



**M A S A N**  
GROUP



## 2Q2018 Business Update



# Masan – Vietnam’s Leading Diversified Consumer Platform

**VND 45-47Tn**  
Revenue in 2018<sup>1</sup>  
**30% Revenue CAGR**  
(2009-18E)

*Wallet share per consumer ~US\$20*

**VND 11.5-11.9Tn**  
EBITDA in 2018<sup>1</sup>  
**45% EBITDA CAGR**  
(2009-18E)

*Industry Leading EBITDA Margin ~25% in 2017*

**22 years** of consumer operating history

**Leadership positions** across all consumer linked categories

**~300,000** points of sale across businesses

**Masan = The only diversified consumer platform servicing all the needs of 90 million Vietnamese consumers**

*Our portfolio covers ~50% of consumer wallet share including Packaged F&B, Fresh food & Protein and Financial life*

**#1**  
**Poised to be Pioneer in Promising Segment of Branded Fresh Meat**

**#2**  
**Strong growth momentum in F&B portfolio backed by innovations + local knowledge**

**#3**  
**Implementing strategy to generate strong cash flow from Tungsten industrial platform**

**#4**  
**Drive consolidation and penetration of financial life**

**#5**  
**Drive net profitability margin and free cash flow**

**High-double Digit Growth = Organic + Strategic M&A Platform**

# 1Q2018: Delivered on turn-around plan

VND Bn	1Q2017	1Q2018	Change
<b>Net Revenue</b>	<b>8,540</b>	<b>8,274</b>	<b>-3%</b>
Masan Consumer Holdings	2,011	3,586	78%
Masan Nutri-Science	5,353	3,201	-40%
Masan Resources	1,176	1,487	26%
<b>EBITDA<sup>(1)</sup></b>	<b>1,863</b>	<b>2,606</b>	<b>40%</b>
Masan Consumer Holdings	194	1,004	417%
Masan Nutri-Science	727	341	-53%
Masan Resources	634	785	24%
Earnings From Investment In Associate	325	517	59%
<b>EBITDA Margin</b>	<b>21.8%</b>	<b>31.5%</b>	<b>9.7%</b>
Masan Consumer Holdings	9.6%	28.0%	18.4%
Masan Nutri-Science	13.6%	10.6%	-3.0%
Masan Resources	53.9%	52.9%	-1.0%
<b>Net Profit Post MI</b>	<b>237</b>	<b>816</b>	<b>244%</b>
Net Profit Post MI Margin	2.8%	9.9%	7.1%

Livestock crisis did not occur until 2Q2017

**Notes:**

1. Consolidated EBITDA equals to sum of subsidiaries' EBITDA and MSN Hold Co loss of USD~1.0mn in 1Q2017 and USD~2.0mn in 1Q2018

# 1Q2018 Key Highlights

## Operational Turnaround

## 1Q2018 Performance



- ✓ Top 3 brand builder again: spending on brand communication as ~8% of revenue in 1Q2018 versus ~1% in 1Q2017
  - ✓ Innovation back on track: 4 innovations in 1Q2018 versus 1 innovation in 1Q2017
- ✓ Delivered 75%+ revenue growth while maintaining healthy stock level at distributors (~16 days in 1Q2018 versus ~40 days in 1Q2017)

- ✓ Seasoning: ~105% revenue growth and ~15% revenue contribution of premium to portfolio versus ~4% in 1Q2017
- ✓ Convenience foods: ~64% growth and ~8% revenue contribution of Omachi cup with meat to Omachi portfolio versus ~3% in 4Q2017 (first quarter of launch)
- ✓ Coffee: ~80% revenue growth mainly from volume growth
- ✓ Beverage: ~42% growth of beverage and ~76% growth of energy drinks



- ✓ Increased coverage: 30% versus previous 22% in FY2017
- ✓ Completed sales policy standardization = transparent pricing to farmers + better cash flows for dealers
  - ✓ Optimized sales force: reduce headcounts by ~20%

- ✓ Maintained exit pig feed market share of 35%
- ✓ Strong performance of “Value for money” Bio-zeem: 3x run-rate in Mar-18 versus Dec-17 (launch in Nov-17). Volume contribution increased to 20%+ in Mar-18 versus 6% in Dec-17



- ✓ Grew demand book by ~2% compared with 1Q2017
- ✓ Increased operational efficiency: Tungsten recovery rate from 64% in FY2017 to 66% in 1Q2018.
- ✓ Started procuring external supply to increase market share

- ✓ 25%+ growth in revenue
- ✓ USD~8m in operating cash flows



- ✓ Maintained leading fee platform for both retail and corporate customers. Scaled up bancassurance platform via 15-year strategic partnership with Manulife
- ✓ Scaled up the ecosystem model: Vietnam Airlines to Vingroup

- ✓ ~45% contribution from non interest income versus ~41% in 1Q2017
- ✓ CASA contribution ~21% versus ~18% 1Q2017
- ✓ Annualized ROE ~25%
- ✓ Crystallized value via IPO

