THANH THANH CONG – BIEN HOA JOINT STOCK COMPANY
Tan Hung commune, Tan Chau district, Tay Ninh Province
Tel: (+84-276) 375 3250 | Fax: (+84-276) 383 9834
Email: infor@ttcsugar.vn | Website: www.ttcsugar.vn

FINANCIAL STATEMENTS INTERPRETATION OF THE 4TH QUARTER OF FISCAL YEAR 2017-2018 COMPLETEION OF FULL YEAR PLAN OF REVENUE, PROFIT

Positive business performance thanks to high growth of production

Although Sugar industry has still experienced certain difficulties in the fiscal year (FY) of 2017-2018, SBT has still exceeded target set by General Shareholder Meeting and continued affirming the leading position in Vietnam Sugar Industry thanks to active plan, predicting and implementing a good strategy and also the resonated power from M&A transaction with BHS by taking benefits from its large retailing system in order to expand market share on all channels.

Accumulated net revenue (NR) FY 17-18 reached VND 10.364 billion, increased sharply 131% compared with the same period last year and met 105% of the plan because:

(i) Total consumption rose dramatically 131% compared with the same period last year and reached 571 thousand tons which exceeded 9% the plan.

(ii) Most prominent distribution channel is Business to Customer - B2C with consumption increasing twice from 30.2 thousand tons to over 63.5 thousand tons which helps the revenue of this channel increase from VND 473 billion to VND 1,131 billion, went up 139% accounting for 11% NR.

(iii) Business to Business channel - B2B (Multinational Corporations - MNC and Small and Medium Enterprise - SME) accounted for 47% NR and grew 153% compared with the same period last year.

(iv) Trading and Export channels also contributed to the revenue of 17% and 10% respectively and increased 97% and 70% compared to FY 16-17.

Thanks to focus on analysing the market and research and development activities (R&D), the Company created diversified products and a closed value chain from sugar and by-products.

Sugar products consisting of High-quality refined sugar; RS sugar (Organic, Mineral and Natural yellow sugar), Liquid sugar and Syrup flavour, Sugar bars, Sugar stick, RE rock sugar, Isomalt diet sugar contributed to 85% of NR and increased 126% with the same period.

Recognizing that the growth of Vietnam's economy in recent years will entail the middle class and the rich with CAGR during 2012-2035 reaching 13% demanding for food diversification and higher quality products, SBT has produced premium sugars to meet the requirements of customers who are willing to spend more money which is SBT's new direction to continue to occupy the mid-class customers upward and promote SBT brand.

In addition, in order to optimize profit and create value-added products for society, the Company has also focused on developing by-products such as Molasses, Commercial electricity, Miaqua bottled water, Microbial organic fertilizer and Bagasse. The revenue as follow:

(i) Molasses account for 3%, increasing 68% compared with the same period last year;

(ii) Fertilizers account for 2%, increasing 80%;

(iii) Electricity accounts for 1.5%, increasing 57% compared with the same period last year;

(iv) Other revenue accounts for 5%, increasing 160%;

(v) Moreover, in this year, the Company also recorded the revenue from rubber products which accounts for 3.5%.

Tan Hung commune, Tan Chau district, Tay Ninh Province
Tel: (+84-276) 375 3250 | Fax: (+84-276) 383 9834
Email: infor@ttcsugar.vn | Website: www.ttcsugar.vn

The profit before tax (PBT) was VND 682 billion, an increase of 86% over the previous year and exceeded the target of VND 680 billion, in particular the 4th quarter had a growth of 138% over the same period of VND 196 billion.

The profit after tax (PAT) of the 4th quarter reached VND 150 billion and increased 86% compared to the same period last year which was a basis of accumulated profit of the whole year to reach VND 547 billion and increased 61% compared with the same period.

In order to follow expansion strategy, some of its cost items were recorded a slight increase. However, the Company always focuses on reducing costs, sticking to the norms to ensure good control of costs, minimize impacts on business results. In detail, although the revenue increased sharply but the proportion of COGS over NR is kept equal with last year. The proportion of SG&A over NR is 7.2%, increasing slightly compared with the same period last year of 5.2% because the Company is continuing to develop distribution system B2C through channels and retailing chain.

