

Vinamilk (VNM)

Heading into steady growth

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3Q2025 results beat expectations, supported by both domestic and overseas markets

VNM's consolidated net revenue and net profit in 3Q2025 recorded a solid recovery, reaching VND16,953 billion (+9.1% YoY) and VND2,527 billion (+2.1% YoY), respectively. For 9M2025, the company achieved 72% of its revenue target and 68% of its net profit target, with results partly weighed down by distribution channel restructuring in 2Q.

Domestic demand continues to recover, while exports deliver a surprising 40% YoY surge

The quarter's key highlight was the improvement in domestic revenue (+4.4% YoY), while export revenue posted exceptional growth (+44% YoY), driven by market share expansion in Cambodia and steady demand from Iraq. We expect this positive trend to persist in the coming quarters.

The 2026 outlook appears promising following restructuring efforts

Looking into 2026, we anticipate a meaningful uplift in VNM's earnings, underpinned by a refreshed product portfolio that enhances competitiveness across both mid-range and premium segments. Rising disposable income following the new personal income tax regulations, along with the continued stabilization of distributor restructuring and stricter tax enforcement on household businesses, should further support the company's growth prospects.

We downgrade VNM to NEUTRAL with a target price of VND69,800

Based on our valuation, we derive a fair value of VND69,800 per share for 2026, implying a 10% upside. Accordingly, we downgrade VNM from BUY to NEUTRAL.

Neutral change

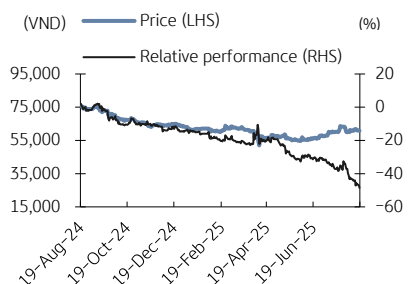
Target price	VND69,800
Upside	10%
Current price (Dec 5, 2025)	VND 63,400
Consensus target price	VND 71,800
Market cap (VNDtn/USDbn)	135.6/5.2

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

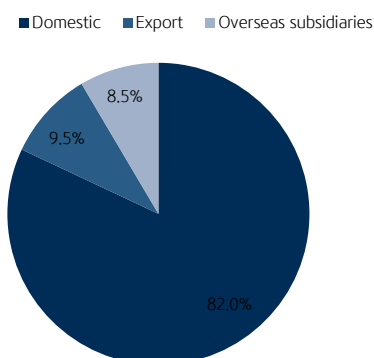
Forecast earnings & valuation

FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	60,369	61,783	62,476	66,834
Operating income/loss (VNDbn)	10,405	9,955	11,020	11,445
NPAT-MI (VNDbn)	8,874	9,392	9,033	9,925
EPS (VND)	4,246	4,494	4,322	4,749
EPS growth (%)	4%	6%	-4%	10%
P/E (x)	15.3	14.5	15.0	13.7
P/B (x)	4.3	4.2	4.3	4.4
ROE (%)	29	29	28	32
Dividend yield (%)	5.9	6.7	6.7	6.7



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2024)



Source: Vinamilk, KB Securities Vietnam

Business operation

Vietnam Dairy Products JSC (VNM) is the leading dairy brand in Vietnam, hold an estimated 40–45% market share. Notably, its yogurt and condensed milk lines dominate the domestic market with shares of 80–90%. VNM is currently undertaking a brand and product restructuring initiative aimed at attracting younger consumers and strengthening its presence in modern trade channels. The company is also investing heavily in technology to enhance production efficiency and strengthen its sales operations.

Investment Catalysts

The restructuring of VNM's product portfolio is expected to enhance its competitive positioning and drive market share expansion.

Purchasing power should improve following a 40% increase in personal income tax deduction thresholds.

VNM remains a defensive consumer stock, offering an attractive dividend yield of 6.5–7.3% per year.

