



VINACAFE BIEN HOA

FINANCIAL ANALYSIS

PRESENTATION





Overview of Company

- Vinacafé Bien Hoa Joint Stock Company (Vinacafé BH) is a company that **traces its origins to 1968**.
- After Vietnam was unified in 1975, **the plant was renamed** Bien Hoa Coffee Factory and assigned to the General Department of Food Technology.
- In 1990, Vinacafé **returned to the domestic market** and launched its instant **coffee mix 3 in 1 product** in 1993.
- In 2004, Bien Hoa Coffee Factory **transferred into a joint stock company** with Vinacafé BH as its new name. The company **is now a subsidiary** of Masan Beverage Company Limited.



3 mainstream products

Nutritious cereals



Vinacafe 3-in-1



Wake up 247





Overview of industry

- Vietnam's food and beverage industry has witnessed tremendous growth in recent years, with **rising demand for food and beverage products**.
 - Vietnam's strategic location and developing export market have made it an appealing destination for **foreign investors**.
 - The **food and beverage industry** in Vietnam can be broadly classified into **six main segments**.
 - **Vinacafe Bien Hoa** is one of the ten reputable companies in non-alcoholic beverages sub-sector.
 - The COVID-19 pandemic is seen as a major factor in promoting people to **pursue a healthier and more balanced lifestyle**, and to prioritize their health
- > **Nonalcoholic beverages** are expected to have **great growth potential** in Vietnam after Covid-19.

Vertical Analysis of Balance Sheet



Current assets:	2019	2020	2021	2019	2020	2021
Cash and cash equivalents	218,388,319,710	201,559,823,160	1,124,040,455,859	9.81%	9.46%	57.77%
Short-term financial investments			400,000,000			0.03%
Short-term trade receivables	1,214,118,987,237	1,172,535,183,612	130,526,111,432	54.56%	55.00%	6.71%
Inventory	209,196,938,479	236,715,265,299	233,214,952,292	9.40%	11.10%	11.99%
Other current assets	9,310,102,491	8,572,105,551	8,806,077,205	0.42%	0.40%	0.45%
Total current assets	1,651,014,347,917	1,619,382,377,622	1,496,987,596,788	74.19%	75.96%	76.94%
Non-current assets:	2019	2020	2021	2019	2020	2021
Long-term trade receivables	5,000,000	5,000,000	5,000,000	0.00%	0.00%	0.00%
Fixed assets	524,528,739,209	465,666,561,462	410,952,552,471	23.57%	21.84%	21.12%
Long-term assets in progress	1,699,576,081	1,611,020,720	2,341,741,814	0.08%	0.08%	0.12%
Other long-term assets	30,643,172,053	30,393,991,138	23,288,006,630	1.38%	1.43%	1.20%
Goodwill	17,438,001,994	14,720,391,286	12,002,780,578	0.78%	0.69%	0.62%
Total non-current assets	574,314,589,337	512,396,964,606	448,590,081,493	25.81%	24.04%	23.06%
Total assets	2,225,328,837,254	2,131,779,342,228	1,945,577,678,281	100.00%	100.00%	100.00%
Current liabilities:	2019	2020	2021	2019	2020	2021
Short-term borrowings and finance lease liabilities	345,406,640,836	317,243,744,106	323,007,559,725	15.52%	14.88%	16.60%
Short-term trade payables	295,275,392,610	162,459,760,504	241,745,846,803	13.27%	7.62%	12.43%
Short-term prepayments from customers	1,433,428,343	1,019,768,792	8,475,585,334	0.06%	0.05%	0.44%
Taxes and other payables to government budget	82,164,306,392	99,562,489,090	37,302,741,587	3.69%	4.67%	1.92%
Short-term accrued expenses	27,621,771,870	23,075,152,579	40,516,912,540	1.24%	1.08%	2.08%
Other short-term payments	5,208,349,357	3,724,116,743	4,001,185,948	0.23%	0.17%	0.21%
Bonus and welfare fund	21,031,897,458	21,031,897,458	21,031,897,458	0.95%	0.99%	1.08%
Total current liabilities	778,141,786,866	628,116,929,272	676,081,729,395	34.97%	29.46%	34.75%
Non-current liabilities:	2019	2020	2021	2019	2020	2021
Other long-term payables	279,450,000	279,450,000	279,450,000	0.01%	0.01%	0.01%
Deferred income tax payables			2,109,532,988			0.11%
Long-term provisions	4,836,627,250	4,946,223,000	4,616,434,750	0.22%	0.23%	0.24%
Total non-current liabilities	5,116,077,250	5,225,673,000	7,005,417,738	0.23%	0.25%	0.36%
Total liabilities	783,257,864,116	633,342,602,272	683,087,147,133	35.20%	29.71%	35.11%
Vinacafé Biên Hòa' equity:	2019	2020	2021	2019	2020	2021
Stockholders' equity	265,791,350,000	265,791,350,000	265,791,350,000	11.94%	12.47%	13.66%
Capital surplus	29,974,241,968	29,974,241,968	29,974,241,968	1.35%	1.41%	1.54%
Development and investment fund	213,510,848,947	213,510,848,947	213,510,848,947	9.59%	10.02%	10.97%
Undistributed profit after tax	943,676,859,714	1,002,800,069,974	751,690,869,498	42.41%	47.04%	38.64%
Non-controlling interest	(10,882,327,491)	(13,639,770,934)	1,523,220,735	-0.49%	-0.64%	0.08%
Total equity	1,442,070,973,138	1,498,436,739,956	1,262,490,531,148	64.80%	70.29%	64.89%
Total liabilities and equity	2,225,328,837,254	2,131,779,342,228	1,945,577,678,281	100.00%	100.00%	100.00%

Appendix 1:

Vertical Analysis of Balance Sheet from 2019 to 2021 (Unit: VND)

Assets



In 2019, the inventory accounted for 9.4% of total current assets, and by 2021, it had risen to 11.99%. Overall, the Total Current Assets item has been steadily declining for three years, but the overall size of this figure indicates that it has significantly increased from 74.19% to 76.94%. Its inventory and fixed assets are indispensable for its production and expansion.

Liabilities



The most substantial current liability is short-term borrowings and finance lease liabilities, which comprise 16.6% of the total liabilities. Another significant current liability is short-term trade payables, accounting for 12.43% of the total liabilities.



Equity

The total equity constituted a significant portion of the total liabilities and equity, ranging from 64.8% to 70.3% over the three years under review. Overall, the company's total equity is quite substantial, accounting for over 60% of its total liabilities and equity.

