

# Consumer

Top performers in the spotlight

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## February 2025

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# Consumer Sector: Key data

| Code       | Rating     | Market cap, USD mn | State O'ship | Foreign limit | Foreign avail, USD mn | ADTV 30D, USD mn | Share price, VND ps | Target price, VND ps | Target price, updated | Upside       | Div. yield  | 12M TSR      |
|------------|------------|--------------------|--------------|---------------|-----------------------|------------------|---------------------|----------------------|-----------------------|--------------|-------------|--------------|
| <b>MSN</b> | <b>BUY</b> | <b>3,815</b>       | <b>0.0%</b>  | <b>49.0%</b>  | <b>893</b>            | <b>12.7</b>      | <b>67,700</b>       | <b>108,000</b>       | <b>25/11/2024</b>     | <b>59.5%</b> | <b>0.0%</b> | <b>59.5%</b> |
| SAB        | BUY        | 2,577              | 36.0%        | 100.0%        | 1,016                 | 1.2              | 51,300              | 73,000               | 08/11/2024            | 42.3%        | 6.8%        | 49.1%        |
| VNM        | BUY        | 4,978              | 36.0%        | 100.0%        | 2,466                 | 8.3              | 60,800              | 78,200               | 31/12/2024            | 28.6%        | 6.3%        | 35.0%        |
| <b>MWG</b> | <b>BUY</b> | <b>3,195</b>       | <b>0.0%</b>  | <b>49.0%</b>  | <b>133</b>            | <b>15.3</b>      | <b>55,800</b>       | <b>74,300</b>        | <b>10/02/2025</b>     | <b>33.2%</b> | <b>0.9%</b> | <b>34.1%</b> |
| <b>FRT</b> | <b>BUY</b> | <b>1,019</b>       | <b>0.0%</b>  | <b>49.0%</b>  | <b>146</b>            | <b>4.9</b>       | <b>191,000</b>      | <b>237,300</b>       | <b>25/12/2024</b>     | <b>24.2%</b> | <b>0.0%</b> | <b>24.2%</b> |
| <b>PNJ</b> | <b>BUY</b> | <b>1,258</b>       | <b>0.0%</b>  | <b>49.0%</b>  | <b>0</b>              | <b>2.0</b>       | <b>95,000</b>       | <b>113,500</b>       | <b>14/02/2025</b>     | <b>19.5%</b> | <b>2.1%</b> | <b>21.6%</b> |
| VHC        | BUY        | 621                | 0.0%         | 100.0%        | 453                   | 1.8              | 70,600              | 81,700               | 17/02/2025            | 15.7%        | 2.8%        | 18.6%        |
| DGW        | M-PF       | 333                | 0.0%         | 49.0%         | 98                    | 1.4              | 38,800              | 44,500               | 27/12/2024            | 14.7%        | 1.3%        | 16.0%        |
| CTR        | M-PF       | 538                | 65.7%        | 49.0%         | 217                   | 4.8              | 120,000             | 136,300              | 06/02/2025            | 13.6%        | 1.7%        | 15.3%        |
| VEA        | M-PF       | 2,123              | 88.5%        | 49.0%         | 1,000                 | 0.8              | 40,800              | 42,200               | 20/09/2024            | 3.4%         | 11.5%       | 15.0%        |
| QNS        | O-PF       | 732                | 0.0%         | 49.0%         | 262                   | 0.5              | 50,700              | 53,400               | 30/08/2024            | 5.3%         | 7.9%        | 13.2%        |
| FPT        | O-PF       | 8,298              | 5.8%         | 49.0%         | 362                   | 27.9             | 144,000             | 155,400              | 10/02/2025            | 7.9%         | 1.6%        | 9.5%         |
| TLG        | O-PF       | 219                | 60.7%        | 49.0%         | 58                    | 0.5              | 64,800              | 65,100               | 23/01/2025            | 0.5%         | 5.8%        | 6.2%         |

# Consumer Sector: Summary valuations

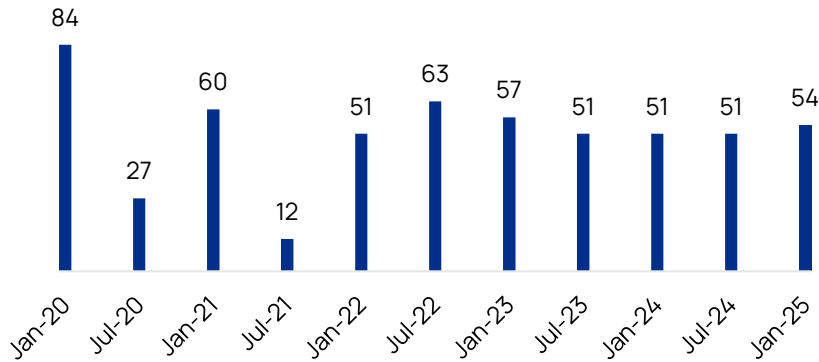
| Code                   | Share price, VND ps | EPS g 2024 %  | EPS g 2025F % | EPS g 2026F % | P/E TTM x   | P/E 2025F x | P/E 2026F x | EV/EBITDA 2025F x | ROE 2025F % | P/B LQ x    | Net D/E LQ x |
|------------------------|---------------------|---------------|---------------|---------------|-------------|-------------|-------------|-------------------|-------------|-------------|--------------|
| <b>MSN<sup>1</sup></b> | <b>67,700</b>       | <b>294%</b>   | <b>84%</b>    | <b>50%</b>    | <b>57.6</b> | <b>30.2</b> | <b>20.1</b> | <b>9.4</b>        | <b>10%</b>  | <b>3.2</b>  | <b>1.1</b>   |
| SAB                    | 51,300              | 6%            | 11%           | 5%            | 15.5        | 13.7        | 13.0        | 7.3               | 20%         | 2.8         | -0.8         |
| VNM                    | 60,800              | 8%            | 6%            | 8%            | 15.1        | 14.2        | 13.2        | 7.7               | 31%         | 3.9         | -0.4         |
| <b>MWG</b>             | <b>55,800</b>       | <b>2,122%</b> | <b>35%</b>    | <b>32%</b>    | <b>21.9</b> | <b>16.2</b> | <b>12.3</b> | <b>9.5</b>        | <b>17%</b>  | <b>2.9</b>  | <b>-0.2</b>  |
| <b>FRT</b>             | <b>191,000</b>      | <b>N.M.</b>   | <b>133%</b>   | <b>45%</b>    | <b>82.0</b> | <b>34.5</b> | <b>23.8</b> | <b>19.0</b>       | <b>33%</b>  | <b>13.6</b> | <b>2.7</b>   |
| <b>PNJ</b>             | <b>95,000</b>       | <b>7%</b>     | <b>9%</b>     | <b>19%</b>    | <b>16.4</b> | <b>15.1</b> | <b>12.7</b> | <b>11.3</b>       | <b>19%</b>  | <b>2.8</b>  | <b>0.1</b>   |
| VHC                    | 70,600              | 57%           | 21%           | 36%           | 12.5        | 10.6        | 7.8         | 8.1               | 16%         | 1.8         | -0.1         |
| DGW                    | 38,800              | 16%           | 23%           | 32%           | 19.0        | 16.4        | 12.5        | 13.9              | 16%         | 2.9         | 0.4          |
| CTR                    | 120,000             | 3%            | 12%           | 26%           | 25.3        | 30.4        | 24.0        | 11.0              | 30%         | 7.4         | -0.1         |
| VEA                    | 40,800              | 2%            | 11%           | 9%            | 8.7         | 7.8         | 7.2         | 5.5               | 28%         | 2.1         | -0.5         |
| QNS                    | 50,700              | -4%           | 0%            | 1%            | 7.1         | 7.4         | 7.3         | 5.7               | 22%         | 1.8         | -0.5         |
| FPT                    | 144,000             | 21%           | 24%           | 24%           | 27.0        | 21.7        | 17.3        | 12.1              | 30%         | 7.7         | -0.5         |
| TLG                    | 64,800              | 28%           | 17%           | 21%           | 13.5        | 11.5        | 9.5         | 6.7               | 23%         | 2.4         | -0.2         |

## **Momentum accelerates with stronger fundamentals**

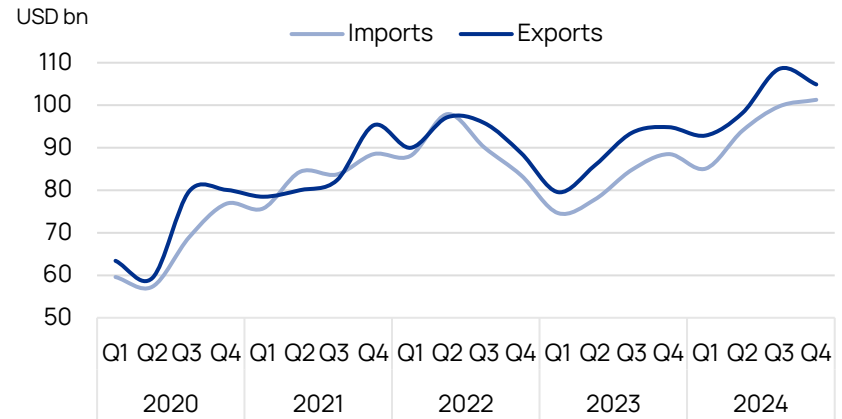
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# Solid macroeconomic indicators imply sustainable growth (1)

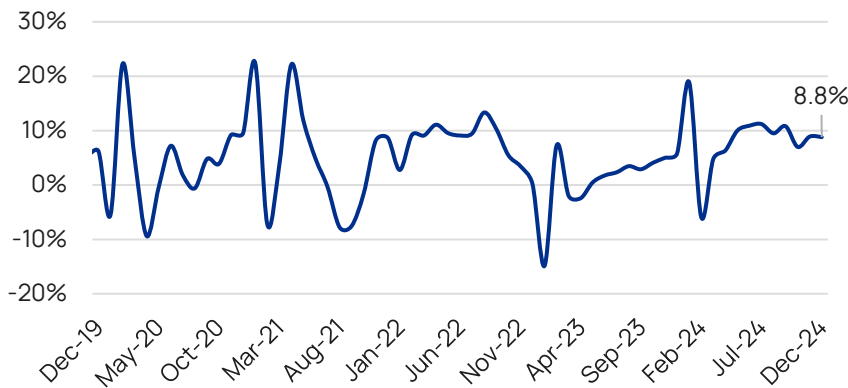
Overall, consumer confidence<sup>1</sup> remained stable in 2024



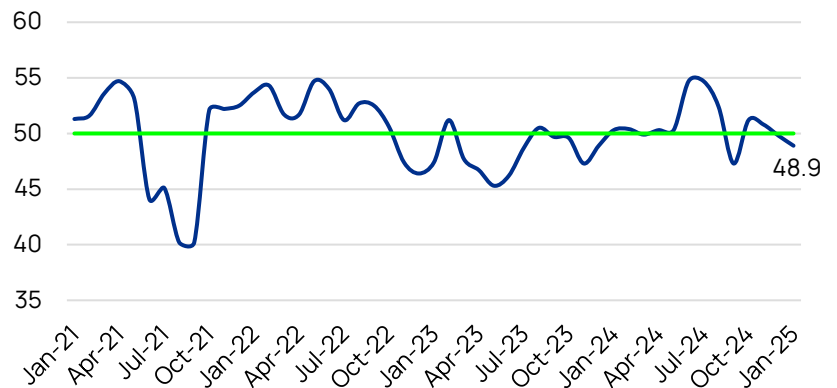
Vietnam's international trade in goods, quarterly



Index of Industrial Production (IIP)

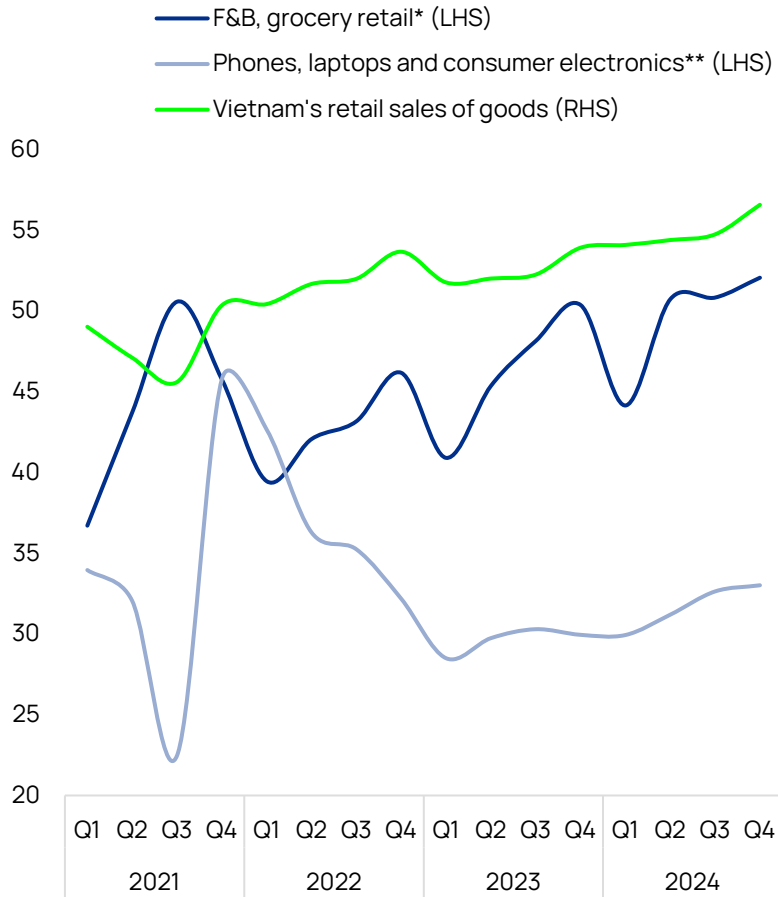


The S&P Global Vietnam Manufacturing Purchasing Managers' Index (PMI)

