

## Viet Nam Dairy Products JSC (HOSE: VNM)

### Attractive valuation for future earnings growth

- In 4Q24, net profit (NP) was down 8.7% yoy mainly driven by the increasing milk power price. In 2024, NP rose 5.8% yoy to VND9,392bn, completing 94% our previous forecast.
- We expect NP to increase 6%/6% yoy in 2025F-26F thanks to the better recovery of the domestic and the foreign market keeps the double-digit growth.
- We recommend **ADD** for VNM with a target price of 77,500 VND/share.

#### In 4Q24, net profit decreased 8.7% yoy mainly driven by the impact of the raw material price

In 4Q24, the domestic revenue was down 2% yoy, mainly driven by the decrease in MCM (Moc Chau Milk). Besides, the export revenue increased 4% yoy, thanks to the great improvements of the subsidiary branches (+12% yoy), when the key export markets decreased 4% yoy. Gross margin was down 1.1% pts, reached 40.1% due to the higher milk powder price, especially whole milk powder price (+9% yoy, based on 3Q24's price). As a result, 4Q24 net profit decreased 9% yoy, reaching VND2,124bn. 2024 NP achieved VND9,392bn (+6%yoy), completing 94% our previous forecast as the dairy demand was lower than our expectation.

#### The net profit may rise 6%/6% yoy in 2025F-26F

As (1) the volume is estimate to grow 1%/2% yoy, (2) the product selling price increase 4%/2% yoy, we expect VNM domestic revenue may grow 6.1%/5.4% yoy in 2025F-26F. Besides, the foreign revenue may rise 10.9%/11.5% yoy mainly driven by double-digit growth of Angkor Milk and Driftwood. Gross margin may reach 41.1% (-0.3% pts yoy) 2025F and remain stable in 2026F. As a result, we forecast net profit to grow 6%/6% in 2025F-26F

#### Recommend ADD with a target price of 77,500 vnd/share

Our new TP is 3% lower than the previous one (update in 08/24) due to downward adjustments in EPS forecast for 2025-26F by 5%/5%, based on the projected increase in raw material prices and lower domestic dairy demand. However, due to strong net selling pressure from foreign investors, VNM's stock price has declined to an attractive level, with a trailing P/E of 13.4, which is 16% lower than the 3-year average (16.0), while net profit is on the recovery trend (NP CAGR of 6.0% in 2025-26F). Therefore, this is a reasonable period to invest in a company with stable growth and solid financial position. Downside risks include: (1) The lower market share than we expect, (2) The lower growth of consumption demand, (3) WMP prices have surged due to leak of supply.

Financial indicators	2023	2024	2025F	2026F
Net revenue	60,369	61,782	65,542	69,100
Net profit	8,874	9,374	9,952	10,568
Net revenue (yoy)	0.7%	2.3%	6.1%	5.4%
Net profit (yoy)	4.2%	5.6%	6.2%	6.2%
Gross margin	40.7%	41.4%	41.1%	41.1%
EBITDA margin	20.4%	20.6%	19.9%	20.0%
ROAE	26.2%	26.3%	27.7%	29.2%
ROAA	17.5%	17.4%	18.0%	18.9%
EPS (VND/share)	4,246	4,486	4,762	5,057
BVPS (VND/share)	16,761	17,311	17,541	17,694

Source: VNM, MBS Research forecasted

**ADD**

Target price

VND77,500

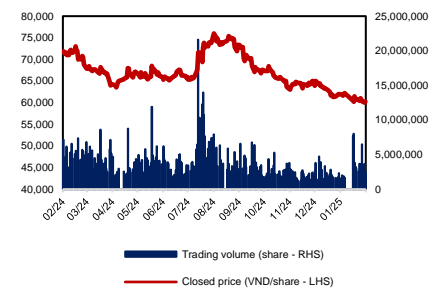
Upside

28.5%

#### Major changes:

Downward adjustments in EPS forecast for 2025-26F by 5%/5%

#### Information



Source: Fiiopro, MBS Research

Market price (VND)	60,300
High 52w (VND)	73,000
Low 52w (VND)	60,000
Market cap (VNDbn)	126,024
P/E (TTM)	14.1
P/B	3.5
Dividend yield (%)	6.5
Foreign ownership ratio (%)	50.5

Source: <https://s24.mbs.com.vn/>

#### Ownership structure

State Capital Investment Corp	36.0
F&N Dairy Investments Pte Ltd	17.7
Platinum Victory Pte. Ltd	10.6
Others	35.7

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# Viet Nam Dairy Products Joint Stock Company

## Investment thesis & Valuation

### Investment thesis

- A leading dairy company in Vietnam with total 43% of the domestic market share, had an explosive re-launch event in 2023, marking a renew strategic towards the new generation of consumers in Vietnam. VNM has a solid financial position, with an ROE of 26%, higher than the average of dairy companies in the region (~15%).
- We see that VNM regained the domestic market share in 2024, which helps the domestic revenue rise 6%/5% in 2025F-26F in the recovery trend of dairy market in Vietnam, especially in yogurt, condensed milk and probiotics. Besides, the foreign market continues to experience double-digit growth in 2025F/26F, combined with a stable gross margin may drive the net profit growth 6%/6% yoy in 2025F/26F.
- VNM has the good solid dividend yield, dividend payout ratio maintains about 80% in recently 5 year, equivalent about to 3,900 VND/share, the dividend yield is 6.5%.

### Valuation

We recommend an **ADD** rating for VNM. Our 1-year target price of VND77,500 is based on an equal combination of DCF and P/E multiple (28.5% upside, not including 6.5% dividend yield):

- 10-year DCF valuation (WACC: 8.9%; COE: 9.3%, LTG: 1%) to reflect our conservative view on VNM's growth.
- VNM has the attractive multiple when P/E down to 13.4 and the net profit is on the recovery trend. Our P/E target is 17.0 higher than the average P/E in 2022-24 (16x) to reflect (1) the CAGR of NP in 2025F-26F (6.2%) is better than 2022-24 period (3.2%), (2) the dairy market in Vietnam may rise 4% in 2025-26F (according to Euromonitor), higher than the 2022-24 period.

