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Nov performance (MWG)

Expected to reach full-year targets

Accumulated profit after tax in the first 11 months of 2019 (11M19) reached 99% of full-year targets

- In November 2019, MWG revenue was VND8,363 billion (+23.7%) and profit after tax was VND282 billion (+19.95%). NPAT margin from July to November posted modest losses to 3.88% (vs the average of 4.2% in 1H2019) given massive store openings in 2H2019 and MWG's birthday sale in July.
- Accumulated in 11M19, MWG hit VND93 trillion of revenue (+18% YoY) & over VND3.5 trillion of profit after tax (+34% YoY), completing 86% & 99% of its respective targets in 2019. Although the store expansion led to a spike in operating cost, accumulated NPAT margin was still pegged at 38%, higher than the 3.3% margin in 11M18. Revenue from online business gained 8% YoY, & accounted for 11% total revenue of the company in 11M19.

MWG expects to have 1,000 DMX stores & 1,000 BHX stores by the end of 2019

- By the end of November 2019, the total MWG stores was 2,929, increasing by 117 stores in 11M, while DMX total stores picked up 46 stores (including both newly launched & TGDD transferred stores) to 983, while BHX total stores gained 72 stores to 938 stores. These numbers have far exceeded the targets set from early this year.

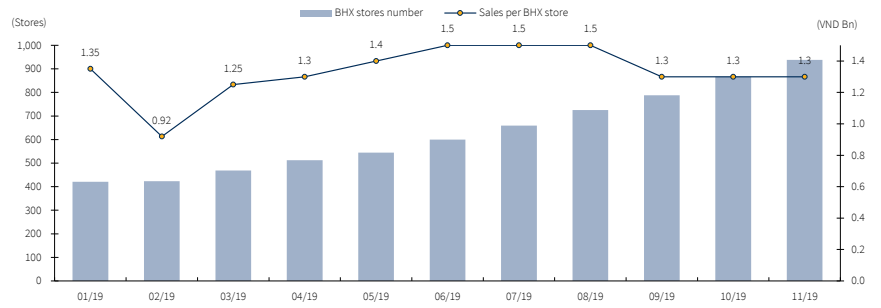
BHX continues to expand store network to the South Central Coast provinces

- The number of provincial stores have exceeded 50% of total BHX stores (514 stores in 20 South & South Central provinces outside HCMC). We believe that MWG business expansion to new provinces should gain the company ideal store locations to serve consumer shopping demand in the upcoming Lunar New Year. Revenue from provincial stores nearly reaches the revenue gained from HCMC stores (VND1.4 billion in November), implying that BHX model may be expanded to provinces outside HCMC.

MWG has still maintained a stable profit growth, and is likely to exceed full-year targets. Despite potential challenges to MWG's business operation, we believe that the company is still in the right way to reach the break-even in 2020, and keep a POSITIVE outlook for MWG shares.



Fig 1. Monthly sales per BHX store



Source: MWG, KB Securities Vietnam

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Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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