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Strong 4Q2017 Profitability Sets Foundation for Double-Digit Growth for FY2018

Ho Chi Minh City, 30 Jan 2018 – Masan Group Corporation (**HOSE: MSN**, “Masan” and the “Company”), today reported its management accounts for FY2017.

“2017 marks the end of Masan’s phase of experiencing major growing pains. But throughout this challenging period, we relentlessly executed on our bottom-up operational plans, strengthened our operating platforms and refocused on our medium to long-term growth strategy. The fundamentals of our businesses are not fully reflected in our 2017 financial results, but it is starting to converge. 2018 will be a key turning point as each of our businesses start to deliver on its underlying growth potential.” said Nguyen Dang Quang, Chairman and CEO of Masan Group.

Preliminary 2018 outlook

- **FY2018 outlook:** Management estimates consolidated net revenue to grow approximately 20% to approximately VND45,150 billion and normalized NPAT Post-MI to increase by approximately 57% to VND3,400 billion in FY2018 versus FY2017.
- **Net revenue forecasted to grow in high double digits across all operating business**
 - Masan’s food and beverage division, Masan Consumer Holdings (“MCH”), forecasted to grow in excess of 20% due to a strong innovation pipeline, power brand business model and a more robust and healthy distribution network.
 - Masan Nutri-Science (“MNS”) is forecasted to deliver single digit growth as livestock pig prices are expected to recover in 2Q2018 and the Bio-zeem portfolio broadens to cover all customer segments. Most importantly, MNS is expected to begin selling branded fresh meat in 4Q2018.
 - Masan Resources (“MSR”) forecasted to grow in excess of 30% driven by a strong tungsten price environment and processing higher volumes of value-added tungsten products.
- **Normalized NPAT Post-MI forecasted to grow mainly driven by effective SG&A investment and net revenue growth**
 - SG&A as a percent of sales in FY2018 is forecasted to decline by over 350 basis points compared to 2017. One-off investments at MCH to unwind the distributor stock level has been completed and MNS one-time investments to support farmers and distributors has ended.
 - There is further potential upside as the Company plans to reduce earnings impact from minority interest of strategic growth assets (e.g., tender offer for Vinacafé Bien Hoa) and as it explores avenues to further accelerate its deleveraging initiative.
- **Management plans to provide an updated 2018 forecast when it has detailed visibility on 1Q2018 results ahead of the Annual Shareholders’ Meeting.**

Key Strategic Highlights of 2017

| VND Billion | FY2016 | FY2017 ¹ | Growth |
|--|--------|---------------------|---------|
| Net Revenue | 43,297 | 37,621 | (13.1)% |
| <i>Masan Consumer Holdings</i> | 14,826 | 13,526 | (8.8)% |
| <i>Masan Nutri-Science</i> | 24,423 | 18,690 | (23.5)% |
| <i>Masan Resources</i> | 4,049 | 5,405 | 33.5% |
| EBITDA ² | 9,669 | 9,396 | (2.8)% |
| NPAT Post-MI | 2,791 | 3,103 | 11.1% |
| NPAT Post-MI (Normalized) ³ | 2,791 | 2,170 | (22.3)% |

- **MCH demonstrates growth fundamentals and delivers greater profitability after transforming business model from “product pushing” to “brand building”:**
 - 2H2017 sales of MCH’s core categories stabilized and growth pillars demonstrated greater momentum. MCH saw a strong recovery in instant noodles (up 16.3% in 2H2017 as opposed to declining 18.7% in 1H2017, period on period), and also for beer, which experienced nearly non-existent sales in 1H2017 but have started to match FY2016’s monthly run-rate sales to consumers. Strong growth in energy drinks (up 54.9% YoY) and processed meat (up ~6x YoY) validates MCH’s entry into new growth categories.
 - MCH’s net revenue in 2H2017 decreased by 5.3% versus 2H2016 mainly driven by management’s commitment to maintain a healthy distributor stock level (VND1,000 billion at YE2017 versus VND2,200 billion at YE2016).
 - The shift to a brand driven business model has enabled MCH to sustainably reduce trade promotion activities, **resulting in EBITDA margin nearly doubling from 12.7% in 1H2017 to 25.6% in 2H2017.**
- **MNS, key drag in FY2017, but Bio-zeem “Xanh” for pig feed and Bio-zeem for poultry has been well received by farmers. Prospects look brighter with signs of improving livestock pig prices and planned 2018 launch of branded fresh chilled meat:**
 - MNS net revenue declined by 23.5% (compared to the pig feed market volumes declining by over 50% during the same period) to VND18,690 billion in FY2017 but achieved NPAT Post-MI of VND629 billion despite over investing to consolidate market share in the midst of the crisis. MNS exit pig feed market share increased to approximately 35% in 2017 compared to 30% at the end of 2016.
 - Average livestock price per kilogram has crossed VND30,000 nationwide in mid-January for the first time since late 1Q2017 signaling a potential strong 2Q2018 market recovery. In preparation, MNS launched Bio-zeem “Xanh”, MNS’ “value for money” product, which is expected to drive the conversion of home-made feed users as they up-trade into more productive branded commercial products.

