

**FOR IMMEDIATE RELEASE**

**Masan Group Delivers Record Financial Results in 2015; Ends Year with Strong Fourth Quarter Growth and Landmark USD1.1 Billion Strategic Partnership with Singha**

**Ho Chi Minh City, 2 February 2016** – Masan Group Corporation (**HOSE: MSN**, “Masan” and the “Company”), one of Vietnam’s largest private companies and with a focus on consumption-related opportunities, today reported its management accounts for the financial year 2015:

- **Record full year net sales of VND30,628 billion with strong momentum ending the year; 4Q topline growth of 118.4% vs. same period last year:** Masan reported FY2015 net sales grew 90.0% vs. FY2014 with higher contributions from consumption-related businesses. Masan Nutri-Science contributed VND14,054 billion to the Company’s consolidated results. While the Company’s branded food and beverage businesses grew 4.7% in 2015 overall, 4Q2015 witnessed a 12.0% growth vs. 4Q2014, buoyed by a 20.5% growth in Vinacafe and a strong beer business which has grown by over 3x in 2015.
- **Record EBITDA, up 70.6%:** Masan reported pro forma EBITDA of VND6,687 billion for FY2015, up 70.6% over the same period last year. Operational excellence across businesses has resulted in substantial cost reduction and gross margin improvements. Masan Consumer delivered 380 basis points improvement in EBITDA margins to 26.6%, while Masan Resources delivered 46.5% EBITDA margins, due primarily to reduced costs and improved mineral recoveries. Masan Nutri-Science contributed VND1,624 billion of EBITDA, as new products launched under the Bio-zeem platform and a focus on the pork value chain continued to deliver market leading gross margins.
- **Pro forma net profits up 54.3%:** Pro forma net profit after tax, after adding back amortization and adjusting for non-recurring gains was VND2,992 billion in FY2015, up 54.3% compared to pro forma net profit after tax of VND1,939 billion in FY2014. Reported net profit after tax (VAS), which takes into account VND612 billion of amortization expenses related to goodwill from past M&A deals, was VND2,527 billion in FY2015, up 24.1% compared to FY2014.
- **USD1.1 billion landmark partnership with Singha validates Masan’s renewed focus on consumption opportunities:** In December 2015, Masan and Singha Asia signed agreements to form a strategic partnership in order to better serve “Inland ASEAN’s” 250 million consumers with a broader portfolio of branded food and beverage products. As part of the deal, Singha agreed to invest USD1.05 billion in Masan Consumer Holdings (MCH) for a 25% stake and USD50 million in Masan Brewery for a 33.3% stake. Overnight, Masan gains access to the Thai market with a strong partner, the first step in the Company’s greater objective of winning in Inland ASEAN (Vietnam, Thailand, Myanmar, Cambodia and Laos), whose consumers share similar tastes and preferences.

## **Masan Consolidated Full Year Financial Snapshot<sup>(1)</sup>**

<b>VND Billion</b>	<b>FY2015</b>	<b>FY2014<sup>(2)</sup></b>	<b>Growth</b>
<b>Net Revenue</b>	<b>30,628</b>	<b>16,120</b>	<b>90.0%</b>
<i>Branded F&amp;B Products</i>	13,918	13,294	4.7%
<i>Animal Protein</i>	14,054	-	-
<i>Mineral Resources and Value-Add Processing</i>	2,658	2,826	(5.9%)
<i>Cash net sales<sup>(3)</sup></i>	3,163	2,826	11.9%
<b>Pro Forma<sup>(4)</sup> EBITDA</b>	<b>6,687</b>	<b>3,920</b>	<b>70.6%</b>
<i>Branded F&amp;B Products</i>	3,474	3,001	15.8%
<i>Animal Protein</i>	1,624	-	-
<i>Mineral Resources and Value-Add Processing</i>	1,237	1,134	9.1%
<b>Net Profit After Tax (Pro forma)<sup>(5)</sup></b>	<b>2,992</b>	<b>1,939</b>	<b>54.3%</b>
<b>Net Profit After Tax (VAS)</b>	<b>2,527</b>	<b>2,037</b>	<b>24.1%</b>

