



*Ho Chi Minh City, 28 May 2018*

No.: 05/2018/BC-HĐQT-TCD

**REPORT OF THE BOARD OF DIRECTORS ON 28 MAY 2018  
REGARDING BUSINESS RESULTS 2017 AND BUSINESS  
PLAN 2018**

**To: TRACODI's Shareholders**

**I. 2017 MACROECONOMIC OUTLOOK**

2017 is considered a successful year of Vietnam economy with many records in GDP growth, foreign investment attraction, import-export, tourism. For the first time in many years, Vietnam completed and surpassed all 13 socio-economic targets in the year. According to the General Statistics Office (GSO), Vietnam reached its highest economic growth in 10 years by expanding 6.81% in 2017, slightly higher than the target of 6.7% set by the legislative National Assembly. However, budget deficit, low labour productivity and natural disasters remain challenges to the economy.

In that context, Vietnam's economy still achieved remarkable achievements. Foreign investment and import-export turnover reached record levels, foreign direct investment was estimated at \$ 17.5 billion, up 10.8% over the same period in 2016 which was a highest record for the past 10 years. Five projects worth billions of dollars have been granted investment certificates this year. The macro-economy was stable, inflation was successfully controlled at 3.53%, lower than the ceiling of 4%; money market and banking activity were positive; The interest rate, exchange rate was stable. The World Economic Forum ranked Vietnam's competitiveness up 5 levels to 55/137; World Bank ranked Vietnam's business environment up 14 points, to 68 out of 90 countries and territories. Vietnam's sustainable development index in 2017 increased 20 levels to 68/157 countries and territories. Following the success of 2016 when the tourism industry welcomed a record of 10 million visitors. In 2017, nearly 13 million international visitors arrived in Vietnam, up 29% over the same period last year. Tourism revenue this year is estimated at VND 35.9 trillion, up 10.4% over the same period last year.

**II. ASSESSMENT ON 2017 PERFORMANCE**

2017 is the second year TRACODI officially transformed from state-owned enterprises into wholly owned enterprises since April 20, 2015; this was considered a steady and stable year after restructuring period, the workforce rearranged to match the Company's situation. Tracodi focused on four key sectors: infrastructure and construction, agricultural product trading, quarrying, and labor export.

2017 showed impressive growth with net revenue and profit before tax of VND 1,096 billion and VND 91.4 billion respectively, equaling 124.6% and 121.7% respectively. Based on business plan of the Company set earlier, which excellently exceeding the target. The result showed significant determination and commitment of Management.

### **The business results 2017 (separate)**

*Unit: VND million*

<b>No.</b>	<b>Indicators</b>	<b>2017F</b>	<b>2017A</b>	<b>% (Actual/ Forecast)</b>
<b>1</b>	<b>Net revenue</b>	<b>599,210</b>	<b>746,151</b>	<b>124.5%</b>
2	Costs of goods sold	577,117	694,122	120.3%
3	Gross profit	22,093	52,029	235.5%
4	Financial income	180,555	174,132	96.4%
5	Financial expenses	154,390	146,307	94.8%
6	Selling expenses	-	5,679	
7	General administration expenses	12,165	17,384	142.9%
8	Operating profit	36,092	56,792	157.4%
9	Other profits	-	569	
<b>10</b>	<b>Total net (accounting) profit before tax</b>	<b>36,092</b>	<b>57,361</b>	<b>158.9%</b>
<b>11</b>	<b>Net profit after tax</b>	<b>32,474</b>	<b>51,471</b>	<b>158.5%</b>

### **2.1 The business results 2017 (consolidated)**

<b>No.</b>	<b>Indicators</b>	<b>2017F</b>	<b>2017A</b>	<b>% (Actual/ Forecast)</b>
<b>1</b>	<b>Net revenue</b>	<b>874,440</b>	<b>1,095,900</b>	<b>125.3%</b>

