

**FOR IMMEDIATE RELEASE**

**Masan Group Achieves Consolidated AGM Financial Targets  
Phase 1 of VCM Transformation Completed: 4Q2020 EBITDA Positive**

Ho Chi Minh City, 29 Jan 2021 – Masan Group Corporation (**HOSE: MSN**, “Masan” or the “Company”), today reported its management accounts for the fourth quarter (“4Q2020”) and financial year of 2020 (“FY2020”).

**Key Takeaways**

- **The CrownX** (consolidates Masan’s interest in VCM and MCH), 2<sup>nd</sup> largest consumer business in Vietnam by revenue, delivered FY2020 net revenue of VND54,277 billion (~USD2.5 billion), year on year (“YoY”) growth of 18.1% and increased EBITDA margin by 280 bps to 8.3%.
  - **Vincommerce (“VCM”)** delivered positive EBITDA in 4Q2020 of VND16 billion which marks completion of the first phase of transformation.
  - **Masan Consumer Holdings (“MCH”)** achieved strategic milestone – USD1 billion (VND23,971 billion) in net revenue for FY2020. Net revenue growth of 27.2% and EBITDA growth of 22.4% compared to FY2019.
- **Masan MEATLife (“MML”)** accelerated vision to become a branded FMCG platform as integrated meat business delivered net revenue of USD100 million (VND2,378 billion), and contribution to consolidated net revenue increased by 5x, from 3% in FY2019 to 15% in FY2020.
- **Techcombank (“TCB”)** delivered NPAT growth of 23.0% underpinned by its consumer-centric financial services strategy. CASA now represents ~50% of funding base.
- **Masan High-Tech Materials (“MHT”)** solidified its strategy to become a global high-tech industrial materials platform with the acquisition of H.C. Starck (“HCS”), which was validated by Mitsubishi Materials Corporation’s USD90 million capital injection into MHT for a 10.0% fully diluted stake. Recent strength in APT price, up 20% on the lows of 2020, is indicative of Tungsten also being a beneficiary of the expected next minerals super cycle evidenced by strength in various metals including Copper being at 8 year highs.
- **Masan Group (“MSN”)**: Achieved targets set in the 2020 Annual General Meeting (“AGM”), with FY2020 net revenue of VND77 trillion compared to AGM range of VND75-85 trillion, and Net Profit Post Minority Interest (“NPAT Post MI”) of VND1,234 billion compared to target of VND1,000-3,000 billion.

*“We have completed round 1 of CrownX’s, integrated consumer retail platform, transformation as VCM has delivered positive EBITDA in 4Q and MCH’s innovation and power brands delivered ~30% topline growth. This is just the starting point of building a high-growth and highly profitable consumer ecosystem to serve each and every consumer need. In 2021, we aim to develop VCM from a pure grocery offline store into a seamless on-to-offline “Point of Life” – a total consumer solution spanning FMCG, fresh foods, financial and value-added services accounting for over 50% of the consumer wallet. This was the end game we envisioned when we entered the retail space and the critical foundations are and will be in place in 2021 to start our Point of Life journey.”* said Chairman Dr. Nguyen Dang Quang.

