

Vietnam Dairy Products JSC (Vinamilk)

HOSE: VNM (10.04.2024: 67.000 VND)

Implied Share Price: 108.843 VND | **62.5% Implied
Upside (Buy)**

Dao Duy Phuong (Alex)



vinamilk[®]
EST 1976



Company Overview

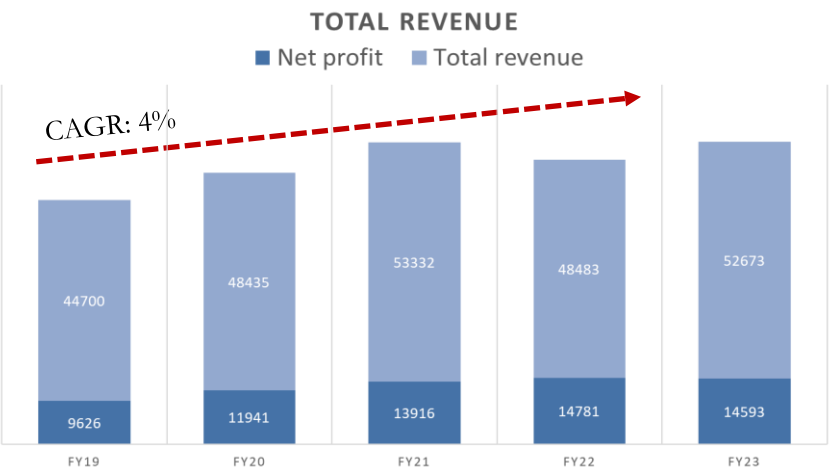
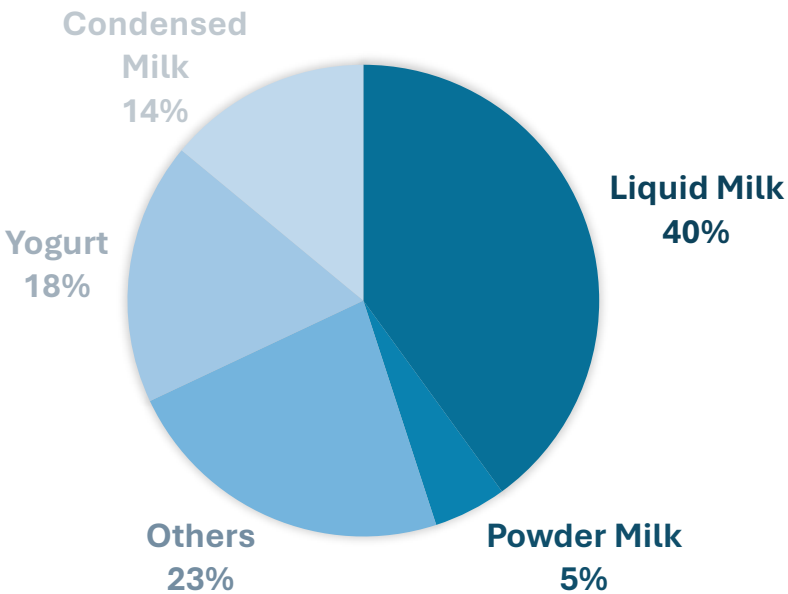
Products offered by Vinamilk

Introduction

Vinamilk is the Leading Vietnamese Dairy Producer



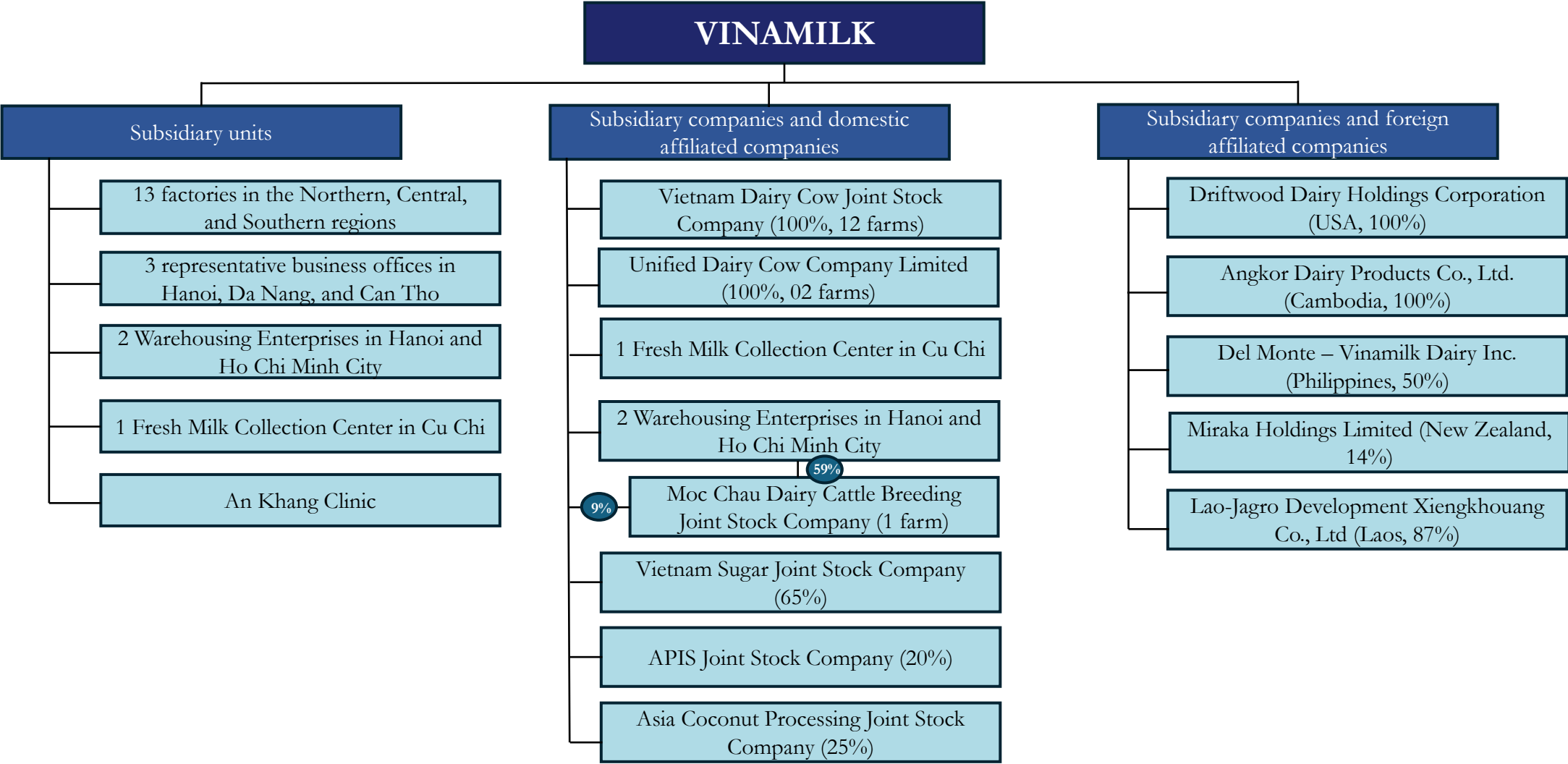
- **Vinamilk is the leading Vietnamese dairy producer**, with 16 dairy factories across Vietnam, Laos, Cambodia, and America.
- **Its commitment to shareholder returns:** Plans to distribute at least 50% of undistributed consolidated Profit After Tax (PAT) as dividends, with an initial 15% advance dividend in 2023.
- Vinamilk adjusts its selling prices by 3-5% in accordance with inflation rates to **ensure consumer affordability and sustain its market share**.
- Investors have expressed concerns about Vinamilk's significant investment in marketing, amounting to 9,916 billion VND in 2022.



