

# FPT Digital Retail (FRT)

## Long Chau expanding into small localities

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March 4, 2025

### 4Q24 NPAT rebounded from loss in 4Q23

In 4Q24, FPT Digital Retail (FRT) recorded net revenue of VND11,492 billion (+21.8% YoY), of which online revenue reached VND2,124 billion (+31.1% YoY). Gross profit hit VND2,074 billion, equivalent to a GPM of 18.1% (+0.6ppts YoY). NPAT strived from the loss of VND103 billion in 4Q23 to VND133.9 billion.

### Long Chau Pharmacy and Vaccination Center keeps launching new stores

Long Chau pharmacy chain brought in VND7,225 billion in revenue (+52.9% YoY) with average sales per store of VND 1.2 billion/month and 94 new pharmacies. NPAT of the chain is estimated at VND116 billion, which was an impressive rebound from 4Q23 loss of VND15 billion. In addition, the number of vaccination centers in 4Q hit 126 units, covering 54 provinces and cities nationwide. FRT is one of the pioneering vaccination centers providing new vaccines in the local market.

### FPT Shop recorded profit growth for two straight quarters

At the end of 4Q, FPT Shop's net sales hit VND4,222 billion (-6.5% YoY), GPM rose 1.6ppts YoY to 12.9%, and average sales per store reached VND2.2 billion, the highest level since the beginning of the year. Thanks to the comprehensive restructuring strategy as well as the trial conversion of FPT Shop stores into the electronics model, FPTshop continued to record NPAT of VND 18 billion.

### Valuation: BUY rating – Target price VND218,200/share

We forecast FRT's 2025 net revenue and NPAT should reach VND47,268 billion (+17.9% YoY) and VND816 billion. Considering the potential of Long Chau and the ambition of FRT to expand the healthcare ecosystem, we recommend BUY for FRT shares for 2025 with a target price of VND218,200, 21.5% higher than the price on March 4, 2025.

**Buy** maintain

**Target price** VND218,200

Upside	21.5%
Current price (Mar 4, 2025)	VND179,500
Consensus target price	VND206,200
Market cap (VNDtn/USDbn)	24.9/1.0

#### Trading data

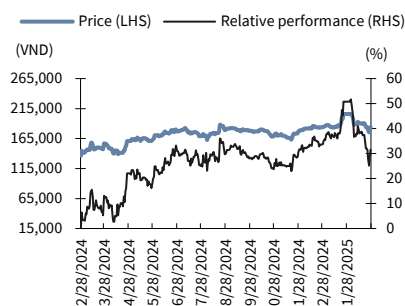
Free float	46.7%
3M avg trading value (VNDbn/USDmn)	100.0/3.9
Foreign ownership	36.8%
Major shareholder	FPT Corporation (46.64%)

#### Share price performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	-10.4	4.3	3.0	35.4
<b>Relative</b>	-13.8	-1.0	0.9	31.1

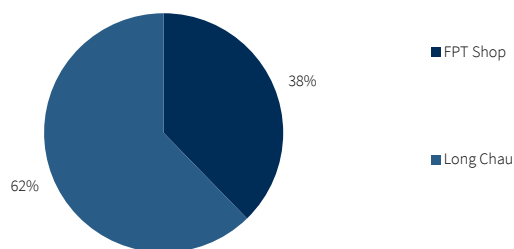
#### Forecast earnings & valuation

FY-end	2023	2024F	2025F	2026F
Net revenue (VNDbn)	31,850	40,104	47,268	53,276
Operating income/loss (VNDbn)	-85	690	1,166	1,566
NPAT-MI (VNDbn)	-346	318	676	954
EPS (VND)	-2,537	2,330	5,088	7,147
EPS growth (%)	n/a	n/a	118.4	40.5
P/E (x)	-71.9	78.2	35.8	25.5
P/B (x)	16.7	13.6	9.6	6.8
ROE (%)	-19.1	19.3	28.0	28.3
Dividend yield (%)	0.2	0.2	0.0	0.0



Source: Bloomberg, KB Securities Vietnam

## Revenue composition (2024)



## Business operation

FPT Digital Retail JSC (FRT), founded in 2012, is a subsidiary of FPT Corporation and operates two major retail chains: FPT Shop and FPT Long Chau. FPT Shop specializes in the sale of smartphones and laptops, holding a market share of approximately 15–20% and ranking second in the industry. FPT Long Chau, a pharmaceutical retail chain, is the first in its sector to achieve profitability and holds the largest market share, estimated at 30%.

