

Retail: New opportunities for modern retail consumption

- The inclusion of retail, including e-commerce, into standardized regulations will create a fair and transparent market, enhancing competitiveness for modern retail chains.
- The modern market - convenience store segment is expected to replace traditional “makeshift markets”, as it meets essential consumer needs while keeping up with new consumption trends. We see MSN and MWG as key beneficiaries of this shift, with their WinCommerce and Bách Hóa Xanh chains.
- Consumer retail companies are in the early stage of a recovery cycle and deserve a higher P/E multiple, given the promising outlook for market share expansion in the modern retail model. We select **MWG** and **MSN** as top picks for this investment theme.

Government standardization of retail market to create a fair playing field for modern retail chains

Since the beginning of 2025, the Government has rolled out a series of supportive measures to bring the retail market into standardized regulation. These include changes in tax policy for retail companies with annual revenue above VND 1 bn; tighter control over counterfeit goods and unclear-origin products; and amendments in Decree 68 on private sector development regarding tax calculation methods; ... We believe these moves are fostering a fairer and more transparent playing field for modern retail and consumer markets, reducing competitive pressure from non-standard goods.

Hanoi’s decision to eliminate informal street markets in 2025: a positive catalyst for modern retail chains

Hanoi’s strong push to eradicate informal street markets aims to restore order in consumer goods trading areas and lay the foundation for the development of modern retail and well-planned traditional markets. We see the mini modern market model as a potential replacement for makeshift markets, as it fulfills key consumer needs of “reasonable prices - quick and convenient shopping.” This model can easily penetrate densely populated residential areas and aligns well with emerging consumption trends. As a result, we believe two companies stand to benefit significantly from this transition: MSN (through Wincommerce) and MWG (through Bách Hóa Xanh), both of which hold strong advantages in the convenience retail/modern mini market model.

Investment strategy: Consumer retail stocks with solid growth prospects

Both Wincommerce and Bách Hóa Xanh (BHX) turned profitable in 2Q24 and are now entering a rapid expansion phase. Overall, these retail models are scaling up effectively, demonstrating steady market share growth while maintaining net profitability. When compared with Asian consumer retail peers (2025-26 average P/E of ~20.4), MWG is currently trading at a discount of around 12%, while MSN trades at a premium due to its high leverage and the performance drag from MSR during 2022–2024. Given their strong mid- to long-term growth potential, supported by their ability to capture new-generation consumption trends, we select **MWG** and **MSN** as our key investment ideas in the consumer retail sector.

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Government standardization of retail market to create a fair playing field for modern retail chains

We note that since early 2025, the Government has taken multiple actions to regulate and standardize the retail market:

- A series of product violations have been cracked down on, including the production of counterfeit milk under more than 400 labels with an estimated value of around VND 500 bn, and health supplement products showing signs of violating food advertising regulations.
- Mandatory connection of e-invoices for businesses with annual sales revenue exceeding VND 1 bn. This requirement helps to make transactions more transparent, reduce smuggling and undocumented goods, and ensure the rights of consumer goods manufacturers and retailers.
- E-commerce platforms are required to collect VAT on each order, creating a fairer competitive environment between offline retail stores and e-commerce.
- In addition, several laws have been or will be enacted during 2025-2027, including: (1) Resolution 68 on Private Sector Development, which also mentions eliminating the presumptive tax for retail and service businesses; and (2) the development of a new E-commerce Law.

We believe these initiatives will foster a more transparent and level playing field in the retail market, ultimately strengthening the competitiveness of modern retail chains. This is particularly positive as modern retailers already incur higher costs due to transparent supply chains and full tax compliance compared to informal players.