Figure 1: The net profit growth and P/E

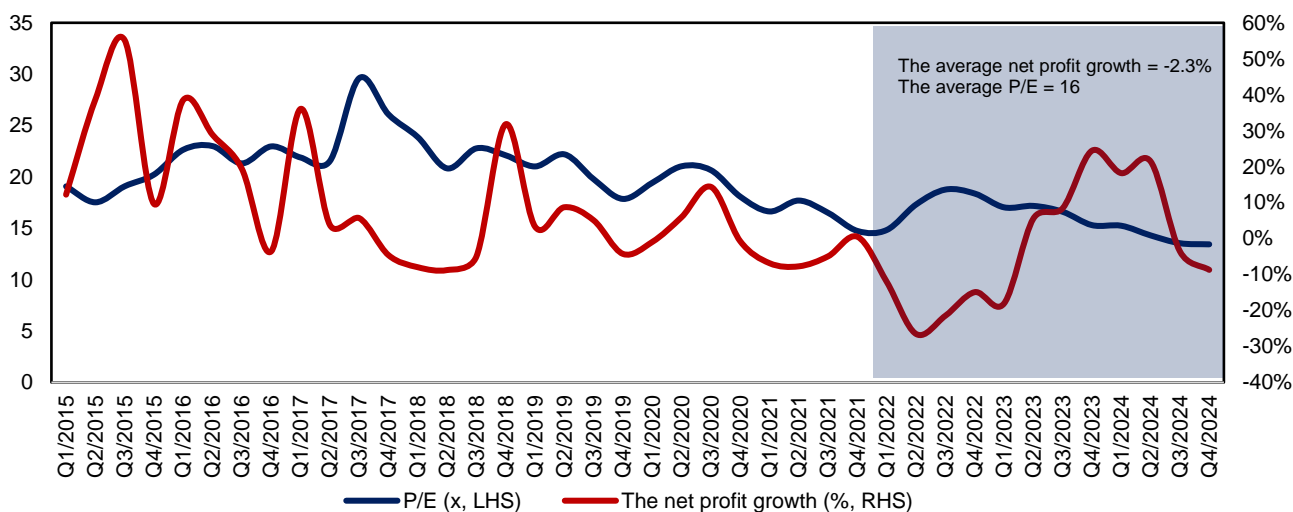


Figure 2: Valuation method summary

Method	Weight	Price (VND/share)
FCFF	50%	39,846
P/E	50%	37,626
<b>Target price</b>		<b>77,500</b>
Current price (18/02/2024)		60,300
<b>Upside</b>		<b>28.5%</b>

Source: MBS Research forecasted

Figure 3: Projected DCF

	2025	2026	2027	2028	///	2034
EBIT	10,965	11,672	12,427	13,240		19,675
Add: Depreciation	1,841	1,901	1,971	2,040		2,531
Less: Capital expenditure	(1,941)	(2,047)	(2,153)	(2,265)		(3,122)
Changes in Working Capital	(322)	(116)	(156)	(166)		(247)
Free Cash Flow (FCF)	10,543	11,411	12,089	12,848		18,837
Less: Taxes Paid	(2,279)	(2,420)	(2,551)	(2,715)		(4,003)
Free Cash Flows to Firm	8,264	8,991	9,537	10,134		14,834
Terminal Value						190,185
PV of FCFF	7,585	7,575	7,375	7,193		6,297
PV of Terminal Value						80,733

Figure 4: FCFF valuation

FCFF valuation		
(+) PV of FCFF for the 25-34F period	VNDbn	69,587
(+) PV of terminal value		80,733
<b>Enterprise value</b>		<b>150,320</b>
(+) Cash & equivalents		25,486
(-) Debt		-9,273
<b>Equity value</b>		<b>166,533</b>
Number of shares outstanding	Million shares	2,090
Implied share price	<b>VND/share</b>	<b>79,692</b>

Source: VNM, MBS Research forecasted

WACC and long term growth

Long term growth	1.0%
Beta	0.7
Market Risk Premium	9.0%
Risk Free Rate	3.0%
Cost of Equity	9.3%
Cost of Debt	6.0%
Corporate Tax Rate	20.0%
<b>WACC</b>	<b>8.9%</b>

Source: VNM, MBS Research forecasted

Figure 5: Peer comparison

Company	BBG code	Marketcap (mnUSD)	P/E(x)		P/B(x)		ROA(%)		ROE(%)		
			2025	2026	2025	2026	2025	2026	2025	2026	
Inner Mongolia Yili Industrial Group Co Ltd	600887 CH	24,491	15.7	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
China Mengniu Dairy Co Ltd	2319 HK	7,291	12.5	n/a	1.3	n/a	4.5	n/a	10.3	n/a	n/a
Bright Dairy & Food Co Ltd	600597 CH	1,537	13.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fraser & Neave Holdings Bhd	FNH MK	2,187	17.2	16.2	2.5	2.3	10.4	10.3	15.1	14.9	
Yakult Honsha Co Ltd	2267 JT	6,319	17.5	17.2	1.5	1.5	7.6	7.5	9.0	8.7	
Average			15.2	16.7	1.9	1.9	7.5	8.9	11.5	11.8	
<b>Viet Nam Dairy Products Joint Stock Company</b>		<b>5,467</b>	<b>12.6</b>	<b>11.9</b>	<b>3.5</b>	<b>3.4</b>	<b>18.2</b>	<b>19.1</b>	<b>27.7</b>	<b>29.2</b>	

Source: Fiinpro, MBS Research

**Downside risks:**

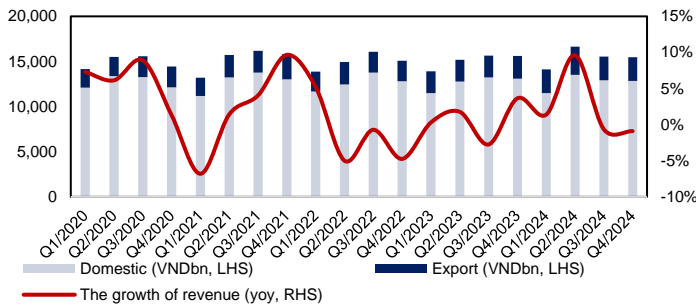
- The consumption demand of VNM is slower than expected due to a slow domestic recovery, especially the declining birth rate is impacting revenue from milk products for children aged 0-4 years.
- VNM has not been able to improve its domestic market share due to ineffective product promotion campaigns.
- The global price of whole milk powder may surge due to the leak of global supply or unexpected weather factors.

