SBT (NOT RATED) – Gross margin recovery, El Niño creates opportunities but also increases capital pressure

- **Overview:** In Q4 FY2025, ended June 30, 2026, SBT recorded a significant improvement in cost of goods sold efficiency, with gross profit margin increasing from **8.41% to 13.54%**, the highest level over the past eight quarters. As a result, net profit attributable to the parent company's shareholders increased **12.8% YoY**, despite a 4.3% decline in revenue. El Niño may continue to support sugar prices, but the benefits to SBT will depend on their ability to protect raw material output and control capital costs.

- **Latest quarterly business results:** Net revenue in Q4 reached VND **6,555.46 billion**, down 4.3% YoY, while gross profit increased **54.1%** to **VND 887.73 billion**. Net profit attributable to the parent company's shareholders reached VND **229.42 billion**, up 12.8%, indicating that favorable selling prices and a favorable cost structure offset the decline in revenue. However, financial expenses increased 49.5% to VND 635.59 billion, including a 23.4% increase in interest expenses to VND **469.11 billion**, continuing to erode the improvement in gross profit.

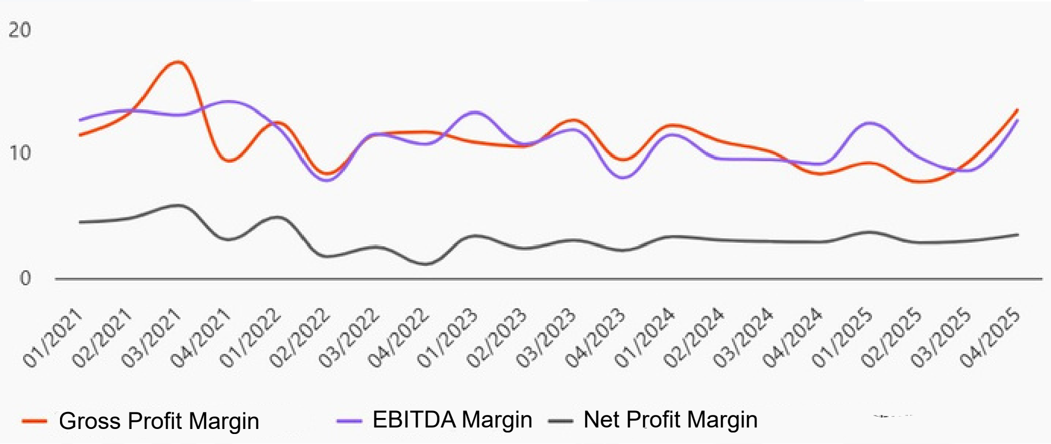
- **Cumulative business results:** For FY2025, net revenue reached **VND 26,891.78 billion**, **down 5.6%**, while net profit from operating activities decreased **25.3%** to **VND 745.35 billion**. Net profit attributable to the parent company's shareholders reached **VND 860.98 billion**, **up only 1.4%**, while gross profit margin reached **13.54%**, **increasing by 5.13 percentage points YoY** from **8.41%** in the same period last year, indicating that the recovery in the final quarter was not sufficient to generate clear full-year growth.

- **El Niño and sugar price outlook**: El Niño could cause drought conditions in India and Thailand, while also disrupting harvesting or reducing sugarcane quality in Brazil, thereby tightening global sugar supply. Global sugar prices reached approximately **16.82 US cents/pound on August 13, 2026**, up approximately **13.0% over one month**, reflecting the return of a weather risk premium. If sugar prices remain at elevated levels while SBT's raw material costs increase at a slower pace, the gross margin of around 13.54% could be maintained.

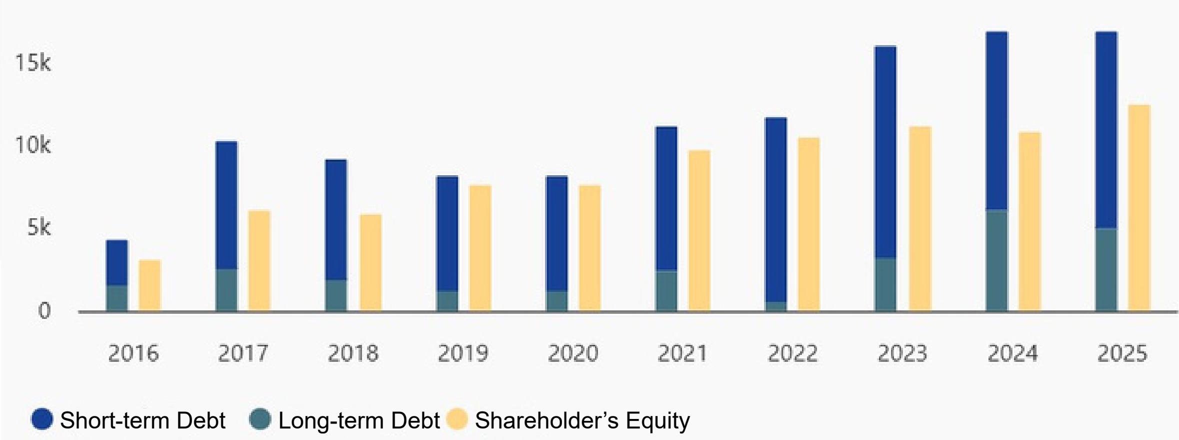
- **Two-way impact on SBT:** Higher sugar prices could support selling prices, increase inventory value, and improve profit per unit of SBT's products. Conversely, the company's raw material regions in Vietnam, Laos, Cambodia, and Australia could also be affected by drought, water shortages, and declining sugarcane yields. Therefore, El Niño will only have a net positive impact if the increase in selling prices is greater than the increase in procurement, irrigation, logistics, and raw material import costs.

- **Valuation and plan execution:** SBT is trading at around VND 23,250/share, with a P/E of approximately 24.23x, around 7.2% higher than the three-year average of 22.6x. For FY2025, cumulative net revenue reached VND 26,891.78 billion, exceeding the target of VND 26,500 billion by approximately VND 391.78 billion. Profit before tax reached VND 910.82 billion, VND 40.18 billion below the target, equivalent to a 4.2% shortfall. Net profit attributable to the parent company's shareholders reached VND 860.98 billion, up only 1.4% from the previous fiscal year, indicating that the recovery in the final quarter was insufficient to drive full-year profit above the target.

Quarterly Profit Margin



Annual Liquidity



Source: YSradar

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