

Consumer

Strong demographic tailwind, new growth sectors emerging

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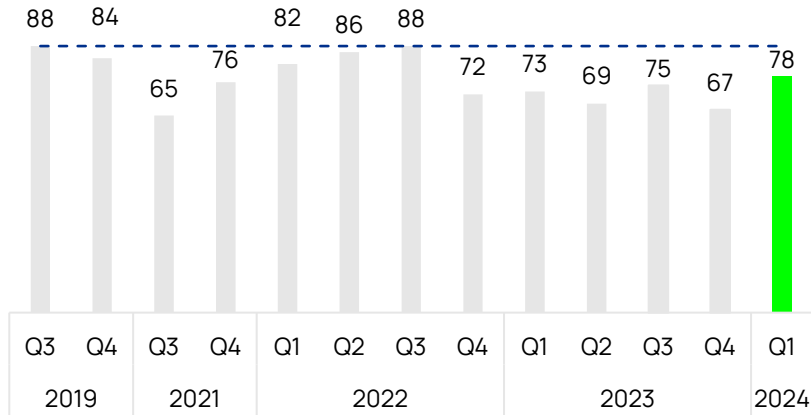
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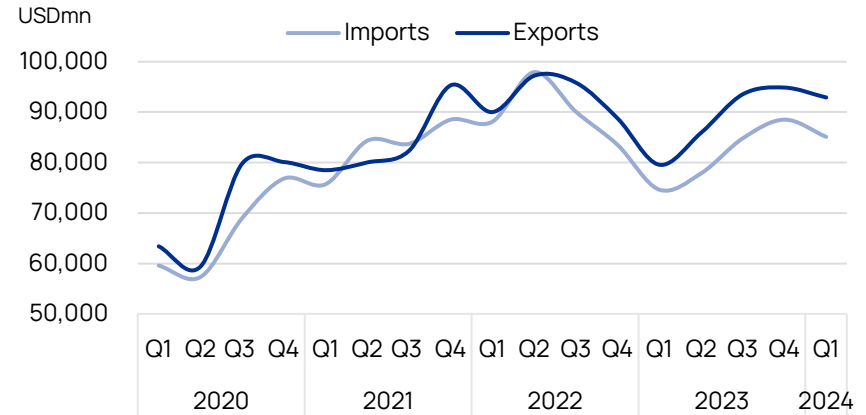
Key Sectors Experience Revenue Growth Post-Consumption Downturn

Early signals emerge suggesting a gradual recovery for 2024 (1)

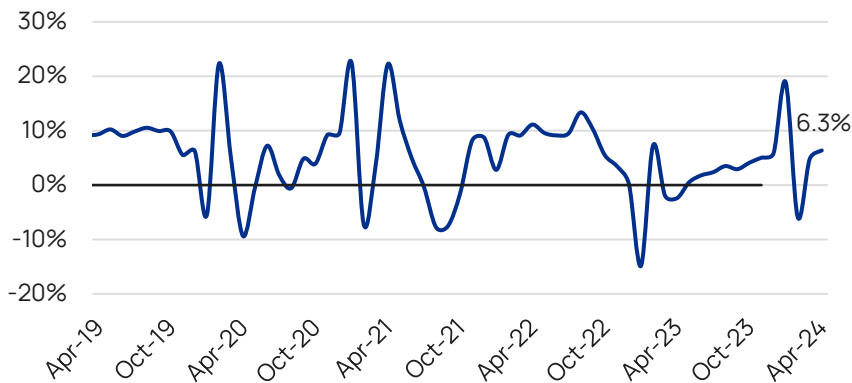
Consumers' outlook for the next 12 months¹



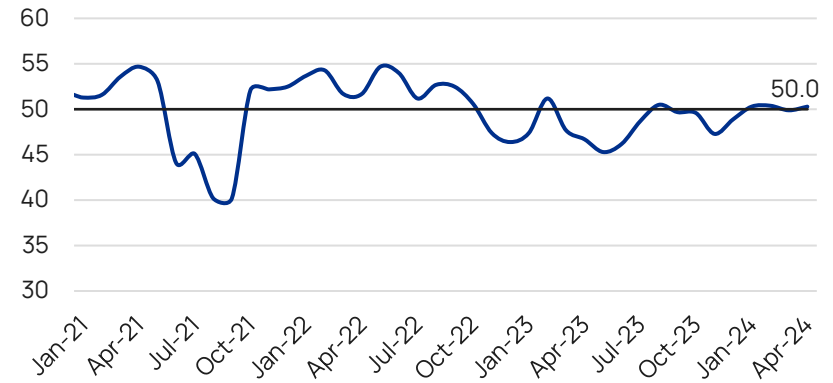
Vietnam's total trade of goods, quarterly



YoY growth in Index of Industrial Production (IIP) in January shows strong momentum since August 2023



The S&P Global Vietnam Manufacturing (PMI) in January marked the first expansion in the past five months

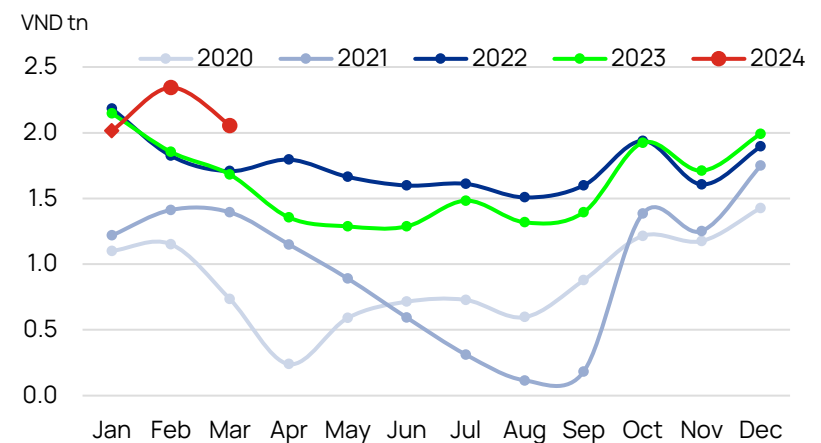


Early signals emerge suggesting a gradual recovery for 2024 (2)

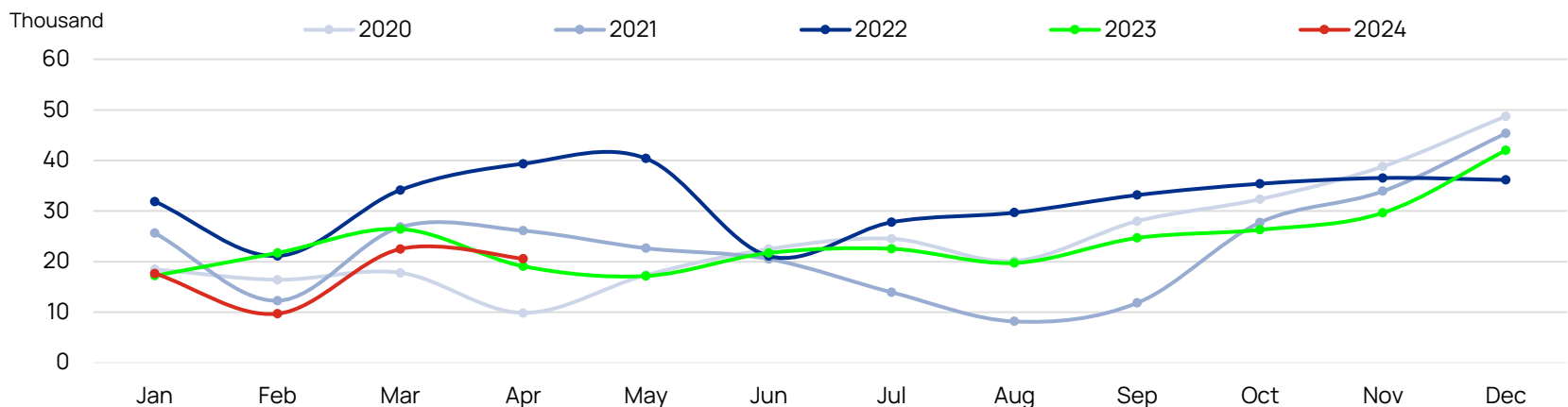
Vietnam's retail sales value and growth



PNJ's monthly revenue of retail sales














Vietnam's monthly sales volume of passenger cars



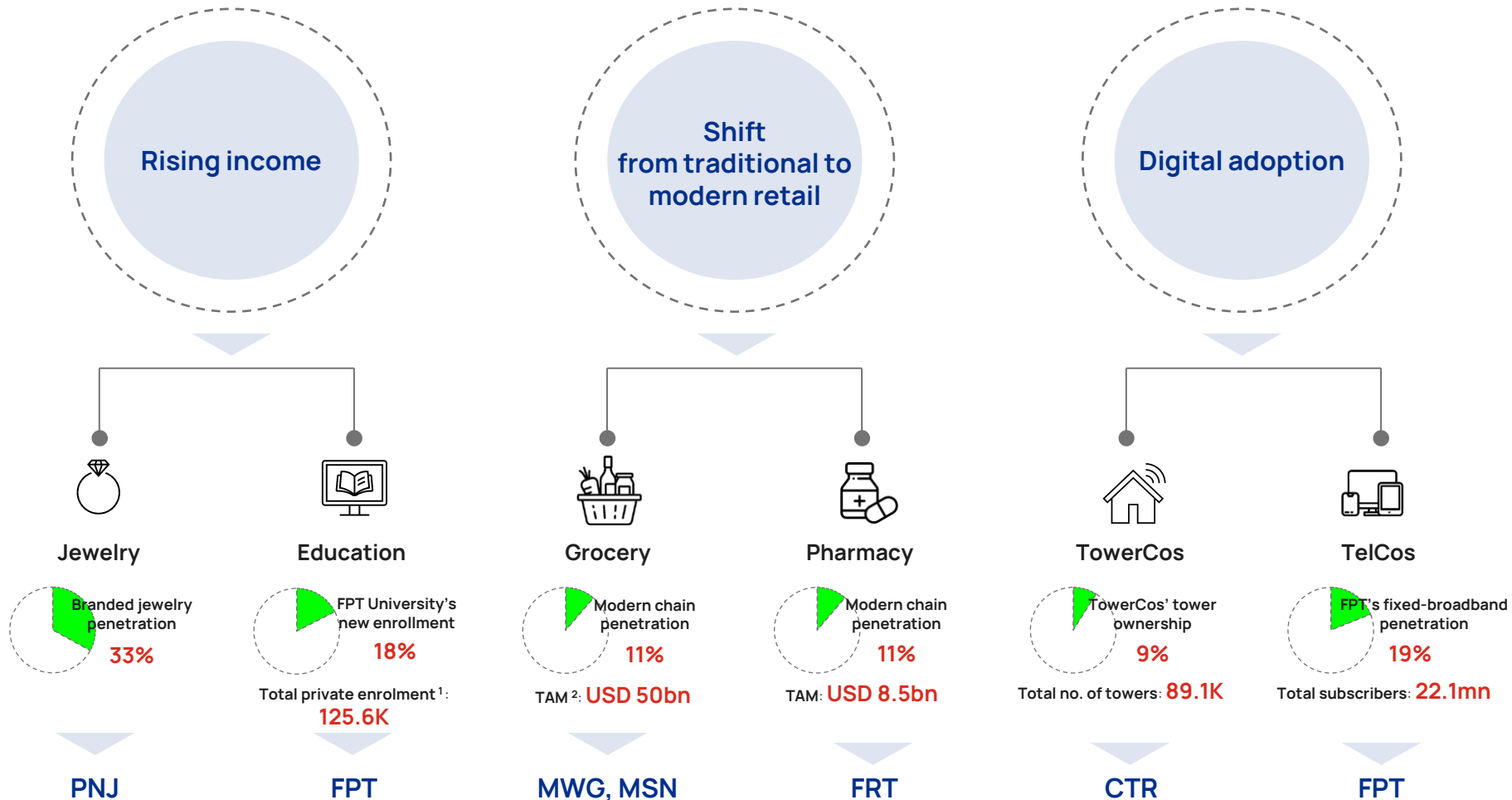
Government support measures lay foundation for recovery in 2024

2023	2024	
Selective policy rates cut on March 14		
Policy rates cut on April 3 (~50 bps)		
Policy rates cut on May 23 (~50 bps)		
Policy rates cut on June 16 (~25-50 bps)		
Value added tax (VAT) cut	Extension of VAT deduction <i>Effective from Jan 1 – Jun 30, 2024</i>	Public sector salary reform ¹ <i>Effective from Jul 1, 2024</i>
Government approved VAT deduction to 8% from 10%, excluding telecommunication, information technology, financial activities, banking activities, securities, insurance, real estate, metal, precast metal products, mining products, coke mining, refined oil, chemical products, goods, and services subject to the excise tax.	The VAT cut could directly benefit Bach Hoa Xanh (MWG), MSN (excluding MHT), VNM, QNS, and PNJ. To enhance civil servants' income and quality of life, boost labor productivity, and support economic growth.	
Car registration fee cut		
Government approved to slash the registration fees for domestically produced and assembled cars by 50%.		

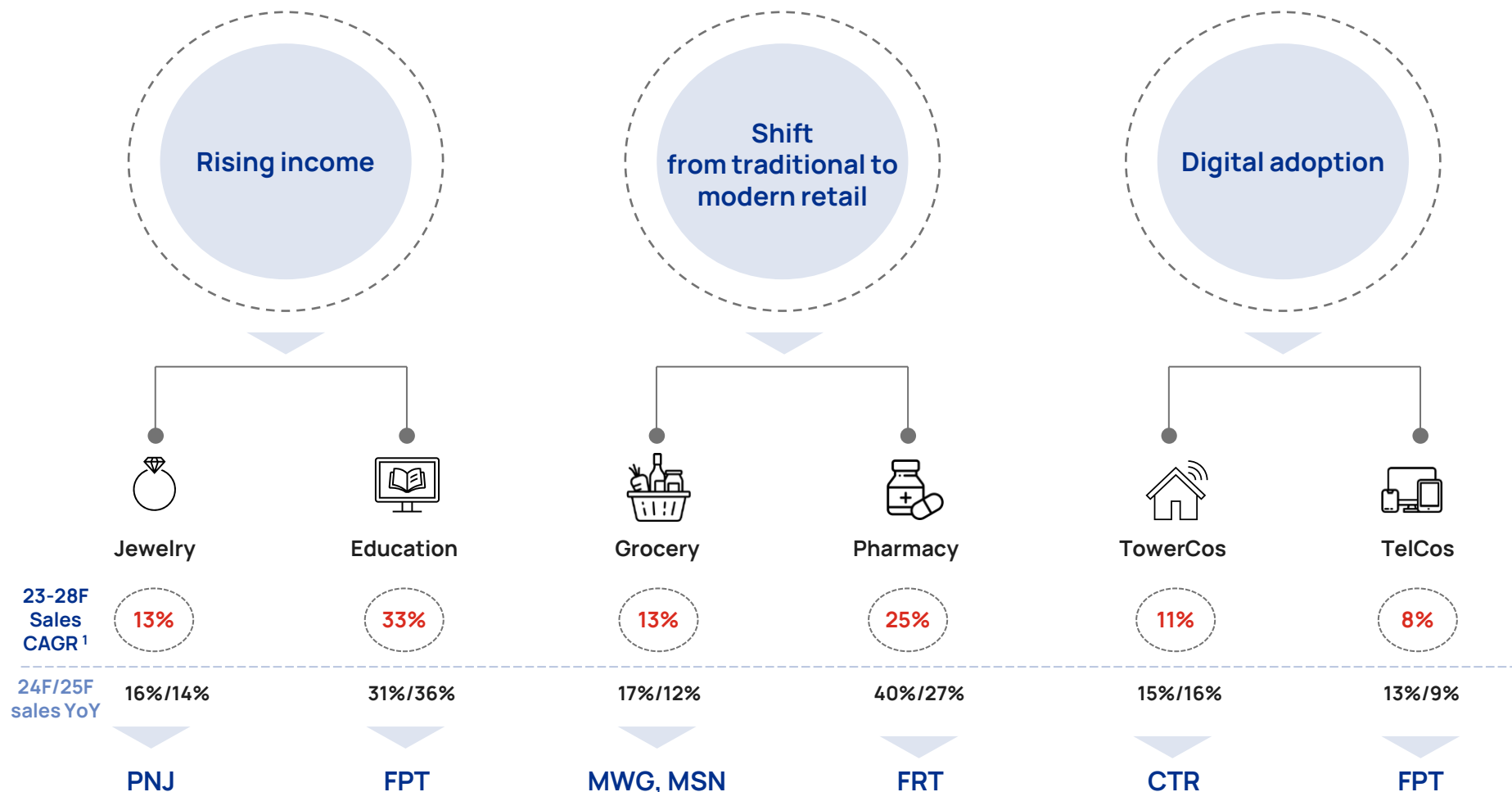
Q1 2024 earnings wrap-up

		Sales growth YoY	Profitability changes YoY
ICT & ME retailers		+7%	GPM +2.1 ppts ¹ ; OPM + 2.5 ppts ¹
		-21%	GPM +3.9 ppts
Pharmaceutical retailers		+68%	NPM +0.1 ppts
Grocery retailers		+43%	OPM +4.4 ppts
		+8%	EBITDA margin +2.1 ppts
Consumer manufacturers		+1%	GPM +3.1 ppts
		+7%	GPM +4.1 ppts
		+16%	GPM -0.7 ppts ²
		+18%	GPM -1.0 ppts ³
Luxury goods		+12% ⁴	GPM +0.3 ppts ⁵
		+5% ⁶	ROE -5.2 ppts

