- Foreign ownership limit: 100%
- Listed shares: 391,400,000
- Outstanding shares: 391,334,260
- Dividend payout ratio (cash) in 2020: 1,000 VND/share

Shareholder Structure (May 2020):

- PetroVietnam: 59.59%
- Edgbaston: 4.82%
- AGRIMEX Nghe An: 3.93%
- KWE BETEILIGUNGEN AG: 1.95%
- Dak Lak Agricultural Materials: 1.89%

I. MESSAGE TO INVESTORS

PetroVietnam Fertilizer and Chemicals Corporation (PVFCCo - Stock code: DPM) announced its business results of the first half of 2020, which recorded a strong growth on year-on-year basis with output and financial targets vigorously recovered thanks to optimized capacity, reduced selling costs and sharp drop in input material costs as compared to the same period of 2019.

With the market seriously affected by adverse impacts of the pandemic and prolonged drought and salinity, the Corporation has closely monitored the market, taken many transport measures, applied flexible sales policies to maintain and expand market share. Sales volume of fertilizers in 1H2020 surged by 30% yoy. Such strong recovery has helped PVFCCo maintain and affirm its leading position in the industry, accomplish and exceed key targets of the first half plan.

In 1H2020, the Corporation operated its fertilizer and chemical plants efficiently to optimize capacity and achieved strong growth in production output (in the same the same period last year, Phu My Fertilizer Plant's production output plummet when NH₃ workshop had undergone a 72-day maintenance period, from February 19, 2019). Production output of the Phu My Fertilizer and NPK plants in 1H2020 hit 485,000 tons, up 60% yoy. Particularly, Phu My Fertilizer plant produced 429,000 tons of urea, completing 55% of annual plan, up 62% yoy. NPK Plant's production output increased to 56,000 tons, representing 31% of annual plan,

up 44% yoy. NH₃ production for commercial use jumped to 35,400 tons, more than double the output of the same period last year.

Sales volume of key products achieved strong growth despite market uncertainties. PVFCCo worked closely with dealers to promptly resolve problems, optimally driving sales volume, maintaining reasonable inventory and at the same time restructure sales and transportation costs.

Sales volume of fertilizer products in the first half rebound 29% to 550,000 tons. Particularly, sales volume of Phu My Urea jumped 60% to 418,000 tons, completing 54% of annual plan. Sales volume of Phu My NPK hit 43,000 tons, completing 24% of annual plan, up 6% yoy.

Sales volume of chemicals in 1H2020 also record strong growth, rising to 64,200 tons, completing 65% of annual plan, up 70% yoy, mainly thanks to NH₃ recovery with commercial sales increasing to 32,700 tons, achieving 59% of annual plan, up 107% yoy. Sales volume of UFC85 increased 14% yoy to 4,851 tons, representing 54% of annual plan.

Total revenue in the first half has increase 11% yoy to VND 3,955 billion, having accomplished 43% of the full year target. Revenue reached below 1H target mainly due to significant decrease of the selling price of key products. Average selling price of Phu My Urea and NH₃ in 1H2020 drop by 18% and 22% yoy, respectively. Consolidated profit before tax achieved a robust growth to VND 493 billion, completing 96% of annual plan, 4.85 times higher yoy, mainly thanks to efficient production and selling cost management, plus favorable factors for input materials. Gas price in 1H2020 dropped 30% yoy.

In the second half of 2020, PVFCCo aims at safe and stable operations of the plants, continuing to study and improve product quality, ensuring reasonable and efficient sales of fertilizers. The Corporation will continue reviewing its material consumption norms and closely monitoring production process to reduce production cost and assures that all key targets assigned by shareholders are achievable.

In 2H2020, PVFCCo estimates sales volume of fertilizers at 551,000 tons, sales of chemicals at 69,000 tons and revenue at VND 4,415 billion.

Details of business performance and market insights in 1H2020 are in the followings and available for download at the company's website: www.dpm.vn

II. 1H2020 BUSINESS RESULTS AND 2H PLAN

1. Production:

Phu My Urea: 428,853 tons, achieving 101% of first half plan, 55% of annual plan, up 62% yoy.

NPK: 56,110 tons, achieving 59% of first half plan, 31% of annual plan, up 44% yoy.

UFC85: 6,359 tons, achieving 90% of first half plan, 49% of annual plan, up 17% yoy.

NH3 produced for commercial sale: 35,400 tons, achieving 100% of first half plan, 61% of annual plan, up 110% yoy.

2. Sales:

2.1 Sales of fertilizers:

Domestic fertilizer market in the first half of 2020 was hit by the impact of the Covid-19 pandemic, climate change-induced drought and salinity at record level, thereby reducing the cultivation area and productivity in the Central and Southern regions, and a drop in the demand for fertilizers as the result. In addition, increasing competition, high inventory and uncontrolled poor-quality fertilizers created pressure on prices and consumption.

In such circumstance, PVFCCo proactively prepared an action plan and implemented a series of solutions in response to the crisis with the aims of overcoming difficulties, seizing favorable opportunities to optimize production and consumption capacity, thereby continuing to maintain and expand market share and affirm its leading position in the industry.

Business performance of fertilizers and chemicals in the first half of 2020 as follows:

Phu My Urea: 417,908 tons, achieving 98% of first half plan, 54% of annual plan, up 60% yoy. The average selling price of Phu My Urea in the first half fell by 18% yoy.

Phu My NPK: 43,466 tons, achieving 46% of first half plan, 24% of annual plan, up 6% yoy. Sales output remained lower than target due to long maintenance and repair of the bucket lifts in the first quarter.

Trading of imported fertilizers: 88,533 tons, achieving 89% of first half plan, 47% of annual target, down 30% yoy.

Urea exports: 400 tons of Phu My Urea, equivalent to 57% yoy.

Fertilizer imports: 73,400 tons, achieving 49% of annual plan, equivalent to 72% yoy.

2.2 Chemicals:

In 1H2020, sales volume of chemical products reached 64,211 tons, achieving 198% of first half plan, 65% of annual target, up 70% yoy.

