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2Q2013 Results: Masan Group Achieves Record Second Quarter Sales and Gross Profit with Product Launches and Nui Phao Ramp-up Paving the Way for Growth

Ho Chi Minh City, 14 Aug 2013 – Masan Group Corporation (**HOSE: MSN**, “Masan Group” and the “Group”), one of Vietnam’s largest private sector business groups, today reported its second quarter financial results for 2013:

- **Financial performance** – Masan Group’s second quarter 2013 net revenues increased to VND2,736 billion, up 8.4% vs. second quarter 2012, while gross profits reached VND1,111 billion, up 7.1%, driven by growth from Masan Consumer. With continued investment in brand-building, pro-forma operating EBITDA was up 3.7% at VND660 billion. Lower profits from associate Techcombank affected overall results, with second quarter 2013 pro forma net profit after tax at VND484 billion, down 43.4% vs. second quarter 2012.
- **Product Investments** – Masan Consumer has continued investing in the second quarter to build out its brands, with significant focus on its instant coffee business, where it has introduced a new formula for its popular Wake Up Saigon brand with a nationwide promotional campaign targeting the mid-tier market. Masan Consumer has also launched Phinn, a 2-in-1 instant coffee. To support such growth, Vinacafe’s Long Thanh facility has been successfully commissioned to increase capacity by 3,200MT. Further product investments were made in Masan Consumer’s convenience food business where it expects to grow its instant noodle share to 30% by the end of year and in the newly acquired Vinh Hao, where the priority is integration and strengthening its operating platform.
- **Mine ramp up** – The Nui Phao project has achieved several key milestones in the second quarter. It has commenced production of tungsten and copper concentrate to international specifications, and achieved its first product sales. More recently, Nui Phao has successfully produced Sodium Tungstate, a deep processed tungsten chemical product. Further off-take contracts for tungsten are now in place, with H.C. Starck, one of the leaders in the global tungsten industry, and Nui Phao Mining Company announcing a joint venture for production of value-added tungsten chemicals in Vietnam. The joint venture will allow Nui Phao to capture greater value by going further down the tungsten value chain. Off-take contracts for bismuth and fluorspar are already in place.
- **Group simplification** – The Group has embarked on several key initiatives to simplify its balance sheet and corporate structure by repurchasing and settling many of its equity-linked instruments. As a result of such initiatives, the Group has eliminated the potential dilution from approximately 67.8 million ordinary shares at a discount to market price. Additional initiatives are underway to further simplify the Group’s balance sheet, corporate structure, and reduce the Group’s dilution and cost of capital.
- **2013 and 2014 Outlook** – The first half of 2013 has been a period of investment in our business with increased focus on product development and branding initiatives at

Masan Consumer, and ramping up the Nui Phao mine. The results of this investment is expected to be visible in 2H2013 and 2014, as significant new product launches, coupled with higher production from Nui Phao, should be reflected in the Group's performance.

VND Million	2Q2013	2Q2012	Growth
Masan Group Pro forma ⁽¹⁾			
Net revenue	2,736,093	2,524,322	8.4%
Gross profit	1,111,321	1,038,113	7.1%
EBITDA	659,879	636,655	3.7%
Net Profit After Tax	483,945	855,165	-43.4%
Masan Consumer Pro forma (1)(b),(c),(d)			
Net Revenue	2,736,093	2,524,322	8.4%
Net Profit After Tax	752,971	733,311	2.7%
Techcombank			
Net Profit After Tax	194,165	457,894	-57.6%

⁽¹⁾ Pro forma numbers have been computed by: (a) adding back the amortization of goodwill from the transfer of ownership in Techcombank for the three-month period ended 30 June 2013 and 2012 and assuming Masan Group held a 30.44% economic interest in Techcombank from 1 January 2012; (b) adding back the amortization of goodwill and intangible assets from the acquisition of Vinacafe for the three-month period ended 30 June 2013 and 2012; (c) adding back the amortization of goodwill and purchase price allocation from the acquisition of Vietnamese French Cattle Feed Joint Stock Company for the three-month period ended 30 June 2013; and (d) adding back the amortization of goodwill from the acquisition of Vinh Hao Mineral Water Corporation for the three-month period ended 30 June 2013.

