



FOR IMMEDIATE RELEASE

Initiative to rebalance distributor inventory to better match demand and supply resulted in lower sales in 1Q2017, expected to support sustainable growth going forward; 2017 growth target on track

Ho Chi Minh City, 28 April 2017 – Masan Consumer Corporation (**HNX-UPCoM: MCH**, “Masan Consumer”, and the “Company”), reported its management accounts for the first quarter of 2017 today.

- **Strategic highlights:** 2016 marked the beginning of MCH’s transformation from a Vietnamese food company into a regional food AND beverages company. Beverages was MCH’s biggest growth driver in 2016, and is also expected to be the fastest growing segment again in 2017, enabling MCH to better achieve its target of becoming a 50/50 food and beverages company by 2020. With the launch of “Chin-su Yod Thong” fish sauce at the end of 2016, Masan has taken the first small step to become a regional player and serve the 250 million consumers of In-land ASEAN. Masan expects its Thailand business to deliver USD8 to 10 million in sales for 2017.
- **Revenue highlights:** Masan’s food and beverages portfolio revenues declined by 17% in 1Q2017 to reach VND1,999 billion due to the planned effort to promote sell-out growth and rebalance distributor inventory levels to better match supply and demand. This initiative is expected to be completed in the first half of 2017 and lead to healthier SG&A spend. While the initiative will impact first half results, Masan will be better positioned to deliver stronger second half results and ensure sustainable growth in the medium and long term.

Revenues for MCH are expected to be up 5 to 11% for the full year 2017, supported by growth in the foods category and double digits growth in beverages category.

- **Seasonings:** Seasonings category revenues are expected to be up by single digits for 2017. Category growth will be underpinned by the launch of a super-premium variant under the Nam Ngu brand and continued growth of its premium offering, Chin-su. Urban and affluent consumers are demanding more value-added benefits and a greater variety as their wallet grows.

Masan expects to maintain its leadership position in mainstream and economy segments as rural consumption picks up in 2H2017. In addition, the pilot launch of Chin-su Yod Thong at the end of 2016 will be expanded to serve Thai consumers nationwide in 2017 (previously only available in 10 provinces) and deliver an additional USD8-10 million in net sales for the overall seasonings category.

- **Beverages and others:** category revenues flat in 1Q2017 at VND605 billion due to the aforementioned rebalancing of distributor inventory levels, mainly in instant coffee. Masan saw stronger performance from its bottled beverages business (Wake-Up 247, Vinh Hao, Faith and Quang Hanh brands), which grew by 50.3% in 1Q2017 and is expected to grow 33.0% in 2017.

Within instant coffee, Masan will refocus on its two core power brands, Vinacafe and Wake-Up, to deliver stronger growth in the second half. Altogether, beverages revenues are expected to be up approximately 10% in FY2017.

- **Convenience foods (excluding processed meat):** Category revenues are expected to be up 5-6% for FY2017 by offering nutrition instead of just pure instant noodles. With the launch of Omachi Special with 100% meat in April, Masan is executing on its nutritional strategy to transform the instant noodles market into meal solutions. Efforts are also underway to leverage Omachi's nutrition innovation to re-launch Kokomi in 2017 to regain share in the economy and mainstream segment.
- **Processed meat:** Processed meat category is expected to be the next significant growth driver for the branded food and beverages business by providing clean, delicious and affordable meat-based products like Woa! Ngon. Application of global technology, focus on local taste preferences, supported by a unique distribution model and synergy with Masan Nutri-Science are expected to deliver USD7 to 10 million in net sales in FY2017, approximately 3 to 5 times 2016 net sales.
- **Profitability highlights:** MCH achieved gross margins of 42.4% during 1Q2017 higher by 80 basis points compared to 1Q2016, with EBITDA margins of ~11% due to higher SG&A expenses related to supporting the sell-out initiative which is expected to lower SG&A expenses in the future. Masan Consumer delivered net profits post minority interest of VND120 billion during the same period. For FY17, Masan Consumer is expected to deliver NPAT growth in the region of -5% to 5%, as the company expects to pay out nearly VND2,340 billion in dividends, lowering its financial income.

Masan Consumer Consolidated 1Q2017 Snapshot ⁽¹⁾

VND Billion	1Q2017	1Q2016	Growth
Net Revenue	1,999	2,400	(17)%
Seasonings	764	891	(14)%
Convenience Foods	630	897	(30)%
Beverages and Others ⁽²⁾	605	612	(1)%
EBITDA⁽³⁾	225	394	(43)%
NPAT Post Minority Interest	120	329	(64)%
Cash NPAT Post Minority Interest⁽⁴⁾	156	368	(58)%

(1) *Financial numbers are based on management figures and in accordance to Vietnamese Accounting Standards.*

(2) *Includes all non-alcoholic beverages, coffee, cereals and exports.*

(3) *EBITDA is Masan Consumer's consolidated net profit after tax, with net financial expense, tax, depreciation and amortization added back.*

(4) *Cash NPAT (or pro forma NPAT), for each of the reporting periods and its respective comparative period, have been computed by reversing the impact from the amortization of goodwill, tangible assets and intangible assets as a result of the Masan Consumer's M&A transactions in the past. In 1Q17, amortization expenses alone before minority interest amounted to VND36 billion. Management believes that these figures reflect the Company's true earnings performance and cash generating potential.*

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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