Market Cap	140.03T VND
Share Price	67.000 VND
P/E Ratio	15.28x
52-Week Price Range	65.500 – 81.200 VND
EPS	3.796 VND
Brand Value	69T VND
EV/EBITDA	10.6x

Solid Corporate Structure

Vinamilk's Subsidiaries and Affiliates



Vinamilk Competitors

TH Group



Mkt cap: \$xx Billion

Dutch Lady Milk
Industries Berhad



Mkt cap: \$xx Billion

VinaSoy



Mkt cap: \$xx Billion

NutiFood



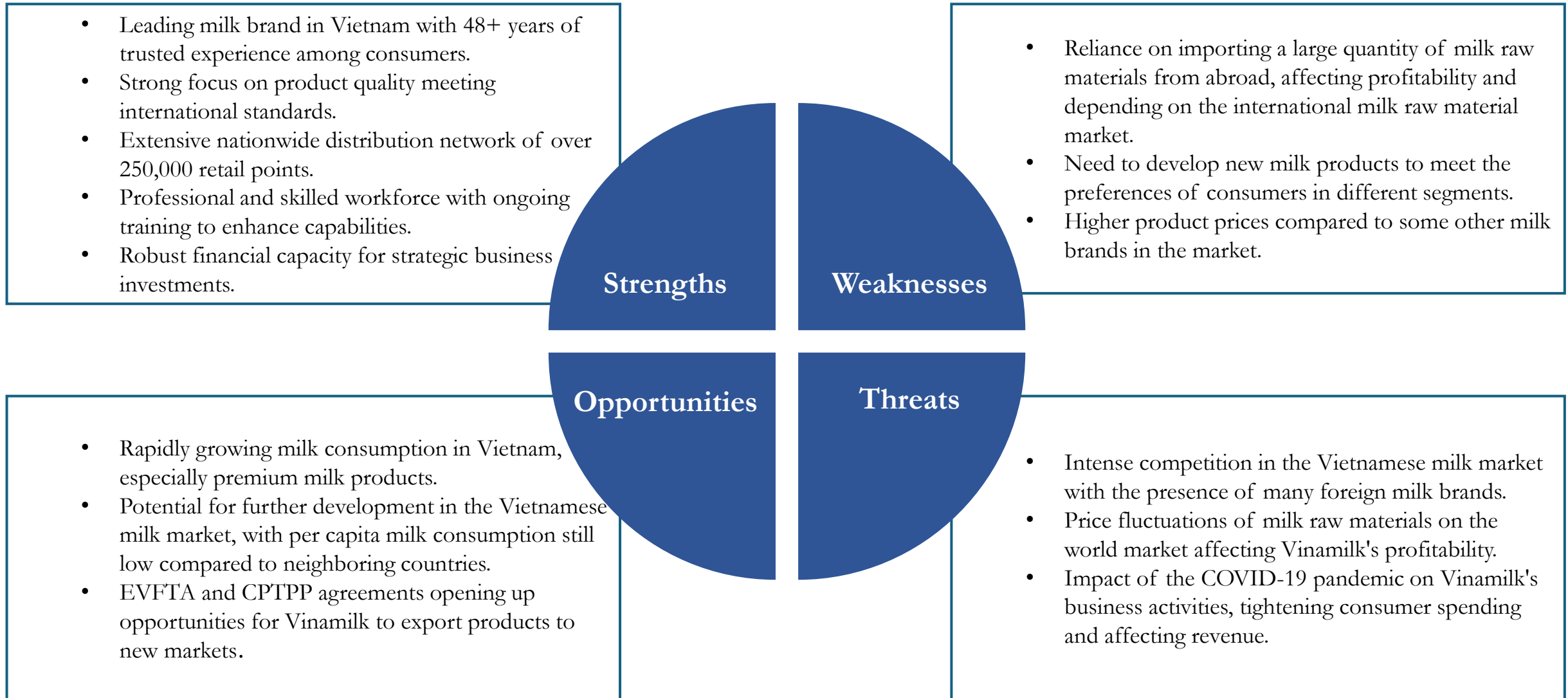
Mkt cap: \$xx Billion

Current News

- USDA projects a 1.5% increase in global powdered milk production in 2024, but import demand is expected to **decrease by 1.1%**, impacting market dynamics.
- ABS Research predicts Vinamilk's **gross profit margin for 2024** to reach **41.7%**, representing a significant improvement compared to 2023.
- Vinamilk **aims for record revenue in 2024** with a **target of 63.163 trillion VND** and **net profit after tax of 9.376 trillion VND**, marking a **4.4%** and **4%** increase, respectively, over 2023.

SWOT Analysis

Strong Brand with Loyal Customers Adapting Quickly to Changing Trends.

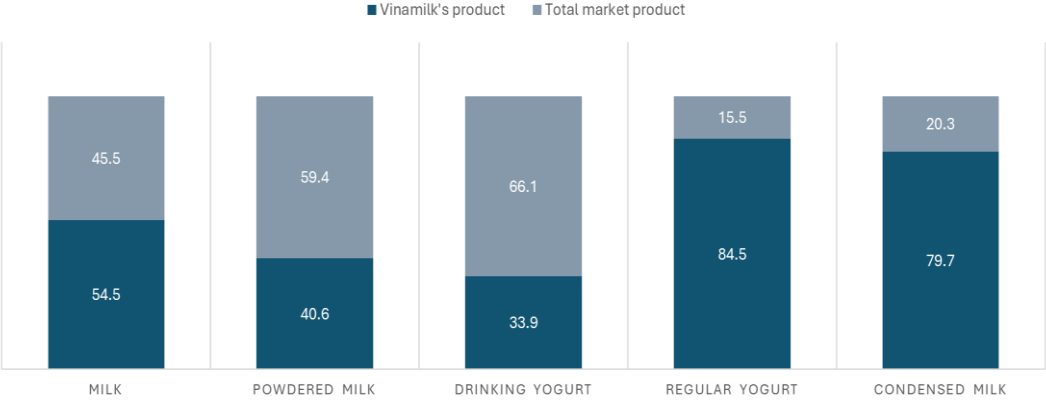


Growth-Share Matrix

Empowering Marketers in Long-Term Strategic Planning



PERCENT OF VINAMILK PRODUCT COMPARE TO TOTAL MARKET



Underscore Vinamilk's widespread consumer appeal and its stronghold across various dairy product categories nationwide.

