



Equity Report: Vietnam Dairy Products Joint Stock Company (HOSE: VNM)

Analyst

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Defensive Stock with an Attractive Dividend Income Yield

BUSINESS UPDATES

According to VNM's 1H26 business results, revenue reached VND 34,996 billion (+17.8% YoY), driven by 12.4% growth in domestic revenue and 39.1% growth in exports. The recovery was supported by portfolio-wide price increases, improving consumer demand, premiumization of the product portfolio, and growth across international markets. Gross profit margin (GPM) increased by 200 bps in 1H26, supported by cost control and advance procurement pricing for WMP, SMP, and sugar secured 3–6 months ahead.

VNM offers an **attractive dividend policy** backed by a sound financial position. According to disclosed information, VNM paid total cash dividends of VND 4,350/share for FY2025, equivalent to 43.5% of par value. Of this amount, VND 2,500/share was paid in advance in 2025, while the remaining VND 1,850/share was paid on July 17, 2026. As of June 30, 2026, cash and short-term financial investments amounted to VND 26,503 billion, equivalent to 46.1% of total assets, while outstanding borrowings stood at approximately VND 8,455 billion, providing a solid foundation for dividends and investment.

Attractive valuation: VNM is trading at a P/E of 11.5x and a P/B of 3.95x, significantly below its historical three-year and five-year averages, respectively. We apply a target P/E of 12.0x, alongside the discounted cash flow (DCF) method, to determine fair value. We forecast FY2026 revenue of VND 66,951 billion (+5.2%) and gross profit of VND 27,822 billion (+6.2%), implying a GPM of 41.6%.

Key risks: A rebound in raw material prices and exchange rates, elevated advertising and promotion (A&P) expenses in 2H26, limited domestic growth, intensifying competition, and policy changes from 2027 onward.

RECOMMENDATION

We recommend **ACCUMULATE** on VNM with a target price of VND 59,000/share, implying 1.03% upside, based on the following investment theses: **(1) Recovering growth:** Domestic revenue is improving while export growth is accelerating. Positive contributions from overseas subsidiaries further support VNM's return to a growth trajectory. **(2) Margin protection:** The advantage of securing WMP, SMP, and sugar prices 3–6 months in advance should help sustain GPM in 2H26, despite the recent rebound in global raw material prices. **(3) Attractive dividends:** A dividend policy targeting a minimum payout of 50% of net profit, combined with a healthy balance sheet—with cash and short-term financial investments accounting for 46.1% of total assets—provides a solid foundation for stable dividend payments.

Recommendation:

ACCUMULATE

6-18m TP:

VND 59,000

Upside

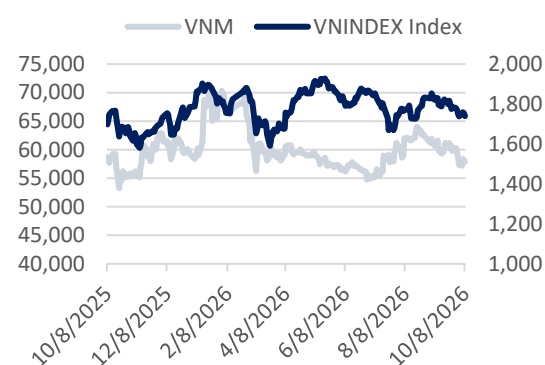
+1.03%

Current price:

VND 58,400

(12/10/2026)

Price performance



Price change	1 M	3 M	1Y
% Abs.	-5.1%	2.3%	-1.3%
% Rel to VNINDEX	-10.1%	-2.6%	1.2%
Avg price (VND)	59,722	60,100	61,435

Source: Bloomberg, FiinX, Guotai Haitong (VN)

Shares in issue (m)	2,089.96	Major shareholder	SCIC 36.00%
Market cap. (VND b)	121,008.42	Free float (%)	40.0%
3-month average vol. ('000)	3,870	D/E	0.24
52 week high/ low (VND)	71,134/ 53,302		

Source: VNM, Bloomberg, Guotai Haitong (VN).

