

# MOBILE WORLD INVESTMENT CORPORATION

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## UPDATE BUSINESS RESULTS

1H 2020



[www.mwg.vn](http://www.mwg.vn)



## AGENDA

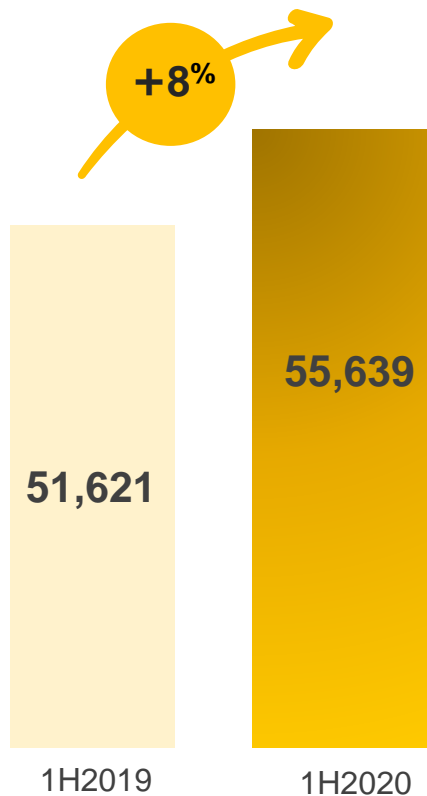
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- I. 1H2020 BUSINESS RESULTS
- II. FINANCIAL STATUS UPDATE
- III. BUSINESS UPDATE – JULY 2020
- IV. IMPACTS OF THE NEW COVID OUTBREAK AND  
MWG'S COUNTERMEASURES

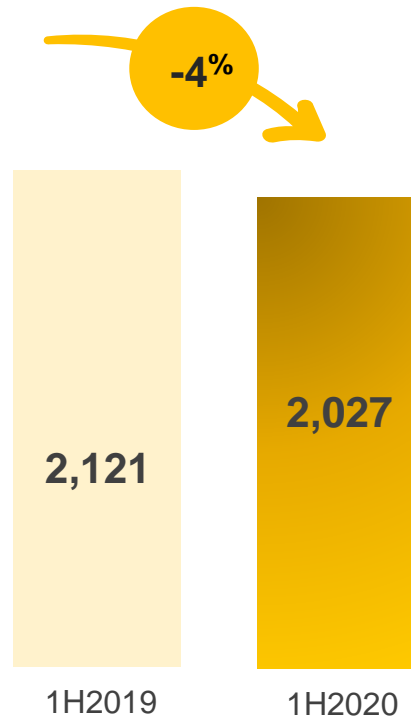


## I. 1H2020 BUSINESS RESULTS

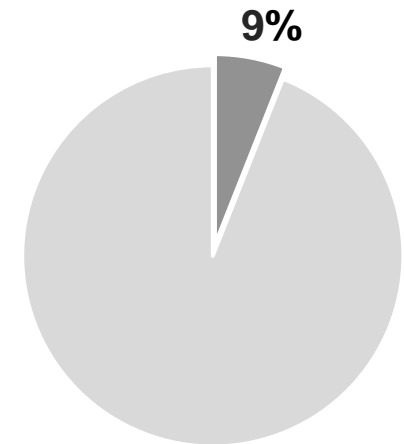
### NET REVENUE (billion VND)



### NET PROFIT AFTER TAX (billion VND)



### ONLINE REVENUE CONTRIBUTION



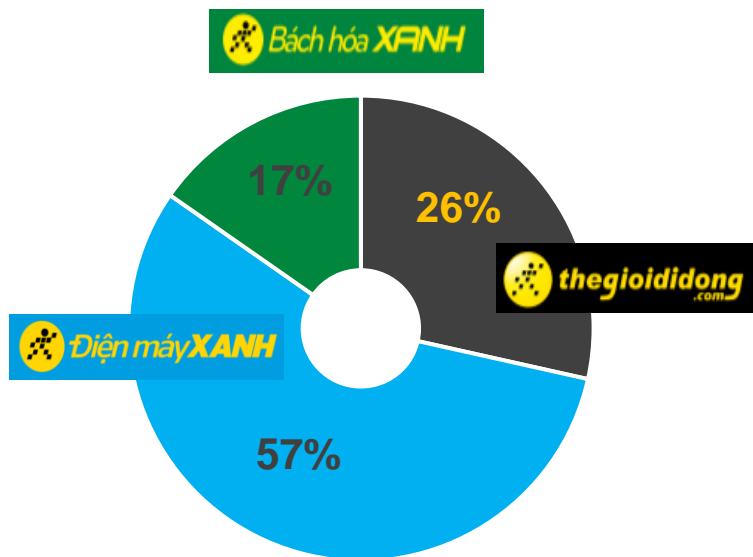
Online Revenue: 4,993 (VND billion)

