

## THE PIVOT FOR GROWTH

26/05/2025

### RECOMMENDATION

**BUY**

Fair price	70,400
Current price	55,300
Upside/downside	27%

### STOCK INFORMATION

Outstanding shares (mil)	2,090.0
Free float (mil)	35%
Market cap. (billion VND)	120,590
3m avg. volume (shares)	4,408,236
Foreign ownership (%)	48.8%
First listing date	19/01/2006

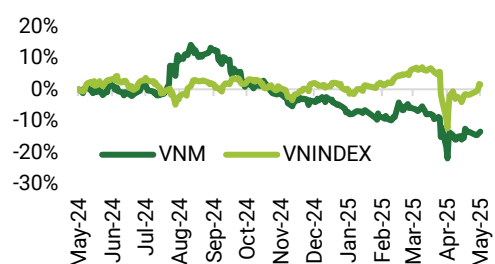
### SHAREHOLDER STRUCTURE

SCIC	36.0%
F&N Dairy Investments Private Limited	17.7%
Platinum Victory Private Limited	10.6%
F&NBEV Manufacturing PTE.Ltd	2.7%
Others	33.0%

### KEY ATTRIBUTES

TTM EPS (VND)	3,752
BVPS (VND)	16,123
Debt/Equity	27.15%
ROA (%)	16.44%
ROE (%)	23.93%
P/E	15.28
P/B	3.58
Dividend yield (%)	5.11%

### 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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- VNM announced its 1Q25 business result with revenue of 12,935 billion VND (-8.3% YoY) and LNST of VND 1,578 Bn (-28.1% YoY). The primary reasons stem from a 12.9% YoY decline in domestic revenue; and hiking input costs, which pressured the GPM, contracting 161 bps YoY to 40.3%.
- For 2025, VNM targets revenue of VND 64,505 Bn (+4.3% YoY) and NPAT of VND 9,680 Bn (+2.4% YoY). We expect VNM to achieve its plan, driven by (1) effective restructuring of the Giac Mo Sua Viet stores, (2) stabilization of input costs from 2H25, and (3) Vinabeeff's commercialization, generating revenue for the group in 2025.
- Using DCF and P/E valuation methods, we issue a **BUY** recommendation for VNM with a fair price of VND 70,400/share (-2.9% vs. the latest forecast), implying a 27% upside potential compared to the closing price on 23/05/2025.

## 1Q25 Bussiness result update

### Restructuring of distribution network for GT channel and Giac Mo Sua Viet store chain impacted 1Q25 revenue in the short term:

VNM announced its 1Q25 business results with revenue of VND 12,935 Bn (-8.3% YoY) and NPAT of VND 1,578 Bn (-28.1% YoY), achieving 20% and 16% of PHS's 2025F projections, respectively. Gross profit declined to VND 5,210 Bn (-11.9% YoY), with the GPM contracting 161 bps to 40.3%. The decline was mainly due to:

- Domestic revenue recorded VND 10,011 Bn (-12.9% YoY), reflecting (i) intensified market share competition and (ii) weak domestic consumption. In 1Q25, VNM focused on reconfiguring its Giac Mo Sua Viet stores and traditional distribution channels, positively impacting domestic revenue in 04/2025. Meanwhile, foreign revenue reached VND 2,924 Bn (+11.8% YoY), marking the seventh consecutive quarter of positive YoY growth.
- Average input costs rose 4.5% YoY in 1Q25, primarily due to raw milk material prices remaining elevated since 4Q24. VNM noted it pre-purchased materials for 3–6 months and expects raw material price increases to stabilize in 2H25. In 1Q25, average raw milk prices increased 22% YoY for whole milk powder (WMP) and 1% YoY for skim milk powder (SMP).

Relative to its 2025 plan, VNM achieved 20% of its revenue target (VND 64,505 Bn) and 16% of its NPAT target (VND 9,680 Bn) in 1Q25.

### April revenue shows significant recovery:

Per VNM, domestic revenue in April surged over 10% YoY and 41% compared to the 1Q25 monthly average, primarily driven by the traditional channel, which accounts for the significant revenue share and the 1Q25 sales drop. Notably, the powdered milk segment grew over 35% YoY and 70% versus the 1Q25 monthly average. On 17/04/2025, the Prime Minister issued Directive No. 40/CP-DDTg to address a case of counterfeit milk production and distribution, following the Ministry of Public Security's