

## Vietnam

**ADD** (no change)

Consensus ratings\*: Buy 14 Hold 0 Sell 0

Current price:	VND109,500
Target price:	VND170,600
Previous target:	VND170,600
Up/downside:	55.8%
CGS-CIMB / Consensus:	-1.9%
Reuters:	MWG.HM
Bloomberg:	MWG VN
Market cap:	US\$2,137m
	VND49,626,492m
Average daily turnover:	US\$2.99m
	VND69,539m
Current shares o/s:	443.5m
Free float:	92.7%

\*Source: Bloomberg

**Key changes in this note**

- FY20F EPS increased by 0.3%.
- FY21F EPS increased by 0.6%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-4.5	-12.1	31.9
Relative (%)	-2.7	-3.7	28.6

**Major shareholders**

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

**Analyst(s)**

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# Mobile World Investment Corp

## Results in line; solid growth prospects

- FY2019 results came in line with our forecast, with net profit jumping 33.2% yoy, driven by aggressive store launches and product diversification.
- MWG's core growth outlook remains robust in FY2020, supported by further network expansion of DMX and BHX.
- We reiterate our Add call, with an unchanged TP of VND170,600.

**FY19 net profit in line with our forecast**

Mobile World Investment Corp (MWG) reported a 21%/24% yoy surge in 4Q19 revenue/net profit, respectively, thanks to: 1) accelerated store openings (four new stores per day in 1Q19), bringing its total store count to 3,039 (+852 stores in FY19); and 2) its gross margin reaching a record high of 21%, propelled by the increasing contribution of high-margin consumer electronics, kitchen appliances and FMCG products. FY19 net revenue grew by 18.1% yoy and net profit jumped 33.2% yoy, more or less in line with our forecasts of 21.7% yoy and 33.3% yoy, respectively.

**Novel coronavirus impact on core business seems limited**

We see little impact from the viral outbreak on MWG's retail businesses, as: 1) MWG imports through official channels, while the Vietnamese government only tightened border trades with China, 2) MWG still has stock piled up for the Tet holiday, and 3) MWG operates independent stores, which are not crowded like shopping malls and wet markets. We also believe MWG's minimarket chain Bach hoa XANH (BHX) could perform well as consumers tend to stock up on fresh food and FMCG during such outbreaks.

**Double-digit growth for sales and earnings expected in FY20F**

We forecast MWG's FY20F revenue to grow by 39% yoy (vs. MWG's target of 20% yoy) and net profit by 28% yoy (vs. target of 26% yoy). We expect its The Gioi Di Dong (TGDD) and Dien May Xanh (DMX) chains to maintain momentum and contribute ~80% of total revenue, supported by the full operation of 768 stores opened and upgraded in FY19. We anticipate BHX to open another 800 stores in FY20F in the southern and south-central coastal provinces, while revenue per store will improve as the new stores stabilise. We expect MWG's bottomline to be pushed up by gross margin expansions to 19% at TGDD and DMX (FY18: ~18%) and to 21% at BHX (FY19F: 19%).

**Reiterate Add rating, with unchanged TP**

We make immaterial changes to our FY20-21F EPS forecasts (<1%) and maintain our DCF-based TP of VND170,600. Our TP implies a FY20F P/E of 16x and an Add call on MWG, supported by: 1) the ongoing expansion of BHX, 2) growing revenue per store with product diversification, and 3) gross margin expansions in all businesses. Key downside risks are: 1) slower-than-expected store openings by BHX, and 2) larger-than-expected impact of the virus outbreak on consumption in Vietnam. Re-rating catalyst is the faster-than-expected expansion of BHX.

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (VNDb)	86,516	102,174	142,041	170,194	192,135
Operating EBITDA (VNDb)	5,094	6,420	8,744	10,128	11,926
Net Profit (VNDb)	2,879	3,834	4,920	6,337	7,456
Core EPS (VND)	6,839	8,560	10,818	13,532	15,520
Core EPS Growth	25.0%	25.2%	26.4%	25.1%	14.7%
FD Core P/E (x)	14.05	12.65	10.28	8.21	7.14
DPS (VND)	1,500	1,501	1,501	1,501	1,501
Dividend Yield	1.37%	1.37%	1.37%	1.37%	1.37%
EV/EBITDA (x)	9.68	9.34	6.77	5.52	4.24
P/FCFE (x)	338	1,216,667	14	7	5
Net Gearing	36.7%	90.4%	57.5%	21.3%	(7.0%)
P/BV (x)	5.13	4.04	3.06	2.34	1.83
ROE	38.7%	36.3%	34.4%	32.7%	29.0%
% Change In Core EPS Estimates			0.31%	0.62%	1.16%
CGS-CIMB/Consensus EPS (x)			1.02	1.08	1.10