# 2Q2018 Financial Forecast Update

VND Bn	2Q2017	2Q2018	Change	1H2017	1H2018	Change
<b>Net Revenue</b>	<b>9,479</b>	<b>9,454</b>	<b>0%</b>	<b>18,019</b>	<b>17,728</b>	<b>-2%</b>
Masan Consumer Holdings	3,485	4,060	16%	5,496	7,646	39%
Masan Nutri-Science	4,611	3,499	-24%	9,964	6,700	-33%
Masan Resources	1,383	1,895	37%	2,559	3,382	32%
<b>EBITDA<sup>(1)</sup></b>	<b>1,855</b>	<b>2,452</b>	<b>32%</b>	<b>3,718</b>	<b>5,058</b>	<b>36%</b>
Masan Consumer Holdings	502	810	61%	696	1,814	161%
Masan Nutri-Science	384	271	-29%	1,111	612	-45%
Masan Resources	641	890	39%	1,275	1,676	32%
Earning of Associates	347	510	47%	672	1,027	53%
<b>EBITDA Margin</b>	<b>19.6%</b>	<b>25.9%</b>	<b>6.3%</b>	<b>20.6%</b>	<b>28.5%</b>	<b>7.9%</b>
Masan Consumer Holdings	14.4%	19.9%	5.5%	12.7%	23.7%	11.0%
Masan Nutri-Science	8.3%	7.7%	-0.6%	11.2%	9.1%	-2.1%
Masan Resources	46.4%	47.0%	0.6%	49.8%	49.5%	-0.3%
<b>Net Profit Post MI</b>	<b>218</b>	<b>679</b>	<b>211%</b>	<b>455</b>	<b>1,495</b>	<b>229%</b>
Net Profit Post MI Margin	2.3%	7.2%	4.9%	2.5%	8.4%	5.9%

Current run-rate of VND~4,300bn

9% growth versus 1Q2018

Investment in branding + innovation to catch up in 2H2018

**Notes:**

1. Consolidated EBITDA equals to sum of subsidiaries' EBITDA and MSN Hold Co loss of USD~0.7mn in 2Q2017 and USD~1.3mn in 2Q2018



## 2Q2018 Momentum Continues



- **Innovation pipeline strengthened:** 7 innovations in 2Q2018 with spending on brand communication 9% of revenue with result showings in 2H2018 (versus 1 innovation and 4% of revenue spent on brand communication in 2Q2017)
- **Core portfolio premiumization:** Premium seasoning contributes 15% to total seasoning portfolio versus 10% in 2Q2017 and Omachi Cup with meat, meal solution innovation, contributes to 10%+
- **Growth momentum of beverage:** 20%+ growth led by 30%+ growth in energy drinks



- **Signs of real market recovery:** live hog price reached 45K VND per kg and sustained above 35K VND per kg for the past one month<sup>(1)</sup> = structural deficit to meet domestic demand
- **Farmers returning to productivity mode:** opportunity to consolidate Tier 1 + drive home mix feed back to industrial feed with Tier 2 product
- **Starting air TVC on Tier 1 brands again:** increase marketing investment by 70%+ versus 1Q2018



- **Strong demand and structural supply deficit supported sustainable market upswing:** Tungsten price above USD300 per mtu since beginning of 2018
- **Platform well positioned to deliver high double digit growth:** recovery rate increased from 64% in FY2017 to 68%+ in 2Q2018



- **#1 bank in Vietnam in terms of profitability (ROE 20%+) and efficiency (CIR below 40%)**

# MCH: Innovation Pipeline of Core portfolio



**SEASONING**  
 Upgrade current portfolio  
 +  
 Enter adjacent categories

- Launched Nam Ngu Nhan Vang (~65% premium to Nam Ngu Base)



- Launched Tam Thai Tu Thuong Hang ~70% premium to Tam Thai Tu base



- Launch Chinsu oyster sauce



- Launch Chinsu Tomacheese Sauce



- Launch Chinsu cooking sauce



- Launch premium chili sauce

- Launch Chinsu granule



**CONVENIENCE FOOD**

Upgrade current portfolio  
 +  
 Drive new trends  
 +  
 Millennial brand

- Launch 2 new flavors of Kokomi Dai



- Mashed potato



- New SKU of Omachi



- Omachi Spaghetti special upgrade



- Omachi Special Box



**COFFEE**

Nationwide coffee launch  
 +  
 Maintain Vinacafe as heritage brand

**FOCUSING ON RE-BUILDING AND RE-PIPELINING VINACAFE AND WAKE-UP BRAND**

- Relaunch Phil 2in1 coffee



- Launch Cereal “Ngu Dau”

- Launch new SKU for Wake-up brand



- Relaunch Vinacafe



- Relaunch deNam



# MCH: Innovation Pipeline of Incubating Portfolio

1Q2018

2Q2018

2H2018



## BEVERAGE

Win energy drink  
+  
Consolidate water market (mineral and purified water)

