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BienHoa

TTC SUGAR

INVESTOR NEWS

The last 6 months of fiscal year 2017 – 2018

ABBREVIATION TERMS

Financial Statement	FS
Biên Hòa Phan Rang	BHPR
The Minisry of Agriculture (America)	USDA
Chairman of the Board of Directors	BOD Chairman
Company	SBT, TTCS, TTC Sugar
Sugar Trade Global Union: Revolution and Liberalization	GSA
Gross profit	GP
Profit before tax	PBT
Profit after tax	PAT
Gross profit before tax, interest and depreciation	EBITDA
Fiscal year	FY

TTC SUGAR – SUGARCANE LEADING BUSINESS

Core products

- Sugarcane Plant
- Sugar Products: Premium refined sugar, Organic Sugar, Liquid Sugar, Stick Sugar, Rock Sugar…,
- By-products: Molasse, Electric, Miaqua bottle of water, bagasse, Microbial Organic Fertilizer.

Market share

- ***Leading Vietnamese Sugar industry: 40% of domestic market share***
- ***Goals to set for 2020: Expanding to 50% of domestic market share***

Market

- ***5 main customer channels:*** B2B, SMEs, B2C, Trade and Export
- ***Main export markets:*** America, Japan with sugar products having added value, and higher gross profit margin

Factory – Material Region

- ***Number of Factories:*** 9
- **Material Region *:*** > 60,000 hectares, with 12,000 hectares mechanized 100%.

Total consumption quantity

- ***9M FY 2017-2018***: 437,000 tonnes of sugar
- ***2019-2020 target:*** 1,118,000 tons of sugar

3 big sugar refinery centers

- TTCS factory, Tay Ninh province
- Bien Hoa-Ninh Hoa factory, Khanh Hoa province
- Bien Hoa-Dong Nai factory, Dong Nai province

Staffs

> 5,000 people

SBT stock

- Member of VN30-Index
- Presenting in the list of reputative funds:

1. FTSE Vietnam Index
Weight: 1.12% - 16th rank

2. MVIS Vietnam Index - VanEck Vectors Vietnam ETF
Weight: 2.25% - 18th rank

3. iShares MSCI Frontier 100 ETF
Weight: 0.18% - 104th rank

4. MSCI Vietnam Small Cap Index
Weight: 5.88% - 4th rank

5. VFMVN30 ETF FUND
Weight: 1.05% - 22th rank

6. SSIAM VNX50 ETF FUND
Weight: 0.74% - 39th rank

GLOBAL SUGAR INDUSTRY SITUATION

Brazil has been encountering the worst drought in 70 years since May. The severe weather is expected to affect seriously the productivity and production of the biggest sugar exporter in the world.

***USDA* predicts that global sugar production in the FY 2018-2019 will experience a decrease of 4 million tonnes to 188 million tonnes** due to declined harvest in Brazil, Pakistan and EU

- ***India and Pakistan:*** *2 main markets are predicted to consume higher.*
- ***EU:*** *Predicted to decrease exporting production due to declined productivity.*
- ***China:*** *Decreases the import volume from Brazil and switches into smaller suppliers including Vietnam.*
- ***Pakistan:*** *Predicted to decrease production and not to export sugar.*
- ***Russia:*** *Predicted to decrease production, consumption and storage.*
- ***Guatemala:*** *Predicted to decrease production as the farmers switch into the other plants.*

Thailand has co-operated with GSA – international union of raw sugar and refined sugar manufacturer, including 85% of global sugar exporters, to appeal India, Pakistan and EU for stop subsidizing export.

Global sugar price has been improved and beneficial to manafacturers. Rabobank predicts that raw sugar price will increase to 14.5 cents per pound in the last 3 months of 2018, higher than the transaction price in the beginning of this year.

DOMESTIC SUGAR INDUSTRY SITUATION

The government has given an undertakings of expanding the time of applying ATIGA aggrement to 2020. This is a positive and beneficial information for Vietnamese sugarcane industry that opens a new opportunity for 110,000 farmer households, 38,000 labors who get used to with this integration.

