June 3rd, 2025

Shinhan Securities



Vietnam Dairy Products JSC

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

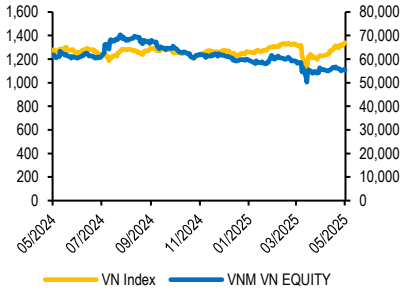
BUY

Update Report

Target price (12 months)	**72,700 VND**
Current price (03/06/2025)	55,600 VND
Upside/downside	30.8%

VNINDEX	1,345
Market P/E	11.2
Market Cap (bn VND)	116,202
Outstanding shares (mn)	2,090
Free-Floating (mn)	737
52-Wk High/Low (VND)	76,200/51,400
90-day avg. trading volume (mn)	4.00
90-day avg. turnover (bn VND)	247
Foreign ownership (%)	51.5
Major Shareholders (%) State Capital Investment Corporation (SCIC)	36.0
F&N Dairy Investments Private Limited	17.69

Performance	3M	6M	12M
Absolute (%)	-12.0	-13.0	-15.9
Relative to VN-Index (%)	-14.7	-20.6	-20.9



Source: Bloomberg

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A bright spot in exports

Maintain BUY rating, target price at 72,700 VND

Vietnam Dairy Products Joint Stock Company (Vinamilk, HOSE: VNM) is the dairy company with the leading market share in Vietnam along with the largest distribution system and cow herd. In addition, the company is also continuously expanding to large territories such as China and the Middle East. At the current price, VNM is a worthy investment to consider because: (1) High dividend payout ratio and strong financial potential are enough to meet future expansion investment needs, (2) Growth momentum comes from export markets and overseas companies and (3) Growth potential in Vietnam's dairy industry is still there when the compound growth is forecast at 3.0%/year in the period 2025-2029 (according to Euromonitor 2024) and milk consumption per capita is still low compared to other countries in the Southeast Asian region, although there are still many barriers to expanding production and heavy dependence on imported raw materials.

Based on the FCFF and P/E methods, we update our valuation and recommend BUY for VNM with a target price of VND 72,700, equivalent to an expected return of 30.8%.

Update business results for Q1/2025

In Q1/2025, VNM recorded net revenue of VND 12,935 billion (-8.3% YoY) and net profit of VND 1,587 billion (-28% YoY), completing 20% and 16% of the annual plan, respectively. Domestic market revenue achieved poor results with negative growth of -13%, while foreign markets maintained the 7th consecutive quarter of positive growth thanks to positive exports.

Revenue decreased partly due to the restructuring of the distribution system causing disruptions in the sales process, combined with negative growth in some key products. SG&A margin in Q1 increased to 27.8% (Q1 of the same period was 24.7%), causing the profit margin to decrease compared to the same period, while the gross profit margin improved slightly compared to the previous quarter and decreased compared to the same period in 2024 due to the increase in milk powder prices since Q2/2024. However, the Board of Directors (BOD) shared that April revenue has returned to growth and Q2 could see positive growth compared to the same period in the positive scenario.

Business results forecast for 2025

We forecast 2025 net revenue to reach VND 63,134 billion (+2.2% YoY) and net profit to reach VND 9,464 billion (+0.1% YoY). Of which, we expect revenue from foreign markets to grow by 10% thanks to positive exports, and domestic revenue to grow slightly by 0.5% compared to the results achieved in 2024.

Risks

(1) Risk of dependence on imported raw materials; (2) Competition risk; (3) Falling birth rate; (4) Weaker-than-expected consumption recovery speed.

Year	2022	2023	2024	2025F	2026F
Revenue (bn VND)	**59,956**	**60,369**	**61,782**	**63,134**	**64,356**
Operating profit (bn VND)	9,753	9,771	10,405	10,522	11,021
Net profit (bn VND)	**8,577**	**9,019**	**9,452**	**9,464**	**9,851**
EPS (VND)	3,632	3,796	4,022	4,035	4,200
BPS (VND)	14,282	15,166	15,444	15,893	16,360
OPM (%)	16.3	16.2	16.8	16.7	17.1
NPM (%)	14.3	14.9	15.3	15.0	15.3
ROE (%)	25.0	26.6	26.6	25.8	26.2
PER (x)	19.2	17.0	15.8	18.0	17.3
PBR (x)	4.9	4.3	4.1	4.6	4.4

Source: Company data, Shinhan Securities Vietnam

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Update on Q1/2025 and 2025F

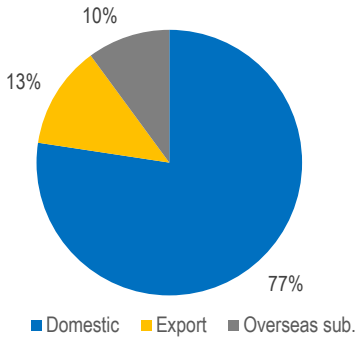
Bil VND	Q1/2025	Q1/2024	Change (YoY)	2025F	Change (YoY)
Net revenue	12,935	15,619	-8%	63,134	2.2%
Domestic	10,011	13,085	-13%	51,053	0.5%
Foreign	2,924	2,615	12%	12,081	10.0%
Export	1,620	1,298	+25%		
Subsidiaries	1,304	1,317	-1%		
Gross profit	5,210	5,911	-12%	26,011	1.6%
Domestic	3,954	4,848	-18%	20,935	
Foreign	1,256	1,063	18%	5,077	
Net profit	1,587	2,207	-28%	9,464	0.1%
Gross profit margin	40.3%	41.9%	-1.6%	41.2%	
Domestic	39.5%	42.2%	-2.7%	41.0%	
Foreign	43.0%	40.7%	2.3%	42.0%	
SG&A margin	27.8%	24.7%	3.1%	24.5%	
Net profit margin	12.3%	15.6%	-3.4%	15.0%	

In Q1/2025, VNM recorded net revenue of VND 12,935 billion (-8.3% YoY) and net profit of VND 1,587 billion (-28% YoY), completing 20% and 16% of the plan set by the General Meeting of Shareholders, respectively. Revenue decreased mainly due to the poor performance of the domestic market with revenue reaching only VND 10,011 billion (-13% YoY) - the reason being that the company restructured the distribution system causing disruptions in the sales process, combined with negative growth in some key products.

