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PRESS RELEASE

Ref: 2Q2021 AND 6-MONTH BUSINESS RESULTS

2Q2021 SALES HIT THE ALL-TIME HIGH AS EXPORT BUSINESS ACCELERATED AND DOMESTIC BUSINESS RECOVERED

Vietnam Dairy Products Joint Stock Company (“Vinamilk”) has announced the financial statements of the second quarter with consolidated total revenue of VND 15,729 billion and profit after tax of VND 2,862 billion. For the first half, consolidated total revenue and net profit after tax completed 46.6% and 48.6% of the annual guidance respectively.

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

Summary of 2Q2021 and 6M2021 consolidated financial results – Vinamilk

(VND billion)	2Q2021	2Q2020	6M2021	6M2020
Total revenue	15,729	15,510	28,970	29,716
Net revenue	15,716	15,495	28,906	29,648
<i>Domestic</i>	<i>13,251</i>	<i>13,364</i>	<i>24,430</i>	<i>25,457</i>
<i>Overseas</i>	<i>2,465</i>	<i>2,131</i>	<i>4,476</i>	<i>4,191</i>
Gross profit	6,854	7,138	12,609	13,744
<i>Domestic</i>	<i>5,743</i>	<i>6,094</i>	<i>10,601</i>	<i>11,798</i>
<i>Overseas</i>	<i>1,111</i>	<i>1,044</i>	<i>2,008</i>	<i>1,946</i>
SG&A expenses	3,575	3,757	6,528	7,151
Other non-interest financial gain/(loss)	243	369	608	556
EBITDA	4,070	4,306	7,736	8,262
Depreciation & Amortization	548	557	1,047	1,112
Interest expenses	28	38	41	80
Net profit after tax	2,862	3,085	5,459	5,861
EPS (VND)	1,212	1,322	2,313	2,511

Summary of 2Q2021 and 6M2021 financial results – Mocchau Milk (MCM)

(VND billion)	2Q2021	2Q2020	6M2021	6M2020
Net sales	790	734	1,411	1,367
Gross profit	253	218	428	395
Net profit after tax	87	59	137	106
EPS (VND)	888	636	1.392	1.142

■ **Net revenue analysis**

In the second quarter of 2021 (“2Q2021”), consolidated net revenue of Vinamilk reached the all-time high of VND 15,716 billion, up 19.2% quarter-on-quarter (QoQ) and 1.4% year-on-year (YoY).

Consolidated domestic business posted net revenue of VND 13,251 billion, up 18.5% QoQ. 2Q2021 witnessed the extreme resurgence of COVID-19 in Vietnam, which started in the North then spread to the South. Vinamilk has proactively applied strict disease prevention measures, thereby ensured the supply chain and achieved the following favorable business results:

- Domestic revenue of the parent company was VND 11,841 billion, up 19.8% QoQ which is the result of enhanced marketing activities and the hot weather in summer that stimulated beverage consumption. Comparing YoY, the outbreak of a new wave of Covid-19 and stricter social distancing measures in many major cities since mid-May has significantly affected the purchasing power of consumers and led to a slight decrease in revenue. However, the QoQ growth and the lower YoY decline still indicated the recovery of the domestic business after the first three months facing many challenges.
- According to the “Brand Footprint” report published by Kantar WorldPanel, Vinamilk received a “double” win when continued to maintain the position as the most chosen brand by Vietnamese consumers in 2020 both in dairy industry and FMCG sector for four years consecutively. This confirms Vinamilk’s stability in domestic market, creating momentum to bring Vinamilk products to overseas.
- In Q2/2021, Vinamilk launched the Green Farm eco-farm system in Tay Ninh, Quang Ngai and Thanh Hoa, which is the source of raw materials for the new product Green Farm fresh milk introduced in April 2021. In addition, there are several new products launched and re-launched such as: Love Yogurt with black sugar bubbles, Hero yogurt, Su Su pasteurized drinking yogurt, Vinamilk SuSu chocolate milk...
- Moc Chau Dairy Breeds JSC (MCM) posted 2Q2021 net revenue of VND790 billion, up 7.6% YoY and completed 56% of the annual guidance thanks to effectively leverage on Vinamilk’s distribution advantage.

Export posted double-digit growth in 2Q21 with net revenue of VND 1,606 billion, up 17.2% YoY. The Middle East continued to be the primary contributor for export and achieved solid growth. Besides, new contracts with clients in the US, China and Taiwan indicate the recovery of overseas consumption demand. Vinamilk received large orders from these major markets, especially in June, for condensed milk, yogurt, soya milk... This is the result of the solid trust based and mutually beneficial partnerships, leveraging Vinamilk’s insightful experience and flexible supply capability. Amid global supply disruption, Vinamilk is still able to deliver customized orders with different specifications and meet diversified needs of clients. Moreover, Vinamilk is actively implementing many effective trade support and promotions to boost export sales, which have gained positive feedbacks from clients around the world.

Oversea subsidiaries posted net revenue of VND 859 billion, up 12.8% YoY. Driftwood led the performance with double-digit growth on the back of the reopening of schools in the US after over a year shutdown due to Covid. Angkor Milk also achieved positive growth in 2Q2021 despite the new Covid wave in Cambodia as in other Southeast Asian countries.

