

Vietnam

ADD (no change)

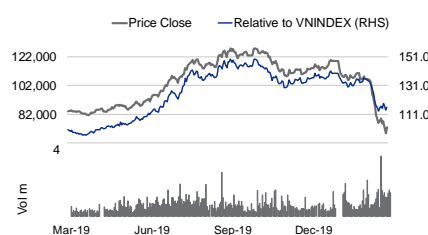
Consensus ratings*: Buy 15 Hold 0 Sell 0

Current price:	VND73,000
Target price:	VND142,100
Previous target:	VND170,600
Up/downside:	94.7%
CGS-CIMB / Consensus:	-12.0%
Reuters:	MWG.HM
Bloomberg:	MWG VN
Market cap:	US\$1,401m
	VND33,055,672m
Average daily turnover:	US\$3.47m
	VND81,053m
Current shares o/s:	453.3m
Free float:	92.7%

*Source: Bloomberg

Key changes in this note

- FY20F EPS decreased by 11.4%.
- FY21F EPS decreased by 9.1%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-31.8	-35.9	-12.9
Relative (%)	-7.7	-7.7	16

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

Covid-19 pressure lingers

- Confirmation of a DMX salesperson in Da Nang being infected with Covid-19 contributed to MWG's share price plunge to a three-year low on 16 Mar.
- MWG has no plans to adjust its FY20F business targets.
- We reiterate our Add rating with a lower TP of VND142,100 following the downward revision of FY20F/21F/22F EPS by 11.4%/9.1%/6.2%.

Share prices plunge in response to Covid-19 pandemic threat

For YTD 2020, the consumer discretionary sector's share prices have plummeted by 33.6% cumulatively, with MWG being one of the largest decliners (-39.7% YTD). In our view, the sell-off in MWG can be attributable to 1) the anticipation of declining demand for discretionary products amid the outbreak; and 2) concerns over the case of an employee of the consumer electronics chain DMX who tested positive for Covid-19 after having interacted with infected customers.

MWG to go through a trough

We expect the Covid-19 pandemic to continue to erode consumer confidence and directly affect MWG's businesses. Impact will be mixed: 1) consumer electronic chains TGDD/DMX's revenue would suffer further from declining consumption (-6.0%/-28.2% vs. old forecast), while 2) BHX could see a sales boost as consumers stock-up on groceries during the outbreak. We also project MWG's countermeasures in terms of cost-cutting (lower rental fees and improved productivity) would drive down SG&A costs by 20% vs. our earlier forecasts. As far as supplies are concerned, we do not expect MWG to face shortages in the near-term as the company has secured inventory supply of consumer electronics products for 1H20F and most grocery products are domestically sourced.

Changes to forecasts

We revise down our projections for MWG's FY20F/21F/22F net profits by 11.8%/10.0%/7.3% vs. our previous forecasts on the back of 1) lower consumer demand for electronics products that will cut FY20F/21F/22F revenues by 19.0%/13.1%/10.3% vs. previous forecast, and 2) slower-than-expected store openings (-19.0% vs. previous estimates). Our adjustments reflect our elevated level of caution over the pandemic impact in 1H20F as well as its longer-term implications on MWG's consumer electronics businesses.

Reiterate Add rating with a lower TP of VND142,100

We lower our FY20F/21F/22F core EPS forecasts by 11.4%/9.1%/6.2%.and cut our DCF-based TP to VND142,100 which implies an FY20F P/E of 14.8x. Our unchanged Add call on MWG is supported by: 1) BHX's ongoing expansion, 2) growing revenue per store with more product diversification, and 3) gross margin expansion in all businesses. Key downside risks are: 1) slower-than-expected store openings by BHX, and 2) a prolonged Covid-19 pandemic affecting consumption in Vietnam. Re-rating catalyst is BHX's faster-than-expected expansion.

