



Common share data (December 29, 2023)	Key shareholders (June 2023):
<ul style="list-style-type: none"> <li>• Basic earnings per share: 1,030 VND/share</li> <li>• Number of outstanding shares: 391,334,260</li> <li>• Average daily trading volume: 2.5 million shares</li> <li>• Closing share price (December 29, 2023) 33,300 VND</li> <li>• Market capitalization (December 29, 2023): VND 13,031.43 billion</li> <li>• Dividend per share (2023): 4,000 VND/share</li> <li>• Dividend yield: 12%</li> </ul>	<ul style="list-style-type: none"> <li>• Petrovietnam: 59.59%</li> <li>• Nghe An Agricultural Materials JSC: 6%</li> <li>• CTCB: 3.2%</li> <li>• Norges Bank: 2.4%</li> <li>• FUBON FTSE VIETNAM ETF: 1.8%</li> </ul>

## I. MESSAGE TO INVESTORS

Petrovietnam Fertilizer and Chemicals Corporation (PVFCCo – Ticker: DPM) reported its 2023 operating results, with corresponding revenue and profit before tax decreasing 26% and 90% over the same period, mainly reflecting a significant decline in gross profit margins due to double adverse conditions involving selling prices and input material costs.

Despite PVFCCo's efforts to boost sales volume and reduce sales & administrative overhead in 2023, its sales revenue and profits suffered from a drastic fall in selling prices of fertilizers and chemicals, which were 60-70% lower than the extraordinary high levels of 2022. Accordingly, sales revenue and profits plummeted, while gross profit margins dropped to 12.2% from the peak of 42.1% in 2022, mainly primarily due to a steep rise in transportation gas costs and input material prices. These expenses pushed production costs above both the planned budget and the previous year's levels.

The global fertilizer market in 2023 continued to suffer from significant impacts of the geopolitical tensions, export restrictions, high stockpiling. These factors led to a steep decline in the selling prices of fertilizers from the peak level in 2022. As a result, the average global urea price in 2023 tumbled 64% to 350 USD/ton (FoB) in November from the peak level of 960USD/ton (FoB) in April 2022.

In addition to the turbulence of the international market, the domestic fertilizer market in 2023 struggled with unfavorable VAT policies, rising input material costs, and increasing fierce competition among manufacturers. These factors resulted in a sharp decline in domestic selling prices of fertilizers and chemicals.

Considering such unforeseen impacts, PVFCCo reviewed and reduced costs in all stages from production to sales & management and exerted maximum efforts in production and business management to actively seek solutions to increase sales output. In Q2 and Q3, Phu My Urea Plant suspended operation for 36 days for turnaround maintenance and repairs of NH<sub>3</sub> facility's equipment.

Faced with evolving market realities in 2023, PVFCCo proactively adjusted its key targets on December 28 to reflect the current landscape. This paved the way for PVFCCo to overcome various objective and internal challenges to compete and surpass the adjusted plan goals, expanding its market share and solidifying its reputation both domestically and internationally.

Total sales volume of fertilizers and chemicals in 2023 was estimated at 1.4 million tons, up 11% YoY. The sales output volumes remained high amid unfavorable market developments, with selling prices declining, while production output of Phu My Fertilizer Plant decreased by more than 100,000 tons compared to 2022 due to its suspension for major maintenance and repairs. This achievement not only bolstered revenues but also helped offset rising output costs, thereby improving operational efficiency.

Key products like Urea and NH<sub>3</sub> took major hit in 2023, with selling prices plummeting by 39% and 52% YoY respectively. Adding to the pain, input gas costs soared by 17% above the budget level and up 20% YoY. Double disadvantages from sinking prices and surging material costs negatively impacted the overall performance, slashing the EBITDA margin in 2023 to 8.4% from 38.6% in 2022.

As for production, Phu My Fertilizer Plant's output fell 11% in 2023 compared to its 2022 peak of 917,000 tons, mainly because of a 36-day shutdown for maintenance. Commercial NH<sub>3</sub> output was estimated at nearly 55,000 tons, down 26% YoY. Phu My NPK output reached 120,000 tons, down 23% YoY.

As for consumption, defying a year of challenges, PVFCCo's flexible sales strategies and proactive measures successfully drove growth in 2023. Total deliveries of Phu My fertilizers reached 1.29 million tons, up 14% YoY. In which, sales of Phu My Urea reached 879,000 tons, up 11% YoY, exceeding the yearly target by 6%. Sales of NPK reached 138,000 tons, up 7% YoY. In 2023, PVFCCo exported 110,000 tons of urea, down 43% YoY.

As for chemicals, total deliveries of chemical products in 2023 were estimated at 118,000 tons, down 13% YoY. In particular, NH<sub>3</sub> suffered a major hit, with its sales volume dropping to 63,500 tons, down 11% YoY. A sharp decrease in selling prices in 2023 from 2022's peak level (average selling prices of NH<sub>3</sub> down 52% YoY) led to a dramatic revenue slump in the chemical sector to 940 VND billion, down 49% YoY, accounting for 7% of total sales revenue in 2023. Profits from the chemical sector were estimated at 114 VND billion, down 89% YoY, accounting for 17% of total profits before tax.

### **2023 estimated financial results:**

- Total revenue arrived at VND 14,038 billion, completing 107% of the yearly target, down 26% YoY. This revenue experienced a sharp decline YoY, primarily triggered by a drastic plunge in selling prices of fertilizers and chemicals (except UFC85) even though sales volume of these products rose by 11% YoY.
- Gross profits totaled VND 1,652 billion, down 79% YoY. Gross profit margins saw a sharp drop by 12.2%, largely driven by a steep decline in selling prices and rising input gas costs (up 20% YoY).
- EBITDA in 2023 reached VND 1.142 billion, down 84% YoY, EBITDA margin reached 8.4% versus 38.6% in 2022, mainly impacted by a sharp decrease in selling prices despite PVFCCo's efforts to reduce production and selling costs.
- EBIT in 2023 reached VND 739 billion, EBIT margin reached 5.4% versus VND 6,668 billion and 35.8% respectively in 2022.
- Profits before tax 2023 reached VND 691 billion, down 90% YoY.
- Profits after tax 2023 reached VND 530 billion, down 91% YoY.
- Cash and cash equivalents as of December 31, 2023: VND 1,242 billion.
- Capital expenditure in 2023: VND 165 billion, completing 75% of annual plan. Capex in 2023 was lower than planned because payment documents for the final milestones of the two EPC contracts for the NH3 & NPK project complex were not finalized by the contractor and at the same time, PVFCCo proactively halted unnecessary procurement contracts to reduce costs.

### **Plan and key targets in 2024:**

According to forecasts, the economic and social situations in the world will remain complicated and unpredictable in 2024. El Nino will cause drought, water shortage, and severe saltwater intrusion. These challenges directly threaten agricultural production plans, and ultimately impact fertilizer production and business activities. In addition, the year 2024 will witness the continuous oversupply situation and fierce competition between domestic fertilizer manufacturers and imported sources. The positive point is that the National Assembly is expected to adopt amendments to VAT Law, with the VAT rate on fertilizer products adjusted to 5%.

In anticipation of above challenges and opportunities, PVFCCo's leadership and personnel set the main tasks and goals for 2024 as follows:

**Production:** Ensuring safe and stable operation of fertilizer and chemical plants while upholding product quality assurance; seeking long-term stable sources of gas (quantity and costs) for nitrogen fertilizer production, with a focus on achieving overall operational efficiency.

**Sales:** Intensify control over production and selling costs to enhance operational efficiency; Expand market shares, especially for Phu My NPK product line; Vigorously deploy digital transformation and technological solutions in sales process; Strengthen sustainable distribution system domestically and explore opportunities for expanding into foreign markets; Engage in robust R&D activities for new potential projects in fertilizer and chemical fields, aligning with the updated development strategy.

**Investment - finance:** Fortify financial risk management to ensure a robust financial situation and optimize the efficiency of existing assets and resources; Manage the difference in equity and charter capital as per the designed roadmap; Mobilize resources for the implementation of

new investment projects in line with the 5-year investment plan (2021-2025) emphasizing safety, quality, efficiency, and timely progress.

Realize sustainable development goals, effectively enhance non-financial indicators: foster the development of corporate culture, reinforcing reputation and brand awareness; Arrange and strengthen high-quality human resources to meet the requirements for strategic development in the coming period; Embrace digital transformation and integrate robust IT applications across all operation sectors of the Corporation.

### **Key targets in 2024:**

#### **Production:**

- Phu My urea: 850,000 tons
- Phu My NPK: 143,000 tons
- Other urea-based fertilizers: 4,000 tons
- Commercial NH<sub>3</sub>: 65,000 tons
- UFC85: 12,500 tons
- CO<sub>2</sub>: 45,000 tons

#### **Sales:**

- Phu My urea: 870,000 tons
- Phu My NPK: 143,000 tons
- Urea based fertilizers: 5,000 tons
- Other fertilizers: 260,000 tons
- UFC85: 8,500 tons
- NH<sub>3</sub>: 65,000 tons
- CO<sub>2</sub>: 45,000 tons
- Other chemicals: 787 tons

#### **Financial:**

- Total revenue: VND 12,755 billion
- Profit before tax: VND 660 billion

The 2024 guidance was prepared by PVFCCo based on crude oil at 70 USD/barrel and fuel oil at 388 USD/mt.

## **II BUSINESS PERFORMANCE OF 2H 2023 AND ESTIMATES OF 2023**

### **1. Production:**

**Phu My urea:** 430 thousand tons in 2H2023, down 6% YoY. Total production output of 2023 is estimated at 816 thousand tons, achieving 104% of annual plan, down 11% YoY.

**Phu My NPK:** 53 thousand tons in 2H2023, same as 2H2022. Total production output of 2023 is estimated at 120 thousand tons, achieving 100% of annual plan, down 20% YoY.

