RONG VIET SECURITIES

RETAIL

MAINTAINING GROWTH MOMENTUM

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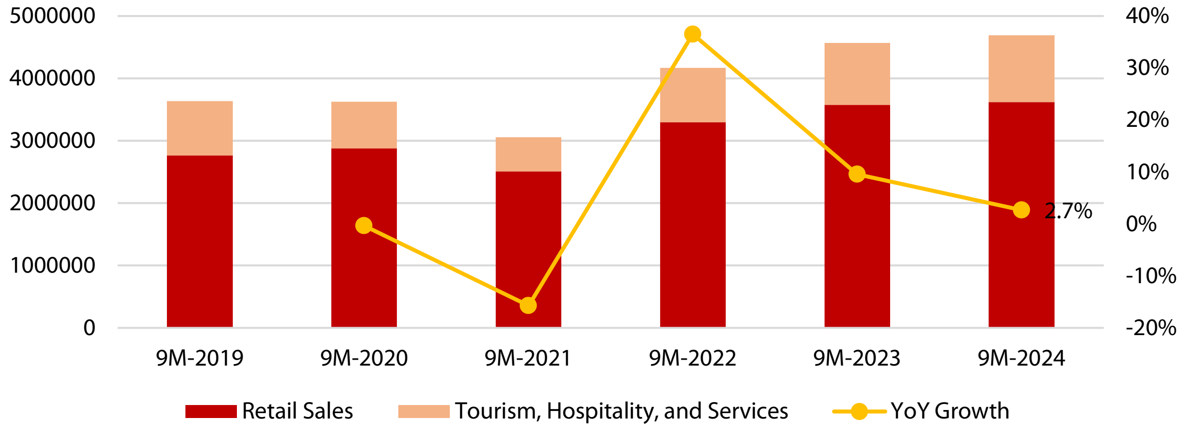
RETAIL SECTOR – MAINTAINING GROWTH MOMENTUM

Negative | Neutral | Positive

Overview	*In 2024, the overall purchasing power of the retail sector experienced sluggish growth due to indirect difficulties stemming from the frozen real estate sector and the slow recovery of investment, production, and exports. Most Vietnamese consumers could only afford to spend on basic necessities (groceries, pharmaceuticals), while discretionary spending on items such as cars and electronics was significantly reduced, resulting in uneven growth across sub-sectors.* *We anticipate that the macroeconomic factors mentioned above will be more positive in 2025 than they were in 2024, resulting in a gradual improvement in the overall retail sector outlook quarterly. Furthermore, we emphasize the importance of new industry trends such as the shift in consumer habits from traditional to modern channels (MT channels, e-commerce), focusing on value-for-money products, which will continue to drive differentiated growth among businesses in 2025: positive trends (MWG with Bach Hoa Xanh, FRT with Long Chau, HAX with MG cars), negative trends (MWG with The Gioi Di Dong, Dien May Xanh, FRT with FPT Shop, HAX with Mercedes-Benz).* *Within the context of 2025 outlined above, retail businesses also show diversification in their business strategies, but generally, they all aim to secure absolute profits, regardless of whether their business model is in a saturated or growth phase. However, the strong growth of the stocks in our research list in 2024 has fully reflected the companies' medium-term prospects, specifically:* ***DGW (MONITOR, TP: N.R.), MWG (NEUTRAL, TP: 63,700 VND/share), FRT (MONITOR, TP: N.R.), PNJ (NEUTRAL, TP: 96,300 VND/share), HAX (NEUTRAL, TP: 16,100 VND/share).***
Highlights	Most key sectors in retail have reached saturation/stable growth (electronics, groceries, pharmaceuticals); **however, changes in market share (the trend of shifting consumption from traditional to modern channels) create growth opportunities for retail chains.** **For distributors, the trend is to diversify the brands they distribute, both in existing and new segments.** However, the success (significant contribution to profit growth) of these companies depends heavily on the market development capabilities/existing influence of these new distributors. **Retail chains/distributors choose to prioritize different factors among three elements (high profit, rapid growth, low risk)** in their development strategies, depending on market specifics, their existing market position, and management capabilities.
Risks	Retailers/distributors have built new competitive advantages through both internal strengths and support from brands in core legacy segments (facing growth challenges), helping to restore market share more strongly than expected. Unusual costs related to store openings/closures may affect projected profits, impacting stock prices in the short term.

2024 RETAIL RECOVERY SLOWER THAN EXPECTED

Stagnant growth in Vietnam's retail sales of goods (VND bn)

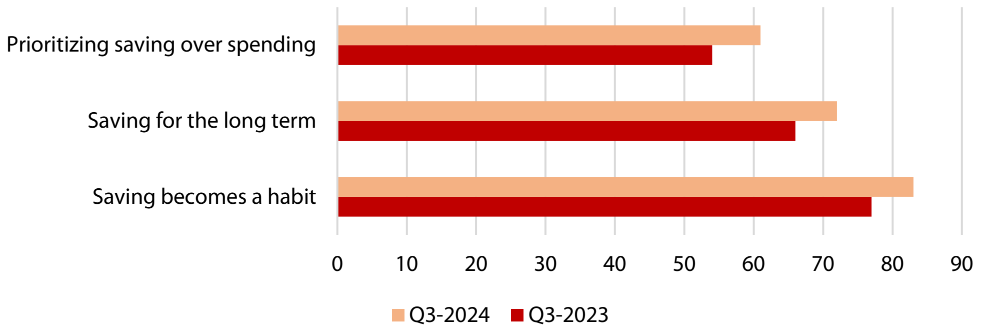


Source: Cimigo, GSO VN, RongViet Securities

Vietnamese are increasing savings amid negatively impacted income from the macroeconomic situation over the past two years

- **Household savings rate** increased from approximately 8.5% in 2019 to 10% in 2024.
- **Retail bank deposits of consumers** increased by approximately 4.7% as of Q3-2024

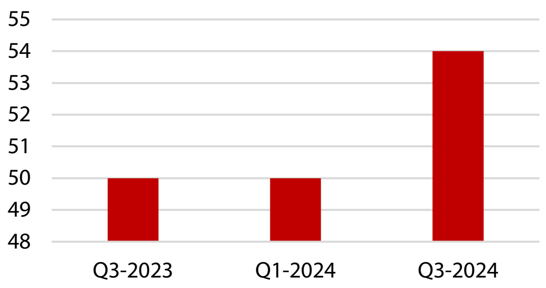
Survey on Vietnamese People's Saving Trends (% of respondents who agree)



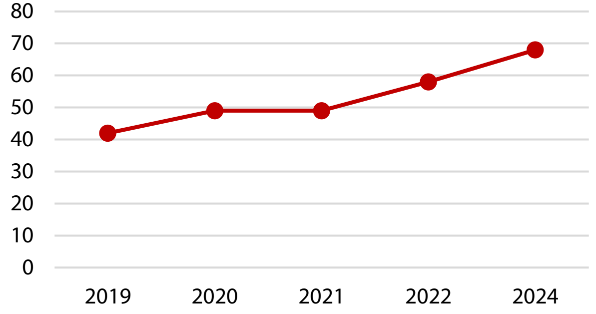
Source: Cimigo, GSO VN, RongViet Securities

Vietnamese are more price-sensitive, reducing non-essential spending, implying low income and consumer confidence in 2024

Consumer survey: Spending more on daily necessities than luxury goods (% agree)



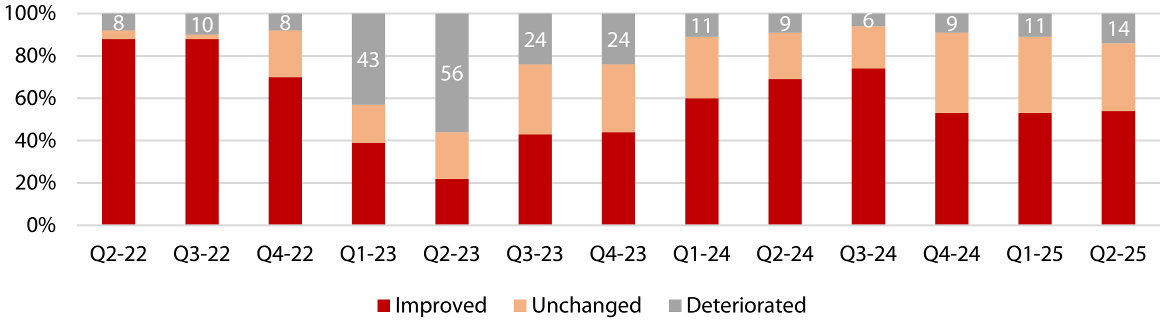
Survey on consumer perception of rising prices of daily necessities (% agree)



Source: AC Nielsen, RongViet Securities

The number of CEOs predicting a worsening situation is increasing, while those expecting improvement is decreasing, negatively impacting the number of jobs recruited, incomes, and bonuses.

Business Condition Expectations in the Next 12 Months (%)

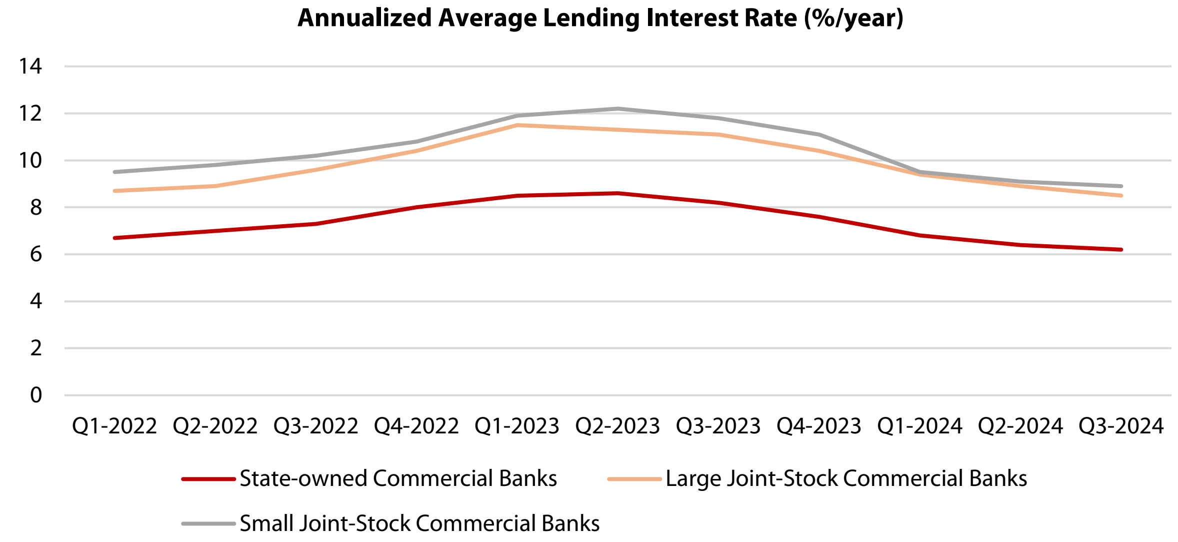


Source: Cimigo, RongViet Securities

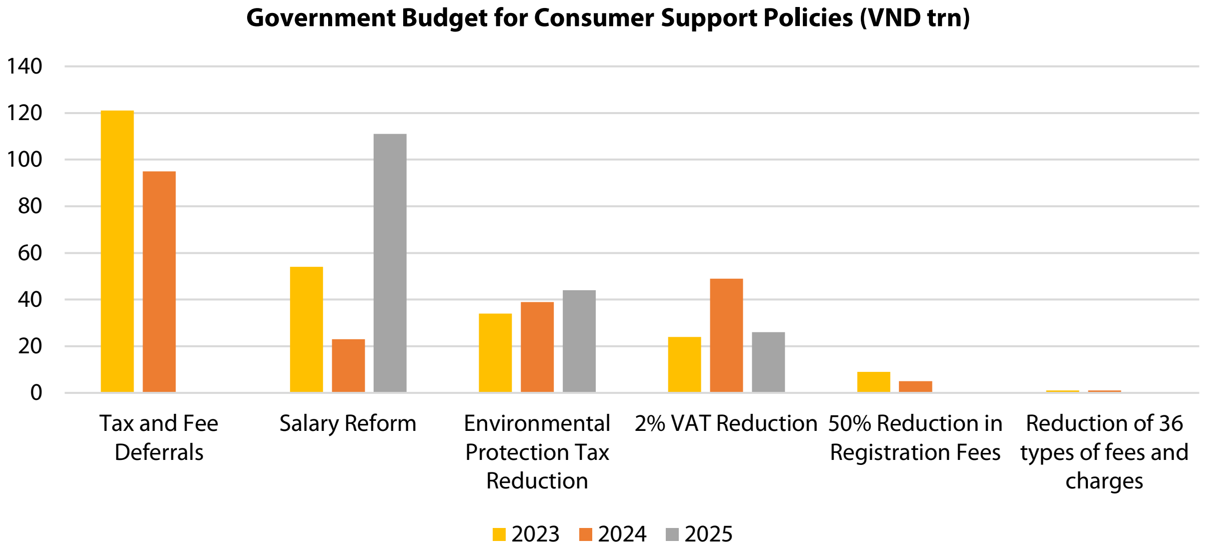
In 2025, we expect macroeconomic factors to be brighter than in 2024, supporting a gradual brightening of the overall retail sector outlook QoQ

- **Public investment is projected to be implemented more vigorously in 2025 (projected 8% YoY increase) thanks to administrative and institutional reforms.** In addition, FDI investment could level up due to the wave of production relocation from China and more export orders for 2025, thereby supporting industrial production growth and creating more jobs and income.
- **The real estate market is gradually warming up, especially in the second half of 2025.** Note that a significant amount of household assets have been tied up in the real estate market in recent years, so a successful resolution of this market will help to improve household cash flow more quickly, supporting both consumer sentiment and disposable income.
- **The impact of fiscal and monetary policies will be stronger** as consumer sentiment improves (low lending interest rates, increased basic salaries for state employees, maintaining 8% VAT).

Average Lending Interest Rates and Other Consumer Support Policies



Source: MoF, RongViet Securities. Sampled from 12 banks (4 state-owned commercial banks, 4 joint-stock commercial banks, and 4 foreign banks).

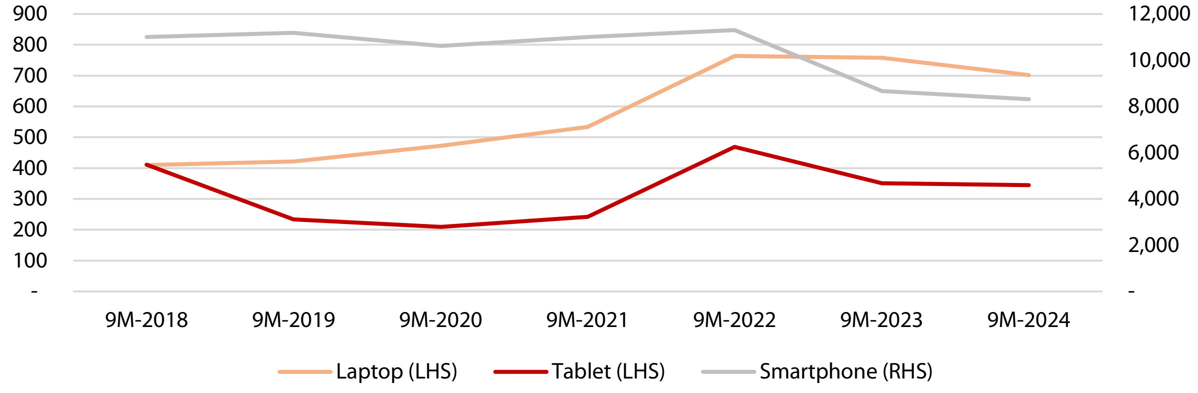


Source: MoF, RongViet Securities

THE ELECTRONICS SECTOR REACHES A MATURATION POINT

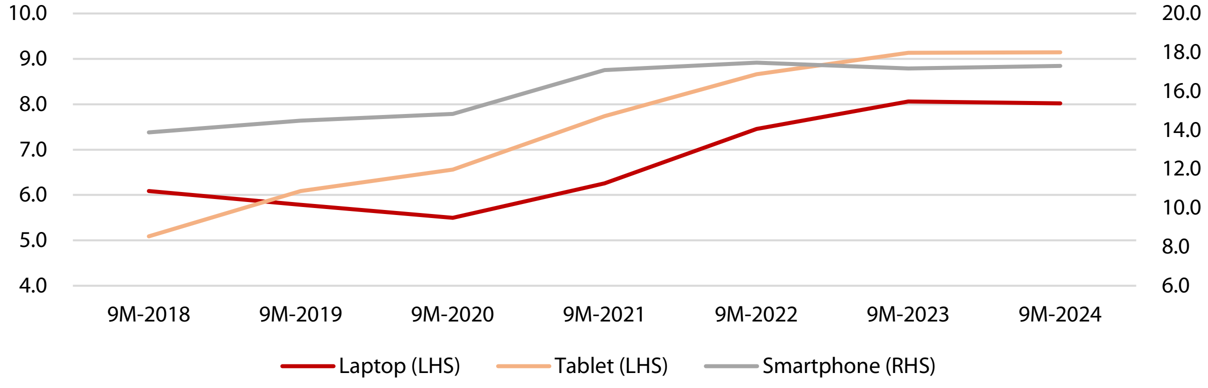
The ICT market remains sluggish in the mid-term due to high penetration rates in core segments and a lack of new technological breakthroughs.

Consumption has stagnated for several years, implying a saturated state of the IT market in Vietnam (thousand units)



Source: GFK, RongViet Securities

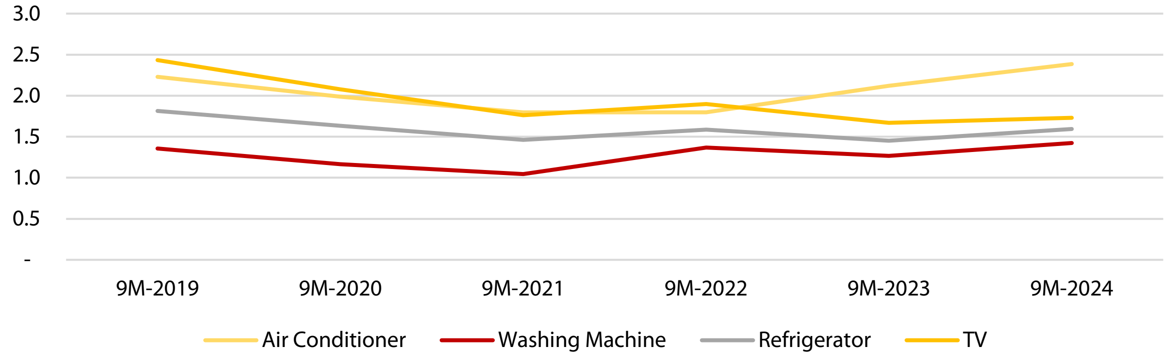
Product premiumization (selling price) is the main factor driving growth in the Vietnamese ICT market (VND mn/unit)



Source: GFK, RongViet Securities. Apple is also a major contributor to the trend of product premiumization.