## In 4Q24, net profit decreased 9% yoy mainly driven by the impact of the raw material price

Figure 6: 4Q24 business results (VNDbn)

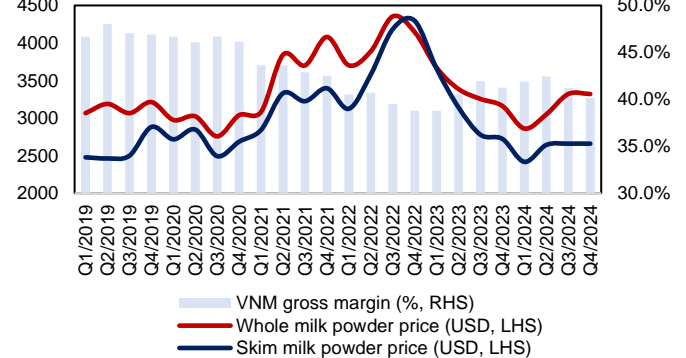
VNDbn	Q4/2024	qoq (%)	yoy (%)	2024	yoy (%)	%versus forecast	Comment
<b>Net revenue</b>	15,478	-0.4%	-0.9%	61,783	2.3%	97.3%	
Domestic	12,843	-0.7%	-1.8%	50,800	0.4%	97.1%	In 4Q24, domestic revenue decreased by 1.8% yoy mainly due to (1) Domestic net revenue stayed flat yoy, while the value in the last two months grew by 1.5% yoy mainly thank to the double-digit growth of condensed milk, yogurt and probiotic drink (2) The MCM's revenue decreased 6.5% yoy due to the lower demand
Export	2,635	1.0%	4.0%	10,983	12.6%	97.9%	In 4Q24, export revenue increased by 4.0% yoy, mainly due to: (1) The revenue of overseas subsidiaries rose by 12% yoy due to: (i) Driftwood successfully expanding its customer portfolio.(ii) Angkor Milk in Cambodia successfully extending both its product portfolio and customer portfolio.
Gross profit	6,210	-3.0%	-3.6%	25,590	4.3%	94.3%	
Gross margin	40.1%	-1.1pts%	-1.1pts%	41.4%	0.8pts%	96.3%	In 4Q24, the gross margin decreased by 1.1 percentage points YoY due to: (1) A 2% yoy decline in domestic revenue (which has a higher gross margin), (2) The average price of imported milk powder (WMP and SMP) rising by 5% yoy.
Sale expense	3,351	0.4%	-4.1%	13,358	2.6%	96.5%	
G&A expense	555	31.5%	10.0%	1,828	4.1%	99.2%	
% SG&A expense/revenue	25.2%	1.0pts%	-0.4pts%	24.6%	0.1pts%	98.3%	
Financial revenue	395	-8.3%	-8.0%	1,586	-7.6%	108.6%	In 4Q24, financial revenue decreased by 8% yoy, mainly due to a 82% yoy decline in cash and cash equivalents and a lower deposit interest rate yoy.
Financial expense	140	43.0%	17.9%	428	-14.9%	91.7%	In 4Q24, the financial expense increased by 18% yoy, mainly due to a 10% yoy increase in debt scale and a higher interest rate yoy.
Profit before tax	2,643	-10.1%	-7.3%	11,600	5.8%	93.9%	
Tax	497	-7.8%	-5.8%	2,147	10.2%	97.8%	
Net profit	2,124	-11.6%	-8.7%	9,392	5.8%	94.0%	In 4Q24, net profit declined by 8.7% yoy mainly driven by the lower gross margin (-1.1% pts yoy) and the decrease in domestic net revenue. The net profit of 2024 increased by 5.8% yoy thank to key highlights in 2024, including: (1) the share market of VNM improved about 1-1.5% pts yoy, making the domestic revenue flat, despite the dairy market in Vietnam decreasing 1% yoy, (2) the export revenue achieved double-digit growth, mainly support by Angkormilk and Driftwood. In 2024, NP completed 94% our previous forecast as (1) the dairy demand was lower than our expectation, (2) the raw material import price was higher than our expectation.

Figure 7: Revenue by segment (billion VND)



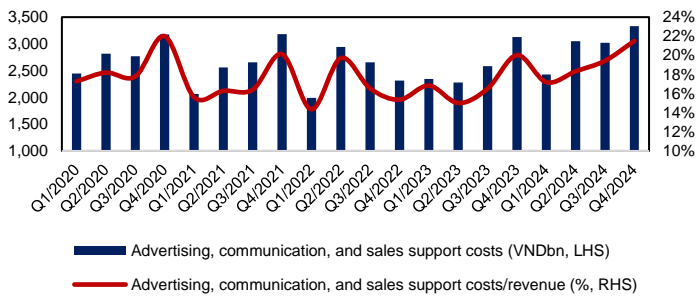
Source: VNM, MBS Research

Figure 8: The price of WMP, SMP (whole milk powder, skim milk powder) and the gross margin



