

FOR IMMEDIATE RELEASE

**Masan Core Profit Jumps by 57.1% to VND3,478 billion for 2018;
Sets Target for Double Digit Top and Bottom-Line Growth in 2019**

Ho Chi Minh City, 30 January 2019 – Masan Group Corporation (**HOSE: MSN**, “Masan” or the “Company”), today reported its management accounts for the financial year 2018.

- Delivered record FY2018 NPAT Post-MI of VND4,916 billion.
 - Core FY2018 NPAT Post-MI of VND3,478 billion, growth of 57.1% and core net margin expanded 322 bps to 9.1%.
- Consolidated Net Revenue growth converging with profitability growth; 13.7% growth in 4Q2018 versus 4Q2017 compared to 3% decline for 9M2018.
- Successful launch of branded fresh meat platform, “MEATDeli”. Sets up pillar to increasingly shift Masan Nutri-Science to a FMCG-led business, driving long-term revenue and profitability growth across pig price cycles.
- Strong growth momentum across all operating businesses; FY2019E net revenue growth of 18-30% and Core NPAT Post-MI of 44-58%.

“We delivered on the first year of our 5 year growth plan and this is just the start. Our strategic bets are yielding strong results. Masan Consumer will continue to premiumize its portfolio via value-added innovations to deliver 20%+ long-term growth. With the launch of MEATDeli, Masan Nutri-Science will become a branded FMCG business by converting the USD10.2 billion pork meat market via setting the new standard for safe fresh and processed meat products. This will eliminate growth cyclicality and deliver FMCG profit margins. Masan Resources will continue its transformation from a miner to global processor by acquiring technology to go downstream. Techcombank’s growth will be centered on serving the financial life of 100 million consumers and geared toward services to drive fee income. Our ultimate 5 year objective is to own the largest share of the consumer wallet by accelerating these strategic pillars in the upcoming years.” said Chairman and CEO Dr. Nguyen Dang Quang.

Consolidated Profitability Commentary

- **Reported FY2018 NPAT Post-MI:** Increased by 58.5% to VND4,916 billion, primarily due to a net one-time gain from the partial deemed disposal of the Company's shareholding in Techcombank ("TCB") in 1H2018.
- **Core Profit¹ FY2018:** Core FY2018 NPAT Post-MI reached VND3,478 billion, up 57.1% compared to FY2017 profit of VND2,213 billion. Core NPAT Post-MI margin increased to 9.1% in FY2018 from 5.9% during the same period last year.
 - Masan Consumer Holdings ("MCH") was key operational driver as revenue grew by 28.2% and EBITDA margin expanded to 24.0%, a 365 bps increase compared to FY2017.
 - 257 bps reduction in consolidated SG&A and a 16.4% reduction in consolidated interest expenses also spurred profitability growth.
- **Core Profit 4Q2018:** Core 4Q2018 NPAT Post-MI increased by 17.5% to VND1,149 billion versus VND978 billion in 4Q2017; delivered nearly double digit profit margin of 9.9% for 4Q2018.
- **EBITDA FY2018:** FY2018 consolidated EBITDA improved by 11.6% to VND10,482 billion compared to VND9,396 billion in FY2017 mainly driven by 20 bps increase in consolidated gross margin and 257 bps reduction in consolidated SG&A as a percentage of net revenue. Consolidated EBITDA margin reached 27.4%, up 247 bps for FY2018.
 - SG&A was rationalized: as a percentage over revenue, MCH delivered 500 bps reduction by strategic reduction of total sales spend. Masan Nutri-Science ("MNS") achieved 352 bps of saving from sales force optimization and Masan Resources ("MSR") achieved 145 bps of savings due to operational processing improvements.
- **EBITDA 4Q2018:** Decreased by 12.4% to VND2,764 billion compared to 4Q2017.
 - MCH was the main driver for decrease due to higher brand building investments in 4Q2018 to drive 2019 innovation offtake and growth plans.
 - Consolidated 4Q2018 EBITDA was also dragged down by MNS (down 15.9%) and dilution impact from lower economic ownership of Techcombank ("TCB").

Consolidated Net Revenue Commentary

- **Net Revenue FY2018:** Masan Group delivered VND38,188 billion in net revenue for FY2018, up 1.5% compared to FY2017 net revenue of VND37,621 billion. Excluding MNS, consolidated net revenue grew by 27.9%.
 - MCH delivered significant topline growth of 28.2%.
 - MSR achieved 27.0% growth during FY2018.
 - MNS topline declined by 25.2% as pig farmers reinvested at a slower pace than management forecasted.
- **Net Revenue 4Q2018:** Net revenue increased by 13.7% to VND11,558 billion in 4Q2018, compared to VND10,169 billion in 4Q2017.

