



# IR NEWSLETTER

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## Successful restructuring helps TSC improve business performance

Despite several challenges and difficulties in the last two years, TSC has made decisive moves to change its products and successfully improve the business performance, turning loss into profit.

It seems that businesses in agriculture sector don't have many difficulties like those in other fields but in reality, these businesses encounter several challenges as they are required to follow strict requirements in term of scale of the business, quality of products and outputs.

Due to the characteristic features of soil in Vietnam, very few enterprises can afford large rice cultivation fields. In addition, a high pesticide and preservatives use on crops is also a factor affecting agricultural products' quality.

These two elements have a big impact on the production cost (cost of input materials), the consistency of products' quality and cost of products sold.



*The export rice price (USD/ton) in 2019 of Thailand, Vietnam, India and America (from left to right).*

Vietnam's export rice price remains low due to its uneven quality. The profit margin of rice, thus, is very low, despite high revenue.

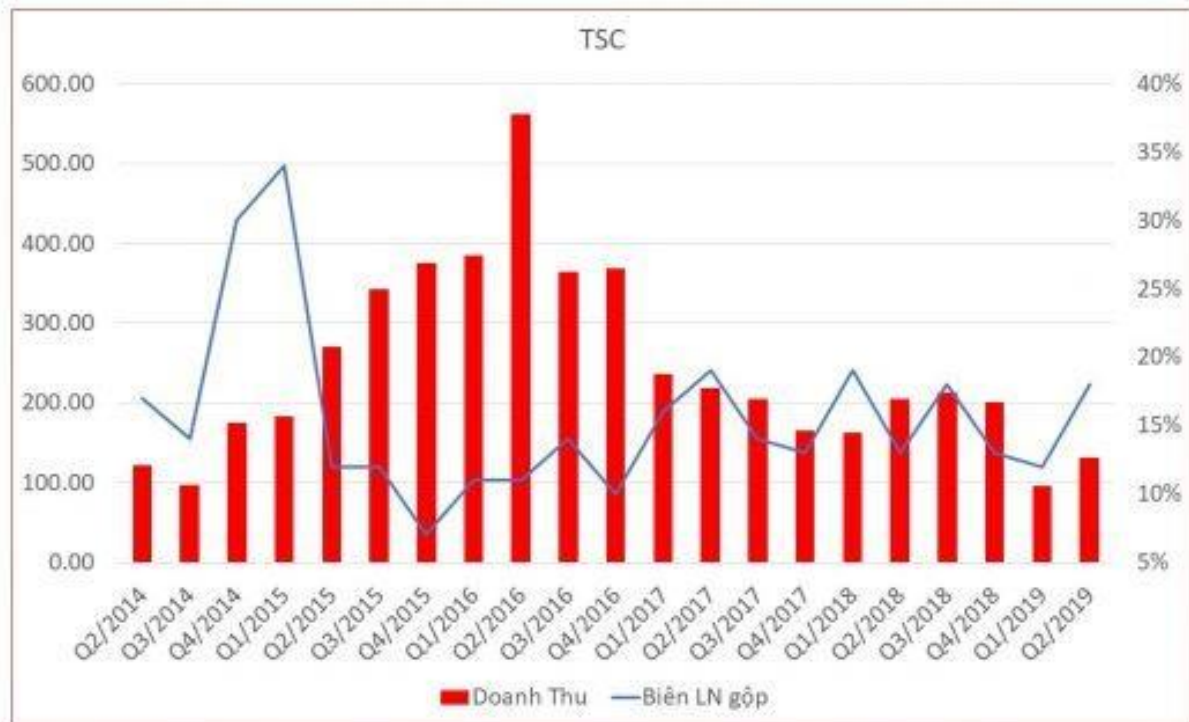


*Vietnam's export rice price over the years (USD/ton).*

The rice price has undergone big fluctuations over the years, while the profit margin has been low. This puts rice trade and export businesses at risks.

TSC is one of the largest agricultural businesses in the Mekong delta that had big share of rice, cassava and corn products before 2017.

As these products had low profit margin and the company was posed with great price fluctuations, since early 2017, TSC's board of management decided to shift their direction, cutting down on the areas with poor business performance.