### **2. Sales:**

#### **2.1 Sales of fertilizers**

Despite facing numerous challenges fluctuations in both domestic and international markets (as outlined above), PVFCCo's sales activities in 2023 demonstrated remarkable resilience and adaptability in market forecasting and business management. These efforts resulted in an increase in consumption output and contributed to improvements in revenue and overall business efficiency. In 2023, PVFCCo exported nearly 110,000 tons of urea, down 47% YoY.

Business results of fertilizers and chemicals in 2H2021 and estimates for 2023 as follows:

**Phu My urea:** 398,383 tons in 2H2023, up 17% YoY. Total sales volume in 2023 is estimated at 878,734 tons, exceeding the annual plan by 6%, up 11% YoY. The average selling price of Phu My urea in 2023 fell by 39% YoY.

**Phu My NPK:** 66,170 tons in 2H2023, up 31% YoY. Total sales volume in 2023 is estimated at 137,761 tons, completing 106% of annual plan, up 7% YoY.

**Trading of other fertilizers:** 155,425 tons in 2H2023, up 48% YoY. Total sales volume in 2023 is estimated at 265,510 tons, achieving 111% of annual plan, up 27% YoY.

## 2.2 Sales of chemicals:

Total sales volume of chemicals in 2023 is estimated at 118,177 tons, achieving 107% of annual plan, down 13% YoY.

Total revenue of chemicals is estimated at VND 940 billion, down 49% YoY.

### Specifically, as follows:

**NH3:** 34,035 tons in 2H2023, down 5% YoY. Total sales output in 2023 is estimated at 63,538 tons, achieving 102% of annual plan, down 11% YoY.

**UFC 85:** 4,477 tons in 2H2023, down 9% YoY. Total sales output in 2023 is estimated at 9,061 tons, achieving 107% of annual plan, down 5% YoY.

**CO2:** 25,942 tons in 2H2023, down 15% YoY. Total sales output in 2023 is estimated at 44,036 tons, achieving 111% of annual plan, down 18% YoY.

**Petrochemicals:** 898 tons in 2H2023, up 84% YoY, and 1,541 tons in 2023, achieving 231% of annual plan, up 49% YoY.

## 3. Business results and financial indicators of 2H2023 and estimates for 2023:

### Key estimated financial indicators in 2023:

No.	Item	2022	2023	Increase/Decrease (%)
<b>I</b>	<b>PROFITABILITY RATIOS</b>			
1	Return on Assets (ROA) (Profit after tax/Total Assets)	35.33%	3.42%	-90%
2	Return on Equity (ROE) (Profit after tax/ Equity)	45.17%	4.15%	-91%
3	Profit before tax/Revenue	34.74%	4.92%	-86%
<b>II</b>	<b>LIQUIDITY RATIOS</b>			
1	Overall liquidity ratio (Total liabilities/Total Assets)	0.21	0.13	-36%
2	Quick ratio (Current assets - Inventories)/Current liabilities	3.24	5.16	59%
3	Current ratio (Current assets/Current liabilities)	4.53	6.44	42%

4	Liabilities-to-equity ratio (Liabilities/equity)	0.26	0.15	-42%
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**Total consolidated revenue arrived at** VND 6,807 billion in 2H2023, down 15% YoY. Total consolidated revenue in 2023 is estimated at VND 14,038 billion, achieving 107% of annual plan, down 26% YoY.

**Profit before tax** totaled VND 189 billion in 2H2023 and 691 billion VND in 2023, down 90% YoY.

2023 saw a steep decline in revenue and profits for PVFCCo, largely driven by a dramatic slump in fertilizer and chemical selling prices. While sales volume for urea and imported fertilizers increased, it couldn't fully offset the price slump. Urea Phu My and NH3 prices fell short of plan by 39% and 52% respectively as compared to 2022.

The sharp YoY decline in ROE and ROA was driven by a 91% decrease YoY in profit after tax (down by VND 5,055 billion), resulting in a drastic slump in financial indicators compared to the same period.

**Total assets:** as at 31.12.2023 was VND 13,309 billion, down 25% from the beginning of the year.

**Current liabilities:** as at 31.12.2023 was VND1,484 billion, down 50% from the beginning of the year.

**Non-current liabilities:** as at 31/12/2023 was VND 280 billion, down 59% from the beginning of the year.

**Equity:** as at 31.12.2023 was VND 11,545 billion, down 18% from the beginning of the year.

### III. MARKET INSIGHTS IN 2H2023:

#### 1. Domestic fertilizer market

##### Domestic fertilizer production

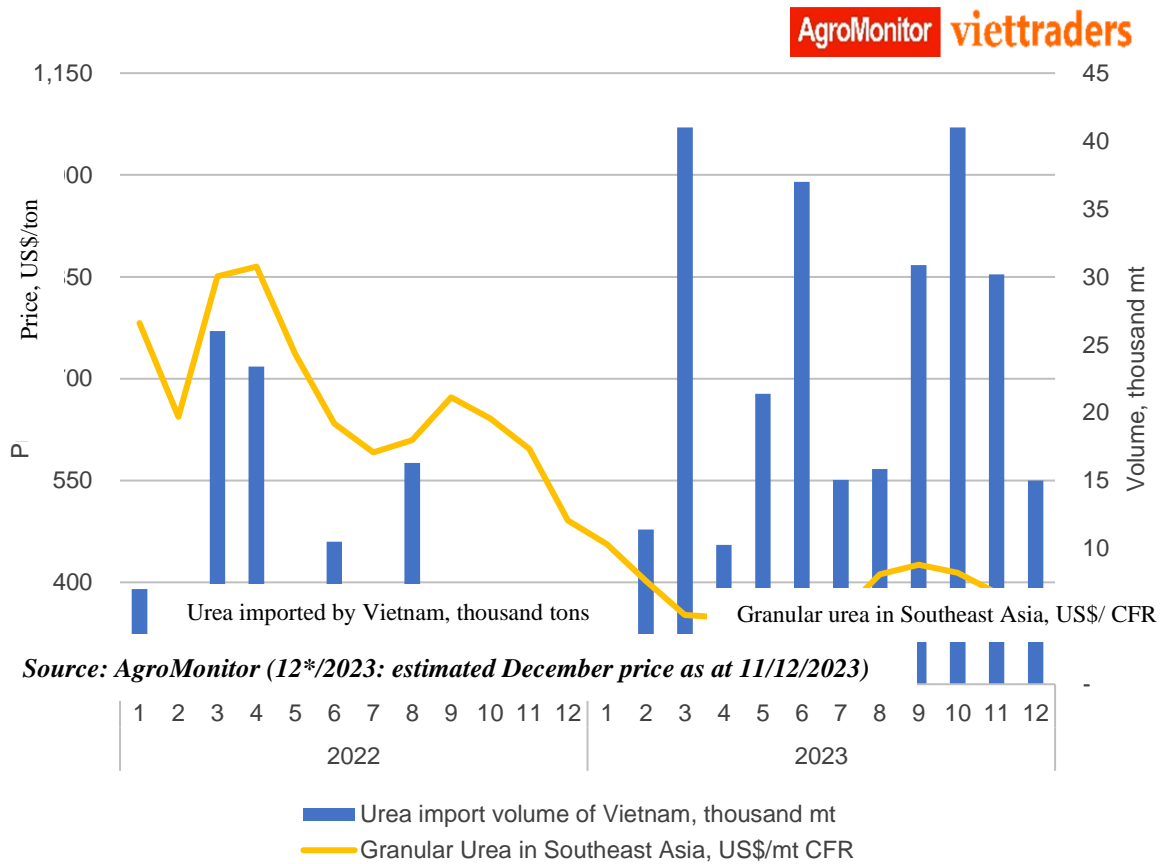
Vietnam's urea production output in 2023 was estimated at 2.57 million tons, down 2% YoY. In which, PVFCCo's urea output reached 816 thousand tons. NPK production output from domestic plants was estimated at 3.47 million tons, up 18.6% YoY.

##### Urea imports

Total fertilizer imports in 2023 was estimated at 4.01 million tons, valued at nearly US\$ 1.4 billion, up 665.5 thousand tons (+20%) YoY, but down US\$194.5 million (-12%) in value.

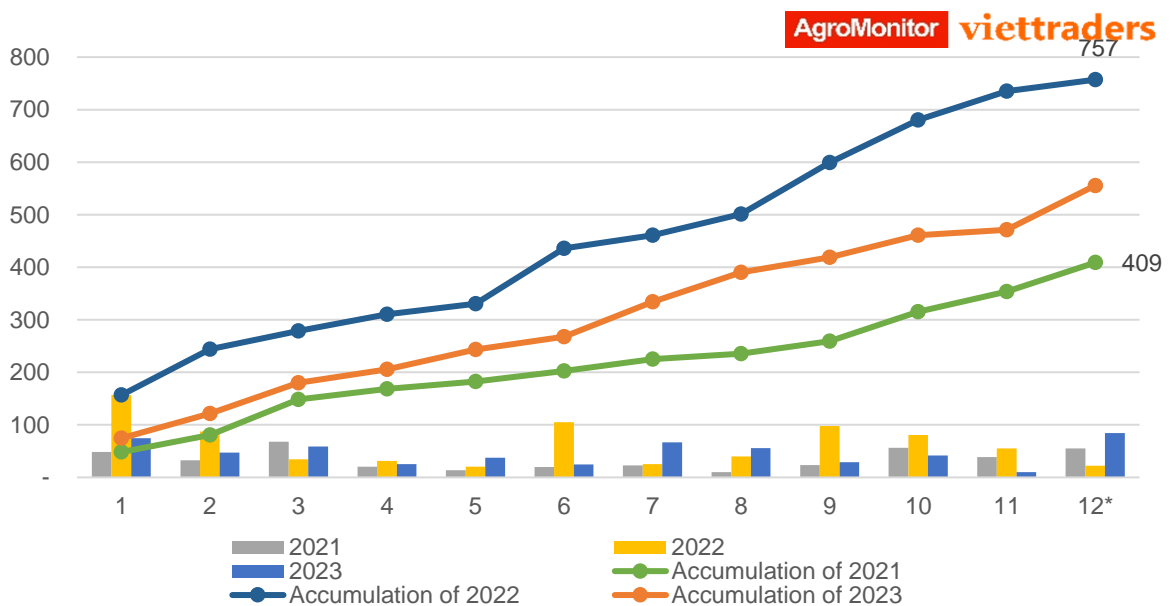
Total urea imports in 2023 was estimated at 276.4 thousand tons, valued at US\$ 120 million, up 168% YoY in quantity and up 80% YoY in value.

