

Mobile World Investment Corp(HOSE: MWG)

- 2Q24 net profit (NP) increased 66% yoy to VND1,172bn as BHX recorded positive earnings and the sharp recovery of TGDD&DMX.
- We expect FY24-25F NP will reach 4,571/5,238 VNDbn (+26x/14.6% yoy) as TGDD&DMX may recover stronger from 2H24F and BHX earnings may turn positive from FY24F.
- Reiterate **ADD** with higher TP of VND81,100/share.

ADD

Target price

VND81,100

Upside (including

0.7% dividend yield)

17.2%

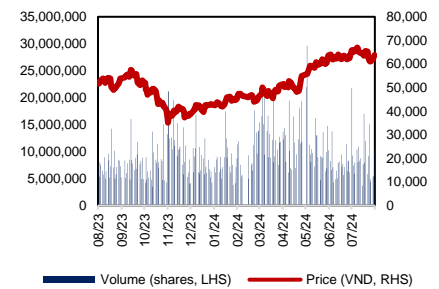
BHX earnings turned positive while ICT&CE recovered strongly in 2Q24

In 2Q24, the number of BHX stores maintained yoy while MWG continued to optimize ICT-CE stores in which total TGDD&DMX's store decrease 6.8% yoy to 3,139 stores. Total revenue increased 16% yoy, primarily due to increase in BHX's revenue/stores (+42% yoy, reached VND2.0bn) when BHX was successfully get more traffic. Besides, "price-war" has ended, the ICT-CE price increased also helped gross margin improved 2.9%pts yoy, reached 21.7%. As a result, BHX recorded NP of VND7bn in 2Q24 from net loss of VND305bn in 2Q23, and total net profit surged 67 times yoy, reaching VND1,172bn. 1H24, MWG net profit surged 53 times yoy from the low base in 1H23, completing 78% our previous forecast due to better-than-expected recovery at TGDD&DMX.

Key changes in the report

Revise EPS 2024/25 EPS by +73%/30%

Price performance



BHX to record positive earnings and TGDD&DMX may recover stronger in FY24-25F

BHX successfully record positive earnings in 2Q24 and now poised for rapid expansion. We expect that BHX net profit in 2024 to reach VND156bn as in 2H24F, (1) BHX sale/store may increase from VND1.5bn to 2.0 VNDbn/store thanks to the higher traffic (2) BHX will open 89 new stores; (3) The gross margin maintains at 26%. In 2025, total BHX's stores may increase 11.1% yoy and BHX sale/store may increase 9% yoy, helping BHX NP to increase 103% yoy to VND317bn. In FY24-25F, we expect TGDD&DMX sale/store to increase 18%/11% yoy thanks to the recovery period of ICT-CE market, the number of TGDD&DMX store may change -7%/4% yoy due to optimization, helping TGDD&DMX revenue to increase 7%/16% yoy while gross margin may increase 1.2/0% pts to 20.7%/20.7 % in FY24-25F. Overall, we expect MWG NP to reach 4,571/5,238 VNDbn in 2024F-25F (+26x/14.6% yoy).

Source: FiinPro, MBS Research

Market price (VND)	69,800
High 52w (VND)	69,000
Low 52w (VND)	34,823
Market cap (VNDbn)	100,434
P/E (TTM)	45.8
P/B	3.9
Dividend yield (%)	0.7
Foreign ownership ratio (%)	45

Source: FiinPro, <https://s24.mbs.com.vn/>

Reiterate ADD with higher TP of VND81,100/share

The target price based on FCFF methods (WACC: 10.7%), increasing +43% vs previous TP as we revise up MWG net profit in FY24F-25F by 71%/30% thanks to brighter outlook of ICT & CE market and BHX breakeven point appears sooner than expected. In addition, MWG is likely to be reinstated in the VN-Diamond index during the October 2024 review, as the criteria for P/E and FOL ratio are expected to be met in this review period.

VNDbn	Dec-23	Dec-24	Dec-25	Dec-26
Revenue	118,280	134,609	158,803	182,837
Net profit	168	4,571	5,238	6,774
Revenue growth	-11.3%	13.8%	18.0%	15.1%
Net profit growth	-95.9%	2620.9%	14.6%	29.3%
Gross margin	19.0%	21.9%	22.1%	22.4%
EBITDA margin	4.7%	6.2%	5.7%	6.1%
ROAE	0.7%	17.8%	17.4%	19.1%
ROAA	0.3%	7.4%	8.2%	9.8%
EPS (VND/share)	115	3,124	3,579	4,629
BVPS (VND/share)	15,963	19,089	22,168	26,296

Ownership structure

Retail world investment consultant limited liability company	10.5
Nguyễn Đức Tài	2.3

Source: <https://s24.mbs.com.vn/>

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Mobile World Investment Corp

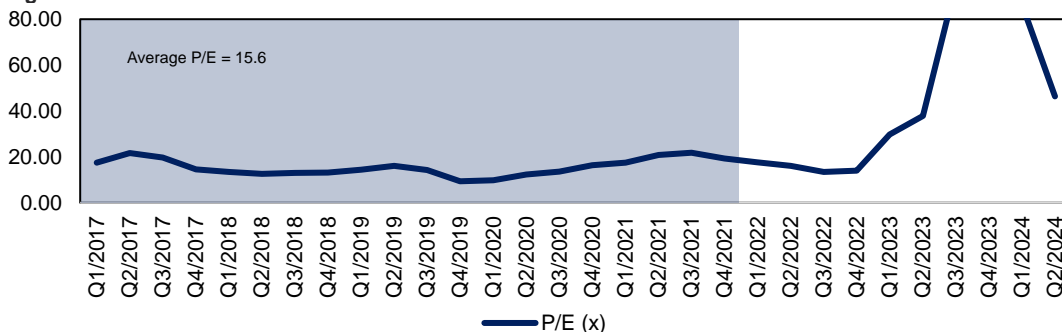
Investment thesis & Recommendation

Investment thesis

- MWG is a leading ICT-CE retail corp with more than 3,000 stores, accounting for about 60% ICT market share and 50% CE (consumer electronic) market share. When the ICT-CE demand started recovering, MWG will get more advantage with their leader position. Besides, MWG has Bach Hoa Xanh with more than 1,700 stores, mainly in HCM city and southern and central provinces which has surpass the break-even point in 2Q24.
- In 2024F-25F growth outlook will be driven by Bach Hoa Xanh, which earnings moved from negative in 2023 to positive fomr FY24F and poised to quickly expand the chain stores. With the gross margin of 25-26%, we expect BHX will reach 1,787/1,986 stores in 24F-25F and the net profit will reach 156/317 VNDbn in FY24-25F.
- TGDD&DMX chain store may have a strong recovery from 2024F mainly thanks to the increase of selling price. In 2025F, we expect MWG will stop closing stores, focus on sales strategy when the ICT-CE demand will recover more clearly.
- **Probability of Reinstatement in the VN-Diamond Index:** We believe that the likelihood of MWG being reinstated in the VN-Diamond during the review in October 2024 is relatively high. This is due to the recovery in its financial performance in the first half of 2024. Currently, MWG's TTM P/E stands at 46x, which may be sufficient to meet the P/E criteria. Additionally, MWG's FOL ratio is currently at 95.6%, suggesting a strong likelihood that the criterion of FOL above 95% will also be met during this review.