Figure 1: Comparison of tax law changes related to retail, trading, and service enterprises

The impact to the modern retail chains				
Law	Old rule	The changing	Comments	<div>GroceryPharma-ceuticalICT-CEJewelry</div>
Decree 123/2020/ND-CP	Article 11. E-invoices Generated from Cash Registers	Title change and clause addition Article 11. E-invoices Generated from Cash Registers 1. Household businesses and individual businesses, as specified in Clause 1, Article 51; with annual revenue of 1 VNDbn or more; Clause 2, Article 90; and Clause 3, Article 91 of the Law on Tax Administration No. 38/2019/QH14, as well as enterprises engaged in the sale of goods or provision of services, including direct sales to end consumers (e.g. shopping centers, supermarkets, retail (excluding automobiles, motorcycles, and other motor vehicles), food and beverage, restaurants, hotels, passenger transport services, direct support services for road transport, arts, entertainment, recreational activities, cinemas, and other personal services in accordance with the Vietnam Standard Industrial Classification) are required to use e-invoices generated from cash registers that are electronically connected to the tax authority.	Effective from June 1, 2025, 37,576 household businesses (accounting for 1% of all household businesses nationwide) are required to implement e-invoicing. This initiative aims to enhance transparency in sales transactions of household businesses with annual revenue exceeding 1 VND bn.	<div><div></div><div></div><div></div><div></div></div>
Resolution No. 68 NQ/TW (2025) on Private Sector Development		7. Substantive and effective support for small, micro enterprises and household businesses - - Review and improve the legal framework for individual business activities; minimize disparities to the greatest extent possible; and create all favorable conditions in terms of governance structure, financial and accounting regimes to encourage household businesses to transition into formal enterprises.Promote digitalization, transparency, simplification, and ease of compliance and implementation in accounting, taxation, and insurance systems to	Currently, 1.95 million household businesses (out of a total of 3.2 million) operate under the lump-sum tax regime. Eliminating this system may result in household businesses incurring additional costs related to periodic tax calculation systems and initial investment expenses. For the consumer market, this is a suitable solution as it: (1) Increases transaction transparency, promoting	<div><div></div><div></div><div></div><div></div></div>

support the transition of household businesses to enterprise models. Eliminate the lump-sum (presumptive) tax regime for household businesses no later than 2026.

the circulation of formal domestic consumer goods; (2) Reduces pricing pressure for modern retail chains. For the government, it helps boost state budget revenue and minimize the volume of informal goods without invoices, thereby ensuring a healthier competitive environment for domestic consumer products.

Source: MBS Research

Hanoi’s decision to eliminate makeshift markets in 2025: a positive catalyst for modern retail chains

Makeshift markets have long been embedded in Vietnamese consumer habits, valued for their convenience, low prices, and speed. Since 2009, authorities have made multiple attempts to eliminate these informal markets to (1) prevent the occupation of sidewalks for trading, and (2) protect the rights of small vendors within officially planned, professional markets. However, these efforts have largely been unsuccessful, as formal markets often lacked the same level of convenience, affordability, and speed.

In 2025, Hanoi issued Official Letter No. 4373/UBND-KT to implement the City Council’s Resolution on eliminating markets inconsistent with urban planning, informal trading spots, and small-scale livestock slaughtering across the city. The goal is to fully eradicate makeshift markets in Hanoi. Compared to 2015-2018, the key difference today is that modern retail chains are now capable of replacing makeshift markets in meeting shopping needs, thanks to (1) Lower prices for clean food at modern retail models compared to the past; (2) Compact, modern, and comprehensive retail formats that cater to diverse consumer needs; (3) Integration of physical retail with online sales channels (websites, Zalo, iMessage, etc.), allowing consumers to shop conveniently even when busy; and (4) A wide, diverse, and reliable supply of daily food products with clear origins and health benefits. Therefore, we see a high likelihood that informal street markets will be maximally phased out. As a result, the modern grocery/mini-market retail model, already widely spread in both rural and urban areas, will benefit significantly. In our assessment, large enterprises with professional supply chains and extensive coverage will be the biggest winners, and we particularly highlight MSN and MWG as key beneficiaries.

