

Mobileworld (MWG)

BHX increasing its coverage in the South

May 9, 2025

Analyst Nguyen Hoang Duy Anh

(+84) 24-7303-5333 anhnhd@kbsec.com.vn

MWG recorded the second highest quarterly profit in history

At the end of 1Q25, Mobile World Investment Corporation (MWG) posted VND36,135 billion in revenue (+14.8% YoY) with a GPM of 19.9% (-1.4ppts YoY/+0.8ppts QoQ). NPAT showed impressive growth, rocketing 71.4% YoY or VND1,548 billion, the second highest quarterly NPAT in MWG's history. This is not only attributable to the double-digit growth in revenue but also to lower operating cost with the SG&A/revenue ratio dropping 2.5ppts YoY.

TGDD+DMX chains posted positive sales mainly thanks to ICT segment

Net revenue from ICT&CE in 1Q gained 13.7% YoY to VND24,283 billion after three more inefficient stores were closed. The positive sales came from the TGDD chain's 22.2% YoY growth and the DMX chain's 9.8% YoY growth despite the slow recovery of the ICT&CE retail market.

BHX chain traded profits to increase market share in 1Q

By the end of the quarter, the BHX chain announced a 2.2% QoQ increase in net revenue and a 63% QoQ decrease in profit due to the chain's priority in gaining market share in new markets. It opened 232 new stores in 1Q25 (more than three times of the previous quarter's number), 50% of which is in the Southern market.

Valuation: BUY rating – Target price VND73,400

We expect net revenue and NPAT of MWG in 2025 to respectively hit VND144,585 billion (+7.6% YoY) and VND4,789 billion (+28.3% YoY). Given the bright outlook in each business segment of MWG and long-term growth potential of BHX, we recommend BUY on MWG shares with a target price for this year reaching VND73,400 apiece.

Buy maintain

Target price VND73,400

Upside	21.7%
Current price (May 9, 2025)	VND60,300
Consensus target price	VND74,900
Market cap (VNDtn/USDbn)	90.2/3.5

Forecast earnings & valuation

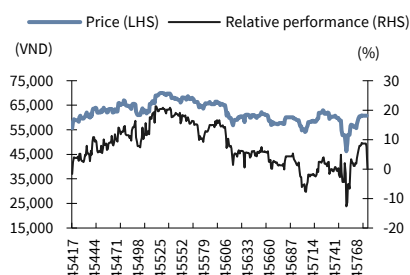
FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	118,280	134,341	144,585	157,780
Operating income/loss (VNDbn)	1,047	5,227	6,460	7,188
NPAT-MI (VNDbn)	168	3,722	4,775	5,314
EPS (VND)	115	2,552	3,274	3,644
EPS growth (%)	-95	2,119	28	11
P/E (x)	527.0	23.7	18.5	16.6
P/B (x)	3.8	3.2	2.8	2.5
ROE (%)	0.7	13.3	15.2	14.8
Dividend yield (%)	0.8	0.8	1.6	0.8

Trading data

Free float	80.6%
3M avg trading value (VNDbn/USDmn)	443.4/17.3
Foreign ownership	47.0%
Major shareholder	Retail World Ltd. (10.49%)

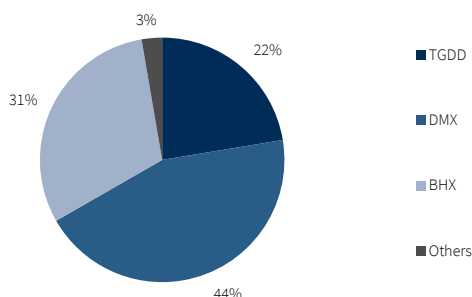
Share price performance

(%)	1M	3M	6M	12M
Absolute	15.2	2.4	-7.3	9.2
Relative	13.9	5.8	-5.8	8.7



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2024)



Source: Mobile World Investment, KB Securities Vietnam

Business operation

Founded in 2004, Mobile World Investment (MWI) owns the TGDD and DMX chains, which dominate Vietnam's ICT&CE market with a market share exceeding 50%. The company is now focusing on expanding its BHX grocery chain with fresh products and FMCG. After 20 years of operation, MWI has surpassed VND100 trillion in annual revenue, with its peak net profit approaching VND5,000 billion.