<sup>(1)</sup> Financial numbers are based on management figures

<sup>(2)</sup> Reclassified 2014 numbers in compliance with Circular No. 200/2014/TT-BTC and No. 202/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance

<sup>(3)</sup> 2015 includes capitalization of net revenues against operating cost during the commissioning phase of Nui Phao's joint venture to produce higher value-added tungsten chemicals

<sup>(4)</sup> Pro forma numbers, for each of the reporting periods and its respective comparative period, have been computed by removing one-off events, reversing impact from the amortization of goodwill, tangible assets and intangible assets as a result of the Group's M&A transactions in the past and removing contribution from businesses disposed prior to this reporting period. In 2015, amortization expenses alone before minority interest amounted to VND612 billion.

<sup>(5)</sup> For like for like comparison, pro forma profit numbers exclude the impact from non-reoccurring events. In 2014, these events include gains from the disposal of subsidiaries and other assets. In 2015, these events include a gain from negative goodwill of VND148 billion, as a result of the acquisition of Masan Nutri-Science.

## Commentary

### **Masan and Singha lay Inland ASEAN foundation to better serve 250 million consumers**

- In December 2015, Masan Consumer Holdings, signed strategic partnership agreements with Singha Asia Pte Ltd., laying the foundation to win in “Inland ASEAN”, with exclusive access to each other’s distribution network and a broader portfolio of branded food and beverage products. Masan has a strong Vietnam business in seasonings, convenience foods, coffee and beverages, while Singha, a globally recognized brand, is Thailand’s leader in beer and non-alcoholic beverages with a fast growing foods business.
  - **Deal metrics:** The deal size is USD1.1 billion, making it the largest M&A deal in Vietnam’s corporate history. Singha will own 25% of Masan Consumer Holdings and 33.3% of Masan Brewery. The implied valuation for Masan Consumer Holding is over USD4 billion, or roughly a mid-30x forward P/E, in line with strategic deals for fast-growing and scale consumer businesses in the region. Masan has committed to use the proceeds to further invest in branded consumer related opportunities. In January 2016, the first closing occurred with the funding of USD650 million, partially facilitating the purchase of additional shares of Masan Consumer and increasing Masan Consumer Holdings’ direct ownership from 77.8% to 96.7%.
  - **Value proposition:** The two partners are committed to developing a closely-coordinated business plan to distribute each other’s products in their respective countries and co-develop new products together to better serve consumers.
    - **Immediate access to Thailand:** With Singha as a partner, Masan will gain access to Thailand’s 65 million consumers, where the Company’s key categories such as fish sauce and Vietnamese coffee are appreciated for their unique flavor and origin.
    - **Plans to win Inland ASEAN:** Inland ASEAN comprises of Vietnam, Thailand, Myanmar, Cambodia, and Laos, all neighboring countries that share very similar taste preferences (such as a fondness for fish sauce and a rice based diet) and are culturally alike (Buddhism). These similarities are important as food and beverage is a local game and the two market leaders from the region’s two most populated countries will be in a strong position to win over consumers. The region’s 250 million consumer base immediately more than doubles Masan’s branded food and beverages addressable market from USD9 billion to over USD24 billion (excluding non-coffee beverages).
    - **First step in taking Vietnam’s culinary heritage global:** There is significant untapped potential in categories that are globally recognized to be Vietnamese specialties and where Masan is a leader such as fish sauce and Vietnamese coffee.
    - **Broader and complementary portfolio of branded food and beverage products:** The partnership is an alliance between the “King of the kitchen” with the “King of the living-room”. Not only is the Thai opportunity compelling, but with Masan’s leading distribution network comprising of nearly 240k point of sales, Masan can quickly introduce Singha’s extensive product portfolio to Vietnam’s 90 million consumers.

