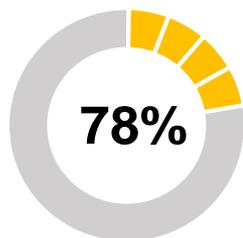
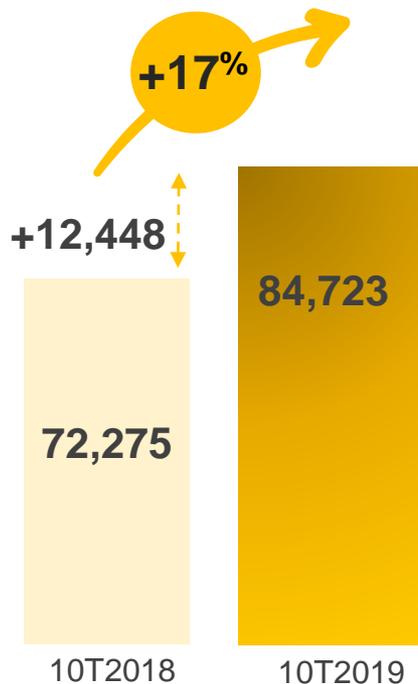




## YTD OCT 2019 PERFORMANCE REPORT

### NET REVENUE

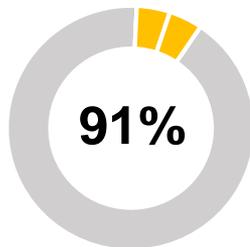
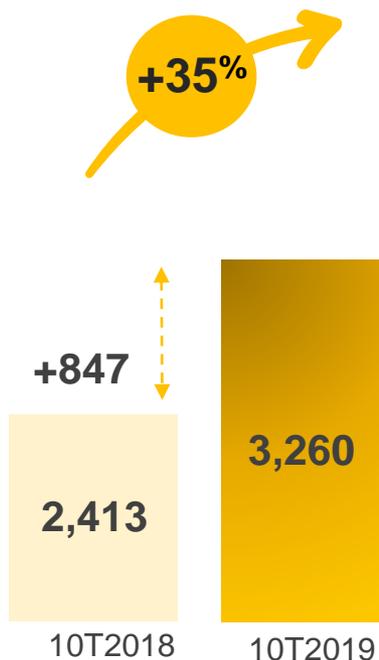
(VND bn)



Net revenue target  
(VND108,468 bn)  
was completed

### NET PROFIT AFTER TAX

(VND bn)



NPAT target  
(VND 3,571 bn)  
was completed



**10,895** VND bn  
ONLINE REVENUE  
YTD OCT 2019



Growth vs.  
ONLINE REVENUE  
YTD OCT 2018



Contribution to MWG's  
NET REVENUE  
in 10M2019

### REVENUE BREAKDOWN BY CHAINS

(VND bn)

thegloiddong	28,080
Điện máy XANH	48,333
Bách hóa XANH	8,224

(\*) Revenue breakdown by chains, not including Bigphone



## YTD OCT 2019 PERFORMANCE REPORT

- For 10M2019, MWG recorded **consolidated net revenue of VND 84,723 billion (+17% YoY)** and **net profit of VND 3,260 billion (+35% YoY)**. Year-to-date, MWG fulfilled **78% of revenue and 91% of profit target for FY 2019**. Online segment in 10M2019 grew by 11% YoY and contributed approx. 13% of MWG's total revenue.
- **At the end of October, MWG had 2,812 stores, up by 106 stores vs. September end.** Of which, in October, DMX added 30 new stores from new openings and converting from TGDD. Meanwhile, BHX added 78 new stores to increase total store-count to 866. MWG has piloted 14 “Super Cheap Phones” (DTSR) stores in HCMC. **Moreover, MWG upgraded layouts for 90 DMX mini in October 2019.**
- At the end of 31<sup>st</sup> October 2019, MWG had 174 stores selling watches (compared to 134 stores at the end of September). **Cumulatively in 10M2019, over 245 thousand watches of different kinds worth of VND 480 billion were sold at TGDD and DMX stores.**
- Since September 2019 when MWG decided to push sales for laptops, within only 2 months of September & October, MWG sold over 55 thousands products, equivalent to VND 715 bn, jumping 40% YoY. **Cumulatively in 10M2019, more than 220 thousands laptops were sold, generating over VND 2 trillion to the company.**
- MWG recorded single-digit revenue growth for phones and more than 30% YoY growth for white goods and small appliances.
- **Blended gross profit margin of TGDD & DMX expanded from approx. 18% in 6 consecutive quarters (from 1Q18 to 2Q19) to reach more than 19.5% in 3Q19 and MWG successfully maintained this positive blended gross margin in October.** The considerable profitability improvement was thanks to gross margin expansion of mobile phones, white goods and appliances.
- In 866 stores at 31<sup>st</sup> October 2019, **BHX had 452 stores located in 20 Southern and South-Central Coast provinces outside of HCMC**, including two new provinces Ninh Thuan and Khanh Hoa. By format, the chain had **161 large stores, (making up 19% of BHX's store-count).**



