August 7th, 2023

Shinhan Securities



FPT Digital Retail JSC

[Vietnam / Retail]

Bloomberg Ticker (FRT VN) | Reuters Ticker (FRT.HM)

BUY

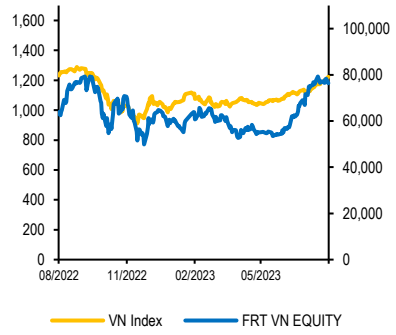
Initiation Coverage

Target price (12 months)	**91,400 VND**
Current price (04/08/2023)	79,000 VND
Return (%)	15.7%

VNINDEX	1,226
P/E market (23F, x)	12.1
Market Cap (bn VND)	10,763
Outstanding shares (mn)	136
Free-Floating (mn)	69
Free-Floating rate (%)	50.5
52-Wk High/Low (VND)	81,450/48,435
90-day avg. trading volume (mn)	1.04
90-day avg. turnover (bn VND)	66
Foreign ownership (%)	49

Major shareholders (%)	
FPT Corporation	46.54
Dragon Capital Fund	7.96

Performance	3M	6M	12M
Absolute (%)	39.2	24.6	17.3
Relative to VN-Index (%)	23.7	16.1	18.4



Source: Bloomberg

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Quét mã QR hoặc click để theo dõi

A strategic player

Initiate coverage with BUY call, target price VND 91,400

FPT Digital Retail JSC (FPT Retail, HSX: FRT) is one of the leading mobile digital products retailers in Vietnam, with revenue of over USD 1.2 billion in 2022. FRT owns two F. Shop retail chains, equivalent to over 800 stores retailing consumer electronics (ICT).

In addition to maintaining its position in ICT retail industry, the company also has efficient business strategy in pharma retail segment. At EY2018, FRT expanded its business to this field with Long Chau pharmacy, quickly becoming a familiar brand, leading the market with more than 1,200 drugstores spread across the country. The successful and stable Long Chau model will help FRT significantly enhance its financial health in the coming time.

We initiated coverage of FRT with a BUY rating, at a target price of VND 98,900 – equivalent to an expected return of 25.2%. The main drivers boosting FRT's revenue and profit in the upcoming time: (i) The economy gradually recovered, helping to accelerate the purchasing power of the retail industry in the second half of 2023 and in 2024; (ii) Growth and development potential of the pharmaceutical retail segment.

Maintaining position in ICT retail industry

FPT Retail is continuously the market leader in laptop retail; ranked 2nd in mobile phone retail in Vietnam. FRT is constantly seeking opportunities in ICT retail, selling other potential electronic products such as household goods, smart devices, etc. to improve profitability margins and strengthen its position in the retail industry. Having a network of more than 800 ICT retail stores nationwide, F. Shop chain will soon achieve the USD 1 billion revenue milestone in 2025.

Efficient business strategy in pharmacy retail segment

After 3 years of expansion, Long Chau became the first modern retail pharmacy chain model in Vietnam to record profit from 2021. FRT will continue expanding the Long Chau chain while enhancing the operating procedures and quality of the pharmacist team; building modern warehouses; applying technology to management, and boosting Long Chau's revenue growth to maintain double digits in the next 5 years.

Enhancement of financial health

Long Chau chain has been in stable operation, become profitable since 2021, and contributed more than 30% to FRT's total revenue in 2022. This helps FPT Retail to grow in total assets, and reduce leverage as well as the pressure of paying interest.

Risks: (1) Competitive risk; (2) Risk from weak retail consumption;
(3) Risk from impairment of inventory.

Year to Dec.	2021	2022	2023F	2024F	2025F
Revenue (bn VND)	**22,495**	**30,166**	**34,689**	**48,369**	**60,685**
OP (bn VND)	546	474	400	1,450	2,583
NP (bn VND)	**444**	**398**	**326**	**1,165**	**2,094**
EPS (VND)	3,745	3,295	2,299	7,310	11,975
BPS (VND)	9,736	10,696	16,909	21,774	30,976
OPM (%)	2.4	1.6	1.2	3.0	4.3
NPM (%)	2.5	1.6	0.9	2.4	3.5
ROE (%)	**26.4**	**19.0**	**14.0**	**34.0**	**39.1**
PER (x)	15.3	18.1	39.8	11.3	7.3
PBR (x)	5.9	5.6	5.4	3.8	2.8
EV/EBITDA (x)	10.1	12.7	16.5	8.6	6.1

Source: Company data, Shinhan Securities Vietnam

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Company background

1. Company's history and development

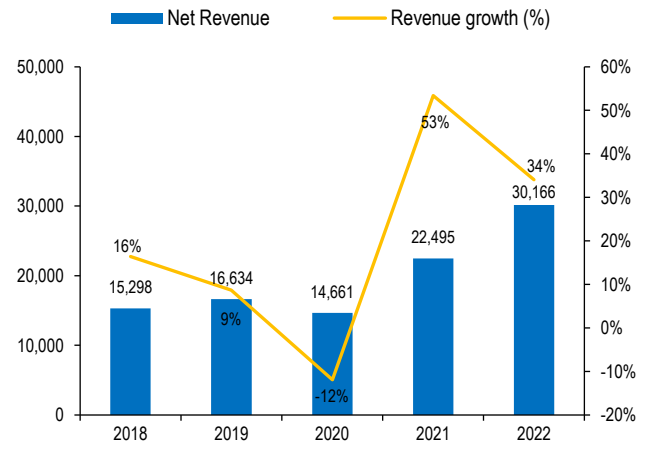
FPT Digital Retail JSC (FPT Retail - HSX: FRT) was established in 2012 and is backed by FPT Corporation in terms of capital, technology and human resources. The company is headquartered in Ho Chi Minh City and officially listed on Ho Chi Minh Stock Exchange in 2018.

With an initial charter capital of VND 88.5 billion and 100 FPT Shop stores (mainly in Ho Chi Minh City and Hanoi), specializing in retailing mobile phones and laptops in 2013, FRT's charter capital is of nearly VND 1,200 billion to date. In 2023, the number of FPT Shop stores has reached nearly 1,000 stores spread across 63 provinces and cities nationwide. FPT Shop has become the second largest technology retail chain, just after The Gioi Di Dong chain of MWG.

At YE2018, FPT Retail expanded to pharmaceutical retail business, named Long Chau. Thanks to the well-prepared work from the FRT team with reasonable development and market expansion strategy, Long Chau has been run effectively, quickly becoming a familiar and leading brand in the market with more than 1,200 pharmacies nationwide. Long Chau is the new growth driver of FRT in the context of saturating tendency of the ICT retail industry.

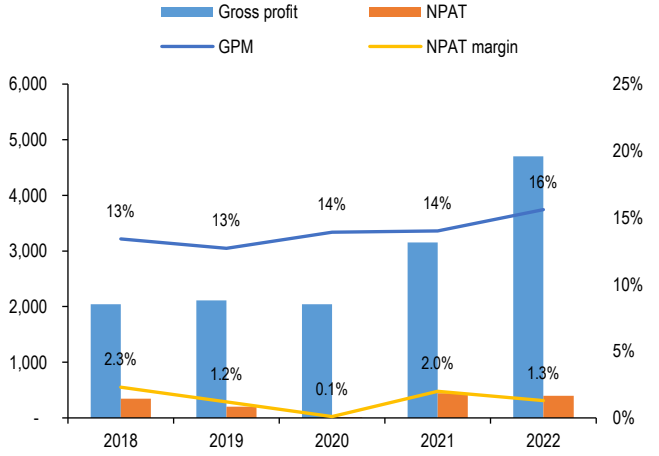
With the omnichannel retail strategy, FRT utilizes all sales channels to reach and enhance customer engagement. In 2022, FPT Retail achieved total revenue of more than USD 1 billion, ranked 2nd by Vietnam Report, to be in the "Top 10 prestigious companies in the Vietnam retail industry " in terms of financial strength and prestige.

Net revenue of FRT by years (VND bn)



Source: Company data, Shinhan Securities Vietnam

Gross profit and NPAT of FRT (VND bn)

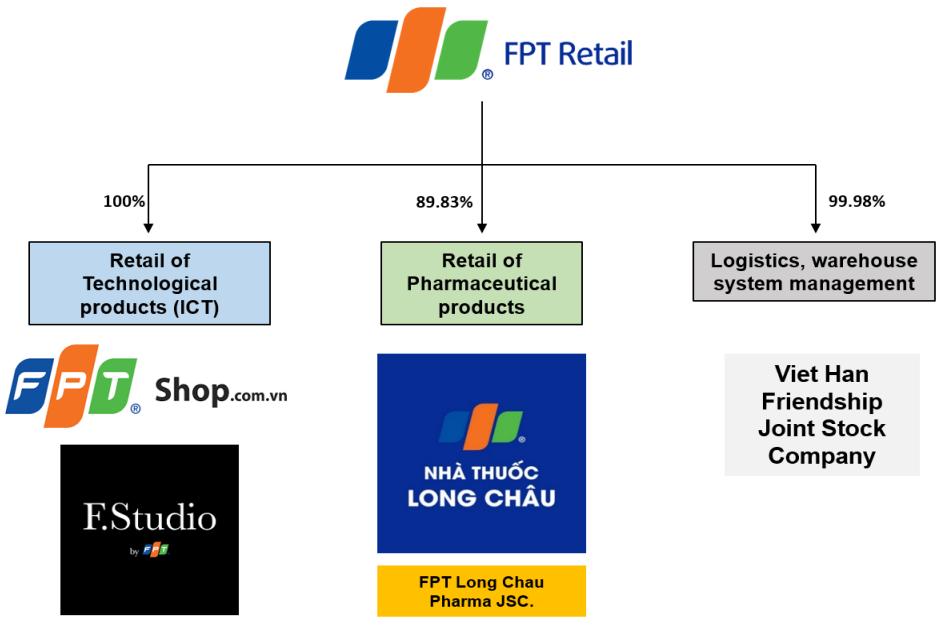


Source: Company data, Shinhan Securities Vietnam

2. Organizational structure

FRT currently owns two subsidiaries operating mainly in the retail segment (ICT technology equipment; pharmaceuticals) and another subsidiary operating in logistics and warehouse management.

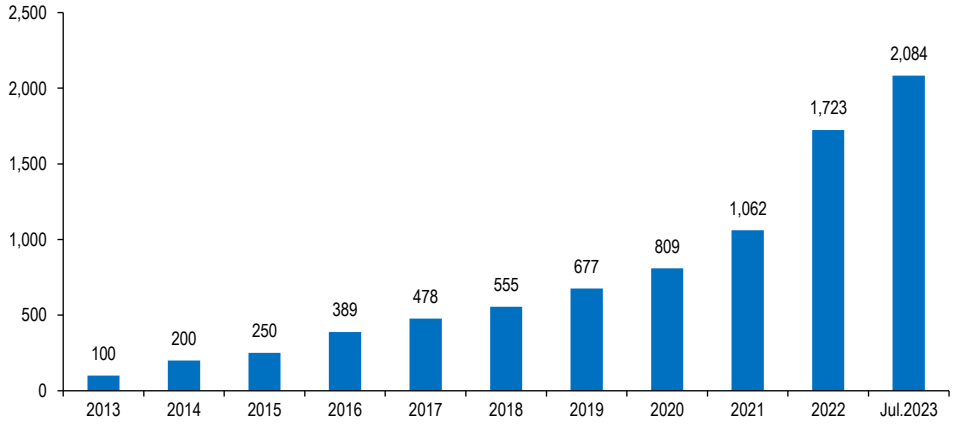
FRT's ecosystem (as of July 31st, 2023)



Source: Company data, Shinhan Securities Vietnam

As of July 31st, 2023, FRT owns 2,084 retail stores, including 782 FPT Shop stores, 35 F. Studio stores and 1,267 Long Chau pharmacies.

Tổng số lượng cửa hàng của FRT



Source: Company data, Shinhan Securities Vietnam

Technology equipment retail segment (ICT segment):

FPT Digital Retail JSC operates two retail F. Shop chains, specializing in trading technology equipment (ICT - Information and Communication Technology), including: (i) FPT Shop chain, retailing technology products such as mobile phones, laptops, smart devices, household goods; (ii) F. Studio by FPT chain, the first authorized retailer in Vietnam to distribute genuine Apple products.

FRT owns 817 technology product retail stores at the moment, generating an average monthly revenue of VND 2-2.3 billion/store. This is currently the main contributor to FRT's revenue structure (~70%).

Retail Pharmacy segment:

In 2017, FPT Retail conducted research on the pharmaceutical segment to invest in the Long Chau pharmacy chain - a long-standing traditional private pharmacy brand since 2007, having high prestige in the pharmaceutical retail field in Ho Chi Minh City.

At YE2018, FPT Retail invested VND 75 billion (equivalent to 75% ownership) and established FPT Long Chau Pharmaceutical JSC (FPT Long Chau), officially participated in the pharmaceutical retail market with the brand name Long Chau pharmacy. After times of capital mobilization, FPT Long Chau currently has a charter capital of nearly VND 501 billion. FPT Retail also increased its ownership to 89.83% as of June 30, 2023.

Currently, FPT Long Chau has 1,267 pharmacies, specializing in trading pharmaceutical products, special medications, functional foods, and medical instruments. After officially operated by FRT, Long Chau chain only recorded losses in 2019 and 2020, then quickly reached break-even point and has been profitable since 2021.

