

INVESTOR NEWSLETTER

2Q2024

Ho Chi Minh City, July 30, 2024

2Q2024 REVENUE MARKED THE HIGHEST GROWTH SINCE 2022

2Q2024 Highlights

- **Total consolidated revenue hit VND 16,665 billion, making it the all-time high quarterly revenue, +9.6% YoY, the highest growth since 2022.**
- **The parent company** posted domestic net revenue of VND 11,850 billion, +3.8% YoY, which is most substantial increase in the last 3 quarters. Introduced new packaging for Probi Drinking Yogurt in June and Eating Yogurt in July, 2024.
- **Moc Chau Milk (HOSE: MCM)** posted net revenue of VND 810 billion, +2.3% YoY, indicating a significant recovery compared to Q1.
- **Exports** posted net revenue of VND 1,740 billion, +37.0% YoY.
- **Overseas subsidiaries** posted net revenue of VND 1,384 billion, +21.8% YoY.
- **Consolidated gross profit margin** reached 42.4%, +2% YoY.
- **Consolidated net profit after tax hit VND 2,696 billion, +20.9% YoY, which is the third consecutive quarter delivering a growth rate of over 15%.**

Accumulated in the first half months of 2024

- Consolidated total revenue reached VND 30,790 billion, up 5.6% YoY and completed 48.7% of the annual guidance.
- Consolidated net profit after tax reached VND 4,903 billion, up 18.6% YoY and completed 52.3% of the annual guidance.

Chief Executive Officer statement

"Vinamilk achieved an outstanding second quarter performance, setting a new record for consolidated total revenue and marking a significant milestone in our commitment to community health care. Notably, we witnessed growth across all segments, including domestic, export, and local and international subsidiaries. These figures reflect our continuous efforts to enhance product quality, improve customer service, expand targeted markets, and optimize operational efficiency. While there is still much to accomplish, the encouraging results from the first half of 2024 bolster our confidence in meeting our full-year guidance and believe that Vinamilk will continue to create sustainable value to investors." - **Mdm. Mai Kieu Lien**

Overview

Stock Code (HOSE)	VNM
Industry	Consumer
Listing Date	19/01/2006
Share price at 30/06/24 (VND)	65.500
52-week range (VND)	Pric 65.500-81.300
Market Cap. (VND bn)	136.892
Market Cap. (USD bn)	5,4
Outstanding share (mn shares)	2.090
Floating share (mn shares)	682
30-day avg. vol (mn shares)	4,2
Dividend yield (%)	5,9
Net cash to total assets (%)	30

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/>

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2024 OUTLOOK

We reaffirm our 2024 guidance for total revenue of VND 63,163 billion (+4.4% YoY) and net profit before tax of VND 11,516 billion (+5.0% YoY), based on expectations that both consumer sentiment and profit margins will continue to recover in 2H2024. We also expect the rebranding project to continue attracting consumer interest in Vinamilk's products. The Company has just introduced new packaging for eating yogurt in early July, following the launch of new packaging for Probi drinking yogurt in June, 2024.

The Company will pay the final dividend for 2023 at VND 950 per share, with the payment date expected in 4Q2024. The total expected dividend in 2024 is VND 3,850 per share, equivalent to 2023.

EARNINGS CALL WITH THE MANAGEMENT

On 31/07/2024 at 3:00 PM (Vietnam time), the Company will host the Earnings Call with the participation of the Management in both Vietnamese and English to discuss about 1H2024 performance and 2H2024 outlook. Register [HERE](#).

The meeting materials including **Audited Financial Statements, Earnings Presentation** have been posted on the IR webpage of the Company [HERE](#).

