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Company Update

Recommendation	**BUY**
	HSX: VNM
	Food & Beverage
Target price (VND)	**74,700**
Current price (VND)	**52,500**
Expected share price return	42.3%
Expected dividend yield	8.3%
Expected total return	**50.6%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-7.7	-4.7	-12.9	-8.8
Relative	-2.2	-0.4	-5.6	-10.4

Source: Bloomberg

Price-Volume



Ownership

SCIC	36.0%
F&N Dairy Inv. Pte Ltd	22.3%
F&n Bev Manufacturing Pte. Ltd.	2.7%

Stock Statistics	**Nov 25, 2026**
Bloomberg code	**VNM VN**
52-week range (VND)	51,100 - 69,050
Shares O/S (m)	2,090
Mkt cap (VND bn)	109,723
Mkt cap (USD m)	4,222
Foreign room left (%)	50.3
Est. free float (m)	40.0
3m avg daily vol (shrs)	2,300,090
VND/USD	25,990
Index: VNIndex / HNX	1,687.4/ 227.4

VIETNAM DAIRY PRODUCTS JSC (VNM VN)

3Q2026 growth normalized following the 1H base-effect boost, though earnings stayed strong YoY on contribution from financial profit and a turnaround at associates & JVs. We expect 2027 revenue and earnings growth to moderate to 7% and 5.2% YoY without the base-effect support while rising material costs may weigh further on profit. Move our target price by YE2027 at VND74,700/share, suggesting a total return of 50.6%. Rating BUY.

Net revenue and EAT growth cooled to 8.7% and 18.0% YoY, respectively, in 3Q2026, following a strong 1H (+17.8% and +38.4%). The earnings trajectory continued to outpace sales growth, bringing 9M2026 EAT to VND8,605bn (+30.6% YoY) on net revenue of VND53,461bn (+14.5% YoY).

Domestic sales normalized but retained decent growth at 8.8% YoY in 3Q2026. Growth was fueled by higher average selling prices, premiumization initiatives, alongside continued benefits of earlier rebranding efforts. Improved visibility through expansion of retail network could also support albeit limited top and bottom-line contribution. After surpassing 1,000 retail stores, VNM now seems to entering a new phase of retail development, shifting toward selective expansion to optimize store productivity, in tandem with piloting non-dairy categories. The strategy also aims to position retail as a complementary channel to, rather than a competitor with, its established major channels (i.e. general trade and modern trade).

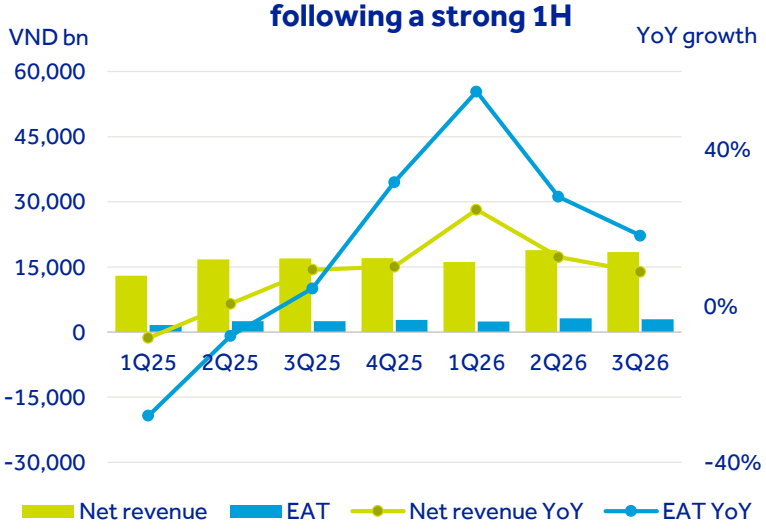
Early signs of rebound in overseas revenue in October. Overseas sales decelerated to 8.3% YoY in 3Q2026 vs. 39.1% YoY in 1H2026. While management expects this slowdown to be temporary and noted a pickup in October, a sustained recovery remains to be seen. The Middle East is still the key market with expansion ongoing; however, transportation disruptions and higher logistics costs could remain swing factors for performance in the region. Beyond its conventional markets, VNM also noted positive growth from diversification to others destinations such as Cambodia, South Korea, Japan, Canada and the US, though the pace at which these markets can scale remains worth monitoring.