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

## Results in line; solid growth prospects

### FY19 recap: impressive expansion in network and margin

#### TGDD and DMX once again beat the market

Against a decline in the consumption trend of the mobile phone and consumer electronics markets, TGDD and DMX still registered positive growth for all key products and increased market share to 48% in the mobile phone segment (FY18: 45%) and 38% in the consumer electronics segment (FY18: 35%). The two chains recorded VND91,446bn in FY19 revenue (+11.3% yoy, 89.5% of MWG's total sales), driven by: 1) the opening of 268 stores in FY19, 2) the full operation of 108 DMX stores opened in FY18, and 3) an increase in the average monthly revenue per DMX store by 9.3% yoy to VND5.8bn in FY19, thanks to a layout upgrade for ~500 mini-DMX stores and successful product diversification.

#### BHX had a breakthrough year

FY19 marked the milestone of reaching 1,000 stores after BHX's four years of development, easing concerns over the expansion of the grocery chain. Accordingly, BHX posted VND10,728bn in FY19 revenue (+148.0% yoy, 10.5% of MWG's total sales), fuelled by: 1) 603 stores opened in FY19, 2) 20% yoy SSSG of stores launched before Jan 2018, and 3) a 44% yoy jump in average monthly revenue per BHX store to VND1.3bn in FY19. BHX also neared its breakeven level, with gross margin reaching 19% (+3.0% pts vs. FY18).

Figure 1: MWG's FY19 business result review

FYE (VNDbn)	4QFY18	4QFY19	% yoy	FY2018	FY2019	% yoy	vs. FY19 forecast	Comments
<b>Net revenue</b>	<b>21,038</b>	<b>25,411</b>	<b>20.8%</b>	<b>86,516</b>	<b>102,174</b>	<b>18.1%</b>	<b>97.0%</b>	In line with our projection on 1) rapid store openings in FY19, including 268 DMX stores and 603 BHX stores, 2) the upgrade of 500 DMX mini stores, and 3) the bolstered monthly revenue per BHX store in FY2019 that reached VND1.3bn (+45% yoy)
TGDD	7,997	7,645	-4.4%	34,606	33,207	-4.0%	99.5%	
DMX	11,567	14,177	22.6%	47,584	58,239	22.4%	95.3%	
BHX	1,526	3,589	135.2%	4,326	10,728	148.0%	98.5%	
<b>Gross profit</b>	<b>3,753</b>	<b>5,365</b>	<b>43.0%</b>	<b>15,292</b>	<b>19,488</b>	<b>27.4%</b>	<b>99.5%</b>	GPM was slightly above our expectation due to higher-than-expected GPM enhancement of DMX, with the contribution of newly added high-margin products, including trendy watches, eyewear and gaming laptops.
Gross profit margin	17.8%	21.1%	+3.3% pts	17.7%	19.1%	+1.4% pts	+0.5% pts	
Selling expenses	2,499	3,695	47.9%	9,660	12,437	28.7%	102.4%	
as % of revenue:	11.9%	14.5%	+2.6% pts	11.2%	12.2%	+1.0% pts	+0.7% pts	
G&A expenses	385	520	35.1%	1,762	2,074	17.7%	98.4%	
as % of revenue:	1.8%	2.0%	+0.2% pts	2.0%	2.0%	+0.0% pts	+0.0% pts	
<b>Net profit</b>	<b>693</b>	<b>860</b>	<b>24.1%</b>	<b>2,880</b>	<b>3,836</b>	<b>33.2%</b>	<b>99.8%</b>	In line with our projection
Net margin	3.3%	3.4%	+0.1% pts	3.3%	3.8%	+0.5% pts	+0.2% pts	