BY CHAIN	YOY REVENUE GROWTH
TGDD	-15%
DMX	4%
BHX	132%

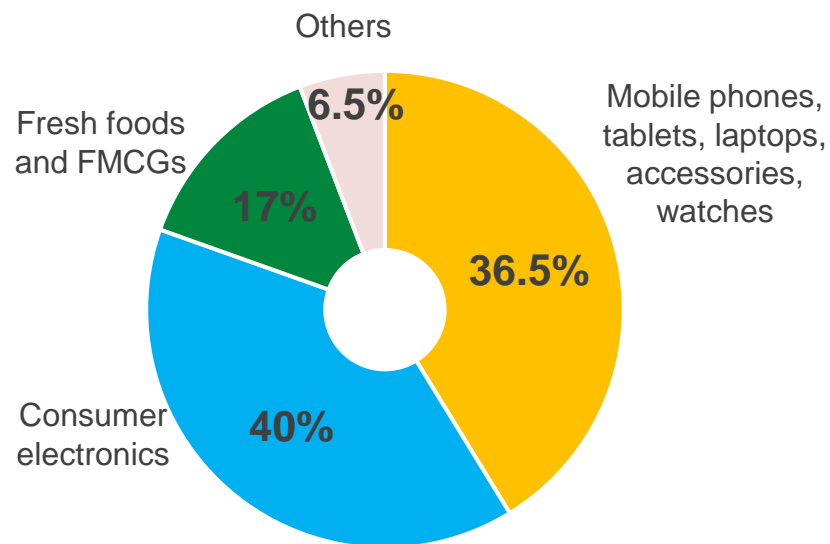


## I. 1H2020 BUSINESS RESULTS

### REVENUE BREAKDOWN BY CHAINS



### REVENUE BREAKDOWN BY PRODUCTS



(\*) Other services include sim, cards and used products...



## IA. TGDD AND DMX

REVENUE GROWTH BY MAIN PRODUCT 1H2020 vs. 1H2019	MWG	MARKET (Not include MWG)
Phones	-15%	-21%
TVs	-5%	-17%
Refrigerators	+10%	-10%
Air-conditioners	-2%	-6%
Washing machines	+1%	-10%

### Blended SSSG for TGDD & DMX stores opened before 01/01/2019 in 1H2020: **-12%**

- MWG had to close temporarily more than 600 stores in the first half of April and continue the suspension of over 300 stores from 16<sup>th</sup> to 25<sup>th</sup> April as per the Government's requirement to contain the COVID outbreak.
- Customers have tightened their spending on discretionary products as their disposable income are negatively affected by the pandemic.

