

# VALUATION REPORT

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# VALUATION REPORT

RETAIL INDUSTRY

March 12, 2024

MOBILE WORLD INVESTMENT CORPORATION

HSX: MWG

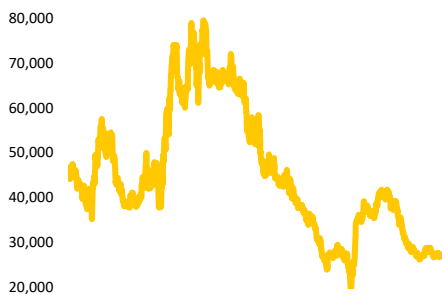
Market price: 48,550 VND  
Target price: 61,021 VND

RECOMMENDATION  
**BUY**

## INVESTMENT THESIS

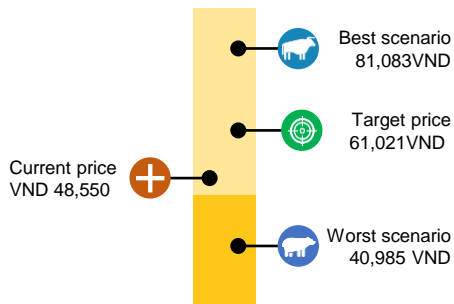
**The gioi di dong (MWG): emerged from adversity, now entering a phase of restructuring**

Graph 1: MWG's price from 2019 to 2024



Source: Vietstock

Graph 2: Best and worst scenario



Source: Team Estimates

### Hope from the Bach Hoa Xanh chain

The Bach Hoa Xanh segment serves as the primary growth driver for MWG with the aim of achieving breakeven in 2024. With positive results stemming from the strategy focusing on fresh food items, the average revenue per store per month of BHX reached 1.77 billion VND/store/month in November 2023, approaching breakeven point (estimated at around 1.8 - 2 billion VND/store/month), aiming to record profits in the second half of 2024.

### Revenue of the ICT&CE chain (TGDD&DMX) has recorded a recovery from the lows

We observe recovery signals from this market as inflation shows signs of cooling, boosting consumer purchasing power. We expect the revenue of the ICT segment to recover by 9% yoy in 2024 after experiencing a significant decline of approximately 20% yoy in 2023. Additionally, the closure of inefficient business outlets helps MWG manage costs better, decreasing SG&A 9% yoy in 2023 and is expected to continue to decline in the coming years.

### Restructuring to enhance sustainable business operations

MWG continues to focus on comprehensive restructuring to operate leaner, aiming for revenue growth, market share, and significant profit improvement by 2024. MWG closed some inefficient stores in terms of both revenue and profit in October and November with the hope of shifting customer traffic from these stores to existing ones, resulting in SSSG growth per store and optimizing EBITDA per store. We predict that net profit in 2024 will increase by 20 times compared to 2023 and sustainably grow with a CAGR of 20% for the period 2024-2033.

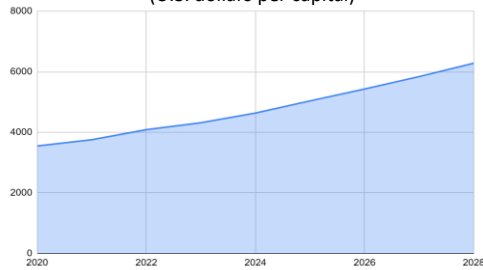
### Navigating challenges: MWG fortified by strategic flexibility and resilience.

MWG confronts key risks including the possibility of delisting from the VNDiamond index, leading to substantial selling pressure from the DCFVM diamond ETF. Additionally, there's the risk of slower-than-expected consumer demand recovery and prolonged price competition. These challenges emphasize the importance of robust risk management strategies for MWG to sustain its growth trajectory effectively.

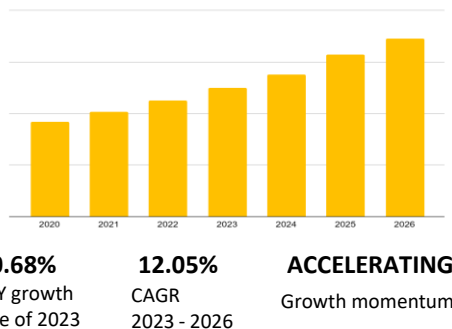
Figure 1: GDP growth rate



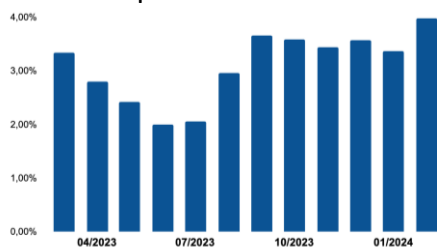
Graph 3: Vietnam GDP per capita, current prices (U.S. dollars per capita)



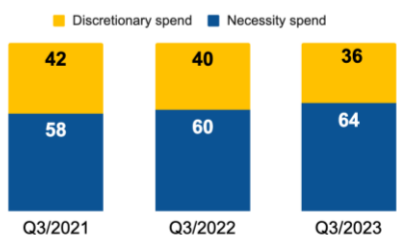
Graph 4: Vietnam Retail Market Size Outlook (Billion USD)



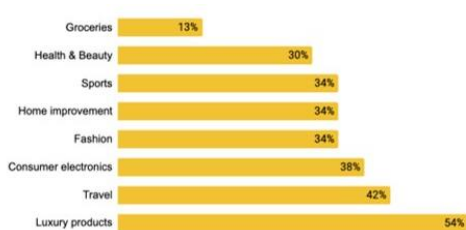
Graph 5: Vietnam Inflation Rate



Graph 6: Vietnamese spending proportion



Graph 7: The proportion of consumer expecting to spend less over 6 months



## INDUSTRY OVERVIEW

## Outperforming macroeconomic outlook

According to the IMF, as the economy recovers further towards the pre-pandemic pace, Vietnam is predicted to be among the 20 fastest-growing economies globally in 2024, with projected GDP growth of 5.8% while average global growth will be 2.9%. Vietnam's retail market is growing rapidly, with a projected CAGR of 12.05% from 2023 to 2028, driven by a number of factors, including a young and growing population, rising incomes (4700-4730 USD in per capita income in 2024), and increasing urbanization (Figure 1 and Graph 3,4). This economic outlook sets a favorable condition for production and consumption.

## Supportive government policies

Recently, the National Assembly agreed to continue **reducing the VAT tax rate by 2%** from January 1, 2024, to June 30, 2024, for goods and services currently subject to a VAT tax rate of 10%, which has supported businesses and citizens with approximately 11,700 trillion Vietnamese dong (7/2023-9/2023) and predicted to be 25,000 trillion in the first half. This has contributed to reducing the cost of goods and services, thereby promoting production and business activities, creating additional employment opportunities for workers, contributing to stimulating consumer demand, and driving the development of production and business activities.

## Essential retailing sector dominates significantly

Inflation may still be a challenge (3.8% in 2024 compared to 3.5% in 2023) due to potential increases in tuition fees, healthcare costs, and electricity prices along with financial struggles leading to belt-tightening phenomenon (Graph 5,6,7). Therefore, this signifies the major motivation of MWG is from essential/necessity retailing while the recovery in non-essential consumption may be relatively slow.

## Expected recovery for non-essential retailing sector

As predicted for incoming 6 months of 2024, ICT devices tend to be the least favorable in 62% of the Vietnamese's bucket list due to the tightening spending trend (Graph 8). In that context, the non-essential retail sector is more affected, with the cause being the growth in income almost equivalent to the increase in CPI, which means people do not have enough savings and will prioritize spending on essential goods rather than splurging on non-essential items such as TVs, phones, etc. Therefore, the purchasing power for non-essential items is significantly reduced.

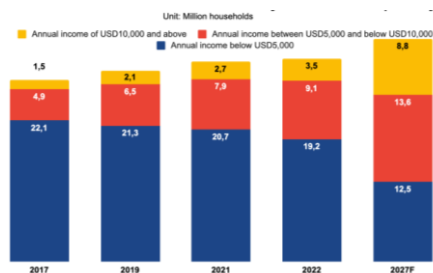
However, the increasing wealth of the middle class along with their growing interest in high-tech consumer goods drives spending in the non-essential electronics sector. Alongside this trend, the central bank tightening control over consumer loans from financial companies and adjusting consumer loan interest rates will help people access consumer loans for these types of products more easily and safely.

## The supply of consumer electronics belongs to leading industry enterprises

Demand for electronics has slowed down since late 2022 and continued until the end of 2023, leading to price competition occurring in the retail sector of Information and Communication Technology (ICT) and Consumer Electronics (CE).

