# FRT Update – OUTPERFORM

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## Company Update

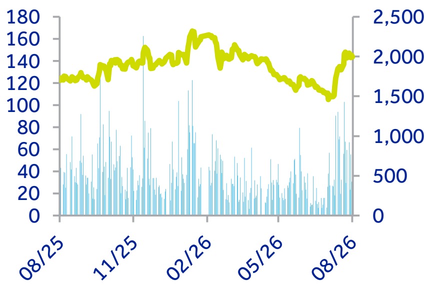
| | |
|---|---|
| **Recommendation** | **OUTPERFORM** |
| | **HSX: FRT** |
| | **Retail** |
| **Target price (VND)** | **158,800** |
| **Current price (VND)** | **143,500** |
| Expected share price return | 10.6% |
| Expected dividend yield | 0% |
| **Expected total return** | **10.6%** |

### Stock performance (%)

| | YTD | 1M | 3M | 12M |
|---|---|---|---|---|
| Absolute | 1.4 | 29.4 | 14.7 | 17.3 |
| Relative | -0.2 | 26.8 | 20.5 | 10.2 |

*Source: Bloomberg*

**Price-Volume**




### Ownership

| | |
|---|---|
| FPT Corp. | 46.5% |
| CTBC | 4.9% |
| VOF | 4.8% |

| **Stock Statistics** | **Aug 21, 26** |
|---|---|
| **Bloomberg code** | **FRT VN** |
| 52-week range (VND) | 100,200-172,381 |
| Shares O/S (m) | 179 |
| Mkt cap (VND bn) | 25,821 |
| Mkt cap (USD m) | 978 |
| Foreign room left (%) | 15.5 |
| Est. free float (m) | 49.1 |
| 3m avg daily vol (shrs) | 455,856 |
| VND/USD | 26,330 |
| Index: VNIndex / HNX | 1786.25/285.7 |

## FPT DIGITAL RETAIL JSC (FRT VN)

**The company reinforced its outstanding growth stream on the back of Long Chau (LC)'s ongoing scale-up and profit increase while the ICT chain has little voice because of negligible and volatile profit. We revise our EAT projection for 2026 up by 33% to VND1,850bn (+88% YoY), considering the 1H2026 beat. Our target price is VND158,800/share by YE2026, 5% lower than the prior update given elevated cost of equity, equivalent to a total return of 10.6%. Rating OUTPERFORM.**

**A dual surge in net revenue and earnings,** with faster EAT fueled by heightened operating efficiency in 1H2026. Net revenue and EAT rose by 37.2% YoY and 187% YoY in 2Q2026, bringing 1H results to VND30,743bn (+33.3% YoY) and VND825bn (+123% YoY), respectively.

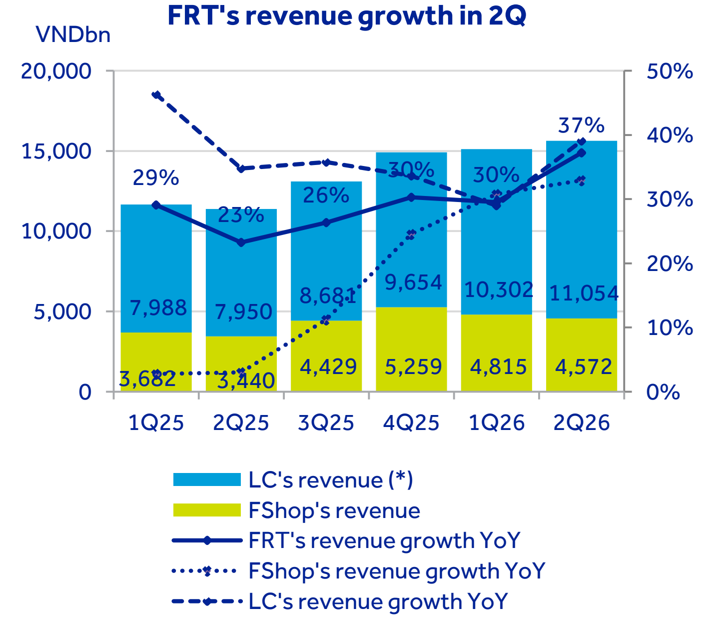
**LC is still the engine. Scale up. Profit up.** Net revenue rose by 39% YoY in 2Q2026 and 34% YoY to VND21,356bn in 1H2026, while EAT rocketed 94.2% YoY to VND808bn in 1H2026 (ACBS's estimate). The strong top-line performance primarily stemmed from the continued scale-up strategy; still, the more telling number is the improvement in average revenue per store in 1H2026 – mostly driven by increased bill counts – over the 4Q2025 and full-year 2025 averages, which added a healthy boost to its performance. Revenue growth together with strength across the remaining core operating aspects – improved gross margin and operating efficiency YoY - facilitated its profit leap.