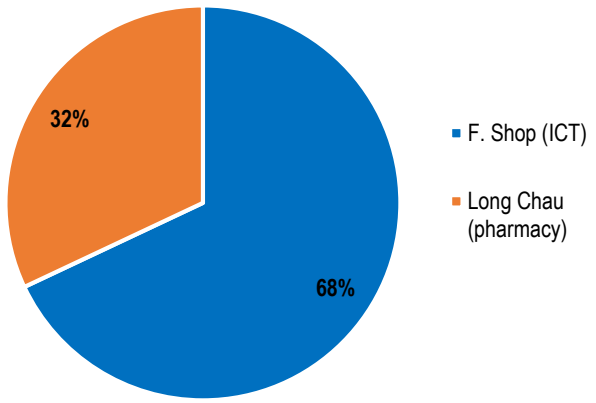
The company continuously expands this successful model to cover all 63 provinces and cities nationwide. Revenue has been improved over time, with a monthly average of VND 800 million - 1.1 billion/pharmacy. FPT Long Chau contributed about 32% of FRT's total revenue in 2022. After 4 years of expansion (2019-2022), FPT Long Chau has accumulated losses of VND ~121 billion.

3. Revenue structure

- **By business chain:**

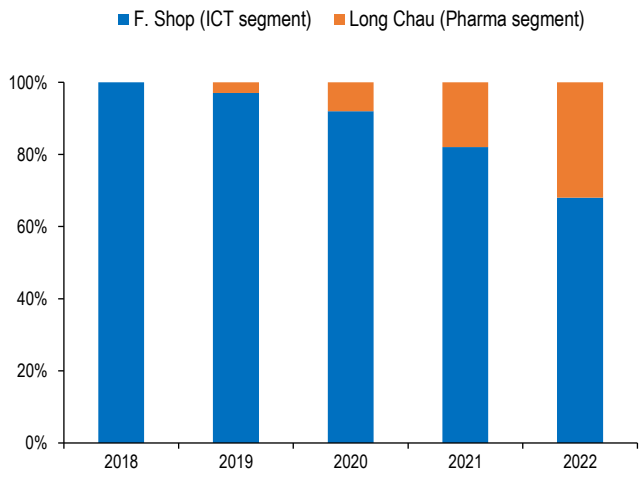
In 2022, FPT Retail's consolidated revenue reached VND 30,166 billion (+34.1% YoY). The F. Shop retail chain is still the main contributor to FRT's revenue. Notably, the pharmaceutical retail segment is showing a strong improvement in contribution to FRT's total revenue over time.

Revenue structure of FRT in 2022 by chain (%)



Source: Company data, Shinhan Securities Vietnam

Revenue contribution from pharmacy segment of FPT Long Chau (%)



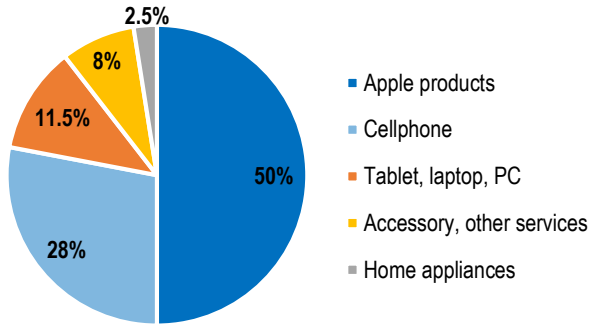
Source: Company data, Shinhan Securities Vietnam

- **By categorical product:**

ICT category: In 2022, revenue from this segment reached VND 20,689 bn (+11.5% YoY). In which, revenue from Apple products accounted for the largest proportion (~50%), followed by mobile phones category, then tablet, laptops and PCs category; accessories & services category, and lastly to be household goods category (2.5%).

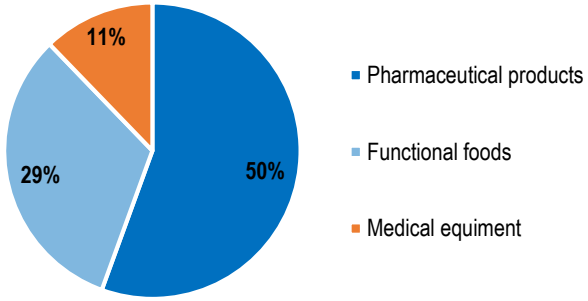
Pharmaceutical category: In 2022, revenue from this segment reached VND 9,596 bn (+141% YoY). FPT Retail still maintains the portion of revenue from medicines (prescription drugs, special medications), accounting for ~60% of its retail pharma sales. The remaining pharma revenue comes from functional food products, medical equipment and cosmeceuticals.

Revenue structure by ICT products category (%)



Source: Company data, Shinhan Securities Vietnam

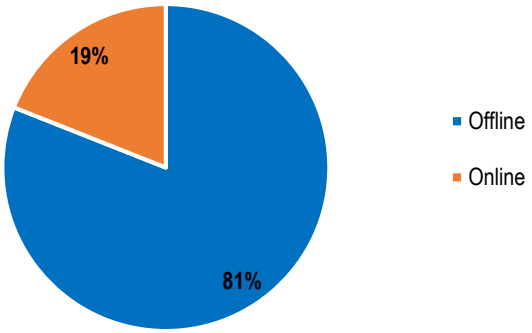
Revenue structure by pharma category (%)



Source: Company data, Shinhan Securities Vietnam

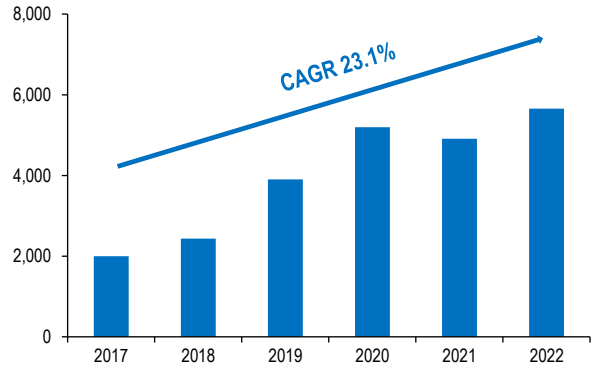
- **By sale channel:** Including direct sales at store (offline) và online sales. Offline sales channel makes up the largest portion. However, online sales revenue has had positive growth recently, with CAGR of 23.1%/year over the period 2017-2022.

Revenue structure by sales channel in 2022 (%)



Source: Company data, Shinhan Securities Vietnam

Revenue from online channel over the period 2017 - 2022 (VND bn)

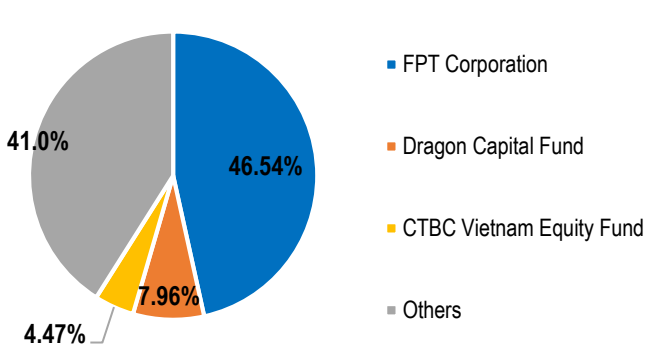


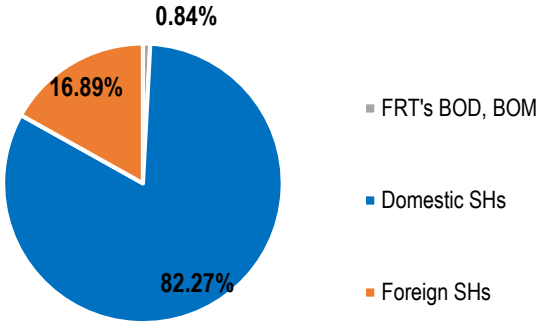
Source: Company data, Shinhan Securities Vietnam

4. Shareholder structure

The current shareholder structure of FRT has not changed much after FPT Corporation (HSX: FPT) officially divested and was no longer the parent of FPT Retail. FPT Corporation reduced its ownership rate from 85.0% to 47.0% in 2017 and is still the largest shareholder of FPT Retail as of 07/07/2023. Although FRT is no longer a subsidiary of FPT Corporation, FRT has always received supports from FPT in terms of company contribution, technology integration into sales, preferential loans, as well as advices on business strategy, and experience in management.

FRT's shareholder structure (as of July 7th, 2023)





Source: Company data, Shinhan Securities Vietnam

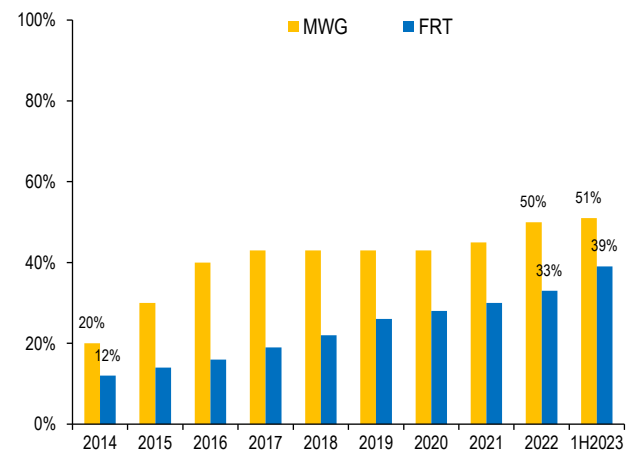
Investment Thesis & Catalysts

1. Maintaining position in ICT retail industry

1.1 First runner-up in the mobile phone retail industry

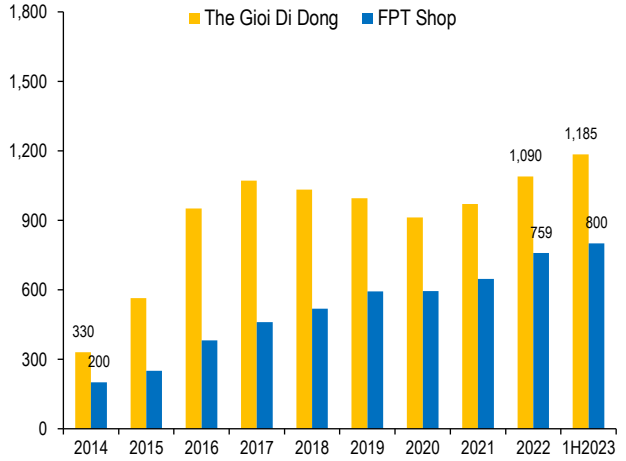
FPT Shop is one of the familiar retail chain brands in Vietnam regarding mobile digital products such as mobile phones, laptops, tablets, accessories. FPT Shop has continuously increased its market share and maintained its position in retailing technology devices for many years. As of Q2.2023, the FPT Shop chain ranked second (after The Gioi Di Dong chain of MWG) in terms of market share in the mobile phone retail industry.

Mobile phone retail market share of MWG and FRT in Vietnam



Source: Company data, Shinhan Securities Vietnam

Number of FPT Shop và The Gioi Di Dong stores

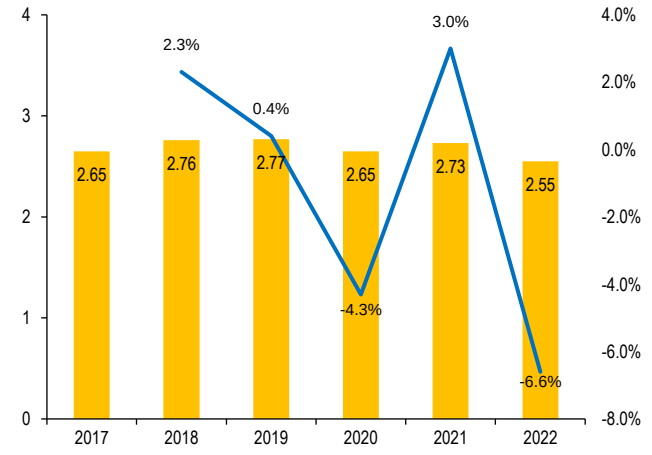


Source: Company data, Shinhan Securities Vietnam

The reason MWG's mobile phone retail market share is higher than that of FRT is because mobile phones are also cross-sold in MWG's Dien May Xanh retail chain, helping to improve revenue and increase MWG's mobile phones retail market share.

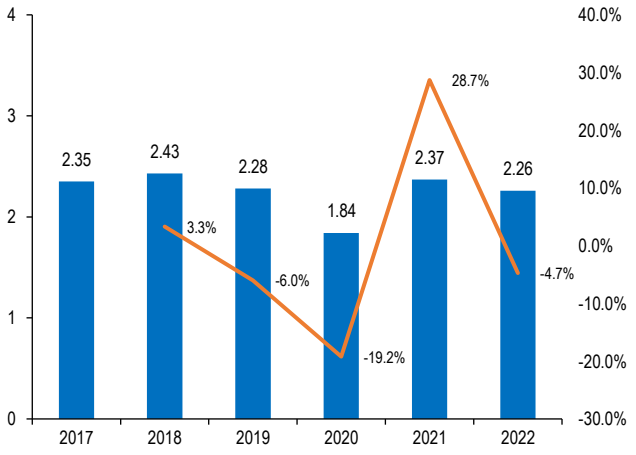
Despite being established after and having less coverage compared to The Gioi Di Dong (TGDD) chain of MWG Group, FPT Shop chain of FPT Retail Group still keeps chasing and shows its scaling growth over time, maintaining the level of revenue at each point of sale.