Notes

Please find more details [here](#)

Please find more details below

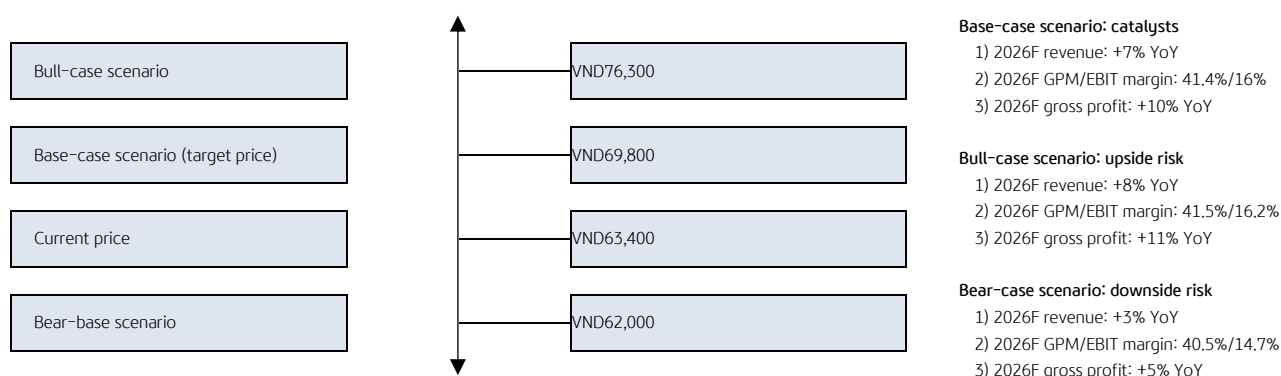
Please find more details [here](#)

Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	62,476	66,834	3%	2%	64,719	67,314	-3%	-1%
EBIT	9,955	11,020	2%	2%	11,457	11,992	-13%	-8%
NP after MI	9,033	9,925	0%	1%	9,813	10,306	-8%	-4%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

3Q2025 results beat expectations, supported by both domestic and overseas markets

In 3Q2025, VNM completed the comprehensive restructuring of its sales network, including the revamp of its modern trade channels under its own branded store format. A key highlight was the strong rebound in domestic revenue, marking an end to four consecutive quarters of declining or subdued growth.

Table 1. VNM – 9M2025 financial results

(VNDbn)	3Q2024	3Q2025	+/-%YoY	9M2024	9M2025	+/-%QoQ	Notes
Revenue	15,537	16,953	9%	46,306	46,612	0.7%	
Domestic	12,928	13,494	4%	37,956	37,118	-2%	– Revenue from VNM and MCM expanded by 5.3% YoY and contracted by 3.2% YoY, respectively, in 3Q2025. Improvements in VNM's packaging and product quality have gradually begun to yield encouraging results.
Export	1,375	2,019	47%	4,412	5,529	25%	– Growth was partly supported by a low base in 3Q2024, when Typhoon Yagi caused an estimated VND300 billion YoY decline in revenue. Export revenue surged 47% YoY, driven by a sharp rise in demand from Cambodia following border tensions with Thailand—currently a major dairy supplier in the Cambodian market.
Foreign subsidiaries	1,234	1,440	17%	3,937	3,965	1%	
Gross profit	6,401	7,087	11%	19,380	19,319	0%	
<i>Gross profit margin (GPM)</i>	<i>41.2%</i>	<i>41.8%</i>	<i>60bps</i>	<i>41.9%</i>	<i>41.4%</i>	<i>-41bps</i>	Domestic gross margin saw a mild recovery, mainly supported by a higher mix of premium products and increased use of fresh milk, which helped offset rising imported milk powder prices earlier in the year.
Domestic	41.0%	42.0%	97bps	41.6%	41.2%	-46bps	
Export & foreign subsidiaries	42.2%	41.2%	-102bps	42.8%	42.5%	-34bps	
Financial income	430	396	-8%	1,191	1,139	-4%	
Financial expenses	98	91	-7%	288	243	-16%	
Profit from joint ventures & associates	(5)	(194)	-3744%	9	(175)	-2127%	The reported loss was primarily driven by the full impairment of VNM's investment in Miraka Holdings, a small New Zealand dairy company facing bankruptcy risk.
SG&A	3,758	4,040	7%	11,280	11,814	5%	
<i>SG&A margin</i>	<i>24%</i>	<i>24%</i>	<i>-36bps</i>	<i>24%</i>	<i>25%</i>	<i>99bps</i>	
Operating income/loss	2,971	3,158	6%	9,012	8,227	-9%	– Operating profit improved as both revenue and gross margin rebounded strongly. – Excluding the impairment charge for Miraka, operating profit would have increased by around 14% YoY.
Other income	(29)	(32)	11%	(56)	(54)	-3%	
Profit before tax (PBT)	2,942	3,126	6%	8,956	8,173	-9%	
Net profit after tax (NPAT)	2,403	2,511	4%	7,306	6,586	-10%	
NPAT-MI	2,404	2,527	5%	7,269	6,570	-10%	
<i>NPAT margin</i>	<i>15.5%</i>	<i>14.9%</i>	<i>-56bps</i>	<i>15.7%</i>	<i>14.1%</i>	<i>-160bps</i>	

