

RETAIL

It's time for a sprint



CONTENTS

I.	Executive summary	2
II.	A positive economic outlook fuels consumer spending	4
III.	Mobile phones would be the spotlight in 2H24	4
	1. ICT goods: Demand would be stronger in 2H24; saturation in mid-to-long term.	4
	2. ICT services & Tech: 5G commercialization would boost the demand; AI / Data centers' prospects are promising.	7
	3. Jewelry: Demand for Jewelry Retail would rise in 2H24; branded retailers would benefit in the mid-to-long term.	9
	4. Healthcare: The market structure for pharmacy retail is set; Long Chau's vaccine centers emerged with positive results.	10
	5. Grocery: Minimarts have been the key driver; we expect a faster expansion in 2H24 – 1H25.	11
IV.	Risk to be considered	13
	Company Analysis	14
	Mobile World Group (MWG)	15
	FPT Retail (FRT)	16
	Phu Nhuan Jewelry (PNJ)	17

What is the report about?

- Consumer spending would be stronger in 2H24
- Mobile phones would be the spotlight
- MWG and FRT would exceed the NPAT target

I. Executive summary

A positive economic outlook fuels consumer spending

In 1Q24, we see that consumers' confidence reached the highest level of 78% in the last 5 quarters. Together with a more bustling production activity (especially in 2Q24 with IIP reached 8.9% yoy in May 24), we think that the confidence index of consumers has approached a normal level (about 82%) in 2Q24. Hence, with a brighter economic outlook in 2H24, we think consumer spending would see a stronger improvement thereby peaking the recovery path of companies in the consumer sector.

Mobile phones would be the spotlight in 2H24

The upcoming launch of the iPhone 16 in October is anticipated to drive demand for smartphone upgrades, along with the plan to shut down 2G network. In addition, demand for CE products would continue to recover but would be less prominent due to the lack of supportive events. Since mobile phone is the largest component in the ICT segment, we think that the business results of ICT retailers could be even better in 2H24. Besides, while demand for jewelry retail is recovering slowly, we expect a stronger improvement in 2H24.

Consumer staples retailers' prospects are bright

We expect that Long Chau could open 200 pharmacies and 75 vaccine centers in 2H24F, exceeding the year target with 1,900 pharmacies and 150 vaccine centers. We think this is a good start for Long Chau's plan to step into the healthcare sector. For grocery retail, minimarts (BHX & WCM) would continue to benefit from the shift of consumers from larger store formats and traditional channels for the purchase of daily products. For BHX, SSSG would be the key sales driver in 2H24, but expansion is a must in 1H25 to maintain growth.

Despite a positive 2H24 outlook, however, stocks' valuation is no longer attractive

MWG and FRT are our favorable stocks for 2H24 – 1H25. For short-term prospects, MWG and FRT could reap the reward from demand recovery for mobile phones amid the rise of consumer spending. We expect that MWG and FRT could exceed their 2024 NPAT guidance. In mid-to-long term, we think that both MWG and FRT could benefit as a leading company in the grocery/healthcare sector, which is expected to rise in line with the development of Vietnam's economy.

Despite a positive 2H24 outlook, based on the consensus target price (Bloomberg), the valuation of MWG (+5.2%), FRT (-5.2%) and PNJ (+16.7%) are no longer attractive.

Table 1. Coverage valuation

Recommendation & TP			Earning & Valuation										
Company				Sales	OP	NP	EPS	BPS	ROE	ROA	PE	PB	EV/EBI TDA
				(VND bn)	(VND bn)	(VND bn)	(VND)	(VND)	(%)	(%)	(x)	(x)	(x)
Mobile World Group (MWG)	TP	N/A	2019A	102,174	4,977	3,834	8,657	27,360	36.3	11.0	15.2	4.8	10.3
	Price	62,600	2020A	108,546	5,216	3,918	8,650	34,139	28.4	8.9	15.2	3.8	8.2
	Market cap (VND bn)		2021A	122,958	5,888	4,899	6,861	28,561	27.3	9.0	19.2	4.6	11.3
			2022A	133,405	6,644	4,100	2,802	16,338	18.5	6.9	15.3	2.6	6.3
			2023A	118,279	1,017	167	114	15,953	0.7	0.3	428.5	2.8	40.3
FPT Retail (FRT)	TP	N/A	2019A	16,634	273	204	2,612	16,126	17.7	3.6	7.4	1.2	2.1
	Price	180,000	2020A	14,661	14	10	266	15,367	2.0	0.4	101.1	2.1	0.5
	Market cap (VND bn)		2021A	22,495	546	444	5,618	21,045	30.9	5.5	17.6	4.7	2.2
			2022A	30,166	474	398	3,295	16,951	21.3	3.7	24.2	8.6	2.2
			2023A	31,850	(297)	(329)	(2,537)	11,738	(18.3)	(2.9)	(64.6)	13.9	0.5
Phu Nhuan Jewelry (PNJ)	TP	N/A	2019A	17,001	1,623	1,194	5,034	20,316	28.7	15.9	15.7	3.9	12.1
	Price	96,100	2020A	17,511	1,508	1,069	4,463	23,029	21.8	12.5	17.7	3.4	12.3
	Market cap (VND bn)		2021A	19,547	1,409	1,029	4,295	26,416	18.3	10.7	18.4	3.0	13.7
			2022A	33,876	2,337	1,810	6,988	34,302	25.1	15.1	11.3	2.3	8.5
			2023A	33,137	2,484	1,971	6,009	29,882	21.6	14.2	14.3	3.3	12.9

Source: Company Data, KIS VN

Table 2: 2H24 business results

(VNDbn, %, %p)

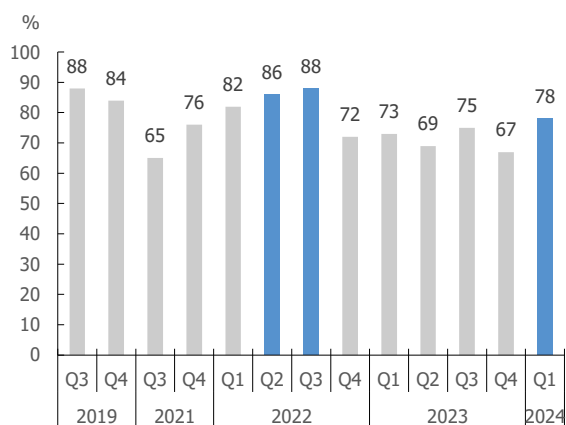
	Revenue			NPAT		
	2H24F	yoy	qoq	2H24F	yoy	qoq
MWG	70,008	13.4	7.9	2,384	1,746.2	22.9
FRT	21,074	23.6	18.9	176	250.4	70.2
PNJ	17,227	3.3	(21.5)	941	6.0	(18.4)

Source: Company data, KIS VN

I. A positive economic outlook fuels consumer spending

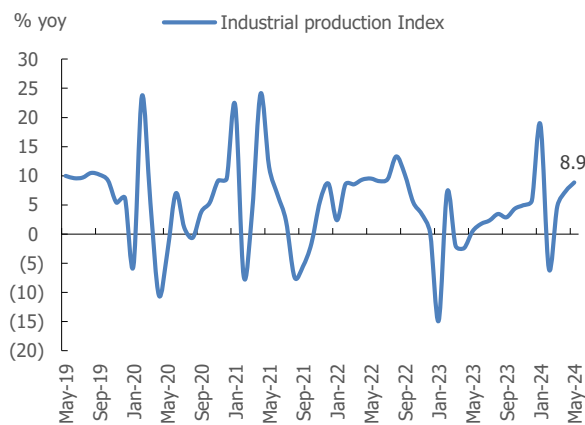
The consumer confidence index in Vietnam has recovered since 3Q23 – despite a drop in 4Q23 due to the lay-off waves and low bonuses. In 1Q24, consumers' confidence index reached the highest level of 78% during the last 5 quarters (Figure 1). Together with a more bustling production activity (2Q24 IIP moved up 8.9% yoy in May 24, figure 2), we think that the confidence index of consumers has approached a normal level (about 82%) in 2Q24. Hence, with a brighter economic outlook in 2H24, we think consumer spending could revive and thereby fostering earnings recovery of consumer sector.

