



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 3/2021

DPM background:

- Stock code: DPM (HoSE)
- Listed date: 05/11/2007
- Shares listed: 391.400.000
- Trading shares: 391.334.260
- Foreign owned limit: 49%
- Dividend for 2021: 1,000 VND/share

Key shareholders (04.2021):

- PetroVietnam: 59.59%
- Agrimex Nghe An, Agrimex Dak Lak and associated member: 6.96%
- KWE BETEILIGUNGEN AG: 2.58%
- Edgbaston: 2.35%
- ACADIAN FRONTIER MARKETS EQUITY FUND: 1.66%
- Prudential Vietnam: 1.28%

I. MESSAGE TO INVESTORS

PetroVietnam Fertilizer and Chemicals Corporation (PVFCCo - Stock code: DPM) announced audited results for the first half of 2021, ended June 30th 2021.

The Corporation represented a continuous strong performance, achieving double-digit growth in both sales and income, indicating the positive outlook for 2021, thanks to favorable pricing environment, increased demand and stable production output across all product categories despite higher input material costs driven by oil price hike.

During the first half of 2021, PVFCCo continued to consolidate its leading position in the local industry with high concentration on targeted domestic markets. The Corporation successfully completed the periodical turnaround maintenance ahead of schedule in May to ensure the long-term stable efficiency of the Phu My Plant together with its continued improvement in operation of the NPK plant.

The first half of 2021 witnessed the fourth wave of Covid-19 in Vietnam with new outbreaks constantly popping up nationwide, PVFCCo continued taking preventive measures at highest level, ensuring safety, early completion and quality for the turnaround maintenance of Phu My Fertilizer Plant, maintaining stable operation of the whole system.

The Phu My Urea Plant has been operating at stable capacity of around 2.500 tons/day after its successful maintenance period (from 18th April to 19th May). Meanwhile, the NPK plant recorded much her high production output compared with the same period last year.

Total production volume of Phu My urea and NPK in the first 6 months reached 419k tons, 13% lower YoY, mainly due to the 32-days maintenance of the urea plant. Accordingly, the Phu My Urea Plant produced 341k tons, completing 45% of annual target and 17% lower YoY. On the other hand, the NPK Plant's production volume increased to more than 78k tons, completing 52% of its yearly target and increased 39% YoY. Production of commercial NH₃ reached 31k tons, achieving 48% of yearly target and 14% lower YoY.

As for consumption, in the market context of mixed advantages and disadvantages triggered by the pandemic and rising raw material prices, PVFCCo took advantage of recovered selling prices to boost production and sales, applying the flexible sales policy to ensure competitiveness, ramping up the effort of cost reduction and quality control, especially for Phu My NPK, for the purposes of expanding the domestic market share and maintaining its leading position in the market.

Total sales volume of Phu My fertilizers in the first six months amounted to 563k tons, increased by 2% YoY. In particular, sales volume of Phu My Urea reached 372k tons, completing 48% of yearly target and 11% lower YoY. Sales volume of Phu My NPK increased to 90k tons, completing 63% of yearly target and up 105% YoY. Sales volume of imported fertilizers increased by 15% YoY to 102k tons.

Sales of chemical products remains stable at 63k tons, in which sales volume of NH₃ reached 38k tons, 15% higher YoY. Sales of petrochemicals was strongly recovered following oil price increase, with volume of at 347 tons, 34% higher YoY.

Higher sales volume plus favorable pricing condition during the second quarter enabled DPM to improve greatly the financial results in 1H2021 despite higher input material costs.

In the first half of 2021, the Corporation achieved impressive growth in revenue and income thanks to strong recovery in pricing across all product categories. In specific, ASP of Phu My Urea in the first half of this year was up 26% YoY and ASP of NH₃ was up 80% YoY.

Total revenue of 1H2021 arrived at 5.033 VND billion, completing 60% of annual target and increased 25% YoY. Profit before tax reached a robust growth of 108% YoY to 1,028 VND billion, completing 235% of the yearly target, mainly thanks to soaring prices of urea and NH₃ and extra income following accounting adjustments as recommended by the State Audit (which translated an additional VND 268 billion in PBT).

In the second half of 2021, PVFCCo's employees and leadership team set key targets to maintain stable operation of its production plants, improve product quality to continue expanding market share. In the meantime, the Corporation will keep close eye on cost control and efficiency in order to achieve higher growth and exceeds all key targets assigned by shareholders with key targets as following:

Production:

- Phu My Urea: 429k tons
- Phu My NPK: 76k tons
- Chemicals: 40k tons

Sales:

- Phu My Urea: 392k tons

- Phu My NPK: 67k tons
- Other fertilizers: 97k tons
- Chemicals: 69k tons

The 1H2021 results and Q3 estimates is in the below details:

II. BUSINESS RESULTS IN 1H2021 AND Q3 ESTIMATES

1. Production:

Phu My Urea: 341k tons, achieving 101% of 1H plan, down 20% YoY.

Q3 estimated volume: 219k tons.

Phu My NPK: 78k tons, achieving 108% of 1H plan, up 39% YoY.

Q3 estimated volume: 60k tons.

UFC85: 5,600 tons, achieving 101% of 1H plan, down 17% YoY.

Q3 estimated volume: 3.7k tons.

Commercial NH3: 31k tons, completing 110% of 1H plan, down 14% YoY.

Q3 estimated volume: 17.4k tons.

2. Sales:

2.1 Sales of fertilizers

The urea price reversed and strongly surged on the international market from early Q1 2021, driving up the selling price of urea on the domestic market, with some certain time lag affected by crop seasons and high stockpiling from the end of 2020. However, the market continued showing positive signs in Q2 as most of the key markets entered the Summer-Autumn crop with favorable weather conditions (rainy season) and high demand, which strongly supported the selling price and sales of almost all fertilizer products.

Given the positive progress from the market, PVFCCo actively balanced the sources of supply, especially during the 32-day maintenance period of Phu My Fertilizer Plant, studied the market demand in order to increase production and sales (especially NPK), aiming at expanding the market share, affirming the position as Vietnam's leading manufacturer and distributor in fertilizer industry.

In Q3, the supply is stable but demand saw a slight decrease due to low season. Selling price is cooling down after reaching historical high level in Q2 until August.

Business results of fertilizers and chemicals in the first six months and Q3 estimates are as follows:

Phu My Urea: 372k tons, achieving 97% of 1H plan, down 11% YoY.

Q3 estimated volume: 157k tons.

Phu My NPK: 89k tons, achieving 132% of 1H plan, up 105% YoY.

Q3 estimated volume: 34k tons.

Trading of imported fertilizers: 102k tons, completing 103% of 1H plan, up 15% YoY.

Q3 estimated volume: 51k tons.

2.2 Sales of chemicals:

Total sales volume of chemical products in 1H2021 hit 63k tons, completing 117% of 1H plan, down 2% YoY.

Revenue of chemicals reached VND 501 billion, achieving 201% of 1H plan, up 78% YoY.

Chemical products contributed VND 172 billion to the total PBT, up 204% YoY.

Specifically as follows:

NH3: 38k tons, completing 136% of 1H plan, up15% YoY.

Q3 estimated volume: 14k tons.

UFC 85: 4,800 tons, completing 119% of 1H plan, down 2% YoY.

Q3 estimated volume: 2,400 tons.

