



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 4/2020

Basic information:

- Stock code: DPM (HoSE)
- Listing date: 05/11/2007
- Foreign ownership: 20.25%
(June 29, 2018)
- 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 (Sept. 2020):

- PetroVietnam: 59.59%
- AGRIMEX Nghe An: 3.93%
- Edgbaston: 3.73%
- KWE BETEILIGUNGEN AG: 2.58%
- AGRIMEX Dak Lak: 1.9%
- Others: 28.27%

I. MESSAGE TO INVESTORS

PetroVietnam Fertilizer and Chemicals Corporation (PVFCCo - Stock code: DPM) announced results for the second half and the full year ended December 31, 2020. The Corporation achieved a significant recovery in performance under difficult market conditions and continued to remain its leading industry position with key performance targets vigorously recovered thanks to improvements in capacity and operating efficiencies.

The year 2020 has witnessed the disastrous outbreak of Covid-19 pandemic, posing unprecedented and extraordinary difficult challenges to the economy and human lives on a global scale. Particularly, the fertilizer production and trading in Vietnam were plagued with relentless storms and floods in the last months of the year with lower product pricing after recovery period of 2019. Within this environment, PVFCCo identified and anticipated those challenges and implemented the initiative to activate the crisis response package to maintain safe, stable and optimal production capacity. The Corporation closely monitored the market and recorded a strong growth across all product categories as compared to the previous year.

In 2020, PVFCCo has strengthened its leading position in the local industry with total sales of fertilizers and chemicals amounted to 1.23 million tons, increased by 13% over 2019. The strong recovery of sales volumes and cost controls enabled the Corporation to achieve strong

financial performance and maintain good profitability despite softer market conditions. During the year, prices of Phu My Urea and NH₃ dropped by 12% and 5% YoY, respectively. Lower input material price of stock gas price (-19% YoY) and aggressive cost cutting in reducing production and operating expenses have significantly boosted the gross margin and overall operating profit margin.

Total production and sales output of fertilizer and chemical products in 2020 reflects strong recovery thanks to stable and optimal operation of major plants. Phu My Fertilizer Plant reached its yearly target 36 days ahead of schedule with the full-year output arriving 866,000 tons, completing 110% of annual plan, up by 22% YoY. This is the record level since the urea plant started operation in 2004. The efficiency of Phu My NPK Plant was improved throughout the year 2020 and produced nearly 116,000 tons, representing 64% of the annual plan, up by 46% YoY.

Despite lower prices due to market unfavorable conditions and the outbreak of Covid-19, the Corporation's total sales volume of fertilizer and chemical products recovered strong performance from a high level of production, growing export demand of agricultural products and higher import requirement in key markets such as the US, India and Brazil.

PVFCCo's sales volume of fertilizers recorded a positive growth in 2020, totaled 1.1 million tons, up 13% YoY. Sales volume of Phu My Urea reached 826,763 tons, achieving 106% of annual plan and increased 20% YoY, partly supported by high export volume in the 3rd quarter. In 2020, PVFCCo exported more than 71,000 tons of Phu My Urea, mainly to India (as compared to 1,300 tons in 2019). Sales output of Phu My NPK was 94,488 tons, representing 52% of annual plan, up by 23% YoY.

Total sales volume of chemicals was 132,349 tons, achieving 135% of annual target, up by 10% YoY, mainly driven by a surge in sales volume of NH₃, recorded at 67,774 tons, up by 15% YoY. Sales volume of UFC85 amounted to 9,597 tons, completing 107% of annual target and increased 14% YoY.

Financial highlights:

- 2020's revenue totaled at VND 8,481 billion, representing 92% of annual target, up by 8% compared to 2019. Revenue under-performed its target mainly due to lower pricing of all key product categories (except UFC85) coupled with the sales volume of NPK falling short of the target.
- 2020's gross profit amounted to VND 1,730 billion, up by 23% YoY, representing a strong margin expansion to 22%, mainly driven by lower gas prices (- 19%).
- 2020's EBITDA was VND 1,477 billion, increased 31% from VND 1,124 billion of last year, resulting an EBITDA margin of 19%, compared with 14.6% of last year. PVFCCo sustained strong EBITDA improvement thanks to its cost control strategy and operational efficiencies.
- 2020's EBIT was VND 939 billion, translating an operating margin of 12.1%.
- 2020's profit before tax was VND 850 billion, increased 82% YoY.
- 2020's profit after tax was at VND 703 billion, increased 81% YoY.
- Available cash and cash equivalents stood at VND 2,280 as of December 31, 2020.
- Capital expenditures were VND 122 billion, equivalent to 114% of annual target.

2021 Outlook:

In 2020, the whole world has witnessed the worst health crisis in a century, following unprecedented challenges and instabilities. PVFCCo gratefully acknowledged the outstanding efforts of the entire personnel and the leadership to maintain stability and efficiency of the business operations. We have boldly and unanimously transformed ourselves in line with new contexts to continuously optimize operations, with the aim of achieving better financial performance and moving beyond market's expectation despite difficult market environment.

Looking ahead to 2021, with a positive note that the world is close to having a medical solution to the current health crisis, PVFCCo committed to follow strict compliance with safety measures of pandemic prevention across the company, especially at production center in order to muster resources on safe and stable production, especially during the maintenance period of Phu My Fertilizer Plant in the 2nd Quarter. At the same time, the Corporation continues to implement cost controls and execute the transformation program in order to streamline the system with a dedication to further improve efficiencies and responsibility towards farmers, shareholders and employees.

2021's key targets:

Production:

- Phu My Urea: 766,000 tons
- Phu My NPK: 150,000 tons
- Commercial NH3: 63,000 tons
- UFC85: 12,500 tons

Sales:

- PM Urea: 770,000 tons
- PM NPK: 140,000 tons
- Imported fertilizers: 196,000 tons
- NH3: 63,000 tons
- UFC85: 8,500 tons
- CO2: 50,000 tons
- Petrochemicals: 648 tons

Financial:

- Revenue: VND 8,331 billion
- Profit before tax: VND 437 billion (based on oil price forecast of US\$ 45/barrel)

For details of performance, market insights in 2H2020 and the whole year and relevant information, please refer to the following sections and PVFCCo website at www.dpm.vn

II. BUSINESS PERFORMANCE IN 2H2020, ESTIMATES OF 2020 AND PLAN FOR 2021

1. Production:

Phu My Urea: 437,052 tons in 2H2020, down by 1% as compared to the same period in 2019 (YoY). Total production volume in 2020 reached 865,905 tons, achieving 110% of annual plan, up by 22% YoY.