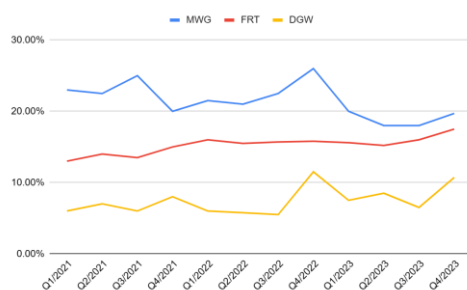


Graph 8: The consumer class distribution of Vietnam



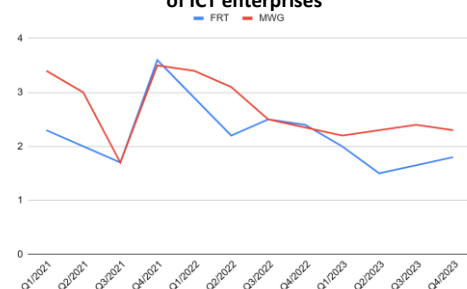
Source: SSI Research, Team Estimates

Graph 9: The gross profit margins of ICT enterprises



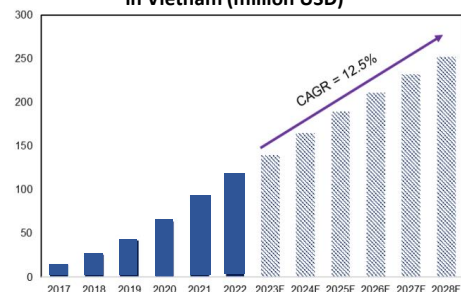
Source: MWG, FRT, DGW, MBS Research

Graph 10: The average revenue per store per month of ICT enterprises



Source: MWG, FRT, DGW, MBS Research

Graph 11: The forecast for the smart home market in Vietnam (million USD)



Source: Statista, MBS Research, Team Estimates

## INDUSTRY OVERVIEW

The price reductions led to a 11 percentage point decrease in gross profit margin for listed retail companies in Q4 2023, with net profit declining by 97% (Graph 9). However, looking at the bright side, it can be observed that the market for retailing consumer electronics has undergone a purification process, as small retailers or financially incapable enterprises have had to exit the market. Consequently, market share will belong to leading enterprises that have the capability to stay afloat. These enterprises will also be the ones benefiting the most once the market recovers.

The average phone replacement cycle in Vietnam is 2.5 years. With the period of booming spending on ICT products at the end of 2021, coupled with pent-up demand from late 2022 to the end of 2023, we expect a recovery in the consumption of these products in the second half of 2024 (Graph 10).

With the government tightening regulations on the import of iPhones in Vietnam, coupled with the relaxation of policies regarding the recognition of authorized Apple dealers, Apple's official revenue experienced remarkable growth. As a result, Apple's standard market in Vietnam was accurately updated, making it one of the top four smartphone brands in the market in Q4/23.

Vietnamese consumers are not hesitant to spend to own the latest technology products, especially those from Apple and Samsung. Despite weakened consumer demand, new iPhone models still have a loyal customer base – people willing to spend around 35 million VND to own the latest iPhone in Vietnam. As a result, shortly after their release, new iPhone models still record consumption levels equivalent to previous years.

### The smart home appliance market is gradually replacing the traditional one

The consumer electronics (CE) market in Vietnam has essentially reached saturation, with over 70% of households owning most household appliances (washing machines, refrigerators, TVs,...) (Graph 11). Therefore, the next growth driver in the CE market in Vietnam lies in IoT (Internet of Things) applications. Most current CE products serve basic usage purposes, while Consumer IoT (CioT) products aim to provide modern consumers with convenient lifestyles.

### The potential pharmaceutical sector

We assess that the retail market for pharmaceuticals still has significant growth potential due to several factors (1) Lack of market-leading players: There is currently no dominant market leader in terms of market share, leaving room for competition and potential for new entrants to capture market share. (2) Aging population structure: The proportion of elderly people in the population is increasing, leading to a growing demand for healthcare services, including pharmaceuticals. Additionally, the COVID-19 pandemic has heightened public awareness of health, leading to an increased focus on preventive healthcare measures and the use of pharmaceuticals. (3) Environmental pollution concerns: Vietnam ranks among the top 30 countries with the highest average PM2.5 levels, indicating increasing environmental pollution. This has driven demand for health supplements and products to support overall well-being in response to concerns about pollution-related health issues.



Table 1: Best retail brand ranking 2024

Rank 2024	Rank 2023	Brand name	Score 2024	Score 2023	Score Change
1	1	Thế Giới Di Động	32.0	32.1	-0.1
2	2	Điện máy Xanh	28.1	27.4	0.7
3	5	FPTShop	24.1	24.1	0.0
4	3	Go!(Big C)	24.0	25.5	-1.5
5	7	Bách hoá Xanh	19.1	14.2	4.9
6	6	Pharmacy	17.9	17.4	0.5
7	4	WinMart	17.7	24.7	-6.9
8	8	Saigon Co.op	13.3	13.7	-0.4
9	9	Nguyễn Kim	12.7	13.0	-0.3
10	10	Viettel Store	11.0	11.2	-0.2

Source: Decision Lab

COMPETITIVE POSITIONING

MWG is still the best retail brand in Vietnam

Brands are ranked according to the Index index of the YouGov BrandIndex tool. This index evaluates overall brand health, based on the average score of factors such as Impression, Quality, Value, Satisfaction, Recommendations and Reputation. MWG owns 3 brands in the top 10 in the best retail brands rankings. Among them, TGDD leads with a score of 32, DMX - a retail chain of household electrical appliances, holds 2nd place with 28.1 points and BHX is in 7th place. (Table 1)

Use your leadership position to create a price war

Mobile World launched "The price is too cheap" to compete for market share with emerging competitors in the industry and accept profit loss. The "fierce" price competition strategy initiated by Mobile World and effective communication campaigns are forcing many small businesses to withdraw from the market, helping Mobile World increase its market share. From there, this business has more negotiating power with suppliers, offers exclusive promotions to its customers and is also an opportunity to accumulate more customers waiting for the market to recover. For example, rival FPT's revenue decreased while revenue increased. However, somewhere there still exist businesses that are not too affected such as CellphoneS or Di Dong Viet. TGDD needs to pay attention to this issue to adjust its strategy accordingly.

Bach Hoa Xanh surpasses the revenue and scale of giants WinMart/WinMart+ and Co.opmart

In recent years, the throne in revenue among domestic retail chains has always been held alternately by Co.opmart and Winmart/Winmart+. However, in 2023 the situation has changed. For the first time, Bach Hoa Xanh's revenue has surpassed both Co.opmart and WinMart/WinMart+ in the condition that this chain has completed the restructuring process and business has prospered since the third quarter of 2023. Besides, from 2020 - 2023, the growth rate of the rankings surpasses Co.op - the most formidable competitor currently. With the current scale of 1,698 stores, 3.6 times more than the total number of Co.op mart and Co.op Food, the chart needs to exploit its position well to increase even more in the future. (Graph 12)

Bach Hoa Xanh’s Porter's five forces analysis

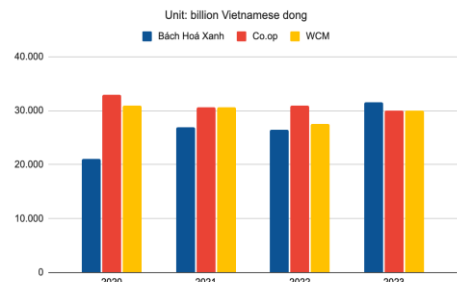
Threats of new entrant

Currently there are no special laws regarding entering the food retail industry. All one needs is to acquire the approval from National Business Registration. The costs to open a shop are quite manageable, as will be explained in financial sections. Also, the market is nowhere near saturated at the moment, giving great incentives to start investing in this type of business. However, expanding into chains is much harder, considering there will be other aspects that need to be addressed such as logistics and warehouses. Hence, the threat will come in 2 forms:

- A single, family-owned convenience store.
- A large chain invested by domestic or foreign organizations alike.

Conclusion: High

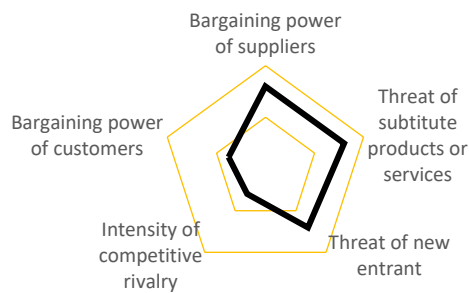
Graph 12: Revenue of BHX, Co.op mart and Winn



Source: MWG, SCID, Masan



Graph 13: 5 forces analysis of Bach Hoa Xanh



## COMPETITIVE POSITIONING

### Bargaining power of customers

The bargaining power of customers is also described as the market of outputs: the ability of customers to put the firm under pressure, which also affects the customer's sensitivity to price changes. Being a mini-mart, the only thing that differentiates stores is the convenience they bring. It's rare to see specialized goods in a convenience store, since they all sell about the same products, albeit different brands, with the same prices.

The switching cost is also relatively low in this business model. Supermarkets can have more frequent marketing/sales campaigns based on their sizes and the variety of products. The most a mini-mart can usually do are either loyalty programs or holiday-related sales, which can be easily copied by other competitors.

Conclusion: High

### Bargaining power of suppliers

The bargaining power of suppliers is also described as the market of inputs. Suppliers of raw materials, components, labor, and services (such as expertise) to the firm can be a source of power over the firm when there are few substitutes. Mini marts/convenience stores typically do not manufacture goods. They only redistribute finished goods from other retailers, with an exception of raw materials such as meat or fish. With the vast number of brands/products to choose from, stores can easily secure their supplies without much bargaining. Moreover, manufacturers also are willing to pay extra for premium spots in the stores.

