

Mobile World Investment Corporation (MWG VN)

[Vietnam / Retail]

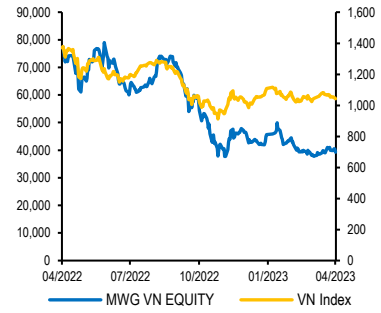
Bloomberg Code (MWG VN) | Reuters Code (MWG.HM)

BUY

Initiation Coverage

Target price (12 months)	**51,900 VND**
Current price (26/04/2023)	38,400 VND
Upside/downside (%)	35.0%

VNINDEX			1,036
P/E market (23F,x)			10.0
Market Cap (bn VND)			55,169
Outstanding shares (mn)			1,463
Free-Floating (mn)			1,100
Free-Floating rate (%)			75.2
52-Wk High/Low (VND)			79,000/32,250
90-day avg. trading volume (mn)			2.2
90-day avg. turnover (bn VND)			94
Foreign ownership (%)			49
Major shareholders (%)	Retail World Investment Consulting Co., Ltd.		10.5
	Arisaig Asia Fund		6.9
Performance	**3M**	**6M**	**12M**
Absolute (%)	-15.8	-26.0	-48.4
Relative to VN-Index (%)	-9.3	-30.3	-25.6



Source: Bloomberg

Open account

[Analyst]

Phuc Nguyen

(84-28) 6299-8025

phuc.nlh@shinhan.com

Ly Bui – Head of Research

(84-28) 6299-8029

ly.btt@shinhan.com

The resilience of a warrior

Initiate coverage with BUY call, target price VND 51,900

Mobile World Investment Corporation (Mobile World, HSX: MWG) is one of the leading retail companies in Vietnam having an ecosystem meeting the diverse needs of customers. Owning more than 5,700 retail stores nationwide, MWG maintains its leading position in the mobile phones and electronics retail market in Vietnam for 6 consecutive years. MWG takes advantage of its tech strengths, simplifies the shopping experience, and increases customer engagement with the Group's brands.

We initiated coverage of MWG with a BUY rating, with a target price of VND 51,900 – equivalent to an expected return of 35.0%. In 2023, the main drivers boosting MWG's revenue and profit are (i) The efforts of restructuring, cutting costs, and closing inefficient stores in 2022; (ii) Applying promotions, buying suggestions to help stimulate customers' demand and increase the value per shopping cart.

The leader in the retail industry

MWG is the leading retailer in Vietnam with a revenue size of more than USD 5.5 billion and a network of more than 5,700 stores nationwide. MWG owns the leading retail chain of mobile phones and electronics in Vietnam, with market share of 60% and 50% respectively by YE2022. In addition, MWG is constantly looking for new revenue growth drivers in other retail segments, enhancing its ecosystem to meet the consumers' diverse needs, and strengthening the leading position in the retail industry.

Completing the restructuring and closing inefficient business chains

The efforts to optimize operation processes, settle inventory, close underperformed stores and retail chains in 2022 will help MWG cut many costs and improve profit margin in 2023.

Solid financial position

Having a high level of current assets, liquidity ratios improved, and debt level reduced help MWG to accelerate its defensive position when the retail industry is facing difficulties, and quickly to recover once the economic context improved in the coming years.

Risks: (1) Competitive risk; (2) Risk from weak retail consumption; (3) Risk from having many diversified retail chains; (4) Risk from impairment of inventory.

Year to Dec.	2021	2022	2023F	2024F	2025F
Revenue (bn VND)	**122,958**	**133,405**	**139,098**	**163,951**	**168,776**
OP (bn VND)	6,466	6,575	5,941	8,033	8,296
NP (bn VND)	**4,901**	**4,102**	**4,352**	**5,878**	**6,006**
EPS (VND)	3,340	3,499	2,973	4,015	4,102
BPS (VND)	13,925	16,354	18,833	21,850	24,954
OPM (%)	5.3	4.9	4.3	4.9	4.9
NPM (%)	4.0	3.1	3.1	3.6	3.6
ROE (%)	**24.1**	**17.1**	**15.8**	**18.4**	**16.4**
PER (x)	19.9	12.0	17.5	10.2	9.7
PBR (x)	4.8	2.6	2.8	1.9	1.6
EV/EBITDA (x)	5.3	5.7	5.3	4.0	4.0

Source: Company data, Shinhan Securities Vietnam

Shinhan Securities Vietnam Co., Ltd. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Analysts employed by Shinhan Securities Vietnam Co., Ltd. , or a non-US affiliate thereof, are not registered/qualified as research analysts with FINRA, may not be associated persons of the member and may not be subject to FINRA restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account. For analyst certification and important disclosures, refer to the Compliance & Disclosure Notice at the end of this report.

Contents

3 **Company background**

6 **Investment Thesis & Catalysts**

16 **Earnings estimates**

20 **Valuation and Recommendation**

24 **Risks**

26 **Appendix: Financial statements**

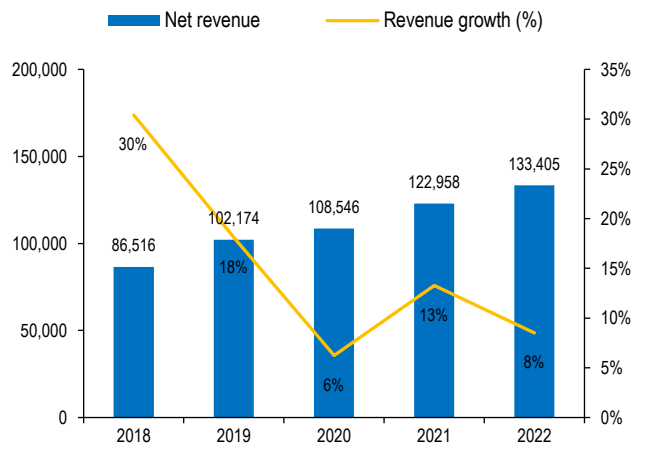
Company background

1. Company's history and development

Mobile World Investment Corporation (HoSE: MWG) was established in 2004, headquartered in Ho Chi Minh City and officially listed on Ho Chi Minh Stock Exchange in 2014. From an early e-commerce website platform simply introducing product information, MWG has become one of the leading B2C retail company in Vietnam, with a diverse retail ecosystem to meet the needs of a wide range of customers.

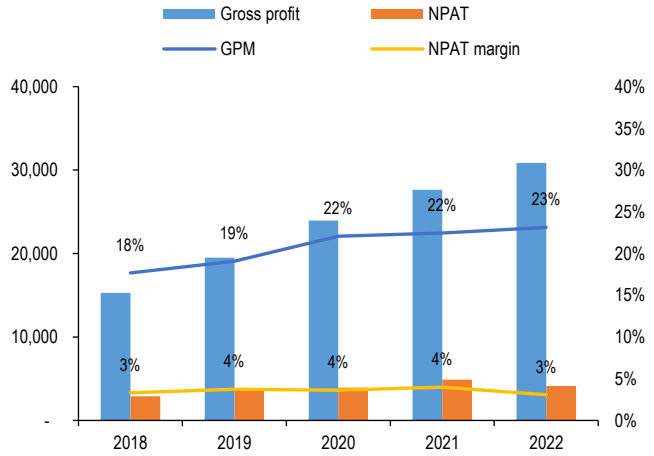
With the Omni-channel retail strategy, MWG takes advantages of its tech strengths, simplifies the shopping experience, and increases customer engagement with the Group's brands. Regarding the revenue and company size, in 2022, Mobile World was the leader among retail companies, 3rd in the top 10 largest private enterprises, and 9th in the top 10 largest enterprises in Vietnam.

Net revenue of MWG by years (VND bn)



Source: Company data, Shinhan Securities Vietnam

Gross profit and NPAT of MWG (VND bn)

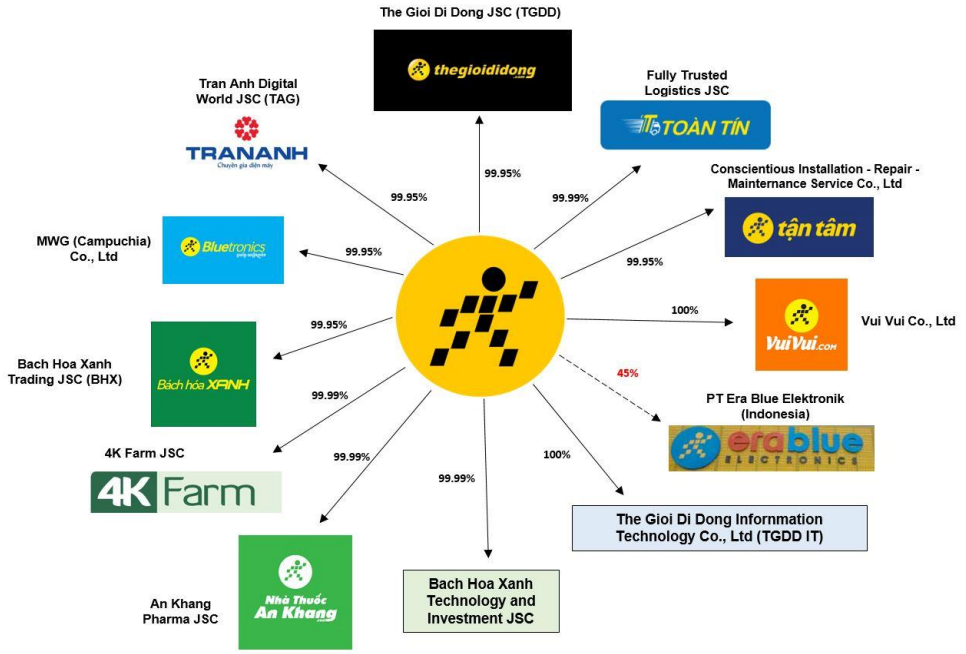


Source: Company data, Shinhan Securities Vietnam

2. Organizational structure

As of YE2022, MWG has 11 subsidiaries and 1 joint venture company (Era Blue chain in Indonesia).

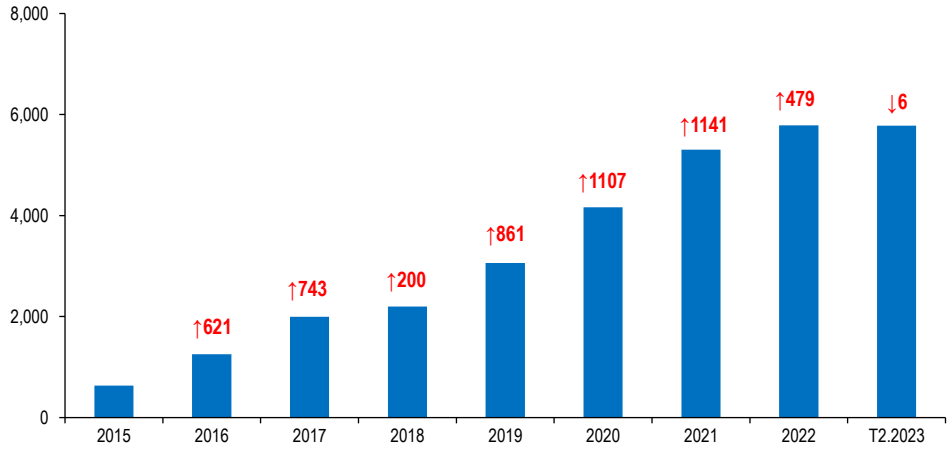
MWG's ecosystem



Source: Company data, Shinhan Securities Vietnam

As of Feb.2023, MWG owns 5,779 retail stores domestically and internationally, including 1,089 The Gioi Di Dong stores, 100 Topzone stores, 2,287 Dien may Xanh stores, 1,729 Bach Hoa Xanh stores, 504 An Khang stores, 64 AVAKids stores, 1 AVAFashion store và 5 Era Blue stores.

Total MWG's stores over time (including Vietnam and oversea market)



Source: Company data, Shinhan Securities Vietnam

Retail mobile phone and electronics segment (ICT goods):

The Gioi Di Dong JSC operates chains such as The Gioi Di Dong (TGDD), Dien may Xanh (DMX), TopZone, and AVA chains. This is the subsidiary that contributes mainly to MWG's revenue structure. In 2018, MWG acquired Tran Anh Digital World JSC (TAG), expanding its ICT retail market share to the North.

In foreign markets, MWG expanded the ICT retail industry to the Cambodian market with the Bluetronics chain in 2017. However, not only having fierce competition in price with local rivals but also the Cambodian complicated tax regulation, MWG recorded a cumulative loss of more than VND 600 billion, resulting in the decision to divestment of Bluetronics in Q1/2023.

In Indonesia, MWG launched the Era Blue chain - an ICT retail brand under the joint business form that MWG cooperates with local entity PT Erafone Artha Retailindo in 2022 (MWG holds 45% of Era Blue ownership). Era Blue's goal: to dominate 20% - 40% of the Indonesia retail ICT market share and IPO after 5 years of establishment.

Retail of fruits and vegetables, fresh food, FMCGs segment:

In 2015, MWG opened the minimart chain Bach Hoa Xanh (BHX). In 2021, BHX achieved the revenue milestone of USD 1 billion and became one of the Top 3 largest modern retail chains of fresh food and FMCG in Vietnam. BHX contributes about 20% to MWG's total revenue. In 2022, BHX was under a restructuring process to optimize costs and operation processes. By YE2022, BHX recorded a cumulative loss of more than VND 7,100 billion.

Retail of pharmaceutical segment:

In 2018, MWG invested and owned 49% of An Khang Retail JSC - retailing pharmaceuticals, functional food, and medical equipment under the brand name of An Khang pharmacy, then increased its ownership to 99.99% in 2021. The monthly average revenue of An Khang is ranging from VND 300–400 mn/store and have not reached the break-even point yet. Currently, An Khang's expansion is slowed down to focus on optimizing the chain's operating process. By YE2022, An Khang recorded a cumulative loss of more than VND 8,100 billion.

AVA chains:

MWG opened the AVA pilot series in early 2022 to seek revenue growth opportunities for MWG, including AVAKids (retail of mother and baby products), AVASport (retail of sportswear), AVAFashion (fashion retail), AVAJi (watch, jewelry, eyewear retail), AVACycle (bicycle retail). Specifically, AVAKids, AVASport and AVAFashion chains would be in the form of independent stores, the rest would be in the Shop-in-shop model (AVAJi at DMX, TGDD; AVACycle at DMX, AVASport, AVAKids).

The AVAFashion chain was closed in July 2022 due to the industry-specific competition and was not suitable for

MWG's long-term tactic. The AVAJi chain only retains the watch business. AVASport was also planned to be closed in 2023 because of having no potential on contributing significant revenue and profit in the future.