Vertical Analysis of Income Statement



	Income Statement			Common size		
	2019	2020	2021	2019	2020	2021
Sales revenue	3,102,829,367,605	2,902,455,374,781	2,219,081,722,078	100.00%	100.00%	100.00%
Sales returns and allowances	5,383,639,889	1,162,717,432	2,171,971,874	0.17%	0.04%	0.10%
Net sales	3,097,445,727,716	2,901,292,657,349	2,216,909,750,204	99.83%	99.96%	99.90%
Cost of Goods Sold (COGS) incl. D&A	2,232,972,093,529	2,010,957,380,215	1,661,435,699,579	71.97%	69.28%	74.87%
Gross Profit	864,473,634,187	890,335,277,134	555,474,050,625	27.86%	30.68%	25.03%
Financial income	10,514,020,569	65,765,448,691	62,881,462,350	0.34%	2.27%	2.83%
Financial expenses	20,523,219,469	20,383,504,195	5,552,906,411	0.66%	0.70%	0.25%
Selling expenses	17,218,272,083	6,900,271,350	15,680,623,301	0.55%	0.24%	0.71%
Administrative expenses	38,875,429,486	26,727,403,421	48,731,906,164	1.25%	0.92%	2.20%
Operating Income	798,270,733,718	902,089,546,859	548,390,077,099	25.73%	31.08%	24.71%
Other revenue and gains	(6,851,722,043.00)	(273,187,864.00)	175,481,273	-0.22%	-0.01%	0.01%
Income before taxes	791,419,011,675.00	901,816,358,995	548,565,558,372	25.51%	31.07%	24.72%
Income Tax - Current Domestic	120,785,908,465.00	180,679,735,688	113,234,510,554	3.89%	6.23%	5.10%
Income Tax - Deferred Domestic	(7,143,069,443.00)	274,481,489	6,798,881,626	-0.23%	0.01%	0.31%
Net Income	677,776,172,653	720,862,141,818	428,532,166,192	21.84%	24.84%	19.31%

Appendix 2: Vertical Analysis of Income Statement from 2019 to 2021 (Unit: VND)



Vinacafe Biên Hòa's income statement depicts a reduction in sales/revenue from 2019 to 2021. Overall, Vinacafe Biên Hòa's income statement signifies that the company is grappling with maintaining profitability and generating growth.

Horizontal Analysis of Balance Sheet



Historical Balance Sheet

	Unit: VND			
	2019	2020	2021	CAGR
Current assets:				
Cash and cash equivalents	218,388,319,710	201,559,823,160	1,124,040,455,859	72.66%
Short-term financial investments			400,000,000	
Short-term trade receivables	1,214,118,987,237	1,172,535,183,612	130,526,111,432	-52.45%
Inventory	209,196,938,479	236,715,265,299	233,214,952,292	3.69%
Other current assets	9,310,102,491	8,572,105,551	8,806,077,205	-1.84%
Total current assets	1,651,014,347,917	1,619,382,377,622	1,496,987,596,788	-3.21%
Non-current assets:				
Long-term trade receivables	5,000,000	5,000,000	5,000,000	0.00%
Fixed assets	524,528,739,209	465,666,561,462	410,952,552,471	-7.81%
Long-term assets in progress	1,699,576,081	1,611,020,720	2,341,741,814	11.28%
Other long-term assets	30,643,172,053	30,393,991,138	23,288,006,630	-8.74%
Goodwill	17,438,001,994	14,720,391,286	12,002,780,578	-11.71%
Total non-current assets	574,314,589,337	512,396,964,606	448,590,081,493	-7.91%
Total assets	2,225,328,837,254	2,131,779,342,228	1,945,577,678,281	-4.38%

Horizontal Analysis of Balance Sheet

	Increase or Decrease during 2020	% Change in 2020	Increase or Decrease during 2021	% Change in 2021
Current assets:				
Cash and cash equivalents	(16,828,496,550)	-7.71%	922,480,632,699	457.67%
Short-term financial investments	0	0%	400,000,000	
Short-term trade receivables	(41,583,803,625)	-3.43%	(1,042,009,072,180)	-88.87%
Inventory	27,518,326,820	13.15%	(3,500,313,007)	-1.48%
Other current assets	(737,996,940)	-7.93%	233,971,654	2.73%
Total current assets	(31,631,970,295)	-1.92%	(122,394,780,834)	-7.56%
Non-current assets:	Increase or Decrease during 2020	% Change in 2020	Increase or Decrease during 2021	% Change in 2021
Long-term trade receivables	0	0%	0	0%
Fixed assets	(58,862,177,747)	-11.22%	(54,714,008,991)	-11.75%
Long-term assets in progress	(88,555,361)	-5.21%	730,721,094	45.36%
Other long-term assets	(249,180,915)	-0.81%	(7,105,984,508)	-23.38%
Goodwill	(2,717,610,708)	-15.58%	(2,717,610,708)	-18.46%
Total non-current assets	(61,917,624,731)	-10.78%	(63,806,883,113)	-12.45%
Total assets	(93,549,495,026)	-4.20%	(186,201,663,947)	-8.73%

Appendix 3:

Horizontal Analysis of Balance Sheet - Total Assets from 2019 to 2021

- Total assets have been deteriorating each year decrease in the CAGR of 4.38% over 3 years.
- This drop in total assets is due to a **52.45% drop** in short-term trade receivables for 1,042,009,072,180 VND in 2021, compared to a **drop of 88.87%** in 2020 (Appendix 3).
- Notably, from 2019 to 2020, Vinacafe's cash and cash equivalents went down by 7.71%. However, from 2020 to 2021, this category went up by approximately 1 trillion VND, which is about 457.67% (Appendix 3).

Horizontal Analysis of Balance Sheet



Current liabilities:	2019	2020	2021	CAGR
Short-term borrowings and finance lease liabilities	345,406,640,836	317,243,744,106	323,007,559,725	-2.21%
Short-term trade payables	295,275,392,610	162,459,760,504	241,745,846,803	-6.45%
Short-term prepayments from customers	1,433,428,343	1,019,768,792	8,475,585,334	80.83%
Taxes and other payables to government budget	82,164,306,392	99,562,489,090	37,302,741,587	-23.14%
Short-term accrued expenses	27,621,771,870	23,075,152,579	40,516,912,540	13.62%
Other short-term payments	5,208,349,357	3,724,116,743	4,001,185,948	-8.41%
Bonus and welfare fund	21,031,897,458	21,031,897,458	21,031,897,458	0.00%
Total current liabilities	778,141,786,866	628,116,929,272	676,081,729,395	-4.58%
Non-current liabilities:	2019	2020	2021	CAGR
Other long-term payables	279,450,000	279,450,000	279,450,000	0.00%
Deferred income tax payables			2,109,532,988	
Long-term provisions	4,836,627,250	4,946,223,000	4,616,434,750	-1.54%
Total non-current liabilities	5,116,077,250	5,225,673,000	7,005,417,738	11.04%
Total liabilities	783,257,864,116	633,342,602,272	683,087,147,133	-4.46%
Vinacafé Biên Hòa' equity:	2019	2020	2021	CAGR
Stockholders' equity	265,791,350,000	265,791,350,000	265,791,350,000	0.00%
Capital surplus	29,974,241,968	29,974,241,968	29,974,241,968	0.00%
Development and investment funds	213,510,848,947	213,510,848,947	213,510,848,947	0.00%
Undistributed profit after tax	943,676,859,714	1,002,800,069,974	751,690,869,498	-7.30%
Non-controlling interest	(10,882,327,491.00)	(13,639,770,934.00)	1,523,220,735	-151.92%
Total equity	1,442,070,973,138	1,498,436,739,956	1,262,490,531,148	-4.34%
Total liabilities and equity	2,225,328,837,254	2,131,779,342,228	1,945,577,678,281	-4.38%

