

Mobile World Group (MWG)

2022: Year of restructuring

By Jan 31 2023, Mobile World Group (MWG) released performance report for 2022. Here are some noticeable updates.

Revenue in 4Q22 fell by 15% yoy, compared to a high base

- In 4Q22, MWG's net revenue fell by 4% qoq to VND30tn primarily driven by the off-peak season of laptops and lower-than-expected sale of Iphone new series due to input discontinuation. Revenue in 4Q22 dropped sharply by 15% yoy compared to the high base in 4Q21, thanks to good sales of BHX and ICT chains related to COVID-19 work from home trend.
- NPAT dropped 32% qoq due to high promotion for year-end sale seasons, NPAT also collapsed 60% yoy to VND619bn.

Revenue in 2022 grew by 8% yoy but NPAT dropped by 16% yoy

- Accumulating 2022, MWG's net revenue went up by 8% yoy to VND133tn, MWG had met 95% of the revenue guidance. In which, revenue of TGDD & DMX contributed VND35tn and VND69tn respectively, both grew by 10% yoy. Meanwhile, BHX revenue fell by 4% to VND27tn, as the business was interrupted in 2Q22 for the restructuring and high base of sale in 4Q21 thanks to pent-up demand at the end of social distancing period.
- NPAT fell by 16% yoy to VND4.1tn, fulfilling 65% of guidance. In 2022P, MWG had recorded an significant amount of renovation and other expenses related to BHX's restructuring. Annually, NPATM in 2022P was 3.1%, 0.9%p lower than 2021.

12M rating **HOLD (Maintain)**

12M TP **N/A**

Up/Downside **N/A**

Stock Data

VNIndex (31 Jan, pt)	1,111
Stock price (31 Jan, VND)	46,500
Market cap (USD mn)	2,902
Shares outstanding (mn)	1,463
52-Week high/low (VND)	79,583/37,700
6M avg. daily turnover (USD mn)	7.64
Free float / Foreign ownership (%)	74.7/49.0
Major shareholders (%)	
Retail World Company Ltd	10.48
Arisaig Asia Fund Limited	7.2
Tran Huy Investment Consulting Ltd	2.2

Performance

	1M	6M	12M
Absolute (%)	8.4	(23.8)	(29.4)
Relative to VNIndex (%p)	(2.0)	(16.4)	(5.6)

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)	6.7	7.2	5.4	5.4	6.8
EV/EBITDA (x)	5.2	4.7	4.4	3.0	4.5
PB (x)	2.5	2.3	1.7	1.4	1.6
ROE (%)	45.3	38.7	36.3	28.4	27.3
Dividend yield (%)	1.6	2.4	3.2	3.2	0.7

Research Department

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Conservative expectation in 1H23 for ICT sales

- TGDD and DMX sales in 4Q22 dropped 14% yoy and 22% yoy correspondingly due to the high base in 4Q21 after COVID-19 and low demand in 4Q22 amid down-sizing trend in many large corporations.
- Per manager, MWG has postponed ordering ICT merchandises from wholesalers since 4Q22. We also anticipate that MWG will push promotions for ICT products to reduce inventories and encourage sales in 1H23 amid the gloomy economy, leading to a narrower NPAT margin.
- In Dec 2022, MWG kept opening ICT&CE stores but closed 1 BHX store, 9 An Khang pharmacies and 1 Ava Sport store. By the end of 2022, MWG had 1,090 TGDD stores (Nov: 1,071), 100 Topzone (Nov: 98), 2,284 DMX stores (Nov: 2,277 stores), 1,728 BHX stores (Nov: 1,729 stores), and 500 An Khang pharmacies (Nov: 509 stores), 64 AVAKids (Nov: 64) and 12 AVA Sports (Nov: 13).

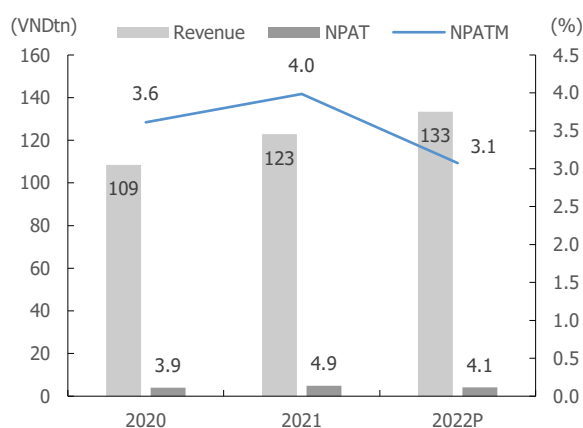
Recovered sales in BHX

- BHX's SSSG was 9% mom, reached revenue of VND1.42b/store in Dec 2022 thanks to the preparation for Tet Holiday.
- BHX's revenue increased by 25% yoy to VND7tn in 4Q22.
- EBIT per store went positive at 2%-3%, EBITDA remained stable at 7%-8%.
- The management expects BHX to optimize opex and meet BEP in 4Q23F.

