



Digiworld Corp. (HOSE: DGW) HOLD

Resilient business awaiting drivers

+ 3.8% Upside

1-year target price: VND 54,300
Jan 2nd closing price: VND 52,300

40% SALES CAGR IN THE LAST 5 YEARS

**LEADING ICT WHOLESALER
IN VIETNAM**

PARTNERSHIP WITH LEADING ICT BRANDS

We issue a **HOLD recommendation** with 1-year target price of **VND54,300**, a **3.8% upside** on last close of VND52,300 (2nd Jan).



Leading ICT distributor with efficient operations and unrivaled services



Slowing ICT sales growth with squeezed profit margin



Uncertain winning prospect for Non-ICT segments

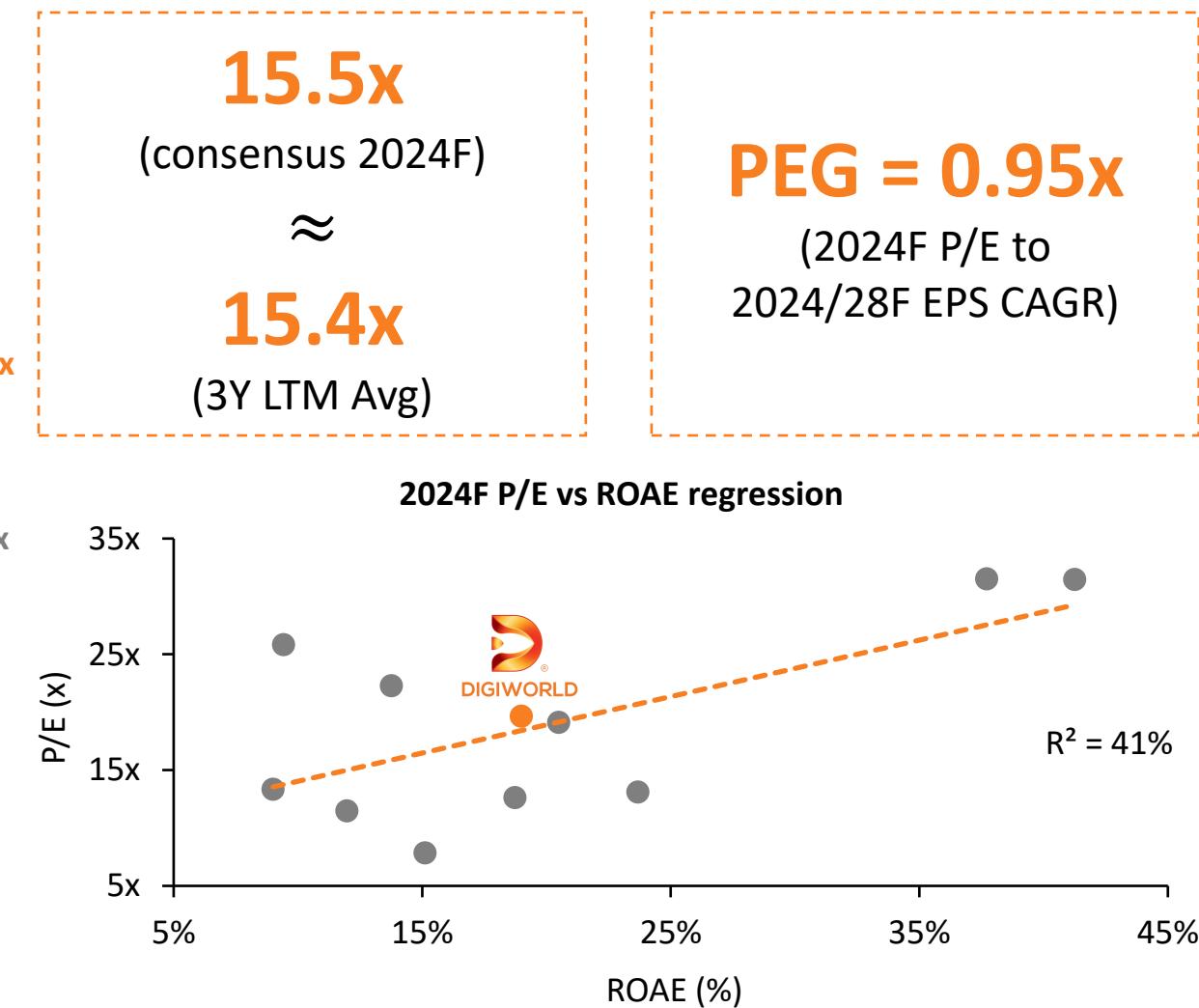
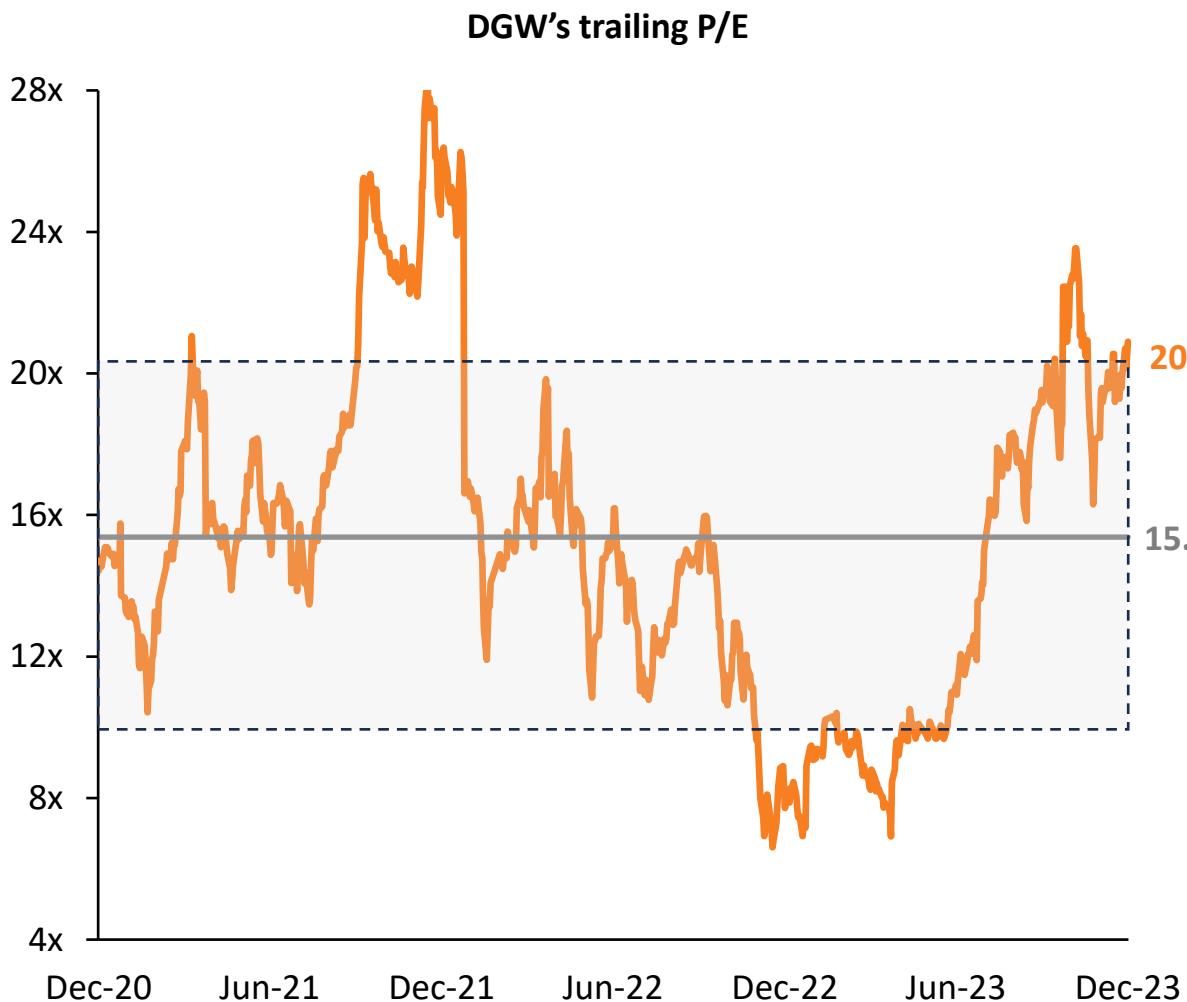
HOLD RECOMMENDATION

Investment summary

The market has already priced in both short-term rebound and long-term prospects.



DGW currently trades at 1 SD above 3Y mean, as the market has priced in 2024F the short-term recovery and long-term potentials.





THESIS 1 Leading ICT distributor with efficient operations and unrivaled services

Thesis 1

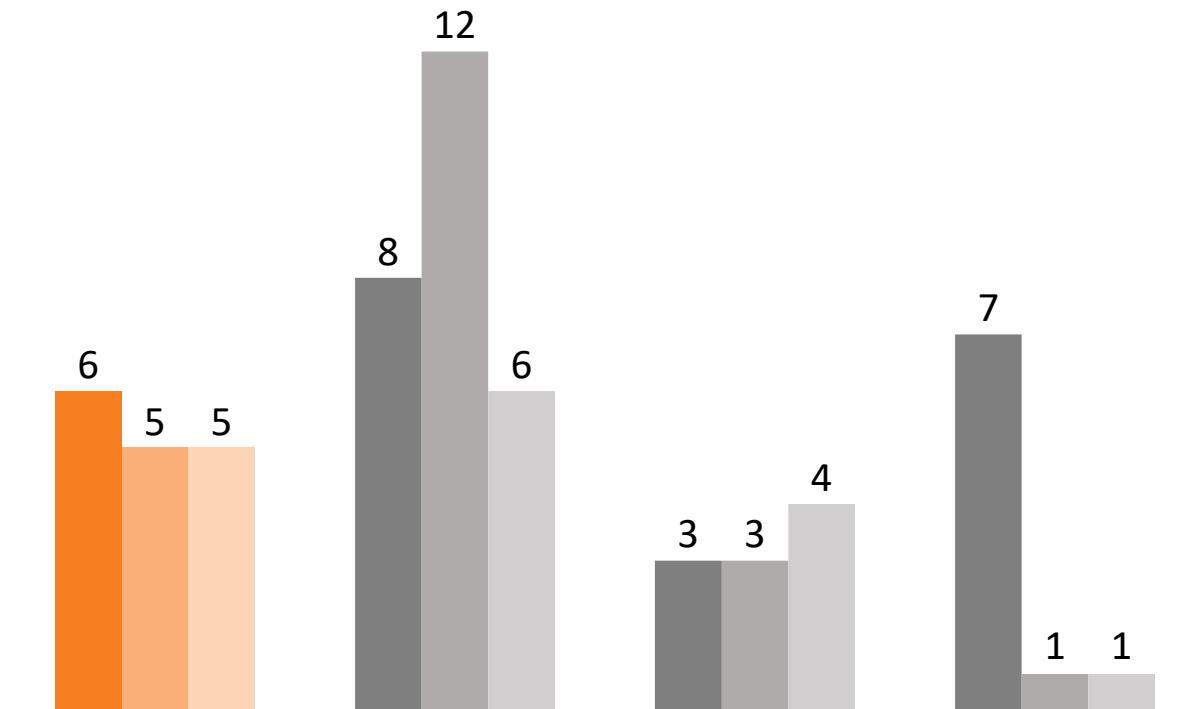
DGW operates with the 2nd largest nationwide ICT logistics network, and high operational efficiency.



DGW owns the 2nd biggest ICT network in Vietnam.

