

Vietnam

ADD (no change)

Consensus ratings*: Buy 15 Hold 0 Sell 0

Current price:	VND83,100
Target price:	VND138,400
Previous target:	VND139,900
Up/downside:	66.5%
CGS-CIMB / Consensus:	5.5%
Reuters:	MWG.HM
Bloomberg:	MWG.VN
Market cap:	US\$1,624m
	VND37,629,128m
Average daily turnover:	US\$3.42m
	VND79,482m
Current shares o/s:	453.3m
Free float:	92.7%

*Source: Bloomberg

Key changes in this note

- FY20F EPS increased 1.8%.
- FY21F EPS decreased 3.8%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	0.2	0.1	-30.1
Relative (%)	2.2	-2.1	-17.9

Major shareholders

	% held
Mobile World Retail Advisory Co. Ltd	11.4
Tri Tam Co. Ltd	8.5
Vietnam Enterprise Investments	3.5

Analyst(s)

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Mobile World Investment Corp

In Bach Hoa Xanh, we trust

- MWG's 1H20 revenue rose 7.8% yoy to VND55,639bn while net profit eased 4.4% yoy to VND2,027bn, completing 59.6% of our full-year forecast.
- The Bach Hoa Xanh (BHX) grocery chain ramped up expansion with 328 new stores launched in 2Q20.
- Reiterate our Add call with a lower TP of VND138,400.

Bach Hoa Xanh to be the revenue growth engine

MWG's 2Q20 revenue eased 1.2% yoy on the weakness of mobile retailing (The Gioi Di Dong - TGDD, -28.4% yoy) and consumer electronics (Dien May Xanh - DMX, -4% yoy) as a result of 22 days of social distancing in Apr 2020. However, its grocery business, the Bach Hoa Xanh (BHX) chain, posted VND4,968bn in 2Q20 revenue (+112.8% yoy). BHX's proportion widened to 19% of total revenue in 2Q20 from 8.8% in 2Q19 but was still below breakeven. MWG's 2Q20 earnings fell 17% yoy. For 1H20, revenue grew 7.8% yoy to VND55,639bn while net profit decreased 4.4% yoy to VND2,027bn, slightly above our expectation.

Bach Hoa Xanh ramped up network expansion in 2Q20

After halting expansion during the 22-day nationwide social distancing period, MWG sped up with 251 stores opened in May and Jun 20, bringing the total number of BHX stores at end-Jun to 1,486 (up 147% yoy, 28.3% qq). From the beginning of 2020 to 8 Aug 20, MWG opened 571 new BHX stores, making up 92% of our full-year forecast. We revise up our estimate for new BHX stores by 60% for FY20F (988 stores).

Healthier balance sheet provides fuel for BHX expansion

The inventory balance compressed 30% YTD to VND17,919bn at end-1H20 as the company reduced discretionary inventory, like consumer electronics and mobile phones, with several sales events in 2Q20 and changed inventory policy to adapt to weak demand amid the pandemic. As a result, MWG's quick ratio rose 23% pts to 56% at end-1H20 while the debt/equity ratio slid 74% pts to 169% at end-1H20.

Changes to our forecasts

We revise up our FY20F EPS by 1.8% on the back of 1) a 9.1% increase in our monthly revenue per store assumption for DMX, 2) 1.3%-pt GM expansion, and 3) 17.6% reduction in our monthly revenue per store assumption for BHX. However, we cut FY21F EPS by 3.8% on 1) a 15.8% reduction in monthly revenue per store assumption for BHX, and 2) 0.6%-pt GM expansion but a 3) 30% increase in G&A expenses.

Reiterate our Add call with a lower TP of VND138,400 per share

Our SOP-based TP falls 1.1% to VND138,400 to reflect lower EPS in FY21F/22F. Key downside risks are: 1) slower-than-expected BHX store opening, and 2) another nationwide social distancing period due to a second wave of Covid-19 infections.

Financial Summary

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (VNDb)	86,516	102,174	111,970	145,754	173,941
Operating EBITDA (VNDb)	5,094	6,420	6,990	8,722	11,255
Net Profit (VNDb)	2,879	3,834	3,467	5,060	6,831
Core EPS (VND)	6,839	8,560	7,656	10,903	14,229
Core EPS Growth	25.0%	25.2%	(10.6%)	42.4%	30.5%
FD Core P/E (x)	10.66	9.60	10.97	7.73	5.96
DPS (VND)	1,500	1,500	1,500	1,500	1,500
Dividend Yield	1.81%	1.81%	1.81%	1.81%	1.81%
EV/EBITDA (x)	7.50	7.50	6.88	5.32	3.82
P/FCFE (x)	256	923,333	16	6	8
Net Gearing	36.7%	90.4%	70.3%	40.4%	12.2%
P/BV (x)	3.90	3.07	2.54	2.00	1.58
ROE	38.7%	36.3%	25.6%	29.3%	30.1%
% Change In Core EPS Estimates			1.78%	(3.79%)	(0.40%)
CGS-CIMB/Consensus EPS (x)			0.99	1.08	1.11

