

# Mobile World Group (MWG)

## August 2022: BHX completed renovation

On Sep 26th, Mobile World Group (MWG) released the performance report for August 2022. Here are some noticeable updates.

### MWG met 66%/50% of the revenue/NPAT guidance

- In August 2022, MWG's net revenue rocketed by 60% yoy to VND10.4tn and net profit rose by 33% to VND3.2tn. In 8M22, MWG's net revenue went up by 18% yoy to VND92.3tn and net profit edged up by 6% yoy to VND3.2tn.
- In detail, in 8M22, TGDD & DMX respectively contributed VND24.5tn and VND48.8tn, totally equivalent to 79.5% of MWG revenue. Revenue of TGDD&DMX grew by 27% yoy, specifically, smartphone and CE sales surged 118% yoy.
- In 8M22, BHX's revenue fell by 15% yoy to VND17.6tn, equaling 19% of MWG's revenue. BHX has completed restructuring, closed the ineffective stores and hit the sale target of VND1.36bn/month/store in August 2022, up 5% mom.
- Online revenue in 8M22 climbed by 71% yoy to VND13tn, attributing 14% of MWG revenue. In which, online sales proportion in TGDD&DMX and BHX's revenue were correspondingly 17% and 3%. In August 2022, online revenue of TGDD&DMX decreased by 13% mom to VND1.2tn, meanwhile online revenue of BHX remained stable at VND72bn.
- By August 2022, MWG has total 1,086 TGDD stores (1,070 stores in Jul), 2,222 DMX stores (July: 2,185 stores), 1,726 BHX stores (July: 1,735 stores), 509 An Khang pharmacies (July: 432 stores), 80 AVAKids stores (July: 68 stores) and 12 AVASports stores (July: the same).
- We expect MWG's revenue in 3Q22 is positive comparing to 2Q22 thanks to completion of BHX restructuring and higher sale of laptops for back-to-school period.
- MWG is trading at TTM PE of 20x, higher than two years average of 18.3x.

12M rating **HOLD (Maintain)**

12M TP **N/A**

Up/Downside **N/A**

### Stock Data

VNIndex (27 Sep, pt)	1,167
Stock price (27 Sep, VND)	67,100
Market cap (USD mn)	4,138
Shares outstanding (mn)	1,464
52-Week high/low (VND)	79,583/60,000
6M avg. daily turnover (USD mn)	11.47
Free float / Foreign ownership (%)	76.5/49.0
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 (%)	(7.1)	(2.8)	7.2
Relative to VNIndex (%p)	1.9	18.7	17.9

### Stock price trend



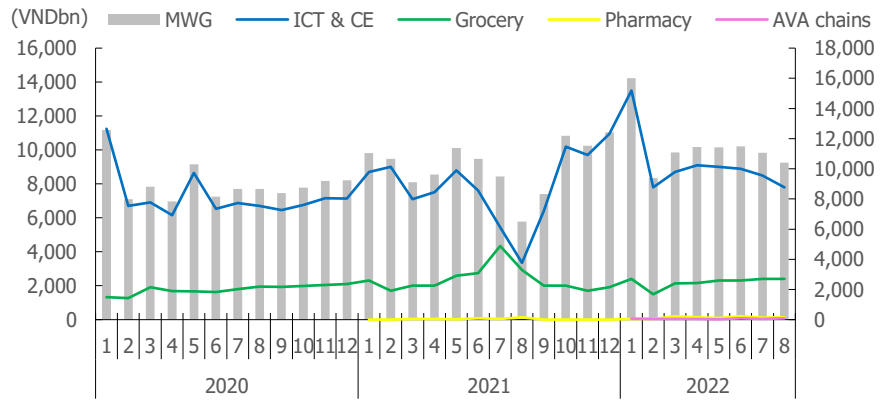
Source: Bloomberg

	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

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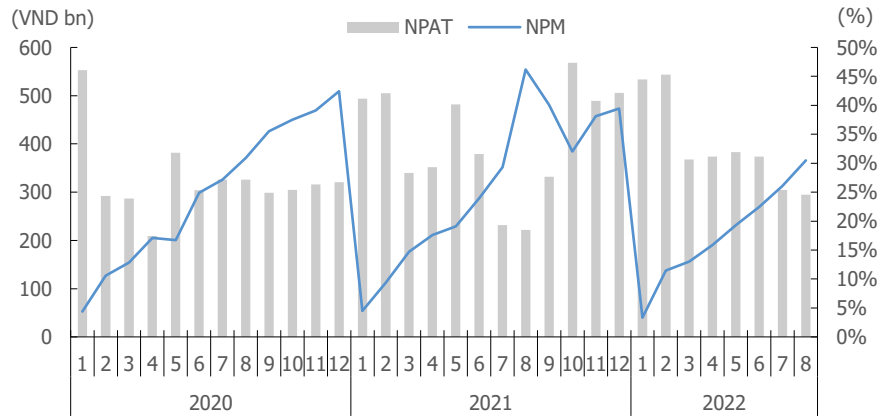
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**Figure 1. Monthly revenue of MWG by product lines during 2020 – 8M22**



