

29 Oct 2020

Mobile World (MWG)

Net profit grows 7.2% yoy in Sep 2020

Mobile World's NPAT rose 7.2% yoy in Sep 2020

- Mobile World released Sep 2020's business results, which recorded negative NPAT growth compared to previous month.
- Mobile World reached VND8,382bn revenue (+6.0% yoy) and VND299bn NPAT (+7.2% yoy) in Sep 2020. Aggregate 9M20, Mobile World delivered VND81,352bn revenue (+6.0% yoy) and VND2,978bn NPAT (+0.1% yoy). Online revenue posted VND7,244bn and contributed 8.9% of total revenue. Based on 9M20 business results, Mobile World's revenue and NPAT completed 74% and 86% of 2020 business guidance, respectively.
- By the end of Sep 2020, Mobile World owned 3,709 stores, increasing 67 stores mom, mainly contributed by the increase of 28 Bach Hoa Xanh stores and 41 Dien May Xanh stores.

Dien May Xanh Super-mini reached VND200bn

- Aggregate 9M20, The Gioi Di Dong recorded nearly VND21,965bn, decreasing 14.0% yoy. Dien May Xanh reached nearly VND44,255bn, increasing nearly 1% yoy.
- Though the yoy growth was still negative, Mobile World's sales of phones in recent months has improved thanks to new openings of DMX mini/super-mini and the successful selling campaigns for new launched products. In which, The Gioi Di Dong reached VND7,499bn in 3Q20, decreasing 9.9% yoy but increasing 22.9% qoq.
- Small appliances and white goods reached positive yoy sales growth in 9M20.
- Laptop revenue reached VND2,500bn in 9M20, surging 44% yoy. Watches revenue reached VND1,050bn in 8M20, equivalent to more than 750 thousand of timepieces.

12M rating **BUY (Maintain)**

12M TP **155,000** from 155,000

Up/Downside **+53.0%** (incl 1.5% cash dividend)

Stock Data

VNIndex (29 Oct, pt)	919
Stock price (29 Oct, VND)	102,300
Market cap (USD mn)	1,997
Shares outstanding (mn)	453
52-Week high/low (VND)	124,356/58,085
6M avg. daily turnover (USD mn)	3.77
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 (%)	0.2	27.0	(18.3)
Relative to VNIndex (%p)	(1.6)	6.1	(12.4)

Stock price trend



Source: Bloomberg

	2017A	2018A	2019A	2020F	2021F
Sales (VND bn)	66,340	86,516	102,174	109,121	142,002
chg. (% YoY)	48.7	30.4	18.1	6.8	30.1
Operating profit (VND bn)	2,779	3,871	4,977	5,344	7,018
Net profit (VND bn)	2,206	2,879	3,834	3,955	5,554
EPS (VND)	5,311	6,689	8,665	8,737	11,911
chg. (% YoY)	36.5	25.9	29.5	0.8	36.3
EBITDA (VND bn)	3,469	5,094	6,420	6,980	9,059
PE (x)	19.3	15.3	11.8	11.7	8.6
EV/EBITDA (x)	14.3	9.7	8.4	6.7	5.4
PB (x)	7.4	5.0	3.7	3.0	2.3
ROE (%)	45.3	38.7	36.3	28.5	30.7
Dividend yield (%)	1.1	1.5	1.5	1.5	1.5

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

- After more than 3 months of experiment, Dien May Xanh Super-mini had footprints in 12 provinces of Vietnam South and South-Central with total 52 stores (of which, 33 stores were opened in September). As of the end of Sep 2020, Dien May Xanh Super-mini reached more than VND100bn revenue, equivalent to the avg monthly revenue per store of VND01bn.
- On Sep 25th 2020, mobile phones & consumer electronics retail chain of Mobile World in Cambodia announced the milestone of 20 “Bluetronics” stores in Phnom Penh. In 3Q20, Mobile World completed the conversion of all “Bigphone” stores to Bluetronics format. Mobile World plans to raise the Bluetronics store-count up to 50 by the end of 2020 to cover other provinces and cities in Cambodia, including Siem Reap, Sihanoukville...

Bach Hoa Xanh’s revenue surged by 87.7% yoy in Sep 2020

- Bach Hoa Xanh’s revenue posted VND1,912bn in Sep 2020, surging 87.7% yoy. Average revenue per store maintained around VND1.2bn in Sep 2020.
- Bach Hoa Xanh has 1,120 provincial stores, accounting for 69% of its total store count (compared to 44% at the same period last year).
- Bach Hoa Xanh has 308 large-scaled stores, sizing larger than 300 sqm/store, including both “VND3bn” and “VND5bn” formats and making up 19% of the total store count.
- By the end of Sep 2020, Bach Hoa Xanh owns 35 “VND5bn” stores, located in Ho Chi Minh, Dong Nai, Long An, Binh Phuoc and Ben Tre:
 - 10 “VND5 billion” stores, opened in Sep 2020, has the traffic of around 1,000 bills per day and avg revenue surged by 50% compared to that before the conversion.
 - 11/35 “VND 5 billion” stores were set-up together with An Khang pharmacy.
- Bach Hoa Xanh will decelerate the new opening pace to focus on raising “VND05bn” store-count by proactively converting high-performing stores. Bach Hoa Xanh targets to have around 100 “VND05bn” stores by the end of 2020.
- Bach Hoa Xanh’s gross profit margin after wastage & shrinkage maintained at 25.0%, equivalent to 2Q20 figure and expanding 5%p yoy, thanks to
 - Better trading terms with FMCGs suppliers driven by economy of scale and
 - Relentless effort in optimizing procurement for fresh produce.

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