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# Digiworld (DGW)

## Maintain positive growth in 2022

### **DGW unveiled 1Q22 business results in 1Q22 and 2Q22 business plan.**

- DGW disclosed 1Q22 preliminary business performance with NPAT of VND210 billion (+97% YoY) on sales of VND6,957 billion (+39% YoY). Positive results primarily came from two segments: laptop & tablet (+62% YoY) and mobile phone (+36% YoY).
- In the short term, laptop sales may decline due to dwindling demand. Despite that, the BOD still sets a target of 25% growth for this segment thanks to: (1) new brands distribution, (2) double-digit growth expected for the whole market given the low penetration rate as compared to other regional peers like Thailand; and (3) gaining more market share.

### **DGW will open new warehouses for lease. Meanwhile, genuine Apple branded products recorded positive results.**

- DGW opened a new warehouse covering an area of 800m<sup>2</sup> in the North and plans to open another in the time ahead. DGW will lease out these warehouses and only spend on capital expenses (CapEx) for the torn parts and goods shelves. The BOD says it is necessary to open new warehouses due to available-for-sale home appliances (TVs, refrigerators) and the need for cold storage for pharmaceuticals in the coming time, which will take up a lot of space.
- DGW estimates the market share of hand-carried Apple products is now 30% vs. 60-70% previously. DGW assesses that genuine Apple products' market share will continue to rise in the coming time despite international flight resumption. In the long run, the business expects the market share of hand-carried products to drop to 10%.
- DGW expects home appliance sales to grow steadily by 4-5% per annum. Whirlpool-branded products will be available for sale in late April 2022. The corporation shared that Whirlpool will promote kitchen and laundry appliances and products first, then other home appliances. In addition, now that Xiaomi has been leading the TV market in China, DGW will distribute more Xiaomi TV products. Given competitive prices and high quality acknowledged in other ICT products, we expect Xiaomi TVs sales to record positive results thanks to upcoming major sports events like World Cup 2022.

### **DGW will expand its pharmaceutical distribution system and launch new products in the coming time.**

- Pharmaceutical companies must have adequate facilities and obtain various permits for distribution, depending on each item (drugs, dietary supplements). Currently, two foreign distributors are leading the Vietnamese market with a market share of USD2 billion in USD7 billion of the whole market.
- As shared by the management, the company will not hesitate to launch new products when opportunities come (horizontal expansion).

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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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