

6 Nov 2020

Vinamilk (VNM)

The Central flood to impact on 4Q20 revenue

Optimistic revenue growth of products beneficial to human resistance

- On Nov 06, Vinamilk held 3Q20 online analyst meeting to update more details about Vinamilk's business results.
- In 3Q20, Vinamilk saw optimistic revenue growth of dairy products beneficial to human resistance such as yogurt product lines.
- Per Vinamilk, modern trade channel maintained revenue growth driver while general trade still contributed largest revenue for Vinamilk in 9M20.
- Vinamilk's domestic market share was flat in 3Q20, compared to that of 2Q20.

Revenue growth to face more challenges in 4Q20

- Due to the negative impact of pandemic, export revenue to the U.S. plunged in 9M20. In 4Q20, Vinamilk concerned that pandemic's wider spread will continue to impact on Vinamilk's export markets, especially export revenue to the U.S. market. On the contrary, export revenue to Asian markets can reach positive growth thanks to better pandemic control.
- Vinamilk has received export license for condensed milk, yogurt, fresh milk. However, revenue contribution of milk export to China has remained low as Vinamilk has not boosted export revenue to this market in 2020.
- Furthermore, severe flood will undermine dairy demand in the Central, which contributes nearly 10% to Vinamilk's domestic revenue. Thanks to three milk processing factories located in all three country regions, Vinamilk's supply chain will not be affected by flood in the Central.

	2017A	2018A	2019A	2020F	2021F
Sales (VND bn)	51,041	52,562	56,318	60,747	65,274
chg. (% YoY)	9.1	3.0	7.1	7.9	7.5
Operating profit (VND bn)	11,430	11,212	12,182	12,498	12,877
Net profit (VND bn)	10,296	10,227	10,581	10,899	11,354
EPS (VND)	6,355	5,295	5,478	5,634	5,869
chg. (% YoY)	9.0	(16.7)	3.5	2.8	4.2
EBITDA (VND bn)	12,730	12,839	14,131	14,651	15,237
PE (x)	17.1	20.5	19.9	19.3	18.5
EV/EBITDA (x)	14.1	14.1	12.9	12.2	11.5
PB (x)	6.8	7.3	6.9	6.2	5.6
ROE (%)	45.2	41.6	39.7	37.7	35.5
Dividend yield (%)	4.6	4.1	3.7	3.7	3.7

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

12M rating **Hold (Maintain)**

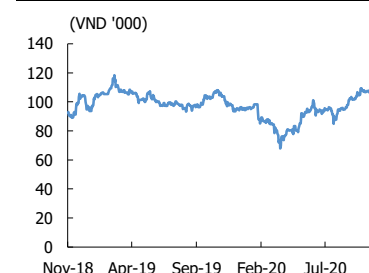
Stock Data

VNIndex (06 Nov, pt)	938
Stock price (06 Nov, VND)	108,800
Market cap (USD mn)	9,809
Shares outstanding (mn)	2,090
52-Week high/low (VND)	110,500/67,775
6M avg. daily turnover (USD mn)	6.81
Free float / Foreign ownership (%)	35.2/58.0
Major shareholders (%)	
SCIC	36.0
F&N	17.7
Platinum Victory	10.6

Performance

	1M	6M	12M
Absolute (%)	1.7	32.3	4.1
Relative to VNIndex (%p)	(0.9)	11.1	10.8

Stock price trend



Source: Bloomberg

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