## **FY2020 Strategic Highlights**

- **The CrownX:** posted VND54,277 billion in net revenue and EBITDA margin of 8.3% in FY2020. On a like-for-like (“LFL”) basis, which assumes consolidation of VCM’s FY2019 results, The CrownX topline and EBITDA grew 18.1% and 77.9%, respectively. LFL EBITDA margin improved to 13.2% in 4Q2020, up 340 basis points (“bps”) compared to 9.8% in 4Q2019.
  - VCM: Entire platform achieved breakeven EBITDA in 4Q2020 with strong LFL growth
    - Positive EBITDA margin of 0.2% in 4Q2020 which improved consistently: (4.8)% in 1Q2020; (8.4)% in 2Q2020 (due to COVID-19 lock down); (3.0)% in 3Q2020; and 0.2% in 4Q2020. In 4Q2020, LFL stores for both VinMart+ minimarts (“VMP”) and VinMart (“VMT”) supermarkets delivered positive EBITDA margins excluding headquarter overheads at store level, 4.1% and 2.8%, respectively.
    - Double-digit LFL revenue/m<sup>2</sup> growth of 10.7% for minimarts in FY2020 showing strong growth momentum for 2021.
  - MCH: Innovation and investment in power brands drives outperformance
    - 4 consecutive quarters of more than 20% growth backed by its collection of power brands and innovation capabilities.
    - Innovation contributed 43% to FY2020’s revenue growth, setting the foundation for sustainable double-digit growth in the medium term. Food and home personal care (“HPC”) portfolio primarily fueled growth for MCH.
- **MML:** Feed generated strong cashflow despite challenging environment while meat platform continued scaling up
  - FY2020 net revenue up by 16.8% to VND16,119 billion with EBITDA margin of 11.7%.
  - Integrated branded meat business, which consolidates MML’s farm supply chain, delivered FY2020 net revenue of VND2,378 billion, accounting for 15% of MML’s consolidated net revenue, up 5x in comparison to FY2019. Integrated supply chain enabled meat business posted FY2020 EBITDA margin of 6.9% as livestock prices continued to be at all time-highs.
  - MML acquired 51% of 3F Viet, the leading branded integrated domestic poultry platform, and has successfully integrated the business in 4Q2020. This is a strategic bolt-on acquisition as MML broadens its meat portfolio to serve consumers’ diverse protein needs.
  - Feed topline grew moderately by 2.8% to VND13,746 billion but delivered EBITDA margin of 12.5% for FY2020 as management prioritized profitability over topline growth. On the back of early signs of livestock market recovery, MML’s pig and poultry feed grew by 30% in 4Q2020 and MML’s entire feed segment posted growth of 13.5% quarter over quarter (“QoQ”).
- **MHT:** Set foundation to become global mid-stream champion from a pure miner
  - Delivered 57.8% growth in net revenue primarily driven by the consolidation of HCS in June 2020 and posted EBITDA margin of 19.3% for FY2020.
  - FY2020 EBITDA declined by 23.8% to VND1,433 billion compared to FY2019, as the entire tungsten value chain demand fell off a cliff due to global economic uncertainty as a result of the COVID-19 pandemic and geopolitical conflicts. However, management streamlined operating costs by VND530 billion in 2020 and will continue to further rationalize costs in 2021.
  - MHT seized the opportunity to acquire 100% of HCS at a reasonable valuation in a soft commodity price environment, evidenced by a one-time negative goodwill impact of VND1,398 billion. Combining MHT’s primary resources and HCS’s mid-stream and recycling platform will enable MHT to better navigate commodity price cycles.
  - Current market sentiment and demand for tungsten products have rebounded as MHT’s monthly APT sales volumes in December 2020 reached levels not witnessed since

September 2019. LMB price for APT tungsten products have recovered to USD245 per MTU, 20% increase from bottom price levels in 2020. Fluorspar pricing remains stable, copper prices remains strong and bismuth prices are starting to increase.

- **TCB:** Continues to post impressive results: reported profit before tax grew by 23.1% to reach VND15,800 billion in FY2020 versus VND12,838 billion in FY2019.
  - CASA now represents ~50% of funding base
  - Next steps to accelerate transaction banking and payment platform

### **Consolidated Financial Results**

- Net revenue for FY2020 on a consolidated basis increased by 106.7% to VND77,218 billion versus VND37,354 billion in FY2019, primarily due to strong double-digit organic growth in branded consumer and meat businesses and the consolidation of newly acquired segments. On a like-for-like basis (which assumes consolidation of VCM numbers for FY2019), net revenue grew by 19.7%.
- 4Q2020 Reported NPAT Post-MI was VND265 billion and VND1,234 billion for FY2020, lower compared to previous corresponding periods due to:
  - the consolidation effects of VCM and increased minority interest leakage due to dilution of MSN's effective ownership in MCH;
  - VND1,398 billion in one-time gain during FY2020 due to negative goodwill from HCS acquisition was lower than Jacobs arbitration award claim of VND1,651 billion in FY2019;
  - lower profits at MHT due to lower commodity prices and sales volume; and
  - higher interest expense as the Group increased its borrowings to increase its stake in The CrownX to 85% from 70%, and its stake in VCM.
- FY2020 Cash NPAT Post-MI (excluding amortization of fair value adjustments and goodwill as a result of acquisitions; and amortization of fair value adjustments and negative goodwill from the acquisition of HCS) was VND1,235 billion compared to VND4,378 billion for FY2019.
- **Like-for-Like EBITDA Comparison:** On a like-for-like basis, MSN's consolidated EBITDA margin increased by 110 bps to 13.4% in FY2020, compared to 12.3% in FY2019, as VCM delivered significant turnaround in profitability in the last 12 months. EBITDA margin in 4Q2020 reached 17.8%, up 400 bps compared to 4Q2019, as VCM delivered its first quarter of positive EBITDA.
- **Balance Sheet Commentary:** As at end-Dec 2020, MSN's consolidated gross debt reached VND62,011 billion, with cash and cash equivalent balance of VND8,169 billion. Masan's consolidated Net Debt/EBITDA reached 4.6x as of end-Dec 2020 when excluding the consolidation of VCM, given its ramp-up phase. Over the next 12 to 18 months, Masan will focus on strengthening its balance sheet and improving its leverage ratios through the following initiatives with target Net Debt/EBITDA level between 2.5x and 3.0x:
  - Reducing debt at MHT after raising primary equity capital and using free cash flow from operations and improved working capital cash conversion cycles to pay down more expensive debt;
  - Improving financial ratios with higher EBITDA in the near future through double-digit growth of MCH, the ramp-up of MML's meat business, MHT's integration of HCS and, most importantly, positive EBITDA contribution from VCM during FY2021; and
  - Raising equity with a strong preference for strategic investors who can provide operational value-add.

