



**VINAMILK**

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**Ownership**

<b>Foreign</b>	44.35%	77,733,700
<b>Domestic</b>	10.28%	18,021,970
<b>State</b>	45.37%	79,520,000
<b>Outstanding shares</b>		175,275,670



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### 4QFY2007: Within Expectation!

#### Company's Statistics

<b>Exchange</b>	Ho Chi Minh City Stock Exchange	<b>BPS</b>	VND 24,624 • USD 1.54
<b>Sector</b>	Food and Beverage	<b>EPS</b>	VND 5,618 • USD 0.34
<b>Index weight</b>	6.71%	<b>EPS trailing</b>	VND 5,618 • USD 0.34
<b>Market cap.</b>	VND 23,837bn • USD 1.48bn	<b>Hist DPS</b>	VND 1,900 • USD 0.12
<b>52-week high and low</b>	VND 212,000 - 127,000	<b>ROCE</b>	28.3%
<b>30-day average daily turnover</b>	USD 844,447	<b>Dividend yield</b>	1.40%
<b>Beta</b>	1.10	<b>Expected PER</b>	24.2
<b>30-day VaR (5%)</b>	4.78%	<b>Expected P/BV</b>	5.52

Results (US\$ mill.)	2003	2004	2005	2006	4Q 2007	FY 2007	2008f	2008p
<b>Sales</b>	244.1	246.1	356.7	413.6	116.9	426.4	505.1	n.a.
<b>Earnings</b>	32.8	32.3	38.2	45.9	13.2	60.4	39.9	n.a.
<b>Net margin</b>	13.4%	13.1%	10.7%	11.1%	11.3%	14.1%	7.7%	n.a.

*f - Mekong Securities' forecasts ; p - management projections*

#### Results Highlights

- **Flattish revenue but higher margin boosted earnings....** Vinamilk's reported a 30.2% growth in net earnings for the 4QFY07 despite flattish revenue compared with the corresponding period last year. The significant improvement in earnings was mainly due to higher gross margin, which increased to 26.8% in 4QFY2007 compared with 19.0% in 4QFY2006.
- **Earnings higher q-o-q due to non core income.** On a q-o-q comparison, the company's earnings increased by 15.4% boosted by higher net financial income (US\$0.2mn in 3QFY07 versus US\$1.3mn in 4QFY07) and a tax refund of US\$0.5mn. Gross margin was sustained at 26.8% in the 3Q and 4Q.
- **Full-year earnings are within our expectation...** For the full financial year, revenue increased marginally by 3.1% to US\$426.4mn while net earnings surged by 31.8% to US\$60.4mn. Full-year earnings of US\$60.4mn came within our expectation although exceeded management's guidance by 8.3% due to the realization of substantial investment earnings earlier in the year.
- **First Vietnamese company to be listed in Singapore.** Having deposited 3% of the company's chartered capital with the Singaporean Securities Depository Centre, Vinamilk's foreign ownership limit on the HOSE has been adjusted to 46% from the 7<sup>th</sup> of January 2008. The impending listing of up to 5% of chartered capital on the Singapore Stock Exchange expected early 2008 is expected to enhance Vinamilk's international profile and correspondingly, corporate governance standards.
- **World dairy price stabilization enhances export prospects.** Whole milk powder prices have declined 17.8% from a mid-year peak of around US\$5,100 per ton as surplus US production enters world markets. A downward drifting US dollar and the increasing competitiveness of EU-sourced raw milk product significantly enhances Vinamilk's prospects of recovering some of their volatile export trade in 2008 as consumer demand for dairy products remains strong in primary markets in South East Asia and the oil-exporting countries.
- **Foresee upside bias to our FY08 earnings forecast.** Although we believe that the intensified domestic competition may restrict Vinamilk's core earnings growth going forward, we acknowledge that our earnings forecast for FY08 may be overly conservative. We are maintaining our FY08 earnings forecasts for now pending an upcoming meeting with the management.

Quarterly Results (US\$ mn)	4Q 2006	3Q 2007	4Q 2007	Change QoQ %	Change YoY %
<b>Revenue</b>	117.2	114.8	116.9	1.8%	-0.2%
<b>Gross Profit</b>	22.3	30.8	31.3	1.8%	40.5%
<b>Operating Profit (ex. financial income)</b>	2.7	10.6	10.8	2.3%	300.5%
<b>Operating Profit</b>	3.6	10.7	12.1	12.9%	238.7%
<b>Pre-Tax Profit</b>	10.2	11.5	12.7	11.0%	25.3%
<b>Taxation</b>	0.0	0.0	-0.5	n.a.	n.a.
<b>Net Profit</b>	10.2	11.5	13.2	15.4%	30.2%
<b>Gross Profit Margin (%)</b>	19.0%	26.8%	26.8%	0.0%	40.8%
<b>Pre-tax Margin (%)</b>	8.7%	10.0%	10.9%	9.0%	25.6%
<b>Net Margin (%)</b>	8.7%	10.0%	11.3%	13.3%	30.5%
<b>Basic EPS (US\$)</b>	0.06	0.07	0.08	13.1%	28.2%

Cumulative Quarterly Results (US\$ mn)	4Q 2006	4Q 2007	Change YoY %
<b>Revenue</b>	413.6	426.4	3.1%
<b>Gross Profit</b>	100.4	116.6	16.1%
<b>Operating Profit (ex. net financial income)</b>	36.9	42.0	13.9%
<b>Operating Profit</b>	39.1	53.8	37.4%
<b>Pre-Tax Profit</b>	46.0	59.9	30.2%
<b>Taxation</b>	-0.2	-0.5	n.a.
<b>Net Profit</b>	45.9	60.4	31.8%
<b>Gross Profit Margin (%)</b>	24.3%	27.4%	12.7%
<b>Pre-tax Margin (%)</b>	11.1%	14.1%	26.3%
<b>Net Margin (%)</b>	11.1%	14.2%	27.8%
<b>Basic EPS (US\$)</b>	0.29	0.35	22.0%

Annual Income Statement (US\$ mn)	2004	2005	2006	2007	2008F
<b>Revenue</b>	246.1	356.7	413.6	426.4	505.1
<b>Gross profit</b>	59.3	79.6	100.4	116.6	112.8
<b>Operating profit (ex. financial income)</b>	26.5	33.5	36.9	42.0	27.0
<b>Profit before tax</b>	32.3	38.2	46.0	59.9	45.4
<b>Taxation</b>	0.0	0.0	(0.2)	(0.5)	(6.4)
<b>Net profit</b>	32.3	38.2	45.9	60.4	39.0
<b>Operating margin</b>	10.8%	9.4%	8.9%	9.9%	5.3%
<b>Pre-tax margin</b>	13.1%	10.7%	11.1%	6.7%	5.4%
<b>Net margins</b>	13.1%	10.7%	11.1%	14.2%	7.7%
<b>Revenue growth</b>	1.5%	46.1%	17.2%	3.6%	17.8%
<b>Operating growth</b>	(34.9%)	27.5%	10.9%	8.5%	7.0%
<b>Pre-tax profit growth</b>	(38.6%)	18.1%	20.6%	30.2%	(24.3%)
<b>Net profit growth</b>	(0.9%)	19.0%	21.3%	31.8%	(35.5%)

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