Revenue of chemicals reached VND 281 billion, achieving 99% of first half plan, 52% of annual plan, up 24% yoy. Earnings reached VND 57 billion, up 57% yoy.

Specifically as follows:

NH3: Sales volume surged in 1H2020, jumped to 32,700 tons, achieving 110% of first half plan, 59% of annual target, up 107% yoy. The Corporation achieved high sales of NH3 when the Phu My Fertilizer Plant operated at optimized capacity compared with the same period last year. In 1H2019, NH3 output plummeted due to 72 –days closure of the Phu My Fertilizer for repair and maintenance at NH3 Workshop (February 18- April 28, 2019).

UFC 85: 4,851 tons, achieving 109% of first half plan, 54% of annual plan, up 14% yoy.

CO2: 26,400 tons, achieving 97% of first half plan, 53% of annual plan, up 55% yoy.

Petrochemicals: 259 tons, achieving 64% of first half plan, 32% of annual target, down 63% yoy. The consumption market of petrochemicals still faced challenges as oil price kept going down. Local oil and gas companies cut costs by placing order in stages and the domestic market was almost saturated with no new buyers.

3. Business plan for 2H2020:

Basing on the market situation as well as business performance of 1H 2020, forecast for the 2H 2020, PVFCCo presents a number of key targets, as follows:

| <i>Item</i> | <i>Unit</i> | <i>Production</i> | <i>Sales</i> |
|----------------------|-------------|-------------------|--------------|
| 1. Phu My Urea | Ton | 355,506 | 404,390 |
| 2. NPK (Production) | Ton | 60,000 | 62,302 |
| 3. Other fertilizers | Ton | | 104,387 |
| 4. Chemicals (Sales) | Ton | | 68,525 |

4. 1H2020 financial highlights:

Consolidated revenues: VND 3,955 billion, achieving 79% of first half plan, 43% of annual target, up 11% yoy.

Profit before tax: VND 493 billion, achieving 158% of first half plan, 96% of annual target, up 385% yoy. 1H earnings surged thanks to the company's optimized production and sales costs. In addition, significant decrease of gas price (10% lower than the target level and 30% lower yoy) is a key supporting factor for 10%-20% yoy decrease in production costs. Financial expenses also decreased due to slow disbursement.

Key financial ratios estimate in the 1H 2020 (unaudited figures):

| No. | Item | 1H 2019 | 1H 2020 | Increase/Decrease (%) |
|------------|--|---------|---------|-----------------------|
| I. | PROFITABILITY RATIOS | | | |
| 1 | Return on Assets (ROA) (Profit after tax/Total Assets) | 0.81% | 3.56% | 341% |
| 2 | Return on Equity (ROE) (Profit after tax/ Equity) | 1.11% | 5.04% | 353% |
| 3 | Profit before tax/Revenue | 2.86% | 12.48% | 336% |
| II. | LIQUIDITY RATIOS | | | |
| 1 | Overall liquidity ratio (Total liabilities/Total Assets) | 0.28 | 0.30 | 4% |
| 2 | Quick ratio (Current Assets - Inventories)/Current Liabilities | 2.23 | 2.16 | -3% |
| 3 | Current ratio (Current Assets/Current Liabilities) | 3.19 | 2.75 | -14% |
| 4 | Liabilities-to-equity ratio | 0.40 | 0.43 | 5% |

Total assets: Total assets as at June 30, 2020 was VND 11,828 billion, up 3.4% compared to the beginning of the year.

Current liabilities: Current liabilities as at June 30, 2020 was VND 2,400 billion, up 16% compared to the beginning of the year.

Non-current liabilities: Non-current liabilities as at June 30, 2020 was VND 1,137 billion in which VND 982 billion was a long-term loan and VND 164 billion was converted into a short-term loan to finance the NH3 – NPK Complex.

Equity: Equity as at June 30, 2020 was VND 8,291 billion, up 1.6% compared to the beginning of the year. This was due to an increase in the undistributed profit after tax of the first half year.

III. MARKET REVIEW OF THE FIRST HALF 2020

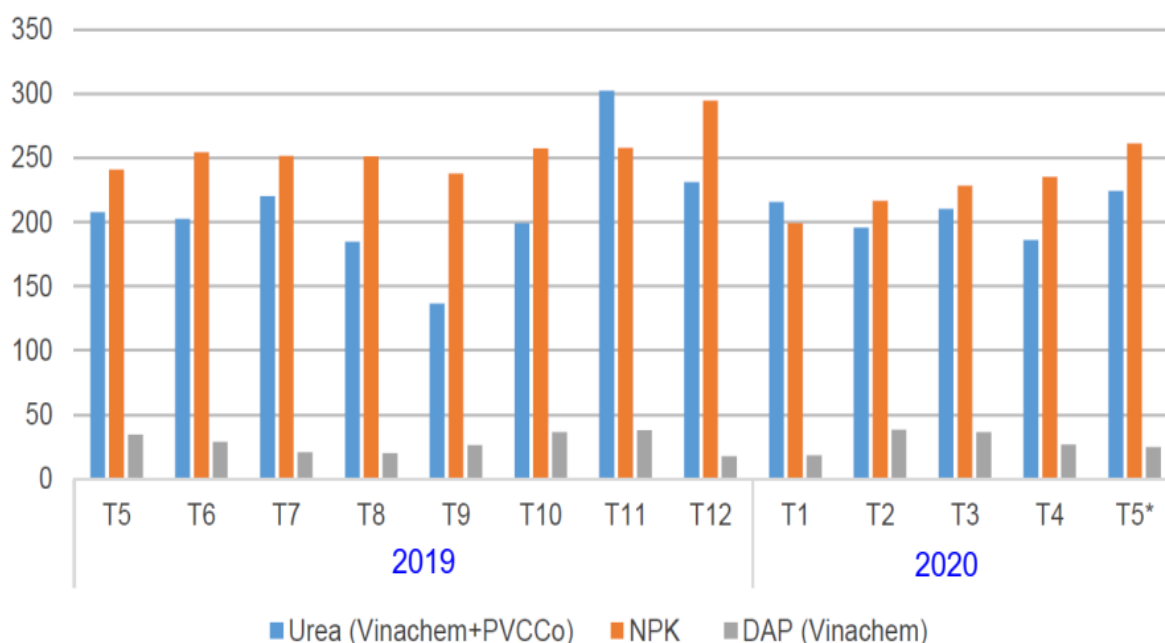
1. Domestic fertilizer market

Domestic fertilizer production:

The General Statistics Office (GSO) estimated Vietnam’s production output in May 2020 reached 224,400 tons of urea and 261,400 tons of NPK, up 7.4% and 6.7% yoy, respectively. In June, urea production output decreased to 190,000 tons, down 15.3% compared to May when Ha Bac Fertilizer Plant underwent regular maintenance for 2 weeks.

