



VIETNAM DAIRY PRODUCTS JSC

INVESTOR NEWSLETTER

FIRST QUARTER FINANCIAL PERFORMANCE

Ho Chi Minh City, 28th April 2023

FOREIGN SALES HAS RECOVERED, CONSOLIDATED TOTAL REVENUE GROWTH ENDED UP THE DOWNTREND

Dear Investors,

Vietnam Dairy Products Joint Stock Company (“Vinamilk”, “the Company”) has issued the Q1/23 financial statements with the consolidated total revenue of VND 13,954 billion and pre-tax profit of VND 2,312 billion, completed 22.0% and 22.1% of the annual guidance respectively (revenue guidance is VND 63,380 billion and pre-tax profit guidance is VND 10,496 billion). The Company plans to pay a minimum cash dividend of 50% of the consolidated after-tax profit allocated to the Parent Company’s shareholders in 2023.

Highlights of Q1/23:

- **The slowdown in GDP growth would have constrained domestic income and consumption.** According to GSO, Vietnam’s GDP in Q1/23 increased by 3.3% YoY, the lowest for the first quarter in the past two years. According to AC Nielsen, although the fast-moving consumer goods sector still maintained double-digit growth in the first two months of 2023, this rate has decreased significantly compared to last year.
- **The consolidated total revenue in Q1/23 reached VND 13,954 billion, up slightly 0.1% YoY and completed 22% of the annual guidance.** Of which, the consolidated domestic net revenue was VND 11,491 billion and overseas’ was VND 2,428 billion.
- **The consolidated gross profit margin** was 38.8%; selling and administrative expenses margin was 23.9%. **Financial income** reached VND 420 billion, up 31% YoY.
- **The debt-to-total assets ratio was 14%**, which was more optimized than the 10% at the end of 2022 to effectively utilize leverage in operating and capital allocation.
- **Moc Chau Dairy Breeds JSC** recorded a net revenue of VND 734 billion and pre-tax profit of VND 112 billion, completed 21.3% and 28.0% of the annual guidance, respectively.

Stock data

Ticker	VNM
Industry	Consumer Staple
Listing date	19/01/2006
Share price as of 31/03/23	74.400
52-week price range (VND'000)	64.500-85.000
Market cap. (VND bn)	155,493
Outstanding share (mn share)	2.090
Free float (mn share)	682
15-day avg. vol. (share)	2.361.940
Dividend yield	5,1%
Net cash/Total asset	24%

About Vinamilk

Vinamilk is the leading dairy company in Vietnam and is currently ranked 36th in the list of the world’s largest dairy companies in terms of sales size, given the mission of becoming an international brand in the field of food and an icon of trusty brand for Vietnamese consumers about nutritional and health products. Visit our website to learn more about us <https://www.vinamilk.com.vn/>

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This investor newsletter contains forward-looking statements in Vinamilk’s expectations, intentions or strategies that may involve risks and uncertainties. These forward-looking statements, including Vinamilk’s expectations, are subject to risks, uncertainties, and uncertainties or potential factors beyond Vinamilk’s control, which could cause actual results in business operations, financial activities, etc. or Vinamilk’s achievements differ materially from those expressed or implied in future assumptions. Readers should not view these forward-looking statements as predictions, upcoming events, or promises of future performance.

SUMMARY OF BUSINESS PERFORMANCE

(VND billion)	1Q23	1Q22	3M23	3M22
Total sales	13,954	13,940	13,954	13,940
Net sales	13,918	13,878	13,918	13,878
<i>Domestic</i>	11,491	11,658	11,491	11,658
<i>Foreign</i>	2,428	2,220	2,428	2,220
Gross profit	5,398	5,625	5,398	5,625
<i>Domestic</i>	4,525	4,779	4,525	4,779
<i>Foreign</i>	873	846	873	846
SG&A expenses	3,331	3,005	3,331	3,005
Other profit/(loss) excluding depreciation & interest expense	857	708	857	708
EBITDA	2,924	3,328	2,924	3,328
Depreciation	529	537	529	537
Interest expense	82	26	82	26
Profit after tax	1,906	2,283	1,906	2,283
EPS (VND)	796	973	796	973

CONSUMER TREND IN 2023

The slowdown in GDP growth would have constrained domestic income and consumption.