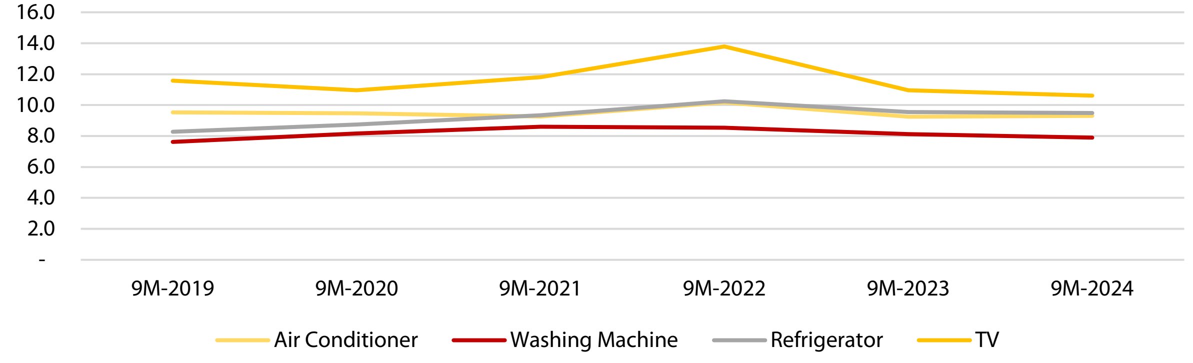
The stagnant growth of high-value items like home appliances implies that incomes have not improved, penetration rates in households are high.

Sales volume is flat except for air conditioners, which benefit from the short-term El Niño effect (mn units)



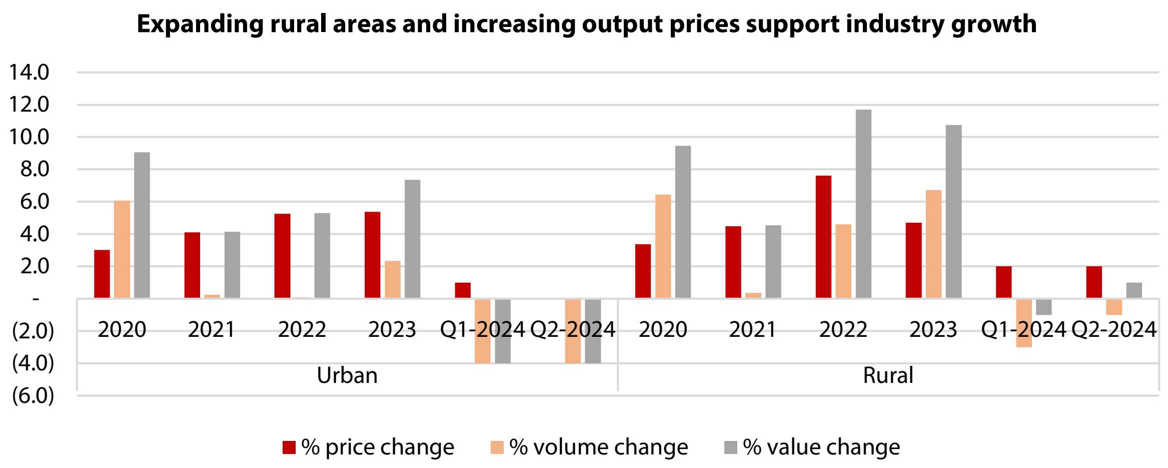
Source: GFK, RongViet Securities

Industry growth is not supported by selling prices due to stagnant incomes, price-sensitive consumers, and non-essential high-value products (mn VND/unit)

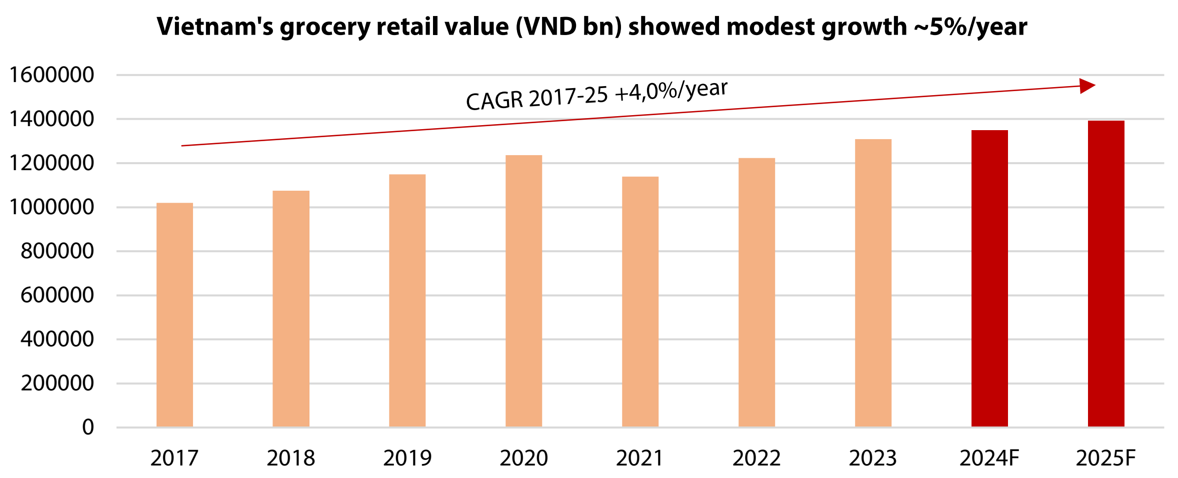


Source: GFK, RongViet Securities

Grocery industry in Vietnam has entered a saturation phase with single-digit growth primarily driven by price…

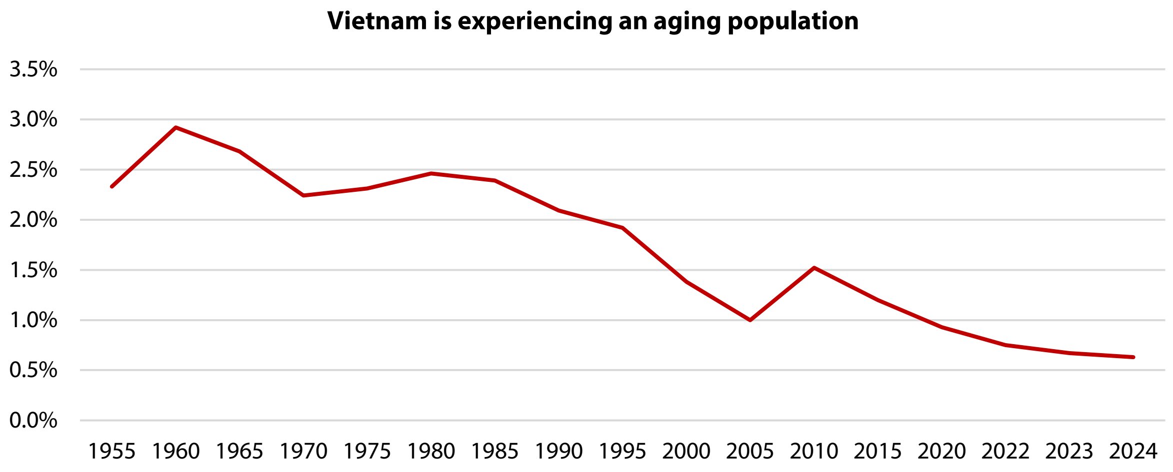


Source: Kantar Worldpanel, RongViet Securities

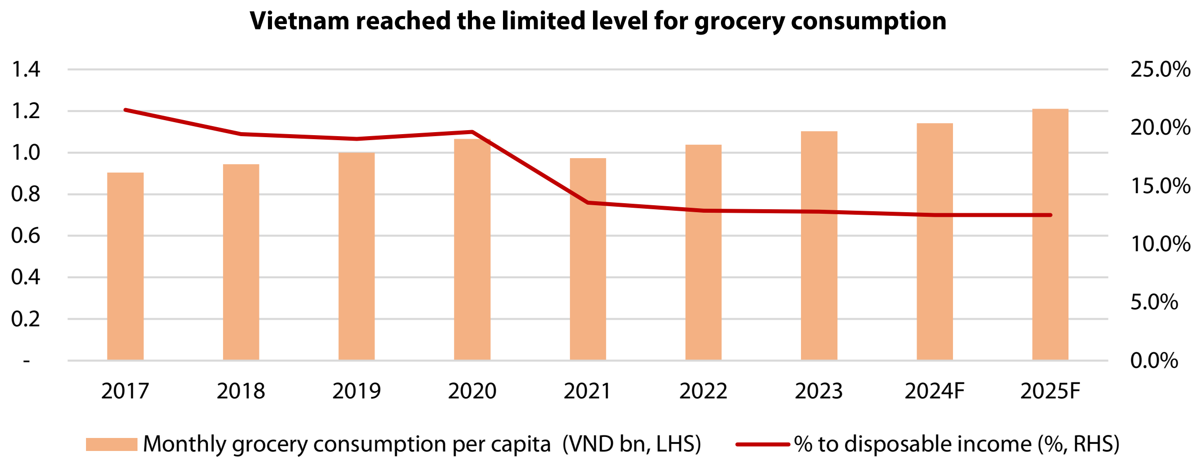


Source: Euromonitor, RongViet Securities

…while the room for going up sales volume is gradually dwindling due to slower population growth and grocery consumption reaching its limit



Source: Worldometers, RongViet Securities

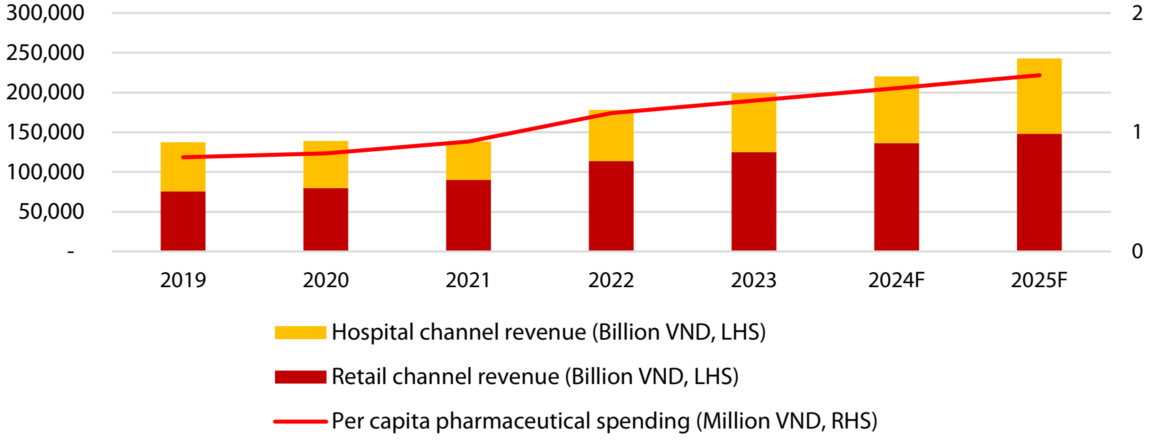


Source: Euromonitor, RongViet Securities

STEADY GROWTH IN THE PHARMACEUTICAL RETAIL SECTOR

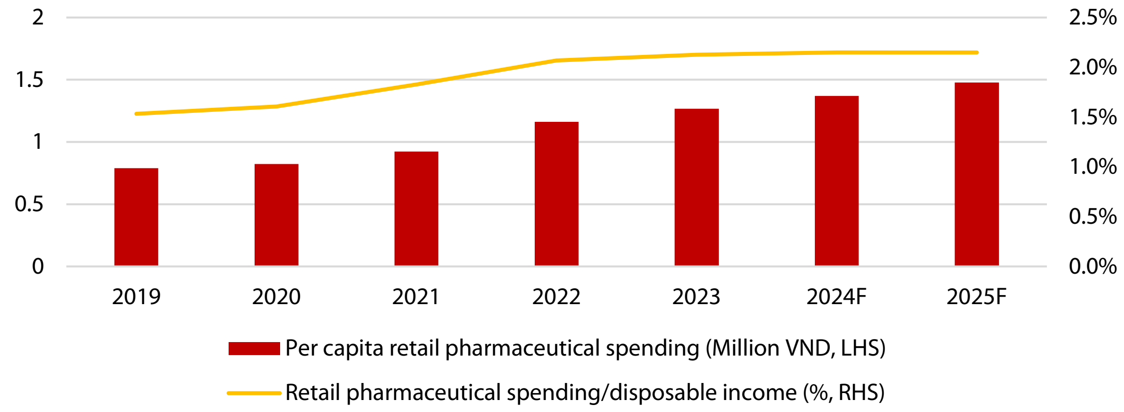
The pharmaceutical market is expected to continue growing well...

Pharmaceutical market revenue is expected to grow at an average rate of 9.7%/year during 2024-2028



Source: IQVIA, RongViet Securities

The pharmaceutical retail market is expected to grow at an average rate of 8.3%/year during 2024-2028

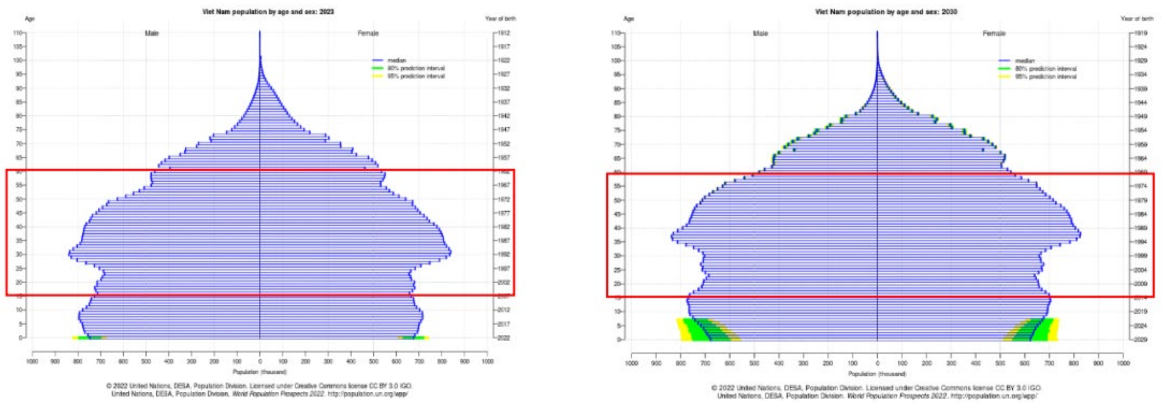


Source: IQVIA, RongViet Securities

...thanks to an aging population, rising income, and increased health awareness post-Covid

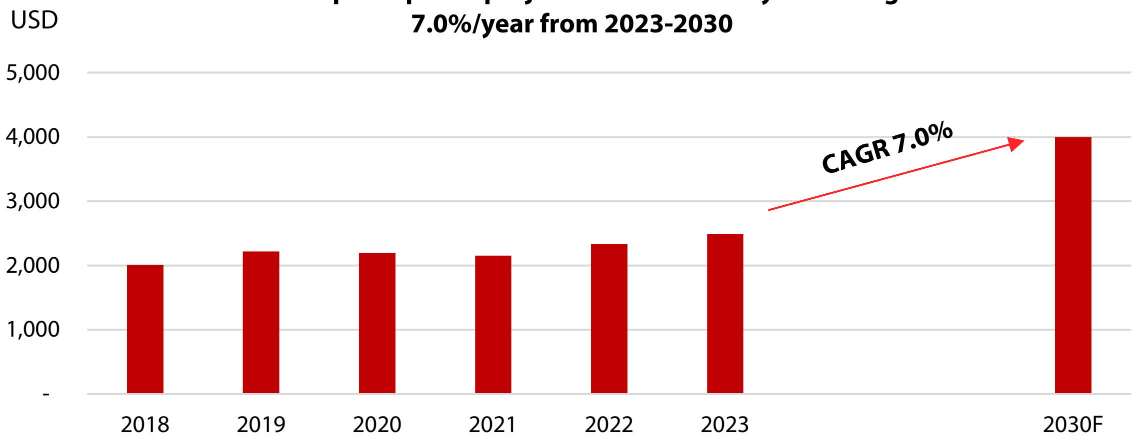
Population structure is gradually shifting, with the majority age range moving from 25-40 years old (2023) to 35-55 years old (2030)

Vietnam Population Pyramid 2023 | Vietnam Population Pyramid 2030



Source: United Nations, RongViet Securities

Annual income per capita is projected to increase by an average rate of 7.0%/year from 2023-2030

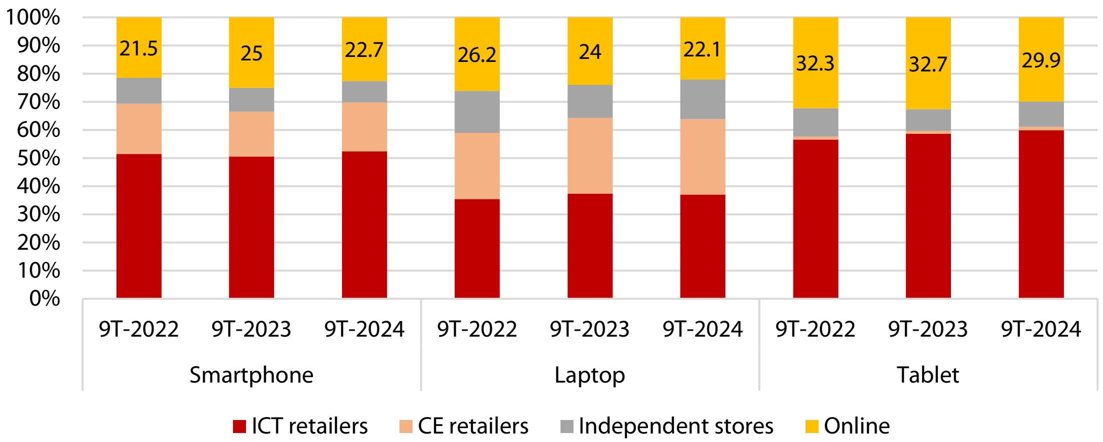


Source: GSO, World Economic Forum, RongViet Securities

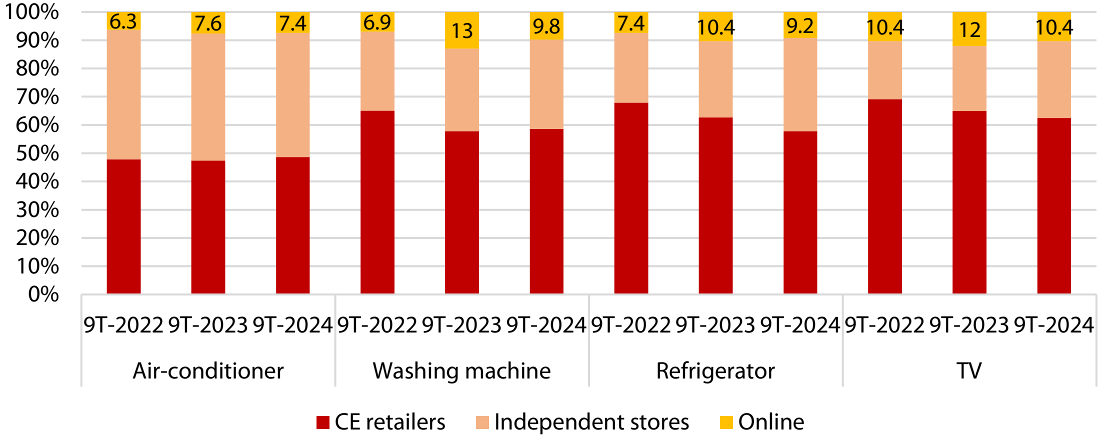
MODERNIZATION TRENDS IN ELECTRONICS CONSUMPTION

The trend of online consumption conversion slowed down in 2024 due to proactive price reductions by retail chains...

