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Digiworld (DGW)

Signs strategic agreement with Apple

DGW plans to sell 50,000 Apple products by the end of 2020

— Digiworld announced a strategic agreement with Apple (AAPL US) to become an authorized distributor for Apple products in Vietnam. This cooperation marks an important step between the technology giant and Vietnam's leading ICT distributor. Apple plans to reach more customer segments, diversify distribution channels and boost sales in Vietnam by taking advantage of DGW's value chain that includes market analysis, direct marketing, sales, logistics and after service network. DGW expects to distribute about 50,000 Apple products to consumers from the end of June to the end of 2020 to become one of the largest distributors of genuine Apple products in Vietnam.

Apple hoping to gain market share in Vietnam as Southeast Asia's second-largest market

— Vietnam has become one of the largest smartphone markets in Southeast Asia. According to a report from German market research company *Growth from Knowledge* (GfK), Vietnam ranked second in terms of products sold after Indonesia and has already surpassed Thailand and Malaysia. DWG estimates that only 60% of Apple products are genuine and purchased from authorized dealers, with the remaining part of the market purchasing from overseas dealers and hand-carried into the country or buying refurbished products. Many of these products may not meet Apple's quality standards or qualify for warranties and this provides an opportunity for Digiworld to capture the remaining part of the market for genuine Apple products. Apple ranked third in market share for mobile phones and second in terms of value in 1Q and this gives DGW lots of room to gain from expanding market share. DGW plans to directly distribute all Apple product lines, including the iPhone, iPad, MacBook, Apple Watch, Apple TV and other accessories like AirPods, keyboards and mice. The addition of the gamut of premium priced Apple products should help DGW boost ASPs at its stores to leverage benefits from the company's current operating costs.

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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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