

Industry Update

RETAIL SECTOR: THE MODERN SHIFT AMIDST A SLOW CLIMB

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Despite the market's slow recovery, listed modern retailers are bright spots with robust performance

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Key points:

- Consumer spending is expected to witness more improvements in 2026 notwithstanding a slow pace.
- Despite the dominance of traditional channel, the shift in consumers' shopping habit from traditional to modern trade favor retailers in Vietnam. The online channel extends its rapid expansion momentum.
- New tax policies for household businesses may promote more fairness in competition between retail enterprises and traditional shops.
- Listed retail companies including MWG, FRT, PNJ continue to expand their networks and are projected to generate an aggregate EAT growth of 26.5% YoY in 2026.

Our coverage

Ticker	Market cap (VNDbn)	2026 revenue (VNDbn)	2026 revenue growth	2026 EAT (VNDbn)	2026 EAT growth	PER based on 2026F	2026 Target price	Upside (*; incl. dividend yield)
MWG	129,812	182,001	16.3%	9,140	29.2%	14.5	106,000	21.0%
FRT	27,316	61,388	20.2%	1,347	36.9%	26.4	172,000	7.2%
PNJ	37,151	38,654	10.5%	3,288	16.2%	12.6	132,000	23.1%

(*) Market price at Feb 6th, 2026

Consumption rebounded, despite on a bumpy road

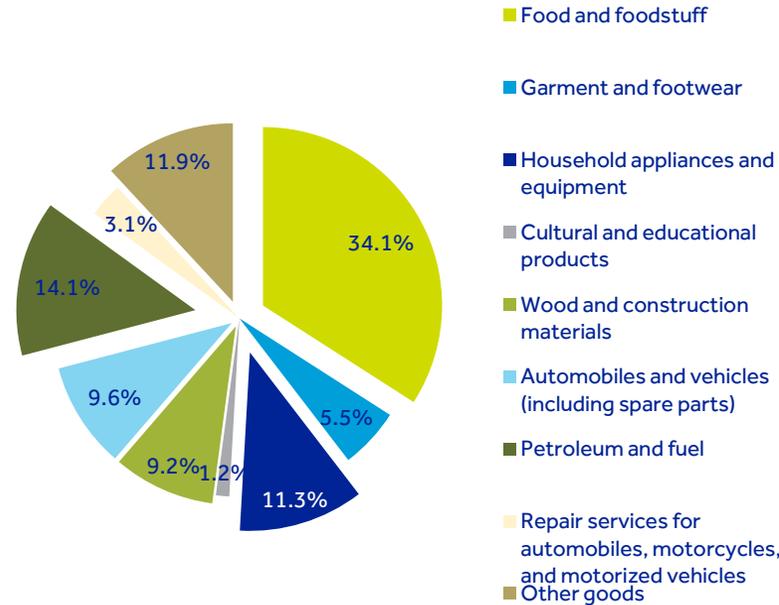
- **Vietnam's retail sales of goods are reported at VND5,391trn (+9.4% YoY; ~USD203bn)**, capturing the largest portion (76%) in total retail sales of goods and services in 2025, outperforming some regional countries' growth (e.g Indonesia, Thailand, Philippines, etc.). The post-Covid recovery, in the face of the global economic turmoil, geopolitical tensions and trade war, generated a CAGR of 8.7% in 2022-2025 (or 7.2% in 2020-2025), albeit still slower than the pre-Covid's period.
- 2025 recorded stronger improvements in non-food items, compared to 2024 results, while food and foodstuff continued to lead the sales breakdown.
- **Retail sales of goods and services are set to grow by 11%-11.5% p.a**, according to Decision No. 2326/QD-TTg on Oct 21st, 2025 approving Vietnamese Retail Development Strategy till 2030 and vision to 2050, aligned with the government's goal to propel consumption in order to support economic growth.