Phu My NPK: 59,678 tons in 2H2020, up by 31% YoY. Total production volume in 2020 reached 115,788 tons, achieving 64% of annual plan, up by 46% YoY.

UFC85: 7,139 tons in 2H2020, up by 9% YoY. 2020's production volume totaled 13,498 tons in 2020, achieving 104% of annual plan, up by 15% YoY.

Commercial NH3: Estimated 38,191 tons in 2H2020, down by 14% YoY. 2020's production volume totaled 73,591 tons, representing 127% of annual plan, up by 20% YoY.

Production output of Urea and commercial NH3 in 2020 recovered strongly on a low-base performance in 2019 when Phu My Fertilizer Plant underwent maintenance for 72 days (from February 19, 2019 - April 30, 2019).

2. Sales:

2.1 Sales of fertilizers

The domestic fertilizer market in the second half of 2020 continued to be hit by the double impact of Covid-19 pandemic and the constant natural disasters, storms and floods in Central Vietnam, severely affecting agricultural activities in the region, resulting in a falling demand for fertilizers. In addition, the Covid-19 pandemic continued to seriously affect Vietnam's leading markets for agricultural products, lowering the outputs and prices and hence the demand for fertilizers accordingly. The increasingly competitive market, high stockpiling of fertilizers and falling prices contributed to sales pressure.

In such circumstance, PVFCCo took the initiative to prepare the action plan and implemented the set of crisis response solutions to resolve difficulties, seize the opportunity to boost production and sales capacity (including promoting exports) to expand market share and sustain its industry leading position in the country.

Business performance of fertilizers and chemicals in 2H2020 and estimates for 2020 are as follows:

Phu My Urea: 408,856 tons in 2H2020, down by 5% YoY. Total sales in 2020 amounted to 826,763 tons (partly supported by the export volume of 71,000 tons, mainly to Indian market), achieving 106% of annual plan, up by 20% YoY. The average selling price of Phu My Urea in 2020 fell by 12% YoY.

Phu My NPK: 51,022 tons in 2H2020, up by nearly 43% YoY. Total sales in 2020 totaled to 94,488 tons, achieving 52% of annual plan, up by 23% YoY.

Trading of imported fertilizers: 90,437 tons in 2H2020, up by 13% YoY. Total sales in 2020 reached 178,970 tons, completing 95% of annual plan, down by 13% YoY.

2.2 Sales of chemicals:

Total sales volume of chemicals in 2020 reached 132,349 tons, achieving 135% of annual plan, up by 10% YoY.

Revenue of chemicals was estimated at VND 589 billion, representing 107% of annual plan, up 1% YoY.

Further details are as follows:

NH3: 35,074 tons in 2H2020, down by 19% YoY. Sales volume in 2020 totaled 67,774 tons, reaching 123% of annual plan, up by 15% YoY.

UFC85: 4,746 tons in 2H2020, up by 14% YoY. Sales volume in 2020 totaled 9,597 tons, achieving 107% of annual plan, up by 14% YoY.

CO2: 27,908 tons in 2H2020, down by 18% YoY. Sales volume in 2020 totaled 54,309 tons, reaching 109% of annual plan, up by 6% YoY.

Petrochemicals: 410 tons in 2H2020, down by 56% YoY. Total sales in 2020 amounted to 669 tons, reaching 84% of annual plan, down by 59% YoY. The sales in 2020 dropped as a result of oil prices plummeting at record low. Oil and gas producers minimized their production output, resulting in low consumption of chemicals.

3. Business performance and financial indicators of 2H2020 and 2020:

Total consolidated revenue: VND 4,526 billion in 2H2020, up by 6% YoY (4,526/4,275 billion). Total revenue of 2020 was VND 8,481 billion, reaching 92% of annual plan, up by 8% YoY.

The revenue failed to meet the plan mainly due to lower-than-planned sales volumes of Phu My NPK and other fertilizers while selling prices of fertilizers and chemicals fell short of the plan and lower than 2019. In specific, selling price of Phu My Urea and other fertilizers was 15% and 5% lower than the targets, respectively.

Profit before tax: VND 850 billion, increased 82% YoY.

Key financial ratios in 2020 (unaudited figures):

No.	Item	2019	2020	Increased/Decreased (%)
I	PROFITABILITY RATIOS			
1	Return on Assets (ROA) (Profit after tax/Total Assets)	3.45%	6.19%	80%
2	Return on Equity (ROE) (Profit after tax/ Equity)	4.74%	8.57%	81%
3	Profit before tax/Revenue	5.96%	10.03%	68%
II	LIQUIDITY RATIOS			
1	Overall liquidity ratio (Total liabilities/Total Assets)	28.66%	26.98%	-6%
2	Quick ratio (Current assets - Inventories)/Current liabilities	2.23	2.44	10%
3	Curent ratio (Curent assets/Curent liabilities)	2.88	3.19	10%
4	Liabilities to Equity ratio (Liabilities/equity)	0.40	0.37	-8%

YoY growth of ROE & ROA was strongly driven by profit after tax, which rose by 81% YoY (increased by VND 315 billion).

Total assets: Total assets as at December 31, 2020 was VND 11,298 billion, down by 1% from the beginning of the year.

Current liabilities: Current liabilities as at December 31, 2020 was VND 1,981 billion, down by 4% from the beginning of the year.

Non-current liabilities: Non-current liabilities as at December 31, 2020 was VND 1,050 billion, of which long-term loan to finance the NH3 – NPK Complex was VND 900 billion.

Equity: Equity as at December 31, 2020 was VND 8,250 billion, up by 1% from the beginning of the year.

II. MARKET INSIGHT OF 2H2020 AND 2020:

1. Domestic fertilizer market

Fertilizer production

Urea production output in 2020 was estimated at 2.33 million tons, up by 3.7% YoY. However, there was a disharmony tendency between gas-based and coal-based urea plants. A record slump in gas price during the first half of 2020 was an advantage for gas-based urea plants.