High growth of assets and capital

After completing M&A with BHS, SBT's total assets (TA) recorded a strong growth up to 130% due to the mutual influence in terms of scale and operation. At 30/6/2018:

a) Total assets are more than VND 17,972 billion compared to the same period of 2017 with VND 7,806 billion including (i) Short-term assets increased 127%, (ii) Long-term assets increased 135% owing to a significant growth in scale and SBT's commercial advantages;

b) Inventory increased 99% over the same period last year, reaching VND 3,899 billion. Although the Inventory recorded an increase in absolute value, the proportion of Inventoty/TA was reduced from 25% on 30/6/2017 to 22% on 30/6/2018. In addition, the proportion of Finished goods and Commodities dropped sharply from 86% to 68%, while Raw materials increased from 12% to 22%, which is considered a bright spot in the financial picture when the Company has better control on Inventory;

c) Based on the research and the advantage of the reduction of raw sugar price in the world, the Company has boldly imported raw materials to take benefit of low-cost sugar source for market expansion strategy in the coming time. Thus, with the reduction of cost price, SBT has having low-cost finished products which will be a competitive advantage in the coming time;

d) Fixed assets also increased sharply from VND 1,442 billion on June 30, 2017 to VND 4,746 billion on June 30, 2018 which is equivalent to an increase of 229%, mainly because of the integration of assets after M&A with BHS such as houses, equipments, transport vehicles and office equipments;

e) Ending FY 17-18-year, Equity was VND 6,287 billion, an increase of 102% compared to 30/6/2017, mainly due to the merger with BHS in which the Charter capital is VND 5,570 billion, increasing 120%;

Solvency is maintained, the debt payment ratio is controlled and in the safe level when the current ratio is always higher than 1.1 times.

In addition to the advantages of the merger, short-term and long-term debts also increased which led to a significant increase in debt interest expenses over the same period. However, the Company utilized leverage for its expansion, thus maintaining its EBIT/Interest expense at a reasonable level of two times, similar to the previous year, leaving no impact on the business operations. Despite an increase of Debt ratio, SBT saw a necessity of using the financial leverage to expand the market share of B2C and B2B, especially channel MNC in order to meet the sales plan of 1,23 million tons in the FY 20-21. In addition, the Company also tends to lower its debt ratio and shift its debt structure to increase Long-term debt and reduce Interest expenses on its business. Regarding capital structure, the ratio of Debt/Equity and Debt/Total assets increased 18% and 4% respectively compared to 30/6/2017. In particular, the increase in Short-term liabilities to support the expansion of the operation of the entire Company post M&A

Tan Hung commune, Tan Chau district, Tay Ninh Province
Tel: (+84-276) 375 3250 | Fax: (+84-276) 383 9834
Email: infor@ttcsugar.vn | Website: www.ttcsugar.vn

Finally, Profitability, in general, SBT's ratios in the 4th quarter of 2018 have shown good growth over the same period. Specifically, Gross profit margin increased 5% to 15%, Net profit margin increased 10% reached 7%.

Ratios	Unit	Q4/2016-2017	Q4/2017-2018	%
1. Liquidity ratios				
Current ratio	times	1.4	1.2	-19%
Quick ratio	times	0.8	0.7	-10%
2. Leverage ratios				
Ratio debt/total asset	times	0.58	0.56	4%
Ratio debt/equity	times	1.40	1.65	18%
3. Profitability ratios				
Gross profit margin	%	14.7	15.4	5%
Gross net profit	%	6.3	6.9	10%

Source: Consolidated Financial Statement 4Q/ 2017-2018, TTC Sugar

Raising SBT's brand through Investor Relation activities

SBT's market capitalization on July 30, 2018 was VND 8,323 billion, accounting for 0.58% of the market capitalization. SBT is the only Sugarcane company in Vietnam included in VN30 and is integrated in many prestigious indices as follow:

Funded reserves	Rate/ total portfolio of funds	Ranking in funds
FTSE Vietnam Index	1.07%	16
MVSI Vietnam Index (V.N.M ETF)	1.79%	19
iShares MSCI Frontier 100 ETF	0.12%	115
MSCI Vietnam Small Cap Index	5.88%	4
FTSE Vietnam All-share Index	0.68%	27
DB Xtracker FTSE Vietnam Swap Ucits ETF	1.25%	14
VFMVN30 ETF FUND	1.02%	21
SSIAM VNX50 ETF FUND	0.77%	27

Source: Collected by SBT

On the positive business results of the FY 17-18, on July 24, 2018, Mr. Pham Hong Duong - Chairman of the Board of members has decided to purchase 1 million shares and the transaction is expected to carry out from 30/7/2018 to 28/8/2018. The Board of members (SB) has expressed confidence in SBT's development prospect in the future with a strategic target until FY 20-21 in which Sugar consumption is expected to reach 1.23 million tonnes with CAGR of 23% and occupy 50% of the share of Vietnam Sugar market.

