Est. 1969
Bien Hoa
TTC SUGAR

INVESTOR BULLETIN

2nd QUARTER OF FY 2018-2019

CONTENT

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Abbreviation

Full	Short
Business to Business	B2B
Business to Customer	B2C
Compound annual growth rate	CAGR
Convenience stores	CVS
Fiscal Year	FY
Forecast	F
General trade	GT
Investor Relations	IR
Key account	KA
Million	Mil

Full	Short
Modern trade	MT
Multinational corporation	MNC
Net profit after tax	NPAT
Profit before tax	PBT
Quarter	Q
Small and medium-sized enterprises	SME
Thanh Thanh Cong - Bien Hoa Joint Stock Company	TTC-BH, SBT
Tons of cane per day	TCD
Year over year	Yoy
Vietnam Dong	VND

KEY FIGURES

Dominant market share

40% Market share

Leading Vietnam Sugar Industry

572,300 Ton of Sugar

Total consumption 17-18

(↑ 132% yoy)

USD**449** Million

Net revenue 17-18

(↑ 129% yoy)

87% Net revenue

From Sugar

16 Sugar categories

26 Commercial brands

46+ Sugar products

174,000 Ton of Sugar

Total consumption 1Q 18-19

(↑ 83% yoy)

5 By-products

Microbial fertilizer, Molasses, Commercial electricity, Miaqua, Puraqua

USD**24** Million

Profit after tax 17-18

(↑ 90% yoy)

60% Net revenue

B2B channel

Widespread distribution channel

63 Provinces/Cities

Across the Country

69% consumption - South

14 Export markets

The US, Britain, Czech, China, South Korea, Singapore, Philippines, Cambodia, Sri Lanka, Myanmar, Kenya, Samoa, Tahiti, Nauru

4 Distribution channels

B2B, Trading

B2C, Export

B2C channel

94 Distributors

47,000 Retail stores

3,600 Supermarket, CVS, KA

10 Key international certificates

USDA, HCA, FSSC, FDA, ISO, Control Union Kosher, Bonsucro, Ecovadis, Sedex

58% Consumption

B2B channel

49 Warehouses

147,000 sqm Land area

385,000 tons Capacity

Leading production capacity

58,600 ha Material area

Indochina region

25%

Country's material area

10,200 ha

100% Mechanization

70 Tons/ha

Cane yield

37,500 TCD

Crushing capacity

4,200 Ton of Sugar/day

Production capacity

620,000 Ton of Sugar/year

Total production

9 Factories

Raw Sugar and Sugarcane

4 Big factories

Raw Sugar

TTCS, Bien Hoa-Ninh Hoa, Bien Hoa-Tri An, Bien Hoa-Dong Nai

1 Factory

Bien Hoa-Dong Nai

Operating the whole year round

(400 Tons of Sugar/Day)

Pioneer in Corporate Governance

Deloitte

Strategy consultant

IFC

Corporate Governance consultant

E&Y

Independent audit

USD**491** mil

Market capitalization

Asean Scorecard, OECD

Information disclosure standard, Code of Corporate Governance

Top 10

Vietnam Listed Company Award 2018

USD**111** million

By Brand Finance

VN 30, 11 ETFs, VNSI

Reputable Indices

Source: TTC Sugar

Exchange rate: USD1 = VND22,900

FAVORABLE CONDITIONS IN THE WORLD SUGAR INDUSTRY

- Falling supply, price rebound prospect, Ethanol production increase
- Positive factors from manufacturers, exporters, consumers in the world

- *Global Sugar output:* 18-19 ↓ 4 mil, to 188 mil tons; 19-20 ↓ 2 mil, to 186 mil tons
- *Farmers at Brazil, India:* Focusing on Soybean instead of Sugarcane
- *Recent high gasoline prices:* Higher demand for bio gasoline, rebound in Ethanol production

- *Raw Sugar futures:* Mar 2019 ↑ 0.72 US cents (~6%) to 12.65 US cents/lb, recovering from a the lowest of the last 3Ms
- *Commodity speculation funds:* Continuous buying to help increases production
- *Investment funds in commodity market:* Coming back when price falls

CHINA

- *Top 5 production*
- *1st importer*
- *17-18 production: 10.2 mil tons (5%)*

- **Stable demand:**
  - ✓ 17 mil tons
  - ✓ Deficit of 6 mil tons

- **18-19:** Continuous deficit

INDIA

- *2nd production*
- *Top 4 exporter*
- *1st consumption*
- *17-18 production: 32.4 mil tons (17%)*
- *17-18 internal use: 25 mil tons*

- **Since 1Q 17-18:** Selling price ⇧ 24%

- **18-19:** Production less than expectation
  - ✓ 80% production having bad impact
  - ✓ Sugar stockpile to reduce Sugar export
  - ✓ 2-4 mil tons of export

- **Profit expectation:** Without Government subsidies

- **19-20:** Decrease in production
  - ✓ Drought in Maharashtra and Peninsular India
  - ✓ Relieve pressure on the world Sugar price

BRAZIL

- *1st production*
- *1st exporter*
- *17-18 production: 38.9 mil tons (20%)*

- **18-19 production:** ↓ 22%, to 26 mil tons, the lowest in 12 years:
  - ✓ Drought
  - ✓ Ethanol production growth as higher demand and better profit
  - ✓ Drop in the world Sugar price
  - ✓ Much increase in oil price

- **Main production area:** ↓ 43% in Oct
  - ✓ Long-lasting rain
  - ✓ Decrease in cane processing

- **Better done:** Producing Ethanol from surplus of sugarcane

THAILAND

- *3rd production*
- *2nd exporter*
- *17-18 production: Making a record of 14.7 mil tons (8%)*

- **Decision in cutting:** 500,000 tons of raw Sugar for export

- **Government consideration:** ↑ Ethanol production by Sugarcane:
  - ✓ Lower competition in Ethanol production by jicama
  - ✓ Jicama price being double
  - ✓ Its higher demand in animal feed