Figure 1. Consumer confidence reached a five-quarter peak fueled by a positive economic outlook



The economic situation will be better or the same as today in the next 12 months.
Source: Kantar Worldpanel Division, KISVN

Figure 2. Production activities are also getting brighter especially in 2Q24



Source: GSO, KISVN

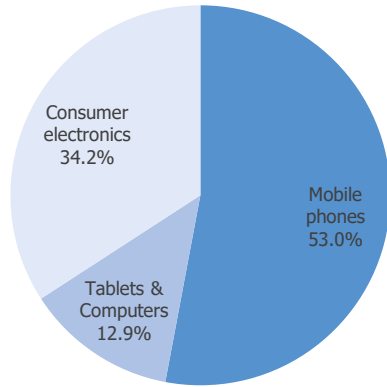
II. Mobile phones could be the spotlight in 2H24

1. ICT goods: Demand would be stronger in 2H24; saturation in mid-to-long term

Mobile phones – The demand for mobile phones remained weak in 1H24 but revival in 4Q24F

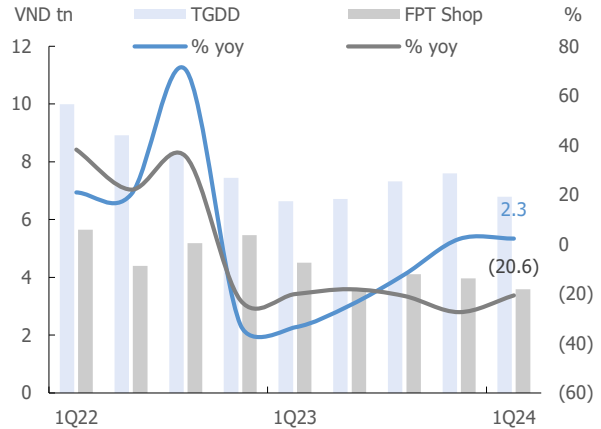
In 1H24, sales of mobile phones have not yet recovered as consumers only change to newer models when having a comfort budget. In 4Q24, with the expectation of the recovery of the confidence index to a normal level, consumers would return to spend on mobile phones. In addition, we think that the release of iPhone 16 on Oct 24 would boost the sales of mobile phones as consumers had delayed the replacement in 4Q23 – leading to a gloomy sale of iPhone 15. As mobile phones accounted for the largest shares of the ICT segment (figure 3), we think that the business result of ICT retailers could be better in 2H24 compared to 1H24.

Figure 3. Mobile phone is the largest category of the ICT/CE segment



Source: Euromonitor, KISVN

Figure 4. TGDD and FPT Shop left room for the recovery in 2H24

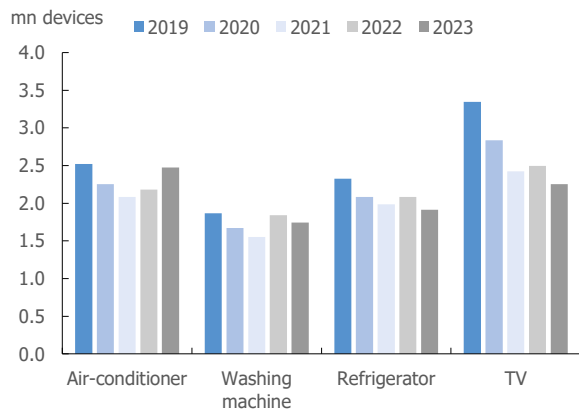


Source: Company Data, KISVN

Consumer electronics – Shining in 1H24 but dimming in 2H24

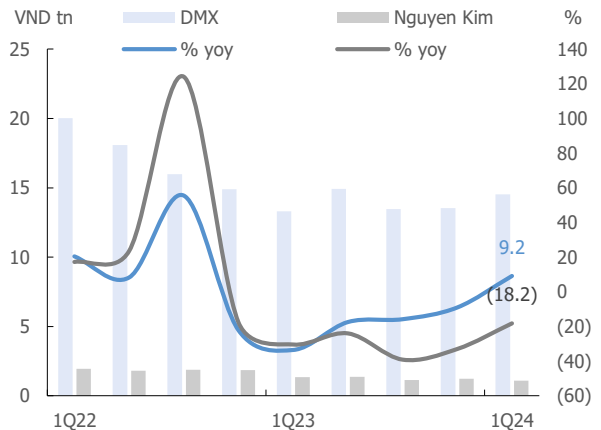
In 1H24, sales of CE products gradually recovered amid the rise in consumer spending. Which, air conditioner was in the spotlight since the weather was hotter than last year because of the El Niño effects. However, in 2H24, since the El Niño would change to the neutral phase, we expect the demand for air conditioners would cool down. Besides, with the Euro Cup 2024, we think that sales of TVs could contribute positively to sales. In 2H24, we anticipate that the demand for CE products would continue to increase mainly due to the recovery in purchasing power but not be a spotlight as the lack of supportive events.

Figure 5. Sales of air conditioners has increased in recent years because of hotter weather



Source: Gfk, KISVN

Figure 6. Sales growth of DMX and Nguyen Kim improved in 1H24

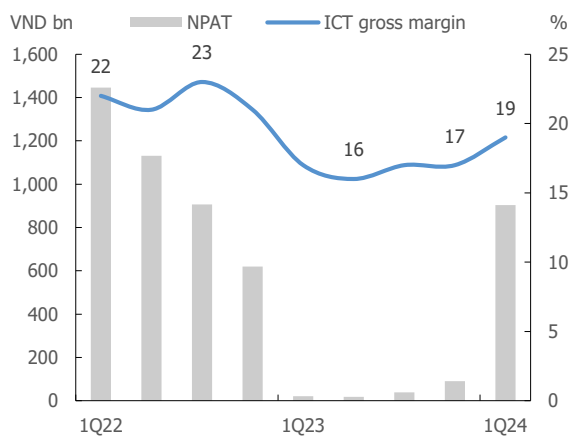


Source: Company Data, KISVN

ICT retailers' margins – Expanded due to the ease of the price war and change in product mix; we expect a full recovery in 2H24

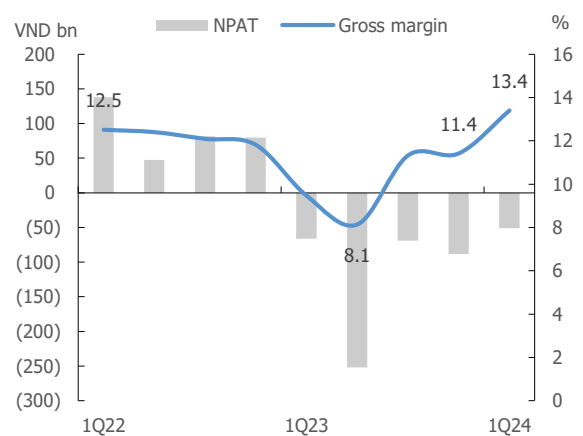
In 1Q24, both listed retailers (MWG & FRT) reported a notable increase in gross profit margins due to the ease of the price war and the change in product mix (a greater contribution of CE products). As a result, both companies saw an improvement in NPAT. In 2H24, we think that MWG ICT's gross margin would fully recover. For FPT Shop, we think that the key driver for NPAT would be the increase in sales amid the recovery of consumption. Hence, since the rise in sales would be enough to cover fixed costs, we expect FPT Shop would report a positive NPAT in 2H24.