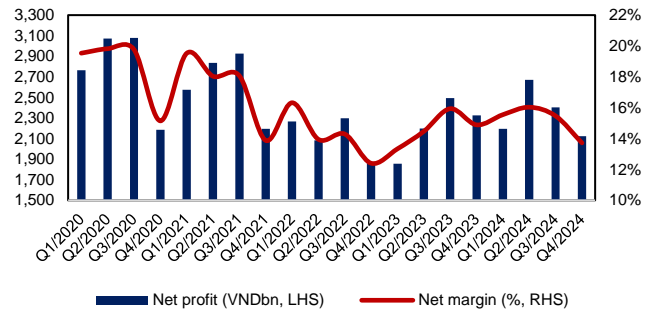
Source: VNM, MBS Research

Figure 9: Advertising, communication, and sales support costs/revenue reached 21.5% - higher than the average of 22-23



Source: VNM, MBS Research

Figure 10: Net profit and net margin



Source: VNM, MBS Research

**The recovery of domestic and the significant growth in foreign market may help net profit grow 6.2%/6.2% yoy in 2025F-26F**

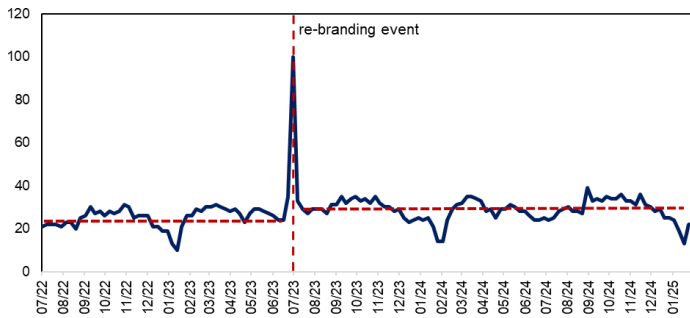
VNM may continue to gain 1-1.5% of the market share mainly due to re-branding event, which is the key driver to help domestic revenue rise 6%/5% yoy in 25F-26F

*The re-branding event helping VNM's market share gain 1-1.5% yoy*

The success of VNM is reflected in its brand recognition among customers across social media platforms. According to Google Trends, the average recognition level has reached 29, which is 16% higher than the pre-rebranding average. VNM's bold move has gone viral with a youthful, modern, and bold image that resonates well with the new generation of consumers. We believe that the success of VNM's 5-year plan will further enhance its brand recognition among consumers and support domestic revenue growth.

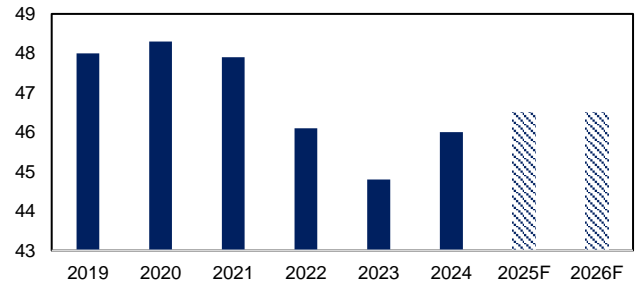
In the highly competitive dairy market, with both domestic and international rivals in the same segment, the innovation will allow VNM to stay creative and connect with consumers more easily. Additionally, the completion of its brand repositioning since July 2023 has enabled VNM to complete 100% of its existing product packaging changes, setting the stage for new product launches in 2025-2026

Figure 11: The organic searching of keyword “Vinamilk” in Google Trend rose 16% yoy after re-branding event



Source: Google trend, MBS Research estimated

Figure 12: VNM lost market share over the past two years but has regained 1-1.2% of market share following the re-branding event.

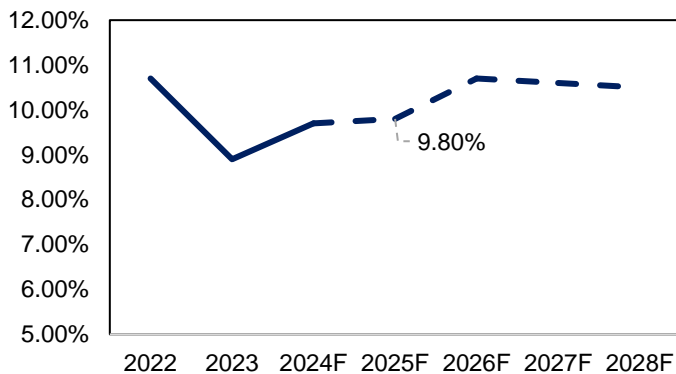


Source: VNM, BMI, MBS Research forecasted

*Domestic revenue may rise 6%/5% yoy in 2025F-26F*

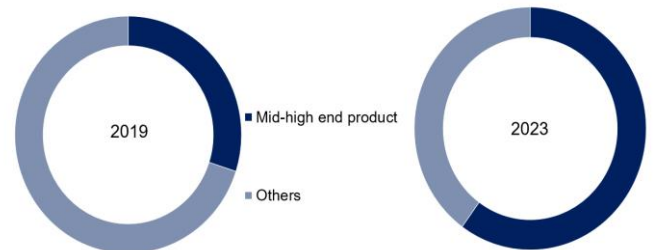
Vietnam dairy market may see a CAGR 4% in 2025F-2026F mainly due to (1) The household spending may rise 9.8%/10.7% yoy in 2025F-2026F mainly due to the significantly recovery in GDP, (2) The higher selling price when the higher scale of mid-price in mid-long term (less sugar, less fat, high protein, higher quality) thanks to the wellbeing and health consumer trending.

