

## STOCK ANALYSIS: VNM



### I. NON FINANCIAL ANALYSIS

#### 1. High-Quality Products and Services

Michael Porter asserts that a successful business is one that offers distinctive products—those with superior features compared to competitors, delivering unique value to customers. This uniqueness allows the company to command premium pricing, maintain healthy profit margins, and enhance long-term business performance. In this context, Vinamilk (VNM) stands out as a prime example of a company executing a differentiation strategy through the following key elements:

##### 1.1. Technological Innovation in Products

One of the most compelling examples of Vinamilk's product differentiation strategy is its pioneering application of 6 HMO (Human Milk Oligosaccharides) technology in infant formula—a breakthrough in the Vietnamese market. While most competitors currently only offer products containing 5 HMOs (equivalent to about 48% of the HMO content found in breast milk), Vinamilk became the first company in Vietnam to successfully introduce 6 HMOs, accounting for up to 58% of total HMOs in breast milk—approaching the "golden standard" of maternal milk. To achieve this, Vinamilk strategically partnered with six leading global nutrition groups, including DSM (Switzerland), Chr Hansen (Denmark), and Beneo (Germany), to integrate cutting-edge scientific advancements into its products. This 6 HMO technology not only promotes a healthy gut microbiome—a foundation for children's immune systems—but is also complemented by essential nutrients such as probiotics BB-12™, LGG™, soluble fiber FOS/GOS, and high-alpha-lactalbumin whey protein. This pioneering move underscores Vinamilk's outstanding research and development (R&D) capabilities and reflects a strong commitment to delivering internationally standardized

nutritional solutions to Vietnamese children, thereby creating a sustainable competitive advantage over other industry players such as Nutifood and Abbott Vietnam.

In early 2024, Vinamilk further cemented its technological leadership by applying dual vacuum extraction technology combined with a stringent production process to create its Green Farm vacuum-sealed milk. This innovation marked a major industry shift, resulting in a premium fresh milk product of superior quality, recognized with numerous international awards for both quality and taste. The vacuum technology eliminates 50% of free oxygen radicals—a factor that affects milk flavor—thus preserving the original taste of fresh milk even after undergoing sterilization and pasteurization. Vinamilk spent nearly two years testing this process before introducing it into production. While dual vacuum technology is already common in cheese and powdered milk manufacturing, applying it to liquid milk posed a major challenge and had no precedent in Vietnam. This breakthrough has enabled Vinamilk to produce the highest-quality fresh milk, significantly boosting its competitiveness in the fresh milk segment, with widespread acclaim for both taste and quality.

Moreover, Vinamilk has extended its technological prowess to the adult fresh milk segment through the application of Swedish ultrafiltration technology in its Green Farm product line. The resulting Vinamilk Green Farm milk is high in protein, rich in calcium, low in fat, and lactose-free. This technology enables precise adjustment of milk components using physical membranes at the molecular level. As a result, the company produces high-protein fresh milk without adding whey protein and simultaneously removes lactose (reduced to less than 0.01%), while retaining the naturally sweet and refreshing flavor of pure fresh milk without the use of lactose-hydrolyzing enzymes.

These technological innovations not only reinforce Vinamilk's market leadership but also ensure a sustainable competitive edge.

## **1. 2. Complementary Services**

### **Supply and Delivery Services:**

Vinamilk has demonstrated effective and professional supply chain management, achieving a customer satisfaction rate of up to 97%. In the post-pandemic context, where many businesses still face difficulties in logistics management, Vinamilk's ability to maintain stable and timely distribution has provided a significant competitive edge. Currently, the company operates 13 factories and 13 distribution centers nationwide, serving approximately 250,000 retail outlets, ensuring that products are swiftly transported from farm to consumer. Tools such as Salesforce Automation, delivery tracking systems, and e-commerce platforms have been deployed to optimize operations, significantly enhancing efficiency. These measures help improve transportation and warehouse management, ensuring timeliness and synchronization in logistics and delivery.

### **Customer Relationship Policy:**

Vinamilk places strong emphasis on customer relationship management by building a comprehensive care system centered on customer satisfaction and trust.

**- Professional Customer Support:** Vinamilk maintains a dedicated and professional customer support team, ready to promptly and thoughtfully address customer inquiries. Communication channels such as phone, email, and the company website are consistently maintained to ensure accessibility and timely support.

- **Diverse Contact Channels:** Customers can choose from multiple methods to connect with Vinamilk, including phone, email, website, social media, and mobile applications. This diversity maximizes convenience, enabling customers to seek assistance in the manner most suitable to them.

- **Responsive and Efficient Handling:** Vinamilk excels in promptly addressing customer requests and complaints. Timely and effective resolution instills a sense of confidence and satisfaction among customers.

- **Product Quality and Return Policy:** Vinamilk guarantees product quality through clear and transparent return policies, ensuring customer rights are protected. This policy not only reflects the company's commitment to quality but also strengthens consumer trust in the brand.

### **1. 3. Marketing and Advertising**

Vinamilk has consistently innovated its marketing approach and consumer engagement strategies to enhance brand recognition and emotional connection with customers. Transitioning from traditional advertising models to a multi-touchpoint personalized approach, the company has implemented numerous creative campaigns. These include collaborations with celebrities, KOLs, and KOCs to reach younger audiences and large-scale product sampling campaigns — most notably, the free distribution of nearly 50,000 products at the Ben Thanh–Suoi Tien metro line. Vinamilk also established strategic partnerships with major hospitals such as Tam Anh and VNVC to conduct specialized nutrition programs for mothers, children, and patients. Experiential events like “Discover the Impossible – For a Green Vietnam” and eco-farm tours have further left a strong impression on consumers. Moreover, Vinamilk has digitalized its promotional programs, allowing customers to customize promotional rewards, thereby personalizing the consumption experience and strengthening brand loyalty.

### **1. 4. Supply Quality**

High-quality input materials form a critical foundation for Vinamilk's sustainable development strategy. The company currently operates 15 high-tech dairy farms and a chilled beef processing plant with a capacity of up to 10,000 tons. The total herd managed by Vinamilk and Mộc Châu Milk reaches approximately 130,000 cows.

Investments in large-scale, modern farming systems with stringent quality controls enable Vinamilk to secure stable and safe fresh milk supplies.

Vinamilk's raw fresh milk inputs meet high-quality standards thanks to farms managed according to international standards. In the past year, raw fresh milk procurement totaled over 227,000 tons.

Vinamilk's farms are gradually transitioning to sustainable agricultural practices based on the Global Smart Livestock Production (Global S.L.P.) standard. Eco-farms like Vinamilk Green Farm and Organic Farm are developed and operated in line with European standards, emphasizing circular agriculture, environmental friendliness, and animal welfare.

The company's raw milk quality control process is rigorous and modern. A highlight is the use of temperature monitoring devices (data loggers) on milk tankers transporting milk from farms to processing plants. This system ensures milk temperature remains stable below 4°C,

even during difficult transport conditions such as the Laos–Jagro to Nghe An dairy plant route. As a result, the quality of fresh milk is preserved consistently from the farm to the production line.