2	Costs of goods sold	760,619	921,005	121.1%
3	Gross profit	113,821	174,895	153.7%
4	Financial income	162,715	159,090	97.8%
5	Financial expenses	155,790	148,184	95.1%
6	Share of profit (loss) of affiliates	-	991	
7	Selling expenses	34,238	53,458	156.1%
8	General administration expenses	29,415	41,343	140.6%
9	Operating profit	75,092	91,992	122.5%
10	Other profits	-	(624)	
<b>11</b>	<b>Total net (accounting) profit before tax</b>	<b>75,092</b>	<b>91,368</b>	<b>121.7%</b>
<b>12</b>	<b>Net profit after tax</b>	<b>63,674</b>	<b>74,948</b>	<b>117.7%</b>

- Net revenue from sale of goods and rendering of services reached VND 1,095.9 billion, representing 125.3% compared with its plan of VND 874.4 billion dong. Revenue also came from trading, quarrying and construction.
- Profit before tax reached VND 91.4 billion, presenting 121.7% compared with its plan of VND 75.1 billion.
- Profit after tax achieved VND 74.9 billion, accounting for 117.7% compared with its plan of VND 63.7 billion.

### III. BUSINESS RESULTS BY SECTORS:

#### 3.1 Trading:

Following the success of 2016, this year, trading sector continuously gained impressive growth contributing VND 595 billion in revenue, fulfilling 178.15% of the target and VND 43.28 billion in profit. The contribution of trading sector was a major breakthrough of the Company which gave expectation for strong development of this segment in the coming years.

#### 3.2 Infrastructure and Construction:

In 2017, the parent company – Bamboo Capital JSC (BCG) in partnership with Bang Duong Joint Investment Building Trading Co., Ltd implemented BOT DT 830 project in Long An with a total investment of VND 1,079 billion and Tracodi joined this project. The project has been completed and will be in use in Q2/2018.

At the same time, Tracodi also implemented several contracts such as Song Hau thermo power project, Sai Gon - Hiep Phuoc port project and Phu My Industrial Park 3-Ba Ria project which contributed the revenue of VND 135.4 billion, up 51.62% compared with 2016.

### **3.3 Quarrying:**

In 2017, although facing with many competitors who took stones from Eastern quarries with low transportation costs and product diversity, but ANTRACO's business remained stable due to its dynamism and determination to achieve the goal of constantly improving product quality.

In 2017, quarrying reached VND 355 billion in revenue, surpassing 29% of the plan, as same as 2016; profit after tax reached VND 37.3 billion, exceeding 19.6% of the plan, equal to 65.8% compared with last year.

### **3.4 Labor Export:**

2017 was continuously a successful year, all efforts of the Management have been paid back as we maintained top 5 enterprises in Vietnam in providing labour export services. In particular, labour export services contributed VND 8 billion in revenue, represented 131.7% of the plan. Gross profit reached VND 3.3 billion, representing 116.6% of the plan.

In 2017, Tracodi focused on high-quality and potential market such as Japan. After identifying the key market and high quality labour to supply, Tracodi strived to look for partners, labour sources, and then directly trained and sent laborers to work in Japan. The interview has been more and more professional. In addition, we worked closely with the locals to ensure labour source satisfied customers. As a result, in 2017, we have signed many contracts with partners and sent 487 workers to Japan compared with the target of 450 workers.

With more intensive development strategy on labor export, in 2017, Labor Export Division has been moved out of Tracodi to become Joint Stock Company under name of Tracodi Labor Export Joint Stock Company (TRACODI LABOUR). Tracodi Labor has seven (7) recruitment branches and one (1) training center.

### **3.5 VINATAXI:**

Taxi business is increasingly fierce competition, besides traditional taxi rivals like Vinasun, Mai Linh, we also have to face with private-hire services like Uber and Grab - use application in smartphone to connect with drivers and guests to use the service. Although, we did not badly affect compared with other taxi firms as our strategy not focus much on the central districts (where Uber and Grab customers are the majority), Vinataxi still has to find solutions to compete and stay safe in the market such as using application on smartphone for better connection with customers.

In 2017, VINATAXI earned VND 48.7 billion in revenue, equivalent to 49.8% of the plan. The profit after tax reached VND 1.23 billion, equivalent to 9.87% of the plan. In general, Vinataxi's revenue decreased due to fierce competition and other reasons such as shortage of drivers which led to numbers of cars could not be increased as planned.

