Vietnam Dairy Products JSC

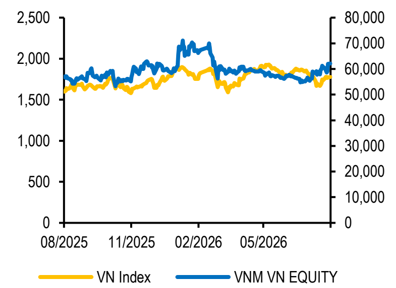
[Vietnam / Food and Beverages] Bloomberg Ticker (VNM VN) | | Reuters Ticker (VNM.HM)

BUY

Update Report

Target price (12 months)	**79,600 VND**
Current price (10/08/2026)	62,100VND
Upside/downside	28%

VNINDEX			1,777
Market P/E			12.5
Market Cap (bn VND)			129,786
Outstanding shares (mn)			2,090
Free-Floating (mn)			798
52-Wk High/Low (VND)			75,500/54,600
90-day avg. trading volume (mn)			3.80
90-day avg. turnover (bn VND)			228
Foreign ownership (%)			49
Major Shareholders (%)	SCIC		36.0
	F&N Group		24.99
Performance	3M	6M	12M
Absolute (%)	2.5	-10.1	1.0
Relative to VN-Index (%)	8.7	-9.0	-10.3



Source: Bloomberg

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Prospect for exceeding business targets

Update BUY rating, target price at 79,600 VND

Vietnam Dairy Products JSC (Vinamilk, HOSE: VNM) is the leading dairy enterprise in Vietnam, boasting the country's largest distribution network and dairy herd. VNM holds the top market share across most segments, maintains a healthy asset structure, and consistently pays dividends. The company recently announced its Q2/2026 financial results, showing strong year-on-year growth in both revenue and profit, driven by contributions from both domestic and international markets. Based on FCFF and P/E valuation methods, we have updated our valuation and issued a BUY recommendation with a target price of VND 79,600, implying an expected return of 28%. We believe the current trailing P/E (TTM) of around 13x makes VNM an attractive buy, given its consistent dividend payouts, with an expected dividend yield of 7% based on the current share price.

Q2/2026 business results update

In Q2/2026, VNM recorded net revenue of VND 18,847 billion (+16.7% QoQ, +12.5% YoY), with both domestic and overseas markets contributing significantly to this growth. Domestic revenue reached VND 14,516 billion (+20.2% QoQ, +6.5% YoY), accounting for 77% of total revenue and showing strong year-on-year growth. International revenue reached VND 4,331 billion (+6.4% QoQ, +39.2% YoY), representing 23% of net revenue and hitting a new record high. However, the gross profit margin for the international market contracted by 2.2 percentage points (pp) YoY, reflecting increased logistics and raw material costs driven by US-Iran tensions.

The overall gross profit margin expanded in Q2/2026 to 43.5% (+1.7 pp YoY), aided by lower raw material costs compared to the same period last year, thanks to prior stockpiling. Selling, General, and Administrative (SG&A) expenses totaled VND 4,625 billion (+10.8% YoY) for the quarter, as VNM ramped up advertising and promotional activities to mark its 50th anniversary. Over the six-month period, SG&A spending rose by approximately 13% YoY; however, the SG&A/revenue ratio stood at 25.2%, down 1 pp compared to the same period last year. Net profit reached VND 3,184 billion in Q2 (+27.9% YoY), bringing the six-month total to VND 5,642 billion (+38.4% YoY).

Forecast for 2026F

For 2026, we have raised our net revenue forecast to VND 70,098 billion (+10.1% YoY) following a reassessment of growth potential in both domestic and export markets. Surpassing our previous expectations, the export segment has continued to deliver positive results despite volatility in the Middle East. The full-year gross profit margin is projected to remain at 42.2%, while profit after tax is forecast to rise by 12.7% YoY to VND 10,611 billion – exceeding the target set at the AGM earlier.

Risks: (1) Risk of dependence on imported raw materials; (2) Falling birth rate and restrictions on advertising for children under 2 years old; (3) Competition risk; (4) Weaker-than-expected consumption.

Year	2023	2024	2025	2026F	2027F
Revenue (bn VND)	**60,369**	**61,783**	**63,646**	**70,098**	**73,241**
Operating profit (bn VND)	9,771	10,405	10,664	11,990	12,507
Net profit (bn VND)	**9,019**	**9,453**	**9,414**	**10,611**	**11,025**
EPS (VND)	3,796	4,022	4,028	4,579	4,714
BPS (VND)	15,166	15,444	14,682	14,910	15,271
OPM (%)	16.2	16.8	16.8	17.1	17.1
NPM (%)	14.9	15.3	14.8	15.1	15.1
ROE (%)	26.6	26.6	26.6	30.6	31.2
PER (x)	17.8	15.8	15.2	17.4	16.9
PBR (x)	4.5	4.1	4.2	5.3	5.2

Source: Company data, Shinhan Securities Vietnam

Update on Q2/2026 results

(Tỷ đồng)	Q2/2026	Q2/2025	Change (YoY)	H1/2026	Change (YoY)	FY2026	Change (YoY)
Net revenue	**18,847**	**16,748**	***12.5%***	**34,996**	**17.8%**	**70,098**	**10.1%**
Domestic	14,516	13,636	*6.5%*	26,596	12.4%	54,169	6.3%
Foreign	4,331	3,112	*39.2%*	8,400	39.1%	15,929	25.6%
Gross profit	**8,204**	**7,005**	***17.1%***	**15,100**	**23.8%**	**29,585**	**12.9%**
Domestic	6,422	5,658	*13.5%*	11,613	21.0%	23,022	9.6%
Foreign	1,782	1,347	*32.3%*	3,487	34.2%	6,563	26.3%
Financial profit (net)	279	267	*4.5%*	511	-13.7%	1,205	5.1%
SG&A cost	4,625	4,174	*10.8%*	8,809	13.3%	17,595	13.2%
Net profit	**3,184**	**2,489**	***27.9%***	**5,642**	**38.4%**	**10,611**	**12.7%**
Margin							
Gross profit margin	43.5%	41.8%	*1.7 pp*	43.1%	*2 pp*	42.2%	*1 pp*
Domestic	44.2%	41.5%	*2.7 pp*	43.7%	*3.1 pp*	42.5%	*1.3 pp*
Foreign	41.1%	43.3%	*-2.2 pp*	41.5%	*-1.5 pp*	41.2%	*0.2 pp*
SG&A margin	24.5%	24.9%	*-0.4 pp*	25.2%	*-1 pp*	25.1%	*0.7 pp*
Net profit margin	16.9%	14.9%	*2 pp*	16.1%	*2.4 pp*	15.1%	*0.3 pp*

Q2/2026 revenue recorded strong year-on-year growth, driven by both domestic and international markets

In Q2/2026, VNM reported consolidated net revenue of VND 18,847 billion (+16.7% QoQ, +12.5% YoY), with significant contributions to this growth from both domestic and overseas markets.