**FOCUSING ON DISTRIBUTION EXPANSION TO DRIVE GROWTH ACROSS PRODUCTS, ESPECIALLY WAKE-UP 247**

- Launched Compact energy drink
- Launched can format of Wake-up 247



- Launch new mineral water
- Launch new energy drink
- Launch new purified water



PROCESSED MEAT  
Enter meal solution  
+  
Expand meat snack portfolio

- Launched new sterilized sausage *to expand meat snack portfolio*
- Launched meat ball *to enter in-home meal*



- JV Platform to be announced by end of Jun-18

- Launch new premium and mainstream sterilized sausage under JV platform



BEER  
Build completed portfolio  
+  
Expand nationwide

- Launched Su Tu Trang King (Premium beer)



**FOCUSING ON DISTRIBUTION EXPANSION NATIONWIDE POST LAUNCH OF PREMIUM BEER**



# 2Q2018 MCH Forecast: Premiumization of Core Portfolio

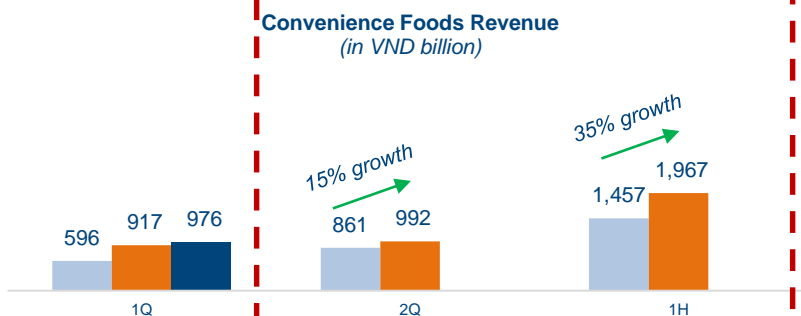
2017 Actual  
 2018 Latest Estimate (1Q: 6-Feb, 2Q: 18-May)  
 2018 Actual



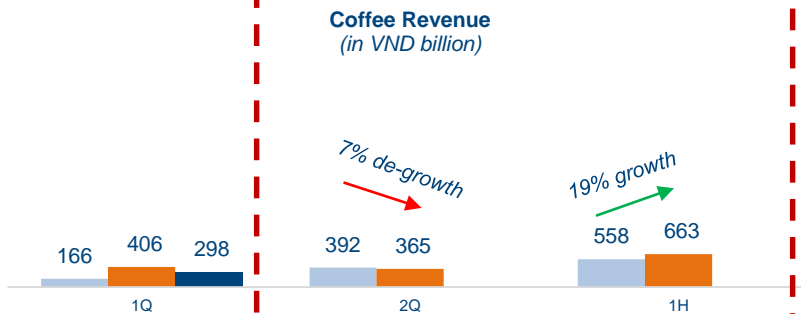
SEASONINGS



CONVENIENCE FOODS



COFFEE



## Commentary on 2Q2018

- 12% revenue growth in which 60% from volume growth and 40% from value growth.
- Expect to increase revenue contribution of premium products (i.e. Chinsu brand, Nam Ngu Phu Quoc, Nam Ngu Nhan Vang) to 15% in 2Q2018 from 10% in 2Q2017

- 15% revenue growth driven by 11% volume growth and 4% value growth
- Omachi Cup with meat, a meal solution, expects to contribute 10%-12% to Omachi revenue

- Back to run-rate of 2016 with healthier stock level (VND90bn in 2Q2018 versus VND260bn in 2Q2017) Recovery of market share since beginning of 2018 from 20% to 24% today
- Premiumization taking a little longer than expectation
- Assessing which brand will represent full portfolio premiumization

