

# FOOD & BEVERAGE

## EFFORTS TO RENEW GROWTH DRIVERS



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## Overview

The Food & Beverage (F&B) industry has entered a saturation phase with single-digit growth primarily driven by price (related to inflation) over the past 5 years. This, coupled with the limited market share (too large to expand), has resulted in large players such as VNM (dairy), SAB (beer), MCH (convenience foods, seasonings), and QNS (soy milk) still recording low single-digit revenue growth for 2025.

Regarding profit margin trends, we see industry giants aggressively boosting discounts and advertising to both maintain their "high" market share in key segments and facilitate easier entry into new segments. Therefore, profit margins are expected to be difficult to expand in 2025.

As business model still heavily depends on old pillars, stock prices have reflected medium-term growth potential. In detail, **VNM (NEUTRAL, TP: 66,900 VND/share), QNS (NEUTRAL, TP: 52,100 VND/share), and MSN (MONITOR, TP: N.A)** are on our watchlist. Notably, these companies have maintained high dividend payout ratios for many years (over 60% of net profit/year), corresponding to dividend yields of VNM (5.3%/year), SAB (6.0%/year), and QNS (8.0-11.0%/year). Compared to deposit interest rates (5%/year), QNS is considered a suitable stock for dividend investment strategies.

**The headroom for F&B sales growth is gradually dwindling** due to more decelerated Vietnamese population growth, while spending on essential goods has reached its ceiling. This is expected to continue in 2025.

**Instead of heading for expanding market share, these giants face the challenge of maintaining their "high" position in their core segments. We observe that they use three strategies to address this issue:**

## Highlights

- Timely shifting product structure towards premiumization related to health and diversifying package sizes;
- More extensive participation in the MT channel, E-commerce through self-designed websites, shopping apps, or using platforms like TikTok Shop and Shopee;
- Boosting advertising and promotion.

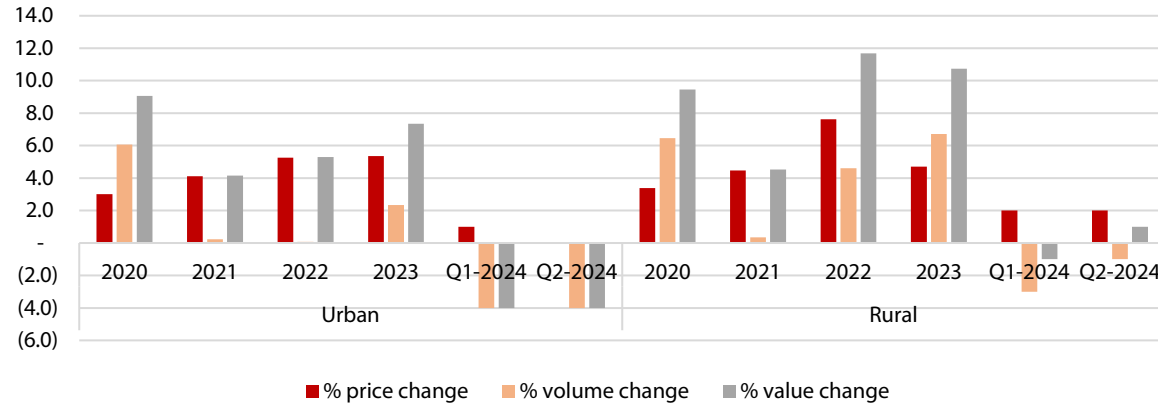
**Major players in the industry continue to look for new growth drivers** to escape the general saturation of their core segments in 2025, in detail: MSN (MCH - beverages, personal/family cares, Winmart+), VNM (Vinabeef beef, construction of Hung Yen dairy plant, exploration of export markets), and QNS (Veyo nut milk, Ethanol & sugar & biomass power plants). **However, most of these projects are not yet completed/have not shown strong prospects.**

## Risks

Over-expected performances of new business segments in each corporate.

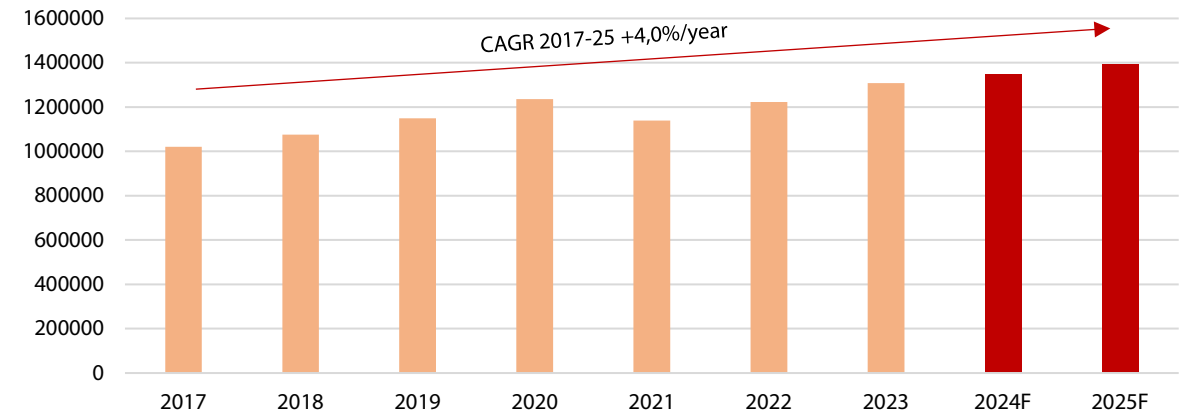
**Food and beverage industry in Vietnam has entered a saturation phase with single-digit growth primarily driven by price...**

**Expanding rural areas and increasing output prices support industry growth**



Source: Kantar Worldpanel, RongViet Securities

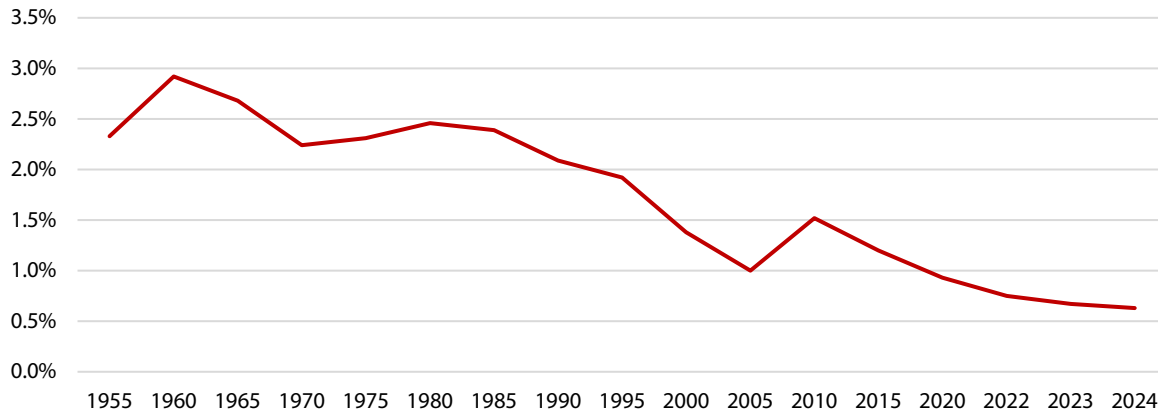
**Vietnam's grocery retail value (VND bn) showed modest growth ~5%/year**



Source: Euromonitor, RongViet Securities

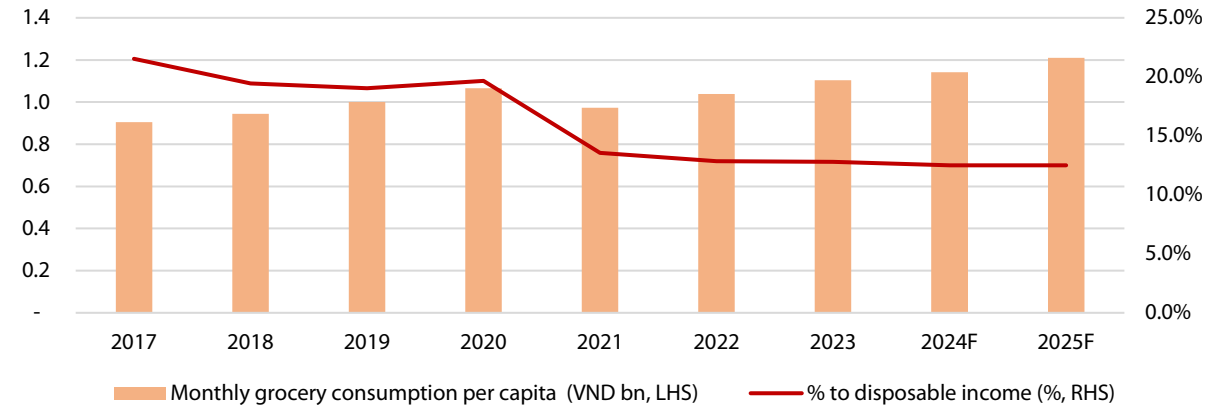
**...while the room for going up sales volume is gradually dwindling due to slower population growth and grocery consumption reaching its limit**