### **3.6 Tracodi Branch in Ha Noi:**

The Board of TRACODI has decided to shut down TRACODI Branch in Ha Noi under the Resolution No. 37/2017/QĐ-HĐQT on 28 August 2017 due to its under-performance.

### **3.7 Investor Relations:**

- Successfully held the Annual General Meeting of Shareholders 2017 in an open and transparent manner.
- Information disclosure: The Company frequently updated information of the Company and its subsidiaries on the website in compliance with the laws and held talks with investors interested in the Company.
- The Company also actively participated in workshops and training programs held by the State Securities Commission, Hochiminh Stock Exchange, Vietnam Securities Depository in collaboration with IFC and VCCI for the purpose of improvement of corporate management.
- The Management of TRACODI actively worked with local and foreign investors and investment funds who seeking opportunities to invest in TRACODI.

## **IV. FINANCIAL SITUATION:**

### **4.1 Assets:**

- Total assets: as at 31 December 2017 reached VND 1,153.4 billion, decreased by 53% compared to that of 2016.
- Current assets: VND 346.1 billion
- Long-term assets: VND 807.3 billion

### **4.2 Liabilities:**

- Total liabilities: as at 31 December 2017 reached VND 719.9 billion, declined by 65% compared to that of 2016.
- Short-term borrowings and financial lease liabilities: VND 157.3 billion.
- Owner's equity: as at 31 December 2017 reached VND 433.6 billion, rose 13,3% compared to that of 2016.
- Profit after tax: VND 74.9 billion, rose 24,4% compared to that of 2016. Basic earnings per share is VND 1,698.

## **V. IMPROVEMENT IN ORGANIZATIONAL STRUCTURE, POLICIES AND MANAGEMENT:**

In the last year, apart from actively performing its management, operation, and investment, the Management made some improvements in structure, policies, and management to bring efficiency to the Company, in particular.

### **5.1 Administration:**

Strengthening the administration in TRACODI and its subsidiaries through applying streamlined processes and regulations and implementing IT applications for the whole system to ensure quick and timely reports and statistics.

### **5.2 Personnel, Training, and Wage Mechanism:**

TRACODI focused on enhancing high quality human resources, improving remuneration and benefits for employees to make sure that salary mechanism was the driving force for business and in accordance with market practices. Training, emulation and bonus schemes were performed in diversity to improve the quality of our human resources and encouraged individuals to successfully complete their assigned tasks.

## **STRATEGY IN 2018**

### **I. REMARKS:**

After a year with full of records, Vietnam economy shall be full of opportunities and challenges in the new year 2018. According to economic experts, in 2018, Vietnam economy will continue to maintain its stable growth, macro-economy will continue to stabilize. However, the growth pressure will be relatively larger in next year. Public debt, State budget deficit, low labour productivity will threaten development of the economy.

Based on performance result 2017 and current situation, entering 2018, Tracodi shall continue to achieve targets focusing on medium and long-term strategy with highest efforts determination, we shall concentrate resources to promote strong business growth in order to affirm Tracodi's brand in local market on the basis of ensuring effectiveness, quality control and risk management. In addition, Tracodi will emphasize on standardizing all aspects of our operation, enhancing construction management, building qualified and professional workforce, modernizing information technology in accordance with international standards and practices

### **II. BUSINESS PLAN 2018**

#### **2.1 Financial indicators 2018:**

*Unit: VND million*

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No.	Indicators	2016A	2017A	% +/- compared with 2016	2018F	% +/- compared with 2017
<b>I. Net revenue</b>						
1	Consolidated	831,822	1,095,900	31.75%	1,150,206	4.96%
2	Separate	478,928	746,151	55.80%	850.264	13.95%
<b>II. Profit after tax</b>						
1	Consolidated	60,228	74,948	24.44%	77,104	2.88%
2	Separate	23,548	51,471	118.58%	57,988	12.66%
<b>III. Owner's Equity</b>						
1	Consolidated	382,810	433,550	13.25%	467,762	7.89%
2	Separate	349,141	400,611	14.74%	419,885	4.81%
<b>IV. Return on revenue</b>						
1	Consolidated	7.24%	6.84%	-5.55%	6.70%	-1.98%
2	Separate	4.92%	6.90%	40.30%	6.82%	-1.13%
<b>V. Return on equity</b>						
1	Consolidated	15.73%	17.29%	9.88%	16.48%	-4.65%
2	Separate	6.74%	12.85%	90.50%	13.81%	7.49%
<b>VI. Dividend</b>		6%	10%	-	10-12%	-