CO2: 20.4k tons, completing 93% of 1H plan, down 23% YoY.

Q3 estimated volume: 16k tons.

Petrochemicals: 347 tons, completing 107% of 1H plan, up 34% YoY.

Q3 estimated volume: 200 tons.

3. Key financial ratios in 1H2021 (excluded accounting adjustments as requested by the State Audit):

No.	Item	1H2020	1H2021	Increase/Decrease (%)
I	PROFITABILITY RATIOS			
1	Return on Assets (ROA) (Profit after tax/Total Assets)	3.56%	5.44%	53%
2	Return on Equity (ROE) (Profit after tax/ Equity)	5.04%	7.44%	48%
3	Profit before tax/Revenue	12.48%	15.58%	25%
II	LIQUIDITY RATIOS			
1	Overall liquidity ratio (Total Liabilities/Total Assets)	29.90%	26.60%	-11%
2	Quick ratio (Current Assets - Inventories)/Current Liabilities)	2.16	2.71	25%
3	Current ratio (Current Assets/Current Liabilities)	2.75	3.40	24%
4	Liabilities-to-equity ratio (Liabilities/equity)	0.43	0.36	-15%

The strong rise of ROE and ROA on year-on-year basis was driven by 53% increase YoY of profit after tax (VND 633/415 billion).

Total assets: Total assets as at June 30, 2021 was VND 11,960 billion, up 6% compared to the beginning of the year.

Current liabilities: Current liabilities as at June 30, 2021 was VND 2,153 billion, up 6% compared to the beginning of the year.

Non-current liabilities: Non-current liabilities as at June 30, 2021 was VND 1,027 billion in which VND 802 billion was long-term loans to finance the NH3 – NPK Complex.

Equity: Equity as at June 30, 2021 was VND 8,780 billion, up 6.4% compared to the beginning of the year due to an increase in the undistributed profit after tax in 1H2021 and an additional income of VND 269 billion of 2020 as followed the State Audit's request.

III. MARKET INSIGHTS IN 1H2021:

1. Domestic fertilizer market

Domestic fertilizer production:

In 1H2021, Vietnam's urea production output was estimated at 1.13 million tons, down 9.25% YoY mainly due to regular maintenance of some plants.

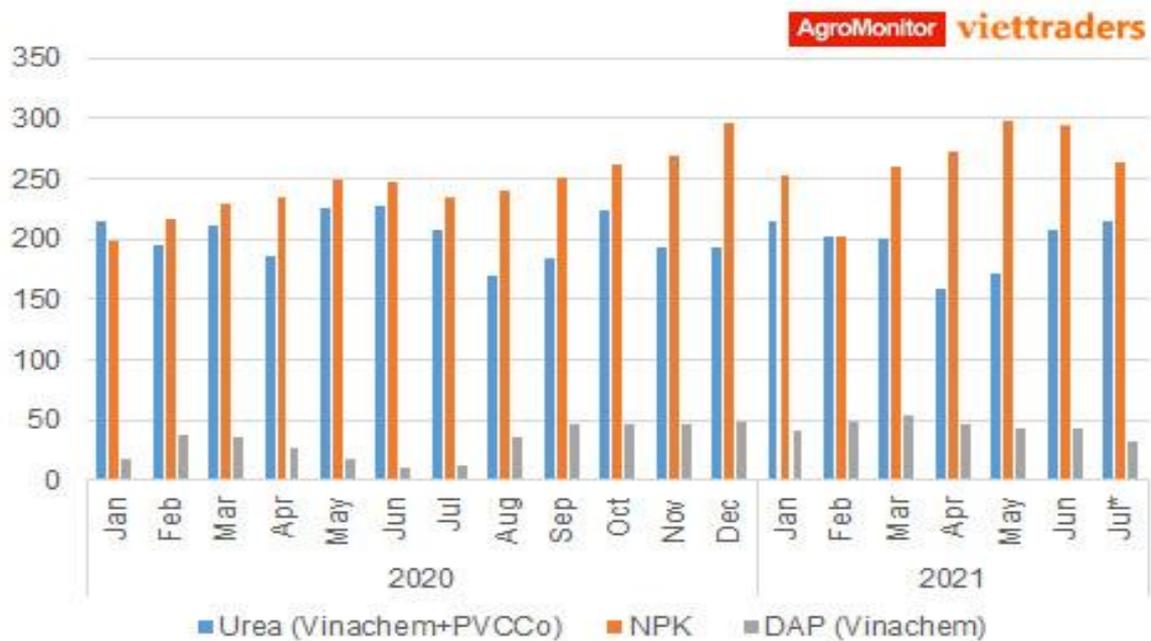
In Q1 2021, all the four plants were in stable operation, yielding total equivalent output on year-on-year basis. However, in April and May, the production output was lower yoy as Phu My Fertilizer Plant and Ha Bac Fertilizer Plant underwent regular maintenance and Ninh Binh Fertilizer Plant had an incident at the beginning of April. Urea production output of Vietnam in the first four months of 2021 was estimated at 757 thousand tons, down 5% yoy (-39,000 tons).

Production output in May remained low at 155 thousand tons as Phu My Fertilizer Plant and Ha Bac Fertilizer Plant were still down for maintenance. However, in June, the production output is expected to rise strongly to 225 thousand tons as the plants have completed maintenance and increased capacity to meet domestic demands.

Local urea plants operated at stable capacity in July with total production output of 210 thousand tons, 5 thousand tons higher than the volume in June when Ninh Binh Urea Plant underwent technical problems.

Urea production output in August is estimated at 205 thousand tons, 5 thousand tons lower than July when all local plant operate at normal capacity.

Chart 1: Vietnam's monthly production output of Urea, DAP and NPK in 2020-2021, thousand tons



Source: Adapted by AgroMonitor from GSO, MOIT; (*): estimated volume

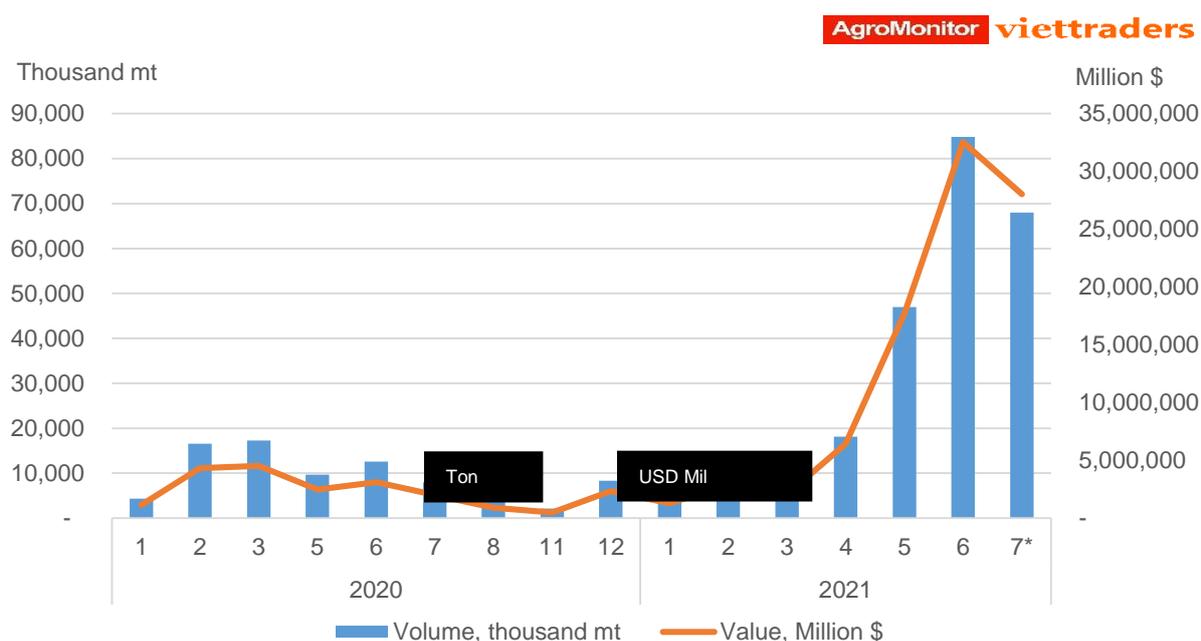
Urea imports

In 1H2021, Vietnam's urea import was estimated at 105 thousand tons, up 19% yoy. Particularly, the import rose strongly in Q2 as some major domestic plants were down for maintenance.