Q2 & 1H2026 BUSINESS UPDATES

Condensed Income Statement

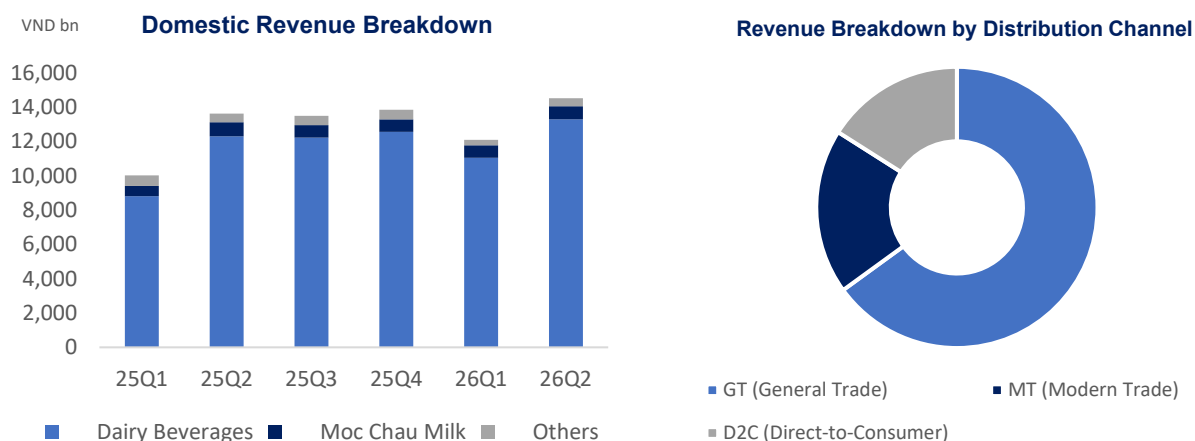
Unit: VND bn	26Q2	25Q2	Increase (YoY Q2)	6M26	6M25	Increase (YoY 6M)
Net Revenue	18,847	16,748	+12.5%	34,996	29,706	+17.8%
Domestic	14,516	13,636	+6.5%	26,596	23,668	+12.4%
Overseas	4,332	3,112	+39.2%	8,400	6,038	+39.1%
Gross Profit	8,204	7,005	+17.1%	15,100	12,199	+23.8%
Financial Income	426	376	+13.3%	813	743	+9.4%
Financial Expenses	147	110	+33.6%	302	151	+100.0%
(Interest Expenses)	(116)	(85)	(+36.5%)	(234)	(160)	(+46.3%)
Selling Expenses	4,104	3,711	+10.6%	7,829	6,881	+13.8%
G&A	521	462	+12.8%	980	893	+9.7%
PBT	3,899	3,096	+25.9%	6,914	5,047	+37.0%
NPAT	3,184	2,489	+28.0%	5,643	4,076	+38.4%
Net Profit Attributable to Owners of the Parent	3,167	2,475	+28.0%	5,596	4,043	+38.4%
EBITDA	4,560	3,825	+19.2%	8,352	6,364	+31.3%

Source: VNM, GTHTVN

Revenue Improves on Domestic Recovery and Accelerating Export Growth

Domestic revenue grew 12.4% YoY in 1H2026, supported by a selling price adjustment of approximately 3–4% implemented in early April 2026, alongside improving consumer demand, as reflected in 9.48% growth in household final consumption and 12.5% YoY growth in total retail sales of goods.

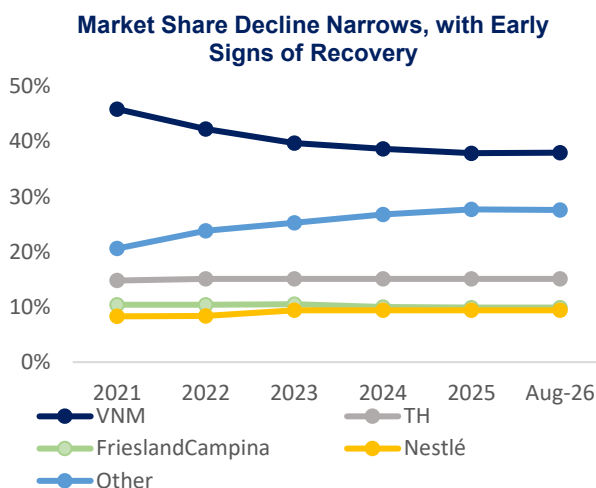
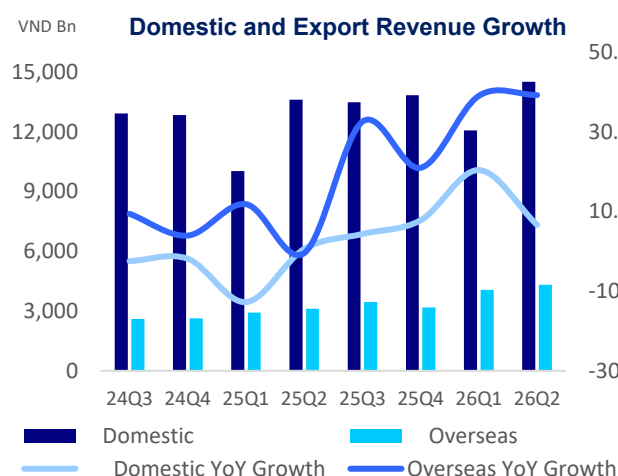
Vinamilk is accelerating its portfolio premiumization strategy, focusing on high-quality fresh milk and specialized nutrition products to improve its revenue mix. According to information shared by the company at its investor meeting in August 2026, Green Farm recorded triple-digit revenue growth in 1H2026, while Optimum A2 Pro+ achieved unprecedented growth within the Optimum portfolio approximately six months after launch, making a significant contribution to the product line's growth. In addition, Moc Chau Creamery is expanding its distribution in southern Vietnam through supermarket chains and Vinamilk stores, with its key products recording nearly double-digit growth in 1H2026. According to the report, MCM's Q2/2026 revenue increased 25.2% YoY, while NPAT rose 67.8% YoY, marking a significant improvement from revenue growth of just 2.3% YoY in Q2/2024. Other strategic brands, including Vinamilk 100% Fresh Milk and high-protein and plant-based milk products, continued to contribute positively to domestic business performance, while core categories such as liquid milk, yogurt, adult milk and infant nutrition maintained stable growth.