## **FY2021 Management Outlook**

The following forward-looking statements reflect Masan's expectations as of today and are subject to substantial uncertainty. Our results are inherently unpredictable and may be materially affected by many macro-economic factors such as, fluctuations in commodity prices and foreign exchange rates, changes in global and domestic economic conditions, world events and the rate of growth of consumer spending.

Below is the draft 2021 annual plan which will be finalized and communicated in advance of the annual shareholder meetings of the Company and its respective subsidiaries which are public companies.

- **MSN Revenue:** Expect to deliver 20-40% growth driven by The CrownX's growth; meat business accelerating to reach 20-40% of MML's net revenue; and MHT's turnaround as a result of integration of HCS and Mitsubishi Material's partnership, supported by an upswing in commodity prices.
- **MSN Profitability:** Target EBITDA margin of 15-20% and NPAT margin of 3-5% due to positive EBITDA margin in VCM and improving EBITDA margin of MML meat business in 2021. Potential uplift from deleveraging initiatives through raising equity from strategic investors and thereby improving net financial income.
- **The CrownX**
  - **VCM:** LFL growth and store expansion of minimarts and repositioning of supermarket are expected to result in net revenue growth of 15-20%. Positive EBITDA margin for FY2021 as aforementioned strong revenue growth and achieving total commercial margin that is on par with best-in-class peers will improve bottom-line.
  - **MCH:** Net revenue growth of 15-20% led by innovation, food premiumization and scaling up of beverage and home personal care category. Expected to maintain EBITDA margin while keep investing in power brands and innovation.
- **MML:** Net revenue growth of 25-50% as meat continues to scale up. Meat is expected to contribute 20-40% of total revenue driven by both increasing availability of chilled meat (pork + poultry) and expanding processed meat portfolio Meat to improve EBITDA margin as per drivers mentioned, while feed maintains EBITDA margin of 10-12%.
- **MHT:** Accelerating HCS integration to transition to mid-stream player expected to result in 50-100% net revenue growth. Topline further supported by expected upswing in commodity prices. EBITDA margin to improve as per aforementioned drivers owning a flexible supply chain.
- **Risks:** Further social distancing measures due to the re-emergence of COVID-19 in 2021 might adversely impact The CrownX's supermarket business, similar to what occurred in 2Q2020. A large-scale re-emergence of African Swine Fever ("ASF") may add significant volatility to MML's feed business.