**Vietnam is experiencing an aging population**



Source: Worldometers, RongViet Securities

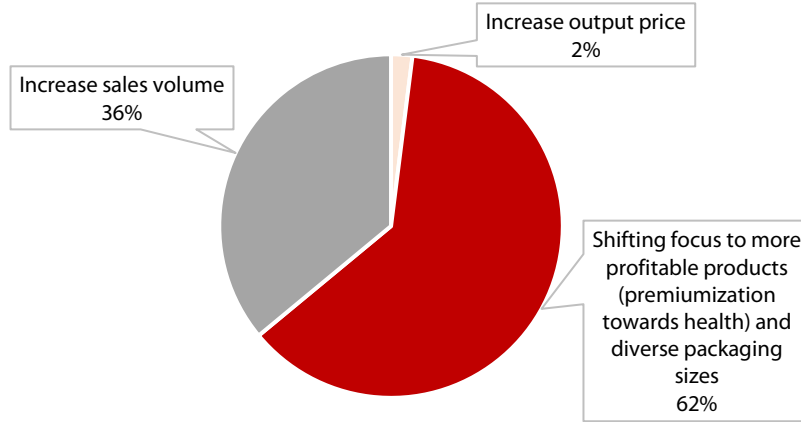
**Vietnam reached the limited level for grocery consumption**



Source: Euromonitor, RongViet Securities

**Major players continuously launched premium products focusing on health or diverse packaging sizes in line with overall trends...**

Survey on the main strategies to be implemented throughout 2024 by Food & Beverage companies



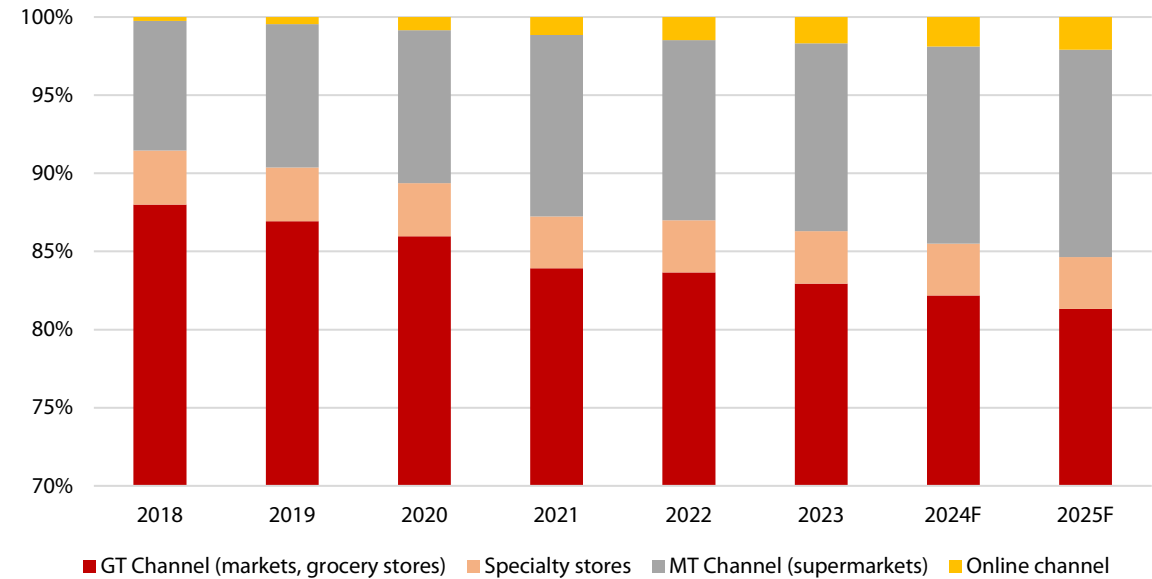
Source: Based on Deloitte's analysis of numerous surveys with operators for the 2024 Consumer Goods Outlook (N = 250), RongViet Securities

Stock Code	Premiumization trend, focusing on health	Packaging diversification trend
QNS	Veyo plant-based milk, Greensoy 100% natural fiber	Diverse packaging includes container sizes or forms (tubes, boxes, cans) used Example: MSN: Chin-Su chili sauce (500g, 1kg, 2kg alongside the traditional 250g bottle) VNM: Phuong Nam condensed milk, Ong Tho condensed milk (tubes, small boxes alongside the traditional can format)
MSN	Ready-to-eat rice/hot pot, Nam Ngu fish sauce with Ly Son garlic chili, premium fresh anchovies	
VNM	Greenfarm milk, 100% Organic made from fresh cow's milk	
SAB	333 Plisner smooth beer, an upgraded version of regular 333 beer	

Source: RongViet Securities

**...while simultaneously promoting greater diversification of sales channels (MT channel, E-commerce channel) alongside the long-standing GT channel**

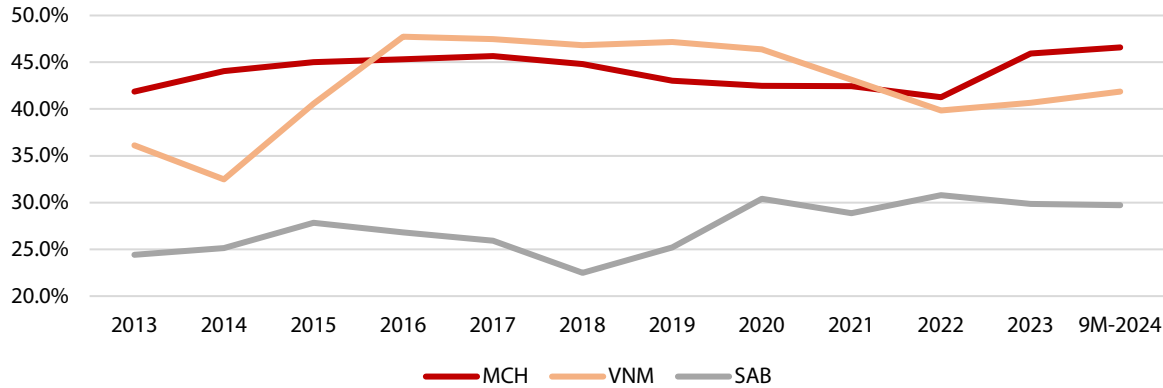
Structure of Vietnam's food & beverage market by channel (%)



Source: Euromonitor, RongViet Securities

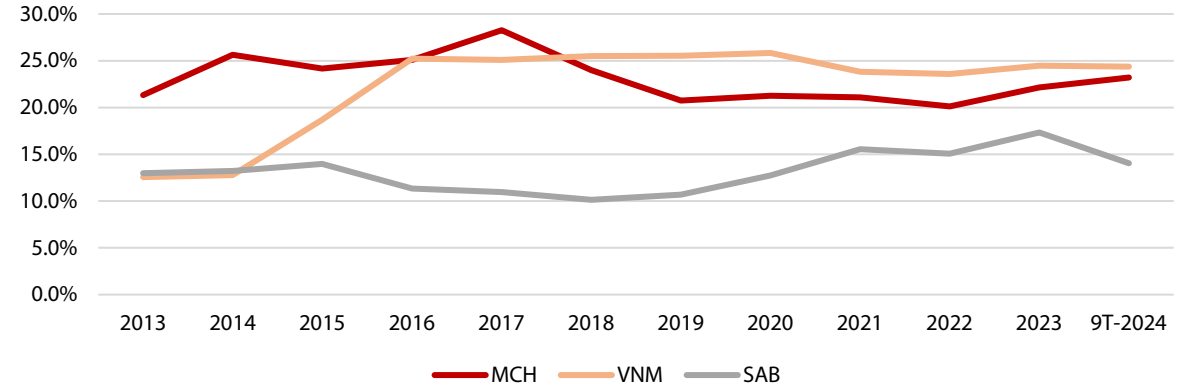
**Aggressive discounts and advertising have led to a decline in businesses' profit margins over time, a trade-off for maintaining market share**

