FPT DIGITAL RETAIL JSC. (HSX: FRT)

Long Chau takes center stage as the key profit contributor in FY2023

(VND bn)	Q1-FY23	Q4-FY22	+/- qoq	Q1-FY22	+/- yoy
Net revenue	7,753	8,458	-8.3%	7,786	-0.4%
NPAT-MI	-5	95	-105%	165	-103%
EBIT	68	156	-56.6%	207	-67.2%
EBIT margin	0.9%	1.9%	-1.0 pps	2.7%	-1.8 pps

Source: FRT, RongViet Securities

Q1/2023 – Contracting picture from two business segments

- FRT recorded net revenue of VND 7,753 Bn (or USD 330 Mn, flat YoY), alongside a net loss of VND 5 Bn (or USD 0.2 Mn) in NPAT-MI in Q1/2023. Overall, the surge in pharma chain – Long Chau - nearly offset the loss of ICT segment – FPT Shop.
- FPT Shop incurred a net loss of VND 66 Bn (or USD 2.8 Mn), mostly due to weak demand for ICT products amid economic slowdowns and high operating costs.
- By contrast, Long Chau beat our expectation to deliver a revenue of VND 3,284 Bn (or USD 140 Mn, +52% YoY) and a NPAT-MI of VND 61 Bn (or USD 2.6 Mn, +135% YoY). Rapid store expansion and effective cost control measures played the main role in the improvement of this segment.

2023-24F outlook – Difficulties are still ahead, but 2024 will recover strongly

- Regarding FPT Shop, we anticipate that this segment may sustain losses in Q2-Q3/2023. However, we expect a turnaround in the last quarter of 2023, coinciding with the improvement in demand for non-essential products alongside economic recovery and the launch of iPhone 15. Conversely, we project that Long Chau will maintain its profitability achieved in Q1/2023 throughout the subsequent quarters, given its effective store expansion strategy. Overall, we anticipate that profits generated by Long Chau will compensate for the losses incurred by FPT Shop in FY2023.
- In FY2023, we project consolidated net revenue of VND 31,643 Bn (or USD 1.3 Bn, +4.9% YoY) and NPAT-MI of VND 8 Bn. However, with the low base of the ICT segment created in FY2023 and the ongoing progress of Long Chau, we expect these factors to serve as a launching pad for FRT's profitability in FY2024. Particularly, we forecast FRT's net revenue and NPAT-MI to reach VND 38,725 Bn (or USD 1.6 Bn, +22% YoY) and VND 411 Bn (or USD 17.5 Mn) in FY2024, respectively.

Valuation and recommendation

We believe that the recovery of the FPT Shop chain remains uncertain, as it is contingent upon the pace of economic revival. This factor represents the most significant risk for the stock in the immediate future. Conversely, Long Chau has exhibited notable improvements in profitability, thereby mitigating the recent decline in the stock value.

While we anticipate that the performance for 2023 may yield predominantly negative results, it aligns with the short-term trends commonly observed within the retail industry. Furthermore, the strong rebound in FY2024 bottom line is foreseen for FRT. Consequently, if the Long Chau chain maintains its current growth trajectory over the forthcoming quarters and the demand for ICT consumption gradually rebounds, we believe that investors can cautiously accumulate shares in anticipation of a recovery in 2024.

Applying the SOTP valuation method, our analysis yields a target price of ***VND60,500*** *per share. This figure corresponds to* ***an expected return of -9%,*** *leading us to recommend a* ***REDUCE*** *position, commencing from June 21st, 2023.*

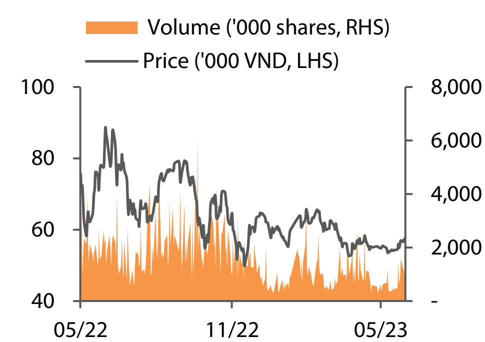
REDUCE -9%

Target price (VND)	60,500
Current market price (VND)	66,700

Stock Info

Sector		Retail
Market Cap (VND Bn)		7,310
Current shares OS (Mn)		136
Beta		1.3
Free Float (%)		55
52 weeks high		88,000
52 weeks low		49,900
Average trading volume (20 sessions)		542,725
	FY2022	**Current**
EPS (VND)	3,295	1,863
EPS growth (%)	-12	-44
P/E (x)	20.9	33.8
P/B (x)	4.1	3.7
EV/EBITDA (x)	17.4	18.4
ROE (%)	21.3	11.5