Source: FPT Digital Retail, KB Securities Vietnam

## Investment Catalysts

## Notes

**FPT Shop is testing the conversion of its regular store model to an electronics store.** Adding electronics to its product portfolio helps the chain increase its gross margin.

Please find more details [here](#)

**FRT develops a healthcare ecosystem.** In the long term, the ecosystem is oriented to include diagnosis and treatment, purchasing medicine at pharmacies, providing healthcare services at home and health insurance.

Please see more details below

**The amended and supplemented law allows online medicine trading, creating a new playing field for retail pharmacies.**

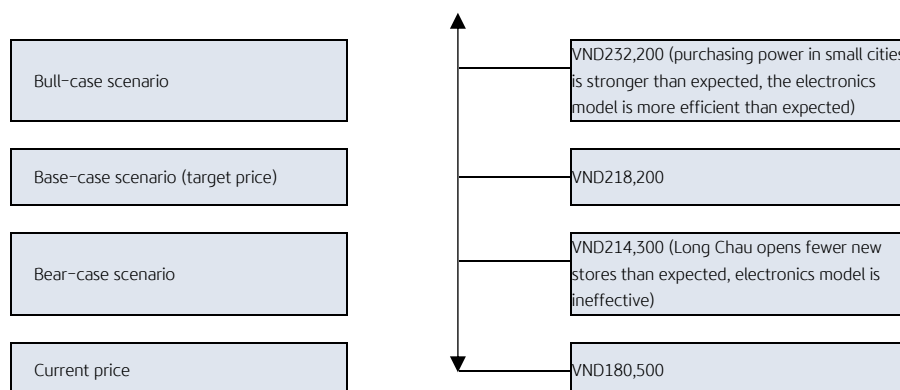
Please see more details below

## Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	47,268	53,276	0%	n/a	49,125	57,325	-4%	-7%
EBIT	1,166	1,566	9%	n/a	1,063	1,374	10%	14%
NP after MI	676	954	1%	n/a	599	830	13%	15%

Source: Bloomberg, KB Securities Vietnam

## Investment opinion &amp; risks



## Base-case scenario: catalysts

- 1) Long Chau opens 400 new pharmacies and 100 vaccination centers in 2025.
- 2) FPT Shop chain's revenue in 2025 reaches 13.8%.

## Bull-case scenario: upside risk

- 1) Long Chau's sales per store remain at VND 1.2 billion in 2025.
- 2) FPT Shop chain's revenue in 2025 reaches 14.3%.

## Bear-case scenario: downside risk

- 1) Long Chau opens 300 new pharmacies and 50 vaccination centers in 2025
- 2) FPT Shop chain's revenue in 2025 reaches 13.4%

## 4Q24 performance updates

### FRT completed 108% of 2024 revenue target

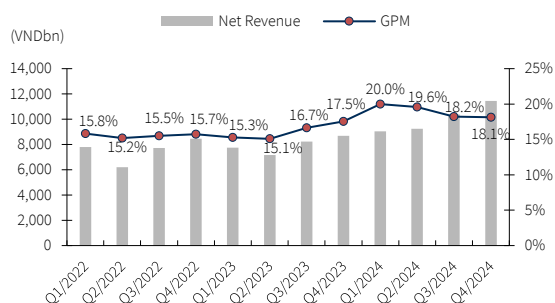
In 2024, FRT recorded net revenue of VND40,104 billion (+25.9% YoY). NPAT recovered strongly to VND408 billion from the loss of VND329 billion in the same period, underpinned by FPT Shop and Long Chau. The effective restructuring strategy helped FPT Shop return to profit of VND169 billion and at the same time, the Long Chau chain continued to be the main growth driver of FRT, contributing 62.3% to the company's total revenue with VND24,978 billion (+59.5% YoY). In addition, online revenue of the two chains reached VND7,165 billion, equivalent to a growth rate of 23.0% YoY.

