[Vietnam/ Retail]

Mobile World Investment Corp. (MWG VN)

Over tumultuous days

Non-rated

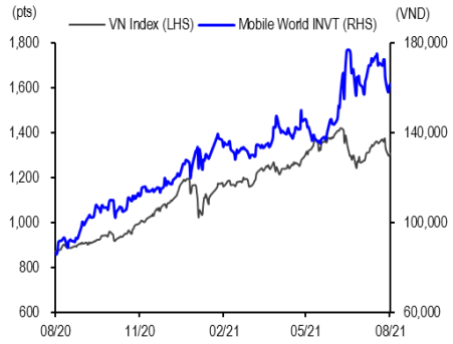
Current Price (Aug 25th) 161,500

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VNINDEX	1,310
HNXINDEX	336
Market cap (bn VND)	76,281
Outstanding shares (1mn)	475
Free float (1mn)	358
52-week high/low	179,900/84,500
60-day avg. trading volume (1mn)	1.1
60-day avg. turnover (mn VND)	97,444
Foreign ownership (%)	49
Major shareholders (%) RETAIL WORLD INVT	10.8
ARISAIG ASIA	11.1

Performance	3M	6M	12M
Absolute	10.6	19.0	84.4
Rel. to VNINDEX	10.5	6.6	34.6

Performance



Source: Bloomberg

[Earnings review]

Mobile World Investment Corp. (MWG VN) recorded 7M21 revenue and net profit of VND72 tn (+12% YoY) và VND2.8 tn (+18% YoY), respectively. Although MWG had to temporarily close 2,000 TGDD/DMX stores (equivalent to 70% of its stores) in July 2021 due to the COVID-19 outbreak, the earnings growth is mainly driven by: 1) the sharp expansion of DMS stores, reached to 600 stores in Aug 2021 from 9 stores in Jul 2020; and 2) the strong turnover growth of BHX (+57%YoY in 7M21) due to the surgings demand of food and necessities as social distancing measures. 7M21 net profit margin reached 3.9%, slightly improved from 3.7% of 7M20, which is due to the operation scale of BHX is large enough for MWG to manage fixed costs.

Online channel: In Jul 2021, the revenue of TGDD/DMX chain decreased by -10.7% MoM to VND1.1 tn due to the tightening regulations on delivery (Directive No. 16), but exhitbited a strong annual-basic growth by +74.8% YoY. The demand for phones, laptops, home appliances and watches maintained strong. Meanwhile, BHX online recorded a remarkable revenue of VND126 bn (+75.2% MoM, +646% YoY), contributing to July aggregate online revenue of VND1.2 tn (-5.9% MoM, +88.5% YoY). 7M21 total online revenue reached VND6.5 tn (+15.4% YoY).

[2H2021 plan]

To complete 2021 business plan amid the severity of Covid-19 pandemic, MWG plans to focus on boosting sales in the Central and Northern Vietnam, where are less affected by Covid-19 pandemic. The company aims to operate a total of 800 DMS stores by end-2021, which will help revenue growth of TGDD/DMX segment to remain in positive territory. Regarding to BHX, MWG is improving the customer service procedure. For example, the company is planning to install an electronic price-board system at BHX stores to prevent misprice listing. Moreover, MWG also focuses on upgrading the online channel and delivering from both distribution centers and stores (order via Zalo application) to fully meet customers' need. MWG expects total online revenue by the end of 2021 to reach VND13.5 tn (+43.6% YoY).