Market share of ICT by channel (%)



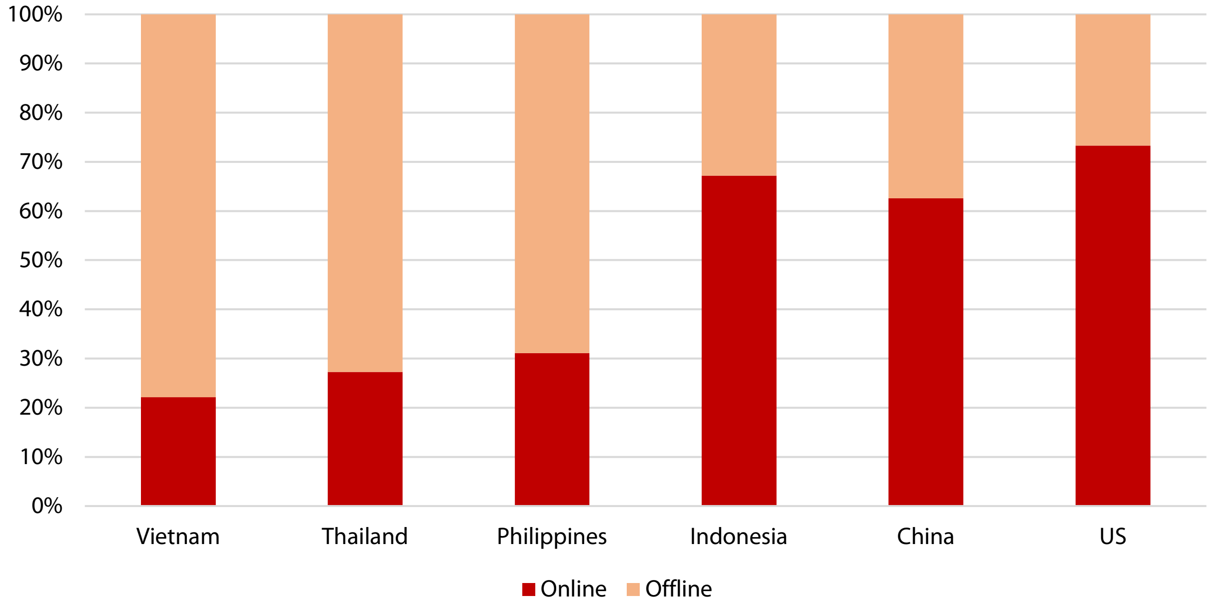
Market share of CE by channel (%)



Source: GFK, RongViet Securities

...However, compared to neighboring countries, this trend will continue in the medium term, forcing physical retailers like MWG to gradually lower profit margins

Share of electronics consumption by channel (%)

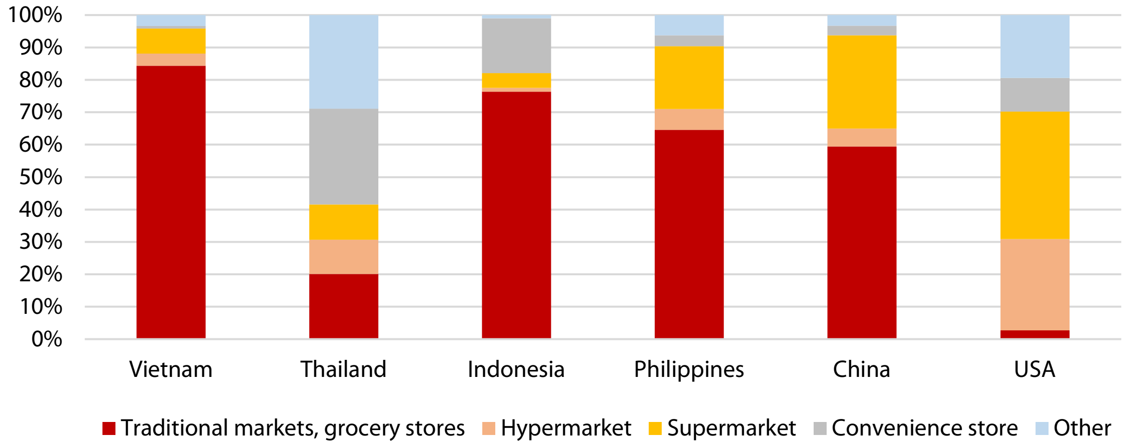


Source: Euromonitor, RongViet Securities

MODERNIZATION TRENDS IN GROCERY CONSUMPTION

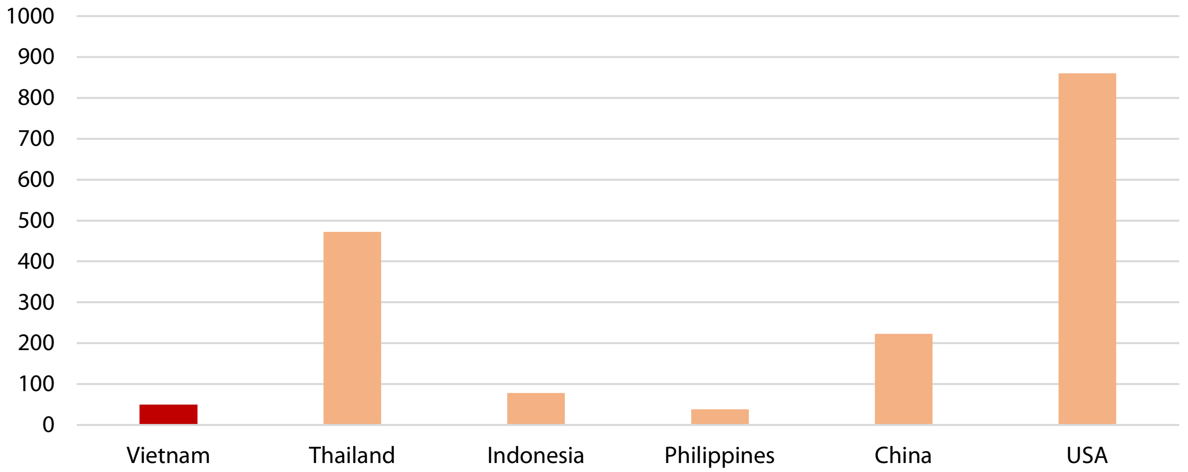
Traditional markets and mini-marts are dominant in the grocery sector due to Vietnam's infrastructure characteristics...

Vietnam is a country with a high market share of traditional markets (%)



Source: Euromonitor, RongViet Securities

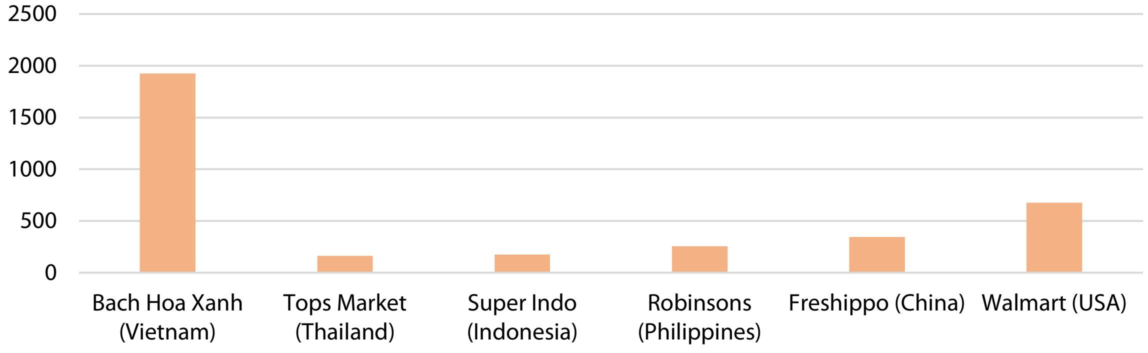
Car ownership rate per 1,000 people in Asian countries (vehicles)



Source: OICA, RongViet Securities

...Therefore, the retail model with many small stores interspersed among the population is suitable for Vietnam's motorcycle culture

Number of stores of major grocery retailers (stores)



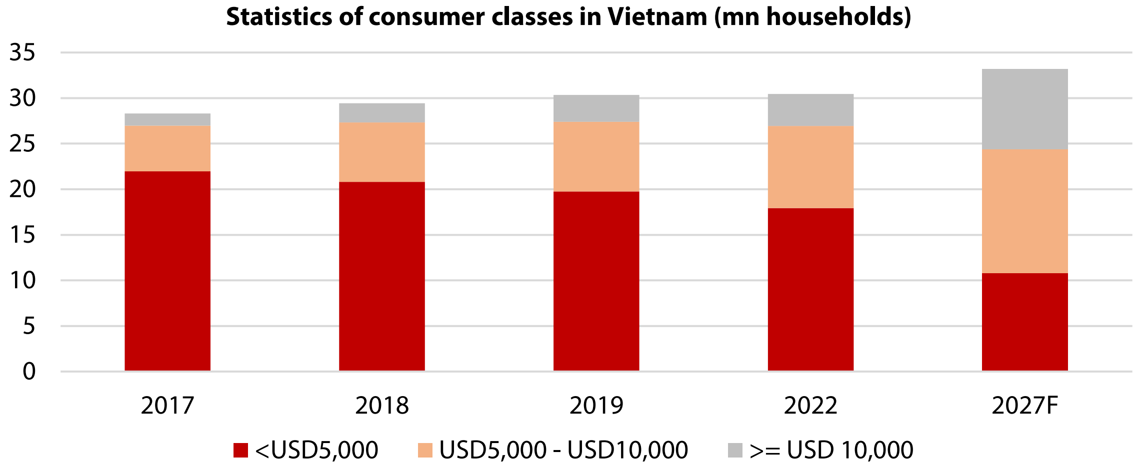
Source: RongViet Securities

	Average store area (m2)	
	Minimum	Maximum
Bach Hoa Xanh (Vietnam)	150	300
Tops Market (Thailand)	1200	1860
Super Indo (Indonesia)	1000	1300
Robinsons (Philippines)	300	800
Freshippo (China)	500	3000
Walmart (USA)	85000	260000

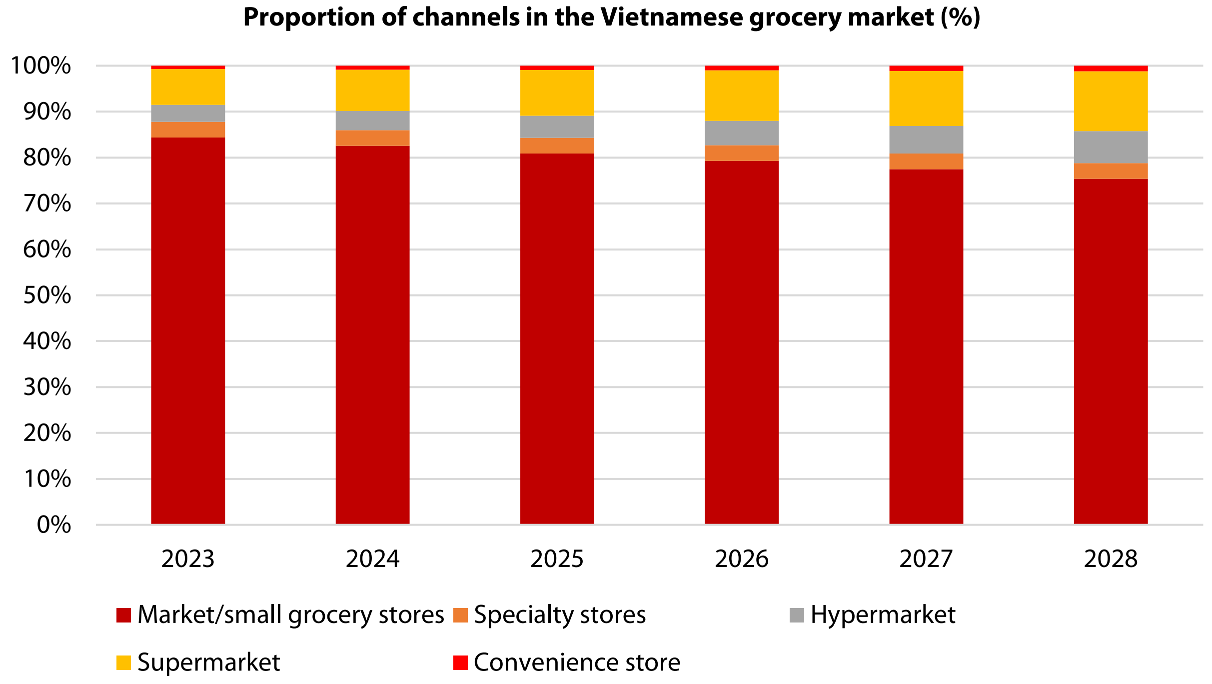
Source: RongViet Securities

MODERNIZATION TRENDS IN GROCERY CONSUMPTION

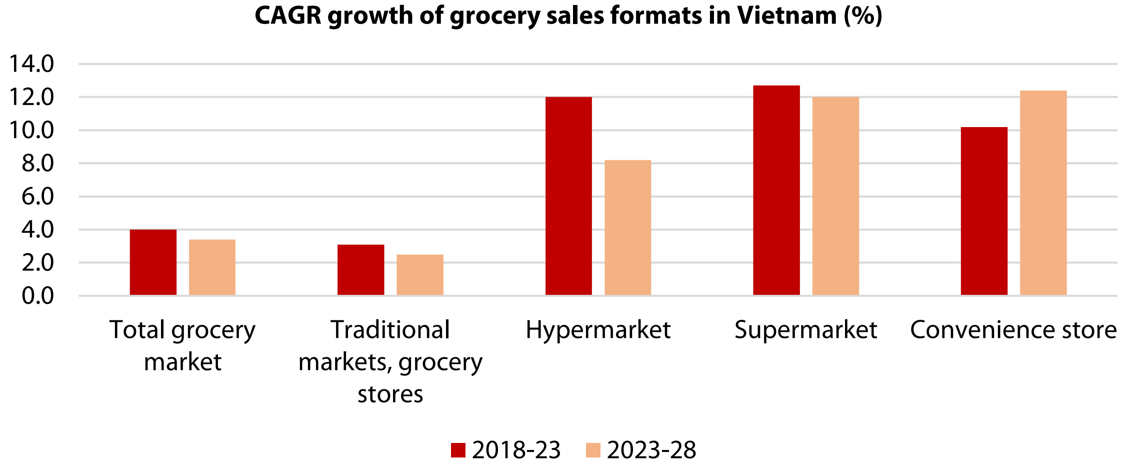
... Mini-marts have the potential to quickly gain market share from traditional markets, as they cater to the rapidly growing class of young people (Gen Y, Z) and office workers with higher incomes, gradually replacing the previous generation (Gen X)



Source: FitchSolutions, RongViet Securities



Source: Euromonitor, RongViet Securities



Source: Euromonitor, RongViet Securities

Comparison of mini-mart and traditional market models

Comparison of Two Models	Mini-Marts	Traditional Markets, Local Grocers
Convenience	Supermarkets offer a one-stop shopping experience with a wide range of products, allowing customers to quickly and easily obtain everything they need in just one trip.	Customers may need to visit multiple stalls to meet all their daily needs, which can be more time-consuming.
Quality of Dry Goods and Groceries	Supermarkets have established supply chains that ensure a reliable and consistent inventory of goods.	The quality of goods at local markets is often inconsistent and less reliable compared to supermarkets due to their fragmented nature.
Freshness of Meat, Fish, and Vegetables	Supermarket goods may need to be transported over longer distances and stored for extended periods before reaching the shelves. However, with optimized transportation processes, the time it takes for products to hit the shelves is not significantly different from traditional models. As a result, the actual quality has become comparable in recent years.	
Personal Relationship with Sellers	It's challenging to develop close relationships with store owners; however, customers can still receive attractive benefits through "membership" programs organized by the chain.	Customers can develop close relationships with stall owners at markets, leading to personalized service and customized discounts.
Shopping Environment	Comfortable and cool shopping environment with air conditioning and effective odor management. The store layout and standardized, attractive shelving design minimize the time customers spend walking, enhancing the convenience already mentioned.	Crowded shopping environment with strong food odors. The walkways are often wet, and customers primarily have to navigate on foot.
Price	Due to higher operational costs (store rent, staff wages, utilities, air conditioning, etc.), prices in supermarkets are generally higher than those in traditional markets. However, large-scale chains with economies of scale may offer more competitive pricing. An advantage over traditional markets is the transparent price listing.	Due to low operating costs (mainly stall rental and sourcing from wholesalers), traditional markets offer competitive prices. However, the lack of price listing often leads to time-consuming haggling and a lack of transparency.
CONCLUSION: The most significant differences between the two models lie in (1) pricing, (2) shopping experience, and (3) time efficiency. Traditional markets and local grocers excel in the first aspect but lack the latter two, while supermarkets fall short in pricing but offer a superior shopping experience and time savings. Consequently, the target customers for these two models differ substantially.		
Target Customers	Suitable for the younger generation and office workers (Gen Y, Z) with good incomes who prioritize time savings and a high-quality shopping experience, primarily in urban areas.	Ideal for middle-aged and older generations with long-standing market shopping habits (Gen X), lower incomes, and a preference for lower prices and close relationships with stall owners, primarily in rural areas.

Source: RongViet Securities

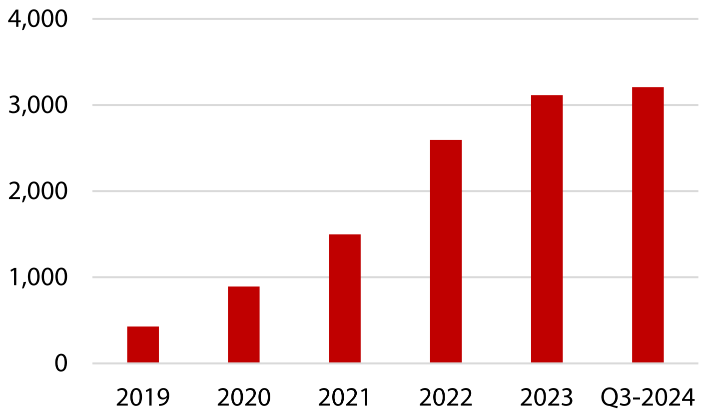
MODERNIZATION TRENDS IN PHARMACEUTICAL CONSUMPTION

Vietnamese consumers are gradually changing their consumption habits, shifting from small, independent pharmacies to pharmaceutical retail chains.

Modern retail chains possess significant competitive advantages over smaller, independent stores.

Therefore, we forecast that these modern retail chains will account for an increasingly larger share of the pharmaceutical retail market.

The market share of the top 4 modern pharmacy chains in the total number of pharmacies nationwide increased from 3.4% in 2021 to 5.6% in Q3/2024



Source: RongViet Securities compilation | Top 4 modern pharmacy chains include: Long Chau, An Khang, Pharmacity, and Trung Son

Comparison Table: Modern Retail Chains and Traditional Pharmacy Model

Factor	Modern retail chain	Hospital pharmacy stores	Mom-and-pop stores
Fixed price	Cheaper fixed price than the general market by its strategy and its scale of economics	Frequently adhere to pricing policies mandated by local authorities, potentially leading to lower prices compared to those in mom-and-pop pharmacies.	Have the autonomy to establish their pricing policies, often prioritizing profit maximization. Consequently, prices at these pharmacies may exceed those at hospital pharmacies.
Origin and quality	All medicines are sourced transparently and ensures reliable quality.		Not assured for end-users.
Monthly sales/store	~ VND 0.5-1 bn	~ VND 0.2-0.4 bn	
Health insurance	Given the presentation of a verified invoice, prescription drug expenses can be reimbursed through private health insurance.	Prescription drug costs can be reimbursed under both social and private health insurance plans	Due to the absence of an electronic invoice system, prescription drug expenses cannot be reimbursed under private health insurance.
Medicine SKUs	~2,000-4,000 medicine SKUs in both ETC & OTC. Medicine product mix varies among retailers (mostly 40-70% of drug SKUs). Besides, they offers more types of products: functional foods, personal care, vaccine.	Focus on ETC products with 80% of total SKUs.	1,000 – 2,000 medicine SKUs only in OTC market (almost contained the basic types of medicine of 70-80%)
Inventories	Inventories per store is higher than traditional model due to the strategy: always refill enough medicine 24/24.		
Online platform	Allow end-users to place orders, and on-site delivery service is always available. All of these services are either free or have a small fee.	Not available	Not available
Consulting service quality	The amount of training time to launch a new official retail staff is 6-10 months with a full range of knowledge as one expertise pharmacist. All staffs graduated from pharmacy university/college.	Expert doctors and medical staff are available to provide detailed and professional guidance on the use of medical products..	Most pharmacy store's licensed representatives are only named as a guise, almost selling/consulting activities are taken responsibility by retail staffs with little expertise. Staff training is hands-on.
Waiting time	Maintain 4-6 pharmacists/store during its opening hours (7am-10pm), combined to applying technology to search types of medicine or payment system, it likely save a waiting time for consumers.	It frequently have 1-2 counter pharmacists with intermittent operating hours during a day. They also tend to use a cash payment or search the required medicines manually.	