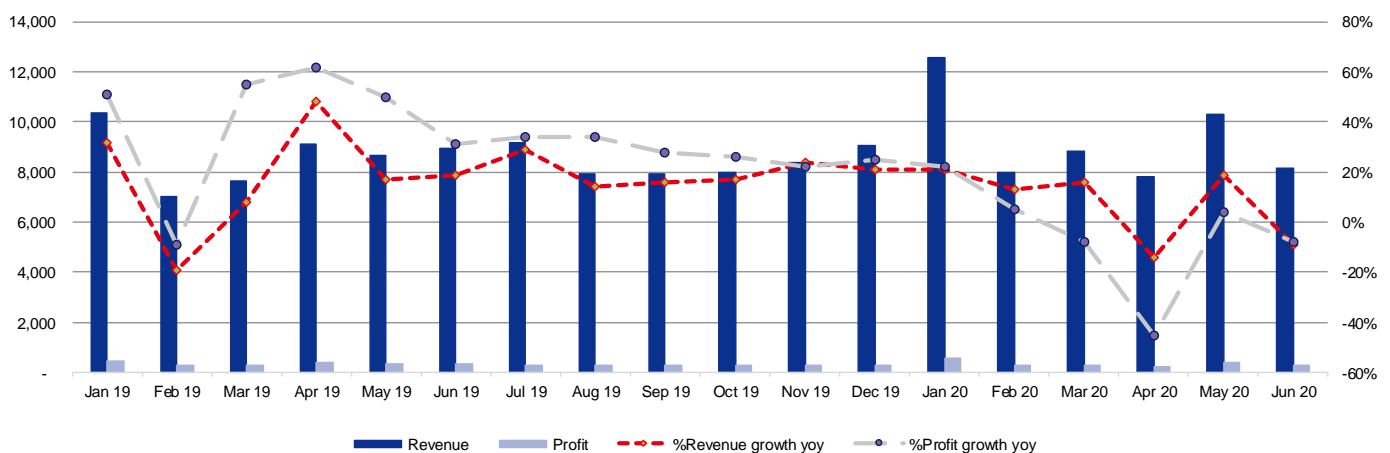
SOURCES: VND RESEARCH, COMPANY REPORTS

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1H20 results above our expectation ➤

MWG's Jun revenue fell 8% yoy (-20.9% mom) to VND8,147bn, with a decline in sales in all three segments - TGDD, DMX and BHX - due to weaker demand as consumer income was affected by the pandemic. Net profit dropped 7.6% yoy (-20.4% mom) to VND304bn in Jun 2020. At end-Jun 2020, the Dien Thoai Sieu Re chain (super-low-priced mobile phone retailer chain) was terminated due to low efficiency.

Figure 1: Monthly revenue and profit of MWG over 2019-20



SOURCES: VND RESEARCH, COMPANY REPORTS

In 2Q20, MWG's net profit reached VND894bn, down 17% yoy (-21% qoq) as:

- MWG's revenue eased 1.2% yoy (-10.5% qoq) to VND26,286bn, mainly due to the impact of the 22-day social distancing period in Apr 2020, which affected revenue of the TGDD and DMX chains. However, the BHX chain's revenue in 2Q20 soared 112.8% yoy (+10.6% qoq) to VND4,968bn, preventing MWG's revenue from falling sharply in 2Q20 and accounting for 19% of total revenue compared to 8.8% in 2Q19.
- MWG's gross profit margin increased 4.1% pts yoy to 22% (up 1.0% pt qoq), thanks to the larger revenue contribution of the BHX chain (higher GM) as MWG took advantage of economies of scale to negotiate for better purchasing prices while reducing fresh food write-off rates at BHX stores. At the same time, MWG actively promoted product groups with high gross profit margins, such as home electronics, accessories and watches, at TGDD and DMX chains.
- G&A expenses in 2Q20 increased sharply because MWG accelerated BHX store openings, especially in May and Jun 2020. This amounted to 328 new stores, bringing the total store number to 1,486 (up 147% yoy). The company also increased the number of distribution centres (DC) from 6 to 23.

MWG's revenue in 1H20 rose 7.8% yoy to VND55,639bn while net profit eased 4.4% yoy to VND2,027bn. 1H20 net profit made up 59.6% of our 2020F forecast, above our expectation, thanks to DMX's revenue, which was above expectations to reach 59% of our 2020F estimate, and GPM expansion to 21.4%, 3.1% pts above our forecast due to the higher GPM and contribution of BHX in 1H20.

