

FOR IMMEDIATE RELEASE

Transformation of Agri Opportunity into Integrated Food Platform Drives 89% Growth in Masan's Full Year Earnings

Ho Chi Minh City, 2 February 2017 – Masan Group Corporation (HOSE: MSN, “Masan” and the “Company”), reported its management accounts for the financial year 2016 today.

2016 Key Strategic Summary

- **Integrated food platform emerges as source of growth to win US\$18 billion meat opportunity:** Masan's integration and transformation of Proconco and ANCO's animal feed businesses to become more “FMCG-like” leads to VND24,423 billion in net sales for FY2016 from this business segment alone and adds meat to a consumer staples portfolio that includes packaged food and beverages. Altogether, the Company is now better positioned to serve the daily needs of Vietnamese consumers who allocate approximately 70% of their consumption spending towards food and beverage.
- **3F model combined with FMCG leadership to reach consumers:** Vietnam's large meat sector lacks productivity, safety, and is highly fragmented (market leader has less than 1% share), leading to consumers paying more for less. In 2016, Masan completed its integrated 3F model of scale by establishing a leading feed business, entering into pig farming and becoming VISSAN's strategic partner. The team spearheading such transformation includes the former President and CEO of PepsiCo Vietnam and Southeast Asia, the former Head of Sales of Masan Consumer, and other executives who held senior roles at P&G, Unilever, Cargill and Masan Consumer. With the right operating model and team, Masan is well positioned to enhance the meat value chain by increasing productivity and building brands just as it has done with the fish sauce and instant noodles categories.
- **Non-meat F&B franchise providing a steady stream of free cash flows:** Over the past 3 years, Masan Consumer has paid a total of VND11,791 billion in cash dividends. Such cash generation is expected to grow as Masan deepens of its domestic portfolio, especially through beverages (69% growth in non-alcoholic bottled beverages and 47% in beer during FY2016) and go broader regionally (from 90 million consumers in Vietnam to 250 million consumers in Inland ASEAN, starting with the launch of Chin-su Yod Thong fish sauce in Thailand).
- **Other businesses emerging from a period of less certainty to become sector leaders:** Masan Resources (“MSR”) has emerged to become a globally significant tungsten chemicals company with approximately 36% market share outside of China. In addition, Masan is poised to benefit from Techcombank's turnaround, where the bank is on track with its provisioning schedule and growing retail franchise.

2016 Key Financial Highlights

- **41.4% growth in net sales:** Masan delivered VND43,297 billion in net sales for FY2016, up 41.4% compared to FY2015, supported by a 40.3% growth in net sales of products within consumer staples (90.6% of Masan consolidated sales in FY2016), and a 52.3% growth in MSR's net sales.

- **44.6% growth in EBITDA:** Masan generated VND9,670 billion in consolidated EBITDA for FY2016, up 44.6% compared to FY2015 due to higher contribution from all businesses. Masan's consumer staples portfolio delivered VND6,628 billion in EBITDA with margin of 17%. Other businesses also contributed, with Techcombank ("TCB") growing earnings and MSR's EBITDA increasing by 66.1%.
- **Masan achieves record high net profit in 2016:** As a result of strong topline and operating level growth across all businesses, combined with a reduction in minority interest due to increasing its stake in its subsidiaries, Masan achieved VND3,772 billion in net profit after tax. Masan's net profit after tax after minority interest grew by 88.8% to VND2,791 billion, or 16% higher than the revised earnings forecast of VND2,400 billion. Adding back the impact of amortization of goodwill and intangibles from the Company's M&A transactions, Masan's "cash" net profit after tax and minority interest grew 77.8% to VND3,392 billion

Balance Sheet Highlights

- **Masan has entered into a period of high cash generation** that provides management with greater confidence in shareholder friendly initiatives such as the share buyback in September 2016 and the announcement of its first ever cash dividend of VND3,000 per share in November 2016.
- **Improved leverage ratios:** Despite the recent share buyback and cash dividend, Masan believes it is on track to lower its consolidated Debt/EBITDA ratio from 5.3x at the end of 2015 to 3.5x by the end of 2017, supported by its intention to pay down more expensive debt and continue its earnings growth. Improved leverage ratios are expected to lower net financial expenses, strengthen the consolidated balance sheet, and increase financing flexibility for transformational opportunities when they arise.

