

5 May 2025

FPT Retail (FRT)

Growth slowed down

In 1Q25, FRT reported a net revenue of VND11.7tn (+29.1% yoy) and NPAT of VND213bn (+3.5x yoy).

Long Chau's store expansion slowed down

- In 1Q25, Long Chau's sales continued to rise to VND8.1tn (+45.5% yoy), which was driven by the expansion of 79 pharmacies (to 2,022 pharmacies) and 18 vaccine centres (to 144 VCs).
- Pharmacies expansion rate was almost the lowest during last quarter (4Q24: +94 pharmacies), while vaccine centres expansion was up a bit from 11 VCs in 4Q24 (but still slower than the rate in 1H24).
- We think that the modern pharmacy retail market has passed its fast-growing phase, and Long Chau has been approaching their store target of 2,500-3,000 pharmacies (as being shared during 2024's AGM).
- For vaccine centres, while we think that the long-term prospect is bright due to the low vaccination level of Vietnam compared to other ASEAN countries, we think a slowdown is necessary for a new player to build a complete system as well as trust towards customers.
- At the bottom line, Long Chau posted NPAT of VND231bn (+2.1x yoy).
- In 2Q25F, we think that sales would continue to grow at a lower rate, thanks to the opening of 80 pharmacies and 20 vaccine centres. NPAT would continue to grow strong thanks to the contribution of existing pharmacies.

	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 the controlling interest

12M rating **NON-RATED**

12M TP
Up/Downside

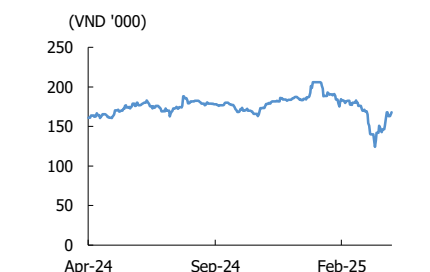
Stock Data

VNIndex (29 Apr, pt)	1,226
Stock price (29 Apr, VND)	167,800
Market cap (USD mn)	879
Shares outstanding (mn)	136
52-Week high/low (VND)	206,000/124,100
6M avg. daily turnover (USD mn)	3.58
Free float / Foreign ownership (%)	47.0/32.3
Major shareholders (%)	
FPT	46.5
CTBC Vietnam Equity	4.9
Vof Investment Limited	4.8

Performance

	1M	6M	12M
Absolute (%)	(0.7)	(1.9)	2.2
Relative to VNIndex (%p)	6.1	(1.0)	(0.3)

Stock price trend



Source: Bloomberg

Research Department

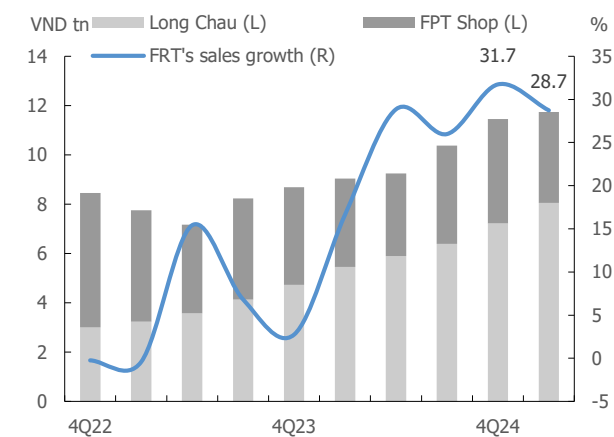
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FPT Shop posted losses again

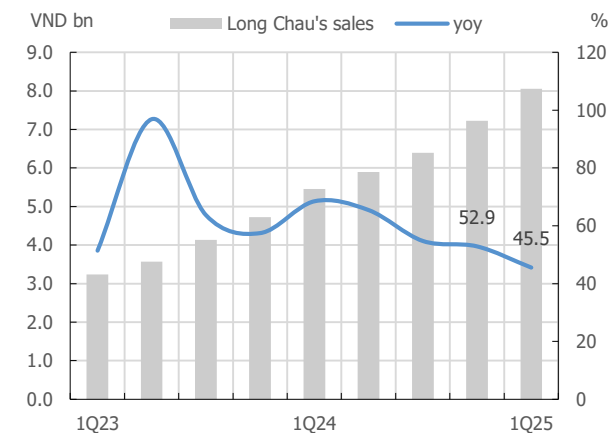
- In 1Q25, FPT Shop's sales remained at VND3.7tn (+2.8% yoy), attributed to SSSG of 21.6% yoy (while the store number decreased by 15.5% yoy).
- Compared to 4Q24 (sales: +6.5% yoy), we think that FPT Shop's sales rate of recovery was quite slow, which might be due to (1) a weak consumer demand and (2) losing market share (TGGD's sales: +22.2% yoy in 1Q25).
- In 1Q25, FPT Shop operated 628 stores (-6 stores qoq; -115 stores yoy). We think that store closures might continue in the upcoming quarters, but only at a low level.
- Gross margin decreased to 12.5% (-90%p yoy) due to a higher proportion of mobile phones, while SG&A expenses/revenue decreased to 12.4% (-200%p yoy) thanks to operating a lower number of stores.
- At the bottom line, FPT Shop posted a loss after tax of VND19bn again (from NPAT of VND18bn in 4Q24) since lower sales were not enough to cover fixed costs (4Q24's sales: VND4.3tn – peak year-end season).
- In 2Q25F, which is a low-end season (even lower than 1Q25), we think that FPT Shop's sales would continue to be gloomy (especially after considering the impact of tariffs on consumer demand). Hence, FPT Shop might continue to post a loss after tax.

