



VISION - MISSION



VISION

Developing to become a leading producer and trader of fertilizers and chemicals for agriculture and oil and gas industry in Vietnam and Southeast Asia.



MISSION

To provide customers with a sufficient and reliable source of high-quality fertilizers and chemicals at competitive prices, thereby achieving good business performance, contributing to the long-term development of the agriculture sector in Vietnam.





CHAIRMAN'S MESSAGE



Dear valued Shareholders, Business partners and Employees,

In 2020, the world witnessed unprecedented changes. The Covid - 19 pandemic has gravely wounded the world economy and driven it into the worst recession since the early 21st century. The crisis has imposed challenges and demands for change upon every country, enterprise and individual in order to survive in the "New Normal". These challenges and consequences showcased the resilience and adaptability of some economies. While most developed economies, including the US, Japan and the European Union had negative growth (a decrease of GDP by 10-15%), Vietnam was one of the few countries to maintain its economic growth.

By exceeding its key goals, PVFCCo overcame its most difficult period in 2019 and entered the year 2020 with many complications from the Covid-19 pandemic. The fertilizer industry still struggled with

many difficulties and challenges from erratic weather, unceasing natural disasters and floods in the last months of the year, combined with declining market prices in key fertilizer products after the recovery period in 2019.

In the beginning of the year, as the first Covid-19 cases appeared in Vietnam and threatened to spread, social distancing was introduced in March and early April. Many businesses faced difficulties and suffered production and business interruptions, while the stock market saw its worst period in March, adding doubts and worries to a year with economic instability. Facing this situation, PVFCCo's management urged analysis, identification and anticipation of the difficulties and challenges that were likely to occur, as well as expected opportunities. The Corporation proactively established and implemented a crisis response package with the priority of applying strict and

DESPITE LOWER PRICES ACROSS PRODUCT CATEGORIES, PVFCCo REINFORCED ITS LEADING POSITION IN THE DOMESTIC FERTILIZER AND CHEMICAL INDUSTRY, WITH ITS TOTAL SALES VOLUME AMOUNTING TO 1.23 MILLION TONS, 13% HIGHER THAN THE PREVIOUS YEAR AND ITS REVENUE TOTALING VND 8,038 BILLION, INCREASED BY 3% YEAR-OVER-YEAR.



thorough prevention measures throughout the whole system, especially in production facilities, to ensure stable and efficient operation. During the outbreaks of the Covid-19 following a prolonged social distancing period, the Corporation is proud of the tremendous efforts of its employees and leadership team in implementing protocols and action plan to prioritize the health and safety of its labor workforce and at the same time remains stable operational capacity to achieve higher production volume during the historic collapse of oil price in the first half of the year. The Corporation achieved a solid growth in production volume of Phu My Urea as the Urea plant has operated stably and at high efficiency, reaching a record annual output of 866 thousand tons, 10% higher than the yearly target and 22% higher than the previous year when Phu My Urea Plant underwent long lasting maintenance period of 72 days.

Meanwhile, the Covid-19 pandemic has disrupted the global supply chains following the temporary shutdown of some key urea producers, a notably shrinkage of import fertilizer into Vietnam and increasing export demand to major markets in India and Brazil. During the year, Vietnam limited urea import, meanwhile urea export surged to 450 thousand tons, up 133% year-on-year and 4 times as much as the yearly import volume. PVFCCo was able to take advantage of the demand and the

recovery of the selling price in the international market and achieved Urea export volumes of almost 71 thousand tons in Quarter 3. This was the highest quarterly export volume and made a significant contribution to supporting domestic sales during a difficult time when the market was being affected the prolonged pandemic, unfavorable weather and price drops.

The operation efficiency of Phu NPK Plant has been improved with total production and sales volume recording year-on-year double-digit growth of 36% and 23% respectively. Total production and sales output of Phu My Urea and NPK products reflects strong recovery, which largely offset lower pricing of key products as compared with the previous year. Lower input gas material price also mitigated the impact of lower selling prices and notably expanded gross margin and operating margin.

Despite lower prices across product categories, PVFCCo reinforced its leading position in the domestic fertilizer and chemical industry, with its total sales volume amounting to 1.23 million tons, 13% higher than the previous year and its revenue totaling VND 8,038 billion, increased by 3% year-over-year. The Corporation reconfirmed as the most profitable business in the domestic industry with its profit after tax totaling VND 702 billion, increased by 80% year-on-year.