Figure 7. MWG's ICT margin still have room to recover in 2H24



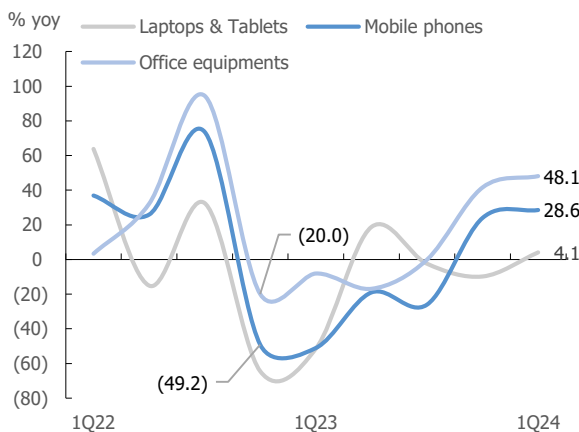
Source: Company Data, KISVN

Figure 8. FPT Shop's margin rise due to the ease of the price war and change in product mix



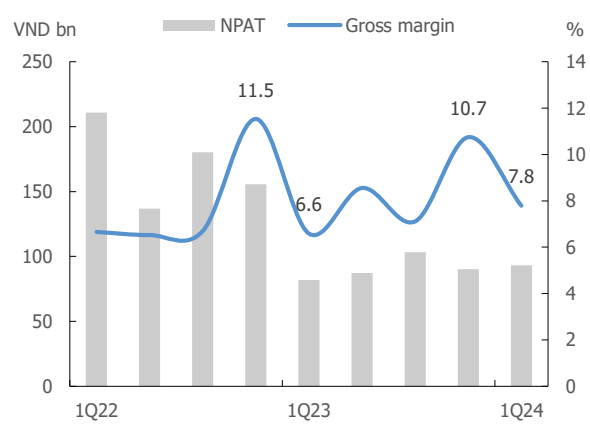
Source: Company Data, KISVN

Figure 9. DGW's mobile phones (47.9% total sales) lead the recovery but not fully yet



Source: Company Data, KISVN

Figure 10. In 2H24, we expect DGW's NPAT would rise as the increase of sales

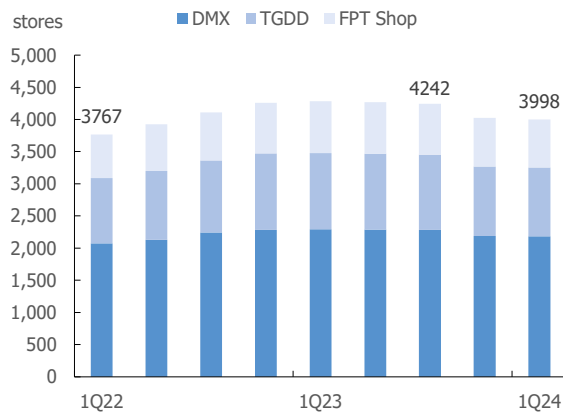


Source: Company Data, KISVN

ICT store closures – Both MWG and FRT had decreased the store numbers amid the long-term market saturation

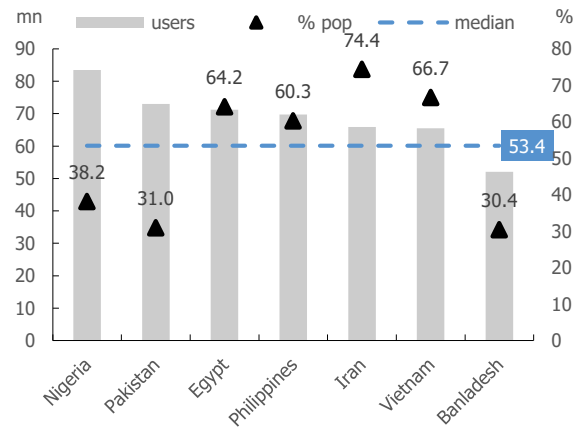
Starting in 4Q23, MWG announced to close inefficient DMX and TGDD stores, followed by the store closure of FPT Shop by FRT. As of 1Q24, the store number of DMX, TGDD and FPT Shop decreased by 102, 94 and 48 stores respectively compared to 3Q23. We think that FRT and MWG would not open more stores in 1H24-2H25 because the market for both mobile phones and CE products has already been saturated. For example, we see that 66.7% of the population uses mobile phones (or 65.5 mn people – the world's top 20). Per Euromonitor, the market for both products would grow at only 4-5% 5-year CAGR.

Figure 11. The total ICT store number of listed retailers decreased by 244 in 1Q24 (vs 3Q23)



Source: Company Data, KISVN

Figure 12. Vietnam's mobile users were at the top position among low-income countries



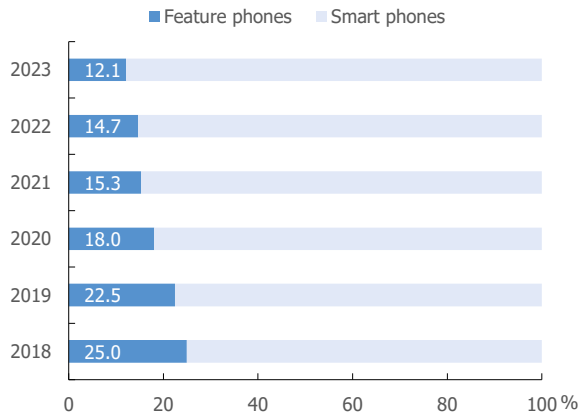
Source: World Bank, Statista, KISVN

2. ICT services & Technology: 5G commercialization would boost the demand; AI/Data centers' prospects are promising

5G – Auctions of 5G spectrum licenses were successful in 1H24; retail/tech companies would benefit when commercialization

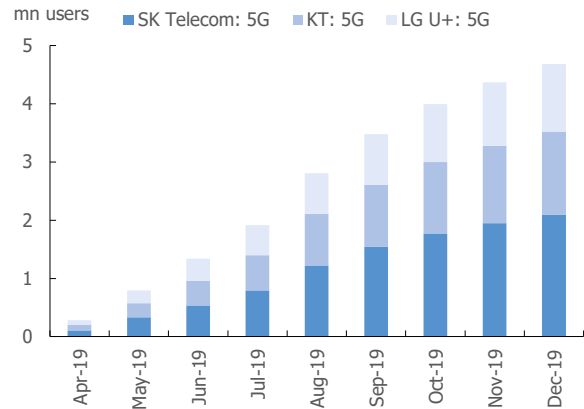
Vietel & VNPT have successfully won the 5G spectrum licenses in Apr 24, which opens the gate for a commercialization phase – we expect in 2H24. Together with the plan of shutting down 2G (Sep 24), this would create a structural change in demand – consumers switch from feature phones to smartphones. Combined with the replacement cycle which would fall in 4Q24 (as analyzed), we think that MWG, FRT, DGW would be the main beneficiaries. In addition, we think that businesses that are in line with the implementation of 5G such as CTR (BTS construction) and FPT (online service providers and data centers), and CMC (data centers) would also benefit.

Figure 13. When 2G is shutdown, we expect that numbers of people would switch to smartphones



Source: Euromonitor, KISVN

Figure 14. Korea had 4.7 mn 5G users (9% population) after 9 months of commercialization

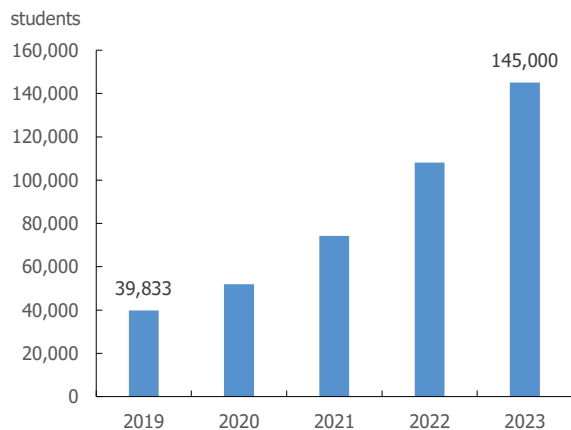


Source: Tefficient, KISVN

Technology – FPT and NVIDIA have inked MoU to build \$200mn AI factories; FPT’s new data centers would operate in 2H24-1H25

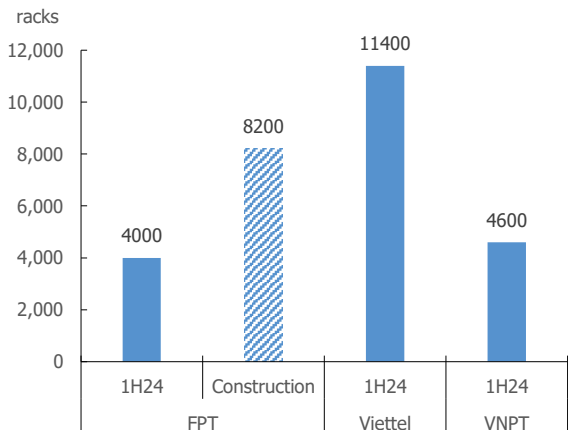
FPT and NVIDIA inked MoU to build \$200mn AI factories on Apr 24. We think that FPT’s competitive advantage in the AI/semiconductor fields in Vietnam would come from the graduates from FPT University – as they are one of a few universities that teach these programs in addition to the FPT’s infrastructure ecosystem. In Apr 24, Viettel has put their 14th data center into operation with 2,400 racks¹ to increase the capacity to 11,400 racks – maintaining the 1st position in Vietnam. FPT currently has 2 data centers in construction, which are located in Thu Duc (3,600 racks – the largest in Vietnam) & Da Nang. The two data centers would raise the total capacity to about 8,200 racks – we expect in 2H24-1H25.