Conclusion: Low

### Intensity of competitive rivalry

Currently, there are several big players, ranging from domestic as well as international chains such as Winmart (Vietnam), Satra Food (Vietnam), Coop Food (Vietnam), Circle K (US), 7-Eleven (Japan) or FamilyMart (Japan). There have been price wars between big players to try gaining more market share. This is where brand awareness will play a very important role in keeping old customers as well as gaining new ones.

It can be seen that at this time the competitiveness level of the market is rather intensely considerable.

Conclusion: High

### Threat of substitute products or service

Vietnam is still in the process of industrialization, and many of the traditional habits are still left, including shopping in wet markets, due to the heavy percentage of Generation X. However, the growth rate of the young and middle age population is significantly increasing along with fast-paced life, leading to change consuming behavior.

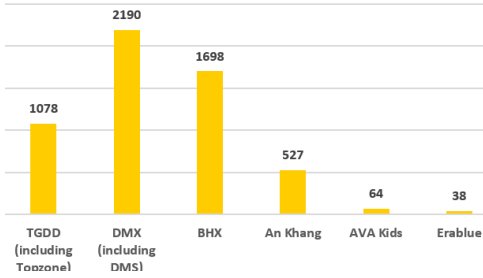
Conclusion: Medium.





BUSINESS DESCRIPTION

Graph 14: MWG's Store Count Nationwide



Source: Mobile World Investment Corporation – YTD December 2023 Report

**MWG (Mobile World Investment Corporation)** was founded in Vietnam in 2004. Over 20 years of establishment and development, MWG has become the leading multi-industry retail group in Vietnam. MWG is operating with many multi-industry retail business models. The most prominent are the three brands Thegioiiddong, Dienmayxanh, and Bachhoaxanh. The company currently has more than **5,595** stores, including 1,078 Mobile World stores, 2,190 Dien May Xanh stores, more than 1,698 Bach Hoa Xanh supermarkets and 527 An Khang pharmacies (Graph 14)

MAIN BUSINESS SEGMENTS

The market share of main products increased from 5% to 25%, depending on the characteristics and demands of each category or product. MWG mainly drives its growth from 3 main segments:

**1.1. Retail segment of phone products, mobile devices and electronics products (The Gioi Di Dong (TGDD) including Topzone and Dien May Xanh (DMX))**

MWG boasts two subsidiaries: The Gioi Di Dong (TGDD) and Dien May Xanh (DMX), collectively operating 3,268 stores across all 63 provinces of Vietnam.

TGDD specializes in retailing smartphones, laptops, and tablets, accessories, wearable devices and value-added services, while DMX focuses on home appliances. TGDD is also running flagship stores: The Gioi Di Dong luxury and Topzone. For Topzone, this is a recreated shopping experience in the Apple Store. For TGDD luxury, the company focuses on the experience of high-end consumers.

DMX is also operating a chain called DMX supermini with the target of gaining market share in the rural area. This model aims to minimize the related cost while ensuring the product quality and customer shopping experience.

With 1,078 stores under TGDD and 2,190 under DMX, MWG commands a significant market presence, covering approximately 50% of the total market share. This segment contributes significantly to MWG's revenue, accounting for 70.6% of its total earnings in 2023. (Graph 15)

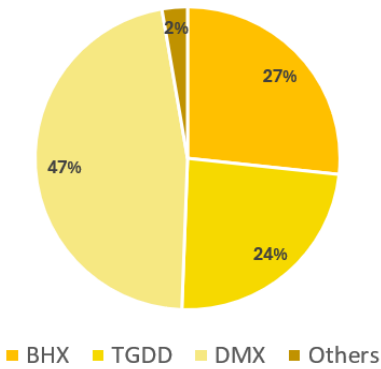
**1.2 Retail segment of Fast Moving Consumer Goods - FMCGs (Bach Hoa Xanh)**

In the FMCG segment, MWG operates through its subsidiary, Bach Hoa Xanh (BHX), exclusively in the southern region of Vietnam with 1,698 stores. BHX specializes in retailing fresh (vegetables, fish, meat, ...) and dry (canned goods, snacks, and various cooking ingredients) consumer goods which are tailored to the demographic and the location of the store. BHX is focusing on providing a solution after wet market hours with the aim of business men and late workers that cannot access the wet market. BHX contributed 26.7% to MWG's total revenue in 2023

**1.3. Other segments:**

MWG also invested in the pharmacy retail segment with An Khang. The company is also experimenting with mom and kid products with Avakid.

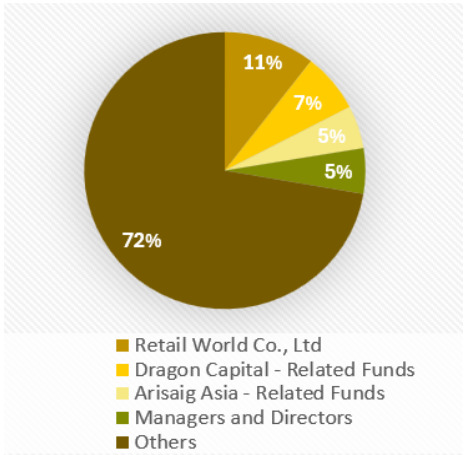
Graph 15: MWG's Revenue breakdowns by chains



Source: MWG YTD December 2023 Report



Graph 16: MWG's Shareholder



Source: Company data, FiinproX  
(Data as of 10 Jan 2024)

BUSINESS DESCRIPTION

SHAREHOLDER STRUCTURE

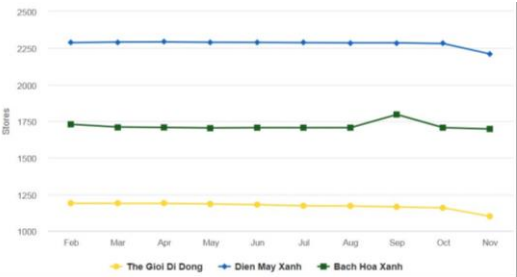
Major shareholders hold 17.4% of MWG's outstanding shares as of Jan 10, 2024. Retail World Co., Ltd owns 10.5%, followed by Dragon Capital-related funds that hold 6.9% in aggregate and a 5.0% stake held by Arisaig Asia. In addition, MWG's management and directors hold a total of 5.3% of the company's shares. (Graph 16)

COMPANY STRATEGY

**Focus on improving BHX store count to operate efficiently, which is key growth driver in near future:** The company completely stopped expanding its network to eliminate product groups with poor business performance, put effort into changing new layouts, and handling ineffective stores. BHX will only open in densely populated areas in the near future. Open new stores selectively to ensure efficiency, optimize costs, especially warehouse costs and make profits.

**Maintaining total revenue, improving business performance for TGDD and DMX chain** since they are pillars that are expected to contribute about 65% of revenue to MWG in 2024: MWG's phone market share currently accounts for about 50% of the market, depending on the company, some companies reach up to 60-70%. For the electronics segment, high-value installation items also account for about 50% depending on the company. Particularly, the household goods group has a lot of room for growth in 2024. The two chains TGDD and DMX will strive to maintain and grow revenue thanks to the "water flowing to the bottom" effect, meaning how to use sales resources to serve customers. The best will be concentrated in the TGDD and DMX chains

Graph 17: Number of MWG stores



Source: VnExpress

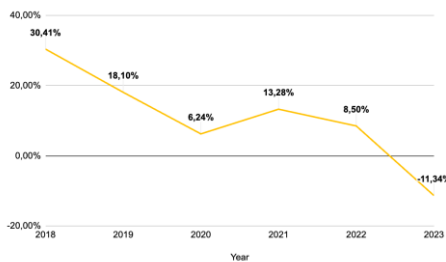
**Continue comprehensive restructure in the direction of "Reduce quantity - Increase quality":** For current business chains, ineffective points of sale will be cut (Graph 17); Improve employee productivity to increase service quality. Accordingly, the two electronics retail chains The Gioi Di Dong (including Topzone) and Dien May Xanh will be the business pillars, aiming to contribute about 65% of total revenue and bring main profits in 2024.

**Promote omnichannel business strategy:** MWG has the advantage of being the only retailer that owns a closed ecosystem. With that strength, the Company will continuously innovate to bring customers interesting, easy and convenient omnichannel shopping experiences at physical stores as well as on e-commerce channels. MWG expects to continue to grow online sales and estimates the contribution of online to the revenue of industrial goods from 5% to 30% depending on the characteristics of each industry.





Graph 18: MWG's Revenue YoY Growth



Source: Team analysis

## FINANCIAL ANALYSIS

**Consistently expands revenue, projecting growth historically and into the future.**

MWG revenue growth is expected to increase and rise back to 16.23% in 2024 which is a pre Covid-19 state. This can be attributed to the recovery of macro-economic aspects that boost consumer confidence, hence, increase their spending on non-essential goods and services of which TGDD and DMX are a dominant figure in the market.

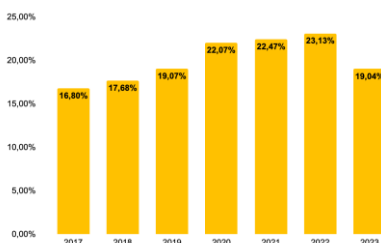
Delayed consumption, which is the result of difficult time from 2021-2023, can be a reason that contributes to the increase of MWG revenue. BHX, which is expected to become the key driver for MWG revenue, has reached the break-even point and started to generate profit. All of this is reflected in the gross margin of MWG by maintaining the gross margin above 20% from 2024 to 2033.