According to GSO¹, Vietnam's GDP in Q1/23 increased by 3.3% year-on-year (YoY), the lowest for the first quarter in the past two years. The reason for this slowdown is the weakness of the industrial and construction sectors (down 0.4%) under the dual impact of the global recession affecting export demand (export turnover decreased by 11.9%) and high interest rates causing many businesses to scale back operations (the number of businesses exited the market increased by 17.4%).

With a contribution of nearly 1/3 in the GDP, what was happening in the industrial and construction sector would have constrained income and domestic consumption. According to AC Nielsen, although the fast-moving consumer goods sector still maintained the double-digit growth in the first two months of 2023, this rate has decreased significantly compared to last year.

¹ <https://www.gso.gov.vn/du-lieu-va-so-lieu-thong-ke/2023/03/bao-cao-tinh-hinh-kinh-te-xa-hoi-quy-i-nam-2023/>

VINAMILK'S BUSINESS PERFORMANCE

1. REVENUE

Consolidated total revenue reached VND 13,954 billion, up 0.1% YoY and completed 22% of the annual guidance.

The consolidated total revenue in Q1/23 reached VND 13,954 billion, up slightly 0.1% YoY, completed 22% of the annual guidance and ended the downtrend since Q2/22. By geography, domestic net revenue was VND 11,491 billion and net revenue from foreign markets was VND 2,428 billion.

Positive highlights in Key Account channel and Vinamilk's stores with sales growth increased 50% and 12% YoY respectively.

Domestic market:

- The Parent Company posted the net revenue of VND 9,979 billion under the impact of weak consumer demand amid unfavorable macro conditions. Nevertheless, there are positive highlights in the distribution channels of Key Account and Vinamilk's stores with sales growth increased 50% and 12% YoY, respectively. The growth momentum for the Key Account channel was attributable to the expansion of HORECA and school clients, while the Vinamilk has effectively utilized the coverage of 652 owned stores across the country (+6 stores compared to end-2022) in order to boost the brand awareness and consumer demand for Vinamilk's products.
- Moc Chau Milk Dairy Breeds JSC (MCM) posted the net revenue of VND 734 billion, up 8.8% YoY and completed 21.3% of the annual guidance. MCM's topline maintained its solid growth momentum thanks to: 1) Enhancing investment in infrastructure for the distribution system and trade support has helped improve brand image at sales points and establish relationships with potential partners, as well as strengthen the market position in the northern region; 2) The new brand logo towards a more streamlined approach, while coordinated with Vinamilk to implement various marketing campaigns to increase brand awareness in both traditional and digital media platforms; 3) The expansion of MCM's outlets with 6 new stores in the first quarter of 2023, raising the total number of stores to over 60 locations.

MCM posted the net revenue of VND 734 billion in Q1/23, up 8.8% YoY and completed 21.3% of the annual guidance.

The overseas market delivered the net revenue growth of 9.4% YoY, in which:

Revenue from exports ended the declining trend with a growth rate of 7.5% YoY.

Revenue from overseas subsidiaries, continued to grow by double digits of 11.3% YoY.

GPM reached 38.8%, selling and administrative expenses margin was 23.9% of net revenue.

Financial income was VND 420 billion, up 31% YoY.

PBT in Q1/23 was VND 2,312 billion, completed 22.0% of the annual plan.

- Net revenue from exports ended the declining trend with a growth rate of 7.5% YoY, reached VND 1,225 billion in Q1/23. At the beginning of 2023, Vinamilk successfully signed several large export contracts with a total value of USD 100 million, mainly for infant formula milk to the Middle East market. Revenue from condensed milk, fresh milk, and yogurt also bounced back as Vinamilk products become more popular among Asian consumers. In addition, the healthy development of Del Monte-Vinamilk joint venture in Philippines also well contributed the recovery of exports.
- Net revenue from overseas subsidiaries reached VND 1,203 billion, continued to grow by double digits of 11.3% YoY thanks to the strong performance of Driftwood in the US and AngkorMilk in Cambodia with the revenue growth by 7% and 11% YoY respectively.

2. PROFIT MARGINS AND COST STRUCTURE

In Q1/23, the consolidated gross profit margin (“GPM”) reached 38.8%. Despite the main raw material prices remaining high, other production costs were also affected by inflation. The consolidated selling and administrative expenses were VND 3,331 billion, equivalent to 23.9% of net revenue. The company increased investment in product display, promotion, sales support and high-quality personnel to maintain our competitive position and stimulate consumer demand.

