Shinhan Securities



Vietnam Dairy Products JSC

[Vietnam / Food and Beverages] Bloomberg Ticker (VNM VN) | | Reuters Ticker (VNM.HM)

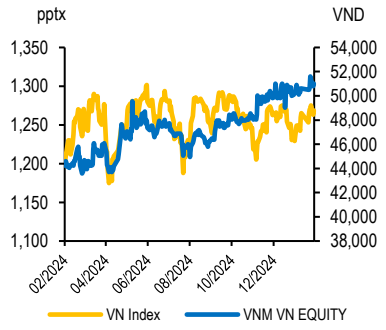
BUY

Update Report

Target price (12 months)	**75,000 VND**
Current price (11/02/2025)	60,400 VND
Upside/downside	24.2 %

VNINDEX	1,268
Market P/E	10.2
Market Cap (bn VND)	126,233
Outstanding shares (mn)	2,090
Free-Floating (mn)	737
52-Wk High/Low (VND)	76,200/60,000
90-day avg. trading volume (mn)	2.33
90-day avg. turnover (bn VND)	136
Foreign ownership (%)	51,78
Major Shareholders (%)	State Capital Investment Corporation (SCIC) 36.0
	F&N Dairy Investments Private Limited 17.69

Performance	3M	6M	12M
Absolute (%)	-7.4	-17.6	-10.7
Relative to VN-Index (%)	-8.8	-21.3	-16.5



Source: Bloomberg

Domestic market still sees challenges

Maintain BUY rating, target price at 75,000 VND

Vietnam Dairy Product JSC (Vinamilk, HOSE: VNM) is a dairy company with the leading market share along with the largest distribution system and cow herds in Vietnam. Besides, the business is also continuously expanding to large territories such as China and the Middle East. At the current market price, VNM deserves to be considered as an investment opportunity for the following reasons: (1) High dividend payout ratio and healthy financial ability to meet the expanding investment needs in the future, (2) Growth drivers come from export markets and overseas companies and (3) Growth room in Vietnam's dairy industry is still attractive as the compound growth is forecasted at 4.1%/year in 2024-2028 (according to Euromonitor) and milk consumption per capita is still low compared to other Southeast Asia countries, despite barriers to production expansion and heavy dependence on imported raw materials. Based on the FCFF and P/E methodologies, we update our valuation and recommend BUY on VNM with a target price of VND 75,000, equivalent to an expected return of 24.2%.

Update business results for 2024

VNM announced its Q4/2024 business results with net revenue reaching VND 15,477 billion (-0.9% YoY) and net profit reaching VND 2,147 billion (-8.7% YoY). For 2024, VNM recorded VND 61,782 billion in revenue (+2.3% YoY) and VND 9,452 billion in net profit (+4.8% YoY), completing 98% and 101% of the annual plan, respectively.

The main growth driver came from foreign markets with 2024 export revenue reaching VND 5,664 billion (+12.4% YoY) and revenue of foreign branches reaching VND 5,319 billion (+12.9% YoY). Domestic revenue remained almost flat compared to 2023 in the context of declining dairy consumption since the beginning of the year and only returning to positive growth from Q3 (according to NielsenIQ). Gross profit margin, operating profit and net profit all improved compared to the same period.

Business results forecast for 2025

We forecast net revenue in 2025 to reach VND 63,347 billion (+2.5% YoY) and net profit to reach VND 9,865 billion (+4.4% YoY). We maintain our estimation of 2% revenue growth for the domestic market and 5% for the foreign market in 2025, considering that these markets show many positive growth signals. Although the dairy industry has experienced a relatively difficult year with negative growth in the first 2 quarters, the growth rate has returned to positive from Q3/2024 (+1.0% in Q3 and +1.5% in Q4, respectively). Therefore, we believe that these figures are feasible for a business with strong financial potential and large market share like Vinamilk.

Risks

(1) Risk of dependence on imported raw materials; (2) Falling birth rate; (3) Weaker-than-expected consumption recovery speed.

Year	2022	2023	2024	2025F	2026F
Revenue (bn VND)	**59,956**	**60,369**	**61,782**	**63,347**	**64,960**
Operating profit (bn VND)	9,753	9,771	10,405	11,011	11,245
Net profit (bn VND)	**8,577**	**9,019**	**9,452**	**9,865**	**10,038**
EPS (VND)	3,632	3,796	4,022	4,207	4,280
BPS (VND)	14,282	15,166	15,444	15,912	16,388
OPM (%)	16.3	16.2	16.8	17.4	17.3
NPM (%)	14.3	14.9	15.3	15.6	15.5
ROE (%)	25.0	26.6	26.6	26.9	26.7
PER (x)	19.2	17.0	15.8	17.8	17.5
PBR (x)	4.9	4.3	4.1	4.7	4.6

Source: Company data, Shinhan Securities Vietnam

Nhi Nguyen

(84-28) 6299-8000
nhi.ntt@shinhan.com

Please click or scan

Shinhan Securities Vietnam Co., Ltd. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Analysts employed by Shinhan Securities Vietnam Co., Ltd. , or a non-US affiliate thereof, are not registered/qualified as research analysts with FINRA, may not be associated persons of the member and may not be subject to FINRA restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account. For analyst certification and important disclosures, refer to the Compliance & Disclosure Notice at the end of this report.

Update 2024 business results and 2025 forecast

VND billion	Q4/2024	Q4/2023	Change (YoY)	2024	Change (YoY)	2025F	Change (YoY)
Net Revenue	**15,477**	**15,619**	**-0.9%**	**61,782**	**2.3%**	**63,347**	**2.5%**
Domestic	12,842	13,085	-1.9%	50,799	0.4%	51,815	2.0%
Foreign	2,635	2,534	4.0%	10,983	12.6%	11,532	5.0%
Gross Profit	**6,209**	**6,442**	**-3.6%**	**25,590**	**4.3%**	**26,289**	**2.7%**
Domestic	5170	5455	-5.2%	20,975	0.4%		
Foreign	1039	986	5.4%	4,615	26.4%		
Profit before tax	2,643	2,852	-7.3%	11,599	5.8%	11,926	2.8%
Net profit	**2,147**	**2,351**	**-8.7%**	**9,452**	**4.8%**	**9,865**	**4.4%**

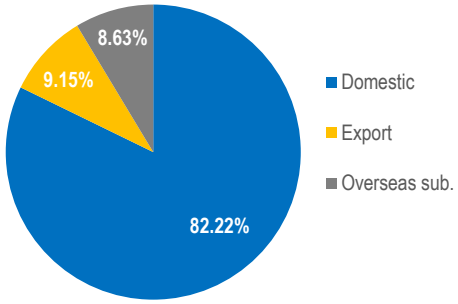
Net revenue in Q4 reached VND 15,477 billion, decreased -0.9% YoY and almost saw no change compared to the previous quarter (Q3/2024 revenue: VND 15,537 billion). Of which, domestic revenue reached VND 12,842 billion (-1.9% YoY) and foreign revenue reached VND 2,635 billion (+4.0% YoY), marking the 6th consecutive quarter of positive growth. Foreign revenue growth was mainly due to overseas subsidiaries, while export revenue remained stable. Specifically, Angkor Milk's revenue grew by more than 20% thanks to promoting marketing activities and introducing new products; Driftwood's revenue grew by more than 10% thanks to seizing sales opportunities outside the main channel of distribution at schools.

