

MOBILE WORLD GROUP (MWG)

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INVESTMENT RECOMMENDATION

- Recommend: **BUY (OUTPERFORM)**
- Market Price: 80,000 VND
- Target Price: 91,099 VND
- Upside: 14 %
- Report Date: 22/11/2025

STOCK PERFORMANCE



Source: YahooFinance

Market Price: 80,000 VND

High 52w (VND): 45,750

Low 52w (VND): 87,900

Market Cap (VNDbn): 118,289

P/E (TTM): 20.24

EPS (TTM): 3,952.80

Source: YahooFinance

OWNERSHIP STRUCTURE

Retail world investment consultant limited liability company 10.5

Nguyen Duc Tai 2.3

I issue a BUY recommendation for MWG with an updated 12-month target price of 101,800 VND/share (implied upside of 22.6%). This valuation update is underpinned by (1) Record-breaking Q3 2025 profitability which validates the operational efficiency strategy, and (2) Concrete steps towards long-term growth via Bach Hoa Xanh's northern expansion and EraBlue's scaling in Indonesia.

Despite short-term headwinds from foreign net selling due to FX volatility in November 2025, I view the current valuation (Forward P/E 2026F ~16.4x) as an attractive entry point for long-term investors to capture the next growth cycle starting in 2026.

KEY EVENTS & IMPACT ANALYSIS (CATALYSTS)

Q3 2025 Earnings – Breaking Historical Profit Records: MWG released its Q3 2025 financial statements showing Net Revenue of 39,852 billion VND (+17% YoY) and Net Profit After Tax (NPAT) of 1,783 billion VND, a 2.2x increase compared to the same period last year. Net Margin expanded to 4.48%, the highest level in recent years. This proves that Operating Leverage is in full effect: fixed costs are strictly controlled while revenue recovers.

Bach Hoa Xanh (BHX) Officially "Marches North": In late November 2025, BHX opened its first store in Ninh Binh Province, officially marking its entry into Northern Vietnam after nearly a decade of dominating the South and South-Central regions. This signals that BHX has finalized its strategy and is ready for Mass Expansion. The goal is to open ~1,000 new stores/year starting from 2026. BHX's unique selling proposition (USP) of "Fresh Meat & Live Fish" offers a distinct competitive advantage over the dry-food-focused WinMart+ and traditional wet markets in the North.

EraBlue Reaches 100-Store Milestone in Indonesia: On November 20, 2025, the EraBlue joint venture (MWG owns 45%) celebrated the opening of its 100th store in Indonesia. Reaching 100 stores confirms the scalability of the MWG model in a market of 280 million people, unlocking a massive long-term growth engine as the domestic market saturates.

Foreign Net Selling Pressure: Throughout November 2025, foreign investors have been net sellers of MWG (e.g., 133 billion VND net sold on Nov 21) due to USD/VND exchange rate pressure and ETF rebalancing. From my perspective, this should be considered as a Flow Risk, not a Fundamental Risk. Historical data suggests that heavy foreign selling driven by macro factors often creates "Deep Value" buying opportunities for domestic investors.

BUSINESS MODEL DEEP-DIVE

MWG is currently executing a historic pivot in its revenue mix, transitioning from a cyclical ICT retailer to a stable Consumer Staples provider.

MAIN DRIVERS OF REVENUE

- **Legacy Drivers:** The TGDD & DMX (ICT/Consumer Electronics) chains have historically contributed >70% of revenue. However, this market has reached maturity/saturation. Revenue growth is now driven by "Premiumization"
- **Growth Drivers:** Bach Hoa Xanh (BHX) has officially become the new growth engine. In 9M2025, BHX revenue grew ~14-16% YoY, with revenue per store stabilizing at 2.1 billion VND/month
- **Future Driver :** EraBlue (Indonesia), this joint venture is expected to replicate the DMX success story in a **market 3x the size of Vietnam.**

