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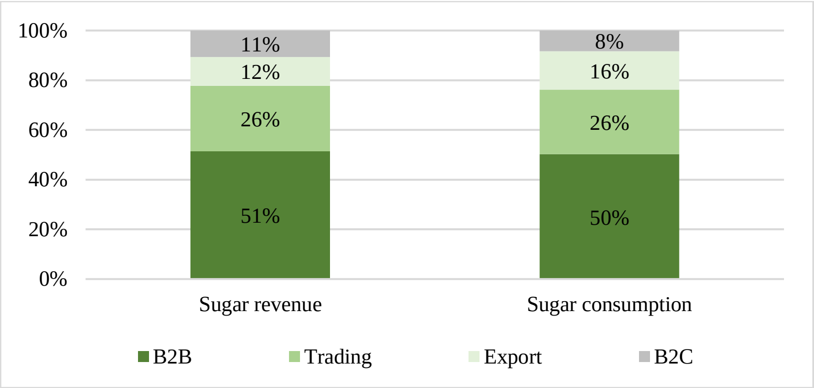
SBT – SUGAR CONSUMPTION GROWTH 11% COMPARED TO THE SAME PERIOD, DEBT REDUCED SHARPLY

Total Sugar consumption maintains stable growth from all channels

Although the Sugar Industry is still in an unfavorable period, SBT - the leading company in sugar industry - has achieved a 6-month cumulative net revenue of VND 5,300 billion, met nearly 50% of the yearly plan. Continuing to affirm the message "*Profit is temporary, Market share is eternal*", in the first half of the fiscal year (FY) 18-19, the Company used price adjustment strategy to enhance market expansion, increased the market share before the officially effect of ATIGA in 2020. Within 6 months, SBT total consumption volume reached nearly 362 thousand tons, increased 11% compared with same period and reached nearly 50% of the yearly plan. In particular, the consumption channels which took an important role in the revenue structure as well as the long-term development orientation of SBT including B2B, Export, and B2C that are promoted by effective sales.

- *Business to Business - B2B Channel:* The consumption increased more than 9% compared with the same period, continued to take an important role in consumption structure and sugar revenue when accounted for 50% and 51% respectively. Only in the first 6 months of the FY, the B2B channel has reached the long-term output agreement with many multinational corporations - MNC such as Nestle, Masan, Nutifood, Tan Hiep Phat ... which are very large and famous at their field of Cream, Confectionery, Beverages... in Vietnam. In addition, Small and Medium Enterprise Channels - SME also updated more than 90 new customers, reaching 60% of the yearly plan;
- *Trading channel:* Consumption increased more than 16% compared with the same period, reached 26% of total sugar consumption as well as sugar revenue first 6 months of the year;
- *Export Channel*: Consumption grew nearly 6% over the same period, accounting for 16% of total sugar consumption and reaching 12% of sugar revenue. In the first 6 months, SBT developed a new export market, Bulgaria. SBT currently has 7 sugar categories which has exported to 14 countries including the most difficult markets such as the US, Europe, Korea, Singapore ... In last October, SBT signed a strategic cooperation with ED&F Man Sugar - UK Company, whereby this company will help SBT to export Organic Sugar which produced in TTC Attapeu - Laos to European market in FY 18-19. ED&F Man is known as one of the 3 biggest sugar trading companies in the world with an annual scale of about 10 billion USD and currently has representative offices in 60 countries. The success of SBT and ED&F Man cooperation will support for the Export Channel in continuing grow strongly in the coming year;
- *Business to Customer - B2C Channel*: Consumption increased more than 22% compared to the same period, accounting for 8% of total consumption and contributing 11% of sugar revenue. SBT use effective BHS extensive distribution system (after the merger) to distribute products for a variety of consumers. Within first 6 months, SBT owns 95 distributors, 3,600 convenience stores, supermarkets, chain stores and the retail store system which has also been continuously expanded.

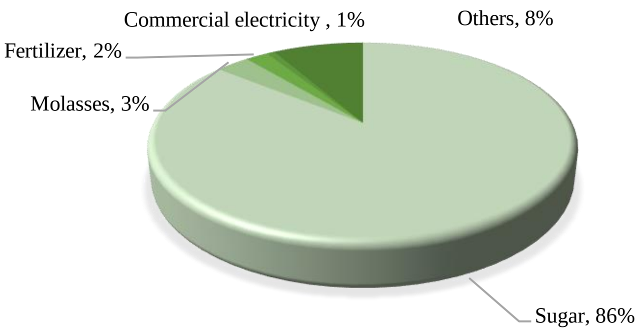
Sugar structure by revenue and consumption for the first 6 months FY2018-2019



Source: Consolidated Financial Statement 2Q FY 18-19, TTC Sugar

At the end of the second quarter, Sugar revenue recorded about VND 4,561 billion, accounting for 86% of the total revenue which equivalent to the same period and still in the Board of Management plan in order to dominate the domestic market share and expand the export market. Besides, SBT continues to promote the strength of the sugarcane value chain, in which by-products have impressive growth, namely Commercial electricity revenue increased by 233%, Molasses increased by 202%, Fertilizer increased by 111% and Other Revenue increased by 50%. In addition, financial income also increased by 6% compared with the same period to VND 458 billion, mainly came from the liquidation of investments and bank deposits.