Production output of Phu My Fertilizer Plant increased by 22% YoY compared with the low-base of last year when the plant underwent 72 days' maintenance period. Ca Mau Fertilizer Plant achieved 110% operating capacity in 2020, recording a 7.8% YoY growth in output. In 2020, Ca Mau Fertilizer Plant underwent regular maintenance for 10 days in August. An increase in production output from Phu My Fertilizer Plant and Ca Mau Fertilizer Plant compensated for a significant drop in output of Ninh Binh Fertilizer Plant. Production output of Ninh Binh Fertilizer Plant fell by 31% YoY due to the financial difficulties and technical problems. Ha Bac Fertilizer Plant maintained its production output at the same level as last year.

Chart 1: Production output of Urea in 2020 compared to 2019 (%)

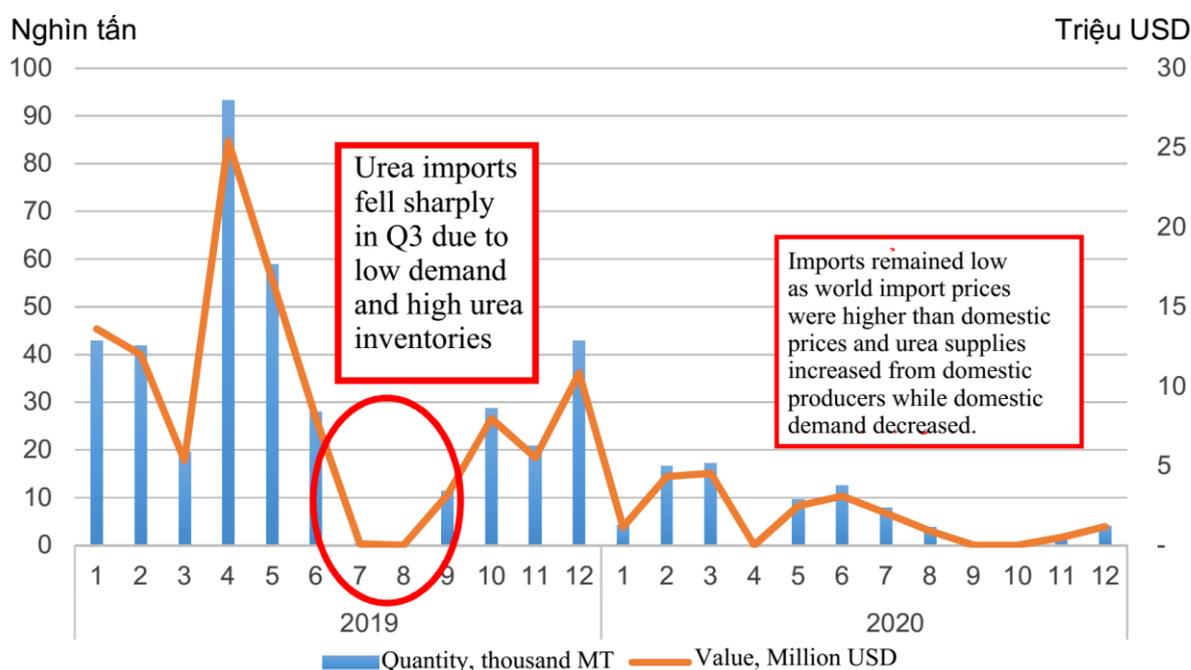


Nguồn: AgroMonitor

Fertilizer imports

In 2020, Vietnam's urea imports substantially dropped. In the second half of 2020, total urea import was 72,050 tons, worth US\$ 4.62 million in turnover, down by 77.82% and 79.93% YoY in volume and value, respectively. Especially, there was no urea import in April, September and October of 2020. In total, Vietnam imported 111,500 tons of urea in 2020, valued USD 7.15 million. Imports were lower in 2020 mainly due to higher import price on the world market while higher supply from domestic producers balanced demand and pressured selling price.

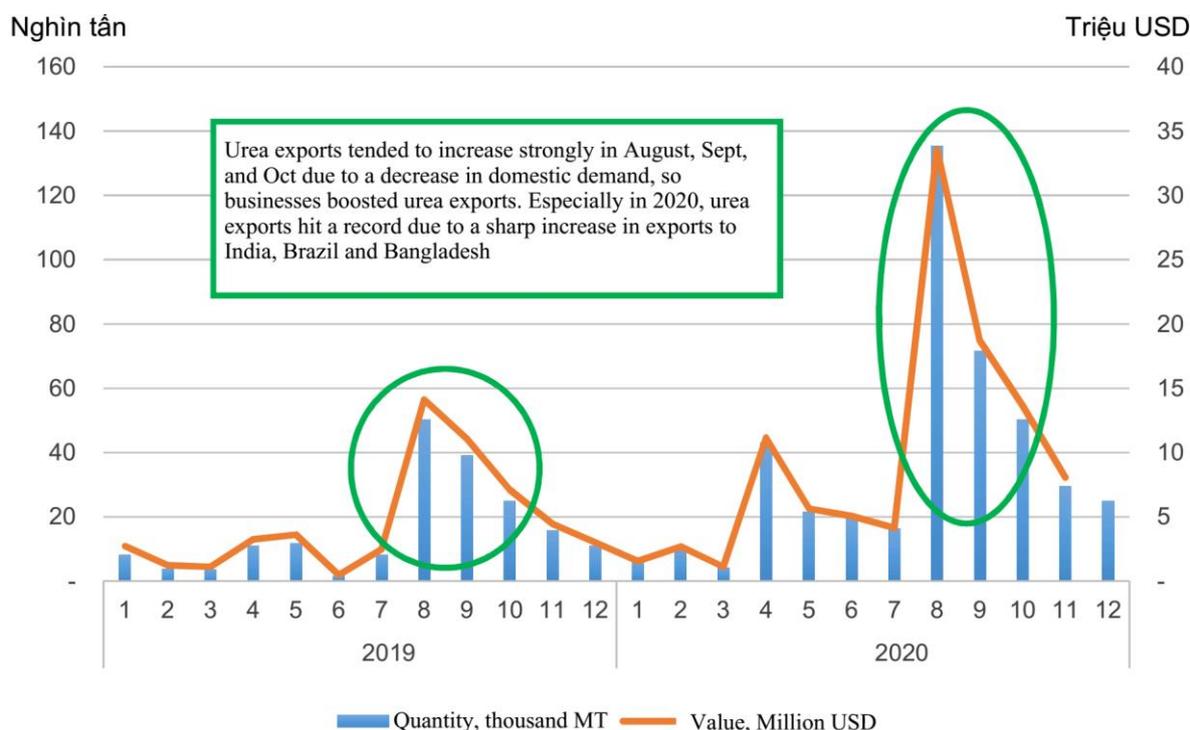
Chart 2: Vietnam's fertilizer imports in volume and value from January 2019 – December 2020



Fertilizer exports

Contrary to the imports, Vietnam's urea exports surged in 2020. In the first 10 months of 2020, Vietnam exported 378,150 tons, worth US\$ 92.28 million, up by 132.62% and 106.17% YoY in volume and value, respectively. In total, Vietnam exported 449,130 tons of urea in 2020, increased by 132.62% in volume and 106.17% in value YoY.

