



9M2019 Business Update

30 Oct 2019



Vietnam's leading diversified consumer platform

M A S A N
G R O U P



("MSN")

- 2018 Revenue - VND38.2 trillion
- Core NPAT Post-MI - VND3.5 trillion

("MCH")



Improving Vietnamese Consumers' Quality of Life in Every Living Space

- #1 diversified F&B platform in Vietnam, leadership positions in big F&B categories: seasonings, convenience foods, coffee and energy drinks
- Focus on food premiumization + beverage expansion by innovations

- 2018 Revenue VND17.3 trillion
- EBITDA VND4.2 trillion

("MML")*



Meat Partner of Choice for Every Vietnamese Family

- #1 integrated branded meat platform in Vietnam
- To consolidate USD10 billion unbranded Vietnam pork market
- #1 local animal feed provider

- 2018 Revenue VND14 trillion
- EBITDA VND1.2 trillion

("MSR")



From Vietnam's Strategic Resources to Global Industrial Materials

- #1 Global ex-China in Tungsten with 36% APT market share
- Focus on building downstream platform to consolidate Tungsten high-tech materials segment

- 2018 Revenue VND6.9 trillion
- EBITDA VND3.3 trillion

("TCB")



Provide Every Vietnamese Consumer a Modern Financial Life

- #1 JSC bank in Vietnam with leading digital channel platform
- Focus on driving Vietnam's financial inclusion
- "Low risk high return" model via growing fee income

- 2018 TOI VND17.6 trillion
- PBT VND10.7 trillion

(*) Masan MEATLife : New name for Masan Nutri-Science

Masan Group Business Update

9M2019



Masan medium term growth pillar update

Premiumization



On Track

- Premium products**
- New SKU in fish sauce growing + sales contribution from 10% to 11%. Target to 12% in 4Q2019
 - **Omachi growth of 15%** and premium contribute 50% of convenience food

Branded meat



Strong Growth Momentum

- Branded meat**
- **2x sales growth** of processed meat
 - **30% monthly sales growth** of MEATDeli in 3Q2019
 - Dec-2019 MEATDeli run-rate target of VND100bn

Beverage



Strong Growth Momentum

- Holistic beverage portfolio**
- 30% beverage sales growth
 - Compact picking up momentum, contribute 6% of energy drink portfolio
 - Assessing turn around plan for beer

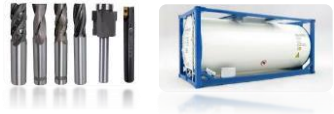
Life style



Assessing Strategic Opportunities

Assessing business model to penetrate new coffee formats

Strategic high-tech materials



On Track for 2020

- Mid-stream Tungsten player**
- Announced acquisition of H.C.Starck's Tungsten unit to de-link business from Tungsten price cycles

9M2019 performance

9M2019: Result Flat, But Next Wave Consumer Portfolio Scaling-up and Growing Rapidly

KEY FINANCIALS						
(VND trillion)	9M18	9M19	% Growth	3Q18	3Q19	% Growth
Revenue	26.6	26.4	(1)%	9.2	9.0	(2)%
MCH	11.9	12.6	6%	4.4	4.6	5%
MML	10.0	10.1	1%	3.3	3.4	1%
MSR	4.7	3.7	(21)%	1.4	1.0	(31)%
EBITDA	7.7	7.1	(8)%	2.6	2.2	(14)%
NPAT Post-MI	3.8	4.1	9%	0.7	2.2	198%
Core NPAT Post-MI ¹	2.3	2.5	6%	0.8	0.6	(25)%
<i>EBITDA margin</i>	29%	27%		28%	25%	
<i>Core NPAT margin</i>	9%	9%		8%	7%	
EPS (VND/share)	3,249	3,516	8%	643	1,906	196%
Core EPS ² (VND/share)	2,002	2,104	5%	659	494	(25)%