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. MSN’s consolidated EBITDA is lower than the total contributions from its business segments due to holding company level expenses. The earnings contribution of Techcombank, an associate, is included given its materiality to MSN’s financial results.

³ Normalized NPAT Post-MI excludes one-off consolidated gain VND933 billion from the sale of TCB convertible bonds 4Q2017.

- MNS will hold groundbreaking ceremony of its Ha Nam meat complex on February 4, 2018 which is a key milestone for its planned 4Q launch of branded fresh meat products. This follows the delivery of gilts into the Nghe An pig farm in December 2017.
- **MSR delivers record revenue and earnings on the back of higher tungsten prices and improved operations:**
 - MSR recorded revenue of VND5,405 billion in FY2017 compared to VND4,049 billion over the same period last year, a growth of 33.5% as a result of higher commodity prices. NPAT Post-MI grew 88.0% to reach a record VND206 billion in FY2017, despite lower feed grades during the year. With China’s environmental inspection and more stringent export quota policy, prices for tungsten appear to be well supported, management forecasts topline growth of 30% and strong earnings growth for FY2018.
 - Strategically, MSR continues exploring opportunities to further integrate downstream into value-added tungsten products. This will enable MSR to deliver a consistent and strong financial profile across commodity cycles.
- **Techcombank (“TCB”) doubles profit before tax to VND8,036 billion in FY2017 versus FY2016, driven by a strong focus on fee income:** TCB achieves 38.12% growth in total operating income (“TOI”), from VND11,833 billion in FY2016 to VND16,344 billion in FY2017. Strong TOI growth has been supported by a net interest margin (“NIM”) of 3.9% in FY2017. Loans to customers grew by 12.8% year-on-year in 2017, and net interest income increased by 9.7%. The key driver underpinning TOI growth has been TCB’s focus on net fee and commission income, which grew by 20.95% to VND2,366 billion in FY2017 from VND1,956 billion in FY2016. TCB continues to drive fee income growth through bancassurance (long-term, exclusive partnership with Manulife), card services, and wealth management. Combined with a cost-to-income ratio (“CIR”) of 31.54% (excluding one-offs), one of Vietnam’s lowest, NPAT grew to VND6,445 billion in FY2017 from VND3,149 billion in FY2016.
- **Continued to optimize balance sheet as consolidated debt to EBITDA reduced from 4.2x to 3.7x and gross debt reduced by 15%:** The Company aims to achieve a debt to EBITDA ratio below 3x at YE2018 compared to 3.7x at YE2017. Gross financial debt declined by 15% to VND34,796 billion at YE2017, the lowest year-end debt level in 2 years. Reducing debt is a strategic priority to enhance profitability margins to mid-teen levels and to generate stronger free cash flow over the medium term. In FY2018, free cash flow is expected to reach approximately 2,700 billion based on a capex budget of approximately VND4,800 billion, primarily driven by the build out the Company’s pig farm and meat complex. Fund from operations to debt will improve from 10% in YE2017 to 15% due to higher EBITDA.