**The ICT chain FPT Shop stayed lackluster** - 2Q turned marginally profitable YoY but fell sharply from 1Q2026. Strong sales and operating efficiency gains YoY were insufficient to generate meaningful profit, weighed down by higher financial expenses and a thinner gross margin.

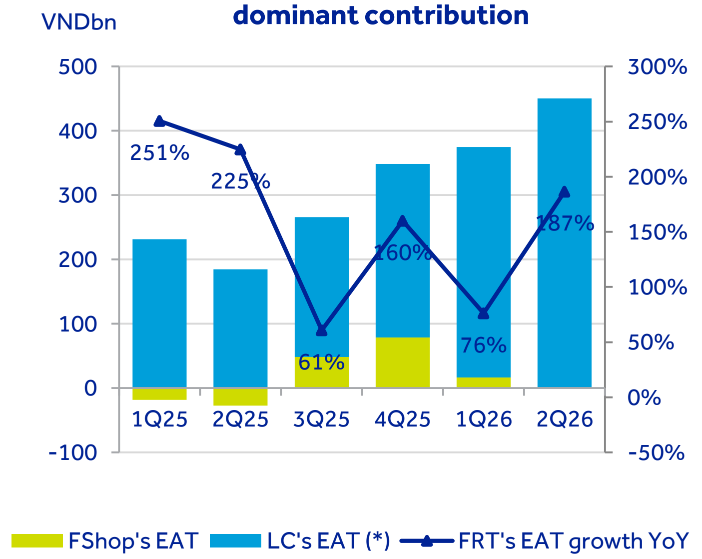
**Strong 1H performance support our projections that the company will likely far exceed its full-year targets.** We expect the company's net revenue at VND64,312bn (+25.9% YoY) and EAT at VND1,850bn (+88% YoY) in 2026. These stunning rates may not persist in the next 1-2 years as LC's profit base has been growing; however, decent growth of around 20% is still expected, driven by LC's widened profitability, with efficiency gains on store sales advances and network expansion. Broader product range – prescription, specialty, and rare medicines, plus new healthcare partnerships – remains LC's targets to lift revenue per store and defending its lead amid competition.

| | 2024 | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| Net Sales (VNDbn) | 40,104 | 51,083 | 64,312 | 73,443 | 81,352 |
| *Growth* | *25.9%* | *27.4%* | *25.9%* | *14.2%* | *10.8%* |
| EBT (VNDbn) | 527 | 1,219 | 2,304 | 2,812 | 3,346 |
| EAT (VNDbn) | 408 | 984 | 1,850 | 2,266 | 2,698 |
| *Growth* | | *141.0%* | *88.0%* | *22.5%* | *19.1%* |
| EPS (bonus-adjusted, VND) | 1,747 | 4,432 | 7,912 | 9,736 | 11,622 |
| *Growth* | | *153.6%* | *78.5%* | *23.1%* | *19.4%* |
| ROE | 18.1% | 26.1% | 29.0% | 27.0% | 24.8% |
| ROA | 2.2% | 4.1% | 5.8% | 6.7% | 8.0% |
| Net debt/EBITDA (times) | 5.6 | 0.7 | 1.2 | 0.8 | 0.1 |
| EV/EBITDA (times) | 26.4 | 15.6 | 9.5 | 7.9 | 7.0 |
| EV/Sales (times) | 0.7 | 0.5 | 0.4 | 0.4 | 0.3 |
| PER (times) | 82.1 | 32.4 | 18.1 | 14.7 | 12.3 |
| PBR (times) | 13.4 | 6.2 | 4.6 | 3.5 | 2.7 |
| DPS (VND) | - | - | - | - | - |
| Dividend yield | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