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (VNDb)	86,516	102,174	115,044	147,891	172,305
Operating EBITDA (VNDb)	5,094	6,420	7,924	9,119	11,007
Net Profit (VNDb)	2,879	3,834	4,342	5,700	6,909
Core EPS (VND)	6,839	8,560	9,583	12,301	14,557
Core EPS Growth	25.0%	25.2%	11.9%	28.4%	18.3%
FD Core P/E (x)	9.37	8.44	7.70	6.00	5.08
DPS (VND)	1,500	1,501	1,501	1,501	1,501
Dividend Yield	2.05%	2.06%	2.06%	2.06%	2.06%
EV/EBITDA (x)	6.67	6.80	5.57	4.46	3.20
P/FCFE (x)	225	811,111	NA	5	3
Net Gearing	36.7%	90.4%	70.2%	33.0%	2.1%
P/BV (x)	3.42	2.69	2.11	1.63	1.29
ROE	38.7%	36.3%	31.0%	30.9%	28.6%
% Change In Core EPS Estimates			(11.4%)	(9.1%)	(6.2%)
CGS-CIMB/Consensus EPS (x)			0.91	0.97	0.96

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

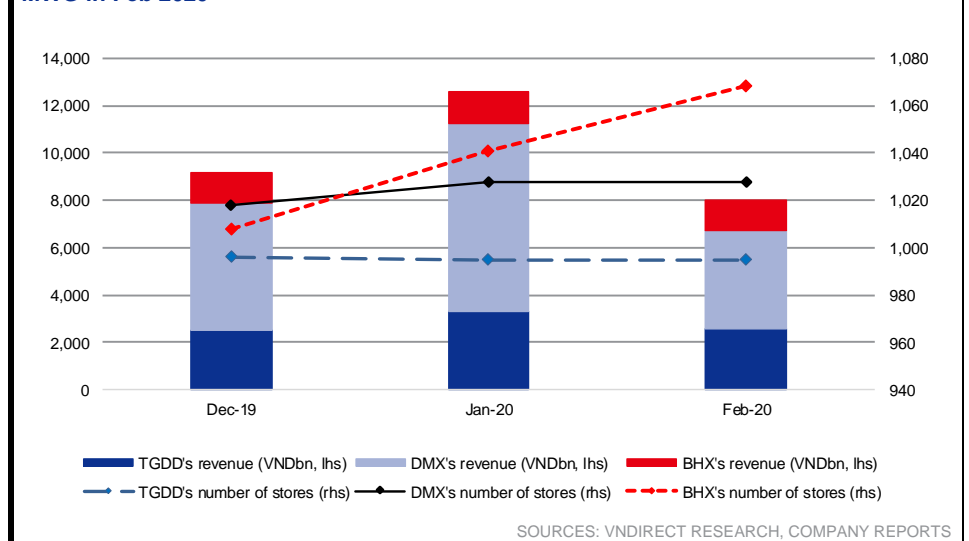
Covid-19 pressure lingers

MWG starts developing symptoms of Covid-19 infection

Consumer electronics businesses fail to sustain organic growth. In 2M2020, TGDD and DMX recorded VND17,953bn in total sales (+15% yoy), mainly thanks to 1) 264 DMX stores opened in 2019, 2) revenue of white goods and home appliances growing by more than 15% yoy, and 3) laptops' turnover jumping by 80% yoy due to high demand from students and employees working from home during the Covid-19 outbreak. As for the businesses' organic growth, we estimate that monthly revenue per DMX store slid by 14.7% yoy compared to the average revenue per store in 2M19.

Grocery chain (BHX) becomes the saviour. For 2M20, BHX registered a 155% yoy revenue growth and made up 12.6% of MWG's total revenue (vs. 5.8% in 2M19), mainly driven by: 1) a full-year's contribution of 603 BHX stores opened in FY19, with average revenue per store in 2M20 stable at VND1.2bn (+2.2% yoy), 2) 60 new stores opened in 2M20, and 3) online orders in Feb surging by nearly 30% (double the average number of monthly orders in 2019). BHX's online business has been available outside of HCMC and in Bien Hoa – Dong Nai province since Dec 2019.