**Gross margin remains almostly unchanged, implying stable/reduced selling prices to increase competitiveness (%)**



Source: MCH, VNM, SAB, RongViet Securities

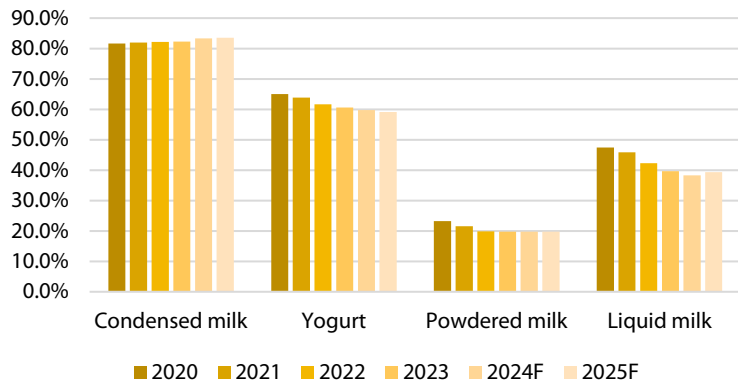
**SG&A expenses/Net revenue inched up corresponding to boost discount, advertising budget, aiming at maintaining market share (%)**



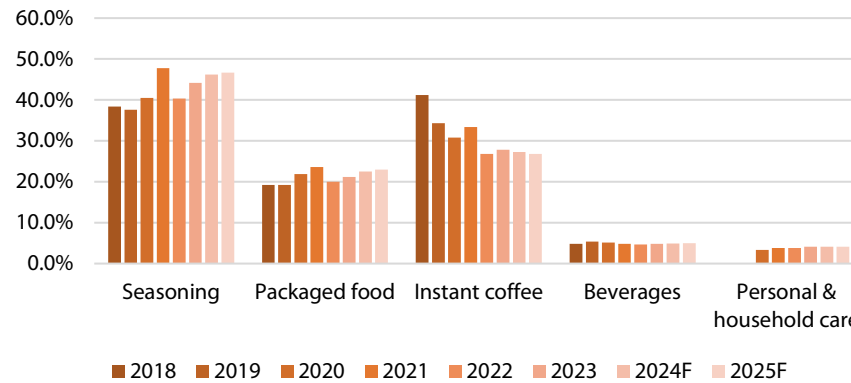
Source: MCH, VNM, SAB, RongViet Securities

**This "timely" shift aided these companies prevent market share decline in the face of more-and-more intense competition**

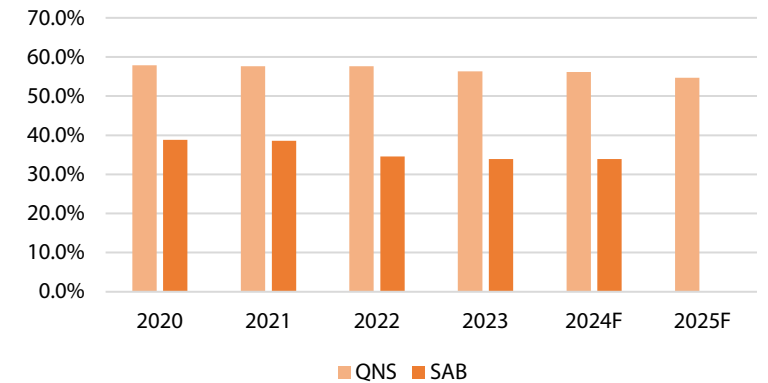
**VNM's domestic market share by segment (%)**



**MCH's market share by segment (%)**



**QNS's soy milk and SAB's beer market share (%)**



Source: Euromonitor, Rong Viet Securities. SAB's estimate is based on AC Nielsen data showing that SAB's market share did not improve much in 2024, as of Oct.

Ticker	Market Cap. (USD mm)	3M.daily turnover AVG. (USD mn)	Current P/E (x)	Current P/B (x)	Trailing 12 M ROE (%)	Target price	Market price as of 12/19/24	Expected return	2023A		2024E		2025F		Revenue Growth		NPAT Growth	
									EPS	BVPS	EPS	BVPS	EPS	BVPS	2024E	2025F	2024E	2025F
<b>MSN</b>	3,977	381,895	86.3	3.4	4.8%	Under review	70,400	N.A	294	18,562	1,406	26,680	1,977	28,707	6.6%	-1.5%	408.0%	40.6%
<b>VNM</b>	5,245	167,840	15.4	4.3	27.7%	66,900	63,900	4.7%	3,796	15,166	4,667	17,384	4,752	18,635	3.5%	5.4%	9.9%	1.8%
<b>QNS</b>	736	17,301	7.1	1.8	26.9%	52,100	51,000	2.2%	7,172	28,469	6,113	25,294	5,931	26,945	4.6%	1.4%	2.7%	-3.0%
<b>SAB</b>	2,866	28,798	17.0	2.9	17.2%	N.R	56,900	N.A	3,132	18,878	N.A	N.A	N.A	N.A	N.R	N.R	N.R	N.R

Source: Bloomberg, RongViet Securities. Data retrieved on December 19<sup>th</sup>, 2024.

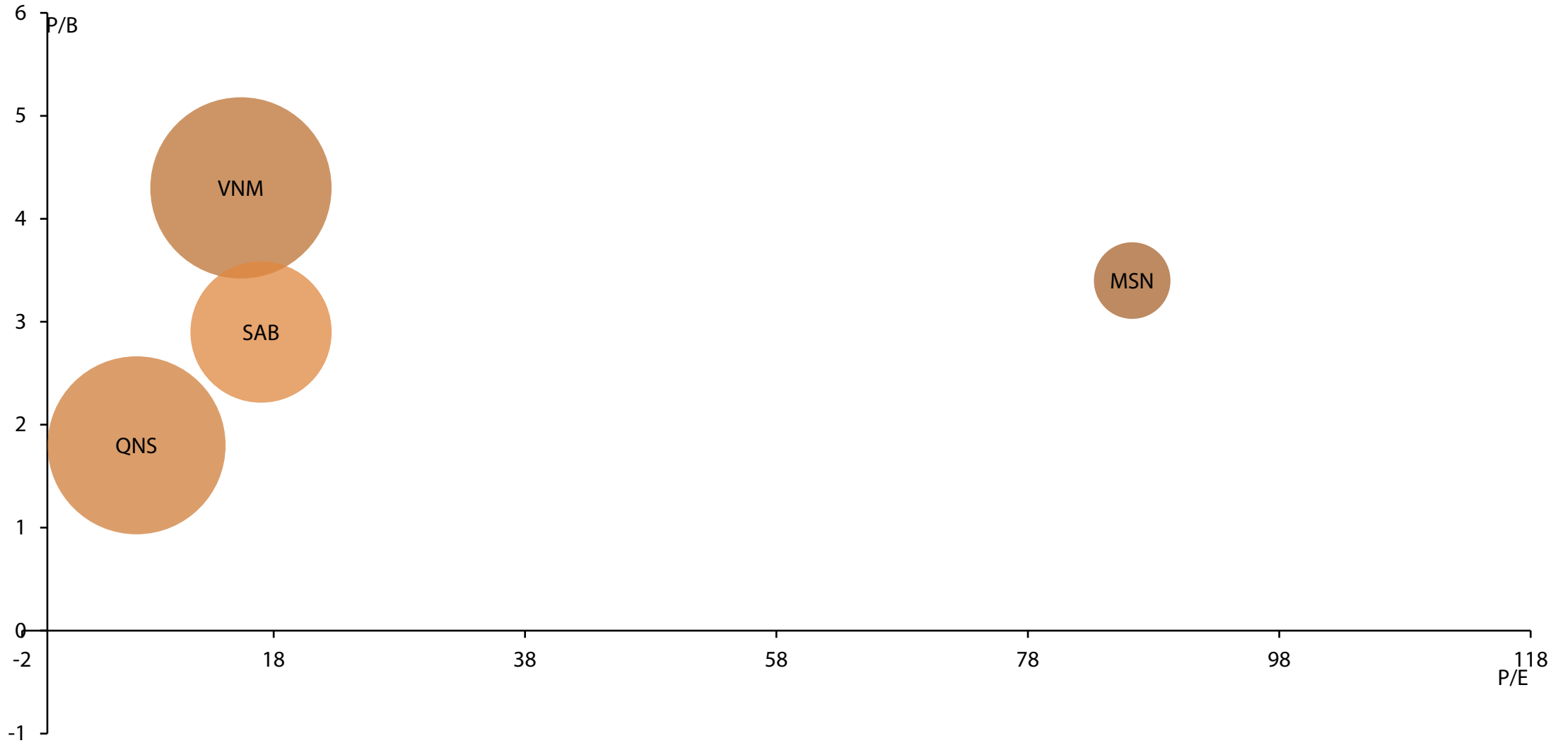
\* For stocks in the recommended portfolio: ROE, ROA, P/B, and P/E forward are calculated based on the 2025 profit forecast.

