

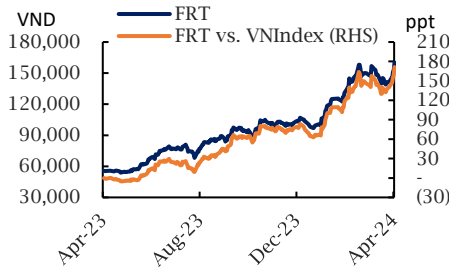
BUY

TP upside (downside): +3.6%

Close 26 Apr 2024

Price VND 161,000
12M Target VND 166,800

Share price performance relative to VNI



Market cap	US\$862mn
6M avg. daily turnover	US\$3.0mn
Outstanding shares	136 mn
Free float	55.5%
FINI ownership	35.9%
Major shareholders	55.6%
1Q24 Net debt / Equity	3.6x
FOL remaining room	13.1%
FY2023E Dividend yield	0.0%

Source: Fiinpro, Bloomberg, Yuanta Vietnam

	1Q24	VNDbn	QoQ	YoY
Net sales		9,042	4%	17%
Electronics retail		3,583	-10%	-21%
Pharmaceutical retail		5,534	15%	69%
Gross profits		1,808	19%	52%
Operating profits		125	300%	84%
After-tax profits		61	159%	2831%

Source: Company Data, Yuanta Vietnam

FPT Digital Retail (FRT VN)

From losses to profits. FRT delivered positive PAT in 1Q24, after 3 consecutive quarters of losses. This turnaround was driven by sales growth at Long Chau and improved gross margin from both Long Chau and FPT Shop.

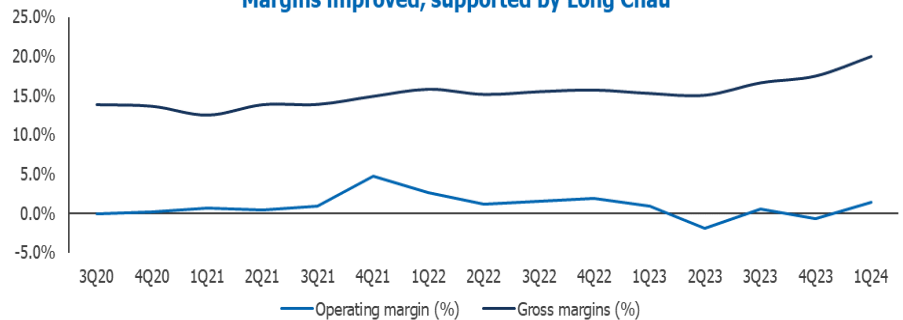
Key Highlights

1Q24 sales increased by +4% QoQ / +17% YoY to reach VND 9.0tn. Long Chau Pharmacy remains the key growth driver, with sales of VND5.5tn (+15% QoQ / +69% YoY / 61% of total sales) and +90 new pharmacies opened in 1Q24. By contrast, FPT Shop's sales declined by -10% QoQ / -21% YoY to reach VND3.6tn in part driven by the closure of 12 low-performing outlets in 1Q24.

Blended gross margin improved by +2.5ppt QoQ / +4.7ppt YoY to reach 20.0% in 1Q24. Long Chau's gross margin improved by +1.6ppt QoQ / +0.9ppt YoY to reach 25.3% in 1Q24. But surprisingly, FPT Shop's gross margin also improved by +2.0ppt QoQ / +3.9ppt YoY to reach 13.4% in 1Q24. This illustrates that the addition of new home appliance product lines has delivered positive results.

Group operating margin increased by +2.1 ppt QoQ / +0.5ppt YoY to reach 1.4% in 1Q24. This was supported by Long Chau's operating margin of 4.2% in 1Q24, while FPT Shop continued to record negative margin of -1.0% in 1Q24.

Margins improved, supported by Long Chau



Source: Company data, Yuanta Vietnam

Consolidated after-tax profits reached VND 61bn in 1Q24 (a reversal of 4Q23's losses of VND 103bn and +28.3x YoY). Long Chau continued to deliver, with earnings of over VND 100bn in 1Q24 (+8.4x QoQ / +63% YoY). Meanwhile, FPT Shop continued to post after-tax losses of VND 51bn (-43% QoQ / -23% YoY).

FRT has fulfilled 24% of our 2024E sales estimate and 22% of our PAT forecast in 1Q24.

Our View

We reiterate BUY on FRT. We **upgraded** our target price to VND166,800 on April 22, and the market appears to agree -- the stock has soared another 13.5% since then, and the current price implies just +3.6% upside to our target.

Fundamentally, we remain confident in Long Chau's longer term growth roadmap. Pharmacy retail and vaccination centers are already integrated into our valuation model, but healthcare (e.g., the partnership with IHH) and related services could offer even greater upside for FRT.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

Yuanta does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Research Analyst:

Di Luu
di.luu@yuanta.com.vn

Bloomberg code: YUTA

Appendix A: Important Disclosures

Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

Ratings Definitions

BUY: We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

HOLD–Outperform: In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

HOLD–Underperform: In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

SELL: We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

Under Review: We actively follow the company, although our estimates, rating and target price are under review.

