

MOBILE WORLD INVESTMENT CORPORATION (HSX: MWG)

Back on the growth race in the medium term by Bach Hoa Xanh

We observe that MWG is reviving its business results growth from the 2023 lows, driven by net sales growth and efficient cost management from BHX (after restructuring) offsetting for the unimpressive outlook of its core chains, TGDD&DMX, currently focusing on cost optimization.

• Thegioiiddong (TGDD) & Dienmayxanh (DMX):

- The core markets (ICT and consumer electronics) have entered a saturation phase, with annual sales growth ranging from 1-5%, expected to reach VND 263 trillion by 2028.
- The market share of the 2 chains has reached its limited level (~25% for TGDD & ~60% for DMX), amid fierce competition with young retail chains and the rising dominance of e-commerce platforms, which have no service differentiation, but owns a pricing advantage.
- Narrowing net profit margin (as they remain above industry average): Both chains have been forced to lower prices and increase discounts to stay competitive. They have streamlined their operations by closing stores, reducing store space, and downsizing staff, creating room for these policies over the next two years.

• Bachhoaxanh (BHX):

- The shift in consumer habits toward modern supermarket channels, particularly mini mart models like BHX, is occurring aggressively due to its alignment with Vietnam's traffic conditions. We estimate that the chain will increase its market share by 5.2% over the next five years, reaching 13.0% by 2028.
- The restructuring strategy's effectiveness has aided BHX to rapidly expand its market share in the modern supermarket channel (~35%) while generating profits for the Group.
- Expanding net profit margin (as they remain below industry average): Its positive net profit in Q2-2024, combined with efforts to reduce operating costs, implying a significant room for BHX to improve its net margin to the industry average of 2.0-3.0% over the next 3-5 years. Its Net profit is projected to reach approximately VND 2,708 bn (USD 108 mn) by 2028.

We expect a business recovery in 2024, with the NPAT-MI reaching VND 4,003 bn (USD 159 mn; +2,287% YoY). Corresponding EPS will be VND 2,737. In the long term, net profit is projected to achieve CAGR of 12.6% during 2024-28, reaching VND 6,438 bn (USD 255 mn) by 2028.

Regarding valuation, from our cautious perspective, the current stock price has reflected the long term growth prospects, with a fair value of VND 63,700 per share, equivalent to 2025 fwd P/E of 20.8x. Therefore, we recommend **NEUTRAL** based on the closing price on October 14th, 2024.

Risks

- MWG must record the high cost arising from ESOP plan (0.5-3%)/year when Vietnam switches their accounting standard from VAS to IFRS. (not yet factored into the valuation).
- The TGDD & DMX chains could lose market share more quickly than expected, while the nationwide expansion of BHX stores may not replicate the success seen in the southern market.
- Erablue chain, partnered with Erajaya poses upside/ downside risks (not yet included in the valuation).

Key financial ratios

Y/E Dec (VND bn)	FY2021	FY2022	FY2023	FY2024F	FY2025F	FY2026F
Net revenue	122,958	133,405	118,280	130,694	142,012	155,079
%change	13.3	8.5	-11.3	10.5	8.7	9.2
EBITDA	8,775	10,170	3,684	6,969	7,028	6,933
PAT	4,899	4,100	168	4,003	4,478	5,606
% change	25.0	-16.3	-95.9	2287.2	11.9	25.2
Net margin (%)	4.0	3.1	0.1	3.1	3.2	3.6
ROA (%)	13.0	16.3	0.7	8.6	9.0	10.4
ROE (%)	7.8	7.3	0.3	6.1	6.6	7.7
Basic EPS (VND)	6,868	2,800	114	2,737	3,062	3,834
Book value (VND)	28,552	16,333	15,941	18,199	20,759	23,991
Cash dividend per share (VND)	500	1	500	500	500	500
P/E (x)	20.1	15.7	377.3	24.6	22.0	17.6
P/BV (x)	4.8	2.7	2.7	3.7	3.2	2.8

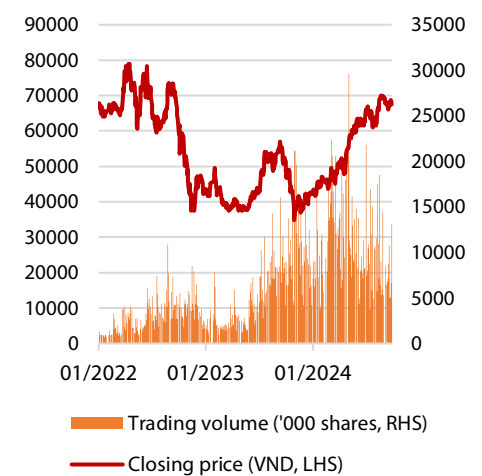
Source: MWG, RongViet Securities. Based on the closing price on September 27th, 2024.

NEUTRAL

Market price (VND)	63,600
Target price (VND)	63,700

Stock Info

Sector	Retail
Market Cap (VND Bn)	76,037
Share O/S (Mn)	1,462
Beta	1.4
Free Float (%)	60
52 weeks high	70,000
52 weeks low	35,100
Average trading volume (20 sessions)	470,051



Performance (%)

	3M	1Y	2Y
MWG	7.3	30.8	1.4
VN30 Index	4.9	15.7	14.4
VN-Index	2.5	11.9	10.7

Major shareholders (%)

Retail World INVT Consulti	10.49
Arisaig Asia Fund Ltd	3.45
Baillie Gifford & Co	3.15
Tai, Nguyen Duc	2.29
Others	80.62
Remaining Foreign Room (%)	2.13

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VALUATION
LONG-TERM VALUATION BY FCFF METHOD

DCF Assumptions	Value	Valuation summary	Unit: VND bn
WACC 2024	10,2%	DCF forecast time	5 years
Effective tax rate	20,0%	Discountable Free Cash Flow	70.894
Cost of Equity	15,1%	+ Cash & Equity at Valuation Date	29.673
Risk-free rate	2,52%	- Debt	23.866
Equity risk premium	9,0%	Equity Value	76.701
Beta	1,4	Number of Outstanding Shares (mn shares)	1.461,92
Exit EV/EBITDA	12,0x	Equity Value per Share (VND)	52.466

Table 1: Sensitivity scenario for MWG's Equity Value per Share (VND)

	Exit EV/EBITDA							
		9,0	10,0	11,0	12,0	13,0	14,0	15,0
	WACC	7.2%	47,467	50,933	54,399	57,865	61,331	64,798
	8.2%	45,989	49,319	52,650	55,980	59,310	62,640	65,970
	9.2%	44,580	47,780	50,981	54,182	57,382	60,583	63,784
	10.2%	43,235	46,312	49,389	52,466	55,544	58,621	61,698
	11.2%	41,950	44,910	47,869	50,829	53,789	56,749	59,708
	12.2%	40,723	43,570	46,418	49,266	52,113	54,961	57,809
	13.2%	39,550	42,291	45,031	47,772	50,513	53,254	55,994

SHORT-TERM VALUATION BY Sum-of-The-Parts METHOD (SoTP)

We have also applied a Sum-of-the-Parts (SoTP) valuation method for MWG, evaluating each of its key retail chains using the comparable method (P/E, P/S) depending on the features of each chain. The results are summarized in the table below:

	2024	2025
MWG target price (VND/share)	66,131	71,203

For each chain, we detail the comparative valuation methods as follows:

Thegioididong & Dienmayxanh (TGDD & DMX)

Company	Market cap	2023 Net revenue	2023 EBITDA	Gross margin	Net margin	2023 P/E	2023 EV/EBITDA
Erajaya Swasembada Tbk PT (Indonesia)	441	3.949	180	10,7	1,4	7,8	4,5
Electronic City (Indonesia)	103	559	18	16,8	0,5	6,9	4,4
Senheng New Retail (Malaysia)	108	289	18	21,1	1,9	19,4	6,6
Com7 PCL (Thailand)	1.592	1.917	126	13,2	4,1	19,3	13,8
Best Buy (US)	22.721	42.879	2.670	23,2	3,4	14,0	8,3
FPT Shop (Vietnam)		647	-13	10,1	-2,9		
5Y-median ICT/CE retailers (2018-2023)						12,1	6,1

Table 2: Sensitivity scenario for TGDD&DMX's Equity Value per Share (VND)

EPS (VND)	P/E									
		8.1	9.1	10.1	11.1	12.1	13.1	14.1	15.1	16.1
	2024	2,823	22,768	25,591	28,415	31,238	34,061	36,884	39,707	42,530
2025	2,676	21,581	24,257	26,933	29,609	32,285	34,961	37,637	40,313	42,989
2026	2,723	21,964	24,687	27,410	30,134	32,857	35,580	38,304	41,027	43,750
2027	2,615	21,089	23,704	26,319	28,934	31,549	34,164	36,779	39,394	42,009
2028	2,552	20,584	23,136	25,689	28,241	30,793	33,346	35,898	38,450	41,003

Source: RongViet Securities

Bachhoaxanh (BHX)

Company	Market cap	2023 Net revenue	2023 EBITDA	Gross margin	Net margin	2023 P/E	2023 P/S
PT Midi Utama Indonesia Tbk (Indonesia)	934	1.139	104	26,0	3,0	25,4	0,8
Robinsons Retail Holdings Inc (Philippines)	3.454	296	74	23,7	2,1	13,5	0,3
AEON Co. (M) Bhd (Malaysia)	333	906	153	43,6	2,8	13,0	0,4
Sumber Alfaria Trijaya Tbk PT - Alfamart (Indonesia)		7.022	541	21,6	3,2	37,8	1,1
Albertsons Cos Inc (US)	14.103	69.690	4.079	29,3	1,2	7,3	0,2
5Y-median grocery retailers (2018-2023)						21,1	0,4

Although the industry average P/S ratio is only 0.4x, we used a P/S of 1.12x for BHX's valuation, in line with its most recent capital-raising transaction. In Q2/2024, BHX completed a private placement of 5% of its shares to CDH Investments (China) for VND 1,773 bn (USD 70 mn), reflecting a P/S ratio of approximately 1.12x. CDH Investments agreed not to interfere in the operational management of the BHX chain.

Table 3: Sensitivity scenario for BHX's Equity Value per Share (VND)

SPS (*) (VND)	P/S										
		0.92	0.97	1.02	1.07	1.12	1.17	1.22	1.27	1.32	
2024	42,955	27,120	28,590	30,059	31,528	32,997	34,466	35,935	37,404	38,874	
2025	52,394	33,079	34,871	36,663	38,455	40,247	42,039	43,831	45,623	47,415	
2026	63,218	39,913	42,075	44,238	46,400	48,562	50,724	52,886	55,048	57,210	
2027	72,568	45,817	48,299	50,781	53,263	55,745	58,227	60,709	63,191	65,673	
2028	84,639	53,438	56,333	59,228	62,123	65,017	67,912	70,807	73,702	76,597	

Source: RongViet Securities | (*) SPS (Sales Per Share)

Investors may refer to the P/E valuation method for the BHX chain in the table below. BHX has been profitable since Q2-2024 and expected to generate significant profits for MWG in the coming years. This profitability could prompt the market to revalue the chain using the P/E method instead of the P/S approach.

EPS (VND)	P/E										
		17.1	18.1	19.1	20.1	21.1	22.1	23.1	24.1	25.1	
2024	24	403	426	450	473	497	520	544	567	591	
2025	430	7,371	7,801	8,231	8,661	9,091	9,521	9,952	10,382	10,812	
2026	1,142	19,567	20,708	21,850	22,991	24,133	25,275	26,416	27,558	28,700	
2027	1,588	27,225	28,814	30,402	31,991	33,579	35,168	36,756	38,344	39,933	
2028	1,853	31,754	33,606	35,459	37,312	39,164	41,017	42,870	44,722	46,575	

Source: RongViet Securities

An Khang

Company	Market cap	2023 Net revenue	2023 EBITDA	Gross margin	Net margin	2023 P/E	2023 P/S
Welcia Holding (Japan)	4,399	8,205	494	30.4	2.2	18.8	0.4
Yakuodo Holdings (Japan)	336	923	54	21.9	2.5	16.4	0.4
Yifeng Pharmacy Chain Co Ltd (China)	5,462	3,057	507	38.2	6.3	28.3	1.8
Yixintang Pharma A Equity (China)	1,863	2,353	270	33.0	3.2	24.7	0.8
DaShenLin Pharmaceutical Group Co LTd (China)	3,817	3,321	442	35.9	4.8	23.7	1.1
CVS Health Corporation (US)	97,481	342,932	19,724	15.2	2.3	10.1	0.3
Walgreens Boots Alliance, Inc. (US)	42,095	127,011	8,233	19.5	-2.2	14.0	0.3
5Y-median pharmacy retailers (2018-2023)						15.0	0.7

Table 4: Sensitivity scenario for AnKhang’s Equity Value per Share (VND)

SPS (* (VND)		P/S									
		0.50	0.55	0.60	0.65	0.70	0.75	0.80	0.85	0.90	
	2024	1,518	515	567	619	671	723	774	826	878	930
	2025	1,458	495	544	594	644	694	744	794	844	893
	2026	1,383	469	516	564	611	658	706	753	800	848
	2027	1,292	438	482	526	571	615	659	703	747	792
	2028	1,182	401	441	482	522	562	603	643	684	724

Source: RongViet Securities | (*) SPS (Sales Per Share)

We used two valuation methods — DCF for the long term and SoTP for the short term, each with a 40:60 weighting—the target stock price for MWG in the next 12 months is set at VND 63,700 per share. Over both the short term and the next five years, based on the closing price on October 14th, 2024, we believe the current market price of MWG has relatively reflected all its business potential.

We present aspects of MWG stock that support our valuation above in the following sections:

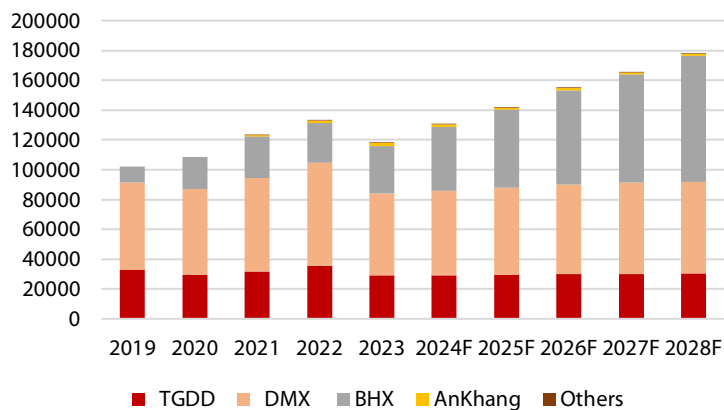
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FINANCIAL ANALYSIS & FORECAST IN 2024-28

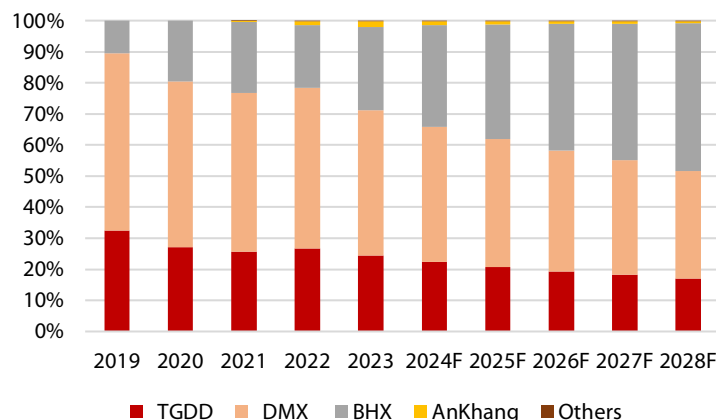
Revenue: MWG is aggressively developing new segments, focusing on BHX, as its core segments (TGDD, DMX) gradually enter the saturation phase. This strategy is showing positive signs.

Figure 1: MWG's net sales (VND bn)



Source: MWG, RongViet Securities

Figure 2: MWG's revenue contribution by segment (%)



Source: MWG, RongViet Securities

Note: We also visualize these data using table formality. More information in our Appendix [\(Refers to Page 37\)](#)

Regarding the sales forecast in 2024-28, we give assumptions:

Thegioididong (TGDD):

For 2009-17, due to its superior competitive advantages, TGDD expanded its market share intensely in a rapidly growing market. The compound annual growth rate (CAGR) of its revenue during this period was an impressive 43.2%/year [\(Refers to Page 15\)](#). However, from 2017 to 2023, as the ICT market entered a saturation phase, and MWG's market share reached the limited level amid increasing competition from other brick-and-mortar retailers and E-commerce platforms, CAGR of net sales declined to -3.6%/year [\(Refers to Page 17\)](#). We project this trend to persist in the long term, with revenue contribution of TGDD gradually dropping to 17.7% by 2028, down from 24.5% in 2023. The projected CAGR for TGDD's revenue during 2023-28 is 0.9%/year [\(Refers to Page 19\)](#)

Dienmayxanh (DMX): Like TGDD, DMX rapidly captured market share in a booming market, driven by well-timed strategies for 2012-17, achieving an extraordinary net sales CAGR of 91.4%/year [\(Refers to Page 20\)](#). However, for 2017-23, as the market reached its growth limits, net sales CAGR slowed to 24.3% per year, despite widening its coverage into rural areas during this time [\(Refers to Page 22\)](#). The market is becoming "crowded" due to the entry of other chains and the growing shift toward online shopping for high value & bulky items such as consumer electronics [\(Refers to Page 23\)](#). As a result, we anticipate its revenue contribution to decline to 35.9% by 2028 from 46.7% in 2023. The net sales CAGR for 2023-28 is 2.2%/year.

Bachhoaxanh (BHX): In the landscape of decelerating growth from its two core chains, MWG streamlined the structure of TGDD&DMX and concentrated its resources on exploiting the potential of BHX chain starting in 2016. However, "ill-advised" policies pushed BHX into a phase of mounting losses between 2017 and 2021, despite a great revenue CAGR of 108.6%/year [\(Refers to Page 25\)](#). The chain carried out a major restructuring policy in 2022, leading to a slower revenue CAGR of 5.9%/year in 2021-23 but gradually improving cost efficiency. [\(Refers to Page 26\)](#)

For 2024-28, we believe that BHX is in a solid position due to owning stabilized its store opening formula and signaling a return to aggressive chain expansion in 2024 [\(Refers to Page 26\)](#). We project that the chain's contribution to MWG's total revenue will ramp up to 47.5% by 2028 from 26.7% in 2023, with a expected revenue CAGR of 21.8%/year during this period.

An Khang: Due to mainly allocating resources to BHX, combined with the rapid growth of biggest rival – Long Chau pharmacy chain, has hindered An Khang's sales growth. By 2023, An Khang held only a 1.6% market share in Vietnam's pharmaceutical retail sector, compared to Long Chau's 11.0% market share, despite both chains having operated for a similar period (Refers to Page 29). In 8M-2024, An Khang reduced its store count by -214 YoY, and kicked off a restructuring phase similar to BHX. We forecast that An Khang's market share will continue to shrink, reaching just 0.6% by 2028, with its contribution to MWG's total revenue dropping from 1.9% in 2023 to 0.7% in 2028.

Other Segments (AVAKids Mother & Baby Chain): Owing to its minus contribution in the overall revenue (0.3% in 2023), this segment does not significantly impact MWG's sales growth or valuation. We project flat revenue for this segment over the 2024-28, remaining at VND 306 bn (USD 12 mn).