Commentary

Masan Consumer

Significant investments in brand building and operating platform

- Masan Consumer has continued investing in the second quarter to build out its brands:
 - **Coffee** - Significant focus on its instant coffee business, where it has introduced a new formula for its popular Wake Up Saigon brand with a nationwide promotional campaign. As a product targeting the mid-tier segment, the company is expected to be able to address a larger potential market. Masan Consumer has also launched Phinn, a 2-in-1 instant coffee targeting roast and ground (R&G) drinkers. To support such efforts in the coffee business, Vinacafe's Long Thanh facility has been successfully commissioned, increasing the company's capacity by 3,200MT.
 - **Convenience Food** – Masan Consumer has further invested in its convenience food portfolio and is on track to grow its market share in instant noodles from 20% to approximately 30% by the end of the year.
 - **Vinh Hao** – Priority has been to integrate and strengthen Vinh Hao's operating platform to better position Vinh Hao for more scalable growth in the future. However, in midst of such overhaul, Vinh Hao's revenues are expected to grow by approximately 20% this year with net margin doubling.
- **Investment in executive talent** – Masan Consumer has invested heavily to build one of the deepest and most experienced consumer management team in ASEAN. Recent hires

include positions such as CFO, National Sales Director for Beverage, Senior Marketing Director, Consumer and Market Knowledge Director, Technology Director, QA Director, HR Director, and Legal & Compliance Director. The majority of the new hires come with over a decade of experience at multinational consumer companies with track records in emerging markets, such as Alexy I. Alvarez, new National Sales Director of Beverage, who has more than 30 years of experience at P&G Philippines and URC Vietnam.

■ **Financial results:**

- In a challenging macro-environment that weakened consumer demand, Masan Consumer achieved record second quarter net sales of VND2,736 billion, up 8.4% compared to 2Q2012.
- Gross profits for 2Q2013 were at VND1,111 billion, up 7.1% compared to 2Q2012. Gross margins were healthy at 40.6%, and have normalized from 1Q2013 levels of 33.1%.
- SG&A expenses were up by VND122 billion compared to 2Q2012. The bulk of this increase has been on account of investment in the coffee and beverages segment, which is a key growth driver for the company. As a result of this higher investment in product development and brand-building, overall net profits for Masan Consumer for 2Q2013 were at VND753 billion, up 2.7% compared to 2Q2012.
- Overall margins, gross and net, are expected to be supported in the coming quarters as raw material prices are expected to be lower than 1H and further operational efficiency will be realized after investments made in 1H.

Masan Resources

Key milestones achieved: production of international quality tungsten and copper, and value-added chemicals joint venture with H.C. Starck

- Despite the challenging macro environment and the general fall in commodity prices, tungsten APT prices have risen by approximately 40% since the beginning of the year to over US\$400/mtu. This reflects the strategic nature of the commodity and that the dynamics for tungsten are de-linked from the rest of the commodity space, thus providing us a hedge on our basket of commodities.
- The Nui Phao project has completed the commissioning of the copper, tungsten and fluorspar circuits in the plant and achieved the first product sales for copper and tungsten concentrates (both produced to international specifications, and sold at market index linked pricing), proving the commercial viability of its products and marking a key project milestone.
- Construction of the first stage of the tungsten chemicals plant has been completed and Sodium Tungstate has been produced.
- The construction team remains focused on completing construction of the bismuth circuit to enable commissioning of this circuit in September, and the close out of final punch-list items. Close out of the main plant construction activities, and associated contracts, is expected by year end.
- The operations team, supported by equipment vendors and industry specialists, are focused on achieving full production rates ahead of forecast. The plant ramp up is

currently ahead of forecast with the plant already operating at over 50% capacity utilization and expected to ramp up to full capacity within the next 2 quarters.