CONSOLIDATED BUSINESS PERFORMANCE

<i>(Audited, VND billion)</i>	2Q2024	2Q2023	Change	6M2024	6M2023	Change
Total Revenue	16,665	15,213	9.5%	30,790	29,167	5.6%
Net sales	16,656	15,195	9.6%	30,768	29,113	5.7%
Domestic	13,532	12,789	5.8%	25,028	24,279	3.1%
Foreign	3,124	2,406	29.9%	5,740	4,834	18.7%
Gross Profit	7,068	6,150	14.9%	12,979	11,548	12.4%
Domestic	5,657	5,280	7.1%	10,505	9,805	7.1%
Foreign	1,411	870	62.1%	2,474	1,743	41.9%
Selling, General & Administrative Expenses	4,031	3,630	11.0%	7,522	6,961	8.1%
Other income/(expenses) exc. Depreciations and interest expenses	860	820	4.9%	1,736	1,676	3.6%
Net profit after tax	2,695	2,229	20.9%	4,903	4,135	18.6%
Earnings per share (VND)	1,138	934	21.8%	2,082	1,731	20.3%

Total revenue in 2Q2024 hit VND 16,665 billion, breaking the record of VND 16,194 billion in 3Q2021 to **set the all-time high quarterly revenue in the Company's history. This quarter also marked the most substantial growth since 2022** with an increase of 9.5% YoY. This result was driven by both domestic and foreign business with growth of 5.8% and 29.9% YoY respectively. With the acceleration in 2Q2024, the total 6M2024 accumulated revenue reached VND 30,790 billion, up 5.6% YoY and completed 48.7% of the annual guidance.

2Q2024 consolidated gross profit reached VND 7,068 billion, up 14.9% YoY which is faster than revenue growth thanks to **the expansion of gross profit margin by 2% to 42.4%**. Strong topline growth, along with proactively adjusting purchasing policies to reduce the exposure to raw material price movements has driven the improved gross margin. Accumulated 6M2024, gross profit margin reached 42.2%, expanding by more than 2.5% YoY.

2Q2024 consolidated selling, general & administrative expenses (SG&A) continued to be stringently controlled with an increase of 11.0% YoY, in line with revenue growth and mainly allocated to strengthen human capital, shelves displaying, discount, and distribution support. **The ratio of SG&A on net revenue in 2Q2024 was 24.2%, up slightly from 23.9% in the previous period.** In 6M2024, SG&A margin was 24.4% (6M2023: 23.9%).

2Q2024 consolidated net profit after tax reached VND 2,695 billion, up 20.9% YoY and recorded the **3rd consecutive quarter to maintain a robust bottom line growth momentum of over 15%**. Net profit margin in 2Q2024 continued the recovery trend, expanding by 151 basis points YoY to 16.2%. Accumulated in 6M2024, consolidated net profit after tax reached VND 4,903 billion, up 18.6% YoY and completed 52.3% of the year plan. Accordingly, earnings per share reached VND 2,082 up 20.3% YoY.

As of June 30, 2024, the Company maintained a healthy balance sheet with high liquidity. **Total assets reached VND 54,194 billion, up 2.9% compared to the end of 2023**, of which cash and short-term financial investments accounted for 44.7%. Given VND 7,978 billion of debt mainly including short-term loans to finance working capital and optimize the capital structure, the ratio of debt to total assets was 14.7% (as of December 31, 2023: 16.1%).

The 6M2024 net cash flow from operations reached VND 4,226 billion, an increase of VND 766 billion YoY thanks to the net profit before tax increase by VND 974 billion YoY while the Company still effectively managed working capital (the total change amount of inventory, receivables and payables of only minus VND 424 billion in 6M2024).

- The ratio of yield to date net cash flow from operations to net profit after tax reached 0.86x (6M2023: 0.84x; 6M2022: 0.67x), illustrating the sustainable quality of earnings.
- Disbursement of CAPEX reached VND 968 billion, an increase of nearly VND 100 billion YoY. The highlight is the construction of beef complex in Tam Dao, Vinh Phuc with a total investment of VND 3,000 billion and is scheduled for commercial run in 4Q2024.

