

FOR IMMEDIATE RELEASE

Masan Consumer Achieved Net Profit Post MI of VND780 billion in 1Q2018, Increase of ~6.5x as a Result of Higher Sales and Increased Profit Margins

Ho Chi Minh City, 24 April 2018 – Masan Consumer Corporation (HNX-UPCoM: MCH, “Masan Consumer”, and the “Company”), reported its management accounts for the first quarter of 2018 today.

- MCH’s 1Q2018 net revenue increased by 74.9% to VND3,496 billion compared to 1Q2017 revenue of VND1,999 billion, as a result of premiumization and innovation of seasonings and convenience foods, and continued momentum in beverage and processed meat.
- Stock levels were maintained at an optimal level of 2-3 weeks, same as YE2017. In addition, MCH was able to cut back on trade promotion expenses and invest more into building brands, as a result, EBITDA increased by 347.0% during 1Q2018 to VND1,005 billion compared to VND225 billion during same period last year. With greater investment in marketing, MCH is now a top 3 advertiser in Vietnam.

VND Billion	1Q2017	1Q2018	Growth '18 vs. '17
Net Revenue¹	1,999	3,496	74.9%
Seasonings	764	1,565	104.8%
Convenience Foods ²	596	976	63.7%
Processed Meat	34	36	5.6%
Coffee	166	298	79.5%
Beverages	363	514	41.7%
Others ³	76	107	40.8%
Gross Profit	848	1,684	98.7%
SG&A	796	858	7.8%
EBITDA	225	1,005	347.0%
NPAT Post-MI	120	780	552.1%
<i>Gross margin</i>	<i>42.4%</i>	<i>48.2%</i>	
<i>%SG&A over net revenue</i>	<i>39.8%</i>	<i>24.5%</i>	
<i>EBITDA margin</i>	<i>11.2%</i>	<i>28.8%</i>	
<i>NPAT Post-MI margin</i>	<i>6.0%</i>	<i>22.3%</i>	

- **Seasonings growth backed by recovery of core brands and premium innovations launched in 2017:** Seasonings’ net revenue in 1Q2018 increased by 104.8% to VND1,565 billion from VND764 billion in 1Q2017. Revenue growth was backed by recovery of core brands, Nam Ngu and Chin-su, as volume contributed 74% of the growth, with the rest from higher ASP’s. Notably, clear signs of consumers up-trading from the strong volume growth of Chin-su fish sauce of 323% compared to the growth of 78% in Nam Ngu fish sauce. Soya sauce saw the same trend in which, volume sales from Chin-su brand (up

¹ These numbers are based on management figures.

² Includes instant noodle and instant congee

³ Includes nutrition cereals and exports

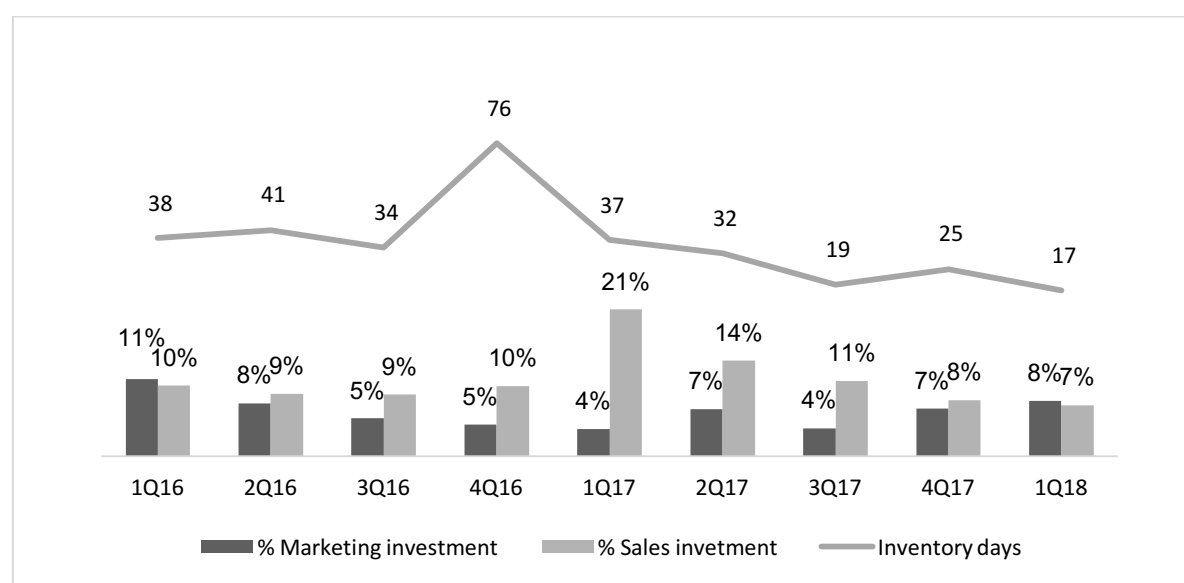
136%) grew much faster than Tam Thai Tu brand (up 29%). Moreover, new premium fish sauce launched in 2017 including “Nam Ngu Phu Quoc” (launched in 2Q2017), “Nam Ngu Nhan Vang” (launched in 4Q2017) and “Chin-su Man Ma” (launched in 4Q2017) allowed Masan to gain 1.5% in additional market share in fish sauce in 1Q2018 compared to 1Q2017, resulting in higher contribution of premium products to total fish sauce sales (up from 4% in 1Q2017 to 15% in 1Q2018). All of these products are priced at 1.5 – 3x premium compared to the mainstream portfolio and are a part of MCH’s strategy to up-trade its consumer base. Distributor stock levels within seasonings category were VND360 billion as of end-March 2018, compared to VND494 billion as of YE2017, and VND763 billion as of end-March 2017. As the stock levels were not increased and 1Q2017 sales to distributors (“sell-in”) was impacted by destocking initiatives, sell-out growth was the real driver for improved performance, as sell-out growth for 1Q2018 was 65% for the category of which volume contributed more than 50% of the growth. Management estimates FY2018 revenue will be between VND6,000 and 7,000 billion, supported by premiumization and innovation of core portfolio.