Current liabilities:	Increase or Decrease during 2020	% Change in 2020	Increase or Decrease during 2021	% Change in 2021
Short-term borrowings and finance lease liabilities	(28,162,896,730)	-8.15%	5,763,815,619	1.82%
Short-term trade payables	(132,815,632,106)	-44.98%	79,286,086,299	48.80%
Short-term prepayments from customers	(413,659,551)	-28.86%	7,455,816,542	731.13%
Taxes and other payables to government budget	17,398,182,698	21.17%	(62,259,747,503)	-62.53%
Short-term accrued expenses	(4,546,619,291)	-16.46%	17,441,759,961	75.59%
Other short-term payments	(1,484,232,614)	-28.50%	277,069,205	7.44%
Bonus and welfare fund	0	0%	0	0%
Total current liabilities	(150,024,857,594)	-19.28%	47,964,800,123	7.64%
Non-current liabilities:	Increase or Decrease during 2020	% Change in 2020	Increase or Decrease during 2021	% Change in 2021
Other long-term payables	0	0%	0	0%
Deferred income tax payables			2,109,532,988	
Long-term provisions	109,595,750	2.27%	(329,788,250)	-6.67%
Total non-current liabilities	109,595,750	2.14%	1,779,744,738	34.06%
Total liabilities	(149,915,261,844)	-19.14%	49,744,544,861	7.85%
Vinacafé Biên Hòa' equity:	Increase or Decrease during 2020	% Change in 2020	Increase or Decrease during 2021	% Change in 2021
Stockholders' equity	0	0%	0	0%
Capital surplus	0	0%	0	0%
Development and investment funds	0	0%	0	0%
Undistributed profit after tax	59,123,210,260	6.27%	(251,109,200,476)	-25.04%
Non-controlling interest	(2,757,443,443)	25.34%	15,162,991,669	-111.17%
Total equity	56,365,766,818	3.91%	(235,946,208,808)	-15.75%
Total liabilities and equity	(93,549,495,026)	-4.20%	(186,201,663,947)	-8.73%

Appendix 4 & 5:

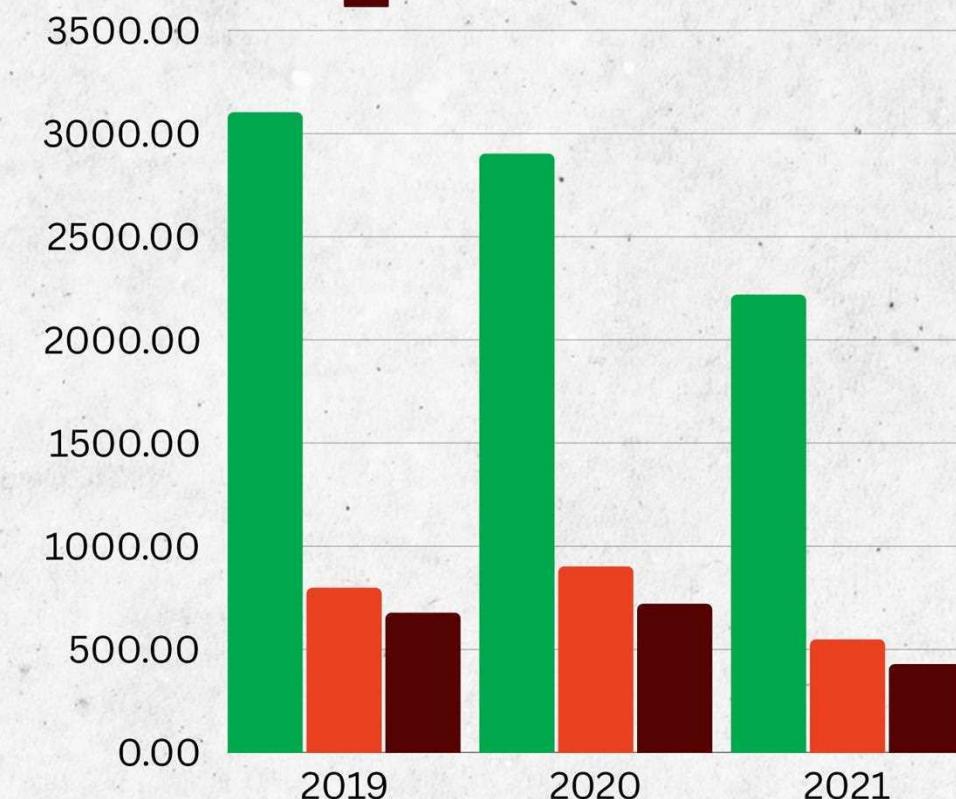
Horizontal Analysis of Balance Sheet - Total Liabilities and Equity from 2019 to 2021

The company may have changed its strategy to hold more cash and short-term investments to handle financial risks and uncertainties better.

In general, the company's performance in each category of assets, liabilities, and equity has mostly decreased through each year since 2019 (Appendix 3, 4, 5).