## 4Q2020 and FY2020 Consolidated Financial<sup>1</sup> Highlights

### Income Statement (1/2)

VND Billion	4Q2020	4Q2019	Growth	FY2020	FY2019	Growth
<b>Net Revenue</b>	<b>21,600</b>	<b>10,976</b>	<b>96.8%</b>	<b>77,218</b>	<b>37,354</b>	<b>106.7%</b>
<i>The CrownX</i>	14,716	na	na	54,277	na	na
<i>Masan Consumer Holdings</i>	7,612	6,256	21.7%	23,971	18,845	27.2%
<i>VinCommerce</i>	7,300	na	na	30,978	na	Na
<i>Masan MEATLife</i>	4,707	3,695	27.4%	16,119	13,799	16.8%
<i>Masan High-Tech Materials</i>	2,353	1,021	130.5%	7,426	4,706	57.8%
<b>Gross Profit</b>	<b>5,215</b>	<b>3,379</b>	<b>54.3%</b>	<b>17,889</b>	<b>10,941</b>	<b>63.5%</b>
<i>The CrownX</i>	4,827	na	na	15,820	na	na
<i>Masan Consumer Holdings</i>	3,266	2,754	18.6%	9,929	7,890	25.8%
<i>VinCommerce</i>	1,378	Na	Na	5,232	Na	Na
<i>Masan MEATLife</i>	771	555	38.9%	2,725	2,266	20.3%
<i>Masan High-Tech Materials</i>	(22)	59	(137.3)%	161	735	(78.1)%
<b>Gross Margin</b>	<b>24.1%</b>	<b>30.8%</b>		<b>23.2%</b>	<b>29.3%</b>	
<i>The CrownX</i>	32.8%	na	na	29.1%	na	na
<i>Masan Consumer Holdings</i>	42.9%	44.0%		41.4%	41.9%	
<i>VinCommerce</i>	18.9%	Na		16.9%	Na	
<i>Masan MEATLife</i>	16.4%	15.0%		16.9%	16.4%	
<i>Masan High-Tech Materials</i>	(0.9)%	5.8%		2.2%	15.6%	
<b>SG&amp;A<sup>2</sup></b>	<b>(4,057)</b>	<b>(1,818)</b>	<b>123.2%</b>	<b>(16,207)</b>	<b>(6,098)</b>	<b>165.8%</b>
<i>The CrownX</i>	(3,525)	na	na	(13,633)	na	na
<i>Masan Consumer Holdings</i>	(1,599)	(1,193)	34.0%	(5,202)	(4,099)	26.9%
<i>VinCommerce</i>	(1,940)	Na	Na	(8,445)	Na	Na
<i>Masan MEATLife</i>	(407)	(425)	(4.2)%	(1,652)	(1,478)	11.8%
<i>Masan High-Tech Materials</i>	(89)	(89)	(0.0)%	(498)	(247)	101.6%
<b>SG&amp;A as % of Net Revenue</b>	<b>18.8%</b>	<b>16.6%</b>		<b>21.0%</b>	<b>16.3%</b>	
<i>The CrownX</i>	24.0%	na	na	25.1%	na	na
<i>Masan Consumer Holdings</i>	21.0%	19.1%		21.7%	21.8%	
<i>VinCommerce</i>	26.6%	Na		27.3%	Na	
<i>Masan MEATLife</i>	8.6%	11.5%		10.2%	10.7%	
<i>Masan High-Tech Materials<sup>5</sup></i>	3.8%	8.7%		6.7%	5.2%	
Share of Profit in Associates	831	650	27.8%	2,640	2,182	21.0%
D&A	1,702	765	122.5%	5,734	3,052	87.9%
<b>EBITDA<sup>3</sup></b>	<b>3,845</b>	<b>2,977</b>	<b>29.2%</b>	<b>10,346</b>	<b>10,077</b>	<b>2.7%</b>
<i>The CrownX</i>	1,945	na	na	4,514	na	na
<i>Masan Consumer Holdings</i>	1,930	1,782	8.3%	5,749	4,695	22.4%
<i>VinCommerce</i>	16	Na	Na	(1,234)	Na	Na
<i>Masan MEATLife</i>	572	334	71.3%	1,881	1,562	20.4%
<i>Masan High-Tech Materials</i>	426	309	37.9%	1,433	1,881	(23.8)%
<i>Techcombank Contribution</i>	849	650	30.6%	2,646	2,165	22.2%
<b>EBITDA Margin</b>	<b>17.8%</b>	<b>27.1%</b>		<b>13.40%</b>	<b>27.0%</b>	
<i>The CrownX</i>	13.2%	na	na	8.3%	na	na
<i>Masan Consumer Holdings</i>	25.4%	28.5%		24.0%	24.9%	
<i>VinCommerce</i>	0.2%	Na		(4.0)%	Na	
<i>Masan MEATLife</i>	12.2%	9.0%		11.7%	11.3%	
<i>Masan High-Tech Materials</i>	18.1%	30.3%		19.3%	40.0%	

<sup>1</sup> Financial numbers are based on management figures and in accordance to Vietnamese Accounting Standards. 2019 Consolidated numbers does not include VCM. The comparison of VCM management figures are presented in VCM key information table below.

<sup>2</sup> MSN's consolidated SG&A is higher than total of subsidiaries' SG&A expenses due to holding company expenses.

<sup>3</sup> EBITDA includes contribution from TCB. EBITDA for VCM, includes income from suppliers as "back margin" parts of which, depending in the contract terms, are recognized as other income & financial income under VAS, amounting to VND71 billion in 4Q2020 and VND190 billion in FY2020.

## Income Statement (2/2)

VND Billion	4Q2020	4Q2019	Growth	FY2020	FY2019	Growth
<b>Net Financial (Expense)/Income<sup>4</sup></b>	<b>(1,243)</b>	<b>(282)</b>		<b>(3,126)</b>	<b>(1,012)</b>	
<i>Financial Income</i>	177	238		1,431	1,188	
<i>Financial Expense</i>	(1,420)	(520)		(4,557)	(2,201)	
<b>Other Income/(Expenses)<sup>5</sup></b>	<b>227</b>	<b>92</b>		<b>1,129</b>	<b>1,092</b>	
<b>Corporate Income Tax</b>	<b>(389)</b>	<b>(273)</b>		<b>(930)</b>	<b>(740)</b>	
NPAT Pre-MI	584	1,748	(66.6)%	1,395	6,365	(78.1)%
NPAT Post-MI	265	1,448	(81.7)%	1,234	5,558	(77.8)%
<b>Cash NPAT Post-MI<sup>5</sup></b>	<b>409</b>	<b>1,606</b>	<b>(74.5)%</b>	<b>1,235</b>	<b>4,378</b>	<b>(71.8)%</b>

