

Retail sector: Need more time for healing

- 2024 was the recovery time of the retail chains. Net profit of the ICT-CE retail chains had the best recovery with the average growth reached 1.2x yoy, net profit of the jewelry retail chains rose 10% yoy and the grocery retail chains moved from net loss to get the positive net profit in 2H24.
- In 2025, pharmaceutical and grocery retail chains are projected to expand due to rising consumer income spurred by broader production sector recovery, while ICT-CE and jewelry retail chains will likely maintain their current number of outlets, focusing instead on stimulating demand through targeted sales strategies.
- We prefer **MWG** in 2025 for the great expansion of Bach Hoa Xanh and the stronger recovery of ICT-CE demand. Besides, we also prefer **PNJ** for the attractive valuation.

2025 is the ideal time to grow the coverage for essential retail chains

We observe that after the profitable period for these two domestic retail chains (BHX and WCM) in 2H24, 2025 will be the ideal time to scale up store networks and expand the reach of major modern retailers when: (1) the consumer demand may continue to recover, (2) the spread of manufacturing will be stronger than 2024 when the export is expected higher yoy. Based on MSN and MWG's plans, total stores may rise 9% yoy in 2025F.

The net profit of ICT-CE retails chains may rise 22% in 2025F

The demand of consumer electronic may rise single-digit yoy, coupled with the average selling price may rise 5% yoy helping total the revenue of some key driver like MWG, FRT may rise ~13% yoy in 2025F. In 2025, we see the restructuring process will be complete, with the total number of stores remaining stable to maintain brand recognition for key drivers so that it may not have the one-off expense in the near future. As a result, the net profit of ICT-CE retails chains may rise 22% yoy in 2025F

The jewelry retail may get the better growth in 2025F thanks to the better demand of jewelry

In 2025F-26F, thanks to the recovery of Vietnam's economy, we expect that (1) the demand may improve single-digit from the low base of 2024, (2) the selling price may increase only ~2%, overall, revenue/store may increase 7%/7% yoy, recording VND4.7bn/VND5.0bn. The difficult of gold material may disappear in 2025F thanks to the stable of gold market, which helping the net profit may rise 16% yoy in 2025F.

We prefer MWG, PNJ for the investment strategy in 2025

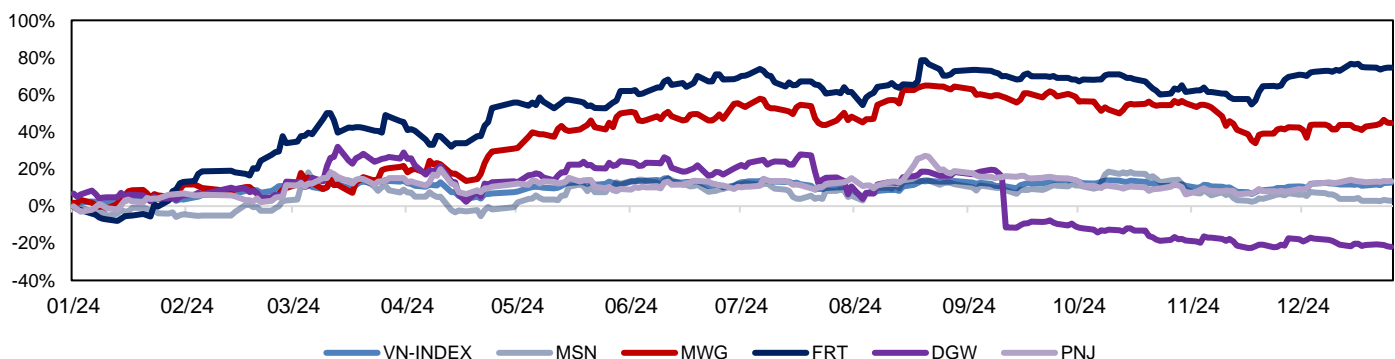
In 2025, we choose MWG for 2 main reasons, including (1) the demand of consumer electronic may back to the normal like the pre-covid19 period helping the net profit of TGDD and DMX's grow 21% yoy, (2) Bach Hoa Xanh chains have net profit in 2025F-2026F as we estimated about 600bnVND. Besides, we see that PNJ still have the great potential when the net profit may rise 16% in 2025F, the P/E fw 25 is 13x, below the average P/E 3 years of 16.6.

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Figure 1: Retail stock prices movement vs. VN-Index over the last 1 year



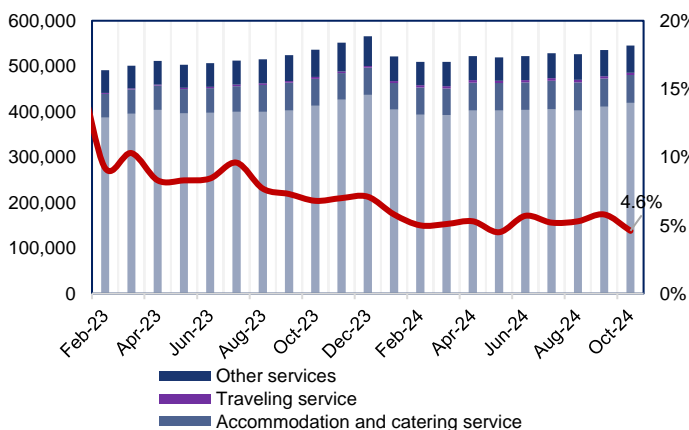
Recap 2024: The different recovery in retail sector's picture when consumers still tightened their wallet

The consumer demand had not truly recovered as consumers still tightened their wallet

The manufacturing sector has only started to recover significantly from 2H24 when the PMI was above 50, making the income not really improve. As a result, consumers still tightened their wallet when the overall consumer demand trend is still being affected by weak economy from 2023. According to the consumer survey of PwC 2024, Vietnamese consumers are still impacted by the rising prices of food, energy, housing, and other essentials, which have had a significant impact on consumer spending. 64% of respondent said that they still spending the major for grocery, and 48% healthcare. In contrast, 33% of participants said they would reduce spending on luxury items, and around 30% would cut back on non-essential items.

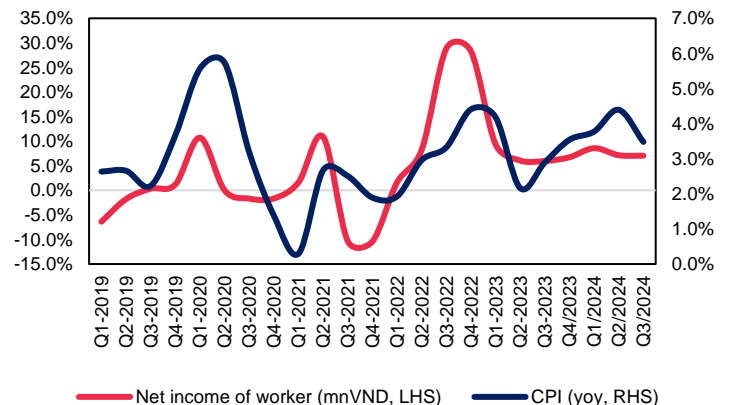
In 11M24, the growth of total retail sale around 5.8% (excluding inflation), which was slower than the pre-covid19 period (the average is 8-9%) showing that the consumer demand is still in the low base.

Figure 2: The rising of retail sale was still in a low base, just around 5%



Source: GSO, MBS Research

Figure 3: The rising of food is directly affected for consumer demand.