- **Continued strong momentum in convenience foods due to recovery of core brands and new innovation in meal solution:** Convenience foods revenue was up by 63.7% to VND976 billion in 1Q2018, compared to VND596 billion in 1Q2017. Volume growth was the main driver for this segment, contributing 90% to 1Q2017 growth. Sell-out growth was robust at 52% during the quarter, while distributor inventory was lower at VND152 billion as of end-March 2018, compared to VND172 billion at YE2017 and VND218 billion as of end-March 2017. Return to growth has been supported by higher sales in premium segments with Omachi sell out up by 89% in 1Q2018 vs. 1Q2017. “Omachi cup noodle with meat” further validates our innovation strategy of delivering meal solutions and now represents 7-8% of Omachi sales overall vs. approximately 3% in 4Q2017 (the first quarter of launch). The launch of a new brand targeting millennials and the expansion into adjacent categories like premium special noodle that can provide further impetus to category growth. Management expects convenience foods sales to reach approximately VND4,500 billion in FY2018.
- **Processed meat growth momentum driven by “Heo Cao Boi” sausage:** Processed meat represents one of the fastest growing categories for MCH. After growing nearly ~6x in FY2017, the category is expected to double revenue in FY2018. Growth is primarily driven by “Heo Cao Boi” umbrella brand, selling primarily sausages in 2017. In December 2017, MCH launched Heo Cao Boi 3-Minute Meat Ball to broaden the umbrella brand’s processed meat portfolio and cover meal solutions. Expected launch of premium sterilized sausages in 1H2018 would further solidify position within this category and expand our meat snack portfolio. In addition, upcoming JV with a Korean partner in 2Q2018 can further drive growth by leveraging the partner’s state of the art technology and know-how. Management expects processed meat sales to grow to a VND500 billion plus category in FY2018.
- **Coffee net revenue up 79.5%:** MCH’s coffee category (excluding Wake-Up 247, which is covered under beverages) recorded VND298 billion in net revenue for 1Q2018, up 79.5% compared to VND166 billion in 1Q2017, with nearly all of the growth attributable to increased volumes. Sell-out growth was healthy at 16% as stock levels declined to VND122 billion as of end-March 2018, compared to VND201 billion as of YE2017. FY2018 sales for coffee category are expected to reach VND1,700 – 2,000 billion.

- Beverages revenue increase driven by high growth in energy drinks:** Net revenue for beverages was VND514 billion in 1Q2018, growing by 41.7% compared to 1Q2017, mainly driven by the 75.7% increase in energy drinks to VND358 billion in 1Q2018 from VND204 billion in 1Q2017. This growth in energy drinks was driven by expanding Wake-up 247's distribution nationwide and its strong brand recognition. Sell-out growth was 32% during the quarter with inventory levels maintained at VND82 billion as of end-March 2018, compared to VND62 billion as of YE2017. A new energy drink brand "Compact" was launched in April 2018 to further grow market share in this fast growing category. All in, management expects beverages to deliver approximately VND3,000 billion in sales in FY2018.

Distributor Stock Level

VND Billion ⁴	4Q2016	1Q2017	4Q2017	1Q2018
Distributor Stock Level ⁵	2,028	1,391	1,006	767
Distributor Stock Days ⁶	76	37	25	17
% Marketing over revenue	5%	4%	7%	8%
% Sales over revenue	10%	21%	8%	7%
EBITDA Margin	29%	11%	27%	29%



- Profitability analysis: completion of de-stocking initiative leads to significant growth in margins**
 - Gross margin increased by 577 bps to 48.2% for 1Q2018 thanks to premiumization in seasonings and convenience foods, higher growth in higher margins products specifically seasonings and energy drinks, offset by higher raw material prices.
 - 1Q2018 EBITDA margin was up to 28.8% compared to 11.2% in 1Q2017 mainly due to the completion of the de-stocking initiative and related costs, SG&A expenses for MCH reduced sharply from 39.8% of sales in 1Q2017, to 24.5% of sales in 1Q2018.

⁴ Information is based on management figures/calculations and is not audited.

⁵ Distributor Stock Level is the inventory value (based on MCH sell in price) held by MCH's distributors.

⁶ Distributor Stock Days is calculated by dividing Distributor Stock Level by sales to consumers ("Sell out") for the following quarter multiplied by 90.

- Masan Consumer, achieved net profit after tax post minority interest of VND780 billion in 1Q2018 vs. VND120 billion in 1Q2017, an increase of ~6.5x as a result higher sales and increased profit margins.
- **2018 is expected to deliver topline and bottom-line growth above 30% and 50%, respectively:** Subject to net revenue achieving management 2018 forecasts, MCH is expected to deliver similar gross margins and achieve EBITDA of over VND4,000 billion in FY2018, up over 30% versus FY2017. The Company is expected to achieve NPAT Post-MI of VND3,100 to VND3,400 billion for FY2018.

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.

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