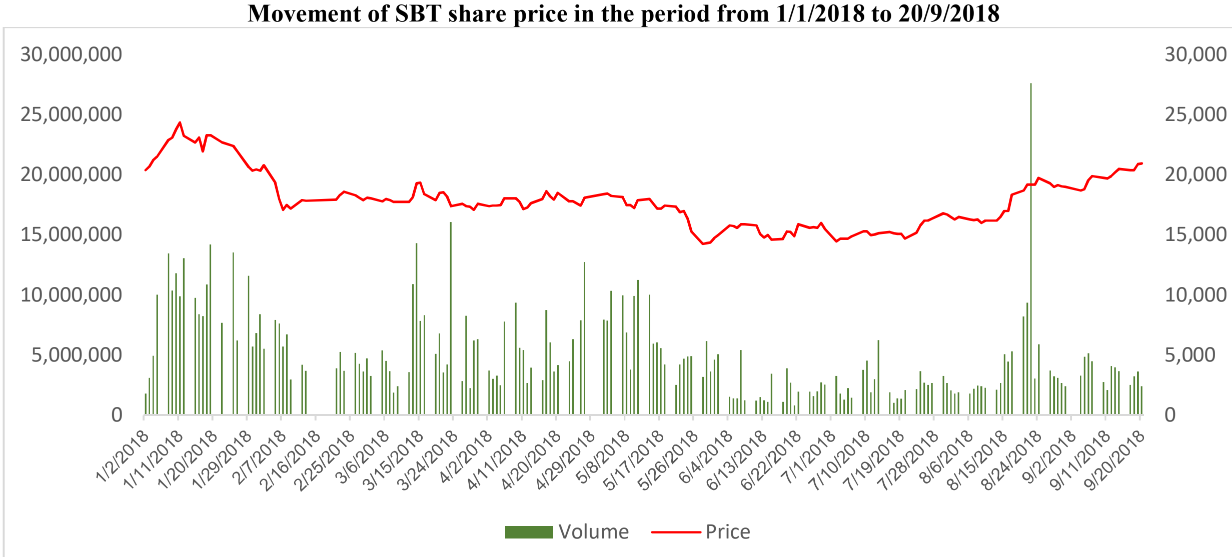
THANH THANH CONG - BIEN HOA JOINT STOCK COMPANY
Tan Hung Commune, Tan Chau District, Tay Ninh Province
T. [+84 - 276] 375 3250 | F. [+84 - 276] 383 9834
E. info@ttcsugar.vn | W. www.ttcsugar.vn

SBT IN THE EYES OF SECURITIES COMPANIES

In the first nine months of this year, the Vietnam stock market still struggled due to the unstable factors from the global economy and political situation, including the US - China trade war which is getting tougher. However, according to analysis of VNDIRECT Securities Company, comparing between valuation and growth rate (PEG - (Price/Earnings to growth ratio)), the valuation of Vietnam stock market is quite undervalued. Vietnam's PEG is 0.87 times and is becoming the most attractive country. The only country in the comparison group has a lower PEG than Vietnam is Indonesia with 0.85 times, however this could be explained because the Indonesian market is more sensitive to fluctuation of the international financial market than Vietnam. Typically, there is strong net buy in Vietnam's stock market while strong sell in Indonesian's stock market. Therefore, Vietnam stock market deserves higher valuation than present.

Recently, with some differences from Index's trend, share price of Thanh Thanh Cong Bien Hoa Joint Stock Company (TTC Bien Hoa, Company, SBT) has had upstream steps which satisfies most investors and shareholders. SBT share price has increased significantly in the period from July 2nd to September 20th in 2018, rising approximately 45% with the best liquidity in the sugar industry when the average daily trading volume reached more than 3.6 million. From the price of 14,450 dong per share on July 2nd, 2018, SBT shares increased to 20,950 dong per share on September 20th, 2018. This is the highest price of SBT in the past 7 months with average daily trading volume of approximately 4.5 million shares and average trading value of about VND80 billion per session. The price of 2x has been waited for long time since SBT's business activities in 17-18 have been very positive. This is a promising sign on the way back to conquer the reasonable price of SBT in the coming time. Thus, on September 20th, 2018, SBT's market capitalization reached VND10,379 billion, equivalent to $453 million, leading the Vietnam Sugar Industry with trailing EPS of VND1,112.

Movement of SBT share price in the period from 1/1/2018 to 20/9/2018



Source: Vietstock, SBT

In practice, stock prices should fully reflect the intrinsic value of the Company through long-term development strategies as well as stable business results over years. From the beginning of 2018 to now, many securities companies have made comments on the value of SBT share in the future as well as development prospects of how the Company will be like in the context of sugar industry with not many favorable supporting factors as other industries. From January to September 2018, ***Hold*** and ***Buy*** recommendations were of majority by FPTS, Mirae Asset, HSC, PHS, DVSC, SSI, BVSC, in which the highest target price increased 33 % compared to the market price at that time.