Evaluation

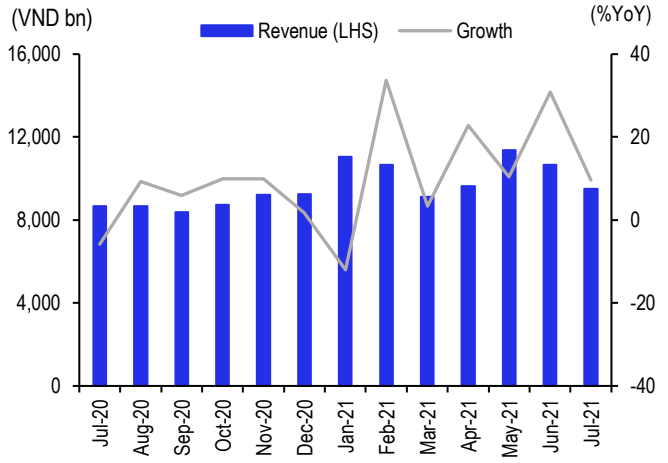
In the severity of Covid-19 pandemic, the above strategies are expected to help MWG successfully protect 2021 business plan. Firstly, BHX will continue to operate during the pandemic. In Jul 2021, the average monthly revenue per store of BHX chain is VND2.1 bn (+86.6% YoY), of which, 500sqm BHX store's revenue is VND3.2 bn. Secondly, the sharp expansion helps DMS to maintain an average sales of VND1 bn per store per month. 7M21 revenue and net profit were equal to 66% and 71% of 2020 whole-year result, creating a strong base for a positive growth in 2021 business performance.

Year to Dec.	2016	2017	2018	2019	2020
Revenue (bn VND)	**44,613**	**66,340**	**86,516**	**102,174**	**108,546**
OP (bn VND)	1,992	2,778	3,871	4,977	5,216
NP (bn VND)	**1,578**	**2,207**	**2,880**	**3,836**	**3,920**
EPS (VND)	3,842	5,712	6,689	8,661	8,654
BPS (VND)	9,354	13,985	20,258	27,414	34,185
Biên LN HĐKD (%)	4.5	4.2	4.5	4.9	4.8
Biên LNST (%)	3.5	3.3	3.3	3.8	3.6
ROE (%)	**49.9**	**45.2**	**38.7**	**36.3**	**28.4**
PER (x)	15.2	18.3	13.0	13.2	13.7
PBR (x)	6.3	7.0	4.3	4.2	3.5
EV/EBITDA (x)	11.7	12.9	8.0	9.1	7.4

Source: Company data, Bloomberg, Shinhan Securities Vietnam

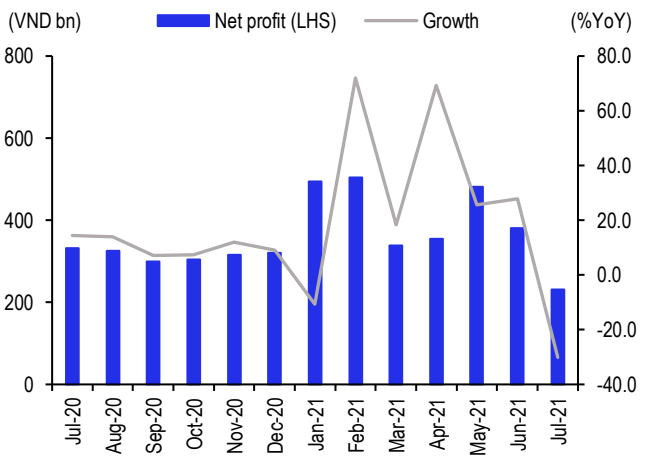
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Revenue and revenue growth – MWG



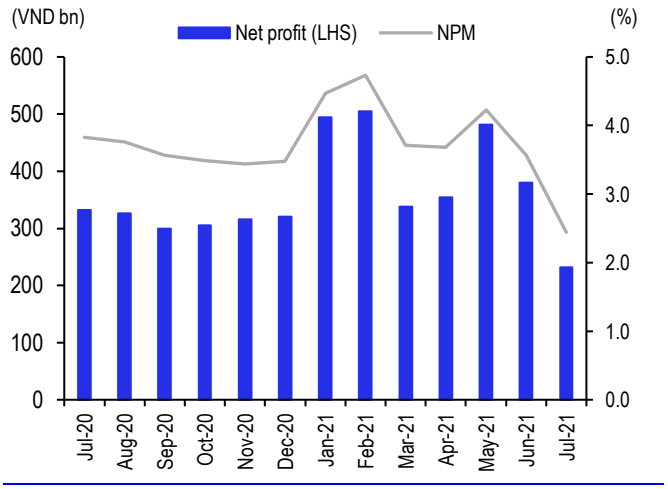
Source: Company data, Bloomberg, Shinhan Securities Vietnam

