

# Mobile World Group (MWG)

## Oct 2022: Somber 4Q22F

By Nov 23, Mobile World Group (MWG) established the analyst meeting for 3Q22 and Oct 2022. Here are some noticeable updates.

### Revenue in Oct 2022 fell by 11% yoy

- In Oct 2022, MWG's net revenue fell by 11% yoy to VND10.9tn. TGDD & DMX contributed VND8.3tn, down 18% yoy.
- Accumulating 10M22, MWG's net revenue went up by 15% yoy to VND113.7tn and by 10M22, MWG has met 81% of the revenue guidance. Revenue of TGDD & DMX contributed VND90tn, upped 21% yoy.

### BHX's revenue per store improved to VND1.37bn in Oct 2022

- BHX's revenue in Oct 2022 was VND2.37tn, increased 22% yoy. BHX posted the average sales per store of VND1.37bn in Oct 2022, slightly improved as compared to VND1.35tn in Sep 2022. In 10M22, BHX's revenue fell by 9% yoy to VND22.3tn
- The management expected the sale growth of restructured BHX to be driven by new customers, not only from the traditional markets but also the supermarkets. BHX stores are strategically relocated to tier 2 locations with an area of 150-200sqm, near the residential zone.

### Confident of healthy cash flow

- MWG has fully settled the loans due before 23 Nov 2022, pending a short-term loan to Mizuho Bank due in Mar 2023 and a long-term loan of VND6tn due in July 2025. MWG had also repaid the bond payable of VND1,135bn in Nov 2022.
- MWG confirmed that it invested in bonds issued by large and reliable institutions, which contained collaterals and terms of repurchasing.

12M rating **HOLD (Maintain)**

12M TP **N/A**

Up/Downside **N/A**

#### Stock Data

VNIndex (24 Nov, pt)	948
Stock price (24 Nov, VND)	37,700
Market cap (USD mn)	2,221
Shares outstanding (mn)	1,464
52-Week high/low (VND)	79,583/37,700
6M avg. daily turnover (USD mn)	9.39
Free float / Foreign ownership (%)	76.2/49.0
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 (%)	(25.5)	(42.9)	(47.3)
Relative to VNIndex (%p)	(21.7)	(20.6)	(11.9)

#### 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	5,895
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	8,815
PE (x)	5.4	5.8	4.4	4.4	5.5
EV/EBITDA (x)	4.4	3.9	3.8	2.5	3.8
PB (x)	2.0	1.9	1.4	1.1	1.3
ROE (%)	45.3	38.7	36.3	28.4	27.3
Dividend yield (%)	1.9	2.9	4.0	4.0	0.9

## Research Department

Researchdept@kisvn.vn

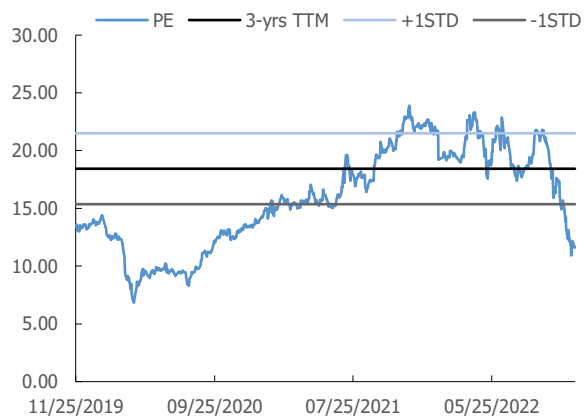
## Conservative viewpoint amid the gloomy economy

- Preparing for 4Q22F business, the management has postponed the expansion plan until the 2022 year-end. MWG currently has 2,269 DMX stores (Sep: 2,246 stores), 1,729 BHX stores (Sep: 1,727 stores), and 529 An Khang pharmacies (Sep: 529 stores, 2022F: 800 stores).
- The management will also minimize cost, utilize operations and tighten inventory management for 4Q22F and 1H23F.
- BHX and An Khang would fail to meet the breakeven point in 4Q22F. MWG has delayed the breakeven timeline until 4Q23F, per management.
- MWG is estimated to meet the revenue target of VND140tn, however, NPAT may drop 10% yoy, fulfilling about 70% of the full-year guidance.

## Valuation

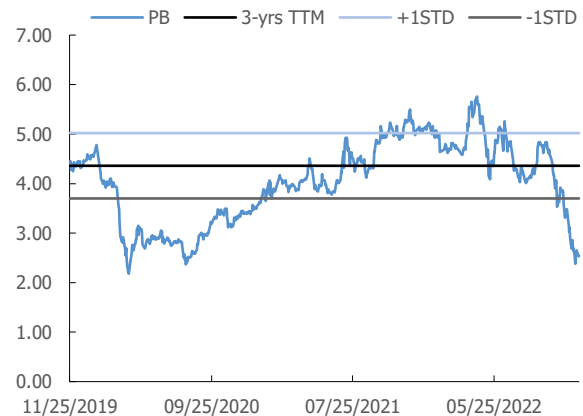
- MWG is trading at TTM PE of 11.7x and TTM PB of 2.5x, lower than two years average of 18.4x and 5.0x correspondingly.

**Figure 1. MWG's 3 years PE by Nov 24<sup>th</sup>, 2022**



Source: Company data, Finpro

**Figure 2. MWG's 3 years PB by Nov 24<sup>th</sup>, 2022**



Source: Company data, Finpro

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