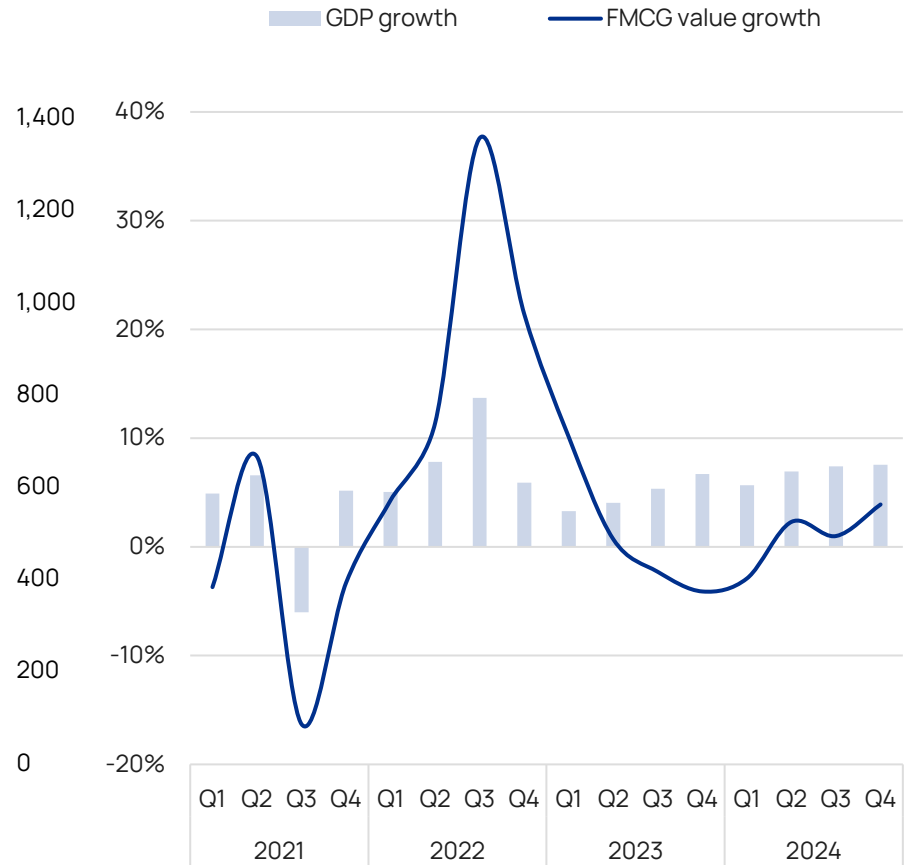


# Solid macroeconomic indicators imply sustainable growth (2)

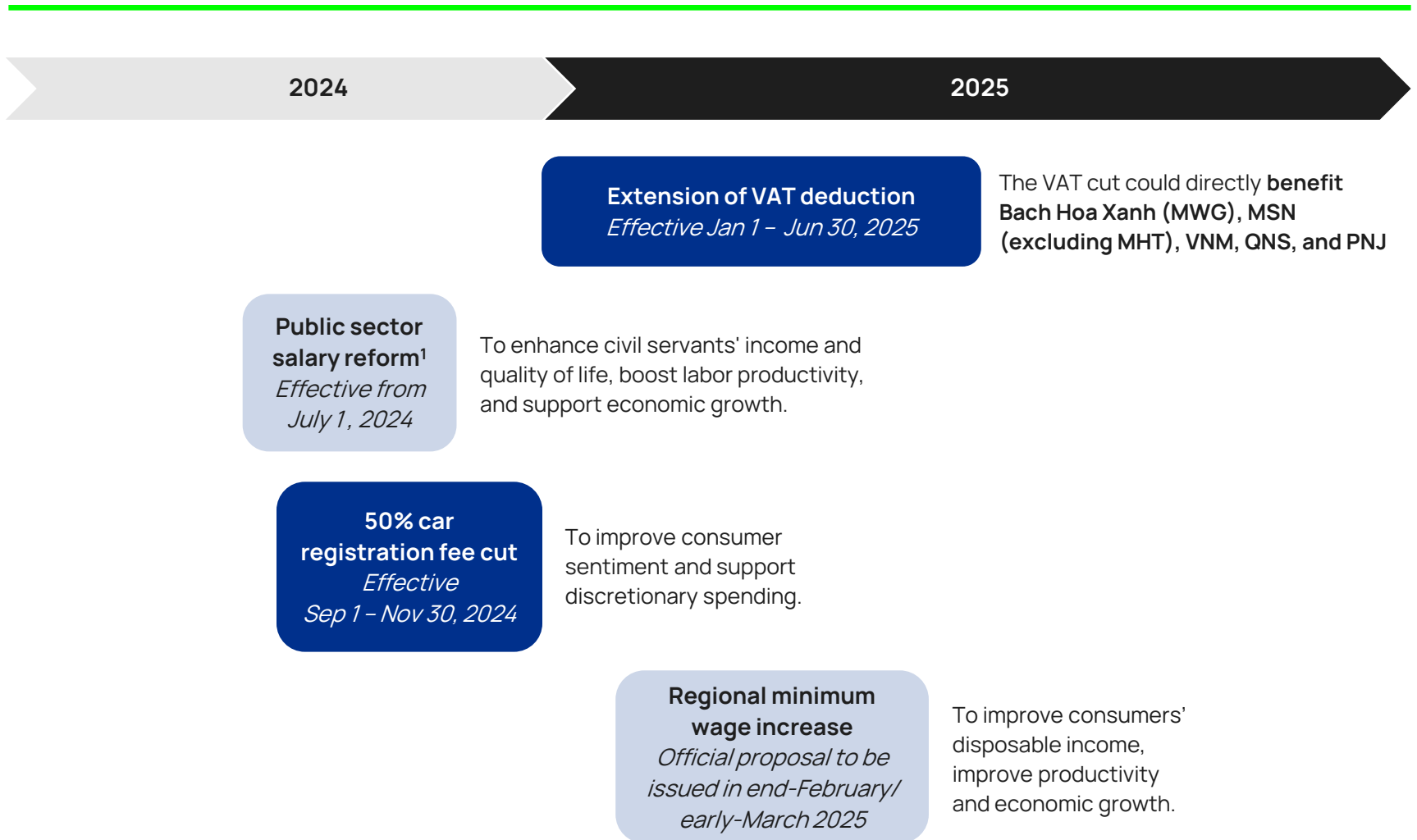
Sales by consumer categories of vs. national retail sales of goods (VNDtn)



Historical FMCG & GDP trend are relatively aligned



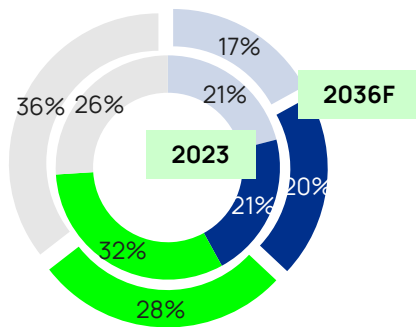
# Policy support measures pave the way for 2025's outlook



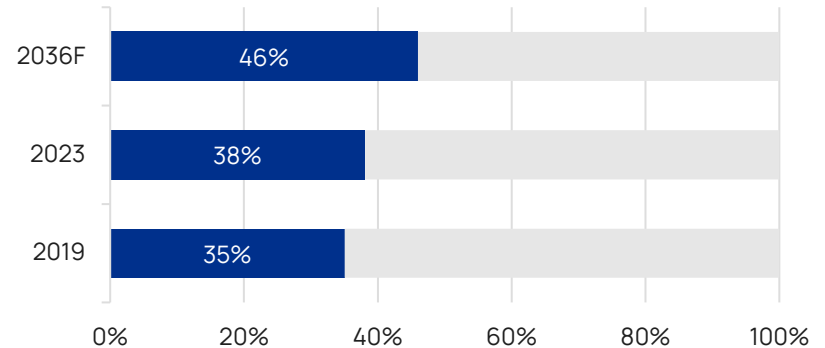
# Long-term demographic advantages remain intact, driving consumption and modernization

Vietnam's young demographics are expected to be maintained through 2036F **Rapid urbanization to drive modernization**

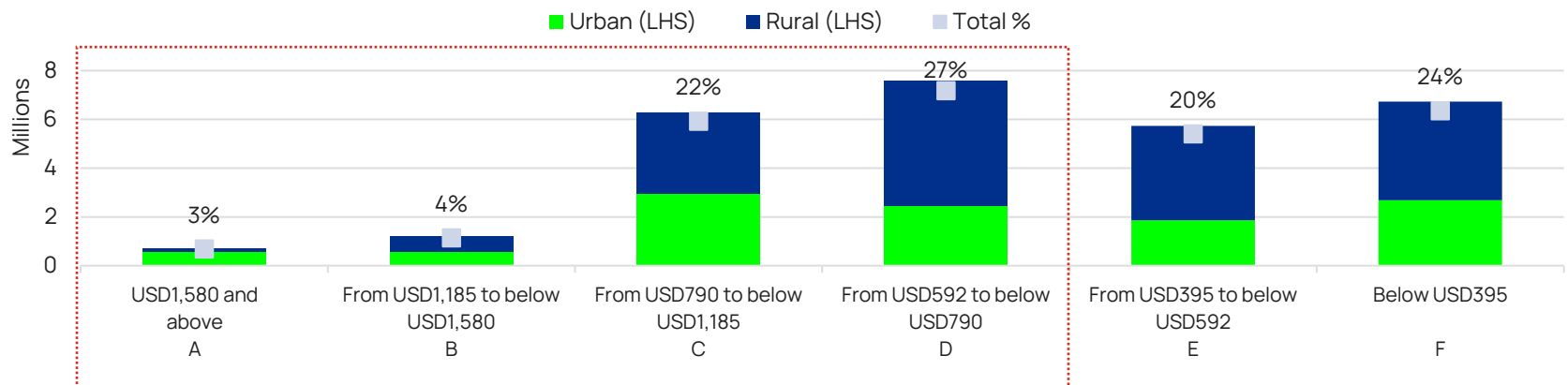
■ 0-14 years old ■ 15-29 years old ■ 30-49 years old ■ +50 years old



■ Proportion of urban population ■ Proportion of rural population

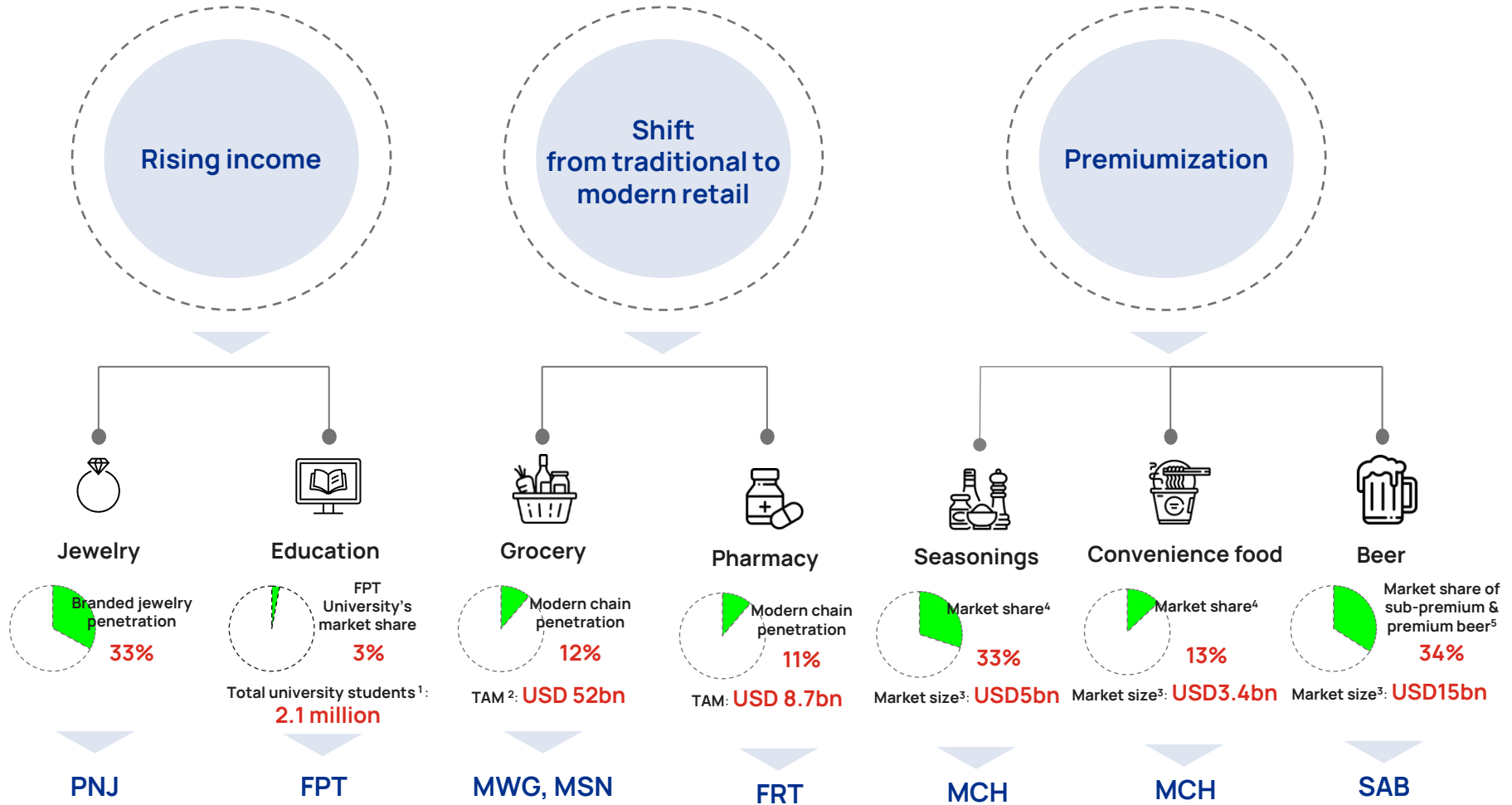


Consuming class with monthly income above USD592/VND15mn accounted for 56% of total Vietnam's households in 2024