Price performance



Major Shareholders (%)	
FPT Corp.	46.5
Foreign ownership room (%)	30.6

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Exhibit 1: Q1/2023 Results

(VND Bn)	Q1-FY23	Q4-FY22	+/- qoq	Q1-FY22	+/- yoy
Net revenue	7,753	8,458	-8.3%	7,786	-0.4%
Gross profit	1,186	1,331	-10.8%	1,233	-3.8%
SG&A	1,119	1,174	-4.7%	1,026	9.0%
Operating income	68	156	-56.6%	207	-67.2%
EBITDA	147	159	-7.6%	208	-29.5%
EBIT	68	156	-56.6%	207	-67.2%
Financial expenses	86	78	11.3%	55	58.0%
- Interest Expenses	*85*	*76*	*12.8%*	*46*	*84.3%*
Dep. And amortization	79	3	2,983%	2	4,662%
Non-recurring items (*)					
Extraordinary items (*)					
PBT	**2**	**117**	**-98.2%**	**204**	**-99.0%**
NPAT-MI	-5	95	-105.4%	165	-103.1%
Adjusted NPAT-MI for (*)	-5	95	-105.4%	165	-103.1%

Source: FRT, RongViet Securities

Exhibit 2: Q1/2023 Performance Analysis

Particulars	Q1-FY23	Q4-FY22	+/- qoq	Q1-FY22	+/- yoy
Profitability Ratios (%)					
Gross Margin	15.3%	15.7%	-0.4 pps	15.8%	-0.5 pps
EBITDA Margin	1.9%	1.9%	0.0 pps	2.7%	-0.8 pps
EBIT Margin	0.9%	1.9%	-1.0 pps	2.7%	-1.8 pps
Net Margin	-0.1%	1.1%	-1.2 pps	2.1%	-2.2 pps
Adjusted Net Margin	0.0%	1.4%	-1.4 pps	2.6%	-2.6 pps
Turnover (x) (*)					
-Inventories	4.2	4.4	-0.2	5.1	-1.0
-Receivables	57.3	55.8	1.5	14.1	43.3
-Payables	2.4	2.3	0.0	2.2	0.2
Leverage (%)					
Total Debt/ Equity	360.2%	410.6%	-50.4 pps	483.3%	-123.1 pps

Source: RongViet Securities; (*) Annualized

Exhibit 3: Q2/2023 Performance Forecast

Particulars (VND Bn)	Q2-FY23	+/- qoq	+/- yoy
Revenue	7,022	-9.4%	13.0%
Gross profit	1,139	-4.0%	20.8%
EBIT	52	-23.0%	-27.5%
NPAT-MI	-9	N.a.	N.a.

Source: RongViet Securities

Q2/2023 assumptions:

- FPT Shop's net revenue will drop 20% YoY and 22% QoQ, while Long Chau's net revenue will grow 8% QoQ driven by store expansion.
- FPT Shop's gross margin to contract 50 bps QoQ due to lower selling prices of Apple products but Long Chau's GPM and NPM to remain at Q1/2023 levels.
- Long Chau will gain VND 61 Bn (or USD 2.6 Mn) in net profit while FPT will incur a net loss of VND 70 Bn (or USD 3 Mn).

Update Q1 2023: Long Chau partially compensated for the loss of FPT Shop

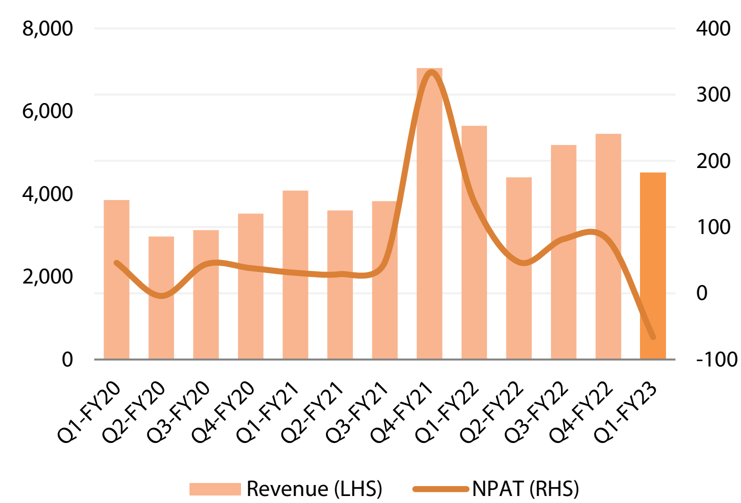
FRT released its Q1/2023 results with net revenue of VND 7,753 Bn (or USD 330 Mn, flat YoY), alongside a net loss of VND 5 Bn (or USD 0.2 Mn) in NPAT-MI. Q1/2023 result showed a mixed picture of two segments.