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

## Outlook: growth prospect intact

### 5G revolution to shake up the smartphone market

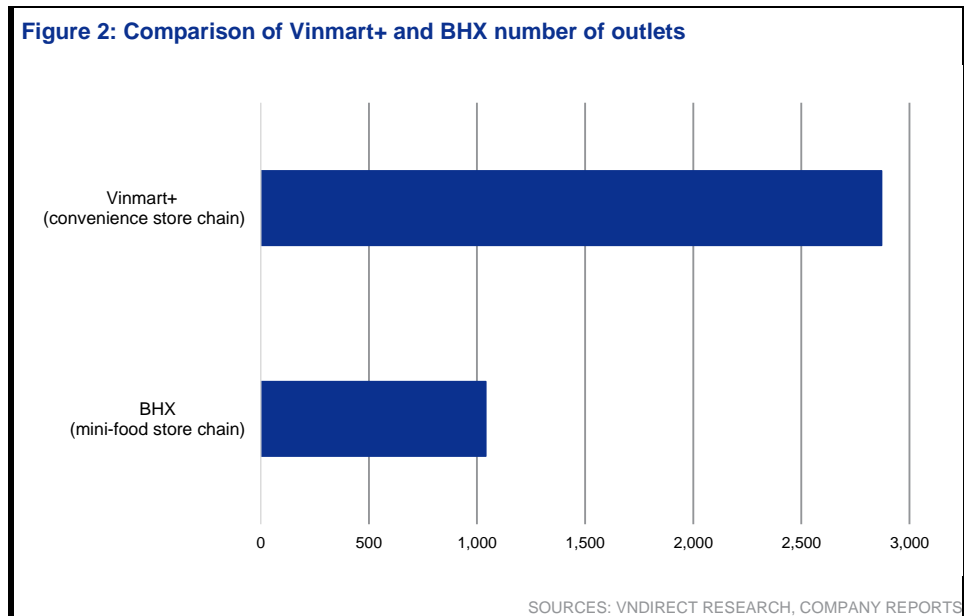
As previously observed, when 4G technology started to scale up from 2012, the demand for smartphones strengthened, with shipments of 4G handsets in Asia-Pacific soaring rapidly at a 2012-18 CAGR of 129% (according to GSMA Intelligence). For the next wave of 5G, we expect this development to result in consumers purchasing/upgrading their devices, bringing the number of 5G smartphones globally to over 1bn units in 2025F (a penetration rate of ~58%, as per Counterpoint's estimates).

Furthermore, according to Counterpoint, 5G smartphone shipment volumes will grow at a faster rate in the first four years of development, compared with that of 4G handsets previously, thanks to the aggressive implementation of 5G networks in many countries. Particularly, Vietnam has rushed to adopt 5G, with Viettel, the country's largest mobile carrier, testing its implementation in Hanoi and Ho Chi Minh City (HCMC) for commercialisation in 2020F. We expect this to make Vietnam a pioneer country for 5G and increase the demand for 5G-

enabled smartphones. We believe that this will boost the slowing mobile phone market in Vietnam and that MWG could benefit from the conversion wave to 5G technology.

**BHX to face a new-but-old competitor.** Recently, Vingroup (VIC VN, Not Rated), Vietnam’s largest conglomerate, signed a memorandum of understanding (MOU) to merge Vincommerce, its retail subsidiary, with Masan Group Corporation (MSN VN, Not Rated), the country’s leading FMCG producer, forming the largest consumer goods and retail company in Vietnam. The new company will inherit a retail network of ~2,600 VinMart (supermarket) and VinMart+ (convenience stores) in 50 provinces with a large customer base, and VinEco’s 14 high-tech farms. We expect this strategic move to consolidate the domestic retail market and for the merged entity to capitalise on the retail boom and emerge as one of the few domestic retail giants in Vietnam. However, we see that this is not a major competitive threat to BHX, due to: 1) the difference in strategic customer target, as Vinmart+ attracts consumers looking for convenience and quick shopping, while BHX aims at frequent shoppers at traditional wet markets, and 2) Vinmart+ mainly provides FMCG products at normal retail prices, while BHX offers more fresh food at competitive prices than wet markets.

**Figure 2: Comparison of Vinmart+ and BHX number of outlets**



**Figure 3: BHX offers a wide variety of fresh meat and fish**



**Figure 4: Vinmart+ focuses on FMCG products**



SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Overall, we hold a positive view on MWG's outlook, as we expect revenue growth in the mobile phone and consumer electronics segments (TGDD and DMX) to stay on track, and the grocery retailing segment (BHX) to continue to thrive. We project a core EPS CAGR of 19.8% over FY20-22F, with TGDD and DMX still contributing the most revenue (70-80% of total revenue in FY20-22F) and BHX increasing its revenue contribution (to 31% in FY22F from 20% in FY18).