4Q2017 and FY2017 Consolidated Financial⁴ Highlights

Income Statement Highlights

| VND Billion | 4Q2016 | 4Q2017 | Growth | FY2016 | FY2017 | Growth |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Net Revenue | 13,149 | 10,169 | (22.7)% | 43,297 | 37,621 | (13.1)% |
| <i>Masan Consumer Holdings</i> | 5,056 | 4,592 | (9.2)% | 14,826 | 13,526 | (8.8)% |
| <i>Masan Nutri-Science</i> | 6,852 | 4,101 | (40.1)% | 24,423 | 18,690 | (23.5)% |
| <i>Masan Resources</i> | 1,241 | 1,477 | 19.0% | 4,049 | 5,405 | 33.5% |
| Gross Profit | 4,074 | 3,393 | (16.7)% | 12,930 | 11,632 | (10.0)% |
| <i>Masan Consumer Holdings</i> | 2,303 | 2,072 | (10.0)% | 6,493 | 5,897 | (9.2)% |
| <i>Masan Nutri-Science</i> | 1,381 | 779 | (43.6)% | 5,280 | 3,991 | (24.4)% |
| <i>Masan Resources</i> | 376 | 529 | 40.5% | 1,103 | 1,691 | 53.3% |
| SG&A⁵ | (2,167) | (1,817) | (16.2)% | (6,907) | (7,203) | 4.3% |
| <i>Masan Consumer Holdings</i> | (1,117) | (1,110) | (0.7)% | (3,757) | (4,035) | 7.4% |
| <i>Masan Nutri-Science</i> | (939) | (583) | (37.9)% | (2,834) | (2,721) | (4.0)% |
| <i>Masan Resources</i> | (70) | (74) | 6.0% | (226) | (260) | 15.2% |
| Earnings from Associates⁶ | 275 | 812 | 195.0% | 980 | 2,044 | 108.6% |
| D&A | 759 | 767 | 1.1% | 2,666 | 2,924 | 9.7% |
| EBITDA | 2,941 | 3,155 | 7.3% | 9,669 | 9,397 | (2.8)% |
| <i>Masan Consumer Holdings</i> | 1,418 | 1,192 | (15.9)% | 3,602 | 2,755 | (23.5)% |
| <i>Masan Nutri-Science</i> | 592 | 361 | (38.9)% | 3,026 | 1,915 | (36.7)% |
| <i>Masan Resources</i> | 659 | 818 | 24.1% | 2,055 | 2,784 | 35.4% |
| <i>Techcombank Contribution</i> | 274 | 818 | 197.9% | 970 | 2,043 | 110.6% |
| Net Financial Expense | (750) | (25) | (96.7)% | (2,522) | (2,291) | (9.2)% |
| <i>Financial Income</i> | 219 | 1,045 | 377.9% | 769 | 1,405 | 82.6% |
| <i>Financial Expense</i> | (969) | (1,070) | 10.5% | (3,291) | (3,696) | 12.3% |
| Other Income/(Expenses) | (4) | (21) | 381.1% | (35) | (43) | 24.6% |
| Corporate Income Tax | (188) | (200) | 6.4% | (674) | (531) | (21.2)% |
| NPAT Pre-MI | 1,239 | 2,141 | 72.9% | 3,772 | 3,608 | (4.4)% |
| NPAT Post-MI (Reported) | 944 | 1,890 | 100.2% | 2,791 | 3,103 | 11.1% |
| NPAT Post-MI (Normalized) | 944 | 957 | 1.4% | 2,791 | 2,170 | (22.3)% |

⁴ Financial numbers are based on management figures and in accordance to Vietnamese Accounting Standards.

⁵ MSN's consolidated SG&A is higher than the total of SG&A expenses of its business segments due to holding company level expenses.

⁶ Includes contribution from Techcombank.

Balance Sheet-Related Highlights

| VND Billion | FY2015 | FY2016 | FY2017 |
|--|---------------|---------------|---------------|
| Cash and cash equivalents⁷ | 17,944 | 15,290 | 8,154 |
| Debt | 35,620 | 41,091 | 34,796 |
| Short-term Debt | 8,367 | 8,618 | 9,166 |
| Long-term Debt | 27,253 | 32,472 | 25,630 |
| Total Assets | 71,850 | 73,039 | 63,529 |
| Total Equity | 27,109 | 20,313 | 20,225 |
| Total Equity Excluding MI | 16,615 | 15,276 | 14,837 |
| Outstanding Number of Shares (million shares)⁸ | 1,120 | 1,138 | 1,047 |
| Share Capital | 1,120 | 1,147 | 1,157 |
| Treasury shares | - | (9) | (110) |

Key Financial Ratios

| VND Billion | FY2015 | FY2016 | FY2017 |
|--------------------------------|----------------|----------------|----------------|
| Debt to EBITDA | 5.3x | 4.2x | 3.7x |
| ROAA | 4% | 5% | 5% |
| ROAE | 9% | 18% | 21% |
| FFO⁹ to Debt | 10% | 13% | 10% |
| FCF¹⁰ | 2,393 | 4,163 | 3,886 |
| Cash Conversion Cycle | 53 | 48 | 41 |
| Inventory days | 77 | 65 | 61 |
| Receivable days | 21 | 13 | 13 |
| Payable days | 45 | 30 | 33 |
| Cash payment for CAPEX | (3,857) | (2,921) | (2,111) |

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

⁸ Outstanding number of shares in 2015 and 2016 is adjusted for bonus shares (similar to share splits) issued in 2017.