Vietnam's long-term secular trends to fuel growth of companies under our coverage (1)



Vietnam's long-term secular trends to fuel growth of companies under our coverage (2)



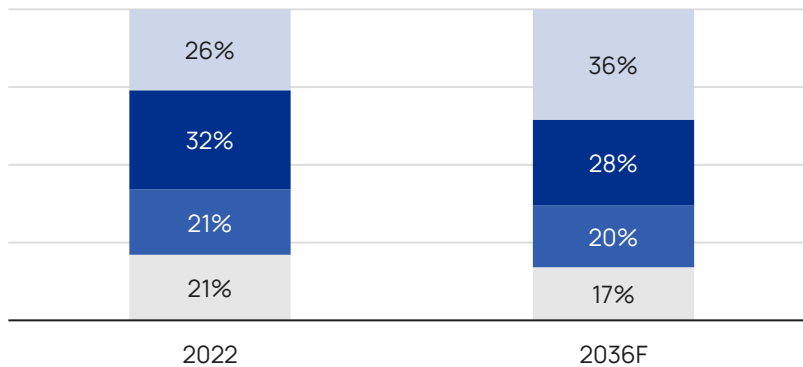
Structural trends to support recovery and long-term growth of key sub-sectors in Vietnam's consumer market

Ample growth headroom remains due to the shift from traditional to modern grocery trade

Long-term demographic advantages remain intact, driving consumption and modernization

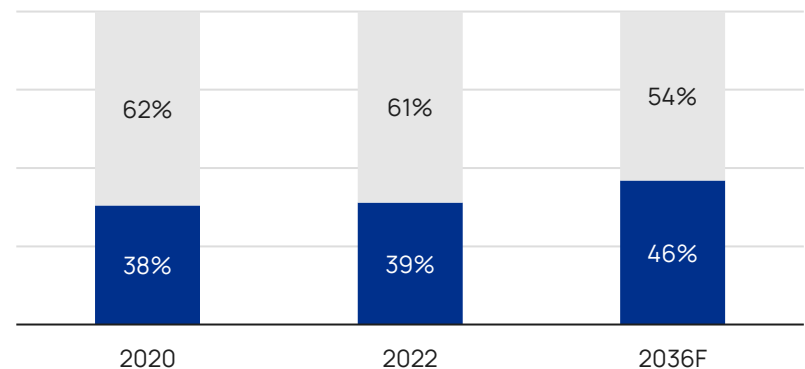
Vietnam's young demographics are expected to be maintained through 2023F

0-14 years old 15-29 years old 30-49 years old +50 years old

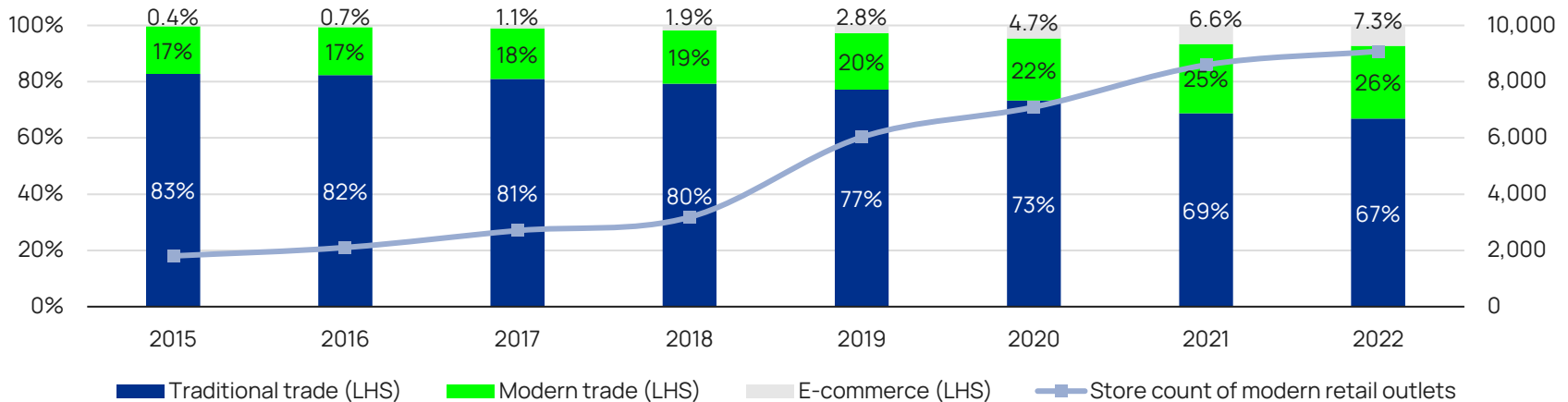


Rapid urbanization to drive modernization

Proportion of urban population Proportion of rural population

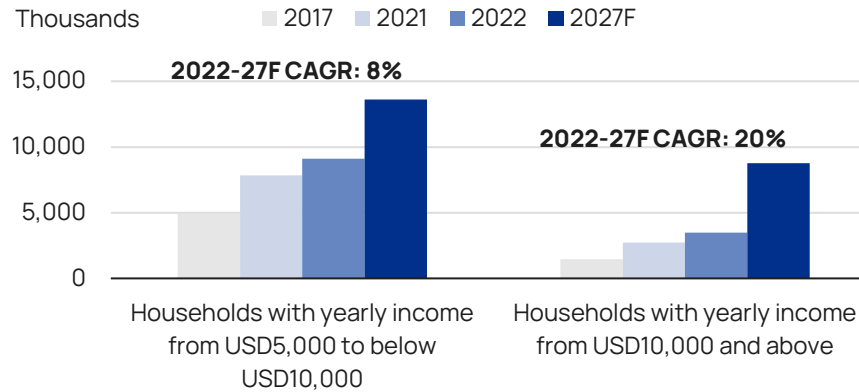


Modern trade's contribution to retail goods sales increased to 26% in 2022 from 17% in 2015

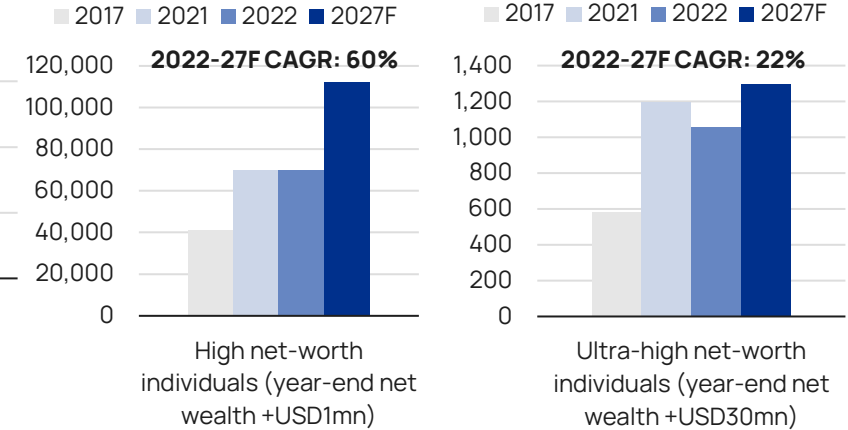


Growth in middle class with urbanization and lower birth rates

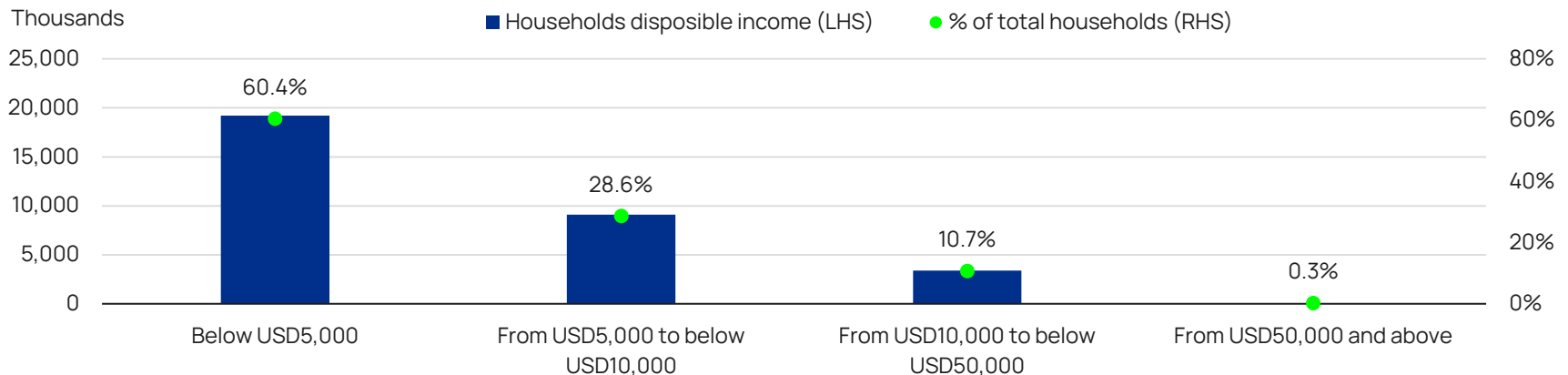
Vietnam's consuming class* has doubled over the past five years



Vietnam's wealthy population to accelerate

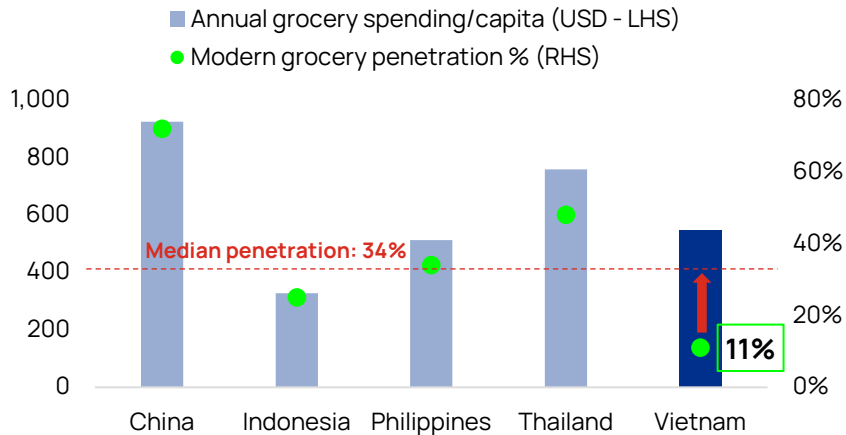


Consuming class with yearly income from USD5,000 accounted for 40% of total Vietnam's households in 2022

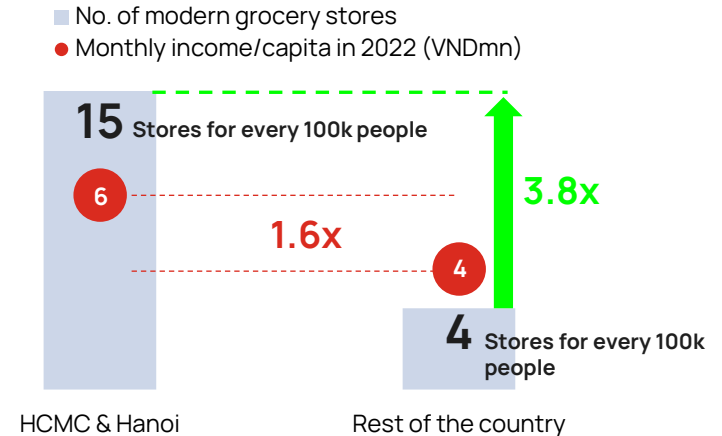


Vietnam grocery retail at first glance

Extensive room for further modern grocery penetration ¹



Ex- HCMC & Hanoi regions present huge growth opportunity ¹



Key players in modern grocery sector

Top 4 players each hold ~20% market share as of YE 2023

Mobile World (HOSE: MWG)



BHX minimart

2019 - 23 sales
CAGR

49%

Masan Corp (HOSE: MSN)



Minimart: WIN, WinMart+
Supermarket: WinMart

12%



SAIGON CO.OP

Minimart: Co.op Food
Supermarket: Co.opmart
Hypermarket: Co.opXtra

0% ²

CENTRAL
RETAIL

Minimart: Lanchi Mart
Supermarket: Tops Markets, go!
Hypermarket: GO!