After 6 months of operation, only AVAKids was chosen to develop phase 2, scaling up and increasing the number of stores, to compete directly with experienced retail chains in the Mother and Baby industry such as Con Cung, Bibo Mart, Kids Plaza. In 2022, the AVAKids chain has 64 stores; AVASport has 12 stores; recorded total revenue of 2 chains of VND 610 billion, contributing 0.46% of MWG's total revenue.

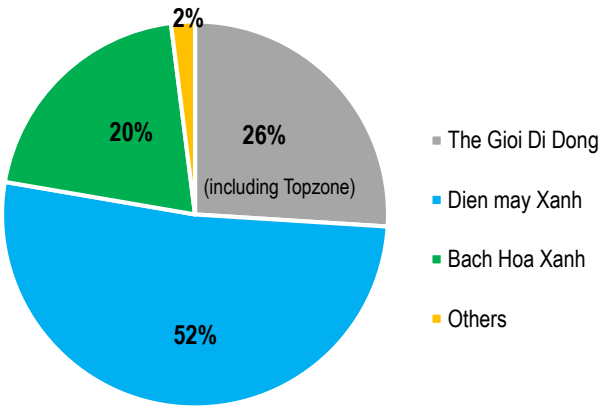
Other segments:

Moreover, MWG also owns other subsidiaries playing the role of supporting MWG's core business activities. Those are working in e-commerce business (Vui Vui), logistics and transportation business (Logistics Toan Tin), farming business (4K Farm), installing and maintaining business (Tan Tam).

3. Revenue structure

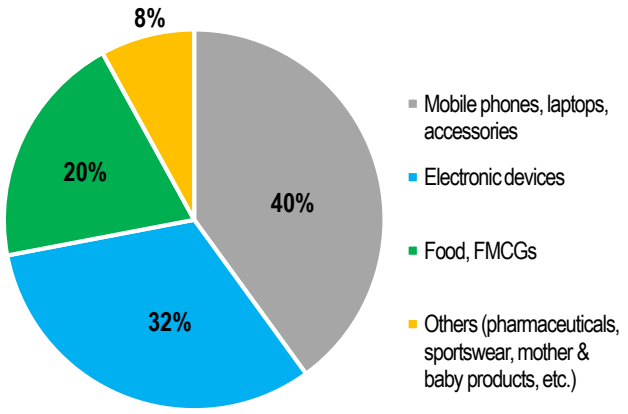
Primary retail chains that contribute to MWG's revenue: The Gioi Di Dong (TGDD) và Dien may Xanh (DMX), Bach Hoa Xanh (BHX).

Revenue structure in 2022 by chain



Source: Company data, Shinhan Securities Vietnam

Revenue structure in 2022 by categorical product



Source: Company data, Shinhan Securities Vietnam

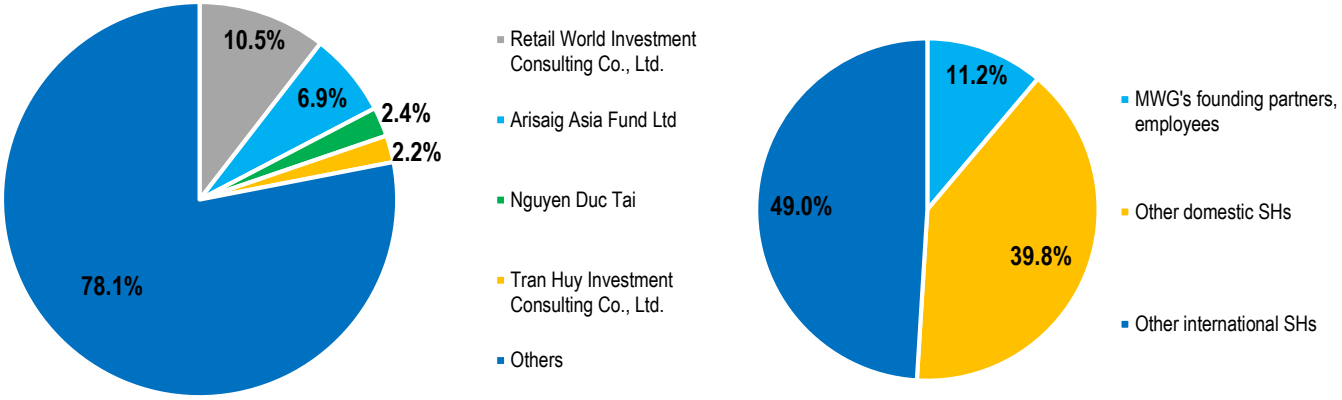
Mobile phones and electronics are the two main revenue-generating product segments for MWG. Revenue from the DMX chain accounted for 52% but mobile phones made up the highest proportion of MWG's revenue because since 2017, MWG's cellphone products have been not only distributed through the TGDD chain but also sold at DMX stores to enhance the Group's cross-selling opportunities

Revenue by sale channel: Including direct sales in stores and online sales. Direct sales channel contributes the largest proportion (86% of total revenue in 2022). However, revenue from online sales has a stable growth rate, CARG ~11%/year over the period 2018-2022.

4. Shareholder structure

The current shareholder structure of MWG has changed a lot compared to the previous period, when internal shareholders and large funds have significantly reduced their ownership. Retail World Investment Consulting Company Limited - a company owned by Mr. Nguyen Duc Tai (MWG's chairman) is still the largest shareholder with a holding rate of 10.5%. Currently, MWG's foreign room is full at 49%, showing the stock's attractiveness to foreign investors.

MWG's shareholder structure (as of April 18th, 2023)



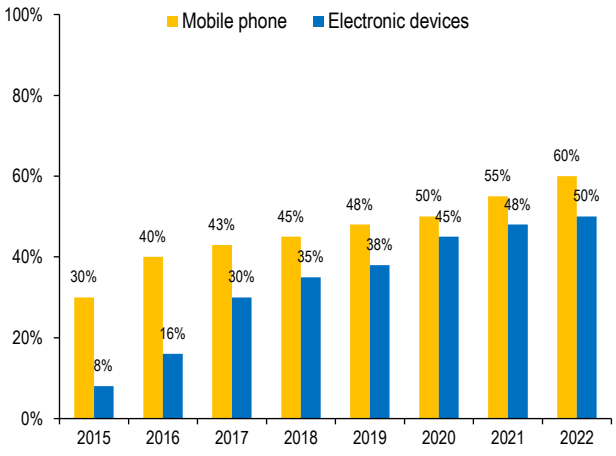
Source: Company', Shinhan Securities Vietnam

Investment Thesis & Catalysts

1. The leader in the retail industry

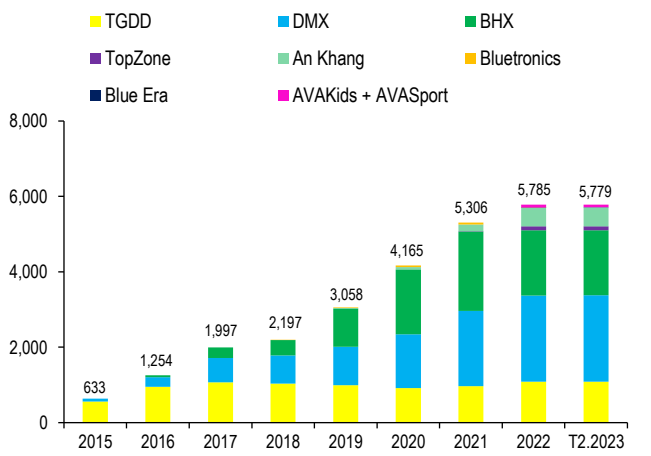
Mobile World Investment Corporation (MWG) owns the leading retail chain of mobile phones and electronics in Vietnam, continuously dominate the market share and maintain the leading position in the retail market of consumer technology equipment and electronics for many years. By the end of 2022, MWG's market share of mobile phone and electronics retail reached 60% and 50%, respectively, overwhelming the market share of other retail chains.

MWG's retail market share in mobile phone and electronics in Vietnam



Source: Company data, Shinhan Securities Vietnam

Total number of retail stores of MWG



Source: Company data, Shinhan Securities Vietnam

In addition, MWG also outperforms other companies in the same industry in Vietnam, both in terms of business performance and business size.

2022 financial status of large enterprises on retailing and distributing ICT goods

Ticker	Total assets	Total equity	Debt/Equity	Net revenue (VND bn)	Revenue growth	GPM	NPAT margin
MWG	55,834	23,933	0.7	133,405	8.5%	23.1%	3.1%
FRT	10,524	2,049	2.6	30,166	34.1%	15.6%	1.3%
DGW	6,355	2,423	0.8	22,028	5.3%	7.5%	3.1%
PET	9,054	2,024	2.1	17,665	0.4%	5.5%	1.0%

Source: Company data, Shinhan Securities Vietnam

Constantly innovating, consolidating its leading position in ICT retail

When the market share was too large, reaching saturation point with TGDD and DMX chains, MWG tries to optimize revenue per existing selling point. Besides, MWG continues to improve the market share of mobile phones and electronics by opening Dien may Xanh Supermini, Topzone, developing a network of agency collaborators, and continuing to deploy electronics chains in foreign markets.

Dien may Xanh Supermini chain (DXS)

In 2018, when the market share reached saturation, MWG started to change its strategy from trying to open more stores to optimizing revenue. MWG has converted a number of high-revenue TGDD stores into DMX/ DMX Mini. Dien May Xanh mini stores were born, changed the arrangement, and increased the number of items (Stock Keeping Units - SKUs) in the store, and the display area, helping to optimize costs, and increase sales/store.

MWG has 3 DMX models, designed and located at different locations according to business strategy: DMX Large (DML), DMX Mini (DMM – reach 80% of DML SKUs), DMX Supermini (DXS). Similar to 2018, when 2 models DML and DMM reached stable revenue point, and almost expanded all suitable locations, DMS was established in 2020 to help MWG continue strengthening its retail leadship position in the electronics segment.

3 DMX chain models of MWG

Type of model	Average size per store (m^2)	Renting fee	Number of staffs	Store location
DML	800 - 1,000	costly	15 – 20	Urban, metropolitan areas
DMM	300 - 350	around ¾ - ½ DML	10 – 15	Outskirts, suburb areas
DMS	100 - 150	around ¼ DML	3 – 4	Rural areas

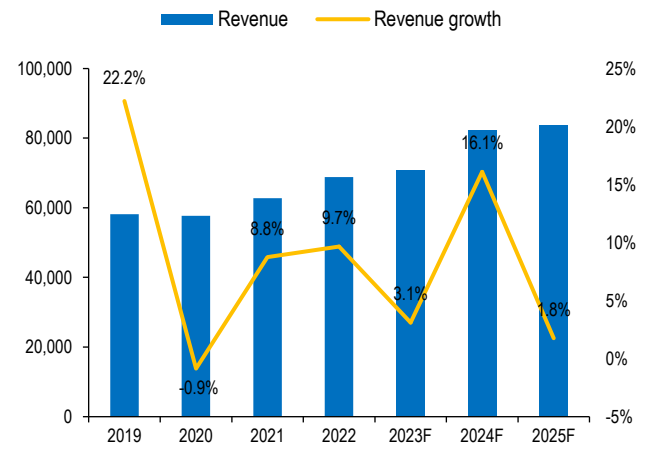
Source: Company data, Shinhan Securities Vietnam

Revenue growth in 2022 was improved thanks to the contribution of DMX Supermini chain - a super small electronics store model (placed in rural and remote areas where there is rarely any professional retail chain) - generating more than VND 10,000 billion in revenue from 1,000 points of sale after two pilot years. Goods for sale are selected to suit the needs of the local people but still meet the same goods standard and after-sales warranty as other bigger DMX models.

Because of its small size, DMS utilizes most of the infrastructure at the rental point, reducing fixed costs, using the existing management, warehousing, and transportation systems of DMX and TGDD being available nationwide. Each store has about 3-4 employees and one manager in charge of 2-3 DMS branches, resulting in optimizing costs on personnel and operation.

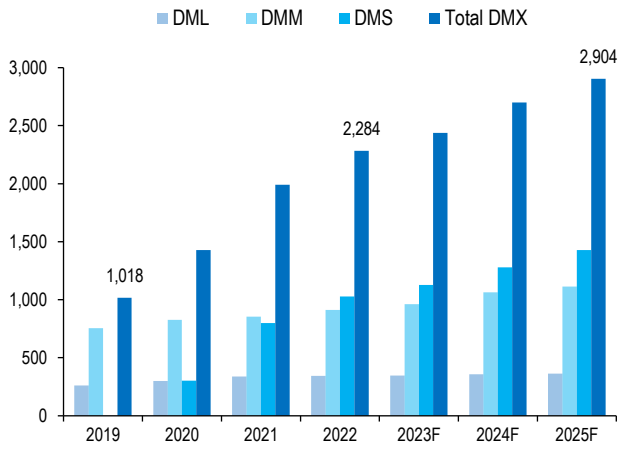
Low investment costs help DMS offer reasonable selling prices, along with professional services to satisfy rural customers. This helps MWG raise market share and DMX's brand value.

Total revenue of DMX chain from 2019 to 2022 and projection (VND bn)



Source: Company data, Shinhan Securities Vietnam

Total number of DMX store from 2019 to 2022 and forecast



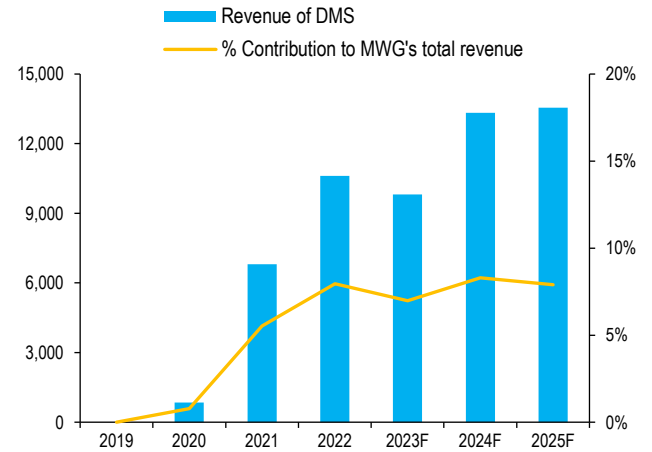
Source: Company data, Shinhan Securities Vietnam

The revenue growth of DMX's electronics segment has cooled down over time because of the fact that the ICT industry is saturated, plus by the causes of the COVID-19 pandemic and economic volatility, reducing the overall demand. Despite the decrease in revenue per store, the total revenue of DMX chain still grew over the same period (in 2021: +8.8% YoY; 2022: +9.7% YoY) thanks to MWG's continuous market share and opening new DMX stores.