Consolidated financial income was VND 420 billion, up 31.0% YoY thanks to significant amount of deposits amid favorable interest rates environment.

Consolidated profit before tax (“PBT”) in Q1/23 was VND 2,312 billion, equivalent to a consolidated PBT margin of 16.6% and completed 22.0% of the annual guidance. For MCM, PBT reached VND 112.2 billion, up significantly by 17.8% YoY and completed 28.0% of the annual guidance thanks to the strong financial income and increasingly optimized operating costs. The PBT margin of MCM was 15.3%, up 113 bps compared to Q1/22.

As of March 31, 2023, the consolidated net cash balance was 24% on total assets. The debt-to-total asset ratio was at 14%, more optimal than

the 10% at the end of last year to effectively leverage operational activities and capital allocation.

3. OPERATIONAL HIGHLIGHTS

Research and development

In Q1/23, Vinamilk launched 04 new products including Vinamilk ADM low-sugar nutritional milk, Vinamilk 3 Healthy packaged nutritional milk, Vinamilk Aloe Vera and Pomegranate low-sugar yogurt, and Probi Pedia+ live probiotic yogurt drink. In addition, various ice cream, yogurt, and plant-based milk products were enhanced in terms of taste, packaging, and reintroduced to the market with researched functions and clear messaging aimed at target consumer groups.

On April 20, 2023, for the first time, six leading global nutrition corporations came to Vietnam to sign a strategic partnership agreement with Vinamilk to apply international scientific achievements for infant formula products. This event has marked an important milestone not only for Vinamilk but also for the Vietnamese dairy industry.

Marketing

Several campaigns achieved high rankings in the TOP most vibrant marketing campaigns on social media: “Vinamilk Yogurt - Firm Belly, Safe New Year,” TOP 20 ranking of outstanding YMI Tet campaigns (304 thousand interactions, 3.7 million views)²; Ong Tho - “Childhood Museum,” TOP 10 ranking of BSI outstanding campaigns on social media platforms (320 thousand interactions, 0.78 virality score)³. The encouraging results of these campaigns were demonstrated through the explosion of interactions, conversations, and views on social media.

4. 2023 FINANCIAL PERFORMANCE GUIDANCE

CONSOL. (bn dong)	Guidance 2023	Actual 2022	Growth
Total revenue	63,380	60,075	5.5%
Profit before tax	10,496	10,496	0%
Net profit after tax	8,622	8,578	0.5%

² <https://younetmedia.com/cong-bo-bang-xep-hang-yimi-top-20-campaign-tet-soi-noi-nhat-tren-mang-xa-hoi-2023/>

³ <https://www.buzzmetrics.com/bai-viet-bsi/bsi-top10-12-2022>

5. OTHER HIGHLIGHTS

ANNUAL SHAREHOLDERS MEETING 2023

On April 25th, 2023, the Annual Shareholders Meeting 2023 was successfully held online. The meeting approved the cash dividend plan for 2022 at 3,850 VND/share, maintaining the same level of dividend payout (in cash) as planned at the previous year's AGM. In 2023, the company plans to pay out in cash a minimum of 50% of consolidated PAT to shareholders of parent company. Details of the discussions at the meeting are presented in the minutes available [HERE](#).

SUSTAINABLE DEVELOPMENT ACTIVITIES

In Q1/23, Vinamilk and the Resources and Environment Newspaper launched a project to plant trees towards Net Zero by 2050, planting over 1,000 mature trees in Hanoi. The company also conducted greenhouse gas emission assessments, invested in technology to reduce emissions, and promoted the transition to the use of renewable and green energy in production units.

DISCLOSURE OF ANNUAL REPORT AND SUSTAINABILITY REPORT 2022

Vinamilk has released its Annual Report 2022 with detailed information on business operations and performance [HERE](#). The company has also released its Sustainability Report 2022 with information on environmental indicators, social activities, and corporate governance [HERE](#).

As part of the investor newsletter, you can view more presentation materials on our Investor Relations page [HERE](#) that showcase the business performance results.

You can also register to attend the quarterly regular meeting with the company's management board to discuss business performance results. Detailed information about the meeting and registration can be found [HERE](#).