Source: GSO, MBS Research

The different recovery landscape between essential and non-essential retail chains

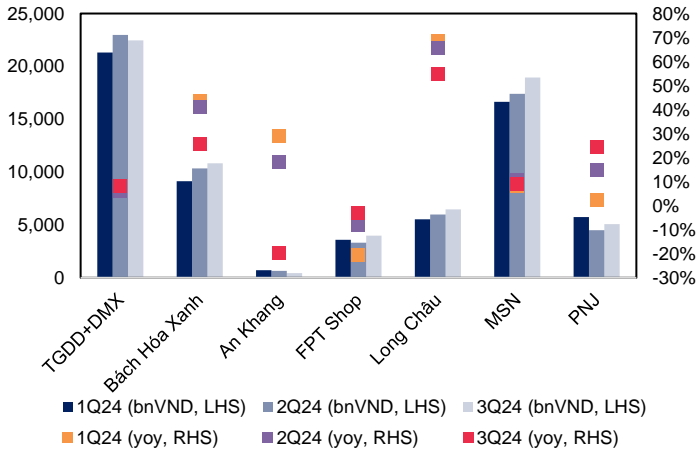
2024 showed that the different recovery landscape between essential and non-essential retail chains. While electronic consumer retail chains (TGDD, DMX, FPT shop) restructured, closing more stores have the underperforming results, the grocery chains slightly opened stores when both Bach Hoa Xanh and WCM had the net profit in 2Q24. Besides, the grocery chains improved about 15% yoy thanks to the transition of traffic from the traditional. In the pharmaceutical retail industry, we see a contrasting picture: while An Khang is trying to restructure and find opportunities to break even, Long Châu has already established a strong position in the industry.

The growth prospects for the jewelry, car, and ICT-CE retail sectors are unlikely to be strong in 2025F-26F, as these markets are already quite saturated. Meanwhile, due to the highly fragmented nature of the market, the pharmaceutical sector still holds significant growth potential. The consumption

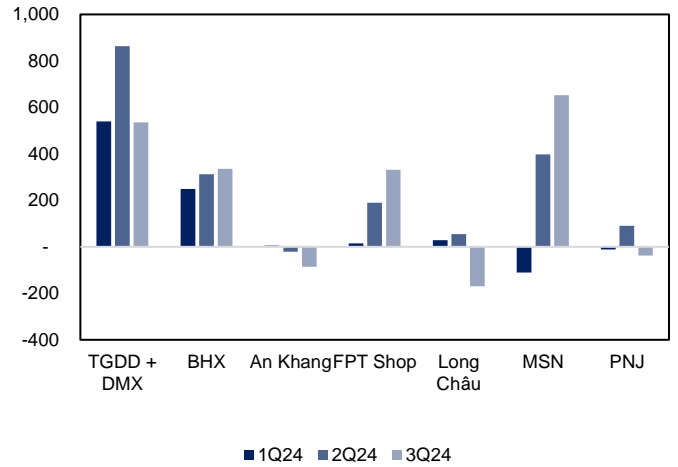
sector, on the other hand, remains stable with continued potential, driven by the shifting consumer behaviors of the new generation.

Figure 4: Almost all of the retail chains rose at least 10% yoy in the revenue, expect for some retail chains trying to restructure to get the better recovery...

Figure 5: Absolute growth in net profit of some modern retail chains.



Source: MWG, FRT, MSN, PNJ, MBS Research



Source: MWG, FRT, MSN, PNJ, MBS Research

Grocery retail business in 2025: Time to expansion!

Two key drivers had succeeded in 2024F and will continue...

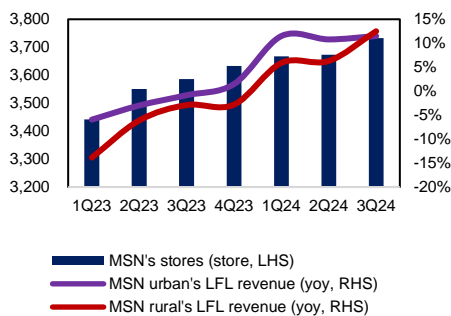
Both of the LFL's revenue of MSN in urban and rural rose in 2024 thanks to the stronger of consumer in minimart model. which helping WCM had net profit in 2Q24. The strategic is promote products from the Masan Consumer ecosystem in the minimart model, which have the best LFL revenue's growth in 9M24 (compared with the supermarket model)

In 2024, as consumers continue to prioritize spending on essential products (grocery, healthcare,..), both WinCommerce and Bach Hoa Xanh (BHX) have implemented effective business campaigns to attract more traffic from traditional channels. For example, BHX increased its offering of fresh produce and adopted a strong pricing strategy to boost daily transactions. As a result, revenue/stores surpassed VND 2 bn/month, supporting them to get net profit in 2Q24.

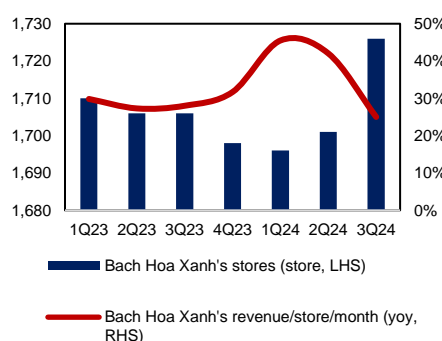
Figure 6: WCM had net profit in 2Q24 and continue to recover in 3Q24...

Figure 7: BHX had net profit in 2Q24 and continue to expand in 4Q24.

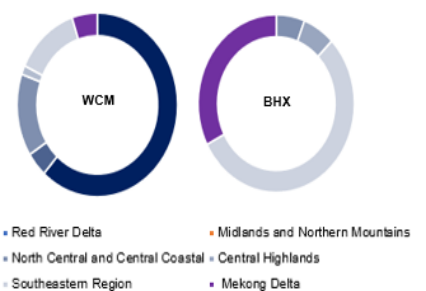
Figure 8: While MSN is stronger in the north, BHX holds an advantage in the south due to its model aligning with consumer behavior.



Source: MSN, MBS Research



Source: MWG, MBS Research



Source: MSN, MWG, MBS Research

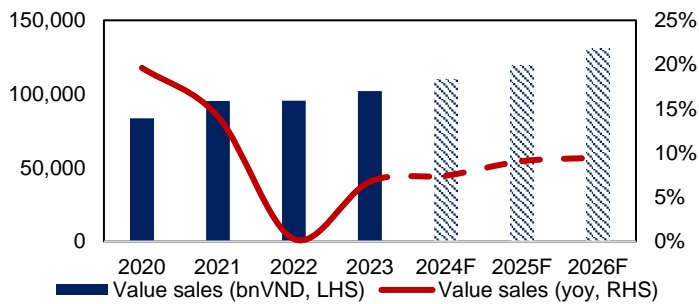
.....to expand in 2025 with the strength of modern grocery retail model.

(1) The grocery retail market is estimated to grow by 9% in 2025F-26F, driven mainly by the expansion of modern grocery retail chain

Both MSN and BHX are successfully attracting traffic from traditional shopping markets through a tailored product strategy, effectively capitalizing on changes in consumer buying behavior. It is evident that both MSN and BHX have modern grocery retail models that align with the consumer behavior of different regions. With the growth of the industry, MSN and BHX still have the potential to expand their coverage in their current areas and extend into new markets in the near future.

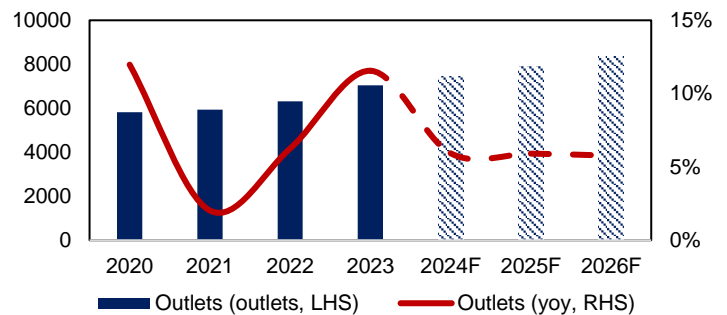
We may see the retail industry still have a large potential in mid-long term due to (1) the rising disposable incomes, (2) the increasing demand for higher-quality lifestyles. Rapid urbanization will expand access to modern retail models – a development trend in the grocery retail sector. Besides, utilizing AI and omni-channel will help retailer unlocking significant potential in this market. The consumer income may better than 2024F due to the stronger spillover from the manufacturing sectors, which is expected to boost spending. Additionally, the strength of warehousing and more diversity of product will help modern retail chains (such as Bach Hoa Xanh, WCM) to more easily meet the needs of the new generation of consumers. The recovery in consumption, along with the expansion of modern retail chains in new regions, will help the grocery market achieve an approximately 9% growth during the 2025F-26F