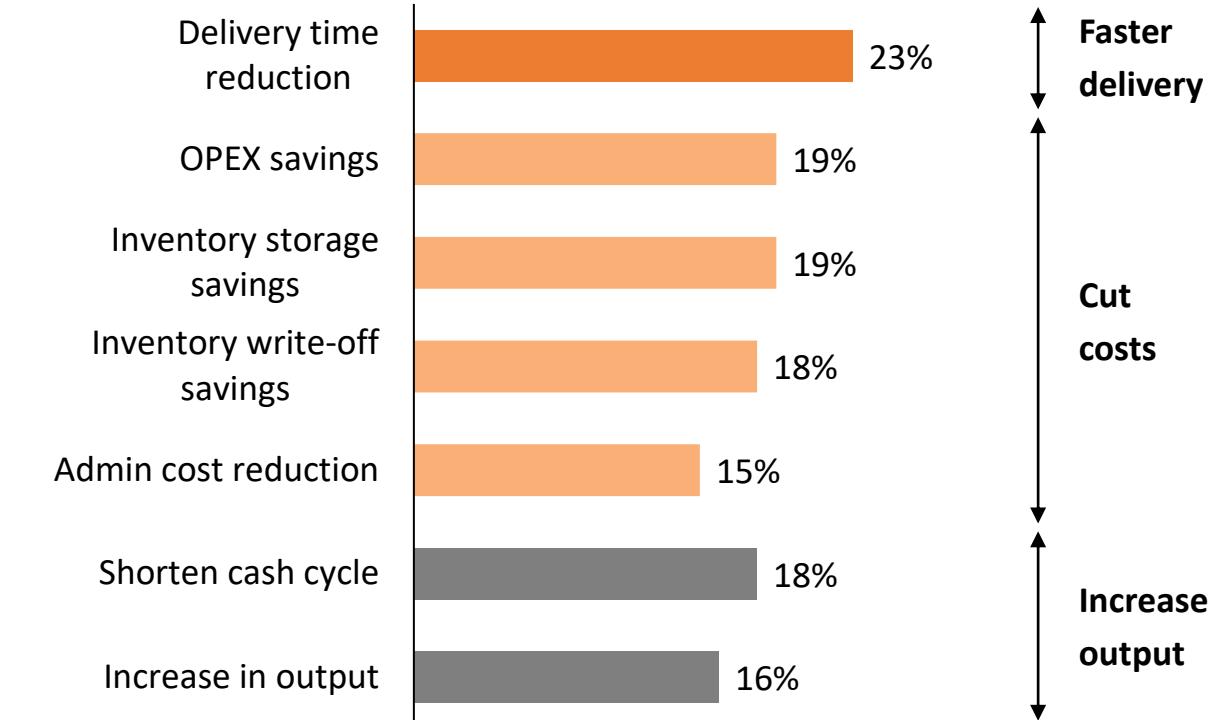
Network Scale of The “Big Four”

POS (thousands) Service center Storage warehouse



High efficiency is achieved by ERP and extensive experience.

Effects of ERP on Operation (Versus Pre-ERP Implementation)



**Market Expansion Services
is DGW's Distinct Economic Moat**

Thesis 1

Market Expansion Services (MES) is DGW's distinct economic moat.



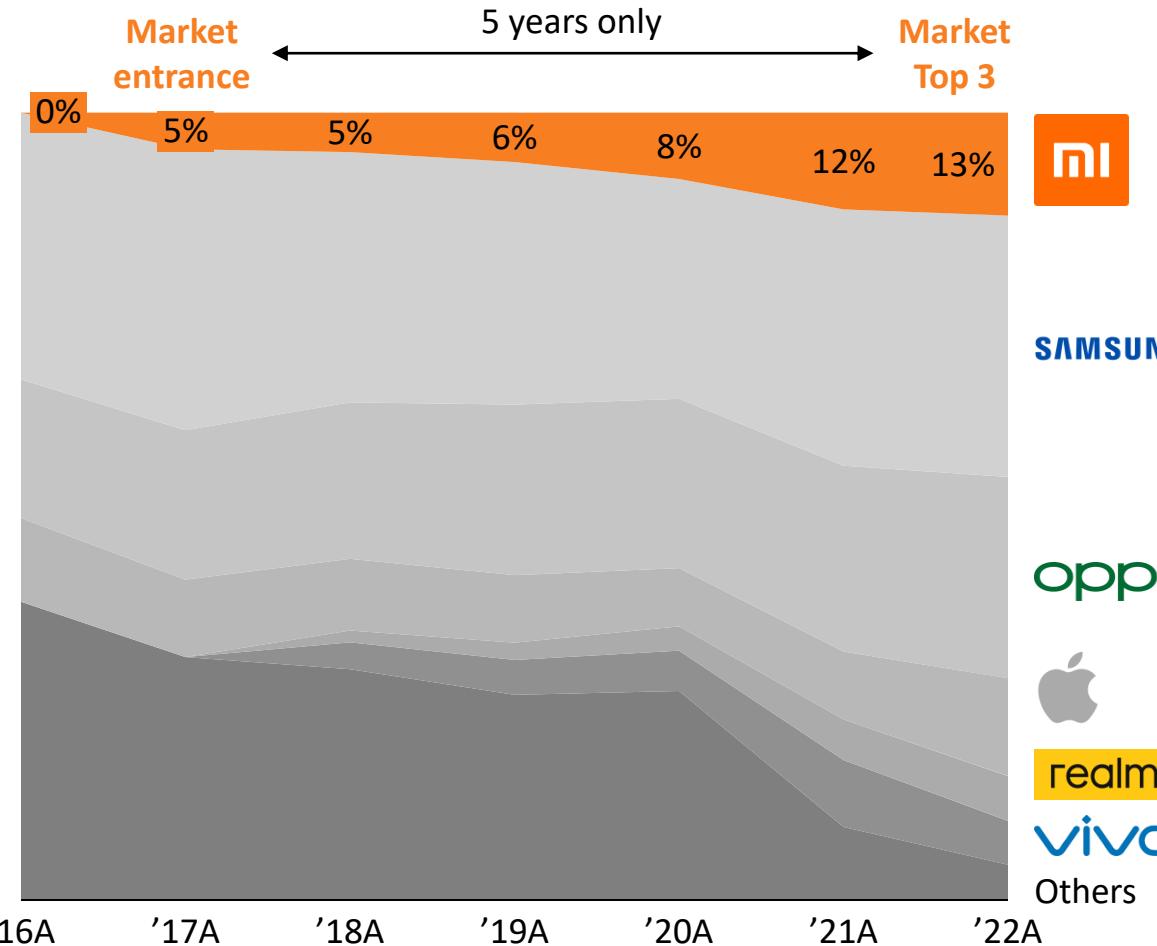
MES is DGW's differentiator versus other major ICT distributors,...

End-to-end solution for brand development



...serving as key contributor to Xiaomi's entry success in Vietnam.