From 1/1/2024 to 21/8/2024, the stock price has increased by 65%. We anticipate that in 2H24F, MWG will continue its strong growth trend and forecast a net profit of VND4,571bn for FY24F (+2621% yoy) and VND5,238bn in FY25F (+14.6% yoy). P/E forward in 2024F-25F are 22.3x/19.5x, respectively, which are higher than the average of 15.6 for 2017-21 due to the strong momentum from Bach Hoa Xanh. After 2024, beside the stable growth of the ICT-CE, we see that MWG’s potential opportunities in the grocery retail modern sector will help MWG achieve a higher valuation in the long-term. Followed by Statista, the grocery market value is about USD50bn, in which BHX only accounts for almost 2% of the market, indicating that there is still significant potential for expansion. In addition, there is a potential opportunity in modern grocery retail model like BHX, given that the market penetration rate for this model is still relatively low at 15%, whereas in other developed countries, this rate exceeds 34%.

Figure 1: P/E of MWG



Source: MWG, MBS Research

Reiterate ADD with higher TP of VND81,100/share

We reiterate **ADD** with higher TP of VND81,100/share (+43% vs previous report), mainly due to our revision on the recovery of ICT-CE market, which are now consider lower risk than in our previous report. We revise up MWG net profit in 2024F-25F by 71%/30% thanks to brighter outlook of ICT & CE market and BHX breakeven point appears sooner than expected. We use DCF for ICT-CE and BHX (WACC: 10.7%) to get the target price for MWG. Based on these valuations, we conduct a new TP of VND81,100/share (Upside include dividend yield is 17.2%).

Re-rating catalyst:

- The growth of ICT-CE higher thanks to the higher selling price
- BHX records higher-than-expected earnings.
- An Khang finishes closing the stores in 2024F, maintain in 2025F and start to record positive earnings in 2025F.

Downside risk:

- The growth of BHX's expansion is slower than our expectation
- The recovery of retail is slower than expected due to unexpected political factors or world war

Valuation

Figure 2 : SOTP valuation

	Method	Equity value	Weight %
ICT-CE	DCF (WACC: 10.7%)	66,808	100%
BHX	DCF (WACC: 10.7%)	54,641	95%
Total equity value		118,717	
Total shares (million shares)		14,634	
Implied share price (VND/share)			81,125
Rounded share price (VND/share)			81,100

Source: MWG, MBS Research

Figure 3 : DCF valuation

TGDD&DMX	2024F	2025F	2026F	///	2033F
EBIT	5,811	6,329	7,588		5,500
Add: Depreciation	825	973	1,128		978
Less: Capital expenditure	- 298	-742	-776		-1,070
Less: Changes in Working Capital	-4,958	-1,378	-1,489		-1,326
Free Cash Flow (FCF)	953	4,525	5,456		3,945
Terminal Value					
PV of FCF	860	4,127	5,021		3,788
PV of Terminal Value					17,719
Enterprise value					60,261
(+) Cash & Equivents					20,036
(-) Debt					-13,989

Equity value	66,808
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Source: MWG, MBS Research

BHX	2024F	2025F	2026F	///	2033F
EBIT	195	396	1,149		4,613
Add: Depreciation	369	431	500		589
Less: Capital expenditure	-350	-667	-741		-1,550
Less: Changes in Working Capital	-565	892	389		973
Free Cash Flow (FCF)	-345	1,000	1,098		3,895
Terminal Value					
PV of FCFF	-311	912	1,011		3,740
PV of Terminal Value					27,453
Enterprise value					52,057
(+) Cash & Equivents					8,971
(-) Debt					-6,611
Equity value					54,641

Source: MWG, MBS Research

Figure 4: FCFF valuation

WACC and long-term growth

Long term growth (ICT-CE)	2.00%
Long term growth (BHX)	5.00%
Beta	1.1
Market Risk Premium	9.00%
Risk Free Rate	3.00%
Cost of Equity	13.60%
Cost of Debt	5.00%
Corporate Tax Rate	20.00%
WACC	10.72%

Source: MBS Research

Figure 5: Peer comparison (Update 21/08/24)

Company name	Ticker BBG	Marketcap (USDmn)	P/E (x)		P/B (x)		ROA%		ROE (%)		D/E (x)	
			TTM	2025F	TTM	2025F	TTM	2025F	TTM	2025F	TTM	2025F
ICT-CE company												
FPT Retail	FRT VN	1,021	(419.9)	48.4	14.2	9.4	(0.5)	2.8	(3.4)	23.1	3.3	4.8
Digiworld Corporation	DGW VN	412	27.0	16.2	3.6	2.9	5.2	7.4	14.0	19.6	0.9	0.7
Petrosco Distribution	PSD VN	28	9.3	N/A	1.2	N/A	2.5	N/A	13.0	N/A	2.3	N/A
Erajaya Swasembada Tbk	ERAA IJ EQUITY	435	7.6	5.7	0.9	0.8	4.0	5.0	12.3	12.0	1.2	N/A
Retail consumer company												
Masan Group	MSN VN	4,551	45.8	N/A	3.9	N/A	0.5	N/A	2.5	N/A	1.5	N/A
WALMART	WMT US EQUITY	605,196	31.5	30.6	7.1	6.7	6.1	7.9	18.9	22.6	0.8	N/A
RYOHIN	7453 JP EQUITY	5,256	N/A	N/A	3.8	N/A	7.5	N/A	10.5	N/A	0.2	N/A
Average			24.2	25.2	3.4	4.9	4.3	5.8	11.9	19.3	1.2	2.8
Mobile World Investment	MWG VN	4,093	45.8	19.5	3.9	2.7	3.6	8.2	9.0	17.4	0.9	0.5