⁹ FFO: Funds From Operations is calculated from EBITDA and excludes contribution from TCB and is 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.

¹⁰ FCF: Free Cash Flow is calculated from EBITDA and excludes contribution from TCB and is adjusted for changes in working capital, corporate income tax paid within the reporting period and CAPEX.

Commentary on Business Segments

Masan Consumer Holdings

Transforming business model from “product pushing” to “brand building” required sacrificing sales to build a more sustainable route-to-market. 1H2017 efforts resulted in greater second half profitability and momentum across key growth categories going into 2018.

- MCH’s FY2017 net revenue declined by 8.8% to VND13,526 billion compared to FY2016, which takes into account over VND1,000 billion in distributor level stock reduction. By selling less into the distributors and allowing them to sell their existing stock to consumers, MCH was able to cut back on trade promotion expenses and invest more into building brands.

| VND Billion | FY2015 | FY2016 | FY2017 | Growth '16 vs. '15 | Growth '17 vs. '16 |
|---------------------------------|---------------|---------------|---------------|-----------------------|-----------------------|
| Revenue¹¹ | 13,917 | 14,826 | 13,526 | 6.5% | (8.8)% |
| Seasonings | 5,551 | 5,788 | 5,159 | 4.3% | (10.9)% |
| Convenience Foods ¹² | 4,005 | 3,621 | 3,585 | (9.6)% | (1.0)% |
| Processed Meat | 85 | 36 | 220 | (57.5)% | 513.0% |
| Coffee | 1,850 | 1,816 | 1,532 | (1.8)% | (15.6)% |
| Beverages (Non-alcoholic) | 970 | 1,643 | 2,045 | 69.4% | 24.5% |
| Beer | 706 | 1,080 | 352 | 52.9% | (67.4)% |
| Others ¹³ | 751 | 842 | 632 | 12.1% | (25.0)% |
| Gross Profit | 6,095 | 6,493 | 5,897 | 6.5% | (9.2)% |
| EBITDA | 3,474 | 3,602 | 2,755 | 3.7% | (23.5)% |

- **Seasonings was impacted most by de-stocking initiative:** Seasonings’ net revenue in FY2017 declined by 10.9% to VND5,159 billion from VND5,788 billion in FY2016. This is a result of VND579 billion worth of distributor level stock reduction. With less trade promotion which partially impacted the net selling price for consumer, MCH experienced a sales decline in the economy segment where consumers are more price sensitive. However, mainstream and premium segments remain stable or have performed better. Management estimates 2018 revenue will be over VND6,000 billion supported by more marketing spend and new product launches. New launches in 2017 include “Nam Ngu Phu Quoc” (launched in 2Q2017), “Nam Ngu Nhan Vang” (launched in 4Q2017) and “Chin-su Man Ma” (launched in 4Q2017). All of these products are more premium and is part of MCH’s strategy to up-trade its consumer base.
- **Strong recovery in convenience foods due to new launches backed by innovation and brand investment:** Convenience foods, MCH’s worst performing category in FY2016 is returning to growth despite a reduction in distributors’ stock of approximately VND140 billion in FY2017. While FY2017 net revenue was flat at approximately VND3,600 billion, the 16.3% growth in sales during 2H2017 YoY reflects solid recovery in contrast to the de-growth of 18.7% in 1H2017 YoY. Return to growth in 2H2017 has been supported by innovations such as Kokomi Dai. Omachi products have also been performing better, supported by instant noodles with meat and the recent launch of Omachi cup format.

¹¹ Breakdown by category is provided in more details to provide greater sight into MCH business performance. These numbers are based on management figures.

¹² Includes instant noodle and instant congee

¹³ Includes nutrition cereals and exports

Management expects convenience foods sales to grow between 15% to 20% during 2018, with approximately a third of the growth coming from new innovations.