Accumulated for the whole year 2024, net revenue increased by 2.3% YoY, reaching VND 61,782 billion. The main contributor to VNM's revenue was still the domestic market with a proportion of 82.2%, but lacked growth momentum in the context of declining dairy consumption since the beginning of the year and only started to grow positively again from Q3. On the contrary, although accounting for less than 20%, revenue from abroad saw a strong increase (VND 10,983 billion, +12.6% YoY), in line with our previous forecast and was also the highest increase in the past 5 years. In which:

- Net export revenue in 2024 reached VND 5,664 billion (+12.4% YoY) thanks to efforts to promote cooperation with partners to build a specialized portfolio for Australia and New Zealand, combined with 2-3 digit growth from some high-end markets.
- Net revenue of foreign branches for the whole year reached VND 5,319 billion (+12.9% YoY) thanks to reasonable sales promotion strategies and consumption recovery in foreign markets.

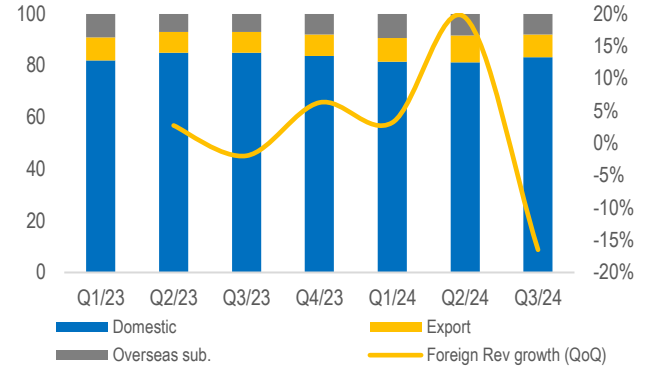
At the end of Q4/2024, VNM owns three overseas subsidiaries, headquartered in the US, Cambodia, Laos and has an affiliated company in New Zealand with an ownership ratio of 13.55%. Previously, at the end of 2024, VNM announced the termination of the joint venture in the Philippines (previous ownership ratio was 50%).

2024 revenue structure by geography



Source: Company data, Shinhan Securities Vietnam

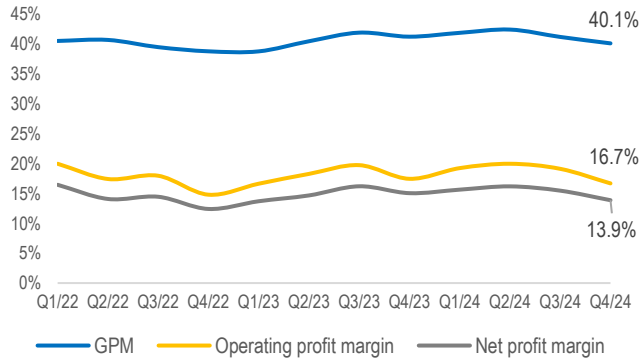
Revenue structure by quarters



Source: Company data, Shinhan Securities Vietnam

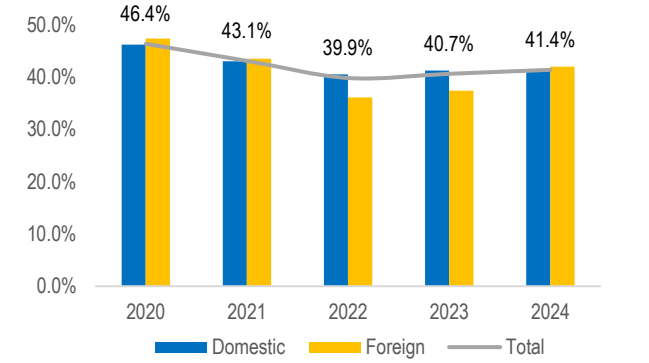
Gross profit margin in Q4/2024 was lower than the same period due to increased input costs at the end of the year, but the whole year still reached 41.4%, an improvement over the same period. Of which, gross profit margin in 2024 of the domestic market remained at 41.3%, while profit margin from the foreign sector increased by 4.6% (from 37.4% in 2023 to 42.0% in 2024).

Profit margins by quarters



Nguồn: Dữ liệu công ty, Shinhan Securities Vietnam

Gross profit margins by geography



Nguồn: Dữ liệu công ty, Shinhan Securities Vietnam

2024 is also the year that VNM basically completed its brand repositioning through improving its brand identity as well as launching a series of new products (100 products with new packaging and 25 new commercialized products). The two product lines with the highest revenue growth in the year are condensed milk and yogurt, respectively.

We forecast 2025 net revenue to reach VND 63,347 billion (+2.5% YoY) and after-tax profit to reach VND 9,865 billion (+4.4% YoY). We maintain our estimation of 2% revenue growth for the domestic market and 5% for the foreign market in 2025, considering that these markets show many positive growth signals. Although the dairy industry has experienced a relatively difficult year with negative growth in the first 2 quarters, the growth rate has returned to positive from Q3/2024 (+1.0% in Q3 and +1.5% in Q4, respectively). Therefore, we believe that these figures are feasible for a business with strong financial potential and large market share like Vinamilk.

Valuation and Recommendation

We use a combination of DCF and P/E valuation methods to evaluate VNM with a proportion of 50% for each method. For the FCFF method, we use the assumptions and projections as below:

Weighted Average Cost of Capital (WACC)	
WACC (%)	**9.1**
Risk-free rate (%)	3.1
Equity risk premium (%)	8.35
Beta	0.77
Debt cost (%)	2.5
The cost of equity(%)	9.56
Debt-to-equity ratio	0.07
Total debt (Billion VND)	9,273

Source: Company data, Shinhan Securities Vietnam

FCF valuation					
Unit: billion VND	**2025F**	**2026F**	**2027F**	**2028F**	**2029F**
Net profit	9,865	10,038	10,245	10,466	10,795
Plus: After-tax interest expense	305	308	315	322	329
Plus: Depreciation & Amortization	2,083	2,367	2,635	3,013	3,086
Minus: Change in working capital	442	-483	146	-309	-311
Minus: CapEx	2,177	2,499	2,615	2,566	2,680
Free Cash Flow (FCFF)	**9,633**	**10,697**	**10,433**	**11,544**	**11,841**
Discount rate	0.92	0.85	0.78	0.71	0.65
PV of FCFF	8,908	9,069	8,110	8,227	7,737
Long-term growth rate	1.5%				
Present value of long-term value	103,708				
Enterprise value	145,759				
Debt	9,273				
Cash and cash equivalents	25,486				
Minority interest	3,896				
Number of shares outstanding (billion units)	2.09				
Target price (VND)	**75,600**				

Source: Company data, Shinhan Securities Vietnam

For the P/E method, the P/E value we use for valuation is the mean P/E value of peer businesses in the industry and the average historical P/E of the enterprise in the recent 5 years (with 50% weight for each value). With a target P/E of 17.73x, the 12-month stock target price according to this method is 74,500 VND.

