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Mobileworld (MWG)

1Q positive earnings growth despite the pandemic

1Q earnings and sales hold up despite nationwide lockdown

— 1Q earnings still manage to post single-digit growth at 9% YoY to VND1,135 billion and are well on track to meet full-year guidance. Sales also fared well despite the nationwide lockdown to VND29,532 billion (up 17% YoY) and 24% of the company's full-year target. Sales for electronics, white goods and home appliances showed positive YoY revenue growth, while sales for laptops nearly doubled compared to the same period last year as government social distancing protocols force most to work or learn from home. Foods and FMCG's sales continued to surge by 178% YoY. Taken together, the overall 1Q gross profit margin was successfully maintained above 20% compared to 18% from a year ago yet the net profit margin dropped by 30bps to 3.9% due to higher human resources and logistics expenses for *Bach hoa Xanh* chain.

Sticking to aggressive expansion of the *Bach hoa Xanh* grocery store brand

— The *Bach hoa Xanh* (BHX) grocery chain posted record high monthly sales in March and represented 22% of MWG's total sales during that month vs 8% during the same period last year. MWG managed to open 90 new BHX stores in March (compared to 30 new stores in January and February) to bring the number of locations to 1,158 stores nationwide. BHX expanded its network to Ca Mau and Daklak to enlarge its footprint to all cities and provinces in Southern Vietnam and the four South-Central provinces. Monthly revenue per store surged by 28% YoY to over VND1.6 billion per location but this may be short lived as management attributed the sharp rise to stock piling during social distancing. BHX sold more than 40,000 tons of fresh products (+48% YoY) in March. MWG has also completed the development to deploy the "Shopping on behalf of customers" program where customers can order any products in the "essentials basket" of approximately 200 SKUs, including fresh foods. The company has been conducting pilot programs in Ho Chi Minh City since April 2020.

Management reiterated full-year targets for 35% earnings and 13% revenue growth

— Management stuck with its 2020E earnings guidance for VND4,835 billion (+35% YoY) on consolidated revenue of VND122,445 billion (+13% Yoy). 1Q results met with expectations and management remains confident it can deliver on its guidance.

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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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