**LC and FPT Shop together boosted FRT's revenue growth in 2Q**



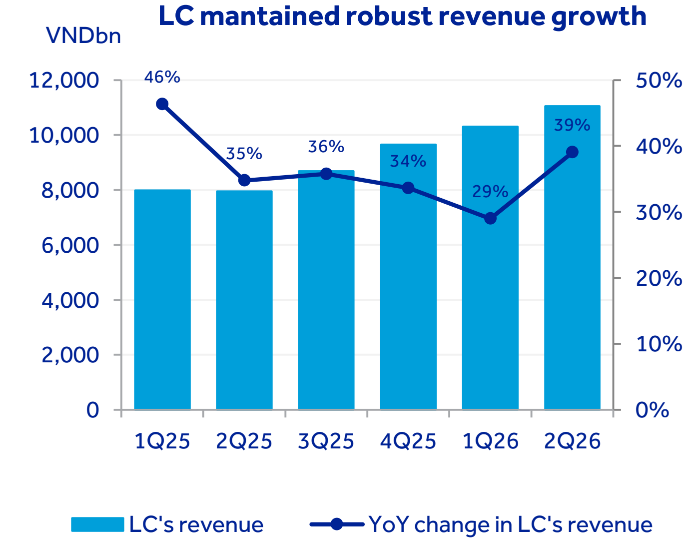

**However, FRT's EAT reflected LC's dominant contribution**



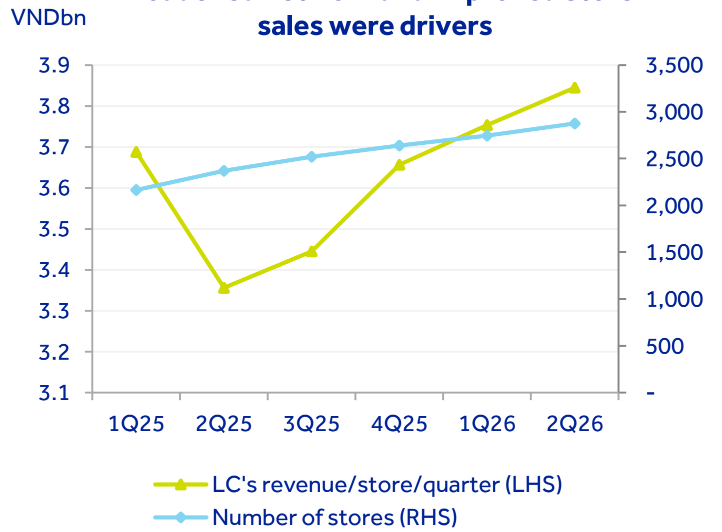

*Source: FRT; ACBS. (*) included minor contribution from Huu Nghi Viet Han JSC*

1H2026 top line was fueled by both LC and FPT Shop; however, LC carried the bottom line, as FPT Shop's sales surge - benefiting from tech upgrades, memory chip shortages, and improved consumer financing – and operational gains were largely neutralized by margin compression and financial expense hike (2Q interest expense +76% YoY and more than double QoQ).