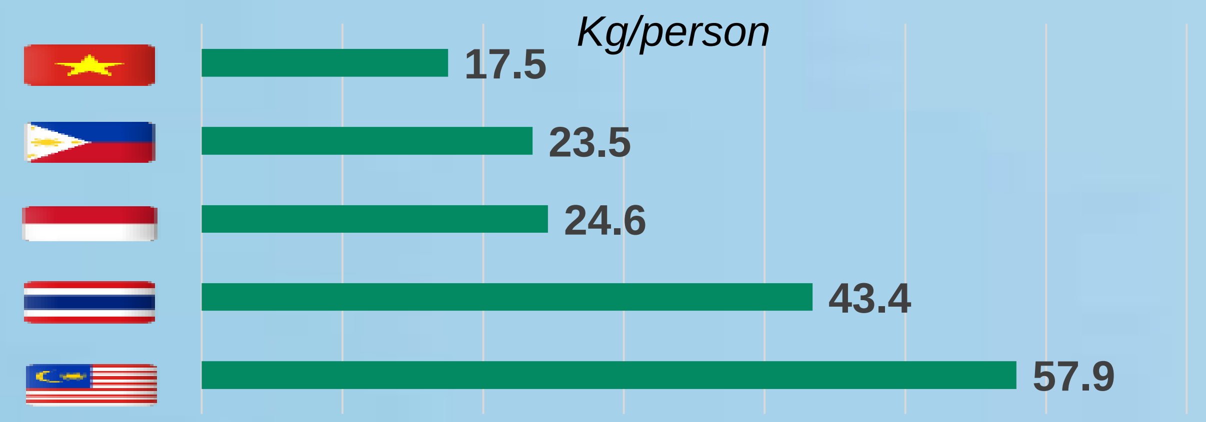
- **18-19:**
  - ✓ ↓ 6%, to 13.8 mil tons
  - ✓ ↓ 40-50% for export: Chemical biology commitment
  - ✓ Poor demand: New tax policy on sugary beverages

Source: Worlddatlas, Nasdaq, The Economic Times, The Saigon Times, Cafef, BVSC

DOMESTIC SUGAR INDUSTRY POTENTIAL

❖ Inventory to decrease, consumption to increase

- ***Low average Sugar consumption per capita in Vietnam 2017:*** 17.5 kg
- ***Forecast by PWC 2026:*** Average consumption of 26 kg/person
- ***Individual and F&B Industry demand:*** To need 1 to 1.5 mil tons of Sugar in the next few years
- ***Sugar inventory forecast in VN 18-19:*** ↓ 34% yoy



❖ Recommendations from the Vietnam Sugar Association

- ***ATIGA - ASEAN Trade in Goods Agreement:***

✓ Coming into effect in 2020
✓ 22/41 Refineries with each crushing capacity of less than 3,000 TCD will be closed due to losses

- ***Liquid Sugar:*** To propose to apply special safeguard measures to compete with Sugar import

- ***Sugar import:*** 94,000 tons of tariff quotas in 2018, to consider and decide by 2 ways:

✓ Importing 100% of raw Sugar
✓ Importing 70% of raw Sugar and 30% of refined Sugar

❖ Government's close attention to Sugar industry

- ***Decree 98/2018/ND-CP July 2018:*** To encourage the cooperation and linkages in agricultural products production and consumption via value chain

✓ 80% to 95% production of sugar, shrimp, basa catfish
✓ 15% to 30% production of tea, rice, coffee, exported fruit, clean vegetables...

- ***Decision 4612/QĐ-BNN-CBTTNS:*** Decision of Ministry of Agriculture & Rural Development issued a Plan to improve competitiveness of Sugar Industry 2018-2020:
  - ➢ Implement preferential policies:
    - ✓ Build up corporate projects, infrastructure
    - ✓ Preference agricultural extension, sugarcane planting materials ...
  - ➢ Target 2020:
    - ✓ Stable area material: 300,000 ha
    - ✓ Sugarcane production: 20+ mil ton
    - ✓ Capacity average: 68-70 ton/ha
    - ✓ CCS average: 11-12 CCS
    - ✓ Sugar capacity: 7 ton/ha

- ***EU-Vietnam Free Trade Agreement - EVFTA:***
  - ➢ Coming to the signing stage in 2019
  - ➢ Viet Nam Sugar exported to EU will not be taxed

- ***Government priority:*** Anti-smuggling, commercial fraud prevention, high tariff on liquid Sugar, price and quality control, approval for building up Sugarcane law

- ***Sugar consumed in VN:*** Without label and unclear origin, inconsistent quality

- ***Electricity and Ethanol potential :***
  - ➢ High demand of energy
  - ➢ Petroleum product supply shortage
  - ➢ An increase in retail price by 7.5%-17.9% to end 2017

- ***Bagasse power price:*** Expected to be 7.5 cent/kwh from 5.8 cent/kwh

Source: Deloitte, Ministry of Finance, TTC Sugar collected

COMPARISON BETWEEN SBT AND OTHER PEERS IN VIETNAM AND THAILAND

VIETNAM

- Leading Vietnam Sugar Industry
- Continuing to increase Profitability indicators

Indicators	Unit	SBT	QNS*	LSS	SLS	KTS
Number of factories	Factory	9	2	2	1	1
Crushing capacity	TCD	37,500	20,200	11,000	5,000	2,500
Raw material area	Ha	58,600	27,650	13,470	7,865	1,166
Average capacity	Ton/ha	70	60.5	70	70	70
Crushing volume	Ton	3,721,857	1,672,313	964,400	544,980	164,875
Production volume	Ton	600,619	158,529	89,309	62,937	16,669
Net revenue	USD Mil	449	84	63	26	22
Total asset	USD Mil	773	364	126	61	22
Owners' Equity	USD Mil	266	215	68	21	7
Market Cap *(Dec 27 2018)*	USD Mil	453	540	20	21	4

** Revenue of QNS is not including Sugar sector*

COMPARISON WITH THAILAND

- ***Production:*** Be equivalent to medium size company in Thailand
- ***Business performance:*** Not be inferior to large size company in Thailand

