

8 Aug 2024

# Vinamilk (VNM)

## Gradually improved

On 6<sup>th</sup> Aug, we attended VNM's analyst meeting presenting the 2Q25's business performance. Here are some notable updates.

### Revenue stayed flat in 2Q25

- In 2Q25, VNM's revenue rose to VND16.7tn (+0.4% yoy). Generally, we think that this is a positive result, especially compared to the high base level in 2Q24 (+9.6% yoy). Specifically:

- **Domestic:** revenue reached VND13.6tn (+0.7% yoy). In 6M25, VNM has launched and relaunched more than 70 products (part of the brand repositioning campaign starting from 3Q23), especially products in the high-end segment in the context of increasing price competition from competitors. In addition, VNM shared that the increased inspection of taxes and e-invoices by state agencies will have an impact in the short term, but small retail stores might have to adapt, thereby reducing the impact on revenue.
- **Overseas:** consolidated revenue (export from Vietnam and foreign subsidiaries) reached VND3.1tn, -0.1% yoy. Of which: export revenue continued to maintain positive growth momentum, +9.0% yoy, thanks to stable demand from the Middle East. In contrast, subsidiary revenue decreased (-11.5% yoy) from a high base in 2Q24. VNM shared that Angkormilk is still facing difficulties but they will try to increase supply to Thailand (when Thailand has to find new supply sources due to the disruption in the supply chain caused by the Thai-Cambodian war).

	2020A	2021A	2022A	2023A	2024A
Sales (VND bn)	59,723	61,012	60,075	60,479	61,783
chg. (% YoY)	5.9	2.2	-1.5	0.7	2.3
Operating profit (VND bn)	13,539	12,728	10,491	10,904	11,594
Net profit (VND bn)	11,236	10,633	8,578	9,019	9,453
EPS (VND)	5,311	5,040	4,075	4,246	4,494.02
chg. (% YoY)	-3.0	-5.1	-19.1	4.2	5.8
EBITDA (VND bn)	14,493	13,903	11,872	11,847	12,499
PE (x)	15.70	15.99	16.42	14.65	13.53
EV/EBITDA (x)	12.4	12.8	12.3	11.74	11.04
PB (x)	5.6	5.1	4.7	4.1	3.94
ROE (%)	37.8	33.0	27.1	28.84	29.4
Dividend yield (%)	4.9	4.8	5.8	6.2	6.6

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

12M rating **HOLD**

12M TP

Up/Downside

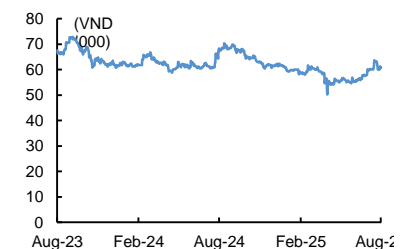
#### Stock Data

VNIndex (8 Aug, pt)	1,585
Stock price (8 Aug, VND)	60,800
Market cap (USD mn)	4,909
Shares outstanding (mn)	2,090
52-Week high/low (VND)	70,385/50,223
6M avg. daily turnover (USD mn)	10.73
Free float / Foreign ownership (%)	35.3/49.
Major shareholders (%)	
SCIC	36.0
F&N Dairy Investment	17.7
Platinum Victory	10.6

#### Performance

	1M	6M	12M
Absolute (%)	3.1	5.6	(9.2)
Relative to VNIndex (%p)	(9.0)	(21.7)	(42.4)

#### Stock price trend



Source: Bloomberg

## Research Department

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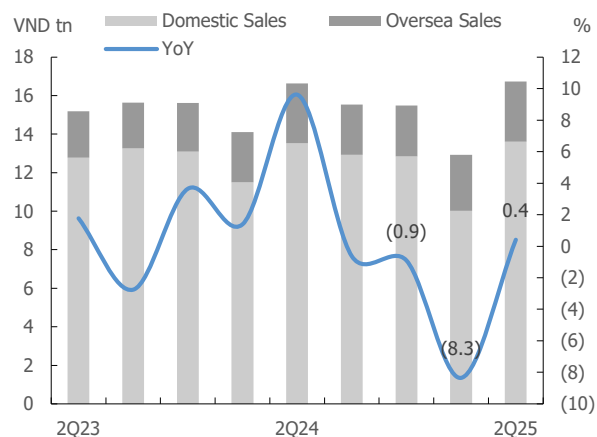
### NPAT decreased but showing an improvement