SEGMENT BUSINESS PERFORMANCE

DOMESTIC MARKET (contributing 81.2% of 2Q2024 total revenue)**Consumer sentiment continues its recovery trend**

Vietnam's economic outlook is increasingly optimistic with 2Q2024 GDP growth of 6.9% YoY, from 5.9% YoY in 1Q2024. In 6M2024, GDP increased by 6.4% YoY. In terms of GDP expenditure, domestic consumption saw a significant boost, with a 5.8% YoY growth, higher compared to 2.7% YoY in 6M2023.

According to AC Nielsen, **the FMCG industry in 2Q2024 was back to growth trajectory to increase by 1.8% YoY**, following flat performance in 1Q2024 and growth by 1.1% in 2023. **The dairy industry was on the similar momentum**, with a narrowing decline by only 1.8% in 2Q2024 compared to -2.8% in 1Q2024 and -4% in 4Q2023.

The parent company in 2Q2024 posted highest domestic sales growth in the past three quarters

<i>(Audited, VND billion)</i>	2Q2024	2Q2023	Change	6M2024	6M2023	Change
Domestic net sales	11,850	11,414	3.8%	22,030	21,393	3.0%
Domestic gross profit	5,239	4,884	7.3%	9,694	9,017	7.5%

Domestic net revenue reached VND 11,850 billion in 2Q2024, up 3.8% YoY, the highest growth in the last consecutive 3 quarters, thanks to the double-digit growth of Drinking Yogurt, Condensed Milk, Plant Milk, along with the gradual rebound of the Formula Milk on the premise of various efforts in R&D improvement, expanding distribution channels and targeted marketing campaigns. In details:

- **Revamped the packaging for Probi Drinking Yogurt** as part of the rebranding initiative launched with Liquid Milk last year. In 2H2024, the rebranding project will be extending to the remaining products in the portfolio. In addition, the Company has newly launched 03 innovative products in 2Q2024 including Ong Tho Condensed Milk in a 1-liter box with plastic lid, 7-nut high-protein plant milk and coconut flavored fresh milk to meet the needs of consumers.
- **Strategic partnerships with two leading health centers** to supply high-quality dairy products to their patients, aiming to penetrate medical channels, expand the consumer base, and strengthen brand reputation.

According to Mr. Nguyen Quang Tri – Chief Marketing Officer: *“Vinamilk’s core value is deeply rooted in our mission of “Caring” – dedicated to nurturing the physical and mental well-being of consumers across generations, fostering a Vietnam that continually strives for progress. This mission not only drives our efforts but also inspires our growth and development. We eagerly anticipate collaborating with our partners to share this philosophy, driven by our commitment to public health and*

our desire to enhance value through nutrition, healthcare, education, and sustainable development initiatives.”

- **Launched the viral campaign “Daily milking, Fresh Milk every day”** for fresh milk product to continue the series of rebranding communication activities. In 5M2024, the “Innovative/Creative” index for this product reached 82 points, a significant improvement compared to 76 points in 2023 and 69 points in 2022 (Brand Health Check, Kompa).
- **All distribution channels recorded positive business results.** The investment strategy in e-commerce has yielded double-digit growth in 2Q2024. In 6M2024, Vinamilk was the only domestic brand in the TOP10 brands with the highest revenue on Vietnamese E-Commerce platforms¹. Particularly, in the Grocery category, Vinamilk ranks 2nd in terms of revenue on these platforms.

Moc Chau Milk (HOSE: MCM) regained revenue growth

<i>(Audited, VND billion)</i>	2Q2024	2Q2023	Change	6M2024	6M2023	Change
Net sales	810	790	2.3%	1,434	1,525	-5.9%
Gross Profit	248	248	0.1%	425	485	-12.5%
Net profit after tax	56	93	-39.1%	106	194	-45.2%

Net revenue in 2Q2024 reached VND 810 billion, up 2.3% YoY and recovered significantly from the decline in 1Q2024 thanks to increased investment in sales activities. However, MCM recorded VND 56 billion in net profit after tax in 2Q2024, lower than the same period as financial income was adversely affected in the current interest rate environment (2Q2024: VND 20.6 billion; 2Q2023: VND 41.4 billion).