Table 1. FRT – 2024 updated results

(VNDbn)	4Q23	4Q24	+/-%YoY	2023	2024	+/-%YoY	Notes
Revenue	8,690	11,448	31.7%	31,850	40,104	25.9%	
- FPT Shop	3,964	4,222	6.5%	16,185	15,126	-6.5%	- FPT Shop completed 95% of the 2024 guidance thanks to an effective restructuring strategy. - The number of stores reached 634, including 54 FPT Shop electronics stores. Average sales per store per month hit VND1.8 billion.
- FPT Long Chau	4,727	7,225	52.9%	15,665	24,978	59.5%	- Long Chau completed 119% of the 2024 revenue plan after continuously gaining market share. - The number of pharmacies was 1,943, increasing 446 units YoY. Average monthly sales per pharmacy were about VND1.2 billion. - The number of vaccination centers was 126, an increase of 116 compared to 2023.
Gross profit	1,523	2,074	36.2%	5,162	7,583	46.9%	Gross margin improved thanks to (1) FPT Shop adding high-margin products such as electronics and household appliances to its product portfolio; and (2) Long Chau gaining market share, hence better chance to negotiate good prices with suppliers.
Gross profit margin	17.5%	18.1%	0.6ppts	16.2%	18.9%	2.7ppts	
Financial income	33	36	10.3%	80	107	33.2%	The growth in financial income mainly came from interest on deposits, deposits, and loans (+52.9% YoY).
Financial expenses	64	79	22.7%	292	254	-13.2%	Financial expenses dropped due to lower interest rates than the previous year.
SG&A	1,585	1,871	18.0%	5,246	6,893	31.4%	
Operating income/loss	-94	161	n/a	-297	543	n/a	
Profit before tax (PBT)	-97	159	n/a	-294	511	n/a	
Net profit after tax (NPAT)	-103	134	n/a	-329	408	n/a	FPT Shop recorded positive profits again for 2024.
NP after MI	-101	111	n/a	-346	318	n/a	Long Chau continued to maintain positive profit with a 0.2ppt-increase in NPAT margin.
NPAT margin	-1.2%	1.2%	2.4ppts	-1.0%	1.0%	2.1ppts	

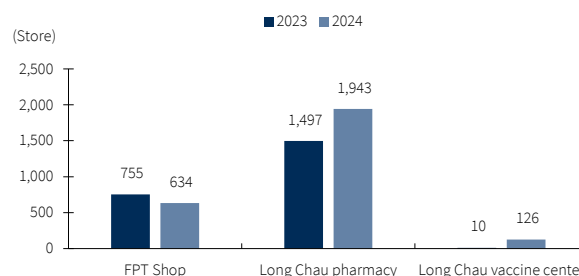
Source: FPT Digital Retail, KB Securities Vietnam

Fig 2. FRT – Net revenue, gross profit growth (VNDbn, %)



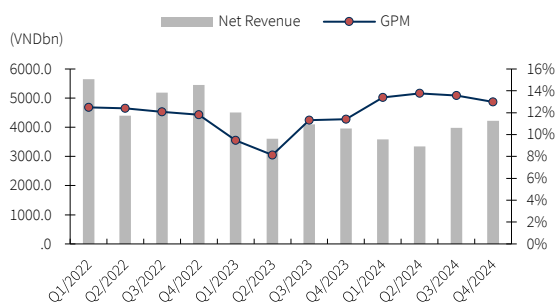
Source: FPT Digital Retail, KB Securities Vietnam

Fig 3. FRT – Retail network (store)



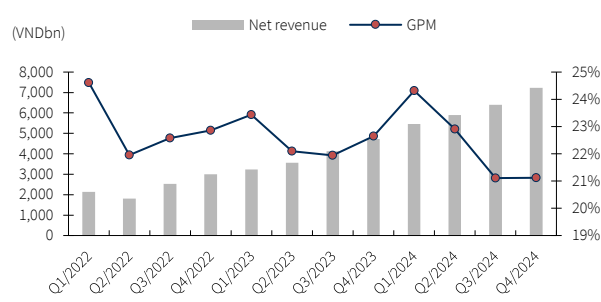
Source: FPT Digital Retail, KB Securities Vietnam

Fig 4. FPT Shop – Net revenue, gross profit margin (VNDbn, %)



