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## PRESS RELEASE

Ref: FIRST QUARTER 2022 BUSINESS RESULTS

### REVENUE GROWTH CONTINUES THE UPTREND, 2022 PAYOUT RATIO REMAINS HIGH

*Vietnam Dairy Products JSC (“Vinamilk”, “The Company”) has announced the 1Q2021 financial results with total consolidated revenue of VND13,940 billion and pre-tax profit of VND2,764 billion.*

For full financial statements <https://www.vinamilk.com.vn/en/quan-he-co-dong/bao-cao-tai-chinh>

#### Summary of consolidated 1Q2022 business results

(VND billion)	1Q2022	1Q2021
<b>Total revenue</b>	<b>13,940</b>	<b>13,241</b>
<b>Net sales</b>	<b>13,878</b>	<b>13,190</b>
<i>Domestic</i>	<i>11,658</i>	<i>11,178</i>
<i>Overseas</i>	<i>2,220</i>	<i>2,012</i>
<b>Gross profit</b>	<b>5,625</b>	<b>5,755</b>
<i>Domestic</i>	<i>4,779</i>	<i>4,858</i>
<i>Overseas</i>	<i>846</i>	<i>897</i>
SG&A expenses	3,005	2,953
Other gains/(losses) excluding interest and depreciation	278	308
<b>EBITDA</b>	<b>3,328</b>	<b>3,667</b>
Depreciation	537	500
Interest rate	26	13
<b>Profit after tax</b>	<b>2,283</b>	<b>2,597</b>
<b>EPS (VND)</b>	<b>973</b>	<b>1,101</b>

#### I. Revenue analysis

In the context that the Vietnam economy began to show signs of recovery after the pandemic, in the first quarter of 2022 (“1Q2022”), Vinamilk’s consolidated net revenue continued the uptrend at 5.2% YoY growth, reaching VND 13,878 billion and completed 21.3% of the annual guidance (VND 64,070 billion). According to the General Statistics Office (GSO), total retail sales of goods and consumer services in 1Q2022 increased by 4.4% YoY. Vietnam is currently one of the six countries with the highest COVID-19 vaccination rate in the world.

**The domestic market** posted net revenue of VND 11,658 billion, up 4.3% YoY, of which:

- **Domestic revenue of the Parent company** reached VND 10,234 billion, up 4% YoY. In Q1/2022, Vinamilk upgraded the packaging of key products such as Vinamilk Eating Yogurt, Probi Drinking Yogurt, Sure Diacerna Formula Milk to bring a fresh experience to consumers. The Company also put efforts to boost sales across distribution channels, in which:

- Modern trade (“MT”) accelerated with YoY growth of over 30%. After the pandemic, MT shopping has become increasingly popular and the Company has quickly increased coverage in supermarkets and convenience stores across the country. This channel is expected to continue driving domestic sales growth going forward.
- Traditional trade (“TT”) remained the primary contributor in Vinamilk’s national distribution network with significant penetration in rural areas (rural accounts for about 63% of Vietnamese total population). TT revenue growth is recovering after long periods of being affected by social distancing orders and travel restrictions.
- For Vinamilk’s shops in particular, the revenue in 1Q2022 posted nearly 25% YoY. Given the achievements in 2021, the company opened up nearly 30 new stores in 1Q2022 with the goal of building an independent retail dairy outlet, strengthening the leading position in distribution. To date, the number of Vinamilk’s shops has reached nearly 620 in large and medium-sized cities. The Company is also utilizing these stores to serve as mini distribution centers for the in-house online platform, catching up with the current e-commerce trend.
- Moc Chau Dairy Breed JSC (MCM) recorded net revenue of VND 675 billion, an increase of 8.6% YoY. In 1Q2021, MCM introduced 2 new pasteurized milk products with appealing packaging.

**Overseas markets** posted net revenue of VND 2,220 billion, up 10.3% YoY, in which:

- **Overseas subsidiaries** posted net revenue of VND 1,081 billion, significantly up nearly 28% YoY. Driftwood, the U.S. subsidiary, delivered more than 40% YoY growth thanks to increased demand in schools and hotels. AngkorMilk in Cambodia posted high single digit revenue YoY growth in 1Q2022 on the back of effective business development activities.
- **Direct export** posted net revenue of VND 1,139 billion, which was flat YoY and contributed more than 8% to the consolidated net revenue.

## **II. Analysis of profit margins and cost structures**

**Consolidated gross profit margin (“LNG”) consolidated Q1/2022 reached 40.3% under pressure from increased production costs.** The price of input materials remained high due to supply shortages and the impact of the global supply chain crisis. However, thanks to locally sourced materials such as raw milk from domestic farms, sugars, etc. and major purchase orders, the Company has ensured quality materials at reasonable prices.

Consolidated SG&A expenses 1Q2022 were VND 3,005 billion, equivalent to 21.7% of net revenue. This margin was optimized furthermore, contracted slightly by 73 bp YoY.

**Amid the aforementioned situation, the 1Q2022 consolidated profit before tax (“PBT”) was VND 2,764 billion.** Consolidated net after-tax profit (“NPAT”) was VND 2,283 billion and completed 23.1% of the year plan (VND 11,240 billion). For MCM, NPAT reached VND 86 billion, a sharp increase of 73.1% YoY backed by cost optimization. MCM’s NPAT margin in 1Q2022 reached 12.7%, an increase of nearly 500 bp YoY and nearly double compared to the period before becoming a member of Vinamilk.

The net balance as of March 31, 2022 was VND 10,500 billion, accounting for 19.8% of total assets.

### III. Other highlights

According to the Kantar Worldpanel report, in 2021, the consumption rate in urban areas of Vinamilk products reached 99% of households, while in rural areas, this figure was approximately 90%. In other word, 9 out of 10 households in Vietnam use at least one Vinamilk product.

According to the research by Nielsen Vietnam (Nielsen IQ), Vinamilk is the leading manufacturer of liquid milk, condensed milk, drinking yogurt in terms of volume and value, leading the baby formula industry in terms of volume.

On April 26, 2022, Vinamilk held its annual general meeting of shareholders and adopted the following important contents:

- The 2022 cash dividend plan is VND3 ,850 per share, which has remained high for many years.
- Elect the Board of Directors for the 2022-2026 term with the following members (profiles of members can be viewed [here](#)) and appoint the CEO:
  - Mr. Nguyen Hanh Phuc, Chairman (independent member)
  - Ms. Mai Kieu Lien, BOD member, CEO
  - Mr. Alain Xavier Cany, BOD member
  - Ms. Dang Thi Thu Ha, BOD member
  - Mr. Do Le Hung, BOD member (independent)
  - Mr. Hoang Ngoc Thach, BOD member
  - Mr. Le Thanh Liem, BOD member
  - Mr. Lee Meng Tat, BOD member
  - Mr. Michael Chye Hin Fah, BOD member
  - Ms. Tieu Yen Trinh, BOD member (independent)
- The Congress also adopted a strategy for the 2022-2026 period with 4 pillars:
  - Develop superior products and customer experiences;
  - Promoting the application of technology to sustainable agriculture;
  - Create new business opportunities;
  - Become the destination of talent.

## **ABOUT VINAMILK**

Vinamilk is the leading nutrition company in Vietnam and is currently in the group of 50 largest dairy companies in the world. With the mission of becoming an international brand in the food sector and a symbol of trust for Vietnamese consumers about nutritional and health products, we are committed to bringing to the community high-quality products with our appreciation, love and high responsibility for human and social life.

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

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