Chart 3: Vietnam’s export volume and turnover of fertilizers from January 2019 – December 2020



Supply and demand in 2H2020 and trend forecast

In 2H2020, urea production output was equal to that in 1H2020. However, a “freeze” on imports and a surge in exports depleted inventories. The recovery of the world urea price supported by the rising demand in India helped the market rebound. Average price of domestic urea went up by 3-5% from the year’s bottom low, equal to the average urea price in 1H2020. Urea stockpiling at the end of December 2020 was expected to drop by 39% YoY.

In term of supply, production output from Ca Mau, Phu My and Ha Bac Fertilizer plants was estimated to remain stable in November-December. However, production output from Ninh Binh Fertilizer Plant was still low due to unresolved problem. Total production output was expected to reach approx.195,000 tons/month in November and December 2020.

Imports were expected at a standstill in the last two months of 2020 when the world price was still higher than the domestic price. Malaysian urea was fetching in Vietnam at year end at about VND 7,000/kg, from VND 200-900/kg higher than domestic urea price.

In term of demand, exports were expected to drop in December 2020 as a result of a surge in domestic demand for the Winter-Spring Crop. However, producers are still looking for new exports (outside the traditional Cambodian market). In the last week of November, India held the urea bidding, which would be a good opportunity for Vietnamese producers to boost their export orders in the beginning of 2021.

Domestic consumption in the Mekong Delta was recovered from the end of November at the commencement of Winter-Spring rice crop and partly due to fertilizer demand for fruits trees. The demand also rose slightly for industrial crops at the beginning of the dry season in the South-Eastern region and Central-Highlands. A surge in demand is also expected at the beginning of 2021 in North Vietnam and Central Vietnam when the market is in the Winter crop. Total estimated domestic demand for urea in December 2020 was approx. 180,000 tons, an increase of 60,000 tons from November 2020 and forecast to keep the upward trend in the first month of 2021.

Urea price movement

Urea price remained quite stable in the last months of 2020 as a result of stable supply and falling exports. Prices of Ca Mau Urea and Phu My Urea were maintained at VND 6,600 - 6,750/kg and VND 6,500 - 6,800/kg respectively in the Southwest region. EX-works prices of Ninh Binh urea and Ha Bac urea were fetching at VND 5,900 - 5,950/kg. The market was expected to be more active in the middle of the Winter-Spring crop in several regions. Trading may improve.

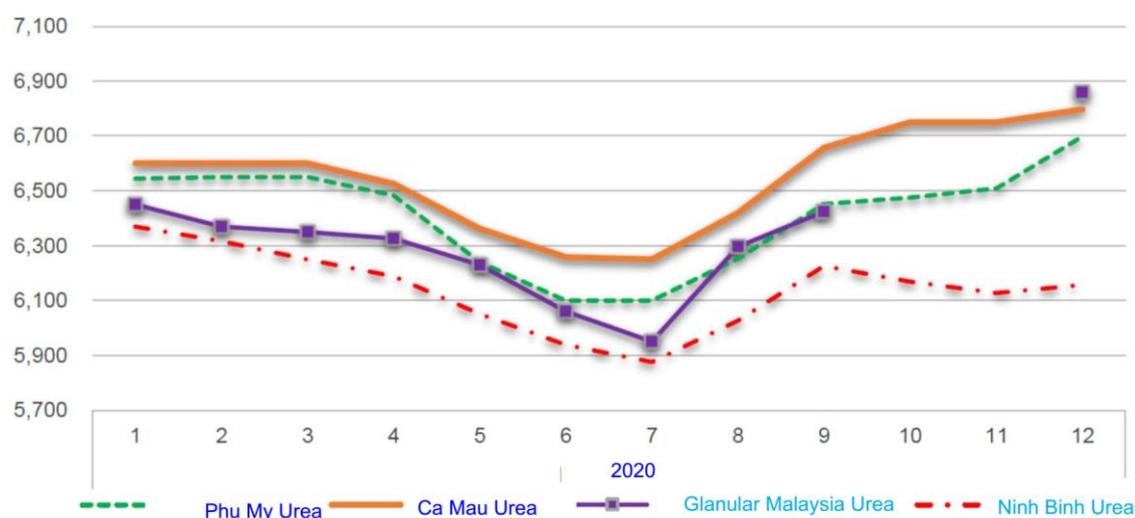
Forecast of urea market trend in 2021

In 2021, urea supply is not expected to rise YoY but import will surge after a plummet in 2020. Domestic production output will be on slight decline as the gas-based plants (Phu My Fertilizer Plant and Ca Mau Fertilizer Plant) operated beyond their designed capacity in 2020. Production output of urea from the four plants combined in 2020 exceeded 2.3 million tons while the total market demand was at 2.1 million tons. Accordingly, the market will not depend on imports (expected to rise more than 2020 but still lower than 2019).

Domestic consumption demand in 2021 is forecast to recover slightly compared to 2020 when the weather is expected to be more favorable than the previous year. In 2021, the weather pattern will turn to La Nina and drought during the 2020 - 2021 dry season is forecast as normal, not so extreme as in the previous season. Domestic urea price at the end of 2020 gradually recovered to the level at the beginning of the year due to low stock level, driving imports with increasingly competitive price.

Meanwhile, the global demand is expected to recover and increase in 2021, which is a positive to boost exports. However, Vietnam's export volume is forecast to fall slightly as compared to 2020.