**Animal protein value chain: Masan Nutri-Science delivers strong growth since acquisition in 2Q2015 – relentless focus on highest margin categories, supported by capacity expansion and brand building**

- Masan Nutri-Science (“MNS”) is the Company’s entry vehicle to win in the USD18 billion animal protein market in Vietnam. Since animal feed represents around half of the gross profit pool within the animal protein value chain, MNS is in good position to transform its leading platform in the USD6 billion animal feed sector to eventually reach consumers with branded meat products. MNS’ position as the number 1 external pig feed and second overall animal feed player in Vietnam is supported by key brands such as Proconco and ANCO. MNS’ brand building and innovation-driven business model has generated impressive FY2015 results. The below financial figures assume full year contributions from Proconco and ANCO for both 2014 and 2015.
  - **Key financial highlights:** MNS’ combined brands achieved net sales of VND20,461 billion in FY2015. However, since the acquisition only occurred at the end of April 2015, only VND14,054 billion of net sales and VND1,066 billions of pro forma net profit after tax were consolidated into Masan Group’s FY2015 financial results.
    - **Strong sales growth:** MNS’ strong portfolio of brands delivered 10.6% growth in FY2015 compared to the same period last year, supported by successful launch of “Bio-zeem” range of products. .
    - **Focus on pig feed:** 4Q2015 pig feed volume was up 38.4% compared to 4Q2014, with 26.3% growth for FY2015 vs. FY2014.
  - **Margin expansion:** Launch of higher margin feed products, in addition to realizing synergies between Masan’s combined business platforms has led to significant improvement in profitability metrics.
    - **Gross margin up 564 bps:** FY2015 gross margin of 19.7% versus 14.1% compared to last year, an improvement of 564 basis points. FY2015 gross profit of VND4,038 billion grew 54.9% compared to VND2,607 billion in FY2014.
    - **EBITDA margin up 309 bps:** FY2015 EBITDA was up 53.3% to VND2,269 billion versus last year, due to improving gross margins and greater operational efficiencies. EBITDA margins for FY2015 were 11.1% compared to 8.0% in FY2014.
    - **Net margin up 221 bps:** FY2015 NPAT increased by 46.1% to VND1,860 billion compared to the same period last year, but only 8 months of contribution is reflected in Masan’s financial results.
  - **New product launch:** Masan’s commitment to launching innovative new products like the Bio-zeem range of products was the foundation for increasing margins, further helped by the soft commodity cycle. During the first half of 2015, Masan launched Bio-zeem range of products, with an aim to increase the productivity of pigs and enhance the immune system, and ultimately improve feed conversion ratios. Bio-zeem, has already gained a strong traction in the marketplace as farmers have witnessed first-hand the benefits of this innovative product range. MNS will continue to launch similar innovative products, to enhance the productivity within Vietnam’s animal protein value chain.
  - **Capacity for future growth:** MNS has a total production capacity of nearly 2.1 mn tons of animal feed as of December 2015, with the commencement of operations of a new facility in Tien Giang province. Two new facilities under construction will come online in 2016,

increasing the total number of facilities to 13 and total capacity to more than 2.8 mn tons annually.

- **Increasing stake in Proconco:** MNS increased its stake in Proconco to 75.2% in January 2016, from 52% in 2H2015, in line with Masan's stated strategy of increasing stakes in its subsidiaries, thereby reducing minority drag on Masan's bottom line.