Source: RongViet Securities

MODEL DIVERSIFICATION TRENDS OF THE DISTRIBUTOR

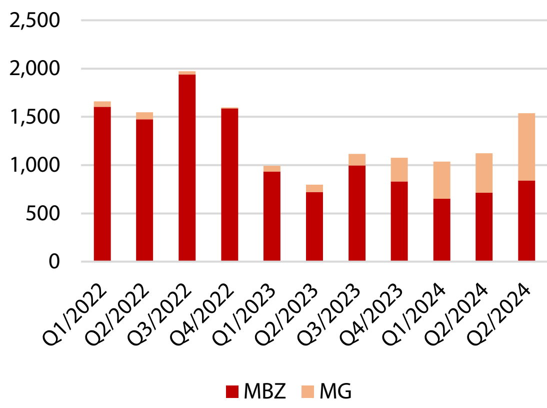
Distributors are adding other well-known brands to reduce dependence on a single brand/industry...

Ticker	Segment	Brand	Year Distribution Began
HAX	Long-standing Mainstay	Mercedes-Benz	
	New Segment	MG	2020-2023 (under Tan Chong) Q3/2023 – present (under SAIC Motor)
DGW	Long-standing Mainstay (IT-TT)	Apple, Xiaomi, IT and Mobile Technology brands: Dell, Lenovo, Acer, Asus…	
	New Segment	Home appliances (Whirlpool, Joyoung, Westinghouse, Xiaomi, Philips)	2022-24
		FMCGs (beverages: ABInBev, Lotte Chilsung)	2023-24
		Healthcare (Regenflex, Vstent medical devices)	2021
		Adding vertical value chain of ICT (gaming laptops: GIGA BYTE, MSI)	2024

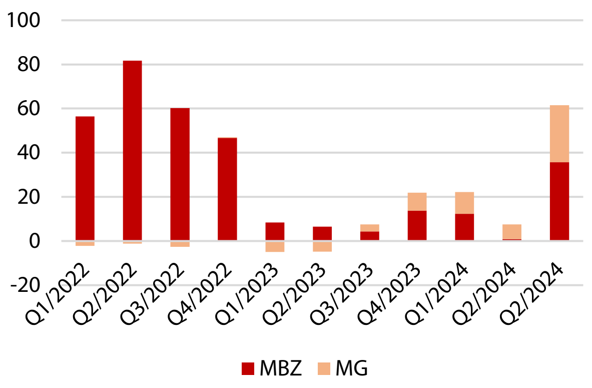
Source: RongViet Securities

...however, the success of them depends heavily on their market development capabilities/pre-existing influence of these new brands

HAX's Net Revenue (VND bn)

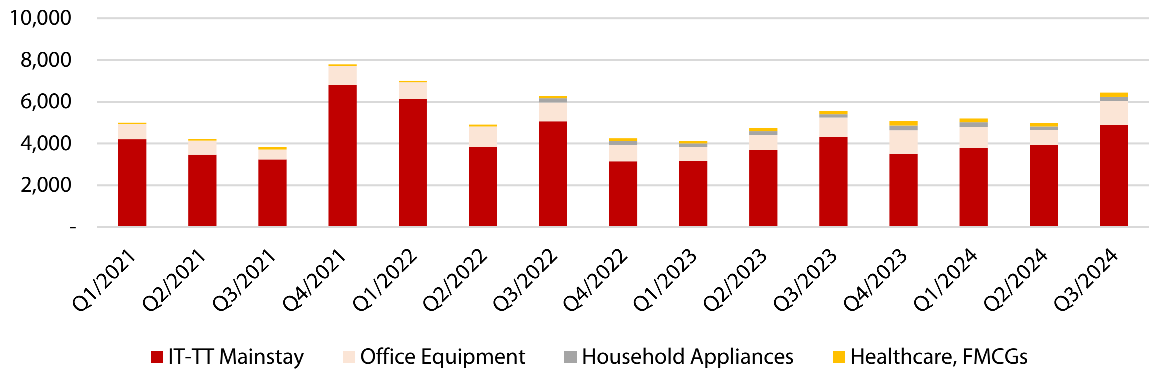


HAX's NPAT-MI (VND bn)



HAX achieved great success with MG brand as the brand made efforts to expand its position in Vietnam from Q3-2023.

DGW's Net Revenue (VND bn)



New brands have not yet established a strong presence in Vietnam due to a lack of investment in advertising and promotions in Vietnam and low brand recognition beforehand, **resulting in DGW's business performance not yet breaking through from these segments.**

Source: HAX, DGW, RongViet Securities

DIFFERENTIATION IN CHAIN DEVELOPMENT STRATEGY

Retail chains choose to focus on different elements among the three factors in their development strategy, depending on market specifics, their existing market position, and management capabilities

Ticker	Retail Chain	2021-24 Period			2025			Interpretation
		High Profit	Fast Growth	Low Risk	High Profit	Fast Growth	Low Risk	
MWG	The Gioi Di Dong and Dien May Xanh							These two chains stopped opening new stores, sacrificing growth potential for easier risk management of the system (cost structure) as the industry faces downturn with stagnant size and increased competition. Besides, we expect them to lower prices/increase promotions (sacrificing high profit) in the context where competitive advantages - outstanding customer service is gradually being copied by other retailers.
	Bach Hoa Xanh							The chain stopped opening new stores for a long time (2021-24) to focus on stabilizing its cost structure after previous significant losses (2015-21). After finding a profitable store formula, the chain returns to its growth target by opening new stores from 2025 onwards, while maintaining profitability but still keeping low prices for better competitiveness.
FRT	FPT Shop							FRT proactively reduced the number of employees/stores to optimize costs, thereby improving profit margins. However, due to the saturation of the IT/electronics industry, we expect FPT Shop will not achieve high margins.
	Long Chau							Long Chau focuses on increasing profit and revenue/market share, neglecting the risk of selling prescription drugs without prescriptions.
PNJ	PNJ							PNJ continuously expands its store network, and when facing the risk of raw gold shortages, we believe PNJ chooses to use raw gold with clear origins; and due to the increased cost of raw gold under tightened supply conditions, the company's profit margin will be negatively affected.
MSN	Winmart+							The chain has chosen both growth targets (implying new store openings) and efforts to manage cost structure risks in the past and is expected to continue in 2025.
DGW								This distributor once had all three factors: high profit margins (maintaining high prices during the Covid-19 pandemic due to surging demand and exclusive distribution of Xiaomi and Apple), strong growth (IT market factor during the Covid-19 pandemic), risk management (gradual application of technology to optimize warehouse costs and business management during the Covid-19 pandemic). However, in 2025 these advantages will disappear, and this business will have to strive to manage risks by optimizing operating costs as much as possible.

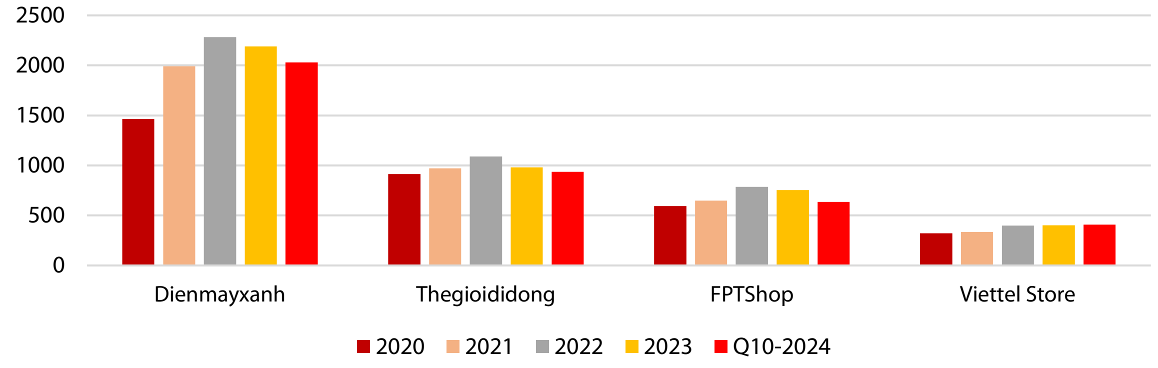
(1) High Profit (Profitability): The desire to achieve high profits from business operations. **(2) Fast Growth:** Expectation of rapid market share and revenue expansion.
(3) Low Risk: Stability and safety in business operations, avoiding significant losses or fluctuations.

Source: RongViet Securities | Yellow highlight: Business strategy chosen by the chain.

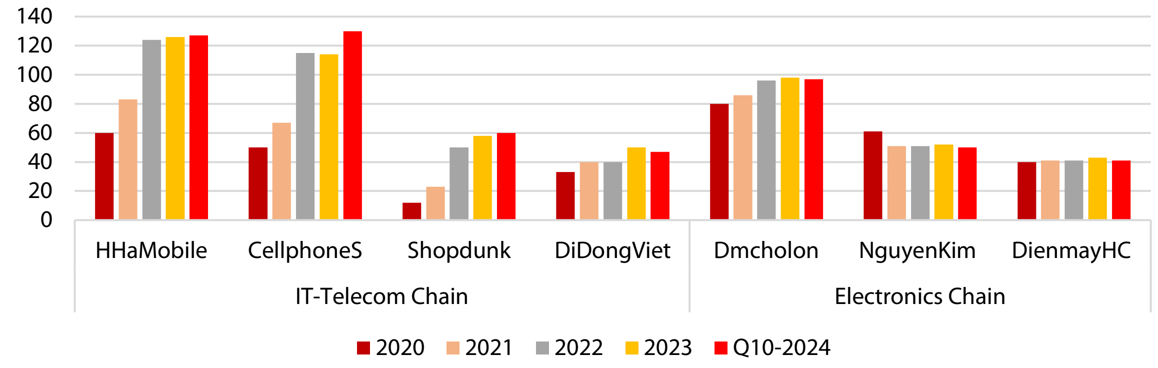
DIVERSIFICATION IN CHAIN DEVELOPMENT STRATEGY

Retailers are restructuring, or the industry tends to squeeze profit margins in the face of bleak prospects and high competition, prioritizing safety goals and ensuring profitability in the model (implying low risk), all of which result in store closures/no new openings

Number of stores of major electronics chains (stores)



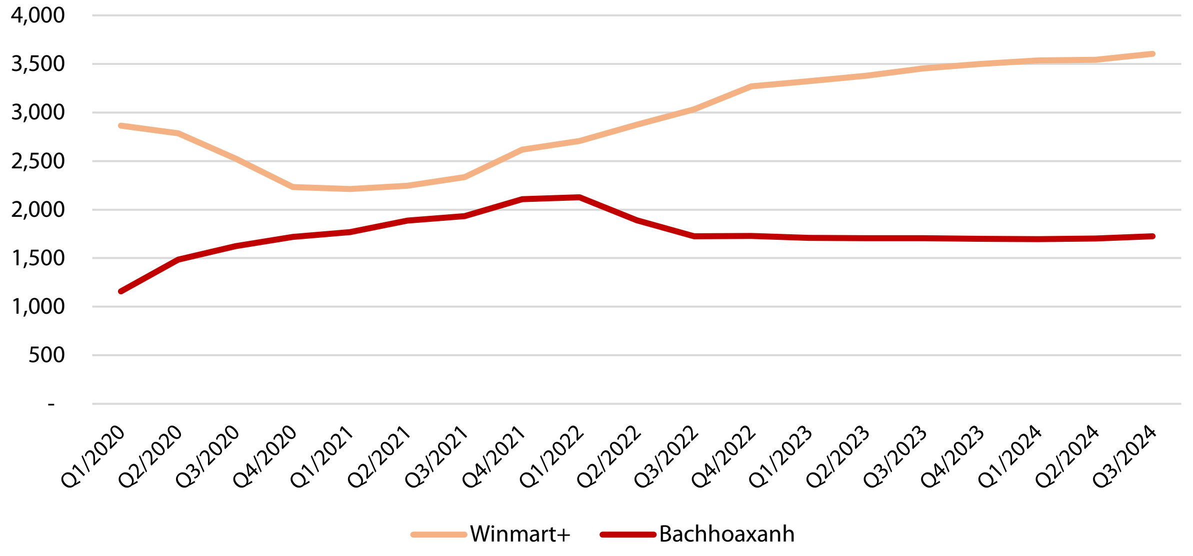
Number of stores of small electronics chains (stores)



Electronics retailers are racing to reduce selling prices and narrow profit margins to enhance competitiveness against the penetration of e-commerce and the influx of many new retailers. Coupled with the saturated situation in electronics consumption in Vietnam, **major electronics chains such as Dien May Xanh, The Gioi Di Dong, and FPT Shop have all closed a large number of stores over the past two years and are expected to maintain the current number of stores in the medium term.**

Source: RongViet Securities

Number of stores of grocery chains (stores)



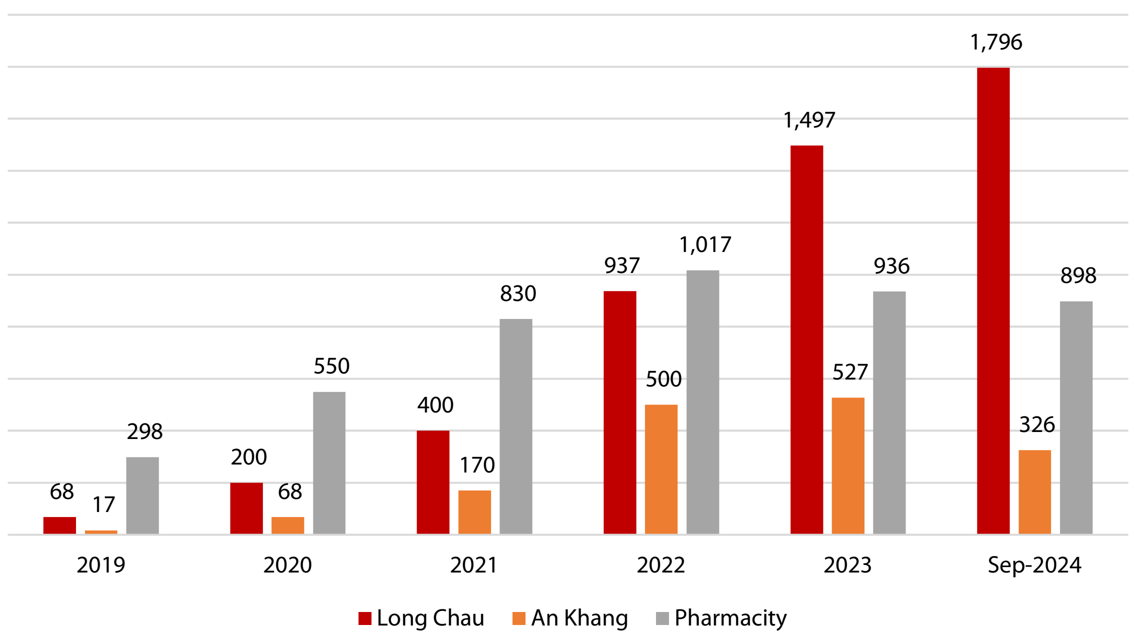
Source: RongViet Securities

Both Bach Hoa Xanh and Winmart have been cautious in opening stores over the past two years. However, gradually finding a profit-making formula (break-even in Q3/2024) and an increasingly high position in the grocery retail market, these two chains are expected to accelerate expansion from 2025.

DIVERSIFICATION IN CHAIN DEVELOPMENT STRATEGY

…conversely, chains that have found a formula for increasing profits over many years while in a growth cycle due to internal factors (high competitive advantage) or high/stable industry growth, will continue to maintain store openings (implying rapid growth factors).

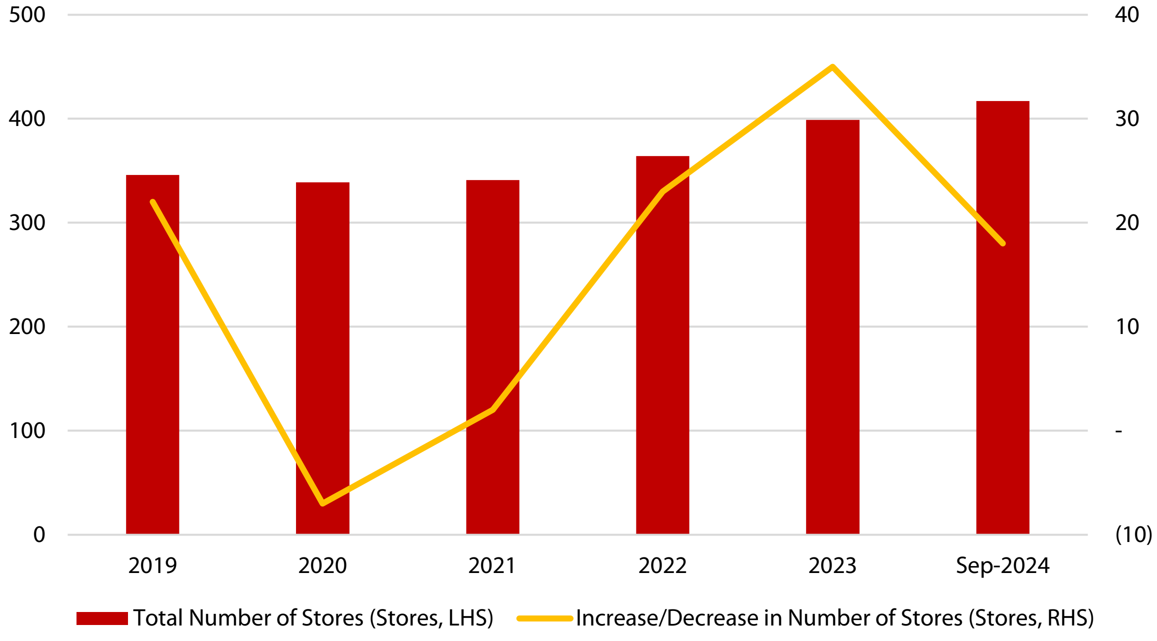
Number of Pharmacies of Top 3 Modern Pharmacy Chains



Source: RongViet Securities

Among the top 3 pharmaceutical retail chains, only Long Chau has been profitable. **Having reached the break-even point, Long Chau is rapidly expanding its number of stores. Meanwhile, the other two chains (still losing money) are Pharmacity and An Khang, which are restructuring and closing some stores.** In 2025, FRT is expected to open ~200 Long Chau stores.

Number of PNJ Stores



Source: RongViet Securities

PNJ maintains its store opening pace in 2024 due to consistent profitability over the past 10 years and a well-established business model. Amidst stricter gold sourcing regulations, PNJ's expansion also aims to gain market share and prepare for growth during more favorable market conditions in the future.

