



MWG Update- OUTPERFORM

June 4, 2025



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Company Update

Recommendation **OUTPERFORM**

HSX: MWG

Retail

Target price (VND)

67,600

Current price (VND)

62,400

Expected share price return

8.4%

Expected dividend yield

1.6%

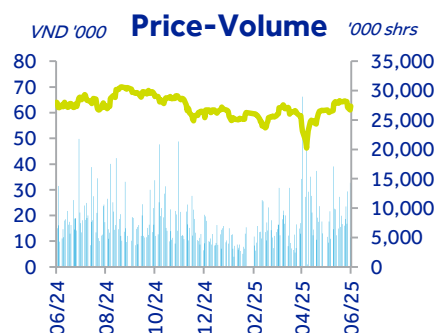
Expected total return

10.0%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	2.6	0.3	4.6	-3.3
Relative	-4.6	-9.2	1.7	-11.2

Source: Bloomberg



Ownership

Retail World Invst.	10.4%
Baillie Gifford & Co	3.3%
VietFund Management Ltd	2.2%
Mr. Tai Nguyen (Chairman)	2.2%

Stock Statistics Jun 3rd, 2025

Bloomberg code	MWG VN
52-week range (VND)	45,750 - 70,800
Shares O/S (m)	1,479
Mkt cap (VND bn)	92,581
Mkt cap (USD m)	3,530
Foreign room left (%)	1.0
Est. free float (m)	82.9
3m avg daily vol (shrs)	8,559,066
VND/USD	26,230
Index: VNIIndex / HNX	1347.25/228.9

MOBILE WORLD INVESTMENT CORP (MWG VN)

The company generated a 14.8% YoY upturn in net revenue and rosy growth of 71.4% YoY in EAT in 1Q2025, largely fueled by greater operational efficiency. We maintain our EAT growth projection at 27% YoY in 2025 and target price at VND67,600/share by the end of 2025. Rating **OUTPERFORM**.

MWG announced net revenue at VND36,135bn (+14.8% YoY) and EAT at VND1,548bn (+71.4% YoY) in 1Q2025, meeting 25% and 33% of our projections. 4M2025 net revenue achieved VND48,635bn, up by 13% YoY.

The surge in EAT was driven by improvements in operational efficiency and a 68.6% YoY jump in financial profit. Notably, the SG&A expenses to net revenue ratio reduced to 15.5% in 1Q2025 from 18.1% in 1Q2024 following the closure of underperforming stores.

TGDD & DMX recorded YoY revenue growth of 13.7% in 1Q and 10.9% in 4M2025. They aggregately accounted for 67% of MWG's top line and continued to be the primary contributors to the company's bottom line thanks to fortifying their profitability on a streamlined store network.

BHX accelerated the expansion of its store network, with 232 new stores opened in 1Q and 359 in 4M2025. It reported a 20.3% YoY revenue growth, capturing 31% of MWG's sales, but humble earnings of VND22bn in 1Q2025.

Contribution from the joint venture Era Blue was a profit of VND3bn in 1Q2025, with 99 stores in operation at the end of April 2025 (YE2024: 87). The company plans to increase the number of Era Blue stores to 150 by YE2025.

Outlook: For 2025, we sustain the projections that the company may deliver VND145,327bn of net revenue (+8.2% YoY) and EAT of VND4,748bn (+27.2% YoY), spurred by BHX's full-year earnings contribution and expansion of its store network, though TGDD & DMX are still the key earners. The company likely feels little direct negative impacts from the US's higher tariff policies in view of its predominantly domestic exposure; however, ICT products may feel the impacts indirectly due to consumer spending weakening once the economic picture worsens. Our target price for MWG by the end of 2025 is VND67,600/share, equivalent to a total return of 10%.

	2023	2024	2025F	2026F	2027F
Net Sales (VNDbn)	118,280	134,341	145,327	155,104	165,315
Growth	-11.3%	13.6%	8.2%	6.7%	6.6%
EBITDA (VNDbn)	4,018	7,167	6,428	6,978	7,408
EBITDA margin	3.4%	5.3%	4.4%	4.5%	4.5%
EAT (VNDbn)	168	3,733	4,748	5,297	6,294
Growth	-95.9%	2126.2%	27.2%	11.6%	18.8%
EPS (bonus-adjusted, VND)	115	2,545	3,234	3,570	4,199
Growth	-95.9%	2121.3%	27.1%	10.4%	17.6%
ROE	0.7%	14.6%	16.1%	16.0%	16.7%
Net debt/EBITDA (times)	(0.3)	(1.8)	(2.6)	(3.2)	(3.9)
EV/EBITDA (times)	19.5	10.9	12.2	11.2	10.6
EV/sales (times)	0.7	0.6	0.5	0.5	0.5
PER (times)	544.7	24.5	19.3	17.5	14.9
PBR (times)	3.9	3.3	2.9	2.6	2.3
DPS (VND)	500	1,000	1,000	1,000	1,000
Dividend yield	0.8%	1.6%	1.6%	1.6%	1.6%

Better operational efficiency following store network restructuring

MWG reported net revenue at VND36,135bn (+14.8% YoY) and EAT at VND1,548bn (+71.4% YoY) in 1Q2025. Improvements in the SG&A expenses to net revenue ratio, in addition to increased financial profit, bolstered the EAT performance.