Products are developed from the sugarcane to diversify product sources and provide new added values:

(1) Etanol alcohol: It can be regarded as potential product since Vietnam has policy to use biological gasoline E5 popularly, hence the companies can increase value from producing alcohol.

(2) Producing electricity from bagasse: Providing sustainable electricity for factory's operation and national.

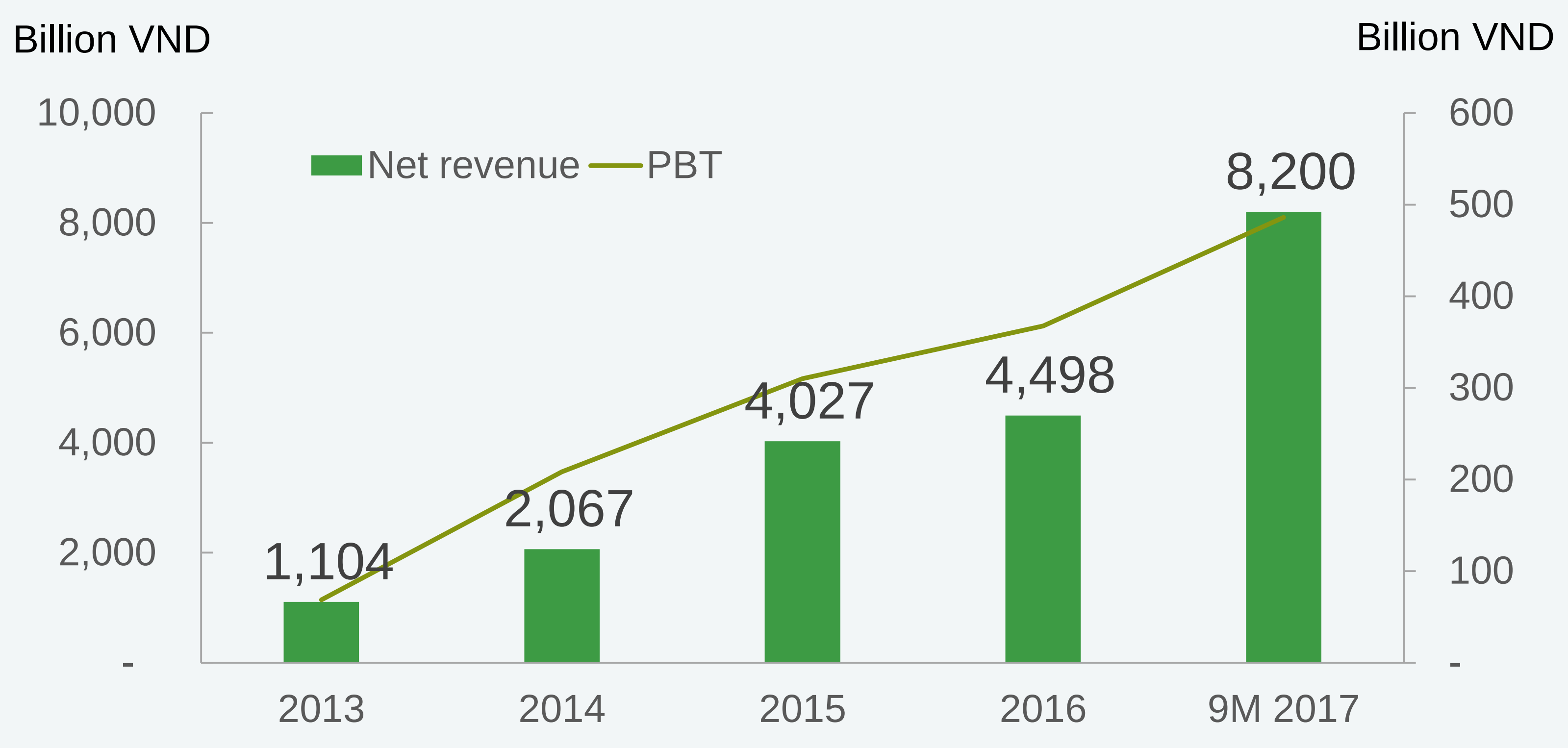
Sugarcane Association has encounraged the firms to develop diversified products from sugarcane: **(1) Applying consistent solutions** to reduce raw sugarcane's price to 11,000 VND per kg to support competition, **(2) Commit to close the factories** which cannot ensure this goals from Sugarcan Association.

