

# Mobile World Group (MWG)

## Hardship drags on

On Aug 11th, we tuned in to MWG's AM presenting the 1H23 performance. Here are some notable updates.

### Revenue was hit hard but profit was even worst in 1H23

- In 1H23, MWG reported net revenue of VND56.6tn (-20.1% yoy) and NPAT of VND38.7bn (-98% yoy), fulfilling 42%/1% of the year guidance.
- In which, 2Q23 net revenue was sluggish VND29.5tn (-14.2% yoy, +8.7% qoq), and NPAT was only VND17.4bn (-98.5% yoy, -18.2% qoq).
- NPAT margin hit the 5-year low of just 0.07% in 1H23, compared to 3.64% in 1H22 and 4.08% in 1H21.

### TGDD&DMX: No expansion from the year start

- In 2Q23, TGDD&DMX recorded a revenue of VND21.6tn (-26.1% yoy, +8% qoq), accumulating to 1H23 revenue of VND41.6tn (-27.1% yoy).
- In 1H23, TGDD's revenue slid to VND13.3tn (-29.4% yoy), while DMX's revenue also fell to VND28.2tn (-25.9% yoy).
- The contribution from the 2 chains to MWG's net revenue dropped from 80.5% in 1H22 to just 73.5% in 1H23 due to discount selling prices to spur the demand for ICT products (consumer discretionary) in the gloomy economic condition.
- As of June 23, TGDD (incl. TopZone) has 1,180 stores (-0.8% YTD, -0.7% qoq), while DMX has 2,289 stores (+0.2% YTD, -0.1% qoq).
- Per management, 2H23 revenue could be rosy, attributed to seasonal effects (Back to School, Christmas), but could not be back to pre-pandemic level.

12M rating **HOLD (Maintain)**

12M TP  
Up/Downside

#### Stock Data

VNIndex (14 Aug, pt)	1,239
Stock price (14 Aug, VND)	54,000
Market cap (USD mn)	3,322
Shares outstanding (mn)	1,463
52-Week high/low (VND)	73,396/37,342
6M avg. daily turnover (USD mn)	6.28
Free float / Foreign ownership (%)	75.2/49.0
Major shareholders (%)	50.96
Retail World Company Ltd	10.48
Arisaig Asia Fund Limited	4.99
Tran Huy Investment Consulting Ltd	2.2

#### Performance

	1M	6M	12M
Absolute (%)	10.2	28.2	(13.5)
Relative to VNIndex (%p)	4.0	7.9	(13.1)

#### Stock price trend



Source: Bloomberg

	2018A	2019A	2020A	2021A	2022A
Sales (VND bn)	86,516	102,174	108,546	122,958	133,405
chg. (% YoY)	30.4	18.1	6.2	13.3	8.5
Operating profit (VND bn)	3,871	4,977	5,216	5,888	6,644
Net profit (VND bn)	2,879	3,834	3,918	4,899	4,100
EPS (VND)	6,490	8,657	8,650	6,861	2,802
chg. (% YoY)	(6.7)	33.4	(0.1)	(20.7)	(59.1)
EBITDA (VND bn)	5,094	6,420	7,412	8,809	10,185
PE (x)	20.2	15.2	15.2	19.2	15.3
EV/EBITDA (x)	12.1	10.3	8.2	11.3	6.3
PB (x)	6.5	4.8	3.8	4.6	2.6
ROE (%)	38.7	36.3	28.4	27.3	18.5
Dividend yield (%)	0.8	1.1	1.1	0.3	1.2

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

## Research Department

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**Table 1. Revenue breakdown by chain** (VND bn, %)

	Quarter				Accumulated		
	2Q22	2Q23	QoQ	YoY	1H22	1H23	YoY
TGDD	8,913	6,683	0.2	(25.0)	18,905	13,351	(29.4)
DMX	18,073	14,866	11.2	(17.7)	38,093	28,228	(25.9)
BHX	6,762	7,293	14.5	7.85	12,816	13,690	6.8
Others	590	623	(8.0)	5.65	991	1,301	31.3
<b>Net revenue</b>	<b>34,338</b>	<b>29,464</b>	<b>8.7</b>	<b>(14.2)</b>	<b>70,804</b>	<b>56,570</b>	<b>(20.1)</b>