AFTER LONG LASTING MAINTENANCE PERIOD OF 72 DAYS IN 2019, PHU MY FERTILIZER PLANT HAS OPERATED STABLY AND AT HIGH EFFICIENCY, REACHING A RECORD ANNUAL OUTPUT OF 866 THOUSAND TONS, 10% HIGHER THAN THE YEARLY TARGET AND 22% HIGHER THAN THE PREVIOUS YEAR.

Upon request of key shareholders, PVFCCo's leadership team has demonstrated a strong determination in implementing restructuring the management system, cost controls, improving risk management methods to further optimize operation efficiency and improve workforce quality. This is the first step of a revised development strategy with updated targets for the 2020-2025 period.

PVFCCo would like to recognize the tremendous efforts of its employees and leadership teams, with a strong flow of courage to adapt to the new situation and a dedication to achieve this outstanding performance and exceed key targets set by the shareholders.

Despite market challenges during the year and ahead, PVFCCo's strong performance in 2020 has set the stage for continued progress in 2021. We welcomed the year 2021 with a ready mind and strong belief for top missions: Maintaining stable operation of Phu My Urea Plant before and after the turnaround maintenance; improving the operation efficiency of Phu My NPK Plant; reaching final settlement of NH_3 -NPK contracts to accelerate the operating period; Improving and stabilizing product quality; Maintaining flexible, efficient, cost-effective business operation

and consumption, maintaining and increasing the market share of key products; proactively developing new products with AI application; reviewing and updating middle and long term development strategies; continue implementing restructuring plan while reserving and enriching PVFCCo's core values and culture.

With accumulated values and together with strong financial position and the dedication of our employees, it should permit PVFCCo to emerge from any new challenge as an even stronger organization to contribute more to the stable development of the agriculture while continuously adding values to our clients, shareholders and employees.

We sincerely thank you!

**On behalf of the Management,
Chairman of the Board of Directors**

Nguyen Tien Vinh



CHAPTER 1

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OVERVIEW

Transaction Name	PetroVietnam Fertilizer and Chemicals Corporation
Business Registration Certificate	0303165480
Charter Capital	VND 3,914,000,000,000
Owner's Equity	VND 3,914,000,000,000
Address	43 Mac Dinh Chi, Da Kao Ward, District 1, Ho Chi Minh City
Tel	+84.28 3825 6258
Fax	+84.28 3825 6269
Website	www.dpm.vn
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HISTORY AND GROWTH

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AND HUMAN RESOURCES
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CORPORATE PERFORMANCE
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CORPORATE GOVERNANCE

SUSTAINABLE DEVELOPMENT
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DATE OF ESTABLISHMENT

PetroVietnam Fertilizer and Chemicals Company (PVFCCo), now called PetroVietnam Fertilizer and Chemicals Corporation JSC, is a member of PetroVietnam. PVFCCo was founded under Ministerial Decision No. 02/2003/QĐ - VPCP dated 28 March 2003 and officially inaugurated on 19 January 2004.

On 21 September 2004, PVFCCo acquired Phu My Fertilizer Plant from Technip - Samsung Consortium and has since launched the Phu My Urea brand.

RESTRUCTURING



From a 100% State-Owned Enterprise to a Joint Stock Company

On 15 March 2007, the Ministry of Trade and Industry (MTI) issued Decision No. 793/ QĐ-BCN to approve the change from a 100% State-Owned PetroVietnam Fertilizer and Chemicals Company to PetroVietnam Fertilizer and Chemicals Joint Stock Company.

On 21 April 2007, PVFCCo successfully issued 40% of its shares in an initial public offering on the Ho Chi Minh Stock Exchange (HOSE).

On 30 June 2007, PVFCCo held its inaugural Annual General Meeting of Shareholders to approve the change to a joint stock company and the corporate charter. The AGM included the election of the Board of Directors and the Board of Supervisors and announced the business plans.

On 31 August 2007, the Ho Chi Minh City Department of Planning and Investment granted the Corporate Business Registration Certificate No. 4103007696, thus PetroVietnam Fertilizer and Chemicals Joint Stock Company was officially incorporated.



Shares were listed on the Ho Chi Minh Stock Exchange (HOSE)

On 29 October 2007, the PVFCCo completed the documentation in preparation for the listing of shares on the Hochiminh City Stock Exchange (HOSE). On 5th November 2007, the PVFCCo listed 380 million shares on HOSE. It added 11.4 million shares under the Employee Stock Ownership Plan (ESOP) dated 26 February 2016.