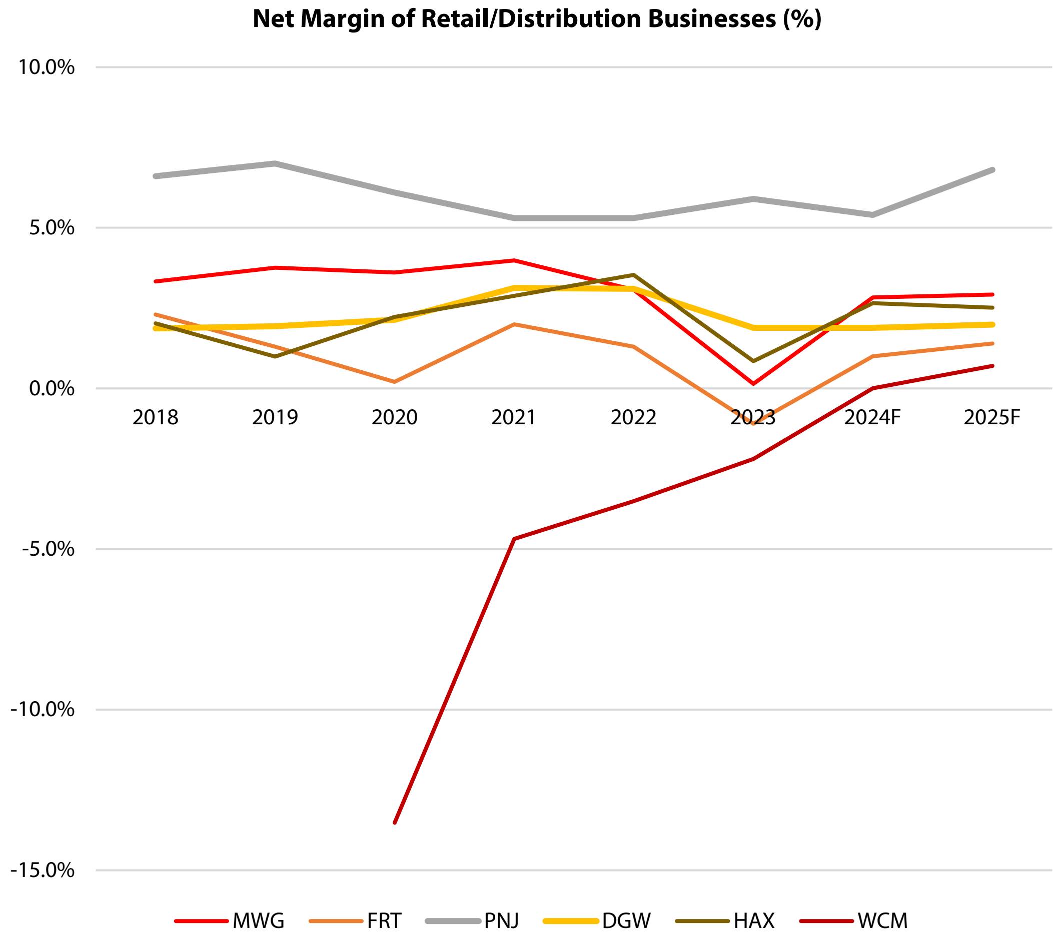
DIVERSIFICATION IN CHAIN DEVELOPMENT STRATEGY

Besides the number of stores, retail chains/distributors seek safety and ensure profitability in their models (implying low-risk factors), also implementing many cost optimization solutions...

Model	Ticker	Retail Chain	Cost optimization strategy	Current net Margin	Industry average net margin
Retail	MWG	The Gioi Di Dong and Dien May Xanh	• Reduce the number of employees/store • New stores focus on smaller rental areas than before.	3.0-5.0%	1.0-3.0%
		Bach Hoa Xanh	• Inch up inventory management efficiency (reduce the rate/cost of product disposal per store) • Reduce transportation costs (currently below 4% of total revenue, for example, reducing warehouse space, optimizing delivery routes to reduce vehicle travel time, increasing higher fill rates on vehicles	0.2-0.5%	2.0-3.0%
	FRT	FPT Shop	• Reduce the number of employees/store		
	PNJ	PNJ	• Upgrade production processes to save production costs		
	MSN	Winmart+	• Application of data and AI/ML technology in reducing warehousing and transportation costs.	0.2-0.5%	2.0-3.0%
Distribution	DGW		• Upgrade inventory management efficiency (time limit/automation of warehouse operations).	2.0%	2.3-2.4%

Source: MWG, FRT, PNJ, DGW, HAX, MSN, RongViet Securities

...combined with favorable macroeconomic factors (low borrowing interest rates), improving revenue, helping to support the recovery of net margins in 2024



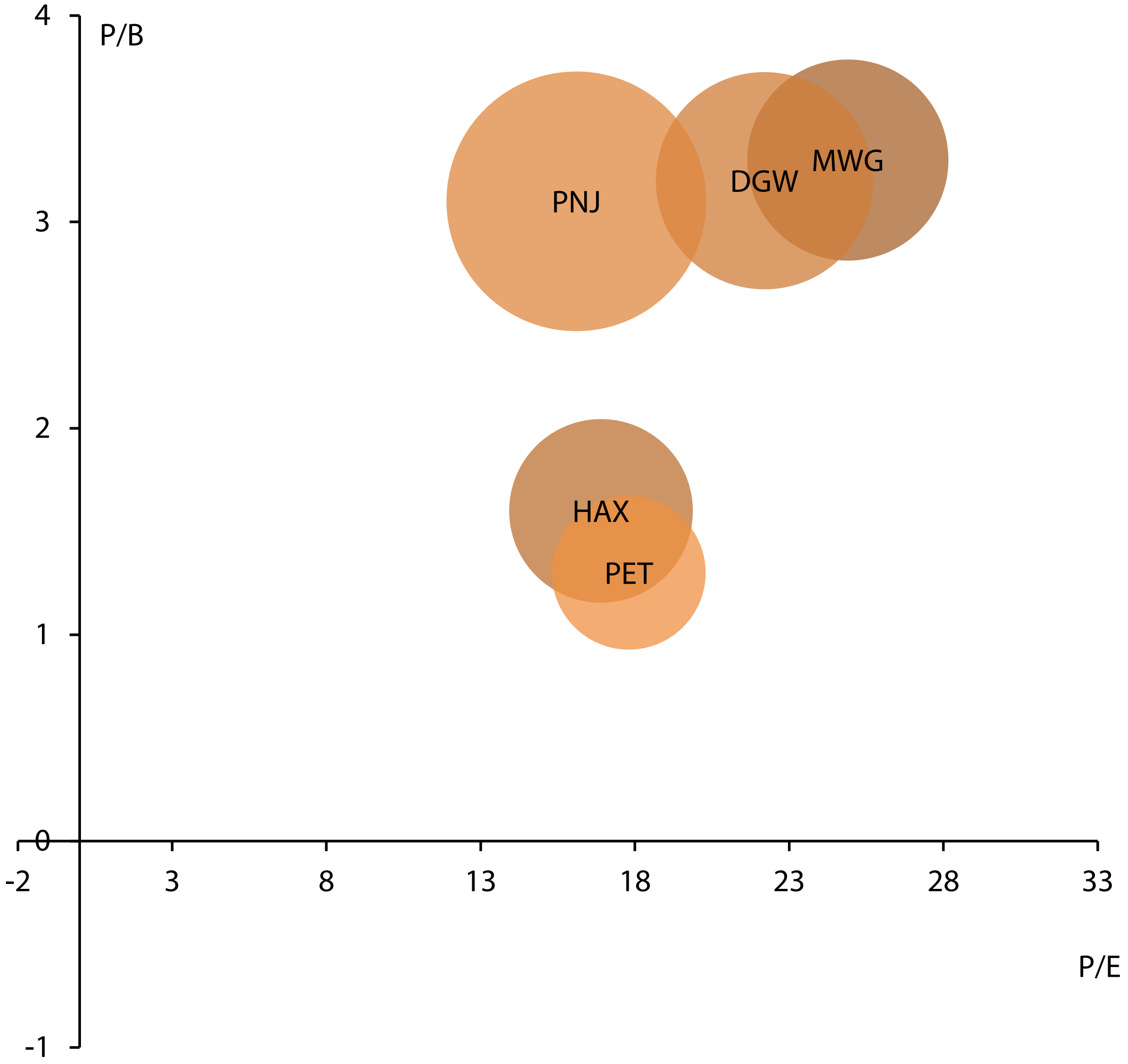
Source: MWG, FRT, PNJ, DGW, HAX, MSN, RongViet Securities

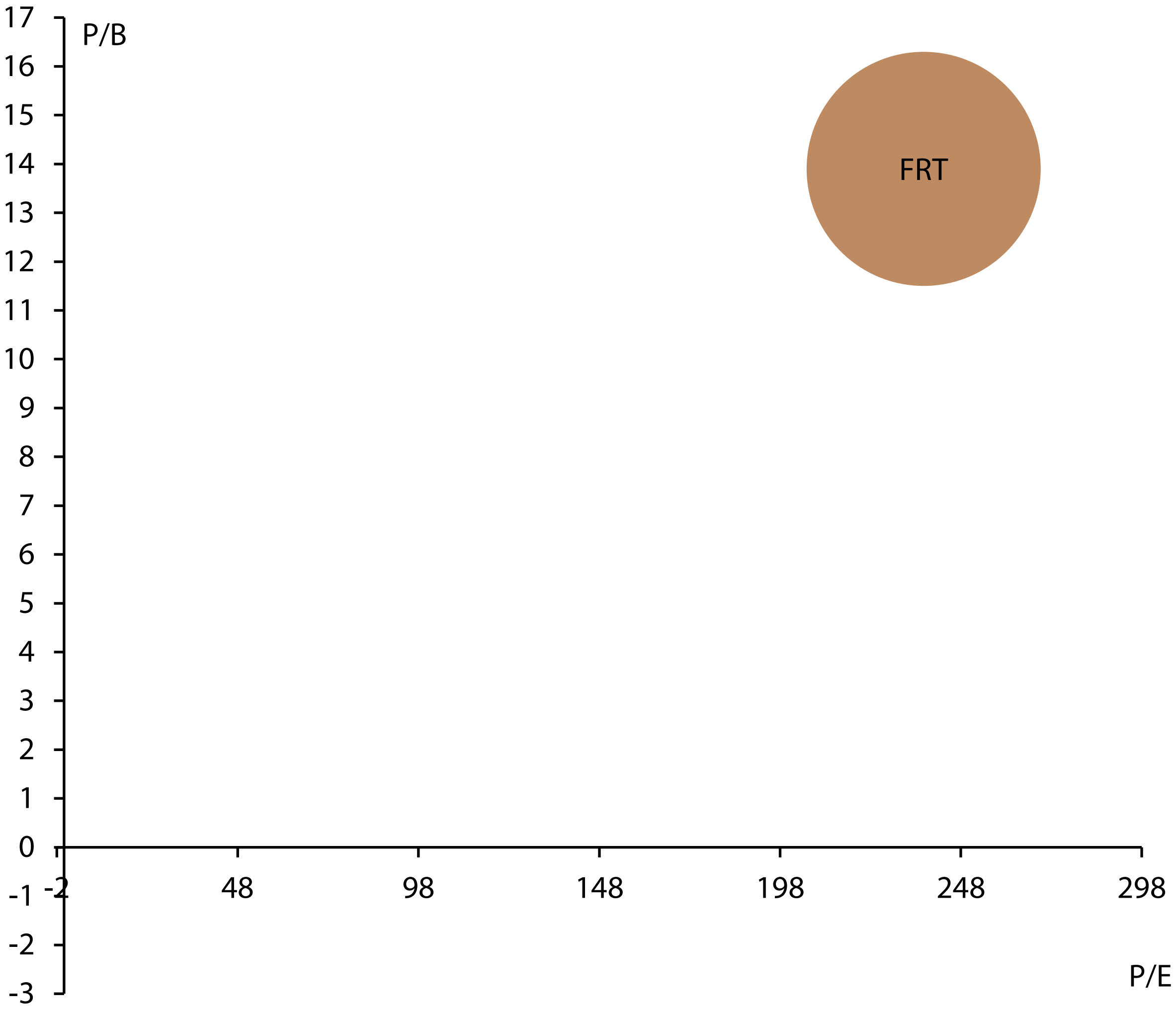
INDUSTRY COMPARABLE

Ticker	Market Cap. (USD mm)	3M.daily turnover AVG. (USD mn)	Current P/E (x)	Current P/B (x)	Trailling 12 M ROE (%)	Target price	Market price as of 01/02/25	Expected return	2023A		2024E		2025F		Revenue Growth		NPAT Growth	
									EPS	BVPS	EPS	BVPS	EPS	BVPS	2024E	2025F	2024E	2025F
DGW	353	50,094	22.2	3.2	14.4%	MONITOR	41,050	-42.0%	1,662	11,946	2,543	17,114	2,898	19,009	19.5%	8.4%	19.8%	13.9%
HAX	73	13,551	16.9	1.6	10.1%	16,100	17,200	-6.4%	326	10,378	1,328	13,986	1,371	15,562	34.9%	9.2%	313.4%	2.8%
FRT	998	77,150	240.5	14.1	6.0%	MONITOR	186,400	-12.2%	(2,537)	11,738	2,846	14,584	5,293	19,878	26.9%	24.9%	-212.2%	86.0%
MWG	3,462	432,504	25.1	3.3	11.8%	63,700	60,300	5.6%	115	15,964	2,598	18,059	2,952	20,508	13.4%	10.3%	2165.2%	13.6%
PNJ	1,294	66,086	16.1	3.1	20.2%	96,008	97,500	-1.5%	5,436	29,897	6,097	48,807	6,582	50,508	14.3%	-13.4%	3.4%	9.0%
PET	106	18,716	18.1	1.3	7.2%	N.R	25,350	N.A	1,013	18,995	N.A	N.A	N.A	N.A	N.R	N.R	N.R	N.R

Source: Bloomberg, RongViet Securities. Data retrieved on January 02nd, 2025.
** For stocks in the recommended portfolio: ROE, ROA, P/B, and P/E forward are calculated based on the 2025 profit forecast.*
For stocks we are monitoring: results are updated based on the data of the last four quarters.
N.R: Not Rated
N.A: Not Forecasted or No Data
NPAT: Net profit after tax for parent company

PE, PB AND ROE (TTM)



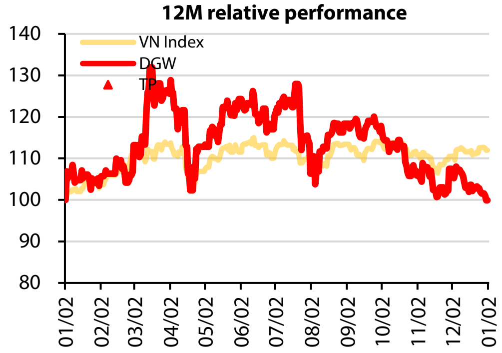


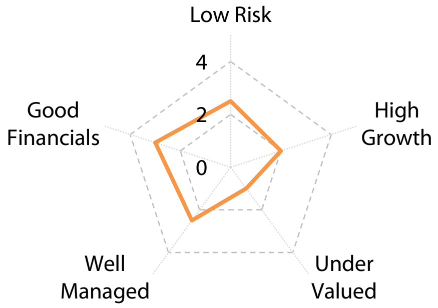
Source: FiinGroup, RongViet Securities. Bubble size corresponds to the respective ROE. Stock price as of January, 2nd 2025.

DGW – STRIVING TO OVERCOME THE SATURATED STORM IN THE ICT SECTOR

HSX: DGW

MP: 41,050 **TP: N.A**





STOCK INFO

Sector	Distribution
Market Cap ($ mn)	356
Current Shares O/S (mn shares)	219
3M Avg. Volume (K)	1,189
3M Avg. Trading Value (VND Bn)	51
Remaining foreign room (%)	28.2
52-week range ('000 VND)	39.7 - 53.8

FINANCIALS

FINANCIALS	2023A	2024F	2025F
Revenue (VND bn)	18,817	22,493	24,384
NPATMI (VND bn)	354	424	483
ROA (%)	4.8	5.3	6.0
ROE (%)	13.7	14.9	15.3
EPS (VND)	2,161	2,543	2,898
Book Value (VND)	15,574	17,114	19,009
Cash dividend (VND)	500	1,000	800
P/E (x)	18.4	15.8	13.9
P/B (x)	2.5	2.3	2.1

INVESTMENT THESIS

Business results are recovering but unlikely to make a breakthrough due to the business model's heavy reliance on the saturated ICT industry

- Overall, in 2025, there will still be a significant dependence on the saturated ICT sector (Laptops & Tablets +6.1% YoY, Mobile Phones +5.1% YoY), and new segment stories (Office Equipment, Home Appliece, Consumer Goods) have yet to significantly impact business results (+2% YoY in revenue share, reaching 28.5%).

Efforts to optimize costs amidst challenging revenue growth conditions

- We expect DGW to improve its net margin (reaching 2.2%, +30 bps YoY) to align with the standard of the ICT distribution industry (2.3-2.4%) by enhancing inventory management efficiency (timing/warehouse automation), optimizing transportation routes, thereby optimizing SG&A and working capital turnover faster (supporting debt reduction and lowering interest expenses/net revenue).

Valuation is unattractive as business prospects lack breakthroughs

- The stock price has fully reflected the growth prospects in both the short and long term, with a forward PE for 2025 reaching 13.8x, higher than DGW's 5-year average (12.8x) and the ICT distribution industry median (10.4x). However, the market may be trading the stock with higher expectations accompanied by a greater acceptance of risk.

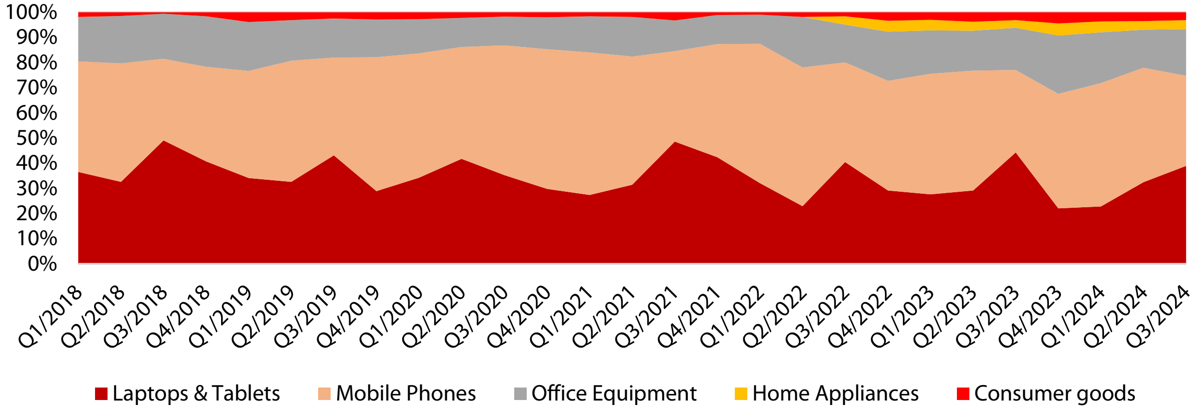
RISKS TO OUR CALL

- DGW's distribution market share in mobile phone brands (Apple & Xiaomi), laptops & tablets has increased significantly. However, this risk is low as DGW's market share has reached its limit within a distribution pie that includes many players (FPT Synnex, Petrosetco, Viettel Distribution, e-commerce platforms, other small distributors).
- Additional distribution rights for reputable new brands (e.g., Samsung).