Horizontal Analysis of Income Statement

Historical Income Statement	Unit: VND				Horizontal Analysis of Income Statement				
	2019	2020	2021	CAGR			Increase or Decrease during 2020	% Change in 2020	Increase or Decrease during 2021
Sales revenue	3,102,829,367,605	2,902,455,374,781	2,219,081,722,078	-10.57%	Sales revenue	(200,373,992,824)	-6.46%	(683,373,652,703)	-23.54%
Sales returns and allowances	5,383,639,889	1,162,717,432	2,171,971,874	-26.11%	Sales returns and allowances	(4,220,922,457)	-78.40%	1,009,254,442	86.80%
Net sales	3,097,445,727,716	2,901,292,657,349	2,216,909,750,204	-10.55%	Net sales	(196,153,070,367)	-6.33%	(684,382,907,145)	-23.59%
Cost of goods sold	2,232,972,093,529	2,010,957,380,215	1,661,435,699,579	-9.39%	Cost of goods sold	(222,014,713,314)	-9.94%	(349,521,680,636)	-17.38%
Gross profit	864,473,634,187	890,335,277,134	555,474,050,625	-13.71%	Gross profit	25,861,642,947	2.99%	(334,861,226,509)	-37.61%
Selling expenses	17,218,272,083	6,900,271,350	15,680,623,301	-3.07%	Selling expenses	(10,318,000,733)	-59.92%	8,780,351,951	127.25%
Administrative expenses	38,875,429,486	26,727,403,421	48,731,906,164	7.82%	Administrative expenses	(12,148,026,065)	-31.25%	22,004,502,743	82.33%
Total operating expenses	56,093,701,569	33,627,674,771	64,412,529,465	4.72%	Total operating expenses	(22,466,026,798)	-40.05%	30,784,854,694	91.55%
Net profit from production and business activities before CIT	808,379,932,618	856,707,602,363	491,061,521,160	-15.31%	Net profit from production and business activities before CIT	48,327,669,745	5.98%	(365,646,081,203)	-42.68%
Revenues from financial activities	10,514,020,569	65,765,448,691	62,881,462,350	81.52%	Revenues from financial activities	55,251,428,122	525.50%	(2,883,986,341)	-4.39%
Financial activities expenses	20,623,219,469	20,383,504,195	5,552,906,411	-35.43%	Financial activities expenses	(239,715,274)	-1.16%	(14,830,597,784)	-72.76%
Net income from financial activities	(10,109,198,900)	45,381,944,496	57,328,555,939	-278.33%	Net income from financial activities	55,491,143,396	-548.92%	11,946,611,443	26.32%
Income from operations	798,270,733,718	902,089,546,859	548,390,077,099	-11.76%	Income from operations	103,818,813,141	13.01%	(353,699,469,760)	-39.21%
Other revenues and gains	14,680,080		200,288,833	138.95%	Other revenues and gains	(14,680,080)	-100%	200,288,833	
Other expenses and losses	(6,866,402,123)	(273,187,864.00)	24,807,560	-115.34%	Other expenses and losses	6,593,214,259	-96.02%	297,995,424	-109.08%
Income before income taxes	791,419,011,675	901,816,358,995	548,565,558,372	-11.50%	Income before income taxes	110,397,347,320	13.95%	(353,250,800,623)	-39.17%
Income tax expense	113,642,839,022	180,972,217,177	120,033,392,180	1.84%	Income tax expense	67,329,378,155	59.25%	(60,938,824,997)	-33.67%
Net income	677,776,172,653	720,844,141,818	428,532,166,192	-14.17%	Net income	43,067,969,165	6.35%	(292,311,975,626)	-40.55%

