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MobileWorld Investment (MWG)

November earnings post double-digit growth

November earnings up double digits and accumulated earnings growth positive again

— November earnings up 12% YoY to VND316 billion on VND9,202 billion in revenue that rose by 8% YoY due to positive contributions from the *Bach Hoa Xanh* grocery chain and *Dien May Xanh* consumer electronics chain. By category, small appliances and white goods continued to post positive YoY growth, while the food and FMCG categories posted strong 71% YoY revenue growth in November. Sales of mobile phones were down 4% YoY and still negatively impacted by weak disposable income and consumption demand but fared better than previous months – which are cumulatively down by 12% YoY – helped by: 1) successful new phone launches (Apple *iPhone 12* and Samsung *Note 20*); 2) special promotional campaigns for Single’s Day and Black Friday; and 3) aggressive expansion of the DMX mini/supermini format stores. Year-to-date earnings grew by 2% to VND3,599 billion after turning positive in October or 104% of management’s full-year target and 93% of the 2020E consensus. Accumulated revenue reached VND99,304 billion and up 7% YoY or 90% of management’s annual goal and 91% of the 2020E consensus.

Continuing focus on expanding *Dien May Xanh Supermini* (DMS) stores and *Bluetronics*

— MWG continues to focus on expanding the supermini format for consumer electronics with a record 62 new openings in November for a total of 169 stores. DMS stores are now recording footfalls in 37 of 63 cities focusing on rural provinces throughout Vietnam. Sales reached VND450 billion at the end of November or about VND1 billion in monthly sales per store and 1% of all *Dien May Xanh* sales but the new stores are quickly becoming the main format to achieve management’s aggressive market share target. MWG’s *Bluetronics* stores selling mobile phones and consumer electronics in Cambodia also reached 29 locations with average sales per store at VND1.2 billion per month.

Management confident to achieve double-digit growth for both top and bottom line in 2021E

— MWG’s Board of Directors will submit a 2021E business plan for approval at the next general shareholders’ meeting that includes an annual revenue target of VND125,000 billion or 14% YoY increase and earnings goal of VND4,750 billion or 38% YoY growth. Management will continue to expand the DMS network to 1,000 stores by the end of 2021E to meet this goal with the mobile phone and consumer electronics chain expected to contribute 75% of total revenue. For the grocery store chain, management plans to upgrade and expand large format stores in the urban areas of Southern Vietnam to reach total 2,500 locations by the end of 2021E.

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Investment ratings & definitions

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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