Retail Sector

The rise of modern retail model



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The rise of modern trade model

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Retail is the business of selling consumer goods or providing services to customers through multiple distribution channels. Retailing contributes nearly 50% to the country's GDP.

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Despite the volatile economic conditions, the accumulated retail sales in 10M2023 still sustained a positive growth trajectory compared to the high base of 2022.

3. Outlook of Retail sector

Retail growth is expected to reach 12-14% YoY in the coming years thanks to (1) the economice recovery, (2) people's income enhancement, and (3) potential growth of new retail segments.

4. Retail Stock Pick

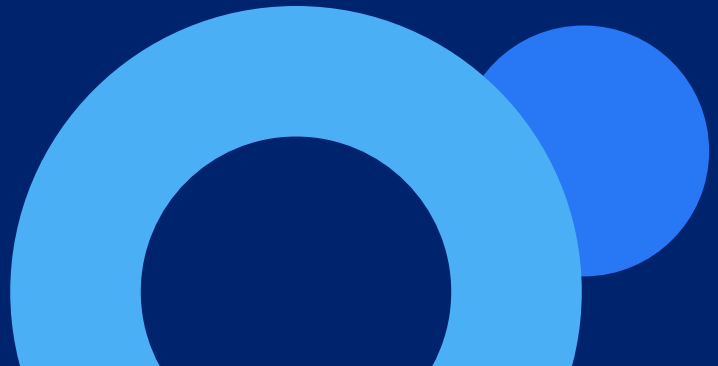
FRT, MWG – Prospects from new segments

01

Retail Sector Oveview

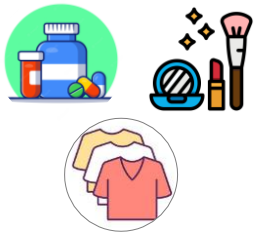
Retail is the business of selling consumer goods or providing services to customers through multiple distribution channels.

Retail is one of Vietnam's critical sectors; with a market size of nearly USD 200 billion in 2022, contributing nearly 50% to the country's GDP.



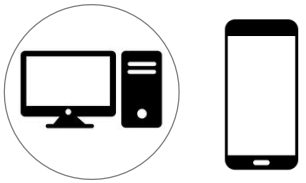
Part 1 – Retail Sector Overview

Sector Overview



Softline goods

(e.g., apparel, bedding, bags, carpets, medicines, costumes, etc.)



Hardline goods

(e.g., housewares, furniture, tools, electronics, jewelry, sporting goods, etc.)



Grocery and convenience

(e.g., fresh produces, meat, staple food, non-food household goods, etc.)



Accommodation services

(providing ST lodging & other hospitality services e.g., hotels, campsites, apartments for rent, private accommodation facilities, etc.)



Food and beverage

(F&B businesses e.g., restaurants, lounges, coffee shops, bars, etc.)



Tourism and traveling

(providing types of tourism services e.g., rural, mountain, urban, sports tourism, etc.)

- The retail sector includes businesses of selling consumer goods or providing services to customers through multiple channels of distribution to earn a profit; across a wide range of industries, such as F&B, motor vehicles, apparel, and electronics.
- Some kinds of goods and services are provided by retailers: Soft-line, hardline (ICT products), grocery and convenience (consumer goods), accommodation and tourism services, F&B, and other special goods.
- Some retailing distribution channels: traditional/modern outlets (shops & stores), catalog retail, and e-tailor (online sales).

General overview of the retail purchasing process



General steps involved for order fulfillment in a typical retail supply chain:

1. Wholesalers and distributors determine the quantity and type of goods and then import them.
2. Contact the supplier/manufacturer and place orders.
3. The supplier fulfills the order based on the purchasing organization's requirements.
4. The logistics unit transports the product to the purchasing unit's warehouse, then continues delivering to retailers or directly to other customer groups.

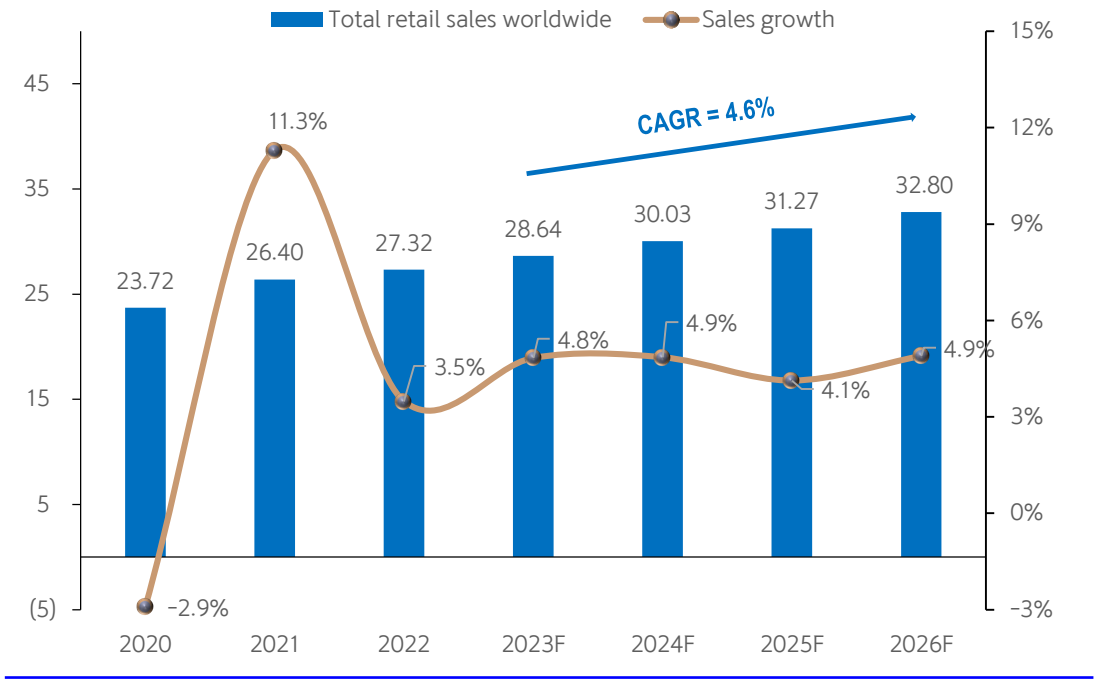
- ✓ The processes all involve the use of many laborers to operate and monitor each stage in the retail supply chain.
- ✓ To ensure operational progress, each trading partner in charge must continuously track and update the latest status of the goods transportation process.

=> A tighter retail network enables trading partners to connect and coordinate more effectively in a close-knit supply chain.

Part 1 – Retail Sector Overview

Update global retail sector

Global retail sales from 2020-2026 (USD trillion)



Source: eMarketer, Statista, Shinhan Securities Vietnam

- While physical or in-store retail is the dominant channel in this market, other forms of non-store retailing are becoming increasingly popular worldwide.
- The growth of the retail industry contributes greatly to the overall recovery of the economy after the COVID-19 pandemic.
- In 2022, the global retail market revenue was estimated to reach USD 27.3 trillion (+5% YoY). This number is forecast to reach about USD 32.8 trillion by 2026, corresponding to a CAGR of 4.6%/year over the 2023-2026 period.
- Retail is one of Vietnam's critical industries; the market size reached nearly USD 200 billion in 2022; expected to reach USD 350 billion by 2025 - contributing ~59% of Vietnam's GDP.

Part 1 – Retail Sector Overview

Distribution channels

Retail market in Vietnam

Familiar distributing, selling points channels

Emerging channels in recent years

Physical Channel (Single channel)

Virtual Channel

Multi-channels (Omni channel)