### 1. 5. Employee Competency and Capability

Vinamilk stands out not only for its advanced production technologies and efficient supply chain but also for its high-quality workforce, which is meticulously selected and professionally trained.

As of the end of 2024, the company employed nearly 10,000 staff members, maintaining a turnover rate lower than the market average—reflecting a stable and attractive working environment. The corporate culture, founded on the philosophy of "Constant Striving for Excellence," is built around 10 core competencies. Vinamilk has made significant investments in employee development, averaging 48.6 training hours per employee in 2024, underscoring the company's strong commitment to human capital enhancement.

Vinamilk was honored as the “Most Preferred Employer of 2024” by CareerViet thanks to its competitive benefits, inclusive workplace, and support for personal growth and innovation.

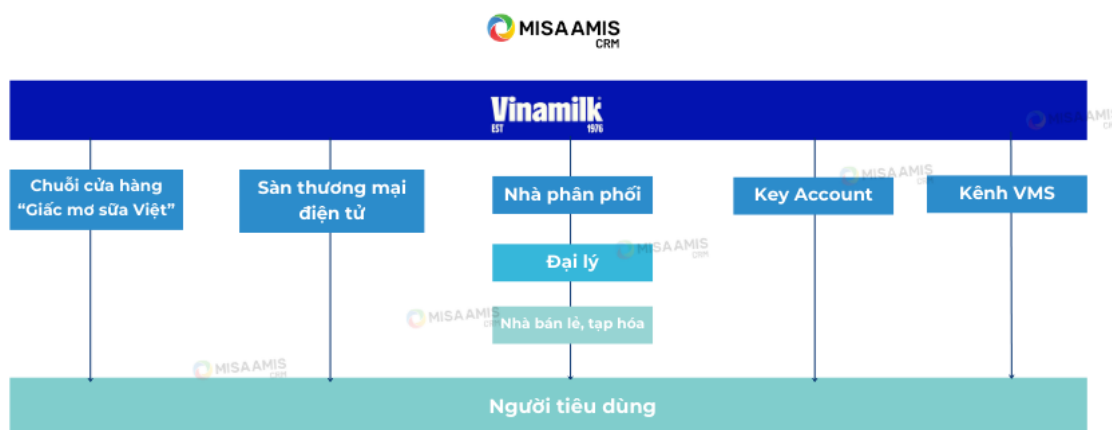
The company implements a rigorous recruitment process focused on selecting and developing highly qualified professionals. Notably, its 18-month Management Trainee (MT) program targets graduates with strong academic performance (minimum GPA of 7.5/10), with preference given to those with international qualifications, leadership experience, or notable extracurricular activities. Upon completion, trainees are eligible for mid-level management positions at Vinamilk.

Additionally, the company offers full scholarships for outstanding students to pursue advanced studies abroad (e.g., in Russia) in specialized fields such as dairy processing technology, veterinary medicine, and automation. This initiative aims to cultivate a dynamic, youthful team of technical experts.

Vinamilk’s recruitment and talent development policies are not only effective in attracting young, high-potential individuals but also ensure a workforce equipped with strong expertise, refined skill sets, and extensive experience. These strengths contribute to Vinamilk’s sustainable competitive advantage in the dairy and food industry in Vietnam.

### 1. 6. Distribution Channel Specifics

The distribution channel system of Vinamilk is scientifically and efficiently designed to ensure that the company’s products can reach every customer segment.



**MINH HỌA HỆ THỐNG PHÂN PHỐI CỦA VINAMILK**

Vinamilk boasts nearly 200,000 retail points nationwide and an accumulated export market presence spanning 63 countries/territories (an increase of 3 new countries compared to the same period in 2023). Vinamilk does not merely stop at building an extensive distribution network but continuously innovates and develops its distribution strategies to meet the increasingly diverse demands of consumers. The leading Vietnamese dairy brand adopts a focused distribution system strategy, comprising the following key points:

### **Development of Online Sales**

- **Vinamilk Official Website – an effective online sales channel:** Vinamilk has heavily invested in developing its website as an integrated e-commerce platform with full functionality: user-friendly interface, nutritional consultation, promotion updates, and convenient shopping support. The website attracts millions of visits per month and experienced significant growth during the Covid-19 period.

- **“Vinamilk” Shopping Application – personalized mobile experience:** Launched in 2019, this app enables consumers to easily shop, track orders in real-time, save favorite products, and receive exclusive offers. With over 1 million downloads and high user ratings, the app contributes significantly to the growth of online sales.

- **Partnerships with major e-commerce platforms – expanding the modern customer base:** Vinamilk collaborates with Shopee, Lazada, Tiki, and other leading e-commerce platforms to leverage their extensive reach, implementing flash sales and seasonal promotions. Consequently, the brand ranks among the top-selling dairy products online, especially attracting younger consumers and digital-savvy shoppers.

### **Expansion of Modern Retail Channels**

- **Cooperation with supermarkets and convenience store chains:** Vinamilk has established a strong distribution strategy by partnering with major supermarket chains such as Co.opmart, VinMart, Big C, and convenience stores like Circle K and Family Mart. This enables Vinamilk products to have widespread availability nationwide, especially in major cities such as Hanoi, Ho Chi Minh City, and Da Nang — where dairy consumption demand is high. The company also emphasizes product display locations at retail points and coordinates promotional campaigns to attract customers, thereby optimizing sales and enhancing brand recognition within modern retail channels.

- **“Vietnamese Milk Dream” Store System – a specialized direct distribution channel:** Vinamilk has developed a chain of specialized stores under the brand “Vietnamese Milk Dream,” with over 600 outlets nationwide. These stores are not only sales points but also nutrition consultation centers for customers. Consumers are supported by expert teams in selecting suitable products for each family member. Exclusive promotions and dedicated customer care services at these stores help strengthen consumer trust and loyalty towards the brand, simultaneously demonstrating Vinamilk’s commitment to improving community health.

Vinamilk's distribution process is meticulously developed to ensure that high-quality dairy products reach consumers promptly and safely. This process includes the following main steps:



**Production:** Vinamilk owns a large-scale system of factories and dairy farms, ensuring a fresh and clean supply of raw materials. Products are manufactured and packaged using advanced technology, meeting food safety standards.

**Storage:** Products are stored in modern cold warehouses, applying strict quality control systems, and only products that meet standards are distributed.

**Transportation:** Vinamilk utilizes specialized trucks and containers to ensure safe and swift delivery to retail points and distributors.

**Distributors and Retail Outlets:** With an extensive distribution network comprising over 220 distributors and 250,000 retail points nationwide, the distributors receive thorough training to ensure efficient distribution.

**Marketing and Sales:** The company invests heavily in brand promotion, sales incentives, and a professional sales force to enhance customer experience and drive revenue growth.