**Figure 5: Summary table of our forecasts for MWG**

VNDbn	2018	2019	2020F	2021F	2022F
<b>Total revenue</b>	<b>86,516</b>	<b>102,174</b>	<b>142,041</b>	<b>170,194</b>	<b>192,135</b>
<b>TGDD</b>	<b>34,606</b>	<b>33,207</b>	<b>32,596</b>	<b>32,858</b>	<b>33,248</b>
%yoy	-0.3%	-4.0%	-1.8%	0.8%	1.2%
<b>DMX</b>	<b>47,584</b>	<b>58,239</b>	<b>80,923</b>	<b>92,209</b>	<b>99,363</b>
%yoy	57.3%	22.4%	38.9%	13.9%	7.8%
<b>BHX</b>	<b>4,326</b>	<b>10,728</b>	<b>28,522</b>	<b>45,127</b>	<b>59,524</b>
%yoy	211.9%	148.0%	165.9%	58.2%	31.9%
<b>Gross profit</b>	<b>15,292</b>	<b>19,488</b>	<b>27,270</b>	<b>33,458</b>	<b>38,291</b>
<b>Blended GPM</b>	<b>17.7%</b>	<b>19.1%</b>	<b>19.2%</b>	<b>19.7%</b>	<b>19.9%</b>
SG&A	11,421	14,511	20,560	24,914	28,201
as % of revenue	13.2%	14.2%	14.5%	14.6%	14.7%
<b>Net profit</b>	<b>2,880</b>	<b>3,836</b>	<b>4,925</b>	<b>6,343</b>	<b>7,463</b>
%yoy	30.5%	33.2%	28.4%	28.8%	17.7%
<b>Store count (stores)</b>					
TGDD	1,032	996	975	975	975
DMX	750	1,018	1,127	1,187	1,187
BHX	405	1,008	1,800	2,200	2,600

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 6: Changes in our forecast**

FYE	2020F			2021F			2022F	Comments
	Old	New	%Δ	Old	New	%Δ		
<b>Net revenue</b>	<b>142,041</b>	<b>142,041</b>	<b>0.0%</b>	<b>170,194</b>	<b>170,194</b>	<b>0.0%</b>	<b>192,135</b>	
TGDD	32,596	32,596	0.0%	32,858	32,858	0.0%	33,248	
DMX	80,923	80,923	0.0%	92,209	92,209	0.0%	99,363	
BHX	28,522	28,522	0.0%	45,127	45,127	0.0%	59,524	
<i>Net revenue growth</i>	<i>39.0%</i>	<i>39.0%</i>	<i>+0.0% pts</i>	<i>19.8%</i>	<i>19.8%</i>	<i>+0.0% pts</i>	<i>12.9%</i>	
<b>Gross profit</b>	<b>27,270</b>	<b>27,270</b>	<b>0.0%</b>	<b>33,458</b>	<b>33,458</b>	<b>0.0%</b>	<b>38,291</b>	
<i>Gross profit margin</i>	<i>19.2%</i>	<i>19.2%</i>	<i>+0.0% pts</i>	<i>19.7%</i>	<i>19.7%</i>	<i>+0.0% pts</i>	<i>19.9%</i>	
Selling expenses	17,719	17,719	0.0%	21,510	21,510	0.0%	24,358	
as % of revenue:	12.5%	12.5%	+0.0% pts	12.6%	12.6%	+0.0% pts	12.7%	
G&A expenses	2,841	2,841	0.0%	3,404	3,404	0.0%	3,843	
as % of revenue:	2.0%	2.0%	+0.0% pts	2.0%	2.0%	+0.0% pts	2.0%	
Operating profit	6,710	6,710	0.0%	8,544	8,544	0.0%	10,090	
EBT	6,409	6,489	1.2%	8,227	8,358	1.6%	9,833	Higher financial income due to lower-than-expected increase of debt
<b>Net profit</b>	<b>4,925</b>	<b>4,925</b>	<b>0.0%</b>	<b>6,343</b>	<b>6,343</b>	<b>0.0%</b>	<b>7,463</b>	
<i>Net margin</i>	<i>3.5%</i>	<i>3.5%</i>	<i>+0.0% pts</i>	<i>3.7%</i>	<i>3.7%</i>	<i>+0.0% pts</i>	<i>3.9%</i>	

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

We reiterate our Add call, with an DCF-based TP of VND170,600 due to immaterial changes in our new forecasts. We apply the SOP method on MWG's two core businesses: consumer electronics (TGDD and DMX) and grocery retailing (BHX). In particular, we use a 10-year DCF for both businesses as we believe the consumer electronics segment will remain the sustainable driver for the company over the next 10 years, while the grocery segment should be able to catch up from 2024F onwards (EBIT CAGR of 7.7% in FY24-30F).