In the first half of 2020, Vietnam’s production output of urea reached around 1,16 million tons, up 6% yoy.

Chart 1: Production output of Urea, DAP and NPK in 2019-2020 (Unit: Thousand tons)



Source: AgroMonitor, compiled from GSO, MOIT; (*): estimated figures

Fertilizer imports:

According to the GSO, in the first five months of 2020, Vietnam imported 1,73 million tons of fertilizers, worth US\$ 446 million, down 0.5% in output and 10% in value yoy. In the first half of 2020, the total import of urea was estimated at 90,000 tons, down 75% yoy.

Chart 2: Output and import turnover of fertilizer from January 2019 – May 2020

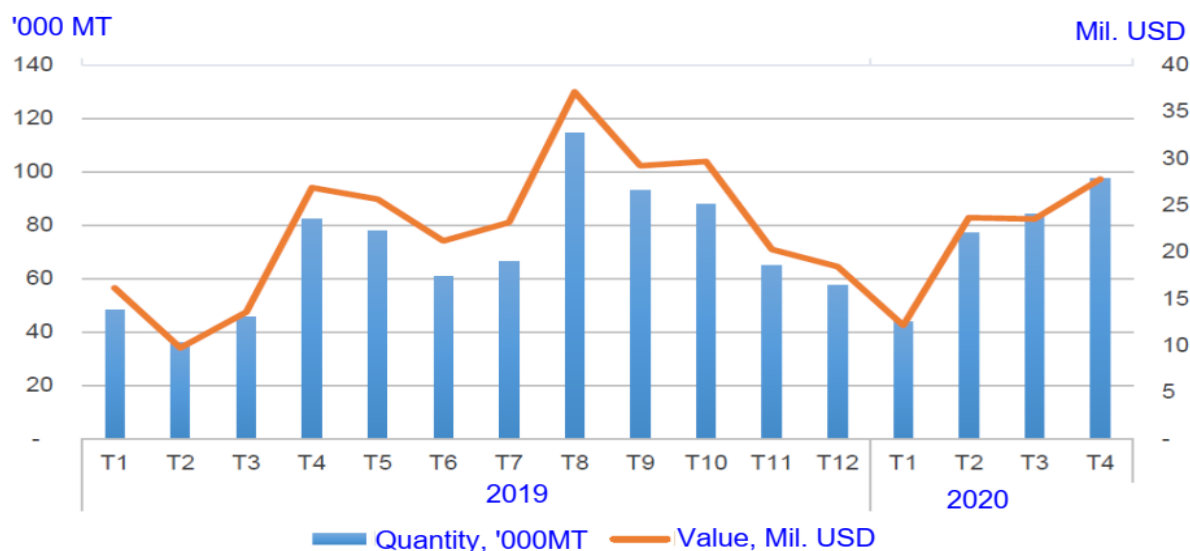


Source: General Department of Vietnam Customs

Fertilizer exports:

According to the Ministry of Agriculture and Rural Development, in the first half of 2020, Vietnam exported approx. 99,000 tons of urea, up 147% ear-on-year.

Chart 3: Output and export turnover of fertilizer from January 2019 – April 2020



Source: General Department of Vietnam Customs

Supply and demand in 1H2020 and trend forecast

The domestic urea market in 1H2020 declined due to abundant supply and low demand.

Demand: In June, the demand was expected to improve when major regions in Mekong Delta were in the middle of the first and second phase of fertilization for Summer-Autumn rice crops. Demand increased when Dong Thap, Kien Giang, Can Tho and the Central region entered the Autumn-Winter crops. In the East region, the demand for fertilizers gradually increased when rainy season comes. Demand was low in the North region when farmers were in preparation for the harvest of the Winter-Spring crops. Trading price recovered slowly and trading capacity remains low due to abundant supply.

Supply: Inventories at the beginning of June 2020 reached 341,000 tons. High level of inventory was due to abundant supply from the end of previous year while domestic consumption decreased in the first half of 2020.

In term of production capacity, all urea plants operated normally. In the first half of 2020, the country's total urea output reached 1,16 million tons, up nearly 6% year-on-year.

On the other side, urea imports showed a sharp decline as the result of abundant domestic supplies. In May and June, urea imports were recorded at 10,000-15,000 tons/month. In the first half of 2020, total imports of urea reached 90,000 tons, down 75% (equivalent to 214,000 tons) year-on-year. Due to no buyers, the urea output was slowly consumed mainly by the NPK plants.

