



FRT Update- NEUTRAL

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Company Update

Recommendation

NEUTRAL

HSX: FRT

Retail

Target price (VND)

189,400

Current price (VND)

173,200

Expected share price return

9.4%

Expected dividend yield

0%

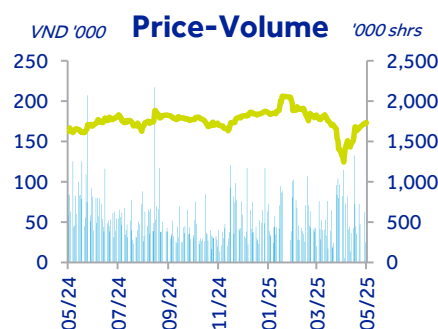
Expected total return

9.4%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-6.7	22.7	-8.6	5.9
Relative	-5.5	20.1	-6.4	4.1

Source: Bloomberg



Ownership

FPT Corp.	46.5%
CTBC VN EQ Fund	4.9%
Truswell Securities Inv	2.9%

Stock Statistics

7-May-2025

Bloomberg code

FRT VN

52-week range (VND)	121,100-209,400
Shares O/S (m)	136
Mkt cap (VND bn)	23,597
Mkt cap (USD m)	903
Foreign room left (%)	16.8
Est. free float (m)	47.0
3m avg daily vol (shrs)	543,358
VND/USD	26,140
Index: VNIIndex / HNX	1250.37/213.4

FPT DIGITAL RETAIL JSC (FRT VN)

The company witnessed an upturn of 29.1% YoY in revenue and 251% YoY in EAT in 1Q2025. We almost maintain our revenue growth projection while revising EAT up by 19% considering Long Chau's prominent performance. Our target price for FRT by YE2025 is VND189,400/shr, 3% higher than the prior update. Rating **NEUTRAL**.

FRT held 2025 AGM to discuss about 2025 business plans and development strategies, etc. Besides, 1Q business results were released.

The company announced net revenue of VND11,670bn (+29.1% YoY) and EAT of VND213bn (+251% YoY) in 1Q2025, completing 25% and 35% of our full-year projections, respectively.

The **FPT Shop chain, capturing 32% of FRT's sales, made a loss** of VND19bn (1Q2024: -VND51bn) despite revenue growth of 2.8% YoY to VND3,862bn.

Long Chau continued to drive the company's revenue and earnings growth. Accounting for 68% of FRT's sales, we estimate Long Chau delivered 46.3% YoY revenue growth, to VND7,988bn, and 107% YoY EAT growth to VND231bn in 1Q2025, accompanied by a sustained QoQ growth momentum. The results were primarily fueled by robust network expansion while soared demand during the spread of respiratory diseases in the first months of the year should support.

FPT Long Chau Pharma JSC (which FRT holds 80.73% stake) has completed signing the agreement to implement private placement of 13% stake to Creador Sdn Bhd., a private equity firm based in Malaysia. The transaction value was not disclosed.

For 2025, we project that the company may generate VND46,811bn (+16.7% YoY) in net revenue and VND698bn (+70.9% YoY) in EAT, 0.3% and 19% higher than the prior update considering Long Chau's vivid performance. Combining the DCF and EV/Sales methods, our target price for FRT by YE2025 is VND189,400/shr, equivalent to a total return of 9.4%.

	2023	2024	2025F	2026F	2027F
Net Sales (VNDbn)	31,850	40,104	46,811	54,114	59,202
Growth	5.6%	25.9%	16.7%	15.6%	9.4%
EBITDA (VNDbn)	159	1,019	1,453	1,777	2,015
EBITDA margin	0.5%	2.5%	3.1%	3.3%	3.4%
EAT (VNDbn)	(329)	408	698	928	1,124
Growth	-	-	70.9%	32.9%	21.1%
EPS (bonus-adjusted, VND)	(2,537)	2,330	3,864	5,147	6,213
Growth	-188.5%	-191.9%	65.8%	33.2%	20.7%
ROE	-19.2%	18.1%	24.2%	25.1%	23.8%
ROA	-2.9%	2.2%	3.3%	4.2%	4.9%
ROIC	-2.6%	5.8%	8.6%	10.0%	11.3%
Net debt/EBITDA (times)	37.6	5.6	4.1	3.3	2.4
EV/EBITDA (times)	183.7	28.6	20.0	16.4	14.5
EV/sales (times)	0.9	0.7	0.6	0.5	0.5
PER (times)	(67.7)	73.7	44.5	33.4	27.7
PBR (times)	14.6	12.2	9.6	7.5	5.9
DPS (VND)	-	-	-	-	-
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%

❖ **FRT held 2025 AGM with some key points as follow:**

2025 business targets are set at VND48,100bn (+20% YoY) in net revenue, comprising VND16,000bn (+6% YoY) from FPT Shop and VND32,300bn (+28% YoY) from Long Chau, **and VND900bn (+71% YoY) in EBT**. The company plans to open 350 pharmacy stores and 80 vaccination centers in 2025.

