



1H2019 Business Update

30 July 2019



Vietnam's leading diversified consumer platform

M A S A N
GROUP



("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

1H2019



1H2019: Core Profit Jumps by 37% in 2Q2019 and 20% in 1H2019

KEY FINANCIALS						
(VND trillion)	1H18	1H19	% Growth	2Q18	2Q19	% Growth
Revenue	17.5	17.4	(0)%	9.2	9.3	1%
MCH	7.5	8.0	6%	3.9	4.2	7%
MML	6.7	6.7	1%	3.5	3.6	2%
MSR	3.2	2.7	(17)%	1.8	1.5	(14)%
EBITDA	5.1	4.9	(5)%	2.5	2.5	(1)%
NPAT Post-MI	3.0	1.9	(38)%	2.2	1.0	(54)%
Core NPAT Post-MI ¹	1.6	1.9	20%	0.7	1.0	37%
<i>EBITDA margin</i>	<i>29%</i>	<i>28%</i>	<i>(1)%</i>	<i>28%</i>	<i>27%</i>	<i>(0)%</i>
<i>Core NPAT margin</i>	<i>9%</i>	<i>11%</i>	<i>2%</i>	<i>8%</i>	<i>11%</i>	<i>3%</i>
EPS (VND/share)	2,619	1,618	(38)%	1,914	874	(54)%
Core EPS ² (VND/share)	1,350	1,618	20%	643	874	36%

1) Excludes net one-time gains (non-core) of VND1,472 billion in 1H2018 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) 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"> Delivered core NPAT Post-MI of VND1,882 billion in 1H2019, up 20.5% to 1H2018 <ul style="list-style-type: none"> Double digit profit margins, 10.8% NPAT Post-MI margin in 1H2019, up 186bps compared to 1H2018 despite Masan Resources underperformance 30.9% reduction in financial expenses to VND1,086 billion and 19.9% reduction in minority interest to VND310 billion in the same period Deleveraging initiatives have yielded shareholder returns, core EPS growth of 20% and enabled investment for sustainable medium-term top line growth 	
<ul style="list-style-type: none"> Consolidated net revenue growth improving, 1% growth in 2Q2019, compared to 1% decline in 1Q2019. For 1H2019, MSN net revenue was down 0.3% <ul style="list-style-type: none"> Masan Consumer Holdings (“MCH”) <ul style="list-style-type: none"> Revenue growth accelerated, 6.6% in 2Q2019, compared to 5.4% in 1Q2019 20%+ topline growth expected for FY2019 as foods portfolio catches up with full year expectation in 2H2019 and beverages on-track for double-digit growth Masan MEATLife (“MML”) <ul style="list-style-type: none"> MEATDeli pilot launch has been successful by serving over 700,000 consumers till date through 125 points of sales, which solidifies meat strategy and confidence in medium-term outlook of the business Feed business stabilized as topline grew 0.7% in 1H2019. Management expects pig feed business to deliver single-digit growth in 2H2019 as large farm partnerships ramp-up Masan Resources (“MSR”) <ul style="list-style-type: none"> Challenging tungsten environment negatively impacts performance with 17% decline in revenue 	