Investment Catalysts

TGDD+DMX chains will focus on increasing market share to improve revenue in 2025. Increasing market share risks putting pressure on profits as the company needs to launch many stimulus programs.

BHX chain has expansion plan into the Central region in 2025. It is expected that the chain will have 200-400 new stores this year, 70% of which is in the Central and the rest 30% is in the Southern region.

Erablue chain is slated to gain more market share after reaching the break-even point. It aims to reach 500 stores in 2027.

Notes

Please refer to the 4Q24 update report [here](#)

Please see more details below

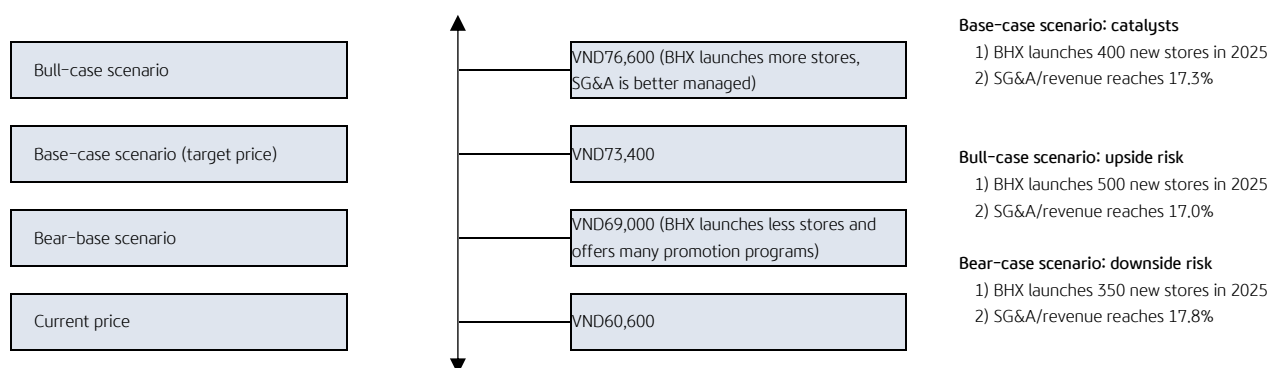
Please see more details below

Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	144,585	157,780	0%	2%	148,251	163,515	-2%	-4%
EBIT	4,751	5,155	1%	-1%	5,237	6,652	-9%	-23%
NP after MI	4,775	5,314	0%	-3%	5,037	6,228	-5%	-15%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business operation

MWG's 1Q revenue was equal to 24% of the full-year target

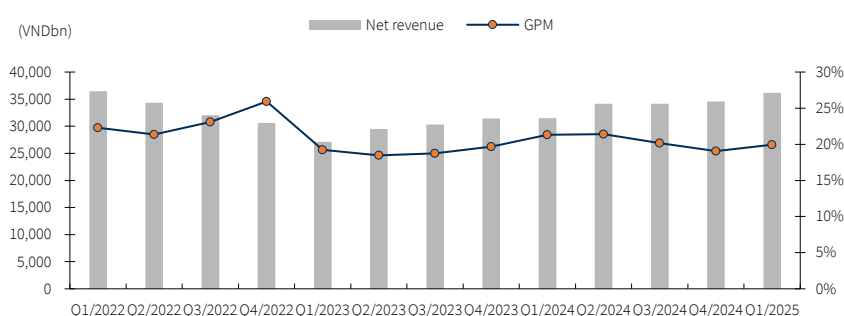
At the end of 1Q, MWG recorded VND36,135 billion in net revenue, of which respective revenue contributions from TGDD, DMX, and BHX are VND8,311 billion (23% of total revenue), VND15,972 billion (44.2%), and VND11,021 billion (30.5%).

