FRT Update- OUTPERFORM

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Company Update

Recommendation OUTPERFORM

HSX: FRT

Retail

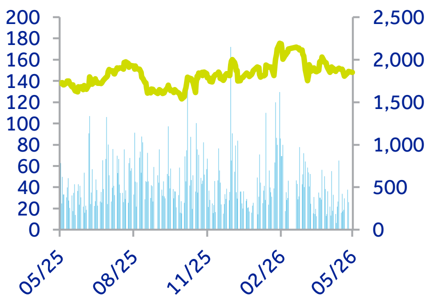
Target price (VND)	**175,200**
Current price (VND)	**148,900**
Expected share price return	17.6%
Expected dividend yield	0%
Expected total return	**17.6%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-1.0	-5.1	-12.3	11.0
Relative	-5.1	-15.9	-13.8	-42.8

Source: Bloomberg

Price-Volume



Ownership

FPT Corp.	46.5%
Eaton Vance Corp.	4.2%
Capital Group Cos Inc.	2.4%

Stock Statistics	**May 5th 2026**
Bloomberg code	**FRT VN**
52-week range (VND)	122,100-181,000
Shares O/S (m)	170
Mkt cap (VND bn)	25,358
Mkt cap (USD m)	956
Foreign room left (%)	16.9
Est. free float (m)	49.1
3m avg daily vol (shrs)	501,786
VND/USD	26,357
Index: VNIndex / HNX	1854.06/250.0

FPT DIGITAL RETAIL JSC (FRT VN)

The company recorded growth of 29.5% YoY in net revenue and 76% YoY in EAT in 1Q2026, predominantly driven by Long Chau's solid performance. We maintain our projection of VND1,394bn (+41.7% YoY) in EAT for 2026 and target price at VND175,200/share by YE2026. Rating OUTPERFORM.

Net revenue and EAT grew by 29.5% YoY and 76% YoY, to VND15,117bn and VND375bn, respectively, in 1Q2026.

The EAT leap was fueled by Long Chau's widened gross margin, offsetting FPTShop's compression, whereas the overall SG&A-to-net revenue ratio improved driven by FPTShop's better efficiency. Additionally, net financial expense fell by 84% YoY (thanks to increased interest income) giving the earnings an extra push.

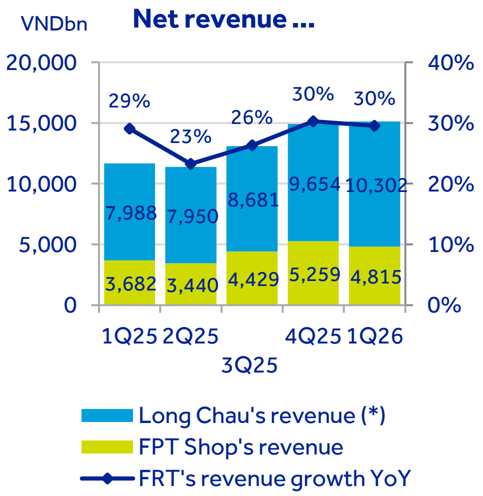
Long Chau drove the overall results, generating a 54.8% YoY EAT rise to VND358bn (~96% of FRT's EAT) in our estimate, bolstered by scale expansion and slightly increased sales per store. Despite input costs trending up, Long Chau aims to keep its selling prices stable while securing profit margins by various measures, prioritizing long-term inventory planning and procurement, ensuring consistent supply and more favorable prices.