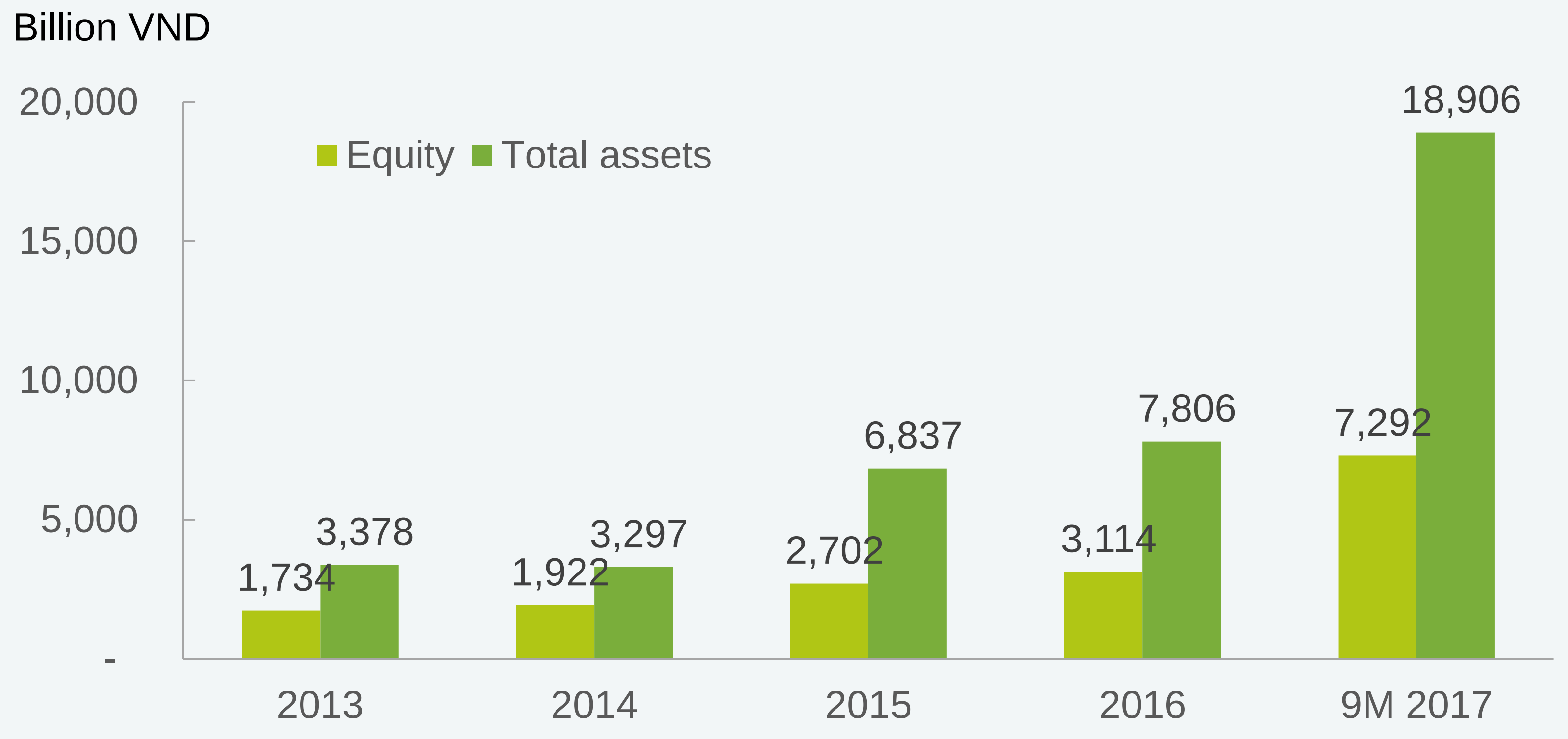
Sugarcane Association predicts that the domestic sugar price will improve due to the high decline of sugarcane acreage. The members of Sugarcane Association expects that Vietnamese sugar industry can compete well with Thailand that requires 3-year-preparation.

