

**FOR IMMEDIATE RELEASE**

**Masan Group Delivers Record First Half Financial Results with Topline and Bottom line Contributions from Consumption-Driven Businesses – 2015 Revenues on Track to Double**

**Ho Chi Minh City, 14 August 2015** – Masan Group Corporation (**HOSE: MSN**, “Masan Group” and the “Group”), one of Vietnam’s largest private sector business groups, today reported its management accounts for the 1<sup>st</sup> half of 2015:

- **Record sales from consumption-driven businesses: up 52.0%** - Masan Group reported 1H2015 sales of VND10,414 billion, up 52.0% over the same reporting period in 2014 with higher sales across all three divisions of the Group. Masan Nutri-Science, the Group’s newest subsidiary and one of Vietnam’s largest local animal protein company, contributed VND3,332 billion to the Group’s consolidated sales starting in end April, when the acquisition closed. Strong sales growth validates Group’s pivot to being a more consumption-focused company.
- **Record EBITDA: up 143.3%** - The Group reported pro forma EBITDA of VND2,441 billion for 1H2015, up 143.3% over the same period last year. EBITDA growth is attributable to improving EBITDA margins at the consumer and resources businesses, coupled with approximately two months of contribution from Masan Nutri-Science. EBITDA margin at Masan Consumer was up by 213 basis points compared to 1H2014, while Masan Nutri-Science contributed VND366 billion to Group’s EBITDA.
- **64.1% jump in net profit:** - Pro forma net profit after tax was VND915 billion in 1H2015, up 64.1% compared to 1H2014. Reported net profit after tax was VND673 billion in 1H2015, compared to loss of VND44 million in 1H2014, driven by a 40.3% growth in pro forma operating profit.

VND Billion	1H2015	1H2014	Growth
<b>Masan Group Consolidated Financial Results</b>			
Net Revenue	10,414	6,851	52.0%
<i>F&amp;B Products</i>	5,881	5,706	3.1%
<i>Animal Protein</i>	3,332	-	NM
<i>Mineral Resources and Value-Add Processing</i>	1,201	1,145	4.8%
Pro Forma <sup>(1)(2)</sup> EBITDA	2,441	1,003	143.3%
<i>F&amp;B Products</i>	1,284	1,170	9.7%
<i>Animal Protein</i>	366	-	NM
<i>Mineral Resources and Value-Add Processing</i>	588	369	59.2%
Net Profit After Tax ( <i>Pro forma</i> )	915	558	64.1%
Net Profit After Tax ( <i>VAS</i> )	673	(44)	NM

<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 and removing contribution from businesses disposed prior to this reporting period*

## Key Strategic Initiatives Update

- **New pillar to drive growth within Vietnam’s domestic consumption story already showing results:** End April acquisition and establishment of Masan Nutri-Science as a leading platform to serve Vietnam’s US\$18 billion animal protein sector and benefit from Vietnam’s fast growing meat consumption story.
  - Masan Group’s acquisition of Sam Kim Company (“Masan Nutri-Science”), which holds a 52% and 70% equity interest in Vietnam French Cattle Feed JSC (“Proconco”) and Agro Nutrition Company JSC (“Anco”), respectively, has established the Group as the largest external pig feed and 2<sup>nd</sup> largest overall animal feed player in Vietnam.
  - Masan Nutri-Science contributed VND3,332 billion of net sales and VND217 billions of pro forma net profit to Masan Group’s 1H2015 numbers. Gross margin for the animal feed business was 19.2% for 1H2015, one of the highest in the industry.
  - Masan Nutri-Science is on track to deliver US\$1 billion of revenues in 2015. Three new facilities are under construction which, once operational through 2015 and 2016, would increase capacity by over 40%.
  - Masan Nutri-Science has launched key initiatives to improve product formulation and expand distribution while managing costs. It has launched a new product “Bio-zeem”, which demonstrates Masan’s commitment to apply the latest scientific innovations to improve animal protein productivity.
- **F&B division, MCH, repositioning for next wave of growth:** We now have four key engines in our core consumption platform to drive growth over the next five years. In addition, we are starting to drive operational improvement by enhancing gross margins across key categories and rationalizing selling and marketing expenses; EBITDA margin has increased by 213 basis points for Masan Consumer.
  - **Food and beverage:** Packaged food and beverage sector represents an addressable market of US\$5 billion. In addition to building a market-leading seasonings platform, we are now gearing up for product launches with an aim to take leadership position in the convenience food segment. For our beverages portfolio, we have built a strong platform in record time, launched successful brands like “Wake-Up” and are now focusing on increasing the availability of our key products by, further developing our beverage distribution platform.
  - **Beer:** With the current beer production running at full capacity (50 million liters), we are in process of increasing our beer production capacity by 3x to expand our presence beyond the Mekong Delta. The Vietnamese beer market represents a US\$4 billion opportunity and growing. Our ability to launch a successful strong brand, “Su Tu Trang”, under the Masan Brewery platform is a testament to our ability to drive growth in new categories.
  - **Processed meat:** Acquisition of Saigon Nutri Food to enter the processed meat market, the fastest growing segment within the US\$18 billion animal protein market. Saigon Nutri Food provides us a foothold in the packaged meat snack segment.
- **Listing Masan Resources:**
  - Masan Resources has achieved several milestones in terms of operations, scale and profitability, despite the challenging commodity price environment, since start of