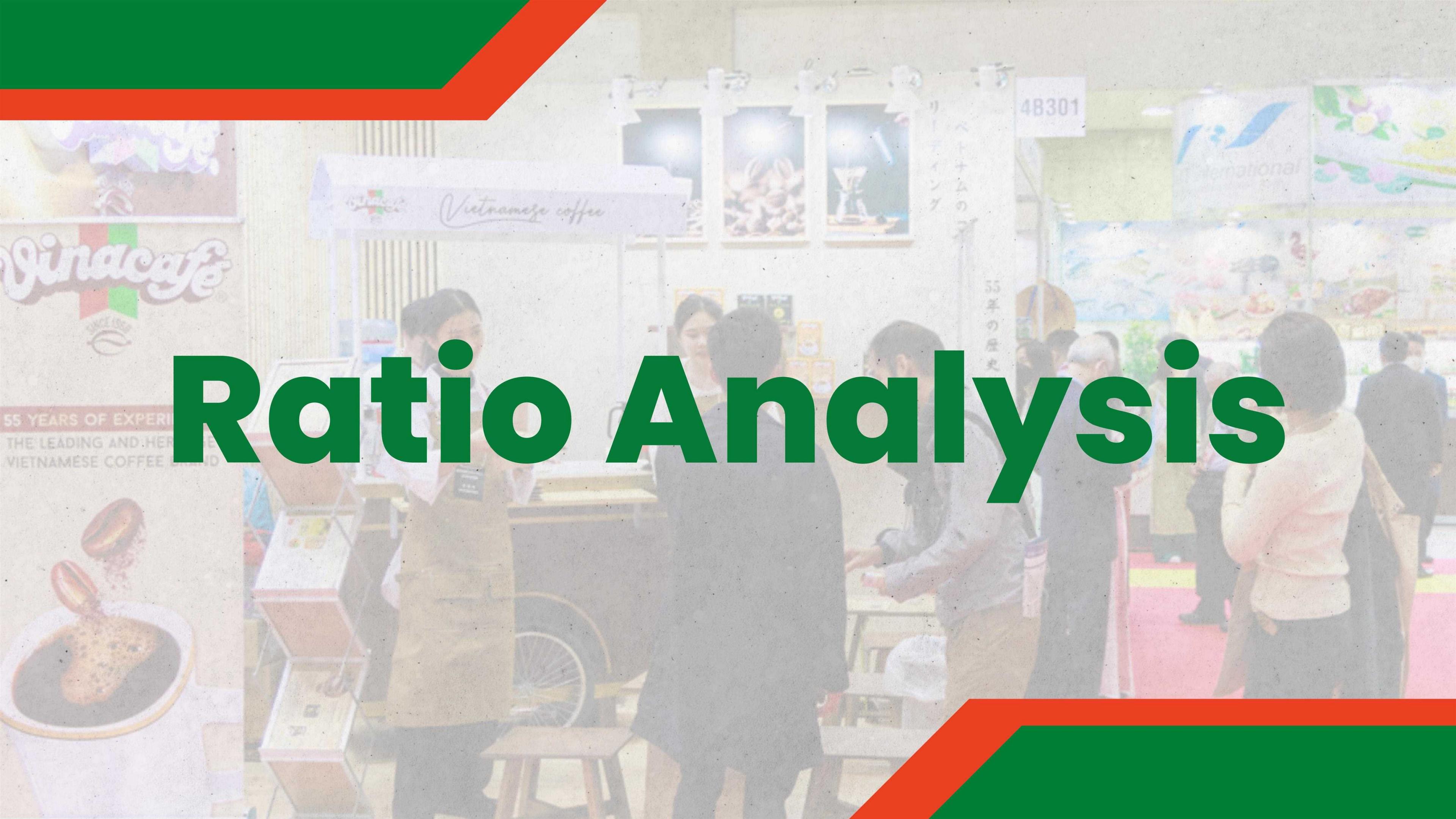


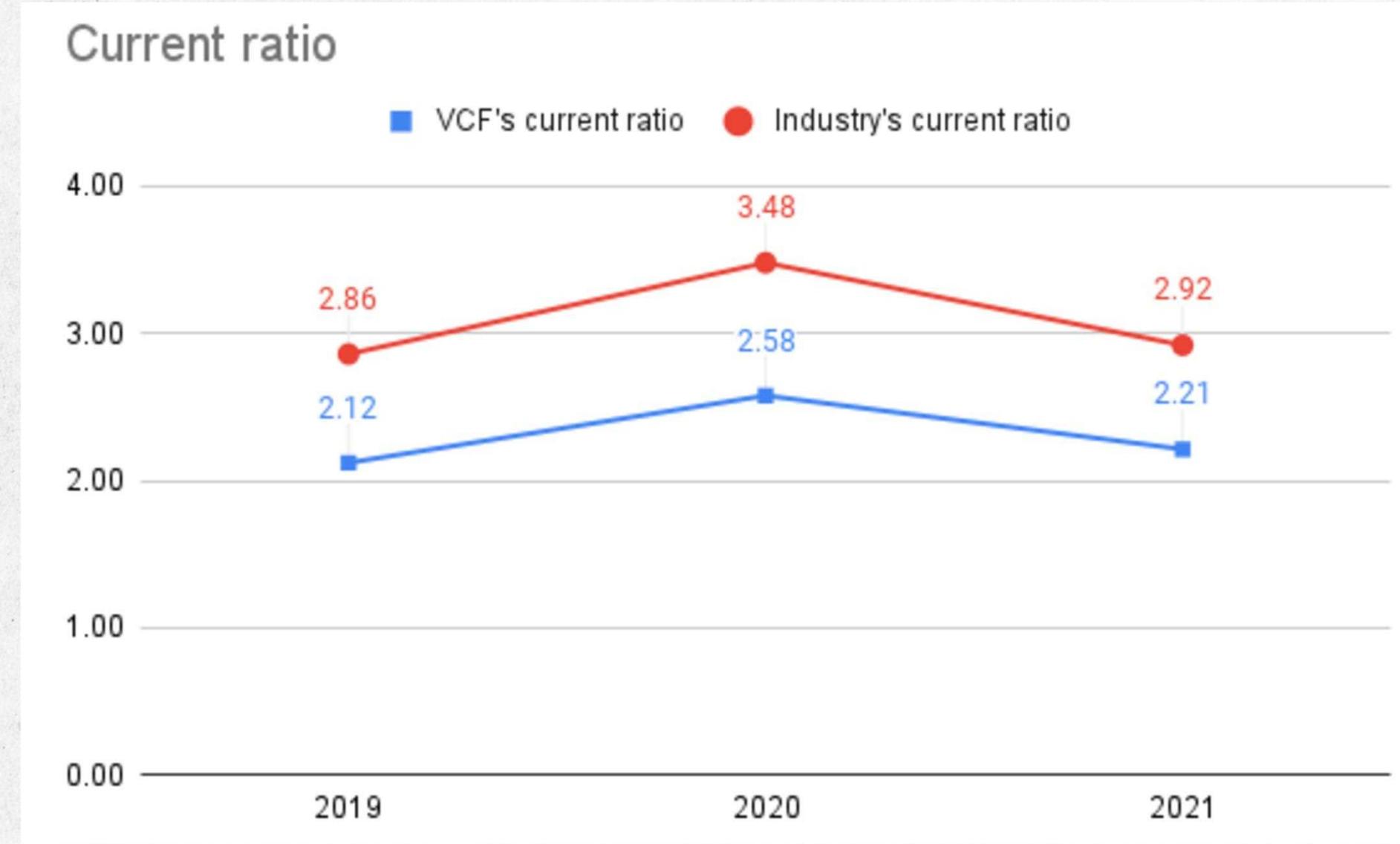
Appendix 6: Horizontal Analysis of Income Statement from 2019 to 2021

- The company had tried to save input costs, the combined effects of these two factors led to the company's net profit from production and business activities before CIT in 2020 increasing by 6%.
- In 2021, the company's sales revenue declined 24% compared to the previous year due to the decrease in sales volume, resulting in a 38% decline in gross profit.
- By optimizing the cash flow from financial investment activities, the net income from financial activities increased by 26% to 57.3 billion VND.

Figure 1: Profit and Loss from 2019 to 2021
(Unit: Billion VND)

Ratio Analysis





From 2019 to 2020, Vinacafe's current ratios are below the industry norm, which could indicate a higher risk of distress or default even though a current ratio of 2 to 1 shows that the firm has more than twice as many current assets as current liabilities.