# 2Q2018 MCH Forecast: Expansion of Incubating Portfolio

2017 Actual  
2018 Latest Estimate (1Q: 6-Feb, 2Q: 18-May)  
2018 Actual



BEVERAGE

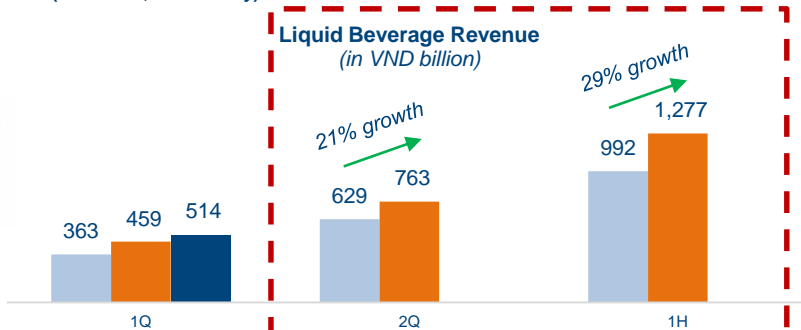


PROCESSED MEAT

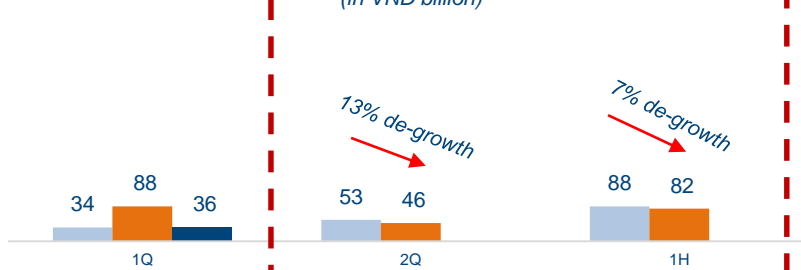


BEER

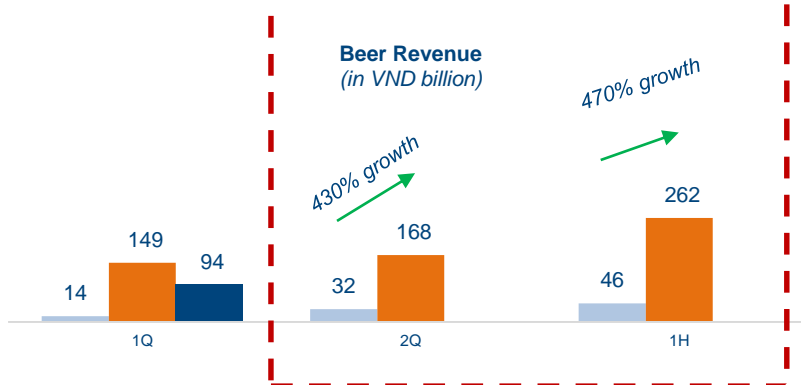
Liquid Beverage Revenue  
(in VND billion)



Processed Meat Revenue  
(in VND billion)



Beer Revenue  
(in VND billion)



## Commentary on 2Q2018

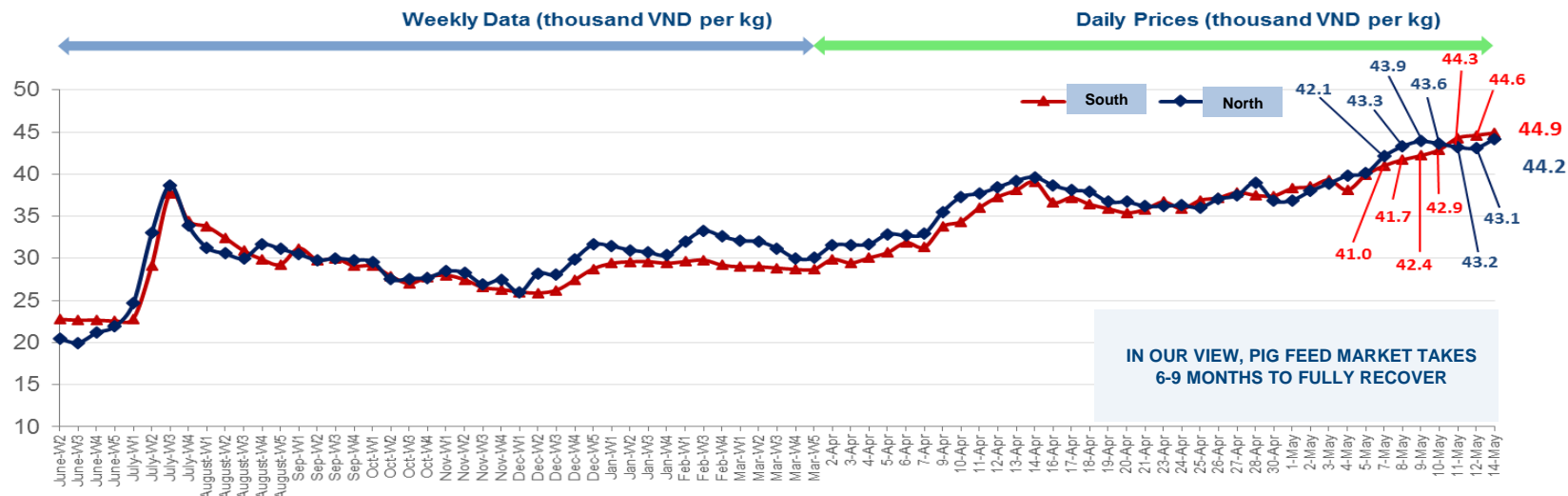
- 21% revenue growth driven by 31% growth of energy drink
- Tracking Compact launch in end of April which is to expand portfolio into heavy duty segment.

- Fundamental innovation pipeline will come in 2H upon JV commissioning operation
- JV with the leading processed meat player in Korea, to acquire technology to develop new innovations starting 3Q2018