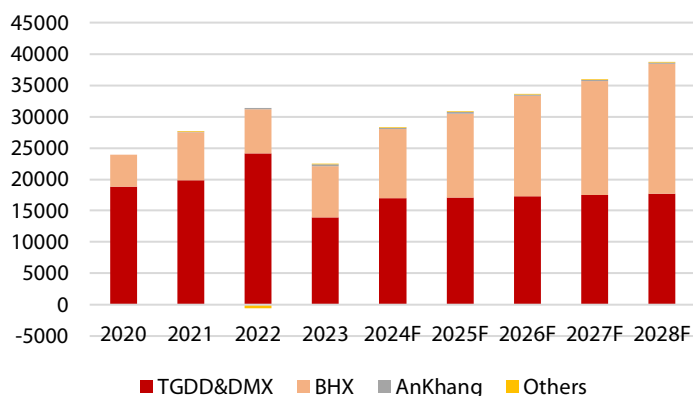
Cost structure: The narrowing profit margins in MWG's core segments (TGDD, DMX) are expected to be offset by a higher revenue contribution from a newer segment with a better margin (BHX). The Group's financial operations (finance income/expenses) will provide further support to the overall profit margin. Therefore, we believe MWG has the potential to return to a net margin of ~3.5% over the next five years.

Gross margin

Thegioididong (TGDD) & Dienmayxanh (DMX): MWG's successful formulas in the past (particularly the advantage in customer service) are gradually being copied by other retail chains (Refers to Page 17, Page 23). Along with the trend of lower prices for ICT/CE products on online platforms, we project the gross profit margin for these two chains will decline in the long term, reaching the industry average of 19.2% (Refers to Page 33). However, in the short term (2024), this metric is expected to recover, reaching 19.8%, as the end of a pricing war, and the instability of their biggest competitor, FPT Shop (which is currently experiencing restructuring stage). (Refers to Page 19)

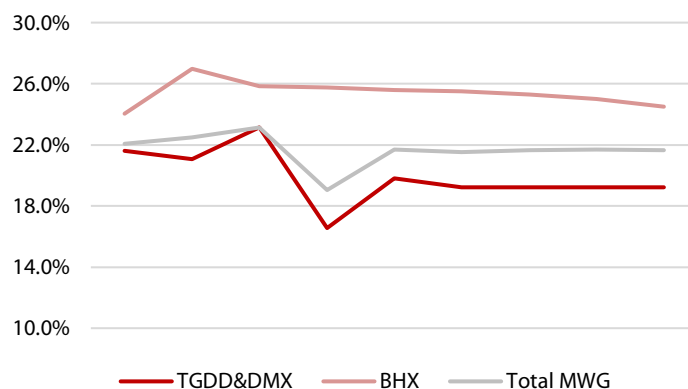
Bachhoaxanh (BHX): Although its product offerings are not different from other grocery chains, BHX has managed to achieve a better-than-average gross profit margin (25-26.0% vs. the industry average of 24.5-25.0%) thanks to its scale of economics and direct sourcing strategies from suppliers and local farms. This allows BHX to enjoy a competitive pricing policy during 2021-24 (Refers to Page 27). However, in the long term, as the chain expands into new regions and faces heightened competition from Winmart+ and potential rivals like KingfoodMart and Co.op Foods, we project BHX's gross margin will decrease to the industry average. (Refers to Page 35)

Figure 3: MWG's gross profit (VND bn)



Source: MWG, RongViet Securities

Figure 4: MWG's gross margin (%)



Source: MWG, RongViet Securities

Note: We also visualize these data using table formality. More information in our Appendix. (Refers to Page 37)

SG&A expenses

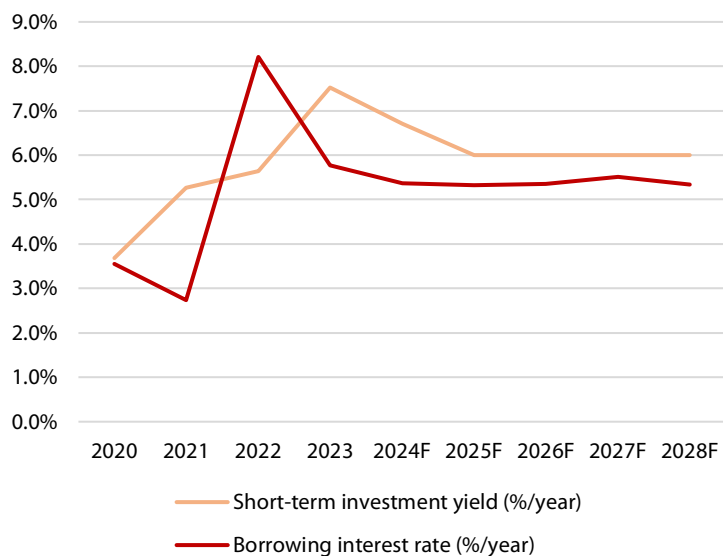
Thegioididong (TGDD) & Dienmayxanh (DMX): SG&A expense/exp/Net sales has been lifting in recent years due to the intense competition, which has forced these chains to implement more advertising, marketing activities, and promotion to maintain its market share (Refers to Page 23). We expect this trend to continue in both the medium and long term, pushing the SG&A/ exp/Net revenue closer to the industry average (Refers to Page 33). We expect this ratio to increase by an average of 0.5%/year, reaching 16.0% by 2028, up from 14.0% in 2023.

Bachhoaxanh (BHX): There remains headroom for improvement in the SG&A/ exp/Net sales for BHX compared to similar grocery chains globally (Refers to Page 35). We have already witnessed positive signs that BHX has been optimizing costs continuously, beside the 2023-24 business data supporting this argument (Refers to Page 25). We project that the SG&A/ exp/Net sales will decline to the industry average, reaching 20.5% by 2028, down from 29.5% in 2023. (*)

(*) We also noted that BHX operates essentially as a supermarket separated into many mini marts, leading to a higher cost structure. For instance, costs related to warehousing, staffing, store rentals, and transportation are more significant due to the fragmented nature of multiple sales points, compared to a centralized model like a traditional supermarket. This decentralized approach inherently increases operational complexity and expenses.

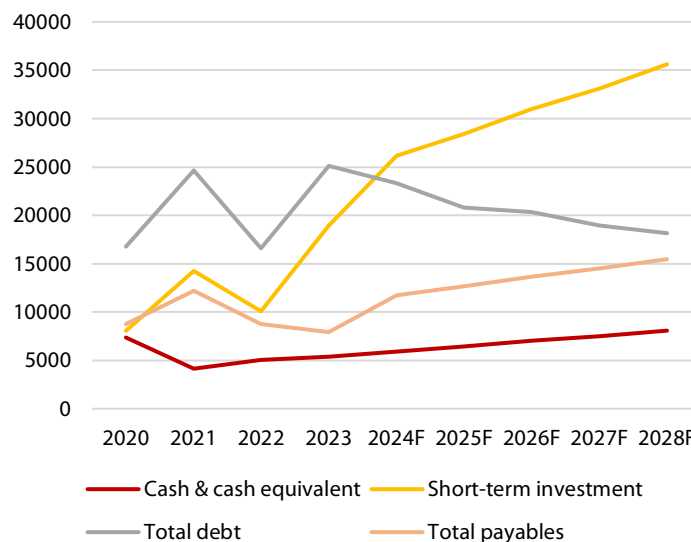
MWG's capital investment activities: We highlight one of the key items significantly impacting MWG's net profit—its finance income/expenses. We believe that MWG engaged in short-term investments, including term deposits, bonds, and other financial instruments, benefiting from attractive interest rates. These investments are financed through low-cost borrowing or by leveraging payment terms with suppliers, capitalizing on the company's scale advantage. This activity generates approximately VND 1,000 bn (USD 40 mn) annually for MWG for 2024-28.

Figure 5: Description of MWG's investment yield and borrowing interest rate (%)



Source: MWG, RongViet Securities

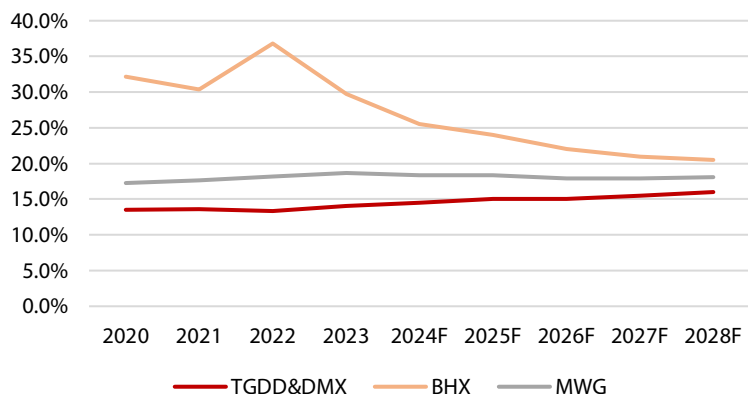
Figure 6: Description of MWG's capital business activities (VND bn)



Source: MWG, RongViet Securities

Net margin: MWG maintained a stable net margin of around 3.0-4.0% from 2013 to 2022, which was higher than the industry standard due to its strong competitive advantages and capital investment activities previously mentioned. However, this margin dropped to 0.1% in 2023 due to the weak performance of the ICT segment. Despite the narrowing margins in its core segments, TGDD & DMX, we expect MWG's overall net margin to stabilize at around 3.0% for 2024-25 and improve to roundly 3.6% during 2026-28. This outlook is based on 3 key factors: (1) Continued contribution from capital investment activities, (2) A higher revenue contribution from BHX, which has well-operated margin (up to 3.0% at its most efficient phase, similar to grocery chain models like Lianhua Market or the industry average) (Refers to Page 35), (3) Reduced losses from underperforming chains like An Khang.

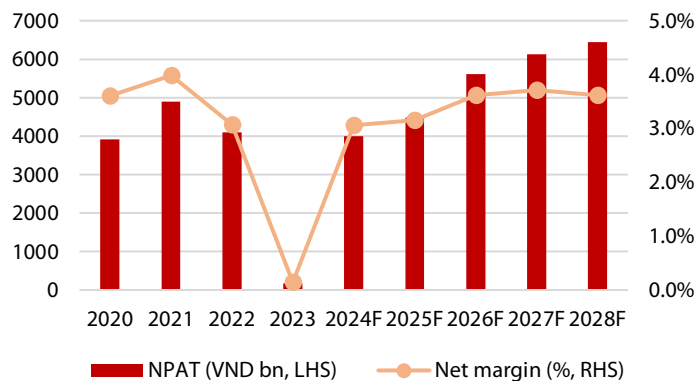
Figure 7: MWG's SG&A expenses/Net sales (%)



Source: MWG, RongViet Securities

Note: We also visualize these data using table formality. More information in our Appendix. (Refers to Page 38)

Figure 8: MWG's net income & net margin



Source: MWG, RongViet Securities

Asset highlights

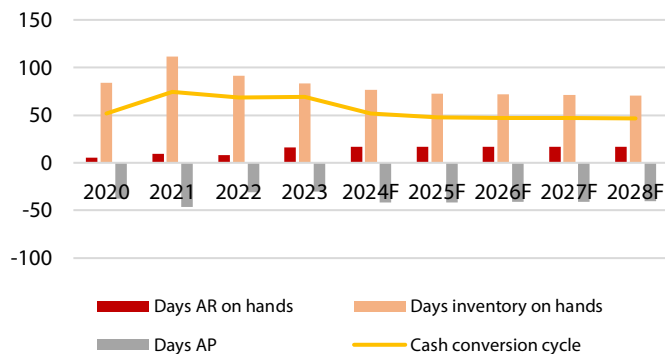
Working capital: MWG is optimizing its inventory management across all three chains—TGDD, DMX, and BHX—while also increasing supplier credit terms, leveraging its growing scale to accelerate cash flow. As a result, the company's cash conversion cycle is expected to improve to 47-50 days for 2024-28, down from 69 days in 2023.

We expect MWG will increase its account payable days to the industry average, as the company benefits from the growing scale of BHX. Besides, MWG will focus on reducing inventory days (*), leading to a faster cash conversion cycle, lower debt levels and reduced interest expenses, further enhancing the company's financial flexibility and operational efficiency.

(*) Thegioididong (TGDD) & Dienmayxanh (DMX): Both chains have been streamlining their operations to better manage inventory, and this trend has been reflected in the downtrend of inventory days in 2023-24. We anticipate the inventory days for ICT/CE products to decline to 80-85 days for 2024-28, which is the best historical performance for these two chains, from 91 days in 2023. However, this forecast remains higher than the industry average of 60 days due to the fragmented and underdeveloped transportation infrastructure in Vietnam, which is not as well suited for efficient logistics and distribution as in other countries.

Bachhoaxanh (BHX): The chain has followed up its inventory optimization policies (Refers to Page 26) in H1-2024. However, we believe that its inventory days are already reasonable compared to the industry average of 60-65 days. Therefore, we project a slight improvement in this metric, reducing inventory days to 60 for 2024-28, down from 65 days in 2023.

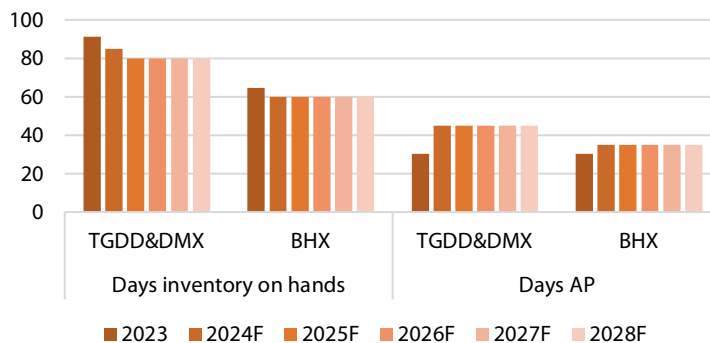
Figure 9: MWG's Projected efficiency ratios (days)



Source: MWG, RongViet Securities

Note: We also visualize these data using table formality. More information in our Appendix. (Refers to Page 38)

Figure 10: MWG's Projected efficiency ratios by chain (days)



Source: MWG, RongViet Securities estimates

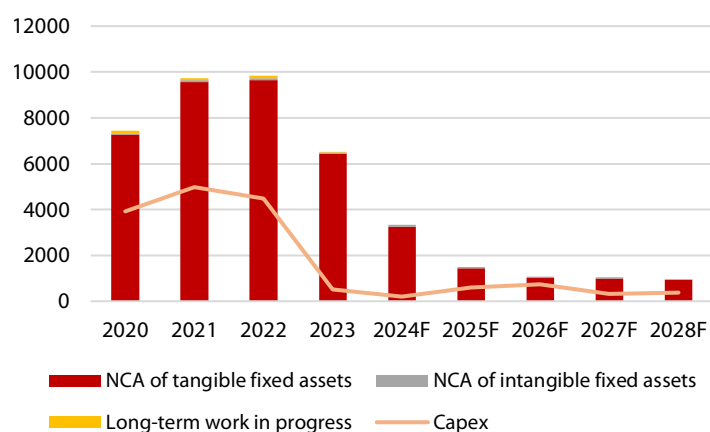
Fixed asset investment (Capex): In the retail model, store and warehouse (DC) investments represent the primary fixed asset expenditures. MWG has entered a phase of "quality over quantity," with the narrowing of store count in 2022-24, leading to a reduction in the NCA of fixed assets to VND 4,965 bn (USD 197 mn) at the end of Jun-2024, down from VND 9,777 bn (USD 388 mn) at the end of Dec-2021.

Store openings: we expect that the three chains—TGDD, DMX, and An Khang—will complete their store closures by the end of 2024 and maintain this store count for 2025-28. Conversely, BHX will be MWG's primary focus for expansion, with an additional 923 stores and 13 new warehouses by 2028 compared to 2023.

Additionally, the company plans to reinvest VND 75-90 bn (USD 3-4 mn) annually into life-for-life stores to maintain its solid sales growth for 2024-2028.

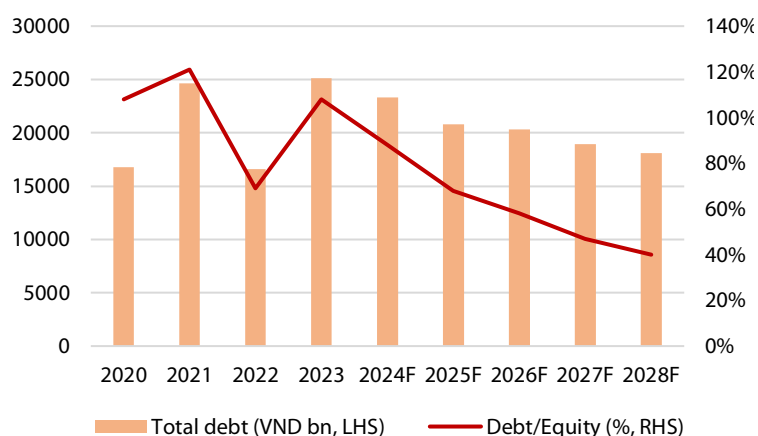
Debt: We note that a faster cash conversion cycle, combined with moderate investment for fixed assets, will help reduce debt levels and save on interest expenses for 2024-28. We project interest exp/net revenue will be around 1.0% in 2024 (a slight decrease of 0.2% compared to 2023) and drop to 0.7% for 2025-2028.

Figure 11: MWG's fixed assets (VND bn)



Source: MWG, RongViet Securities estimates

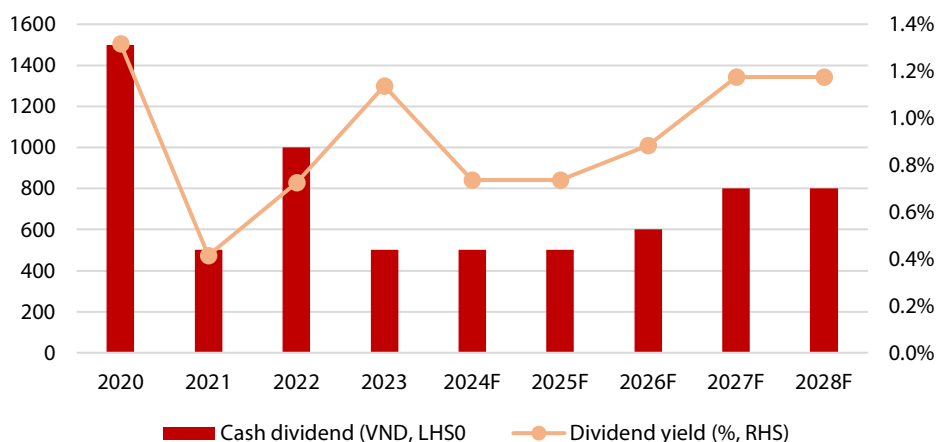
Figure 12: MWG's total debt (VND bn)



Source: MWG, RongViet Securities estimates

Cash dividend policy: MWG follows an annual cash dividend policy, distributing VND 500-1,000/share, equivalent to a dividend yield of 0.5-1.5% per year. This yield is lower than the average bank deposit interest rate (3-5% per year). Therefore, we believe MWG is not suitable for a dividend investment strategy.

