

**FOR IMMEDIATE RELEASE**

**1Q2014 Results: Record Sales and EBITDA Driven by Consumer Business and Nui Phao, on Track to Achieve US\$1 billion Sales in 2014**

**Ho Chi Minh City, 14 May 2014** – Masan Group Corporation (**HOSE: MSN**, “Masan Group” and the “Group”), one of Vietnam’s largest private sector business groups, today reported its first quarter financial results for 2014:

- **Sales grew 77.0% vs 1Q2013:** Masan Group reported 1Q2014 sales of VND2,715 billion, up 77.0% vs. 1Q2013. Consumer sales grew 48.3% YoY vs. 1Q2013 driven by strong momentum across all categories – seasonings, convenience foods and beverages. Masan Resources reported sales of VND440 billion with contributions from Nui Phao mine starting from 1 March, 2014.
- **EBITDA grew 339.4% with strong consumer performance and contribution from Nui Phao:** The Group’s EBITDA reached VND385 billion in 1Q2014 vs. VND88 billion in 1Q2013. In addition to stronger performance at Masan Consumer, the Nui Phao project has already recorded positive EBITDA, reaching VND56 billion in March 2014 alone. It is on track to contribute meaningfully to Group revenues and operating profits in 2014.
- **Masan Group pro-forma net profit up 12.0%:** Masan Group’s pro-forma net profit after tax for 1Q2014 was at VND272 billion, up 12.0% vs. 1Q2013, driven by an 89.6% growth in pro-forma net profit of Masan Consumer. Masan Resources’ did not impact the Group’s profits much in 1Q2014 as recognition of sales in the financials began only from 1 March, 2014, resulting in only one month of contribution during the quarter. With the mine ramp-up gathering pace, enhanced contribution from the resources business will progressively reflect in the financial statements. Associate Techcombank reported improved performance with a 69.4% growth in profit before tax.
- **Record sales, gross margins and net profit for Masan Consumer:** Investments made in product development, brand building and platform-building in 2013 have resulted in Masan Consumer’s strong performance. With strong sales in all categories and successful new launches in convenience foods and beverages, Masan Consumer’s sales were up 48.3% in 1Q2014 vs. 1Q2013. Operating efficiencies and cost savings resulted in higher gross margins across categories, with overall gross margins at 43.5% for 1Q2014 compared to 33.1% in 1Q2013.
- **On track to exceed US\$1 billion revenues in 2014:** 2013 was a year of investment and restructuring for Masan Group, with focus on product development, brand building, developing world-class facilities and simplifying the group’s structure and balance sheet. These investments are now translating into revenues and market share, as demonstrated in the record 1Q2014 numbers. This momentum should gather strength as 2014 progresses, and result in enhanced margins and profits, driven by contribution from new products in the consumer business and from the Nui Phao mine.

VND Million	1Q2014	1Q2013	Growth
<b>Masan Group Pro forma</b> <sup>(1)(2)</sup>			
Net Revenue	2,715,013	1,533,986	77.0%
<i>From Masan Consumer</i>	2,275,505	1,533,986	48.3%
<i>From Masan Resources</i>	439,508	-	NM
EBITDA	385,383	87,702	339.4%
Net Profit After Tax	272,123	242,994	12.0%

<sup>(1)</sup> *Interim financial numbers are based on management figures*

<sup>(2)</sup> *Pro forma numbers, for each of the reporting periods and its respective comparative period, have been computed by 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.*

## Commentary

### **Masan Consumer: Record 1Q2014 revenues, gross margins and net profits as addressable market expands from US\$1.1 billion to US\$4.5 billion**

- **Strong revenue momentum across categories:** Masan Consumer's revenues for 1Q2014 were at VND2,275 billion, up 48.3% vs. 1Q2013. The investments made in product development, brand-building, enhanced facilities and platform-building in 2013 have translated into strong performance, as evident in sales growth accelerating from 5.0% in 1H2013 vs. 1H2012 to 21.0% in 2H2013 vs. 2H2012. This momentum has continued with 1Q2014 net revenues growing by 48.3% vs. 1Q2013.
  - Demand in the core seasonings category was robust, with sales growth exceeding 50% vs. 1Q2013.
  - Sales in the convenience foods category were up by over 35% vs. 1Q2013, driven by continued robust sales of instant noodles brands Omachi and Kokomi in the premium and value segments, respectively, as well as momentum from market share gains of Sagami in the mid-market segment. With Masan's market share in instant noodles at over 30% already, Masan is set to reach 40% market share in 2014. The complete breakfast meal brand B'fast and congee brand Komi have achieved good consumer acceptance as well.
  - 2013 was a year of platform-building for Masan in the beverages category, where we made key hires, expanded facilities, developed new products and enhanced distribution capabilities. These efforts are showing results, with coffee sales showing strong growth in 1Q2014 vs. 1Q2013. With the new launches of energy drink brand Wake-Up 247 and mineral water based isotonic drink brand Aktiva, we expect these launches to contribute significantly to beverage revenue momentum in the coming quarters.
- **Addressable market has expanded to 4x of earlier size, this is reflecting in revenues:** With the entry into complete meals and the mid-market instant noodles segment, as well as the establishment of a strong platform to target the beverages category, the addressable market for Masan Consumer has expanded from US\$1.1 billion to US\$4.5 billion. This should result in significantly higher revenues in 2014, as reflected in 1Q2014 numbers.