Figure 15. FPT university creates a competitive advantage in the AI/semiconductor fields



Source: Company Data, KISVN

Figure 16. FPT would double its capacity when the 2 data centers are put into operation



Source: Company Data, KISVN

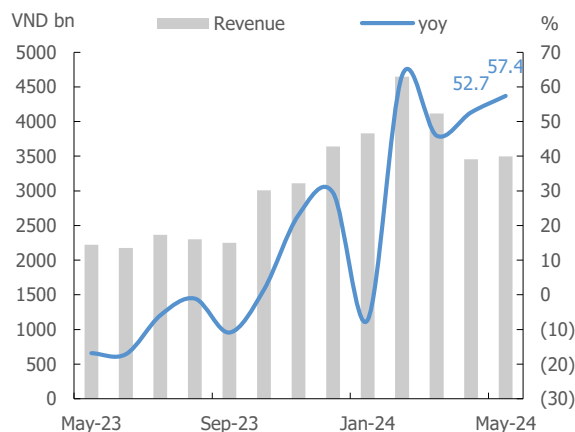
¹ A data center rack is used to store servers, networking devices, cables and other equipment. In Vietnam, a small data center has about 500 racks, while a mid-size has 1,000 – 2,000 racks. A big data center would have more than 5,000 racks (international practice).

3. Jewelry – Demand for Jewelry Retail would rise in 2H24; branded retailers would benefit in the mid-to-long term

Jewelry Retail was weak in 1H24 but we expect demand could be stronger in 2H24

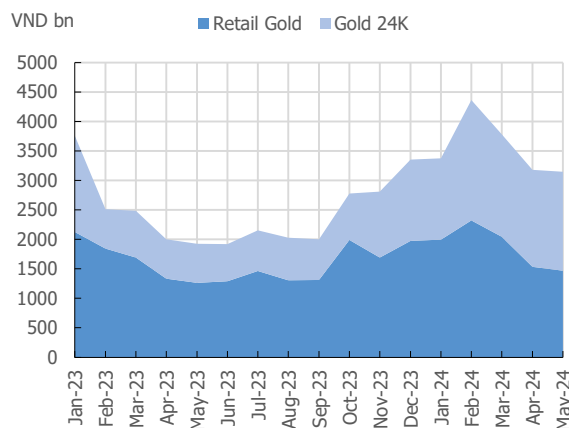
In 1H24, the gold market gained a lot public attention due to a historical surge in gold prices. As a result, the demand for Gold 24K increased for trading purposes (PNJ's Gold 24K: +79.9% yoy in 4M24). However, Jewelry Retail sales remained weak (PNJ's Jewelry Retail: +12.4% yoy – including the surge of about 30% yoy in gold price), which implies the demand for consumption has not yet been recovered. Together with stronger consumer spending in 2H24, we expect the demand for Retail Jewelry would rise more notable relatively to 1H24.

Figure 17. PNJ's sales surged in 1H24 amid the increase demand for Gold 24K



Source: Company Data, KISVN

Figure 18. Demand for Jewelry Retail sales remained weak in 1H24

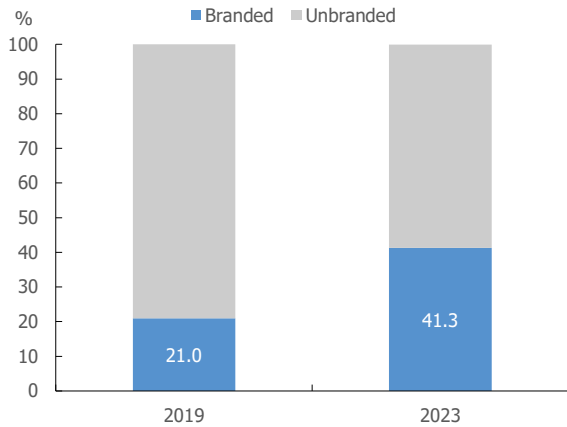


Source: Company Data, KISVN

Branded Jewelry retailers would benefit in the mid-to-long term amid the tighten control of SBV in the gold market

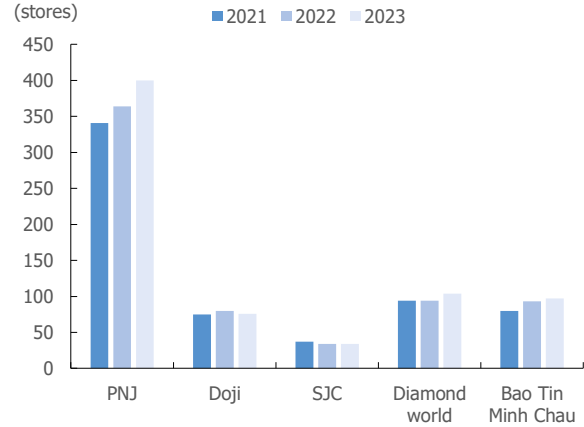
In 2Q24, SBV took actions to stabilize the gold market (examination on origin unknown gold, propose to remove the monopoly of importing raw gold,...), which led to the temporary closure of many small independent gold retailers to avoid the examination. We think that the action of SBV is not only for the short-term (stabilize VNDUSD rate) but also for the long-term purposes (the transparency of the gold market). Hence, we believe branded jewelry retailers such as PNJ and Dolji would continue to gain market shares from unbranded jewelry. In addition, the rise in GDP per capita would have a positive effect on the gold consumption demand.

Figure 19. Consumers continued to switch to branded jewelry in Vietnam



Branded Jewelry represents market share of PNJ, Doiji and SJC
Source: Euromonitor, KISVN

Figure 20. PNJ would benefit as the largest branded jewelry retailer in Vietnam



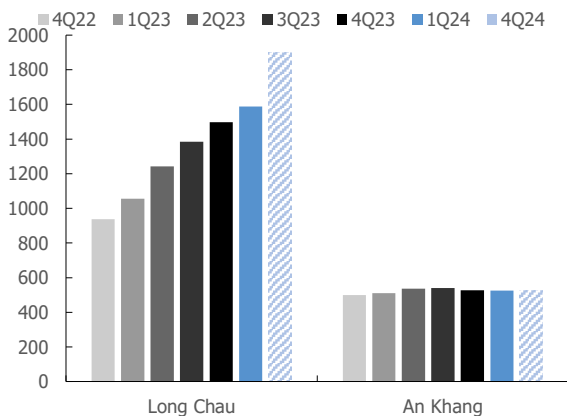
Source: Company Data, KISVN

4. Healthcare – The long-term market structure for pharmacy retail is gradually set; Long Chau’s vaccine centers emerged with positive results

Pharmacy retail – Long Chau is on track to complete their 400 stores target, others compete for the 2nd position

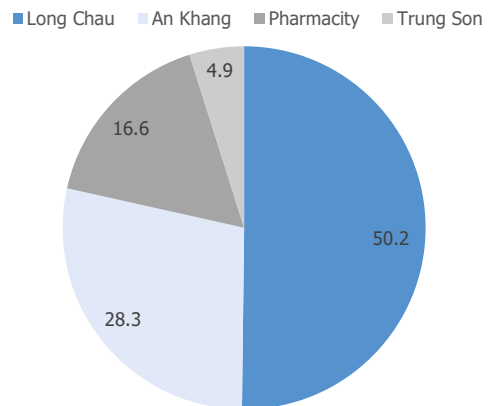
In 1Q24, Long Chau (LC) continued to open 90 pharmacies (+531 stores yoy) to raise the total number to 1,587 (50% store coverage or 70% market share based on sales). Meanwhile, Pharmacy has 899 stores (-38 stores yoy) and An Khang has 526 (-16 stores yoy) – both chains have not reached the break-even point. In 2H24, we think that the competitive landscape would not be much different. LC would continue to open 100 stores per quarter thereby completing their 400 stores target. Per LC management, they aim to reach a total of about 2,500 – 3,000 stores. Meanwhile, An Khang & Pharmacy would compete for the 2nd position.

