

MOBILE WORLD INVESTMENT CORP (MWG)

CONSUMER GOODS

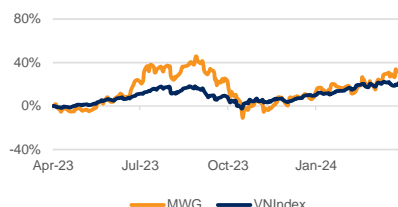
Current Price	VND52,000
52Wk High/ Low	VND57,500/35,100
Target Price	VND48,500
Last Updated	27/12/2023
Last Rating	HOLD
TP vs Consensus	-13.9%
Upside	-6.7%
Dividend Yield	1.0%
Total stock return	-5.8%

Market Cap	US\$3,068.3m
3MADTV	US\$20.3m
Avail Foreign Room	US\$99.5m
Outstanding Shares	1,462.2m
Fully Diluted O/S	1,462.2m

	MWG	VNI
P/E TTM	453.5x	15.0x
P/B Current	3.3x	1.8x
ROA	0.3%	6.8%
ROE	0.7%	13.5%

*as of 15/04/2024

Share Price Performance



Ownership

Mobile World Retail Advisory Co. Ltd	10.5%
Tri Tam Company Limited	7.0%
Arisaig Asia consumer fund limited	4.9%
Others	77.6%

Business Descripton

MWG manages Vietnam's largest phone and electronics retail chain, (TGDD and DMX chains), boasting over 3,400 stores nationwide and commanding over 50% market share. Additionally, MWG operates the BHX grocery chain, featuring more than 1,700 stores across central and southern Vietnam.

Analyst(s):



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Approaching BHX profitability

- MWG plans for FY24 revenue and net profit of VND125tn/VND2.4tn, respectively, increases of 6% yoy and 14 times compared to FY23.
- According to management, BHX will begin to record profit in 1Q24 and targets to reach net profit of VND1tn-VND2tn over the next two years.

Business results improved significantly in 1Q24

In 1Q24, MWG recorded revenue growth of 17% yoy to VND31,500bn, of which revenue from Dien May Xanh and The Gioi Di Dong increased by 10% yoy. MWG does not share net profit, but management said that thanks to efforts to save operating costs through restructuring policies, the company will record strong net profit growth in 1Q24, highlighted by BHX beginning to record profit in 1Q24.

FY24 earnings growth guidance set at 14 times yoy

According to management, purchasing power recovery will remain slow in 2024, thus the company will mainly focus on market share growth and cost optimization. In addition, the price war will not be as strong as in 2023 and selling prices will be more stable, which will improve FY24 revenue and profits.

- Era Blue: MWG plans to open a maximum of 100 stores in 2024.
- DMX, TGDD: The company has no plan to open new stores in the next two to three years. The driving force will come from exploiting the remaining 40% of the market share (currently the two chains account for 50-70% of the market share depending on the industry) through finance solutions, delivery or maintenance for customers.
- An Khang: The company has no plan to open new stores with target revenue/store of VND550mn, An Khang's break-even point.
- Era Blue: Currently, mini stores (standard store size, 300 m2) achieve revenue of about VND4.5bn/store/month, supermini stores (size 180 m2) achieve about VND2.5bn/store/month. This is just the breakeven level/store.
- E-commerce: Online segment currently contributes 20% in total revenue.
- BHX: Currently, BHX's revenue and net profit are still on track and MWG is confident in approaching net profit in 2024. After the 5% BHX transaction, MWG has no need for additional capital for BHX in the future.

Cash dividend and share buyback plans in 2024

At the AGM, MWG announced it will pay a FY23 cash dividend of VND500 per share and the payment will be made in 2024. In addition, the company plans to buy back treasury shares with total capital of VND100bn.

MWG also plans to issue shares to the executive board based on FY24 business results (ESOP 2024). The ESOP issuance ratio is a maximum of 2% of total outstanding shares. The planned selling price of ESOP shares is VND10,000/share with expected issuance time in 2025. If the company's after-tax profit is less than 110% of the business plan, the ESOP plan will not be implemented.

Financial summary	FY23	% yoy	FY24 plans vs.	
			FY24 plan	VND forecast
Revenue	118,280	-11.3%	125,000	101.2%
Net profit	168	-95.9%	2,400	112.1%

Source: VNDIRECT RESEARCH

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RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

- Add The stock's total return is expected to reach 15% or higher over the next 12 months.
- Hold The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
- Reduce The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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