Figure 9: The value of grocery market is estimated having 9% in 2024F-26F



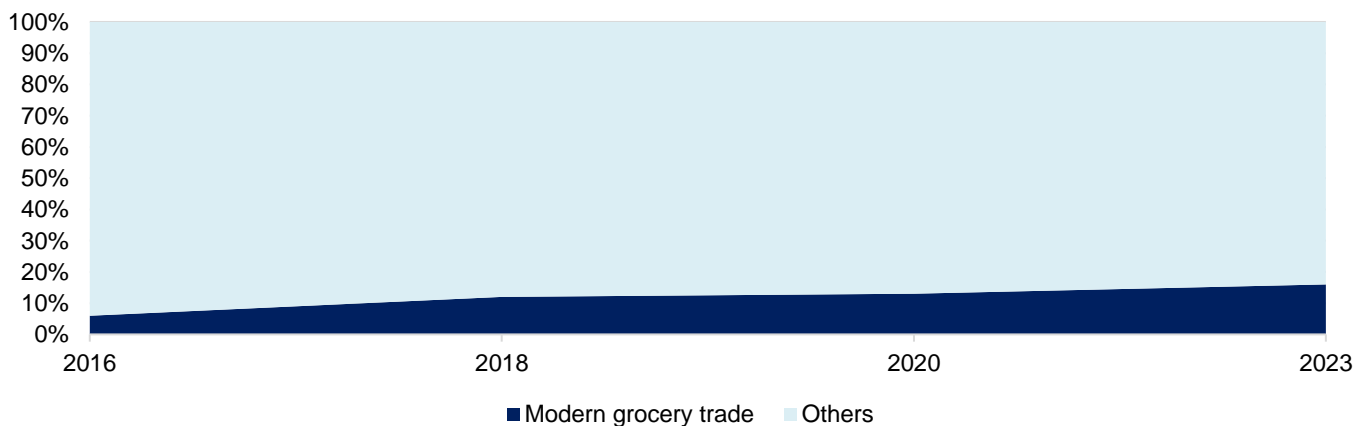
Source: Euromonitor, MBS Research

Figure 10: With the expansion of total outlet may react 6% CAGR



Source: Euromonitor, MBS Research

Figure 11: ..So we expect the growth of the modern grocery retail's penetration will be the momentum for the grocery market

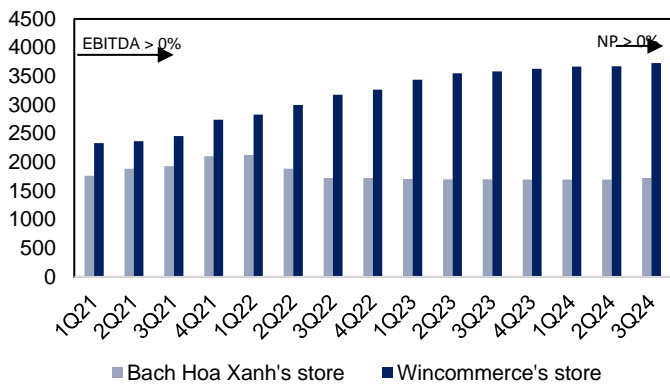


Source: Euromonitor, MBS Research

(2)...creating opportunities for businesses with market share advantage to continue their coverage, with an estimated store expansion rate of 9% in 2025F-26F.

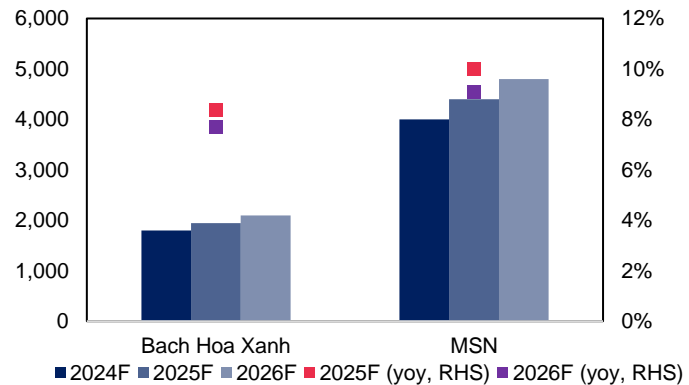
Recently, the supermarket retail models of major players (Aeon Mall, Go!) as well as minimart retail models like BHX and WCM+ have been successfully capturing a significant shift from traditional market models due to their competitive and effective sales strategies. We observe that after the profitable period for these two domestic retail chains, 2025 will be the ideal time to scale up store networks and expand the reach of major modern retailers when: (1) the consumer demand may continue to recover, (2) the spread of manufacturing will be stronger than 2024 when the export is expected higher yoy. Moreover, major foreign retailers are also launching several large projects in Vietnam, highlighting the strong appeal of the Vietnamese retail sector. It is expected that in 4Q24-2025, approximately 8 large shopping malls will be operational.

Figure 12: After having net profit, we expect MSN and BHX will continue to expand in 2025F-26F..



Source: WCM, MSN, MBS Research

Figure 13: ...With an average store expansion growth rate of about 9% in 2025F-26F.



Source: WCM, MSN, MBS Research

Figure 14: Some large mall will operate in 2025F

Projects	Process
Go! Hà Nam	Commenced construction in 7/23 and has been operational.
Go! Bạc Liêu	Commenced construction in 12/23 and has been operational.
Go! Ninh Thuận	Commenced construction in 12/23 and expected to open on December 24, 2024.
Go! Hưng Yên	Commenced construction on 6/24, expected to be operational in 2025.
Go! Yên Bái	Commenced construction in 10/24 and expected to open in 4Q25
MM Mega Market Đà Nẵng	Commenced construction in 12/24 and expected to open by 4Q25 - the first mallshop of MI Mega Market.
Aeon mall Đồng Nai	Commenced construction in 5/24 and expected to open in 2025.
Aeon mall Hạ Long	Commenced construction in 12/24 and expected to open in early 2026.
Aeon mall Hải Dương	Expected to commence construction in 1Q25 and become operational in 2026.
Aeon mall Thanh Hóa	Expected to commence construction in 12/24 and expected to open in early 2026.

Source: FiinProX, MBS Research

Pharmaceutical retail businesses in 2025: Long Chau to be the dominant

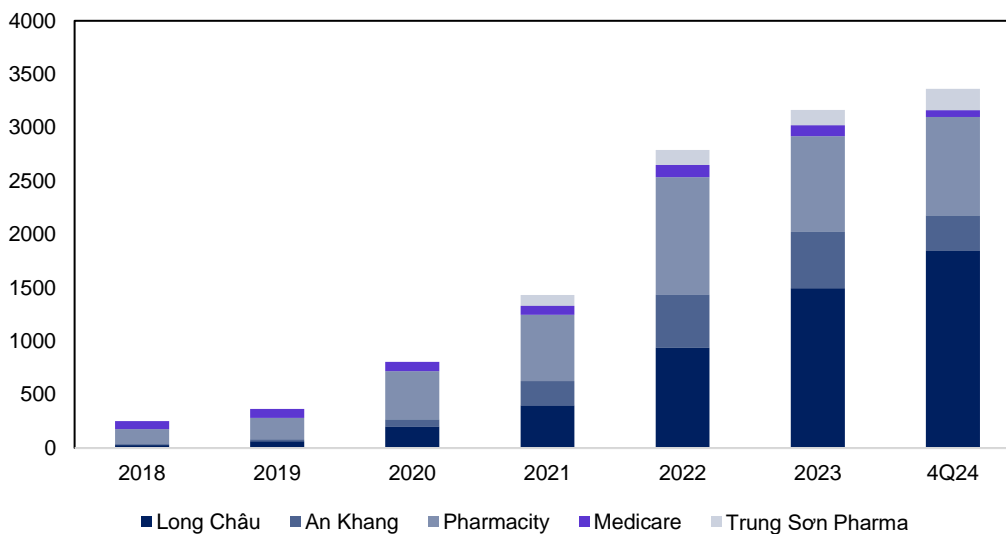
The coverage of pharmaceutical retail modern still low

The expansion of the modern drug retail chain model is a key factor contributing to the market's revenue reaching a 7% CAGR in the period 2019-2024.