Figure 2: Results comparison

VNDBn	2Q19	2Q20	%chg yoy	1H19	1H20	%chg yoy	1H20 % vs VND's forecast	Comment
Revenue	26,604	26,286	-1.2%	51,621	55,639	7.8%	50.0%	Inline with our forecast
TGGD chain	8,521	6,101	-28.4%	17,277	14,466	-16.3%	49.5%	Inline with our forecast
DMX chain	15,854	15,218	-4.0%	30,364	31,714	4.4%	56.9%	DMX chain's revenue increased 4.4% yoy to VND31,714bn in 1H20, surpassed expectation and reached 59% of our forecast thanks to the pent-up effect in purchasing after social distancing period and the summer time boosted the demand in electronic equipment while the laptop segment revenue also increased 95% yoy in 1H20 when the laptop demand to work from home increased.
BHX chain	2,335	4,968	112.8%	4,086	9,459	131.5%	35.9%	Monthly average revenue per BHX store in 1H20 was only VND1.3bn, lower than our forecast of VND1.7bn for 2020F and the number of stores increased sharply than expected but mostly in May-Jun-20 led to revenue of BHX chain only reached 36% of our forecast
Cost of goods sold	-21,855	-20,515	-6.1%	-42,439	-43,709	3.0%	48.1%	
Gross profit	4,748	5,770	21.5%	9,182	11,930	29.9%	58.4%	
<i>Gross profit margin</i>	<i>17.8%</i>	<i>22.0%</i>	<i>4.1 pts %</i>	<i>17.8%</i>	<i>21.4%</i>	<i>3.7 pts %</i>	<i>3.1 pts %</i>	
Net financial expenses	-295	-306	3.8%	-539	-610	13.2%	49.4%	Inline with our forecast
Selling expenses	-2,992	-3,538	18.3%	-5,458	-7,321	34.1%	53.6%	Inline with our forecast
G&A expenses	-391	-1,001	155.8%	-1,004	-1,780	77.3%	91.4%	G&A expense is higher than expected due to the faster expansion of BHX chain, especially in 2Q20 which 382 stores opened in May-Jun-20
Operating profit	1,393	1,262	-9.4%	2,724	2,805	3.0%	58.4%	Above our forecast
Profit before tax	1,396	1,254	-10.2%	2,737	2,798	2.2%	58.3%	Above our forecast
Net profit	1,080	894	-17.1%	2,121	2,027	-4.4%	59.6%	Above our forecast

SOURCES: VND RESEARCH, COMPANY REPORTS

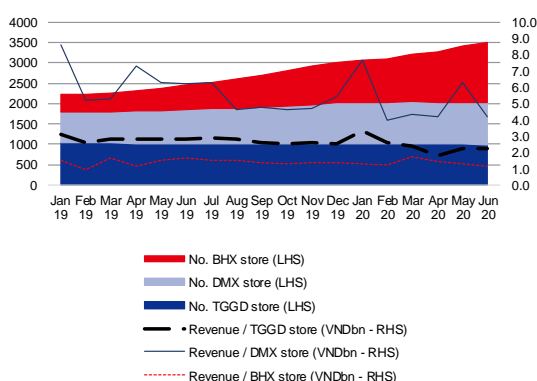
Bach Hoa Xanh: robust store number expansion in 1H20 ➤

Right after the nationwide social distancing period, MWG raised the number of BHX stores rapidly by opening 131 stores in May and another 120 in Jun, bringing the total number of BHX stores at end-Jun to 1,486 (up 28.3% qoq), beating our projection of 1,278 stores at end-1H20. BHX stores totalled 1,579 by 7 Aug 2020, or 571 new BHX stores YTD, making up 92% of our full-year forecast.

MWG is focusing on expanding its BHX chain in non-CBD provinces, having arrived in another province, Lam Dong, in 2Q20, thus raising the proportion of stores outside Ho Chi Minh City (HCMC) to 68.7% at end-2Q20 from 61.8% earlier.

Against the expansion of the BHX chain, sales per BHX store trended downwards after peaking at around VND1.7bn in Mar 2020, when food hoarding was triggered by pandemic concerns. However, we think the downtrend could be short-lived, the result of MWG's aggressive store opening and as new BHX stores need an average of 12 months to reach optimal revenue levels. We expect BHX's monthly revenue per store to reach VND1.4bn/VND1.6bn for FY20F/FY21F, higher than 1H20's VND1.3bn. Thus, BHX's revenue in 2020F/21F/22F could contribute 21%/29.5%/35.7% to MWG's total revenue.

Figure 3: Number of stores per chain and monthly revenue per store



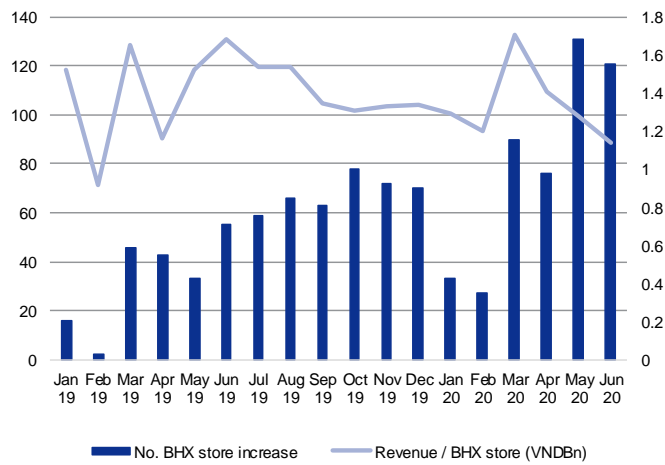
SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 4: Number of store (end of period) and revenue per store by chain (monthly)