On the contrary, revenue from foreign markets recorded a growth of 12% YoY, in which export revenue grew by an outstanding 25%, offsetting the 1% decline of foreign branches (Driftwoods and Angkor Milk). During the quarter, the company expanded into two new export markets in Europe and Oceania, bringing the total number of cumulative export markets to 65. This is also the first time that revenue from foreign markets accounted for more than 20% of VNM's revenue structure.

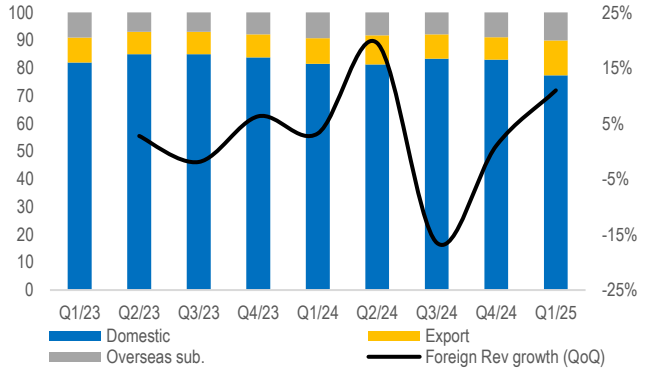
However, the company also shared that in April, domestic revenue recovered, recording double-digit growth compared to the same period last year. In a positive scenario, the BOD expects Q2 revenue to return to positive growth compared to the same period last year.

Revenue structure by geography Q1/25



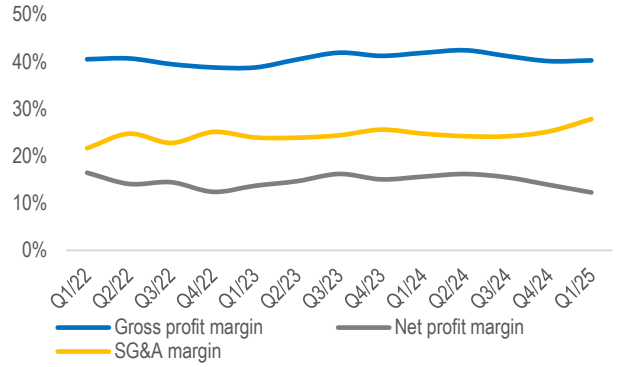
Source: Company data, Shinhan Securities Vietnam

Foreign contribution is expanding



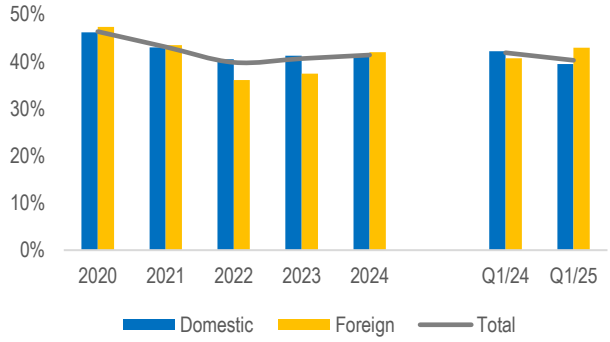
Source: Company data, Shinhan Securities Vietnam

Profit margins by quarters



Source: Company data, Shinhan Securities Vietnam

Gross profit margins by geography



Source: Company data, Shinhan Securities Vietnam

Gross profit margin in Q1/25 reached 40.3% (down 1.6% YoY), in which the gross profit margin of the domestic market decreased by 2.7 percentage points YoY due to the increase in milk powder prices (the BOD shared that the average raw material price increased by 4.5% in Q1), on the contrary, the gross profit margin of the export segment and foreign companies increased to 43% (the same period was 40.7%). SG&A margin also increased by 3.1 percentage points (because SG&A costs are not all variable costs, so the decrease in revenue caused the marginal cost to increase), leading to a decrease in Q1/25 net profit margin to 12.3%.

We forecast net revenue in 2025 to reach VND 63,134 billion (+2.2% YoY) and net profit to reach VND9,464 billion (+0.1% YoY).
Despite the poor Q1 results, mainly due to the impact of the restructuring of the distribution system, we expect the situation to improve in the following quarters. We lower our domestic market growth forecast to 0.5% from our previous forecast and raise our overseas market growth forecast to 10% thanks to better-than-expected export performance.