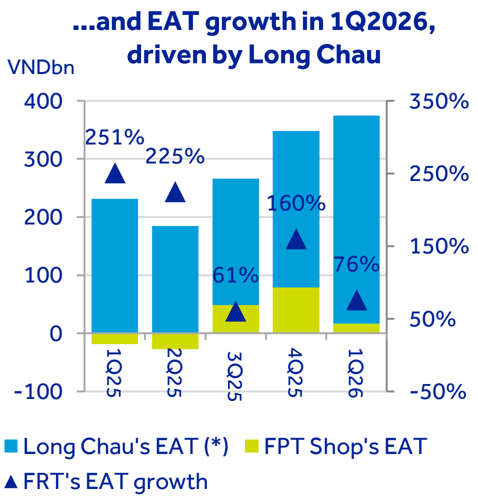
The FPT Shop chain reported EAT of VND17bn in 1Q (versus loss of VND19bn in 1Q2025) on 30.8% YoY net revenue growth to VND4,815bn.

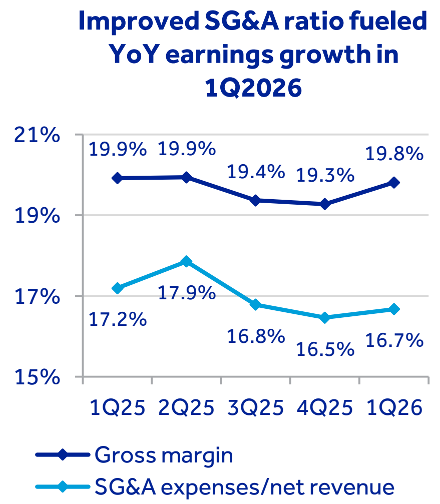
We sustained our projections that the company may deliver VND61,489bn (+20.4% YoY) in net revenue, VND1,723bn (+41.4% YoY) in EBT and VND1,394bn (+41.7% YoY) in EAT in 2026. Long Chau is still the driving force, targeting continued network expansion, fortifying its strengths in prescription/next-generation/rare/specialized medicines, pursuing commitments on transparency of product origins in not only Long Chau but also suppliers/manufacturers, and constantly differentiating itself from the existing and potential competitors to uphold its leading position.

	2024	2025	2026F	2027F	2028F
Net Sales (VNDbn)	40,104	51,083	61,521	71,211	78,404
Growth	*25.9%*	*27.4%*	*20.4%*	*15.8%*	*10.1%*
EBT (VNDbn)	527	1,219	1,723	2,080	2,508
Growth		*131.4%*	*41.4%*	*20.7%*	*20.5%*
EAT (VNDbn)	408	984	1,394	1,682	2,018
Growth		*141.0%*	*41.7%*	*20.6%*	*20.0%*
EPS (bonus-adjusted, VND)	1,835	4,653	6,330	7,622	9,119
Growth		*153.6%*	*36.0%*	*20.4%*	*19.6%*
ROE	18.1%	26.1%	22.9%	22.0%	21.2%
ROA	2.2%	4.1%	4.4%	5.0%	6.0%
Net debt/EBITDA (times)	5.6	0.7	1.5	1.1	0.4
EV/EBITDA (times)	26.1	15.4	11.6	9.7	8.5
EV/sales (times)	0.7	0.5	0.4	0.4	0.3
PER (times)	81.2	32.0	23.5	19.5	16.3
PBR (times)	10.6	6.1	4.8	3.9	3.1
DPS (VND)	-	-	-	-	-
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%