Domestic revenue reached VND 14,516 billion (+20.2% QoQ, +6.5% YoY), accounting for 77% of total revenue and showing strong year-on-year growth due to: (1) contributions from both increased selling prices and higher sales volumes amidst improving demand, and (2) a more effective product portfolio mix that boosted revenue growth. Currently, the share of premium products has surpassed 10% of total revenue.

VNM's retail network has reached 950 stores, with the count expected to hit the 1,000 mark this year. Revenue from direct purchases and e-commerce (fulfilled via stores) currently accounts for approximately 15–16%, while the modern trade (MT) channel represents about 19%; the traditional trade (GT) channel, though contracting, remains the primary distribution channel, accounting for roughly 65% of domestic revenue.

International market revenue reached VND 4,331 billion (+6.4% QoQ, +39.2% YoY), accounting for 23% of net revenue and setting a new record high. However, the gross profit margin for the international market narrowed to 41.1% in Q2, showing a YoY decline of 2.2 percentage points, reflecting increased logistics and raw material costs driven by US-Iran tensions.

- Export revenue (accounting for 14% of net revenue) continued to drive growth, recording an impressive 39.2% YoY increase despite global geopolitical volatility. The Middle East remained the key market; the company had to flexibly reroute shipments via the Red Sea and Jordan due to the blockade of the Strait of Hormuz.

- Subsidiaries and associates also posted positive results: Q2 revenue for Angkor Milk and Driftwood rose by 242% and 3.3% YoY, respectively, while their profit after tax increased by 210% and 104% YoY.

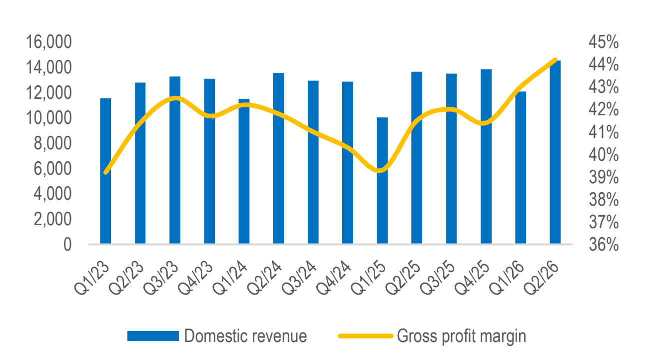
Gross profit margin improved due to low-cost raw material inventory

The gross profit margin expanded in Q2 2026, reaching 43.5% (up 1.7 percentage points YoY), driven by lower raw material costs resulting from inventory stockpiled during earlier procurement rounds. However, recent international conflicts have driven up general commodity prices, including the cost of milk powder. Overall, the company has already secured raw materials for November and December; while these costs are higher than in the same period last year, they remain manageable. Consequently, we anticipate a slight contraction in the gross profit margin for the second half of the year compared to the first half.

Net profit surged year-on-year despite an increase in the SG&A expense ratio

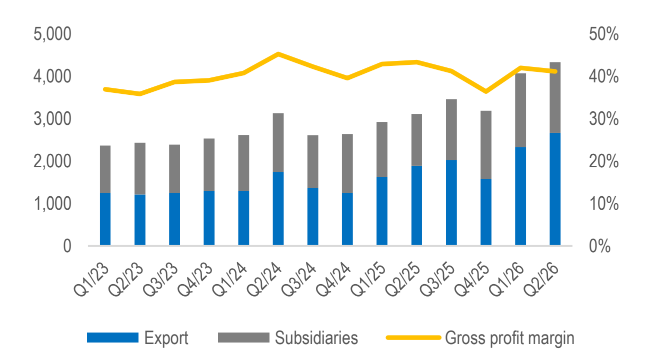
SG&A expenses reached VND 4,625 billion (+10.8% YoY) in Q2, driven by VNM ramping up advertising and promotional activities to mark its 50th anniversary. For the first six months, SG&A expenses rose by approximately 13% YoY; however, the SG&A/revenue ratio stood at 25.2%, down 1 percentage point compared to the same period last year. Profit after tax reached VND 3,184 billion in Q2 (+27.9% YoY) and VND 5,642 billion for the six-month period (+38.4% YoY).

Domestic revenue grew strongly YoY (Bil VND)



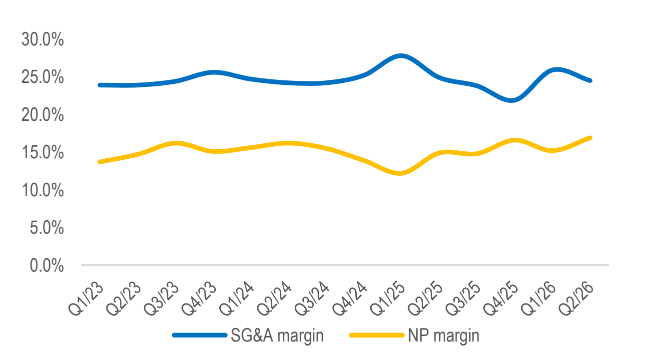
Source: Company data, Shinhan Securities Vietnam

Revenue from foreign market reaching new high (Bil VND)



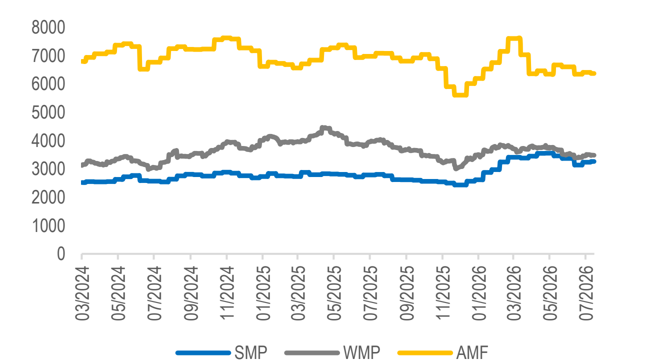
Source: Company data, Shinhan Securities Vietnam

Profit margin improved due to better expense control



Source: Company data, Shinhan Securities Vietnam

Imported milk powder prices are on the rise (USD/ton)



Source: Bloomberg, Shinhan Securities Vietnam

For 2026, we have raised our net revenue forecast to VND 70,098 billion (+10.1% YoY) following a reassessment of growth potential in both domestic and export markets. Surpassing our previous expectations, the export segment continues to deliver positive results despite volatility in the Middle East. The full-year gross profit margin is projected to remain at 42.2%, while profit after tax is forecast to grow by 12.7% YoY, reaching VND 10,611 billion.

