

17/04/2024

RECOMMENDATION	BUY
Fair price	71,600
Current price	64,200
Upside/downside	11.6%

STOCK INFORMATION

Outstanding shares (mil)	2,089.96
Free float (mil)	835.98
Market cap. (billion VND)	139,175.14
3m avg. volume (shares)	4,350,485
Foreign ownership (%)	50.97%
First listing date	19/01/2006

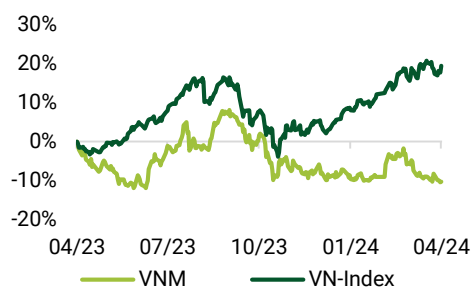
SHAREHOLDER STRUCTURE

SCIC	36.00%
F&N Dairy Investments Private Limited	17.69%
Platinum Victory Private Limited	10.62%
F&N Bev Manufacturing Pte. Ltd.	2.70%
Others	32.99%

KEY ATTRIBUTES

TTM EPS (VND)	4,246
BVPS (VND)	15,166
Debt/Equity	0.5
ROA (%)	17.54%
ROE (%)	29.31%
P/E	15.1
P/B	4.2
Dividend yield (%)	6.0%

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)

Duong Trung Hoa
hoaduong@phs.vn

GROSS PROFIT MARGIN RECOVERY

- The prospect of regaining market share through a new brand identity marketing campaign.
- Expanding GPM based on expectations of low raw milk prices and increased capacity from dairy farm projects.
- Overseas markets are expected to be a growth driver for VNM in the coming years thanks to promoting marketing programs and signing many cooperation agreements in China. For 2024F, we forecast Net Revenue and NPAT to VND 62,058 bn (+2.8% YoY) and VND 9,245 bn (+2.5% YoY), respectively.
- We make recommendation **BUY** for VNM at a fair price of VND 71,600/share, with potential upside of 11.6%.

2024F Business results forecast

According to the 2024 AGM documents, VNM's BOD plans to present to the shareholders' meeting for approval a revenue target of VND 63,163 bn (+4.4% YoY), aiming for the company's fourth consecutive year of revenue exceeding 60 trillion dong, marking a historic milestone since its listing in 2006. Additionally, VNM forecasts a 4% YoY increase in NPAT to 9,376 bn. In the context of the saturated and competitive Vietnamese dairy industry, we estimate VNM's Net Revenue and NPAT in 2024F will reach VND 62,058 bn (+2.8% YoY) and VND 9,245 bn (+2.5% YoY) respectively, achieving 98.3% and 98.6% of VNM's plan. Domestic revenue is expected to increase by 1.0% YoY to VND 51,129 bn, while overseas revenue is projected to rise by 6.9% YoY to VND 10,428 bn.

Gross Profit Margin improved slightly to 41.2% thanks to:

- (1) Declining trends in raw material prices (raw milk, sugar, feed prices),
- (2) Increased production productivity and self-sufficiency in raw milk due to new dairy farm projects.

Investment highlights:

(1) Prospects for further market share increase through a new brand identity marketing campaign: The introduction of a new brand identity event in July 2023, including logo and product design changes for the liquid milk product line, aimed at rejuvenating the brand targeting young and dynamic consumers. In 2024, VNM plans to continue introducing new packaging for its remaining product lines, we believe these brand repositioning campaigns will contribute to VNM regaining market share in the future. As of December 2023, VNM's market share in Vietnam has increased by 150 basis points compared to the same period last year, improving to 42.2%.

(2) Expanding Gross Profit Margin based on the expectation of low raw milk prices and increasing capacity from dairy farm projects: We anticipate that VNM would benefit from the downward trend in raw milk and feed prices in 2024. Moc Chau and Lao-Jargo dairy farm are expected to be put into operation in 2024 and would contribute to expanding scale, increasing production productivity for VNM and helps improve GPM when 50% of VNM's production costs are attributed to raw materials.

(3) Revenue from VNM's overseas markets has a more positive growth prospect as VNM continues to strengthen marketing campaigns in schools,