

VINAMILK  
MỞ MÀN  
HÀNH TRÌNH MỚI

# EARNINGS PRESENTATION

For six months ended 30 June 2023 (“1H2023”)

# DISCLAIMER

---

Certain statements in this Presentation may constitute “forward-looking statements”, including forward-looking financial information. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Vietnam Dairy Products JSC (“Vinamilk” or “The Company”), or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding Vinamilk’s present and future business strategies and the environment in which Vinamilk will operate in the future. Because these statements and financial information reflect Vinamilk’s current views concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information.

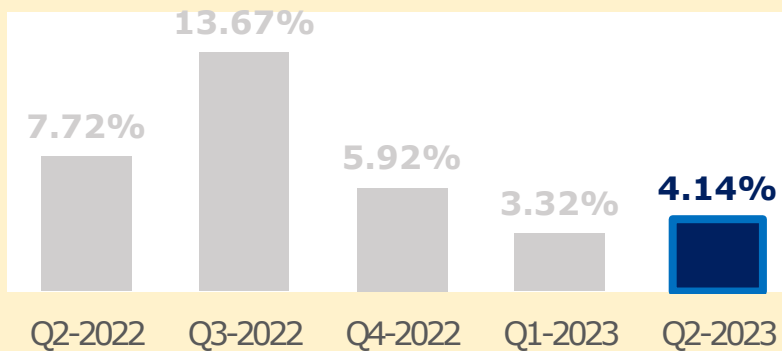
Vinamilk expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement or financial information contained in this Presentation to reflect any change in Vinamilk’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based.

This Presentation includes market and industry data and forecast that have been obtained from internal survey, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. While Vinamilk has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, Vinamilk has not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein.

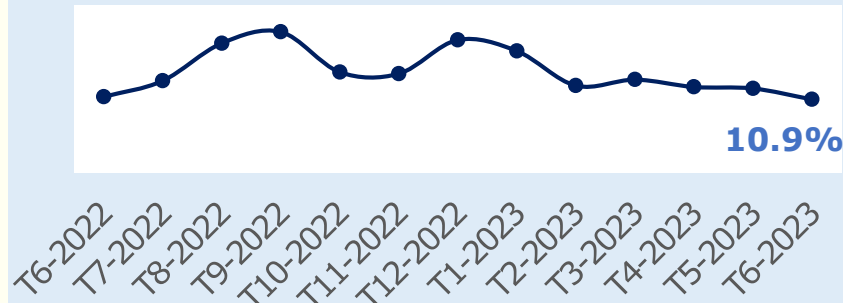
# MACRO & DAIRY INDUSTRY

More challenges since both FMCG and dairy growth have slowed down

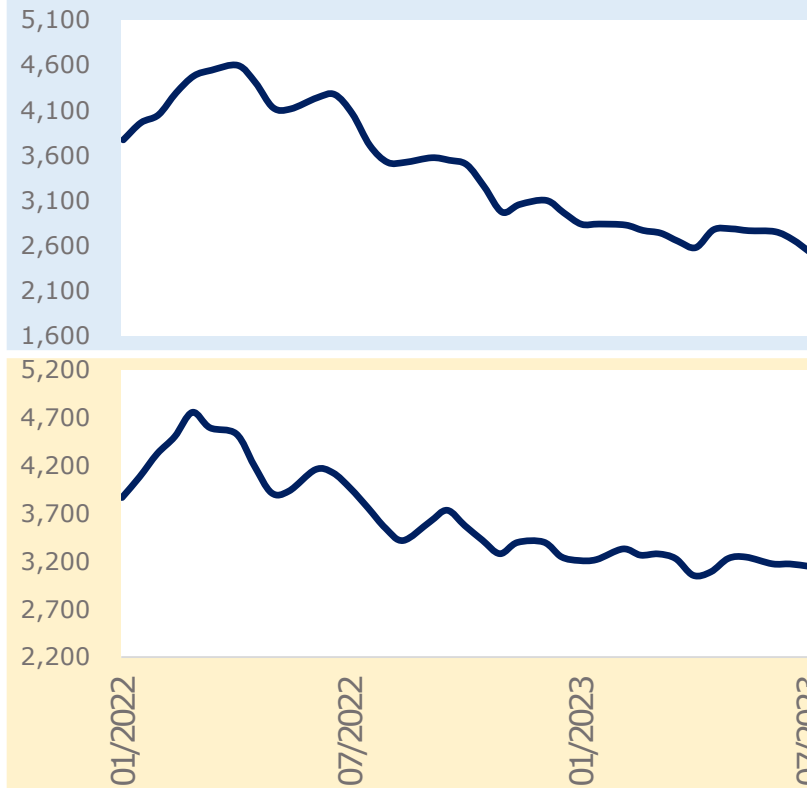
## Vietnam GDP growth



## Sales growth of total goods and services



## SMP&WMP Prices (\$/ton)



## Key takeaways:

- **GDP Growth in 6M2023** slows down due to weakening industrial sector and exports, coupled with the impact of high interest rates, affecting the retail industry and consumer sentiment.
- **FMCG +7%** YoY in 5M2023 but only +2% in Q2/2023.
- **Dairy industry +2%** YoY in 5M2023 but only +1% in Q2/2023.