Retail sales of goods grew at a CAGR of 7.2% in 2020-2025, including weakness in Covid years



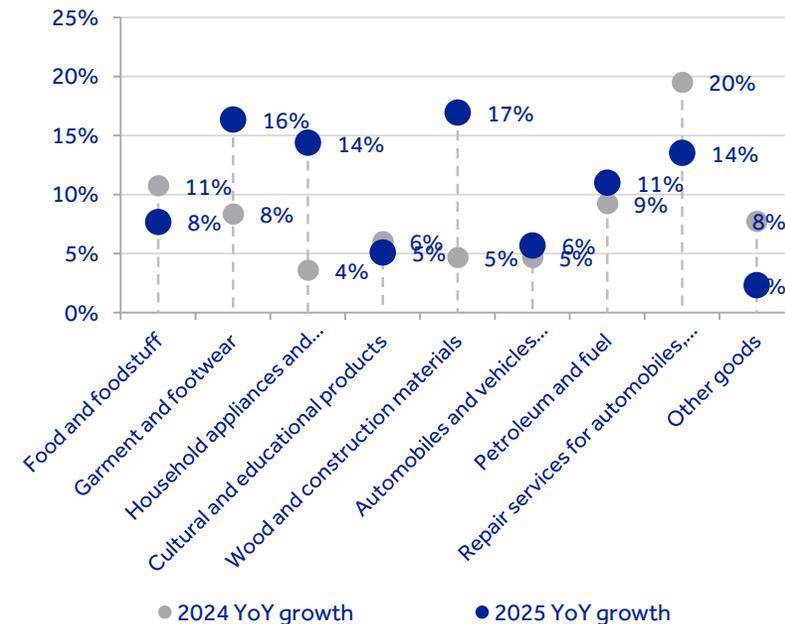
Source: GSO; MoIT; ACBS

Composition of retail sales of goods in 2025



Source: GSO; MoIT; ACBS

2025 recorded stronger improvements in non-food items

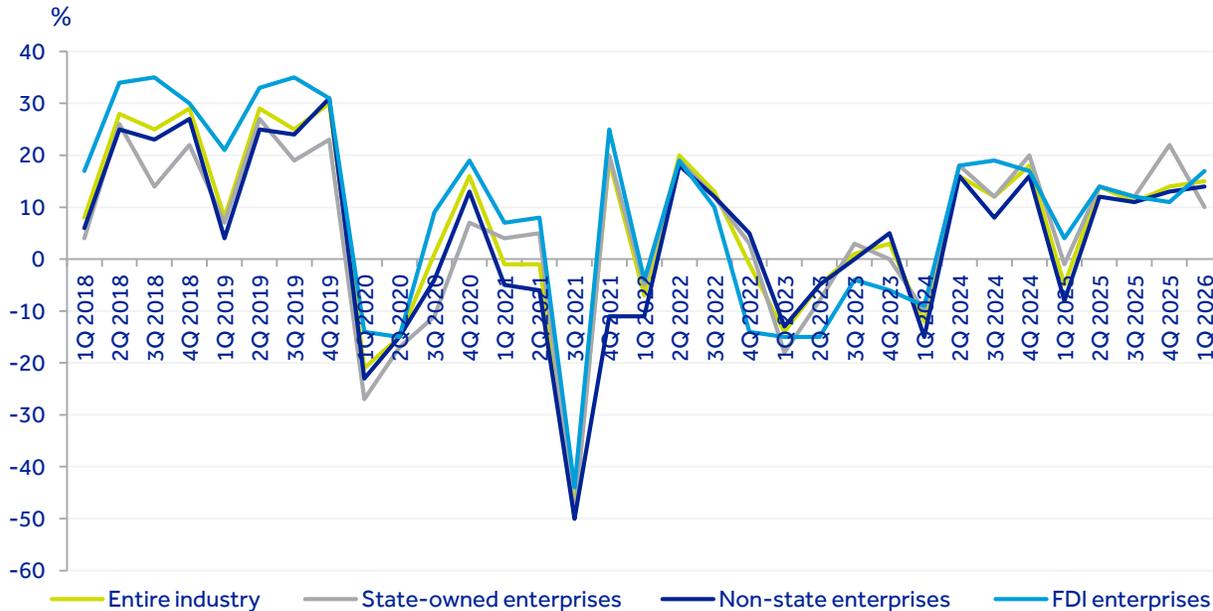


Source: General Statistics Office- GSO; Ministry of Trade and Industry- MoIT; ACBS

Consumption rebounded, despite on a bumpy road

- Observations recorded signs of improvements in consumption and business confidence from late 2025, though the seasonality of year-end demand is believed as one of catalysts.
- However, better expectations for the whole year 2026 can still be seen in some surveys, for example EuroCharm's survey about European businesses' views on their business situations in Vietnam.

