

Digiworld (DGW)

Prioritizing non-ICT expansion

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Mobile phones remained DGW's leading revenue source

In 4Q2024, DGW achieved net revenue of VND5,859 billion (+20.8% YoY), with the mobile phone segment contributing 45.9% of total revenue. Net profit surged 62.3% YoY to VND146 billion, while the gross profit margin stood at 9.9% (-0.6 percentage points YoY, +0.5 percentage points QoQ).

A notable recovery was observed in most ICT products during 4Q2024

Mobile phone sales reached VND2,687 billion (+21.9% YoY) in 4Q2024, bolstered by new Xiaomi and Apple launches. The laptop & tablet segment generated VND1,144 billion (+6.7% YoY), indicative of a seasonal contraction subsequent to the peak sales period in 3Q. The office equipment segment posted VND1,367 billion (+21.6% YoY) in revenue, driven by PC clients and IoT devices.

Non-ICT segments experienced double-digit growth

By the end of 4Q2024, the home appliances segment delivered net revenue of VND364 billion (+55.6% YoY), as 4Q typically represents the peak period for home appliance purchases, fueled by heightened consumer expenditure in anticipation of the Tet holiday. The consumer goods segment reported net revenue of VND297 billion (+38.1% YoY), mainly attributable to the implementation of ABInBev's new on-trade distribution network in 3Q2024.

We reiterate our NEUTRAL rating on DGW with a target price of VND44,100/share

We project DGW's net revenue at VND24,432 billion (+10.7% YoY) and NPAT at VND530 billion (+18.2% YoY), given its strategic focus on product categories with long-term growth potential, including office equipment, home appliances, and consumer goods. Consequently, we reiterate our NEUTRAL rating on DGW in 2025, with a target price of VND44,100 per share.

Neutral maintain

Target price	VND44,100
Upside	9.4%
Current price (Mar 12, 2025)	VND40,300
Consensus target price	VND46,100
Market cap (VNDtn/USDbn)	9.1/0.4

Forecast earnings & valuation

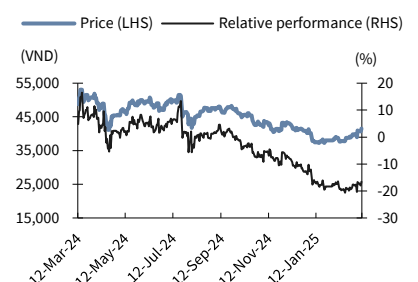
FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	18,817	22,078	24,432	26,886
Operating income/loss (VNDbn)	417	527	603	694
NPAT-MI (VNDbn)	354	444	525	606
EPS (VND)	1,653	2,045	2,418	2,792
EPS growth (%)	-47.0	23.7	18.2	15.4
P/E (x)	25.0	20.2	17.1	14.8
P/B (x)	3.6	3.1	2.7	2.3
ROE (%)	0.1	0.1	0.2	0.2
Dividend yield (%)	1.8	0.9	0.6	0.7

Trading data

Free float	58.8%
3M avg trading value (VNDbn/USDmn)	47.6/1.9
Foreign ownership	19.1%
Major shareholder	Created Future Co., Ltd (51.73%)

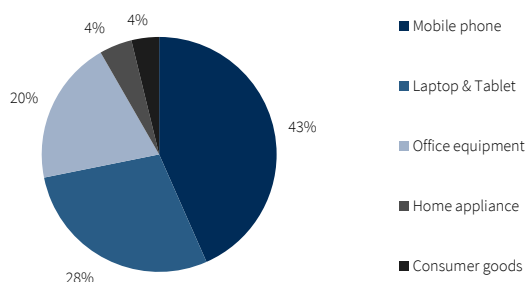
Share price performance

(%)	1M	3M	6M	12M
Absolute	9.8	-1.2	-11.0	-14.9
Relative	4.6	-6.3	-17.0	-21.9



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2024)



Source: Digiworld, KB Securities Vietnam

Business operation

Digiworld (DGW) is a leading technology distributor in Vietnam, specializing in Market Expansion Services (MES). DGW partners with renowned brands such as Apple, Xiaomi, ASUS, and Lenovo to distribute ICT and CE products, office equipment, and consumer goods. Leveraging a nationwide retail network, the company derives the majority of its revenue from the mobile phone and laptop segments.

Investment Catalysts

ICT product sales may slow down in 2025 due to market saturation. The laptop & tablet segment is expected to grow by 4.7% YoY, while the mobile phone segment is projected to expand by 7.5% YoY.

