

FPT Retail (FRT)

Slower expansion faster recovery

In 4Q24, FRT's net revenue climbed up to VND11.4tn (+31.7% yoy), while NPAT rose to VND134bn (from loss of -VND103bn in 4Q23). For 2024, FRT reported net revenue of VND40.1tn (+25.9% yoy; 108% target) and NPAT of VND408bn (from loss of -VND329bn in 2023; more than 4 times of target). While FRT's 2024 business result beat the market consensus, their 4Q24's was a bit lower.

Long Chau grew strong but getting slower

- In 4Q24, Long Chau's sales continued to climb up to VND7.2tn (+52.9% yoy; +13.0% qoq), thanks to the open of 94 pharmacies (to 1,943 pharmacies; +446 YTD) and 11 vaccine centers (to 126 VCs; +116 YTD).
- This rate of opening was almost the lowest in 2024 (and in the last 12 quarters) which might be because either (1) the company has achieved the year target (of 400 pharmacies) or (2) they have come to the end of the rapid expansion phase (figure 4).
- At the same time, Pharmacy speeded up with 34 new pharmacies (An Khang maintained the store level), while VNVC and Nhi Dong 315 opened faster with 20 and 14 vaccine centers respectively (figure 4 & 5).
- GPM was maintained at 21.1% but NPM slightly contracted to 1.6% (-0.3% p qoq – which we think is because of the year-end bonuses).
- Long Chau posted NPAT of VND116bn (from loss of -VND15bn in 3Q23) but weaker than 3Q24 of ~VND126bn.
- For 2024, Long Chau reported sales of VND25.3tn (+59.5% yoy; 119% target) and NPAT of VND436bn (+3.0x yoy).

	2020A	2021A	2022A	2023A	2024A
Sales (VND bn)	14,661	22,495	30,166	31,850	40,104
chg. (% YoY)	(11.9)	53.4	34.1	5.6	25.9
Operating profit (VND bn)	14	546	474	(297)	543
Net profit (VND bn)	10	444	398	(329)	408
EPS (VND)	266	5,618	3,295	(2,537)	2,331
chg. (% YoY)	(89.8)	2012.0	(41.3)	NA	NA
EBITDA (VND bn)	79	499	672	149	1008
PE (x)	101.1	17.6	24.2	NA	84.8
EV/EBITDA (x)	100.8	20.3	26.1	230.9	33.6
PB (x)	2.1	4.7	4.0	8.6	14.1
ROE (%)	2.0	30.9	21.3	(18.3)	18.9
Dividend yield (%)	3.2	NA	0.4	0.7	0.0

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

12M rating **NON-RATED**

12M TP
Up/Downside

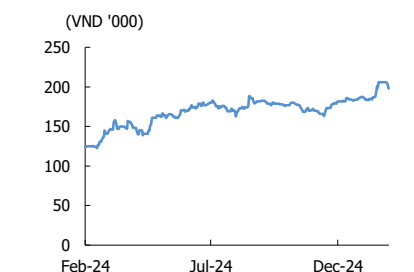
Stock Data

VNIndex (6 Feb, pt)	1,270
Stock price (6 Feb, VND)	197,800
Market cap (USD mn)	1,035
Shares outstanding (mn)	136
52-Week high/low (VND)	206,000/122,600
6M avg. daily turnover (USD mn)	3.48
Free float / Foreign ownership (%)	45.3/36.1
Major shareholders (%)	
FPT	46.5
CTBC Vietnam Equity	4.9
Vof Investment Limited	4.8