Smartphone Market Share by Volume in Vietnam

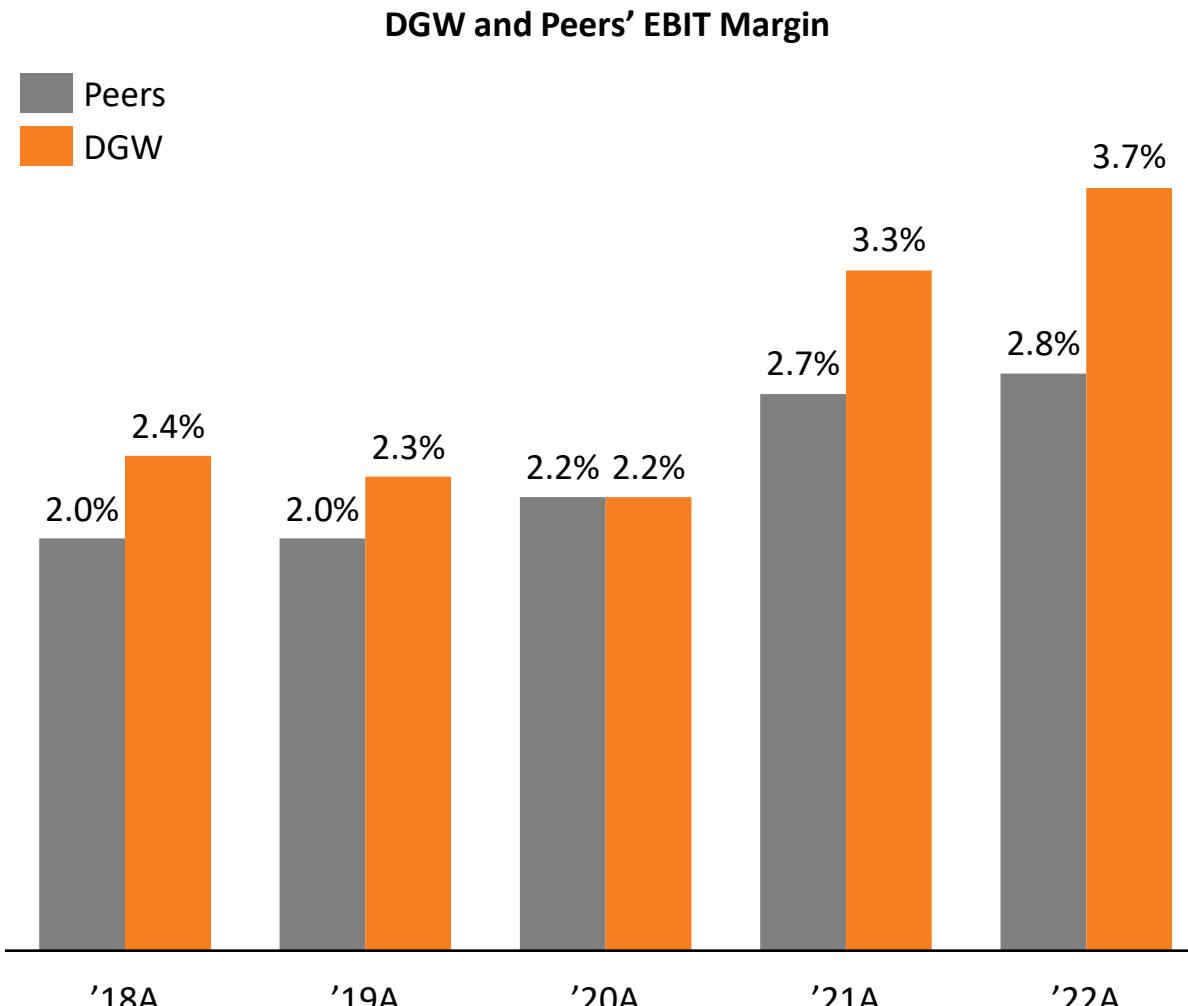


Thesis 1

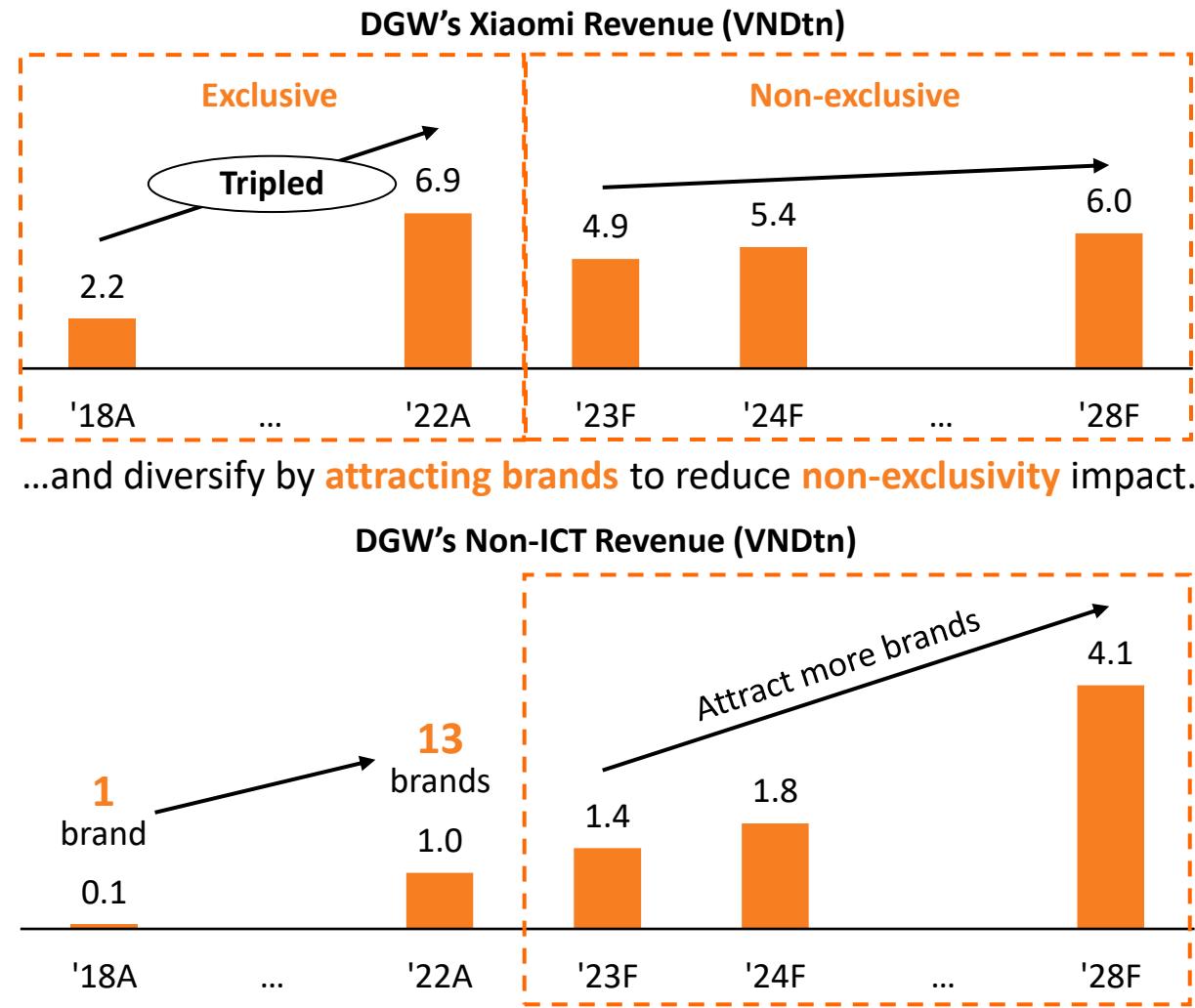
MES allows DGW to enjoy higher margins while growing and diversifying revenue.



MES enables DGW to have better margins than its peers,...



...grow revenue via **developing brands** during **MES exclusive** period,...



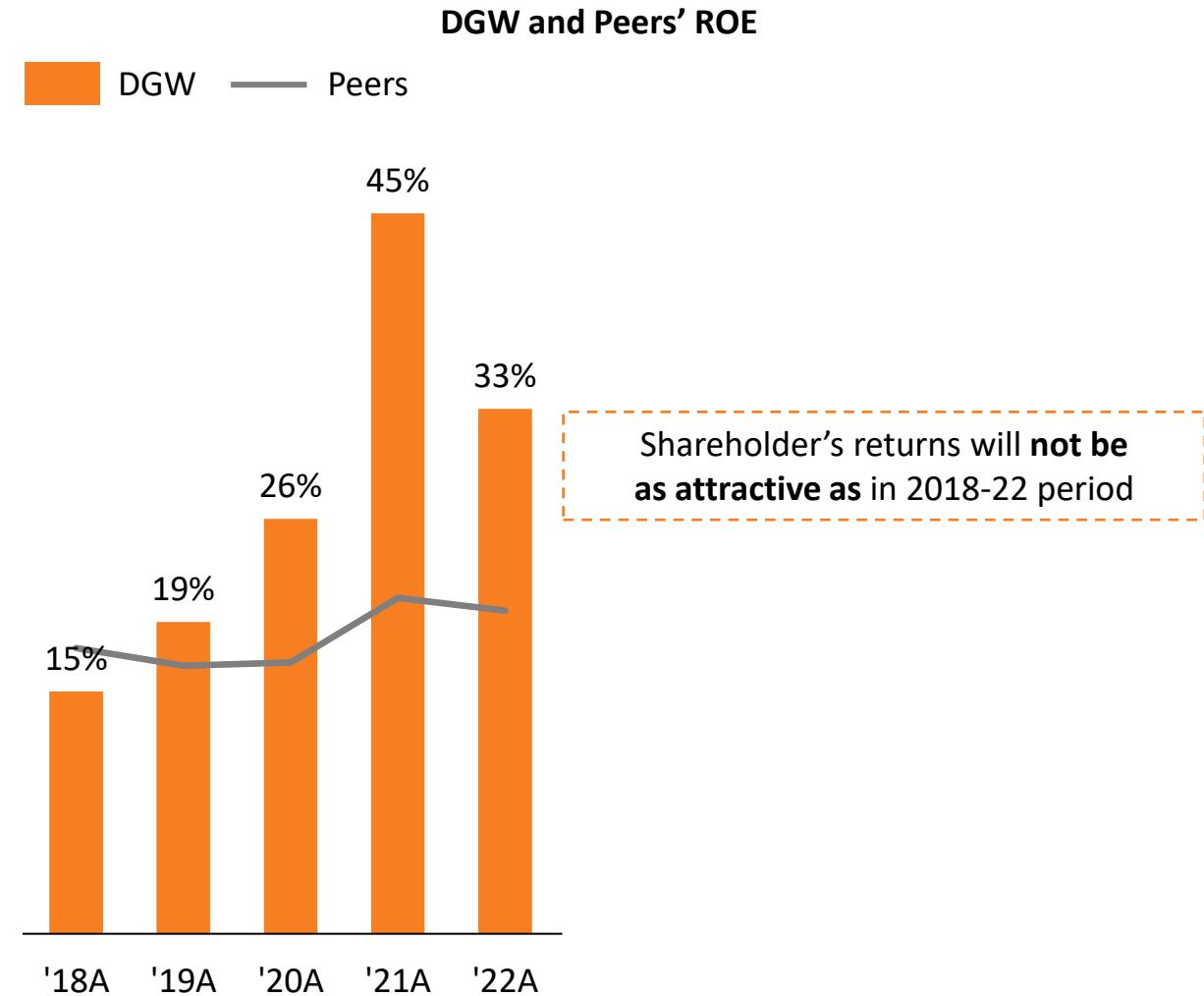
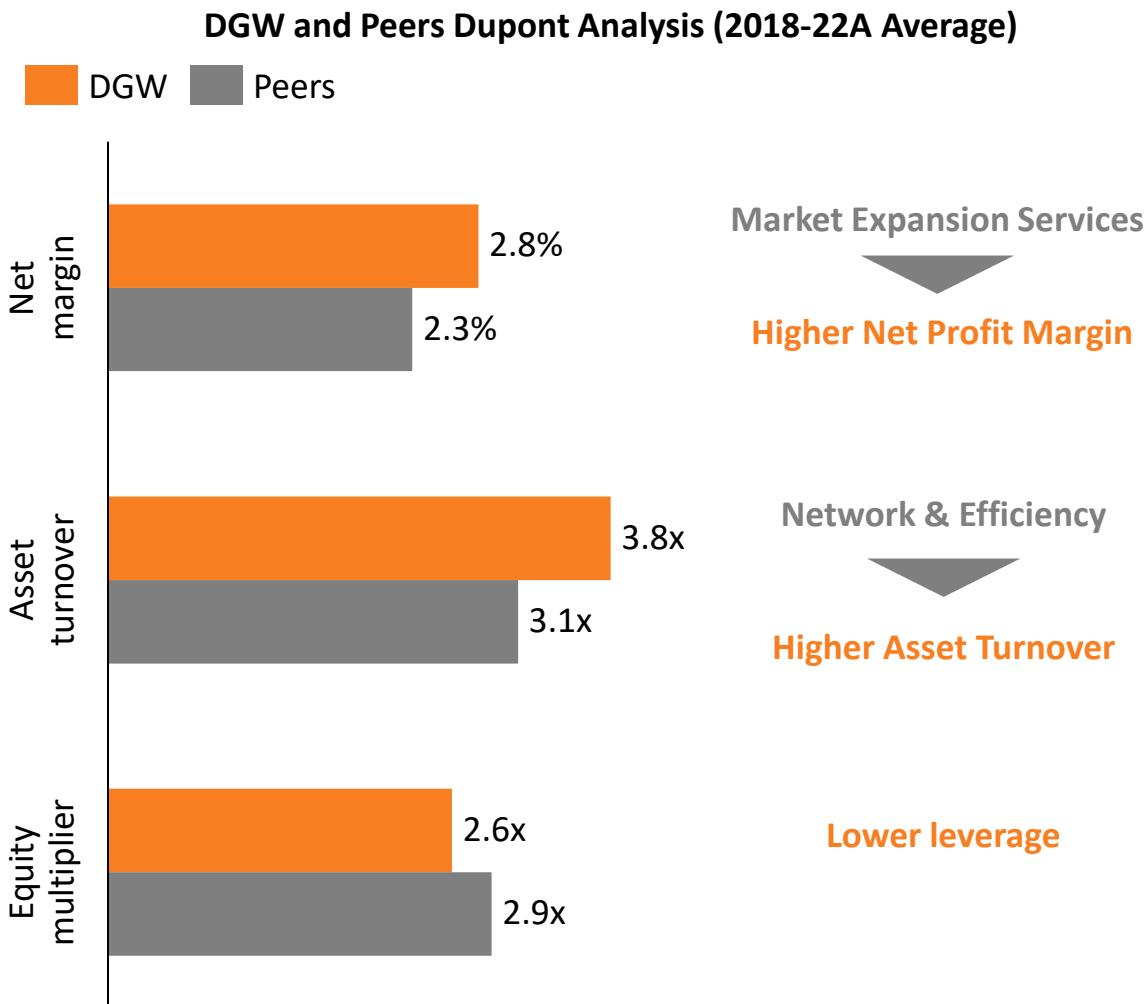
Thesis 1

These advantages enable DGW to deliver a leading ROE in the past, and fair equity returns in the future.



Outperforming peers in three key financial metrics, resulting in...