Figure 2: Comparison of pricing and product diversity across current retail models

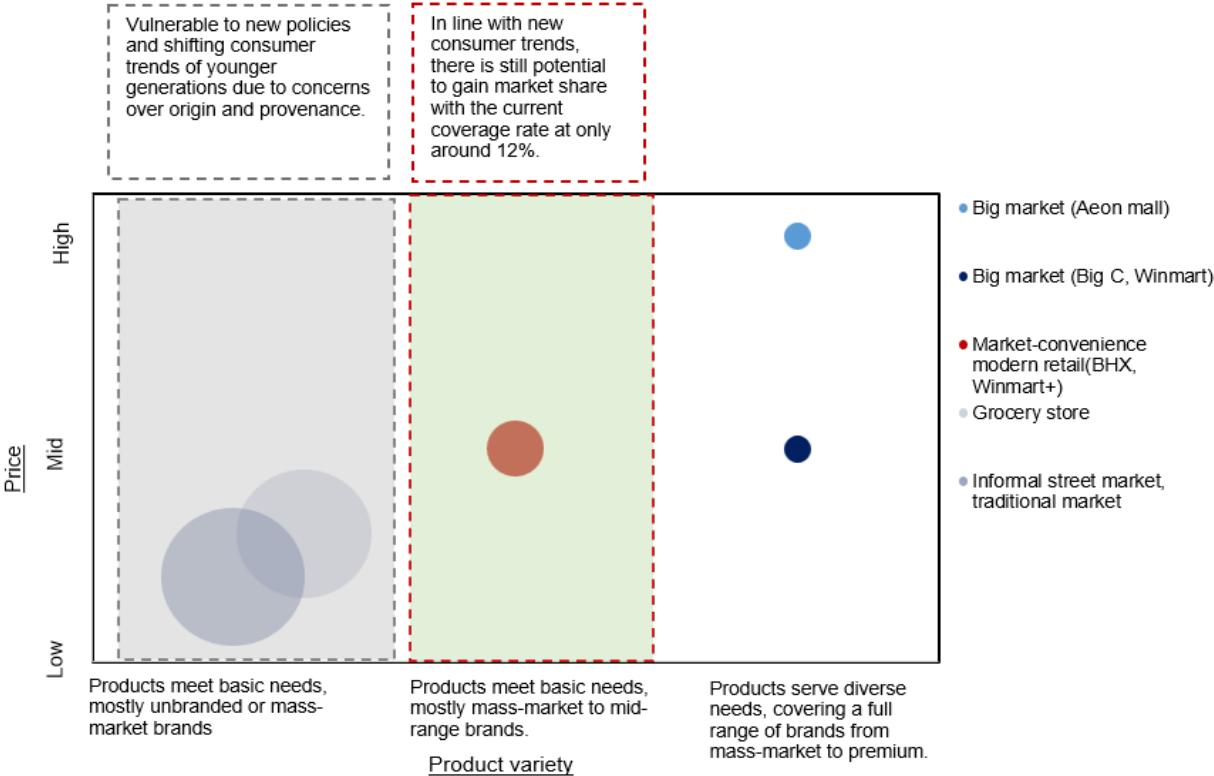


Figure 3: Over 56% Vietnamese households had an annual income of more than VND 180 million in 2024...

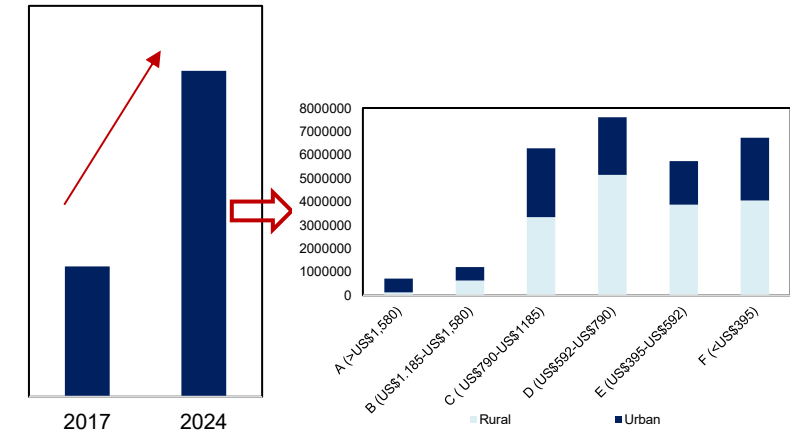
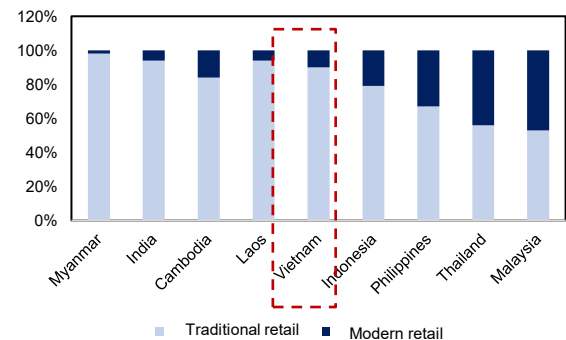
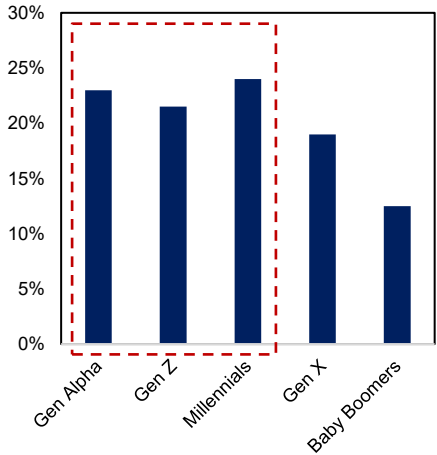