The SG&A expenses contracted by 1.3% YoY, including a 40% YoY hike in G&A expenses – due to salary revision and an increased number of employees – and an 8.7% YoY decline in selling expenses – thanks to lower external services costs and depreciation following the store network restructuring process (in TGDD, DMX, An Khang). This combined with growth in the denominator (i.e net revenue) drove the SG&A expenses to net revenue ratio to ease to 15.5% in 1Q2025 from 18.1% in 1Q2024.

However, considering a large number of new BHX stores opened in March and April, we predict that this dramatic improvement may partially fade out in subsequent quarters. Nevertheless, the fact that many existing fixed assets may witness an end of depreciation in the coming time could be an offsetting factor.

	1Q2025	+/- YoY	Key drivers
Net revenue	36,135	+14.8%	Growth in all key chains including TGDD and DMX and BHX.
Gross profit	7,200	+7.3%	
<i>Gross margin</i>	<i>19.9%</i>	<i>-1.4 ppt</i>	
SG&A expenses	5,618	-1.3%	Mixed movements in SG&A expenses and net revenue.
<i>SG&A/net revenue</i>	<i>15.5%</i>	<i>-2.6 ppt</i>	
Financial profit	354	+68.6%	Increased interest income and lower exchange rate loss.
EAT	1,548	+71.4%	

Source: MWG; ACBS

TGDD & DMX drove the bulk of the overall earnings

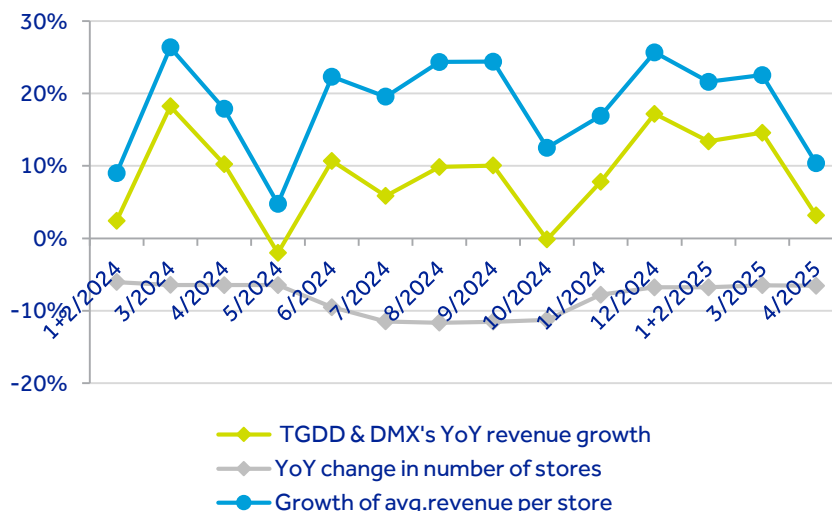
TGDD & DMX aggregately recorded a YoY revenue upturn of 13.7% in 1Q (and 10.9% in 4M2025, with the same-store sales growth of 10%). Their moderate revenue growth of just 3% YoY in April could be attributable to the high base of DMX's revenue in the same period last year, when severely hot weather spurred sales of air-conditioners and some other products.

Growth was posted in most of product categories in 1Q and 4M2025 – mobile phones and tablets were prominent for rising by more than 20% YoY – except electronics (which returned to growth in April following a slight fall in 1Q). With enhanced efficiency following the closure of underperforming stores, these chains continued to occupy the majority of MWG's earnings in 1Q2025 while BHX's remained modest.

TGDD+DMX's results	1Q2025	YoY growth
Revenue (VNDbn)	24,283	13.7%
Number of stores (as of 1Q2025)	3,044	
+/- stores YoY	-211	
+/- stores from YE2024	-3	

Source: MWG; ACBS

TGDD & DMX's YoY revenue growth



Source: MWG; ACBS

BHX accelerated expansion of network

BHX generated a 20.3% YoY upturn in revenue, to VND11,021bn, recording positive performance in the fresh food (+15-30%) and FMCG categories (+5-25% YoY) in 1Q2025. The result was driven by advances in both revenue per store and the number of stores.