For stocks we are monitoring: results are updated based on the data of the last four quarters.

N.R: Not Rated

N.A: Not Forecasted or No Data

NPAT: Net profit after tax for parent company



Source: FiinGroup, RongViet Securities. Bubble size corresponds to the respective ROE. Stock price as of December, 19<sup>th</sup> 2024.

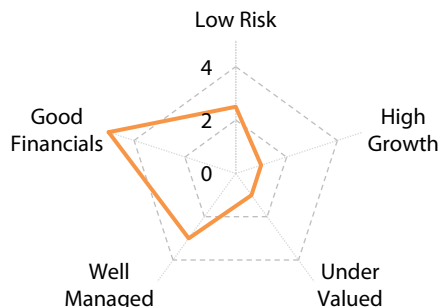
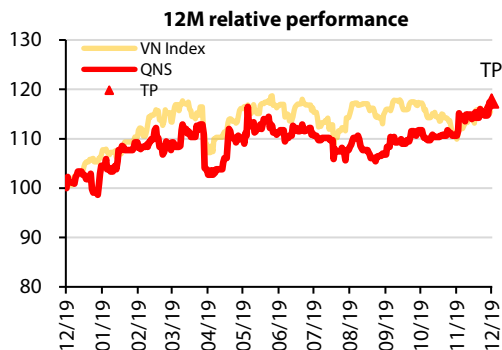
**MP: 50,800**

**TP: 52,100**

**STOCK INFO**

**FINANCIALS**

**2023A 2024F 2025F**



Sector	Food & Beverage
Market Cap (USD Mn)	736
Current Shares O/S (Mn shares)	368
3M Avg. Volume (K)	375
3M Avg. Trading Value (VND bn)	17
Remaining foreign room (%)	35.5
52-week range ('000 VND)	43.6 - 52.3

Revenue (VND bn)	10,021	10,479	10,626
NPATMI (VND bn)	2,183	2,248	2,180
ROA (%)	18.1	17.5	16.3
ROE (%)	25.4	24.2	22.0
EPS (VND)	6,117	6,113	5,931
Book Value (VND)	24,038	25,294	26,945
Cash dividend (VND)	3,500	4,000	4,300
P/E (x)	7.5	8.3	8.6
P/B (x)	1.9	2.0	1.9

**INVESTMENT HIGHLIGHTS**

**Sugar segment revenue growth is challenging due to the possibility of falling sugar prices**

- Entering 2025 – La Nina season (heavy rain in Asia), favorable sugar production in Thailand (significantly related to smuggled sugar) & Vietnam, may improve QNS sugarcane yield (+4.2% YoY) but but lead to lower sugar prices. We anticipate a slight drop in sugar prices of -3.0% YoY in 2025 (with the government providing stronger sugar industry protection to prevent a sharp decline), so revenue in this segment is expected to remain high (+1.0% YoY).

**Efforts to maintain high market share in a saturated soy milk industry**

- QNS is expected to continue sacrificing net margin by increasing discounts and advertising to restore revenue in the soy milk segment (+1.8% YoY) as this market is saturated, highly competitive, and QNS's market share is difficult to expand (56%). However, the prospect of falling soybean prices in 2025 could mitigate the decline in profit margin of this segment (flat YoY, 19.3%).

**High cash dividend yield suitable for low-risk investors**

- QNS has a dividend yield ranging from 6.3% to 11.0%/year in the last 5 years. The projected 12-month dividend yield is 8.3%, higher than the deposit interest rate (5.0%/year).

**RISKS TO RECOMMENDATION**

- The government's aggressive crackdown on smuggled and imported sugar, leading to higher-than-expected domestic sugar prices.
- Financial transactions such as divestment and IPOs could boost short-term stock prices.

**Domestic sugar prices are at risk of falling due to increased supply in 2025 from both domestic and smuggled sugar from Thailand (favorable weather), while demand growth is stagnant (4-5%). Sugar companies have also made cautious 2025 business plans**

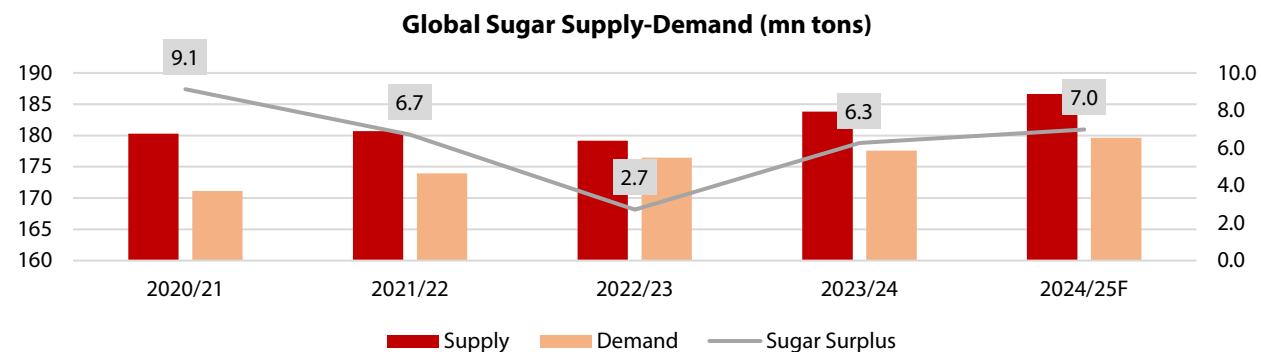
Vietnamese Sugarcane Production	2020/21	2021/22	2022/23	2023/24	2024/25
Harvested sugarcane area (thous ha)	152.9	146.9	145.6	163.0	180-185
Sugarcane crushed (mn tons)	6.7	7.5	9.6	10.9	13-17
Sugar production (mn tons)	0.7	0.7	0.9	1.1	1.2-1.7
YoY Growth (%)		8.8%	19.0%	23.6%	9.0-50.0%
Sugar yield (tons/ha)	4.5	5.1	6.1	6.7	6.7
Vietnamese Sugar Consumption (mn tons)	2020/21	2021/22	2022/23	2023/24	2024/25
Total	2.1	2.3	2.4	2.5	2.6
YoY Growth (%)		9.8%	4.4%	4.6%	4.6%
Vietnam's Official Sugar Imports (mn tons)	2020/21	2021/22	2022/23	2023/24	2024/25
Total	2.1	0.9	0.8	0.7	
YoY Growth (%)		-55.3%	-18.1%	-14.6%	
Vietnam's Smuggled Sugar Imports (mn tons)	2020/21	2021/22	2022/23	2023/24	2024/25
Total (mainly imported from Laos, Cambodia, originating from Thailand)	0.4	0.7	0.6		
YoY Growth (%)		67.5%	-10.4%	YoY increase according to VSSA	

Source: Argomonitor, ISO, VSSA, Statista, Rong Viet Securities

Business plan for the 2024-25 crop year of some sugar producers (VND bn)	Revenue	YoY Growth	EBIT	YoY Growth
SBT	26,168	-10%	900	-1%
SLS	1,097	-22%	150	-71%
CBS	258	6%	34	-37%
KTS	493	77%	27	-17%

Source: RongViet Securities

**Because of the ongoing significant supply-demand excess, there is little probability that the price of sugar will rise globally. The decline in Brazil is offset by increased supply from Thailand, China, and India (favorable weather phase)**



**Factors supporting a impressive ramping in sugar prices** are not as strong as in 2022-23: **Bad weather (drought)** affecting Brazil's supply, but low Ethanol prices (sugar substitute) do not support strong production conversion, **India extends its sugar export ban** (no longer a sudden YoY change). Conversely, Thailand's strong production/export in a favorable season is a major negative factor for sugar prices.

