



FRT Flash note - OUTPERFORM

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Earnings Flash note

Recommendation **OUTPERFORM**

HSX: FRT

Retail

Target price (VND) **191,700**

Market price (VND) **173,600**

Expected share price return 10.4%

Expected dividend yield 0.3%

Expected total return **10.7%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	62.2	2.7	-5.4	69.7
Relative	50.4	3.5	-3.0	54.2

Source: Bloomberg



Ownership

FPT Corp.	46.5%
CTBC VN EQ Fund	4.9%
Hanoi Investments Holdings	3.0%

Stock Statistics Nov 27, 2024

Bloomberg code	FRT VN
52-week range (VND)	95,700-189,100
Shares O/S (m)	136
Mkt cap (VND bn)	23,652
Mkt cap (USD m)	927
Est. Foreign room left (%)	12.0
Est. free float (%)	45.2
3m avg daily vol (shrs)	408,099
VND/USD	25,509
Index: VNIIndex / HNX	1241.97/223.09

FPT DIGITAL RETAIL JSC (FRT VN)

Surprising earnings of the FPT Shop chain enabled the company to post stunning EBT of VND198bn in 3Q2024 (+198 times YoY), nurturing a positive revision in our EBT projections by 50% for 2024 and 27% for 2025 compared to the latest update. However, higher working capital for expansion of the consumer electronics business may not propel improvements in the company's cashflow. Our target price is VND191,700/share (1% lower than the prior update) by the end of 2025, equivalent to a total return of 10.7%. Rating **OUTPERFORM**.

FRT announced net revenue growth of 26% YoY and EBT of VND198bn (+198 times YoY) in 3Q2024. On a cumulative basis, net revenue rose by 23.7% YoY to VND28,657bn and EBT achieved VND358bn in 9M2024 (9M2023: -VND197bn).

The FPT Shop chain, capturing 38% of FRT's sales, made stunning EBT of VND263bn (3Q2023: -VND69bn), beating our expectation, on a 3% YoY slide in revenue in 3Q2024 (notwithstanding better than the previous quarters). The big jump in the EBT was primarily driven by VND211bn of financial profit (3Q2023: -VND12bn) including VND224bn of dividend from Long Chau Pharmaceutical JSC, besides a revival from operating loss to operating profit. In 9M2024, the chain generated VND10,904bn of revenue (-10.8% YoY) and VND151bn of EBT (3Q2023: -VND387bn). A large number of stores (118) was closed YTD in order to heighten efficiency, bringing the number of stores to 637 at the end of 9M2024.

With an aim to expand its product portfolio, FRT piloted converting 10 FPT Shop stores into FPT Shop Consumer Electronic stores in 3Q2024 after adding consumer electronics and home appliances products to FPT Shop stores from 2022. The company plans to open 50 additional consumer electronic stores in 4Q2024.

The Long Chau chain, comprising pharmacies and vaccination centers, continued to prop up the company's revenue and operating profit growth. Accounting for 62% of FRT's sales (including negligible contribution of vaccination centers in our estimate), Long Chau grew by 54.8% YoY in revenue in 3Q2024. This was bolstered by robust network expansion, with 1,849 pharmacies (+352 stores YTD) and 115 vaccination centers (+105 centers YTD) in operation at the end of 9M2024. Despite a 69.2% YoY upturn in operating profit, we estimate the chain made a loss before tax of VND66bn in 3Q2024 (versus EBT of VND70bn in 3Q2023) because of VND244bn of net financial expense (+7.6 times YoY) almost in correspondence with the increase in dividend in the parent company's results. In 9M2024, we estimate the chain delivered VND17,753bn of revenue (+62.3% YoY) and VND207bn of EBT (+8.9% YoY).

For the whole year 2024, we project FRT may achieve VND39,583bn of net revenue (+24.3% YoY) and EBT of VND530bn (2023: -VND294bn), up by 50% from the prior EBT update. Looking to 2025, the respective growth is expected at 17.5% and 38.6% YoY.

	2022	2023	2024F	2025F	2026F
Net Sales (VNDbn)	30,166	31,850	39,583	46,529	52,092
Growth	34.1%	5.6%	24.3%	17.5%	12.0%
EBITDA (VNDbn)	673	159	1,003	1,287	1,440
EBITDA margin	2.2%	0.5%	2.5%	2.8%	2.8%
NPATMI (VNDbn)	390	(346)	371	517	596
Growth	-12.8%	-188.5%	-207.4%	39.2%	15.3%
EPS (bonus-adjusted, VND)	2,865	(2,537)	2,725	3,793	4,374
Growth	-12.8%	-188.5%	-207.4%	39.2%	15.3%
ROE	21.3%	-19.2%	20.8%	23.5%	22.2%
Net debt/EBITDA (times)	5.1	37.6	6.0	5.1	4.7
EV/EBITDA (times)	43.9	186.3	29.5	22.9	20.5
EV/Sales (times)	1.0	0.9	0.7	0.6	0.6
PER (times)	60.4	(68.2)	63.5	45.6	39.6
Dividend yield (%)	0.3%	0.0%	0.0%	0.3%	0.3%

FRT's business results in 9M2024

	3Q2024	+/- YoY	9M2024	9M2023	+/- YoY
Net revenue	10,376	26.0%	28,657	23,160	23.7%
FPT Shop	3,981	-3.0%	10,904	12,222	-10.8%
Long Chau	6,395	54.8%	17,753	10,938	62.3%
Gross margin	18.2%		19.2%	15.7%	
FPT Shop	13.6%		13.6%	9.7%	
Long Chau	21.1%		22.7%	22.4%	
SG&A/net revenue	16.0%		17.5%	15.8%	
FPT Shop	12.2%		13.6%	12.4%	
Long Chau	18.3%		19.9%	19.7%	
Financial profit	-33		-104	-181	n/a
FPT Shop	211	1658%	184	-69	n/a
Long Chau	-244	n/a	-289	-112	n/a
EBT	198	19700%	358	-197	n/a
FPT Shop	263	n/a	151	-387	n/a
Long Chau	-66	n/a	207	190	8.9%

Source: FRT; ACBS

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Our Recommendation System

BUY: Expected prospective total return (including dividends) in VND will be 20% or more within 12 months

OUTPERFORM: Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months

NEUTRAL: Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months

UNDERPERFORM: Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months

SELL: Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

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