- Tracking premium beer launched nationwide in Apr-18

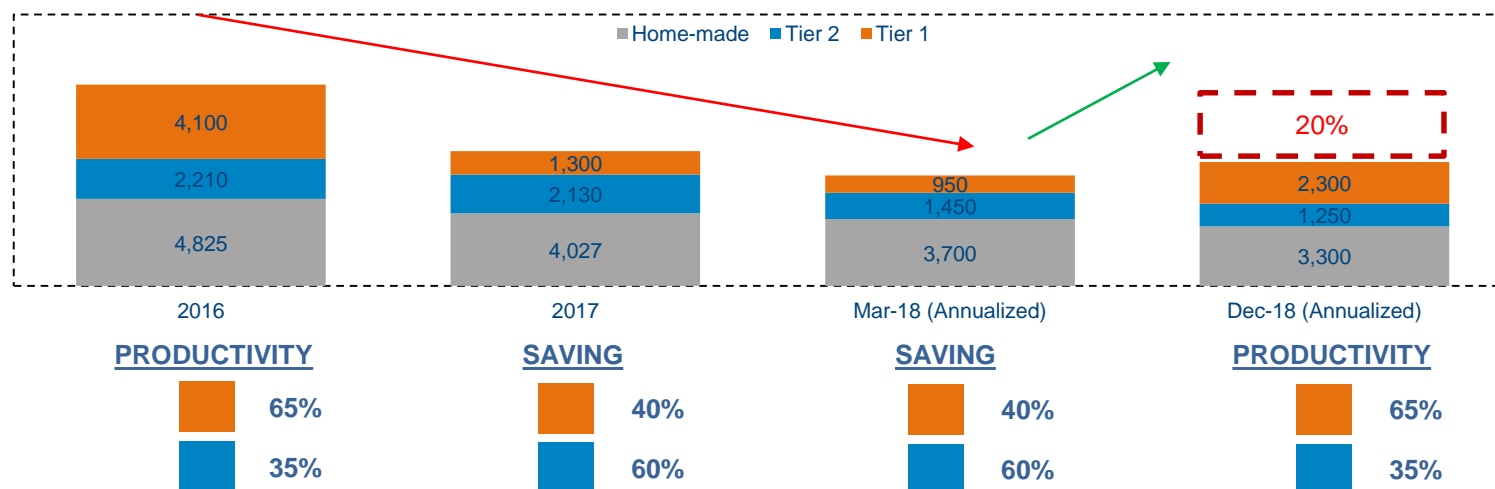
# 2Q2018 MNS Forecast: Signals Of Real Market Recovery

## Pricing Sustained Above 35K For Past Month

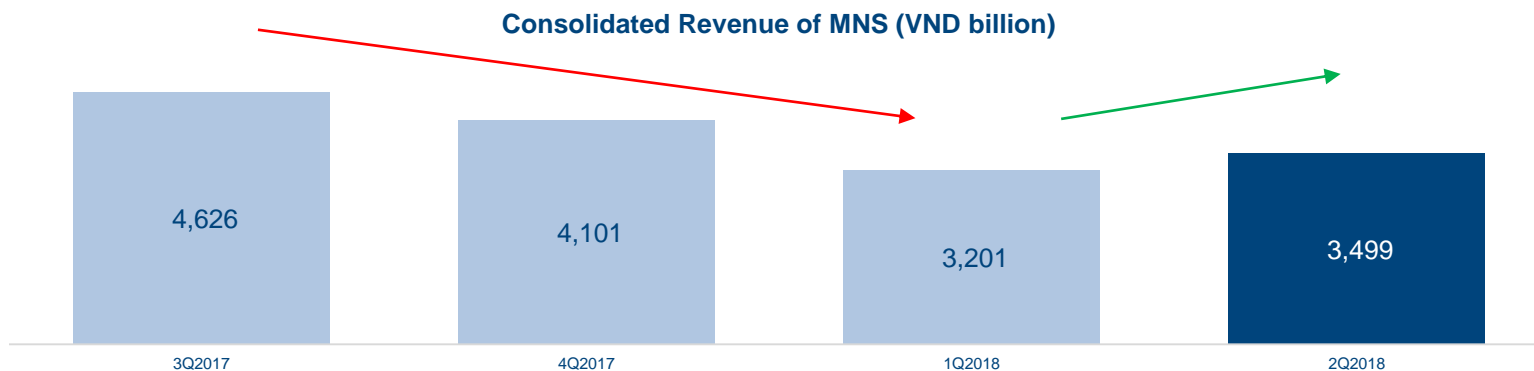
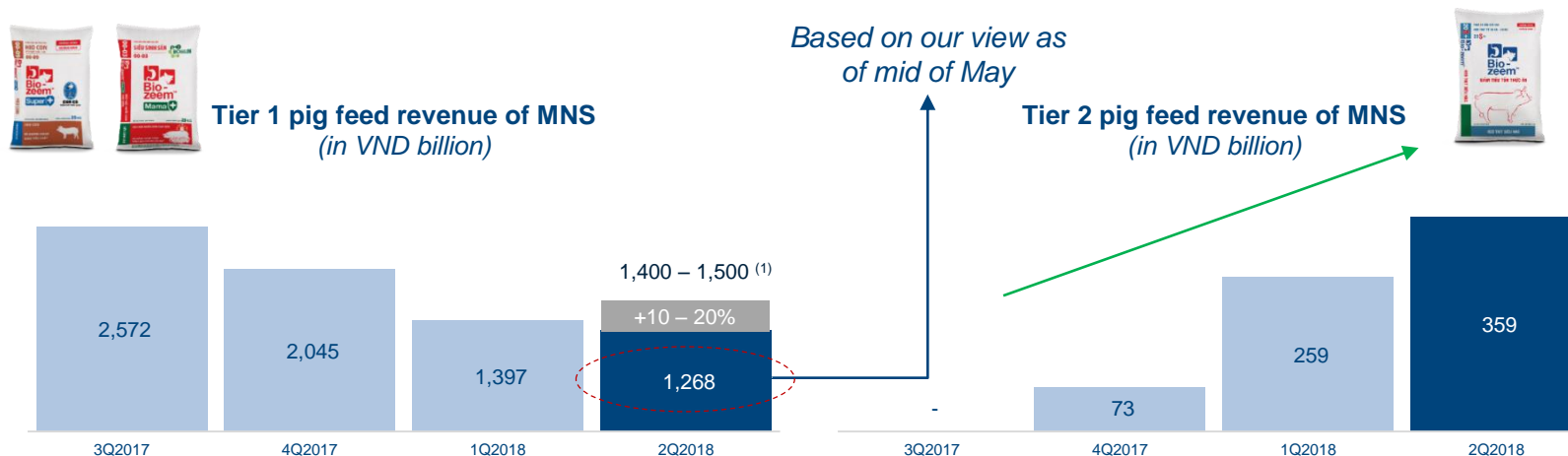