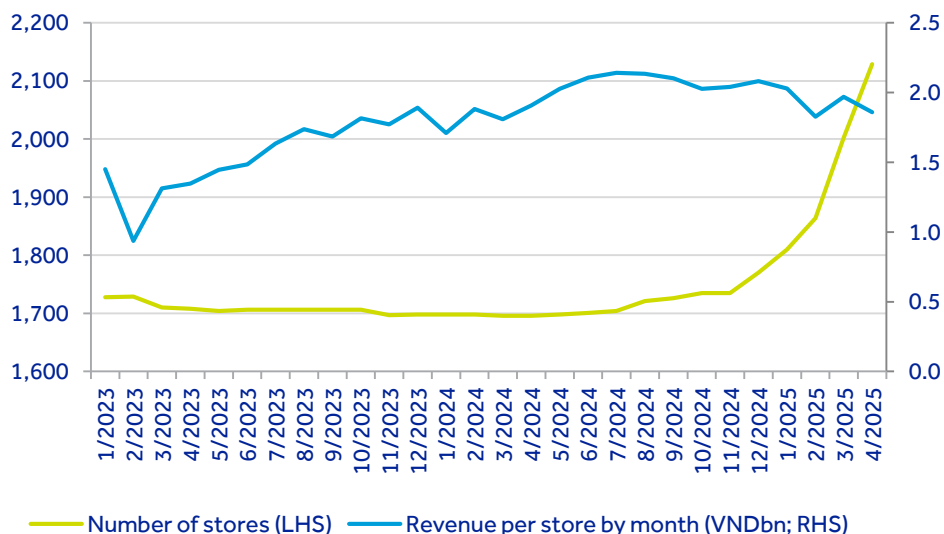
As a driver for future growth, BHX has resumed opening new stores since May 2024 and speeded up rapidly in the first months of 2025. The chain had 2,002 stores at the end of March and 2,129 at the end of April, versus 1,770 as of YE2024, with more than 50% located in the Central region, followed by the Mekong Delta and other areas (e.g. Ho Chi Minh City, the Central Highlands, and the Southeast region). It seems on-track to complete its initial target of opening 400 new stores in 2025. Additionally, a balance between new opening and efficiency has been underlined in the chain's expansion strategy.

Nonetheless, the acceleration of the store network might have put some pressures on BHX's profitability in 1Q2025 – making moderate profit of VND22bn. The company noted that the new stores have achieved positive operating profit after taking all direct store-level operating costs into account.

BHX's results	1Q2025	YoY growth
Revenue (VNDbn)	11,021	20.3%
Same-store sales growth	10%+	
Number of stores	2,002	
+/- stores from YE2024	+232	

Source: MWG; ACBS

BHX's revenue per store



Source: MWG; ACBS

An Khang reported revenue of VND515bn, with an unchanged number of stores at 326, and loss of VND31bn in 1Q2025.

2025 Forecast

We maintain our revenue projection for **TGDD & DMX** at VND93,717bn (+4.6% YoY) in 2025, upholding their roles as the crucial pillars. According to the company's management, they almost completed the target number of stores for closure. However, further optimization of the store network, comprising replacement and closure on a small scale, will be viewed as common practice for better business efficiency.

BHX is expected to keep elevating profit by optimizing expenses and boosting revenue rather than concentrating on profit margins. We sustain our projection that BHX may generate VND48,217bn (+17.3% YoY) of revenue in 2025. With a perspective of full-year profitability from 2025, its EAT is expected to jump by about four-fold YoY to VND372bn in 2025, albeit 29% lower than the prior update after reflecting the modest earnings in 1Q.

For **An Khang**, we maintain projections that its contribution to MWG's net revenue remains negligible at c.2% and it may not turn profitable in 2025.

Valuation

We sustain the projections that the company may deliver VND145,327bn of net revenue (+8.2% YoY) and EAT of VND4,748bn in 2025 (+27.2% YoY) in 2025. Combining the DCF and EV/Sales methods, our **target price for MWG by YE2025 is VND67,600 /share.**