Graph 19: MWG's Growth Forecasting



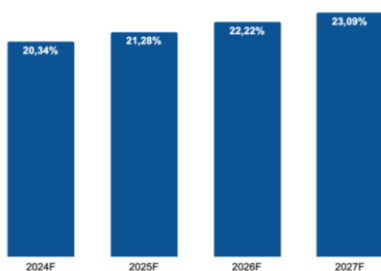
Source: Team analysis

Graph 20: MWG's Gross Profit Margin YoY



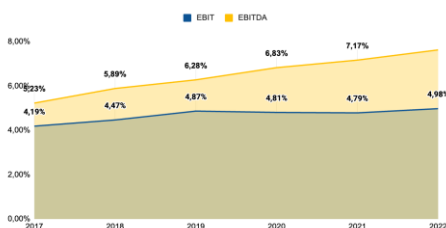
Source: Team analysis

Graph 21: MWG's Gross Profit Margin (Forecasted)



Source: Team analysis

Graph 22: MWG's EBIT/EBITDA



Source: Team analysis

We also believe that the restructuring of the MWGs' stores will complete soon in 2024 as most of the incurred costs are recorded in the SG&A cost. Therefore, the EBIT margin is expected to recover from 0.34% to 3.01% in 2024. This effect is the same with the EBITDA margin as it also recovers and increases from 3.2% in 2023 to 5.21% in 2024.

## Efficiency boosts from successful campaigns and restructuring

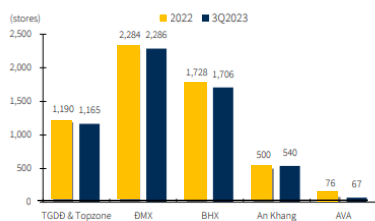
The inventory turnover saw an increase from 3.67 in 2022 to 3.98 in 2023. This is the result of the campaign "Gia Re Qua" and the store restructuring of MWG which have boosted the sales of MWG, hence, the increase in inventory turnover.

With the success of the campaign to maintain market share as well as being the biggest retailer of ICE and CE, we believe MWG has gained the dealing power with the supplier, as noticed by the increase in the days of payable from 33.17 in 2023 to 43.57 in 2023.

All of this shows the Cash conversion cycle of MWG is declining from 59 days in 2023 to 54 days in 2024 signaling that the company is operating more efficiently.

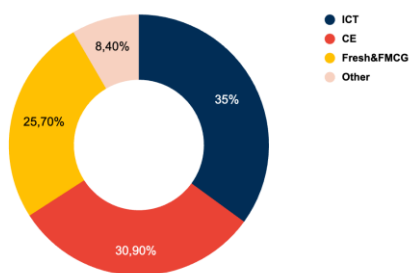


Graph 23: MWG's store restructuring



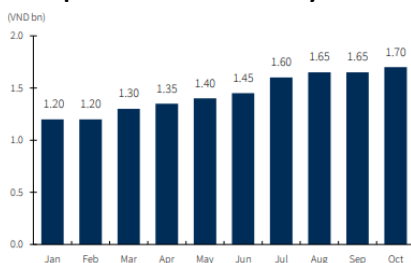
Source: Team analysis

Graph 24 : MWG's sector breakdown



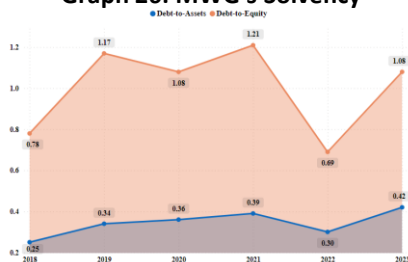
Source: Team analysis

Graph 25: MWG's monthly revenue



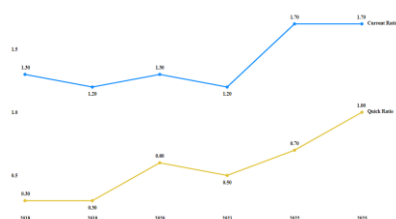
Source: Team analysis

Graph 26: MWG's Solvency



Source: Team analysis

Graph 27: MWG's Liquidity



Source: Team analysis

## FINANCIAL ANALYSIS

**Fulfill short-term obligations leveraging liquid assets, while reflecting shifts in the capital structure**

MWG is becoming less reliant on outside debt financing. As the company uses internally generated cash to finance its operations. This can be reflected on the Debt-to-equity ratio declining from 1.08 to 0.96 in 2024.

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However, with short term debt there is a slight problem, the current ratio of 1.69 in 2023 shows a slight concern. There is a large gap between the quick and current ratio, meaning that the large amount of its liquid asset is its inventory which is mostly illiquid

Still, MWG has an interest coverage ratio of 2.53 in 2024 short-term in 2033 stating that the company is still in a good position as the company can generate enough cash to cover short-term interest expenses.



## VALUATION

## Valuation method

We have considered one valuation method to evaluate MWG which is Discounted Cash Flow (DCF) as this method explicitly considers and analyzes the fundamental drivers of business value.

## DCF valuation method: Free Cash Flow to Equity (FCFE)

We evaluated MWG using Free Cash Flow to Equity (FCFE) as the company has low leverage and high growth prospects. According to our detailed analysis, we arrived at the price of VND 61.015 per common stock of MWG.

**Sales forecast:** From 2023 to 2033, we expect the sales of MWG to grow at 10.03% CAGR. However, the structure of sales behind this growth rate have changed: From 2023 to 2033, Bach Hoa Xanh (BHX) will gradually replace The Gioi Di Dong (TGDD) and Dien May Xanh (DMX) and become the main contributor (driver) of the sales to MWG. (Graph 28)

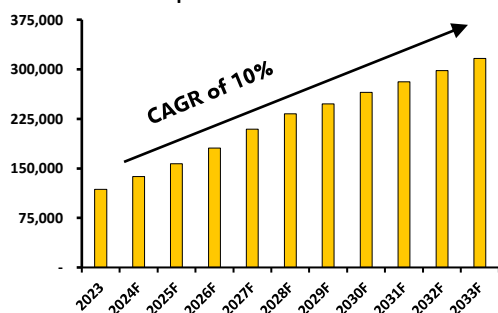
**The Gioi Di Dong (TGDD) and Dien May Xanh (DMX):** The Information and Communication Technology (ICT) and Consumer Electronics (CE) market is anticipated to hit a saturation point between 2025 and 2027. Within this context, it's observed that TGDD and DMX have already reached their capacity, leaving limited space for extraordinary growth. Forecasts indicate that these retail chains will sustain moderate growth, with sales projected to expand by approximately 9% annually in 2024, gradually tapering off to a stable 3% per year by 2033. (Graph 29 and 30)

**Bach Hoa Xanh (BHX):** BHX emerges as the primary strategic catalyst driving MWG's growth trajectory from 2023 to 2033, within the fast-moving consumer goods (FMCG) industry. Presently, BHX operates 1700 stores solely across Southern Vietnam, indicating considerable potential for future market expansion into the northern regions. Forecasts anticipate BHX's store network to expand to 2800 by 2033. Notably, BHX has achieved its break-even point, signaling the onset of profitability for MWG. With macro-economic projections in mind, BHX is poised for remarkable sales growth, forecasted to achieve a robust 17.61% CAGR from 2023 to 2033. (Graph 31)

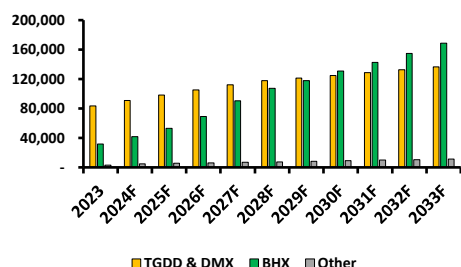
**Capex:** Due to MWG's strategic focus on optimizing and expanding BHX, a substantial portion of resources will be allocated towards funding the opening of new BHX stores in Northern Vietnam. These resources will also cover depreciation expenses and the upgrade of existing stores. It is anticipated that this level of capital expenditure (capex) will be significant. (Graph 32)

**Cost of Equity:** The cost of equity utilized is computed employing the Capital Asset Pricing Model (CAPM). The risk-free rate, standing at 5.5%, is derived from the 12-month saving interest rate. The risk premium, set at 7%, is obtained from Damodaran's Vietnam equity risk premium. Beta, determined through the monthly return of MWG ticker and the VNindex ticker, is calculated at 1.3. With these inputs, applying the CAPM formula yields a cost of equity of 13.91%.