Net profit and net profit growth – MWG



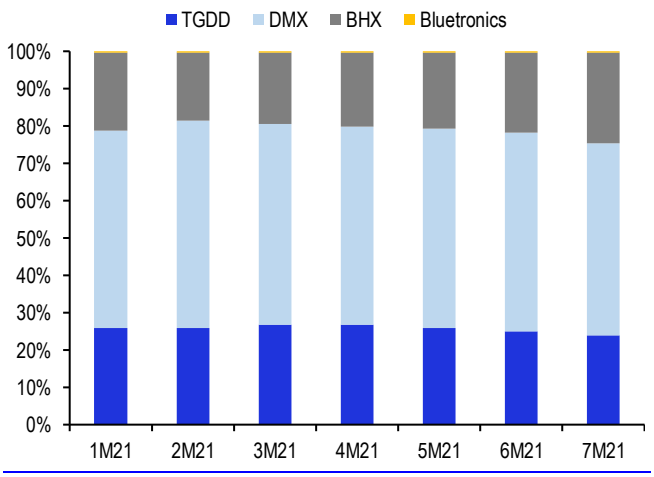
Source: Company data, Bloomberg, Shinhan Securities Vietnam

Net profit and net profit margin – MWG



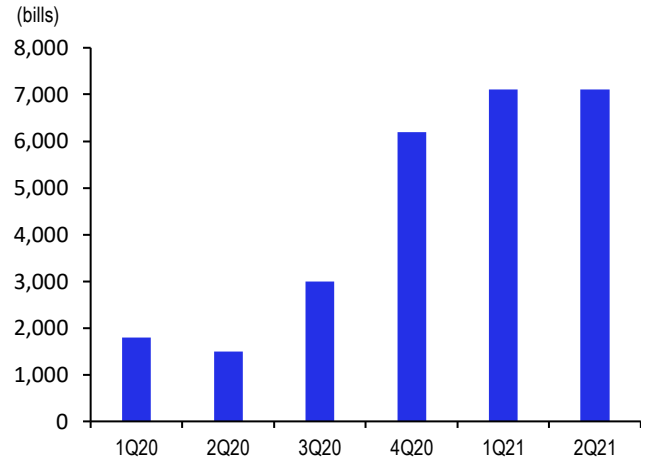
Source: Company data, Bloomberg, Shinhan Securities Vietnam

Revenue breakdown by chains– MWG



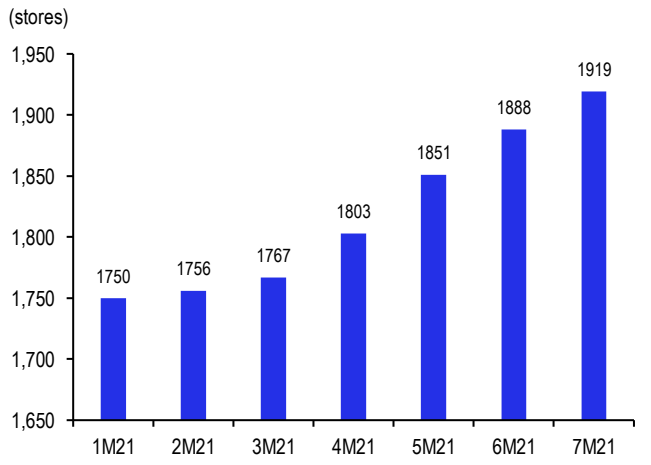
Source: Company data, Bloomberg, Shinhan Securities Vietnam

