



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 NH₃-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