

Ho Chi Minh City, January 30th, 2024

4Q23 EXPORT SAW A REVENUE BREAKTHROUGH WITH 20% YOY GROWTH, PROFIT EXCEEDED 2023 GUIDANCE

Dear Investors,

Vietnam Dairy Products JSC (“Vinamilk” or “the Company”) has announced the 4Q2023 and 2023 financial statements. For Q4, the Company posted the consolidated total sales and net profit reaching VND 15,630bn and VND 2,351bn, equivalent to YoY growth rates of 3.6% and 25.8% respectively. For full year, the consolidated total sales and net profit were VND 60,479bn and VND 9,019bn, increased by 0.7% and 5.2% YoY respectively, completed 95% and 105% of the full-year guidance.

4Q2023 Highlights:

- **The FMCG sector** declined by 3% YoY in 4Q23, which is contrary to 3% growth in 9M23 (according to AC Nielsen). This trend has manifested across 5 out of 8 monitored industry groups, with the **dairy sector** registering a 5% YoY decrease in 4Q23 ([see page 2](#)). However, Vinamilk’s results remained positive over the industry, allowing for a continued market share recovery ([see page 3](#)).
- **The consolidated total revenue** reached VND 15,630 billion. Domestic and international net revenues amounted to VND 13,085 billion and VND 2,534 billion, respectively, equivalent to 2.2% and 11.7% YoY growth ([see page 3](#)). **Domestic revenue** of Parent Company grew by 0.2% YoY, outperforming the industry, thanks to a series of marketing campaigns projecting the youthful and dynamic image of the new brand identity ([see page 3](#)). **Exports** experienced a surge by 19.3% YoY, while **overseas subsidiaries** maintained momentum with a 4.7% growth on a high base ([see page 4](#)).
- **The consolidated gross profit margin** recovered by 245 bps YoY, reaching 41.2%, continuing the upward trend since Q3 due to revenue growth combined with favorable input costs. Consequently, the consolidated net profit after tax (NPAT) amounted to VND2,351 billion, a substantial increase of 25.8% YoY, corresponding to a restored NPAT margin of an 265 bps, reaching up to 15.1% ([see page 4 & 5](#)).

Stock Summary

Ticker	VNM
Industry	Hàng tiêu dùng
Listing date	19/01/2006
Share price at 29/12/23 (VND)	67,600
52-week price range (VND)	65,500-81,300
Market cap. (VNDbn)	141,281
Outstanding share (mn share)	2,090
Free float (mn share)	682
30-day avg. vol. (mn share)	2.6
Dividend yield	4.3%
Net cash/Total asset	28%

About Vinamilk

Vinamilk is the leading dairy company in Vietnam and currently ranked 36th in the global dairy industry for sales. Our mission is becoming an international brand in foods and a symbol of trusted brand for consumers about nutritional and health products. Visit our website to learn more about us <https://www.vinamilk.com.vn/>

Contact

For investors and analysts
Dong Quang Trung, Investor Relations
E: dqtrung@vinamilk.com.vn

For media
Le Thanh Lan Anh, Public Relations
E: ltanh@vinamilk.com.vn

Analyst Coverage

Adrian F. Cundy | EFG Hermes
acundy@efg-hermes.com
Ha Huynh | VCSC
ha.huynhthu@vcsc.com.vn
Kim Nguyen | Credit Suisse
kim.nguyen@credit-suisse.com
Nhan Tran | Maybank IBG
nhan.tran@maybank.com
My Tran | HSC
my.th@hsc.com.vn
Paul Dewberry | Bank of America
paul.dewberry@bofa.com
Permada Darmono | UBS
permada.darmono@ubs.com
Shuo Han Tan | HSBC
shuohan.tan@hsbc.com.sg
Trang Pham | SSI
trangph@ssi.com.vn

DISCLAIMER

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 4Q2023 & 2023 BUSINESS PERFORMANCE

(VNDbn)	4Q2023	4Q2022	2023	2022
Total sales	15,630	15,081	60,479	60,075
Net sales	15,619	15,069	60,369	59,956
<i>Domestic</i>	<i>13,085</i>	<i>12,800</i>	<i>50,617</i>	<i>50,704</i>
<i>International</i>	<i>2,534</i>	<i>2,268</i>	<i>9,751</i>	<i>9,252</i>
Gross profit	6,442	5,846	24,545	23,897
<i>Domestic</i>	<i>5,455</i>	<i>5,027</i>	<i>20,894</i>	<i>20,556</i>
<i>International</i>	<i>986</i>	<i>819</i>	<i>3,651</i>	<i>3,342</i>
SG&A expenses	3,998	3,784	14,774	14,144
Other profit/(loss) excluding depreciation & interest expense	1,024	805	3,607	3,004
EBITDA	3,468	2,867	13,378	12,757
Depreciation	520	518	2,056	2,095
Interest expense	96	53	354	166
Profit Before Tax	2,852	2,295	10,968	10,496
Net Profit After Tax	2,351	1,869	9,019	8,578
EPS (VND)	999	797	3,796	3,632

