



VO THANH QUANG
RMIT University



NGUYEN PHAN HONG NGOC
RMIT University



NGUYEN PHAM THANH NGAN
Foreign Trade University



PHAM SONG NAM PHUONG
RMIT University



Fpt Retail





FPT RETAIL



HoSE: FRT

Target Price: **VND81,593**

24 May 2022 Closing Price: **VND113,900**

Downside: **28.36%**

SELL
28.36% Downside



DOUBTFUL GROWTH SUPPORTED BY UNCERTAIN MARKET OUTLOOK

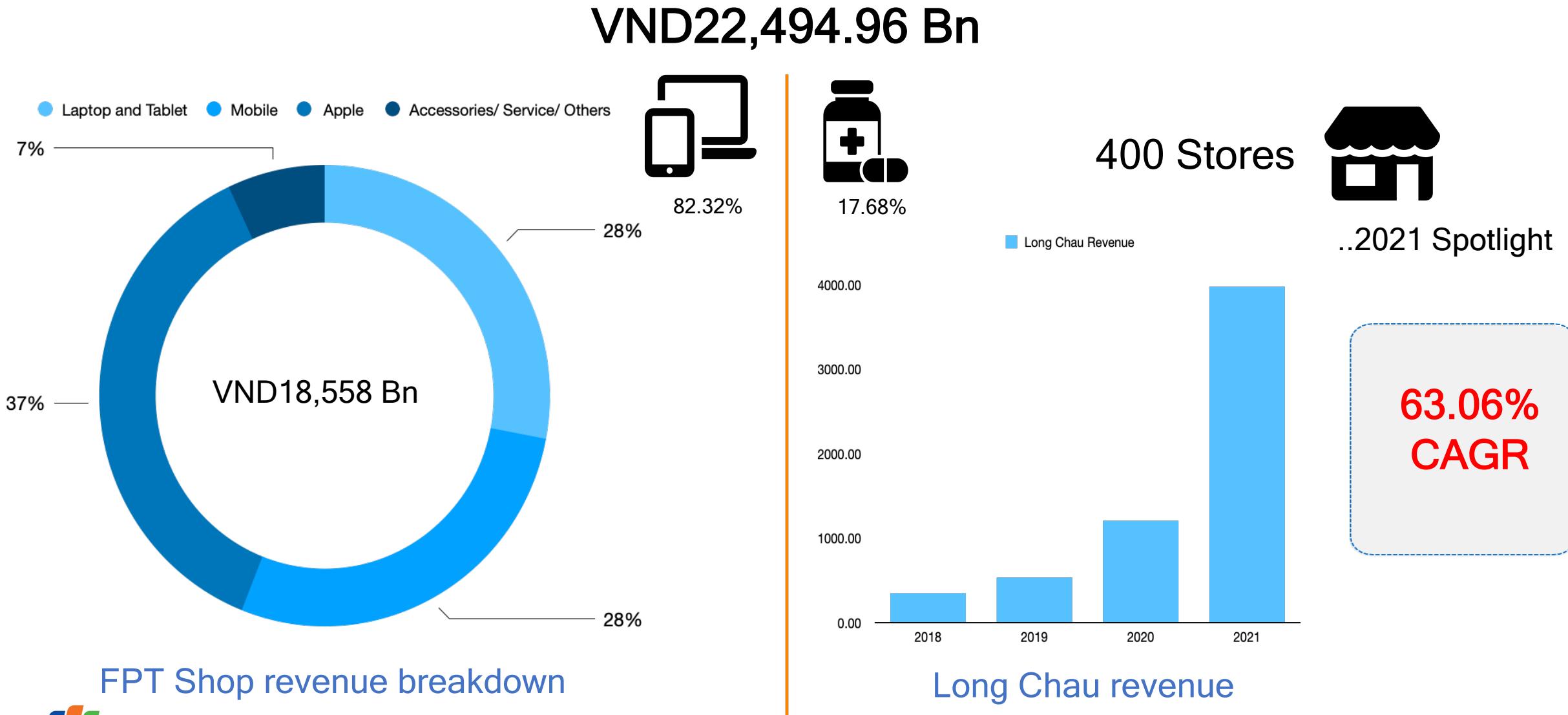


RELATIVELY EXPENSIVE STOCK PRICE COMPARED TO PEERS



INEFFICIENT OPERATING PERFORMANCE

BUSINESS OVERVIEW



ENVIRONMENTAL, SOCIAL & CORPORATE GOVERNANCE



ENVIRONMENTAL

- Raw material management
- Energy consumption
- Water consumption



SOCIAL

- Covid support
- Volunteer activities
- Disaster response activities.
- Activities on Tet holiday.



GOVERNANCE

- Human resource structure: 73% under 30, 25% have university and post-graduate degrees
- Policy: welfare regime, health insurance

SUSTAINABILITY DEVELOPMENT GOALS





INVESTMENT HIGHLIGHTS

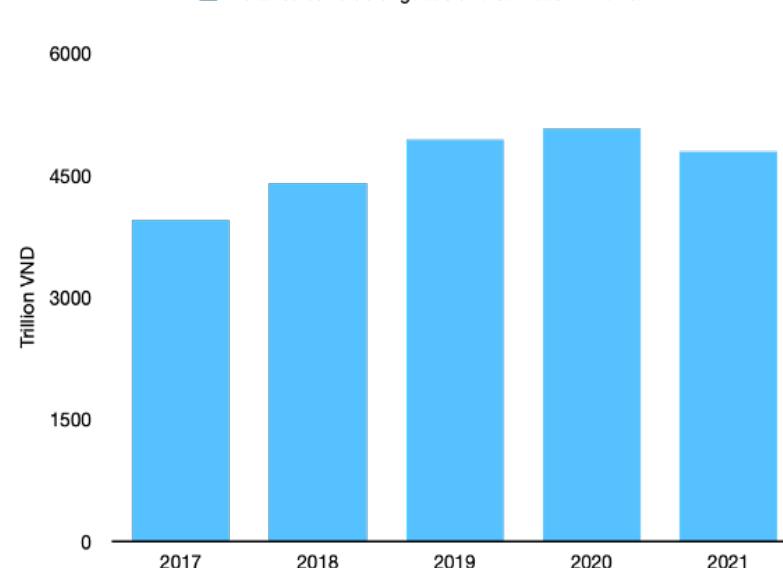
DOUBTFUL GROWTH SUPPORTED BY UNCERTAIN MARKET OUTLOOK



DOUBTFUL GROWTH SUPPORTED BY UNCERTAIN MARKET OUTLOOK

..General Statistics Office of Vietnam suspects that increases are due to rising prices

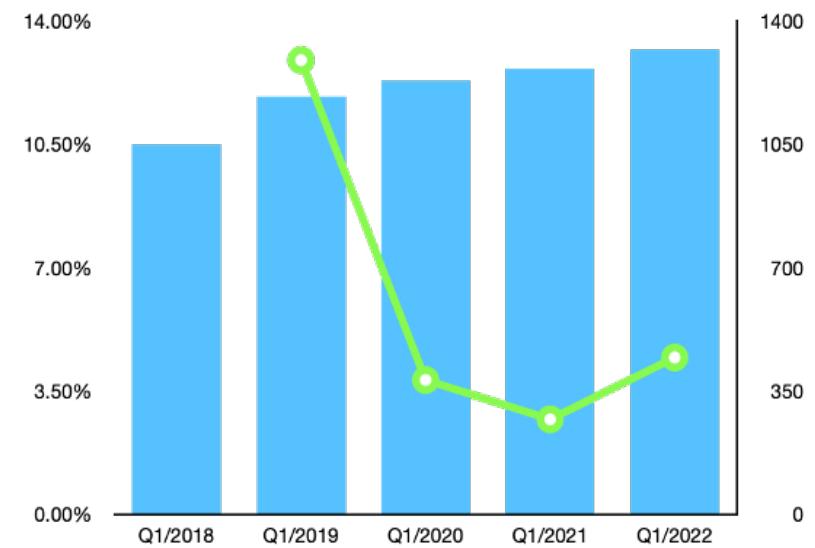
Retail sales value of goods and services in Vietnam