Non-ICT segments are anticipated to maintain double-digit growth, driven by continued portfolio diversification and the introduction of new distribution channels.

Network & security solutions are expected to lead office equipment revenue, given the growing investment in data centers and cloud computing.

Notes

Please find more details below

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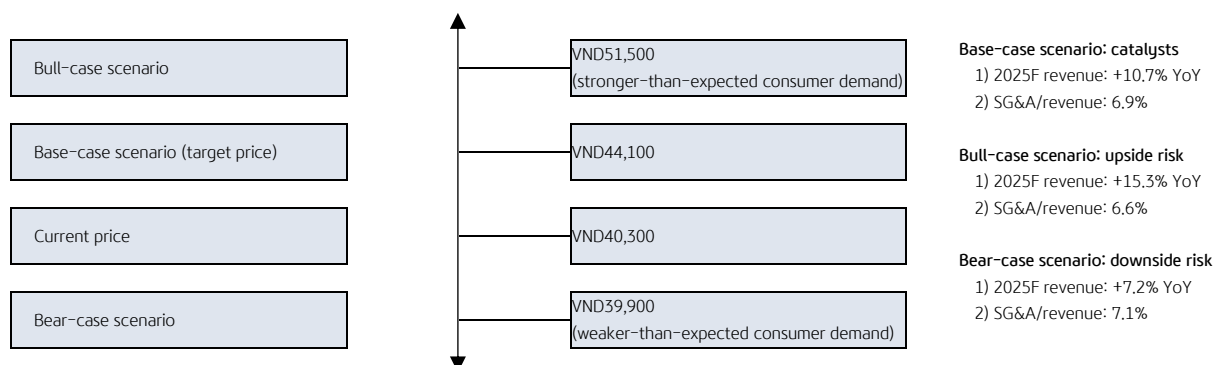
Please find more details below

Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	24,432	26,886	-4%	n/a	25,292	28,338	4%	5%
EBIT	603	694	-40%	n/a	698	908	16%	31%
NP after MI	525	606	-21%	n/a	533	658	2%	9%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

DGW attained 96% of its 2024 net revenue target

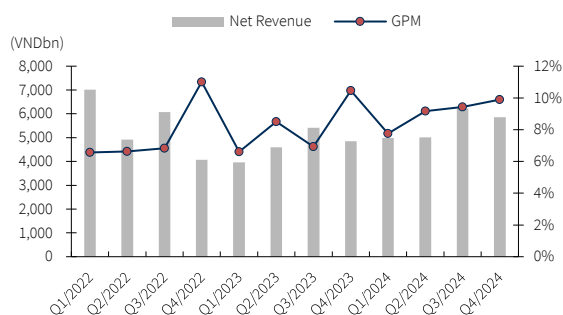
DGW concluded 2024 with net revenue of VND22,078 billion (+17.3% YoY) and net profit of VND449 billion (+23.7% YoY), meeting 96% and 91% of its full-year targets, respectively. The mobile phone segment remained DGW's primary revenue driver, accounting for 43.4% of total revenue in 2024. Notably, it was the only business segment to surpass management's revenue target, reaching 110% of the planned revenue. While other segments fell short of expectations, most still posted strong double-digit growth, except for the laptop & tablet segment.

