

# Mobile World Group (MWG)

## BHX plans to open 50 - 100 stores in 2H24F

On 16<sup>th</sup> Aug, we attended MWG's analyst meeting reporting the business results in 2Q24. Here are some notable updates:

### MWG completed 52% / 86% of the net revenue / NPAT target.

- In 2Q24, MWG reported a net revenue of VND34,134bn (+15.8% yoy; 102% of our forecast). In which:
  - o *TGDD* (20.6% of total sales) remained at VND6,727bn (+0.2% yoy) in the off-peak season for mobile phones, while *DMX* (46.9% of total sales) rose to VND16,251bn (+8.9% yoy), maintaining its recovery momentum for the ICT-CE segment.
  - o *BHX* (29.7% of total sales) rose to VND10,340bn (+41.3% yoy; +13.0% qoq) thanks to the growth of sales per store.
- Gross margin (GM) expanded to 21.4% (+290 bps yoy; +10 bps qoq) because of the easing price war and a greater contribution of FMCGs and fresh products (~25% GM compared to ~20% GM of ICT-CE products).
- SG&A ratio decreased to 17.2%, leading operating margin (OPM) to rise to 5.0%. However, since MWG recognized about VND180bn one-off expenses from closing ICT-CE and pharmacy stores, the net margin improved slower at 3.4% (figure 4).
- Hence, NPAT increased to VND1,173bn (+66x yoy; 113% of our forecast).
- For 6M24, MWG reported a net revenue of VND65,621bn (+16.0% yoy) and NPAT of VND2,075 (53x yoy), completing 52% / 86% of the year guidance.

	2019A	2020A	2021A	2022A	2023A
Sales (VND bn)	102,174	108,546	122,958	133,405	118,279
chg. (% YoY)	18.1	6.2	13.3	8.5	(11.3)
Operating profit (VND bn)	4,977	5,216	5,888	6,644	1,017
Net profit (VND bn)	3,834	3,918	4,899	4,100	167
EPS (VND)	8,657	8,650	6,861	2,802	114
chg. (% YoY)	33.4	(0.1)	(20.7)	(59.1)	(95.9)
EBITDA (VND bn)	6,420	7,412	8,809	10,185	2,137
PE (x)	15.2	15.2	19.2	15.3	428.5
EV/EBITDA (x)	10.3	8.2	11.3	6.3	40.3
PB (x)	4.8	3.8	4.6	2.6	2.8
ROE (%)	36.3	28.4	27.3	18.5	0.71
Dividend yield (%)	1.1	1.1	0.3	1.2	1.1

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

12M rating **Hold (Maintain)**

12M TP  
Up/Downside

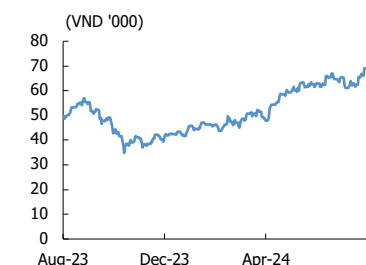
#### Stock Data

VNIndex (19 Aug, pt)	1,262
Stock price (19 Aug, VND)	69,000
Market cap (USD mn)	4,030
Shares outstanding (mn)	1,462
52-Week high/low (VND)	69,000/34,824
6M avg. daily turnover (USD mn)	23.53
Free float / Foreign ownership (%)	77.4/47.0
Major shareholders (%)	
Mobile World Group	10.5
Arisaig Asia Fund Ltd	3.5
Nguyen Duc Tai	2.4

#### Performance

	1M	6M	12M
Absolute (%)	5.2	48.0	37.9
Relative to VNIndex (%p)	5.4	43.9	28.3

#### Stock price trend



Source: Bloomberg

## Research Department

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### DMX / TGDD continued to recover despite 116 store closures

- In Jun 24, TGDD's sales increased to VND2,399bn (+5.6% yoy) due to the growth of mobile phones, while DMX's sales rose to VND5,066bn (+15.8% yoy) attributed to sales of TVs in the Euro Cup 2024 event.
- In Jun 24, MWG closed 25 TGDD and 87 DMX stores, decreasing the total number to 1,046 and 2,093 stores (figure 6). MWG shares that the restructure of ICT - CE chains is almost completed as of Aug 24.
- In 3Q24, we expect a continuing recovery of MWG's ICT-CE chains attributed to (1) higher consumer spending (2) sales of laptops in the "Back to School" season, and (3) sales of older models before the release of iPhone 16.