### 1. 7. Geographical Positioning

The geographical locations selected by Vinamilk for its headquarters, factories, farms, and distribution network provide significant strategic advantages, playing a crucial role in the company's success and competitive strength in the market. Vinamilk's headquarters is situated in Ho Chi Minh City — the largest economic center in the country — facilitating easy access to a dynamic consumer market, proximity to financial hubs, media, and international partners, while also enabling swift connectivity to southern provinces thanks to developed transportation infrastructure such as seaports, airports, and highways.

Vinamilk's factory system is evenly distributed across the three key regions of Northern, Central, and Southern Vietnam, creating favorable conditions to reduce transportation costs and enable rapid delivery to local markets. This distribution also allows flexible adjustments of production and distribution plans according to regional demand. Utilizing local labor sources helps lower labor costs and creates employment opportunities within communities, while also mitigating supply chain risks in case of natural disasters or epidemics affecting specific areas.

In addition, Vinamilk locates its dairy farms in regions with suitable climate and soil conditions such as Lam Dong and Tuyen Quang. These areas offer abundant natural feed resources and cool climates, which contribute positively to the health and productivity of the cattle herds. The farms meet international standards like Global GAP, thereby enhancing product quality and brand reputation.

Finally, Vinamilk's distribution network spans all 63 provinces and cities nationwide, allowing the company to comprehensively cover the entire market and reach a diverse customer base from urban to rural areas. As a result, Vinamilk not only builds a strong and close brand image with consumers but also enhances its competitive edge by quickly launching new products and timely responding to consumer demand.

### **1. 8. Corporate Integration Creates a Superior Ecosystem for Products**

Vinamilk has developed an outstanding closed-loop value chain, creating a sustainable ecosystem for its products. This value chain starts from input sources, including high-tech dairy farms directly owned and managed by Vinamilk, combined with the procurement of fresh milk from local farmers. The milk is then processed in modern factories into diverse products before being distributed through a nationwide network. Additionally, Vinamilk intensifies research and development (R&D), marketing, and sales activities to strengthen its market competitiveness.

A highlight of this integration strategy is the joint venture JVL (Viet Nhat Livestock Co., Ltd). In December 2024, Vinamilk and its partners officially launched the Vinabeef beef processing plant, with a capacity of 30,000 cattle per year (equivalent to 10,000 tons of beef). It is expected that in Q2 2025, a cattle farm near the factory will be operational, completing the closed-loop model of breeding – processing – distribution. This strategic step enables Vinamilk to expand into a new product category while diversifying its product ecosystem.

Moreover, Vinamilk is heavily investing in the Moc Chau dairy farm complex, consisting of a high-tech farm with a scale of 4,000 dairy cows integrated with an ecological tourism area and a modern milk processing factory located locally. This complex is projected to commence operation in Q4 2025, serving as a clear testament to Vinamilk's sustainable development orientation, linking agriculture – industry – and services.

Through comprehensive integration strategies, Vinamilk not only increases the value of its supply chain but also affirms its pioneering position in developing a diverse, safe, and modern agricultural-food product ecosystem in Vietnam.

### **1. 9. Large Scale Enables Unique Product or Service Deployment**

Vinamilk currently maintains a leading position in Vietnam's dairy industry, holding the number one market share for 12 consecutive years. Beyond domestic prominence, Vinamilk is the only Vietnamese dairy company listed in the 2024 Southeast Asia Fortune 500, affirming its influence and reputation in the regional market. This status empowers Vinamilk to proactively invest in research and development (R&D) and to apply advanced production technologies, thereby continuously innovating and enhancing product quality.

Furthermore, Vinamilk possesses strong financial capabilities, forming the foundation to execute numerous large-scale key projects. Notable examples include the Tay Ninh dairy factory, Tay Ninh 2 and 3 dairy farm complexes, Hung Yen dairy factory, and the Vinabeef cattle breeding and processing project. These initiatives not only expand production capacity but also help Vinamilk diversify its product portfolio, creating competitive advantages in both domestic and international markets.

Importantly, Vinamilk is the only dairy company honored as a National Brand for 16 consecutive years. This prestigious recognition not only evidences Vinamilk's quality and credibility but also facilitates the company in introducing innovative and unique products to consumers both domestically and abroad, while simultaneously enhancing customer trust and loyalty towards the brand.



## **2. Factors That Can Create Sustainable Competitive Advantages for Products**

### **2.1. Brand**

Vinamilk's brand possesses a strong reputation and a firmly established leading position in Vietnam's dairy industry, having been the most chosen brand by consumers for 12 consecutive years. Simultaneously, Vinamilk is the only company in the dairy sector honored as a National Brand for 16 consecutive years, reflecting superior product experience and outstanding customer satisfaction. Beyond standing out in the domestic market, Vinamilk has also asserted its position internationally by becoming one of the top 10 global brands holding prestigious certifications for quality, safety, and purity, such as the Clean Label Project, Purity Awards, and First 1,000 Day Promises. Additionally, Vinamilk is the only Vietnamese dairy enterprise featured in the 2024 Fortune 500 Southeast Asia list. These achievements demonstrate the profound trust customers place in Vinamilk's product quality.

Moreover, the brand repositioning strategy has significantly enhanced Vinamilk's image in the eyes of consumers, with the "innovation and creativity" index rising from 47% in 2022 to 74% in 2024. The packaging redesign for most products aligned with the new brand identity also contributed to building a consistent, modern, and more appealing image.

Vinamilk is also committed to delivering premium nutrition and top-quality products, exemplifying a high level of responsibility towards people and society. The company continuously strives to meet the highest global standards and remains steadfast in its uncompromising philosophy on quality. The consistent alignment of reputation, innovation, international standards, and quality commitment has established enduring consumer trust, encouraging customers not only to choose Vinamilk but also to willingly pay a premium price—because they believe every amount spent secures peace of mind, purity, and genuine health value.

### **2.2. Proprietary Technologies**

Vinamilk owns advanced and proprietary production technologies that create a distinctive competitive edge in Vietnam's dairy industry. The company pioneered the application of three new technologies introduced for the first time in the domestic market. First, the incorporation of six types of HMOs (Human Milk Oligosaccharides) into infant formula — a precious nutrient that optimizes children's immune and digestive systems. Second, the Swedish ultra-filtration technology used in producing the Green Farm high-protein low-fat sterilized milk line, enabling precise adjustment of nutritional components in the milk. Third, the dual vacuum suction technology capable of removing 50% of oxygen radicals to preserve the freshness of fresh milk, creating a premium milk product line. These technologies not only enhance product quality but also serve as unique, hard-to-replicate proprietary secrets that reinforce Vinamilk's commitment to bringing the most advanced international standards to Vietnamese consumers.