## Balance Sheet Highlights<sup>6</sup>

VND Billion	FY2020	FY2019	FY2018
<b>Cash and cash equivalents<sup>7</sup></b>	<b>8,169</b>	<b>7,585</b>	<b>4,962</b>
<b>Debt</b>	<b>62,011</b>	<b>30,016</b>	<b>21,995</b>
Short-term Debt	22,545	18,340	9,244
Long-term Debt	39,466	11,676	12,752
<b>Total Assets</b>	<b>115,737</b>	<b>97,297</b>	<b>64,579</b>
<b>Total Equity</b>	<b>25,030</b>	<b>51,888</b>	<b>34,080</b>
Total Equity Excluding MI	15,938	42,780	29,487
<b>Outstanding Number of Shares (million shares)</b>	<b>1,175</b>	<b>1,169</b>	<b>1,163</b>

## Key Financial Ratios<sup>8</sup>

VND Billion	FY2020	FY2019	FY2018
<b>Net Debt to EBITDA<sup>9</sup></b>	<b>4.6x</b>	<b>1.4x</b>	<b>1.6x</b>
<b>ROAA</b>	<b>1%</b>	<b>9%</b>	<b>9%</b>
<b>ROAE</b>	<b>4%</b>	<b>18%</b>	<b>22%</b>
<b>FFO<sup>10</sup> to Debt</b>	<b>7%</b>	<b>21%</b>	<b>24%</b>
<b>FCF<sup>11</sup></b>	<b>1,943</b>	<b>3,813</b>	<b>4,622</b>
<b>Cash Conversion Cycle</b>	<b>43</b>	<b>71</b>	<b>43</b>
Inventory days <sup>12</sup>	68	82	60
Receivable days <sup>13</sup>	6	6	10
Payable days	32	17	27
<b>CAPEX</b>	<b>(3,678)</b>	<b>(4,163)</b>	<b>(2,638)</b>

<sup>4</sup> These financial items in 3Q2019 includes VND1,651 billion from Jacob's claim.

<sup>5</sup> Cash NPAT Post-MI excludes amortization of fair value adjustments and goodwill as a result of acquisitions; and amortization of fair value adjustments and negative goodwill from the acquisition of HCS.

<sup>6</sup> Balance Sheet includes VCM for FY2020 and FY2019 as a result of VCM consolidation as of 31 December 2019.

<sup>7</sup> Cash and cash equivalent include short-term investments (primarily term deposits between 3 and 12 months) and receivables related to treasury activities and investments (including certain interest-bearing receivables).

<sup>8</sup> Key Financial Ratios in 2018 and 2019 does not include VCM for like-for-like comparison but includes for 2020.

<sup>9</sup> Net Debt to EBITDA ratio uses the "Cash and cash equivalent" as per footnote 7 and excludes VCM's EBITDA during turnaround phase.

<sup>10</sup> FFO: Trailing Twelve-Month ("TTM") Funds From Operations is calculated based on EBITDA, excluding contribution from TCB, and 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.

<sup>11</sup> FCF: TTM Free Cash Flow is calculated from EBITDA, excluding contribution from TCB, and adjusted for changes in working capital, and corporate income tax paid within the reporting period and CAPEX.

<sup>12</sup> Inventory days is calculated based on inventory balances and divided by TTM COGS.

<sup>13</sup> Receivable and Payable days are calculated based on balances excluding those that are not related to operating activities divided by TTM Revenue or TTM COGS.

## Key Subsidiary Information

### MCH

VND Billion	4Q Growth	FY Growth
<b>Net Revenue<sup>14</sup></b>	<b>21.7%</b>	<b>27.2%</b>
Seasonings	8.7%	12.4%
Convenience Foods <sup>15</sup>	32.3%	38.5%
Processed Meat	74.9%	104.4%
Beverages (Non-alcoholic)	(3.1)%	5.0%
<b>Gross Profit</b>	<b>18.6%</b>	<b>25.8%</b>
<b>EBITDA</b>	<b>8.3%</b>	<b>22.4%</b>

### VCM

	FY2020	FY2019	FY2018
<b>End of period store count</b>	<b>2,354</b>	<b>3,022</b>	<b>1,806</b>
VinMart	123	133	106
VinMart+	2,231	2,888	1,700
<b>New Stores</b>			
VinMart	1	29	
VinMart+	84	1,240	

Key B2C performance Highlights	4Q2020	4Q2019	FY2020	FY2019
<b>LFL growth<sup>16</sup> in revenue/m<sup>2</sup></b>				
VinMart	(7.0)%		(12.6)%	
VinMart+	8.0%		10.7%	
<b>EBITDA margin</b>	0.2%	(5.9)%	(4.0)%	(8.0)%

### MHT

Average Commodity Prices <sup>17</sup>	Unit	Avg. FY2020	Avg. FY2019	% change	31.12.20	31.12.19
APT European Low	USD/mtu <sup>18</sup>	222	240	(7)%	230	234
Bismuth Low	USD/lb	2.6	3.1	(15)%	2.9	2.6
Copper	USD/t	6,163	6,021	2%	7,742	6,156
Fluorspar Acid Grade <sup>19</sup>	USD/t	402	486	(17)%	412	425

Production Summary	Unit	FY2020	FY2019	Growth
Ore processed	Kt	3,869	3,788	2.1%
Tungsten products (Contained) – Including HCS	T	10,171	6,073	67.5%
Copper in Copper Concentrate (Contained)	T	9,061	8,026	12.9%
Acid Grade Fluorspar	T	219,920	238,003	(7.6)%
Bismuth in Bismuth Cement (Contained)	T	993	917	8.2%

<sup>14</sup> These numbers are based on management figures.