The urea imports remained low at nearly 20 thousand tons in all Q1, but jumped to more than 18 thousand tons in April alone due to scarce supplies of the domestic market following the maintenance down time of some major plants. Average import price of granular urea in the first four months of 2021 increased by US\$ 70 USD/ton CFR year-on-year. Global price of urea rose strongly and remained at high level in the first four months of 2021, resulting in low import of the domestic importers, despite low stock volume. Notably, in the first four months of 2021, urea imports from Malaysia hit 24.6 thousand tons, a sharp rise of 13.6 thousand tons year-on-year, compensating for the drop in imports from Indonesia (-14.5 thousand tons). Urea imports in May surged to 27 thousand tons (up 9 thousand tons month on month) and kept accelerating to 40 thousand tons in June.

Urea import in August slightly decreased to 25 thousand tons, 44 thousand tons lower than July. Sea freight increase stimulated a urea import from China via Lao Cai border to supply a small volume for local NPK plants.

Chart 2: Vietnam's import volume and turnover of fertilizers 2020 - 2021



Source: AgroMonitor (7*: preliminary)

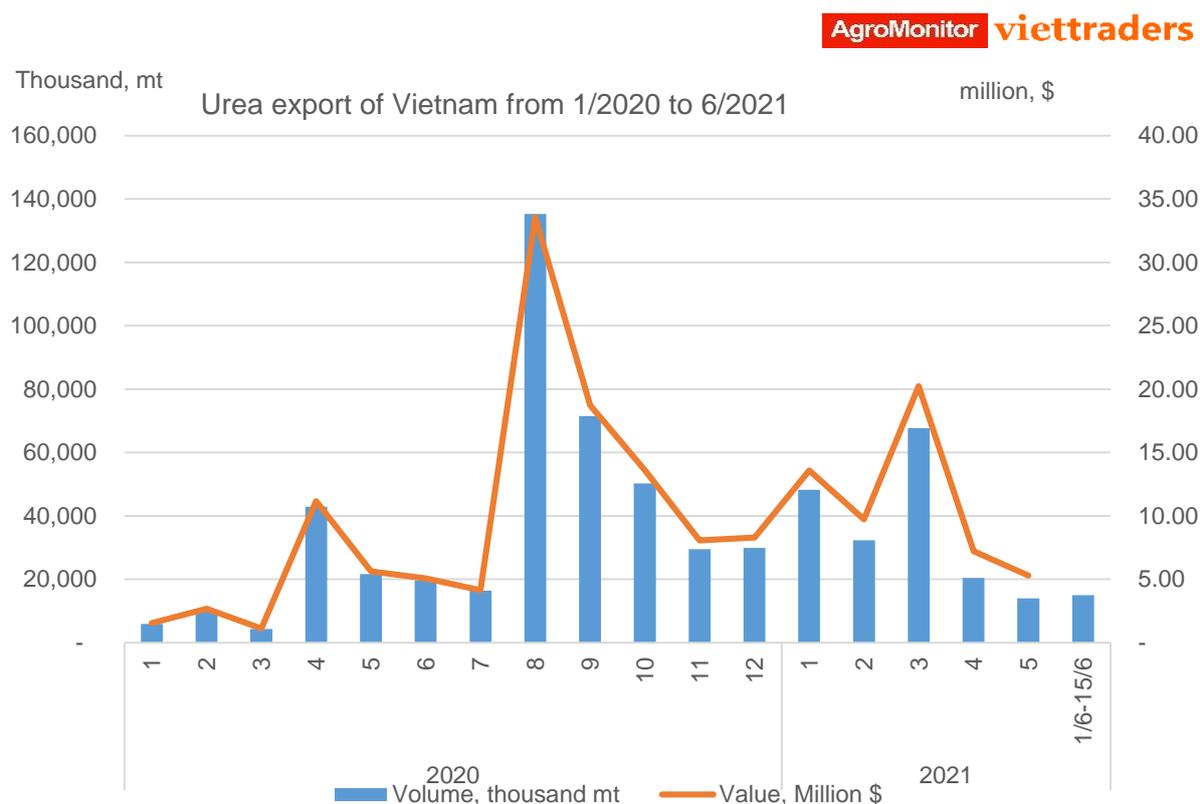
Fertilizer exports

Vietnam's urea export in 1H2021 was estimated at 215 thousand tons, up 90% yoy. Major exporters are Ca Mau Fertilizer Company, Ninh Binh Fertilizer Company, Petrovietnam Fertilizer and Chemicals Corporation with key export markets to Cambodia, Bangladesh, Sri Lanka, Thailand, Malaysia...

The export volume in May was estimated at 14 thousand tons, down 6 thousand tons month on month. Exports slowed down in the last two months of Q2 (April and May) as the plants focused on supplying to the domestic market driven by high demand and limited supply sources. The main export market in May was still Cambodia with approximately 13.6 thousand tons. The average price for exports to Cambodia in May stood at US\$365/ton FOB, up by US\$115/ton YoY.

Urea export in August is mainly to Cambodia with major supply from Ca Mau Fertilizer Company. Positive growth in rice production output in Cambodia during this year has encouraged higher urea import. Urea import volume from Vietnam in the first 7 months of this year increased 31% YoY (27 thousand tons higher YoY).

Chart 3: Vietnam's export volume and turnover of fertilizers 2020 -2021



Source: Agromonitor database

Supply and demand in 1H2021 and trend forecast

Domestic demand for urea in 1H2021 was estimated at 1.02 million tons, up 13% YoY.

Demand: In Q1, the demand for urea was quite equivalent on year-on-year basis, but fell slightly in April when the seeding stage in this year's Summer-Autumn season in the Mekong Delta was later than usual. In the first four months of 2021, the consumption of urea for crops reached 510 thousand tons, down 1.8% yoy (-10 thousand tons). However, the urea demand in May and early June 2021 was expected to rise sharply as some rice cultivation areas (Can Tho, Long An...) started the seeding stage earlier than last year's Summer-Autumn season. The consumption of urea in May and June was expected to reach 190 thousand tons/month.

Supply: The supply source in June was expected to recover when all domestic plants resumed stable operation (without maintenance schedule), and the imports also hectic with signed orders would continue arriving at sea ports in the South. At the same time, the consumption of urea remained high due to strong demand for fertilization of rice, industrial and fruit crops in the region. The urea inventories in June were expected to rise slightly from late last month but remained low, which would keep prices at high level. At the end of June, the inventories were expected to rise slightly to 111 thousand tons.