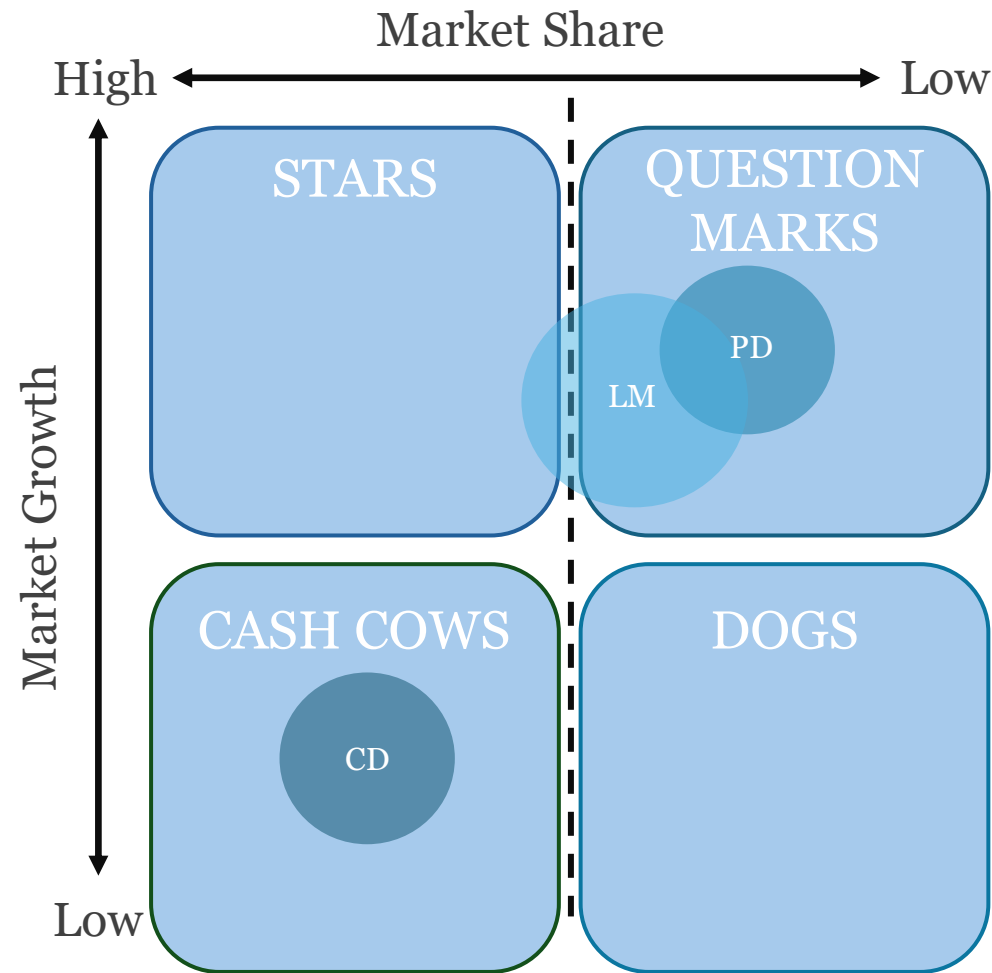
SBU	SBU Market Share (%)	Competitors' Market Share (%)	Relative Market Share within Industry (%)	Industry Sales Volume Growth Rate (%)	Revenue (Thousand Billion VND)
Milk beverage	50	33	1.52	21	9296.55
Powdered milk	30	24	1.25	23	7702.86
Condensed milk	75	25	3	10	4515.47

Based on the information above, we can classify Vinamilk's three product lines into groups within the BCG matrix as follows:

- Question marks group: Powdered milk, Liquid milk
- Cash Cows group: Condensed milk

Growth-Share Matrix

Empowering Marketers in Long-Term Strategic Planning



Hanoi and Ho Chi Minh City are major **powdered milk (PD)** markets, but rural areas contribute significantly—about 50% of total production—with **great** potential. These regions, home to 70% of Vietnam's population, include over 3.6 million children under 3, with 2 million consuming powdered milk. Despite holding a 30% market share, Vinamilk's powdered milk products mainly target rural areas, classified as "**Question Marks**" in Vinamilk's BCG matrix.

Vinamilk offers approximately 250 product varieties in its portfolio, with its **liquid milk (LM)** segment alone boasting about 50 products to meet nearly every nutritional need of increasingly diverse consumers. In Vinamilk's BCG matrix, liquid milk falls under the "**Question Marks**" group.

Sua Ong Tho and Southern Star are two brands ranked among the top 5 most purchased brands in the condensed milk product industry. Both of these **condensed milk (CD)** products fall under the "**Cash Cows**" group in Vinamilk's BCG matrix. While this segment boasts a relatively high market share, its growth rate is low, necessitating Vinamilk to adopt prudent investment policies.

Reinvented Business Strategy

Vinamilk Announces a New Brand Identity



BEFORE

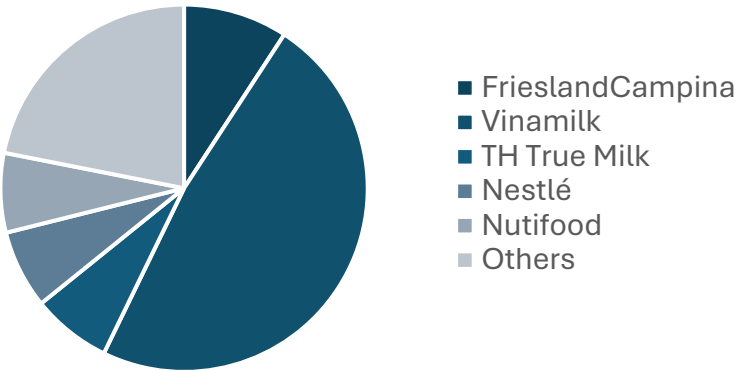


AFTER

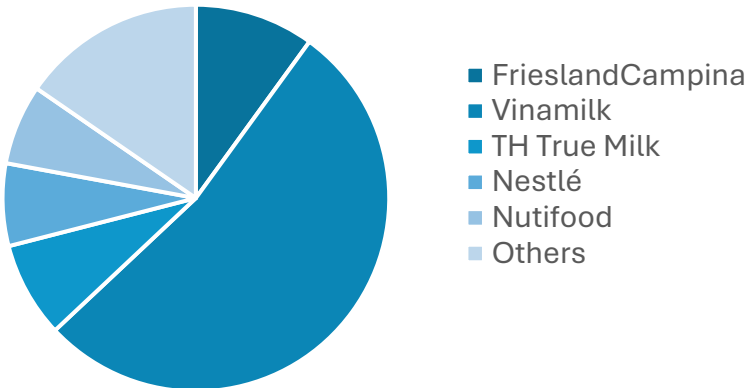


On July 6, 2023, Vinamilk unveiled its new brand identity featuring a **minimalist design** with the white text "Vinamilk" in a unique font, accompanied by "EST" and the founding year "1976." The updated logo and branding aim to convey a fresh, energetic image that resonates with both traditional and younger consumers, reflecting Vinamilk's commitment to innovation and relevance in the market.

