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# Digiworld (DGW)


## Analyst meeting updates

### In Q4 2023, purchasing power remained soft, making DGW unable to reach targets

- In the fourth quarter of 2023, DGW reported net revenue of VND4,848 billion (up 19% YoY), equaling 60% of 2021's peak. Gross profit recorded VND521 billion, equivalent to a gross profit margin (GPM) of 10.7%, driven primarily by the stronger growth of high-margin segments. Selling and general administrative expenses (SG&A) both rose substantially due to DGW supporting retailers in marketing and sales campaigns and higher staff costs. Declining revenue and increased expenses resulted in NPAT down 42% YoY to VND90.2 billion.
- For the entire year 2023, DGW achieved a total revenue of VND18,817 billion, down 14.7% YoY. Gross profit was VND1,559 billion, corresponding to a GPM of 8.3%. The profit margin increased thanks to new industries and brands with higher profit margins. However, overall gross profit narrowed due to dwindling demand for the main products like phones and laptops. NPAT for the year reached VND363 billion, completing 91% of the guided plan.
- The laptop and tablet revenue contracted by 10% YoY to VND1,072 billion in 4Q2023 due to reduced demand after the back-to-school season in the third quarter, coupled with economic difficulties leading consumers to cut their spending. Revenue for the whole year reached VND5,906 billion, down 16% YoY.
- The mobile phone revenue was up 24% YoY to VND2,204 billion in 4Q2023, but consumption remained lower than expected due to weak purchasing power. Revenue for the whole year hit VND6,701 billion, down 22.6% YoY.
- The office equipment revenue picked up 42% YoY to VND1,124 billion in 4Q2023 following DGW's completion of acquiring a 75% stake in Achison, resulting in the consolidation of industrial equipment revenue with DGW. Revenue for the whole year was VND3,441 billion, up 3.6% YoY.
- The home appliances revenue jumped by 31% YoY to VND234 billion in 4Q2023 thanks to contributions of new brands such as Whirlpool and Xiaomi. Revenue for the whole year was VND728 billion, up 31% YoY.
- The consumer goods revenue contributed VND215 billion, up 57% YoY in 4Q2023, thanks to Abinbev's beer products and Lotte Chilsung's products. Revenue for the whole year was up 60.3% YoY to VND676 billion.

### Analyst meeting updates

- In 4Q2023, the mobile phone segment performed worse than expected despite iPhone sales growth. However, due to supply chain constraints in 4Q2022, the figures may not accurately reflect the actual situation. The shrinking demand and insignificant improvements in the new release made the iPhone 15 series unable to create a buzz as previous generations. Conversely, DGW still maintained its top-three Xiaomi market share position. Apart from phone products, Xiaomi's household appliances also enjoyed good growth.

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- The laptop segment experienced waning demand from both individual and corporate customers. The next few years will likely see single-digit growth.
  - Management expects that 4Q2024 will see the recovery of purchasing power combined with consumers replacing the products they bought previously with new ones after three years. Consumer purchasing power and confidence have a significant impact on business prospects. Good incomes will encourage people to upgrade ICT products or household items.
  - After years of implementation, the pharmaceutical segment still faces numerous challenges due to the specific nature of the industry, requiring many procedures and legal regulations, and competition from long-established players. Other segments are expected to grow further, but it will take them a long way to make a significant contribution to the overall revenue. DGW will keep searching for new product categories and brands to boost growth as the ICT market has become saturated.
  - Management mentioned that the enterprise will continue to involve mergers and acquisitions (M&A) with companies regardless of product categories as long as they share a similar business model and can synergize with the current business model and infrastructure of DGW.

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### Investment Ratings for Stocks

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

Buy:	Hold:	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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