**LC mantained robust revenue growth**

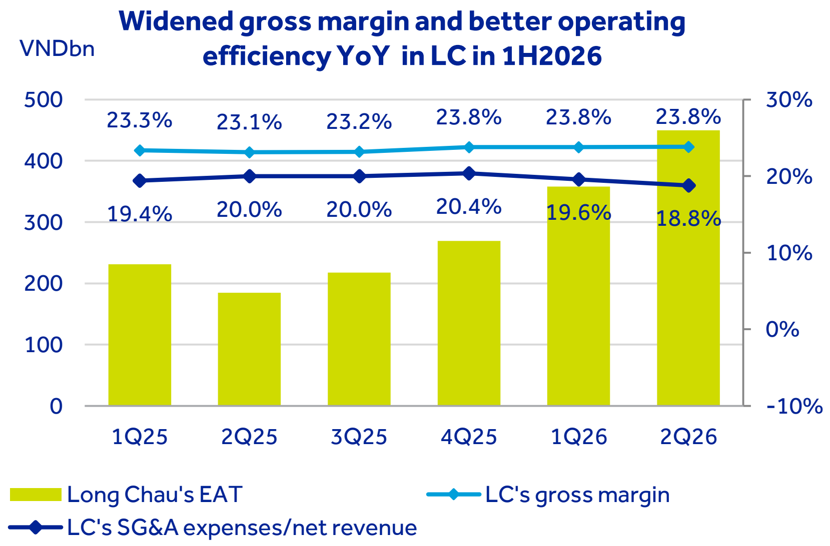



**Broadened network and improved store sales were drivers**




*Source: FRT; ACBS*

LC performed vigorously in 1H2026 on advances in both network and store sales. The positive store sales were primarily driven by higher bill counts rather than inflation-led price increases, as LC aims to keep prices of essential drugs stable. As of 1H2026, LC network includes 2,639 pharmacies and 236 vaccination centers nationwide.




*Source: FRT; ACBS*

Reinforcing efficiency on a good sales base are catalysts for LC's profitability acceleration. The chain's EAT jumped by 94.2% YoY to VND808bn in 1H2026.

## Forecast and valuation

We project the company's net revenue at VND64,312bn (+25.9% YoY) and EAT at VND1,850bn (+88% YoY) in 2026.

**These stunning rates may not persist in the next 1-2 years as LC's profit base has been growing; however, decent growth of around 20% is still expected.** LC is still the company's pillar with earnings projected to keep rising on revenue growth and further efficiency gains. The chain is consistent with diversification of product portfolio, fortifying its strengths in prescription/next-generation/rare/specialized medicines, strengthening collaboration to bring advanced healthcare/pharmaceutical products and treatment measures to Vietnam, etc., which are among keys to boost revenue per store and maintain its leading position as competition may heat up.

Combining the DCF and PER methods, our target price for FRT is 158,800/share by YE2026, 5% lower than the prior update given elevated cost of equity due to elevated bond yield.

| FRT FINANCIALS MODEL | Price (VND): | 143,500 | Target (VND): 158,800 | Mkt cap (VND bn): | 25,821 |
|---|---|---|---|---|---|
| **(VND bn except where stated)** | **2024** | **2025** | **2026F** | **2027F** | **2028F** |
| **Total Net Sales** | **40,104** | **51,083** | **64,312** | **73,443** | **81,352** |
| *Sales growth (%)* | *25.9%* | *27.4%* | *25.9%* | *14.2%* | *10.8%* |
| CoGS ex-dep'n | 32,521 | 41,073 | 51,389 | 58,489 | 64,651 |
| Selling expenses | 5,266 | 6,704 | 8,163 | 9,414 | 10,518 |
| G&A expenses | 1,309 | 1,589 | 1,927 | 2,129 | 2,341 |
| Financial revenues (ex. interest income) | 11 | 10 | 10 | 10 | 10 |
| Financial expenses (ex. interest expense) | 0 | 0 | 0 | 0 | 0 |
| **EBITDA** | **1,019** | **1,726** | **2,843** | **3,420** | **3,851** |
| *EBITDA margin (%)* | *2.5%* | *3.4%* | *4.4%* | *4.7%* | *4.7%* |
| Depreciation | 318 | 403 | 449 | 490 | 525 |
| **Operating profit** | **700** | **1,324** | **2,394** | **2,930** | **3,326** |
| *Operating profit margin (%)* | *1.7%* | *2.6%* | *3.7%* | *4.0%* | *4.1%* |
| Other profits/losses | *(16)* | *6* | *6* | *6* | *6* |
| Profits/Losses from associates | - | - | - | - | - |
| Net interest expense | 157 | 111 | 96 | 124 | (14) |
| *as % of avg net debt* | *2.7%* | *3.2%* | *4.1%* | *4.1%* | *-1.0%* |
| *Interest cover (x)* | *4.5* | *12.0* | *24.8* | *23.7* | *-233.6* |
| Tax | 119 | 235 | 453 | 546 | 648 |
| *Effective tax rate (%)* | *21.8%* | *19.4%* | *19.7%* | *19.5%* | *19.4%* |
| Minority interest | 91 | 189 | 436 | 525 | 620 |
| **NPATMI** | **317** | **795** | **1,415** | **1,741** | **2,078** |
| *NPATMI growth (%)* | | *150%* | *78%* | *23.1%* | *19.4%* |
| Cash earnings | 636 | 1,197 | 1,864 | 2,231 | 2,603 |
| Total number of shares | 136,242,389 | 170,301,785 | 178,815,054 | 178,815,054 | 178,815,054 |
| **EPS (VND) (after treasury shares)** | **2,293** | **4,653** | **7,912** | **9,736** | **11,622** |
| Bonus factor (x) | 0.76 | 0.95 | 1.00 | 1.00 | 1.00 |
| **Adjusted EPS (VND)** | **1,747** | **4,432** | **7,912** | **9,736** | **11,622** |
| *EPS growth (%)* | | *153.6%* | *78.5%* | *23.1%* | *19.4%* |