## Farmers Returning Back to Productivity Mode

Pig feed market volume structure pre and post crisis (thousand tons)



# 2Q2018 MNS Forecast: Starting to Show Signs of Recovery Post Crisis



**Notes:**

1. +10-20% on top upon market recovery

# 2Q2018 MNS Forecast: On Track For Branded Fresh Meat Launch In 4Q



MNS's pig farm in Nghe An commenced operations



Start construction of Ha Nam Meat Complex with capacity of 850k chilled porkers per year

Sell branded fresh meat

4Q2018

Apr-2018

Feb-2018

Dec-2017



**Matthys van der Lely**  
*CEO of MNS Meat*

Mathys was responsible for building out Bounty Fresh's retailing business from the ground-up and instrumental scaling-up its branded fresh meat business. He successfully grew the business into Philippines' second largest branded meat player while delivering strong profits



**Stefan Henn**  
*R&D Director of MNS Meat*

Stefan has his own family meat business in Germany and has been in the meat industry since 1978



# 2Q2018 MR Forecast: Sustainable Market Upswing

**Tungsten = irreplaceable engine for global industry innovation...**

3D printing  
Y-o-y growth %

**15.1%**  
**(15-17) CAGR**

Electric cars  
Y-o-y growth %

**49.4%**  
**(15-17) CAGR**

Renewable energy  
Y-o-y growth %

**8.6%**  
**(15-17) CAGR**

Robotics  
Y-o-y growth %

**16.8%**  
**(15-17) CAGR**

**...and in structural supply deficit...**

Y-o-y growth of W consumption as %  
of manufacturing GDP

**2017A**  
**3.5%**

**2018E**  
**4.4%**

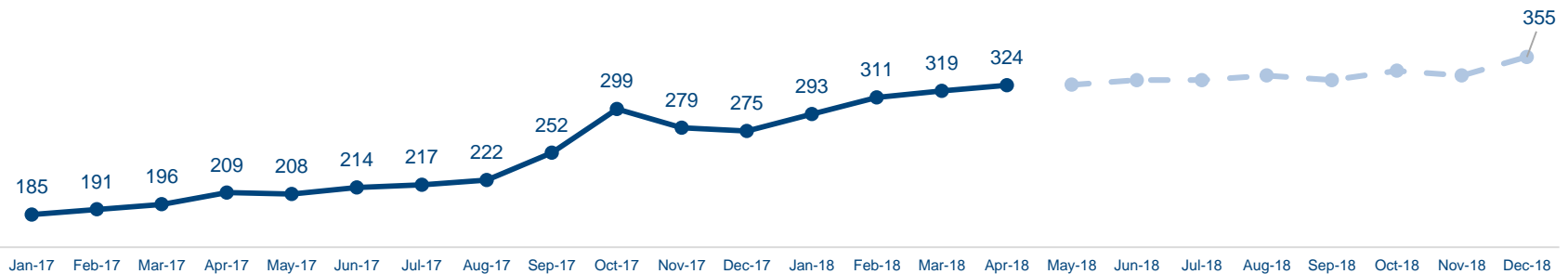
versus.