Market Share 2022



Market Share 2023



The rebranding of Vinamilk's logo and identity has led to a **2% increase** in market share by appealing to a younger demographic and enhancing the brand's perception as innovative and trustworthy. This modernized image has boosted consumer loyalty and preference for Vinamilk products.

Mergers and Acquisitions (M&A) Case

Vinamilk's Reverse Merger Strategy



The 'reverse merger' of the dairy industry giant: Vinamilk 'wiped out' GTNFoods

Vinamilk's Acquisition of GTNFoods:

- Completed in December 2019, Vinamilk acquired a **75% stake** in GTNFoods, which owns Moc Chau Milk.
- The acquisition involved purchasing over 78 million shares of GTNFoods, solidifying Vinamilk's control over Moc Chau Milk.

Strategic Rationale

- Vinamilk's move enhances its market presence and supply chain by integrating Moc Chau Milk's operations.
- It allows Vinamilk to tap into Moc Chau Milk's established brand reputation and distribution channels.

This 'reverse merger' signifies Vinamilk's strategic move to leverage GTNFoods' assets and bolster its subsidiary Vilico, particularly focusing on expanding Moc Chau Milk's production capacity, in line with long-term growth objectives.

Potential Benefits and Future Outlook:

- **Access** to Moc Chau Milk's production facilities and raw materials strengthens Vinamilk's domestic supply chain.
- **Expansion** of market share and product portfolio within Vietnam's competitive dairy industry.
- Set the stage for increased **innovation** and **product diversification** within Vinamilk.

Mergers and Acquisitions (M&A) Case

Vinamilk's Reverse Merger Strategy



KinhTeSaigonOnline
TAP CHÍ CỦA UBND TP HCM

Focus Finance Business Entrepreneur – Enterprise Real Estate Sociocultural World Other

Search Q

The 'reverse merger'
giant: Vinamilk 'wipe

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Future Outlook:

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industry.

- Set the stage for increased **innovation** and **product diversification** within Vinamilk.

Vinamilk and Moc Chau Milk post-merge:

- 1) Vinamilk has achieved a revenue increase of **over 6%** and maintained a **stable profit margin** after acquiring Moc Chau Milk.
- 2) Moc Chau Milk has experienced a significant **41% growth** in post-tax profits within the first six months under Vinamilk's ownership.



Industry Overview

Overview of the dairy market in Vietnam and the world

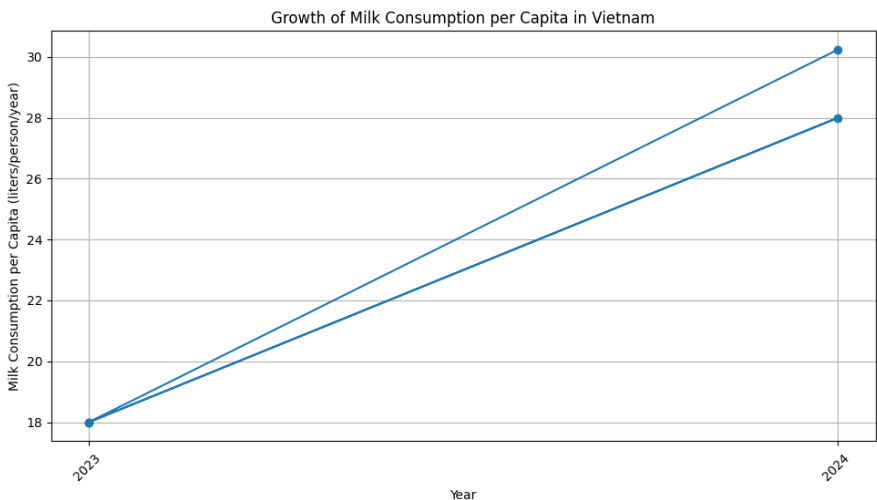
Industry Potential

Vietnam Dairy Market Overview and Growth Potential



Competitive Potential

Evolving Consumer Trends



- **Growth** an 8% increase from 2023 to 2024. This is relatively high compared to the Southeast Asian average of 18 liters/person/year.
- **Reasons:** Increased awareness of nutrition and health, particularly among families with young children, coupled with improved income levels, contribute to consumers' ability to spend more on higher-quality dairy products.

Industry Overview

Dairy market challenges in Vietnam in first half of 2023:

- Decline in domestic production and imports compared to previous year.

Import turnover of milk and related products:

- First 4 months of 2023: ~9.35 trillion VND.
- Decrease of approximately 9.7% compared to same period last year.

Relatively High Barriers to Entry:

- **Regulatory Compliance:** The dairy industry in Vietnam is tightly regulated, with stringent standards for food safety and quality. Compliance with these regulations can be costly, with estimated compliance expenses accounting for up to 10% of total revenue for dairy businesses.
- **Market Dominance by Key Players:** Vinamilk holds a substantial market share, estimated at around 50% of the dairy market. This dominant position creates challenges for new entrants seeking to compete effectively.
- **Distribution Network Complexity:** Establishing an efficient distribution network is critical in the dairy market. Vinamilk, with over 240 distributors and more than 140,000 retail outlets nationwide, has a well-established distribution infrastructure that poses a significant barrier for new entrants to replicate.

Industry Potential

Vietnam Dairy Market Overview and Growth Potential



Factors Influencing the Dairy Market



Changing Preferences

Consumers prefer nutritious dairy products like fresh milk and yogurt, seeking organic, preservative-free, and lactose-free options.



Income Growth

In 2023, average monthly income per laborer in Vietnam increased to 7.1 million VND, marking a 6.9% growth from the previous year (2022).