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 (%)	**9.0**
Risk-free rate (%)	3.1
Equity risk premium (%)	8.35
Beta	0.77
Debt cost (%)	2.5
The cost of equity(%)	9.6
Debt-to-equity ratio	0.09
Total debt (Billion VND)	10,213

Source: Company data, Shinhan Securities Vietnam

FCF valuation					
Unit: billion VND	**2025F**	**2026F**	**2027F**	**2028F**	**2029F**
Net profit	**9,464**	**9,851**	**10,018**	**10,171**	**10,424**
Plus: After-tax interest expense	304	306	311	316	323
Plus: Depreciation & Amortization	2,082	2,365	2,629	3,001	3,073
Minus: Change in working capital	-476	501	-138	303	294
Minus: CapEx	-2,170	-2,474	-2,579	-2,516	-2,619
Free Cash Flow (FCFF)	**9,205**	**10,549**	**10,242**	**11,275**	**11,495**
Discount rate	0.95	0.87	0.80	0.73	0.67
PV of FCFF	8,742	9,192	8,189	8,271	7,738
Long-term growth rate	1.0%				
Present value of long-term value	97,884				
Enterprise value	140,016				
(Plus) Cash and equivalents	25,708				
(Subtract) Debt	-10,213				
(Subtract) Minority interest	-3,925				
Equity value	151,586				
Number of shares outstanding (billion units)	2.09				
Target price (VND)	**72,500**				

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 18.1x, the 12-month stock target price according to this method is 73,000 VND.

Method	Current P/E	Average 5-year P/E	Mean P/E of peers	Target P/E	EPS 2025	Target price
P/E	13.1x	17.6x	18.6x	18.1x	4,035	**73,000**

Source: Bloomberg, Company data, Shinhan Securities Vietnam

Ticker	Country	Market cap (bil VND)	Revenue growth (%)	EPS growth (%)	P/E	ROE (%)
CISARUA MOUNTAIN DAIRY PT TB	Indonesia	60,703	16.10	-66.80	23.6X	2.00
ULTRAJAYA MILK IND & TRADING	Indonesia	24,542	6.90	-1.90	12.6X	15.00
NEW HOPE DAIRY CO LTD-A	China	57,881	-2.90	29.80	27.8X	24.80
FRASER & NEAVE HOLDINGS BHD	Malaysia	61,397	4.90	-3.80	19.2X	14.30
VIETNAM DAIRY PRODUCTS JSC	Vietnam	115,783	2.30	5.90	13.1X	24.10
Mean					**18.6X**	
Median					17.4X	
High					27.8X	
Low					12.6X	

Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

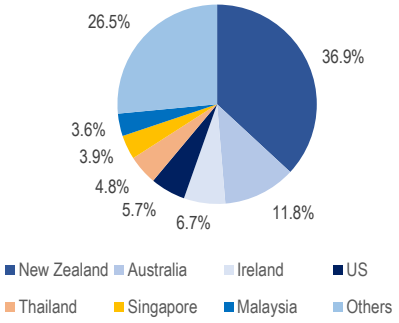
Risk of dependence on imported raw materials

Due to many limitations in herd size and climate, domestic milk supply is not enough to meet domestic demand. Dairy producers in Vietnam still have to import additional raw materials such as milk powder and cream from abroad, causing profit margins to be affected by fluctuations in the prices of these raw materials on the world market. In addition, Vietnam also imports many types of foreign milk to meet the diverse needs of consumers. The main import markets are New Zealand, Australia, Ireland and the US. Of which, New Zealand is the largest import market with a rate of 36.9% in Q1/2025.

Since the beginning of the year, prices of all types of milk powder have increased, partly due to China increasing imports in the context of domestic supply not being enough to meet demand. This has increased the cost of raw materials of manufacturing enterprises in Q1. VNM's Board of Directors shared that the average price of raw materials increased by 4.5% in Q1.

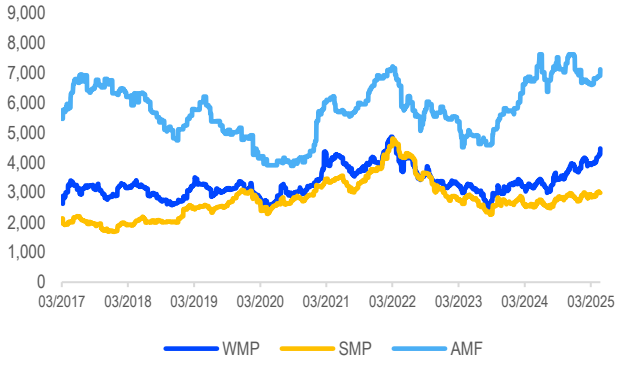
However, we expect the US-China trade war (China is the US's third largest export market for dairy products in 2024) to cause trade flow congestion, forcing the US to shift to alternative markets, and could be a supporting factor for raw material prices to decrease in the short term.

Import markets in Q1/2025



Source: GSO, Shinhan Securities Vietnam

Imported materials prices (USD/ton)



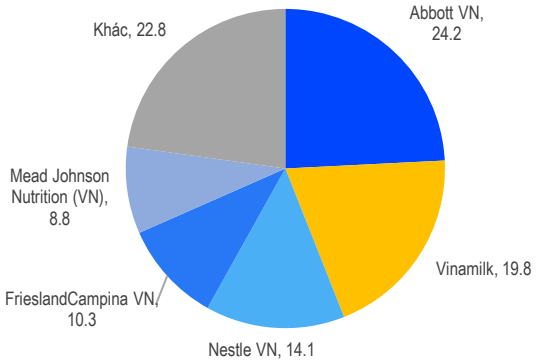
Source: Bloomberg, Shinhan Securities Vietnam

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.

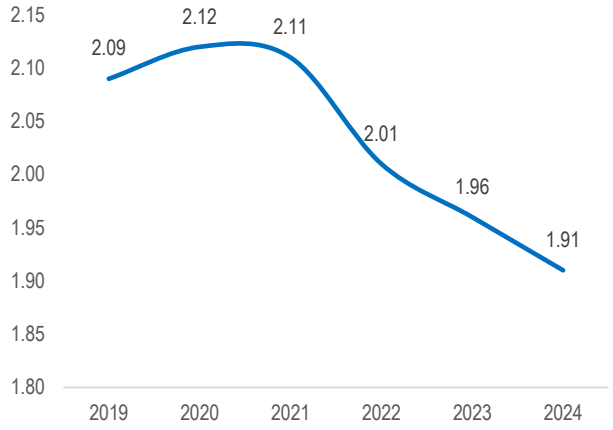
In addition, the 2018 Advertising Law prohibits the advertising of breast milk substitutes for children under 24 months of age and nutritional supplements for children under 6 months of age. This contributes to limiting the access of domestic dairy enterprises in the infant milk segment.