Source: Vinamilk, KB Securities Vietnam

The 2026 outlook appears promising following restructuring efforts

We maintain a positive outlook on VNM's business performance in 2026, supported by: (1) an upgraded product portfolio featuring improved flavors, enhanced nutritional profiles, and more appealing packaging, thereby strengthening competitiveness; (2) improved consumer disposable income following the adjustment to personal income tax deductions; and (3) the diminishing impact of distribution channel restructuring.

2025 marked a clear improvement in VNM's product offerings, with more than 70 new or relaunched products introduced. Key highlights included the Greenfarm range (fresh milk and yogurt) and a variety of high-nutrition products such as drinking yogurt and high-protein plant-based milk, targeting specific nutritional needs—athletes, malnourished children, and the elderly, among others. We expect these strategies to enhance VNM's competitiveness across traditional dairy segments, especially in modern trade channels and major urban markets. In addition, we anticipate a meaningful improvement in consumer purchasing power as the government raises the personal and dependent deduction thresholds by 40%, resulting in higher disposable income. Fundamentally, Vietnam's dairy sector still offers substantial long-term potential: annual per-capita milk consumption remains low at just 26–28 liters—12–18% below the Southeast Asian average of 32 liters—leaving significant room for growth as income levels continue to rise alongside robust economic expansion.

Forecast & Valuations

Table 2. VNM – 2024A–2026 financial results

(VNDbn)	2024	2025F	+/-YoY	2026F	+/-YoY	Notes
Revenue	61,782	62,476	1.1%	66,834	7.0%	We expect revenue to recover meaningfully from 2026 onward, compared with the low base in 2025, which was negatively affected by one-time impacts from regulatory tax changes and the restructuring of the sales and distribution team.
Domestic	50,799	50,056	-1.5%	53,599	7.1%	Our revenue growth forecasts for the liquid milk / plant-based milk / yogurt / condensed milk / powdered milk and other segments are 1%, 10%, 5%, 5%, and 0%, respectively.
Export	5,664	7,032	24.2%	7,521	7.0%	We also expect export growth to moderate in 2026 following the exceptionally strong performance in 2025.
Foreign subsidiaries	5,319	5,388	1.3%	5,714	6.0%	
Gross profit	25,590	25,869	1.1%	27,640	6.8%	Gross margin is projected to remain stable in 2026, supported by lower future prices for skim milk powder (SMP) and whole milk powder (WMP) in 1Q2026, which are estimated to decline by 6–20% YoY. This should help mitigate the impact of rising feed costs (mainly corn and soybean meal) and USD/VND exchange rate fluctuations.
<i>Gross profit margin</i>	<i>41.4%</i>	<i>41.4%</i>	<i>-1bps</i>	<i>41.4%</i>	<i>-5bps</i>	
<i>Domestic</i>	<i>41.3%</i>	<i>41.2%</i>	<i>-9bps</i>	<i>41.2%</i>	<i>0bps</i>	
<i>Export & foreign subsidiaries</i>	<i>42.0%</i>	<i>42.3%</i>	<i>23bps</i>	<i>42.0%</i>	<i>-25bps</i>	
Financial income	1,586	1,777	12.1%	1,701	-4.3%	
Financial expenses	428	470	9.7%	495	5.3%	
Profit from joint ventures & associates	32	(175)	-645.4%	-	-100.0%	No additional impairment charges related to the New Zealand business are expected.
SG&A	15,186	15,915	2.6%	16,620	2.5%	
<i>SG&A margin</i>	<i>24.6%</i>	<i>25.5%</i>	<i>89bps</i>	<i>24.9%</i>	<i>-61bps</i>	Operating profit is anticipated to improve primarily on the back of stronger revenue growth outpacing advertising and selling expenses in 2026.
Operating income/loss	11,594	11,087	-4.4%	12,226	10.3%	
Profit before tax (PBT)	11,600	11,087	-4.4%	12,226	10.3%	
Net profit after tax (NPAT)	9,453	9,091	-3.8%	10,026	10.3%	
NPAT-MI	9,392	9,033	-3.8%	9,925	9.9%	
<i>NPAT margin</i>	<i>15.2%</i>	<i>14.5%</i>	<i>-74bps</i>	<i>14.9%</i>	<i>39bps</i>	

