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SBT PAYS CASH DIVIDENDS OF 8% FOR FY 17-18

SBT proceeds to pay the remaining 4% cash dividend, complete the dividend payment with the shareholders

On June 24th, 2019, Thanh Thanh Cong Bien Hoa Joint Stock Company (TTC Bien Hoa, SBT, Company) issued Resolution of the Board of Directors to approve the remaining 4% cash dividend payment plan for Fiscal year (FY) 17-18. The advance dividend payout ratio was 4%, completed on January 25th, 2019; The remaining dividend payout ratio is 4%, meaning that each share receives VND 400 in cash. The Company will use more than VND 210 billion from undistributed profit after tax to pay all existing shareholders included in the list of shareholders on record date. The record date is on July 10th, 2019, the ex-dividend date is on July 9th, 2019, which is also the price of SBT stock to adjust technically and the expected payment time is on August 9th,2019. Thus, SBT will be completed paying 8% cash dividend to FY 17-18 as committed, with the total payment amount up to VND 410 billion.

FY18-19, SBT focuses on R&D activities, improve production and cost reduction.

The Company currently owns a diversified portfolio of 16 products, which are marketed from the highest quality products, Organic Sugar for export; Super RE, Premium RS for B2B ; specialized products for each consumer in B2C such as Rock Sugar, Yellow Sugar, Functional Sugar, Diet Sugar, Liquid Sugar, Stick Sugar, Cube Sugar ... Although SBT's product portfolio is much more diversified than other peers in Vietnam, but the Company still focuses on R&D activities to increase market share before ATIGA in effect with reasonable and competitive prices.

In July 2019, the Company plans to launch 4 new products, in which there will be 3 Sugar products classified as high added values; and 1 By-product to effectively exploit the Sugarcane value chain. In August and September 2019, the Company also plans to introduce two more By-products, aiming to diversify revenue structure, limiting risks when the revenue is much depended on Sugar products only as well as the influence by World Sugar price, which lack the contribution of products in the value chain to generate higher profit margin.

In addition, the Company also invested heavily in production activities when continuously innovating and improving agricultural production processes with the implementation of integrated mechanization cultivation, applying science and technology to prevent and eliminate pests and diseases, both increasing productivity, increasing Sugarcane production efficiency as well as reducing cultivation costs. Specifically, in the crop of 18-19, 19-20 harvest, cultivation costs decrease 20-40%, reducing from VND 40-45 million per ha to VND 30-35 million per ha for new plant crop; reducing from VND 23-25 million per ha to VND 14-16 million per ha for the ratoon crop. The application of mechanization in harvesting also helps to reduce 30-50% of harvesting costs depending on area and area size, equivalent to a reduction of VND 3-5 million per ha. SBT still accompanies with farmers with many policies to support seed, fertilizer, care and harvest for Sugarcane growers to ensure good profitability.

The world Sugar industry is recovering, opportunities for Sugar Companies in Vietnam FY 19-20

At the 4th ASEAN Sugar Alliance (ASA) held in Vietnam in June 2019 with the participation of experts from ASEAN countries. Despite the challenges, the experts believe that the Sugar Industry has shown signs of recovery and will change positively for FY 19-20.

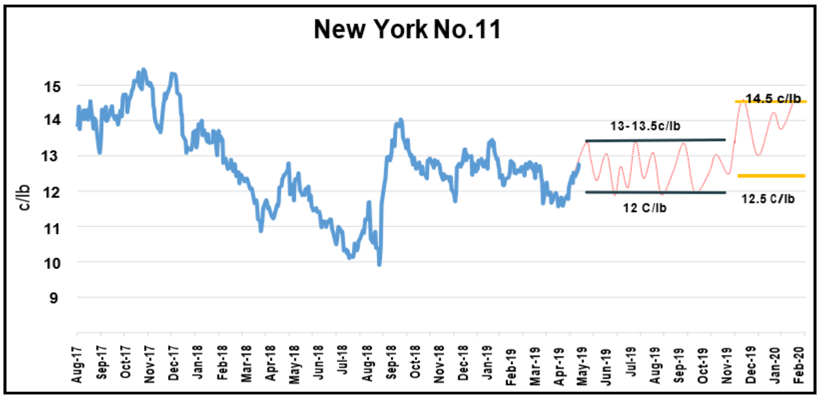
According to report from LMC Sugar & Sweeteners Market Report in June 2019, the World Sugar market is expected to shift from a surplus of 2.6 million tons of FY 18-19 to deficit of 3.1 million tons of FY 19-20; Asia alone will have a deficit of 9.5 million tons. Sugar price, therefore is expected to increase positively and is expected to reach 14.5c/lb in early 2020. The main reason is due to the negative influence of weather factors, as well as the trend of shifting to ethanol production from Sugarcane has made the production of major Sugar countries in the world narrows, while high inventories from previous seasons also make these factories actively cut down production quantity.

Thailand, a country that competes directly with Vietnam when ATIGA comes into effect, is in the Top 5 largest producers and exporters in the world forecasting that Sugar production reaches 13 million tons in FY 19-20, 1 million reduction compared to FY 18-19 due to the effects of climate change, El Nino. Regarding sugarcane prices, there is no sign that the price-support policy from the Government continues to last for the 19-20 crop. Thailand is also considering a special consumption tax on soft drinks, while Malaysia has imposed tariffs on carbonated soft drinks and fruit juices from July 1st, 2019, which are also negative factors towards Sugar supply of these two countries.

The supply was partly influenced by the forecast that India's output fell to 29.5 million tons of FY 19-20 compared to 32 million tons from previous FY. India is also an Asian country in the Top 5 producers, consumers and exporters of the world.

Besides, there is supportive factor from many countries increasing imports Sugar which can include Malaysia and Indonesia - the country that used to be the 2nd Sugar exporter in the world but so far, is the 2nd importer following by China. During 2000-2008, Indonesia produced 1.5-2.8 million tons of Sugar; however, in 2018, it decreased to 2.2 million tons and in 2019 only 2.1 million tons. While Indonesia's annual Sugar consumption is at 6 million tons, the gap needs to be offset by imports of about 3.9 million tons compared to China of 6 million tons.

The Consecutive Uptrend of Sugar Price



Source: Thomson Reuters, LMC Sugar & Sweeteners Market Report June 2019

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