Chart 4: Urea prices at Tran Xuan Soan Market in 2020 (VND/kg)



Source: AgroMonitor database

Domestic market for NPK in 2H2020 and prospects in 2021

Vietnam's total NPK production output in 2020 was estimated at 3.1 million tons, down by 3.6% (118,000 tons) YoY. In particular, NPK production output of Vietnam National Chemical Group (Vinachem) members declined while other producers increased their output. NPK producers adjusted their output to the actual demand, so their ex-works stock level was not high.

In specific, according to Ministry of Industry and Trade, the NPK production output of Vinachem (Binh Dien, Baconco, Southern Fertilizer, Van Dien, Can Tho Chemicals...) in 2020 fell by 10.13% YoY due to weak competitiveness. At the same time, production output of PVN's members such as Phu My NPK Plant (PVFCCo) increased compared to last year, reaching approx.115,000 tons of Phu My NPK while the production output of Ca Mau NPK Plant was not remarkable.

Non-Vinachem and non-PVN producers such as Viet-Nhat, Han-Viet, Que Lam... achieved the output equivalent to the previous year. Besides, the production output of low-capacity and simple or mixing technology NPK plants marked a significant increase as compared to 2019 thanks to low costs and higher competitive price.

NPK import volume in 2020 was estimated to drop slightly by 1.52% to 454,000 tons. China remained the largest supplier of NPK to Vietnam.

Consumption of NPK for plants in 2020 fell by 5.8% (approx.200,000 tons) to 3.25 million tons.

Falling prices of agricultural products and fruits in the initial months of 2020 due to impact of Covid-19 pandemic and seawater intrusion in the South and Central Coast provinces continued

to keep down the NPK consumption for crops. To cut production costs, farmers had to look for cheaper sources of NPK to replace high-quality products.

NPK export volume in 2020 fell by 5% YoY to 255,000 tons. Small-scaled NPK export volume across Cambodian - Lao borders also dropped to 62,000 tons, accordingly.

Stock level at the end of December 2020 fell slightly by 5% YoY to 375,000 tons.

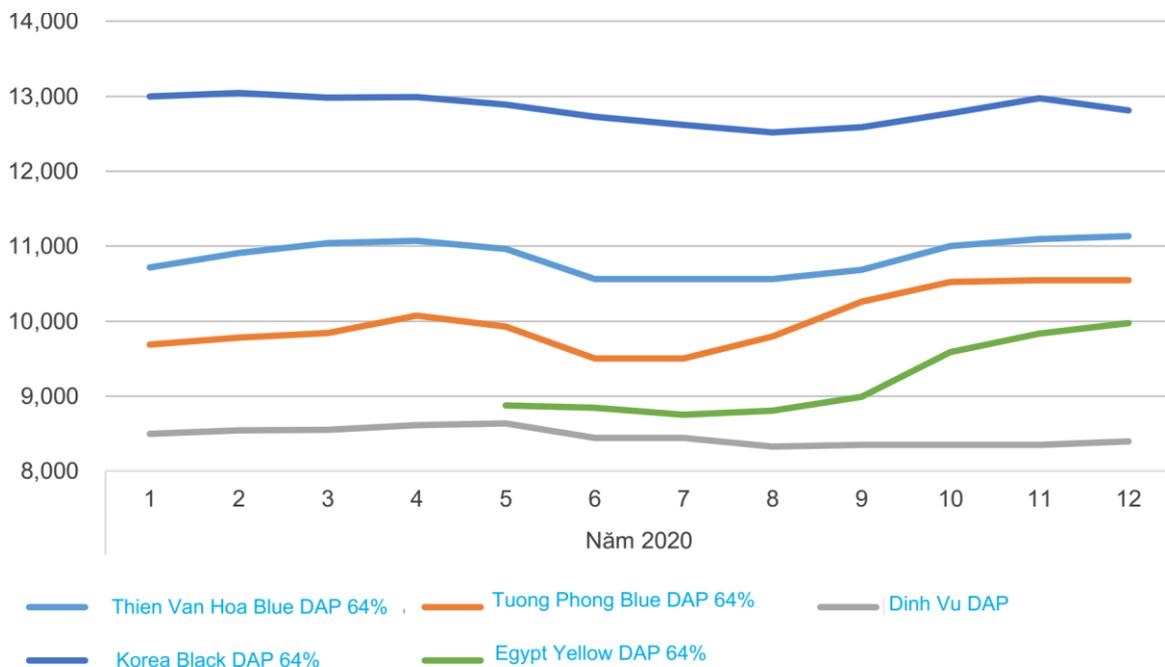
NPK supply and demand prospects of Vietnam in 2021

Vietnam’s NPK production capacity remains higher than the domestic demand and the plants have to scale off capacity to maintain supply - demand balance and tend to look for cheap and quality sources of raw materials to increase competitiveness, boost production of special-use products for each type of crops. In 2021, the domestic demand is forecast to rise and NPK production output to recover, gradually replacing imports. At the same time, enterprises continue to look for export markets.

DAP market

Prices of DAP on Vietnam market in the last months of the year improved as buyers gradually accepted a higher price driven up by increasingly rising price of imports.

Chart 5: DAP price at Tran Xuan Soan Market from October 2019 to November 2020 (VND/kg)