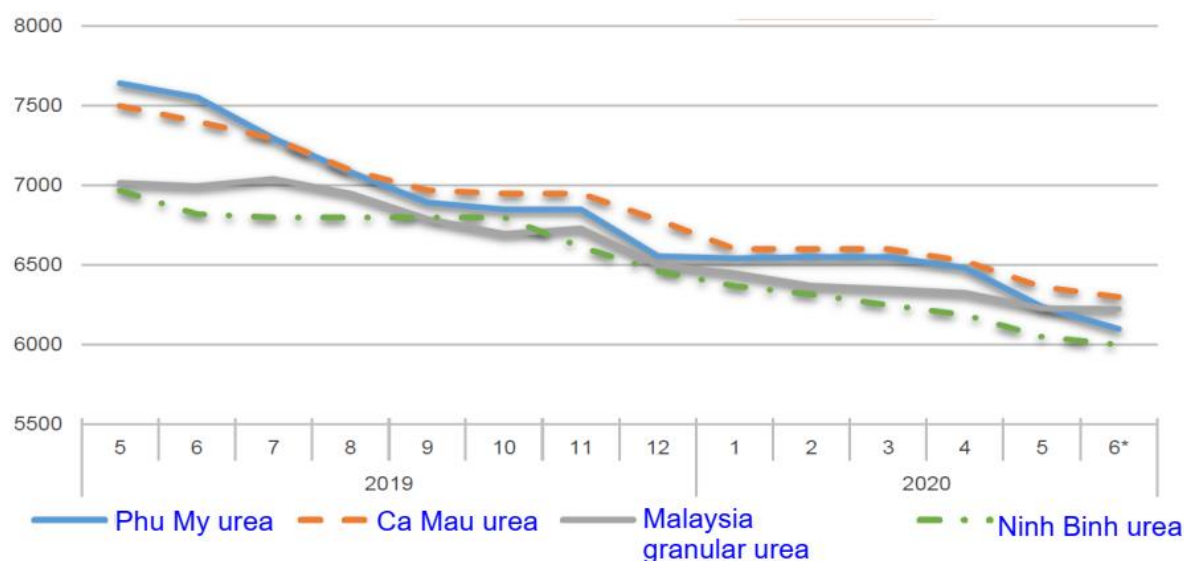
Consumption: In 1H2020, urea consumption decreased by 10% yoy to 890,000 tons when the cultivation area getting reduced as an impact of prolonged drought and salinity. In contrast, urea consumption for industrial production in 1H2020 increased slightly by 1.79% to 5,000 tons when NPK Ca Mau Plant started trial operation plus other new NPK facilities.

Due to low domestic demand, local producers increased urea exports. In 1H2020, Vietnam exported approx. 99,000 tons of urea, up 147% year-on-year. Urea inventories at the end of June dropped to 300,000 tons.

Urea:

By the end of May 2020, urea price dropped to the lowest level since September 2017, down 3% -5% compared to the beginning of 2020. This was mainly due to low demand and abundant supply even though the imports were not significant. In addition, the downward trend in the global market had a negative impact on Vietnam market. The global urea market kept going down from the middle of March, 2020. The average selling price of urea dropped to the lowest level since August, 2017, decreased by 8%-21% since the middle of March, 2020 and down 3%-11% compared to the beginning of 2020. By the end of May 2020, urea price kept falling amid low demand. The negative trend continued in June but possibly recover when India opens bidding packages in July.

Chart 4: Urea price at Tran Xuan Soan Market, from May 2019 to June 2020 (VND/kg)



Source: AgroMonitor database

DAP:

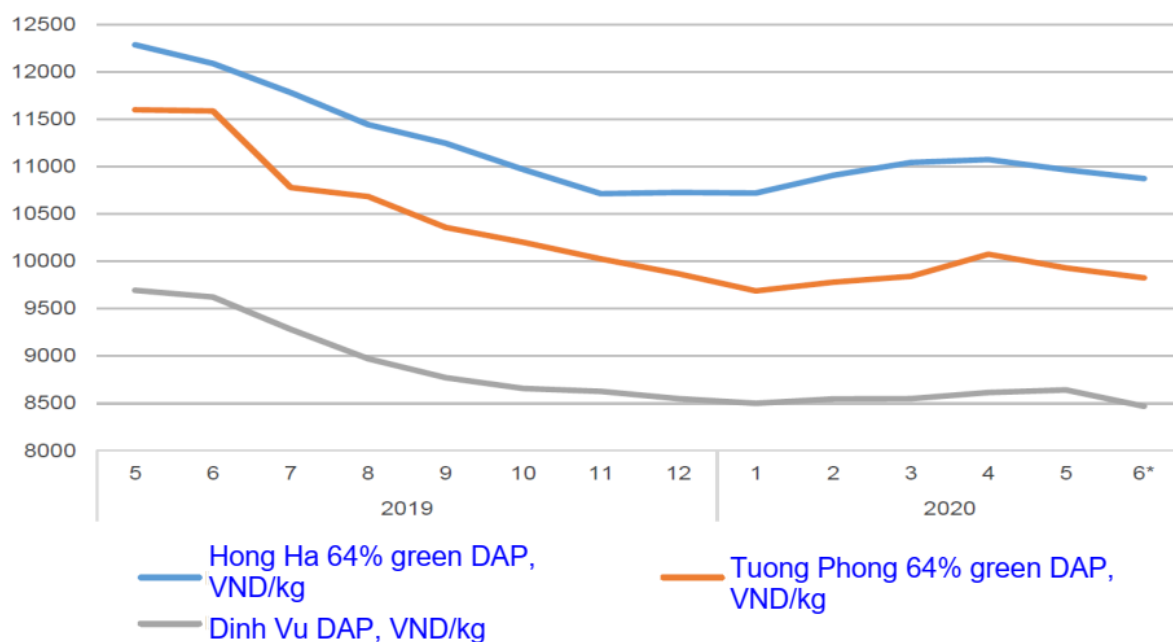
DAP inventories in Vietnam continued to go down from September 2019 to January 2020 due to a decrease in imports. By the end of February 2020, the inventories went up again but at a low level following 60% yoy decrease to only 36,000 tons in imports volume in the first two months. In March 2020, the imports rebounded strongly to 119,000 tons, up more than 400% compared to the previous month but the offer price of DAP showed no significant improvement.

For domestic supply, Dinh Vu green and Lao Cai green were expected to increase by VND200/kg from the beginning of March 2020. However, by the middle of March, the offer price remained unchanged in Saigon and Western regions due to low demand. Dinh Vu green/black was offered at VND 8,500-8,550/kg, Dinh Vu yellow powder at VND 8,400/kg; As for Lao Cai green/black offered at VND 8,500-8,550/kg, Lao Cai brown at VND 8,150/kg, Lao Cai yellow at VND 8,400/kg (payment on delivery).

By the end of March, enterprises adjusted the price of Dinh Vu and Lao Cai up VND 200/kg to VND 8,700/kg, but the trading prices in the market remained unadjusted. By the beginning of April 2020, the actual trading price in the market increased by VND 100/kg to VND 8,600-8,650/kg.

In May 2020, DAP trading price in Vietnam market tended to decline slightly due to low demand despite a modest increase in supply sources.