Urea demand decreased in August when major crops were over and local NPK plants lowered production capacity. Inventory reached to the highest level since 2021 at 238 thousand tons. Urea price in domestic market fell slightly due to abundant supply and decreasing price in the global market.

UREA PRICE

In Q1, urea inventories stood at high level due to falling demand for both domestic consumption and export but remained lower by 51% yoy. Urea price at the end of February reached the record high since late 2018 and remained high in early March thanks to rising demand for urea during Winter-Spring season (in North Vietnam) and early seeding stage for Summer-Autumn season (in some areas in South Vietnam).

In Q2, the price remained stable in early April. However, the supply source was depleted as Phu My Fertilizer Plant and Ha Bac Fertilizer Plant started maintenance and the rising import price in line with the global upward trend drove up the domestic urea price from late April (up VND 600-800/kg compared to early April). In June 2021, the demand in the Mekong Delta subsided as the fertilization demand for Summer-Autumn rice crop ended and the rising import volume in South Vietnam would restrict the upward trend of urea price.

In July, urea selling price roses by 10-14% month-over-month to the highest level in many year and remained stable until August. However, the logistics and sales were delayed in late July during the Covid-19 outbreak following restricted lockdown period.

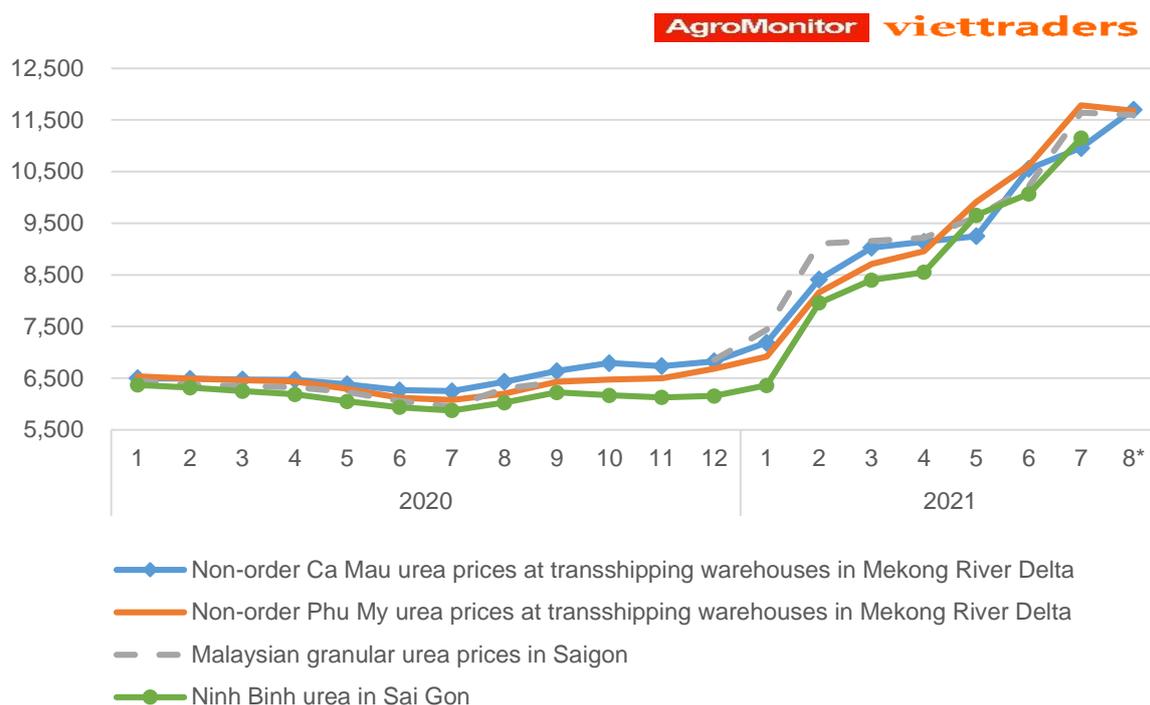
Urea market trend forecast in 2H2021

While the global urea price continues to rise sharply, the domestic urea price is unlikely to reverse. In many regions, prices hit record high for many years and showed no sign of stoppage when India was once again expected to announce its bidding for urea in late June 2021.

The recent upward trend of Vietnam's fertilizer prices was largely driven by direct impact of global market. Moreover, increased demand, depleted supply sources, soaring price of raw materials, transportation costs multiple times higher due to Covid-19 pandemic, which disrupts the global logistics chains, are all contributing to the rise in fertilizer prices in the near future.

Urea demand in the north and central regions remains low in August until the Winter – Spring arrives in late September. In addition, the Covid-19 outbreak and long-lasting lockdown will do negative impacts on agricultural sector.

Chart 4: Urea price at Tran Xuan Soan Market 2020-2021, VND/kg



Source: AgroMonitor

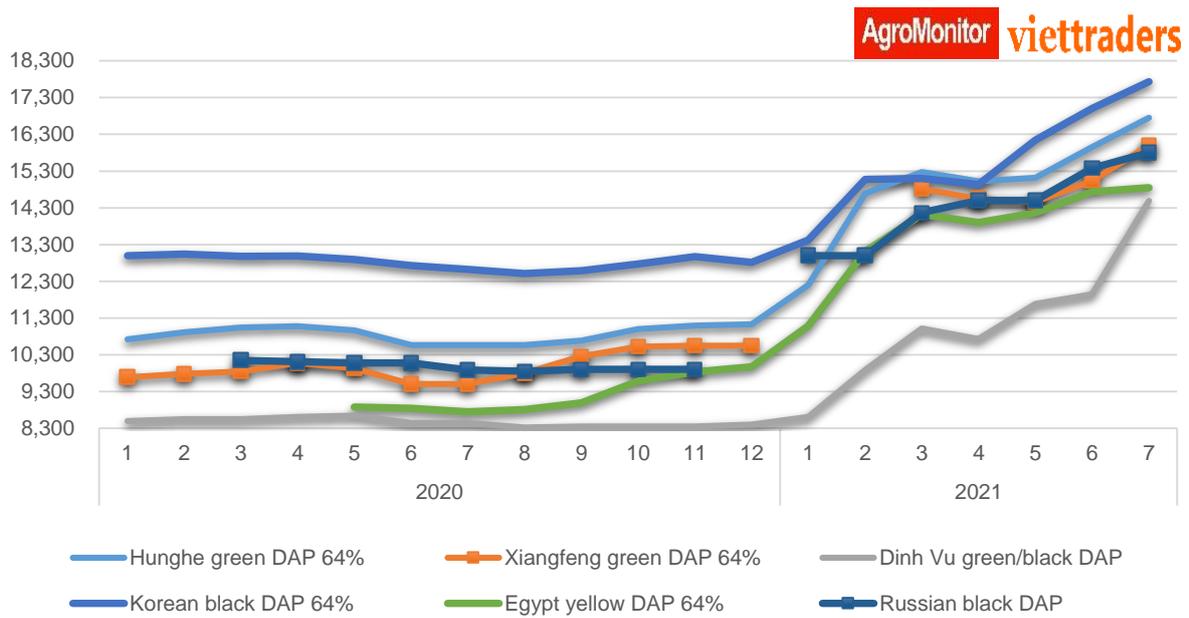
DAP

Vietnam DAP market in Q1 was slow with less transactions due to consistently high price and lack of strong demand. Dealers still received few quantities at ports from purchase agreements previously signed with suppliers. New orders were mainly in small quantities. Domestic market was short of demand for crops. However, the demand bounced back in Q2 when the Mekong Delta began Summer-Autumn season. Importers increased import volume to meet the demand. The inventories in late March were estimated at 84 thousand tons, up 31 thousand tons compared to early 2021. As for exports, manufacturers kept fulfilling their signed orders, the export volume in Q1 reached approx. 20-25 thousand tons/month.