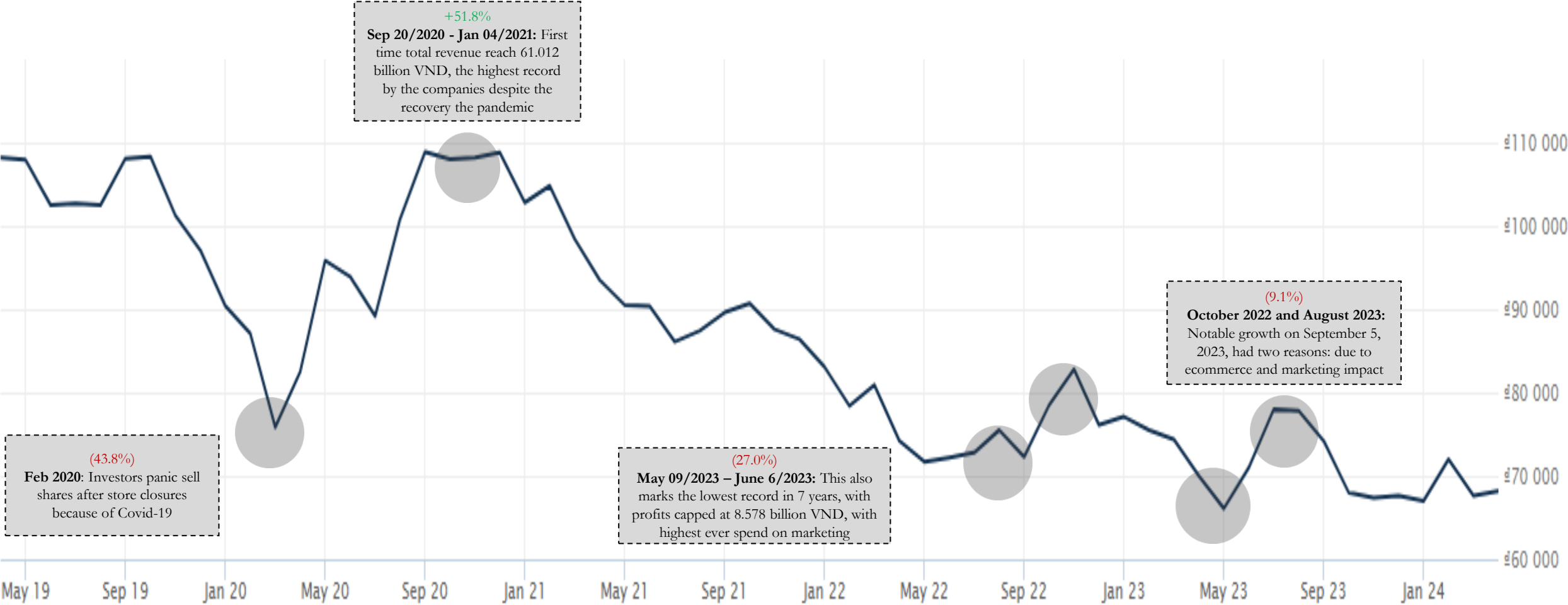
Consumer Pressures

Rising ingredient and production costs are pressuring profit margins, driving the need for operational efficiency and product quality improvements.

Government Regulations for Vietnamese Dairy Industry

- **Regulatory Safeguards:** The Vietnamese government has implemented policies and regulations aimed at safeguarding and nurturing the domestic dairy industry to decrease reliance on imported dairy products.
- **Incentives:** Tax exemptions and support for dairy farming projects, including credit, training, and technical consultancy, promote industry growth. Additionally, free trade agreements like CPTPP, EVFTA, and RCEP boost dairy exports.

Annotated Stock Chart



Investment Thesis

Vinamilk: Competitive Strength, Market Potential



1

Strong Competitive Advantages

Vinamilk demonstrates **strong competitive advantages** compared to other players in its industry.

2

Strong Stock Market Potential

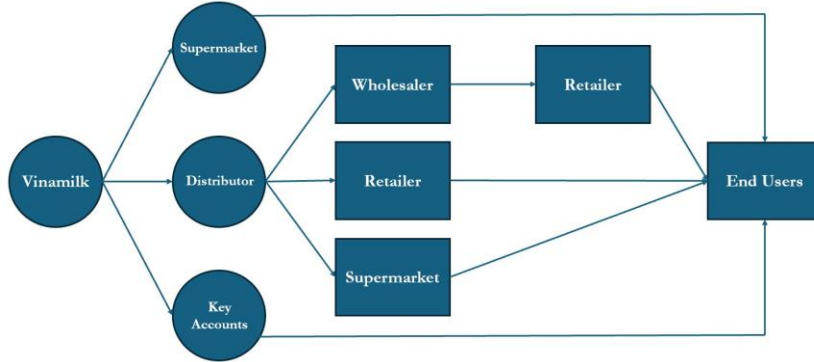
Vinamilk possess **strong stock market potential and value.**



Investment Thesis

1 Strong Competitive Advantages

Vinamilk Demonstrates Its Vast Market Coverage through Distribution



Vinamilk uses its strong brand name and extensive distribution network to reach consumers nationwide. The company excels in establishing new distribution channels and forming partnerships to access diverse markets.

Implications of Rising Inflation

Channel 1: Supermarkets and Wholesale Stores

1. Vinamilk operates through over 240 distributors covering all 64 provinces and cities in Vietnam.
2. This extensive network serves more than 140,000 retail points, with each distributor managing an average of over 630 retail outlets.

Channel 2: Key Accounts

Vinamilk focuses on building relationships with key accounts to ensure prominent placement and availability of its products.

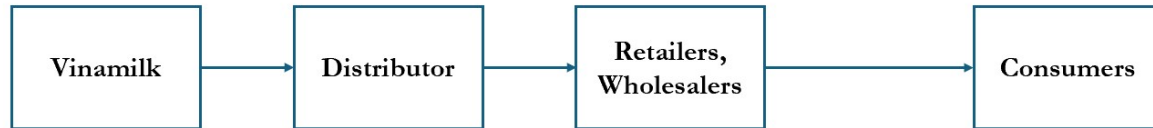
Channel 3: Strategic Communication Channels

1. Vinamilk employs a Vertical Marketing System (VMS) where the manufacturer directly oversees distributors through comprehensive contractual agreements.
2. This strategic approach aligns distributors with market segmentation strategies, ensuring efficient market coverage and targeted distribution.

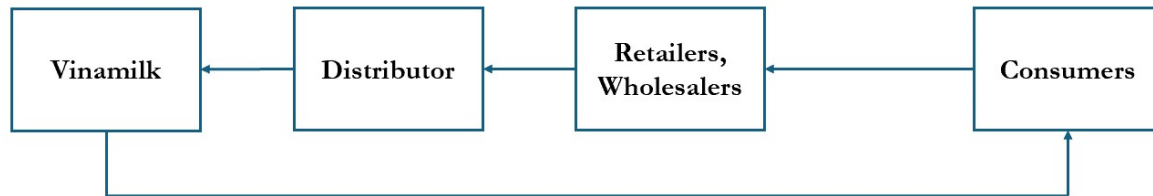
1 Strong Competitive Advantages (cont.)