MWG FINANCIALS MODEL	Price (VND):	62,400	Target (VND):	67,600	Mkt cap (VND bn):	92,581
(VND bn except where stated)	2023	2024	2025F	2026F	2027F	
Total Net Sales	118,280	134,341	145,327	155,104	165,315	
<i>Sales growth (%)</i>	<i>-11.3%</i>	<i>13.6%</i>	<i>8.2%</i>	<i>6.7%</i>	<i>6.6%</i>	
CoGS	95,845	106,898	116,317	124,018	132,046	
Selling expenses ex-dep'n	17,639	17,217	18,075	19,287	20,630	
G&A expenses ex-dep'n	1,008	3,229	4,682	5,003	5,421	
Financial revenues excl. interest income	339	221	231	241	251	
Financial expenses excl. interest expense	109	51	55	58	61	
EBITDA	4,018	7,167	6,428	6,978	7,408	
<i>EBITDA margin (%)</i>	<i>3.4%</i>	<i>5.3%</i>	<i>4.4%</i>	<i>4.5%</i>	<i>4.5%</i>	
Depreciation	3,351	2,913	1,958	2,052	1,523	
Operating profit	667	4,253	4,471	4,926	5,885	
<i>Operating profit margin (%)</i>	<i>0.6%</i>	<i>3.2%</i>	<i>3.1%</i>	<i>3.2%</i>	<i>3.6%</i>	
Other profits/losses	-357	-401	5	5	5	
Profits/Losses from associates	-	-45	20	25	31	
Net interest expense	-380	-1,018	-1,310	-1,473	-1,687	
<i>as % of avg net debt</i>	<i>-454.2%</i>	<i>14.3%</i>	<i>8.8%</i>	<i>7.5%</i>	<i>6.6%</i>	
<i>Interest cover (x)</i>	<i>-1.8</i>	<i>-4.2</i>	<i>-3.4</i>	<i>-3.3</i>	<i>-3.5</i>	
Tax	522	1,093	1,057	1,132	1,315	
<i>Effective tax rate (%)</i>	<i>49.8%</i>	<i>20.7%</i>	<i>18.3%</i>	<i>17.7%</i>	<i>17.4%</i>	
Minority interest	0	11	19	25	31	
NPATMI	168	3,722	4,730	5,272	6,262	
Cash earnings	3,519	6,635	6,687	7,325	7,786	
Total number of shares	1,463,376,716	1,462,244,177	1,462,244,177	1,476,866,619	1,491,635,285	
EPS (VND) (after treasury shares)	115	2,545	3,234	3,570	4,199	
Bonus factor (x)	1.00	1.00	1.00	1.00	1.00	
Adjusted EPS (VND)	115	2,545	3,234	3,570	4,199	
<i>EPS growth (%)</i>	<i>-95.9%</i>	<i>2121.3%</i>	<i>27.1%</i>	<i>10.4%</i>	<i>17.6%</i>	

KEY CASHFLOW AND BS ITEMS	2023	2024	2025F	2026F	2027F
Increase in working capital	-107	-3,244	875	723	306
Capex	492	249	1,178	748	570
Change in investment in affiliates	106	-45	-25	0	32
Other cashflow items	429	978	704	841	772
Free cash flow	3,458	10,653	5,363	6,695	7,650
Share issues	-9	1,763	-	146	148
Dividends paid	731	731	1,461	1,476	1,491
Increase in net debt	-2,717	-11,684	-3,901	-5,365	-6,307
Net debt, end of year	-1,275	-12,959	-16,861	-22,225	-28,533
Shareholders' equity	23,346	27,758	31,026	34,968	39,887
BVPS (VND)	15,964	18,993	21,229	23,689	26,754
Net debt / equity (%)	-5.5%	-46.7%	-54.3%	-63.6%	-71.5%
Net debt / EBITDA (x)	-0.3	-1.8	-2.6	-3.2	-3.9
Total assets	60,111	70,438	69,804	68,382	66,994

KEY RETURN AND VALUATION RATIOS	2023	2024	2025F	2026F	2027F
ROE	0.7%	14.6%	16.1%	16.0%	16.7%
ROA	0.3%	5.7%	6.7%	7.6%	9.3%
ROIC	-0.6%	15.8%	25.4%	30.4%	40.8%
WACC	13.1%	13.1%	13.1%	13.1%	13.1%
EVA	-13.6%	2.7%	12.4%	17.4%	27.7%
PER (x)	544.7	24.5	19.3	17.5	14.9
EV/EBITDA (x)	19.5	10.9	12.2	11.2	10.6
EV/FCF (x)	22.6	7.3	14.6	11.7	10.2
PBR (x)	3.9	3.3	2.9	2.6	2.3
PSR (x)	0.8	0.7	0.6	0.6	0.6
EV/sales (x)	0.7	0.6	0.5	0.5	0.5
PEG (x, 3 yr prospective)	0.8	0.0	1.1	1.2	0.9
Dividend yield	0.8%	1.6%	1.6%	1.6%	1.6%

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DISCLAIMER

Our Recommendation System

BUY: prospective 12 month VND total return (including dividends) will be more than 20%.

OUTPERFORM: prospective 12 month VND total return (including dividends) will be 10% to 20%.

NEUTRAL: prospective 12 month VND total return (including dividends) will be -10% to 10%.

UNDERPERFORM: prospective 12 month VND total return (including dividends) will be will be -20% to -10%.

SELL: prospective 12 month VND total return (including dividends) will be lower than -20%.

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