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PRESS RELEASE

Ref: 3Q2020 AND YTD 9M2020 BUSINESS RESULTS

***STRENGTHENING BRAND POSITION & MAINTAINING GROWTH IN 3Q2020;
ACCUMULATED REVENUE COMPLETED 76% OF THE 2020 GUIDANCE***

Vietnam Dairy Products JSC (“Vinamilk”) announced the third quarter and 9-month 2020 financial statements at <https://www.vinamilk.com.vn/en/investor-relations/financial-reports>

Summary of Vinamilk’s 3Q2020 and 9M2020 consolidated financial results:

(VND billion)	3Q2020	3Q2019	Change	9M2020	9M2019	Change
Net sales	15,563	14,291	8.9%	45,211	42,079	7.4%
<i>Domestic</i>	13,264	12,184	8.9%	38,720	35,821	8.1%
<i>Overseas</i>	2,299	2,107	9.1%	6,491	6,259	3.7%
Cost of sales	8,296	7,568	9.6%	24,201	22,187	9.1%
<i>Domestic</i>	7,117	6,453	10.3%	20,775	18,843	10.3%
<i>Overseas</i>	1,180	1,115	5.8%	3,426	3,344	2.4%
Gross profit	7,267	6,723	8.1%	21,010	19,892	5.6%
<i>Domestic</i>	6,147	5,731	7.3%	17,945	16,978	5.7%
<i>Overseas</i>	1,120	992	12.8%	3,065	2,914	5.2%
SG&A expenses	3,743	3,610	3.7%	10,894	10,207	6.7%
Other non-interest financial gain/(loss)	292	168	73.2%	848	534	58.8%
EBITDA	4,367	3,776	15.6%	12,628	11,665	8.3%
Depreciation & Amortization	551	494	11.6%	1,663	1,445	15.1%
Interest expenses	38	28	37.6%	118	73	61.6%
Profit before tax	3,777	3,254	16.1%	10,847	10,146	6.9%
Income tax	639	577	10.7%	1,847	1,768	4.4%
Net profit after tax	3,138	2,677	17.2%	9,000	8,378	7.4%
Earnings per share (VND)	1,323	1,154	14.6%	3,834	3,615	6.1%

Summary of GTNFoods’ 3Q2020 and 9M2020 consolidated financial results:

(VND billion)	3Q2020	3Q2019	Change	9M2020	9M2019	Change
Net sales	776	834	-7.0%	2,144	2,269	-5.5%
Gross profit	250	125	100.3%	612	347	76.2%
Net profit after tax	87	22	288.9%	176	64	174.1%
Earnings per share (VND)	126	5	2429.0%	275	28	883.7%

1. Analysis of net revenue:

In the third quarter of 2020 (“3Q2020”), the consolidated net revenue was VND 15,563 billion, posting an 8.9% year-on-year (YoY) growth, of which:

Domestic business achieved net revenue of VND 13,264 billion, an 8.9% YoY increase, and accounted for 85% of the consolidated net revenue, driven by:

- Parent company's total domestic net revenue was VND 11,902 billion, up 1.5% YoY. The second outbreak of Covid-19 in late July 2020 posted some impacts on sales performance in 3Q2020, slightly offset with improved September results. Almost all key categories recorded YoY growth thanks to appropriate marketing strategies and new product launches meeting consumers' nutritional needs of enhancing immune system. Vinamilk introduced Fresh Milk and Grow Plus Infant Formula Milk containing Bird's Nest in 3Q2020, bringing the total number of products launched and re-launched year to date to more than 15 products.
- Vinamilk has started consolidating GTNFoods JSC ("GTN") since the beginning of this year. GTN's dairy arm – Moc Chau Milk JSC ("MCM") – recorded net revenue of 775 billion VND, growing by 13.7% YoY thanks to higher consumer demand for their product as well as new policies on the expansion and support for distributors and customers at affordable prices. In this quarter, MCM brought 03 new Fresh Milk and Yogurt products to the market. In addition, MCM's new ERP system officially went live in October 2020, contributing to the improvement of reporting quality and corporate governance practices.

Export business achieved a net revenue of VND 1,576 billion, posting an impressive 19.5% YoY growth, and accounted for 10% of the total consolidated net revenue thanks to healthy demand growth and effective sales tactics. Vinamilk's strategy of building close connections with international partners in overseas markets has delivered fruitful results during Covid-19. These partnerships were the "extended arm" to help Vinamilk maintain its brand presence in the international market while the global supply chain was severely affected. Moreover, Angkor Milk – Vinamilk's a subsidiary in Cambodia – reported over 20% YoY revenue growth.

In the first 9 months of 2020 ("9M2020"), consolidated net revenue reached a new milestone of VND 45,211 billion, a 7.4% YoY growth and achieved 76% of the annual guidance. Specifically, domestic net revenue hit VND 38,720 billion, an 8.1% YoY growth; MCM recorded net revenue of VND 2,142 billion, growing by 9.8% YoY and completed 74% of the full year plan. **Exports revenue** was VND 4,027 billion, up by 11.8% YoY while overseas subsidiaries revenue was VND 2,465 billion.