Table 1. MWG – 1Q25 business performance

(VNDbn)	1Q24	1Q25	+/-%YoY	3M24	3M25	+/-%YoY	Notes
Revenue	31,486	36,135	14.8%	31,486	36,135	14.8%	
The gioi Di dong (TGDD) + TopZone	6,801	8,311	22.2%	6,801	8,311	22.2%	- Revenue growth was underpinned by product diversification strategy and optimal financial solutions. - The number of stores reached 3,044 (-3 stores QoQ).
Dien May Xanh (DMX)	14,547	15,972	9.8%	14,547	15,972	9.8%	- Sales/store/month improved by 21.8% YoY.
Bach Hoa Xanh (BHX)	9,163	11,021	20.3%	9,163	11,021	20.3%	- Fresh products and FMCG maintained double-digit growth. - Sales/store/month lost 5.2% QoQ due to BHX opening 232 new stores in the Central and Southern regions.
Gross profit	6,713	7,200	7.3%	6,713	7,200	7.3%	
<i>Gross profit margin</i>	<i>21.3%</i>	<i>19.9%</i>	<i>-1.4ppts</i>	<i>21.3%</i>	<i>19.9%</i>	<i>-1.4ppts</i>	
Financial income	585	693	18.4%	585	693	18.4%	The 18.4% YoY growth was supported by a 15.9% YoY gain in deposits and short-term investments.
Financial expenses	-375	-339	-9.7%	-375	-339	-9.7%	
SG&A	-5,690	-5,618	-1.3%	-5,690	-5,618	-1.3%	Selling expenses were lowered by 8.7% while administrative expenses spiked 39.9%
Shared profits from affiliates	-20	3	-115.3%	-20	3	-115.3%	MWG recorded VND3.1 billion in profit from Erablue in 1Q25.
Net profit after taxes (NPAT)	903	1,548	71.4%	903	1,548	71.4%	
NPAT-MI	902	1,546	71.3%	902	1,546	71.5%	
<i>NPAT margin</i>	<i>2.9%</i>	<i>4.3%</i>	<i>1.4ppts</i>	<i>2.9%</i>	<i>4.3%</i>	<i>1.4ppts</i>	

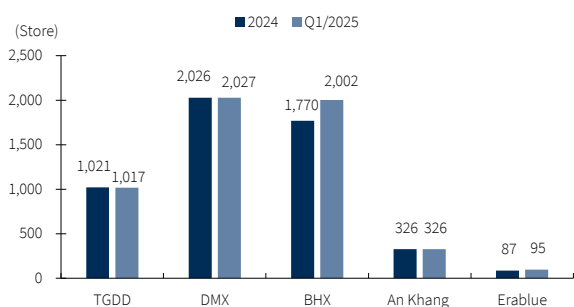
Source: Mobile World Investment, KB Securities Vietnam

Fig 2. MWG – Net revenue & GPM (VNDbn, %)



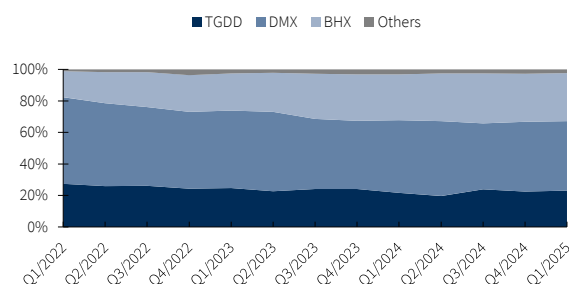
Source: Mobile World Investment, KB Securities Vietnam

Fig 3. MWG – Store count by chain (store)



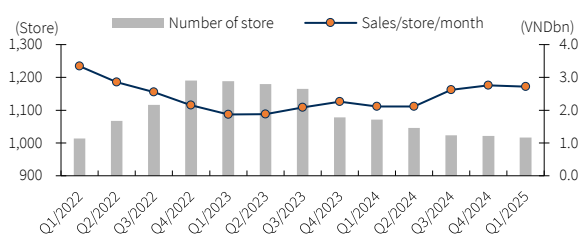
Source: Mobile World Investment, KB Securities Vietnam