Source: MBS Research

Mobile World Investment Corp

BHX earnings turned positive while ICT&CE recovered strongly in 2Q24

Figure 6: 2Q24 and 1H24's recap

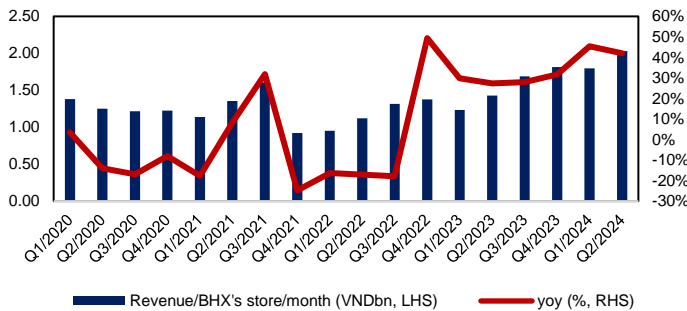
VNDbn	2Q24	qoq (%)	yoy (%)	1H24	yoy (%)	Comments
Stores (stores)						
- The gioi di dong	1,046	-2.3%	-3.1%			Continue optimized ICT-CE chains, keep the good performance stores and closed 34 TGDD stores, 196 DMX stores which had the bad performance
- Dien may xanh	2,093	-4.2%	-8.6%			
- Bach hoa xanh	1,701	0.3%	-0.3%			
- An Khang	481	-8.6%	-10.4%			In 1H24, MWG closed 45 An Khang's stores after 22 months of maintaining over 500 stores, starting the time to optimize the operations of An Khang's chain
Revenue/store/month						
- The gioi di dong	2.1	0.5%	2.6%	2.1	3.2%	The demand for smartphone, laptops still in a low base, revenue/store increasing mainly came from the increasing of selling price.
- Dien may xanh	2.5	14.4%	16.6%	2.4	15.5%	(1) The selling price improved about 5-10% yoy, (2) The consumer demand of ICT-CE slightly improved, better than the ICT market.
- Bach hoa xanh	2.0	12.9%	42.0%	1.9	43.6%	The change of category (increasing the number of fresh foods) helps BHX increase traffic coming from traditional markets
Net revenue	34,134	8.4%	15.8%	65,621	16.0%	
- The gioi di dong	6,727	-1.0%	0.2%	13,518	1.3%	
- Dien may xanh	16,251	11.9%	8.9%	30,776	9.0%	
- Bach hoa xanh	10,340	13.0%	41.3%	19,489	42.4%	While maintaining the total of stores, BHX successfully had more traffic from the traditional market thanks to (1) the diversity of fresh foods category, (2) reasonable selling price.
- Others	817	-19.9%	59.8%	1,837	41.1%	
Gross profit	7,308	8.9%	34.3%	14,020	31.6%	
Gross margin	21.4%	0.1%	2.9%pts	21.4%	2.5%pts	Mainly thanks to the selling price of ICT-CE improve 5-10% yoy
Sale expense	5,056	4.9%	-3.0%	9,878	-1.2%	Employee expense decrease when MWG continued to close the TGDD&DMX's stores
G&A expense	813	-6.3%	254.9%	1,682	203.7%	Employee expense jumped to 740 VNDbn from VND151bn in Q223, making G&A expense sharply rose.
%SG&A expense/revenue	0	-0.9%	-1.3%	0	-1.0%	
Financial income	580	-0.9%	-0.9%	1,165	23.4%	In 1H24 short-term investment increased 20% yoy
Financial expense	294	-21.7%	-26.0%	669	-3.4%	Lower interest rate environment
Profit before tax	1,516	25.7%	1068.1%	2,722	842.8%	
Tax	341	12.4%	203.2%	644	157.5%	
Net profit	1,172	29.9%	6635.0%	2,075	5264.8%	In 2Q24, net profit reached VND1,172bn, 66 times higher yoy due to (1) the sharp recovery of ICT-CE, (2) BHX recorded positive earnings in 2Q24. In 1H24, MWG net profit completed 78% our previous forecast due to better-than-expected recovery at TGDD&DMX.

BHX to record positive earnings and TGDD&DMX may recover stronger in FY24-25F

BHX may record net profit of 156/317 VNDbn in FY24-25F

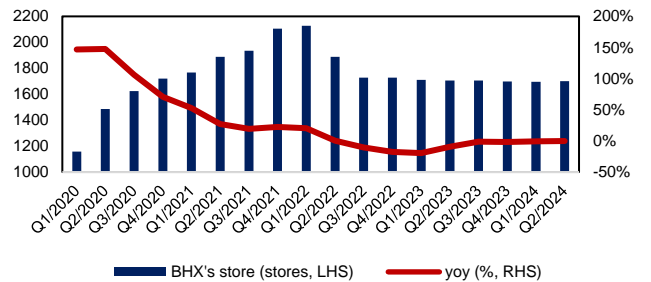
Finally, in 2Q24, BHX achieved positive earnings after 5 years (excluding COVID-19) due to strong performance in revenue/store. After changing its product portfolio and focusing on increasing the scale of fresh foods, revenue/store reached over VND2.0bn/month in 2Q24. This helped BHX's net profit jump to VND7bn and reduced the total net loss for 1H24 to VND98bn (1H23: net loss of VND659bn).

Figure 7: Mainly thanks to the increase of fresh foods, the revenue/stores reached VND2.0bn in 2Q24.



Source: MWG, MBS Research

Figure 8: Total store maintained at 1,701 stores but started to have signal for expansion.

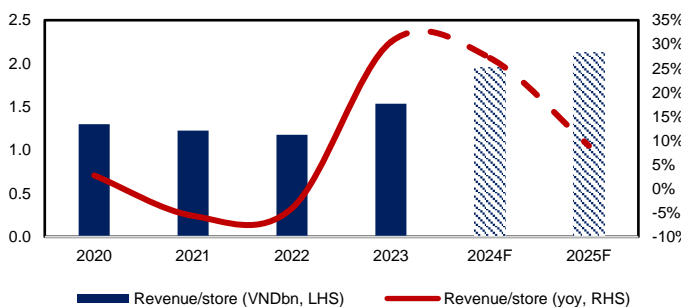


Source: MWG, MBS Research

In 2H24F, we see BHX continued to keep the strategy to have more traffic come from wet market (traditional market) due to (1) Increase quality and having the reasonable prices for fresh foods by dealing directly with suppliers, (2) Create more attractive sales programs to keep customer retention. We forecast BHX net profit may reach 156/317 VNDbn in FY24-25F as:

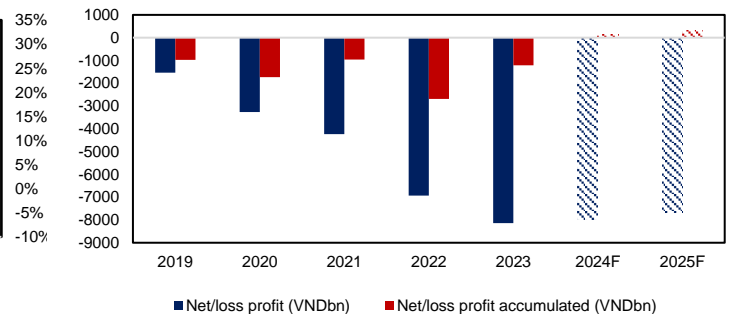
- Total BHX reach 1,787/1,986 stores in 2024F/25F, increase 5%/11% yoy as BHX may speed up to open new store in 2H24F after surpassing break-even point in 2Q24, number of new stores is expected at 89/199 stores in 2024/25.
- Average revenue/store may increase 27/9% yoy to 2.0/2.1 VNDbn/month mainly driven by support from the upsale of fresh foods.
- With the good deal with supplier, we forecast that BHX can expand portfolio of fresh foods and still maintain the scale of sales expense, overall, 2024F and 2025F gross margin may reach 26% (+0.5-1% pts compared to 2023 GPM).
- As a result, net profit may reach 156 in 2024F (2023: net loss of VND1,211bn) and may increase 104% yoy to VND317bn in 2025F

Figure 9: Revenue/BHX's stores and forecast 24F-25F



Source: MWG, MBS Research

Figure 10: BHX records earning in 24F-25F after 8 years of losses



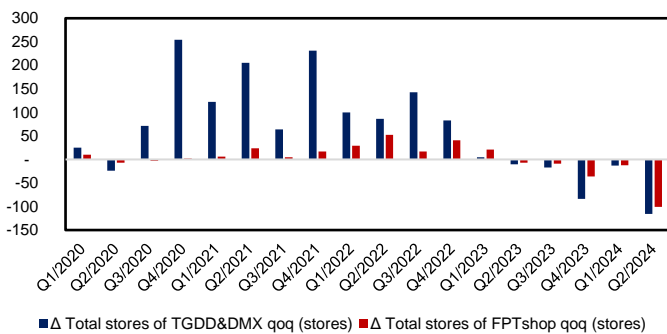
Source: MWG, MBS Research

TGDD&DMX tap into the recovery period

In 1H24, the CE market have the better recovery than the ICT market

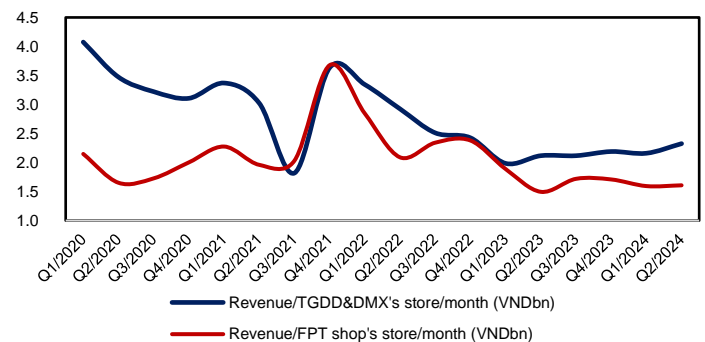
In 2Q24, due to (1) weak consumer demand, (2) the change of consumer behavior after covid-19 leading to the decrease of ICT-CE big chains stores, the total of TGDD&DMX stores decreased 7% yoy to 3,139 stores while FPT Shop's stores decreased 20% yoy to 642 stores. After closing, revenue/FPT shop's store maintained around VND1.6bn, while revenue/TGDD&DMX store slightly increased 9% yoy to VND2.2bn. We see the difference came from the scale of ICT-CE product when MWG have significant advantage in consumer electronic product (the bigger market share, the bigger portfolio of ce product,...). As a result, during the recovery phase, we see the CE market performed better than the ICT market.

Figure 11: The total of physical ICT-CE store continue decrease



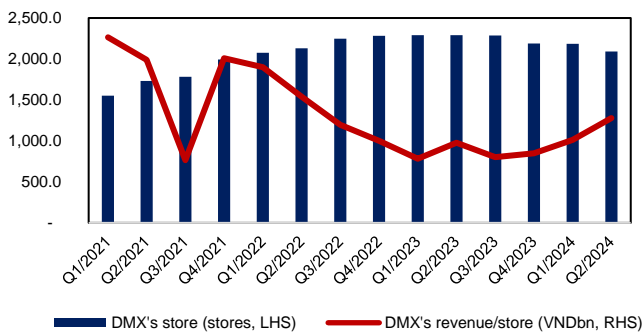
Source: MWG, FRT, MBS Research

Figure 12: The advantage of consumer electronic market share helps MWG recover better than FRT



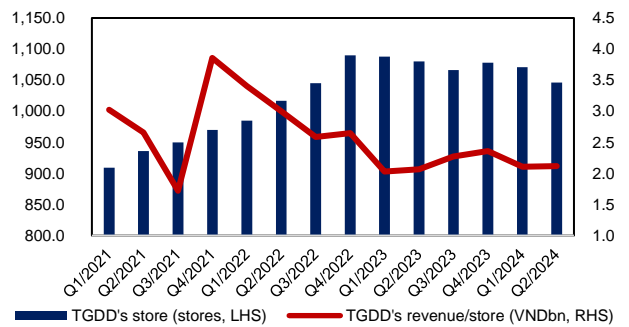
Source: MWG, MBS Research

Figure 13: Revenue/stores of DMX increase 17% yoy...



Source: MWG, MBS Research

Figure 14: While Revenue/stores of TGDD still in a low base, increase only 3% yoy

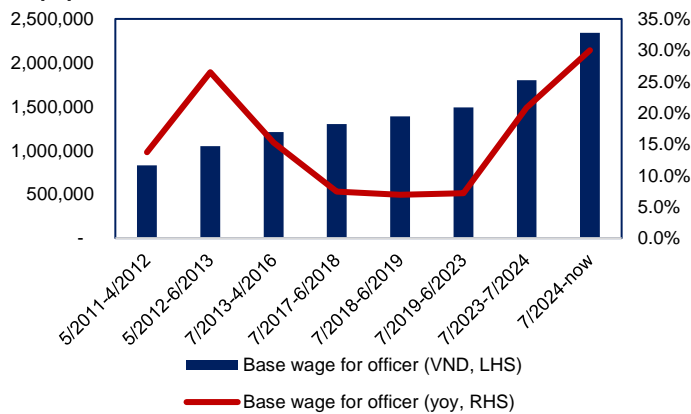


Source: MWG, MBS Research

Macroeconomic factors are supporting the recovery of retail sector including ICT-CE