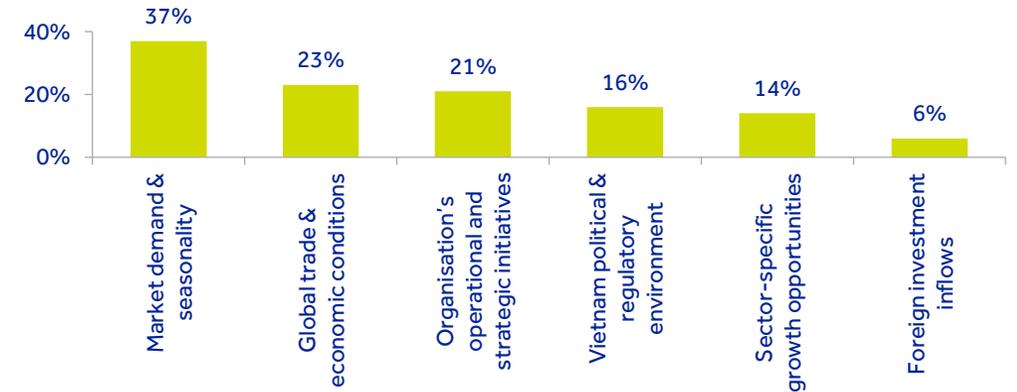
Business confidence index in manufacturing enterprises almost showed signs of improvements in late 2025 and early 2026 - GSO*



Source: GSO; ACBS. (*) GSO comes up with the index by implementing a quarterly survey with 6,207 firms. The number of responses are 6,090.

Factor influencing business expectations (1Q2026)

Unit: % of respondents | Base: n = 118 respondents

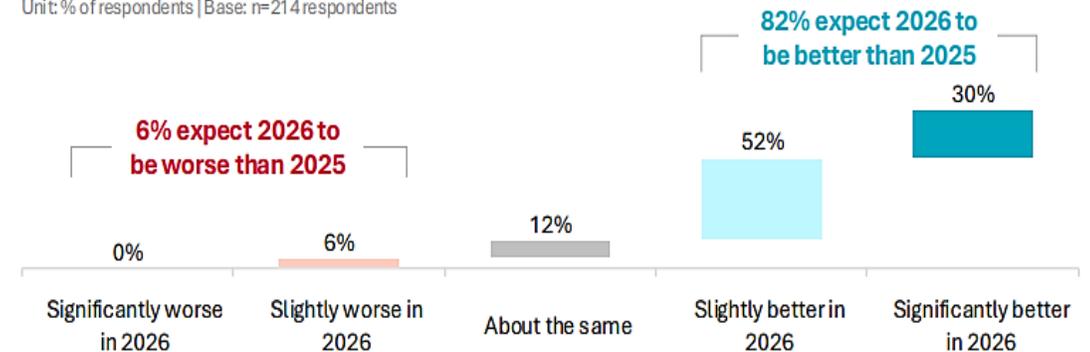


Source: EuroCharm Business Index in 4Q2025; ACBS

Overall expectations of business performance in 2026

Question: By the end of 2026, how do you expect your organisation's performance to compare with 2025?

Unit: % of respondents | Base: n=214 respondents



Source: EuroCharm Business Index in 4Q2025, which is a survey to collect the view of European businesses about their business situations in Vietnam

Modern trade expansion persists

- **The continued expansion of modern trade (including online channel) has been the highlight in Vietnam's retail picture**, similar to what is seen in regional developing countries where the traditional channel still overwhelms. The modern channel has enlarged its contribution to 35%-40% in the urban areas and 15%-20% in the rural areas, according to Kantar Worldpanel, accompanied by emergence of both local and foreign retail chain networks with leading names belonging to thegioididong.com, dienmayxanh.com, bachhoaxanh.com, WinCommerce, Long Chau, etc.
- **The shift from traditional to modern channel in Vietnam is projected to sustain**, with an equal proportion between them probably imagined as a long-term perspective, comparable to Singapore or Hong Kong at present. The trend is underpinned by consumers' increasing interest in the modern shopping format and ample potential to gain share from the traditional channel.