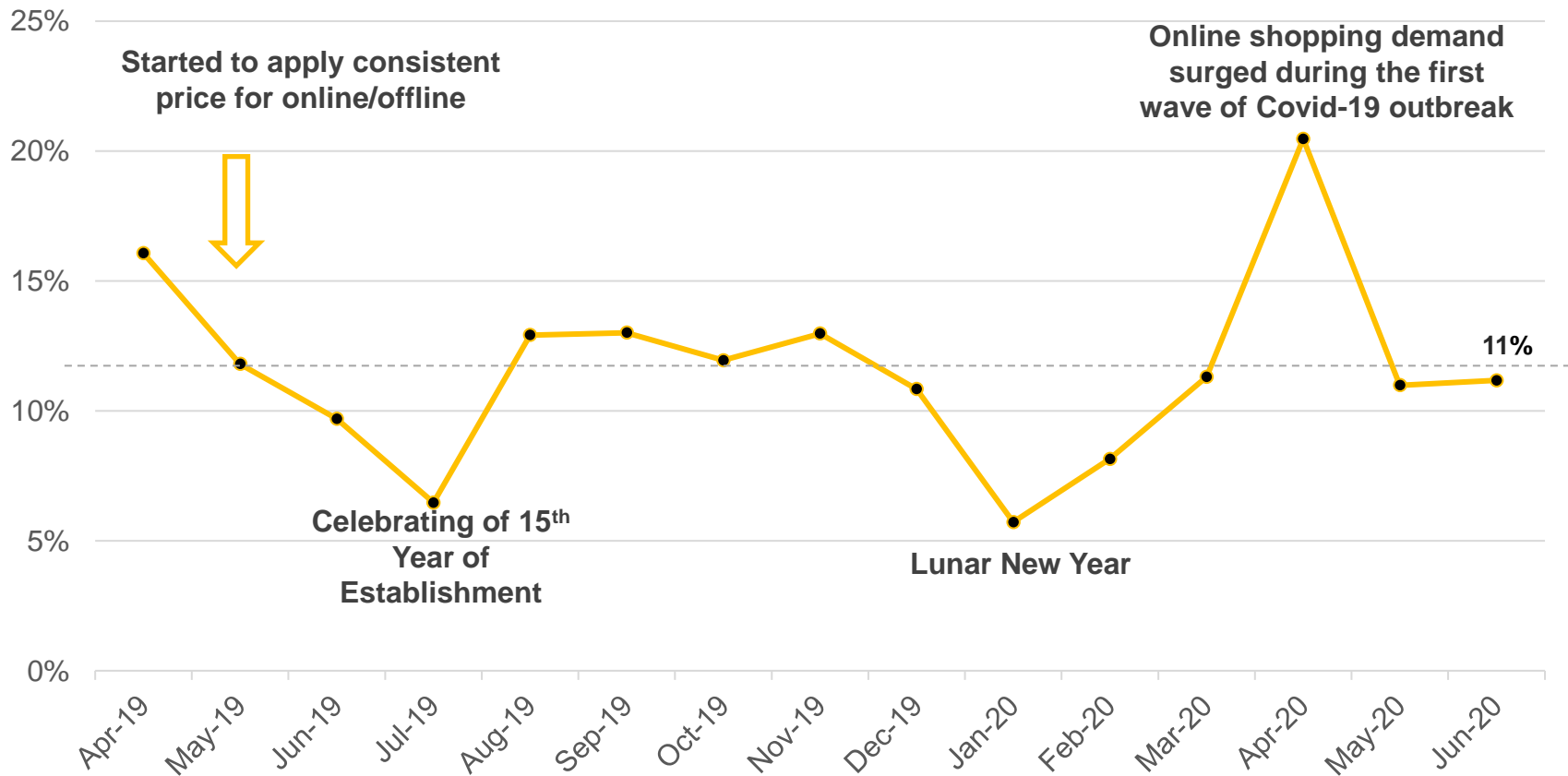
(\*) According to General Statistics Office, as of June 2020, there were almost 31 million Vietnamese people being negatively affected by the COVID-19, including those who lost their jobs, being laid off/ rotated to work, being cut off their working hours, and suffered income reduction,...

(\*\*) This is also the first year that the employee's income in Q2 decreased YoY over last 5 years.



## IA. TGDD AND DMX ONLINE

### ONLINE CONTRIBUTION IN TOTAL REVENUE OF TGDD AND DMX



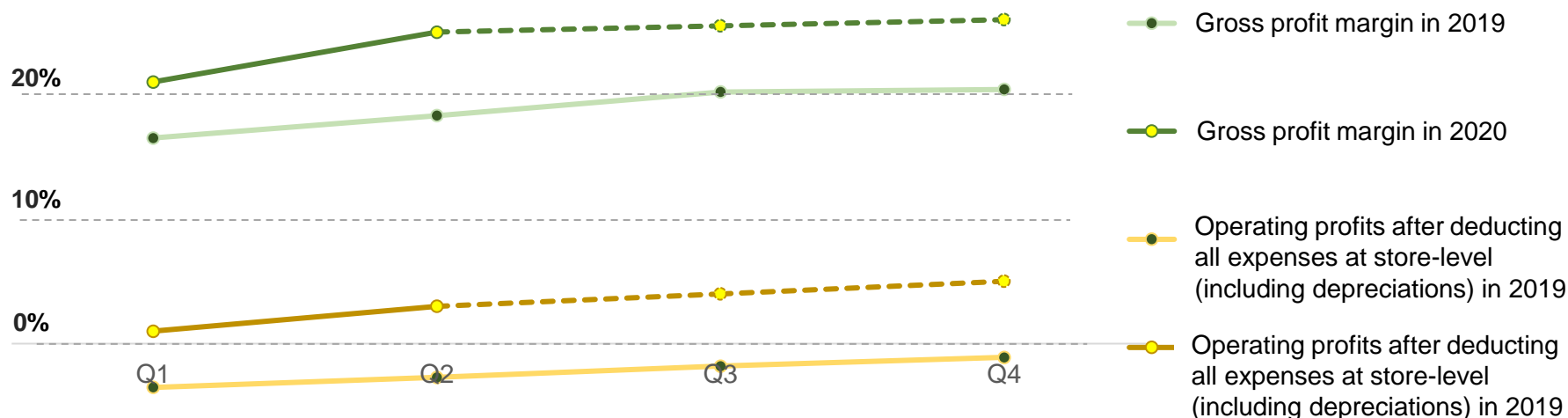
Since May 2019 when the Company has started to apply consistent price policy for online/offline, **contribution of online transactions in the total revenue of TGDD & DMX maintained stably at approx. 11% over last 14 months.**