Fragmented infant formula market share (2024)



Source: Euromonitor, Shinhan Securities Vietnam

Birth rate (children/woman) decreased over the years



Source: GSO, Shinhan Securities Vietnam

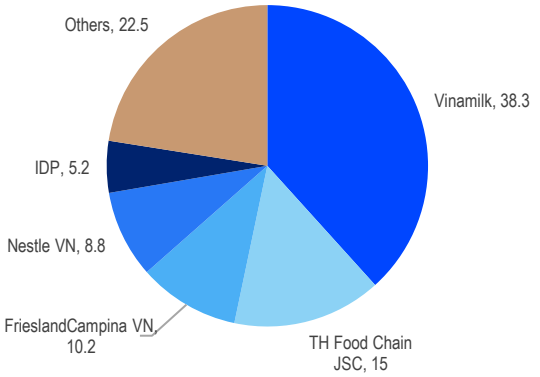
Company background

1. History of development

Vietnam Dairy Products Joint Stock Company (Vinamilk, HOSE: VNM) was established in 1976 based on the takeover of 3 milk factories of the previous period. By 1998, VNM successfully exported 300 tons of powdered milk and 2,000 tons of whole milk to Iraq, paving the way for exports to the Middle East market and many 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 enterprise on HOSE. After 48 years of operation, Vinamilk has maintained its position as the leading milk brand in Vietnam and ranked 36th globally (2024).

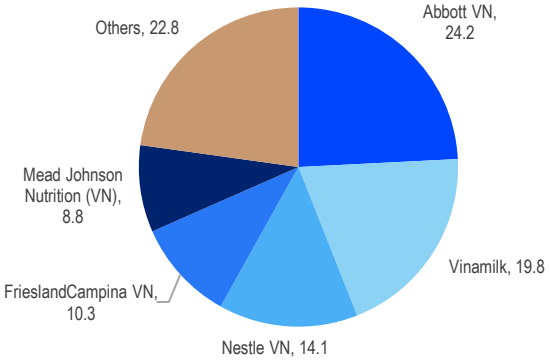
The success of the brand is reinforced by the company's constant innovation. The company continuously launches and improves products from popular to high-end. Of which, 4 product lines (liquid milk, baby milk, yogurt, condensed milk) account for more than 90% of Vietnamese people's dairy product consumption (Euromonitor, 2024). By product line, Vinamilk has the largest market share in liquid milk, yogurt and condensed milk, and is second in powdered milk for babies (after Abbott).

Drinking milk's market share in 2024 (%)



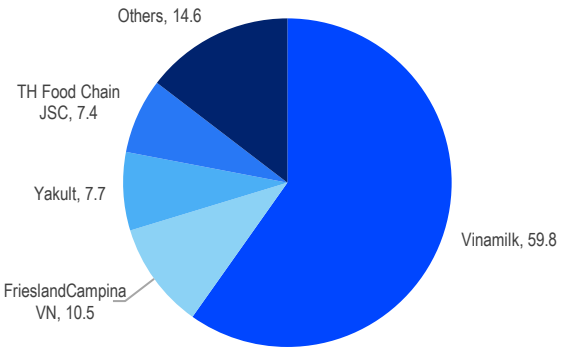
Source: Euromonitor, Shinhan Securities Vietnam

Baby food's market share in 2024 (%)



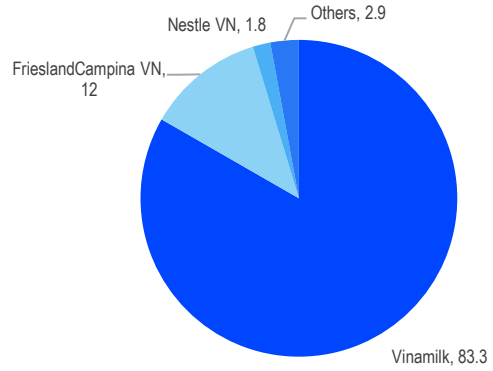
Source: Euromonitor, Shinhan Securities Vietnam

Yoghurt and sour milk's market share in 2024 (%)



Source: Euromonitor, Shinhan Securities Vietnam

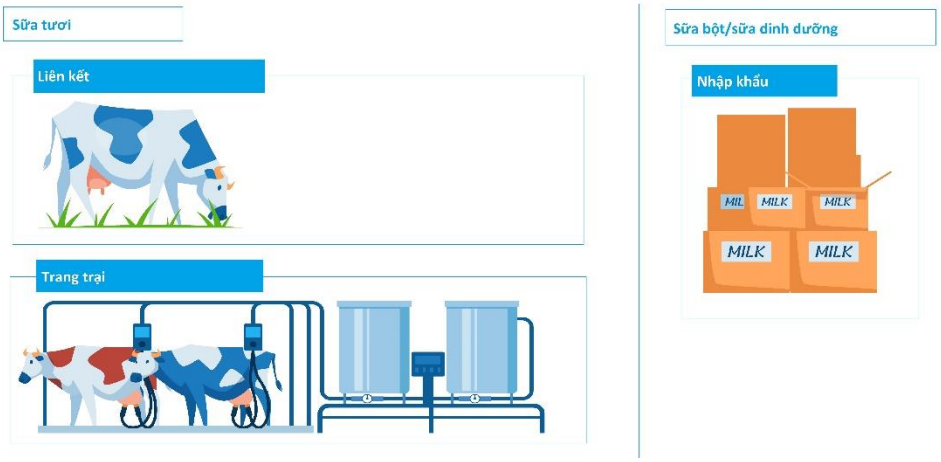
Condensed milk's market share in 2024 (%)



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 (2024), Shinhan Securities Vietnam

To produce fresh milk products, the company collects fresh milk from 15 farms of 6,000 associated farmer households. VNM is currently exploiting the largest dairy herd in the country with about 130,000 cows, self-sufficient in 50% of raw fresh milk input.

