

Vinamilk (VNM)

Restructure to thrive

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Analyst Nguyen Duc Quan

(+84) 24-7303-5333 quannd@kbsec.com.vn

Demand for imports bounced back after restructuring-induced disruption in 1Q

2Q25 revenue of Vinamilk (VNM) set a new peak, reaching VND16,745 billion (+0.4% YoY), but NPAT-MI dropped 7.3% YoY to VND2,475 billion. A surge in the prices of major input materials and fierce competition in the industry caused profits to decrease compared to the same period last year.

VNM continues to promote new products and reposition retail stores

VNM continues to launch new products with a cumulative number of launches/relaunches reaching up to 70 products with eye-catching packaging, rich flavors, and nutritional content, targeting fragmented and diverse milk consumption needs. Retail stores are also being invested in design to synchronize with products, helping to attract customers more effectively. We expect VNM to improve its market share in the premium segment, which has not been a key customer segment in the past.

Profit margin should improve considerably in 2H25

The price of VNM's main material, imported milk powder, is likely to decline in the short term due to prolonged sluggish demand in key markets amid global trade war. This, when combined with higher proportion of premium products with adjusted selling prices, may raise VNM's EBIT margin by 190bps (QoQ) in the second half of the year.

Valuation: NEUTRAL rating – Target price VND65,800/share

We determine the fair price for VNM shares at VND65,800, equivalent to a profit margin of 10%. We change our rating to NEUTRAL as VNM has increased by 9% compared to the last report. Investors may consider buying at VND54,800 for an expected return of 20%.

Neutral change

Target price VND65,800

Upside	10%
Current price (Aug 27, 2025)	VND59,700
Consensus target price	VND71,800
Market cap (VNDtn/USDbn)	126.4/4.8

Trading data

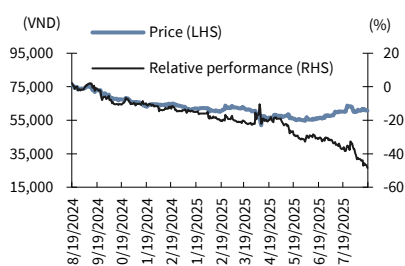
Free float	35.3%
3M avg trading value (VNDbn/USDmn)	265/10.3
Foreign ownership	50.8%
Major shareholder	SCIC (36%)

Share price performance

(%)	1M	3M	6M	12M
Absolute	0.8	8.4	-0.2	-20.1
Relative	-8.5	-17.8	-27.2	-49.8

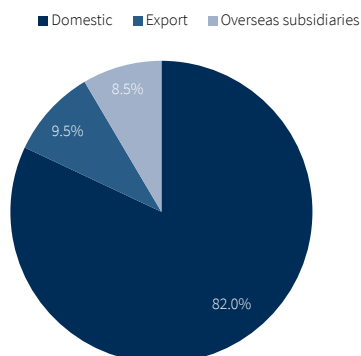
Forecast earnings & valuation

FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	60,369	61,783	60,833	65,273
Operating income/loss (VNDbn)	10,405	9,722	10,806	11,545
NPAT-MI (VNDbn)	8,874	9,392	9,016	9,832
EPS (VND)	4,246	4,494	4,314	4,704
EPS growth (%)	5%	6%	-4%	9%
P/E (x)	14.1	13.3	13.8	12.7
P/B (x)	3.9	3.9	4.0	4.0
ROE (%)	29	29	28	32
Dividend yield (%)	6.4	7.3	7.3	7.3



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2024)



Source: Vinamilk, KB Securities Vietnam

Business operation

Vietnam Dairy Products JSC (VNM) is the largest dairy brand in Vietnam with 40–45% market share. The most prominent products of VNM are yogurt and condensed milk, accounting for 80–90% of the domestic market share. VNM is restructuring its brand image and products to attract customers from the younger generation and modern channels. The company is also heavily investing in technology to optimize production and sales processes.