# MACRO & DAIRY INDUSTRY

China – the largest milk powder importer – has been increasing its domestic milk supply and reducing imports, thereby the risk of material price volatility is now much lower than before

**TABLE 1. CHINA: PRODUCTION, SUPPLY AND DISTRIBUTION FOR FLUID MILK**

| Dairy, Milk, Fluid            | 2021          |          | 2022          |          | 2023          |          |
|-------------------------------|---------------|----------|---------------|----------|---------------|----------|
| Market Begin Year             | Jan 2021      |          | Jan 2022      |          | Jan 2023      |          |
| China                         | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Unit: (1,000 head) (1,000 MT) |               |          |               |          |               |          |
| Cows In Milk                  | 6200          | 6200     | 6400          | 6400     | 6600          | 6500     |
| Cows Milk Production          | 36830         | 36830    | 39200         | 39320    | 40900         | 41000    |
| Other Milk Production         | 1120          | 1120     | 1150          | 1150     | 1200          | 1180     |
| Total Production              | 37950         | 37950    | 40350         | 40470    | 42100         | 42180    |
| Other Imports                 | 1268          | 1268     | 1075          | 977      | 1100          | 1000     |
| Total Imports                 | 1268          | 1268     | 1075          | 977      | 1100          | 1000     |

**TABLE 4: PRODUCTION, SUPPLY AND DISTRIBUTION FOR SKIM MILK POWDER**

| Dairy, Skim Milk Powder | 2021          |          | 2022          |          | 2023          |          |
|-------------------------|---------------|----------|---------------|----------|---------------|----------|
| Market Begin Year       | Jan 2021      |          | Jan 2022      |          | Jan 2023      |          |
| China                   | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Unit: 1000 MT           |               |          |               |          |               |          |
| Beginning Stocks        | 0             | 0        | 0             | 0        | 0             | 0        |
| Production              | 22            | 22       | 24            | 25       | 25            | 25       |
| Other Imports           | 426           | 426      | 330           | 335      | 320           | 330      |
| Total Imports           | 426           | 426      | 330           | 335      | 320           | 330      |

**TABLE 2: PRODUCTION, SUPPLY AND DISTRIBUTION FOR WHOLE MILK POWDER**

| Dairy, Dry Whole Milk Powder | 2021          |          | 2022          |          | 2023          |          |
|------------------------------|---------------|----------|---------------|----------|---------------|----------|
| Market Begin Year            | Jan 2021      |          | Jan 2022      |          | Jan 2023      |          |
| China                        | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Unit: 1000 MT                |               |          |               |          |               |          |
| Beginning Stocks             | 100           | 100      | 150           | 150      | 150           | 170      |
| Production                   | 1010          | 1010     | 1050          | 1050     | 1125          | 1175     |
| Other Imports                | 849           | 849      | 700           | 700      | 700           | 600      |
| Total Imports                | 849           | 849      | 700           | 700      | 700           | 600      |

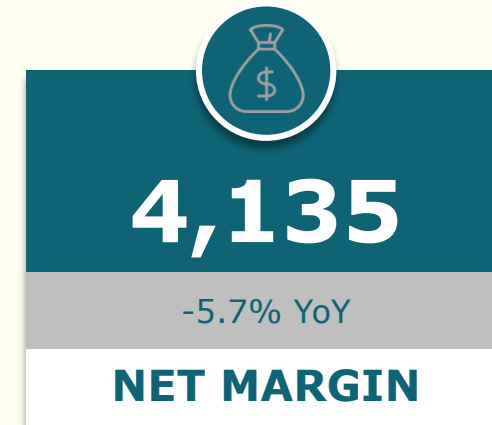
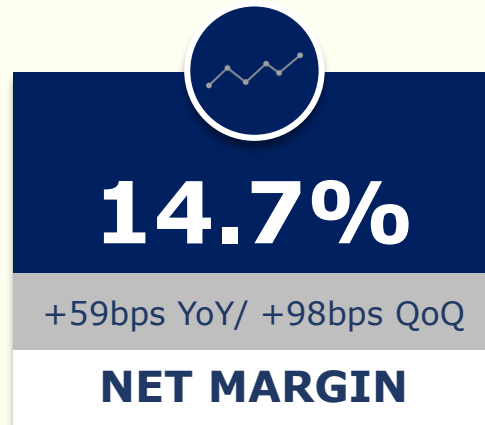
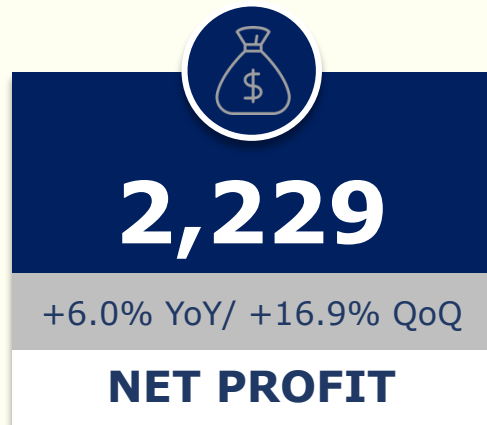
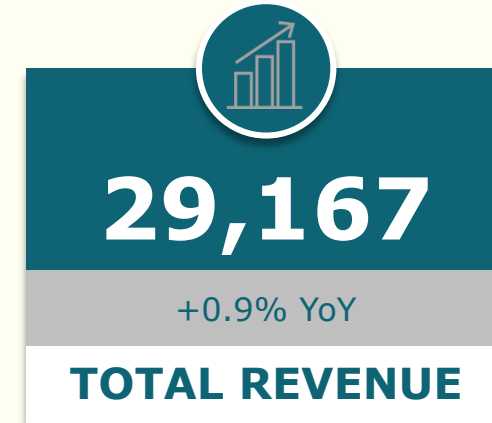
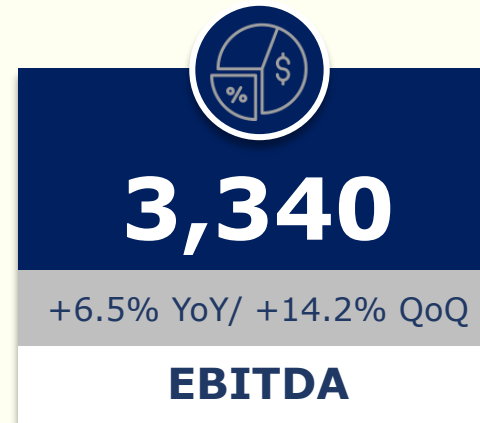
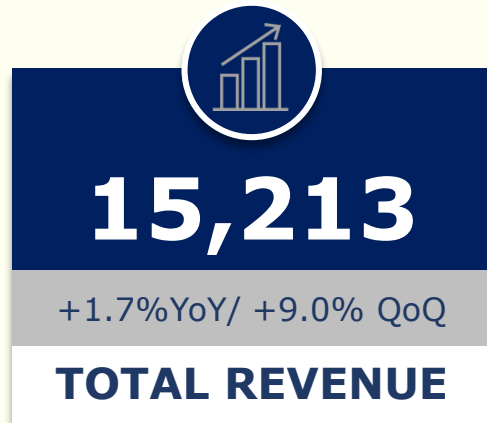
**TABLE 5: PRODUCTION, SUPPLY AND DISTRIBUTION FOR CHEESE**