	1Q19	2Q19	1Q20	2Q20	1Q20 vs 1Q19	2Q20 vs 2Q19
No. of TGGD store	1023	1011	1009	971	-1.4%	-4.0%
No. of DMX store	774	838	1030	1044	33.1%	24.6%
No. of BHX store	469	600	1158	1486	146.9%	147.7%
Revenue / TGGD store	2.8	2.8	2.8	2.1	-2.4%	-26.2%
Revenue / DMX store	6.4	6.6	5.3	4.9	-16.2%	-25.8%
Revenue / BHX store	1.4	1.5	1.4	1.3	2.4%	-13.6%

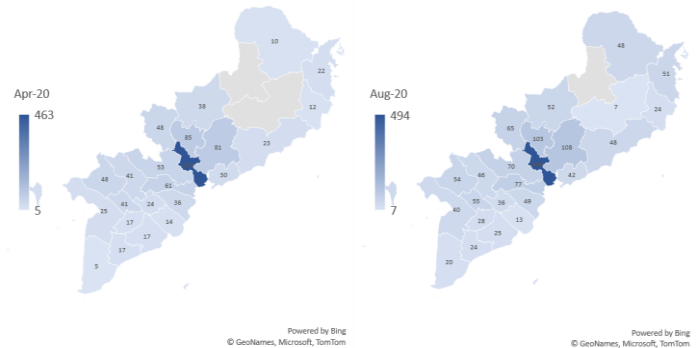
SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 5: New BHX store per month and revenue per store in 2019-20



SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 6: The expansion of BHX's network from Apr 20 to Aug 20



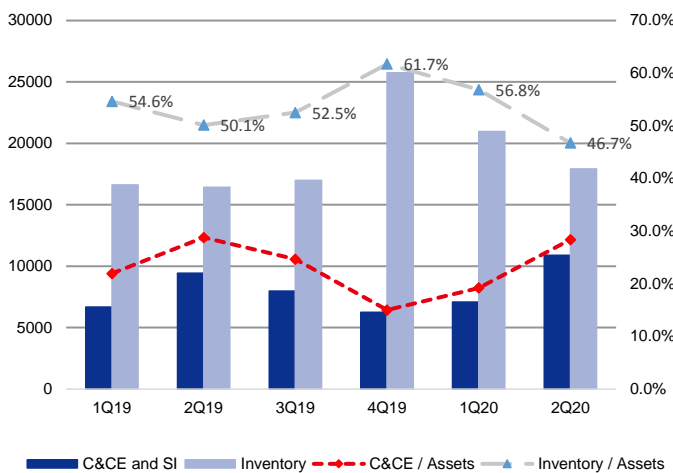
SOURCES: VND RESEARCH, COMPANY REPORTS

A healthier balance sheet to support BHX expansion plan ▶

MWG sharply reduced inventories to VND17,919bn at end-1H20 from VND25,745Bn at end-FY19, equivalent to a 30% drop, focusing on electronics equipment and mobile phones (down 38% and 39%, respectively). MWG held several sales events in 2Q20, especially for high-end Samsung products, such as the Note 10 series of phones, or household products on display at stores as the Covid-19 pandemic has hit consumers' incomes and reduced demand for non-essential products, like electronics and mobile phones. The clearance was also due in part to preparations for newly-launched products, such as the Samsung Note 20 or Samsung Flip series. The cashflow from inventory reduction was used to reduce short-term debt, which decreased 18.7% YTD to VND10,590bn at end-1H20, and increase held-to-maturity investment by 74% YTD to VND10,878bn at end-1H20.

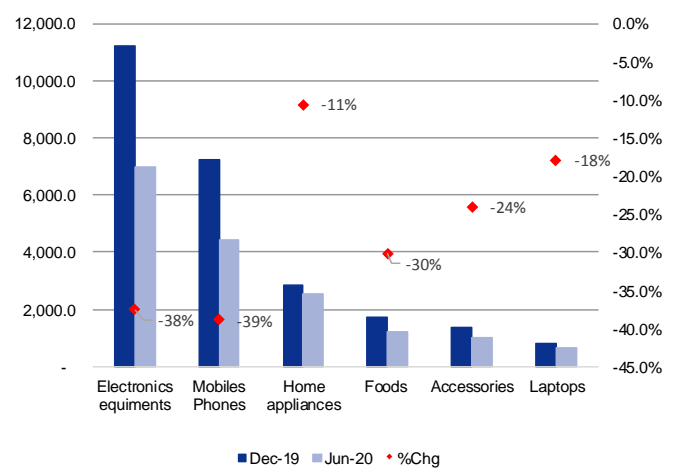
As a result, MWG's quick ratio increased 23% pts YTD to 56% at end-1H20 while the debt/equity ratio reduced 74% pts YTD to 169% at end-1H20. We believe this will help MWG reduce inventory risk related to discretionary products and provide more financial resources for BHX expansion in a post-Covid-19 world.