16% ²

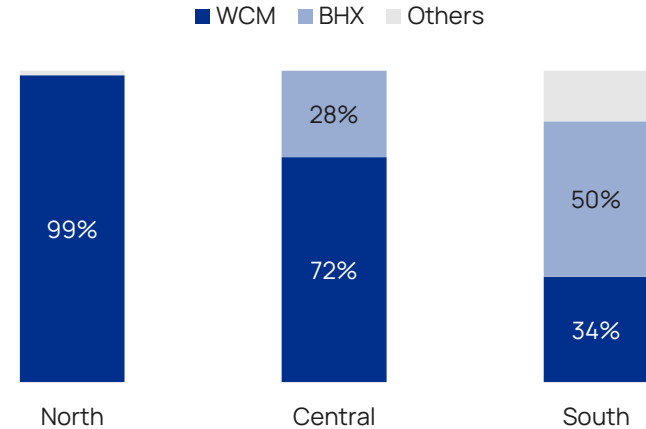
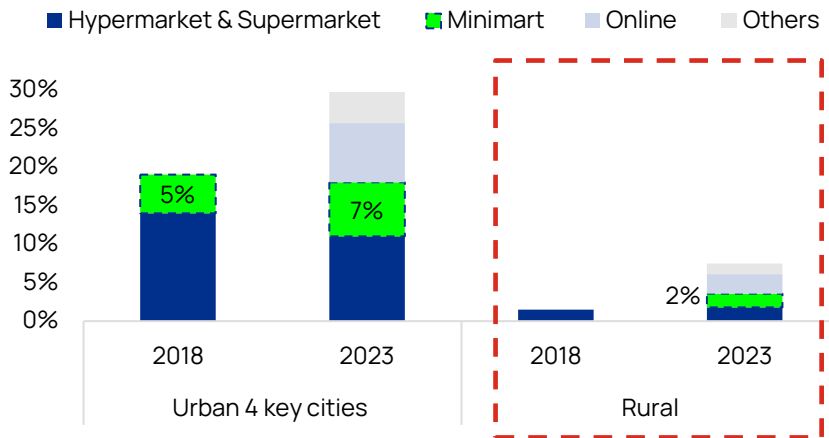
Vietcap

Source: GSO, Euromonitor, World Bank, Company disclosure, Vietcap. ¹Data as of YE 2023; ²Euromonitor estimate

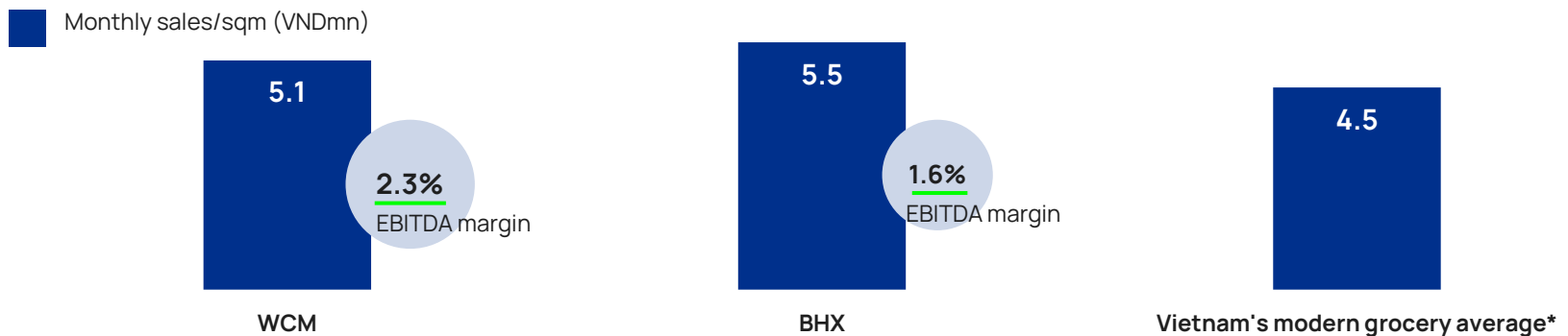
Minimarts emerge as key growth driver

Minimarts' share rose in rural areas and urban key cities ¹

WCM & BHX dominate store count share in minimarts ²

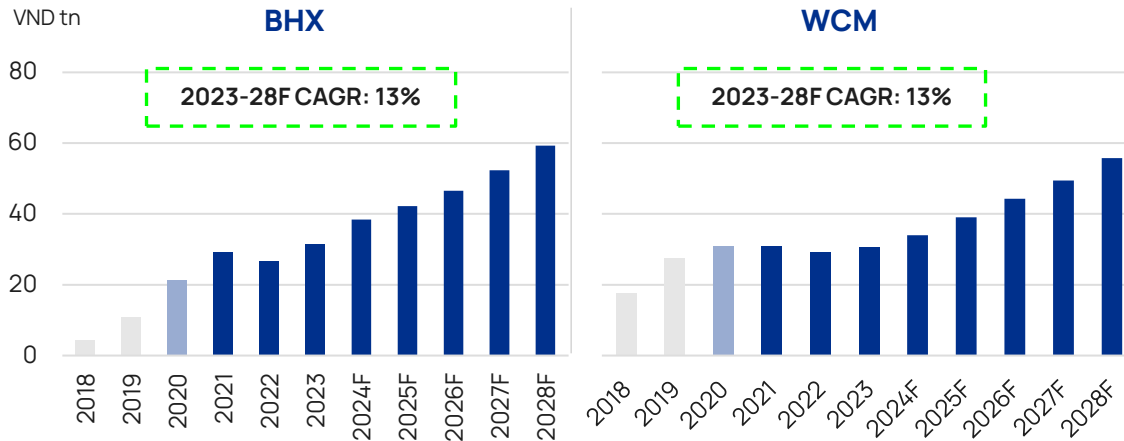


WCM & BHX outperform sales/sqm of Vietnam's modern sector average ³

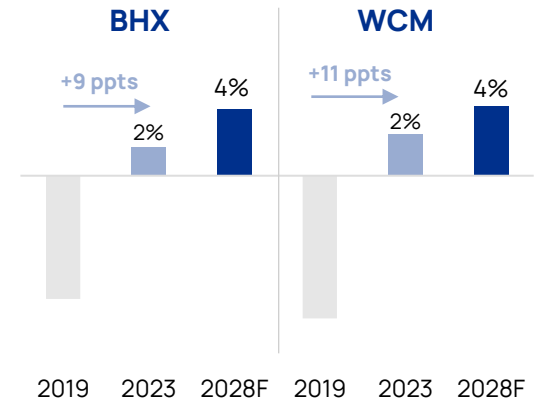


Leading minimart players are getting nearer to bottom-line profitability after a period of restructuring

Total sales and forecasts

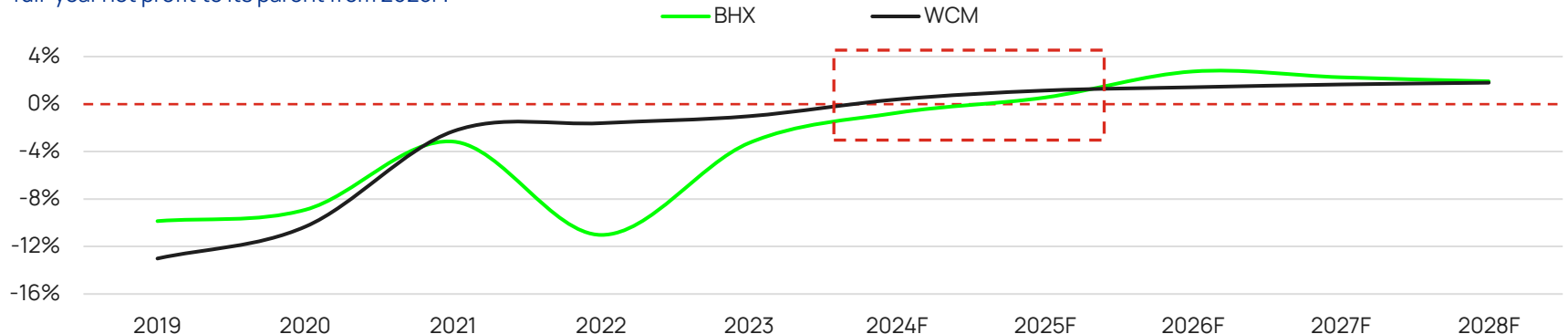


EBITDA margin % improves



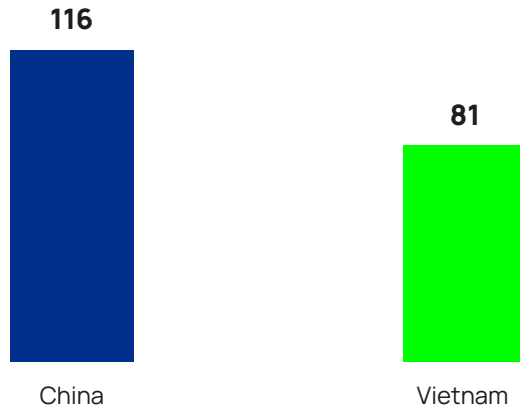
EBIT margins are approaching to break-even level in 2023

We forecast WCM/BHX will contribute full-year operating profit to its parent from 2024F/25F, respectively. We expect both BHX and WCM will contribute full-year net profit to its parent from 2025F.

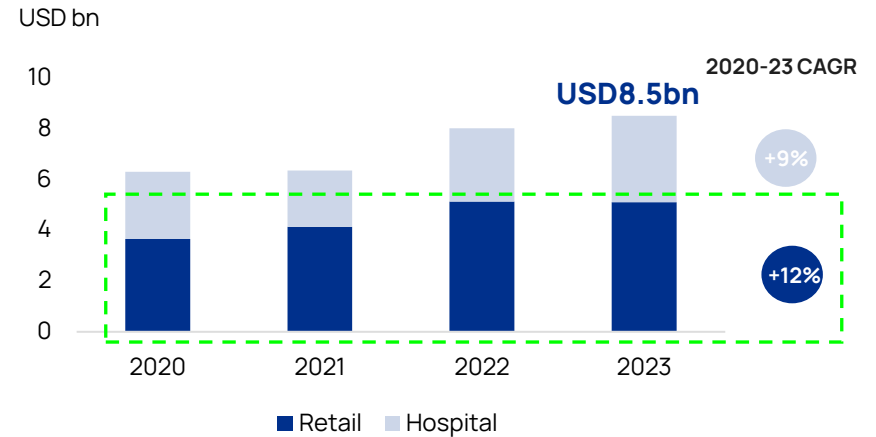


FRT: Vietnam's pharmacy sector is set for sustainable high growth

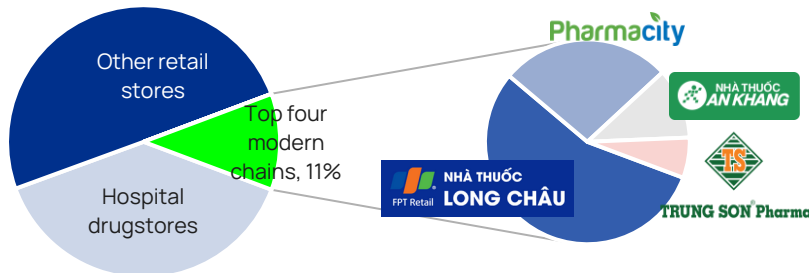
Pharmaceutical spending/capita as of 2022



Pharmaceutical sales via retail vs hospital channel



Top four modern chains account for ~11% of total market

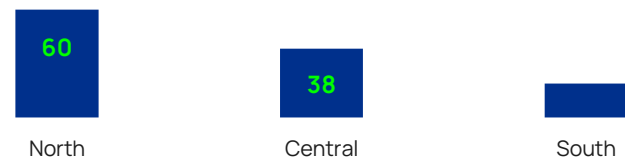


Vietnamese's market remains underpenetrated in comparison with China

China one modern pharmacy serves ~4k people

Vietnam one modern pharmacy serves ~33k people

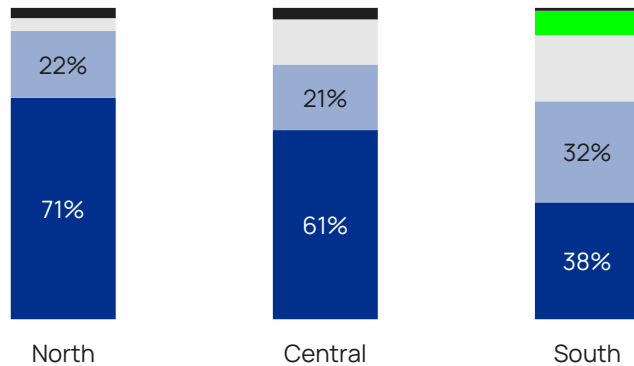
No. of people (thousands) served by 1 modern store in each Vietnam's region



Long Chau of FPT Retail (HOSE: FRT) is well-positioned to be the long-term champion in Vietnam's modern pharmacy sector

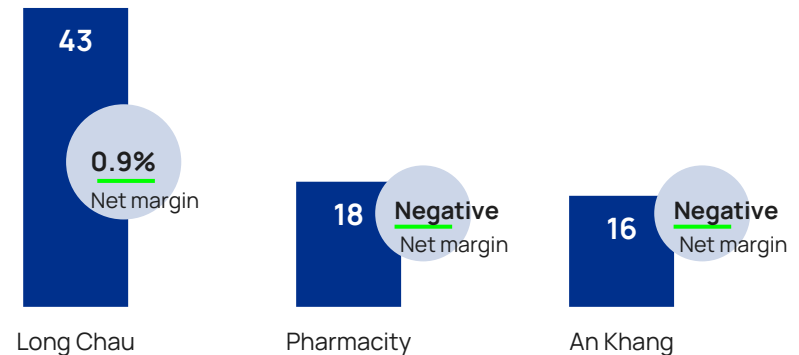
LC's pharmacy stores account for major share (*) in all Vietnam's region

■ Long Chau ■ Pharmacy ■ An Khang ■ Trung Son ■ Others

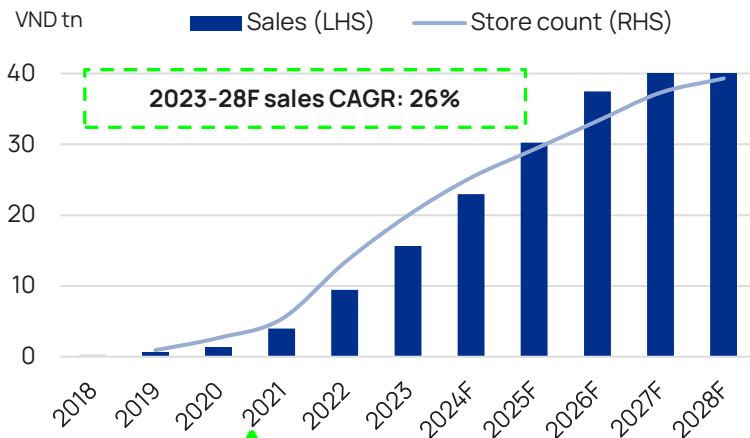


LC surpasses its competitors in both sales/store & profitability

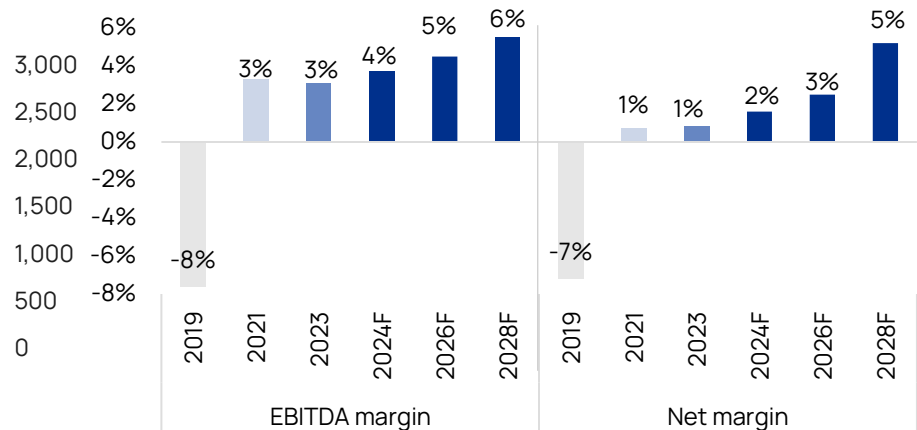
■ 2023 monthly sales/store (USD thousand)



LC's sales and forecasts (including vaccination)