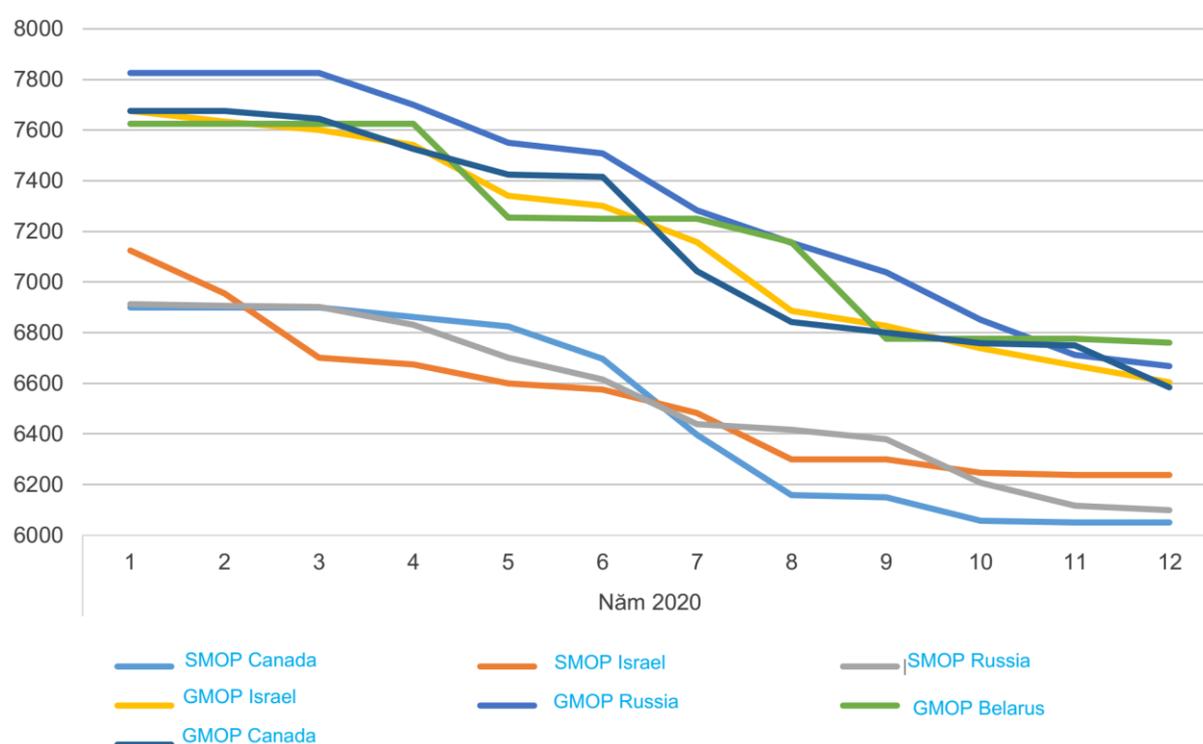
Source: AgroMonitor database

Potassium market

Until November 2020, Vietnam's potassium supply was supported by abundant imports while the demand in most regions was not improved significantly. Accordingly, offer prices for potassium remain low and unlikely to recover in the short run.

Potassium price on Vietnam market in November was relatively stable or slightly declined. Price of Israeli granular MOP fell by VND 100-150/kg compared to October 2020 to VND 6,650/kg (Ex-works price, Vinachem).

Chart 6: Potassium prices at Tran Xuan Soan 2020 (VND/kg)



Source: AgroMonitor database

2. International fertilizer market:

World urea market

World urea price has recovered as producers won more orders amid the absence of China on the international market due to high domestic price. In November, the average world price of urea rose slightly by US\$ 2-13/ton (1-5%) compared to October and increased by 7-15% YoY on various markets.

On November 23, MMTC (India) announced its bidding to import urea to be delivered from port of loading before January 6, 2020, with the bidding closed on December 1, 2020.

Expectedly in the short run, the world urea market continued to be supported by India's demands and China remained outside the export market. World urea price is forecast to remain its upward trend.

Chart 7: Urea prices (monthly average) in some regions of the world in 2019-2020, (US\$/ton, FOB)



Source: AgroMonitor database

2. World DAP market

World phosphate price in November leveled off and tended to decline slightly due to sluggish demand on most major markets despite quite limited supply.

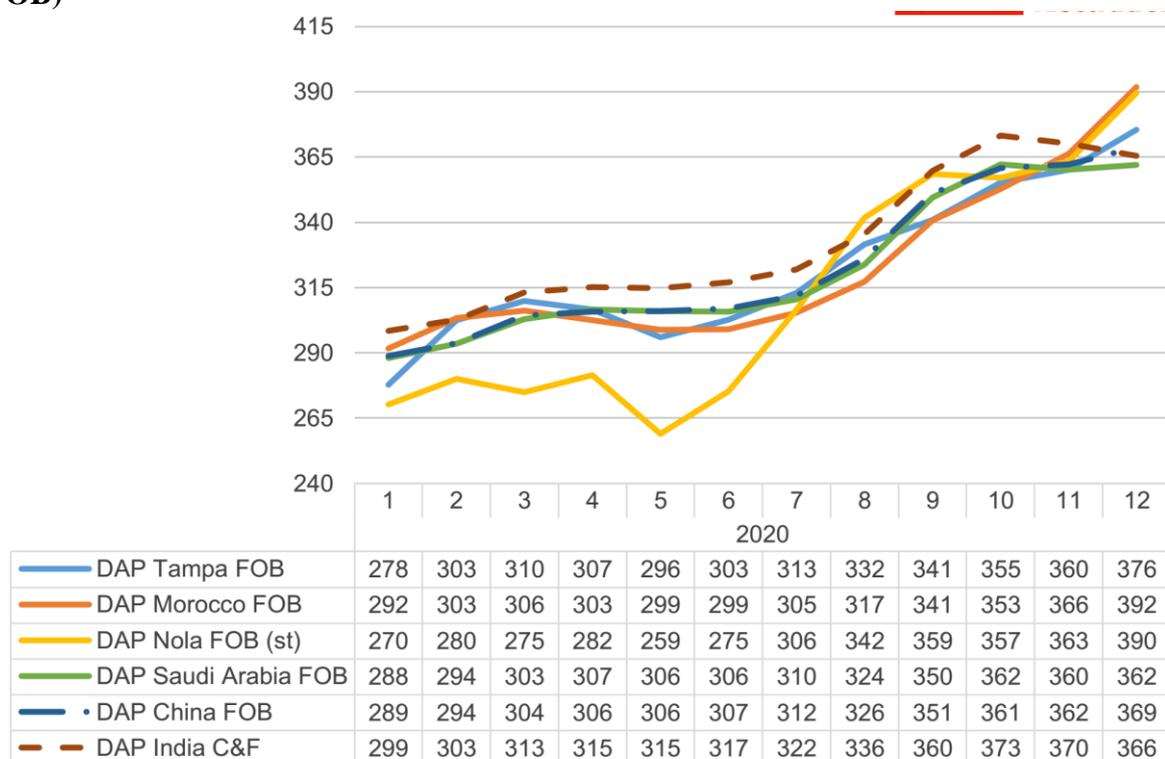
In November 2020, the average price of world DAP fluctuated in opposite directions in some regions from US\$ 1-8/ton compared to October 2020 but was still up by US\$ 49-78/ton (16%-28%) YoY.