Retail sales in Vietnam

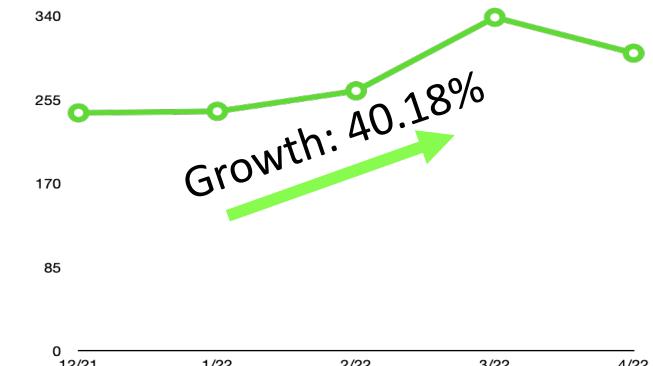
Growth rate

Quarterly total retail sales



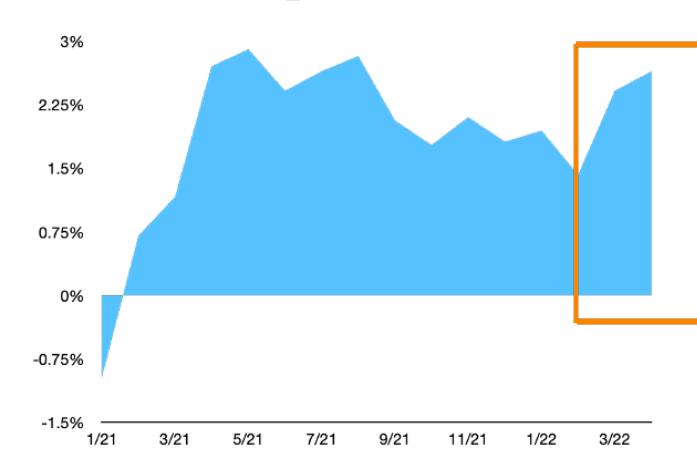
Quarterly retail sales in Vietnam

Fuel Energy Cost Index Globally



Global energy cost index

Vietnam CPI Index



Vietnam CPI index

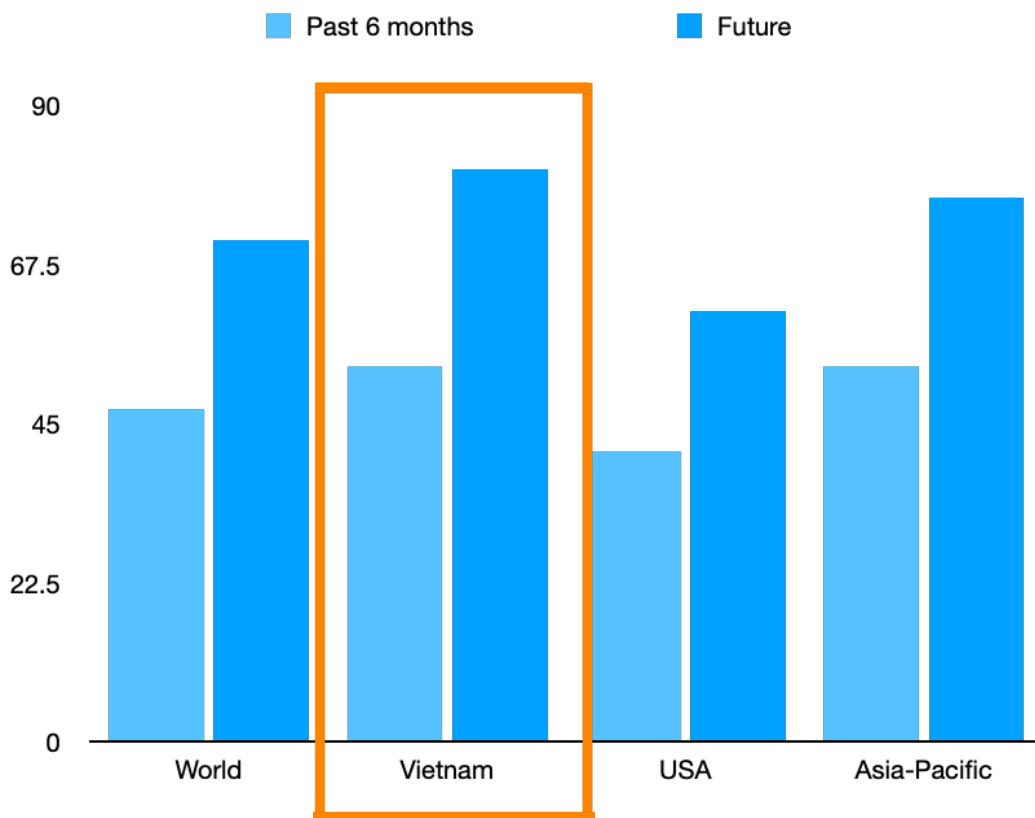
Source: General Statistics, Statista, Team estimate



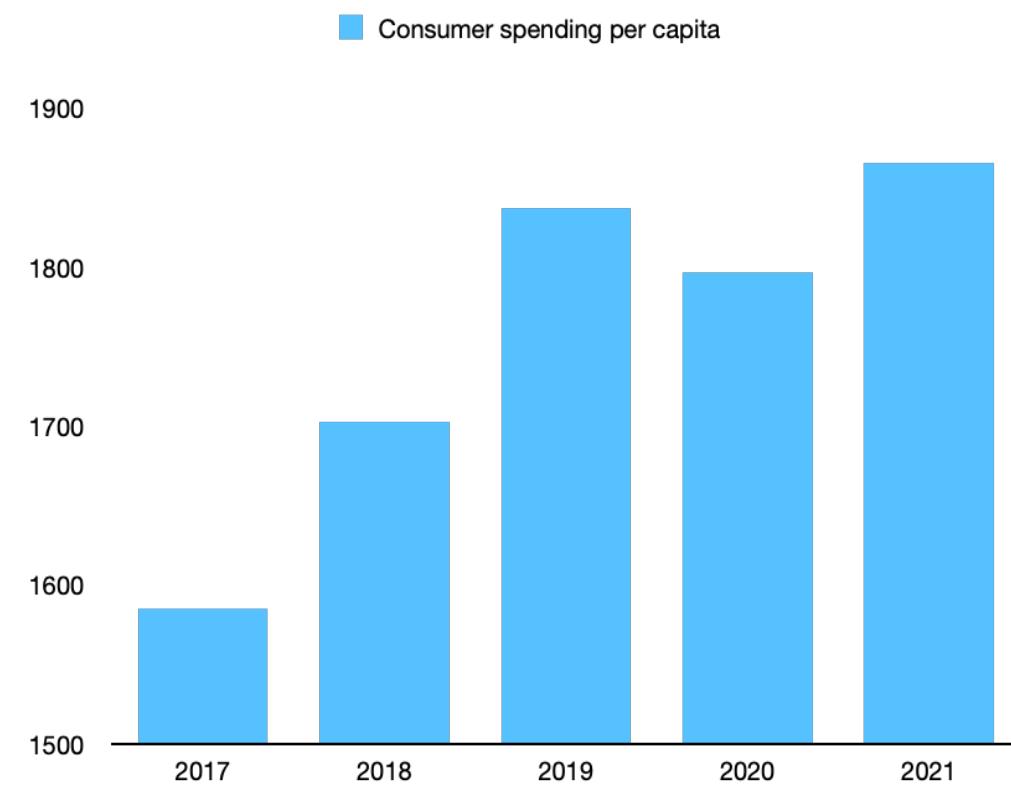
Fpt Retail

DOUBTFUL GROWTH SUPPORTED BY UNCERTAIN MARKET OUTLOOK

..Consumers tend to cut more on luxury, non-essential spending



Percentage of consumers cutting spending



Consumers spending per capita

Source: Statista, Team Estimate





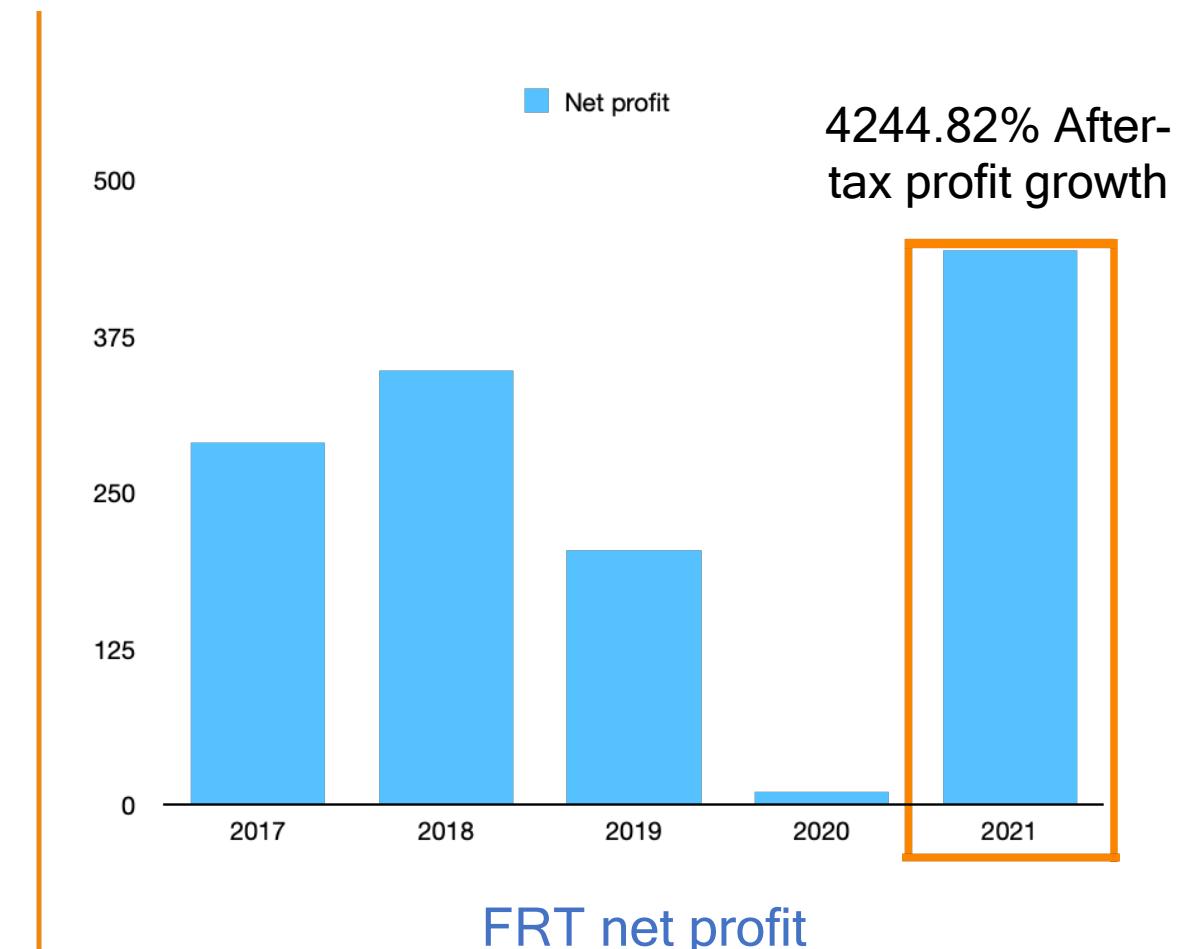
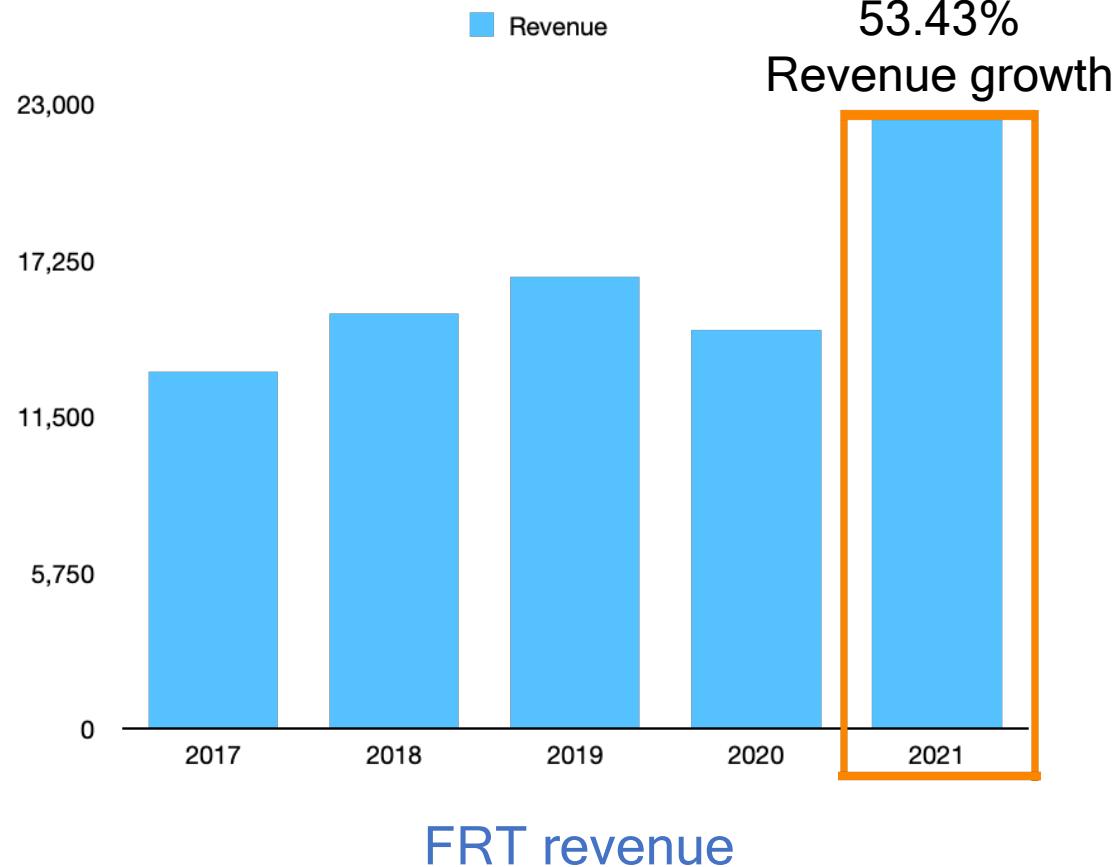
INVESTMENT HIGHLIGHTS