| Dairy, Cheese     | 2021          |          | 2022          |          | 2023          |          |
|-------------------|---------------|----------|---------------|----------|---------------|----------|
| Market Begin Year | Jan 2021      |          | Jan 2022      |          | Jan 2023      |          |
| China             | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Unit: 1000 MT     |               |          |               |          |               |          |
| Beginning Stocks  | 0             | 0        | 0             | 0        | 0             | 0        |
| Production        | 18            | 18       | 20            | 20       | 22            | 25       |
| Other Imports     | 176           | 176      | 145           | 145      | 150           | 150      |
| Total Imports     | 176           | 176      | 145           | 145      | 150           | 150      |

# PERFORMANCE HIGHLIGHTS

Consolidated results – 2Q2023

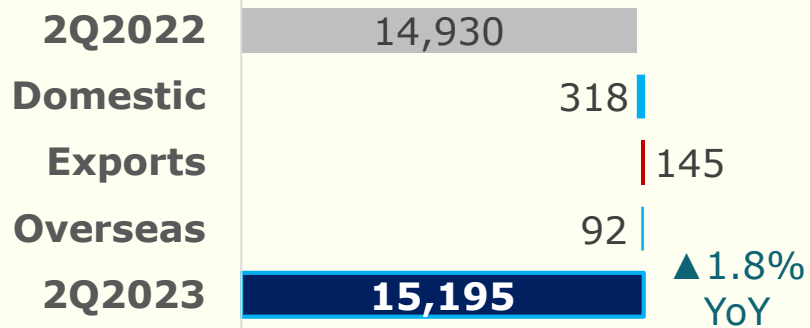
1H2023





# PERFORMANCE ANALYSIS

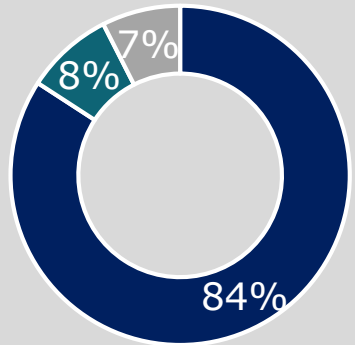
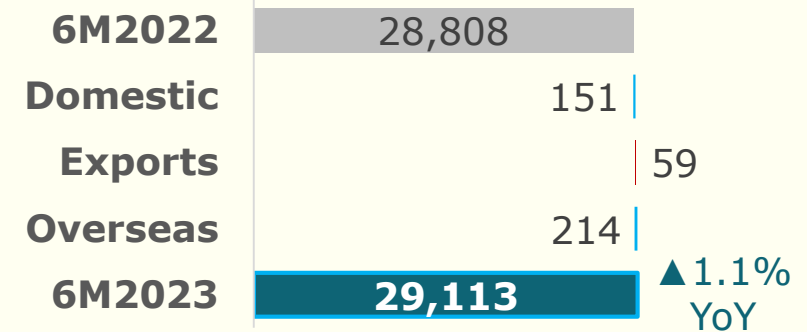
Consolidated net revenue in 2Q2023 +1,8% YoY (2Q2023: +0,1% YoY) indicated improved sales performance



## Key takeaways:

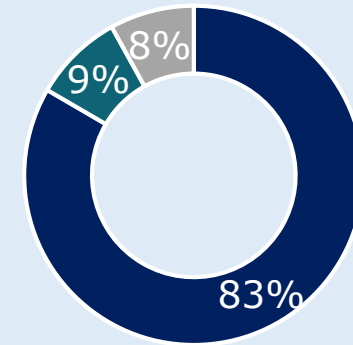
- 2Q2023 consol. net revenue reached VND15,195 bn, **+1,8%** YoY, a significant improvement in sales performance (vs. +0.1% YoY growth in 1Q2023) and has reinforced the full-year target of +5.5%.
- 1H2023, consol. Net revenue reached VND29,113 billion, **+1,1%** YoY.

## 1H2023



**2Q2023**   **2Q2022**

|              |       |       |
|--------------|-------|-------|
| Domestic     | 84.1% | 83.5% |
| Export       | 8.4%  | 9.5%  |
| Oversea subs | 7.5%  | 7.0%  |