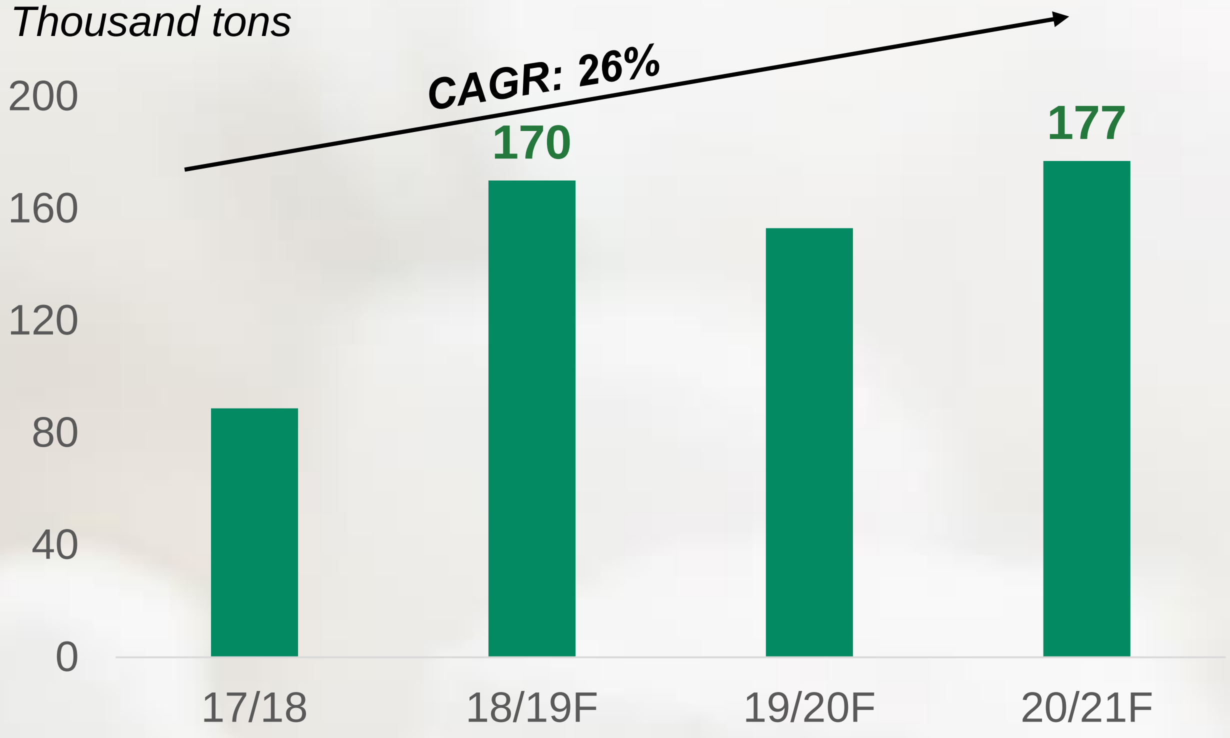
Indicators	Unit	SBT	Thai Roong Ruang	Mitr Phol Sugar	Khon Kaen Sugar (KSL: TB)	Thai Identity (KTIS: TB)	Khonburi Sugar (KBS: TB)	Buriram Sugar (BRR: TB)
Number of factories	Factory	9	9	6	6	3	1	1
Crushing capacity	TCD	37,500	121,800	130,500	124,000	88,000	35,000	24,000
Production volume	Tons/year	600,619	1,580,000	1,980,000	725,000	940,000	268,000	252,000
Net revenue	USD Mil	449	-	3,065	497	566	250	158
Gross profit margin	%	13	-	17	15	16	8	20
Net profit margin	%	5.3	-	3.1	9.4	-2.5	-1.6	3.1
Market Cap *(Dec 27 2018)*	USD Mil	453	-	-	413	-	71	146