Consistent growth in 1Q2026, led by the pharmaceutical business



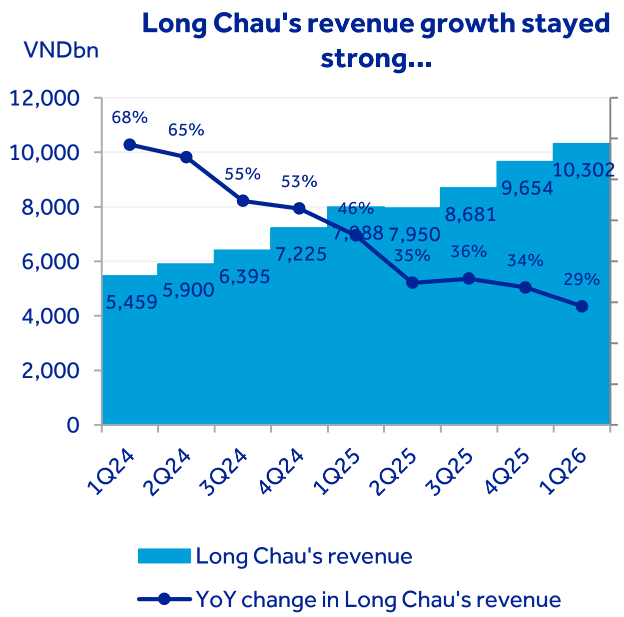


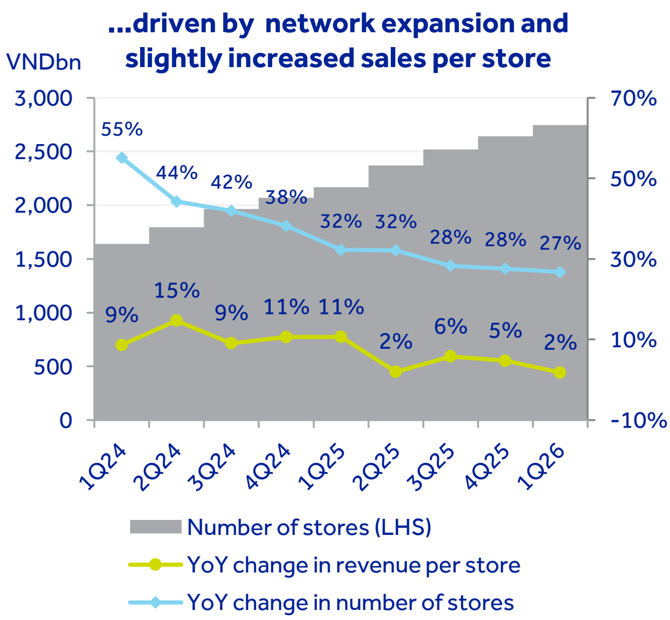


Source: FRT; ACBS. (*) included minor contribution from Huu Nghi Viet Han JSC

FRT generated 29.5% YoY and 76% YoY growth in net revenue and EAT, to VND15,117bn and VND375bn, respectively, in 1Q2026; of which, Long Chau (including vaccination centers and minor contribution from Huu Nghi Viet Han JSC in our estimate) captured 68% and 96%. Gross margin was almost stable as an increase in Long Chau's offset FPTShop's compression, whereas the SG&A-to-net revenue ratio improved driven by FPTShop's better efficiency.

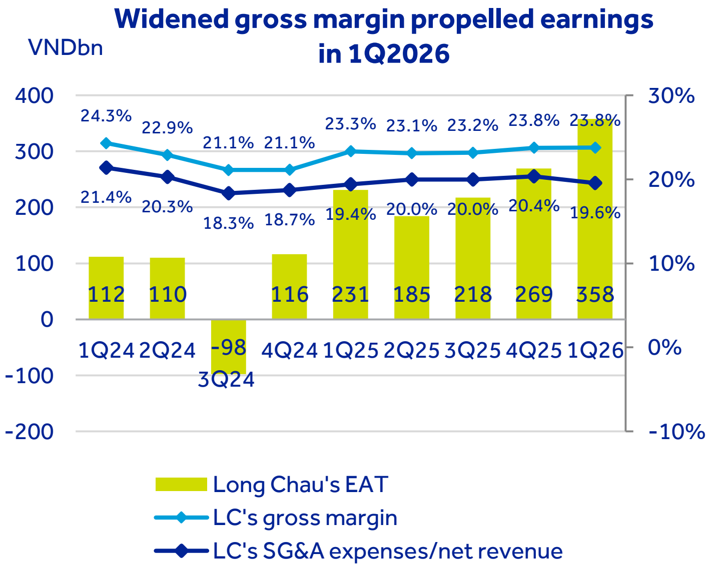
Long Chau: Momentum stays strong





Source: FRT; ACBS

Long Chau extended its robust growth stream with a 29% YoY rise in revenue to VND10,302bn in 1Q2026. The performance was underpinned by increased revenue per store coupled with network expansion – 100 new pharmacies and 5 vaccination centers in 1Q2026, bringing its total number of stores to 2,745 at the end of 1Q2026.