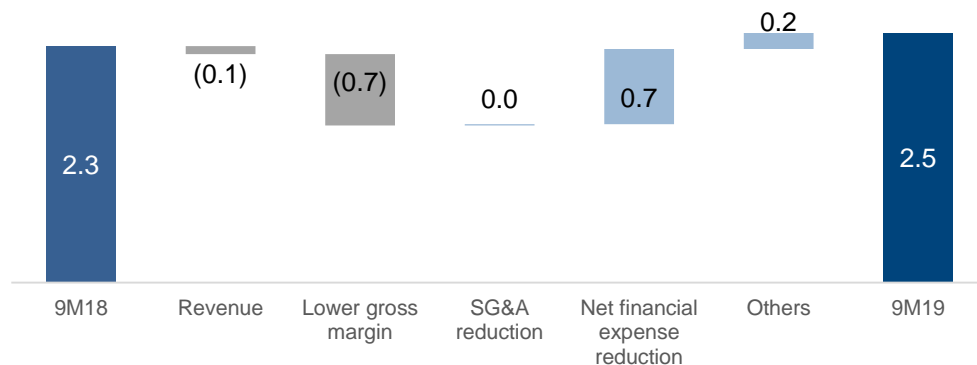
- 1) Excludes net one-time gains (non-core) of VND1,472 billion in 9M2018 primarily from the “deemed disposal” of the Company’s interest in Techcombank as a result of the bank’s recent equity issuances at a price higher than the Company’s carrying value. Also, excludes VND1,651 billion in net one-off income at MSR in 3Q2019, due to settlement of international arbitration case between NPMC and Jacobs.
- 2) EPS is calculated based on NPAT Post-MI divided by total number of shares (including treasury shares)

KEY HIGHLIGHTS	
<ul style="list-style-type: none"> ■ Consolidated net revenue down 0.9% and 2.2%, for 9M2019 and 3Q2019, respectively but next wave consumer portfolio scaling-up and growing rapidly <ul style="list-style-type: none"> ■ Masan MEATLife (“MML”) <ul style="list-style-type: none"> ■ Delivered VND10,104 billion in net revenue for 9M2019, up 0.7% compared to 9M2018 excluding meat business which will be recognized from 4Q2019 ■ As of October 2019, MML has opened 320 successful cold chain point of sales in Ha Noi and Ho Chi Minh compared to 116 at the end of 2Q2019. MEATDeli revenue delivered VND69 billion in 3Q2019, 4x compared to 2Q2019 ■ Lower pig feed sales due to ASF impact but offset by strong double digit growth in poultry and aqua feed segment ■ Masan Consumer Holdings (“MCH”) <ul style="list-style-type: none"> ■ Revenue grew by 5.7% in 9M2019 to VND12,589 billion ■ Beverage and value-added innovations tracking medium-term growth KPIs ■ Masan Resources (“MSR”) <ul style="list-style-type: none"> ■ Challenging tungsten environment negatively impact performance with 21.4% decline in revenue for 9M2019 ■ Announced acquisition of H.C. Starck’s tungsten unit, which will enable MSR to become a true mid-stream tungsten player 	

9M2019: Core Profit up by 5.6% in 9M2019

CORE NPAT POST-MI

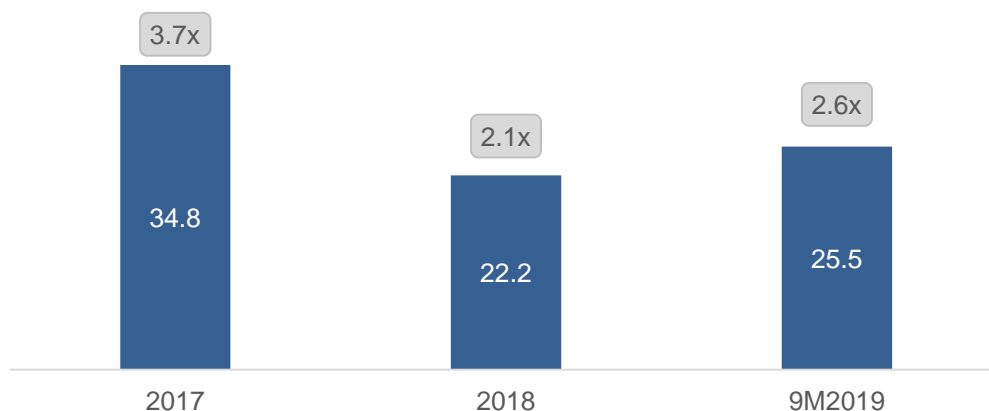
(VND trillion)



Delivered 50% growth in Core NPAT Post-MI if excluding MSR

GROSS DEBT

■ Total Debt (VND trillion) ■ Debt to EBITDA



KEY HIGHLIGHTS

- Delivered core NPAT Post-MI of VND2,459 billion in 9M2019, up 5.6% vs. 9M2018
 - 30.3% reduction in financial expenses and 9.0% reduction in minority interest
 - Deleveraging initiatives have enabled investment for sustainable medium-term growth across businesses
 - Feed division delivered strong EBITDA growth, while MCH continues to invest for new innovation launch to drive medium-term growth