<sup>15</sup> Includes instant noodle, full-meal solutions, instant congee and other convenience foods.

<sup>16</sup> LFL: Same store sales growth compares performance of stores opened before 2019 (fully operated in 2019 + 2020) and still operating at the reporting date to the performance for the same period last year

<sup>17</sup> Metals Bulletin.

<sup>18</sup> 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).

<sup>19</sup> Industrial Minerals.

## Operational Commentary by Business Segments

**The CrownX: Vietnam's 2<sup>nd</sup> largest consumer business** delivered FY2020 net revenue of VND54,277 billion (~USD2.5 billion), growth of 18.1% and increased EBITDA margin by 280 bps to 8.3% compared to 5.5% in 2019 on a LFL basis. Net revenue during 4Q2020 was VND14,716 billion, up 7.3% compared to VND13,719 billion in 4Q2019.

**VCM: Delivered positive EBITDA margin of 0.2% in 4Q2020 and on track to contribute positive EBITDA for FY2021**

### ■ **4Q2020 Strategic Highlights:**

- **Network Optimization:** 744 VMP minimarkets and 12 VMT supermarkets were closed in FY2020 generating nearly VND424 billion in EBITDA improvement for FY2021. During the period, 84 new VMP and 2 VMT were opened. 42% VMP stores which were closed in FY2020 were in HCMC, while 40% were in Tier 2 cities, which had ~50% lower revenue/m<sup>2</sup> than optimal levels required to achieve store-level break-even.
- **Assortment Optimization:** Inventory clearance in 2Q2020, launch of core range SKU's and new price policy in 3Q2020 helped to deliver double-digit LFL growth in VMP.
- **Total Commercial Margin ("TCM"):** TCM improved to 21.1% in 4Q2020 compared to 19.0% in 4Q2019, as initiatives for TCM improvement started to yield results.
- **New Retail Management Team:** Team with proven track record of turning around largest retailer in Vietnam on-boarded during 4Q2020. Key priorities in 2021 are to expand minimart model, revamp supermarket model, realize targeted TCM improvement, and successfully pilot online model to build an on-to-offline champion.

### ■ **Revenue Drivers:**

#### ■ **Minimart (VinMart+ or "VMP") Highlights:**

- VMP topline grew by 9.8% in 4Q2020 versus 4Q2019 and 42.1% in FY2020 vs FY2019, despite net reduction of 660 stores. LFL revenue/m<sup>2</sup> grew by 8.0% and 10.7% for 4Q2020 and FY2020, respectively.
- Average LFL revenue/m<sup>2</sup> reached VND7.3 million/sqm/month for FY2020; as a result, all regions delivered positive store-level EBITDA for LFL stores
- **Regional update:** HCMC started to yield positive results with LFL revenue/m<sup>2</sup> growth of 17.1% in 4Q2020 vs 4Q2019. LFL HCM stores (stores opened before 2019) achieved break-even at the EBITDA level in 4Q2020.
- **Regional update:** For FY2020, LFL revenue/m<sup>2</sup> growth for Hanoi was 7.5%, while Tier 1 cities was more than 2.1%. HCM and Tier 2 cities delivered double-digit LFL growth of 18.0% and 19.4% respectively, for FY2020.

#### ■ **Supermarket (VinMart or "VMT") Highlights:**

- 4Q2020 topline was down 8.6% compared to 4Q2019, mainly due to decline in revenue from supermarkets located inside Vincom Retail ("VRE") shopping mall locations. LFL revenue/m<sup>2</sup> growth was down 7.0% vs 4Q2019.
- More than 95% of decline in sales was due to VMT supermarkets located inside VRE locations. Historically, VMT supermarkets located in VRE properties contributed 66% of VMT total sales; in 4Q2020 this figure declined to 56%.
- LFL revenue/m<sup>2</sup> growth for VMT locations outside VRE was up 8.0% for 4Q and 4.8% for FY2020.
- **Regional update:** Hanoi, which contributes 47% of total VMT revenue, saw 5.6% LFL revenue/m<sup>2</sup> growth in FY2020 due to VCM's dominant position in the North. HCMC, Tier 1 and Tier 2 cities (regions with greater concentration in VRE locations) witnessed negative overall growth.

