

Vietnam: Retail

31 October 2023

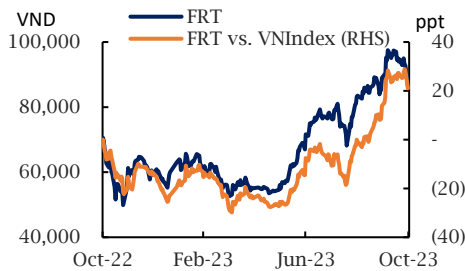
**BUY**

**TP upside (downside): +16%**

**Close 30 Oct 2023**

Price VND 86,400  
12M Target VND 100,600

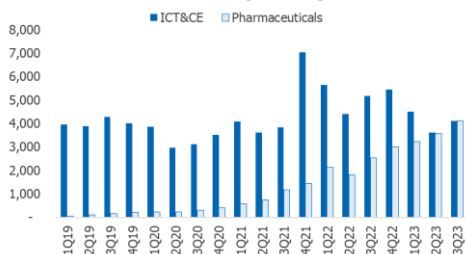
Share price performance relative to VNI



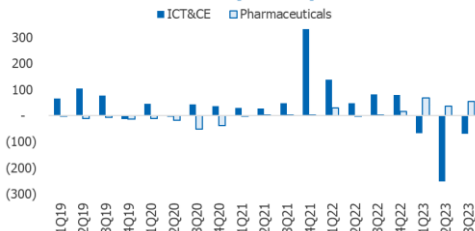
Market cap	US\$481mn
6M avg. daily turnover	US\$3.1mn
Outstanding shares	136 mn
Free float	43.9%
FINI ownership	35.5%
Major shareholders	56.2%
3Q23 Net debt / Equity	2.8x
FOL remaining room	13.5%
2023E Dividend yield	1.2%

Source: Fiinpro, Bloomberg, Yuanta Vietnam

Net sales (VNDbn)



NPAT (VNDbn)



Source: Company Data, Yuanta Vietnam

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Bloomberg code: YUTA

**FPT Digital Retail (FRT VN)**

FRT reported another after-tax loss in 3Q23 driven by the prolonged weakness in the electronics retail segment. However, sales increased in the third quarter, and the YTD results confirm our positive view on Long Chau Pharmacy.

**Key Highlights**

**3Q23 sales increased +15% QoQ / +7% YoY** to reach VND 8.2tn. Long Chau Pharmacy remained the key growth driver with sales of VND4.1tn (+16% QoQ/+64% YoY / 50% of total sales). However, FPT Shop showed at least sequential improvement sales increased by +14% QoQ / -21% YoY to reach VND4.1tn.

**Consolidated 3Q23 after-tax loss was VND13bn** based on FPT Shop's VND69bn net loss and Long Chau's c.VND56bn net gains. This was an improvement compared to the consolidated loss of VND215bn in 2Q23, but still a reversal of 3Q22's VND85bn net gain.

**Long Chau Pharmacy's average sales per store** was solid at VND1.0bn (+4% QoQ / -5% YoY) in 3Q23, and FPT Shop posted a sequentially improved VND1.7bn (+15% QoQ / -25% YoY).

**Consolidated 9M23 sales rose by +7% YoY, but after-tax losses reached VND 226bn** (vs. profits of VND 301bn in 9M23). Again, this was largely attributable to the soft electronics retail business.

In 9M23, FPT Shop posted net sales of VND 12.2tn (-20% YoY) and net losses of VND 387bn in 9M23 (vs. profit of VND267bn in 9M22). By contrast, Long Chau's 9M23 sales reached VND 11tn (+69% YoY) and after-tax profits were VND161bn (+5 times YoY).

**Long Chau continues to broaden its retail footprint** as it has added 447 new pharmacies YTD, completing almost 100% of our full-year assumption of 450 new pharmacies and bringing the total number to 1,384 pharmacies. FPT Shop opened 21 new outlets in 1Q23 but closed 7 outlets in 2Q23 and 9 outlets in 3Q23, bringing its total number of outlets to 791 as at Sep 2023.

**Our View**

The ICT&CE market has been lingering in the doldrums given demand weakness and the prolonged price war. 3Q23 results improved QoQ, but this is normal seasonality and does not confirm a recovery in our opinion. In this tough environment, FRT appears to gaining market share as its revenue decline has been slower than that of the overall market in 9M23, according to the management.

**Long Chau remains the key growth driver.** Market discussion indicates high expectations for its vaccination centers, which now number 8 following the launch in July. Notably, Long Chau has also exceeded our full-year operating profit forecast for 2023E.

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