In 2Q2024, MCM recorded the shareholder list to pay the 2023 cash dividend of VND 1,000 per share.

FOREIGN MARKETS (contributing 18.8% of 2Q2024 total revenue)

<i>(Audited, VND billion)</i>	2Q2024	2Q2023	Change	6M2024	6M2023	Change
Net Export Revenue	1,740	1,270	37.0%	3,037	2,494	21.7%
Net revenue of foreign affiliates	1,384	1,136	21.8%	2,703	2,339	15.6%

Net export revenue in 2Q2024 reached VND 1,740 billion, marking a 37.0% YoY growth and surpassing the 5.9% growth in 1Q2024. This growth was driven by ongoing R&D initiatives and dedicated client supports in key export markets, despite a volatile global landscape.

According to Mr. Vo Trung Hieu – Director of International Business: *“Vietnam, once not considered as advantaged in the dairy industry, has now made remarkable strides with Vinamilk’s dairy products being exported to over 60 countries. The secret to Vinamilk’s*

¹ According to Metric, “E-commerce Landscape Report for the first 6 months of 2024”, the survey on 5 major e-commerce platforms in Vietnam including Tiki, Shopee, Lazada, TikTok Shop and Sendo.

success lies in our proactive approach to sustainable development and ability to discover and collaborate with strategic partners.”

Regarding overseas subsidiaries in Cambodia and the US, net revenue in 2Q2024 reached VND 1,384 billion, up 21.8% YoY and higher than the increase of 9.6% in 1Q2024. Both Angkormilk and Driftwood recorded positive results, in which Angkormilk has benefited from its marketing efforts in previous quarters and Driftwood has restored the supply of packaging to ensure the fulfillment of orders.

OTHER ACTIVITY HIGHLIGHTS

Vinamilk’s “Stand Tall Vietnam” Milk Fund continues the journey for the 17th year, donating 630,000 boxes of milk to 8,000 disadvantaged children with a total support value of nearly VND 5 billion.

On June 25, 2024, Moc Chau Milk (HOSE: MCM) began trading on HOSE with an opening price of 42,800 VND/share. This demonstrates the commitment of MCM as well as the Group in improving corporate governance practices, towards sustainable development.

Awards: The Most Chosen Dairy Brand for 12 consecutive years; Top 3 The Most Chosen FMCG Manufacturers in Vietnam, leading in urban areas with CRP scores twice as high as the 2 closest ranking brands (Vietnam Brand Footprint 2024, Kantar); Vietnam’s only dairy enterprise in the Fortune 500 list in Southeast Asia and the only one in Asia to win the “Green Leadership” international award for the Net Zero 2050 action program.

Presented in several international events: The 17th Global Dairy Conference 2024 in the UK; Vietnam Sourcing 2024 brings together the world’s major Exporters – Retailers – Supply Chains; International Dairy Industry Exhibition 2024 on the World Milk Day, June 1.

UPCOMING EVENTS

Time	Event
August 19, 2024	HOSE-Daiwa Vietnam Corporate Day 2024 Conference in Singapore
September 09, 2024	CITIC CLSA Conference in Hong Kong
October 30, 2024	Announcement of 3Q2024 and 9M2024 Business Results

FAQ

1. What are Vinamilk's core strengths supporting the 5-year guidance (2022-2026)?

Strong and reputable brand: Established as an image of quality, safe and nutritious products, Vinamilk is constantly innovating to meet the needs and tastes of consumers, while still maintaining our core values.

Extensive distribution system: With a nationwide distribution network and hundreds of thousands of points of sale, Vinamilk ensures our products are easily accessible to consumers.

