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# Digiworld (DGW)

## Record-high business results in 4Q21

We attended the 4Q21 Analyst Meeting of Digiworld (DGW) with some latest information about the corporation's 4Q21 business results combined with the prospects and plans.

### Business results in 4Q21 and the whole year of 2021 were impressive

- DGW posted record-high business results in 4Q with EAT of VND327 billion (+230% YoY) and net revenue of VND7,922 billion (+97% YoY). For the whole year of 2021, those figures were VND657 billion (+146% YoY) and VND20,972 billion (+67% YoY). The outstanding performance was underpinned by current trends of online learning and working from home, in addition to the growing demand for the year-end shopping season.
- The gross profit margin stayed positive at 7.7% last year, helped by the positive revenue from the laptop segment with a high gross margin. Moreover, the net profit margin rose dramatically to 3.9% vs. 2.1% in 2020. The BOD believes net margin will stand at around 3% in the medium term until the healthcare segment's revenue improves.
- The financial position in 4Q appeared to be good with ample cash and cash equivalents of VND1,494 billion given strong revenue growth. The debt-to-equity (D/E) ratio increased from 55% to 63% in the fourth quarter, mainly due to surging short-term debt to ensure the inventory source during the peak year-end season.

### Xiaomi expands in Vietnam, DGW remains the leading distributor

- Xiaomi has recently announced Synnex FPT as the second genuine distributor in Vietnam. Although this is not positive news for DGW, the management believes it is common in the sector. And if Xiaomi continues to expand smartphone market share from 13% to 26% in Vietnam this year as its ambition, DGW will still distribute at least 50% of Xiaomi products nationwide.
- iPhone product sales continued to record impressive results as the market share of portable products has been shrinking from 50% to 30%. Positive sales of Apple products should maintain as it is about to launch mid-range smartphones to increase market share. The laptop segment may grow well since the market penetration remains low compared to the regional peers like Thailand. The Whirlpool brand should bring in revenue thanks to marketing strategies in the coming time.

### The outlook for 2022 business performance is bright

- DGW's revenue was VND3,060 billion last month. For 2022, the BOD set targets for profit of VND800 billion (+22% YoY) and net revenue of VND26,300 billion (+25% YoY).
- DGW is conducting due diligence in an M&A deal this year. From the BOD's perspective, M&A may proceed without stock issuances thanks to the corporation's strong financial position.

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## Investment ratings & definitions

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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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