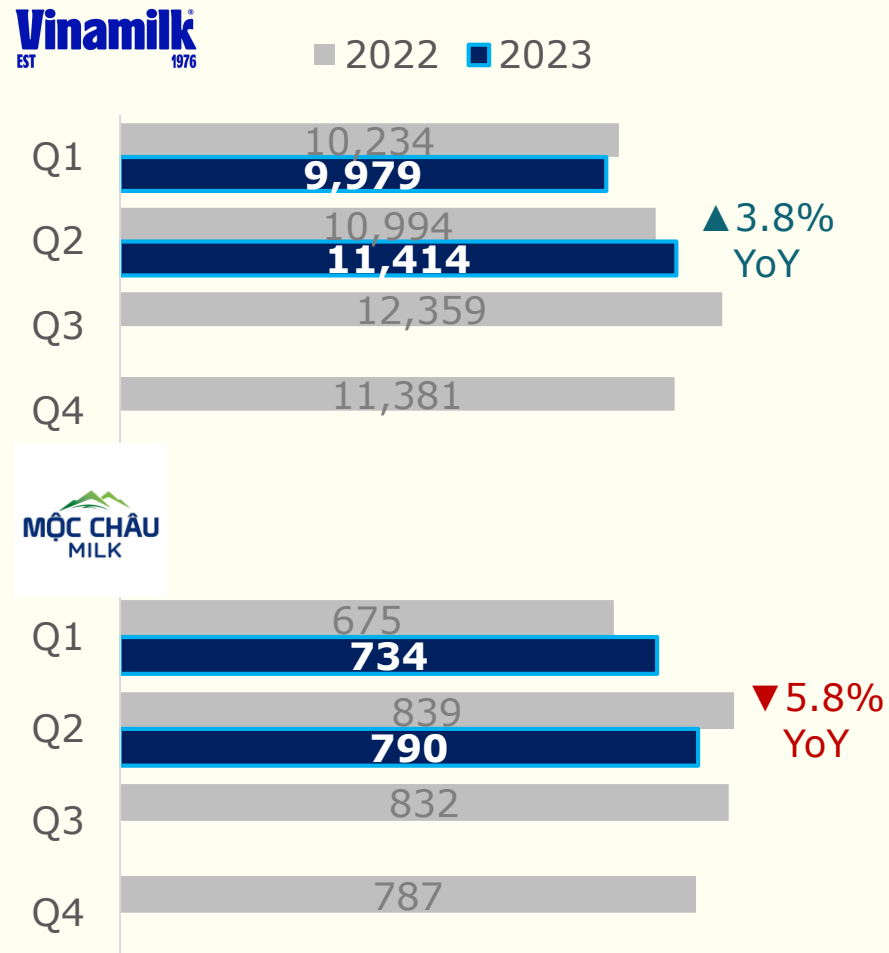


**1H2023**   **1H2022**

|              |       |       |
|--------------|-------|-------|
| Domestic     | 83.4% | 83.7% |
| Export       | 8.6%  | 8.9%  |
| Oversea subs | 8.0%  | 7.4%  |

# PERFORMANCE ANALYSIS

Domestic market: Positive YoY growth across major distribution channels, Vinamilk's stores and online channel posted the sales growth of 16% YoY



## Key takeaways:

- Total market share yielded positive growth in recent months, driven by the strong performance of flagship categories including **condensed milk, drinking yogurt and spoon yogurt**.
- Major distribution channels demonstrated positive YoY growth. Vinamilk's stores and online channel, showed remarkable YoY growth of **16%**.
- At 30/6/23, there are **654 Vinamilk's stores** (+8 stores YTD).
- **Marketing highlights:**
  - "Happy Cow – Tasty Milk" attracted **4,000+** children and parents participated;
  - "Childhood Museum" for Ong Tho condensed milk and "Pure Taste from The Nature" for Greenfarm fresh milk resulted in double-digit YoY sales growth for these brands in 1H2023.
- **MCM:** soft sales performance due to the weak purchasing power in the Northern highland areas; MCM is running **62 stores** (+9 stores YTD).