- **Processed meat grew by ~6x in FY2017:** Processed meat currently represents less than 1% of Vietnam's meat consumption as compared to ~14% in China. While still a relatively new category for MCH, processed meat is a high potential growth driver as MCH currently sells only snack sausages under the "Heo Cao Boi" umbrella brand. In December 2017, MCH launched Heo Cao Boi 3-Minute Meat Ball to broaden the umbrella brand's processed meat portfolio and cover in-home meal solutions. This launch will help MCH cater to a larger variety of occasions. Management believes processed meat sales will reach between VND500 billion and VND1,000 billion in 2018 thanks to more snack sausages and the recent entry into meal solutions.
- **Wake-Up brand to drive coffee growth:** MCH's coffee category (excluding Wake-Up 247, which is covered under beverages) experienced over VND200 billion in de-stocking and sales declined by 15.6% to VND1,532 billion in FY2017 from VND1,816 billion in FY2016. Key to MCH's coffee category is the Wake-up brand, which decreased by only 7.5% in FY2017. In 4Q2017, Masan re-launched the Wake-up brand to i) revitalize the brand image, ii) upgrade the portfolio and support its efforts to expand nationwide (currently strong in the Southern region). The re-launch of Wake-up will upgrade it from one popular product in the economy segment into an umbrella brand playing across different price points, which is expected to improve its brand image and distribution coverage. 2018 sales for coffee category are expected to grow by approximately 15%.
- **Beverages revenue increase driven by high growth in energy drinks:** Net revenue for beverages was VND2,045 billion, growing by 24.5% YoY compared to FY2016, mainly driven by the 54.9% increase in energy drinks to VND1,225 billion in FY2017 from VND791 billion in FY2016. This growth in energy drinks was driven by increasing Wake-up 247's availability (from 50k points of sale to 75k). Energy drinks will be one of the growth pillars for MCH in 2018 and is expected to contribute ~VND1,500 billion in sales on the back of coverage increasing to 150k points of sale. Given its importance as a growth pillar, MCH, through its subsidiary Masan Beverages, launched a tender offer for all of the shares of Vinacafé Bien Hoa (owner of the brand) it currently does not own in 4Q2017, resulting in its ownership increasing from 68.5% to 98.5%. All in, management expects beverages to grow by 20% to 25% in 2018.
- **Beer:** Focus on beer festivals and the recent re-launch of the Su Tu Trang brand were validated by the steady increase in monthly sales to consumers to nearly match last year's volumes. Re-launched brand is better received in urban areas, with Ho Chi Minh City region now accounting for approximately 19% of total volume sales in 2H2017 vs. approximately 13% in 2H2016. This consumer reception better positions MCH's beer platform to enter into more premium segments. Revenue in 2018 of beer is expected to reach VND1,000 billion, back to the normal sales achieved in 2016.

- **Success of transformation from “push” to “pull” model:** Objectives behind de-stocking distributor level inventory were to i) improve route to market efficiency and ii) reduce reliance on trade promotion to free up resources for investing in brand building activities. As a result of over VND1,000 billion in de-stocking in FY2017, second half trade promotion expenses declined by around 11% versus 2H2016 while marketing expenses increased by 8%. This has led to sales growth in key categories and higher success rates for new launches. In addition, MCH distributor-level inventory days have gone down from roughly 2 months to below 1 month, translating to fresher products for consumers.

| VND Billion ¹⁴ | 4Q2016 | 1Q2017 | 2Q2017 | 3Q2017 | 4Q2017 |
|---------------------------------------|--------|--------|--------|--------|--------|
| Distributor Stock Level ¹⁵ | 2,220 | 1,517 | 1,217 | 878 | 1,016 |
| Distributor Stock Days ¹⁶ | 39 | 67 | 31 | 23 | 20 |
| % Marketing vs. A&P ¹⁷ | 21% | - | 26% | 31% | 57% |
| EBITDA Margin | 28% | 10% | 14% | 25% | 26% |

- **Strategic R&D hires and partnerships across categories upgrade R&D capabilities and support innovation pipeline:** Key hires includes R&D expert for convenience food with experience from a leading Korean instant noodles company. MCH has also been actively working with its strategic shareholder, Singha of Thailand, to explore expanding its beer offerings. In 2018, the company is working on over 20 innovations across categories. Ahead of the Tet holiday, MCH introduced new products and variants such as: i) Tam Thai Tu Thuong Hang (soya sauce), ii) Heo Cao Boi 3-minute meat ball (processed meat), and iii) Nam Ngu Nhan Vang (fish sauce).
- **Profitability analysis: Winding down of de-stocking initiative leads to doubling of EBITDA margins in 2H2017**
 - Gross margin slightly decreased by 20 bps to 43.6% for FY2017 due to change in product mix as a result of lower beer sales (which has lower gross margin) net-off with higher raw material prices.
 - FY2017 EBITDA margin down 403 bps to 20.3% due to one-off expenses related to de-stocking initiative. However, 2H2017 EBITDA margins have doubled to 25.6% from 12.7% in 1H2017 thanks to the completion of the de-stocking initiative and related costs.
 - Masan Consumer Corporation, the UPCoM listed subsidiary, achieved net profit after tax post minority interest of VND2,085 billion in FY2017, a decrease of 22% primarily as a result of the previously discussed increase in selling expenses to support de-stocking.
- **2018 is expected to deliver topline and bottom-line growth above 20% and 50%, respectively:** Subject to net revenue achieving management 2018 forecasts, MCH is expected to deliver similar gross margins and achieve EBITDA of over VND4,000 billion in FY2018, up over 50% versus FY2017.