**China controls  
80%+ supply**

**...supporting sustainable price increase.**

**Tungsten Price**  
(USD per mtu of APT)

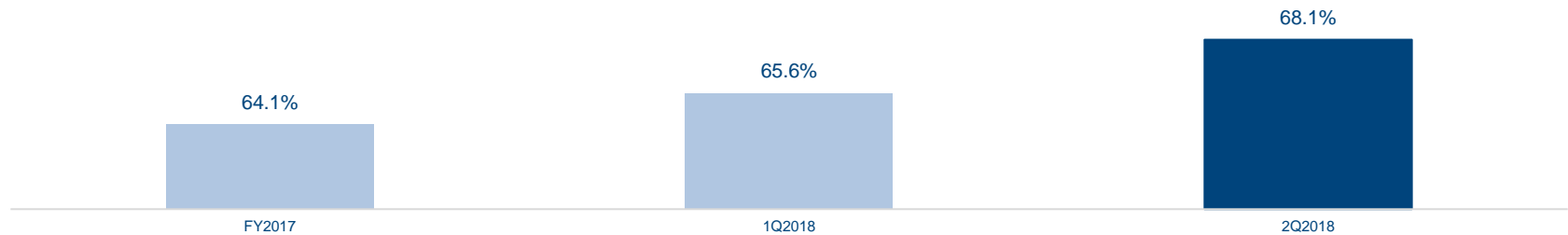
—●— Actual    - - -●- - - Forecast



# 2Q2018 MR Forecast: Positioned to Deliver High Double Digit Growth

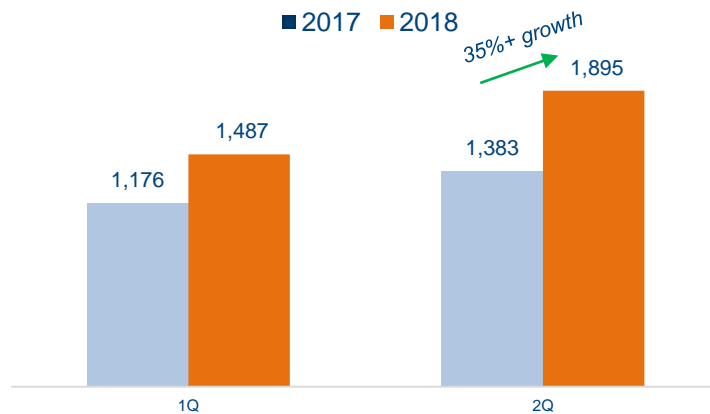
## Increase operational efficiency

Recovery of Tungsten (%)



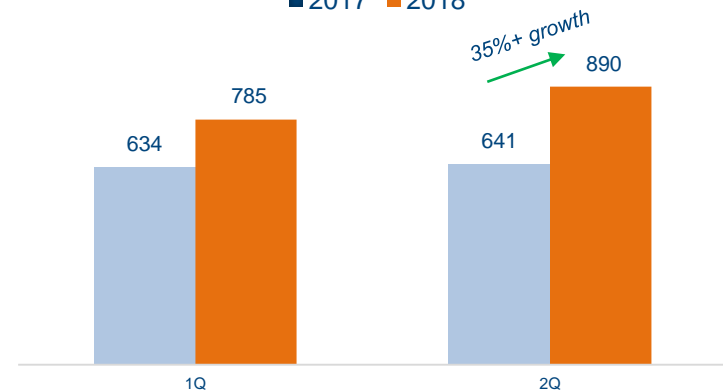
MR Revenue  
(in VND billion)

■ 2017 ■ 2018







MR EBITDA  
(in VND billion)

■ 2017 ■ 2018



# 1H2018 Closely Tracks Our 2020 Top Line Deliverables...

	FY2020	1H2018
	<p><b>20%+ growth</b></p> <ul style="list-style-type: none"> <li>✓ Premiumization of core (30 - 50% of sales)</li> <li>✓ 50/50 Food/Beverage</li> </ul>	<p><b>40% growth</b></p> <ul style="list-style-type: none"> <li>✓ Premium seasoning = 15% portfolio. Omachi = 40%+ portfolio</li> <li>✓ 65 / 35 Food / Beverage</li> </ul>
	<ul style="list-style-type: none"> <li>✓ 50% share in pig feed</li> <li>✓ Branded fresh meat ~30% consolidated sales</li> </ul>	<ul style="list-style-type: none"> <li>✓ Achieve 35%+ exit pig feed market share               <ul style="list-style-type: none"> <li>✓ Starting air TVC for tier 1 brands again</li> </ul> </li> <li>✓ Launching branded meat in 4Q2018               <ul style="list-style-type: none"> <li>✓ Management team for Meat fully built out</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>✓ Strategic partnership to go downstream</li> <li>✓ Sustainable cash flow generator across business cycles</li> </ul>	<ul style="list-style-type: none"> <li>✓ 1H2018: USD~70m of operating cash flows</li> </ul>
	<ul style="list-style-type: none"> <li>✓ 50% Fee Income / 50% Interest Income</li> </ul>	<ul style="list-style-type: none"> <li>✓ 20%+ ROE backed by strong balance sheet, leading fee platform and industry best operational efficiency</li> </ul>



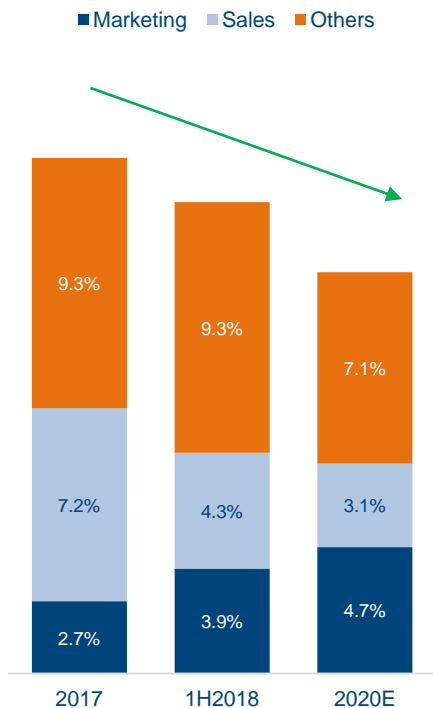
# ...And Profitability Targets.