Production	2020/21	2021/22	2022/23	2023/24	2024/25F
Brazil	42.1	35.5	38.1	45.5	43.0
India	33.8	36.9	37.0	34.0	35.5
Europe	15.2	16.6	13.8	14.9	15.6
China	10.6	9.6	9.0	10.0	11.0
Thailand	7.6	10.2	11.1	8.8	10.2
Others	71.0	72.0	70.3	70.6	71.3
<b>Total</b>	<b>180.3</b>	<b>180.7</b>	<b>179.1</b>	<b>183.8</b>	<b>186.6</b>
Export	2020/21	2021/22	2022/23	2023/24	2024/25F
Brazil	32.2	26.0	28.2	36.0	34.5
India	8.4	11.9	8.3	3.9	3.7
Europe	1.3	1.2	0.9	1.7	1.1
China	0.1	0.2	0.2	0.2	0.2
Thailand	3.7	7.0	6.9	5.1	10.0
Others	18.4	18.6	17.7	16.5	17.2
<b>Total</b>	<b>64.1</b>	<b>64.8</b>	<b>62.1</b>	<b>63.3</b>	<b>66.7</b>

Source: USDA, RongViet Securities

## Key financial ratios

Y/E Dec	FY2021	FY2022	FY2023	FY2024F	FY2025F	FY2026F
<b>Net revenue (VND bn)</b>	<b>7,335</b>	<b>8,255</b>	<b>10,021</b>	<b>10,479</b>	<b>10,626</b>	<b>10,363</b>
Soy milk	4,091	4,305	4,003	4,163	4,236	4,341
Sugar	1,584	1,973	4,037	4,122	4,162	3,703
Others	1,661	1,978	1,982	2,194	2,229	2,320
<b>YoY Growth (%)</b>						
Net revenue	13.0%	12.5%	21.4%	4.6%	1.4%	-2.5%
NPAT MI	19.0%	2.6%	69.7%	2.9%	-3.0%	-12.6%
<b>Profitability (%)</b>						
Gross margin	30.8%	29.8%	33.4%	33.9%	34.5%	32.8%
Net margin	24.5%	22.4%	25.9%	26.8%	27.1%	25.3%
ROE	17.9%	16.5%	21.5%	21.9%	21.8%	19.3%
<b>Finance Structure (%)</b>						
Debt/Equity	28.6%	25.4%	28.1%	28.5%	27.1%	25.4%

## Sensitivity Scenario for QNS's Equity value per share by using the DCF Method

	Exit EV/EBITDA							
	3.3x	4.3x	5.3x	6.3x	7.3x	8.3x	9.3x	
<b>WACC</b>	7.5%	45,353	49,890	54,426	58,962	63,498	68,035	72,571
	8.5%	44,329	48,688	53,047	57,406	61,764	66,123	70,482
	9.5%	43,350	47,540	51,730	55,920	60,109	64,299	68,489
	10.5%	42,414	46,442	50,471	<b>54,500</b>	58,529	62,557	66,586
	11.5%	41,517	45,392	49,268	53,143	57,018	60,894	64,769
	12.5%	40,658	44,387	48,117	51,846	55,575	59,304	63,033
	13.5%	39,836	43,425	47,015	50,604	54,194	57,783	61,373

Source: RongViet Securities

## Short-term Valuation of QNS using the SoTP Method

	2024F	2025F
<b>QNS Target Price (VND/share)</b>	<b>51,077</b>	<b>49,755</b>
Sugar (P/E 7.6x)	22,096	20,844
Dairy (P/E 10.0x)	19,234	19,507
Others (Thanh Phat, Biomass Power...) (P/E 7.6x)	9,747	9,405

Source: RongViet Securities

**Combining both the long-term DCF and short-term SoTP methods with a 50:50 weighting, the target share price for QNS for the next year is determined at **VND 52,100/share**.**

**MP: 65,000**

**TP: 66,900**

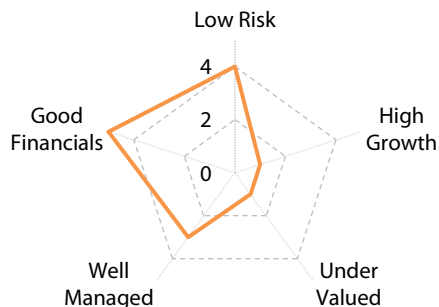
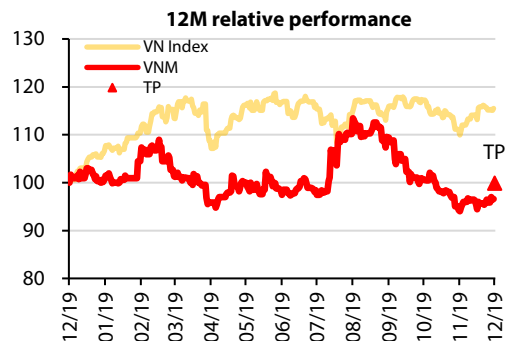
**STOCK INFO**

**FINANCIALS**

**2023A 2024F 2025F**

Sector	Food & Beverage
Market Cap (\$ mn)	5,245
Current Shares O/S (mn shares)	2,090
3M Avg. Volume (K)	2,510
3M Avg. Trading Value (VND Bn)	168
Remaining foreign room (%)	48.4
52-week range ('000 VND)	62.9 - 76.2

Revenue (VND bn)	60.369	62.489	65.877
NPATMI (VND bn)	8.874	9.755	9.931
ROA (%)	16.8	17.1	16.1
ROE (%)	28.0	26.9	25.5
EPS (VND)	4.246	4.667	4.752
Book Value (VND)	15.166	17.384	18.635
Cash dividend (VND)	2.950	2.950	3.500
P/E (x)	17.8	13.7	13.4
P/B (x)	4.5	3.7	3.4



**INVESTMENT HIGHLIGHTS**

**Unable to return to double-digit growth trajectory due to significant domestic challenges.**

- For 2025, the domestic market is still expected to witness modest growth (+4.7% YoY) due to the lackluster dairy industry outlook and VNM's "too large" market share (35-40%) hindering expansion.
- We have not yet seen a competitive advantage for VNM's milk to strongly capture developed markets (China, Australia...) while VNM's powdered milk market share in its key region – Iraq – has reached its limit at 15-20%, thus slowing down growth in the foreign market (+8.8% YoY).

**The upward trend in milk powder prices and the decreasing proportion of foreign revenue may negatively impact net margin (15.1%, -55 bps YoY)**

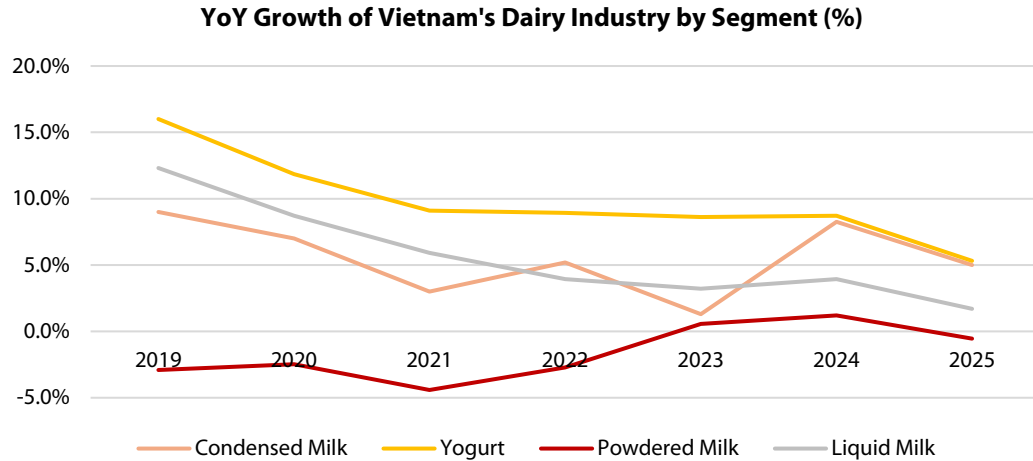
**Valuation is consistent with single-digit growth and stable dividend yield of 5-6%/year.**

- Using the discounted cash flow (DCF) method, the fair value of VNM is 66,900 VND/share, equivalent to a 2025 forward PE of 14.1x, consistent with the low EPS growth outlook (below 3%/year) and the stable dividend yield of the Company (6.1%/year).
- VNM has a history of maintaining a high cash dividend payout ratio (over 75%) across economic cycles. This stems from strong cash flow and good financial health. We believe the Company will continue to maintain this policy in the medium term with an average dividend yield of ~5-6%/year.