Source: Bloomberg, FPTS, SBT collected, FY 17-18

CUSTOMER GROWTH INITATIVES TO 2021

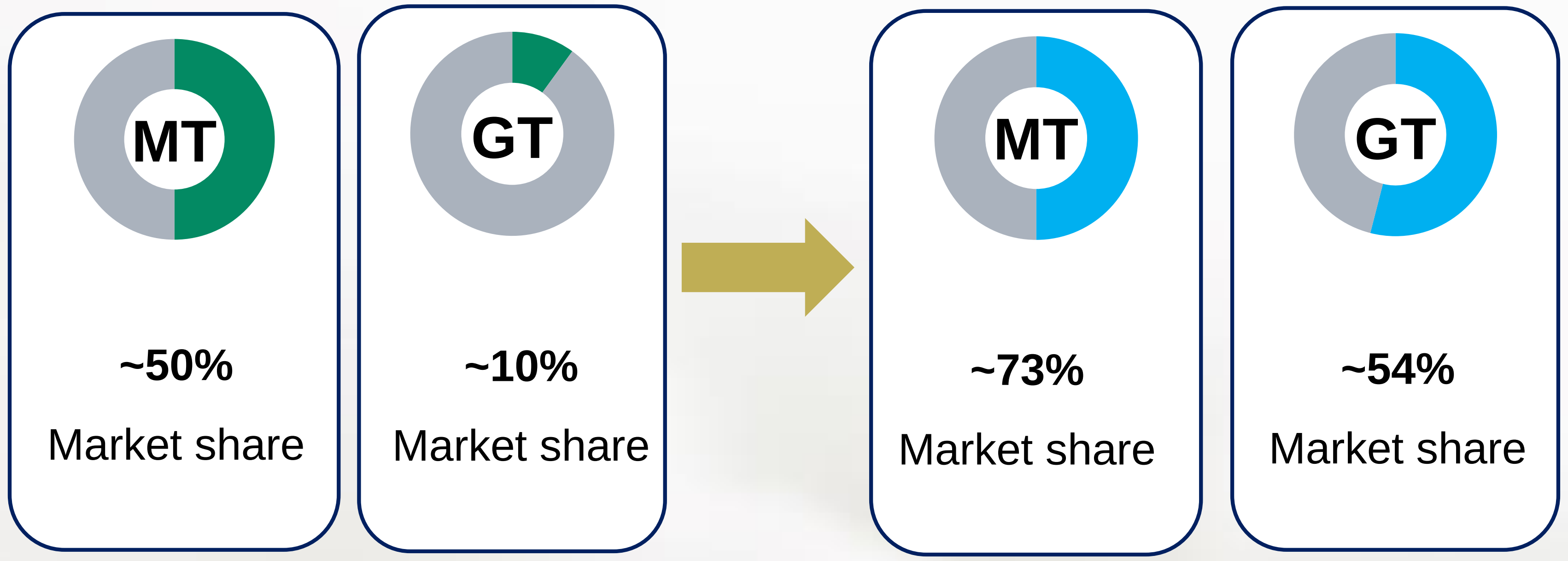
EXPORT

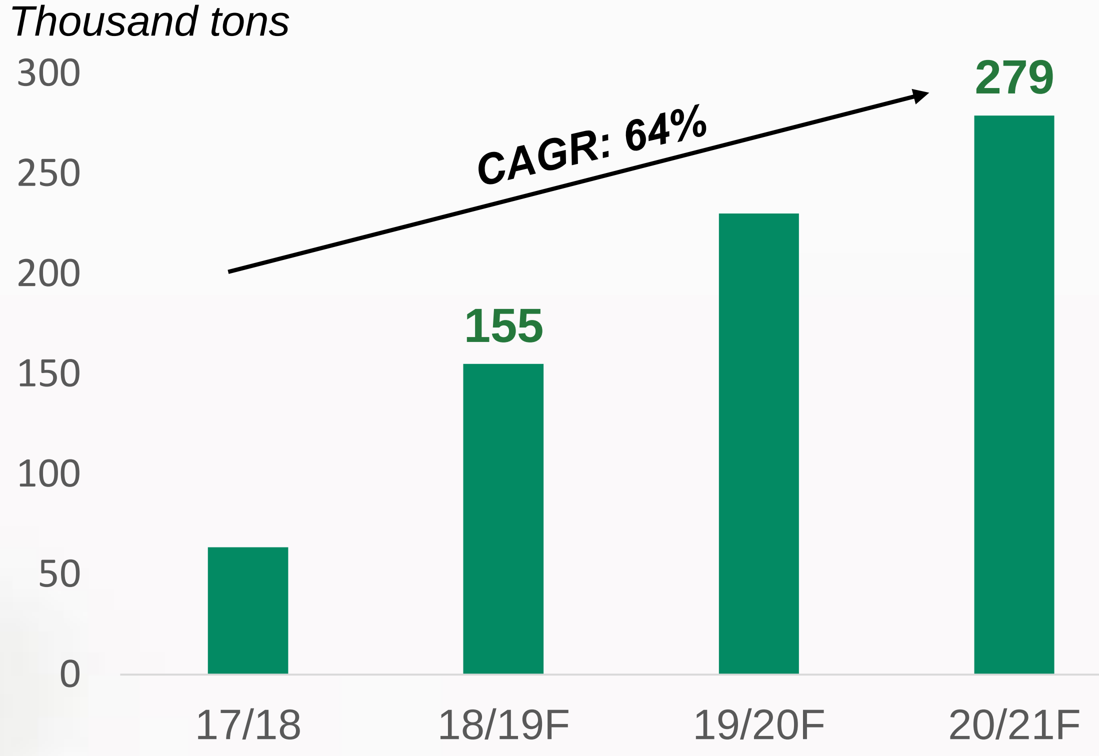
Opportunist



B2C

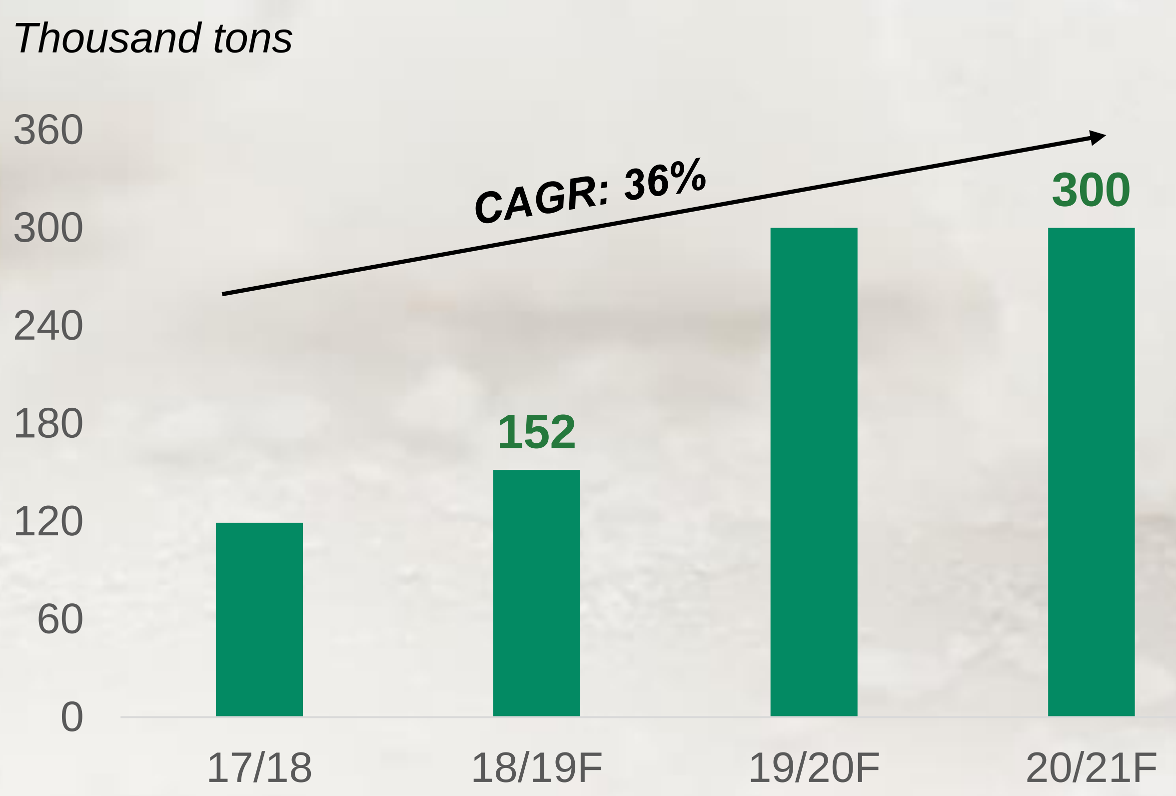
Growth driver





TRADING

Volume valve

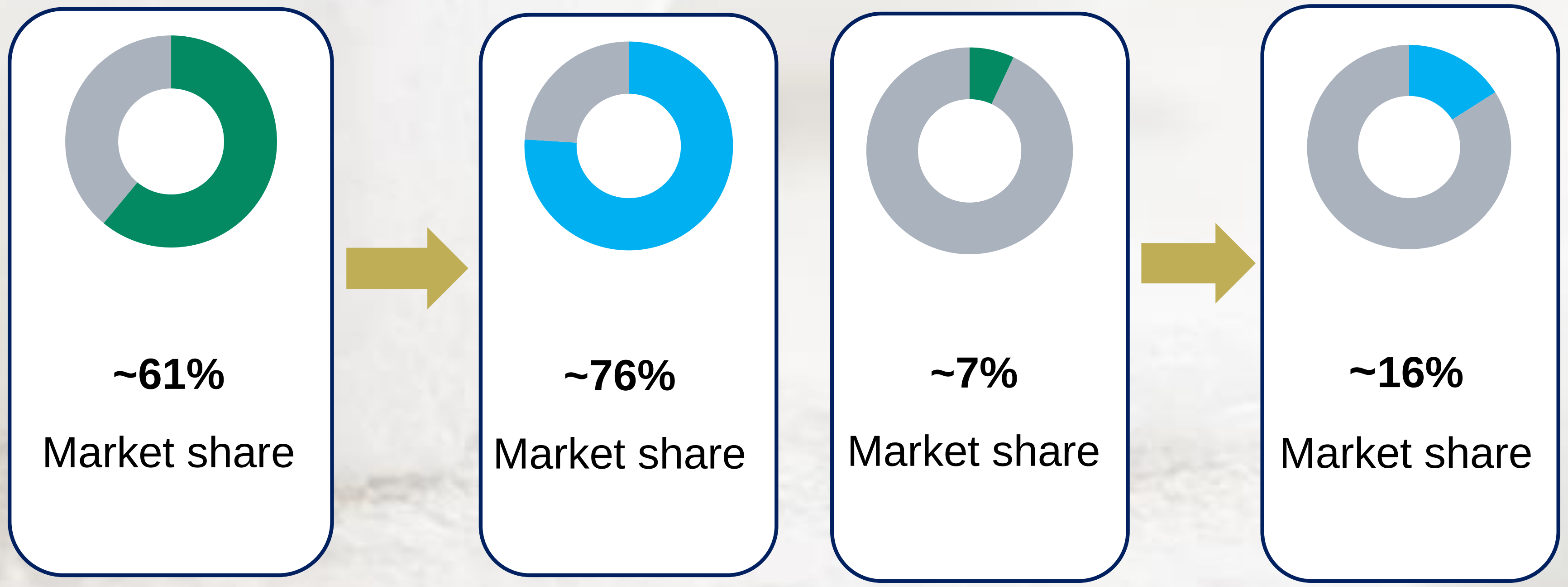


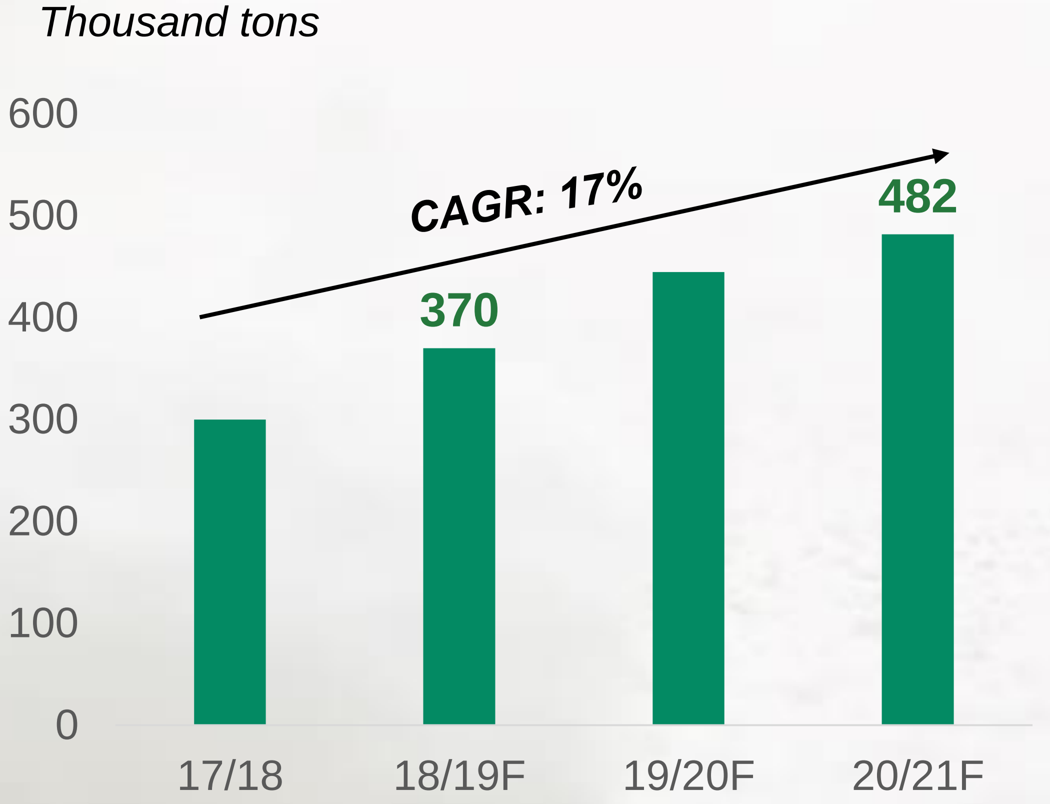
B2B - MNC

Core - Must win

B2B - SME

Growth driver





Source: TTC Sugar

GROWTH STRATEGY TO 2021

	SUPPLY	PROCESSING	CUSTOMER
			
	Increasing plantation stability and efficiency	**Significant cost savings through optimizing operations**	**Undisputed market leader with 50% market share by 2021**
Key focus in 18- 21	▪ Concentrating to 58,600 ha of high productivity Raw material area ▪ Deploying global standard farming practice: ✓ proper investment in irrigation mechanization ✓ to improve yield and CCS	▪ Improving overall utilization rate to 94% from the current 