RELATIVELY EXPENSIVE STOCK PRICE COMPARED TO PEERS



RELATIVELY EXPENSIVE STOCK PRICE COMPARED TO PEERS

..2021 saw great development in profitability

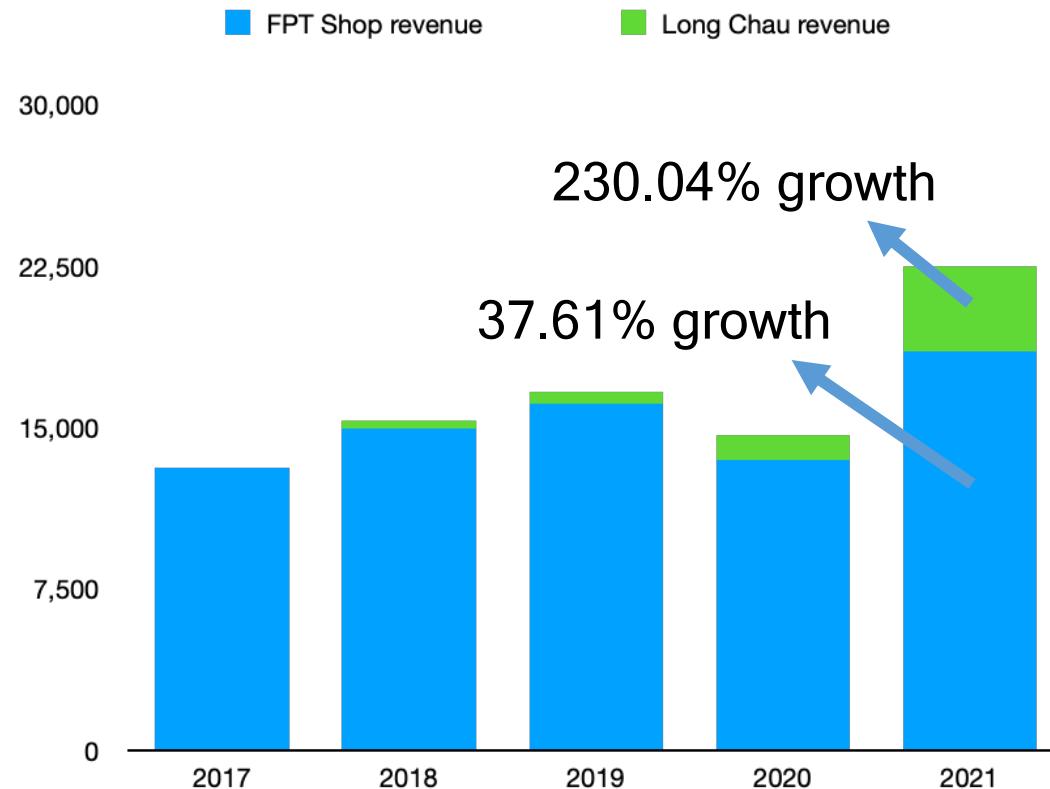


Source: Company Data, Team Estimate

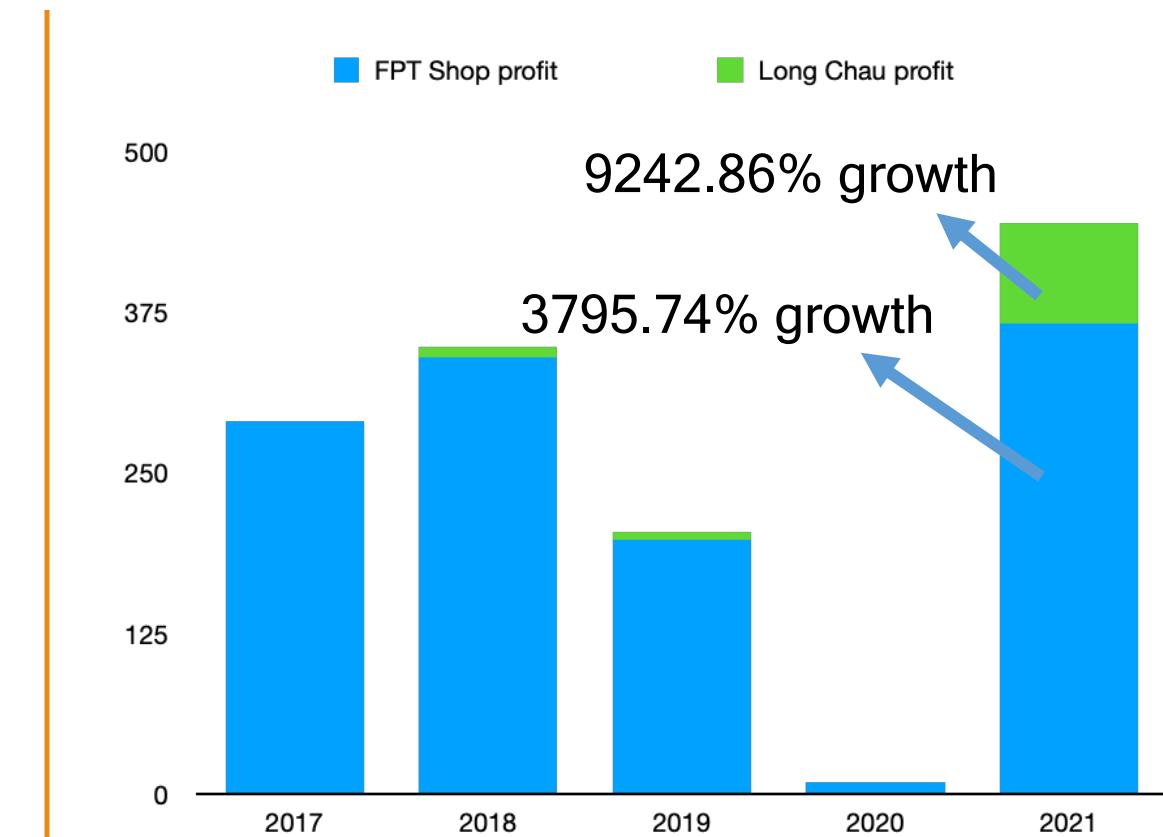


RELATIVELY EXPENSIVE STOCK PRICE COMPARED TO PEERS

..2021 saw great development in profitability



