

**FOR IMMEDIATE RELEASE**

**Highest 1Q Net Revenue in Masan Consumer's History**

**Ho Chi Minh City, 23 April 2019** – Masan Consumer Corporation (**HNX-UPCoM: MCH**, “Masan Consumer”, and the “Company”), reported its management accounts for 1Q2019 today.

- MCH delivered VND3,697 billion in net revenue during 1Q2019, up 5.8% vs VND3,496 billion in 1Q2018, as premiumization strategy continued to gain momentum and beverages (bottled water and energy drinks) portfolio continued to deliver double digit topline growth.
- Net revenue growth expected to ramp-up in next few quarters due to innovation launches across categories and as investments on brand-building are realized.

**1Q2019 Financial Highlights**

<b>VND Billion</b>	<b>1Q2019 Growth</b>
<b>Net Revenue<sup>1</sup></b>	<b>5.8%</b>
Seasonings	5.2%
Convenience Foods <sup>2</sup>	4.5%
Processed Meat	52.6%
Coffee	(37.8)%
Beverages (Non-alcoholic)	28.2%
Others <sup>3</sup>	9.9%
<b>Gross Profit</b>	<b>(4.9)%</b>
<b>NPAT Post-MI</b>	<b>1.8%</b>

**Category Update**

- **Seasonings:** Overall, seasonings category delivered 5.2% net revenue growth in 1Q2019 vs 1Q2018.
  - Premium fish sauce portfolio continues to grow strongly, with 8.8% growth in 1Q2019. Premium products now account for 12.4% of the portfolio, compared to 11.6% in 1Q2018, driven by strong growth in premium brands like Nam Ngu Phu Quoc.
  - Chili sauce continues to be a significant growth driver, over 20% growth in net revenue during 1Q2019, as the overall seasonings is category expected to deliver ~10% growth for FY2019.
- **Convenience foods:** Category net revenue was up 4.5% in 1Q2019, compared to 1Q2018.
  - Premium portfolio (Omachi brand of products) delivered 15.2% growth in 1Q2019 and now represents nearly 50% of the portfolio.
  - Omachi continues to be a trend-setter in the market with its innovative full-meal solutions. Full meal solutions like Omachi Cup and Omachi Business Class etc., now account for 7.8% of convenience foods category, helping to deliver much higher growth compared to only “pouch” instant noodles.

<sup>1</sup> These numbers are based on management figures.

<sup>2</sup> Includes instant noodle and instant congee

<sup>3</sup> Includes nutrition cereals and exports

- Gross margins for this category are expected to be affected in 2019, due to higher COGS for full-meal solutions, higher raw material and packaging costs for the category.
- **Beverages:** Category net revenue was up 28.2% in 1Q2019, compared to 1Q2018, with both energy drinks (69% revenue contribution) and bottled water (31% revenue contribution) growing topline by more than 25%.
  - Energy drinks net revenue was up 27.7% in 1Q2019, with all the growth attributable to increased volumes. Energy drinks brand, “Wake-Up 247” is now available in cans as well, compared to just PET bottles earlier.
  - Premium mineral water brand has received strong consumer response since launch. As a result, bottled water category revenues were up 29.2% in 1Q2019. Management believes, “Vivant” can become an umbrella brand to build a healthy mineral-based drinks portfolio for Vietnamese consumers in the near future.
  - Focused brand communication and increase in beverage distribution POS have been the main growth drivers for this category, which is expected to grow more than 40% in FY2019.
- **Processed meat:** “Ponnie” brand continues to track really well, as it helped to deliver 52.6% growth in processed meat category sales during 1Q2019.
  - Ponnie is just the beginning of the processed meat journey. With a significant innovation pipeline focused on “Vietnamese-taste”, this category is on track to deliver 2-3x topline growth in 2019 and positioned to be a major growth category going forward
- **Coffee:** MCH’s coffee category (excluding Wake-Up 247, which is covered under beverages) declined by 37.8% compared to 1Q2018.
  - Management still believes in the long-term growth potential of coffee and are under innovation process to develop unique coffee formats to penetrate the roast and ground (R&G) market worth USD1.1 billion.
  - R&G segment is largely unbranded and is more than 3x the size of the instant coffee market. Masan will secure an R&D coffee specialist in 2019 to drive its coffee innovation plans.

### **Profitability Analysis**

- Gross margin was 43.3% in 1Q2019, lower than 1Q2018 gross margin, due to higher cost of goods sold for full-meal solutions, higher raw material prices for seasonings and convenience foods and higher packaging costs like increased PET prices. Management expects to implement an action plan to enhance MCH’s gross margins.
- SG&A expenses for MCH were down 9.2% to VND779 billion in 1Q2019, compared to VND858 billion in 1Q2018. In line with the stated strategy to optimize SG&A spending, MCH delivered a 350 basis points reduction in consolidated SG&A as percentage of revenue in 1Q2019.
- As a result, EBITDA was virtually unchanged at VND1,004 billion in 1Q2019 (27.2% EBITDA margin), compared to VND1,005 billion in the same period last year.
- MCH achieved net profit after tax post minority interest of VND794 billion in 1Q2019, up 1.8% compared to 1Q2018, mainly due to lower minority interest expenses.
- MCH delivered 21.5% net profit margin in 1Q2019, one of the highest in Vietnam’s branded food and beverage industry.

## **2019 Financial Estimates**

- **2019 is expected to deliver top and bottom line growth above 20%:** MCH net revenue is expected to grow in the range of VND20.4 – 22.3 trillion, growth of 20% to 31% compared to FY2018. Drivers will be accelerating premiumization contribution in seasonings and convenience foods and beverage portfolio growing at similar pace as witnessed in 2018. Primary risks will be unsuccessful or slower consumer offtake of innovation pipeline. In 2019, MCH is expected to deliver net profits post minority interest in the range of VND4 – 4.2 trillion, representing growth of 20% to 25%.

## **MASAN CONSUMER CORPORATION**

Masan Consumer Corporation (**HNX-UPCoM: MCH**), a subsidiary of Masan Group Corporation, is one of Vietnam's largest branded food and beverage companies with market leadership in large consumer categories such as seasonings, convenience food, and beverages. Masan Consumer Corporation's portfolio includes some of Vietnam's most trusted and loved brands such as Chin-su, Nam Ngu, Tam Thai Tu, Omachi, Kokomi, Vinacafe, Wake-Up, Vinh Hao, and Quang Hanh.

### **CONTACTS:**

*Investors/Analysts*

Tanveer Gill

T: +848 6256 3862

E: [tanveer@msn.masangroup.com](mailto:tanveer@msn.masangroup.com)

*Media*

Thuy Vu

T: +848 6256 3862

E: [thuy@msn.masangroup.com](mailto:thuy@msn.masangroup.com)

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