

10 Sep 2020

Mobile World (MWG)

Promoting scale for Dien May Xanh super-mini

Dien May Xanh Super-mini to reach 300 stores at 2020-end

- On 09 Sep, Mobile World held a site visit tour to their new store format Dien May Xanh super-mini.
- Beside the large format (800-1,200 sqm/store) and mini format (300-350 sqm/store), super-mini one has size of 120-150 sqm/store. In spite of the smallest size, this new store format still has various product lines of mobile phones, consumer electronics, white goods and home appliances, arranged fitly in standardized layouts. Per our observation, Dien May Xanh super-mini provides lower-end products, which fits customer expenditure in small communities better.
- Dien May Xanh has opened 17 super-mini stores since Jun 2020 and this new format has reached the average monthly revenue per store of VND1.1bn. The company targets to scale its super-mini up to 300 this year-end and record VND500bn.
- Dien May Xanh super-mini has reached gross margin of 23% and net margin of 4.6%, higher than those of Mobile World's existing system, thanks to lower operating expenses compared to its larger siblings. Per management, rental expense of super-mini format is approximately 25% of mini one, while store size is around 50%. Super-mini format has only 4 staffs instead of 12-15 staffs of mini format and each store manager takes responsibility for 2-3 super-mini stores. Moreover, suppliers will support a part of points of sales material expenses for Dien May Xanh super-mini.

Dien May Xanh targets at 60% domestic market share in 2022

- With super-mini format, Dien May Xanh targets to reach 55% and 60% domestic market share in 2021 and 2022. After 2022, Dien May Xanh will expand its business oversea with Cambodia as the first step.

	2017A	2018A	2019A	2020F	2021F
Sales (VND bn)	66,340	86,516	102,174	104,576	128,352
chg. (% YoY)	48.7	30.4	18.1	2.4	22.7
Operating profit (VND bn)	2,779	3,871	4,977	4,711	5,720
Net profit (VND bn)	2,206	2,879	3,834	3,577	4,797
EPS (VND)	5,311	6,689	8,665	7,902	10,289
chg. (% YoY)	36.5	25.9	29.5	(8.8)	30.2
EBITDA (VND bn)	3,469	5,094	6,420	6,345	7,759
PE (x)	17.6	14.0	10.8	11.8	9.1
EV/EBITDA (x)	13.2	8.9	7.8	6.5	5.6
PB (x)	6.8	4.6	3.4	2.7	2.2
ROE (%)	45.3	38.7	36.3	25.5	26.6
Dividend yield (%)	1.2	1.6	1.6	-	1.6

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

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12M rating **BUY (Maintain)**

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

Up/Downside **+43%** (incl 0% cash dividend)

Stock Data

VNIndex (10 Sep, pt)	891
Stock price (10 Sep, VND)	93,500
Market cap (USD mn)	1,826
Shares outstanding (mn)	453
52-Week high/low (VND)	128,000/58,900
6M avg. daily turnover (USD mn)	4.15
Free float / Foreign ownership (%)	89.1/49.0
Major shareholders (%)	
Nguyen Duc Tai & Affiliates	14.0
Tran Le Quan & Affiliates	8.5
Dragon Capital	8.4

Performance

	1M	6M	12M
Absolute (%)	18.4	(0.4)	(18.6)
Relative to VNIndex (%p)	12.5	(7.9)	(12.1)

Stock price trend



Source: Bloomberg

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