Type of share : Common Stock

Stock code : DPM

Par value : VND 10,000 per share

Number of listed shares : 391,400,000 Shares



From Joint Stock Company to the Corporation

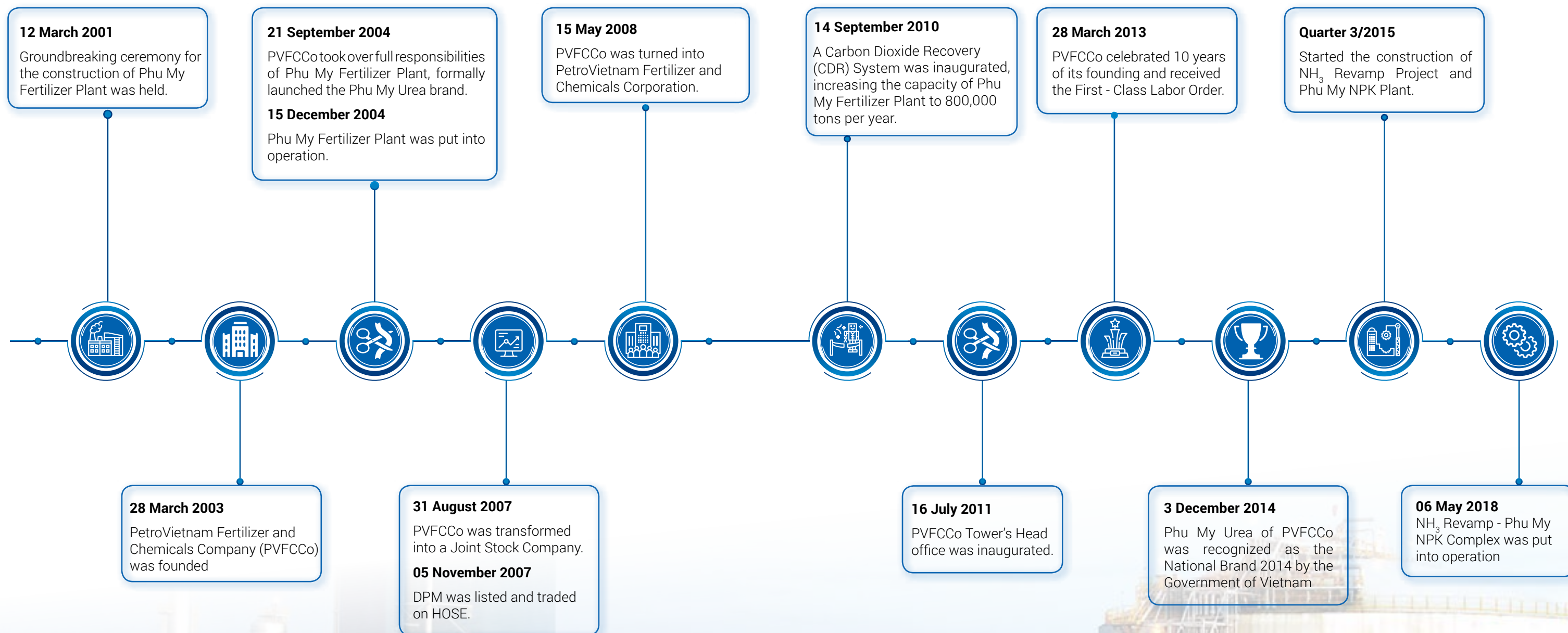
On 5 April 2008, the General Meeting of Shareholders passed a resolution to transform the Joint Stock Company into a Corporation (under a parent-subsidiary model).

On 15 May 2008, the Ho Chi Minh City Department of Planning and Investment granted PetroVietnam Fertilizer and Chemicals Corporation the Amended Business Registration Certificate No. 4103007696.



HISTORY AND GROWTH (CONTINUED)

MILESTONES





BUSINESS LINES AND LOCATIONS

THE DISTRIBUTORS ARE SITUATED IN THE AGRICULTURAL HEARTLAND AND INDUSTRIAL PLANTS IN VIETNAM. THEY FORM A CLOSELY-KNITTED DISTRIBUTION NETWORK OF SUBSIDIARIES AND THEIR REGIONAL HEADQUARTERS ARE LOCATED IN THE NORTH, CENTRAL AND HIGHLANDS, SOUTHEAST AND SOUTHWEST. IN ADDITION TO THE DOMESTIC MARKET, THE CORPORATION ALSO EXPORTS FERTILIZER PRODUCTS TO MANY COUNTRIES, PREDOMINANTLY IN ASIA.