Performance

	1M	6M	12M
Absolute (%)	5.5	14.9	55.2
Relative to VNIndex (%p)	4.3	8.9	46.4

Stock price trend



Source: Bloomberg

Research Department

Researchdept@kisvn.vn

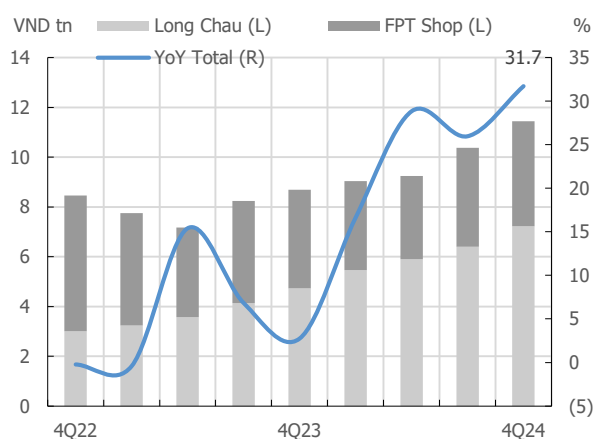
FPT Shop's NPAT was still thin

- In 4Q24, FPT Shop's sales posted a positive growth of 6.5% yoy to VND4.2tn – the first time in 2024.
- We think that this was mainly the recovery from a low base in 4Q23 while the demand for ICT-CE products was still weak in absolute term (4Q23's/4Q24's sales only equaled to ~73%/~77% of 4Q22's sales).
- The store level stayed almost unchanged at 637 stores (-5 stores qoq/-154 stores yoy), showing the end of the store restructure plan.
- GPM slightly contracted to 13.0% (-0.6%p qoq) due to a higher contribution of mobile phones (has lower margin than consumer electronic products).
- FPT Shop posted NPAT of VND18bn (from loss of -VND88bn), which is even lower than ~VND40bn in 3Q24.
- For 2024, FPT Shop reported sales of VND15.1tn (-6.5% yoy; 95% target) and a net loss of -VND55bn (from -VND475bn last year).

1Q25F-2025F: LC grow slower, FPT Shop recover stronger

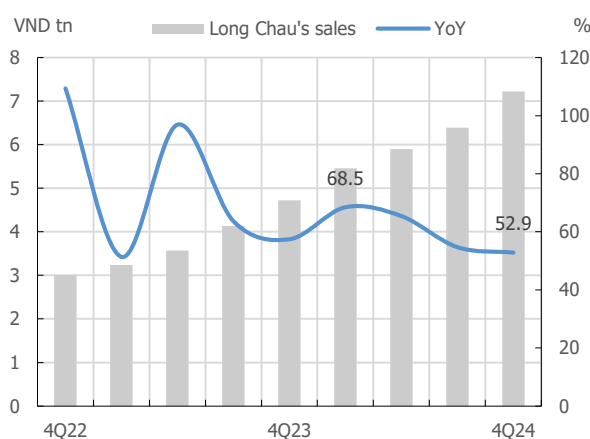
- In 1Q25F - 2025F, we think that the key catalysts for FRT would not be much different. Meaning that:
 - o Long Chau would open about 100 pharmacies and 15-20 vaccine centers. However, as Long Chau's size has become bigger (while the store opening remains the same), sales growth would getting slower.
 - o FPT Shop would recover at a faster rate (more in 2H2025F) reflecting higher consumer purchasing power.
- NPAT would continue to see a substantial increase on a YoY basic from both the expansion of Long Chau and the turnaround of FPT Shop.

Figure 1. FRT's sales continued to rise high in 4Q24 attributed to both Long Chau and FPT Shop