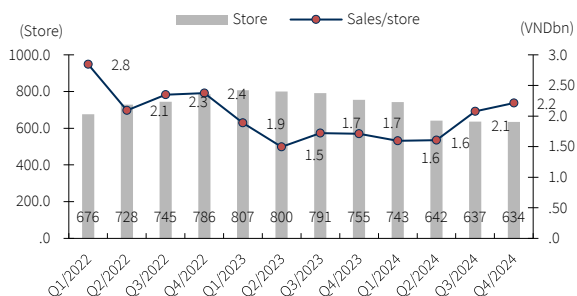
Source: FPT Digital Retail, KB Securities Vietnam

Fig 5. FPT Long Chau – Net revenue, gross profit margin (VNDbn, %)



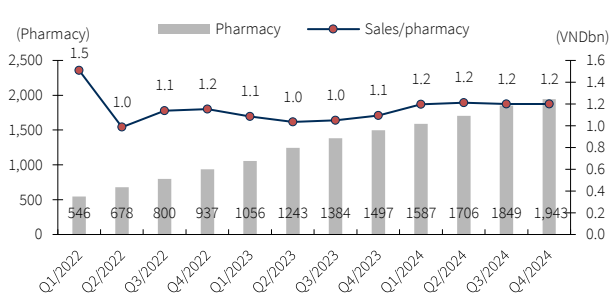
Source: FPT Digital Retail, KB Securities Vietnam

Fig 6. FPT Shop – Number of stores, average monthly sales per store (stores, VNDbn)



Source: FPT Digital Retail, KB Securities Vietnam

Fig 7. FPT Long Chau – Number of stores, average monthly sales per store (stores, VNDbn)



Source: FPT Digital Retail, KB Securities Vietnam

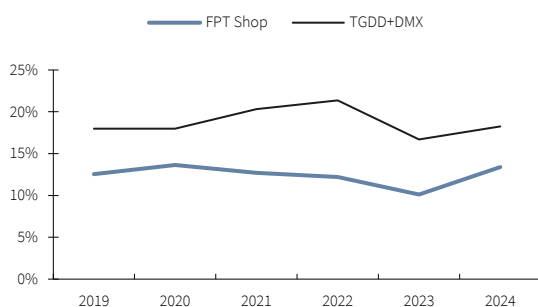
### FPT Shop converted traditional stores to electronics stores

By the end of 2024, FPT Shop completed the restructuring process by cutting 121 ineffective stores. Therefore, KBSV believes that by 2025, the total number of stores in the chain will remain unchanged compared to 2024 (643 stores). However, BoD will convert some traditional stores (focusing on selling ICT products such as smartphones, tablets, and laptops) to electronics stores (combining the sale of additional electronics products in addition to ICT products). This will benefit FPT Shop as follows:

- (1) Raising revenue: By diversifying the product portfolio, FPT Shop is also expanding its target customer base. The sales per store in 4Q surged 38.9% YTD right after the company tested the new model, although most of it came from the launch of the new Iphone product line.
- (2) Improving GPM: As CE products often have higher GPMs than ICT's. The TGDD+DMX chain has a GPM 6.3% higher than that of the FPT Shop (Figure 8) thanks to the opening of both ICT&CE product lines with the proportion of CE stores reaching 66.5% (Figure 9) while FPT Shop only reached 8.5% by the end of 2024.
- (3) Taking advantage of existing human resources: By integrating new products into existing stores, FPT Shop will not incur additional labor costs or invest in new stores but can also take advantage of existing customer bases.

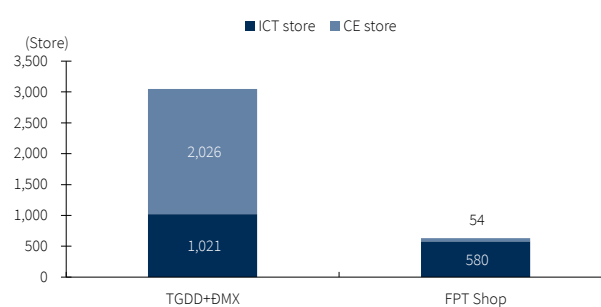
KBSV estimates that with the positive impacts of the above strategy, FPT Shop chain's revenue in 2025 will reach VND15,258 billion (+0.9% YoY) with a GPM of 13.8%, equivalent to an increase of 0.4ppts YoY.