**Chart 1: Correlation between urea imports (thousand tons) and prices of granular urea in South East Asia from January 2022-December 2023**



**Fertilizer exports**

**Chart 2: Vietnam's urea exports from January 2022 - December 2023 (,000 tons)**



Vietnam's fertilizer exports in 2023 was estimated at 1.38 million tons, valued at US\$ 577.95 million, down 7% in quantity (96.85 thousand tons) and down 36% in value (US\$ 320.7 million) YoY.

The country's urea exports in 2023 was estimated at 620.5 thousand tons, valued at US\$ 248.2 million, down 22% YoY in quantity and down 55% YoY in value.

### **Supply and demand in 2H2023 and trend forecast**

In Q4, both supply and demand improved significantly as compared to Q3.

#### **Demand**

Total urea demand in 2H2023 was estimated at approx. 1.22 million tons, up approx. 15% YoY. Accordingly, the demand in Q3 slumped as a result of off-season. In Q4, urea demand for crops and NPK production rebounded when the regions entered the Winter-Spring rice crop and Winter season for crops. In addition, exports were expected to recover, fuelled by India's urea bidding and rumoured tightening of exports from China.

Urea consumption for crops in Q4 was expected to skyrocket by 20% compared to Q3, reaching 360,000 tons, up by 24.1% YoY.

Demand for urea as raw material (NPK production, wood/plywood industry...) in Q4 was expected to increase by 31.8% from 3 months earlier to 145,000 tons. In Q4, NPK plants were expected to boost production to accommodate the demand of Winter-Spring rice crop.

In Q4-2023, Vietnam's urea exports were expected to rise by 12.1% from the previous quarter to 170,000 tons, up by 7.8% YoY.

#### **Supplies**

In Q4, production output was about 200,000 - 210,000 tons/month. Anticipating the Winter-Spring rice crop, the southern plants were projected to sustain a capacity of around 75,000 - 80,000 tons per month per plant during the same period. Meanwhile, the demand in the northern region was weak due to the seasonal limitation to winter crops. Consequently, it was envisaged that the plants would proactively align production with demand (the Winter-Spring rice crop in the North will probably start in late January, early February 2024).

Vietnam's total urea supply in 2H2023 was estimated at approx. 2 million tons, up about 15.5% YoY. Urea inventory from July-September was 383,000 - 421,000 tons, slightly less fluctuating than in Q2 (366,000 - 456,000 tons) but remaining quite high, creating some pressure on prices.

Driven by Q4 production surge, urea inventory level steadily rose from 448,000 tons in early October to reach 493,000 - 498,000 tons in November-December thanks to stable operation of the plants to meet demand for the Winter-Spring rice crop.

Short-term trend forecast: With abundant urea supply, the urea market in Vietnam is still under pressure. However, trading is expected to pick up from late December to January 2024 due to soaring demand for Winter-Spring rice crop in the Mekong Delta and the Central region. Meanwhile, India's announced urea bidding also offers potential support for the domestic urea market.

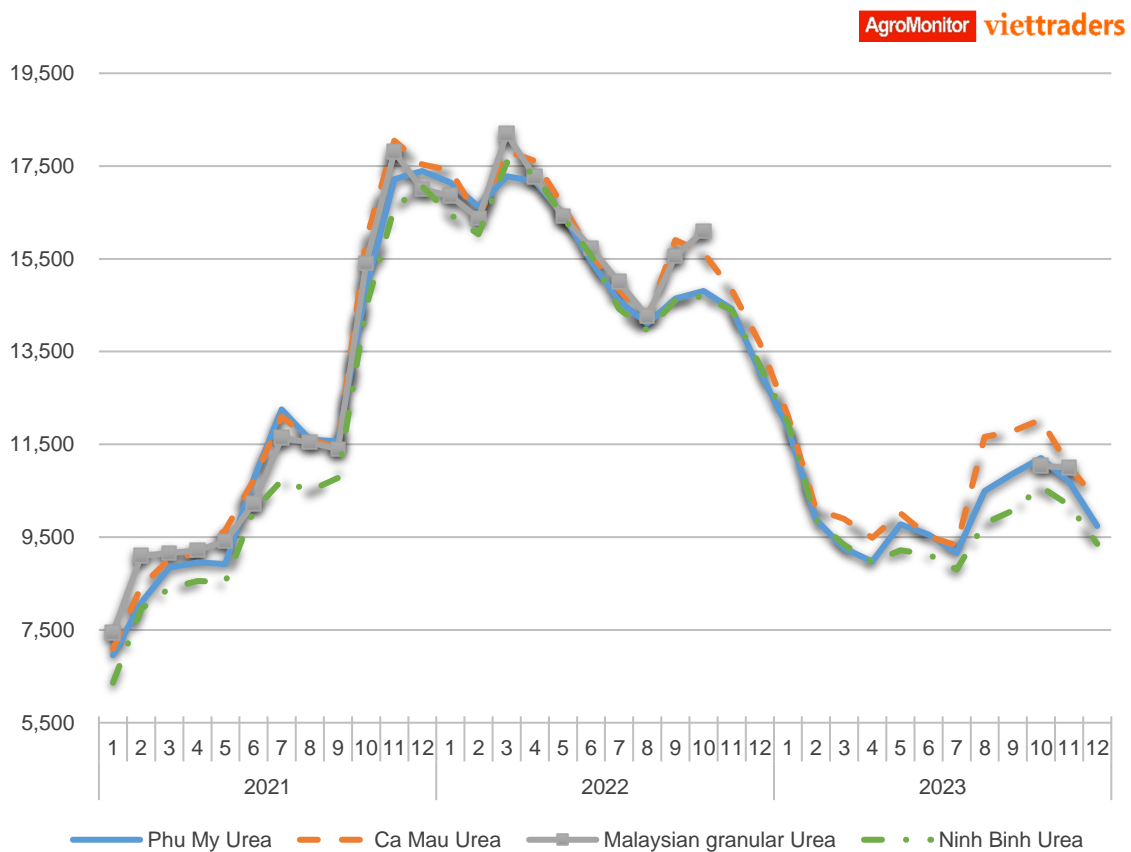


## Urea prices

Domestic urea prices, despite weak demand, found support in rising global trends and news of China's export suspension and India's bidding. Consequently, September saw an average price increase of 1%-14% (VND90-1,200/kg) from August (depending on category). October continued this momentum with a 1%-5% (VND100-520/kg) monthly increase.

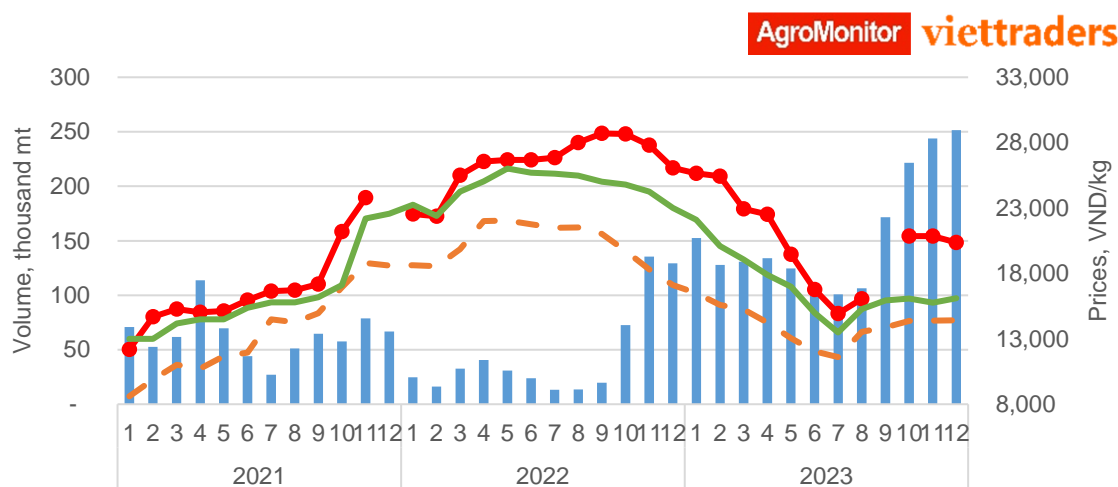
However, November brought a reversal, with average urea price retreating 4%-10% (VND400-1,077/kg) from October. This downward trend intensified in late November and early December as supply outpaced demand and trading faltered. Faced with this pressure, dealers and traders cut their offer prices by VND200-650/kg (2%-6%), following downward adjustments by domestic manufacturers.

**Chart 3: Urea price in Vietnam 2021-2023, VND/kg (Source: AgroMonitor)**



## DAP market

**Chart 4: Correlation between DAP inventories and domestic trading prices (VND/kg) by month from January 2022 - December 2023**



Total supplies in Q4 were estimated at 501,000 tons, up 15% from Q3 and up 29% YoY. This growth largely stemmed from a 89% and 120% surge in demand for crops and production materials, respectively, despite a 12% drop in production and 13% decline in exports. On demand-side, total demands in Q4 were about 234,000 tons, up 67% from Q3 and up 30% YoY.

The prices of imported DAP fluctuated at time in December. In particular, the prices rose in mid-November due to concerns about the inventory shortage from initial reports on China's tightening exports of DAP. However, the prices went down as inventories grew from previous orders.

