

MWG: AGM note

Mobile World Investment Corp. (HSX: MWG) held its annual general meeting on April 23rd 2022. Below are some key points:

- 2022 business plan: net revenue of VND140,000bn and EAT of VND6,350bn, up by c.14%YoY and c.30%YoY respectively.
- Thegioididong.com (TGDD) and Dien May Xanh (DMX) will remain the company's key earners accounting for 75%-80% of total net revenue, with such actions as:
 - open new consumer electronics flagship centers, DMX Supermini, Topzone stores and expanding the network of freelancers,
 - upgrade store size or converting some TGDD to DMX stores for higher sales,
 - add new products or services to optimize the existing stores' sales,
 - accelerate Bluetronics to break-even point and penetrating into the consumer electronics retailing market in Indonesia.
- The Gioi Di Dong JSC, a subsidiary of Mobile World Investment Corp., entered into a strategic cooperation with PT Erafone Artha Retailindo ("Erafone"), a subsidiary of Erajaya Group in Indonesia, to form a joint venture company PT Era Blue Elektronik (Era Blue). This cooperation aims to make Era Blue the No.1 consumer electronics retailer in Indonesia, by leveraging MWG's know-how and outstanding capability in consumer electronics retailing along with Erajaya's prestige, resources, and understanding about the local market. Erajaya is the leading modern retailer of ICT products by store network and market share in Indonesia. The first Era Blue store is to be opened in Jakarta by mid-2022.
- Bach Hoa Xanh (BHX) will cease new store opening to fine-tune the backend foundation to be ready for aggressive expansion to other regions from 2023 onwards. The chain will focus on boosting customer traffic, experience, and store sales with many actions, for example:
 - improve staff attitude in serving customers.
 - adjust inside layout and number of SKUs.
 - concentrate on one store size of 200-300m², instead of developing different store sizes as earlier. More stores will be added if needed.
 - improve product quality and implement many promotion programs to offer customers good deals with competitive prices.

The company's management expects to increase BHX's sales per store by c.30% this year. BHX may contribute 20%-25% of MWG's 2022 net revenue; however, the target of making net profit this year may be delayed.

- MWG plans to sell no more than 20% of Bach Hoa Xanh Trading JSC's equity through private placement issuance. Potential buyers could be regional or global partners and investors (except the direct competitors in Vietnam) that desires to acquire BHX's shares with the highest valuation. Purpose of the issuance is to finance investments in distribution centers, CAPEX, technology, development of Bachhoaxanh.com channel and nationwide expansion of BHX store chain. The expected transaction time is 2022-2023 period.
- An Khang will see significant investments in terms of both money and dedicated leadership to expand rapidly in 2022. The chain plans to have some changes to enhance customers experience, build new or upgrade store format for scaling up. The number of An Khang stores is expected to reach around 400 at the end of June 2022, from 178 at the end of 2021. Becoming one of top 3 leading pharmacy chains in terms of store network and revenue in Vietnam is An Khang's target this year. The pharmaceutical retailing market is believed to be potential and fragmented with about 60,000 mom-and-pop pharmacies while the emerging pharmacy chains have accounted for just a small portion.
- New chains including AVAKids, AVASport, AVAFashion, AVAJi, and AVACycle are still in the pilot phase. Some of these have shown encouraging initial results for scaling up while some need more improvements or changes. In which, AVAKids chain is set to have 50 stores in June from c.20 at present. The new businesses are expected to contribute to the company's business performance since 2023 if their experiments are successful. Nonetheless, it is still early to affirm how many of these will flourish.
- MWG has not released much information about relaunching Vuivui.com e-commerce website. However, the management aims to differentiate the site by diminishing complaints and discomfort that still exist on the current e-commerce websites.

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