With total consumption of over 12 million tons per year, America is one of the biggest importing countries in the world from over 40 countries and provided by Mexico a third. After controversy about sugar trade since 2017, the majority of American importers have tended to look for another source instead of Mexico. SBT is the first one which has exported sugar to America with 29 tons after ensuring these standards including (1) Certification of FDA, (2) The products have to be proved that they are produced with European technology with strict standards.

Most of sugar factories ended their production season from 2017 to 2018 except for some factories in the central region, which expects to end their season in the half end of June.

POSITIVE 9-MONTH BUSINESS RESULT THANKS TO M&A





Source: Audited consolidated FS of 2015-2016, 2016-2017; Consolidated FS of 9 months 2017-2018

9-month-integrated Net revenue increases 154% comparing to the same period. It completed 83% of the year plan and is contributed by accumulated consumption quantity of nearly 438,000 tons, increases by 228% comparing to the same period.

GP and NPAT increase 127% and 54% respectively comparing to the same period. It is the result of the merger with BHS. Net revenue and NPAT account for 83% and achieve 72% of the plan.

.By applying the value chain in management and production, SBT has been experiencing an active and stable material source which results in increasing productivity and decreasing production cost. Hence, it will be a direction for a rise in competitive capability along with specialized investment strategy, low cost.The selling price hardly changes despite the low selling price of sugar industry.

After the merger with BHS, the company expands strongly following the operation of M&A. Assets and Equity increase 142% and 134% respectively comparing to the beginning of fiscal year.

SBT has confidence in fulfilling its full year target with estimated total sales of 616,000 tons of sugar, up 250% from last year, even up 17% over the target of 525,000 tons.

Net revenue for the yearly plan is VND 9,900 billion +100% YoY

PBT of the yearly plan is VND 680 billion +85% YoY

FINANCIAL SNAPSHOT 2015-2018

Balance sheet

Criteria (Billion VND)	2015-2016	2016-2017	9 months 2017-2018
Short-term assets	***4,216***	***4,473***	***11,189***
Year-to-date growth	*123%*	*6%*	*150%*
Inventories	1,333	1,958	3,682
Year-to-date growth	*78%*	*47%*	*88%*
Long-term assets	***2,621***	***3,334***	***7,717***
Year-to-date growth	86%	27%	132%
Fixed assets	1,680	1,521	4,726
Year-to-date growth	*139%*	*-9%*	*211%*
Long-term investment	686	1.373	667
Year-to-date growth	*12%*	*100%*	*-51%*
Total Assets	**6,837**	**7,806**	**18,906**
Short-term liabilities	***2,774***	***3,169***	***8,305***
Year-to-date growth	*220%*	*14%*	*162%*
Long-term liabilities	***1,360***	***1,523***	***3,308***
Year-to-date growth	*167%*	*12%*	*117%*
Owner's equity	2,702	3,114	7,292
Year-to-date growth	*41%*	*15%*	*134%*
Total Capital	**6,837**	**7,806**	**18,906**