In Q2 (from April to Mid May 2021), DAP imports to Vietnam still remained low. Due to low import source, DAP price in HCM City and Southwest region rose slightly, from VND14,500 – 15,500/kg.

DAP demand in the domestic market stay weak in August due to low demand and import price remain high.

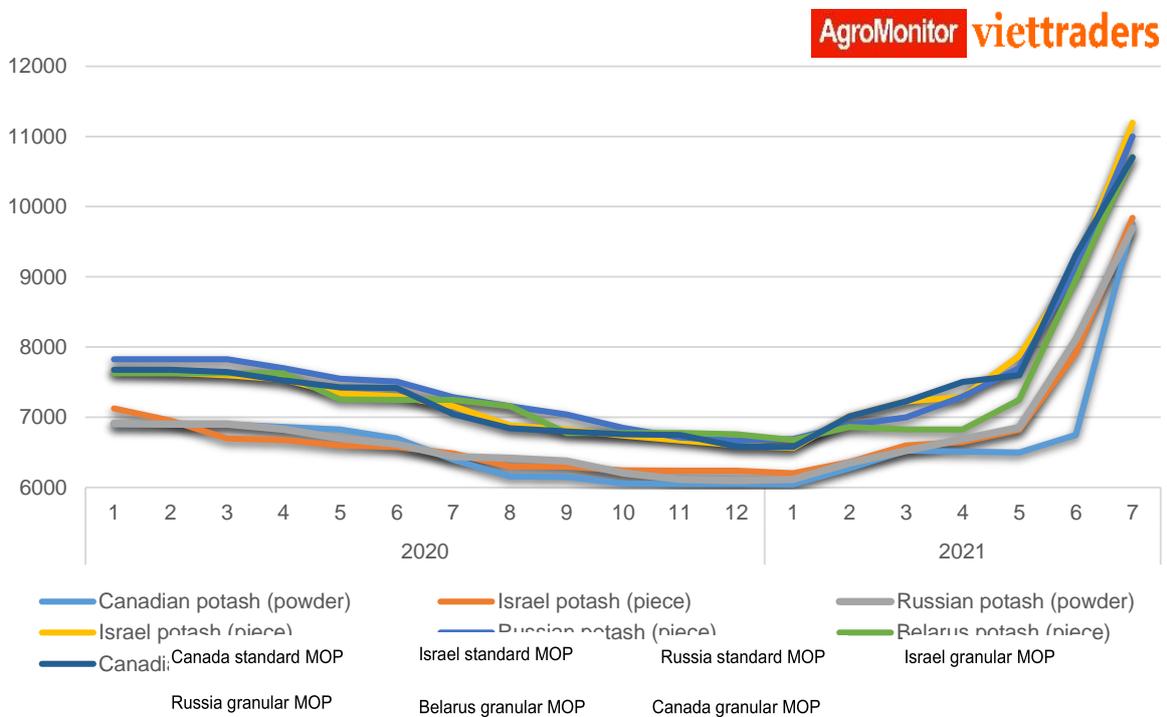
Chart 5: DAP price at Tran Xuan Soan Market 2020-2021, VND/kg



Source: AgroMonitor

Potassium market

Chart 6: Potassium prices at Tran Xuan Soan Market 2020-2021 (VND/kg)



Source: AgroMonitor

In Q1-2021, Vietnam’s total import of potassium was estimated at 260 thousand tons, up 5% y-o-y.

Potassium import supply declined in 03/2021 but inventories remained abundant following the strong surge in imports from late 2020. In the meantime, potassium trading was not hectic due to low domestic demand. However, offer prices for various types of potassium tended to rise slightly in line with the global potassium price trend. In March 2021, Vietnam’s import of potassium was estimated at 62,847 tons, down 32% month-on-month but still up 23% year-on-year, mainly Lao potassium.

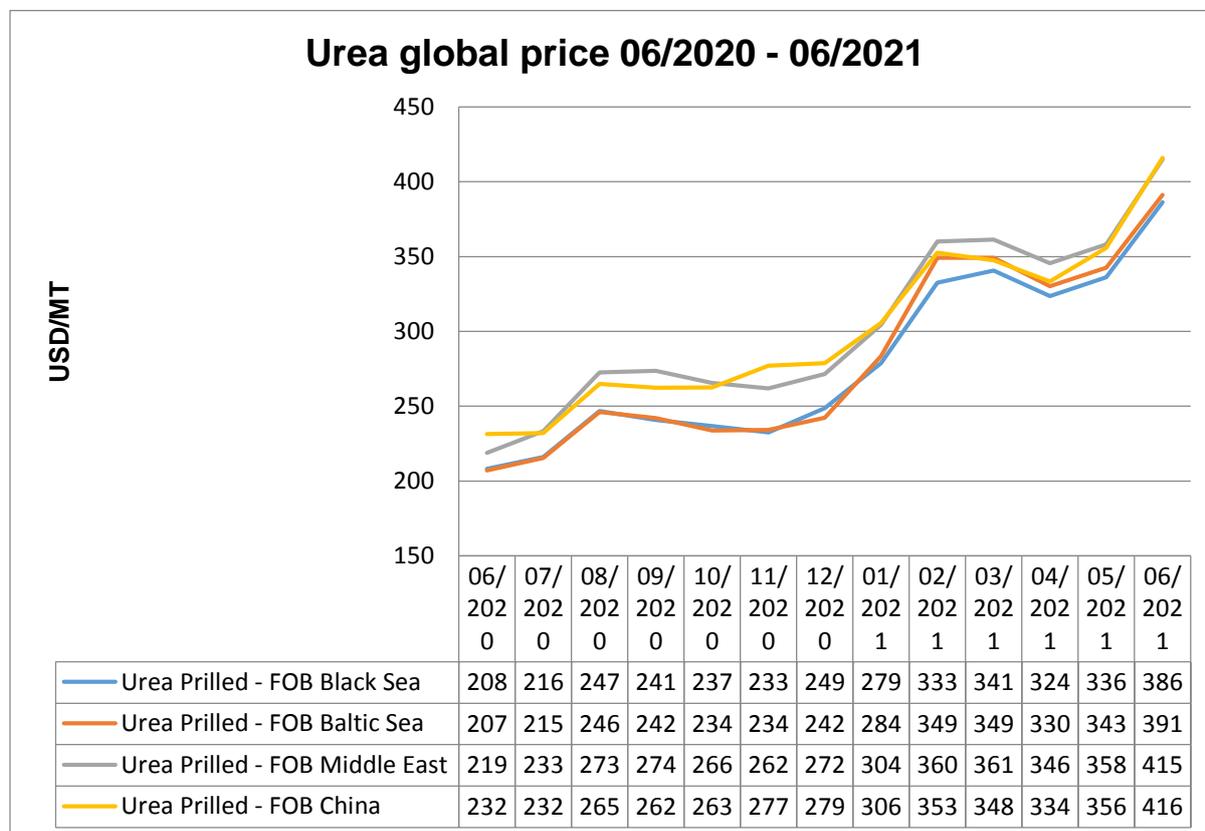
In Q2, the potassium prices in Vietnam market strongly surged due to the import price rising in line with the global upward trend even though the import supply reached the record high of many years. The imported potassium arrived in abundance in Q2 to meet the high demand for raw materials in the production of NPK for industrial crops during the rainy season in South-Eastern & Highland regions and for third-phase fertilization of Summer-Autumn rice crop in the Mekong Delta.