### **2.3. Exclusive or Unique Products in the Region**

Vinamilk distinguishes itself by owning exclusive or unique products in the region, thereby dominating market share and expanding its market presence. The company maintains its number one position in the Vietnamese dairy industry, significantly outpacing the closest competitor by as much as 30 percentage points in core categories such as condensed milk, eating yogurt, probiotic drinking yogurt, and liquid milk. Concurrently, Vinamilk consistently leads with many pioneering and unique products, including Vietnam's first high-protein soy-free nut milk, Green Farm high-protein fresh milk produced entirely from fresh milk, a 9-nut vegan creamer free of dairy, and infant formula containing 6 HMOs.

Additionally, Vinamilk launched the Vinabeef beef processing plant (through its joint venture JVL) in December 2024. This is Vietnam's first beef processing factory operating in a



controlled and highly hygienic environment, with a target production capacity of 10,000 tons of beef per year. This creates a unique product segment that Vinamilk is pioneering—an exclusive business segment with no direct competitors. These factors collectively consolidate Vinamilk's pioneering position and continuous innovation in the market.

#### **2. 4. Low Switching Costs**

In 2024, the fast-moving consumer goods (FMCG) sector in general, and the dairy industry in particular, faced high competitive risks in Vietnam. Both domestic and international companies have intensified sales activities and launched numerous new products to revive business operations and boost revenue growth. This has created significant pressure to innovate products, maintain quality, and offer competitive prices. Overall, in the current Vietnamese dairy market, Vinamilk confronts fierce competition from both domestic and foreign brands. Several competitors exert strong pressure on Vinamilk's brand, including TH True Milk, Abbott, Nestlé, Mead Johnson, among others. The dairy market is expected to continue expanding in the future, leading to increasingly intense competition. Even in the liquid milk segment alone, although Vinamilk holds a substantial market share, it still has to vigorously compete with major brands such as TH True Milk, Mộc Châu, and Dutch Lady. These companies are well-established with impressive marketing strategies and abundant financial resources dedicated to product research and development.

Besides dairy, Vinamilk also owns various other product lines such as cheese, sugar, and coffee, catering to customers' daily consumption needs. However, until now, these products have not stood out significantly as they entered the market later than other major players.

These facts imply that customers may switch brands if presented with more attractive price points or products from competitors, indicating there are no significant switching cost barriers forcing customer loyalty. Furthermore, customer loyalty to Vinamilk mainly stems from product quality, innovation, and effective marketing strategies rather than from high "switching costs" that would prevent customers from using alternative products.

#### **2. 5. Price Advantage**

Vinamilk focuses on maintaining a competitive price advantage through optimizing operational efficiency, increasing productivity, and rigorously managing costs throughout its entire value chain, rather than relying on sudden discount promotions. Vinamilk does not keep prices very low for extended periods to make competition impossible for rivals or to eliminate competitors. Instead, its strategy is to offer appropriate pricing in a market sensitive to price and marked by high competition.

Vinamilk applies a penetration pricing strategy with prices lower than competitors in the mass-market segment (e.g., 180ml fresh milk pack priced at VND 31,500 per 4-pack, about 10% cheaper than TH True Milk). Simultaneously, premium lines (Organic, Deluxe) are priced higher, targeting high-income customers, thus optimizing profit flexibility.

Vinamilk has implemented various solutions to improve productivity and operational efficiency, contributing to controlling and reducing production costs to keep product prices reasonable. The workforce proactively applies new technologies in operations, helping to reduce labor costs and increase productivity. The Supply Chain division has undertaken process improvement projects and technology adoption to optimize operational efficiency. Within factories, Vinamilk continually controls raw material consumption norms, with estimated total savings exceeding VND 100.8 billion, while maintaining overall production costs below plan. The Total Productive Maintenance (TPM) program has been deployed to enhance equipment efficiency and reduce operating costs. Additionally, Vinamilk's raw material regions also apply

modern farming methods such as drone usage, automated irrigation, and mechanization to increase productivity and reduce input costs.

Beyond production optimization, Vinamilk effectively leverages advantages from the supply chain and external factors to create sustainable cost advantages. The company has saved nearly VND 550 billion in procurement activities through effective negotiation strategies and supplier management. The adoption of circular economy models and renewable energy usage such as solar power and biomass, as well as shifting transportation vehicles to electric, helps reduce energy costs and emissions. In export operations, Vinamilk takes advantage of Free Trade Agreements (FTAs) to offer products internationally at more competitive prices. Meanwhile, the company actively monitors market fluctuations and adjusts costs reasonably to ensure profit margins, thereby maintaining prices suitable for consumers amid rising raw material prices and labor costs.

### **3. Vinamilk's Hybrid Strategy: Cost Leadership, Differentiation, and Focused Targeting**

Vinamilk pursues a flexible hybrid model combining cost leadership, differentiation, and a clear focus on selected market segments and target markets. The overall strategy can be described as a “best-cost provider” — delivering superior quality products with continuous innovation, while maintaining competitive prices through operational efficiency. This foundation opens up significant growth potential in both domestic and international markets.

#### **3.1. Growth Potential from Cost Leadership Strategy: Building a Solid Competitive Advantage for Market Expansion**

Vinamilk has demonstrated its capability to optimize operational efficiency and control costs across the entire value chain. In 2024, the Supply Chain Division saved nearly VND 550 billion in procurement activities, factories controlled and saved VND 100.8 billion on raw material norms, and overall production costs were kept below budget plans. The implementation of the Total Productive Maintenance (TPM) program also contributed to reducing operating costs and increasing equipment productivity.

Beyond production, Vinamilk innovates at the raw material level. The Raw Material Development Division proactively applied advanced agricultural technologies such as drones, automated irrigation systems, and mechanization to enhance productivity and reduce input costs. Simultaneously, the company shifted toward a circular economy model, utilizing renewable energy sources (solar, biomass) and converting transportation vehicles to electric, which helps save energy and reduce emissions — factors increasingly valued in green export markets.

In exports, Vinamilk leverages Free Trade Agreements (FTAs) to deliver competitive pricing to import partners, enhancing its competitiveness in international markets. With 15 high-tech dairy farms and 16 modern factories, Vinamilk's scale allows it to achieve economies of scale, reducing unit costs — a critical factor for penetrating and expanding in large markets such as the US, Japan, and South Korea.

#### **3.2. Growth Potential from Differentiation Strategy: Enhancing Brand Value and Expanding Premium Segments**

Vinamilk competes not only on cost but also vigorously pursues differentiation through product innovation, technology application, and strong investment in R&D. In 2024, the company introduced three technologies for the first time in Vietnam: addition of 6 HMO to infant formula, ultra-filtration technology from Sweden, and dual vacuum milk suction technology — bold steps to differentiate in the high-end nutrition segment.

Vinamilk launched or relaunched 125 products, including 25 completely new items mainly in premium categories such as high-protein milk, nut milk, pasteurized drinking yogurt, and collagen fruit juice. Synchronizing packaging under a new brand identity enhances recognition and creates a modern, consistent image — crucial for building trust and expanding the middle-to-upper income customer base. Additionally, the products meet convenience, rich flavor (Green Farm), and health criteria, aligning with current consumer trends.