In India, buyers constantly drove down DAP price though the demand remained. By the end of October 2020, DAP stock level in India remained low at 4.1 million tons. In mid-November 2020, DAP price in India fell by US\$ 10-15/ton to US\$ 360-365/ton CFR compared to October 2020.

In Argentina, Uruguay and Pakistan, demand was still low for nearly one month with almost no trading activity and DAP/MAP price remained stable as compared to the end of October 2020.

Meanwhile, in Brazil, MAP price leveled at US\$ 366-367-368/ton CFR from the end of September to mid-November, and then suddenly surged to US\$ 375/ton CFR. In Morocco, OCP Group offered MAP price of US\$ 380/ton CFR to Brazil in January 2021.

Chart 8: DAP prices (monthly average) in some regions of the world in 2020 (US\$/ton, FOB)



Source: AgroMonitor database

3. World potassium market

In November 2020, the world potassium price remained stable in many regions except Nola (US) with a surge as a result of scarce supply.

On average, the average MOP price in November 2020 in Brazil and Southeast Asia was nearly unchanged as compared to October while in Corbelt and Nola, MOP price soared by US\$ 10-16/ton MoM but still fell by US\$ 17-40/ton YoY.

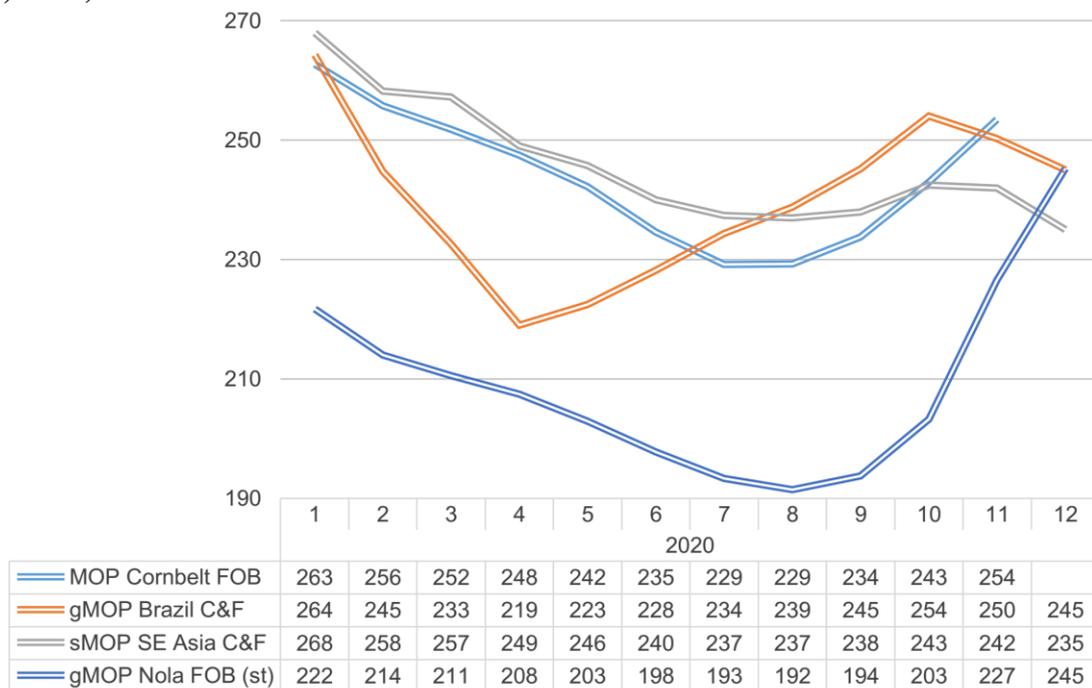
In the United States, granular MOP price has maintained its upward trend since the end of September and shown no sign of reversal. The surge was triggered by tightened supply given favorable market conditions and rising plant prices. Rising demand helped clear off MOP stocks in the regions, constantly driving down the supply while imports were still limited. Until mid-November, MOP price in Nola (US) shot up by US\$ 20-30/ton to US\$ 230-240/ton compared to the beginning of October 2020.

In India, importers are still receiving delivery according to purchase orders signed from the beginning of the year and expiring at the end of December 2020. Canpotex and BPC planned to ship 220,000 tons and 120,000 tons of MOP to India, respectively, in November-December

2020. A number of importers opened new bidding for MOP and kept awarding contracts at price of US\$ 230/ton CFR.

Meanwhile, in the Southeast Asia, standard MOP price remained stable at US\$ 230-240/ton CFR and granular MOP at US\$ 255-256/ton CFR due to low demand. Traders expect the demand for standard MOP from palm oil plantations for 2020-2021 will soon recover.

Chart 9: MOP prices (monthly average) in some regions of the world in 2020 (US\$/ton, FOB, CFR)



Source: AgroMonitor database

III. NEWS IN BRIEF

1. Investor relations:

PVFCCo continues to be honored for Corporate Governance and Vietnam’s leading brand in 2020

In 2020, PVFCCo was honored as one of best listed companies for Corporate Governance Award 2020. At the same time, the key brand of Phu My Urea continued to be ranked among Top 50 leading Vietnamese brands in business.

In specific, PVFCCo was ranked in the Top 5 Midcap Listed Companies with Best Corporate Governance. This is one of the three important awards in the assessment of listed companies in 2020 held by Ho Chi Minh Stock Exchange. PVFCCo was also honored to be in Top 30 Midcap Listed Enterprises with Best Annual Report.

PVFCCo’s Phu My Urea brand has also been honored by Forbes Magazine for the fifth straight year in the Top 50 leading Vietnamese brands in business.

PVFCCo completes the last dividend payout of 2019

In August 2020, PVFCCo completed the last dividend payout of 2019 in cash at the ratio of 7% of par value (VND 700/share). Previously, the 2020 Annual Shareholder Meeting (held in June 2020) passed the proposal to increase 20% of the dividend payout in cash for the year 2019 from 10% to 12% of par value and at the same time adopted the dividend payout ratio in cash at 10% of par value for the year 2020.