Fig 4. MWG – Revenue breakdown by chain (%)



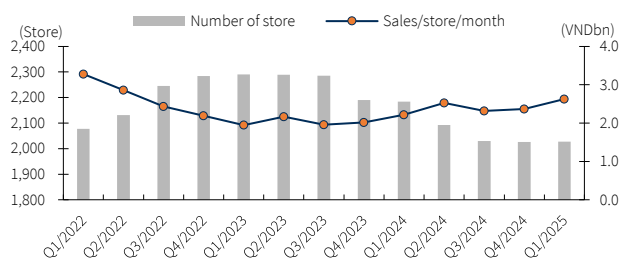
Source: Mobile World Investment, KB Securities Vietnam

Fig 5. TGDD – Sales/store, store count (VNDbn, store)



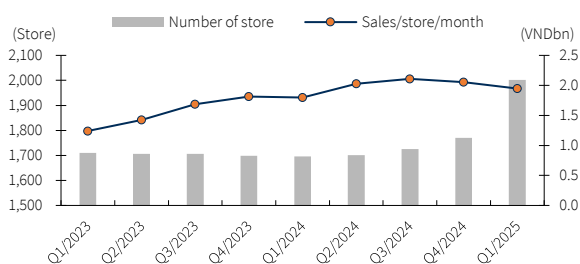
Source: Mobile World Investment, KB Securities Vietnam

Fig 6. DMX – Sales/store, store count (VNDbn, store)



Source: Mobile World Investment, KB Securities Vietnam

Fig 7. BHX – Revenue/store, store count (VNDbn, store)

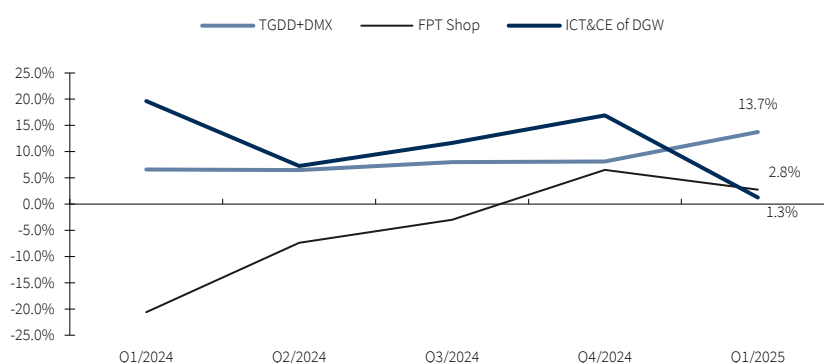


Source: Mobile World Investment, KB Securities Vietnam

TGDD+DMX chains outperformed the industry in 1Q25

Amid the slow recovery of the ICT&CE retail market, MWG's ICT&CE chain outperformed with a double-digit revenue growth of 13.7% YoY (Figure 8) while other peers only achieved single-digit growth (FPT Shop 1.3% YoY and Digiworld – DGW 2.8% YoY). The strong growth was attributable to a clear and methodical strategy with related parties: (1) For customers, MWG always seeks opportunities to increase market share in existing product categories while providing shopping solutions at accessible costs (which has been analyzed by KBSV in previous reports). (2) For suppliers, the corporation has developed a sustainable "family-ship" cooperative relationship, which does not stop at signing but also creates a closely-knit cooperative ecosystem where all members contribute and share success. (3) For employees, MWG applies sales policies to motivate them and create a new service culture. KBSV estimates MWG's ICT&CE revenue in 2025 at VND94,076 billion (+5% YoY) with the above strategies of the TGDD+DMX chains. However, it is unlikely that purchasing power in the remaining quarters of 2025 will make a strong rebound due to the indirect impact from the US reciprocal tariffs.