## YTD OCT 2019 PERFORMANCE REPORT

- **The BHX's average monthly sales per store in October recorded VND 1.3 billion (calculated for stores opened before 1<sup>st</sup> October 2019).** In addition to objective factors such as: (i) the unfavorable rainy weather, (ii) most people prioritized the household spending for children in the Back-to school season; the fact that BHX strictly controlled the shrinkage ratio in September and the first half of October resulting in under-supply of fresh foods was also a reason for the slight decrease of average monthly sales per store recently. However, MWG immediately took remedial actions to ensure plenty foods supply for BHX stores not only in the morning but also in the evening peak hours to satisfy customers' demand. Such a quick reaction has helped BHX's revenue improving in the second half of October till November.
- Along with store expansion, to optimize the growth potential of current BHX high-performing large stores, just in October, **BHX simultaneously upgraded 57 stores size of 300 sqm to Double Shop format (adding some small appliances and kitchen wares to widen the product offering for customers).** Such stores recorded 20% of revenue growth right after the upgrades. Including the first 6 piloted Double Shop stores since 2Q19, BHX has operated 63 Double Shop stores at the end of October. **In this format, small appliances and kitchen wares contributed approx. 10% to the stores' total revenue.**
- **Gross profit margin after wastage and shrinkage at the end of October 2019 was over 20%, expanding more than 2% from approx. 18% at the end of 2018 and overpassed the 2019 annual plan.** In the long term, BHX targets to expand gross profit margin by further optimizing procurement while keeping the retail price unchanged to effectively serve mass market.
- **MWG expects to operate about 1,000 BHX stores by 2019 year-end. The company is focusing more on procurement and logistics preparation in 4Q19 to capture huge demand in holiday seasons.** As MWG recorded encouraging NPAT YoY growth of over 30% for many consecutive months and BHX overpassed most of important 2019 targets, the Company decided to accelerate BHX' store opening, penetrate in Central region of Vietnam right in 2019 and invested in new Distribution Centers (DC)/warehouses for supporting operation. In particular, BHX had 700<sup>th</sup> store in August (4 months earlier than annual plan) and successfully maintained accumulative EBITDA profit at store-level. **It is worth noting that DCs/warehouses are critical foundation for store effective operation and often prepared in many months before opening new stores in new provinces.**



- At the company-wide level, gross profit margin of MWG tends to improve significantly. However, SG&A expense/revenue ratio also expands due to rapid store-count opening to reach 1,000 DMX stores and 1,000 BHX stores by end of 2019. As usual, all resources must be well-prepared before a new store opening meanwhile it takes time for a new store to ramp up in terms of revenue, thus operation cost/revenue ratio of a new opening store in the opening month is often higher than that of an old one. **The presence of these 2,000 stores at the end of 2019 is expected to contribute considerable to MWG's revenue in 2020 thanks to full year of operation.**

### Some information related to Distribution Centers (DCs) of MWG:

- **In addition to 4 DCs as in early 2019 plan have been in operation, MWG has utilized additional 4 temporary warehouses** to serve for all BHX stores located in 21 Southern and South-Central Coast provinces when new DCs are under construction.
- **Currently, two DCs currently located in HCMC have been operated at full capacity**, serving more than 400 stores located in HCMC and surrounding areas. **Besides, 2 remaining DCs and 4 temporary warehouses located in provinces are operated at under capacity**, serving only several dozen up to 100 stores due to still low density of stores in new provinces.
- DCs/warehouses operation cost has fluctuated around 5% (vs. 3% in our previous announcement) mainly due to different accounting method. Accordingly, transportation cost from DCs/warehouses to stores has been recorded in the DCs/warehouses operating expenses since September instead of as store operating expenses as previously. This necessary change is for evaluating the effectiveness of store operation more accurately.
- MWG expects that when store density of BHX is higher, DCs/warehouses will be operated at higher capacity, leading lower DCs/warehouses operation cost/revenue.