commercial operations in 2014. Having de-risked the Nui Phao project, Masan Resources aims to position itself for the next wave of transformation with a listing of its shares on a securities exchange.

- As one of the world's largest and lowest cost producer of tungsten, the Group sees many strategic advantages for Masan Resources as a publically listed company. In addition, the listing is expected to provide greater clarity and transparency to shareholders of the Group.
- **Optimizing capital structure and lowering Group's overall cost of capital:** Masan Group over the past year and a half has undertaken several strategic corporate initiatives to clean up its corporate structure and optimize its balance sheet.
  - Masan Consumer Holdings ("MCH") was established as a consumer platform in 2014, to focus efforts on Masan's food and beverage businesses, in order to drive efficiencies from synergies in management, branding, distribution and procurement.
  - This restructuring was validated by MCH's VND9,000 billion bond issuance in 2Q15, the largest corporate bond deal ever in Vietnam, which followed the landmark 10-year bond issuance guaranteed by Credit Guarantee and Investment Facility ("CGIF"), a trust fund of the Asian Development Bank.
  - Proceeds of the bond deals were used to pay down more expensive debt and provide a cash balance for growth investments. Most recently, in August 2015, US\$175 million in US\$ denominated debt was repaid, leaving the Group virtually free of foreign denominated debt and related foreign exchange risk.
  - Also in August, Masan Resources refinanced its old bonds at a much lower interest cost, saving approximately 150 basis points.
- **Group CFO Appointment:** As part of our belief in developing a professional management team in accordance with international standards, we have appointed Michael H. Nguyen as Chief Financial Officer of Masan Group in addition to his role as Deputy Chief Executive Officer and Head of Business Development. Michael has been with Masan Group for nearly seven years, overseeing many of Masan Group's M&A and capital raising transactions and supporting overall Group strategy. Previously he was with J.P. Morgan in New York and Vietnam. He graduated from Harvard University.

## Commentary

### **Animal protein value chain: On track to deliver US\$1 billion revenues in 2015**

- The acquisition and establishment of Masan Nutri-Science ("MNS") instantly provides the Group a leading platform to serve the fast-growing US\$6 billion animal feed sector. Proconco and Anco, as a combined business, is the number one external pig feed and second overall animal feed player in Vietnam, supplying farmers with over 1.7 million metric tons of animal feed products in 2014 and is well on track to deliver revenue of US\$1 billion in 2015.
  - **Macro opportunity:** Meat consumption in Vietnam represents a US\$18 billion opportunity, with Vietnam's per capita protein consumption significantly lower than country peers. As protein consumption significantly correlates with increasing disposable income levels, growing incomes would lead to higher demand for quality and affordable meat products to satisfy this increasing demand.