# NEW INNOVATIONS

## 1Q2023



Delight Ice Cream Coffe/  
Chocolate/ Salty Caramel/ Matcha



Low sugar Vinamilk eating yogurt  
with aloe vera/ pomegranate

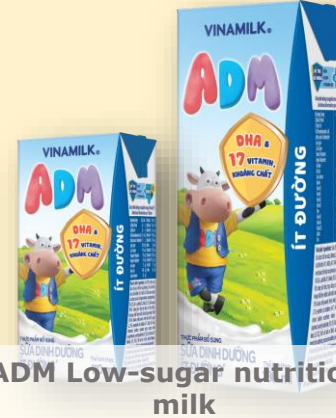
## 2Q2023



SuSu Drinking yogurt with  
jelly



Yomilk drink yogurt with  
blue berry



ADM Low-sugar nutritious  
milk



Vinamilk Super Nut - 1L  
Pack



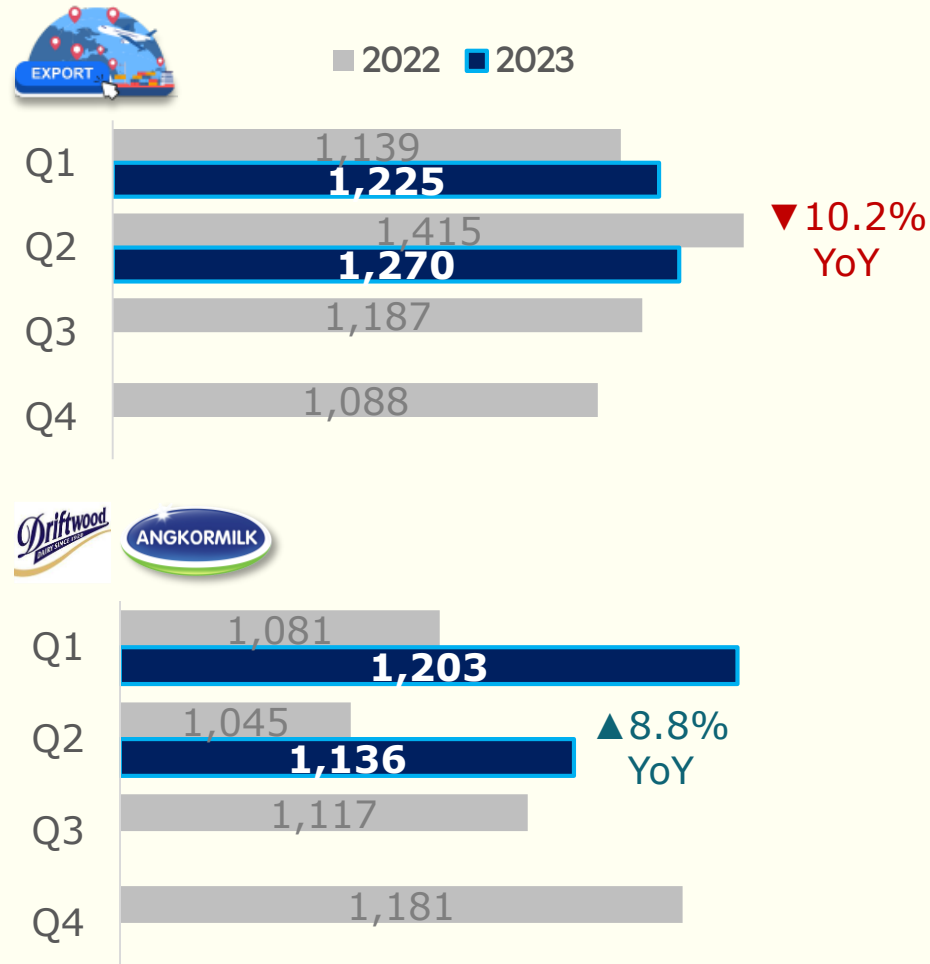


# MARKETING HIGHLIGHTS

The “**Happy Cow – Tasty Milk**” event at Hoa Lu Stadium in Ho Chi Minh City in the early of Jul-2023 successfully recreated the Milk Cow Resort at the heart of the city. The event attracted **4,000+** children and parents, with the participation of famous artists and KOLs, effectively conveying the brand’s message to the target customers.

# PERFORMANCE ANALYSIS

Foreign market: Soft export performance in 2Q2023 was mainly due to unstable demand in traditional markets while new markets has been well established.



## Key takeaways:

### ▪ Direct Export:

- Traditional markets were affected by unstable demand.
- New export markets: **1) Philippines:** expanding distribution coverage and brand recognition through product introductions at POS and schools, also offering attractive promotions; **2) China:** showcased the famous Ong Tho sweetened condensed milk at the 18<sup>th</sup> China International SME Fair in Guangzhou in June 2023.

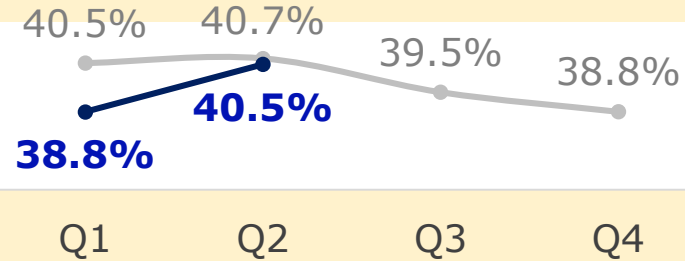
### ▪ Overseas subsidiaries:

- **AngkorMilk:** maintained the YoY sales growth of over 10%; already have the strategies to intensify marketing activation activities and invest further in the distribution system
- **Driftwood:** topline growth has normalized.

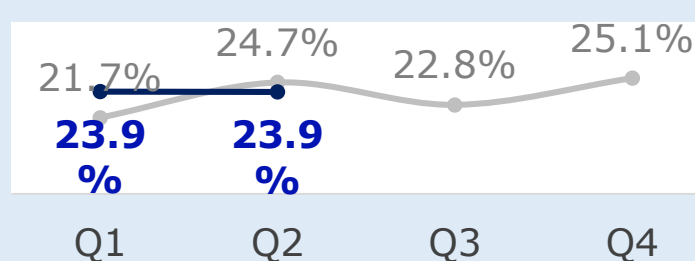
# PERFORMANCE ANALYSIS

GPM expansion thanks to the correction of imported raw material price and the effective control over operating costs

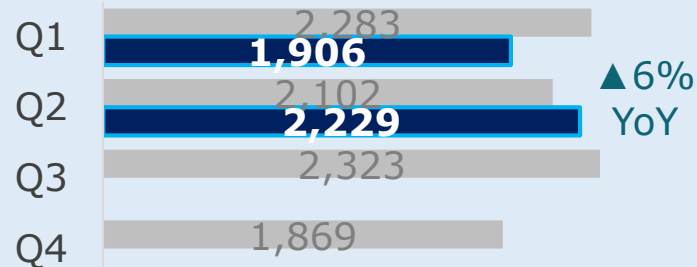
— 2022 — 2023



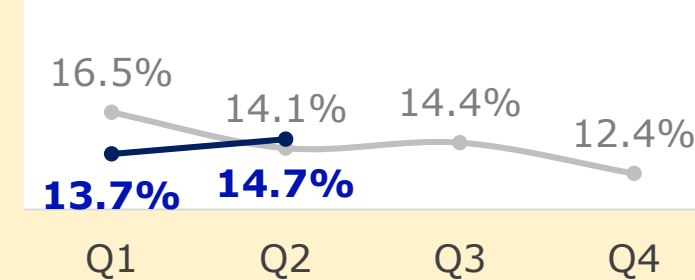
**GPM** posted the largest QoQ expansion since 2021 given raw material prices correction



**SG&A margin** remained stable while sales was still growing, indicating highly efficient operations



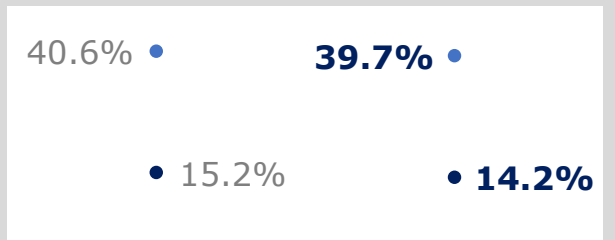
**Net profit posted faster growth** vs. sales thanks to GPM recovery and effective cost control



