



## IR BULLETIN 26<sup>th</sup> Q2&1H2021



### I. VIETNAM'S TEXTILE INDUSTRY OVERVIEW IN 6M2021

In 6M2021, accompanied by recovery of global economy as well as removal of social distancing requirements in prime export markets of Vietnam such as US, EU and Japan, the garment and textile orders of Vietnamese producers also rebounded again in first months of 2021. Hence, Vietnam's textile and garment export turnover in 6M2021 reached USD 18.8 billion, increasing by 21.2% as compared to the same period last year, increasing by 4.2% as compared to the same period of 2019, completing 48.2% of initial set budget at early of the year (USD 39 billion).

In earliest months of 2021, thanks to capable control of the Covid-19 pandemic situation, the global consumer demand for goods (clothes, furniture, cars, etc.) has been stimulated again, assisting the acceleration of economic recovery in important export markets like US, EU, Japan and Korea. Together, boosting sales through online channels also helps fashion brands in these regions enhance their business performance, which is anticipated to well increase further in Q3&Q4.2021.

In details, regarding export mix by geographic regions in 5M2021, US remained the largest importer of Vietnam's textile and garment, recording export revenue of USD 6.1 billion, increasing by 24.19% as compared to the last same period and by 5.6% as compared to 2019, accounting for 49.2% in the total of Vietnam's textile and garment exporting value; 5M2021 exporting to EU market reached USD 1.21 billion, increasing by 14.4 % as compared to the same period last year; exporting to Japan reached USD 1.3 billion and Korea market reached USD 1.07 billion, increasing by 4.1% as compared to the same period last year.

(Source: VITAS, General Statistics Office of Vietnam & Custom Office).

As disclosed in Annual reports for fiscal year 2020 of Nike, Adidas and Puma, the proportion of clothing and sport shoes sourced from Vietnam took up high percentage in 2020. Particularly, Nike revealed that Vietnam's share in its total garment and sport shoes sourcing was 28% and 50% respectively; In Adidas the proportion of Vietnam origin was 20% for garment and 42% for sport shoes; For Puma, the proportion of Vietnam made garment rose to 35% which was the same portion for sport shoes. Especially, Nike, Adidas and Puma all experienced strong growth from eCommerce channels, whereby, Nike's digital sales increased by 49%, Adidas's digital sales surged by 53% and Puma's digital sales inclined by 60% as compared to last same period in 2020

As expected in 2H2021, top premium fashion brands will continue to promote sales activities via eCommerce channels at the same time with reopening physical stores and developing further environmentally friendly sport-wears to meet the customer needs, implicating increment in sales volume as well as sourcing from Vietnam. (Source: Nike, Adidas, Puma annual report fiscal year 2020)

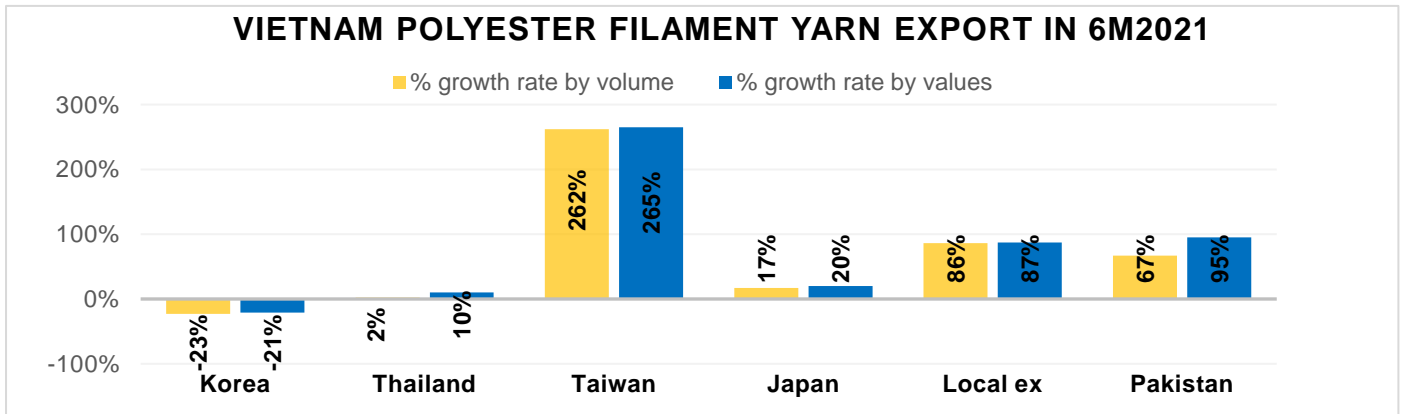
In 2H2021, relocation of textile and garment orders to Vietnam will continue, pushing forward expansion capacity projects of regional textile enterprises as well as stimulating the demand of domestic textile and garment materials, based on the condition of rules of origin under EVFTA, CPTPP and UKVFTA free trade agreements. (Source: Vitas, Ministry of Industry and Trade).