Income Statement

Criteria (Billion VND)	2015-2016	2016-2017	9 months 2017-2018
Net Revenue	**4,027**	**4,498**	**8,200**
Year-on-year growth	95%	12%	154%
Gross profit	605	614	966
Year-on-year growth	134%	1%	127%
Profit from joint-ventures	13	40	60
Year-on-year growth	-79%	220%	46%
Operating profit	304	359	475
Year-on-year growth	52%	18%	71%
Profit before tax	310	367	486
Year-on-year growth	49%	19%	72%
Profit after tax	**294**	**339**	**397**
Year-on-year growth	56%	15%	54%
EBITDA	**625**	**824**	**1.469**
Year-on-year growth	66%	32%	139%

Source: Audited consolidated FS of 2015-2016, 2016-2017;
Consolidated FS of 9 months 2017-2018

OUTSTANDING FINANCIAL INDICATORS 2015 - 2018

Key Ratio	Unit	2015-2016	2016-2017	9M 2017-2018
Liquidity				
Current ratio	Times	1.5	1.4	1.3
Quick ratio	Times	1.0	0.8	0.9
Capital Structure				
Debt/ Total assets	Times	0.57	0.56	0.51
Debt/ Owner’s equity	Times	1.44	1.40	1.32
Growth rate (year-on-year)				
Net revenue	%	95	12	154
Profit after tax	%	56	15	54
Total Assets	%	108	14	142
Equity	%	41	15	134

Tổng tài sản đạt 18,906 tỷ đồng

Source: Audited consolidated FS of 2015-2016, 2016-2017;

Consolidated FS of 9-month 2017-2018

Operation of the Vietnam Sugar Association

Mr. Pham Hong Duong - SBT Board of Directors has just been elected to the post of PCT Sugar Association

With 25 years of operation in the sugar industry, well trained from the French Bourbon Group, Duong is considered one of the leading experts in the Vietnamese sugar industry today.

In addition to his expertise, he has the ability to connect with most important organizations and industry experts around the world.

As the PCT Association, Mr. Duong is working with the Executive Board to create new strides for Vietnam's sugar industry in the international integration phase.

Governance operation of SBT

With the aim of professional management activities and pursuing international standards, IFC, an international finance company under the World Bank, is implementing a consultancy program to support SBT's application of governance principles. The company follows international standards and best practices in the market.

The Board of Directors has decided to set up three subcommittees - the Subcommittee on Strategic Management (April, 2018), the Subcommittee on Audit, Subcommittee on HR (May, 2018), in order to specialize international standards, serving sustainable development.

Deloitte – one of The Big 4 accounting firm, is also conducting strategic consultancy to provide solutions to restructure its operations to increase its competitiveness and growth in the future in an environment of international integration.

OUTSTANDING OPERATIONS OF SBT (Cont.)

SBT Business Operations

SBT is training to produce in off-season because the weather of South East area is quite favorable for off-season production, therefore the amount of sugarcane of SBT is quite large. Combined with energy saving projects, the Company will have greater capacity in the field this year.

The BHPR plant has the longest season, extending up to June with the highest amount of sugarcane that being predicted to date.

Previously, BHPR was forced to stop before April 30 because the water supply for production depends on the irrigation canal outside and not enough raw material to run longer.

From the 15 over 16 seasons, BHPR has planned and expanded the material area. Parallel is the investment to increase the production capacity of the plant - installation of circulating water cooling system to not depend on the water channel irrigation.

SBT has successfully exported special sugar products with high added value; gross margins improved to fastidious markets such as the US and Japan.

SBT is also launching Co-branding, typically Kido, as an effort to boost sales. This move is in line with the international economic integration strategy that Vietnam is actively participating in on a bilateral and multilateral basis.

REPRESENTATIVE INVESTOR RELATIONS ACTIVITES

12 April 2018

SBT approved the bond issuance with a total value of VND 450 billion in order to increase SBT’s capital size and supplement working capital to expand its production and business activities. Once the bonds are issued, the Capital Structure criterion remains in the safe area, within the financial risk control framework and meets the requirements of commercial banks.