We expect DMS will continue opening 100-150 new stores per year, while the number of new DMM, DML stores will rise at a slower rate, at 50-100 and 5-10 stores/year, respectively.

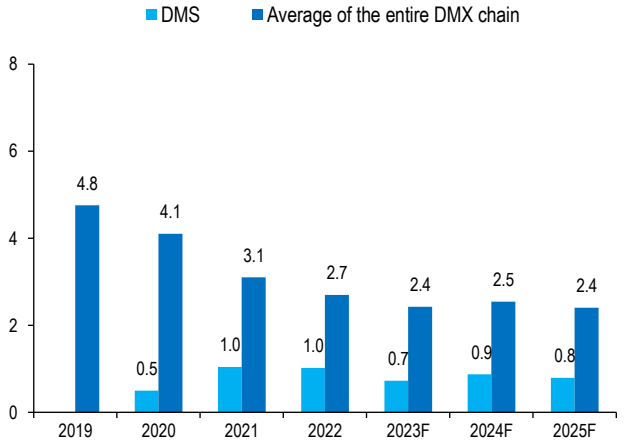
In addition, the DML, DMM chain models also integrate the Shop-in-shop model with the AVAJi and AVACycle chains, deploying promotions, helping MWG to introduce and cross-sell more products to customers buying ICT products.

Revenue of DMS chain from 2019 to 2022 and projection (VND bn)



Source: Company data, Shinhan Securities Vietnam

Average revenue/store of DMX chain (VND bn)



Source: Company data, Shinhan Securities Vietnam

The average revenue of a DMS store is from 1 to 1.3 billion VND/month, accounting for 10-15% of DMX chain's total revenue. In terms of revenue structure of MWG, DMX chain is the largest contributor, accounting for 50-52%. Therefore, with over 1,000 stores as of December 31, 2022, DMS chain with low operating costs has improved the Group's NPAT margin.

Revenue forecast for DXS chain will decrease by 7.6% YoY in 2023 due to weak retail demand, but will recover in 2024 and grow steadily in the upcoming years.

TopZone chain

In recent years, Apple products have been popular in the Vietnamese market. Previously, consumers who wanted to buy new Apple product models had to wait a long time to buy genuine products at authorized retail stores or stores importing from abroad. In addition, the market for hand-carried goods is relatively popular but having many unpredictable risks such as product origin, quality, warranty, and repair after purchase.

The market share of this product group increased in Vietnam when Apple cooperated with DGW, PET, FPT Synnex, and Viettel to distribute Apple's authorized products in Vietnam from July 2020, helping to shorten the time to launch new products between Vietnam and other countries, narrowing the price gap between genuine and hand-carried goods.

TopZone is a chain of genuine authorizor, only selling Apple products in Vietnam. TopZone stores are directly designed by Apple with the primary two tones of white and black, equipped with furniture imported completely from abroad.

MWG operates two models of Apple stores in the form of Mono Brand (specialized stores only selling Apple products): (i) AAR (Apple Authorized Reseller), with an area of 100 – 120m^2; (ii) APR (Apple Premium Reseller) is a more premium model of AAR, with an area of 180 – 220m^2.

TopZone's AAR store model



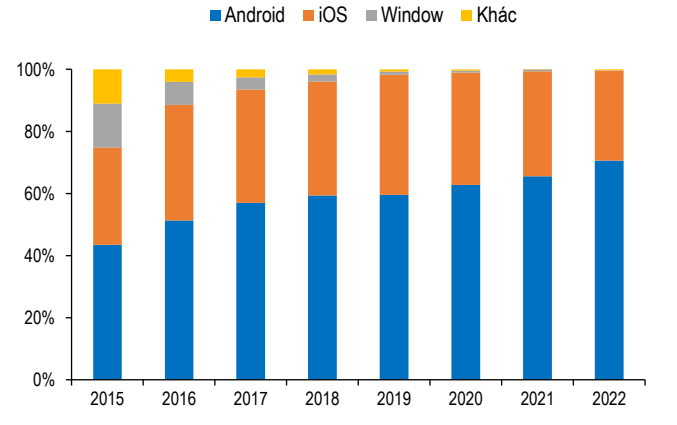
Source: TopZone, MWG

TopZone's APR store model



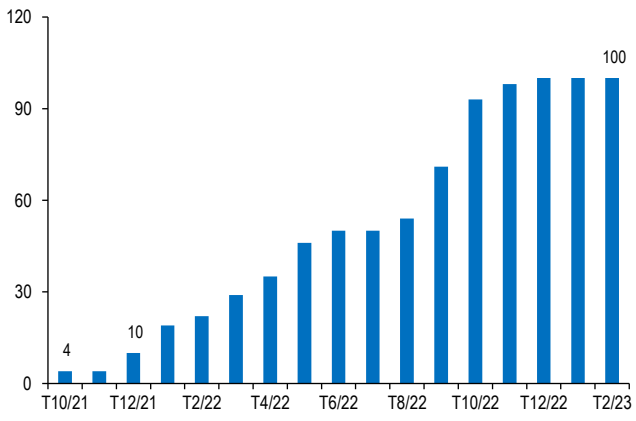
Source: TopZone, MWG

Market share of cellphone operating system used in Vietnam



Source: Statista, Shinhan Securities Vietnam

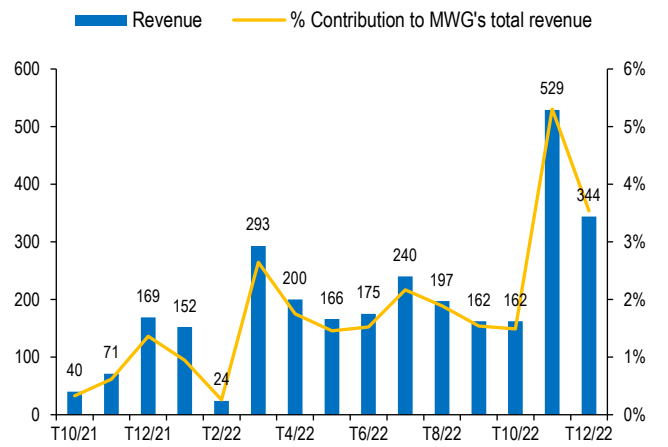
Number of TopZone stores since establishment



Source: Company data, Shinhan Securities Vietnam

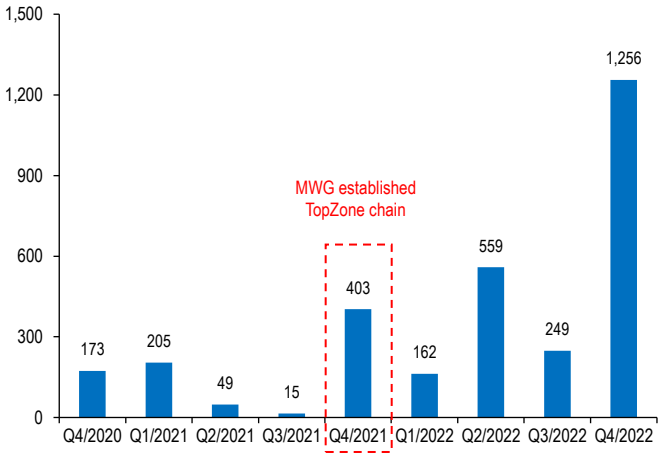
MWG opened TopZone in October 2021, contributing more than VND 2,600 billion in revenue from 100 points of sale in 2022. TopZone's average revenue in 2021 reached VND 14.9 billion/store/month, ranging from VND 4-8 billion/store/month in 2022.

Monthly revenue of TopZone since establishment (VND bn)



Source: Company data, Shinhan Securities Vietnam

Movement of short-term payables of MWG to Apple (VND bn)



Source: Company data, Shinhan Securities Vietnam

For Apple products, the total revenue from retailing Apple products across MWG's chains in 2022 increased by ~39% YoY. The market share of MWG in Vietnam in 2021 and 2022 maintained at about 35% (before opening TopZone in 2020: 25%), approximately USD 450 million and USD 700 million in revenue, respectively. MWG expects sales from Apple products to reach USD 1 billion soon, accounting for 40% of Apple products retail market share in Vietnam.

Constantly searching for new growth drivers

Leading the ICT retail market share results in the risk of reaching saturation point and being unable to grow in the future. Therefore, MWG continuously expands its business, looks for revenue growth opportunities in other retail segments besides ICT.

Although these have not contributed significantly to the Group's revenue, even incurring loss, these are the next growing drivers of MWG once the economy is recovered and retail demand is improved. Currently, Bach Hoa Xanh (minimart chain), An Khang (retail pharmacy chain), and AVAKids (mother and baby retail chain) are evaluated as potential to become new growth drivers of MWG in the coming time.

Trial-and-error retail chains MWG has invested and developed over the past time



Source: MWG, Shinhan Securities Vietnam

2. Completing the restructuring and closing inefficient business chains

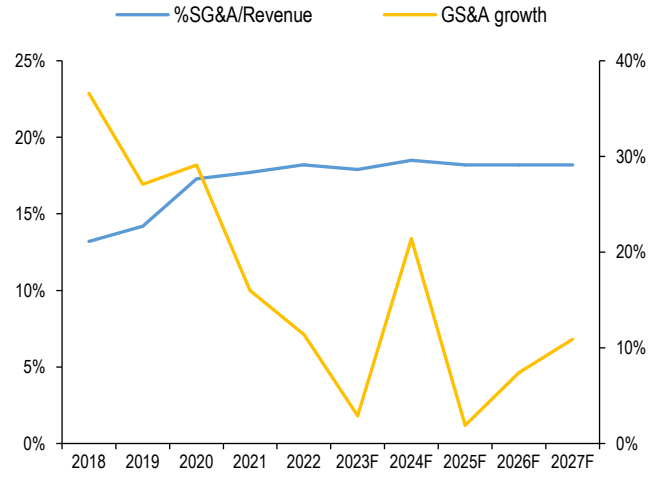
MWG is the leading retailer in Vietnam with a revenue of more than USD 5.5 billion, with a network of more than 5,700 stores nationwide. Constantly exploring, experimenting, and accepting changes are indispensable to creating new growth drivers. After opening a series of pilot retail chains in recent years, MWG decided to slow down the expansion.

Enhancement of tracking and managing costs incurred

MWG focuses on controlling and reducing costs such as rental, interest expense, and management costs; improving the ability to monitor and manage inventory to ensure the resilience of the business throughout the challenging period.

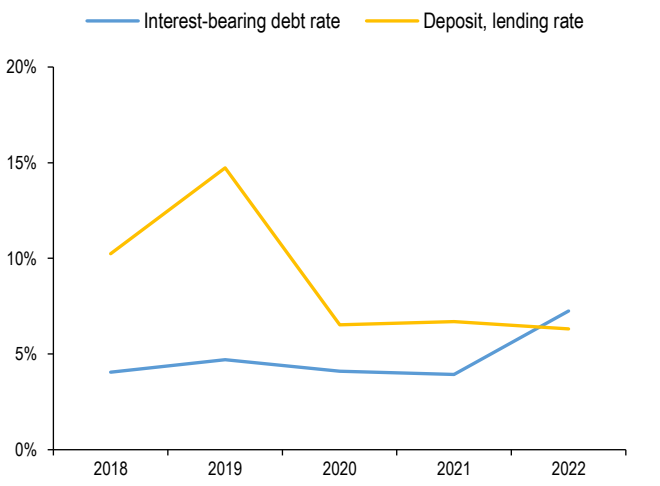
This helps reduce costs and related burdens incurred in the future for MWG. It is expected that MWG's SG&A expenses will be improved and stabilized gradually after the restructuring period in 2021, 2022. In addition, MWG also takes its advantage and reputation, having low average interest expenses at a time the deposit and lending interest rates were high in 2022.

% SG&A-to-Revenue and SG&A growth forecast (%)



Source: Company data, Shinhan Securities Vietnam

Average interest-bearing debt rate and deposit, lending rate of MWG (%)



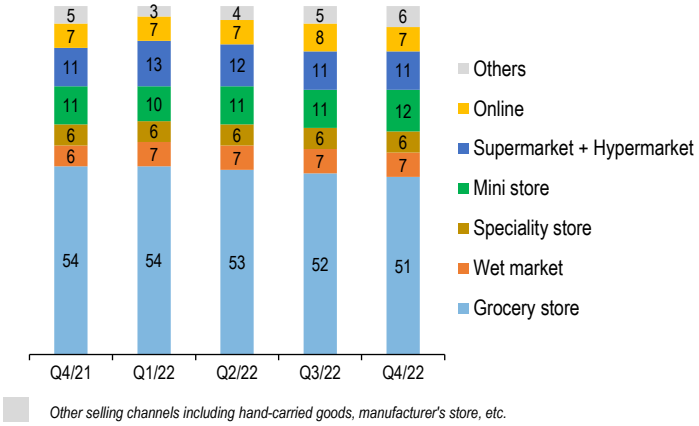
Source: Company data, Shinhan Securities Vietnam

Modern food retail model and the resructuring process of Bach Hoa Xanh chain

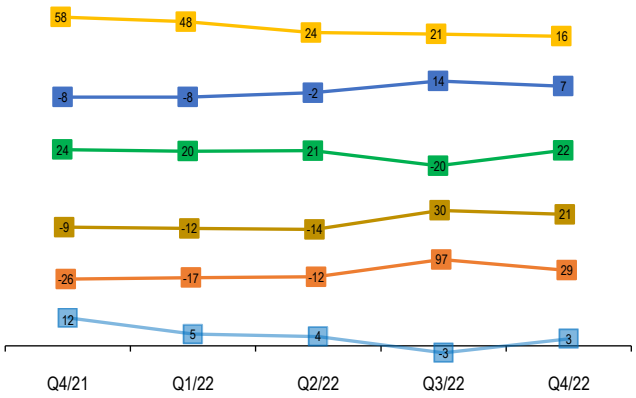
The trend of shifting shopping for food and fast-moving consumer goods (FMCGs) from traditional market channels to modern retail channels has become clearer in recent years. According to Euromonitor, the market share of traditional food retail and FMCG in 2022 accounted for 88.5% (in 2020: 90%; in 2021: 88.6%). The total number of modern retail points (supermarkets, convenience stores, minimarts, etc.) is more than 7,000 points of sale, only equaling 1% of the traditional ones (stores, individual business households, markets, street vendors, etc.).

According to Euromonitor, Vietnam's grocery store retail market size is more than USD 50 billion, with a growth rate of about 10%/year. The market is highly fragmented since 90% market share includes more than 9,000 traditional markets and 2.2 million grocery stores. This is a potential market, an opportunity for MWG and BHX if the problem of cost optimization, efficient operation besides chain expansion are solved.