¹⁴ Information is based on management figures/calculations and is not audited.

¹⁵ Distributor Stock Level is the inventory value (based on MCH sell in price) held by MCH’s distributors.

¹⁶ Distributor Stock Days is calculated by dividing Distributor Stock Level by MCH’s sales to distributors for the relevant quarter multiplied by 90.

¹⁷ Calculated by dividing Marketing expenses by total Advertising and Promotion expenses (“A&P”). Marketing expenses include media, advertising activities and market research.

Masan Nutri-Science

Masan Nutri-Science (“MNS”) experienced a decline in net revenue but gained market share while delivering solid profits, despite greater investment to support farmers

| VND Billion ¹⁸ | FY2016 | FY2017 | Growth |
|---------------------------|--------|--------|---------|
| Net Revenue | 24,423 | 18,690 | (23.5)% |
| Gross Profit | 21.6% | 21.4% | (0.2)% |
| EBITDA | 3,027 | 1,915 | (36.7)% |

- MNS’ FY2017 net revenue has been adversely impacted by historically low pig prices during FY2017 which has continued longer than anticipated with the livestock prices trading at below VND30,000 per kilogram. As a result, the pig feed market is estimated to have declined from 6.3 million tons to 3.4 million tons within a year’s time, contributing to MNS’ net revenue declining by 23.5% in FY2017 to VND18,690 billion. The severity of the pig feed market size decline is also driven by an increase in non-commercial feed usage as farmers are currently less concerned about productivity. During this period, Masan has been making investments to support farmers and dealers and the launch of “value for money” Bio-zeem (Bio-zeem “xanh”) to win back and convert farmers using home-made feed. As a result, MNS achieved exit market share of 35% in 2017 compared to 30% at the end of 2016. This is lower than planned given the severity the crisis. With the pig population having declined by 40% since the peak and the Tet holiday arriving soon, Masan believes that the fundamental supply and demand picture points to a recovery in 2018.
 - Bio-zeem’s pig feed volume and net revenue for FY2017 declined by approximately 30% and 31%, respectively. However, non-Bio-zeem pig feed products declined by approximately 41% and 42% in terms of volume and net revenue, respectively, nearly matching the overall decline of the pig feed market. Bio-zeem accounts for more than 60% of MNS’ pig feed sales. MNS will focus on increasing Bio-zeem’s contribution to 70 – 80% of the pig feed portfolio over the course of the next 6-8 months with the contribution from Bio-zeem “xanh” – a strategic product to capture farmers switching back to commercial feed after the market recovery.
 - Poultry feed volume declined by 2.0% in FY2017 compared to the same period last year. In Nov-2017, Masan launched Bio-zeem for poultry to leverage the “Bio-zeem” brand, which is well known as the high productivity brand in market place.
- **Margin analysis:** Slightly lower gross margin but other profitability metrics were even lower due to higher spending to support farmers and distributors through the pig livestock crisis.
 - **Gross margin down by 27 bps:** MNS’ gross margin slightly decreased to 21.4% in FY2017 compared to 21.6% in FY2016.
 - **EBITDA margin down 214 bps:** FY2017 EBITDA was down 36.7% to VND1,915 billion compared to FY2016, due to higher selling expenses to support farmers and dealers.
 - **Net margin down 294 bps:** MNS generated profit after tax and minority interest of VND629 billion in FY2017, down 59.1% compared to FY2016, with profit margin of 3.4%. Margin compression mainly driven by lower sales to cover fixed costs and high selling expenses. Management is forecasting similar earnings figures for FY2018 as MNS sells lower margin Bio-zeem “xanh” and invest in its marketing.