THE IMPACT OF NEW SEGMENTS ON BUSINESS RESULTS REMAINS INSIGNIFICANT

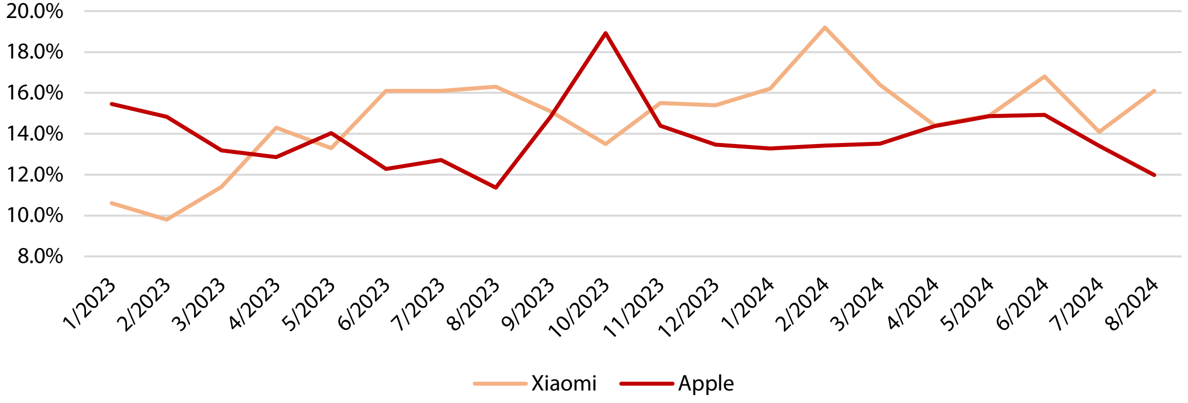
Growth story faces challenges as DGW has yet to find new drivers from emerging segments while its core segment (ICT) has reached saturation

DGW's efforts to seek new growth have been prolonged since 2018, but revenue contribution remains low



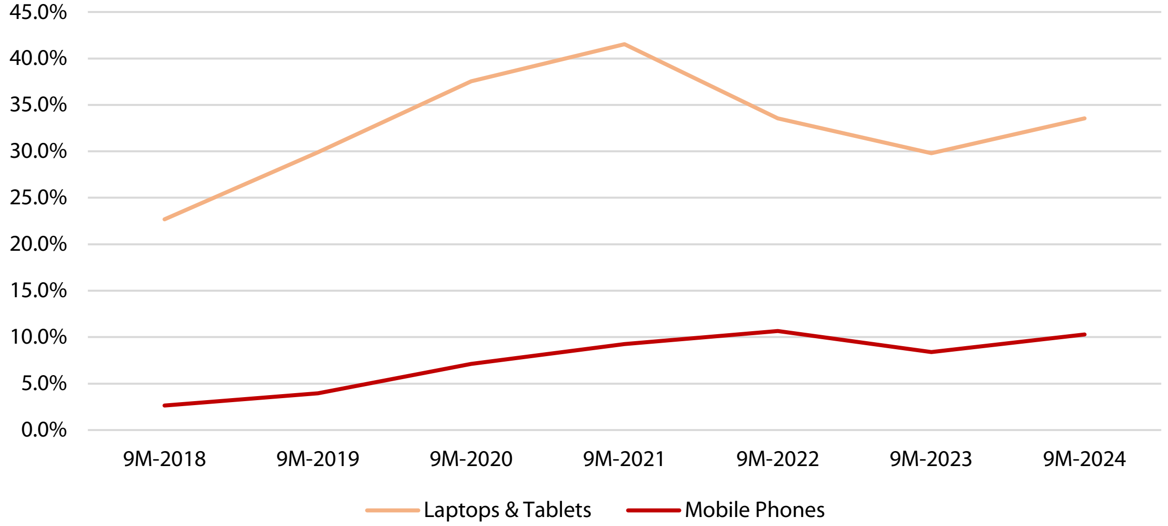
Sources: GFK, DGW, RongViet Securities

Xiaomi's market share growth supports DGW's revenue growth in 2024-2025, replacing Apple (flat market share)



Sources: DGW, RongViet Securities

The ability to gain additional distribution rights from another major brand is a prerequisite for expanding the market share of the core ICT segment (which is currently limited by the number of brands DGW collaborates with)



Sources: GFK, DGW, RongViet Securities

SUMMARY OF VALUATION IDEAS

Key financial ratios

Y/E Dec	FY2021	FY2022	FY2023	FY2024F	FY2025F	FY2026F
Net revenue (VND bn)	**20,923**	**22,061**	**18,818**	**22,493**	**24,384**	**26,235**
Laptops & Tablets	*7,865*	*7,028*	*5,906*	*6,260*	*6,638*	*7,040*
Mobile Phones	*9,861*	*10,760*	*8,067*	*10,277*	*10,803*	*11,348*
Office Equipment	*2,833*	*3,876*	*3,441*	*4,282*	*4,840*	*5,303*
Others	*364*	*397*	*1,404*	*1,674*	*2,102*	*2,544*
YoY Growth (%)						
Net revenue	*66.9%*	*5.3%*	*-14.6%*	*19.5%*	*8.4%*	*7.6%*
NPAT MI	*144.9%*	*4.5%*	*-48.2%*	*19.6%*	*14.0%*	*22.3%*
Profitability (%)						
Gross margin	*7.2%*	*7.5%*	*8.3%*	*9.2%*	*9.3%*	*9.5%*
Net margin	3.1%	3.1%	1.9%	1.9%	2.0%	2.3%
ROE	36.8%	28.6%	13.7%	14.9%	15.3%	16.5%
Finance Structure (%)						
Debt/Equity	*62.8%*	*81.7%*	*89.7%*	*81.7%*	*59.8%*	*48.1%*

Sensitivity Analysis for Long-Term Valuation of DGW Using the DCF Method

		Exit EV/EBITDA						
		5.0x	6.0x	7.0x	8.0x	9.0x	10.0x	11.0x
WACC	7.1%	18,642	21,739	24,835	27,932	31,028	34,124	37,221
	8.1%	17,836	20,807	23,778	26,748	29,719	32,690	35,660
	9.1%	17,068	19,919	22,770	25,622	28,473	31,324	34,175
	10.1%	16,336	19,073	21,811	24,548	27,285	30,023	32,760
	11.1%	15,637	18,266	20,895	23,524	26,154	28,783	31,412
	12.1%	14,970	17,496	20,022	22,548	25,075	27,601	30,127
	13.1%	14,333	16,761	19,189	21,617	24,045	26,473	28,901

Source: RongViet Securities

Short-Term Valuation of DGW Using the P/E Comparison Method

			P/E				
			8,4x	9,4x	10,4x	11,4x	12,4x
EPS (VND)	**2024**	1,934	16,261	18,195	20,128	22,062	23,996
	2025	2,204	18,531	20,735	22,938	25,142	27,346

Source: RongViet Securities

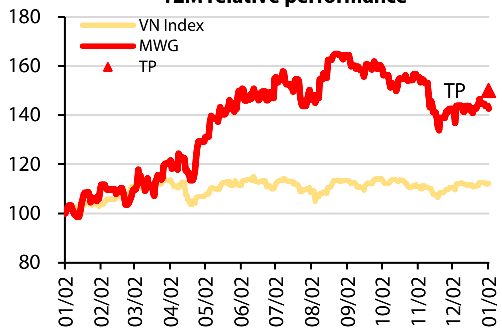
MWG – ADDING GROWTH ENGINE FROM THE GROCERY SECTOR

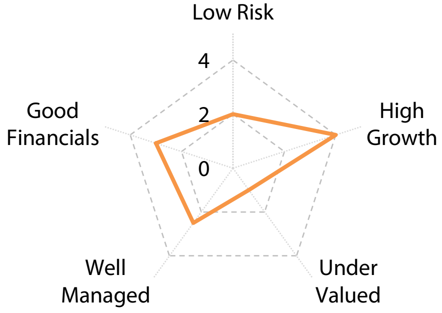
HSX: MWG

RONG VIET SECURITIES

NEUTRAL | **MP: 60,300** | **TP: 63,700**

12M relative performance





STOCK INFO

Sector	Retail
Market Cap ($ mn)	3,479
Current Shares O/S (mn shares)	1,461
3M Avg. Volume (K)	6,989
3M Avg. Trading Value (VND Bn)	440
Remaining foreign room (%)	2.9
52-week range ('000 VND)	41.8 - 70.8

FINANCIALS

FINANCIALS	2023A	2024F	2025F
Revenue (VND bn)	118.280	134.153	147.949
NPATMI (VND bn)	168	3.798	4.315
ROA (%)	0,3	5,7	6,1
ROE (%)	0,7	14,4	14,4
EPS (VND)	115	2.598	2952
Book Value (VND)	15.941	18.059	20.508
Cash dividend (VND)	500	500	500
P/E (x)	354.7	23.5	20.7
P/B (x)	2.5	3.4	3.0

INVESTMENT THESIS

The retail electronics game is becoming "Stifling", limiting the growth prospects for TGDD & DMX

- The two electronics chains, TGDD and DMX, are expected to weaken in both revenue growth (+3.6% YoY) and profit margin (4.5%, -22 bps YoY) in 2025 due to the increasing number of competitors entering the market (including new retailers and e-commerce platforms). This intensifies competition for a "slice of the pie" in the overall electronics retail market, which is becoming less attractive (growth below 5% YoY).

BHX maintains its riding role in MWG's growth, building on the success of 2024.

- After finding an effective store operating formula (achieving breakeven) in 2024, BHX will continue to strengthen its position in the grocery retail sector in 2025 (sales growth of +25.6% YoY, achieving a 3.6% market share). This will be driven by accelerating new store openings (+342 stores YoY), while revenue per store remains steady at a record high (VND 2.1-2.2 bn/month).
- The chain will also continue to optimize system operating costs (as previously mentioned), leading to an improvement in the 2025 net margin by +92 bps YoY, reaching 1.1%, gradually approaching the industry average (2-3%).

Net profit growth (+13.6% YoY), corresponding to a 2025 forecasted P/E of 21.6x. This aligns with the grocery retail industry average (20.0x) and is considered a reasonable valuation given the current industry context.

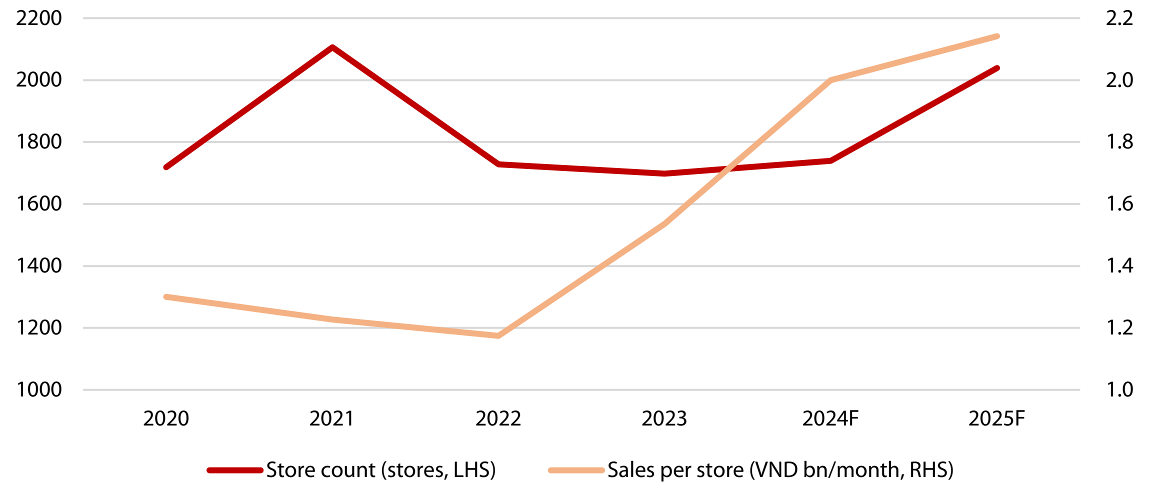
RISKS TO OUR CALL

- Upside Risks (Low Probability): TGDD and DMX chains successfully retain/increase market share against e-commerce platforms and other retailers.
- Uncertainty in Erablue Operations (with Erajaya Partnership): This poses both upside and downside risks (not included in the valuation).

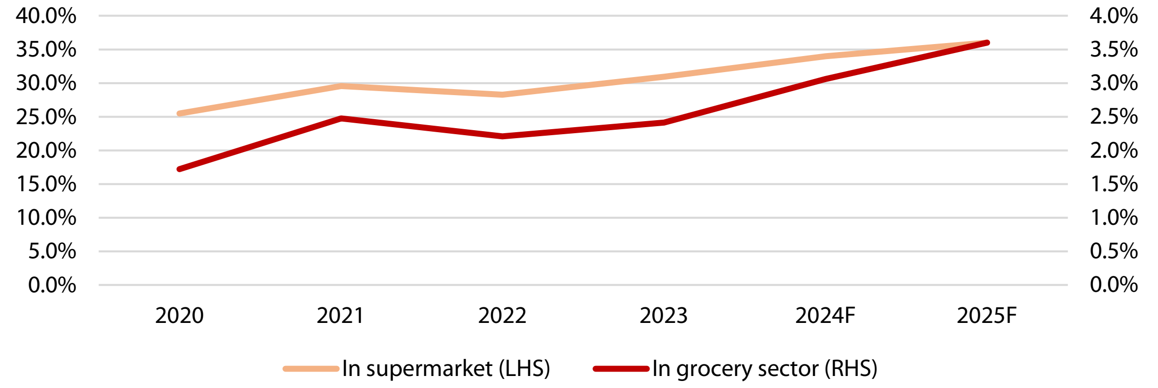
BACH HOA XANH CONTINUES ITS SUCCESSFUL STRATEGY FROM 2024

Efforts to Expand Market Share by Increasing Both the Number of Stores and Revenue per Store…

We expect Bach Hoa Xanh to open 300 new stores in 2025



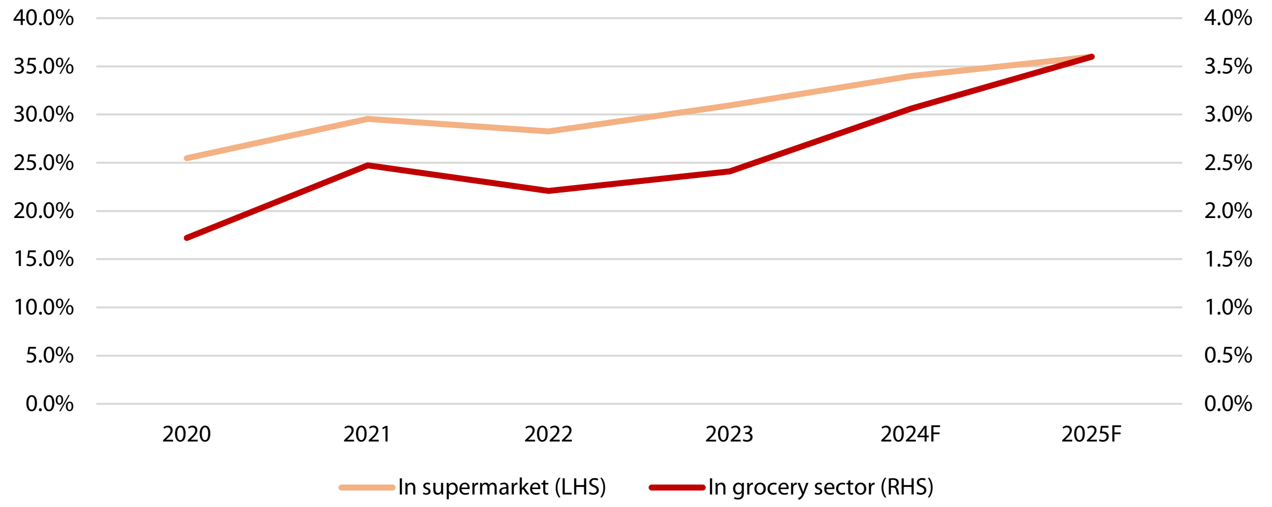
Market share of Bach Hoa Xanh (%)



Sources: MWG, RongViet Securities

…combined with optimizing SG&A expenses, helping BHX gradually improve its net margin towards the industry target (2.0-3.0%)

Market share of Bach Hoa Xanh (%)



The industry average is calculated from 5 grocery retail chains with comparable local market positions to Winmart

	2018	2019	2020	2021	2022	2023	Industry average
Gross margin	15%	15%	15%	15%	20%	20%	
Average	26,7%	26,9%	27,4%	27,5%	27,8%	28,8%	27,6%
Median	25,0%	25,0%	24,9%	25,2%	25,3%	26,0%	25,3%
SG&A exp/Net sales	15%	15%	15%	15%	20%	20%	
Average	21,4%	22,1%	19,6%	20,0%	20,1%	20,9%	20,7%
Median	22,4%	24,6%	17,0%	18,7%	19,4%	20,8%	20,5%
Net margin	15%	15%	15%	15%	20%	20%	
Average	1,8%	1,6%	1,3%	2,0%	2,4%	2,5%	2,0%
Median	1,5%	1,7%	1,4%	2,3%	2,7%	2,8%	2,1%

Source: MWG, Bloomberg, RongViet Securities

SUMMARY OF VALUATION IDEAS

Key financial ratios

Y/E Dec	FY2021	FY2022	FY2023	FY2024F	FY2025F	FY2026F
Net revenue (VND bn)	**122,958**	**133,405**	**118,280**	**134,153**	**147,949**	**161,334**
Thegioididong (TGDD)	*31,600*	*35,519*	*28,959*	*29,261*	*29,617*	*29,989*
Dienmayxanh (DMX)	*62,709*	*68,970*	*55,237*	*59,214*	*62,068*	*64,363*
Bachhoaxanh (BHX)	*28,157*	*27,015*	*31,564*	*41,728*	*52,394*	*63,218*
Others	*492*	*1,900*	*2,520*	*3,950*	*3,871*	*3,764*
YoY Growth (%)						
Net revenue	*13.3%*	*8.5%*	*-11.3%*	*13.4%*	*10,3%*	*9,0%*
NPAT MI	*25.0%*	*-16.3%*	*-95.9%*	*2165.1%*	*13,6%*	*24,9%*
Profitability (%)						
Gross margin	*22.5%*	*23.1%*	*19.0%*	*20.8%*	*21.1%*	*21.4%*
Net margin	*7.1%*	*7.6%*	*3.1%*	*5.2%*	*4.7%*	*4.4%*
ROE	*4.8%*	*5.0%*	*0.3%*	*3.2%*	*3.0%*	*3.5%*
Finance Structure (%)						
Debt/Equity	*121.0%*	*69.4%*	*107.6%*	*94.3%*	*78.8%*	*67.2%*

Sensitivity Table for MWG's Long-term Valuation Using the DCF Method

		Exit EV/EBITDA						
		9.0x	**10.0x**	**11.0x**	**12.0x**	**13.0x**	**14.0x**	**15.0x**
WACC	7.1%	47,998	51,584	55,169	58,755	62,340	65,926	69,512
	8.1%	46,476	49,921	53,366	56,810	60,255	63,700	67,145
	9.1%	45,024	48,335	51,646	54,957	58,267	61,578	64,889
	10.1%	43,638	46,821	50,005	**53,188**	56,371	59,555	62,738
	11.1%	42,315	45,377	48,438	51,500	54,562	57,623	60,685
	12.1%	41,051	43,997	46,943	49,888	52,834	55,780	58,726
	13.1%	39,843	42,678	45,514	48,349	51,184	54,019	56,855

Source: RongViet Securities

Short-term Valuation of MWG Using the Sum-of-the-Parts (SoTP) Method

	2024F	2025F
MWG's target price (VND/share)	**66,884**	**74,262**
TGDD&DMX (P/E 12.1x)	*34,699*	*34,331*
BHX (PS 1.13x)	*30,452*	*38,235*
An Khang (0.7x)	*1,734*	*1,696*

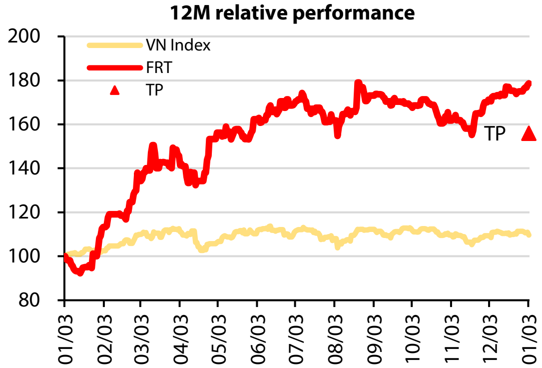
Source: RongViet Securities

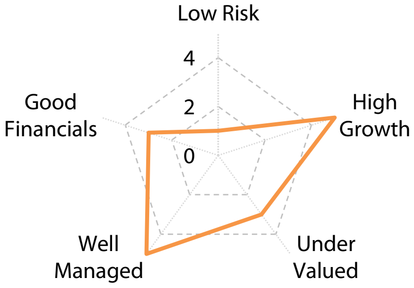
Combining the DCF method for the long term and the SoTP method for the short term with a 50:50 weighting, the target stock price for MWG over the next year is set at **63,700 VND/share.**

FRT – RETURN TO THE GROWTH CYCLE

MONITOR

MP: 186,400 **TP: N.R**





STOCK INFO

Sector	Retail
Market Cap ($ mn)	1,005
Current Shares O/S (mn shares)	136
3M Avg. Volume (K)	442
3M Avg. Trading Value (VND Bn)	78
Remaining foreign room (%)	12.6
52-week range ('000 VND)	95.7 - 195

FINANCIALS

FINANCIALS	2023A	2024F	2025F
Revenue (VND bn)	31,850	40,403	50,481
NPATMI (VND bn)	(346)	388	721
ROA (%)	(2.6)	2.5	4.0
ROE (%)	(21.6)	19.5	26.6
EPS (VND)	(2,537)	2,846	5,293
Book Value (VND)	11,738	14,584	19,878
Cash dividend (VND)	-	-	-
P/E (x)	(39.3)	65.2	35.1
P/B (x)	8.5	12.7	9.3

INVESTMENT THESIS

Long Châu as the growth driver

- We project that the Long Châu vaccination chain will start generating profit from 2025 due to its expansion, which will boost revenue and reduce the fixed cost-to-revenue ratio.
- The revenue contribution of the Long Châu pharmacy chain is forecasted to increase from 49.2% in 2023 to 66.4% in 2028, corresponding to a 5-year CAGR of 25.3% from 2024-2028 as it will be able to maintain key competitive advantages (see the next slide).
- During the same period, **we expect FPT Shop to break even** as the macroeconomy gradually returns to growth, restoring spending on ICT and CE products, and reducing price competition.

