

29 Mar 2022

Mobile World (MWG)

Feb 2022 – Operational updates

MWG released some worthy headlines on the January and February sales results of the company. Here are some key issues worthy of note.

TGDD & DMX chain

- In 2M22, MWG recorded total revenue of VND25,383bn (+16.9% yoy) and a total NPAT of VND 1,077 bn (+7.8% yoy), fulfilling 18%/17% guidance. In which, TGDD and DMX achieved VND21,300bn revenue (+20% yoy).
- TGDD and DMX accomplished a high growth due to: securing sufficient inventories amid shortage supply, implementing appealing promotions to draw traffic, ensuring delivery and installation capacity.
- Total online revenue surpassed VND 4,100bn YTD (+150% yoy) and was the highest level ever, mainly thanks to the breakthrough of TGDD/DMX. Online sales of TGDD and DMX hit a record high of VND 4,000bn (+160% yoy), accounting for nearly 19% of total TGDD and DMX sales, compared to 9% seen in 2M21. Notably, MWG's websites of thegioididong.com and dienmayxanh.com ascended to 2 nd and 3 rd rank in the Top 50 leading e-commerce websites in Vietnam according to Iprice.
- By Feb-end, DMX supermini (DMS) reached 839 stores (+116% yoy), contributed VND2,000bn, and doubled the revenue in 2M2021. DMS has proven to be an effective business model that helps MWG continue to increase its market share in remote areas.

BHX chain

- Meanwhile, the BHX chain recorded revenue of VND3.900bn (-2.5% yoy). Per MWG, BHX's strategy will focus on boosting sales volume through promotions which will affect temporarily the BHX chain's profit margins in 2022F.

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	66,340	86,516	102,174	108,546	122,958
chg. (% YoY)	48.7	30.4	18.1	6.2	13.3
Operating profit (VND bn)	2,779	3,871	4,977	5,216	5,888
Net profit (VND bn)	2,206	2,879	3,834	3,918	4,899
EPS (VND)	6,959	6,490	8,657	8,650	6,861
chg. (% YoY)	(32.1)	(6.7)	33.4	(0.1)	(20.7)
EBITDA (VND bn)	3,469	5,094	6,420	7,412	8,809
PE (x)	18.9	20.2	15.2	15.2	19.2
EV/EBITDA (x)	13.0	12.1	10.3	8.2	11.3
PB (x)	7.0	6.5	4.8	3.8	4.6
ROE (%)	45.3	38.7	36.3	28.4	27.3
Dividend yield (%)	0.6	0.8	1.1	1.1	0.3

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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12M rating **HOLD (Maintain)**

12M TP **134,000** from 134,000

Up/Downside **#N/A** (incl 0% cash dividend)

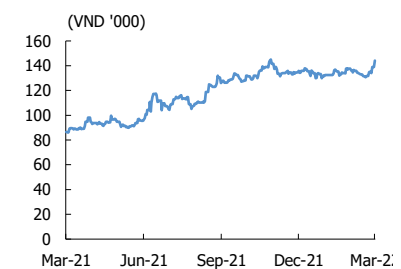
Stock Data

VNIndex (28 Mar, pt)	1,483
Stock price (28 Mar, VND)	144,000
Market cap (USD mn)	4,485
Shares outstanding (mn)	713
52-Week high/low (VND)	145,000/86,005
6M avg. daily turnover (USD mn)	7.06
Free float / Foreign ownership (%)	74.4/49.0
Major shareholders (%)	
Retail World Company Ltd	10.8
Tri Tam Company Ltd	9.9
Arisaig Asia Fund Limited	7.2