LC's profitability and forecasts

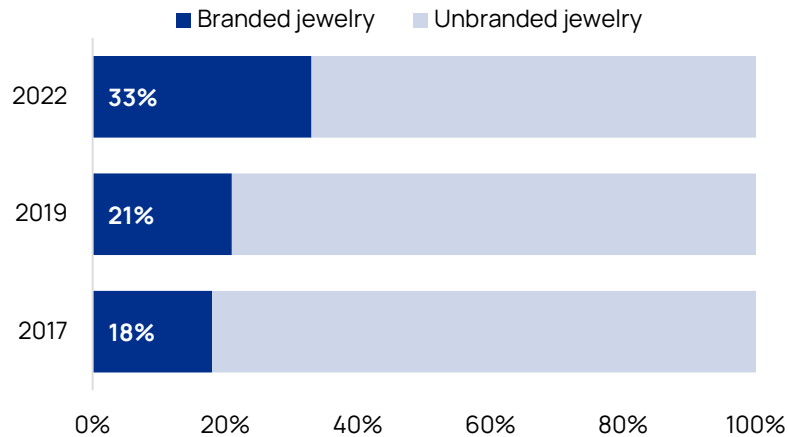


Structural trends to support recovery and long-term growth of key sub-sectors in Vietnam's consumer market

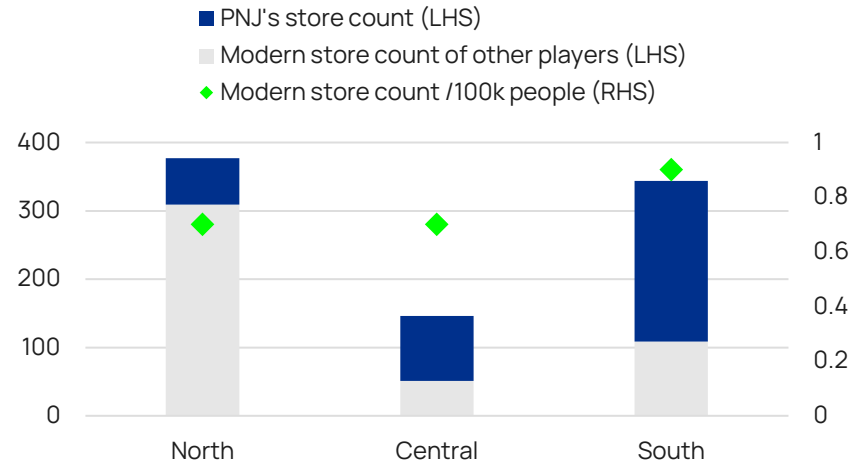
Long-term rise in middle-income and affluent class remains intact, which supports the solid growth of spending for discretionary goods and education

Vietnam's growing middle-income class to increasingly favor buying jewelry from reputable brands (1)

Growth in branded jewelry's market share

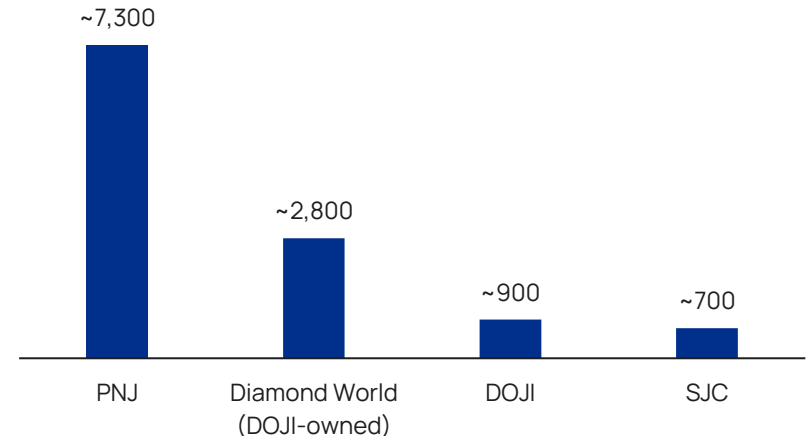
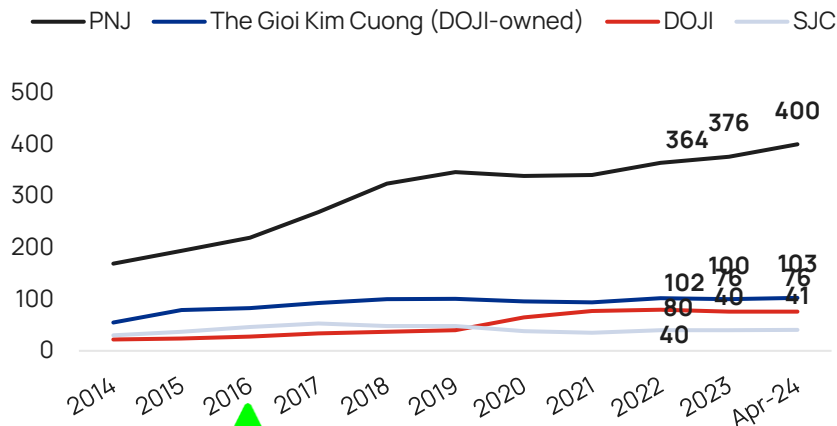


Modern jewelry store¹ presence by region



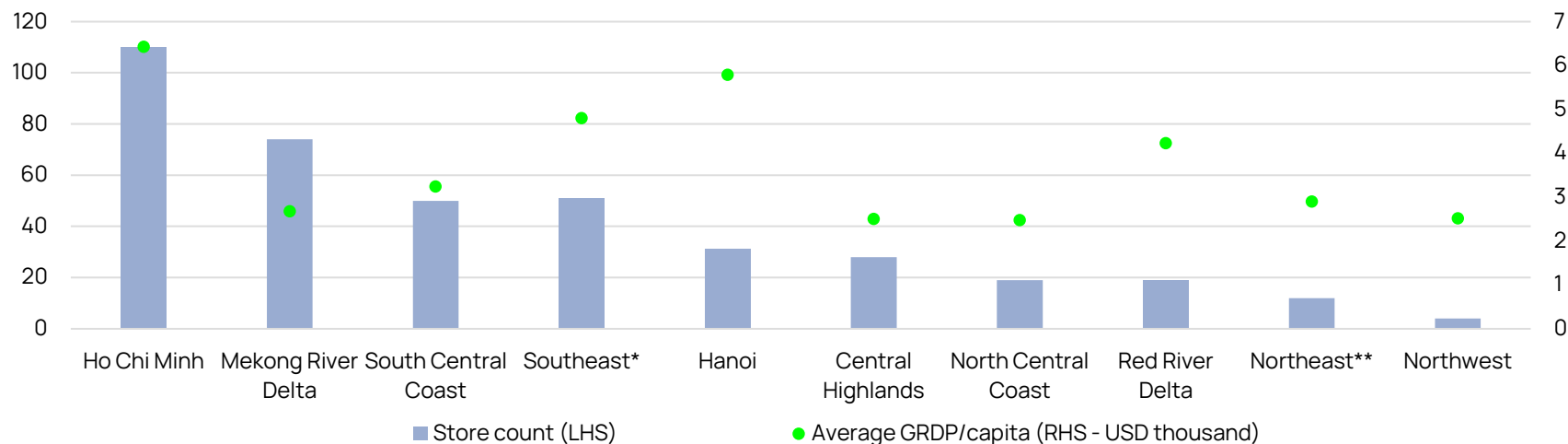
PNJ has the highest store count among top three players

PNJ offers a wider range of SKUs compared with others

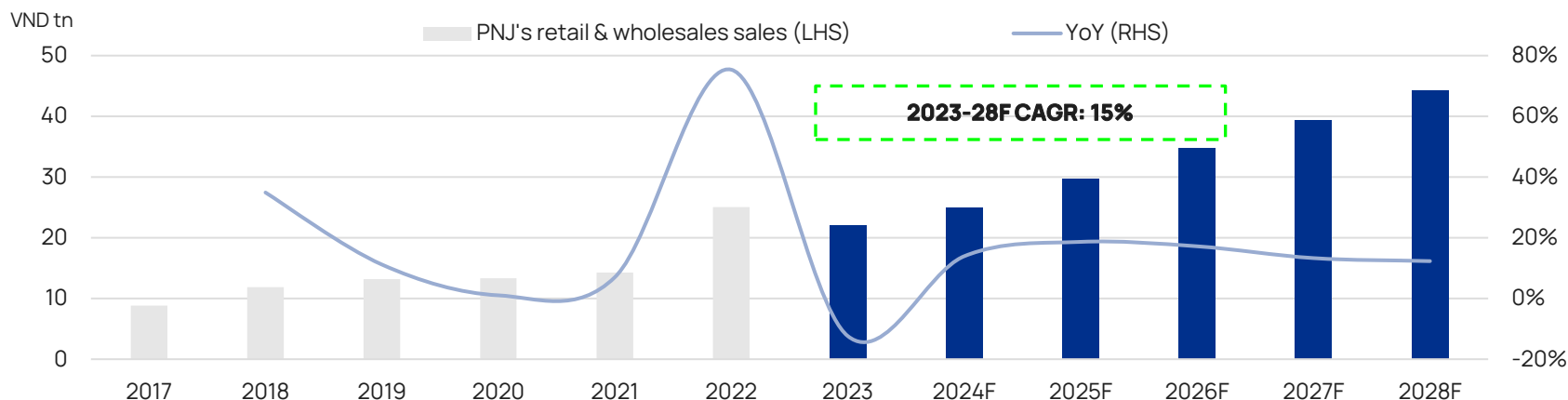


Vietnam's growing middle-income class to increasingly favor buying jewelry from reputable brands (2)

PNJ's store presence by region as of end-April 2024



PNJ's jewelry retail and wholesales revenue

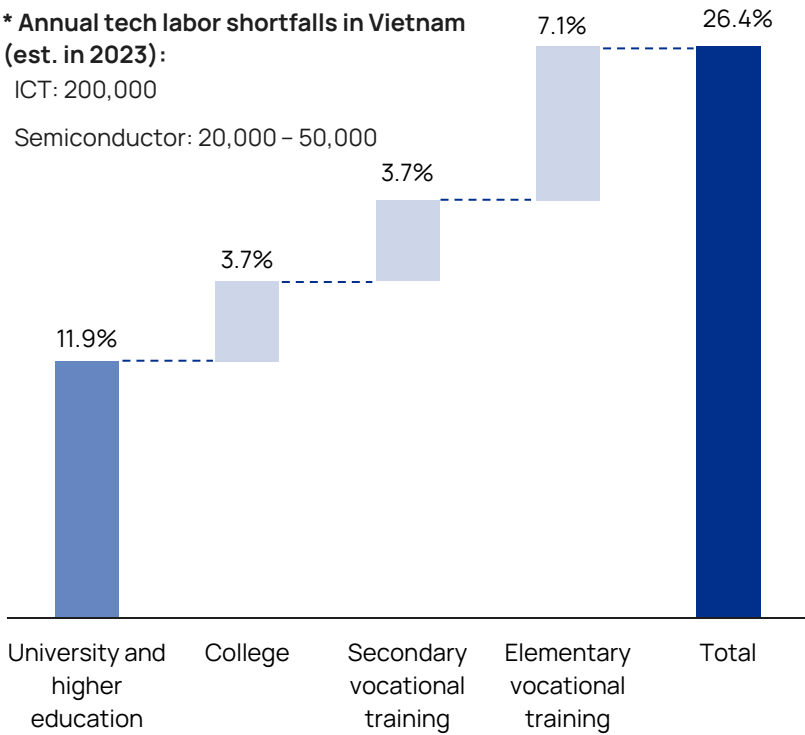
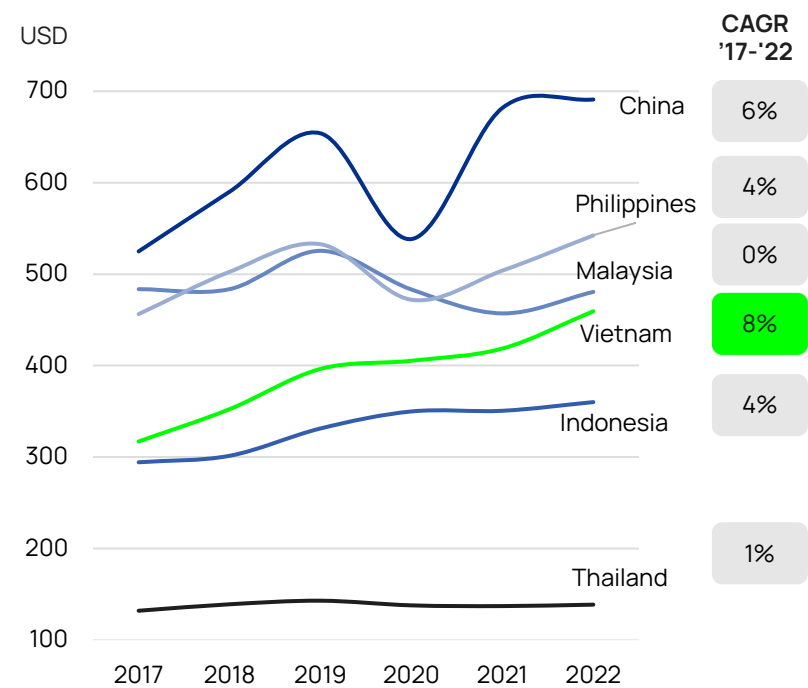


Robust educational spending fostered by rising income and substantial demand for high-skilled labor force training

Vietnamese households' expenditure on education has been increasing rapidly over the past five years

Key industries face labor shortages as number of trained workers in Vietnam remains low

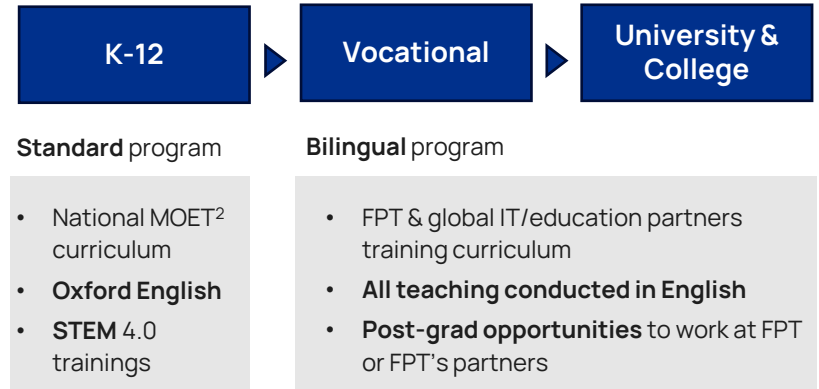
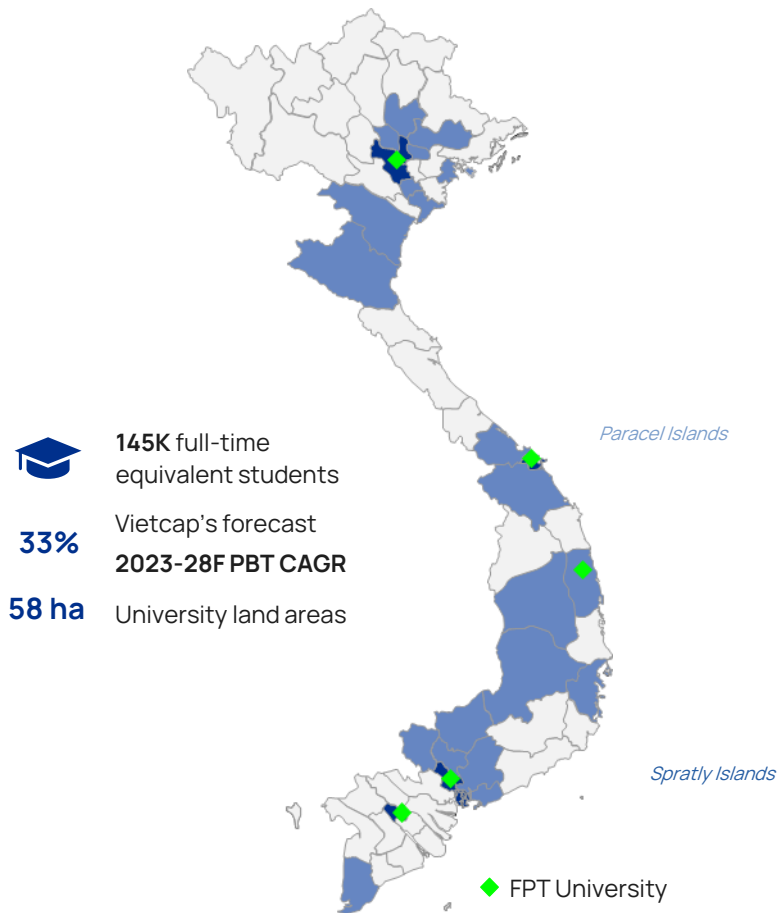
2023 trained workers¹ by education level, as % of total workers