- **Profitability Drivers:** VCM delivered positive EBITDA of VND16 billion or 0.2% EBITDA margin in 4Q2020, which is the first reported quarter to experience profitability.
  - Strategic initiatives started to yield results with EBITDA margin improving to (4.0)% in FY2020 versus (8.0)% in FY2019. EBITDA margin improvement was 60% from revenue growth, 10% from gross margin improvement and 30% from store operating cost efficiency;
  - At the consolidated store level, total commercial margin improved by 0.3% in FY2020. New initiatives to further improve TCM were started in 4Q2020 and are expected to uplift margins in FY2021;
  - Closure of 756 non-performing stores, double-digit growth of minimart model and reduction of monthly operating cost/store were the 3 drivers for lowering operating costs. Operating cost as a percentage of sales was reduced by 2.8% for FY2020; and
  - Private label sales were 10% of retail revenue in FY2020 for VMT and 8.1% for VMP. Development of the private label business is a strategic focus to drive traffic and profit growth in the medium term.

**MCH: 21.7% topline growth in 4Q2020, and 27.2% growth in FY2020. Gross and EBITDA margins stable at 41.4% and 24.0%, respectively, for FY2020.**

- **4Q2020 Highlights:**

- 4Q2020 net revenue grew by 21.7% to VND7,612 billion versus 4Q2019 net revenue of VND6,256 billion, driven by growth across MCH's categories and consolidation of home and personal care ("HPC") business.
- Processed meats and convenience foods were the fastest growing categories in 4Q2020, as home meal replacements are trending among consumers.
- Premiumization and value-added portfolio continued to perform well, as premium and value-added products accounted for 49% of convenience foods portfolio revenue in 4Q2020. Premium fish sauce brands accounted for 11% of total fish sauce portfolio.
- Modern trade ("MT") and urbanization strategy accelerated with 62% growth in MT sales in 4Q2020 vs 4Q2019. MT sales contribution increased to 10.2% of total sales in FY2020, compared to 7.8% in FY2019.

- **Revenue Drivers:**

- **Seasonings:** Category continued growth momentum in 4Q2020, up 8.7% vs 4Q2019. Overall, seasonings segment was up 12.4% for FY2020.
  - Premiumization of the core portfolio with the launch of new premium fish sauce "Chinsu Ca com Bien Dong".
  - Granules segment continues to scale up rapidly, growing 93.8% in 4Q2020 vs 4Q2019, accounting for 9% of entire seasonings category revenue in 4Q2020, compared to 7% in 3Q2020.
- **Convenience foods:** 4<sup>th</sup> consecutive YoY quarter with more than 25% topline growth, as revenue was up 32.3% in 4Q2020 versus 4Q2019, while category grew 38.5% for FY2020. Home meal replacement continues to be a standout growth driver, up 140% compared to FY2019 and now contributes 23% of category sales compared to just 13% in 4Q2019.
- **Processed Meat:** Delivered VND256 billion in revenue, up 75% in 4Q2020 vs 4Q2019 and 2x growth in FY2020 vs FY2019.
- **Beverages:** Overall beverages market declined in double-digits during 2020, as reduction in on-premise traffic due to COVID-19 negatively affected consumption. Despite market decline, beverage portfolio declined by only 3% in 4Q2020, but grew by 5% for FY2020. FY2020 topline growth was driven by energy drinks, which grew 9%, with Compact and Tiger, new product innovations, contributing to 19% of category revenue in FY2020.

- **Home Personal Care:** HPC segment contributed VND384 billion in net revenue during 4Q2020 and VND1,263 billion during FY2020. Revenue grew by 29% for FY2020 on LFL basis. New brand “Joins” – detergent and softener, launched in 2H2020 continues to track well.
- **Other Categories:** Beer sales grew 2x in 4Q2020 vs 4Q2019 and 55% for FY2020 due to launch of “Red Ruby” brand. Coffee powder sales down by 7%.

■ **Profitability Drivers:**

- **Gross Margin:** 42.9% in 4Q2020 compared to 44.0% in 4Q2019. For FY2020 gross margins were nearly flat at 41.4%. Higher gross margins for seasonings, processed meats were offset by consolidation effects of HPC business. HPC gross margins are expected to go up in the medium term by building power brands.
- **EBITDA Margin:** delivered 25.4% EBITDA margin in 4Q2020 and 24.0% in FY2020, which are in-line with management targets.