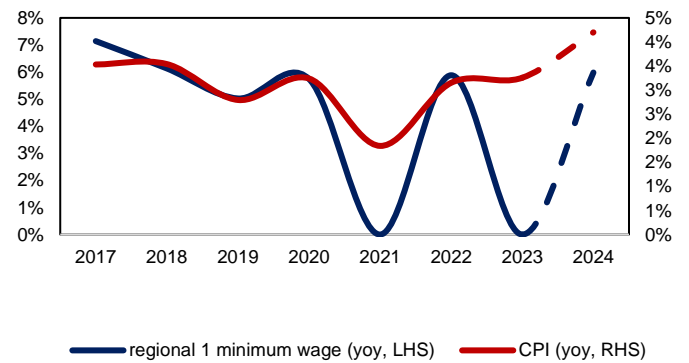
Furthermore, in July 2024, the basic salary saw a substantial increase of 30% yoy, marking the highest growth rate since 2011. Last year, the basic salary increased by 21% yoy, but we observed that this did not significantly impact retail growth due to factors such as (1) ongoing economic difficulties affecting savings, with consumers tightening their spending, (2) the minimum regional wage remaining unchanged in 2023 and a lack of new orders leading to stagnant worker incomes. However, this year, with supportive factors such as (1) economic recovery and increased new orders in the production sector, and (2) a 6% yoy increase in the minimum regional wage to VND4.96mn (region 1), domestic consumption is expected to improve.

Figure 15: The base wage of officer increase, which is the most significant this year, will partially support short-term income for the population



Source: GSO, MBS Research

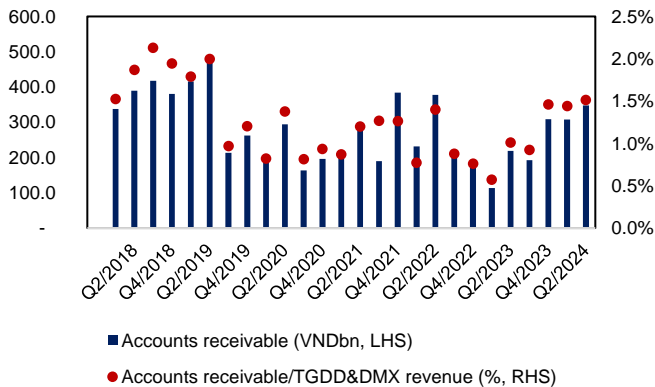
Figure 16: Regional minimum wages are projected to increase by 3% yoy in 2024.



Source: GSO, MBS Research

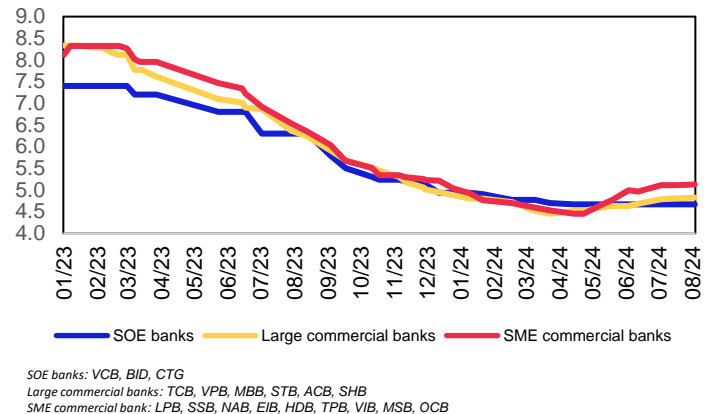
Beside that, we start to see the consumer finance recovers as accounts receivable increase. The account receivables (including the receivable from Homecredit, Fecredit,..) have been rising since Q4/23 and have remained at the high base in 1H24. We observe that the demand of consumer finance starting to recover, which strongly supports the recovery of ICT-CE market. MWG reported that installment revenue/total revenue reached more than 30% in 1H2024, significantly better than the level seen in 2023 of 25-27%.

Figure 17: Account receivable of MWG



Source: MWG, MBS Research

Figure 18: The interest rate trend.

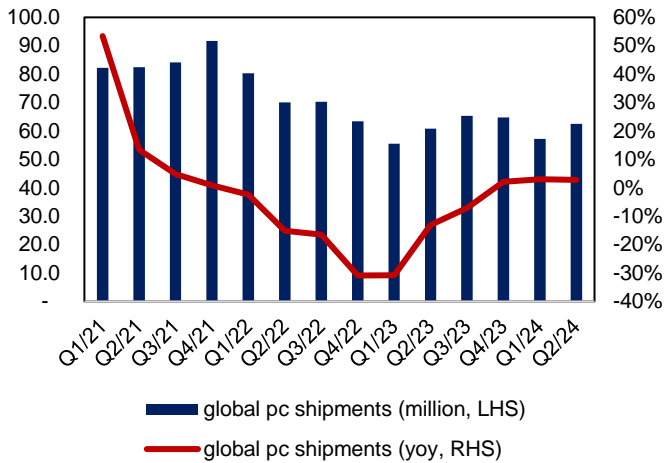


Source: MBS Research

TGDD's revenue may grow 3%/12.8% yoy in 2024/25F

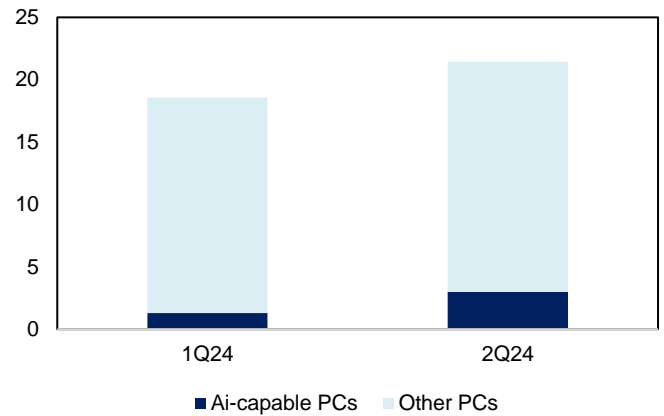
In 2H24F, we expect demand to recover better than in 1H24 with the support of the new product launch season. However, we believe the growth will remain at single-digit due to weak consumer demand. Inventory of AI-PC products (tablets, laptops) are starting to increase significantly from mid-2024 and will become more abundant in 2025F. In 2025F, we forecast a more noticeable recovery in ICT demand as consumer incomes gradually stabilize, leading to more effective sales promotion programs and, consequently, a significant improvement in ICT revenue.

Figure 19: PC shipments in the world



Source: MBS Research

Figure 20: AI-PCs shipments rose to over 20 million units, accounting for 14% of total global PC shipments.