COST STRUCTURE

- **Cost of Sales:** MWG maintains a Gross Margin of ~19-20%. The company committed volume targets in exchange for better pricing and reduced marketing support costs, thereby stabilizing COGS even during volatile periods.
- **SG&A (Selling, General & Admin):** This is where the biggest efficiency gains have occurred.
- **Labor:** Shifted from fixed high salaries to a performance-based income model.
- **Rental:** Aggressively closed ~200 inefficient TGDD/DMX stores to eliminate "dead weight" rental costs
- **Logistics (BHX):** A key competitive advantage of MWG thanks to a dense network of Distribution Centers (DCs) and high fill-rates

STRATEGIC APPROACH OVERTIME

From 2015–2022, MWG pursued rapid expansion to cement its ICT leadership while absorbing BHX losses. In 2023–2024, it pivoted to restructuring, closing weaker stores and protecting cash flow. From 2025 onward, it shifts toward disciplined, ROI-driven growth, pushing BHX into the North, scaling EraBlue in Indonesia, and laying the groundwork for a BHX IPO in 2028 and an ICT spin-off in 2030.

INDUSTRY BENCHMARK

VERSUS FPT RETAIL (FRT)

Pharma Segment: MWG (An Khang) Lags Significantly behind FRT (Long Chau). Long Chau has ~1,900 stores vs An Khang's ~326. Long Chau is highly profitable; An Khang is still making losses and shrinking.

ICT Segment: MWG (TGDD/DMX) Outperforms FPT Shop. MWG has better margins and scale. FPT Shop is currently struggling and undergoing restructuring

VERSUS MASAN CONSUMERS

Competitive positioning: BHX's "Fresh" focus (50-60% revenue from fresh food) creates a higher barrier to entry and customer loyalty compared to WinMart's dry-food/convenience focus.

Revenue efficiency: BHX revenue/store is ~2.1 billion VND/month, significantly higher than WinMart+ (typically <1.2 billion VND for comparable rural formats).

FINANCIAL ANALYSIS & FORECASTING

PROJECTED FINANCIAL PERFORMANCE (BILLION VND)

Line Item	2023	2024	2025F	2026F	2027F	2028F	2029F	2030F
Total Net Sales	118,279	134,341	159,585	179,823	197,798	215,706	234,933	263,995
Sales growth (%)	-11.30%	13.60%	18.80%	12.70%	10.00%	9.10%	8.90%	12.40%
COGS	95,758	106,842	126,892	141,028	155,894	172,203	185,868	209,680
Gross Profit	22,521	27,499	32,693	37,595	41,904	45,460	49,065	54,315
Gross margin (%)	19.00%	20.00%	20.00%	21.00%	21.00%	21.10%	21.00%	20.60%
EBIT	1,047	5,227	6,638	7,437	7,964	8,398	8,693	9,312
EBIT margin (%)	0.90%	3.90%	4.10%	4.10%	4.00%	3.90%	3.70%	3.50%
Taxes	433	1,283	1,873	2,135	2,331	2,455	2,591	2,809
Tax rate (%)	2.97%	2.64%	2.83%	2.74%	2.58%	2.40%	2.47%	2.57%
NOPAT	614	3,944	4,765	5,302	5,633	5,943	6,102	6,503
NOPAT margin (%)	0.50%	2.90%	3.00%	2.90%	2.80%	2.75%	2.60%	2.50%

SEGMENT ANALYSIS

This section provides a detailed breakdown of MWG's business segments to establish a baseline for my key valuation assumptions. By analyzing historical revenue mix and store network evolution, I started to evaluate the operational drivers behind each vertical—from the mature cash generation of The Gioi Di Dong to the growth trajectory of Bach Hoa Xanh.