Figure 1: MWG's businesses' monthly YTD tracker shows the pandemic started to hit MWG in Feb 2020



MWG to start applying countermeasures to cushion Covid-19 impact. MWG has shared its plans to mitigate the impact of the Covid-19 pandemic, including 1) boosting sales through the online channel and prioritising the sales of high-demand products during the outbreak period, and 2) cost cutting by negotiating with landlords for lower rental rates, restricting new recruitment and optimising the operation of stores and offices.

Earnings revision

Figure 2: Earnings revision

	2020F			2021F			2022F			Comments
	Old	New	%Δ	Old	New	%Δ	Old	New	%Δ	
Net revenue	142,041	115,044	-19.0%	170,194	147,891	-13.1%	192,135	172,305	-10.3%	FY20F: We revised downwards our revenue forecast in the context of the pandemic to reflect 1) the curb in consumer electronics demand which implies lower revenue per TGDD/DMX stores (-9.3%/-15.8% vs. old forecasts), 2) slower-than-expected store openings (-19.0% vs. previous forecast) and 3) the stock-up trends to secure BHX's revenue growth per store which was offset by slower store openings
TGDD	32,596	30,630	-6.0%	32,858	30,902	-6.0%	33,248	31,294	-5.9%	
DMX	80,923	58,081	-28.2%	92,209	74,115	-19.6%	99,363	82,976	-16.5%	
BHX	28,522	26,333	-7.7%	45,127	42,874	-5.0%	59,524	58,035	-2.5%	FY21-22F: We expect store opening rate to go back on track and the demand for discretionary to restore and bring TGDD and DMX's revenue in FY21F back to pre-pandemic level (-6.0%/-19.6% vs. old forecast)
<i>Net revenue growth</i>	<i>39.0%</i>	<i>12.6%</i>		<i>19.8%</i>	<i>28.6%</i>		<i>12.9%</i>	<i>16.5%</i>		
Gross profit	27,270	22,145	-18.8%	33,458	29,175	-12.8%	38,291	34,479	-10.0%	
Gross profit margin	19.2%	19.2%	+0.0% pts	19.7%	19.7%	+0.0% pts	19.9%	20.0%	+0.1% pts	
Selling expenses	17,719	14,125	-20.3%	21,510	18,757	-12.8%	24,358	21,948	-9.9%	FY20F: We reduced our SG&A expenses forecast in accordance to MWG's attempts in reducing operating costs with lower rents and less staff working hours
<i>% of revenue:</i>	<i>12.5%</i>	<i>12.3%</i>	<i>-0.2% pts</i>	<i>12.6%</i>	<i>12.7%</i>	<i>+0.1% pts</i>	<i>12.7%</i>	<i>12.7%</i>	<i>+0.0% pts</i>	
G&A expenses	2,841	2,071	-27.1%	3,404	2,810	-17.5%	3,843	3,274	-14.8%	FY21F: More aggressive promotions and marketing campaigns to boost sales
<i>% of revenue:</i>	<i>2.0%</i>	<i>1.8%</i>	<i>-0.2% pts</i>	<i>2.0%</i>	<i>1.9%</i>	<i>-0.1% pts</i>	<i>2.0%</i>	<i>1.9%</i>	<i>-0.1% pts</i>	
Operating profit	6,710	5,949	-11.3%	8,544	7,608	-11.0%	10,090	9,257	-8.3%	
EBT	6,489	5,726	-11.8%	8,227	7,517	-8.6%	9,833	9,112	-7.3%	
Net profit	4,925	4,342	-11.8%	6,343	5,700	-10.1%	7,463	6,909	-7.4%	
<i>Net margin</i>	<i>3.5%</i>	<i>3.8%</i>	<i>+0.3% pts</i>	<i>3.7%</i>	<i>3.9%</i>	<i>+0.2% pts</i>	<i>3.9%</i>	<i>4.0%</i>	<i>+0.1% pts</i>	