Retail Store & Wet market

STORE

Catalog Station



E - commerce



TV Home shopping





MWG, FRT, PNJ, VRE, MSN, Lotte Mart, Saigon Co.op

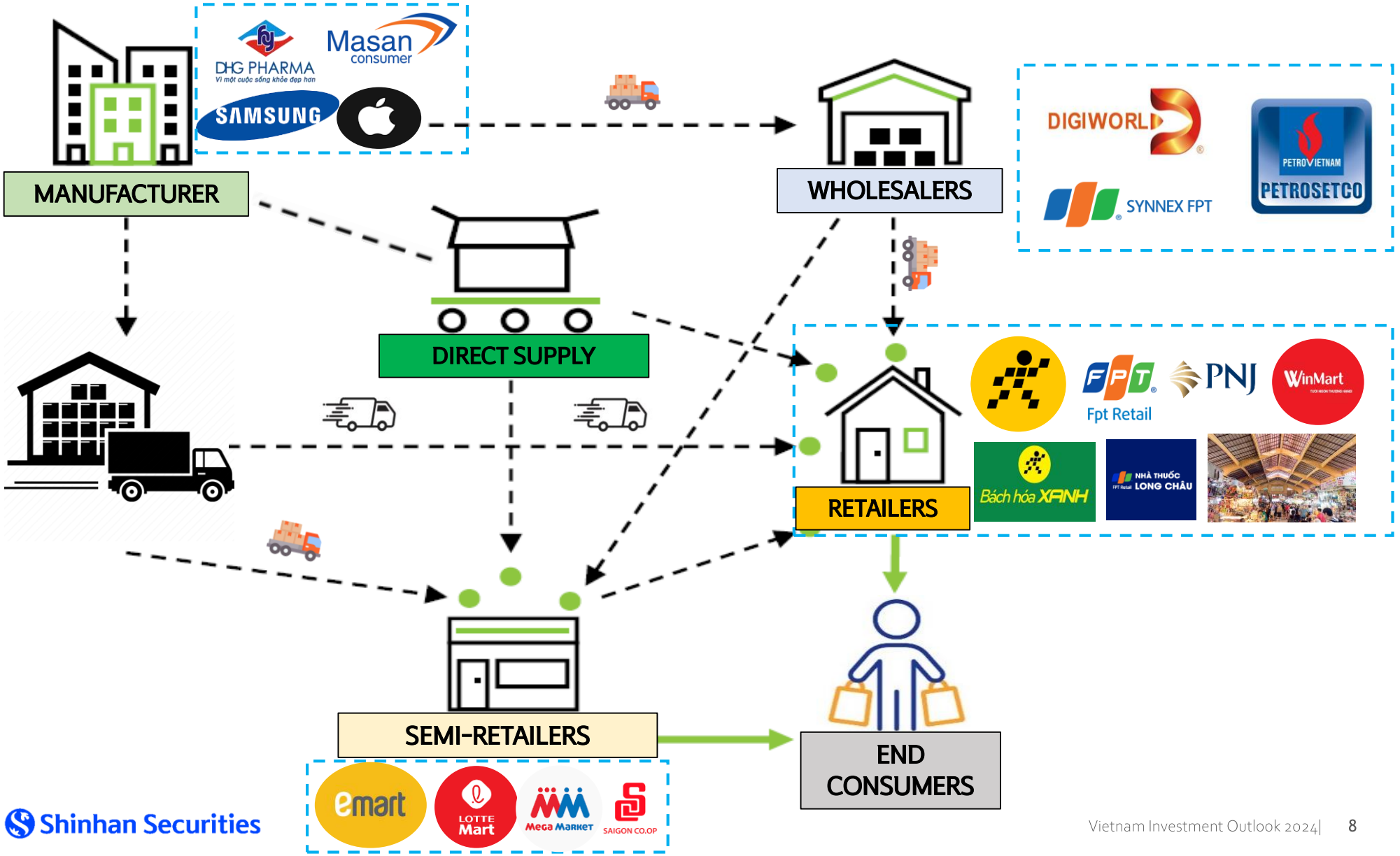
VIC, PNJ, FRT, MWG

HTV Co.op, VTV Hyundai, HTVC Shopping, etc.

- The in-store retail channel is the most popular channel in today's market. Other forms of non-store retail are also becoming more common. Specifically, online retail and e-commerce channels are increasingly popular; deeply penetrating to the retail sector in many global markets.
- Many retailers apply the multi-channel sales model to integrate and optimize sales capabilities from traditional and online channels.

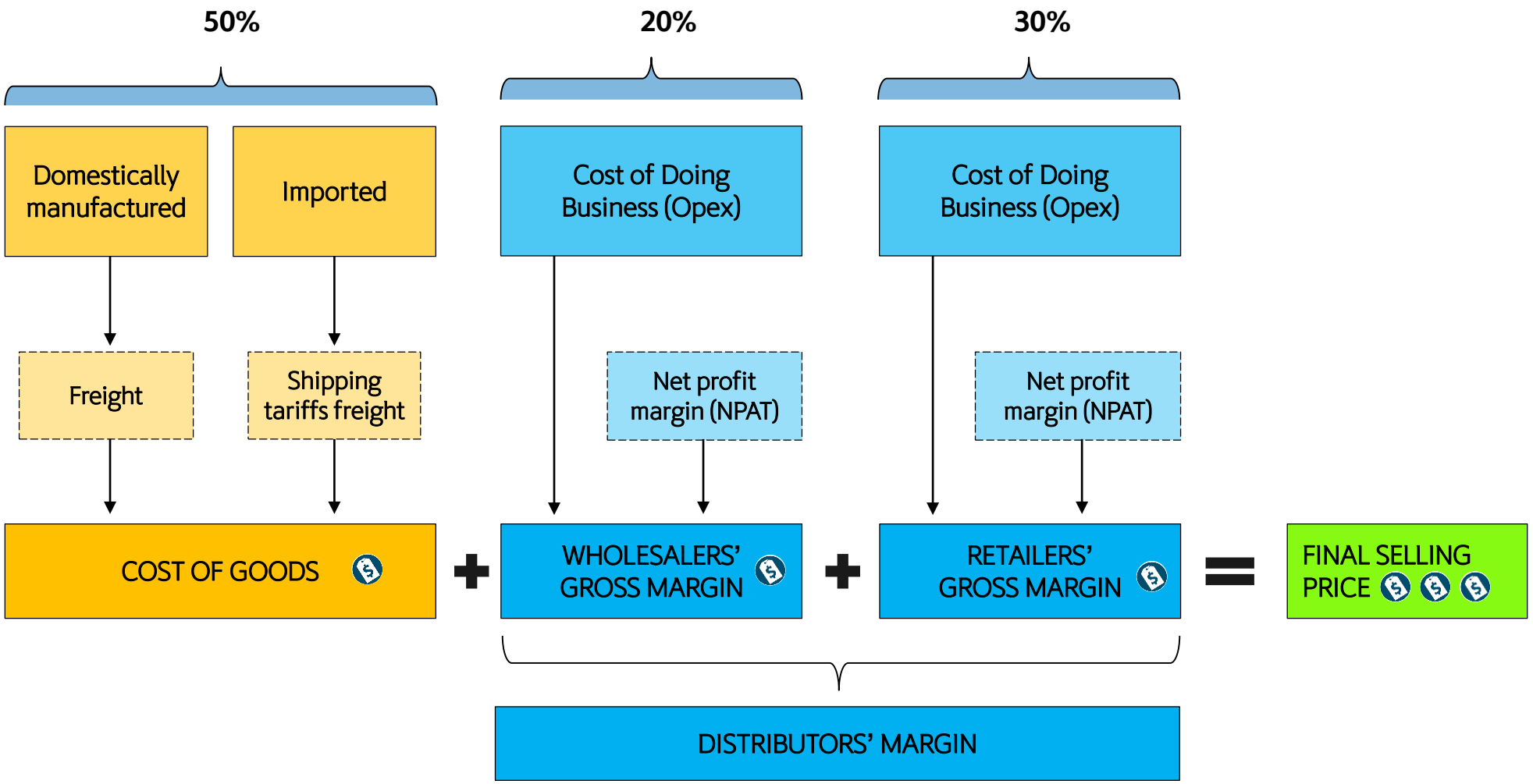
Part 1 – Retail Sector Overview

Typical key players in Vietnam retail market



Part 1 – Retail Sector Overview

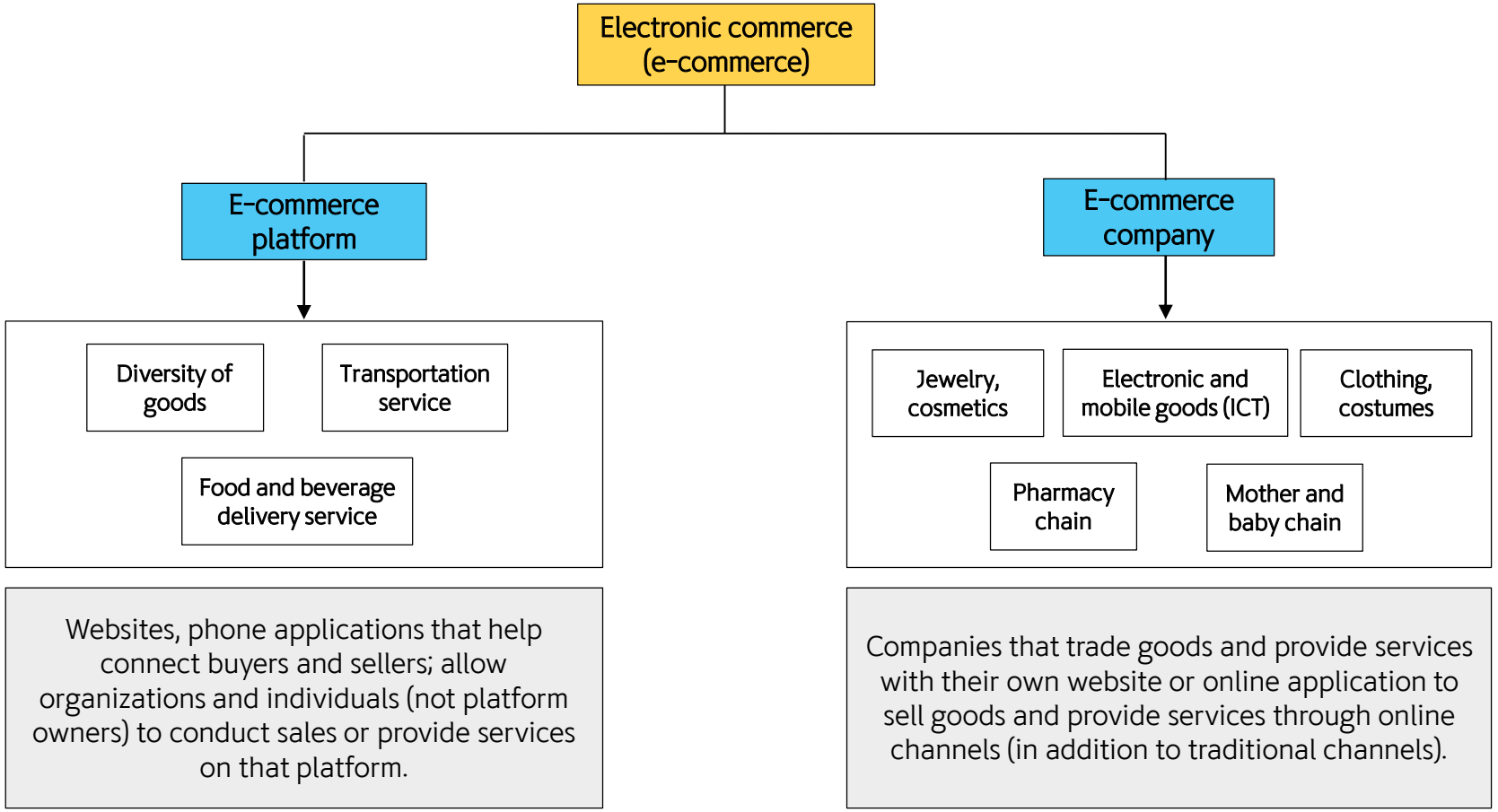
Average cost structure of selling price in retail sector



Source: RBA, Shinhan Securities Vietnam

Retailing goods through e-commerce channels

- E-commerce is the activity of buying and selling products and providing services on electronic media systems such as the Internet, computer networks.
- Online retail can exist in a model that integrates physical stores or only focuses on online stores (websites, e-commerce platforms).
- In Vietnam, activities related to e-commerce include two groups: E-commerce platforms and e-commerce companies.