*The revenue and gross profit margin of TSC from 2014 to 2019.*

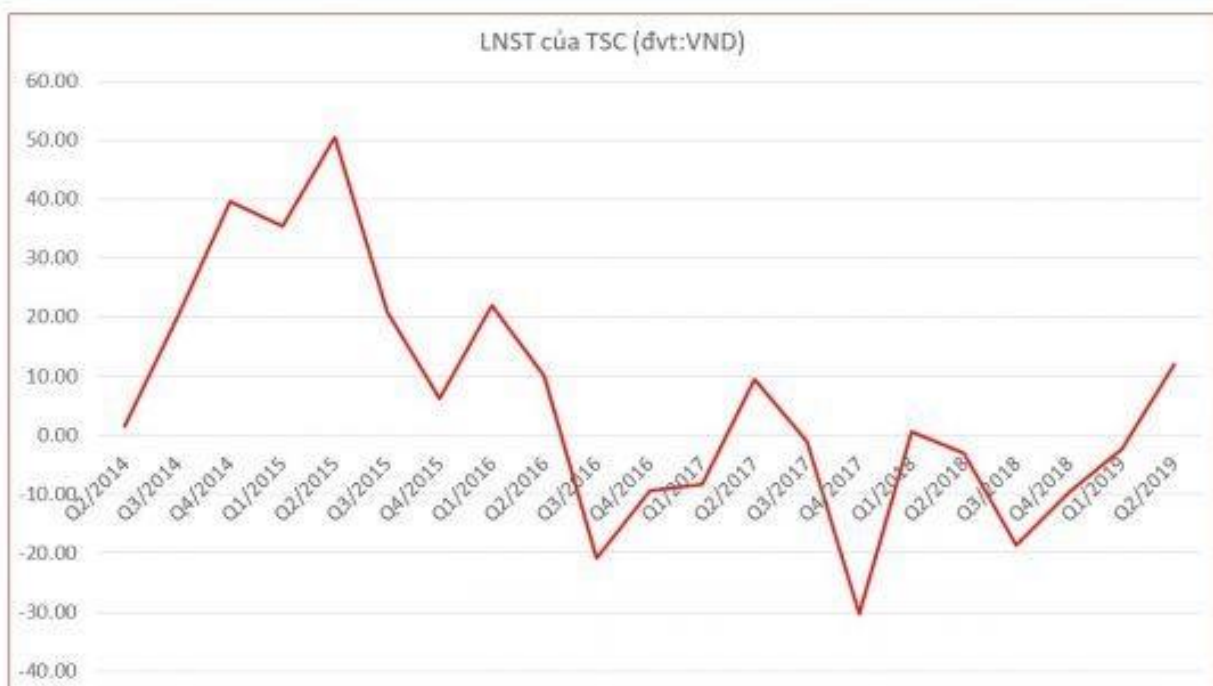
TSC's revenue decreased dramatically in quarter 1 of 2017 as the company discontinued the production of the products which have low profit margin.



The share of TSC's revenue in 2016 and 2019. From top to bottom: Agricultural product trade, food processing, seeds, consuming goods and agricultural medicine.

TSC gave up on the products that are not effective, not environmentally friendly and not aligned with the business philosophy of FIT Group. They included agricultural medicine products and agricultural seeds.

Meanwhile, the company boasted the products which have higher profit margin. These products eventually generated the biggest share of revenue for the company.