Method	Current P/E	Average 5-year P/E	Mean P/E of peers	Target P/E	EPS 2025	Target price
P/E	15.1x	18.2x	17.3x	17.73x	4,207	**74,500**

Source: Bloomberg, Company data, Shinhan Securities Vietnam

Ticker	Country	Market cap (bil VND)	Revenue growth (%)	EPS growth (%)	P/E	ROE (%)
CHINA MENGNIU DAIRY CO	China	192,094	6.51	-17.02	15.2X	9.84
NEW HOPE DAIRY CO LTD-A	China	39,354	9.80	46.13	21.9X	22.86
FRASER & NEAVE HOLDINGS BHD	Malaysia	54	4.88	-3.80	19.4X	14.84
VIETNAM DAIRY PRODUCTS JSC	Vietnam	126,860	2.34	5.89	15.1X	26.44
INTERNATIONAL DAIRY PRODUCTS	Vietnam	14,215	9.34	12.71	14.9X	38.56
Mean					**17.3X**	
Median					15.2X	
High					21.9X	
Low					14.9X	

Source: Bloomberg, Company data, Shinhan Securities Vietnam

Analysis of the sensitivity of stock prices when changing variables in valuation:

P/E Valuation

EPS 2025 \ P/E of peers	74,500	14.9x	15.2x	17.3x	21.9x
	4,007	59,700	60,900	71,000	87,700
	4,107	61,100	62,400	72,800	89,900
	4,207	62,600	63,900	**74,500**	92,100
	4,307	64,100	65,400	76,300	94,300
	4,407	65,600	66,900	78,100	96,500

Source: Bloomberg, Company data, Shinhan Securities Vietnam

FCFF Valuation

WACC \ Long-term growth rate of FCFF (g)	75,600	1.00%	1.25%	1.50%	1.75%	2.00%
	8.1%	81,800	84,000	86,300	88,800	91,600
	8.6%	76,700	78,600	80,600	82,700	85,000
	9.1%	72,300	73,900	**75,600**	77,400	79,400
	9.6%	68,400	69,700	71,200	72,800	74,500
	10.1%	64,900	66,100	67,400	68,700	70,200

Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

Risk of dependence on imported raw materials

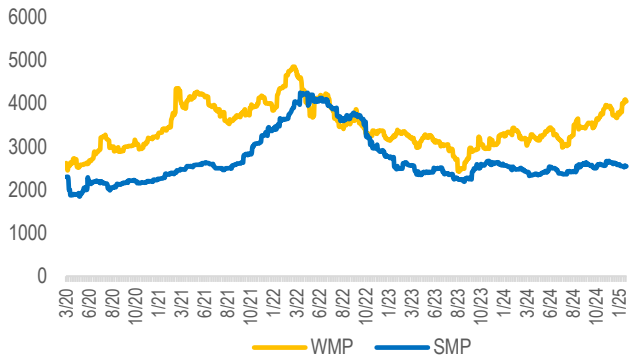
The characteristic of Vietnam's dairy industry is that domestic production can only meet 40% - 50% of consumption demand. Therefore, most dairy enterprises have to import milk powder from countries with high milk production productivity such as Australia, the US, and France,...

After a period of sideways movement and decline in the first half of the year, the price of milk powder including skim milk powder (SKM) and whole milk powder (WMP) both increased from July and has returned to the high range of 2022. Factors such as China's increased imports to cope with the trade war and seasonal declines in milk production in Western Europe and the US are the main causes of recent price fluctuations in the international market.

First, as the world's largest importer of dairy products, China has oriented the development of its domestic dairy industry towards the goal of self-sufficiency in supply. The country set a target of increasing milk production to 10 million tons in the 2018-2025 period and has actually achieved this target in 2023. In such a context, we forecast that the increase in raw material prices will only be short-term and will not significantly affect the company's profit prospects in the medium and long term.

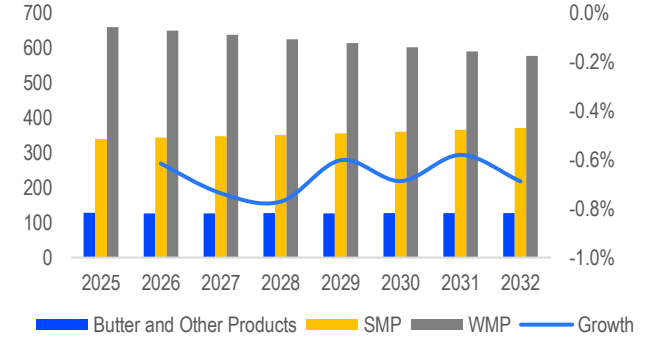
Second, the management shared that Vinamilk plans to increase selling prices in 2025 to offset the increase in cost of goods sold. Note that Vinamilk has barely increased its selling price in the past two years, so we expect that 2025 gross profit margin will not be lower than 2024.

Imported materials prices (USD/tonne)



Source: Company data, Shinhan Securities Vietnam

China's forecast imports (thousands tonne)



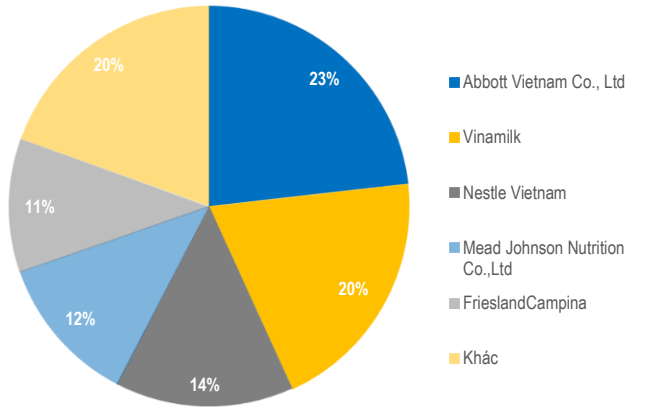
Source: OECD, Shinhan Securities Vietnam

Falling birth rate and restrictions on advertising to children under 2 years old

Consumption of infant milk accounts for 24% of total consumption of milk and dairy products. However, the level of competition in the infant milk segment among enterprises is the fiercest when (1) the birth rate in Vietnam decreased from 2.12 children/woman (2020) to 1.91 children/woman (2024), causing the demand for infant milk consumption to slow down and (2) the trend of spending on high-end products for children is increasing while foreign milk enterprises have a greater brand advantage. It can be seen that foreign milk enterprises are occupying a higher market share than domestic milk enterprises such as Vinamilk.

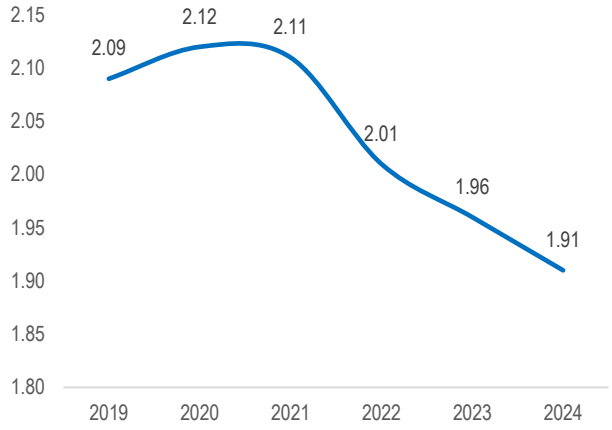
In addition, the 2018 Advertising Law prohibits the advertising of breast milk substitutes for children under 24 months of age and nutritional supplements for children under 6 months of age. This contributes to limiting the access of domestic dairy enterprises in the infant milk segment.