# Vietnam's long-term secular trends remain intact



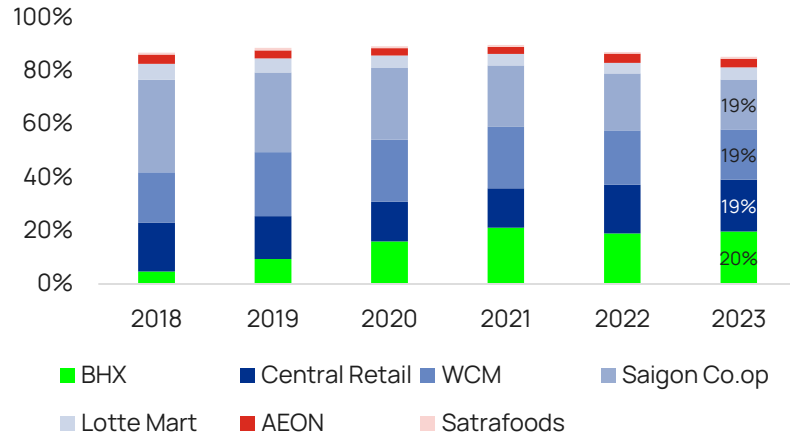
## Key sector trends and outlook

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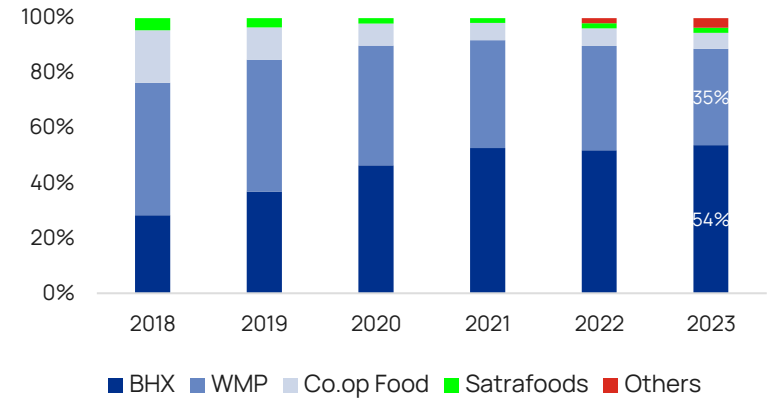
Minimart sub-segment to drive growth of modern grocery retail

# Modern grocery retail is dominated by six major players, while the minimart sub-segment is dominated by WCM and BHX

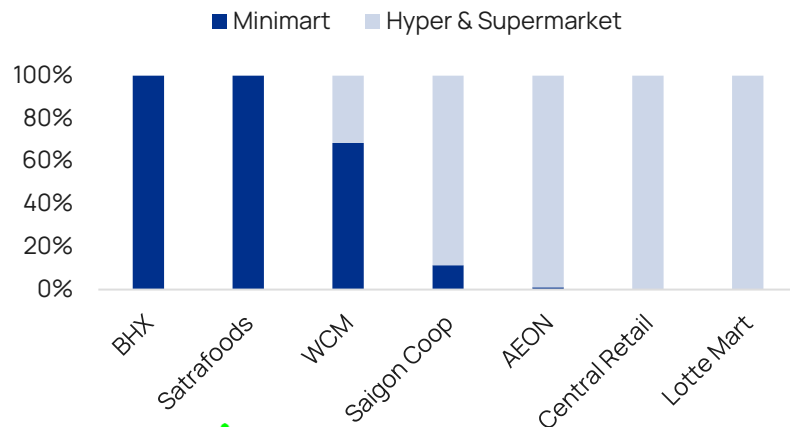
## Value market share in modern grocery



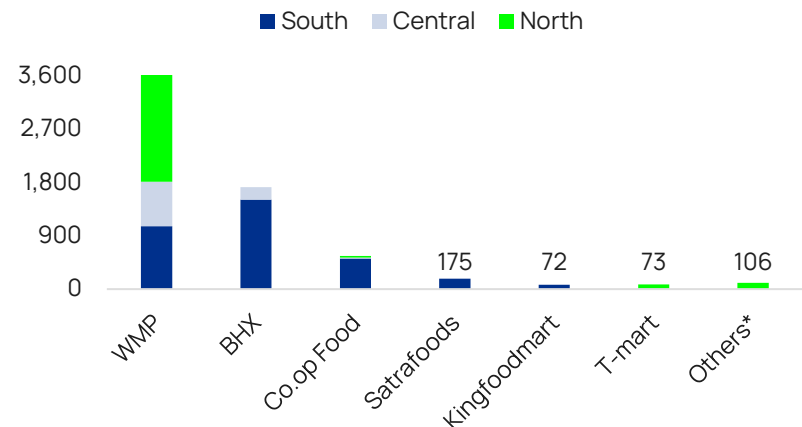
## Minimart value market share



## Sales breakdown by format in 2023

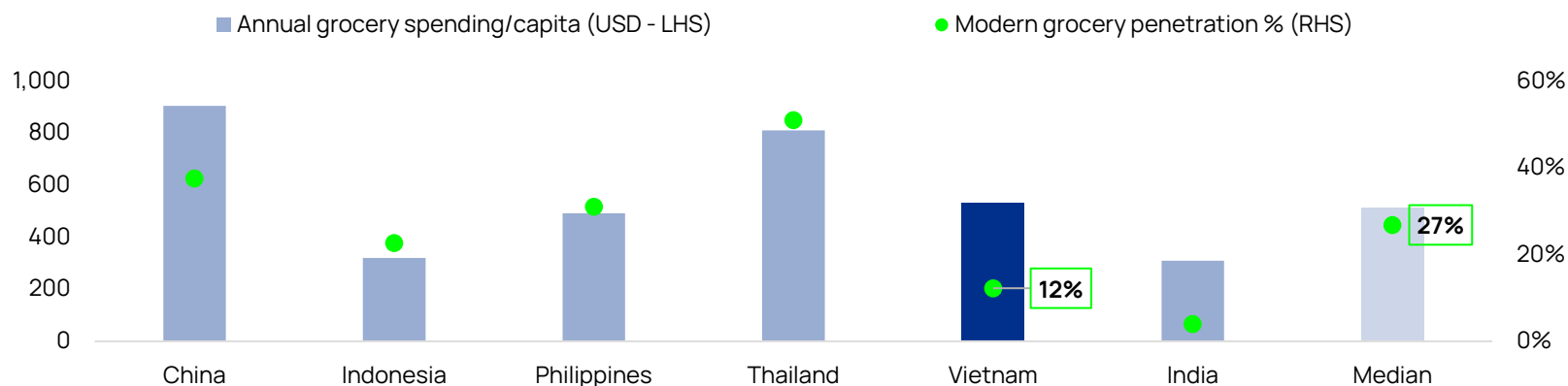


## Minimart store count by region as of 2024

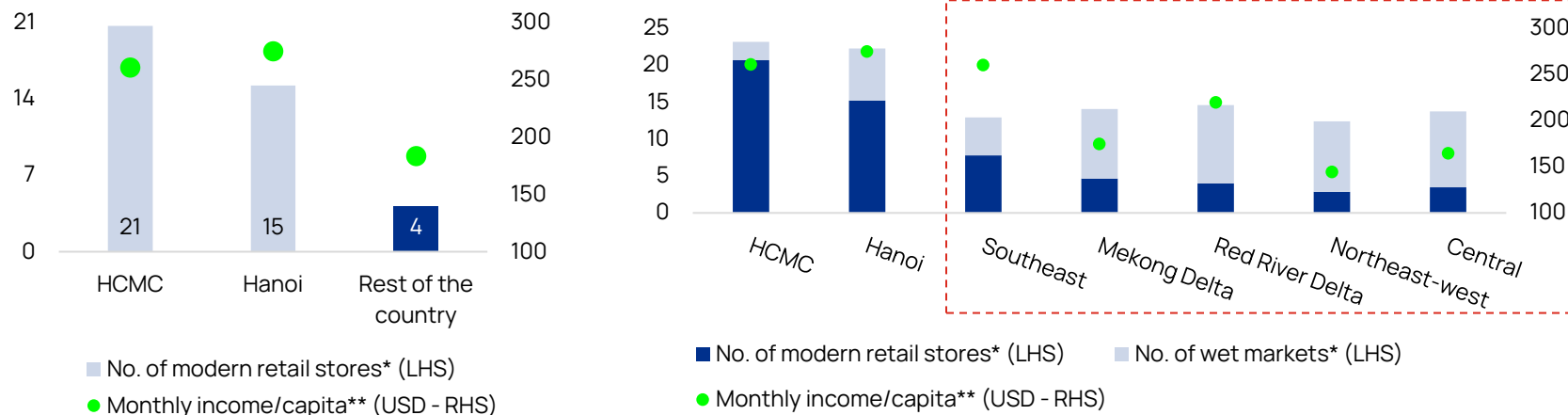


# Extensive room for further modern grocery penetration

## Modern grocery retail penetration in our selected Asian countries



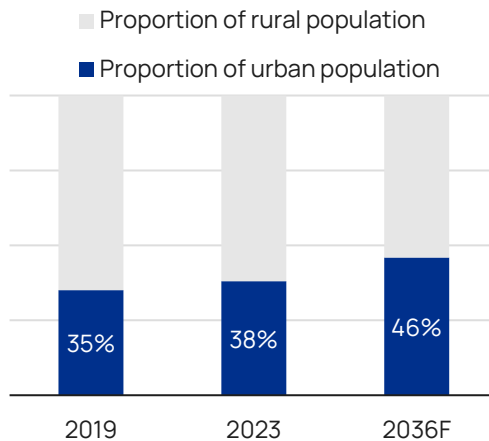
## Number of grocery retail locations per 100 thousand people by region <sup>1</sup>



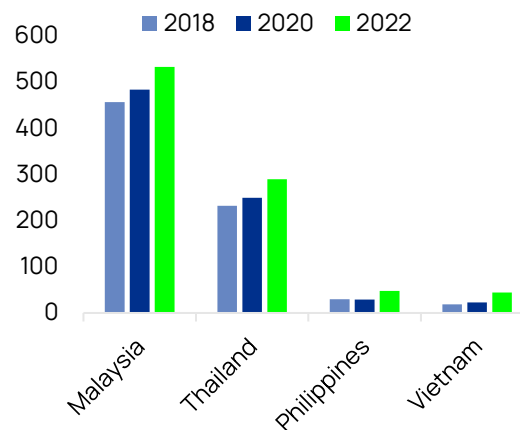
# Minimarts have advantages to capture a larger share of the market

- **Convenience as a growth driver**, particularly in Vietnam, where the scooter-driving culture remains dominant.
- **Proximity**: Typically under 500 sqm, minimarts can be **located in nearly every neighborhood**.
- **Accessibility**: Minimarts cater well to **scooter riders who prefer light, frequent purchases and convenient, quick in-and-out access**.
- **SKU range**: Offering up to 4,000 daily-necessity SKUs, minimarts **meet local, everyday shopping needs**.
- **Traffic patterns**: Minimarts attract footfall during key times– (1) parents picking up children and (2) workers after shifts. They also benefit from the morning traffic generated by wet markets.
- **Fresh food as a key driver**: Fresh meat and other fresh food categories bring traffic to minimarts, **enabling cross-selling opportunities that boost overall profitability**.
- **Limitations for large formats**: Hypermarkets and large supermarkets (typically requiring >1,000 sqm) struggle to penetrate dense areas and are more suited to bulk purchases (i.e., packaged products, household supplies, toiletries, etc.), where they offer a wide selection and competitive pricing.