Table 1. DGW – 2023–2024 financial results

(VNDbn)	4Q2023	4Q2024	+/-%YoY	2023	2024	+/-%YoY	Notes
Revenue	4,849	5,859	20.8%	18,817	22,078	17.3%	
– Laptops & tablets	1,072	1,144	6.7%	5,906	6,279	6.3%	Driven by the product replacement cycle and the launch of a slew of AI-integrated laptops, despite industry saturation
– Mobile phones	2,204	2,687	21.9%	8,067	9,580	18.8%	Driven by new Xiaomi and Apple launches, including Mi 14T, Mi Note 14, Redmi 14C, and iPhone 16
– Office equipment	1,124	1,367	21.6%	3,441	4,386	27.5%	Driven by contributions from PC clients and IoT devices, along with the consolidation of Achison's personal protective equipment (PPE) revenue
– Home appliances	234	364	55.6%	728	993	36.4%	Driven by Xiaomi air purifiers and robot vacuums, along with Philips home appliances
– Consumer goods	215	297	38.1%	676	840	24.3%	Driven by Nestlé, Lion, AB InBev, Lotte Chilsung, and other brands.
Gross profit	521	608	16.6%	1,559	2,055	31.8%	Supported by an increased revenue share from high-margin products, particularly office equipment and consumer goods.
Gross profit margin	10.7%	10.4%	-0.4ppts	8.3%	9.3%	1.0ppts	
Financial income	66	56	-16.1%	195	192	-1.6%	
Financial expenses	-28	-67	138.8%	-138	-163	17.9%	
SG&A	-435	-421	-3.1%	-1,142	-1,529	33.9%	SG&A/revenue increased by 0.8 percentage points YoY in 2024, mainly due to a 47.2% YoY rise in marketing and sales support expenses.
Shared profits from affiliates	-5	-2	-67.7%	-4	1	-130.1%	
Profit before tax (PBT)	118	189	59.7%	471	569	20.9%	
Net profit after tax (NPAT)	90	146	62.3%	363	449	23.7%	
NPAT-MI	90	140	56.7%	354	444	25.3%	
<i>NPAT margin</i>	<i>1.9%</i>	<i>2.5%</i>	<i>0.6ppts</i>	<i>1.9%</i>	<i>2.0%</i>	<i>0.1ppts</i>	

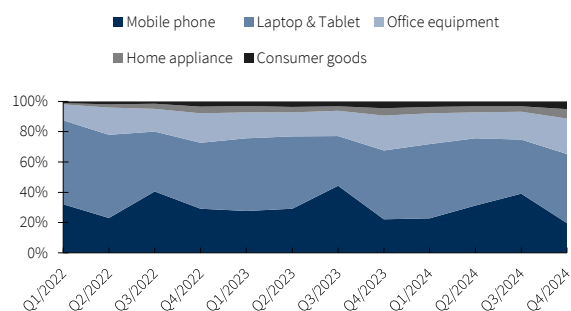
Source: Digiworld, KB Securities Vietnam

Fig 2. DGW – Net revenue, gross profit margin (VNDbn, %)



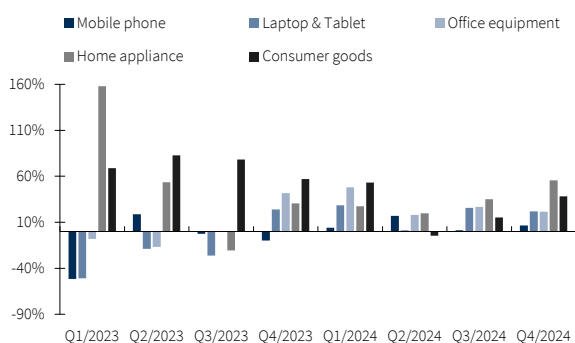
Source: Digiworld, KB Securities Vietnam

Fig 3. DGW – Revenue breakdown by quarter (%)



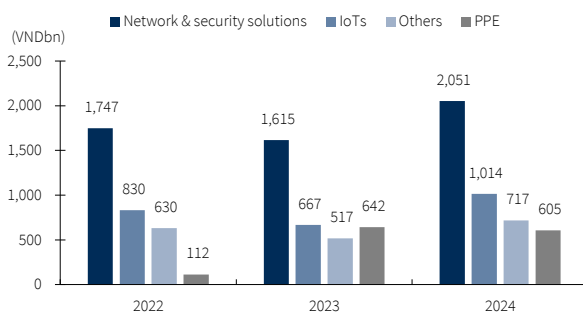
Source: Digiworld, KB Securities Vietnam

Fig 4. DGW – Revenue growth by segment (%)












Source: Digiworld, KB Securities Vietnam

Fig 5. DGW – Office equipment revenue breakdown (VNDbn)



Source: Source: Digiworld, KB Securities Vietnam

Table 6. DGW – New office equipment

	Brand	Product
Smartwatch	 	
Network & security solutions		
PC monitor		
Graphics card		

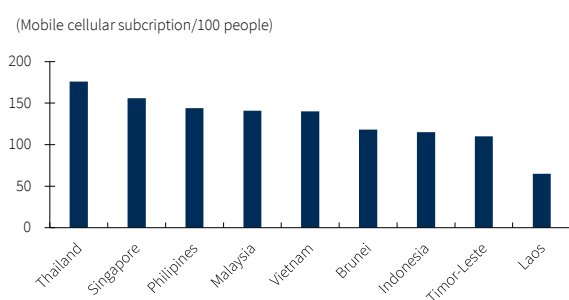
Source: Digiworld, KB Securities Vietnam