Average monthly revenue per TGDD store (VND bn)



Source: Company data, Shinhan Securities Vietnam

Average monthly revenue per FPT Shop store (VND bn)



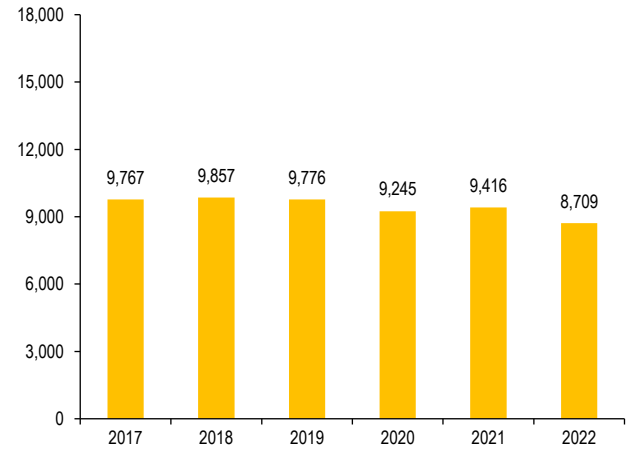
Source: Company data, Shinhan Securities Vietnam

1.2 The leading retailer in terms of sales per square meters

FPT Shop stores have an area of about 75m^2 to 100m^2, while The Gioi Di Dong stores have a more spacious area, ranging from 100m^2 to 200m^2.

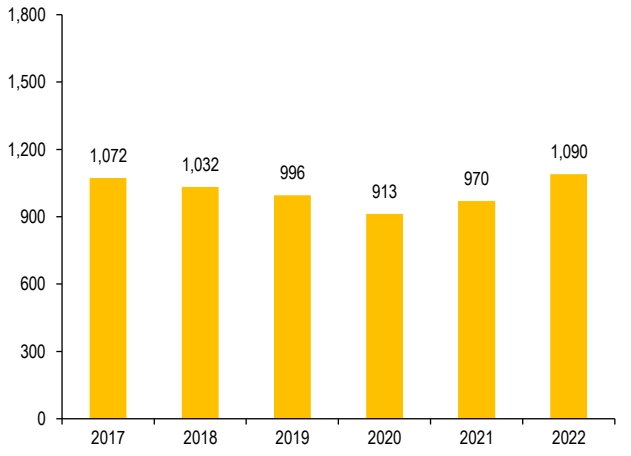
In 2022, FPT Shop has an average monthly revenue of VND 26.6 million/m^2 (~1,135 USD/m^2), 56% higher than that of The Gioi Di Dong when reaching only VND 17.0 million/m^2 (~726 USD/m^2). FPT Retail ranked first in terms of the efficient retailer having the highest sales per sqm, by Euromonitor and Retail Asia Publishing.

Average annual sales per sqm of TGDD (USD/m^2)



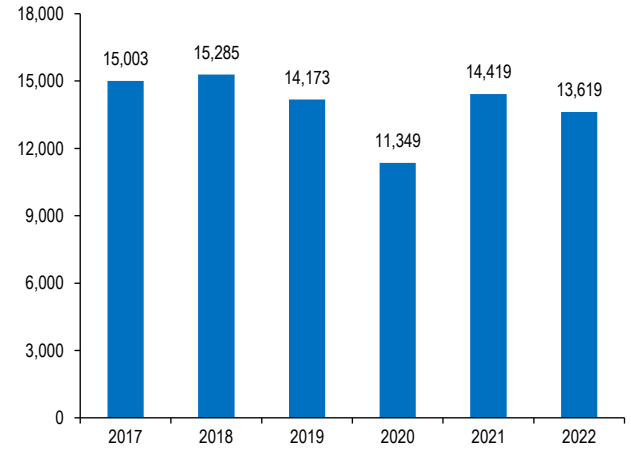
Source: Company data, Shinhan Securities Vietnam

Number of TGDD stores over the years



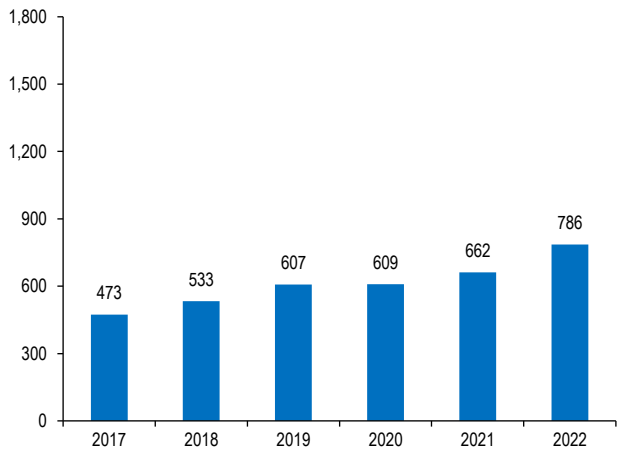
Source: Company data, Shinhan Securities Vietnam

Average annual sales per sqm of FPT Shop (USD/m^2)



Source: Company data, Shinhan Securities Vietnam

Number of FPT Shop stores over the years



Source: Company data, Shinhan Securities Vietnam

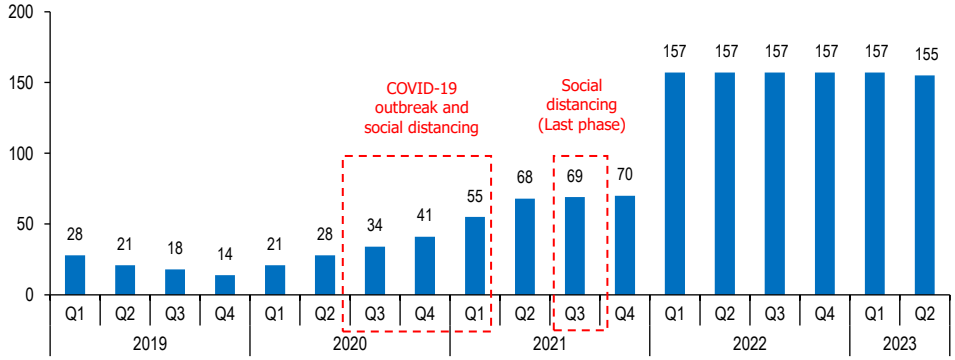
1.3 Market leader in laptop retail

In addition to mobile phones, the demand for computer and laptop products is also increasing as they are considered an essential tool used to communicate, connect, access the internet, as well as study and work. FPT Shop is a major partner of computer brands in the market today such as Apple (Macbook), Microsoft (Surface), Asus, HP, Dell, Acer, Lenovo, MSI.

In 2019, FPT Retail integrated and started opening laptop centers at FPT Shop stores, to provide services related to laptop, computer, and PC products. FRT's strategy is even more effective during and after the social distancing period (due to the COVID-19 epidemic) when the laptop demand for work and study at home skyrocketed.

The FPT Shop chain does not only have a team of staff that literally sells mobile phones and accessories. The integration of laptop centers at FPT Shop was deployed, with a team of well-trained geeks, ready to support customers with technical issues and stuff (in person and online), advise on choosing the computer and laptop models in accordance with the needs of customers, as well as PC repairing and assembling.

Number of Laptop Centers integrated in FPT Shop chain



Source: Company data, Shinhan Securities Vietnam

Lastly, FRT opened 3 stores specializing in selling PC Gaming as experiment in Hanoi. Customers can upgrade their computer hardware, get advice, or buy and choose genuine discrete PC Gaming computer components, with customized configurations, colors, and functions according to their preferences, and are supported to assemble into a fully completed product.

All of the above efforts help FRT continue to be the leading laptop retailer (accounting for ~35% market share), dominating other retail chains.

1.4 Hunting for potential opportunities in retailing other products

The ICT industry in Vietnam has tended to be saturated and growth slowed down in recent years. Noticeably, the difficult economic situation has reduced purchasing power, especially towards high-priced discretionary goods. Besides, revenue from consumer finance also dropped sharply due to the rise of interest rates; the consumer lending conditions were also stricter.

As a result, FPT Retail expands its ICT retail portfolio into other potential consumer electronic products, in order to improve revenue, increase profit margin and strengthen its position in ICT retail industry.

In 2021, FRT will experiment with retailing household goods, household electrical appliances, and kitchens such as televisions, vacuum cleaners, water purifiers, air fryers, blenders, etc. FPT Shop's partners in the household goods industry are all large and reputable units in the market.

Brands cooperating with FRT in retailing household goods



Source: FPT Shop, Shinhan Securities Vietnam

In 2022, revenue from household goods was not large, contributing only 2.5% of total ICT retail sales. However, GPM from this segment is quite high, reporting about 20-25%, higher than that of ICT products such as mobile phones and laptops (GPM is about 12-15%).

At the end of Q2.2023, there are 585 FPT Shop stores selling household goods; expected to reach 600 stores by YE2023. FPT Retail expects this category to contribute 15% to the total revenue of the F. Shop chain by 2025.

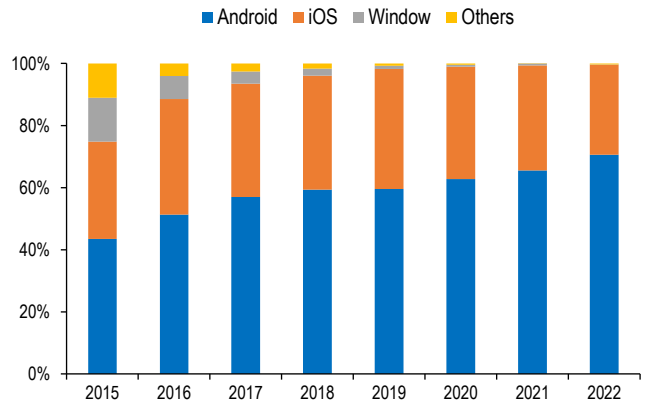
1.5 F. Studio by FPT chain

In recent years, Apple products have been popular in the Vietnamese market. Previously, consumers who wanted to buy new Apple product models had to wait a long time to buy genuine products at authorized retail stores or stores importing from abroad.

In addition, the market for hand-carried goods is relatively popular but having quite unpredictable risks regarding product origin, quality, warranty, and repair after purchase since many Apple warranty partners require the buyers to show the purchase invoice from a unit authorized by Apple before processing the repairs and warranty. This results in the buyers' hesitation towards any purchase of hand-carried goods.

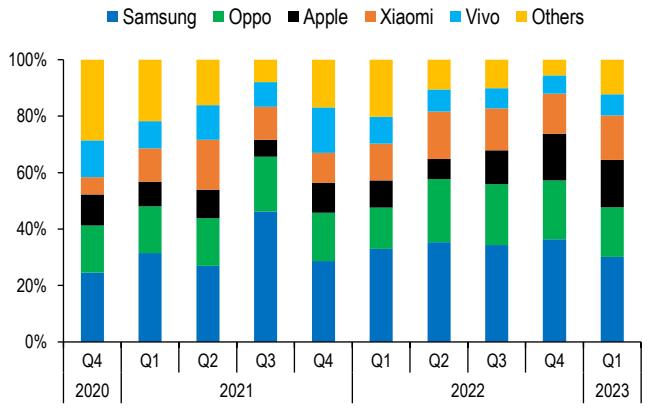
The market share of this category has been increasing since Apple cooperated with DGW, PET, FPT Synnex, and Viettel to distribute Apple's products in Vietnam from July 2020, shortening the time to present new products in Vietnam compared to other countries; narrowing the price gap between authentic and hand-carried goods.

Market share of cellphone operating system used in Vietnam



Source: Statista, Shinhan Securities Vietnam

Top 5 smartphone brands in Vietnam (in terms of revenue)



Source: International Data Corporation (IDC), GfK, Shinhan Securities Vietnam

In 2012, F. Studio by FPT (F. Studio) was the first unit in Vietnam authorized by Apple to distribute its products, with a chain of stores built and designed following Apple standards.

FRT sells legit Apple products at both FPT Shop and F. Studio chains. However, F. Studio was established to level up the shopping experience of Apple fans. Until now, F. Studio is still Apple's most premium authorized chain model in Vietnam, retailing genuine Apple products and accessories.

Compared to other authorized retail chains (such as ShopDunk, CellphoneS, Topzone of MWG), F. Studio is still the first and only retail chain in Vietnam having Apple license with full 3 levels of Mono Brand (specialty store selling only Apple products), including:

(i) AAR (Apple Authorized Reseller) F. Studio – standard level of Apple;
(ii) APR (Apple Premium Reseller) F. Store – more senior form of AAR;
(iii) CES (Consumer Electronic Stores) iCorner – most premium level of Apple.

Therefore, FRT has unique perks and offers for customers when purchasing Apple products that other retailers do not. However, FRT decides not to massively expand this model like MWG's Topzone chain for keeping the unique experience of this model, and also reduce the risk of relying too much on Apple product quality and consumer trends.

