

FOR IMMEDIATE RELEASE

1H2014 Results: Sales and EBITDA up 60% and 106% YoY, Respectively, Driven by Growth in Consumer Business and Ramp-up at Nui Phao

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

- **Sales grew 60.2% vs 1H2013, on track to reach US\$1 billion in 2014:** Masan Group reported 1H2014 sales of VND6,839 billion, up 60.2% vs 1H2013. Consumer business sales grew 33.3% vs. 1H2013, propelled by strong seasonings growth, continued market share gains in convenience foods and momentum from new beverage launches. Masan Resources contributed VND1,145 billion in sales as the Nui Phao mine continued its ramp-up.
- **Operating EBITDA grew 105.5% as EBITDA margins expanded by 469 basis points:** Masan Group’s pro-forma operating EBITDA (Earnings before Interest, Depreciation and Tax) reached VND1,454 billion in 1H2014 vs. VND707 billion in 1H2013. The Group’s EBITDA profile has registered a structural improvement, driven by an increase in the consumer business gross margins from economies of scale, productivity improvements and cost reduction initiatives, as well as contribution from Nui Phao.
- **Records across all metrics - Sales, EBITDA and net profit – in the core consumer business:** The core consumer business continued its strong momentum, with sales, EBITDA and pro-forma net profit growing 33.3%, 28.9% and 39.4%, respectively. High-margin seasonings sales showed robust growth, complemented by market share gains in instant noodles. The Group has launched three new products – Wake-Up 247, Aktiva and Storm – to target the US\$2.5 billion non-alcoholic beverage market. The investments made in brand building and product development in 2013 are showing results in higher convenience food sales and good traction in the non-alcoholic beverages category, which is reflected in the 63.3% growth in domestic coffee sales and good response to new product launches in bottled beverages.
- **Techcombank, associate company, outperforms:** Techcombank reported 1H2014 profit before tax of VND948 billion, up 45.4% vs. 1H2013, achieving almost 80% of the 2014 budgeted profits.
- **Masan Group pro-forma net profit down 23.3%:** Masan Group’s pro-forma net profit after tax for 1H2014 was at VND558 billion, down 23.3% vs. 1H2013, as interest and depreciation from Nui Phao affected earnings. The investments made in 2013 have already resulted in higher sales and now in sharp EBITDA growth. With the resources business continuing to ramp up further over the next two quarters, and the consumer business entering a seasonally and structurally stronger phase, the Group expects net profit to follow the same trajectory as sales and EBITDA.
- **Two new pillars of consumption-focused growth:** In 2Q2014 and 3Q2014, Masan Group has restructured to establish and directly own Masan Agri and Masan Brewery, respectively, two new pillars to focus on consumption-led growth. Coupled with the thrust in convenience foods and non-alcoholic beverages, this reinforces the Group’s commitment to consumption-focused businesses in Vietnam. The Group has cash reserves of over US\$250 million, which is enough to cater to its growth needs.

VND Billion		1H2014	1H2013	Growth
Masan Group Pro forma ⁽¹⁾⁽²⁾				
Net Revenue		6,839	4,270	60.2%
	<i>From Masan Consumer</i>	5,694	4,270	33.3%
	<i>From Masan Resources</i>	1,145	-	NM
EBITDA		1,454	707	105.5%
	<i>From Masan Consumer</i>	1,086	843	28.9%
	<i>From Masan Resources</i>	404	-29	NM
Net Profit After Tax		558	727	-23.3%

⁽¹⁾ Interim financial numbers are based on management figures

⁽²⁾ 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, as well as adjusting for one-time non-recurring expenses incurred during the initial operating period and during refinancing in the resources business.

Commentary

Consumer Business: Record sales, EBITDA, and net profit complemented by successful new product launches

- **Records numbers across all metrics:** The consumer business recorded 1H2014 sales, EBITDA, and net profit of VND5,694 billion, VND1,086 billion and VND1,488 billion, respectively, representing a 33.3%, 28.9%, and 39.4% growth, respectively, over 1H2013.
- **New product launches targeting the US\$2.5 billion non-alcoholic beverages market:** Over the last few months, the Group has successfully launched focused products in the bottled beverage market, including caffeine-based drink Wake-Up 247, isotonic drink Aktiva and energy drink Storm. With investments in people, distribution, facilities and product development, the group has built a strong beverage platform over the last year at a fraction of the time that it has taken other major beverage companies in the market. With further new initiatives being planned, including a 2-in-1 coffee product, and having already entered the energy drink market, which is the largest segment within bottled beverages, the Group expects to make significant market share gains over the next few quarters.
- **Strong revenue growth across categories as addressable market has expanded to 4x of earlier size:** 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 beverage category, the addressable market for Masan Consumer has expanded from US\$1.1 billion to US\$4.5 billion. This, coupled with the investments made in product development, brand-buildings and distribution over the last year have led to strong revenue growth across categories.
 - Demand in the high-margin seasonings category has been robust, with 1H2014 sales growing 24.8% over 1H2013.
 - Convenience foods sales have grown 24.1% in 1H2014 over 1H2013, underpinned by continued growth in the premium and value segment instant noodles brands Omachi and

Kokomi, respectively, as well as market share gains from mid-segment instant noodles brand Sagami and complete meal products B'fast and Komi.