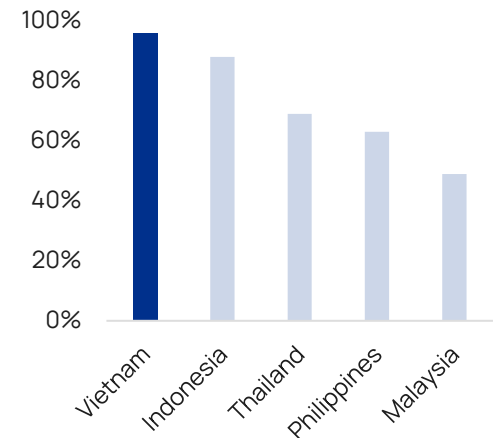
## Urbanization in Vietnam



## Vietnam's low car penetration <sup>1</sup>

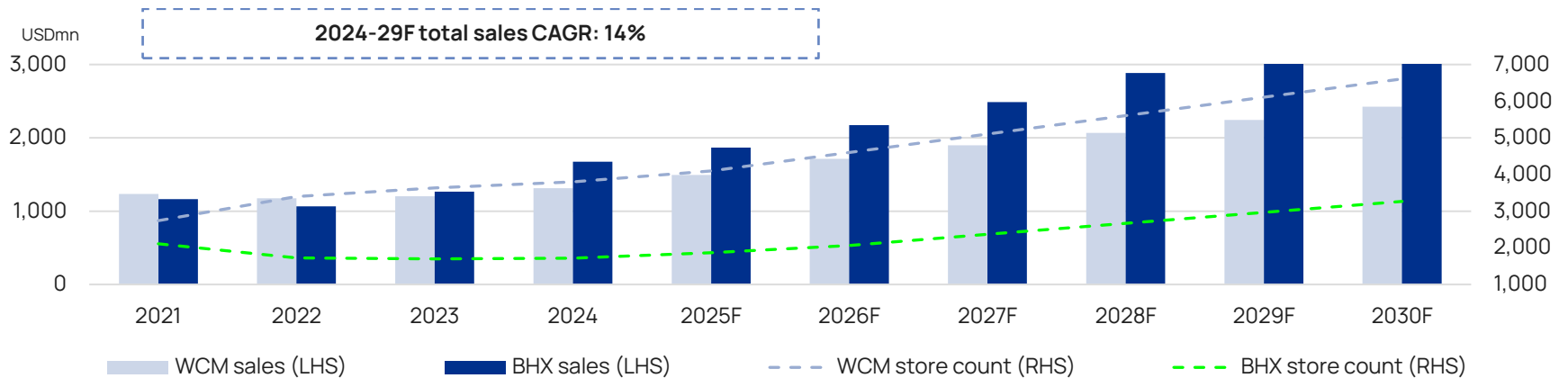


## Vietnam's high scooter usage <sup>2</sup>

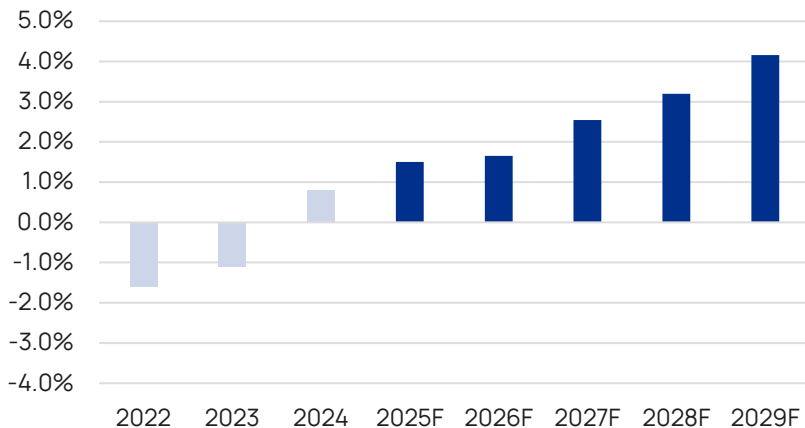


# We anticipate that WCM and BHX will drive the growth of the modern grocery retail sector

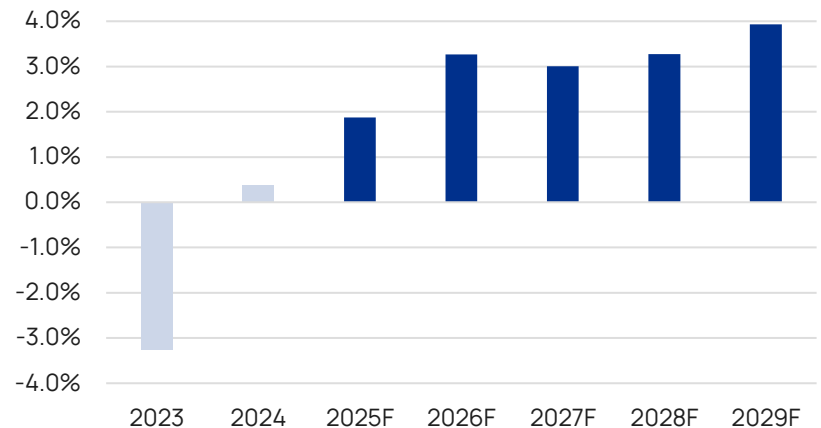
Vietcap's forecasts for BHX and WCM's total sales



WCM's EBIT margin



BHX's EBIT margin



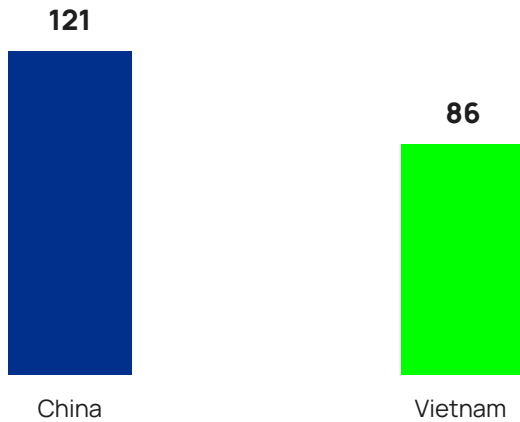
## Key sector trends and outlook

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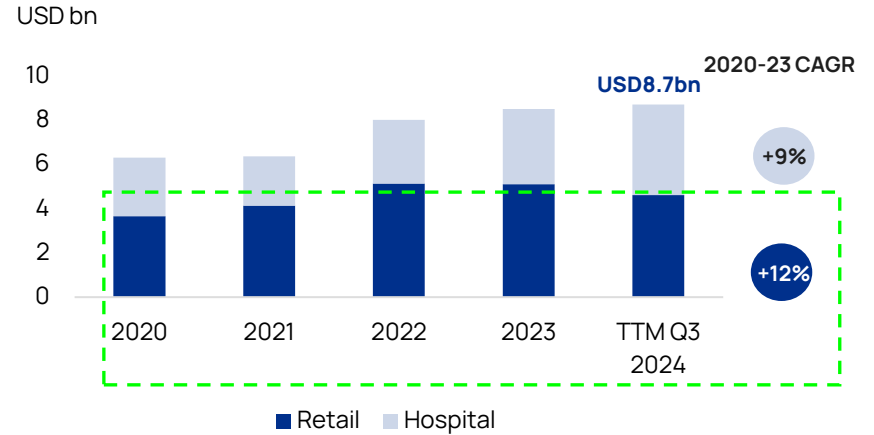
Segment leader continues to strengthen its dominance

# Vietnam's pharmacy sector is set for sustainable high growth

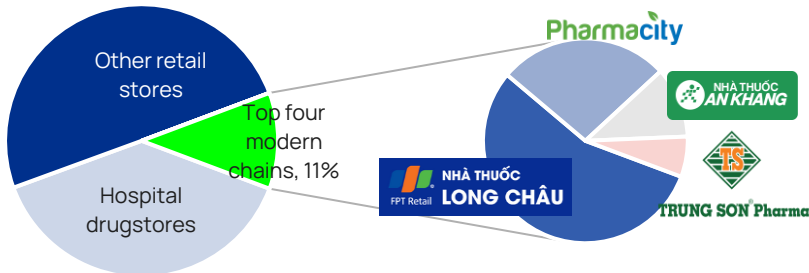
Pharmaceutical spending/capita as of 2023 (USD)



Pharmaceutical sales via retail vs hospital channel



Top four modern pharmacies account for ~11% of total market

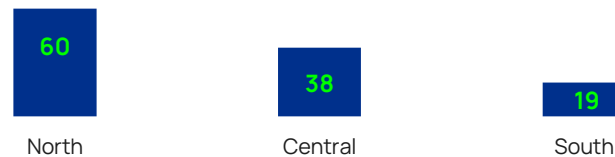


Vietnam's pharmacy market remains underpenetrated in comparison with China

**China** one modern pharmacy serves ~4k people

**Vietnam** one modern pharmacy serves ~33k people

No. of people (thousands) served by 1 modern store in each of Vietnam's regions

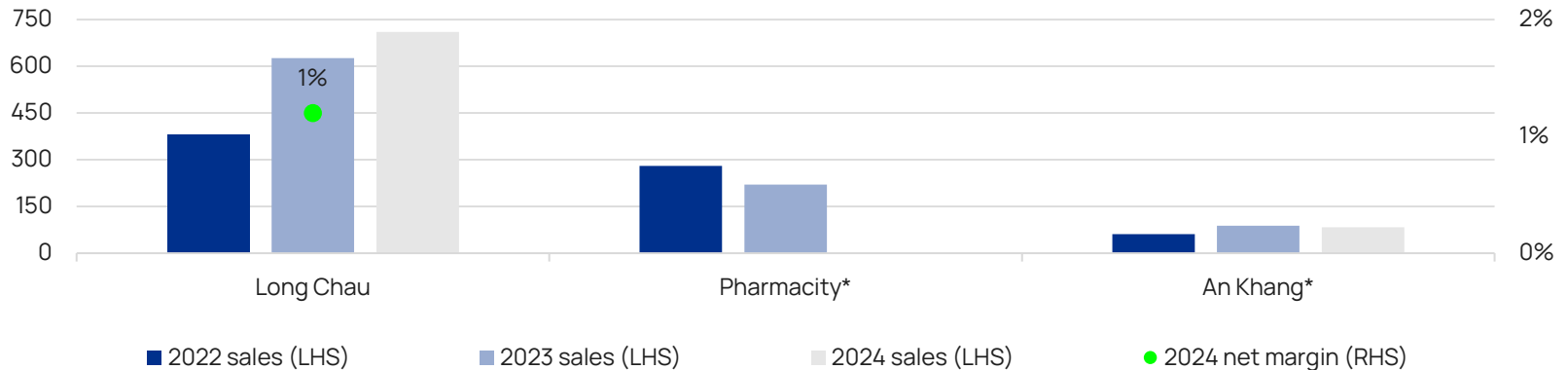




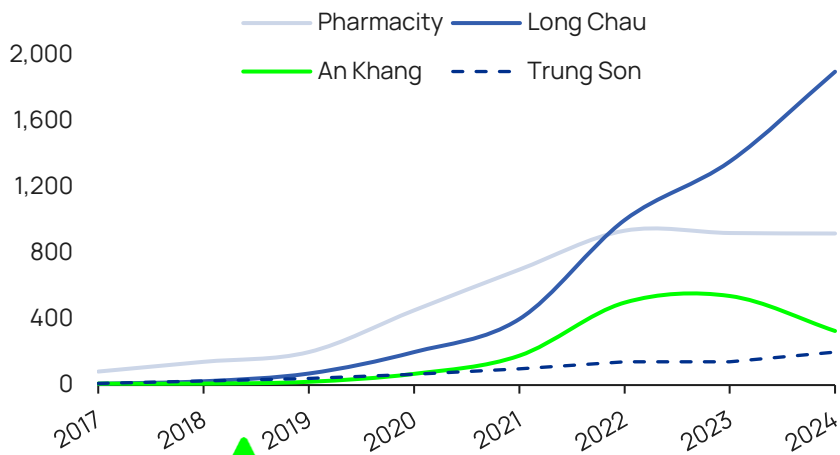
# Long Chau (LC) scaled up profitably amid limited progress among competitors