2025's AGM: New Partner, New Pathway

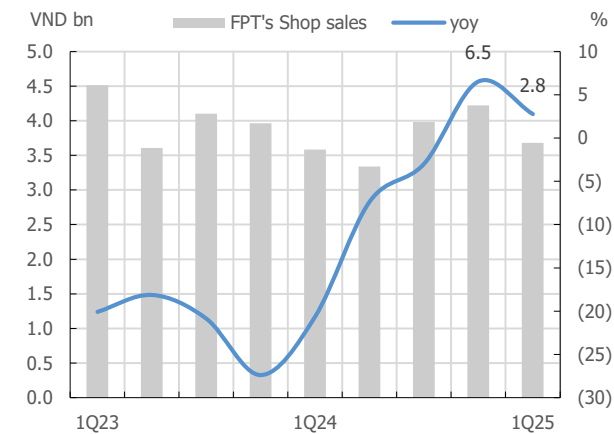
- In 2025, FRT sets its guidance with revenue reaching VND48.1tn (+20% yoy) and PBT reaching VND900bn (+71% yoy).
- Long Chau's sales are targeted to VND32.3tn (+28% yoy, 67% of FRT's sales). Long Chau plans to open new 350 pharmacies and 80 vaccine centres, which is slower than the opening of 446 pharmacies and 116 vaccine centres in 2024.
- On 25th Apr, FRT announced that it has signed with strategic investor Creador Sdn Bhd. The investment will be carried out over one year, with Creador acquiring a 13% stake, split equally between new issuance & existing shares.
- Per FRT, most customers at LC's vaccination centres come from its existing pharmacy customer base. We believe this would be a competitive advantage of Long Chau over other players in building a healthcare system.
- FPT Shop's sales are targeted VND16.0tn (+6% yoy) – mainly from SSSG. The number of stores remains unchanged at 634 stores. They would continue to increase the proportion of CE products (sales: +80% yoy from the low base), thereby helping to increase the gross margin.
- FRT shares that consumer purchasing power might be affected if the export activities slow down due to the tariffs.

Figure 1. FRT's sales growth was slower in 1Q25

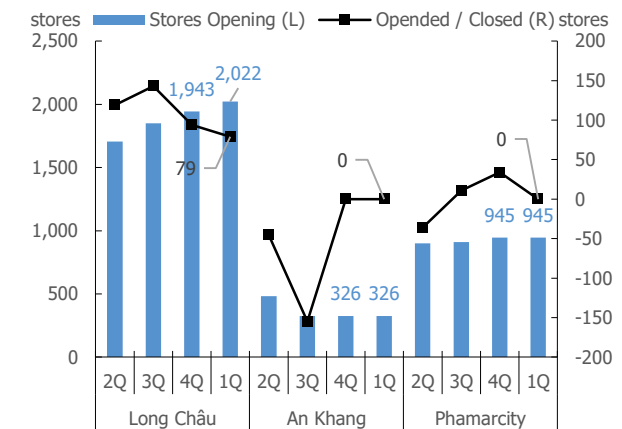
Source: Company data, KISVN

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

Source: Company data, KISVN

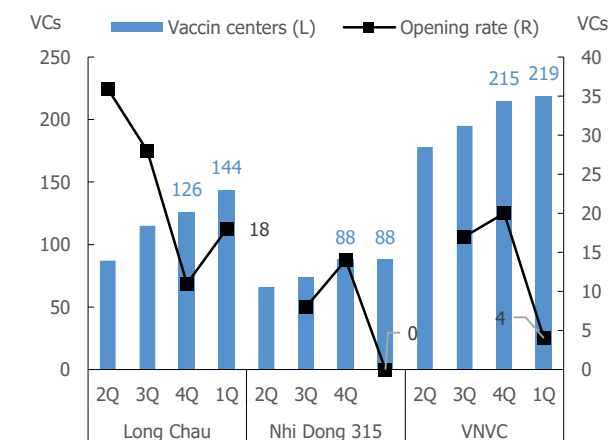
Figure 3. FPT Shop's sales recovered remained flat in 1Q25

Source: Company data, KISVN

Figure 4. The net opening rates of Long Chau pharmacies was slower in 1Q25

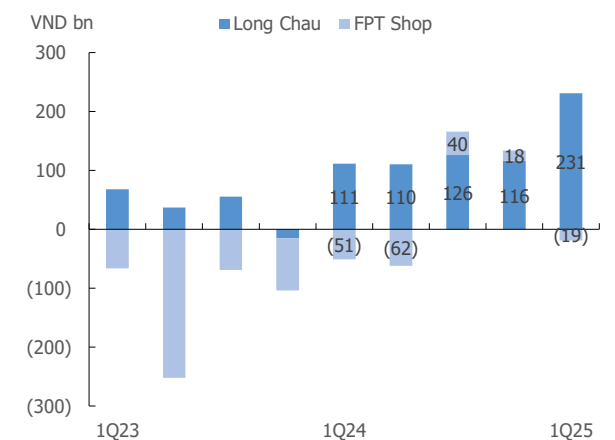
Source: Company data, KISVN

Note: Data accuracy depends on the accuracy of company website

Figure 5. Long Chau opened 18 new vaccine centers in 1Q25

Source: Company data, KIS Research

Note: Data accuracy depends on the accuracy of the company website

Figure 6. Long Chau's NPAT continued to rise in 1Q25, while FPT Shop posted losses again

Source: FiinPro X, KISVN

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Prepared by: Research Department

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