Source: Company data, SSI, team analysis

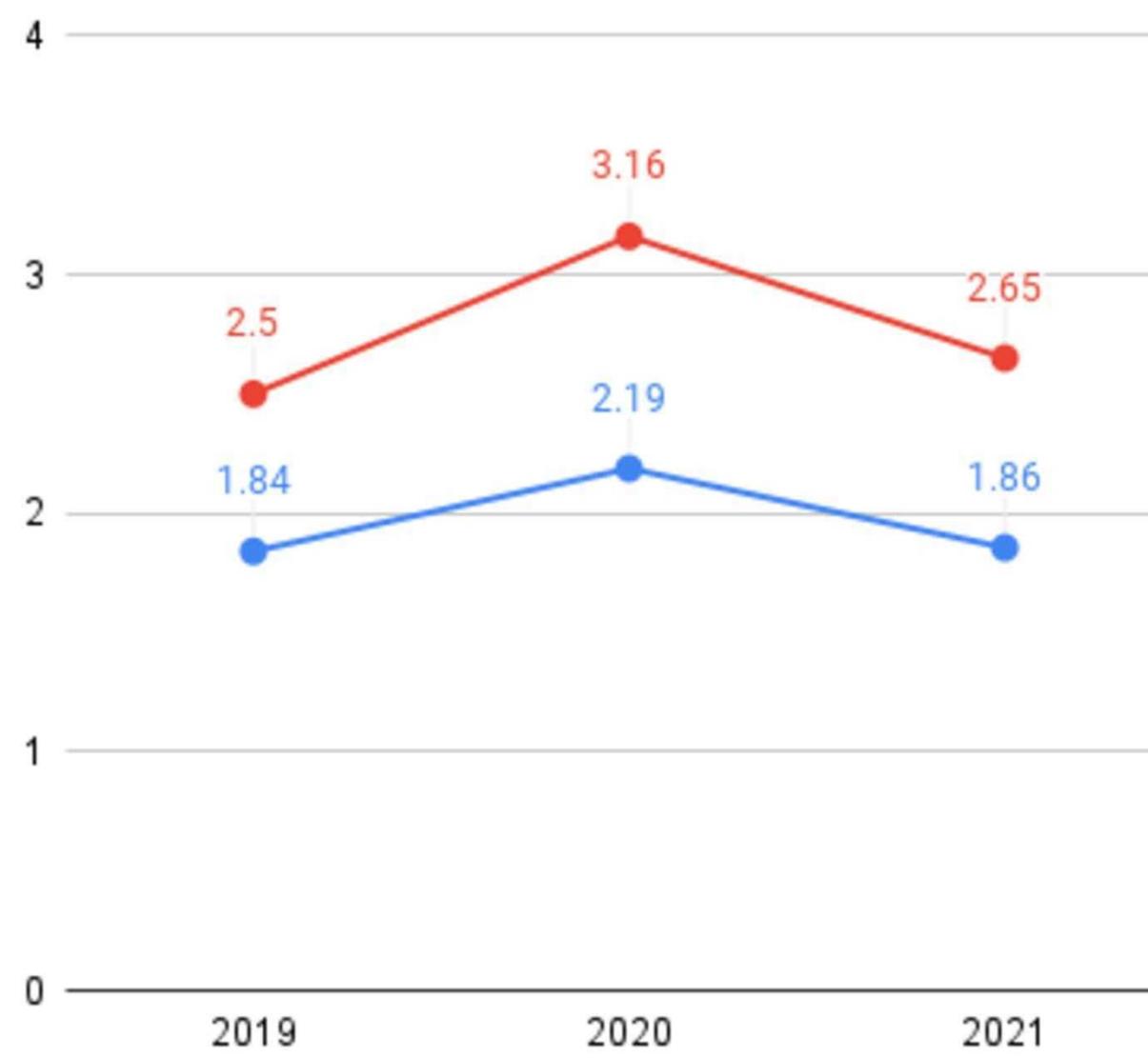


Current Ratio

Quick Ratio

Quick ratio

● VCF ● Industry



Source: Company data, SSI, team analysis

- VCF has maintained a strong level of liquidity over the past few years, demonstrating that it can fulfill its short-term obligations.

- VCF's quick ratio compared to the industry, was continuously lower than the industry average.

Vinacafe may be less able to satisfy its short-term financial obligations than its competitors in the same sector.

	2019	2020	2021
Cash and cash equivalents	218,388,319,710	201,559,823,160	1,124,040,455,8
Short-term financial investment			400,000,000
Short-term trade receivables	1,214,118,987,237	1,172,535,183,612	130,526,111,432
Total current liabilities	778,141,786,866	628,116,929,272	676,081,729,395
Quick ratio	1.84	2.19	1.86
Industry	2.50	3.16	2.65

Table: Quick ratio

Asset Turnover

Net Working Capital Turnover

Year	2019	2020	2021
Sales Revenue	3,102,829,367,605	2,902,455,374,781	2,219,081,722,078
Net Working Capital	872,872,561,051	991,265,448,350	820,905,867,393
Net Working Capital Turnover	3.55	2.93	2.70

A decline in efficiency in utilizing current assets to generate sales revenue because of several factors such as increased inventory levels, extended payment terms with suppliers, or decreased sales revenue may have contributed to this decline

A decline in the company's ability to generate revenue from its assets due to the disruptions caused by the COVID-19 pandemic. However, VinaCafe was still able to generate revenue more efficiently from its assets than the average company in the industry.

Total Assets Turnover

Year	2019	2020	2021
Sales Revenue	3,102,829,367,605	2,902,455,374,781	2,219,081,722,078
Average Total Assets	2,220,982,687,008	2,178,554,089,743	2,038,678,510,255
Total Assets Turnover	1.40	1.33	1.09
Industry Average Total Assets Turnover	1.49	1.07	0.97

Fixed Assets Turnover

Year	2019	2020	2021
Sales Revenue	3,102,829,367,605	2,902,455,374,781	2,219,081,722,078
Average Fixed Assets	559,983,852,327	495,097,650,336	438,309,556,967
Fixed Assets Turnover	5.54	5.86	5.06
Industry Fixed Assets Turnover	7.5	5.59	5.58

VinaCafe may not be utilizing its fixed assets as efficiently as its competitors in the industry but the trend is also better, in general.

Account receivable turnover and Day's sales in Receivable

Account Receivable Turnover			
Year	2019	2020	2021
Sales Revenue	3,102,829,367,605	2,902,455,374,781	2,219,081,722,078
Average Account Receivable	1,154,637,709,282	1,193,327,085,425	651,530,647,522
Account Receivable Turnover	2.69	2.43	3.41
Day's Sales in Receivable			
Year	2019	2020	2021
Average Account Receivable	1,154,637,709,282	1,193,327,085,425	651,530,647,522
Sales Revenue	3,102,829,367,605	2,902,455,374,781	2,219,081,722,078
Day's Sales in Receivable	135.83	150.07	107.17 days
Industry Average Day's Sales in Receivable	12.66	8.79	7.11 days

Vinacafe efforts to improve its collection process had paid off suggesting challenges in managing accounts receivable effectively

Inventory Turnover and Day's sales in Inventory

Inventory Turnover and Day's Sales in Inventory	365 days		
Year	2019	2020	2021
COGS	2,232,972,093,529	2,010,957,380,215	1,661,435,699,579
Average Inventory	213,472,488,077	222,956,101,889	234,965,108,796
Inventory Turnover	10.46	9.02	7.07
Day's Sales in Inventory	34.89	40.47	51.62 days
Industry Average Day's Sales in Inventory	32.98	38.99	37.27 days

The inventory turnover and Days Sales in Inventory figures indicate a concerning trend for the company

In summary, VinaCafe faces challenges in managing its accounts receivable and inventory efficiently, but the company was still able to generate revenue more efficiently from its assets than the average company in the industry.