Figure 13: MWG's cash dividend (VND)



Source: MWG, RongViet Securities

Note: We also visualize these data using table formality. More information in our Appendix. (Refers to Page 38)

Table 5: MWG's income statement (VND bn)

INCOME STATEMENT	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
Revenue	108,546	122,958	133,405	118,280	130,694	142,012	155,079	165,438	178,073
COGS	84,592	95,326	102,543	95,759	102,352	111,182	121,433	129,437	139,359
Gross profit	23,954	27,632	30,862	22,521	28,341	30,830	33,646	36,000	38,714
SG&A	18,738	21,738	24,218	22,084	23,943	26,164	27,814	29,721	32,375
Other Finance Expenses	0	40	20	108	84	67	69	86	55
EBITDA	7,410	8,775	10,170	3,684	6,969	7,028	6,933	6,605	6,814
Non-Operating expenses	46	49	580	394	652	94	94	94	94
Non-Operating income	44	55	62	37	68	0	0	0	0
Interest income	794	1,288	1,313	2,167	2,523	2,500	2,734	2,915	3,137
Interest expenses	594	674	1,362	1,448	1,250	1,405	1,384	1,333	1,261
Earnings before taxes (EBT)	5,410	6,472	6,056	690	5,004	5,601	7,019	7,682	8,067
Provision for taxes	1,490	1,570	1,955	522	1,001	1,120	1,404	1,536	1,613
Equity earnings in affiliates	-4	-2	0	0	0	0	0	0	0
Minority interest in earnings	2	3	2	0	2	35	93	129	150
Net income	3,918	4,899	4,100	168	4,003	4,478	5,606	6,133	6,438
Net margin	3.6%	4.0%	3.1%	0.1%	3.1%	3.2%	3.6%	3.7%	3.6%
EPS (VND per share)	8,633	6,868	2,800	114	2,737	3,062	3,834	4,194	4,403

Table 6: MWG's balance sheet (VND bn)

BALANCE SHEET	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
ASSETS									
Operating cash	7,348	4,142	5,061	5,366	5,929	6,442	7,035	7,505	8,078
Short-term investments	8,057	14,237	10,069	18,937	26,139	28,402	31,016	33,088	35,615
Account receivable (AR)	1,595	3,162	3,001	5,159	6,062	6,454	7,037	7,500	8,064
Inventory	19,422	29,167	25,696	21,824	21,443	22,061	23,876	25,254	26,932
Other current assets	895	1,247	750	665	734	798	871	929	1,000
Current assets	37,317	51,955	44,578	51,950	60,307	64,158	69,835	74,276	79,689
Net PPE	7,400	9,647	9,777	6,436	3,257	1,477	1,117	1,109	1,179
Investment in affiliates	53	0	231	747	747	747	747	747	747
Intangibles	28	80	74	69	63	58	53	47	42
Long-term assets	1,233	1,289	1,174	910	1,005	1,092	1,193	1,272	1,369
Non-current assets	8,714	11,016	11,256	8,161	5,073	3,374	3,109	3,175	3,337
Total assets	46,031	62,971	55,834	60,111	65,380	67,532	72,944	77,452	83,026
LIABILITIES									
Short-term notes	15,625	24,647	10,688	19,129	17,324	20,780	20,324	18,942	18,124
Account payable	8,728	12,180	8,746	7,927	11,731	12,633	13,682	14,482	15,458
Other current liabilities	5,069	5,766	6,566	3,710	3,710	3,710	3,710	3,710	3,710
Current liabilities	29,423	42,593	26,000	30,765	32,764	37,123	37,716	37,134	37,292
Non-current liabilities	1,127	0	5,901	5,986	5,986	1	1	1	1
Total liabilities	30,549	42,593	31,902	36,752	38,750	36,778	36,952	35,940	34,689
MINORITY INTEREST									
Minority interest	9	12	15	13	15	50	143	272	422
SHARE HOLDER'S EQUITY									
Preferred stock	0	0	0	0	0	0	0	0	0
Common stock	4,526	7,128	14,634	14,624	14,624	14,624	14,624	14,624	14,624
Retained earnings	10,390	12,675	8,724	8,160	11,428	15,172	19,899	24,859	30,125
Other equity accounts	557	563	560	562	562	562	562	562	562
Shareholder's equity	15,472	20,366	23,918	23,346	26,614	30,358	35,084	40,045	45,311
Total Equity	46,031	62,971	55,834	60,111	65,380	67,532	72,944	77,452	83,026

Source: MWG, RongViet Securities

VALUE CHAIN ANALYSIS OF THE ENTERPRISE

Company overview

Mobile world investment corporation (MWG) was established in 2004 and specialized in operating nationwide retail chains. We outlined the company's chain expansion throughout its milestones as follows:

(1) 2004-15: The company initialized its first retail chain in the ICT sector—Thegioididong (TGDD). This chain quickly advanced to become the market leader in Vietnam, capturing nearly 40% of market share at its peak, driven by exceptional customer service and the advantages of scale. Based on this successful formula, MWG launched its consumer electronics retail chain—Dienmayxanh (DMX) in 2010, which currently holds over 60% of the market share in this sector.

(2) 2015-2022: New chains introduced after 2015 did not achieve the same level of success as the earlier ventures. These included the grocery chain—Bach Hoa Xanh (2016), the pharmacy chain—An Khang (2017), the sports chain—AVA Sports, and the mother & baby chain—AVA Kids (2022), as well as the Apple monostore retail chain—Topzone (2022). These chains have yet to realize their goal of generating significant profits for the group.

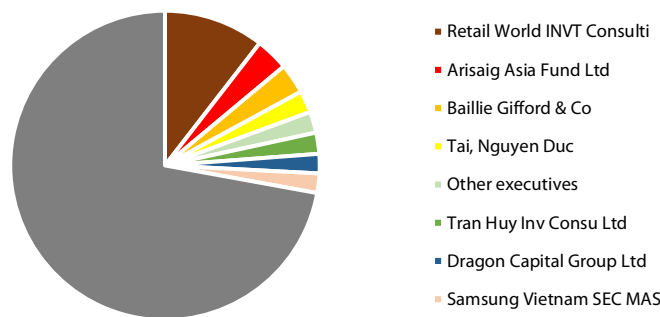
However, MWG is gradually improving the performance of Bachhoaxanh following a restructuring strategy in the 2022-23 period (further analysis to follow), with rapid sales growth and the first recorded positive profit in Q2-2024.

(3) 2023: The company entered a joint venture with Erajaya, the leading ICT retail chain in Indonesia, to launch the consumer electronics retail chain - Erablue in the Indonesian market.

For 2015-23, MWG achieved a compound annual growth rate (CAGR) of 21.3% in revenue, while NPAT experienced a CAGR of -20.7%.

Currently, MWG's shareholder structure is fragmented:(1) The Chairman of the Board and related entities (World Retail Investment Consulting Company Limited—where Mr. Tai serves as Chairman) currently hold 2.29% and 10.49%, respectively, (2) Several major investment funds, such as Baillie Gifford & Co, Tran Huy, Dragon Capital Group Ltd., hold stakes ranging from 1.0% to 3.5%, (3) Other executives hold 2.21% of the shares.

Figure 14: MWG's shareholder structure



Source: MWG, RongViet Securities

Regarding corporate structure, MWG is organized as a Group, comprising 11 subsidiaries and one joint venture, managing various business segments. MWG has made efforts to expand its value chain with multiple complementary sectors for its retail operation through its subsidiaries, such as logistics, agriculture cultivation and processing, installation and warranty services, and E-commerce. However, most of them have either stopped operations or have yet to generate significant impact compared to its core business.

Table 7: Statistics of MWG's subsidiaries and joint-ventures

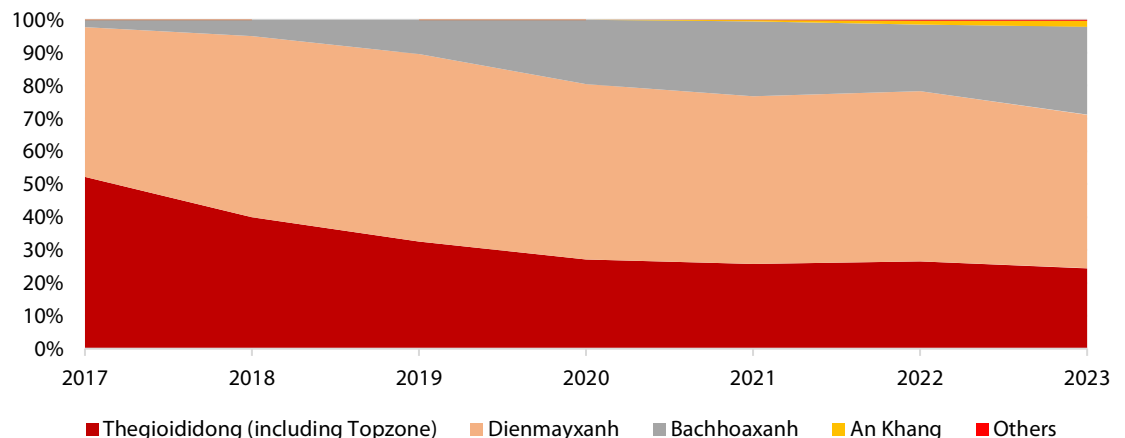
Company	Year of establishment/acquisition	MWG's ownership rate as of June 30, 2024	Status	Business
The Gioi Di Dong JSC	2004	99.95%	Operating	Trading of electronic equipment
Bach Hoa Xanh Trading JSC	2015	94.95%	Operating	Trading of food
Tran Anh Digital World JSC	2018 (M&A)	99.33%	Operating	Trading of electronic equipment
The Gioi Di Dong Information Technology Ltd	2017	100.00%	Operating	Information technology
MWG (Cambodia) Co.,Ltd (*)	2017	99.95%	Stop operating	Trading of electronic equipment
Conscientious Installation – Repair – Maintenance Service JSC	2019	99.99%	Operating	Installation, repairing of machinery equipment
An Khang Pharma Pharmacy JSC	2017 (M&A)	99.99%	Operating	Pharma retail
4K Farm JSC (*)	2020	99.99%	Stop operating	Agriculture
Fully Trusted Logistics JSC (*)	2021	99.99%	Stop operating	Logistics
Vui Vui Co.Ltd (*)	2016	100.00%	Stop operating	E-commerce
Bach Hoa Xanh Technology and Investment JSC	2022	94.99%	Operating	Holding
PT Era Blu Elektronik	2023	45.00%	Operating	Trading of electronic equipment

Source: MWG, RongViet Securities. (*) These subsidiaries are in the process of completing procedures for dissolution.

Core business

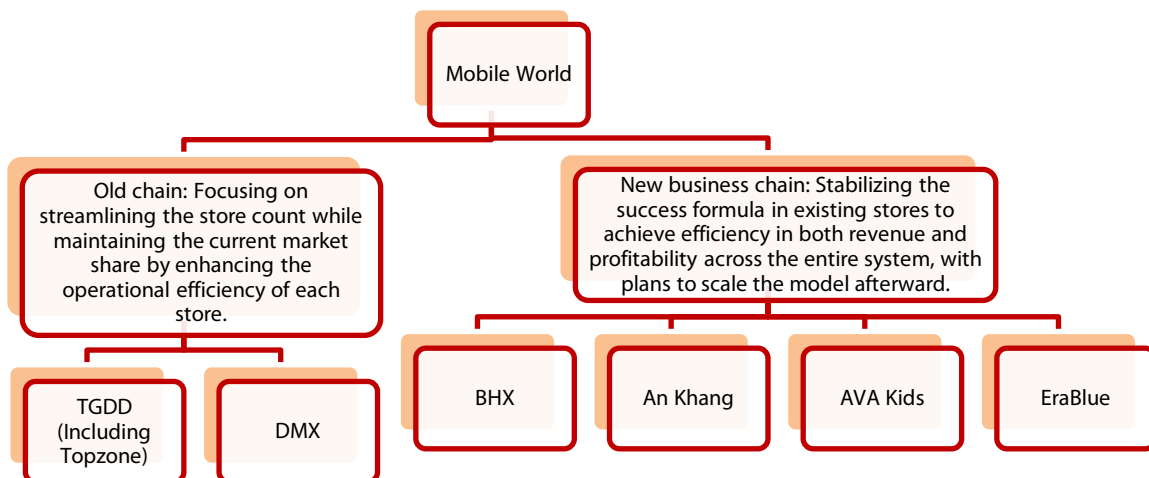
Revenue structure by chain, Thegioididong (TGDD), Dienmayxanh (DMX), and Bachhoaxanh (BHX) are the main contributors, accounting for 25%, 47%, and 27% of net sales in 2023, respectively. The revenue share of BHX chain has steadily increased since 2017, especially following the post-restructuring for 2022-23. This trend indicates that MWG is placing greater emphasis on the grocery segment to reduce its reliance on the ICT/CE market, which have gradually reached a saturation point over the past 5 years. Other retail segments (pharmaceuticals, sports goods, mother & baby products) contribute minimally to the overall revenue (below 2%).

Figure 15: Revenue by chain



Source: MWG, RongViet Securities

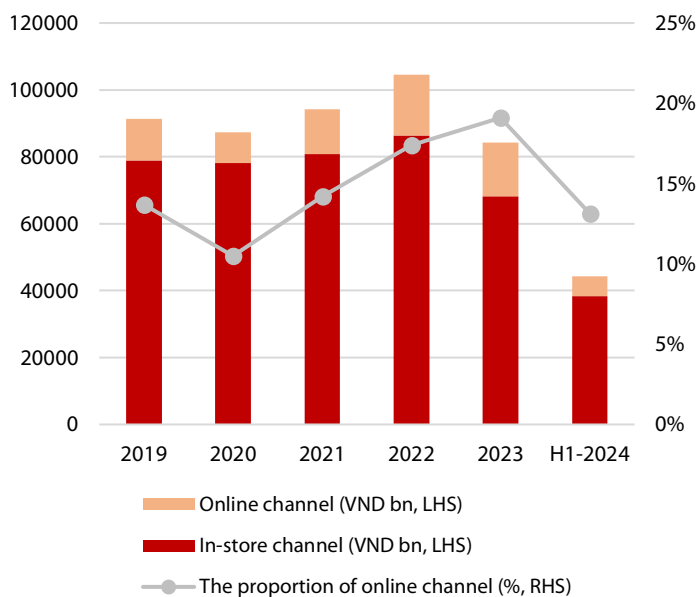
Figure 16: MWG's master plan



Source: MWG, RongViet Securities

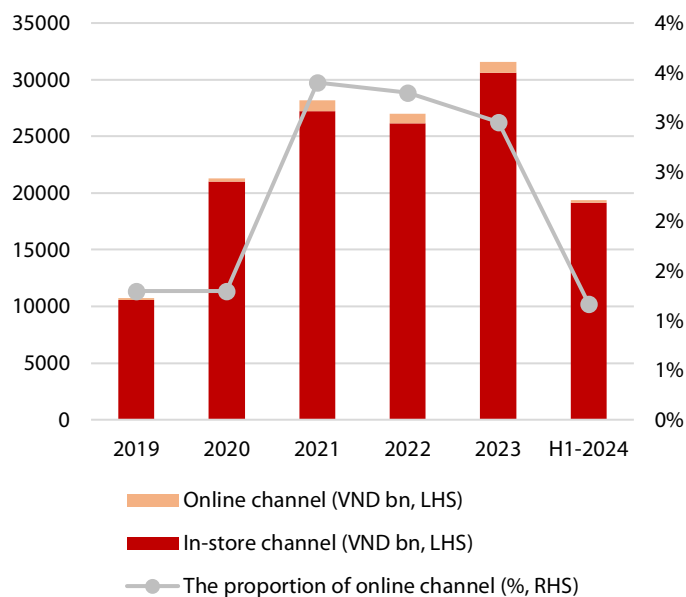
Revenue distribution by sales channel, MWG currently operates through two main channels: in-store sales and online sales via its self-operated websites. Following the trend of "online shopping" in consumer behavior, MWG has started to shift its business model towards a greater focus on the online channel, with its revenue share from online sales growing rapidly to around 18% in 2023, particularly for ICT&CE segments. However, this proportion remains relatively low, mainly since MWG struggles to compete with established E-commerce platforms in this space. This suggests that the company's revenue growth will likely remain closely tied to the expansion of its in-store channel in the future. [\(Analyst pinboard: ICT/CE retailing giants\)](#)

Figure 17: TGDD&DMX's net sales by channel



Source: MWG, RongViet Securities

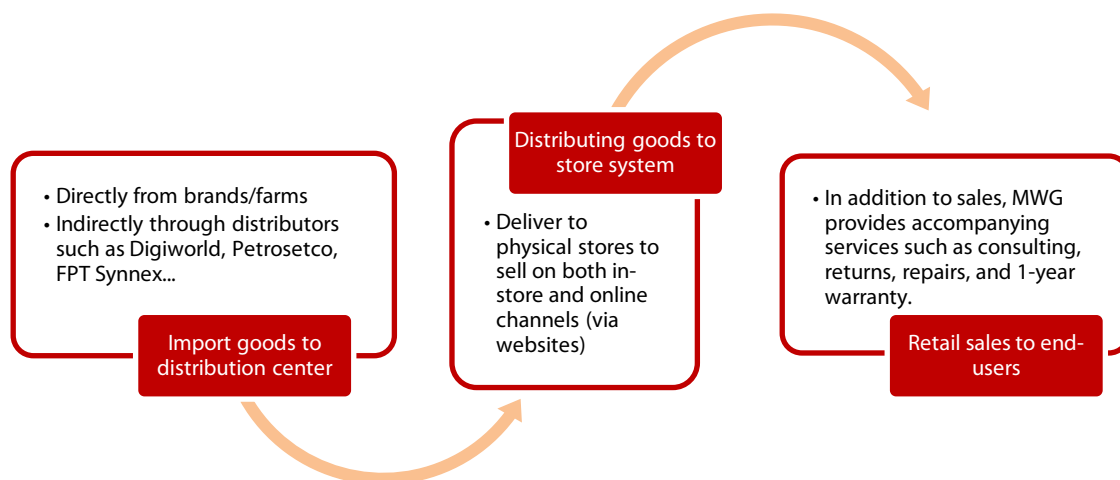
Figure 18: BHX's net sales by channel



Source: MWG, RongViet Securities

Corporate value chain

Figure 19: MWG's corporate value chain



The retail industry does not have high entry barriers, which means competition in this sector is always intense. Based on the above value chain, we outlined 6 key factors that determine success in this chain-based retail model:

(1) Market size and growth potential, arising from target sector: The potential growth of the retail chain largely depends on the size and prospects of the sector it penetrates (e.g., ICT, electronics, groceries, pharmaceuticals for MWG). Early identification of promising markets gives retailers a competitive edge over newcomers in finding growth opportunities and establishing a solid market positioning.

(2) Geographic location of the brick-and-mortar chain: The location of retail stores should be strategically aligned with population density and consumer behavior. For instance, selling consumer electronics—which are dispensable and high-value products—tends to perform better in Vietnamese southern region compared to its central region due to a more relaxed consumption pattern and higher population density. Additionally, geographic location plays a crucial role in selecting the product portfolio to reduce inventory wastage and optimize sales per store.

(3) Competitive pricing strategies: While low prices can attract more buyers, setting competitive prices or offering significant promotions depends on the store chain's bulky level of cost structure and the scale advantages it possesses.

(4) Store service quality throughout the customer lifecycle: Information gathering (well-designed advertising campaigns and informative, visually appealing websites that attract potential customers to stores) → In-store experience (parking services, customer consultations) → Purchase execution (delivery services, order payment processes) → post-sale support (installation services, warranty, customer care)

(5) SG&A expense management: Effective management of costs such as employee wages, store rental fees, logistics, transportation, and inventory write-offs are crucial, particularly for products with thin gross margins like ICT/CE segment or high outdated rates like groceries. This cost management directly influences the retail chain's pricing strategy mentioned in point (3);

(6) Consistency in performance control and service quality across the chain: A common pitfall for retail models during expansion is the lack of consistency in service quality, employee management, or especially in monitoring the business performance of individual stores to adjust strategies timely. This inconsistency often makes retailers "grow fast but shrink faster" as they fail to maintain their advantages when scaling from a smaller number of stores to a larger network.