CE segment as a variable to watch

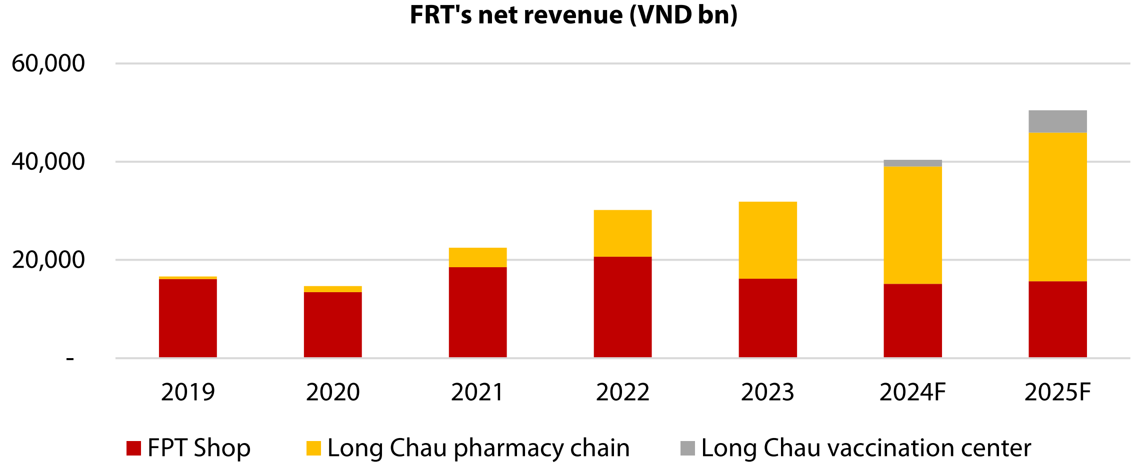
- The CE market is projected to grow at an average rate of 6.6% per year, higher than the 2.3% annual growth rate of the ICT sector, due to lower penetration levels. This segment also typically offers higher profit margins than ICT products.
- FRT plans to open 10 independent CE stores starting from August 2024 and aims to have 60 CE stores by the end of 2024 by converting some existing FPT Shop locations.
- Financial data for this segment has not yet been disclosed. We recommend investors monitor the operational efficiency of this new business segment.

RISKS TO OUR CALL

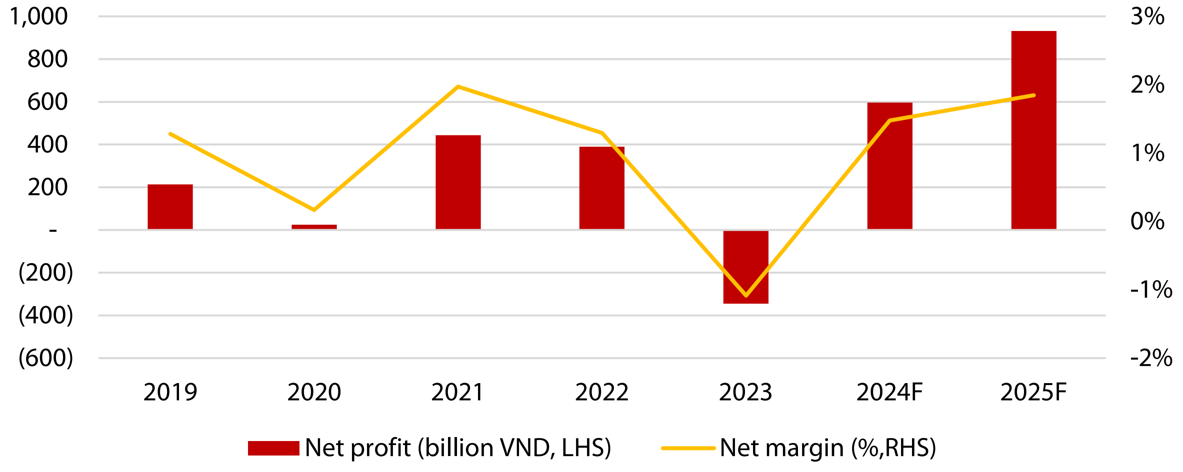
- Regulatory risks related to the sale of prescription drugs without prescriptions at the pharmacy chain and compliance with safety regulations at the Long Châu vaccination chain.
- Profitability of the CE segment: Good/poor performance in this segment could increase/decrease our valuation.

LONG CHAU IS THE KEY TO FRT'S LONG-TERM GROWTH

FRT gradually returns to the increasing trend of net profit and net profit margin after 5 years of impact from the Covid-19 pandemic



Sources: FRT, RongViet Securities

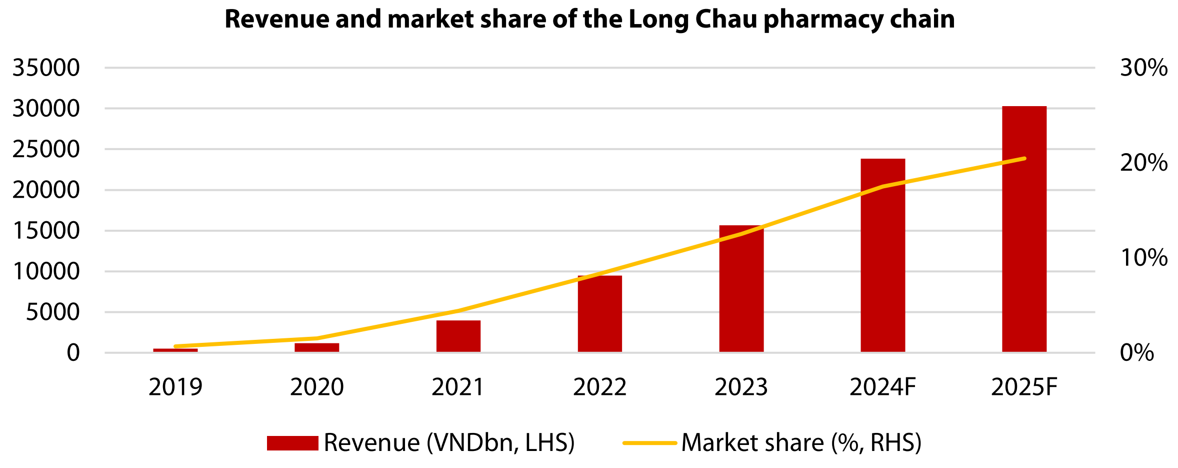


Sources: FRT, RongViet Securities

The Long Chau pharmacy chain is expected to maintain its no. 1 position in the market in 2025 thanks to key competitive advantages

Competitive Advantages of Long Chau:

- **Understanding of the local market:** From the beginning, Long Châu has maintained a ratio of medicine in its product portfolio at around 60%-70% and implemented a competitive pricing strategy.
- **Application of advanced technology:** Leveraging its affiliation with FPT Corporation, Long Châu has integrated artificial intelligence (AI), machine learning, big data, and robotic process automation (BOT) into customer care, inventory management, operational process optimization, and online training courses for pharmacists.
- **Retail experience:** FRT is a long-established retailer with extensive experience.
- **Economies of scale:** this enables access to a diverse supply with discounted prices or higher commission rates.



Sources: FRT, RongViet Securities

SUMMARY OF VALUATION IDEAS

Key financial ratios

Y/E Dec	FY2021	FY2022	FY2023	FY2024F	FY2025F	FY2026F
Net revenue (VND bn)	**22,495**	**30,166**	**31,850**	**40,403**	**50,481**	**57,805**
FPT Shop	*18,518*	*20,689*	*16,185*	*15,164*	*15,663*	*16,178*
Long Chau – Pharmacy	*3,977*	*9,477*	*15,665*	*23,854*	*30,286*	*36,073*
Long Chau – Vaccination Centers	*0*	*0*	*0*	*1,386*	*4,531*	*5,554*
YoY Growth (%)						
Net revenue	*53.4%*	*34.1%*	*5.6%*	*26.9%*	*24.9%*	*14.5%*
NPAT MI	*1695.1%*	*-12.0%*	*-188.5%*	*-212.2%*	*86.0%*	*26.5%*
Profitability (%)						
Gross margin	*14.0%*	*15.6%*	*16.2%*	*19.2%*	*19.7%*	*20.0%*
Net margin	*2.0%*	*1.3%*	*-1.1%*	*1.0%*	*1.4%*	*1.6%*
ROE	*26.7%*	*19.4%*	*-21.6%*	*19.5%*	*26.6%*	*25.2%*
Finance Structure (%)						
Debt/Equity	*360%*	*270%*	*510%*	*440%*	*320%*	*230%*

Sensitivity table for long-term valuation of FRT using the DCF method

		Exit EV/EBITDA				
		8.5x	**9.5x**	**10.5x**	**11.5x**	**12.5x**
WACC	**8.6%**	138,602	157,113	175,623	194,133	212,644
	9.6%	133,552	151,560	169,568	187,576	205,585
	10.6%	128,678	146,203	163,727	181,251	198,775
	11.6%	123,975	141,032	158,089	175,147	192,204
	12.6%	119,434	136,040	152,647	169,254	185,861

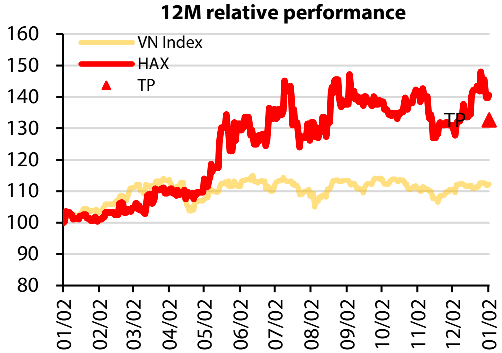
Source: RongViet Securities

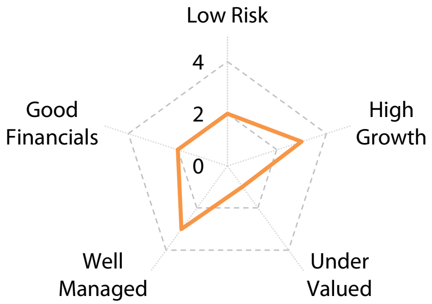
RONG VIET SECURITIES

HAX – BACK ON THE GROWTH TRACK THANKS TO THE MG IMPORTED CAR LINE

HSX: HAX

NEUTRAL **MP: 17.200** **TP: 16.100**





STOCK INFO

Sector	Distribution
Market Cap ($ mn)	72
Current Shares O/S (mn shares)	107
3M Avg. Volume (K)	813
3M Avg. Trading Value (VND Bn)	14
Remaining foreign room (%)	30.3
52-week range ('000 VND)	12.1 - 18.6

FINANCIALS

FINANCIALS	2023A	2024E	2025F
Revenue (VND bn)	3.982	5.373	5.867
NPATMI (VND bn)	34	143	147
ROA (%)	1,7	5,5	5,3
ROE (%)	2,9	10,9	10,1
EPS (VND)	375	1.328	1.371
Book Value (VND)	12.459	13.986	15.562
Cash dividend (VND)	500	300	1.200
P/E (x)	31.4	12.8	12.4
P/B (x)	1.0	1.2	1.1

INVESTMENT THESIS

Mercedes-Benz segment gradually slows down in revenue and profitability

- The long-standing pillar, Mercedes-Benz, is expected to continue its decline in 2025 (-9.5% YoY) due to reduced spending on luxury cars, with a focus on affordable, value-for-money products in the context of stagnantly disposable income growth.
- In Vietnam, the brand has ceased showroom expansions (implying limited revenue growth for HAX), reduced distributor support privileges (profit margin and KPI bonuses, in our view), negatively affecting profit growth from Mercedes-Benz operations for HAX.

Shifting growth root from Mercedes-Benz (MBZ) to MG

- MG is making significant inroads into the Vietnamese market (forecasted market share of 4.1% in 2025), providing HAX with substantial benefits in both revenue growth (Top 1 distributor, holding 35-40% of the distribution market share) and profit growth (HAX enjoys multiple privileges from MG, such as high-profit margins, large sales bonuses, and showroom sponsorships).
- However, net margins are expected to decline (-15 bps YoY, to 2.5%) as we anticipate MG to gradually reduce HAX's margin privileges after it establishes a stronger presence in the market.

Awaiting discounted prices to unlock investment opportunities

- Using the discounted cash flow (DCF) method, the fair value of HAX is estimated at VND 16,100/share, equivalent to a 2025 forward P/E of 11.7x, higher than HAX's 2012-2023 average (9.2x).
- HAX could be a suitable investment for dividend-focused investors in 2025, with a minimum cash dividend payout target of 12% (estimated dividend yield of 7.5%).

RISKS TO OUR CALL

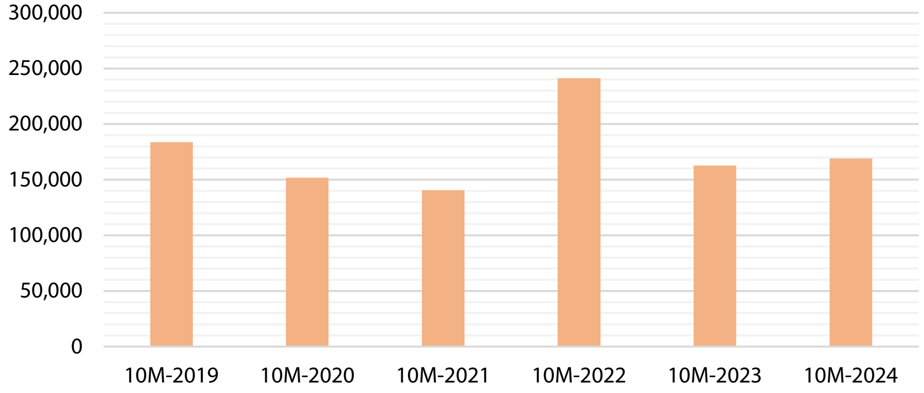
- Better-than-expected developments from MG cars, such as a stronger market share increase or HAX continuing to benefit from MG's privileges, including high margins and large bonuses.
- Unexpected income from extraordinary transactions in the remainder of 2024 and 2025, such as real estate sales (e.g., Vo Van Kiet property) or bonuses higher than anticipated.

RONG VIET SECURITIES

CORE BUSINESS PIVOTING FROM MERCEDES-BENZ (MBZ) TO MG

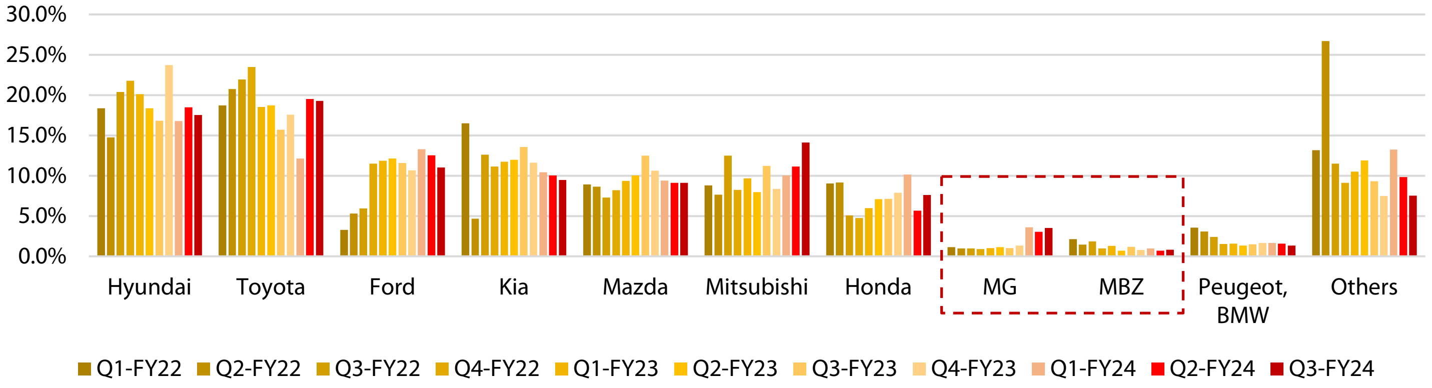
MG's sales breakthrough boosts HAX's financial results overcoming challenges from auto weak demand and a rapid decline of MBZ's market share

Car sales volume in Vietnam (units)



Sources: VAMA, RongViet Securities

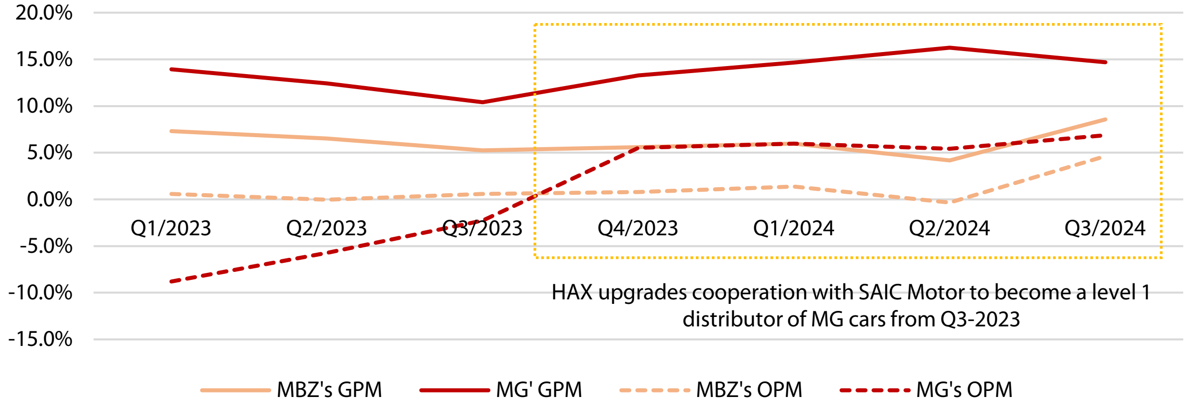
Car sales market share by brand in Vietnam (%)



Sources: VAMA, Hyundai TC, RongViet Securities

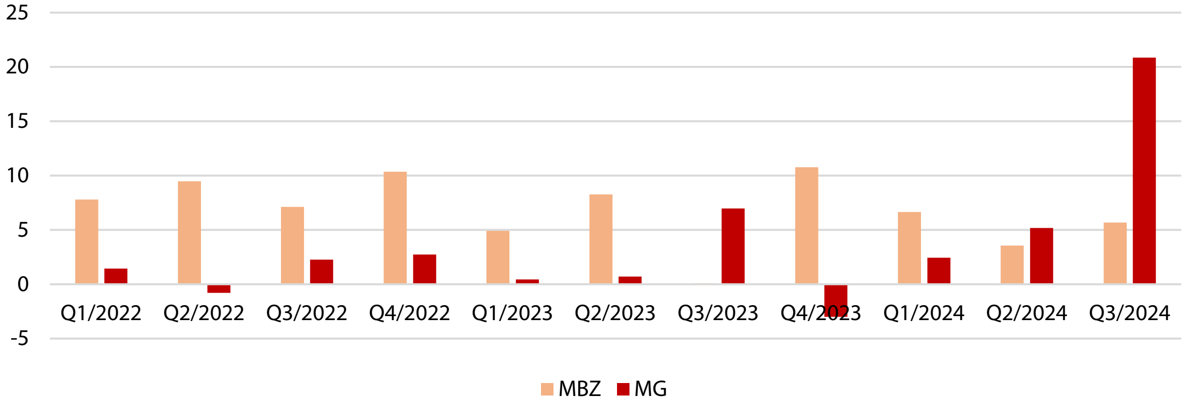
HAX enjoys many privileges from MG during the early stage of re-entry into Vietnam. This may diminish as MG expands its influence in Vietnam.