## Top players' sales and growth comparison

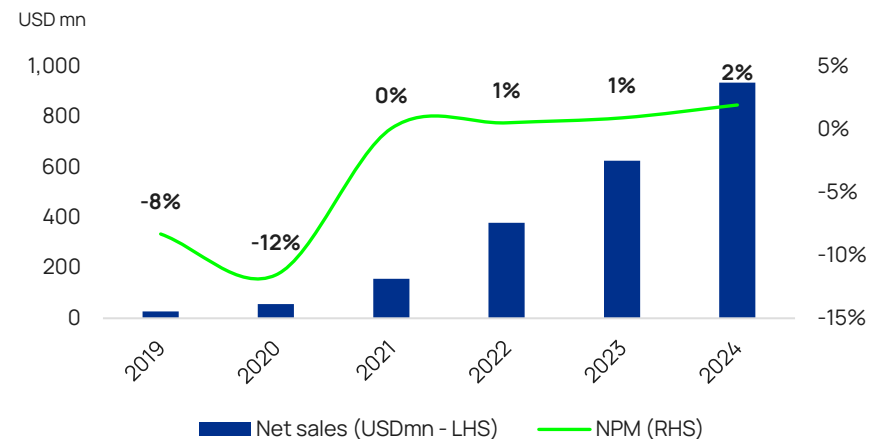
USD mn



## Expansion of key modern players

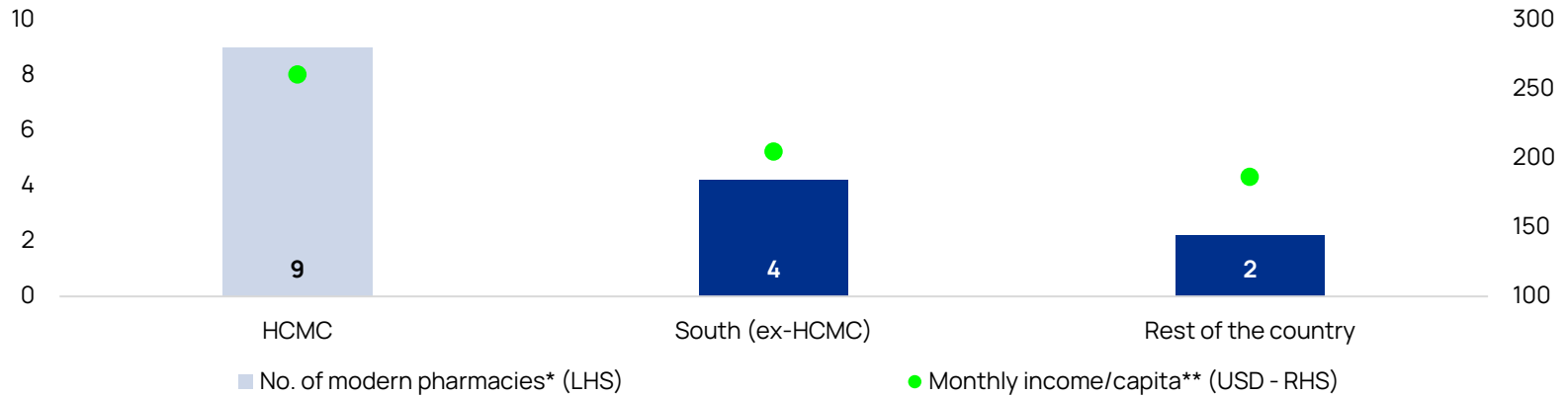


## LC's sales and NPAT margin

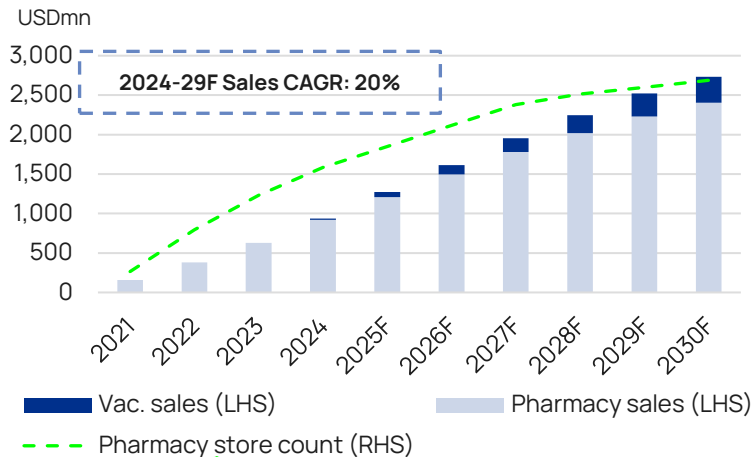


# Significant growth potential with limited competition from chain players

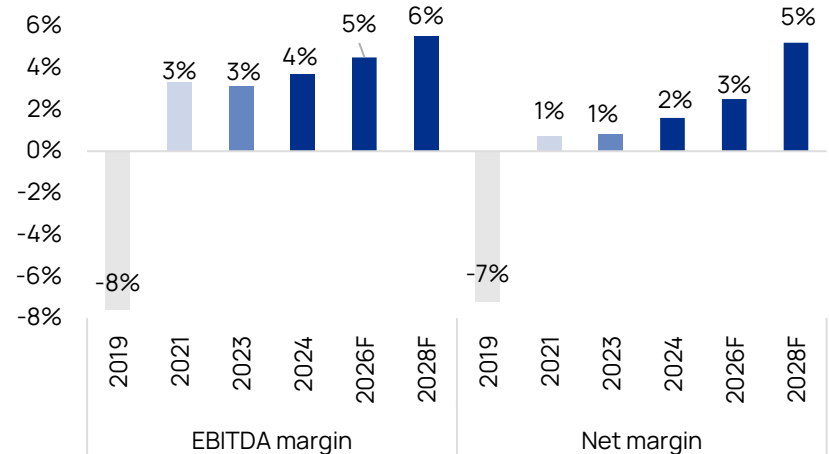
Number of modern pharmacies per 100 thousand people by region <sup>1</sup>



Vietcap's forecasts for LC's total sales



Vietcap's forecasts for LC's profitability



Source: GSO, Vietcap; <sup>1</sup> Number of stores as of 2024; \*Number of locations per 100 thousand people; \*\*Data as of 2023.

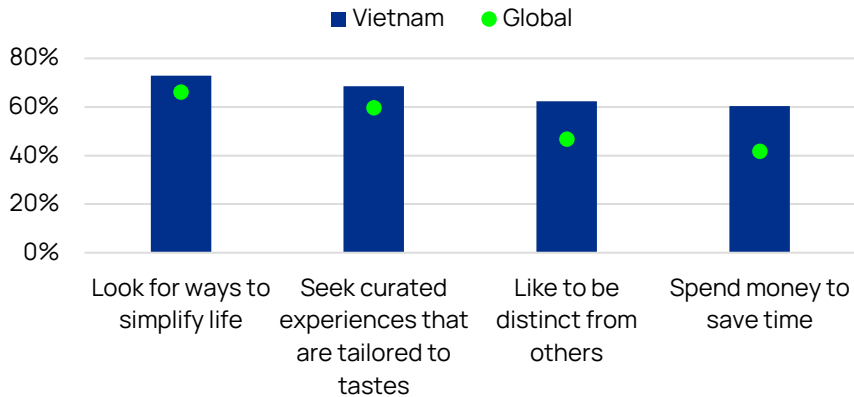
## Key sector trends and outlook

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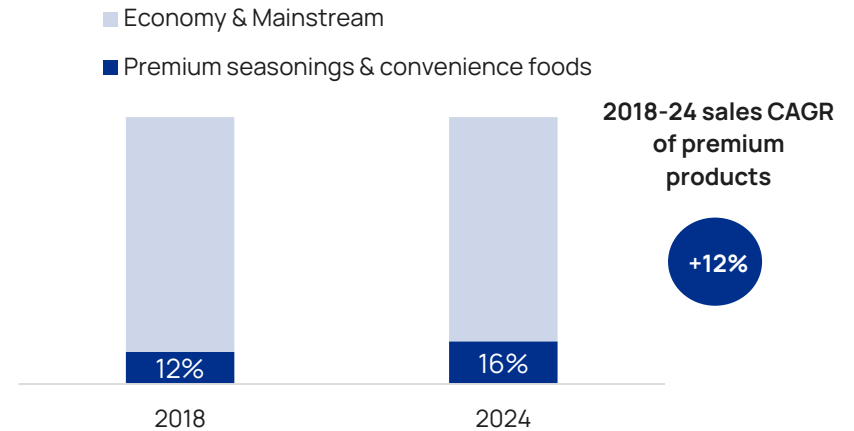
Product innovation, premiumization, and evolving consumer behavior to drive growth for FMCG manufacturers

# Vietnam's aspirational middle class to drive growth for premium products

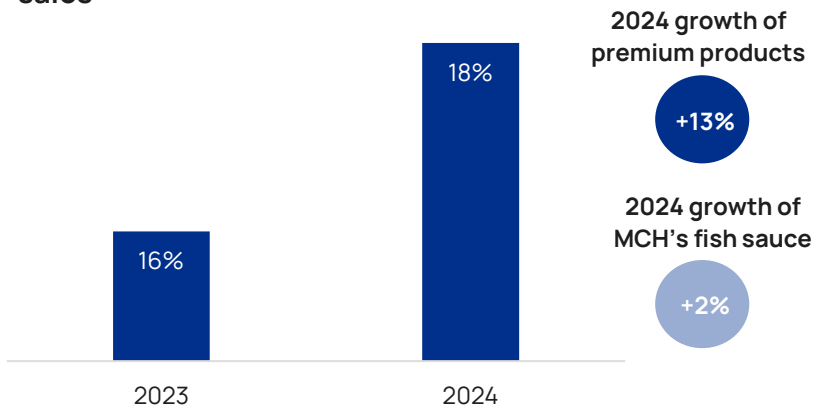
Vietnamese shoppers are embracing premium experiences<sup>1</sup>



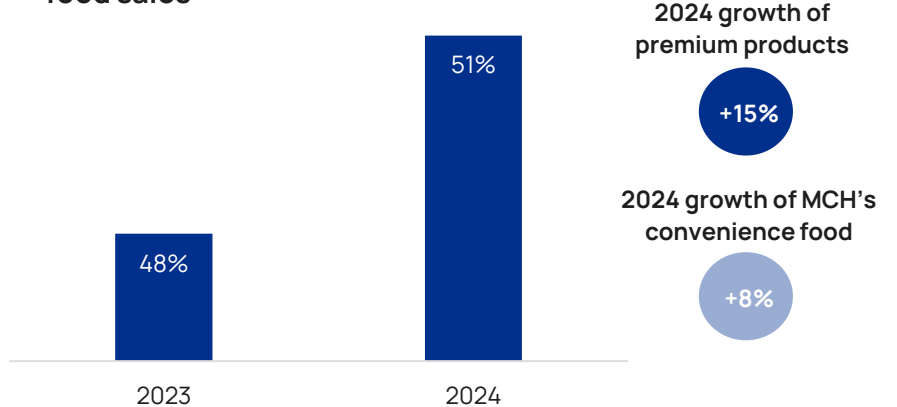
MCH: % Contribution of premium products to sales



MCH: % Contribution of premium products to fish sauce sales



MCH: % Contribution of premium products to convenience food sales



# MCH showcases a portfolio of innovative products across brands

|                     | CHIN-SU   | Nam Ngũ   | Omachi   | KOKOMI  |  |
|---------------------|---|---|--|---|--|
| Mainstream products |  <p>Chili sauce</p>  |  <p>Fish sauce</p>   |  <p>Potato instant noodles</p>                |  <p>Potato instant cup noodles</p> |  <p>Instant noodles</p>           |
| Innovative products |  <p>Wasabi chili sauce</p>  <p>Sriracha chili sauce</p> |  <p>Fish sauce with Ly Son chili garlic</p>  <p>Gold label fish sauce</p> |  <p>Cold potato noodles with apple sauce</p> |  <p>Instant cup hot pot</p>       |  <p>Big-size instant noodles</p> |

## Key sector trends and outlook

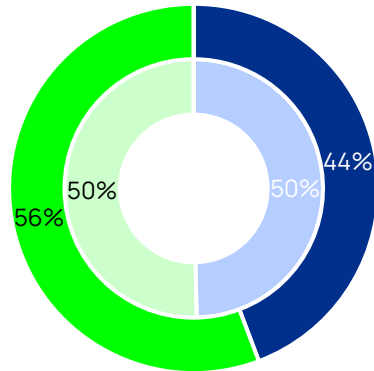
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Jewelry sales to grow with rising incomes in Vietnam

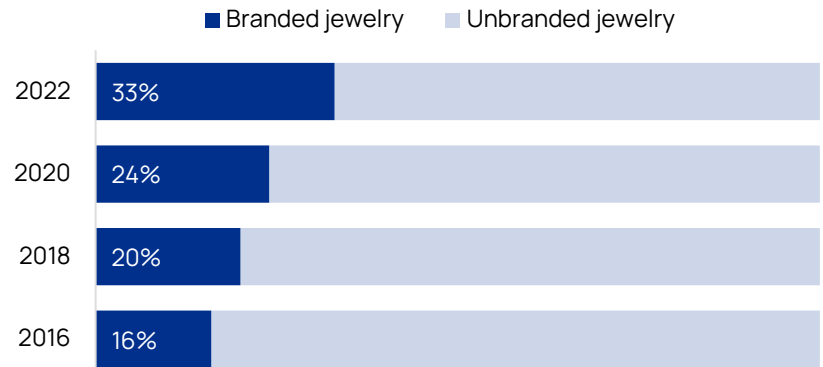
# Rising income drives long-term jewelry consumption; PNJ outperforms amid short-term headwinds

Consumer spending allocation in Vietnam  
(inner circle: 2023, outer circle: 2028F)

Discretionary spending    Essential spending



Growth in branded jewelry's market share

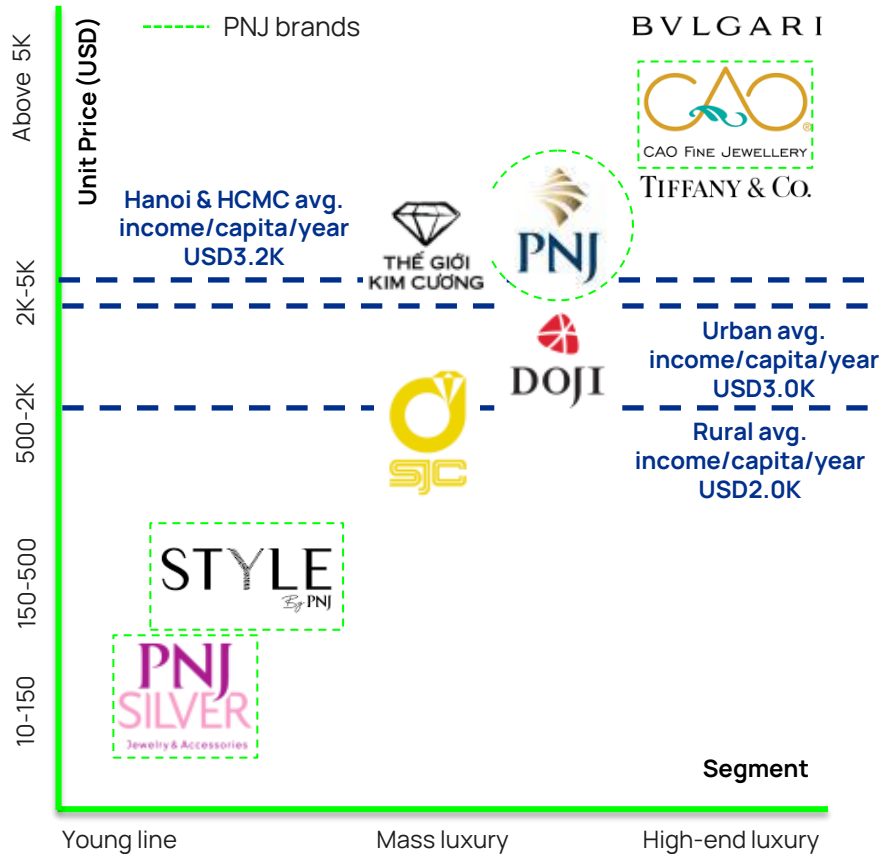


PNJ's retail sales significantly outpaced minimal growth in the overall jewelry market