- In the ICT segment (FPT Shop), consumers' weak disposable income put pressure on demand for discretionary products, leading to a lower-than-expected demand for iPhone 14 products. Additionally, cooling remote working activities undermined laptops sales – a key product group of FPT shop. As a result, net revenue was down 20% YoY to VND 4,513 Bn (or USD 192 Mn), but this result still outperformed the ICT industry, which experienced an overall decline of around 30%. This can be attributed to FPT Shop's boosting cross-selling of home appliance products (accounting for 2-3% ICT revenue) and the decrease in phone consumption, which is FRT's flagship product, being lower than in consumer electronics consumption.

  Sales per store were estimated at VND 1.9 Bn/month, indicating a YoY SSSG of -30% and a QoQ decrease of -20% in Q1/2023, with 21 new stores added versus 2022. FPT Shop's gross margin significantly dropped by 3 pps YoY to 9.5% in Q1/2023 due to a series of promotions to stimulate demand in the context of weak consumption and to reduce inventory burden, and price competition among ICT retailers. Thus, FPT Shop suffered a net loss of VND 66 Bn (or USD 2.8 Bn) in this quarter. ***(Figures 1, 2).***

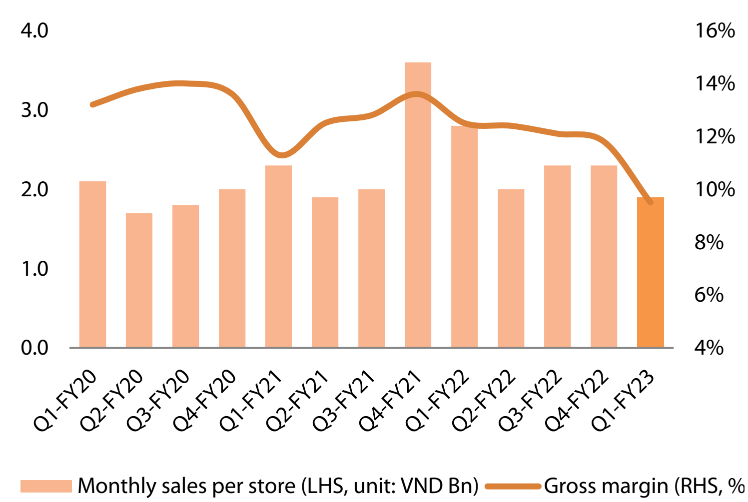
- In contrast, Long Chau (LC) – FRT's pharmacy chain – witnessed strong revenue growth of 52% YoY, reaching VND 3,284 Bn (or USD 140 Mn). LC continues to pursue an efficient new store opening strategy, adding 510 new stores in Q1/2023 compared to the same period last year and 119 stores QoQ. This strategy has proven successful in capturing market share from competitors who have opted to narrow their business operations to optimize cash flow. The growth is also driven by a resilient demand for pharmaceutical products.
  We estimate that LC's sales per store per month reached VND 1.1 Bn in Q1/2023, down 27% YoY due to COVID-19-driven high base in Q1/2022, but only down 6% QoQ despite strong store expansion. LC's new opening strategy in sub-urban and rural areas is proving effective with stable demand and low operating costs. Hence, LC's net income grew strongly in Q1/2023 to VND 61 Bn (or USD 2.6 Mn), representing a YoY increase of 135%. ***(Figures 3, 4)***

Figure 1: FPT Shop's revenue and NPAT by quarter (VND Bn)