For the joint ventures (“JV”), Vinamilk has completed the first order for the JV in Philippines and will ship it in July. According to the plan, products in this order will be distributed in Philippines in August.

In the first 6 months of 2021 (“6M2021”), consolidated total revenue was VND 28,970 billion, completed 47% of the annual guidance. Net revenue was VND 28,906 billion, in which domestic net revenue was VND 24,430 billion, export net revenue was VND 2,722 billion and overseas subsidiaries net revenue was VND 1,705 billion.

- **Profit margin and cost structure**

Consolidated gross profit margin (“GPM”) in 2Q2021 was 43.6%, flat QoQ and dropped by 245 bps YoY. The YoY compression was mostly due to the inflation of input material prices. The company has made effort to negotiate more favorable terms in the material contract with suppliers and already locked in the prices for primary materials until the end of this year. Besides, we expect the vaccination rollout implemented by the Government would allow Vietnam to achieve public immunity right in 2021, then the macro factors including consumption power are expected to significantly improve which allows the Company to increase sales volume, thus lowering the proportion of fixed cost and expanding margins.

GPM of MCM in 2Q2021 was 32.1%, increased healthily YoY (2Q2020: 29.6%) and QoQ (1Q2021: 28.1%), thanks to better materials prices from the same suppliers with Vinamilk.

The consolidated SG&A expenses in 2Q2021 were VND 3,575 billion, equivalent to 22.6% of net revenue (2Q2020: 24.1%). This ratio reduced as the company adjusted the spending on promotion and sales support to adapt to new market conditions this year. However, in 2Q2021, the company gradually increased advertisements versus 1Q2021 in order to build brand loyalty for capturing expectedly higher consumption in the second half.

MCM’s selling expense in 2Q2021 increased by 10.9% YoY to increase penetration and improve brand awareness via trade supports for distributors.

Consolidated net profit after tax (“NPAT”) in 2Q2021 was VND 2,862 billion, up 10.2% QoQ. Consolidated NPAT margin was 18.2%, down 147 bps QoQ mainly attributed to higher spending on SG&A and expired tax incentives which lifted the effective CIT rate to 18.1% in 2Q2021 (2Q2020: 16.9%; 1Q2021: 17.7%). The effective CIT rate for full year is estimated to be 18-18.5%.

For MCM, NPAT was VND 87 billion, significantly up 47.4% YoY. Besides the cost of production materials, other factors that helped MCM achieve high double-digit profit growth include 1) The operating cost structure continues to be optimized or maintained stably, and 2) Financial income increased thanks to a strong deposit balance.

For 6M2021, consolidated GPM was 43.6%. Consolidated NPAT was VND 5.459 billion and completed 49% of the annual guidance, EPS was VND 2,313. NPAT margin was 18.9%, slightly down 88 bps YoY. MCM's NPAT was VND 137 billion, up 28.7% YoY and completed 43% of the annual guidance. MCM's EPS was VND 1,392 and NPAT margin was 9.7%, up 191 bps YoY.

Net cash balance as of 30/6/2021 was VND 11,995 billion, equivalent to 23% of total assets. Total capital expenditure in 6M2021 was VND 416 billion. The rest of CAPEX plan should be disbursed in the consideration of COVID situations.

- **Other highlights in 2Q2021**

Vinamilk jumped six notches among the Global top 50 dairy companies to the 36th position: Sustainable business growth in both domestic and foreign markets over the years has fostered Vinamilk to jump 6 ranks and be the only representative of Vietnam as well as Southeast Asia to be named in this list. Besides companies from major dairy markets such as the US, New Zealand, or Europe..., the Top 50 list includes countries in Asia including China, Japan, Korea, Taiwan, India and Vietnam.

The Prime Minister commented that Vinamilk is a role model for circular economy, efficient production, proactive response to pandemic: On 27 June 2021, Prime Minister Pham Minh Chinh and other ministers and members of the Government visited and examined the pandemic prevention measures at Vietnam Dairy Factory (Binh Duong province). The Prime Minister affirmed that Vinamilk is a typical example of effectively implementing circular economy, praising the spirit of “producing while preventing” and efforts to improve living conditions of employees during the pandemic.

- **Supporting Communities in 2Q2021:**

In addition to maintaining stable production and business, Vinamilk actively carried out many community activities to promote healthy lifestyle and steps up donations in the fight against COVID-19.

In June 2021, Vinamilk launched the community campaign "A healthy you for the healthy Vietnam" with the purpose of promoting healthy lifestyle and bringing positive energy to the community during this turbulent time. In this campaign, Vinamilk conducted several community activities and support frontline officers with a total budget of VND 20 billion. With the first activity using online platform, the Company committed to contribute VND 10 billion to buy Covid-19 vaccine for children 12 to 18 years old.

In the second quarter, Vinamilk continuously implemented activities such as:

- Donated 2 million products, equivalent to VND 15 billion to provide nutrition for children, communities and frontline officers fighting against the epidemic. Of which, 1.7 million glasses of milk will be given to disadvantaged children through the Stand tall Vietnam Milk Fund in 2021.
- Giving 3,000 gifts of nutritional products to the frontline and their families at many hospitals across the country.

- Vinamilk's subsidiaries and members such as Moc Chau Milk, Angkor Milk also actively participated in responding to other community activities.

Up to now, Vinamilk supported the country and the community with financial funding and products worth estimated VND 85 billion

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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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