Source: Vinamilk, KB Securities Vietnam

We downgrade VNM to NEUTRAL with a target price of VND69,800

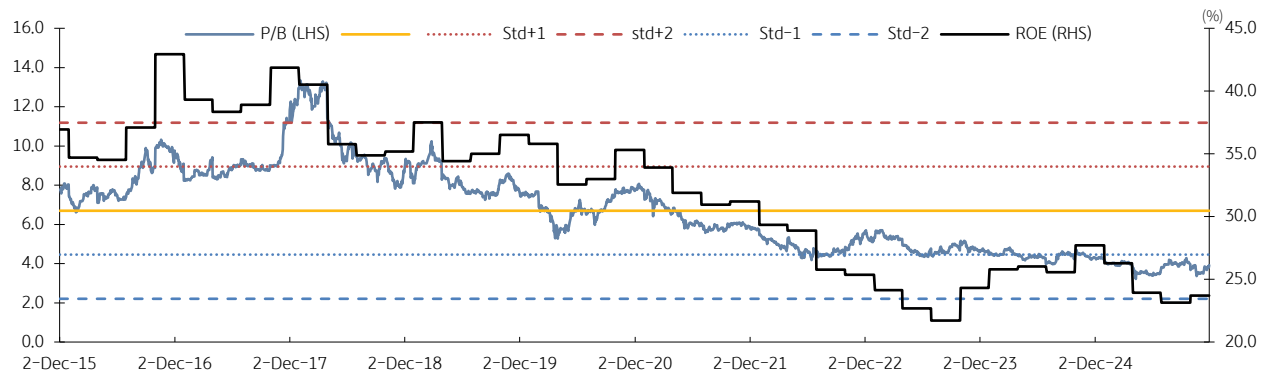
We continue to value VNM using the discounted cash flow (DCF) method. With a target price of VND69,800 per share—implying a 10% upside from the closing price on December 4, 2025—we view the stock as fairly valued at current levels. Accordingly, KBSV downgrades VNM to a NEUTRAL rating.

Table 3. VNM – FCFF valuation & assumptions

Key assumptions	Value	Assumptions	Value
Beta	0.66	PV of FCFF in 2025–2029 (VNDbn)	49,179
Risk-free rate	4.6%	PV of terminal value (VNDbn)	84,852
Market risk premium	8.35%	PV of FCFF (VNDbn)	134,030
Cost of equity	10.1%	Net cash (VNDbn)	15,697
Cost of debt	2.6%	Minority interest (VNDbn)	-3,896
Terminal growth	2%	Equity value (VNDbn)	145,832
WACC	9.6%	Number of shares outstanding (million shares)	2,090
		Value per share (VND)	69,778

Source: KB Securities Vietnam

Fig 4. VNM - P/B, ROE in 2015-2025



Source: Bloomberg, KB Securities Vietnam

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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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