Valuation and Recommendation

We used a combination of DCF and P/E valuation methods to value VNM with a 50% weighting for each method. For the FCFF method, we utilize the assumptions and projections outlined below:

Weighted Average Cost of Capital (WACC)	
WACC (%)	**9.60**
Risk-free rate (%)	4.5
Equity risk premium (%)	8.46
Beta	0.65
Debt cost (%)	3.4
The cost of equity(%)	10.0
Debt-to-equity ratio	0.06
Total debt (Billion VND)	8,454

Source: Company data, Shinhan Securities Vietnam

FCF valuation					
Unit: billion VND	**2026F**	**2027F**	**2028F**	**2029F**	**2030F**
Net profit	10,611	11,025	11,780	12,323	13,128
Plus: After-tax interest expense	273	286	300	314	330
Plus: Depreciation & Amortization	2,211	2,321	2,428	2,380	2,403
Minus: Change in working capital	213	(204)	666	190	307
Minus: CapEx	1,670	1,860	1,793	1,893	1,905
Free Cash Flow (FCFF)	**11,212**	**11,976**	**12,049**	**12,934**	**13,649**
Discount rate	0.96	0.88	0.80	0.73	0.73
PV of FCFF	50,348				
Long-term growth rate	0%				
Present value of long-term value	103,789				
Enterprise value	154,137				
(Plus) Cash and equivalents	26,504				
(Subtract) Debt	8,454				
(Subtract) Minority interest	3,799				
Number of shares outstanding (billion units)	2.09				
Target price (VND)	**80,500**				

Source: Company data, Shinhan Securities Vietnam

For the P/E method, the P/E value we use for valuation is the average P/E value of companies in the industry and the average historical P/E of the company over the last 5 years (with a weight of 50% for each value). With a target P/E of 17.2x, the target price according to this method is VND 78,700.

Company name	**Ticker**	**Market cap (bil VND)**	**Revenue growth (%)**	**EPS growth (%)**	**P/E**	**ROE (%)**
FRASER & NEAVE HOLDINGS BHD	FNH MK Equity	63,253	-0.93	-5.13	25.3	10.92
CISARUA MOUNTAIN DAIRY PT TB	CMRY IJ Equity	54,597	18.82	33.23	16.1	32.05
NEW HOPE DAIRY CO LTD-A	002946 CH Equity	56,846	5.33	27.59	16.4	25.56
ULTRAJAYA MILK IND & TRADING	ULTJ IJ Equity	22,883	-1.20	18.25	9.5	23.34
Peer's average					**16.8**	
VNM's 5Y P/E					17.6	
Target P/E					17.2	
EPS 2026F					4,579	
Target price					**78,700**	

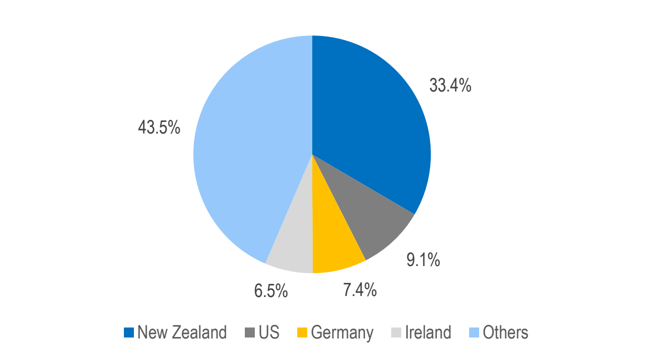
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

Risk of dependence on imported raw materials

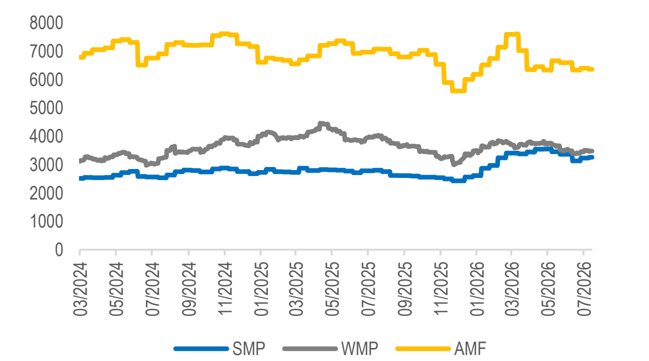
Due to many limitations in herd size and climate, domestic milk supply is not enough to meet domestic demand. Dairy producers in Vietnam still have to import additional raw materials such as milk powder and cream from abroad, causing profit margins to be affected by fluctuations in the prices of these 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, US, Germany. Of which, New Zealand is the largest import market with a proportion of 33.4% in H1/2026.

Import markets of Milk and dairy products in H1/2026



Source: GSO, Shinhan Securities Vietnam

Imported materials prices (USD/ton)



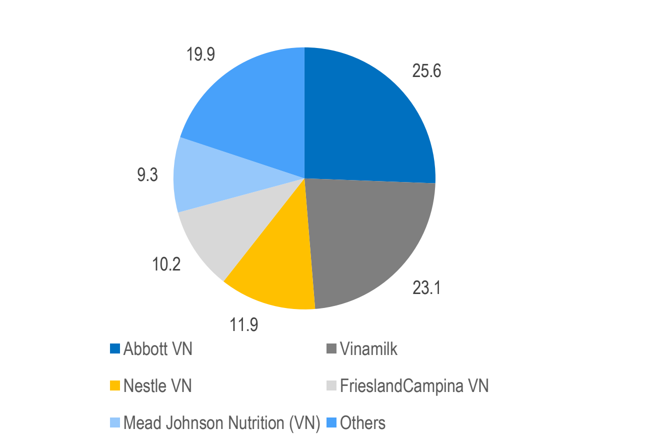
Source: Bloomberg, Shinhan Securities Vietnam

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

The level of competition in the infant formula market among businesses is quite intense, especially when (1) the birth rate in Vietnam decreases from 2.12 children/woman (2020) to 1.93 children/woman (2025), causing a slowdown in infant formula consumption, and (2) the trend of spending on premium products for children increases, while foreign milk companies have a brand advantage. It can be seen that foreign milk companies are holding a higher market share than domestic milk companies like Vinamilk.