Performance

	1M	6M	12M
Absolute (%)	5.9	13.7	66.7
Relative to VNIndex (%p)	6.3	2.4	37.6

Stock price trend



Source: Bloomberg

Hoang Phung

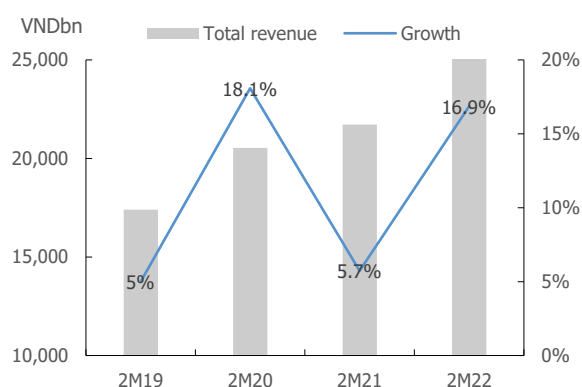
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- Strategy changes to be applied on a larger scale and will gradually reflect in business performance from 2Q22F. In March, the chain received positive signals as the number of customers and the consumption of fresh products nearly doubled compared to the Jan-Feb average, sales in March is expected to be positive yoy growth and come back to the pre-pandemic level in 2021.

Other chains

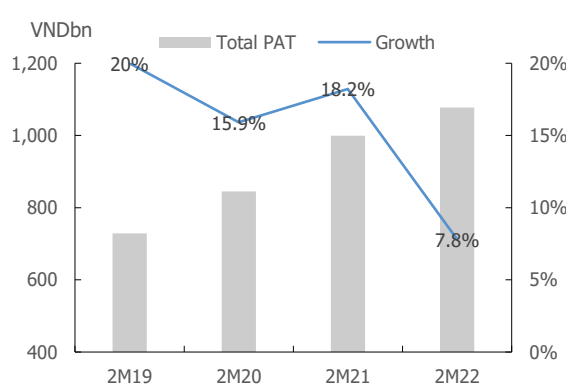
- In January 2022, MWG piloted 12 independent stores for retailing: Mom&Baby products (AVAKids); sportswear (AVASport); fashion (AVAFashion); simultaneously, deploying shop-in-shop models: jewelry (AVAJi) at TGDD stores and bicycle (AVACycle) at DMX stores. The AVA-chains recorded a revenue of over VND100bn in 2M22. With positive initial results, AVAKids was chosen to 2 nd phase pilot at a 30-50 stores scale.
- In 2M22, An Khang pharmacy chain recorded triple sales compared to 2M21. An Khang is upgraded with a new store format to deploy a larger scale in the near future.

Figure 1. High growth in total revenue in 2M22



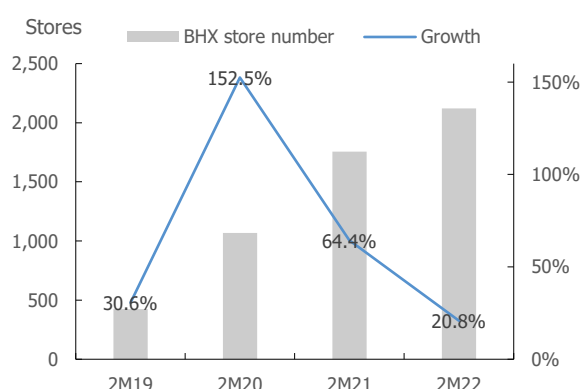
Source: Company data, KIS

Figure 2. The lower growth rate of PAT in 2M22



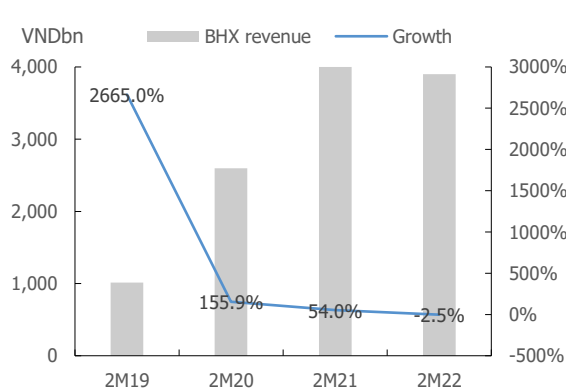
Source: Company data, KIS

Figure 3. High growth in the BHX store number



Source: Company data, KIS

Figure 4. Revenue of BHX decreased slightly in 2M22



Source: Company data, KIS

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