FPT revenue break down



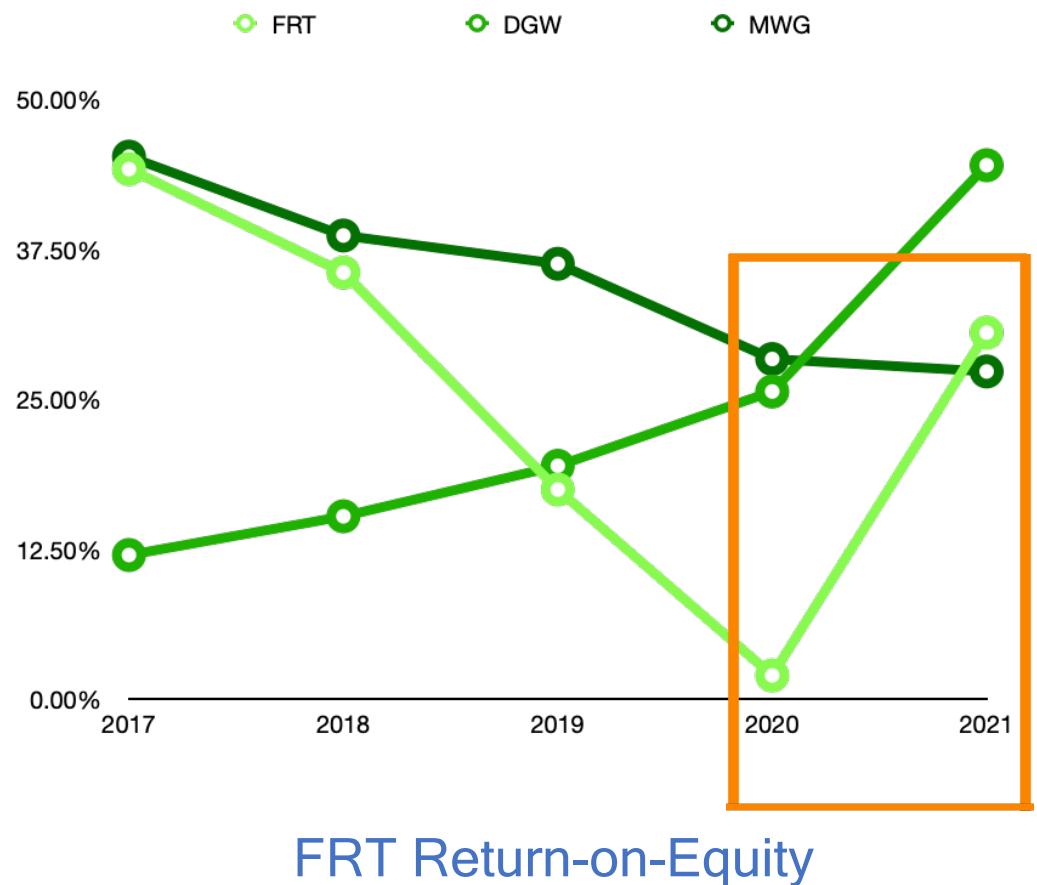
FPT net profit break down



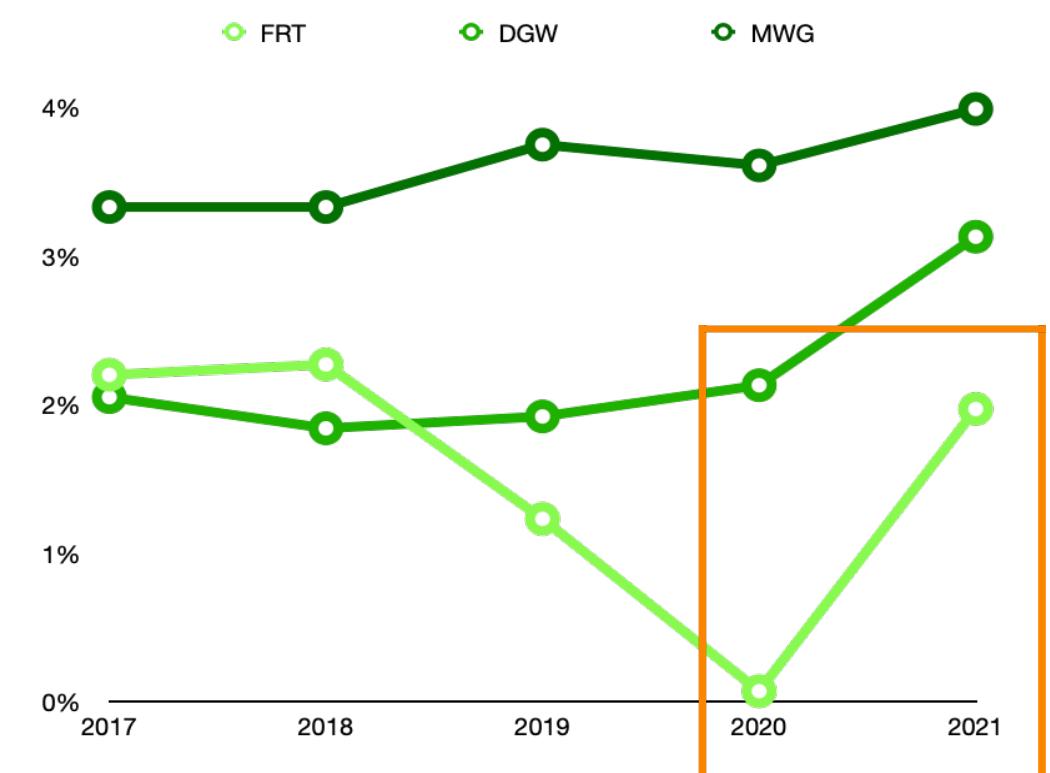
Source: Company Data, Team Estimate

RELATIVELY EXPENSIVE STOCK PRICE COMPARED TO PEERS

Profitability ratios surged in correlation with revenue and profit



FRT Return-on-Equity

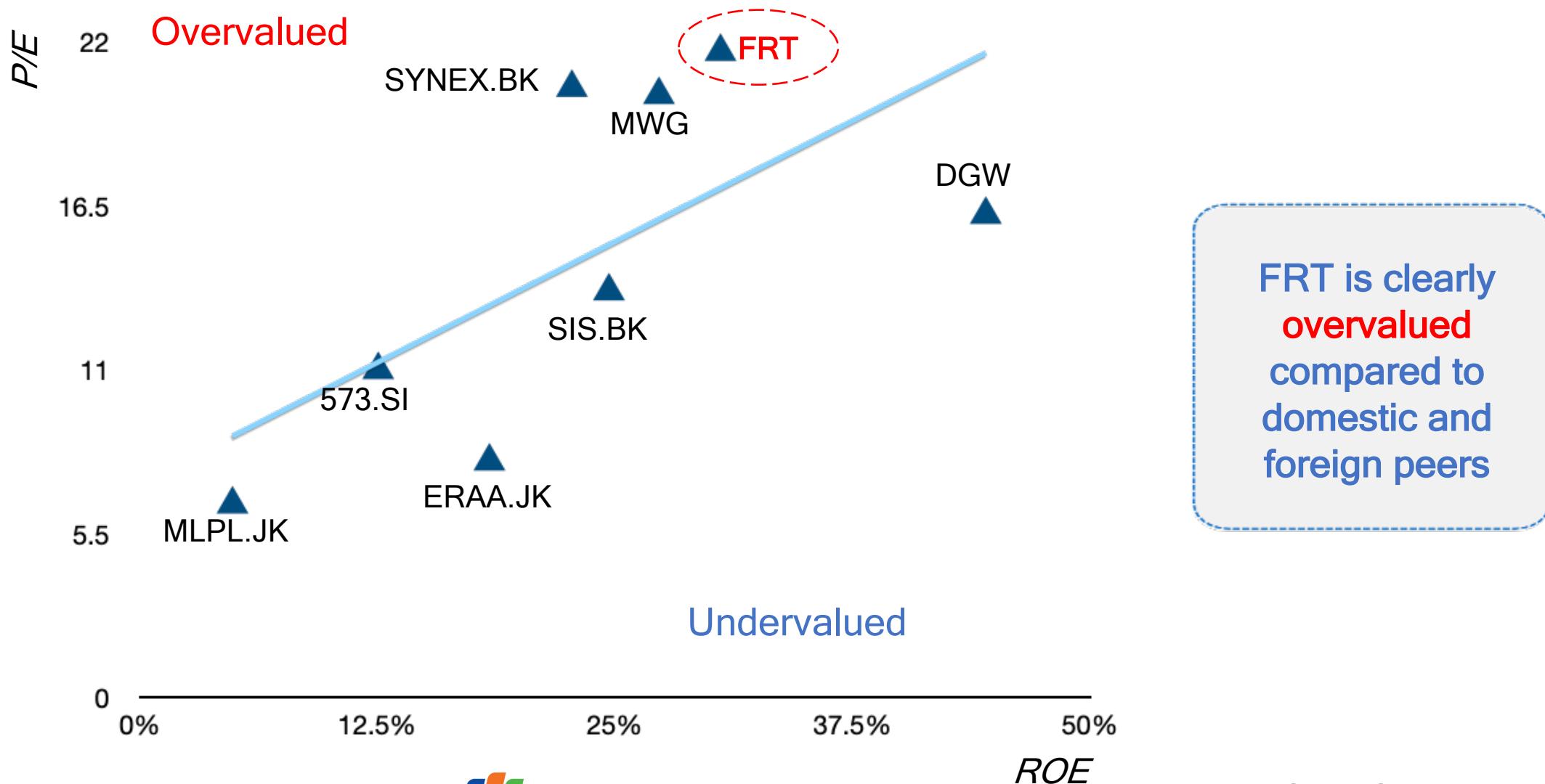