85% level ▪ Implementing production cost saving projects ▪ Promoting the development of By-products to reduce production costs	▪ Maintaining leading position in MNC segment with best-in class-services ▪ Focusing on untapped market share of SME ▪ Top of mind brand amongst Vietnamese consumers
Target by 2021	▪ Raising overall sugarcane yield to 73 tons/ha at CCS of 10.5 ▪ Reducing sugarcane cost to USD34.6/ton	▪ 820,000 tons in sugar output ▪ By-products sales to increase by 29.3% CAGR ▪ Target production cost of USD53/ton	▪ 1,240,000 tons of sugar sold ▪ Accounting for 50% market share

INVESTMENT RECOMENDATIONS

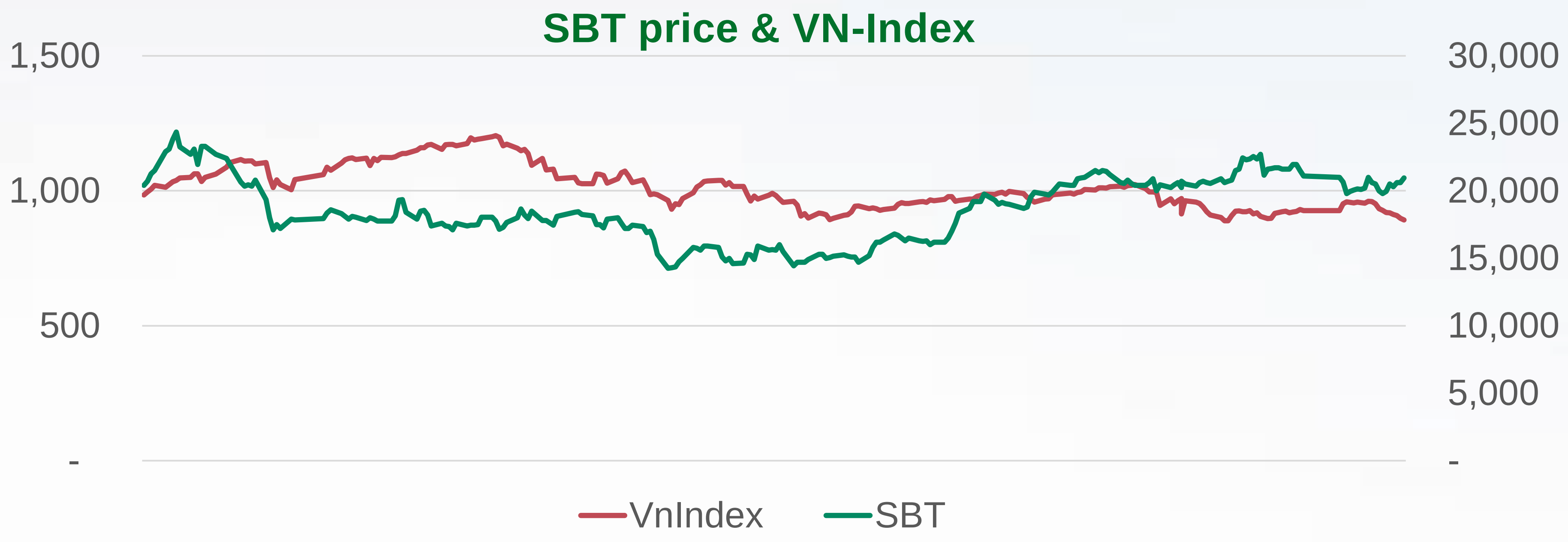
- SBT HOLD and BUY recommendations is the majority in research reports, the highest increase of target price of 33%
- Morning Star raised 27% of SBT's valuation from VND21,666 to VND27,416
- Net revenue and NPAT are forecasted to grow at the highest of 42% and 43%