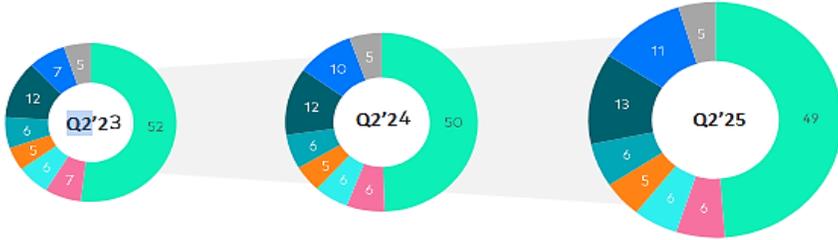
MWG	6,044 stores	• Continues to expand network, especially Bach Hoa Xanh chain.
WinCommerce	4,592 stores (WinMart, WinMart+, Win)	• Targets 10,000 stores by 2030, present in every commune/village.
FRT	3,263 stores	• Continues to expand Long Chau pharmaceutical chain.
PNJ	431 stores	• Continues to expand network selectively.
Central Retail	>330 supermarkets and stores (Go, Big C, Tops Market)	• Plans to invest USD1.38 – USD1.44bn from now until 2027 to expand its distribution system in Vietnam.
Aeon Vietnam	278 stores of multi formats	• Plans to invest USD1.5bn over the next 10 years, targeting 30% annual revenue growth and tripling its scale by 2030.
Lotte Mart	15 supermarkets	• Plans to add 2 large-scale shopping malls by 2030.
Saigon Co.op	>800 stores of multi brands.	
Circle K	>460 stores	
GS25	>200 stores	• Focuses on network expansion with a goal of reaching 700 stores by 2027.
7-Eleven	about 150 stores	

Source: MoIT's Retail market report; ACBS

Modern trade expansion persists

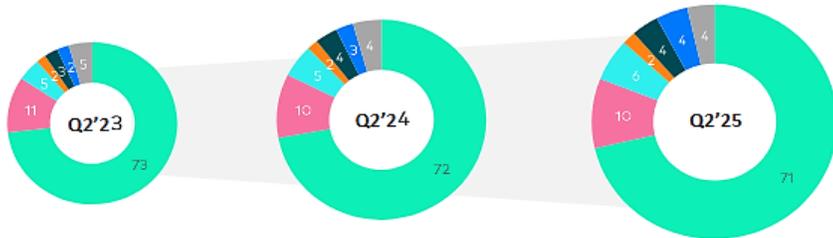
Channel Importance – % Value

Urban Vietnam



Channel Importance – % Value

Rural Vietnam



Source: Kantar Worldpanel

Channel Contribution (%Expenditure of total FMCG)



Source: The channel percentage contribution above is based on NIQ Consumer Panel Services | APAC | Data Ending Full Year 2024 covering in home consumption across Modern Trade, General Trade, and other channels that are not covered in Retail Measurement Services like E-Commerce and Direct Sales.



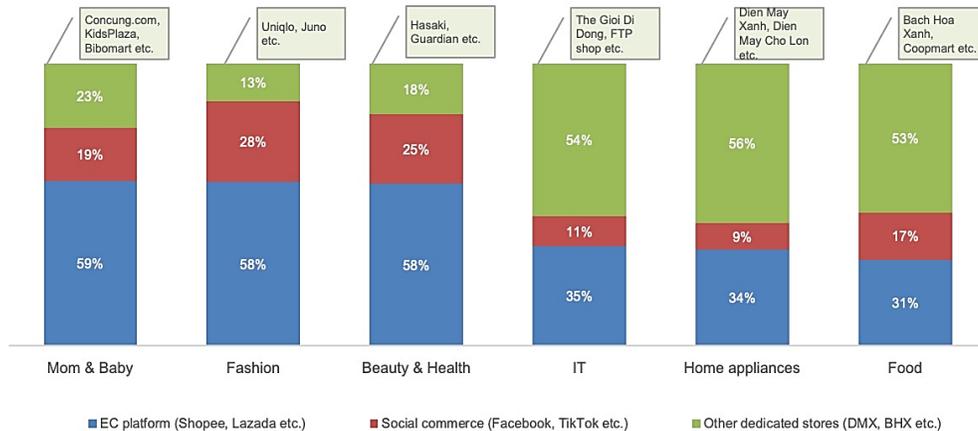
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Source: <https://nielseniq.com>