FRT Net Profit Margin

Source: Company Data, Team Estimate



RELATIVELY EXPENSIVE STOCK PRICE COMPARED TO PEERS



Source: Company Data, Team Estimate

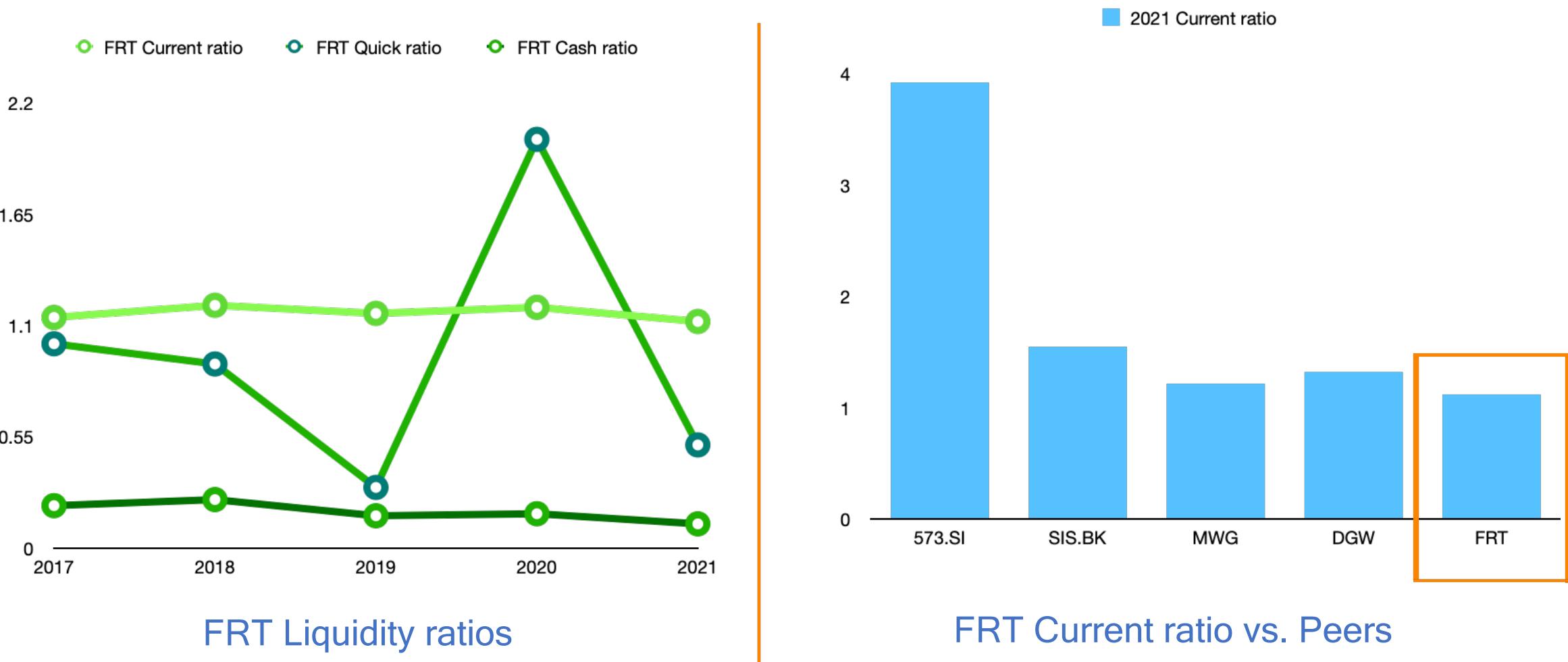


INVESTMENT HIGHLIGHTS

INEFFICIENT OPERATING PERFORMANCE



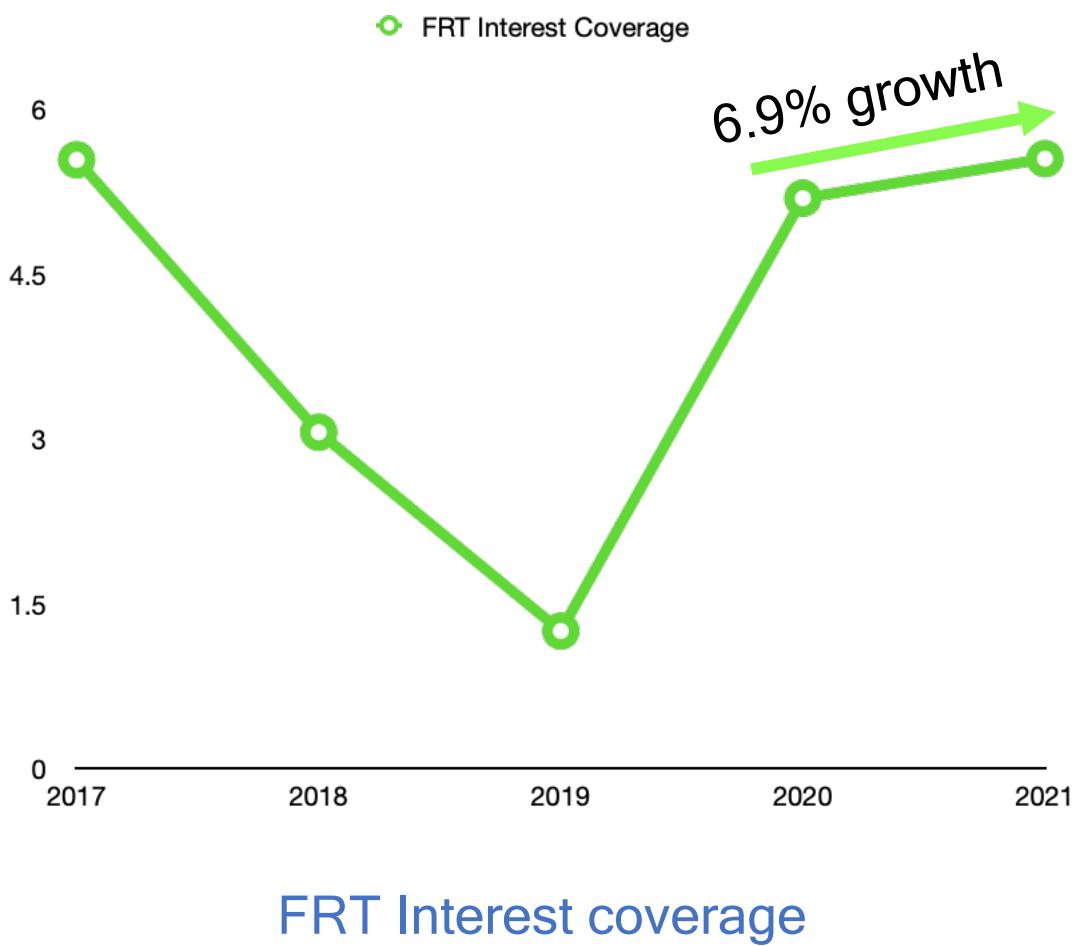
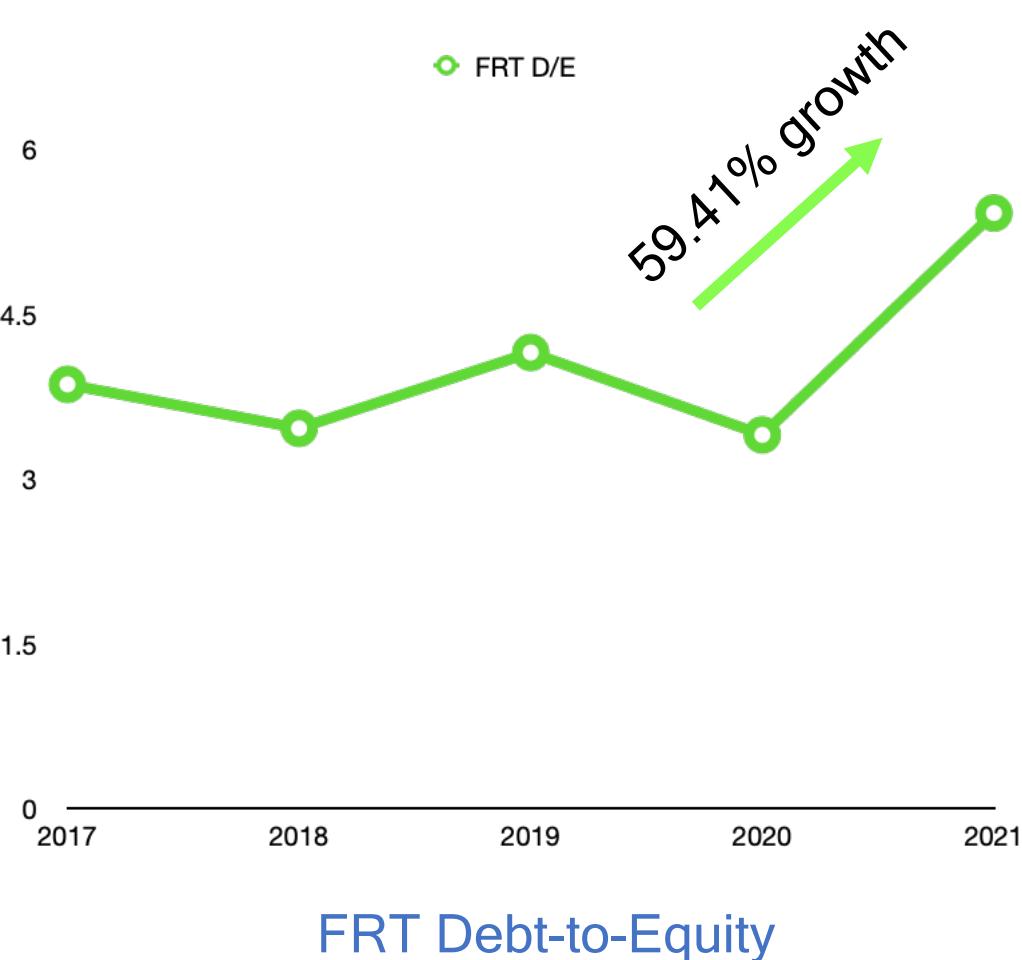
INEFFICIENT OPERATING PERFORMANCE