Vinamilk operates the largest dairy cow herd in the country (31/12/2024)

Farms	Herd (cows)	% cows	Milk production (ton/year)	% milk	Productivity (kg/cows/year)
VNM and MCM management	40,000	31%	181,000	44%	4,525
Associating with farmers	90,000	69%	227,000	56%	2,522
Total	**130,000**	**100%**	**408,000**	**100%**	

Source: Annual Report (2024), 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	VND 3,150 billion	Q4/2025
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 (2024), 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

In addition to raw material areas, the distribution system also plays an important role in the market share battle. According to Euromonitor, more than 98% of milk and dairy products are distributed through traditional retail channels such as grocery stores, supermarkets, etc., and only about 2% of products are sold through e-commerce. Therefore, owning a distribution system that is superior to competitors contributes to increasing the coverage of Vinamilk's products, thereby consolidating market share.

Currently, VNM owns more than 200 exclusive distributors, more than 690 Vinamilk & Moc Chau stores and more than 190,000 traditional retail points such as grocery stores, markets and small agents, combined with more than 6,000 modern channel points of sale, bringing a convenient shopping experience to users.

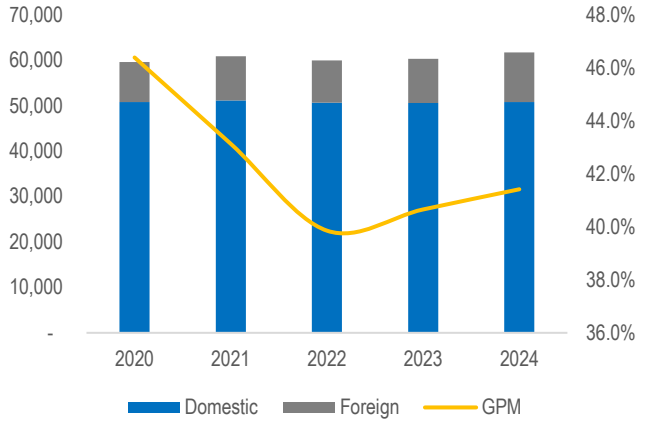
4. Revenue and operating costs

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.

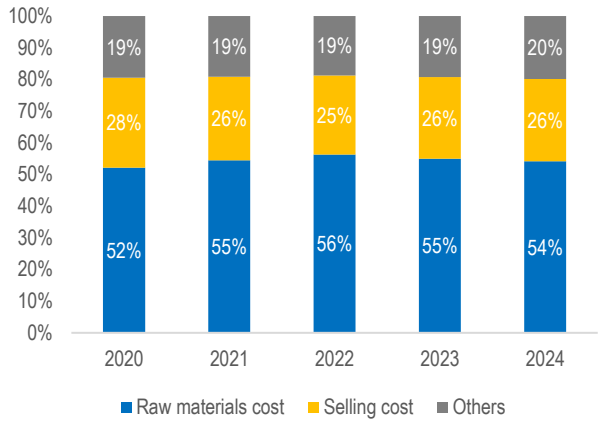
Selling expenses always account for a high proportion of operating costs. This shows the level of competition in the dairy industry in Vietnam when businesses have to increase selling expenses to increase brand awareness and maintain market share.

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



Source: Company data, Shinhan Securities Vietnam

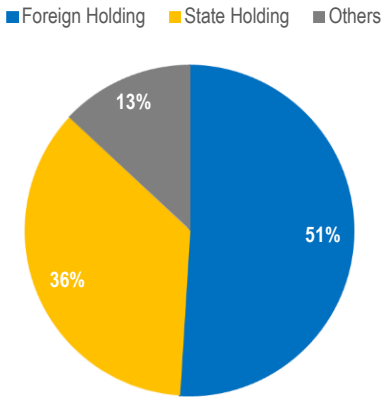
Operating costs of Vinamilk



Source: Company data, Shinhan Securities Vietnam

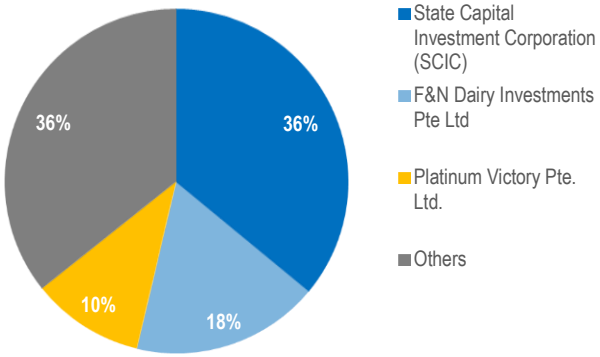
5. Ownership structure

Ownership structure at 26/05/2025



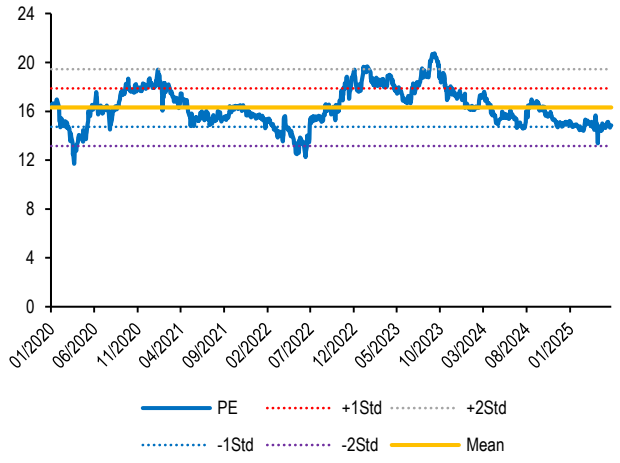
Source: Company data, Shinhan Securities Vietnam