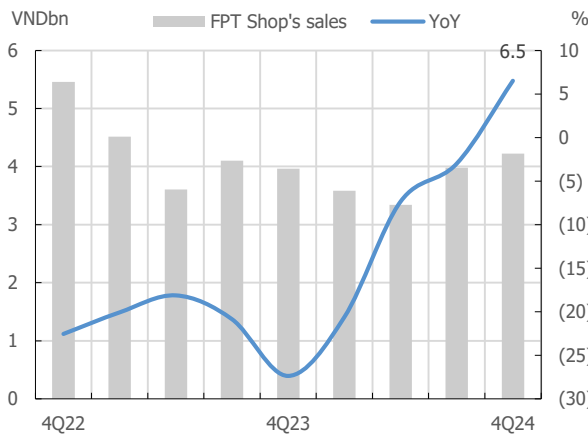
Source: Company data, KISVN

Figure 2. Long Chau's sales growth was high but showing a trend of slowing down



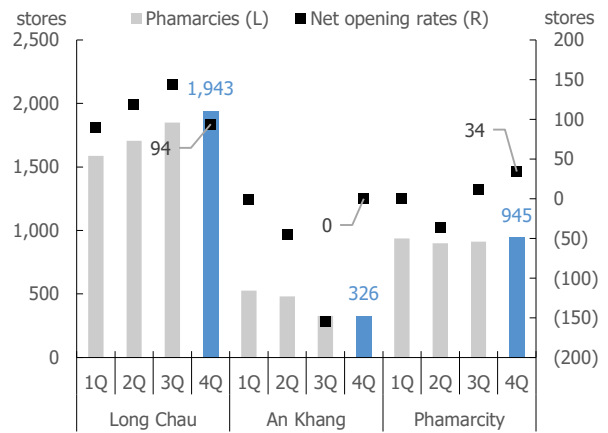
Source: Company data, KISVN

Figure 3. FPT's sales recovered from a low base in 4Q23 but still weak in absolute term



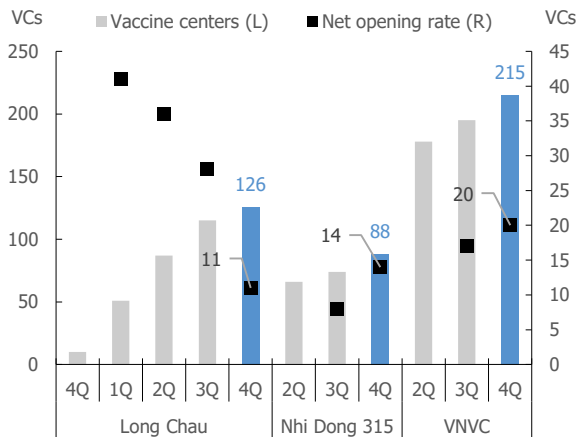
Source: Company data, KISVN

Figure 4. The net opening rates of LC's pharmacies was slower in 4Q24, Pharmacy expanded faster



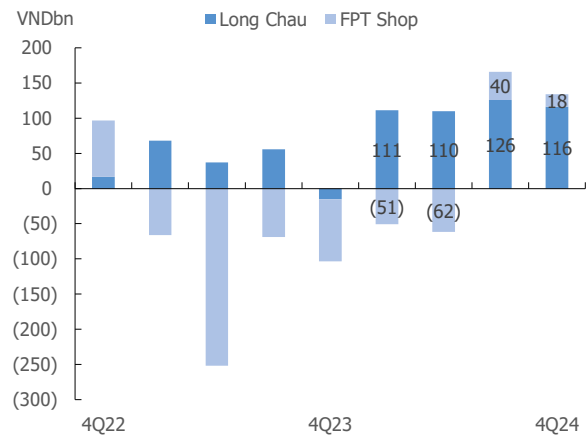
Source: Company data, KISVN
Note: Data accuracy depends on the accuracy of company website

Figure 5. Long Chau's vaccine centers expand slower than other chains in 4Q24.



Source: Company data, KIS Research
Note: Data accuracy depends on the accuracy of company website

Figure 6. FRT posted a weaker NPAT in 4Q24 from both Long Chau and FPT Shop



Source: FiinPro X, KISVN

■ 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 6 Feb 2025.

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 6 Feb 2025.

KIS Vietnam Securities Corp. has not issued CW with underlying stocks of FPT Retail (FRT) and is not the liquidity provider.

Prepared by: Research Department

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 © 2025 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..