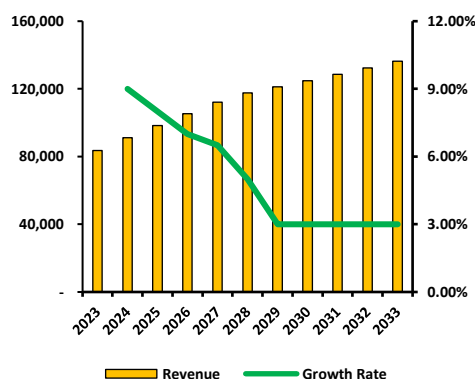
Graph 28: Total Revenue



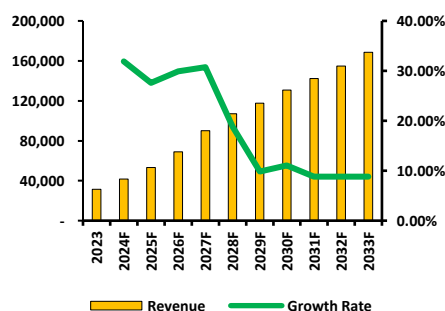
Graph 29: Revenue Breakdown



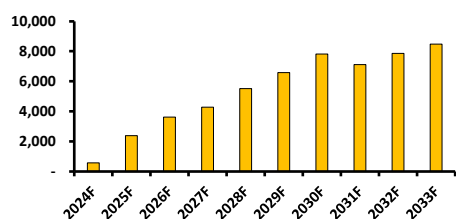
Graph 30: Revenue of TGDD and DMX



Graph 31: Revenue of BHX



Graph 32: CapEx



## VALUATION

**Terminal Growth rate:** Because of the saturation point of the ICT and CE market combined with the potential of BHX, we believe that the terminal growth rate of MWG is 4%.

Risk-free rate	5.5%
Risk premium	7%
Beta	1.3
Cost of Equity	13.91%

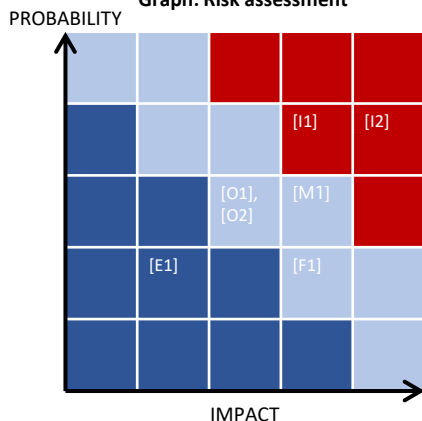
Terminal Growth Rate	Cost of Equity							
		10.9%	11.9%	12.9%	13.9%	14.9%	15.9%	16.9%
	2.0%	79,584	69,501	61,396	54,761	49,246	44,604	40,653
	2.5%	82,699	71,814	63,152	56,119	50,313	45,453	41,337
	3.0%	86,208	74,387	65,085	57,601	51,469	46,367	42,069
	3.5%	90,192	77,265	67,224	59,226	52,726	47,355	42,856
	4.0%	94,751	80,508	69,603	<b>61,015</b>	54,099	48,426	43,703
	4.5%	100,022	84,188	72,264	62,994	55,603	49,591	44,619
	5.0%	106,186	88,402	75,263	65,195	57,259	50,863	45,612
	5.5%	113,489	93,272	78,666	67,658	59,092	52,257	46,693

Cost of Equity	Operating Scenario			
		Worst	Base	Best
	10.9%	63,893	94,745	125,597
	11.9%	54,191	80,508	106,825
	12.9%	46,780	69,606	92,433
	13.9%	40,958	61,021	81,083
	14.9%	36,283	54,107	71,930
	15.9%	32,458	48,436	64,413
	16.9%	29,282	43,713	58,144

	Worst	Base	Best
Cost of Equity:	13.91%	13.91%	13.91%
Terminal Growth Rate	4%	4%	4%
SG&A	8.83%	8.21%	7.59%
Price	40,958	61,021	81,083
Up(down)side	-15.64%	25.69%	67.01%
Action	Sell	Buy	Buy



Graph: Risk assessment



Graph: Risk mitigation

RISK	MITIGATING METHODS
<b>Market risk</b>	
Economic risk	Monitor the domestic and foreign market situation to come up with appropriate business and export strategies
Interest rate risk	Sign interest rate swap contract
	Maintain high solvency ratio
<b>Industry risk</b>	
Industry saturation risk	Diversify product portfolios, expand into new industries and markets like Indonesia, prioritize innovation, optimize costs, and enhance customer experiences through strategic partnerships and financial management.
Competitive risks	Ensure to update new technology, improve product quality and have a reasonable price policy
<b>Operation risk</b>	
Information technology risk	Invest in robust IT infrastructure, implement backup and recovery systems, regularly update security protocols
Trade policy risks	Regularly monitor and update changes in domestic and international policies to set appropriate goals and measures.
<b>Financial risk</b>	
Strict credit policies for installment partners, conduct thorough credit assessments before extending credit, and establish clear terms for prepayment of imported goods.	
<b>Environment risk</b>	
There are solutions to treat waste sources, minimize emissions into the environment, and use them appropriately to avoid wasting resources.	

Source: Group estimate

## INVESTMENT RISK

## MARKET RISK

**Interest rate risk (M1):** Currently, MWG has no long-term debt, only short-term debt. However, in the future, to serve business activities, MWG may borrow debt to expand its business scale. Despite having a healthy financial structure and good interest coverage ratio, the interest rate for the company's short-term loans increased from 4.5% (2021) to 7.5%-9% (2022), causing difficulties for the company in financial costs.

## INDUSTRY RISK

**Industry saturation risk [I1]:** The risk of saturation in the phone and electronics retail industry is becoming a concern, causing the growth rate of companies in the industry to decline. This poses a big challenge in maintaining double-digit annual growth. Especially, when the market share of companies has reached a high level and it is forecast that 2023 will be a difficult year with the increasing trend of saving and spending. To respond to this risk, companies are finding ways to diversify their product portfolios, expand into new potential industries, and expand their markets to other countries such as Indonesia. At the same time, measures to protect cash flow and reduce borrowing rates are also prioritized to minimize risks and ensure stability in the retail industry.

**Competitive risks [I2]:** Competitive risks are increasing as the number of foreign retail businesses entering the Vietnamese market increases, putting pressure on MWG. Strong competitors can suffer short-term losses to compete on price, posing a big challenge for MWG. However, the company still focuses on putting customers first, maintaining service quality and promoting shopping experiences through online platforms, along with adjusting sales policies to suit the market.

## OPERATIONAL RISKS

**Information technology risks [O1]:** The company depends entirely on the internal ERP business management system, so any risks related to information technology (IT) and information technology equipment can affect the company's operations.

**Trade policy risks [O2]:** Trade policies may change due to government intervention, which could affect TGDD's business operations. For example, the imposition of taxes or import and export restrictions may create difficulties for their commercial activities

## FINANCIAL RISK

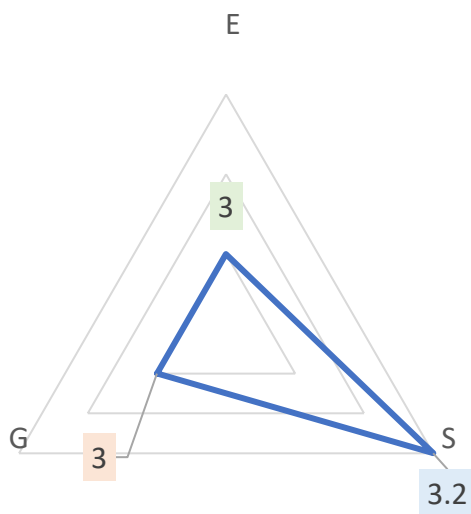
**Bad debt risk [F1]:** Arising related to receivables from installment partners and risks of prepayment of goods for imported goods are monitored and controlled. In 2022, there will be no cases requiring provisioning for these receivables, money and goods will be received in full. However, MWG needs to monitor receivables closely to avoid affecting the company's financial situation



**ENVIRONMENTAL RISKS [E1]:** Business activities of retail stores can cause waste of electricity and water along with large amounts of plastic bags discharged into the environment. This may cause environmental pollution. Energy consumption contributes to climate change and the reduction of natural energy resources. Therefore, if MWG's production activities have a major negative impact on MWG's environment, it will cause problems with the surrounding living environment.

## ESG

Graph: Environment, Social, Governance valuation



Source: Group estimate

### ENVIRONMENT

Mobile World's retail chain impacts the market through the consumption of electricity, water and the amount of waste released into the market by the store system. Currently, the company has a policy of using renewable energy in buildings and supermarkets. Reduce paper consumption by 50%, save electricity and water with IoT solution. In particular, with packaging, BHX strives to use 100% environmentally friendly bags, actively recycling and controlling plastic bag consumption. However, the amount of plastic bags that this retail system releases into the environment still has a large negative impact. Based on MSCI's ESG Framework, the environmental pillar of MWG is rated at 3.0/4.0

### SOCIAL

The Board also carefully pays attention to employee trainings and invests in social projects to help enhance living standards of the local community (Appendix H3). The company focuses on implementing many activities to care for the physical and mental health of employees in the Post-Covid period. MWG always aims to create a happy working environment, fair in promotion, respecting racial and gender diversity, as well as personal development opportunities for all employees. In addition, MWG also demonstrates its responsibility to society through volunteer activities with the TGDD Shelter project. Based on MSCI's ESG Framework, the social pillar of MWG is rated at 3.2/4.0

### GOVERNANCE

MWG's Chairman and CEO have been with the company since the early days when MWG was still a small trading company in the retailing industry. From our view, MWG's Board of Directors with an average tenure of 10+ years has demonstrated a far-sighted vision and effective strategies for the company. Decisions are made and proposed in the shareholders meeting with the best interest of MWG's shareholders in mind. Besides, there is no independent member in the BOD can lead to biased decisions. (Appendix H2). Based on MSCI's ESG Framework, the governance pillar of MWG is rated at 3.0/4.0



