



Transport and Industry Development Investment JSC - TCD -

NEWSLETTER – 2Q2018



TCD Share

14,000



200 (1.45%)

08/13/2018, 13:41
Trading

| | | | | | | | |
|-------------|--------|----------------|--------|----------------|-------|-------|--------|
| Open | 14,000 | Unmatched Buy | 9,100 | Frign Buy | 0 | EPS | 1,698 |
| High | 14,000 | Unmatched Sell | 1,300 | Frign Owned(%) | 15.45 | P/E | 8.13 |
| Low | 14,000 | 52Wk High | 17,800 | Dividend | 0 | F P/E | 6.16 |
| Vol | 30 | 52Wk Low | 11,800 | Dividend Yield | 0.00 | BVPS | 12,690 |
| Market Cap. | 482 | 52Wk Avg Vol | 57,210 | Beta | 0 | P/B | 1.10 |



1

Business results

| Items (VND million) | 2Q2018 | 2Q2017 |
|---------------------|---------|---------|
| Revenue | 187,987 | 208,189 |
| Gross profit | 39,104 | 34,226 |
| Profit before tax | 16,992 | 19,208 |
| Profit after tax | 13,420 | 16,370 |

Financial benchmark

| Items | TCD |
|---------------------------|-------|
| Return on revenue | 6.0% |
| ROE | 17.3% |
| Current ratio | 1.26 |
| Liabilities/total sources | 1.66 |
| Dividend | 10% |



Share issuance for 2017 dividend payment

On June 15, 2018, Tracodi proposed to the AGM to issue share for the 2017 dividend payment under the Proposal No. 08/2018/TT-HĐQT-TCD dated May 28, 2018, and the AGM has approved with 100% in favor. Consequently, TCD's shareholders will receive 10% stock dividend in the third quarter of 2018.



"TRACODI" brand has been well-known in construction industry since 1993. With main activities focusing on traffic, industrial, civil and irrigation works, TCD has carried out many construction projects with high-quality standards and techniques such as bridges, roads, ports, airports, factories. In 2017, the BOT 830 project has been executed successfully. This is an important milestone for TCD which shows strong recovery of the company in this field.

During the period of 2018 - 2020, TCD strategically focuses on core businesses including trading, quarrying, infrastructure construction, and real estate. In particular, TCD will mainly focus

Consolidated business results 2QFY2018: revenue reached VND 187.99 billion, profit before tax reached VND 16.99 billion.

According to the consolidated financial statement of TCD, the revenue from sales of goods and rendering of services for the second quarter and the first 6 months of 2018 reached VND 187.99 billion and VND 402.82 billion respectively. The revenue for the second quarter of 2018 declined 9,7% over the same period last year but the accumulative revenue for the first 6 months of 2018 rose 7,2% over the same period last year. Profit before tax for the

second quarter and the first 6 months of 2018 reached VND 16.99 billion and VND 21.64 billion, declined 11.5% and 40.7% correspondingly over the same period last year. In 2018, TCD has planned to achieve VND 96.38 billion in profit before tax. By the end of second quarter of 2018, TCD has completed 22.5% of the plan. Therefore, it will be big effort from TCD in the last 6 months of 2018 to achieve targeted profit as committed to shareholders.

Woomi Construction has officially become major shareholder of Tracodi since May 16, 2018.

Woomi Construction has purchased 1.72 million shares of Tracodi (TCD) on May 16, 2018, representing 5% of total TCD shares, and has officially become a major shareholder of the company.

on infrastructure and real estate projects including building social houses in Long An Province, Malibu Hoi An in Quang Nam Province, King CrownThao Dien in District 2 and infrastructure construction for renewable energy projects owned by its parent company, Bamboo Capital JSC (BCG).

After extensive due diligence, Woomi Construction highly values TCD's potentials with its construction projects, and appreciates the similar vision shared by both companies. Woomi Construction has then decided to invest directly in TCD and play the role of a strategic shareholder.

Up to date, Woomi Construction

has become the fourth major shareholder of TCD, followed by Intact Management (Taiwan), Bao Viet Securities Joint Stock Company, and BCG.

According to plan, Woomi Construction will support TCD as a technical consultant and mainly be in charge of technology transfer, with the intention to help TCD become one of the leading construction companies in Vietnam. In return, this is also a great opportunity for Woomi Construction to officially step in Vietnam construction market and further enhance the company's international expansion.

BOT 830 project has been done, toll has been officially collected from June 18, 2018.

Toll booths located at interstate 830 from Ben Luc to Duc Hoa (Long An province) has been officially in operation since June 18, 2018 at 0:00 a.m.