2017 Outlook

- **Business momentum to carry into 2017:** Masan, across all of its key businesses, is expected to deliver growth in 2017, with its consumer staples portfolio continuing to contribute approximately 90% of consolidated net sales. Conservatively, Masan expects to achieve 15% to 20% growth for net sales and earnings for FY2017 versus FY2016, with greater details to be made available prior to the Annual General Meeting in the month of April.
- **Growth rates in comparison to 2016 will be challenged** by expected higher soft commodities environment which will increase input material costs. In addition, the first half of 2017 will also be impacted by Masan's effort to rebalance the inventory levels at its food and beverage distributors to better match market demand and supply, particularly in the food categories. This will enable Masan Consumer to deliver strong second half results and ensure sustainable growth by optimizing SG&A to improve profitability. However, full year earnings may improve as Masan pays down expensive debt and increases its stakes in its businesses to reduce minority interest.
- TCB will continue on its objective to fully provision its vintage NPLs, which may adversely impact Masan's earnings results in the first half of the year.
- **Strategic long-term capital:** Singha's strategic investment in Masan Consumer Holdings validated Masan's longer-term strategy to grow its food and beverage business and go deeper domestically and broader regionally. Masan Group will continue exploring win-win partnerships to validate each of its key operating platforms and fund future growth.

Masan Consolidated FY2016 Snapshot⁽¹⁾

VND Billion	FY2016	FY2015	Growth
Net Revenue	43,297	30,628	41.4%
<i>Consumer Staples</i>	39,248	27,971	40.3%
<i>Meat Value Chain</i>	24,423	14,054	73.8%
<i>Food and Beverage</i>	14,826	13,917	6.5%
<i>Mineral Resources and Value-Add Processing</i>	4,049	2,658	52.3%
EBITDA ⁽²⁾	9,670	6,687	44.6%
<i>Consumer Staples</i>	6,628	5,086	30.3%
<i>Meat Value Chain</i>	3,026	1,612	87.7%
<i>Food and Beverage</i>	3,602	3,474	3.7%
<i>Mineral Resources and Value-Add Processing</i>	2,055	1,237	66.1%
<i>Others</i> ⁽³⁾	987	364	171.2%
NPAT	3,772	2,527	49.3%
NPAT Post Minority Interest	2,791	1,478	88.8%
Cash NPAT Post Minority Interest ⁽⁴⁾	3,392	1,908	77.8%

(1) Financial numbers are based on management figures and in accordance to Vietnamese Accounting Standards.

(2) EBITDA is MSN's consolidated net profit after tax, with net financial expense, tax, depreciation and amortization added back.

(3) Others include contribution from Masan's ownership in Techcombank and operating expenses at the holding company level.

(4) Cash NPAT (or pro forma NPAT), for each of the reporting periods and its respective comparative period, have been computed by reversing the impact from the amortization of goodwill, tangible assets and intangible assets as a result of the Masan's M&A transactions in the past. In FY2016, amortization expenses alone before minority interest amounted to VND768 billion. Management believes that these figures reflect Masan's true earnings performance and cash generating potential.

Commentary on Business Segments

Meat Value Chain

Masan’s meat value chain business, Masan Nutri-Science (“MNS”) delivers nearly 74% revenue and over 243% growth in earnings in 2016

- **Integration and transformation:** Growth was driven by animal feed brand “Bio-zeem” and integration and turnaround of Proconco and ANCO by implementing an FMCG approach to an agricultural business. Market share gains were supported by Masan’s focus on delivering full suite solutions to farmers beyond selling just feed, creating greater brand loyalty. Margins and earnings were further supported by a favorable soft commodities environment.
- **3F model to increase productivity:** Masan’s longer-term execution strategy to build a leading consumer meat platform has been cemented with the completion of Masan’s integrated 3F (Feed-Farm-Food) model which is expected to drive productivity in the meat value chain and ultimately reach end consumers with branded meat products. Masan’s 3F approach progressed significantly in 2016 with the VISSAN strategic partnership and the October 2016 groundbreaking of Masan’s pig farm in Nghe An Province. When fully ramped up, the ~10,000 sow operations will be capable of raising up to 250,000 pigs per year and helping the Company win the meat market in northern Vietnam.
- **FMCG team to win with consumers:** MNS is led by Chairman Pham Phu Ngoc Trai, who was President and CEO of PepsiCo Vietnam and Southeast Asia, and Pham Trung Lam, who was Masan Consumer’s Head of Sales prior to becoming the CEO of Proconco and ANCO. MNS’ other executives include Quang Thanh Cuong, who was Head of Marketing for ASEAN Hair care at P&G; Vu Van Thang, Head of Sales, who comes from P&G; Dr. Lee Meng Hong, Head of R&D with over 30 years in animal husbandry who started his career at Cargill. The executive who launched the Bio-zeem brand, Dr. Nguyen Quang Tri, was formerly Head of Marketing at Masan Consumer.