## APPENDIX A: FINANCIAL ANALYSIS

## APPENDIX A1: INCOME STATEMENT

	2017	2018	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F
INCOME STATEMENT																	
Net revenue																	
(+)TGDD+DMX	34,708	82,244	91,404	87,286	94,742	103,645	83,506	91,021	98,303	105,184	112,021	117,622	121,151	124,785	128,529	132,385	136,356
(+)BHX	1,387	4,272	10,770	21,260	28,216	27,058	31,581	41,660	53,163	69,057	90,287	107,269	117,842	130,877	142,401	154,940	168,584
(+)Others	-	-	-	-	-	2,702	3,194	4,790	5,748	6,323	6,956	7,651	8,416	9,258	9,906	10,599	11,341
<b>Total net revenue</b>	<b>66,340</b>	<b>86,516</b>	<b>102,174</b>	<b>108,546</b>	<b>122,958</b>	<b>133,405</b>	<b>118,280</b>	<b>137,471</b>	<b>157,214</b>	<b>180,564</b>	<b>209,263</b>	<b>232,542</b>	<b>247,409</b>	<b>264,920</b>	<b>280,836</b>	<b>297,925</b>	<b>316,281</b>
Gross profit	11,142	15,292	19,488	23,954	27,632	30,862	22,521	27,661	33,060	40,256	48,460	54,197	57,848	62,177	66,096	70,311	74,848
<b>EBIT</b>	<b>2,780</b>	<b>3,870</b>	<b>4,977</b>	<b>5,216</b>	<b>5,895</b>	<b>6,644</b>	<b>408</b>	<b>4,137</b>	<b>6,203</b>	<b>11,295</b>	<b>14,936</b>	<b>16,069</b>	<b>16,319</b>	<b>16,917</b>	<b>17,771</b>	<b>18,739</b>	<b>19,959</b>
(+) D&A expenses	690	1,223	1,443	2,196	2,921	3,540	3,381	3,030	3,420	2,042	2,233	3,358	4,535	5,648	6,332	7,025	7,597
<b>EBITDA</b>	<b>3,470</b>	<b>5,093</b>	<b>6,420</b>	<b>7,412</b>	<b>8,816</b>	<b>10,184</b>	<b>3,789</b>	<b>7,167</b>	<b>9,623</b>	<b>13,338</b>	<b>17,170</b>	<b>19,426</b>	<b>20,854</b>	<b>22,565</b>	<b>24,104</b>	<b>25,764</b>	<b>27,556</b>
(+) Financial Income	251	342	631	794	1,288	1,313	2,167	1,876	1,991	2,058	2,318	2,659	3,058	3,361	3,631	3,913	4,290
(-) Financial Expense	(234)	(437)	(570)	(594)	(715)	(1,383)	(1,556)	(1,632)	(1,499)	(1,466)	(1,340)	(1,283)	(1,220)	(1,288)	(1,215)	(1,138)	(1,220)
<i>In which: Interest expense</i>	(233)	(436)	(568)	(594)	(674)	(1,362)	(1,448)	(1,632)	(1,499)	(1,466)	(1,340)	(1,283)	(1,220)	(1,288)	(1,215)	(1,138)	(1,220)
(+) Income from associates	-	(2)	(3)	(4)	(2)	-	-	-	-	-	-	-	-	-	-	-	-
(+) Other income	14	12	19	(3)	6	(518)	(328)	-	-	-	-	-	-	-	-	-	-
<b>Profit before tax</b>	<b>2,811</b>	<b>3,785</b>	<b>5,054</b>	<b>5,409</b>	<b>6,472</b>	<b>6,056</b>	<b>691</b>	<b>4,380</b>	<b>6,695</b>	<b>11,888</b>	<b>15,914</b>	<b>17,444</b>	<b>18,157</b>	<b>18,991</b>	<b>20,187</b>	<b>21,514</b>	<b>23,030</b>
(-) Corporate income tax	(640)	(934)	(1,248)	(1,598)	(1,633)	(1,793)	(433)	(980)	(1,138)	(2,376)	(2,769)	(3,373)	(3,747)	(3,793)	(4,028)	(4,326)	(4,710)
(+) Deferred income tax	37	28	31	109	63	(162)	(89)	158	37	44	54	44	28	33	30	32	34
<b>Net profit after tax</b>	<b>2,208</b>	<b>2,879</b>	<b>3,837</b>	<b>3,920</b>	<b>4,902</b>	<b>4,101</b>	<b>169</b>	<b>3,558</b>	<b>5,594</b>	<b>9,555</b>	<b>13,199</b>	<b>14,115</b>	<b>14,438</b>	<b>15,230</b>	<b>16,189</b>	<b>17,219</b>	<b>18,354</b>
Minority interest	1	2	2	2	3	2	-	2	2	2	2	2	2	2	2	2	2
<b>NPAT-MI</b>	<b>2,207</b>	<b>2,877</b>	<b>3,835</b>	<b>3,918</b>	<b>4,899</b>	<b>4,099</b>	<b>169</b>	<b>3,556</b>	<b>5,593</b>	<b>9,553</b>	<b>13,197</b>	<b>14,114</b>	<b>14,436</b>	<b>15,229</b>	<b>16,188</b>	<b>17,218</b>	<b>18,352</b>



# APPENDIX A: FINANCIAL ANALYSIS

## APPENDIX A2: BALANCE SHEET

	BALANCE SHEET																	
	2017	2018	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	
CURRENT ASSETS																		
Cash & Equivalents	3,411	3,750	3,115	7,348	4,142	5,061	5,366	8,471	14,559	16,777	18,100	19,537	26,472	30,815	35,617	44,441	53,439	
ST Investment		51	3,137	8,057	14,237	10,069	18,937	20,513	18,315	19,460	21,980	25,233	26,671	28,459	30,199	32,087	34,057	
Trade Receivables	1,432	370	262	196	384	178	308	293	386	393	509	494	574	569	642	643	721	
Advances to suppliers	118	21	195	288	391	404	96	290	317	359	414	454	478	514	542	575	610	
ST Loan receivables	85	-	-	80	962	17	2,086	-	-	-	-	-	-	-	-	-	-	
Other ST Receivables	1,131	1,152	1,358	1,031	1,425	2,402	2,668	2,967	3,305	3,697	4,240	4,701	5,058	5,466	5,800	6,182	6,614	
Inventories, net	12,050	17,446	25,745	19,422	29,167	25,696	21,824	28,426	31,102	34,863	40,200	44,074	46,397	49,871	52,579	55,825	59,196	
Cost	12,310	17,821	26,196	19,926	29,850	26,058	22,029	28,759	31,685	35,567	41,011	44,963	47,334	50,877	53,640	56,952	60,391	
(-) Provisions	(260)	(375)	(451)	(504)	(683)	(362)	(204)	(333)	(583)	(704)	(812)	(890)	(937)	(1,007)	(1,061)	(1,127)	(1,195)	
As % of HC	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Other Current Assets																		
Prepaid expenses	338	283	487	564	569	565	481	633	691	784	904	991	1,043	1,121	1,182	1,255	1,331	
VAT to be reclaimed	298	298	709	326	636	157	149	483	546	617	707	784	833	891	944	1,000	1,061	
Receivables from the State	-	2	3	5	42	29	31	15	17	19	23	25	27	29	30	32	34	
Total current assets	18,863	23,372	35,011	37,317	51,955	44,578	51,946	62,091	69,237	76,969	87,077	96,292	107,552	117,735	127,535	142,041	157,064	
NON-CURRENT ASSETS																		
Long term receivables	242	314	375	439	482	503	458	525	600	689	799	888	944	1,011	1,072	1,137	1,207	
Fixed assets																		
Tangible fixed assets	3,436	3,305	5,375	7,267	9,567	9,653	6,431	3,959	2,908	4,478	6,508	8,649	10,686	12,849	13,621	14,450	15,340	
Cost	4,833	5,788	9,148	12,963	17,987	20,842	20,139	20,125	21,044	22,956	23,671	24,279	28,539	34,314	38,354	42,650	46,568	
Accu. Depreciation	(1,397)	(2,483)	(3,773)	(5,696)	(8,420)	(11,189)	(13,708)	(16,166)	(18,136)	(18,478)	(17,163)	(15,630)	(17,853)	(21,465)	(24,733)	(28,201)	(31,228)	
Intangible fixed assets	28	28	28	28	80	74	69	64	59	54	49	44	38	33	27	27	27	
Cost	33	34	35	36	90	90	90	91	92	93	94	95	96	97	98	99	100	
Accu. Depreciation	(5)	(6)	(7)	(8)	(10)	(16)	(21)	(27)	(33)	(39)	(45)	(52)	(58)	(64)	(71)	(72)	(73)	
Construction in progress	35	257	87	133	80	124	4	-	-	-	-	-	-	-	-	-	-	
Investment in associates		60	56	53		181	287	574	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	
Long-term financial investment						50	460	460	460	-	-	-	-	-	-	-	-	
Other long term assets																		
Long term prepaid expenses	98	85	104	77	88	175	105	129	147	169	196	218	232	248	263	279	296	
DTA	121	150	179	287	350	189	101	258	295	338	392	436	464	496	526	558	593	
Goodwill		553	491	430	368	307	246	184	123	62	-	-	-	-	-	-	-	
Total non-current assets	3,960	4,751	6,695	8,714	11,015	11,256	8,161	6,152	5,741	6,939	9,092	11,381	13,512	15,786	16,658	17,600	18,612	
TOTAL ASSETS	22,823	28,122	41,706	46,031	62,970	55,834	60,107	68,244	74,978	83,908	96,169	107,673	121,064	133,521	144,193	159,641	175,676	