High-quality human resources: Vinamilk places a strong emphasis on our workforce, focusing on both expertise and soft skills, as well as creative thinking. We create a positive working environment that attracts and retains talent.

Research and development capacity: Vinamilk consistently invests in R&D to bring new, high-quality products to market, catering to evolving consumer preferences.

2. What are the key growth drivers of the Company in 2H2024? Will the export market enjoy any tailwind?

Recovered consumer sentiment: With the business operations spanning 63 provinces and cities, the positive shift in macroeconomic indicators is set to boost our domestic business activities significantly.

Diversifying export markets: Vinamilk is strategically focusing on emerging markets, leveraging free trade agreements, and building strong partnerships. Our sustainable development strategy is a key competitive advantage in exports, creating a "new tailwind". Notably, Vinamilk is committed to using environmentally friendly packaging for 100% of all products exported to Australia and New Zealand by 2025, specifically for 65ml bottles. This commitment underscores our dedication to sustainability and innovation.

Investment in research and development: Building on the successful rebranding of liquid milk products in 2023, Vinamilk plans to upgrade the image of the remaining product categories 2H2024. Additionally, we are focusing on developing value-added products like plant milk, pasteurized fresh milk, probiotics drinking yogurt, and ready-

to-drink formula milk to cater to the growing consumer demand for health and convenience. This strategy aims to enhance our product offerings and meet the evolving needs of their customers.

Promoting e-commerce: Vinamilk is making significant investments in e-commerce platforms and mobile applications to directly connect with consumers and boost consumption.

3. What are the price movements of global milk powder as well as the Company's inventory plan in Q2 and the forecast for 2H2024? What is Vinamilk's gross profit margin outlook?

The stabilization of raw material prices in 2024 is benefiting Vinamilk's operations. Given favorable input prices, the Company has proactively improved procurement process to optimize production costs for the upcoming quarters. As a result, Vinamilk's Board of Management is optimistic about recovering the gross profit margin in 2024. Additionally, higher revenue growth is expected to bring economies of scale and expanded gross profit margins.

4. What is the progress of the Hung Yen mega factory construction? What is the status of Vinamilk and Sojitz Japan's beef project, and when are beef products expected to launch?

The Hung Yen dairy factory project has completed leveling and has a 1/500 plan. The Company plans to start construction of the factory in 2024 or early 2025.

The beef slaughtering and farming complex of Vinamilk and Sojitz Group has been started in early 2023 in Vinh Phuc. The construction of the farm-processing plant complex is in line with the plan. The Company plans to operate the complex and bring products to the market in 4Q2024.

5. As one of the leading enterprises in sustainable development in Vietnam, what has Vinamilk done to be able to convey all the sustainable development values for stakeholders, especially foreign investors?

Publication of the Annual Sustainability Report: The 12th Annual Sustainability Report has been published in 2023. This report complies with international standards such as GRI and SASB, ensuring transparency and reliability of information.

Carbon neutral certification: Three units of Vinamilk, including Nghe An Dairy Factory, Nghe An Dairy Farm and Vietnam Beverage Factory, have achieved carbon neutrality certification according to the international standard PAS 2060:2014. This is an important achievement, proving Vinamilk's efforts in minimizing environmental impacts.

Sustainable agriculture: All Vinamilk's farms meet GlobalG.A.P. standards, ensuring standards for the environment, animal welfare and biodiversity.

Using renewable energy and reducing emissions: Solar energy projects have been actively implemented in factories and farms, along with energy-saving technology. Consequently, the proportion of green energy in Vinamilk's production activities in 2023 reached up to 86.2%.

Waste management and recycling: Vinamilk continuously strives to manage waste and recycling, aiming for a circular economy.

Reforestation: Since 2012, Vinamilk has planted over 1.1 million trees and continues to engage in reforestation projects.

Community programs: Vinamilk invests in impactful community programs such as the "Stand Tall Vietnam" Milk Fund and the "School Milk Program" etc.