VND Billion ⁽¹⁾	FY2016	FY2015	Growth
Net Revenue	24,423	14,054	73.8%
Gross Margin	21.6%	20.8%	0.9%
EBITDA	3,026	1,612	87.7%
Net Profit After Tax ⁽²⁾	1,538	449	242.6%

⁽¹⁾ Financial numbers are based on management figures MNS

⁽²⁾ After minority interest

- **FY2016 Key financial highlights:** MNS achieved net sales of VND24,423 billion in FY2016, up 73.8% compared to FY2015 (MNS was established in April 2015), and up 19.5% on a like-for-like basis, aided by 24.7% topline growth in 4Q2016 vs. 4Q2015.
 - **Power brands:** MNS’ strong portfolio of brands delivered 29% sales volume growth, to 2.5 million tons in FY2016, compared to FY2015, supported by the successful launch of “Bio-zeem” range of products, which accounted for 39% of MNS revenues, compared to just 13% for FY2015.
 - **Focus on pig feed (largest market):** Pig feed accounted for 64% of total volume sold during FY2016, compared to 54% during FY2015. FY2016 pig feed volume was up 53% compared to FY2015.

- **Margin expansion:** Success of higher-value “Bio-zeem” products, operational efficiencies from further integration and transformation of Proconco and ANCO, and softer commodity prices led to improvement in margins.
 - **Gross margin up 90 bps:** Pig feed products accounted for 66% of revenues for MNS in FY2016, compared to 56% in FY2015, aiding in improvement of MNS’ gross margins to 21.6% in FY2016 compared to 20.8% in FY2015.
 - **EBITDA margin up 92 bps:** FY2016 EBITDA was up 87.7% to VND3,026 billion compared to FY2015, and up 30.1% on a like-for-like basis, due to gross margin enhancement and greater operational efficiencies. EBITDA margin for FY2016 was 12.4% compared to 11.5% in FY2015.
 - **Net margin up 310 bps:** MNS generated profit after tax and minority interest of VND1,538 billion up 242.6% compared to FY2015. On a like-for-like basis, combined profit of Proconco and ANCO was up 40.7% in FY2016.

Food and Beverage

Net sales grew 6.5% in 2016 on the back of stronger performance in beverages offset by sluggish convenience foods sales

Category Revenues (VND Billion)	FY2016	FY2015	Growth
Seasonings	5,788	5,646	2.5%
Convenience Foods	3,657	4,142	(11.7)%
Beverages and Others ⁽¹⁾	4,343	3,423	26.9%
Beer	1,038	706	47.0%
Food and Beverage	14,826	13,917	6.5%

⁽¹⁾ Includes all non-alcoholic beverages, coffee, cereals and exports

- **Revenue highlights:** Masan’s food and beverage portfolio grew revenues by 6.5% in FY2016 to reach VND14,826 billion. Beverages (excluding beer) outperforms by delivering 27% growth on the back of a very successful year in bottled beverages (Wake-up 247, Vinh Hao, Quang Hanh) which grew 69%. This growth has been offset by a decline in instant noodles sales.
 - **Seasonings** category revenues were up 2.5% for FY2016, contributing 39% of topline for the overall F&B business. Masan’s largest seasonings subcategory, fish sauce, ends the year with 66% market share by value according to Nielsen, supported by volume share growth of 1.4% during the last quarter of 2016 for the Nam Ngu and Chin-su brands. Masan’s portfolio of seasonings brands continues to evolve with line extensions of existing brands and a greater focus on premium variants. In October, Masan launched Chin-su Yod Thong in Thailand to begin its Inland ASEAN journey.
 - **Convenience foods** revenues declined by 11.7% during FY2016, due to fierce competition in the economy segment and slower overall market growth, though market share remained stable around 25%. Masan’s premium brands grew in FY2016 though the overall market has de-grown as competitors continued to lower prices in the economy segment to win market share at any cost. Masan has focused more on the premium and mainstream segments where gross margins allow for both innovation and profitability. Masan plans to launch innovations and full meal solutions as opposed to basic instant noodles to grow the entire category.