Ownership ratio by company at 26/05/2025



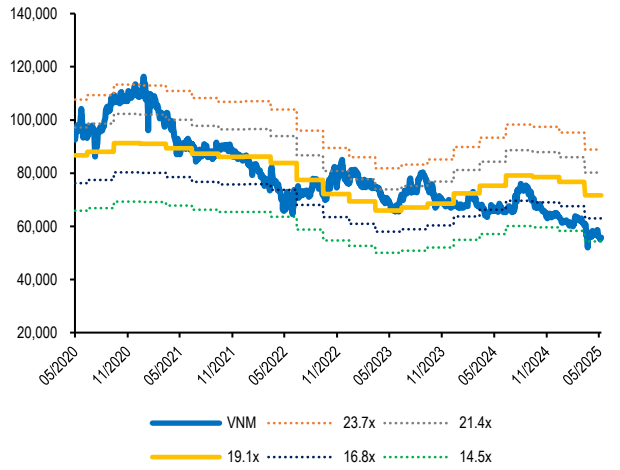
Source: Company data, Shinhan Securities Vietnam

P/E



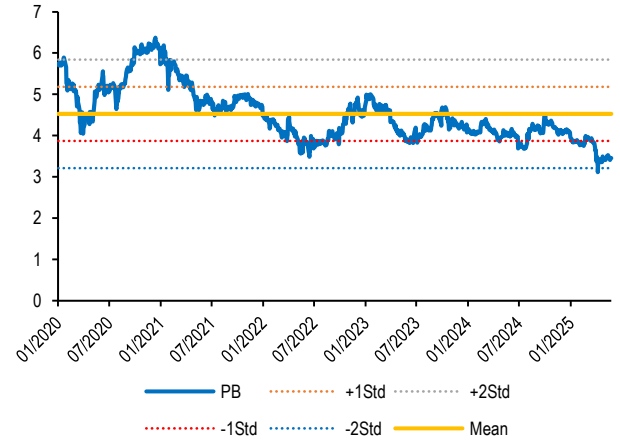
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PE Band



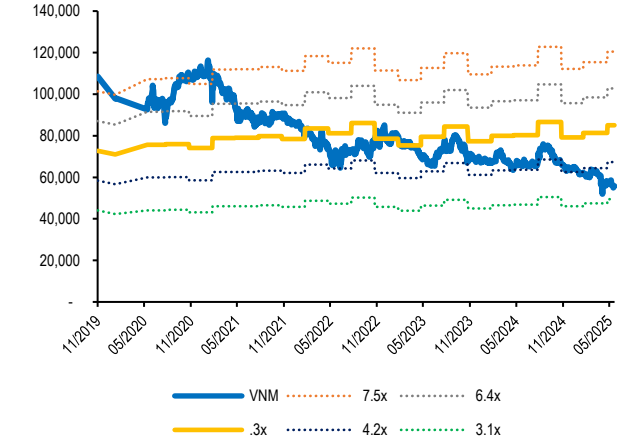
Source: Bloomberg, Company data, Shinhan Securities Vietnam

P/B



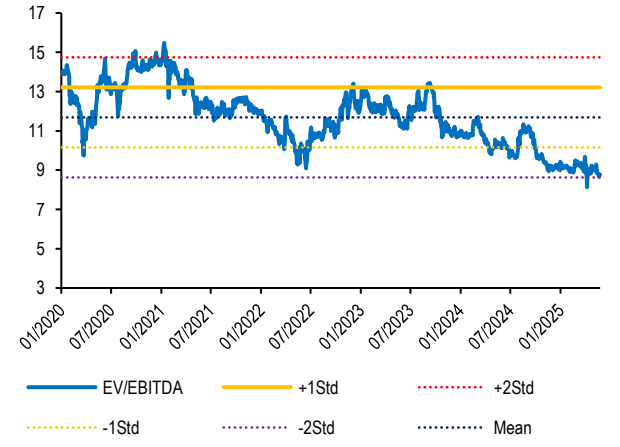
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PB Band



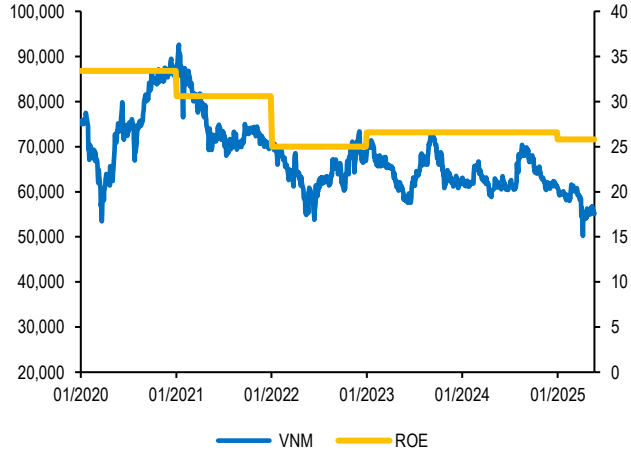
Source: Bloomberg, Company data, Shinhan Securities Vietnam