¹⁸ Financial numbers are based on management figures

- **Fresh meat sales to begin in end of 2018:** In December 2017, MNS' pig farm in Nghe An commenced operations. Once fully ramped up, the farm in Nghe An is expected to produce 230,000 to 250,000 pigs per year for sale and for further processing into branded fresh chilled meat products for end consumers. In December 2017, Masan obtained an investment license for a slaughtering operation in Ha Nam province, supporting its goal to begin selling branded, traceable fresh meat products to consumers within 4Q2018. The sale of branded fresh meat is a critical milestone, as Masan Nutri-Science's objective since its inception has been to be a branded consumer player serving a major unmet need of Vietnamese consumers who currently have to pay higher prices for unsafe and untraceable meat products. Through an integrated meat model, management believes MNS can become a 35% gross margin business.
- **Management expects a stronger 2018 due to expected pig price recovery and as farmers start to aggressively invest in the next pig herd cycle:** MNS' net revenue is expected to grow by approximately 7% to ~VND20,000 billion in FY2018. This topline guidance is a base case scenario and still represents a 13% decline versus FY2016. Management is applying a conservative view that the feed market only recovers a few months after the Tet holiday as farmers will wait to see signs of a sustainable increase in livestock pig prices before increasing their pig herd. Margins will decline as MNS sells more Bio-zeem "xanh", MNS' "value for money" product, and spends more to market this variant. However, management expects margins will improve at the end of the year when farmers begin prioritizing feed productivity and return to the original Bio-zeem range of products.

Masan Resources

Significant price increase across all commodities coupled with increased operational efficiency allowed MSR to achieve record results. MSR achieved attributable net profit to shareholders of VND206 billion in FY2017 despite mining lower tungsten ore grades during the year.

| VND Billion | 2016 | 2017 | Growth |
|--|-------|-------|--------|
| Masan Resources Consolidated Financial Results¹⁹ | | | |
| Net Revenue | 4,049 | 5,405 | 33.5% |
| EBITDA ²⁰ | 2,055 | 2,784 | 35.5% |
| NPAT Post-MI (Reported) | 110 | 206 | 88.0% |

FY2017 Financial Highlights

- **Net revenue up 33.5%:** MSR recorded revenue of VND5,405 billion in FY2017 compared to VND 4,049 billion over the same period last year. Prices for all of MSR's primary products increased significantly compared to last year, with tungsten and fluorspar benchmark prices both increasing more than 30% year-on-year. The company's global brand recognition (on the back of high quality, reliability and brand building initiatives) began to show results as realized pricing on tungsten and fluorspar sales increased over the year and are expected to increase further in the coming year. MSR's order book continues to be over-subscribed with new customers turning to the company in their search for industrial chemicals that are critical to their production output and have no substitutes.
- **EBITDA of VND2,784 billion:** MSR's EBITDA grew 35.5% year-on-year and EBITDA margins, excluding one-off adjustments, increased by 4.9% to reach 51.5% on account of the Company's cost and efficiency initiatives. Focus on efficiency resulted in plant availability and mill throughput at above design levels, whereas capital upgrades allowed for increased recovery of tungsten and fluorspar with room for further improvement as the upgrades are optimized.
- **NPAT Post-MI increased by 88.0%:** MSR delivered a record NPAT Post-MI of VND206 billion in FY2017 as a result of higher prices and management's ability to control costs. Excluding shareholder loan waivers received during 2016, the company's NPAT Post-MI increased by VND281 billion. Management continues to have discussions with financial lenders to reduce borrowing costs and increase cash available for debt service. Such discussions are progressing well and are expected to conclude during the first six months of 2018.

¹⁹ Financial numbers are based on unaudited management figures.

²⁰ Earnings before interest, taxation, depreciation and amortization (EBITDA) excludes other income and other expenses.

Market Development: Global tight production conditions and the return of broad based demand driving prices structurally upwards

| AVERAGE COMMODITY PRICES²¹ | Unit | Average 2016 | Average 2017 | % change | At 31.12.16 | At 31.12.17 |
|--|-----------------------|---------------------|---------------------|----------|--------------------|--------------------|
| APT European Low | USD/MTU ²² | 182 | 239 | 31.3% | 187 | 294 |
| Bismuth Low | USD/lb | 4.3 | 4.8 | 11.6% | 4.6 | 5.1 |
| Copper | USD/t | 4,863 | 6,166 | 26.8% | 5,501 | 7,157 |
| Fluorspar Acid Grade ²³ | USD/t | 260 | 345 | 32.7% | 260 | 410 |

