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Consumer & Retailing Analyst
Dao Phuc Phuong Dung
dungdpp@kbsec.com.vn

FPT Retail (FRT)

2020E earnings guidance down sharply

2020E pretax earnings guidance down 21% as growth slows in the ICT market

— According to the proposal for the annual general shareholders' meeting, FPT Retail expects revenue to slow by 8% YoY to VND15,320 billion in the upcoming year and profit before tax to fall by 21% YoY to VND220 billion. FRT has completed 27% of its revenue goal and 21% of the profit plan after 1Q results. Management plans to focus on improving revenue per store by providing new products via the *shop-in-shop* model and utilizing new technologies to boost labor productivity to optimize store operating costs.

Targets 30% market share for OTC drugs over the next three to four years

— FRT plans to expand the *Long Chau* pharmaceutical chain to 220 stores in 2020 from 106 locations now to achieve nationwide coverage. Currently, the company is focusing efforts on building out its logistics platform to increase the number of pharmacies and developing the expertise of managers to improve operational efficiency. FRT targets 30% market share for OTC drugs over the next three to four years and plans to grow the pharmaceutical segment into a VND5,000 billion business or 40% of total revenue. In 1Q, the *Long Chau* pharmaceutical chain accounted for 6% of total revenue at VND 238 billion.

VND1,000 cash dividend for 2019 earnings and no more than VND1,500 for 2020

— FRT plans to declare a VND1,000 cash dividend per share for 2019 earnings to be paid in 3Q at the annual general shareholders' meeting scheduled for May 28. Management also plans cash dividends for 2020 earnings at no more than VND1,500 per share.

KB SECURITIES VIETNAM RESEARCH

Head of Research – Nguyen Xuan Binh

binhnx@kbsec.com.vn

Macro/Strategy

Head of Macro & Strategy – Tran Duc Anh

anhtd@kbsec.com.vn

Macro Analyst – Thai Thi Viet Trinh

trinhhtt@kbsec.com.vn

Market Strategist – Le Anh Tung

tungla@kbsec.com.vn

Equity (Hanoi)

Head of Equity Research (Hanoi) – Duong Duc Hieu

hieudd@kbsec.com.vn

Information Technology & Logistics Analyst – Nguyen Anh Tung

tungna@kbsec.com.vn

Property Analyst – Pham Hoang Bao Nga

ngaphb@kbsec.com.vn

Power & Construction Material Analyst – Le Thanh Cong

congltt@kbsec.com.vn

Financials Analyst – Nguyen Thi Thu Huyen

huyenntt@kbsec.com.vn

Equity (Ho Chi Minh)

Head of Equity Research (Ho Chi Minh) – Harrison Kim

harrison.kim@kbfq.com

Consumer & Retailing Analyst – Dao Phuc Phuong Dung

dungdpp@kbsec.com.vn

Fisheries & Pharmaceuticals Analyst – Nguyen Thanh Danh

danhnt@kbsec.com.vn

Oil & Gas & Chemicals Analyst – Nguyen Vinh

vinhn@kbsec.com.vn

Research Marketing

Korea Marketing Analyst – Seon Yeong Shin

shin.sy@kbsec.com.vn

KB SECURITIES VIETNAM (KBSV)

Head Office:

Levels G, 2 & 7, Sky City Tower, 88 Lang Ha Street, Dong Da District, Hanoi, Vietnam
Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

Hanoi Branch:

Level 1, VP Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam
Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

Ho Chi Minh Branch:

Level 2, TNR Tower Nguyen Cong Tru, 180-192 Nguyen Cong Tru Street, District 1, HCMC, Vietnam
Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, HCMC, Vietnam
Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

CONTACT INFORMATION

Institutional Client Center: (+84) 28 7303 5333 – Ext: 2656
Private Customer Care Center: (+84) 24 7303 5333 – Ext: 2276
Email: ccc@kbsec.com.vn
Website: www.kbsec.com.vn

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Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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