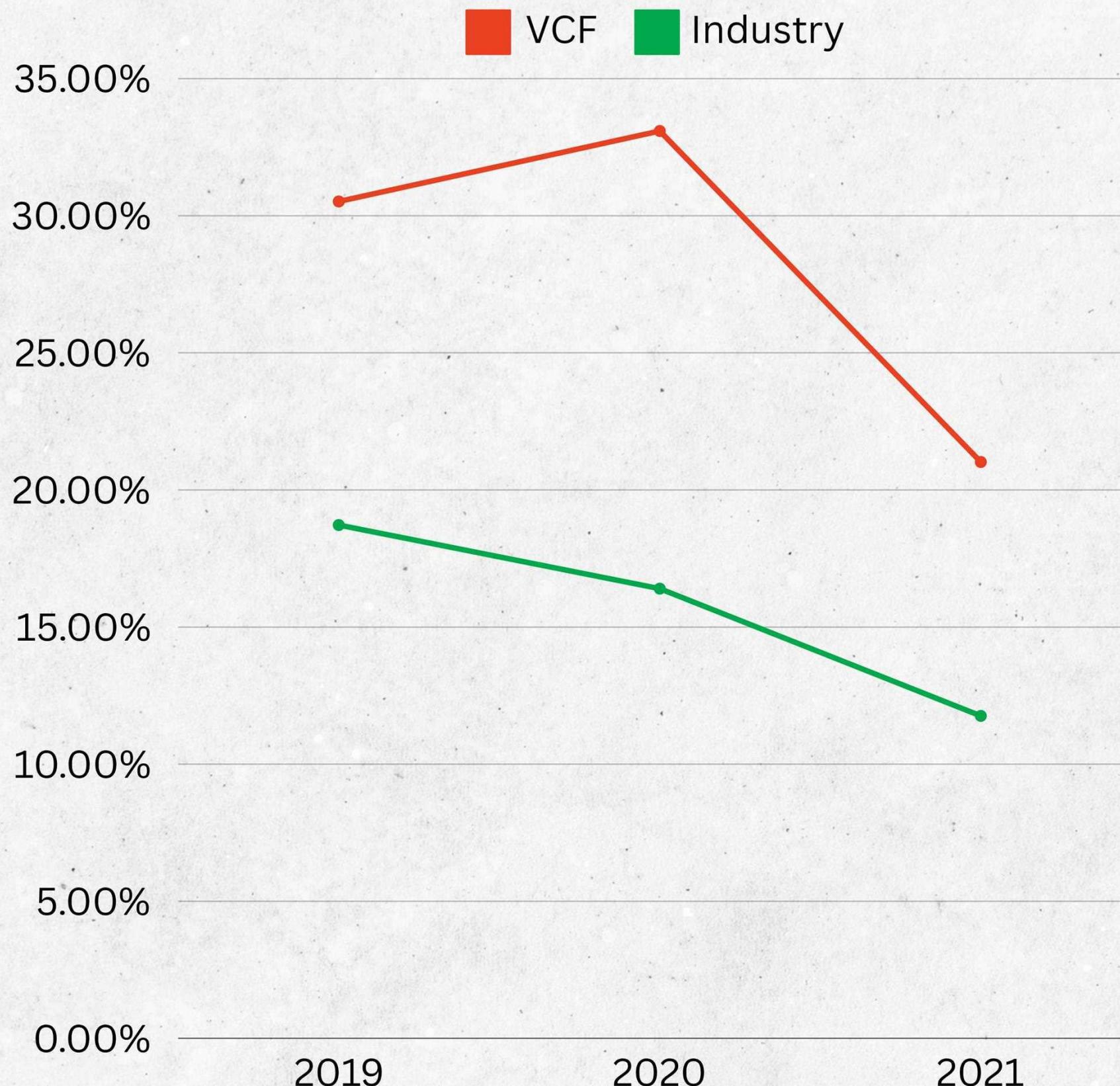
Return on Assets

	2019	2020	2021
Net Income	677,776,172,653	720,844,141,819	428,532,166,192
Total Assets	2,225,328,837,254	2,131,779,342,228	1,945,577,678,281
ROA	30.52%	33.09%	21.02%
Industry	18.72%	16.40%	11.76%

- Reason for the increase in 2019-2020 could be due to **an increase in net income**.
- The decrease in selling expense which dropped **more than a half**, and other expenses was also **optimized**.
- The reason why Vinacafé Bien Hoa's selling and administrative expenses suddenly dropped is changing its **business model** from "selling goods" to "**building a brand**", thereby taking advantage of **resources sales** (especially the distribution system) and **business management** of Masan Consumer Corporation (Masan Consumer).

Source: Company data, SSI, team analysis

Return on Assets



- ROA declined by **12.07%** from 2020-2021. The main reason for this decrease is **the impact of Covid-19**. This made a change in favorable market conditions.
 - In comparison to its industry, Vinacafe Bien Hoa has consistently **outperformed** the industry average in terms of ROA in the last three years.
 - The COVID-19 pandemic has had a substantial impact on the F&B business, **producing supply chain disruptions** and lowering demand owing to **lockdowns and other limitations**.
- > Closely monitor industry trends and modify its strategies as necessary to maintain its competitive advantage

Return on Equity

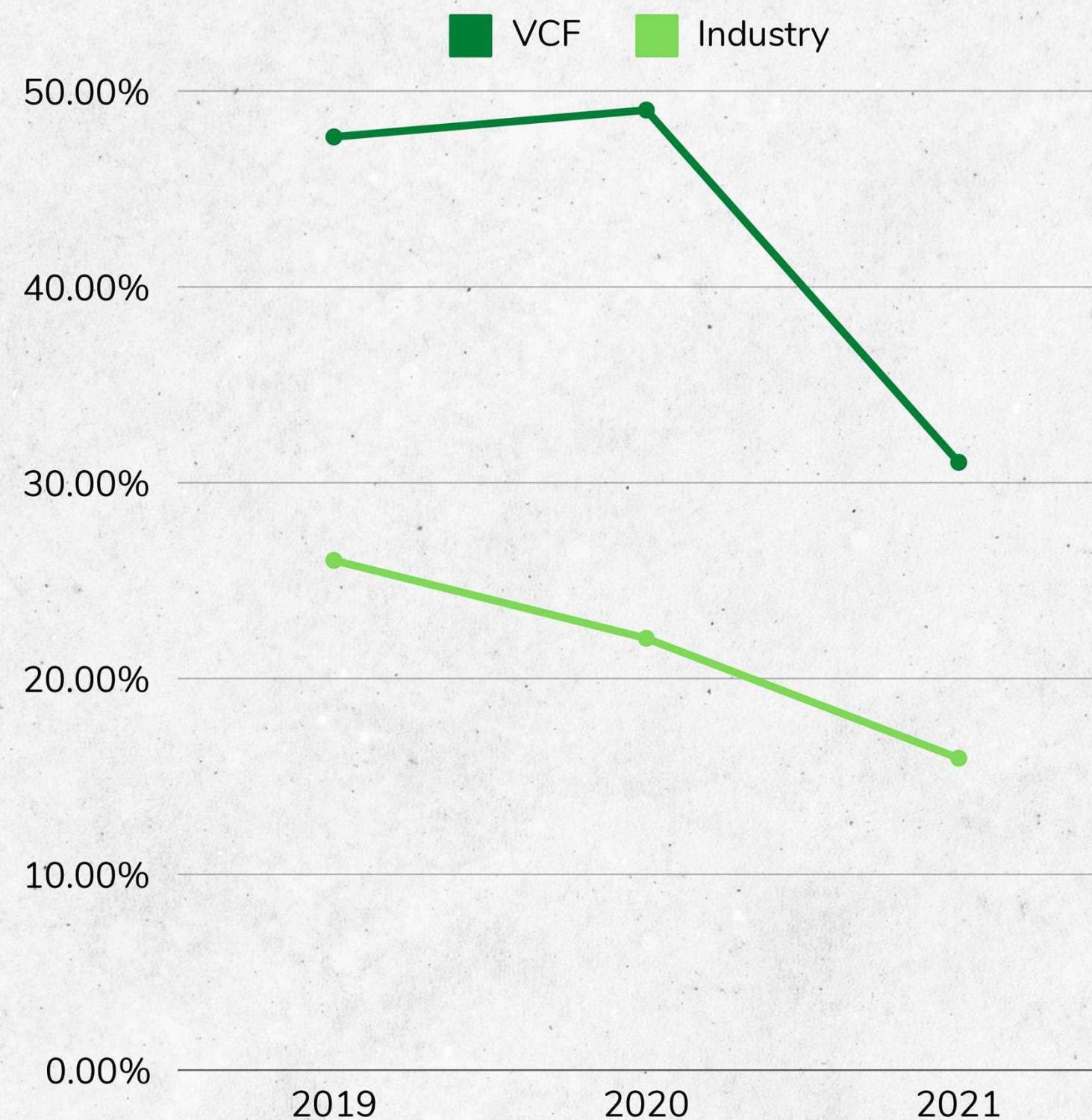
Year	2019	2020	2021
Net Income	677,776,172,653	720,862,141,818	428,532,166,192
Average of Shareholders' Equity	1,422,132,506,812	1,470,253,856,547	1,380,463,635,552
ROE	47.66%	49.03%	31.04%
Industry	26.30%	22.05%	15.93%

