

16 November 2023

RECOMMENDATION**BUY**

Fair price	65,900 VND
Current price	41,500 VND
Upside/downside	57.3%

STOCK INFORMATION

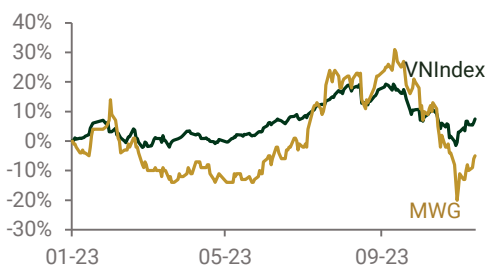
Outstanding shares (mil)	1,462.560
Free float (mil)	1,170.048
Market cap. (billion VND)	60,696.24
3m avg. volume (shares)	9,178,993
Foreign ownership (%)	45.3%
First listing date	07/07/2014

OWNERSHIP

The giới ban le Investment Consulting Ltd.	10.48%
Arisaig Asia Fund Limited	4.32%
Nguyễn Đức Tài	2.40%
Trần Huy Investment Consulting .Ltd	2.20%
Wareham Group Limited	1.50%

KEY ATTRIBUTES

EPS (VND)	476
BVPS (VND)	15,901
Debt/Equity (%)	1.52
ROA (%)	1.22%
ROE (%)	2.95%
P/E	87.20
P/B	2.61
Dividend rate (%)	5

PRICE PERFORMANCE**COMPANY PROFILE**

MWG is the top Retail company in Vietnam. It is operating ICT chain, Electronics chain, Grocery chain, Pharmacy chain and venturing into different segments.

ANALYST(S)

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Sailed through the storm

- Preliminary revenue for October 2023 reached over 11,000 billion VND (+1% YoY)
- Revenue and Profit for the first 9 months of the year (YTD) were 86,858 billion VND (-15.5% YoY) and 77.511 billion VND (-97.8% YoY), respectively.
- The ICT sector has bottomed out.
- Bach Hoa Xanh (Green Grocery) is expected to break even by the end of this year.
- The stock is currently trading at a forward P/E ratio of 173.9x, significantly higher than the 5-year median of 15.0x, mainly due to the bottoming out of profits. We maintain our TP and Recommendation.

3Q Earnings Results

The revenue results were relatively in line with our expectations, while the after-tax profit did not meet our forecast. The revenue and net profit after tax (NPAT) for the first 9 months of the year (YTD) reached 86,858 billion VND (-15.5% YoY) and 77.5 billion VND (-95.7% YoY), respectively, which is 5.6% and 12.9% lower than our latest forecast. However, we do not consider this a poor result; on the contrary, it shows some positive signals.

Maintain our opinion about the ICT had bottomed out in the end of 1Q and the beginning of 2Q

As we have previously noted, the bottom of the ICT retail market likely occurred at the end of Q1 and the beginning of Q2. The simultaneous occurrence of several adverse factors in Q1, such as weak purchasing power, a backlog of iPhone 14 Pro Max inventory (partly due to price wars), and a tightening personal consumer lending market, has severely depressed the business results of ICT products, even when considering weak purchasing power. However, these factors have now eased.

BIẾN ĐỘNG GIÁ CỐ PHIEU

The company's revenue has shown signs of recovery, with a gradual QoQ increase over the quarters (+2.8% in Q3). The YoY decrease rate through Q1, Q2, and Q3 is also narrowing, reaching -25.7%, -14.2%, and -5.4% respectively, indicating recovery even when excluding seasonal factors (back-to-school shopping season). After-tax profit in Q3 also recorded an increase of 122.9% compared to the previous quarter.

The general market for electronics and phones has declined by 25-30%. With its pricing strategy, MWG has restored 85% of cumulative revenue in the past three quarters, and market share has increased from 5%-25% in various product groups and brands, according to the management. The company will continue to maintain a competitive pricing strategy and will strive to find a balance between protecting market share and ensuring profit.

However, one should not overly anticipate a brilliant recovery as the management indicates that the most optimistic outlook for Q4 would be equivalent to the same period in previous years and purchasing power is still weak. We believe that a U-shaped bottom is a reasonable expectation, with recovery possibly not appearing until 2H24.