

**REPORT  
ON 2020 PRODUCTION – BUSINESS RESULT AND 2021 PLAN**

**I. 2020 PRODUCTION – BUSINESS RESULT**

In 2020, the world in general and Vietnam in particular have been impacted significantly by Covid-19 pandemic despite the close control of pandemic by Vietnam Government. The economy has been recovered step by step in new normal condition while Covid-19 pandemic has become complicated, which has a serious influence on production-business activities. Besides, floods in some Central provinces also affected economy development. Vietnam GDP increased by 2,91%, which is a lowest growth over 2011-2020.

Prior to situation above, the Company has achieved some production – business criteria in 2020 as follows:

No.	Indicator	Unit	2020 Plan	2020 Actual	2019 Actual	% Growth 2020/2019	Increase/ Decrease	Percentage
1	Total revenue (NTP North + Central)	Bln VND	5,100	4,393	4,734	92.7%	(341)	86%
2	Sales Volume	Tons	104,000	91,014	95,623	95%	(4,609)	88%
3	Pre-tax profit	Bln VND	470	505.1	456.5	111%	48.6	107%

Total revenue in 2020 was 4,393 billion VND, decreasing by 7.3% in comparison with 2019 (equivalent to a decrease of 341 billion VND), fulfilling 86% of 2020 Plan.

Sale volume in 2020 reached 91,014 tons, down 5% compared to 2019 (equivalent to a decrease of 4,609 billion VND), fulfilling 88% compared to 2020.

Pre-tax profit in 2020 reached 505.1 billion VND, up 11% compared to 2019 (equivalent to an increase of 48.6 billion VND), up 7% compared to 2020 Plan.

2020 Revenue did not meet plan of 5,100 billion VND due to some following reasons:

Firstly, an impact of Covid-19 pandemic resulted in a slowdown real estate, Consequently. As such, plastic pipe demand for construction also decreased.

Secondly, because there was a slowdown in plastic pipe demand, accordingly, raw material prices in April-May/2020 also went down so many manufacturers

applied different promotion policies in order to boost sales, competing with NTP. As a result, agents also purchased products from other manufacturers than NTP ones in order to enjoy big promotion. This caused to a drop in NTP's sale.

Thirdly, prices of some NTP product lines are higher than others. This interrupted NTP to sell to projects which don't need qualified products.

NTP's profit in 2020 is higher than 2019 due to some following reasons:

- Minimize some production-business costs;
- Interests of banks also decreased compared to 2019
- A decrease in main material prices, 2020 prices of main raw materials on average decreased compared to 2019.

Above are key factors resulted in 2020 profit higher than 2019 profit.

## **II. PLASTIC PIPE INDUSTRY SITUATION IN 2020**

### **1. Price of raw materials**

2020 was a turbulent year of raw materials in plastic industry. In early 2020, Covid-19 pandemic initially outbreak in some countries, prices of raw materials declined in April-May, 2020. However, some plastic materials plants suspended their production in following months, causing to a rapid increase in raw material prices without a nonstop sign. Currently, prices of some main raw materials (PVC resin) surged twice as much as those in April, 2020 and increased by 60% compared to prices of those on average in 2020 (price at 1,600 USD/tons in March, 2021- it is the highest ever).

Prices of PPR resin also increased by over 30% compared to prices of those on average in 2020 while NTP's selling prices of other products has not increased yet. This may affect 2021 profit.

### **2. Competition in the market.**

In 2020, there were some rivals which penetrated into Northern plastic pipe section. In addition to some manufacturers shifting their production from low prices of HDPE to qualified ones in order to compete with NTP. In particular, there is a plant constructed in Phu Tho Province, which bought machinery-equipment to produce HDPE DN1200 pipes. As a result, the competition becomes fiercer over coming years.

### **3. NTP position in the market**

In order to boost sale activities, NTP applied many flexible business policies in 2020, such as promotion, bonus to distribution systems, increase discount to customers at appropriate time, lucky draw, strengthening communication and advertisement programs, etc. Due to the decreasing demand, 2020 revenue went down compared to

2019. This is the first year since 2004, revenue dropped compared to previous years. However, NTP is still a leading manufacturer in Northern area. If plus NTP South’s revenue in 2020, NTP revenue in total is still the highest in Vietnam.

**III. NEW PRODUCTS**

During 2020, NTP co-operated with Sekisui in order to complete the installation of machinery-equipment and moldings, and launch some new product lines into market:

- PP/PE DN1000 double-wall corrugated pipes which have been used for drainage system, have been manufactured in Unicor production line of Germany.
- PE DN200 single-wall corrugated pipes which have been used as conduits, has been manufactured in Corma production lines of Canada;
- u.PVC adapters have been manufactured according to Sekisui technology license;
- u.PVC pipes and fittings according to ISO3633 have been used for drainage system in buildings;
- Products served for fishery such as PE walls for shrimp fostering, PE tanks for seafood, etc.

2020 revenue from new production lines in total reached nearly VND 40 billion. These are new products contributing to NTP revenue in the near future.

**IV. PRODUCTION – BUSINESS PLAN FOR 2021**

Production – Business Plan for 2021 is as below:

<b>Criteria</b>	<b>Unit</b>	<b>2020 Revenue</b>	<b>2021 Plan</b>	<b>Growth (%)</b>
Revenue	Bln VND	4,393	4,800	109%
Sale Volume	Ton	91,014	100,000	110%
Profit before tax	Bln VND	505	432	86%

Prior to PVC, PPR prices increased rapidly without a sign of decline, while selling prices have not caught up with increasing raw materials prices due to many objective factors, such as customers, competition, acceptance by consumers, etc. To achieve 2021 profit before tax of VND 432 billion is quite difficult. Based on the fluctuations in raw material prices, market competition as well as responses by customers, NTP shall adjust selling prices appropriately in the near future.

Sincerely!

*Hai Phong, March 24<sup>th</sup>, 2021*

**GENERAL DIRECTOR**

*(signed)*

**CHU VAN PHUONG**

