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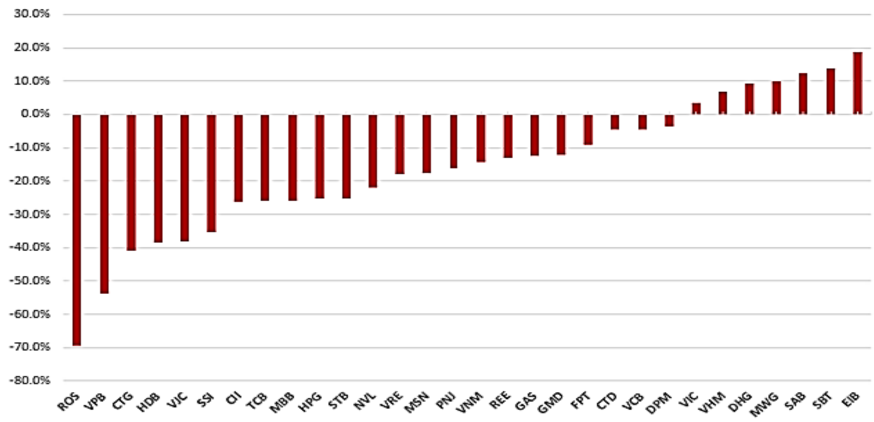
SBT'S NET BUYING FROM FOREIGN INVESTORS?

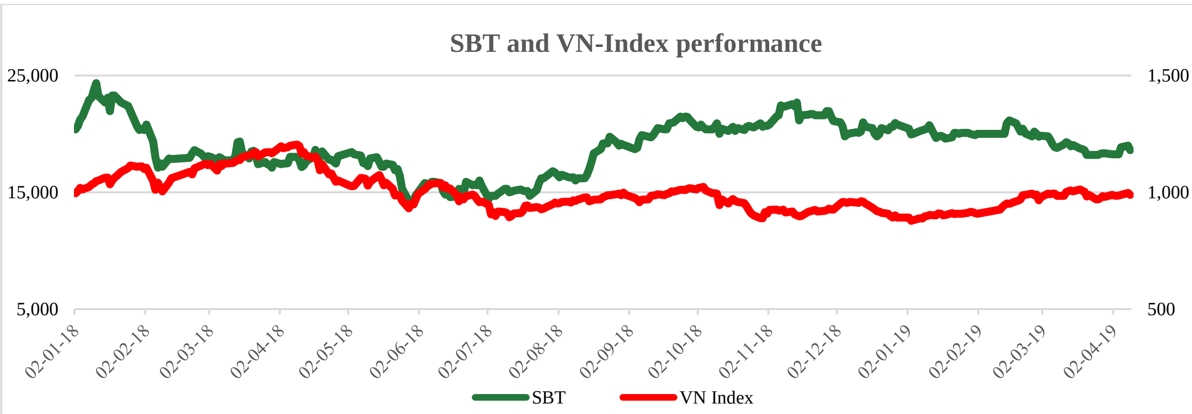
How is SBT evaluated?

2018 is a tough year for the global stock market in general and Vietnam in particular. The 1,204-point level set on April 9th, 2018 is considered the historic peak of the VN-Index before witnessing a sharp decline with the plunge of a series of stocks, including VN-30 ones. Experiencing many market fluctuations, in April 2019, after exactly one year since the peak, VN-Index recovered from the bottom 860 to fluctuate around 1,000 points. Despite the significant recovery of market index in 1Q 2019, statistics conducted from VN30 showed that only 7/30 stocks recorded an increase of 4% to 19% since the peak of VN-Index in 2018. The gainers included SAB, SBT (Consumer Products), DHG (Pharmaceuticals), EIB (Banking and Finance), MWG (Retails), VHM, VIC (Real Estate). The remaining 23 stocks are on the lists of underperforming and especially ones with heavy reduction from 40% to 70%.

VN30 price increase and decrease rate (%)



In the context of the world economy and financial market has too many obstacles, investment flow tends to shift to leading enterprises in the industry, maintaining a sustainable competitive advantage in the future. In the period from August 2017 to June 2018, SBT share price decreased along with peers within the same industry due to adverse effects from the World Sugar market. However, as soon as the World Sugar Industry has shown positive signs of recovery when the price of Raw sugar futures in May 2019 increased by 20% to US$ 13.38/lb, recovering from the lowest price in the last 5 months, resonating with the recognition of investors towards the sufficient strategies of the Board of Directors, SBT shares have quickly regained the growth momentum, becoming one of the few enterprises in VN30 has growth in price since April 2018. Among 7 shares has positive return, SBT reached 13%, only behind EIB with 19%. Comparing the bottom price of VND 13,300 on May 29th, 2018, with the highest price set of VND 22,900 in the same year on November 15th, 2018, and the closing price of VND 18,600 April 9, 2019, SBT shares illustrated sustainable growth with the price increase of 72% and 40% respectively, completely outperforming the achievements of the VN-Index.



Source: SBT

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On the other hand, when considering the scale and liquidity of the market, SBT is one of the stocks with good liquidity and completely superior to the same industry' stocks. From May 1st, 2018 to April 12th, 2019, the average trading volume was approximately 3.4 million shares per session, much higher than 310 shares of KTS, 7.564 shares of SLS, 65,292 shares of LSS and 288,463 ones of QNS. If compared to the industry average, SBT's liquidity is 354% higher and SBT currently accounts for nearly 2% of the total liquidity on the HOSE. SBT's market capitalization at the closing price of the trading session on April 9th, 2019 reached nearly VND 9,800 billion, ranking second in the industry after an enterprise with a market capitalization of VND 12,434 billion. However, it should be noted that 86% of SBT's Revenue comes from the sugar segment while the revenue of this enterprise comes mainly from Soymilk with the proportion of more than 47% and revenue from Sugar only accounts for about 28%. Regarding this, SBT is the leading company in terms of market capitalization in Vietnam Sugar Industry.