## 2.2 The plan 2018 (consolidated):

Unit: VND million

No.	Indicators	2016A	2017A	% +/- compared with 2016	2018F	% +/- compared with 2017
<b>I. Net revenue</b>						
1	Consolidated	831,822	1,095,900	31.75%	1,150,206	4.96%
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1	Consolidated	15.73%	17.29%	9.88%	16.48%	-4.65%
2	Separate	6.74%	12.85%	90.50%	13.81%	7.49%
<b>VI. Dividend</b>						
		6%	10%	-	10-12%	-

### 2.3 Business plan by sectors:

*Unit: VND million*

No.	Indicators	2016A	2017A	2018F
1	Trading	375,090	589,665	450,000
2	Infrastructure and Construction, Real Estate Project	87,831	135,384	390,732
3	Labour Export and Training	7,446	9,946	9,532
4	Antraco	354,512	355,066	300,000
5	Others	6,943	5,840	-
<b>I</b>	<b>Net revenue</b>	<b>831,822</b>	<b>1,095,900</b>	<b>1,150,264</b>
<b>II</b>	<b>Profit after tax</b>	<b>60,228</b>	<b>74,948</b>	<b>77,104</b>

### 2.3 Plan during 2018-2022:

*Unit: VND million*

No.	Indicators	2018F	2019F	2020F	2021F	2022F
1	Net revenue	1,150,264	1,322,804	1,521,224	1,749,408	2,011,819
2	Profit after tax	77,104	88,670	101,970	117,266	134,855



3	Dividend	10%-12%	12%-15%	15-18%	15%-18%	20%-22%
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### 2.3.1 Trading:

Following the success of 2017, we continuously maintain the growth with our strategy mainly focusing on key products and customers to achieve better profit margins. In 2018, TRACODI plans to earn VND 450 billion dong in revenue and VND 15 billion in gross profit.

- Actively looking for customers for exporting out key products such as cassava starch; coffee...
- Taking advantage from our subsidiary Vinacafe Producing Trading Fertilizer Joint Stock Company, we will kick-off micro-fertilizer products to local market.
- Looking for agencies to provide construction materials such as sand, stone (construction materials); to develop e-commerce for outdoor furniture products.

### 2.3.2 Infrastructure and Construction:

In 2017, the company has implemented many projects, including BOT DT 830 project in Long An, this project helped to recover the capacity of project management. In 2018, the company continues to improve its construction capacity not only infrastructure but also civil and industrial works. In particular:

- Achieve double revenue in 2017, the revenue and profit are expected to reach VND 390 billion and VND 27 billion respectively.
- Focus on the projects invested by its parent company Bamboo capital in Long An province: BT 830C; building social houses in Ben Luc; infrastructure construction for solar power plant project in Thanh Hoa (Long An); Thao Dien luxury residential (District 2); Malibu Village (Quang Nam); Dragon Bridge (Da Nang).
- Manage construction works to ensure good quality, progress, disbursement plan and acceptance of works.
- Build and develop construction teams for real estate and solar projects.
- Infrastructure construction for renewable energy projects owned by its holding company BCG such as: 100MW GAIA Solar Power Plant; 40MW BCG Bang Duong Solar Power Plant; 50MW Sunflower Solar Power Plant.

### 2.3.3 Quarrying:

- In 2018, we will maintain our revenue growth rate based on the permitted quota and continuously bring stable profit to TCD.
- Focusing on product quality improvement, exploiting the potential and advantages of quality and brand of Antraco's products; strengthening research and market analysis, maximizing profit by identifying potential targets and markets based on reasonable price strategy, product strategy, promoting products to neighborhoods.