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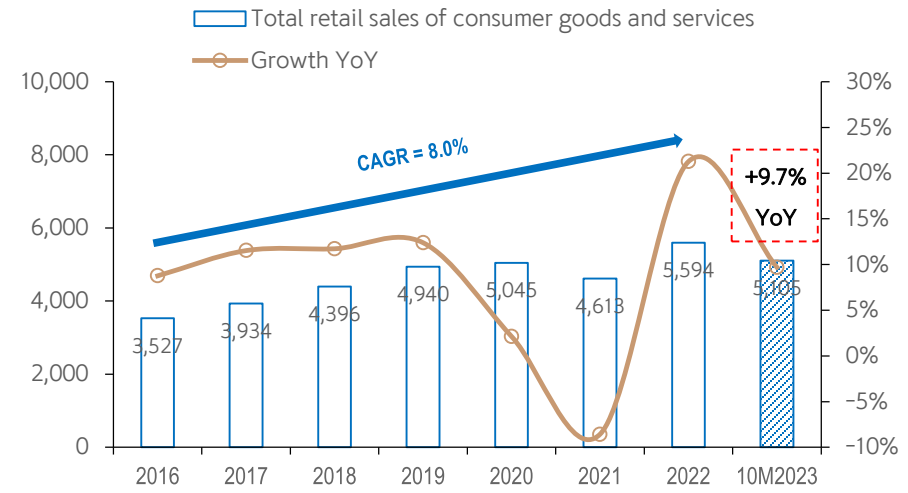
The Vietnam Retail Market

Accumulated in 10M2023, revenue from retail goods and services reached VND 5,105 trillion (+9.7% YoY). The recovery momentum remains after the COVID-19 period.

Retailing growth cooled down due to the fluctuating economic situation, but still maintained positive growth compared to the high base of 2022.

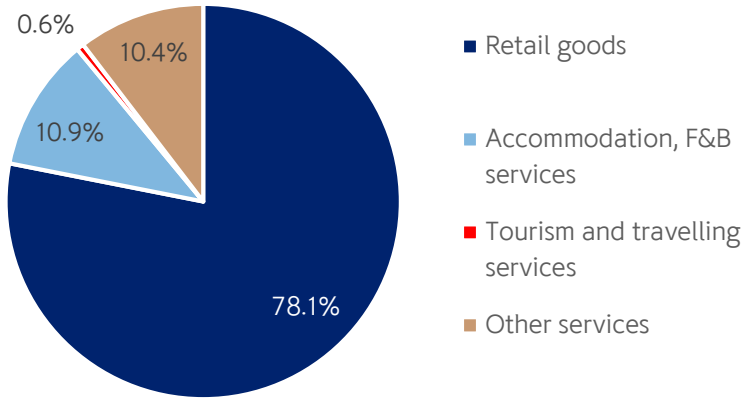
Vietnam retail market showing signs of recovery after COVID-19

Total retail sales of goods and services in Vietnam (VND trillion)



Source: GSO, Shinhan Securities Vietnam

Revenue contribution of retailing segments in 10M2023



Source: GSO, Shinhan Securities Vietnam

- In 2022, retail recovered strongly after the impact of COVID-19 (+21.3% YoY); CAGR reaching 8.0% over period 2016-2022.
- Updated 10M2023, total revenue of retail goods and services reached VND 5,105 trillion (+9.7% YoY). In 2023, the recovery momentum still maintains but tends to slow down due to the fluctuation of economic situation.
- The retailing activities in Vietnam include 4 main groups: (i) Retail goods; (ii) Accommodation and F&B services; (iii) Tourism and traveling; (iv) Other services. Before and after the Covid epidemic year (2021), revenue of the retail goods group grew steadily, showing the sustainability and growth potential of the Vietnamese retail industry. Accommodation, F&B, and tourism groups also showed recovery and growth to pre-Covid levels.

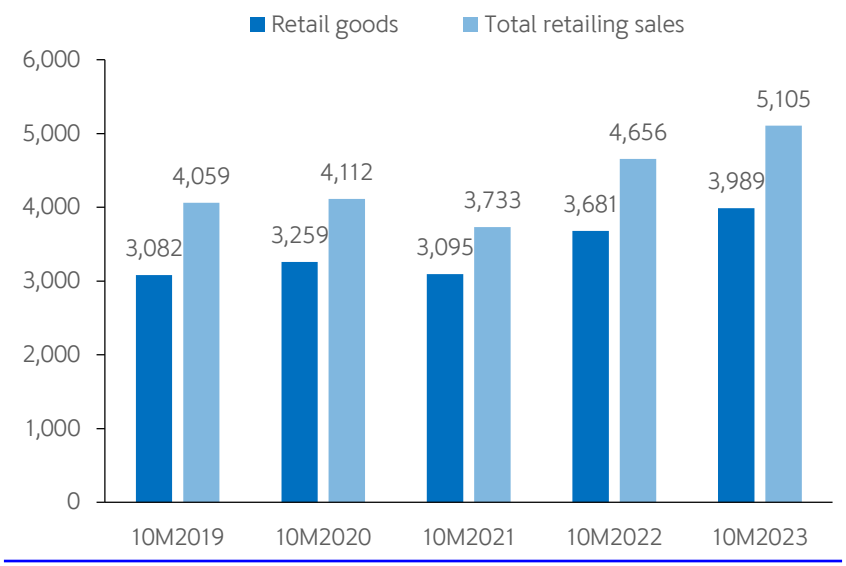
Retailing goods and services in Vietnam

Segments contributing to Vietnam retail sector (VND trillion)



Source: GSO, Shinhan Securities Vietnam

10M2023 revenue of retail goods (VND trillion)

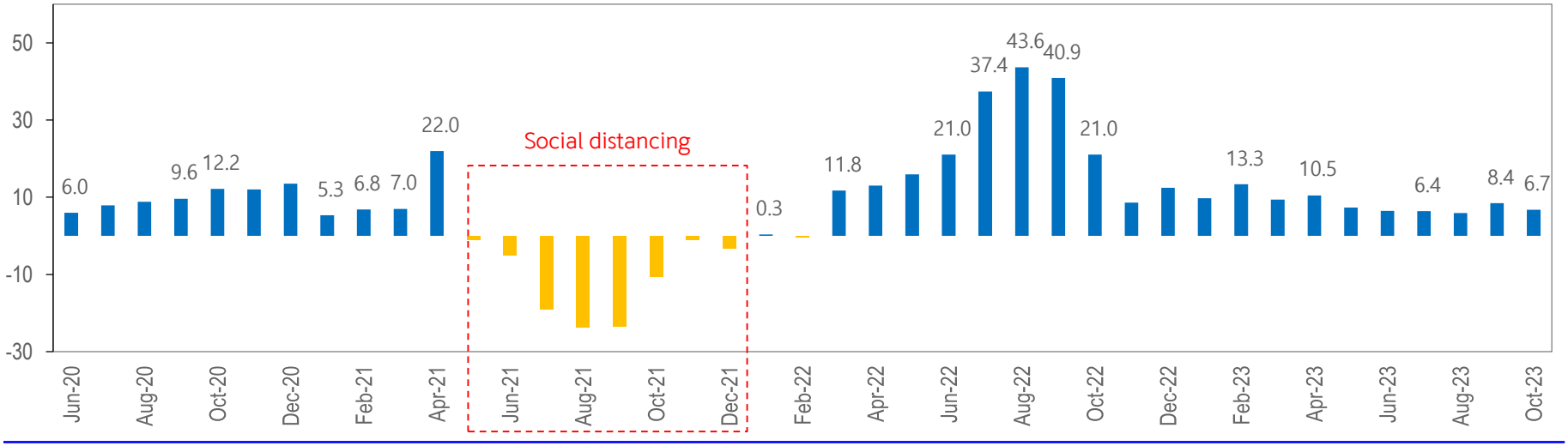


Source: GSO, Shinhan Securities Vietnam

- In 10M2023, revenue of "Retail goods" went up by 8.4% YoY, recording VND 3,989 trillion, accounting for 78.1% of total retail goods and service revenue (10T2022: 79.1%).
- We estimate Vietnam's total revenue of retail goods and services in 2023 to reach VND 6,198 trillion (+9.3% YoY); of which revenue from "Retail goods" will keep its contribution about 78%, estimated at VND 4,836 trillion (+8.1% YoY).

