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3Q2013 Results: Masan achieves record sales numbers driven by strong consumer business growth momentum and successful new product launches

Ho Chi Minh City, 14 Nov 2013 – Masan Group Corporation (**HOSE: MSN**, “Masan Group” and the “Group”), one of Vietnam’s largest private sector business groups, today reported its financial results for 3Q2013:

- **Record sales with 21.0% jump:** Masan Group’s 3Q2013 net sales were VND3,235 billion, up 21.0% vs. 3Q2012, driven by strong growth in Masan Consumer’s core seasonings category and momentum from new product launches in convenience foods and instant coffee. As a result, Masan Consumer’s pro forma net profit after tax was VND908 billion, up 19.8%. However, lower net financial income and an 83.9% drop in share of profit in an associate, Techcombank, resulted in a 21.2% decline in Masan Group’s pro forma net profit after tax for the same period.
- **Improved gross margin:** Gross margin was strong at 43.1% in 3Q2013 vs. 40.6% in 2Q2013, and 40.6% in 3Q2012, driven by improvements in the consumer business.
- **Redefined categories to capture larger markets:** Masan Consumer has transformed its instant noodles business into a convenience food platform, which is better positioned to serve a significantly larger category. With the launch of B’fast, a pioneering complete meal product, Masan Consumer is targeting both the huge breakfast market and rice-based market. The company has also successfully launched Sagami to target the large mass market noodles segment. As a result, market share in instant noodles has now reached approximately 30%, nearly a 10% growth within a span of 1 quarter. In addition, the beverage business has transitioned from platform building with key senior management hires to strategic execution, where it has developed a robust product pipeline for the next few quarters to gain share in the US\$2.5 billion beverage market.
- **Mine on track:** The Nui Phao project delivered on several key initiatives during the third quarter. Cash sales are already being generated from export sales of sodium tungstate, a higher value-add product processed from Nui Phao tungsten concentrate, as well as sales of copper concentrate. The ramp-up is proceeding as per plan with plant throughput having touched 100% of design capacity levels. The focus now is on sustainably maintaining the throughput of ore and increasing recovery rates of the minerals from the plant. Upon completion of commissioning, Nui Phao will begin significantly contributing to Masan Group’s consolidated revenues in accordance with VAS.
- **Strong momentum going into 2014:** 1H2013 has been a period of investment in the business, with significant product development and brand-building efforts. The efforts have started to show results in 3Q2013, with significant sales momentum and impetus from new product launches. Coupled with expected sales from Nui Phao, we expect to realize further gains in the quarters ahead, all of which gives greater confidence in a stronger financial performance by Masan Group in 2014.

VND Billion	3Q2013	3Q2012	Growth	9M2013	9M2012	Growth
Masan Group Pro Forma ⁽¹⁾						
Net Profit After Tax	523	664	-21.2%	1,250	2,152	-41.9%
Masan Consumer Pro Forma						
<small>(1)(b),(c),(d)</small>						
Net Revenue	3,235	2,673	21.0%	7,505	6,735	11.4%
Net Profit After Tax	908	758	19.8%	1,976	1,958	0.9%
Techcombank						
Net Profit After Tax	73	453	-83.9%	562	1,675	-66.4%

⁽¹⁾ Pro forma numbers have been computed by: (a) adding back the amortization of goodwill from the transfer of ownership in Techcombank for the nine-month period ended 30 September 2013 and 2012 and assuming Masan Group held a 30.4% economic interest in Techcombank from 1 January 2012; (b) adding back the amortization of goodwill, tangible assets and intangible assets from the acquisition of Vinacafe for the nine-month period ended 30 September 2013 and 2012; (c) adding back the amortization of goodwill from the acquisition of Vietnamese French Cattle Feed Joint Stock Company for the nine-month period ended 30 September 2013 and (d) adding back the amortization of goodwill from the acquisition of Vinh Hao Mineral Water Corporation for the nine-month period ended 30 September 2013.

