

Digiworld (DGW)

4Q24: Unsurprisingly Good

Recently, we attended DGW's analyst meeting presenting the 4Q24's business performance. Here are some notable updates:

Mobile phones drove net revenue

- In 4Q24, DGW reported a net revenue of VND5,859bn (+20.8% yoy), showing a continuing recovery from the 2023 bottom. In which:
 - Mobile phones (45.9% of total sales) continued to drive with the sales of VND2,687bn (+21.9% yoy) as Xiaomi's mobile phones continued to gain marketshare and the improvement of consumer demand (but still being weak in absolute term)
 - Laptops & tablets (19.5% of total sales) slowed down to VND1,144bn (+6.7% yoy). DGW shared that their performance was better than the markets for tablets and laptops (stayed flat yoy) due to the contribution of new brands.
 - Office equipments (23.3% of total sales) grew to VND1,367bn (+21.6% yoy). They would continue to add new brands such as AOC (monitors) MSI (PC clients) in upcoming quarters.
 - Home appliances (6.2% of total sales) surged to VND364bn (+55.6% yoy). DGW expected the recovery of the real estate sector would help to boost the demand for this category. Besides, DGW would continue to add Xiaomi's TVs and air conditioners into their product portfolio.
 - Consumer goods (5.1% of total sales) increased to VND297bn (+38.1% yoy). ABInBev continued to expand their products to Horeca channels, while their pharmaceutical segment had no significant change.

	2020A	2021A	2022A	2023A	2024A
Sales (VND bn)	12,536	20,923	22,028	18,817	22,078
chg. (% YoY)	47.7	66.9	5.3	(14.6)	17.3
Operating profit (VND bn)	332	821	868	469	556
Net profit (VND bn)	267.3	654.9	683.6	362.6	449
EPS (VND)	6,259	4,157	4,219	2,161	2,419
chg. (% YoY)	58.0	(33.6)	1.5	(48.8)	11.9
EBITDA (VND bn)	284.5	692.3	813.6	459.5	582
PE (x)	18.0	5.4	13.1	17.9	18.7
EV/EBITDA (x)	16.0	4.5	12.5	15.8	16.2
PB (x)	4.2	2.0	3.7	2.5	2.8
ROE (%)	25.7	44.6	32.8	14.2	15.9
Dividend yield (%)	0.9	2.5	1.8	1.8	1.8

Note: Net profit, EPS, and ROE are based on figures attributed to controlling interest

12M rating **NON-RATED**

12M TP
Up/Downside

Stock Data

VNIndex (12 Feb, pt)	1,267
Stock price (12 Feb, VND)	37,800
Market cap (USD mn)	324
Shares outstanding (mn)	219
52-Week high/low (VND)	52,639/37,250
6M avg. daily turnover (USD mn)	2.07
Free float / Foreign ownership (%)	58.8/19.6
Major shareholders (%)	
Created Future Ltd Company Ltd	31.7
Dkp Mtv Company Ltd	5.0
Dhv Mtv Company Ltd	4.1

Performance

	1M	6M	12M
Absolute (%)	1.1	(16.0)	(10.9)
Relative to VNIndex (%p)	(1.9)	(19.9)	(18.5)

Stock price trend



Source: Bloomberg

Research Department

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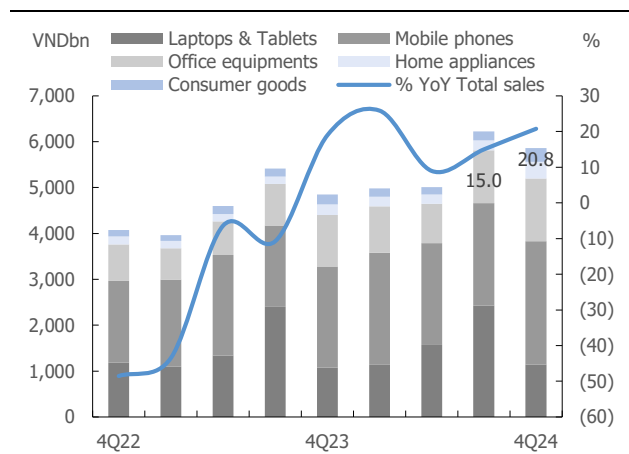
NPAT surged due to a lower SG&A margin

- In 4Q24, DGW's gross margin remained almost unchanged at 10.4% (-0.4%p yoy) but SG&A margin decreased to 7.2% (-1.8%p yoy from the 4Q23's high unusual expenses).
- DGW reported NPAT of VND146bn (+62.2% yoy). This result was in line with the management target (~VND150bn).