Figure 21. LC continued to expand in 1H24; we expect they could exceed the yearly targets



Source: Company Data, KISVN

Figure 22. LC has 50% store coverage of the modern pharmaceutical channel

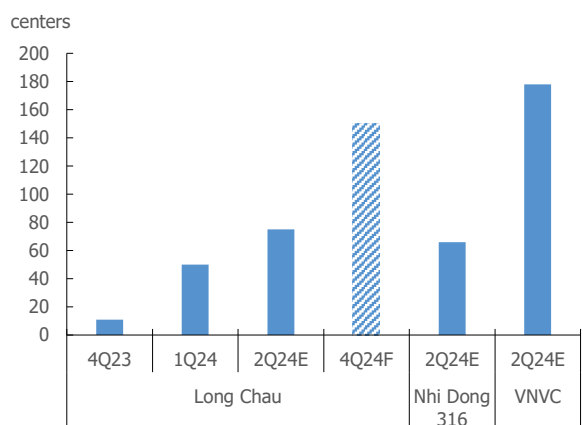


Data is collected in Mar 24 and subjects to the accuracy of company websites
Source: Company Data, KISVN

Vaccine centers – LC’s centers emerged with positive result, they could have 150 vaccine centers at the end of 2024

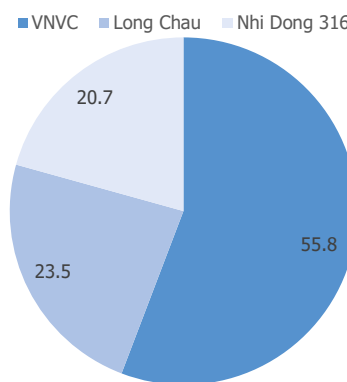
In 1Q24, LC opened 40 vaccine centers to increase the total number to 51 vaccine centers. As of June 24, we estimate that LC has 75 vaccine centers, which was higher than Nhi Dong 316 (66 vaccine centers) but lower than VNVC (178 vaccine centers). We think that the competitive advantage of LC’s vaccine centers comes from 15 million customers and a wide network of 1,700 pharmacies. In 2H24F, we expect LC could open 75 centers, thereby ending the year at 150 centers – exceed their target of 100 centers.

Figure 23. LC’s vaccine centers could share the leading position with VNVC



Data is collected in Jun 24 and subjects to the accuracy of company websites
Source: Company Data, KISVN

Figure 24. LC’s vaccine center has 24% store coverage after 6 months of expansion



Data is collected in Jun 24 and subjects to the accuracy of company websites
Source: Company Data, KISVN

5. Grocery retail – Minimarts have been the key driver for the modern retail channel²; we expect a faster expansion in 2H24 – 1H25F

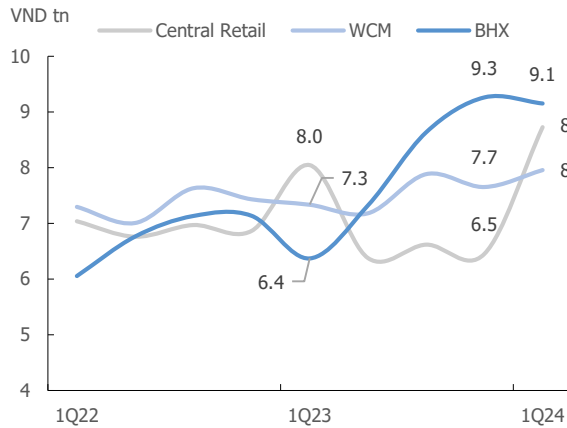
Consumers choose minimart for daily purchases but still prefer larger store formats for special events (Tet holidays)

In 1Q24, the two minimart players (BHX and WCM) continued to report positive growth. We think that the main driver is because consumers have shifted the purchase of daily grocery products from both traditional channels and larger store formats. Per Kantar World Panel, minimarts have shown the highest growth in both numbers of visits and spending per trip. Meanwhile, Central Retail reported a rise of 8.5% yoy in 1Q24, after experiencing 3 declining quarters. We think that this was because they had put 5 more full-size supermarkets and consumers still prefer to shop at larger store formats for Tet holidays. In 2H24 - 1H25, we think that consumers could continue to shift to minimarts for daily purchases

² The modern grocery channel consists of supermarkets (include full-size supermarkets and minimarts), hypermarkets and convenience stores. Major brands include:
 + Minimarts: BHX (MWG), Winmart+ (WCM), Co.opFood (SaigonCo.op)
 + Full-size supermarkets: Co.opMart, Winmart, and go!, Top market, Lan Chi (3 brands by Central Retail)
 + Hypermarkets: Go! (Central Retail), Co.opExtra, Emart
 + Convenience stores: Circle K, FamilyMart, GS 25

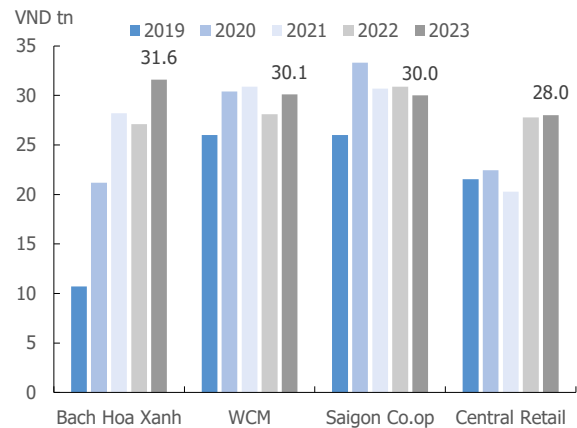
given their convenience. For special events, consumers would choose full-size or hypermarkets to have a discount for large purchases.

Figure 25. 3 grocery retailers reported a positive result in 1Q24.



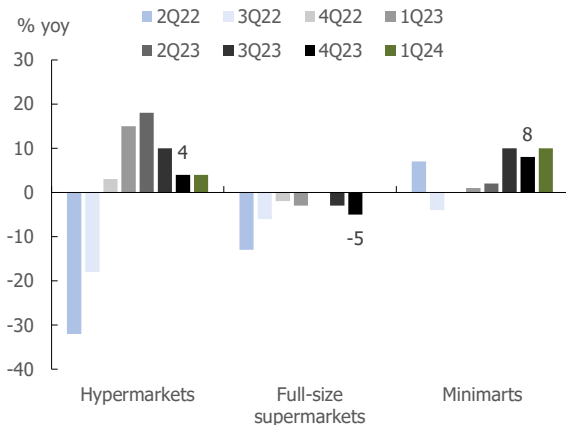
Sales of Central Retail include only food segment in Vietnam
Source: Company Data, KISVN