Part 2 – The Vietnam Retail Market

Monthly revenue growth of Vietnam retailing market (% YoY)

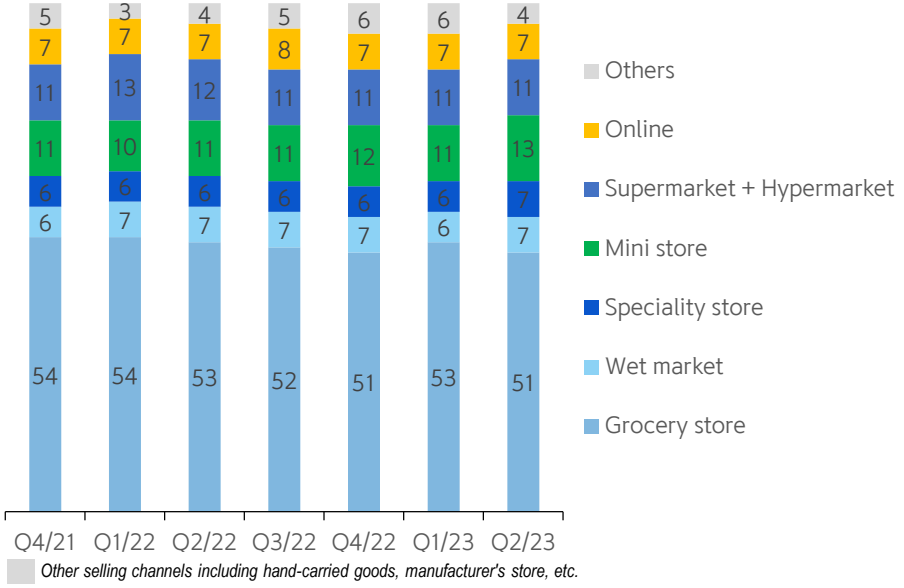


Source: GSO, Shinhan Securities Vietnam

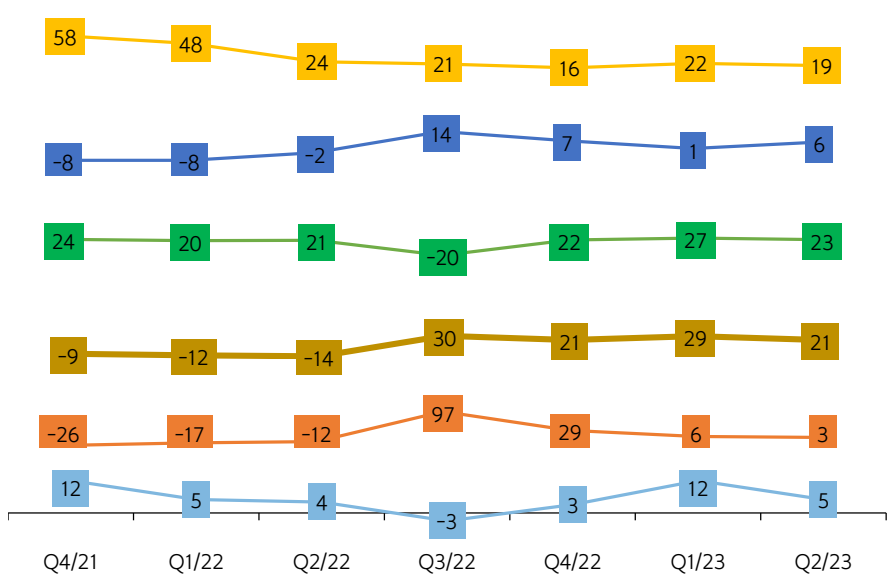
- After a period of heavily affected by the COVID-19 pandemic, timely support from the Government has helped the retail industry gradually recover since Q4.2021.
- The growth rate of the retail sector shows positive signs in 2022 and remains stable in 2023. Although the boom and improvement gradually cooled down from the end of 2022 due to the volatile economic situation and people's tendency to prioritize spending on essential goods, "Retail goods" still maintained stable growth compared to previous years.
- "Retail goods" still accounts for the largest proportion of the total retail goods and service market. Sales of "Retail goods" in 10M2023 increased by 6.7% YoY, reaching at VND 412.9 trillion. This is the highest monthly result, helping to maintain a series of continuous positive growth YoY since March 2022.

Part 2 – The Vietnam Retail Market

Contribution of each retail channels in Vietnam (%)



Value change by retail channel YoY (%)

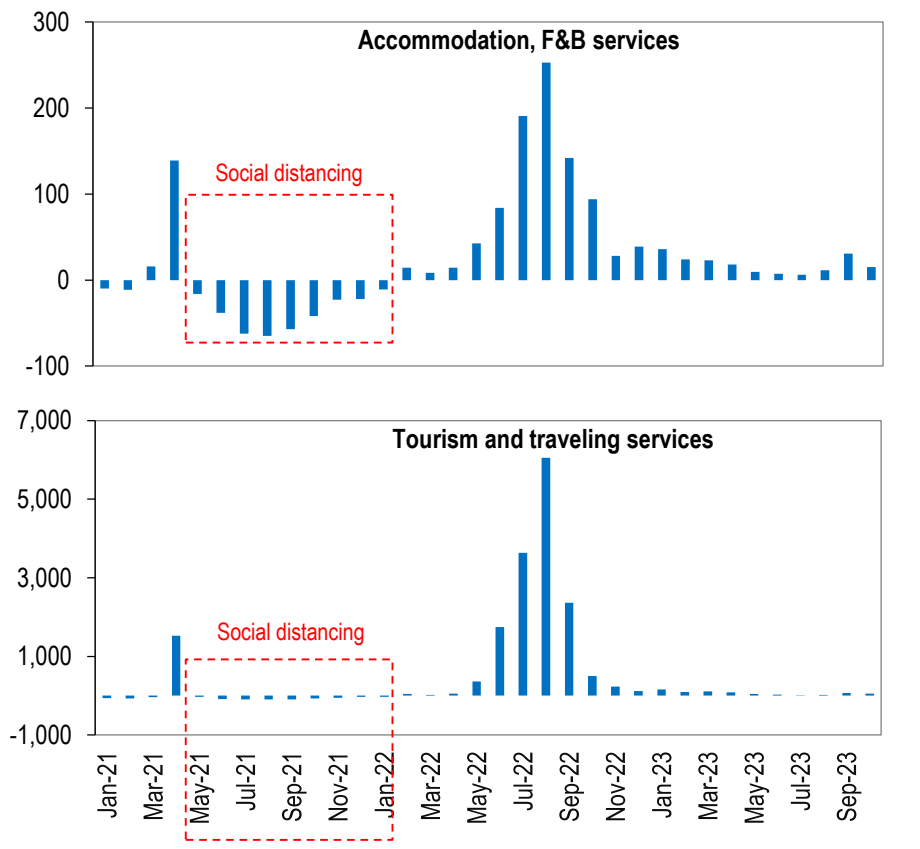


Source: Kantar Worldpanel, Shinhan Securities Vietnam

- Large retailers in Vietnam are divided into groups: (1) Hypermarkets/distribution centers; (2) Shopping centers; (3) Supermarkets; (4) Mini supermarkets/specialized stores; (5) Electronics supermarkets; (6) Online retail. The trend of food and FMCG shopping shifting from traditional market channels to modern retail channels is more clearly.
- According to Euromonitor, the market share of traditional food retail and FMCG in 2022 accounted for 88.5%. The total number of modern retail points (supermarkets, convenience stores, minimarts, etc.) is more than 7,000 points of sale, only equaling 1% of the traditional ones (stores, individual business households, markets, street vendors, etc.).
- According to Euromonitor, Vietnam's grocery store retail market size is more than USD 50 billion, with a growth rate of about 10%/year. The market is highly fragmented since 90% market share includes more than 9,000 traditional markets and 2.2 million grocery stores.
- This is a potential market, an opportunity for MWG and BHX if the problem of cost optimization, efficient operation besides chain expansion are solved.

Part 2 – The Vietnam Retail Market

Monthly revenue growth of Vietnam retail market by industry (% YoY)



Source: GSO, Vietnam National Tourism Administration, Shinhan Securities Vietnam

- After a period of social distancing, entertainment, accommodation, and dining activities quickly recovered. Strong tourism demand has supported this recovery, despite inflation and rising costs of living in most countries.
- **Inbound tourism:** Vietnam welcomed nearly 10 million inbound tourists in 10M 2023, up 4 times from the same period last year; nearly completing the target of welcoming 12-13 million inbound tourists in 2023.
- Specifically, South Korea is the largest group coming to Vietnam, reaching 2.9 million tourists (+469% YoY; accounting for nearly 30% of tourists to Vietnam).
- **The number of inbound tourists to Ho Chi Minh City and Hanoi** reached 4.1 million (+55.3% YoY) and 3.6 million (+250% YoY), respectively, together making up 77% of the entire inbound tourists to Vietnam in 10M2023.
- **The total generated revenue from tourism** in Ho Chi Minh City and Hanoi in 10M2023 was estimated at VND 140 trillion (+32.6%) and VND 76.3 trillion (+66.7% YoY), respectively.
- **Domestic tourism:** Served 98.7 million tourists in 10M2023. The demand for domestic tourism is still showing no signs of slowing down.
- The Vietnam's tourism industry is paying more attention to new global tourism trends, expecting strong growth in both international and domestic tourists in the coming time.

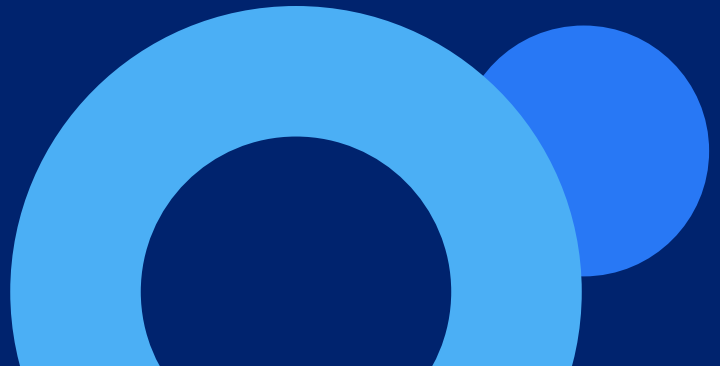
03

Outlook of Retail sector

Retail industry revenue growth is expected to reach 12-14% YoY in the coming years.