1H2019: Core Profit Jumps by 37% in 2Q2019 and 20% in 1H2019

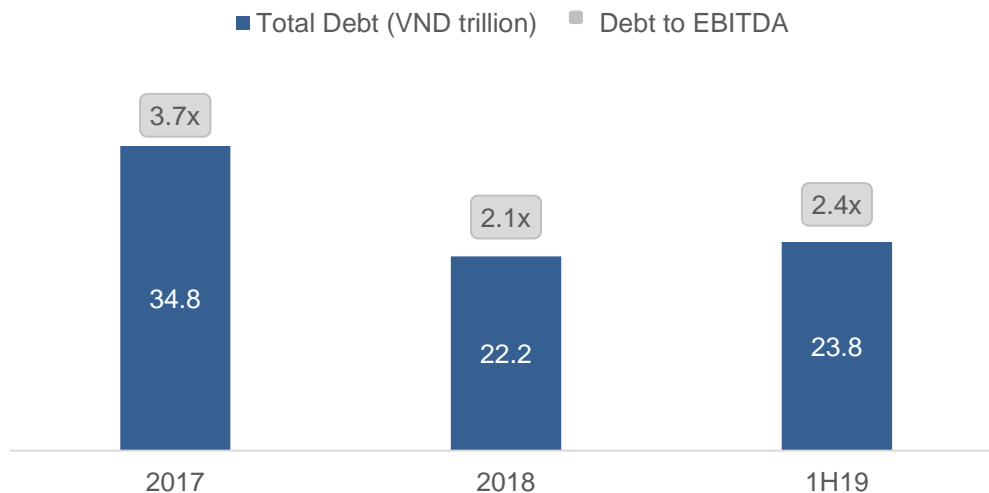
CORE NPAT POST-MI



KEY HIGHLIGHTS

- Core 1H2019 NPAT Post-MI reached VND1,882 billion, up 20.5% compared to core 1H2018 profit of VND1,562 billion
 - Reduced financial expenses and lower minority interests were the key drivers
 - Consolidated gross margin declined by 250 bps in 1H2019, due to lower gross margins at MCH, new innovations which initially have lower margins, raw fish sauce price and adjustment to noodles pricing policy, and at MSR due to challenging Tungsten environment
 - Consolidated SG&A as percentage of net revenue improved by 90 bps in 1H2019 as Group continues to drive efficiency and productivity

GROSS DEBT



KEY HIGHLIGHTS

- Slightly higher Debt to EBITDA, due to higher CAPEX requirement for building Meat platform

Masan Nutri-Science name changed to Masan MEATLife (“MML”)

“Reflecting a transformation from an agri-commodity business into a branded consumer meat business”



UPCOM LISTING IN 2019

Masan plans to list its subsidiary on UPCOM in 2019 as part of its strategic evolution into a fast-growing FMCG company

- Better communicate MML’s track record to the public and promote greater transparency for shareholders
- A strategic step towards MML’s plan to pursue an international style IPO on the HOSE in 2022-2023
- Consistent with Masan Group’s overall strategic roadmap to list all of its main subsidiaries on main board exchanges in 2022-2023, which is expected to unlock significant value for shareholders

CONSUMER MEAT BUSINESS TARGET 2022

Meat Market Share

10% Volume / 15% Value

Meat Revenue Contribution

50-70% of revenue

Individual Business Update

1H2019



MCH: Delivered 6.0% net revenue growth in 1H2019 and expected to deliver double-digit growth in 2H2019

REVENUE

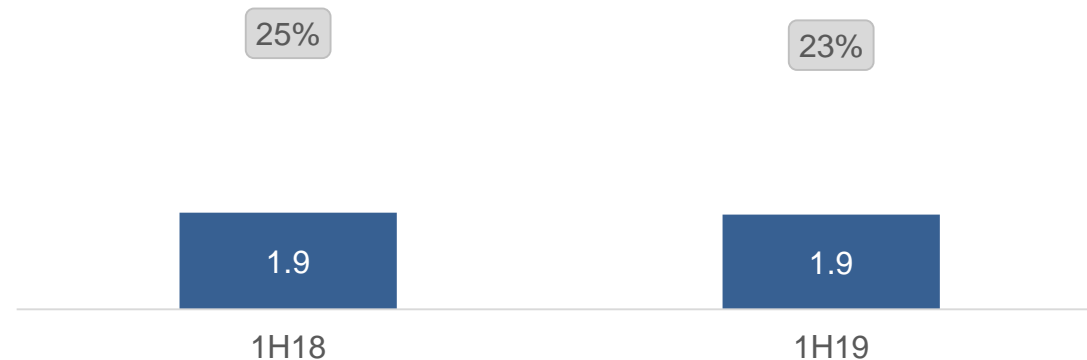
(VND trillion)