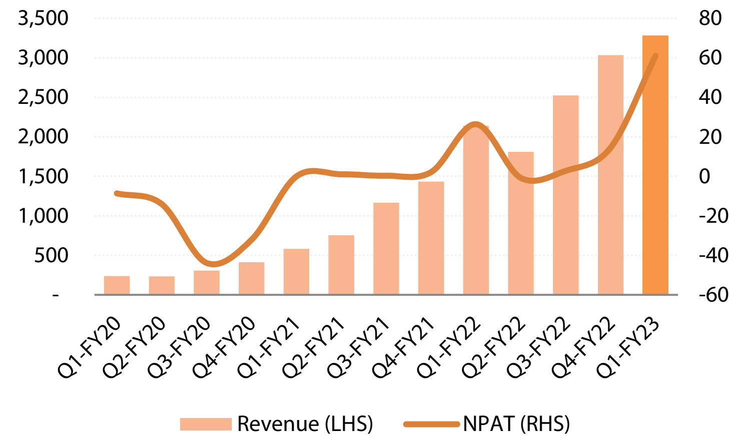
Source: RongViet Securities

Figure 2: FPT Shop's sales per store/month and gross margin



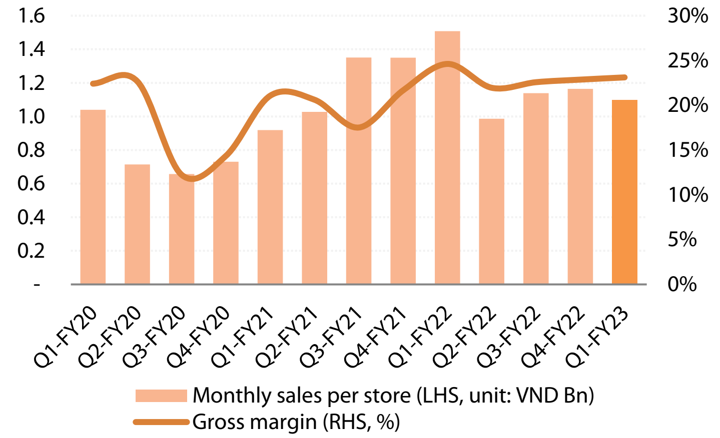
Source: RongViet Securities

Figure 3: Long Chau's revenue and NPAT by quarter (VND Bn)



Source: RongViet Securities

Figure 4: Long Chau's sales per store/month and gross margin



Source: RongViet Securities

2023 Outlook: Contracting picture from two business segments

FPT Shop: The worst is yet to come, but a strong recovery is expected in FY2024

The primary concern for the FPT Shop chain at present revolves around the timing of the recovery in demand for ICT products and the subsequent improvement in its business performance. From our perspective, this segment's earnings are likely to remain in a loss-making state over the next two quarters due to several following factors:

(1) Consumer income and purchasing power have yet to display signs of recovery. These factors typically experience a lag of 2-3 quarters before GDP rebounds.

(2) Profit margin is very vulnerable to increasingly intense price competition due to concentrated product portfolio (nearly 50% of FRT's revenue structure comes from Apple products which is in a price war with rivals) ***(Table 1)*** and destocking pressure. Despite considerable efforts to clear inventory in Q1, the ICT inventory at the end of Q1 remained high, indicating that the company is likely to face significant pressure in the upcoming quarters to utilize promotions to sell high-cost inventory ***(Figure 5)***.

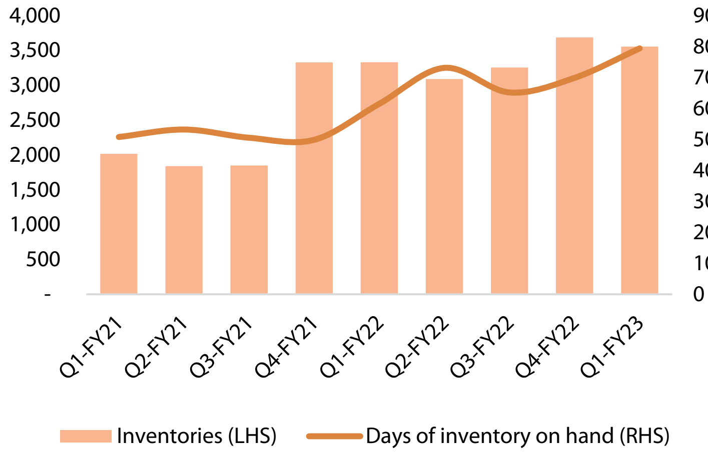
(3) The high debt/equity ratio (approximately 1.9x as of the end of Q1/2023) will affect the company with increased financial expenses in a high-interest rate environment.

We anticipate that the consumption of ICT products will exhibit a more positive outlook in Q4/2023, driven by economic recovery and increased consumer income. Additionally, the launch of the iPhone 15, scheduled for Q4 of this year, is expected to provide overall industry support. We believe that economic headwinds will gradually ease, and people's savings will recover in 2024, facilitating a strong rebound for the ICT segment based on the low base of 2023.

Taking these factors into account, our key assumptions for this segment in FY2023 are as follows:

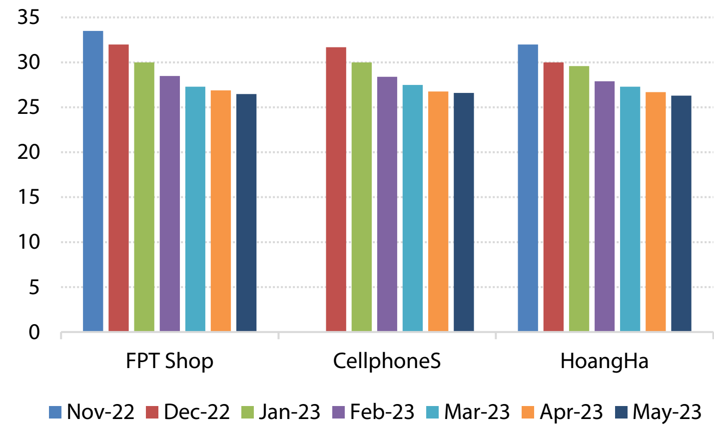
- SSSG of -31% YoY in FY2023 and +9% in FY2024.
- Only 20 new FPT Shop stores will be opened in FY2023.
- The segment's gross margin for the full year 2023 is forecasted at 9.5%, down 2.7 ppt y/y. We assume GPM in Q2/2023 will remain low as the preceding quarter, followed by a slight increase in 2H 2023 because of gradual demand recovery. Based on this trend, FY2024 GPM of FPT Shop will bounce back to 11%.
- Consequently, we project that revenue will decline by 21% YoY in FY2023 to VND 16,445 Bn (or USD 700 Mn) and net income will record a loss of VND 187 Bn (or USD -8 Mn). FY2024 net revenue and net income are forecasted to reach VND 18,778 Bn (or USD 799 Mn, +14% YoY) and VND 90 Bn (or USD 3.8 Mn). We maintain a conservative outlook on the pace of profit recovery next year due to expected persisting price competition.

Figure 5: FRT's ICT inventories (VND Bn) and days of inventory on hand



Source: FRT, RongViet Securities

Figure 6: Selling prices of iPhone 14 Pro Max (128GB) of several large chains by month (VND Mn)



Source: Surveying company websites

Table 1: Price comparison of Apple products among major Vietnamese electronics chains

Product category	Apple Store	TGDD	FPT Shop	CellphoneS	HoangHa
iPhone					*Unit: VND Mn*
iPhone 14 Pro 128 GB	27.999	24.79	24.78	24.79	24.69
iPhone 14 Pro Max 128 GB	30.999	26.44	26.43	26.49	26.29
iPhone 14 Plus 128 GB	25.299	21.79	21.78	21.69	21.49
iPhone 14 128 GB	22.499	19.29	19.28	19.19	18.99
iPhone 13 128 GB	19.699	16.99	16.88	16.79	16.29
iPhone 13 mini 128 GB	16.849	n.a	n.a	n.a	n.a
iPhone 12 64 GB	16.849	14.99	14.89	14.99	13.99
iPhone SE 64 GB	11.999	n.a	n.a	n.a	n.a
Mac					
Macbook Air M2 8 GPU 8/256	29.599	27.69	27.69	n.a	26.99
Macbook Air M2 10 GPU 8/512	37.099	30.59	30.59	32.89	30.49
Macbook Air M1 7 GPU 8/256	24.999	18.49	18.49	18.49	17.99
Macbook Pro 13 M2 10 GPU 8/256	31.499	29.89	n.a	29.89	29.99
Macbook Pro 14 M2 Pro 10/16 16/512	48.999	51.99	47.99	48.59	47.5
Macbook Pro 16 M2 Pro 12/19 16/512	60.999	64.99	58.99	58.49	62
iMac 24 M1 8/7 8/256	31.999	n.a	29.999	n.a	27.25
Mac mini M2 8/10 8/256	14.999	n.a	15.49	14.79	15.5
Mac Studio M1 Max 10/24 32/512	49.999	n.a	48.99	n.a	50
Mac Pro	151.699	n.a	n.a	n.a	n.a
iPad					
iPad Pro M2 11 128 GB	21.199	20.69	20.99	20.99	20.59
iPad Pro M2 12.9 128 GB	29.199	n.a	27.99	28.49	27.65
iPad Air 5 M1	15.599	14.19	14.19	13.99	13.99
iPad Gen10	11.499	11.09	11.09	10.99	10.99
iPad mini 6	12.799	12.09	11.99	12.05	11.99

Source: Surveying company websites, RongViet collected as of end-2023.

Long Chau: Continuing the growth trajectory in terms of scale and profit

Long Chau is poised to sustain its growth and profitability throughout FY2023, driven by the following factors:

(1) Pharmaceutical products are relatively less sensitive to fluctuations in consumers' incomes, which provides a stable demand base for Long Chau;
(2) Long Chau will maintain its policy of offering competitive prices and actively promoting the sales of prescription drugs, enhancing the value of each bill;
(3) Long Chau will continue to prioritize rapid store openings, with plans to open 400 new stores in 2023 (+43% YTD). This expansion strategy will enable Long Chau to extend its reach and capture a larger market share. However, we anticipate that this will reduce same-store sales slightly from 1.2 Bn/month in 2022 to VND 1.1 Bn/month in 2023.