Fragmented infant formula market share (2023)



Source: Euromonitor, Shinhan Securities Vietnam

Birth rate (children/woman) decreased over the years



Source: GSO, Shinhan Securities Vietnam

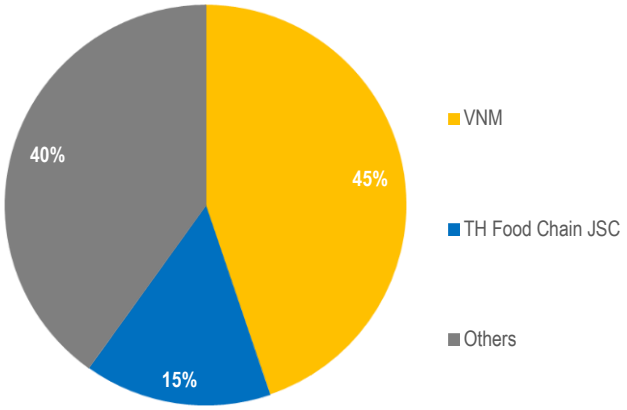
Company background

1. History of development

Vietnam Dairy Products Joint Stock Company (Vinamilk, HOSE: VNM) was established in 1976 based on the takeover of 3 dairy factories from the previous period. By 1998, VNM successfully exported 300 tons of powdered milk and 2,000 tons of full cream milk to Iraq, paving the way for exports to the Middle East market and many other countries around the world. After 3 years of equitization, VNM was officially listed on the stock exchange in 2006 and gradually became the largest food and beverage company on HOSE. With over 47 years of establishment, Vinamilk is currently the leading dairy brand in Vietnam and the 6th largest dairy brand in the world.

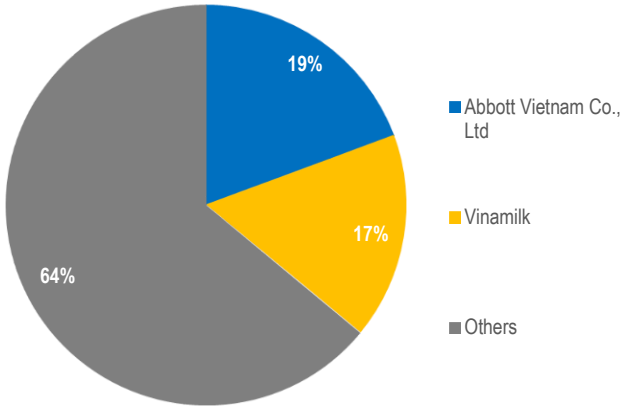
The success of the brand is reinforced by the company's continuous innovation. The company continuously launches and improves products from popular to high-end. Currently, Vinamilk is providing the market with 250 types of products with 4 main product categories including liquid milk (1), yogurt, condensed milk and formula (2). In which, 4 product categories (lliquid milk, infant milk, yogurt and condensed milk) accounts for more than 90% of milk product consumption by Vietnamese people (Euromonitor, 2023). In terms of product categories, Vinamilk holds the leading market share in the fresh milk, yogurt and condensed milk segments, and ranks second in the infant formula segment.

Vinamilk maintains its leading position in the liquid milk industry



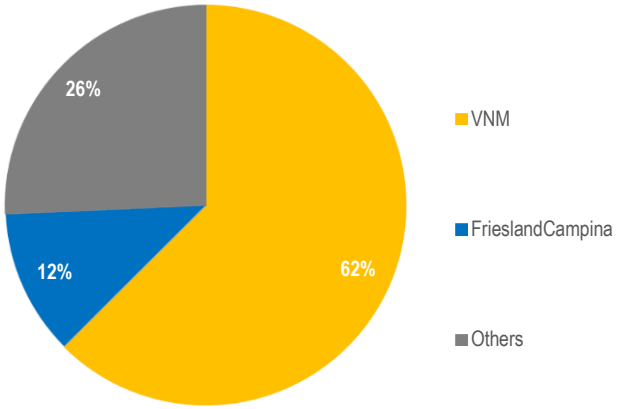
Source: Euromonitor, Shinhan Securities Vietnam

Vinamilk holds the number two position in the infant milk industry



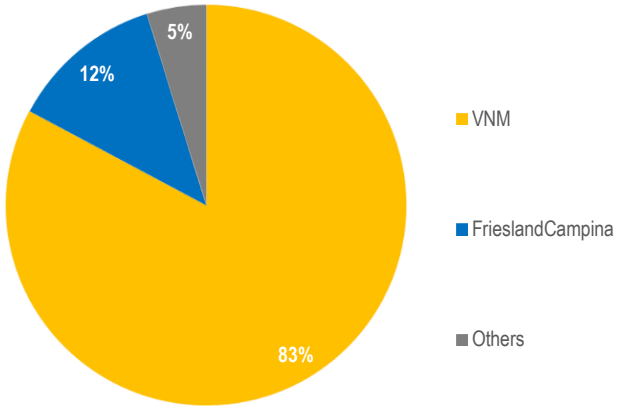
Source: Euromonitor, Shinhan Securities Vietnam

Vinamilk maintains its leading position in the yogurt industry



Source: Euromonitor, Shinhan Securities Vietnam

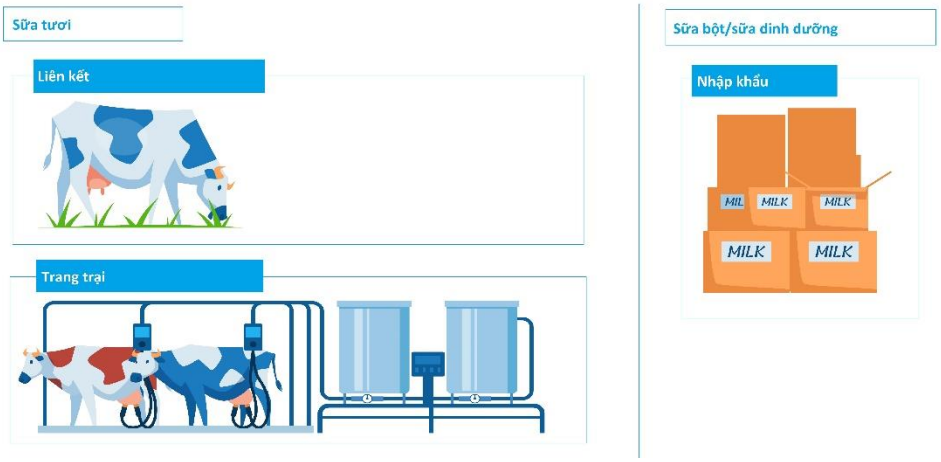
Vinamilk maintains its leading position in the condensed milk industry



Source: Euromonitor, Shinhan Securities Vietnam

2. Farms and raw materials

VNM's raw materials primarily consist of imported fresh milk and powdered milk



Source: VNM – Company presentation (2023), Shinhan Securities Vietnam

To produce fresh milk products, the company collects fresh milk from its own 15 farms and nearly 5,000 affiliated households. VNM is currently exploiting the largest dairy herd in the country with approximately 139,500 cows, supplying about 35% of the total fresh milk volume in the country.

Vinamilk operates the largest dairy cow herd in the country (31/12/2023)

Farms	Herd (cows)	% cows	Milk production (ton/year)	% milk	Productivity (kg/cows/year)
VNM and MCM management	38,000	27%	168,000	40%	4,421
Associating with farmers	101,500	73%	240,000	60%	2,365
Total	**139,500**	**100%**	**408,000**	**100%**	

Source: Annual Report (2023), Shinhan Securities Vietnam

Overall, the milk cow productivity of Vinamilk's high-yield farms is nearly double that of affiliated farmers and the national average. High productivity at Vinamilk's farms is mainly due to (1) increased imports of dairy cows from countries with high milk yields such as New Zealand and (2) dairy cows being cared for under a special regimen using advanced technology and animal welfare factors.