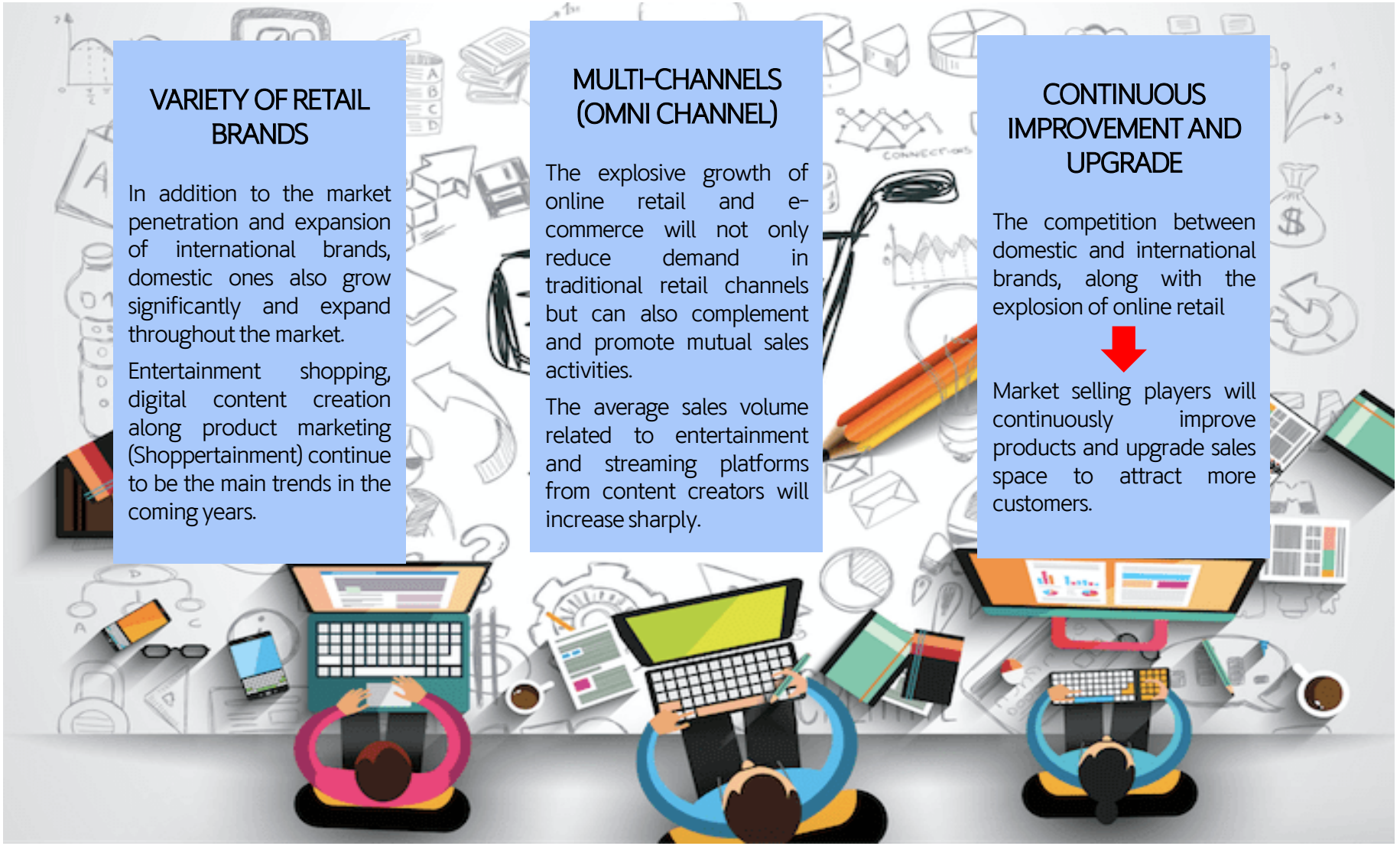
Key driving elements for the retail industry:

+ The economy recovers and stabilizes;
+ People's income improves with increasing urbanization rate;
+ Growth potential of new retail industries.



Part 3 – Outlook of Retail sector

Retail Market Trend



VARIETY OF RETAIL BRANDS

In addition to the market penetration and expansion of international brands, domestic ones also grow significantly and expand throughout the market.

Entertainment shopping, digital content creation along product marketing (Shoppertainment) continue to be the main trends in the coming years.

MULTI-CHANNELS (OMNI CHANNEL)

The explosive growth of online retail and e-commerce will not only reduce demand in traditional retail channels but can also complement and promote mutual sales activities.

The average sales volume related to entertainment and streaming platforms from content creators will increase sharply.

CONTINUOUS IMPROVEMENT AND UPGRADE

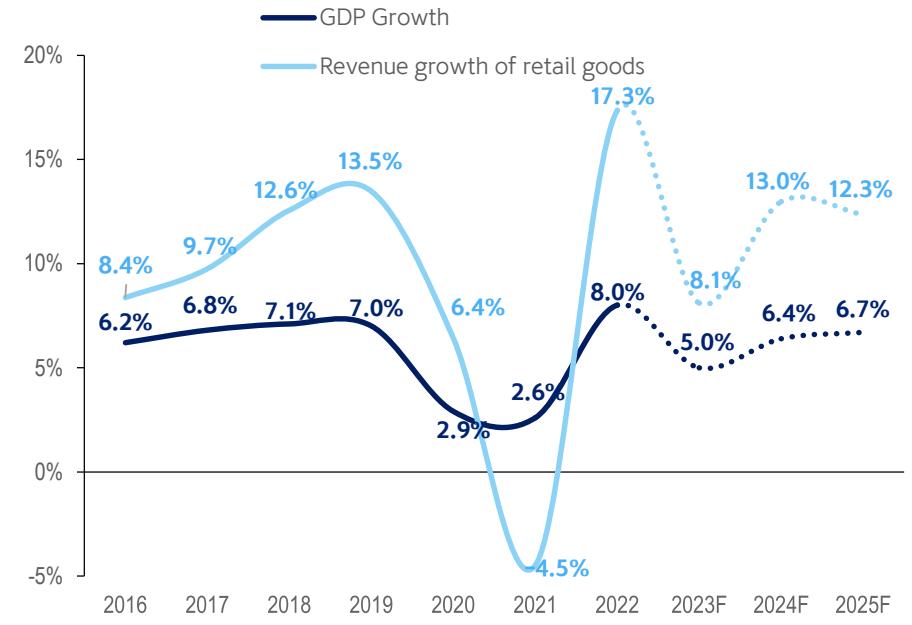
The competition between domestic and international brands, along with the explosion of online retail

Market selling players will continuously improve products and upgrade sales space to attract more customers.

Part 3 – Outlook of Retail sector

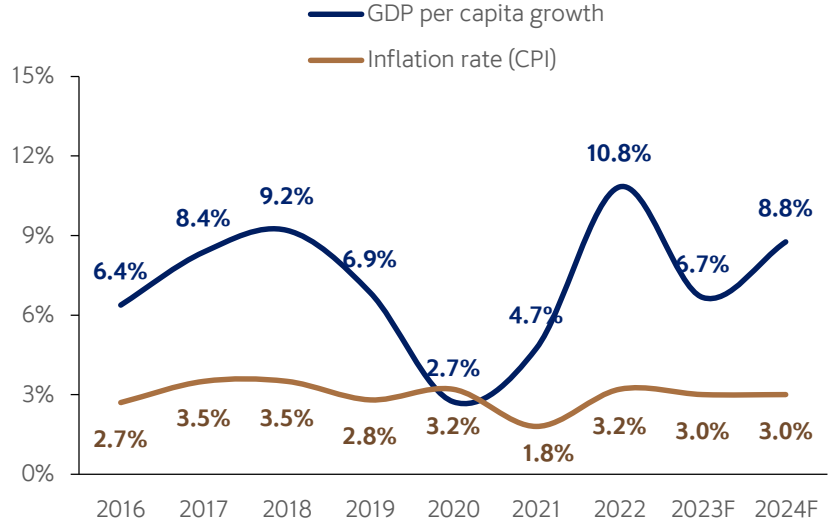
Impact of the economy on Vietnam's retail sector

Growth of Vietnam GDP and Revenue of retail goods (% YoY)



Source: World Bank, GSO, Shinhan Securities Vietnam

Vietnam GDP per capita growth and inflation rate



Source: World Bank, GSO, Shinhan Securities Vietnam

- Based on historical data, the revenue growth of retail goods is often 2 times higher than that of Vietnam's GDP. Hence, the positive expectation of GDP growth from 2024 may boost the retail industry growth to reach at 12-14% YoY in the upcoming years.
- Furthermore, the improvement in per capita income growth and the inflation rate maintained at a stable level by the Government (~3%) will be a catalyst to help the retail sector and the Vietnamese economy continue to grow sustainablly after the recovery period.