Growth prospect of recycle yarn demand:

Regarding the "Recycled Polyester Challenge 2025" program of top fashion brands, in April 2021, there were 85 leading fashion brands and textile manufacturers participated in the "Textile Exchange and Fashion Industry Charter for Climate Action"- an initiative of the "UN Climate change" program. Under this charter, fashion brands pledge to increase the proportion of recycle yarn in the total polyester yarn consumption from 14% today to 45% in 2025. According to the Textile exchange estimation, if the commitment is reached, the volume of recycle yarn consumption will raise from 4.48 million tons to 17.1 million tons by 2025. (Source: Textile Exchange).

In 6M2021, Vietnam's polyester filament yarn export recorded of USD 225.4 million, corresponding to 136.1 thousand tons increasing by 51% in volume and 40% in value as compared to the same period in 2020. (Source: Custom Office's data)

## VIETNAM POLYESTER FILAMENT YARN EXPORT IN 6M2021



### STOCK QUOTE (19/07/2021)

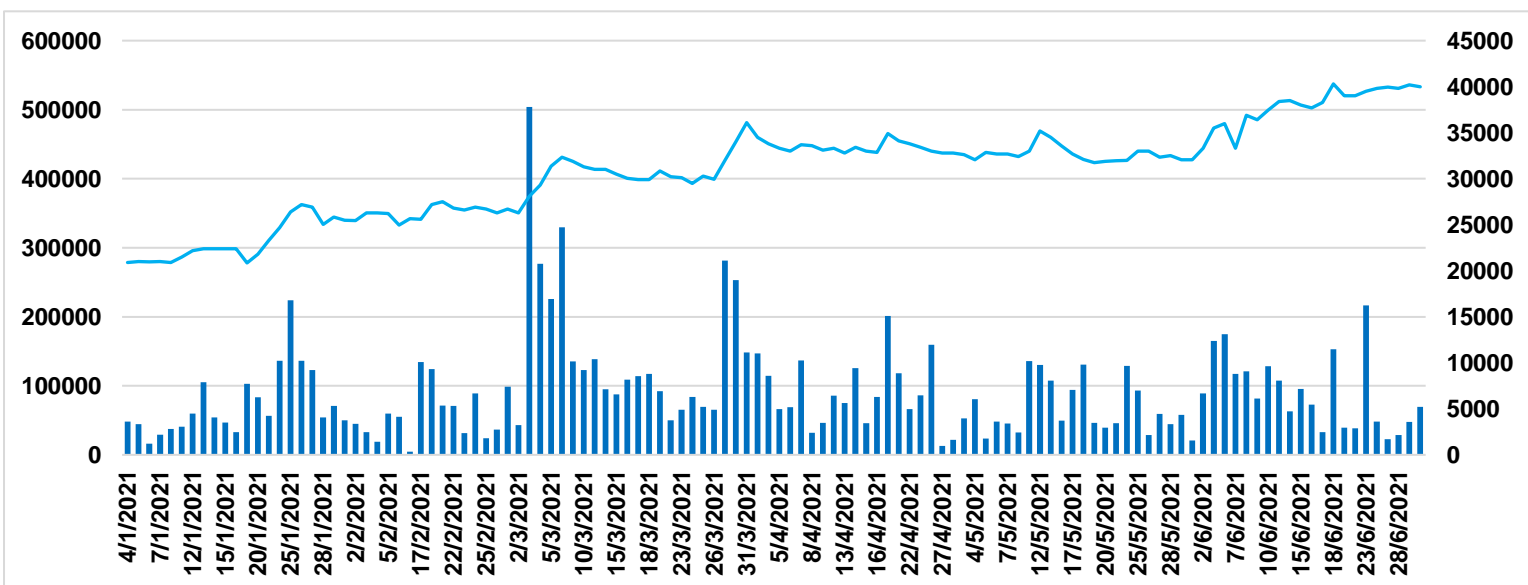
Stock price (VND)	39,700
Highest in 52 weeks (VND)	39,300
Lowest in 52 weeks (VND)	13,100
+/-% in 1 year	+134.23%
Average trading volume/10 transactions:	30,690
Outstanding shares	68,185,294
P/E (trailing)	11.8
P/B	2.4

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### STK'S IR ACTIVITIES

In Q2.2021, IR team successfully organized virtual meeting with analysts, top management of Securities firms and investment funds such as HSC, VN-Direct, Wardhaven, Passion Investment, Vina Capital, VCSC, AMIRAL... Besides, there were articles regarding the Company published on several newspapers including Vietnam Investment, Vietstock, Cafef, NDH, Vietnam Investment, helping to give further information to shareholders and investors.