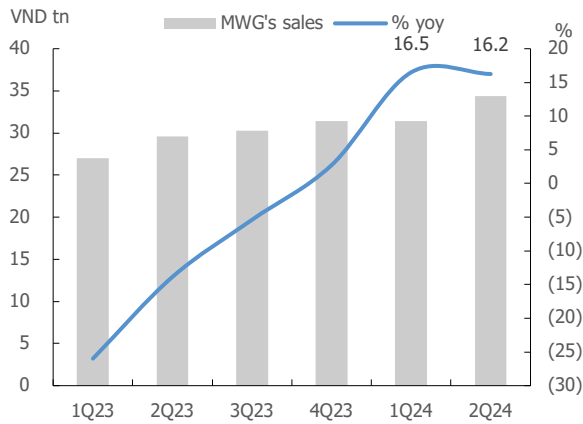
### BHX reached VND2.1bn sales/store with some opened.

- In Jun 24, BHX's sales continued to rise to VND3,651bn (+42.4% yoy). Sales per store reached VND2.1bn (SSSG: +42.8% yoy) with about 500 bills per day, while BHX opened 2 – 3 stores per month in May – Jun 24 (figure 6).
- In 2Q24, BHX posted a PBT of VND7bn – the first time after years of making losses (figure 8). This result was attributed by the optimization of logistic costs such as the increase in the fill rate of transporting truck; the number, size, and distance of distribution centers, etc.
- Per management, BHX's net margin would be equivalent to regional players in the next 3 – 5 years. We observed that this would be about 0.5% – 1.5%.
- In addition, BHX would open 50 – 100 stores in 2H24, and contribute to the 2024 NPAT of MWG.

### Other chains exhibited contracting trends

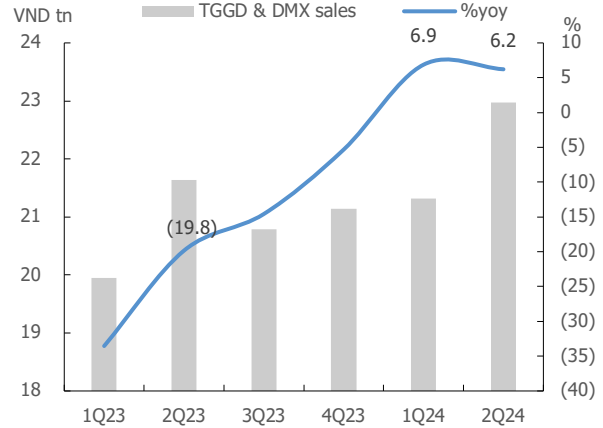
- In Jun 24, An Khang's store number decreased to 481 (-45 stores YTD), while EraBlue's store number rose to 61 stores (+24 stores YTD).
- Per management, in 2H24, EraBlue plans to open 40 stores, while An Khang is set to reduce the total number of stores to ~300 (equivalent to the closure of 180 stores).