- Finding solutions on cost saving, reasonable labor use, step-by-step reinforcing the organizational structure and management.
- Conduct training for employees in accordance with the needs and actual conditions of the Company. Enhancing recruitment and training quality in order to develop human resources of the Company.
- Directly approaching customers to bring Antraco's products into the upcoming key projects such as Hau Giang Thermal Power Plant 3, Dai Ngai Bridge - Soc Trang, Chau Doc Bridge - An Giang, Ho Chi Minh road, upgrading and expanding Highway 30, Trung Luong Expressway - My Thuan and My Thuan Expressway - Can Tho.

#### **2.3.4 Labor Export:**

- In 2017, after separating the status quo into TCD's subsidiary, TRACODI LABOR built its long-term plan for more than 3-5 years. In 2018, TRACODI LABOR aims to continue to focus on Japanese market by sending more than 500 laborers, while also gradually penetrating high quality markets such as Germany and Europe.
- Finding sources of laborers in Mekong Delta, where its parent company Bamboo Capital (BCG) has projects, in order to have sufficient laborers in the future.
- Directly conducting interview and providing training; looking for more foreign partners in Japan, Germany, Europe.
- Reinforcing the operation of recruitment branches and training center of TRACODI LABOR. TRACODI Training Center is a place providing resources, training, and additional services for labor export services. Maximizing the advantages of the training center to reduce for cost saving.

#### **2.3.5 Vinataxi:**

2018 will be a difficult year, therefore Vinataxi needs to put more effort to remain and develop. Following key financial indicators 2018 has been approved by BOD:

<b>Indicators</b>	<b>2017A</b>	<b>2018F</b>
Revenue	VND 54 billion	VND 85 billion
Profit after tax	VND 1.2 billion	VND 7.7 billion
Average number of cars during the year	290 cars	330 cars

#### **2.3. Bamboo Price Court at 89 CMT8:**

The land is head office of TRACODI. The project of basement and multi-storey office buildings built on land with a prime location with an area of 1,048 m<sup>2</sup>. Total investment

is estimated VND 850 billion. Currently, the Company is carrying out necessary procedures with competent agencies to complete legal investment documents and expected to implement the project during 2018-2020.

### **2.3.7 Other activities:**

#### **2.3.7.1 Accounting:**

- Perform in accordance with Vietnam Accounting system.
- To ensure sufficient working capital for business activities in timely manner.
- To apply accounting software for reports; build financial management regulations applied for subsidiaries and branches.

#### **2.3.7.2 Personnel, Training, and Wage Mechanism:**

- To consolidate the organization: assign employees in accordance with their capacity and experience and skills, minimize headcount increase.
- To review, adjust or issue procedures and regulations to improve operation management.
- Issue benefit scheme and KPIs performance assessment to ensure equity and efficiency enhancement of employees.

#### **2.3.7.3 Communication and Investor Relations:**

- Information disclosure: The Company will frequently update information of the Company and its subsidiaries on the website in compliance with the laws and held talks with investors interested in the Company.
- The Company also actively participate in workshops and training programs held by the State Securities Commission, Hochiminh Stock Exchange, Vietnam Securities Depository in collaboration with IFC and VCCI for the purpose of improvement of corporate management.
- Investor relations will be continuously emphasized during the year to ensure its importance in connecting Tracodi's Board of Management with local and foreign investors.
- Our Investor Relations team continue to provide important inputs about Tracodi's performance and future prospects to local and international investment funds, securities companies and analysts. These activities significantly contributed to our reputation and shareholding value enhancement by timely and transparent information disclosure as well as good relations with the market

The content above is the report of business results 2017 and business plan 2018. Entering 2018, there will be opportunities and challenges for us. With our mission “to constantly create superior values for shareholders, employees and the society as a whole”, employees of Tracodi will determinate and commit to achieve the set goal and gain outstanding business results.

**Recipients:**

- The AGM;
- Archived: BOD, BS Dept.

**FOR AND ON BEHALF OF THE BOARD OF  
DIRECTORS  
THE CHAIRMAN**

**Nguyen Ho Nam**