Contribution of each retail channels in Vietnam (%)



Changes of each retail channels YoY (%)

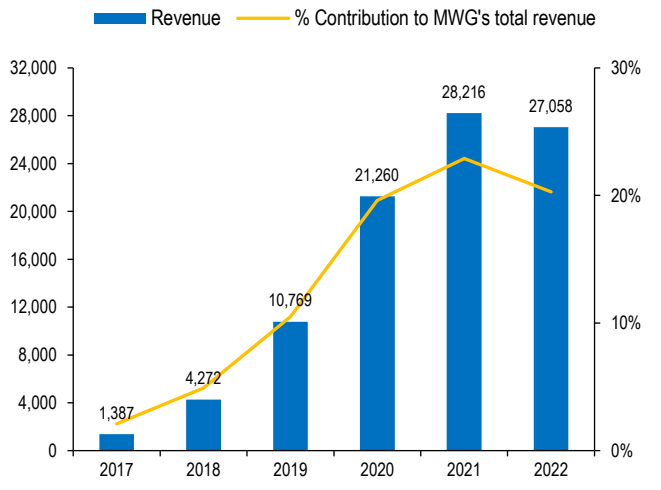


Source: Kantar Worldpanel, Shinhan Securities Vietnam

As of Q4/2022, the growth rate of the online shopping channel was slowing down compared to the same period in 2021 (social distancing period). However, the growth rate of shopping value through minimart channels like BHX has remained relatively stable in the post-COVID-19 period. The value of modern and traditional shopping channels (especially wet markets) is recovering after falling in the middle of the year.

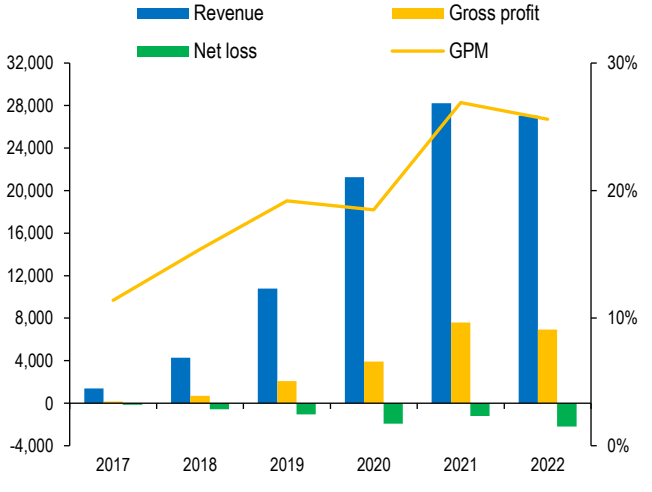
The advantage of a modern grocery store chain (supermarket/minimart) is its compact size, which is suitable for the busy lifestyle of urban consumers who prefer to shop close to their homes. BHX provides fresh food products and FMCG. In 2023, BHX only keeps the standard store model, having size of 150-200m^2 (closing the large store model, having size of over 300m^2 or over 500m^2). The average revenue is about VND 0.9-1.3 billion/store/month, contributing about 21% to MWG's total revenue. Despite no profit generated, BHX recorded a positive EBIT level of 2-3% in 2022 (only positive EBITDA in 2021), with an accumulated loss of more than VND 7,100 billion.

Revenue of BHX from 2017 to 2022 (VND bn)



Source: Company data, Shinhan Securities Vietnam

BHX's business result from 2017 to 2022 (VND bn)



Source: Company data, Shinhan Securities Vietnam

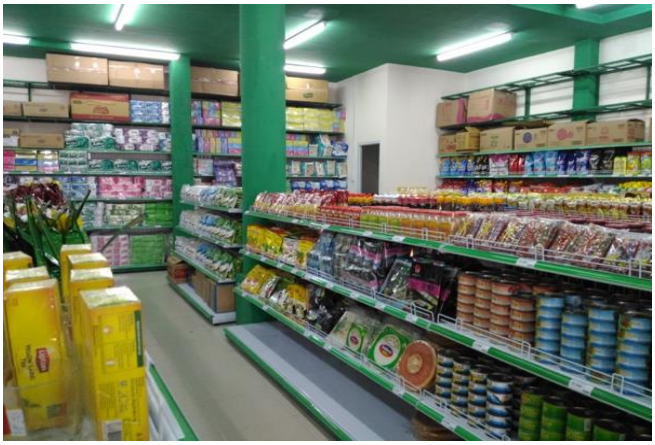
BHX's growth drivers are the speed of new openings and maintaining stable revenue per store. Over the period 2017-2020, instead of choosing food and essential consumer goods retail chains to be competitors, BHX aims to build a modern grocery retail chain, competing with traditional markets and accelerating the new opening progress.

The rise in the number of stores and the impact of the COVID-19 epidemic made BHX not control its opex and raw material prices well. The ways BHX managed inventory, transported and preserved fresh foods and

vegetables were still not efficient. As a result, BHX halted its expansion, closed stores having bad locations, limited area, or having a too high rental cost-to-revenue leading to the difficulty of reaching break-even point.

In 2022, BHX's improvements include (i) re-branding from "modern market" model to "minimart" and changing the store layout to create a better customer experience; (ii) focusing on selling high-consumer-demand goods; (iii) closing inefficient stores; (iv) upgrading the operating system, applying ERP to improve operational efficiency and supply chain management.

Bach Hoa Xanh's pre-layout changing



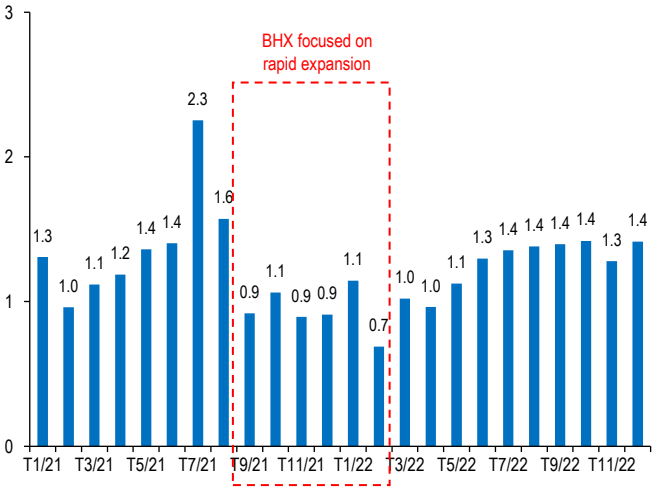
Source: Bach Hoa Xanh, MWG

Bach Hoa Xanh's post-layout changing



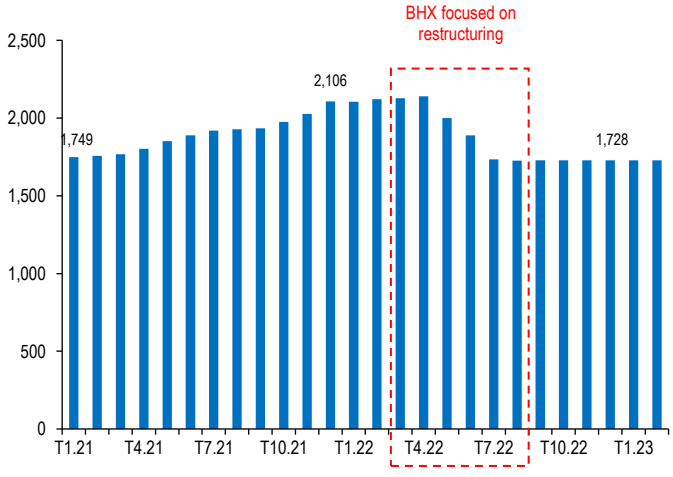
Source: Bach Hoa Xanh, MWG

Monthly average revenue per BHX store in 2021 and 2022 (VND bn)



Source: Company data, Shinhan Securities Vietnam

Total number of BHX stores



Source: Company data, Shinhan Securities Vietnam

The restructuring is expected to have a positive impact in the long run, expanding profit margins, but incurred a large one-off cost in the short term, affecting BHX's 2022 business results. After restructuring, BHX had 1,728 stores left at YE2022 (decreased by 378 stores compared to YE2021). The average revenue/month in Q3, Q4/2022 was improved, stabilized at VND 1.3 - 1.4 billion/store.

Revenue from BHX's online channel in 2022 reached VND 917 billion (+8.3% YoY; in 2021: +298% YoY due to high demand for hoarding during social distancing), accounting for 3.3% of BHX's total revenue (in 2021: 3.0%). Revenue from fresh, cooled, and frozen products accounted for 45% of BHX's total revenue (the remaining were 38% and 17% respectively for F&B and other products). This is the key advantage of BHX when this product group attracts customers to buy regularly and often brings a higher GPM than FMCGs. In 2022, BHX's revenue reached VND 27,058 billion, equal to 96% of the peak result in 2021.

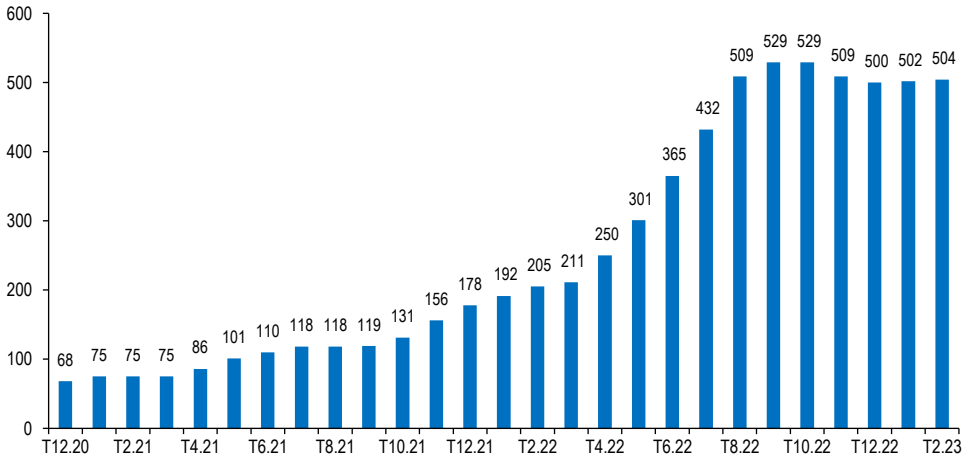
An Khang halted the expansion to focus on restructuring in 2023

According to BMI, Vietnam's pharmaceutical market in 2022 reached ~USD 6 billion (+10% YoY) and was forecast to reach USD 8 billion in 2025 because of the population growth, young population structure (60% in the age of 18-50 group), and rapid urbanization. Thanks to the improvement in income level, besides drug treatments, people also care about other healthcare products such as dietary supplements, and health monitoring devices, which leads to extra spending on pharmaceutical products. Meanwhile, Vietnam's drugstore market is fragmented, with a network of more than 60,000 points of sale, mainly individual business households. Modern retail chains with advantages of scale, stable service quality, and diversified products are expected to continue to grow their market share in the coming years.

In 2018, MWG invested and owned 49% of An Khang Retail JSC (retailing pharmaceuticals, dietary supplements, and medical instruments) under the brand name of An Khang pharmacy. In 2021, MWG raised its ownership to 99.99% and officially consolidated the business results of An Khang.

After reaching 500 pharmacies by YE2022, MWG halted the expansion and focused on increasing revenue per selling point, cost control, and aiming to be profitable. In 2022, An Khang's revenue reached VND 1,510 billion, stable GPM at 21% and recorded a cumulative loss of more than VND 8,100 billion.

Total number of An Khang pharmacies



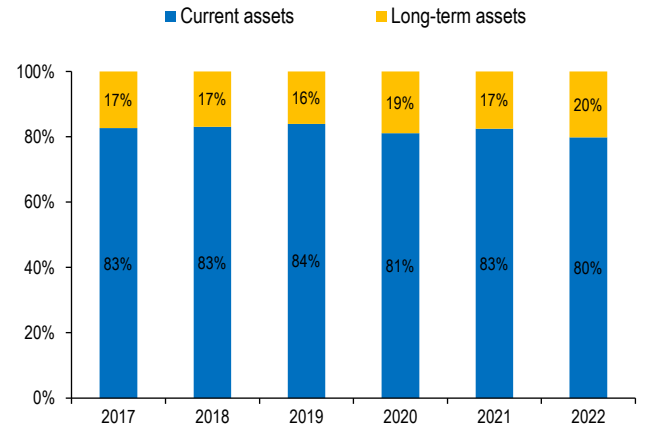
Source: Company data, Shinhan Securities Vietnam

3. Solid financial position

Improvement on liquidity ratios

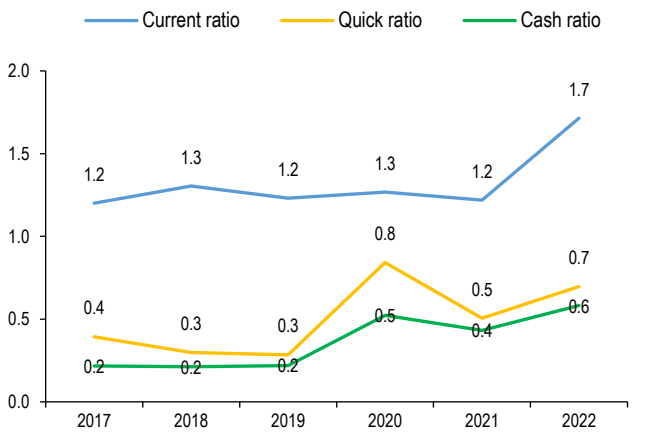
MWG has maintained a high proportion of short-term assets for many consecutive years, helping the company to actively manage cash flow, and pursue expansion plans in recent years. Cash and cash equivalents tend to increase over the years, helping MWG increase its defensive position during the time when the economy and retail industry are facing difficulties. MWG can quickly recover after the economic situation is better.

MWG's total assets structure over the periods 2017 - 2022



Source: Company data, Shinhan Securities Vietnam

MWG's liquidity ratios over the periods 2017 - 2022



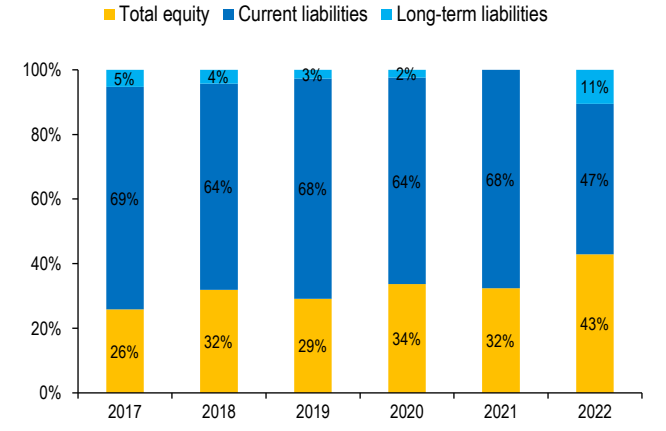
Source: Company data, Shinhan Securities Vietnam

Efforts to reduce leverage ratio, handle inventory

Noticeably, MWG's balance sheet in 2022 has narrowed compared to 2021; total assets declined by 11.3% YoY, reaching over VND 55,800 bn. This narrowing will help MWG reduce borrowing costs and provision for other obsolete goods, boosting net profit growth in 2023.