Promotional Strategies: Pull and Push Approaches

Line 1:



Line 2:



Vinamilk tailors its promotional strategies based on strategic objectives, utilizing two primary approaches: pull and push strategies, each aligned with distinct communication channels.

Push Strategy

- Vinamilk actively motivates and supports distributors to increase product sales.
- This involves providing incentives, promotional materials, and assistance to distributors to push products into the market.

Pull Strategy

- Vinamilk targets specific consumers to stimulate product demand and drive purchases.
- Tactics include television advertisements during prime viewing hours, radio commercials, and distribution of leaflets to attract consumers directly.

1 Strong Competitive Advantages (cont.)

Total Income Through International Sales

Direct Exports

Total Income Through International Sales: Contributes approximately 8% of total revenue.

Export Details:

- **Export to:** 60 countries.
- **Primary markets:** Middle East and Southeast Asia.
- **Exported products:** Powdered milk and condensed milk.

Angkor Milk (Cambodia)

- **Total Income Through International Sales:** Contributes approximately 3% of total revenue.
- **Competitive Advantage:** Largest dairy company in Cambodia.
- **Products:** Nutritional milk, Yogurt, Condensed milk.

Driftwood (United States)

- **Total Income Through International Sales:** Contributes around 5% of total revenue.
- **Competitive Advantage:** Over 100-year-old brand in Southern California, USA.
- **Key customer segments:** Schools, HORECA (Hotels, Restaurants, Catering)

Strong Competitive Advantages (cont.)

Vinamilk's Strategic Planning Give "the Giants" an Edge on the Market

Penetration Pricing

Despite meeting international standards, Vinamilk prices its products significantly lower than imported foreign milk brands.

For instance, Vinamilk's powdered milk for children is priced at only **one-third** the cost of other similar products in the market.

Premium Pricing

Vinamilk employs **premium pricing** for select products like **UHT fresh milk (Ultra High Temperature)** and **butter**. These items are priced higher compared to similar offerings from competitors, reflecting their **premium quality** and positioning in the market.

Bundle Pricing

Vinamilk uses **bundle pricing** by offering products together at a reduced price compared to purchasing them individually. For example, customers buying two packs of milk might receive a complimentary box at a more attractive combined price.

Competitive Pricing

To compete effectively in the powdered milk market, Vinamilk **adopts competitive pricing strategies**.

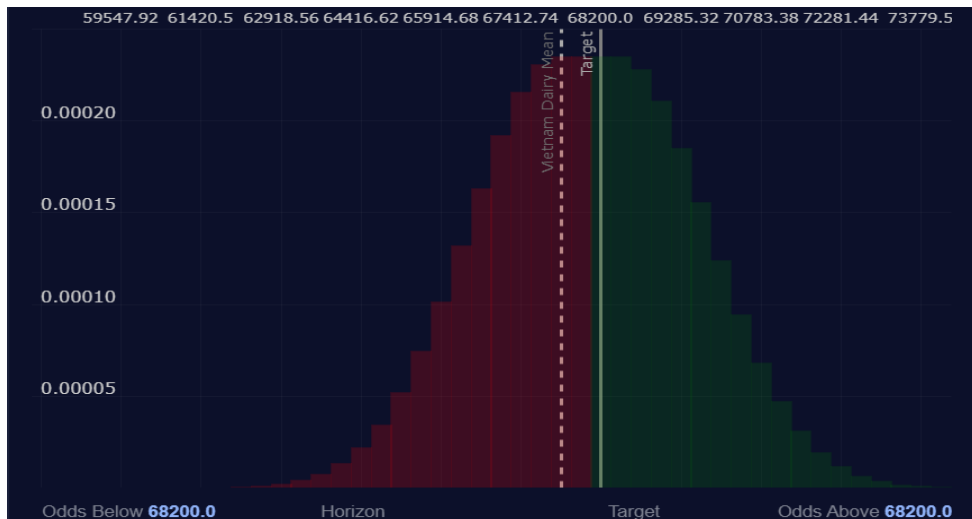
This involves **lowering product prices** and implementing **promotional programs** to entice customers and gain market share.

Mid-Range Pricing

Vinamilk applies a **mid-range pricing** strategy for products like **low-fat fresh milk** and **flavored yogurt**. These prices are set at an average level within their market segment, ensuring both **quality** and **affordability** for the majority of consumers.

Strong Stock Market Potential (cont.)

Vietnam Dairy: Potential, Risk, and Market Analysis



The **probability** of Vietnam Dairy's stock price rising above its current level in the next 90 days is approximately **48.01%**. The stock's probability density function indicates the chances of its price falling within specific price ranges over this period. With a **beta of 0.364** over a 90-day trading horizon, Vietnam Dairy's **average returns** are expected to increase less than the market's returns when overall market returns rise.

Normal Distribution Analysis

Strength:

- **Low Risk:** Vietnam Dairy Products exhibits a risk level of 1.0%, indicating a higher level of safety compared to alternative investments.
- **Diversification Benefits:** The stock's beta of 0.36 suggests potential diversification benefits within a portfolio, as its returns are less volatile compared to the broader market.
- **Reduced Losses in Bear Markets:** Vietnam Dairy Products' lower beta indicates that it may experience smaller losses during bear markets compared to the overall market.

Weakness:

- **Limited Potential for High Returns:** While the stock is relatively safe, its lower performance score suggests limited potential for achieving high returns compared to investments with higher performance scores.
- **Lower Returns During Market Growth:** Vietnam Dairy Products' lower beta suggests that its returns may not increase as much as the market's returns during periods of market growth.

2 Strong Stock Market Potential (cont.)

Vietnam Dairy: Potential, Risk, and Market Analysis

0.15

Vinamilk Score

$$\text{Total Risk Alpha} = RFR + (ER[b] - ER[a]) \times \left(\frac{STD[a]}{STD[b]} \right)$$

Key components:

- **RFR (Risk-Free Rate):** Typically the T-Bill Rate, representing the baseline return without risk.
- **ER[a]:** Expected return from investing in Vietnam Dairy.
- **ER[b]:** Expected return from the market index or benchmark.
- **STD[a]:** Standard Deviation of returns on Vietnam Dairy.
- **STD[b]:** Standard Deviation of the selected market or benchmark

Implications of Total Risk Alpha

Outperformance

Vietnam Dairy Products has demonstrated the ability to exceed its benchmark, indicating potential for higher returns compared to market expectations.