In 2019-2024F, the beauty and health market is projected to achieve a 7% CAGR, with the pharmaceutical segment expected to grow at around 8% CAGR. In 2020-2024, key players such as Pharmacity, Long Châu, and An Khang began expanding rapidly, collectively opening approximately 2,500 drugstores. Long Châu led this expansion with a remarkable 74% CAGR. This growth significantly increased the coverage of modern pharmaceutical retail, rising from 2% in 2020 to an estimated 8% by 2024. The pharmaceutical retail sector continues to show strong growth as modern pharmacy chains consistently expand their scale.

Additionally, in 2023-24, we have seen several pharmaceutical retail chains established or invested in by foreign corporations: Trung Sơn Pharma was acquired by Dongwha Pharma with a 51% stake, and Phượng Hoàng was founded by the former Pharmacity founder. This demonstrates the significant appeal of the current pharmaceutical retail market in Vietnam. This indicates a sustained growth trend in the mid-long term.

Figure 15: The pharmacy modern retail chains has the growth of stores reaching 56% CAGR in 2019-24

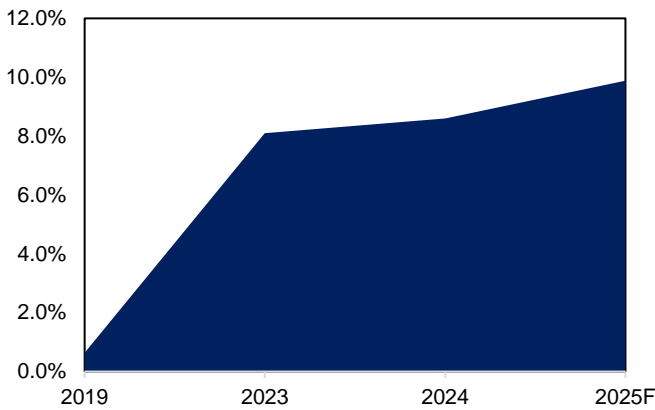


Source: Euromonitor, FRT, MWG, Trung Sơn Pharma website, MBS Research

We estimate that the store growth rate will likely slow down in the period 2025-26.

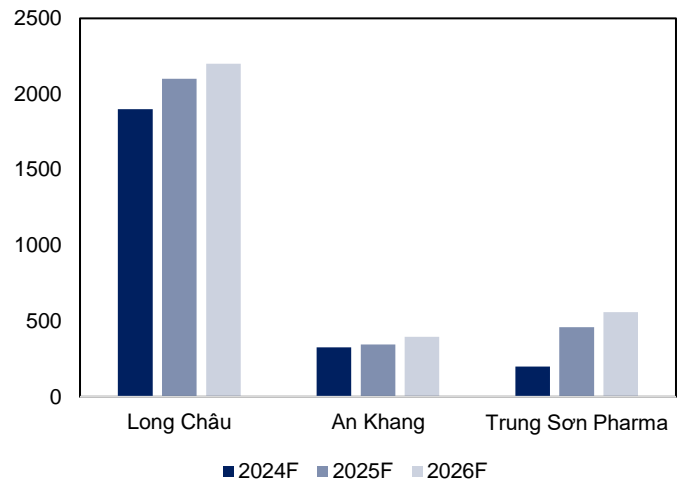
With the rapid growth of store expansion, the penetration rate of modern pharmacy chains remains relatively low (<10%), indicating significant growth potential. Traditional pharmacies are gradually losing ground to the strengths of modern pharmacy chains, which include (1) a comprehensive product range with more consistent pricing, (2) better product quality control, and (3) professional and systematic customer service. We anticipate that 2025 will continue to be a year of strong expansion for modern pharmacy chains, with Long Châu planning to open up to 3,000 stores and Trung Sơn Pharma aiming for 500 new stores in 2025.

Figure 16: The modern retail chains still have the low coverage rate, below 10%



Source: Drugbank, MBS Research ước tính

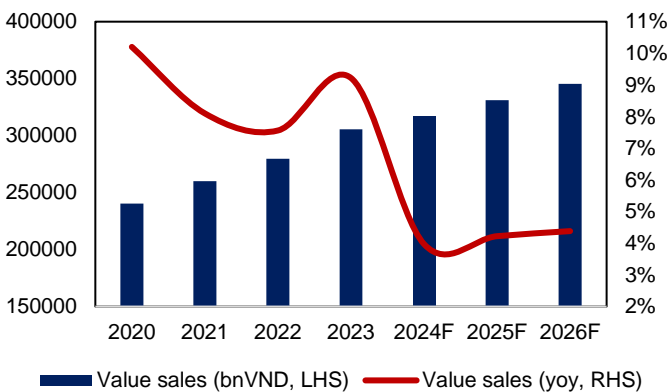
Figure 17: The coverage of Long Chau may over 5% follow by FRT's plan.



Source: FRT, MWG, Trung Sơn Pharma, MBS Research

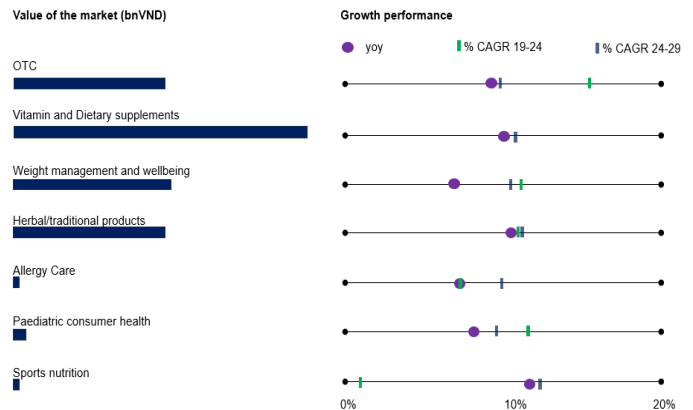
Vietnam remains a country with significant spending on healthcare, as health-related expenditures continue to increase. The new generation of consumers, Gen Z, is showing a growing interest in health and wellness, actively incorporating dietary supplements such as vitamins and minerals to support their health. Expenditure on healthcare has increased 10% in 2019-24 is expected to rise by approximately 10% by 2029, particularly for sports supplements and vitamins. Growth in spending will be a strong supporting factor for the growth of the pharmaceutical and functional market in Vietnam.

Figure 18: The beauty and health market is estimated having CAGR 4% in 2024F-26F



Source: Euromonitor, MBS Research

Figure 19: The growth performance of the OTC and functional drug market's market



Source: Euromonitor, MBS Research

Long Châu has the key in the industry and will continue to lead the pharmaceutical retail market in the future

The largest scale helps Long Chau's coverage rate reach 5% in 2024F

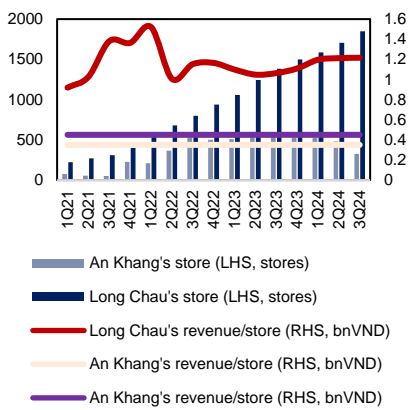
Due to (1) the great portfolio product which is suitable with consumer's demand, (2) The strengths of leveraging technology in warehouse management and customer service, Long Châu successfully opened 357 new drugstores in 2024 (as of 12/24), bringing the total number of stores to 1,849, with a revenue/store of bn1.2VND/month. According to the financial statement, Long Châu has contributed approximately bn130VND to FRT in 2024 to offset the losses from

the ICT-CE segment. Currently, Long Chau has the best coverage in Vietnam with a fairly widespread presence across the country.

On the other side, in 2024, An Khang and Pharmacy have reduced the number of stores, implemented restructuring, and changed their product portfolio to move towards the goal of breaking even in 2025F.

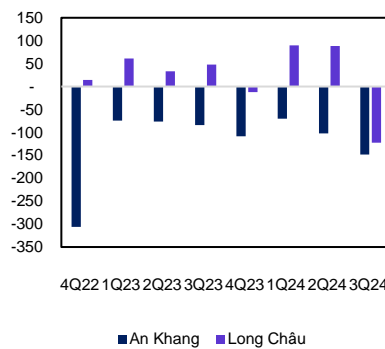
We observe that Long Chau is gradually establishing a solid position in the industry by (1) leading with 1,896 pharmacies and maintaining revenue/store of bn1.2VND/month, (2) having a strong technological advantage and implementing AI in the Long Châu app to assist customers and enhance customer care through prescription information, and (3) leveraging the potential of the healthcare model, increasing customer touchpoints with A-Z care services, offering a new experience.

