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THANH THANH CONG - BIEN HOA COMPLETES BUYBACKS OF 62 MILLION TREASURY SHARES

On 17 May 2018, Thanh Thanh Cong - Bien Hoa Joint Stock Company (Stock Code: SBT) has completed the buybacks of treasury shares (TS) as announced previously. From 18 April to 17 May, SBT successfully purchased 61,600,900 shares, equal to 11% of total outstanding shares. SBT spent a total amount of nearly VND 1,100 billion to purchase TS at the average buying price of VND 17,856 per share through matching order method. Despite the unfavorable market conditions, the Company completed the transaction of 74% the pre-registered shares. The act is viewed as a big transaction on Vietnamese stock market since inception when the TS value accounts for 11% Charter capital. As a result, SBT's stock price has stabilized recently.

The buybacks of TS are an important step in the efforts to protect the interests of Investors and Shareholders. The purchase limits dilution risks for current Shareholders, supports the increase of shareholder value in the future thanks to key drivers below.

Taking advantage of synergistic effect after the merger and the leading position in sugar industry

SBT simultaneously continues to expand high-end market segment, (recognized as qualified supplier by big brands such as Nestle, Vinamilk, etc), improves production efficiency, and develops domestic and export markets. Meanwhile, the Company also promotes the development of new high value-added products such as European-standard organic sugar, dietary sugar, and natural brown sugar, etc to meet the premium and diverse demand of different consumer groups. High value-added products partly improve Profit margin in the core business.

Successfully taking advantage of post-merger merits, Net revenue and Profit after tax (PAT) witnessed an increase of 153% year over year (yoy) and 54% yoy respectively in the first nine months of the fiscal year 2017-2018. Total assets were US$ 833 million, up 240% compared to the beginning of this fiscal year. In addition, thanks to the positive Cash flow improvement, the Company has used spare cash for its profitable investment opportunity in the future.

Strategic vision by 2020

The growth of sales and profit will accompany with consolidated business foundation and sustainable development strategy. The Company aims to achieve the consumption of more than 1.1 million tons of sugar, or CAGR of 35%, and continues to increase market share, strengthening its position as a leading player. The Board of Management ensured that the above goals can be achieved based on the solid basis after completing the value chain from production to customers, wide market coverage strategy, in-depth investment, and consecutive researching and developing new products to serve diverse customer base.

Valuation of SBT shares

SBT share is currently undervalued as 12M P/E is 12.8x, which is significantly lower than that of leading names in F&B such as VNM (25.5x) and MSN (29.0x). Based on the leading position of sugar industry, strong customer's loyalty, and solid growth outlook in the period 2018-2020, the current market price has not accurately reflected the intrinsic value of the Company yet.

According to Research reports in first and second Quarters, FPT Securities (FPTS) and Mirae Asset Securities (MASC) recommended to buy SBT shares based on the assessment of growth potential and its long-term business strategy. In third Quarter, most of the business and financial indicators have significantly improved. Of which, consolidated Net revenue and Profit before tax reached 83% and 72% of annual business targets, respectively.

SBT's liquidity is rather high with daily average trading volume and turnover through order matching reaching nearly 4 million shares and VND 95 billion, respectively. In the first half of May, some prestigious Funds on the stock market are holding SBT's shares in their portfolios, including VanEck Vectors Vietnam ETF (2.44%), FTSE Vietnam Index (1.22%), E1VFVN30 ETF (1.20%), FUESSV50 ETF (0.49%), and iShares MSCI Frontier 100 ETF (0.20%).

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