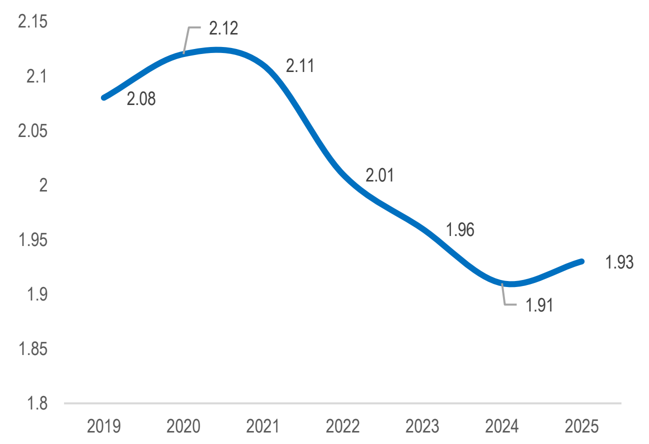
Furthermore, the 2018 Advertising Law prohibits advertising of breast milk substitutes for children under 24 months old and nutritional supplements for children under 6 months old. This contributes to limiting the access of domestic milk companies in the infant formula market.

Fragmented infant formula market share (2025)



Source: Euromonitor, Shinhan Securities Vietnam

Birth rate (children/woman) decreased over the years



Source: GSO, Shinhan Securities Vietnam

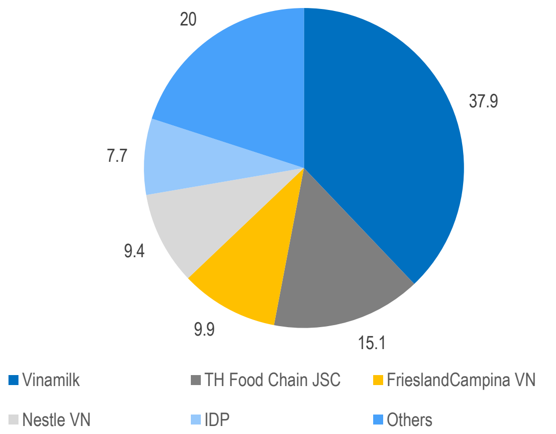
Company background

1. History of development

Vinamilk Joint Stock Company (Vinamilk, HOSE: VNM) was established in 1976, taking over three milk factories from the previous period. By 1998, VNM successfully exported 300 tons of powdered milk and 2,000 tons of whole milk powder to Iraq, paving the way for exports to the Middle East and many other countries worldwide. After three years of equitization, VNM officially listed on the stock exchange in 2006 and gradually became the largest dairy company on the HOSE.

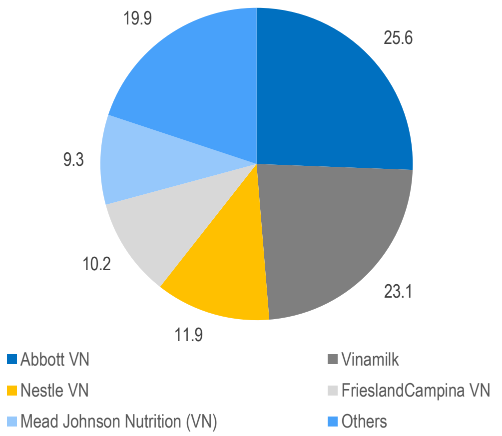
The brand's success is reinforced by the company's continuous innovation. Vinamilk constantly launches and improves products from mainstream to premium. Of these, four product categories (liquid milk, infant formula, yogurt, and condensed milk) account for over 90% of Vietnamese dairy consumption. In terms of product categories, Vinamilk holds the leading market share in liquid milk, yogurt, and condensed milk, and ranks second in infant formula (after Abbott).

Drinking milk's market share in 2025 (%)



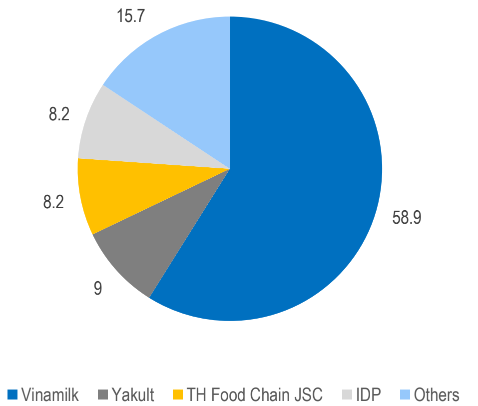
Source: Euromonitor, Shinhan Securities Vietnam

Baby food's market share in 2025 (%)



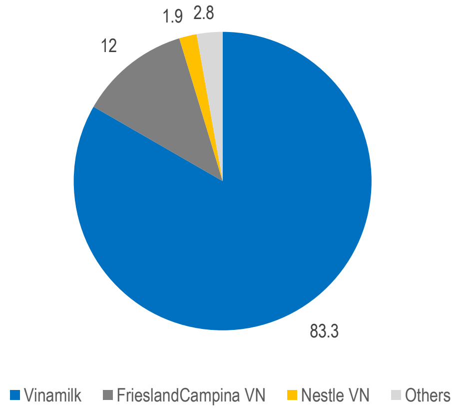
Source: Euromonitor, Shinhan Securities Vietnam

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



Source: Euromonitor, Shinhan Securities Vietnam

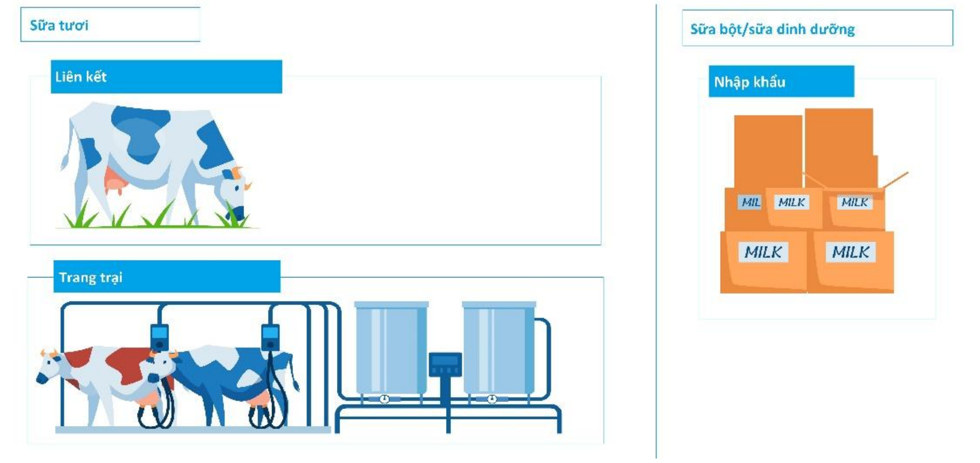
Condensed milk's market share in 2025 (%)



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 15 of its own farms and approximately 4,000 affiliated farmers. VNM currently operates the largest dairy herd in the country with about 130,000 cows, and is self-sufficient in about 50% of its raw fresh milk input.