### **3.3. Growth Potential from Focus Strategy: Effectively Capturing Target Markets**

Vinamilk's strategy also reflects a focus on high-potential customer segments and groups. Domestically, the company promotes premium product lines where demand is rising due to the growing middle class and better nutrition awareness.

For foreign markets, Vinamilk targets countries with large Vietnamese communities and premium consumer markets such as Taiwan, South Korea, Japan, Canada, and the US. In 2024, Vinamilk expanded exports to three new countries in West Asia, Africa, and Oceania — demonstrating its ability to tap into underexploited potential markets. Additionally, the Vinabeef joint venture (JVL) aims to supply beef to mid- to high-end hotels and restaurants, while specialized products tailored for Australia and New Zealand illustrate high adaptability to geographic-specific needs.

### **3.4. Alignment with Trends and Proven Effectiveness: Foundations for Long-Term Development**

Vinamilk's current strategy aligns closely with global and domestic consumption trends. Vietnam's dairy market is expected to grow strongly as consumers focus more on health, the middle class expands, and modern retail channels develop. Demand for low-sugar, low-fat, organic, nut milk, and high-protein products is rising — exactly the product orientations Vinamilk has invested in and promoted.

Regarding performance, despite a difficult macroeconomic context, reduced purchasing power, and natural disasters in 2024, Vinamilk still achieved consolidated revenue of VND 61,824 billion (+2.2%) and net profit after tax of VND 9,453 billion (+4.8%), maintaining a leading position with a ~30 percentage point gap over the second competitor. Notably, Vinamilk's innovation index surged from 47% (2022) to 74% (2024), indicating practical innovation impact and brand repositioning.

### **3.5. Management Capability: A Solid Foundation for Long-Term Goals**

Future market potential cannot be realized without synchronized and effective management capability. Vinamilk's Board of Directors and Executive Board have been evaluated as tightly supervising and decisively directing, especially in strategic projects such as brand repositioning and digital transformation — crucial foundations for a new growth cycle.

The company also implements succession planning from executive levels to the CEO, ensuring continuity and strong inheritance. In 2024, Vinamilk conducted 358,741 hours of training, aiming to become a "talent destination," creating a sustainable competitive advantage based on human capital quality and a continuous learning corporate culture.

### **3.6. Business Results Over the Past 5 Years: Stability and Growth Recovery**

The 5-year report (2020–2024) indicates significant stability:  
Consolidated Revenue (VND billion)

- 2020: 60.919

- 2021: 60.919

- 2022: 59.636

- 2023: 60.479

- 2024: 61.824

Consolidated Net Profit After Tax (VND billion)

- 2020: 10.633

- 2021: 8.578

- 2022: 9.019

- 2023: 9.019

- 2024: 9.453

Although the domestic market experienced negative growth phases, it recovered in 2024 (+0.4%). Export activities achieved the highest growth in the past five years (+12.6%), clearly indicating that foreign markets are a sustainable growth driver with significant untapped potential.

With a “best-cost provider” competitive strategy combining cost leadership, differentiation, and focus — along with proactive trend adaptation and innovation investment — Vinamilk possesses a solid foundation to exploit future market potentials, domestically and internationally. The company is well-positioned not only to maintain but also to expand its leadership in the coming period.

## **4. SWOT**

### **4.1. Strength**

Vinamilk is one of Vietnam’s leading dairy brands, boasting numerous outstanding strengths, most notably its brand power and solid financial foundation. Established in 1976, Vinamilk has become a household name among consumers, consistently maintaining its leading position in the dairy industry for 12 consecutive years and being the only Vietnamese dairy company listed in the Southeast Asia Fortune 500 ranking for 2024. The brand has also held the National Brand title for 16 consecutive years, with its innovation index increasing significantly from 47% to 74%, thanks to its repositioning strategy and breakthrough product development.

Regarding financial capabilities, consolidated revenue in 2024 reached VND 61,824 billion (up 2.2%), and post-tax profit was VND 9,453 billion (up 4.8%), with a high net profit margin of 15.3% reflecting effective cost management and sustainable profitability. Vinamilk maintains a stable dividend policy and abundant cash reserves, demonstrating high liquidity and strong internal financial strength.

Not only financially robust, Vinamilk also leads in innovation and technology with 125 newly launched and relaunched products in 2024, including 25 entirely new products. The company pioneers modern technologies such as the addition of 6 HMOs in infant formula, Swedish ultrafiltration, and dual vacuum suction technology, helping its products win numerous international awards. Product quality always meets international standards, supported by advanced production processes, substantial investments in European technology, and a distribution network of over 200,000 domestic outlets, exporting to 63 countries.

Additionally, Vinamilk implements an effective multi-channel marketing strategy based on the Hero–Hub–Help model, spreading a humane brand image through social responsibility activities such as the “Vườn Cao Việt Nam” Milk Fund, disaster relief, and sustainable development commitments. The company aims to achieve Net Zero by 2050, with three units already certified carbon neutral, and the proportion of green energy usage in production in 2024 reaching 88.77%. Vinamilk was also named the most favored employer in 2024, offering a stable work environment, low turnover rate, and strong investment in personnel training with over 358,000 training hours.

Finally, Vinamilk’s operational capacity is impressive, featuring 15 high-tech farms, 16 modern factories, and an accelerated digital transformation that optimizes costs. Particularly, its international business segment grew by 12.6% — the highest growth in the past five years.

#### **4. 2. Weakness**

Vinamilk still faces several weaknesses that need to be addressed for more sustainable development. In terms of production, the company remains heavily dependent on imported raw materials as domestic supply only meets about 30% of demand, causing production costs to be volatile in line with international market fluctuations and affecting supply chain stability. Furthermore, Vinamilk’s powdered milk market share remains modest compared to foreign brands, as Vietnamese consumers still tend to favor imported products. This creates an urgent need to improve quality and position the domestic powdered milk brand image to strengthen consumer trust within the country.

Corporate governance issues are also notable weaknesses. Vinamilk’s Board of Directors (BOD) currently has a vacancy and only 30% independent members — below the ASEAN standard of 50%. In 2024, the BOD did not organize separate meetings for independent members, which affects transparency and supervisory effectiveness. The human resources governance system lacks long-term incentive policies linked to strategic goals, reducing the ability to retain and motivate key personnel. Moreover, the whistleblowing mechanism is currently managed by the Internal Control Department without oversight from an independent party, undermining objectivity in handling cases. Internal committees such as the Strategy Committee and Audit Committee also require efficiency improvements: one side does not devote enough time for in-depth discussions, while the other holds overly dispersed, unfocused meetings. Although these issues do not immediately impact core operations, failing to improve them timely could become barriers to long-term development and corporate transparency.