Source: VNM, GTHTVN

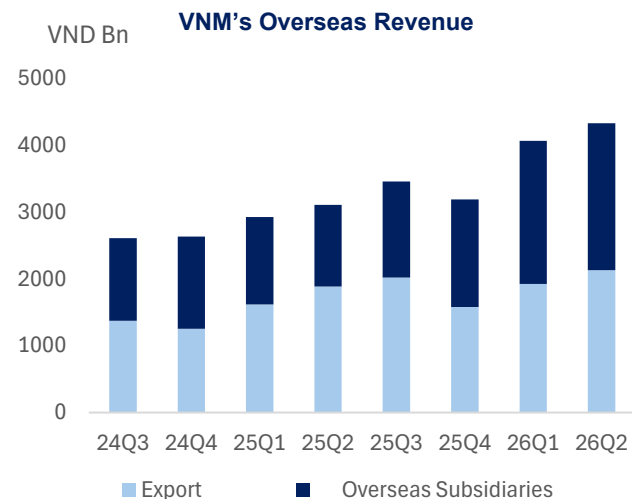
Alongside product innovation, Vinamilk is expanding its company-owned store network and e-commerce operations to strengthen direct consumer engagement. The D2C channel currently contributes approximately 15–16% of domestic revenue, supported by nearly 950 stores, with a target of reaching

1,000 stores by year-end 2026. Within this strategy, flagship stores can support the promotion, sampling and commercialization of premium products, encourage cross-selling and deepen customer engagement. As of August 2026, VNM continued to lead the overall market, holding 38% value market share in the liquid milk segment and 84% in other dairy products, up 2 percentage points from 82% in 2021.



Source: VNM, Euromonitor, GTHTVN

Overseas Revenue grew strongly, driven by both higher volumes in existing markets and broader market coverage in new destinations. Direct exports reached VND 4,990 billion, up 42.3% YoY, primarily driven by volume growth in existing markets. The Middle East remained the company's key export market; however, geopolitical developments have increased logistics costs and extended delivery times to approximately 45 days, compared with one month previously. Vinamilk has proactively adjusted its supply chain and established an alternative shipping route via Jordan to ensure timely deliveries. Over the longer term, the company continues to diversify its markets and raw material sources to mitigate risks, while expanding into Cambodia, the Philippines, South Korea, Japan, Canada and the US.



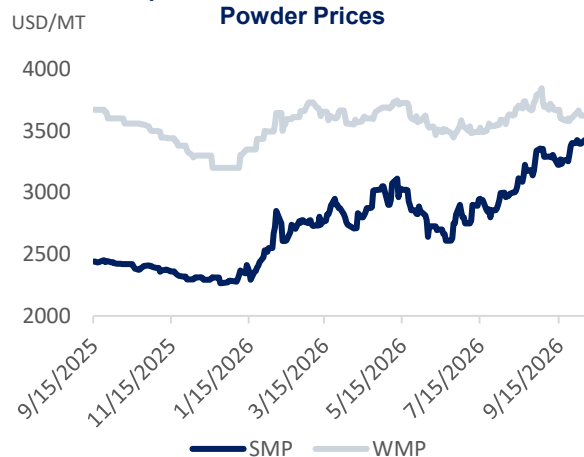
Source: VNM, Bloomberg, GTHTVN

At the subsidiary level, Angkor Milk (Cambodia) recorded revenue growth of 218.4% YoY, driven by distribution network expansion. Meanwhile, Driftwood (US) maintained relatively stable revenue, while NPAT increased 51.5% YoY, with Q2 growth reaching 103.7%, supported by more favorable raw milk prices in the US and cost-control measures.