On January 11th, FPT Securities JSC (FPTS) estimated SBT target price of VND 30,000, up 23% compared to the trading price of VND23,100 at that time, recommending ***Buy***. According to FPTS, the Company is making significant changes in its production capacity, striving to cut sugar prices by improving sugarcane quality and increasing production efficiency by mechanization. At the same time, the Company also increased its raw sugar processing capacity, in parallel with the expansion of domestic and foreign market share. For Mirae Asset, they emphasize core business factors such as market share, dominant material area as well as positive resonance factors derived from the merger with BHS such as reducing transportation costs, making optimal use of the warehouse system. In addition, they also highly valued the purchase of treasury shares and the buying behavior of Insiders and Related Persons.

With a target price of VND 24,000, up 33% yoy on May 14th, Mirae Asset continued to recommend ***Buy*** on SBT shares. Also in May, SSI reported on SBT Q3 FY17-18 performance with positive prospect when SSI said that although domestic sugar prices declined, SBT sugar prices were still stablely maintained thanks to merger with BHS which focuses on retail rather than wholesale, thereby contributing to maintain average price.

HSC, one of the leading securities companies in the stock market, has also analyzed SBT in June 2018. This was a very difficult time when SBT share price fell to historical bottom of VND13,300 at the end of May 2018. However, HSC still had a relatively optimistic view on the Company's business performance and believed in SBT price increasing possibility in the future when the target price was VND 17,439, up 20% compared to the market price of that time of around only VND 14,532 with ***Hold*** recommendation. HSC was optimistic about the Company's outlook thanks to the M&A effect, with its competitive advantages, low cost and ability to hold market share even when ATIGA comes into effect; while other sugarcane companies may face many difficulties in this integration process. Profit after tax (PAT) of 18-19 was estimated at VND 692 billion, up 21% joy. In addition, at the same time, a well-known investment research firm specializing in providing market data and analysis - Morningstar, Inc, the US valued SBT fair value at about 22,000, higher than SBT market price at that time of VND15,800. A series of analysis and optimistic evaluation about the future SBT at that time invisibly became objective factors affecting the shareholders, investors to have more confidence in the operation of the Company and wait for the growth of SBT share price as assessed.

After SBT announced Q4 FY 17-218 financial statements to review performance of the whole year with positive business results when net sales and PAT were VND 10,364 billion and VND 547 billion, up sharply by 131% and 61% over the same period, even exceeding the plan; securities companies continue to have positive comments on the operation of FY18-19 of SBT even when the macro sugar industry had not really recovered.

Dai Viet Securities JSC (DVSC) said that after successful M&A transaction with BHS, SBT has been able to increase its scale and market share in the sugar sector, accounting for 40% of the country's sugar market share. The growth rate was remarkable, surpassing that of its peers in 2017 at a rate of 131% due to strong selling activities. Good inventory management, mechanization activities are promoted to reduce costs and improve profitability, ability to pay interest was still quite stable. DVSC noted that after shrinking more than 60% from the top, SBT was traded between range from VND 13,300 to VND 15,500. This price range corresponds to a P/E of 12 times, a relatively attractive P/E ratio for a leading Company in the sugar industry. In addition, DVSC is also referring to a number of companies operating in the same industry in the world such as Thailand and realizes that SBT is traded at a lower P/E ratio than TSTE Thai Sugar Terminal Public Company Limited of 23.1 times, BRR Buriram Sugar Public Company Limited of 17.9 times and higher than KSL Khon Kaen Sugar Industry Public Company Limited of 10.4 times. With above analysis, DVSC recommends ***Hold*** with target price of VND 18,847, up 16% compared to the price of VND16,247 at that time.

According to Phu Hung Securities (PHS) 's analysis, SBT share price is currently undervalued. Using DCF and P/E approach, SBT target price is VND 25,137, up 31% from the current price of VND19,200, with a ***Buy*** recommendation. PHS believes that this is the fair value for a company which has advantage of leading market share, especially when SBT owns many growth motives in the future such as: (1) Plan to increase factory's capacity to improve sugar production capacity from sugarcane and raw sugar, (2) Expectations of the recovery of sugar prices and the prospects of organic sugar, (3) Positive impact from increasing foreign ownership limits (FOL). With competitive advantages in terms of market share, production capacity as well as the ability to diversify products, SBT was expected to continue its upward momentum. FY 18-19, SBT net sales was estimated at VND 14,636 billion, up 41% yoy and PAT was forecasted at VND 775 billion, up 42% yoy, with expectation of sales volume to continue to increase by 48% next year, assuming gross margin equivalent to 13% of last year. In the period of 18-21, the Company intends to focus on developing organic sugar products at a wholesale price of VND 27,000/kg (*), which has higher added value than traditional products. In addition, FY 18-19, SBT will receive investment capital from foreign strategic partners after successfully increasing FOL. According to the SBT leaders, there are many foreign investors who are interested in SBT.