EV/EBITDA



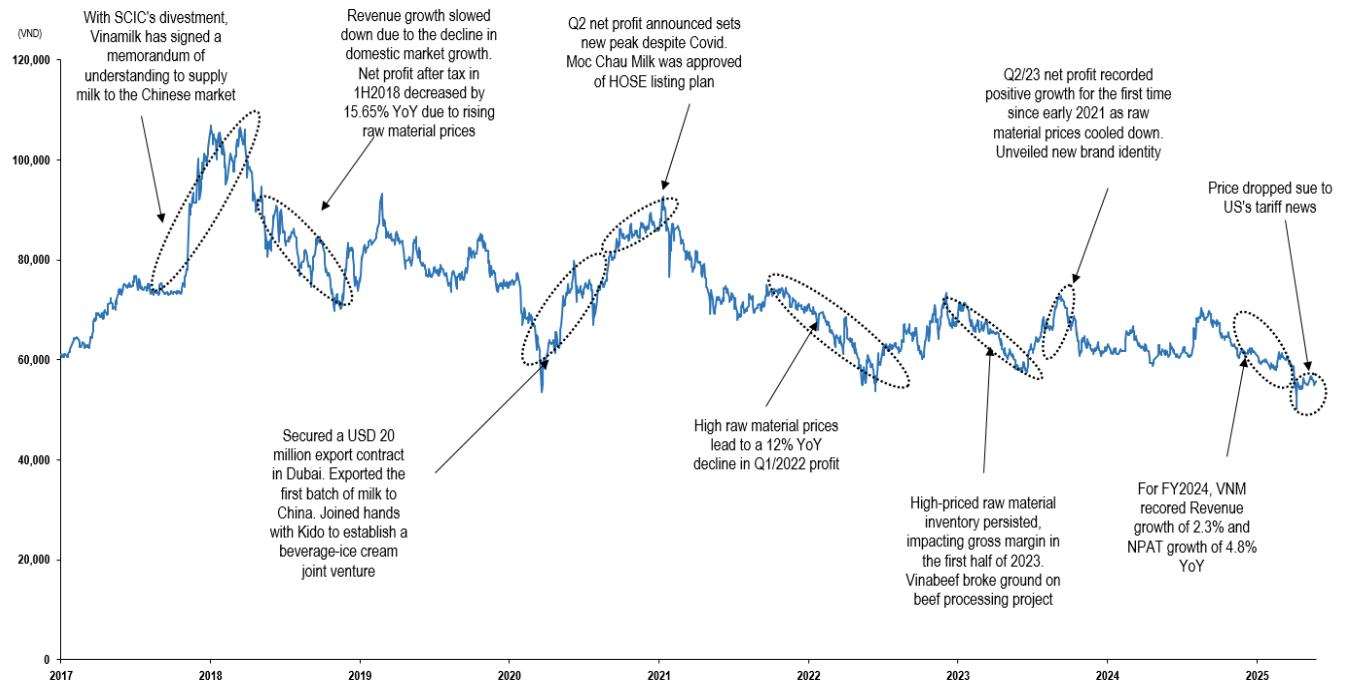
Source: Bloomberg, Company data, Shinhan Securities Vietnam

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**	**56,363**	**57,932**
Current assets	31,560	35,936	37,554	39,007	40,695
Cash & equivalents	2,300	2,912	2,226	2,068	3,073
Short-term financial asset	17,414	20,137	23,260	23,769	24,229
Accounts receivable	6,100	6,530	6,234	6,832	6,965
Inventories	5,538	6,128	5,687	6,187	6,275
Other short-term assets	208	229	147	150	153
Non-current assets	16,923	16,737	17,495	17,356	17,238
Net fixed assets	11,903	12,690	12,551	12,772	13,008
Investment assets	743	831	1,373	1,373	1,373
Other long-term assets	4,277	3,216	3,572	3,211	2,857
Total liabilities	**15,666**	**17,647**	**18,875**	**19,287**	**19,928**
Current liabilities	15,308	17,139	18,460	18,897	19,564
Accounts payable	4,284	3,806	3,874	4,211	4,193
Short-term borrowings	4,867	8,218	9,115	9,159	9,336
Others	6,157	5,115	5,470	5,527	6,035
Non-current liabilities	358	508	415	389	363
Long-term borrowings	66	238	158	127	95
Other financial liabilities	292	270	257	263	268
Total shareholders' equity	**32,817**	**35,026**	**36,174**	**37,077**	**38,005**
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	3,499	3,568
Non-controlling interest equity	2,967	3,329	3,896	3,861	3,814
*Total debt	4,933	8,456	9,273	9,286	9,431
*Net debt (cash)	(14,781)	(14,593)	(16,213)	(16,551)	(17,871)