Investment Catalysts

VNM will continue restructuring stores and new product portfolio to regain market share

Tariffs hit the income of the people working in export sector

VNM is an attractive defensive consumer stock with high dividend yield of 6.5–7.3%/year

Notes

Please see more details below

Please find more details [here](#)

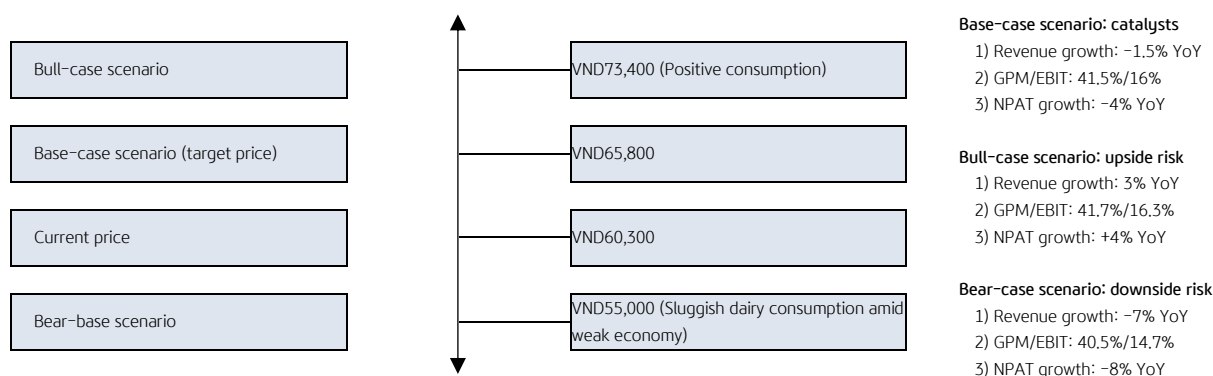
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Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	60,833	65,273	-5%	-3%	63,037	65,345	-3%	0%
EBIT	9,722	10,806	-3%	-2%	10,142	11,088	-4%	-3%
NP after MI	9,016	9,832	-2%	-2%	9,133	9,720	-1%	1%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

VNM made a slight recovery in business performance after restructuring sales team in 1Q

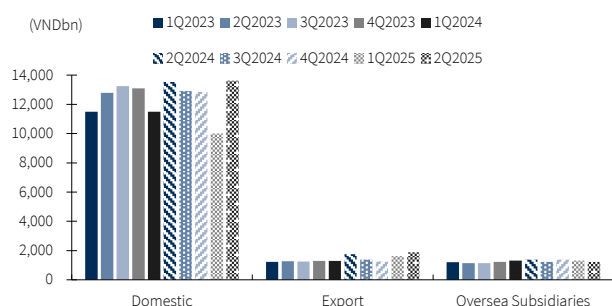
In 1Q25, VNM reviewed and replaced some sales teams and major distributors to match the new system, causing domestic sales to contract 13% YoY. Therefore, the demand for new products increased in the first two months of 2Q with double-digit growth in revenue. In addition, the company said it was slightly affected by the restructuring of retail stores due to the impact of new tax regime on business households.