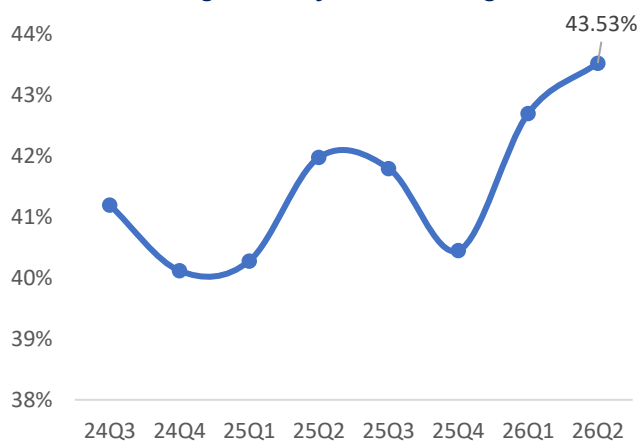
Profit Growth Outpaces Revenue Growth

Gross margin expanded by 170 bps in Q2/2026 and by 200 bps in 1H2026, primarily driven by favorable raw material prices due to procurement lags. VNM typically locks in milk powder purchases 3–6 months in advance. As a result, the cost of goods sold in 1H2026 continued to benefit from contracts signed in late 2025 and early 2026, when WMP prices had declined to approximately USD 3,400–3,500/ton, compared with a peak of around USD 4,100/ton in mid-2025.

Q2 Captures the Benefits of Lower Milk Powder Prices



Strong Recovery in Gross Margin



Source: VNM, Euromonitor, GTHTVN

October 13, 2026

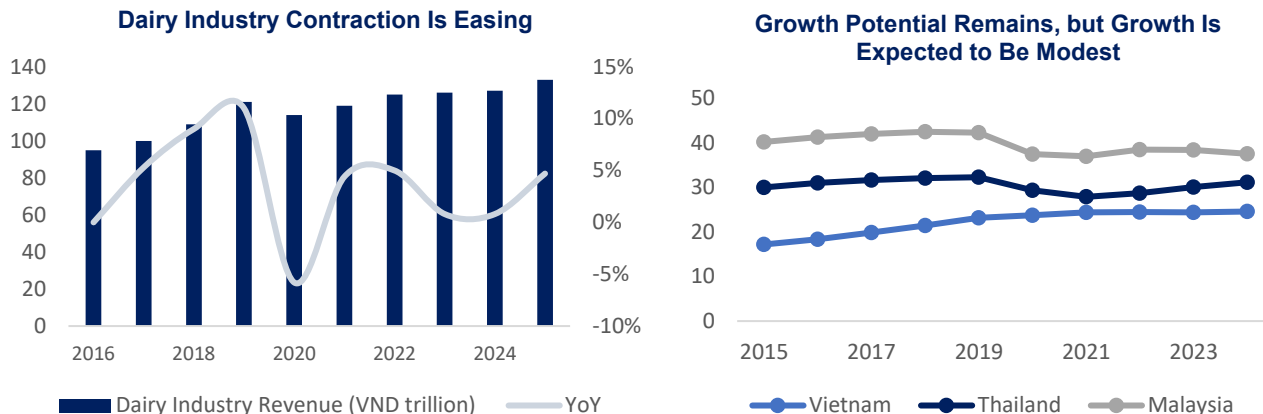
VNM

Company Report

INVESTMENT THESIS & 2H2026 OUTLOOK

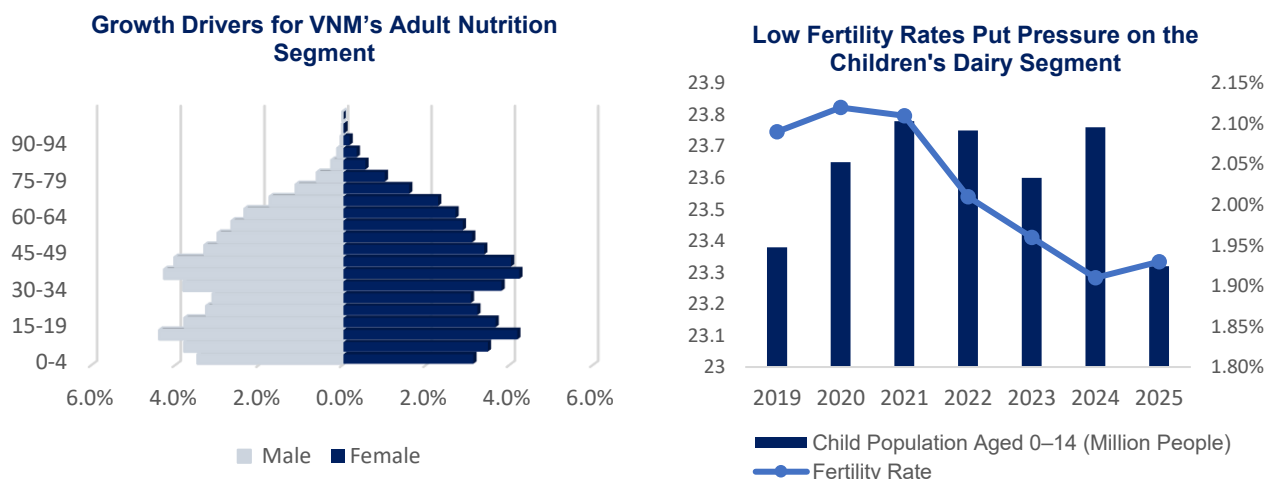
1. Industry overview & Consumer trends

The dairy industry's rate of decline is narrowing: According to NielsenIQ, dairy industry sales declined by 2.4% in 2025 and 2.9% in 1Q2026, before easing to a 0.5% decline in 2Q2026. However, the market is currently showing only a moderation in the pace of contraction, with no clear return to a growth trajectory yet. Vietnam's per capita milk consumption was estimated at 23.2 liters per person per year in 2025, remaining broadly flat since 2020 and still significantly below the 2030 target of 40 liters set out in Decision No. 309/QĐ-TTg.