In addition, the Board of Executives has been also promoting its Investor Relations (IR) activities since the 2nd quarter of 2018 in order to enhance the sharing of information on business and production activities and financial information to Investors, including Shareholders, Investors, Analysts, Brokers, Financial Mass Media, creating a timely, accurate and convenient information channel; especially when SBT is attracting foreign strategic investors after being approved to increase its foreign ownership to 100%. SBT is cooperating with Sai Gon Securities Incorporation (SSI) to implement a series of IR activities with the theme of **"Companion with SBT - Sharing Opportunities, Increasing Values".**

"*VIP Shareholders, Investors and Analyst meeting*" held on June 28, 2018 was the first program of this series. At the seminar, SBT's Board of Directors shared the strengths and potentials which would be expected to be a solid support for SBT's long-term development. The company is leading Vietnam's Sugar industry with a market share of approximately 40%, 9 sugar refineries from Raw Sugar and Sugarcane, of which 3 large Raw sugar refineries are TTCS

Tan Hung commune, Tan Chau district, Tay Ninh Province
Tel: (+84-276) 375 3250 | Fax: (+84-276) 383 9834
Email: infor@ttcsugar.vn | Website: www.ttcsugar.vn

- Tay Ninh, Bien Hoa - Ninh Hoa; in particular, Bien Hoa - Dong Nai is the only sugar refining factory which could operate the whole year producing 400 tons of sugar per day. With a crushing capacity of 48,600 tonnes per day (accounting for 33% of the country's total capacity) from 9,800 tonnes per day in 2012, total sugar consumption for the 17-18-year accounts for 44% of the country's total output.

Leading production capacity in most aspects owing to the ownership of 9 factories with 62,000 hectares of raw materials (RM), accounting for a quarter of the material area of the country; including owned farms (18%), mechanized 100% and harvested mostly by large machines; contracted farms (82%) extended to 3 countries in Indochina. During the 17-18 year, the material area continually expanded with a productivity improvement of 70 tons/ha, an increase of 21% over 5 years to reduce costs and increase competitiveness.

Summary of consolidated financial statement of TTC Sugar in the fourth quarter of the 2017-2018 year.

BALANCE SHEET *Unit: Million dong*

TARGET	2014-2015	2015-2016	2016-2017	2017-2018	Increase/ reduce	CAGR 2014-2018
Short-term assets	**1,891,272**	**4,216,029**	**4,472,668**	**10,152,104**	**127%**	**75%**
Cash and cash equivalents	138,062	855,375	202,593	325,000	60%	33%
Short-term investments	7,022	46,424	112,386	619,203	451%	345%
Short-term receivables	960,917	1,930,582	2,067,764	5,067,637	145%	74%
Inventories	749,236	1,333,277	1,958,095	3,899,442	99%	73%
Other current assets	36,035	50,371	131,830	240,822	83%	88%
Long-term assets	**1,405,314**	**2,620,668**	**3,333,549**	**7,820,440**	**135%**	**77%**
Long-term receivables	48,612	194,048	247,605	294,523	19%	82%
Fixed assets	703,958	1,680,175	1,442,294	4,745,567	229%	89%
Investment properties	-	-	131,118	135,524	3%	0%
Long-term assets in progress	-	-	78,657	199,660	154%	0%
Long-term investments	612,261	686,068	1,372,916	628,905	-54%	1%
Other long-term assets	40,483	60,377	60,959	1,816,261	2,879%	255%
Total assets	**3,296,586**	**6,836,697**	**7,806,217**	**17,972,544**	**130%**	**76%**
Liabilities	**1,375,002**	**4,134,301**	**4,692,718**	**11,685,319**	**149%**	**104%**
Short-term liabilities	866,293	2,774,321	3,169,470	8,913,059	181%	117%
Long-term liabilities	508,709	1,359,980	1,523,248	2,772,260	82%	76%
Owner's equity	**1,921,584**	**2,702,396**	**3,113,499**	**6,287,225**	**102%**	**48%**
Total capital	**3,296,586**	**6,836,697**	**7,806,217**	**17,972,544**	**130%**	**76%**

PROFIT AND LOSS *Unit: Million dong*

Target	2014-2015	2015-2016	2016-2017	2017-2018	Increase/reduce
Net profit	**2,066,900**	**4,027,233**	**4,498,383**	**10,364,269**	**130%**
Gross profit margin	258,660	605,003	614,018	1,300,542	112%
Profit from business activities	200,165	303,829	358,942	545,489	52%
Profit before tax	208,306	310,076	367,479	682,370	86%
Profit after tax	**188,973**	**294,166**	**339,305**	**546,710**	**61%**

Source: Consolidated Financial Statement 4Q/ 2017-2018, TTC Sugar