KEY HIGHLIGHTS

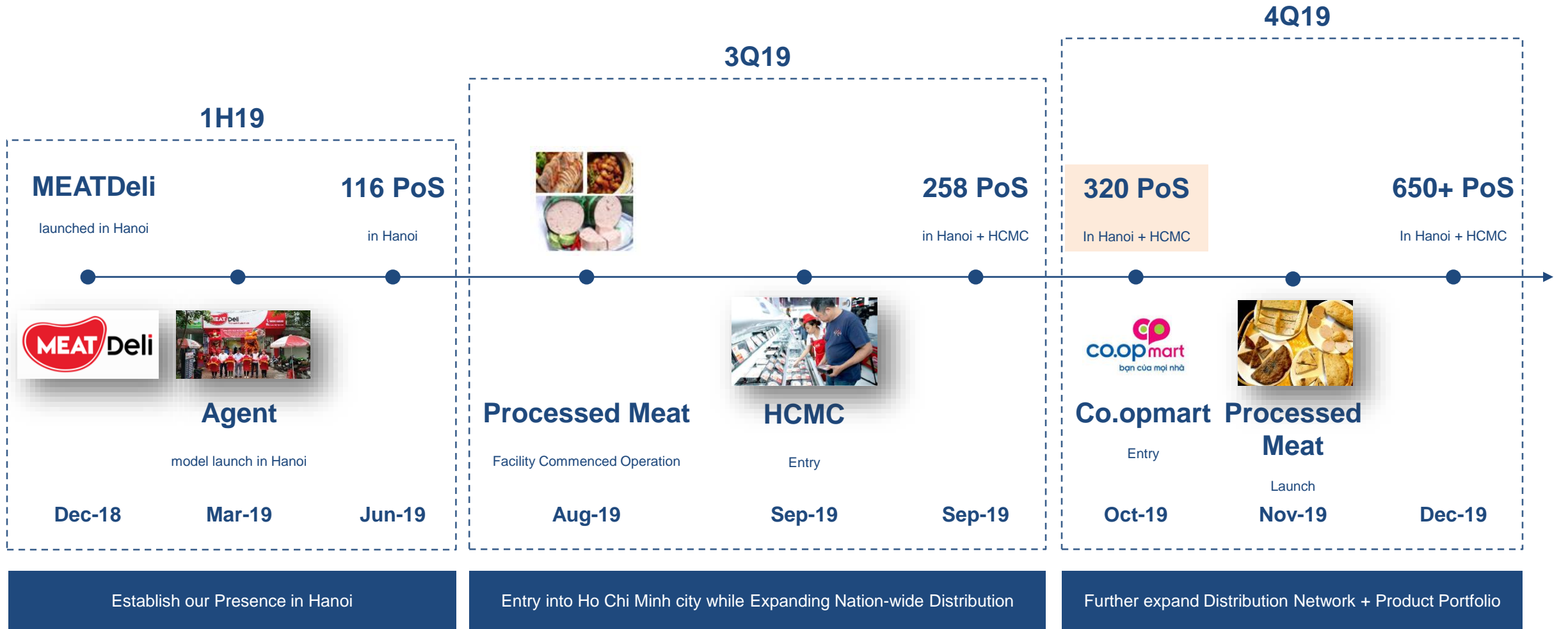
- Slightly higher Debt to EBITDA, due to CAPEX requirement for building nationwide meat platform and lower EBITDA than expectation