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Valuation

We reiterate our Add call with a lower DCF-based TP of VND142,100 due to reductions of 11.4%/9.1%/6.2% in our FY20F/21F/22F core EPS forecasts. We apply the sum-of-parts 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 with a view that 1) the consumer electronics segment will return to its pre-outbreak revenue level in FY21F and resume its growth momentum with an FY20-30F EBIT CAGR of 4.1% (vs. 2.7% level in our previous forecast), and 2) the grocery segment would narrow the gap with TGDD and DMX starting from 2024F with an EBIT CAGR of 5.6% in FY24-30F for the segment.

We have also factored in 1) a higher market risk premium of 11.0% (vs. 10% in our previous projection) and 2) a higher beta of 0.94x (from 0.80x previously) given the recent market uncertainties and the sensitivity of MWG's businesses to the pandemic.

Figure 3: Assumption adjustments

Cost of Capital	Current	Previous
Beta	0.94	0.80
Market Risk Premium	11.0%	10.0%
Risk Free Rate	4.0%	4.0%
Cost of Equity	14.3%	12.0%
Cost of Debt	8.0%	8.0%
WACC	12.4%	10.6%

SOURCES: VNDIRECT RESEARCH

Figure 4: Discounted Cash Flows - TGDD and DMX

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
EBIT	5,835	6,866	7,343	7,204	7,112	7,588	7,816	8,067	8,353	8,666	8,751
Tax	-1,354	-1,638	-1,746	-1,709	-1,696	-1,817	-1,872	-1,936	-2,337	-2,431	-2,299
Depreciation	1,188	321	395	446	390	394	200	190	160	121	82
Capex	-413	-311	-187	-190	-194	-198	-202	-206	-210	-214	-223
Change in work cap	-2,470	868	749	637	584	827	259	273	308	378	-475
Free Cash Flows	2,786	6,106	6,554	6,388	6,196	6,794	6,201	6,388	6,274	6,520	5,836
Present Value of FCF	2,507	4,885	4,719	4,088	3,594	3,533	2,852	2,619	2,321	2,152	1,751

SOURCES: VNDIRECT RESEARCH ESTIMATES

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

Figure 5: Discounted Cash Flows – BHX

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
EBIT	112	741	1,913	3,256	5,343	6,403	7,165	7,918	8,574	9,268	9,191
Tax	-26	-174	-450	-765	-1,256	-1,505	-1,684	-1,861	-2,015	-2,178	-2,160
Depreciation	786	1,187	1,353	1,467	1,310	908	805	861	916	970	926
Capex	-2,088	-1,925	-1,521	-966	-912	-945	-978	-632	-651	-673	-695
Change in work cap	65	382	389	564	210	1	-222	-433	-640	-310	-1,042
Free Cash Flows	-1,151	211	1,684	3,556	4,695	4,862	5,086	5,853	6,184	7,077	6,220
Present Value of FCF	-1,001	160	1,111	2,027	2,348	2,091	1,933	1,931	1,732	1,769	1,306

SOURCES: VNDIRECT RESEARCH ESTIMATES

Figure 6: DCF valuation - TGDD & DMX

DCF Method	Amount	Unit
PV of Free Cash Flows	32,219	VNDbn
PV of Terminal Value (2.0% growth)	17,075	VNDbn
Enterprise value	49,294	VNDbn
Cash and cash equivalents	2,542	VNDbn
Total debts	-14,153	VNDbn
Equity Value	37,675	VNDbn
Shares	453	million
Price per share	83,100	VND/share