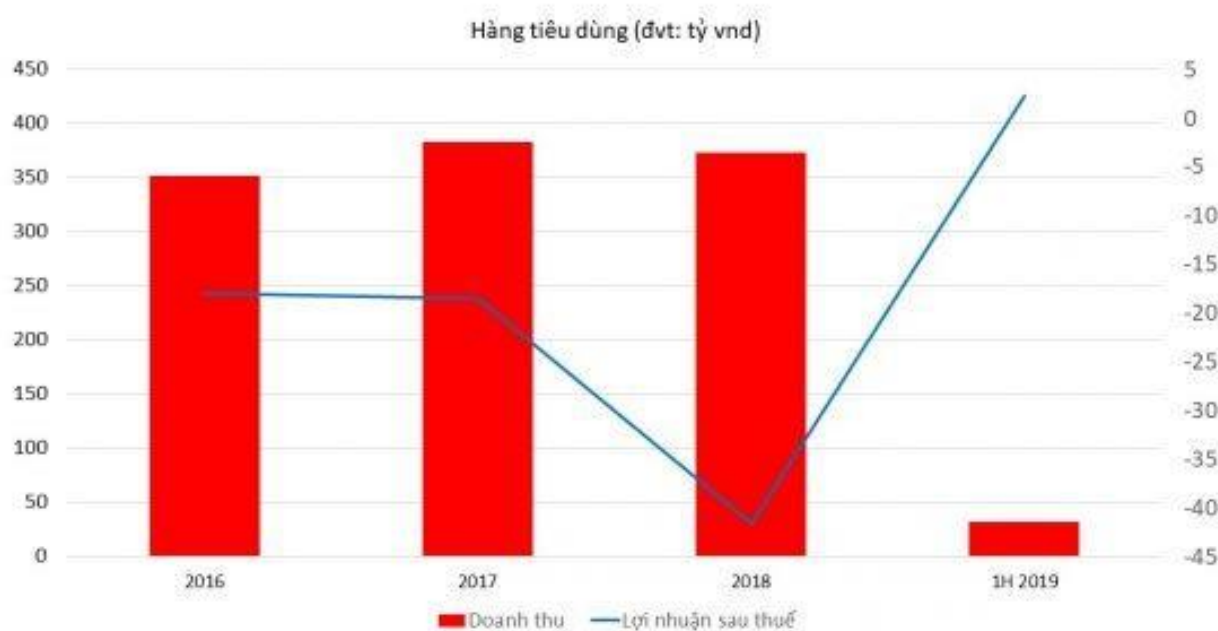
Profit after tax of TSC (unit: billion vietnamdong).

The financial statement showed that TSC’s profit after tax dropped sharply in quarter 3 of 2016. TSC then carried out a restructuring plan in 2017-2018 period, pushing the fast-moving consumer goods, beverage and agricultural products with high added values. These products have the long-term growth potentials and are those that consumers are willing to pay more for especially in the context of increasing middle class population in Vietnam.

TSC invested its resource into Vikoda with the orientation of in-depth development, improving the quality of products and creating new, unique products rather than just increasing the quantity.

The company also invested in production line and improving the quality of products to meet the requirements of both domestic and international partners including those from Europe and America markets while trying not to depend too much on a single market (especially China market).

With a strategy of creating products that are non-harmful to people and environmentally friendly while cutting down on the products that have no competitive advantage, TSC has made transformational changes in 2019.



*Consumer goods’ revenue and profit after tax of TSC (unit: billion vietnamdong).*

The positive result of restructuring effort is well seen in the change of profit after tax in 2016-2019 period.

The business performance of TSC in the first half of 2019 is a big momentum for the management and staff of the company to put further effort and aim towards surpassing targeted revenue in 2019.

## **DCL with the potential of the medical equipment market**

02

Manufacturing medical equipment is one of most three main business activities of Cuu Long Pharmaceutical Joint Stock Company and the company is focusing on expanding its market share to maximize the potential of this field.

According to statistics, the revenue of Vietnam's medical equipment market is estimated at about US \$ 800 million per year. The average growth rate in the 2016-2020 period will reach around 18-20% / year.

Currently about 90% of medical equipment in Vietnam is imported; In which, the main suppliers of medical equipment to Vietnam are Japan, Germany, USA, China and Singapore accounting for about 55% of Vietnam's medical equipment import value. Domestic manufacturers are only able to meet the needs for basic medical supplies such as hospital beds or single-use devices.

Recognizing the great potential of the medical equipment manufacturing market, since becoming a member of FIT Group, DCL's medical supplies factory, Vikimco has received a huge investment in medical equipment, infrastructure, equipment and machinery from the parent company.

Currently, Vikimco factory of DCL has production lines for needles and syringes, automatic injection molding assembly lines, needle assembly lines, injection molding lines and modern and advanced machinery and equipment. imported from South Korea, reaching ISO 9001 - 2015, ISO 13485 - 2016, eGMP FDA 2015, with a total capacity of 13 million products / month.