Business Update

9M2019



MML: Meat strategy tracking management expectation + relentless execution

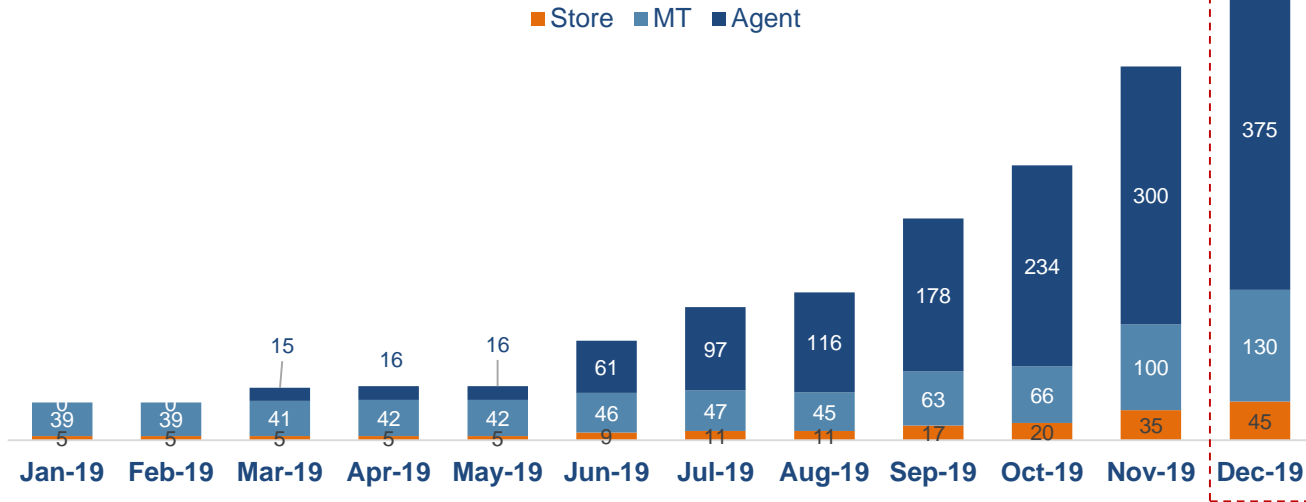


Oct-19 number of PoS is as of 24th-Oct

MML: 31% MEATDeli growth month on month since June 2019

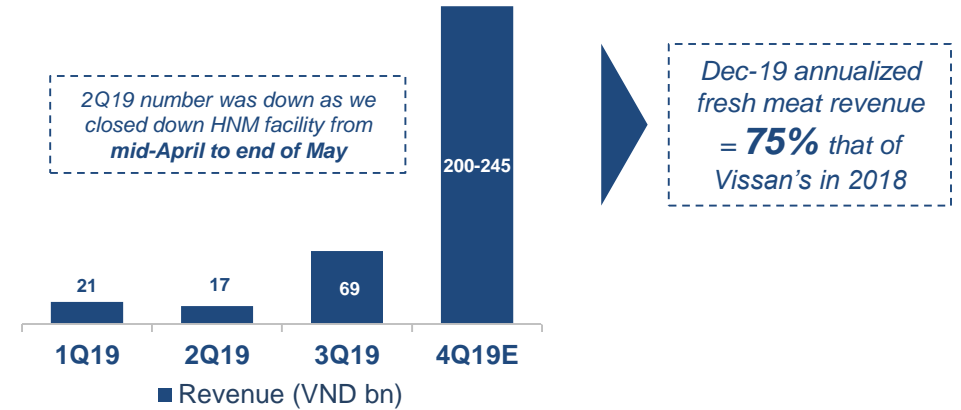
At least 550 PoS by Dec-19

MML Meat Distribution Expansion



MML Meat Revenue

(VND bn)



Oct-19 number of PoS is as of 24th-Oct
Nov + Dec number is based on our conservative forecast

MEATDeli Store

24% monthly volume CAGR

17 stores by Sep-19

MT (Store-in-store)