Figure 5: The penetration rate of grocery retail chains in Vietnam remains low compared to the ASEAN regional average.



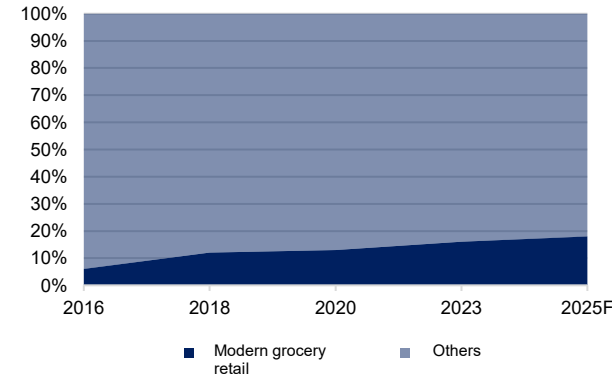
Source: MBS Research

Figure 4: With most consumption driven by younger generations and new consumer trends, the shift in consumption patterns is becoming increasingly evident.



Source: Cimigo, Euromonitor, MBS Research

Figure 6: New consumer trends combined with the still-low coverage rate offer an attractive advantage for the development of modern retail models.



Source: GSO, Euromonitor, MBS Research

E-commerce retail is entering a consolidation phase, as e-commerce platforms continuously impose higher fee requirements, averaging 3–5% higher yoy.

In 2025, platform fees for sellers increased by 5-10% yoy, creating significant cost pressure, especially for small-scale sellers. In addition to fixed fees per order, sellers also need to pay for affiliate marketing fees and advertising costs to generate sales. As a result, the average selling cost on e-commerce platforms has reached 20-25% (labor and office expenses not yet included). This level is now equal to or even higher than the average SG&A (Selling, General & Administrative) expenses of retail and consumer businesses, specifically SG&A/Revenue of consumer goods manufacturers ~23-26% and SG&A/Revenue of retailers ~17–20%.

After a period of rapid growth, platform policies have begun to tighten through (1) rising selling fees and (2) direct collection of VAT and Personal Income Tax (PIT) on successful orders. Additionally, the development of e-commerce regulations, which aim to formalize operating conditions and tighten product origin requirements, creates a favorable opportunity for transparent businesses. Strict controls on product origins will benefit domestic manufacturers while putting competitive pressure on hand-carried goods, unbilled products, counterfeit, and low-quality items. We assess that MSN, SAB, VNM, and QNS - leading domestic consumer goods manufacturers - stand to benefit most from this trend.

Moreover, professional retail enterprises listed on the stock market are expected to benefit from rising costs and stricter conditions on e-commerce platforms. We believe that MWG, FRT, and DGW will gain advantages thanks to their professional sales processes and transparent product sourcing.