It is expected that in 2019, net revenue of medical supplies will reach VND 107 billion, up 24% compared to 2018, which is the field expected to have the highest revenue growth rate in DCL's categories (pharmaceuticals products increased by 10% and capsules by 22%).

With the strategy of focusing on expanding market share to maximize the development potential of the field of manufacturing medical supplies, it has shown the right direction of the DCL Board of Directors to ensure the strong and durable development.

Although at present, Vietnamese pharmaceutical enterprises are facing many difficulties and challenges, but with the strategic direction from the parent company FIT Group, along with the determination and efforts of the DCL BOD and DCL teams, there are steps to change to gradually become one of the leading pharmaceutical companies in Vietnam with the mission of Connecting and improving the life of the community through optimal health solutions.

## Westfood: Join the world's leading food fair Anuga in Germany

As one of the leading and reputable companies in the field of exporting canned fruits of Vietnam, at this Anuga Fair, Westfood has continued to promote the company's image as well as develop potential market.

Anuga is the world's leading fair in the field of food industry, held from October 5 to October 9, 2019 in Cologne, Germany, gathering more than 7,500 businesses and attracting more than 165,000 international visitors each period to visit and research products.

Attending the fair is a favorable opportunity for Vietnamese businesses to introduce products to food distributors, companies, businesses operating in the field of hotels and restaurants worldwide and promote for food industry of Vietnam.

In the days of the fair, the number of visitors to visit Vietnam Pavilion in general and Westfood in particular has reached thousands of times. Quality of customers is also highly appreciated, the majority of business guests have a need and a genuine interest in Vietnamese goods.



*Westfood booth attracted many visitors*

At Anuga Fair, Westfood promoted its products such as mango (Catchu, Kaew), pineapple (Queen, MD2), cocktail, dragon fruit (Red, white), papaya, coconut jelly, baby corn, corn, watermelons ... and met, worked with a number of major partners around the world, expected to bring large orders for Westfood in the near future.





*Mr. Nguyen Vu Loc – Westfood CEO working with partners*

With the establishment of nearly twenty years operating in the field of canned fruit export, Westfood is trying to make its mark on the international map. Currently, the company has developed the market with major partners in Japan, South Korea and Europe, which are difficult markets, requiring high standards for imported products.

Besides investing in machinery and facilities, Westfood is also researching and developing new product lines to meet the diverse needs of the market, especially the company that is implementing a regional development project. pineapple MD2 material, becoming the first company to successfully grow MD2 pineapple variety in Vietnam.

As a member of FIT Group, along with other companies in the same system, Westfood is constantly striving to make big breakthroughs, becoming one of the leading companies in Vietnam in exporting canned fruits. and is a reputable and well-known partner in the international market.

## **Vikoda signed cooperation contracts with five stars hotels and resorts in Nha Trang**

04

**In the context of fierce competition of the drinking water market, Vikoda has accelerated and promoted image in key areas to strengthen the brand and maintain the market.**

With nearly thirty years of establishment, the products of Khanh Hoa Mineral Water Joint Stock Company (Vikoda) have always been one of the most chosen drinks in the Central region.

The advantage of Vikoda is 100% natural mineral water, with a PH > = 8.5 rare in Vietnam as well as in the world which bring good health to users.

## NHỮNG ĐIỂM KHÁC BIỆT GIỮA NƯỚC KHOÁNG VỚI NƯỚC TINH KHIẾT



**NƯỚC KHOÁNG THIÊN NHIÊN**  
**VIKODA**



**NƯỚC TINH KHIẾT**

**NGUỒN GỐC**



Mặt hàng trăm năm để hình thành, nước khoáng là nguồn nước tích tụ sâu trong lòng đất, lắng đọng qua nhiều tầng đá chít và hấp thụ nhiều khoáng chất. Vậy, nên, nước khoáng chính là nguồn tài nguyên quý trọng và là món quà quý giá từ thiên nhiên. Nguồn nước để sản xuất nước khoáng phải đảm bảo ổn định lưu lượng và hàm lượng khoáng, không có vi sinh vật gây hại.



Nước tinh khiết có thể từ nhiều nguồn khác nhau, như nước giếng, nước máy, nước sông...