Fig 8. MWG, FRT, DGW – ICT&CE revenue growth (%)

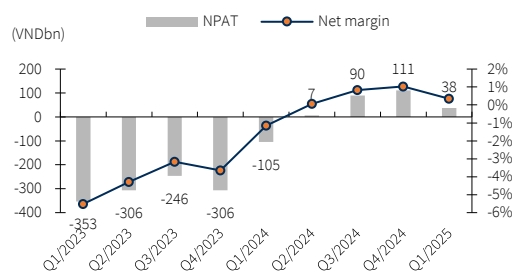


Source: Mobile World Investment, FPT Digital Retail, Digiworld, KB Securities Vietnam

BHX has focused on expanding its store network in the Central region

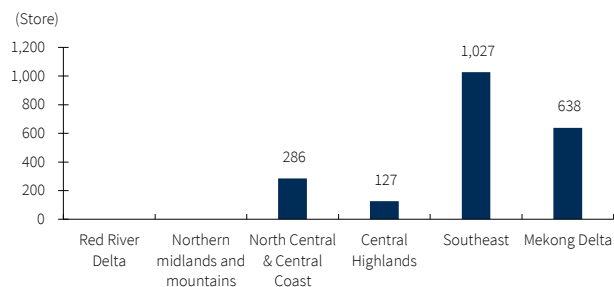
KBSV believes that BHX can achieve its goal of opening 400 new stores in 2025, with 70% of new openings in the Central region and the remaining 30% in the South, as it had already opened 303 new stores, with 163 new stores in the Central region by the end of April. Massive openings in new markets in the early months of the year also caused 1Q sales per store to fall 5.2% QoQ because that in the Central provinces was lower than in the Southern provinces. According to the management, the current sales per store/month in the Southern provinces is VND1.2–1.5 billion with the break-even sales/store/month reaching VND1.5 billion, while in the Southern provinces, the comparative figures are VND2.0 billion and VND1.8 billion. We estimate that BHX's revenue in 2025 at VND46,872 billion, equivalent to a growth rate of 14.0% YoY and profit of VND552 billion thanks to the chain's focusing on developing the physical store network and online channel while maintaining optimal store and warehouse operating costs.

Fig 8. BHX – NPAT, NPAT margin (VNDbn, %)



Source: Mobile World Investment, KB Securities Vietnam

Fig 9. BHX – Coverage by region (store)



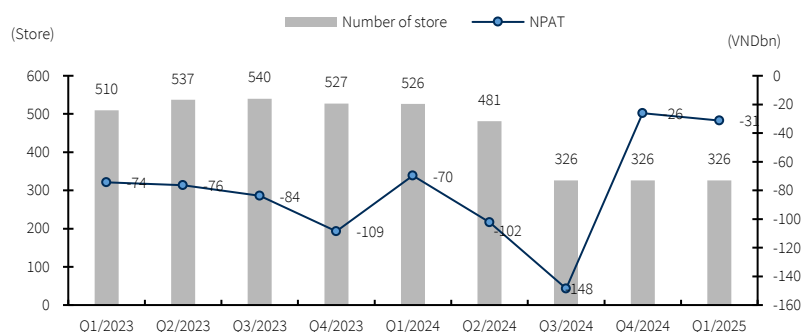
Source: Mobile World Investment, KB Securities Vietnam

*Note: The number of stores was updated up to April 22, 2025)

Updates on other chains

- Erablue recorded revenue of nearly VND700 billion and NPAT of VND7.0 billion (+29.2% QoQ). KBSV maintains the view that the chain will launch 63 new stores in 2025. By the end of 1Q, the number of Erablue stores reached 95 stores.
- An Khang chain reported VND515 billion in revenue and a loss of VND31.2 billion (Figure 11). It has performed better in the last two quarters despite the net loss. Currently, An Khang has 326 stores with sales/store/month touching VND0.5 billion.
- Avakid chain recorded revenue of VND313 billion with the online channel accounting for more than 50%. It also achieved profits at the company level in 1Q. The current store count reach 62 stores with sales/store/month hitting VND1.7 billion.