EBITDA

(VND trillion)

■ EBITDA ■ EBITDA margin



KEY HIGHLIGHTS

1H2019 Performance:





- **Delivered revenue growth of 6.6% in 2Q2019, compared to 5.4% in 1Q2019. Overall, delivered 6.0% growth in 1H2019**
 - Beverages category was up 26.2% in 1H2019
 - Foods, seasoning and convenience foods, grew slightly in 2Q2019. Premium portfolio continues to be main growth contributor consistent with management's medium-term strategy
 - Processed meat business scaling up with growth of 68.2%
- **Lower EBITDA margin as gross margin declined by 370 bps, partially offset with 208 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
 - More efficient marketing and sales spend led to better SG&A

2H2019 Performance:

- Foods are expected to deliver double-digit growth driven by recovery of core seasoning brands and scaling up of 4 new convenience food innovations launched in 1H2019.
- Beverage is on track to deliver FY2019 target. Compact Cherry flavor, launched in July-19, is tracking above initial expectations, with strong repurchase rate and coverage of 70,000 POS
- Processed meat is expected to accelerate further as platform synergizes with MEATDeli's brand equity, delicious and safe for health

MCH: 5% growth in Foods revenue, supported by double-digit growth of beverage and processed meat

HIGHLIGHTS OF 1H19 VERSUS 1H18

					
<p><u>Seasonings</u> 3% 1H revenue growth <i>(~40% revenue contribution)</i></p>	<p><u>Noodle</u> 7% 1H revenue growth <i>(~25% revenue contribution)</i></p>	<p><u>Beverage</u> 26% 1H revenue growth <i>(~20% revenue contribution)</i></p>	<p><u>Incubation Portfolio</u> (5)% 1H revenue growth <i>(~15% revenue contribution)</i></p>		
<ul style="list-style-type: none"> Slower growth than expected due to lower run-rate of sales in Mar-Apr-2019 compared to normal run-rate. Premium fish sauce portfolio growth in-line. Granules emerging as strong contributor but still under observation Expected to deliver double-digit growth in 2H2019 as core portfolio monthly run-rate sales have started to stabilize in Jun 2019 	<ul style="list-style-type: none"> Convenience foods premium portfolio delivered ~27% growth for 1H2019 and full-meal solution portfolio up 45% compared to 1H2018. Expected to grow double-digit in 2H2019 	<ul style="list-style-type: none"> Energy drink segment grew by 28.4% for 1H2019, as increased distribution coverage and new SKU formats drive growth Launch of Compact cherry flavor energy drink tracking above initial expectations On-track to deliver FY2019 targets 	<p><u>Coffee</u></p> <ul style="list-style-type: none"> Delivered a stronger quarter compared to 1Q, but still declined 4.8% in 2Q2019 compared to 2Q2018 Growth of category will be dependent on successful innovation of new coffee formats not just instant coffee Management working on innovation pipeline and assessing new business model concepts 	<p><u>Processed Meat</u></p> <ul style="list-style-type: none"> Delivered 80.8% growth in net revenue for 2Q2019, and up 68.2% for 1H2019. 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, net revenue in 2Q2019 dropped by 7.0% compared to 2Q2018

MML: Branded meat strategy materializing, while Feed business stabilized in 1H2019

