

Vietnam: Retail

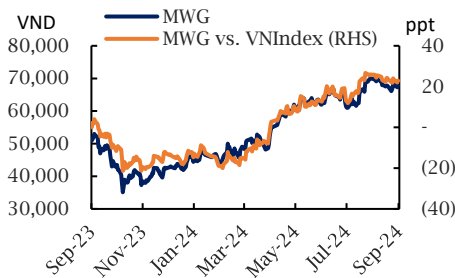
25 September 2024

BUY

Price (Sep 24) VND 68,100
12M Target VND 59,300

Target price downside: -12.9%

Share price performance relative to VNI

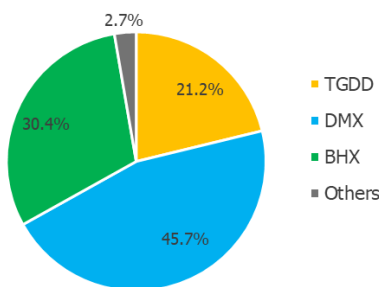


Market cap	US\$4,046mn
6M avg. daily turnover	US\$26.1mn
Outstanding shares	1,462 mn
Free float	80.0%
FINI ownership	46.8%
Major shareholders	18.5%
2Q24 Net debt / Equity	0.5x
FOL remaining room	2.2%
2025E Dividend yield	1.5%
Trading platform	HOSE

Source: FiiProX, Bloomberg, Yuanta Vietnam

Sales (VNDbn)	8M23	8M24	YoY growth
TGDD	18,043	18,649	3.4%
DMX	37,157	40,201	8.2%
BHX	19,420	26,742	37.7%
Others	1,835	2,375	29.4%
Total	76,455	87,967	15.1%

Sales breakdown in 8M24



Source: Company data

Research Analyst:

Di Luu
di.luu@yuanta.com.vn

Bloomberg code: YUTA

Mobile World Group (MWG VN)

Consolidated 8M24 sales growth increased by +15% YoY, driven by outstanding revenue expansion at BHX (+38% YoY) in the same period.

Key Highlights

Aug revenues increased by +5% MoM / +15% YoY to reach VND11.4tn. ICT&CE retail sales were solid (+6% MoM / +9% YoY) in Aug at VND 7.5tn. Improved back-to-school demand for laptops/notebooks was a key driver, and we believe the upcoming 2G/3G shutdown at end-Sept has also boosted demand for 4G smartphone upgrades.

BHX recorded sales of VND 3.7tn (+4% MoM/+26% YoY) in Aug. YoY growth has slowed in July-Aug compared to the previous months as sales per store reached what management sees as the optimal level of VND2.1bn in Jul and Aug. BHX posted average YoY growth of c.26% in Jul-Aug, much lower than the Jan-Jun growth of c.42% YoY. BHX opened another 17 outlets in Aug, bringing its network to 1,721 grocery stores (+23 stores YTD).

Sales from other retail chains (i.e., An Khang Pharmacy and Ava Kids) declined by -24% MoM but increased by +34% YoY to reach VND 232bn in Aug. The MoM decline was likely caused by the aggressive closure of another 61 pharmacies in Aug and one mom-and-baby shop. This leaves MWG's store network at 326 pharmacies (-201 outlets YTD) and 63 Ava Kids shops (-1 outlet YTD) by the end of Aug. Meanwhile, Era Blue - the company's 45%-owned CE retail chain in Indonesia - opened 8 new outlets in Aug to reach 71 outlets (+33 outlets YTD).

8M24 sales increased by +15% YoY to reach VND 88tn. BHX is clearly the key driver of consolidated sales growth, with segment revenue reaching VND26.7tn in 8M24 (+38% YoY). However, DMX & TGDD also posted positive sales growth in 8M24 (+7% YoY to reach VND 58.9tn) despite the closure of 255 DMX outlets and 135 TGDD outlets YoY.

Our View

MWG has now exceeded our target price. MWG's share price has increased by +53% since our [initiation](#) in January and is trading well above our target price, which is now under review. The valuation has reached 22.9x 2024E PE, which is around one standard deviations above its 3-year historical mean.

MWG's Sep sales are likely to be affected by Typhoon Yagi and widespread flooding in the Northern provinces. Approximately 25% (739) of MWG's ICT&CE retail outlets are located in the 20 typhoon-affected Northern provinces. However, MWG's CEO indicates that somewhere between 3-5% of stores were impacted by the natural disaster.

But grocery business is primarily in the Southern and Central regions of Vietnam, which were not directly hit by the typhoon. MWG has restarted BHX's store expansion, but guidance for another 100 store openings this year may be a challenge as the company must strike a balance between profitability and expansion, in our view.

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Taiwan persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities Investment Consulting
4F, 225,
Section 3 Nanking East Road, Taipei 104
Taiwan

Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities (Hong Kong) Co. Ltd
23/F, Tower 1, Admiralty Centre
18 Harcourt Road,
Hong Kong

Korean persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Head Office
Yuanta Securities Building
Euljiro 76 Jung-gu
Seoul, Korea 100-845
Tel: +822 3770 3454

Indonesia persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
PT YUANTA SECURITIES INDONESIA
(A member of the Yuanta Group)
Equity Tower, 10th Floor Unit EFGH
SCBD Lot 9
Jl. Jend. Sudirman Kav. 52-53
Tel: (6221) - 5153608 (General)

Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Thailand)
127 Gaysorn Tower, 16th floor
Ratchadamri Road, Pathumwan
Bangkok 10330

Vietnam persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Vietnam)
4th Floor, Saigon Centre
Tower 1, 65 Le Loi Boulevard,
Ben Nghe Ward, District 1,
HCMC, Vietnam

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YUANTA SECURITIES NETWORK



YUANTA SECURITIES VIETNAM OFFICE

Head office: 4th Floor, Saigon Centre, Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, HCMC, Vietnam

Institutional Research

Matthew Smith, CFA

Head of Research
Tel: +84 28 3622 6868 (ext. 3815)
matthew.smith@yuanta.com.vn

Tanh Tran

Analyst (Banks)
Tel: +84 28 3622 6868 (ext. 3874)
tanh.tran@yuanta.com.vn

Di Luu

Analyst (Consumer)
Tel: +84 28 3622 6868 (ext. 3845)
di.luu@yuanta.com.vn

Giang Hoang

Assistant Analyst
giang.hoang@yuanta.com.vn

Binh Truong

Deputy Head of Research (O&G, Energy)
Tel: +84 28 3622 6868 (ext. 3845)
binh.truong@yuanta.com.vn

Tam Nguyen

Analyst (Property)
Tel: +84 28 3622 6868 (ext. 3874)
tam.nguyen@yuanta.com.vn

An Nguyen

Assistant Analyst
Tel: +84 28 3622 6868 (ext. 3845)
an.nguyen@yuanta.com.vn

Institutional Sales

Lawrence Heavey

Head of Institutional Sales
Tel: +84 28 3622 6868 (3855)
lawrence.heavey@yuanta.com.vn

Hien Le

Sales Trader
Tel: +84 28 3622 6868
hien.le@yuanta.com.vn

Vi Truong

Sales Trader
Tel: +84 28 3622 6868 (ext. 3940)
vi.truong@yuanta.com.vn

Tuan-Anh Nguyen

Sales Trader
Tel: +84 28 3622 6868 (ext. 3909)
anh.nguyen2@yuanta.com.vn

Dat Bui

Sales Trader
Tel: +84 28 3622 6868 (ext. 3941)
dat.bui@yuanta.com.vn