| KEY CASHFLOW AND BS ITEMS | 2024 | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| Increase in working capital | 189 | -1,608 | 3,719 | 1,088 | 188 |
| Capex | 490 | 534 | 500 | 446 | 298 |
| Change in investment in affiliates | - | - | - | - | - |
| Other cashflow items | 283 | 156 | 156 | 156 | 156 |
| **Free cash flow** | **240** | **2,426** | **-2,199** | **853** | **2,273** |
| Share issues | 52 | 2,037 | - | - | - |
| Dividends paid | 54 | - | - | - | - |
| Increase in net debt | -237 | -4,464 | 2,199 | -853 | -2,273 |
| **Net debt, end of year** | **5,717** | **1,253** | **3,451** | **2,598** | **325** |
| **Shareholders' equity** | **1,912** | **4,171** | **5,586** | **7,327** | **9,405** |
| BVPS (VND) | 14,033 | 24,495 | 31,241 | 40,977 | 52,599 |
| *Net debt / equity (%)* | *299.0%* | *30.0%* | *61.8%* | *35.5%* | *3.5%* |
| *Net debt / EBITDA (x)* | *5.6* | *0.7* | *1.2* | *0.8* | *0.1* |
| **Total assets** | **1,912** | **23,714** | **27,328** | **28,216** | **28,021** |

| KEY RETURN AND VALUATION RATIOS | 2024 | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| *ROE* | *18.1%* | *26.1%* | *29.0%* | *27.0%* | *24.8%* |
| *ROA* | *2.2%* | *4.1%* | *5.8%* | *6.7%* | *8.0%* |
| *ROIC* | *5.8%* | *13.5%* | *20.6%* | *19.4%* | *21.0%* |
| *WACC* | *5.1%* | *11.3%* | *9.8%* | *11.1%* | *13.4%* |
| *EVA* | *0.7%* | *2.3%* | *10.8%* | *8.3%* | *7.6%* |
| *PER (x)* | *82.1* | *32.4* | *18.1* | *14.7* | *12.3* |
| *EV/EBITDA (x)* | *26.4* | *15.6* | *9.5* | *7.9* | *7.0* |
| *EV/FCF (x)* | *130.9* | *12.9* | *-14.3* | *36.8* | *13.8* |
| *PBR (x)* | *13.4* | *6.2* | *4.6* | *3.5* | *2.7* |
| *PSR (x)* | *0.6* | *0.5* | *0.4* | *0.3* | *0.3* |
| *EV/sales (x)* | *0.7* | *0.5* | *0.4* | *0.4* | *0.3* |
| *PEG (x, 3 yr prospective)* | *1.1* | *0.4* | *0.4* | *0.8* | *0.8* |
| *Dividend yield* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* |

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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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