REVENUE

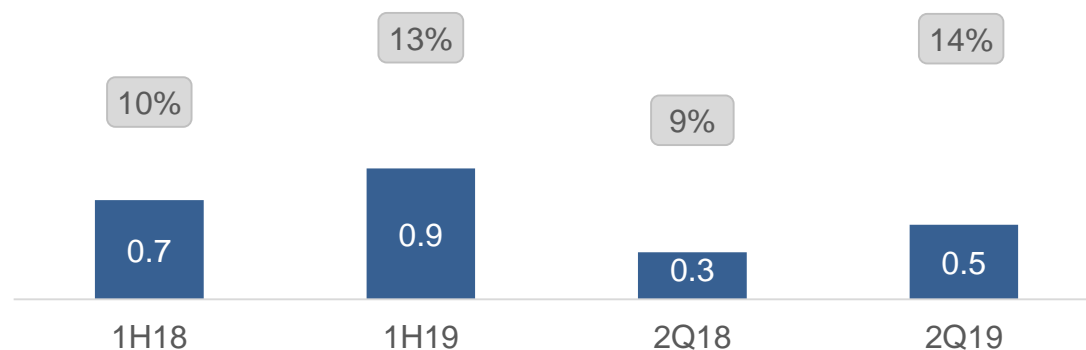
(VND trillion)



EBITDA

(VND trillion)

■ EBITDA ■ EBITDA margin



KEY HIGHLIGHTS

1H2019 Performance:

■ Branded Meat:

- Jun 2019, 1-month post re-opening of Ha Nam meat complex, MEATDeli sales were back to peak levels achieved in March-April 2019 demonstrating quality of product and consumer's demand for MML's branded chilled pork innovation
- MEATDeli brand has served over 700,000 consumers, with more than 125 POS in Northern Vietnam

- **Feed:** Both poultry and aqua feed were up in double-digits during 1H2019, offset by 17% decline in pig feed business.

■ Protecting bottom-line despite unfavorable market conditions.

- EBITDA margin was up 260 bps in 1H2019, mainly due to lower raw material prices, supported by rationalized SG&A spending.
- Continuous rationalization of SG&A spending will drive operating margins in pig feed to aqua feed levels of ~10-11%

2H2019 Performance:

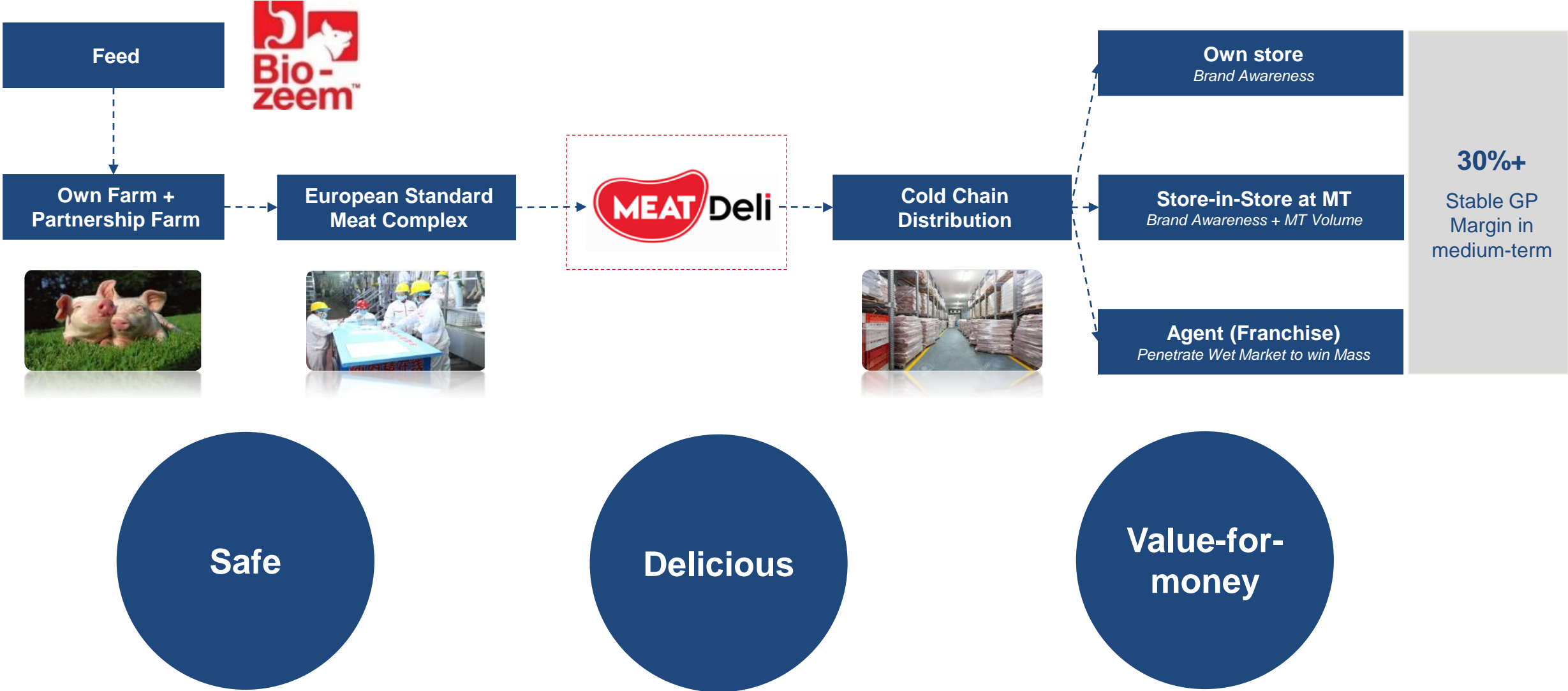
■ Branded Meat:

- MEATDeli brand to be launched in Ho Chi Minh City in Sep 2019 and value-added processed chilled meat products in 2H2019.
- MEATDeli brand is expected to deliver between VND500 billion to VND1 trillion in revenues during FY2019, with more than 500 POS in both North and South region

■ Feed:

- Pig feed is expected to grow in 2H2019 as strategy to acquire large commercial pig farmers ramps-up

MML: Integrated business model



MML right distribution model gives us confidence to achieve 15% value share of meat market in 2022

DISTRIBUTION CHANNEL

MEATDeli Store



- Convert wet market shoppers
- Volume + Brand building channel

MEATDeli Store-In-Store (MT)



- MT Shoppers
- Brand building channel

MEATDeli Agents



- Convert wet market shoppers
- Volume driven channel

1Q2019

5 MEATDeli Stores

100% Vinmart stores

18 MEATDeli Agents

2Q2019

9 MEATDeli Stores

100% Vinmart stores

61 MEATDeli Agents

FY2019 Targets

90+ MEATDeli Stores

80% MT coverage^(*)

500+ MEATDeli Agents

FY2022 Targets

300+ MEATDeli Stores

500 store-in-store

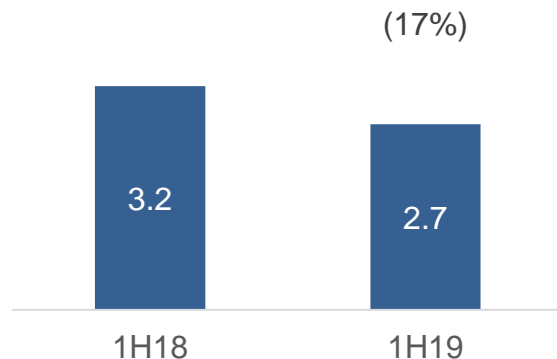
4,400+ MEATDeli Agents

(*) At addressable MT

MSR: Challenging tungsten pricing environment impact 1H2019 performance

REVENUE

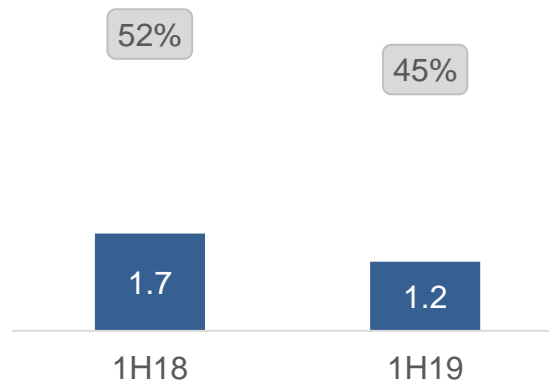
(VND trillion)