Vinamilk operates the largest dairy herd in the country (31/12/2025)

Farms	Herd (cows)	% cows	Milk production (ton/year)	Productivity (kg/cows/year)
VNM and MCM directly manage (15 farms)	39,500	30%	410,000	3,154
Linked with farmers	90,500	70%		
Beef cattle herd	5,300		N/A	N/A

Source: Annual report (2025), 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. 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.

Ongoing key projects

Projects	Scale	Status (as of 2025)
Tay Ninh Dairy Factory	VND 388 bil	1.6 billion has been disbursed. The project has received investment approval and is expected to commence commercial production in Q4/2026.
Tay Ninh Farm Complex 2 and 3	VND 4,130 bil	Investment approval has been granted and VND 15 billion has been disbursed for Tay Ninh Farm 2; Tay Ninh Farm 3 is awaiting approval.
Hung Yen Dairy Factory	VND 2,083 bil	VND 63 billion has been disbursed and investment approval has been granted.
Farm at subsidiary Angkormilk	USD 12.34 mil	Government approval has been granted for the lease of 592 hectares of land; no disbursement yet.
Sweetened Condensed Milk Production Line at Mega	VND 418.5 bil	No disbursement yet. Expected to commence commercial production in Q4/2026.

Source: Annual Report (2025), Shinhan Securities Vietnam

3. Distribution system

Besides raw material sources, the distribution system also plays a crucial role in the market share battle. According to Euromonitor, over 98% of milk and dairy products are distributed through traditional retail channels such as grocery stores and supermarkets, and only about 2% are sold through e-commerce. Therefore, possessing a superior distribution system compared to competitors contributes to increasing the coverage of Vinamilk's products, thereby consolidating its market share.

Currently, VNM owns more than 200 exclusive distributors, approximately 950 Vinamilk & Moc Chau stores, and more than 190,000 traditional retail outlets such as grocery stores, markets, and small agents, combined with more than 6,000 modern retail outlets, providing a convenient shopping experience for consumers.

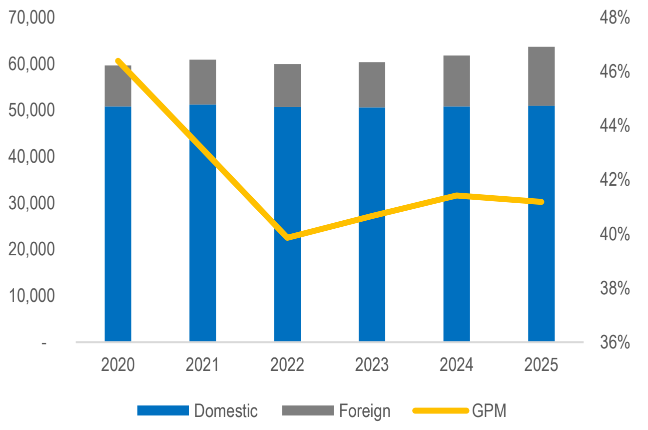
4. Revenue and operating costs

Vinamilk's revenue is projected to increase by approximately 7% during the 2020-2025 period, with about 80% contributed domestically and approximately 20% from overseas (exports and overseas subsidiaries including AngkorMilk and Driftwood). Export revenue primarily consists of orders for infant formula in the Middle East, condensed milk in China, and condensed milk, yogurt, and fresh milk products in Asian markets. Notably, the proportion of overseas revenue has continuously increased thanks to sustained double-digit growth.

The highest proportion of Vinamilk's operating cost structure is raw material costs (56%), followed by selling expenses (26%). Vinamilk typically secures raw material orders 3-6 months in advance; however, the peak raw material prices in 2022 caused a slight decrease in the company's gross margin.

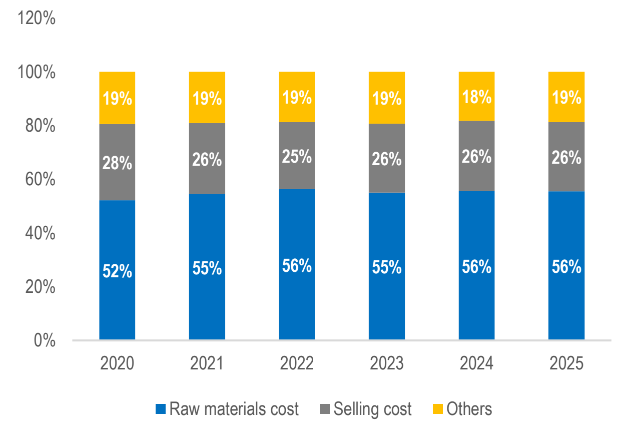
Selling expenses consistently account for a high proportion of operating costs. This reflects the level of competition in Vietnam's dairy industry, where businesses have to increase sales costs to enhance brand recognition and maintain market share.

