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Mobileworld (MWG)

1Q topline growth beats peers

Industry-leading sales growth

— *The gioi di dong* (TGDD) and *Dien may Xanh* (DMX) chains led the industry in overall retail sales according to MWG's comparison of 1Q data it received from Germany's *Growth from Knowledge* (GFK). The only area of negative growth was MWG's smartphone sales, which fell by 1.7% YoY during the quarter but still outperformed the industry's 3.4% YoY drop. Other major categories all logged positive sales growth despite the coronavirus: consumer electronics grew by 2% YoY (vs the industry's 13% drop); white goods rose by 14% (industry fell by 3%); and small household appliances increased by 17% (industry decreased by 9%). For laptops alone, MWG's sales growth reached 90% and more than tripled the 30% growth seen by the industry during the work-from-home quarter. Moreover, average revenue per store for the *Bach hoa Xanh* grocery chain grew to VND1.65 billion (+32% YoY) for the month of March, with a gross profit margin of more than 21%.

April sales dropped by 20% due delayed hot season and store closures

— MWG's preliminary April sales decreased by around 20% to about VND7,200 billion compared to more than VND9,000 billion in the same period in 2019. Sales at TGDD & DMX fell by 30% YoY due to the: 1) delay in the hot season that slowed purchases of air conditioners and refrigerators; and 2) store closures during the nation-wide lockdown. TGDD & DMX temporarily closed 600 stores between April 1 and April 15 but has since opened all locations by the end of April. After seeing a spike in revenue at the end of March at the *Bach hoa Xanh* grocery chain due to the stockpiling effect of essential goods (mainly FMCG), average revenue per store stabilized to VND1.4 billion in April (+8% YoY) vs March's VND1.65 billion, with increasing demand for fresh goods and growth in FMCGs normalizing from March levels.

Still waiting for revised 2020E guidance at the annual general shareholders' meeting

— Management has yet to confirm the date of this year's annual general shareholders' meeting when it will release the revised 2020E business plan and ESOP program. MWG's initial plan for 2020E was 20% growth in revenue to VND122,446 billion and 26% growth in earnings to VND4,835 billion.

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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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