Figure 26. BHX is currently the largest grocery retailers in Vietnam



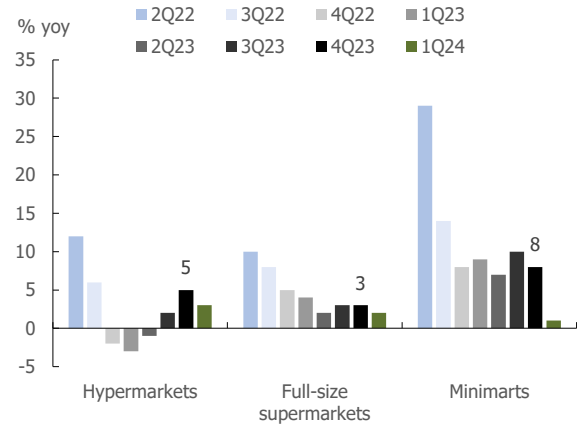
Sales of Central Retail include only food segment in Vietnam
Source: Company Data, KISVN

Figure 27. The number of visits to minimarts grew strongest in minimarts (Urban Vietnam)



Source: Kantar Worldpanel, KISVN

Figure 28. The growth of spending per trip was also highest in minimarts (Urban Vietnam)

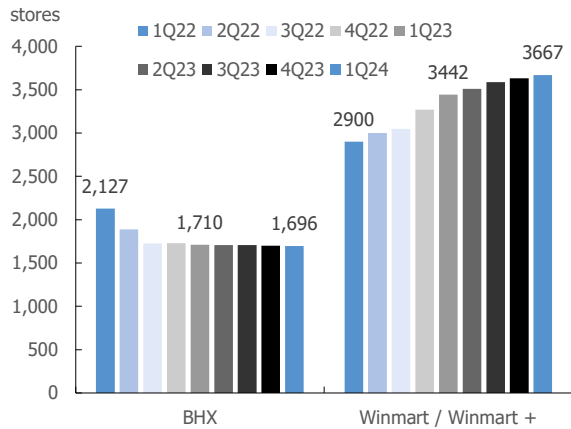


Source: Kantar Worldpanel, KISVN

Store expansion must be the key driver for BHX to maintain the current growth in 1H25 onwards

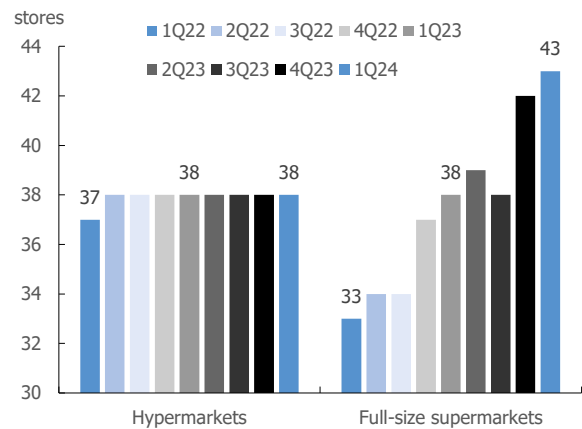
BHX has become the largest grocery retailer in Vietnam despite no store expansion. However, after reaching the break-even level in 4Q23, sales/store stayed around VND1.8 – 1.9bn. Hence, in 1H25, in order for BHX to maintain a sales growth rate that has been seen in 1H24, they have to open more stores. Initially, we expect that BHX’s net margin could stay at a minor of 0.25% – 0.75%, then gradually increase to a stable level of ~1.5% - based on our observation of regional minimarts players in Indonesia, Malaysia, and Thailand. For WCM and Central Retail, we think that store expansion could continue to be the sales driver in 2H24 – 1H25F, given the low level of grocery modern trade in Vietnam. Per WCM, they plan to open 367 stores in 2024 to reach the level of 4,000 stores.

Figure 29. BHX and WCM has no major expansion in 1Q24



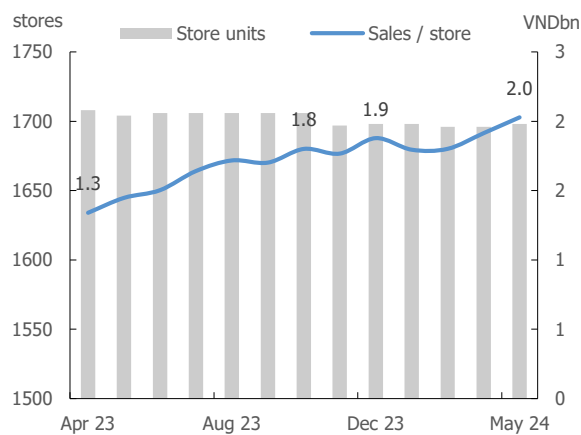
Source: Company Data, KISVN

Figure 30. Central Retail add 5 full-size supermarkets in 1Q24 compared to 1Q23



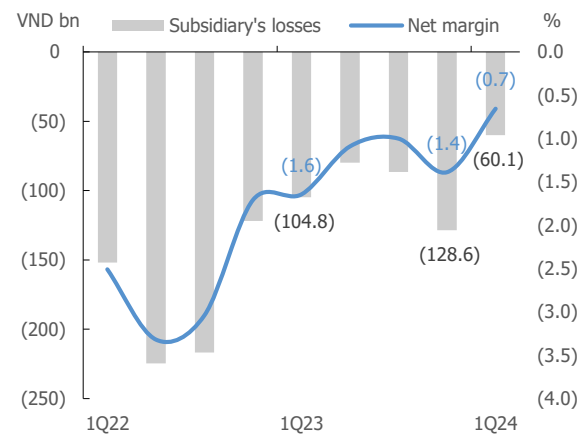
Source: Company Data, KISVN

Figure 31. BHX's sales per store was maintained at the break-even level of VND1.8bn – 1.9bn



Source: Company Data, KISVN

Figure 32. BHX's losses had contracted notably in 1Q24



Source: Company Data, KISVN

III. Risk to be considered

Consumer spending could hurt if the economic revival is slower than expected

In brief, the improvement of consumer spending is the key catalyst for consumer retailers and manufacturers in 2H24, which is linked closely to purchasing power. Hence, a slower recovery of the economy could affect the short-term prospects of the mentioned companies. However, we think that this probability is relatively low given a visible improvement in Vietnam export and labor markets. For the mid-to-long term, we think that the main risk for minimart players is whether they are able to maintain a positive margin when expansion in 2025. For pharmacy retailers, the profitability of the new healthcare segment could be the main risk.

Company Analysis

Mobile World Group	MWG
FPT Retail	FRT
Phu Nhuan Jewelry	PNJ

Mobile World Group (MWG)

HOLD

		Yr to	Sales	OP	NP	EPS	% chg	BPS	PE	P/B	ROA	ROE	DY
		Dec	(VND bn)	(VND bn)	(VND bn)	(VND)	(yoy)	(VND bn)	(x)	(x)	(x)	(%)	(%)
Stock price (Jun 27, VND)	62,600	2019A	102,174	4,977	3,834	8,657	33.2	27,360	15.2	4.8	11.0	15.2	1.2
Market cap (USD mn)	3,566	2020A	108,546	5,216	3,918	8,650	0.0	34,139	15.2	3.8	8.9	15.2	0.4
Shares outstanding (mn)	1,462	2021A	122,958	5,888	4,899	6,861	(20.5)	28,561	19.2	4.6	9.0	19.2	2.4
52-Week high/low (VND)	64,000/35,100	2022A	133,405	6,644	4,100	2,802	(59.2)	16,338	15.3	2.6	6.9	15.3	0.0
6M avg. daily turnover (USD mn)	21.14	2023A	118,279	1,017	167	114	(95.9)	15,953	428.5	2.8	0.3	428.5	0.0
Free float / Foreign ownership (%)	77.1/47.5												
Major shareholders (%)													
Mobile World Group	10.48												
Arisaig Asia	3.45												

Source: Company data, KIS Research

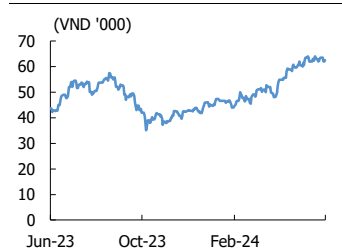
Note: NP and EPS attributed to controlling interest

From ICT recovery to Grocery expansion

Performance

	1M	6M	12M
Absolute (%)	3.5	44.9	41.8
Rel. to VNI (%p)	3.3	31.7	28.7

Stock price



Source: Bloomberg

Hot weather fuels the recovery. In 5M24, MWG reported net revenue of VND 54,240bn (+15.1% yoy). In which:

- **TGDD and DMX:** Sales of ICT/CE products were VND36,829bn (+5.4% yoy) – due to the recovery of consumers' demand and hotter weather)
- **BHX:** Sales of grocery products reached VND15,838bn (+42.4% yoy), thanks to the shift of consumers to modern grocery retail channel.