On June 16, 2018, according to the People's Committee of Long An province, the Chairman of the People's Committee of Long An province has approved toll collection time of BOT 830 project with the toll road of 24.5 km starting from An Thanh bridge (Ben Luc) to Duc Hoa.



Toll booths located in the beginning of toll road stretched from Ben Luc to Duc Hoa

Apparently, the toll booths started to be pilot on June 17, 2018 from 0:00 am to 11:59 p.m. without charges. The tolls will be officially collected on June 18, 2018 from 0:00 a.m. The toll booths have been well equipped with toll collection system using barcode laser technology.

“The lowest charge is 25,000 VND/vehicle and highest charge is 165,000VND/vehicle. Tickets are available for multi-travels which are valid up to 24 hours in 1 direction. Monthly pass will be started from 750,000 - 4,950,000 VND/vehicle, and quarterly pass will be started from 2,025,000 - 13,365,000 VND/vehicle. After six (6) months of operation, the tolls will be reviewed and adjusted for more appropriate.” said the representative of the owner.

In addition, vehicles of 30 seats and less of non-business owners who currently resides in communes between 2 toll booths shall be exempt. Businesses located along the toll road will pay once for their vehicles and shall receive 20% discount.

The project has been started in November 2016 and completed in June 2018 with total investment of VND 1,079 billion. As designed, the road width is 15m with 4 lanes including road separators and in-road lights have been installed for the entire road stretch. Also, eight bridges have been newly built. The road speed limit is 80km/h and 60 km/h is fastest speed limit in urban area.



2017 | ANNUAL REPORT



Annual Report

TRACODI has disclosed its annual report 2017.

This is the first annual report of TRACODI, the report summarized the financial situation of the company's activities during the 2017 fiscal year and showed its business plan 2018.



The Employee Stock Option Plan (ESOP)

In 2017, TRACODI achieved impressive financial results, surpassed 22% of the targeted profit before tax. Based on this result, the AGM approved the Employee Stock Option Plan (ESOP) as remuneration for members of Board of Directors, Board of Management, and Supervisory Board. Shares will be allocated to employees and held in an ESOP on August 10, 2018.



Tracodi Labour

| Unit: VND million | 2Q2018 | 2Q2017 |
|--------------------|--------|--------|
| Net revenue | 3,176 | 2,105 |
| Cost of goods sold | 1,023 | 1,442 |
| Gross profit | 2,152 | 663 |

In order to reduce pressure of over-load for Tracodi Training Center, Tracodi Labour proposed to cooperate with training centers in Long An province to train laborers coming from this province. So, laborers from this province after passed the interview will be trained in training centers in Long An province.

Tracodi Labour has continuously seeking for labor sources in provinces that we have well-connected such as Soc Trang, Vinh Long.

In the first 6 months of 2018, Tracodi Labour has sent 56 laborers to Taiwan and Macau, 262 laborers to Japan. The net revenue and gross profit for the second quarter of 2018 reached VND 3.1 billion and VND 2.1 billion respectively, up 50.85% and 224.63% correspondingly over the same period last year.

In the last 6 months of 2018, Tracodi Labour is expected to send 350 laborers to Japan and Taiwan. Thus, Tracodi Labour is predicted to complete its targeted revenue of VND 9.53 billion.

Pure vermicelli noodles: increasing demand for the product within the market

In recent years, the pure vermicelli noodle product has been increasing and frequently out of stock. It is predicted that this market will grow more and more, Tracodi has prepared to launch this product to the market soon.

With advantage of operating the factory in Tay Ninh province and understand the market, Tracodi has decided to invest in factory producing vermicelli noodles which will be made from cassava starch. To produce clean vermicelli noodles, we will apply new technology, use non-toxic substances and automatic dry system. This product will align with the needs of the market and primarily focus on customer's health value. Vermicelli noodle made from cassava starch will bring natural flavor and it will be a good choice for health.

Antraco

Quarrying at Antraco is one of core business of Tracodi (securities code: TCD) which mainly providing construction stones for projects of the Group, this source is in the trend of reducing in both quality and quantity.

For the second quarter of 2018, Antraco earned VND 81.15 billion in revenue and VND 16.52 billion in profit before tax, up 12.8% and 46.2% respectively over the same period last year. The revenue for the first 6 months of 2018 reached VND 166.13 billion, rose 13.4% over the same period last year, the profit before tax for the first 6 months of 2018 reached VND 20.1 billion. The Company has completed 55.4% and 47.9% of the plan of revenue and profit before tax correspondingly.

Owning quarries with license for long-term period, large mining reserve and good location are important factors enable the company to regularly supply construction stones for key infrastructure projects of its holding company Tracodi in the coming years. In financial perspective, this is stable revenue of the company.