## SG&A Rationalization...

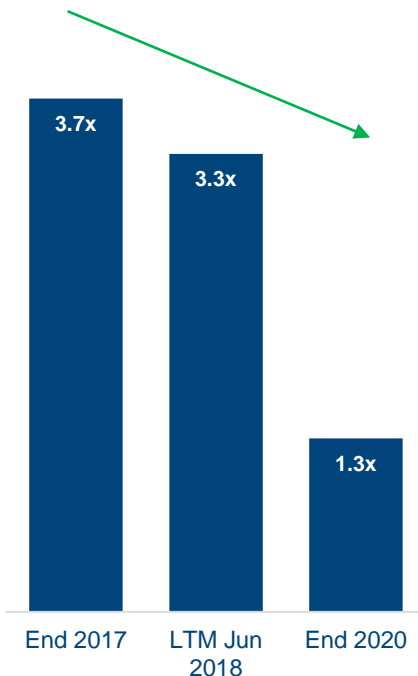
## ...and Continued Deleveraging...

## ...To Deliver Profitability Improvement...

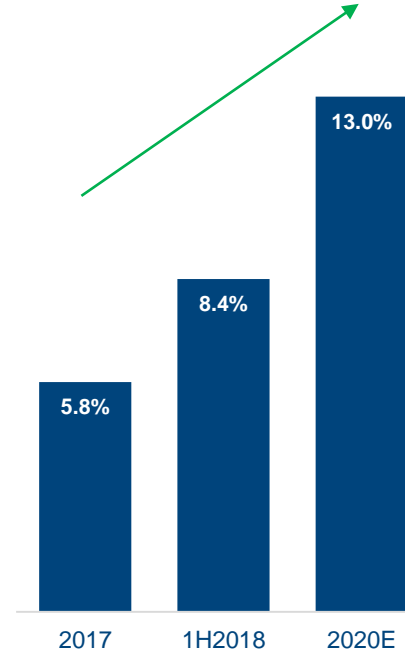
Consolidated SG&A (% of Sales)<sup>(1)</sup>



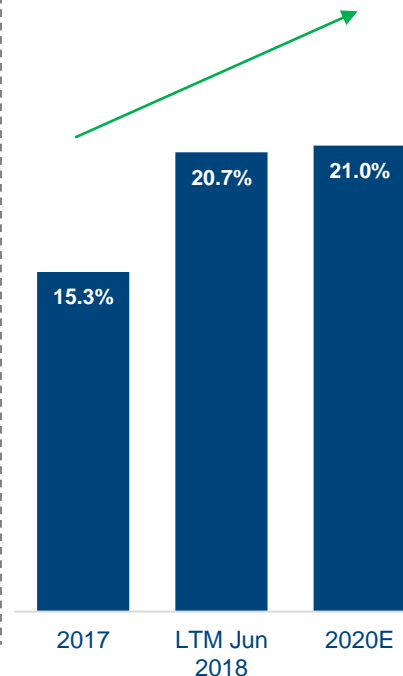
Debt/EBITDA (x)



Normalized NPAT Post-MI Margin (%)<sup>(2)</sup>



Return on Equity (%)



Notes:

- 17
1. Other SG&A includes Logistics cost, Indirect cost and Goodwill amortization. In 1H2018, 9.3% of others equal to 2% of logistics cost, 5.5% of indirect cost and 1.8% of Goodwill
  2. Excluding VND933bn from sales of TCB convertible bond in 2017

# FY2018 MSN Forecast

(VND billion)	2017	2018 Low	2018 High	1H2017 Actual	1H2018 Estimate	2H2017 Actual	2H2018 Low	2H2018 High	2H2018 growth%
Revenue	37,621	45,150	47,000	18,019	17,775	19,602	27,375	29,225	40%-50%
MCH	13,526	17,900	19,500	5,496	7,646	8,029	10,254	11,854	28%-45%
MNS	18,690	19,950	19,500	9,964	6,774	8,726	13,176	12,726	45%-50%
MSR	5,405	7,300	8,000	2,559	3,355	2,846	3,945	4,645	38%-60%
EBITDA	9,396	11,150	11,900	3,718	5,074	5,678	6,076	6,826	7%-20%
NPAT Post-MI	3,103	3,400	4,000	455	1,506	2,648	1,894	2,494	
NPAT Post-MI (Normalized)	2,170 <sup>(1)</sup>	3,400	4,000	455	1,506	1,715	1,894	2,494	10%-45%

- 1
- 2
- 3

1

**Continued growth momentum** (39% sales growth in 1H)

**Seasonality** (2H accounts for ~60% of FY)

2

**Pig market recovery in 2H2018**

3

**Continued Tungsten market upswing**

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