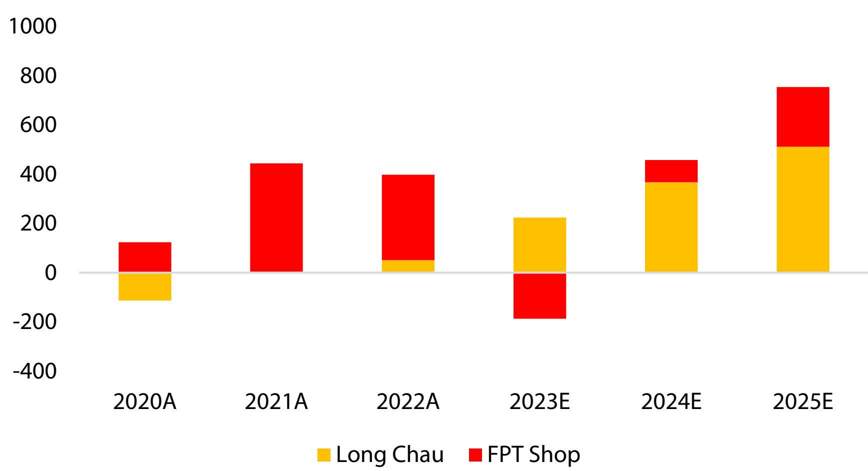
We think that Long Chau's expansion plan shows management's ambition to taking advantage of rivals' setbacks and further consolidate the pharmaceutical OTC market share. In contrast to Long Chau, who stands out as the sole profitable chain and consistently deliver solid operating performance in its newly opened stores, main competitors, namely Pharmacity and An Khang, are facing some structural challenges. Both have halted expansion plans for a while to restructure their operating model and address operational inefficiencies. Going forward, Long Chau plans to expand its presence in sub-urban and rural areas, where it is believed to offer better profit margins compared to larger cities due to lower operating costs, including employee expenses and rent costs. However, we also point out that the fast growth of the Long Chau chain may increase financing costs because working capital is mainly being financed with debt. The greatest threat to Long Chau's ability to finish the revised opening plan in 2023 is due to this.

Hence, based on our projections:

- We forecast that Long Chau will open 400 new stores in FY2023, in line with the company guidance. Thus, Long Chau's 2023 revenue is forecasted at VND 15,195 Bn (or USD 646 Mn, +60% YoY), contributing 48% into total revenue this year, compared to 31% in FY2022.
- Gross margin will improve 50 bps due to economies of scale to reach 23.5% in FY2023.
- NPAT, therefore, will soar to VND 224 Bn (or USD 10 Mn, +4 times YoY). This implies that we expect Long Chau to sustain its profitability throughout the remaining quarters of FY2023.

Overall, we expect the surge of Long Chau to offset the loss of the remaining segment, with consolidated net revenue of VND 31,643 Bn (or USD 1.3 Bn, +4.9% YoY) and consolidated NPAT-MI of VND 8 Bn. However, with the projected low base of the ICT segment in FY2023 and the continuing improvement of Long Chau will make a springboard for FRT profits in FY2024. We forecast FRT's net revenue and NPAT-MI to reach VND 38,725 Bn (or USD 1.6 Bn, +22% YoY) and VND 411 Bn (or USD 17.5 Mn) in FY2024.

Figure 7: NPAT-MI contribution forecast of Long Chau and FPT Shop (VND Bn)



Source: RongViet Securities

Table 2: 2023-2024 Forecast (VND Bn)