¹ Core Profit excludes net one-time gains (non-core) of VND1,472 billion in 2Q2018 primarily from the "deemed disposal" of the Company's interest in Techcombank as a result of the bank's recent equity issuances at a price higher than the Company's carrying value. Core Profit of 2017 excludes a net one-time gain of VND933 billion in 4Q2017 from selling convertible bonds of Techcombank.

- MCH net revenue was up 18.4% to VND5,439 billion while maintaining disciplined distributor stock management (less than 1 month of sales).
- MSR delivered VND2,177 billion in net revenue for 4Q2018, growth of 47.4% compared to 4Q2017, due to higher selling price and higher processing productivity.
- MNS net revenue declined by 3.9% in 4Q2018 year over year but was up by 18.0% compared to 3Q2018, signaling a potential double digit recovery in the pig feed market for 2019.

Key Operational Commentary

MCH: Delivered 18.4% in 4Q2018 vs 4Q2017 net revenue growth and 28.2% for FY2018

- **Food premiumization:**
 - Premium product sales in Seasoning delivered growth of ~40% for FY2018 and now accounts for ~10% of the portfolio. Seasonings portfolio net revenue grew by 34.9% for FY2018 and 25.5% for 4Q2018 vs the same period last year.
 - Convenience Foods premium portfolio delivered ~50% growth for FY2018 and represents ~40% of portfolio. Convenience Foods grew by 29.3% for FY2018 and 17.4% for 4Q2018 vs the same period last year.
- **Beverage:** Net revenue up by 55.8% in 4Q2018 and 36.4% for FY2018 led by energy drinks. Energy drink segment grew by ~60% for the year due to Wakeup 247 increasing brand power and expanding point of sales from 75k last year to 160k as of 4Q2018.
- **Instant Coffee:** Achieved VND643 billion in net revenue during 4Q2018, growth of 3.8% compared to 4Q2017. For the full year, segment achieved 11.5% growth in net revenue.
- **Beer:** underperformed against management expectations, net revenue in 4Q2018 dropped by 33.2% compared to 4Q2017 and full year net revenue delivered 23.3% growth. In 4Q2018, MCH has built a dedicated sales force to penetrate on-premise which is key to scale-up the business in 2019.
- **Processed Meat:** Delivered 24.5% growth in net revenue for 4Q2018, but declined by 4.8% for FY2018. First co-product launched with Jin-Ju in 4Q2018, "Ponnie" a premium sausage brand, driving 4Q2018 sales growth. Innovation pipeline to cater to Vietnamese taste and preferences for 2019 will be key to drive growth.

MNS: Journey to become a branded meat company begins with launch of "MEATDeli" and feed segment start to show signals of recovery in 4Q2018

- **Meat Deli brand successfully launched in 4Q2018:**
 - Launched branded chilled fresh meat brand "MEATDeli" in 4Q2018, to fulfill consumers' big unmet need of safe for healthy meat. Ha Nam factory meat complex adheres to BRC standards - the world's leading standard of food safety.
 - MEATDeli currently sold via self-operated MEATDeli retail stores and via Vinmart supermarket chains in Hanoi. Management expects to ramp-up distribution network to increase availability with an aim to achieve a 5-10% market share in Hanoi by year-end.
- **Feed market expected to grow by 10-15% in 2019:** Management expects pig feed market to grow by 10-15% in 2019, as farmers re-invest to grow their pig population size after prices stabilized at approximately VND45,000 per kilogram for the past 2 quarters.

- 4Q2018 feed net revenue was up by 17.1% compared to 3Q2018, a sign of a sustained recovery for 2019. Pig feed market may grow at a faster pace than management's forecast as the African Swine Flu has decreased pig herd population in China significantly, which may lead to export opportunities for Vietnamese pig farmers.
- **New innovations:** MNS plans to launch innovations aimed at increasing productivity under the Bio-zeem brand as farmers re-invest for productivity and move away from cost-saving model. Management will also focus on developing products to capture the mid-tier feed segment and industrial farmers by developing specific products for these customer segments.
- **Enhanced operational efficiencies:** Revenue per salesman jumped from VND2.9 billion per quarter in 1Q2018 to VND5.2 billion per quarter in 4Q2018. Management will continue to optimize operating costs and enhance gross margin to deliver 10%+ EBITDA margins over the next 12-18 months.