Chart 5: DAP trading price at Tran Xuan Soan Market, from May 2019 to June 2020 (VND/kg)



Source: AgroMonitor database

Potassium:

Potassium trading price in Vietnam in January 2020 remained stable compared to December 2019 as demand was low and import of potassium was ongoing. Potassium price in February 2020 declined slightly in line with global price.

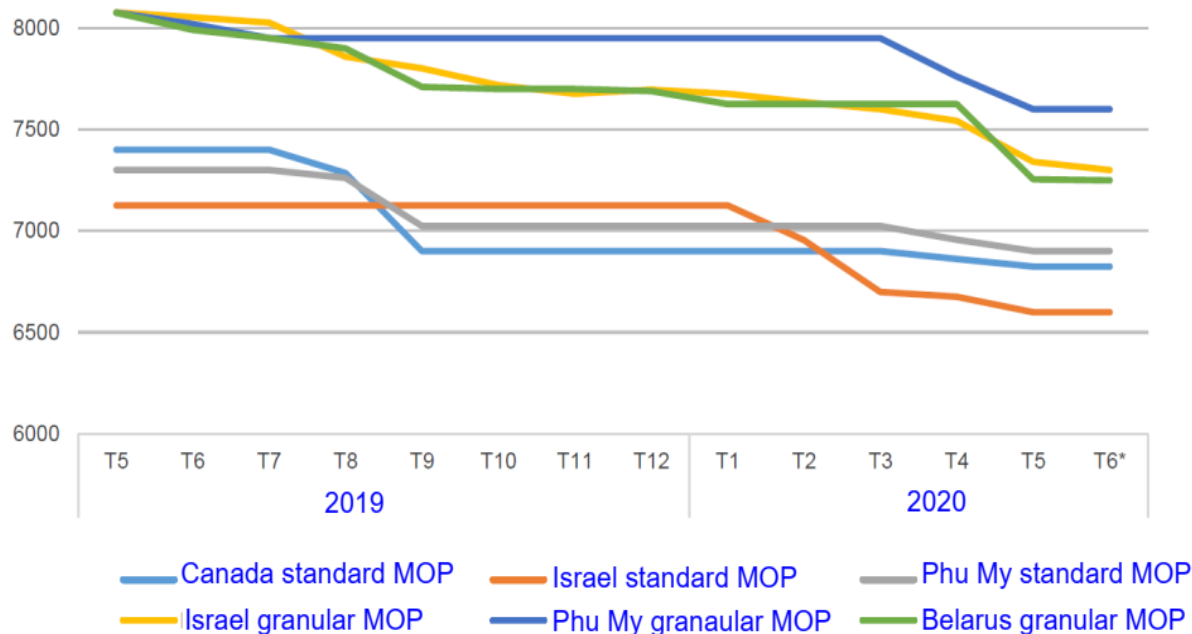
Local trading price of Potassium in May 2020 continued declining amid massive supply and low demand. The average trading price of potassium in the local market decreased 1%-5% compared to April 2020 and decreased 5%-10% yoy.

Regarding supply side, in May 2020, Vietnam imported more than 170,000 tons of potassium, up 158.5% compared to April 2020 and 276.77% compared to the same period of 2019.

The volume of imported potassium surged amid high demand for Summer-Autumn crops in the Southwest regions. However, the average demand remained low because the area for Summer-Autumn rice seeding was quite spread out and in many areas, the seeding was carried out later than usual due to drought and salinity.

In the short run, Potassium trading price in Vietnam market was forecast to decline slightly due to weak domestic demand amid abundant imports and overall impact of the world market when new contracts between China and India for purchasing potassium would be finalized at low price.

Chart 6: Potassium price at Tran Xuan Soan Market from May 2019 to June 2020 (VND/kg)



Source: AgroMonitor database

2. International fertilizer market

Urea market

Urea price in the global market increased slightly in the beginning of 2020 following increasing demand from the US, Europe, India and Bangladesh but quickly declined in the escalation of the Covid-19 outbreak. Coronavirus pandemic has effected negatively the world economy, crude oil prices plunged to lowest level in history and fertilizer demand was weakened.

In India and some other countries, many fertilizer plants were closed during lockdown period. The situation gradually improved in April when fertilizer plants resumed production as a basic materials sector. The average urea price in May 2020 was US\$ 47-58/ton lower compared to the same period of 2019. In beginning of May 2020, India opened bidding but price was impossible to recover due to abundant supply while the demand from other countries remained low. The winning price was approx. US\$ 25/ton lower than the previous bidding package on March 30. Urea price in global market failed to recover following lower than expected demand and winning price, especially in the United States.

In the United States, the demand for urea for the Spring crops was slow when Covid-19 was out of control. Granular urea price in Nola dropped more than US\$ 40/ton to US\$ 178-180/ton by the end of May. This was considered the lowest price from August 2017.

The Chinese urea market was also hit hard by Covid-19 in the first three months of 2020. By April-May, the downward momentum of price stopped thanks to the suspension of a number