Fig 8. FPT Shop, TGDD+DMX – GPM of FPT in 2019 – 2024 (%)



Source: FPT Digital Retail, Mobile World Investment, KB Securities Vietnam

Fig 9. FPT Shop, TGDD+DMX – Number of ICT & CE stores (store)



Source: FPT Digital Retail, Mobile World Investment, KB Securities Vietnam

**Long Chau chain continues to expand its network of pharmacies and vaccination centers**

**Long Chau pharmacies:** KBSV maintains the same view as the previous report that the chain will open 400 new pharmacies in 2025. However, we see that Long Chau's new target market from 2025 will only focus on small cities and provinces because it has covered large cities in three regions of the country. Therefore, we have some adjustments as follows: (1) Sales per store in 2025 should decrease by 2.7% YoY due to the lower population size and average income in small cities than in large cities, leading to a decrease in the number of customers and spending. (2) Store repair costs may be lower as newly opened pharmacies in small cities will cover smaller area (according to the Management), and the rents will also be lower.

**Long Chau vaccination centers:** KBSV maintains the same view as the previous report that the chain will open 100 new centers in 2025 as Long Chau vaccination center is being developed according to the Pharmacy-based model and the model is considered successful as every five or six pharmacies will have a vaccination center in that area. By the end of 2024, Long Chau will have 126 vaccination centers with a ratio of 15 pharmacies/vaccination center and the break-even time for these new stores is less than one year. KBSV estimates that with the above assumptions, Long Chau chain's revenue in 2025 may hit VND32,009 billion (+28.1% YoY), of which revenue from Long Chau vaccination center accounts for 6.9%. The number of pharmacies and vaccination centers may reach 2,343 pharmacies and 226 vaccination centers, respectively.

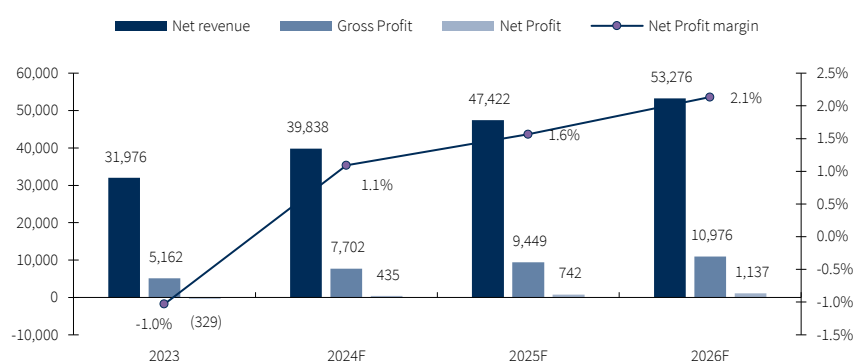
## Forecast & valuation

Table 10. FRT – 2024A–2026F business performance

(VNDbn)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Assumptions
<b>Revenue</b>	<b>40,242</b>	<b>47,268</b>	<b>17.5%</b>	<b>53,276</b>	<b>12.7%</b>	
– FPT Shop	15,263	15,258	0.0%	15,966	4.6%	– Monthly sales per store may grow 10.5% YoY in 2025 thanks to FPT Shop's diversifying its business portfolio. – The number of stores in 2025 will remain unchanged compared to the same period in 2024, reaching 634 stores, but the proportion of electronics stores will increase.
– FPT Long Chau	24,978	32,009	28.1%	37,309	16.6%	– Monthly sales per pharmacy may decrease by 2.7% YoY in 2025. The number of pharmacies in 2025 will reach 2,343 pharmacies as room for market share increase in small cities and provinces. – Vaccination centers: The number of centers in 2025 will reach 226 centers.
<b>Gross profit</b>	<b>7,583</b>	<b>9,445</b>	<b>24.6%</b>	<b>10,976</b>	<b>16.2%</b>	GPM will improve with (1) FPT Shop adding products with high GPM and converting the traditional FPT Shop model to FPT Electronics and (2) Long Chau increasing its market share, bringing more advantages in price negotiation with suppliers.
<i>Gross profit margin</i>	<i>18.9%</i>	<i>20.0%</i>	<i>1.1ppts</i>	<i>20.6%</i>	<i>0.6ppts</i>	
Financial income	107	146	36.9%	170	16.0%	
Financial expenses	254	295	16.4%	317	7.4%	
SG&A	6,893	8,279	20.1%	9,410	13.7%	
Profit before tax (PBT)	527	1020	93.6%	1422	39.4%	
<b>Net profit after tax (NPAT)</b>	<b>408</b>	<b>816</b>	<b>99.8%</b>	<b>1,137</b>	<b>39.4%</b>	Long Chau chain is expected to continue its strong revenue and profit growth momentum, making a major contribution to the whole company.
NP after MI	318	676	113.0%	954	41.0%	
<i>NPAT margin</i>	<i>1.0%</i>	<i>1.7%</i>	<i>0.7ppts</i>	<i>2.1%</i>	<i>0.4ppts</i>	