## IB. BHX

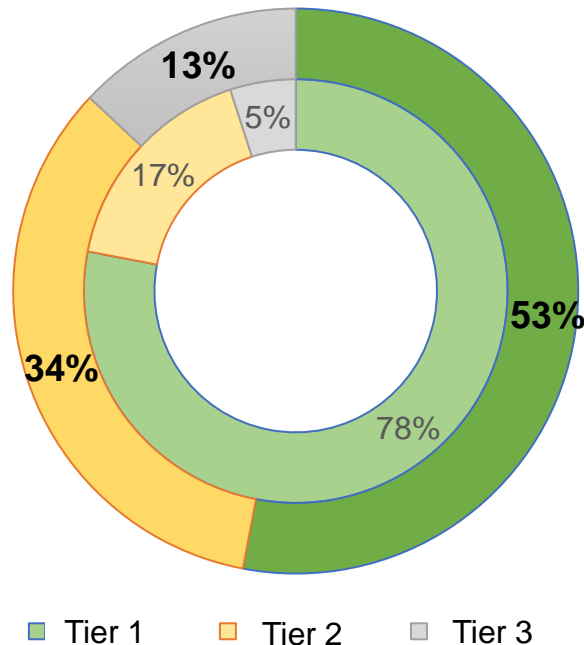
	1H2020	1H2019
Number of stores at the end of period	1.486	600
Number of new stores opened during the period (6M)	478	195
Number of DCs/ warehouses the end of period	12	5
Serving area at the end of period	HCM + 23 provinces	HCM + 14 provinces
SSSG (calculated for stores opened before 1/1/2019)	<b>+12%</b>	

- Accumulated EBITDA of BHX in 6M2020 at store- & DC-level > 0
- BHX is on-track to achieve break-even point after covering all expenses including depreciations for the whole store-chain and DCs by this year-end (not yet including G&A).





### Store structure by locations

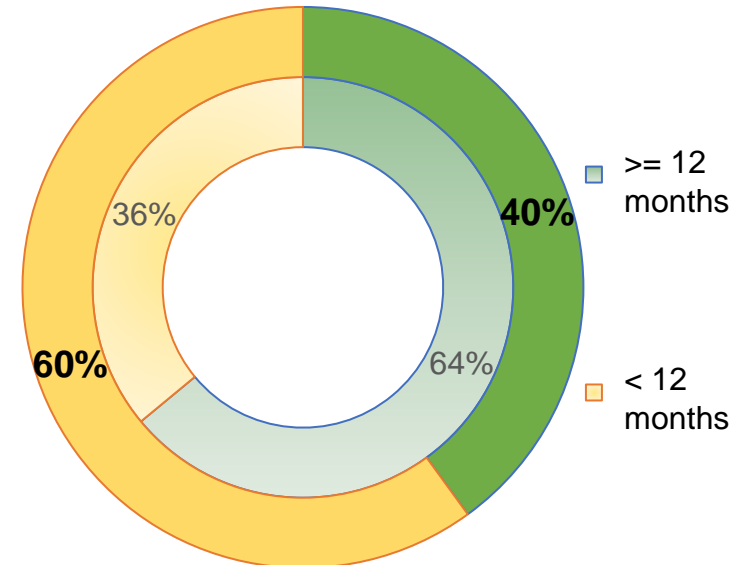


Outer circle: June/2020  
(1,486 stores)

Inner circle: June/2019  
(600 stores)

Average monthly revenue:  
 - Stores operating less than 12 months = 75%-80% mature stores  
 - Stores in tier 2&3 = 70%-85% stores in tier 1

### Store structure by time of operation



- # of stores located in tier 2 & 3 by June-end 2020 > Total number of stores by June-end 2019
- # of stores operating less than 12 months by June-end 2020 > Total number of stores by June-end 2019

(\*) Tier 1: Top 10 cities/provinces in Vietnam with the highest income per capita. BHX has been present in 5/10 cities/provinces, including HCM, Dong Nai, Binh Duong, Ba Ria – Vung Tau and Can Tho.