## APPENDIX A: FINANCIAL ANALYSIS

### APPENDIX A3: BALANCE SHEET

#### CURRENT LIABILITIES

Trade Payable	7,373	8,245	12,055	8,728	12,180	8,746	7,927	11,479	12,037	15,040	18,168	20,695	22,669	25,730	26,519	28,422	30,038
Advances from customer	22	38	81	87	98	98	89	91	91	91	91	91	91	91	91	91	91
Statutory obligations	137	218	375	635	697	764	418	155	246	395	607	899	1,199	1,495	1,825	2,175	2,546
Payable to employees	134	150	258	534	532	475	438	493	564	647	755	839	893	956	1,014	1,075	1,142
ST Accrued expenses	1,585	2,173	1,852	3,191	3,885	2,180	1,373	1,818	2,075	2,233	2,585	2,942	3,207	3,497	3,734	3,986	4,243
Other ST payables	807	1,208	718	546	476	2,972	1,320	1,371	1,553	1,740	1,998	2,226	2,376	2,550	2,705	2,870	3,046
<b>ST Debt</b>	<b>5,604</b>	<b>5,836</b>	<b>13,031</b>	<b>15,625</b>	<b>24,647</b>	<b>10,688</b>	<b>19,129</b>	<b>25,836</b>	<b>26,655</b>	<b>24,820</b>	<b>23,767</b>	<b>22,594</b>	<b>23,846</b>	<b>22,502</b>	<b>21,077</b>	<b>22,590</b>	<b>24,195</b>
Provision for ST Liabilities	46	57	72	76	77	76	68	76	82	100	120	137	151	170	178	192	204
Bonus and welfare	5	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>15,713</b>	<b>17,930</b>	<b>28,441</b>	<b>29,423</b>	<b>42,592</b>	<b>26,000</b>	<b>30,762</b>	<b>41,319</b>	<b>43,301</b>	<b>45,067</b>	<b>48,091</b>	<b>50,423</b>	<b>54,431</b>	<b>56,991</b>	<b>57,142</b>	<b>61,400</b>	<b>65,505</b>
<b>LT Debt</b>	<b>1,200</b>	<b>1,208</b>	<b>1,122</b>	<b>1,127</b>	-	<b>5,901</b>	<b>5,985</b>	-	-	-	-	-	-	-	-	-	-
DTL		2					1	-	-	-	-	-	-	-	-	-	-
Other LT Liabilities																	

<b>TOTAL LIABILITIES</b>	<b>16,913</b>	<b>19,140</b>	<b>29,563</b>	<b>30,550</b>	<b>42,592</b>	<b>31,901</b>	<b>36,748</b>	<b>41,319</b>	<b>43,301</b>	<b>45,067</b>	<b>48,091</b>	<b>50,423</b>	<b>54,431</b>	<b>56,991</b>	<b>57,142</b>	<b>61,400</b>	<b>65,505</b>
Preferred Equity																	
Paid in Capital	3,170	4,435	4,435	4,532	7,131	14,639	14,634	14,634	14,634	14,634	14,634	14,634	14,634	14,634	14,634	14,634	14,634
Share premium	37	551	555	558	558	558	558	558	558	558	558	558	558	558	558	558	558
Treasury Shares	-	(1)	(6)	(6)	(2)	(5)	(10)	-	-	-	-	-	-	-	-	-	-
Retained Earnings	2,699	3,990	7,150	10,389	12,672	8,721	8,159	11,714	16,468	23,633	32,871	42,045	51,429	61,327	71,849	83,041	94,970
Other Adjustment	1	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in FX	-	-	-	(1)	5	2	4	4	4	4	4	4	4	4	4	4	4
Minority Interest	3	6	8	9	12	15	13	12	10	9	8	7	5	4	3	1	0
<b>TOTAL EQUITY</b>	<b>5,910</b>	<b>8,982</b>	<b>12,143</b>	<b>15,481</b>	<b>20,376</b>	<b>23,930</b>	<b>23,358</b>	<b>26,922</b>	<b>31,675</b>	<b>38,838</b>	<b>48,075</b>	<b>57,248</b>	<b>66,630</b>	<b>76,527</b>	<b>87,048</b>	<b>98,238</b>	<b>110,166</b>
<b>TOTAL LIABILITIES+EQUITY</b>	<b>22,823</b>	<b>28,122</b>	<b>41,706</b>	<b>46,031</b>	<b>62,968</b>	<b>55,831</b>	<b>60,106</b>	<b>68,241</b>	<b>74,976</b>	<b>83,905</b>	<b>96,166</b>	<b>107,671</b>	<b>121,061</b>	<b>133,518</b>	<b>144,190</b>	<b>159,638</b>	<b>175,671</b>



## APPENDIX A: FINANCIAL ANALYSIS

## APPENDIX A3: STATEMENT OF CASH FLOW

CASH FLOW STATEMENT	Historical							Forecasted									
	2017	2018	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F
<b>Cash flow from operating</b>																	
Net Income	2,879	3,835	3,920	4,902	4,101		169	3,558	5,594	9,555	13,199	14,115	14,438	15,230	16,189	17,219	18,354
Adjusted for:																	
(+)D&A	1,087	1,291	1,924	2,726	2,775	2,524	2,464	1,975	349	(1,309)	(1,527)	2,229	3,618	3,275	3,469	3,028	
(+)Provisions	126	90	58	180	(322)	(166)	137	255	139	128	96	61	89	62	79	80	
(-)Gain/(+)Loss from FX	(3)	(2)	(1)	(3)	(3)	2	-	-	-	-	-	-	-	-	-	-	
Change in DTA/DTL	(27)	(32)	(108)	(63)	161	89	(158)	(37)	(44)	(54)	(44)	(28)	(33)	(30)	(32)	(34)	
Operating Profit before changes in WC																	
Working Capital Impact	(2,370)	(9,129)	219	(13,930)	5,877		(10,462)	(3,418)	(243)	(2,164)	(4,971)	(4,480)	(1,700)	(2,109)	(3,560)	(3,097)	(3,693)
Operating Cash Flow	1,693	(3,946)	6,012	(6,188)	12,589		(7,844)	2,584	7,545	7,835	6,993	8,161	15,000	16,796	15,937	17,638	17,735
							(-) ST Investment	4,160	5,346	8,980	9,513	11,414	16,438	18,584	17,677	19,526	19,705
<b>Cash flow from investing</b>																	
Cash paid for PP&E, net	(1,178)	(3,191)	(3,862)	(5,025)	(2,899)	823	16	(920)	(1,913)	(716)	(609)	(4,261)	(5,775)	(4,041)	(4,298)	(3,918)	
Goodwill	(553)	62	61	62	61	61	62	61	61	62	-	-	-	-	-	-	
Investments in other entities	(60)	4	3	53	(181)	(106)	(287)	(574)	-	-	-	-	-	-	-	-	
LT Financial Investments	-	-	-	-	(50)	(410)	-	-	460	-	-	-	-	-	-	-	
Investing Cash Flow	(1,791)	(3,125)	(3,798)	(4,910)	(3,069)		368	(209)	(1,433)	(1,392)	(654)	(609)	(4,261)	(5,775)	(4,041)	(4,298)	(3,918)
<b>Cash flow from financing</b>																	
Net Borrowing	240	7,109	2,599	7,895	(8,058)	8,525	722	818	(1,835)	(1,053)	(1,173)	1,252	(1,344)	(1,426)	1,513	1,606	
Cash proceeded from issuing new shares+ESOP	704	4	105	228	192	-	-	-	-	-	-	-	-	-	-	-	
Cash Dividend Paid	(486)	(665)	(679)	(240)	(732)	(731)	(3)	(842)	(2,391)	(3,962)	(4,943)	(5,056)	(5,333)	(5,669)	(6,029)	(6,424)	
Other adjustments in equity	(21)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash paid for treasury share	(1)	(4)	(1)	4	(3)	(5)	10	-	-	-	-	-	-	-	-	-	
Other adjustments	-	(7)	(7)	(5)	(1)	(9)	-	-	-	-	-	-	-	-	-	-	
Financing Cash Flow	436	6,437	2,017	7,882	(8,601)		7,780	729	(24)	(4,226)	(5,015)	(6,116)	(3,803)	(6,677)	(7,094)	(4,516)	(4,818)
Net change in Cash	338	(634)	4,232	(3,216)	919		304	3,104	6,089	2,217	1,324	1,436	6,935	4,344	4,801	8,824	8,998