In 1Q24, MWG's NPAT surged to VND903bn (about 42 times yoy), attributed by the ease of price war and greater contribution of CE products.

Table 3. MWG 2H24 earnings forecast

(VNDbn, %)

	2H23A	1H24F	2H24F		2024F		Consensus	
			yoy	qoq	yoy	2H24F	2024F	
Revenue	61,710	64,893	70,009	13.4	7.9	134,901	14.1	- 130,113
TGDD	14,918	13,422	17,109	14.7	27.5	30,531	8.0	- -
DMX	27,008	30,288	29,975	11.0	(1.0)	60,263	9.1	- -
BHX	17,891	19,234	20,885	16.7	8.6	40,119	27.0	- -
Others	1,892	1,949	2,039	7.7	4.6	3,988	24.8	- -
NPAT	129	1,940	2,384	1,746.2	22.9	4,324	2,476.5	- 3,129

Source: Company data, Bloomberg, KISVN estimate

Mobile phones would capture the spotlight. We estimate that MWG's net revenue could reach VND134,901bn (+14.1% yoy) in 2024, in which net revenue could increase to VND70,008bn (+13.4%) in 2H24F.

- **TGDD and DMX:** Mobile phones would be the sales driver due to the recovery of demand amid the increase in consumer spending and the replacement cycle – especially with the release of iPhone 16 in 4Q24.
- **BHX:** Sales of BHX could continue to rise in 2H24F attributed to SSSG. However, compared to 1H24, the growth rate could be slower because of higher sales / store in 2H23, and no more stores has been added.

We estimate that MWG could report NPAT of VND4,324bn (about 25 times yoy), which exceed the year target of VND2,400bn. In which, 2H24F NPAT could be VND2,384bn (about 17 times yoy).

MWG is currently trading at 0.75 P/S, which is higher than +1 5-year standard deviation. The consensus target price is VND65,900 (Bloomberg), which implies an upside of 5.2% from the current market price.

FPT Retail (FRT)

NON-RATED

		Yr to	Sales	OP	NP	EPS	% chg	BPS	PE	P/B	ROA	ROE	DY
		Dec	(VND bn)	(VND bn)	(VND bn)	(VND)	(yoy)	(VND bn)	(x)	(x)	(x)	(%)	(%)
Stock price (Jun 27, VND)	180,000	2019A	16,634	273	204	2,612	(47.5)	16,126	7.4	1.2	3.6	17.7	2.9
Market cap (USD mn)	962	2020A	14,661	14	10	266	(89.8)	15,367	101.1	2.1	0.4	2.0	0.0
Shares outstanding (mn)	136	2021A	22,495	546	444	5,618	2011.2	21,045	17.6	4.7	5.5	30.9	0.8
52-Week high/low (VND)	180,000/67,000	2022A	30,166	474	398	3,295	(41.4)	16,951	24.2	8.6	3.7	21.3	0.0
6M avg. daily turnover (USD mn)	4.20	2023A	31,850	(297)	(329)	(2,537)	(177.0)	11,738	(64.6)	13.9	(2.9)	(18.3)	0.0
Free float / Foreign ownership (%)	47.1/35.8												
Major shareholders (%)													
FPT	46.53												
CTBC Vietnam Equity	4.92												

Source: Company data, KIS Research

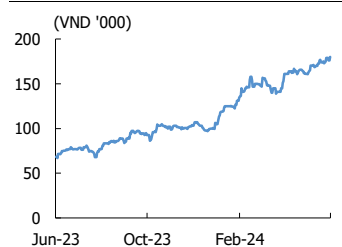
Note: NP and EPS attributed to controlling interest

From ICT recovery to Healthcare expansion

Performance

	1M	6M	12M
Absolute (%)	11.8	74.3	162.0
Rel. to VNI (%p)	11.7	60.8	148.6

Stock price



Source: Bloomberg

Long Chau expanded but FPT Shop was not yet recovered. In 1Q24, FRT recorded the revenue of VND8,587bn (+10.1% yoy), by which:

- **LC:** Sales of LC rose to VND4,049bn (+50.7% yoy), contributed by the rapid expansion of 90 pharmacies and 41 vaccine centers.
- **FPT Shop:** Sales of ICT products continued declining to VND3,638bn (-19.4% yoy) due to the weak demand.

In 1Q24, FRT's NPAT increased to VND61bn, recorded beneficial after 3 losing quarters, derived from the growth of LC and diminishment of FPT Shop losses.

Table 4. FRT 2H24 earnings forecast

(VNDbn, %)

	2H23A	1H24F	2H24F		2024F		Consensus		
			yoy	qoq	yoy	1Q24F	2024F		
Revenue	17,050	17,730	21,074	23.6	18.9	38,804	21.0	-	39,349
Long Chau	8,983	11,375	13,352	48.6	17.4	24,727	55.7	-	-
Drugstore	8,983	10,543	11,636	29.5	10.4	22,179	39.6	-	-
Vaccine centers	0	832	1,716	na	106.3	2,548	na	-	-
FPT Shop	8,067	6,355	7,722	(4.3)	21.5	14,077	(13.0)	-	-
NPAT	(117)	103	176	na	70.2	279	184.8	-	156

Source: Company data, Bloomberg, KISVN estimate

LC would be the main growing factor. We think that FRT's net revenue could reach VND38,804bn (+21.0% yoy) in 2024, including the 2H24F net revenue of VND21,074bn (+23.6% yoy)

- **LC:** LC would continue to be the sales driver. We expect that LC could open 200 pharmacies and 75 vaccine centers in 2H24F.
- **FPT Shop:** FPT Shop could benefit from the recovery of consumer spending and the replacement cycle of mobile phones.

We estimate that FRT could report NPAT of VND176bn in 2H24F. For 2024, we expect that FRT's NPAT could reach VND279bn, recovering from the loss after tax of VND329bn in 2023.

FRT is currently trading at 0.74 P/S, which is higher than +2 5-year standard deviation. The consensus target price is VND170,600 (Bloomberg), which is lower by 5.2% from the current market price.

Phu Nhuan Jewelry (PNJ)

NON-RATED

		Yr to	Sales	OP	NP	EPS	% chg	BPS	PE	P/B	ROA	ROE	DY
		Dec	(VND bn)	(VND bn)	(VND bn)	(VND)	(yoy)	(VND bn)	(x)	(x)	(x)	(%)	(%)
Stock price (Jun 27, VND)	96,100	2019A	17,001	1,623	1,194	5,034	(7.8)	20,316	15.7	3.9	15.9	28.7	2.2
Market cap (USD mn)	1,259	2020A	17,511	1,508	1,069	4,463	(11.4)	23,029	17.7	3.4	12.5	21.8	3.0
Shares outstanding (mn)	335	2021A	19,547	1,409	1,029	4,295	(3.8)	26,416	18.4	3.0	10.7	18.3	1.4
52-Week high/low (VND)	103,100/70,621	2022A	33,876	2,337	1,810	6,988	70.9	34,302	11.3	2.3	15.1	25.1	0.8
6M avg. daily turnover (USD mn)	5.36	2023A	33,137	2,484	1,971	6,009	(22.4)	29,882	14.3	3.3	14.2	21.6	0.6
Free float / Foreign ownership (%)	86.9/49.0												
Major shareholders (%)													
Dragon Capital	9.62												
Spucegrove	5.06												

Source: Company data, KIS Research

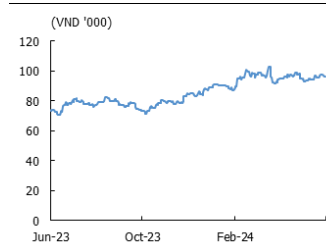
Note: NP and EPS attributed to controlling interest

Jewelry Retail would recover in 2H24

Performance

	1M	6M	12M
Absolute (%)	1.3	13.0	29.0
Rel. to VNI (%p)	1.1	(0.4)	15.7

Stock price



Source: Bloomberg

Gold 24K was the sales driver in 1H24. In 5M24, PNJ reported net revenue of VND19,547bn (+36.9% yoy). In which:

- Jewelry Retail:** Sales of Jewelry Retail was VND1,467bn (+16.4% yoy – including the rise of about 30% in gold price).
- Gold 24K:** Sales of Gold 24K surged to VND1,679bn (+152.5% yoy) due to the increase in demand for trading purposes.