Source: FRT; ACBS

Revenue growth on continued scale expansion and a widened gross margin together facilitated Long Chau's EAT to reach VND358bn in 1Q2026, jumping by 55% YoY. The result mostly reflected the pharmacy chain's number while the vaccination centers are expected to reach breakeven at the company level in 2027.

Forecast and valuation

Despite fruitful results in 1Q, FRT holds a cautious view on the business outlook in the following quarters given higher logistics, fuel costs, interest rates and inflation, and weakening consumer spending, etc., which may cause direct and indirect impacts on its businesses, particularly the ICT segment. In response, it has initiated preparatory measures such as deferring non-essential investments and hiring, renegotiating rental fees, payment periods, and developing scenario-based action plans, with a focus on securing operational efficiency, customer traffic and cashflow.

We sustained our projections that the company may deliver VND61,489bn (+20.4% YoY) in net revenue, VND1,723bn (+41.4% YoY) in EBT and VND1,394bn (+41.7% YoY) in EAT in 2026.

Long Chau is still projected as the company's best performer, contributing 71% and 94% of the overall respective numbers in 2026, buttressed by continued network expansion (with 450 new stores expected for 2026), diversification of product portfolio, along with boosting revenue per store. In the annual general meeting 2026, the management noted their aim to uphold Long Chau's leading position amid potentially increased competition from the existing and potential competitors by i) fortifying its strengths in prescription/next-generation/rare/specialized medicines (with a goal to bring 30 types of new and rare medicines to Vietnam in 2026), ii) strengthening collaboration to bring advanced healthcare/pharmaceutical products and treatment measures to Vietnam, iii) pioneering in providing customer-centric innovations to differentiate itself from other players and iv) deepening and expanding expertise.

Meanwhile, the FPTShop chain's business strategies focus on diversifying its products and services portfolio, spurring sales of consumer electronics and home appliances (albeit still moderate), optimizing the business model and online sales channels, and heightening operational efficiency and revenue per store. Anticipating that demand for certain ICT products – particularly laptops – may be affected by rising RAM and SSD prices, FPTShop prepared by stockpiling models priced below VND20m, adding the low-cost brand Colorful to its portfolio, offering financial solutions, launching “Trade in” programs allowing consumers to upgrade the existing devices with new ones, etc.

Additionally, the company has recently added new products and services (e.g games, toys, UAV, flycams, drones, and some constructions materials/equipment) to its business lines portfolio. Regarding UAV, flycam and drone products, FRT plans to begin as a pure retailer and conceivably broadening to other services such as training, maintenance, etc. once ready. However, execution may take time, as the market is niche and comprises various requirements.

Combining the DCF and PER methods, our **target price for FRT by the end of 2026 is VND175,200/share.**