Fig 11. An Khang – Store count & NPAT (store, VNDbn)



Source: Mobile World Investment, KB Securities Vietnam

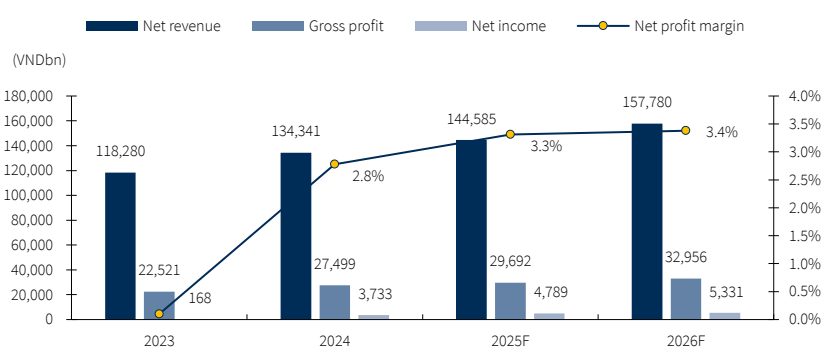
Forecast & valuation

Table 12. MWG – 2025–2026F business performance

(VNDbn)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Assumptions
Revenue	134,341	144,585	7.6%	157,780	9.1%	
TGDD + Topzone	30,092	31,501	4.7%	32,981	4.7%	– They may record single-digit growth amid sluggish purchasing power.
DMX	59,513	62,575	5.1%	65,766	5.1%	– Estimated number of TGDD and DMX stores is 1,017 and 2,027, assuming no new openings in 2025.
BHX	41,108	46,872	14.0%	54,608	16.5%	– Estimated sales/store/month in 2025 is VND1.98 billion due to fast expansion in the Southern market.
Others	3,627	3,638	0.3%	4,424	21.6%	– Estimated number of new stores in 2025 is 400, with 70% in the Central region and 30% in the South.
Gross profit	27,499	29,692	8.0%	32,956	11.0%	An Khang is still closely following the roadmap of restructuring and streamlining the business model to reach the break-even point.
<i>Gross profit margin</i>	<i>20.5%</i>	<i>20.5%</i>	<i>0.1%</i>	<i>20.9%</i>	<i>0.4%</i>	
Financial income	2,377	2,871	20.8%	3,408	18.7%	
Financial expenses	-1,188	-1,184	-0.4%	-1,436	21.3%	
SG&A	-23,416	-24,941	6.5%	-27,801	11.5%	
Shared profits from affiliates	-45	23	n/a	60	163.4%	Erablue is cautiously exploring the market by opening 63 new stores in neighboring areas in 2025.
Profit before tax (PBT)	4,826	5,987	24.1%	6,663	11.3%	
Net profit after tax (NPAT)	3,733	4,789	28.3%	5,331	11.3%	
NPAT-MI	3,722	4,775	28.3%	5,314	11.3%	
<i>NPAT margin</i>	<i>2.8%</i>	<i>3.3%</i>	<i>0.5%</i>	<i>3.4%</i>	<i>0.1%</i>	

Source: Mobile World Investment, KB Securities Vietnam

Fig 13. MWG – 2025–2026F business results



Source: Mobile World Investment, KB Securities Vietnam

We reiterated our BUY recommendation with a target price of VND73,400

We value MWG stock using two methods: (1) FCFE and (2) comparables:

- (1) **FCFE:** We use FCFE method with the assumptions stated below. We give a target price of MWG stock for this method of VND69,110/share.
- (2) **Comparables:** We use P/E and P/S for each different chain, with a reasonable P/E of 14.6x for the TGDD and DMX chains. For BHX, we use a target P/S of 1.1 based on the 5% BHX acquisition transaction of CDH investments. The An Khang chain is currently not profitable, so we use a P/S of 0.6, which is a reasonable level for pharmaceutical retail stores in Southeast Asia. The Erablue chain has long-term growth potential in Indonesia, so we think the reasonable P/S for this chain is 0.6x. We give a target price for MWG shares for this method of VND77,631/share.