SOURCES: VNDIRECT RESEARCH ESTIMATES

Figure 7: DCF valuation - BHX

DCF Method	Amount	Unit
PV of Free Cash Flows	14,101	VNDbn
PV of Terminal Value (2.0% growth)	11,953	VNDbn
Enterprise value	26,054	VNDbn
Cash and cash equivalents	682	VNDbn
Total debts	0	VNDbn
Equity Value	26,736	VNDbn
Shares	453	million
Price per share	59,000	VND/share

SOURCES: VNDIRECT RESEARCH ESTIMATES

Figure 8: Summary of valuation for MWG

	Method	Equity value per share (VND)
TGDD and DMX	DCF	83,100
BHX	DCF	59,000
Target price		142,100
2020F P/E at target price		14.8
2021F P/E at target price		11.6

SOURCES: VNDIRECT RESEARCH

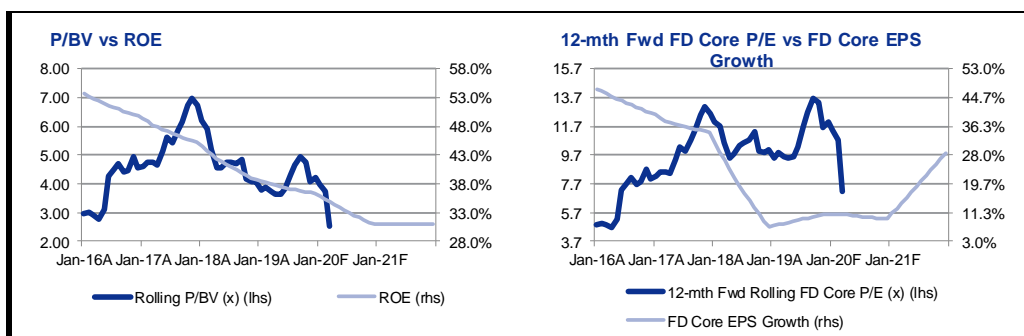
Our TP implies an FY20F P/E of 14.8x. As can be seen in the peer comparison table below, CE retailers offer lower price multiples compared to grocery retailers, especially during the outbreak due to its high cyclical risks. Based on our projection, MWG should trade at a premium to CE retail peers' average, 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 9: Peer comparison

Company	Ticker	Recom.	Target Price (local currency)	Market Cap (US\$ m)	EPS growth (%)		P/E (x)		P/B (x)		ROE (%)		ROA (%)		
					FY20F	FY21F	FY20F	FY21F	FY20F	FY21F	FY20F	FY21F	FY20F	FY21F	
Consumer electronics peers															
Erajaya Swasembada Tbk PT	ERAA	IJ	ADD	2,800	401	228.0	17.4	2.8	2.4	0.5	0.4	18.3	18.3	10.5	10.7
FPT Digital Retail JSC	FRT	VN	NA	NA	139	4.3	-8.5	8.4	7.5	2.3	1.9	35.0	30.0	7.7	7.2
Challenger Technologies Ltd	CHLG	SP	NA	NA	135	NA	NA	NA	NA	NA	NA	20.7	NA	13.6	NA
Tsann Kuen Enterprise Co Ltd	2430	TT	NA	NA	95	NA	NA	NA	NA	NA	NA	3.3	NA	1.3	NA
Sunfar Computer Co Ltd	6154	TT	NA	NA	39	NA	NA	NA	NA	NA	NA	3.2	NA	2.0	NA
Average						116.2	4.5	5.6	5.0	1.4	1.2	16.1	24.2	7.0	9.0
Median						116.2	4.5	5.6	5.0	1.4	1.2	18.3	24.2	7.7	9.0
Grocery retailing peers															
Sumber Alfaria Trijaya Tbk PT	AMRT	IJ	NA	NA	2,692	49.1	21.6	40.6	32.9	5.6	5.0	14.6	14.2	3.7	4.1
Taiwan FamilyMart Co Ltd	5903	TT	NA	NA	1,607	23.6	21.2	27.5	24.1	8.3	7.7	34.8	29.9	3.9	5.2
Average						36.4	21.4	34.1	28.5	7.0	6.4	24.7	22.1	3.8	4.7
Median						36.4	21.4	34.1	28.5	7.0	6.4	24.7	22.1	3.8	4.7
MWG	MWG	VN	ADD	142,100	1,401	11.9	28.4	7.6	5.9	2.1	1.6	31	30.9	10.7	11.7

