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Consumers & Retailing Analyst
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Digiworld Corp (DGW)

Revenue from laptops & tablets posted a strong growth

We attended the Analyst meeting of DGW for 3Q21 and have noted some updates regarding the company's operating results.

Business results for 3Q2021 and 9M2021

- In Q3/2021, net revenue reached VND3,825 billion (+6% YoY), profit after tax reached at VND107 billion (+43% YoY). As a result, accumulated revenue for 9 months of 2021 is at VND13,050 billion (+53% YoY) and profit after tax is at VND330 billion (+96% YoY), completed 86% and 110% of initial plan for whole year respectively.
- GPM has improved considerably (7.2%) thanks to the increasing revenue of Laptop & Tablet segment – which has better GPM than others. Net profit margin reached 2.8% due to restructure of SG&A expenses and reducing selling expenses.
- During Q3/2021, debt ratio has increased considerably mainly due to short-term borrowings for working capital for 4Q21.

Laptop & tablets' revenue recorded a significant growth during the pandemic

- The Covid-19 situation during 3Q21 has led to the increasing trend of work & study from home, combining with the effects of “back to school”, revenue of laptops and tablets have an impressive growth (+46% YoY, reached VND1,854 billion). As for 3Q21, revenue from this segment accounted approximately 50% of total revenue for the company.
- Apart from the above, smartphones segment has decreased 26% YoY due to the high base for same period of 2020. Office equipment segment grew by 13% YoY thanks to diversified products which favors different kinds of customers. IOTs products from Xiaomi, Huawei and Apple have been increasing in their portion to total revenue.
- Consumer goods continued to record positive signal thanks to the contribution from Covid-19 related products. The revenue of this segment reached VND123 billion (+98% YoY).

Short term and long-term business prospects still quite bright

- For Q4/2021, the management has targeted for VND6,000 billion of revenue and VND177 billion of profit after tax.
- According to the management, in 4Q21, the office equipment segment will have revenue coming from new brand, Microsoft. In the short term, the products would be software from Microsoft and there might be different hardware products from this suppliers such as Surface laptop, Xbox,...DGW is likely to has revenue from another brand (Motorola). This new brand is going to supply for a niche market with durable mobile phones, suiting for workers in construction sites.
- The management team is still confident regarding the laptop market in Vietnam for the next year (estimated at 700 million USD currently). Due to the shortage of chip, laptop brands will focus more on mid and high-end segment, thus increasing the average selling price (already increased 10% since the beginning of the year).

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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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