With a 50-50 weighting for each method, we reiterated our BUY recommendation on MWG shares for 2025 with a target price of VND73,400/share, 21.7% higher than the closing price on May 9, 2025.

Table 14. MWG – FCFE valuation

Cost of equity	13.10%	PV of terminal value (VNDbn)	61,556
Risk-free rate	4.70%	PV of FCFE (VNDbn)	101,088
Beta	1.07	Number of shares outstanding	1,462,711,989
Risk premium	7.8%		
Terminal growth	4.0%		
Forecast duration	5		
Target price (VND/share)			69,110

Source: KB Securities Vietnam

Table 15. MWG – Comparables approach

	Earnings per share (VND)	Target P/E	MWG's ownership	Target price (VND)
TGDD & DMX	2,923	14.6	100%	42,783
	Sales per share (VND)	Target P/S		
BHX	32,045	1.1	95%	33,487
Erablue	1,436	0.6	45%	388
An Khang	1,622	0.6	100%	978
Target price (VND)				77,631

Source: KB Securities Vietnam

Table 16. MWG – Final valuation

Valuation method	Forecast price	Weighting	Weighted price
FCFE	69,110	50%	34,555
Comparables	77,631	50%	38,815
Target price			73,370

Source: KB Securities Vietnam

KB SECURITIES VIETNAM RESEARCH

Research Division

research@kbsec.com.vn

Nguyen Xuan Binh – Head of research

binhnx@kbsec.com.vn

Financials

Nguyen Anh Tung – Manager

tungna@kbsec.com.vn

Pham Phuong Linh – Analyst

linhpp@kbsec.com.vn

Consumer

Nguyen Duc Quan – Analyst

quannd@kbsec.com.vn

Nguyen Hoang Duy Anh – Analyst

anhnhd@kbsec.com.vn

Real Estate

Pham Hoang Bao Nga – Manager

ngaphb@kbsec.com.vn

Nguyen Thi Trang – Analyst

trangnt6@kbsec.com.vn

Industrials & Materials

Nguyen Duong Nguyen – Senior analyst

nguyennd1@kbsec.com.vn

Nguyen Thi Ngoc Anh – Analyst

anhntn@kbsec.com.vn

Macro & Strategy

Tran Duc Anh – Head of macro & strategy

anhtd@kbsec.com.vn

Nghiem Sy Tien – Analyst

tienss@kbsec.com.vn

Nguyen Dinh Thuan – Analyst

thuannd@kbsec.com.vn

Energy, Utilities & IT

Nguyen Viet Anh – Analyst

anhnv3@kbsec.com.vn

Support Team

Nguyen Cam Tho – Assistant

thonc@kbsec.com.vn

Nguyen Thi Huong – Assistant

huongnt3@kbsec.com.vn

KB SECURITIES VIETNAM (KBSV)

Head Office:

Levels 16&17, Tower 2, Capital Place, 29 Lieu Giai Street, Ba Dinh District, Hanoi, Vietnam

Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

Hanoi Branch:

Level 1, Office Building, 5 Dien Bien Phu Street, Ba Dinh District, Hanoi, Vietnam

Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

Ho Chi Minh Branch:

Level 21, Vietinbank Tower, 93-95 Ham Nghi Street, District 1, HCMC, Vietnam

Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang Street, District 1, HCMC, Vietnam

Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

CONTACT INFORMATION

Hotline: 1900 1711

Email: info@kbsec.com.vn

Website: www.kbsec.com.vn

Investment ratings & definitions

Investment Ratings for Stocks

(Based on the expectation of price gains over the next 6 months)

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

Investment Ratings for Sectors

(Based on the assessment of sector prospects over the next 6 months)

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

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