- **Beverages and others** category grew by 26.9% during FY2016 due to the 69% growth in its bottled beverages business. Cereal products outperformed in 2016, resulting in FY2016 revenues being up 43.9% compared to FY2015. As a result of successful launches in coffee and strength in cereals business, VCF revenues grow 10.3% in FY2016 vs. FY2015.
- **Masan Brewery** revenues grows 47.0% to VND1,038 billion during FY2016 vs. FY2015, helped by the expansion of its product portfolio.
- **FY2016 Profitability highlights:** MCH achieved gross margins of 43.8% and gross profit of VND6,493 billion, supported by favorable raw material prices.
 - **Gross profit:** For Masan Consumer, gross profit in FY2016 was up 5.1%, with margins of 45.3%, growth of 30 basis points compared to last year despite stronger growth in traditionally lower margin categories such as beverages. Masan Brewery achieved gross margin of 23.5% for FY2016, which is expected to improve with increased utilization levels at the new beer facility in Hau Giang province.
 - **EBITDA Margin:** Masan Consumer's EBITDA margin was 25.5% in FY2016, nearly flat compared to FY2015, as higher gross margin was offset by increased SG&A spending to invest in brand building across seasonings, convenience foods and beverages. Masan Brewery continues to deliver high single digit EBITDA margin of 7.9%, within 2 years from the start of operations. Overall, branded F&B EBITDA was up 3.7% to VND3,602 billion, with margin above 24% for FY2016.
 - **Net Profit:** Reported net profit for Masan Consumer reached VND2,791 billion in FY2016, down 3.8% compared to FY2015, driven by lower net financial income as a result of large cash dividends over the past two years, though the business continues to deliver growth at an operating profit level.
 - **Profits resulting in high cash generation:** Over the past 3 years, Masan Consumer has been a stable and significant cash generator for the Company, paying a total of VND11,791 billion in cash dividends to shareholders. Such cash generation is expected to grow as Masan deepens its domestic portfolio and expands broader regionally.

Mineral Resources and Value-Add Processing

Higher volume, value-added products and strict cost control results in record revenues and EBITDA

VND Billion⁽¹⁾	FY2016	FY2015	Growth
Net Revenue	4,049	2,658	52.3%
EBITDA	2,055	1,237	66.1%
Net Profit after Tax ⁽²⁾	110	152	(27.6)%

⁽¹⁾ Financial numbers are based on management figures

⁽²⁾ Net profit is after minority interest

- **Net sales up 52.3%:** Despite average lower commodity prices across all commodities, record production growth of 26% paved the way for a 52.3% increase in net revenues of VND4,049 billion for FY2016 vs. FY2015. All production was fully sold and MSR's order book continued to be over-subscribed. Initiatives implemented in the last 18 months to improve the quality of products has

resulted in additional demand and new potential long-term sales arrangements, which are expected to lead to higher price realizations in the near future.

- **Productivity improvements:** Optimization of productivity initiatives commissioned in the first half of 2016 has resulted in production increasing by 37% in the second half of 2016 over the first half of the year, with fluorspar and tungsten production increasing 31% and 62%, respectively.
- **Strict cost control delivers strong profitability:** Cost control continues to be the central theme driving profitability in a weak commodity price environment.
 - **EBITDA increased by 66.1%:** The Nui Phao project continues to be one of the lowest-cost producers of Tungsten in the world, as relentless focus through cost control initiatives resulted in a 66.1% growth in EBITDA for FY2016 compared to FY2015.
 - **Attributable net profit of VND110 billion:** Ability to reduce its cash costs while increasing overall productivity has permitted Masan Resources to report a positive profit attributable to shareholders of VND110 billion in FY2016. A depressed commodity price environment continues to be the strain on profitability. Normalized for prices witnessed over the same period last year, MSR's attributable net profit would have exceeded VND350 billion for this reporting period.

Summary Production Data	FY2016	FY2015	Growth
Ore mined (kt)	3,654	3,543	3%
Ore processed (kt)	3,642	3,229	13%
Tungsten concentrate (t)	6,357	5,123	24%
Tungsten equivalent units (t) ⁽¹⁾	12,926	10,250	26%

⁽¹⁾ Nui Phao finished products are converted to a tungsten equivalent units

- **Masan successfully tenders for shares of Masan Resources to open way for a fresh round of strategic capital:** Masan Group, through its wholly owned subsidiary, successfully completed a tender offer for Masan Resources shares during November - December 2016. As a result, Masan owns a 93.78% equity stake in Masan Resources. MRC Ltd., an investment fund co-managed by Fortress Investment Group and Mount Kellett, the erstwhile largest foreign investor in MSR with a 20.04% equity stake, exited their position as part of the offer. The tender offer provides greater flexibility to raise longer-term strategic capital to grow Masan's globally significant tungsten business without tying up the Company's cash balance.

MASAN GROUP CORPORATION

Masan Group Corporation (“Masan” and 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 meat, packaged food and beverage, resources, and financial services, altogether representing segments of Vietnam’s economy that are experiencing the most transformational growth.

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