**QUY TRÌNH KHAI THÁC**



**Quy trình sản xuất phức tạp hơn**  
Nước khoáng được lấy phải đảm bảo độ sạch ban đầu về vi sinh vật, hàm lượng khoáng, không bị ô nhiễm hóa chất và vi sinh vật, không qua các công đoạn xử lý hóa học. Nước được đóng chai gần nguồn với các hệ thống đường dẫn kín đảm bảo các yếu cầu vệ sinh. Các công đoạn xử lý được kiểm soát chặt chẽ để giữ nguyên hàm lượng khoáng có trong nước khoáng.



**Quy trình sản xuất đơn giản hơn**  
Nước từ giếng khoan hoặc nước máy được đưa qua quy trình xử lý nước, lọc tạp chất, khử mùi vị và vi khuẩn, sau đó được đem đi đóng chai. Các công đoạn xử lý gồm lọc thô, lọc bằng màng vi lọc, lọc RO, thanh trùng bằng tia UV & Ozon.

**GIÁ TRỊ**



Chứa nhiều vi chất thiết yếu cho cơ thể, đặc biệt là bốn nguyên tố: Natri, Kali, Canxi và Magie.



Không chứa các vi chất thiết yếu cho cơ thể

Immediately after becoming a member of FIT Group, Vikoda was invested by the parent company in infrastructure, machinery systems as well as developing new product to meet the diverse needs of markets such as Yen water, amnesty, ... changed product design towards modern, friendly image. Therefore, since the end of 2018, Vikoda has achieved good signals in business results.



*Vikoda display boost at local shop*

With the current growth momentum and in the context of the appearance of many new companies producing drinking water in the market, it has made invisible competition to create fierce competition in this market, and to

continue strengthening and maintaining the market, Vikoda has boldly invested in building company image in key areas.

Images of items such as umbrellas, product display shelves ... with the brand name Vikoda covered throughout the central provinces have shown the efforts and determination of the leadership as well as the employees of the company to make Vikoda becoming strong brand in Vietnamese drinking market.



*Vikoda umbrella at local shop*

## Vikoda sponsors conference on sustainable tourism development in Khanh Hoa

05

Aiming towards the sustainable development strategies associated with benefits of the community, Khanh Hoa Mineral Water Joint Stock Company (Vikoda) has continuously supported the social development activities in the locality and recently sponsored a conference named “Restructure Khanh Hoa tourism aiming towards the sustainable development goal”.

Khanh Hoa province’s Department of Tourism organized the conference “Restructure Khanh Hoa tourism aiming towards the sustainable development goal” in Champa Island with the sponsorship of Vikoda.



*Vikoda is a sponsor of the conference on sustainable tourism development in Khanh Hoa.*

With huge advantage in tourism, Khanh Hoa has attracted a great volume of both domestic and international tourists, contributing to the creation of jobs and revenues for the locality over the last few years. However, the province also encountered issues in market structure.

In this context, the provincial Department of Tourism held the conference with the hope to listening to and learning from the tourism experts' analysis and recommendations for sustainable tourism development strategy, aiming towards the target of turning tourism into a spearhead economy sector of Khanh Hoa.

Being a beverage and mineral water manufacturing company with nearly 30-year history of operation and development, Vikoda is fully aware that businesses plays an important role in the sustainable development of the locality, highly support environment protection activities and actively participate in community events in Khanh Hoa. Therefore, as the sponsor for the conference "Restructure Khanh Hoa tourism aiming towards the sustainable development goal", Vikoda hopes that local authority and experts will work out the best practice and strategies to develop Khanh Hoa in a sustainable way in the long run, which helps to push the locality's economic growth and contribute to the development of Vietnam's economy.



*Vikoda has been actively participating and sponsoring the events that bring values for the community.*

With the strategic orientation from the parent company FIT group in corporate social responsibility activities towards the comprehensive development of the society and sustainable development goal, since early 2018, Vikoda and other subsidiaries of FIT has actively participate in and sponsor the events that bring practical values for the community like: donating gifts for the poor, delivering free meal for the patients, sponsoring the sports events or contests that promote the initiatives of reducing plastic waste in tourism,... which helps to create positive values for the community and improve locals' life.