SOURCES: VNDIRECT RESEARCH, BLOOMBERG

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	86,516	102,174	115,044	147,891	172,305
Gross Profit	15,292	19,488	22,145	29,175	34,479
Operating EBITDA	5,094	6,420	7,924	9,119	11,007
Depreciation And Amortisation	-1,223	-1,443	-1,975	-1,511	-1,750
Operating EBIT	3,871	4,977	5,949	7,608	9,257
Financial Income/(Expense)	-94	61	-246	-120	-179
Pretax Income/(Loss) from Assoc.	-2	-3	0	0	0
Non-Operating Income/(Expense)	12	19	23	30	34
Profit Before Tax (pre-EI)	3,786	5,053	5,726	7,517	9,112
Exceptional Items					
Pre-tax Profit	3,786	5,053	5,726	7,517	9,112
Taxation	-906	-1,217	-1,380	-1,812	-2,196
Exceptional Income - post-tax					
Profit After Tax	2,880	3,836	4,346	5,706	6,916
Minority Interests	-2	-2	-4	-6	-7
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	2,879	3,834	4,342	5,700	6,909
Recurring Net Profit	2,879	3,834	4,342	5,700	6,909
Fully Diluted Recurring Net Profit	2,879	3,834	4,342	5,700	6,909

Cash Flow

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	5,094	6,420	7,924	9,119	11,007
Cash Flow from Inv. & Assoc.	-2	-3	0	0	0
Change In Working Capital	-1,981	-6,454	-3,208	746	909
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	12	19	23	30	34
Other Operating Cashflow	50	-235	605	261	-74
Net Interest (Paid)/Received	-94	61	-246	-120	-179
Tax Paid	-830	-1,092	-1,380	-1,812	-2,196
Cashflow From Operations	2,249	-1,286	3,719	8,224	9,501
Capex	-1,484	-3,067	-2,501	-2,237	-1,708
Disposals Of FAs/subsidiaries	1	1	2	3	4
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	-850	-2,752	-780	-1,227	-813
Cash Flow From Investing	-2,332	-5,818	-3,279	-3,460	-2,517
Debt Raised/(repaid)	203	7,104	-1,888	2,143	3,755
Proceeds From Issue Of Shares	705	90	60	144	101
Shares Repurchased	-1	-5	0	0	0
Dividends Paid	-486	-658	-675	-696	-712
Preferred Dividends					
Other Financing Cashflow	-0	0		-0	
Cash Flow From Financing	422	6,532	-2,503	1,591	3,145
Total Cash Generated	338	-572	-2,063	6,354	10,129
Free Cashflow To Equity	120	0	-1,449	6,906	10,740
Free Cashflow To Firm	353	-6,534	1,146	5,475	7,853