Figure 7: Comparison of Shopee and Tiktokshop platform fees in 2024-2025

	2024	2025	▲
Total Shopee fees/ Revenue from customers	~15%-17%	~17%-30% (estimates include infrastructure fee of VND 3,000/ order)	▲ 2-12%
Total Tiktokshop fees/ Revenue from customers	~14%-20%	21%-30%	▲ 6-10%

Source: MBS Research

Investment strategy: We prefer MSN, MWG.

We believe that the government's efforts to standardize the retail market, including e-commerce and the removal of informal markets, will create a level playing field and enhance the competitiveness of modern retail chains, which have already adopted transparent management practices. Within our retail sector investment strategy, we favor companies with attractive valuations and high growth potential, notably MWG and MSN. For consumer goods companies, stricter enforcement against products of unclear origin will be a positive catalyst for domestic producers such as VNM, MCH, SAB, etc.

Hinh 8: Summary of estimated business results of selected industry peers

VND bn	MWG			MSN			VNM			DGW			FRT		
	2024	2025F	2026F	2024	2025F	2026F	2024	2025F	2026F	2024	2025F	2026F	2024	2025F	2026F
Gross revenue	134,341	151,571	173,790	83,178	82,504	95,468	61,782	65,542	69,100	22,079	25,580	30,431	40,104	51,059	60,362
yoy	14.7%	9.4%	9.8%	6.3%	-0.8%	15.7%	2.3%	6.1%	5.4%	17.3%	15.9%	19.0%	18.2%	15.5%	19.4%
Gross profit	27,499	32,588	37,365	24,656	26,485	30,473	25,590	26,551	27,990	2,055	2,401	2,901	7,583	10,258	12,380
Gross margin	20.5%	21.5%	21.5%	29.6%	32.1%	31.9%	41.4%	40.5%	40.5%	9.3%	9.4%	9.5%	18.9%	20.1%	20.5%
EBITDA	6,997	8,751	10,023	10,306	12,422	13,248	12,745	12,422	13,248	582	746	924	1,008	1,684	2,205
EBITDA margin (%)	5.2%	5.8%	5.8%	19.9%	12.2%	12.5%	20.6%	19.0%	19.2%	3.3%	3.5%	3.6%	18.9%	20.1%	20.5%
Net profit	3,722	5,807	6,663	1,999	2,876	4,014	9,392	9,446	10,110	444	548	691	318	670	939
yoy	2119.8%	56.0%	14.7%	377.4%	43.9%	39.5%	5.6%	0.6%	7.0%	25.3%	23.5%	26.0%	N/A	74.9%	35.7%
EPS (VND/share)	2,545	3,968	4,553	1,397	1,901	2,653	4,494	4,520	4,838	2,024	2,500	3,150	2,331	4,372	5,516
BVPS (VND/share)	18,509	21,977	26,031	26,936	28,437	30,691	17,311	16,865	17,115	13,733	17,566	19,746	15,559	19,004	24,627
Net cash/share	4,733	8,671	12,944	(4,956)	(4,132)	(6,493)	12,196	11,413	12,191	(4,914)	(4,186)	(6,852)	(41,959)	(34,968)	(38,610)
D/E	1.0	0.9	0.9	1.61	0.23	0.24	0.26	0.23	0.24	0.83	0.74	0.77	4.15	2.84	2.43
Dividend yield (%)	0.8%	0.8%	0.8%				6.2%	6.5%	6.5%	0.9%	2.3%	2.3%			
ROA (%)	5.7%	8.0%	8.2%	1.4%	17.4%	18.5%	17.4%	17.4%	18.5%	5.7%	6.0%	6.3%	2.2%	3.9%	4.7%
ROE (%)	14.6%	19.4%	19.0%	5.4%	26.4%	28.4%	26.4%	26.4%	28.4%	15.9%	16.2%	17.0%	18.1%	27.1%	26.2%