**NPM** signaled the first YoY improvement (+60 bps) since 2Q2021 (QoQ +100 bps)

## 1H2023

• GPM • NPM



1H2022

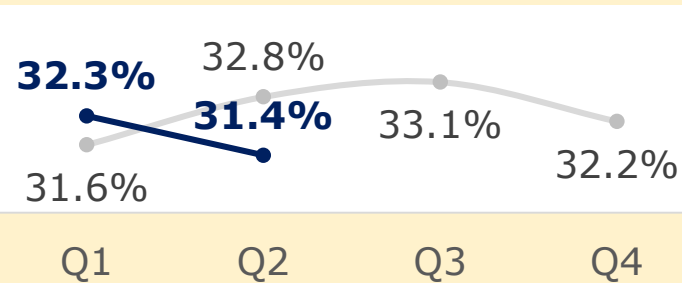
1H2023



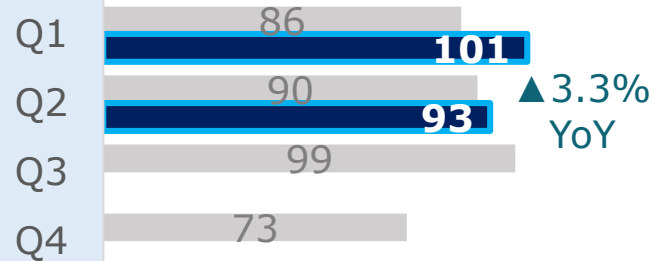
# PERFORMANCE ANALYSIS

## MCM profit and cost structure – 2Q2023

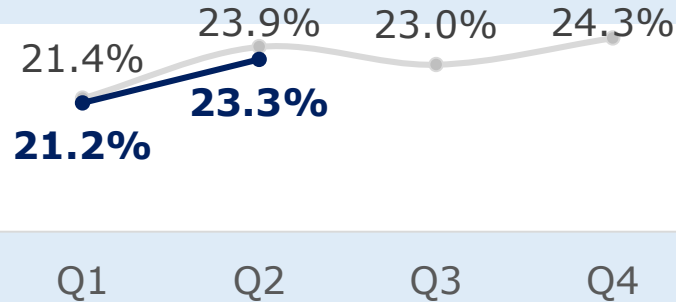
— 2022 — 2023



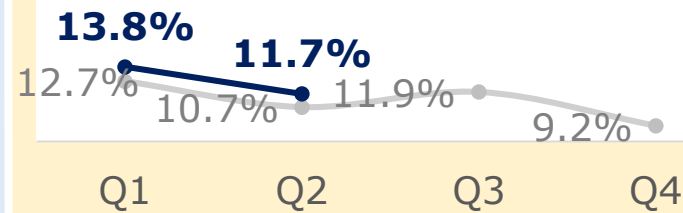
**GPM** compressed due to lower sales



**Net profit** +3.3% YoY thanks for effective operating cost control



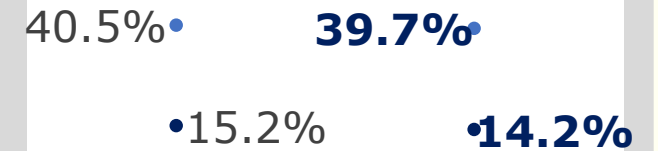
**SG&A margin** was well controlled to protect bottom line



**Net profit margin** still expanded by 100bps YoY

## 6M2023

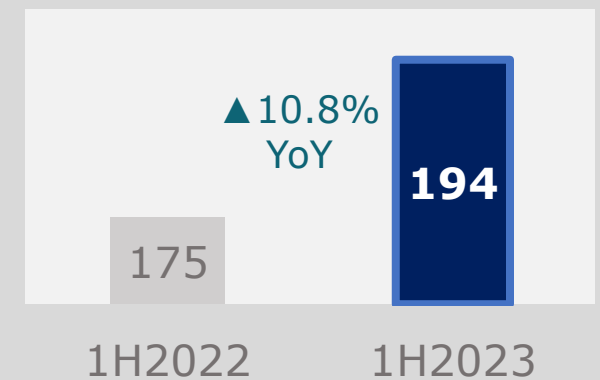
• GPM • NPM



1H2022

1H2023

Net profit



# BALANCE SHEET HIGHLIGHTS

As of June 30, 2023



**50,969**

**TOTAL ASSETS**



**14,309**

**TOTAL LIABILITIES**



**36,660**

**TOTAL EQUITY**

|                        |       |
|------------------------|-------|
| Cash & cash equivalent | 1,583 |
|------------------------|-------|

|                      |        |
|----------------------|--------|
| Other current assets | 31,821 |
|----------------------|--------|

|                    |        |
|--------------------|--------|
| Non-current assets | 17,565 |
|--------------------|--------|

|       |       |
|-------|-------|
| Debts | 6,408 |
|-------|-------|

|                           |       |
|---------------------------|-------|
| Other current liabilities | 7,615 |
|---------------------------|-------|

|                               |     |
|-------------------------------|-----|
| Other non-current liabilities | 287 |
|-------------------------------|-----|

|                       |        |
|-----------------------|--------|
| Common Equity & Funds | 26,910 |
|-----------------------|--------|

|                   |       |
|-------------------|-------|
| Retained earnings | 6,558 |
|-------------------|-------|