In early December, DAP Dinh Vu Plant offered DAP 15-45 yellow (in containers) for US\$570-575/ton FOB Hai Phong, down by US\$10/tonne from late November, but up by US\$10/ton from early November. However, no large order has been recorded yet.

## Potassium market

Total supplies in Q4 were estimated at 476,000 tons, up 14.19% from Q3 and up 62.92% YoY. This increase came from a sharp rise of inventories by 171,000 tons from early July, despite the expected 34.1% decrease of imports (-109,000 tons) from Q2. The inventories were 266,000 tons in early October and grew to 300,000 tons in November-December.

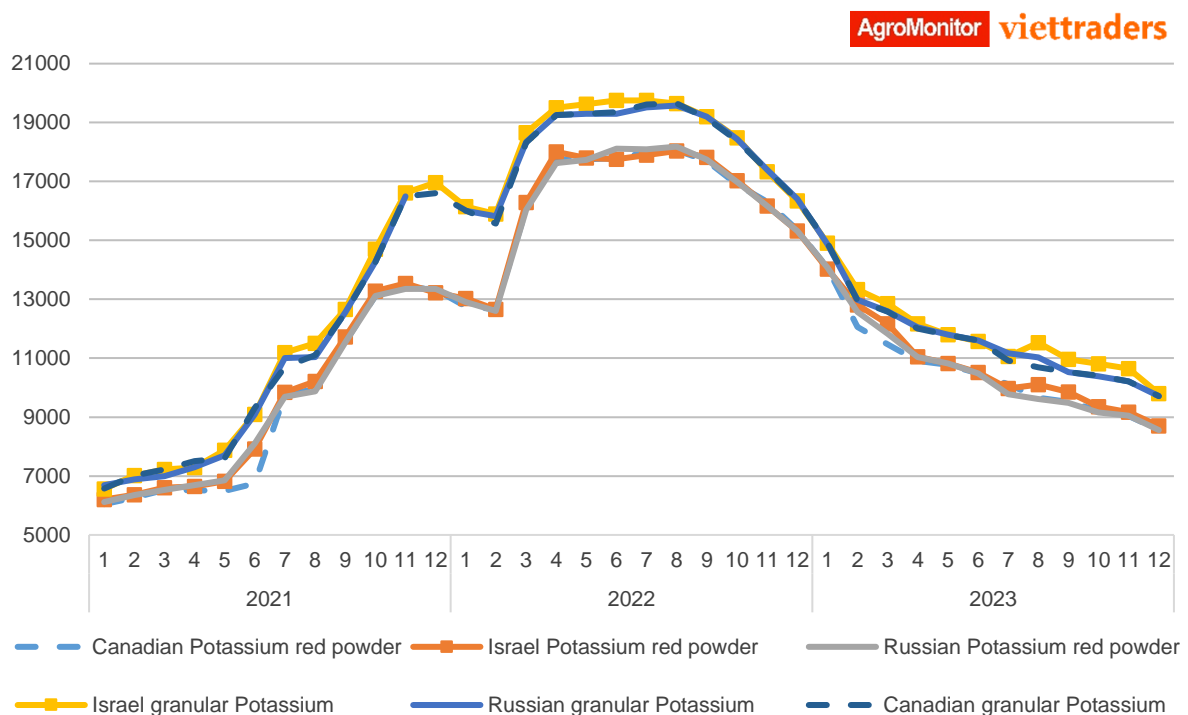
On demand-side, total demands in Q4 were estimated at 194,000 tons, up 28.55% from Q3 and up 28.57% YoY. However, in Q4, high inventories from abundant supplies put pressure on domestic potassium prices while the global potassium prices reportedly remained unchanged. Prices of powder SE Asian MOP were expected to fluctuate slightly within US\$314-317/ton CFR from October-December, 2023.

Prices of all kinds of potassium in Vietnam dropped by 1-5% (depending on category) in October. Offer prices fell due to high supplies from strong imports in August and September. Meanwhile, demands were limited and trading was quiet in general.

In November, the offer prices of potassium (granular) in Saigon varied within VND9,800-10,700/kg, down by VND100-220/kg on average from October. In November, the offer prices of potassium (powder) fluctuated within VND8,500-9,200/kg, down by VND100-180/kg; Particularly, the offer prices of Lao potassium (white powder) in Saigon rose by VND200/kg to VND8,200/kg from the second week of November.

In early December, the supplies of potassium in Vietnam jumped when PVFCCo's ship carrying 27,300 tons of Russian potassium arrived in Vung Tau port (import prices of US\$331/ton CFR (powder) and US\$381/ton CRF (granular)). This further influx added pressure to the domestic market despite the Mekong Delta being in the peak planting season for the 2023/24 Winter-Spring rice crop. As a result, potassium prices continued their downward trend in the first week of December, dropping by VND50-200/kg from November.

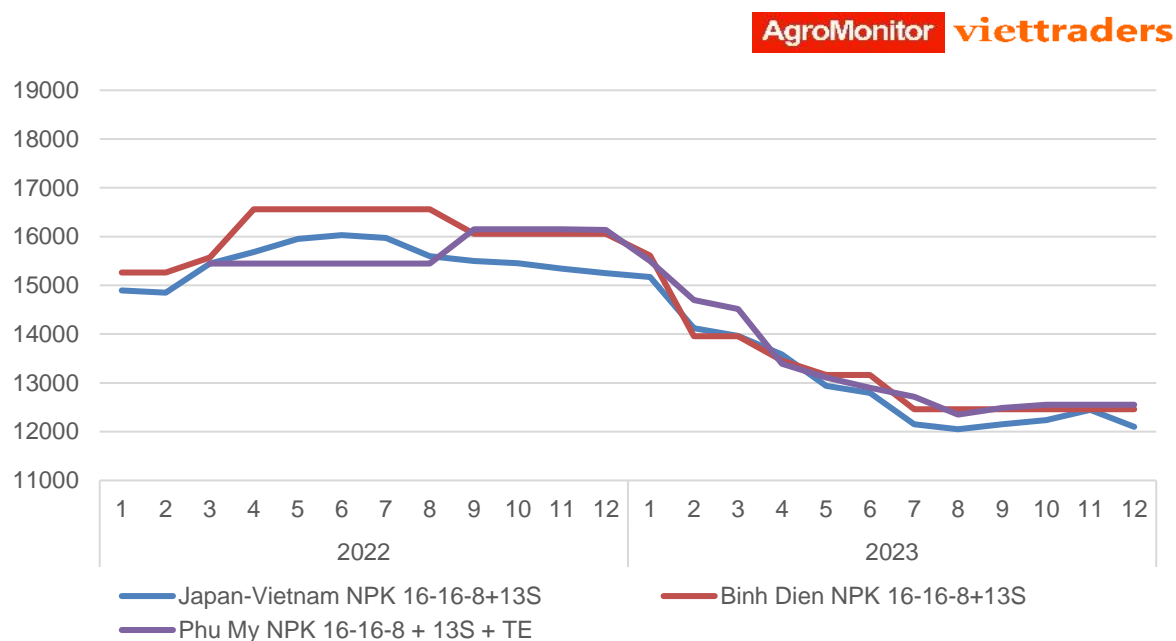
**Chart 5: Potassium price in Saigon on a monthly basis 2022- 2023 (VND/kg)**



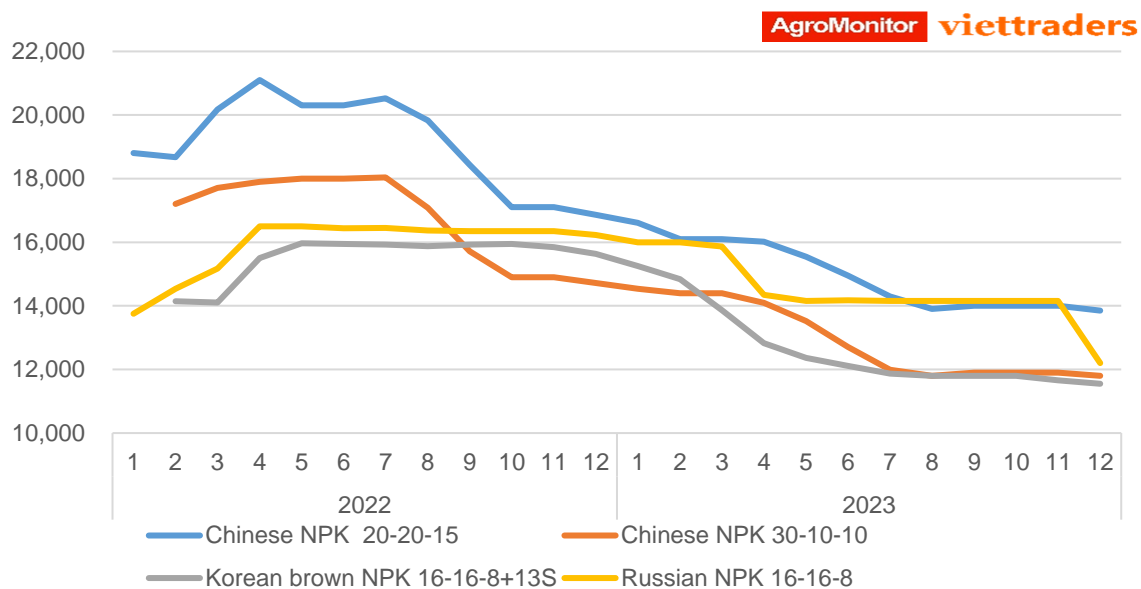
### Domestic NPK market

Vietnam's total NPK supplies in Q4 were estimated at 2.34 million tons, up by 172,900 tons (+9,79%) from Q3 and up 969,100 tons (+70,6%) YoY. Total NPK demands were estimated at 585,000 tons, down by 59,800 tons (-9,3%) from Q3 and up by 47,100 tons (+8,8%) YoY. Closing inventories of NPK were expected to rise from October to November (reaching 621,000 tons) and fell to 556,000 tons (December). Domestic NPK prices in the short term could be supported by the rising domestic consumption but falling input material prices could constrain price growth. Long-term NPK price trend remained unclear amid uncertainty about input material price trends and decreasing NPK inventories.