Recently, HOSE has announced to update information on VN30' components for the period of January 2019, in effect from May 6th, 2019 to August 2nd, 2019. In addition to the 8 stocks with significant weight reduction, the top 5 stocks with the highest weight increase are MBB (0.53%), VNM (0.41%), FPT (0.37%), TCB (0.34%); SBT is also on the list of increasing proportion from 0.75% to 0.78%. Changes in proportion will have a significant impact on the buying/selling activities of the fund stimulating VN30, typically VFMVN30 ETF with a portfolio size of nearly VND 6,000 billion.

How the securities companies evaluate on SBT

With the criteria "Profit is temporary, market share is permanent", SBT is determined to focus on developing market share. According to SBT's senior manager, it is the best basis to compete with the giant competitors within the Region when integrating. In fact, SBT's market share has continuously grown in recent years, especially in the export sector, continuing to affirm its position as the sole sugar company in Vietnam to export to advanced markets, including the United States, Europe, Singapore and China - the markets were heavily deficient in Sugar consumption with 6 million tons in FY 17-18 and are expected to continue to increase in FY 18-19.

In terms of business production, according to the latest analysis report of HSC Securities Company on March 14th, 2018, although the first 6 months business result was not as expected, HSC still maintains a relatively optimistic assessment of SBT's production and business activities. When compared to other companies in the same industry, HSC believes that the growth of SBT for the FY 18-19 will be 129%, much higher than the average of 12% companies thanks to the advantage of merging with BHS. The average operating profit ratio of the industry is 5.4%, equivalent to SBT of 5.2%. The average ROE of the industry is 11% and ROA is 4.2%, lower than SBT, respectively 12% and 4.3%.

Bao Viet Securities analyst report forecasted SBT's consumption sugar in the FY 18-19 will surpass 717,000 tons, up 26% over the same period. Accordingly, Revenue and Profit respectively reached VND 10,928 billion and VND 492 billion based on the expectations (1) SBT handled high price inventories in the first 6 months of the FY (2) sugarcane costs decreases compared to the previous FY (3) selling price improves as World Sugar price is showing good signals and high inventory level from the FY 17-18 crop will decline in the context of many factories have stopped production in the FY18-19 season when the decline in Sugar price has challenged small and outdated factories.

BSC Securities also made positive comments on business results in Quarter 3 of the FY18-19, especially the improvement in Gross Profit margin when factories started to produce from the lower price of sugarcane. Besides, there are positive informations from the sale of shares to strategic investors and divestments from non-core businesses. According to BSC, although Sugar Industry still has many difficulties, with SBT's scale and leading position in the industry, SBT is still worth examining in 2019. Forecast of SBT's Revenue in FY 18-19 targets VND 10,301 billion and NPAT reached VND 590 billion, equivalent to EPS of VND 1,100/share.

Demand from foreign investors on SBT is still positive.

By the end of 2018, Vietnam stock market from one of the strongest rising markets in Asia in 2017, has become one of the dramatic decline markets. According to Bloomberg statistics, the MSCI Asia-Pacific index has fallen 24% from the peak to the bottom. VN-

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Index, along with other stock indexes in Japanese and Hong Kong markets, recorded a decline of 26% and just behind China's Shanghai Composite.

Asian stock indexes had the strongest decline from the peak to the bottom in 2018

Source: Bloomberg

In April 2019, P/E of VN-Index is 16.8 times, 24% fall compared to the peak of 22 times. This sharp decline has made the P/E index of Vietnam stock market become more attractive in the eyes of foreign investors compared to SET-Thailand (17), PSEi - Philippines (20), JCI - Indo (21), KLCI - Malaysia (21), In the first quarter of 2019, foreign investors net buy was over VND 4,700 billion in the whole market, of which 85% came from ETF funds, equivalent to about VND 3,960 billion.

With its leading position in the industry and presenting in VN30, SBT is still a stock receiving the attention of foreign investors, especially ETFs. The percentage of foreign investors' ownership of SBT shares at the end of March 2019 is nearly 11%. In which, 5 big ETF funds are VNM ETF, DB XTRACKER FTSE VN SWAP UCITS ETF, VFMVN30 ETF, iShare MSCI Frontier 100 ETF and SSIAM VNX50 ETF FUND are holding more than 21.1 million shares, up 21% from the beginning of the year. 2019. In particular, VNM ETF has increased the number of shares held from 9.5 million to 13.6 million shares, equivalent to an increase of 43% in addition to the 16% and 7% increase in the number of iShare MSCI Frontier 100 ETF and DB XTRACKER FTSE VN SWAP UCITS ETF.

No.	ETFs (Million shares)	Time		Increase/Decrease
		March 2019	December 2018	
1	VNM ETF - MVIS VIETNAM INDEX	13.6	9.5	43%
2	iShares MSCI Frontier 100 ETF	0.883	0.765	16%
3	DB XTRACKER FTSE VIETNAM SWAP UCITS ETF	4.4	4.1	7%
Total		**18.9**	**14.4**	**31%**

Source: SBT

In the context of (1) the trade war gradually came to an end (2) FED did not raise interest rates (3) Vietnam's economy continues to be evaluated as a bright spot in the region with stable growth (4) lifting proportion in the Frontier Market index basket and (5) expect to upgrade to Emerging Market promising a strong capital flow from abroad into Vietnam. Particularly for SBT, this is also one of the bases for the belief of foreign investors will continue to increase ownership of SBT shares as recently.

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