Operational plans for Long Chau and FPT Shop include:

Long Chau:

- Widening the store network. The company sets a lower target number of new stores than 2024's to assure efficiency when expanding to remote areas.
- Sustaining a diversified drug portfolio to satisfy customers' need sufficiently, reinforcing its position in prescription and new-generation/rare/specialized drugs together with fostering partnership to approach more new drugs.
- Accelerating application of AI and advanced technologies to enhance customer experience.

FPT Shop:

- Accelerating application of AI to heighten operational efficiency and customer experience.
- Optimizing product portfolio.
- Boosting consumer electronics revenue to rise by 80% YoY in 2025 from the moderate scale last year.
- Boosting virtual mobile subscribers to increase by 10% YoY in 2025 (from 400,000 subscribers in 2024) and expanding value-added and content services.

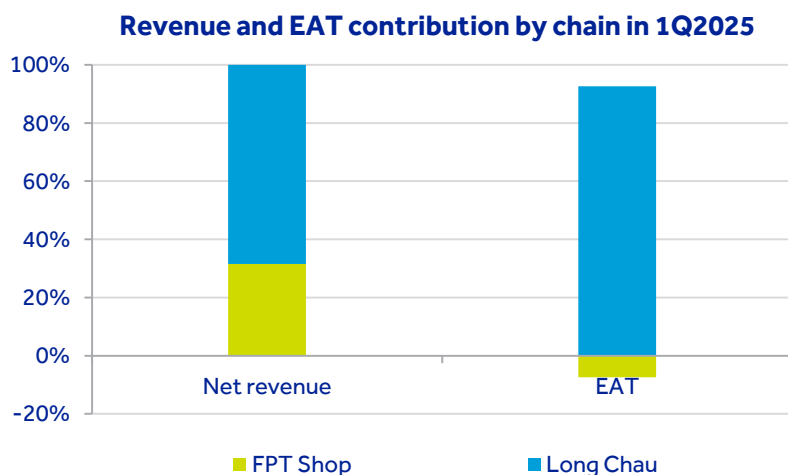
The company likely sees little direct negative impacts from the US's higher tariff policies in view of its domestic exposure; however, ICT and non-drug products may feel the impacts indirectly due to weakening consumer spending once the economic picture worsens. FRT aims to adjust its product portfolio flexibly to adapt to the situation.

❖ **1Q2025 business results**

Strong growth in both revenue and earnings, driven by Long Chau

FRT reported a jump of 29.1% YoY in net revenue and 251% YoY in EAT in 1Q2025. Long Chau continued to be in the limelight for propping up the overall performance.

FRT's business results	1Q2025	+/-YoY	Key drivers
Net revenue (VNDbn)	11,670	29.1%	Long Chau maintained vigorous revenue growth.
Gross profit (VNDbn)	2,325	28.6%	
Gross margin	19.9%	-0.1 ppt	
SG&A expenses	2,007	19.3%	
Net financial expenses	51	45.7%	Higher interest expense.
EAT (VNDbn)	213	251%	Long Chau heightened its performance, while FPT Shop made loss.