...a historically leading ROE



THESIS 2 Slowing ICT sales growth with squeezed profit margin

Thesis 2

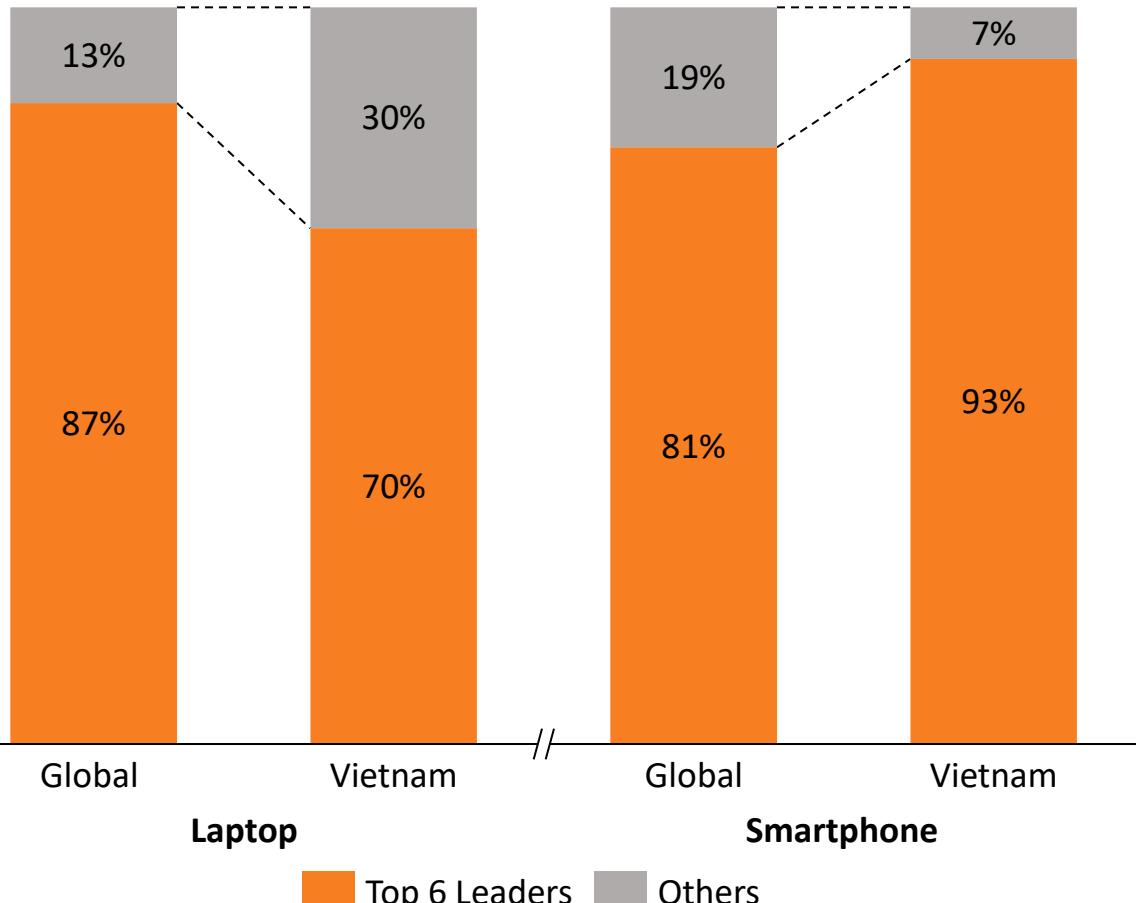
The potential growth from developing or adding new smartphone and laptop brands is limited.



The concentrated market with little room for lesser-known brands,...

...while DGW's partnership with other well-known brands is uncertain.

Smartphone and Laptop Market Share by Brands



Other Distributors



Thesis 2

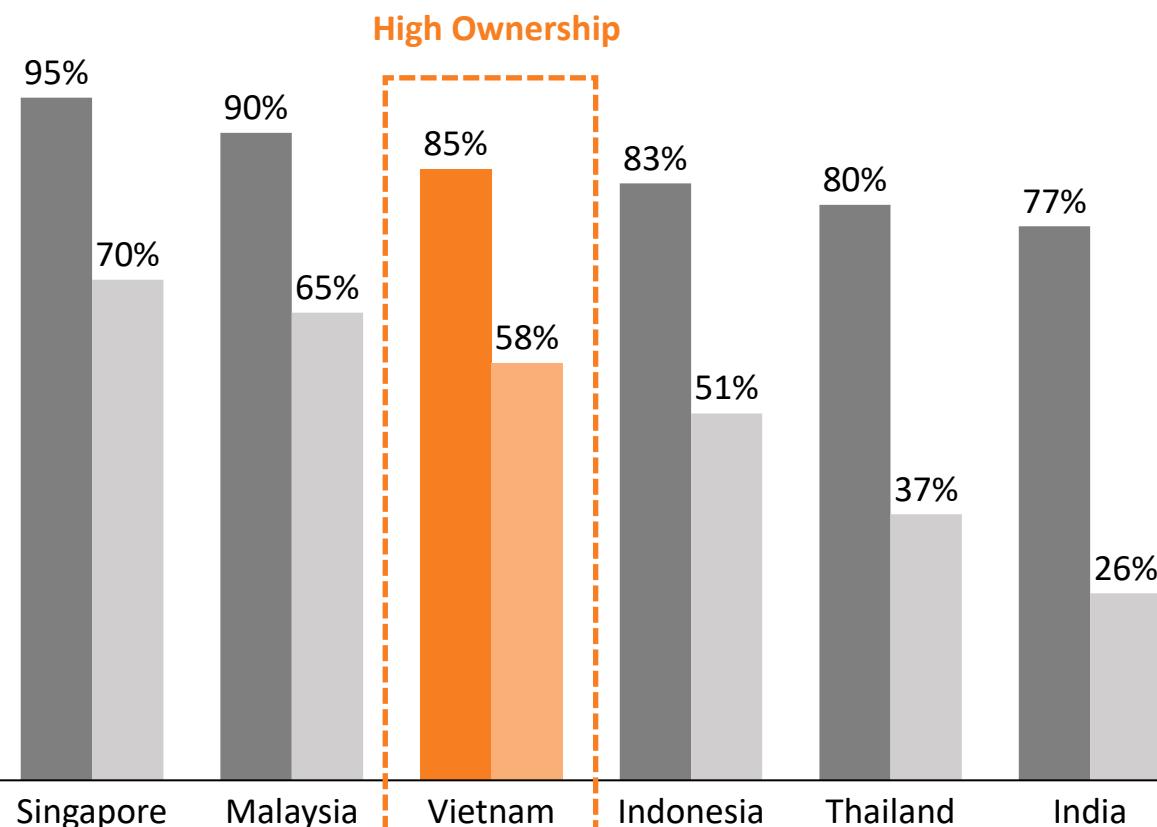
The smartphone and laptop market is already saturated,...

A matured market with low sales growth...

...will lower ICT distributors' GPM in the medium term.

Smartphone and Laptop Penetration Rate

Smartphone Laptop



Large Retailers' Market Consolidation



Small Retailers' Market Exit

Mom-and-pop stores

Wholesalers' Trade Discounts



Gross Profit Margin Reduction

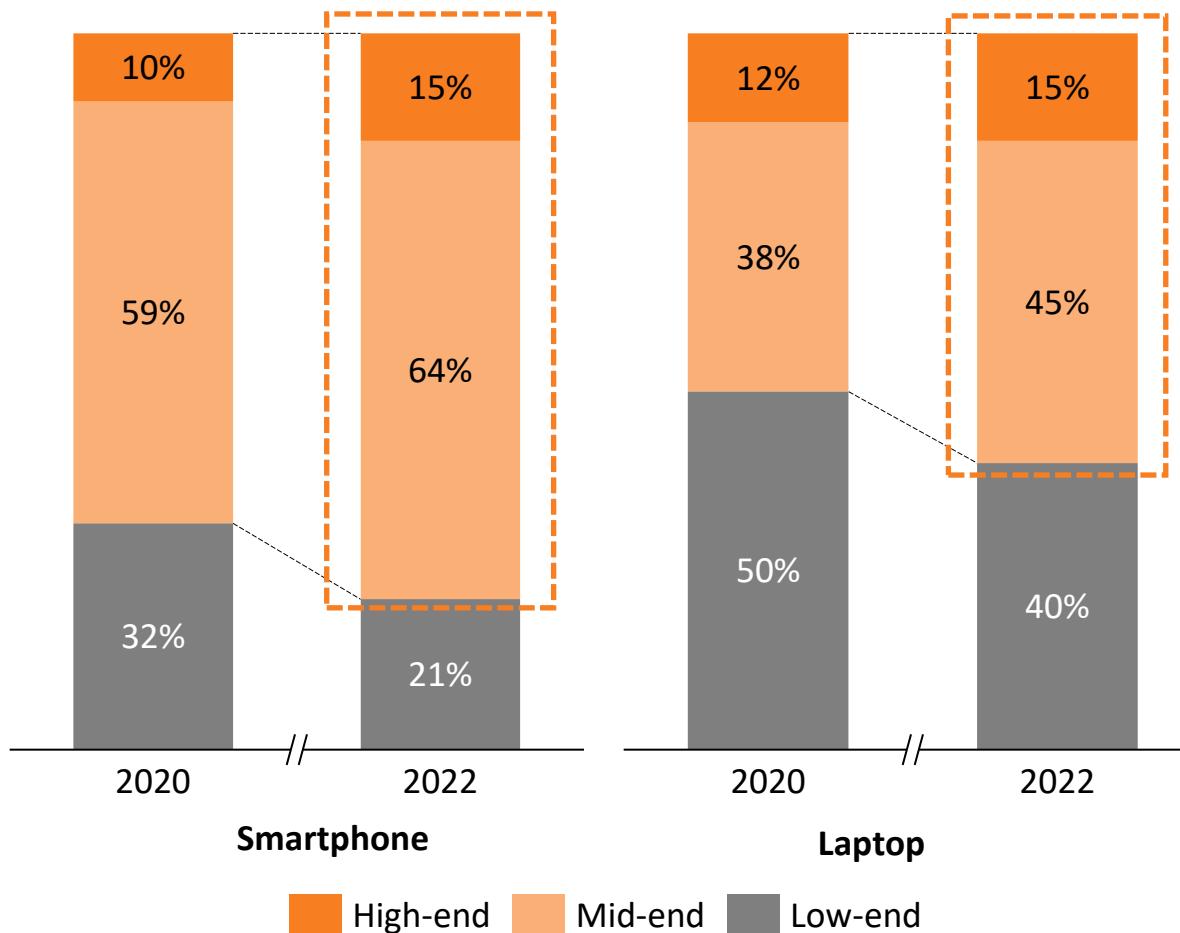


Thesis 2

...but the trade-up trend will bolster the industry growth.