FRT FINANCIALS MODEL

Price (VND):	148,900	Target (VND):	175,200	Mkt cap (VND bn):	25,358

(VND bn except where stated)	2024	2025	2026F	2027F	2028F
Total Net Sales	**40,104**	**51,083**	**61,521**	**71,211**	**78,404**
Sales growth (%)	*25.9%*	*27.4%*	*20.4%*	*15.8%*	*10.1%*
CoGS	32,521	41,073	49,243	56,804	62,432
Selling expenses ex-dep'n	5,266	6,704	8,154	9,555	10,587
G&A expenses ex-dep'n	1,309	1,589	1,841	2,123	2,274
Financial revenues excl. interest income	11	10	10	10	10
Financial expenses excl. interest expense	0	0	0	0	0
EBITDA	**1,019**	**1,726**	**2,292**	**2,740**	**3,122**
EBITDA margin (%)	*2.5%*	*3.4%*	*3.7%*	*3.8%*	*4.0%*
Depreciation	318	403	451	493	523
Operating profit	**700**	**1,324**	**1,841**	**2,246**	**2,599**
Operating profit margin (%)	*1.7%*	*2.6%*	*3.0%*	*3.2%*	*3.3%*
Other profits/losses	(16)	6	6	6	6
Profits/Losses from associates	-	-	-	-	-
Net interest expense	157	111	124	172	97
as % of avg net debt	*2.7%*	*3.2%*	*5.2%*	*5.2%*	*4.5%*
Interest cover (x)	*4.5*	*12.0*	*14.8*	*13.1*	*26.8*
Tax	119	235	329	399	489
Effective tax rate (%)	*21.8%*	*19.4%*	*19.2%*	*19.2%*	*19.6%*
Minority interest	91	189	316	383	465
NPATMI	**317**	**795**	**1,078**	**1,298**	**1,553**
Cash earnings	636	1,197	1,529	1,791	2,076
Total number of shares	136,242,389	170,301,785	170,301,785	170,301,785	170,301,785
EPS (VND) (after treasury shares)	**2,293**	**4,653**	**6,330**	**7,622**	**9,119**
Bonus factor (x)	0.80	1.00	1.00	1.00	1.00
Adjusted EPS (VND)	**1,835**	**4,653**	**6,330**	**7,622**	**9,119**
EPS growth (%)		*153.6%*	*36.0%*	*20.4%*	*19.6%*

KEY CASHFLOW AND BS ITEMS	2024	2025	2026F	2027F	2028F
Increase in working capital	189	-1,608	3,390	1,158	40
Capex	490	534	523	446	218
Change in investment in affiliates	-	-	-	-	-
Other cashflow items	283	156	156	156	156
Free cash flow	**240**	**2,426**	**-2,228**	**343**	**1,973**
Share issues	52	2,037	-	-	-
Dividends paid	54	-	-	-	-
Increase in net debt	-237	-4,464	2,228	-343	-1,973
Net debt, end of year	**5,717**	**1,253**	**3,481**	**3,138**	**1,164**
Shareholders' equity	**1,912**	**4,171**	**5,249**	**6,548**	**8,101**
BVPS (VND)	14,033	24,495	30,824	38,447	47,566
Net debt / equity	*299.0%*	*30.0%*	*66.3%*	*47.9%*	*14.4%*
Net debt / EBITDA (x)	*5.6*	*0.7*	*1.5*	*1.1*	*0.4*
Total assets	**15,832**	**23,714**	**27,020**	**27,976**	**27,555**

KEY RETURN AND VALUATION RATIOS	2024	2025	2026F	2027F	2028F
ROE	*18.1%*	*26.1%*	*22.9%*	*22.0%*	*21.2%*
ROA	*2.2%*	*4.1%*	*4.4%*	*5.0%*	*6.0%*
ROIC	*5.8%*	*13.5%*	*16.6%*	*15.6%*	*17.2%*
WACC	*4.9%*	*10.7%*	*9.6%*	*10.2%*	*11.9%*
EVA	*0.9%*	*2.8%*	*7.1%*	*5.4%*	*5.3%*
PER (x)	*81.2*	*32.0*	*23.5*	*19.5*	*16.3*
EV/EBITDA (x)	*26.1*	*15.4*	*11.6*	*9.7*	*8.5*
EV/FCF (x)	*129.7*	*12.8*	*-13.9*	*90.6*	*15.7*
PBR (x)	*10.6*	*6.1*	*4.8*	*3.9*	*3.1*
PSR (x)	*0.6*	*0.5*	*0.4*	*0.4*	*0.3*
EV/sales (x)	*0.7*	*0.5*	*0.4*	*0.4*	*0.3*
PEG (x, 3 yr prospective)	*1.3*	*0.5*	*0.9*	*1.1*	*1.0*
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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