Table 1. VNM – 2Q25 financial results

(VNDbn, %)	2Q24	2Q25	+/-%YoY	1H24	1H25	+/-%QoQ	Notes
Revenue	16,656	16,725	0%	30,768	29,659	-4%	
- Domestic	13,532	13,614	1%	25,028	23,624	-6%	Domestic revenue showed a sharp rebound thanks to increased orders from distribution channels and agents after disruptions in 1Q.
- Exports	1,740	1,890	9%	3,037	3,510	16%	High growth was mainly attributable to the Iraqi market.
- Foreign subsidiaries	1,384	1,221	-12%	2,703	2,525	-7%	The decline mostly came from the Cambodian market.
Gross profit	7,068	7,022	-1%	12,979	12,232	-6%	
<i>Gross profit margin</i>	<i>42.4%</i>	<i>42.0%</i>	<i>-45bps</i>	<i>42.2%</i>	<i>41.2%</i>	<i>-94bps</i>	GPM in 2Q recovered well, gaining 170bps QoQ but still lower than 2Q24 level.
- Domestic	41.8%	41.6%	-17bps	42.0%	40.7%	-124bps	
- Exports & foreign subsidiaries	45.2%	43.5%	-168bps	43.1%	43.2%	13bps	Higher milk powder prices bit GPM.
Financial income	373	376	1%	761	743	-2%	
Financial expenses	88	110	25%	190	151	-20%	
Shared profits from affiliates	3	4	15%	14	20	47%	
SG&A	4,031	4,174	4%	7,522	7,774	3%	SG&A kept rising despite flat revenue mainly due to fierce competition in the dairy industry.
<i>SG&A margin</i>	<i>24%</i>	<i>25%</i>	<i>76bps</i>	<i>24%</i>	<i>26%</i>	<i>177bps</i>	
Operating income/loss	3,326	3,119	-6%	6,041	5,069	-16%	Operating profit margin decreased due to lower gross margin and higher selling cost/revenue.
Other income	(17)	(23)	32%	(27)	(22)	-19%	
Profit before taxes (PBT)	3,309	3,096	-6%	6,014	5,047	-16%	
NP after taxes (NPAT)	2,696	2,489	-8%	4,903	4,076	-17%	
NPAT-MI	2,671	2,475	-7%	4,865	4,043	-17%	
<i>NPAT margin</i>	<i>16.0%</i>	<i>14.8%</i>	<i>-124bps</i>	<i>15.8%</i>	<i>13.6%</i>	<i>-218bps</i>	

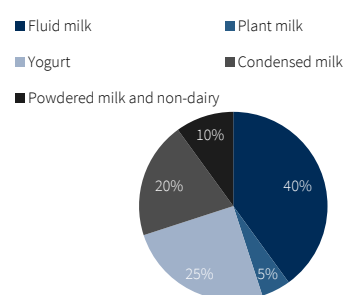
Source: Vinamilk, KB Securities Vietnam

Fig 2. VNM – Revenue breakdown by geography (VNDbn)



Source: Vinamilk, KB Securities Vietnam

Fig 3. VNM – Revenue breakdown by product in 2Q25 (%)



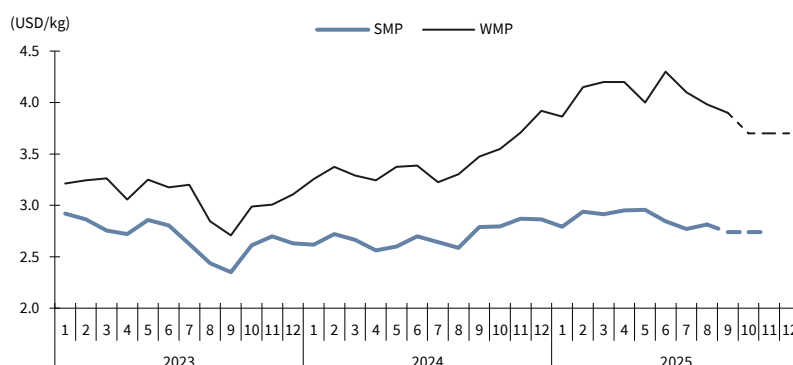
Source: Vinamilk, KB Securities Vietnam

Profit margins expected to improve positively in the second half of the year

Skimmed milk powder (SMP) and whole milk powder (WMP) prices are on a downtrend and are expected to be flat with an estimated 4%–10% contraction compared to the beginning of the year due to some impact from tariffs and weak demand from Asian countries such as China, Indonesia, and Vietnam – the main consuming region (USDA). Accordingly, WMP import volume from the main producer, New Zealand, fell 5% in 1H25. VNM's management expects GPM to recover and reach 42% in 2H25. However, we believe that import costs for both items will increase in the long term as supply declines on low profit margins, causing major suppliers to switch to butter and cheese production with higher efficiency (USDA). On the contrary, the strategy of shifting to the high-end segment and using more self-produced fresh milk is expected to help VNM maintain stable profit margins and reduce the impact of rising milk powder prices in the long term.