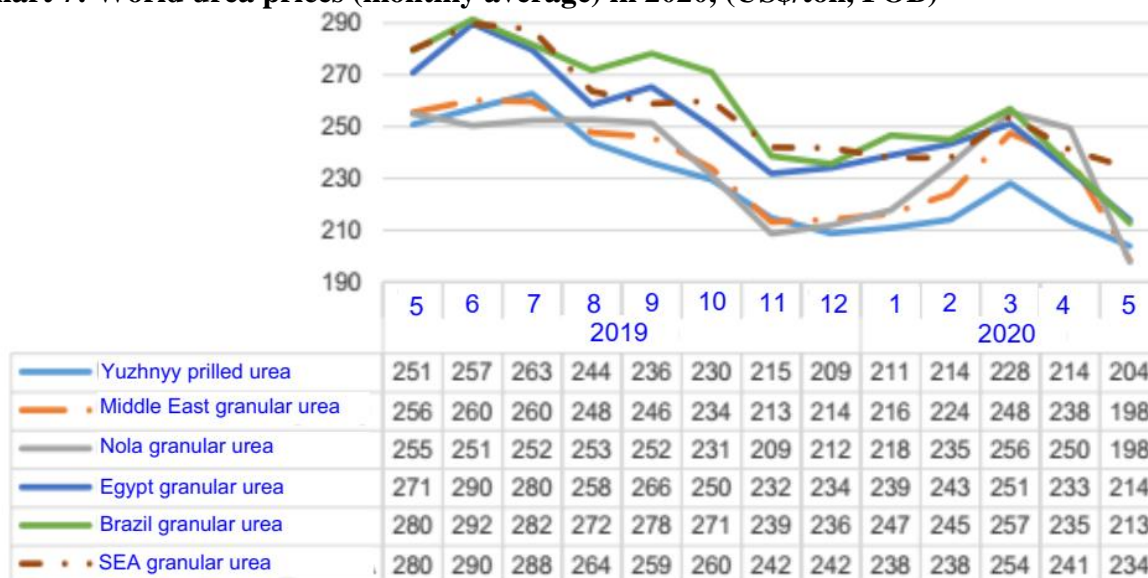
of plants for maintenance and an increase in domestic coal price that led to the increase in urea price, demand supported by NPK production. However, the upward trend was forecast to last only for a short term when the whole country entered the harvest phase and the agricultural demand decreased by the end of June. Supply greater than demand caused the urea price to fall again.

In the beginning of June, the world urea price showed signs of slight recovery thanks to an increase in demand in Brazil and India amid the continuous shortage of Chinese supply sources in the world market. However, it was still hard to predict the market trend amid the complicated development of Covid-19 around the world. Due to the impact of Covid-19, the demand for fertilizers in the world was forecast to drop by 3% to 184,4 million tons during July 2020 - June 2021 compared to 2019 - 2020. In addition, the growth rate in fertilizers worldwide remains slow until 2024. Fertilizer demand growth is forecast 1% per annum less than the average growth in the last 3 years following population growth slowed down and weak food demand per capita as the consequence of Covid-19.

In Pakistan, the National Fertilizer Development Center forecasted fertilizers demand for the Rabi crops in October 2019 - March 2020 decreased 4%, mainly due to the coronavirus lockdown. If Covid-19 persists, consumption of urea and other fertilizers would remain a limited level.

In general, the trend of urea market in the future is downward.

Chart 7: World urea prices (monthly average) in 2020, (US\$/ton, FOB)



Source: AgroMonitor database (May 2020)

DAP market:

In the beginning of 2020, DAP prices in global market showed signs of recovery after a sharp drop by the end of 2019. However, the market declined again in April when Covid-19 spread all over the world. By the end of May, the demand for DAP recovered in the United States, Argentina and India. At the same time, the increase in production and transportation costs led

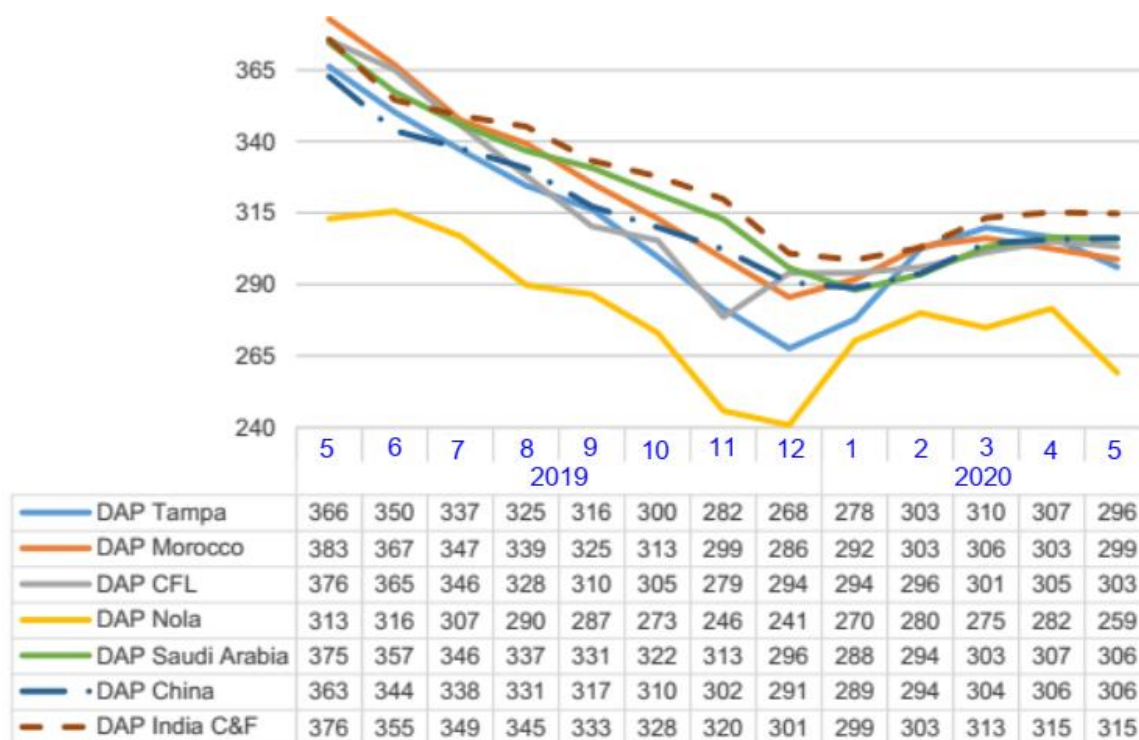
to the increase in DAP price in several markets. In North America, the granular DAP price increased nearly US\$ 15/ton to US\$ 270/ton within one month.

In India, DAP imports increased due to limited domestic production of DAP. Imports enjoyed a better price as the manufacturers suffered pressure of high supply and low demand in many regions in the world. Most of the urea and NPK production plants in India resumed operation after the lockdown period and DAP demand is expected to increase.