AAR F. Studio store model



Source: F. Studio by FPT

APR F. Studio store model



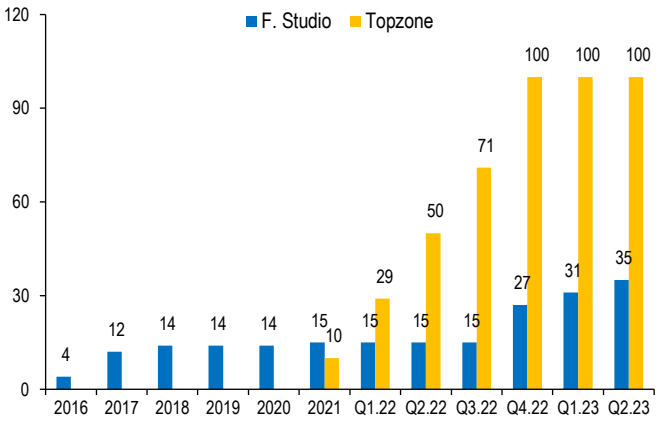
Source: F. Studio by FPT

CES iCorner F. Studio store model



Source: F. Studio by FPT

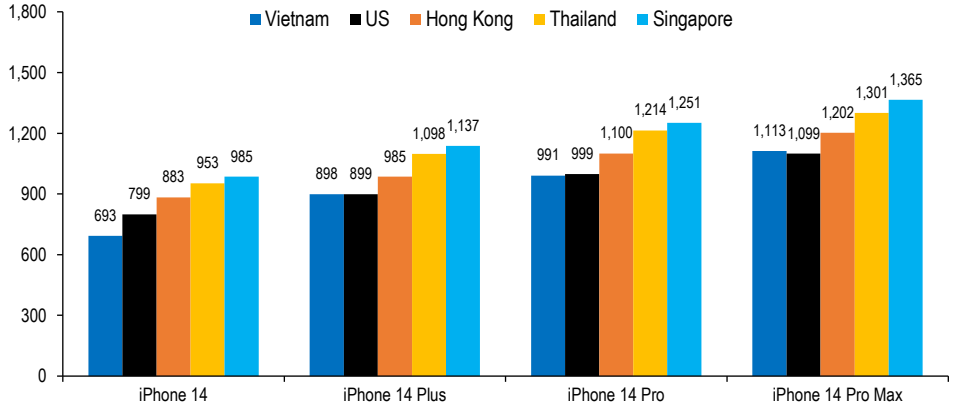
Number of Topzone (MWG) and F. Studio stores since established



Source: Company data, Shinhan Securities Vietnam

Due to the fierce competitiveness and weak consumer demand, many ICT retailers in Vietnam offer many promotions at deep discounts in 2023, including Apple products. According to Statista, the US is usually the market having the cheapest iPhone selling tag in the world because of applying Apple's announced prices only. However, in 2023, Vietnam is the market with the cheapest retail price of the iPhone 14 series in the world.

Updating retail price of 128 GB iPhone 14 series in Vietnam compared to the US and neighboring countries (USD)



Source: Apple Store, Shinhan Securities Vietnam

The current price battle is temporary to stimulate consumption demand and maintain each retailer's market share. FPT Retail still focuses on enhancing customer experience in all areas where FRT operates. Specifically, in 2022, some F. Studio AAR stores were upgraded to become "Super Center" model, doubled in size compared to the old ones, possessing the newest design and layout of Apple's standard. This upgrade brings customers into Apple's global premium standard, having similar experiences as visiting an original Apple store.

In the long term, FPT Retail plans and follows the global trend of Apple products and devices (developing B2B sales channels such as schools, hospitals, businesses,...). Specifically, the company will provide comprehensive solutions for institutional clients, which is Apple's global advantage but has not been developed strongly in Vietnam.

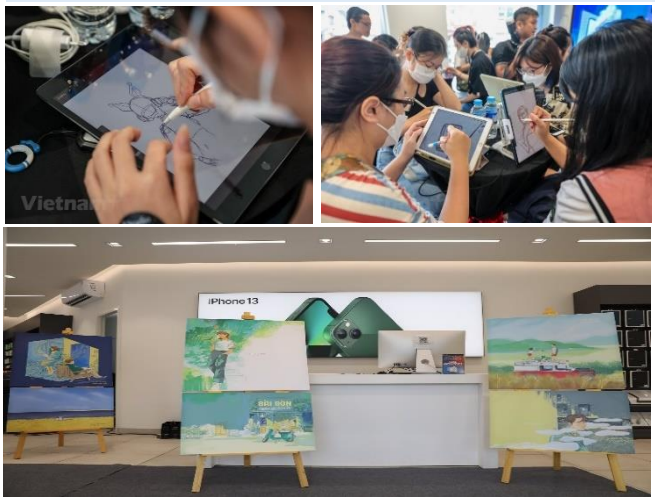
Regarding the individual clients (B2C), F. Studio has organized seminars to provide information, answering users' questions everything regarding Apple products, iOS, macOS operating systems, and other useful tips when using the product. Organizing periodic seminars and events helps customers better understand the product's functions and enjoy all the high-class services of Apple.

Monthly seminars on topics related to using Apple products



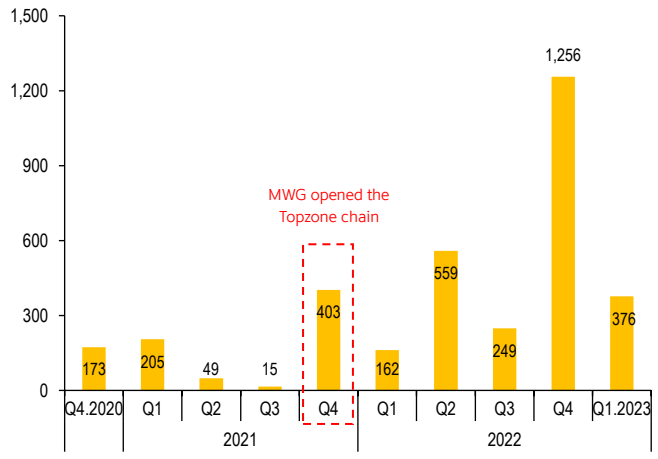
Source: F. Studio by FPT

Drawing contest on iPad at F. Studio Super Center



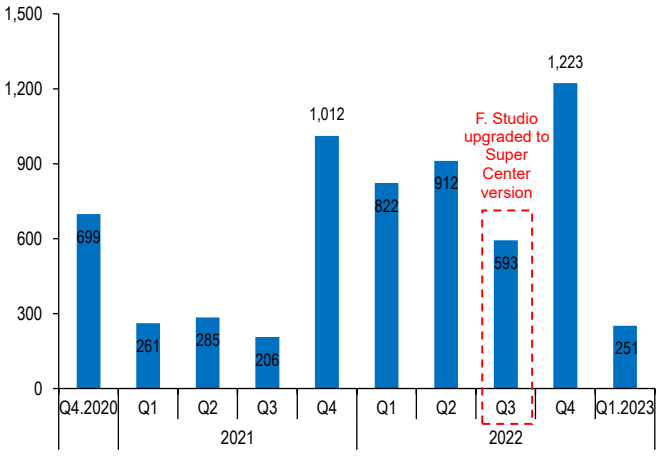
Source: F. Studio by FPT

Movement of short-term payables of MWG to Apple (VND bn)



Source: Company data, Shinhan Securities Vietnam

Movement of short-term payables of FRT to Apple (VND bn)



Source: Company data, Shinhan Securities Vietnam

2. Effective business strategy in pharmaceutical retail segment

2.1 Prospects of the pharmaceutical retail industry

According to BMI, Vietnam's pharmaceutical market in 2022 reached ~USD 6 billion (+10% YoY) and is forecast to touch USD 8 billion in 2025 thanks to the population growth, young population structure (~50% in the age 18-50), and rapid urbanization. IQVIA Organization also assesses Vietnam to be a pharmaceutical emerging market.

In the 2016-2020 period, GDP per capita recorded CAGR of 7%/year, but decreased to 4.7% in 2021 due to the impact of the COVID-19 epidemic, then increased again to 9.4% in 2022. Thanks to the improvement of income level, besides drug treatments, people also care about other healthcare products such as dietary supplements, and health monitoring devices, which leads to extra spending on pharmaceutical products.

According to the General Statistics Office, Vietnam's population reached nearly 99.5 million people by YE2022, of which the urban population accounted for 37.3% of the total population and continues increasing owing to the moving trend from rural to urban areas for study and work.

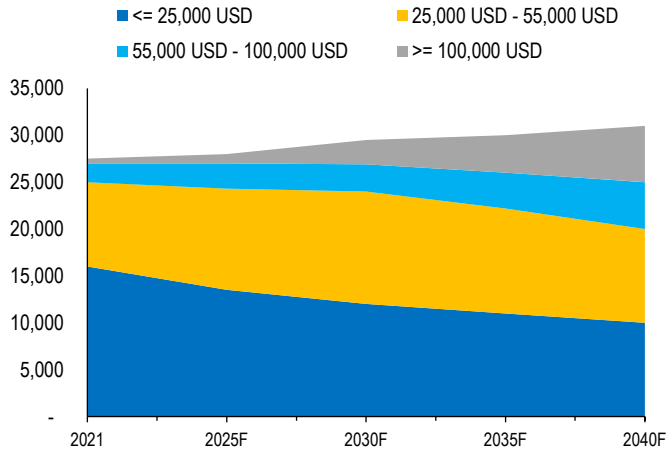
In 2023, cccording to the Ministry of Planning and Investment, Vietnam's population is projected to reach more than 100 million people, of which:

- Dependent children (under 15 years old): 24%
- Working age group (15-60 years old): 63%
- Elderly dependents (over 60 years old): 13%

Increased life expectancy (73.6 years old in 2022) leads to an increasing aging rate, boosting demand for functional foods and spending on health care services.

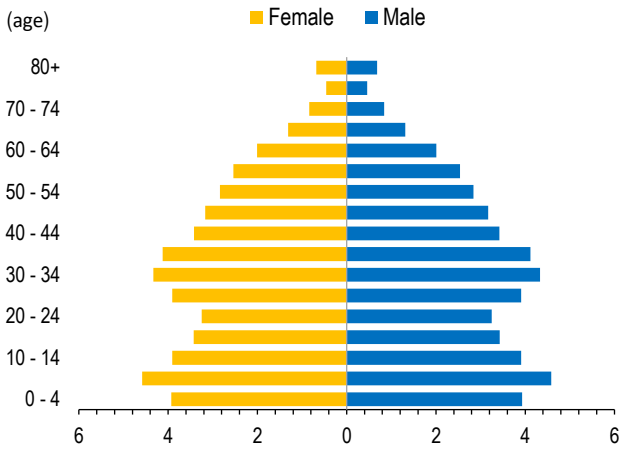
The urbanization rate and GDP per capita are expected to keep up rising in the coming years, which are the main drivers for the retail market value-increased in Vietnam, especially the mid- and high-end targets.

Projected average household income in Vietnam (thousand households)



Source: Euromonitor, Shinhan Securities Vietnam

Vietnam population pyramid in 2022 (million people)



Source: General Statistics Office, Shinhan Securities Vietnam

Currently, the Vietnamese pharmacy market is highly fragmented. With a network of about 60,000 points of sale (mainly small traditional pharmacies), the modern pharmaceutical retail chains (Long Chau, An Khang, Pharmacity, Phano, etc.) started to scale up but still constitute a small slice of the entire pie (accounting for only 4-5%). Therefore, with stable service quality and diversified products, it is expected that the pharmaceutical retail market still has room to grow in the coming years. It is expected that modern drugstore chains in Vietnam will account for 15-16% of the pharmaceutical retail market share by 2025.

2.2 Promising growth of Long Chau chain

The pharmaceutical market is greatly competitive among many entities. In the pharmaceutical manufacturing and distribution segment, there are a number of notable deals in recent years, for instance, Digiworld (DGW) invested

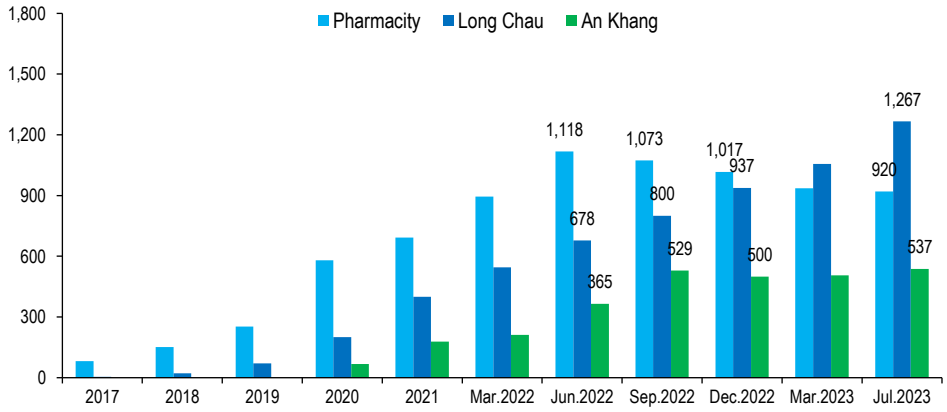
VND 8.9 billion (acquiring 36.01% shares) in Dai Tin Pharma in 2021; Bamboo Capital (BCG) invested VND 40 billion (buying 20% shares) in Tipharco Pharmaceutical (DTG); Louis Holding's investment in Lam Dong Pharmaceutical (Ladophar – LDP).

In the pharmaceutical retail segment, Pharmacity is the pioneer player in constructing a modern retail pharmacy chain in Vietnam (since 2011) and is also the largest pharmacy chain in the period 2011 - 2022. Currently, this market is attracting and being invested by many large corporations such as FPT Retail (Long Chau chain - 2018), MWG Group (An Khang chain - 2020), and Masan Group (Phano chain - 2022).

Long Chau, Pharmacity, and An Khang are the 3 largest and most modern retail pharmacy chains in Vietnam. Pharmacity has a sales rate of more than 70% of non-drug products (medical equipment, beauty care products, mother and baby, etc). Long Chau has a drug sale proportion of 60-70%. An Khang is balanced between the two competitors.

Meticulously invested in strategy and operation, Long Chau quickly became a modern and prestigious retail pharmacy chain model having the largest scale in Vietnam. Long Chau's strength is to be prescription drugs, with sufficient drugs and selling at low prices, so it is appreciated by many customers, resulting in the average sales per bill being higher than other product groups sold.