**RISKS TO RECOMMENDATION**

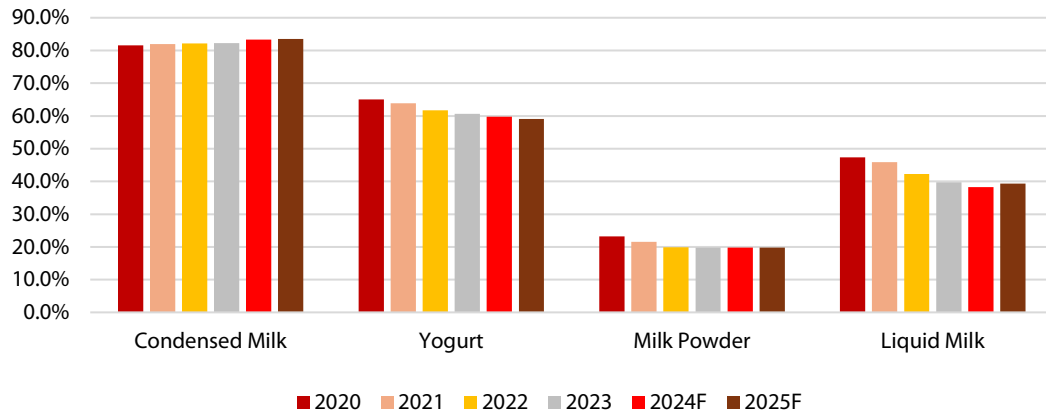
- New segments like Vinabeef beef have impressive business results, but this risk is low due to the chilled fresh beef/pork market not being suitable for growth in Vietnam coupled with high competition.
- Strong recovery of domestic market share from liquid milk and powdered milk products after packaging renewal.

**VNM's market share gradually declines in the bleak domestic landscape over time**



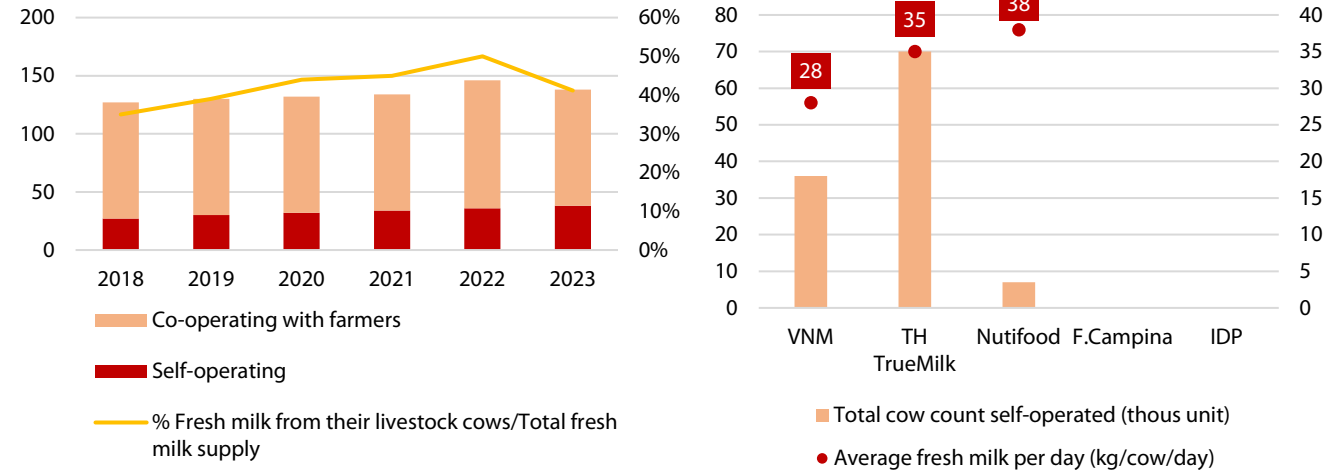
Source: Euromonitor, RongViet Securities

**VNM Domestic Market Share (%)**

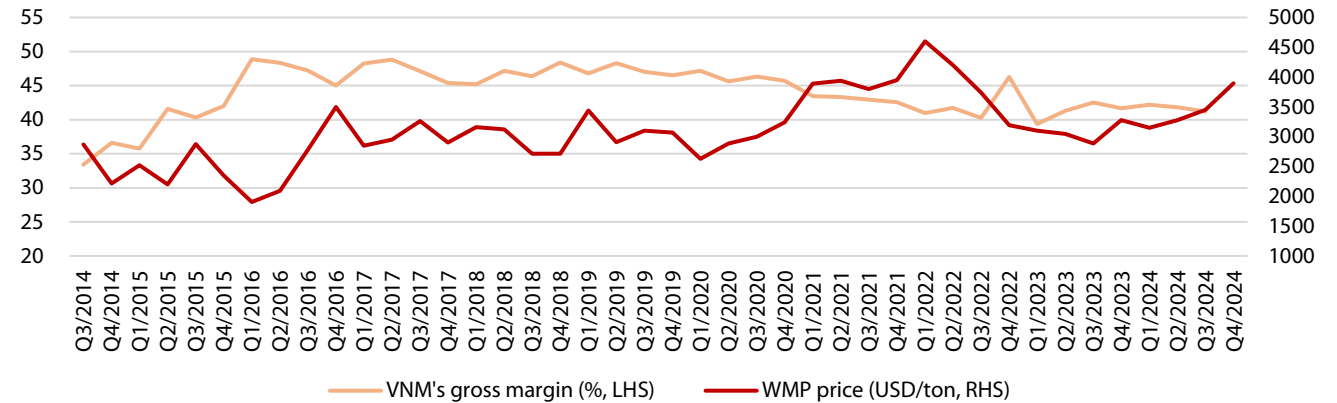


Source: Euromonitor, RongViet Securities

**In order to improve competitiveness in terms of flavor and milk quality, VNM aims to grow its herd of self-raised cattle and increase the percentage of fresh cow's milk used in the manufacture of liquid milk and yogurt...**



**... but not substantially, as shown by the fact that its gross margin is still highly reliant on changes in the price of milk powder.**



Source: VNM, Bloomberg, RongViet Securities

## Key financial ratios

Y/E Dec	FY2021	FY2022	FY2023	FY2024F	FY2025F	FY2026F
<b>Net revenue (VND bn)</b>	<b>60,919</b>	<b>59,956</b>	<b>60,369</b>	<b>62,489</b>	<b>65,877</b>	<b>69,086</b>
<i>Domestic Milk</i>	51,202	50,704	50,617	51,257	53,662	55,973
<i>Export</i>	6,128	4,828	5,039	5,902	6,285	6,538
<i>Subsidiaries Overseas</i>	3,589	4,424	4,713	5,329	5,930	6,574
<b>YoY Growth (%)</b>						
<i>Net revenue</i>	2.2%	-1.6%	0.7%	3.5%	5.4%	4.9%
<i>NPAT MI</i>	-5.1%	-19.1%	4.2%	9.9%	1.8%	2.2%
<b>Profitability (%)</b>						
<i>Gross margin</i>	43.1%	39.9%	40.7%	41.8%	41.1%	40.8%
<i>Net margin</i>	22.7%	19.1%	19.4%	20.8%	20.6%	20.3%
<i>ROE</i>	19.1%	15.5%	15.9%	17.1%	16.5%	16.0%
<b>Finance Structure (%)</b>						
<i>Debt/Equity</i>	28.6%	16.5%	26.7%	21.9%	23.2%	20.2%

## Sensitivity Table for Long-Term VNM Valuation using DCF Method

	Exit EV/EBITDA							
	7.0x	8.0x	9.0x	10.0x	11.0x	12.0x	13.0x	
<b>WACC</b>	7.2%	59,089	63,819	68,549	73,278	78,008	82,738	87,467
	8.2%	57,397	61,947	66,497	71,047	75,597	80,147	84,698
	9.2%	55,779	60,158	64,537	68,916	73,295	77,674	82,053
	10.2%	54,233	58,449	62,665	<b>66,880</b>	71,096	75,312	79,528
	11.2%	52,754	56,814	60,874	64,934	68,994	73,054	77,114
	12.2%	51,339	55,250	59,162	63,073	66,984	70,895	74,807
	13.2%	49,984	53,754	57,523	61,292	65,061	68,831	72,600