Figure 9: The P/E of consumer and retail businesses

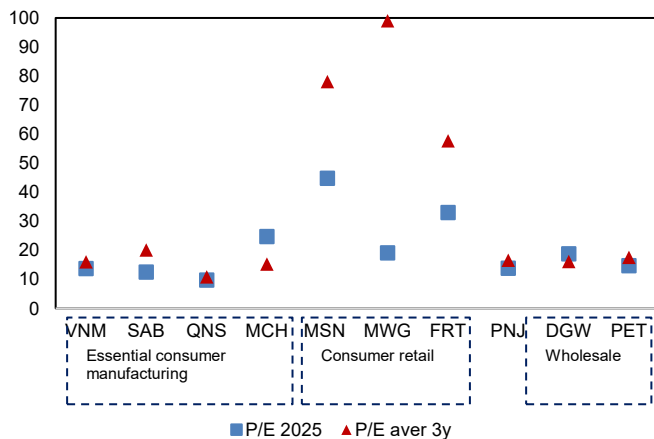


Figure 10: The NPAT growth of consumer and retail businesses

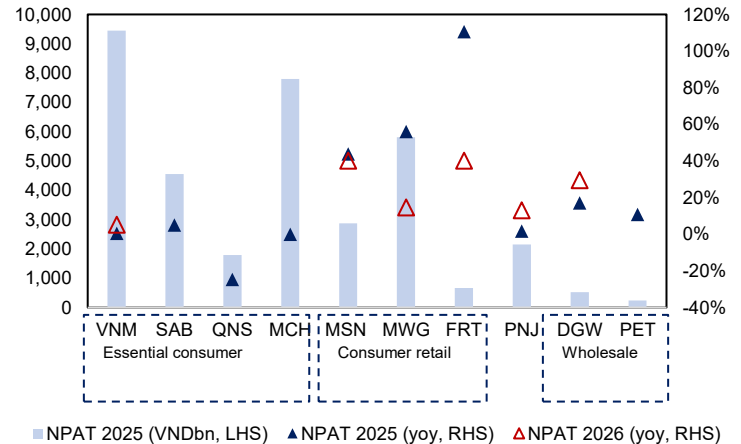


Figure 11: Stock recommendation

Ticker	Target price (VND/share)	Recommend	Comments
MWG	86,800	ADD	<p>For 2025–2026, we estimate net profit of VND 5,807bn/VND 6,663bn, representing growth of 57%/15% yoy, mainly driven by: (1) During the recovery phase, with regained market share and demand-stimulus programs, the TGDD & DMX chains are focusing on improving average revenue per store (+14%/+13% yoy) and gross margin (+1 pts%/0 pts%yoy), which is expected to drive net profit growth of +29%/+11% yoy for the segment; (2) BHX is accelerating its expansion with 478 new stores, of which over 50% are located in newly penetrated areas. With an average revenue of VND 1.8bn per store per month, BHX's net profit is projected to grow sixfold yoy</p> <p>MWG is trading at an attractive valuation with a 2025-26 P/E of ~18.3x, which is lower than its 2017-19 average of ~26x. In this new growth phase, MWG is gradually achieving success with BHX, while maintaining the stability of its TGDD & DMX chains.</p>

