

# Mobile World Group (MWG)

## AM brief: Focus on revenue amid challenges

On May 12, Mobile World Group (MWG) held the Analyst Meeting. The company presented us with the 4M23 results as well as the 2H23F outlook.

### Revenues recovered in April

- In April, MWG recorded a 20% increase m/m in revenue to VND9,700bn of which TGDD/DMX revenue was up 30% m/m due to a strong increase in air conditions sales and BHX revenue increased 3% m/m, reaching VND1.35bn per store per month.
- This revenue level is similar to Dec-22 and Management expects the May revenue to grow 20% mom.

### TGDD&DMX will lengthen the price-competitive strategy

- Per management, MWG gains market shares in cellphone & electric appliance fields due to a price-competitive strategy. And they continue to pursue this price-competitive strategy for a long period, it is not a campaign.
- Topzone will not be affected negatively owing to the opening of Apple online stores, according to MWG's management.
- MWG is also planning to expand the EraBlue chain in Indonesia from 5 stores to 50 stores in 2023F thanks to positive signs from this market with revenue of VND5bn/store.

### Improved revenue/store of An Khang/AvaKids

- By May, MWG owned 510 An Khang pharmacies with average revenue of VND450mn/store (vs VND350mn/store in Apr-22)
- MWG is having 64 AvaKids stores with average revenue of VND1.3bn/store (vs VND1.0bn/store in Apr-22)
- In April, the loss of 2 chains decreased by 50% vs the average level in 2022. The company expects 2 chains to get a profit from 2024F.

	2018A	2019A	2020A	2021A	2022A
Sales (VND bn)	86,516	102,174	108,546	122,958	133,405
chg. (% YoY)	30.4	18.1	6.2	13.3	8.5
Operating profit (VND bn)	3,871	4,977	5,216	5,888	6,644
Net profit (VND bn)	2,879	3,834	3,918	4,899	4,100
EPS (VND)	6,490	8,657	8,650	6,861	2,802
chg. (% YoY)	(6.7)	33.4	(0.1)	(20.7)	(59.1)
EBITDA (VND bn)	5,094	6,420	7,412	8,809	10,185
PE (x)	6.0	4.5	4.5	5.7	13.9
EV/EBITDA (x)	4.0	3.9	2.6	3.9	5.7
PB (x)	1.9	1.4	1.1	1.4	2.4
ROE (%)	38.7	36.3	28.4	27.3	18.5
Dividend yield (%)	2.8	3.8	3.8	0.9	1.3

12M rating **HOLD (Maintain)**

12M TP

Up/Downside

### Stock Data

VNIndex (15 May, pt)	1,073
Stock price (15 May, VND)	39,150
Market cap (USD mn)	2,442
Shares outstanding (mn)	1,463
52-Week high/low (VND)	79,000/37,700
6M avg. daily turnover (USD mn)	4.36
Free float / Foreign ownership (%)	75.2/49.0
Major shareholders (%)	
Retail World Company Ltd	10.5
Dragon Capital	7.9
Tri Tam Company Ltd	7.9
Arisaig Asean Fund Limited	7.2

### Performance

	1M	6M	12M
Absolute (%)	(2.1)	3.4	(37.0)
Relative to VNIndex (%p)	(4.0)	(14.9)	(29.2)

### Stock price trend



Source: Bloomberg

## Research Dept

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### Focusing on increasing revenue per BHX store in 2023

- The company has a new CEO for BHX who has expertise in the data analysis field and building an operating system for BHX chain.
- BHX has saved 15% on logistics cost vs 2H22 in 1Q23 vs and is expected to reduce another 10% in 2H23F.
- Currently, MWG focuses on increasing revenue per store, new CEO expects BHX revenue/store to increase by 20% in the rest of 2023 from the current level and meet the Break-even point in 4Q23F.

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Prepared by: Research Dept

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