Part 3 – Outlook of Retail sector

Vietnam's GDP growth rate estimates		
	2023	**2024**
The Government	**Initial target: 6.5%** (9M2023: 4.24%)	6.5-7%
Shinhan Securities Vietnam	5%	6%
World Bank (WB)	4.7%	5.5%
International Monetary Fund (IMF)	4.7%	5.8%
Asian Development Bank (ADB)	5.8%	6.0%
Moody's	5.2%	6.4%
OECD	4.9%	5.9%
Fitch Ratings	4.8%	6.3%
HSBC Global Research	5.0%	6.3%
Standard Chartered Bank	5.4%	6.7%

Source: Shinhan Securities Vietnam summarized

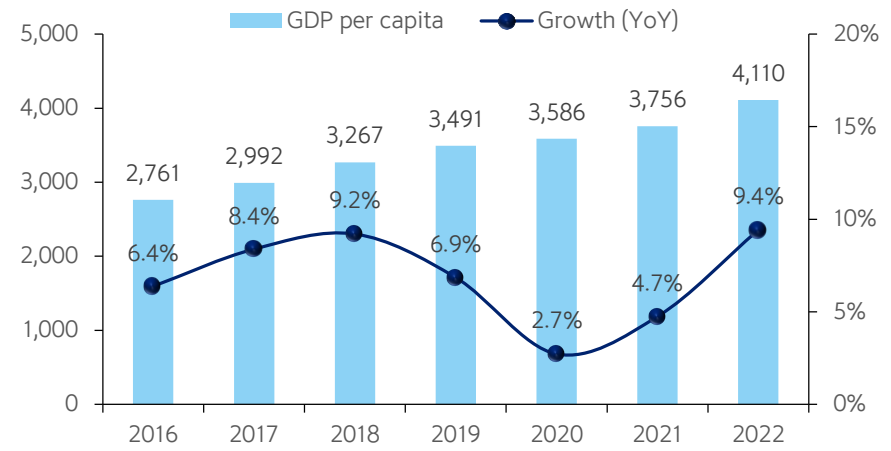
Recent change of Vietnam's sovereign credit rating		
	Nearest rating score	**Revised date**
Moody's	Ba2 (stable outlook)	July 13th, 2023
S&P Global Ratings	BB+ (stable outlook)	June 15th, 2023
Fitch Ratings	BB+ (stable outlook)	December 08th, 2023

Source: Shinhan Securities Vietnam summarized

- After the 2022's 8% growth (the highest level since 1997), Vietnam becomes the fastest growing economy in Southeast Asia.
- The 9M2023 GDP growth was at 4.24% (9M2022: 8.85%). To complete the initial target of 6.5%, Vietnam needs to achieve a tough record of ~13% growth in the last 3 months.
- The main reason is that Vietnam faces many difficulties from external and domestic factors affecting the economy.
- Income improved, urbanization rate increased, and timely support policies from the Government. The ICT industry is expected to recover after the period of price wars among retailers. In addition, prospects from new retail industries are also the driving elements for retailing activities in the near future.
- In terms of the country outlook, many financial institutions evaluate that Vietnam still has a stable economy, forecasting to achieve a 5% GDP growth in 2023 and 6-6.5% in 2024.

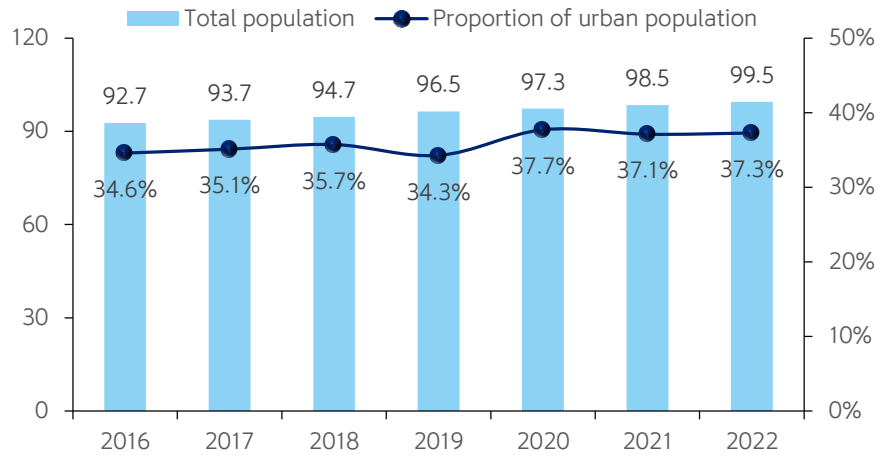
Part 3 – Outlook for ICT retail

Annual Vietnam GDP per capita (USD)



Source: GSO, Shinhan Securities Vietnam

Vietnam population demographics over years (million people)

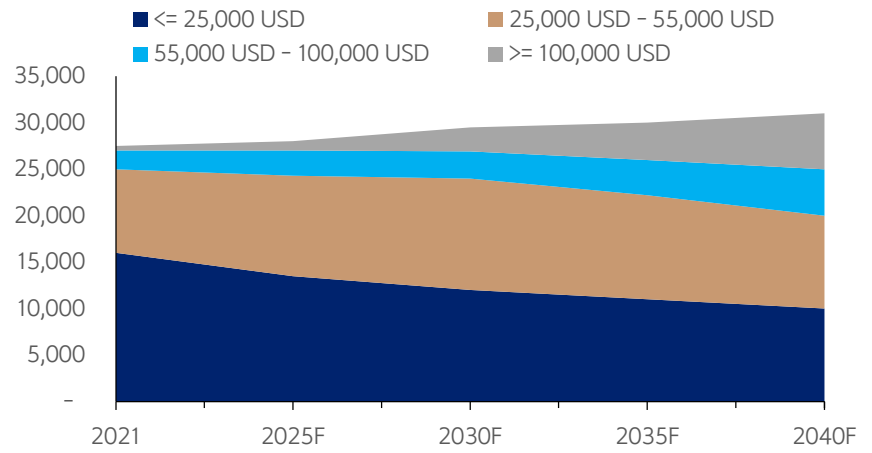


Source: GSO, Shinhan Securities Vietnam

- The electronics retail industry tends to be saturated and has grown slowly in recent years. However, the cycle of replacing ICT equipment (since the social distancing period in 2020-2021 - making many individuals study and work from home) is expected to return at the end of 2023 and be quicker in 2024.
- Price competition among retailers (MWG, FRT) is predicted to only affect the short-term towards the mid-range product segment and below, not having much impact on customer groups that favor the near high-end, high-end products (Apple, Samsung).
- During the period 2016 - 2020, the average income per capita grew by more than 7%/year, decreased to 4.7% in 2021 due to the impact of the COVID-19 epidemic, and then rebounded to 9.4% in 2022. The urbanization rate is forecast to increase in the coming years, and improved income will be a catalyst to increase the value of the retail market in Vietnam, especially the mid to high-end segments - which generate higher profit margins than mid-range products (priced under VND 15 million/product).

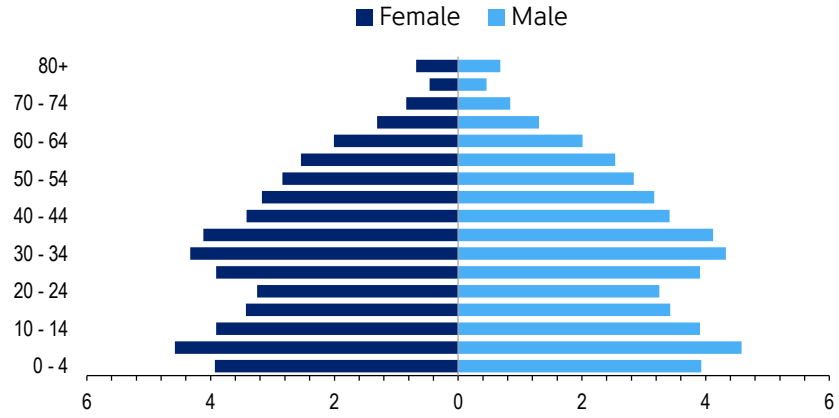
Part 3 – Outlook for pharma retail

Projected average household income in Vietnam (thousand)



Source: Euromonitor, Shinhan Securities Vietnam

Vietnam population pyramid in 2022 (million people)



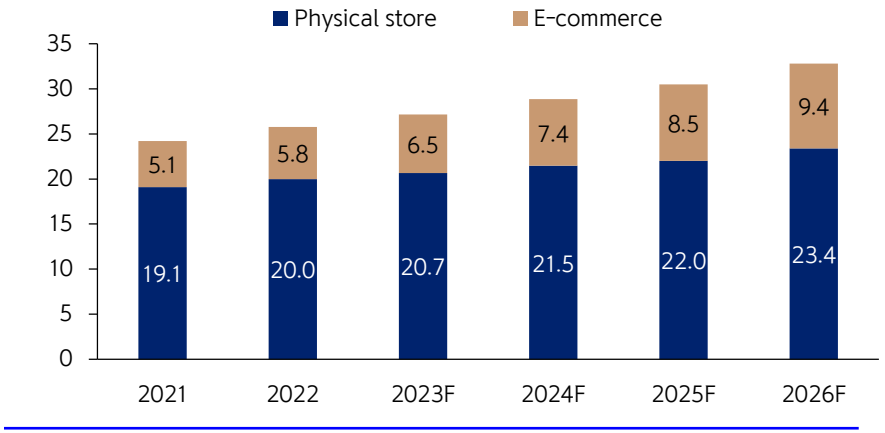
Source: GSO, Shinhan Securities Vietnam

- According to BMI, **Vietnam's pharma market** in 2022 reached ~USD 6 bn (+10% YoY) and is forecast to touch USD 8 bn in 2025 thanks to the population growth, young structure (~50% in the age 18-50), and rapid urbanization; assessed to be a pharmaceutical emerging market.
- In 2023, **Vietnam population** is projected to exceed 100 million, of which the elderly dependents (over 60 years old) making up 13%. Increasing life expectancy (in 2022: 73.6 years old) leads to an elevation of aging rate.
- Besides drug treatments, **the improvement of income level** will stimulates demands on healthcare services, functional foods, medical equipment, leading to more spending on pharmaceutical products.
- **The Vietnamese pharmacy market is highly fragmented.** With a network of about 60,000 points of sale (mainly small traditional pharmacies), the modern pharma retail chains (Long Chau, An Khang, Pharmacity, Phano, etc.) started to scale up but still constitute a small slice of the entire cake (accounting for only 4-5%).
- With the stable service quality and diversified products, it is expected that the pharmaceutical retail market still has room to grow. It is expected that **the modern drugstore chains in Vietnam will account for 15-16% of the pharmaceutical retail market share by 2025.**