- **Key financial highlights:** MNS' combined brands achieved net sales of VND9,860 billion in 1H2015. However, since the acquisition only occurred at the end of April, only VND3,332 billion of net sales and VND217 billions of pro forma net profit were consolidated into Masan Group's 1H2015 financial results. Gross margin for MNS was 19.1% for 1H2015, one of the highest in the industry.
- **Capacity expansion:** Masan Nutri-Science has begun construction of three new production facilities (in addition to the 10 facilities currently in operation), to be located in Tien Giang, Hau Giang and Nghe An province of Vietnam. These facilities will come online through 2015 and 2016, and increase MNS' production capacity by over 40%, paving the way for strong volume growth over the next three years.
- **New product launch:** In June 2015, Masan Nutri-Science launched "Bio-zeem", the first and biggest of its kind professional marketing campaign in Vietnam's feed industry. This campaign features new products with addition of Bio-zeem, a special kind of enzyme, which is expected to boost productivity in the animal feed supply chain, resulting in improved margins for customers.
- **Value creation plan:** MNS plans to drive operational outperformance and transform the animal feed sector by bringing the best practices of the FMCG industry, reinforced by the Group's strengths in branding and platform building. MNS aims to build "power brands" and produce innovative products.

#### **Food and beverage: Operational efficiencies continue to lift margins**

- Masan has further strengthened its consumption platform over the last year through a mix of investment in our brands, innovation pipeline, distribution management system and acquisitions. Gross margins have continued to improve across categories through a mix of branding, scale effect and operational improvements. Coupled with lower SG&A expenses, Masan Consumer operating margins have continued to trend up. EBITDA margins for 1H2015 were up by 213 basis points compared to 1H2014.
  - **Foods (seasonings and convenience foods):** Seasonings category delivered growth for 1H2015, on the back of our strategy of expanding the entire market and restructuring of our brand portfolio. Growth is expected to continue on the back of the ongoing restructuring of our brand portfolio to promote up-trading to more premium variants, deepening the reach of our products to every corner of Vietnam and an exciting innovation pipeline which is expected to enter the market in 4Q15 or early next year. Convenience foods segment delivered impressive volume growth for 1H2015, driven by our instant noodles offerings. We are on track for our goal of achieving the leadership position within this segment. In particular, Omachi Chua cay has delivered impressive volume growth.
  - **Beverages:** We have built a beverage platform in record time, with experienced managers, strong on- and off-premise distribution and a robust product pipeline. "Wake-Up Saigon" was relaunched in 2013, commanding significant market share as well as "Wake-Up 247". "Wake-Up Saigon" was rated among the fastest-growing beverage brands in the 2014 Kantar survey. With plans to strengthen our distribution platform to increase the availability of our strongest brands, we expect to see stronger results in the second half of the year, supported by fully realizing synergies between our food and beverage distribution platform.

- **Beer:** We entered this market by acquiring a brewery and launching a successful brand “Su Tu Trang” in the Mekong Delta, operating at full capacity and reporting VND296 billion in net revenues for 1H2015. Our beer business is now focused on scaling up to consolidate market share in the Mekong Delta and gradually expand nationwide.
- **Processed meat:** The meat market in Vietnam presents a very attractive opportunity. Total meat consumption in Vietnam is estimated at US\$18 billion. Processed meat represents less than 1% of meat consumption, a number that is set to increase as income levels rise. It is in this context that we have, through Masan Consumer, acquired 99.99% of Saigon Nutri Food Joint Stock Company, which gives us a platform to target this very attractive category, starting with processed meat snacks.
- **Capacity expansion:** Masan is in process of building new facilities in Nghe An and Hau Giang to lower our logistics cost, provide greater flexibility to launch products suited to local preferences, and increase capacity for economies of scale.
- **Sales and profits:** Many of the initiatives taken over the last 18 months are expected to show results in the second half of this year, especially on the back of our deeper distribution network (supported by the beverage platform, greater investments, and new facilities that takes us closer to our customers) and our innovation pipeline coming to market. Our food and beverage businesses were also impacted by the Tet holidays arriving later this year, which typically precedes lower consumer spending on food and beverage products. However, as a result, we expect overall consumer spending to pick up strongly towards the end of the year.
  - Even in this context, Masan’s consumer businesses reported combined sales in 1H2015 of VND5,881 billion, up 3.1% over 1H2014.
  - New accounting rules require cost of goods sold for promotional items to be treated as cost of goods sold versus selling expenses as in previous reporting periods. As a result, gross margins and SG&A as percentage of sales were impacted by reclassification in 1H2015. EBIT margins for Masan Consumer, however, continued to uptrend with an increase of 213 basis points, driven by cost reduction and productivity improvements, coupled with economies of scale.