Figure 13: The household spending growth will increase strongly in 2025F base on the stronger growth GDP



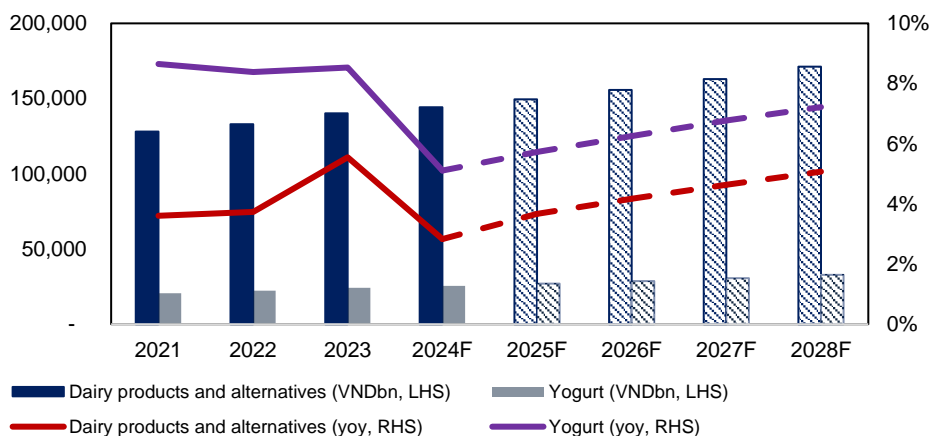
Source: VNM, MBS Research

Figure 14: The proportion of new products with characteristics such as high protein, low sugar, no sugar, pasteurized fresh milk, and higher nutritional value is higher compared to other products in 2023



Sources: TH True Milk, Vinamilk, MBS Research

Figure 15: Forecast the value of Vietnam dairy market in 2025F-26F

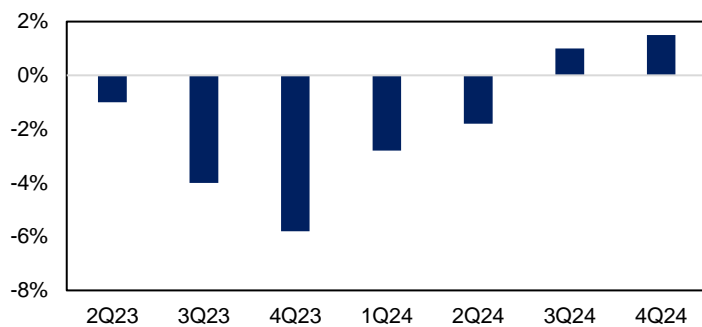


Source: VNM, MBS Research forecasted

With the support of re-branding event and the significant recovery in GDP, we expect domestic revenue to grow by 6% yoy in 2025F and see even stronger recovery in 2026, based on the following assumptions:

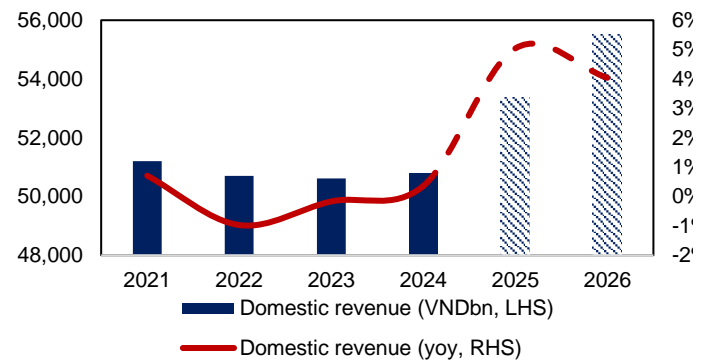
- The potential for product price increases following the brand repositioning will drive an average selling price (ASP) increase of 4% YoY in 2025F and a slight 2% yoy increase in 2026F
- The recovery of the domestic market, supported by the re-branding event, is expected to drive domestic sales volume growth of 1%/2% yoy from the low base of 2024 and 2025.

Figure 16: Vietnam dairy market is in the recovery phase (yoy)....



Source: VNM, MBS Research

Figure 17: ..We expect the better growth of domestic revenue in 2025F-26F



Sources: VNM, MBS Research

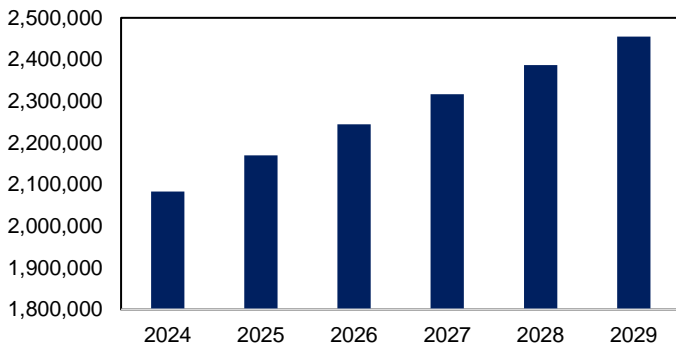
### Foreign revenue to edge up 10.9%/11.5% yoy in 2025F-26F

We observed that improvements in product quality are enabling VNM to continuously expand its export product portfolio. As a result, direct export revenue has maintained double-digit growth in 2024. VNM's condensed milk products are gradually gaining traction in international markets, and we expect them to shine further in 2025. Following the momentum of 2024, export net revenue may grow 9.9%/10.6% in 2025F-26F, respectively. This growth is driven by VNM's technological strengths and high product quality, which will continue to support the expansion of its product portfolio.

VNM's two overseas subsidiaries have consistently achieved double-digit growth due to (1) an expanding distribution network and (2) a diversified product portfolio. By the end of 2024, the overseas subsidiary segment revenue recorded a 12.9% yoy growth, reaching VND 5,319 bn. Moving 2025-26F, we expect these subsidiaries to maintain double-digit growth as:

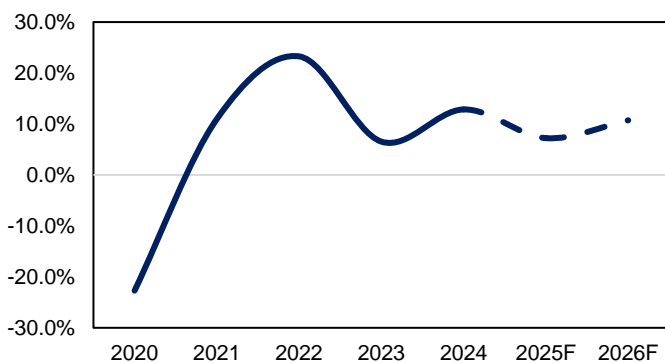
- The dairy market in Cambodia is projected to grow at a 5% CAGR in 2023-29F, driven by (1) a young population and (2) urbanization trends. **Angkor Milk** currently holds the highest market share in Cambodia at approximately 21% (according to Euromonitor) and has further growth potential in the med-long term as VNM expands the capacity of its Angkor Milk plant. Assuming no capacity expansion in 2025F, we estimate revenue growth of 16%/12% yoy in 2025F-26F, respectively, supported by an expanding product portfolio.
- **Driftwood** has maintained stable operations with an expanded customer base in 2024, leading to projected revenue growth of 12%/10% yoy in 2025F-26F