**Chart 6: Prices of domestic NPK at the plant on monthly basis 2022-2023, VND/kg**



**Chart 7: Prices of NPK imports in Saigon by month in 2022-2023, VND/kg**



**2. International fertilizer market:**

**Global urea market**

**Supplies:**

Global urea supply experienced a temporary dip in several key markets, including Egypt, Central Asia, and Russia, due to scheduled maintenance or unforeseen issues at some plants during July and early August. However, the latter half of August saw a strong rebound with

factories resuming production and reaching full capacity. This led to a robust supply of urea in these regions throughout September.

In China, after urea exports reached a record high of 1.83 million tons in Q3.2023, the government decided to re-impose export restrictions in September 2023 by extending the legal review period to at least 30 days. This effectively extended lead times to roughly 45 days, delaying subsequent shipments. November saw further hurdles for urea exports as the Chinese government maintained tight controls, with clearance times in some areas estimated to have jumped from 60 days at the end of October to a staggering 80 days.

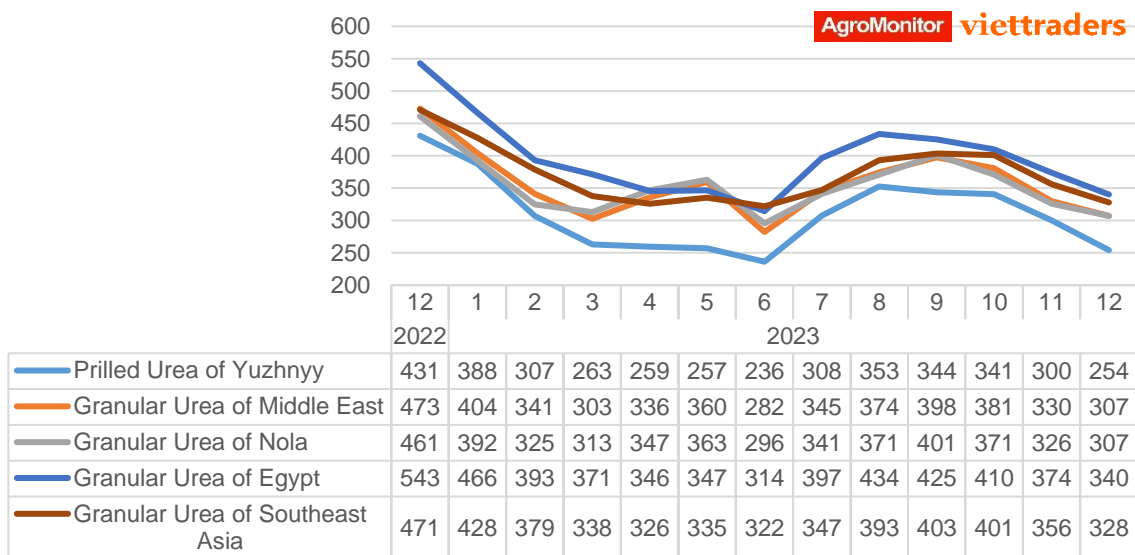
**On the demand side**, major import markets like India and Pakistan saw a surge in activity, with a series of biddings for urea purchases. Notably, India held five urea biddings in the first 10 months of 2023, securing over 4 million tons. After the bidding results for urea closed on October 20 were announced, India's urea inventories was no longer under pressure and are expected to stay above 4 million tons until January 2024.

**Selling prices:**

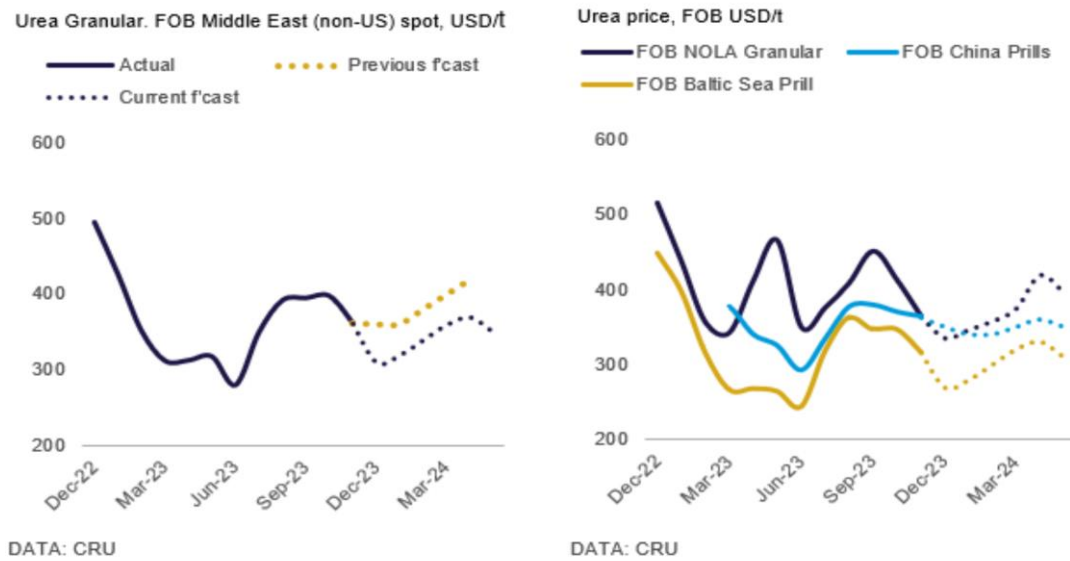
In Q3 2023, urea prices rose slightly again in August, but were still down by 16-41% YoY. After IPL purchased nearly 1.67 million tons of urea in the bidding session closed on October 20, the urea market experienced a slump, and prices continued their downward trend.

Global urea prices were expected to remain low in December and even declined slightly from November as the current dip hasn't yet enticed buyers back into the market. While potential demand from markets like Europe and the US could provide some price support in December, it's unlikely to translate into a significant impact on the market. However, a price recovery might be expected in Q1 and early Q2 of 2024.

**Chart 8: Global urea prices (monthly average) in 2022-2023 (US\$/ton FOB)**

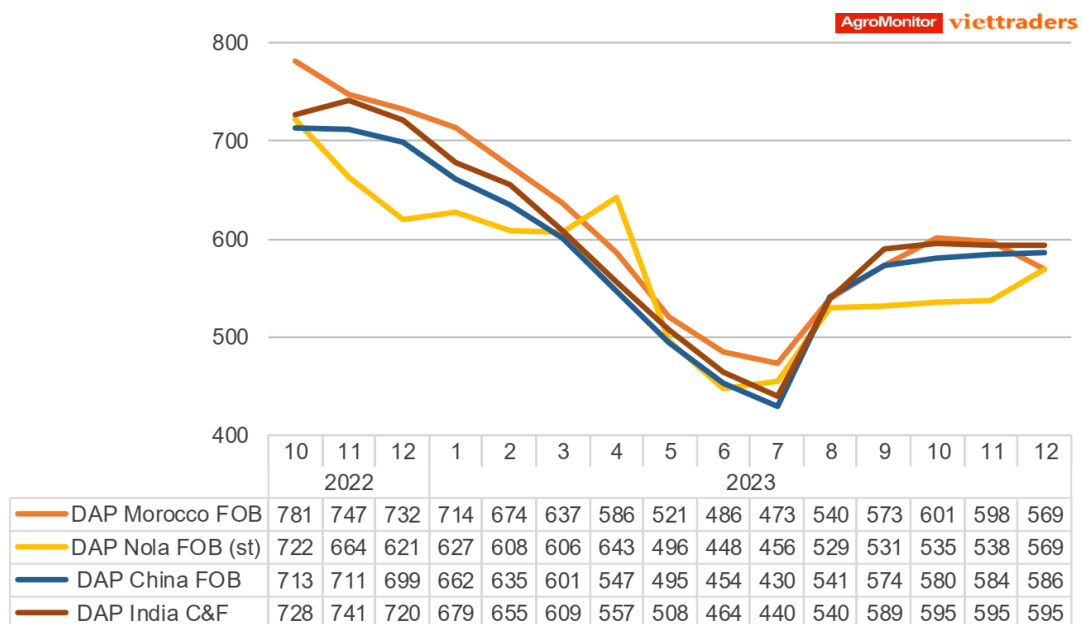


**Chart 9: Urea prices from November 2022 - November 2023 and trend forecast from December 2023 - May 2024**



**World DAP market**

**Chart 10: DAP prices (monthly average) in certain regions in 2022 -2023 (US\$/ton FOB)**

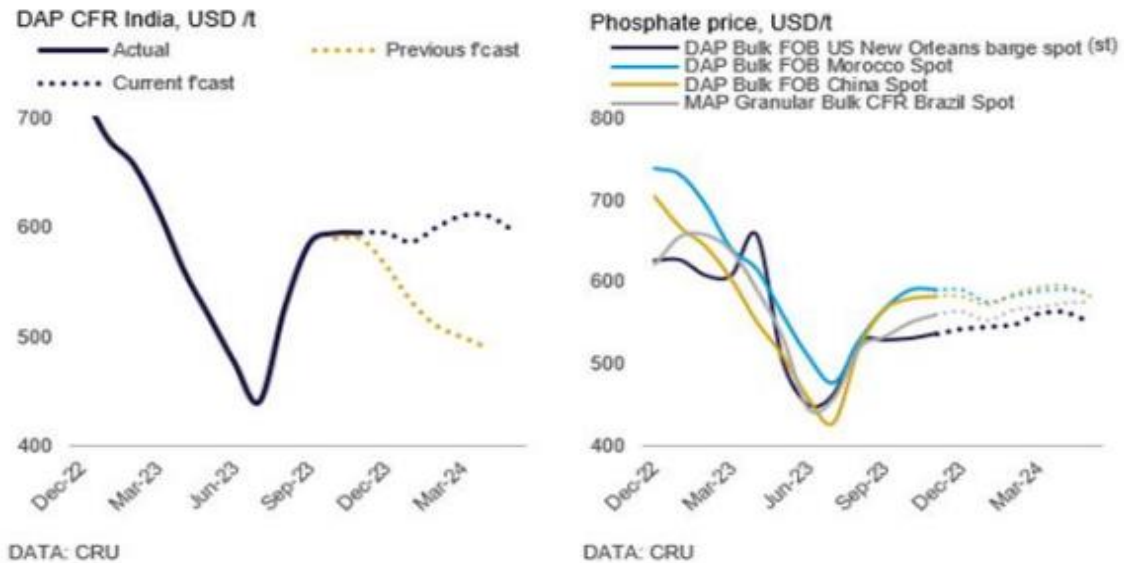


In Q3, the global DAP prices recorded an increase for three consecutive months after declining steadily from May 2022, supported by rising demand, mainly from Southeast Asia region, and many bids to purchase large quantities of 50,000-300,000 tons from India and Pakistan. Trading remained quiet in other markets.