Skilled Management

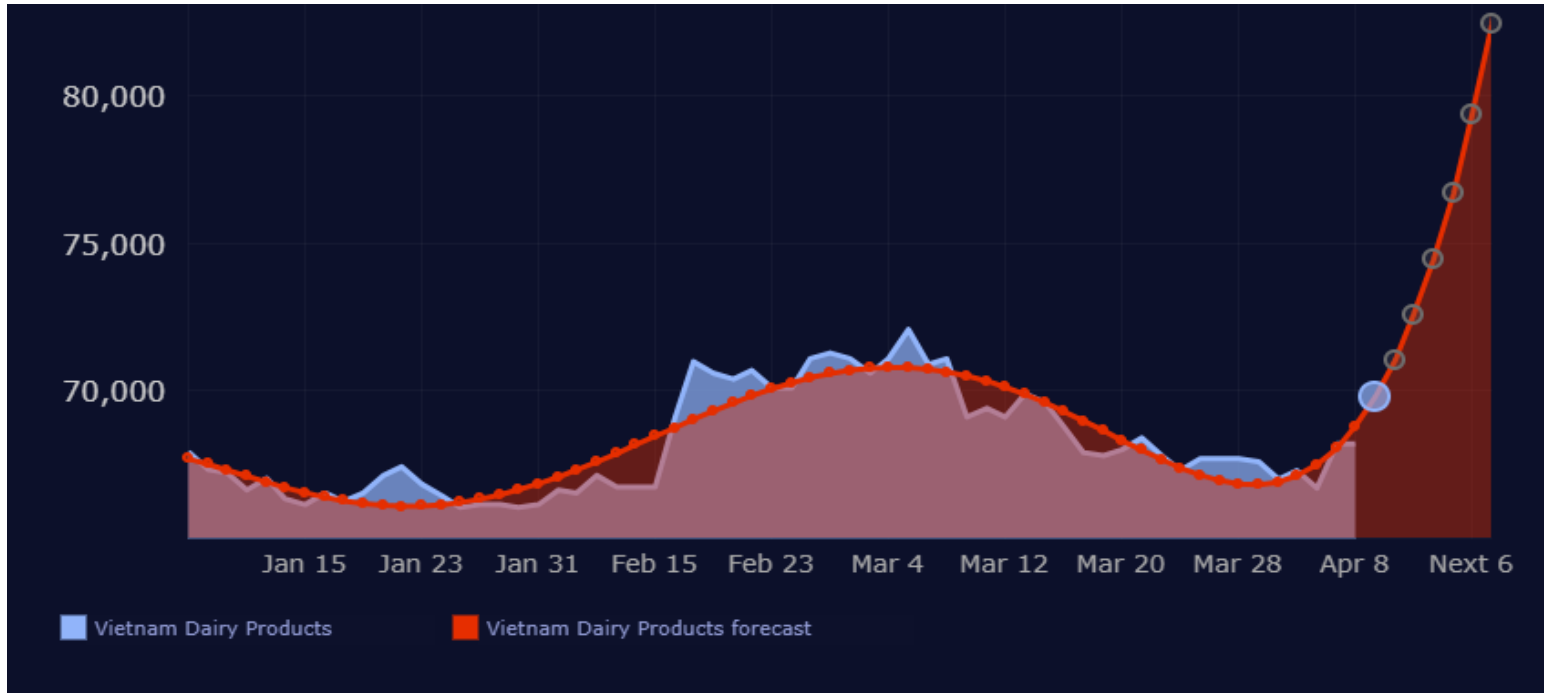
Positive Total Risk Alpha reflects effective management strategies or inherent strengths within the company, bolstering investor confidence in its ability to navigate market conditions.

Consistent Performance

Consistently surpassing benchmark returns signifies stability and resilience, making Vietnam Dairy Products an appealing investment for those seeking steady growth in their portfolios.

Forecast

Insightful Stock Forecasts



- 1. Precision Forecasting:** The Naive Prediction model achieved a mean absolute deviation of 570.19, showcasing highly accurate forecasts for Vietnam Dairy's stock value.
- 2. Robust Predictive Performance:** The model demonstrated strong predictive power with a mean absolute percentage error of 5.26344 closely aligning predicted values with actual outcomes.

- 3. Consistent Accuracy:** Highlighting reliable predictions over a 90-day horizon, the model's sum of absolute errors of 3.4781 underscores its consistent ability to estimate Vietnam Dairy's stock value.
- 4. Clear Insights:** By establishing statistically significant downside and upside margins of 69,785 and 69,787 respectively, the model provides investors with clear guidance to assess risks and rewards confidently.



Valuation and Risks

Valuation

DCF and WACC Evaluation



VND - billions	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Revenue	56,318	59,636	60,919	59,956	60,369	63,535	66,728	69,438	74,494	78,219
Growth		5.89%	2.15%	-1.58%	0.69%	5.24%	5.03%	4.06%	7.28%	5.00%
COGS	29,746	31,968	34,641	36,059	35,824	36,578	38,165	40,193	42,871	45,015
% Revenue	52.82%	53.61%	56.86%	60.14%	59.34%	57.57%	57.19%	57.88%	57.55%	57.55%
Gross Profit	86,064	27,668	26,278	23,897	24,545	26,957	28,564	29,245	31,623	33,204
EBITDA	14,131	14,472	14,005	11,849	12,317	13,600	14,540	15,273	16,385	17,205
% Revenue	25.09%	24.27%	22.99%	19.76%	20.40%	21.41%	21.79%	22.00%	22.00%	22.00%
LESS: D&A	1,886	2,209	2,244	2,096	2,217	2,215	2,292	2,409	2,584	2,714
% Revenue	3.35%	3.70%	3.68%	3.50%	3.67%	3.49%	3.43%	3.47%	3.47%	3.47%
EBIT	12,245	12,263	11,760	9,753	10,100	11,385	12,248	12,864	13,801	14,491
Taxes	2,145	2,071	2,084	1,782	1,807	2,075	2,264	2,452	2,630	2,762
% EBIT	17.51%	16.89%	17.72%	18.27%	17.90%	18.22%	18.49%	19.06%	19.06%	19.06%
NOPAT	10,101	10,192	9,676	7,971	8,293	9,310	9,984	10,413	11,171	11,729
ADD: D&A	1,886	2,209	2,244	2,096	2,217	2,215	2,292	2,409	2,584	2,714
CAPEX	2,158	1,265	1,531	1,457	1,580	1,662	1,746	1,817	1,949	2,047
% Revenue	3.83%	2.12%	2.51%	2.43%	2.62%	2.62%	2.62%	2.62%	2.62%	2.62%
Change in NWC	(580)	(2,411)	(2,465)	(960)	(2,505)	(2,637)	(2,769)	(2,882)	(3,091)	(3,246)
% Revenue	-1.03%	-4.04%	-4.05%	-1.60%	-4.15%	-4.15%	-4.15%	-4.15%	-4.15%	-4.15%
UFCF	9,248	8,725	7,924	7,650	6,424	7,226	7,761	8,123	8,715	9,150
PV Factor						0.94	0.88	0.82	0.77	0.72
PV of UFCF						6,767	6,804	6,669	6,699	6,587

Input Assumptions:

- Vinamilk maintains robust marketing efforts and extensive market penetration.
- Vinamilk's subsidiaries, **Driftwood in the U.S.**, show a revenue growth rate exceeding 30%, and **Angkormilk in Cambodia** exhibits growth over 10%.
- Management continues to optimize business expenditures without any significant spikes, as observed in **2022**.
- Vinamilk successfully sustains a **dividend rate of 38.5% for 2024**, allocating **over 8 trillion VND** for dividend payments, equivalent to approximately **95% of the projected 2024 profit**.