FPT is Vietnam's premier IT training hub

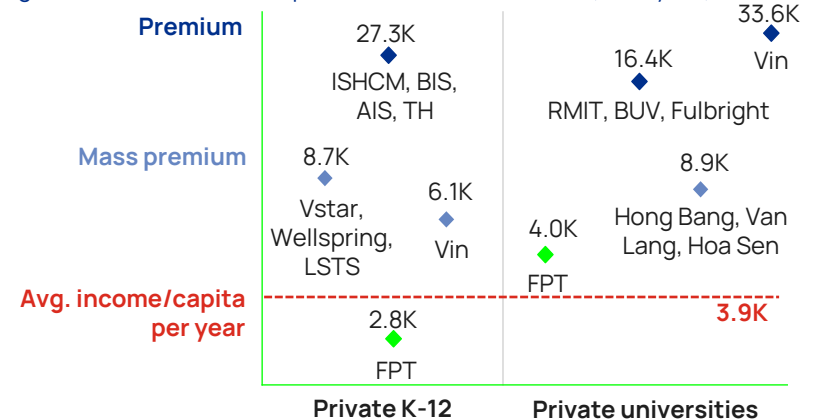
Extensive school networks and land banks across Vietnam

Comprehensive value chain which targets middle-affluent families and STEM¹ training waves in Vietnam



Ample growth headroom for tuition fees

Avg. tuition fee of selected private schools in Vietnam (USD/year)



Structural trends to support recovery and long-term growth of key sub-sectors in Vietnam's consumer market

Rapid growth in digital adoption to continue in the medium term

Opportunities arising from changes in mobile data technology applications

The rollout of the 5G network to further boost network densification demand

viettel
vinaphone
mobifone



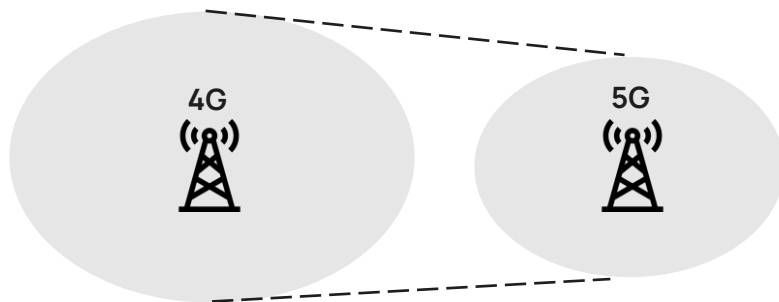
2G, 3G



4G, 5G

viettel
construction

The change in telecom technology from 2G and 3G to 4G and 5G necessitates a denser telecom infrastructure for upholding connectivity



2G & 3G to be shutdown in the medium term

End-2022

Viettel shut down majority of its 3G towers

September
2024*

Mandatory 2G shutdown in Vietnam

Before
end-2026*

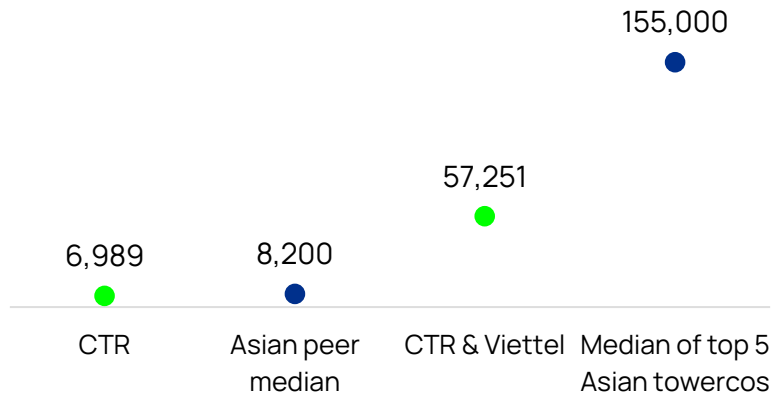
Tentative 3G shutdown in Vietnam

We expect a mass roll out of 5G in Vietnam in 2024 following the success of the 5G frequency band auction

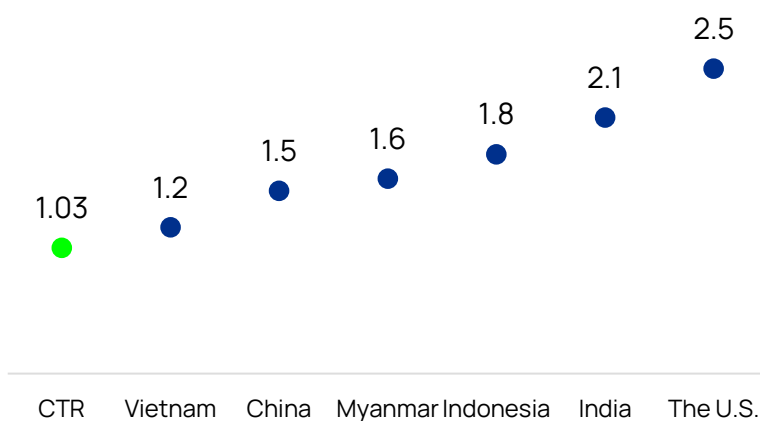
Auction date	Number of spectrums	Status
May-June 2023	3 bands	Failed
December 2023	1 band	Cancelled
March 2024	3 bands	2 out of 3: Succeeded

CTR to capitalize on improving 4G coverage and potential rollout of a 5G network in Vietnam

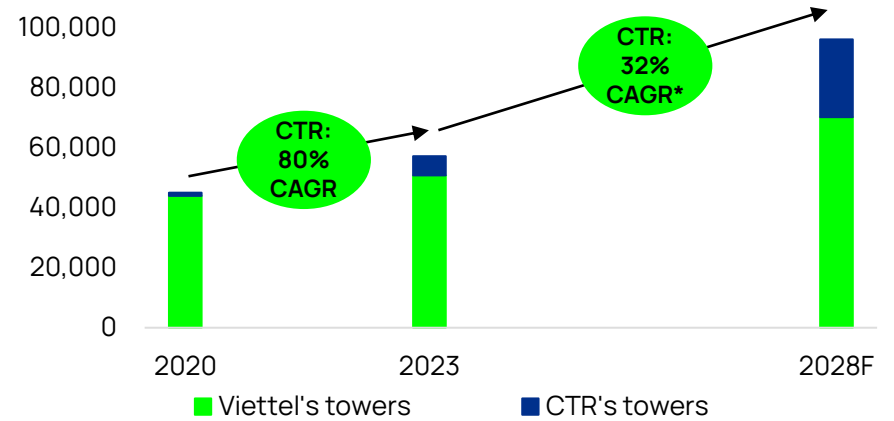
No. 1 Towerco in Vietnam leveraging on Viettel's No 1. mobile telecom position (**)



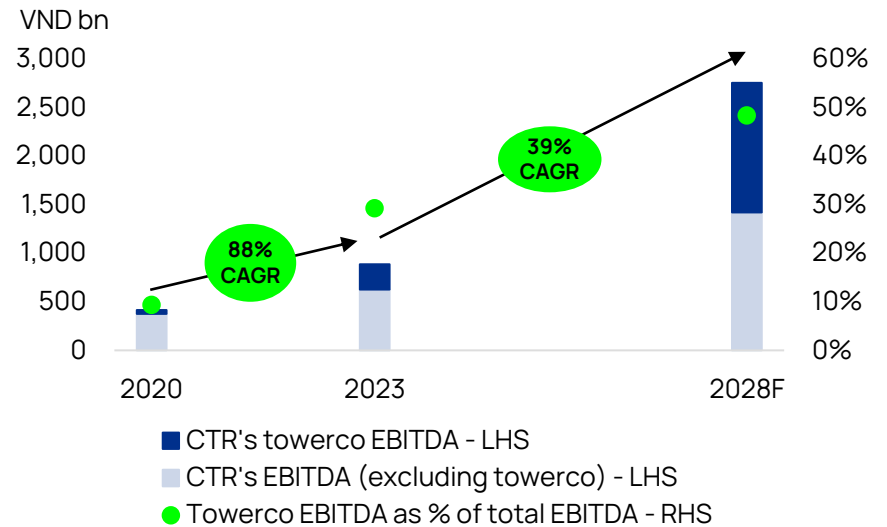
Ample headroom for profitability increase on the current low tenancy rate



CTR is well-positioned to capture robust new tower demand



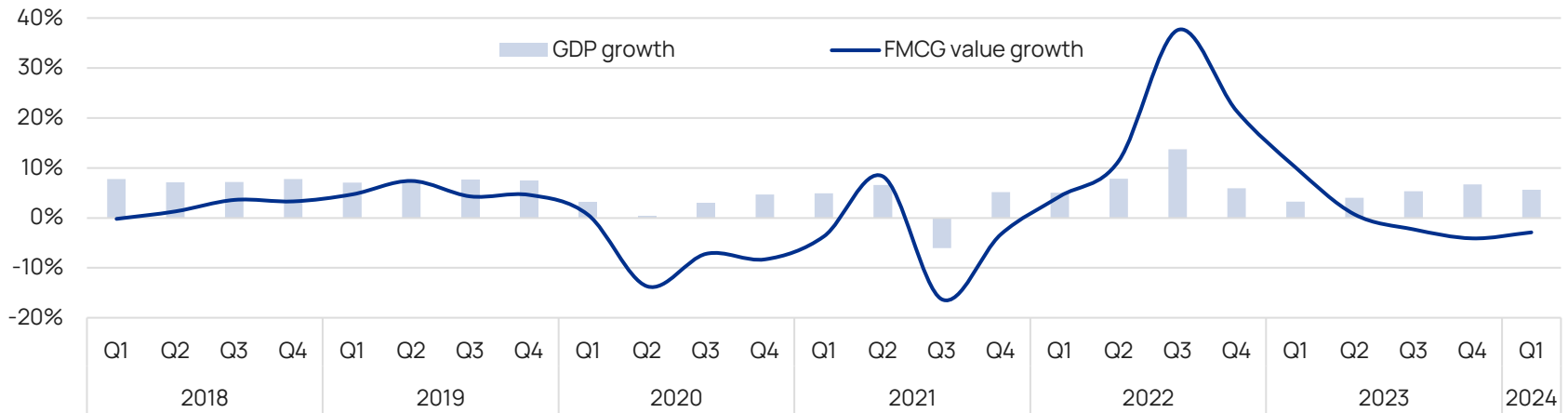
Rising towerco EBITDA to drive CTR's long-term earnings



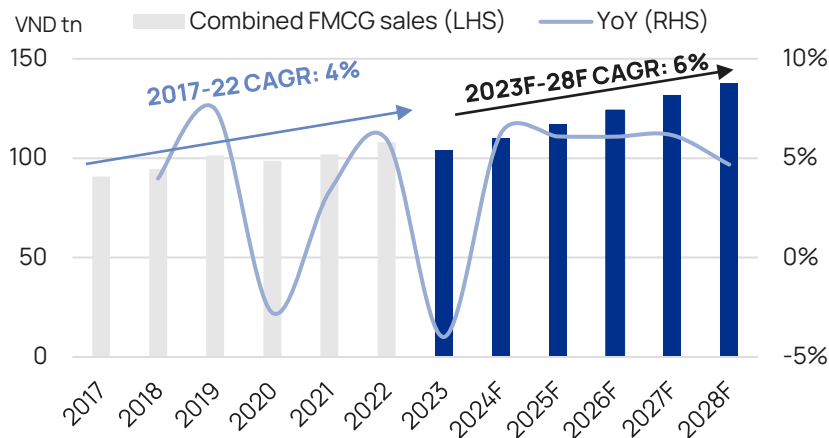
Stronger 2024 economic backdrops stimulate the gradual recovery of matured FMCG and ICT & CE retailing

FMCG sales under our coverage ¹ to deliver a combined sales CAGR of 6% in 2023-28F

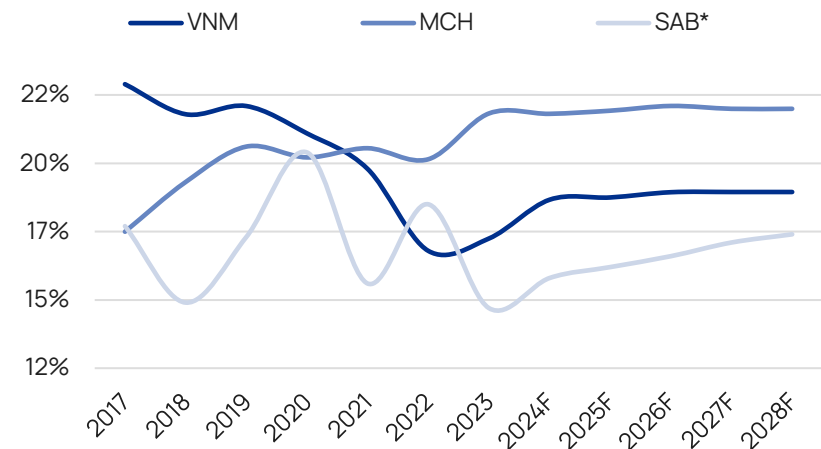
Historical FMCG ² & GDP trend are relatively aligned