Product revenue structure 2Q FY 18-19



Source: Consolidated Financial Statement 2Q FY 18-19, TTC Sugar

Capital structure improved markedly, a good start for capital restructuring

On December 31th, 2018, total assets decreased slightly 5% compared with the beginning of FY 18-19, reaching VND of 16,722 billion. In the first 6 months of FY, SBT controlled inventory effectively that decreased by 32%, equivalent to VND of 1,272 billion and is maintained at VND 2,700 billion, accounting for 16% of Total assets , plunged by 31% compared to 23% of first FY. In addition, liabilities decreased of VND 959 billion, equivalent to 8%, in which current liabilities fell sharply by 10%, equivalent to VND 842 billion; especially, short-term loan decreased by 13%, equivalent to VND 1,014 billion. Long-term liabilities also improved significantly when it recorded a decrease of more than 4%, equivalent to VND 118 billion; in which long-term loan decreased by VND 123 billion, equivalent to 5%. The sharp decline in short-term and long-term loan is a bright spot in the financial picture in the first 6 months FY, proving that the restructuring of the Company follows the plan, assisting in reducing the interest expense and increasing the performance. In the first 6 months FY, SBT saved a total of VND 30 billion interest expense, decrease 8% compared to the same period. Financial expenses also decreased by VND 25 billion, equivalent to a decrease of 6% compared to the same period.

On the other side, cash and cash equivalents recorded an increase of over 129%, equivalent to VND 420 billion, and reached VND 745 billion. Maintaining a reasonable amount of cash will support Company to be more flexible in the process of operation, ensuring liquidity, also helping company in approaching business opportunities.

Financial indicators continue to be improved to minimize risks

The improvement of liquidity ratios proves that the short-term cash flow is being ensured to limit risks, ensure working capital for business operations. Current ratio, Quick ratio and Cash ratios recorded good growth of 7%, 27% and 82% and reached 1.2 times, 0.9 times and 0.2 times respectively. With significant improvements in Cash, Inventory, Loan ... all liquidity ratios are higher than the Industry Benchmark in Vietnam.

The effectiveness of financial restructuring activities in 2Q was clearly reflected in the capital structure, recording a clear improvement as well as approaching the industry average; mainly comes from the reduction of Liabilities and loans. At the end of December 2018, Interest Bearing Debt to Equity ratio and Interest Bearing Debt to Total Asset ratio reached 1.5 times and 0.5 times, respectively decreased by 12% and 17% compared to the beginning of the year.

FINANCIAL RATIO	Unit	16-17	17-18	2Q 18-19	%	Industry Avarage
LIQUIDITY RATIOS						
Current Ratio	Times	1.40	1.10	**1.17**	**7%**	**1.16**
Quick Ratio	Times	0.78	0.66	**0.84**	**27%**	**0.80**
Cash Ratio	Times	0.10	0.11	**0.20**	**82%**	**0.19**
SOLVENCY RATIOS						
Interest Bearing Debt to total Asset ratio	Times	0.6	0.6	**0.5**	**17%**	**0.5**
Interest Bearing Debt to Equity ratio	Times	1.4	1.7	**1.5**	**12%**	**1.2**

Source: Consolidated Financial Statement 2Q 18-19, TTC Sugar

Diverse types of Sugar products, technology development investment - Proactively integrate into the Regional and World playgrounds.

With the responsibility of a leading enterprise before integrating ATIGA, SBT has focused on R&D as well as technology development in order to reduce costs and increase competition in recent years.

R&D strategy - Developing markets, creating growth momentum: In the first 6 months FY, SBT has developed and launched a series of new products such as pure rock sugar, natural rock sugar, pure gold rock sugar, natural yellow rock sugar, super refined sugar, premium white sugar, white RS sugar, sugar in bag and others sugar products with competitive prices help to cover all market demand. New products catch up with market trends as well as optimize selling prices to meet the diverse needs of different customers, thereby increasing market share as planned strategies from the current 40% to 50% by FY 2020-2021.

Technology development investment - Improving operational efficiency: In December 2018, the Company put into use the Big Bag Project, thereby increasing sugar storage capacity, reducing transportation and handling costs. In addition, the project of reduce steam consumption in production which reduced steam consumption from 0.57 to 0.52 tons of steam/ton of sugarcane. Accordingly, more than 1 million tons of crushed sugarcane output at TTCS Plant, the amount of steam savings will be used to produce more 25,000 to 26,000 tons of finished sugar.

In the next 6 months, SBT will focus on R&D activities as well as operate technology development investment projects. In addition, in order to achieve the target of revenue - profit FY 18-19, SBT will continue to expand its market share, especially in the North, Central and West, and build a warehouse in the North in order to develop the market share. Besides, the Company will sell new products with market-based pricing mechanisms to be flexible according to each market and each customer that ensuring effective competition not only in the domestic Sugar Industry but also in the Region.

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