

**FOR IMMEDIATE RELEASE**

**9M2014 Results: Sales and EBITDA up 44% and 72% YoY, Respectively; Nui Phao Achieves Significant Milestone with Positive Net Profit Contribution**

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

- **Sales grew 44.3% for 9M2014:** Masan Group reported revenues of VND10,833 billion in the first nine months of 2014 (“9M2014”), up 44.3% vs. 9M2013. Topline was supported by VND1,953 billion in revenues from the resources business as well as strong performance from the consumer business, enabled by new product launches across seasonings, convenience foods and beverages.
- **Operating EBITDA grew 72.0% as EBITDA margins expanded by 368 basis points:** Masan Group’s pro-forma operating EBITDA (Earnings before Interest, Depreciation and Tax) reached VND2,476 billion in 9M2014, up 72.0% vs. 9M2013. The Group’s margin profile has improved sharply, with the Group’s operating EBITDA margin at 22.9% in 9M2014 vs. 19.2% in 9M2013. Cost reduction and productivity improvements in the consumer business resulted in gross margins of 43.6% in 9M2014, up by 342 basis points vs. 9M2013, while the resources business reported pro-forma EBITDA margins of 39.4% in 9M2014.
- **Core consumer business - record sales, EBITDA and net profit; geared up for seasonal and structural growth:** With successful new product launches across seasonings, convenience foods and beverages, the consumer business reported an 18.0%, 13.1% and 13.8% YoY growth in sales, operating EBITDA and pro-forma net profit respectively in 9M2014. Vinacafe grew 34% YoY in 9M2014, with “Wake-Up” emerging as a strong brand. The consumer business continued deepening its distribution network with the growth of its beverage platform, making it one of the few companies with both a strong on and off-premise presence for food and beverages.
- **Resources business starts contributing to net profit:** The Nui Phao mine achieved a significant milestone, with a positive contribution to net profit in 3Q2014. Another significant development was the completion of the drilling program, which has resulted in the reserve life of the Nui Phao mine being extended by three years. The mine ramp-up is progressing well, achieving international benchmarks and securing a marquee customer base across continents for its products, including for value-added tungsten products through the joint venture with H.C. Starck.
- **Net profit trajectory has started to improve:** Masan Group’s pro-forma net profit after tax for 9M2014 was VND1,015 billion, down 18.8% vs. 9M2013. Pro-forma net profits for 3Q2014 were at VND457 billion, down 12.6% vs. 3Q2013. While profits in 1H2014 were affected by interest and depreciation costs as Nui Phao started operations, the net profit trajectory has started to improve as Nui Phao has crossed net profit break-even levels.
- **Tender offer for 49% shareholding in Cholimex Foods:** Masan Consumer Corporation, a subsidiary of Masan Group Corporation, has announced that it will make a tender offer for up to 49% of Cholimex Foods, through its wholly-owned subsidiary Masan Foods. Cholimex Foods has a strong growing sauces and condiments business and well-recognized brands.

VND Billion	9M2014	9M2013	Growth
<b>Masan Group Pro forma <sup>(1)(2)</sup></b>			
Net Revenue	10,833	7,505	44.3%
<i>From Masan Consumer</i>	8,856	7,505	18.0%
<i>From Masan Resources</i>	1,953	-	NM
EBITDA	2,476	1,440	72.0%
<i>From Masan Consumer</i>	1,822	1,611	13.1%
<i>From Masan Resources</i>	769	NA	
Net Profit After Tax	1,015	1,250	-18.8%

<sup>(1)</sup> Interim financial numbers are based on management figures

<sup>(2)</sup> 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 in connection with the ramp-up of operations at Nui Phao.

## **Commentary**

### **Consumer Business: Record sales, EBITDA and net profit; geared for growth with new product launches and deepening of distribution network**

- The consumer business recorded 9M2014 sales, EBITDA, and net profit of VND8,856 billion, VND1,822 billion and VND2,249 billion, respectively, representing a 18.0%, 13.1%, and 13.8% growth, respectively, over 9M2013.
- Focus on productivity improvements and cost control, coupled with economies of scale from higher market share, has resulted in gross margins for the consumer business expanding by 342 basis points to 43.6% in 9M2014.
- The consumer business has implemented several initiatives which have strengthened competitiveness, in order to capitalize on seasonal growth over the next four months until the Tet holiday in February, as well as structural growth due to the expansion of our addressable market from US\$1.1 billion to US\$4.5 billion.
  - We have enhanced our distribution capabilities, with the addition of more distributors for beverages and on-premise points of sale. This achievement makes the consumer business one of the few in Vietnam with both a strong on and off-premise presence for food and beverages. We have also made significant progress in implementing our state-of-the-art Distributor Management System (DMS), where we expect to have 70% of our distributors to be onboard within a week and 100% before the Tet holidays.
  - We are building on our leading market share in fish sauce, soy sauce and chili sauce to go deeper into the seasonings category. We have enhanced and refined our brand portfolio to better address the premium segment and, in particular, the mainstream segment, where we have introduced both the “Chin-su 3 Ngon” and “Nam Ngu 3-in-1” brands. We also launched a granules product in 3Q2014 under the Nam Ngu brand as a first step to enter the much larger seasoning market. Masan Foods, a wholly-owned subsidiary of Masan

Consumer, has announced a tender offer for up to 49% of Cholimex Foods, a well-known sauces and condiments company in Vietnam with strength in the value segment.