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



Source: Company data, Shinhan Securities Vietnam

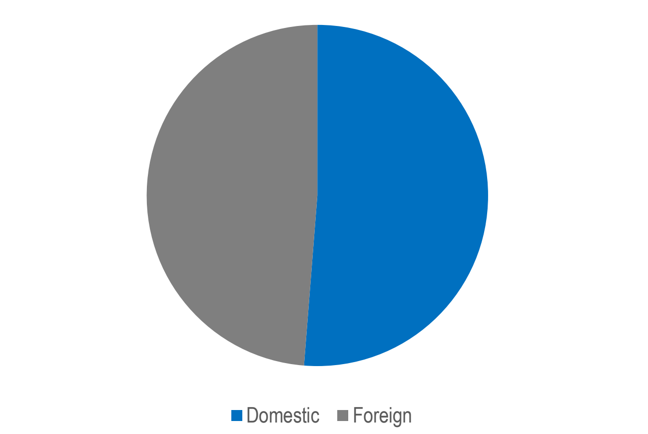
Operating costs of Vinamilk



Source: Company data, Shinhan Securities Vietnam

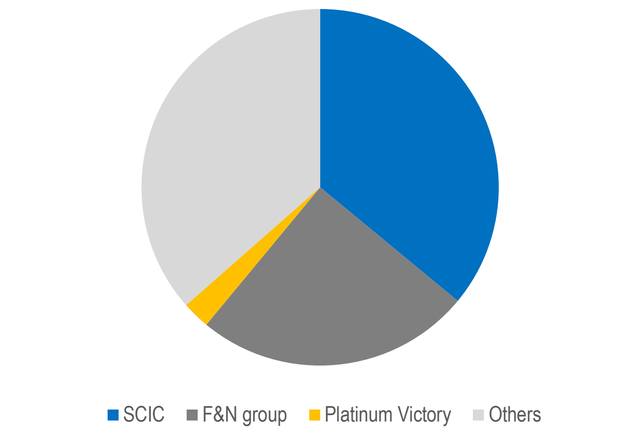
5. Ownership structure

Ownership structure at 10/08/2026



Source: Fiinpro, Shinhan Securities Vietnam

Ownership ratio by company at 10/08/2026



Source: Fiinpro, Shinhan Securities Vietnam

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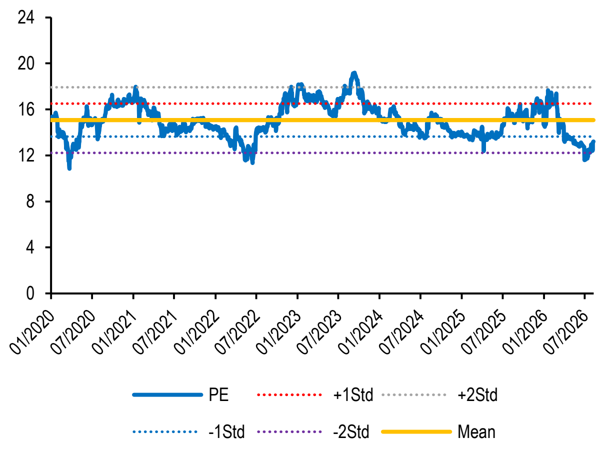
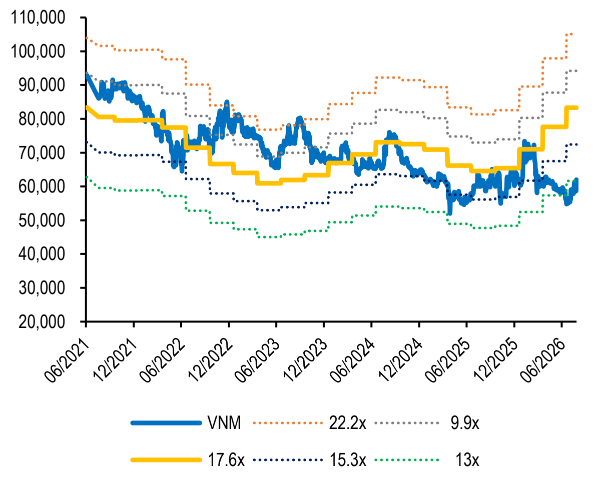


Source: Bloomberg, Company data, Shinhan Securities Vietnam

PE Band



Source: Bloomberg, Company data, Shinhan Securities Vietnam

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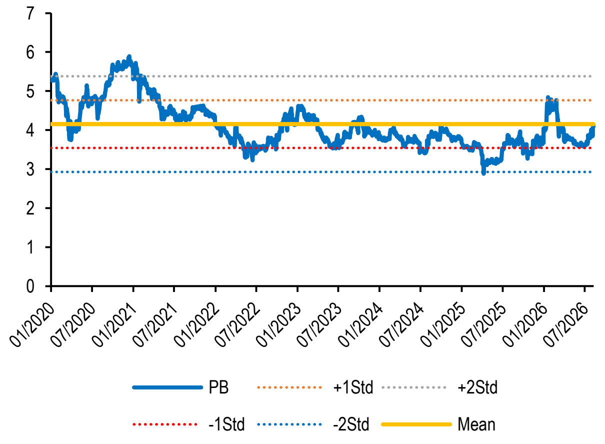
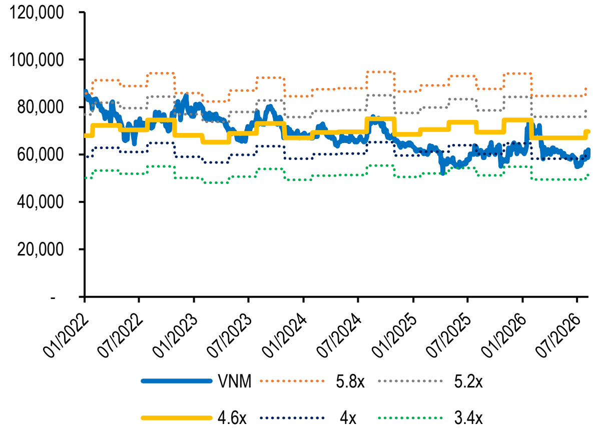


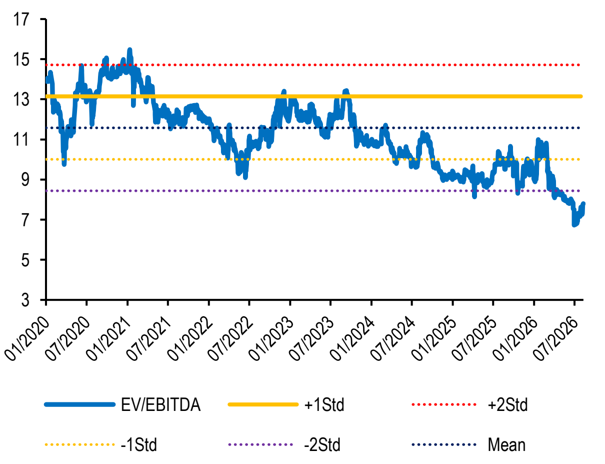
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PB Band



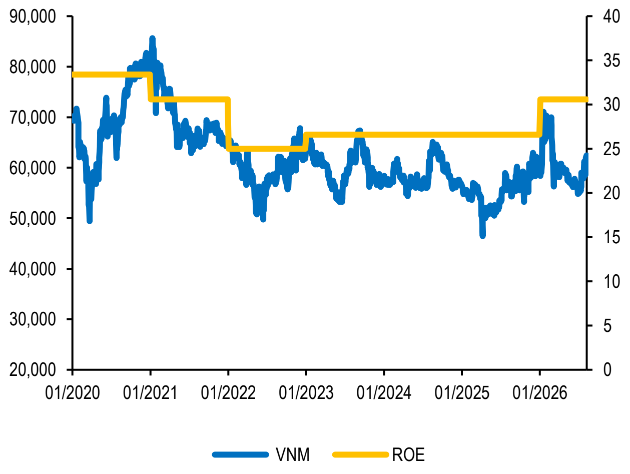
Source: Bloomberg, Company data, Shinhan Securities Vietnam