(\*\*) Tier 2: Cities/ Provinces with income per capita ranking from 11<sup>th</sup> to 30<sup>th</sup> (in the total of 63 cities/provinces in Vietnam). BHX has its presence in 12/20 cities/provinces.

(\*\*\*) Tier 3: Cities/ Provinces with income per capita ranking from 31<sup>st</sup> to 50<sup>th</sup>. BHX has its presence in 7/20 cities/provinces





## IB. BHX ONLINE

	1H2020	1H2019
Total online transactions	~260,000	~120,000
Serving area at the end of period	8 cities/provinces - <i>HCMC, Bien Hoa, Vung Tau, Long An, Can Tho, Binh Duong, My Tho, Buon Me Thuot.</i>	1 city - <i>HCMC</i>
Number of DCs at the end of period	11	1

- Contribution of online transactions in the total BHX revenue is approx. 1% currently. Since April this year, MWG has accelerated the online grocery business and expanded its footprint in other cities/provinces.
- According to statistics of Iprice and Similar Web, Bachhoaxanh.com has been **the only dedicated website selling Foods & FMCGs in the Map of Ecommerce Vietnam.**

(\*) Map of Ecommerce Vietnam - top 50 e-commerce players based on their average quarterly traffic, mobile application ranking, and social media followers.



## II. FINANCIAL STATUS UPDATE

The company has actively monitored procurement activities, optimized inventories, managed debts, ensured healthy operating cash and liquidity.

VND Billion	31/06/2020	31/12/2019	Change
Inventories	17,919	25,745	-30%
Short-term loans	10,590	13,031	-19%
Short-term liabilities	22,949	28,442	-19%
Cash, cash equivalents and short-term financial investment (deposits and bonds with maturity terms from 3 months to less than 1 year)	10,878	6,252	+74%

Ratios	31/06/2020	31/12/2019
Current ratio	1.3	1.2
Net debt/Equity	0.8	1.2



## III. BUSINESS UPDATE – JULY 2020

- Net revenue in July recorded more than VND 8,600 billion, slid by ~7% YoY but increased by 6% MoM thanks to improvement in revenue of all chains.
- As usual for the business cycle, mobile phones and electronics consumption will slow down during the 3rd quarter of a year.
- Total revenue for TGDD & DMX in July 2020 dropped by ~17% YoY because: (i) lower consumption demand given the fact that customers have tightened their spending on discretionary products during the pandemic and (ii) revenue in July 2019 was a high base as the Company offered mega sale promotion campaign for customers in the series of events celebrating MWG's 15th anniversary. On monthly basis, total revenue of TGDD and DMX increased ~5% compared to June 2020.
- After accelerating its store expansion with denser coverage in recently months to (i) resolve the signed locations but not yet opened in Q1 due to the 1<sup>st</sup> wave of COVID and (ii) quickly improve the utilization rate of DCs/warehouses in provincial area, since July 2020, BHX has decelerated the opening speed to 50-80 new stores/month to focus on pushing revenue, reducing the dilution of average monthly sales per store. As a result, revenue in July/2020 of the chain surged by ~80% YoY and ~12% MoM. Average sales per store recorded at approx. 1.2 billion in July.



## III. IMPACTS OF THE NEW COVID OUTBREAK AND MWG'S COUNTERMEASURES

- Till now, more than 30 TGDD and DMX stores located in the lockdown areas (mainly in the Central of Vietnam) have been temporarily closed as per the Government's request.
- Depending on the level of social distancing in each city/province that declared the outbreak, the local authority may require MWG to offer delivery sales only or limit the number of customers in a store at any given time.
- MWG re-implements the measures applied in the 1st wave of COVID in response to the new outbreak amid surging community transmissions, including:
  1. Checking customers' temperature, preparing hand sanitizers, requiring customers to have facemask on when entering the stores located in the areas declared "outbreak status", limiting the number of customers serving inside the stores (if requested).
  2. 1-on-1 procedure: reduction of direct contact-points (1 staff serves 1 customer)
  3. Conducting take-away/home delivery sales: Beside ordering products online via website, allowing customers to be served without entering the store by directly contacting the store manager/staff via their phone numbers showed at the store front.
  4. Call-center and website for online channel still serve customers who pre-order products and will be delivered as soon as movement restriction is lifted by the Government (at the lockdown areas)

Please refer to the full audio  
of the Meeting  
[CLICK HERE](#)

Kindly send us your comment  
(if any) via

[investor@thegioididong.com](mailto:investor@thegioididong.com)

Thank you!