Figure 7: A healthier balance sheet at end-2Q20



SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 8: MWG's inventory by item



SOURCES: VND RESEARCH, COMPANY REPORTS

We think the Covid-19 outbreak has had an insignificant impact on MWG's 2H20 outlook ➔

On 25 Jul, a cluster of locally-transmitted Covid-19 cases was reported in the central city of Da Nang, which led to the government imposition of a 14-day social distancing period. Thus, 31 stores (DMX, TGDD) in Da Nang and Quang Nam were required to close from 27 Jul. We believe that the current social distancing protocol in Da Nang and Quang Nam will leave a minor impact on MWG's performance as the total number of affected stores (31) is relatively small (1.5%) relative to the total of 2,015 TGDD and DMX stores.

Earnings revision ➔

Figure 9: Key changes

	Old forecast		New forecast	
	2020F	2021F	2020F	2021F
Number of store				
TGDD		981	981	944
DMX		1103	1148	1089
BHX		1628	2168	1996
Revenue per store (monthly)				
TGDD		2.5	2.6	2.4
DMX		4.4	5.5	4.8
BHX		1.7	1.9	1.4

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 10: Changes in forecasts

	Old forecast		New forecast		%Chg		Comments
	2020E	2021E	2020E	2021E	2020E	2021E	
TGDD	29,229	30,902	28,361	29,736	-2.97%	-3.77%	We revise up revenue from DMX in 2020F due to better than expected monthly revenue per stores in 1H20, while reduce the revenue from TGDD (2020F/21F) and DMX (2021F) chain due to the consumer behavior change after Covid-19 which tightening their wallet lead to lower demand to TGDD and DMX compared to previous forecast.
DMX	55,724	74,115	60,091	73,008	7.84%	-1.49%	
BHX	26,333	42,874	23,518	43,010	-10.69%	0.32%	
Revenue	111,286.0	147,891.0	111,970.0	145,754.0	0.61%	-1.44%	We adjusted store expansion in 2020F, which expectation that MWG will open 988 stores instead of 620 stores in previous forecast while the revenue per store lower than previous forecast, lead to a change in revenue of BHX at -10.7% in 2020F and 0.32% in 2021F compared to previous forecast
COGS	(90,866.0)	(119,136.0)	(90,058.0)	(116,554.0)	-0.89%	-2.17%	
Gross profit	20,420.0	28,755.0	21,912.0	29,200.0	7.31%	1.55%	
% gross margin	18.3%	19.4%	19.6%	20.0%	1.30 pts %	0.60 pts %	We increased GM of TGDD&DMX to 19% in 2020F and 2021F chain due to their strategy in Covid-19, which focus in sale of high GM products like household equipments and accessories. Thanks to the higher gross margin of BHX which in range of 21% to 25% in 1H20 when MWG increase their power of bargaining and economic of scale of BHXs chain, we increased GM of BHX to 21.7% in 2020F and 22.5% in 2021F.
TGDD & DMX	17.6%	18.5%	19.0%	19.0%	1.40 pts %	0.50 pts %	
BHX	20.8%	21.8%	21.7%	22.5%	0.90 pts %	0.70 pts %	
Selling expenses	(13,671.0)	(18,757.0)	(14,218.0)	(18,582.0)	4.00%	-0.93%	Due to the strong store expansion in 2020F and 2021F, we increased SG&A expenses to revenue ratio in 2020F / 2021F from previous forecast of 14.1% / 14.6% to 15.2% / 15.2%
G&A expenses	(1,948.0)	(2,810.0)	(2,799.0)	(3,644.0)	43.69%	29.68%	
Selling expenses/Rev	12.3%	12.7%	12.7%	12.7%	0.40 pts %	0.00 pts %	
G&A expenses/Rev	1.8%	1.9%	2.5%	2.5%	0.70 pts %	0.60 pts %	
Pretax profit	4,480.0	6,896.0	4,571.9	6,674.0	2.05%	-3.22%	
Net profit	3,397.0	5,228.8	3,466.6	5,060.5	2.05%	-3.22%	
EPS	7,522.0	11,332.6	7,656.2	10,903.4	1.78%	-3.79%	

SOURCES: VND RESEARCH, COMPANY REPORTS

We increase our FY20F NP forecast by 2.1% but reduce our FY21F NP forecast by 3.2% due to:

- GM expansion of 1.3%/0.6% pts over FY20F/FY21F as MWG focuses on high-margin products in all 3 chains.
- Decreased FY20F monthly revenue per store for TGDD (-4%) given the change in consumer behaviour to tighter purse-strings but an increase in monthly revenue per stores for DMX (+9.1%), thanks to better-than-expected revenue for the DMX chain in 1H20.
- Adjustment to the number of stores as BHX expanded faster than expected in 1H20; we project 1,996/2,536 BHX stores by end-2020F/21F compared to 1,628/2,168 in our previous forecast.
- Decreased BHX's FY20/FY21F average monthly revenue per store by 17.6%/15.8% to VND1.4bn/VND1.6bn per store by end-2020F/21F compared to VND1.7bn/VND1.9bn per store previously as the number of stores increased sharply in 1H20 and given MWG's strategy of expanding into rural areas.

Valuation >

We reiterate our Add call with a lower TP of VND138,400 to reflect lower EPS in FY21F by 3.8% while FY22F EPS is trimmed 0.4%. We use sum-of-parts methodology to value MWG's two core businesses: consumer electronics (TGDD and DMX) at VND75,000 per share (WACC: 12.4%) and grocery retailing (BHX) at VND63,4600 (WACC: 15% to reflect our conservative view on the risks in terms of profitability and expansion capabilities).

