

06/08/2024

RECOMMENDATION	HOLD
Fair price	76,100
Current price	72,700
Upside/downside	4.7%

#### STOCK INFORMATION

Outstanding shares (mil)	2,089.96
Free float (mil)	835.98
Market cap. (billion VND)	151,939.76
3m avg. volume (shares)	4,583,207
Foreign ownership (%)	51.04%
First listing date	19/01/2006

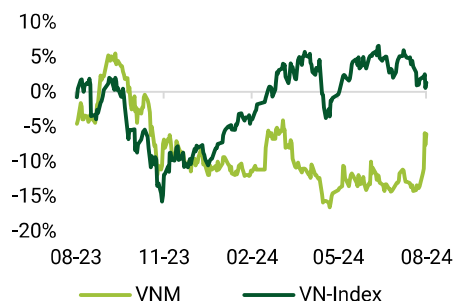
#### SHAREHOLDER STRUCTURE

SCIC	36.00%
F&N Dairy Investments Private Limited	17.69%
Platinum Victory Private Limited	10.62%
Pzena Investment Management LLC	1.24%
Others	34.45%

#### KEY ATTRIBUTES

TTM EPS (VND)	4,633
BVPS (VND)	16,434
Debt/Equity	0.41
ROA (%)	18.14%
ROE (%)	30.13%
P/E	17.2
P/B	4.4
Dividend yield (%)	5.3%

#### PRICE PERFORMANCE



#### COMPANY PROFILE

Vinamilk, formerly known as Southern Coffee-Dairy Company, was established in 1976 under the Food General Directorate. VNM is the largest dairy enterprise in Vietnam, accounting for more than 40% of the revenue value of the entire dairy industry with more than 250 products and distribution system throughout the country.

#### ANALYST(S)

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## 2Q2024 BUSINESS RESULTS UPDATE

- At the end of 2Q2024, VNM reported very positive business results with Net Revenue reaching 16,656 bn VND (+9.6% YoY) and NPAT reaching 2,696 bn VND (+20.9% YoY). For 6M2024, VNM has completed 48.7% of its revenue plan and 52.3% of its profit plan for 2024. Additionally, VNM's market share in the domestic market increased by 120bps QoQ.
- Gross Profit Margin expanded more than our previous estimates thanks to (1) effective marketing campaigns and improved purchasing power boosting revenue, (2) changes in the revenue structure of product lines during the period, and (3) benefits from the declining prices of input milk powder.
- We recommend **HOLD** for VNM at a fair price of 76,100 VND/share with a potential upside of 4.7%.

### 2Q2024 Business results update

In 2Q2024, VNM reported Net Revenue of VND 16,656 bn (+9.6% YoY, +18.0% QoQ), marking the highest quarterly revenue in the company's history. VNM's NPAT reached VND 2,696 bn (+20.9% YoY, +22.2% QoQ), marking the third consecutive quarter of maintaining growth above 15%. For 6M2024, VNM recorded Net Revenue of VND 30,768 bn (+5.7% YoY), achieving 48.7% of the 2024 revenue target and 49.6% of our full-year 2024F projection. VNM's NPAT reached VND 4,903 bn (+18.6% YoY), fulfilling 52.3% of the 2024 profit target and 50.5% of our 2024F projection.

### Growth across all segments

In 2Q2024, domestic revenue reached VND 13,532 bn (+5.8% YoY, +17.7% QoQ), primarily driven by probiotic yogurt drinks, sweetened condensed milk, nut milk, and infant formula. Specifically, VNM revamped the packaging of Probi drinking yogurt in July 2024 and launched 03 new products in 2Q2024: Ong Tho condensed milk in 1-liter box with plastic lid, 7-nut high-protein plant milk and coconut flavored fresh milk, aiming to diversify the product portfolio and meet consumer demand. Additionally, VNM's market share in the domestic market increased by 120bps in 2Q2024.

VNM's growth is considered better than the overall dairy industry, with domestic revenue of the parent company increasing by 3.8% YoY, while the entire dairy industry showed signs of recovery each quarter, with a decrease of only 1.8% YoY in 2Q2024 (according to Nielsen). Furthermore, the powdered milk segment also saw a lesser decline compared to the market, with key products like Optimum Gold/Dielac Alpha Gold achieving growth rates of 8.3%/15% respectively, due to competitive pricing advantages.

Meanwhile, foreign revenue also saw robust growth with export revenue reaching VND 1,740 bn (+37.0% YoY, +34.2% QoQ), driven primarily by the Middle East and China markets. Revenue from overseas subsidiaries reached VND 1,384 bn (+21.8% YoY, +4.9% QoQ), with Angkormilk recording double-digit growth due to marketing efforts and improved consumer purchasing power in Cambodia, with its market share here also reaching approximately 40%. Additionally, Driftwood secured order volumes by restoring packaging supply.