From there, we analyze these key points related to each MWG retail chain as follows:

Thegioididong – ICT retail chain

Thegioididong is MWG's oldest retail chain, established in 2004. It operates in the ICT sector, offering a range of products including mobile phones, laptops, and tablets.

Table 8: Product Portfolio of the Thegioididong Chain

Tier-1 Products	Tier-2 Products	Brand
Mobile Phones	Features phones and Smartphones.	Apple, Samsung, Xiaomi, OPPO, Vivo, Realme, HONOR, TCL, TECNO, Nokia, Masstel
Laptops		HP, Asus, Acer, Lenovo, Dell, MSI, Apple, Samsung
Tablets		Apple, Samsung, Xiaomi, OPPO, TCL, HONOR, Lenovo, Masstel
Accessories	Mobile accessories (chargers, cables, power banks, phone cases, screen and camera protectors, phone stands, tablet pens, Air Tags, and Air Pod cases) Laptop accessories (mice, keyboards, routers, backpacks, laptop sleeves, stands, and software) Audio devices (headphones, microphones, and speakers) Smart devices (indoor and outdoor cameras)	Apple, Samsung, IMOOU, Baseus, JBL, Anker, Xmobile
Watches	Traditional watches Smartwatches	Citizen, Orient, Casio, MVW, ELIO, NAKZEN, G-SHOCK, BABY-G... Xiaomi, Apple, Samsung, Befit, Garmin, Huawei, Kidcare, Mykid, Masstel, Zwatch, Amazfit, imoo, Honor
Used devices, trade-ins SIM cards and top-up cards	All types of used products are included in MWG's product offerings	
Other services	Installment services, bill payment services, insurance cinema services, 3G/4G data packages, and game & phone top-up cards	

Source: MWG, RongViet Securities

Currently, the chain has two types of stores: traditional TGDD and Topzone (specializing in Apple products), as shown below:

Table 9: Business Models of the Mobile World Chain in the ICT Sector

Criteria	Standard TGDD	Topzone
Area (m ²)	100-200	50-120 m ² for the AAR model 120-220 m ² for the APR model
Number of stores as of August 2024	935	88
Average revenue per store (billion VND/month)	VND 1-3 bn	VND 2-4 bn for the AAR model VND 6-10 bn for the APR model
Year of establishment	March 2004	January 2022

Sources: MWG, RongViet Securities

Note: Apple has two types of mono-store models: AAR (Apple Authorized Reseller) and APR (Apple Premium Reseller). To achieve APR and AAR standard, partners must meet all requirements related to design, personnel, and inventory, and must receive direct approval from Apple to ensure a premium experience for users. The sales and consulting staff are also trained directly by senior Apple experts.

Past background (Back to Page 5)

The chain launched during a period of smartphone and internet explosion, when penetration rates among the population were low (see Figure 21). This, coupled with distinct competitive advantages in both sales and operations, **allowed TGDD to rapidly expand its market share in the growing sector from 2009 to 2017. The chain achieved a CAGR of 43.2% in revenue during this period.**

() In its seeding stage, the ICT retail market was fragmented, with market share primarily held by mom-and-pop stores offering obsolete customer service (from product information searching/display and after-sales support) or portable goods with unclear origin. Notably, less than 30% of the market belonged to officially imported products, subject to high import taxes (~20%), primarily distributed by reputable manufacturers or distributors, such as Nokia stores (Finland).*

At that time, TGDD emerged and reshaped the market with groundbreaking competitive strategies, setting a new standard for modern ICT retailers after then:

Customer service: MWG has established competitive advantages throughout the customer lifecycle, creating consistent touchpoints with customers at every stage compared to mom-and-pop stores and other modern sellers at that time. This includes:

- (1) To meet the demand for searching information on mobile devices (such as types, functions, prices, etc.), TGDD developed a comprehensive website to showcase its products, acting as a "fishing rod" to attract customers to its brick-and-mortar store chain. Currently, TGDD's website is still on a top regarding traffic seeking information on ICT products, including features and pricing.
- (2) After attracting potential customers to the stores, TGDD focused on every detail, offering services such as ample parking space, a spacious and clean shopping environment, air conditioning, and an enhanced shopping experience through well-trained staff (*). The store layout featured appealing displays with clear product names, specifications, and pricing. This approach set TGDD apart from most traditional retailers at that time.

() TGDD staff are trained to engage with customers in the most comfortable manner, ensuring a consistent experience across the entire chain. Specifically, when customers enter any TGDD store, security personnel and staff warmly greet them, open doors, and provide product guidance from the moment they arrive until they leave.*

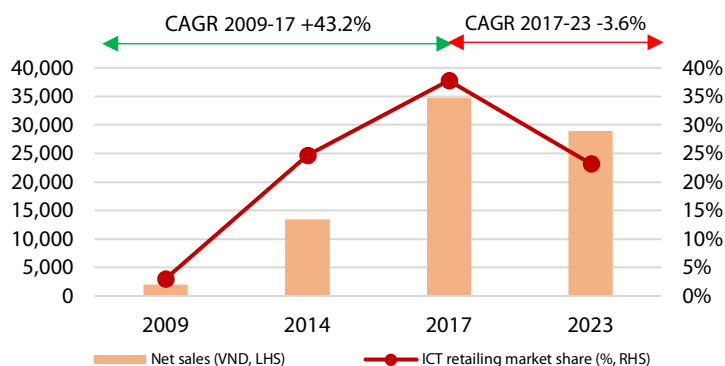
- (3) After sales, MWG offers after-sales services such as limited warranties, exchanges, trade-ins, and regular customer care through messaging platforms and the chain's shopping app. This allows them to track each customer's activity history, thereby extending customer lifetime within the chain.

Product assortment: By exclusively selling genuine products with warranties, TGDD has built a higher level of trust among customers compared to retailers at that time.

Additionally, the initial strategy of focusing solely on mobile phones helped establish the TGDD brand in the mobile retail market and fully capitalize on the industry's growth. After excelling in the mobile phone sector and securing strong customer recognition, the chain gradually expanded its product range vertically, as shown in Table 8.

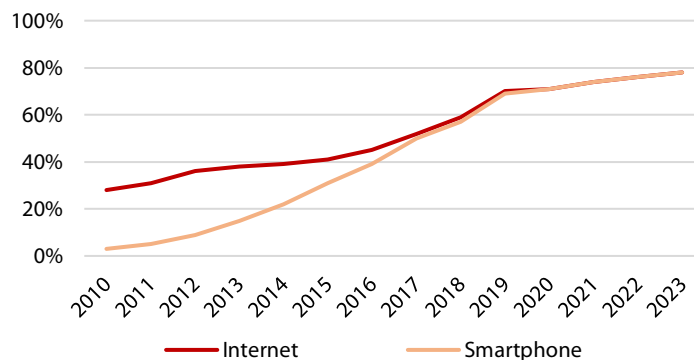
Standardizing store management processes across the chain: The comprehensive implementation of an ERP (Enterprise Resource Planning) system—at a time when this software was still unfamiliar in Vietnam—enabled TGDD to manage its stores from anywhere without requiring direct oversight from leadership. This approach allowed the chain to expand its store count while still effectively managing business performance metrics at each store. The ERP software connects various departments, including the website, app, CRM, call center, logistics management, invoicing, e-learning, financial reporting, human resources, and customer management.

Figure 20: Revenue & Market Share of TGDD chain in Vietnam



Source: MWG, GFK, RongViet Securities

Figure 21: Internet and Smartphone Penetration Rates in Vietnam (%)



Source: Statista, RongViet Securities

The chain has also maintained cost management effectiveness alongside sales growth. It is crucial to note that MWG has sustained higher selling prices during this period as a "premium" for its differentiated customer service, which has resulted in a gross margin higher than the industry average. Additionally, SG&A exp/Net sales have been well managed, thanks to the ERP system and impressive sales growth.

[\(Back to page 5\)](#) However, the growth of the TGDD chain began to slow down after 2017, with a CAGR of -3.6% in revenue from 2017 to 2023 (Figure 20). This downturn was attributed to the saturation of the ICT market [\(Refers to Analyst pinboard: ICT/CE retailing giants\)](#) coupled with a rapid decline in TGDD's market share (see Figure 20). The competitive advantages of TGDD have gradually diminished in the face of fierce competition from other modern retail chains such as FPT Shop, CellPhoneS, HoangHaMobile, and E-commerce platforms like Shopee and Lazada (**).

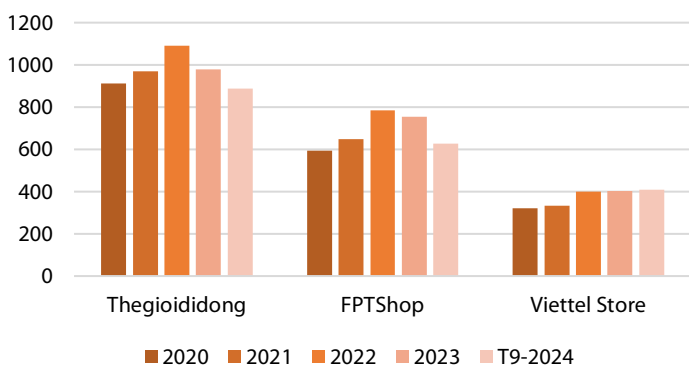
(*) [\(Back to page 6\)](#) These chains have gradually copied TGDD's business ideas in customer service and standardized store management processes, but they offer lower prices due to a leaner cost structure (smaller retail spaces and fewer employees). This has enabled them to expand their number of stores and increase market share since 2017 (see Table 10) (Figures 22, 23, 24, 25)

Table 10: Comparison of ICT Retail Chains

Retail chain	Average area of standard stores (m ²)	Number of stores	Selling price	Number of standard store employees (*)	Main after-sales services	Number of SKUs
Mobile World	100-200	As shown in the image	As shown in the image	Above 10 → 5-10	Exchanges and returns within 14-30 days. Installment payments through five consumer lending companies (HomeCredit, FECredit, ACS, MCredit, MAFC) or credit cards	As shown in the image
FPT Shop	70-100			5-10	Exchanges and returns within 0-30 days. Installment payments through consumer lending companies (HDS, HomeCredit, Shinhan Finance, FECredit, Samsung Finance Plus, MAFC) or credit cards	
Viettel Store	50-150			0-5	Exchanges and returns within 0-60 days. Installment payments through consumer lending companies (e.g., HomeCredit) or credit cards	
CellPhoneS	Under 100			5-10	Exchanges and returns within 0-30 days. Installment payments through consumer lending companies (e.g., HomeCredit) or credit cards	
Shopdunk	Under 100			0-5	Exchanges and returns within 0-30 days. Installment payments through consumer lending companies (e.g., HomeCredit) or credit cards	
HoangHaMobile	Under 100			0-5	Exchanges and returns within 15-30 days. Installment payments through consumer lending companies (e.g., HomeCredit) or credit cards	
Di động Việt	Under 100			5-10	Exchanges and returns within 0-60 days. Installment payments through consumer lending companies (e.g., HomeCredit) or credit cards	

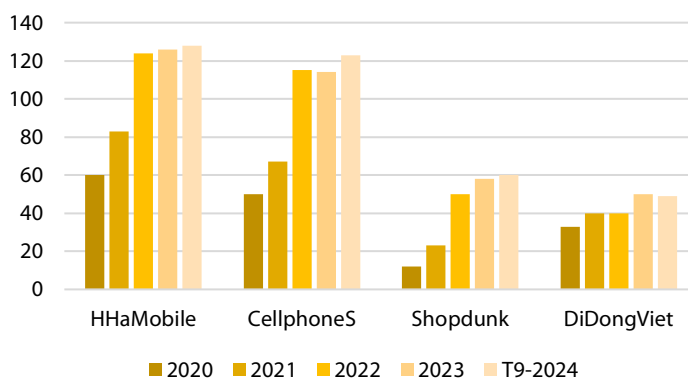
Source: MWG, RongViet Securities. (*) Number of employees in the most common store model of the chain, excluding staff sent by brands.

Figure 22: Store count of Major ICT Retail Chains (stores)



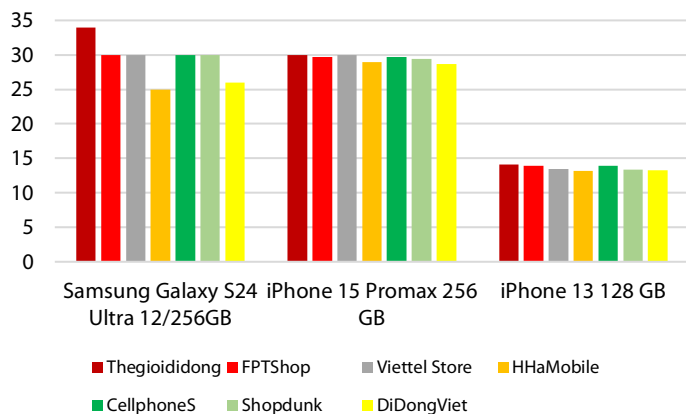
Source: RongViet Securities

Figure 23: Store count of Smaller ICT Retail Chains (stores)



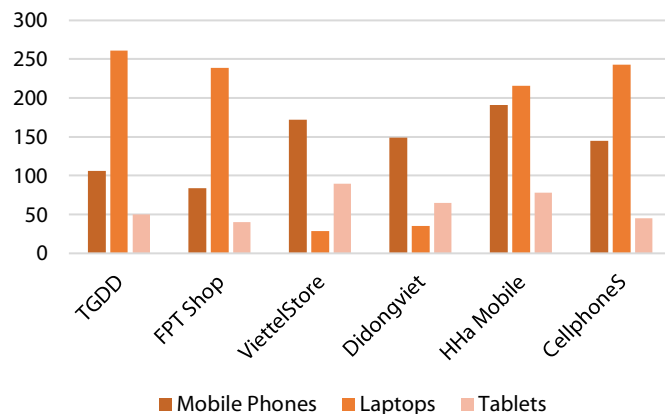
Source: RongViet Securities

Figure 24: Selling Prices of Product Models Among Chains (million VND)



Source: RongViet Securities

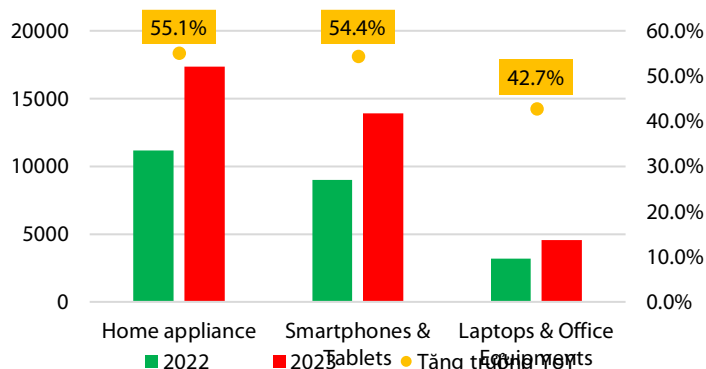
Figure 25: Number of Products Offered Among Chains (products)



Source: RongViet Securities

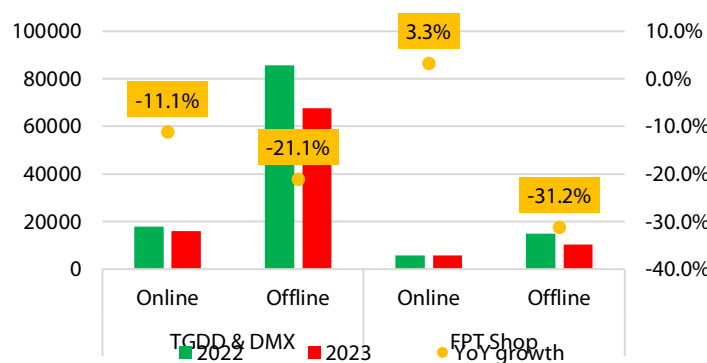
(**) High-value ICT/CE sales is rapidly elevating on e-commerce platforms (see Figures 26, 27). This growth can be attributed to two factors: (1) consumers are becoming more comfortable with purchasing electronics as online marketplaces, increasingly ensure quality and quantity through its malls (see Figures 28, 29), and (2) the leaner operational cost structure of E-commerce allows them to offer lower prices and greater discounts compared to TGDD. (Refer to Analyst pinboard: ICT/CE retailing giants)

Figure 26: Yearly revenue of E-commerce platforms by ICT/CE segments (VND bn)



Source: 2023 Metric, RongViet Securities

Figure 27: Yearly revenue of TGDD&DMX by Sales Channel (VND bn)



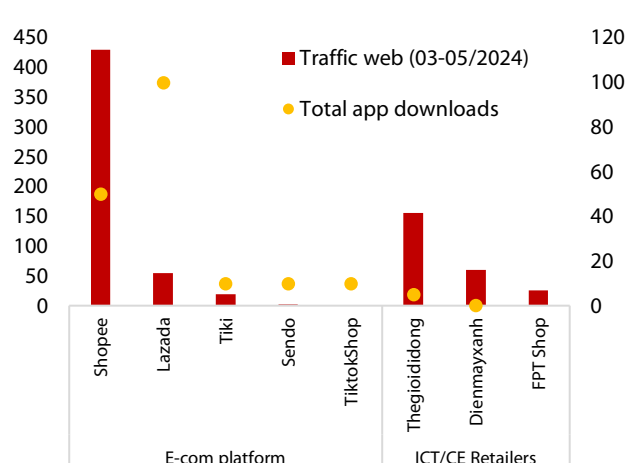
Source: Euromonitor, RongViet Securities

Figure 28: Top 10 Online Shops by Revenue in 2023 on E-commerce Platforms

Type of shop	Name	ECP
Mall	Apple Flagship Store	Shopee
Mall	Tiki Trading	Tiki
Mall	La Roche-Posay Chính Hãng	Shopee
Mall	Shopdunk Official Store	Shopee
Mall	Unilever Việt Nam_Health & Beauty	Shopee
Mall	Apple Flagship Store	Lazada
Mall	Vinamilk-Giấc Mơ Sữa Việt	Lazada
Mall	SAMSUNG OFFICIAL STORE	Shopee
Mall	Gian Hàng Ensure Chính Hãng	Shopee
Mall	L'Oreal Paris Official Store	Shopee

Sources: Metric 2023, RongViet Securities. ECPS include Shopee, Lazada, Tiki, Sendo.