Part 3 – Outlook for retail through e-commerce channels

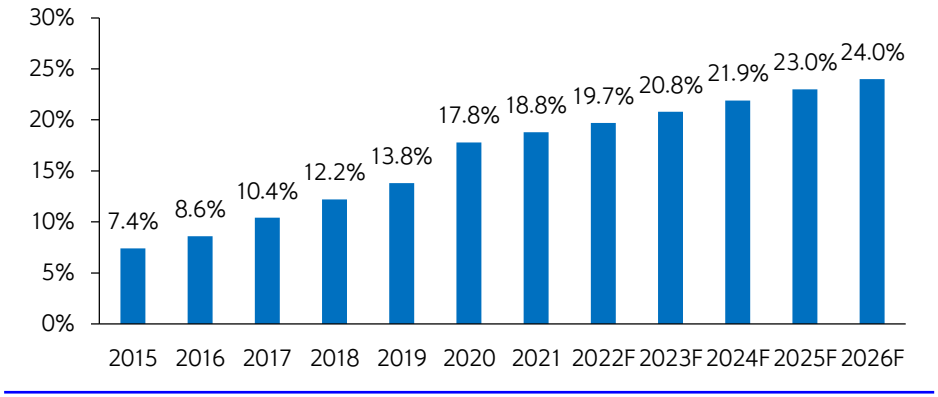
The global e-commerce market

Sales of In-store retail and E-commerce channel (trillion USD)



Source: Digital Commerce 360, eMarketer, Statista, Shinhan Securities Vietnam

E-commerce retail market share in global retail sales



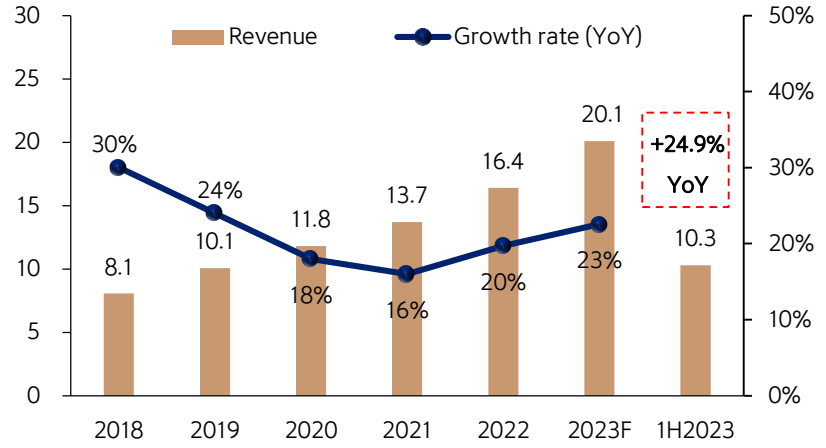
Source: eMarketer, Shinhan Securities Vietnam

- Besides traditional retailing forms, retail groups through e-commerce channels are increasingly popular thanks to the convenience and connection between sellers and many customers.
- After the COVID period, Vietnamese people have formed many new habits such as working, studying at home, ordering food online, shopping online, etc. The Government has encouraged the use of non-cash payments since 2020, helping Vietnam's leading e-wallets and e-commerce platforms to benefit strongly from changes in shopping and payment habits and the increase in users over the years.
- E-commerce has become a potential retail channel and been applied by many retailers for integrating into their Omni-channel sales strategy.
- In 2022, the estimated global e-commerce revenue reached USD 5.8 trillion (+13.7% YoY). Of which more than 70% of revenue transactions were made via smartphones.

Part 3 – Outlook for retail through e-commerce channels

Vietnam e-commerce market

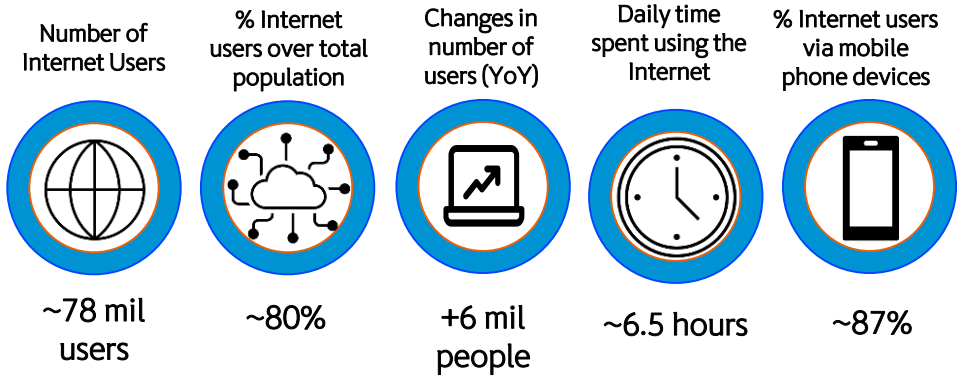
Vietnam E-commerce revenue (USD billion)



Vietnam's e-commerce revenue includes revenue from all goods and services sold through e-commerce channels (excluding transactions related to the fields of finance, banking, credit, insurance, and online games).

Source: Ministry of Industry and Trade, Shinhan Securities Vietnam

Frequency of Internet access and use in Vietnam (2023)



Source: We Are Social - Vietnam Digital Report 2023, Shinhan Securities Vietnam

- E-commerce activities in Vietnam continue to grow and become an important distribution channel. According to Vietnam E-commerce White Paper 2022, up to 74.8% of Internet users participate in online shopping. The most commonly purchased items online instead of offline are clothes, shoes, cosmetics (69%), appliances, household appliances (64%), technology and electronics (51%).
- In 6M2023, the retail e-commerce market in Vietnam reached USD 10.3 billion (+24.9% YoY), accounting for 7.7% of total retail sales. At an average growth of ~20%/year, Vietnam is ranked second regarding the number of consumers shopping online in the Southeast Asia region; was ranked among the top 5 global countries having the highest e-commerce growth rate by eMarketer. Google estimates Vietnam's e-commerce market will continue to boom in the coming years, expected to reach USD 39 billion by 2025, ranking second after Indonesia.

Part 3 – Outlook of Retail sector

SWOT Analysis – Vietnam Consumer & Retail Market



STRENGTHS (S)

- A large, young, and dynamic population brings high growth opportunities for retailers.
- The open retail market, ideal investment, and business environment help attract foreign retailers; Vietnam is one of the fastest-growing consumer markets in emerging Asia.
- The retail market in Vietnam (shopping malls, supermarkets, convenience stores) is well-invested and located in big cities, reflecting the quality of infrastructure and logistics.



WEAKNESSES (W)

- Consumers care about price and tend to prefer cheap, economical products; essential goods will usually be given priority. The majority of the population falls into the low-income segment, with less spending on luxury and non-essential items.
- The population group living in rural areas is large, leading to reduced opportunities to access modern retail store models due to limited infrastructure.
- High rental costs for retail activities in urban centers. According to market research by Cushman & Wakefield Vietnam, the average rental price at commercial centers for retail purposes in Ho Chi Minh City (Q2.2023) is about 51.1 USD/m2/month (+1.2% QoQ; +5.9% YoY).

SWOT Analysis – Vietnam Consumer & Retail Market



OPPORTUNITIES (O)

- The COVID-19 pandemic has led to an increasing demand for e-commerce services, creating a habit of shopping online more frequent.
- The increasing rate of smartphone and Internet users helps the e-commerce market (which has high competition among large e-commerce corporations) to progressively develop and prevail in Vietnam.
- The signing of Vietnam with the Free Trade Agreement (CPTPP) greatly promotes the import of more consumer goods.
- The improvement of household income and the growth of middle class will boost disposable income levels, increasing opportunities for retailers.
- Consumers tend to favor Western-style shopping, entertainment, and shopping center models. Investment in infrastructure will attract more domestic and international retailers.
- Low labor costs push manufacturers to move factories from China to Vietnam.



THREATS (T)

- The retailing of some high-value items is tending to be saturated.
- Corruption and complicated procedures are still barriers for businesses who want to penetrate and join the game.
- The tendency of low-priced goods preference with many promotions may lead to a drop in sales for luxury foreign retail items.
- Despite the enhancement of disposable income, it is still low compared to other countries in the region, and the instability of macroeconomic factors leads to reductions in spending on non-essential items.

Part 3 – Outlook of Retail sector

Risks



Risk of inflation affecting selling price

- Economic instability causes inflation to remain high, affecting the input costs of businesses and increasing the selling price of goods. Households have to prioritize and increase their spending allocation on essentials.
- Demand for non-essential items will also be significantly reduced.



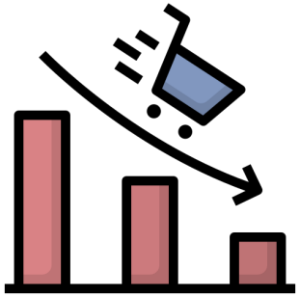
Risk of interest rate fluctuation

- Many retail businesses have high short-term debt to finance its import of inventory.
- Economic instability affects the Government's monetary policy decisions, making interest costs unstable, influencing business expansion plans of retail companies.



Risk of fierce competition

- The retail sector has the participation of many players, from conventional to modern retail chains.
- Price wars between retailers continuously take place to compete and gain market share.
- Business results of non-essential retailers (ICT, fashion goods, jewelry, automobiles, etc.) has been severely affected in 2023.



Risk from weak retail consumption

- Negative impacts from macroeconomic fluctuations, interest rates, inflation, etc. directly affect people's income and employment, reducing consumer demand towards the retail sector.
- Vietnamese consumption will be strongly affected in 1H2023 due to the trend of tightening spending.
- Demand is expected to gradually recover from Q3.2023.