Source: FRT; ACBS

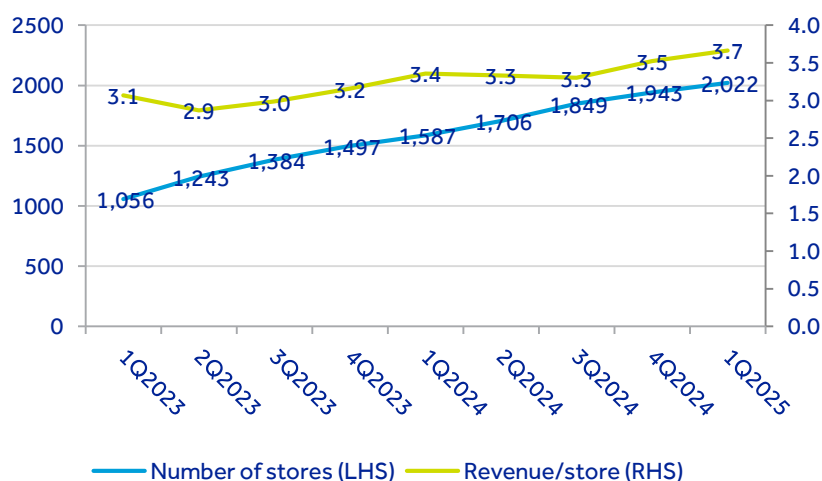
We estimate that Long Chau, including the vaccination business, delivered vibrant growth on both YoY (+46.3% in net revenue and +107% in EAT) and QoQ bases (+10.6% in net revenue and +99.1% in EAT). The performance could have been fostered by robust network expansion and high drug and vaccine demand during the spread of respiratory diseases in the first months of the year.

We estimate the average sales/store/quarter of the pharmacy chain elevated to VND3.7bn in 1Q2025, up by c.9% YoY irrespective of an increased number of stores. At the end of 1Q2025, Long Chau had 2,022 pharmacies (+435 YoY) and 144 vaccination centers (+103 YoY) in operation.

Long Chau's results	1Q2025	+/-YoY	+/- QoQ
Revenue (VNDbn)	7,988	46.3%	10.6%
EAT (VNDbn)	231	107%	99.1%
Gross margin	23.3%	-1 ppt	2.2 ppt
SG&A expenses to net revenue	19.4%	-2 ppt	0.7 ppt
Number of stores (as of 1Q2025; including vaccination centers)	2,166	528 stores	97 stores

Source: FRT; ACBS

Long Chau pharmacy's revenue/store by quarter



Source: FRT; ACBS

FPT Shop experienced shaky profitability

In contrast to Long Chau, FPT Shop's performance remained lackluster with 2.8% YoY growth in revenue and 628 stores in operation, down 115 stores YoY due to the closure of underperforming stores to fortify efficiency. EAT turned negative (-VND19bn) from positive in 4Q2024 (VND18bn), largely attributed to a narrower gross margin. However, thanks to lower SG&A expenses, the result was better than the loss of VND51bn in the same period last year.

FPT Shop's results	1Q2025	+/-YoY	+/- QoQ
Revenue (VNDbn)	3,682	2.8%	-6.5%
EAT (VNDbn)	-19	n/a	n/a
Gross margin	12.5%	-0.9 ppt	-0.5 ppt
SG&A expenses to net revenue	12.4%	-2 ppt	0.1 ppt
Number of stores (as of 1Q2025)	628	-115 stores	-6 stores

Source: FRT; ACBS

Earnings forecast for 2025

For **FPT Shop**, the company aims to keep optimizing its product portfolio. This includes boosting consumer electronics sales, though we believe this business takes time to generate meaningful contribution and competition with established players could be challenging. The chain is projected to generate revenue of VND14,453bn (-4.5% YoY), considering the likelihood of indirect influences from the US's higher tariff policies.

We expect **Long Chau** will uphold its role as FRT's pillar, delivering revenue growth of 29.5% YoY, assuming 428 new stores to be opened (including vaccination centers) in 2025. The EAT is projected at VND531bn (+122% YoY) in 2025, with an assumption that the dividend to the parent company will be similar to 2024.

Valuation

Our projections for FRT are VND46,811bn (+16.7% YoY) in net revenue and VND698bn (+70.9% YoY) in EAT, 0.3% and 19% higher than the prior update. **Our target price for FRT by YE2025, using the DCF and EV/Sales methods, is VND189,400/share.**