BUSINESS LINES

PVFCCo's core business is the production and trading of fertilizer and chemicals. Currently, the key products are prilled Urea, NPK, MOP, SA, DAP fertilizers targeted at the agriculture sector, liquid Ammonia and UFC85/Formaldehyde, H_2O_2 , chemicals used in oil and gas production.

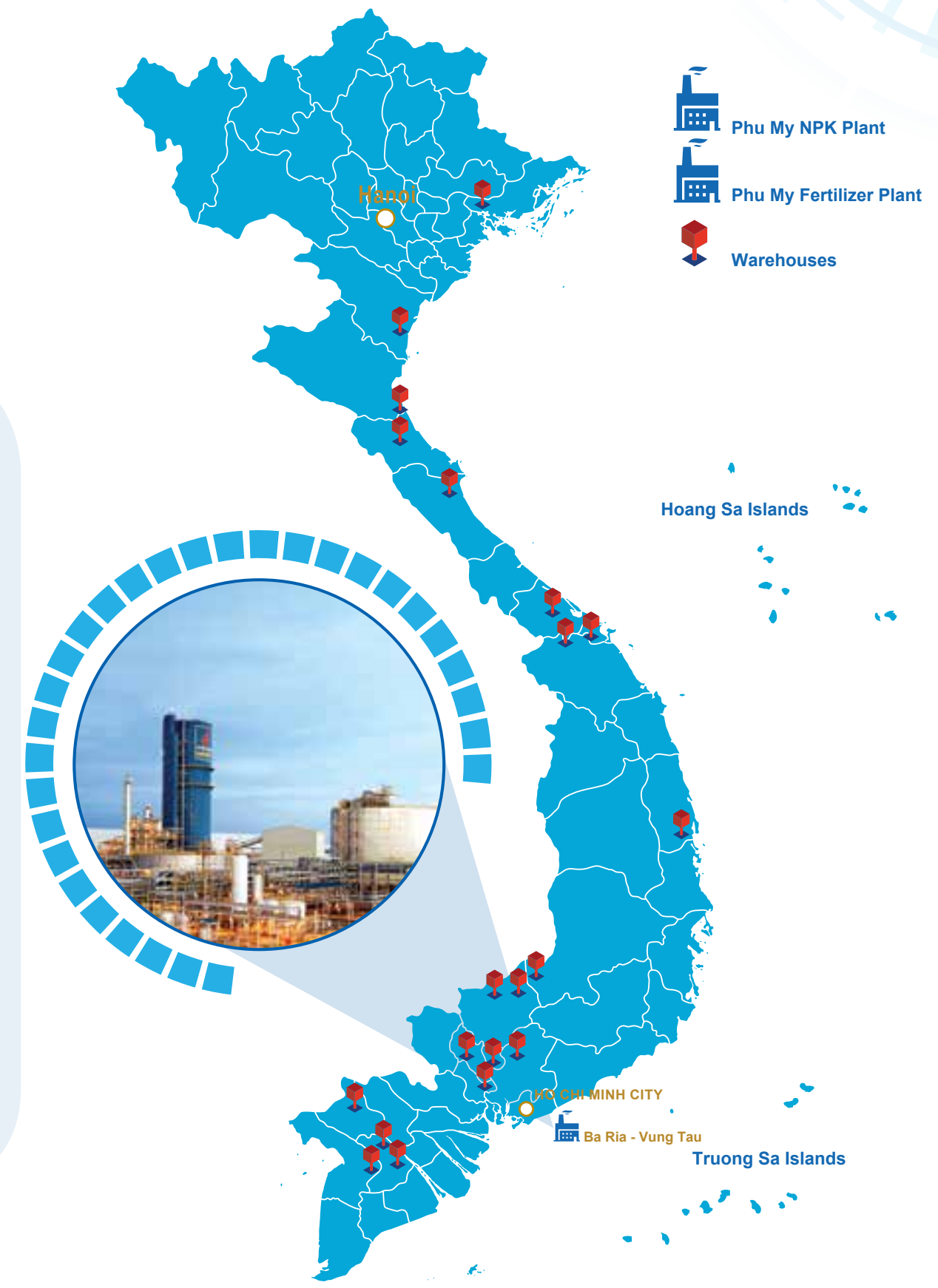


MAIN LOCATIONS

PVFCCo's main production is at Phu My Fertilizer Plant located in Phu My 1 Industrial Park, Phu My Town, Ba Ria - Vung Tau Province.