MSN	98,000	ADD	<p>In 2025-2026, we estimate net profit growth of 44%/40% yoy, primarily driven by the consumer segment (MCH) and retail (WCM). The consumer segment is expected to maintain double-digit growth thanks to stronger product consumption, particularly through the WCM chain. After reaching profitability, WCM is set to accelerate its expansion, with total store count projected to grow 14%/14% in 2025-2026. In addition, favorable business performance together with debt restructuring and lower interest expenses have helped net debt/EBITDA trend downward, expected to remain at a manageable ~3.0x.</p> <p>Looking further into 2026-2028, MSN also expects key catalysts from MCH's potential board transfer and WCM's IPO, which could serve as re-rating opportunities for the stock.</p>
VNM	76,100	ADD	<p>Domestic consumption challenges are expected to ease in 2H2025, supported by: (1) a more stable distribution system, and (2) VNM's push to develop new product lines that align with evolving consumer trends in Vietnam, thereby driving strong product portfolio expansion. As a result, domestic revenue is projected to grow ~5% yoy. On the export side, we forecast double-digit growth, driven by continuous product diversification and a large customer base spanning over 63 countries. Meanwhile, raw milk input prices have declined sharply since June 2025, which could slightly improve gross margin in 2H2025; for the full year, we expect only a modest contraction of ~0.9pts% yoy, resulting in flat net profit growth.</p> <p>In 2026, the downtrend in imported raw milk prices is projected to lift gross margin by ~0.5pts% yoy, coupled with ~5% revenue growth, leading to ~6% yoy net profit growth.</p>
DGW	56,300	ADD	<p>In 2025-26, the consumer electronics sector is expected to stage a strong recovery from the demand trough in 2023-24, with IC-CE revenue projected to grow +16%/+16% yoy. In addition, efforts to diversify into FMCGs and home appliances, supported by new brand partnerships, are set to drive >30% yoy growth in these segments during 2025-26. Coupled with a 0.2ppt reduction in sales support expenses after the aggressive expansion phase, net profit is forecast to deliver a CAGR of ~25% over 2025F-26F.</p> <p>The stock is currently trading at ~15x 2025F P/E, below its 3-year historical average of ~18x. Given the solid earnings recovery outlook and significant room for product portfolio expansion, particularly in home appliances and FMCGs, we believe the valuation remains attractive.</p>
FRT	165,000	ADD	<p>In the 2025-2026F period, net profit is projected to reach VND 670bn/939bn, up +580%/+67% yoy, driven by: (1) robust growth of the pharmacy chain, with revenue expected to increase by 21%/13% yoy and average store revenue rising 6%/6%. This is expected to boost Long Châu's net profit by 73%/33% in 2025-2026; and (2) the ongoing recovery trend, which is anticipated to support FPT Shop in returning to a net profit growth trajectory.</p>

Figure 12: Peer comparison

	Ticket Bloomberg	Market cap (USDmn)	P/E (x)		P/B (x)		ROA (%)		ROE (%)	
			2025	2026	2025	2026	2025	2026	2025	2026
Masan Group Corporation	MSN VN	4,547	43.7	31.3	2.9	2.7	2.2%	2.9%	7.5%	9.0%
Mobile World Investment Corporation	MWG VN	4,201	18.9	16.5	3.4	2.9	7.5%	8.2%	19.0%	19.0%
AEON Co (MALAY)	AEON MK EQUIT	430	11.3	10.7	0.9	0.9	2.7%	2.9%	7.9%	8.1%
Central retail Co	CRC TB EQUITY	4,471	17.2	15.5	1.8	1.8	2.9%	3.3%	11.3%	11.7%
Berli Jucker	BC TB EQUITY	2,384	15.9	14.5	0.6	0.6	1.4%	1.8%	3.9%	4.2%
Sumber Alfaria Trijaya	AMRT IJ EQUITY	5,268	23.8	20.5	4.5	4	8.9%	9.7%	20.1%	20.7%
Viet Nam Dairy Products Joint Stock Company	VNM VN	4,822	14.7	14	3.8	3.7	16.4%	16.9%	26.9%	27.6%
Saigon Beer - Alcohol - Beverage Corporation	SAB VN	2,298	14.3	13.9	2.8	2.9	14.4%	16.1%	19.4%	21.4%
Fraser & Neave Holdings Bhd	FNH MK EQUITY	2,392	18.5	17.6	2.6	2.4	10.0%	10.0%	15.0%	15.0%
Bright Dairy & Food Co Ltd	600597 CH EQUITY	1,689	23.6	21.6	1.2	1.2	1.6%	1.8%	5.5%	5.9%
China Mengniu Dairy Co Ltd	2319 HK EQUITY	7,529	12.2	10	1.2	1.12	4.3%	5.6%	10.3%	11.7%
Average			19.5	16.9	2.3	2.2	7%	7%	13%	14%

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ADD	The stock can generate a profitability of 15% or more
HOLD	The stock can generate a profitability of between -15% and 15%
REDUCE	The stock can generate a loss of 15% or more

Sector rating

POSITIVE	Industry stocks have Add recommendations on a weighted market capitalization basis
HOLD	Industry stocks have Hold recommendations on a weighted market capitalization basis
NEGATIVE	Industry stocks have Reduce recommendations on a weighted market capitalization basis

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