## APPENDIX B: ENVIRONMENTAL, SOCIAL, GOVERNANCE

### APPENDIX B1: MWG'S BOARD OF DIRECTORS

Name	Position	Education	Experience	Ownership ratio
NGUYỄN ĐỨC TÀI	Chairman	Bachelor of Finance Accounting in HCM City University of Economics MBA at CFVG Academy of Management	<ul style="list-style-type: none"> <li>- Finance and accounting - Business marketing</li> <li>- Supply Logistics</li> <li>- Expanding store network</li> <li>- General management</li> </ul>	2.4%
TRAN HUY THANH TUNG	Member of BOD	Bachelor of Economics in HCM City University of Economics	<ul style="list-style-type: none"> <li>- 2007-2013: Chief Accountant and Finance Director, Chief of the Company</li> <li>- 2013-2020: Member of the Company's supervisory board</li> <li>- 2020-2022: Chairman - Audit Committee</li> </ul>	0.76%
TRAN KINH DOAN	Member of BOD	Bachelor of Economics in Ho Chi Minh City University of Economics	<ul style="list-style-type: none"> <li>- 2013: Member of the Board of Directors</li> <li>- 2014-09/2018: General Director of The Mobile World JSC</li> <li>- 2018 – April 2022: General Director of Investment Mobile World JSC</li> </ul>	0.653%
DANG MINH LUOM	Member of BOD	Business Administration specializing Human Resources Management major	<ul style="list-style-type: none"> <li>- 2007: Human Resources Director of Mobile World JSC</li> <li>- Human Resources Director of The Investment Joint Stock Mobile World JSC</li> <li>- May 2014: Member of the Board of Directors</li> </ul>	0.249%
ROBERT ALAN WILLET	Member of BOD		<ul style="list-style-type: none"> <li>- Former CEO of BestBuy International.</li> <li>- April 2013: Member of the Board of Directors and Senior Advisor of the Company</li> </ul>	0.548%



## APPENDIX B: ENVIRONMENTAL, SOCIAL, GOVERNANCE

### APPENDIX B1: MWG'S BOARD OF DIRECTORS

Name	Position	Education	Experience	Ownership ratio
THOMAS LANYI	Member of BOD		<ul style="list-style-type: none"> <li>- Managing Director of CDH Investment Advisory Pte Ltd.</li> <li>- Chairman of the Venture Capital and Capital Investment Association unlisted shares of Singapore (Singapore Venture Capital and Private Equity Association)</li> <li>- April 2013: Member of the Board of Directors.</li> </ul>	0
DAO THE VINH	Member of BOD	Bachelor, Master at Russian State Hydrometeoro-logical University	<ul style="list-style-type: none"> <li>- Co-founder, General Director and Chairman Board of Directors of Gate Trading Services Joint Stock Company</li> <li>- March 2019: Member of the Board of Directors.</li> </ul>	0
DOAN VAN HIEU EM	Member of BOD	Bachelor of Accounting at University of Finance and Marketing.	<ul style="list-style-type: none"> <li>- Sep 2018: General Director of Mobile World JSC</li> <li>- July 2022: General Director of An Khang Pharma JSC</li> <li>- March 2019: Member of the Board of Directors</li> </ul>	0.249%
DO TIEN SI	Member of BOD	<ul style="list-style-type: none"> <li>- Bachelor of Management &amp; Marketing - Monash University, Australia</li> <li>- Master of Business Administration (double degree) – University INSEAD – France</li> </ul>	<ul style="list-style-type: none"> <li>- Deputy General Director - Tay Do Steel Joint Stock Company</li> <li>- General Director - Pomina Steel Joint Stock Company</li> <li>- Vice Chairman of the Board of Directors of Pomina Steel Joint Stock Company</li> <li>- May 2020: Member of the Board of Directors</li> </ul>	0





## APPENDIX B: ENVIRONMENTAL, SOCIAL, GOVERNANCE

### APPENDIX B1: MWG'S BOARD OF DIRECTORS

Name	Position	Education	Experience	Ownership ratio
NGUYEN TIEN TRUNG	Member of BOD	Master of Business Administration - Training program Vietnamese - Belgian	<ul style="list-style-type: none"> <li>- Holds many important positions at Service Joint Stock Company Saigon General (Savico)</li> <li>- General Director of City Auto Joint Stock Company - Hyundai Tran Hung Dao</li> <li>- Deputy General Director of Dong Do Company Limited Thanh - (Chevrolet Dong Do Thanh)</li> <li>- Automotive Project Director of Savico Joint Stock Company</li> </ul>	0

### APPENDIX B2: EVALUATION OF HPG'S ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

MSCI FRAMEWORK FOR ENVIRONMENTAL, SOCIAL RATING		
ENVIRONMENTAL		
Criteria	Description	Rating
Product Carbon Footprint	How production activity of company affects carbon footprint	4
Carbon Emissions	How company manages carbon emissions	3
Financing impact studies	How much company spend to mitigate environmental impact	3
Water Stress	How company treats the water ecosystem	2
Biodiversity & Land Use Impact	How company relates to environmental degradation	3
Raw Material Sourcing	How does the company source materials?	3

## APPENDIX B: ENVIRONMENTAL, SOCIAL, GOVERNANCE

### APPENDIX B2: EVALUATION OF HPG'S ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

MSCI FRAMEWORK FOR ENVIRONMENTAL, SOCIAL RATING		
ENVIRONMENTAL		
Toxic Emission & Waste	How company manages toxic emission and waste	3
Resources Saving	How company uses natural resources in operation	3
Packaging Material & Waste	Does the company use plastic, biodegradable materials?	2
Opportunity in to use Clean Tech	Are there opportunity for company to use environmentally technology and has it embraced this adoption?	4
Average score		3.0
SOCIAL		
Labour Management	Does the company work with its staff? Is their staff representation?	3
Human Capital Development	Is the company good at developing its staff?	3
Healthy & Safety	How well does the company ensure the safety of its staff?	4
Product Safety & Quality	Is the product they produce of the requisite standard? Do they meet international standards?	3
Water Stress	How company treats the water ecosystem	2
Chemical Safety	If a primary manufacturer, do they have effective controls to manage dangerous and polluting substances?	3
Responsible Investment	Does the company make an effort to ensure responsible investing?	3



## APPENDIX B: ENVIRONMENTAL, SOCIAL, GOVERNANCE

### APPENDIX B2: EVALUATION OF HPG'S ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

MSCI FRAMEWORK FOR ENVIRONMENTAL, SOCIAL RATING		
Privacy and Data Security	Does the company have suitable and extensive safeguards to protect the data of customers and suppliers?	4
Access to Healthcare	Does the company provide good quality healthcare etc.?	4
Opportunities in Nutrition & Health	Does the company provide health food options? Gym? Sport Activities etc?	3
Mental Well being	Does the company provide suitable access to mental health healthcare professionals?	3
Average score		3.2

CFA INSTITUTE FRAMEWORK CORPORATE GOVERNANCE		
EXECUTIVE COMMITTEE		
Criteria	Description	Rating
Independence	Boards must be willing to and capable of scrutinizing management performance and setting reasonable compensation	1
Accountability	Corporate practices must reflect the Board's answerability to its owners	3
Responsiveness	Directors must be responsive to shareholders' wishes, which can be expressed through elections or votes on shareholder proposals, and must act accordingly	3
Competence	Directors should add value to the corporation with their specific skills or expertise in a particular field	3
Elections	Annually elect directors	2



## APPENDIX B: ENVIRONMENTAL, SOCIAL, GOVERNANCE

### APPENDIX B2: EVALUATION OF HPG'S ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

CFA INSTITUTE FRAMEWORK CORPORATE GOVERNANCE		
EXECUTIVE COMMITTEE		
Related Party Transactions	No materialistic related party transactions	4
Board Members	Board of at least 5 but no more than 15 member	4
Independent Members	Board must have greater than 2 independent directors or 20% independent members of the board.	1
Role Delegation	Roles of CEO and Chair should be seperated	3
Committees	Established Executive, Audit, Compensation, Nominating, and Compliance Committee	3
Average		2.7
AUDIT COMMITTEE		
Independent Audit	Auditor's opinion should be impartial and professional Independence is compromised when the auditor receives significant payment for non-audit activities.	3
Financial Integrity	Company's financials should have integrity (Items that raise concerns include auditor changes, inconsistency over years, material weaknesses in the 4 Statements are settled are publicly and fully disclosed with notes. The committee also ensures that the external auditor has adequate quality control procedures. 30 company's controls, restatements, and excessive fees paid for non-audit work).	3
Selection of Auditor	Company should allow shareholders to ratify the selection of auditor	3
Average		3



## APPENDIX B: ENVIRONMENTAL, SOCIAL, GOVERNANCE

### APPENDIX B2: EVALUATION OF HPG'S ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

CFA INSTITUTE FRAMEWORK CORPORATE GOVERNANCE		
COMPENSATION COMMITTEE		
Performance Metrics	Performance metrics should encourage executives to make decisions that benefit shareholders	3
Performance Metrics	Performance Metrics should be communicated to shareholders	3
Performance Metrics	A portion of executive compensations should be in the form of equity	3
Average		3
SHAREHOLDER RIGHTS' PROTECTION		
Election	One share, one vote	4
Shareholder Rights	Right to Dividend	3
	Absence of supermajority vote requirements	3
	Right of shareholders to call special meetings	3
	Information	3
	Appraisal rights	4
Average		3.3
OVERALL RATING		3