Source: Company Data, Team Estimate



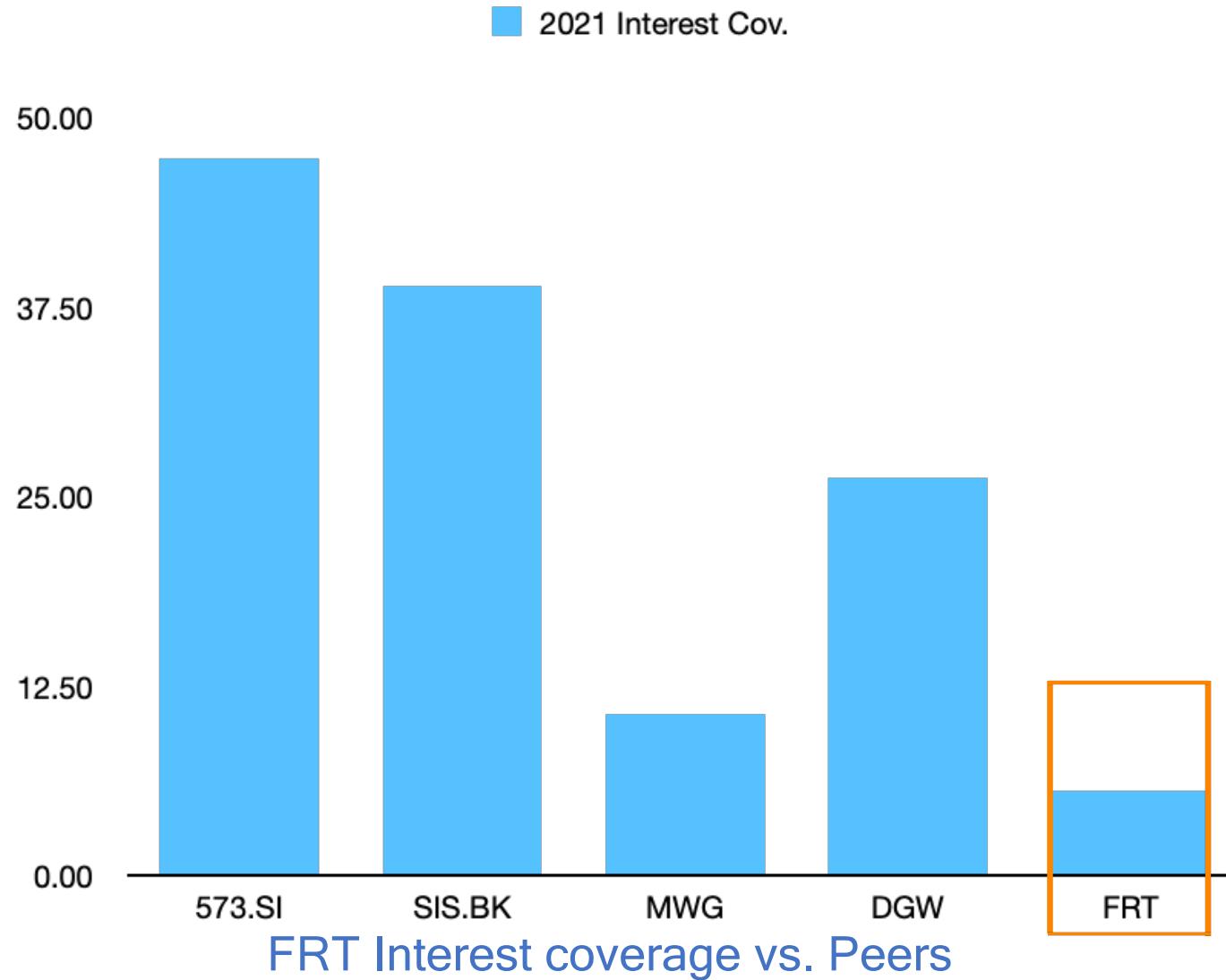
INEFFICIENT OPERATING PERFORMANCE



Source: Company Data, Team Estimate

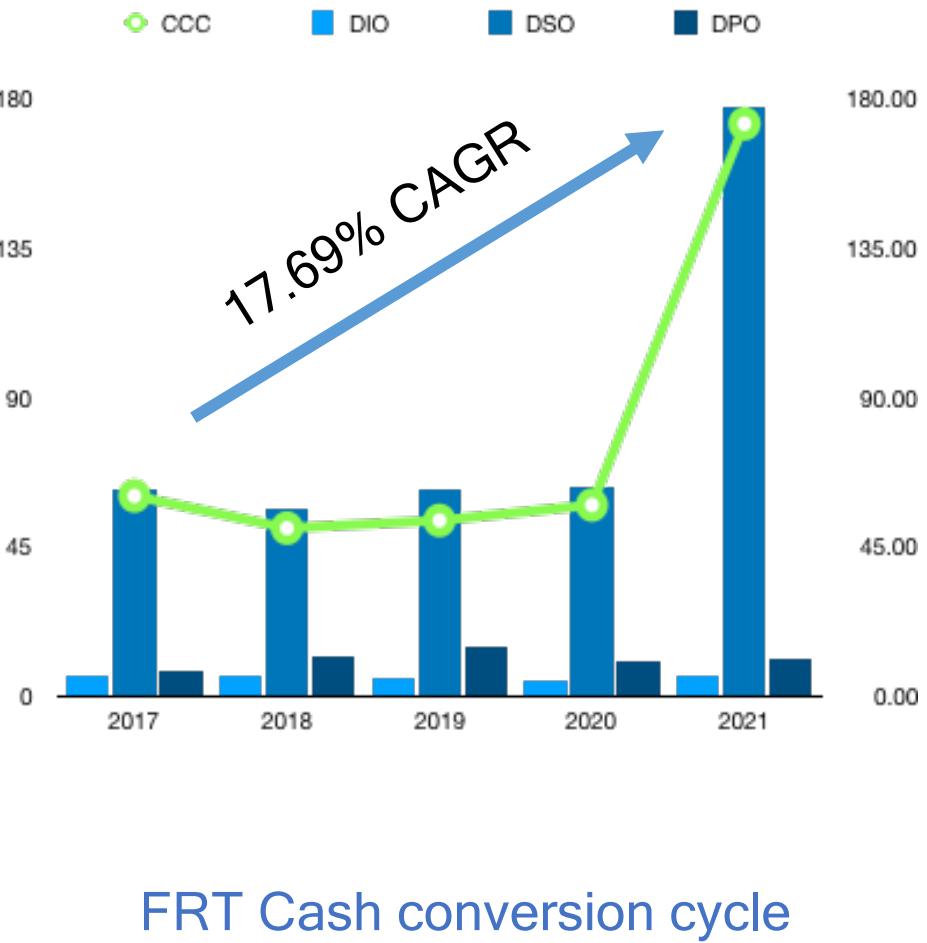
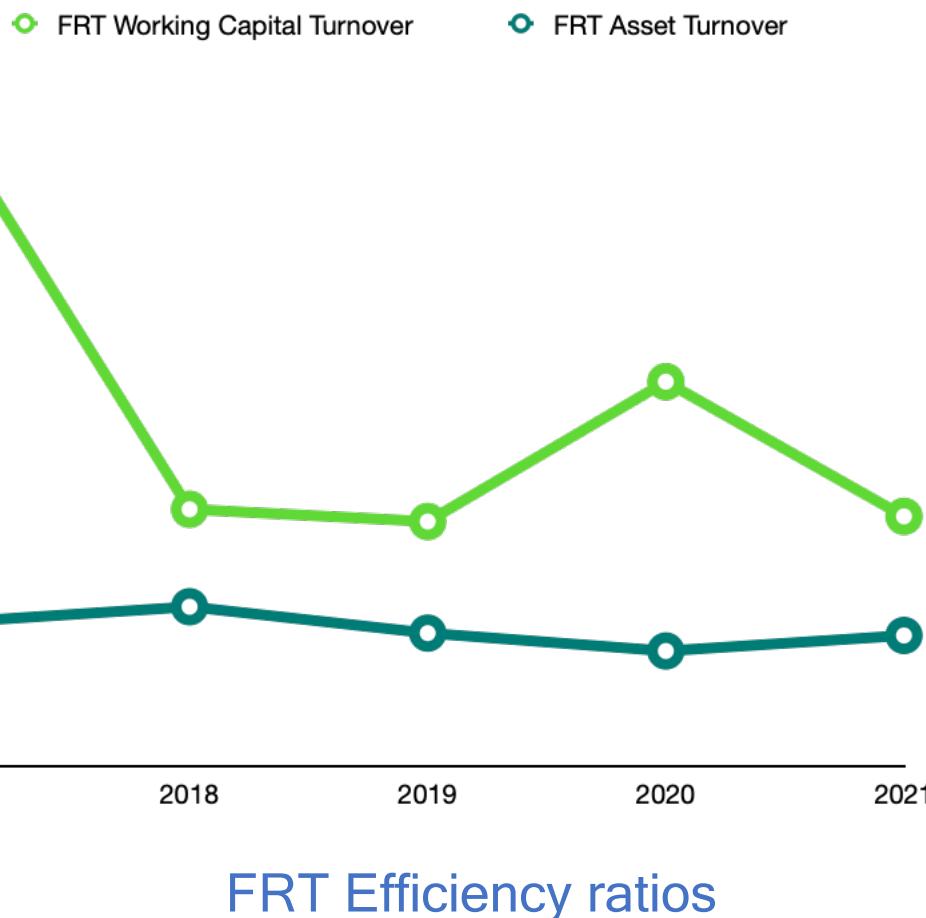