Figure 18: Market value of Cambodia (KHR million)



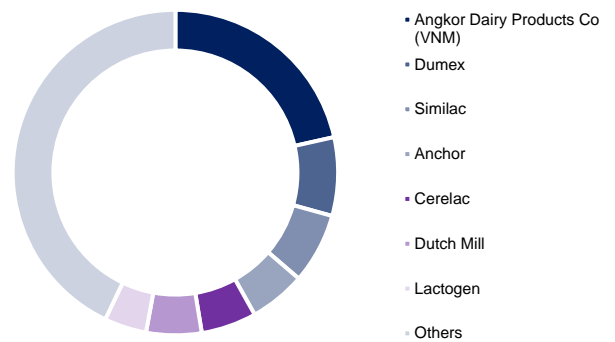
Sources: Euromonitor, MBS Research

Figure 20: The growth of overseas subsidiaries will decrease because of the end of Del Monte in 2025F and turn back in 2026F



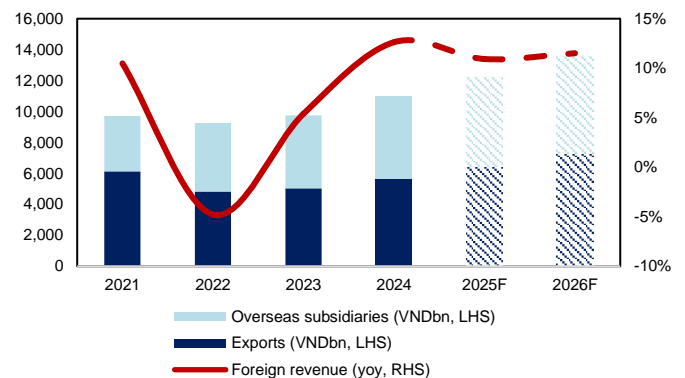
Source: VNM, MBS Research

Figure 19: Brand share in Cambodia



Sources: Euromonitor, MBS Research

Figure 21: Forecast the foreign revenue in 25F-26F



Source: VNM, MBS Research

**The gross profit may slightly decrease in 2025.**

The global whole milk powder price (WMP) and skim milk powder (SMP) price are forecasted to grow by 5%/1% yoy in 2025

We forecast that WMP prices will increase by 5% yoy, whereas SMP prices are expected to remain flat yoy as:

- For WMP, production is estimated to grow by 2.2%, driven by supply increases from New Zealand (+2.8% yoy) and Argentina (+16% yoy). The key advantages for New Zealand and Argentina include favorable weather conditions and rising import demand from Southeast Asian countries. According to Rabobank, China's milk supply declined by 0.5% yoy in 2024 and is expected to drop by 1.5% yoy in 2025 due to production costs being significantly higher than market selling prices. Consequently, China needs to import approximately 2% more dairy products to compensate for domestic supply shortages, with WMP imports estimated to grow by 6% yoy due to shifting dairy consumption trends. Given the favorable global WMP production outlook in 2025, we estimate that WMP prices will increase by around 5% yoy
- For SMP, global consumption demand is expected to continue declining in 2025, leading to an estimated 1.8% yoy decrease in SMP supply. As a result, we forecast SMP prices to remain flat yoy.



Figure 22: WMP Exports Summary for Major Exporters (1,000 tons)

	2023	2024	2025F	2025F yoy
Argentina	111	125	145	▲16%
Australia	38	50	40	▼20%
European Union	260	220	210	▼4.5%
New Zealand	1,366	1,410	1,450	▲2.8%
<b>Major Exporter Total</b>	<b>1,775</b>	<b>1,805</b>	<b>1,845</b>	<b>▲2.2%</b>

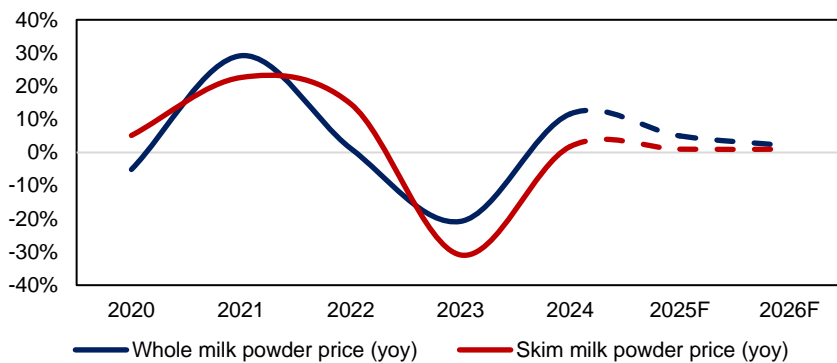
Figure 23: SMP Exports Summary for Major Exporters (1,000 tons)

	2023	2024	2025F	2025F yoy
Argentina	133	165	160	▼3%
Australia	775	710	710	—0%
European Union	451	450	425	▼5.6%
New Zealand	809	765	757	▼1.0%
<b>Major Exporter Total</b>	<b>2,168</b>	<b>2,090</b>	<b>2,052</b>	<b>▼1.8%</b>