Combined forecast FMCG sales under coverage ¹

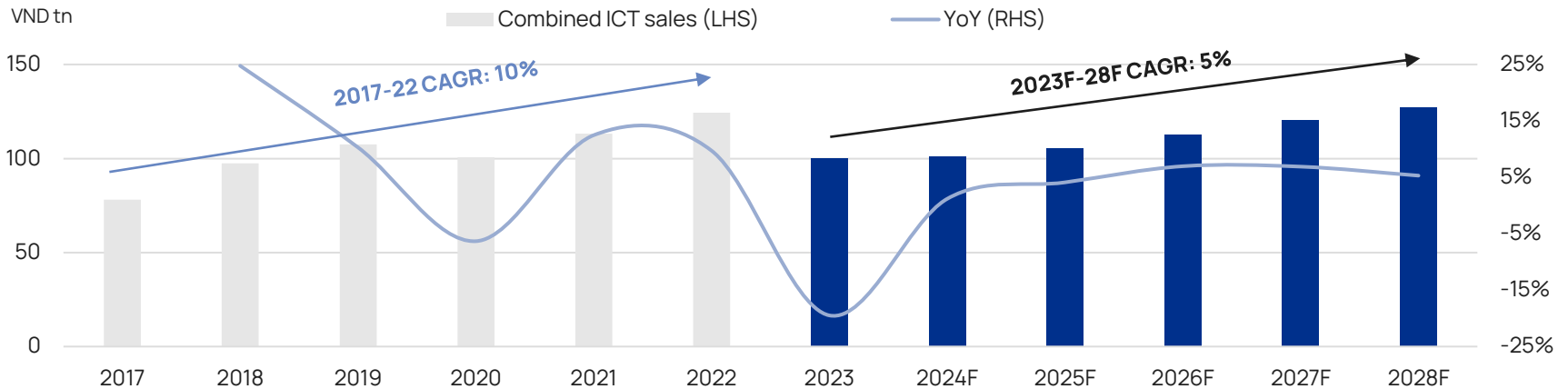


EBIT margin in 2023-27F

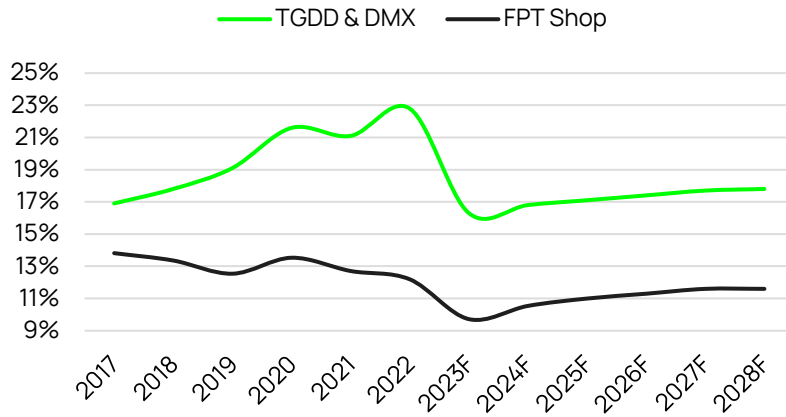


ICT & CE retail sales under our coverage to deliver a combined sales CAGR of 5% in 2023-28F, following a fall of 19% in 2023F

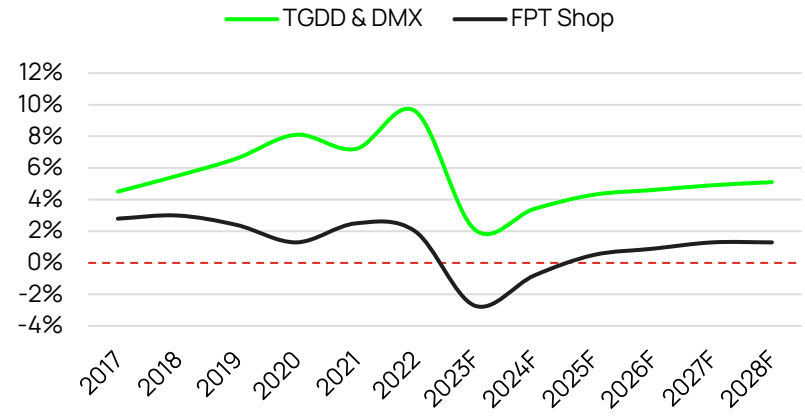
Combined ICT sales for retailers under our coverage ¹



ICT & CE's GPM



ICT & CE's OPM



Consumer Sector: Key data

Code	Rating	Market cap, USD mn	State O'ship	Foreign limit	Foreign avail, USD mn	ADTV 30D, USD mn	Share price, VND ps	Target price, VND ps	Target price, updated	Upside	Div. yield	12M TSR
FPT	BUY	6,588.6	5.8%	49.0%	0	23.2	129,700	171,300	08/05/2024	32.1%	1.8%	33.8%
FRT	BUY	876	0.0%	49.0%	118.1	5.1	160,800	211,900	13/05/2024	31.8%	0.0%	31.8%
SAB	BUY	2,919.1	36.0%	100.0%	1,128.5	2.2	56,900	70,000	10/05/2024	23.0%	6.2%	29.2%
MSN	BUY	4,052.1	0.0%	49.0%	861.1	15.8	70,800	89,700	28/03/2024	26.7%	1.1%	27.8%
PNJ	BUY	1,300.8	0.0%	49.0%	0	7.4	97,200	118,500	06/05/2024	21.9%	2.1%	24.0%
VEA	BUY	2,029.8	88.5%	49.0%	920.9	0.5	37,800	40,500	23/02/2024	7.1%	15.3%	22.4%
VNM	O-PF	5,500.8	36.0%	100.0%	2,590.3	9.3	65,800	76,500	15/03/2024	16.3%	5.3%	21.6%
DRC	M-PF	152.1	50.5%	49.0%	56.1	1.4	32,000	35,400	15/03/2024	10.6%	5.3%	15.9%
QNS	O-PF	688.9	0.0%	49.0%	229.6	1.6	48,400	51,300	07/03/2024	6.0%	8.3%	14.3%
CTR	M-PF	577	65.7%	49.0%	219.8	2.6	126,100	138,000	07/05/2024	9.4%	2.2%	11.6%
DGW	M-PF	398	0.0%	49.0%	103.9	4.4	59,600	61,300	07/05/2024	2.9%	1.7%	4.5%
VHC	O-PF	670.7	0.0%	100.0%	455.0	2.6	74,700	72,400	06/02/2024	-3.1%	2.7%	-0.4%
VTP	U-PF	384.8	60.7%	49.0%	159.1	4.8	79,000	74,600	22/03/2024	-5.6%	1.9%	-3.7%
MWG	BUY	3,410.0	0.0%	49.0%	142.9	29.7	58,300	54,800	23/02/2024	-6.0%	0.0%	-6.0%

Consumer Sector: Summary valuations

Code	Share price, VND ps	EPS g 2024F	EPS g 2025F	EPS g 2026F	P/E TTM x	P/E 2024F x	P/E 2025F x	P/E 2026F x	EV/EBITDA 2024F x	ROE 2024F	P/B LQ x	Net D/E LQ
FPT	129,700	24%	31%	27%	24.3	22.4	17.1	13.5	11.8	29%	6.1	-0.3
FRT	160,800	-132%	420%	66%	N.M.	198.3	38.1	23.0	33.6	6%	13.4	2.4
SAB	56,900	9%	9%	-7%	17.8	16.7	15.4	16.4	10.1	19%	2.9	-0.8
MSN	70,800	193%	91%	58%	327.8	82.2	43.0	27.3	10.6	5%	3.8	1.4
PNJ	97,200	14%	17%	19%	16.3	15.7	13.4	11.2	10.6	21%	3.1	-0.1
VEA	37,800	8%	7%	8%	8.1	7.5	7.0	6.5	5.2	27%	2.0	-0.6
VNM	65,800	5%	11%	12%	16.7	16.7	15.1	13.5	9.2	29%	4.3	-0.4
DRC	32,000	18%	1%	4%	14.1	13.1	12.9	12.4	7.7	15%	2.0	0.2
QNS	48,400	-3%	-3%	5%	6.7	6.9	7.2	6.8	5.4	24%	1.7	-0.3
CTR	126,100	17%	23%	22%	36.7	31.8	25.9	21.2	13.0	28%	7.6	0.2
DGW	59,600	29%	37%	24%	26.7	21.7	15.8	12.7	18.8	16%	3.7	0.6
VHC	74,700	70%	33%	22%	17.9	10.5	7.9	6.5	7.7	18%	2.0	0.0
VTP	79,000	-2%	17%	16%	31.2	28.9	24.8	21.4	N.M.	23%	5.9	-0.3
MWG	58,300	1250%	72%	45%	81.5	37.7	21.9	15.1	14.6	9%	3.4	-0.3

Appendix 1: Traditional vs modern groceries in Vietnam

WinCommerce (WCM)

WinMart+



WinMart supermarket



Winstore



Bach Hoa Xanh (BHX)



Street shops



Wet market



Appendix 2: Traditional vs modern pharmacy stores in Vietnam

Long Chau (LC)



An Khang



Pharmacy



Traditional stores



Appendix 3: Traditional vs modern jewelry stores in Vietnam

Phu Nhuan Jewelry (PNJ)



DOJI



The Gioi Kim Cuong

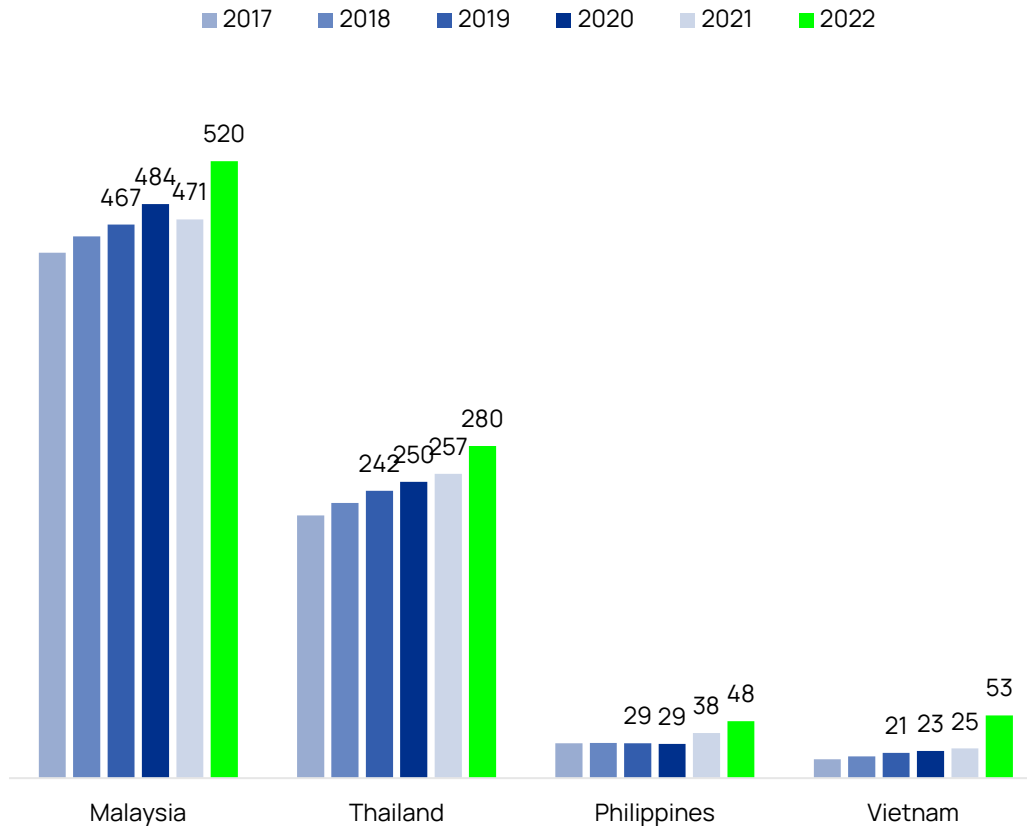


Mom-and-pop stores



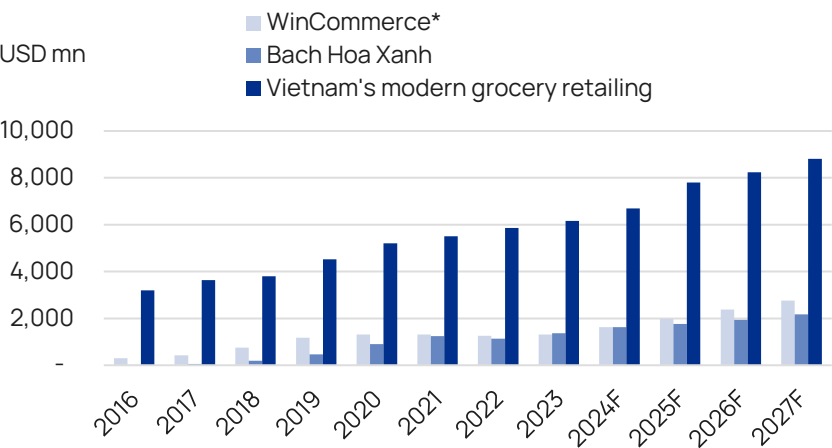
Appendix 4: Vietnam car penetration vs regional peers

Number of passenger cars per 1,000 people

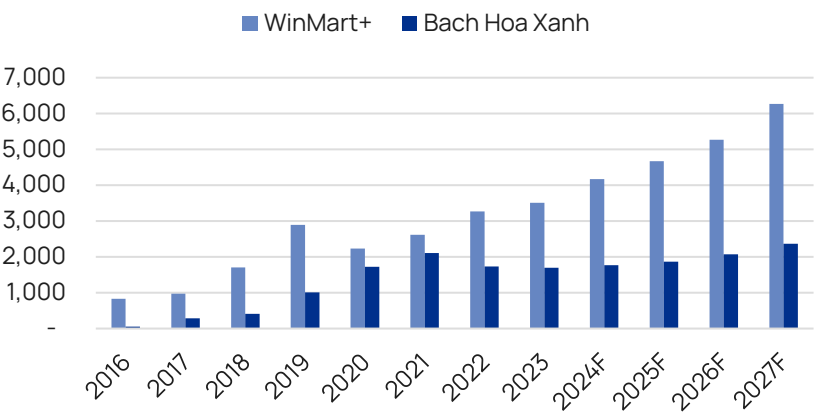


Appendix 5: WinMart+ vs Bach Hoa Xanh

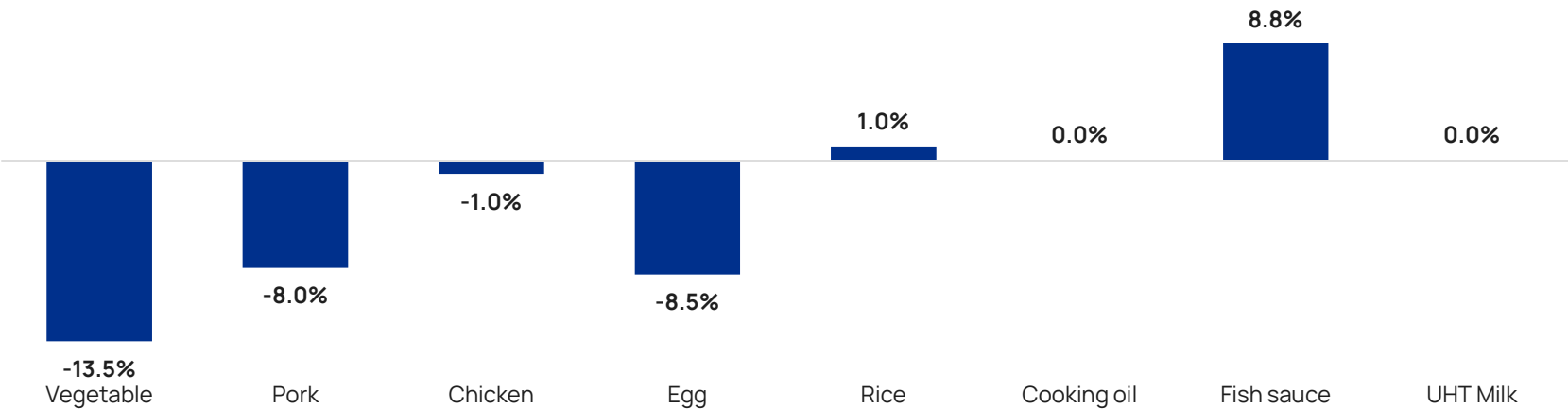
WinCommerce vs Bach Hoa Xanh's total revenue