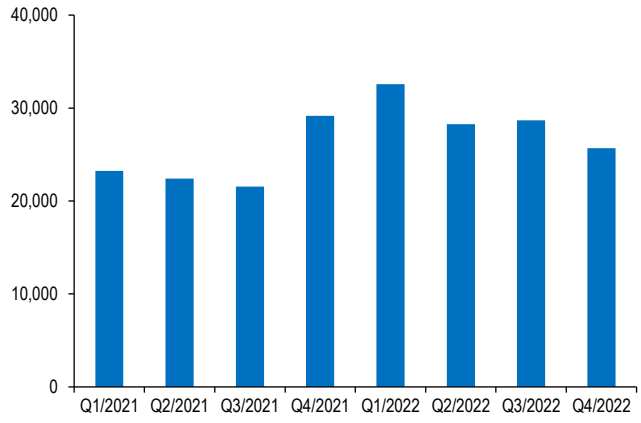
The inventory accounts for the largest proportion of the asset structure of MWG. Managing inventory backlog, damage, obsolete, etc. are big challenges for a multi-industry retail company like MWG. Over the past time, MWG has actively invested in technology, warehouse management models and applied ERP to inventory and logistics management processes. Many suitable promotions, and suggestions based on spending habits have stimulated sales, increased the value per shopping cart, and helped to release inventory.

MWG's total resources structure over the periods 2017 - 2022



Source: Company data, Shinhan Securities Vietnam

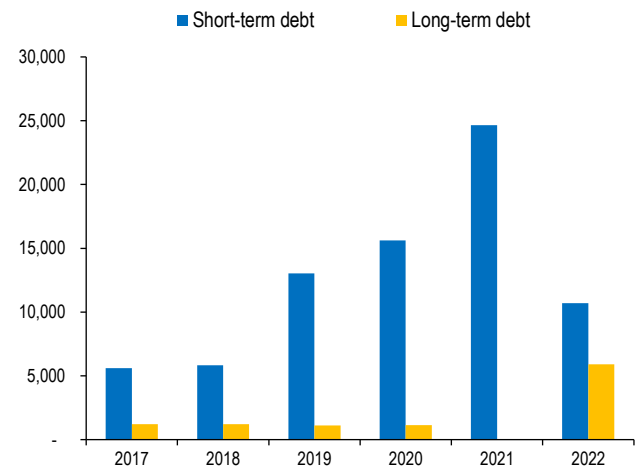
MWG's inventory movement (VND bn)



Source: Company data, Shinhan Securities Vietnam

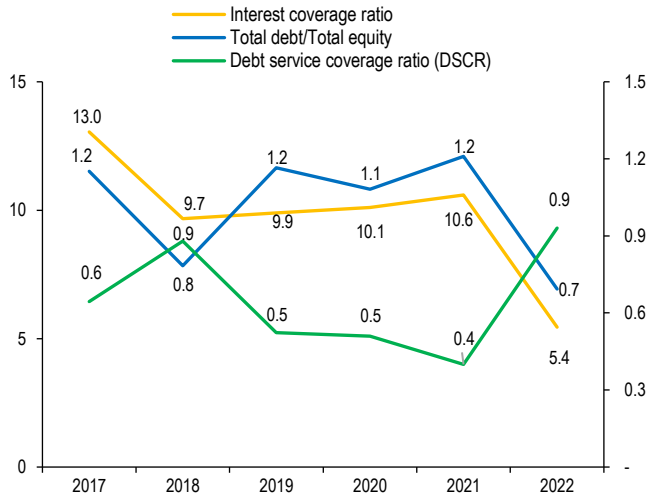
At YE2022, MWG's total debt decreased significantly in the context of high interest rates. Total outstanding loans of MWG reduced by nearly 33% YoY, equivalent to a decrease of more than VND 8,000 billion. D/E ratio was enhanced from 1.2x at the beginning of 2022 to 0.7x at YE2022. Other ratios showing MWG's ability to pay debt and interest remains at safe level.

MWG's short-term and long-term debt (VND bn)



Source: Company data, Shinhan Securities Vietnam

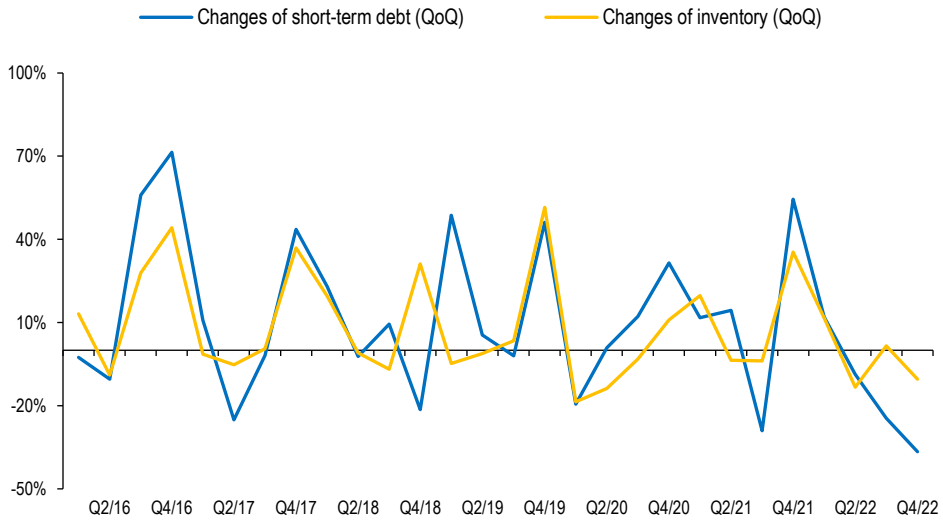
MWG's solvency ratios



Source: Company data, Shinhan Securities Vietnam

The efforts of improving the capability of managing inventory, reducing the amount of goods stocked helps MWG delines the level of short-term debt, which strengthens the financial status of MWG during the time of high interest rate.

Changes of short-term debt and inventory (QoQ) over the period 2016 – 2022 (%)



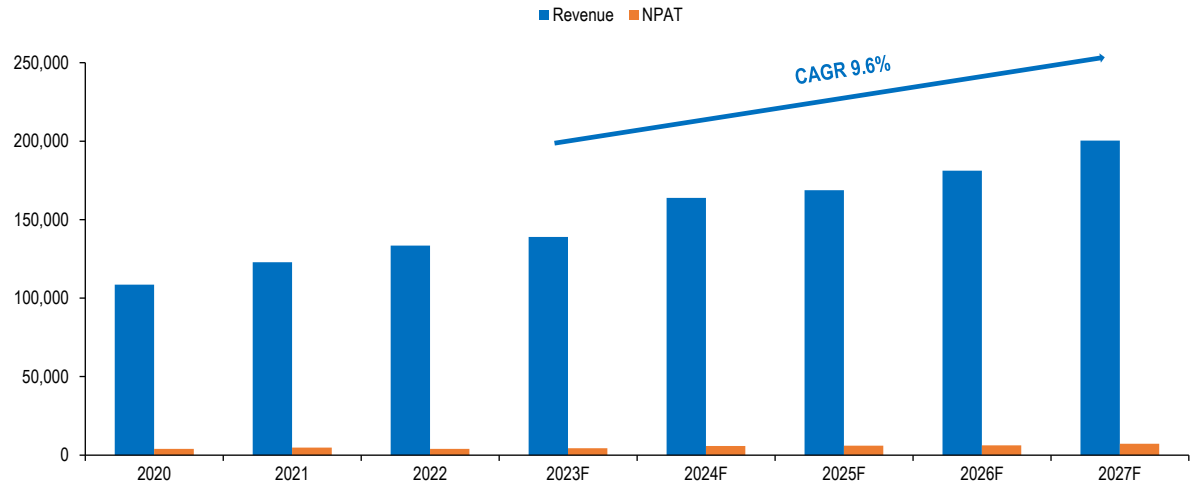
Nguồn: Dữ liệu công ty, Shinhan Securities Vietnam

Earnings estimates

Based on the above investment thesis, we forecast MWG's revenue to grow 4.3% YoY to VND 139,098 billion and NPAT to increase by 6.1% to VND 4,352 billion in 2023. The main drivers of MWG's revenue and profit in 2023: (i) Restructuring efforts, operational processes optimization, inventory settlement, closing stores and retail chains having inefficient business in 2022 to help reduce costs and related burdens; (ii) Applying promotions, cross-sale products of the group, sale suggestion based on spending habits to stimulate customers purchases and increase the value per shopping cart.

MWG's revenue projection is estimated based on the revenue forecast of each retail chain in the group. CARG of MWG's consolidated revenue estimates at 9.6%/year over the period 2023 - 2027.

Forecast consolidated revenue and NPAT of MWG (VND bn)

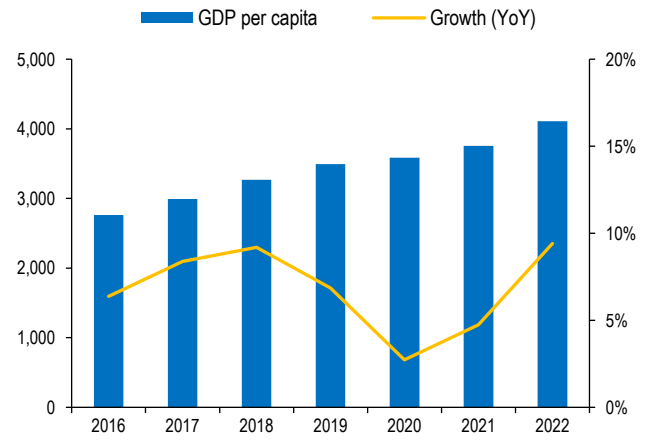


Source: Company data, Shinhan Securities Vietnam

The weak retail demand mainly affects mid-end and low-end customers and does not affect Apple product fans, whom belong to the group of high-end customers. According to the General Statistics Office, GDP per capita recorded CAGR of 7%/year in the 2016-2020 period, but decreased to 4.7% in 2021 due to the impact of the COVID-19 epidemic, and increased again to 9.4% in 2022. Vietnam's population reached nearly 99.5 million people by YE2022, of which the urban population accounted for 37.3% of the total population and continues increasing due to the tendency of migration from rural to urban areas to study and work.

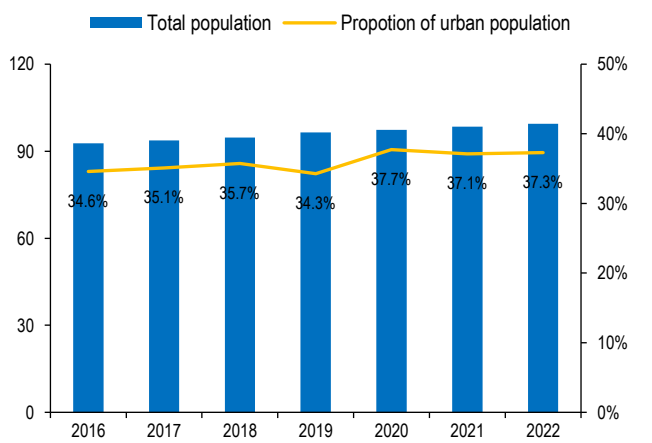
The urbanization rate and GDP per capita are expected to keep up rising in the coming years, which are the main drivers for the increase in the value of the retail market in Vietnam, especially the mid- and high-end targets. According to MWG, the profit margin for high-end products is usually higher than that of mid-range products and below (with an average selling price of less than VND 15 million/product). In addition, new product models are always released every year, resulting in revenue from mid-range to high-end ICT products sold in TopZone, TGDD, and DMX chains will be less affected due to market factors.

Vietnam GDP per capita (USD)



Source: GSO, Shinhan Securities Vietnam

Vietnam population statistics over the years (million people)

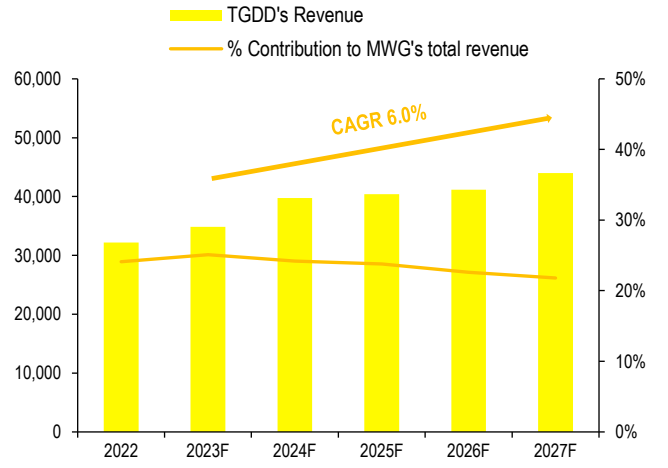


Source: Company data, Shinhan Securities Vietnam

Based on the weak demand of the mobile phones segment in 2023 and the industry saturation, we forecast TGDD will only open 50-100 new stores/year, with an average revenue of VND 2.6 billion/store/month. TGDD revenue in 2023 is estimated at more than 34,800 (+25% YoY), with a CAGR of 6%/year for the period 2023-2027.

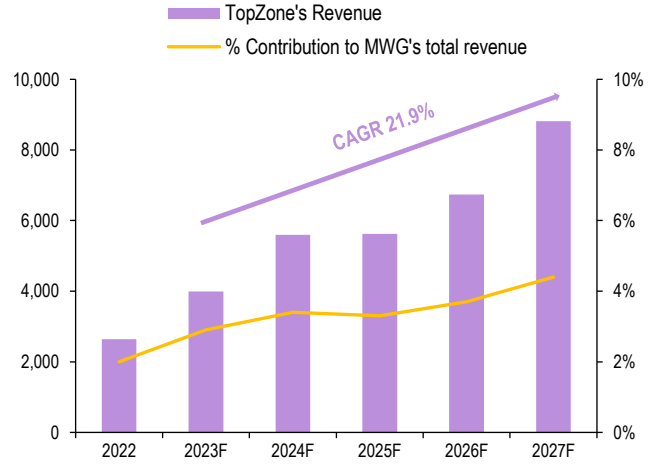
However, the above 2 factors do not affect Apple products much when Apple fans are in the high-end group. We forecast the average revenue of each TopZone store to remain at VND 3.5-4 billion/month. However, MWG will still be cautious in opening new stores, estimated to open 20-40 new stores/year for the period of 2023-2027.

