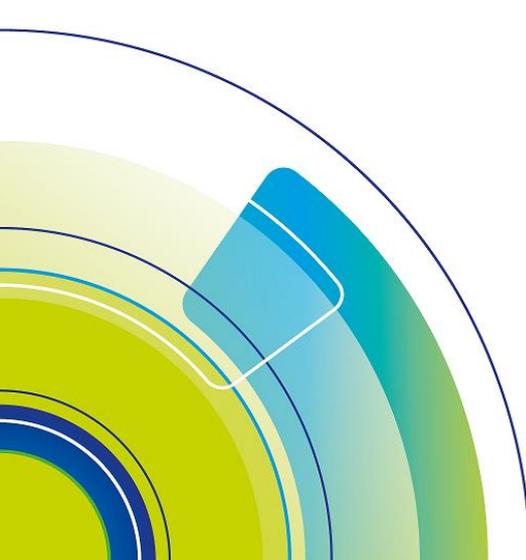




# MWG Flash note - OUTPERFORM

April 15, 2024

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## Ms. Chi Luong

(+84 28) 7300 7000 - Ext: 1042

[chihtk@acbs.com.vn](mailto:chihtk@acbs.com.vn)

## AGM Flash note

Recommendation **OUTPERFORM**

HSX: **MWG**

Retail

Target price (VND) **50,300**

Market price (VND) **52,000**

Expected share price return -3.3%

Expected dividend yield 1.0%

Expected total return **-2.3%**

## Stock performance (%)

	YTD	1M	3M	12M
Absolute	18.9	11.2	24.1	28.8
Relative	6.2	8.6	13.4	7.5

Source: Bloomberg



## Ownership

Retail World Inv.	10.5%
VietFund	3.6%
Arisaig Asia Fund	3.4%
Mr. Tai Nguyen (Chairman)	2.4%

## Stock Statistics 12-Apr-2024

Bloomberg code	MWG VN
52-week range (VND)	33,600 - 59,300
Shares O/S (m)	1,462
Mkt cap (VND bn)	74,428
Mkt cap (USD m)	3,000
Foreign room left (%)	3.8
Est. free float (%)	77.8
3m avg daily vol (shrs)	10,915,980
VND/USD	25,230
Index: VNIndex / HNX	1271.35/240.29

## MOBILE WORLD INVESTMENT CORP (MWG VN)

MWG held the AGM 2024 on April 13 with key information as below:

- **2024 business plan:** net revenue of VND125,000bn (+5.7% YoY) and EAT VND2,400bn (+1330% YoY), in line with our projections. The company does not expect a substantial rebound in consumer spending this year given that the macroeconomic outlook remains challenging. Still, thanks to restructuring the number of stores and operating costs in 4Q2023 and softer price competition in 2024, MWG is optimistic about completion of the full-year targets.

- **Reducing quantity but increase quality** will continue to be the company's strategy (e.g decreasing ineffective points of sale, streamlining team size, enhancing service quality/efficiency, etc.) and spur omni-channel sales.

- **TGDD & DMX remain the company's key earners** (in both revenue and earnings). The chains target to strengthen business performance including profits through optimizing store network, boosting same-store sales growth and market share, etc. New stores opening is not projected.

- **BHX is going to keep fostering revenue per store**, emphasizing on the fresh food category, and optimizing costs (especially logistic costs). Expansion of the store network may restart deliberately with c.100 new stores in HCMC, accompanied by requirements on efficiency. The chain's management currently does not plan to expand to the North and may not spend time on this idea until the end of this year.

**The chain is set to extend double-digit revenue growth** to account for c.30% of MWG's consolidated revenue and make net profit in 2024. Ending 1Q2024, BHX is on-track completing these targets. Looking forward, BHX's management believes that the perspective of four-digit net profit for the chain is imaginable.

**BHX has recently announced completing private placement of 5% stake to CDH Investment** (with undisclosed transaction value). The proceed will be used to finance BHX's business expansion. The investor will not involve in the chain's operation but may support in terms of corporate governance, business connections, etc. and look forward to BHX's IPO as agreed with MWG.

	2022	2023	2024F	2025F	2026F
Net Sales (VNDbn)	133,405	118,280	126,254	142,065	150,034
Growth	8.5%	-11.3%	6.7%	12.5%	5.6%
EBITDA (VNDbn)	10,623	4,018	6,268	8,249	9,245
EBITDA margin	8.0%	3.4%	5.0%	5.8%	6.2%
Net Profit (VNDbn)	4,100	168	2,510	4,350	5,358
Growth	-16.3%	-95.9%	1398.0%	73.3%	23.2%
EPS (bonus-adjusted, VND)	2,809	115	1,665	2,802	3,351
Growth	-18.5%	-95.9%	1352.9%	68.3%	19.6%
ROE	18.5%	0.7%	10.3%	15.8%	16.9%
ROA	6.9%	0.3%	4.3%	7.6%	9.6%
ROIC	17.7%	-0.6%	11.6%	21.2%	27.4%
Net debt/EBITDA (times)	0.1	(0.3)	(0.9)	(1.3)	(1.9)
EV/EBITDA (times)	7.0	18.6	11.9	9.1	8.1
EV/Sales (times)	0.6	0.6	0.6	0.5	0.5
PER (times)	18.5	453.9	31.2	18.6	15.5
PBR (times)	3.2	3.3	3.1	2.7	2.5
DPS (VND)	500	500	500	1,000	1,000
Dividend yield (%)	1.0%	1.0%	1.0%	1.9%	1.9%