- We have seen continued growth in the convenience foods category, driven by our instant noodles offerings - Omachi, Sagami, Kokomi - straddling the premium, mass and value segments, as well as congee products like Komi. To gear up for next year's Tet season, we have launched significant line extensions of our brands, such as "Sagami Red" and "Kokomi Happi".
- Beverage sales grew strongly driven by brand-building initiatives and successful new product launches with Vinacafe showing 34% growth in sales for 9M2014. In particular, "Wake-Up" has emerged as a strong brand in the beverages category with Wake-Up Saigon, which was launched in 2013, commanding significant market share, and good response to caffeine-based drink Wake-Up 247, which was launched earlier this year. We have further built on the brand equity and launched Wake-Up 2-in-1 in September 2014. Wake-Up Saigon has been rated among the fastest-growing beverage brands in the 2014 Kantar survey of Vietnam's most chosen brands.

#### **Resources Business: Nui Phao project achieves significant milestones with positive net profit contribution in 3Q2014 and expansion of reserves and mine life**

- The resources business reported sales of VND1,953 billion and pro-forma EBITDA of VND769 billion in 9M2014 (these are numbers for March-Sep 2014, as the project began to contribute to Group's financial results only after first project areas became operational, effective March 1, 2014).
- The resources business crossed the net profit break-even point in 3Q2014, with pro-forma net profits of VND25 billion. With interest and depreciation costs covered, continued ramp-up over the next few months will be a significant driver of profitability.
- All four products – tungsten, fluor spar, bismuth and copper – have been welcomed internationally as strategically important alternative sources of supply in the first seven months since becoming operational in March 2014, and have been sold to customers across North America, Europe and Asia. Other key plant parameters have ramped up as per expectations, with plant throughput reaching design utilization levels of 90%, and recovery rates improving across all products.
- A mine life expansion study was successfully completed extending the mine life by three years to approximately 20 years, based on increasing mine reserves to 66 million tonnes. Study activities included a drilling program, detailed analysis, external review coupled with independent expert verification and sign off to international standards.

#### **Masan Brewery: successful pilot launch**

- Masan Brewery's brand "Su Tu Trang" has had a successful pilot launch in the Mekong delta region of South Vietnam. With pre-Tet demand kicking in, the brewery is now reaching full operating capacity.
- In line with the Group's commitment to consumption-focused businesses, Masan Brewery will serve as a platform for our foray in the approximately US\$4 billion beer market in Vietnam.

#### **Masan Consumer announces tender offer for 49% shareholding in Cholimex Foods**

- Masan Consumer Corporation, a subsidiary of Masan Group Corporation, has announced that it will make a tender offer for a 49% shareholding in Cholimex Foods Ltd.
- Cholimex Foods is a well-known sauces and condiments company in Vietnam, with brands that have been in the market place for nearly 30 years. It is particularly strong in the southern region and is a major player in the chili sauce category with a market share of over 30%. Under its newer “Huong Viet” brand, it has a presence in the value segment of the fish sauce and soy sauce categories.
- The company also derives around 25% of its revenue from exports, including frozen food products. Cholimex Foods distributes its products in Vietnam through a mix of traditional channels, modern trade and a strong on-premise presence.
- This move is in line with our commitment to enhance the material and spiritual life of the Vietnamese consumer and our strategy of nurturing strong brands that represent Vietnamese values.

**Techcombank: Improvement in profitability driven by better lending environment, prudent risk management and cost control**

- With an improvement in the lending environment, coupled with continued prudent risk management and cost control, Techcombank reported 9M2014 profit before tax of VND1,163 billion, meeting 98.5% of its annual target. The profit is up 55% vs. 9M2013, despite provision of VND1,568 billion in 9M2014.
- Net interest income was up 30% YoY in 9M2014, while net fee and commission income in 9M2014 reached VND891 billion, up 72% over 9M2013. Other key parameters, such as coverage ratios and cost-to-income ratio, showed improvement as well.
- Techcombank continued its prudent lending policies, and maintained a conservative Loan-to-Deposit ratio of 58.7%.
- Techcombank continued to build out a strong retail franchise, especially in South of Vietnam, serving needs of Vietnamese consumers through 1,228 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 14.9% as of 30 Sep 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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