Rising input costs challenge earnings growth, partly offset by non-core gains. Strong EAT in 3Q was powered by a 47% YoY increase in financial profit and a turnaround in contributions from associates & JVs, which turned profit from a loss YoY. However, operating margins faced some squeezes, with SG&A-to-revenue and gross margin both weighing slightly on performance. Although gross margin was almost flat YoY, it shrank sequentially to 41.4% in 3Q2026 from 43.5% in 2Q and 42.7% in 1Q amid rising input material costs.

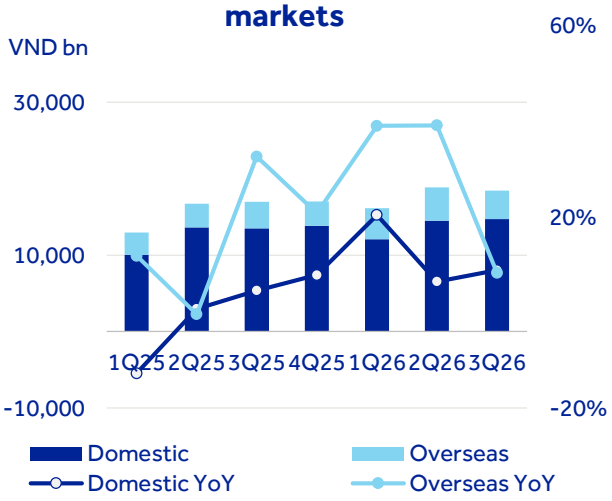
We project the company's net revenue at VND77,145bn (+7%YoY) and EAT at VND12,008bn (+5.2% YoY) for 2027. Renovation efforts are expected to sustain the business refreshment momentum beyond its 50th anniversary in 2026; nevertheless, an outlook of double-digit growth is not projected. Meanwhile, rising material costs could constrain earnings growth although the company has proactively secured supplies of certain materials for the coming months. The stock is trading at TTM P/E of 10.8x and 2027F P/E of 10.2x, lower than the 3-year -2SD level (11.3x) and the 3-year median (15.3x).

	2024	2025	2026F	2027F	2028F
Net Sales (VNDbn)	61,783	63,646	72,074	77,145	83,405
Growth	*2.3%*	*3.0%*	*13.2%*	*7.0%*	*8.1%*
EAT (VNDbn)	9,453	9,414	11,419	12,008	13,108
Growth	*4.8%*	*-0.4%*	*21.3%*	*5.2%*	*9.2%*
EPS (bonus-adjusted, VND)	4,030	4,040	4,877	5,129	5,601
Growth	*6.0%*	*0.3%*	*20.7%*	*5.2%*	*9.2%*
ROE	29.4%	29.9%	35.7%	34.7%	34.5%
PER (times)	13.0	13.0	10.8	10.2	9.4
DPS (VND)	4,350	4,350	4,350	4,350	4,350
Dividend yield	8.3%	8.3%	8.3%	8.3%	8.3%

Net revenue and EAT growth normalized following a strong 1H



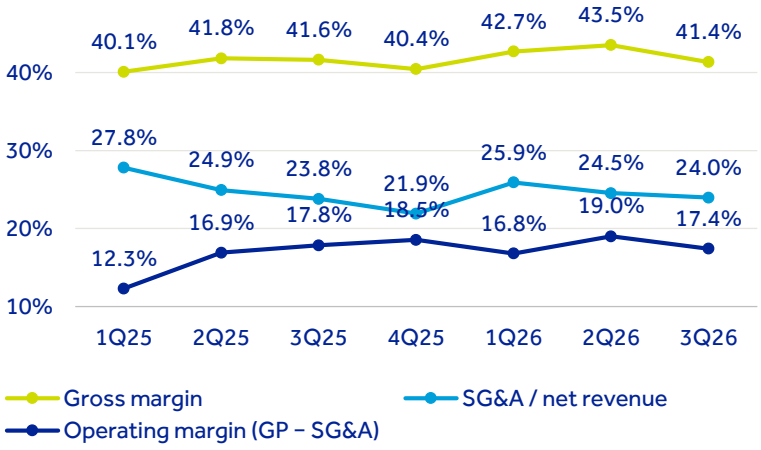
Revenue growth was driven by both domestic and overseas markets



