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Vinamilk Forecasts 2010 Sales to Rise 30% on Recovery (Update1)

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(Adds closing share price in fifth paragraph.)

By Van Nguyen

March 2 (Bloomberg) -- Vietnam Dairy Products Joint-Stock Co., the country's third most valuable company, expects this year's sales to grow 30 percent as it opens a drinks factory and the country's economic recovery bolsters demand.

Vinamilk, as the company is known, "expects its sales this year to maintain strong momentum of 30 percent growth," Chairwoman Mai Kieu Lien said in an interview today.

The biggest listed dairy company in Vietnam, with a market share of about 35 percent, will tap population growth in the nation of more than 86 million people, said Nguyen Minh Tung, chief operating officer at Ho Chi Minh City-based Tigers Alliance Capital. Vietnamese are increasingly concerned about their health and the country's economic growth is boosting their capability to buy milk, he said.

"We expect Vinamilk to increase its market share to 45 percent in the next few years," said Tung, whose fund, set up in July, invests in listed and private assets and bonds.

The Ho Chi Minh City-based company has gained 12.7 percent this year compared with a 1.3 percent advance in the benchmark VN Index, according to Bloomberg data. Its shares fell 0.6 percent to close at 84,500 dong on the Ho Chi Minh City Stock Exchange.

Vinamilk, which started shipping its products to Iraq 12 years ago, posted a revenue increase last year of 29 percent to 10.6 trillion dong (\$555 million). Net income rose 90 percent to 2.37 trillion dong.

Expanding Population

Vietnam's economy grew 6.9 percent in the fourth quarter, the fastest pace in 2009. PXP Vietnam Asset Management made a forecast in January that the country's economy may expand 7.5 percent this year. The Southeast Asian nation's population is growing at 1.2 percent per year, according to Lien.

Vinamilk, buyer of almost 60 percent of the fresh milk produced by Vietnam, plans to start operation of a new factory this month to increase sales of fruit juice, herbal tea and soya milk, said the 57-year old Lien, who studied milk production in Moscow for six years from 1970. The company was founded in 1976 and Lien has been its general director since 1992.

The company will continue to focus on milk powder, yogurt and fresh milk and aim to expand from its existing export markets of the U.S., India, the Middle East, Africa, Poland, Germany and Cambodia, she said.

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