Source: VNM, Vietnam Dairy Association (VDA), NielsenIQ

Population Aging Provides a Long-Term Growth Driver: Vietnam's population aged 60 and above is projected to increase significantly from 11.7 million in 2020 to 21.0 million by 2036, driving demand for high-protein, low-sugar milk and specialized nutrition products. This trend creates new growth opportunities for VNM, particularly in adult and senior nutrition. Key products include Sure Prevent Gold for adults and seniors, Sure Diecerna for consumers requiring blood glucose management, and Sure Canxi Pro targeting calcium supplementation needs. Vinamilk has previously recorded strong sales growth in adult powdered milk and ready-to-drink powdered milk products following the repositioning of Sure Prevent Gold. However, the company has not disclosed the standalone revenue growth rate of this segment. The specialized nutrition portfolio therefore offers long-term growth potential, helping diversify revenue sources amid a shrinking child customer base.



Source: GSO, PopulationPyramid.net

2. Growth Drivers & Internal Investment

Expanding production capacity and raw material supply: VNM plans to invest VND 4,128 billion in assets in 2026. The company currently operates a dairy herd of more than 130,000 cows and plans to add another 16,000 cows across Moc Chau, Tay Ninh and Binh Dinh. At Moc Chau Milk, a new farm with a capacity of 4,000 cows would expand the existing herd by approximately 20%, with the potential to supply an additional 20,000 tonnes of raw milk annually at full capacity. In addition, stable soybean and corn prices

support livestock cost control, while the Tam Dao beef cattle project has begun contributing revenue in 2026.

Export recovery: Export revenue is expected to continue recovering from 3Q2026 following minor disruptions in 2Q2026 caused by geopolitical tensions.

3. Profit Margins & Cost Pressures

Ability to sustain gross margins through advance locking of input prices

Although global raw material prices have begun to edge up, VNM has no new product price increases planned, supported by supply contracts for whole milk powder (WMP), skimmed milk powder (SMP) and sugar secured 3–6 months in advance. All raw material requirements for 2H2026 have been locked in at lower price levels from previous procurement periods.

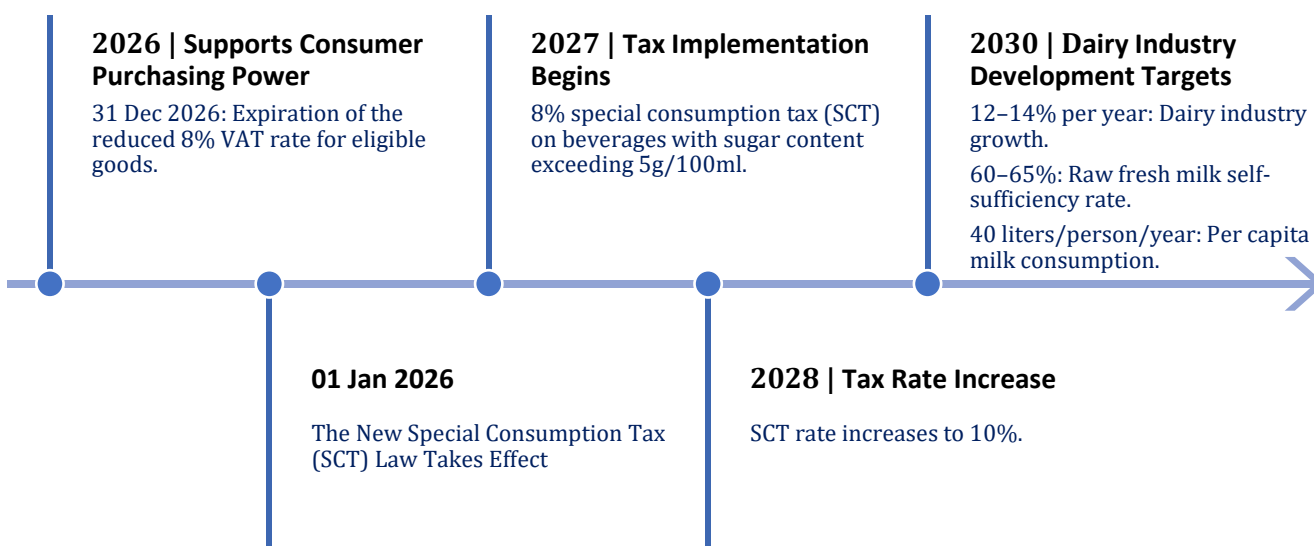
However, we believe **elevated A&P expenses in 2H2026**, coinciding with the company's 50th anniversary, are likely to pressure margins, although these expenses have been proactively budgeted for in the annual plan. Meanwhile, interest income from bank deposits could improve in 2H2026 as 9–12-month term deposits mature and are rolled over at higher interest rates. The extent of this contribution will depend on the proportion of deposits renewed and the actual interest rates secured by VNM.