Restricted: The rating and target price have been suspended temporarily to comply with applicable regulations and/or Yuanta policies.

Note: Yuanta research coverage with a Target Price is based on an investment period of 12 months. Greater China Discovery Series coverage does not have a formal 12 month Target Price and the recommendation is based on an investment period specified by the analyst in the report.

Global Disclaimer

© 2020 Yuanta. All rights reserved. The information in this report has been compiled from sources we believe to be reliable, but we do not hold ourselves responsible for its completeness or accuracy. It is not an offer to sell or solicitation of an offer to buy any securities. All opinions and estimates included in this report constitute our judgment as of this date and are subject to change without notice.

This report provides general information only. Neither the information nor any opinion expressed herein constitutes an offer or invitation to make an offer to buy or sell securities or other investments. This material is prepared for general circulation to clients and is not intended to provide tailored investment advice and does not take into account the individual financial situation and objectives of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities, investments or investment strategies discussed or recommended in this report. The information contained in this report has been compiled from sources believed to be reliable but no representation or warranty, express or implied, is made as to its accuracy, completeness or correctness. This report is not (and should not be construed as) a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on such business in that jurisdiction.

Yuanta research is distributed in the United States only to Major U.S. Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended and SEC staff interpretations thereof). All transactions by a US person in the securities mentioned in this report must be effected through a registered broker-dealer under Section 15 of the Securities Exchange Act of 1934, as amended. Yuanta research is distributed in Taiwan by Yuanta Securities Investment Consulting. Yuanta research is distributed in Hong Kong by Yuanta Securities (Hong Kong) Co. Limited, which is licensed in Hong Kong by the Securities and Futures Commission for regulated activities, including Type 4 regulated activity (advising on securities). In Hong Kong, this research report may not be redistributed, retransmitted or disclosed, in whole or in part or and any form or manner, without the express written consent of Yuanta Securities (Hong Kong) Co. Limited.

Taiwan persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities Investment Consulting
4F, 225,
Section 3 Nanking East Road, Taipei 104
Taiwan

Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities (Hong Kong) Co. Ltd
23/F, Tower 1, Admiralty Centre
18 Harcourt Road,
Hong Kong

Korean persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Head Office
Yuanta Securities Building
Euljiro 76 Jung-gu
Seoul, Korea 100-845
Tel: +822 3770 3454

Indonesia persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
PT YUANTA SECURITIES INDONESIA
(A member of the Yuanta Group)
Equity Tower, 10th Floor Unit EFGH
SCBD Lot 9
Jl. Jend. Sudirman Kav. 52-53
Tel: (6221) - 5153608 (General)

Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Thailand)
127 Gaysorn Tower, 16th floor
Ratchadamri Road, Pathumwan
Bangkok 10330

Vietnam persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Vietnam)
4th Floor, Saigon Centre
Tower 1, 65 Le Loi Boulevard,
Ben Nghe Ward, District 1,
HCMC, Vietnam

For U.S. persons only: This research report is a product of Yuanta Securities Vietnam Limited Company, under Marco Polo Securities 15a-6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Yuanta Securities Vietnam Limited Company has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be affected through Marco Polo or another U.S. registered broker dealer.

YUANTA SECURITIES NETWORK



YUANTA SECURITIES VIETNAM OFFICE

Head office: 4th Floor, Saigon Centre, Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, HCMC, Vietnam

Institutional Research

Matthew Smith, CFA

Head of Research

Tel: +84 28 3622 6868 (ext. 3815)

matthew.smith@yuanta.com.vn

Tanh Tran

Analyst (Banks)

Tel: +84 28 3622 6868 (ext. 3874)

tanh.tran@yuanta.com.vn

Di Luu

Assistant Analyst

Tel: +84 28 3622 6868 (ext. 3845)

di.luu@yuanta.com.vn

Binh Truong

Deputy Head of Research (O&G, Energy)

Tel: +84 28 3622 6868 (ext. 3845)

binh.truong@yuanta.com.vn

Tam Nguyen

Analyst (Property)

Tel: +84 28 3622 6868 (ext. 3874)

tam.nguyen@yuanta.com.vn

An Nguyen

Assistant Analyst

Tel: +84 28 3622 6868 (ext. 3845)

an.nguyen@yuanta.com.vn

Institutional Sales

Lawrence Heavey

Head of Institutional Sales

Tel: +84 28 3622 6868 (3855)

lawrence.heavey@yuanta.com.vn

Hien Le

Sales Trader

Tel: +84 28 3622 6868

hien.le@yuanta.com.vn

Vi Truong

Sales Trader

Tel: +84 28 3622 6868 (ext. 3940)

vi.truong@yuanta.com.vn

Tuan-Anh Nguyen

Sales Trader

Tel: +84 28 3622 6868 (ext. 3909)

anh.nguyen2@yuanta.com.vn

Dat Bui

Sales Trader

Tel: +84 28 3622 6868 (ext. 3941)

dat.bui@yuanta.com.vn