Profit margin of HAX by segment (%)



Sources: HAX, RongViet Securities

Other income (mainly sales bonuses from manufacturers) of HAX



Sources: HAX, RongViet Securities

SUMMARY OF VALUATION IDEAS

Key financial ratios

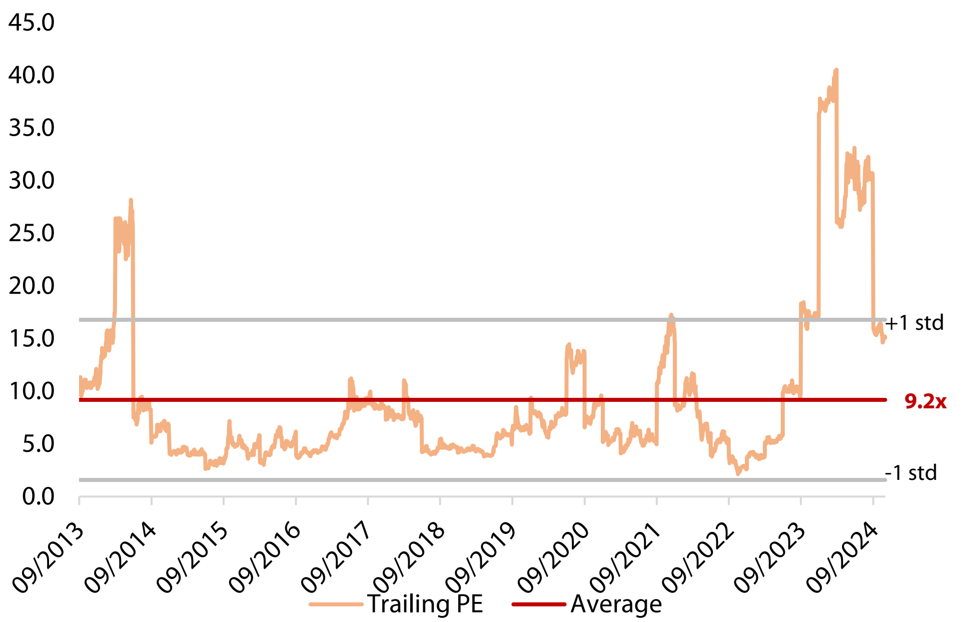
Y/E Dec	FY2021	FY2022	FY2023	FY2024F	FY2025F	FY2026F
Net revenue (VND bn)	**5,551**	**6,775**	**3,982**	**5,373**	**5,867**	**6,542**
Mercedes-Benz Car Sales	*4,924*	*6,108*	*3,032*	*2,910*	*2,634*	*2,347*
MG Car Sales	*302*	*147*	*411*	*1,907*	*2,573*	*3,428*
Repairs and Spare Parts Sales	*317*	*506*	*515*	*532*	*635*	*743*
Others	*9*	*14*	*24*	*24*	*24*	*24*
YoY Growth (%)						
Net revenue	*-0.3%*	*22.0%*	*-41.2%*	*34.9%*	*9.2%*	*11.5%*
NPAT MI	*28.8%*	*49.9%*	*-85.9%*	*322.1%*	*3.3%*	*21.2%*
Profitability (%)						
Gross margin	*6.4%*	*7.0%*	*7.0%*	*10.2%*	*10.3%*	*11.0%*
Net margin	*2.9%*	*3.5%*	*0.8%*	*2.7%*	*2.5%*	*2.7%*
ROE	*22.5%*	*24.7%*	*2.9%*	*10.9%*	*10.1%*	*10.9%*
Finance Structure (%)						
Debt/Equity	*27.6%*	*118.9%*	*60.1%*	*75.0%*	*63.6%*	*50.9%*

Sensitivity Table for HAX's Long-term Valuation Using the DCF Method

		Exit EV/EBITDA						
		5.0x	6.0x	7.0x	8.0x	9.0x	10.0x	11.0x
WACC	6.8%	8,625	12,257	15,889	19,521	23,152	26,784	30,416
	7.8%	7,878	11,360	14,843	18,325	21,808	25,290	28,773
	8.8%	7,168	10,509	13,849	17,190	20,530	23,871	27,212
	9.8%	6,493	9,699	12,905	**16,111**	19,316	22,522	25,728
	10.8%	5,852	8,930	12,007	15,084	18,162	21,239	24,317
	11.8%	5,242	8,198	11,153	14,108	17,064	20,019	22,974
	12.8%	4,662	7,501	10,340	13,179	16,018	18,858	21,697

Source: RongViet Securities

P/E chart of HAX (x)



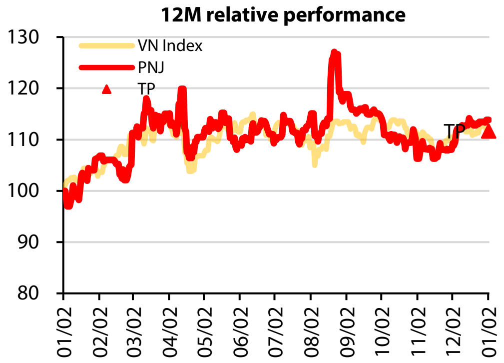
Sources: Bloomberg, RongViet Securities

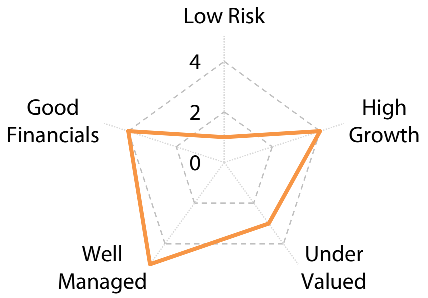
PNJ – THE JEWELRY RETAIL SEGMENT CONTINUES TO BE THE FOCUS

HSX: PNJ

NEUTRAL | **MP: 97,500** | **TP: 96,300**

12M relative performance





STOCK INFO

Sector	Retail
Market Cap ($ mn)	1,299
Current Shares O/S (mn shares)	338
3M Avg. Volume (K)	725
3M Avg. Trading Value (VND Bn)	69
Remaining foreign room (%)	0.0
52-week range (‘000 VND)	83.1 - 110.2

FINANCIALS	2023A	2024F	2025F
Revenue (VND bn)	33,137	37,862	32,807
NPATMI (VND bn)	1,971	2,039	2,223
ROA (%)	13.7%	12.5%	13.0%
ROE (%)	20.1%	18.2%	17.5%
EPS (VND)	6,006	6,097	6,582
Book Value (VND)	43,964	48,807	50,508
Cash dividend (VND)	2,000	2,000	2,000
P/E (x)	13.2	16.1	14.9
P/B (x)	2.7	2.0	1.9

INVESTMENT THESIS

PNJ is expected to remain the leading jewelry company in vietnam

- PNJ has increased its market share from 20.4% in 2023 to 21.4% in the first nine months of 2024, continuing to lead the jewelry sector with the largest market share.
- We expect PNJ's advantages in retail capabilities developed over many years, the application of advanced technology systems, effective branding, and corporate culture to remain strong in the coming years, helping the company maintain its leadership position.

PNJ’s revenue in 2025 is forecasted to decline by 13.4% YoY due to a drop in the 24K gold segment, while retail is expected to continue growing

- In our projections, the retail jewelry segment will maintain solid revenue growth at an average of 10.5% per year from 2024 to 2028.
- The revenue from the 24K gold segment will continue to be negatively affected by tighter market regulations, leading to supply disruptions. Revenue from this segment is forecasted to drop 60.7% YoY to VND 4,452 billion in 2025.

Net profit in 2025 is projected to grow moderately by 9.0% YoY, driven by increased contribution from retail jewelry

- The gross profit margin of the retail jewelry segment declined significantly by 6.3% QoQ in Q3/2024 and is expected to face further pressure in future periods as tighter gold market regulations increase input costs.
- However, the significant increase in the revenue contribution from the retail jewelry segment is expected to boost PNJ's net profit margin by 1.4% in 2025, reaching 6.8%.

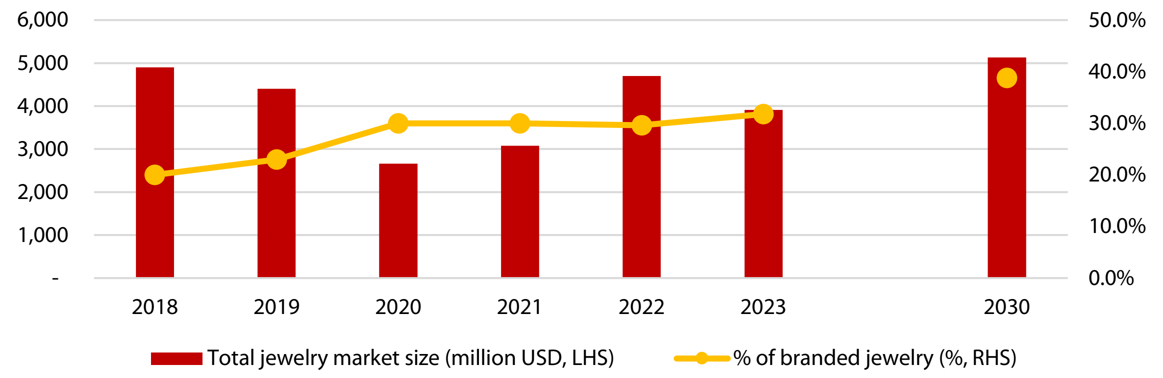
RISKS TO OUR CALL

- The gold market continues to face strict regulatory oversight, potentially leading to persistent supply shortages. This could impact not only gold bullion trading but also jewelry retailing activities. We recommend investors closely monitor market developments.

PNJ CONTINUES TO BE VIETNAM'S LEADING JEWELRY COMPANY

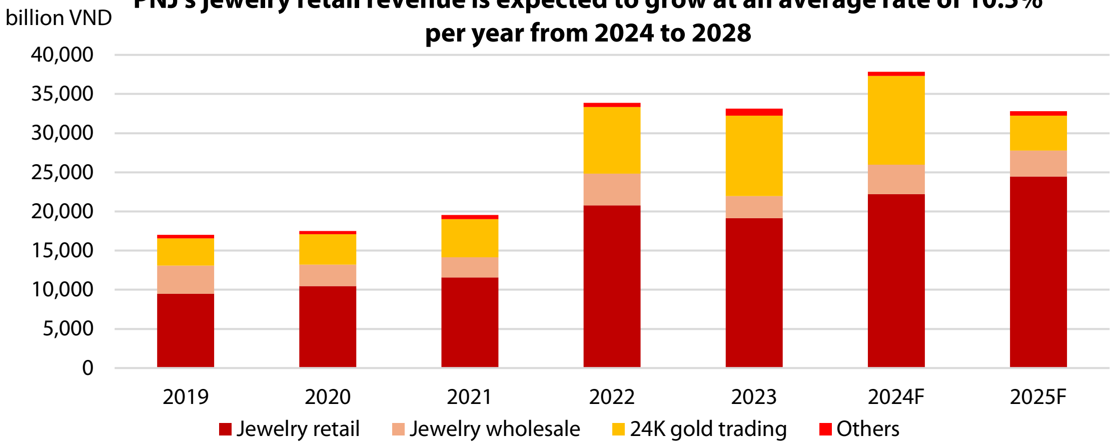
The jewelry market continues to grow, and the shift towards branded jewelry supports PNJ's revenue and market share

The jewelry market is expected to grow at an average rate of 4.0%/year from 2023-2030



Sources: PNJ, World Gold Council, RongViet Securities

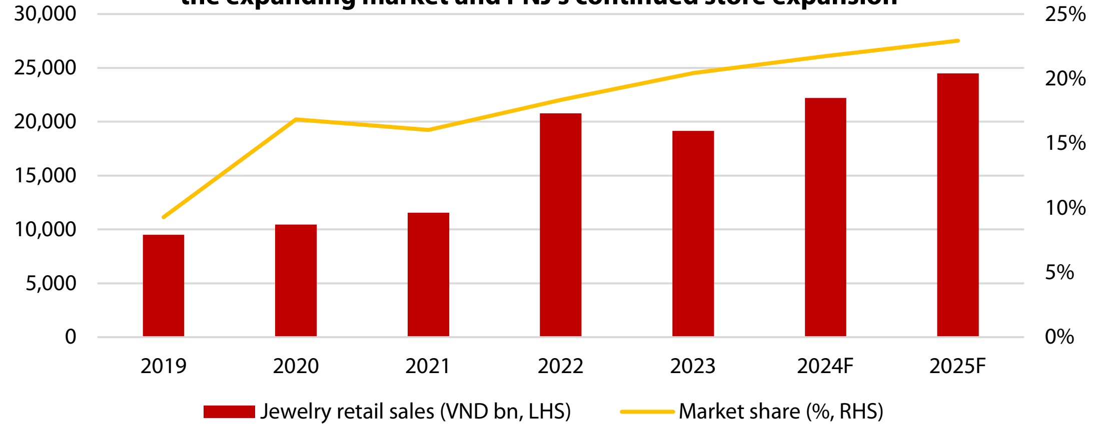
PNJ's jewelry retail revenue is expected to grow at an average rate of 10.5% per year from 2024 to 2028



Sources: PNJ, RongViet Securities

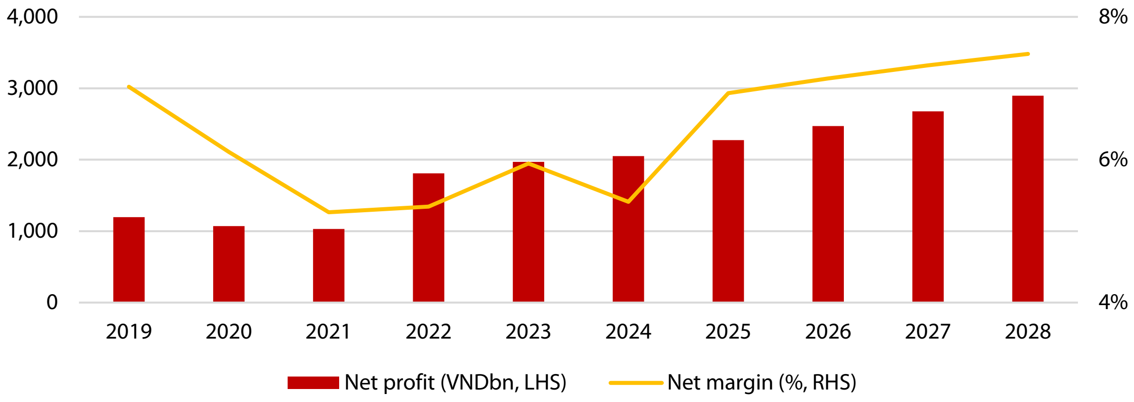
PNJ will continue to maintain its position as the leader in jewelry market, with the retail jewelry segment remaining the growth pillar

Revenue and market share of PNJ's jewelry retail segment to grow due to the expanding market and PNJ's continued store expansion



Sources: PNJ, RongViet Securities

Net profit and net margin continue to grow well thanks to the ongoing growth of the jewelry retail segment



Sources: PNJ, RongViet Securities

SUMMARY OF VALUATION IDEAS

Financial indicators of PNJ over the years

Y/E Dec	FY2021	FY2022	FY2023	FY2024F	FY2025F	FY2026F
Net revenue (VND bn)	**19,547**	**33,876**	**33,137**	**37,862**	**32,807**	**34,623**
Retail Jewelry Sales	*11,560*	*20,773*	*19,153*	*22,196*	*24,481*	*26,741*
Wholesale	*2,599*	*4,056*	*2,819*	*3,781*	*3,315*	*2,871*
Gold Bullion Trading	*4,868*	*8,500*	*10,276*	*11,326*	*4,452*	*4,452*
Others	*520*	*547*	*889*	*560*	*560*	*560*
YoY Growth (%)						
Net revenue	*11,6%*	*73,3%*	*-2,2%*	*14,3%*	*-13,4%*	*5,5%*
NPAT MI	*-3,8%*	*76,0%*	*8,9%*	*3,4%*	*9,0%*	*10,9%*
Profitability (%)						
Gross margin	*18,4%*	*17,5%*	*18,3%*	*17,3%*	*21,7%*	*22,3%*
Net margin	*5,3%*	*5,3%*	*5,9%*	*5,4%*	*6,8%*	*7,1%*
ROE	*17,1%*	*21,4%*	*20,1%*	*18,2%*	*17,5%*	*17,1%*
Finance Structure (%)						
Debt/Equity	*45,3%*	*31,8%*	*24,3%*	*15,3%*	*11,3%*	*1,1%*

Sensitivity analysis for PNJ's long-term valuation using the DCF method

		Long-term sustainable growth (g, %)				
		0.9%	**1.9%**	**2.9%**	**3.9%**	**4.9%**
WACC	**8.5%**	99,352	112,235	129,739	154,890	194,106
	9.5%	87,958	97,657	110,306	127,491	152,186
	10.5%	78,948	86,483	**96,008**	108,429	125,304
	11.5%	71,645	77,647	85,047	94,402	106,601
	12.5%	65,607	70,484	76,379	83,649	92,838

Sources: RongViet Securities

Short-term valuation of PNJ using the P/E method

			P/E				
			12.7	**13.7**	**14.7**	**15.7**	**16.7**
EPS (VND)	**2024**	**6,097**	77,213	83,309	89,406	95,503	101,600
	2025	**6,582**	83,360	89,942	**96,524**	103,106	109,688

Sources: RongViet Securities

Combining the two methods of DCF in the long term and P/E in the short term with a 50:50 weighting, the target stock price for PNJ for the next year is determined **to be 96,300 VND per share**

RONG VIET SECURITIES

VIET DRAGON SECURITIES CORPORATION

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