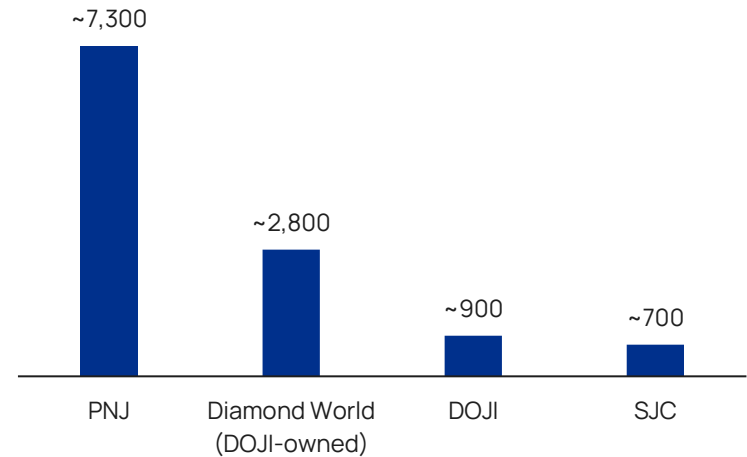


# Strong competitive advantages to sustain long-term growth

PNJ stands out in the branded jewelry market by offering a diverse product range that caters to all income levels



PNJ offers a wider range of SKUs compared with others



PNJ boasts the largest artisan team renowned for their exceptional craftsmanship

> 1,000

Professional artisans and goldsmiths

16

Skilled artisans

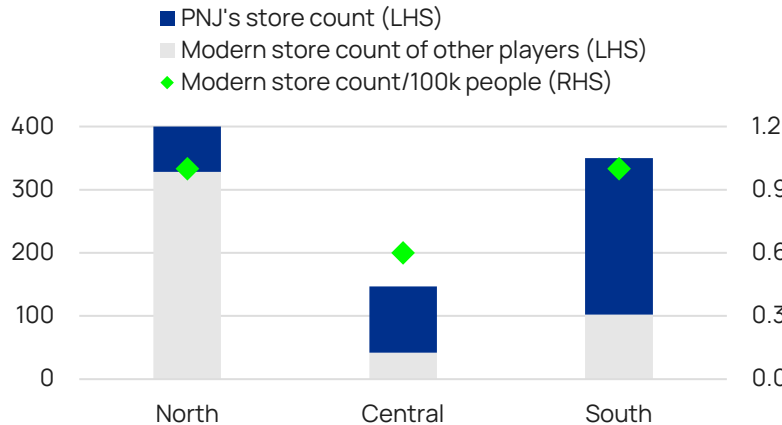
2/3

PNJ's proportion of skilled artisans out of the nationwide number

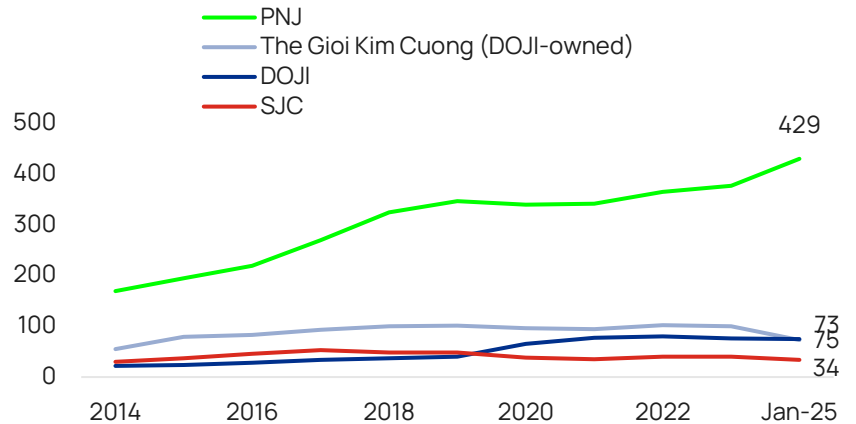


# Significant lead in store count, yet ample headroom for store expansion remains

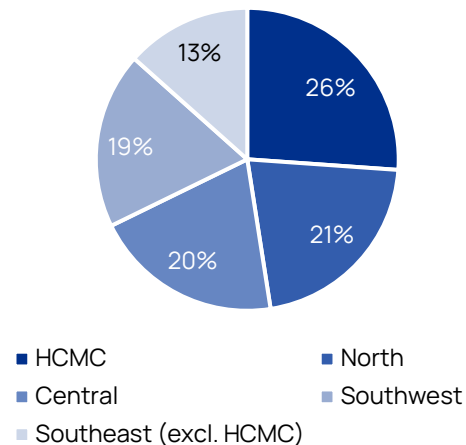
## Modern jewelry store<sup>1</sup> presence by region



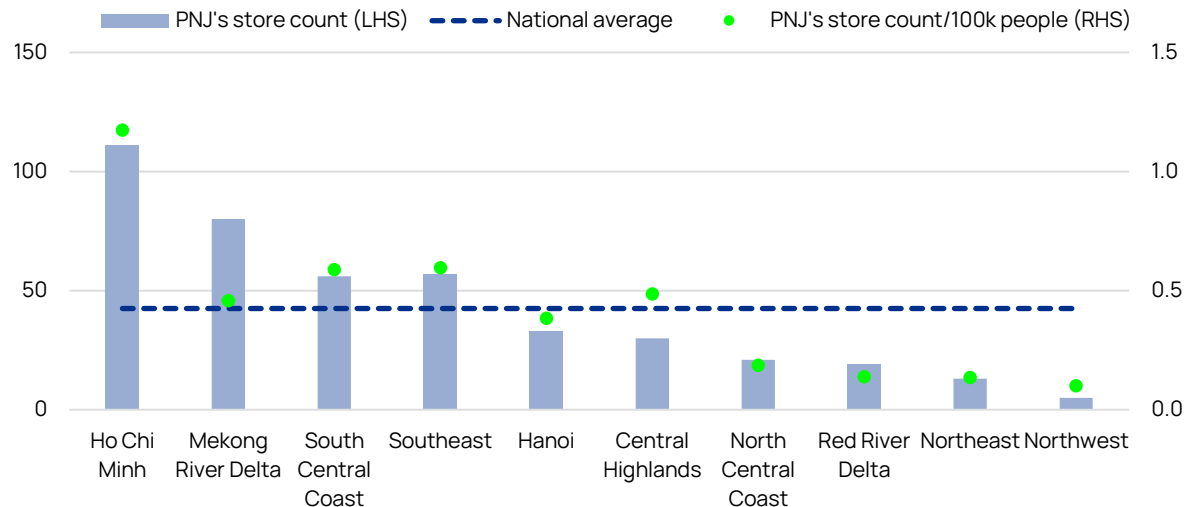
## PNJ's substantial lead in store count



## PNJ's store count by region

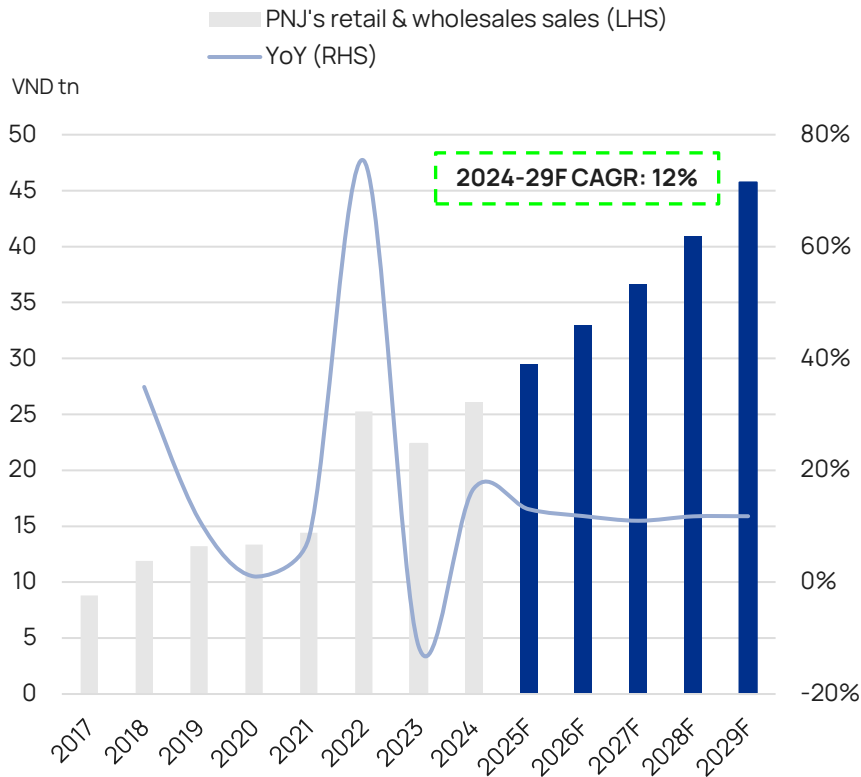


## PNJ's store density by region

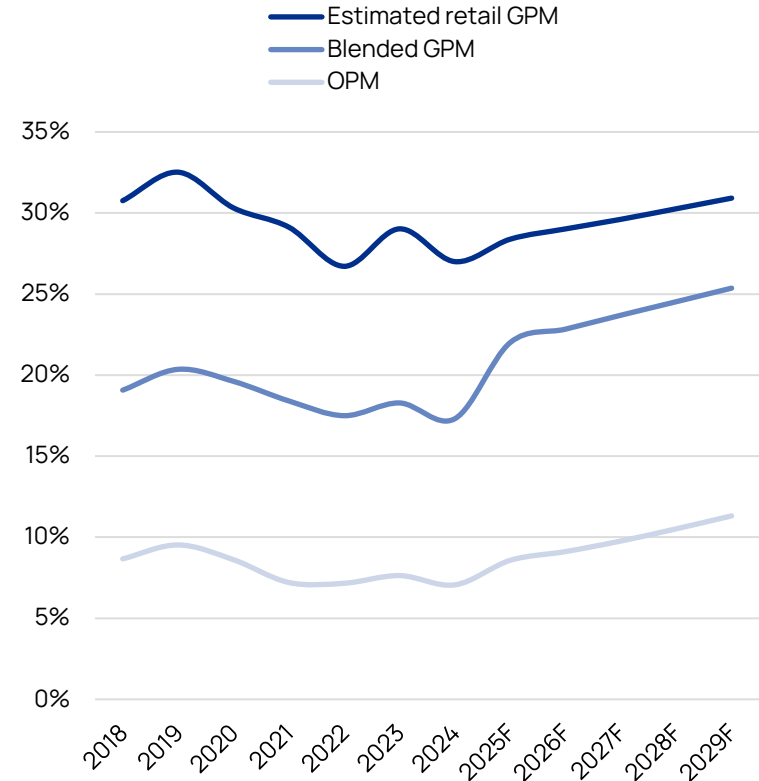


# Retail sales to sustain growth trajectory while profitability recovers

Vietcap's projected retail sales & wholesales growth for PNJ



Vietcap's projected profitability for PNJ



# Consumer team's top picks

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| Stocks | Comments  |
|--------|---|
| MSN    | Strong consumer ecosystem that focuses on consumers' daily essential needs.   |
| MWG    | Preeminent player in modern retail in Vietnam, which is undergoing rapid long-term growth.                              |
| PNJ    | Leading fashion gold jewelry company riding on growing discretionary spending.  |
| FRT    | Leading pharmacy chain driving the growth of Vietnam's modern pharmacy segment; healthcare to be the new growth driver. |

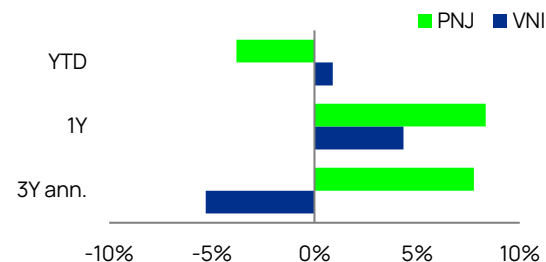
## Top Picks

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# PNJ – Unquestioned leader in Vietnam’s fashion jewelry market

| Rating*              | BUY        |                  | 2024   | 2025F  | 2026F  | 2027F  |
|----------------------|------------|------------------|--------|--------|--------|--------|
| Share Price (Feb 19) | VND95,000  | Revenue (VND bn) | 37,823 | 34,311 | 38,017 | 41,870 |
| Target Price (TP)*   | VND113,500 | %YoY             | 14%    | -9%    | 11%    | 10%    |
|                      |            | NPAT-MI (VND bn) | 2,115  | 2,313  | 2,760  | 3,296  |
|                      |            | % YoY            | 7%     | 9%     | 19%    | 19%    |
| Upside to TP         | +19.5%     | EPS % YoY        | 7%     | 9%     | 19%    | 19%    |
| Dividend Yield       | 2.1%       | GPM              | 17.6%  | 22.0%  | 22.8%  | 23.7%  |
| TSR                  | +21.6%     | EBITDA margin    | 7.3%   | 8.8%   | 9.4%   | 10.0%  |
|                      |            | OPM              | 7.1%   | 8.6%   | 9.1%   | 9.8%   |
| Industry             | Jewelry    | NPM              | 5.6%   | 6.7%   | 7.3%   | 7.9%   |
| Market Cap           | USD1.3bn   | FCF/Sales        | 0.0%   | 5.6%   | 5.8%   | 6.4%   |
| Foreign Room         | USD0mn     | EV/EBITDA        | 12.5x  | 11.3x  | 9.6x   | 8.2x   |
| ADTV30D              | USD2.0mn   | P/E              | 16.4x  | 15.1x  | 12.7x  | 10.7x  |
| State Ownership      | 0%         | P/B              | 2.8x   | 2.4x   | 2.1x   | 1.8x   |
| Outstanding Shares   | 338.0 mn   | ROE              | 20.1%  | 19.3%  | 20.1%  | 20.7%  |
| Fully Diluted Shares | 338.0 mn   |                  |        |        |        |        |

\* TP and rating last updated February 14, 2025



## Company Overview

PNJ is the leading jewelry producer and retailer in Vietnam with an extensive network of 429 stores as of YE2024.