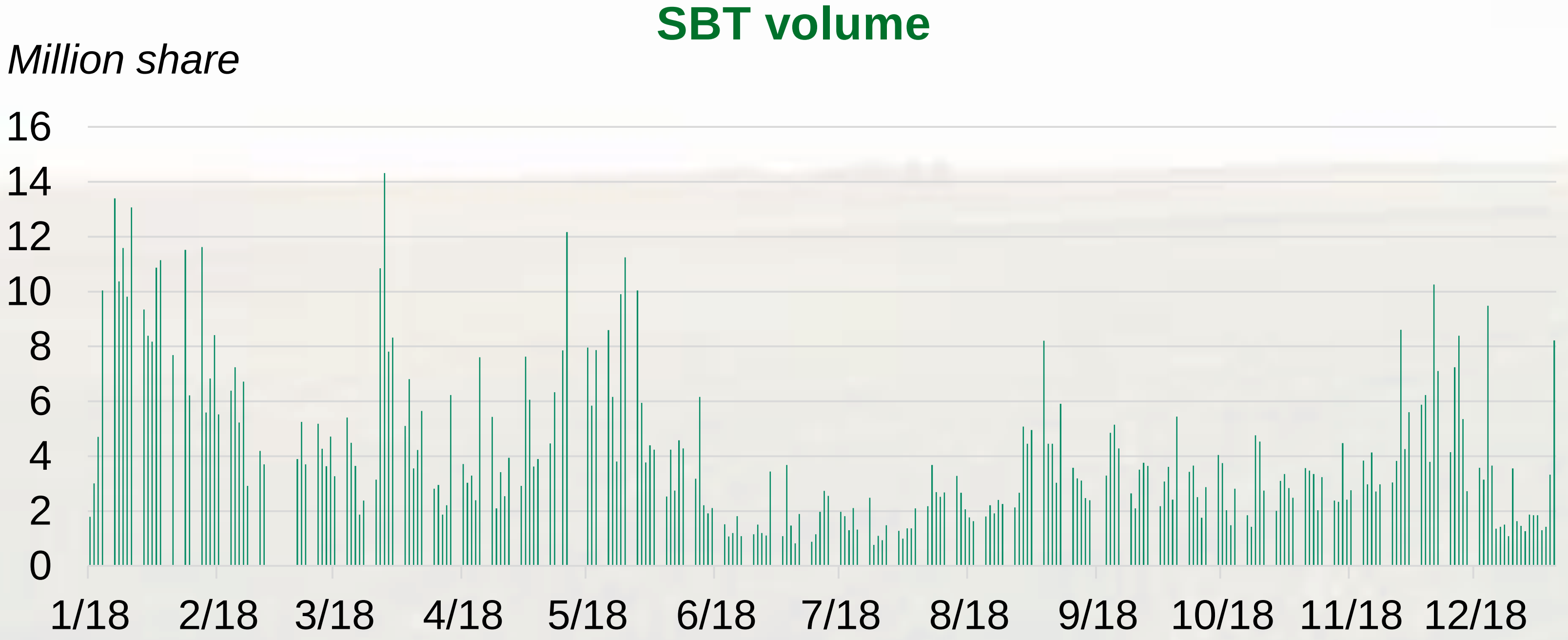
No.	Security Firm	Recommendation	Market price (VND)	Target price (VND)	Increase (%)	Forecast 18-19 (USD Million)		Date of issuance
						Net revenue	Profit after tax	
1	FPTS	Buy	24,350	**30,000**	23	**501 (+12%)**	34 (+43%)	Jan 11 2018
2	Mirae Asset	Buy	18,045	**24,000**	33	**-**	-	May 14 2018
3	SSI	Earning flash				**-**	-	May 31 2018
4	Morningstar	Valuation	15,800	**21,666**	37	**-**	-	Jun 4 2018
5	HSC	Hold	14,532	**17,439**	20	**595 (+32%)**	30 (+27%)	Jun 15 2018
6	DVSC	Hold	16,200	**18,847**	16	**-**	-	Aug 13 2018
7	PHS	Buy	19,200	**25,137**	31	**639 (+42%)**	34 (+42%)	Aug 22 2018
8	BVSC	Neutral	18,800	**19,885**	6	**552 (+23%)**	*15 (+248%)	Sep 5 2018
9	SSI	Earning flash				**524 (+17%)**	31 (+28%)	Sep 18 2018
10	FPTS	Hold	20,800	**23,330**	12	**557 (+24%)**	25 (+3%)	Oct 3 2018
11	HSC	Hold	20,400	**21,724**	6	**524 (+17%)**	25 (+6%)	Oct 5 2018
12	Morning star	Valuation	22,350	**27,416**	23	**-**	-	Nov 10 2018
13	HSC	Hold	19.800	**21,724**	10	**463 (+3%)**	**30 (-0,9%)	Dec 19 2018
SBT plan						**504 (+12%)**	****30 (+0%)**	

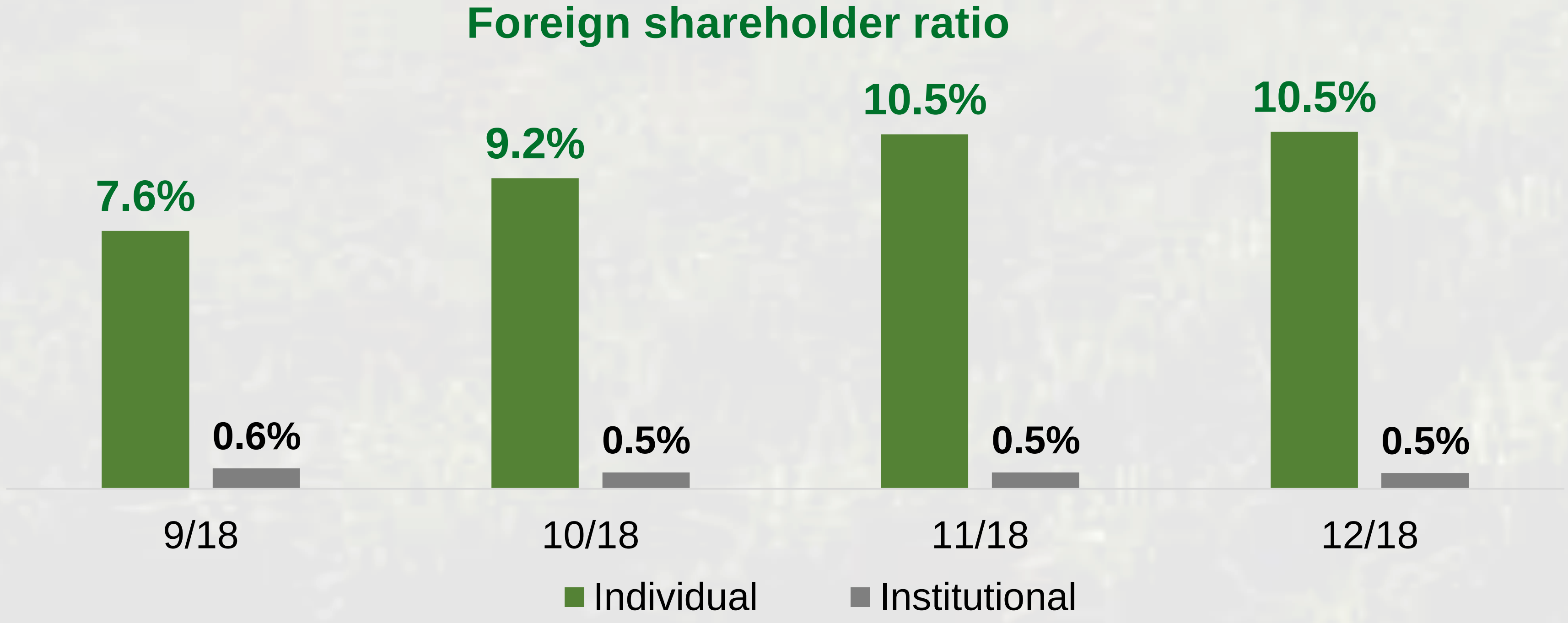
(*): Profit from core business only; (**): PBT