DAP demand in China slowed down after four months of continuous surge as the crops came to an end. DAP producers lower selling price in May-June to boost sales. The domestic demand for cultivation and producing combined fertilizers remained low. In general, the market was on a downward trend as supply is greater than demand. Producers mainly focus on export and try to set price at US\$ 310/ton FOB for the orders in June but still accepted trading price around US\$ 304-307/ton FOB. Chinese manufacturers had to cope with increasing competition from DAP suppliers in Morocco, Arab. In the first four months of 2020, China exported 1,21 million tons of DAP, down 26% in output and 45% in value compared to the same period of 2019.

As forecasted, the world DAP market was hard to rebound in the third quarter of 2020 and the markets usually decline in June-August.

Chart 8: World DAP prices (monthly average) in 2020 (US\$/ton, FOB)



Source: AgroMonitor database (May 2020)

Potassium market:

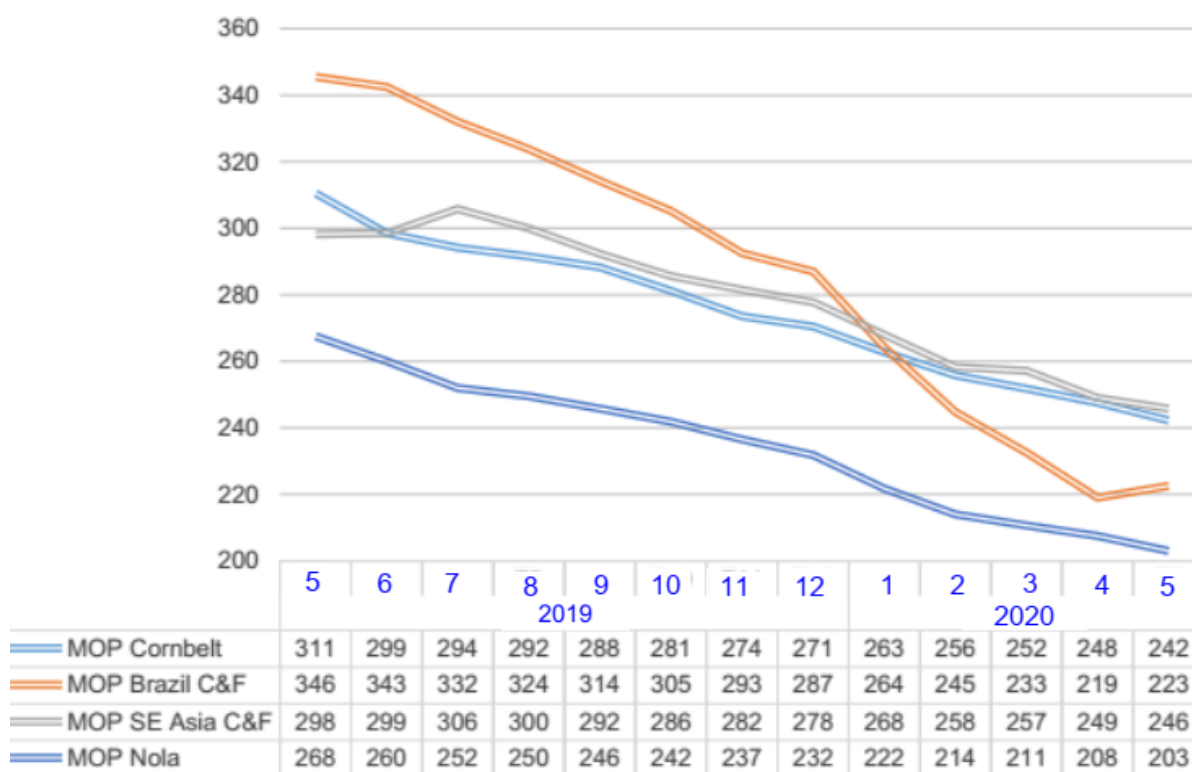
The potassium market continued its downward trend over the past year. Particularly in the first five months of 2020, the average potassium price decreased by 10%. In the first four months, Russian potassium exports decreased by 12% and Canadian potassium exports to the United

States increased by 2% compared to the same period of 2019. China, India recently signed contracts at prices of US\$ 220-230/ton CRF, down by US\$ 70/ton compared to the contracts signed in 2018-2019. Trading prices in the South East Asian market was stable at US\$ 230-250/ton and US\$ 265-275/ton respectively. In Brazil, recent trading prices of potassium was recorded at US\$ 225-235/ton CRF for delivery in June-July, still lower than the same period of 2019 by US\$ 120/ton.

In China, after the major contracts between China and other suppliers were signed at US\$ 220/ton CFR, the offer price in the domestic market dropped constantly. Potassium producers make no profit following low demand in the domestic market during low season period and high inventories.

The potassium price in the South East Asian region was forecasted to decrease due to low demand for agricultural production under the impact of drought and Covid-19.

Chart 9: World DAP prices (monthly average) in 2020 (US\$/ton FOB, CFR)



Source: AgroMonitor database (May 2020)

IV. NEWS IN BRIEF

1. Investor relations

Annual Shareholders Meeting on June 16, 2020

Personnel changes in the Board of Directors:

The Corporation's Annual Shareholders Meetings voted to approve the personnel changes in the Board of Directors. Accordingly, Mr. Trinh Van Khiem was elected as a member of the Board of Directors in 5-year term (2020 - 2025) and Mr. Nguyen Hong Vinh was resigned from BoD from May 01, 2020.

The current PVFCCo's Board of Directors consists of six members including two independent members and acts as the ultimate management organ, representing the interests of shareholders.

Increasing 2019 dividend payment:

The Annual Shareholders Meeting also approved the proposal to increase dividend ratio in 2019 from 10% to 12% par value, equivalent to VND 1,200 per share. Previously, in May 2020, PVFCCo made the first dividend payment of 2019 at VND 500/share. The final payment of 700 VND/share will be made on August 21, 2020.

The Prime Minister chairs the meeting to remove difficulties for PVN and Vietnam Airlines

On May 21, 2020, the Prime Minister Nguyen Xuan Phuc chaired a meeting with standing government members to discuss measures to remove difficulties for Vietnam Oil and Gas Group (PVN) and Vietnam Airlines Corporation (Vietnam Airlines). At the meeting, the Prime Minister asked the two state-owned giants to continue with internal restructuring, including market and labor restructuring, saving costs, further improving operation efficiency, strengthening economic management and fighting against losses. Simultaneously, the Prime Minister also gave comments on specific recommendations of PVN and Vietnam Airlines in the spirit of removing obstacles and facilitating developments.