Figure 20: Long Chau is the one of the market which have “the key of expansion”



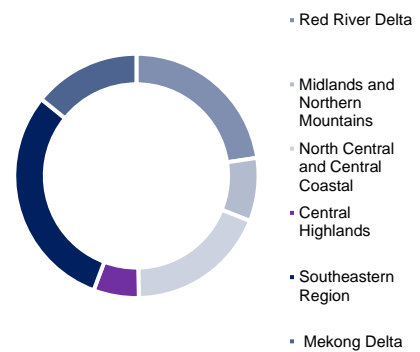
Source: MWG, FRT, MBS Research

Figure 21: Net/loss profit of Long Chau and An Khang



Source: MWG, FRT, MBS Research

Figure 22: Long Châu has a fairly widespread presence across the country.



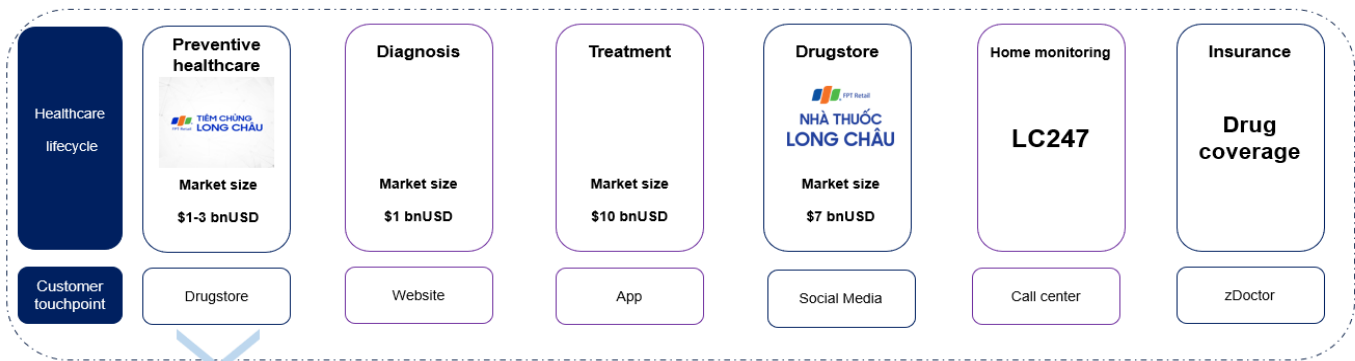
Source: FRT, MBS Research

The healthcare will support the pharmaceutical chains get more customer-point-touch.

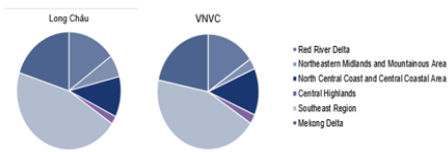
Long Châu has leveraged its technological strengths and the strategic location of its pharmacies to rapidly expand its Long Châu vaccination chain – the first link in its "healthcare" system. Within just a year, Long Châu successfully opened 121 new vaccination centers, bringing the total number to 125. During the same period, VNVC opened around 60 new centers, increasing its total to 206. Thanks to the strong network of Long Châu pharmacies, the coverage of its vaccination centers is nearly nationwide, similar to VNVC. In terms of the business model, Long Châu's vaccination centers have a smaller area, which allows for deeper product discounts compared to VNVC.

We believe that by utilizing its strengths in pharmacy chains and cold storage for vaccines, Long Châu will continue to expand rapidly in 2025-26, potentially attracting more new customer segments and increasing vaccine coverage nationwide (currently around 4%, compared to the regional average of 10-15%).

Figure 23: Long Châu's comprehensive healthcare model is a first-of-its-kind in Vietnam.



Thanks to the strength of its pharmaceutical chain, Long Châu's coverage rate became equivalent to VNVC's after just one year.



Some key comparison points between VNVC and Long Châu

Units	VNVC	Long Châu
Number of vaccination center	206	125
Average area	500-1500m2	200 m2
Injection packages (VND mn)	Children's package from 0-2 years old (22 cases)	24.8
	School fee package for 3-9 years old	19.8
	Youth package for 9-18 years old	27.8
	Pre-pregnancy package for women	16.1
	Adult package	16.1
		7.8
Average discount percentage	6.80%	8.70%
Installment service	Installment payment via credit card	Installment payment via credit card and homepaylater

Nguồn: VNVC, FRT, MBS Research

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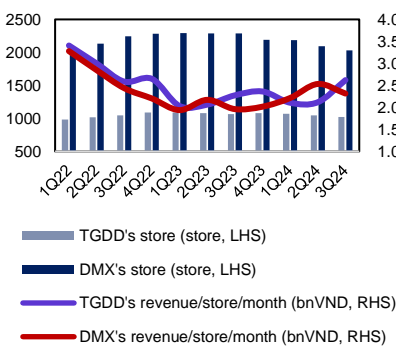
Source: FRT, MBS Research

ICT-CE retail businesses: The demand for non-essential goods is expected to improve significantly in 2025F

The restructuring of physical retail stores is strongly focused on in 2024 when the demand slightly decreased yoy

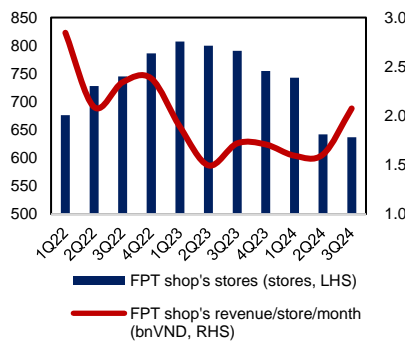
In 2024, the demand for consumer electronics has not significantly improved, along with changes in consumer shopping behavior, leading consumer electronics retail chains (TGDD&DMX, FPT Shop) to restructure and close most of their underperforming stores. As a result, the total number of stores decreased yoy, but profits improved due to (1) raising product prices above the low baseline, (2) implementing appropriate demand-stimulating shopping policies, and (3) optimizing operating costs. As a result, revenue/store/month slightly up by about 20% compared to 1Q24.

Figure 24: MWG closed stores with poor business performance...



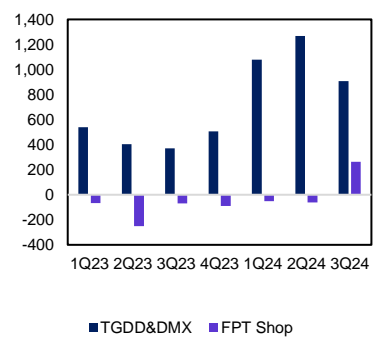
Source: MWG, MBS Research

Figure 25: FRT did the same, but with a stronger scale of store closures compared to MWG.



Source: FRT, MBS Research

Figure 26: The recovery of MWG and FRT's net profit.



Source: MWG, FRT, MBS Research

Based on the low base of 2023, most companies reported a strong profit recovery in 2024, mainly due to the increase in selling prices following the intense price war in 2023. In 2024, large businesses continued to restructure and reduce physical stores with poor performance to optimize costs. The price increase, coupled with stable demand in the ICT-CE sector, is expected to drive overall market revenue growth by ~5% in 2024.

We forecast that by 2025, businesses will no longer be aggressively closing physical stores. Instead, they will focus on programs to stimulate consumer e-commerce spending. This comes as consumer spending is projected to continue improving yoy, driven by the positive impact of Vietnam's macroeconomic factors.

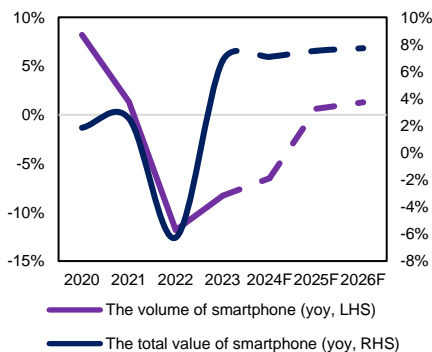
Consumer demand is likely to return to pre-pandemic levels, and the restructuring process is expected to conclude by 2025-26.