#### **4. 3. Opportunity**

Vinamilk stands before numerous significant opportunities to exploit and grow strongly in the coming period. First, there is government support through policies reducing import taxes on raw materials and encouraging domestic agricultural development, helping the company partially reduce costs and gain more control over supply. On the market front, Vietnam’s fast-moving consumer goods (FMCG) sector continues to grow with a 2.3% increase in value in 2024. Specifically, the dairy market is forecasted to maintain a single-digit average growth rate between 2024 and 2029, driven by rising health awareness, an expanding middle class, and the expansion of modern retail channels.

This favorable environment enables Vinamilk to continue developing health-oriented product portfolios such as low-sugar, low-fat, high-protein, organic, sugar-free, lactose-free, and convenient packaging with larger volumes — trends increasingly favored by consumers. Notably, the growing “silver” population (over 55 years old) opens opportunities for specialized dairy products rich in calcium, vitamin D, collagen, omega-3, and probiotics, while parental investment in child nutrition continues to reinforce Vinamilk’s traditional strength in the children’s segment.

Simultaneously, the recovery of the food service (HORECA) sector creates additional growth potential for products like cheese, butter, ice cream, and condensed milk — well aligned with Vietnam's characteristic coffee culture.

Beyond the domestic market, Vinamilk has ample opportunities for international business expansion. The company continues to boost exports, leveraging Free Trade Agreements (FTAs) to enhance price competitiveness and expand market share in potential markets. Additionally, diversifying investments such as the JVL joint venture with Vinabeef's chilled beef processing plant, developing ready-to-eat/cook products, and pursuing M&A and international joint ventures allow Vinamilk to explore new opportunities beyond the traditional dairy sector.

Vinamilk also plans to continue investing in expanding production plants and high-tech dairy farms to increase production capacity, ensure product quality, and meet growing domestic and international market demands.

#### **4. 4. Threat**

The company also faces several significant and complex challenges on multiple fronts. Firstly, the Vietnamese dairy market is becoming increasingly competitive with the emergence of strong rivals such as TH True Milk, Dutch Lady, and various imported foreign dairy brands. Furthermore, Vinamilk's raw material supply is unstable due to high dependence on imports, while farmers' career shifts put pressure on the supply chain.

Moreover, a segment of consumers' preference for foreign products compels Vinamilk to intensify communications to assert that domestic products can fully meet international standards and deserve consumer trust.

Not only facing domestic competitive pressure, Vinamilk must also contend with risks arising from the macroeconomic and global market context. Although domestic purchasing power shows signs of recovery, risks from global economic slowdown and inflationary pressure remain latent. Conflicts and tensions in many countries further increase global market instability. Additionally, global supply chain disruptions negatively affect international freight operations, prolong delivery times, and increase business costs. Prices of raw materials, fuels, and supplies may continue to rise, impacting Vinamilk's production costs.

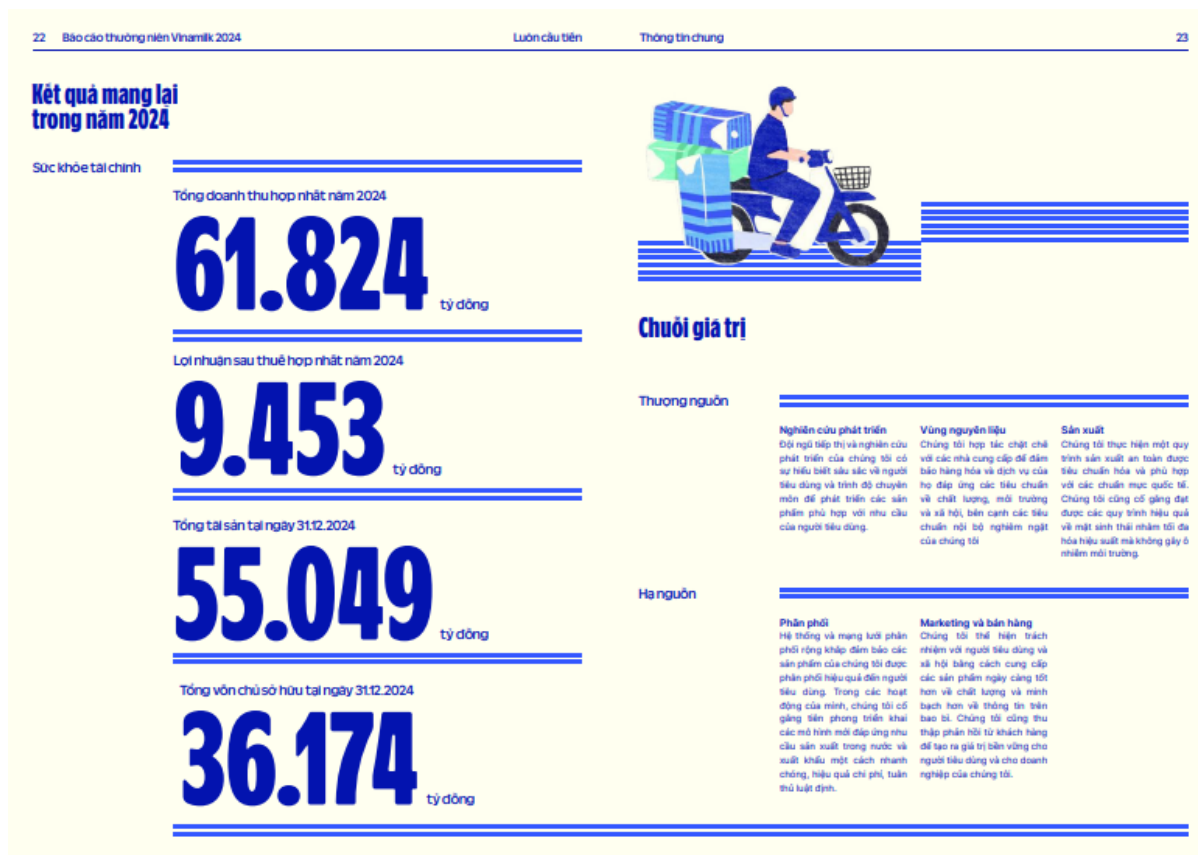
In the highly competitive FMCG and dairy sectors, Vinamilk must continuously innovate products, maintain quality, and balance pricing strategies to suit the market. Consumers are increasingly price-sensitive, demanding attractive promotions and incentives to retain loyalty.

Furthermore, climate change and increasing extreme weather events such as storms and floods pose major challenges to agriculture and the dairy raw material supply chain, requiring Vinamilk to research and apply advanced cultivation and production methods to adapt.

Finally, amid rapidly advancing digital transformation and digitization, cybersecurity and data protection have become serious risks as cyberattacks grow in volume and scale, demanding Vinamilk enhance its security capabilities to safeguard its information and systems.

## II. FINANCIAL ANALYSIS

### 1. Recap 2024



In 2024, Vinamilk's consolidated total revenue reached VND 61,824 billion, representing a 2.2% increase compared to the same period last year and achieving 97.9% of the annual target. Domestic net revenue in 2024 was VND 50,799 billion, up 0.4%, while foreign net revenue reached VND 10,983 billion, a 12.6% increase. With these results, the Company recorded revenue growth in both domestic and international business segments with two significant milestones: nearly completing the product packaging change for the domestic market according to the new brand identity, and the foreign market achieving the highest growth rate in the past five years.