Both the laptop & tablet segment and the mobile phone segment are expected to slow down in 2025

KBSV estimates revenue from the laptop & tablet segment and the mobile phone segment to reach VND6,576 billion (+4.7% YoY) and VND10,301 billion (+7.5% YoY), respectively, in 2025. We observe that Vietnam's ICT sector has entered a saturation phase due to the following factors:

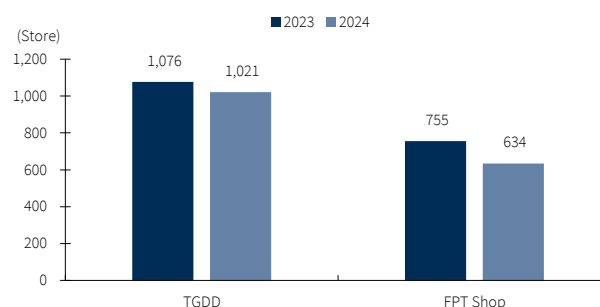
- Mobile cellular subscriptions per 100 people in Vietnam are relatively high compared to other Southeast Asian countries. According to the World Bank, Vietnam had 140 mobile subscriptions per 100 people in 2022 (Figure 7), exceeding the regional average by 11 subscriptions.
- Major ICT retail chains have undergone restructuring and store reductions. Revenue of Mobile World Investment (MWG)'s The gioi Di dong (TGDD) returned to positive growth after shutting down 55 stores in 2024, while FPT Digital Retail's (FRT) FPT Shop also managed to narrow its revenue decline by closing 121 underperforming stores (Figure 8).

Fig 7. Southeast Asia – Mobile cellular subscriptions per 100 people in 2022



Source: World Bank, KB Securities Vietnam

Fig 8. MWG, FRT – TGDD & FPT Shop store count



Source: Mobile World Investment, FPT Digital Retail, KB Securities Vietnam

Non-ICT product segments should maintain double digit growth

KBSV expects DGW to further expand its non-ICT product segments in the coming period, leveraging their strong growth potential and higher gross profit margins compared to ICT products.

- **Office equipment:** Revenue is projected at VND5,261 billion (+19.9% YoY), driven by the increasing long-term investments in data centers and cloud computing. Additionally, DGW plans to introduce new brands into its distribution network (Figure 6).
- **Consumer goods:** Revenue is expected at VND1,008 billion (+20.0% YoY), supported by an anticipated recovery in purchasing power and the expansion plans of major retail chains. MWG's Bach Hoa Xanh (BHX) plans to open 200-400 new stores, Masan Group's (MSN) Winmart targets 400-700 new locations, and FRT's Long Chau aims to launch 400 new pharmacies in 2025. Furthermore, the newly implemented on-trade distribution channel is expected to make a significant revenue contribution to this segment.
- **Home appliances:** Revenue is estimated at VND1,286 billion (+29.5% YoY). DGW's current market share in this segment remains relatively low; however, given its expertise, we believe the company has strong potential to expand its presence in this category.