Figure 29: Various Metrics Reflecting the Customer Base of ECPs/Retailers (million visits)



Sources: January-2024 Euromonitor, RongViet Securities

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Due to the market landscape reaching long-term saturation (CAGR growth rate for 2024-29 projected to be below 5% per year), characterized by high penetration rates and stagnant sales volume (see Figure 30), along with threats from young retailers and online platforms, **TGDD's market share is expected to face challenges.**

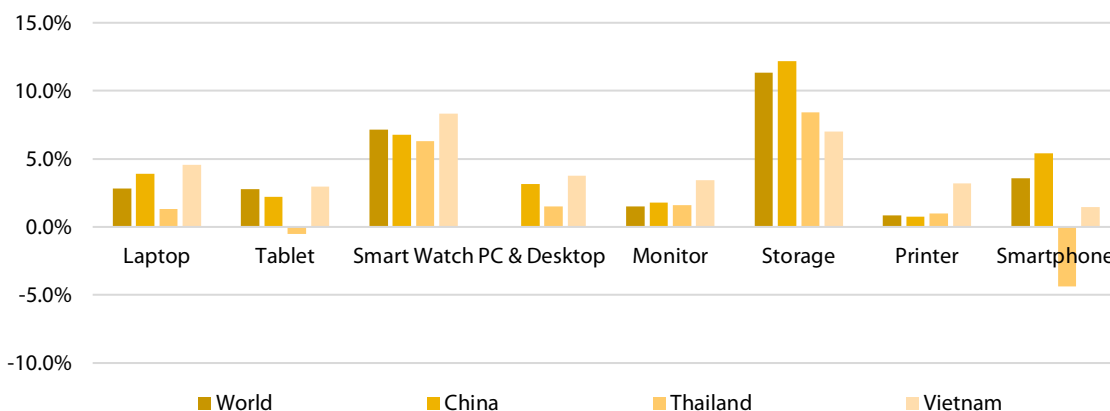
We have observed that TGDD is changing its business strategy by reducing selling prices and increasing discounts to maintain sales level. The company is also closing several stores (throughout 2023-24) to streamline its bulky system **and tightly manage costs to ensure profitability amid challenging market conditions.** We see the possibility that TGDD may shift towards a stronger online business model in line with future trends, but the likelihood of this happening at present is low. (Refers to Analyst Pinboard: ICT/CE retailing giants)

Hence, we conclude that the model is still heavily reliant on brick-and-mortar stores, with market share remaining high in Vietnam (over 23%). In comparison to the market share of leading chains in other countries (Appendix 1 – Refers to page 31), **we forecast that TGDD's market share will gradually decline in the long term (0.5%/year starting in 2024).** (see Figures 31, 32)

In 2024, TGDD is expected to experience a slight recovery of +0.6% in market share, primarily by capturing market share from FPT Shop, which similarly caters to middle-aged customers who prefer shopping at physical stores during this chain's restructuring phase, as it closes 113 stores in H1-2024. (*)

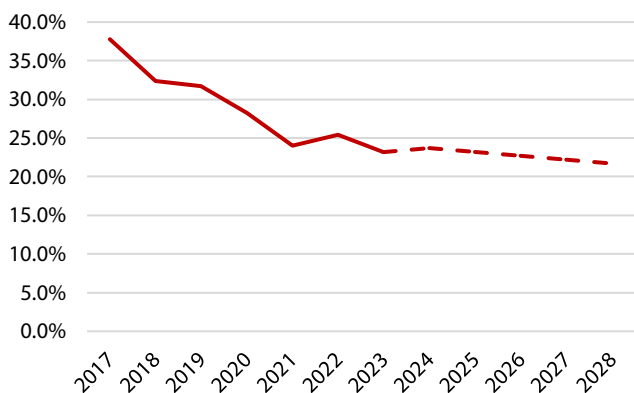
(*) According to our estimates, in H1-2024, TGDD's market share in the ICT retail sector will reach 23.9%, an increase of 0.7% compared to 2023, while FPT Shop's share will be 12.3%, a decrease of 1.6% compared to 2023. (Refers to Page 6)

Figure 30: Projected Compound Annual Growth Rate (CAGR) of Net sales for ICT Products by Country for 2024-29 (%), according to Statista



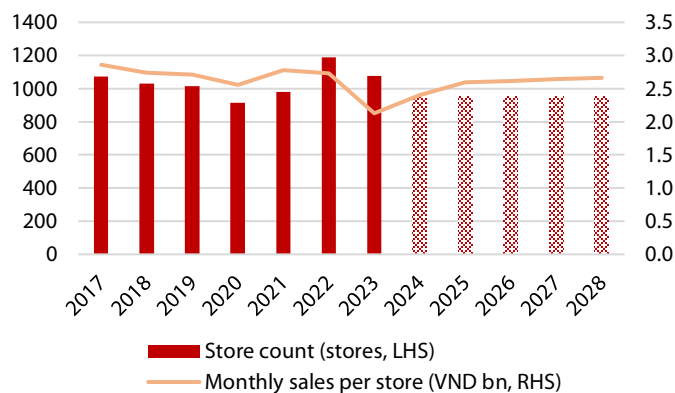
Source: Statista, RongViet Securities estimates

Figure 31: TGDD's market share in Vietnam ICT market (%)



Source: MWG, GFK, RongViet Securities estimates

Figure 32: TGDD's store count & monthly sales per store



Source: MWG, RongViet Securities estimates

In terms of cost structure, as mentioned above, we expect TGDD's net margin to narrow to the industry average as it is forced to reduce selling prices and increase discounts and promotions in the context of intense competition in a saturating market. (*)

(*) We will provide a more detailed insight into this issue in the section on Dienmayxanh when MWG consolidates these two chains in its reporting format.

Dienmayxanh – The consumer electronics retail chain

Dienmayxanh is MWG's second retail chain, launched in 2010, operating in the consumer electronics (CE) sector. Its key product lines include washing machines, air conditioners, refrigerators, and TVs.

Table 11: Product portfolio of Dienmayxanh

Tier-1 Products	Tier-2 Products	Brand
Electronics and home appliances	TVs, refrigerators, air conditioners, washing machines, clothes dryers, water heaters, coolers, freezers, dishwashers, speakers, sound systems, microphones	Samsung, LG, AQUA, Toshiba, Panasonic, SHARP, Funiki, beko, Casper, Electrolux, Hitachi, Daikin, Nagakawa...
Household appliances	Water purifiers, induction cookers, infrared cookers, ovens, rice cookers, air fryers, robot/vacuum cleaners, juicers, blenders, plant milk makers, microwaves, fans, water dispensers, irons, electric thermos pots, pressure cookers, electric kettles, coffee machines	Sunhouse, Karofi, Kangaroo, Hoa Phat, SANAKY, Toshiba, Panasonic, HAFELE, Bluestone, BOSCH, Galanz, Electrolux, AVA, Lock&Lock, Torino...
Homeware	Kitchen utensils: pots, pans, bowls, plates, scissors, knives, cutting boards, trays, water bottles, mosquito rackets	Sunhouse, Emic, Fivestar, Kangaroo, happycook, Dienmayxanh...
ICT products	ICT products are similar to those in the Thegioididong chain, but according to our survey, they contribute less than 10% of the revenue.	Like Thegioididong
Accessories	ICT products are similar to those in the Mobile World chain	Like Thegioididong
Used devices, trade-in program	All types of used products in Thegioididong's product portfolio	
SIM cards, scratch cards		
Other products	Voltage stabilizers, projectors, generators, car washers, bicycles, rechargeable lights, electrical tape, sockets, plugs, industrial support equipment: grinders, screwdrivers, saws, etc.	Sunhouse, Dien Quang, Comet, Karofi, Kangaroo, Sanaky, Hòa Phát, Mutosi, Midea, Robot, Panasonic...
Other services	Installment payments, bill payments, insurance services, television services, 3G/4G data plans, game and phone top-up cards, air conditioning cleaning services, online grocery shopping	

Source: MWG, RongViet Securities

Currently, this chain has three models operating concurrently, each with different orientations. (Table 12)

Table 12: Store models of Dienmayxanh (DMX)

Criteria	Large DMX (ĐML)	DMX mini (ĐMM)	DMX Supermini (ĐMS)
Area (m2)	800-1,000 m2	250-350 m2	80-120 m2
Store count as of June 2024	335	879	879
Average revenue per store (billion VND/month)	4.0-8.0	2.0-4.0	0.8-1.8
Operating area	Urban areas	Suburban areas	Rural areas
Rent price	DML	½ DML	¼ DMS
Number of employees (excluding contractors)	15-20	10-15	3-4
Establishment time	October-2010	July-2016	June-2020

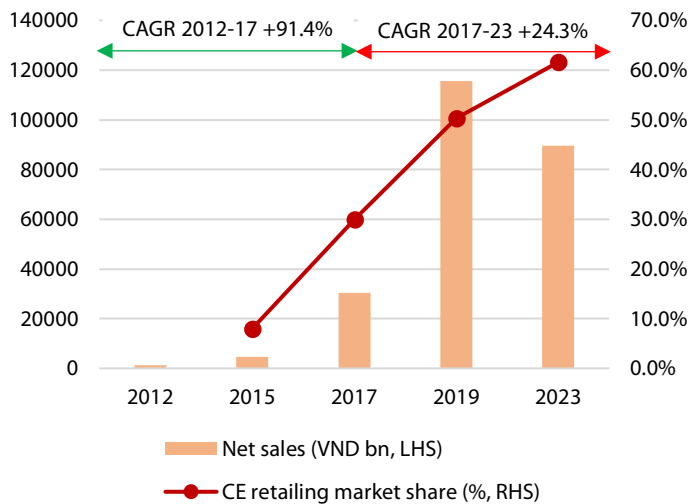
Source: MWG, RongViet Securities

Past background (Back to page 5)

Similar to the ICT market, the size of the CE market has expanded rapidly since 2010, thanks to the low penetration rate combined with improving living standards. DMX was launched at this time, adopting a "efficient" competitive strategy (*) compared to older CE chains such as Nguyen Kim, Cho Lon,

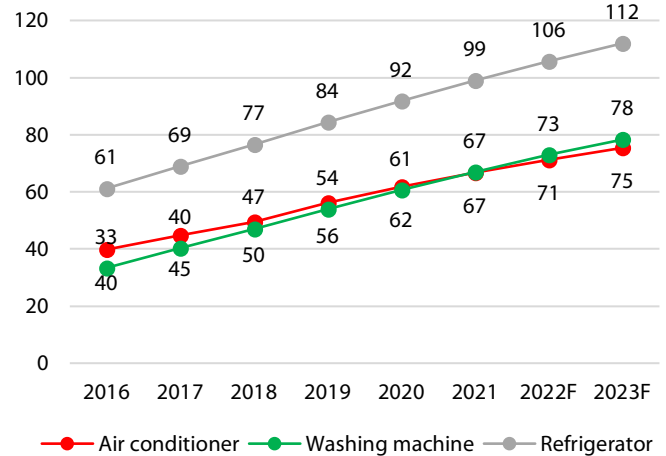
Thien Hoa, etc. This allowed it to intensely expand its market share despite being established 5-10 years later than these chains. The chain's sales CAGR in 2012-17 reached 91.4%/year.

Figure 33: DMX's net sales & market share



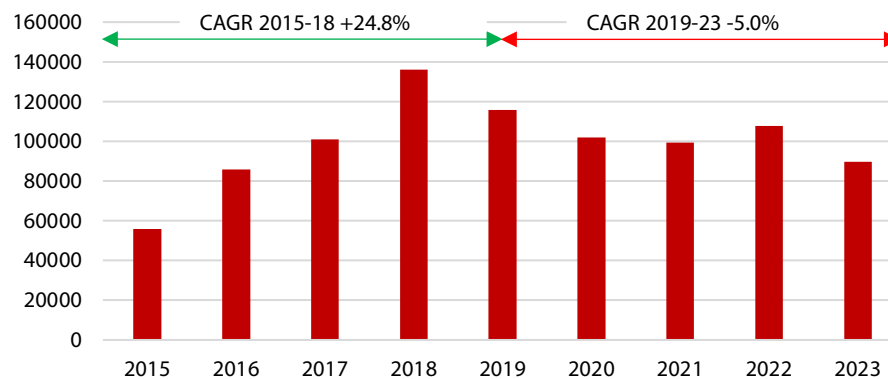
Source: MWG, GFK, RongViet Securities

Figure 34: The penetration rate of CE usage in Vietnam (%)



Source: MWG, RongViet Securities

Figure 35: The scale of Vietnam's CE market (VND bn)



Source: MWG, GFK, RongViet Securities estimates

We listed the strategies that aided DMX achieve significant success in the CE market as follows:

Pioneering the "small store format": The largest model of DMX, DML, only has a floor area of 800-1,000 m², much smaller compared to the typical CE superstores at the time, which ranged from 4,000-5,000 m², such as Nguyen Kim, Dien May Cho Lon, Pico, and Media Mart. This benefited DMX in two key ways:

- (1) Chain Operations:** DMX found it easier to secure retail spaces and save on costs such as rent and employee salaries compared to the "supermarket" chains.
- (2) Scale Advantage:** Thanks to the operational advantages mentioned above, DMX was able to quickly replicate its stores, expanding its influence even into suburban and rural areas. As it delved deeper into these regions, DMX further reduced store sizes, launching DMM and DMS to better align with the local consumer culture. This dense network of stores also allowed DMX to create a "customer service difference", providing superior services such as maintenance, installation, and fast delivery with high efficiency, partly due to MWG attracting skilled labor.

(*Example: Now DMX maintains a delivery strategy using motorcycles from the nearest store to customer home in rural areas. This approach allows DMX to overcome the challenges of long delivery routes and poor infrastructure in Vietnam when selling bulky, high-value products like electronics—a step that hypermarket chains have not yet accomplished.

Table 13: The strategy of downsizing the model and replicating its model creeping into urban areas (DML), suburban areas (DMM), and rural areas (DMX) has been the "backbone" strategy of DMX throughout its operational journey.

	DMX	Mediamart	Cho Lon Electronics	Nguyen Kim	Pico	HC Electronics
Standard Store Area (m2)	80-1,000	500-5,000	2,000-5,000	2,000-5,000	2,000-5,000	1,000-4,000
Number of Stores as of June 2024	2,093	355	98	50	10	41

Source: RongViet Securities

The formula for successful chain operation of TGDD: The strategies regarding customer service, product categories, and process synchronization within the TGDD chain (as previously mentioned) are also applied to the development of the DMX chain.

In the customer service section, we further emphasize the importance of two service points in which MWG stands out compared to the general market at that time: (1) Consumer loan and installment services, particularly effective in stimulating demand for high-value products such as electronics. (2) Home repair and assembly services as most Vietnamese people do not have the habit of assembling electronic products themselves.

Strong financial support from TGDD: The positive business results of the TGDD chain from 2009 to 2015 also provided the opportunity to "nurture" the DMX chain during its seeding phase.

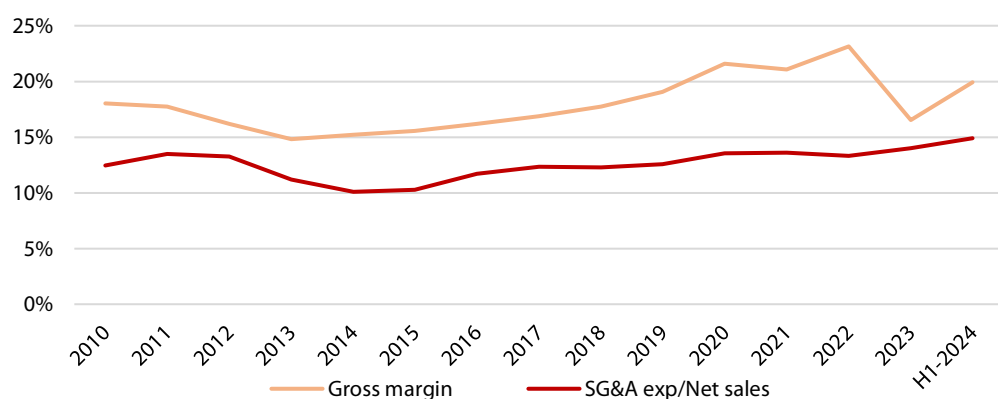
(Back to page 5) Since 2017, the industry has faced slower growth, with penetration rates gradually reaching a saturation point and sales stagnating. As a result, the growth of the DMX chain has also slowed, but it has remained positive overall, with a CAGR in revenue of 24.3%/year from 2017 to 2023. This growth is attributed to:

Higher industry barriers compared to ICT retailing (involving bulky products that are more challenging to transport and optimize inventory along the supply chain). Consequently, there have not been many capable competitors emerging to replicate DMX's successful formula.

The trend of shifting consumer behavior from "in-store" to "online" for high-value, bulky items such as washing machines, refrigerators, and air conditioners is slower than for ICT products.

Similar to the TGDD chain, DMX maintains a high gross profit margin as they choose a selling price that reflects the "surplus" customer service value created in the market. Combined with a favorable SG&A exp/Net sales, thanks to their ERP system and high sales growth, **DMX achieves an "impressive" net margin compared to the industry average. (Figure 36, Table 14).**

Figure 36: Cost structure of the TGDD and DMX chains over the years (%)



Source: MWG, RongViet Securities

Table 14: Industry median for ICT/CE retailers in terms of gross margin and SG&A exp/Net sales (%)

	2018	2019	2020	2021	2022	2023	Median
Gross margin	19.2	19.5	19.0	18.9	19.8	18.9	19.1
S&A exp/Net sales	15.4	16.3	16.5	15.2	15.9	16.2	16.0

Source: Bloomberg, RongViet Securities. Notes: The index is compiled from five retail chains in the ICT/CE retailing sector, described in detail in Appendix 2.

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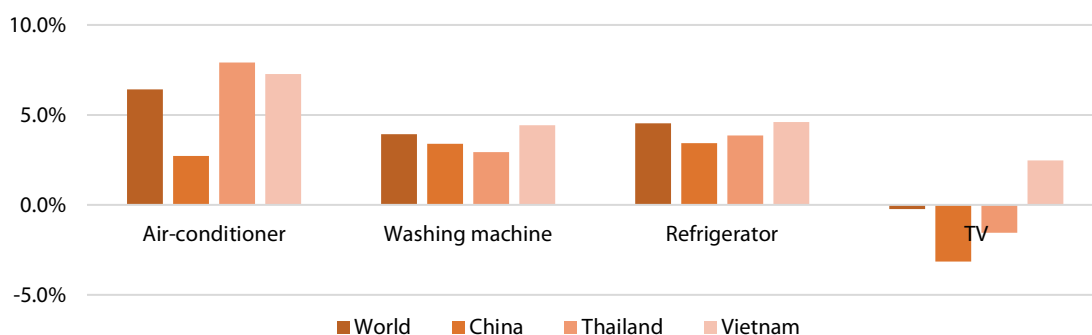
Looking ahead to the next 3-5 years, we are observing some unfavorable trends in the CE industry for the DMX chain: (1) The CE sector is entering a long-term saturation phase, with a projected CAGR growth rate of less than 5%/year from 2024 to 2029, except for air conditioning, indicated by high penetration rates (Figure 34) and stagnant sales volumes. (2) Other ICT retail chains, such as FPT Shop, Di dong Viet, and CellphoneS, are expanding into the CE sector, which is currently underway (*). (3) The trend of consumers moving to online channels is strengthening in the 2023-24 period compared to previous times (Figures 26, 27). (Back to page 6)

(* The Deputy General Director of FPT Shop, Mr. Nguyen Viet Anh, stated at the beginning of 2024: "The revenue target for the CE segment in 2024 will account for around 8-10% of FPT Shop's total revenue. In 2025, if everything goes smoothly and macroeconomic conditions are favorable, FPT Shop will expand additional CE stores to own 200-250 stores by the end of 2025 and become the second-largest CE retail chain in Vietnam, after DMX."