**Figure 7: Discounted Cash Flows - TGDD and DMX**

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
EBIT	6,615	7,701	7,998	8,107	7,967	8,023	8,109	8,237	8,390	8,556	8,638
Tax	-1,541	-1,816	-1,878	-1,898	-1,874	-1,893	-1,918	-1,953	-2,328	-2,382	-2,251
Depreciation	1,188	329	414	469	414	419	211	197	162	123	83
Capex	-482	-357	-189	-193	-197	-201	-205	-209	-213	-217	-226
Change in work cap	278	-38	539	-58	-159	-61	-10	-20	6	14	-492
Free Cash Flows	6,058	5,819	6,884	6,427	6,151	6,287	6,187	6,252	6,017	6,094	5,752
Present Value of FCF	5,452	4,772	5,094	4,306	3,691	3,458	3,032	2,813	2,407	2,255	1,898

SOURCES: VNDIRECT RESEARCH ESTIMATES

For BHX, we apply a WACC of 15% to reflect our conservative view on the risks in terms of profitability and expansion capabilities.

**Figure 8: Discounted Cash Flows – BHX**

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
EBIT	96	844	2,094	3,615	5,771	6,875	7,689	8,221	8,653	9,095	9,007
Tax	-23	-198	-492	-850	-1,356	-1,616	-1,807	-1,932	-2,033	-2,137	-2,117
Depreciation	842	1,253	1,420	1,535	1,378	920	761	818	872	927	882
Capex	-2,650	-1,465	-1,523	-968	-914	-947	-980	-634	-654	-675	-697
Change in work cap	144	489	299	636	-65	299	-178	-565	-782	-434	-1,052
Free Cash Flows	-1,591	923	1,798	3,968	4,814	5,531	5,485	5,908	6,056	6,776	6,023
Present Value of FCF	-1,384	701	1,187	2,262	2,407	2,378	2,084	1,950	1,696	1,694	1,265

SOURCES: VNDIRECT RESEARCH ESTIMATES

**Figure 9: Assumptions**

<b>Cost of Capital</b>	
Beta	0.8
Market Risk Premium	10.0%
Risk Free Rate	4.0%
Cost of Equity	12.0%
Cost of Debt	8.0%
<b>WACC</b>	<b>10.6%</b>

SOURCES: VNDIRECT RESEARCH ESTIMATES

**Figure 10: DCF valuation - TGDD & DMX**

DCF Method	Amount	Unit
PV of Free Cash Flows	37,280	VNDbn
PV of Terminal Value (2.0% growth)	24,291	VNDbn
Enterprise value	61,571	VNDbn
Cash and cash equivalents	2,542	VNDbn
Total debts	(14,153)	VNDbn
Equity Value	49,952	VNDbn
Shares	453	million
<b>Price per share</b>	<b>110,200</b>	<b>VND/share</b>

SOURCES: VNDIRECT RESEARCH ESTIMATES

**Figure 11: DCF valuation - BHX**

DCF Method	Amount	Unit
PV of Free Cash Flows	14,975	VNDbn
PV of Terminal Value (2.0% growth)	11,713	VNDbn
Enterprise value	26,688	VNDbn
Cash and cash equivalents	682	VNDbn
Total debts	0	VNDbn
Equity Value	27,370	VNDbn
Shares	443	million
<b>Price per share</b>	<b>60,400</b>	<b>VND/share</b>

SOURCES: VNDIRECT RESEARCH ESTIMATES

**Figure 12: Summary of valuation for MWG**

	Method	Equity value per share (VND)
TGDD and DMX	DCF	110,200
BHX	DCF	60,400
<b>Target price</b>		<b>170,600</b>
2019F P/E at target price		19.9
2020F P/E at target price		16.0

SOURCES: VNDIRECT RESEARCH

Our TP implies a FY20F P/E of 16.0x. As can be seen in the peer comparison table below (Figure 13), consumer electronics (CE) retailers usually offer lower price multiples compared to grocery retailers, which could indicate the market's conservative view on CE retailers due to their narrow profit margins and high cyclical risks. Based on our projection, MWG should trade at a premium to CE retail peers' average, but at a discount to grocery retail peers' average. This

reflects our opinion that MWG has been appraised mainly based on its CE retailing business, and its growth potential in grocery retailing should also be priced in as BHX increases its contribution to MWG.