On the other hand, domestic milk production currently only meets 40-50% of domestic milk demand (Research and Markets, 2021). Therefore, to meet domestic milk demand and **produce milk powder and nutritional milk products**, VNM imports additional raw materials including whole milk powder (WMP), skim milk powder (SMP) and fat powder from countries such as the US, Europe and New Zealand. This makes VNM's gross profit margin affected by the price of imported raw materials.

Key Vinamilk projects planned for deployment in the next 5 years

Projects	Scale	Investment capital	Operation year
The Complex of Moc Chau Milk Paradise	4,000 heads	VND3,150 billion	2024
Lao-Jagro dairy farm complex	Phase 1 including 24,000 heads	N/A	8,000 heads were harvested in 2022
The Complex of Breeding and Beef Processing Vinabeef Tam Dao – Phase 1	10,000 tons of products per year	~VND3,000 billion	Commencing operations in 2024

Source: Annual Report (2023), Shinhan Securities Vietnam

The Vinabeef Tam Dao beef cattle breeding and processing project is a joint venture between (1) Vinamilk's high-quality beef cattle source, (2) Vilico's potential land fund, and (3) Sojitz Corporation of Japan's beef processing expertise in Tam Dao. The project consists of two main components: cattle breeding and a chilled beef processing plant with a capacity of 30,000 beef cattle per year (~10,000 products per year) with a total cooperation scale of USD 500 million. We believe that this cooperation opens up a new direction for Vinamilk, contributing to supporting the company's revenue in the next 5 years. If operating at full capacity, we estimate revenue of around VND 2,000-3,000 billion (accounting for about 3-5% of current revenue). However, due to insufficient information, we are cautious not to reflect the project's projected revenue in the company's revenue. We will provide updates when more information is available.

3. Distribution system

Vinamilk's distribution system is superior its competitors

Distribution system	Vinamilk	Friesland Campina	TH True Milk
Selling points	251,000	>150,000	>180,000
Stores	430	N/A	>250
Distributors	200	>150	>180

Source: YCP Solidiance (2020), Shinhan Securities Vietnam

In addition to the raw material region, the distribution system also plays an important role in the market share battle. According to Euromonitor, about 97% of milk and dairy products are distributed through traditional retail channels such as grocery stores, supermarkets, etc., and only about 3% of products are sold through e-commerce. Therefore, owning a superior distribution system compared to competitors helps to increase the coverage of Vinamilk's products, thereby strengthening its market share.

4. Revenue and operating costs

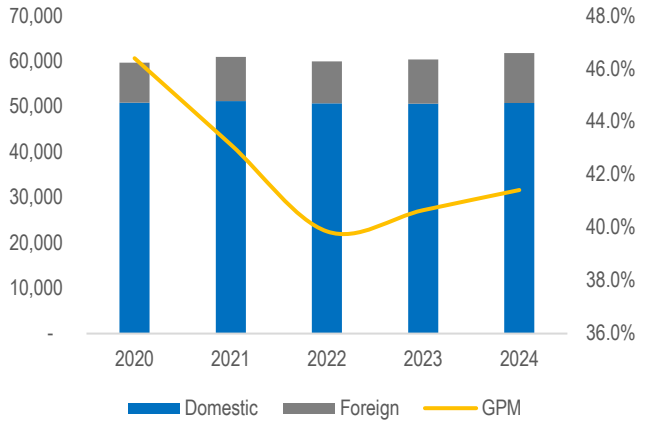
Vinamilk's revenue has grown by about 7.2% over the past 5 years, with about 84% coming from domestic sales and about 16% from foreign sales (exports and revenue from overseas branches). Of which, export revenue is mainly infant formula orders in the Middle East market, condensed milk in the Chinese market and condensed milk, yogurt, fresh milk products in the Asian market. In addition, the revenue of overseas branches including Driftwood - USA, Angkormilk - Cambodia and Del Monte - Vinamilk Joint Venture - Philippines also accounts for

nearly 50% of total foreign revenue. In general, domestic revenue is stable while foreign revenue mainly comes from the company's large and long-standing markets and partners.

Raw material costs are the highest proportion of Vinamilk's operating cost structure (55%), followed by selling expenses (26%). Vinamilk often locks in raw materials for 3-6 months in advance, however, the peak raw material prices in 2022 also caused the company's gross profit margin (GPM) to decrease slightly.

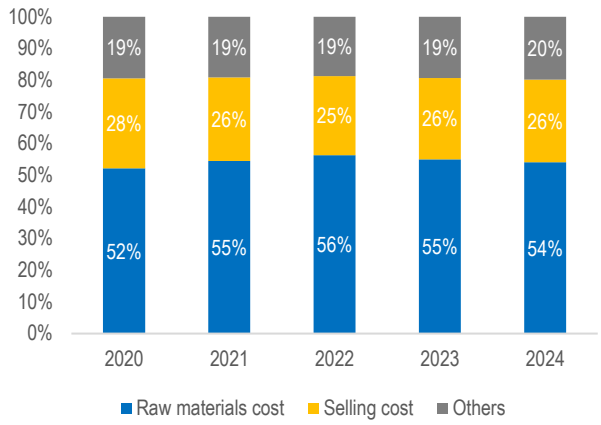
Selling expenses always account for a high proportion of operating costs. This shows the level of competition in the dairy industry in Vietnam when businesses have to increase selling expenses to increase brand awareness and maintain market share.

Revenue (billion VND) and GPM (%) of Vinamilk



Source: Company data, Shinhan Securities Vietnam

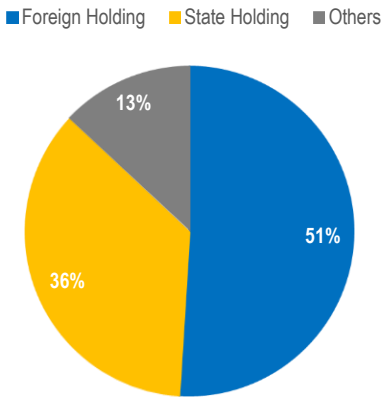
Operating costs of Vinamilk



Source: Company data, Shinhan Securities Vietnam

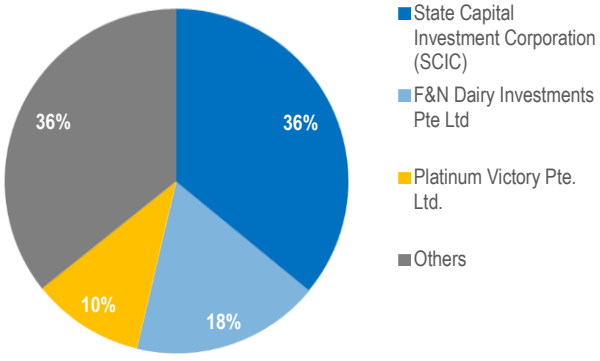
5. Ownership structure

Ownership structure at 05/02/2025



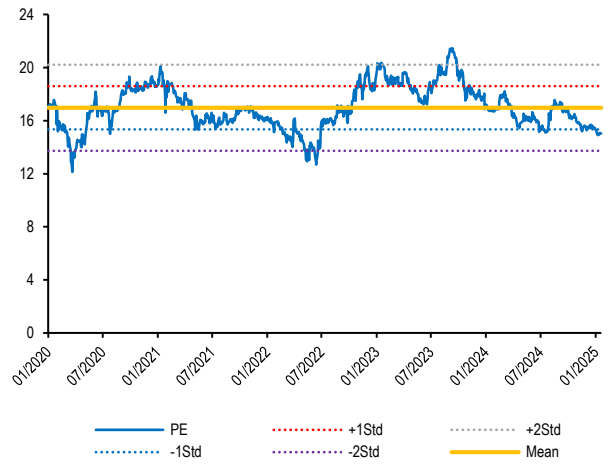
Source: Company data, Shinhan Securities Vietnam