55%+ share in VinMart Ha Noi

2.5x Sell-in volume in 7 months

Agent

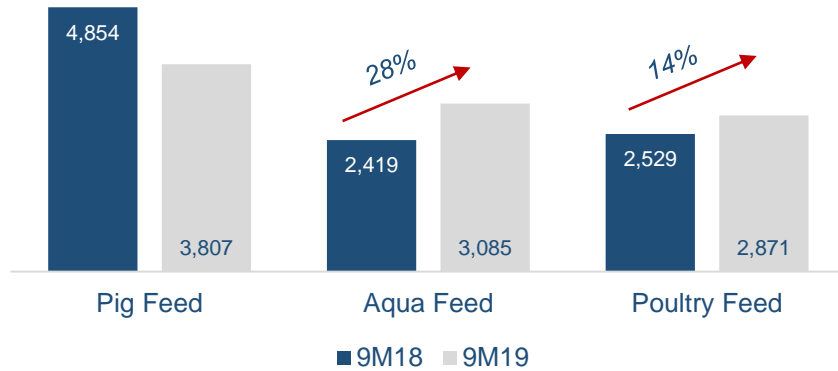
66% monthly volume CAGR

117 successful agents opened in 3Q19

MML: Poultry + Aqua covers for ASF impact in short term

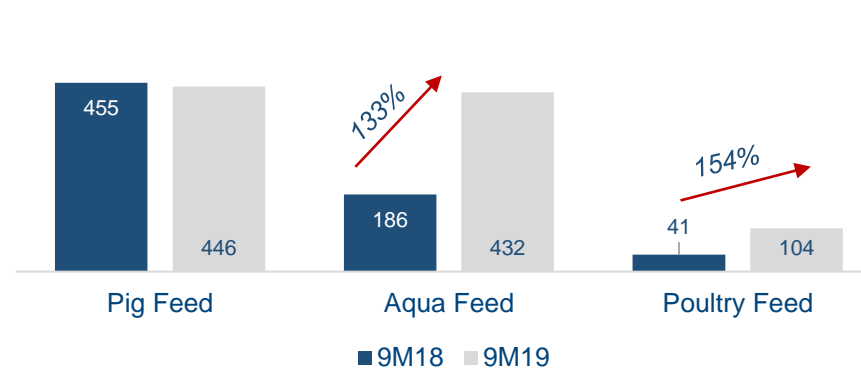
9M18 vs 9M19 Revenue by Segment

(VND bn)



9M18 vs 9M19 Profitability by Segment

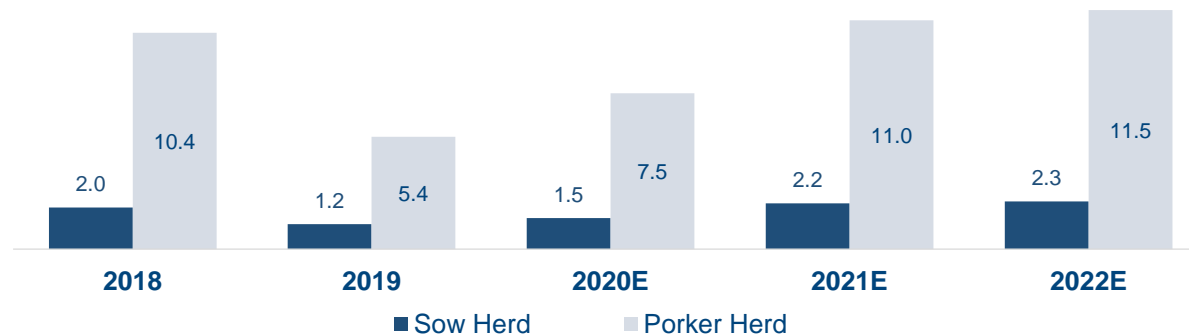
(VND bn)



Aqua and Poultry Feed is picking up to cover Pig's portion in both revenue and profitability

Sow herd + Porker Herd Forecast

(mn heads/ mn heads)



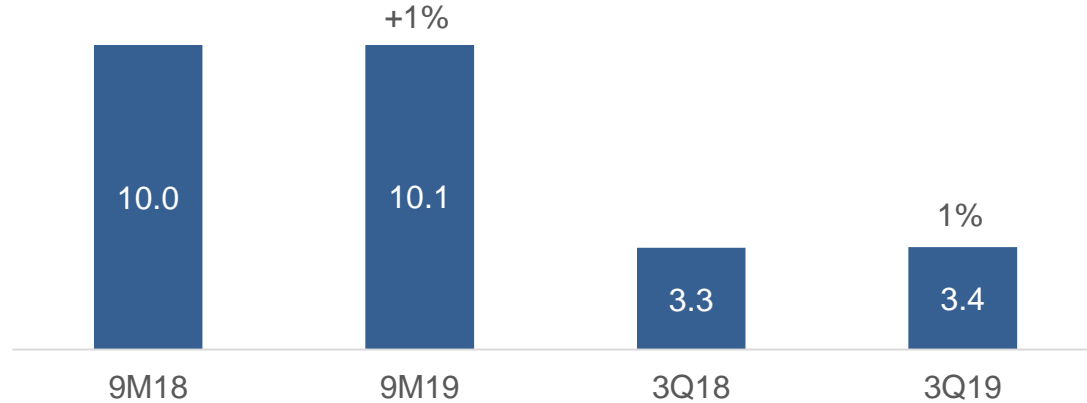
Expect strong rebound in pig commercial feed consumption volume as ASF impact reduced in 2H2020 and farmers start to re-herd aggressively

