

26 Apr 2022

Vinamilk (VNM)

AGM Briefing: Negative growth as expected

- On April 26, VNM hosted an AGM presentation briefing for the upcoming business expansion plan. Key issues covered were the 2022F guidance and their long-term outlook.

Conservative 2022F guidance

- VNM sets conservative FY2022F guidance of VND64,070bn revenue, +5% yoy and VND9,720bn NPATMI, -7.7% yoy. The negative profit growth rate implies that gross margin will be hit in 2022F.
- Per VNM, the earnings of dairy companies will be impacted by the rising in prices of input raw milk and sugar in 2022F.
- VNM targets the premium product segment in 2022-26F strategic business direction. Besides, the company will focus on digital marketing and online retail channel.
- VNM does not plan to buy treasury shares although the stock price is underperformed.
- Per management, VNM closed prices of input raw milk by August 2022F and will not increase selling prices for the rest of 2022.
- Shareholders approved FY2021 cash dividend at 38.5% at par, equivalent to 76% of NPAT, and FY2022 dividend plan with 38.5% at par cash dividend, equivalent to 83% payout ratio.
- AGM elected a new board of directors for 2022-2026. Ms. Le Thi Bang Tam, the current chairwoman, is replaced by Mr. Nguyen Hanh Phuc, an independent candidate with extensive experience in state management.

12M rating **HOLD (Maintain)**

12M TP **83,900**

Up/Downside **+19%** (incl 38.5% cash dividend)

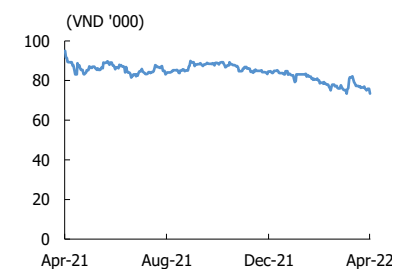
Stock Data

VNIndex (25 Apr, pt)	1,311
Stock price (25 Apr, VND)	73,500
Market cap (USD mn)	6,689
Shares outstanding (mn)	2,090
52-Week high/low (VND)	91,678/73,400
6M avg. daily turnover (USD mn)	9.23
Free float / Foreign ownership (%)	35.2/54.3
Major shareholders (%)	
SCIC	36.0
F&N	17.7
Platinum Victory	10.6

Performance

	1M	6M	12M
Absolute (%)	(2.3)	(16.6)	(19.8)
Relative to VNIndex (%p)	10.2	(11.2)	(28.9)

Stock price trend



Source: Bloomberg

	2019A	2020A	2021A	2022F	2023F
Sales (VND bn)	56,318	59,636	60,919	65,762	71,517
chg. (% YoY)	7.1	5.9	2.2	7.9	8.8
Operating profit (VND bn)	12,182	12,263	11,760	12,722	14,977
Net profit (VND bn)	10,581	11,099	10,532	10,946	12,603
EPS (VND)	5,426	4,736	4,559	4,686	5,396
chg. (% YoY)	(21.7)	(12.7)	(3.7)	2.8	15.1
EBITDA (VND bn)	14,131	14,472	13,882	10,535	12,726
PE (x)	13.5	15.5	16.1	15.4	13.4
EV/EBITDA (x)	2.6	2.6	2.6	2.6	2.6
PB (x)	4.3	4.6	4.3	3.9	3.6
ROE (%)	37.7	35.5	30.6	30.1	31.8
Dividend yield (%)	6.1	5.2	5.0	5.3	6.1

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

Hoang Phung

Hoang.pm@kisvn.vn

Reiterate HOLD with unchanged TP

- We maintain a HOLD rating with TP VND83,900 underpinned by a sluggish outlook in 2022F-23F. We keep our forecast with a VND65.7tn revenue, +7.9% yoy, and a VND10.9tn NPATMI, +3.9% yoy, EPS could reach VND4,686 in 2022F, implying a 12MF PE of 15.4x.

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Prepared by: Hoang Phung

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