	2022A	2023F	2024F	2023F/2022A	2024F/2023F	Key assumptions on FY2023
Net revenue	**30,166**	**31,643**	**38,725**	**4.9%**	**22.4%**	
ICT	20,689	16,448	18,778	-20.5%	14.2%	- Projected SSSG of -31% in FY2023. - Store count to increase 20 stores YoY.
Long Chau	9,477	15,195	19,947	60.3%	31.3%	- SSSG of -6% with 400 new stores in FY2023.
COGS	(25,463)	(26,509)	(31,872)	4.1%	20.2%	
Gross profit	**4,703**	**5,133**	**6,853**	**9.1%**	**33.5%**	
ICT	2,523	1,563	2,066	-38.1%	32.2%	
Long Chau	2,180	3,571	4,787	63.8%	34.1%	
Selling expenses	(3,259)	(3,909)	(4,918)	19.9%	25.8%	Selling expenses/Sales to reach 12.4% in FY2023, rising by 1.5 pps YoY, due to weak ICT sales.
G&A expenses	(887)	(980)	(1,219)	10.5%	24.3%	G&A expenses/Sales is expected to reach 3.1%, which is 20 bps higher YoY.
EBIT	**557**	**244**	**716**	**-56.2%**	**193.6%**	
Financial income	174	116	127	-33.2%	9.2%	Due to lower term deposits to deleverage and finance working capital, financial income to strongly drop YoY.
Financial expenses	(256)	(293)	(271)	14.2%	-7.3%	Though interest rates are going down, borrowing rates are still higher than 2022. Coupled with higher loan outstanding, this leads to a surge in financial expense.
Other income/expenses	12	-	-	-	-	
Gain/(loss) from joint ventures	-	-	-	-	-	
PBT	**486**	**67**	**572**	**-86.1%**	**750.2%**	
Tax expenses	(88)	(31)	(114)	-64.8%	271.6%	
Minority interests	8	29	47	270.9%	64.1%	
NPAT-MI	**390**	**8**	**411**	**-98.0%**	**5,111.5%**	
EBITDA	564	271	739	-51.9%	172.1%	
Gross margin	15.6%	16.2%	17.7%	0.63 pps	1.47 pps	
ICT'S GPM	12.2%	9.5%	11.0%	-2.69 pps	1.50 pps	GPM to be at Q1/2023 level of 9-9.5% in Q2 and Q3/2023 due to fierce price competition, then gradually recover thanks to increasing purchasing power of consumers and launching iPhone 15.
Long Chau's GPM	23.0%	23.5%	24.0%	0.50 pps	0.50 pps	GPM to improve 50bps due to increasing economies of scale.
SG&A/Revenue	13.7%	15.5%	15.8%	1.71 pps	0.39 pps	
EBIT margin	1.8%	0.8%	1.9%	-1.07 pps	1.08 pps	
Net margin	1.3%	0.0%	1.1%	-1.27 pps	1.04 pps	

Source: RongViet Securities

Valuation

In the valuation of FPT Shop, we employ a combination of the five-year FCFF method and P/E multiple method, with a 50:50 weighting. We base our evaluation on FPT Shop's projected EPS for 2024, considering the temporary nature of the loss in 2023 and the anticipated strong recovery potential in 2024. However, we exercise caution and adopt a conservative approach by utilizing a P/E target of 13x, representing a 30% discount from the 5-year average P/E. This discount reflects our concerns about the potential impact of the poor outlook of this segment on the stock price in the upcoming quarters.

For Long Chau, we employ a 10-year FCFF method to capture its long-term growth potential more effectively. Our valuation for this segment implies a 2023 forecasted Price-to-Sale (P/S) ratio of 0.38x, which is lower than the TTM P/S median of regional peers at 1.1x. This lower valuation is justified by Long Chau's lower net margin than its regional peers.

Table 3: FRT's valuation summary

Unit: VND Bn	Valuation approach	% Contribution	Value per share
FPT Shop	5Y FCFF (WACC: 9.2%, g: 1.2%)	50%	25.200
	P/E @ 13x 2024F EPS	50%	9.900
Long Chau	10Y FCFF (WACC: 12.9%, g: 3.0%)	100%	42.900
Target price (VND)			**60.500**
Current market price (VND) @ 21/06/2023			66.700
Total stock return			-9%
TP / 2024F EPS			20.1

Source: RongViet Securities

Table 4: Pharma chain's regional peers

Company name	Country	Mkt cap (USD Bn)	ROE (%)	ROA (%)	TTM Sales growth (%)	TTM EPS growth (%)	GPM (%)	NPM (%)	TTM P/E (x)	TTM P/S (x)
Apollo Hospital	India	7.9	20.6	8.6	39	584	48.3	10.9	62.0	4.5
Yifeng Pharmacy	China	5.2	15.9	6.9	33	41	39.3	6.3	26.9	1.7
Welcia Holdings	Japan	4.7	12.6	5.4	12	4	30.5	3.9	24.0	0.6
DaShenLin Pharma	China	4.5	18.3	5.9	30	31	37.1	5.1	28.0	1.5
Tsuruha Holdings	Japan	3.5	9.0	4.8	0	-18	29.7	4.1	19.9	0.5
Laobaixing Pharma	China	2.8	12.8	4.2	33	8	31.7	3.9	23.1	0.9
Yixintang Pharma	China	2.4	14.8	6.9	18	9	35.0	6.0	15.2	0.9
Medplus Health	India	1.0	14.4	5.3	32	30	34.6	4.8	27.8	1.2
Shanghai No 1	China	0.4	15.4	5.6	31	20	35.3	5.0	25.0	1.1
MedFirst	Taiwan	0.1	14.7	5.3	31	20	34.9	4.9	25.2	1.1
AVAERAGE		**3.3**	**14.8**	**5.9**	**26**	**73**	**35.6**	**5.5**	**27.7**	**1.4**
MEDIAN		**3.2**	**14.8**	**5.5**	**31**	**20**	**34.9**	**5.0**	**25.1**	**1.1**
Long Chau	Vietnam	N.A.	14.0	4.0	93	159	22.8	0.5	N.A.	N.A.