In July, the potassium price continued to increase sharply despite low demand. Selling prices of broken potassium prices stood at 11,000 – 11,200 VND/kg and 9,800-9,850 VND/kg for powder potassium imported from Israel and Russia. The price slightly decreased in August when demand is low with high inventories.

2. International fertilizer market:

Urea market

Chart 7: Urea price (monthly average) in early months of 2021 (US\$/ton FOB)



Source: CRU

Urea price in the global market during the first months of 2021 constantly rose, up approximately more than 50% YoY. The rise in gas prices and the shutdown of some major urea plants such as QAFCO and SAFCO for maintenance were key reasons contributing to the surge of urea price, apart from the sharp increase in fertilizer demand and escalating prices of agricultural products.

From 01/2021, the urea price in Egyptian market started climbing up to US\$327/ton from US\$280/ton in December 2020. Gas stock supply for urea production was cut down in order to prioritize the heating as a result of cold weather in China. The same situation in the US market drove up the gas price and urea production costs. At the same time, the rising demand for fertilizers in China and other major markets continued to push urea price to new peaks in the subsequent months. Moreover, soaring material prices and transport costs also supported the upward trend of urea price. Urea price in 06/2021 exceeded US\$400/ton FOB China and Middle East.

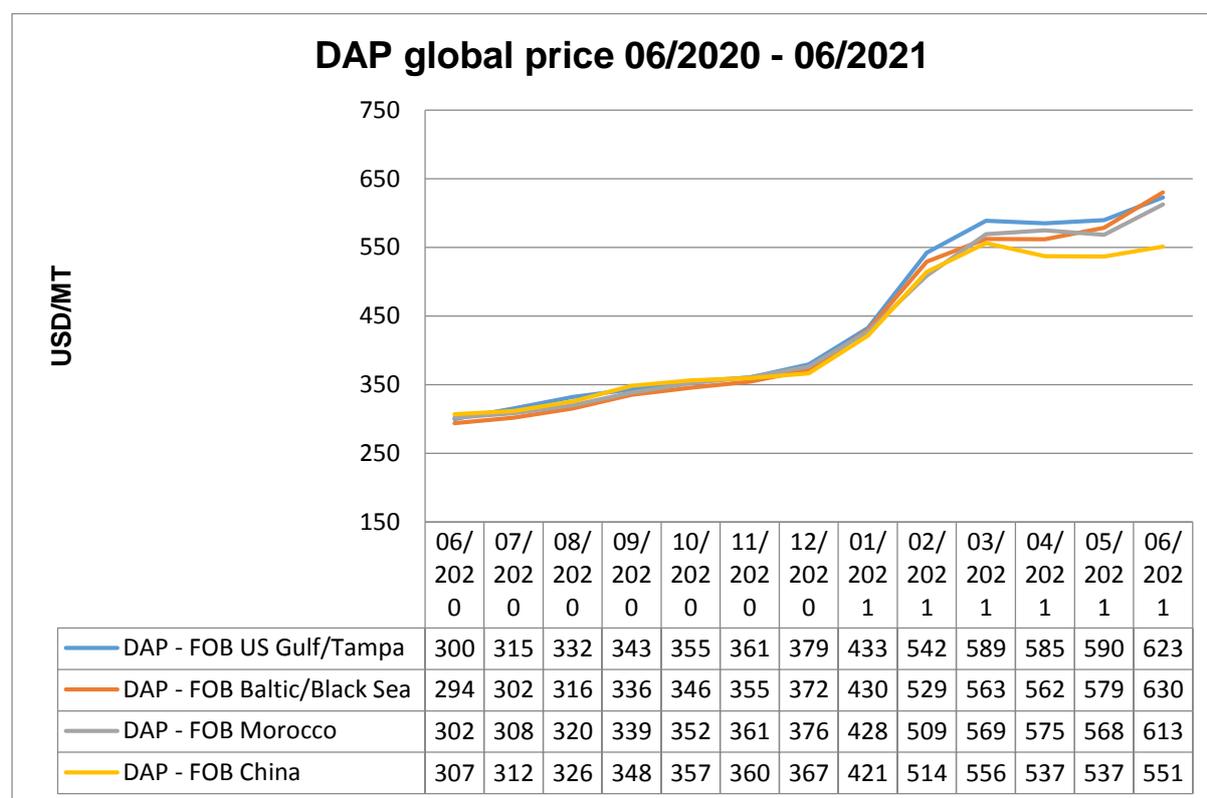
The rising price of Ammonia also contributed to the reduction of Urea production capacity and increase of NH₃ output in order to boost profits. Chinese urea price rose to US\$410/ton FOB in June and was expected to continue its upward trend thanks to domestic demands and India's bidding.

The global urea price is expected to maintain a high level in 2H2021 as some plants in the US, Indonesia and Argentina are scheduled for maintenance, reducing the supply sources while the demand in Latin America, South East Asia, India and prices of agricultural products are forecast to rocket in last months of 2021. Global fertilizer news bulletins forecast that the urea price in Q4 2021 may increase by 10% as compared to June and hit the peak at US\$460/ton FOB before declining in Q1 2022 when the supply source is replenished by new plants in Nigeria, Russia and China...Urea volume from new projects scheduled for operation in 2022-2023 is estimated at 5.7 million tons/year.

DAP market

The global DAP price strongly surged in 1H2021 as supported by soaring costs of production materials, transportation, increasing demands in a number of import markets and limited supply. Average price in May - June/2021 jumped by 80% year-on-year. Although global DAP price constantly escalated from early this year, the market was driven by high demand for DAP. Accordingly, the global DAP price is expected to maintain its upward trend in near future.