**Figure 1. MWG's sales growth rate maintained at double digits in 2Q24**



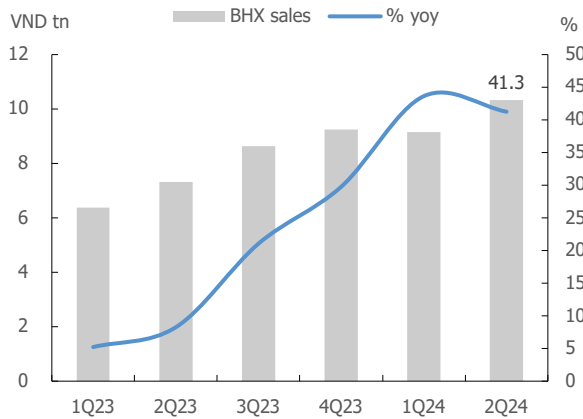
Source: Company Data

**Figure 2. ...due to the recovery of ICT-CE products ...**



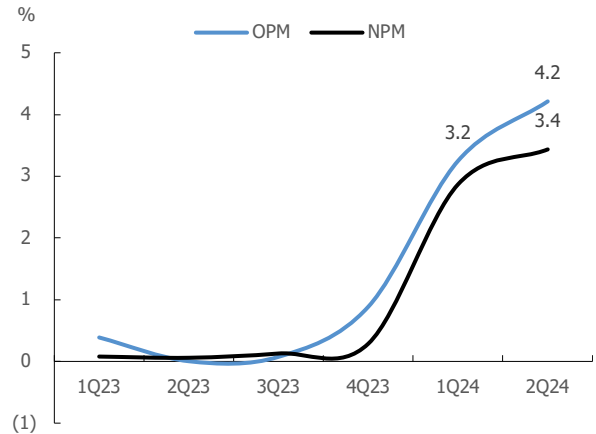
Source: Company Data

**Figure 3. ...and the growth of BHX**



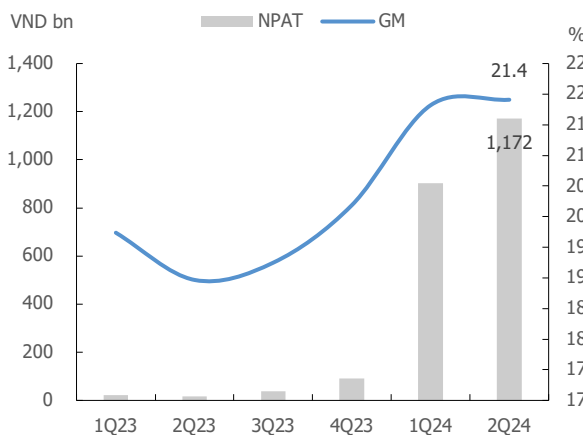
Source: Company Data

**Figure 4. NPM improved at a slower rate than OPM because of one-off expenses**



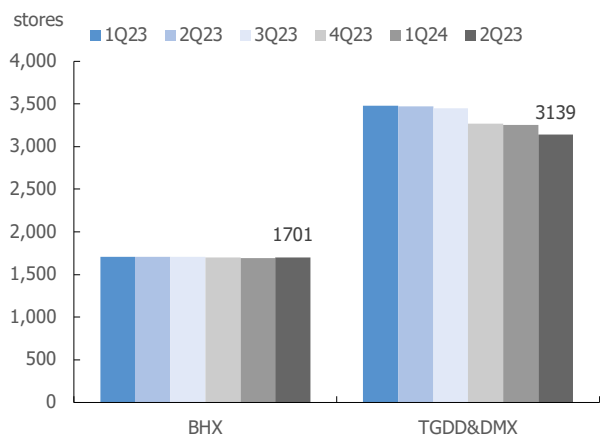
Source: Company Data

**Figure 5. GM & NPAT rose again after the easing of the price war**



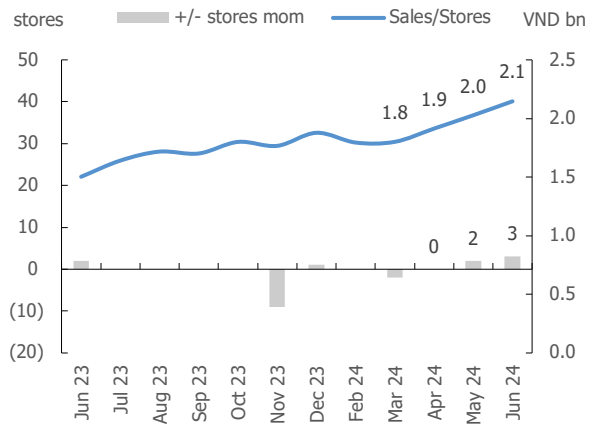
Source: Company Data

**Figure 6. Number of BHX's stores remained unchanged while TGDD&DMX's contracted**



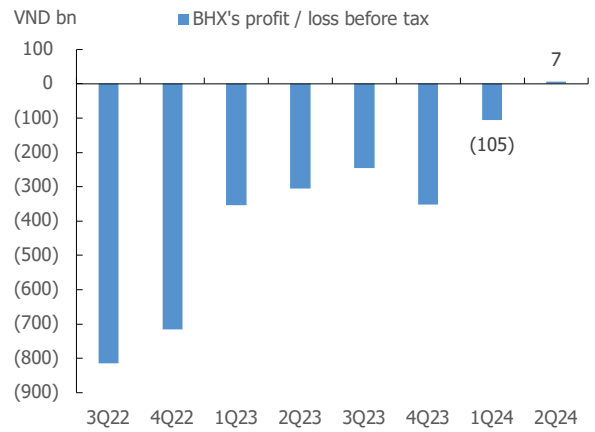
Source: Company Data

**Figure 7. BHX's sales per store reached 2.1bn in Jun 24 with some expanded**



Source: Company Data

**Figure 8. BHX posted VND7bn in PBT in 2Q24 after years of making losses**



Source: Company Data

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Prepared by: Research Department

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