Source: TTC Sugar collected

SBT' STOCK PERFORMANCE IN 2018

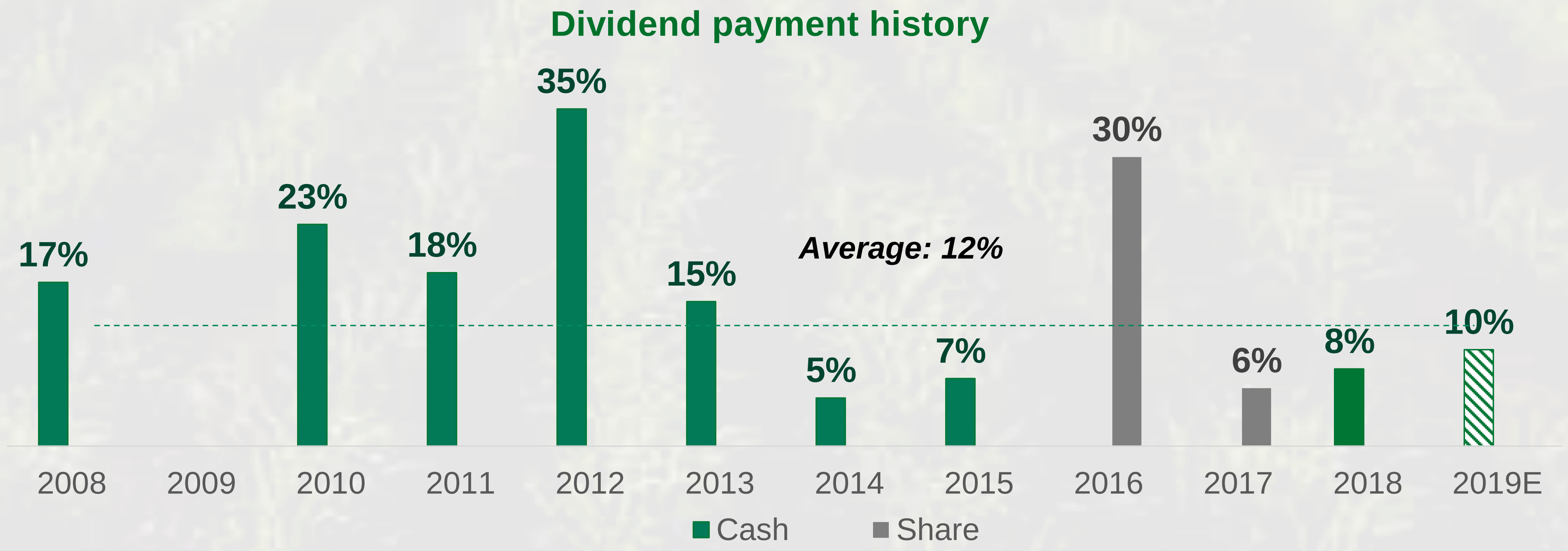






Source: SBT collected as of Dec 28 2018

- From Oct to Dec 2018, SBT was actively traded when the liquidity approximately fluctuated of 3.9 million shares/session, much higher than other peers which traded at around 300 thousand shares/session
- In 2018, Vietnam's securities market suddenly became one of ten markets with the deepest decline in the world at 9.32%. At the end of 2018, SBT still grew by nearly 46%, reached VND20,800, compared to the lowest price at May 2018 of VND14,250
- From Sep to Dec 2018, Foreign Investors spent USD21 million to buy more than 21.9 million SBT shares
- At the end of 2018, Foreign Investors owned 11%, equivalent to nearly 61.3 million shares, up 2.8% about 15.4 million shares compared to Sep 28 2018
- Especially, in Nov 2018, SBT for the first time attracted a Major Shareholder as a Foreign Organization, holding 5.7% of the total shares of the Company
- SBT keeps a high dividend rate at around 15% -35% in cash or guarantees the investment of Shareholders, Investors gaining an average dividend of 12% from 2008-2019.