- To date, over 16 million tons of earth has been moved at the project. The mining team is focused on optimizing the ore mix into the plant to maximize recovery and product quality, and ensuring suitable ore stocks are available.
- As the construction activity ramps down, operations activities are ramping up. The total number of people currently working on site is approximately 1,910. At the same time, as a testament to our safety culture, we have recently completed 5,000,000 man hours lost-time injury free on site. This is a significant positive reflection on our management team, employees and contractors as well as being statistically comparable to industry best practice.
- Recently, H.C. Starck, one of the leaders in the global tungsten industry, and Nui Phao Mining Company announced a joint venture for the production of value-added tungsten chemicals in Vietnam. Nui Phao and H.C. Starck will own 51% and 49%, respectively, of the joint venture, which will process all of Nui Phao's tungsten concentrate into higher value-added deep processed tungsten chemicals. This joint venture will help Masan capture more of the tungsten value chain, where going from tungsten concentrate to tungsten chemicals creates significant economic benefits over the life of the joint venture.
- Long-term off-take contracts for fluorspar and bismuth are already in place with leading global players. Discussions for copper off-take with a leading global player are at an advanced stage.

Techcombank

Focus on strengthening the balance sheet in a challenging macro-economic environment

- The challenging macro-economic environment impacted Techcombank's results, as deposits from customers grew 0.2% and loans to customers grew 2.2% from December 2012 to June 2013.
- Lower interest rates and the tougher lending environment resulted in 2Q2013 profit after tax of VND194 billion, down 57.6% vs. 2Q2012. The bank continued to maintain its focus on prudent lending and de-risking the balance sheet, improving efficiencies and controlling costs.
- Despite a difficult operating environment, the bank continues to maintain strong liquidity and robust capital adequacy. The capital adequacy ratio was 14.0% as of 30 June 2013, significantly higher than the 9.0% stipulated by the State Bank of Vietnam.

Simplification of balance sheet

- The Group has simplified its balance sheet by settling or repurchasing much of its outstanding equity-linked instruments. As a result of the Group's balance sheet simplification initiatives, the Group has eliminated the potential dilution from approximately 67.8 million ordinary shares at a discount to the market.
- The Group also aims to settle outstanding call and put options in relation to Masan Resources and outstanding promissory notes. These will result in the Group consolidating its stake in Masan Resources, and decreasing its consolidated debt.

Establishment of Masan Consumer Holdings

- With a vision to build a broader and deeper consumption platform, the Group has appointed Madhur Maini to lead the creation and development of Masan Consumer Holdings (“MCH”) as chairman. Upon establishment, MCH, will directly own and control two operating platforms: Masan Consumer and Masan Consumer Ventures. Masan Consumer will continue to serve as the Group’s food and non-alcoholic beverage platform, and Masan Consumer Ventures will be an incubation platform for high growth opportunities in the broader domestic consumption space.
- The Masan Consumer Holdings story has been recently validated with the increased investments from our existing partners:
 - On 9 July 2013, J.P. Morgan and its affiliates provided Masan Industrial, a subsidiary of Masan Consumer, a US\$175 million loan facility, part of which will be utilized to refinance the existing US\$108 million loan facility. The new loan facility bears a lower interest rate than the previous facility. In addition, US\$150 million of the loan facility is secured by Multilateral Investment Guarantee Agency (“MIGA”), a member of the World Bank Group. As a multilateral development agency, MIGA only supports investments that are developmentally sound and meet high social and environmental standards. Masan Group is the first private sector company in Vietnam and Southeast Asia to secure MIGA support for a corporate finance loan.
 - On 2 July 2013, TPG Growth, the global growth equity platform of TPG, one of the world’s largest private investment firms, agreed to invest approximately US\$50 million to become a major partner at Masan Agriculture, which will be a part of Masan Consumer Ventures.
- With the establishment of MCH and the related corporate restructuring, the Group will have simplified its corporate structure with only three direct subsidiaries representing its two lines of business which it controls - consumer and resources - and one financial investment in an associate, Techcombank.

ABOUT MASAN GROUP CORPORATION

Masan Group is one of Vietnam's largest private sector companies focused on building market-leading businesses that capitalize on Vietnam's structural consumption and resources stories. We have a track record of actively building, acquiring and managing large-scale operating platforms. We are committed to being Vietnam's local private sector champion in terms of scale, profitability and shareholder return and being the country's growth partner and employer of choice.

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