18 April 2018

SBT started to repurchase shares as treasury shares with equity surplus by order matching at market price. The purchase of treasury shares aims to reinforce confidence in the prestige brand, protect the interests of Shareholders and investors, and show the sense of responsibility of the Board of Directors for the Company and the related parties.

27 April 2018

SBT announces financial statement and third-quarter financial statement of the fiscal year of 2017-2018. In the first nine months of this year, net revenue saw a growth of 154% year-on-year to stand at VND 8,200 billion, reaching 83% of the year plan, contributing to cumulative production of approximately 438,000 tons. GP and PAT were VND 966 billion and VND 397 billion respectively, up 127% and 54% respectively, as a result of recent merger with BHS. SBT has the potential to complete the whole year plan with net revenue of VND 9,900 billion and PBT of VND 680 billion.

8 May 2018

SBT participated in the C-SUITE Vietnam Investor Forum 2018 organized by SSI and Citi Group in Ho Chi Minh City. The event aims to connect leading businesses with foreign investors in Asia - Citi Group's VIP Investment Funds.

REPRESENTATIVE INVESTOR RELATIONS ACTIVITES (Cont.)

17 MAY 2018

SSC approves the SBT's foreign ownership limit up to 100% from 49%. This is a necessary step in SBT's development roadmap in its approach to international capital markets. The increase in foreign ownership is in line with the development of Vietnam's stock market, contributing to other listed organizations in the effort to upgrade Vietnam's securities market from the Frontier Market Market to Emerging Market in the next few years

19 MAY 2018

SBT participated in the training course on information disclosure applying the higher international standards - Asean Scorecard to ensure accurate, transparent and timely information demand for shareholders, investors, in addition to love Circular No. 155 and other related legal documents

28 MAY 2018

CEO shared the current lineage and optimistic about the long-term development prospects of SBT on the mass media

30 MAY 2018

Board of Directors of SBT registered to buy 100,000 shares from June 4, 2012 to July 3, 2018 as a signal that the valuation of stocks is attractive and the Board of Directors is confident about the upward trend of SBT.

31 May 2018

Saigon Securities Cor. (SSI) released SBT’s Quick Report, marking one more leading securities company to provide information on SBT to investors in the financial market.