Source: RongViet Securities

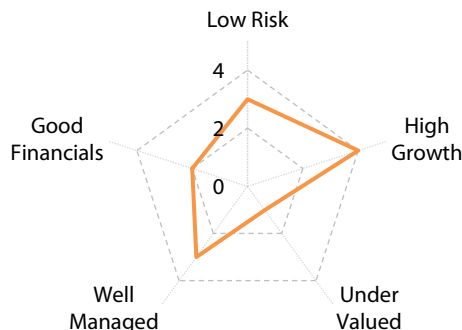
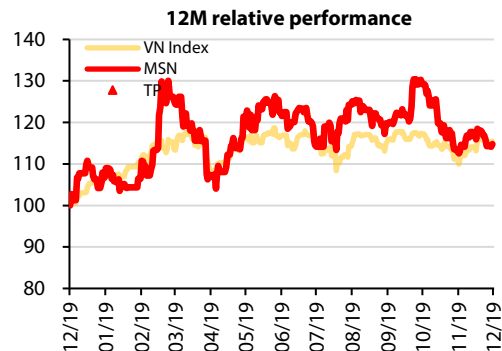
**MP: 70.300**

**TP: N.A**

**STOCK INFO**

**FINANCIALS**

**2023A 2024F 2025F**



Sector	Food & Beverage
Market Cap (\$ mn)	3,977
Current Shares O/S (mn shares)	1,438
3M Avg. Volume (K)	5,048
3M Avg. Trading Value (VND Bn)	381
Remaining foreign room (%)	24.0
52-week range ('000 VND)	61.8 - 82.3

Revenue (VND bn)	78,252	83,402	82,157
NPATMI (VND bn)	419	2,127	2,991
ROA (%)	0.3	1.4	2.1
ROE (%)	1.1	5.3	6.9
EPS (VND)	277	1,406	1,977
Book Value (VND)	25,274	26,680	28,707
Cash dividend (VND)	0	0	0
P/E (x)	241.9	50.1	35.6
P/B (x)	2.7	2.6	2.5

**INVESTMENT HIGHLIGHTS**

**The sale of 100% stake in H.C. Starck Holding improves the Group's profit**

- The sale of 100% stake in H.C. Starck Holding (to take place in Dec-2024, this is a large loss-making segment of MSR, 300-400 VND bn annually) will improve MSN's NPAT-MI in 2025. Prior to this, MSN will also record a one-time profit of 1,000 VND bn for 2024 from its partner Mitsubishi Materials in this transaction.

**Key business segments such as Masan Consumer, Techcombank, and Winmart continue to drive tremendous growth for MSN**

- Besides the divestment transaction described above, MSN also improves its business performance in 2025 (NPAT-MI, +40.6% YoY) thanks to the focus on associated companies such as Techcombank (reaching 4,791 VND bn, +14.2% YoY) and subsidiary Winmart (NPAT reached 274 VND bn from break-even in 2024 due to increased store efficiency in both revenue and cost structure).
- Meanwhile, the long-standing pillar Masan Consumer (MCH) maintains stable profit growth (+5.1% YoY). Main product lines (seasonings, packaged foods) are unlikely to experience explosive growth due to high market share, while the growth prospects of promising new segments such as personal/home care or beverages require more time to prove themselves.

**The buying point for the stock has not yet appeared for 2025**

- We recommend MONITOR for MSN stock, currently trading at a 2025F forward P/E of 29.3x, higher than the average of similar consumer goods companies to MSN (20-23x).

**RISKS TO RECOMMENDATION**

- Faster-than-expected market share expansion of MCH in key product lines such as seasonings (over 40%), packaged food (over 20%), instant coffee (over 25%), and Personal Care (HPC) (3-5%) will significantly improve MCH's business performance and the market will recognize a higher EVEBITDA valuation for this segment and MSN as a whole.
- Financial transactions such as divestments and IPOs can boost short-term stock prices.

**Key financial ratios**

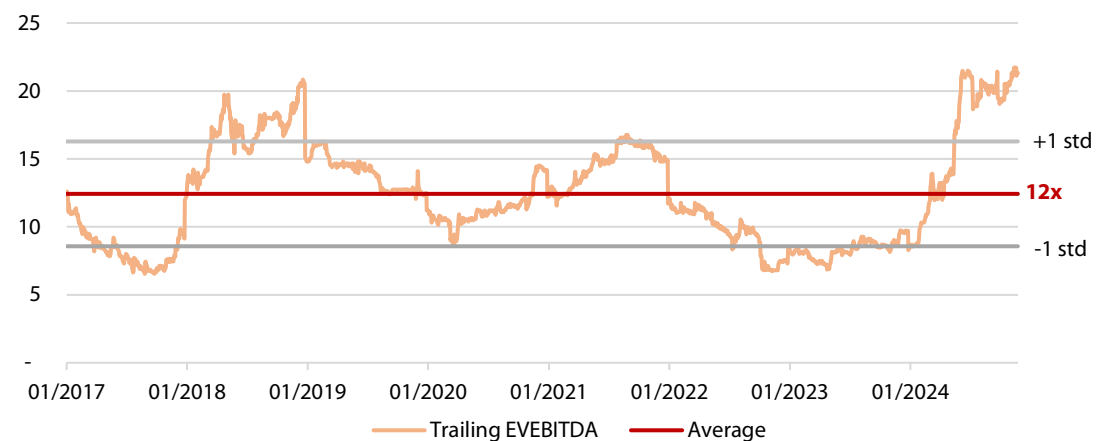
Y/E Dec	FY2021	FY2022	FY2023	FY2024F	FY2025F	FY2026F
<b>Net revenue (VND bn)</b>	<b>88,629</b>	<b>76,189</b>	<b>78,252</b>	<b>83,402</b>	<b>82,157</b>	<b>91,034</b>
MCH	27,774	26,977	28,241	30,889	33,168	35,660
WCM	30,840	29,238	29,895	33,137	39,150	45,790
MML	18,891	4,785	6,984	7,178	7,043	7,254
MSR	13,564	15,550	14,093	14,594	5,133	5,084
Others (Phuc Long, deductions...)	(2,440)	(360)	(962)	(2,395)	(2,336)	(2,755)
<b>YoY Growth (%)</b>						
Net revenue	14.8%	-14.0%	2.7%	6.6%	-1.5%	10.8%
NPAT MI	593.9%	-58.3%	-88.3%	408.1%	40.6%	39.9%
<b>Profitability (%)</b>						
Gross margin	25.0%	27.6%	28.3%	29.3%	33.1%	32.7%
Net margin	9.7%	4.7%	0.5%	2.6%	3.6%	4.6%
ROE	20.2%	9.7%	1.1%	5.3%	6.9%	8.8%
<b>Finance Structure (%)</b>						
Debt/Equity	137.4%	193.8%	181.9%	164.2%	132.6%	114.2%

**MSN's valuation for 2025**

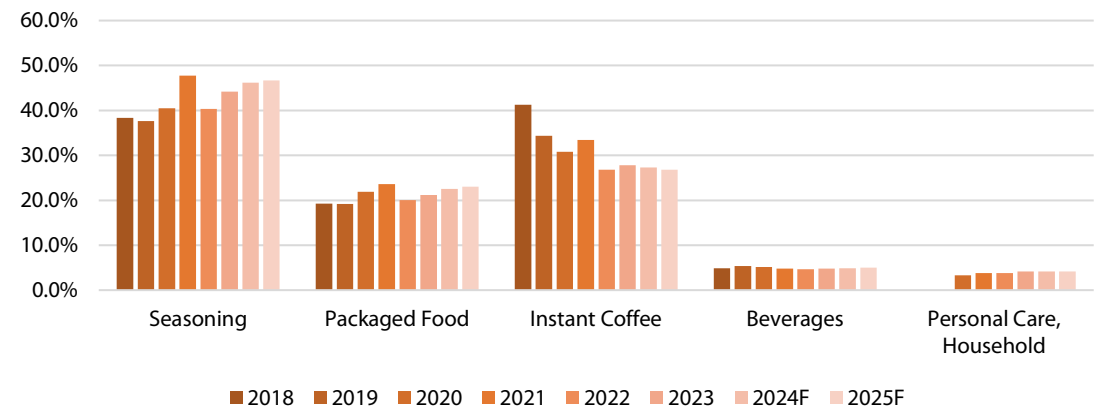
SoTP Method	Equity value (VND bn)	Economic Benefit of MSN (%)	Contribution to MSN	Assumption							
Masan Consumer (UpCOM: MCH)	93,664	67.4%	65,276	EV/EBITDA (12x), EBITDA 2025							
MEATLife (UpCOM: MML)	1,720	94.8%	1,630	EV/EBITDA (10x), EBITDA 2025							
High-Tech Materials (UpCOM: MSR)	2,266	86.4%	1,958	EV/EBITDA (10x), EBITDA 2025							
WinCommerce (WCM)	44,239	78.7%	34,816	P/S (1.13x, similar to the valuation we apply to Bach Hoa Xanh chain), Revenue 2025							
Techcombank (HSX: TCB)	157,808	19.9%	31,404	Market capitalization as of closing date Nov, 22 <sup>nd</sup> 2024							
Phuc Long	1,735	85.0%	1,474	P/S (1.13x), 2025 Revenue							
Trusting Social	1511		1511	Book Value							
<b>Equity Value (VND bn)</b>			<b>138,069</b>								
Discount percentage from Holdings factor			20.0%								
	<b>MCH's Target EVEBITDA</b>										
	10.0x	11.0x	12.0x	13.0x	14.0x	15.0x	16.0x	17.0x	18.0x	19.0x	20.0x
<b>Reference Price of MSN (VND/share)</b>	67,200	70,100	73,000	75,900	78,800	81,700	84,600	87,500	90,400	93,300	96,200