1Q25F – 2025F: DGW targets a double digit growth

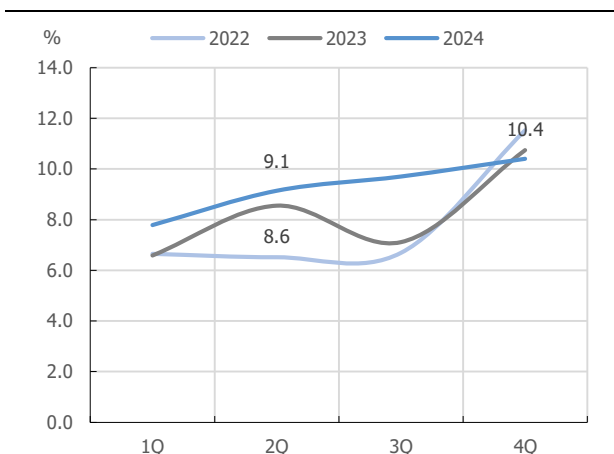
- For 1Q25F, DGW targets a net revenue of VND5,600bn (+12% yoy) and NPAT of VND103bn (+12% yoy). For 2025F, they plans to achieve a net revenue of VND25,450 (+15% yoy) and NPAT of VND523bn (+18% yoy).
- These numbers are generally in line with our expectation pending a thorough forecast. In which:
 - o Net revenue would be driven by the recovery of consumer demand in 2025F, which would be faster in the second half of the year.
 - o NPAT would be driven by the increase of net revenue and lower SGA expenses (from lower selling support).

Figure 1. Net revenue rose thanks to mobile phones



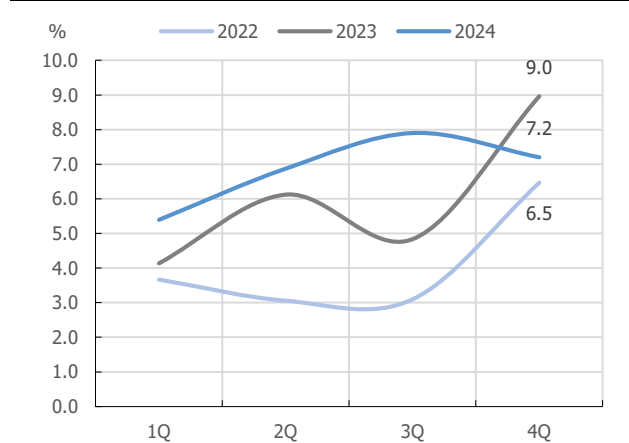
Source: Company Data, KISVN

Figure 2. Gross margin was maintained



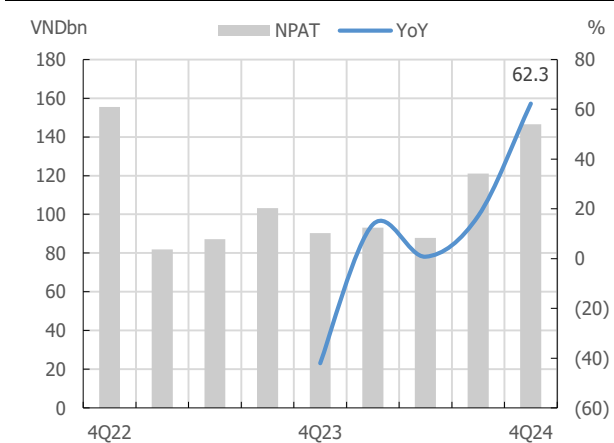
Source: Company Data, KISVN

Figure 3. SG&A margin decreased from the unusual high in 4Q23 but still being higher than 4Q22



Source: Company Data, KISVN

Figure 4. NPAT surged by 62.3% due to lower SG&A expenses



Source: Company Data, KISVN

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