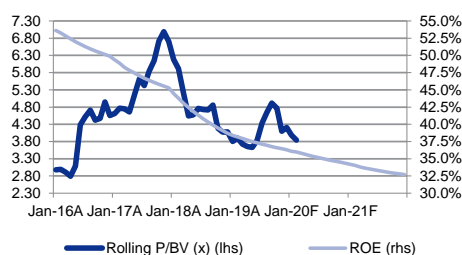
**Figure 13: Peer comparison**

Company	Ticker	Recom.	Closing Price	Target Price	Market Cap	3-year EPS Forward	P/E (x)		P/B (x)		ROA (%)		ROE (%)		D/E (x)
			(local curr.)	(local curr.)	(US\$ m)	CAGR (%)	FY20F	FY21F	FY20F	FY21F	FY20F	FY21F	FY20F	FY21F	
<b>MWG</b>	<b>MWG VN</b>	<b>ADD</b>	<b>109,500</b>	<b>170,600</b>	<b>2,108</b>	<b>17.7</b>	<b>10.0</b>	<b>8.0</b>	<b>3.0</b>	<b>2.3</b>	<b>11.1</b>	<b>11.4</b>	<b>34.4</b>	<b>32.7</b>	<b>1.2</b>
<b>Consumer electronics peers</b>															
Erajaya Swasembada Tbk PT	ERAA IJ	ADD	1,595	2,800	373	9.9	5.1	4.3	0.9	0.7	10.5	10.7	18.3	18.3	0.5
Challenger Technologies Ltd	CHLG SP	NA	0.52	NA	128	NA	NA	NA	NA	NA	NA	NA	NA	NA	-0.7
Tsann Kuen Enterprise Co Ltd	2430 TT	NA	16.15	NA	90	NA	NA	NA	NA	NA	NA	NA	NA	NA	-0.2
FPT Digital Retail JSC	FRT VN	NA	17,500	NA	60	NA	4.4	4.4	0.9	0.8	5.2	5.4	21.1	18.8	1.7
Sunfar Computer Co Ltd	6154 TT	NA	13.65	NA	36	NA	NA	NA	NA	NA	NA	NA	NA	NA	-0.4
<b>Average</b>						<b>9.9</b>	<b>4.7</b>	<b>4.4</b>	<b>0.9</b>	<b>0.8</b>	<b>7.8</b>	<b>8.0</b>	<b>19.7</b>	<b>18.5</b>	<b>0.2</b>
<b>Median</b>						<b>9.9</b>	<b>4.7</b>	<b>4.4</b>	<b>0.9</b>	<b>0.8</b>	<b>7.8</b>	<b>8.0</b>	<b>19.7</b>	<b>18.5</b>	<b>-0.2</b>
<b>Grocery retailing peers</b>															
Sumber Alfaria Trijaya Tbk PT	AMRT IJ	NA	NA	2,692	2,433	NA	34.9	28.8	4.8	4.2	4.1	5.1	14.6	15.4	0.5
Taiwan FamilyMart Co Ltd	5903 TT	NA	NA	1,607	1,622	NA	27.6	24.4	8.4	7.7	5.0	5.5	29.2	29.2	-1.3
<b>Average</b>						<b>NA</b>	<b>31.3</b>	<b>26.6</b>	<b>6.6</b>	<b>6.0</b>	<b>4.6</b>	<b>5.3</b>	<b>21.9</b>	<b>22.3</b>	<b>-0.4</b>
<b>Median</b>						<b>NA</b>	<b>31.3</b>	<b>26.6</b>	<b>6.6</b>	<b>6.0</b>	<b>4.6</b>	<b>5.3</b>	<b>21.9</b>	<b>22.3</b>	<b>-0.4</b>

