



**FOR IMMEDIATE RELEASE**

**Masan Consumer Generates VND3,522 Billion in EBITDA in 2016 and Strengthens Two Pillars for Growth: Beverages and Inland ASEAN**

**Ho Chi Minh City, 3 February 2017** – Masan Consumer Corporation (**HNX-UPCoM: MCH**, “Masan Consumer”, and the “Company”), reported its management accounts for the financial year 2016 today.

**2016 Key Strategic Summary**

- **Strong cash generation to continue dividend track record:** Over the past 3 years, Masan Consumer has paid a total of VND11,791 billion in cash dividends. Such cash generation is expected to grow as a result of key strategic milestones in 2016:
  - **From 90 million of Vietnam to 250 million consumers of Inland ASEAN:** strategic partnership with Singha accelerates the Company’s objective to enter neighboring countries (Thailand, Myanmar, Cambodia and Laos, together with Vietnam “Inland ASEAN”) where culinary similarities are strong. In September 2016, Masan Consumer launched Chin-su Yod Thong fish sauce in Thailand.
  - **Bottled beverages up 69%:** Besides going broader regionally, Masan is also going deeper domestically with the momentum in its beverages business (includes powder drinks), which grew by approximately 27%. Vietnam’s non-alcoholic beverages market is a USD3.5 billion opportunity and the Company has the portfolio of brands, distribution network and innovation capabilities to drive further growth.
- **Largest F&B Company on UPCoM:** On 5 January 2017, Masan Consumer officially trading registered its shares, becoming the largest food and beverage company on Hanoi Stock Exchange’s UPCoM. The trading registration of Masan Consumer’s shares is expected to increase the liquidity of one of Vietnam’s highest dividend paying companies, allowing a broader set of investors to participate in the Company’s cash generation and potential for growth.

**Masan Consumer Consolidated FY2016 Snapshot** <sup>(1)</sup>

<b>VND Billion</b>	<b>FY2016</b>	<b>FY2015</b>	<b>Growth</b>
<b>Net Revenue</b>	<b>13,790</b>	<b>13,212</b>	<b>4.4%</b>
Seasonings	5,788	5,646	2.5%
Convenience Foods	3,657	4,142	(11.7)%
Beverages and Others <sup>(2)</sup>	4,343	3,423	26.9%
<b>EBITDA<sup>(3)</sup></b>	<b>3,522</b>	<b>3,362</b>	<b>4.8%</b>
<b>NPAT</b>	<b>2,791</b>	<b>2,901</b>	<b>(3.8)%</b>
<b>NPAT Post Minority Interest</b>	<b>2,679</b>	<b>2,822</b>	<b>(5.1)%</b>
<b>Cash NPAT Post Minority Interest<sup>(4)</sup></b>	<b>2,846</b>	<b>2,964</b>	<b>(4.0)%</b>

<sup>(1)</sup> Financial numbers are based on management figures and in accordance to Vietnamese Accounting Standards.

<sup>(2)</sup> Includes all non-alcoholic beverages, coffee, cereals and exports.

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

<sup>(4)</sup> 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 FY2016, amortization expenses alone before minority interest amounted to VND215 billion. Management believes that these figures reflect the Company's true earnings performance and cash generating potential.

## Commentary on Financial Results

- **Revenue highlights:** Masan Consumer grew revenues by 4.4% in FY2016 to reach VND13,790 billion. Beverages outperforms by delivering 27% growth on the back of a very successful year in bottled beverages (Wake-up 247, Vinh Hao, Quang Hanh) which grew 69%. This growth has been offset by a decline in instant noodles sales.
  - **Seasonings** category revenues were up 2.5% for FY2016, contributing 39% of topline for the overall F&B business. Masan Consumer's largest seasonings subcategory, fish sauce, ends the year with 66% market share by value according to Nielsen, supported by volume share growth of 1.4% during the last quarter of 2016 for the Nam Ngu and Chin-su brands. Masan Consumer's portfolio of seasonings brands continues to evolve with line extensions of existing brands and a greater focus on premium variants. In October, Masan Consumer launched Chin-su Yod Thong in Thailand to begin its Inland ASEAN journey.
  - **Convenience foods** revenues declined by 11.7% during FY2016, due to fierce competition in the economy segment and slower overall market growth, though market share remained stable around 25%. Masan Consumer's premium brands grew in FY2016 though the overall market has de-grown as the competitors continued to lower prices in the economy segment to win market share at any cost. Masan has focused more on the premium and mainstream segments where gross margins allow for both innovation and profitability. Masan plans to launch innovations and full meal solutions as opposed to basic instant noodles to grow the entire category.
  - **Beverages and others** category grew by 26.9% during FY2016 due to the 69% growth in its bottled beverages business. Cereal products outperforms in 2016, resulting in FY2016 revenues being up 43.9% compared to FY2015. As a result of successful launches in coffee and strength in cereals business, Vinacafe revenues grow 10.3% in FY2016 vs. FY2015.
- **FY2016 Profitability highlights:** Masan Consumer achieved gross margins of 45.3% (up 30bps vs. FY2015) and gross profit of VND6,250 billion, supported by favorable raw material prices.
  - **Gross profit:** Gross profit in FY2016 are up 5.1%, with margins of 45.3%, a growth of 30 basis points compared to last year despite stronger growth in traditionally lower margin categories such as beverages.
  - **EBITDA Margin:** EBITDA margin was 25.5% in FY2016, nearly flat compared to FY2015, as higher gross margin was offset by increased SG&A spending to invest in brand building across seasonings, convenience foods and beverages.
  - **Net Profit:** Reported net profit reached VND2,791 billion in FY2016, down 3.8% compared to FY2015, driven by lower net financial income as a result of large cash dividends over the past two years, though the business continues to deliver growth at an operating profit level.
  - **Profits resulting in high cash generation:** Over the past 3 years, Masan Consumer has been a stable and significant cash generator, paying a total of VND11,791 billion in cash dividends to shareholders. Such cash generation is expected to grow as Masan deepens of its domestic portfolio and go broader regionally.

## **2017 Outlook**

- **Business momentum to carry into 2017:** Masan Consumer, across all of its key categories is expected to deliver growth in 2017. Conservatively, the Company expects to achieve high single digits to mid-teen growth for net sales and earnings for FY2017 versus FY2016, with greater details to be made available prior to the Annual General Meeting of Shareholders in the month of April.
- **2017 will be challenged** by expected higher soft commodities environment which will increase material costs. In addition, the first half of 2017 will also be impacted by the Company's effort to rebalance the inventory levels at its food and beverage distributors to better match market demand and supply, particularly in the food categories. This will enable Masan Consumer to deliver strong second half results and ensure sustainable growth will optimize SG&A to improve profitability.

## **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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