

Gross profit margin recovery

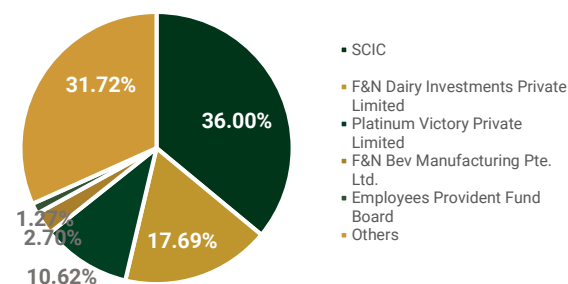
HOLD [-0.5%]

Fair price 73,100 VND
Current price 73,500 VND

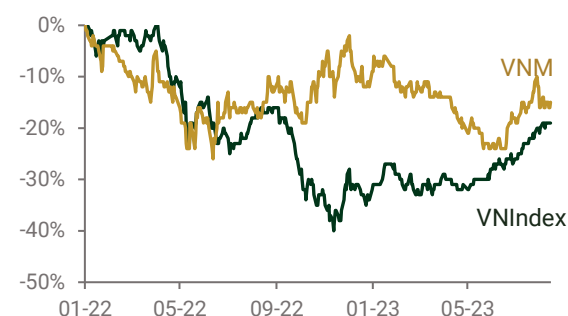
STOCK INFORMATION

Outstanding shares (mil) 2,089,955
Free float (mil) 835,982
Market cap. (billion VND) 153,821
3m avg. volume (shares) 4,369,381
Foreign ownership (%) 54.4%
First listing date 19/01/2006

MAJOR SHAREHOLDERS



PRICE MOVEMENT COMPARED TO THE INDEX



VALUATION HISTORY



Updated: 23/08/23

Business result: Revenue and net profit for the second quarter of 2023 mark a positive performance, reaching 15,213 Bn.VND (+1.7% YoY, +9.0% QoQ) and 2,229 Bn.VND (+6.0% YoY, +16.9% QoQ), respectively. The profit margin for the quarter stood at 40.5%, a 170 bps increase compared to the first quarter, primarily driven by a decrease in input material prices.

- The parent company reported domestic revenue of 11,414 Bn.VND, showing a 3.8% growth compared to the same period last year (6-month YTD revenue reached 21,393 Bn.VND, +0.8% YoY)
- On the other hand, Moc Chau Milk (MCM) recorded a net revenue of 790 Bn.VND in Q2 2023, experiencing a YoY decline of 5.8% due to weakened demand in the northern region.
- Export revenue for the second quarter amounted to 1,270 Bn.VND (6-month YTD revenue reached 2,494 Bn.VND, -2.3% YoY).
- The company's overseas branches generated revenue of 1,136 Bn.VND (+9.0% YoY) in Q2 2023 (cumulative revenue of 2,340 Bn.VND). Specifically, AngkorMilk in Cambodia maintained a growth rate of over 10%, while Driftwood in the USA returned to its normal growth trajectory.

Forecast: We anticipate that the company's revenue and net profit for the year 2023 will reach 60,367 Bn.VND (+0.7% YoY) and 9,204 Bn.VND (+7.3% YoY), respectively. These positive projections can be attributed to the strategic brand repositioning efforts and a decline in input material prices.

Valuation & Recommendation: Using DCF and Multiple methods, we derive the fair price of VND 73,100 per share. Thus, our recommendation is HOLD with a potential upside of -0.5%. Our model has reflected the base-case estimation for the next 5-year period.

Investment risks: (1) Weakening purchasing power due to economic downturn; (2) Unfavorable fluctuations in raw material prices; (3) Risks associated with entering new business segments.

Investment highlights:

Positive GPM driven by favorable raw material prices:

Skimmed Milk Powder (SMP) and Whole Milk Powder (WMP) prices have been continuously declining since the outbreak of the conflict in Ukraine. Vinamilk, a leading dairy company, has experienced significant improvements in its input material prices, particularly in the SMP and WMP categories. This positive development has had a notable benefit on the company's gross profit margin, which reached 40.5% in Q2 2023 (cumulative for the first six months of 2023 at 39.7%), representing a substantial increase of 170 basis points compared to the previous quarter. However, the company is not immune to the impacts of extreme weather phenomena such as the

Financial indicators	2018A	2019A	2020A	2021A	2022A	2023F
Net revenue (billion VND)	52,562	56,318	59,636	60,919	59,956	61,480
Net Profit (billion VND)	10,206	10,554	11,236	10,633	8,516	9,365
EPS (VND)	5,295	5,478	4,770	4,517	3,632	4,481
EPS Growth (%)	-17%	3%	-13%	-5%	-20%	23%
Book Value (VND)	15,087	15,392	16,102	17,154	15,830	14,764
P/E	22.7	21.27	22.81	18.88	18.06	16.3
P/B	8.0	7.6	6.8	5.0	5.2	4.9