

June 9, 2020

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Vinamilk (VNM)

Expanding presence with Korea exports & KIDO JV

Vinamilk successfully signs USD1.2 million contract to expand exports to Korea

— VNM successfully signed a contract at the beginning of June to export 85 containers of products to Korea, including packaged sets of premium soy milk (almond, walnut & red bean soy milk) as well as Vinamilk branded milk tea. Although this initial contract size is small compared to 1Q's USD20 million in exports to the Middle East, we believe this move marks management's confidence with its new category of nut milk products and belief that its quality and premium branding can compete in international markets. Entry into Korea should prove to be a good testing ground as the country's fiercely competitive nutritional market is dominated by major domestic food companies, with nearly 40 different product types already available for soymilk alone. Vinamilk's soy milk and milk tea products will be sold from June on Korean e-commerce sites such as *11St* and *eBay Korea*.

Vinamilk & KIDO set up JV to expand presence in the beverage and ice cream markets

— Vinamilk also signed an MOU with the KIDO Group (KDC) to establish a joint venture to expand its presence in the beverage and ice cream markets. Vinamilk will own 51% and KDC will own a 49% stake in the new company that will have its own separate branding and be called *VIBEV*. The JV will produce and market beverages, including health drinks, tea, milk tea and other non-carbonated drinks as well as ice cream and frozen foods. Ice cream products will target the premium segment. KDC's CEO announced at the annual shareholders' meeting of KIDO Frozen Foods-KIDO Foods (KDF) – the 65%-owned subsidiary of the KIDO Group listed on UPCoM – which Vinamilk is the optimum partner as both companies share the goal of producing high quality products for Vietnamese consumers. Vinamilk's market leadership in milk products and KIDO's top ranking in the ice-cream market should allow the new JV to integrate the strengths of both distribution channels, which together have up to one million points of sale. KDC's CEO expects revenue at the JV to reach as much as VND2,000 billion in the first year.

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Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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