FRT FINANCIALS MODEL	Price (VND):	173,200	Target (VND):	189,400	Mkt cap (VND bn):	23,597
(VND bn except where stated)	2023	2024	2025F	2026F	2027F	
Total Net Sales	31,850	40,104	46,811	54,114	59,202	
<i>Sales growth (%)</i>	<i>5.6%</i>	<i>25.9%</i>	<i>16.7%</i>	<i>15.6%</i>	<i>9.4%</i>	
CoGS	26,688	32,521	37,720	43,427	47,495	
Selling expenses ex-dep'n	3,966	5,266	6,315	7,406	8,061	
G&A expenses ex-dep'n	1,047	1,309	1,333	1,514	1,641	
Financial revenues (ex. interest income)	18	11	11	11	11	
Financial expenses (ex. interest expense)	7	0	0	0	0	
EBITDA	159	1,019	1,453	1,777	2,015	
<i>EBITDA margin (%)</i>	<i>0.5%</i>	<i>2.5%</i>	<i>3.1%</i>	<i>3.3%</i>	<i>3.4%</i>	
Depreciation	233	318	369	416	416	
Operating profit	-74	700	1,084	1,361	1,599	
<i>Operating profit margin (%)</i>	<i>-0.2%</i>	<i>1.7%</i>	<i>2.3%</i>	<i>2.5%</i>	<i>2.7%</i>	
Other profits/losses	2	(16)	4	4	4	
Profits/Losses from associates	-	-	-	-	-	
Net interest expense	222	157	203	206	198	
<i>as % of avg net debt</i>	<i>4.7%</i>	<i>2.7%</i>	<i>3.5%</i>	<i>3.5%</i>	<i>3.7%</i>	
<i>Interest cover (x)</i>	<i>-0.3</i>	<i>4.5</i>	<i>5.3</i>	<i>6.6</i>	<i>8.1</i>	
EBT	-294	527	886	1,160	1,405	
Tax	35	119	188	232	281	
<i>Effective tax rate (%)</i>	<i>-11.8%</i>	<i>21.8%</i>	<i>21.3%</i>	<i>20.1%</i>	<i>20.1%</i>	
Minority interest	16	91	172	227	277	
NPATMI	-346	317	526	701	846	
Cash earnings	(113)	636	895	1,117	1,263	
Total number of shares	136,242,389	136,242,389	136,242,389	136,242,389	136,242,389	
EPS (VND) (after treasury shares)	-2,537	2,330	3,864	5,147	6,213	
Bonus factor (x)	1.00	1.00	1.00	1.00	1.00	
Adjusted EPS (VND)	-2,537	2,330	3,864	5,147	6,213	
<i>EPS growth (%)</i>	<i>-</i>	<i>-</i>	<i>65.8%</i>	<i>33.2%</i>	<i>20.7%</i>	

KEY CASHFLOW AND BS ITEMS	2023	2024	2025F	2026F	2027F
Increase in working capital	1,680	189	920	1,010	584
Capex	705	490	438	320	48
Change in investment in affiliates	-	-	-	-	-
Other cashflow items	4	283	283	283	283
Free cash flow	-2,494	240	-180	70	913
Share issues	58	52	-	-	-
Dividends paid	59	54	-	-	-
Increase in net debt	2,495	-237	180	-70	-913
Net debt, end of year	5,953	5,717	5,897	5,827	4,913
Shareholders' equity	1,599	1,912	2,438	3,140	3,986
BVPS (VND)	11,738	14,033	17,897	23,044	29,257
Net debt/equity (%)	372.3%	299.0%	241.8%	185.6%	123.3%
Net debt/EBITDA (x)	37.6	5.6	4.1	3.3	2.4
Total assets	13,098	15,832	16,539	17,170	17,103

KEY RETURN AND VALUATION RATIOS	2023	2024	2025F	2026F	2027F
ROE	-19.2%	18.1%	24.2%	25.1%	23.8%
ROA	-2.9%	2.2%	3.3%	4.2%	4.9%
ROIC	-2.6%	5.8%	8.6%	10.0%	11.3%
WACC	5.9%	5.1%	6.0%	6.7%	7.9%
EVA	-8.5%	0.7%	2.6%	3.3%	3.4%
PER (x)	-68.3	74.3	44.8	33.6	27.9
EV/EBITDA (x)	184.9	28.8	20.2	16.5	14.5
EV/FCF (x)	-11.8	122.3	-162.9	419.9	32.1
PBR (x)	14.8	12.3	9.7	7.5	5.9
PSR (x)	0.7	0.6	0.5	0.4	0.4
EV/sales (x)	0.9	0.7	0.6	0.5	0.5
PEG (x, 3 yr prospective)	0.7	-2.4	1.1	1.5	1.6
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%

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DISCLAIMER

Our Recommendation System

BUY: prospective 12 month VND total return (including dividends) will be more than 20%.

OUTPERFORM: prospective 12 month VND total return (including dividends) will be 10% to 20%.

NEUTRAL: prospective 12 month VND total return (including dividends) will be -10% to 10%.

UNDERPERFORM: prospective 12 month VND total return (including dividends) will be will be -20% to -10%.

SELL: prospective 12 month VND total return (including dividends) will be lower than -20%.

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