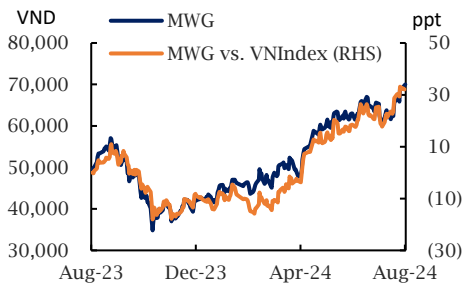


**BUY**

Price (Aug 22) VND 70,000  
 12M Target VND 59,300

**Target price downside: -18.0%**

Share price performance relative to VNI

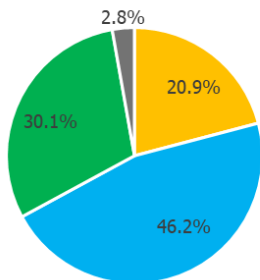


Market cap	US\$4,098mn
6M avg. daily turnover	US\$23,0mn
Outstanding shares	1,462 mn
Free float	76.5%
FINI ownership	47.0%
Major shareholders	18.7%
2Q24 Net debt / Equity	0.5x
FOL remaining room	2.0%
2025E Dividend yield	1.4%
Trading platform	HOSE

Source: FiiiproX, Bloomberg, Yuanta Vietnam

Sales (VNDbn)	7M23	7M24	YoY growth
TGDD	15,692	15,997	1.9%
DMX	32,647	35,362	8.3%
BHX	16,490	23,039	39.7%
Others	1,662	2,143	28.9%
Total	66,490	76,541	15.1%

Sales breakdown in 7M24



Source: Company data

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 Bloomberg code: YUTA

**Mobile World Group (MWG VN)**

MWG sustained positive consolidated sales growth in 7M24 (+15% YoY), driven by BHX's outstanding sales growth of +40% YoY in the same period.

**Key Highlights**

July revenues decreased -4% MoM but increased +10% YoY to reach VND10.9tn. BHX remains the key sales growth driver, recording sales of VND3.5tn (-3% MoM but +26% YoY) in July. YoY growth has slowed compared to the last few months (BHX posted average YoY growth of c.42% in Jan-June) as sales per store reached what management sees as the optimal level of VND2.1bn in July. Additionally, BHX opened another 2 outlets in July, bringing its network to 1,704 grocery stores (+6 outlets YTD).

ICT&CE retail sales were modest (-5% MoM / +5% YoY) in July at VND7.0tn. The MoM decline was attributable to a slowdown at DMX, where sales growth decreased by -9% MoM in July as the peak season for ACs and TVs is over. By contrast, TGDD posted modest increases of +4% MoM / +6% YoY; back-to-school seasonality undoubtedly played a role in the sequential improvement, but we believe the YoY growth has also been driven by the smartphone replacement cycle and the imminent 2G/3G network shutdown in September.

Sales from other retail chains (i.e., An Khang Pharmacy and Ava Kids) increased +16% MoM but declined -10% YoY to reach VND 306bn in Jul. The YoY decline was likely caused by the aggressive closure of 150 pharmacies YoY. This leaves MWG's store network at 387 pharmacies (-140 outlets YTD) and 64 mom-and-baby shops (flat YTD) as of the end of July.

7M24 total sales increased by +15% YoY to reach VND 76.5tn. BHX is clearly the key driver of consolidated sales growth, with segment revenue reaching VND23.0tn in 7M24 (+39.7% YoY). DMX & TGDD also posted positive sales growth in 7M24 (+6.2% YoY to reach VND 51.4tn) despite the closure of 156 DMX outlets and 48 TGDD outlets YTD in line with the restructuring strategy.

MWG has fulfilled 60% of our full-year forecast and 61% of its guidance for 2024E.

**Our View**

MWG has now exceeded our target price. MWG's share price has increased by +58% since our [initiation](#) in January and is trading well above our target price, which is now under review. The valuation has reached 22.4x 2024E PE, which is around two standard deviations above its 5-year historical mean. We find it difficult to pound the table despite the solid operation momentum YTD.

The story is now focused on BHX's profitability as sales-per-store have reached what MWG sees as the optimum level. Guidance to open another 100 groceries this year may be a challenge as the company must strike a balance between profitability and expansion, in our view.

The beleaguered ICT segment should benefit from three tailwinds in 2H24: (1) back-to-school purchases, (2) 4G smartphone upgrades, and (3) the growing appetite for advanced AI devices.

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