In Q4, DAP supply in Europe was tightened in October due to the shutdown of Lifosa Plant. In addition, DAP trading in other regions slowed down as many areas had already surpassed their peak buying seasons as many areas had already surpassed their peak buying seasons, resulting in less volatile global DAP prices.

DAP/MAP prices are projected to be higher than initial forecasts, but expect significant volatility due to uncertainties surrounding Chinese supply and Indian demand in the next six months. China's recent export restrictions are anticipated to remain in place until around April, past the domestic spring planting season. Prices could be lower than forecast in the coming months if Chinese supplies are higher than expected. However, the risk of price spikes increases significantly from April if China's export restrictions remain in place beyond the Spring crop.

**Chart 11: DAP/MAP prices from 12/2022-11/2023 and trend forecast from 12/2023-5/2024**



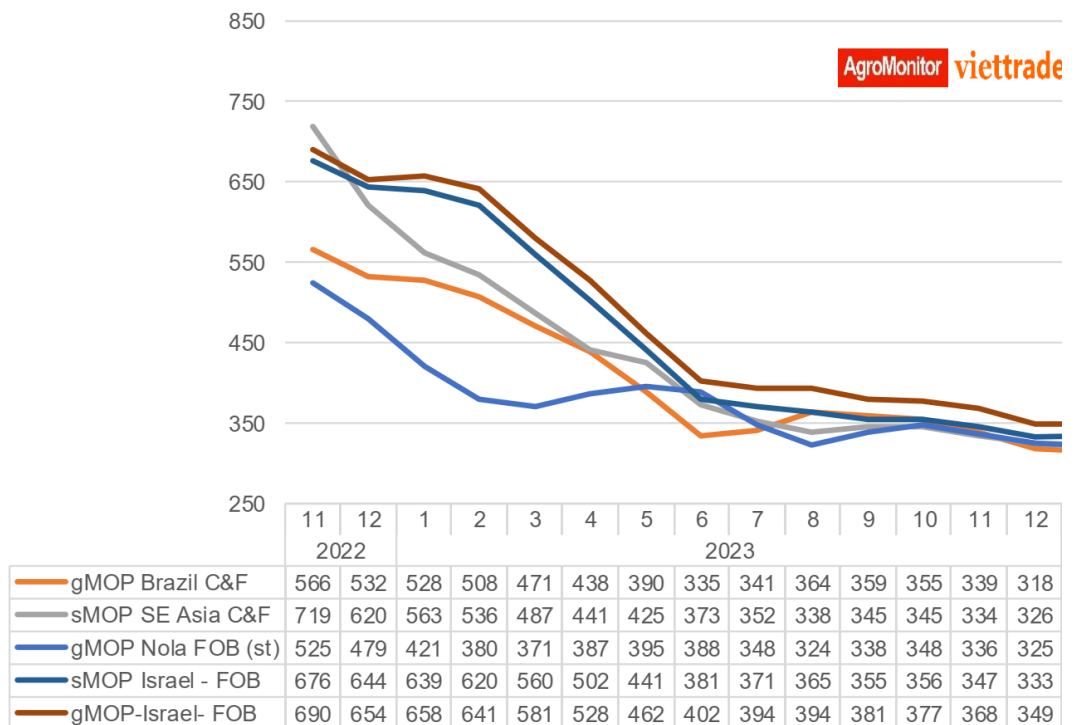
### World potassium market

In Q3, a strike in Vancouver (Canada) from July 1-18 disrupted port queuing and cast doubt on Canadian supply stability. August saw a general slowdown in potassium trading across major markets, with prices in Brazil and Southeast Asia edging up 1-7%. Limited supplies in September pushed average potassium prices in the United States and Southeast Asia up by US\$7-14/ton month-on-month while other markets saw declines of US\$2-19/ton from August due to reduced trading volume.

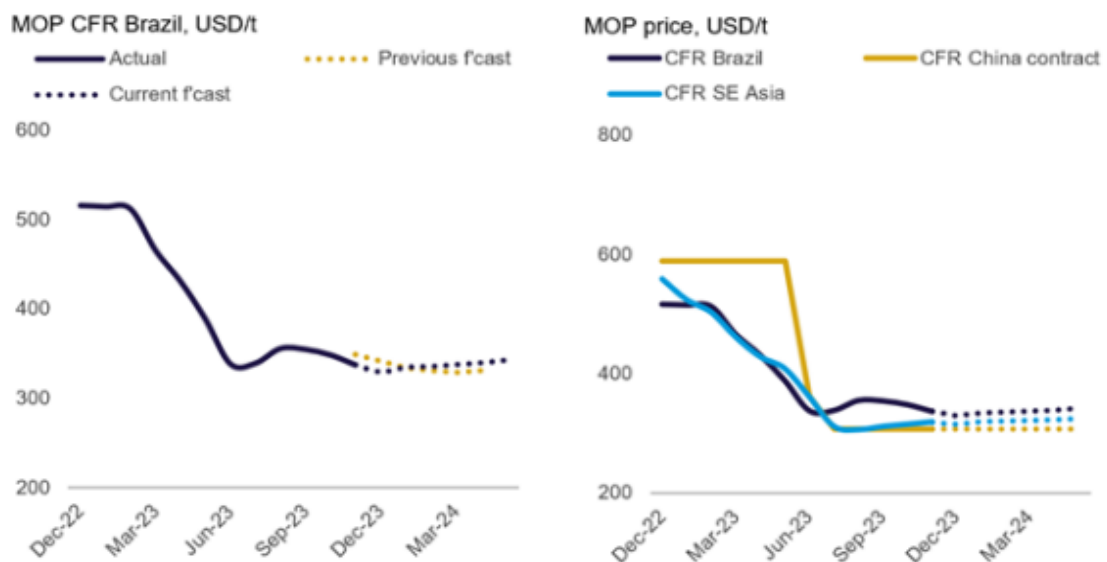
Q4 witnessed a broader price decline in most major markets. MOP (standard) prices fell by roughly US\$8-11/ton (2-4%) in November from October, and MOP (granular) prices dropped by US\$1-19/ton. Abundant supplies, coupled with weak liquidity in Asian, Brazil and India markets, exerted downward price pressure. December started similarly, with continued weak liquidity and low demand imposing further downward pressure on MOP prices across many markets.

Quiet trading suggests sustained downward pressure on potassium prices. However, IPL's new agreement with Uralkali (Russia) could offer manufacturers some buffer against price declines. In addition, an expected surge in demand from Brazil in late Q1, 2024 could help stabilize the prices in early 2024.

**Chart 12: Average potassium prices in certain regions in 2022 -2023 (US\$/ton FOB)**



**Chart 13: MOP prices from 12/2022-11/2023 and trend forecast from 12/2023-5/2024**



**World NPK market**

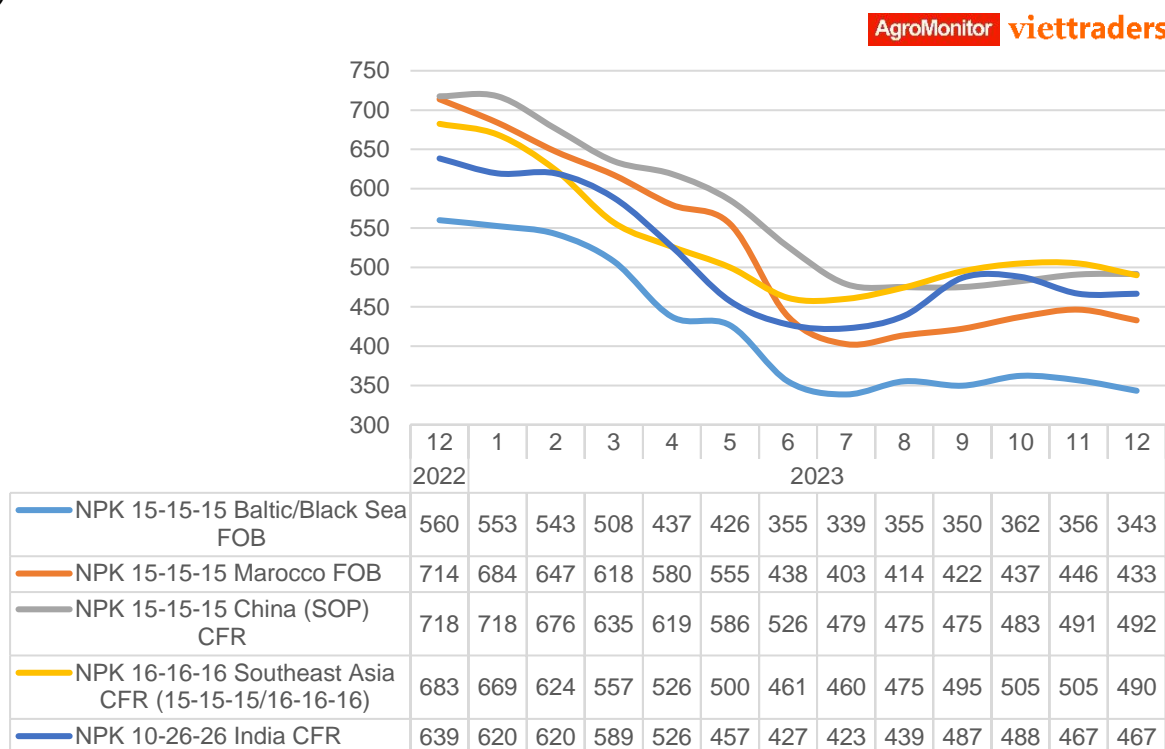
NPK prices across the globe climbed sharply in Q3, propelled by rising demand from India, China’s domestic market and some European markets. This robust demand collided with shrinking supply from China, due to export restrictions and Russia’s limited supply. The upward trend continued in September, driven by escalating raw material costs.