**MML: Topline grew 27.4% in 4Q2020 while EBITDA improved 71.3%; acquisition of 3F VIET as an entry into attractive poultry meat market**

■ **4Q2020 Highlights:**

- **Revenue:** Net revenue for 4Q2020 was up by 27.4% to VND4,707 billion from VND3,695 billion in 4Q2019, driven primarily by 5x growth in meat and 15.1% growth in feed.
- **Gross Margin:** 16.4% gross margin in 4Q2020, an increase of 140 basis points compared to 15.0% in 4Q2019. Growth in pig feed segment and improvement in gross profit margin of the integrated meat business were the main drivers. Overall, for FY2020 gross margins were 16.9%, growth of 50 basis points compared to FY2019.
- **EBITDA Margin:** EBITDA margin of 12.2% in 4Q2020, improvement of 320 bps compared to 4Q2019. 4Q2020 EBITDA reached VND572 billion as integrated meat business saw strong profitability improvement while feed business continued to optimize its profitability by streamlining operating expenses.

■ **Revenue Drivers:**

■ **Meat Segment**

- Integrated meat business (farm + meat) delivered VND740 billion in revenue for 4Q2020, and VND2,378 billion for FY2020. Meat business revenue increased due to growth in sales of branded packaged meat and consolidation of 3F VIET in Dec-2020.
- As of end 4Q2020, MEATDeli brand was sold through 1,627 POS, with presence in 1,200+ VinMart+ in Hanoi and HCMC, compared to 664 POS as of Dec 2019.
- MML continued to grow the processed meat portfolio with the introduction of marinated chilled meat in 2020. Strong innovation portfolio of processed meats spanning ambient, ready-to-eat and chilled products to be launched in 2021, with the aim to reach 10% of total meat sales contribution for FY2021.

■ **Feed Segment**

- 4Q2020 feed revenue was up 15.1% vs 4Q2019, with ~30% revenue growth for both pig and poultry feed segments during the same period. Pig feed volume in 4Q2020 was up 22% vs 4Q2019, as farmers re-herding activities picked up due to elevated live hog prices, which have stayed above VND70,000 per kg for most of the year 2020.
- Poultry feed volume was up 34% in 4Q2020 and 29% in FY2020, due to higher demand for egg/chicken products in a period of high pig/pork prices.

- Aqua feed volume was down 5% in 4Q2020 vs 4Q2019, but up 6% compared to 3Q2020, as demand for exports slowly recovers post COVID-19.

■ **Profitability Drivers:**

- **Meat Segment:** Integrated meat business recorded EBITDA profit of VND66 billion in 4Q2020, with 8.9% margin, due to better capacity utilization, porker utilization and integrated margins from farm to meat. Given the high external live hog environment, management is working on multiple initiatives to lower live hog input cost, and expects material impacts from these initiatives in 2021.
- **Feed segment:** Delivered VND505 billion EBITDA in 4Q2020, with double-digit EBITDA margin of 12.7%, as MML continues to reduce SG&A spending. Gross profit margin was 16.9%, lower than last year due to higher contribution of poultry feed which has lower gross margins than pig feed.

**MHT: Consolidation of HCS and strategic alliance with MMC will accelerate MHT's vision to become a global high-tech industrial materials platform**

- **Net revenue up 130%** – MHT posted net revenue of VND2,353 billion in 4Q2020, 130% increase compared to VND1,021 billion in 4Q2019. Tungsten revenues were higher due to the consolidation of HCS but offset by lower realized prices. Fluorspar revenues were down on the back of lower volume sold and slightly lower realized prices.
- **4Q2020 EBITDA of VND426 billion** – MHT delivered EBITDA of VND426 billion during 4Q2020 and VND 1,433 billion for FY2020 - a decrease of 24% comparing with FY2019, primarily a reflection of low selling prices realized for tungsten and copper. During FY2020, Tungsten unit costs were broadly in line despite 6% lower grades and 1% lower recovery, reflecting cost savings that were made during the year. Fluorspar production unit costs were 5% higher as compared to last year on 8% lower feed grades and partially offset by the cost saving initiatives. Copper unit production costs were 14% lower primarily on higher feed grades.
- **VND83 billion attributable net profit in 4Q2020** – MHT delivered attributable net profit of VND83 billion in 4Q2020 and VND151 billion for FY2020, VND201 billion lower compared to same period last year. The operational loss of FY2020 was offset by the adjustment in relation to the PPA exercise undertaken as part of the HCS acquisition. FY2019 also included one-off earnings uplift from the Jacobs arbitration claim equal to ~VND987 billion. The full year audited NPAT Post MI for 2020 is potentially subject to adjustments as it is MHT's first time consolidating a foreign company under VAS.

**TCB: Reported profit before tax grew by 23.1% to reach VND15,800 billion in FY2020 versus VND12,838 billion in FY2019.**

- Detailed information on TCB's full year financial results are to be presented separately by the bank as part of its disclosure obligations as a listed company.

## **MASAN GROUP CORPORATION**

Masan Group Corporation (“Masan” or the “Company”) believes in doing well by doing good. The Company’s mission is to provide better products and services to the 100 million people of Vietnam, so that they can pay less 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, branded meat, modern retail, 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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