The number of Long Chau, Pharmacity, and An Khang pharmacies



Source: Company data, Shinhan Securities Vietnam

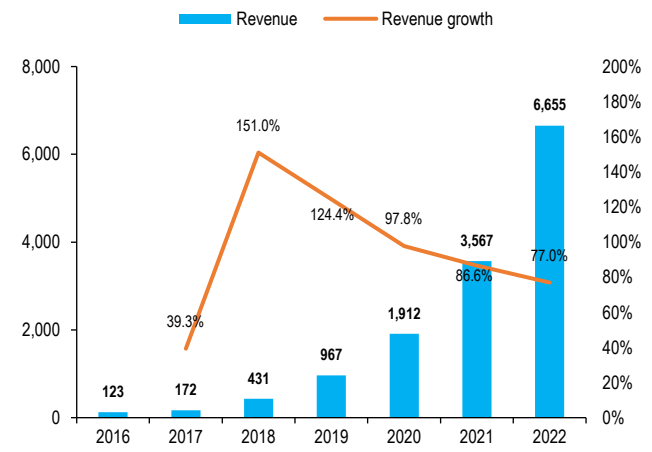
After 3 years of FRT's expansion into retail pharmacy, Long Chau chain has reached the break-even point and been profitable since 2021. The operating break-even point of each store is at the revenue of VND 500-700 million/month and 90% of new pharmacies break even after 6 months. As a result, Long Chau has quickly expanded; recorded revenue of VND 9,596 billion (+141.3% YoY), contributing 32% of FRT's total revenue in 2022. Pharmacity and An Khang are still in money burning race but have paused expansion and closed some inefficient pharmacies in 2022 and 2023.

Business performerce among the 3 pharmacy retail chains

	Average monthly revenue per store	GPM	Expanding year	Accumulated loss at YE2022
Long Chau	VND 800 million - 1.1 billion	20 - 24%	2019	VND 121 bn
Pharmacity	VND 400 - 550 million	25 - 33%	2011	VND 1,700 bn
An Khang	VND 300 - 400 million	N/A	2019	VND 8,100 bn

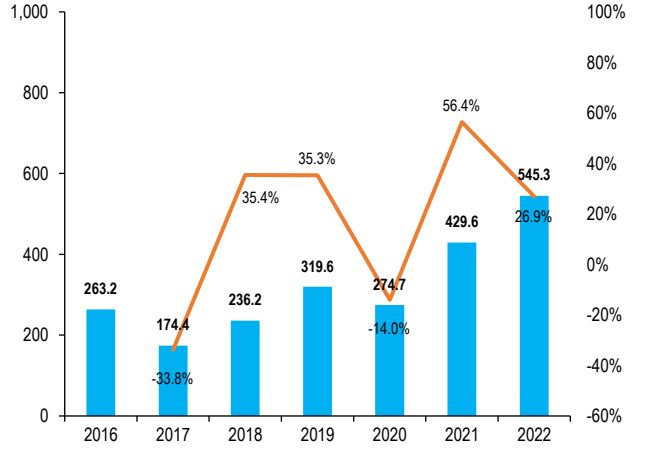
Source: Company data, Shinhan Securities Vietnam

Pharmacity's business performance (VND bn)



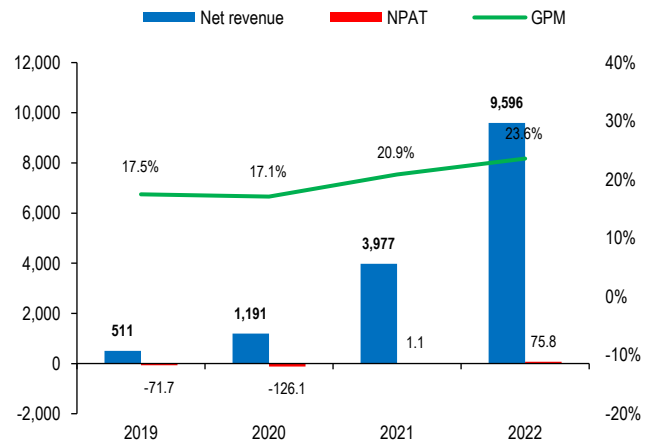
Source: Company data, Shinhan Securities Vietnam

Monthly average revenue per Pharmacity store (VND mn)



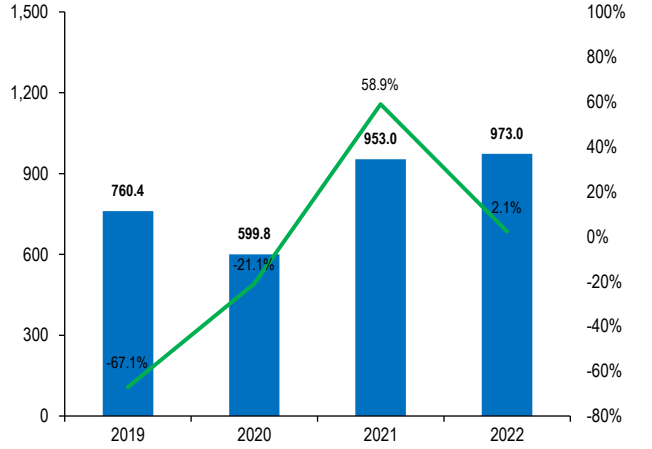
Source: Company data, Shinhan Securities Vietnam

Long Chau's business performance of (VND bn)



Source: Company data, Shinhan Securities Vietnam

Monthly average revenue per Long Chau store (VND mn)



Source: Company data, Shinhan Securities Vietnam

2.3 Future development strategy of Long Chau

FRT will continue expanding the Long Chau chain, concentrating on enhancing the operating procedures and quality of the pharmacist team, building modern warehouses, applying technology to management, and boosting Long Chau's revenue growth to maintain double digits in the next 5 years.

Regarding the pharma category, Long Chau still maintains the proportion of revenue from drugs at 60% of the total revenue of the retail pharmaceutical segment. While other competitors are temporarily suspending new openings or shrinking, Long Chau will continue to be expanded to suburban areas in 2023, which have low rental costs, and less competing; helping Long Chau shorten the time to be break-even, increase nationwide coverage, and reach out to a wide range of customers.

Long Chau aims to open at least 400 additional pharmacies, achieving the breakeven point after 6 months of new opening; estimated to reach 1,400-1,500 pharmacies by 2023.

Investment in logistics, warehouse management via Huu Nghi Viet Han:

With the continuous development of FPT Long Chau and the goal of reaching 3,000 pharmacies by 2026, FRT decided to invest in the distribution system and expand the warehouse to improve the logistics system and meet the market demand.

In 2021, FPT Retail invested VND 123 billion to own 99.98% of Huu Nghi Viet Han JSC (Viet Han), the company operating in the field of warehousing services. Viet Han becomes an important piece in the FRT ecosystem, aiming to build and develop the warehousing and logistics system.

In 2022, FRT built a primary warehouse on this subsidiary's land in Me Linh (Hanoi). The warehouse construction project was completed and put into operation in Q2.2022, with a usable area of 3 floors about 8,000m2, serving for storage and transportation of goods to the stores of both F. Shop and Long Chau chains in the North and Central provinces.

FPT Long Chau's general warehouse in the North



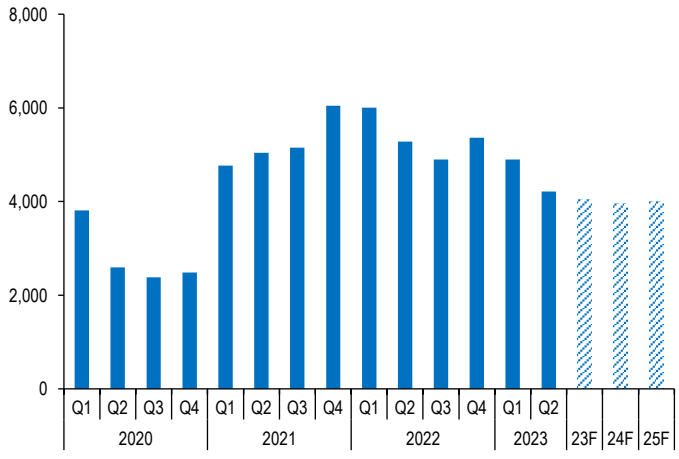
Source: Pictures provided by the company

The general warehouse helps FRT execute its plan to open another 240 pharmacies from Da Nang to the North in 2022. Particularly, the general warehouse optimizes the amount of inventory stocked and boosts the importing and delivering work of goods to pharmacies faster. As estimated, the time an order from being ordered to being shipped to stores is only 2-3 days (previously 5-7 days if imported from HCMC). The 60-70% reduction in transporting time helps FPT Long Chau optimize costs compared to when the general warehouse was not built.

3. The enhancement of financial health

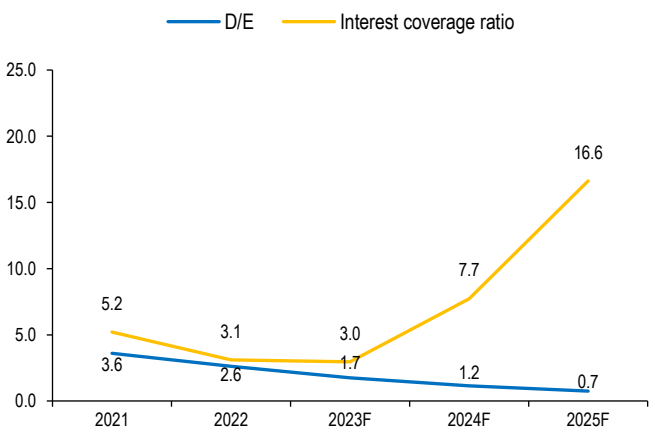
FPT Retail's leverage ratio is currently relatively high (D/E reached 2.6x in 2022 and 3.6x in 2021) because the company has continuously opened new F. Shop and Long Chau stores over the past years. However, FRT only has short-term debt to finance its working capital of the business, especially the inventory. FRT uses its own capital and retained earnings for the long-term initial investment costs of new stores.

Debt balance projection of FRT (VND bn)



Source: Company data, CIC, Shinhan Securities Vietnam

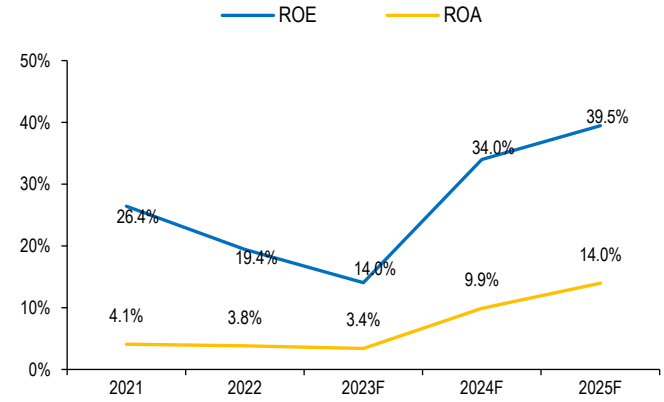
Estimated D/E and Interest coverage ratio of FRT



Source: Company data, Shinhan Securities Vietnam

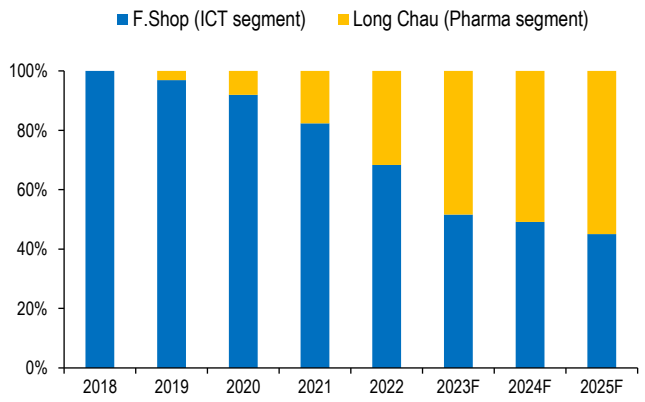
Thanks to Long Chau's quick into stable operation and being profitable from 2021, FPT Retail will grow in total assets, gradually reducing debt and the interest payoff pressure. As a result, ROE and ROA will improve. In 2022, Long Chau contributed more than 30% to FRT's total revenue, which forecasts to increase gradually in the coming quarters.

Estimated ROE, ROA of FRT (%)



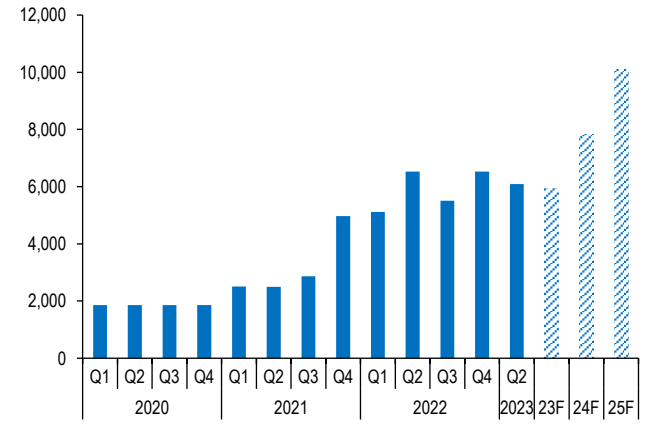
Source: Company data, Shinhan Securities Vietnam

Forecast revenue contribution of Long Chau to FRT (%)



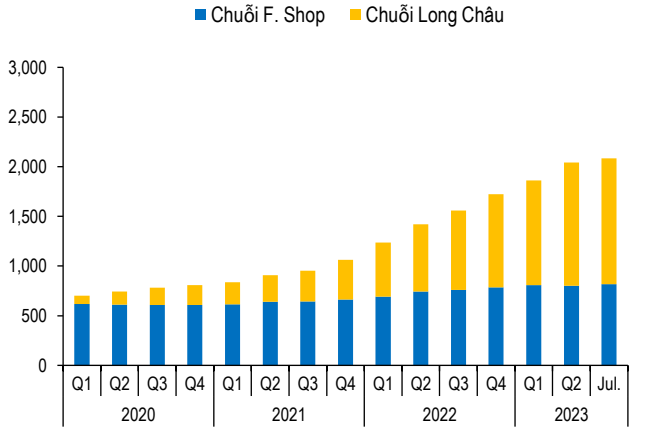
Source: Company data, Shinhan Securities Vietnam

Movement of FRT's inventory balance (VND bn)



Source: Company data, Shinhan Securities Vietnam

Number of FRT's retail stores



Source: Company data, Shinhan Securities Vietnam

FRT will set up another general warehouse in the South in 2023, located at Huu Thanh Industrial Park, Long An province. The project is on a 35,000-meter-square land, a 4-storey building, including a warehouse, office, and ancillary items. FPT Retail aims to take over the project in Q2.2023 and put it into use in Q3.2023.