Ownership ratio by company at 05/02/2025



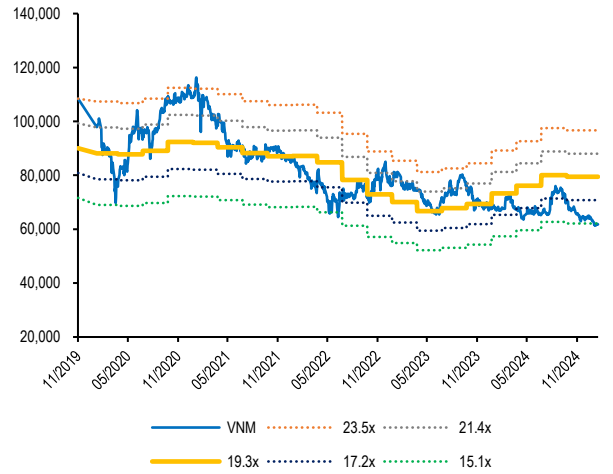
Source: Company data, Shinhan Securities Vietnam

P/E



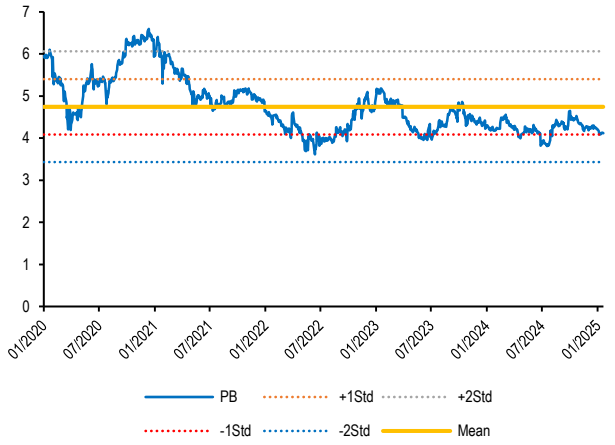
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PE Band



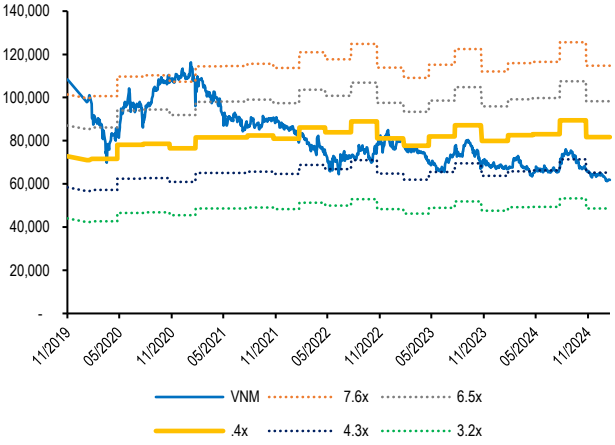
Source: Bloomberg, Company data, Shinhan Securities Vietnam

P/B



Source: Bloomberg, Company data, Shinhan Securities Vietnam

PB Band



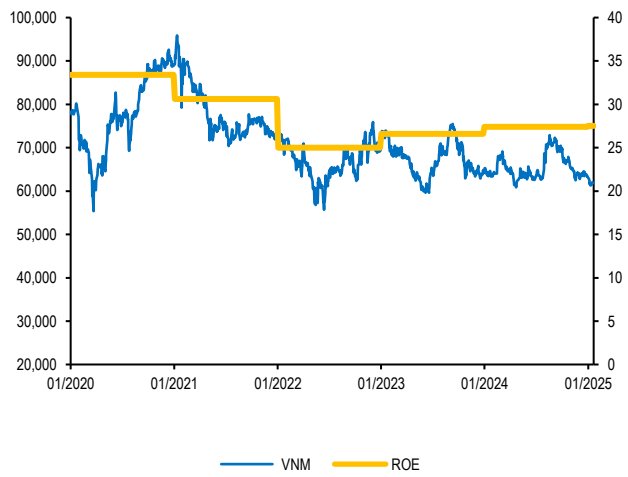
Source: Bloomberg, Company data, Shinhan Securities Vietnam

EV/EBITDA



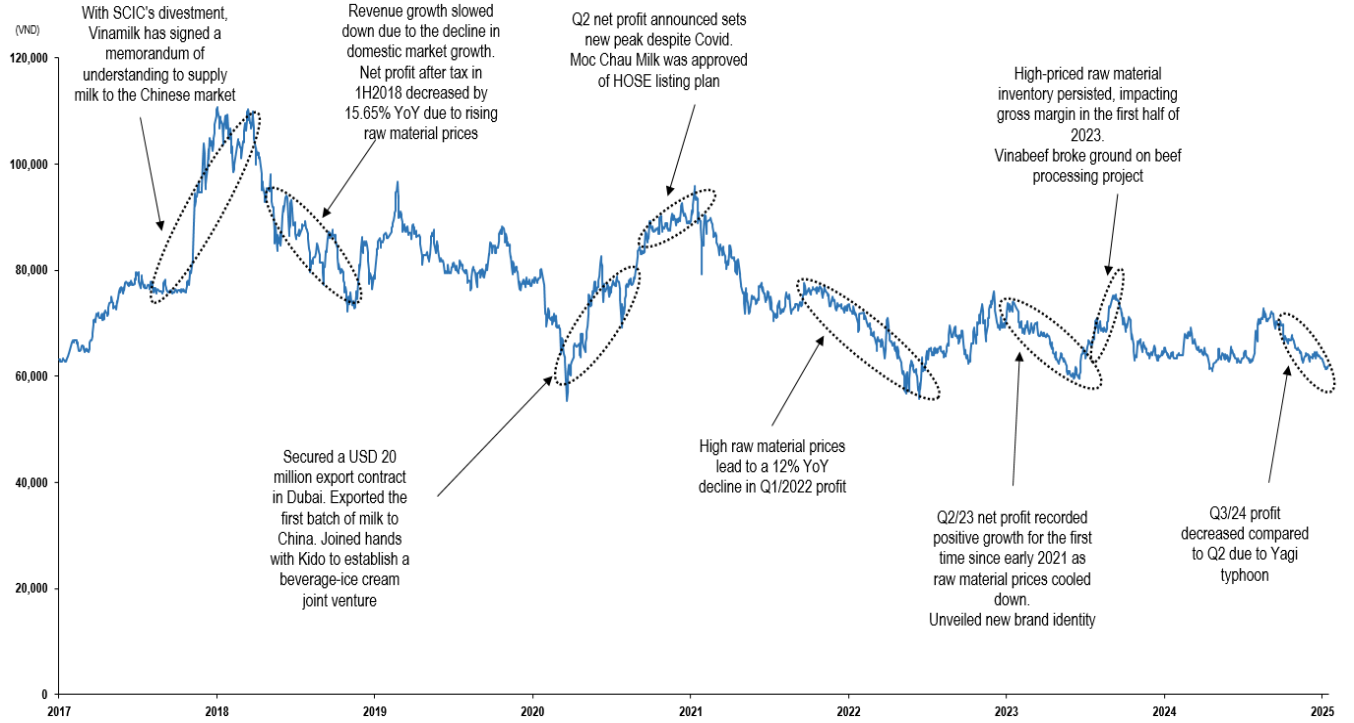
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Price and ROE