MSR: Net revenue growth of 47.4% in 4Q2018 and 27.0% in FY2018

- **Price Environment Update:** Tungsten prices (APT European Low) compressed to ~USD260-270 per mtu compared to USD300+ per mtu in the first half of 2018. Tungsten concentrate market remains tight with limited supply available globally, which is expected to be positive for prices through 2019. Underlying demand drivers for tungsten end use products remain intact, despite the ongoing US-China trade tensions. Management is forecasting tungsten prices to increase to USD300 per mtu due to supply constraints, strong demand in hi-tech industries and a potential resolution of US-China trade dispute.
 - Fluorspar price has increased from USD410/ton at the beginning of 2018 to USD565/ton currently, offsetting the impact of tungsten.
- **Operational Update:**
 - Achieved the highest tungsten recovery rate since commencing operations but production levels were lower due to treating lower tungsten head grades for FY2018.
 - During 4Q2018, benefits were realized from the integration of Masan Tungsten Limited Liability Company ("MTC") into Masan Resources contributing to the outstanding performance. MTC plans to increase APT capacity to 12,000 mtu making it one of the world's largest mid-stream tungsten producer.

TCB: Profit Before Tax grew by 33% to reach VND10,661 billion in 2018 vs. VND8,036 in 2017.

- Please see TCB's press release and financials for more [details](#).

2019 Management Financial Outlook

The following forward-looking statements reflect MSN's expectations as of today and are subject to substantial uncertainty. Our results are inherently unpredictable and may be materially affected by many factors, such as fluctuations in foreign exchange rates, changes in global and domestic economic conditions, world events and the rate of growth of consumer spending.

- **FY2019 net revenue of VND45,200 billion to VND50,000 billion, growth of 18%-31%.**
 - MCH net revenue expected to grow by 20% to 35%. Drivers will be accelerating premiumization contribution in seasonings and convenience foods and beverage portfolio growing at similar pace witnessed in 2018. Primary risks will be unsuccessful or slower consumer offtake of innovation pipeline and inability to scale-up beer business.

- MNS net revenue is expected to grow by 20% to 30%. Feed business is expected to grow by 10 to 15%. Fresh meat net revenue expected to contribute ~10% of MNS consolidated net revenue. Key potential risks include pig disease outbreak impacting feed sales growth and scaling-up meat business distribution network.
- MSR net revenue is expected to grow between 12-22% driven by higher sales volume. Key impact will be continued low tungsten price environment and potential lower price realization for copper products.
- **Management expects consolidated FY2019 NPAT Post-MI of VND5,000 billion to VND5,500 billion, growth of 44% to 58%, resulting in a NPAT Post-MI margin of above 10%.**
 - MCH is expected to deliver NPAT Post-MI in FY2019, growth of 30% to 35%, keeping pace with revenue growth.
 - MNS is expected to deliver VND30 to VND70 billion NPAT Post-MI as upfront investment in meat business for 2019 impact profitability.
 - MSR is expected to deliver VND700 billion to VND1,000 billion. Variability in earnings mainly due to assumed tungsten and copper realization prices.
 - Interest savings of VND1,000 billion expected in FY2019, as MSN repaid over VND12.5 trillion of debt in 4Q2018, down by ~30% compared to FY2017. The Company's deleveraging is part of its effort achieve a credit rating that is on par with Vietnam's long-term sovereign credit rating of BB- within the next 12 months.