04

Retail Stock Pick

FRT, MWG – Prospects from new segments

Outstanding listed retail enterprises

General information				Share price					Key financial (**)					Valuation (24F)	
No.	Ticker	Retail sector	Mkt. Cap. (VND bn)	CP (VND)	TP* (VND)	Upside (%)	1M (%)	YTD (%)	NPAT margin (%)	Dividend yield (%)	Debt to Equity	ROA (%)	ROE (%)	P/B (x)	P/E (x)
1	MWG	ICT	62,152	42,500	50,400	18.6	7.9	0.0	0.6	1.2	1.0	1.2	3.0	3.0	32.4
2	FRT	ICT, pharmacy	13,502	99,100	119,400	20.5	-4.1	69.8	-0.4	0.4	3.1	-1.3	-6.7	6.4	21.9
3	DGW	ICT distribution	8,888	53,200	56,200	5.6	7.6	43.3	2.4	0.0	0.8	6.6	16.9	2.9	16.3
4	PET	ICT distribution	2,935	27,500	28,350	3.1	13.4	77.1	0.5	0.3	1.7	1.0	4.6	n.a.	n.a.
5	PNJ	Jewelry	26,240	80,000	93,300	16.6	5.3	-8.7	5.7	2.1	0.2	13.7	19.8	2.4	13.0
6	HAX	Automobiles	1,327	14,200	15,950	12.3	1.4	11.8	1.4	4.7	0.5	3.0	5.6	1.2	13.1

* Target price (fair value) for the next 12 months

** Data for 12 months up to Q3/2023

Source: SSV Research, Bloomberg

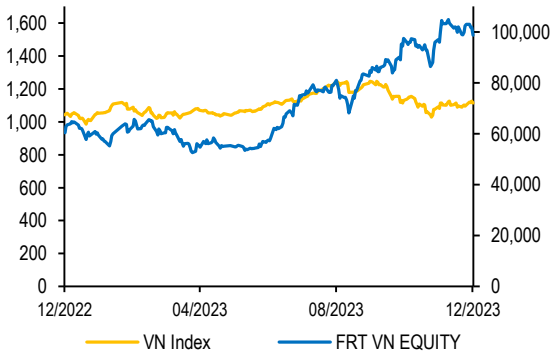
Data as of December 11th, 2023

FPT Digital Retail JSC (HSX: FRT)

FPT Retail

TARGET PRICE (12 months)	**VND 119,400**
Current price (Dec. 11, 2023)	VND 99,100
Return (%)	20.5%
VNINDEX	1,126
P/E 1Y Forward (x)	12.0
Market Cap. (bn VND)	13,502
Outstanding Shares (mn)	136
Free Floating Shares (mn)	67
52-Wk High/Low (VND)	106,900/53,000
3M Avg. Trading Vol. (triệu CP)	0.81
3M Avg. T/O (tỷ VND)	58
Foreign ownership (%)	49
Major shareholders (%)	FPT Corporation 46.54
	Dragon Capital Fund 10.0

Performance	3M	6M	12M
Absolute (%)	16.6	70.6	54.8
Relative to VN-Index (%)	24.6	68.9	47.8



Key growth driver from Long Chau Pharmacy

Investment points

FPT Digital Retail JSC (FRT Retail) is one of the leading ICT equipment and goods retailers in Vietnam. FRT owns two ICT retail chains named FPT Shop and F. Studio, equivalent to nearly 800 stores. FRT's Long Chau pharmacy chain has become a familiar brand, leading the market with nearly 1,600 pharmacies nationwide.

ICT chain: Sales in 9M2023 reached VND 12,222 billion (-19.8% YoY); Net loss ~VND 386.8 billion. Weak consumer purchasing power and the impact of price wars among ICT retailers reduced GPM to 8-10%. The betterment in Q3 business result (revenue +13.8% QoQ; GP +58.4% QoQ) is a positive signal for the recovery of the ICT segment in 2024.

Long Chau chain: Revenue and NPAT in 9M2023 improved, reaching VND 11,088 billion (+69% YoY) and VND 160 billion (+370% YoY), respectively. GPM maintained at 22-23%, with gross profit growing impressively at 64.3% YoY. The average revenue per pharmacy decreased slightly compared to 2022 but still maintained ~1 bn VND/month. Positive business results of Long Chau fuel FRT's growth amid the ICT segment's downturn and need for time to recover.

Accumulated 9M2023: Consolidated revenue reaches VND 23,159.6 billion (+6.7% YoY). The unfavorable circumstance of FPT Shop chain is the cause of the consolidated net loss of VND 225.7 billion. We project FRT's business performance to exhibit positive momentum in 2024, underpinned by a gradual reemergence of ICT consumer demand from Q4.2023 onwards, alongside robust profit growth of Long Chau pharmacy chain.

Risks: (1) High leverage exposure; (2) Competitive risk; (3) Risk from weak retail consumption; (4) Risk from impairment of inventory.

FY	2020	2021	2022	2023F	2024F
Revenue (bn VND)	**14,661**	**22,495**	**30,166**	**34,706**	**44,884**
OP (bn VND)	14	546	474	121	1,107
NP (bn VND)	**10**	**444**	**398**	**84**	**890**
EPS (VND)	154	3,745	3,295	417	5,445
BPS (VND)	7,809	9,736	10,696	15,164	18,507
OPM (%)	0.1	2.4	1.6	0.3	2.5
NPM (%)	0.1	2.5	1.6	0.2	2.0
ROE (%)	**0.8**	**26.4**	**19.4**	**4.0**	**30.5**
PER (x)	68.9	15.3	18.1	277.8	21.9
PBR (x)	2.3	5.9	5.6	7.6	6.4
EV/EBITDA (x)	17.0	10.1	12.7	19.8	10.9

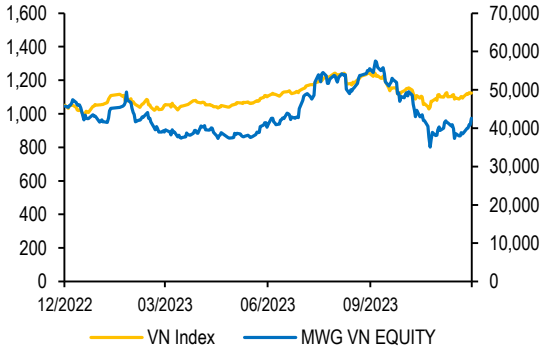
Mobile World Investment Corporation (HSX: MWG)

MWG

TARGET PRICE (12 months)	**VND 50,400**
Current price (Dec. 11, 2023)	VND 42,500
Return (%)	18.6%

VNINDEX		1,126
P/E 1Y Forward (x)		12.0
Market Cap. (bn VND)		62,152
Outstanding Shares (mn)		1,462
Free Floating Shares (mn)		1,110
52-Wk High/Low (VND)		59,300/33,600
3M Avg. Trading Vol. (triệu CP)		8.71
3M Avg. T/O (tỷ VND)		408
Foreign ownership (%)		49
Major shareholders (%)	Retail World Investment Consulting Co., Ltd	10.5
	Arisaig Partners	4.99

Performance	3M	6M	12M
Absolute (%)	-22.0	2.7	-8.0
Relative to VN-Index (%)	-14.0	1.0	-15.0



A marked improvement of Bach hoa Xanh

Investment points

Mobile World Investment Corporation (Mobile World, HoSE: MWG) is a leading retail enterprise in Vietnam, having an ecosystem to meet the diverse needs of customers. We assess MWG as an investment that can be held as (i) The economy recovers, improving retail purchasing power from Q4/2023, boosting MWG's business results in 2024; (ii) Business results of Bach hoa Xanh chain grow positively.

Update business result

ICT chains: In Q3.2023, revenue of TGDD chain reached VND 7,322 bn (+9.6% QoQ), growing positively thanks to the "Back to school" season. However, DMX chain recorded a decline as no longer be supported by seasonal factor in Q2, reported VND 13,464 bn (-9.4% QoQ, -16% YoY). In Q3, MWG closed 18 ICT stores having ineffective business result. The ICT chains contributed ~69% to MWG's total revenue in Q3.23 (Q2.23: 73%).

Bach hoa Xanh chain: In Q3.2023, BHX chain recorded positive results, reaching VND 8,655 bn in sales (+19% QoQ, +21% YoY). The average revenue per store continued improving despite no new stores opened, reaching VND 1.7 bn/month (Q2: VND 1.4 bn); expecting to reach VND 2 bn/month (break-even level) at YE2023; targeting the profitable goal in 2H2024. The growth has come from attracting new customers, increase of purchase frequency and shopping cart value of existing ones.

Accumulated 9M2023: MWG's consolidated revenue and NPAT reached VND 86,858.3 billion (-15.5% YoY), VND 77.5 billion (-97.8% YoY), respectively, completing 64.3% and 1.8% of the target goal. In 2023, BHX contributes more than 25% of total monthly revenue of MWG (2022: nearly 20%). BHX is expected to be the growth driver of MWG when the ICT segment is in the saturation phase.

We forecast MWG's revenue and NPAT in 2024 to reach VND 134,887 billion (+16% YoY) and VND 2,274 billion (+210% YoY), respectively, with the expectation that consumer purchasing power will improve from Q4/2023 and recover clearly in 2024.

Risks: (1) Competitive risk; (2) Risk from weak retail consumption; (3) Risk from having many diversified retail chains; (4) Risk from impairment of inventory.

FY	2020	2021	2022	2023F	2024F
Revenue (bn VND)	**108,546**	**122,958**	**133,405**	**114,650**	**133,263**
OP (bn VND)	5,413	6,466	6,575	1,335	3,169
NP (bn VND)	**3,920**	**4,901**	**4,102**	**732**	**2,274**
EPS (VND)	4,584	3,340	3,499	500	1,554
BPS (VND)	10,584	13,925	16,363	16,365	16,922
OPM (%)	5.0	5.3	4.9	1.2	2.4
NPM (%)	3.6	4.0	3.1	0.6	1.7
ROE (%)	**25.3**	**24.1**	**17.1**	**3.1**	**9.2**
PER (x)	9.1	19.7	11.9	96.7	32.4
PBR (x)	4.0	4.7	2.5	3.0	3.0
EV/EBITDA (x)	2.5	5.3	5.7	8.2	6.8

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- **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

Sector

- **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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