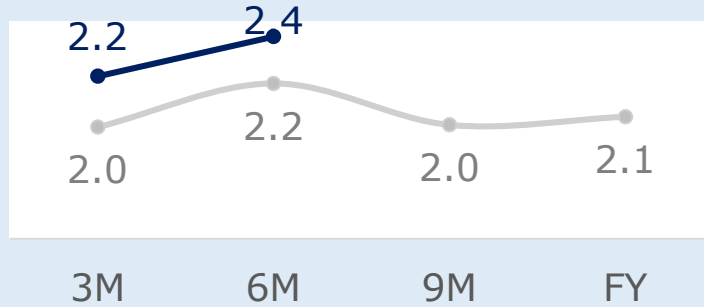
|                   |       |
|-------------------|-------|
| Minority Interest | 3,192 |
|-------------------|-------|



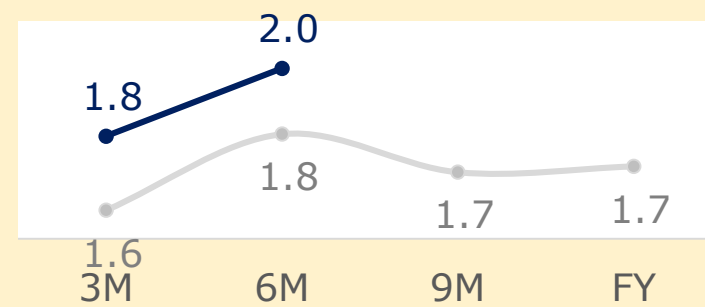
# LIQUIDITY AND CAPITAL STRUCTURE

As of June 30, 2023

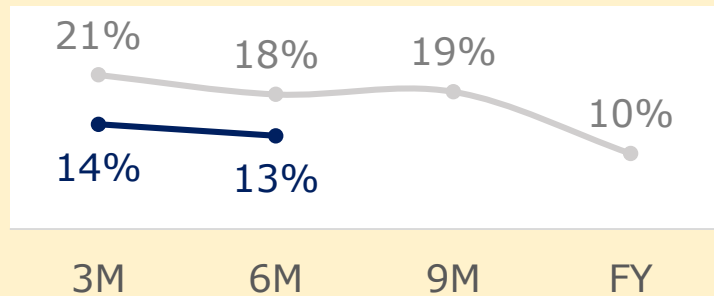
— 2022 — 2023



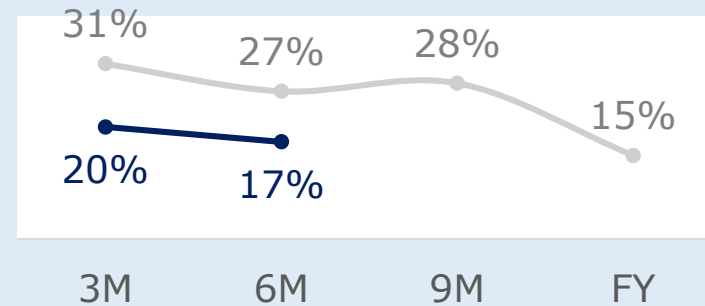
Current ratios have been well improving



Quick ratios also shows healthy improvement

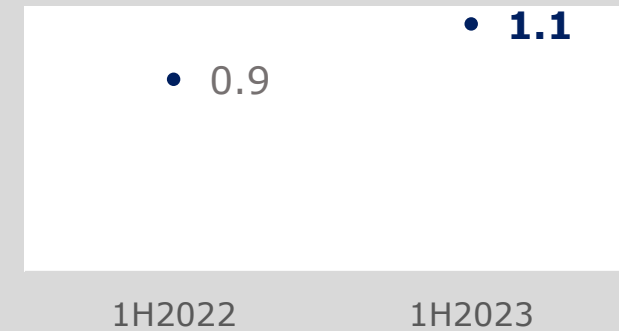


Debt-to-assets ratio was closely monitored

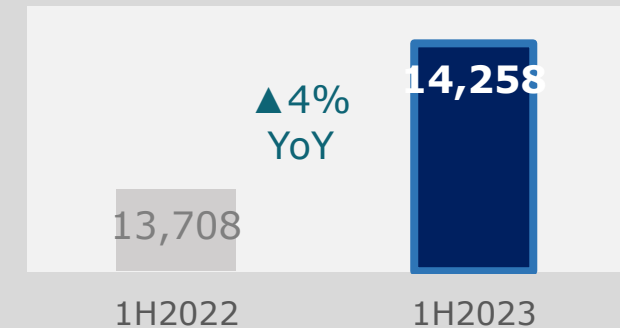


Debt-to-equity ratio remained resilient

12M trailing CFO/NPAT



Net Cash







# CORPORATE DEVELOPMENT

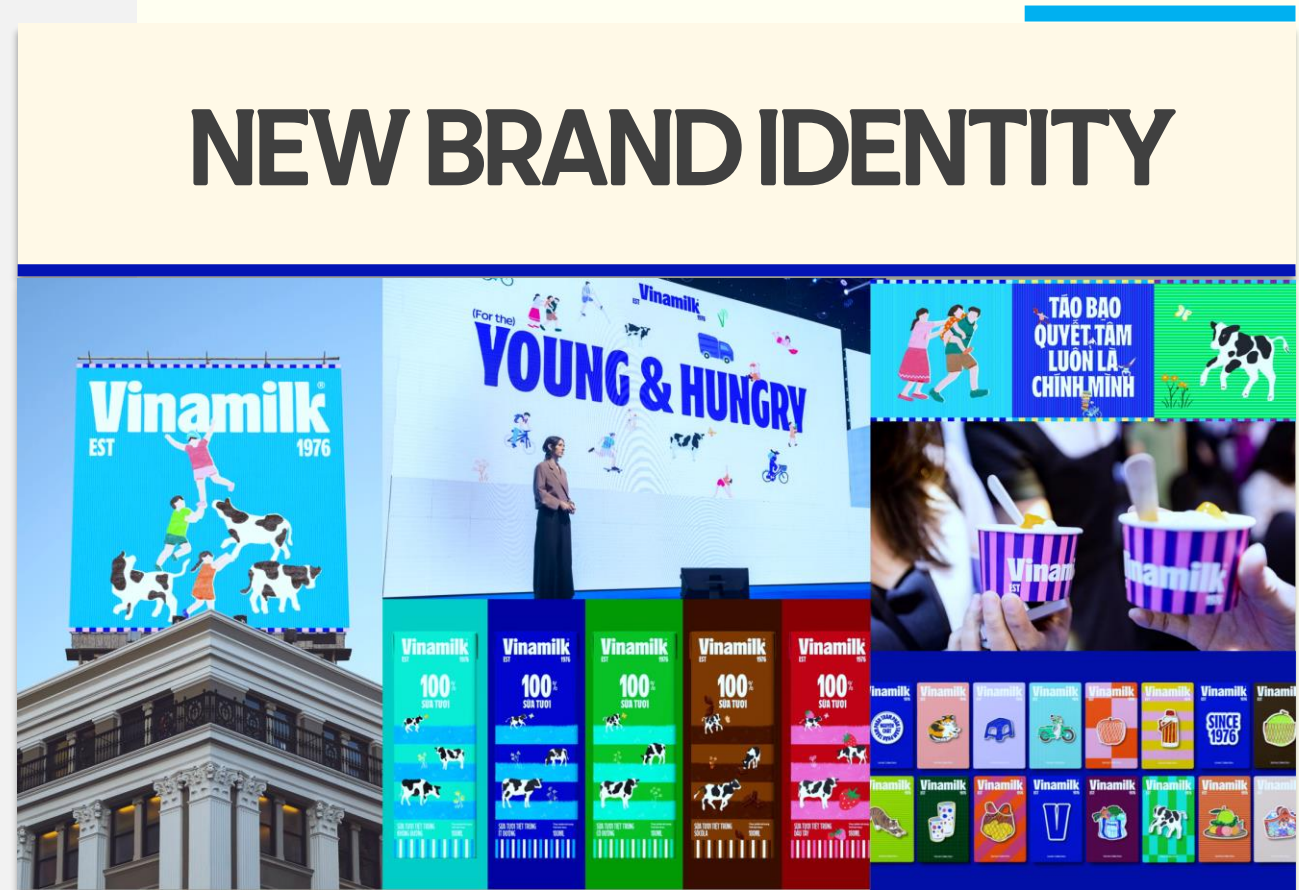
Half year ended 30 June 2023



“ Vinamilk refresh our brand identity to increase the brand value with a comprehensive and relevant brand strategy that enables us to better engage with existing and future generation of consumers ”

VND  
**31B**  
Earned media  
value

## Vinamilk – Introducing new brand identity



# VILICO – NEW SHARE ISSUANCE



- **Expected proceeds from the issuance:** **VND 603 bn**
- **Distribution method:** offerings to Current investor.
- **Minimum registration value:** no restriction.
- **Registration time:** from **July 24, 2023, to August 28, 2023.**
- **Purpose:** increase VLC's contributions in the JV with Sojitz Corporation from Japan – JVL for beef farming project including slaughtering, processing, and preserving chilled packaged beef.
- **Project update:** beef farm and factory is expected to operate since **3Q2024.**



- Net Zero 2050 Roadmap:
  - Reduce greenhouse gas emissions by 15% in **2027**.
  - Achieve 55% reduction and neutralization of emissions by **2035**.
  - Net zero emissions by **2050**.
- Vinamilk's dairy factory and farm in Nghe An province have become **the first entities to achieve carbon neutrality** according to the PAS2060:2014 standard
