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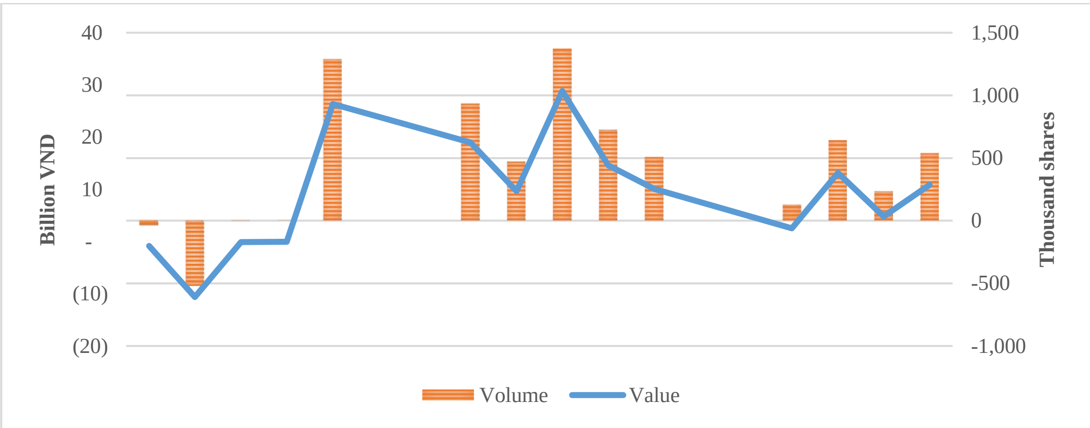
STRENGTHENING GROWTH POTENTIAL, FOREIGN INVESTORS ARE BUYING SBT STOCK

Vietnam's stock market smoothly moved in October when the leading stocks supported the market. However, in the face of continuous reversals of the world stock market, especially fluctuations related to interest rates of the FED, the psychology of investors was seriously affected. This was reflected in the trading session on October 11th, 2018, when the market dropped sharply by 48 points (4.8%) and closed at 945.89 points, marking the least active trading session since February 2018, at the same time it blasted all achievements of the market in recent months. Foreign transactions were also accompanied by a sharp fall in the stock market with a net-selling of over VND 260 billion in this session and the 4th consecutive net-selling session in the week on Ho Chi Minh City Stock Exchange (HOSE). From 8th to October 19th, 2018 foreigner investors had sold VND 660 billion in total on HOSE.

Foreign investors always play an important role in the Vietnam's stock market because their transactions account for 15%-20% of the market's total trading value. Therefore, it is necessary to attract money from these investors, especially when foreign investors have been in sale position recently. In the context of global economic fluctuations, the foreign investors are more cautious in choosing stocks to invest. In the opposite direction, SBT has been selected to buy in by foreign investors. Specifically, in the first 3 weeks of October, foreign investors have bought nearly 6 million of SBT shares with a total value of nearly 120 billion. On October 11th, SBT was in the top 3 of stocks with highest buying in volume by foreign investors together with DXG and VRE; worth of VND 15 billion. Meanwhile many blue chips were sold such as VIC, VNM, MSN ... Foreigner investors are likely to believe in the growth of SBT shares, in line with the recent investment recommendations of securities companies such as Ho Chi Minh City Securities Corporation (HSC) and FPT Securities Joint Stock Company (FPTS).

Trading volume and value of foreign investor with SBT shares from 1st to October 18th, 2018



Source: Vietstock

With positive business result and stable growth rate of price in recently, SBT shares have received attention of many big securities companies such as HSC, SSI, Morning Star Inc, BVSC, Mirae Asset, FPTS, PHS, DVSC ... with most recommendations of ***Hold*** or ***Buy***.

Most recently on October 5th, 2018, after SBT released its audited financial statement of fiscal year (FY) of 2017-2018, HSC has updated its SBT Analysis Report with investment recommendations ***Hold*** with estimated fair value of VND 21,724; 6% higher than market price on the same day; 25% increase compared to its target price released on June 15th, 2018 of VND 17,439. SBT share price has not increased suddenly but increased in a stable manner. According to HSC, after the M&A, SBT has become the largest sugar company in Vietnam with a market share of 40%; dominating both wholesale and retail sectors and possessing many advantages to continue increasing market share in almost all segments of this industry.