Source: USDA, MBS Research

Source: USDA, MBS Research

Figure 24: Forecast the growth of WMP and SMP in 2025F-26F



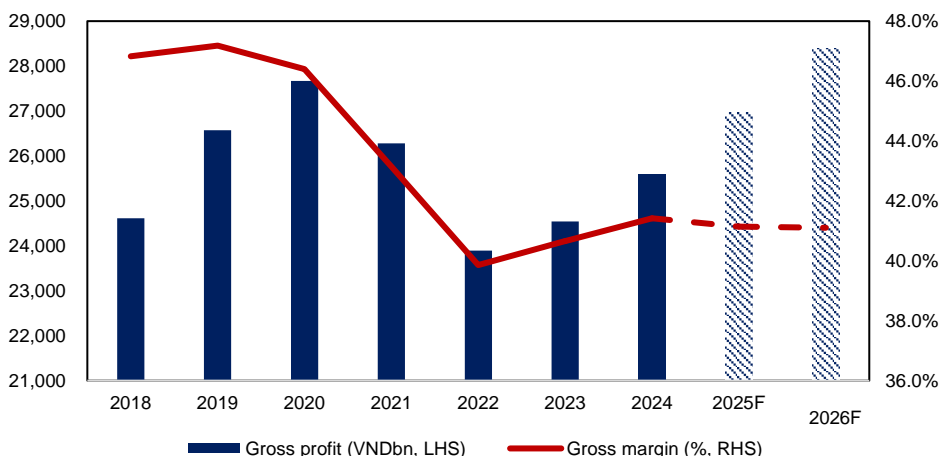
Source: VNM, MBS Research

The selling price increase partially offsets the rise in raw material costs, with the gross profit margin estimated to reach 41.1% in 2025/2026 (-0.3% pts vs 2024).

According to VNM's sharing, they have not implemented any price increases in the past 2-3 years. With raw material costs expected to rise again in 2025, we believe VNM has room to adjust prices to balance benefits for both the company and customers. The expansion of higher-end product lines, priced about 5% above the current average, combined with a general price increase across products, leads us to estimate a 4% yoy increase in domestic selling prices.

This price adjustment will help VNM mitigate the impact of rising imported raw material costs. As a result, we forecast a slight 0.3pts% decline in gross margin yoy, reaching 41.4% in 2025-26F.

Figure 25: VNM gross profit & gross margin in 2025F-26F



Source: VNM, MBS Research forecasted

## FY2025-26 earnings forecast revision

Figure 26: VNM's earnings forecast in FY2025-26

VNDbn	2024	2025F	yoy%	Δ%	2026F	yoy%	Δ%	Comments
<b>Net revenue</b>	61,782	65,542	6.1%	-2.3%	69,100	5.4%	-2.3%	The lower demand than our previous expectation, causing the actual volume decreased 3% in 2024, compared to our previous forecast (based on our estimate). We revise down 2.3% mainly due to the volume decreasing by 1%/1% in 2025F-26F compared to our previous forecast, as dairy demand is lower than our old expectation
Domestic	50,799	53,359	5.0%	-1.9%	55,515	4.0%	-1.9%	
Export	10,983	12,183	10.9%	-4.0%	13,585	11.5%	-4.0%	
Gross profit	25,590	26,965	5.4%	-5.4%	28,402	5.3%	-5.4%	
Gross margin	41.4%	41.1%	-0.3%	-3.2%	41.1%	0.0%	-3.2%	Revise down 3.2% as we revise up the milk powder price by more than 1% compared with the old forecast
Sale expense	13,375	14,099	5.4%	-3.6%	14,726	4.4%	-3.6%	Revise down 3.6% as we change the marketing, advertising expense is lower than our old forecast (-5%)
G&A expense	1,828	1,901	4.0%	1.2%	2,004	5.4%	1.2%	
% SG&A expense/revenue	24.6%	24.4%	-0.2%	-0.2%	24.2%	-0.2%	-0.2%	
Financial revenue	1,586	1,798	13.4%	26.1%	1,803	0.2%	26.1%	Revise up 26%/26% in 2025F-26F due to the scale of short-term investment higher than the old forecast (+16%)
Financial expense	428	498	16.3%	6.0%	449	-9.9%	6.0%	
Interest expense	279	385	37.7%	6.0%	329	-14.5%	6.0%	
Profit before tax	11,581	12,296	6.2%	-4.5%	13,056	6.2%	-4.5%	
Tax	2,147	2,279	6.2%	-0.3%	2,420	6.2%	-0.3%	
Net profit	9,374	9,952	6.2%	-4.5%	10,568	6.2%	-3.8%	In the new forecast, we have increased input price and lowered our expectations for dairy demand, leading us to revise down net profit. However, we still expect net profit to grow by 6%/6% in FY2025-26.