ABOUT THE INDUSTRY

The FMCG sector reported a modest 2% YoY growth, while the dairy sector experienced a slight 1% YoY decline

In Q4/2023, **the FMCG sector** recorded a 3% decline YoY, contrasting with a 3% increase in the first 9 months of the year (according to AC Nielsen). This trend occurred across 5 out of 8 monitored industry groups, including the dairy sector. In which, the dairy sector witnessed a 5% decline in Q4/2023 compared to a 0.5% decrease in 9M2023.

For the entire year, the FMCG sector reported a modest 2% YoY growth, while the dairy sector experienced a slight 1% YoY decline. These fluctuations, in our analysis, stem from primary factors such as:

- The Vietnam economy affected by the global economic situation leading to a decrease in overall demand. Many economies, major trading partners of Vietnam, experienced slowed growth due to tightened monetary policies, lingering inflation at elevated levels, geopolitical and food security uncertainties, climate change, etc. As a result, the growth in purchasing power for goods and services, after excluding price factors in 2023, significantly decelerated quarterly (cumulative 3 months +10.3%, 6 months +8.4%, 9 months +7.3%, 12 months +7.1%, according to GSO).
- Limited support from pricing factors in 2023 compared to the previous year.

For domestic consumers, the company observes that income and employment concerns are the top priorities in consumer surveys, reflected in changing consumption habits such as: (1) Prioritizing products or shopping channels with attractive promotional programs, (2) downtrading for alternatives with more suitable prices, (3) Choosing larger packaging to save costs.

ABOUT VINAMILK

1. REVENUE

The consol. net revenue reached VND 15,619 billion in Q4 and VND 60,369 billion in 2023

Market share remained stable across all product categories compared to Q3

653 Vinamilk stores achieved a revenue growth of 13% YoY

Online sales revenue doubled YoY in 2023

In Q4/2023, the consolidated net revenue reached VND 15,619 billion, reflecting a growth of 3.7% YoY. By region, domestic net revenue amounted to VND 13,085 billion, showing a 2.2% YoY increase, while international markets achieved strong growth, reaching VND 2,534 billion with a remarkable 11.7% surge. **Accumulated in 2023**, the consolidated net revenue totaled VND 60,369 billion, nearly a 1% YoY increase, successfully accomplishing 95.2% of the annual plan.

Domestic market:

- **The Parent Company** recorded Q4/2023 domestic net revenue of VND 11,405 billion, a 0.2% increase YoY, amidst an industry-wide decline, which is attributed to the positive performance of condensed milk and yogurt. Market share remained stable across all product categories compared to Q3. In 2023, the Parent Company's net revenue reached VND 44,710 billion.

Following the introduction of re-branding packaging for liquid milk in Q3/2023, Vinamilk launched a series of marketing campaigns in Q4 to project the youthful and dynamic image of the new brand identity:

- **Experimenting with a new look for Vinamilk store.** In December 2023, Vinamilk introduced a completely new appearance for the flagship store at the headquarters. Simultaneously, the store's name was changed from "Giấc Mơ Sữa Việt" to "Vinamilk" so the consumers can remember more easily. In the upcoming period, Vinamilk plans to upgrade same concept for the remaining 653 stores in the current network. In 2023, the store channel achieved a revenue growth of 13% YoY.
- **Expanding presence on e-commerce platforms,** Vinamilk made a debut on Tiktok Shop during the 12/12 livestream session alongside Key Opinion Leaders (KOL) and Key Opinion Consumers (KOC). This event was part of the monthly 'double-day' shopping occasion, garnering significant attention from Vietnamese consumers, especially the younger demographic. In 2023, Vinamilk's online sales revenue doubled YoY, achieving over 4 million orders, 500 thousand engagements, and 17 thousand interactions on social media (according to Social Buzz).