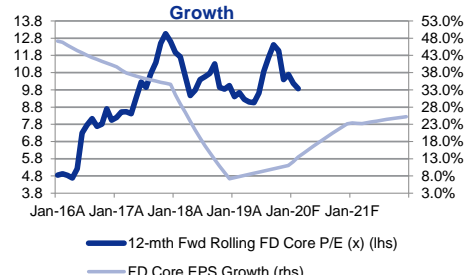
SOURCES: VNDIRECT RESEARCH, BLOOMBERG, DATA AS AT 06 FEBRUARY

## BY THE NUMBERS

**P/BV vs ROE**



**12-mth Fwd FD Core P/E vs FD Core EPS Growth**



### Profit & Loss

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>Total Net Revenues</b>	<b>86,516</b>	<b>102,174</b>	<b>142,041</b>	<b>170,194</b>	<b>192,135</b>
<b>Gross Profit</b>	<b>15,292</b>	<b>19,488</b>	<b>27,270</b>	<b>33,458</b>	<b>38,291</b>
<b>Operating EBITDA</b>	<b>5,094</b>	<b>6,420</b>	<b>8,744</b>	<b>10,128</b>	<b>11,926</b>
Depreciation And Amortisation	(1,223)	(1,443)	(2,034)	(1,584)	(1,836)
<b>Operating EBIT</b>	<b>3,871</b>	<b>4,977</b>	<b>6,710</b>	<b>8,544</b>	<b>10,090</b>
Financial Income/(Expense)	(94)	61	(250)	(220)	(295)
Pretax Income/(Loss) from Assoc.	(2)	(3)	0	0	0
Non-Operating Income/(Expense)	12	19	28	34	38
<b>Profit Before Tax (pre-EI)</b>	<b>3,786</b>	<b>5,053</b>	<b>6,489</b>	<b>8,358</b>	<b>9,833</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>3,786</b>	<b>5,053</b>	<b>6,489</b>	<b>8,358</b>	<b>9,833</b>
Taxation	(906)	(1,217)	(1,564)	(2,014)	(2,370)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>2,880</b>	<b>3,836</b>	<b>4,925</b>	<b>6,343</b>	<b>7,463</b>
Minority Interests	(2)	(2)	(5)	(6)	(7)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>2,879</b>	<b>3,834</b>	<b>4,920</b>	<b>6,337</b>	<b>7,456</b>
Recurring Net Profit	2,879	3,834	4,920	6,337	7,456
<b>Fully Diluted Recurring Net Profit</b>	<b>2,879</b>	<b>3,834</b>	<b>4,920</b>	<b>6,337</b>	<b>7,456</b>

### Cash Flow

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>EBITDA</b>	<b>5,094</b>	<b>6,420</b>	<b>8,744</b>	<b>10,128</b>	<b>11,926</b>
Cash Flow from Inv. & Assoc.	(2)	(3)	0	0	0
Change In Working Capital	(1,981)	(6,454)	(817)	41	664
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	12	19	28	34	38
Other Operating Cashflow	50	(235)	784	242	(127)
Net Interest (Paid)/Received	(94)	61	(250)	(220)	(295)
Tax Paid	(830)	(1,092)	(1,564)	(2,014)	(2,370)
<b>Cashflow From Operations</b>	<b>2,249</b>	<b>(1,286)</b>	<b>6,926</b>	<b>8,211</b>	<b>9,836</b>
Capex	(1,484)	(3,067)	(3,131)	(1,822)	(1,713)
Disposals Of FAs/subsidiaries	1	1	2	3	4
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(850)	(2,752)	(1,766)	(1,061)	(713)
<b>Cash Flow From Investing</b>	<b>(2,332)</b>	<b>(5,818)</b>	<b>(4,895)</b>	<b>(2,880)</b>	<b>(2,422)</b>
Debt Raised/(repaid)	203	7,104	1,506	2,092	4,066
Proceeds From Issue Of Shares	705	90	129	135	85
Shares Repurchased	(1)	(5)	0	0	0
Dividends Paid	(486)	(658)	(685)	(705)	(718)
Preferred Dividends					
Other Financing Cashflow	(0)	0	(0)	(0)	(0)
<b>Cash Flow From Financing</b>	<b>422</b>	<b>6,532</b>	<b>950</b>	<b>1,521</b>	<b>3,433</b>
Total Cash Generated	338	(572)	2,981	6,852	10,847
<b>Free Cashflow To Equity</b>	<b>120</b>	<b>0</b>	<b>3,537</b>	<b>7,423</b>	<b>11,480</b>
<b>Free Cashflow To Firm</b>	<b>353</b>	<b>(6,534)</b>	<b>2,848</b>	<b>6,232</b>	<b>8,478</b>