## **Danh Thanh carbonated drink with lemon flavor on top picks for years**

06

**Vikoda's soda drink with lemon flavor provides several minerals that are good for health, supports weight loss and congestion as well as supplies canxi for consumer. With outstanding benefits, this product has been among the best selling items of Vikoda for many years.**

Like mineral water products of Vikoda, Danh Thanh soda drink with lemon flavor is made from water taken from underground mineral springs and filtered through several geological layers. It is rich in canxi, magie, potassium, sodium and bicarbonate.



*With outstanding benefits, this soft drink has been among best-selling items of Vikoda.*

The handy can of Danh Thanh drink has a modern and eye-catching design, making it suitable to be used and brought along in outdoors trips and vacations.

In recent years, the use of soda drink in health and skin care has become a trend of not only Vietnamese young people but also those from some other Asian countries.

With improved life quality, local people have put more attention to entertainment, sports and travel activities, making demand for healthy soft drink increase significantly.

Vikoda's carbonated mineral water products with the fresh and enjoyable flavor of lemon or orange have been a must-have drink in family's trips or sports and outdoors activities.

Besides the signature product of mineral water, Vikoda has offered a range of water products such as: carbonated mineral water, energy water and bird's nest drink in order to meet the diverse demand of consumers.

With the history of more than 40 years in beverage market, Vikoda has long been a trusted brand for its high quality products manufactured with advanced technologies.

After becoming a member of FIT Group, Vikoda has made great transformation under the strategic direction from parent company. It has remarkably improved product designs and continuously innovated to develop trendy products. With these achievements, the Board of Directors and the staff of Vikoda are striving to bring Vikoda to a new level, making it one of the leading beverage companies in Vietnam.

With its sustainable development-centered strategy and aiming towards the goal of improve consumers' health, Vikoda has expanded its market both domestically and internationally.

## FIT Cosmetics keeps Vietnamese children's teeth healthy

**Dr.Kool Kids, a type of toothpaste for kids by FIT Cosmetics (FCO) has been a favorite choice and highly appraised by local customers for its high quality and eye-catching design.**

According to the latest survey, about 90 percent of Vietnamese people have dental problems and 85% children have tooth decay. Experts said that children aged 1 to 3 years old are at risk of tooth decay just like older kids and adults.

Dental problems have negative effects on children's self-esteem, their ability to communicate and jaw development. Therefore, oral care should be done at early age and parents should establish a habit of oral care for their children to prevent dental issues.

Being well aware of the importance of oral health care in early childhood, FCO has released a brand new product, Dr. Kool Kids, a type of toothpaste for kids with attractive flavors, helping to get children to like the daily hygienic activity of brushing teeth. After a few years in Vietnamese market, this product has become a popular brand trusted by parents.



*Dr.Kool Kids has an eye-catching design and is totally safe for children to use.*

Dr. Kool Kids has an eye-catching appearance with bright colors, lovely decorations and attractive flavors that are totally safe for children like: banana, strawberry and orange.

There are several types of toothpaste for kids on offer yet local parents often prefer chemical-free brands that can keep their little ones' budding strong and healthy.

With low fluoride content and all ingredients being friendly for kids, Dr.Kool Kids is safe even when kids swallow a small amount. Therefore, this is a perfect choice for parents who want to protect their kids from tooth decay.

The product is being distributed by retailers all over the country and big e-commerce companies like Tiki, Lazada, Shopee,...



*FCO offers both toothbrush and toothpaste for kids.*

Though toothpaste market in Vietnam is viewed to be very competitive with the dominance of foreign brands, Dr.Kool Kids with its outstanding features, has affirmed its stance in the local market and won various market segments.

With the orientation and strategy from the parent company Fit Group, FCO has developed personal care and family care products which are green, clean and safe for consumers. FCO was listed among top 100 best products and services for families and children in 2019.

In the upcoming time, FCO will continue to improve its products' quality, increase the coverage of the market, develop new products that meet the diverse requirements of consumers and enhance life and health of Vietnamese people. The company's aim is to become one of the leading companies in cosmetics and chemicals industry in Vietnam.

*Monthly IR is for the purpose of providing the overview of FIT Group to Investors, Shareholders, Communication and staff then can valuate the true value of F.I.T.*

*Besides, monthly IR shows the transparent, publicity and respect of F.I.T to related parties, partners to ensure the effective, sustainable corporation.*

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