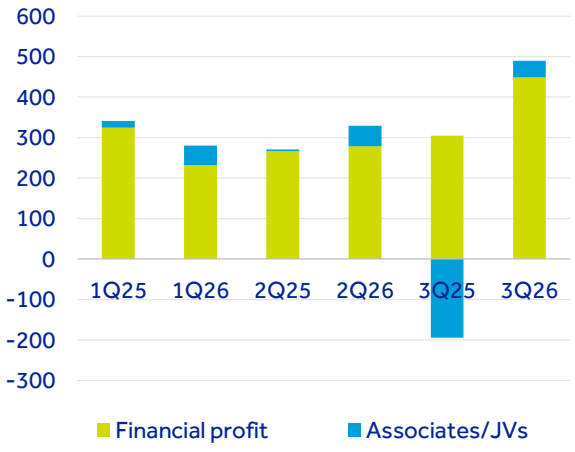
Source: VNM; ACBS collected

Revenue growth from both domestic and overseas markets eased in 3Q2026 from a strong 1H2026 with the absence of favorable base effect. The domestic market remains the key earner, growing 8.8% YoY, which is still ahead of its historical levels.

Some squeezes in operating profit margins YoY in 3Q2026...



...was offset by non-operating gains



Source: VNM; ACBS collected

3Q2026 EAT growth was powered by a 47% YoY increase in financial profit and associates and JVs' profit of VND41bn from a loss of VND194bn YoY. This offset the slight increase in the SG&A-to-revenue ratio (+0.2 ppt YoY; key expenses including promotion/sales supports, transportation and outsource services) and a narrower gross margin (-0.2 ppt YoY).

Forecast and Valuation

We project the company's net revenue at VND77,145bn (+7%YoY) and EAT at VND12,008bn (+5.2% YoY) for 2027. While growth normalizes from 2026 levels, the company is expected to be able to sustain its renewed growth trajectory, which marks some improvements from previously modest numbers. The momentum should not be seen just in the 50th-anniversary year but extend in subsequent years. Nevertheless, a

double-digit growth outlook may be challenging. Meanwhile, rising material costs could constrain earnings growth although the company has proactively secured supplies of certain materials in the coming months.

Combining the DCF and PER methods, our target price is VND74,700/share by YE2027.

VNM FINANCIALS MODEL	Price (VND):	52,500	Target (VND):	74,700	Mkt cap (VND bn):	109,723
(VND bn except where stated)	**2024**	**2025**	**2026F**	**2027F**	**2028F**
Total Net Sales	**61,783**	**63,646**	**72,074**	**77,145**	**83,405**
Sales growth (%)	*2.3%*	*3.0%*	*13.2%*	*7.0%*	*8.1%*
CoGS ex-dep'n	34,251	35,488	39,654	43,377	46,669
Selling expenses	13,299	13,581	15,603	16,473	17,968
G&A expenses	1,487	1,551	1,694	1,838	2,010
Financial revenues (ex. interest income)	196	126	256	264	274
Financial expenses (ex. interest expense)	149	24	132	143	153
EBITDA	**12,793**	**13,129**	**15,247**	**15,579**	**16,879**
EBITDA margin (%)	*20.7%*	*20.6%*	*21.2%*	*20.2%*	*20.2%*
Depreciation	2,341	2,363	2,392	2,410	2,521
Operating profit	**10,452**	**10,766**	**12,855**	**13,169**	**14,358**
Operating profit margin (%)	*16.9%*	*16.9%*	*17.8%*	*17.1%*	*17.2%*
Other profits/losses	6	(10)	2	2	2
Profits/Losses from associates	32	(151)	193	205	216
Net interest expense	(1,111)	(1,045)	(1,091)	(1,497)	(1,664)
as % of avg net debt	*7.0%*	*6.6%*	*7.1%*	*8.7%*	*8.3%*
Interest cover (x)	*-9.4*	*-10.3*	*-11.8*	*-8.8*	*-8.6*
Tax	2,147	2,236	2,723	2,865	3,132
Effective tax rate (%)	*18.6%*	*18.9%*	*19.5%*	*19.5%*	*19.5%*
Minority interest	61	3	61	64	67
NPATMI	**9,392**	**9,410**	**11,359**	**11,945**	**13,042**
Cash earnings	11,733	11,773	13,751	14,354	15,562
Total number of shares	2,089,955,445	2,089,955,445	2,089,955,445	2,089,955,445	2,089,955,445
EPS (VND) (after treasury shares)	**4,030**	**4,040**	**4,877**	**5,129**	**5,601**
Bonus factor (x)	1.00	1.00	1.00	1.00	1.00
Adjusted EPS (VND)	**4,030**	**4,040**	**4,877**	**5,129**	**5,601**
EPS growth (%)	*6.0%*	*0.3%*	*20.7%*	*5.2%*	*9.2%*