4Q2018 and FY2018 Consolidated Financial² Highlights

Income Statement Highlights

VND Billion	4Q2018	4Q2017	Growth	FY2018	FY2017	Growth
Net Revenue	11,558	10,169	13.7%	38,188	37,621	1.5%
<i>Masan Consumer Holdings</i>	5,439	4,592	18.4%	17,346	13,526	28.2%
<i>Masan Nutri-Science</i>	3,942	4,101	(3.9)%	13,977	18,690	(25.2)%
<i>Masan Resources</i>	2,177	1,477	47.4%	6,865	5,405	27.0%
Gross Profit	3,539	3,393	4.3%	11,881	11,632	2.1%
<i>Masan Consumer Holdings</i>	2,314	2,072	11.7%	7,572	5,897	28.4%
<i>Masan Nutri-Science</i>	563	779	(27.7)%	2,097	3,991	(47.5)%
<i>Masan Resources</i>	648	529	22.6%	2,161	1,691	27.8%
Gross Margin	30.6%	33.4%		31.1%	30.9%	
<i>Masan Consumer Holdings</i>	42.6%	45.1%		43.7%	43.6%	
<i>Masan Nutri-Science</i>	14.3%	19.0%		15.0%	21.4%	
<i>Masan Resources</i>	29.8%	35.8%		31.5%	31.3%	
SG&A³	(2,037)	(1,817)	12.1%	(6,330)	(7,203)	(12.1)%
<i>Masan Consumer Holdings</i>	(1,475)	(1,110)	32.9%	(4,307)	(4,035)	6.7%
<i>Masan Nutri-Science</i>	(440)	(583)	(24.5)%	(1,542)	(2,721)	(43.3)%
<i>Masan Resources</i>	(42)	(74)	(43.9)%	(231)	(260)	(11.1)%
SG&A as % of Net Revenue	17.6%	17.9%		16.6%	19.1%	
<i>Masan Consumer Holdings</i>	27.1%	24.2%		24.8%	29.8%	
<i>Masan Nutri-Science</i>	11.2%	14.2%		11.0%	14.6%	
<i>Masan Resources</i>	1.9%	5.0%		3.4%	4.8%	
Share of Profit in Associates⁴	484	812	(40.3)%	1,914	2,044	(6.4)%
D&A	778	767	1.3%	3,016	2,923	3.2%
EBITDA	2,764	3,155	(12.4)%	10,482	9,396	11.6%
<i>Masan Consumer Holdings</i>	1,064	1,192	(10.8)%	4,167	2,755	51.3%
<i>Masan Nutri-Science</i>	304	362	(15.9)%	1,244	1,915	(35.0)%
<i>Masan Resources</i>	970	818	18.6%	3,331	2,784	19.7%
<i>Techcombank Contribution</i>	484	818	(40.8)%	1,895	2,043	(7.2)%
EBITDA Margin	23.9%	31.0%		27.4%	25.0%	
<i>Masan Consumer Holdings</i>	19.6%	26.0%		24.0%	20.4%	
<i>Masan Nutri-Science</i>	7.7%	8.8%		8.9%	10.2%	
<i>Masan Resources</i>	44.5%	55.4%		48.5%	51.5%	
Net Financial						
(Expense)/Income	(535)	(25)	2030.2%	(1,189)	(2,291)	(48.1)%
<i>Financial Income⁵</i>	143	1,045	(86.3)%	1,902	1,405	35.4%
<i>Financial Expense</i>	(678)	(1,070)	(36.6)%	(3,091)	(3,696)	(16.4)%
Other Expenses	(11)	(21)	(46.0)%	(33)	(43)	(23.3)%
Corporate Income Tax	(154)	(200)	(23.1)%	(622)	(531)	17.2%
NPAT Pre-MI	1,285	2,141	(40.0)%	5,622	3,608	55.8%
NPAT Post-MI	1,138	1,890	(39.8)%	4,916	3,103	58.5%
Core NPAT⁶ Pre-MI	1,297	1,209	7.3%	4,183	2,675	56.4%
Core NPAT⁶ Post-MI	1,149	978	17.5%	3,478	2,213	57.1%

² Financial numbers are based on management figures and in accordance to Vietnamese Accounting Standards.

³ MSN's consolidated SG&A is higher than the total of SG&A expenses of its business segments due to holding company level expenses.

⁴ Includes contribution from Techcombank.

⁵ Includes net one-time gains (non-core) of VND1,472 billion in 2Q2018 primarily from the "deemed disposal" of the Company's interest in Techcombank as a result of the bank's recent equity issuances at a price higher than the Company's carrying value. Core NPAT in 2017 includes net one-time gains of VND933 billion in 4Q2017 from selling convertible bonds of Techcombank.

⁶ "Core" reflects adjustments mentioned in footnote 5.

Balance Sheet-Related Highlights

VND Billion	FY2016	FY2017	FY2018
Cash and cash equivalents⁷	15,290	8,154	4,662
Debt	41,091	34,796	21,995
Short-term Debt	8,618	9,166	9,244
Long-term Debt	32,472	25,630	12,752
Total Assets	73,039	63,529	64,579
Total Equity	20,313	20,225	34,080
Total Equity Excluding MI	15,276	14,837	29,487
Outstanding Number of Shares (million shares)	1,138	1,047	1,163
Share Capital	1,147	1,157	1,163
Treasury shares	(9)	(110)	-

Key Financial Ratios

VND Billion	FY2016	FY2017	FY2018
Debt to EBITDA	4.2x	3.7x	2.1x
ROAA	5%	5%	9%
ROAE	18%	21%	22%
Core ROAE	18%	15%	17%
FFO⁸ to Debt	13%	10%	24%
FCF⁹	4,449	4,199	4,622
Cash Conversion Cycle	49	42	43
Inventory days ¹⁰	65	61	60
Receivable days ¹¹	10	8	10
Payable days ¹¹	26	27	27
CAPEX	(2,921)	(2,111)	(2,638)

⁷ Cash and cash equivalent include short-term investments (primarily term deposits between 3 and 12 months) and receivables related to treasury activities and investments.