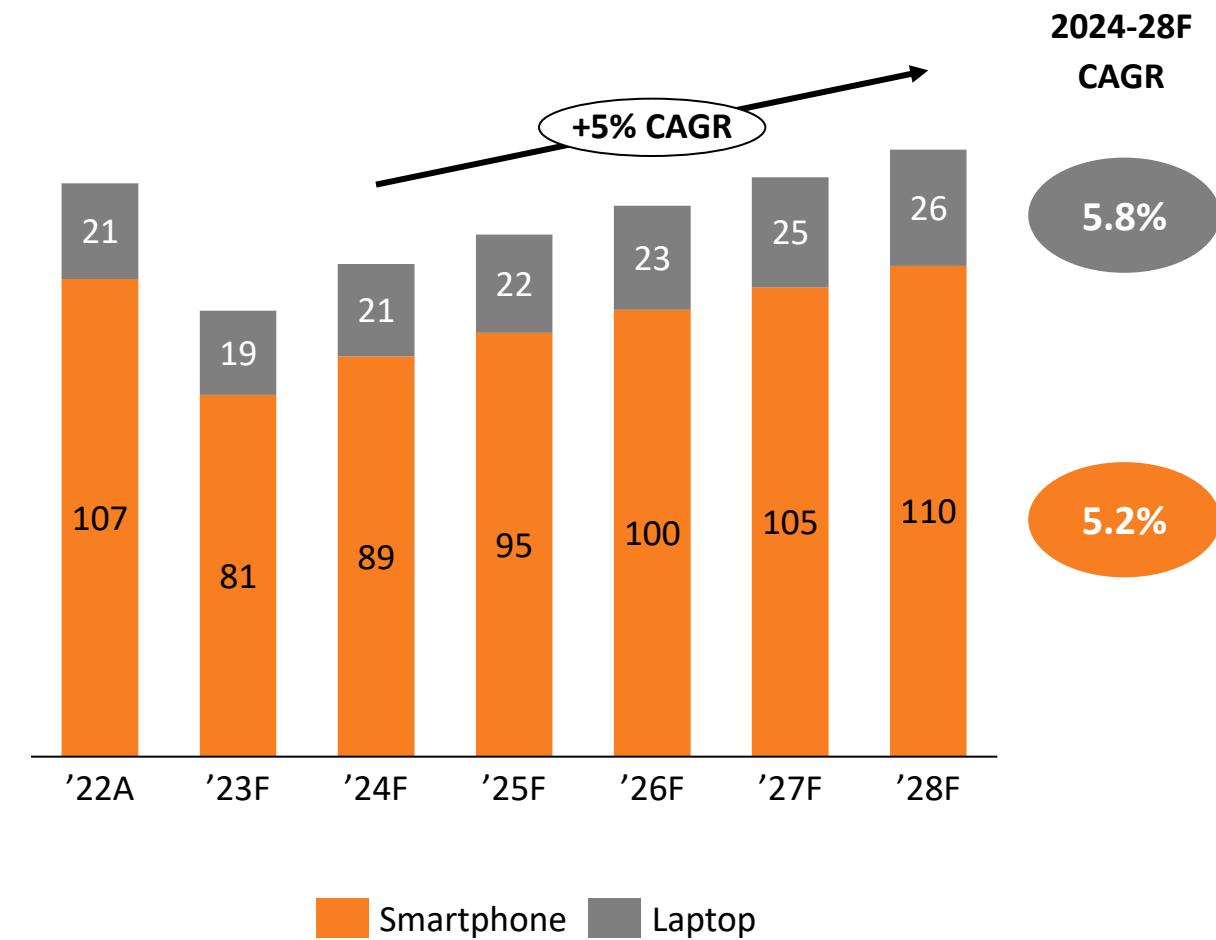
The long-term product premiumization trend...

Smartphone and Laptop Market Share by Price



...will drive the industry growth to single-digit rate.

Smartphone and Laptop Market Size (VNDtn)

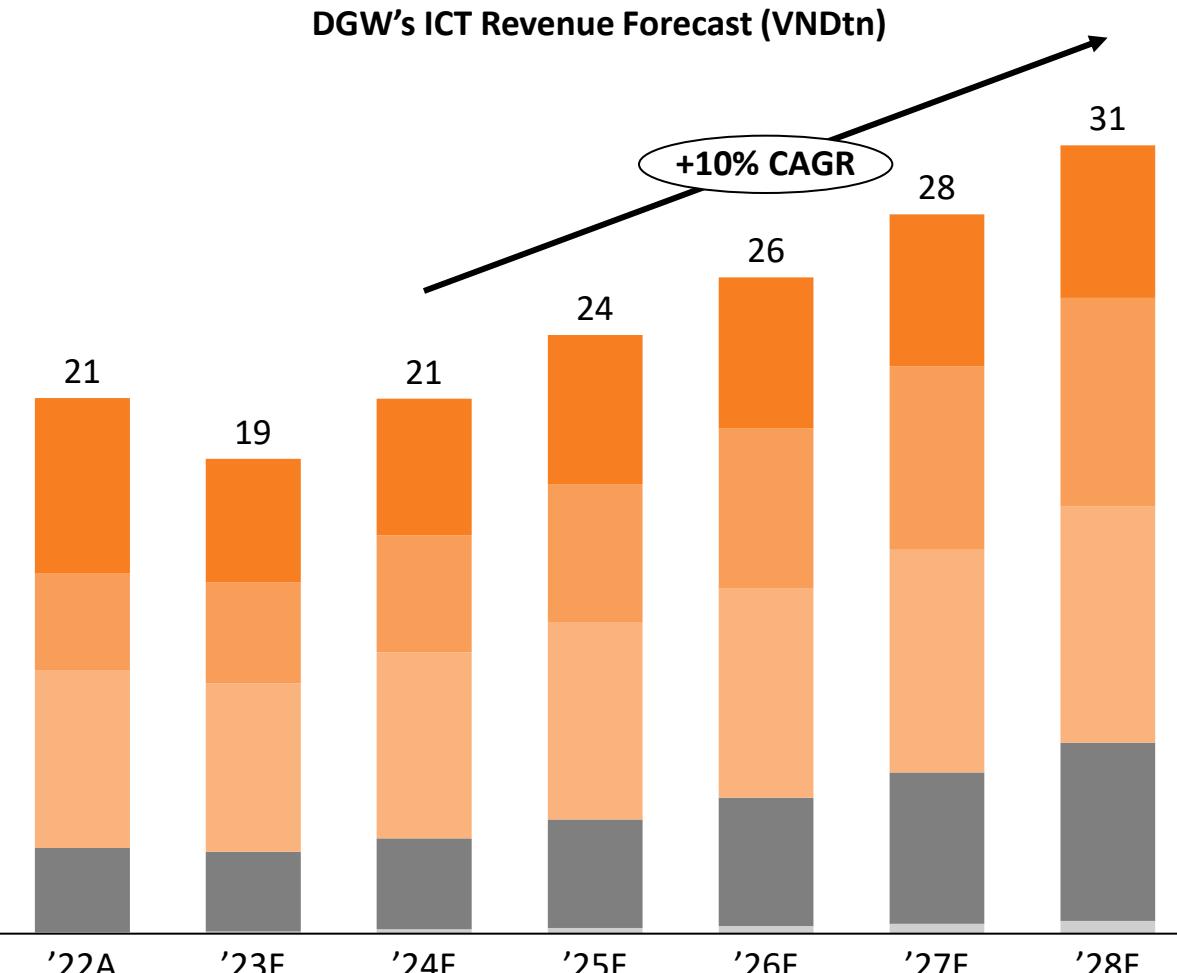


Thesis 2

These market dynamics will slow sales growth and squeeze profit margin of DGW's ICT sector.



ICT's top-line grows at a low-teen rate, lower than 2018/22A of 40%,... ...while the bottom-line for smartphone and laptop is diminished.



ICT Segment	2024-28F Revenue CAGR	2024-28F GPM Change (%pts)	Key Drivers
Mi	3%	-0.4	<ul style="list-style-type: none">Market share loss to FPT SynnexRetailer consolidation
Apple	16%	-0.5	<ul style="list-style-type: none">Premiumization trendRetailer consolidation
Laptop & Tablet	7%	-0.3	<ul style="list-style-type: none">Stable distribution market shareRetailer consolidation
Office Equipment	18%	+0.0	<ul style="list-style-type: none">Product portfolioClient network



THESIS 3 Uncertain winning prospect for Non-ICT segments

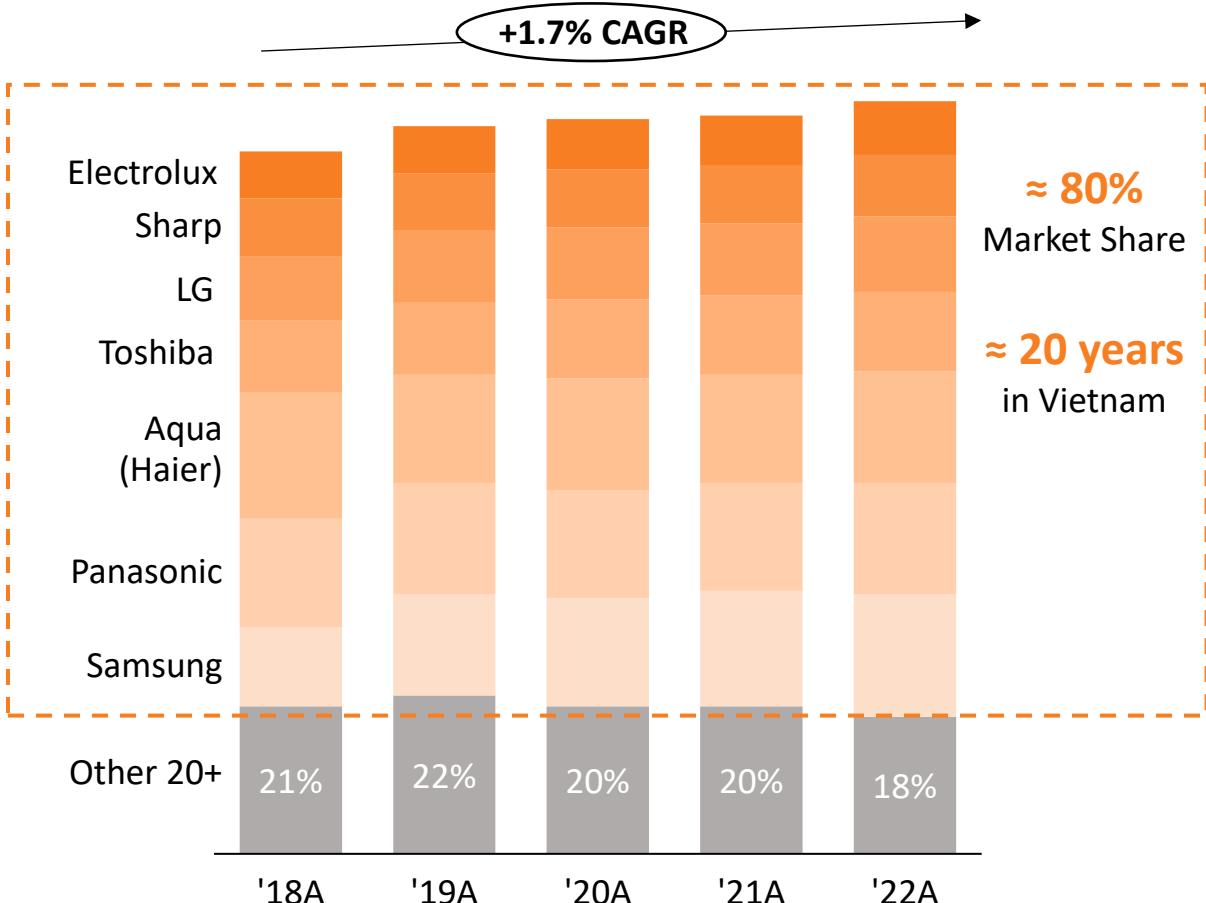
Thesis 3

Home Appliance: A matured market with high consolidation, implying fierce competition.