KEY CASHFLOW AND BS ITEMS	2024	2025	2026F	2027F	2028F
Increase in working capital	-1,160	317	359	197	228
Capex	1,628	1,644	1,644	1,644	1,644
Change in investment in affiliates	20	-111	170	181	193
Other cashflow items	-1,050	-945	-998	-971	-985
Free cash flow	**10,196**	**8,978**	**10,580**	**11,360**	**12,513**
Share issues	-	-	-	-	-
Dividends paid	8,046	11,265	9,091	9,091	9,091
Increase in net debt	-2,150	2,286	-1,489	-2,269	-3,421
Net debt, end of year	**-16,892**	**-14,606**	**-16,095**	**-18,364**	**-21,785**
Shareholders' equity	**32,279**	**30,685**	**32,953**	**35,806**	**39,756**
BVPS (VND)	15,445	14,682	15,767	17,132	19,023
Net debt / equity (%)	*-52.3%*	*-47.6%*	*-48.8%*	*-51.3%*	*-54.8%*
Net debt / EBITDA (x)	*-1.3*	*-1.1*	*-1.1*	*-1.2*	*-1.3*
Total assets	**55,049**	**53,312**	**54,091**	**54,676**	**55,204**

KEY RETURN AND VALUATION RATIOS	2024	2025	2026F	2027F	2028F
ROE	*29.4%*	*29.9%*	*35.7%*	*34.7%*	*34.5%*
ROA	*18.7%*	*18.7%*	*22.8%*	*23.7%*	*25.6%*
ROIC	*52.6%*	*54.5%*	*63.7%*	*62.7%*	*66.1%*
WACC	*12.7%*	*12.7%*	*12.7%*	*12.7%*	*12.7%*
EVA	*39.9%*	*41.8%*	*50.9%*	*49.9%*	*53.4%*
PER (x)	*13.0*	*13.0*	*10.8*	*10.2*	*9.4*
EV/EBITDA (x)	*7.4*	*7.2*	*6.2*	*6.1*	*5.6*
EV/FCF (x)	*9.3*	*10.6*	*9.0*	*8.4*	*7.6*
PBR (x)	*3.4*	*3.6*	*3.3*	*3.1*	*2.8*
PSR (x)	*1.8*	*1.7*	*1.5*	*1.4*	*1.3*
EV/sales (x)	*1.5*	*1.5*	*1.3*	*1.2*	*1.1*
PEG (x, 3 yr prospective)	*1.5*	*1.5*	*0.9*	*1.3*	*1.1*
Dividend yield	*8.3%*	*8.3%*	*8.3%*	*8.3%*	*8.3%*

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OUR RECOMMENDATION SYSTEM

BUY: Expected prospective total return (including dividends) in VND will be 20% or more within 12 months
OUTPERFORM: Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months
NEUTRAL: Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months
UNDERPERFORM: Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months
SELL: Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

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