Given that the model heavily relies on physical store system and holds a extremely high market share in Vietnam (over 60%), especially compared to the market share of leading chains in other countries (Appendix 1 – Refer to page 31), **we forecast a gradual decrease in DMX's market share in the long term (2.0%/year starting from 2024).** (*) (Refers to Page 7)

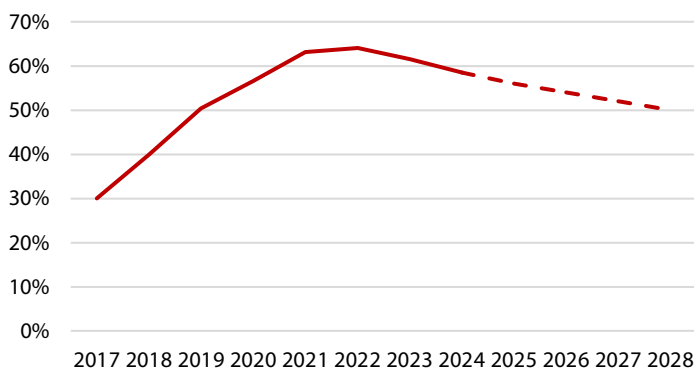
(* According to our estimation, DMX closed 93 stores, reducing its market share to 58.2% in 6M-2024, down from 61.6% in 2023.

Figure 37: Projected CAGR of net sales for main CE products by country from 2024 to 2029 (%), according to Statista



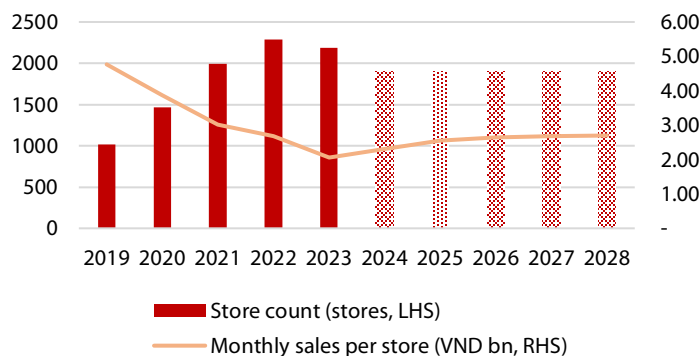
Source: Statista, RongViet Securities estimates

Figure 38: DMX's market share in Vietnam's CE market (%)



Source: MWG, GFK, RongViet Securities forecasts

Figure 39: DMX's store count and monthly sales per store



Source: MWG, RongViet Securities forecasts

[\(Back to page 7\)](#) **Similar to TGDD, in terms of cost structure, the DMX chain is expected to reduce its net margin** to the industry average due to the need to lower prices and increase promotions in the context of intense competition in a saturating market.

Bachhoaxanh – Grocery Retail Chain

Bach Hoa Xanh is the third chain of MWG (since 2016), operating in the grocery sector with typical product lines including FMCGs, food items, seafood, and fresh meat.

Table 15: Product list of BHX chain

Tier-1 Products	Tier-2 Products	Brand
Fresh food	Meat, fish, eggs, seafood	BHX sources goods from farms/cooperatives, major brands such as CP, Meat Master, G, Tam Nong, NT Pearly Food, PTV, FOHLA...
	Vegetables, tubers, mushrooms, fruits	
	Cooking oil, sauce, spices	
	Instant noodles, vermicelli, porridge, pho	
	Frozen food	
	Rice, flour, dried goods	
Dry goods, FMCGs	Beer, soft drinks	BHX sources goods from major brands such as Tuong An, Nepture, Simply, Meizan, Masan Masan, Miliket, Acecook, Vinamilk, TH TrueMilk, DutchLady, Sabeco, Habeco, Heneiken...
	Milk of all kinds	
	Candy of all kinds	
	Personal care	
	Products for mothers and babies	
	House cleaning	
	Household items	

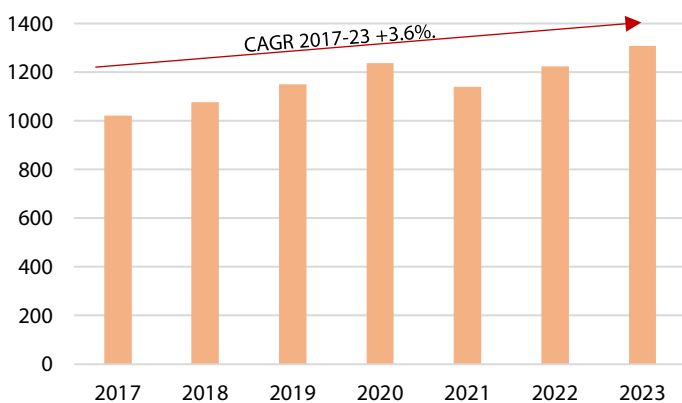
Source: MWG, RongViet Securities

In terms of the chain's revenue structure in 2023, fresh, frozen and refrigerated goods account for the highest proportion of revenue (42%), followed by dry goods - other foods & beverages (41%), cosmetics and other products (17%).

Past background

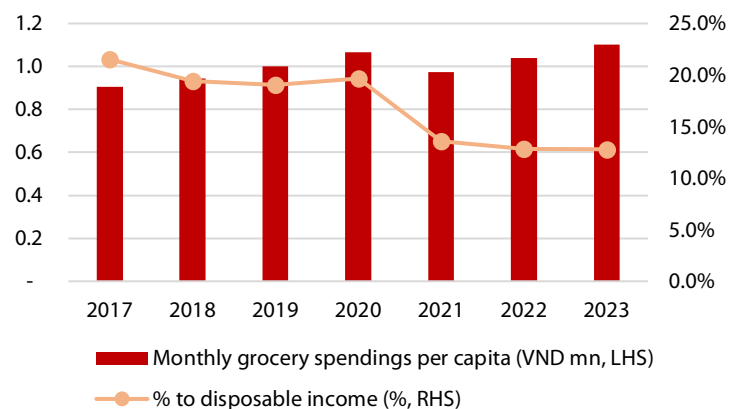
Although the general grocery market is saturated, growth is below 4%/year (due to low population growth of 0.7%/year and limited per capita grocery spending - Figure 40, 41). **Still, the modern supermarket segment is fertile ground for modern retail chains** when the context shifts consumer trends from traditional channels such as wet markets, small grocers to faster modern channels, especially with Gen Y, Z, office workers, and high-income earners in urban areas (Figure 43) [\(Refer to Analyst pinboard: Grocery Retailers in Vietnam\)](#). **MWG quickly caught up with the market potential and established Bachhoaxanh in 2016.**

Figure 40: Grocery market size in Vietnam (trillion VND)



Source: Euromonitor, RongViet Securities

Figure 41: Grocery spending per capita in Vietnam



Source: GSO VN, Euromonitor, RongViet Securities

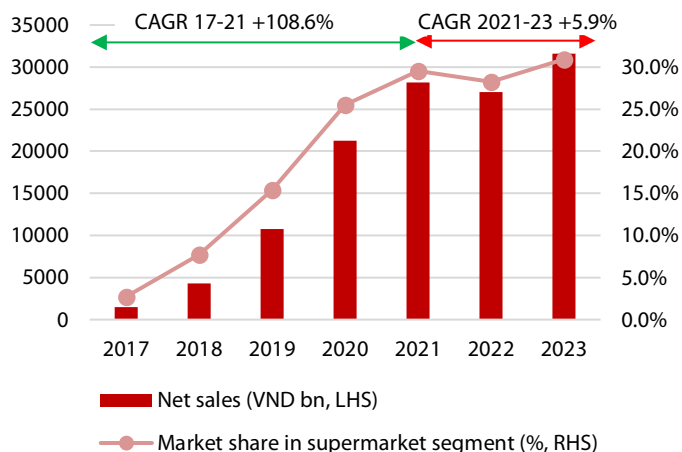
[\(Back to page 5\)](#) Although the chain's net sales achieved an impressive CAGR of 108.6%/year during 2017-21 (Figure 42), mainly driven by the expansion in the number of stores, a successful formula had yet to be formed. This is reflected in the declining sales per store and the increasing cumulative losses over time (Table 16). This situation prompted MWG to implement a comprehensive chain restructuring starting in 2022.

Table 16: Business indicators of BHX chain over the years

	Pre-restructuring					Restructuring	Post-restructuring		
	2017	2018	2019	2020	2021	2022	2023	Q1-2024	Q2-2024
NPAT-MI (VND bn)	-145	-556	-978	-1734	-966	-2961	-1257	-105	7
Net margin (%)	-9.7%	-12.8%	-9.1%	-8.1%	-3.4%	-11.0%	-4.0%	-1.2%	-0.1%
Store count (stores)	283	405	1008	1719	2106	1728	1698	1696	1701
Sales per store (VND bn/month)	0.44	1.05	1.27	1.30	1.23	1.17	1.54	1.80	2.03

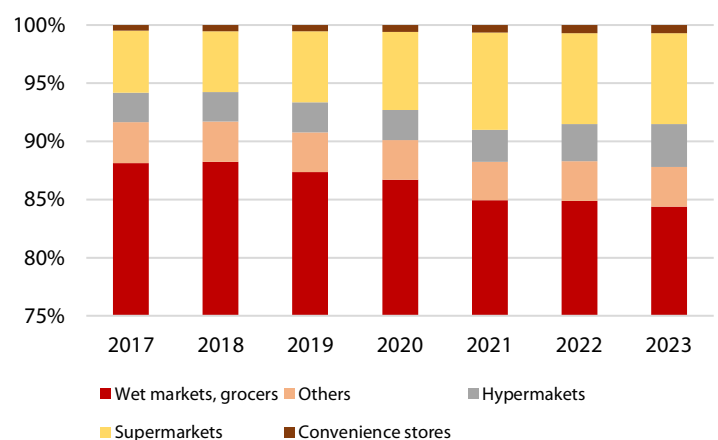
Source: MWG, RongViet Securities

Figure 42: Net sales and market share of BHX in the supermarket segment in Vietnam over the years



Source: MWG, Euromonitor, RongViet Securities

Figure 42: Vietnam grocery market value by segment (%)



Source: Euromonitor, RongViet Securities. Note: BHX is counted in the supermarket segment

[\(Back to page 5\)](#) [\(Back to page 7\)](#) **BHX strongly improved chain operating efficiency in business indicators (Table 16) in the period after 2022**, thanks to restructuring strategies revolving around two ideas (1) **Brand re-positioning** from "modern market" to "mini mart", (2) **Cost optimization**, i.e. sales growth in parallel with profit when expanding stores.

We have affirmed that the potential of the strategy of "dividing large supermarkets into mini-marts like BHX" to penetrate the population is suitable for the Vietnamese market in the medium term ([Refers to Analyst pinboard: Bach Hoa Xanh, Winmart](#)). **However, the large-scale market model opened near the wet market in the past did not help BHX to highlight the inherent advantages of a modern retail chain** in terms of "shopping experience and convenience" while prices are often higher (due to a more cumbersome cost structure than a wet market stall such as rental costs, staff costs, electricity, water) and the number of SKUs is less diverse than a market.

Therefore, instead of trying to turn itself into a "large-scale modern market, diversifying SKUs, low prices to attract loyal customers from the wet market", BHX transformed itself into "a mini supermarket with a small square, fewer SKUs, higher prices targeting young people (gen Y, Z) with good income, prioritizing convenience and high shopping experience". The prominent restructuring policies are described in the table below:

	Before	After	Effective
Standard store area (m2)	200-400	150	BHX has closed ~400 large-area stores with high space costs. This makes it easier for BHX to find space and significantly save costs.
Number of SKUs	5,000	2,000-3,000	Easier inventory management, reducing cancellation rates/costs, ensuring quality of goods sold. Reducing the number of SKUs also reduces shelf space, creating a more spacious shopping way.
Supplier	Work directly with suppliers/farms/livestock households without intermediaries.		Reduce the profit sharing for all parties, helping to increase the gross profit margin
In-store customer service	Increase cashier counters from 2 to 3-4/store and number of staff during peak hours, Find ways to clear parking spaces faster		Enhance customer experience
Optimize shipping costs	Optimize delivery routes to reduce vehicle travel time on the road, Increased vehicle occupancy rates above previous average – 60-70%.		Increase net margin

Source: MWG, Rong Viet Securities Company. [Back to page 8](#)

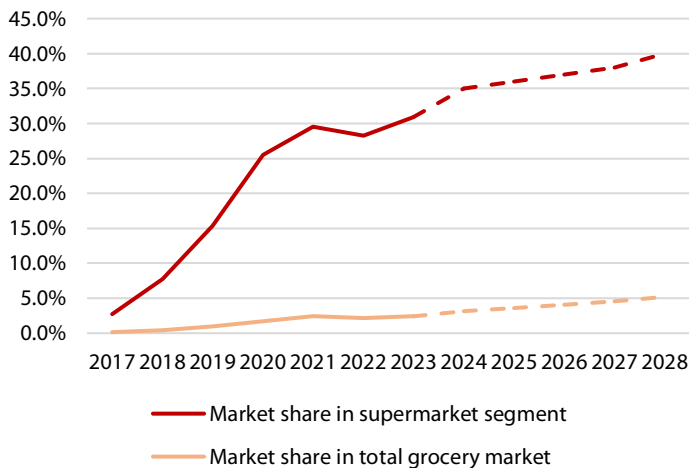
After finding the right formula for opening stores, BHX has started to return to opening new stores in Q3-2024. With 20 additional stores opening concentrated in the South, aiming to open 50-100 stores and break even in 2024.

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We believe BHX is well positioned to expand both revenue and net margin.

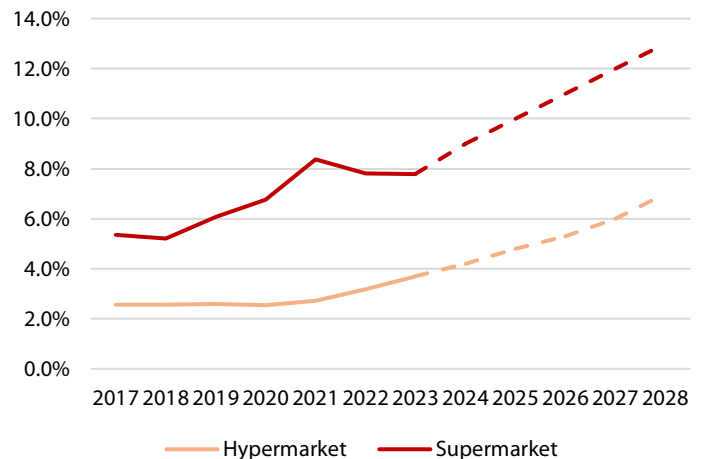
In terms of revenue, given the wider scale of economics and finding the right formula for opening stores & competitive advantages compared to other chains (*), **BHX's market share will increase slightly by 1.0-2.0%/year (Figure 44, 46) in a gradually booming supermarket pie** following the consumption shift trend with a market value CAGR of 15.7%/year in 2024-28 (Figure 45). We noted that the supermarket market share in the Vietnam's grocery market is low (only 7.8%) compared to other developed countries such as the US, China, Thailand, Indonesia, etc. ([Refers to Analyst pinboard: Bach Hoa Xanh, Winmart](#))

Figure 44: Historical and projected BHX market share (%)



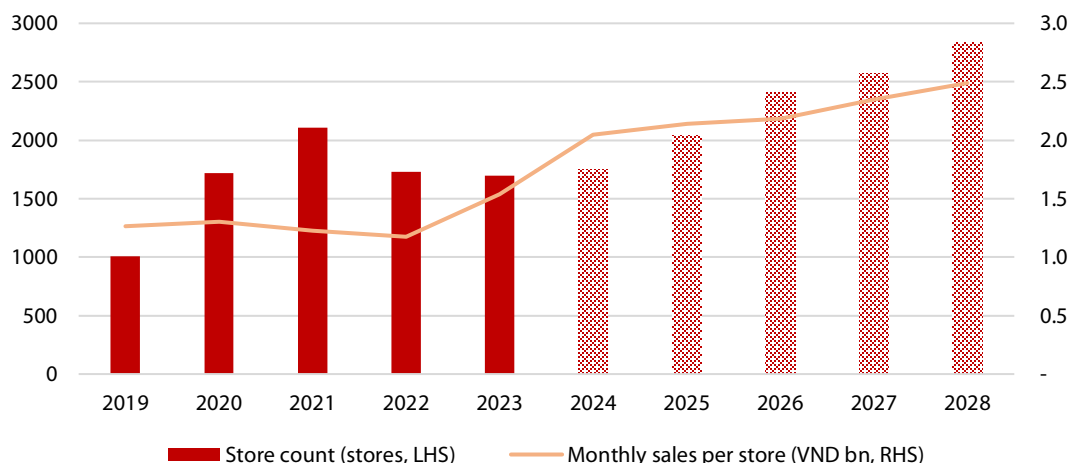
Source: Euromonitor, RongViet Securities

Figure 45: Past and projected supermarket channel market share (%)



Source: Euromonitor, RongViet Securities. Note: BHX is counted in the supermarket segment.

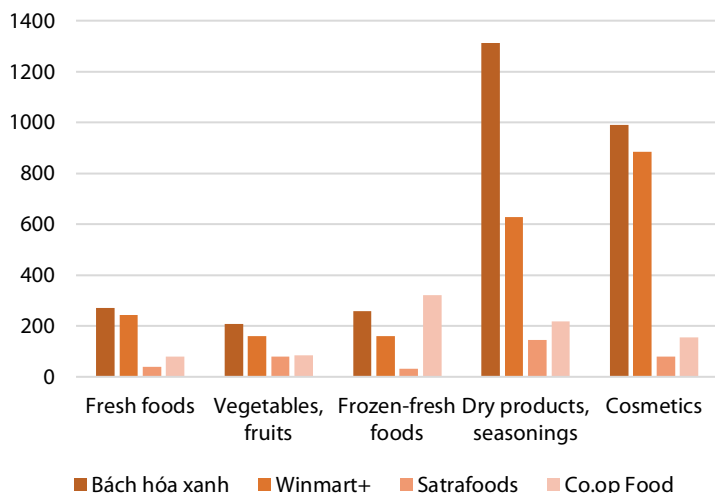
Figure 46: BHX's store count and sales per store



Source: MWG, RongViet Securities forecasts

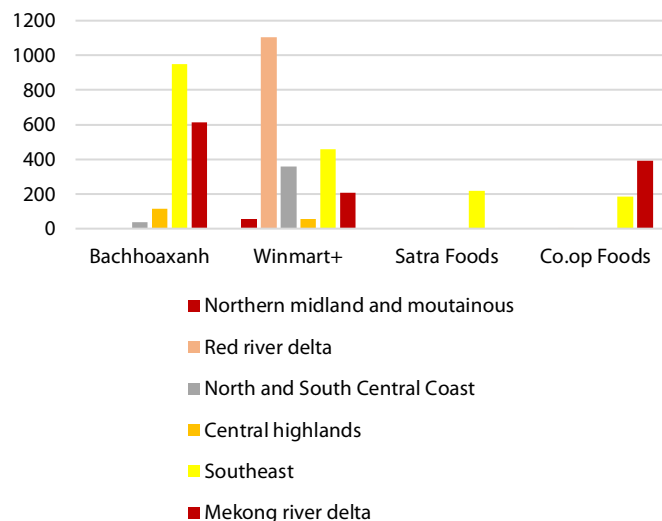
(*) **Bachhoaxanh's competitive advantage over other chains is in its wider variety of goods (especially fresh goods), cheaper prices, more convenient transportation services, and larger store density in an area, helping to create more customer touch points and optimize warehouse operating costs.** Winmart is the chain most like BHX in terms of the above strategies, showing that both chains are leaders in the supermarket market. (Figures 47, 48) (Tables 17, 18) [\(Back to page 6\)](#)

Figure 47: BHX is superior in terms of the number of key product categories compared to large chains (products)



Source: RongViet Securities

Figure 48: Store count of mini-supermarket chains (stores)



Source: RongViet Securities. BHX focuses on expanding densely in a certain area (HCMC & the South) to optimize transportation and storage costs and increase better recognition instead of trying to increase coverage throughout Vietnam as before. Co.op Foods data includes: Hanoi, HCMC and others.