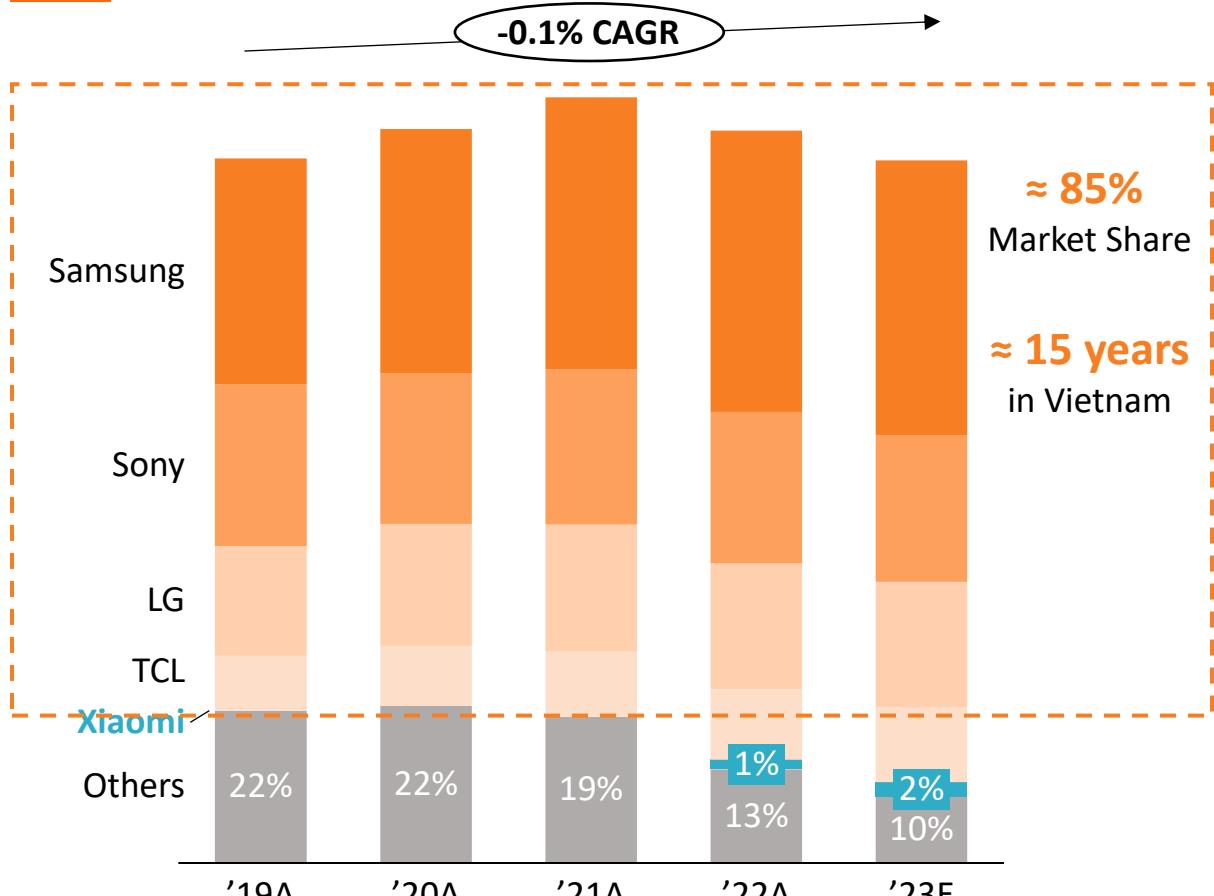
Large home appliance and TV markets are **highly saturated and consolidated**, posing significant entry barrier for **Whirlpool** and **Xiaomi TV**.

Whirlpool

Large Home Appliance Market Growth and Share in Vietnam



TV Market Growth and Share in Vietnam



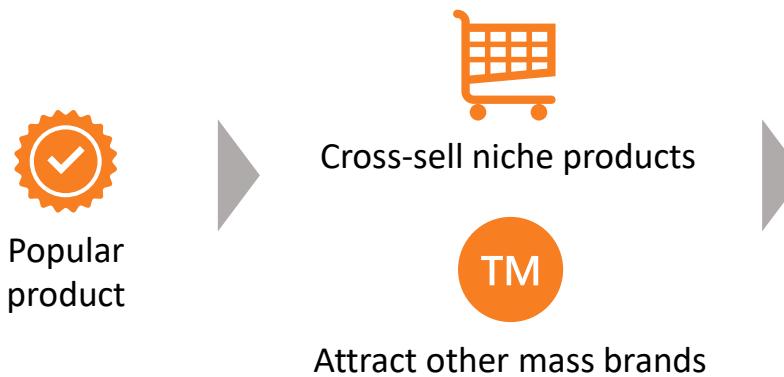
Thesis 3

Consumer goods and Healthcare: DGW's main challenge is weak portfolio of niche brands.



A large-brand portfolio is a key-to-success, yet mass brands usually partner with leading distributors, not DGW,...

Why DGW Needs a Mass Brand?



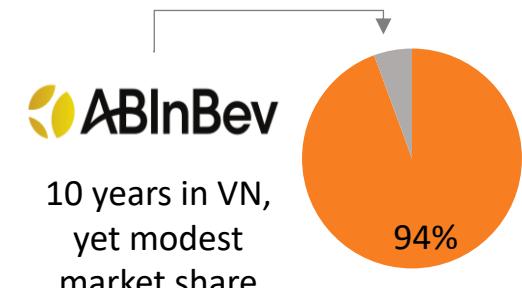
What a Mass Brand Needs?

Key factors	Leading distributors	DGW
Extensive distribution network	✓	✗
High industry expertise / Good track record	✓	✗

...And DGW's current niche portfolio is unlikely to gain success in the market.

Consumer Goods' Key Challenges

-
- Highly competitive markets (represented by a building icon)
- Poor track record in Vietnam of current brands (represented by a red X icon)



Healthcare's Key Challenge

Key-to-win	High lobby expense to incentivize doctors to boost demand for drugs
Challenge	DGW focuses on serving small local producers who are usually financially constrained
→ Low demand for DGW's healthcare products	

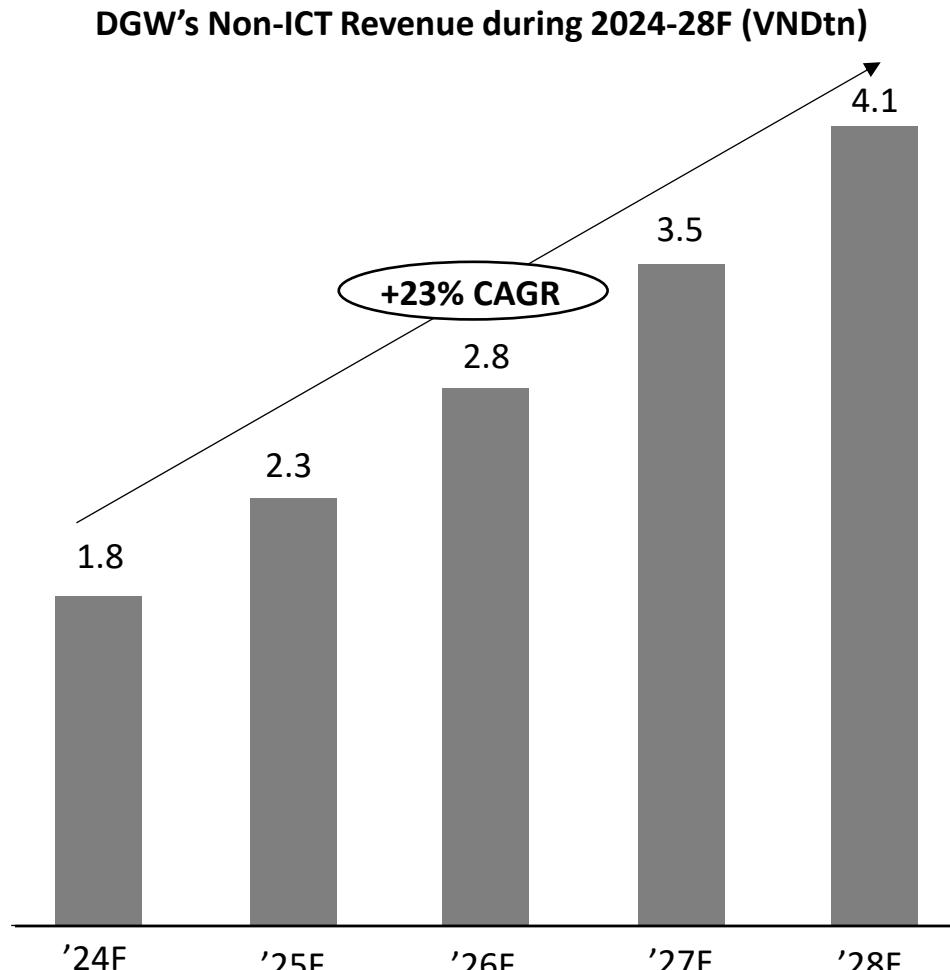
Thesis 3

Overall, we project non-ICT sales to grow at 2024-28F CAGR of 23%, below BOD's guidance of 50%.



Non-ICT to will rise at a below-guidance CAGR of only 23%,...

...driven not by popular products, but by adding new, niche brands.