- The need to rebalance the tungsten market in 2014 and 2015 led to SOE Chinese producers cutting production and several high cost mines in Europe and US either shutting down or being put on care and maintenance indefinitely. Through these actions the tungsten market was close to balancing in the second half of 2016.
- During 2017, China’s announcement of tightening environmental standards resulted in increased pressure on China based miners and processors, as well as broader waste management businesses. The prospects of increasing costs resulted in further tightening in China’s up and mid-stream tungsten supply segment through increasing production cuts. Nui Phao is one of the lowest cost tungsten producers in the world and has already made significant investments to be best-in-class with regards to environmental practices, which have been validated by the results of its year-end 2016 environmental inspection.
- Further environment policy enforcement in China is expected to affect selective Chinese operators. Most recently, Xiamen Tungsten, a leading China based producer and exporter of tungsten products has had its export license suspended because of administrative and environmental violations. The loss of these exports and potential for more from other operators are expected to lead to additional supply side uncertainty.
- On the demand-side, growth is believed to be slowly returning across many end-use sectors, this is based on increasing order-book and the number of inbound enquiries being received from existing and new clients. This is consistent with the rebounding capex investments being witnessed in the oil and gas and manufacturing sectors, as well as broad-based indicators showing growth in a variety of commodity and industrial sectors
- With the above trends expected to continue, and with little to no signs of new forms of supply entering the market in 2018, the global tungsten market is expected to remain structurally tight.
- Prices have reflected above demand/supply dynamics with APT LMB low prices today at USD313/MTU, a 67.4% and 95.6% increase from the price at the end of 2016 and the low seen at the start of 2016, respectively.

²¹ Metals Bulletin

²² 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).

²³ Industrial Minerals

2018 Financial and Strategic Outlook:

- Management expects to achieve FY2018 net revenues to be above VND7,200 billion and earnings to reach between the USD25 million to USD30 million range subject to commodity prices. FY2018 EBITDA is expected to be between USD140 million to USD160 million. The company's bottom-line results can be further optimized by reducing its cost of debt funding and maximizing its excess tungsten chemical processing capacity with additional tungsten concentrate from 3rd parties, which would further increasing its global market share position.
- Strategically, MSR continues exploring opportunities and discussions to become a further integrated downstream tungsten business of global scale. This will enable MSR to deliver a consistent and strong financial profile across commodity cycles.

Techcombank

- **Techcombank (“TCB”) achieves 38.12% growth in total operating income (“TOI”), driven by a strong focus on fee income:** Total operating income (“TOI”) grew by 38.12% from VND11,833 billion in FY2016 to VND16,344 billion in FY2017. Strong TOI growth has been supported by a net interest margin (“NIM”) of 3.9% in FY2017. Loans to customers grew by 12.8% year-on-year in 2017, and net interest income increased by 9.7%. The key driver underpinning TOI growth has been TCB’s focus on net fee and commission income, which grew by 20.95% to VND2,366 billion in FY2017 (14.47% of TOI) from VND1,956 billion in FY2016 (16.53% of TOI). TCB continues to drive fee income growth through bancassurance (long-term, exclusive partnership with Manulife), card services, and wealth management.
- **More efficient operations drove its cost-to-income ratio (“CIR”) down from 35.29% to 31.54% (excluding one-offs), one of Vietnam’s lowest:** Even though staff costs make up the largest share of TCB’s operating expenses, TCB achieved a TOI per employee of VND1,699 million per employee in 2017, made possible by TCB’s IT platform and cross-selling success.
- **As a result of higher TOI and lower CIR, TCB doubled its profit after tax in FY2017:** NPAT grew to VND6,445 billion in FY2017 from VND3,149 billion in FY2016. The bank achieved record earnings despite, in 2017, buying back all bonds sold to VAMC. With a year-end book value of VND26,931 billion, TCB’s return on average equity is now 30.7%.
- **Strong retail franchise to achieve low funding cost and provide funding for consumers:** In addition to contributing to TCB’s fee income growth, TCB’s retail banking business achieved significant customer acquisition and customer transactions through TCB’s zero fee platform. The number of e-banking retail customer transactions increased by more than 130%, which in turn increased current deposits, leading to lower funding costs. Overall CASA as a percentage of total deposits reached 24.1% at the end of 2017, improving from 22.7% at the end of 2016.
- **Balance sheet strength:** TCB ended the year with a capital adequacy ratio of 12.68% and a non-performing loan (“NPL”) ratio of 1.61%. This was a result of provisioning for its legacy NPLs, including the entirety of the NPLs sold to VAMC. S&P has recognized the clean-up efforts, and upgraded TCB’s rating outlook to “stable” and reaffirmed its ‘BB-’ long-term and ‘B’ short-term issuer credit ratings, **on par with Vietcombank and Vietnam’s sovereign rating in September 2017.**

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 half as much 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.

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