WinMart+ (minimart) and Bach Hoa Xanh's store count

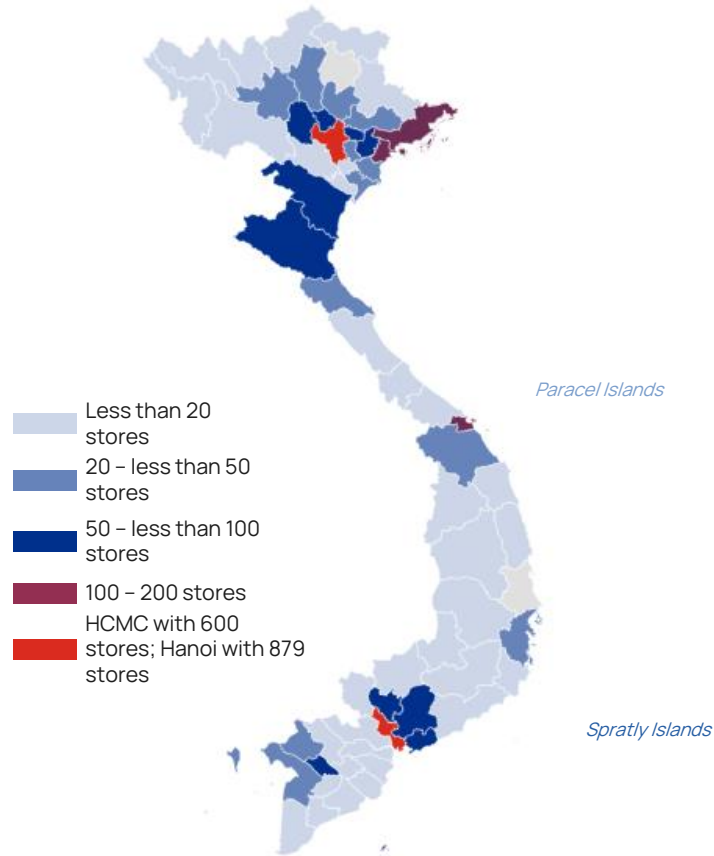


Bach Hoa Xanh vs WinMart+ selling prices

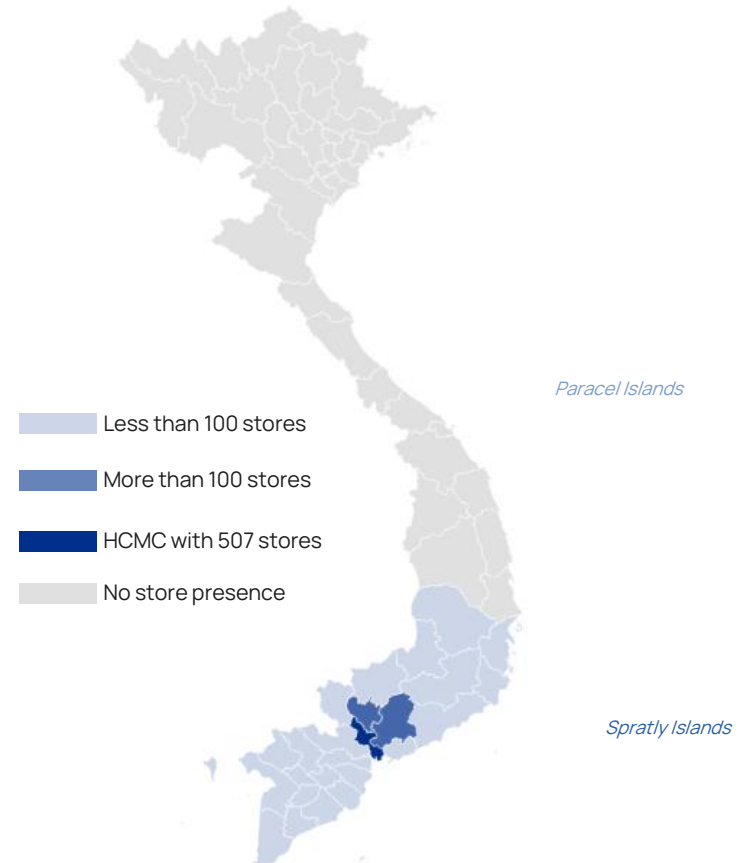


Appendix 6: WinMart+ vs Bach Hoa Xanh – Store locations

WinMart+ store locations



Bach Hoa Xanh store locations

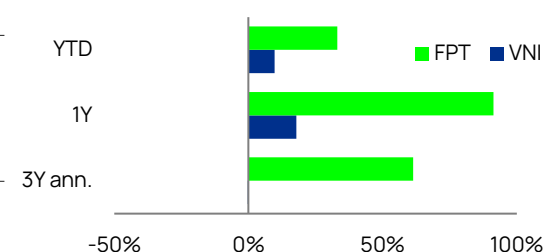


Top Picks

FPT - Vietnam's IT service powerhouse

Rating*	BUY		2023	2024F	2025F	2026F
Share Price (May 13)	VND129,700	Revenue (VND bn)	52,618	64,758	77,778	92,980
Target Price (TP)*	VND171,300	%YoY	19.5%	23.1%	20.1%	19.5%
		NPAT-MI (VND bn)	6,471	8,128	10,718	13,667
		% YoY	21.9%	25.6%	31.9%	27.5%
Upside to TP	+32.1%	EPS % YoY	21.0%	24.7%	30.9%	26.6%
Dividend Yield	1.8%	GPM	38.6%	39.0%	39.2%	39.3%
TSR	+33.8%	EBITDA margin	20.3%	21.2%	22.2%	22.5%
		PBT margin	17.5%	17.6%	18.6%	19.3%
Industry	Tech/Telecom	NPM	12.3%	12.6%	13.8%	14.7%
Market Cap	USD6.6bn	P/OCF	17.5x	14.4x	11.9x	9.5x
Foreign Room	USD0mn	EV/EBITDA	15.3x	11.9x	9.5x	7.8x
ADTV30D	USD16.4mn	P/E	28.2x	22.6x	17.3x	13.7x
State Ownership	5.8%	P/B	7.2x	6.0x	4.9x	3.9x
Outstanding Shares	1,271 mn	ROE	28.1%	29.4%	31.5%	32.0%
Fully Diluted Shares	1,271 mn					

* TP and rating last updated May 8, 2024



Company Overview

FPT Corp is a technology/telecom conglomerate with a market-leading position in technology services and a top-three market share in Vietnam's broadband Internet market. Driven by its globalization strategy, FPT's international revenue CAGR was 24% over the last three years.

FPT boasts sustainable competitive advantages across its key businesses.

FPT's Global IT Service business is riding on Vietnam's significant labor cost advantages and the company's strengthening capabilities in carrying out end-to-end projects (i.e., from consulting to implementation) and digital transformation services.

FPT Education is recording strong student enrollment growth on the back of its rising reputation and acceleration of campus expansion. In addition, this business serves as an important source of labor for FPT's Global IT Service business.

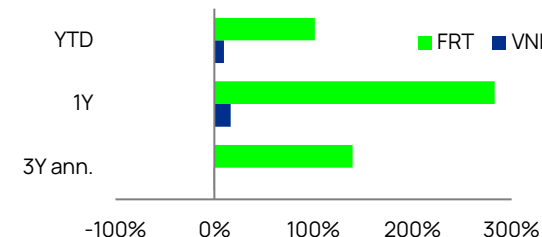
The Telecom Services business (e.g., fixed broadband and data center) is on track to deliver double-digit profit growth in the next few years thanks to rising demand for cloud computing and data localization.

We forecast a **26% EPS CAGR** for FPT in 2023-2026F vs **2024F/2025F P/E at our TP of 30x/25x**.

Key downside risks: Failure to realize synergies from recent acquisitions; slower-than-expected recovery in global IT spending; fierce competition in telecom from both fixed and mobile broadband rivals.

FRT – Healthcare is new growth engine

Rating*	BUY		2023	2024F	2025F	2026F	
Share Price (May 13)	VND160,800	Revenue (VND bn)	31,850	37,693	45,731	53,866	YTD
Target Price (TP)*	VND211,900	%YoY	5.6%	18.3%	21.3%	17.8%	1Y
		NPAT-MI (VND bn)	-346	106	577	958	3Y ann.
		% YoY	-188.5%	N.M.	446.8%	66.0%	
Upside to TP	+31.8%	EPS	-187.2%	N.M.	420.3%	66.1%	
Dividend Yield	0.0%	GPM	16.2%	19.0%	20.3%	21.4%	
TSR	+31.8%	EBITDA margin	0.5%	2.1%	3.3%	3.9%	
		OPM	-0.3%	1.3%	2.5%	3.2%	
Industry	Retailing	NPM	-1.1%	0.3%	1.3%	1.8%	
Market Cap	USD896mn	FCF/Sales	0.7%	0.8%	1.8%	2.4%	
Foreign Room	USD116.8mn	EV/EBITDA	167.8x	31.2x	16.6x	11.8x	
ADTV30D	USD5.2mn	P/E	N.M	202.9x	39.0x	23.5x	
State Ownership	0%	P/B	13.0x	11.7x	8.4x	6.0x	
Outstanding Shares	136 mn	ROE	-19.2%	6.4%	29.0%	35.6%	
Fully Diluted Shares	136 mn	* TP and rating last updated May 13, 2024					



Company Overview

Established in 2012, FPT Retail owns (1) the largest pharmacy chain Long Chau and (2) the second-largest ICT retailing chain FPT Shop in Vietnam.

FRT owns (1) Vietnam's largest pharmacy chain, Long Chau (LC), and (2) Vietnam's second-largest ICT retail, FPT Shop.

Long Chau has broadened its healthcare reach by launching vaccination services business. LC's competitive advantages to capture growth in this market include an extensive store network and healthcare partnerships, strong brand reputation, and thorough customer insights. LC has expanded its vaccination centers from 10 at YE 2023 to 67 currently. In the next five years, we project its vaccination business to deliver 2024-29F sales CAGR of 74%, contributing to LC's sales CAGR of 20%. We maintain our forecast that this business will help improve LC's overall OPM to 6.8% in YE 2029F, from 2.5% in 2024F.

We expect LC's 2023-28F sales CAGR to be 26% and reach USD2.0bn in 2028, with corresponding **NPAT-MI CAGR of 68%** to USD70mn in 2028.

We expect FPT Shop's 2023-28F sales CAGR at 3% on the back of (1) gradual ICT consumption recovery starting in 2024, and (2) Vietnam's rising digital adoption as a result of the country's growing middle-income class.

We expect LC to contribute major earnings thanks to (1) its extensive expansion and (2) a modest recovery in ICT margins over next five years. We project LC to ~90% to our NPAT-MI forecast for FRT in 2028F.

Valuation: FRT trades at projected 2027F P/E and EV/EBITDA multiples of 16x and 9x, respectively, which we believe is appealing vs the double-digit growth outlook of its healthcare business.

Potential upside/downside risks: Stronger/weaker-than-expected store rollouts and profitability for LC; stronger/weaker-than-expected recovery in ICT profitability.

MSN – Prime beneficiary of Vietnam’s consumption growth

Rating*	BUY		2023	2024F	2025F	2026F	
Share Price (May 10)	VND70,800	Revenue (VND bn)	78,252	84,765	92,658	101,900	<div>YTD</div> <div>1Y</div> <div>3Y ann.</div>
Target Price (TP)*	VND89,700	%YoY	2.7%	8.3%	9.3%	10.0%	
		EBIT % YoY	-10.5%	50.4%	20.2%	16.3%	
		PBT % YoY	-50.2%	73.8%	39.8%	33.8%	
Upside to TP	+26.7%	NPAT-MI ¹ (VND bn)	419	1,158	2,308	3,691	
Dividend Yield	1.1%	EPS ¹ % YoY	-84.7%	174.8%	98.4%	59.1%	
TSR	+27.8%	EBITDA margin ²	12.3%	14.0%	14.4%	14.6%	
		OPM	5.3%	7.4%	8.2%	8.6%	
Industry	Consumer	NPM ¹	0.5%	1.4%	2.5%	3.6%	
Market Cap	USD4.1bn	FCF/Sales	0.1%	-1.7%	0.2%	1.4%	
Foreign Room	USD861mn	EV/EBITDA ²	21.2x	17.3x	15.3x	13.8x	
ADTV30D	USD15.7mn	P/E ¹	241.1x	87.7x	44.2x	27.8x	
State Ownership	0.0%	P/B	3.8x	3.8x	3.6x	3.3x	
Outstanding Shares	1,431 mn	ROE ¹	1.6%	4.4%	8.5%	12.7%	
Fully Diluted Shares	1,431 mn						

* TP and rating last updated March 28, 2024

¹ Based on core earnings that exclude one-off financial income; ² Core EBITDA excludes profits from Techcombank (TCB).

Company Overview

Masan Group specializes in consumer businesses that span FMCG, the meat value chain and grocery retailing. Other businesses include metal-based materials and a significant holding in Techcombank.

We believe MSN is a proxy play on consumption growth in Vietnam driven by rising incomes, urbanization, and ongoing modernization. MSN owns wide-ranging consumer businesses from food & beverage production to a nationwide retail network, each of which is fundamentally strong, but which also share meaningful synergies.

MSN has sustained its leading market shares in some of the largest FMCG categories such as convenience foods, seasonings, and energy drinks over the past five years. It is also the market leader in modern grocery retailing with the grocery chain WCM.

Over the past three years, management has positioned MSN more clearly as a consumer-led company, with increasing ownership and investments in consumer-related businesses and divestment of the non-core feed business. The company is now targeting to reduce its ownership in another non-core business, MHT, which we regard as a significant potential upside catalyst for MSN's equity value.

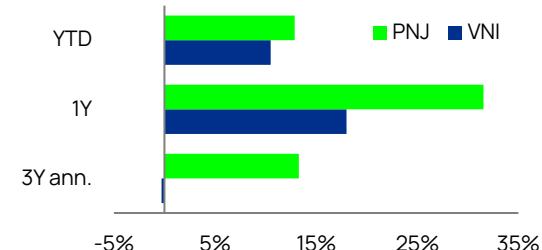
We forecast EBIT CAGR of 28% In 2023-26F driven by 18% EBIT CAGR in consumer-retail (i.e., combined EBIT of MCH, WCM, PL, and MML). Additionally, we expect MHT's EBIT to recover from a loss of VND92bn (USD4mn) in 2023 to a profit of VND918bn (USD37mn) in 2024F and then grow at an EBIT CAGR of 7% in 2024F-26F as its blasting operation restarts this year.

Potential upside catalyst: Strategic deals and/or ownership reduction in MHT to reduce net debt.

Key risks to our positive view: Weaker-than-expected Vietnamese consumption; weaker than-expected MHT's profit; weaker-than-expected operation progress at WCM.

PNJ – Unquestioned leader in Vietnam’s fashion jewelry market

Rating*	BUY		2023	2024F	2025F	2026F	
Share Price (May 13)	VND97,500	Revenue (VND bn)	33,137	38,462	43,830	49,597	YTD
Target Price (TP)*	VND118,500	%YoY	-2.2%	16.1%	14.0%	13.2%	
		NPAT-MI (VND bn)	1,971	2,243	2,639	3,168	1Y
		% YoY	8.9%	13.8%	17.6%	20.1%	
Upside to TP	+21.9%	EPS	4.1%	13.7%	17.4%	19.4%	3Y ann.
Dividend Yield	2.1%	GPM	18.3%	18.4%	19.7%	21.1%	
TSR	+24.0%	EBITDA margin	7.9%	7.7%	7.8%	8.2%	
		OPM	7.6%	7.4%	7.6%	8.0%	
Industry	Jewelry	NPM	5.9%	5.8%	6.0%	6.4%	
Market Cap	USD1.3bn	FCF/Sales	4.1%	4.1%	4.5%	5.7%	
Foreign Room	USD0mn	EV/EBITDA	16.4x	14.5x	12.5x	10.6x	
ADTV30D	USD7.6mn	P/E	17.9x	15.8x	13.4x	11.3x	
State Ownership	0%	P/B	3.3x	2.8x	2.4x	2.1x	
Outstanding Shares	334.7 mn	ROE	21.6%	21.3%	21.7%	22.3%	
Fully Diluted Shares	334.7 mn	* TP and rating last updated May 6, 2024					



Company Overview

PNJ is the leading jewelry producer and retailer in Vietnam with an extensive network of 400 stores as of YE2023.