INEFFICIENT OPERATING PERFORMANCE



Source: Company Data, Team Estimate

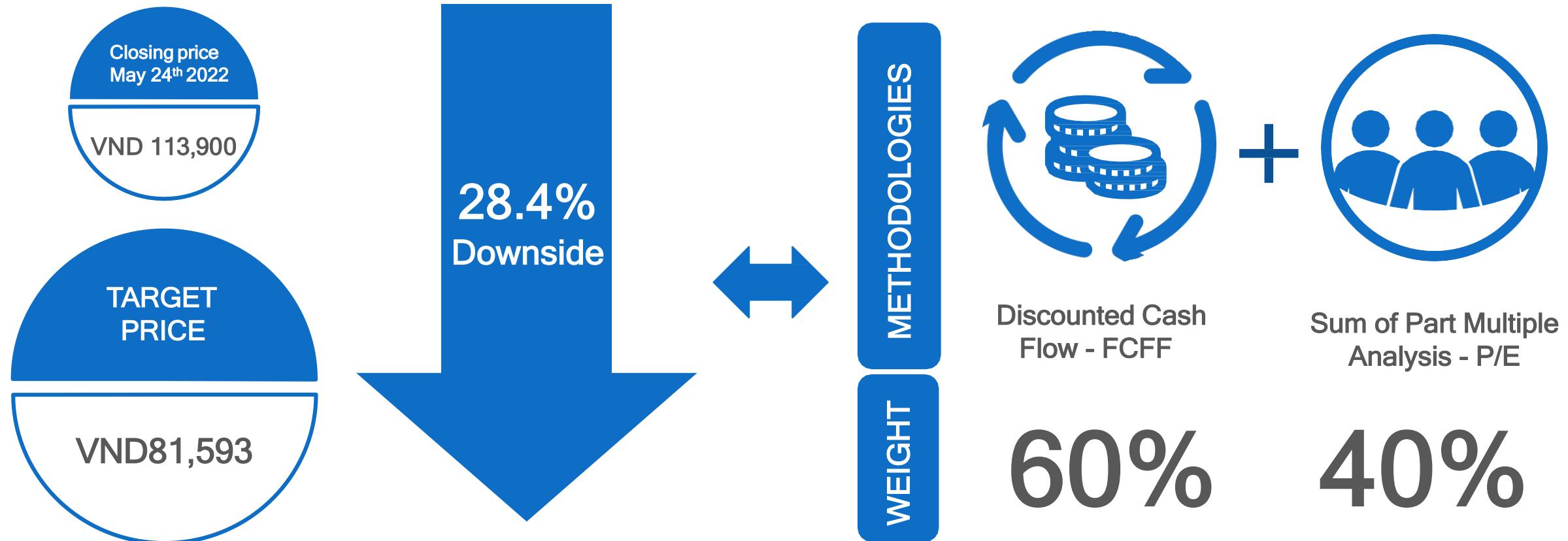
INEFFICIENT OPERATING PERFORMANCE



Source: Company Data, Team Estimate

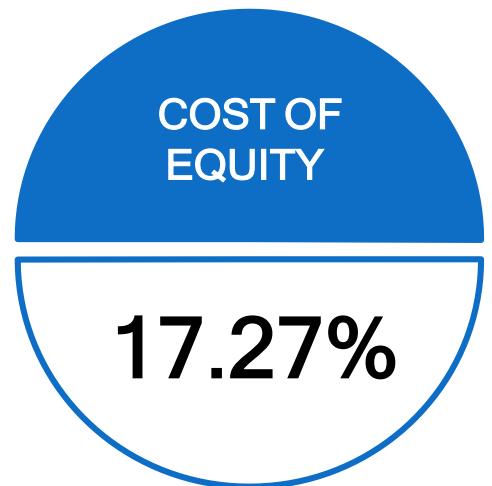


VALUATION SUMMARY

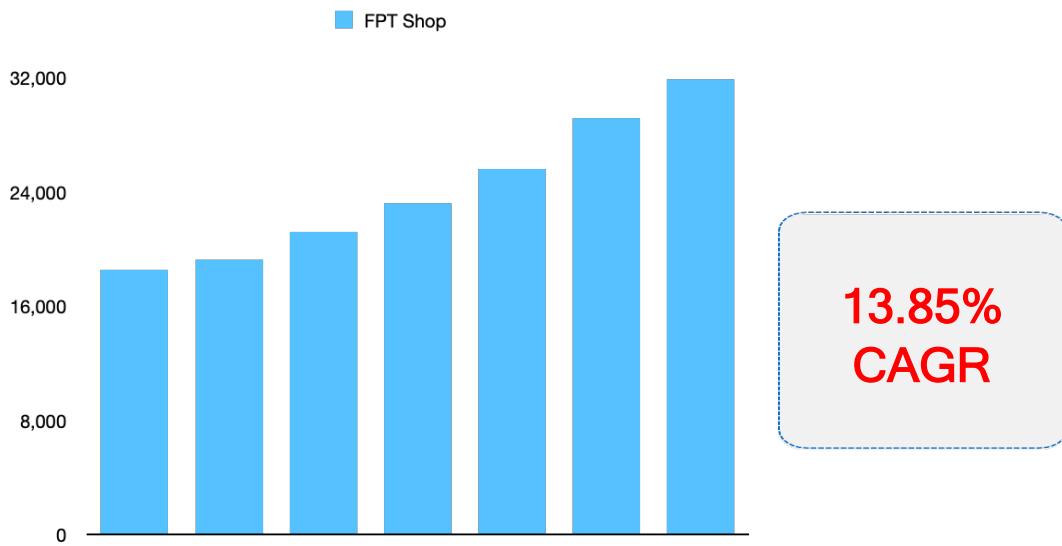


FREE CASH FLOW TO THE FIRM

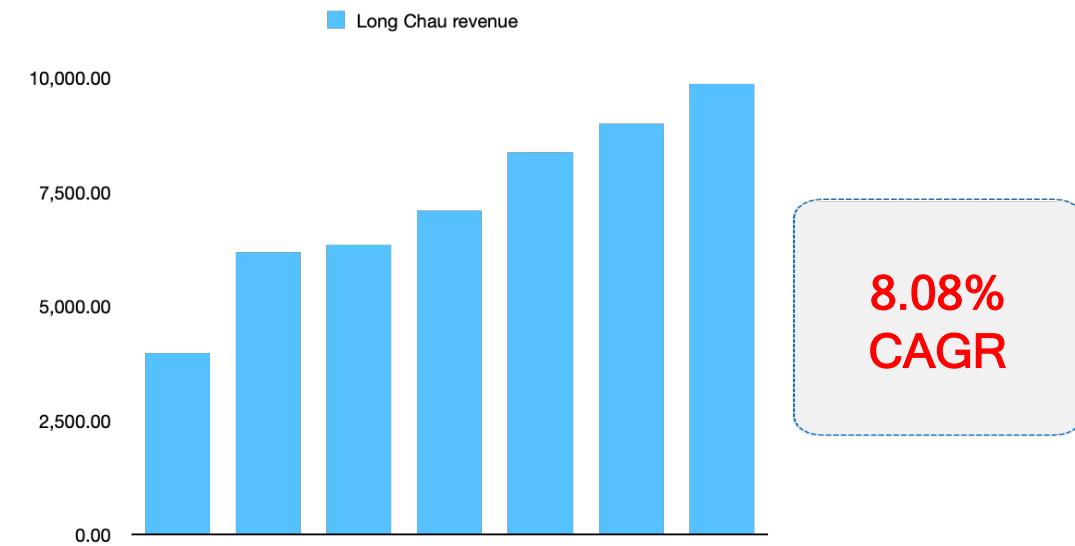
Risk-Free Rate (%)	3.2
Vietnam's 10-year Government Bond	
Equity Risk Premium (%)	11.82
Team estimate	
Adjusted Beta (x)	1.19
Team Estimate	
Terminal Growth Rate (%)	4.3
Team Estimate	



FREE CASH FLOW TO THE FIRM - MAIN ASSUMPTIONS 2017/2027F



FRT projected revenue



FRT projected profit



Source: Company Data, Team Analysis

VALUATION - SENSITIVITY ANALYSIS

TERMINAL GROWTH RATE	COST OF EQUITY				
	15.27%	16.27%	17.27%	18.27%	19.27%
2.80%	81361	71513	62988	55655	49381
3.30%	88491	77365	67482	59730	52846
3.80%	96834	84122	73383	64336	56731
4.30%	106728	92010	79767	69584	61117
4.80%	118648	101341	87203	75620	66107
5.30%	133291	112548	95973	82634	71835
5.80%	151707	126263	106474	90884	78478



Source: Company Data, Team Estimate

RELATIVE VALUATION - P/E VALUATION



PEER CHOOSING CRITERIAS

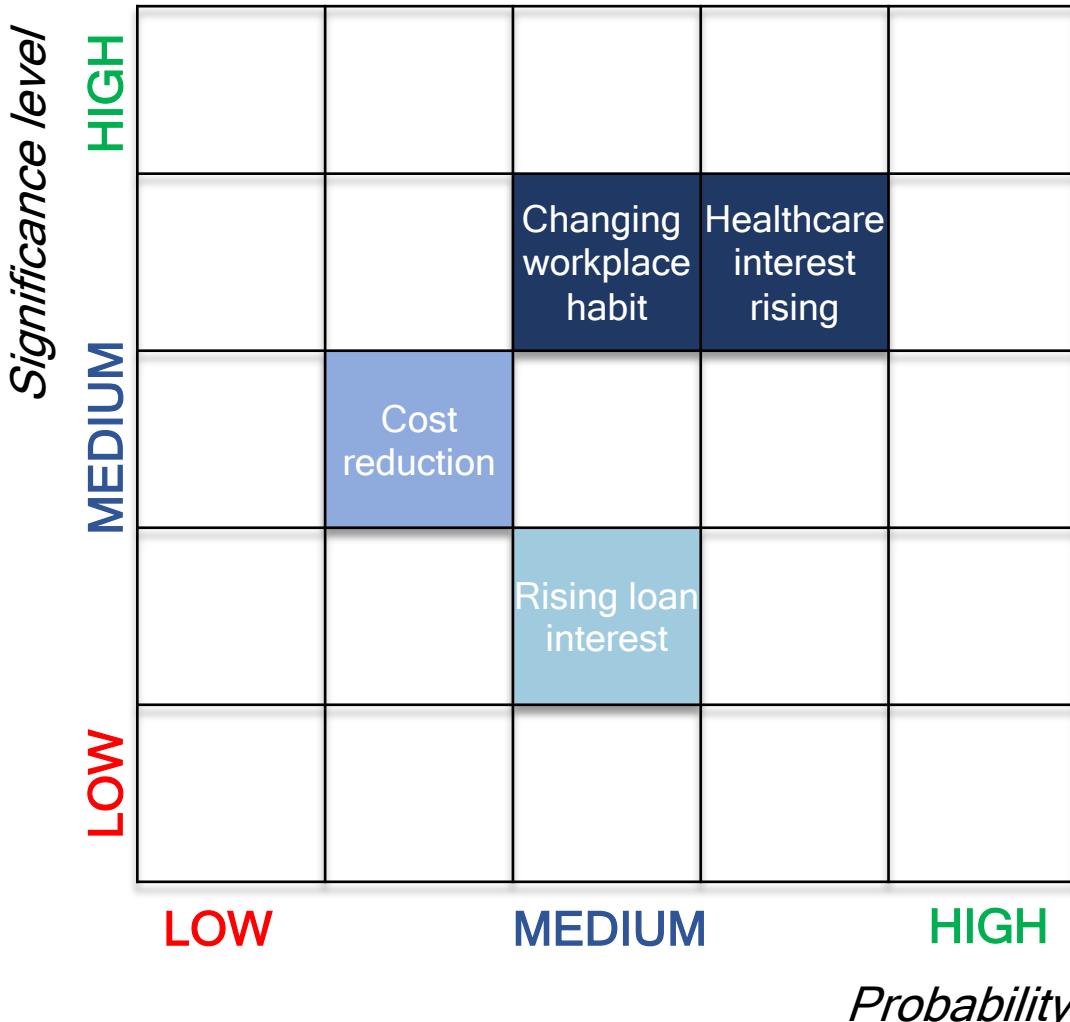
Criteria	Requirements (Foreign)	Requirements (Domestic)
Operating activities	Working in the retail industry with main operating activity in ICT segment	
Size	Capitalization between VND4,000Bn and VND12,000Bn	*Excluding size
Geographical location	In SEA area	In Vietnam
Segment mix	Operating in multiple retail segments	