- **Online sales has accelerated remarkably and become an indispensable channel for modern retailers** amid intensified competition, leading to the prevalence of the omni-channel strategy. This come as a result of consumers' preference for convenience, high internet penetration and the booming growth in logistics and express delivery services, though online share remains moderate versus the traditional channel and accounts for 5%-10%+ of Vietnamese retailers' revenue.
- According to MoIT 's Retail market report, online retail market was estimated at USD32bn in 2024 (+27% YoY), accounting for c.12% of total retail sales of goods and services. Of which, online retail of goods contributed USD22.5bn.
- **MoIT's national e-commerce development plan for 2026-2030** (Decision No. 1568/QD-BCT) aims to boost e-commerce as a pioneering sector of digital economy. The objectives include: 70% of adult population participating in online shopping; e-commerce retail sales growing by 20%-30% per year, accounting for 20% of total retail sales; 60% of small and medium-sized enterprises operating on e-commerce platforms, etc.

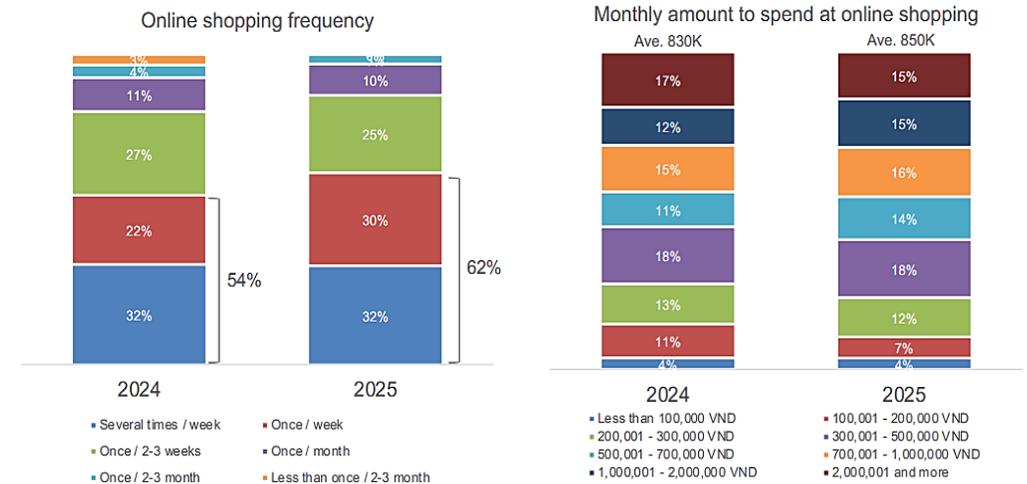
Channels to use for online shopping

The usage of EC platform is high for M&B, Fashion and Beauty. Dedicated store (e.g. Dien May Xanh, The Gioi Di Dong) is popular for IT, Home appliances and food



Respondent online shopping frequency / amount

The frequency of using online shopping increase from 2024 to 2025. The average monthly spending also slightly increase



Source: Q&Me

Q. What are the online service that you use to buy <category> (n=307), Asked only those who use online, The choice was multi-choice but re-calculated for 100%

Q. How often do you shop online (Average of last 3 month) / How much do you shop online (Average of last 3 month) (n=300) / * the respondents are all online shopping users

Consumer purchasing power is expected to continue improving, albeit at a slow pace, driven by the government's stimulus measures, personal income tax adjustments, extension of VAT reduction, and easing tariff-related concerns.

New tax policies for household businesses may promote more fairness in competition between formal retail enterprises and brick-and-mortar shops.

Modern retailers are able to benefit from the ongoing shift in consumer habit from traditional to modern trade, further reinforced as new tax policies for household businesses potentially lead to a contraction of mom-and-pop shops. However, market share gains will depend on each company's existing market position and industry fragmentation.

Maintained supports from urbanization, demographic advantages of large and young population (although these advantages may fade in the next 10 years and longer term due to aging phase) and increasing living standards and incomes.

Resolution No. 198/2025/QH15; Decision No. 3389/QD-BTC: Abolition of flat tax method (individual business households and business individuals shall no longer apply the flat tax method from January 1, 2026; they must switch to tax declaration and payment under tax management laws); Incentives for household businesses to convert into enterprises.