Several Non-ICT Brands in DGW's Current Portfolio

Home Appliances



Consumer Goods



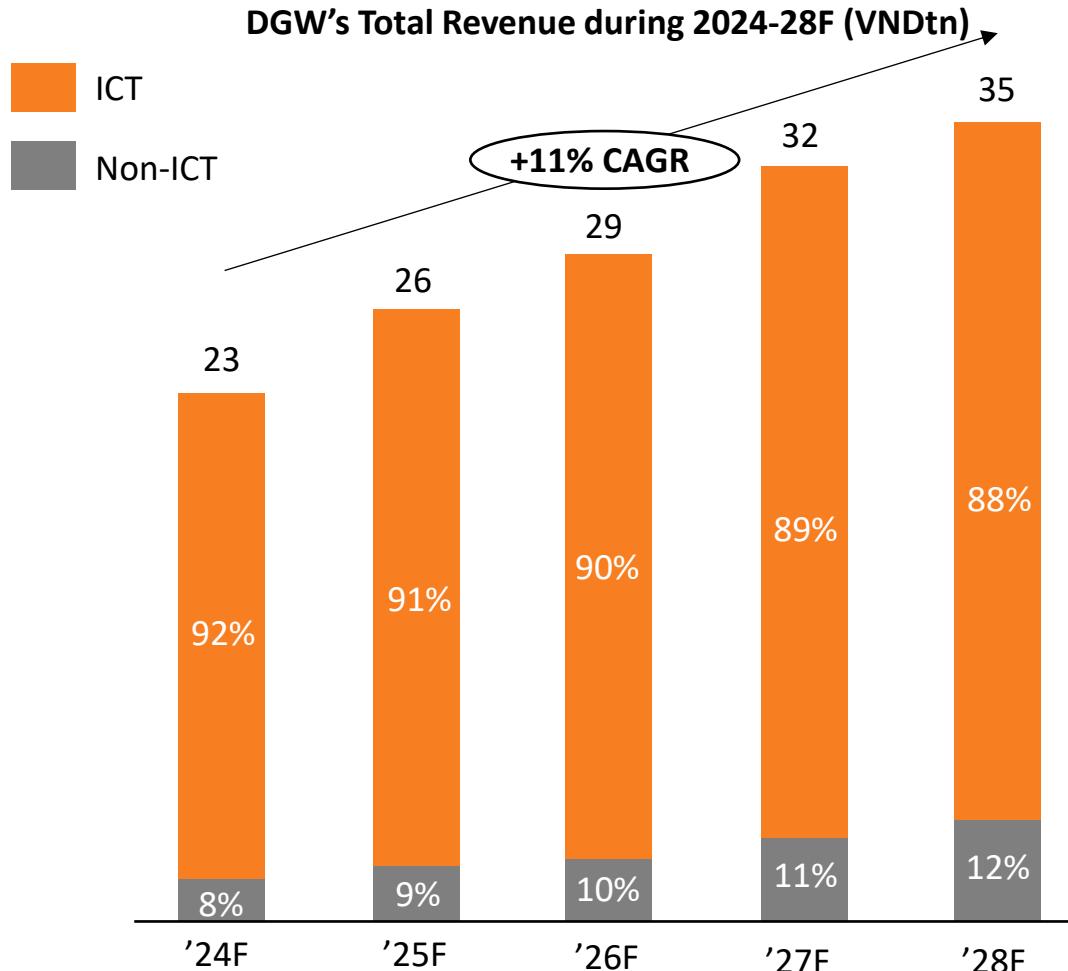
Health Care



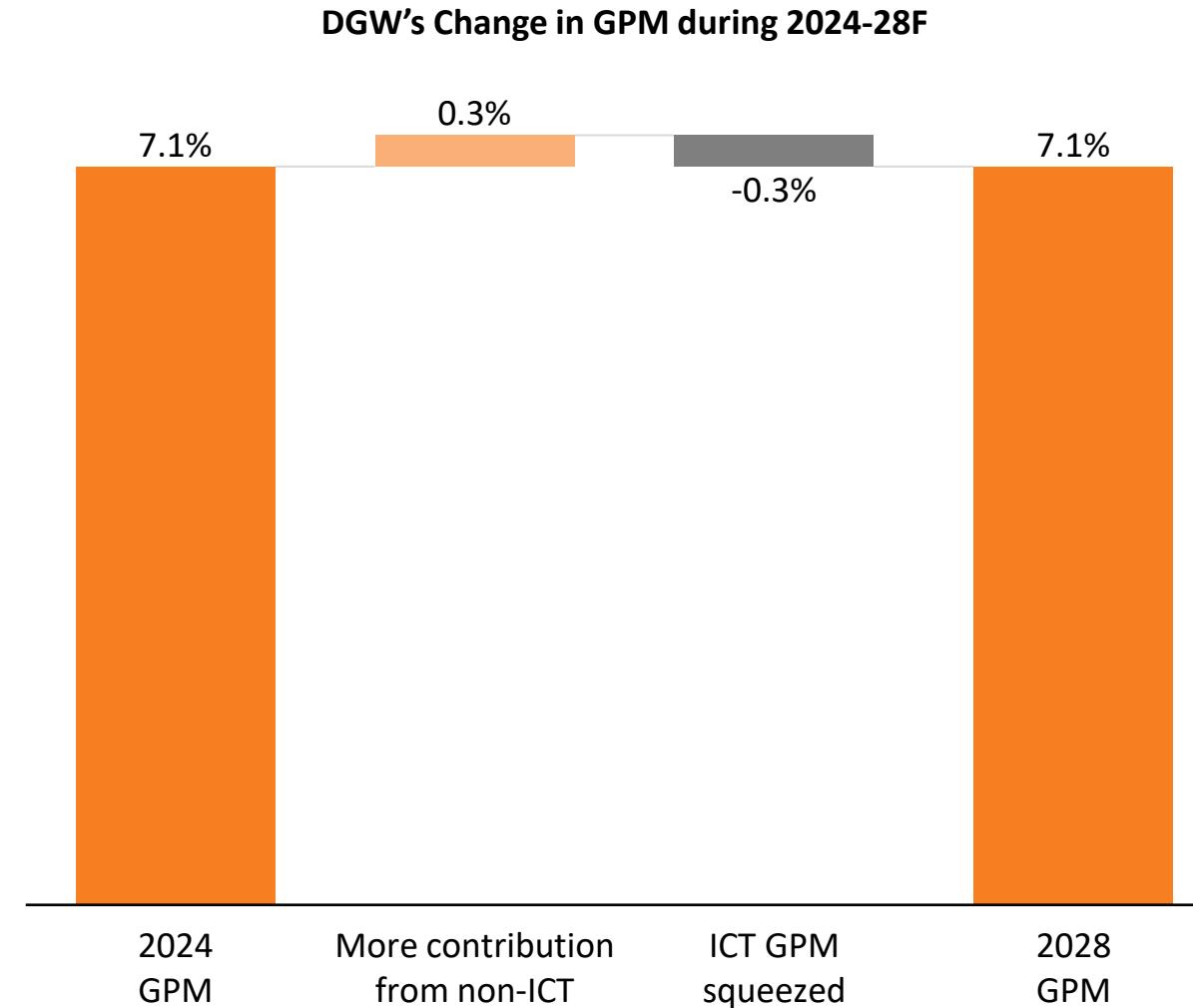
Thesis 3

Non-ICT is unable to drive total sales to grow beyond 11% 5Y CAGR, while higher GPM is offset by ICT.

Non-ICT sales contribution will remain relatively small,...



...while higher GPM is balanced by squeezed GPM of ICT.





Valuation

Visible potentials have been fully priced in

Valuation

1-year target share price at VND54,300 - a **3.8% premium** over Jan 2nd closing price of VND52,300.



VND54,300
3.8% upside

DCF valuation 75%

VND56,400 ▲ +9.5%

P/E valuation 25%

VND48,100 ▼ -6.6%

WACC – 12.2%

Cost of equity
14.1%

Cost of debt
5.9%

Target D/E
25%

2 stage terminal

Stage FY29-33
5.0%

Terminal stage
3.0%

16.0x

Target P/E

16.3x

Forward P/E

1. Peers

1 domestic & 4 regionals

2. Multiple

Mean of 3Y Avg. P/E of 14.5x

3. Premium

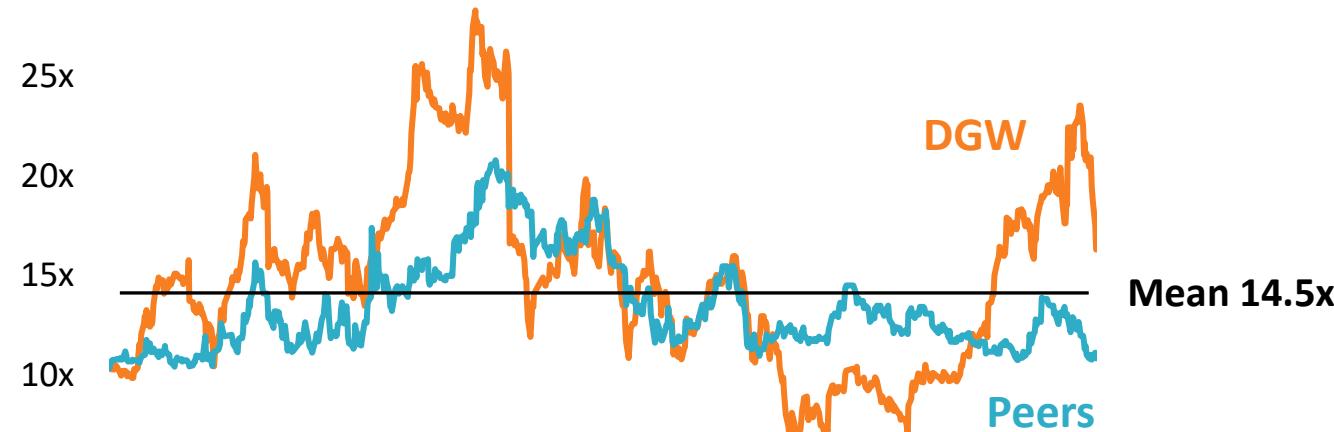
Historical premium of 10%

Valuation

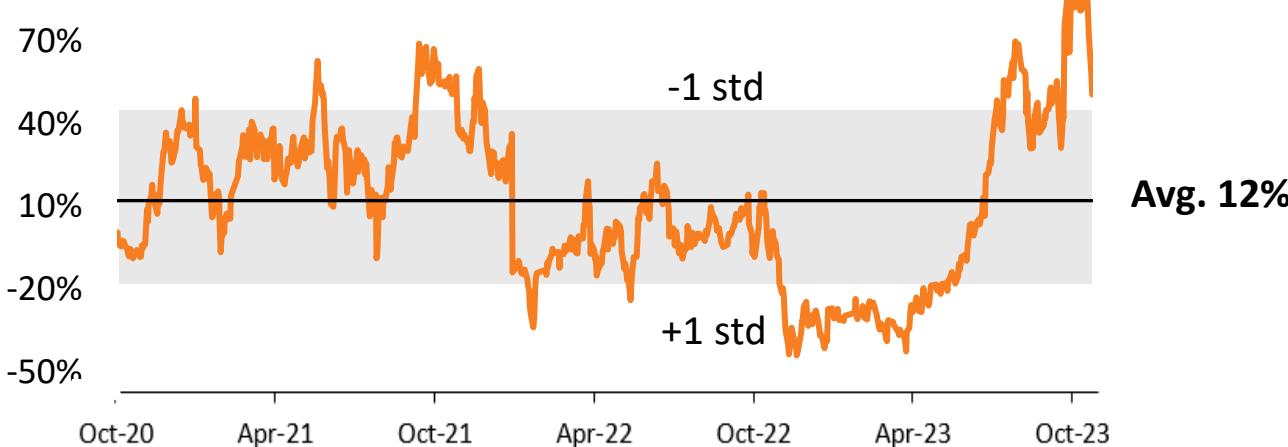
We DGW should be traded at 16x P/E, **10% premium** over industry peers' mean of 14.5x.