Moreover, the Government has announced to limit granting licenses for new quarries up to 2020, therefore, owning quarries licensed for long-term period gives us an advantage over our competitors.

In 2018, Antraco has planned to earned VND 300 billion in revenue and VND 42 billion in profit before tax.

| Unit: VND | 2Q2018 | 2Q2017 |
|--------------------|----------------|----------------|
| Net revenue | 81,154,062,772 | 70,480,278,371 |
| Cost of goods sold | 48,381,619,800 | 45,054,638,318 |
| Gross profit | 32,772,442,972 | 25,425,640,053 |

Project update

MALIBU HOI AN



Malibu Hoi An, comprises 96 Villas and 690 condotel units, is located in the coastal line connecting Da Nang and Hoi An. The Villas is designed by BAKH Architecture (US) who has more than 20 years of experience in design.

- Estimated Construction cost: \$45 million
- Land area: 110,306 m²
- Construction period: 2018– 2020.
- The owner: BCG

On August 4, 2018 Indochina Hoi An Beach Villas Co., Ltd, a subsidiary of Bamboo Capital JSC (BCG) has signed strategic cooperation agreements with local and international partners in terms of design, building, finance, construction supervision and others for implementation of Malibu Hoi An project.

TCD, general contractor of the project, has working with the owner and other subcontracts for project implementation. The design has been done and currently we are in the stage of opening for sale.

KING CROWN THAO DIEN



Luxurious apartment building, which is located in the center of District 2, invested by BCG Land. As planned, the mixed residential-commercial building will include 43 shophouses, 20 storey office space and 5 storey residence space.

- Estimated construction cost: \$20 million
- Land area: 9,120 m²
- Estimated completion: 2020

TCD, general contractor of the project, has working with relevant authorities to complete project documents.

Trading: Business results

As report from TCD, for the second quarter of 2018, trading sector has contributed VND 89.7 billion in net revenue, up 25.45% from VND 71.5 billion over the same period last year. However, cost of goods sold for the second quarter of 2018 reached VND 87.5 billion compared with VND 67 billion over the same period last year which led to gross profit for the second quarter of 2018 was only VND 2.1 billion compared with VND 4.4 billion over the same period last year. The price of raw materials has been increasing significantly was the main reason of profit decline. In particular, over the same period last year, the price of fresh cassava was VND 2,000/kg, but now the price has been up to VND 3,000/kg due to cassava diseases. In the mean time, the price of fresh cassava imported from Cambodia has been increased sharply. As a result of enormous price increases, we suffer substantial losses as we have fulfilled our contractual obligations signed earlier.

However, it is expected that the market shall be recovered in the third quarter of 2018, this is also main season to harvest fresh cassava, therefore, the revenue and profit shall be increased significantly in two (2) last quarters of 2018. In addition, Management has found solutions to increase revenue of this section by seeking for partner to produce vercemelli noodle products exported to Korea and China where this product has been in the need. It is predicted that losses shall be offset by a high profit from this product in the third and fourth quarters of 2018.

In 2018, trading sector has planned to earn VND 450 billion in revenue and VND 15.39 billion in gross profit respectively.

| Unit: VND million | 2Q2018 | 2Q2017 |
|--------------------|--------|--------|
| Net revenue | 89,756 | 71,553 |
| Cost of goods sold | 87,592 | 67,090 |
| Gross profit | 2,164 | 4,463 |

Department of Investor Relations

Tel: +84 28 38330314/5
Ext: 126
Fax: +84 8 28 38330317

Email:
ngoc.hmn@tracodi.com.vn
binh.ttm@tracodi.com.vn

Website:
www.tracodi.com.vn

Project update

BCG BANG DUONG 40 MW



The BCG Bang Duong Solar Power Plant will be located in Thanh Hoa (Long An) owned by its parent company BCG. The project has been approved by Ministry of Industry and Trade and in the procedure of implementation of infrastructure construction.

- Total investment: \$40.5 million
- Estimated infrastructure cost: USD 5 million
- Capacity: 40 MW.
- Land area: 50 ha.
- Construction period: 2018 – 2019

The project is expected to start in September, TCD will be general contractor in charge of infrastructure construction.

GAIA 100 MW



The GAIA Solar Power Plant will be located in Thanh Hoa (Long An) owned by its parent company Bamboo Capital JSC (BCG) and BCG's partner Hanwha (Korea). The project has been approved by Ministry of Industry and Trade and in the procedure of preparation of infrastructure construction documents.

- Total investment: \$101 million
- Estimated infrastructure cost: USD 10 million
- Capacity: 100 MW.
- Land area: 120 ha.
- Construction period: 2018 – 2019

TCD will be general contractor who provides design solution, equipment and installation of solar energy system for the project.