

## Company Firing on All Cylinders in a Fundamentally Strong Pricing Environment

**Hanoi, 24 April 2018** – Masan Resources Corporation (**HNX-UpCOM**: “MSR”, “Masan Resources” or the “Company”), one of Vietnam’s largest integrated industrial mineral and chemical producers, is pleased to report its management accounts for the first quarter of the 2018 fiscal year (‘3M2018’).

As anticipated, broad based macroeconomic growth witnessed in 2017 continued into 1Q2018. As a result, prices for all our commodities increased substantially over the same period last year (‘3M2017’) with the APT European Low benchmark increasing 67.0%. Offsetting the benefit of increased pricing were lower sales of copper and lower production on account of a planned shutdown, lower ore grades of tungsten and lower fluorspar recovery in comparison to 3M2017. As a result, MSR achieved attributable net profit to shareholders of VND 117 billion for 3M2018, still a 165.9% increase over the same period in 2017.

### 3M2018 FINANCIAL HIGHLIGHTS

- **Net revenue up 26.4%** – The Company recorded revenue of VND 1,487 billion in 3M2018 compared to VND 1,176 billion over the same period last year. The primary driver for the increase in revenue was a continued increase in prices across commodities coupled with higher price realizations (the discount or premium achieved by MSR to the market indices) for the Company’s industrial and chemical products, specifically tungsten and fluorspar. Management expects price realization to continue to increase as a result of tighter market fundamentals and further recognition of the Company’s brand as a reliable supplier of quality products. In 3M2018, management postponed copper sales in an effort to improve price realization. Normalizing for this initiative, the Company would have recorded additional net revenue of approximately VND 265 billion. In addition, in comparison to 3M2017, net revenue was adversely impacted by lower production.
- **EBITDA of VND 787 billion** – The Company’s EBITDA grew 24.1% when compared to 3M2017. Despite the postponement of copper sales, in 3M2018 EBITDA margins remained relatively unchanged at 53.0% in comparison to 3M2017. This accomplishment was made possible by the higher price environment coupled with management’s production and innovation initiatives that have increased productivity and kept costs per unit of production under control despite higher commodity linked processing reagent pricing. Over the course of 2018, management will be implementing an improved data analytics system that will continue to enhance the Company’s overall ability to control cost and improve productivity.
- **Attributable net profit increased by 165.9%** - MSR delivered an attributable net profit of VND 117 billion for the 3M2018, representing a VND 73 billion increase over the same period last year and a new record for a quarter. Discussions with financial institutions continue to show progress with a potential partial refinance of existing debt occurring as soon as the third quarter of this year. The refinance, that is anticipated to reduce borrowing costs and increase cash available for debt service, is part of Management’s 2018 KPI to de-risk and deleverage by taking advantage of the supportive macro environment and the Company’s unique position as a preeminent supplier of critical industrial chemical and metal products.

VND Billion	3M2018	3M2017	Growth
<b>Masan Resources Consolidated Financial Results<sup>(1)</sup></b>			
Net Revenue	1,487	1,176	26.4%
EBITDA <sup>(2)</sup>	787	634	24.1%
Attributable Net Profit After Tax (VAS)	117	44	165.9%

<sup>(1)</sup> Financial numbers are based on management figures.

<sup>(2)</sup> Earnings before interest, taxation, depreciation and amortization (EBITDA) excludes other income and other expenses.

## MARKET DEVELOPMENT: POSITIVE PRICE MOMENTUM CONTINUES, IS THE COMMODITY COMPLEX IN A STRUCTURAL DEFECIT?

- Broad based economic growth witnessed in 2017 has continued into 2018, especially in the most advanced and emerging economies, markets that primarily drive the demand for industrial chemicals and metals that are critical for economic progress.
- Effects of China's environmental crackdown are still impacting supply. The Central government implemented at the Provincial level significantly more stringent inspectorate process and emissions standards which shutdown polluting factories and processing facilities in over 28 cities across numerous provinces in China. Many metal and chemical related facilities in China are understood to not meet emissions standards and accordingly have been ordered to either upgrade their pollution controls, a task that can take months or even years to correct, or shutdown all together.
- The aforementioned demand and supply factors have resulted in a potential structural deficit in the commodity complex, especially in commodities for which China was a major global supplier. The case for a structural deficit is showing in not only the rapid price increase for commodities in the last 6 months, but also their resilience.
- Besides for the usual inter year cyclicity of demand, foreseeable risks that could test the currently witnessed price resilience are geo-political in nature. The global political climate continues to be unpredictable as major economies have differing political and trade agendas.