Valuation

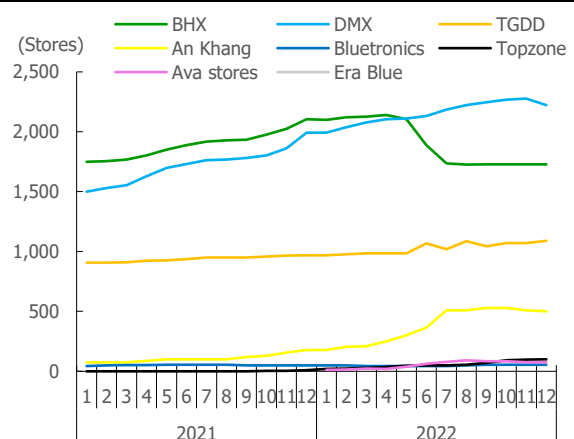
- MWG is trading at TTM PE of 13.3x and TTM PB of 2.9x, lower than three years average of 15.7x and 4.0x correspondingly.

Figure 1. NPATM dropped to 3.1% despite of the revenue growth



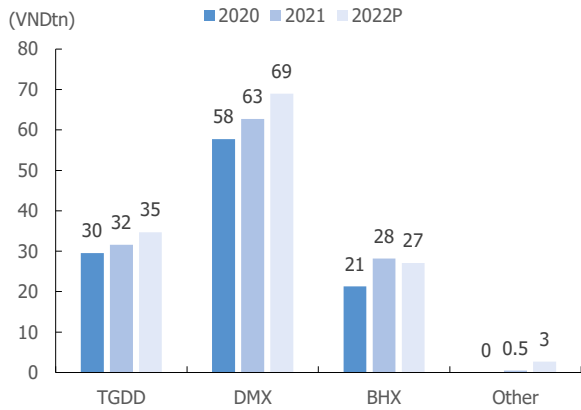
Source: Company data

Figure 2. MWG postponed expansion in 4Q22



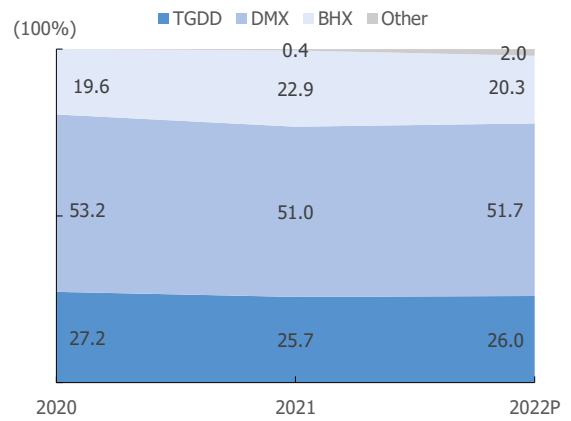
Source: Company data

Figure 3. ICT&CE chains kept growing revenue while BHX was restructured in 2022



Source: Company data

Figure 4. BHX's contribution in MWG revenue fell by 3%p in 2022P



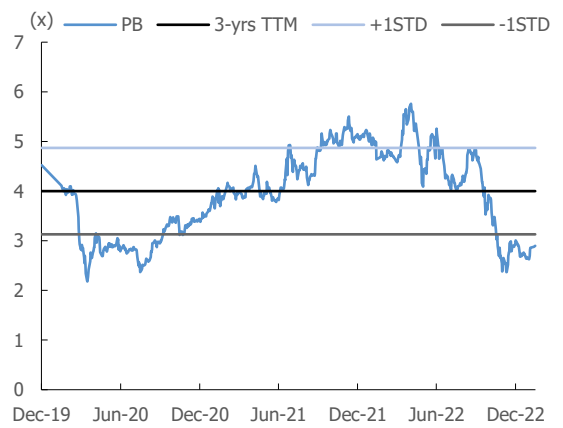
Source: Company data

Figure 5. MWG's 3 years PE by 31-Jan-23



Source: Company data, Finpro

Figure 6. MWG's 3 years PB by 31-Jan-23



Source: Company data, Finpro

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