- Domestic coffee sales grew 63.3% over 1H2013, driven by new product launches. "Wake-Up" has emerged as a key brand in the beverage category, with Wake-Up Saigon being rated among the top brands in the Kantar survey and Wake-Up 247 achieving good response.
- **Higher gross margins:** Masan Consumer has continued to focus on operational efficiencies, productivity improvements and cost control. This, coupled with economies of scale from higher market share, has resulted in gross margins of 43.7% in 1H2014 vs 37.9% in 1H2013.
- **Masan's brands ranked #1 and #2 in the rural and urban markets, respectively:** The latest study of the most chosen FMCG brands by Kantar Worldpanel has ranked the Group's brands at #1 and #2 positions in the rural and urban market, respectively, in the foods category in Vietnam. The rural market accounts for almost 70% of the total population. Masan has three brands in the top 10 ranking for food in the rural market. In the urban market ranking of the top four cities, Masan has two brands in the top 10. As per the survey, Masan's penetration level was at 95.6% in the urban four cities survey, and 97.8% in the rural market.

Resources Business: Nui Phao project continues to drive to strong sustainable mine operations.

- Masan Resources reported sales of VND1,145 billion and pro-forma EBITDA of VND404 billion in 1H2014 (from commissioning on 1 March 2014).
- Efficient crushing and milling operations have provided a strong throughput, reaching 93% of design levels. Ore blending is providing front end grade management, establishing benchmark recovery levels, and improving recovery and final product grades across all products as operations ramp-up continues.
- The JV with H.C. Starck continues to deliver tungsten value added products and have established quality thresholds with clients in Japan, Europe and North America for a wider range of products ahead of ramp up in production.
- The mine's EBITDA has improved from VND56 billion in March 2014 to VND348 billion in 2Q2014. With Nui Phao continuing to ramp up further in the next two quarters, the Group expects net profit to follow the same trajectory as revenues and EBITDA.
- A drilling program is currently underway at Nui Phao to evaluate a potential increase in the reserves, which, if successful, would imply an extension of the mine life beyond the current 17 years.
- Global tungsten demand remained firm with rising consumption in the U.S. and Europe offsetting a slower rate of growth in China. The stronger automotive industry and energy sectors contributed significantly to tungsten demand, keeping the key international tungsten benchmark APT price above US\$370/mtu.
- The implementation of the Nui Phao project has been validated by the successful refinancing at better terms of the debt in the resources business.

Greater Focus on Consumption-related Businesses with 2 New Pillars

- Masan Group is establishing platforms to target two consumption-focused categories – beer and agri.
 - Masan Group is in the process of acquiring a company which owns a 99.9% stake in Phu Yen Beer and Beverage Joint Stock Company (“PYBECO”). This business will be called “Masan Brewery Company Limited” and will be consolidated into the results from 3Q2014 onwards.
 - Masan Agri, a 51% subsidiary under Masan Group, with international private equity firm TPG holding the remaining stake, has been internally restructured to be held directly by Masan Group, who will benefit from Vietnam’s attractive and growing protein-based market (including meat and seafood). Masan Agri currently holds a 40% stake in Vietnamese – French Cattle Feed Joint Stock Company (“Proconco”), Vietnam’s largest local animal feed company with 1H2014 sales of VND6,749 billion.
- Coupled with the thrust on convenience foods and non-alcoholic beverages, this reinforces the Group’s commitment to consumption-focused businesses in Vietnam. The Group has cash reserves of over US\$250 million, which is enough to cater to its growth needs.

Associate company, Techcombank: 45% growth in profit before tax, with continued focus on prudent lending and asset quality

- With an improvement in the lending environment, coupled with continued prudent lending policies and risk management systems, Techcombank reported 1H2014 profit before tax of VND948 billion, up 45.4% vs. 1H2013, achieving almost 80% of the 2014 budgeted profits.
- The encouraging financial performance is a result of scaling up core business activities and diversifying products and services to meet the increasing demands of individual and corporate customers. Net fee and commission income in 1H2014 reached VND651 billion, a significant increase of 77.4% over 1H2013.
- Deposits from customers grew by 4.0% in 1H2014 compared to FY2013, while loans to customers grew by 5.3%. Techcombank continued its prudent lending policies, and maintained a conservative Loan-to-Deposit ratio of 59.3%.
- Techcombank continued to build out a strong retail franchise, especially in South of Vietnam, serving needs of Vietnamese consumers through 1,223 ATMs and more than 313 branches and transaction offices.
- Techcombank continues to focus on maintaining a strong balance sheet, improving efficiencies and controlling costs. The capital adequacy ratio was 13.3% as of 30 June 2014, significantly higher than the 9.0% stipulated by the State Bank of Vietnam.

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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