From 1Q2027, easing A&P expenses and financial income supported by higher deposit rates could create room for earnings improvement.

4. Policy & Valuation Factors

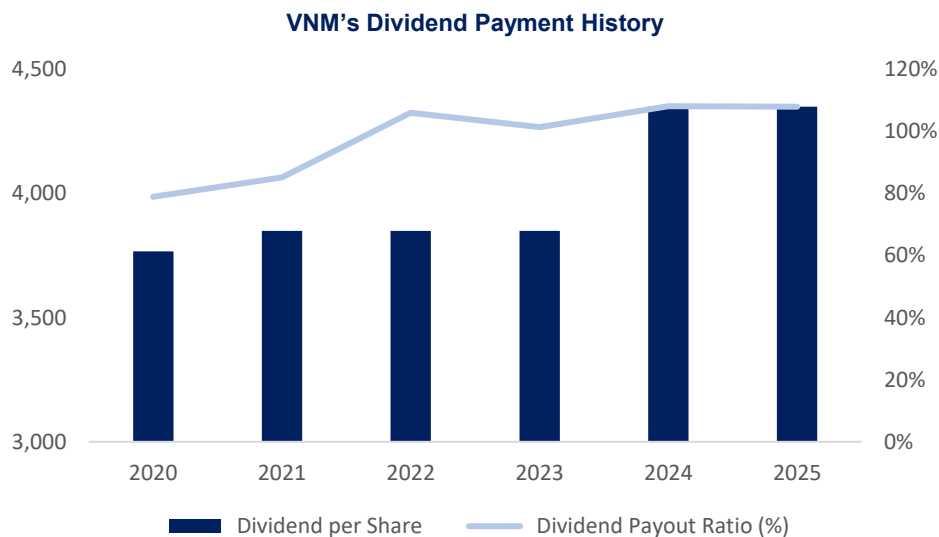
Policy presents both opportunities and pressures: VAT incentives will continue to support purchasing power in 2026. From 2027, an 8% special consumption tax (SCT), increasing to 10% from 2028, will apply to beverages within the scope of TCVN 12828:2019 that contain more than 5g of sugar per 100ml. Most of Vinamilk's core dairy portfolio is excluded from the scope of the regulation; potential impacts are concentrated in sweetened herbal beverages or formulated drinks, provided they meet all applicable tax criteria.

In addition, milk price declaration requirements under Circular 33 may constrain the company's ability to pass input cost increases on to selling prices, while EPR and advertising regulations continue to raise compliance costs. VNM's large scale provides a relative advantage in absorbing these expenses.



5. Dividend Policy

Cash dividends are an often-overlooked strength — At the 2026 AGM, Vinamilk approved a cash dividend of VND 4,350/share for FY2025, equivalent to 43.5% of par value. For 2026, the company targets a cash dividend of at least 50% of planned consolidated net profit after tax. Based on forecast NPAT of VND 9,828 billion, this implies a minimum dividend of approximately VND 2,350/share. However, we note that this represents only the minimum payout expected by VNM; historically, the company has typically paid annual dividends of around VND 4,000/share.

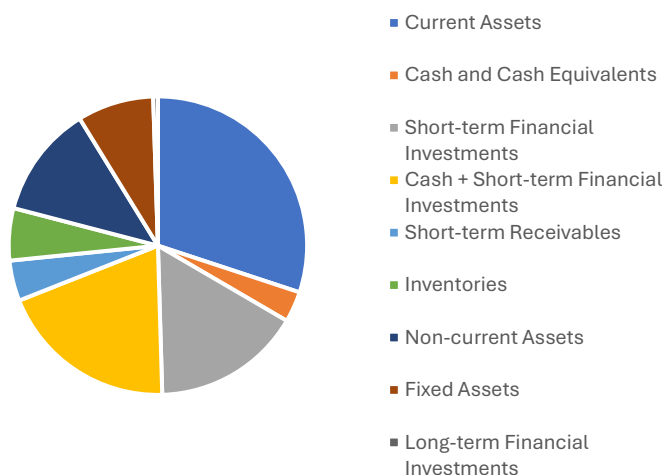


VNM's dividend payment history demonstrates its commitment to maintaining a high cash dividend payout ratio. This reinforces the stock's appeal to investors seeking cash income.

Source: VNM, GTHTSVN Research

Dividend sustainability is supported by a sound financial position. At the end of 2025, VNM had total assets of VND 53,312 billion, with cash and short-term financial investments accounting for 43.4%, supporting strong liquidity. The company also maintained low leverage and a relatively prudent capital structure, while stable operating cash flow provided a foundation for sustaining cash dividends while meeting investment needs.