The possession of two general warehouses in the North and the South will help FRT actively stockpile and preserve goods. The consulting from FPT Corporation will help FRT leverage the advantage of applying technology in warehouse, inventory, and logistics management. This helps them optimize cash flow, shorten shipping times, and gradually reduce dependence on debt for future inventory financing.

The overall perspective view and constructing progress of FPT Long Chau's Southern general warehouse



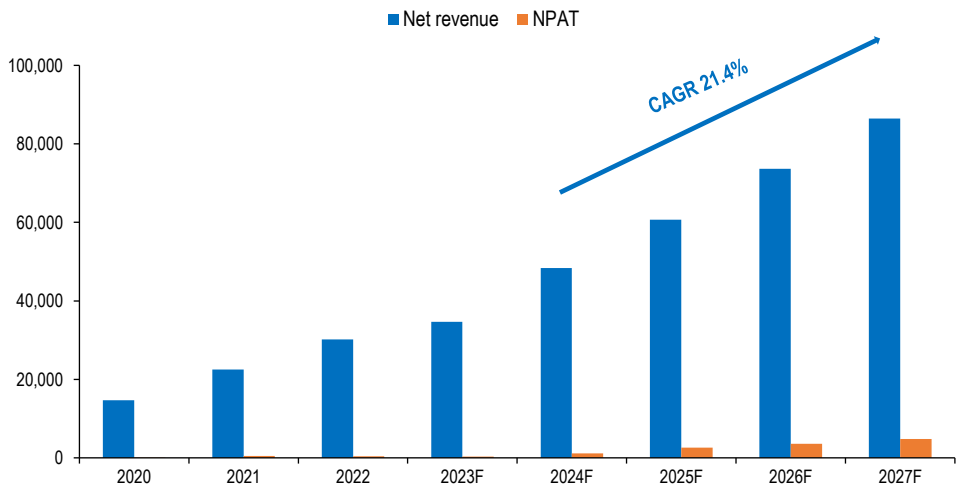
Source: Provided by building contractors

Earnings estimates

Based on the above investment thesis, we forecast FRT's revenue to grow 15% YoY, reaching VND 34,689 billion in 2023; NPAT to be VND 326 billion (-18% YoY). The main drivers of FRT's revenue and profit in the upcoming time: (i) ICT purchasing power will gradually be recovered in Q4.2023; (ii) In addition to continuing to open new drugstores, sales of old pharmacies improved at a rate of 10-15% YoY; (iii) FRT completes the general warehouse system in the North and South, helping to stabilize inventory, save transporting time, and reduce opex.

FRT's revenue projection is estimated based on the revenue forecast of each retail chain in the group. 1H2023 business result, the consolidated revenue reported nearly VND 15,000 billion (+7% YoY) and completed 44% company's target. CAGR of consolidated revenue estimates at 21.4%/year over the period 2024-2027.

Forecast consolidated revenue and NPAT of FRT (VND bn)

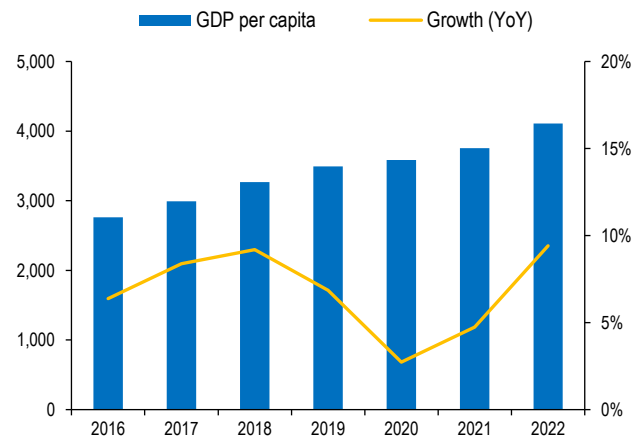


Source: Company data, Shinhan Securities Vietnam

The price competition among retailers only affects the short term and mainly in the mid-range product segment and below, not influencing the middle-class customers and above, who prefer Apple and other high-price products. In 2022, Apple products comprised about 50% of total ICT revenue.

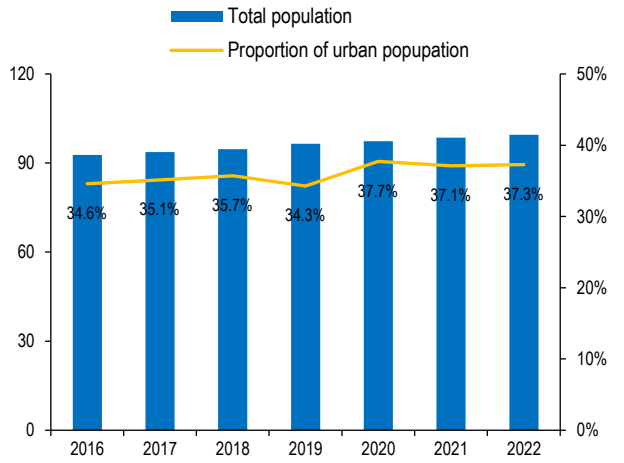
The urbanization rate and GDP per capita are expected to keep up rising in the coming years, which are the main drivers for the increase in the value of the retail market in Vietnam, especially the mid- and high-end targets. According to FRT, the GPM of high-end products is usually higher than that of mid-range products and below (with an average selling price of less than VND 15 million/product). In addition, new product models are always released every year, resulting in revenue from mid-range to high-end ICT products sold in FPT Shop, F. Studio chains will be less affected due to market factors.

Vietnam GDP per capita (USD)



Source: GSO, Shinhan Securities Vietnam

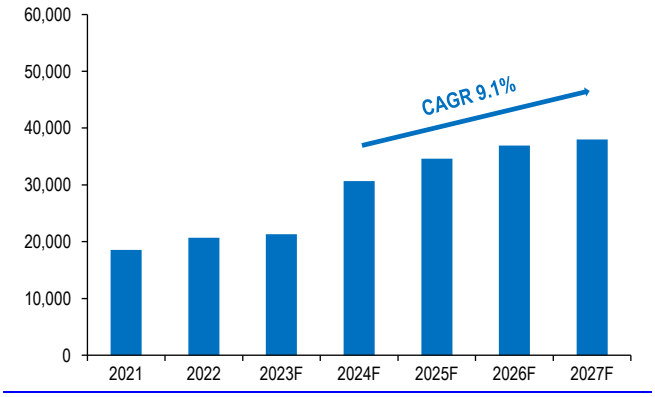
Vietnam population statistics over the years (million people)



Source: Company data, Shinhan Securities Vietnam

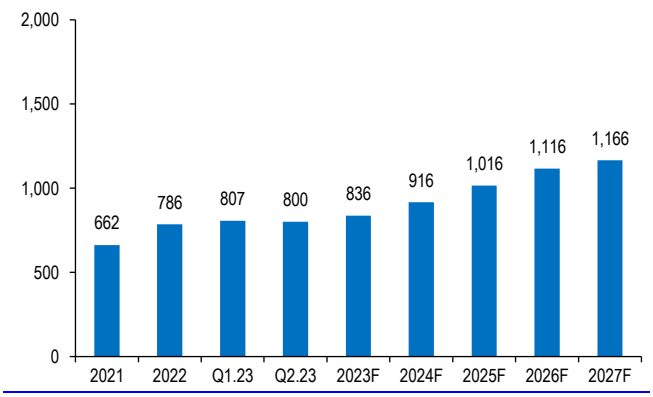
We estimate the F. Shop chain will open 50 new stores in 2023 and 50-100 stores/year in the forward years. Due to the year 2023 unstable ICT purchasing power factor and market saturation, the average revenue per store is forecast at VND ~1.8 billion/month in 2023 and improve to VND 2.1-2.3 billion/month in the following years. The estimated revenue of the F. Shop chain is at above VND 18,800 billion in 2023 (-13% YoY), then VND 23,888 billion in 2024 (+49% YoY), having a projected CAGR of 9.1%/year for the period 2024-2027.

Estimated revenue of F. Shop chain (VND bn)



Source: Company data, Shinhan Securities Vietnam

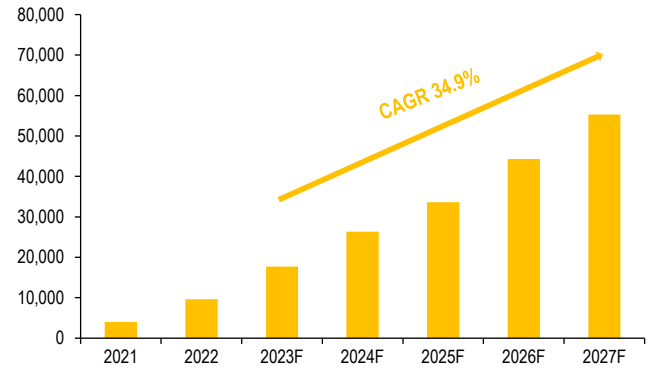
Projecting the number of F. Shop stores



Source: Company data, Shinhan Securities Vietnam

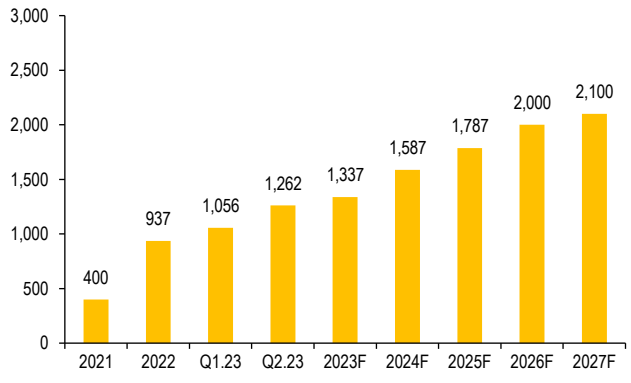
Regarding Long Chau chain, FRT plans to open 400-500 new pharmacies in 2023 at suburban levels, which have low rental costs and less competitiveness, helping Long Chau shorten the break-even time and increase its nationwide coverage, approaching a variety of customers. We forecast the monthly average revenue per Long Chau store to be VND ~1.05 billion in 2023 and to surpass VND 2 billion in 2027.

Estimated revenue of Long Chau chain (VND bn)



Source: Company data, Shinhan Securities Vietnam

Projecting the number of Long Chau pharmacies



Source: Company data, Shinhan Securities Vietnam

Prospects of FRT's consolidated revenue and profit (2021-2025F)

(Unit: VND billion)	2021A	2022A	2023F	2024F	2025F
Net revenue	22,495	30,166	34,689	48,369	60,685
F. Shop chain	18,517	20,563	17,829	23,618	27,071
Long Chau chain	3,977	9,596	16,835	24,678	33,468
Others	1	7	24	73	147
Gross profit	3,152	4,703	5,284	8,019	10,518
Operating profit	546	474	400	1,450	2,583
NPAT	444	398	326	1,165	2,094
Profit margin (%)					
GPM	14.0	15.6	15.2	16.6	17.3
Operating profit margin	2.4	1.6	1.2	3.0	4.3
NPAT margin	2.0	1.3	0.9	2.4	3.5
Growth (%YoY)					
Net revenue	53.4	34.1	15.0	39.4	25.5
Operating profit	3,714.4	-13.2	-15.6	262.4	78.1
NPAT	4,244.8	-10.3	-18.0	257.2	79.7

Source: Company data, Shinhan Securities Vietnam

Valuation and Recommendation

Initiate coverage with BUY call, target price of VND 98,900

We initiate coverage for FPT Digital Retail JSC (FRT) with a BUY recommendation and a target price of VND 91,400 - equivalent to an upside of 15.7% from the current market price. For a long-term perspective, FPT Retail is a worthy investment that can be considered for the following reasons:

1) The gradual stabilization of the economy promotes the ICT purchasing power in 2H2023 and year 2024;
2) The leading position in the pharmacy retail market as well as the growth potential of the Vietnam pharmaceutical industry;
3) Improved financial status.

Valuation methods

We apply a combination valuation methods including Discounted Cash Flows FCFF and P/S, with the weights of 40% and 60%, to valuate FRT.

FCFF method: We forecast FRT's revenue to grow 15.0% and 39.4% YoY in 2023 and 2024, respectively. We expect stable macroeconomic factors and retail demand to be recovered will boosting FRT's revenue in 2H2023 and year 2024. Based on FCFF method, we expect FRT's target price to be around VND 79,300.

