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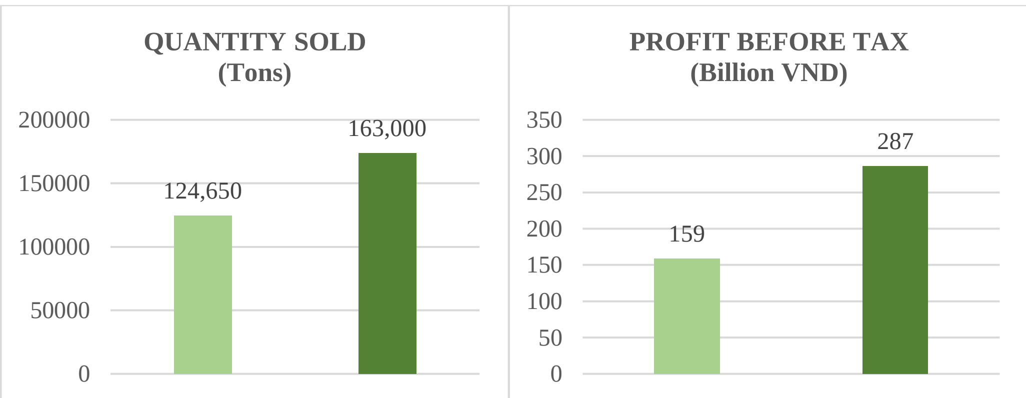
SBT – ESTIMATED THE THIRD QUARTER PROFIT BEFORE TAX UP BY A WHOPPING 349% FROM FIRST 6 MONTHS OF FINANCIAL YEAR

Quarter 3 – Massive breakthrough Profit

SBT's estimated financial results of Q3 of FY 18-19 has been created huge surprises for the market, with figures that has improved drastically from the first 6 months' performance of FY thanks to the Company's relentless efforts in term of the positive signals arising from the Sugar industry. Raw sugar futures for May 2019 rose 20% to 13.38 US Cents/lb, continuing its bounce from the bottom of 5 months ago.

SBT estimates sugar consumption in Q3 FY18-19 to rise by 31% y-o-y to over 163,000 tons of sugar. Net revenue amounts to VND 2,404 billion, and especially Profit before taxes (PBT) rose by 81% y-o-y, an outstanding increasing of 349% compared to the first half, amounting to VND 287 billion. The primary catalyst of this thanks to a strong reduction in Cost of goods sold (COGS) via the utilization and maximization of manufacturing chain, in addition to a better control of Selling expenses and General and Administrative expenses. At the same time, the execution of market expansion strategy where the focus is on SMEs in the B2B segment, has seen a sales quantity rise of 31% y-o-y. The B2C consumption and Trading channel have also grew by 53% and 171% in comparison to the third quarter of FY 17-18.

As a result, the accumulative 9-months business performance of SBT has bounced back with 550,000 tons of sugar sold, fulfilling 65% of annual target. Net revenue amounts to VND 8,062 billion, achieving 70% of target and PBT is expected no less than VND 350 billion, over 50% of its target. Gross profit margin of the third quarter has improved markedly to reach 14%, sharply growing by 180% compared to an average of 5% in the first half of FY 18-19. The fact that sugar productivity has raised from 63 tons/ha to 69 tons/ha, old inventory with higher COGS has been cleared, as well as new inventory with better management of COGS have all contributed to the remarkable improvement and breakthrough in Gross profit margin. Keeping focus on the expansion of market share, SBT has continuously invested in the R&D of new products especially the utilization of value-added chain depriving from sugarcane, as well as joint investment ventures to diversify the sustainable revenue sources. Besides, the expansion of raw materials area to Indochina countries, previously Laos and now Cambodia, bringing total raw materials area to 70,000 hectares in the 3 countries as well as raising the number of sugar refineries to 10. With a cohesion of strategies that complement one another, SBT expects PBT for FY 18-19 to exceed target, offering a solid stepping stone for sustainable growth of FY 19-20.



Q3 1718 Q3 1819 Q3 1718 Q3 1819

Source: SBT

Securities Companies keep their faith in SBT shares

HSC, one of the leading securities companies in Vietnam has just updated their analysis report on SBT for Investors on March 14th, 2019. Despite the business result of the first half of FY 18-19 was not as expected, HSC still holds a positive outlook on the performance of SBT. According to HSC, net revenue is expected to reach VND 10,610 billion, increasing 3.2% y-o-y and PAT of holding company expected to be VND 518 billion, assuming quantity sold to be 750,000 tons, an increase of 31% y-o-y.

For FY 19-20, HSC estimates Net revenue at VND 11,954 billion, growth of 13% and PBT at VND 740 billion, growing by 12% with an estimated quantity sold of 820,000 tons, growing 9% y-o-y, with selling price VND 13,250/kg, an increase of 4% thanks to the upward trend of both global and Vietnam commodity prices. Sugarcane prices are also forecasted to fall by 4% compared to FY 18-19 to VND 700,000/tons; because HSC considers that on the context of ATIGA integration, only refineries with the production capacity as large as SBT's plants have opportunities to survive and compete on level terms with Thailand sugar. Gross profit margin will reach to 12% for FY 19-20 because of lower material costs and higher selling price. PAT of parent Company is estimated to be VND 578 billion with a basic EPS of approximately VND 1,000, growth of 10%.

In relations to the issuance of preference shares, HSC has also updated the news that SBT had received approval from the State Securities Commission for the private placement to Strategic investors with a total value of USD 60 million, equivalent to VND 1,334 billion. This deal is expected to be completed early in FY 18-19 to restructure loans and significantly reduce borrowing costs for SBT, serving its long-term sustainable growth in the upcoming years.

Foreign investors continue net buy of SBT shares

Although evidently on a sideway trend, the bright spot for Vietnam stock market has been the positive buying of foreign funds from beginning of the year to April 3rd, 2019, amounting to VND 3,948 billion, especially with active movements from reputable ETF funds, in part thanks to the expectations of a market upgrade to Emerging market.

During the review of January-March 2019, SBT continues to be well maintained in important ETF portfolios. With the position of being a market leader with overwhelming market share in what is considered an essential product, with dynamic exports and upbeat growth potential, in the first 3 months of 2019, V.N.M ETF – one of the most important ETFs in the Vietnam stock exchange, has bought a total of 3.5 million shares to increase its holding to 13.6 million. DB XTRACKER FTSE VN SWAP UCITS ETF have also increased its ownership of SBT shares up to 4.4 million; iShares MSCI Frontier 100 ETF up to 883,000 shares. Currently, the total ownership of SBT shares in the 5 largest ETFs namely V.N.M ETF, DB XTRACKER FTSE VN SWAP UCITS ETF, VFMVN30 ETF, iShare MSCI Frontier 100 ETF and SSIAM VNX50 ETF FUND are holding totals up to 21.1 million shares, an increase of 21% compared to beginning of the year.

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