Input milk powder prices tend to decrease significantly, helping VNM to reduce costs.

Fig 4. Global – Milk powder prices (USD/kg)



Source: CLAL, GDT Trade, SGX

* Note: Prices from September 2025 are the future prices on the Singapore Commodity Exchange

Fig 5. Global – Forecast export volume of WMP (ton)

WMP (Tonnes)	2023	2024	2025	2025 %YoY
Argentina	111	121	110	-9%
Australia	38	55	45	-18%
EU	260	209	190	-9%
New Zealand	1,366	1,373	1,400	2%
Major exporters	1,775	1,758	1,745	-1%

Source: USDA

VNM continues to promote new products and reposition retail stores

VNM hopes to raise the total retail store count (including franchises) to 800 by 2025 with a new, modern and premium design to attract customers and reduce dependence on large retail agents. In addition, physical stores will act as a distribution channel for online orders and a place to introduce new products to verify their effectiveness before reaching retail systems nationwide. With 70 new/relaunched products, VNM has carefully prepared for a new growth cycle with products that bring customized nutritional values to diverse customer groups. We expect this strategy to increase competitive advantage in urban areas and the high-end segment and bring higher profit margins.

Fig 7. VNM – New product portfolio in 2Q25

70+ new launched and re-launched products in 6M2025

Key new product highlights in 2Q2025:

1. UHT fresh milk Green Farm unsweetened A2 protein
2. High calcium soymilk and Less sugar soymilk
3. Susu juicy milk and UHT Jelly drinking yogurt
4. Less sugar peach flavor and Unsweetened probiotic drinking yogurt
5. Green Farm drinking yogurt with orange & pomelo blossom and lychee & jasmine
6. Nutritious milk ADM
7. Sweetened creamer Ong Tho cafe & matcha
8. Less sugar jujube & goji berries yogurt
9. Ice cream pint Gelato and Ice cream cube



Source: Vinamilk

* Note: VNM continues to expand new product portfolio in 2Q, focusing on specific nutritional needs

Fig 6. Global – Forecast export volume of SMP (ton)

SMP (Tonnes)	2023	2024	2025	2025 %YoY
Australia	133	170	150	-12%
EU	775	718	720	0%
New Zealand	451	441	460	4%
US	809	744	649	-13%
Major exporters	1,775	1,758	1,745	-1%

Source: USDA

Fig 8. VNM – New soya milk products



Source: Vinamilk

* Note: VNM launched new soya milk products to compete with Vinasoy

Fig 9. VNM – Store image after restructuring



Source: Vinamilk, KB Securities Vietnam

* Note: VNM has promoted repositioning stores to modern trends, reaching young urban consumers

Fig 10. VNM – Store image after restructuring

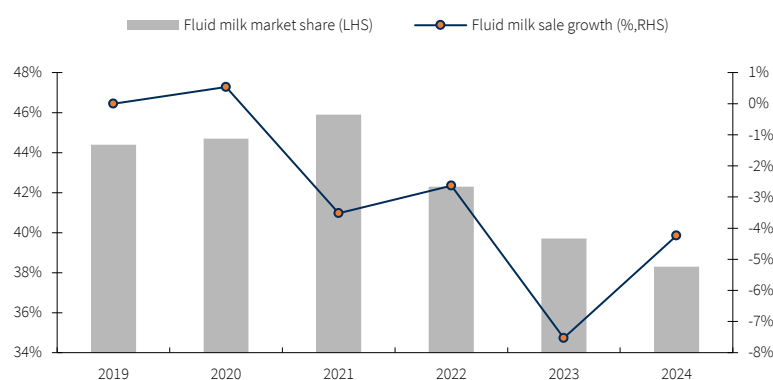


Source: Vinamilk, KB Securities Vietnam

* Note: New shopping space will bring better experience to customers

Fig 11. VNM – Market share over the years (%)