HSC forecasts Total net revenue of FY 2018-2019 to reach VND 11,993 billion, up 17% compared to the result of year 2017-2018; of which Total sugar consumption reaches 700,000 tons, up 23% yoy and Net revenue is VND 10,673 billion, up 18% yoy. According to

HSC, 5/41 domestic sugar factories with total output of 300,000 to 350,000 tons will be closed in FY 18-19 which helps SBT to gain more market share. For B2B channel, SBT will continue to expand consumer consumption and diversify customer in SME sub-channel. Based on the report of SBT, the Company has had close relations with Chuong Duong, Khanh Hoa Nest, Asiafood, Cholimex, Bibica, Pham Nguyen, Kido, Nutifood, Cuu Long and Hau Giang. For B2C channel, SBT will enhance brand recognition in the North thanks to the advantages of BHS's distribution channels. This activity will support SBT to affirm its brand position before ATIGA officially comes into effect in 2020. The company expects to raise to 60,000 points of sale (POS) in FY 2018-2019 from 51,000 existing POS, increasing 18%. In addition, the Company continues to develop the sugarcane value chain with VND 365 billion of Molasses revenue, up 5% y oy; Commercial electricity revenue of VND 192 billion, up 15%. Gross profit is expected to reach VND 1,557 billion, up 17% yoy and Gross profit margin (GPM) will increase slightly to 13% due to a 7-10% decline in raw material prices. The ratio of Selling and General and Administration expenses on Net revenue remains unchanged at 7.3%; of which Selling expenses decrease slightly to 4% thanks to better cost management after the merger with BHS while General and Administration expenses slightly increase as the result of boosting B2C channel. Profit after tax (PAT) is expected to reach VND 579 billion, up 6% yoy and EPS of VND 1,040 per share, up 7%.

By improving cost control and pursuing low price strategies, key catalyst for future growth potentials of SBT include: (1) The company plans to invest in a full value chain to reduce production cost to prepare for the market opening in 2020 once ATIGA is implemented; (2) A wide range of products, local expertise and reasonable price are their key advantages to win more domestic market share over the short and medium terms; (3) Domestic market is growing at a steady pace and (4) Early preparation for market opportunities from by products such as ethanol and biomass electricity.

Previously, on October 3rd, 2018, FPT also recommended to ***Hold*** for SBT shares with target price of VND 23,330, up 12% compared to the transaction price of VND 20,800 at the time of the report. FPTS estimates SBT's Net revenue in FY 2018-2019 is about VND 12.763 trillion, up 24% over the same period. Profit from business activities, excluding financial profit of VND 801 billion, up 26% and PAT of VND 559 billion, up 2%; along with EPS of VND1,003 per share, up 3%.

FPTS highly appreciates the growth potential of SBT in the coming time. In terms of production, SBT may be compared with medium sized companies in Thailand but in terms of business performance, SBT is not inferior to large companies in Thailand such as Khon Kaen Sugar or Thai Identity. Accordingly, the investment thesis of FPTS in SBT shares was supplemented by the following main drivers: (1) Big production scale, leading market share of the country after M&A, SBT owns 9 factories , producing more than 620,000 tons of sugar per year, representing 30% of the country's production capacity and holding 56% of the domestic sugar market share; (2) Potentials to develop domestic and export markets as SBT has narrowed its competitive gap with Thailand sugar thanks to the reduction in sugarcane prices and production cost, thereby creating incentives to expand markets; (3) Profit comes from divestments, investments and fixed asset liquidation at reasonable times with positive returns ratio.

Comparison SBT with other listed sugarcane companies in Vietnam

Item	Unit	SBT	QNS*	LSS	SLS	KTS
Number of factories	Factory	09	02	02	01	01
Crushing capacity	Tons of Cane per Day (TCD)	48,600	20,200	11,000	5,000	2,500
Area of raw material area	ha	62,000	27,650	13,470	7,865	1,166
Sugarcane consumption	Tons	3,521,587	1,672,313	964,400	544,980	164,875
Sugar production capacity	Tons	620,000	158,529	89,309	62,937	16,669
Net revenue	Billion VND	10,285	1,914	1,452	601	508
Total Asset	Billion VND	17,694	8,340	2,879	1,406	511
Equity	Billion VND	6,097	4,916	1,568	478	154