EV/EBITDA



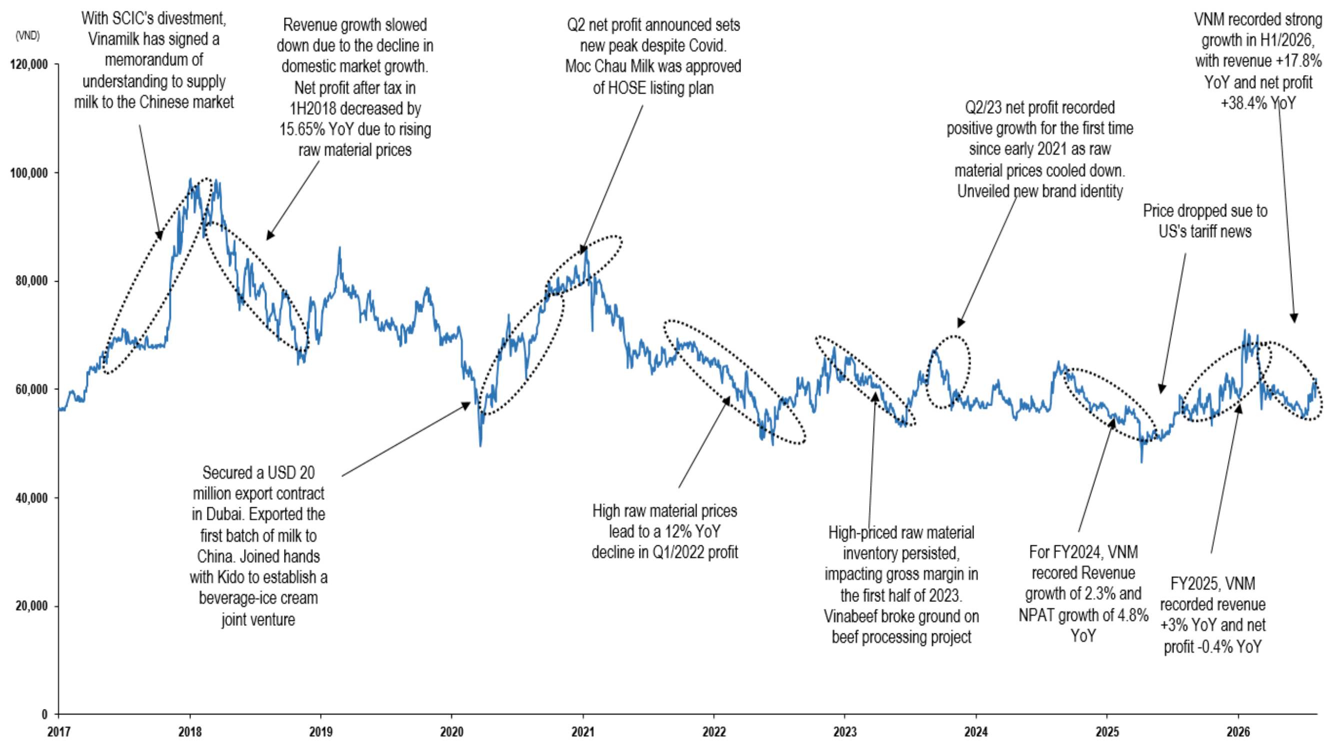
Source: Bloomberg, Company data, Shinhan Securities Vietnam

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)	2023	2024	2025	2026F	2027F
Total assets	**52,673**	**55,049**	**53,312**	**55,739**	**57,506**
Current assets	35,936	37,554	36,261	39,228	41,456
Cash & equivalents	2,912	2,226	1,795	3,537	4,666
Short-term financial asset	20,137	23,260	21,355	21,029	21,972
Accounts receivable	6,530	6,234	6,028	6,879	7,081
Inventories	6,773	5,538	6,128	5,687	6,839
Other short-term assets	-416	296	955	2,096	898
Non-current assets	16,737	17,495	17,051	16,511	16,050
Net fixed assets	12,690	12,551	12,649	12,708	12,411
Investment assets	937	1,540	1,321	1,121	1,160
Other long-term assets	4,047	4,944	4,402	3,803	3,639
Total liabilities	**17,648**	**18,875**	**18,829**	**20,780**	**21,792**
Current liabilities	17,139	18,460	18,520	20,494	21,519
Accounts payable	3,806	3,874	3,923	4,374	4,556
Short-term borrowings	8,218	9,115	9,394	9,866	10,347
Others	5,115	5,471	5,203	6,254	6,616
Non-current liabilities	509	415	309	286	273
Long-term borrowings	238	158	63	39	26
Other financial liabilities	271	257	246	247	247
Total shareholders' equity	**35,026**	**36,174**	**34,483**	**34,959**	**35,714**
Capital stock	20,900	20,900	20,900	20,900	20,900
Investment and development fund	34	34	34	34	34
Other capital	10,166	11,769	5,026	5,028	5,028
Retained earnings	3,926	3,471	8,523	8,997	9,752
Non-controlling interest equity	2,767	2,967	3,329	3,896	3,798
*Total debt	8,456	9,273	9,457	9,905	10,373
*Net debt (cash)	(14,593)	(16,213)	(13,693)	(14,661)	(16,265)