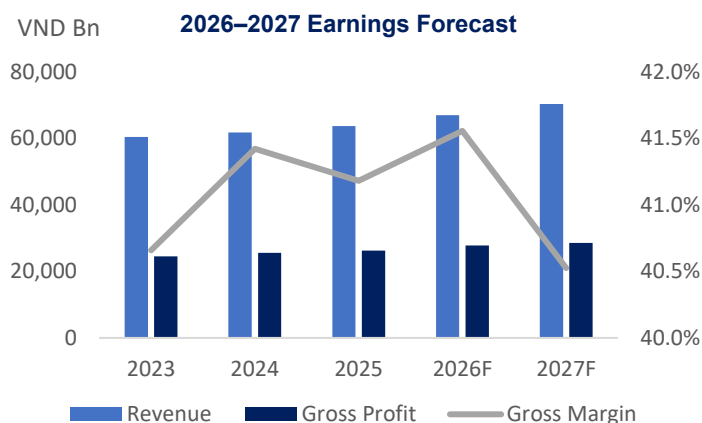
VNM's Asset Structure as of 30 June 2026 (%)



Source: FiinproX, GTHTSVN Research

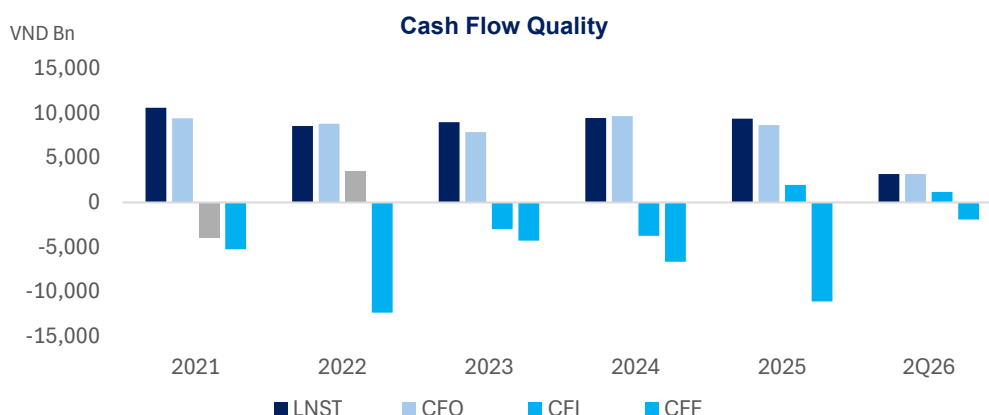
FORECAST

- We forecast VNM's 2026 revenue at VND 66,951 billion (+5.2% YoY), primarily driven by continued recovery in the domestic market, a return to export growth from 3Q26, and stronger contributions from overseas subsidiaries, particularly as Angkor Milk continues to expand its business. Gross profit is projected to reach VND 27,822 billion (+6.2% YoY), lifting gross margin to 41.6% from 41.2% in 2025. Margins are expected to remain supported in 2H26 by the 3–6-month lag between contract signing and cost-of-goods-sold recognition, allowing VNM to continue benefiting from previously lower milk powder input prices.



Source: Finxpro, GTHTSVN

- From 2027, we forecast gross margin to edge down to 40.5% as the cost advantage from low-priced raw material inventories gradually diminishes and input prices normalize. Meanwhile, newly commissioned investment projects may increase depreciation and operating expenses, adding pressure on margins. However, the contraction is expected to be modest, supported by a continued shift toward higher-value-added products and improved operational efficiency.



Source: Finxpro, VNM

VALUATION AND RECOMMENDATION

We employ a combination of two valuation methods—**Discounted Cash Flow (DCF)** and **relative valuation**—to determine VNM's fair value, ensuring that both its intrinsic value and prevailing market valuation levels are adequately reflected.

DCF Methodology			
Risk free rate	4.5%	NPV - Terminal Value (VND bn)	107,410
Beta	0.6	Enterprise Value (VND bn)	141,081
Risk premium	8.1%	Equity Value	123,032
Long-term growth	1%	Shares (bn)	2089.96
WACC	8.3%	Target price	58,868

Source: GTHTSVN

For the DCF valuation method, we adopt conservative assumptions based on our view that VNM has a relatively stable business model, predictable cash flows, and a leading position in the dairy industry. The low beta of 0.6 reflects the stock's relatively low volatility. The long-term growth rate is set at a modest 1%