The average no. of bill per day of BHX online strongly increased in 1H21



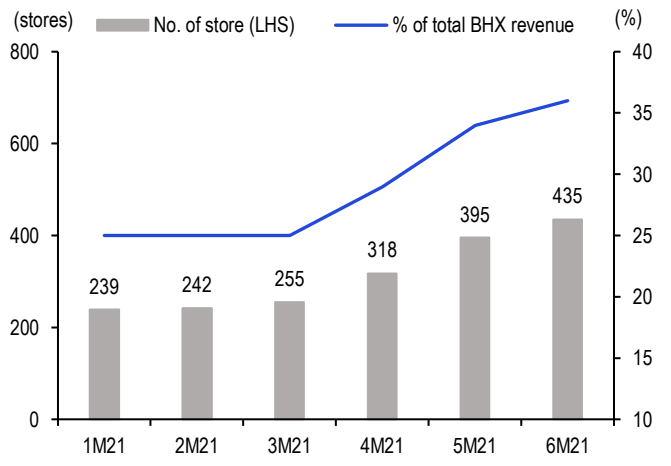
Source: Company data, Bloomberg, Shinhan Securities Vietnam

The no. of BHX stores significantly increased



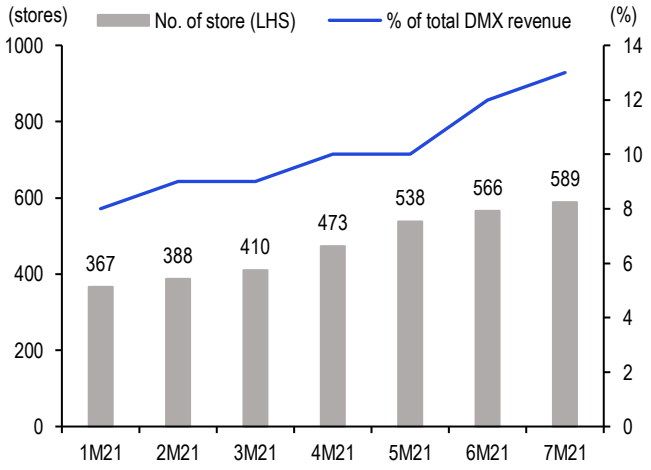
Source: Company data, Bloomberg, Shinhan Securities Vietnam

The contribution of 500m2 BHX stores to total BHX revenue becomes bigger



Source: Company data, Bloomberg, Shinhan Securities Vietnam

DMS helps DMX revenue to present a positive growth



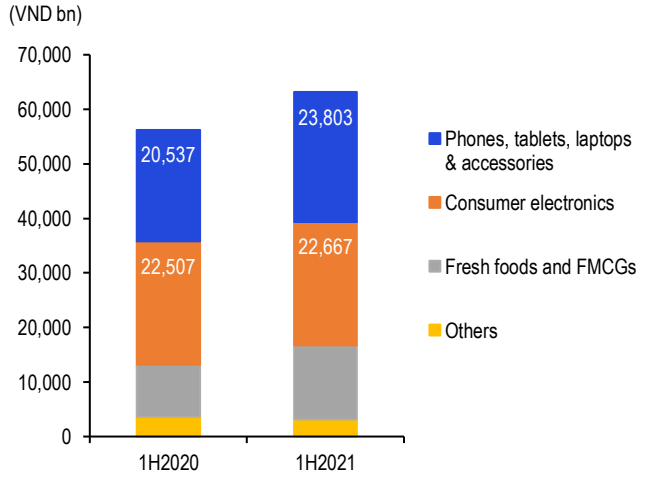
Source: Company data, Bloomberg, Shinhan Securities Vietnam

Order online via Zalo application



Source: www.bachhoaxanh.com, Shinhan Securities Vietnam

Sales of phones, tablets, laptops & accessories



Source: Company data, Bloomberg, Shinhan Securities Vietnam

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