SOURCES: VNDIRECT 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	6,158	13,010	23,857
Total Debtors	1,560	1,815	2,758	3,236	3,608
Inventories	17,446	25,745	28,873	31,631	33,447
Total Other Current Assets	634	4,274	5,605	6,702	7,730
<b>Total Current Assets</b>	<b>23,390</b>	<b>35,012</b>	<b>43,394</b>	<b>54,579</b>	<b>68,642</b>
Fixed Assets	3,305	5,375	6,475	6,712	6,586
Total Investments	60	56	85	85	77
Intangible Assets	581	520	538	547	554
Total Other Non-Current Assets	805	745	1,260	1,462	1,514
<b>Total Non-current Assets</b>	<b>4,751</b>	<b>6,696</b>	<b>8,357</b>	<b>8,805</b>	<b>8,731</b>
Short-term Debt	5,797	13,031	13,930	15,901	19,934
Current Portion of Long-Term Debt					
Total Creditors	12,049	15,340	19,476	23,225	26,301
Other Current Liabilities	62	72	103	123	138
<b>Total Current Liabilities</b>	<b>17,907</b>	<b>28,442</b>	<b>33,509</b>	<b>39,249</b>	<b>46,374</b>
Total Long-term Debt	1,248	1,122	1,730	1,850	1,883
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	2	0	0	0	0
<b>Total Non-current Liabilities</b>	<b>1,250</b>	<b>1,122</b>	<b>1,730</b>	<b>1,850</b>	<b>1,883</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>19,157</b>	<b>29,565</b>	<b>35,239</b>	<b>41,100</b>	<b>48,257</b>
Shareholders' Equity	8,977	12,136	16,500	22,266	29,089
Minority Interests	6	8	13	19	27
<b>Total Equity</b>	<b>8,983</b>	<b>12,144</b>	<b>16,512</b>	<b>22,285</b>	<b>29,116</b>

### Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	30.4%	18.1%	39.0%	19.8%	12.9%
Operating EBITDA Growth	46.8%	26.0%	36.2%	15.8%	17.7%
Operating EBITDA Margin	5.89%	6.28%	6.16%	5.95%	6.21%
Net Cash Per Share (VND)	(7,829)	(24,503)	(20,580)	(9,984)	4,198
BVPS (VND)	21,328	27,092	35,737	46,888	59,868
Gross Interest Cover	8.87	8.73	8.21	9.48	9.48
Effective Tax Rate	23.9%	24.1%	24.1%	24.1%	24.1%
Net Dividend Payout Ratio	16.9%	17.2%	13.9%	11.1%	9.6%
Accounts Receivables Days	3.82	1.15	1.11	1.34	1.28
Inventory Days	75.58	95.33	87.09	80.75	77.20
Accounts Payables Days	40.04	44.82	41.67	41.08	41.92
ROIC (%)	41.6%	40.7%	29.1%	33.0%	37.5%
ROCE (%)	29.3%	26.5%	24.9%	25.6%	23.9%
Return On Average Assets	11.7%	10.8%	11.1%	11.4%	11.0%

### 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	2,102	2,162	2,162
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	1,800	2,200	2,600
SSS grth (% , 2ndary prrod/serv)	N/A	N/A	N/A	N/A	N/A

SOURCES: VNDIRECT 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.

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

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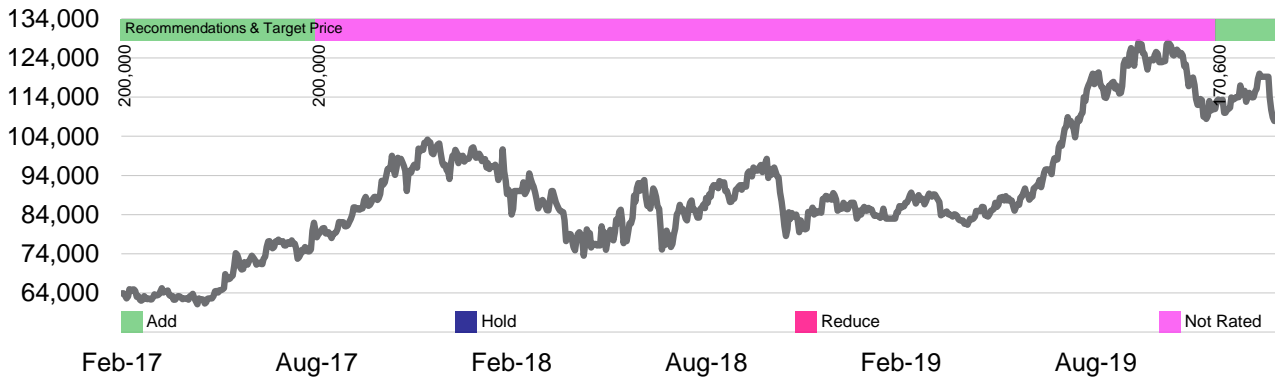
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2019		
798 companies under coverage for quarter ended on 31 December 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	61.4%	0.0%
Hold	25.2%	0.0%
Reduce	13.4%	0.0%

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, **BPCG** – 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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