### **Branded food and beverage: 4Q2015 momentum shows promise and platform is well positioned to benefit from Vietnam's rising consumer confidence**

- **Sales and profits:** Masan's strategy within the branded food and beverages portfolio has already started delivering results, evidenced by strong traction seen in 4Q2015 numbers with net sales up 12.0% vs. same period last year.
  - Masan's branded food and beverage businesses reported combined sales in FY2015 of VND13,918 billion, up 4.7% over last year.
  - For Masan Consumer, gross margins in FY2015 were the highest ever at 45.0%, up by 233 basis points, as every single product category delivered margin improvements. EBITDA margins for FY2015 were up by 380 basis points compared to last year, attributable to our savings from lower conversion cost, efficient raw materials procurement as well as lower logistics cost. This resulted in an EBITDA figure of VND3,518 billion for FY2015, up 17.4%.
  - Reported net profits post minority interest for Masan Consumer were down by 13.6% for FY2015 vs. last year, due to reduction in financial income as Masan Consumer paid out cash dividends worth VND5,546 billion in 2014 and 2015.
- **Existing categories show promise with beer delivering outperformance:**
  - **Beer:** Masan Brewery has delivered impressive growth in its first year of full operations. With limited capacity availability of 50 million liters, Masan's beer brand "Su Tu Trang (STT)", generated VND706 billion in net sales for FY2015. STT brand has generated strong volume demand in Mekong delta, while recent launches in Southeast regions within Vietnam, have also generated strong consumer response. Pilot test launch of STT around the periphery of Ho Chi Minh City has also started to yield results. The beer business is now focused on scaling up to consolidate market share in the Mekong Delta and expanding into other provinces, supported by the new Hau Giang brewery (100-120 million liters of additional capacity), which came online in December 2015.
  - **Seasonings:** Seasonings portfolio delivered mid-single digit topline growth for FY2015, on the back of double digit growth for the portfolio in 4Q2015, reflecting stronger momentum going into the Tet season. Masan's strategy of consolidating the remaining unbranded market is showing strong results in the south, while the next growth driver will be launch of new innovations in the more premium segments and other seasonings categories slated for early 2016. Launch of seasoning brands in Thailand, as part of the collaboration with Singha, is expected to provide a further boost to seasonings category growth.
  - **Convenience foods:** Convenience foods segment delivered flat growth for FY2015, as the instant noodles market suffered from negative volume growth during the year. However, the mainstream segment is driving the growth in instant noodles industry, which is Masan's main focus area. With the highest ever gross margin of 40.0% achieved in the

category in 2015, and lower logistics cost as a result of new facilities, Masan can invest in brand building and innovation to win market share.

- **Non-alcoholic beverages:**
  - **Vinacafe:** 2015 started off slowly for Vinacafe due to high base effect in 2014 and weaker sales in instant cereal. However, momentum has picked up alongside new product launches such as Wake-Up Café Saigon sua dac and Vinacafe Chat. As a result, 4Q2015 net sales grew 20.5% vs. same period last year leading to an overall increase in full year net sales.
  - **Mineral water:** With the 2015 acquisition of the Quang Hanh brand in Northern Vietnam, Masan is now the largest local mineral water company in the country. With a now national footprint, Masan’s bottled beverage platform is further strengthened.
- **Growing capacity and deepening reach:** In the second half of 2015, Masan commissioned two new facilities for its branded foods and beverage business: a new manufacturing hub for instant noodles and fish sauce in Nghe An, and a new brewery in Hau Giang. These new facilities are part of the Company’s larger effort to establish a deeper manufacturing footprint across Vietnam to be closer to its consumers (lowering logistics costs), be able to manufacture branded food and beverage products that caters to regional taste preferences, generate economies of scale, and benefit from the latest world-class equipment and practices.

#### **Mineral resources and value-add processing: First tungsten success story in over a decade delivered profits in 2015; positioned to emerge a global leader**