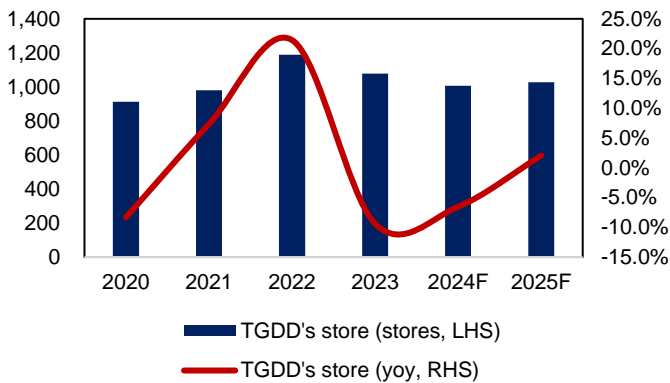


Source: MWG, MBS Research

For TGDD, we estimate that revenue may only grow 3% yoy in FY24F and grow 13% yoy in FY25F as:

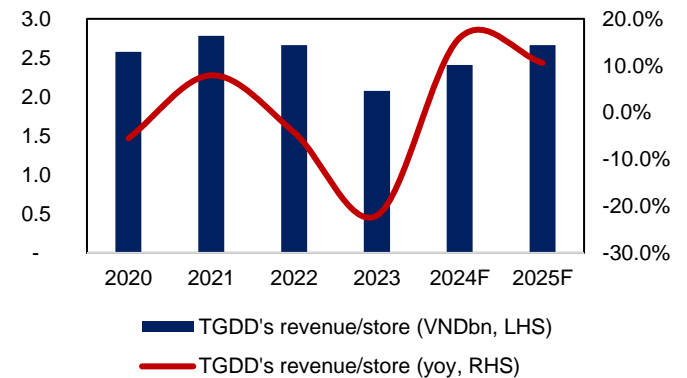
- TGDD's stores will reach 1,007/1,028 in 2024F/2025F, representing a change of -7%/2% yoy
- Revenue/store will achieve 2.4/2.7 VNDbn (+16%/11% yoy) due to: (1) In 2H24F, revenue/store will reach VND2.5bn VND/month during the peak launch season, with a loyal customer base continuing to look forward to new products from Apple and Samsung; (2) In 2025F, a slight increase of 5% yoy in selling prices and a better recovery in demand compared to 2024 will help boost revenue/store by 11% yoy.

Figure 21: Forecast of TGDD's store number



Source: MWG, MBS Research

Figure 22: Forecast of TGDD's revenue/store



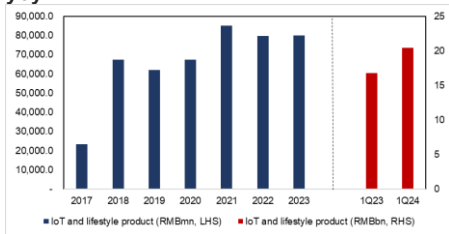
Source: MWG, MBS Research

DMX's revenue may grow 9.4%/16.9% yoy in 2024F-25F

During the current recovery phase, the CE market will experience better growth with the support of new IoT consumer products. According to Statista, the smart home market has a CAGR of 15.4% from 2024F to 2029F. Currently, nearly 74% of Vietnam's population uses the Internet, and 4G network coverage in Vietnam reaches 99.8%. However, the average person has only 0.2 IoT connections (compared to 2 IoT connections per person globally), highlighting the significant potential for IoT applications in CE.

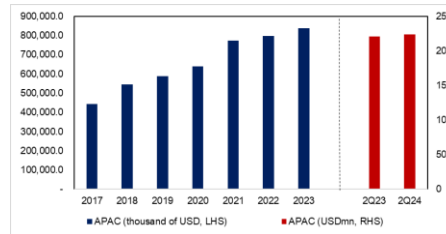
Brands like Xiaomi and Huawei have created ecosystems of mid-range IoT products to make them more accessible to consumers. For example, three years ago, a robotic vacuum cleaner cost about VND6mil, while today, a similar product can be purchased for around VND3-4mil with comparable performance. This price point is reasonable given that the average monthly expenditure for household appliances is about VND8.4mil. Thus, the potential to develop smart products for the mid-range segment with more features also represents a significant growth opportunity for the consumer electronics industry in Vietnam.

Figure 23: In 1Q24, IoT and lifestyle product's revenue of Xiaomi increase 21% yoy



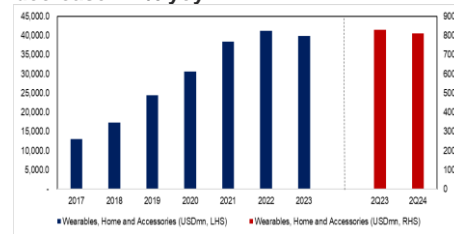
Source: Xiaomi, MBS Research

Figure 24: In 2Q24, APAC revenue of increase 1.4% yoy



Source: Garmin, MBS Research

Figure 25: In 2Q24, revenue of apple watch, home and accessories of Apple decrease 2.2% yoy

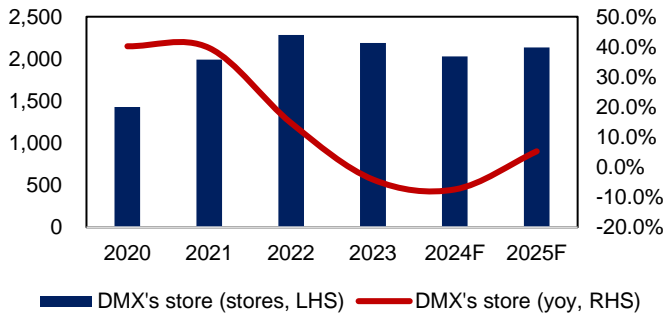


Source: Apple, MBS Research

For DMX, we forecast a revenue growth of 9%/17% yoy in 2024F-25F as follows:

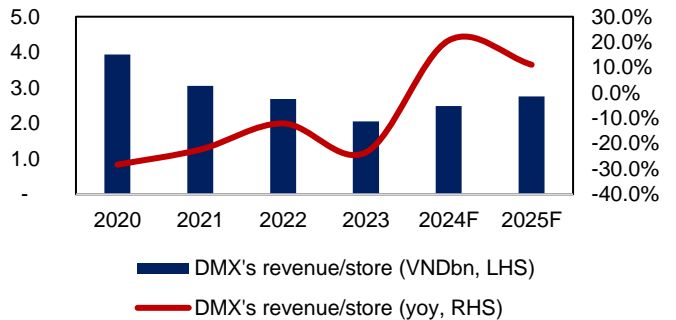
- DMX's stores will reach 2,028/2,135 in 2024F/2025F (-7%/+5% yoy).
- Revenue/store will reach 2.5/2.8 billion VND (+21%/11% yoy) due to: (1) selling prices returning to stable baseline levels in 2024, with CE sales in the second half of 2024 weaker than in the first half, resulting in an average monthly revenue/store of VND2.3bn in 2H24F; (2) MWG may improve sales promotions as actual demand picks up, leading to a 11% yoy increase in 2025F revenue/store.

