

MWG: AGM note

Mobile World Investment Corp. (HSX: MWG) held its annual general meeting on April 8th 2023. Below are some key points:

- **2023 business plan:** net revenue of VND135,000bn and EAT of VND4,200bn, up by c.1%YoY and c.2%YoY respectively, with a priority on securing cash flows and controlling costs. The plan is set based on the company's assumption that consumer purchasing power may start to recover from 3Q23. The company expects this assumption should be underpinned by improvements in manufacturing orders, exports, softer interest rates, more measures to tackle the real estate industry's difficulties and promotion of public spending.
- According to the company's observations, cautious sentiment and delayed spending decisions on durable and high-value products happen even for the mid to high-end consumers due to decreasing confidence amid the economic headwinds. Low-income customers have more difficulties in accessing consumer finance, which caused revenue from consumer finance as a percentage of MWG's total revenue to drop to 10% from 35% previously in a normal condition. For essential goods such as foods, FMCGs, and pharmaceuticals, the downtrading trend (i.e., switching from expensive products to lower-end brands for lower prices) is also seen.
- The company's management appointed Mr. Trong Pham as BHX's Acting CEO. Some priorities that he aims to enhance in BHX this year are customers' satisfaction, fresh food category and its supply chain. Fresh food is emphasized as the mainstay to attract customers. The chain will continue to improve products' quality, product portfolio, prices, hygiene, etc. so that they are as good as or better than those in wet markets. For FMCGs, MWG is confident that the current scale of product portfolio is enough for BHX's business model. Additionally, Mr. Trong expects BHX Online to achieve breakeven level in 2023.
- The private placement of BHX (not IPO) is in progress. Details are not disclosed.
- BHX may open new stores in 2023, with a cautious pace, aiming primarily at 150-200m2 stores, accompanied by requirements in terms of efficiency. In 2023, BHX's expansion in provinces will still focus on the existing provinces that BHX had stores already, in order to avoid spending costs for building new distribution centers without generating efficiency. Plans for the following years are not available.
- Expansion of store networks is limited for most of its chains in 2023, although replacement of stores may continue. The decision to close a store depends on considerations about its long-term efficiency (e.g locations, revenue, costs, etc.), not just because of making losses.
- The first five consumer electronics stores named EraBlue were launched in Indonesia in Dec 2022 and reported initial positive performance with revenue per store of VND4.5-5bn per month on a size of 400m2 (profit may be seen if such stores are opened in Vietnam). The chain continues to optimize costs and complete the business model for quicker expansion, expected in mid 2Q23, though caution remains. In Indonesia, MWG competes by providing full services from selling to after-sale services to consumers, which no local consumer electronics retailer has offered in this market. The market is considered potential while the number of sizable retailers is still small.
- MWG did and is going to spur implementing its ESG program. The company will start with easily recognized issues and then have deeper research on the framework for a long-term strategy. The company believes it is doing well in terms of social and corporate governance aspects while targeting to have more contributions in protecting the environment.
- The company maintains its orientation to become a retailer of various business chains serving mass demand with both offline and online channels.
- Tan Tam Installation-Repair-Maintenance services JSC still focuses on after-sale services for the group and aims to optimize its costs this year.
- The company did not issue 2022 ESOP for the Board of Director and key managers because 2022 net profit after tax did not grow at least 10% YoY. Also, MWG did not submit 2023 ESOP plan for AGM's approval due to challenging market conditions.

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