Source: KB Securities Vietnam

Fig 11. FRT – 2024A–2026F business performance



Source: FPT Digital Retail, KB Securities Vietnam

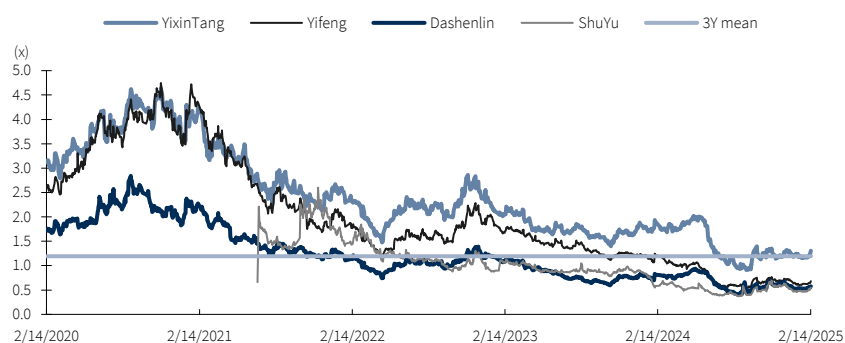
**Valuation: BUY rating – Target price: VND218,200**

We value FRT shares using SOTP method:

- (1) For the FPT Shop chain, we used the FCFE method. We derive a target equity value for the FPT Shop chain of VND2,036 billion.
- (2) For the FPT Long Chau chain, we used a reasonable target P/S of 1.15x based on the historical P/S of major pharmacy chains in China. We consider this valuation relatively conservative compared to the historical multiples of these chains, which often exceeded 2x during their IPO periods. We benchmark Long Chau against Chinese pharmacy chains due to economic, social, and demographic similarities as well as comparable business models. Like Long Chau, Chinese chains primarily focus on selling medicines and health supplements. In contrast, pharmacy chains in developed markets like the US and Europe operate in larger store formats, offering a broader range of products, including cosmetics, personal care items, and mother-and-baby products, similar to the Pharmacity chain. Given these parallels, we find the valuation multiples of Chinese pharmacy chains to be a suitable benchmark for Long Chau.

We recommend BUY for FRT shares for 2025 with a target price of VND218,200/share, 21.5% higher than the closing price on March 4, 2025, expecting that Long Chau pharmacy chain will continue its growth and complete its healthcare ecosystem.

**Fig 12. China – P/S of major pharmacy chains**



Source: Bloomberg, KB Securities Vietnam



Table 13. FPT Shop – FCFE valuation

Risk-free rate	4.7%
Beta	0.87
Equity premium	7.8%
Long-term growth	1%
Forecast period	6
Cost of equity	11.5%
Present value of terminal value (VNDbn)	1,268
<b>Equity value (VND billion)</b>	<b>2,036</b>

Source: FPT Digital Retail, KB Securities Vietnam

Table 14. FPT Shop – FCFE model assumptions

(VNDbn)	2025	2026	2027	2028	2029	2030
CFO	87	119	170	210	326	355
CAPEX	-94	-98	-103	-107	-109	-112
Net debt	16	131	135	142	18	-18
<b>PV of FCFE</b>	<b>9</b>	<b>151</b>	<b>202</b>	<b>244</b>	<b>234</b>	<b>226</b>

Source: KB Securities Vietnam

Table 15. FRT – Valuation results based on SOTP

	Valuation method	Value (VNDbn)	% ownership	Contribution to FRT (VNDbn)
FPT Shop	DCF	2,036	100%	2,036
FPT Long Chau	P/S	36,920	75%	27,690
Equity value (VNDbn)				29,235
Number of shares outstanding				136,243,415
<b>Target price (VND/share)</b>				<b>218,178</b>

Source: KB Securities Vietnam



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**Investment ratings & definitions**

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**Investment Ratings for Stocks**

(based on expectations for absolute price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

**Investment Ratings for Sectors**

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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