We maintain our Add call, premised on 1) BHX's ongoing expansion, and 2) widening gross margin for all businesses. Key downside risks are: 1) slower-than-expected BHX store opening, and 2) another nationwide social distancing period due to a second wave of Covid-19 infections, especially in the business hubs of Hanoi and HCMC. Re-rating catalysts are BHX's faster-than-expected expansion, higher-than-expected revenue per store or higher-than-expected gross margin.

Figure 11: Discounted cash flows – TGDD and DMX

	FY20F	FY21F	FY22F	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F
EBIT	5,480	6,794	6,618	7,037	6,128	6,552	6,759	6,989	7,275	7,611	7,721
Tax	-1,102	-1,566	-1,549	-1,675	-1,466	-1,570	-1,621	-1,681	-2,082	-2,175	-2,051
Depreciation	1,187	316	385	435	378	382	196	186	156	118	80
Capex	-370	-307	-182	-186	-190	-193	-197	-201	-205	-209	-217
Change in WC	148	-508	-713	-993	-136	113	-88	-11	220	357	-633
FCF	5,343	4,729	4,559	4,618	4,714	5,284	5,049	5,282	5,364	5,702	4,900
Present value of FCF	5,022	3,972	3,419	3,094	2,781	2,801	2,373	2,218	1,985	1,882	1,421

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 12: Discounted cash flows – BHX

	FY20F	FY21F	FY22F	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F
EBIT	-587	179	2,648	4,357	6,747	6,990	7,787	8,566	8,993	9,179	9,046
Tax	0	-42	-622	-1,024	-1,586	-1,643	-1,830	-2,013	-2,113	-2,157	-2,126
Depreciation	906	1,430	1,601	1,720	1,568	1,050	831	888	943	997	948
Capex	-3,289	-1,949	-1,546	-992	-938	-971	-1,005	-659	-679	-701	-724
Change in WC	-151	812	374	546	186	320	446	241	311	243	-127
FCF	-3,121	430	2,455	4,607	5,977	5,746	6,229	7,023	7,455	7,561	7,017
Present value of FCF	-2,715	327	1,620	2,626	2,989	2,471	2,367	2,318	2,087	1,890	1,474

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 13: Assumptions

Cost of capital	
Beta	0.9
Market premium	11.0%
Risk free rate	4.0%
Cost of equity	14.3%
Cost of debt	8.00%
WACC	12.4%

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 14: DCF valuation – TGDD and DMX

PV of FCF	29,547.0
PV of terminal value (2% growth)	15,973.5
Enterprise Value	45,520.5
Less: Total debt	15,466.8
Plus: Cash and Cash Equivalents	3,939.1
Equity value	33,981.5
Outstanding shares	453,254,547
Equity value per share	75,000

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 15: DCF valuation – BHX (WACC = 15%)

PV of FCF	15,980.0
PV of terminal value (2% growth)	11,764.0
Enterprise Value	27,744.0
Less: Total debt	-
Plus: Cash and Cash Equivalents	984.8
Equity value	28,728.8
Outstanding shares	453,254,547
Equity value per share	63,400

We applied WACC of 15% in calculation of BHX value to reflect our conservative view on the risks in terms of profitability and expansion capabilities.

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 16: Target price

Method	Equity value per share (VND)	
TGDD and DMX	DCF	75,000
BHX	DCF	63,400
Target price		138,400

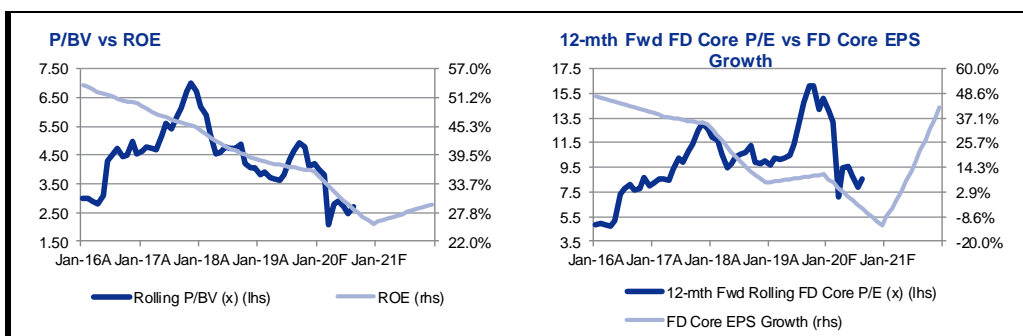
SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 17: Peer comparison