WACC	Terminal Growth Rate				
	1.0%	2.0%	3.0%	4.0%	
	5.8%	39.3%	68.0%	117.2%	221.1%
	6.3%	27.0%	49.5%	85.6%	153.3%
	6.8%	16.8%	34.8%	62.5%	109.8%
	7.3%	8.2%	23.0%	44.7%	79.5%
	7.8%	0.9%	13.2%	30.6%	57.2%

Price Target Calculation

Terminal Growth Rate	3.0%
Terminal Value	\$ 248,325
PV of Terminal Value	178,755
PV of FCF	33,526
Enterprise value	212,281
Cash	23,651
Debt	8,456
Equity Value	227,476
Shares Outstanding (b)	2.1
Implied Share Price	\$ 108,843
Current Share Price	67,000
Implied Upside	62.5%

Cost of Capital Calculation

Market Cap	140,027	Kd	5.52%
Debt Value	8,456	Ke	6.93%
RFR	2.83%	Beta	0.79
Effective Tax Rate			18%
Expected Market Return			8.02%
WACC:			6.80%

Valuation

DCF and WACC Evaluation



VND - billions	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
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% Revenue	3.35%	3.70%	3.68%							
EBIT	12,245	12,263	11,760							
Taxes	2,145	2,071	2,084							
% EBIT	17.51%	16.89%	17.72%							
NOPAT	10,101	10,192	9,676							
ADD: D&A	1,886	2,209	2,244							
CAPEX	2,158	1,265	1,531							
% Revenue	3.83%	2.12%	2.51%							
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% Revenue	-1.03%	-4.04%	-4.05%							
UFCF	9,248	8,725	7,924							
PV Factor										
PV of UFCF										

62.5%

Implied Upside | Buy Rating

108.843 VND

Price Target | 2028

Input Assumptions:

Terminal Growth Rate				
	1.0%	2.0%	3.0%	4.0%
5.8%	39.3%	68.0%	117.2%	221.1%
6.3%	27.0%	49.5%	85.6%	153.3%
6.8%	16.8%	34.8%	62.5%	109.8%
7.3%	8.2%	23.0%	44.7%	79.5%
7.8%	0.9%	13.2%	30.6%	57.2%

Price Target Calculation	
Growth Rate	3.0%
Value	\$ 248,325
Terminal Value	178,755
CF	33,526
se value	212,281
	23,651
	8,456
value	227,476
Outstanding (b)	2.1
Share Price	\$ 108,843
Share Price	67,000
Upside	62.5%

Cost of Capital Calculation		
Market Cap	140,027	Kd 5.52%
Debt Value	8,456	Ke 6.93%
RFR	2.83%	Beta 0.79
Effective Tax Rate		18%
Expected Market Return		8.02%
WACC:		6.80%

Risks & Mitigants

Addressing Common Concerns: Vinamilk's Resilience in the Industry



Stagnate Growth Rate

Despite holding a dominant market position in Vietnam (market cap exceeding 6 trillion VND, brand value at 3 trillion VND), Vinamilk's growth rate might slow down in the future.

- Expand to international markets with high growth potential.
- Develop innovative products to cater to evolving consumer preferences (e.g., plant-based options).
- Strengthen marketing and distribution strategies to stimulate growth.

Intense Competition

While Vinamilk holds the top position in Vietnam's dairy industry with the largest market share, it faces intense competition from other players

- Leverage robust infrastructure (140,000 cows, 15 farms) to maintain a competitive edge.
- Invest in R&D to ensure superior product quality and technology.

Overreliance on Domestic Market

Vinamilk's primary focus has been on the domestic Vietnamese market, which could pose risks in terms of market saturation and dependence on a single market.

- Vinamilk is actively accelerate international expansion to diversify revenue streams (e.g., Southeast Asia growth of 10% for AngkorMilk and a 30% for Driftwood Dairy).

Risks & Mitigants

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International Expansion Challenges

Expanding globally presents challenges like navigating regulations, cultural preferences, and new competition (even though exports increased by 5% and contributed 7.218 trillion VND in revenue over nine months in 2023).

- **Expand to international markets with high growth potential.**
- **Develop innovative products to cater to evolving consumer preferences (e.g., plant-based options).**
- **Strengthen marketing and distribution strategies to stimulate growth.**

Financial Performance Fluctuations

Despite strong recent performance (consolidated gross profit margin reaching 41.9% in Q3 2023), Vinamilk's financial performance could fluctuate due to external factors.

- **Maintain a diversified product portfolio to reduce reliance on any single product category.**
- **Implement cost-saving measures to improve operational efficiency.**
- **Explore alternative revenue streams (e.g., premium product lines) to hedge against economic fluctuations.**

In summary, despite recent challenges, Vinamilk's strategic resilience, international expansion, and solid financial performance position it as a stalwart within the F&B industry, demonstrating its enduring strength and market leadership.

Additional Considerations

The Niches of Our Recommendation



Recommendation

Our recommendation is to hold or monitor your position in Vietnam Dairy Products (Vinamilk) stock, leveraging its accurate forecasting capabilities and managing risks effectively, with consideration to potential market trends over the next 6 months.

Our recommendation is to **Hold** or **Hold and Monitor** your position in Vietnam Dairy Products stock based on its current predictive performance and market conditions. The Naive Prediction model employed by Vinamilk exhibits strong accuracy and consistent forecasting capabilities over a 90-day horizon, providing valuable insights into the stock's future trajectory.

Possible Sell Condition

In the event of a **Hold** recommendation, investors should consider monitoring market trends closely over the next **6 months**. If the market conditions indicate a **positive slope** in the forecasting graph, suggesting a strong correlation with price increase, investors might strategically plan **to sell or adjust their positions** accordingly. This approach aligns with proactive risk management and capitalizes on potential market upswings.

Key Points Supporting Recommendation

- 1. Accurate and Reliable Forecasts:** The Naive Prediction model utilized by Vietnam Dairy Products demonstrates precise forecasting abilities, evident from its minimal mean absolute deviation and sum of absolute errors. These metrics indicate reliable estimations of Vinamilk's stock value, instilling confidence in investment decisions.
- 2. Effective Risk Management and Return Optimization:** The model establishes statistically significant downside and upside margins, empowering investors to leverage insights for informed decision-making. By utilizing these forecasts, investors can potentially maximize returns while effectively managing risks within their investment strategies.