(1)The gradual return of consumer demand is expected to drive a 9% growth in the consumer electronics market in 2025.

In 2025-26, the proportion of smartphones supporting AI in the total smartphone export volume is expected to increase by 14% compared to 2024. The price of new smartphones is forecasted to be at least 5% higher than previous models due to the integration of AI in the products, leading to higher costs. With the growing popularity of 5G and AI-enabled smartphones in Vietnam, we expect smartphone demand to experience double-digit growth from a low base, resulting in a 9% yoy increase in total smartphone revenue in 2025-26.

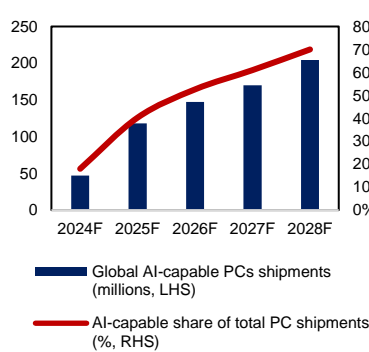
Vietnam remains a country with a low IoT connectivity rate per person (0.2 connections per person), and the strong technology adoption trend among the new generation of consumers is a driving force for the growth of the IoT-integrated consumer product market in the next phase. Additionally, the strong penetration of brands with mid-range priced IoT products, such as Xiaomi and Huawei, will align with the affordability and consumption needs of Vietnamese consumers. Therefore, the smart home appliance market is forecast to grow by 11% during the 2024-2026 period.

Figure 27: Forecast of smartphone's market in 2025F-26F



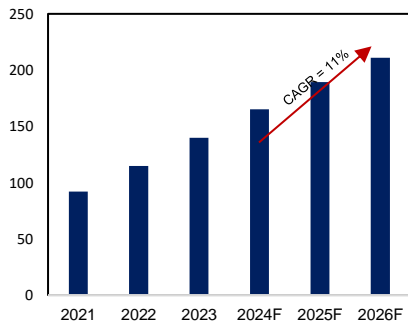
Source: Euromonitor, MBS Research

Figure 28: PC AI-capable may have the 44% CAGR in 2024-28F



Source: Canalys, MBS Research

Figure 29: The forecast for the smart home appliance market in Vietnam (in million USD) is driven by the upcoming 5G trend and the growth of mid-range products in Vietnam



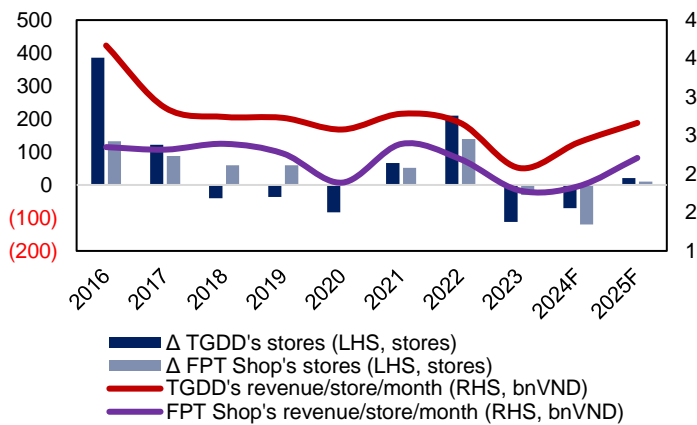
Source: Euromonitor, MBS Research

(2) The end of the restructure in 2025F-26F

After a long period of expansion with the advantage of rental price in 2021-22, the number of stores was restructured in 2023-24 and has since stabilized since 4Q24. We believe that the current number of stores of the ICT-CE chains is appropriate to (1) maintain retail market share, and (2) sustain brand recognition and coverage across provinces.

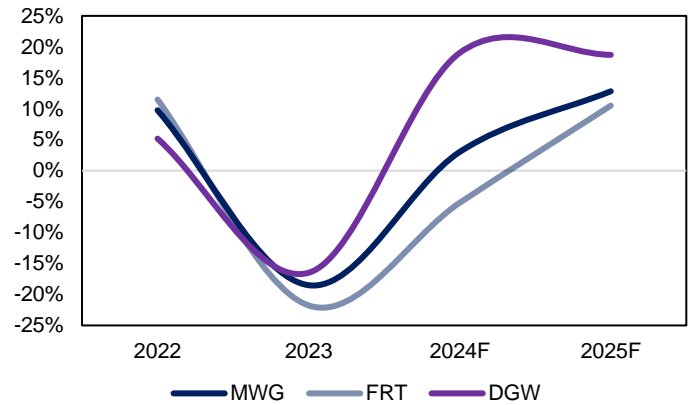
Therefore, in 2025-26, the recovery of the economy, which will positively impact consumer demand, is expected to drive double-digit revenue growth.

Figure 30: We expect the restructuring to be completed in 2024...



Source: GSO, MBS Research

Figure 31: ...and the revenue growth in 2025 will be better than in 2024 due to the strengthened sales campaigns, as consumers have become more confident in spending on non-essential products.

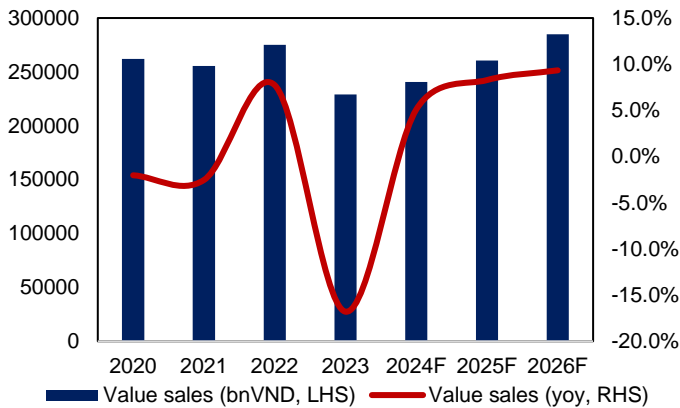


Source: MBS Research's compilation

The consumer electronics market is projected to experience a 9% growth rate in 2025F-26F

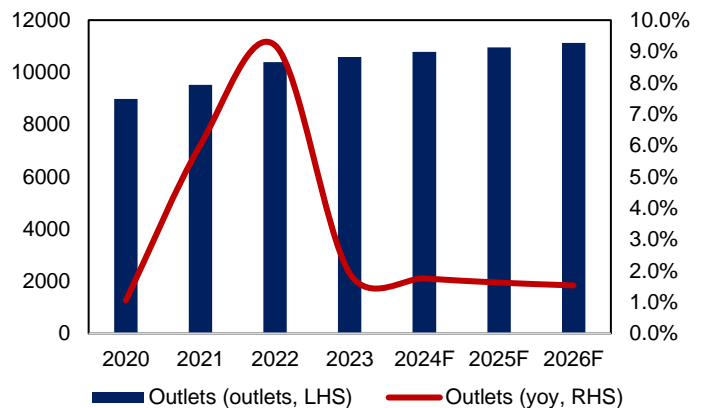
We observe that the consumer electronics retail market has reached saturation and is struggling to find new growth drivers. With changing consumer behavior and the rapid development of e-commerce, the scale of physical stores is being reduced to help businesses optimize costs and support profit recovery. This translation conveys the key points about market saturation and the adjustments businesses are making in response to new consumer behavior and e-commerce growth. The consumer electronics market is projected to grow by 9% driven by (1) the anticipated strong recovery of consumer demand for consumer electronics products in 2025F, and (2) the estimated stable growth of 1% in the total number of physical stores. With the future trend of e-commerce, physical stores are projected to have a CAGR of 1% during the period 24F-29F

Figure 32: The electronic consumer's market may increase 9% mainly thank to the increasing of selling price and consumer's demand.



Source: GSO, MBS Research

Figure 33: The growth of total outlets may remain stable at 1% in 24F-29F due to the e-commerce growth



Source: MBS Research's compilation

Jewelry retail business: Focus on the new generation

We observe that jewelry demand in 2024F is less than 2022-23 period due to slow recovery of Vietnam's economy. The demand may improve in the 2025F-26F thanks to higher income when Vietnam manufacturing sector recovers. Overall, the value of jewelry market is expected to grow 4% in 24F-26F.