- **Carbon Disclosure Project (CDP)** submission for the 1<sup>st</sup> time. The results can be released by early 2024.

# NET ZERO 2050 ROADMAP ANNOUNCEMENT





# FINANCIAL SUMMARY

|   | 2Q2023        | 2Q2022        | 6M2023        | 6M2022        |
|---|---------------|---------------|---------------|---------------|
| <b>Total sales</b>  | <b>15,213</b> | <b>14,959</b> | <b>29,167</b> | <b>28,900</b> |
| <b>Net sales</b>  | <b>15,195</b> | <b>14,930</b> | <b>29,113</b> | <b>28,808</b> |
| Domestic  | 12,789        | 12,471        | 24,279        | 24,129        |
| Foreign   | 2,406         | 2,459         | 4,834         | 4,679         |
| <b>Gross profit</b>   | <b>6,150</b>  | <b>6,077</b>  | <b>11,548</b> | <b>11,701</b> |
| Domestic  | 5,280         | 5,201         | 9,805         | 9,980         |
| Foreign   | 870           | 875           | 1,743         | 1,722         |
| SG&A expenses   | 3,630         | 3,693         | 6,961         | 6,698         |
| Other profit/(loss) excluding depreciation & interest expense | 820           | 752           | 1,676         | 1,460         |
| <b>EBITDA</b>   | <b>3,340</b>  | <b>3,135</b>  | <b>6,263</b>  | <b>6,463</b>  |
| Depreciation  | 516           | 523           | 1,045         | 1,060         |
| Interest expense  | 96            | 37            | 178           | 63            |
| <b>Profit after tax</b>                                       | <b>2,229</b>  | <b>2,102</b>  | <b>4,135</b>  | <b>4,386</b>  |
| <b>EPS (VND)</b>  | <b>935</b>    | <b>878</b>    | <b>1,731</b>  | <b>1,851</b>  |



## Contact

---

<https://www.vinamilk.com.vn/>



## For investor, analyst:

---

Dong Quang Trung (Mr.)

Head of IR

[dqtrung@vinamilk.com.vn](mailto:dqtrung@vinamilk.com.vn)

## Media, PR:

---

Le Thanh Lan Anh (Ms.)

Head of Corporate PR

[ltlanh@vinamilk.com.vnn](mailto:ltlanh@vinamilk.com.vnn)