In Q4, NPK trading activity remained subdued across most major markets, reflecting the off-season and limited demand for stockpiles ahead of the 2024 first crop. The absence of large-scale transactions, coupled with India's restricted new bidding issuance, further suppressed market activity.

Global NPK market is forecast to remain quiet in late 2023 - mid January, 2024. However, rising demands for winter crops in China and spring crops in Europe/Brazil can offer some price support, NPK, though fluctuations are expected to be moderate.

**Chart 14: Average NPK prices by month in certain regions during 2022 -2023 (US\$/ton FOB)**



### 3. News on fertilizer, chemical and agriculture markets:

#### News on fertilizer markets

**Europe:** According to a report by Mitsubishi UFJ Financial Group, a top 10 global financial giant, at least 50 fertilizer plants in Europe have shut down. Soaring fuel gas prices have rendered EU fertilizer production unprofitable (75% of the cost of nitrogen-based fertilizers is fuel gas cost). The EU's refusal to buy cheap gas from Russia and potassium from Belarus has forced these closures, raising the possibility of Europe resorting to fertilizer or even grain imports as early as 2024.

**America:** EuroChem predicts a potential fertilizer price hike in the Americas during the first half of 2024, driven by surging demand in both the US and Brazil. Don Lambert, Managing Director for EuroChem Americas, believes several potash (MOP) and nitrogen fertilizers are "near rock bottom" and poised to rebound, while North American phosphate prices are likely to remain high. Gustavo Horbach, EuroChem's head in South America, expects the expansion of the phosphate production plant in Serra do Saliter, Minas Gerais State (Brazil) to boost sales in the region, easing the possible supply shortage of Brazil.

**Russia:** Denis Manturov, Deputy Prime Minister and Minister of Industry and Trade of Russia, said that the country plans to produce about 60 million tons of fertilizer and export 35 million tons in 2024.

In 2023, fertilizer production is estimated to reach 58.5 million tons, up 8% YoY. Particularly, the exports could rise by 5% yoy to 33.6 million tons. Therefore, in 2024, the growth rate could reach 2.6% in production output and 4.2% in exports.

Notably, fertilizer transshipment has shifted away from Baltic ports to Russian ports in 2023.

**Baltic Sea:** In the early days of the Baltic Sea conflict, nitrogen-based fertilizers continued to flow freely. However, the urea market still faced risks when 50% of the global urea exports originate from the Middle East and North Africa. Approximately 25% of global ammonia and 14% of Potassium exports also come from this region. Major import markets of this region include India, European Union, Brazil and the United States.

**South Korea:** On December 22, 2023, South Korea's Ministry of Economy and Finance (MOEF) met to address the supply chain risks related to urea, graphite, gallium, and germanium. The meeting focused on current global market trends and Seoul's response plans, aiming to minimize risks and ensure stable supply chains for these crucial materials.

By December 21, South Korea had stockpiled enough urea for 6 months, thanks in part to efforts by private companies to secure alternative sources. In addition, the South Korean government took steps to facilitate consumers' access to urea by updating and verifying information on Opinet, the oil price information platform run by the Korea National Petroleum Corporation.

However, the MOEF meeting's urgency stemmed from China's recent export restrictions on these key minerals (urea, graphite, gallium and germanium). Although South Korea had taken proactive steps to secure urea stockpiles, its supply chain remained at risk of shortages following China's announcement of on the export of products for the rare earth industry last week.

**China:** China's rising demands for urea for the spring 2024 crop could constrain its export capacity in Q1 2024, especially with low inventories. China's agricultural urea demand is rising faster than expected thanks to the adoption of more modern irrigation technology and expanded crop acreage, possibly imposing a decisive impact on the supply - demand balance for the spring 2024 crop.

Increased urea exports in 2023 have depleted China's inventory levels and pushed up domestic prices, especially in Q4 2023 even as domestic production capacity increased thanks to ample supplies of coal and natural gas. Current production capacity stands at around 167,000 tons of urea/day up from 148,000 tons/day in the same period last year. The China Nitrogen Fertilizer Industry Association (CNFIA) said China's urea production in 2023 was estimated at 61 million tons, up 5.9% YoY.

According to market participants, China's total urea exports in 2023 were estimated at around 4 million tons, up from 1.9 million tons in 2022 with about seven shipments still pending at ports for delivery to India.

Low urea inventories and rising domestic prices forced the government to take a series of measures to contain the prices.

Low inventories could lead to tight domestic urea supplies and higher prices during the spring crop from March-May, 2024. This could encourage the government to maintain export restrictions on urea and reduce China's export capacity in Q1 2024.

## **Discussions on proposals to restrict Chinese urea exports**

China's urea industry has discussed proposals to limit urea exports to around 4 million tons between 2024 and early 2025, though no final decision has been made. The proposals include a "soft quota" of 1 million tons of urea for export, divided among Chinese trading companies, applicable from January 2024 to April 2025, and 3 million tons among Chinese urea producers over an undetermined period. This measure could potentially result in a reduction in exports compared to the current year (approx. 340,000 tons/month on average from January - October). Export mechanisms for distributors would assign a 1 million-ton export quota among 15 trading companies over a 16-month period. The allocation plan includes 200,000 tons from January-April 2024, 300,000 tons from May-August, 300,000 tons from September-December and 200,000 tons from January-April 2025. While all these volumes would still be subject to the CIQ process, the implementation period could potentially be shortened to around 3 days. In addition to the 1 million tons designated for trading companies, discussions are underway regarding the allocation of an additional 3 million tons to Urea manufacturers over an undetermined period. This matter is expected to be brought before China's top economic planning body, the National Development and Reform Commission, for discussion in the first half of December.

While no official export restrictions have been announced, China has implemented various obstacles effectively halting all new export activities. Consequently, China's urea exports in Q1 2024 could be limited due to the increased domestic demand for the upcoming Spring 2024 crop. Low inventory levels may encourage the Chinese government to continue to maintain restrictions on urea exports.

China's agricultural sector is witnessing a higher-than-expected demand for urea driven by the adoption of modern irrigation technology and increased crop area. The combination of tightened domestic supply, low inventory and rising demand could lead to price increase for 2024 Spring crop (March-May) and has prompted the government to adopt a series of measures to control the increase in domestic urea prices.

Based on the market data, China's total urea exports in 2023 are estimated at around 4 million tons, significantly higher than the 2.84 million tons in 2022. However, approximately 7 shipments destined for India remain unloaded at ports.

## **News on chemical markets**

**NH3:** Influenced by the global market, NH3 consumption experienced a significant decline, marked by NH3 prices falling from the beginning of the year and even sharply dropping in Q2 and Q3. Despite a recent increase in NH3 prices over the last three months, it was insufficient to offset the earlier declines in Q2 and Q3. Unforeseen plant issues further compounded the impact, causing significant disruptions in customer orders.

Domestic market: Demand remained subdued as major companies (Ajnomoto, Vedan) adopted new technologies (using less NH3 than before). Industries like iron, steel, rubber, and thermal power plants also curtailed consumption in response to declining rubber and steel prices.

**UFC85:** Primarily sold to Ca Mau Urea Plant and Ninh Binh Urea Plant, UFC85 faced a decrease in volume purchased by Ninh Binh Urea Plant in 2023, as the plant shifted to alternative sources for exports. Besides, the selling prices of UFC85 in 2023 also followed the downward trend in Urea and Methanol prices, particularly witnessing a sharp decline between April and August.

**CO2:** While demands in the early months of the year showed an increase compared to the end of the previous year, low consumption persisted due to unstable CO2 supplies.

**Petrochemicals:** Currently, the market is not large but remains fiercely competitive.

*Source: PVFCCo*

#### **IV. CORPORATE NEWS**

##### **1. Investor relations:**

##### **Changes in senior personnel**

On October 27, 2023, PVFCCo's Board of Directors (BOD) announced changes in senior personnel, following the decision dated October 26, 2023. Accordingly, Mr. Hoang Trong Dung, BOD Chairman and Mr. Le Cu Tan, President & CEO were transferred to other positions within Vietnam Oil and Gas Group (PVN) and no longer held their current positions at PVFCCo. Consequently, Mr. Nguyen Ngoc Anh, member of BOD, was appointed as Acting Chairman of BOD and Mr. Doan Van Ngoc, Vice President, was appointed as Acting President & CEO. The decision took effect from October 27, 2023, until further decisions of the BOD. Previously, on August 16, 2023, PVFCCo's BOD also announced a decision on a change in senior personnel of the Board of Management. Accordingly, Ms. Le Thi Thu Huong, Vice President, was transferred to another position in PVN and no longer held her position of Vice President at PVFCCo. This decision was effective as of August 15, 2023.

On January 25, 2024, at the headquarters of PVFCCo, Vietnam Oil and Gas Group (PetroVietnam) held a ceremony to announce and award personnel decisions aimed at completing leadership positions on PVFCCo's BOD.