According to the General Department of Taxation, there are currently 12,516 businesses involved in the trading and manufacturing of gold (as of 2023). As of May-2024, only 5,835 gold and silver trading stores have implemented electronic invoices generated from cash registers. Based on this data, with Vietnamese jewelry chains accounting for only 5% of the total gold and jewelry market, it highlights the significant expansion potential for modern jewelry chain in mid and long term. We observe that each jewelry and gold chain has its own strengths and customer preferences. A strong focus on jewelry can help a business capture market share and maintain better profit growth. Additionally, businesses targeting new consumer segments (such as Gen Z) that have advantages in production (skilled craftsmanship, diverse designs, modern styles, high-capacity factories) and high-quality raw materials will have a significant advantage in the mid to long term.

Figure 34: The jewelry market is expected to grow 4% in 24F-26F (Unit: USD bn)

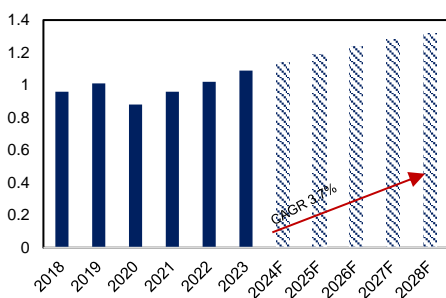


Figure 35: The coverage of Vietnam's jewelry brand on number of stores still in a low base.

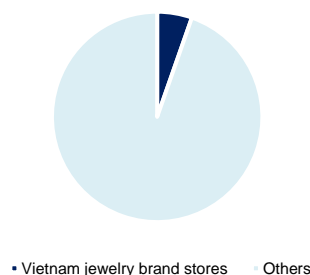
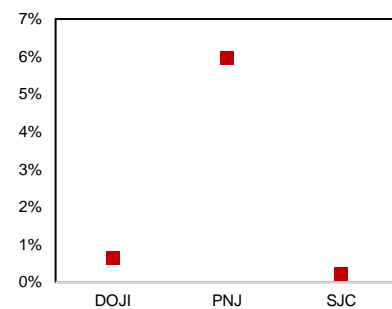


Figure 36: Strengths in manufacturing, design, and retail scale help PNJ to achieve exceptional net margins.

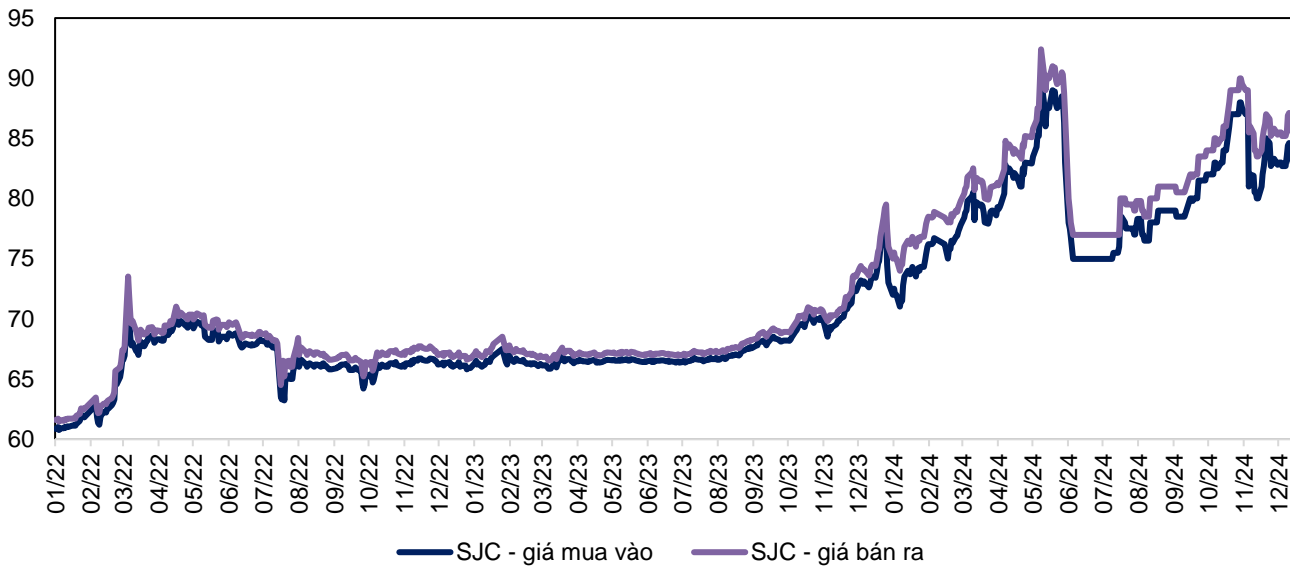


The demand will be better in FY25-26

We note that demand for luxury goods is weaker yoy, reflecting a slow economic recovery and a consumer retail growth rate of only around 5% (below the preCOVID-19 average). Moreover, demand for jewelry has also slowed as recent fluctuations in gold prices have led to a surge in demand for trading in gold bars and gold rings.

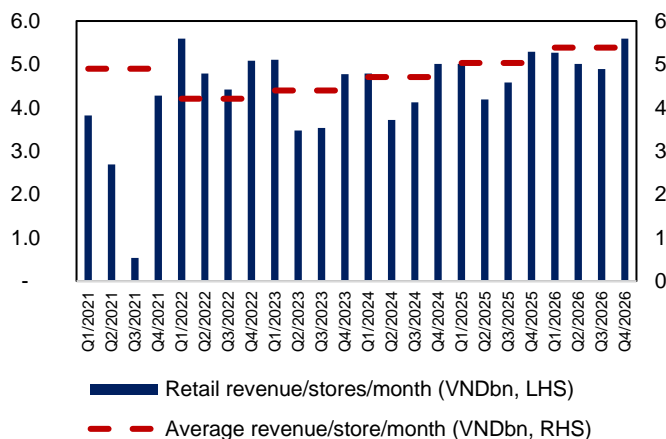
We expect the demand for jewelry to remain stable in the last months of 2024. Additionally, due to difficulties with the cost of raw materials, PNJ may continue to increase product prices by around 5-7% yoy in 2024F. Overall, the average revenue/store 2024F will be VND4.4bn/month (+4.5% yoy). With its marketing strategy, design and production capabilities, we expect PNJ's retail growth rate to outperform that of its industry peers. In 2025F-26F, thanks to the recovery of Vietnam's economy, we expect that (1) the demand may improve single-digit from the low base of 2024, (2) the selling price may increase only 2%, overall, revenue/store may increase 7%/7% yoy, recording VND4.7bn/VND5.0bn

Figure 37: The gold price fluctuations in recent times



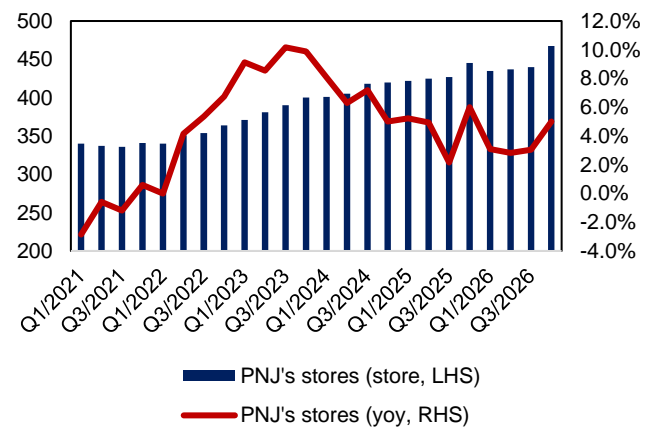
Source: FiinProX, MBS Research

Figure 38: Estimated the revenue/store/month



Source: PNJ, MBS Research

Figure 39: We expect PNJ to continue expanding at a rate of 5% during FY24-26F, leveraging its manufacturing strengths and the PNJ NEXT store model.