Figure 26: Total DMX's stores



Source: MWG, MBS Research

Figure 27: Revenue/DMX's store/month



Source: MWG, MBS Research

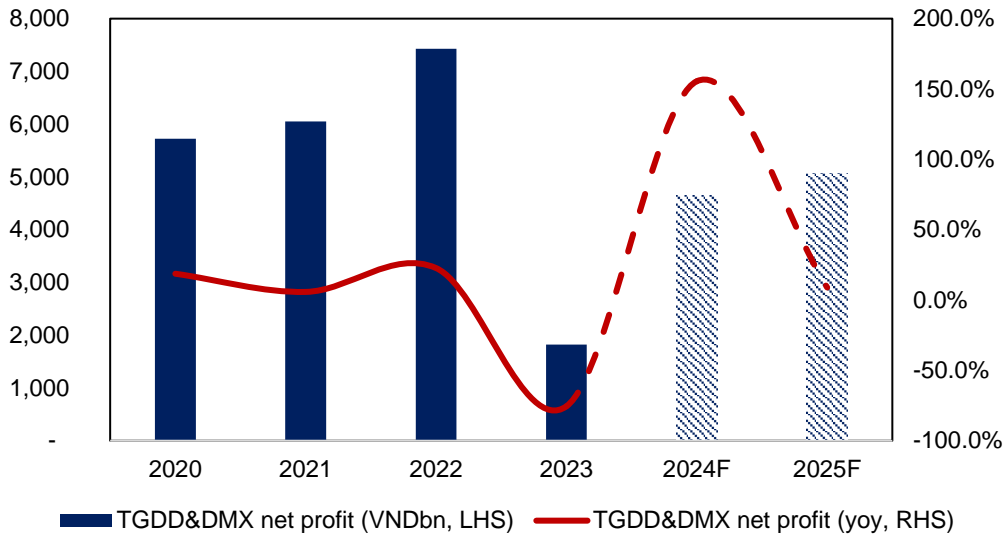
Net profit of TGDD&DMX will jump 150/11% yoy in 2024F-25F thanks to the recovery.

We anticipate the recovery of TGDD&DMX driven by (1) increasing selling price, (2) improvements of consumer finance. MWG will also optimize the operation of TGDD&DMX. We forecast net profit for TGDD&DMX will increase 150/11% yoy in FY24-25F as:

- Gross margin will improve 2.9%pts yoy in 2024F when the sale price increase 10-15% yoy, after that GPM may maintain in 2025F.

- SG&A expense/total revenue may decrease 0.2% pts yoy in 2024F and slightly increase 0.4%pts in 2025F when MWG push more selling in the recovery phase
- As a result, net margin of TGDD&DMX will increase 3.3%pts yoy to 3.4% in 2024F and maintain in 2025F

Figure 28: Net profit of TGDD&DMX



Source: MWG, MBS Research

FY24-25F earning revision

VNDbn	2023	2024F	yoy%	Δ%	2025F	yoy%	Δ%	Comments
Stores								
- The gioi di dong	1,078	1,007	-6.5%	-4.7%	1,028	2.0%	-4.6%	
- Dien may xanh	2,190	2,028	-7.4%	-5.6%	2,135	5.3%	-2.5%	
- Bach hoa xanh	1,698	1,787	5.3%	4.2%	1,986	11.1%	10.0%	
- An Khang	527	351	-33.3%	-36.7%	270	-23.1%	-53.7%	Revise down total stores follow by new MWG' plan in 2H24
Revenue/store/month								
- The gioi di dong	2.1	2.4	16.0%	4.7%	2.7	10.6%	6.5%	
- Dien may xanh	2.1	2.5	20.7%	8.0%	2.8	11.1%	10.3%	
- Bach hoa xanh	1.5	2.0	27.1%	7.4%	2.1	8.9%	11.7%	We set ticket size down when MWG focus on strongly increase traffic rather than ticket size
Net revenue	118,280	134,609	13.8%	3.3%	158,803	18.0%	9.3%	
- The gioi di dong	28,269	29,124	3.0%	-0.2%	32,859	12.8%	1.6%	Revise down total stores when MWG closed stores more than we expected in 1H24
- Dien may xanh	55,237	60,417	9.4%	2.0%	70,645	16.9%	7.5%	(1) Revise down total stores when MWG closed more than our expected in 1H24, (2) Revise up revenue/store as stronger recovery of consumer demand about CE in 2H24-25F
- Bach hoa xanh	31,581	41,897	32.7%	12.0%	50,695	21.0%	22.9%	
- Others	3,194	3,171	-0.7%	-28.4%	4,604	45.2%	-23.7%	Revise down total An Khang's stores
Gross profit	22,521	29,479	30.9%	12.0%	35,095	19.1%	17.2%	
Gross margin	19%	22%	2.9%pts	1.7%pts	22%	0.2%pts	1.5%pts	
- The gioi di dong&Dien may xanh	17%	21%	3.8%pts	2.8%pts	21%	0%pts	2.2%pts	Revise up 2.8/2.2%pts in 24F-25F as 1H24, the selling price improved better than our expectation.
- Bach hoa xanh	25%	25%	0.3%pts	-1.0%pts	26%	0.5%pts	-0.5%pts	Revise down 1/0.5%pts as higher scale of fresh food consumption with lower margin
Sale expense	20,917	20,982	0.3%	3.5%	25,246	20.3%	12.0%	
G&A expense	1,196	3,365	181.3%	74.6%	3,970	18.0%	81.5%	
%SG&A expense/revenue	19%	18%	-0.6%pts	0.8%pts	18%	0.3%pts	1.4%pts	
Financial income	2,167	2,400	10.7%	47.3%	2,303	-4.0%	32.7%	Revise up the short-term investment
Financial expense	1,556	1,409	-9.4%	10.2%	1,160	-17.7%	17.2%	
Profit before tax	690	5,749	733.6%	58.3%	6,582	14.5%	19.1%	
Tax	522	1,179	125.9%	20.0%	1,345	14.1%	-10.0%	
Net profit	168	4,571	2625.9%	71.3%	5,237	14.6%	29.9%	Revise up NP due to (1) better ICT-CE profit recovery thanks to improved sale price, (2) BHX breakeven point appeared sooner than expected.