Source: FPTS

(QNS revenue has separated the sugar sales)*

Comparison SBT with Thai Sugarcane Companies (FY 17-18)

Group	Factory	Crushing capacity (TCD)	Production capacity (Tons per year)	Revenue (Billion VND)	GPM	Net Profit Margin
TTC - BH (SBT)	09	48,600	620,000	10,285	13%	5.3%
Mitr Phol Sugar	06	130,500	1,980,000	-	-	-
Thai Roong Ruang	09	121,800	1,580,000	-	-	-
Khon Kaen Sugar (KSL:TB)	06	124,000	725,000	11,370	15%	9.4%
Thai Identity (KTIS:TB)	03	88,000	940,000	12,950	16%	-2.5%
Khonburi Sugar (KBS:TB)	01	35,000	268,000	5,736	8%	-1.6%
Buriram Sugar (BRR:TB)	01	24,000	252,000	3,629	20%	3.12%

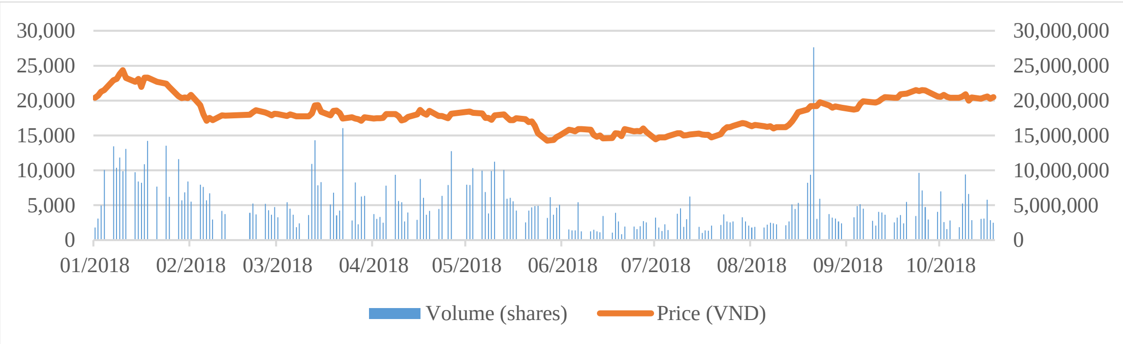
Source: FPTS

*(*Thai sugar production is estimated based on the production results of FY 16-17 because there is no official number for FY 17-18)*

After a time of fluctuations, in last three weeks, the world's raw sugar and white sugar prices have increased by nearly 30% and more than 20% respectively compared to the beginning of October. These are positive recovery signs of the world as well as domestic sugar industry. Additionally, Vietnam's sugar industry is also owning many opportunities thanks to the expansion of economy with GDP expected from many prestigious organizations in the world such as HSBC, WB, ANZ, ADB, UOB, Standard Chartered in the range from 6.5% to 7% for 2018. In addition, supply and demand for sugar in Vietnam are having negative correlation when from FY 13-14 up to now, sugar production has tended to decrease while consumption demand has tended to increase. Vietnam is expected to require more 1-1.5 million tons of sugar in the next few years to cater for individual needs and the food industry.

With positive comments on the strategic and growth potential of SBT shares from securities companies, positive information from the world sugar prices, as well as strong support from the Government in recent times; to continue to strengthen the trust of shareholders and investors in SBT shares, on October 10th, 2018, Ms. Dang Huynh Uc My - Member of the Board as well as a major shareholder registered to buy 20 million shares, transaction is expected to occur from October 16th, 2018 to November 14th, 2018. After the successful completion of this transaction, she will raise the total number of shares to over 52.5 million shares, equivalent to 10.6% of the total outstanding shares. By the end of October 19th, 2018, SBT shares closed at VND 20,500, up 44% compared to the bottom on May 28th, 2018. Average liquidity over 52 weeks reached over 4.6 million shares with an average trading value of VND 89 billion per session, much higher than other peers. SBT's market capitalization is leading the Vietnam's sugar industry at the value of VND 10,156 billion, equivalent to US$ 444 million.

SBT share performance from January to October 2018



Source: Vietstock

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