

CHALLENGES SURROUNDING

20/01/2024

RECOMMENDATION OVERWEIGHT

Fair price	72,500
Current price	61,900
Upside/downside	17%

STOCK INFORMATION

Outstanding shares (mil)	2,089.96
Free float (mil)	835.98
Market cap. (billion VND)	128,950.25
3m avg. volume (shares)	2,252,353
Foreign ownership (%)	51.33%
First listing date	19/01/2006

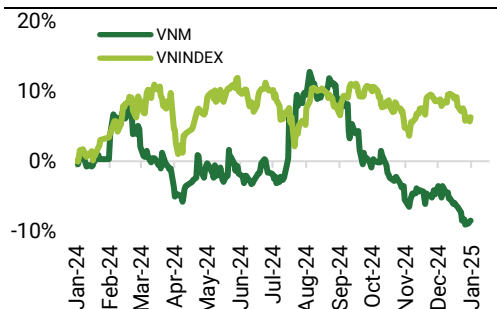
SHAREHOLDER STRUCTURE

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)	4,590
BVPS (VND)	15,010
Debt/Equity	24.0%
ROA (%)	17.0%
ROE (%)	27.7%
P/E	15.0x
P/B	4.1
Dividend yield (%)	6.2%

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 reported disappointing 3Q2024 results, with Net Revenue down 0.6% YoY to VND 15,537 bn and PBT down 4.4% YoY to VND 2,942 bn. For 9M2024, Net Revenue reached VND 46,306 bn (+3.5% YoY), and PBT reached VND 8,956 bn (+10.4% YoY), aligning closely with our previous forecasts, completing 73% and 78% of 2024 company's revenue and profit targets, respectively.
- For 2025F, we forecast VNM will experience slower growth due to stagnant domestic milk consumption and heightened industry competition. Consequently, we estimate Net Revenue and NPAT for 2025F to reach VND 63,850 bn (+2.9% YoY) and VND 9,812 bn (+1.1% YoY), respectively. The Gross Profit Margin is expected to decline to 41.8% (-20bps YoY) due to rising raw material milk powder costs.
- VNM's stock price has experienced significant correction over the past three months and is currently trading at a P/E of 15.0x. We make **OVERWEIGHT** recommendation on VNM with a fair value of VND 72,500/share, representing a potential upside of 17%.

2025F Business results forecast

During 2024 – 2029, Euromonitor forecasts that Vietnam's liquid milk market will achieve a compound annual growth rate (CAGR) of 2.3%/year, based on: (1) rising incomes and increasing consumer awareness of health driving milk consumption, (2) growing competitive pressure from alternatives such as plant-based milk, and (3) declining birth rates coupled with government promotion of breastfeeding, posing significant challenges to future liquid milk demand.

In the context of domestic milk consumption demand not showing much improvement, we forecast that in 2025F, VNM will record Net Revenue and NPAT of VND 63,850 bn (+2.9% YoY) and VND 9,812 bn (+1.1% YoY), respectively. Domestic revenue is expected to grow by 1.0% YoY to VND 51,645 bn. The international market will act as the main growth driver for VNM, with export revenue and foreign subsidiary revenue projected at VND 5,555 bn (+5.0% YoY) and VND 5,600 bn (+9.0% YoY), respectively. The 2025F Gross Profit Margin is forecast to decline by 20bps YoY to 41.8%, pressured by rising raw milk powder prices over the past six months.

Investment highlights

(1) Leading dairy company in Vietnam: Vinamilk is the leading dairy company in Vietnam, commanding over 40% market share by industry value and ranking 36th among the world's largest dairy companies by revenue. Revenue from international markets is expected to drive Vinamilk's growth as the company observes positive signals from markets with significant Vietnamese communities and high demand for Vinamilk condensed milk and yogurt. Beyond its traditional Middle Eastern markets, VNM is expanding exports to new regions such as Japan, China, South Korea, and Australia. For its foreign subsidiaries, Angkormilk in Cambodia has expanded its product portfolio to include some drinking yogurts, while Driftwood in the US is actively pursuing the HORECA (hotel, restaurant, café) channel strategy to diversify revenue streams beyond school milk programs. In production, VNM still relies heavily on milk sourced from local