Forecast revenue of TGDD (VND bn)



Source: Company data, Shinhan Securities Vietnam

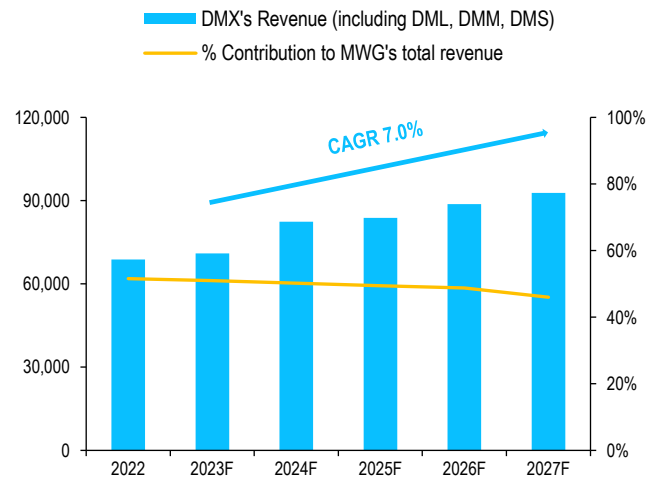
Forecast revenue of TopZone (VND bn)



Source: Company data, Shinhan Securities Vietnam

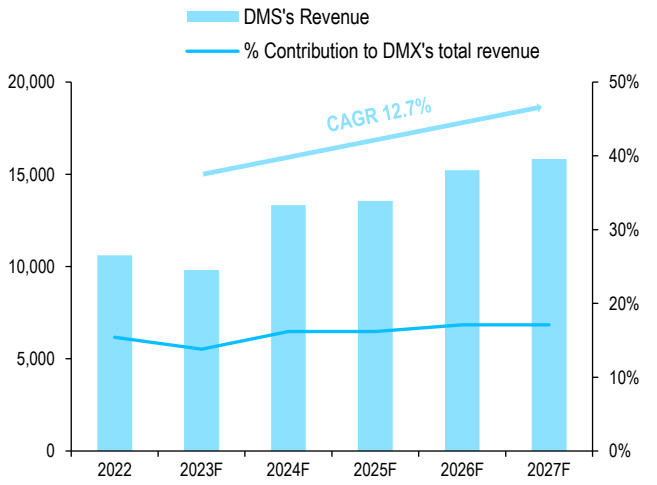
Similar to the mobile phone segment as well as the industry saturation, we forecast MWG will be cautious in opening new DML and DMM stores. However, DMS will still be given priority to open new stores, with a forecast of about 100-150 new stores/year, to improve the profit margin of the Group. The forecast revenue of DMX chain is estimated at VND 70,940 billion in 2023 (+3.1% YoY), with a CAGR of 7%/year for the period 2023-2027. DMS revenue is forecast to reach VND 9,810 billion, accounting for nearly 14% of total DMX revenue.

Forecast revenue of DMX (VND bn)



Source: Company data, Shinhan Securities Vietnam

Forecast revenue of DMS (VND bn)

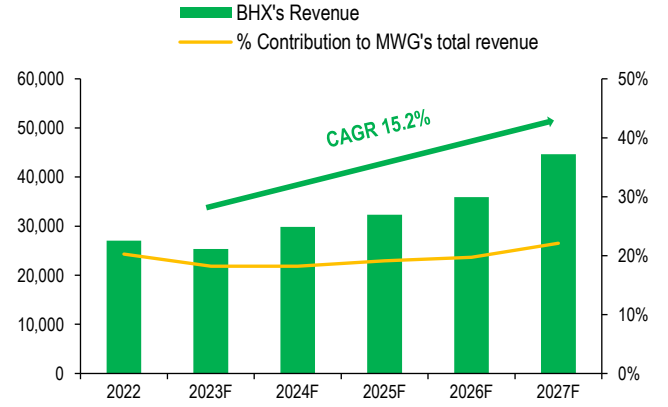


Source: Company data, Shinhan Securities Vietnam

Despite not reaching the breakeven point yet in 2023, MWG expects BHX will maintain its positive EBIT in 2023 and the Q4.2023 business result will be profitable. BHX will continue to expand in 2023 after the restructuring, closing inefficient stores period. We forecast the average revenue of BHX chain in 2023 would slightly reduce by 6.3% due to the increased competition risk from retail models similar to BHX. The average revenue would be around VND 1.1-1.2 billion/store/month in 2023 and then would be improved to VND 1.3-1.5 billion/store/month over the period of 2024-2027.

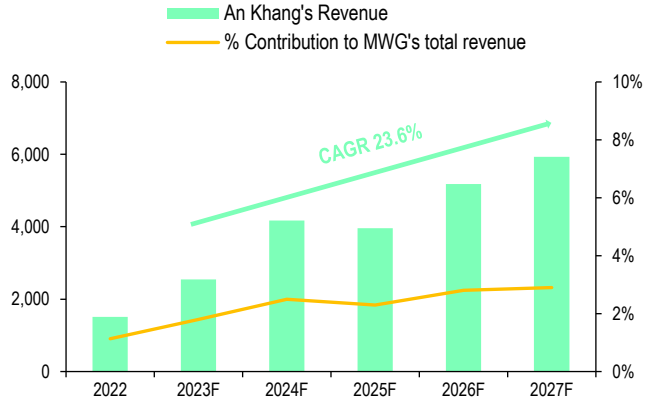
Regarding the An Khang chain, MWG announced it to stop opening new stores in 2023 and focus on optimizing costs, operating processes, and revenue per pharmacy. We forecast that An Khang's average revenue will remain at VND 500-600 million/store/month over the period 2023-2026, and break even from 2027, equivalent to revenue of VND 700-800 million/month.

Forecast revenue of BHX (VND bn)



Source: Company data, Shinhan Securities Vietnam

Forecast revenue of An Khang (VND bn)



Source: Company data, Shinhan Securities Vietnam

Forecast revenue, profit of MWG (2021-2025F)

(Unit: VND bn)	2021A	2022A	2023F	2024F	2025F
Net revenue	122,958	133,405	139,098	163,951	168,776
TGDD	31,271	32,201	34,849	39,722	40,379
DMX	62,741	68,800	70,940	82,359	83,811
TopZone	280	2,644	3,988	5,593	5,622
Bach Hoa Xanh	28,216	27,058	25,347	29,823	32,355
An Khang	0	1,510	2,544	4,176	3,960
Others	450	582	727	1,102	1,401
Gross profit	27,632	30,862	30,601	37,709	38,331
Operating profit	6,466	6,575	5,941	8,033	8,296
NPAT	4,901	4,102	4,352	5,878	6,006
Profitability margin (%)					
GPM	22.5	23.1	22.0	23.0	22.7
Operating profit margin	5.3	4.9	4.3	4.9	4.9
NPAT margin	4.0	3.1	3.1	3.6	3.6
Growth (%YoY)					
Net revenue	13.3	8.5	4.3	17.9	2.9
Operating profit	19.5	1.7	-9.6	35.2	3.3
NPAT	25.0	-16.3	6.1	35.1	2.2

Source: Company data, Shinhan Securities Vietnam

Valuation and Recommendation

Initiate coverage with BUY call, target price of VND 51,900

We initiate coverage for Mobile World Investment Corporation (MWG) with a BUY recommendation and a target price of VND 51,900 - equivalent to an upside of 35.0% from the current market price. At the moment, MWG is discounted at a deep range price and having an attractive valuation thanks to its potentail growth. From a long-term perspective, Mobile World is a worthy investment that can be considered for the following reasons:

1) Leading position in the retail of mobile phones and electronics in Vietnam, along with other potential expansion retail chains;
2) Complete restructuring and close inefficient trial-and-error business chains to reduce costs and other related burdens.

Valuation methods

We apply a combination valuation methods including Discounted Cash Flows FCFF and P/B, P/S, with the weights of 40%, 30% and 30%, respectively, to valuate MWG.

For the FCFF method, we forecast MWG's revenue to grow 4.3% in 2023 and 17.9% in 2024. We expect stable macroeconomic factors in the second half of 2023 and retail demand to be recovered in 3Q2023, which will boost MWG's revenue in Q4.2023 and 2024. Based on FCFF method, we expect MWG's target price to be around VND 41,900.

Weighted average cost of capital (WACC)	
WACC (%)	**13.2**
Risk-free rate (%)	3.5
Equity risk premium (%)	11.13
Beta	1.1
Cost of debt (%)	4.0
Cost of equity (%)	16.1
Debt-to-equity ratio	0.3
Total debt (VND billion)	16,589

Source: Company data, Shinhan Securities Vietnam

FCFF model					
Unit: VND billion	**2023F**	**2024F**	**2025F**	**2026F**	**2027F**
Net profit	4,350	5,875	6,003	6,235	7,269
Plus: After-tax interest expense	855	784	710	687	694
Plus: Depreciation & Amortization	4,999	5,058	3,825	1,563	4,235
Minus: Change in working capital	-1,537	1,944	1,901	703	1,645
Minus: Capital expenditure	4,320	4,349	3,951	4,954	1,153
Free cash flows to the firm (FCFF)	**7,420**	**5,424**	**4,685**	**2,827**	**9,400**
Discount rate	0.88	0.78	0.69	0.61	0.54
Present value of FCFF	6,556	4,233	3,231	1,722	5,069
Terminal growth rate	1%				

Present value of terminal value	41,917
Enterprise value	**62,719**
Minus: Total debt	16,589
Plus: Cash balance	5,061
Plus: Short-term investment	10,069
Number of shares outstanding (bn shares)	1.46
Target price (VND)	41,900

Source: Company data, Shinhan Securities Vietnam

For the P/B and P/S methods, we collect data from businesses in the same industry and similar in size to MWG, operating in Vietnam and the Asia-Pacific region.

For the P/B method, P/B forward is at 3.59x, calculated by averaging between: Mean P/B value of enterprises in the similar industry and 5-year ex-post mean P/B value of MWG. BVPS forward is at VND 18,618, equivalents to a 12-month target price of MWG at VND 66,800.

P/S forward is at 0.53x, calculated by averaging between: Mean P/S of MWG's chosen peers and 5-year ex-post mean P/S value of MWG. Sales per share forward at VND 95,052. For the P/S method, equivalents to a 12-month target price of MWG at VND 50,400.

Summary of P/B, P/S models

Model	MWG's current multiples	MWG's 5-year ex-post mean multiples value	Mean multiples value of peer enterprises	Implied ex-ante multiples	Implied target price
P/B	2.35	3.87	3.31	3.59	66,800
P/S	0.42	0.52	0.54	0.53	50,400

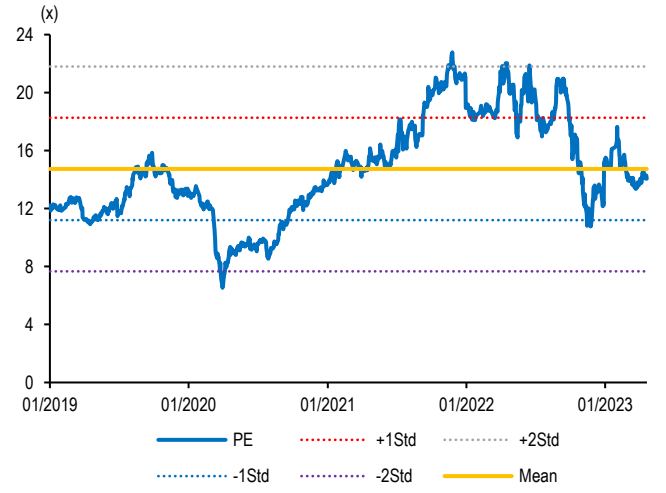
Source: Company data, Shinhan Securities Vietnam

Comparison of peer enterprises

Industry	Company name	BBG ticker	PB	PS	Market cap. (USD mn)	Revenue growth YoY (%)	EPS growth YoY(%)	ROA (%)	ROE (%)
ICT, fashion, convenient retail	Mobile World	MWG VN Equity	2.3	0.4	2,393	8.5	4.8	6.9	18.5
ICT, fashion retail	Mitra Adiperkasa	MAPI IJ Equity	2.9	0.9	1,584	46.2	308.0	11.2	30.1
ICT retail	Com7 PCL	COM7 TB Equity	8.6	1.0	1,794	22.7	16.0	17.3	48.8
	PT Erajaya S.	ERAA IJ Equity	1.2	0.2	523	13.8	-0.2	7.1	15.7
	Challenger Tech.	CHLG SP Equity	1.3	0.7	156	2.9	-50.9	4.5	6.1
	Tsann Kuen	2430 TT Equity	1.0	0.2	156	-1.8	-23.4	3.8	12.0
	FPT Digital Retail	FRT VN Equity	3.8	0.3	323	34.1	-12.0	3.7	21.3
ICT distribution	Digiworld	DGW VN Equity	2.3	0.2	239	5.3	1.5	10.6	32.8
	Redington	REDI IN Equity	2.3	0.2	1,599	10.0	68.7	7.8	23.9
Convenient retail	Taiwan FamilyMart	5903 TT Equity	6.5	0.5	1,515	8.5	37.0	2.6	27.2
	Sumber A. Trijaya	AMRT IJ Equity	n.a	1.2	7,555	14.2	48.3	9.8	27.9
Mean			3.31	0.54					

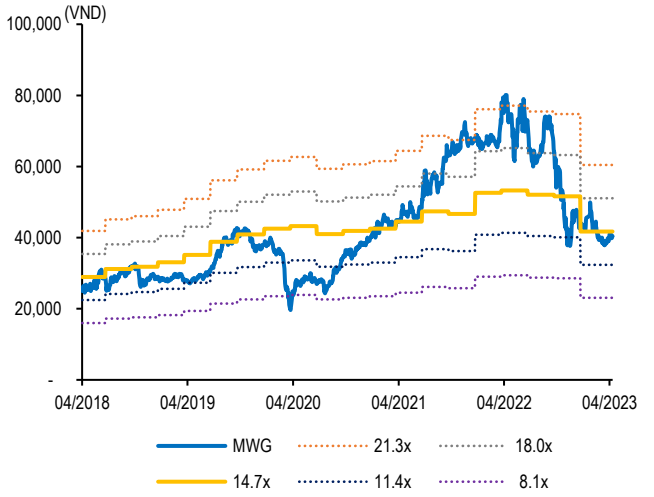
Source: Company data, Shinhan Securities Vietnam