**Mineral Resources and Value-Add Processing: globally, the only successful tungsten story in the last 15 years; aiming to list in Hanoi within 2H2015**

- **Sales up despite challenging commodity price environment:** Masan Resources reported sales of VND1,201 billion in 1<sup>st</sup> half of 2015, up 4.9% compared to 1<sup>st</sup> half of 2014. Depressed commodity prices, planned maintenance shutdown in April, coupled with commissioning of the Nui Phao H.C. Starck joint venture were the main reasons for muted topline growth.
  - Masan Resources reported consolidated inventory of VND1,207 billion, an increase of 167.6% compared to 1H2014. As operations ramped up, tungsten concentrate that was previously sold to the market was stockpiled as feed for the joint venture’s new chemical processing plant. In addition, as a new supplier in the market, our finished products required time for customer validation. This inventory build-up should be normalized over the latter half of 2015, when the joint venture begins delivery of higher value products such as APT (Ammonium Para-Tungstate), BTO (Blue Tungsten Oxide) and YTO (Yellow Tungsten Oxide).

- **Profitable even when tungsten prices are at cyclical lows:** Masan Resources pro forma EBITDA margins were at 49.0% in 1H2015, driven by a 59.2% growth in EBITDA over 1H2014, due to improved mineral recoveries and better plant utilization, resulting in pro forma net profit of VND95 billion. Our ability to withstand such a challenging price environment means Masan Resources is better positioned to succeed and achieve much stronger profitability when prices recover.
- **Masan Resources plans to list, becoming one of the largest company in Hanoi by market capitalization:** On the back of several operational milestones and demonstration of profitability, the Group has expressed a desire to list Masan Resources to achieve several strategic outcomes:
  - To strengthen Masan Resources' position as the world's largest tungsten producer outside of China, create a currency in the form of listed shares for industry consolidation in a distressed market;
  - To raise Masan Resources' profile and credibility with global customers and attract a shareholder base that can support the company's medium- and long-term vision; and
  - To provide greater clarity and transparency to shareholders of the Group and Masan Resources.

#### **Techcombank: Set for leadership as sector fundamentals improve**

- Techcombank has used the downturn in the banking sector over the past three years, to refocus and emerge stronger and more competitive.
- Techcombank has focused on balance sheet strength, prudent provisioning, improving efficiencies and controlling costs while maintaining conservative lending policies.
  - 1H2015 profit before tax was VND1,032 billion, up 8.8% compared to 1H2014 due to 36.6% increase in net interest income, but offset by higher provisions taken at the start of the year.
  - NPL ratio was at 2.4%, while capital adequacy ratio was 16.3% as at the end of the 1H2015, significantly higher than the 9.0% stipulated by the State Bank of Vietnam.
  - Net interest income was up 36.6% in 1H2015, supported by loan growth of 13.2% and expanding margins, while other key parameters, such as interest coverage ratios and cost-to-income ratio, showed improvements as well.
- Techcombank has continued to maintain a strong deposit base and retail franchise, while introducing new products for customers and additional revenue streams which have contributed to fee-based income.
  - As of 1<sup>st</sup> half 2015, Techcombank continued to serve more than 3.8 million retail and over 95,000 SME and corporate customers, through its 312 branches and transaction offices, supported by more than 1,200 ATM's and over 1,500 points-of-sale spread across 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.

Today these platforms include: Masan Consumer Holdings, the producer of some of Vietnam's most trusted and loved brands across many food and beverage categories; Masan Nutri-Science, Vietnam's largest local animal feed company; and Masan Resources, one of the world's largest producer of tungsten and strategic industrial minerals. Masan Group is also the largest shareholder of our associate, Techcombank, a leading joint stock commercial bank in Vietnam.

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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