2. Analysis of profit margins and cost structure:

Consolidated gross profit margin ("GPM") in 3 q2020 was 46.7%, improved by 30 basis points ("bps") comparing to 1H2020 average, thanks to lower raw material prices. MCM's GPM was 34.6%, a significant improvement from 19.4% in Q32019, as a result of multiple successful cost effectiveness initiatives.

Consolidated SG&A expenses in Q32020 incurred was VND 3,743 billion, equivalent to 24.1% of net revenue versus 25.3% in Q32019. The ratio moderately lowered thanks to cost optimization efforts to enhance operational efficiency during the Covid-19 pandemic.

Consolidated net profit after tax ("NPAT") in Q32020 was VND 3,138 billion. Net profit margin ("NPM") hit 20.2%, an increase of 143 bps YoY. For GTN and MCM, NPAT reached

VND 87 billion and VND 102 billion respectively, yielding the three-digit growth of 289% and 113% YoY. GTN and MCM's profit increased much faster than revenue, thanks to the upswing GPM, higher financial income (for GTN) and CIT incentives (for MCM).

In 9M2020, consolidated GPM reached 46.5%, a slight decrease of 80 bps compared to the same period in 2019. Consolidated NPAT hit VND 9,000 billion and completed 84% of the full-year plan. NPM was at the same level as last year at 19.9%. For GTN, consolidated NPAT reached 176 billion VND, up by 174% YoY exceeding full-year plan by an impressive 77%. For MCM, NPAT was VND 209 billion, grew by 69% YoY and 33% higher than the full-year plan. MCM's NPAT margin hit 9.7%, up 340 bps YoY.

3. Other operational highlights:

In Q32020, Vinamilk received several brand ranking results from both domestic and foreign organizations. Specifically:

- Vinamilk led the **Top 10 Vietnam's Strongest Local Brands**, continuing to maintain its presence in the Ranking of Top 1000 Asian Brands, conducted by Campaign Asia-Pacific and Nielsen.
- Vinamilk is the **Most Chosen Brand by Vietnamese consumers** for 8 consecutive years in dairy & dairy alternatives according to Worldpanel – Kantar's Brand Footprint 2020 report.
- Vinamilk continues to be in the list of **"The 50 most effective companies in Vietnam"** of Nhip Cau Dau Tu magazine for the 9th consecutive year (2011-2019). With outstanding export activities in 2019-2020, Vinamilk is honored in the **List of Reputable Exporters of 2019** by the Ministry of Industry and Trade.
- In September 2020, Vinamilk was honored to be **one of the 30 largest tax payers in the period of 1990-2020**. This recognized Vinamilk's efforts in contributing to the state budget and the development of the taxation sector. The total tax paid by Vinamilk in this period was nearly VND 42,000 billion and expectedly to be more than VND 5,200 billion in 2020.
- Vietnam Dairy Cow One Member Company Limited – a subsidiary that currently manages Vinamilk's dairy farm system is voted as an agricultural pioneer in the **Top 50 fastest growing companies in Vietnam** (according to FAST500 ranking, Vietnam Report). This is the second year that Vietnam Dairy Cow Company has been honored in this ranking. Regarding the raw milk material area, as of September 2020, the dairy cow herd managed by Vinamilk reached 150,000 heads (including MCM), with daily yield of more than 1 million liters.

CSR activities:

- In 3Q2020 with the second wave of the Covid-19 outbreak, Vinamilk continued supporting the government in pandemic prevention through the VND 8 billion support package in early August for Hanoi, Da Nang, Quang Nam and Quang Ngai to provide sufficient

medical equipment for the quick tests of suspected Covid-19 cases. Up to now, Vinamilk has contributed over VND 40 billion towards the fight against the Covid-19 pandemic.

- Vinamilk continued running “Stand Tall Vietnam Milk Fund” reaching even more children in Ho Chi Minh city, Hanoi, Hue, Phu Yen, Yen Bai... with the goal of bringing 1.7 million glasses of milk to children with difficult circumstances during the Covid-19 pandemic.
- Vinamilk actively engaged in the School Milk program in many localities across the country as the new school year started in September 2020, ensuring that children drink milk according to regulations, helping to improve health and prevent epidemics.

As of September 30, 2020, Vinamilk shares closed at VND 108,900, equivalent to a trailing-twelve-month P/E ratio of 20.2x (estimated by Vinamilk). At this price, Vinamilk’s stock yielded a 14% increase YTD versus a 6.4% decline of the VNIndex.

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ABOUT VINAMILK

Vinamilk is the leading nutrition company in Vietnam and currently in the Top 50 largest dairy companies in the world. With the mission of becoming an international brand in food and beverages sector and a trusted brand for Vietnamese consumers about nutritional and health products, we are committed to bring to the community high quality products with our respect, love and responsibility for life and society.

Visit the website to know more about us <https://www.vinamilk.com.vn/>

CONTACT:

For shareholders, investors / analysts:

Dong Quang Trung

T: + 84-28-54-155-555 (Ext. 108247)

E: dqtrung@vinamilk.com.vn

For press, media:

Le Thanh Lan Anh

T: + 84-28-54-155-555 (Ext. 108219)

E: ltlanh@vinamilk.com.vn

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