In 5M24, PNJ's NPAT increased to VND1,051bn (+8.4% yoy), which was mainly attributed by the surge in Apr (+60.9% yoy) and May (+22.5% yoy) – we think it was because of the fluctuation in gold price.

Table 5. PNJ 2H24 earnings forecast

(VNDbn, %)

	2H23A	1H24F	2H24F		2024F		Consensus		
			yoy	qoq	yoy	2H24F	2024F		
Revenue	16,678	21,948	17,227	3.3	(21.5)	39,175	18.2	-	39,442
Jewelry Retail	9,740	10,768	10,856	11.5	0.8	21,624	12.1	-	-
Gold 24K	5,385	9,312	4,783	(11.2)	(48.6)	14,094	35.0	-	-
Wholesale	1,352	1,665	1,438	6.4	(13.6)	3,103	8.9	-	-
Others	201	178	150	(25.5)	(15.9)	328	(41.7)	-	-
NPAT	888	1,153	941	6.0	(18.4)	2,095	6.3	-	2,180

Source: Company data, Bloomberg, KISVN estimate

Jewelry Retail would recover in 2H24. We estimate that PNJ's net revenue could reach VND39,175bn (+18.2% yoy) in 2024F, in which net revenue could maintain at VND17,227bn (+3.3% yoy) in 2H24F.

- Jewelry Retail:** Jewelry Retail would be the key driver for sales in 2H24F amid the recovery in consumption demand.
- Gold 24K:** Sales of Gold 24K could decrease in 2H24F because of the drop in gold price and the decline in demand for trading purposes.

We estimate that PNJ could report NPAT of VND941bn (+6.0% yoy) in 2H24F – which is mainly attributed by Jewelry Retail. For 2024, we estimate that NPAT could be at VND2,095bn (+6.3% yoy).

PNJ is currently trading at 16.4 P/E, which is equal to the 5-year average. The consensus target price is VND112,200 (Bloomberg), which implies an upside of 16.7% from the current market price.

■ **Guide to KIS Vietnam Securities Corp. stock ratings based on 12-month forward performance**

- BUY: Expected total return will be 15% or more
- Hold: Expected total return will be between -5% and 15%
- Sell: Expected total return will be -5% or less
- KIS Vietnam Securities Corp. does not offer target prices for stocks with Hold or Sell ratings.

■ **Guide to KIS Vietnam Securities Corp. sector ratings for the next 12 months**

- Overweight: Recommend increasing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.
- Neutral: Recommend maintaining the sector's weighting in the portfolio in line with its respective weighting in the VNIndex based on market capitalization.
- Underweight: Recommend reducing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.

■ **Analyst Certification**

I/We, as the research analyst/analysts who prepared this report, do hereby certify that the views expressed in this research report accurately reflect my/our personal views about the subject securities and issuers discussed in this report. I/We do hereby also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report.

■ **Important compliance notice**

As of the end of the month immediately preceding the date of publication of the research report or the public appearance (or the end of the second most recent month if the publication date is less than 10 calendar days after the end of the most recent month), KIS Vietnam Securities Corp. or its affiliates does not own 1% or more of any class of common equity securities of the companies mentioned in this report.

There is no actual, material conflict of interest of the research analyst or KIS Vietnam Securities Corp. or its affiliates known at the time of publication of the research report or at the time of the public appearance.

KIS Vietnam Securities Corp. or its affiliates has not managed or co-managed a public offering of securities for the companies mentioned in this report in the past 12 months;

KIS Vietnam Securities Corp. or its affiliates has not received compensation for investment banking services from the companies mentioned in this report in the past 12 months; KIS Vietnam Securities Corp. or its affiliates does not expect to receive or intend to seek compensation for investment banking services from the companies mentioned in this report in the next 3 months.

KIS Vietnam Securities Corp. or its affiliates was not making a market in securities of the companies mentioned in this report at the time that the research report was published.

KIS Vietnam Securities Corp. does not own over 1% of shares of the companies mentioned in this report as of 23 Dec 2020.

KIS Vietnam Securities Corp. has not provided this report to various third parties.

Neither the analyst/analysts who prepared this report nor their associates own any shares of the company/companies mentioned in this report as of 23 Dec 2020.

KIS Vietnam Securities Corp. has not issued CW with underlying stocks of It's time for a sprint and is not the liquidity provider.

Prepared by: Research Dept

Global Disclaimer

■ General

This research report and marketing materials for Vietnamese securities are originally prepared and issued by the Research Center of KIS Vietnam Securities Corp., an organization licensed with the State Securities Commission of Vietnam. The analyst(s) who participated in preparing and issuing this research report and marketing materials is/are licensed and regulated by the State Securities Commission of Vietnam in Vietnam only. This report and marketing materials are copyrighted and may not be copied, redistributed, forwarded or altered in any way without the consent of KIS Vietnam Securities Corp..

This research report and marketing materials are for information purposes only. They are not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This research report and marketing materials do not provide individually tailored investment advice. This research report and marketing materials do not take into account individual investor circumstances, objectives or needs, and are not intended as recommendations of particular securities, financial instruments or strategies to any particular investor. The securities and other financial instruments discussed in this research report and marketing materials may not be suitable for all investors. The recipient of this research report and marketing materials must make their own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser. KIS Vietnam Securities Corp. does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. KIS Vietnam Securities Corp., its affiliates, or their affiliates and directors, officers, employees or agents of each of them disclaim any and all responsibility or liability whatsoever for any loss (director consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or KIS Vietnam Securities Corp. The final investment decision is based on the client's judgment, and this research report and marketing materials cannot be used as evidence in any legal dispute related to investment decisions.

■ Country-specific disclaimer

United States: This report is distributed in the U.S. by Korea Investment & Securities America, Inc., a member of FINRA/SIPC, and is only intended for major U.S. institutional investors as defined in Rule 15a-6(a)(2) under the U.S. Securities Exchange Act of 1934. All U.S. persons that receive this document by their acceptance thereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or implied understanding that they will direct commission income to Korea Investment & Securities, Co., Ltd. or its affiliates. Pursuant to Rule 15a-6(a)(3), any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Korea Investment & Securities America, Inc., which accepts responsibility for the contents of this report in the U.S. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. person absent registration or an applicable exemption from the registration requirement.

United Kingdom: This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

Hong Kong: This research report and marketing materials may be distributed in Hong Kong to institutional clients by Korea Investment & Securities Asia Limited (KISA), a Hong Kong representative subsidiary of Korea Investment & Securities Co., Ltd., and may not otherwise be distributed to any other party. KISA provides equity sales service to institutional clients in Hong Kong for Korean securities under its sole discretion, and is thus solely responsible for provision of the aforementioned equity selling activities in Hong Kong. All requests by and correspondence with Hong Kong investors involving securities discussed in this report and marketing materials must be effected through KISA, which is registered with The Securities & Futures Commission (SFC) of Hong Kong. Korea Investment & Securities Co., Ltd. is not a registered financial institution under Hong Kong's SFC.

Singapore: This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Korea Investment & Securities Co., Ltd. has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person. Please contact Korea Investment & Securities Singapore Pte Ltd in respect of any matters arising from, or in connection with, the analysis or report (Contact Number: 65 6501 5600).

Copyright © 2020 KIS Vietnam Securities Corp.. All rights reserved. No part of this report may be reproduced or distributed in any manner without permission of KIS Vietnam Securities Corp..