Decree No. 70/2025/ND-CP amending Decree No.123/2020/ND-CP: From June 1, 2025, business households that have annual revenue from VND1bn or more and engaged in sale of goods or provision of services, including direct-to-consumer activities such as: shopping malls, supermarkets, retail (excluding automobiles, motorcycles, motorbikes, and other motor vehicles); food and beverage services; restaurants; hotels; passenger transportation services; direct support services for road transport; art; entertainment; recreational activities; cinema operations; and other personal services as defined in the Vietnam Standard Industrial Classification are required to use e-invoices generated from cash registers connected to the tax authority.

- The company sets net revenue and EAT growth targets of 18% and 30% YoY in 2026.
- BHX will continue to expand its profit, open new stores and is set to contribute 30% in terms of revenue to the overall results.
- TGDD&DMX strengthen efficiency, remain the largest contributors and are set to growth aggregately by 15% YoY in terms of revenue and 20% YoY in terms of EAT. New technologies like AI, 5G, ...foster ICT demand; however, the current shortage of memory chips and RAMs may cause mixed impacts on product prices, consumer demand.
- TGDD&DMX are working on IPO plan in 2026.

MWG

- Long Chau remains the company's growth driver, maintaining its position as a trusted brand with diversified product portfolio especially prescription drugs and wide network.
- Long Chau will continue to magnify its profit and expand its store network.

FRT

- The retail jewelry segment remains the company's growth driver.
- Gains from selling low-cost inventories accumulated earlier at higher selling prices amid escalating gold prices and the priority on jewelry over high-gold content products supported 2025 results and may extend in 2026, despite with a potentially lower magnitude unless gold price extends its skyrocketed uptrend.
- The company applies new policy to buy back selective product lines at gold market prices instead of fixed rates previously. The policy will likely favor the company's materials sourcing while waiting for the next moves from the government on granting gold importing quotas.

PNJ

Companies' 2026 outlook

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	MWG			FRT			PNJ		
	2024	2025U	2026F	2024	2025U	2026F	2024	2025U	2026F
Net Sales (VNDbn)	134,341	156,458	182,001	40,104	51,083	61,388	37,823	34,976	38,654
<i>Growth</i>	<i>13.6%</i>	<i>16.5%</i>	<i>16.3%</i>	<i>25.9%</i>	<i>27.4%</i>	<i>20.2%</i>	<i>14.1%</i>	<i>-7.5%</i>	<i>10.5%</i>
Gross margin	20.5%	19.4%	19.2%	18.9%	19.6%	19.9%	17.6%	22.0%	22.5%
EAT (VNDbn)	3,733	7,076	9,140	408	984	1,347	2,113	2,829	3,288
<i>Growth</i>	<i>2126.2%</i>	<i>89.5%</i>	<i>29.2%</i>		<i>141.0%</i>	<i>36.9%</i>	<i>7.2%</i>	<i>33.9%</i>	<i>16.2%</i>
EPS (bonus-adjusted, VND)	2,545	4,790	6,114	1,864	4,667	6,085	5,710	7,517	8,649
<i>Growth</i>	<i>2121.3%</i>	<i>88.2%</i>	<i>27.6%</i>		<i>150.4%</i>	<i>30.4%</i>	<i>5.0%</i>	<i>31.6%</i>	<i>15.1%</i>
ROE	14.6%	23.3%	24.9%	18.1%	26.1%	22.1%	20.1%	23.1%	22.5%
ROA	5.7%	9.1%	10.2%	2.2%	4.1%	4.2%	13.4%	15.1%	15.8%
Net debt/EBITDA (times)	0.5	0.5	0.5	5.6	0.7	1.9	0.4	0.5	0.1
EV/EBITDA (times)	19.6	16.5	13.4	24.6	14.5	11.1	14.3	10.8	9.3
EV/Sales (times)	1.0	0.9	0.8	0.6	0.5	0.4	1.0	1.1	1.0
PER (times)	34.7	18.5	14.5	86.0	34.4	26.4	19.1	14.5	12.6
PBR (times)	4.5	3.8	3.1	11.4	6.6	5.2	3.2	2.8	2.4
DPS (VND)	1,000	1,000	1,000	-	-	-	2,000	2,000	2,000
Dividend yield	1.1%	1.1%	1.1%	0.0%	0.0%	0.0%	1.8%	1.8%	1.8%
Target price (VND)			106,000			172,000			132,000

Source: ACBS

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