As Vietnam’s dominant fashion gold jewelry company, PNJ is benefiting from the rapid growth of discretionary spending in Vietnam. We believe PNJ’s resilient middle-affluent customer base – coupled with its superior production and marketing capabilities as well as wide store network – should enable the company to lead the growth of Vietnam’s fashion jewelry industry.

PNJ has outperformed its competitors in terms of store expansion and customer base growth despite retail headwinds. PNJ has managed to secure 48 new gold stores in 2023, outperforming its competitors DOJL and SJC, who each closed six stores in 2023, according to our research. Additionally, PNJ has grown its cumulative customer base by double-digits as of end-2023. These developments should contribute significantly to PNJ’s growth when middle-affluent consumption recovers.

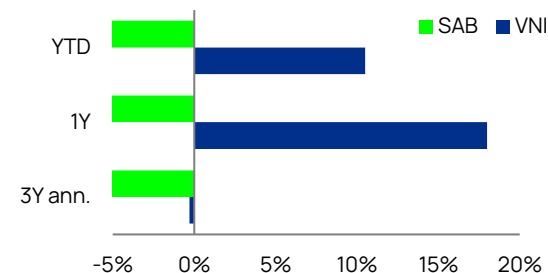
In the medium to long run, we anticipate that Vietnam’s growing middle-income class will increasingly favor buying jewelry from reputable brands as opposed to purchasing it from unbranded mom-and-pop stores, who still accounted for 67% of Vietnam’s jewelry market in 2022 (vs 82% in 2017) according to Euromonitor. **As such, we forecast a retail revenue CAGR of 16% in 2023-28F, which corresponds to our 2023-28F EPS CAGR forecast of 15%.**

Valuations: Our TP puts PNJ’s 2024F/25F P/E at 19.2x/16.3x, respectively, which are justified by PNJ’s strong leading position and its bright growth prospects, in our opinion.

Downside risk/upside potential: Weaker/stronger-than-expected jewelry demand and store expansion; weaker/stronger-than-expected improvement in retail profitability.

SAB – Leading beer company with gradual profitability improvement

Rating*	BUY		2023	2024F	2025F	2026F
Share Price (May 13)	VND56,900	Revenue (VND bn)	30,461	32,757	34,491	37,543
Target Price (TP)*	VND70,000	%YoY	-12.9%	7.5%	5.3%	8.8%
		NPAT-MI (VND bn)	4,118	4,470	4,848	4,534
		% YoY	-21.2%	8.6%	8.5%	-6.5%
Upside to TP	+23.0%	EPS % YoY	-21.2%	8.6%	8.5%	-6.5%
Dividend Yield	6.2%	GPM	29.8%	29.8%	31.2%	28.5%
TSR	+29.2%	OPM	12.5%	13.4%	14.0%	11.6%
		EBITDA margin	15.9%	16.2%	16.6%	14.4%
Industry	Brewery	NPM	13.5%	13.6%	14.1%	12.1%
Market Cap	USD3.0bn	EV/EBITDA	10.3x	9.4x	8.7x	9.2x
Foreign Room	USD1.2bn	P/E	18.1x	16.7x	15.4x	16.4x
ADTV30D	USD2.2mn	P/B	3.0x	3.0x	3.0x	3.0x
State Ownership	36.0%	ROE	17.4%	18.5%	20.0%	18.6%
Outstanding Shares	1,282.6 mn	ROA	12.4%	13.7%	14.5%	13.2%
Fully Diluted Shares	1,282.6 mn	* TP and rating last updated May 10, 2024				



Company Overview

Sabeco is one of the largest brewers in Vietnam. It currently has 26 breweries across Vietnam, boasting a total capacity of more than two billion liters.

SAB is a compelling defensive choice due to its solid financial position and cash flow.

SAB on the back of its household brand and extensive distribution is well-positioned to capture Vietnam's rising beer consumption due to (1) a gradual rebound in beer consumption and (2) long-term favorable demographics with a young population at the drinking age. In terms of profitability, we expect that SAB still has headroom for margin expansion due to (1) operational and commercial optimization, (2) decreased input costs from 2025 after using up over-hedged high-cost materials by end-2024, and (3) more efficient marketing strategies.

Going forward, **we expect that SAB's long-term earnings growth can be driven by the low base in the mass premium market** on the robust growth of the middle and affluent class in Vietnam. We currently forecast SAB's EPS growth at 5% CAGR in 2023-2028F.

Valuations: SAB is currently traded at a projected 2024F P/E of 16.9x vs its 10-year average of peer median P/E of 26.5x. Our TP puts SAB's 2024F/25F P/E at 20.5x/18.9x.

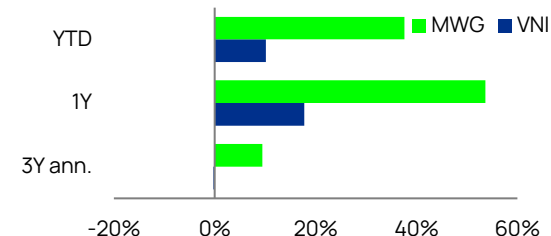
SAB will maintain a cash dividend ratio of 35% on par (VND3,500/share) in 2024-2028F implying a dividend yield of 6% at the current closing price.

Risks to our positive view: Weaker-than-expected beer consumption; higher A&P spending due to stiff competition; higher input material costs; higher excise tax rates.

MWG – Prominent modern retailer with nationwide coverage

Rating*	BUY		2023	2024F	2025F	2026F	
Share Price (May 13)	VND58,300	Revenue (VND bn)	118,280	125,016	132,900	144,875	YTD
Target Price (TP)*	VND54,800	%YoY	-11.3%	5.7%	6.3%	9.0%	1Y
		NPAT-MI (VND bn)	168	2,263	3,887	5,724	3Y ann.
		% YoY	-95.9%	1250.0%	71.7%	47.2%	
Upside to TP	-7.0%	EPS	% YoY	-95.9%	1250.0%	71.7%	
Dividend Yield	0.0%	GPM		19.0%	20.0%	20.5%	
TSR	-7.0%	EBITDA margin		3.2%	4.3%	5.4%	
		OPM		0.3%	2.1%	3.3%	
Industry	Retailing	NPM		0.1%	1.8%	2.9%	
Market Cap	USD3.4bn	FCF/Sales		3.4%	3.1%	3.5%	
Foreign Room	USD27.6mn	EV/EBITDA		16.3x	11.4x	8.5x	
ADTV30D	USD28.0mn	P/E		515.8x	38.2x	22.2x	
State Ownership	0%	P/B		3.7x	3.4x	2.9x	
Outstanding Shares	1,463 mn	ROE		0.7%	9.2%	14.1%	
Fully Diluted Shares	1,463 mn					17.8%	

* TP and rating last updated February 23, 2024



Company Overview

MWG owns the leading mobile phone and consumer electronics chains in Vietnam with 2022 market shares of 60% and 50%, respectively. To sustain strong long-term growth, MWG is rolling out the Bach Hoa Xanh minimart chain.

We believe MWG's dominant physical footprint has put it in a prime position to not only grow its existing businesses but also potentially enter new retail verticals. Specifically, we believe MWG remains well-positioned to seize the growing demand for modern grocery retail from increasingly discerning consumers.

We believe BHX now has one of the most extensive fresh food assortments among modern grocery retailers, which is a sustainable competitive advantage to attract customers. We estimate that BHX's fresh food sales constitutes 38% of its total sales and surpasses most competitors in Vietnam's modern grocery retail sector. BHX's protein offerings, including meat and seafood, dominate fresh food sales, with several new strategic suppliers in 2023. The chain procures substantial volumes of fruit and vegetables from local agricultural partners, enabling frequent diversification of fresh products. Moreover, BHX has managed to convert its footfall into FMCG sales. With considerable potential for expansion in southern Vietnam, where BHX is now a top-of-mind brand in modern grocery, we anticipate BHX to reach approximately 3,500 stores over the next eight years.

We maintain our conservative projections for TGDD & DMX's margins in 2024-28F. We expect MWG's ICT sales to grow 1%/4%. We forecast the chains' combined GPM/OPM to recover from 16.9%/2.3% in 2023 to 17.4%/3.8% in 2024F and 18.3%/5.9% in 2028F, respectively. However, our projection still implies that ICT's profitability will remain below pre-COVID levels (i.e., 2018-2019) in the next five years.

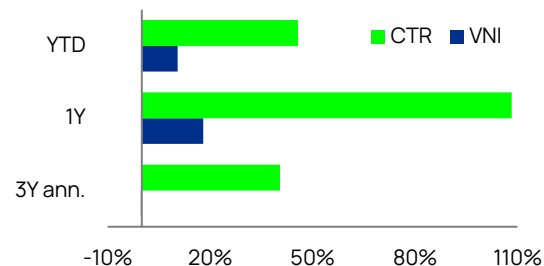
Potential upside/downside risk: Stronger/weaker-than-expected improvement in BHX or/and ICT profitability.

Other Stocks

CTR – Emerging towerco riding on Vietnam’s booming data consumption

Rating*	MARKET PERFORM		2023	2024F	2025F	2026F	
Share Price (May 13)	VND126,100	Revenue (VND bn)	11,299	13,015	15,084	16,582	YTD
Target Price (TP)*	VND138,000	% YoY	19.4%	15.2%	15.9%	9.9%	
		NPAT-MI (VND bn)	517	605	743	909	1Y
		% YoY	13.5%	17.1%	22.9%	22.3%	
Upside to TP	+9.4%	EPS	1.6%	17.1%	22.9%	22.3%	3Y ann.
Dividend Yield	2.2%	GPM	7.8%	7.3%	8.4%	9.2%	
TSR	+11.6%	OPM	5.6%	6.0%	6.7%	7.5%	
		EBITDA margin	7.9%	8.8%	10.4%	12.0%	
Industry	Telecom infra.	NPM	4.6%	4.6%	4.9%	5.5%	
Market Cap	USD589mn	EV/EBITDA	16.0x	12.5x	9.1x	7.2x	
Foreign Room	USD225mn	P/E	37.2x	31.8x	25.9x	21.2x	
ADTV30D	USD2.6mn	P/B	7.2x	6.2x	5.6x	4.8x	
State Ownership	65.7%	ROE	28.5%	28.0%	30.3%	32.4%	
Outstanding Shares	114.4 mn	ROA	8.0%	7.6%	7.5%	7.9%	
Fully Diluted Shares	114.4 mn						

* TP and rating last updated May 7, 2024



Company Overview

Viettel Construction is a subsidiary of Viettel Group – the No. 1 telco in Vietnam. CTR is the largest independent telecom infrastructure leasing firm (towerco) in Vietnam.

CTR is Vietnam’s No.1 towerco, top contractor and operator of telecom infrastructure, boasting cost competitiveness while leveraging the business of its parent company Viettel – Vietnam’s no. 1 telco. We believe CTR will capitalize on Vietnam’s rising mobile data consumption – especially via its fast-growing infrastructure leasing (towerco) business.

The towerco business – via which CTR builds telecom towers and leases them to mobile network operators (MNOs) – boasts high-margin recurring revenue (est. EBITDA margin of 60%+) and rapid growth potential due to trends of infrastructure outsourcing and sharing among MNOs.

We project a 31% EBITDA CAGR for 2023-2026F led by a 58% CAGR in the infrastructure leasing segment – as we project CTR will expand its own tower count from a low base of 6,436 as of YE2023 to 19,936 by YE2026F.

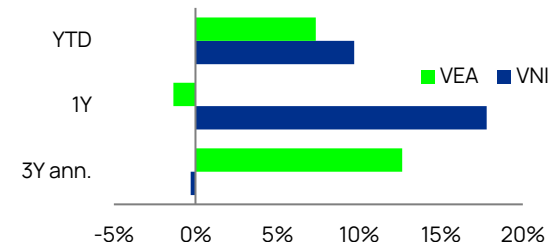
Valuations: Our TP implies 2024-25F EV/EBITDA of 14.2x/10.3x, which we believe is justified due to CTR’s robust EBITDA growth outlook led by towerco business.

Upside potential: Higher number of new towers; stronger-than-expected signed backlog of the construction segment.

Downside risks: Lower number of new towers; unwillingness to share towers among telcos.

VEA – Exposure to long-term growth of Vietnam’s auto and motorbike markets

Rating*	BUY		2023	2024F	2025F	2026F	
Share Price (May 13)	VND37,800	Revenue (VND bn)	3,843	4,111	4,399	4,751	YTD
Target Price (TP)*	VND40,500	%YoY	-19.1%	7.0%	7.0%	8.0%	1Y
		Associate (VND bn)	5,639	6,349	6,933	7,555	3Y ann.
		% YoY	-19.3%	12.6%	9.2%	9.0%	
Upside to TP	+7.1%	EPS	-18.2%	8.3%	7.2%	8.3%	
Dividend Yield	15.3%	GPM	11.8%	11.8%	11.8%	11.8%	
TSR	+22.4%	OPM	-6.1%	-6.1%	-6.1%	-6.1%	
		PBT margin	170.2%	168.4%	168.0%	168.2%	
Industry	Automobiles	NPM	162.2%	163.9%	164.3%	164.7%	
Market Cap	USD2.0bn	P/pre-fin. CF	7.1x	6.6x	6.5x	6.9x	
Foreign Room	USD901.8mn	EV/EBITDA	5.4x	5.0x	4.7x	4.2x	
ADTV30D	USD0.5mn	P/E	7.8x	7.2x	6.8x	6.2x	
State Ownership	88.5%	P/B	1.9x	1.9x	1.9x	1.8x	
Outstanding Shares	1,329 mn	ROE	24.7%	26.9%	28.7%	29.7%	
Fully Diluted Shares	1,329 mn	* TP and rating last updated February 23, 2024					



Company Overview

VEAM Corp produces agricultural machinery. However, most of its profits are derived from its associate stakes in leading motorbike and car producers in Vietnam, including Honda Vietnam, Toyota Vietnam and Ford Vietnam.

VEA provides large exposure to Vietnam’s fast-growing automobile (4W) and extensive motorbike (2W) markets. VEA holds 20%-30% stakes in Honda, Toyota, and Ford Vietnam, which together combined for a 40% market share in the passenger car (PC) market and 83% in the 2W market in YE2023, per our estimate.

We expect both PC and 2W industry sales will experience bright long-term growth outlooks and achieve respective CAGRs of 17% and 6% in 2023-2028F as we believe in a recovery in consumer confidence and spending in 2024-2025 and a bullish long-term outlook for growth in automobiles in Vietnam.

We note that in Q4 2023, VEA booked a provision of VND595bn for the non-performing loans to subsidiaries and an increased obsolete truck inventories provision by VND128bn at the parent level, which were deemed qualified audit opinions previously. As a result, there remains one qualified opinion (due to delayed revaluation of investments in non-performing subsidiaries) and three emphases of matters (delayed equitization settlements payments, ongoing agriculture machinery capex, and unrecognized investments in associates).

Our TP puts VEA’s 2024F/2025F P/E at 8.0x/7.5x – lower than the five-year average peer TTM P/E of 8.6x. VEA’s FY2023 dividend yield (to be paid in 2024) looks compelling at 16%.

Risks to our positive view: Intensifying competition in 4W market; weaker-than-expected consumer confidence.

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