Table 17: Selling prices (VND) of items at BHX are generally cheaper/equal to other large chains

	Bachhoaxanh	Winmart	Satra Foods	Co.op Foods
Fresh meat (300g)				
Pork belly	55500	46777	64500	53000
Ground pork	35700	35257	51000	42000
Pork shoulder	52000	35976	49500	40000
Pork spare ribs	65700	68136	90000	90000
Box of 10 eggs	25000 (QL)	32900 (Olala)	33600 (Ba Huan)	28500 (Ba Huan)
Vegetables, tubers, fruits				
Red watermelon (2kg)	31680	58000	35800	39000
Winter melon (1kg)	27600	28720	24500	23500
Snow peas (300g)	18240	18900	19770	20500
Dried foods and spices				
Nam Ngu Fish Sauce (750ml Bottle)	52500	52000	50800	52500
Tuong An Gold Cooking Oil (1 liter bottle)	55000	52100	66600	46700
Maggi concentrated soy sauce (300ml bottle)	19000	19500	18600	18700
Hao Hao spicy and sour shrimp noodles 75g package	4400	4400	4400	3900
Beverage				
TH True Milk Sterilized Fresh Milk (220ml Package with Low Sugar)	9200	9400	8500	9000
Box of 24 cans of Heneiken Silver (250ml)	345000	387000	No beer business	356000
Box of 24 Cocacola cans (320 ml)	195000	237000	236000	204000
Cosmetics				
Surf miracle grass laundry detergent 3.3L bag	109000	136000	No business	111900
Clear Mint Shampoo (630 g bottle)	164300	174000	174000	157500

Source: RongViet Securities; Statistics on September 25th, 2024

Table 18: Description of delivery services of mini-supermarket chains

	Shipping fee	Delivery time
Bachhoaxanh	Free shipping for orders over 100,000 VND 15,000 VND/order with value under 100,000 VND Add 9,000 VND/order for peak hours	Delivery every 2 hours from 8am-8pm)
Winmart+	Free shipping for orders with a value of 300,000 VND or more and delivery distance within a radius of 5km. Delivery fee is applied at 5,000 VND/km for orders with value under 300,000 VND. Delivery fee is applied at 5,000 VND/km for orders with value from 300,000 VND or more and delivery distance outside the 5km radius.	Goods will be delivered within 2 hours from the time the order is successfully confirmed. Orders confirmed after 18:00 on the day, Customers will receive the goods before 12:00 am the next day.
Satra Foods	Free delivery for orders of 200,000 VND or more within a radius of 5km. Delivery fee 15,000 VND for each bill under 200,000 VND within a radius of 5km. Surcharge of 5,000 VND for each additional km of 5km or more.	Delivery time is agreed between the store and the customer.

Co.op Food	Free delivery for orders from 200,000 VND within 6km from the Supermarket where the Customer purchases, and a fee of 5,000 VND/km applies for additional km outside the 5km range.	Same day delivery for orders placed before 3pm Next day delivery for orders placed after 3pm
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Source: RongViet Securities; Data as of September 25th, 2024

Regarding cost structure, there is still a lot of room for cost improvement in the chain when compared with the industry average as shown in the table below:

	2019	2020	2021	2022	2023	Industry median
Gross margin	27.1	23.1	23.5	23.6	23.7	24.3
SG&A exp/Net revenue	24.6	17.0	18.7	19.4	20.8	20.5
Net margin	2.3	1.4	2.3	2.7	2.1	2.2

Source: Bloomberg, RongViet Securities. Note: The index is compiled from 5 grocery retail chains, see in Appendix 3.

Other chains – Retail chains of pharmaceuticals, mothers & babies, consumer electronics

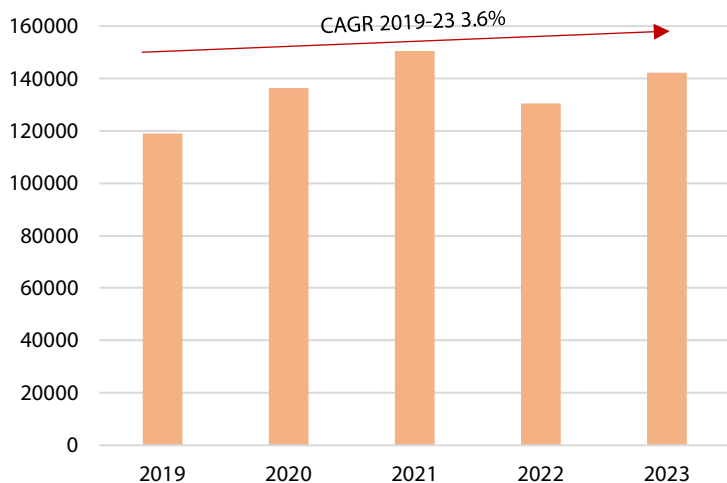
We will temporarily not go into detail about other MWG retail chains, including An Khang pharmacy chain, AVAKids mother & baby chain, Erablue electronics chain in Indonesia, due to small scale and being in the initial/restructuring stage, they do not significantly affect MWG's long-term valuation at this time.

An Khang – 2024-28 Outlook ([Back to page 6](#))

The size of the pharmaceutical market is generally growing steadily at 3.6%/year, as per capita pharmaceutical expenditure has reached its limit and Vietnam's population growth rate is only 0.7%/year (Figures 49, 50). However, the fragmented market, with a large share held by traditional drugstores, is fertile ground for modern pharmacy chains with distinct competitive advantages, such as An Khang and Long Chau. However, the performance of the An Khang chain has lagged significantly behind that of the Long Chau chain, as evidenced by recent declines in sales per store and store count (see Retail Industry Report - Old Bamboo, New Shoots Growing). ([Refers to Retail Industry Report: As Bamboos grow old, young shoots spring up](#))

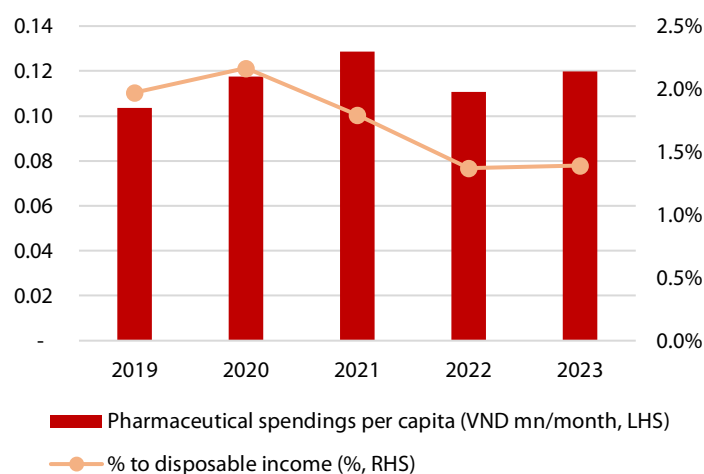
We expect the chain to **continue to lose market share** in the coming period (Figures 51, 52), but the restructuring strategy that MWG is implementing will **improve the efficiency of its cost management**.

Figure 49: Pharmaceutical industry revenue over the years (billion VND)



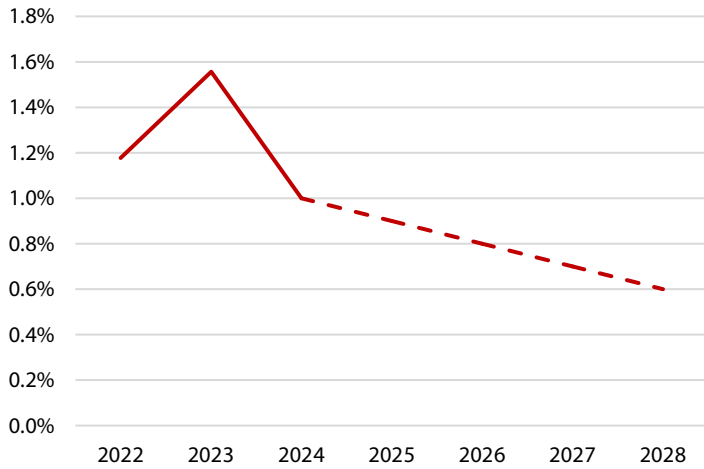
Source: Euromonitor, RongViet Securities

Figure 50: Per capita pharmaceutical spending in Vietnam



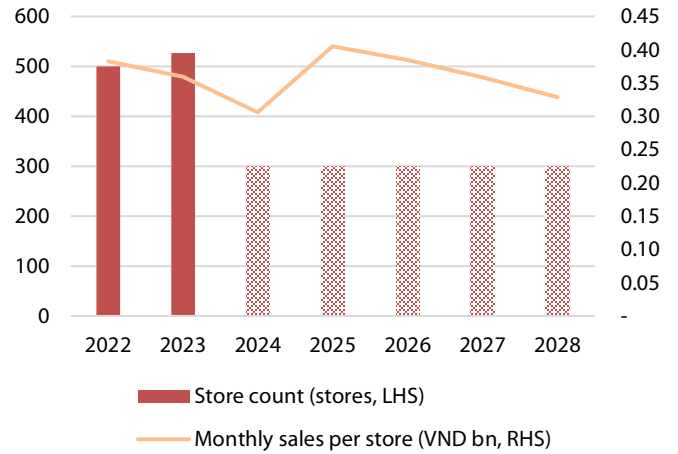
Source: GSO VN, Euromonitor, RongViet Securities

Figure 51: An Khang's historical and projected market share (%)



Source: BMI, RongViet Securities forecast

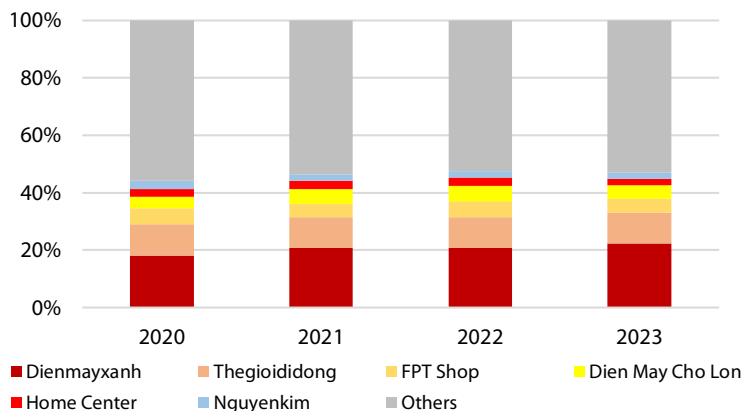
Figure 52: An Khang's Store count & sales per store



Source: GSO VN, BMI, RongViet Securities forecast

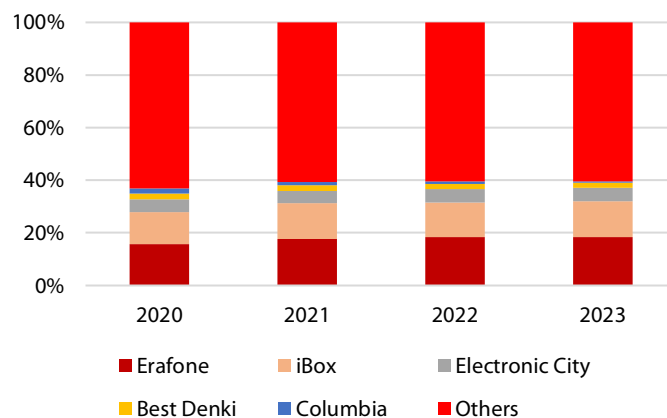
APPENDIX 1 – MWG'S MARKET SHARE IN THE ICT & ELECTRONIC APPLIANCES SECTOR IN VIETNAM COMPARED WITH LEADING CHAINS IN OTHER MARKETS ([Back to page 19](#)) ([Back to Page 31](#))

Figure 53: Market share of ICT/CE chains in Vietnam's market (% based on revenue from physical stores only)



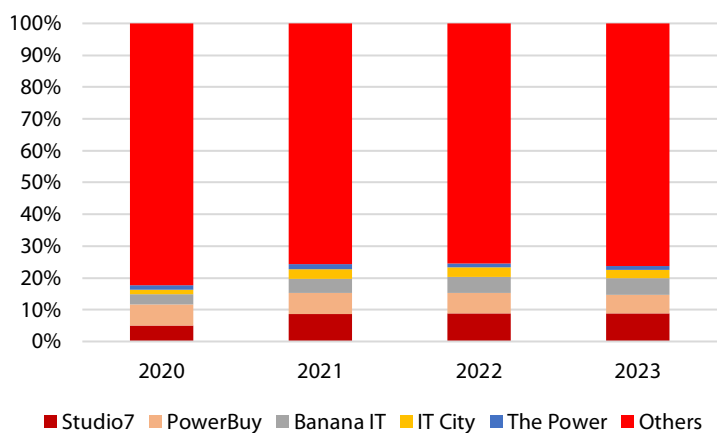
Source: Euromonitor, RongViet Securities

Figure 54: Market share of ICT/CE chains in Indonesia's market (% based on revenue from physical stores only)



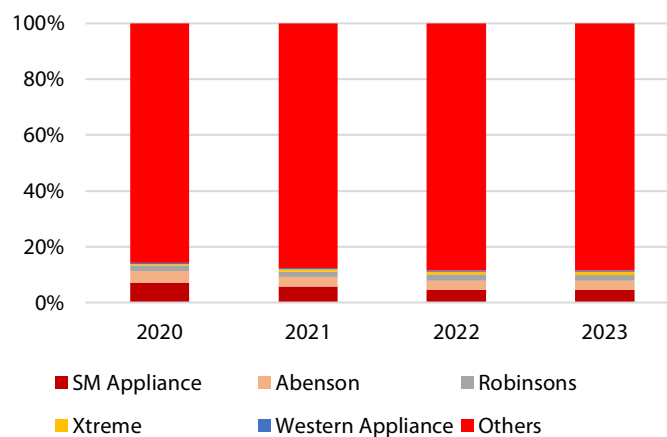
Source: Euromonitor, RongViet Securities

Figure 55: Market share of ICT/CE chains in Thailand's market (% based on revenue from physical stores only)



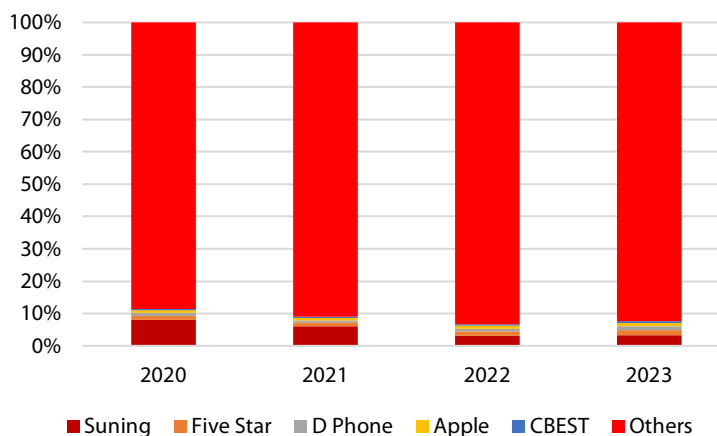
Source: Euromonitor, RongViet Securities

Figure 56: Market share of ICT/CE chains in Philippines's market (% based on revenue from physical stores only)



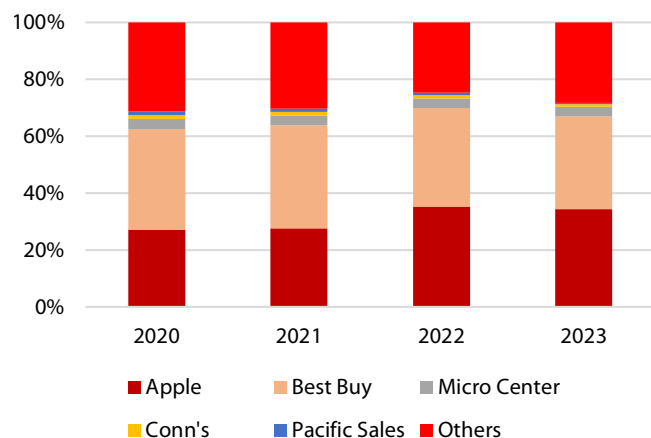
Source: Euromonitor, RongViet Securities

Figure 57: Market share of ICT/CE chains in China's market (% based on revenue from physical stores only)



Source: Euromonitor, RongViet Securities

Figure 58: Market share of ICT/CE chains in the US's market (% based on revenue from physical stores only)



Source: Euromonitor, RongViet Securities

APPENDIX 2 – COMPARABLE ICT & ELECTRONIC APPLIANCE RETAIL CHAINS

In this report, we use five ICT retail chains with similar business models and domestic positions to MWG as references for analysis and forecasting.

PT Erajaya Swasembada Tbk. (Erajaya) was founded in 1996, is an Indonesian company specializing in the distribution and retail of mobile telecommunications equipment, SIM cards, IoT devices and Google Play Card vouchers. The company also provides Value Added Services such as mobile phone protection and mobile phone rental. The company is a leader in the electronics retail market with two chains, Erafone and iBox.

PT Electronic City Indonesia Tbk (Electronic City) is an Indonesian electronics retail chain founded in 2001 and headquartered in Jakarta Selatan, Indonesia. The company offers (1) audio-visual products, such as televisions, camcorders, Blu-ray and DVD players, portable audio devices, speakers, amplifiers, MP3 players; (2) home appliances, including refrigerators, freezers, washing machines, dryers, dishwashers, air conditioners, vacuum cleaners, toasters and blenders, fans and electric irons; (3) ICT including smartphones, accessories, digital and video cameras and photography accessories; and (4) office equipment and cameras including desktops, laptops, mini laptops and tablets, printers, fax machines, projectors and computer accessories. Electronic City is the third largest electronics retail chain in Indonesia.

The company also offers mother and baby products, such as tableware, baby food processors, bags, toys, strollers, and electronic and non-electronic products; eco-city products, including organic food and beverages and environmentally friendly home appliances; and EV products, including electric bicycles and motorcycles. The retail chain currently operates online in conjunction with 70 physical stores.

Senheng New Retail Berhad, is a Malaysian electronics and home appliances retail chain. The company offers digital gadgets, audio-visual equipment, home appliances and other related products, along with delivery, installation, maintenance and repair services, and warranty services. In addition, the company provides compulsory insurance services. The company operates physical stores under the brands Grand Senheng Elite, Grand Senheng and Senheng; and digital stations senQ and Grand senQ, as well as providing a membership platform through the PlusOne loyalty program. The company was founded in 1989 and is headquartered in Kuala Lumpur, Malaysia. Senheng New Retail Berhad operates as a subsidiary of Sq Digital Sdn Bhd. The company is one of the leading electronics retail chains in Malaysia.

FPT Shop, established in August 2007, FPT Shop is a retail chain specializing in digital products such as Mobile phones, Tablets, Laptops and electronic accessories... The chain also expanded into the business of household appliances and electronics in the ICT store system from 2021 and officially opened a separate business chain for these items from 2024. FPT Shop is the second largest electronics retail chain in terms of market share in Vietnam.