Commentary

Masan Consumer: Record 3Q2013 revenues; investments made in 1H2013 are beginning to show results

- **Strong revenue growth:** Masan Consumer's 3Q2013 net revenues were VND3,235 billion, up 21.0% vs. 3Q2012.
 - The seasoning category (including fish sauce, soy sauce and chili sauce) showed strong growth, with revenues up over 22.6% YoY.
 - Masan Consumer has transformed its instant noodles business into a convenience food platform with new product launches: (i) Sagami (which targets the US\$500 million mass market segment of the instant noodles market), and (ii) B'fast (which targets the huge breakfast and rice-based categories). Masan Consumer is the pioneer in the breakfast category, being the first provider of a complete packaged meal with real mushroom and chicken.
 - Masan Consumer's market share in instant noodles is now at a run-rate of almost 30% (vs. 21% at the start of the second quarter 2013). Masan Consumer now has a well-rounded product portfolio in this segment, with Omachi, Sagami, and Kokomi at the premium, mass, and value segments, respectively, and is targeting to reach 40% market share by mid-2014.
 - The coffee segment showed revenue growth of 8.0% YoY driven by 3-in-1 Wake Up Sai Gon (which was re-launched in May with a new formulation) and 2-in-1 Phinn (strong coffee which will convert the R&G coffee market).
- **Strong gross margin:** Gross margin in 3Q2013 was strong at 43.1%, vs. 40.6% in 3Q2012 and 40.6% in 2Q2013 driven by strong growth in seasoning sales, and expansion in coffee business margin, led by savings in raw material and packaging costs.
- **Continued investment in product development and brand building:** High SG&A expenses reflect continued investment in product development and brand-building. A significant proportion of this investment is directed at platform building for the beverage business - the

beverages category is over US\$2.5 billion in size, and building a sustainable platform will pave the way for significant future growth.

- **Key initiatives for platform building** include talent acquisition, infrastructure development (including business redesign program with implementation of Oracle and Distribution Management Systems) and continued improvement in distribution capabilities.

Masan Resources: Ramp-up on track

- The ramp-up of the Nui Phao mine is on track.
 - Tungsten and copper concentrate continue to be produced to international specifications. The ramp-up is progressing as per plan, with focus now on fluorspar and bismuth circuits.
 - The plant throughput levels have already touched 100% of design capacity levels. The team is focused on sustainably maintaining the throughput of ore and increasing recovery rates of the minerals from the plant, so that revenues and cash flows can be recognized as per Vietnam Accounting Standards (VAS).
- Sale of value-added products has commenced.
 - The tungsten deep-processing plant, for processing tungsten concentrate into sodium tungstate, has been successfully commissioned and is exceeding recovery expectations. We have already commenced export sales of sodium tungstate to international buyers.
 - Establishment of the tungsten deep-processing joint venture with H.C. Starck is underway. In parallel, engineering and construction activities have commenced for the APT and BTO plant.
- Commodity market fundamentals remain strong with copper and bismuth prices increasing during the period and tungsten and fluorspar holding at strong levels.

Techcombank: Continued focus on prudent lending policies

- The banking sector in Vietnam has shown signs of recovery with VAMC announcing its first deals to address the industry's non-performing loans. There are signs of improvement in market liquidity, with regulatory measures helping to improve overall sentiment.
- Deposits from customers for Techcombank grew by 17.8% in 3Q2013 compared to 3Q2012, while loans to customers grew by 14.1%, underpinned by prudent lending policies and a conservative loan-to-deposit ratio of 59.7%.
- Lower interest rates, prudent provisioning policies and a tougher lending environment resulted in 3Q2013 profit after tax of VND73 billion, down 83.9% vs. 3Q2012.
- Techcombank continues to focus on maintaining a strong balance sheet, improving efficiencies and controlling costs. The capital adequacy ratio was 14.0% as of 30 Sep 2013, significantly higher than the 9.0% stipulated by the State Bank of Vietnam.

Masan Group: Commitment to building platforms to capitalize on the Vietnam consumption story

- Masan Group's focus on the Vietnam consumption story and commitment to building operating platforms to capitalize on this opportunity, is underscored by the development of Masan Consumer Holdings ("MCH") under the leadership of Mr. Madhur Maini.
- The formation of MCH will be accompanied by a consolidation of Group's shareholding in Masan Consumer through MCH rather than through multiple intermediate holding companies.

Masan Group: Key simplification initiatives accomplished

- The Group has already simplified its balance sheet by settling or repurchasing much of its outstanding equity-linked instruments. This has eliminated potential dilution of approximately 68 million ordinary shares or nearly 10% of its fully diluted share count. The Group's fully diluted share count is now reduced to approximately 747 million shares.
- In October, the Group settled the outstanding promissory notes and call/put options with entities managed by Dragon Capital, resulting in the extinguishment of the 2010 US\$136 million promissory notes, leading to reduction in Masan Group debt. Masan Group now recognizes an equity stake of 76.2% in Masan Resources, thus simplifying the holding structure. In accordance with previous agreements, approximately 30 million shares have been successfully issued to entities managed by Dragon Capital, one of the largest Vietnam-focused asset management companies.

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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