Statement of comprehensive income

Year to Dec. (bn VND)	2023	2024	2025	2026F	2027F
Revenue	**60,369**	**61,783**	**63,646**	**70,098**	**73,241**
Growth (%)	0.7	2.3	3.0	10.1	4.5
COGS	(35,824)	(36,192)	(37,436)	(40,513)	(42,717)
Gross profit	**24,545**	**25,591**	**26,210**	**29,585**	**30,524**
GPM (%)	40.7	41.4	41.2	42.2	41.7
SG&A	(14,774)	(15,186)	(15,546)	(17,595)	(18,017)
Operating profit	**9,771**	**10,405**	**10,664**	**11,990**	**12,507**
Growth (%)	0.2	6.5	2.5	12.4	4.3
OPM (%)	16.2	16.8	16.8	17.1	17.1
Non-operating profit	**1,196**	**1,196**	**986**	**1,143**	**1,138**
Financial income	1,716	1,586	1,497	1,633	1,682
Financial expense	(503)	(428)	(350)	(428)	(432)
In which: interest expenses	(354)	(279)	(326)	(337)	(353)
Net other non-operating profit	(17)	38	(161)	(62)	(112)
Pre-tax profit	**10,968**	**11,600**	**11,650**	**13,133**	**13,645**
Income tax	(1,949)	(2,147)	(2,236)	(2,522)	(2,620)
Net profit	**9,019**	**9,453**	**9,414**	**10,611**	**11,025**
Growth (%)	5.1	4.8	(0.4)	12.7	3.9
NPM (%)	14.9	15.3	14.8	15.1	15.1
Controlling interest	8,874	9,392	9,410	10,611	11,025
Non-controlling interest	145	61	4	0	0
EBIT	**11,322**	**11,879**	**11,976**	**13,470**	**13,998**
Growth (%)	6.2	4.9	0.8	12.5	3.9
EBIT Margin (%)	18.8	19.2	18.8	19.2	19.1
EBITDA	**13,622**	**14,220**	**14,339**	**15,681**	**16,319**
Growth (%)	4.8	4.4	0.8	9.4	4.1
EBITDA Margin	22.6	23.0	22.5	22.0	22.1

Statement of cash flow

Year to Dec. (bn VND)	2023	2024	2025	2026F	2027F
Cash flow from operations	**7,887**	**9,686**	**8,668**	**10,258**	**11,018**
Net profit	9,019	9,453	9,414	10,611	11,025
D&A expense	2,300	2,341	2,363	2,211	2,321
(Gain) from investing activities	(1,463)	(1,447)	(1,180)	(1,472)	(1,538)
Change in working capital	(1,701)	182	(1,968)	(213)	204
Others	(268)	(843)	39	(879)	(994)
Cash flow from investments	**(2,988)**	**(3,739)**	**1,976**	**128**	**(1,265)**
Change in fixed assets	(1,475)	(1,628)	(1,644)	(1,670)	(1,860)
Change in investment assets	(2,856)	(3,620)	2,232	326	(943)
Others	1,343	1,509	1,388	1,472	1,538
Cash flow from financing	**(4,294)**	**(6,642)**	**(11,081)**	**(8,644)**	**(8,624)**
Change in equity	347	722	7	-	-
Net borrowing	3,511	796	176	448	468
Dividends	(8,152)	(8,160)	(11,264)	(9,092)	(9,092)
Change in total cash	**605**	**(695)**	**(437)**	**1,742**	**1,129**
Beginning cash	2,300	2,912	2,226	1,795	3,537
Change in FX rates	7	9	6	-	-
Ending cash	2,912	2,226	1,795	3,537	4,666

Source: Company data, Shinhan Securities Vietnam

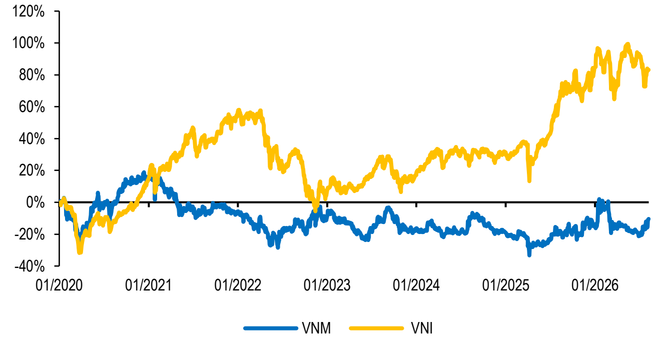
Key ratios

Year to Dec.	2023	2024	2025	2026F	2027F
EPS (VND)	3,796	4,022	4,028	4,579	4,714
BPS (VND)	15,166	15,444	14,682	14,910	15,271
PER (x)	17.8	15.8	15.2	17.4	16.9
PBR (x)	4.5	4.1	4.2	5.3	5.2
Dividend payout ratio (%)	90.7	96.8	96.6	85.7	82.5
Dividend yield (%)	6.1	6.1	7.5	7.0	7.0
Profitability					
EBITDA margin (%)	22.6	23.0	22.5	22.4	22.3
OPM (%)	16.2	16.8	16.8	17.1	17.1
NPM (%)	14.9	15.3	14.8	15.1	15.1
ROA (%)	17.8	17.6	17.4	19.5	19.5
ROE (%)	26.6	26.6	26.6	30.6	31.2
Stability					
Debt to equity ratio (%)	24.1	25.6	27.4	28.3	29.0
Net debt/ EBITDA (%)	(107.1)	(114.0)	(95.5)	(93.5)	(99.7)
Cash ratio (%)	134.5	138.1	125.0	119.9	123.8
Interest coverage ratio (x)	32.0	42.6	36.7	40.0	39.7
Activity (%)					
Payables turnover (days)	40.5	39.2	36.9	36.7	38.2
Inventory turnover (days)	59.7	60.0	61.5	65.3	64.7
Receivables turnover (days)	28.5	28.4	27.2	25.7	26.4

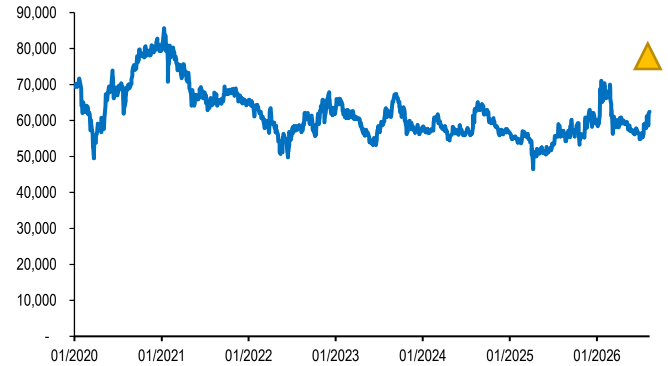
Source: Company data, Shinhan Securities Vietnam

Viet Nam Dairy Products JSC (VNM VN)

Stock price



Target price



Date	Rating	TP (VND)	TP gap (%) Average	Max/Min
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
13/08/2025 (Update)	BUY	71,900	20.4	4.0/45.7
06/11/2025 (Update)	BUY	71,600	20.7	13.2/33.0
09/02/2026 (Update)	HOLD	78,100	34.1	6.4/62.8
26/06/2026 (Update)	BUY	73,700	21.0	0.4/36.8
11/08/2026 (Update)	BUY	79,600	34.3	12.0/49.5

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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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