- **An Khang targets to extend double-digit growth**, optimize operation (e.g diversifying product mix, enhancing pharmacists' competence, deploying technology, etc.), amplify market share and reach the breakeven point (i.e achieving the average revenue per store of VND0.55bn, from VND0.45bn at the end of 2023) before Dec 31<sup>st</sup>, 2024. The chain does not project new store opening before reaching the breakeven point. As of YE2023, An Khang had 527 stores.
- **EraBlue**, the consumer electronics chain launched in Indonesia, will be selective about expansion of the store network (with a plan to have 100 stores at YE2024, from 38 at YE2023) but keep improving its business model, boosting revenue, gross profit and optimizing costs. The chain generated positive EBITDA at store level and aims at EBITDA breakeven at the company level before expanding stronger (with a plan to reach 500 stores in 2027 as agreed with Erajaya).
- **The AVA Kids** chain (64 stores) is going to put a priority on boosting online sales over expanding the store network. The chain targets to reach the breakeven point before Dec 31<sup>st</sup> 2024.
- **The USD appreciation has not caused the company to face severe issues** because most of payments use VND (even for Apple's products) and hedging measures are deployed for USD-denominated debts.
- **Preliminary business results in 1Q2024**: although earnings numbers were not released in the meeting, positive was what the company described about 1Q2024 performance. Preliminary revenue was estimated at c.VND31,500bn, up by 17% YoY; in which, TGDD & DMX's revenue rose by 10% YoY.
- MWG's management affirmed to buy treasury shares as proposed (with a maximum budget of VND100bn) irrespective of stock price fluctuations.

**Quick comment:** The stock price increased by 11.6% from our latest update and exceeded our target price. We have yet changed our recommendation and target price for the stock at the moment as the company's 2024 business plan is currently in line with our projection.

## CONTACTS

### Ho Chi Minh City Head Office

117 Nguyen Dinh Chieu, Dist. 3, Ho Chi Minh City  
 Tel: (+84 28) 7300 7000  
 Fax: (+84 28) 7300 3751

### Hanoi Office

10 Phan Chu Trinh, Hoan Kiem Dist., Ha Noi  
 Tel: (+84 4) 3942 9395  
 Fax: (+84 4)3942 9407

## RESEARCH DEPARTMENT

### Acting Head of Research

#### Trang Do

(+84 28) 7300 7000 (x1041)  
[trangdm@acbs.com.vn](mailto:trangdm@acbs.com.vn)

#### Manager – Properties

**Truc Pham**  
 (+84 28) 7300 7000 (x1043)  
[trucptt@acbs.com.vn](mailto:trucptt@acbs.com.vn)

#### Manager – Financials

**Hung Cao**  
 (+84 28) 7300 7000 (x1049)  
[hungcv@acbs.com.vn](mailto:hungcv@acbs.com.vn)

#### Manager – Retail, Technology

**Chi Luong**  
 (+84 28) 7300 7000 (x1042)  
[chiltk@acbs.com.vn](mailto:chiltk@acbs.com.vn)

#### Associate – Oil & Gas

**Hung Phan**  
 (+84 28) 7300 7000 (x1044)  
[hungpv@acbs.com.vn](mailto:hungpv@acbs.com.vn)

#### Associate – Industrials

**Trung Tran**  
 (+84 28) 7300 7000 (x1045)  
[trungtn@acbs.com.vn](mailto:trungtn@acbs.com.vn)

#### Associate – Macro & Money

**Market**  
**Minh Trinh Viet**  
 (+84 28) 7300 7000 (x1046)  
[minhtvh@acbs.com.vn](mailto:minhtvh@acbs.com.vn)

#### Associate – Logistic

**Hung Nguyen**  
 (+84 28) 7300 7000 (x1047)  
[hungnt@acbs.com.vn](mailto:hungnt@acbs.com.vn)

#### Associate – Utilities

**Toan Pham**  
 (+84 28) 7300 7000 (x1051)  
[toanpd@acbs.com.vn](mailto:toanpd@acbs.com.vn)

#### Analyst – Technical

**Huu Vo**  
 (+84 28) 7300 7000 (x1052)  
[huvvp@acbs.com.vn](mailto:huvvp@acbs.com.vn)

#### Analyst – Market data

**Anh Mai**  
 (+84 28) 7300 7000 (x1110)  
[anhmd@acbs.com.vn](mailto:anhmd@acbs.com.vn)

## INSTITUTIONAL CLIENT DIVISION

### Director

#### Huong Chu

(+84 28) 7300 7000 (x1083)  
[huongctk@acbs.com.vn](mailto:huongctk@acbs.com.vn)  
[groupis@acbs.com.vn](mailto:groupis@acbs.com.vn)

#### Associate

##### Thanh Tran

(+84 28) 7300 6879 (x1120)  
[thanhtt@acbs.com.vn](mailto:thanhtt@acbs.com.vn)

#### Associate

##### Huynh Nguyen

(+84 28) 7300 6879 (x1088)  
[huynhntn@acbs.com.vn](mailto:huynhntn@acbs.com.vn)

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**BUY:** Expected prospective total return (including dividends) in VND will be 20% or more within 12 months

**OUTPERFORM:** Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months

**NEUTRAL:** Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months

**UNDERPERFORM:** Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months

**SELL:** Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

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