Accordingly, PetroVietnam's Party Committee appointed Mr. Nguyen Xuan Hoa to join the Executive Board of Party Committee, the Standing Committee of Party Committee and hold the position of Secretary of PVFCCo's Party Committee. Mr. Phan Cong Thanh was also appointed to join the Executive Board of Party Committee and the Standing Committee of Party Committee, and will serve as Deputy Secretary of PVFCCo's Party Committee. In addition, PetroVietnam also decided to entrust the management of its contributed capital in PVFCCo to Mr. Nguyen Xuan Hoa, Mr. Phan Cong Thanh, Mr. Nguyen Ngoc Anh and Mr. Trinh Van Khiem.

In separate decisions, Human Resources and Training Division of PVFCCo, acting on behalf of PVFCCo's BOD, announced the termination of duty as Head of the Executive Committee for Mr. Dao Van Ngoc - Vice President - and the appointment Mr. Phan Cong Thanh to the position of President & CEO.

PVFCCo will continue to follow the prescribed procedures to complete the leadership structure .

##### **Interim dividend payout**

On August 31, 2023, PVFCCo completed the 2<sup>nd</sup> (last) dividend payout of 2022 in cash at the ratio of 30% of par value, equivalent to VND 3,000/share. Earlier, on March 22, 2023, PVFCCo completed the first dividend payout of 2022 at the ratio of 40% of par value, equivalent to VND 4,000/share.

Accordingly, with the last dividend payout at 30%, PVFCCo completed the dividend payment plan of 2022 (up from 50% to 70% of par value) ratified by shareholders at the Extraordinary General Meeting of Shareholders at the end of December 2022.

In 2023, PVFCCo plans to pay out dividend at 40% of par value in cash, equivalent to VND 4,000 per share.

**PVFCCo is honored to win many prestigious awards for management, business, and social responsibility.**

*Top 50 Best Listed Companies in 2023 (Forbes Vietnam)*

At the Business Forum 2023 – an annual event held by Forbes Vietnam Magazine, PVFCCo was again included in the "Top 50 Best Listed Companies 2023" voted by Forbes Vietnam, marking its 7th year on this list prestigious list.

*Top 25 Leading Brands 2023 (Forbes Vietnam)*

PVFCCo maintained its position in Forbes Vietnam ‘s Top 25 Leading Consumer Goods and Industrial Brands. This prestigious list, compiled annually since 2016 by Forbes Vietnam, recognizes companies in the consumer goods and industrial sectors that form the backbone of Vietnam's economy. In this year’s list, PVFCCo secured a spot within the top 3 most valuable brands, with an estimated valuation of USD 104 million.

*Vietnam ‘s 50 Best Performing Companies (Nhịp Cầu Đầu Tư Magazine)*

PVFCCo stood out again as one of “Vietnam ‘s 50 Best Performing Companies in 2023”. This prestigious list honors companies for their exceptional performance and sustainable development strategies. Rigorously evaluated based on three-year performance data, TOP50 companies excelled in three growth criteria: Revenue, Return on Equity (ROE) và Earning Per Share (EPS).

*Phu My NPK brand wins “Vietnam Golden Brand Award“*

On October 25, 2023, the Vietnam General Council of Agriculture and Rural Development celebrated “Vietnam ‘s Gold Farming Brands in 2023” in Hanoi, honoring positive contribution of products to Vietnam ‘s agriculture. PVFCCo ‘s Phu My NPK won the honor of being Vietnam ‘s Gold Farming Brand in 2023.

*PVFCCo wins the title “Corporate Sustainability Awards 2023”.*

PVFCCo was honored among the “Top 50 Corporate Sustainability Awards 2023” for “Outstanding Risk Management Platform”. The title was awarded by Nhịp Cầu Đầu Tư Magazine to exemplary companies for their contributions to sustainable development and social responsibility.

*PVFCCo – “Corporate Social Responsibility Award”*

PVFCCo won the “Corporate Social Responsibility Award” - Saigon Times CSR 2023. This is an annual program held by the Saigon Times Group to honor companies for their effective implementation of social responsibility programs and outstanding contributions to sustainable development, creating a better future for the community.

## **2. Business News:**

### **PVFCCo and PVChem signed a business cooperation contract for the Oxygen Plant**

On August 25, in Hanoi, PVFCCo and Petrovietnam Chemical and Services Corporation (PVChem) signed a business cooperation contract for Hydrogen Peroxide (H<sub>2</sub>O<sub>2</sub>) Production Plant Project. The plant, with an estimated investment of VND 870 billion and a design capacity of 40,000 tons of H<sub>2</sub>O<sub>2</sub> per year, will utilize hydrogen gas from the existing Phu My Fertilizer Plant. While finalizing the partnership agreement, the companies collaborated on the feasibility study and secured the EPC package for the project.

### **Phu My Fertilizer Plant is awarded Excellent Operation Certificate from ammonia production licensor.**

On August 09, 2023, PVFCCo is awarded the “Excellent Operation Certificate” by Haldor Topsoe A/S (Denmark) - the ammonia (NH<sub>3</sub>) production technology licensor in recognition of the NH<sub>3</sub> plant’s operation for 678 days and nights without interruption. This milestone marked the third time that Phu My Fertilizer Plant has received this esteemed certificate. According to reports from the equipment tracking system at the plant, NH<sub>3</sub> plant broke its own previous record and operated for 678 days and nights before stopping for overall maintenance on March 28, 2023. This achievement surpassed the record of 279 days set in 2016. At the ceremony, the representative from Haldor Topsoe expressed his admiration for the plant ‘s achievement and praised it as one of the outstanding and stable operating plants in the world using Haldor Topsoe’s technology.

### **PVFCCo marks the fifteen millionth ton of Phu My urea**

On October 10, 2023, Phu My Fertilizer Plant reached the milestone of producing fifteen millionth ton of urea after 20 years of official operation.

### **PVFCCo launches comprehensive digital transformation project**

On September 07, 2023, in HCMC, PVFCCo and FPT Corporation officially launched the project to build a roadmap and implementation plan for digital transformation for PVFCCo in the period 2023-2025, with a vision to 2030.

Digital transformation holds the key to PVFCCo ‘s strategic development. The project will be implemented by FPT Digital and PVFCCo in two phases. In the first phase, FPT will conduct a survey on current situation, build Digital Operation Management (DOM) model, prepare a roadmap and implementation plan for digital transformation. In the next phase, FPT will monitor and evaluate the progress of digital transformation at PVFCCo, ensuring it to always stay on track and achieve the established goals.

### **Phu My Fertilizer partners with “Agricultural Doctor” program**

From July 07 to July 15, 2023, the Agricultural Trade Promotion Center under the Ministry of Agriculture & Rural Development, along with PVFCCo organized the “Agricultural Doctor” (Bác Sĩ Nông Học) program in coordination with local farmers’ associations. This annual program consists of a series of advisory seminars and direct dialogues between agricultural experts, scientists, and farmers to share knowledge and experiences in farming, livestock farming, trade promotion, plant protection and fertilizer use.

### **PVFCCo holds customer appreciation programs for typical Phu My farmers**

To express gratitude to its agents/distributors and typical farmers, PVFCCo and its subsidiaries recently held the Phu My Fertilizer Plant tour program. Customers participating in the program learned about the modern production technology of Phu My Fertilizer Plant - Phu My NPK Plant and received relevant information about products, brands, and sales policies. They expressed their confidence in product quality, sales policies, and development of PVFCCo and their commitment to continue cooperation with PVFCCo in the future.

### **Phu My Garden celebrates its first anniversary: Marking the first step on a long journey**

One year since the launch of Phu My Garden on the market, nearly 150,000 bags of Phu My Garden have reached the hands of "urban farmers" nationwide through traditional distribution channels (bonsai, agricultural supplies stores) and modern platforms (Shopee and Lazada); supermarkets (Aeon Mall system...).

### **PVFCCo hands over agricultural supplies and 100,000 trees in contribution to “Greening Truong Sa”**

On the afternoon of October 27, 2023, at the 146th Brigade, the Command of 4th Naval Region and PVFCCo held a ceremony to receive and hand over supplies and seedlings to support the “Greening Truong Sa” program. This activity is within the "Greening Truong Sa” program initiated by the Command of 4th Naval Region. Accordingly, in the first year of implementation, PVFCCo contributed 100,000 casuarina seedlings and accompanying agricultural supplies to be transported to Truong Sa (Spratly) islands. The handover is the first step in the program implementation process.

### **PVFCCo Adjusts 2023 Business Plan and Adopts 2024 Business Plan**

On December 28, 2023, PVFCCo's Board of Directors adopted the Resolutions to adjust some 2023 plan targets, approved and assigned the 2024 production and business plan. Accordingly, the consolidated financial targets in 2023 were adjusted as follows: Total revenue of VND13,067 billion, pre-tax profit of VND 610 billion and net profit of VND 463 billion. The investment capital disbursement plan was adjusted downward to VND 220.58 billion.

In 2024, PVFCCo plans to set a total revenue of VND12,755 billion with pre-tax profit of VND 660 billion and net profit of VND 542 billion. The dividend payout ratio for 2024 is 15% on the charter capital and the investment capital demand is approx. VND666 billion.

*Source: PVFCCo*

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#### **Board of Editors:**

**Board of Management:** Mr. Nguyen Xuan Hoa – Head of Executive Board of the Party Committee; Mr. Phan Cong Thanh – President & CEO;

**Information Disclosure :** Mr. Truong The Vinh - Secretary and Spokesperson; Ms. Nguyen Thi Ngoc Mai – Investor Relations Manager;

**Finance - Accounting Division:** Ms. Lam T. Bich Ngoc; Ms. Le Thi Thuy Hang; Ms. Tran Xuan Thao

**Sales Division:** Ms. Phung Thi To Uyen; Ms. Do Ngoc Minh Huong

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

**Marketing & Communication Division:** Ms. Vu Thi Thu Thuy