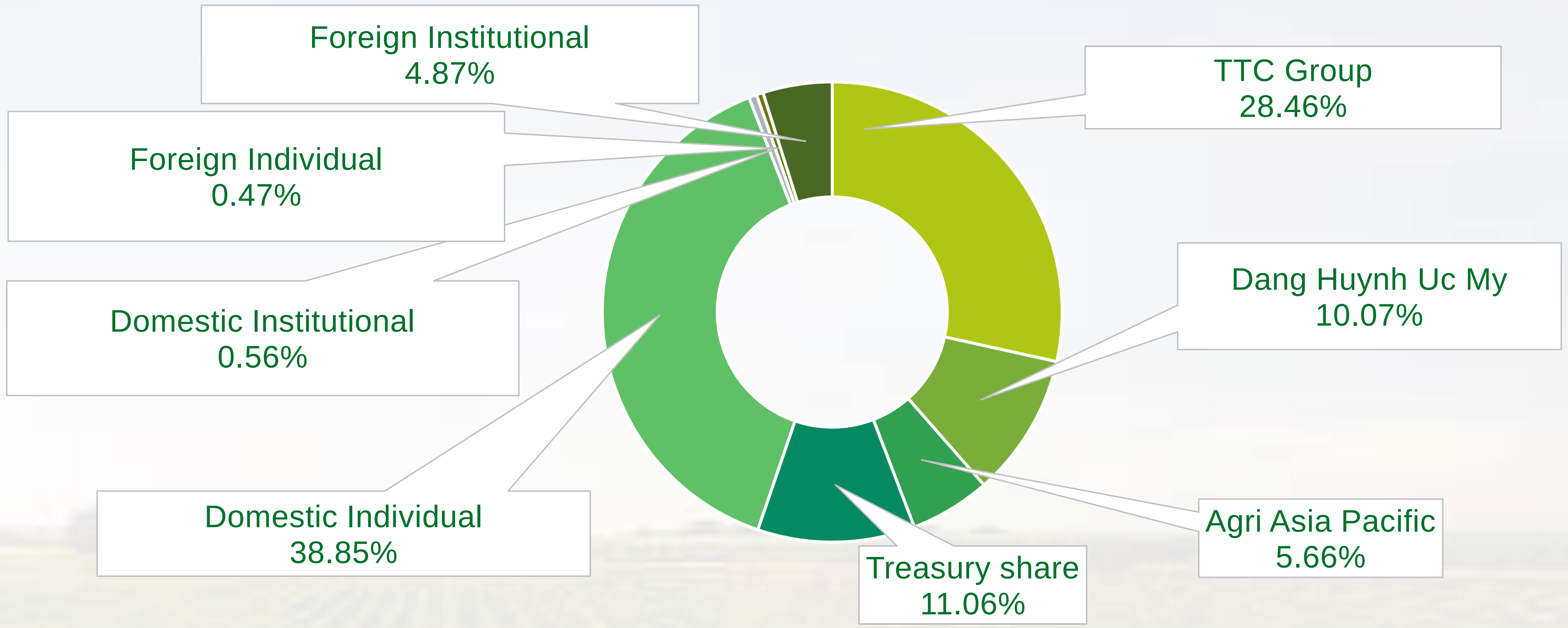


REPUTABLE ETFS AND SHAREHOLDER STRUCTURE

Reputable Indices' ingredients

- **V.N.M ETF** 9.5 mil shares
- **DB XTRACKER FTSE VN SWAP UCITS ETF** 4.1 mil shares
- **iShares MSCI Frontier 100 ETF** 0.8 mil shares
- **VFMVN30 ETF FUND** 2.3 mil shares
- **SSIAM VNX50 ETF FUND** 43,700 shares
- **MSCI VN Small Cap Index (USD)**
- **MSCI Frontier Market 100**
- **FTSE Vietnam Index**
- **FTSE Vietnam All-share Index**
- **VN30**
- **VN100**

SBT for the first time attracted a Major Shareholder as a Foreign Organization



Source: SBT collected as of Dec 28 2018

SBT - The leading Sugar Company in term of market capitalization

- Number of listed stock (shares): **557,018,673**
- Number of outstanding shares (shares): **495,417,773**
- Room for foreign investors: **100%**
- Market price: **VND22,700**
- Market capitalization: **USD491 Million**
- Enterprise Value: **USD883 Million**
- EPS: **VND974**
- P/E: **23.3 times**
- P/B: **1.8 times**

	Last 23 days	**2 months**	**4 months**	**11 months**
Average trading volume per day ('000 shares)	3,637	4,011	3,939	4,868
Average trading value per day (USD Million)	3.4	3.7	3.4	4.1
Price:				
• Highest Price (VND)	22,700	22,700	22,700	24,350
• Lowest Price (VND)	20,250	20,000	14,700	14,250
• Speed fluctuations (%)	12.1%	10.7%	49.8%	11.3%
• Average closing price (VND)	21,146	20,972	19,211	18,394

Source: SBT collected as of Nov 14 2018

OUTSTANDING INVESTOR RELATIONS ACTIVITIES

Sep 21 2018
SBT in the eyes of securities companies

FPTS estimated SBT target price of VND30,000, up 23% compared to the trading price of VND23,100 at that time, recommending BUY.

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.

Oct 23 2018
Strengthening growth potential, Foreign Investors are buying SBT

In the first 3 weeks of Oct, Foreign Investors have bought nearly 6 million of SBT shares with a total value of nearly USD5.2 million.

On Oct 11, SBT was in the top 3 of stocks with highest buying in volume by Foreign Investors together with DXG and VRE; worth of nearly USD0.7 million. Meanwhile many blue chips were sold such as VIC, VNM, MSN...

Nov 6 2018
SBT sets FY 18-19's Sugar consumption plan of 850,000 tons and to pay cash dividends of 8% FY 17-18

The Company has proposed a balanced growth plan to ensure both reasonable and prudent factors in the context that the Sugar Industry is still volatile.

With consumption volume increased by 64% and 48% compared to the plan and implemented FY 17-18, the expected Revenue is USD504 million, up 17% and 12% compared to the plan and implemented of FY 17-18. PBT is expected at USD30 million, equivalent to 17-18.

Dec 10 2018
SBT pays dividends as commitment, officially starts the new crop

The record date is on Dec 25 2018, Ex-dividend date is on Dec 24 2018. The payment period is on Jan 25 2019.

On Dec 5 2018, the first Organic Sugar batches produced at TTC Attapeu Factory Laos have been packaged and ready for export to the European market under the Strategic Cooperation Agreement between SBT and ED&F Man Sugar Company - the UK for the sale of Organic Sugar.

INVESTOR RELATIONS ACTIVITIES IR ACTIVITIES INVESTOR RELATIONS ACTIVITIES

Oct 8 2019
SBT to pay dividend up to 10%, issue convertible dividend preferred shares

The number of expected issued shares is 29,725,066, equivalent to total value of more than USD13 million.

In order to ensure that the interests of shareholders are not affected by the delayed payment of share dividends, the Company planned to pay advance cash dividends for the FY 2017-2018 with the rate of 4% before Dec 31 2018, equivalent to the amount of nearly USD9 million.

Oct 31 2018
In 1Q 18-19, Sugar consumption volume continued to maintain its growth

Net revenue reached more than USD110 million, up 62% compared to 1Q FY 17-18. PBT was more than USD1.8 million and NPAT was nearly USD1.6 million.

Sugar production reached 174 thousand tons, up 83%. By-products recorded a good growth when Revenue of Molasses, Microbial fertilizer and Others of commercial electricity, rubber, sugarcane varieties, rice, coconut water, tea increased over 290%.

Nov 28 2018
SBT persists with market share objective, actively integrates

"Profit is transient upturn, market is eternal power" is the message of the BOD.

This strategy can help SBT to best integrate with other competitors in the regional market when ATIGA officially comes into effect in 2020.

CAGR is expected to be 23%, which will brings the consumption volume of FY 20-21 up to 1.23 million tons of Sugar, accounting for 50% market share in Vietnam compared to the current of 40%

Dec 13 2018
SBT to raise USD60 million of convertible dividend preferred shares through private placement

44,466,667 convertible dividend preferred shares, equivalent to nearly 8% of the total number of shares. The lowest expected selling price for Foreign Strategic Investors is VND30,000/share and the highest is VND45,000/share.

With the current potential, Strategic Investors evaluates the fair value of SBT shares in the long term of almost 90% higher than the closing price on Dec 12 2018.

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