Consolidated operating profit amounted to VND 11,594 billion, up 6.3% compared to the same period. The profit growth rate outpaced revenue growth thanks to optimized sales structure and improved average input costs compared to the previous year. Other profit in the year was VND 6 billion, representing an insignificant portion of the consolidated profit structure. Accordingly, consolidated profit before and after tax reached VND 11,600 billion and VND 9,453 billion, respectively, increasing by 5.8% and 4.8% year-on-year. Net profit after tax continued to improve due to enhanced gross profit margin at the beginning of the year and a 21.1% reduction in interest expenses compared to the same period last year. The Company's contribution to the state budget reached VND 4,569 billion, up 11.3% year-on-year.

In 2024, the Company advanced a dividend payment of VND 2,000 per share for the first and second installments. The total dividend payout for 2024 is expected to be no less than that of the previous year.



As of December 31, 2024, consolidated total assets reached VND 55,049 billion, increasing 4.5% compared to the same period last year. Among these, cash, cash equivalents, and term deposits accounted for 46.3% of total assets, indicating a highly liquid balance sheet.

Tóm tắt biến động kinh doanh năm 2024						
Tiêu chí	Q4.2023	Q4.2024	% YOY	Lũy kế 2023	Lũy kế 2024	%YOY
Doanh thu thuần	15.619	15.477	-0,9%	60.369	61.783	+2,3%
- Nội địa	13.085	12.843	-1,9%	50.617	50.799	+0,4%
- Nước ngoài	2.534	2.635	+4,0%	9.751	10.983	+12,6%
<i>Xuất khẩu</i>	1.298	1.252	-3,5%	3.742	5.664	+12,4%
<i>CN nước ngoài</i>	1.236	1.382	+11,8%	3.476	5.319	+12,9%
LNST	2.351	2.147	-8,7%	9.019	9.453	+4,8%
Biên góp	41,2%	40,1%	-1,1%	40,7%	41,4%	+0,7%

Export revenue recorded a growth of 12.4% compared to 2023 thanks to (1) effectively serving the Vietnamese customer base in premium markets, and (2) strengthening cooperation with partners who are among the world's leading dairy brands to expand the export product portfolio. Revenue at the two overseas branches continued to grow due to (1) Angkor Milk introducing more new products by leveraging the strong product portfolio of the parent company in Vietnam and intensifying marketing activities, and (2) Driftwood seizing sales opportunities with restaurants and cafes alongside its core school channel, while its sweetened condensed milk products have been well received in the United States.

2. Fin ratio 2024

Đánh giá các hệ số tài chính chủ yếu		
Các chỉ tiêu tài chính quan trọng	2024	2023
<b>1. Chỉ tiêu về khả năng thanh toán</b>		
Hệ số thanh toán ngắn hạn	2,03	2,10
Hệ số thanh toán nhanh	1,73	1,74
<b>2. Chỉ tiêu về cơ cấu vốn</b>		
Hệ số nợ/Tổng tài sản	16,8%	16,1%
Hệ số nợ/Vốn chủ sở hữu	25,6%	24,1%
<b>3. Chỉ tiêu về năng lực hoạt động</b>		
Vòng quay hàng tồn kho	6,13	6,14
Vòng quay các khoản phải thu	11,42	11,30
Vòng quay các khoản phải trả	8,80	9,13
Vòng quay tổng tài sản	1,15	1,19
Tỷ suất lợi nhuận trên tài sản (ROA)	17,5%	17,8%
Tỷ suất lợi nhuận trên vốn chủ sở hữu (ROE)	26,6%	26,6%
<b>4. Chỉ tiêu về khả năng sinh lời</b>		
Hệ số LNST/Doanh thu thuần	15,3%	14,9%
Hệ số LNST/Vốn chủ sở hữu	26,1%	25,8%
Hệ số LNST/Tổng tài sản	17,2%	17,1%
Hệ số Lợi nhuận từ HDKD/Doanh thu thuần	18,8%	18,1%

**Current Ratio:** 2.03 (2024) compared to 2.10 (2023)

**Quick Ratio:** 1.73 (2024) compared to 1.74 (2023)

⇒ The liquidity ratios in 2024 remained stable compared to the previous year, ensuring sufficient liquidity to support business operations and dividend payments to shareholders.

**Debt to Total Assets Ratio:** 16.8% (2024) compared to 16.1% (2023)

**Debt to Equity Ratio:** 25.6% (2024) compared to 24.1% (2023)

The debt-to-equity ratio reached 25.6%, while the financial leverage ratio (debt/total assets) was at 16.8%, significantly lower than the food and beverage industry average of approximately 35%. This indicates that Vinamilk maintains a safe and efficient capital structure. The financial report analysis also shows that the company holds no significant long-term debt, thereby reducing financial pressure amid fluctuating interest rates.

⇒ Capital structure indicators slightly increased compared to the previous year to optimize capital structure while aligning with the interest rate environment in 2024. The total outstanding balance of short- and long-term borrowings as of December 31, 2024, was VND 9,273 billion, up 9.7% year-on-year.

**Inventory Turnover:** 6.13 (2024) compared to 6.14 (2023): Stable, attributed to consistent inventory management policies.

**Total Asset Turnover:** 1.15 (2024) compared to 1.19 (2023): The slight decrease in total asset turnover in 2024 is due to the company expanding fixed asset investments in key projects to build future growth sources, which did not negatively affect asset utilization efficiency.