Green Farm achieved an impressive 50% YoY revenue growth

Clearly identified the target customer demographic and their consumption preferences

Introduced and re-launched a total of 11 products

MCM recorded Q4/2023 net revenue growth by 1% YoY, ending the declining trend observed in the two previous quarters

- **Pioneering the first dairy interactive exhibition in Vietnam**, the tasting experiential event seamlessly integrates projection technology, dynamic sound effects, and vibrant lighting to enhance brand recognition for the premium Green Farm fresh milk. The exhibition attracted nearly 7,000 visitors in Ho Chi Minh City and Hanoi, generating 12,000 positive social media discussions about Vinamilk's bold and innovative approach. This special event, combined with an intensified 'Out-of-Home' (OOH) advertising presence in prime locations, significantly boosted Vinamilk's water milk segment market share in recent months. Particularly for Green Farm, the product line achieved an impressive 50% YoY revenue growth in 2023.
- **Summarizing the lucky draw program**, which aligns with Vinamilk's Direct-to-Consumer (DTC) strategy implemented since the beginning of 2023, aimed at clearly identifying the target customer demographic and their consumption preferences. This approach allows for the most suitable adjustments to products and services. After a year of implementation, the program has awarded over 373 thousand gifts at 1,165 stores across 63 provinces and cities. Additionally, in Q4/2023, the company introduced the Vinamilk Rewards program, enabling consumers to accumulate points through direct purchases with Vinamilk and redeeming them for attractive rewards¹.

In 2023, Vinamilk introduced and re-launched a total of 11 products. Some notable new products include 100% Fresh Milk, Nutritional Milk, the redesigned packaging for GreenFarm Fresh Milk, and the new Yogurt with Aloe Vera/Pomegranate in Less Sugar version.

- **Moc Chau Dairy Cow Breed JSC. (MCM)** recorded Q4/2023 net revenue of VND 795 billion, a 1% increase YoY, ending the declining trend observed in the two previous quarters. For the entire year, total revenue reached VND 3,135 billion, remaining flat compared to 2022 and achieving 91% of the annual plan. Overall, purchasing power in MCM's key markets, including provinces in the North and North Central regions, is facing challenges. A positive aspect is that MCM has maintained its Top-of-Mind recognition YoY. As of the end of 2023, MCM is operating 69 product introduction stores, an increase of 12 stores from the beginning of the year. The revenue from these stores recorded an impressive growth of 35% YoY.

¹ [Vinamilk Rewards Programe](#)

Net export revenue experienced a robust breakthrough with a YoY growth rate of 19.3%

Driftwood recorded the first-ever profit exceeding USD 2 million, AKM achieved impressive bottom line growth of 27% YoY

GPM reached 41.2%, recovering by 245 bps YoY, continuing the improvement trend

Proactively increased investments in marketing activities, promotional programs, and product trials

Consolidated financial income in Q4/2023

Overseas Market

The overseas markets contributed a net revenue of VND 2,534 billion in Q4/2023, marking an impressive growth of 11.7% YoY. For the entire year, the net revenue from international markets reached VND 9,751 billion, reflecting a 5.4% increase YoY. Specifically:

- **Net export revenue** reached VND 1,298 billion in Q4/2023, experiencing a robust breakthrough with a growth rate of 19.3% compared to the low base of the same period. For the entire year, net export revenue reached VND 5,039 billion, showing a 4.4% increase YoY.
- **The net revenue from overseas subsidiaries** reached VND 1,236 billion in Q4/2023 and VND 4,713 billion in 2023, with growth rates of 4.7% and 6.5%, respectively, compared to the high base last year. In 2023, **Driftwood** maintained slight revenue growth and recorded the first-ever profit exceeding USD 2 million thanks to successful school milk bidding, reasonable cost calculations, and cost-saving efforts in operations. **AngkorMilk** (AKM) intensified activation programs in schools, markets, supermarkets, and collaborated with Tetrapak to study milk consumption trends for a more systematic and effective approach to reach consumers in Cambodia. As a result, AKM achieved impressive growth in both revenue (6%) and profit (27%) in 2023 YoY.

2. PROFIT MARGIN AND COST

In Q4/2023, the consolidated gross profit margin (GPM) reached 41.2%, recovering by 245 bps YoY, continuing the improvement trend that began in Q3 due to revenue growth combined with favorable input costs. The GPM in Q4 is slightly lower than Q3 mainly due to seasonal factors and does not reflect any unusual changes in business operations. For the entire year, the consolidated GPM reached 40.7%, recovering 80 bps YoY.