Analysis of MWG's Business Segments: TGDD, DMX and BHX

Figure 1 highlights Dien May Xanh (DMX) as the dominant growth driver during this period, exhibiting significant cyclical strength and contributing the majority of the top line. Meanwhile, The Gioi Di Dong (TGDD) provided a stable, low-volatility revenue floor, acting as the company's mature cash cow. Bach Hoa Xanh (BHX) is visible as an emerging segment, demonstrating early accretive value as the company began its strategic pivot toward the high-frequency grocery retail sector.

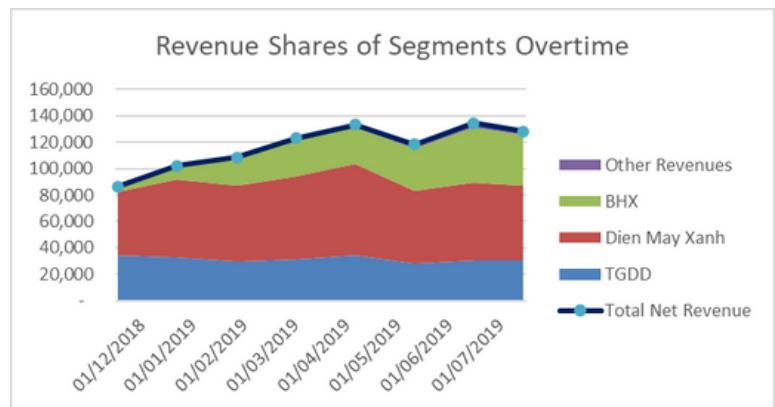


Figure 1: Revenue Shares of Segments Overtime

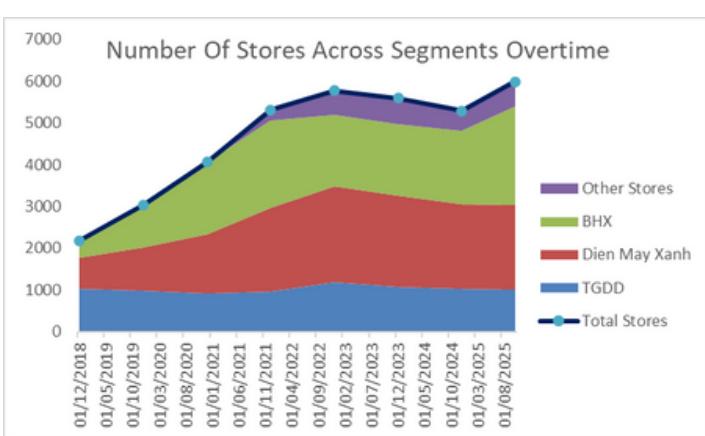


Figure 2: Number of Segment's Stores Overtime

The long-term store count trajectory from **Figure 2** illustrates a strategic shift from aggressive footprint expansion to efficiency optimization. While the TGDD vertical indicates clear market saturation with a flat store count, the noticeable contraction in 2023-2024—primarily within the BHX and DMX chains—reflects a decisive restructuring period to cut underperforming assets. The 2025 projection signals the conclusion of this consolidation phase, pointing toward a leaner, more profitable network structure ready for renewed, sustainable expansion.

VALUATION

My valuation is primarily driven by a 5-year Discounted Cash Flow (FCFF) model under the Base Case scenario, yielding a target price of 91,099 VND. Below are the detailed inputs and outputs from my financial model. I employ a Sum-of-the-Parts (SOTP) approach combined with DCF to accurately capture the value of segments at different lifecycle stages.