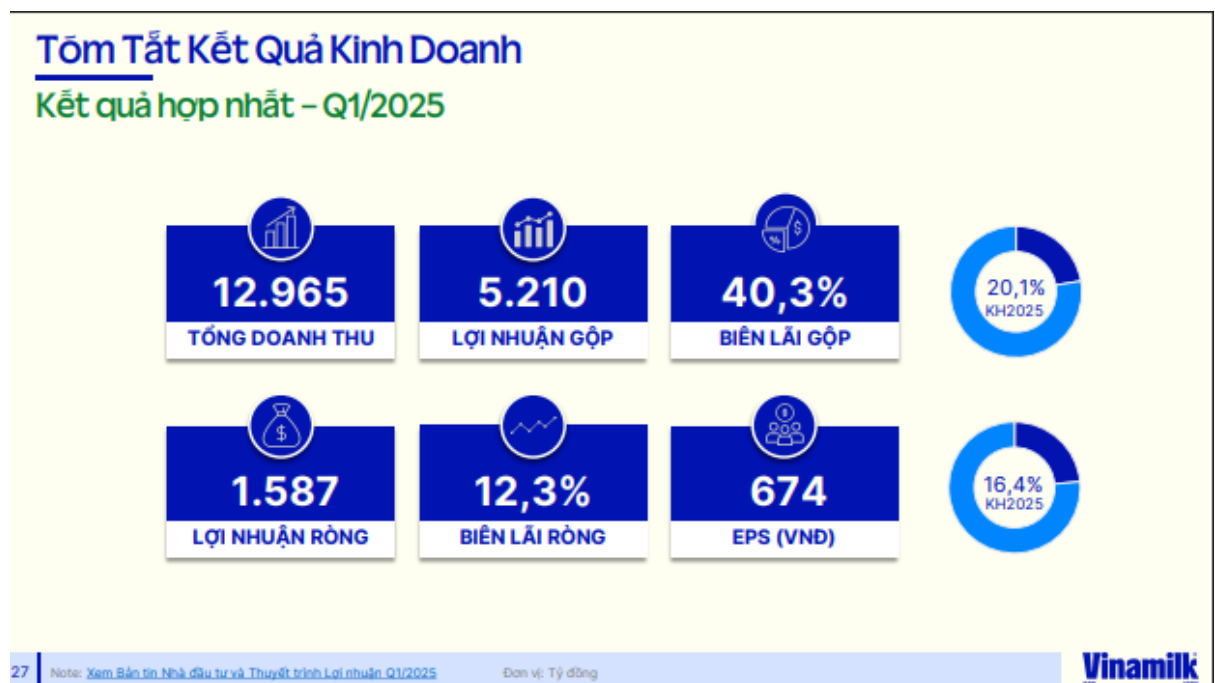
**Net Profit Margin (Net Profit/Net Revenue):** 15.3% (2024) compared to 14.9% (2023)

**Return on Equity (ROE):** 26.1% (2024) compared to 25.8% (2023)

**Return on Assets (ROA):** 17.2% (2024) compared to 17.1% (2023)

⇒ In 2024, Vinamilk's profitability indicators all showed positive improvements compared to 2023. The net profit margin increased from 14.9% to 15.3%, mainly due to a significant reduction in input material costs—particularly powdered milk—as the company proactively locked in prices early in the year and optimized its supply chain. Operating profit margin also rose from 18.1% to 18.8%, reflecting improved gross margin and rational control of selling, general & administrative expenses (SG&A), focusing on promotional activities and market expansion. Asset utilization efficiency (ROA) remained stable at a high level of 17.2%, supported by well-managed asset structure and cash flow from operations. Simultaneously, ROE slightly increased from 25.8% to 26.1%, driven by improved net profit while financial leverage was maintained steadily.

1Q2025



**Tóm tắt Kết quả kinh doanh hợp nhất**

<i>(tỷ đồng)</i>	<b>Q1/2025</b>	<b>Q1/2024</b>
<b>Tổng doanh thu</b>	<b>12.965</b>	<b>14.125</b>
<b>Doanh thu thuần</b>	<b>12.935</b>	<b>14.112</b>
Trong nước	10.011	11.497
Nước ngoài	2.924	2.615
<b>Lợi nhuận gộp</b>	<b>5.210</b>	<b>5.912</b>
Trong nước	3.954	4.848
Nước ngoài	1.256	1.064
<b>Chi phí bán hàng &amp; quản lý doanh nghiệp</b>	<b>3.601</b>	<b>3.491</b>
<b>Lợi nhuận trước thuế</b>	<b>1.951</b>	<b>2.706</b>
<b>Lợi nhuận sau thuế</b>	<b>1.587</b>	<b>2.207</b>
<b>Thu nhập mỗi cổ phiếu (đồng)</b>	<b>674</b>	<b>944</b>

**Tóm tắt Bảng cân đối kế toán hợp nhất**

<i>(tỷ đồng)</i>	<b>31/03/2025</b>	<b>01/01/2025</b>
<b>Tiền và các khoản tương đương tiền<sup>1</sup></b>	<b>25.709</b>	<b>25.486</b>
<b>Tổng tài sản</b>	<b>55.014</b>	<b>55.049</b>
<b>Nợ vay</b>	<b>10.214</b>	<b>9.273</b>
<b>Vốn chủ sở hữu</b>	<b>37.622</b>	<b>36.174</b>

Consolidated net revenue for Q1/2025 reached VND 12,935 billion, achieving 20.1% of the annual plan. Domestic and foreign markets contributed VND 10,011 billion (77%) and VND 2,924 billion (23%), respectively. With an 11.8% year-on-year increase driven by strong export performance, the foreign market sustained positive growth for seven consecutive quarters and, for the first time, contributed over 20% to consolidated net revenue.

Consolidated gross profit in Q1/2025 was VND 5,210 billion, equivalent to a gross profit margin of 40.3%. The company also recorded selling and administrative expenses (SG&A) of VND 3,601 billion, accounting for 27.8% of net revenue. Consolidated profit before tax reached VND 1,951 billion, completing 16.1% of the annual plan. Profit after tax was VND 1,587 billion, equivalent to a net profit margin of 12.3%. Accordingly, earnings per share (EPS) were VND 674.

In Q1/2025, the company reported an after-tax profit of VND 1,587 billion, with net profit attributable to the parent company's shareholders at VND 1,568 billion; decreases of 28% and 29% compared to Q1/2024, respectively. This marks the lowest quarterly profit recorded by Vinamilk since Q2/2015.

As of March 31, 2025, the company's total assets stood at VND 55,014 billion, remaining largely unchanged from the beginning of the year, while equity increased by 4% to VND 37,622 billion. Nearly 47% of Vinamilk's assets, equivalent to VND 25,709 billion, were held in cash and cash equivalents. During the first quarter, this cash balance generated VND 341 billion in interest income for the dairy company. Inventories, mainly consisting of raw materials and finished goods, amounted to nearly VND 7,000 billion, with allowance for inventory devaluation of VND 37 billion.

Regarding liabilities, Vinamilk recorded VND 17,391 billion, of which over VND 10,060 billion were short-term borrowings. Interest expenses in the first three months of 2025 were VND 75 billion. The company maintained high liquidity with cash and cash equivalents accounting for 46.7% of total assets.

**Các chỉ số tài chính hợp nhất quan trọng**

	<b>Q1/2025</b>	<b>Q1/2024</b>
<b>Lưu chuyển tiền thuần từ hoạt động kinh doanh (tỷ đồng)</b>	-125	908
<b>Đầu tư TSCĐ và các tài sản dài hạn khác (tỷ đồng)</b>	417	378
<b>Biên lợi nhuận gộp</b>	40,3%	41,9%
<b>Biên lợi nhuận ròng</b>	12,3%	15,6%
<b>ROE</b>	24,0%	26,5%
<b>ROA</b>	16,6%	17,8%
<b>Tỷ lệ tiền và các khoản tương đương tiền trên tổng tài sản</b>	46,7%	42,7%
<b>Tỷ lệ nợ vay trên tổng tài sản</b>	18,6%	13,1%
<b>Số ngày hàng tồn kho<sup>2</sup></b>	69	68
<b>Số ngày phải thu<sup>3</sup></b>	29	32
<b>Số ngày phải trả<sup>3</sup></b>	40	40