Chart 8: DAP price (monthly average) in certain regions in the first months of 2021 (US\$/ton FOB)



Source: CRU

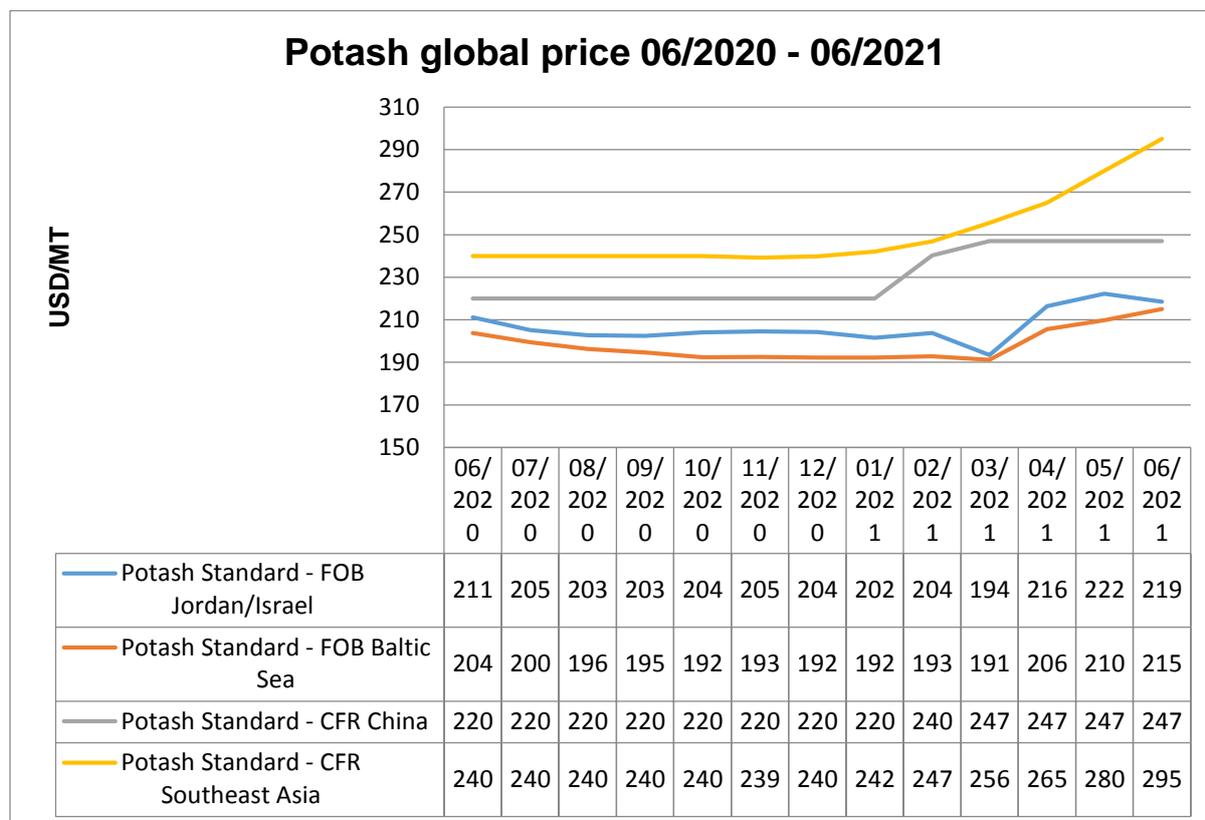
Potassium market

The global potassium price in 1H2021 continued its upward trend from Q4 2020, particularly, price of granular potassium in US and Brazil reached the record high in recent years.

The constant upward trend of potassium price was driven by higher crop prices, rising demands for potassium and limited supply for spot delivery.

The global potassium price is forecast to continue rising, especially for granular potassium, due to scarce supply of resources. Besides, currently potassium price is still lower than other single element fertilizers, which justifies the effort of suppliers to boost the potassium price even higher.

Chart 9: Potassium price (monthly average) in certain regions in the first months of 2021 (US\$/ton FOB)



Source: CRU

IV. NEWS IN BRIEF

1. Investor relations:

News on AGM 2021 and changes in senior management

On April 27, 2021, PVFCCo’s AGM ratified the changes in the Board of Directors. Accordingly, Mr. Hoang Trong Dung was recommended by PVN, adopted by shareholders and appointed by BOD as chairman of BOD for 2021-2025 term. Mr. Dung replaced Mr. Nguyen Tien Vinh, who was transferred to another position.

Mr. Louis T. Nguyen was still recommended as independent BOD member and adopted by AGM for 2021-2025 term. Mr. Ta Quang Huy was removed from the position of independent BOD member to hold the position of Deputy General Director in charge of safety, health and environment. Mr. Huynh Kim Nhan continued to be elected as Chief Supervisor for the 2021-2025 term.

With the current structure, PVFCCo’s BOD consists of five members, including one independent member and one member concurrently General Director, and acts as the ultimate management organ representing the interests of shareholders.

AGM also approved the proposal for increasing the cash dividend ratio in 2021 to 14% of par value, equivalent to VND1,400/share. Previously in Q1 2021, PVFCCo completed the first dividend payout of 2020 at VND700/share.

The last cash dividend payout for 2020, at 7% of par value, equivalent to VND700/share is expected to be carried out on July 30, 2021.

Ministry of Finance reports to Government on proposal for amendment of Law on Value-Added Tax

In May 2021, the Ministry of Finance submitted a report to the Government regarding VAT for fertilizers. Accordingly, in order to thoroughly handle the VAT on fertilizers and ensure the integrity and consistency in the tax system reform strategy, the Ministry proposes the Government not to request the National Assembly to issue a separate resolution on Value-Added Tax for fertilizers. Instead, the Ministry proposes for amending the VAT on fertilizers from VAT-exempt items to VAT-subjected items, which has been included in the draft Law on Value-Added Tax to be submitted as an addition to the law and ordinance preparation program 2021.

PetroVietnam holds ceremony to celebrate the first gas flow from White Lion field in Phase 2A

On June 18, 2021, PetroVietnam held the ceremony to celebrate the first gas flow in Phase 2A from White Lion field, Block 15-1, marking the commercial operation of the project 16 days ahead of schedule, recording an important milestone of PetroVietnam in the effort to maintain and increase oil and gas production, contributing to increasing the supply source, ensuring the national energy security and promoting economic development.

The White Lion oil field is one of the four important discoveries in Block 15-1 of Cuu Long Basin, considered as one of the richest oil and gas reserves in the continental shelf of Vietnam, located 62km off Vung Tau shore at a depth of 56m. The oil and gas contract of Block 15-1 was signed on September 16, 1998 between PetroVietnam and contracting parties including PVEP (50%), Perenco (23.25%), KNOC (14.25%), SK (9%) and Geopetrol (3.5%) with Cuu Long JOC as the Operator.

The plan to develop the White Lion oil field in phase 2A was approved by the Prime Minister in 2019, with a total expected consolidated capital expenditure (CapEx) investment of nearly US\$138 million, and the expected recovered reserves of 63 million barrels of condensate and 193 billion cubic feet of gas by the end of September 2025. The first gas flow of Phase 2A (well ST-7P) was exploited at 18:00 on June 14, 2021.

Addressing the event, PetroVietnam General Director Le Manh Hung said Block 15-1 is considered the flagship in oil and gas operation in Vietnam, yielding benefits to all parties involved, significantly contributing to Vietnam's national budget (approximately US\$10.4 billion).

(Source: www.pvn.vn)

On May 17, 2021, VNPOLY and Vietnam National Textile and Garment Group (Vinatex) signs a master contract for exclusive sale of PSF synthetic fiber products.

According to Vinatex leaders, in the first 6 months of 2021, when the Covid pandemic was gradually controlled and the market recovered, the demand for PSF (Polyester Staple Fiber)

strongly escalated and the plant was expected to resume stable operation in order to increase the supply to Vietnamese fiber production partners.

According to VNPOLY, a new solution has been in place to improve the stability of PSF quality and it has located a partner to provide a stable and long-term sources of raw materials for the plant. VNPOLY has prepared a financial plan, high technical resources, and invited reputable and experienced experts to operate the plant. In the course of preparation for re-operation of the plant, VNPOLY and PetroVietnam Chemical and Services Corporation (PVChem Tech) negotiated to act as the general agent for some fiber products from Taiwanese and Chinese companies, assisting Vinatex's businesses in purchasing fibers, placing orders, storing and transporting fibers to their factories.