PVFCCo's Board of Directors has also adopted the plan to pay cash dividend for the first phase of 2020 at the ratio of 7% of par value (VND700/share). The dividend payout will be sourced from 2020 undistributed profit after tax. The plan will be carried out in Quarter 1, 2021 with the payout date scheduled on February 19, 2021.

PM Nguyen Xuan Phuc urges PVN to proceed with aggressive restructure of management model

On January 11, 2021, at the conference for 2020 review and 2021 task deployment of Vietnam Oil and Gas Group (PVN), Prime Minister Nguyen Xuan Phuc affirmed that Petrovietnam had overcome the most difficult period with the double impact of Covid-19 pandemic and oil price slump. He urged PVN to aggressively restructure its management model to become more streamlined and efficient in order to maintain its leading role in the economy.

Accordingly, PVN's subsidiaries should review their operating model and carry out innovations to avoid overlapping, promote strength, attract talents and increase competitiveness against national companies, strongly focusing on research and application of new technologies in production and business.

PVN is considered to regain its new growth momentum after the difficult period, owning assets worth more than US\$ 35 billion, having paid VND 83,000 billion to the State budget, ranking second among State-owned groups and corporations in term of budget contribution. PVN's revenues were estimated at VND 556,000 billion, down by 23% over 2019. Average price of crude oil reached only US\$ 43.8/barrel in 2020, representing 73% compared to PVN's plan (US\$60/barrel).

2. Business News:

Phu My Fertilizer is awarded "National Brand" title for 4th straight time

On November 25, 2020 in Hanoi, PVFCCo's Phu My Fertilizer brand was honored to be awarded National Brand in 2020 by Vietnam National Brand Council (Ministry of Trade and Industry). This is the 4th consecutive time that PVFCCo won this acknowledgment since its first participation in 2014. Upon successively being recognized as a National Brand, PVFCCo continues to assert itself as a leading enterprise in the industry of agricultural supplies.

PVFCCo Central cooperates with Ninh Hoa Sugar Joint Stock Company in developing raw sugarcane crop areas

On November 27, 2020, PVFCCo Central, a subsidiary of PVFCCo, in cooperation with Ninh Hoa Sugar Joint Stock Company (a subsidiary of Thanh Cong Group and a leading enterprise in Vietnam's sugarcane and sugar industry), introduced a suit of Phu My fertilizers specialized for sugarcane crops with the participation of nearly 500 farmers. This is the first step for

PVFCCo Central to complete the suit of Phu My fertilizers suitable for sugarcane crops in many other areas in the region.

PVFCCo donates 280 tons of Phu My fertilizer to farmers suffering storm and flood damage

From December 1, 2020 to December 10, 2020, PVFCCo and its two subsidiaries PVFCCo North and PVFCCo Central donated 280 tons of Phu My NPK to nearly 1,000 farmer households in the seriously affected urban districts/rural districts of Quang Binh, Ha Tinh, Quang Ngai, Quang Nam, Quang Tri, Thua Thien Hue provinces to help farmers get back to their normal life. This is the second relief provided by PVFCCo after the first emergency relief. Apart from fertilizer donation, PVFCCo and local agricultural officials also provided guidance to farmers on fertilizer feeding, restoration of production, pest prevention and preparation for the coming crop.

3. Market update:

China extends safeguard measures on DAP, MAP fertilizer imports

China's Customs and Ministry of Commerce announced that they will reinstate the outsourcing trade policy on 25 fertilizer products and streamline programs relating to tariffs and Value Added Tax on export of fertilizers in the list. This policy will be reinstated from December 1, 2020 and apply to key fertilizer products such as Urea, DAP, MAP and SOP. Accordingly, producers are permitted to import raw materials to produce fertilizers for export without paying Value-Added Tax and import tax. They are exempted from Value-Added Tax based on value of imported raw materials used to produce fertilizers for export.

This policy was temporarily suspended in April 2007 due to excessive energy consumption and pollution on large scale in the course of fertilizer production in the country. However, China's fertilizer industry has improved since then with higher production efficiency and better environmental protection measures.

China's tax rates on fertilizer export-import

According to the Notice No. 52 of 2020 issued by China's Ministry of Commerce, total import quota in 2021 for fertilizers remains the same as in 2019-2020 at 13.65 million tons including 3.3 million tons of Urea, 6.9 million tons of DAP and 3.45 million tons of NPK. Specific quotas applicable to enterprises are as follows:

For state-owned enterprises, the import quotas for 2021 are 2.97 million tons of Urea, 3.52 million tons of DAP and 1.76 million tons of NPK. China Sinochem Corporation and China Agricultural Production Materials Group are subject to these quotas.

For non-state owned enterprises, the import quotas are 330,000 million tons of Urea, 3.38 million tons of DAP and 1.69 million tons of NPK. China National Chemical Construction Corporation and Huaying International Trade Co., Ltd are subject to these quotas.

Other enterprises will choose to apply import tariff quotas as a state-owned enterprise or non-state-owned enterprise depending on their actual import demand.

For export-import tax rates, on December 23, 2019, China's Ministry of Finance officially announced the adjustments to the import tariff taking effects from January 1, 2020.

Accordingly, export tax rate for Chinese fertilizers in 2020 will remain the same as in 2019. Import tax rate 1% is still applicable to fertilizers and sulfur; rock phosphate and ammonia remain exempt from import tax.

World market of agricultural products in 2020 and prospects for 2021

In 2020, the supply chain of agricultural products was negatively impacted by the Covid-19. IMF has pointed out that the Covid-19 is the most devastating socio-economic crisis since the World War II. The severity has far surpassed the 2008 financial crisis, even dwarfing the Great Depression in the United States during the 1930s. Lockdown measures imposed in many countries on a massive scale plus multiple interruptions in the international supply chains and tourism in the first half of 2020 have caused major uncertainties to global economic and business activities, as well as fluctuations in exchange rates and commodity prices. However, in the second half of 2020, prices of agricultural products started to climb up again due to shortage in supply and fading concerns about Covid-19 trade restrictions. Accordingly, the agricultural price index is forecast to surge by nearly 3% in 2020, and further by 1.4% in 2021.

Energy is an important cost factor for most crops, through direct channels (oil price) and indirect channels (chemical and fertilizer prices). Energy and chemical prices are expected to rise in 2021 (by 9% and 3%, respectively) after forecast to fall in 2020 (by 33% and 10%, respectively).

Source: PVFCCo

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