Source: RongViet Securities

**MCH is currently trading at a high-valuation range, reflects projections of robust company performance growth over the next several years. Since market share in core segments is getting close to its limit, this is mostly dependent on emerging segments (beverages, personal care, and home/personal care)**



**MCH's Market Share by Segment (%)**

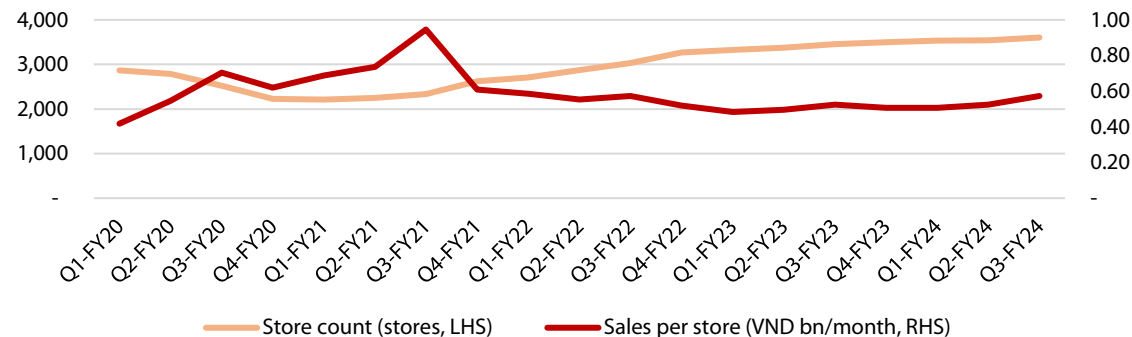


Source: Bloomberg, Euromonitor, MCH, RongViet Securities

Attempts to increase the number of stores and income per store in order to increase market share. Consequently,

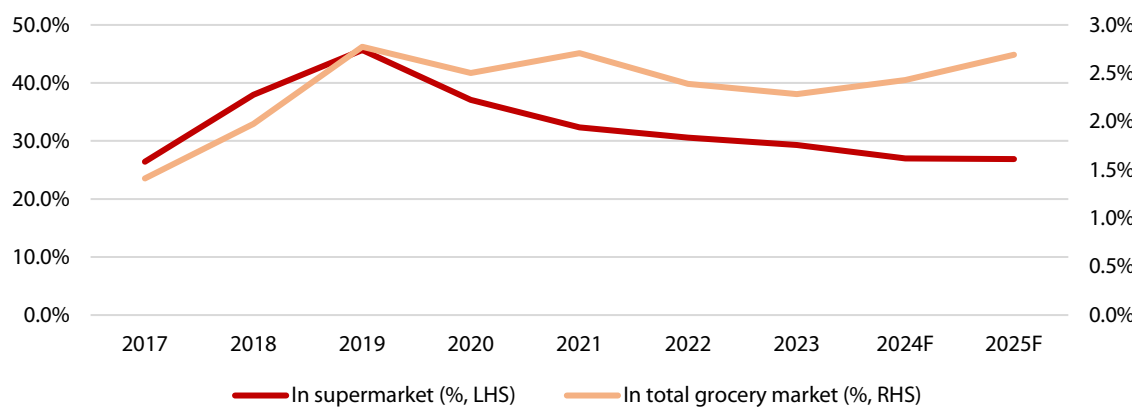
...progressively raise net margin to the industry target of 2.0–3.0% since SG&A exp has been controlled by MSN at the most optimization level.

**MSN prioritizes the development of the Winmart+ (WMP) model instead of Winmart (WMT) model**



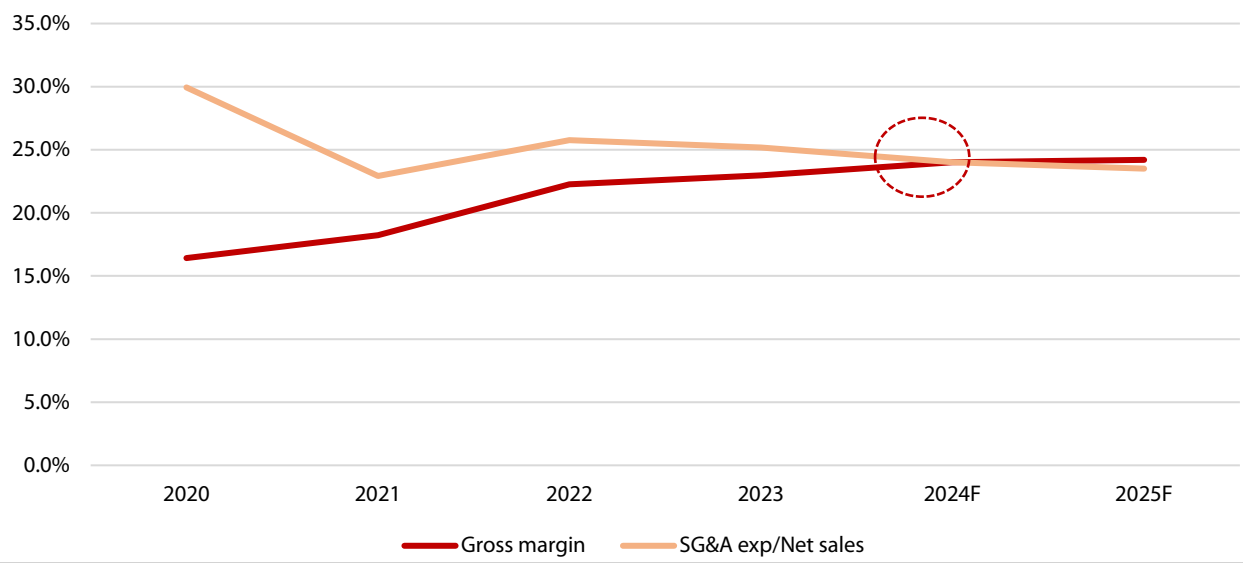
**MSN will concentrate on building WMP, penetrate deeply into rural areas with a strategy of diverse, low-priced FMCGs, reducing fresh food** due to its view that it is challenging to compete with traditional markets in this area. **On the other hand, WMT will expand premium fresh produce from the Masan ecosystem (Win Commerce, MEATLife) while avoiding the creation of new stores** in an effort to preserve its market share in rural area.

**Wimart (WCM) Market Share**



Source: MSN, RongViet Securities

**WCM's profitability ratios (%)**



Industry average calculated from 5 retail chains with similar positioning to Winmart							
	2018	2019	2020	2021	2022	2023	Industry Average
<b>Gross margin</b>	15.0%	15.0%	15.0%	15.0%	20.0%	20.0%	
Average	26.7%	26.9%	27.4%	27.5%	27.8%	28.8%	27.6%
Median	25.0%	25.0%	24.9%	25.2%	25.3%	26.0%	25.3%
<b>SG&amp;A/Net Revenue</b>	15.0%	15.0%	15.0%	15.0%	20.0%	20.0%	
Average	21.4%	22.1%	19.6%	20.0%	20.1%	20.9%	20.7%
Median	22.4%	24.6%	17.0%	18.7%	19.4%	20.8%	20.5%
<b>Net margin</b>	15.0%	15.0%	15.0%	15.0%	20.0%	20.0%	
Average	1.8%	1.6%	1.3%	2.0%	2.4%	2.5%	2.0%
Median	1.5%	1.7%	1.4%	2.3%	2.7%	2.8%	2.1%

Source: MSN, Bloomberg, RongViet Securities



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