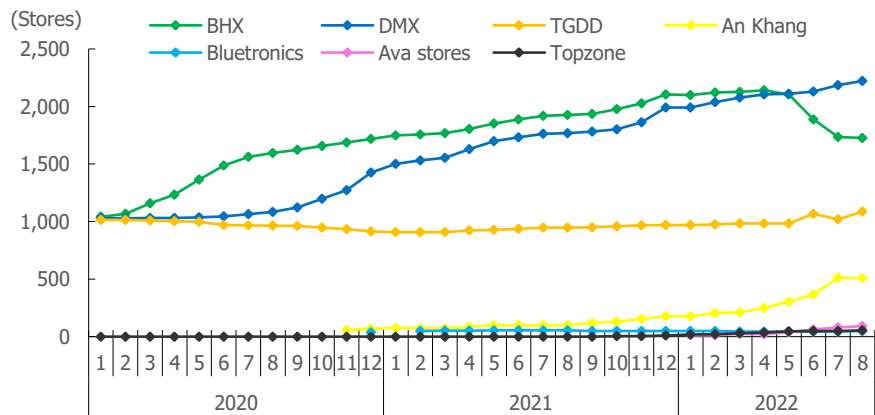
Source: Company data, KIS

**Figure 2. Monthly NPAT and NPM of MWG during 2020 – 8M22**



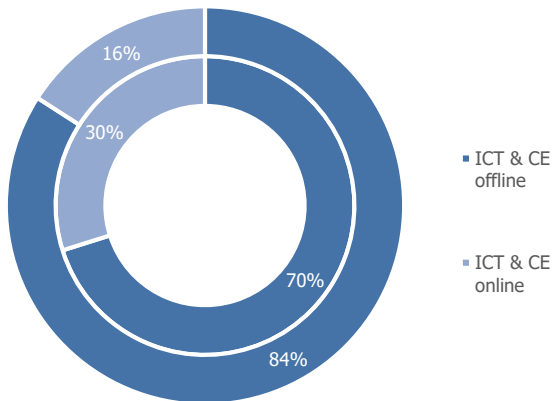
Source: Company data, KIS

**Figure 3. BHX got rid of inefficient stores while others expanded the coverage**



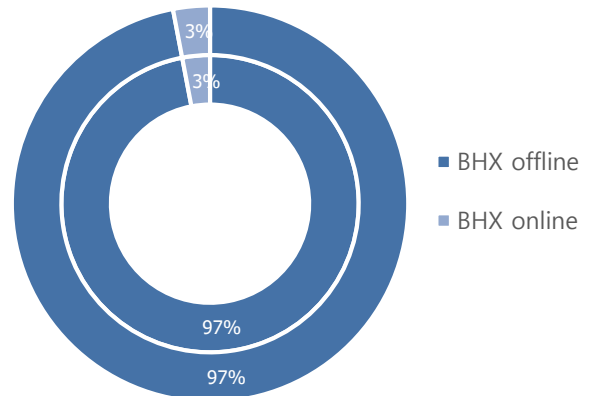
Source: Company data, KIS

**Figure 4. Proportion of online ICT & CE sales in Aug 2022 (outside) dropped on the yoy basis**



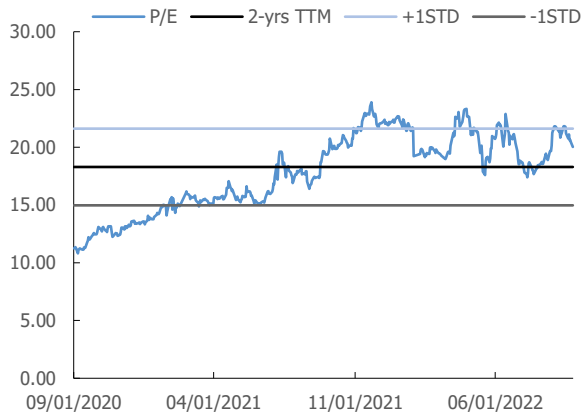
Source: Company data, Finpro

**Figure 5. BHX revenue structure by channel in Aug 2022 (outside) remained the same on the yoy basis**



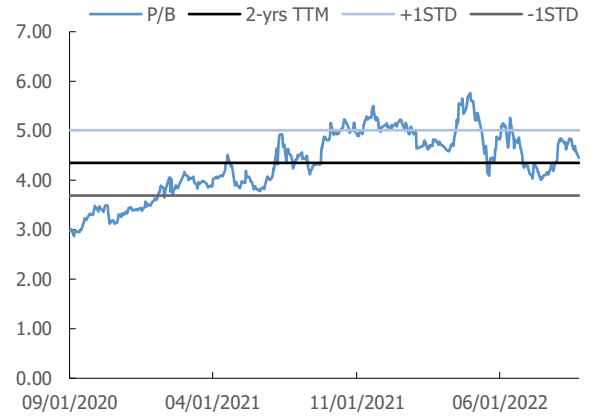
Source: Company data, Finpro

**Figure 5. MWG's 2 years P/E by Sep 26<sup>th</sup>, 2022**



Source: Company data, Finpro

**Figure 6. MWG's 2 years P/B by Sep 26<sup>th</sup>, 2022**



Source: Company data, Finpro

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