In the first 5 months of 2020, while most of major oil and gas corporations, at home and abroad, struggled with difficulties and losses caused by falling oil price and Covid-19, PVN still achieved positive business results. In the first five months of 2020, PVN recorded VND 237,800 billion in accumulated revenues, contributing VND 28,900 billion to the state budget.

2. Business News

PVFCCo wins High Quality Vietnamese Product Award for 17 consecutive years

On February 11, 2020, PVFCCo received the 2020 Vietnamese High-Quality Goods award given away by the High Quality Vietnamese Product Business Association. This is the 17th consecutive year (since 2004) PVFCCo won the award.

Reportedly, the Vietnamese High Quality Goods award is one of most prestigious titles, contributing high brand value thanks to the transparency and objectivity in the process of business evaluation by direct and online interviews with tens of thousands of family households and points of sale across the country combined with verification, feedback, information updates from businesses and business management agencies.

Phu My Fertilizer expresses gratitude to customers on 17th anniversary of establishment

From March 22 to April 30, 2020, on the occasion of 17th anniversary (March 28, 2003 - March 28, 2020), PVFCCo launched the program "Phu My Fertilizer - For Bumper Crops" to express gratitude and appreciation to customers. The program offered one bottle of Tuong An cooking oil (250 ml) for any customer who buys one bag of Phu My Fertilizer (50 kg/bag) at any points of sale displaying the promotional notice.

Total gifts include two million bottles of Tuong An cooking oil, worth nearly VND 17 billion. This is a Customer Appreciation Program for customers constantly supporting the Company since its first launch of Phu My Fertilizer products.

PVFCCo accompanies fellow farmers during drought, salinity and Covid-19

In the first months of 2020, PVFCCo and its affiliates took practical actions to join hands with farmers in overcoming difficulties caused by the Covid-19 pandemic, drought and salinity in the Mekong Delta. The activities included cash donations by PVFCCo personnel, donating fifty water tanks (1000L) to people in drought and saline affected areas, introducing Phu My NPK products specialized for drought season, donating face masks and hand sanitizers and guiding epidemic prevention and control skills for marketing staff and dealers.

3. Fertilizers and chemicals highlights

The Ministry of Finance's proposal to revise the Law on Value-Added Tax

According to Ministry of Finance, the amendment plan of the Law on Value-Added Tax has been reported to the Prime Minister for directions. Accordingly, the Ministry of Trade and Industry proposes fertilizers be subject to 5% VAT instead of 0% as currently.

This proposal was reviewed by the Prime Minister and the Ministry of Finance was requested to prepare the amendments to the Law on Value-Added Tax for submission to the National Assembly in accordance with the Law on Promulgation of Legal Documents.

Safeguard measures on imported DAP and MAP fertilizers

The Ministry of Industry and Trade recently issued a decision to extend the application of safeguard measures on DAP and MAP fertilizers imported to Vietnam.

According to the Ministry, the extension of safeguard measures on imported DAP and MAP was necessary to keep preventing damage to the domestic fertilizer production and ensured its efficiency, helping the domestic producers with time to get adapted. On March 03, 2020, the Ministry of Industry and Trade issued the Decision No.715/QĐ-BCT extending the application of safeguard measures on DAP and MAP fertilizers imported to Vietnam.

The Decision applies to the imported DAP and MAP fertilizers with the following HS codes: 3105.10.20; 3105.10.90; 3105.20.00; 3105.30.00; 3105.40.00; 3105.51.00; 3105.59.00; 3105.90.00

Accordingly, the preferential import tax rate for fertilizers effective from July 10, 2020 are 0%, 3% and 6% depending on product code.

Vietnam fertilizer export-import tariff updated

On May 25, 2020, the Government of Vietnam issued the Decree No. 57/2020/ND-CP amending and supplementing a number of articles to the Government's Decree No. 122/2016/ND-CP dated September 1, 2016 and the Decree No. 125/2017 / ND-CP dated 16

November 2017 amending and supplementing a number of articles to the Decree No.122/2016/ND-CP. The new schedule is effective from July 10, 2020.

Accordingly, fertilizers shall be exempted from export tariff while the preferential import tariff on fertilizers remains in place.

Updated list of new fertilizer production plants of 2020-2022 period:

| Company | Location | Operation date | Production capacity (Thousand tons/year) | Note |
|--------------------------------------|------------------------|-----------------------|---|--|
| Fertilizer Corp of India, Ramagundam | Telangana, India | Quarter 3/2020 | 1270 | Under restoration according to the Government's program but remains closed due to shortage of materials. |
| Navoiyazot | Navoiy, Uzbekistan | 2020-21 | 578 | Scheduled to start operations in June 2020 but delayed by Covid-19, planned to start production in 2021. |
| Matix Fertilizers | West Bengal, India | 2020-21 | 1270 | Completed construction since 2015 but remained unable to operate due to shortage of gas. |
| Acron Novgorod VI | Russia | 2020-21 | 521 | Facility expansion |
| Dangote Fertilizers | Lekki, Nigeria | 2020-21 | 2600 | Under construction |
| Metafrax | Gubakha, Russia | 2021 | 580 | |
| Indorama Eleme | Port Harcourt, Nigeria | 2021 | 1320 | Under construction |
| Lordegan Urea Fertilizer | Iran | 2020-21 | 1100 | Completed construction more than one year ago but still closed. |

Source: Compiled by PVFCCo

Board of Editors:

Board of Management: Mr. Nguyen Tien Vinh – Chairman; Mr. Le Cu Tan – President & CEO;

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

Finance - Accounting Division: Mrs. Lam T. Bich Ngoc; Mrs. Le Thi Thuy Hang

Sales Division: Ms. Phung Thi To Uyen, Ms. Ho Thi Quynh Chau

Planning and Investment: Ms. Pham Thi Thu Ha, Ms. Nguyen Thi Nhat

Marketing & Communications Division: Mr. Doan Quoc Quan, Ms. Vu Thi Thu Thuy