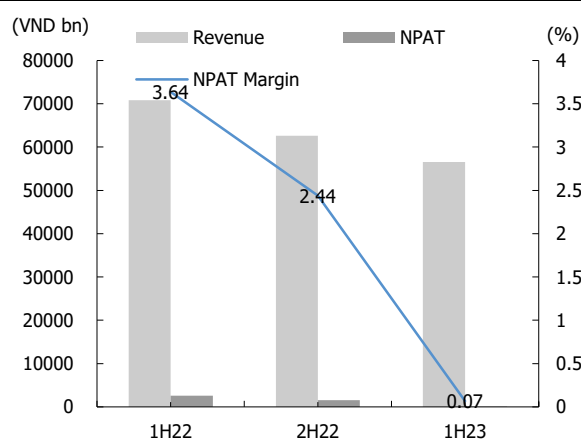
Source: Company data, KIS

**BHX: Eyeing revenue/store growth**

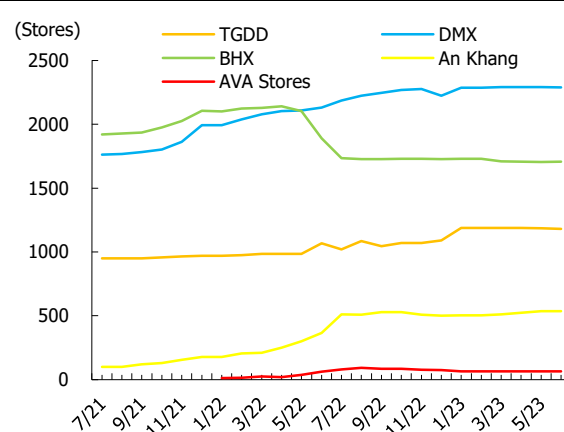
- In 2Q23, BHX's revenue thrived to VND7.3tn (+7.85% yoy, +14.5% qoq), accumulating to 1H23 VND13.7tn (+6.8% yoy).
- In 1H23, BHX closed 22 stores, pushing down the total number to 1,706 (-1.3% YTD). The company came to the end of restriction phase when compared to the closure of 217 stores in 1H22 and 161 stores in 2H22 due to the restructure completion.
- In 2Q23, BHX earned monthly average revenue of VND1.4bn (+21% yoy, +7.1% qoq) backed by the rise in the number of bills.
- Per management, they could focus on improving revenue per store rather than saving cost. In addition, they could prioritize BHX's break-even before expanding across Vietnam.

**Others: Revenue growth came from a better mix**

- Other chains' (An Khang, Ava Kids, etc) revenue went up to VND1.3tn (+31.3% yoy), accounting for 2.3% of MWG's net revenue in 1H23.
- An Khang has 537 stores (+7.4% yoy, +5.3% qoq), while Ava Kids has 66 stores (+3.1% yoy) as of June 23.

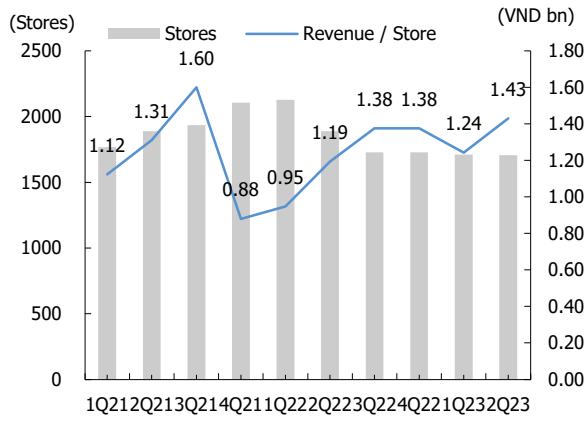
**Figure 1. Revenue fell and NPAT margin mimized**

Source: Company data

**Figure 2. No expansion from the year start.**

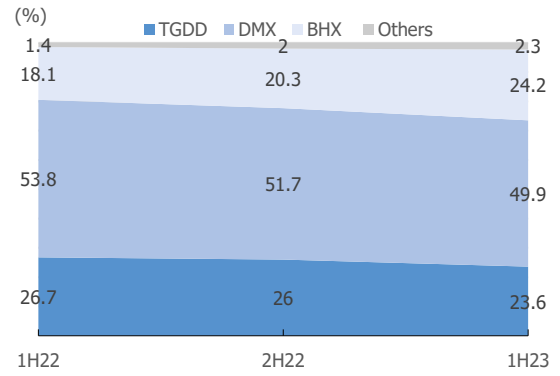
Source: Company data

**Figure 3. BHX's monthly sale/store and number of stores**



Source: Company data

**Figure 4. The revenue share of TGDD&DMX slumped**



Source: Company data

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