



*Ho Chi Minh City, April 29, 2021*

## **PRESS RELEASE**

### **Ref: 1Q2021 BUSINESS RESULTS**

***VINAMILK LAUNCHED AND RELAUNCHED 5 PRODUCTS IN 1Q2021; EXPORT SALES IN APRIL-2021 IS ESTIMATED TO GROW OVER 30% YOY, FOLLOWING A 7.9% YOY GROWTH IN 1Q2021; JOINT VENTURE PROJECTS TO INTRODUCE PRODUCTS IN 2H2021***

Vietnam Dairy Products Joint Stock Company (“Vinamilk”) announces 1Q2021 financial statements with consolidated net revenue of VND 13,190 billion and consolidated profit after tax of VND 2,597 billion, completing 21.3% and 23.1% of the annual guidance respectively.

See full financial statements at <https://www.vinamilk.com.vn/en/investor-relations/financial-reports>

#### ▪ **Analysis of net revenue**

**In 1Q2021, consolidated net revenue of Vinamilk reached VND 13,190 billion, completed 21.3% of the annual guidance, of which:**

**Domestic business recorded net revenue of VND 11,178 billion.** This result reflects a reduction in the purchasing power of consumers for FMCG products due to the long-term effects of the Covid-19 pandemic. Specifically, according to AC Nielsen, the total value of FMCG sector contracted by 7% in 2M2021. However, the Company has actively strengthened distribution channels, expanded farm network and developed new products in order to catch up with domestic consumption which is expected to gradually recover after the impact of the Covid-19 eases, specifically:

- The number of Vinamilk’s own standalone stores has exceeded 500 by the end of March 2021 (end-2020: 475 stores). Synergizing with the existing websites and mobile apps, these stores have been facilitating seamless experience for customers across platforms. Currently, this channel contributes about 5% of the domestic revenue of the Parent Company and delivered nearly 25% YoY growth in 1Q2021.
- At the end of March 2021, Vinamilk imported 2,100 HF dairy cows from the US to Vinamilk’s new farm in Quang Ngai, raising the average total herd to nearly 33,000 cows. This new farm has the capacity of 4,000 cows on the size of over 100 hectares with the total initial investment of VND 700 billion, being a part of the ecofriendly farm network “Green Farm” that Vinamilk has been investing in and developing since the beginning of 2021. As planned, the company will import more than 5,000 high-yielding dairy cows to increase the total herd for domestic farm projects this year. In addition, Laos-Jagro dairy farm is expected to start producing milk in 1H2022.

- Vinamilk launched and relaunched 05 products in 1Q2021, typical products are Green Farm premium fresh milk, Ong Tho Condensed Milk in convenient tube form, and yogurt products with aloe vera and fruits.

Besides the expected recovery of Vietnamese dairy demand after the impact of the Covid-19 epidemic eases, Vinamilk's joint venture projects VibeV and in Philippines would expectedly introduce products in 2H2021 and contribute to accelerating the growth for the Company in the future.

For Moc Chau Dairy Joint Stock Company ("MCM"), net revenue reached VND 621 billion. Solutions to restructure distribution channels are being actively implemented to increase coverage in both traditional and modern channels.

**Vinamilk continued to have a successful quarter with export activities when export net revenue reached VND 1,166 billion, up 7.9% YoY** thanks to Vinamilk's persistent companion with and additional incentive programs for export partners in difficult circumstances. Following the success of 1Q2021, export sales in April 2021 are estimated to grow above 30% YoY. In addition, **net revenue of foreign subsidiaries was VND 846 billion**, in which Angkor Milk<sup>1</sup> continued to record double-digit growth.

In 1Q2021, according to Plimsoll<sup>2</sup>, Vinamilk has been promoted by 6 consecutive ranks on the Top 50 leading dairy companies in the world, reached 36th and is close to the goal of entering the Top 30 dairy companies top of the world. Vinamilk is also the only representative of Southeast Asia on this list.

#### ■ **Profit margin and cost structure analysis**

Consolidated gross profit margin ("GPM") in 1Q2021 reached 43.6% (1Q2020: 46.7%). This margin compressed because input costs related to primary ingredients such as milk powder and sugar have increased significantly since end-2020. Currently the company is closely monitoring material prices, negotiating and signing contracts with suppliers to win the best offers. We have fixed the prices for some primary materials till end of 3Q2021. GPM of MCM was 28%, unchanged YoY.

The consolidated SG&A expenses for 1Q2021 were VND 2,953 billion, equivalent to 22.4% of net revenue (1Q2020: 24%). This ratio reduced mainly because we adjusted the selling expenses to suit the market conditions.

**Consolidated profit after tax ("NPAT") in 1Q2021 reached VND 2,597 billion, completed 23.1% of the annual guidance.** Consolidated NPAT margin reached 19.7%, an increase of 10 basis points YoY thanks to the efforts to cut costs despite of the compressed GPM and the higher effective CIT rate which was 17.7% in 1Q2021 (1Q2020: 17.3%) due to expired

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<sup>1</sup> The fully-owned subsidiary of Vinamilk in Cambodia

<sup>2</sup> Founded in 1978 in the UK, Plimsoll is a company specializing in agricultural analysis. Up to now, it has become a leading company in the field of multidisciplinary financial analysis on a global scale, with the ability to provide and continuously update analysis reports on 1600 different fields.

\* According to the statistical results of Plimsoll Publishing Ltd on the Top 50 leading dairy manufacturers in the world in sales as of March 1, 2021.

incentives. For MCM, NPAT was VND 50 billion, up by 5.1% YoY – an impressive result in the current situation.

Net cash balance as at end of March-21 was VND 11,332 billion, equivalent to more than 1/5 of total assets.

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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/>

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