Weighted average cost of capital (WACC)	
WACC (%)	**12.6**
Risk-free rate (%)	3.0
Equity risk premium (%)	9.57
Beta	1.3
Cost of debt (%)	6.0
Cost of equity (%)	15.6
Debt-to-equity ratio	0.39
Total debt (VND billion)	4,217

Source: Company data, Shinhan Securities Vietnam

FCFF model					
Unit: VND billion	**2H.2023F**	**2024F**	**2025F**	**2026F**	**2027F**
Net profit	539	1,165	2,094	2,861	3,840
Plus: After-tax interest expense	42	174	133	157	149
Plus: Non-cash charges	167	354	355	280	432
Minus: Change in working capital	216	982	1,487	1,498	2,029
Minus: Capital expenditure	432	268	257	689	194
Free cash flows to the firm (FCFF)	**100**	**445**	**839**	**1,112**	**2,198**
Discount rate	0.94	0.84	0.74	0.66	0.59
Present value of FCFF	94	372	748	885	1,289
Terminal growth rate	1%				
Present value of terminal value	11,236				
Enterprise value	**14,349**				
Minus: Total debt	4,217				
Plus: Cash balance	382				
Plus: Short-term investment	342				
Minus: Minority interest	52				
Number of shares outstanding (bn shares)	0.136				
Target price (VND)	**79,300**				

Source: Company data, Shinhan Securities Vietnam

P/S method: We collect data from businesses in the same industry (doing business in ICT segment and pharma segment) and similar in size to FRT, operating in Vietnam and the Asia-Pacific region. P/S forward is 0.39x, calculated by averaging between: Mean P/S of chosen peers and 5-year ex-post mean P/S value of FRT. Sales per share forward at VND 256,900, equivalents to a 12-month target price of FRT at VND 99,500.

Summary of P/S model

FRT's current multiples	FRT's 5-year ex-post mean multiples value	Multiples value of peer enterprises	Implied ex-ante multiples	Sales per share forward (VND)	Implied target price
0.35x	0.24x	0.53x	0.39x	256,900	99,500

Source: Bloomberg, Shinhan Securities Vietnam

Multiples value of peer enterprises

Contributing segment	FRT's 1-year Revenue Forward (VND bn)	Weighted contribution by segment	Multiples value of peer enterprises
ICT retail	19,422	48%	0.47x
Pharmacy retail	21,042	52%	0.60x
Total	**40,646**		**0.53x**

Source: Bloomberg, Shinhan Securities Vietnam

Comparison of peer enterprises in ICT

Industry	Company name	Country	PS	Market cap. (USD mn)	Revenue growth YoY (%)	EPS growth YoY(%)	ROA (%)	ROE (%)
ICT, pharmacy retail	FPT Digital Retail	Vietnam	0.35	439	34.1	-12.0	2.2	11.5
ICT retail	Com7 PCL	Thailand	1.03	1,951	22.7	16.0	16.4	44.2
	PT Erajaya S.	Indonesia	0.15	529	13.8	-0.2	5.5	14.2
	Challenger Tech.	Singapore	0.82	180	2.9	-50.9	4.5	6.1
	Tsann Kuen	Taiwan	0.23	160	-1.8	-23.4	3.4	11.6
	Mobile World	Vietnam	0.66	3,316	8.5	-18.5	4.6	11.7
ICT distribution	Digiworld	Vietnam	0.47	382	5.3	1.5	7.9	21.7
	Petrosetco	Vietnam	0.16	125	-0.3	-59.2	0.8	4.3
	Redington	India	0.18	1,719	26.7	8.7	6.7	21.9
Mean			**0.47x**					

Source: Bloomberg, Shinhan Securities Vietnam

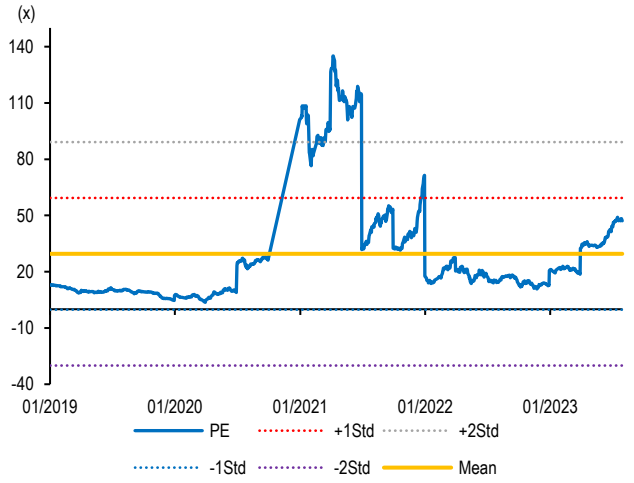
Comparison of peer enterprises in pharmaceuticals

Industry	Company name	Country	PS	Market cap. (USD mn)	Revenue growth YoY (%)	EPS growth YoY(%)	ROA (%)	ROE (%)
ICT, pharmacy retail	FPT Digital Retail	Vietnam	0.35	439	34.1	-12.0	2.2	11.5
Pharmacy retail	Dashenlin Pharma	China	1.46	4,425	26.8	30.8	5.9	18.3
	Yixintang Pharma	China	0.85	2,136	19.5	9.0	6.9	14.8

Distribution, retailing pharma	Sinopharm Group	China	0.13	9,781	6.0	9.6	2.4	13.1
Supermarket, pharmacy retail	Loblaw	Canada	0.65	28,195	6.3	6.0	5.4	18.3
Healthcare services, pharmacy retail	CVS Health Corp.	USA	0.29	95,652	10.4	-47.3	1.7	5.5
Healthcare services, distribution, retailing pharma	McKesson Corp.	USA	0.21	54,597	4.8	n.a	5.7	n.a
Mean			**0.60x**					

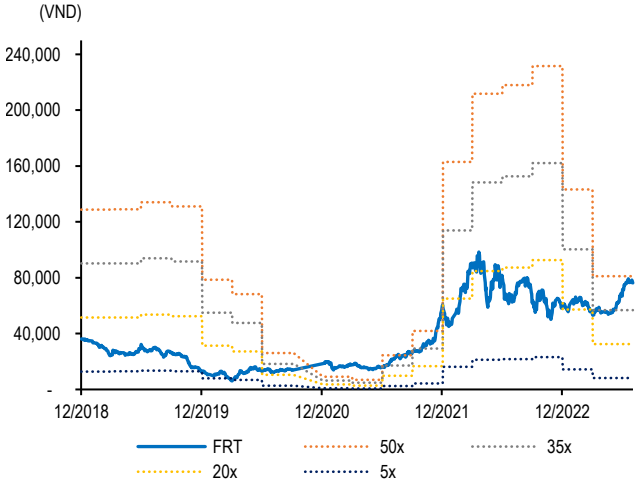
Source: Bloomberg, Shinhan Securities Vietnam

PER of FRT from 2019



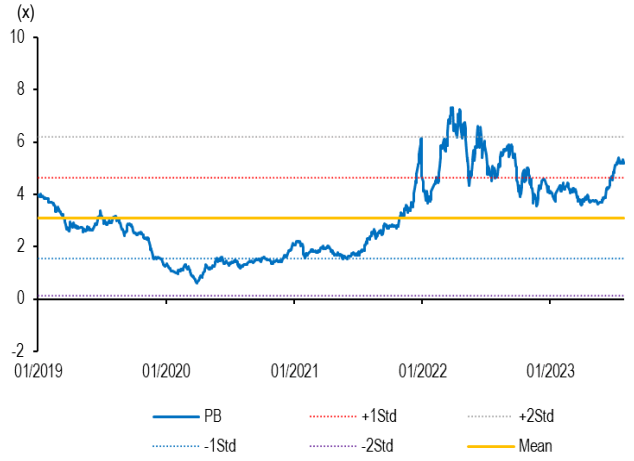
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PER band price chart of FRT



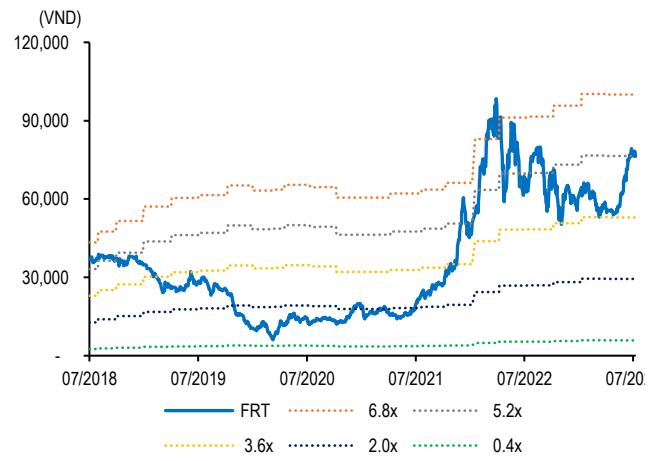
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR of FRT from 2019



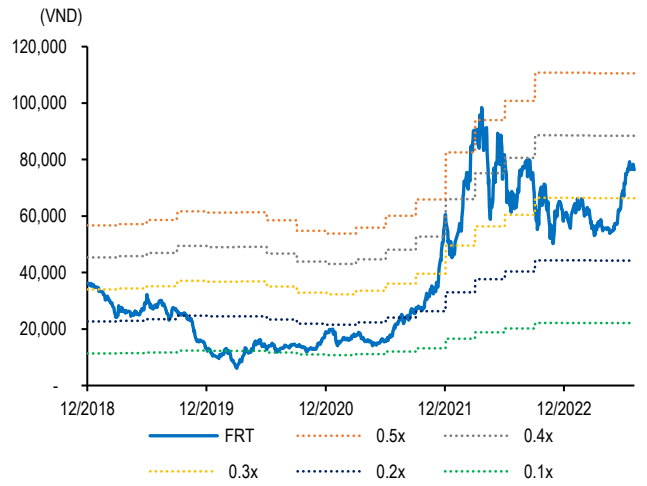
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR band price chart of FRT



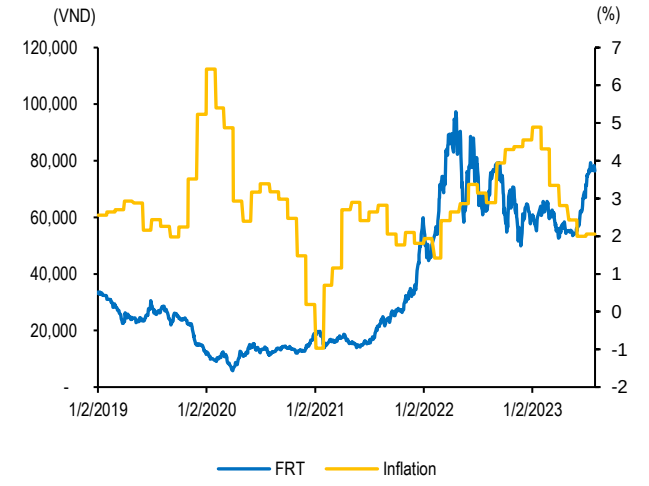
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PSR band price chart of FRT



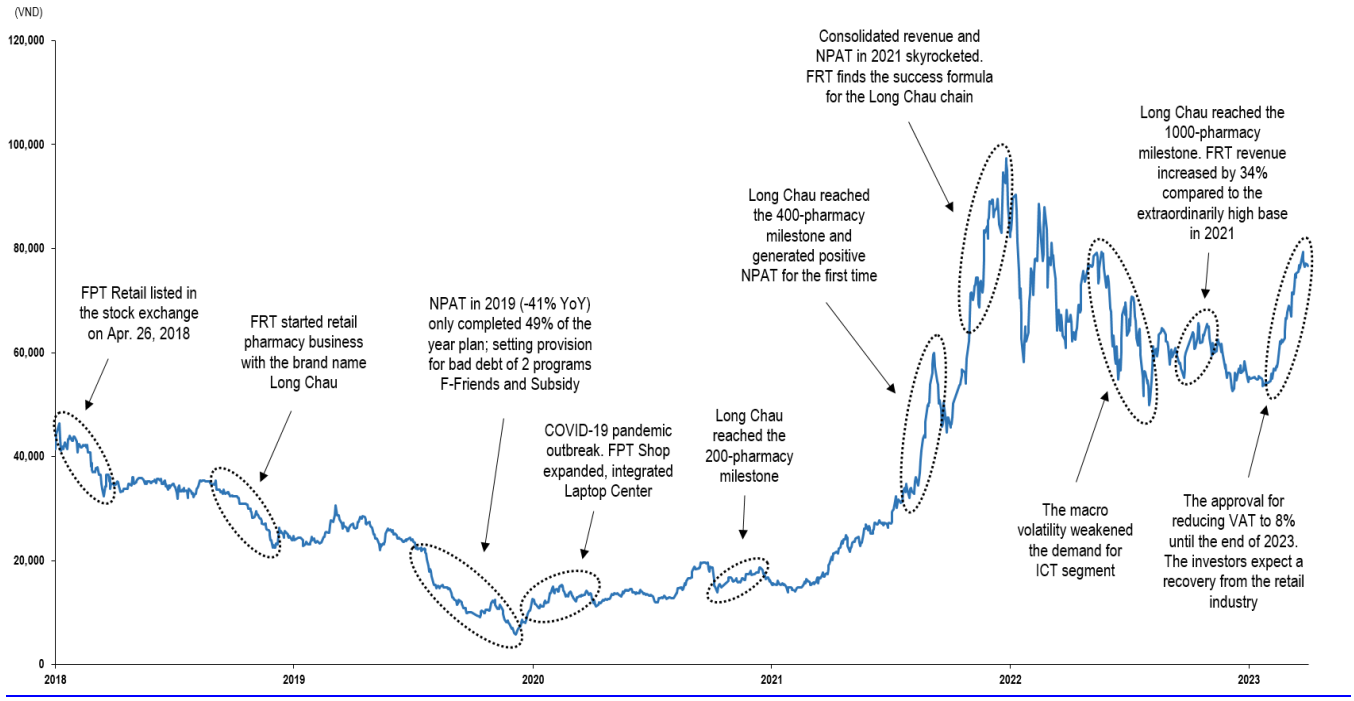
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Correlation between stock price and Vietnam inflation rate



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Key events chart of FRT



Source: Company data, Shinhan Securities Vietnam

Risks

Competitive risk

F. Shop of FRT continuously ranks second regarding the mobile phones retail market share in Vietnam for years. However, the retailing mobile phone, Apple products market of MWG are being threatened when many other similar rising chains are rapidly opening their new stores in big cities, especially in Ho Chi Minh City.