**PNJ, Vietnam’s leading fashion jewelry player, is poised to capitalize on the long-term growth of the branded jewelry industry.** We anticipate that rising incomes and an increasing share of discretionary spending will drive jewelry consumption in Vietnam, particularly for branded jewelry, which has seen its market share double from 16% in 2015 to 33% in 2022. In the branded jewelry market, PNJ is the market leader with a diversified product range, exceptional in-house design and manufacturing capabilities, and a substantial lead in store count.

**PNJ has outperformed the overall jewelry market amid cautious consumer spending and challenges in sourcing raw gold materials.** PNJ’s superior competencies enabled PNJ to navigate through these short-term challenges, delivering 14% YoY retail sales growth in 2024. We anticipate PNJ will continue outperforming the market and solidify its leadership position due to these strengths. Additionally, we expect PNJ’s retail GPM to recover YoY in 2025F with a potential ease in gold material sourcing. The State Bank of Vietnam is reviewing amendments to Decree 24/2014, including potential provisions to facilitate gold raw material imports. If implemented, these changes could alleviate supply constraints and support the sustained recovery of PNJ’s retail GPM over the medium term.

**We forecast PNJ to deliver a retail revenue CAGR of 13% in 2024-2029F, which corresponds to our forecast for an EPS CAGR of 16% for this period.**

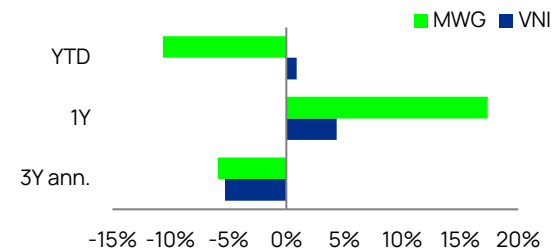
**Valuations:** Our projected 2025F P/E of 15.1x is below its 15Y average P/E of 17.5x, which we believe undervalues the company’s bright growth prospects.

**Downside risk/upside potential:** Weaker/stronger-than-expected jewelry demand and store expansion; weaker/stronger-than-expected improvement in retail profitability.

# MWG – Prominent modern retailer with nationwide coverage

| Rating*              | BUY       |                  | 2024    | 2025F   | 2026F   | 2027F   |
|----------------------|-----------|------------------|---------|---------|---------|---------|
| Share Price (Feb 19) | VND55,800 | Revenue (VND bn) | 134,341 | 145,405 | 161,802 | 176,858 |
| Target Price (TP)*   | VND74,300 | %YoY             | 13.6%   | 8.2%    | 11.3%   | 9.3%    |
|                      |           | NPAT-MI (VND bn) | 3,722   | 5,113   | 6,860   | 8,153   |
|                      |           | % YoY            | 2119.8% | 37.4%   | 34.2%   | 18.8%   |
| Upside to TP         | 33.2%     | EPS % YoY        | 2119.8% | 35.3%   | 31.5%   | 16.1%   |
| Dividend Yield       | 0.9%      | GPM              | 20.5%   | 20.6%   | 20.9%   | 21.3%   |
| TSR                  | +34.1%    | EBITDA margin    | 4.7%    | 5.4%    | 6.1%    | 6.5%    |
|                      |           | OPM              | 3.0%    | 3.6%    | 4.3%    | 4.7%    |
| Industry             | Retailing | NPM              | 2.8%    | 3.5%    | 4.2%    | 4.6%    |
| Market Cap           | USD3.2bn  | FCF/Sales        | 9.6%    | 4.2%    | 4.8%    | 5.2%    |
| Foreign Room         | USD133mn  | EV/EBITDA        | 11.8x   | 9.5x    | 7.6x    | 6.5x    |
| ADTV30D              | USD15.3mn | P/E              | 21.9x   | 16.2x   | 12.3x   | 10.6x   |
| State Ownership      | 0%        | ROE              | 14.6%   | 17.0%   | 19.3%   | 19.3%   |
| Outstanding Shares   | 1,462 mn  | ROIC             | 6.1%    | 7.4%    | 9.0%    | 9.4%    |
| Fully Diluted Shares | 1,462 mn  |                  |         |         |         |         |

\* TP and rating last updated February 10, 2025



## Company Overview

MWG owns the leading mobile phone and consumer electronics chains in Vietnam with 2022 market shares of 60% and 50%, respectively. To sustain strong long-term growth, MWG is rolling out the Bach Hoa Xanh minimart chain.

**We believe MWG remains well-positioned to seize growing demand for modern grocery retail from increasingly discerning consumers.**

**Maintaining its position as Vietnam's leading minimart, BHX is well-positioned for regional nationwide expansion and strong earnings growth.** With a competitive advantage in fresh food, we believe BHX is at the forefront of capturing the rising demand for convenience-driven grocery retailing in Vietnam. After turning profitable with an NPM of 0.1% in Q2 2024, BHX's NPM further improved to 0.8% in Q3 and 1.0% in Q4 2024, driven by strong sales of fresh food (accounting for nearly 38% of total sales in 2024). BHX has resumed store expansion, opening 72 new locations in 2024, primarily in southern and central Vietnam. Given the huge expansion opportunities for BHX across Vietnam, we project BHX to reach over 2,370/3,270 stores by YE 2026/YE 2029, respectively.

**We expect resilient earnings recoveries for TGDD & DMX in 2024-29F.** We expect its sales to grow at a 2024-29F CAGR of 5%. A full recovery of Vietnam's consumption should support GPM to improve by 50 bps/30bps in 2026-27, reaching 19.4% in 2027 and remaining stable in 2028-29. We anticipate ICT's EBIT to grow at 2024-29F CAGR of 8%, with the 2029 EBIT margin approaching 6.3%.

**Potential upside/downside risks:** Stronger/weaker-than-expected ICT profitability; stronger/weaker-than-expected store expansion and operational efficiency at BHX.

# MSN – Prime beneficiary of Vietnam’s consumption growth

| Rating*              | BUY           |                               | 2024   | 2025F  | 2026F  | 2027F   |  |
|----------------------|---------------|-------------------------------|--------|--------|--------|---------|--|
| Share Price (Feb 19) | VND67,700     | Revenue (VND bn)              | 83,178 | 86,870 | 97,066 | 105,750 |  |
| Target Price (TP)*   | VND108,000    | %YoY                          | 6.3%   | 4.4%   | 11.7%  | 8.9%    |  |
|                      |               | EBIT                          | 47.7%  | 28.3%  | 23.1%  | 16.8%   |  |
|                      |               | PBT                           | 135.1% | 23.5%  | 35.9%  | 23.0%   |  |
| Upside to TP         | +59.5%        | NPAT-MI <sup>1</sup> (VND bn) | 1,748  | 3,235  | 4,886  | 6,501   |  |
| Dividend Yield       | 0.0%          | EPS <sup>1</sup>              | 293.5% | 84.2%  | 50.4%  | 32.4%   |  |
| TSR                  | <b>+59.5%</b> | EBITDA margin <sup>2</sup>    | 11.9%  | 18.0%  | 18.2%  | 18.4%   |  |
|                      |               | OPM                           | 7.4%   | 9.1%   | 10.0%  | 10.8%   |  |
| Industry             | Consumer      | NPM <sup>1</sup>              | 2.1%   | 3.7%   | 5.0%   | 6.1%    |  |
| Market Cap           | USD3.8bn      | FCF/Sales                     | -3.4%  | -6.3%  | 2.0%   | 6.2%    |  |
| Foreign Room         | USD893mn      | EV/EBITDA <sup>2</sup>        | 13.6x  | 9.4x   | 8.2x   | 7.4x    |  |
| ADTV30D              | USD12.7mn     | P/E <sup>1</sup>              | 57.6x  | 30.2x  | 20.1x  | 15.2x   |  |
| State Ownership      | 0.0%          | P/B                           | 3.2x   | 2.9x   | 2.6x   | 2.3x    |  |
| Outstanding Shares   | 1.43 bn       | ROE <sup>1</sup>              | 6.1%   | 10.0%  | 13.7%  | 16.2%   |  |
| Fully Diluted Shares | 1.51 bn       |                               |        |        |        |         |  |

\* TP and rating last updated November 25, 2024

<sup>1</sup> Based on core earnings that exclude one-off financial income; <sup>2</sup> Core EBITDA excludes profits from Techcombank (TCB).

## Company Overview

Masan Group specializes in consumer businesses that span FMCG, the meat value chain and grocery retailing. Other businesses include metal-based materials and a significant holding in Techcombank.

**We believe MSN is a proxy play on consumption growth in Vietnam, driven by rising incomes, urbanization, and ongoing modernization.**

**MSN’s subsidiary – MCH UpCOM** has sustained its leading market shares in some of the largest FMCG categories such as convenience foods, seasonings, and energy drinks over the past five years. **MSN also has WCM** as the market leader in modern grocery retailing.

**Over the past year, management has positioned MSN more clearly as a consumer-led company, with increasing ownership and investments in consumer-related business and divestment of the non-core business.** MSR has completed the sale of 100% of H.C. Starck to Mitsubishi Materials Corporation at YE 2024. Furthermore, MSN recently increased its stake in WCM by acquiring an additional 7.1%, bringing its ownership to 79%. As WCM achieved positive NPAT in 2024 with extensive growth headroom in Vietnam’s modern grocery retail, MSN can consolidate a larger portion of WCM’s earnings over the longer term.

**We forecast an EBIT CAGR of 21% in 2024-29.** We forecast MCH UpCOM to deliver a 12% EBIT CAGR in 2024-29. In addition, we expect WCM to contribute 14%/18% to MSN’s NPAT-MI in 2028/29, respectively.

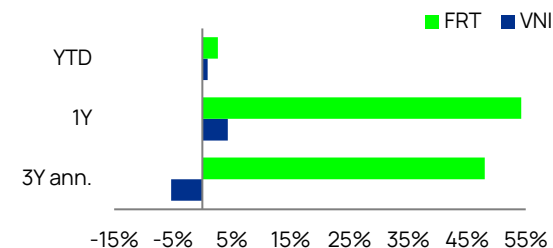
**Upside potential:** Reduced exposure to MSR to reduce net debt; corporate action following the listing of MCH UpCOM on HOSE; MCH UpCOM’s stronger-than-expected earnings growth.

**Key risks to our positive view:** MSR’s weaker-than-expected profitability; WCM’s lower-than-expected like-for-like (LFL) sales growth and profitability improvements.

# FRT – Healthcare is new growth engine

| Rating*                   | BUY               |                  | 2024   | 2025F  | 2026F  | 2027F  |
|---------------------------|-------------------|------------------|--------|--------|--------|--------|
| Share Price (Feb 19)      | VND191,000        | Revenue (VND bn) | 40,104 | 47,418 | 55,717 | 64,173 |
| <b>Target Price (TP)*</b> | <b>VND237,300</b> | %YoY             | 25.9%  | 18.2%  | 17.5%  | 15.2%  |
|                           |                   | NPAT-MI (VND bn) | 318    | 759    | 1,099  | 1,501  |
|                           |                   | % YoY            | N.M.   | 138.7% | 44.7%  | 36.6%  |
| Upside to TP              | +24.2%            | EPS % YoY        | N.M.   | 132.5% | 44.9%  | 36.7%  |
| Dividend Yield            | 0.0%              | GPM              | 18.9%  | 20.5%  | 21.4%  | 22.2%  |
| <b>TSR</b>                | <b>+24.2%</b>     | EBITDA margin    | 2.5%   | 3.5%   | 4.1%   | 4.5%   |
|                           |                   | OPM              | 1.7%   | 2.8%   | 3.3%   | 3.9%   |
| Industry                  | Retailing         | NPM              | 0.8%   | 1.6%   | 2.0%   | 2.3%   |
| Market Cap                | USD1.0bn          | FCF/Sales        | 2.3%   | 2.1%   | 2.6%   | 3.0%   |
| Foreign Room              | USD146mn          | EV/EBITDA        | 31.5x  | 19.0x  | 14.0x  | 10.9x  |
| ADTV30D                   | USD4.9mn          | P/E              | 82.0x  | 34.5x  | 23.8x  | 17.4x  |
| State Ownership           | 0%                | ROE              | 18.1%  | 33.1%  | 34.9%  | 35.0%  |
| Outstanding Shares        | 136 mn            | ROIC             | 5.8%   | 12.1%  | 20.9%  | 26.2%  |
| Fully Diluted Shares      | 136 mn            |                  |        |        |        |        |

\* TP and rating last updated December 25, 2024



## Company Overview

Established in 2012, FPT Retail owns (1) the largest pharmacy chain Long Chau and (2) the second-largest ICT retailing chain, FPT Shop, in Vietnam.

**FRT owns (1) Vietnam's largest pharmacy chain, Long Chau (LC) and (2) Vietnam's second-largest ICT retail chain, FPT Shop.**

**Long Chau has broadened its healthcare reach by launching a vaccination services business.** LC's competitive advantages to capture growth in this market include an extensive store network and healthcare partnerships, strong brand reputation, and thorough customer insights. LC has expanded its vaccination centers from 10 at YE 2023 to 120 currently. In the next five years, we project its vaccination business to deliver a 2024-29F sales CAGR of 62%, contributing to LC's sales CAGR of 20%. We forecast that this business will help improve LC's overall OPM to 6.3% in YE 2029F, from 2.7% in 2024F.