Company	Bloomberg Ticker	Recom.	Share Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	P/E (x)			3-year EPS CAGR (%)	P/BV (x)			ROE (%)			ROA (%)		
						TTM	FY20F	FY21F		TTM	FY20F	FY21F	TTM	FY20F	FY21F	TTM	FY20F	FY21F
Mobile World Investment Corp	MWVG VN	ADD	79,800	142,600	1,559	9.7	10.5	8.0	31.3%	2.6	2.4	1.9	30.3%	25.6%	29.3%	10.5%	8.7%	10.4%
Consumer electronics peers																		
Erajaya Swasembada Tbk PT	ERAA IJ	ADD	1,670	1,750	360	18.0	22.5	13.2	32.1%	1.1	1.0	1.0	6.3%	4.9%	7.6%	3.0%	2.7%	4.0%
FPT DIGITAL RETAIL JSC	FRT VN	na	22,500	na	77	24.2	11.3	9.0	-16.6%	1.4	1.3	1.1	5.6%	11.8%	13.7%	1.4%	2.6%	3.2%
Challenger Technologies Ltd	CHLG SP	na	0.45	na	113	9.0	na	na	14.2%	1.5	na	na	18.1%	na	na	12.1%	na	na
Sunfar Computer Co Ltd	6154 TT	na	14.15	na	38	38.0	na	na	-28.7%	0.9	na	na	2.3%	na	na	1.4%	na	na
Tsann Kuen Enterprise Co Ltd	2430 TT	na	18.35	na	104	12.5	na	na	-22.2%	0.7	na	na	5.3%	na	na	1.7%	na	na
Average - Consumer electronics peers					138	20.3	16.9	11.1	-4.2%	1.1	1.1	1.0	7.5%	8.3%	10.7%	3.9%	2.6%	3.6%
Median - Consumer electronics peers					104	18.0	16.9	11.1	-16.6%	1.1	1.1	1.0	5.6%	8.3%	10.7%	1.7%	2.6%	3.6%
Grocery retailing peers																		
Taiwan FamilyMart Co Ltd/Taiwan	5903 TT	na	253.0	na	1,917	28.9	27.8	24.0	10.1%	11.8	8.7	7.9	36.0%	32.3%	33.4%	3.4%	4.1%	4.5%
Sumber Alfaria Trijaya Tbk PT	AMRT IJ	na	725.0	na	2,034	25.3	28.9	23.0	45.9%	4.6	4.0	3.5	18.9%	13.9%	19.1%	5.3%	5.4%	6.4%
Average - Grocery retailing peers					1,975	22.3	16.9	11.1	0.2%	1.2	1.1	1.0	8.1%	8.3%	10.7%	4.5%	2.6%	3.6%

SOURCES: VND RESEARCH, BLOOMBERG (as of 12 Aug 2020)

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	86,516	102,174	111,970	145,754	173,941
Gross Profit	15,292	19,488	21,912	29,200	34,410
Operating EBITDA	5,094	6,420	6,990	8,722	11,255
Depreciation And Amortisation	(1,223)	(1,443)	(2,095)	(1,748)	(1,988)
Operating EBIT	3,871	4,977	4,895	6,974	9,267
Financial Income/(Expense)	(94)	61	(345)	(329)	(292)
Pretax Income/(Loss) from Assoc.	(2)	(3)	0	0	0
Non-Operating Income/(Expense)	12	19	22	29	35
Profit Before Tax (pre-EI)	3,786	5,053	4,572	6,674	9,009
Exceptional Items					
Pre-tax Profit	3,786	5,053	4,572	6,674	9,009
Taxation	(906)	(1,217)	(1,102)	(1,608)	(2,171)
Exceptional Income - post-tax					
Profit After Tax	2,880	3,836	3,470	5,066	6,838
Minority Interests	(2)	(2)	(3)	(5)	(7)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	2,879	3,834	3,467	5,060	6,831
Recurring Net Profit	2,879	3,834	3,467	5,060	6,831
Fully Diluted Recurring Net Profit	2,879	3,834	3,467	5,060	6,831

Cash Flow

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	5,094	6,420	6,990	8,722	11,255
Cash Flow from Inv. & Assoc.	(2)	(3)	0	0	0
Change In Working Capital	(1,981)	(6,454)	(647)	(234)	(681)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	12	19	22	29	35
Other Operating Cashflow	50	(235)	513	282	2
Net Interest (Paid)/Received	(94)	61	(345)	(329)	(292)
Tax Paid	(830)	(1,092)	(1,102)	(1,608)	(2,171)
Cashflow From Operations	2,249	(1,286)	5,430	6,862	8,147
Capex	(1,484)	(3,067)	(3,659)	(2,256)	(1,728)
Disposals Of FAs/subsidiaries	1	1	2	3	4
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(850)	(2,752)	(668)	(1,261)	(950)
Cash Flow From Investing	(2,332)	(5,818)	(4,325)	(3,514)	(2,674)
Debt Raised/(repaid)	203	7,104	1,314	3,217	(337)
Proceeds From Issue Of Shares	705	90	0	2	2
Shares Repurchased	(1)	(5)	0	0	0
Dividends Paid	(486)	(658)	(672)	(704)	(729)
Preferred Dividends					
Other Financing Cashflow	(0)	0	0	0	0
Cash Flow From Financing	422	6,532	642	2,515	(1,064)
Total Cash Generated	338	(572)	1,747	5,863	4,409
Free Cashflow To Equity	120	0	2,419	6,565	5,137
Free Cashflow To Firm	353	(6,534)	1,899	4,260	6,461