High but shrinking market share forces VNM to transform to create new growth momentum



Source: Vinamilk, KB Securities Vietnam

Fig 21. MCM – New product portfolio

Moc Chau Milk (HSX: MCM) was repositioned as VNM's most high-end brand



Source: Vinamilk, KB Securities Vietnam

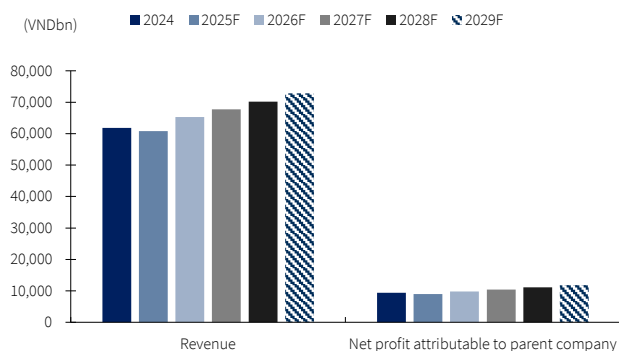
Forecast & valuation

Table 13. VNM – 2025–2026F results

(VNDbn, %)	2024	2025F	+/-YoY	2026F	+/-YoY	Assumptions
Revenue	61,782	60,834	-1.5%	65,273	7.3%	We expect revenue to recover positively from 2026, compared to a low level in 2025 due to the impact of restructuring. 2025 revenue from fluid milk/yogurt/condensed milk/powdered milk may grow -4.2%/1%/3%/-1% YoY. In 2026, growth in the above categories is forecast to reach 1%/5%/5%/3% YoY, respectively.
– Domestic	50,799	49,293	-3.0%	52,977	7.5%	
– Exports	5,664	6,321	11.6%	6,761	7.0%	
– Foreign subsidiaries	5,319	5,219	-1.9%	5,535	6.0%	
Gross profit	25,590	25,220	-1.4%	27,039	7.2%	Profit margin should rebound considerably in 2H25, helping the overall GPM improve slightly compared to 2024. We expect the gross margin to remain flat in 2026 thanks to the product structure shifting towards high-end with better selling prices offsetting the modest increase in the costs of imported milk powder.
<i>Gross profit margin</i>	<i>41.4%</i>	<i>41.5%</i>	<i>4bps</i>	<i>41.42%</i>	<i>-3bps</i>	
– Domestic	41.3%	41.2%	-9bps	40.7%	-52bps	
– Exports, foreign subsidiaries	42.0%	42.6%	55bps	44.7%	209bps	
Financial income	1,586	1,760	11.0%	1,696	-3.6%	
Financial expenses	428	456	6.4%	475	4.3%	
Shared profits from affiliates	32	39	23.1%	39	0.0%	
SG&A	15,186	15,498	2.6%	16,233	2.5%	
<i>SG&A margin</i>	<i>24.6%</i>	<i>25.5%</i>	<i>90bps</i>	<i>24.9%</i>	<i>-61bps</i>	
Operating income/loss	11,594	11,066	-4.6%	12,067	9.0%	
Profit before taxes (PBT)	11,600	11,066	-4.6%	12,067	9.0%	
Net profit after taxes (NPAT)	9,453	9,074	-4.0%	9,895	9.0%	
NPAT-MI	9,392	9,016	-4.0%	9,832	9.0%	
<i>NPAT margin</i>	<i>15.2%</i>	<i>14.8%</i>	<i>-38bps</i>	<i>15.1%</i>	<i>24bps</i>	

