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# Mobileworld (MWG)

## Sales growth remains positive after four months

### Earnings down 6% for first four months but sales hold up during nationwide lockdown

— Earnings were down 6% YoY to VND1,341 billion for the first four months of the year or 39% of the full-year target. Sales also reached VND37,187 billion during the same period or 34% of its revenue goal. Importantly, sales growth for the year remained positive at 9% YoY despite taking the brunt of the nationwide lockdown in April. April sales alone were down 14% YoY to VND7,834 billion due to the significant impact from the coronavirus that led to large-scale store closures. Sales of *The gioi di dong* (TGDD) and *Dien may Xanh* (DMX) chains fell by nearly 30% YoY after the closure of more than 600 stores between April 1 and April 15 and more than 300 stores between April 16 and April 25 during the nationwide lockdown. April earnings were hit hard and plummeted by 45% YoY to VND208 billion and the lowest level in two years due to April being the peak season for mobile phones and consumer electronics and the store closures representing about 30% of locations. By category, consumer electronics and household appliances still logged positive sales growth while refrigeration recorded a decline due to delayed purchases of air conditioners to May with the late arrival of the hot season. MWG's sales of laptops jumped 120% YoY during work-from-home guideline period.

### Continuing focus on expanding *Bach hoa Xanh* (BHX) locations

— MWG continues to focus on expanding the grocery chain with 76 new BHX stores in April (+77% YoY) and bringing the total number of stores to 1,234 locations. In contrast, the number of DMX and TGDD stores fell by five during the same month. By type, there were 770 provincial stores and 219 large-scale locations representing 62% and 18% of the total network, respectively. Sales surged by 167% YoY to VND6,173 billion in the first four months of the year. Revenue per store stabilized to VND1.40 billion in April or up 8% YoY vs the jump in the March number to VND1.65 billion due to stockpiling of essential items (mainly FMCG products) at the start of the pandemic. April witnessed increasing demand for fresh goods and normalized growth vs March for FMCG items.

### Online sales grew sharply and made up to 16% of the April's total sales

— Online sales in April increased sharply to VND1,274 billion and accounted for 16% of the month's total revenue. The online sales portion was as high as 20% for the TGDD and DMX chains as consumers switched to the E-commerce channel during the store closures. To handle these increased online volumes, MWG successfully pivoted thousands of in-house staff to sales, technical support, delivery and installation roles to meet the surge in demand for online purchases of consumer electronics during the lockdown.

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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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