Statement of comprehensive income

Year to Dec. (bn VND)	2022	2023	2024	2025F	2026F
Revenue	**59,956**	**60,369**	**61,782**	**63,134**	**64,356**
Growth (%)	-1.6	0.7	2.3	2.2	1.9
COGS	36,059	35,824	36,192	37,123	37,648
Gross profit	**23,897**	**24,545**	**25,590**	**26,011**	**26,708**
GPM (%)	39.9	40.7	41.4	41.2	41.5
SG&A	14,144	14,774	15,185	15,489	15,686
Operating profit	**9,753**	**9,771**	**10,405**	**10,522**	**11,021**
Growth (%)	-17.1	0.2	6.5	1.1	4.7
OPM (%)	16.3	16.2	16.8	16.7	17.1
Non-operating profit	742	1,196	1,194	914	899
Financial income	1,380	1,716	1,586	1,667	1,687
Financial expense	(618)	(503)	(428)	(790)	(797)
In which: interest expenses	(166)	(354)	(279)	(371)	(374)
Net other non-operating profit	(20)	(17)	37	37	9
Pre-tax profit	10,495	10,967	11,599	11,436	11,921
Income tax	1,918	1,948	2,147	1,972	2,070
Net profit	**8,577**	**9,019**	**9,452**	**9,464**	**9,851**
Growth (%)	-19.3	5.2	4.8	0.1	4.1
NPM (%)	14.3	14.9	15.3	15.0	15.3
Controlling interest	8,515	8,873	9,392	9,371	9,753
Non-controlling interest	62	146	61	93	98
EBIT	**10,661**	**11,321**	**11,878**	**11,807**	**12,295**
Growth (%)	-18.1	6.2	4.9	-0.6	4.1
EBIT Margin (%)	17.8	18.8	19.2	18.7	19.1
EBITDA	12,756	13,375	13,973	13,890	14,660
Growth (%)	-15.7	4.9	4.5	-0.6	5.5
EBITDA Margin	21.3	22.2	22.6	22.0	22.8

Statement of cash flow

Year to Dec. (bn VND)	2022	2023	2024	2025F	2026F
Cash flow from operations	**8,827**	**7,887**	**8,846**	**9,403**	**11,030**
Net profit	8,577	9,019	9,452	9,464	9,851
D&A expense	2,095	2,054	2,095	2,082	2,365
(Gain) from investing activities	(1,098)	(1,397)	(1,654)	(1,667)	(1,687)
Change in working capital	104	(1,702)	904	(476)	501
Others	(851)	(87)	-	-	-
Cash flow from investments	**3,473**	**(2,989)**	**(1,233)**	**(1,012)**	**(1,247)**
Change in fixed assets	(1,457)	(1,580)	(671)	(2,170)	(2,474)
Change in investment assets	3,592	(2,882)	(2,310)	(509)	(460)
Others	1,338	1,473	1,741	1,667	1,687
Cash flow from financing	**(12,360)**	**(4,293)**	**(7,320)**	**(8,550)**	**(8,777)**
Change in equity	338	347	-	(937)	(975)
Net borrowing	(4,531)	3,512	727	12	145
Dividends	(8,167)	(8,152)	(8,046)	(7,625)	(7,947)
Change in total cash	(60)	606	293	(158)	1,005
Beginning cash	2,348	2,300	2,912	2,226	2,068
Change in FX rates	12	6	-	-	-
Ending cash	2,300	2,912	2,226	2,068	3,073

Source: Company data, Shinhan Securities Vietnam

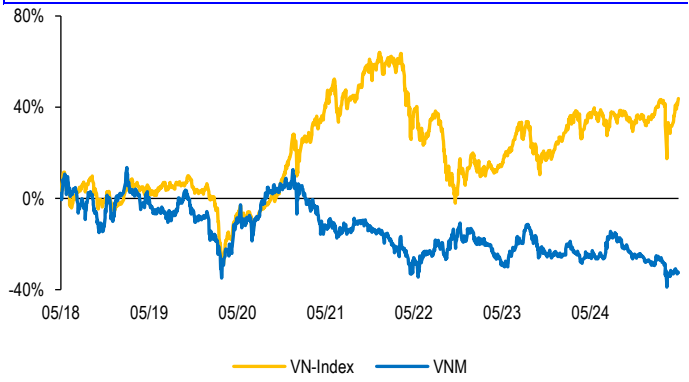
Key ratios

Year to Dec.	2022	2023	2024	2025F	2026F
EPS (VND)	3,632	3,796	4,022	4,035	4,200
BPS (VND)	14,282	15,166	15,444	15,893	16,360
PER (x)	19.2	17.0	15.8	18.0	17.3
PBR (x)	4.9	4.3	4.1	4.6	4.4
Dividend payout ratio (%)	128.9	69.5	85.7	80.0	80.0
Dividend yield (%)	5.8	6.2	7.2	6.6	6.9
Profitability					
EBITDA margin (%)	21.3	22.2	22.6	22.0	22.8
OPM (%)	16.3	16.2	16.8	16.7	17.1
NPM (%)	14.3	14.9	15.3	15.0	15.3
ROA (%)	16.8	17.8	17.5	17.0	17.2
ROE (%)	25.0	26.6	26.6	25.8	26.2
Stability					
Debt to equity ratio (%)	15.0	24.1	25.6	25.0	24.8
Net debt/ EBITDA (%)	(115.9)	(109.1)	(116.0)	(119.2)	(121.9)
Cash ratio (%)	128.8	134.5	138.1	136.7	139.6
Interest coverage ratio (x)	64.2	32.0	42.6	31.8	32.8
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

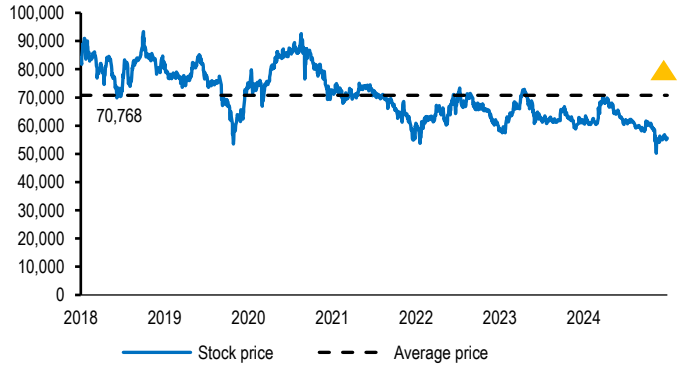
Source: Company data, Shinhan Securities Vietnam

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	75,000	14.8	2.9/24.6
03/06/2025 (Update)	BUY	72,700	18.0	3.3/44.8

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

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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

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