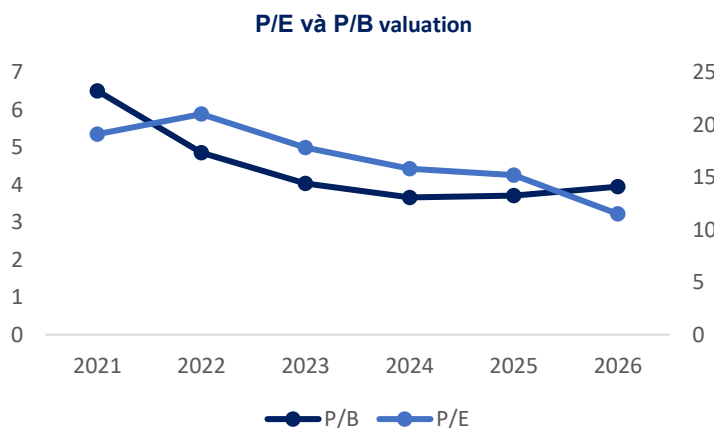
to avoid overstating terminal value, consistent with our view that VNM is a mature company with stable growth prospects.

Peer Company Valuation Comparison

Name	P/E	EV / EBITDA	EV / EBIT	EV/Rev	P/BV
Avg.	12.0x	7.8x	10.8x	1.2x	4.5x
Vinamilk	11.5x	7x	8.4x	1.4x	3.8x
Nestle Malaysia Bhd	31.7x	18.5x	23x	2.9x	29.1x
Indofood CBP Sukses Makmur Tbk	7.6x	6x	6.8x	1.4x	1.5x
Universal Robina Corp	9.5x	5.4x	7.4x	0.7x	0.9x
Nissin Foods Holdings Co Ltd	16x	8.5x	13.7x	1.1x	1.6x
Want Want China Holdings Ltd	7.4x	3.5x	4x	0.8x	1.4x
Toyo Suisan Kaisha Ltd	13.4x	7.9x	9.8x	1.5x	1.8x
MEIJI Holdings Co Ltd	16.1x	7.5x	11.7x	1x	1.4x
Yamazaki Baking Co Ltd	15.4x	6.5x	11.1x	0.5x	1.5x
China Mengniu Dairy Co Ltd	10.7x	6.6x	9.3x	0.7x	1.4x

Source: Bloomberg, GTHTSVN

Valuation Below Historical Levels: VNM is currently trading at a P/B of 3.95x, below its five-year average of 4.52x, and a P/E of 11.5x, below its three-year average of 14.7x. Its current valuation is nearly two standard deviations below historical levels, indicating a relatively attractive valuation. We assign a target P/E of 12x to reflect the earnings growth recovery outlook while maintaining a conservative valuation amid uncertainties surrounding consumer demand and competitive pressures in the dairy industry.



Source: Finxpro, GTHTSVN

We apply a blended valuation approach combining DCF and P/E, weighted at 70% and 30%, respectively, to derive a target price of **VND 59,000/share** for VNM (rounded). This implies an **expected return of 1.03%** relative to the closing price on October 12, 2026.

Recommendation: ACCUMULATE

INVESTMENT RISKS

- **Raw Material Prices & Foreign Exchange:** Gross margin declined by approximately 5 percentage points during 2020–2025 as milk powder prices and exchange rates rose simultaneously. A renewed sharp increase in SMP/WMP prices could put pressure on profitability.
- **A&P Expenses:** Higher-than-expected advertising and promotion (A&P) expenses in 2H26 could slow profit growth.
- **Limited Domestic Growth:** Domestic revenue remained broadly flat during 2021–2025, while per capita milk consumption grew by only 1.3% annually from 2019, indicating diminishing scope for organic growth.
- **Intensifying Competition:** The rise of domestic brands and imported dairy products continues to pressure market share, requiring VNM to increase investment in its brands and products.
- **Unsustainable International Growth:** Angkor Milk grew by 218.4% in 1H26, supported by supply disruptions from Thailand to Cambodia, contributing 2.7 percentage points of the total 18.0% growth. As this effect fades, growth may normalize.
- **2027 Policy Risks:** The expiration of VAT incentives and the introduction of an 8% special consumption tax (SCT) from 2027 could weigh on consumer purchasing power and domestic revenue.

COMPANY RATING DEFINITION

Benchmark: VN – Index.

Time Horizon: 6 to 18 months

Rating	Definition
Buy	Relative Performance is greater than 15% Or the Fundamental outlook of the company or sector is favorable
Accumulate	Relative Performance is 5% to 15% Or the Fundamental outlook of the company or sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the company or sector is neutral
Reduce	Relative Performance is -15% to -5% Or the Fundamental outlook of the company or sector is unfavorable
Sell	Relative Performance is lower than - 15% Or the Fundamental outlook of the company or sector is unfavorable

SECTOR RATING DEFINITION

Benchmark: VN – Index

Time Horizon: 6 to 18 months

Rating	Definition
Outperform	Relative Performance is greater than 5% Or the Fundamental outlook of the sector is favorable
Neutral	Relative Performance is -5% to 5% Or the Fundamental outlook of the sector is neutral
Underperform	Relative Performance is lower than -5% Or The Fundamental outlook of the sector is unfavorable

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VNM

Company Report