Source: Bloomberg, RongViet Securities (as of June 20th, 2023)

VND Billion

INCOME STATEMENT	FY2021	FY2022	FY2023E	FY2024E
Revenue	**22,495**	**30,166**	**31,643**	**38,725**
COGS	19,343	25,463	26,509	31,872
Gross profit	**3,152**	**4,703**	**5,133**	**6,853**
Selling Expense	2,059	3,259	3,909	4,918
G&A Expense	598	887	980	1,219
Finance Income	198	174	116	127
Finance Expenses	146	256	293	271
Other income/loss	8	12	0	0
Gain from j.t ventures	0	0	0	0
PBT	**554**	**486**	**67**	**572**
Prov. of Tax	110	88	31	114
Minority's Interest	0	8	29	47
PAT to Equity S/H	**444**	**390**	**8**	**411**
EBIT	495	557	244	716
EBITDA	499	564	271	739

%

FINANCIAL RATIO	FY2021	FY2022	FY2023E	FY2024E
Growth (%)				
Revenue	53%	34%	5%	22%
Operating Income	533%	13%	-52%	172%
EBITDA	540%	12%	-56%	194%
PAT	1695%	-12%	N.A.	N.A.
Total Assets	99%	-3%	-6%	19%
Equity	37%	21%	-3%	18%
Profitability (%)				
Gross margin	14%	16%	16%	18%
EBITDA margin	2%	2%	1%	2%
EBIT margin	2%	2%	1%	2%
Net margin	2%	1%	N.A.	1%
ROA	4%	4%	N.A.	4%
ROE	27%	19%	N.A.	18%
Efficiency				(times)
Receivable Turnover	11.3	49.8	20.9	24.7
Inventory Turnover	3.9	3.9	4.5	4.8
Payable Turnover	6.4	8.4	9.3	9.2
Liquidity				(times)
Current	1.1	1.1	1.0	1.0
Quick	0.6	0.3	0.3	0.3
Finance Structure (%)				
Total Debt/Equity	364%	267%	252%	251%
Current Debt/Equity	364%	267%	252%	251%
Long-term Debt/Equity	0%	0%	0%	0%

VND Billion

BALANCE SHEET	FY2021	FY2022	FY2023E	FY2024E
Cash and cash equivalents	1,105	746	199	864
Short-term investments	1,821	1,119	235	500
Accounts receivable	1,985	606	1,514	1,565
Inventories	4,928	6,521	5,864	6,632
Other current assets	339	430	373	404
Property, plant & equipment	16	85	296	401
Acquired intangible assets	156	172	158	143
Long-term investments	0	0	573	573
Other non-current assets	392	785	785	785
Total assets	**10,741**	**10,464**	**9,996**	**11,867**
Accounts payable	2,999	3,038	2,860	3,472
Short-term borrowings	6,047	5,363	4,939	5,798
Long-term borrowings	0	0	0	0
Other non-current liabilities	0	0	0	0
Bonus and Welfare fund	15	14	-8	4
Technology-science, dev. fund	0	0	0	0
Total liabilities	**9,062**	**8,415**	**7,792**	**9,274**
Common stock and APIC	790	1,185	1,362	1,362
Treasury stock (enter as -)	0	0	0	0
Retained earnings	872	824	772	1,115
Other comprehensive income	0	0	0	0
Inv. and Dev. Fund	0	0	0	0
Total equity	**1,662**	**2,008**	**2,135**	**2,477**
Minority Interest	17	41	70	117

VALUATION RATIO (*)	FY2021	FY2022	FY2023E	FY2024E
EPS (dong)	5,618	3,295	58	3,013
P/E (x)	26.8	20.3	1,077	20.7
BV (dong)	21,045	16,951	16,518	19,483
P/B (x)	4.7	4.0	3.8	3.2
DPS (Dong/cp)	500	500	0	500
Dividend yield (%)	0.8	0.8	0.0	0.8

VALUATION MODEL	Price	Weight	Average
SOTP	60,500	100%	60,500

VALUATION HISTORY	Price	Recommendation	Period
June 2023	60,500	REDUCE	1 year

RESULT UPDATE

This report is created for the purpose of providing investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information with the objective that is to determine the reasonable value of the stock at the time such analyses are performed. Through this report. we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedbacks and/or receive more information. investors may contact the assigned analyst or our client support department.

RATING GUIDANCE

Ratings	BUY	ACCUMULATE	REDUCE	SELL
Total Return including Dividends in 12-month horizon	>20%	5% to 20%	-20% to -5%	<-20%

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