MWG's 5 years PER



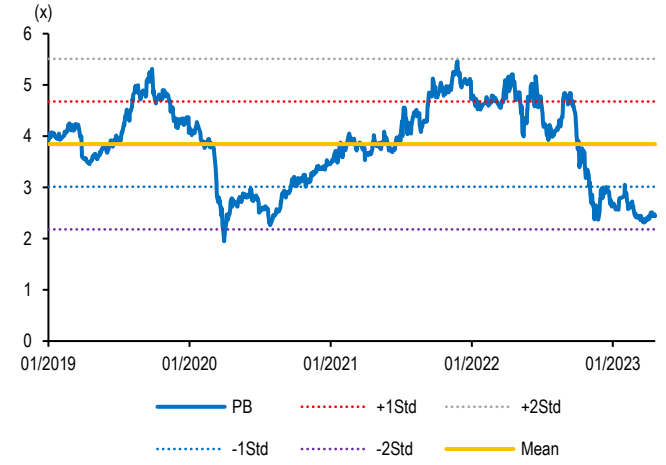
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PER band chart of MWG



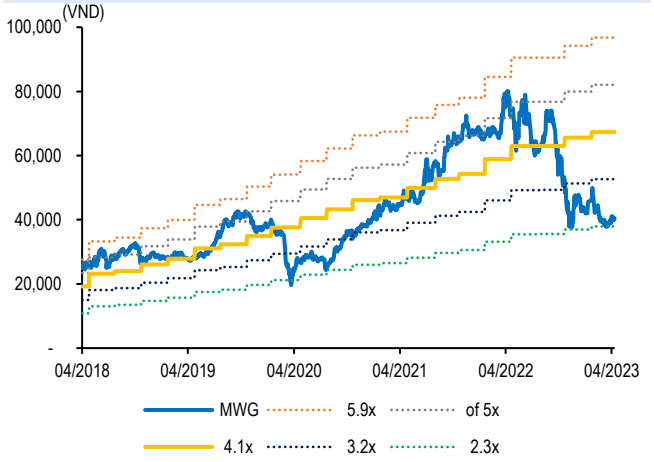
Source: Bloomberg, Company data, Shinhan Securities Vietnam

MWG's 5 years PBR



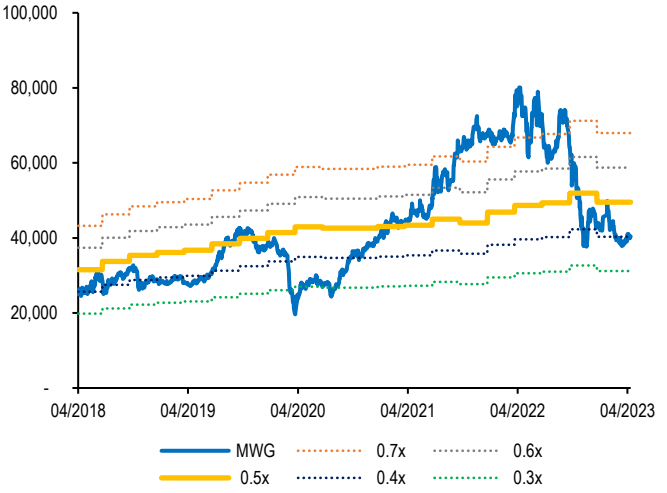
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR band chart of MWG



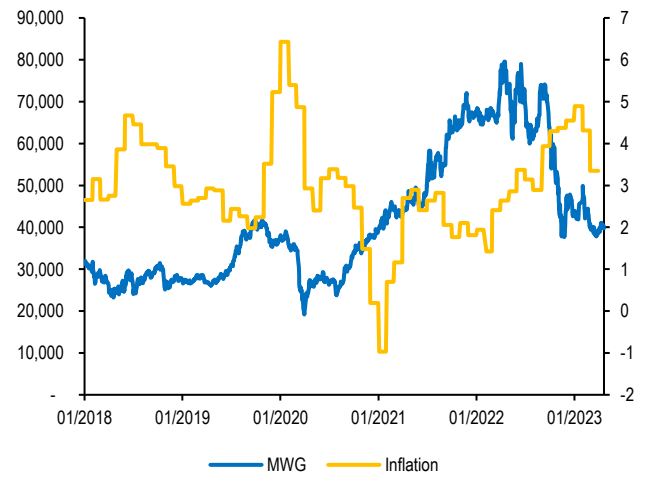
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PSR band chart of MWG



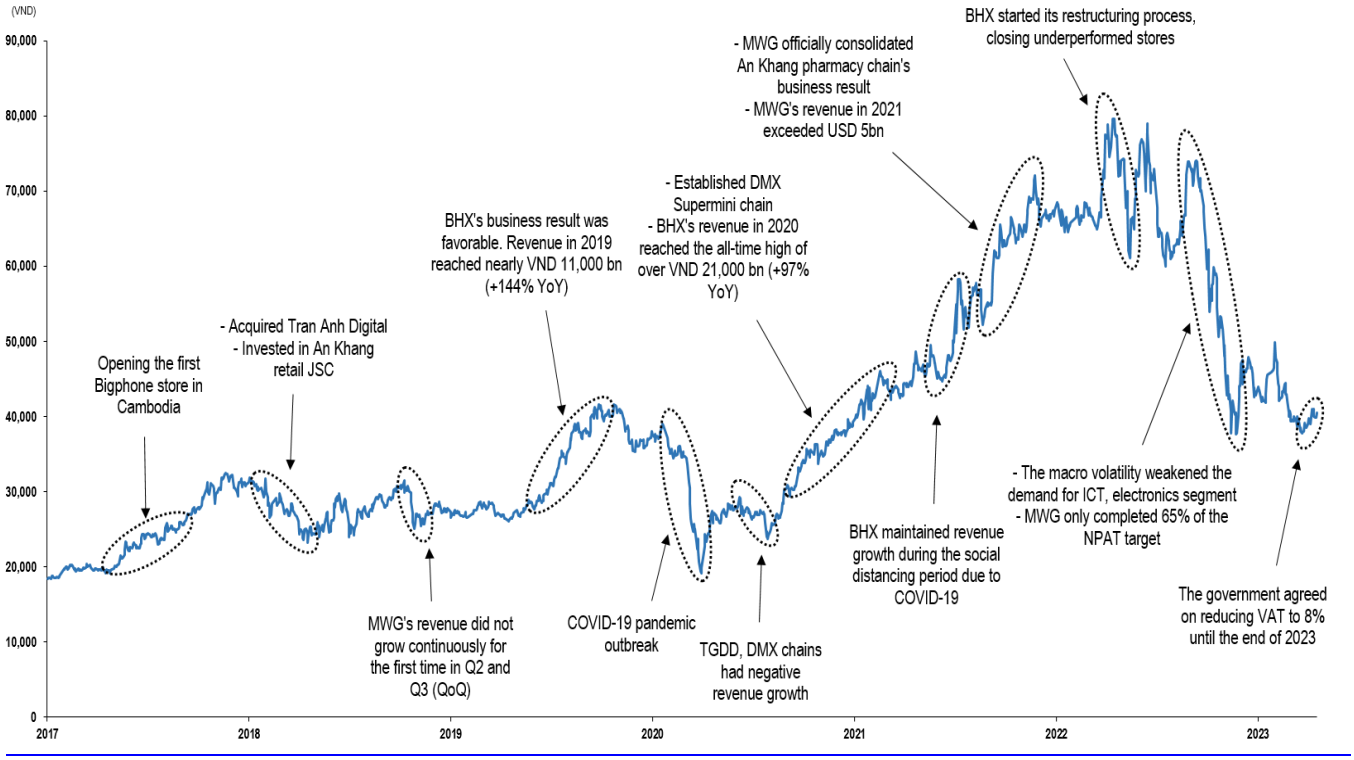
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Correlation between stock price and Vietnam inflation rate



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Key events chart of MWG



Source: Company data, Shinhan Securities Vietnam

Risks

Competitive risk

MWG's ICT retail chains have been leading the market share in Vietnam for years. However, the retailing mobile phone, Apple products market of MWG are being threatened when many other similar rising chains are rapidly opening their new stores in big cities, especially in Ho Chi Minh City.

Specifically, many typical brands have expanded very quickly, even opening right next to TGDD chains, such as CellphoneS, Hoang Ha Mobile, Di Dong Viet, ShopDunk, etc. Furthermore, MWG's long-time competitor FPT Retail (HSX: FRT) with two chains FPT Shop (leading in laptop retail and second in mobile phone retail market share), F.Studio (Mono store, authorized, retailed Apple products since 2012) also continuously caught up MWG and maintained its market share. The competition on selling prices, promotions, and willingness to suffer losses in the short term among chains in the period of weak retail demand is expected to continue.

In the retail pharmacy chain segment, the An Khang pharmacy chain of MWG (500 stores and temporarily stops expanding in 2023) still recorded a net loss, with an average revenue of about VND 200-300 million/store/month. FRT's Long Chau pharmacy chain (1000 stores and planning to open another 400 ones in 2023) has been outperforming An Khang when the revenue per store is about VND 1-1.2 billion/month. Long Chau has been profitable since 2021, reaching the breakeven point per store after only 6 months with a breakeven revenue of about VND 550-600 million/store/month.

Regarding BHX, the competitive pressure will raise strongly due to many traditional competitors such as Saigon Co.op, Satrafoods when these chains are also increasing their investment. Convenience store models such as Circle K, GS25, Family Mart with the advantage of a modern and youthful model, open 24/7, have also rapidly expanded their chains in recent years, and pursued a competitive race on essential goods, FMCG.

Regarding the AVA chains, MWG has closed 3/5 ones (AVAJi, AVASport, AVAFashion), and chose AVAKids to continue for phase 2, increasing investment in scaling and number of stores. It decided to compete directly with other experienced and famous brands in the industry such as Con Cung, Bibo Mart, Kids Plaza.

Other MWG's competitors in mobile phone retail segment

didongviet.vn
SHOPDUNK www.shopdunk.com
cellphoneS
HOANGHAMOBILE·COM
FPT Shop
F.Studio by FPT | Authorised Reseller

Source: Shinhan Securities Vietnam summarized

Other MWG's competitors in Mother and Baby retail segment

concung.com
shoptretho.com.vn
KidsPlaza
BIBO MART
NO.1 MOM & BABY STORE CHAIN IN VIETNAM

Source: Shinhan Securities Vietnam summarized

Risk from weak retail consumption

Negative impacts from the global macro fluctuations, rising interest rates, wars, epidemics, etc. have affected people's incomes and jobs, significantly reducing consumer demand for the retail industry, especially ICT products considered to be in the saturation stage such as mobile phones and electronics. It is estimated that Vietnam's consumption will still be strongly affected in the first half of 2023 due to the tendency of tightening budget. It is only expected to gradually recover its growth momentum in Q3.2023.

Factors boosting MWG's business results from Q4.2023 and in 2024: (i) The slowing growth rate of interest rate in 2023 when Fed is showing signs of cooling it down; (ii) Macro fluctuations in Vietnam are gradually stabilizing, helping to improve people's consumer spending; (iii) Consumption recovery in the EU and US regions brings orders for manufacturing and exporting enterprises in Vietnam.

Risk from having many diversified retail chains

MWG's continuous expansion of stores helps Mobile World dominate market share and increases revenue. However, the rapid expansion has made MWG not effectively manage incurred expenses. Moreover, to maintain revenue growth, MWG penetrates oversea markets with Bluetronics chain (Cambodia), Era Blue (Indonesia) or opens new retail businesses besides of ICT retail segment such as BHX, An Khang, and 5 chains of AVAs. MWG chooses a strategy that does not need the support of consulting and market research services, but researching, opening new chains itself, and learning from the losses.

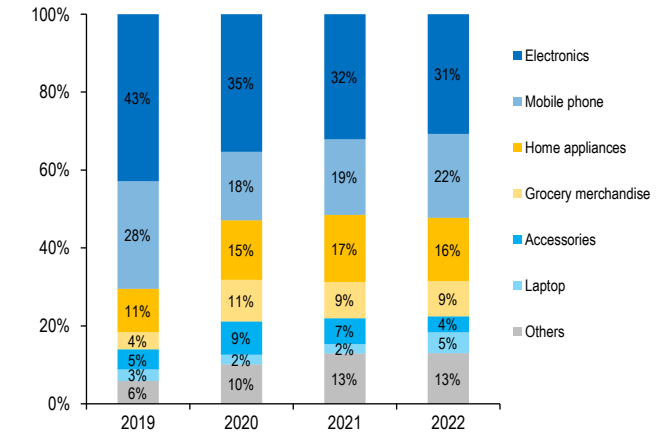
The excessive diversification of new retail segments caused MWG to record accumulated losses for many years in new chains, incurring costs for restructuring and closing inefficient chains and stores. MWG has halted the expansion but tried to enhance the efficiency, revenue, and break-even time at each point of sale.

Risk from impairment of inventory

Competitive price pressure among ICT retailers, plus the weak retail consumer demand increase the risk of long-time stock of MWG. Currently, the average days inventory outstanding of MWG is about 96 days (more than 3 months) and MWG must restock according to the agreements with the supplier. Because of the tendency of mobile phone producers to continuously launch new models every 6-9 months, MWG has to offer promotions to stimulate demand, narrowing the gap between the selling price and the imported cost. However, according to MWG, this risk is not too serious when Mobile World continuously invests, learns, and upgrades the warehouse management system, distribution, and sales experience from the world's leading retail and logistics enterprises.

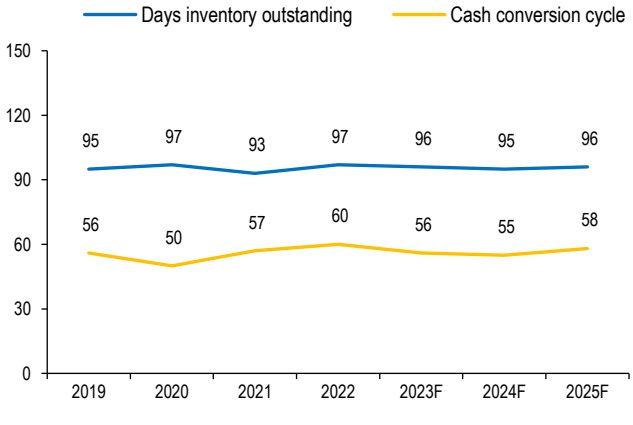
In addition, the restructuring and redesign of BHX's chain layout in 2022 help buyers have a better shopping experience, increasing the sale per cart. For the fresh products, perishable vegetables, and fruits, BHX has decided to offer deep discounts, cross-sale products, and promotions in the afternoon and evening time frames to help reduce the cost of destroying deteriorated goods as well as reducing the amount of goods stocked.