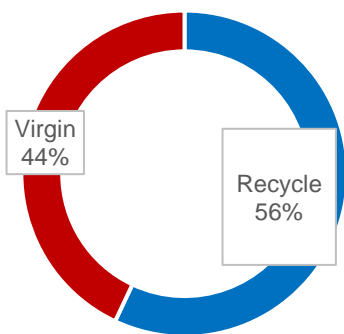
### STOCK PRICE PERFORMANCE IN 6M2021



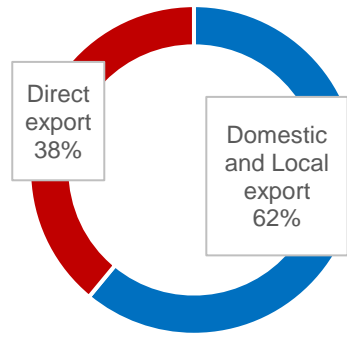
## II. BUSINESS PERFORMANCE IN Q2&amp;6M2021

KPIs	Actual Q2.2021	Actual 6M2021	Actual 6M2021 vs Actual 6M2020 (%)
<b>SALES REVENUE</b>	<b>510 (VND billion)</b>	<b>1,077 (VND billion)</b>	<b>+24%</b>
<b>PROFIT AFTER TAX</b>	<b>70.7 (VND billion)</b>	<b>140.8 (VND billion)</b>	<b>+156%</b>

## SALES MIX BY PRODUCTS Q2.2021



## SALES MIX BY PRODUCTS Q2.2021



■ Recycle ■ Virgin

■ Domestic and Local export  
■ Direct export

## FINANCIAL RATIOS

KPIs	Unit	As at 31.03.2021	As at 30.06.2021
<b>Asset structure</b>			
Current Assets/ Total Assets	%	42%	49%
Non-current Assets/ Total Assets	%	58%	51%
<b>Owners' equity structure</b>			
Debt/Equity	Times	0.19	0.28
Net Debt/Equity	Times	0.05	0.03
<b>Debt paying ability</b>			
Current ratio	Times	1.18	1.12
Quick ratio	Times	0.40	0.45
<b>Profitability</b>			
Gross margin	%	19.8%	19.6%
ROS	%	12.4%	13.9%
ROA	%	3.9%	3.5%
ROE	%	6.1%	6.3%

In 6M2021, order flow has been recovered, almost customers enlarged their order volume to serve previous rendered demand of prime export markets such as US, EU and Japan. In addition, existing textile and garment customers also have recently raised their capacity, resulting higher order volume to the Company. Consequently, Company performance improved sharply, sales revenue reached VND510 billion in Q2.2021, completing 87% of the quarter set target, increased by 102% as compared to same period 2020. Fulfilling 46% of 2021 sales revenue budget. The recycle yarn proportion in 6M2021 reached 56.48% in the total sales revenue.

During 1H2021, the Company captured the opportunity to expand customer network in existing markets as well as develop new markets and customers to earn more orders, applying proper sales policy with good selling price to customers and ensuring the price gap level. In 6M2021 the Company successfully acquired 38 new customers. Therefore, thanks to the increment in sales volume, gross profit value inclined by 83% as compared to 6M2020. The Company's 6M2021 gross profit margin reached 19.6%.

Upon the effective control of financial expenses and operating costs, STK fulfilled its Q2.2021 target. In terms of profit after tax, STK recorded VND 70 billion, surging by 25 times as compared to the same period last year, accumulating by VND 140.1 billion in 6M2021 and accomplishing 56% the annual budget.

### III. PRODUCTION RESEARCH FOR DEVELOPING NEW PRODUCTS AND NEW INVESTMENT PROJECTS IN Q2.2021

- ✓ In Q2-2021, STK maintained and developed customer orders of Soft Package, Full dull, High CR, CD Mix, and high-quality AAA products after meeting customer testing standard for domestic and export markets (Thailand, Japan, EU) in domestic and foreign markets. Furthermore, the Company exerted to develop further different yarn samples of new types of Soft Package, Full dull, High CR, CD Mix, Quick dry, and dope dye yarns for orders from both local and international markets.
- ✓ In addition, thanks to the low preliminary anti-dumping duty imposed by the US Department of Commerce on May 26, 2021 for Century Yarn, the Company is also actively seizing opportunities for further development of customers in the US market, mainly customers are operating in the field of manufacturing automotive and furniture industries with very high requirements in yarn quality.

### V. THE COMPANY'S ACTIVITIES

- ✓ Regarding to the US Department of Commerce initiated an anti-dumping investigation related to polyester texturized yarn (DTY) originated from Indonesia, Malaysia, Thailand, and Vietnam, with support from a prominent law firm, in May 2021 U.S DOC had released the preliminary determination of anti-dumping tax with 2.67% for Century exclusively and 22.82% for other Vietnam's peers. In June 2021, US DOC also conducted a verification, and the Company also completed providing verification information to the US Department of Commerce, it is expected that the official results of the investigation will be announced by DOC in October, 2021.
- ✓ In addition, in relation to investigation on anti-dumping of polyester filament yarn products originating from China, India, Indonesia and Malaysia. According to the Company's recent follow up with the Vietnam Trade Remedies Department, due to the relatively large volume of data and related information for investigation, it is expected that the preliminary tax results will be announced in Q3.2021.
- ✓ Dividend payment timeline for fiscal year 2020:
  - **Dividend payment rate for fiscal year 2020 in cash: 15%/par value (1,500 VND/share)**
  - **Closing date for the list of shareholders entitled to dividend payment: July 14, 2021.**
  - **Dividend payment date: August 2<sup>nd</sup>, 2021.**