Key Valuation Assumptions (Input)

Figure 3: Input Assumptions

Parameter	Value	Source / Rationale
Risk-Free Rate (Rf)	4.00%	10-year Vietnam Government Bond yield
Beta (β)	1.08	Adjusted 5-year Beta (Vietstock)
Market Risk Premium (Rm)	7.80%	Vietnam Equity Risk Premium (Damodaran)
Cost of Equity (Ke)	12.42%	CAPM Model
Cost of Debt (Kd)	5.00%	Average effective after-tax interest rate
Target Debt / Capital (D/V)	21.44%	Based on Q3/2025 capital structure
WACC	10.62%	Discount Rate
Terminal Growth Rate (g)	6.80%	Projected GDP growth for 5 years ahead

Figure 4: FCFF Calculation (Unit: Billion VND)

Fiscal Year	2025F	2026F	2027F	2028F	2029F	2030F
NOPAT (EBIAT)	4,596	5,253	5,793	6,431	7,117	8,323
Plus: D&A	3,261	3,958	4,755	5,566	6,538	7,938
Less: Capex	-3,590	-4,313	-4,759	-5,046	-5,189	-5,703
Less: Change in WC	-2,805	-2,359	343	-2,283	1,559	254
Free Cash Flow (FCF)	7,073	7,258	5,446	9,233	6,907	10,304
Discount Factor (t)	0.11	1.11	2.11	3.11	4.11	5.11
PV of FCF	7,022	6,746	4,740	7,525	5,271	7,362

Valuation Summary & Target Price

Figure 5: Valuation Calculation

Valuation Component	Value (Billion VND)
PV of Explicit FCFF (2025-2030)	38,666
PV of Terminal Value	122,861
Enterprise Value (EV)	161,527
(+) Cash & Short-term Investments	4,897
(-) Total Debt	-33,285
Equity Value	133,139
Shares Outstanding (Million)	1,461
Implied Share Price	90,099 VND
Upside Potential	14%

Sensitivity Analysis

Figure 6: Price Sensitivity Analysis

WACC	6.40%	6.60%	6.8% (Base)	7.00%	7.20%
10.22%	94,203	98,252	102,709	107,744	113,473
10.42%	89,193	92,687	96,589	100,972	105,933
10.62% (Base)	84,593	87,604	91,113	9,457	99,265
10.82%	80,417	83,163	86,202	89,580	93,553
11.02%	76,610	79,038	81,753	84,946	88,068

Relative Valuations

MWG is trading at a Forward P/E of ~16.4x, which is a significant discount compared to FRT (26.9x) and MSN (24.1x), despite having a cleaner balance sheet and higher free cash flow generation potential in 2025-2026.

Figure 7: Company Comparable Analysis

Company	Ticker	Market Cap (Billions VND)	EV/Revenue	EV/EBITDA	Forward P/E 2025
FPT Retail	FRT	25,034	0.59x	16.25x	26.95x
Masan Group	MSN	114,230	1.96x	9.28x	24.10x
Digiworld	DGW	9,620	0.50x	14.40x	14.88x
Walmart (Global)	WMT	-	1.25x	19.37x	33.56x
MWG (Current)	MWG	119,750	0.74x	6.86x	16.4x
MWG (Target)	MWG	161,520	1.04x	13.78x	34.5x

INVESTMENT RISKS

- **Execution Risk (An Khang Pharmacy):** The chain continued to report losses in Q1/2025 and closed ~200 stores. Failure to reach breakeven by late 2025 as committed remains a drag on consolidated earnings.
- **Logistics Risk (Northern Expansion):** Expanding BHX to the North requires establishing a complex cold chain. Any disruption could spike shrinkage rates and erode gross margins.
- **FX Risk:** A strengthening USD increases COGS for imported goods (iPhones/Laptops). If MWG cannot fully pass these costs to consumers, Q4 gross margins may face pressure.

CONCLUSION & RECOMMENDATION

Mobile World Investment Corp (MWG) is at its most critical strategic inflection point in five years.

- **Short-term:** Excellent Q3 2025 results provide strong psychological support.
- **Medium-term:** Bach Hoa Xanh is transitioning from a "hope" story to a "profit" generator (>600 billion VND profit expected in 2025).
- **Long-term:** EraBlue and the IPO roadmap for subsidiaries (2028-2030) act as sustainable value drivers.

With a target price of 91,099 VND (Upside 14%), i recommend investors BUY and utilize current corrections driven by foreign selling to accumulate positions.

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