<b>AVERAGE COMMODITY PRICES</b>	Unit	<b>Average 3M2018</b>	Average 3M2017	% change	<b>At 31.03.18</b>	At 31.03.17
APT European Low*	\$/mtu	<b>319</b>	191	67.0%	<b>325</b>	208
Bismuth Low*	\$/lb	<b>5.1</b>	4.5	13.3%	<b>5.2</b>	4.5
Copper*	\$/t	<b>6,951</b>	5,831	19.2%	<b>6,685</b>	5,849
Fluorspar Acid Grade**	\$/t	<b>486</b>	281	73.0%	<b>500</b>	330

\* *Metals Bulletin*, \*\* *Industrial Minerals*

## OPERATIONAL HIGHLIGHTS: RESULTS DRIVEN BY PRODUCTIVITY + INNOVATION

- In 3M2018, MSR successfully contracted to purchase 300 tonnes of tungsten concentrate from third parties to process into higher-value tungsten chemicals. With the capacity to produce approximately 9,000 tonnes (versus ~6,500 of tonnes that can be supplied by the Nui Phao mine), the Company aims to procure more third party concentrate to grow its tungsten chemicals market share. The joint venture, which owns the tungsten chemical processing plant, achieved 3M2018 NPAT of VND 103 billion. 3M2018 EBITDA was VND 154 billion, growing by nearly 3 times compared to the same period last year.
- As a result of the capital upgrades previously undertaken, management is able to utilize its natural resources more efficiently. Accordingly, management consciously decided, after also taking into consideration the current pricing environment, to utilize lower ore grades in 3M2018 in comparison to the same period last year, specifically for tungsten and fluorspar.
- In the 3M2018 the plant was shut down for five days as part of planned maintenance. Productivity and innovation improvements that have allowed for mill throughput and plant availability to increase allowed the Company to process only 4.8% less ore in 3M2018 in comparison to 3M2017 when no such shut down was undertaken.
- Fluorspar recovery was negatively affected in 3M2018 as a result of a temporary change in the source of water used in the processing facility. Recovery was 14.3% lower in the 3M2018 in comparison to the same period. Fluorspar recovery has since stabilized and since the end of 3M2018 to the writing of this release is tracking 11.1% higher than 3M2017.

- Upgrades that were undertaken on the tungsten circuit to boost tungsten metal recovery continue to be commissioned and are on track to deliver estimated tungsten recoveries of 70-75%, a significant increase from 65%. This is expected to be achieved in 4Q2018.

<b>SUMMARY PRODUCTION DATE</b>	Unit	<b>3M2018</b>	3M2017	Growth
Ore processed	kt	<b>916</b>	962	-4.8%
Tungsten concentrate (contained)	t	<b>1,421</b>	1,869	-24.0%
Tungsten equivalent units (contained) <sup>(1)</sup>	t	<b>2,950</b>	3,934	-25.0%

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

## 2018 FINANCIAL AND STRATEGIC OUTLOOK

- On the back of the Company's 3M2018 results and current outlook on pricing fundamentals, management is confident in be able to deliver net revenue and attributable profit to shareholders that are in line with previously released guidance ranges of VND 7,300 – 8,000 billion and VND 600 – 1,000 billion, respectively.
- Besides changes in commodity prices, the Company's financial results can be impacted by management's initiative to maximize utilization of the tungsten chemicals plant, which may procure and process up to approximately an additional 3,000, almost 50% of what the Nui Phao mine can supply annually. This initiative is an important part of the Company's strategy to win market share in the global tungsten chemicals market and improve earnings. In FY2017, the joint venture, which owns the tungsten chemical processing plant, achieved VND 398 billion in EBITDA and VND 195 billion in NPAT. In 2018, the earnings of the joint venture are expected to approximately double.
- Strategically, MSR is continuing to explore opportunities in an effort to achieve its vision of becoming a fully integrated downstream industrial chemical and metals business of global scale. Management is currently in discussions with carefully selected downstream partners that are strategic in nature and with upstream suppliers as it looks to further secure its supply chain.

## **ABOUT MASAN RESOURCES CORPORATION**

Masan Resources, a leading supplier of critical minerals including tungsten, fluorspar and bismuth, is currently operating the world class polymetallic mineral resource and chemical processing plant in Northern Vietnam. Masan Resources' vision is to show the world that a Vietnamese company can lead the transformation of the global tungsten market.

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