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Key events chart of VNM



Source: Company data, Shinhan Securities Vietnam

Appendix: Financial Statements

Statement of financial position

Year to Dec. (bn VND)	2022	2023	2024	2025F	2026F
Total assets	**48,483**	**52,673**	**55,049**	**56,482**	**58,226**
Current assets	31,560	35,936	37,554	39,115	40,950
Cash & equivalents	2,300	2,912	2,226	2,083	2,975
Short-term financial asset	17,414	20,137	23,260	23,849	24,457
Accounts receivable	6,100	6,530	6,234	6,855	7,030
Inventories	5,538	6,128	5,687	6,176	6,334
Other short-term assets	208	229	147	151	155
Non-current assets	16,923	16,737	17,495	17,367	17,276
Net fixed assets	11,903	12,690	12,551	12,779	13,037
Investment assets	743	831	1,373	1,373	1,373
Other long-term assets	4,277	3,216	3,572	3,214	2,866
Total liabilities	**15,666**	**17,647**	**18,875**	**19,367**	**20,165**
Current liabilities	15,308	17,139	18,460	18,977	19,800
Accounts payable	4,284	3,806	3,874	4,204	4,233
Short-term borrowings	4,867	8,218	9,115	9,190	9,423
Others	6,157	5,115	5,470	5,583	6,144
Non-current liabilities	358	508	415	390	366
Long-term borrowings	66	238	158	127	95
Other financial liabilities	292	270	257	264	270
Total shareholders' equity	**32,817**	**35,026**	**36,174**	**37,115**	**38,061**
Capital stock	20,900	20,900	20,900	20,900	20,900
Investment and development fund	5,267	6,164	7,079	7,988	8,895
Other capital	330	707	829	829	829
Retained earnings	3,353	3,926	3,471	3,539	3,626
Non-controlling interest equity	2,967	3,329	3,896	3,859	3,811
*Total debt	4,933	8,456	9,273	9,316	9,518
*Net debt (cash)	(14,781)	(14,593)	(16,213)	(16,616)	(17,914)

Statement of comprehensive income

Year to Dec. (bn VND)	2022	2023	2024	2025F	2026F
Revenue	**59,956**	**60,369**	**61,782**	**63,347**	**64,960**
Growth (%)	-1.6	0.7	2.3	2.5	2.5
COGS	36,059	35,824	36,192	37,058	38,002
Gross profit	**23,897**	**24,545**	**25,590**	**26,289**	**26,958**
GPM (%)	39.9	40.7	41.4	41.5	41.5
SG&A	14,144	14,774	15,185	15,278	15,714
Operating profit	**9,753**	**9,771**	**10,405**	**11,011**	**11,245**
Growth (%)	-17.1	0.2	6.5	5.8	2.1
OPM (%)	16.3	16.2	16.8	17.4	17.3
Non-operating profit	742	1,196	1,194	915	904
Financial income	1,380	1,716	1,586	1,669	1,697
Financial expense	(618)	(503)	(428)	(791)	(802)
In which: interest expenses	(166)	(354)	(279)	(372)	(377)
Net other non-operating profit	(20)	(17)	37	37	9
Pre-tax profit	**10,495**	**10,967**	**11,599**	**11,926**	**12,149**
Income tax	1,918	1,948	2,147	2,061	2,111
Net profit	**8,577**	**9,019**	**9,452**	**9,865**	**10,038**
Growth (%)	-19.3	5.2	4.8	4.4	1.7
NPM (%)	14.3	14.9	15.3	15.6	15.5
Controlling interest	8,515	8,873	9,392	9,769	9,938
Non-controlling interest	62	146	61	97	99
EBIT	**10,661**	**11,321**	**11,878**	**12,298**	**12,526**
Growth (%)	-18.1	6.2	4.9	3.5	1.9
EBIT Margin (%)	17.8	18.8	19.2	19.4	19.3
EBITDA	**12,756**	**13,375**	**13,973**	**14,381**	**14,893**
Growth (%)	-15.7	4.9	4.5	2.9	3.6
EBITDA Margin	21.3	22.2	22.6	22.7	22.9

Statement of cash flow

Year to Dec. (bn VND)	2022	2023	2024	2025F	2026F
Cash flow from operations	**8,827**	**7,887**	**8,846**	**9,836**	**11,191**
Net profit	8,577	9,019	9,452	9,865	10,038
D&A expense	2,095	2,054	2,095	2,083	2,367
(Gain) from investing activities	(1,098)	(1,397)	(1,654)	(1,669)	(1,697)
Change in working capital	104	(1,702)	904	(442)	483
Others	(851)	(87)	-	-	-
Cash flow from investments	**3,473**	**(2,989)**	**(1,233)**	**(1,097)**	**(1,409)**
Change in fixed assets	(1,457)	(1,580)	(671)	(2,177)	(2,499)
Change in investment assets	3,592	(2,882)	(2,310)	(589)	(607)
Others	1,338	1,473	1,741	1,669	1,697
Cash flow from financing	**(12,360)**	**(4,293)**	**(7,320)**	**(8,882)**	**(8,890)**
Change in equity	338	347	-	(977)	(994)
Net borrowing	(4,531)	3,512	727	43	202
Dividends	(8,167)	(8,152)	(8,046)	(7,948)	(8,098)
Change in total cash	**(60)**	**606**	**293**	**(143)**	**892**
Beginning cash	2,348	2,300	2,912	2,226	2,083
Change in FX rates	12	6	-	-	-
Ending cash	2,300	2,912	2,226	2,083	2,975

Source: Company data, Shinhan Securities Vietnam

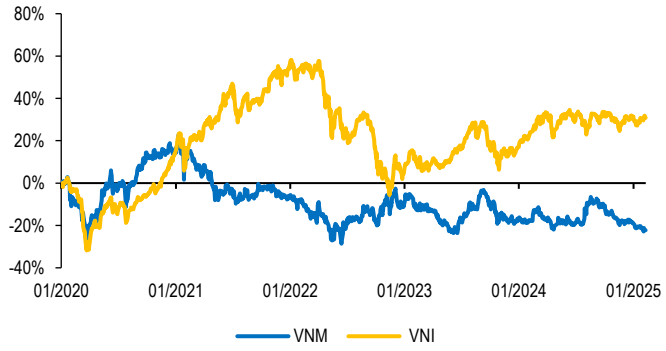
Key ratios

Year to Dec.	2022	2023	2024	2025F	2026F
EPS (VND)	3,632	3,796	4,022	4,207	4,280
BPS (VND)	14,282	15,166	15,444	15,912	16,388
PER (x)	19.2	17.0	15.8	17.8	17.5
PBR (x)	4.9	4.3	4.1	4.7	4.6
Dividend payout ratio (%)	128.9%	69.5%	85.7%	80.0%	80.0%
Dividend yield (%)	7.10%	4.23%	5.72%	5.01%	5.13%
Profitability					
EBITDA margin (%)	21.3	22.2	22.6	22.7	22.9
OPM (%)	16.3	16.2	16.8	17.4	17.3
NPM (%)	14.3	14.9	15.3	15.6	15.5
ROA (%)	16.8	17.8	17.5	17.7	17.5
ROE (%)	25.0	26.6	26.6	26.9	26.7
Stability					
Debt to equity ratio (%)	15.0	24.1	25.6	25.1	25.0
Net debt/ EBITDA (%)	(115.9)	(109.1)	(116.0)	(115.5)	(120.3)
Cash ratio (%)	128.8	134.5	138.1	136.7	138.5
Interest coverage ratio (x)	64.2	32.0	42.6	33.1	33.3
Activity (%)					
Payables turnover (days)	43.4	38.8	39.1	41.4	40.7
Inventory turnover (days)	56.1	62.4	57.4	60.8	60.8
Receivables turnover (days)	37.1	39.5	36.8	39.5	39.5