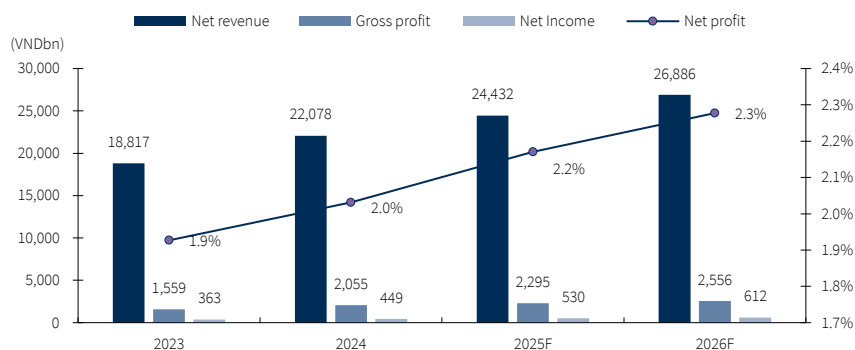
Forecast & Valuation

Table 9. DGW – 2024A–2026F financials & forecast

(VNDbn)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Notes
Revenue	22,078	24,432	10.7%	26,886	10.0%	
– Laptops & tablets	6,279	6,576	4.7%	6,884	4.7%	Growth may slow in 2025 as the ICT industry has reached saturation.
– Mobile phones	9,580	10,301	7.5%	10,783	4.7%	The mobile phone segment is expected to expand by 7.5% YoY this year, driven by the ongoing smartphone replacement cycle.
– Office equipment	4,386	5,261	19.9%	6,271	19.2%	Revenue is expected to be driven by new partnerships with major brands, including TP-Link for cybersecurity solutions and MSI for graphics cards.
– Home appliances	993	1,286	29.5%	1,690	31.4%	The home appliances segment is projected to expand by 29.5% YoY this year, supported by brands like Westinghouse and Xiaomi, particularly Xiaomi's air conditioner products.
– Consumer goods	840	1,008	20.0%	1,258	24.8%	The consumer goods segment may grow by 20.0% YoY in 2025, benefiting from the addition of a new on-trade distribution channel.
Gross profit	2,055	2,295	11.7%	2,556	11.4%	The gross profit margin is expected to improve by 0.1 percentage points, driven by a higher revenue contribution from non-ICT product segments, including office equipment, consumer goods, and home appliances.
Gross profit margin	9.3%	9.4%	0.1ppts	9.5%	0.1ppts	
Financial income	192	212	10.4%	235	11.0%	
Financial expenses	-163	-155	-4.8%	-167	8.0%	
SG&A	-1,529	-1,692	10.7%	-1,862	10.0%	SG&A/ revenue is expected to remain high, as DGW is likely to introduce multiple promotional programs to drive demand and attract customers to its new products.
Shared profits from affiliates	1	1	10.7%	2	10.0%	
PBT	569	663	16.5%	765	15.4%	
NPAT	449	530	18.2%	612	15.4%	
NPAT-MI	444	525	18.2%	606	15.4%	
NPAT margin	2.0%	2.2%	0.1ppts	2.3%	0.1ppts	

Source: Digiworld, KB Securities Vietnam

Fig 10. DGW – 2023A–2026F financial results



Source: Digiworld, KB Securities Vietnam

We recommend BUY for DGW with a target price of VND44,100/share

We value DGW using two methods, discounted cash flow (DCF) and comparative valuation, to determine a fair target price.

(1) DCF valuation:

We apply the free cash flow to firm (FCFF) approach, with the assumptions outlined below. Based on this method, we derive a target price of VND44,000 per share.

(2) Comparative valuation:

For this approach, we use a target P/E ratio of 18.3x, equivalent to the three-year average, and a target EPS of VND2,418. This method results in a target price of VND44,200 per share.

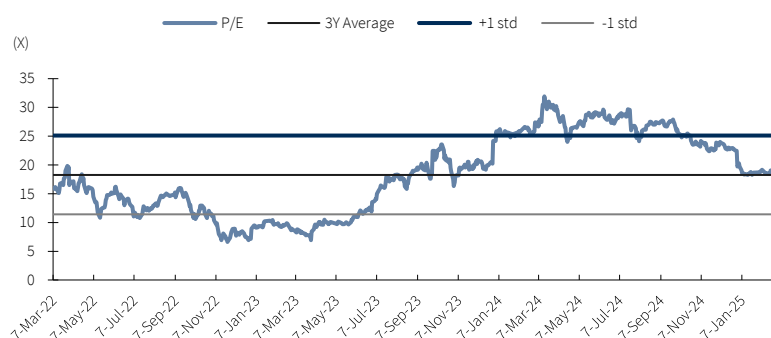
By assigning equal weight (50-50) to both valuation methods, we arrive at a final target price of VND44,100 per share, reflecting a 9.4% premium to the closing price on March 14, 2025. While the growth potential of non-ICT segments remains strong in the coming years, much of this optimism has already been priced into the stock. As a result, we maintain our NEUTRAL recommendation for DGW.

Table 10. DGW – FCFF valuation & assumptions

Cost of equity	13.7%	PV of terminal value (VNDbn)	8,059
Risk-free rate	4.7%	PV of FCFF (VNDbn)	10,279
Beta	1.2	Number of shares outstanding	219,320,619
Risk premium	7.8%		
Terminal growth	3.0%		
Forecast duration	5 years		
Value per share (VND/share)			44,022

Source: KB Securities Vietnam

Fig 11. DGW – P/E in 2022-2025



Source: Bloomberg, KB Securities Vietnam

Table 12. DGW – Valuation results

Valuation method	Derived price	Weighting	Weighted price
FCFF	44,044	50%	22,022
P/E	44,164	50%	22,082
Target price			44,104

Source: KB Securities Vietnam

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Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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