- **Cash net sales up 11.9%:** Operating initiatives paved the way for record production with all output fully sold to diverse customers and trading partners, validating the consistency and quality of Masan Resources’ (“MSR”) products. As a result, MSR posted cash net sales of VND3,163 billion, up 11.9% compared to 2014. After accounting for commissioning of the joint venture plant during FY2015, whereby sales had to be capitalized, the Company reported consolidated net sales of VND2,658 billion for the year. 4Q2015 reported net revenues of VND1,085 billion, were nearly 3x compared to revenues for 3Q2015, as the joint venture plant entered commercial operations, producing high quality value-added products of tungsten.
- **Joint venture plant begins commercial operations:** On October 1, 2015 the value-added tungsten processing plant entered commercial production. This joint venture plant produces APT (Ammonium Para-Tungstate), BTO (Blue Tungsten Oxide) and YTO (Yellow Tungsten Oxide) products, which command higher prices and margins compared to tungsten concentrate. The JV plant has been ramping up production rates during the course of 2015, placing it on track to achieve design capacity during the first half of 2016.
- **Pro forma EBITDA increased by 9.1%** - Increased cash sales and strict cost control throughout the year resulted in an increase in proforma EBITDA by 9.1% to VND1,237 billion in FY2015 while resulting in a 46.5% margins. Management’s ability to reduce the business’ operational cost base and yet increase overall productivity has positioned the resources business to weather any further market headwinds and benefit substantially from a recovery in global commodity prices.
- **Driving profitability through improved efficiencies and focus on costs:** Average prices for all four commodities have declined during 2015 compared to 2014, with average prices of tungsten falling

by nearly 38%. In such a challenging commodity price environment, Masan Resources recorded attributable net profit after tax of VND152 billion for 2015 compared to VND47 billion for 2014. Underlying these improvements, were a number of significant initiatives implemented during the year to improve processing recoveries and plant utilization levels.

- **Largest listed company on UpCom:** 2015 listing of Masan Resources on the Hanoi Stock Exchange's UPCoM platform makes our resources company one of the largest listed companies on the northern bourse, significantly raising its profile with global customers and partners.

**Techcombank: FY2015 profit after tax rises 43.8% compared to FY2014, supported by strong transaction business and loan growth in mass affluent segment; NIM (Net interest margin) expansion coupled with Moody's ratings upgrade**

- During 4Q2015, Moody's upgraded Techcombank's deposit and issuer ratings to B2 from B3, which reflects the improvements in the standalone credit profile of the bank. Techcombank's asset quality metrics have improved in FY2015, driven by write-offs, recoveries, and prudent credit growth. Techcombank is on track to become one of Vietnam's first banks to finish its provisioning cycle after the global financial crisis, strongly positioning the bank for further market share gains in a consolidating and recovering banking sector.
- Techcombank has focused on controlling costs while maintaining conservative lending policies.
  - FY2015 profit before tax was VND2,037 billion, up 43.8% compared to FY2014 due to 22.8% increase in net interest income, even after accounting for higher provisions at the start of the year.  
  
NPL ratio was at 1.67%, while capital adequacy ratio was 14.7% as at the end of the Full Year 2015, significantly higher than the 9.0% stipulated by the State Bank of Vietnam.
- Techcombank has continued to maintain a strong deposit base and retail franchise, while introducing new products for customers and generating additional revenue streams:
  - As of year-end 2015, Techcombank continued to serve more than 4 million retail and over 102,000 SME and corporate customers, through its 312 branches and transaction offices, supported by more than 1,200 ATM's and over 1,600 points-of-sale spread across Vietnam.

## **ABOUT MASAN GROUP CORPORATION**

Masan Group Corporation (“Masan” and the “Company”) is one of Vietnam’s largest companies. The Company is focused on the domestic consumption opportunity and has built leading businesses in the branded food and beverage sector and in the animal nutrition value chain.

Masan’s businesses include Masan Consumer Holdings, the producer of some of Vietnam’s most trusted and loved brands across many food and beverage categories (such as Chin-su, Nam Ngu, Tam Thai Tu, Omachi, Kokomi, Vinacafe, Wake-up, Vinh Hao and Su Tu Trang), and Masan Nutri-Science, Vietnam’s largest local animal feed company (with brands such as Proconco and ANCO). The Company’s other businesses include Masan Resources, one of the world’s largest producer of tungsten and strategic industrial minerals, and our associate, Techcombank, a leading joint stock commercial bank in Vietnam.

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