SOURCES: VND RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	3,749	3,177	4,924	10,787	15,196
Total Debtors	1,560	1,815	2,307	2,882	3,351
Inventories	17,446	25,745	25,238	29,445	33,164
Total Other Current Assets	634	4,274	4,418	5,740	6,998
Total Current Assets	23,390	35,012	36,888	48,854	58,708
Fixed Assets	3,305	5,375	6,939	7,446	7,184
Total Investments	60	56	67	73	70
Intangible Assets	581	520	528	539	548
Total Other Non-Current Assets	805	745	1,144	1,579	1,839
Total Non-current Assets	4,751	6,696	8,678	9,636	9,641
Short-term Debt	5,797	13,031	14,417	17,795	17,657
Current Portion of Long-Term Debt					
Total Creditors	12,049	15,340	15,029	20,139	24,037
Other Current Liabilities	62	72	81	105	126
Total Current Liabilities	17,907	28,442	29,527	38,039	41,819
Total Long-term Debt	1,248	1,122	1,050	889	690
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	2	0	0	0	0
Total Non-current Liabilities	1,250	1,122	1,050	889	690
Total Provisions	0	0	0	0	0
Total Liabilities	19,157	29,565	30,577	38,928	42,510
Shareholders' Equity	8,977	12,136	14,978	19,545	25,816
Minority Interests	6	8	11	16	23
Total Equity	8,983	12,144	14,989	19,562	25,839

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	30.4%	18.1%	9.6%	30.2%	19.3%
Operating EBITDA Growth	46.8%	26.0%	8.9%	24.8%	29.0%
Operating EBITDA Margin	5.90%	6.30%	6.20%	6.00%	6.50%
Net Cash Per Share (VND)	(7,829)	(24,503)	(23,037)	(16,781)	(6,437)
BVPS (VND)	21,328	27,092	32,728	41,533	52,728
Gross Interest Cover	8.90	8.70	6.20	7.60	9.40
Effective Tax Rate	23.9%	24.1%	24.1%	24.1%	24.1%
Net Dividend Payout Ratio	16.9%	17.2%	19.4%	13.9%	10.7%
Accounts Receivables Days	3.80	1.10	1.40	1.60	1.40
Inventory Days	75.6	95.3	103.6	85.6	81.9
Accounts Payables Days	40.00	44.80	46.20	39.40	41.30
ROIC (%)	41.6%	40.7%	21.2%	27.4%	33.8%
ROCE (%)	29.3%	26.5%	18.8%	22.0%	24.2%
Return On Average Assets	11.7%	10.8%	8.7%	10.4%	11.2%

Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A	N/A
No. of POS (main prod/serv)	1,782	2,014	2,033	2,078	2,078
SSS grth (% , main prod/serv)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod/serv)	N/A	N/A	N/A	N/A	N/A
No. of POS (2ndary prod/serv)	405	1,008	1,996	2,536	2,936
SSS grth (% , 2ndary prod/serv)	N/A	N/A	N/A	N/A	N/A

SOURCES: VND RESEARCH, COMPANY REPORTS

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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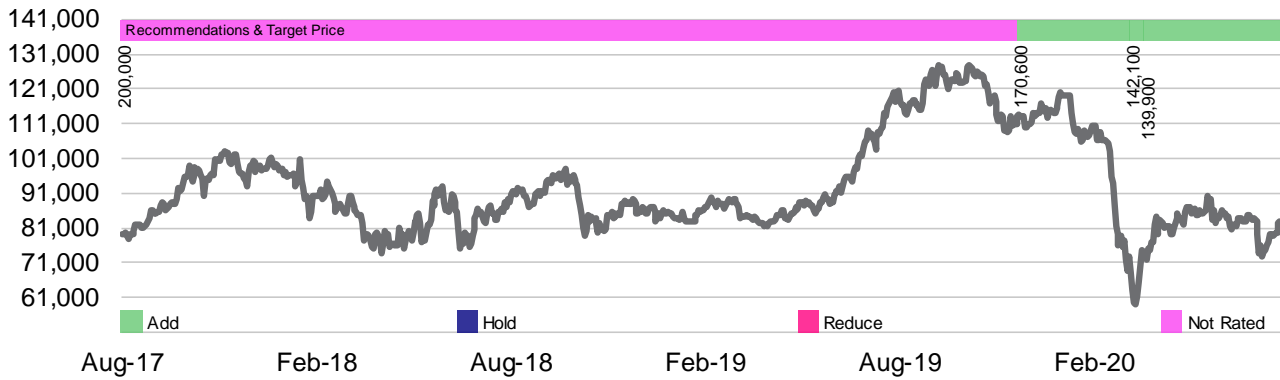
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2020		
800 companies under coverage for quarter ended on 30 June 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.1%	0.4%
Hold	25.9%	0.1%
Reduce	14.0%	0.3%

Spitzer Chart for stock being researched (2 year data)

Mobile World Investment Corp (MWG VN)

— Price Close



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2019, Anti-Corruption 2019

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, n/a, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** – Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** – Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TNR** – Very Good, Certified, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand: the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI) .

RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

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.

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.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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