Best Buy Co Inc (Best Buy) Best Buy, Inc. is a multinational electronics retailer. The company's product portfolio includes consumer electronics, computers and mobile phones, home appliances, entertainment products, and home office products. The company also provides consulting, design, installation, technical support, and warranty-related services. Best Buy markets its products under the brand names Best Buy, Future Shop, Geek Squad, Magnolia, Best Buy Mobile, Dynex, Platinum, Yellow Tag, Insignia, Pacific Sales, Rocketfish, Modal, and My Best Buy. The company sells its products in retail stores, online, through mobile applications, and call centers. The company operates throughout the US, Canada, and Mexico. Best Buy is headquartered in Richfield, Minnesota, US. BestBuy is the second largest electronics retailer in the United States by market share, behind Apple.

Com7 Public Company Limited (Com7) is headquartered in Bangkok, Thailand. Com7 is primarily engaged in the retail of ICT products. Their main products include desktop computers, laptops, mobile phones, tablets, and many other devices. Com7 has branches in about 75 of the 77 provinces in Thailand. They operate under various brands such as BaNANA, Studio7, BaNANA Mobile, BaNANA Equip, BaNANA

Outlet BKK, KingKong Phone, and Brand Shop. The company's stores are classified into four categories, including ICT product retail, Apple brand stores, mobile phone specialty stores, and other brand stores. Com7 provides after-sales services through its Apple product repair and warranty center in Thailand called iCare, as well as TRUE Shop under TRUE by Com7.

Table 19: ICT & Electronics retail chains with similar domestic position to MWG - Industry average calculated from the 6 companies listed above [\(Back to page 6\)](#) [\(Back to page 7\)](#)

	2018	2019	2020	2021	2022	2023	Industry average
Days AR on hands	15%	15%	15%	15%	20%	20%	Weight
Average	8.8	9.2	8.6	9.1	10.3	12.7	10.0
Median	7.8	10.0	9.3	9.2	8.3	8.1	8.7
Days inventory on hands	15%	15%	15%	15%	20%	20%	Weight
Average	62.3	59.4	55.4	55.5	56.7	62.8	58.8
Median	61.3	62.5	55.9	56.7	55.1	55.8	57.6
Days AP	15%	15%	15%	15%	20%	20%	Weight
Average	43.6	47.0	53.6	53.8	45.2	45.4	47.8
Median	41.9	44.1	45.5	53.3	39.5	41.5	43.9
Gross margin	15%	15%	15%	15%	20%	20%	Weight
Average	17.7%	17.7%	18.0%	18.2%	18.5%	18.0%	18.0%
Median	19.2%	19.5%	19.0%	18.9%	19.8%	18.9%	19.2%
SG&A exp/Net sales	15%	15%	15%	15%	20%	20%	Weight
Average	13.8%	14.7%	14.6%	14.0%	14.3%	14.6%	14.3%
Median	15.4%	16.3%	16.5%	15.2%	15.9%	16.2%	15.9%
Net margin	15%	15%	15%	15%	20%	20%	Weight
Average	2.6%	2.3%	2.0%	2.6%	2.2%	1.8%	2.2%
Median	2.4%	2.0%	2.5%	2.7%	2.2%	1.6%	2.2%

Source: Bloomberg, RongViet Securities

	2018	2019	2020	2021	2022	2023	Industry average
EV/EBITDA	15%	15%	15%	15%	20%	20%	Weight
Average	7.4x	9.6x	9.1x	10.9x	7.8x	7.5x	8.6x
Median	5.6x	7.4x	5.8x	6.2x	4.9x	6.6x	6.1x
P/E	15%	15%	15%	15%	20%	20%	Weight
Average	9.7x	14.9x	14.9x	16.5x	12.8x	13.5x	13.7x
Median	7.7x	14.6x	11.2x	12.0x	12.2x	14.0x	12.1x
P/B	15%	15%	15%	15%	20%	20%	Weight
Average	2.3x	3.1x	3.9x	5.8x	3.5x	3.1x	3.6x
Median	1.4x	1.7x	1.8x	2.5x	1.7x	1.0x	1.7x
P/S	15%	15%	15%	15%	20%	20%	Weight
Average	0.3x	0.4x	0.4x	0.6x	0.5x	0.4x	0.4x
Median	0.2x	0.2x	0.2x	0.3x	0.3x	0.4x	0.3x

Source: Bloomberg, RongViet Securities

APPENDIX 3 – COMPARABLE GROCERY RETAIL CHAINS

In this report, we use five supermarket-style grocery retail chains with similar domestic positions to MWG as references for analysis and forecasting.

PT Midi Utama Indonesia Tbk (Alfa Midi) is a retail company headquartered in Indonesia. The company is engaged in the retail business of consumer products through a network of mini-supermarkets, namely Alfamidi, a network of supermarkets such as Alfamidi super and a network of fruit shops called Midi Fresh. The Company's stores are located in several cities, such as Jakarta, Bogor, Depok, Tangerang, Bekasi, Surabaya, Makassar, Medan, Samarinda, Yogyakarta, Manado, Palu, Kendari, Ambon and Jayapura. The mini-supermarket network also includes stores directly owned and under franchise agreements with third parties. The chain currently has 384 stores, ranking 7th in the Indonesian supermarket market.

PT. Sumber Alfaria Trijaya Tbk (Alfa Midi) engages in a retail business with a portfolio of fast-moving consumer goods through the mini-supermarket format. AMRT was listed on the IDX on January 15, 2009. AMRT's mini supermarkets sell dairy products and basic necessities such as brown rice, cooking oil, sugar, milk, snacks, beverages, candy, cigarettes, personal care products and home care products. AMRT is headquartered in Cikokol, Tangerang. The chain currently has 57 stores, ranking among the Top 10 largest supermarkets in Indonesia.

Robinsons Retail Holdings Inc is a diversified retailer in the Philippines. The company operates in six business segments: Supermarkets (Robinsons Supermarket, Robinsons Easymart and Robinsons Selections), Department Stores (Robinsons Department Store), Pharmacies (Southstar Drug and Manson Drug), DIY Stores (True Home by True Value, AM Builders' Depot, Handyman Do it Best, True Value), Convenience Stores (Ministop) and Specialty Stores (toy retailer Toys "R" Us, one-price retailer Daiso Japan, electronics and home appliances retailer Robinsons Appliances and Savers Appliances and international fashion brands, such as Topshop, Topman, Dorothy Perkins and international cosmetics brands such as Shiseido). The chain is the leader in the Philippine supermarket market with 257 stores.

AEON Co. (M) Bhd, is a retailer and shopping mall operator headquartered in Malaysia. The company is primarily engaged in the operation of a chain of department stores and supermarkets selling a wide range of goods ranging from clothing, food, household goods, other goods and shopping mall operations. The company also provides personal shopping services, driver services and delivery services through its e-commerce platform myAEON2go for shopping in an effort to seamlessly implement Online-Merge-Offline. The company has a total of over 178 stores in Malaysia.

Albertsons Companies, Inc., through its subsidiaries, engages in the operation of food and drug stores in the US. The company's retail food and drug stores offer general grocery products, health and beauty products, pharmaceuticals, and fuel. The company also manufactures and processes food products for sale in its stores. The company operates stores under various banners, including Albertsons, Safeway, Vons, Pavilions, Randalls, Tom Thumb, Carrs, Jewel-Osco, Acme, Shaw's, Star Market, United Supermarkets, Market Street, Haggen, Kings Food Markets, and Balducci's Food Lovers Market; and branded in-store pharmacies, cafes, adjacent fuel centers, distribution centers, and manufacturing facilities, as well as various digital platforms. Albertsons Companies, Inc. was founded in 1860 and is headquartered in Boise, Idaho. Albertsons Companies, Inc. operates as a subsidiary of Albertsons Investor Holdings LLC.

Table 20: Grocery chains with similar domestic position to MWG - Industry average calculated from the above 5 companies ([Back to page 6](#))

	2018	2019	2020	2021	2022	2023	Industry average
Days AR on hands	15%	15%	15%	15%	20%	20%	Weight
Average	8.0	6.7	6.8	7.7	6.7	6.7	7.1
Median	7.6	6.7	6.8	7.3	6.4	6.9	6.9
Days inventory on hands	15%	15%	15%	15%	20%	20%	Weight
Average	62.2	62.4	68.2	70.1	65.8	66.3	65.9
Median	56.1	54.1	59.6	66.3	65.0	66.4	61.7
Days AP	15	15%	15%	15%	20%	20%	Weight
Average	68.7	68.9	63.6	62.8	60.2	58.6	63.4
Median	56.0	53.9	55.5	54.3	48.8	47.5	52.2
Gross margin	15%	15%	15%	15%	20%	20%	Weight
Average	26.7%	26.9%	27.4%	27.5%	27.8%	28.8%	27.6%
Median	25.0%	25.0%	24.9%	25.2%	25.3%	26.0%	25.3%
SG&A exp/Net sales	15%	15%	15%	15%	20%	20%	Weight
Average	21.4%	22.1%	19.6%	20.0%	20.1%	20.9%	20.7%
Median	22.4%	24.6%	17.0%	18.7%	19.4%	20.8%	20.5%
Net margin	15%	15%	15%	15%	20%	20%	Weight
Average	1.8%	1.6%	1.3%	2.0%	2.4%	2.5%	2.0%
Median	1.5%	1.7%	1.4%	2.3%	2.7%	2.8%	2.1%

Source: Bloomberg, RongViet Securities

	2018	2019	2020	2021	2022	2023	Industry average
EV/EBITDA	15%	15%	15%	15%	20%	20%	Weight
Average	9.1x	7.6x	7.4x	7.6x	7.9x	8.3x	8.0x
Median	8.6x	7.2x	7.0x	7.5x	6.3x	7.0x	7.2x
P/E	15%	15%	15%	15%	20%	20%	Weight
Average	29.7x	22.2x	29.1x	22.3x	22.9x	18.9x	23.9x
Median	23.0x	21.4x	28.4x	22.1x	21.0x	13.5x	21.1x
P/B	15%	15%	15%	15%	20%	20%	Weight
Average	2.9x	2.5x	2.4x	2.8x	3.5x	4.9x	3.3x
Median	2.3x	2.0x	2.4x	2.5x	1.5x	3.8x	2.4x
P/S	15%	15%	15%	15%	20%	20%	Weight
Average	0.5x	0.4x	0.4x	0.5x	0.5x	0.5x	0.5x
Median	0.5x	0.4x	0.4x	0.5x	0.4x	0.4x	0.4x

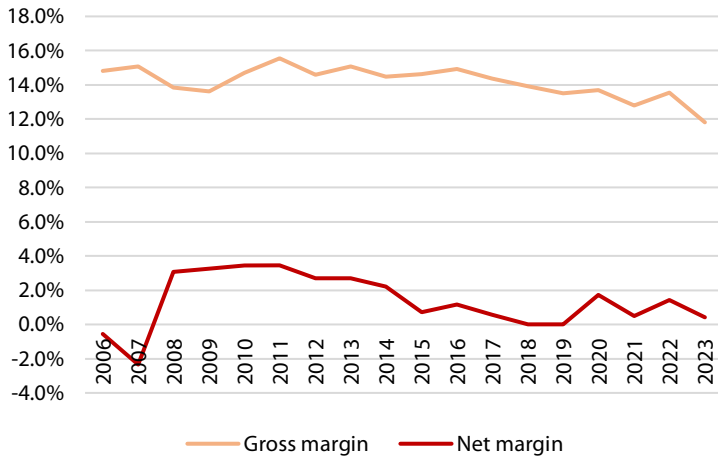
Source: Bloomberg, RongViet Securities

We add one more reference case to the BHX cost management outlook projection:

([Back to page 7](#)) **Lianhua Supermarket Holdings Co., Ltd.**, together with its subsidiaries, operates hypermarkets, supermarkets, and convenience stores primarily in the eastern region of China. The company operates its stores under the brands Century Mart, Lianhua Supermarket, Hualian Supermarket, and Lianhua Quik. The company is also involved in the sale of goods to wholesalers; the provision of logistics services for wholesale businesses; the sale of products through e-commerce platforms; and store franchising. The company, founded in 1991, ranks second in the Chinese supermarket market with 2,263 stores.

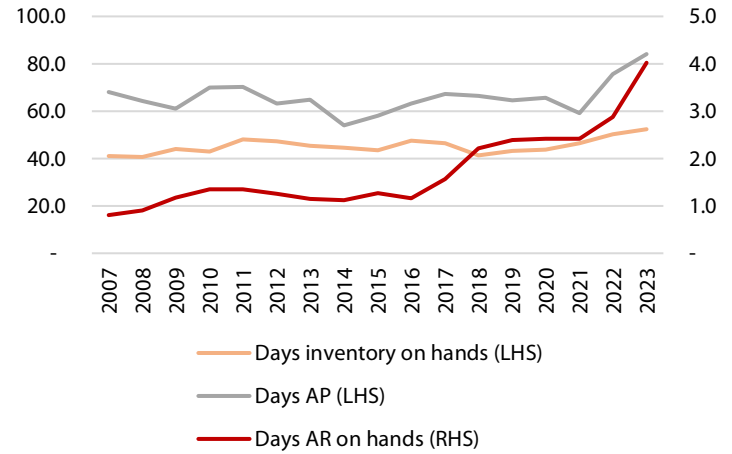
We separate Lianhua's mini-supermarket segment to monitor the chain's cost management and working capital efficiency as a reference for BHX itself in the coming years, because Lianhua's supermarket chain is mini (under 500m2) and only sells general grocery goods like BHX.

Figure 59: Profitability ratios of mini-supermarket segment of Lianhua chain (%)



Source: RongViet Securities

Figure 60: Efficiency ratios of mini-supermarket segment of Lianhua chain (days)



Source: RongViet Securities

APPENDIX 4 – FINANCIAL ANALYSIS & FORECAST IN 2024-28
Table 21: Projected revenue by segments (VND bn) [\(Back to page 5\)](#)

REVENUE BY SEGMENT	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
Core business	87,271	94,309	104,490	84,196	85,914	87,854	90,172	91,271	91,946
YoY Growth	-4.6%	8.1%	10.8%	-19.4%	2.0%	2.3%	2.6%	1.2%	0.7%
TGDD	29,525	31,600	35,519	28,959	29,218	29,543	29,857	30,141	30,348
YoY Growth	-11.1%	7.0%	12.4%	-18.5%	0.9%	1.1%	1.1%	1.0%	0.7%
DMX	57,746	62,709	68,970	55,237	56,696	58,311	60,315	61,130	61,598
YoY Growth	-0.8%	8.6%	10.0%	-19.9%	2.6%	2.8%	3.4%	1.4%	0.8%
New business	21,275	28,649	28,915	34,084	44,780	54,158	64,907	74,166	86,127
YoY Growth	98.3%	34.7%	0.9%	17.9%	31.4%	20.9%	19.8%	14.3%	16.1%
BHX	21,275	28,157	27,015	31,564	42,955	52,394	63,218	72,568	84,639
YoY Growth	98.3%	32.3%	-4.1%	16.8%	36.1%	22.0%	20.7%	14.8%	16.6%
An Khang		485	1,537	2,214	1,518	1,458	1,383	1,292	1,182
YoY Growth			216.9%	44.0%	-31.4%	-3.9%	-5.1%	-6.6%	-8.5%
Others		7	363	306	306	306	306	306	306
YoY Growth					0.0%	0.0%	0.0%	0.0%	0.0%
Total MWG	108,546	122,958	133,405	118,280	130,694	142,012	155,079	165,438	178,073
YoY Growth	6.2%	13.3%	8.5%	-11.3%	10.5%	8.1%	8.6%	6.0%	5.6%
REVENUE CONTRIBUTION	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
TGDD	27.2%	25.7%	26.6%	24.5%	22.4%	20.8%	19.3%	18.2%	17.0%
DMX	53.2%	51.0%	51.7%	46.7%	43.4%	41.1%	38.9%	37.0%	34.6%
BHX	19.6%	22.9%	20.3%	26.7%	32.9%	36.9%	40.8%	43.9%	47.5%
An Khang			1.2%	1.9%	1.2%	1.0%	0.9%	0.8%	0.7%
Others			0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%

Source: MWG, RongViet Securities estimates

Table 22: Projected gross margin by segments [\(Back to page 6\)](#)

GROSS PROFIT BY SEGMENT	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
TGDD & DMX	18,840	19,878	24,181	13,937	17,011	17,132	17,313	17,524	17,654
BHX	5,114	7,596	6,982	8,131	10,997	13,360	15,994	18,142	20,737
Others	0	159	-301	452	334	338	339	334	324
Total MWG	23,954	27,632	30,862	22,521	28,341	30,830	33,646	36,000	38,714
YoY Growth	22.9%	15.4%	11.7%	-27.0%	25.8%	8.1%	8.4%	6.2%	5.3%
GROSS MARGIN BY SEGMENT	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
TGDD & DMX	21.6%	21.1%	23.1%	16.6%	19.8%	19.5%	19.2%	19.2%	19.2%
BHX	24.0%	27.0%	25.8%	25.8%	25.6%	25.5%	25.3%	25.0%	24.5%
Total MWG	22.1%	22.5%	23.1%	19.0%	21.7%	21.7%	21.7%	21.8%	21.7%

Source: MWG, RongViet Securities estimates. Note: All expected gross margins are our assumptions, not MWG sources.

Table 23: Projected SG&A expenses/net sales ([Back to page 8](#))

SG&A EXPENSES/NET SALES	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
TGDD & DMX	13.5%	13.6%	13.3%	14.0%	14.5%	15.0%	15.0%	15.5%	16.0%
BHX	32.2%	30.4%	36.8%	29.7%	25.5%	24.0%	22.0%	21.0%	20.5%
Total MWG	17.3%	17.7%	18.2%	18.7%	18.3%	18.4%	17.9%	18.0%	18.2%

Source: MWG, RongViet Securities estimates

Table 24: Projected net margin ([Back to page 8](#))

NET PROFIT	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
Total MWG	3,918	4,899	4,100	168	4,003	4,478	5,606	6,133	6,438
YoY Growth	2%	25%	-16%	-96%	2,287%	12%	25%	9%	5%
NET MARGIN	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
Total MWG	3.6%	4.0%	3.1%	0.1%	3.1%	3.2%	3.6%	3.7%	3.6%

Source: MWG, RongViet Securities estimates

Table 25: Projected efficiency ratios ([Back to page 8](#))

WORKING CAPITAL	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
Days AR on hands	5.4	9.4	8.2	15.9	16.9	16.6	16.6	16.5	16.5
Days Inventory on hands	83.8	111.7	91.5	83.2	76.5	72.4	71.8	71.2	70.5
Days AP	37.7	46.6	31.1	30.2	41.8	41.5	41.1	40.8	40.5

Source: MWG, RongViet Securities estimates

Table 26: MWG's annual cash dividends ([Back to page 9](#))

	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F
Cash dividend (VND/share)	1,500	500	1,000	500	500	500	600	800	800
Dividend Payout Ratio	17.7%	6.1%	14.9%	17.8%	436.7%	18.3%	19.6%	21.0%	19.4%
Dividend Yield	1.3%	0.4%	0.7%	1.1%	0.7%	0.7%	0.9%	1.2%	1.2%

Source: MWG, RongViet Securities estimates

Company Report

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RATING GUIDANCE

Ratings	BUY	ACCUMULATE	REDUCE	SELL
Total Return including Dividends in 12-month horizon	>20%	5% to 20%	-20% to -5%	<-20%

In some cases, we do not provide specific buy/sell recommendations but only offer some reference valuations to give investors additional information, classified under the **OBSERVE** recommendation.

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