Source: Company Data, Team Estimate



INVESTMENT RISK

Key upside risks to our recommendation



Rising healthcare interest: post-Covid context continues to create consumers' concern on their health & wellbeing

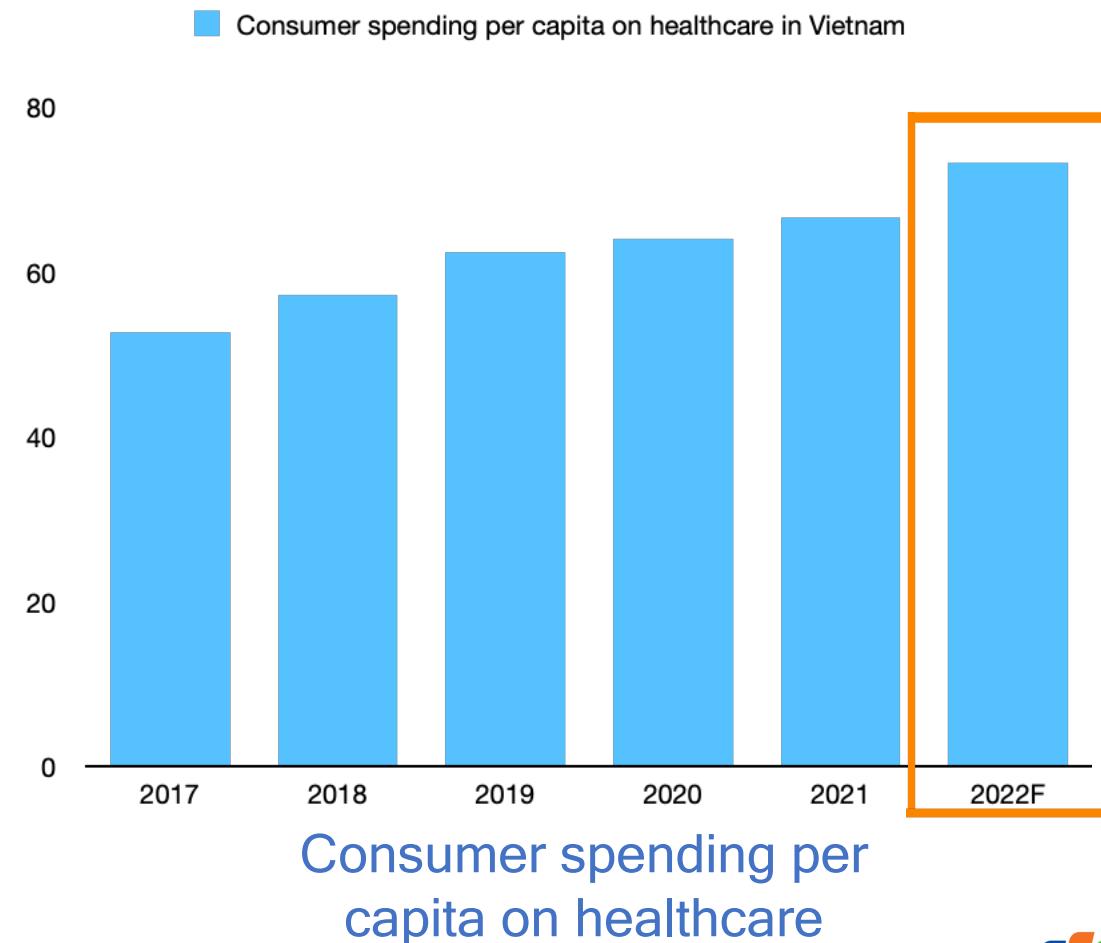


Changing workplace habit: Covid changes people perspective on workplace, encouraging WFH



Source: Statista, Team Estimate

..Healthcare spending is expected to continue increasing in 2022F

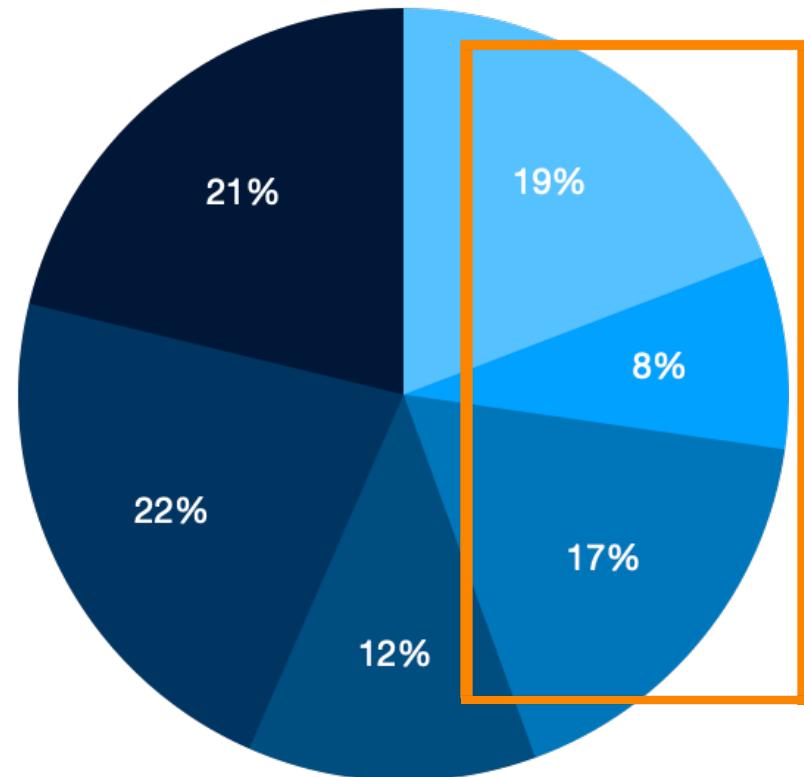


Source: Statista

INVESTMENT RISK

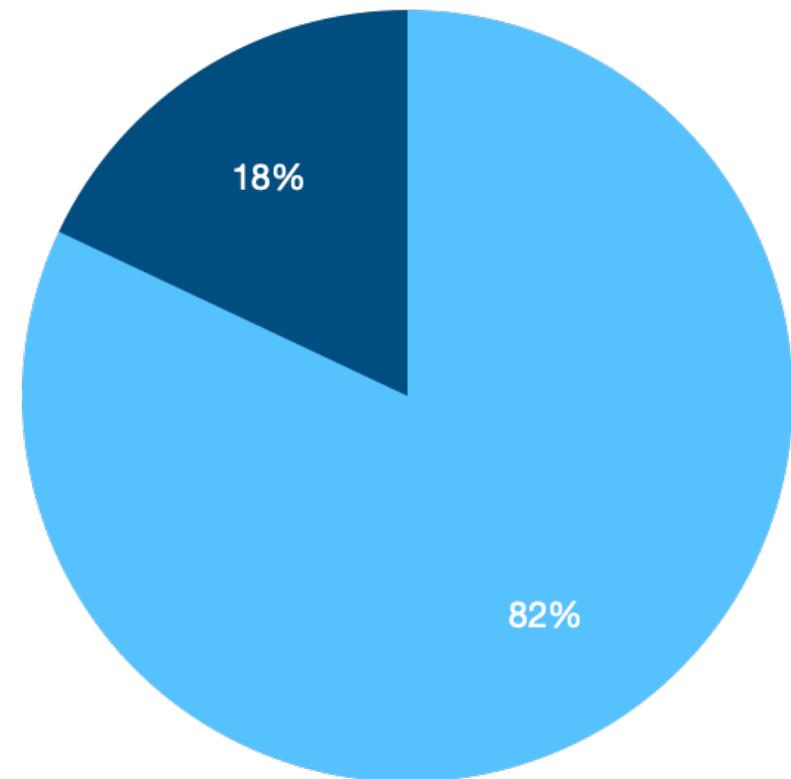
Q: Do you think WFH will become more widespread in your line of work post-Covid..

- All remote
- Mostly in office
- Almost entirely remote
- Almost entirely in office
- Mostly remote
- All in office



Employee preferences for hybrid work

- Yes
- No



CONCLUSION



DOUBTFUL GROWTH SUPPORTED
BY UNCERTAIN MARKET OUTLOOK



RELATIVELY EXPENSIVE STOCK
PRICE COMPARED TO PEERS



INSUFFICIENT OPERATING
PERFORMANCE



RECOMMENDATION
SELL

TARGET PRICE
VND81,593

28.36% Downside