The distributors are situated in the agricultural heartland and industrial plants in Vietnam. They form a closely-knitted distribution network of subsidiaries and their regional headquarters are located in the North, Central and Highlands, Southeast and Southwest. In addition to the domestic market, the Corporation also exports fertilizer products to many countries, predominantly in Asia.

The key customers and markets for chemicals are in the South, mainly in the oil & gas industry and industrial production sectors.





RECOGNITION AND AWARDS IN 2020

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THE NATIONAL BRAND
for the 4th consecutive time
(every two years)

THE NATIONAL BRAND

4th

TOP 5

PVFCCo ranked among Top 5 mid-cap listed companies and was awarded with Best corporate governance companies in 2020 by Ho Chi Minh City Stock Exchange.

Phu My Fertilizer brand retains its position among the Top 50 most valuable brands in Vietnam (voted by Forbes)

TOP 50

HIGH QUALITY
VIETNAMESE GOODS

17th

Phu My Fertilizer won the title of High Quality Vietnamese Goods for the 17th consecutive time.

MEDIUM AND LONG-TERM STRATEGIC OBJECTIVES

THE 2025 - 2035 DEVELOPMENT STRATEGY IS ALIGNED TO THE RESOLUTIONS OF THE GENERAL MEETING OF SHAREHOLDERS IN 2016. PVFCCo HAS SET KEY TARGETS FOR 2021 – 2025 PERIOD WITH THE FOLLOWING OBJECTIVES:

OVERALL OBJECTIVES

- › **By 2025:** To invest in the construction of fertilizer and chemical plants with modern technologies and advanced management skills to diversify products; To improve the distribution of fertilizers and chemicals to countries in the region as well as in the world; To develop PVFCCo into a top high-tech fertilizer and chemical enterprise in Southeast Asia and rank as Top 10 in terms of production output.
- › **By 2035:** Strive to become a company in the Top 10 in the Asia region in the fertilizer and chemical industry.

For 2025 – 2030 period

- › The chemical production sector will play a key role, surpassing the fertilizer production sector.
- › Increasing the output of Phu My NPK to 750 thousand tons/year by 2030 (only if NH₃ input is balanced).

OPERATIONS

For 2021 – 2025 period

- › Maintaining the market share of existing products.
- › Selling out all manufactured products.
- › Revenue from the chemical sector to account for 70% of the total revenue.
- › Expanding the fertilizer market in Northeast Asia and South Asia.
- › Increasing the consumption of fertilizers/specialized chemicals compared to the period of 2016 - 2020.

For 2025 – 2030 period

- › Maintaining the market share of existing products. Phu My NPK accounting for 18% of the domestic market share.
- › Selling out all manufactured products.

For 2031 – 2035 period

- › The profit from the chemical sector accounting for more than 70% of the total profit.
- › Phu My NPK accounting for 20% of the domestic market share.
- › Continuing to expand into the fertilizer market throughout Northeast Asia and South Asia.

CONSTRUCTION INVESTMENT SECTOR

For 2021 – 2025 period

- › Completing on schedule the Phu My NPK Expansion Project (increasing to 500,000 tons/year).
- › Implementing preparation steps for new fertilizer (Urea and NPK based) and chemical projects.

For 2025 – 2030 period

- › Completing new production projects on schedule.

For 2019 - 2020 period, based on the actual situation, the Corporation will review and assess implementation of the Development Strategy and propose appropriate solutions and adjustments for 2021 - 2030 long-term objectives.

SPECIFIC OBJECTIVES

PRODUCTION

For 2021 – 2025 period

- › Maintaining and developing facilities and factories, including: Phu My Fertilizer Plant, NPK Plant and chemical plants. At least 02 main fertilizer products and 03 main chemical products.
- › Increasing Phu My NPK's output to 500,000 tons/year.
- › Continuing to develop and produce chemical and petrochemical products on a large scale with modern technologies, on par with the fertilizer sector.
- › Maintaining and developing product improvement projects and producing specialized fertilizers/chemicals derived from primary products (Urea, NPK).