Source: VNM, MBS Research forecasted

## Financial statements

Income statement	2023	2024	2025	2026	Cash flow statement	2023	2024	2025	2026
Net revenue	60,369	61,782	65,542	69,100	Pre-tax profit	10,968	11,600	12,296	13,056
Cost of sales	(35,824)	(36,192)	(38,578)	(40,698)	Depreciation & amortization	2,546	2,341	1,775	1,839
Gross profit	24,545	25,590	26,965	28,402	Tax paid	(1,564)	(2,128)	(2,279)	(2,420)
Gen & admin expenses	(1,756)	(1,828)	(1,901)	(2,004)	Other adjustments	(273)	(861)	(2,491)	(1,053)
Selling expenses	(13,018)	(13,375)	(14,099)	(14,726)	Change in working capital	(2,808)	(1,053)	(322)	(116)
Operating profit	9,771	10,386	10,965	11,672	<b>Cash flow from operations</b>	<b>7,887</b>	<b>9,686</b>	<b>9,483</b>	<b>11,888</b>
Operating EBITDA	12,317	12,727	13,051	13,819	Capex	(1,580)	(1,742)	(1,941)	(2,047)
<b>EBIT</b>	<b>9,771</b>	<b>10,386</b>	<b>10,965</b>	<b>11,672</b>	Proceeds from assets sales	105	114	22	13
Interest income	1,716	1,586	1,798	1,803	<b>Cash flow from investing activities</b>	<b>(2,989)</b>	<b>(3,739)</b>	<b>90</b>	<b>(3,267)</b>
Financial expense	(503)	(428)	(498)	(449)	New share issuance	490	722	-	-
Net other income	64	6	(2)	(2)	Net borrowings	3,512	796	(1,136)	442
Income from associates	(81)	32	32	32	Other financing cash flow	-	-	-	-
<b>Pre-tax profit</b>	<b>10,968</b>	<b>11,581</b>	<b>12,296</b>	<b>13,056</b>	Dividends paid	(8,152)	(8,160)	(8,160)	(8,160)
Tax expense	(1,949)	(2,147)	(2,279)	(2,420)	<b>Cash flow from financing activities</b>	<b>(4,293)</b>	<b>(6,641)</b>	<b>(9,296)</b>	<b>(7,718)</b>
NPAT	9,019	9,435	10,016	10,636	Cash and equivalents at beginning	2,300	2,912	2,226	2,503
Minority interest	146	61	64	68	Total cash generated	612	(686)	277	903
<b>Net profit</b>	<b>8,874</b>	<b>9,374</b>	<b>9,952</b>	<b>10,568</b>	<b>Cash and equivalents at the end</b>	<b>2,912</b>	<b>2,226</b>	<b>2,503</b>	<b>3,406</b>
					<b>Key ratios</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Balance sheet</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	Net revenue growth	0.7%	2.3%	6.1%	5.4%
Cash and equivalents	2,912	2,226	2,503	3,406	EBITDA growth	4.0%	3.3%	2.5%	5.9%
Short term investments	20,137	23,260	21,858	23,045	EBIT growth	0.2%	6.3%	5.6%	6.4%
Accounts receivables	4,808	4,793	5,124	5,402	Pre-tax profit growth	4.5%	5.6%	6.2%	6.2%
Inventories	6,128	5,687	6,247	6,586	Net profit growth	4.2%	5.6%	6.2%	6.2%
Total current assets	35,936	37,554	37,645	40,456	EPS growth	4.9%	6.0%	6.2%	6.2%
Tangible fixed assets	11,689	11,520	10,607	9,968	Gross profit margin	40.7%	41.4%	41.1%	41.1%
Construction in progress	937	1,540	2,211	2,094	EBITDA margin	20.4%	20.6%	19.9%	20.0%
Property Investment	56	54	45	36	Net profit margin	14.7%	15.2%	15.2%	15.3%
Investments in subsidiaries	-	-	-	-	ROAE	26.2%	26.3%	27.7%	29.2%
Investments in associates	603	622	622	622	ROAA	17.5%	17.4%	18.2%	19.1%
Other long-term assets	902	902	957	1,009	Asset turnover ratio	1.2	1.1	1.2	1.2
Total long-term assets	16,737	17,495	16,679	15,905	Dividend payout ratio	91.9%	87.0%	82.0%	77.2%
<b>Total assets</b>	<b>52,673</b>	<b>55,049</b>	<b>54,324</b>	<b>56,361</b>	D/E	24.1%	25.6%	22.8%	23.4%
Short-term borrowings	8,218	9,115	7,971	8,404	Net debt to total equity	15.8%	19.5%	15.8%	14.1%
Trade accounts payable	3,806	3,874	4,110	4,333	Net debt to asset	10.5%	12.8%	10.4%	9.2%
Other payables	2,751	2,855	3,494	3,684	Interest coverage ratio	1.5	1.5	1.5	1.5
Total current liabilities	17,139	18,460	18,110	19,134	Days account receivable	29.1	28.3	28.5	28.5
Long-term borrowings	238	158	166	175	Days inventory	62.4	57.4	59.1	59.1
Other long-term payables	270	257	295	311	Days account payable	38.8	39.1	38.9	38.9
Total long-term liabilities	509	415	461	486	Current ratio	2.1	2.0	2.1	2.1
Total liabilities	<b>17,648</b>	<b>18,875</b>	<b>18,571</b>	<b>19,621</b>	Quick ratio	1.7	1.7	1.7	1.8
Common shares	20,900	20,900	20,900	20,900	Cash ratio	1.3	1.4	1.3	1.4
Share premium	34	34	34	34	<b>Valuation</b>				
Treasury shares	-	-	-	-	EPS (VND/share)	4,246	4,486	4,762	5,057
Undistributed earnings	3,926	3,471	3,337	3,700	BVPS (VND/share)	16,761	17,311	17,109	17,581
Investment and development	6,837	7,874	7,285	7,681	P/E (x)	18.8	14.1	13.3	12.5
Shareholders' equity	35,026	36,174	35,753	36,740	P/B (x)	4.8	3.7	3.7	3.6
Minority interest	-	-	-	-					
Total shareholders' equity	35,026	36,174	35,753	36,740					
Total liabilities & equity	<b>52,673</b>	<b>55,049</b>	<b>54,324</b>	<b>56,361</b>					

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## MBS RECOMMENDATION FRAMEWORK

### Stock Ratings

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

**Add** The stock's total return is expected to reach 15% or higher over the next 12 months

**Hold** The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.

**Reduce** The stock's total return is expected to fall below negative 10% over the next 12 months.

### Segment Ratings

**Positive** Stocks in the segment have, on a market cap-weighted basis, a positive absolute recommendation

**Neutral** Stocks in the segment have, on a market cap-weighted basis, a neutral absolute recommendation.

**Negative** Stocks in the segment have, on a market cap-weighted basis, a negative absolute recommendation.

## ABOUT MBS

Founded in May 2000 by the Military Commercial Joint Stock Bank (MB), MB Securities Joint Stock Company (MBS) is one of the first six securities companies in Vietnam. After years of development, MBS has grown into one of the premier brokerage houses in the country. In two consecutive years between 2009 and 2010, MBS leads the brokerage house in terms of market share on both Hanoi Stock Exchange (HNX) and HCMC Stock Exchange (HOSE) and continuously ranked among the Top 5 of market share at both stock exchanges.

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