

January 22, 2021

Retailing Analyst
Dao Phuc Phuong Dung
dungdpp@kbsec.com.vn

Digiworld Corporation (DGW)

Record 4Q results on mobile phones

Record 4Q earnings up 67% YoY on strong mobile phone sales

— Surging mobile phone sales drove 4Q earnings to a record VND85 billion or up 67% YoY. Quarterly sales reached the highest on record to VND4,017 billion (up 61% YoY) on the 68% YoY jump in mobile phone sales to VND2,228 billion. Mobile phone sales continue to benefit from the growing market share of *Xiaomi* phones as well as the launch of Apple's new iPhone 12 series. Sales for laptops and tablets were also up strong by 66% YoY to VND1,199 billion due to a larger mix of Apple and *Huawei* products. Weaker areas included DGW's office equipment segment, which saw 36% YoY sales growth to VND509 billion amid the bounce back in post pandemic demand and more diversified IoT products. Sales of consumer goods also recovered slowly to VND81 billion but did manage to post positive 11% YoY growth after 2Q's and 3Q's minus 6% growth with more FMCG contracts signed during the quarter. Year-to-date earnings reached VND253 billion or up 59% YoY and equivalent to 125% of the company's full-year earnings target and 106% of 2020 earnings consensus. Sales reached VND12,535 billion or up 48% YoY and 123% of its full-year sales target and 103% of 2020 sales consensus.

Positive 2021E prospects

— MWG's Board of Directors will submit a 2021E business plan for approval at the next general shareholders' meeting that includes an annual revenue target of VND15,200 billion or 49% YoY increase and earnings goal of VND300 billion or 49% YoY growth. By category, DGW targets 59% YoY growth for laptops and tablets, 55% YoY growth for mobile phones supported by the growing market share of *Xiaomi* and Apple products. For office equipment, DGW aims to reach VND2,200 billion or up 29% YoY thanks to IoT products from *Xiaomi*, Apple and *Huawei* as well as the market's bounce back for demand. DGW expects flat consumer sales in 2021E at VND500 billion. In terms of new product lines, DGW will start distributing osteoarthritis medicines from an Italian company in 2021E.

KB SECURITIES VIETNAM RESEARCH

Head of Research – Nguyen Xuan Binh

binhnx@kbsec.com.vn

Macro/Strategy

Head of Macro & Strategy – Tran Duc Anh

anhthd@kbsec.com.vn

Macro Analyst – Thai Thi Viet Trinh

trinhhtt@kbsec.com.vn

Market Strategist – Le Anh Tung

tungla@kbsec.com.vn

Equity analyst – Tran Thi Phuong Anh

anhhttp@kbsec.com.vn

Equity (Hanoi)

Head of Equity Research (Hanoi) – Duong Duc Hieu

hieudd@kbsec.com.vn

Information Technology & Logistics Analyst – Nguyen Anh Tung

tungna@kbsec.com.vn

Property Analyst – Pham Hoang Bao Nga

ngaphb@kbsec.com.vn

Power & Construction Material Analyst – Nguyen Ngoc Hieu

hieunn@kbsec.com.vn

Equity (Ho Chi Minh)

Head of International Research (Ho Chi Minh) – Harrison Kim

harrison.kim@kbfq.com

Consumer & Retailing Analyst – Dao Phuc Phuong Dung

dungdpp@kbsec.com.vn

Oil & Gas & Fisheries Analyst – Nguyen Thanh Danh

danhnt@kbsec.com.vn

KB SECURITIES VIETNAM (KBSV)

Head Office:

Levels G, 2 & 7, Sky City Tower, 88 Lang Ha Street, Dong Da District, Hanoi, Vietnam
Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

Hanoi Branch:

Level 1, VP Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam
Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

Ho Chi Minh Branch:

Level 2, TNR Tower Nguyen Cong Tru, 180–192 Nguyen Cong Tru Street, District 1, HCMC, Vietnam
Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, HCMC, Vietnam
Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

CONTACT INFORMATION

Institutional Client Center: (+84) 28 7303 5333 – Ext: 2656
Private Customer Care Center: (+84) 24 7303 5333 – Ext: 2276
Email: ccc@kbsec.com.vn
Website: www.kbsec.com.vn

Investment ratings & definitions

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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