(Source: Petrotimes)

2. PVFCCo's business highlights:

Phu My Fertilizer launches new product Phu My Urea + KeBo

On January 25, 2021, after the successful testing process, PVFCCo officially launched the new Phu My Urea + KeBo, starting from 2021.

Phu My Urea + KeBo is urea with high protein content (46% N-Nitrogen) and two additional important trace elements (TE) Zinc (Zn) and Bo, which play a very important role in forming chlorophyll. Zinc promotes the photosynthesis and urea, phosphorus absorption of plants, pest elimination. At the same time, Bo is essential for the process of cell division, pollination, flower sprout formation and division; increasing pollen vitality and fruit setting rate, reducing fruit dropping. The pair Zinc - Bo also plays an important role in the synthesis of proteins, lipids, increasing sugar and vitamin content in tubers, fruits and seeds; preventing rotting, prolonging shelf life of agricultural products after harvested.

Effects of Phu My Urea + KeBo have been tested and proved to be highly effective in some large production areas such as Dak Lak, Dong Nai, Tien Giang, Dong Thap...

PVFCCo cooperates with Ninh Hoa Sugar Company in supplying Phu My NPK for material sugarcane crop areas

From early 2021, PVFCCo and its subsidy PVFCCo Central together with Ninh Hoa Sugar Company jointly held 5 technical consulting seminars on usage of Phu My NPK product portfolio and transfer of scientific and technical knowledge to local farmers. In the course of actual use, Phu My NPK was proved to be effective and suitable for the intensive sugarcane cultivation conditions at raw material areas of the factory, and farmers have been increasingly confident in Phu My fertilizers.

As of May 10, 2021, Ninh Hoa Sugar Company has received another 1,500 tons of Phu My NPK for supply to the raw material areas. Previously, in 2020, PVFCCo Central jointly supplied 500 tons of Phu My NPK 16-16-8+13S+TE to Ninh Hoa Sugar Company.

Reportedly, the late 2020 and early 2021 marked the outstanding growth of the sugar industry when the sugarcane crop enjoyed both good harvest and good price amid negative impacts of Covid-19 pandemic on many industries. In the current context, the sugarcane price hike can be seen as one of the rare highlights, contributing to the better life of sugar farmers.

PVFCCo supports Covid-19 prevention and control forces

On June 7, PVFCCo donated 1,000 boonie hats and 8 cartons of fresh milk to the Covid-19 frontline fighting forces.

This is an essential deed in response to the movement of the entire people to join hands in the fight against Covid-19 pandemic. With strict awareness of pandemic prevention, the handover was carried out briefly at the Ho Chi Minh City Youth Cultural House between representatives of PVFCCo and Ho Chi Minh City Youth Union - the organization receiving support.

Although the gift is not big in value, this gesture conveys the heart of PVFCCo's employees for the common cause of the whole country, especially the frontline forces against the pandemic.

PVFCCo joins hands to provide emergency support to Hai Duong in the fight against Covid-19

On February 24, 2021, amid the complicated spread of Covid-19 pandemic in Hai Duong province, PVFCCo decided to provide an emergency support of VND500 million to the province as an effort to join hands in the fight against the Covid-19 pandemic, which was undergoing highly complicated developments in the province. This support was transferred directly to the Fatherland Front Committee of Hai Duong Province - the organization assigned by the People's Committee of Hai Duong Province to campaign and receive the support.

3. News on fertilizer and chemical markets:

EU applies sanctions against MOP exports from Belarus

After the Council's meeting session on June 24, 2021, the European Union (EU) has imposed sanctions on MOP exports from Belarus, implying that none of the 27 EU countries may buy MOP from Belarus. This has affected not only the potassium trading but also other products such as UAN.

Belarus Potash (BPC), a major exporter of MOP to EU, warned that EU's potential sanctions on MOP exports might cause extensive impact on the global food security. Belarus is one of the world's largest MOP manufacturing countries, second to Canada only; Belarus produces approximately 12 million tons of potassium-rich fertilizers per year - accounting for 20% of the global supply.

While the impact of sanctions against MOP trading may be more obvious soon, the market is expected to increase the offer price at seaports in South East Asia and Latin America in the coming weeks as the buyers scramble to secure their own orders.

Vinachem's revenue in fertilizer sector increased by 58%

Vietnam National Chemical Group (Vinachem) has updated its business performance in May and the first five months of 2021, with major business targets recording a high growth YoY. In the first five months of 2021, Vinachem's total revenue was estimated at VND 4,663 billion, up 20% YoY. In particular, the revenue of fertilizer sector grew by 58% YoY.

Chinese government issues policy to give fertilizer subsidy to farmers

The Chinese government has recently offered one-off subsidy to farmers to ease fertilizer price hikes. Accordingly, the government would transfer 20 billion yuan (approx US\$3.1 billion) from the central budget to cope with rising costs of production materials driven by strong surge in commodity prices in recent months. The subsidy will be granted at the critical time of the summer harvest and is intended to ensure farmers to be ready for grain production. This is a temporary measure and the export tax may still apply to urea, DAP/MAP if the situation is not eased off. However, it may reduce the risk of immediate slapping of export tax.

Global ammonia price increased by more than 200% due to shortage of supply

According to statistics from CRU and Fertecon, the global ammonia price rocketed due to tight supply and rising demands from consumption households in the first months of 2021.

Regions	Delivery conditions	December 2020	June 10, 2021	% difference
Black Sea	FOB (\$/mt)	223	525	235%
Middle East	FOB (\$/mt)	245	610	249%
Tampa, USA	CFR (\$/mt)	270	535	198%
South Korea	CFR (\$/mt)	290	620	214%
South East Asia	FOB (\$/mt)	265	600	226%

According to CRU ammonia

In 12/2020, the ammonia was still traded at US\$223/ton at Black Sea but shot up unhindered from beginning of 2021. The same situation also applied to most major ammonia markets. In South East Asia, the new price has so far exceeded US\$600/ton, up 226% from December 2020. This price is recorded as the highest since 2012. Some markets in Far East had to buy ammonia at US\$680/mt CRF. A number of major ammonia manufacturers such as ToAz, Sabic, Kaltim, Ma'aden also declared out of stock for offer until the end of July 2021.

According to the analysts, high demands from DAP and chemical plants (caprolactam, acrylonitrile...) in many countries have driven up ammonia price and the manufacturers were left no choice but accepting the new price to acquire materials for production.

While the demand shot up, the supply declined mainly due to rising production costs and many plants undergoing regular maintenance in Indonesia, Saudi Arab, Russia and Malaysia. Besides, the sharp increase in urea and DAP prices in recent months strongly supported the ammonia price hike.

Source: PVFCCo

Editorial Board:

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

BOD Office: Mr Truong The Vinh – Corporate Secretary, Ms Nguyen Thi Ngoc Mai – Investor Relations Manager; Mr Pham Thanh Long

Finance Division: Ms Lam Thi Bich Ngoc, Ms Le Thi Thuy Hang, Ms Tran Xuan Thao

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

Planning and Investment Division: Ms Pham Thi Ha, Ms Nguyen Thi Nhat

R&D Division: Ms Vu Thi Thu Thuy