Specifically, many typical brands have expanded very quickly, even opening right next to F. Shop chain, such as CellphoneS, Hoang Ha Mobile, Di Dong Viet, ShopDunk. Furthermore, FRT's long-time competitor MWG with two chains The Gioi Di Dong, Topzone has been continuously leading in the mobile phones retail market. The competition on selling prices, promotions, and willingness to suffer losses in the short term among chains in the period of weak retail demand is expected to continue.

In the retail pharmacy chain segment, the Long Chau pharmacy chain shows its outperformance compared to other similar chains; having taken over the crown of Pharmacity in 2023. Despite being profitable since 2021, the contribution is still not significant and is still in the phase of focusing on expanding investment. In addition, the retail pharmaceutical market in Vietnam is estimated to grow by double digits per year, attracting many domestic and foreign investors and large corporations, and increasing competition in the coming time.

FRT's competitors in ICT retail segment

Source: Shinhan Securities Vietnam tổng hợp

FRT's competitors in pharmacy retail

Source: Shinhan Securities Vietnam tổng hợp

Risk from weak retail consumption

Negative impacts from the global macro fluctuations, rising interest rates, wars, epidemics, etc. have affected people's incomes and jobs, significantly reducing consumer demand for the retail industry, especially ICT products considered to be in the saturation stage such as mobile phones and electronics. It is estimated that Vietnam's consumption will still be strongly affected in the first half of 2023 due to the tendency of tightening budget. It is only expected to gradually recover its growth momentum in Q3.2023.

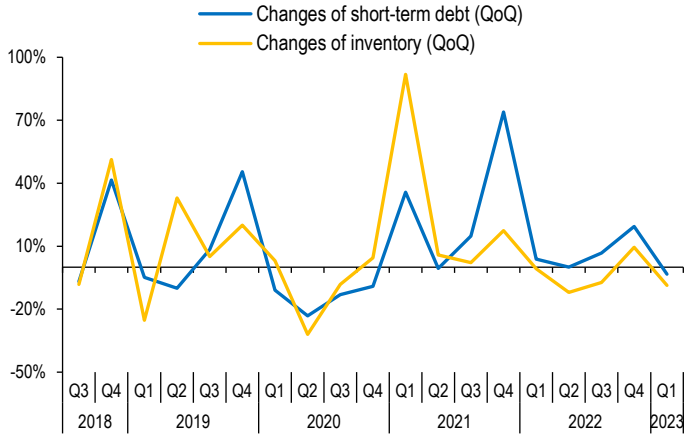
Factors boosting FRT's business results in Q4.2023 and in 2024: (i) Lending interest rate cooled down, with the Fed's rate expected to be adjusted in 2024; (ii) Macro fluctuations in Vietnam are gradually stabilizing, improving people's spending; (iii) The consumption recovery in the EU and the US brings orders for manufacturing and exporting enterprises in Vietnam.

Risk from impairment of inventory

Competitive price pressure among ICT retailers, plus the weak retail consumer demand increase the risk of long-time stock of FRT. Currently, the average days inventory outstanding of FRT is about 70-80 days (~2.5 months) and FRT must restock according to the agreements with the supplier. Because of the tendency of mobile phone producers to continuously launch new models every 6-9 months, FRT has to offer promotions to stimulate demand, narrowing the gap between the selling price and the imported cost.

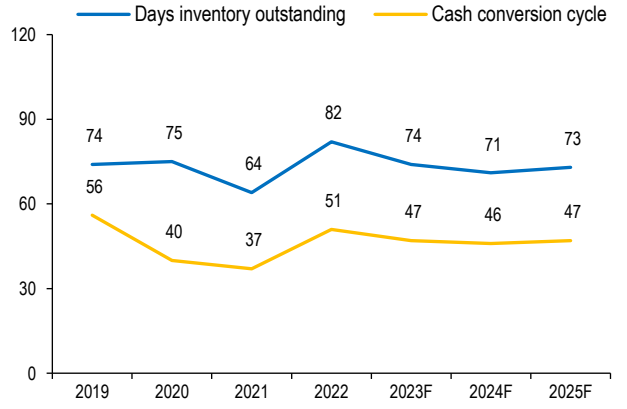
Moreover, the expansion of the F. Shop and Long Chau chains will increase the amount of inventory stored, increasing interest expenses because the company mainly uses short-term debt to finance its inventory. The investment in general warehouses in the North and South is expected to help FRT partially reduce management and storage costs in the future.

Changes of short-term debt and inventory (QoQ) (%)



Source: Company data, Shinhan Securities Vietnam

Forecast days inventory, cash conversion cycle of FRT (days)



Source: Company data, Shinhan Securities Vietnam

Appendix: Financial statements

Statement of financial position

Year to Dec. (bn VND)	2021	2022	2023F	2024F	2025F
Total assets	**10,820**	**10,524**	**9,621**	**11,788**	**14,996**
Current assets	10,185	9,327	7,902	9,973	13,170
Cash & equivalents	1,105	746	329	216	382
Short-term financial asset	1,821	1,119	243	339	668
Accounts receivable	1,948	538	901	1,064	1,384
Inventories	4,930	6,484	5,887	7,752	10,025
Other current assets	380	440	543	603	712
Non-current assets	635	1,197	1,720	1,814	1,826
Net fixed assets	448	847	1,405	1,460	1,448
Long-term incomplete assets	0	2	0	0	0
Other long-term assets	187	348	315	354	378
Total liabilities	**9,141**	**8,474**	**7,298**	**8,359**	**9,643**
Current liabilities	9,141	8,474	7,298	8,359	9,643
Accounts payable	2,373	2,307	2,296	3,125	4,033
Short-term borrowings	6,047	5,363	4,039	3,951	3,992
Others	721	804	963	1,284	1,618
Non-current liabilities	0	0	0	0	0
Long-term borrowings	0	0	0	0	0
Other financial liabilities	0	0	0	0	0
Total shareholders' equity	**1,679**	**2,049**	**2,323**	**3,428**	**5,353**
Capital stock	790	1,185	1,362	1,567	1,723
Capital surplus	0	0	0	0	0
Other capital	0	0	0	0	0
Retained earnings	872	824	898	1,767	3,494
Non-controlling interest equity	17	41	62	95	136
*Total debt	6,047	5,363	4,039	3,951	3,992
*Net debt (cash)	3,122	3,499	3,468	3,396	2,943

Statement of cash flow

Year to Dec. (bn VND)	2021	2022	2023F	2024F	2025F
Cash flow from operations	**(1,304)**	**(1,508)**	**785**	**402**	**824**
Net profit	554	486	413	1,468	2,605
D&A expense	72	115	245	329	364
(Gain) from investing activities	(169)	(148)	(42)	(26)	(52)
Change in working capital	(1,656)	(1,833)	264	(982)	(1,487)
Others	(105)	(128)	(95)	(388)	(607)
Cash flow from investments	**(1,856)**	**1,860**	**182**	**(357)**	**(543)**
Change in fixed assets	(172)	(518)	(799)	(268)	(257)
Change in investment assets	(1,828)	2,219	916	(116)	(339)
Others	144	159	65	26	53
Cash flow from financing	**3,564**	**(712)**	**(1,383)**	**(157)**	**(116)**
Change in equity	10	11	-	-	-
Net borrowing	3,554	(684)	(1,324)	(89)	41
Dividends	0	(39)	(59)	(68)	(157)
Others	0	0	-	-	-
Change in total cash	**404**	**(360)**	**(417)**	**(113)**	**165**
Beginning cash	701.5	1,105.2	745.6	328.6	216.1
Change in FX rates	0.0	0.0	0.0	0.0	0.0
Ending cash	1,105	746	329	216	382

Source: Company data, Shinhan Securities Vietnam

Statement of comprehensive income

Year to Dec. (bn VND)	2021	2022	2023F	2024F	2025F
Revenue	**22,495**	**30,166**	**34,689**	**48,369**	**60,685**
Growth (%)	53.4	34.1	15.0	39.4	25.5
COGS	**(19,343)**	**(25,463)**	**(29,405)**	**(40,350)**	**(50,167)**
Gross profit	**3,152**	**4,703**	**5,284**	**8,019**	**10,518**
GPM (%)	14.0	15.6	15.2	16.6	17.3
SG&A	**(2,657)**	**(4,147)**	**(4,718)**	**(6,385)**	**(7,828)**
Operating profit	**495**	**557**	**566**	**1,634**	**2,690**
Growth (%)	539.5	12.5	1.8	188.5	64.6
OPM (%)	2.2	1.8	1.6	3.4	4.4
Non-operating profit	**59**	**(71)**	**(153)**	**(166)**	**(85)**
Financial income	198	174	65	52	77
Financial expense	(146)	(256)	(231)	(236)	(184)
In which: interest expenses	(132)	(232)	(211)	(218)	(167)
Net other non-operating profit	7.9	11.7	12.8	17.9	22.8
Pre-tax profit	**554**	**486**	**413**	**1,468**	**2,605**
Income tax	(110)	(88)	(87)	(303)	(511)
Net profit	**444**	**398**	**326**	**1,165**	**2,094**
Growth (%)	4,244.8	(10.3)	(18.0)	257.2	79.7
NPM (%)	2.0	1.3	0.9	2.4	3.5
Controlling interest	444	390	313	1,145	2,064
Non-controlling interest	0	8	13	20	31
EBIT	**686**	**717**	**624**	**1,686**	**2,772**
Growth (%)	383.0	4.5	(13.0)	170.1	64.4
EBIT Margin (%)	3.1	2.4	1.8	3.5	4.6
EBITDA	**758**	**832**	**869**	**2,016**	**3,136**
Growth (%)	428.2	9.8	4.4	131.9	55.6
EBITDA margin (%)	3.4	2.8	2.5	4.2	5.2

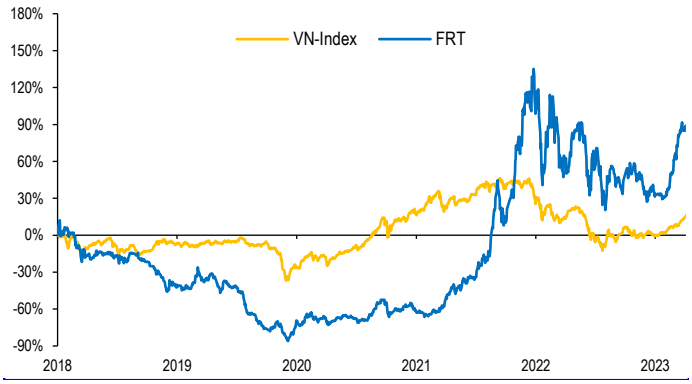
Key ratios

Year to Dec.	2021	2022	2023F	2024F	2025F
EPS (VND)	3,745	3,295	2,299	7,310	11,975
BPS (VND)	9,736	10,696	16,909	21,774	30,976
PER (x)	15.3	18.1	39.8	11.3	7.3
PBR (x)	5.9	5.6	5.4	3.8	2.8
EV/EBITDA (x)	10.1	12.7	16.5	8.6	6.1
Dividend payout ratio (%)	11	14	20	13	12
Dividend yield (%)	0.0	0.6	0.4	0.4	0.8
Profitability					
EBITDA margin (%)	3.4	2.8	2.5	4.2	5.2
OPM (%)	2.2	1.8	1.6	3.4	4.4
NPM (%)	2.0	1.3	0.9	2.4	3.5
ROA (%)	4.1	3.8	3.4	9.9	14.0
ROE (%)	26.4	19.4	14.0	34.0	39.1
Stability					
Debt to equity ratio (%)	360.1	261.7	173.9	115.2	74.6
Net debt ratio (%)	411.9	420.3	399.1	168.5	93.8
Cash ratio (%)	32.0	22.0	7.8	6.6	10.9
Interest coverage ratio (x)	5.2	3.1	3.0	7.7	16.6
Activity (%)					
Working capital turnover (days)	49	52	45	35	35
Inventory turnover (days)	64	82	74	71	73
Receivable turnover (days)	2	1	2	2	2

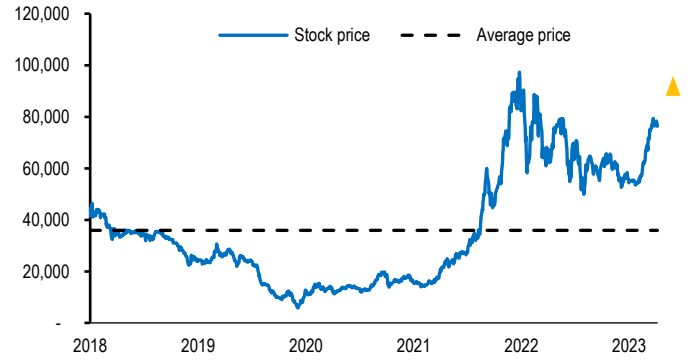
Source: Company data, Shinhan Securities Vietnam

FPT Digital Retail JSC (FRT VN)

Stock return movement



Target price



Date	Rating	Target price (VND)	Target price gap (%)	
			Average	Max/Min
07/08/2023 (Initiation)	BUY	91,400	35.1	-6.1/83.3

Note: Calculation of target price gap based on the past 12 months

Shinhan Securities Vietnam

Stock	Sector
◆ **BUY:** Expected 12-month gain of 15% or more ◆ **HOLD:** Expected 12-month loss of 15% to gain of 15% ◆ **SELL:** Expected 12-month loss of 15% or more	◆ **OVERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated BUY ◆ **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD ◆ **UNDERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated SELL

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