EBITDA

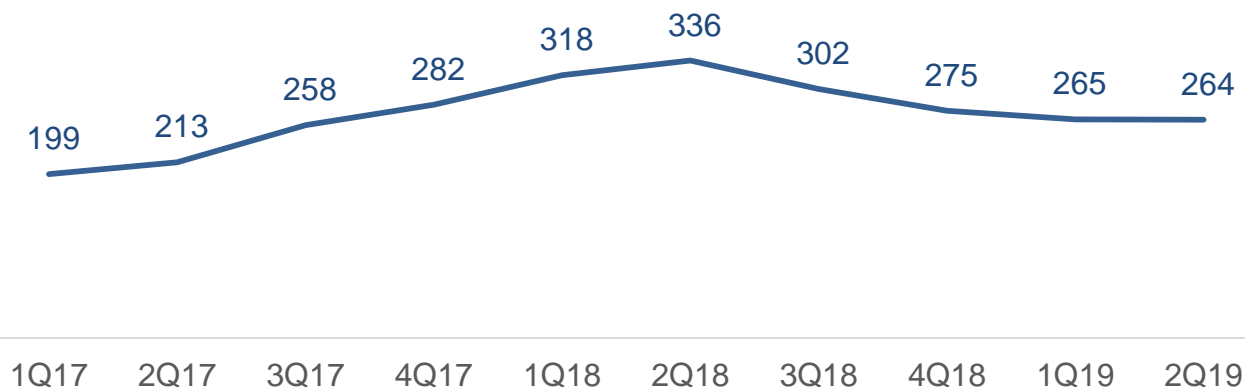
(VND trillion)

■ EBITDA ■ EBITDA margin



APT PRICES

(USD/mtu)



KEY HIGHLIGHTS

- Revenue de-grew by 17%, mainly due to soft tungsten market conditions and copper inventory
- Price Environment Update**
 - As reported in 4Q2018 and 1Q2019, US-China trade tensions continue to influence demand with further downward pricing pressure since 1Q2019 on all MSR products, except Fluorspar
 - For Tungsten, supply-side structural shift continues to take place in China. Management believes tungsten market has **already bottomed-out and expects a rebound in late 3Q2019** due to potential resolution of China-US trade war. In addition, China controls 80% of global tungsten market, may cutback supply to the rest of the world as a majority of their tungsten businesses are underwater at current price levels
- 2H2019 Performance**
 - Aim to minimize inventory levels at the end of the year to build cash in challenging environment
 - Management plans to clear copper inventory over the next 6-12 months

FY2019: Maintain FY2019 targets supported by double-digit growth of MCH and branded meat ramping-up

(VND trillion)	2018A	2019 Low	2019 High	1H2019	Year-To-Go Low	% YTG Low
Revenue	38.2	45.0	50.0	17.4	27.6	61%
NPAT Post-MI	4.9	5.0	5.5	1.8	3.2	63%
Core NPAT Post-MI	3.5 ¹	5.0	5.5	1.8	3.2	63%
Core NPAT margin	9%	11%	11%	11%	11%	

MCH

- Accelerating premiumization contribution in seasonings and convenience foods. Seasoning will recover from slower growth in 2Q2019
- Strong double-digit growth in beverages and processed meat
- More innovations to be launched in 2H2019 to drive growth

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

MML

Meat:

- Ramping-up momentum continues
- Distribution expansion and launch of new value-added products

Feed:

- Focused campaigns to win commercial pig farmers
- Growth momentum in poultry and aqua feed

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 2H2019

1) Excludes net one-time gains (non-core) of VND1,472 billion in 1H2018 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.

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