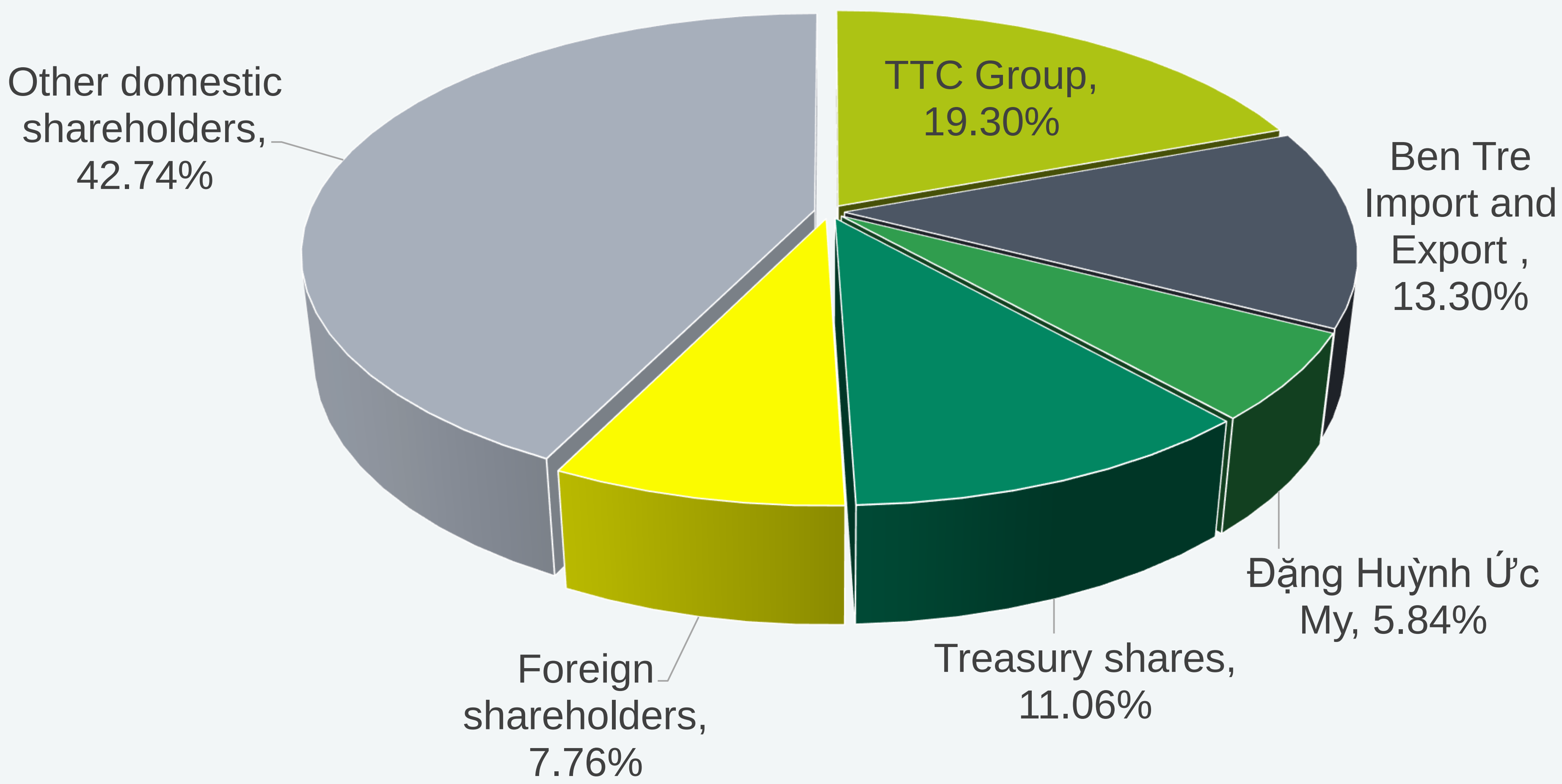
SBT STOCK INFORMATION

Code	SBT
Exchange	HSX
Industry	Consumer
Number of listed shares (shares)	557,018,673
Number of outstanding shares (shares)	495,417,773
Treasury shares (shares)	61,600,900
Capitalization	VND 8,216 billion US$ 361 million
Room for foreign investors	100%
Free-float rate	60%
Monthly average trading volume (shares)	5,529,059
Monthly average trading value (VND billion)	95.19
Market price (VND)	14,750
Book value (VND)	14,718
EPS (VND)	1,182
P/E (times)	12.48
P/B (times)	1.00

Source: CafeF, Vietcombank, TTC Sugar collected

Securities company	Recommendation	Target price (VND)	Date of report
FPTS	Buy	30,000	11 January 2018
Mirae Asset	Buy	24,000	14 May 2018

Shareholder structure



Source: TTC Sugar

Data updated on 31 May 2018
Exchange: 1 USD ~ 22,760 VND

OUTSTANDING SOCIAL CORPORATE RESPONSIBILITY ACTIVITIES

As the newest member of SBT, TTC Attapeu continues its CSR activities

- Attapeu commits to **environmentally-friendly production**, fulfilling its **commitment to environmental and social protection**, and **promoting organic agriculture, etc.**

- In addition to activities to **create jobs for local people, direct material support for people's lives** (medical examination, scholarships ...), Attapeu TTC also is interested in sustainable development activities:

  - Investment and development of **natural sugar products** under local brand Attapeu;

  - Assisting the trainers at Attapeu vocational secondary schools **to participate in training courses in Vietnam**.

- With the spirit of "For community, local development," not onlyTTC Attapeu but also SBT will contribute more to the community in Attapeu, aiming to **Attapeu's prosperity and development**.