Source: PNJ, MBS Research

Investment strategy: We prefer MWG and PNJ

Figure 40: Projected results for some retail and wholesale companies

Ticker	Target price (VND/share)	Recommend	Comments
MWG	80,500	ADD	<ul style="list-style-type: none"> MWG is a leading ICT-CE retail corp with more than 3,000 stores, accounting for about 60% ICT market share and 50% CE (consumer electronic) market share. When the ICT-CE demand started recovering, MWG will get more advantage with their leader position. TGDD&DMX chain store may have a strong recovery from 2024F mainly thanks to the increase of selling price. In 2025F, we expect MWG will stop closing stores, focus on sales strategy when the ICT-CE demand will recover more clearly. MWG recorded positive net earnings in Q2 and Q3/24 and successfully penetrated the Central market in 4Q24. The company's streamlined minimart format is projected to divert customer traffic from traditional retail outlets, thereby helping BHX's revenue growth by 21%/16% in the FY25-26F. The net profit may rise 28%/30% in FY25-26F.
FRT	199,000	HOLD	<ul style="list-style-type: none"> Long Chau is the best growth driver for FRT with the largest retail store coverage nationwide. Given the relatively low penetration of modern drugstore chains, In a context where the coverage of modern drugstore chains is still very low, we expect FRT to open 200/100 additional pharmacies in FY25-26F, leveraging its strengths in (1) applying technology to customer care and inventory management, and (2) its solid position in the industry. We expect that the completion of FPT Shop's restructuring will eliminate one-time costs in 2025, while the recovery of consumer demand will drive a double-digit increase in FPT Shop's total revenue in FY25-26F. The net profit may rise 72%/44% in FY25-26F
PNJ	115,400	ADD	<ul style="list-style-type: none"> PNJ is Vietnam's leading jewelry brand, with 405 stores across all 58 provinces and cities. Leveraging its strong financial position and substantial brand mvalue, we project a 5%/6%/5% growth rate in new store openings for 2024F-25F, bringing the total number of stores to 420/445/467, respectively. We estimate that the jewelry market will recover 5% yoy, as demand is expected to improve better in 4Q24. Additionally, cost optimization will help increase net profit by 10% in 2024, reaching VND2,161bn. In 2025F-26F, with the better conditions including (1) the demand is expected to recover more strongly as the economic outlook improves compared to 2024, (2) the opening stores in new cities/provinces will help PNJ attract new potential customers, net profit is expected to grow by 16%/15% yoy, reaching 2,505/2,868 VNDbn. Net profit may rise 10%/16%/14% yoy in 2024F-26F thanks to the recovery of jewelry demand and PNJ's potential for opening new stores. the P/E fw 25 is 13x, below the average P/E 3 years is 16.6. In the mid-long term, we see significant potential for PNJ to expand its stores and boost its jewelry market share, as the market coverage of jewelry brands remains quite low (<10%).
DGW	49,200	ADD	<ul style="list-style-type: none"> In the ICT-CE wholesale's market, DGW holds a strong position thanks to its abundant customers (over 6,000 retail stores) and solid financial health. Additionally, DGW has a great advantage which is its ability to develop the market and manage sales channels for new brands entering the Vietnamese market. Vietnam remains a country with a golden demographic structure and a trong preference for spending on technology products. With the view that the demand of consumer electronic and smartphone, laptop will have the better recovery in 2H24-2026F, we expect that the revenue of smartphones, laptop & tablet may rise 12% yoy in 2024F-26F. Besides, the AI's trend will help the office equipment's sector has the great growth, DGW's net profit may rise 27%/28%/24% in 2024F-26F We see that DGW has discovered a new growth driver in the field of supplying person protective equipment (PPE).

Source: MBS Research's projection

Figure 41: Projected results for some retail and wholesale companies

VND billion	MWG			FRT			PNJ			DGW		
	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
Revenue	134,609	158,803	182,837	40,154	49,704	58,114	39,178	41,638	45,973	22,372	26,618	31,745
% yoy	13.8%	18.0%	15.1%	26.1%	23.8%	16.9%	18.2%	6.3%	10.4%	18.9%	19.0%	19.3%
Gross profit	28,268	35,095	40,956	7,669	9,778	11,637	6,659	7,476	8,416	1,892	2,260	2,723
Gross profit margin (%)	21.0%	22.1%	22.4%	19.1%	19.7%	20.0%	17.0%	18.0%	18.3%	8.5%	8.5%	8.6%
EBITDA	6,471	7,905	9,481	1,268	2,000	2,279	2,828	3,186	3,683	612	727	887
EBITDA margin (%)	4.8%	5.0%	5.2%	3.2%	4.0%	3.9%	7.2%	7.7%	8.0%	2.7%	2.7%	2.8%
Net profit	4,054	5,205	6,740	425	730	1,052	2,161	2,505	2,868	451	578	718
% yoy	2317.8%	28.4%	29.5%	N/A	71.7%	44.0%	9.6%	15.9%	14.5%	27.2%	28.3%	24.1%
EPS (VND/share)	2,770	3,557	4,605	3,060	5,254	7,568	6,392	7,411	8,485	2,075	2,662	3,302
BVPS (VND/share)	18,736	21,793	25,898	15,193	20,679	28,519	33,501	38,689	44,919	16,012	17,727	20,093
Net cash/share (VND/share)	10,265	9,092	13,902	-48,330	-45,919	-35,369	3,146	3,862	6,773	-380	-1,946	-3,500
Debt/Equity	0.79	0.52	0.46	4.93	4.06	3.35	0.04	0.04	0.11	0.67	0.63	0.64
Dividend yield (%)	0.8%	0.8%	0.8%				2.1%	2.1%	2.1%	1.2%	2.4%	2.4%
ROAE (%)	6.6%	8.2%	9.8%	2.6%	3.8%	4.7%	20.5%	20.5%	20.3%	5.6%	6.3%	6.8%
ROAA (%)	16.0%	17.6%	19.3%	20.1%	25.4%	26.5%	15.0%	16.4%	16.0%	14.8%	15.8%	17.5%

Source: MBS Research's projection

Figure 42: Peer comparison

Ticker	Current price VND/share	Market cap (USDmn)	RCM	PE (x)		P/B (x)		ROE (%)		ROA (%)		
				2024	2025	2024	2025	2024	2025	2024	2025	
ICT- CE retail corporation												
Bloomberg												
Mobile World Investment JSC	MWG VN	60,000	3,561	ADD	21.7	16.9	3.2	2.8	16.0%	17.6%	6.6%	8.2%
Digiworld JSC	DGW VN	42,500	399	ADD	20.5	16.0	2.7	2.4	14.8%	16.0%	5.6%	6.3%
Erajaya Swasembada Tbk	ERAA IJ EQUITY	660	424		7.3	6.1	0.8	0.7	11.7%	12.7%	4.6%	5.1%
Average					16.5	13.0	2.2	2.0	14.2%	15.4%	5.6%	6.5%
Jewelry retail corporation												
Phu Nhuan Jewelry JSC	PNJ VN	96,800	1,279	ADD	15.7	12.9	3.0	2.6	20.5%	20.5%	15.0%	16.4%
Chow Tai Fook Jewellery group	1929 HK EQUITY	22,872	9,005		11.7	10.1	2.6	2.4	22.6%	25.1%	7.3%	8.3%
Chow Sang Sang Holdings Intern	116 HK EQUITY	21,892	585		6.5	5.5	0.4	0.4	5.6%	6.5%	3.6%	4.3%
Average					11.3	9.5	2.0	1.8	16.2%	17.4%	8.6%	9.7%
Pharmacy retail corporation												
FPT Digital Retail JSC	FRT VN	181,500	942	HOLD	55.9	32.5	10.7	7.8	20.1%	25.4%	3.8%	4.7%
Laobaixing Pharmacy Chain JSC	603883 CH EQUITY	69,135	1,998		15.2	13.0	1.9	1.7	12.8%	13.6%	4.6%	5.1%
Yifeng Pharmacy Chain Co Ltd	603939 CH EQUITY	87,990	4,054		17.6	15.1	2.6	2.3	14.9%	15.7%	6.5%	7.1%
Yixintang Pharma A Equity	002727 CH Equity	51,700	1,180		16.6	12.1	1.1	1.0	7.2%	8.5%	2.6%	3.9%
DaShenLin Pharmaceutical Group Co LTd	603233 CH Equity	56,900	2,344		16.4	13.8	2.4	2.2	15.0%	16.0%	4.5%	4.7%
Average					16.5	13.5	2.0	1.8	12.5%	13.5%	4.6%	5.2%

Source: MBS Research's projection

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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
NEUTRAL	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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