FINANCIAL STATEMENTS

Income statement	31/12/23	31/12/24	31/12/25	31/12/26	Cash flow statement	31/12/23	31/12/24	31/12/25	31/12/26
Net revenue	118,280	134,609	158,803	182,837	Pre-tax profit	690	5,749	6,582	8,521
Cost of sales	(95,759)	(105,130)	(123,708)	(141,882)	Depreciation & amortization	3,381	1,304	1,516	1,741
Gross profit	22,521	29,479	35,095	40,956	Tax paid	(522)	(1,179)	(1,345)	(1,747)
Gen & admin expenses	(1,196)	(3,365)	(3,970)	(4,571)	Other adjustments	(1,609)	965	2	(2)
Selling expenses	(20,917)	(20,982)	(25,246)	(29,154)	Change in working capital	1,496	4,082	534	1,080
Operating profit	407	5,133	5,879	7,230	Cash flow from operations	3,436	10,921	7,289	9,592
Operating EBITDA	3,788	6,436	7,395	8,971	Capex	(523)	(954)	(2,157)	(2,300)
EBIT	407	5,133	5,879	7,230	Proceeds from assets sales	31	-	-	-
Interest income	2,167	2,400	2,303	2,804	Cash flow from investing ac	(10,831)	(6,247)	(160)	(7,493)
Financial expense	(1,556)	(1,409)	(1,160)	(1,006)	New share issuance	0	3	-	-
Net other income	(328)	(373)	(441)	(507)	Net borrowings	8,440	(3,643)	(5,006)	888
Income from associates	-	-	-	-	Other financing cash flow	0	1	-	-
Pre-tax profit	690	5,749	6,582	8,521	Dividends paid	(731)	(732)	(732)	(732)
Tax expense	(522)	(1,179)	(1,345)	(1,747)	Cash flow from financing ac	7,700	(4,366)	(5,737)	156
NPAT	168	4,571	5,237	6,773	Cash and equivalents at beg	5,061	5,366	5,675	7,066
Minority interest	0	0	0	0	Total cash generated	305	309	1,392	2,256
Net profit	168	4,571	5,238	6,774	Cash and equivalents at the	5,366	5,675	7,066	9,322
					Key ratios	31/12/23	31/12/24	31/12/25	31/12/26
Balance sheet	31/12/23	31/12/24	31/12/25	31/12/26	Net revenue growth	-11.3%	13.8%	18.0%	15.1%
Cash and equivalents	5,366	5,675	7,066	9,322	EBITDA growth	-62.8%	69.9%	14.9%	21.3%
Short term investments	18,937	24,230	22,232	27,426	EBIT growth	6.1%	1161.0%	114.6%	123.0%
Accounts receivables	308	323	375	435	Pre-tax profit growth	-88.6%	733.6%	14.5%	29.4%
Inventories	21,824	21,063	21,246	21,110	Net profit growth	-95.9%	2620.9%	14.6%	29.3%
Total current assets	51,947	55,846	56,134	64,326	EPS growth	-95.9%	2620.9%	14.6%	29.3%
Tangible fixed assets	6,431	6,087	6,734	7,298	Gross profit margin	19.0%	21.9%	22.1%	22.4%
Construction in progress	4	4	4	4	EBITDA margin	4.7%	6.2%	5.7%	6.1%
Property Investment	-	-	-	-	Net profit margin	0.1%	3.4%	3.3%	3.7%
Investments in subsidiaries	-	-	-	-	ROAE	0.7%	17.8%	17.4%	19.1%
Investments in associates	287	287	287	287	ROAA	0.3%	7.4%	8.2%	9.8%
Other long-term assets	1,370	1,248	1,430	1,618		0.3%	9.3%	10.7%	12.1%
Total long-term assets	8,161	7,689	8,513	9,259	Asset turnover ratio	2.0	2.2	2.5	2.6
Total assets	60,108	63,536	64,647	73,585	Dividend payout ratio	435.3%	16.0%	14.0%	10.8%
Short-term borrowings	19,129	14,882	16,465	17,353	D/E	107.5%	76.9%	50.8%	45.1%
Trade accounts payable	7,927	9,021	10,643	12,254	Net debt to total equity	84.5%	56.5%	29.0%	20.9%
Other payables	1,806	2,046	2,402	2,755	Net debt to asset	32.9%	24.9%	14.5%	10.9%
Total current liabilities	30,762	29,011	32,206	35,103	Interest coverage ratio	0.3	4.0	5.8	8.6
Long-term borrowings	5,985	6,589	-	-	Days account receivable	1.0	0.9	0.9	0.9
Other long-term payables	1	1	1	1	Days inventory	83.2	73.1	62.7	54.3
Total long-term liabilities	5,986	6,590	1	1	Days account payable	30.2	31.3	31.4	31.5
Total liabilities	36,748	35,601	32,208	35,104	Current ratio	1.7	1.9	1.7	1.8
Common shares	14,634	14,634	14,634	14,634	Quick ratio	1.0	1.2	1.1	1.2
Share premium	558	558	558	558	Cash ratio	0.8	1.0	0.9	1.0
Treasury shares	(10)	(5)	(5)	(5)	Valuation				
Undistributed earnings	8,160	12,731	17,236	23,277	EPS (VND/share)	115	3,124	3,579	4,629
Investment and developm	4	2	2	2	BVPS (VND/share)	15,963	19,089	22,168	26,296
Shareholders' equity	23,346	27,920	32,425	38,467	P/E (x)	396.2	22.3	19.5	15.1
Minority interest	13	15	15	15	P/B (x)	2.8	3.7	3.1	2.7
Total shareholders' equity	23,360	27,934	32,440	38,481					
Total liabilities & equity	60,108	63,536	64,647	73,585					

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Stock Ratings

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Add	The stock's total return is expected to reach 15% or higher over the next 12 months
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

Segment Ratings

Positive	Stocks in the segment have, on a market cap-weighted basis, a positive absolute recommendation
Neutral	Stocks in the segment have, on a market cap-weighted basis, a neutral absolute recommendation.
Negative	Stocks in the segment have, on a market cap-weighted basis, a negative absolute recommendation.

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Founded in May 2000 by the Military Commercial Joint Stock Bank (MB), MB Securities Joint Stock Company (MBS) is one of the first six securities companies in Vietnam. After years of development, MBS has grown into one of the premier brokerage houses in the country. In two consecutive years between 2009 and 2010, MBS leads the brokerage house in terms of market share on both Hanoi Stock Exchange (HNX) and HCMC Stock Exchange (HOSE) and continuously ranked among the Top 5 of market share at both stock exchanges.

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