MML CMK Data. 2019 data is as of September. Forecast data are Dec data balance

MML: Protecting profits despite ASF impact while meat is ramping up

REVENUE

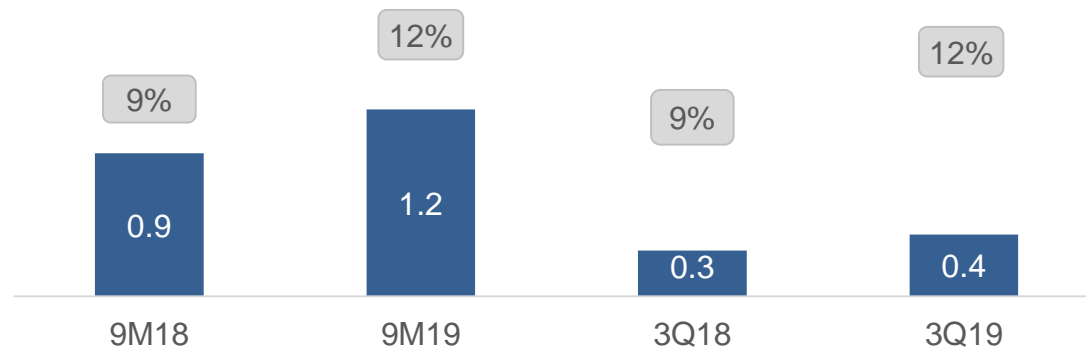
(VND trillion)



EBITDA

(VND trillion)

■ EBITDA ■ EBITDA margin



KEY HIGHLIGHTS

9M2019 Performance:

- Delivered VND10,104 billion in net revenue for 9M2019, up 0.7% compared to 9M2018 excluding meat business which will be recognized from 4Q2019
- **Branded Meat:**
 - MEATDeli delivered VND69 billion net revenue in 3Q2019, increased by 31% month on month since June 2019.
 - Management expects to deliver December 2019 net revenue of VND100 billion implying full year net revenue of VND1,200bn, ~75% of Vissan's fresh meat revenue
 - As of October 2019, MML has opened 320 successful cold chain point of sales in Ha Noi and Ho Chi Minh
- **Feed:**
 - Lower pig feed sales as ASF resulted in a 20%+ decline in Vietnam pig's population, although offset by strong double digit growth in poultry and aqua feed segment
- **Protecting bottom-line despite unfavorable market conditions.**
 - Feed division delivered strong EBITDA growth driven by double digit aqua and poultry topline growth and procurement strategy to increase gross margin to 17%.

MCH: Beverage and value added innovation portfolio tracking medium-term growth KPIs

REVENUE

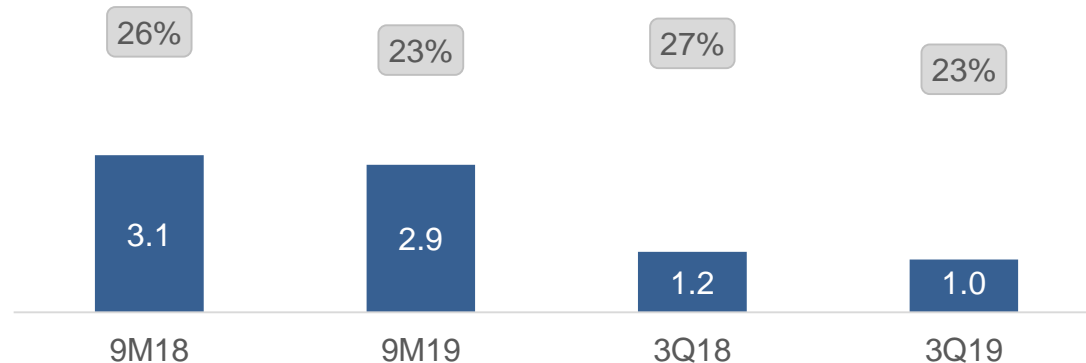
(VND trillion)



EBITDA

(VND trillion)

■ EBITDA ■ EBITDA margin



KEY HIGHLIGHTS





9M2019 Performance:

- **Delivered 5.7% net revenue growth for 9M2019 vs. 9M2018, 4Q2019 expected to deliver strong double digit growth**
 - **Beverage:** 35.4% growth in 3Q2019 backed by 41.4% growth in energy drinks and 21.7% growth in bottled water. Overall for 9M2019, beverages delivered 29.4% topline growth
 - **Seasoning:** premiumization on track with premium contribution of 11% as of end 3Q2019 and contribution expected to increase to 12% with successful launch of Nam Ngu Phu Quoc
 - **Convenience Foods:** premium portfolio grew by 15% for 9M2019 compared to 9M2018 and overall category expected to deliver 10%+ topline growth for FY2019

- **Lower EBITDA margin as gross margin declined by 340 bps, partially offset with 70 bps reduction in SG&A spending**
 - Lower gross margin as impact of new innovations which initially have lower margins, higher raw fish sauce prices and adjustment to noodle pricing policy
 - Continue to invest in SG&A to launch innovations and drive medium term growth

MCH: 6% revenue growth, supported by double-digit growth of beverage and processed meat

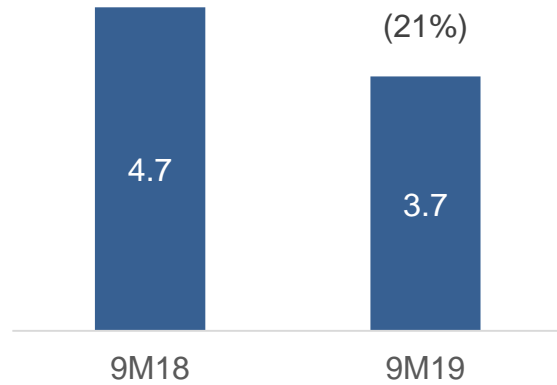
HIGHLIGHTS OF 9M19 VERSUS 9M18

					
<p><u>Seasonings</u> Flat 9M revenue growth (~38% revenue contribution)</p>	<p><u>Noodle</u> 5% 9M revenue growth (~27% revenue contribution)</p>	<p><u>Beverage</u> 29% 9M revenue growth (~20% revenue contribution)</p>	<p><u>Incubation Portfolio</u> (3)% 9M revenue growth (~15% revenue contribution)</p>		
<ul style="list-style-type: none"> Flat revenue mainly due to lower sales of fish sauce, however volumes are now back to normal run-rate Premium fish sauce portfolio continues to growth as expected, and contributed 11% of total fish sauce revenue Granule continues to emerge as a strong contributor to topline with double digit volume share as of September-2019 	<ul style="list-style-type: none"> Revenue growth would have been 7%, but was affected by changing pricing policy in mainstream noodles Premium portfolio delivered 15% growth for 9M2019 Full-meal solutions portfolio was up over 60% compared to 9M2019 	<ul style="list-style-type: none"> Energy drink segments continues to be powered by 30% growth in WakeUp 247 brand Compact also starts to gain traction supported by increased distribution coverage 	<p><u>Coffee</u></p> <ul style="list-style-type: none"> Flat quarter compared to 2Q2019 New SKU launched in 3Q2019 showing initial momentum in Mekong Delta Management is assessing new business model concepts to turnaround category 	<p><u>Processed Meat</u></p> <ul style="list-style-type: none"> Delivered 156.6% growth in net revenue for 3Q2019, and up 102.0% for 9M2019. Partnership with Jin-Ju materializing, with solid innovation pipeline and on track to deliver 2x topline growth 	<p><u>Beer</u></p> <ul style="list-style-type: none"> Continues to underperform against management expectations, revenue in 2019 is expected to be flat compared to 2018

MSR: Challenging tungsten pricing environment impacts 9M2019 performance

REVENUE

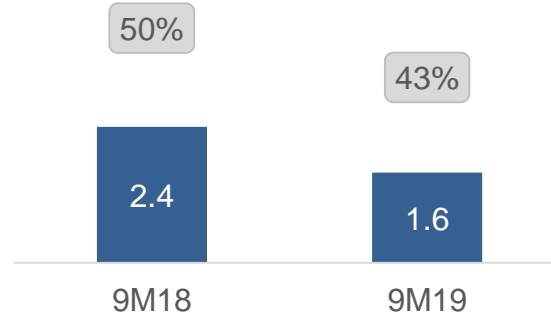
(VND trillion)



EBITDA

(VND trillion)