**We expect LC's 2024-29F sales CAGR to be 20%** and reach USD2.1bn in 2029, with a corresponding **NPAT-MI CAGR of 50%** to USD90mn in 2029.

**We estimate FPT Shop's 2024-29F sales CAGR at 6%** due to (1) a gradual ICT consumption recovery starting in 2024, and (2) Vietnam's rising digital adoption as a result of the country's growing middle-income class.

**We expect LC to contribute major earnings due to (1) its extensive expansion and (2) a modest recovery in ICT margins over the next five years.** We project LC to contribute ~90% to our NPAT-MI forecast for FRT in 2028F.

**Potential upside/downside risks:** Stronger/weaker-than-expected store rollouts and profitability for LC; stronger/weaker-than-expected recovery in ICT profitability.



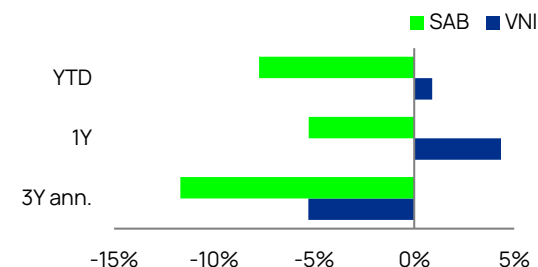
## Other Stocks

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# SAB – Top-tier beer company in Vietnam

| Rating*              | BUY        |                  | 2024   | 2025F  | 2026F  | 2027F  |
|----------------------|------------|------------------|--------|--------|--------|--------|
| Share Price (Feb 19) | VND51,300  | Revenue (VND bn) | 31,872 | 33,370 | 35,236 | 36,756 |
| Target Price (TP)*   | VND73,000  | %YoY             | 4.6%   | 2.1%   | 5.6%   | 4.3%   |
|                      |            | NPAT-MI (VND bn) | 4,330  | 4,899  | 5,161  | 5,232  |
|                      |            | % YoY            | 5.2%   | 10.6%  | 5.4%   | 1.4%   |
| Upside to TP         | +42.3%     | EPS % YoY        | 5.7%   | 10.6%  | 5.4%   | 1.4%   |
| Dividend Yield       | 6.8%       | GPM              | 29.2%  | 31.9%  | 30.8%  | 30.2%  |
| TSR                  | +49.1%     | OPM              | 13.9%  | 16.2%  | 15.3%  | 14.6%  |
|                      |            | EBITDA margin    | 15.6%  | 18.1%  | 17.1%  | 16.4%  |
| Industry             | Brewery    | NPM              | 13.6%  | 14.7%  | 14.6%  | 14.2%  |
| Market Cap           | USD2.6bn   | EV/EBITDA        | 8.9x   | 7.3x   | 7.3x   | 7.3x   |
| Foreign Room         | USD1.0bn   | P/E              | 15.5x  | 13.7x  | 13.0x  | 12.8x  |
| ADTV30D              | USD1.2mn   | P/B              | 2.8x   | 2.7x   | 2.6x   | 2.6x   |
| State Ownership      | 36.0%      | ROE              | 18.2%  | 20.2%  | 20.9%  | 20.7%  |
| Outstanding Shares   | 1,282.6 mn | ROA              | 12.9%  | 13.8%  | 13.9%  | 13.6%  |
| Fully Diluted Shares | 1,282.6 mn |                  |        |        |        |        |

\* TP and rating last updated November 8, 2024



## Company Overview

Sabeco is one of the largest brewers in Vietnam. It currently has 26 breweries across Vietnam, boasting a total capacity of more than two billion liters.

**SAB is a compelling defensive choice** due to its solid financial position and cash flow.

**With its strong brand name and extensive distribution network, SAB is in a strong position to benefit from the recovery of Vietnam's beer consumption**, which is expected to be driven by long-term favorable demographics, including rising incomes, a young drinking-age population, and urbanization. While competition remains intense, we believe **SAB is poised to regain market share**, as the potential excise tax hike in 2026 will result in smaller selling price increases in absolute terms for SAB compared to its main rival - Heineken (which focuses on premium and sub-premium offerings, while SAB targets the mainstream segment). Beyond gaining market share, **we also see potential for profitability improvement** due to (1) the consolidation of Sabibeco finished in January 2025, (2) ongoing operational and commercial optimization, and (3) strict control of advertising & promotional (A&P) spending.

**We forecast SAB to deliver an EPS CAGR of 5% for 2024-2029F.**

**We project SAB to maintain an attractive cash dividend of VND3,500/share (~7% dividend yield) in 2024-2029F.**

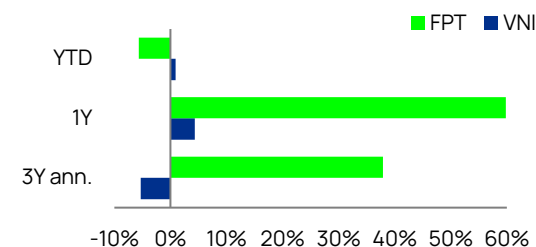
**Valuations:** In our view, SAB's valuation is undemanding with a 2025F P/E of 13.7x vs a 5-year average peer median P/E of 25.4x.

**Downside risks:** Weaker beer consumption; higher input costs; higher advertising & promotional (A&P) spending; heightened competition.

# FPT - Vietnam's IT service powerhouse

| Rating*              | O-PF         |                  | 2024   | 2025F  | 2026F  | 2027F   |
|----------------------|--------------|------------------|--------|--------|--------|---------|
| Share Price (Feb 19) | VND144,000   | Revenue (VND bn) | 62,849 | 76,913 | 92,913 | 111,470 |
| Target Price (TP)*   | VND155,400   | %YoY             | 19.4%  | 22.4%  | 20.8%  | 20.0%   |
|                      |              | NPAT-MI (VND bn) | 7,849  | 9,773  | 12,256 | 14,885  |
|                      |              | % YoY            | 21.4%  | 24.5%  | 25.4%  | 21.5%   |
| Upside to TP         | +7.9%        | EPS % YoY        | 20.5%  | 23.6%  | 24.5%  | 20.6%   |
| Dividend Yield       | 1.6%         | GPM              | 37.9%  | 38.4%  | 38.9%  | 39.4%   |
| TSR                  | +9.5%        | EBITDA margin    | 20.8%  | 21.0%  | 21.1%  | 21.2%   |
|                      |              | PBT margin       | 17.6%  | 17.8%  | 18.3%  | 18.7%   |
| Industry             | Tech/Telecom | NPM              | 12.5%  | 12.7%  | 13.2%  | 13.4%   |
| Market Cap           | USD8.3bn     | P/OCF            | 16.5x  | 15.7x  | 13.2x  | 10.9x   |
| Foreign Room         | USD357mn     | EV/EBITDA        | 15.0x  | 12.1x  | 10.0x  | 8.3x    |
| ADTV30D              | USD25.1mn    | P/E              | 27.0x  | 21.7x  | 17.3x  | 14.2x   |
| State Ownership      | 5.8%         | P/B              | 7.7x   | 6.3x   | 5.1x   | 4.2x    |
| Outstanding Shares   | 1,471 mn     | ROE              | 28.6%  | 29.5%  | 30.2%  | 29.7%   |
| Fully Diluted Shares | 1,471 mn     |                  |        |        |        |         |

\* TP and rating last updated February 10, 2025



## Company Overview

FPT is a technology/telecom conglomerate with a market-leading position in IT services and a top three market share in Vietnam's fixed-broadband internet market. Driven by its globalization strategy, FPT has achieved a global IT revenue CAGR of 29% over the last three years.

We believe FPT's medium-term growth outlook remains bright given the company's strong position in the fast-growing technology sector in Vietnam, supported by the Vietnamese Government's digital economy initiatives as well as robust cloud and AI demand globally.

**FPT's Global IT Service** leverages Vietnam's competitive labor costs while moving up the value chain to provide high-margin digital transformation (DX) services, supported by partnerships with global technology leaders.

**FPT Education** plays a vital role in providing an engineering talent pipeline for the global IT business, apart from its steady lucrative profitability.

**The Telecom Services business (e.g., fixed broadband and data centers)** also has solid growth potential, fueled by increasing demand for AI and cloud services.

Our target price puts FPT's respective 2025F/26F P/Es at 23.6x/18.9x vs our projected 2024-27F EPS CAGR of 23%, which we believe is justified given FPT's solid earnings potential.

**Upside catalysts:** Higher-than-expected global IT spending in the near term; robust output for current projects and new collaborations with global partners amid Vietnam's tech growth.

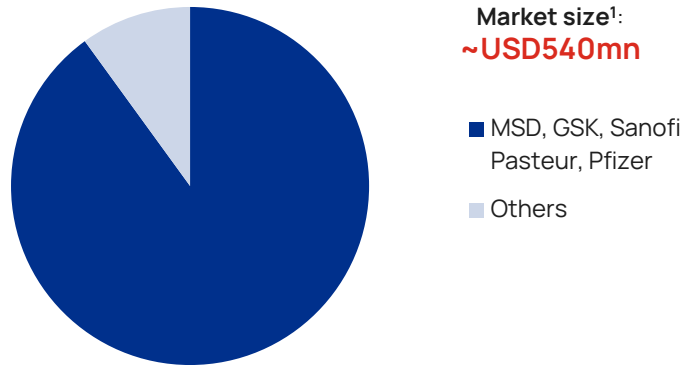
**Key downside risks:** Stronger-than-anticipated industry headwinds in global IT spending; weaker-than-expected growth in projects in collaboration with Nvidia.

# Appendices

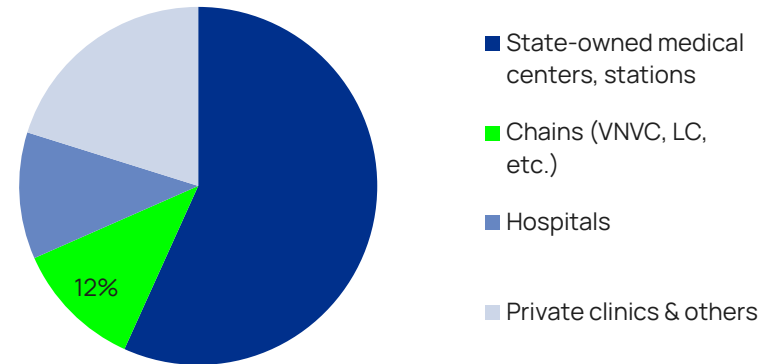
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# Appendix 1: Long Chau has broadened its healthcare reach with vaccination centers

Vietnam's vaccination market was dominated by foreign manufacturers<sup>1</sup>

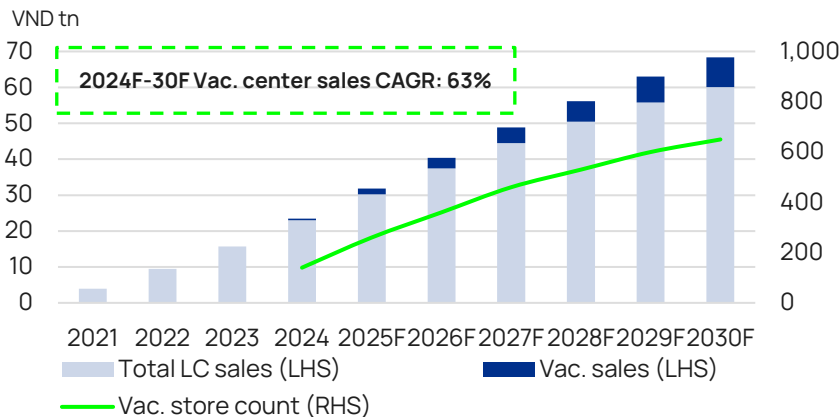


Vaccination locations by type in 4 urban key cities<sup>2</sup>

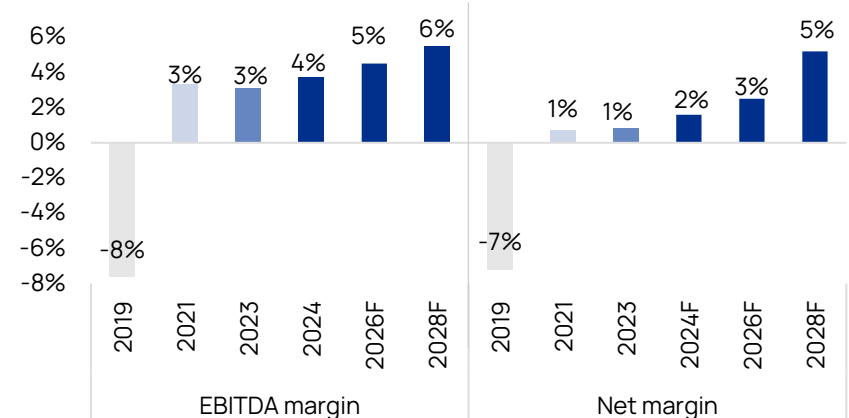


In 4 key urban cities<sup>1</sup>, one vaccination facility serves ~6k children from 0-10<sup>3</sup>

LC's vaccination sales and forecasts



LC's profitability and forecasts (pharmacy + vaccination)



Source: Company disclosures, IQVIA, Vietcap. Note: <sup>1</sup>Data as of FY 2023; <sup>2</sup> HCM, Hanoi, Da Nang, Can Tho, Data as of end-May 2024; <sup>3</sup>We define children aged 0 to 10 as the most regular candidates for vaccination as it is medically recommended that children of these ages follow the vaccination schedule prescribed by Vietnam's Ministry of Health.

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