Consolidated selling and administrative expenses in Q4/2023 accounted for 25.6% of net revenue. This ratio is higher than the previous quarters mainly due to seasonal factors. Additionally, the company proactively increased investments in marketing activities, promotional programs, and product trials, as discussed earlier. For the entire year, this ratio was 24.5%, an increase of 90 bps YoY but still significantly lower than the pre-COVID period (2019: 25.6%; 2020: 25.8%).

Consolidated financial income in Q4/2023 achieved VND 429 billion, marking an increase of VND 50 billion YoY. In 2023, financial income totaled VND 1,716 billion, showing an increase of VND 336 billion

achieved VND 429 billion

NPAT in Q4/2023 attained a robust increase of 25.8%

MCM's NPAT in Q4/2023 registered a remarkable 17.6% increase YoY

Net cash balance remained at a high level for a better deposit and loan interest terms

CAPEX of VND 1,580 billion in consolidated basic construction projects, an increase of VND 123 billion YoY

compared to the corresponding period. **Consolidated interest expense** in Q4/2023 recorded VND 96 billion, witnessing an increase of VND 43 billion compared to the same period. The accumulated interest expense for the whole year reached VND 354 billion, marking an increase of VND 188 billion YoY.

Consolidated net profit after tax (NPAT) in Q4/2023 attained VND 2,351 billion, a robust increase of 25.8% compared to the low base of the same period, attributed to the company's improvement in gross profit margin and stringent control of operating expenses. Consequently, the consolidated net margin for Q4/2024 reached 15.1%, an increase of 265 bps YoY. For the entire year, consolidated NPAT reached VND 9,019 billion, reflecting a 5.2% increase YoY and surpassing the annual plan by 105%. **EPS** stood at VND 3,796, indicating a 4.5% growth YoY.

- **Regarding MCM**, NPAT in Q4/2023 amounted to VND 85 billion, registering a remarkable 17.6% increase YoY, surpassing revenue growth given effective cost control. For the entire year, MCM's NPAT reached VND 374 billion, exhibiting an 8.0% YoY growth and achieving 103% of the annual plan.

3. BALANCE SHEET AND CASH FLOW ANALYSIS

The net cash balance as of December 31th, 2023 remained at a high level, which continues to reflect the robust financial health of Vinamilk to negotiate a better terms for both deposit and loan interest. The debt-to-total-assets ratio slightly increased to 16.1%, aiming to optimize the cost of capital usage in the context of reduced interest rates. The debt ratio seemed to slightly increase compared to previous quarter to reflect the flexibility in financing of the Company.

For CAPEX in 2023, Vinamilk invested VND 1,580 billion in consolidated basic construction projects, an increase of VND 123 billion YoY. Additionally, the capital investment in Villico (VLC) was augmented through a share offering to existing shareholders of VLC. Currently, Vinamilk's ownership stakes in Villico is 68.94%. Vinamilk also completed the dissolution of VibeV Joint Venture. The capital increase and dissolution activities have had no significant impact on the company's cash flow.

Regarding dividends, in Q4/2023, Vinamilk announced the 2nd & 3rd interim dividend of 2023 with the gross dividend for both payments of VND 1,400 per share, equivalent to a total dividend of VND 2,926 billion. In 2023, Vinamilk paid VND 8,152 billion on dividends, maintaining the generous cash dividend policy.

*Awards in TOP1
Sustainable Report
2022, TOP2 Company
Corporate
Governance,...*

4. OTHER OPERATIONAL HIGHLIGHTS

Ông Thọ Condensed Milk and SuperNut Plant based milk were honored at the Vietnam Creative Advertising Awards 2023.

Vinamilk won two prestigious Human Act Prize awards for the Vinamilk Pathways to Dairy Net Zero 2050 initiative, and Sustainable Project award for the Milk Fund To Stand High Vietnam.

In the voting organized by the Bao Dau Tu Newspaper, HoSE, and HNX, Vinamilk received awards in various categories: TOP1 Sustainable Report 2022, TOP2 Company Corporate Governance, TOP5 Pioneering Companies in implementing circular economy and reducing Carbon emissions, TOP10 Sustainable Companies in manufacturing, TOP20 Annual Report (Non-financial Group).

5. 2024 OUTLOOK

With expectations of economic recovery, Vinamilk plans to set positive growth targets for both topline and bottom line in 2024. Official figures will be disclosed in the documents of the Annual General Meeting in 2024 on the company's website in early April 2024.

*Expect to set positive
growth targets for
both topline and
bottom line in 2024*

You can check the earnings presentation [HERE](#) and also register to attend the quarterly regular meeting with the management [HERE](#).