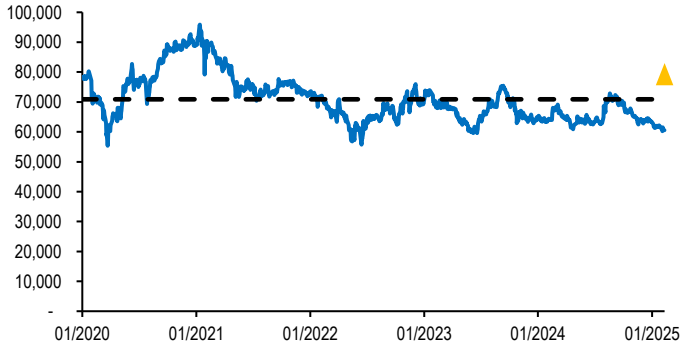
Source: Company data, Shinhan Securities Vietnam

Viet Nam Dairy Products JSC (VNM VN)

Stock price



Target price



Date	Rating	TP (VND)	TP gap (%) TB	TB
25/04/2024 (Initiation)	BUY	84,400	18.6	26.4/6.8
21/11/2024 (Update)	BUY	76,000	15	3.5/23.8
11/02/2025 (Update)	BUY	75,500	14.8	2.9/24.6

Note: Calculation of target price gap based on past 12 months

Shinhan Securities Vietnam

Stocks	Sector
◆ **BUY:** Expected 12-month gain of 15% or more ◆ **HOLD:** Expected 12-month loss of 15% to gain of 15% ◆ **SELL:** Expected 12-month loss of 15% or more	◆ **OVERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated BUY ◆ **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD ◆ **UNDERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated SELL

Compliance & Disclosure Notice

Analyst Certification

- The following analysts hereby certify that their views about the companies and securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Nhi Nguyen

Important Disclosures & Disclaimers

- As of the date of publication, Shinhan Securities Vietnam Co., Ltd. does not beneficially own 1% or more of any class of common equity securities of the following companies mentioned in this report: VNM VN
- Shinhan Securities Vietnam Co., Ltd. or one of its affiliates, and/or their respective officers, directors, or employees may have interests, or long or short positions, and may at any time make purchases or sales as a principal or agent of the securities of the companies mentioned in this report.
- As of the date of publication, research analysts responsible for this report and members of their households do not have any financial interest in the debt or equity securities of the companies mentioned in this report.
- Research analysts responsible for this report receive compensation based upon, among other factors, the overall profitability of Shinhan Securities Vietnam Co., Ltd. including profits derived from investment banking. The analysts responsible for this report may also receive compensation based upon, among other factors, the overall profitability of sales and trading businesses relating to the class of securities or financial instruments for which such analysts are responsible.
- All opinions and estimates regarding the companies and their securities are accurate representations of the research analysts' judgments and may differ from actual results.
- This report is intended to provide information to assist investment decisions only, and should not be used or construed as an offer or a solicitation of an offer to buy or sell any securities. The information herein has been obtained from sources deemed reliable, but such information has not been independently verified and no guarantee, representation, or warranty, expressed or implied, is made as to its accuracy, completeness, or correctness. Shinhan Securities Vietnam Co., Ltd. makes the best effort but does not guarantee the accuracy, completeness, or correctness of information and opinions translated into English from original Vietnamese language materials. Shinhan Securities Vietnam Co., Ltd. accepts no liability whatsoever for any direct, indirect, and/or consequential loss arising from any use of this material or its contents. Stock selection and final investment decisions should be made at the investor's own and sole discretion.
- This report is distributed to our customers only, and any unauthorized use, duplication, or redistribution of this report is strictly prohibited.
- Investing in any Vietnamese securities or related financial instruments discussed in this research report may present certain risks. The securities of Vietnamese issuers may not be registered with, or be subject to the regulations of, the US Securities and Exchange Commission. Information on Vietnamese securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the US. The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in currencies other than the Vietnamese won is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Distribution

- United States: This report is distributed in the US by Shinhan Investment America, Inc., a member of FINRA/SIPC, and is only intended for major US institutional investors as defined in Rule 15a-6(a)(2) of the US Securities Exchange Act of 1934. All US persons that receive this document by their acceptance thereof represent and warrant that they are major US institutional investors and have not received this report under any express or implied understanding that they will direct commission income to Shinhan Securities Vietnam Co., Ltd. or its affiliates. Pursuant to Rule 15a-6(a)(3), any US recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Shinhan Investment America, Inc., which accepts responsibility for the contents of this report in the US. The securities described herein may not have been registered under the US Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the US or to US persons unless they have been registered or are in compliance with an exemption from registration requirements.
- All Other Jurisdictions: Customers in all other countries who wish to effect a transaction in any securities referenced in this report should contact Shinhan Securities Vietnam Co., Ltd. or its affiliates only if distribution to or use by such customer of this report would not violate applicable laws and regulations and not subject Shinhan Securities Vietnam Co., Ltd. and its affiliates to any registration or licensing requirement within such jurisdiction.



Shinhan Investment Network

SEOUL
Shinhan Securities Co., Ltd
Shinhan Investment Tower
70, Youido-dong, Yongdungpo-gu,
Seoul, Korea 150-712
Tel : (82-2) 3772-2700, 2702
Fax : (82-2) 6671-7573

NEW YORK
Shinhan Investment America Inc.
1325 Avenue of the Americas Suite 702,
New York, NY 10019
Tel : (1-212) 397-4000
Fax : (1-212) 397-0032

Hong Kong
Shinhan Investment Asia Ltd.
Unit 7705 A, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Tel : (852) 3713-5333
Fax : (852) 3713-5300

Indonesia
PT Shinhan Sekuritas Indonesia
30th Floor, IFC 2, Jl. Jend. Sudirman Kav.
22-23, Jakarta, Indonesia
Tel : (62-21) 5140-1133
Fax : (62-21) 5140-1599

Shanghai
Shinhan Investment Corp.
Shanghai Representative Office
Room 104, Huaneng Union Mansion No.958,
Luijiazui Ring Road, PuDong, Shanghai, China
Tel : (86-21) 6888-9135/6
Fax : (86-21) 6888-9139

Ho Chi Minh
Shinhan Securities Vietnam Co., Ltd.
18th Floor, The Mett Tower, 15 Tran Bach Dang, Thu Thiem Ward,
Thu Duc City, Ho Chi Minh City, Vietnam.
Tel : (84-8) 6299-8000
Fax : (84-8) 6299-4232

Ha Noi
Shinhan Securities Vietnam Co., Ltd.
Hanoi Branch
2nd Floor, Leadvisors Building, No. 41A Ly Thai To,
Ly Thai To Ward, Hoan Kiem District, Hanoi, Vietnam.
Tel : (84-8) 6299-8000