- **Higher gross margins:** A combination of productivity improvements, economies of scale and cost saving measures have resulted in gross margins improvements across all the key categories. Gross margins for 1Q2014 were at 43.5%, up from 33.1% in 1Q2013.
- **Record net profits:** Pro-forma net profit for Masan Consumer for 1Q2014 was at VND596 billion, up 89.6% vs 1Q2013, driven by higher revenues and gross margins. While SG&A expenses reflect continued investments in product development and brand building, these investments have begun to translate into revenues and market leadership.

#### **Masan Resources: Nui Phao project begins contribution to Group revenues in 1Q2014**

- With the successful commissioning of the Nui Phao mine, Masan Resources has begun to contribute to the financial statements effective 1 March, 2014. Masan Resources reported sales of VND440 billion and EBITDA of VND56 billion in 1Q2014 (these are numbers for March alone).
- Masan Resources did not impact Group profits much in 1Q2014 as the results only included sales for one month. With the mine ramp-up gathering pace, enhanced EBITDA contribution from the resources business will progressively reflect in the financial statements.
- All four products were sold in 1Q2014, and the plant throughput operated at an average of 89.7% of design capacity levels. The focus is now on improving recovery rates across products in order to achieve higher sales volumes.
- Sales of tungsten value added products are well underway, with product being sold to customers under long-term contracts across Europe, North America and Asia. The JV with H.C. Starck, international leaders in tungsten processing, is progressing well, and is enabling Masan Resources to access state-of-the-art technology for deep processing of tungsten.
- With the mine already being positive at the EBITDA level, it is on track to contribute meaningfully to Group revenues and operating profits in 2014.

#### **Techcombank: Continued focus on prudent lending and asset quality**

- Deposits from customers grew by 3.4% in 1Q2014 compared to FY2013, while loans to customers grew by 2.3%. Techcombank continued its prudent lending policies, and maintained a conservative Loan-to-Deposit ratio of 57.9%.
- Techcombank continued to build out a strong retail franchise, especially in South of Vietnam, serving needs of Vietnamese consumers through 1,227 ATMs and more than 312 branches and transaction offices.
- Net fee and commission income in 1Q2014 reached VND435 billion, a significant increase from the figure of VND122 billion in 1Q2013. This growth is the result of Techcombank's long-term focus and continuous investments in technology infrastructure, human resources, product diversification and enhanced customer service.
- With an improvement in the lending environment, coupled with continued prudent lending policies and risk management systems, Techcombank reported 1Q2014 profit before tax of VND673 billion, up 69.4% vs. 1Q2013.

- Techcombank continues to focus on maintaining a strong balance sheet, improving efficiencies and controlling costs. The capital adequacy ratio was 13.2% as of 31 March, 2014, significantly higher than the 9.0% stipulated by the State Bank of Vietnam.

#### **Key appointments**

- Mr. Seokhee Won joined as CEO of Masan Consumer Corporation and Deputy CEO of Masan Group. Mr. Won has 22 years of experience at Unilever, where his last position was Senior Vice President responsible for Unilever's skincare business in Asia and the Pond's brand globally. He has a strong track record of building businesses in emerging and frontier markets, including Vietnam. Mr. Won's appointment underscores Masan's commitment to building a leading regional consumer business and to being an employer of choice for talented managers.
- Mr. Dominic Price has joined the Board of Directors of Masan Group as an Independent Member. In his previous roles as CEO of Indochina and CEO of India at J.P. Morgan, Mr. Price advised many leading businesses in Asia to become internationally reputable public corporations. As an Independent Director, Dominic will contribute his expertise to enhance Masan Group's corporate governance practices and help in exceeding the standards of a regionally listed company.

## **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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