- In 2Q25, gross margin (at 42.0%) decreased by 0.4 ppt yoy (due to increased imported raw milk prices) but improved by 1.7 ppt qoq (due to a higher 2Q25 revenue during the peak season and the proportion of premium products also increased as mentioned).
- In addition, VNM shared the recent increase in sugar prices (accounting for ~10% of raw material costs) did not have much impact on VNM as domestic sugar prices are protected and the trend of consuming low-sugar products in the international market is also increasing.
- Although NPAT still decreased by 7.6% yoy (to VND2.5tn), it improved notably compared to the previous quarter (-28.1% yoy), mainly due to higher imported raw milk prices compared to last year.

### 2H25 would be better than 1H25

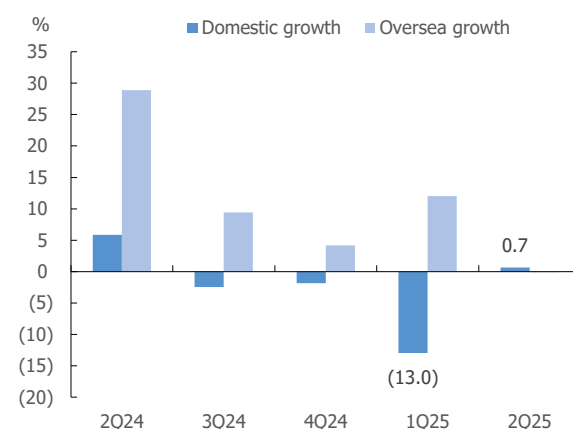
- We expect VNM's 2H25F business results to be better than 1H25. Specifically:
  - o Revenue will grow in the low single digits due to improved consumer demand. VNM also shared that they saw positive revenue growth in July and will continue to launch new products in 2H25. In this year, VNM will open 600-800 new stores; and it might be higher next year.
  - o Net profit will return to positive growth, driven by higher gross margin due to (1) lower imported raw milk prices and (2) increased proportion of premium products.

**Figure 1. VNM's revenue improved compared to last quarters due to the boundback of domestic sales ...**



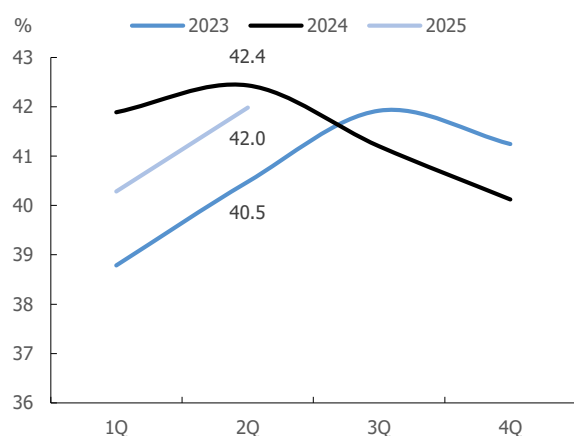
Source: Company Data, KISVN

**Figure 2. ... and, we expect sales would continue to grow by a low single digit in 2H25.**



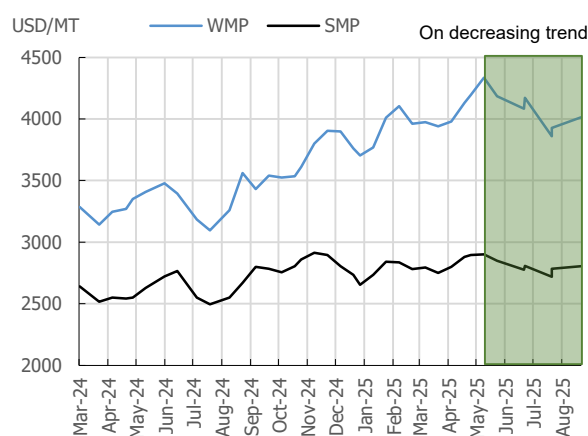
Source: Company Data, KISVN

**Figure 3. We think that VNM's gross margin would be improved compared to last years ...**



Source: Euromonitor, KISVN

**Figure 4. ... due to the cooldown in imported raw milk (SMP and WMP) prices**



Source: Euromonitor, KISVN

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Prepared by: Research Department

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