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	1,114	7,468	17,597
Total Debtors	1,560	1,815	2,328	2,888	3,298
Inventories	17,446	25,745	28,368	30,989	32,786
Total Other Current Assets	634	4,274	4,540	5,824	6,932
Total Current Assets	23,390	35,012	36,349	47,169	60,613
Fixed Assets	3,305	5,375	5,901	6,626	6,581
Total Investments	60	56	69	74	69
Intangible Assets	581	520	529	540	548
Total Other Non-Current Assets	805	745	1,114	1,334	1,408
Total Non-current Assets	4,751	6,696	7,612	8,573	8,606
Short-term Debt	5,797	13,031	11,273	13,572	17,521
Current Portion of Long-Term Debt					
Total Creditors	12,049	15,340	15,738	20,199	23,597
Other Current Liabilities	62	72	84	107	124
Total Current Liabilities	17,907	28,442	27,094	33,878	41,242
Total Long-term Debt	1,248	1,122	992	836	642
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	2	0	0	0	0
Total Non-current Liabilities	1,250	1,122	992	836	642
Total Provisions	0	0	0	0	0
Total Liabilities	19,157	29,565	28,086	34,714	41,884
Shareholders' Equity	8,977	12,136	15,863	21,011	27,309
Minority Interests	6	8	12	18	25
Total Equity	8,983	12,144	15,875	21,029	27,334

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	30.4%	18.1%	12.6%	28.6%	16.5%
Operating EBITDA Growth	46.8%	26.0%	23.4%	15.1%	20.7%
Operating EBITDA Margin	5.89%	6.28%	6.89%	6.17%	6.39%
Net Cash Per Share (VND)	-7,829	-24,503	-24,334	-14,813	-1,178
BVPS (VND)	21,328	27,092	34,616	44,848	56,806
Gross Interest Cover	8.87	8.73	8.43	10.69	10.66
Effective Tax Rate	23.9%	24.1%	24.1%	24.1%	24.1%
Net Dividend Payout Ratio	16.9%	17.2%	15.5%	12.2%	10.3%
Accounts Receivables Days	3.82	1.15	1.34	1.51	1.40
Inventory Days	75.6	95.3	106.6	91.2	84.4
Accounts Payables Days	40.04	44.82	46.21	39.87	41.37
ROIC (%)	41.6%	40.7%	25.8%	28.2%	33.2%
ROCE (%)	29.3%	26.5%	23.5%	25.8%	24.6%
Return On Average Assets	11.7%	10.8%	10.7%	11.7%	11.4%

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	2,084	2,129	2,129
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	1,628	2,168	2,568
SSS grth (% , 2ndary prod/serv)	N/A	N/A	N/A	N/A	N/A

SOURCES: VND RESEARCH, COMPANY REPORTS

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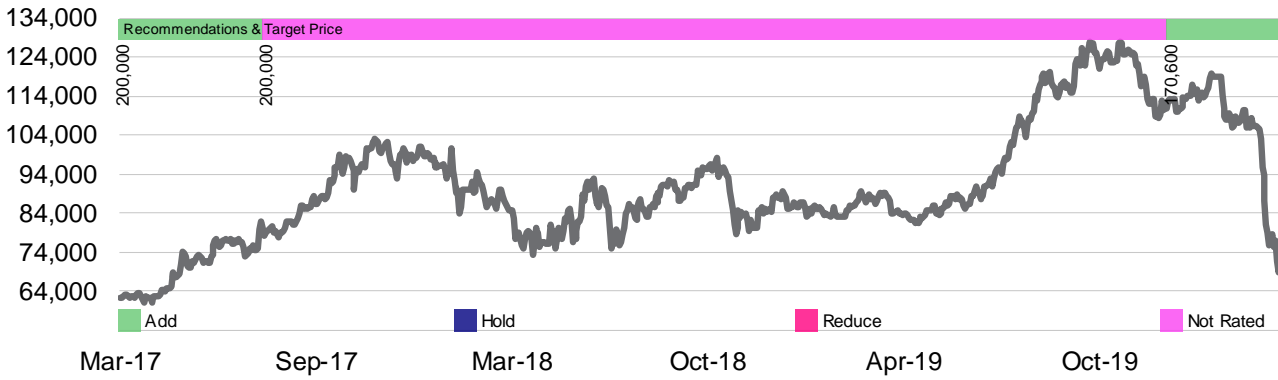
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2019		
798 companies under coverage for quarter ended on 31 December 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	61.4%	0.0%
Hold	25.2%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