Bao Viet Securities Company (BVSC) said that the Company's FY18-19 revenue is forecasted at VND 12,637bn, up 22% yoy, with 26% growth in sales volume. PAT from core business is projected at VND 344bn, up 248% compared to last year. With expectation of decreasing global inventory which lessens the pressure on the global sugar price and the delay in ATIGA (Asean Trade in Goods Agreement) implementation will support domestic sugar price in 2018-2019 crop . By 2021, Company targets 50% of domestic sugar market share by leveraging its distribution network and prestigious brand as well as reducing selling price to increase their competitiveness. The CAGRs of revenue and NPAT during 2018/2019 – 2022/2023 are expected at 14% and 33%, respectively. Using DCF method, BVSC estimates target price of SBT is VND19,885. Therefore, at the closing price on September 5th, 2018 of VND 18,800, BVSC temporarily issues a ***Neutral*** recommendation. However, BVSC believes in future development prospects and a supportive information of the participation of a foreign strategic partner

Quarterly, after having updated data, SSI always has a quick analysis report on the activities of SBT. SSI forecasts SBT revenue in FY 18-19 of VND 12,000 billion, up 16% yoy, and PAT of VND 700 billion, increasing 28% yoy, equivalent to an EPS of VND 1,270, a growth of 28% compared to FY 17-18 EPS of VND 993. In addition, sugar sales volume is planned to reach 770 thousand tons, up 35% yoy, in which sugar sales volume from the B2B distribution channel is projected to grow from 300 thousand tons to 370 thousand tons, equivalent to a 23% growth. According to SSI, the SBT share price has rallied significantly over the last month, owing to (1) speculation on a purchase by a strategic partner, (2) the delay of ATIGA's domestic effects in the sugar sector to 2020, and (3) consensus that the sugar price may bottom out soon.

Investment recommendations by Securities Companies

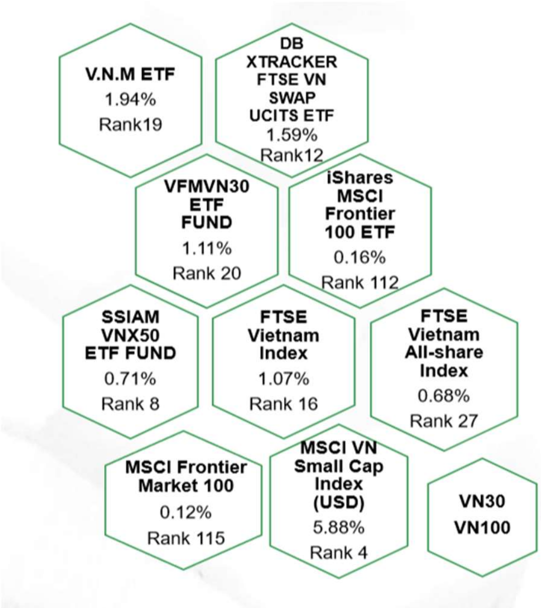
No.	Securities Companies	Recommendation	Target Price (VND)	Growth Rate (%)	Release Date
1	FPTS	Buy	30,000	23	11/1/2018
2	Mirae Asset	Buy	24,000	33	14/5/2018
3	SSI	Short note			31/5/2018
4	Morning Star Inc.	N/A	21,666	39	4/6/2018
5	HSC	Hold	17,439	20	15/6/2018
6	DVSC	Hold	18,847	16	13/8/2018
7	PHS	Buy	25,137	31	22/8/2018
8	BVSC	Neutral	19,885	1	10/9/2018
9	SSI	Short note			19/9/2018

Source: FPTS, Mirae Asset, SSI, Morning Star Inc, HSC, DVSC, BVSC, SSI

It can be seen that all the analysis from securities companies have confidence in the recovery of the sugar industry as well as the rebound of SBT share price even in the most difficult times. This is also one of the objective information sources for shareholders and investors to make investment decisions. SBT share price is likely to move back to right direction, according to assessments of the securities companies, expecting from internal forces with domestic market share dominating the market, expanding export especially in the US market and leading manufacturing capacity on all aspects. This is also being supported as the sugar sector is gradually recovering, sugar prices have begun to rebound after hitting the bottom in May 2018, the demand for sugar is expected to increase in the context Vietnam is in the period of "golden population", as well as companion solutions of the Vietnam Sugar and Sugarcane Association and the attention from the Government.

(*) According to SBT, the ability to expand this price at international level is currently about $ 4.

Indices that SBT is included in the list



Source: SBT as of 31/8/2018

For more information please contact:
Ms. Vu Thi Le Giang
Investor Relations Department
Email: giangvtl@ttcsugar.com.vn