■ EBITDA ■ EBITDA margin



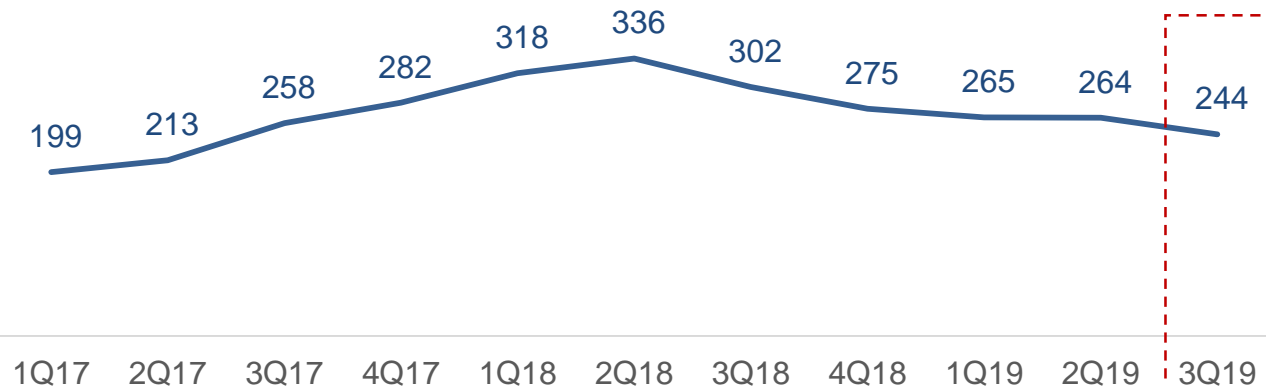
KEY HIGHLIGHTS

- Announced acquisition of H.C. Starck's tungsten unit, which will enable MSR to become a true mid-stream tungsten player
- Revenue de-grew by 21%, because of lower realized prices for Tungsten and a build-up in Tungsten stocks due to soft market conditions and Copper stocks.
- Drag on profitability as tungsten prices dropped in 3Q2019 but benefited from one-time income due to international arbitration settlement with Jacobs
- Price Environment Update**
 - Economic headwinds persisted and worsened during 3Q2019, as the ongoing US-China trade tensions and its impact on world economic growth forecasts continued to impact the tungsten, copper and bismuth markets. In addition, market uncertainty in Tungsten was impacted by ongoing concerns over the release of Fanya stocks in the China market and the uncertainty surrounding the prices at which Fanya stocks would be liquidated.
 - These 28,336 tons of Tungsten stocks were successfully sold in September 2019 and have reduced market fears with prices recovering to US\$225-45/mtu during the early part of October. At current prices, 70%+ of Chinese producers are losing money and therefore management expects further price increases.

APT PRICES

(USD/mtu)

APT price was down to sub 180 level in 3Q-19



FY2019: Topline target of VND38-40 trillion, core NPAT post MI target of VND3.5-3.6 trillion

(VND trillion)	2018A	2019 Low	2019 High	9M2019	Year-To-Go Low	% YTG Low
Revenue	38.2	38.0	40.0	26.4	11.6	30%
NPAT Post-MI	4.9	5.0	5.5	4.1	0.9	18%
Core NPAT Post-MI	3.5 ¹	3.5 ²	3.6	2.5	1.0	28%
Core NPAT margin	9%	9%	9%	9%		

MCH

- FY2019 net revenue expected to grow by 10% to 15%
- Accelerating premiumization contribution in seasonings and convenience foods and strong double-digit growth in beverages and processed meat would be growth drivers

Key risks: Unsuccessful or slower consumer offtake of innovation pipeline and inability to deliver growth in beer and coffee business

MML

- FY2019 net revenue expected to growth single-digits to low double-digits

Meat:

- Distribution expansion and launch of new value-added products
- Fresh meat revenue expected to contribute 10% of MML

Feed:

- Growth momentum in poultry and aqua feed
- Feed business is expected to grow mid-single digits

Key risks: Larger impact from ASF, which could further impact feed sales and scaling-up meat business distribution network

MSR

- Dependent on commodity prices during 4Q2019

1) Excludes net one-time gains (non-core) of VND1,472 billion in 9M2018 primarily from the “deemed disposal” of the Company’s interest in Techcombank as a result of the bank’s recent equity issuances at a price higher than the Company’s carrying value.

2) Excludes VND1,651 billion in net one-off income at MSR in 3Q2019, due to settlement of international arbitration case between NPMC and Jacobs.

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