- According to the financial statement from VietStock, Vinacafe Bien Hoa's **profitability increased** in 2020 but **declined significantly** in 2021.
- There are some possible reasons for these changes:

Firstly, VCF's **sales volume or price dropped significantly due to the impact of Covid-19 pandemic**, while its production cost did not decrease proportionally.

Secondly, net income increased in 2020 but decrease in 2021 show us the **earning retention rate was low**, while its dividend payout ratio was high.

Return on Equity



Vinacafe Bien Hoa's ROE has reached a higher number than the industry average ROE in the period 2019-2021. However, the ROE from 2020-2021 has decreased due to the numbers of reasons such as Covid-19, uneffective reinvestment,...

=> We firmly believe that after receiving standard information from F&B industry, Vinacafe Bien Hoa can recover and get used to the situation, and the business will develop stably again.

Profit margin

Profit Margin Ratio basically described as net income by the company as a percent of the sales generated.

However, after comparing with industry data, net profit margins in 2019, 2020, and 2021, respectively, demonstrate that Vinacafe has **maintained a strong and stable level over the past few years.**

Year	2019	2020	2021
Net Profit Margin Ratio	0,2198	0,2494	0,1934
Industry	0,1273	0,1558	0,1308

Table: Net Profit Margin Ratio of VCF

Gearing

Year	2019	2020	2021
Total liabilities	783,257,864,116	633,342,602,272	683,087,147,133
Vinacafe's equity	1,442,070,973,138	1,498,436,739,956	1,262,490,531,148
Total assets	2,225,328,837,254	2,131,779,342,228	1,945,577,678,281
Debt to Equity ratio	54,31%	42,27%	54,11%
Industry	39%	33%	40%

Table 14: Gearing of VCF

The data reveals that over the past 3 years, Vinacafe's debt-to-equity ratio shows that the leverage ratio is at a safe level. For 2019 and 2021, the debt-to-equity ratio remains around 54%-39%.

Strengths of Vinacafe



Branch:

120 dealers across 63 provinces.

Expanded its reach to the US and South Korea and many countries

Although the COVID-19 pandemic has impacted the company's revenue, it has continued to invest in its operations, including the construction of a new plant to drive growth in the coming years.

The Weaknesses of Vinacafe



Internal and external events

Most coffee growing and processing enterprises have set high revenue but low profit plans this year, including Vinacafe.



Lack of investment in communication and product advertising

The marketing strategies that they have implemented may also be risky, their marketing messages are not sufficiently informative, which may lead to incomplete customer inquiries.



Selling and administrative expenses increased significantly in 2021

Sales decreased, so the inventory of finished goods increased significantly, the high input prices make many coffee growers and processors worried that the increase in revenue cannot make up for the expenses.

Recommendations

Improve account receivable turnover



Increase collection efforts and strengthen the management of customers' receivables

Following up with consumers on overdue payments and sending reminders and invoices more regularly, direct debt collection, authorizing banks or credit institutions to carry out legal procedures for debt collection



Apply reasonable credit policies

A clear payment policy to limit customer debt problems, require customers to sign an agreement, regulations on debt payment and clearly state the penalty if the customer pays late; and interest should be charged for late payment invoices



Consider offering incentives for early payment or pay in cash

Apply a payment discount policy for customers who pay before the due date to avoid the risk of incurring receivables. In addition, VCF can improve its ratio by encouraging cash sales, in which customers pay ahead or in cash, rather than on credit.



Recommendations

Managing its inventory efficiently



Understand the customer's inventory needs

Optimize its inventory levels by researching customer trends and preferences, as well as understanding their purchasing habits

Use technology and build proper demand forecasting

Enhance its inventory management procedures, such as tracking inventory levels with inventory management software, automating ordering and receiving operations, and optimizing inventory levels



Recommendations

Improving the net profit of the company, as well as cost management



Improve its sales performance by enhancing its product quality, innovation, marketing and distribution strategies, diversify the products. Focus on marketing on social media and distribute on e-commerce platforms.



Optimize its production efficiency and cost management by adopting new technologies, reducing waste and improving inventory control. This may help lower its cost of revenue and increase its gross profit margin.

Conclusion

- Revenue, net income and total assets slightly increase in 2020 and significantly decrease in 2021 but the debt dropped sharply showing that through dark epidemic period and reinvestment has not been effective, the debt payment ability of enterprises has increased.
- However, businesses need to consider the process of reinvesting in large-scale projects, making good use of resources that investors have expected through a difficult time due to the epidemic to focus on developing product quality, expand market share and recognition in countries with high export consumption indexes such as China and India.

A photograph of four people in a modern office environment. A woman in the foreground on the left is looking at her smartphone. Next to her, a man wearing glasses and a dark jacket is looking down at a laptop. Behind them, another man is also looking at a laptop. To the right, a woman with long hair is standing and looking towards the others. They are all dressed in professional attire. The office has large windows in the background.

**THANK YOU FOR
YOUR LISTENING!**

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