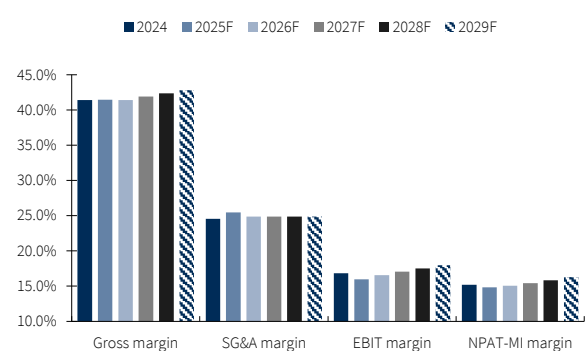
Source: Vinamilk, KB Securities Vietnam

Fig 14. VNM – Revenue & NPAT-MI in 2025–2029F (VNDbn)



Source: KB Securities Vietnam

Fig 15. VNM – Profit margins in 2025–2029F (%)



Source: KB Securities Vietnam

Valuation: NEUTRAL rating –
Target price VND65,800/share

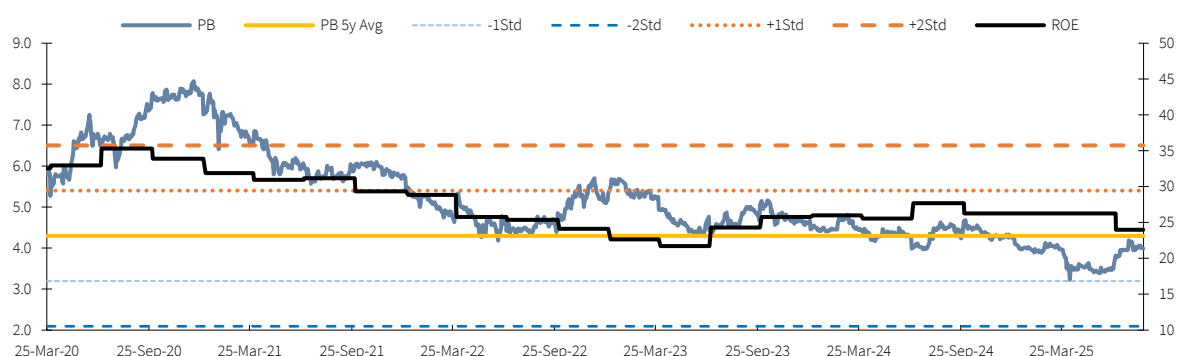
We believe that VNM is still an attractive defensive stock with single-digit growth and an expected dividend yield of 7.1%. We determine the fair price for VNM stock at VND65,800/share, 10% higher than the current price.

Table 16. VNM – Model assumptions & valuation

Assumptions	Value	Assumptions	Value
Beta	0.66	PV of cash flows in 2025–2029F (VNDbn)	43,652
Risk-free rate	4.6%	PV of terminal value (VNDbn)	82,062
Cost of equity	8.35%	PV (VNDbn)	125,714
Risk premium	10.1%	Net debt (VNDbn)	15,697
Average interest rate	2.6%	Non-controlling interest (VNDbn)	–3,896
Terminal growth	2%	Equity value (VNDbn)	137,516
WACC	9.6%	Number of shares outstanding (million shares)	2,090
		Target price (VND/share)	65,798

Source: KB Securities Vietnam

Fig 17. VNM – PB & ROE (x, %)



Source: Bloomberg, KB Securities Vietnam

KB SECURITIES VIETNAM (KBSV)

Head Office:

Levels 16&17, Tower 2, Capital Place, 29 Lieu Giai Street, Ba Dinh District, Hanoi, Vietnam

Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

Hanoi Branch:

Level 1, Office Building, 5 Dien Bien Phu Street, Ba Dinh District, Hanoi, Vietnam

Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

Ho Chi Minh Branch:

Level 21, Vietinbank Tower, 93-95 Ham Nghi Street, District 1, HCMC, Vietnam

Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang Street, District 1, HCMC, Vietnam

Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

CONTACT INFORMATION

Hotline: 1900 1711

Email: info@kbsec.com.vn

Website: www.kbsec.com.vn

Investment ratings & definitions

Investment Ratings for Stocks

(Based on the expectation of price gains over the next 6 months)

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

Investment Ratings for Sectors

(Based on the assessment of sector prospects over the next 6 months)

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

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