Movement of MWG's main stocks (%)



Source: Company data, Shinhan Securities Vietnam

Days inventory, cash conversion cycle of MWG and forecast (days)



Source: Company data, Shinhan Securities Vietnam

Appendix: Financial statements

Statement of financial position

Year to Dec. (bn VND)	2021	2022	2023F	2024F	2025F
Total assets	**62,971**	**55,834**	**62,561**	**68,117**	**69,839**
Current assets	51,955	44,578	52,155	58,308	59,920
Cash & equivalents	4,142	5,061	8,339	6,418	7,150
Short-term financial asset	14,237	10,069	12,310	15,289	14,471
Accounts receivable	3,162	3,001	2,555	3,210	3,438
Inventories	29,167	25,696	27,949	32,276	33,805
Other current assets	1,247	750	1,002	1,114	1,057
Non-current assets	11,016	11,256	10,406	9,809	9,919
Net fixed assets	9,647	9,728	9,304	8,647	8,656
Long-term incomplete assets	80	124	0	0	0
Other long-term assets	1,289	1,405	1,103	1,162	1,263
Total liabilities	**42,593**	**31,902**	**35,000**	**36,141**	**33,321**
Current liabilities	42,593	26,000	31,066	36,141	33,321
Accounts payable	12,180	8,746	12,476	14,686	14,196
Short-term borrowings	24,647	10,688	11,935	13,628	10,962
Others	5,766	6,566	6,655	7,827	8,163
Non-current liabilities	0	5,901	3,934	0	0
Long-term borrowings	0	5,901	3,934	0	0
Other financial liabilities	0	0	0	0	0
Total shareholders' equity	**20,378**	**23,933**	**27,561**	**31,976**	**36,518**
Capital stock	7,131	14,639	14,639	14,639	14,639
Capital surplus	558	558	558	558	558
Other capital	3	-3	4	3	1
Retained earnings	12,675	8,724	12,342	16,754	21,293
Non-controlling interest equity	12	15	18	22	27
*Total debt	24,647	16,589	15,869	13,628	10,962
*Net debt (cash)	6,269	1,459	(7,274)	(13,068)	(15,648)

Statement of comprehensive income

Year to Dec. (bn VND)	2021	2022	2023F	2024F	2025F
Revenue	**122,958**	**133,405**	**139,098**	**163,951**	**168,776**
Growth (%)	*13.3*	*8.5*	*4.3*	*17.9*	*2.9*
COGS	**(95,326)**	**(102,543)**	**(108,496)**	**(126,242)**	**(130,444)**
Gross profit	**27,632**	**30,862**	**30,601**	**37,709**	**38,331**
GPM (%)	*22.5*	*23.1*	*22.0*	*23.0*	*22.7*
SG&A	**(21,738)**	**(24,218)**	**(24,921)**	**(30,265)**	**(30,697)**
Operating profit	**5,895**	**6,644**	**5,680**	**7,444**	**7,634**
Growth (%)	*13.0*	*12.7*	*-14.5*	*31.0*	*2.6*
OPM (%)	*4.8*	*5.0*	*4.1*	*4.5*	*4.5*
Non-operating profit	**577**	**(588)**	**256**	**579**	**649**
Financial income	1,288	1,313	1,352	1,586	1,569
Financial expense	(715)	(1,383)	(1,094)	(1,006)	(921)
In which: interest expenses	(674)	(1,362)	(1,069)	(980)	(888)
Net other non-operating profit	3.8	(518.3)	(2.4)	(0.9)	1.4
Pre-tax profit	**6,472**	**6,056**	**5,936**	**8,022**	**8,283**
Income tax	(1,570)	(1,955)	(1,584)	(2,144)	(2,278)
Net profit	**4,901**	**4,102**	**4,352**	**5,878**	**6,006**
Growth (%)	*25.0*	*(16.3)*	*6.1*	*35.1*	*2.2*
NPM (%)	*4.0*	*3.1*	*3.1*	*3.6*	*3.6*
Controlling interest	4,899	4,100	4,350	5,875	6,003
Non-controlling interest	3	2	2	3	3
EBIT	**7,146**	**7,418**	**7,005**	**9,002**	**9,171**
Growth (%)	*19.0*	*3.8*	*(5.6)*	*28.5*	*1.9*
EBIT Margin (%)	*5.8*	*5.6*	*5.0*	*5.5*	*5.4*
EBITDA	**10,067**	**10,959**	**11,869**	**14,012**	**13,113**
Growth (%)	*22.8*	*8.9*	*8.3*	*18.1*	*(6.4)*
EBITDA margin (%)	*8.2*	*8.2*	*8.5*	*8.5*	*7.8*

Statement of cash flow

Year to Dec. (bn VND)	2021	2022	2023F	2024F	2025F
Cash flow from operations	**171**	**7,976**	**10,526**	**8,143**	**5,105**
Net profit	6,472	6,056	5,936	8,022	8,283
D&A expense	2,921	3,540	4,864	5,010	3,942
(Gain) from investing activities	(959)	(349)	(1,008)	(1,209)	(1,182)
Change in working capital	(6,997)	815	1,537	(1,944)	(1,901)
Others	(1,264)	(2,087)	(802)	(1,737)	(4,037)
Cash flow from investments	**(11,255)**	**1,549**	**(5,802)**	**(6,359)**	**(2,212)**
Change in fixed assets	(4,976)	(4,460)	(4,318)	(4,347)	(3,948)
Change in investment assets	(7,078)	4,872	(2,240)	(2,920)	818
Others	799	1,138	757	907	919
Cash flow from financing	**7,877**	**(8,606)**	**(1,447)**	**(3,705)**	**(2,162)**
Change in equity	228	193	-	-	-
Net borrowing	7,891	(8,062)	(720)	(2,241)	(699)
Dividends	(240)	(732)	(732)	(1,463)	(1,463)
Others	(2)	(5)	5	-	-
Change in total cash	**(3,206)**	**919**	**3,278**	**(1,921)**	**731**
Beginning cash	7,347.8	4,142.0	5,061	8,339	6,418
Change in FX rates	0.1	(0.1)	0.0	0.1	0.1
Ending cash	4,142	5,061	8,339	6,418	7,150

Source: Company data, Shinhan Securities Vietnam

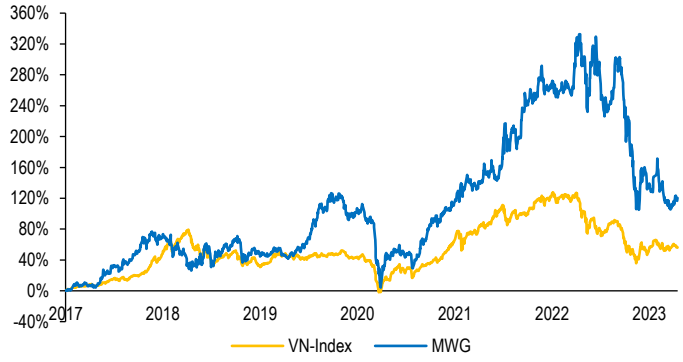
Key ratios

Year to Dec.	2021	2022	2023F	2024F	2025F
EPS (VND)	3,340	3,499	2,973	4,015	4,102
BPS (VND)	13,925	16,354	18,833	21,850	24,954
PER (x)	19.9	12.0	17.5	10.2	9.7
PBR (x)	4.8	2.6	2.8	1.9	1.6
EV/EBITDA (x)	5.3	5.7	5.3	4.0	4.0
Dividend payout ratio (%)	16	29	17	25	24
Dividend yield (%)	0.5	1.2	1.2	2.6	2.8
Profitability					
EBITDA margin (%)	8.2	8.2	8.5	8.5	7.8
OPM (%)	4.8	5.0	4.1	4.5	4.5
NPM (%)	4.0	3.1	3.1	3.6	3.6
ROA (%)	7.8	7.3	7.0	8.6	8.6
ROE (%)	24.1	17.1	15.8	18.4	16.4
Stability					
Debt to equity ratio (%)	120.9	69.3	57.6	42.6	30.0
Net debt ratio (%)	62.3	13.3	(40.3)	(57.7)	(81.3)
Cash ratio (%)	43.1	58.2	66.5	60.1	64.9
Interest coverage ratio (x)	10.6	5.4	6.6	9.2	10.3
Activity (%)					
Working capital turnover (days)	36	41	35	30	33
Inventory turnover (days)	93	97	96	95	96
Receivable turnover (days)	1	1	1	1	1

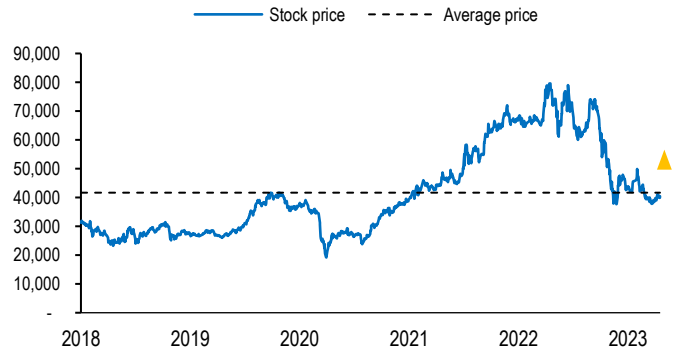
Source: Company data, Shinhan Securities Vietnam

Mobile World Investment Corporation (MWG VN)

Stock return movement



Target price



Date	Rating	Target price (VND)	Target price gap (%)	
			Average	Max/Min
April 26th, 2023 (Initiation)	BUY	51,900	-5.6	-34.3/37.7

Note: Calculation of target price gap based on the past 12 months

Shinhan Securities Vietnam

Stock	Sector
◆ **BUY:** Expected 12-month gain of 15% or more ◆ **HOLD:** Expected 12-month loss of 15% to gain of 15% ◆ **SELL:** Expected 12-month loss of 15% or more	◆ **OVERWEIGHT:** Based on market cap, lagest share of sector stocks under coverage is rated BUY ◆ **NEUTRAL:** Based on market cap, lagest share of sector stocks under coverage is rated HOLD ◆ **UNDERWEIGHT:** Based on market cap, lagest share of sector stocks under coverage is rated SELL

Compliance & Disclosure Notice

Analyst Certification

- The following analysts hereby certify that their views about the companies and securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Phuc Nguyen

Important Disclosures & Disclaimers

- As of the date of publication, Shinhan Securities Vietnam Co., Ltd. does not beneficially own 1% or more of any class of common equity securities of the following companies mentioned in this report: MWG VN
- Shinhan Securities Vietnam Co., Ltd. or one of its affiliates, and/or their respective officers, directors, or employees may have interests, or long or short positions, and may at any time make purchases or sales as a principal or agent of the securities of the companies mentioned in this report.
- As of the date of publication, research analysts responsible for this report and members of their households do not have any financial interest in the debt or equity securities of the companies mentioned in this report.
- Research analysts responsible for this report receive compensation based upon, among other factors, the overall profitability of Shinhan Securities Vietnam Co., Ltd. including profits derived from investment banking. The analysts responsible for this report may also receive compensation based upon, among other factors, the overall profitability of sales and trading businesses relating to the class of securities or financial instruments for which such analysts are responsible.
- All opinions and estimates regarding the companies and their securities are accurate representations of the research analysts' judgments and may differ from actual results.
- This report is intended to provide information to assist investment decisions only and should not be used or construed as an offer or a solicitation of an offer to buy or sell any securities. The information herein has been obtained from sources deemed reliable, but such information has not been independently verified and no guarantee, representation, or warranty, expressed or implied, is made as to its accuracy, completeness, or correctness. Shinhan Securities Vietnam Co., Ltd. makes the best effort but does not guarantee the accuracy, completeness, or correctness of information and opinions translated into English from original Vietnamese language materials. Shinhan Securities Vietnam Co., Ltd. accepts no liability whatsoever for any direct, indirect, and/or consequential loss arising from any use of this material or its contents. Stock selection and final investment decisions should be made at the investor's own and sole discretion.
- This report is distributed to our customers only, and any unauthorized use, duplication, or redistribution of this report is strictly prohibited.
- Investing in any Vietnamese securities or related financial instruments discussed in this research report may present certain risks. The securities of Vietnamese issuers may not be registered with, or be subject to the regulations of, the US Securities and Exchange Commission. Information on Vietnamese securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the US. The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in currencies other than the Vietnamese won is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Distribution

- United States: This report is distributed in the US by Shinhan Investment America, Inc., a member of FINRA/SIPC, and is only intended for major US institutional investors as defined in Rule 15a-6(a)(2) of the US Securities Exchange Act of 1934. All US persons that receive this document by their acceptance thereof represent and warrant that they are major US institutional investors and have not received this report under any express or implied understanding that they will direct commission income to Shinhan Securities Vietnam Co., Ltd. or its affiliates. Pursuant to Rule 15a-6(a)(3), any US recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Shinhan Investment America, Inc., which accepts responsibility for the contents of this report in the US. The securities described herein may not have been registered under the US Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the US or to US persons unless they have been registered or are in compliance with an exemption from registration requirements.
- All Other Jurisdictions: Customers in all other countries who wish to effect a transaction in any securities referenced in this report should contact Shinhan Securities Vietnam Co., Ltd. or its affiliates only if distribution to or use by such customer of this report would not violate applicable laws and regulations and not subject Shinhan Securities Vietnam Co., Ltd. and its affiliates to any registration or licensing requirement within such jurisdiction.



Shinhan Investment Network

SEOUL
Shinhan Investment Corp.
Shinhan Investment Tower
23-2, Youido-dong, Yongdungpo-gu,
Seoul, Korea 150-712
Tel : (82-2) 3772-2700, 2702
Fax : (82-2) 6671-7573

NEW YORK
Shinhan Investment America Inc.
1325 Avenue of the Americas Suite 702,
New York, NY 10019
Tel : (1-212) 397-4000
Fax : (1-212) 397-0032

Hong Kong
Shinhan Investment Asia Ltd.
Unit 7705 A, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Tel : (852) 3713-5333
Fax : (852) 3713-5300

Indonesia
PT Shinhan Sekuritas Indonesia
30th Floor, IFC 2, Jl. Jend. Sudirman Kav.
22-23, Jakarta, Indonesia
Tel : (62-21) 5140-1133
Fax : (62-21) 5140-1599

Shanghai
Shinhan Investment Corp.
Shanghai Representative Office
Room 104, Huaneng Union Mansion No.958,
Luijiazui Ring Road, PuDong, Shanghai, China
Tel : (86-21) 6888-9135/6
Fax : (86-21) 6888-9139

Ho Chi Minh
Shinhan Securities Vietnam Co., Ltd.
22nd Floor, Centec Tower, 72-74 Nguyen Thi Minh Khai Street,
District 3, Ho Chi Minh City, Vietnam
Tel : (84-8) 6299-8000
Fax : (84-8) 6299-4232

Ha Noi
Shinhan Securities Vietnam Co., Ltd.
Hanoi Branch
2nd Floor, Leadvisors Building, No. 41A Ly Thai To,
Ly Thai To Ward, Hoan Kiem District, Hanoi, Vietnam.
Tel : (84-8) 6299-8000