⁸ FFO: Funds From Operations is calculated based on EBITDA, excluding contribution from TCB, and adjusted for net financial expense, excluding one-off gain from sale of TCB convertible bonds, and adjusted for corporate income tax paid within the reporting period.

⁹ FCF: Free Cash Flow is calculated from EBITDA, excluding contribution from TCB, and adjusted for changes in working capital, and corporate income tax paid within the reporting period and CAPEX.

¹⁰ Inventory days is calculated based on inventory balances and divided by COGS.

¹¹ Receivable and Payable days are calculated based on balances excluding those that are not related to operating activities divided by Revenue or COGS.

Key Subsidiary Business Information

MCH

VND Billion	4Q2018	4Q2017	Growth	FY2018	FY2017	Growth
Net Revenue¹²	5,439	4,592	18.4%	17,346	13,526	28.2%
Seasonings	2,197	1,751	25.5%	6,958	5,159	34.9%
Convenience Foods ¹³	1,365	1,162	17.4%	4,636	3,585	29.3%
Processed Meat	79	63	24.5%	210	220	(4.8)%
Coffee	643	619	3.8%	1,708	1,532	11.5%
Beverages (Non-alcoholic)	880	565	55.8%	2,789	2,045	36.4%
Beer	113	169	(33.2)%	388	314	23.3%
Others ¹⁴	163	263	(37.8)%	656	669	(1.9)%
Gross Profit	2,314	2,072	11.7%	7,572	5,897	28.4%
EBITDA	1,064	1,192	(10.8)%	4,167	2,755	51.3%

MSR

AVERAGE COMMODITY PRICES¹⁵	Unit	FY2018	FY2017	% change	31.12.18	31.12.17
APT European Low*	USD/mtu ¹⁶	308	239	28.7%	270	294
Bismuth Low*	USD/lb	4.4	4.8	(8.5)%	3.4	5.1
Copper*	USD/t	6,514	6,166	5.6%	6,018	7,157
Fluorspar Acid Grade** ¹⁷	USD/t	493	345	43.0%	565	410

SUMMARY PRODUCTION DATE	Unit	FY2018	FY2017	Growth
Ore processed	kt	3,804	3,888	(2.2)%
APT / BTO / YTO / ST (contained)	t	6,155	6,301	(2.3)%
Copper in Copper Concentrate (Contained)	t	9,331	8,498	9.8%
Acid Grade Fluorspar	t	238,702	234,905	1.6%
Bismuth in Bismuth Cement (Contained)	t	2,639	2,403	9.8%

¹² These numbers are based on management figures.

¹³ Includes instant noodle and instant congee.

¹⁴ Includes nutrition cereals and exports.

¹⁵ Metals Bulletin.

¹⁶ MTU mean metric ton unit (equivalent to 10 kilograms). To approximate tungsten sales for every 1 ton of contained tungsten, multiply the number by 100, the USD/MTU price and by the price realization percentage (which is subject to contracts and the nature of the end, tungsten chemical product).

¹⁷ Industrial Minerals.

MASAN GROUP CORPORATION

Masan Group Corporation (“Masan” or the “Company”) believes in doing well by doing good. The Company’s mission is to provide better products and services to the 90 million people of Vietnam, so that they can pay less for their daily basic needs. Masan aims to achieve this by driving productivity with technological innovations, trusted brands, and focusing on fewer but bigger opportunities that impact the most lives.

Masan Group’s member companies and associates are industry leaders in branded food and beverages, consumer agriculture (meat), value-add chemical processing, and financial services, altogether representing segments of Vietnam’s economy that are experiencing the most transformational growth.

CONTACTS:

Investors/Analysts

Tanveer Gill

T: +84 28 6256 3862

E: tanveer@msn.masangroup.com

Media

Thuy Vu

T: +84 28 6256 3862

E: thuy@msn.masangroup.com

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