Historical Trading P/E LTM



DGW Historical Premium



P/E valuation 25%

vND48,100 ▼ -6.6%

16.0x

Target P/E

16.3x

Forward P/E

1 domestic peer

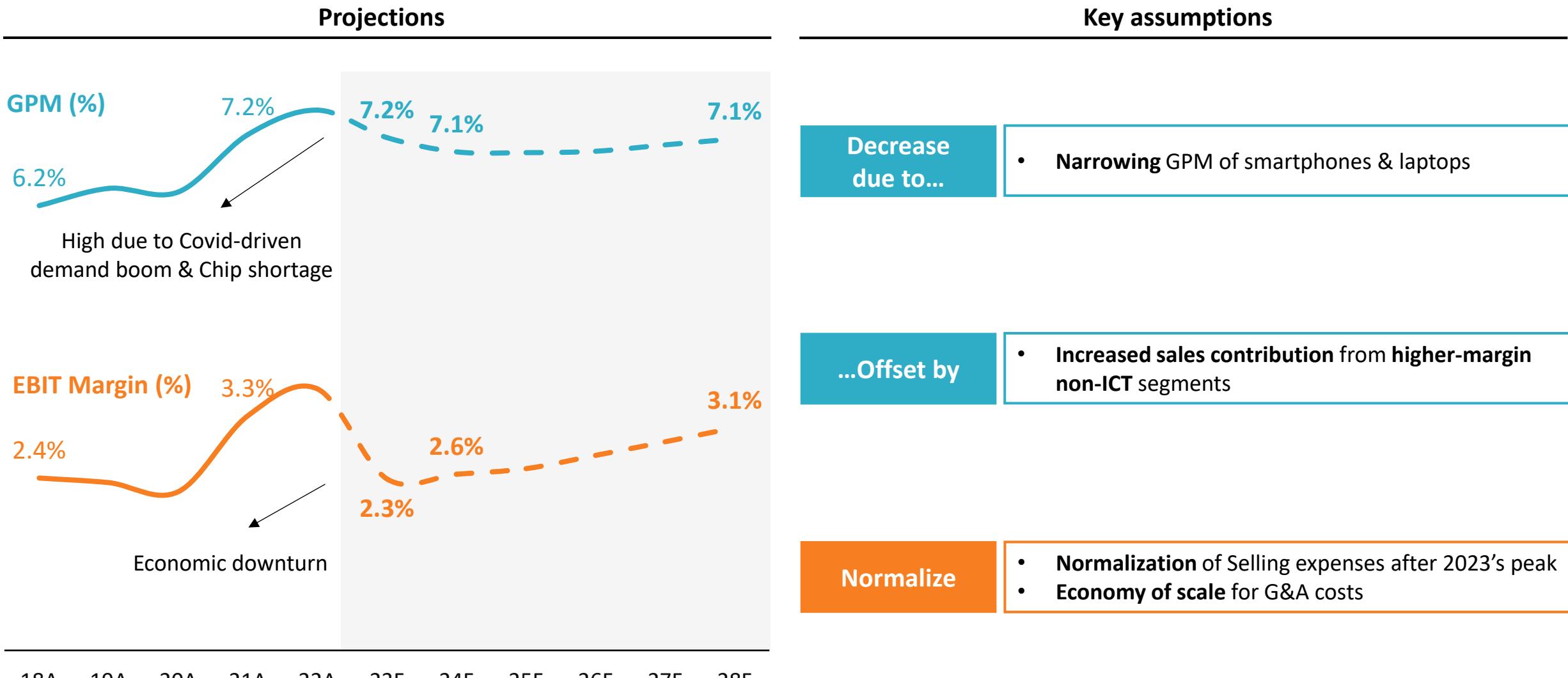


4 regional peers



DCF Assumptions

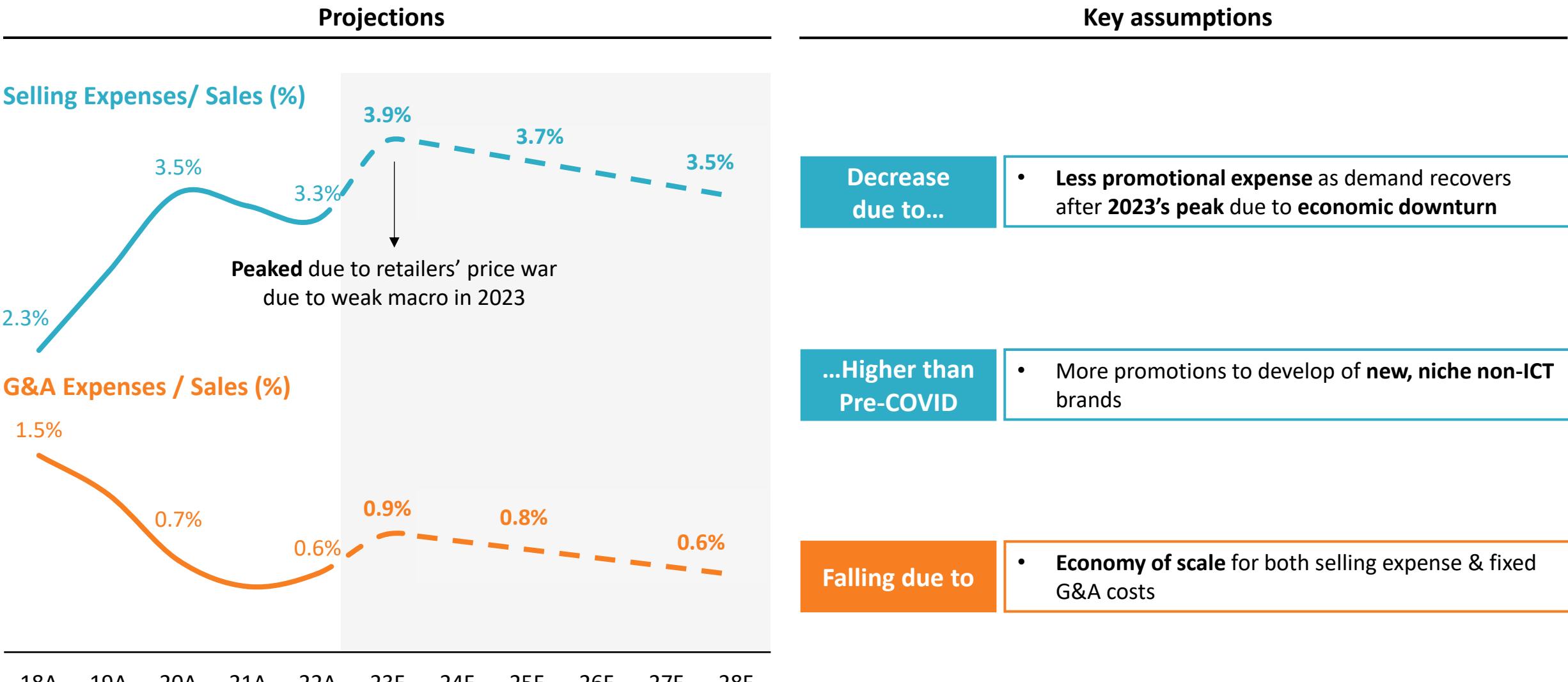
We expect GPM to be unchanged at 7.1%, while EBIT margin improve to 3.1% from 2.6% over 2024/28F.



18A 19A 20A 21A 22A 23F 24F 25F 26F 27F 28F

DCF Assumptions

EBIT improvement will be driven by normalization of selling expense and economy of scale for G&A.

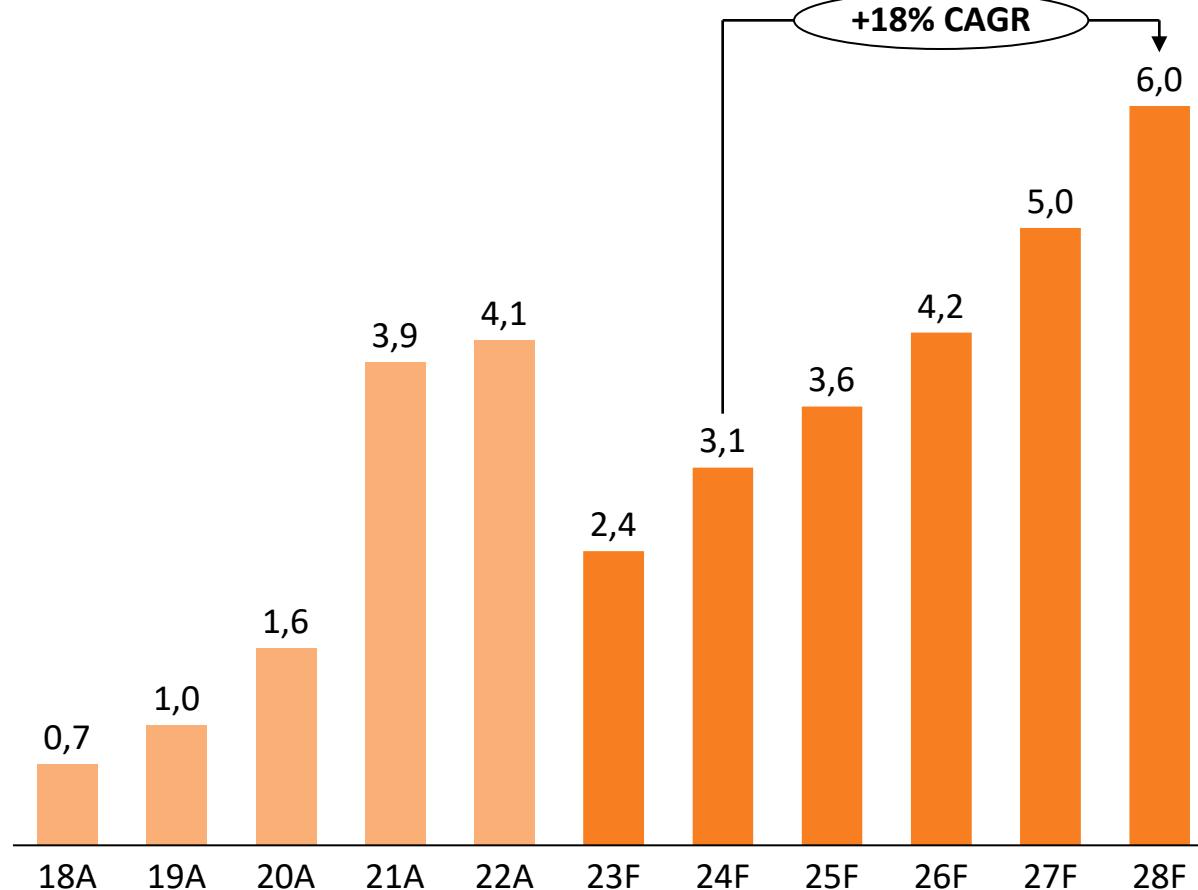


DCF Assumptions

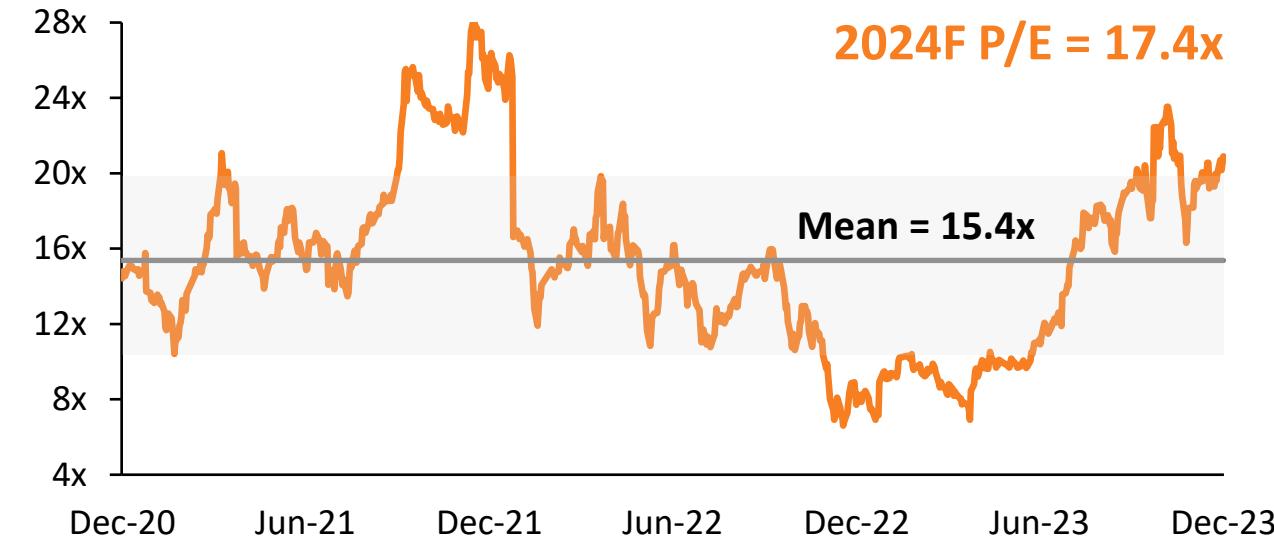
2024-28F EPS CAGR of 18% implies a fair valuation with PEG of 0.95x.



DGW's Historical And Projected EPS (VNDk/share)



DGW's 3Y Trailing P/E



Implied PEG (2024F P/E to 2024-28F EPS CAGR)

0.95x

Hold

So, when to take BUY / SELL action?

Scenario analysis

Bull case: We would change our recommendation to **BUY** if...



	Recommendation	Key catalysts	Valuation impact
BULL CASE 	<ul style="list-style-type: none">• 66,500VND 1 year target price• +27% Upside• 20x Implied PE	<p>ICT Segment</p> <p>Winning a new partnership with another established smartphone brand</p> <p>Happen when these brands:</p> <ul style="list-style-type: none">• Aggressively expand market footprint in VN• Diversify distributor <p>Most potential brands:</p> <p>OPPO vivo</p> <p>Non-ICT Segment</p> <p>Successful diversification into non-ICT</p> <p>Happen when:</p> <ul style="list-style-type: none">• One of non-ICT brands become successful <p>Most potential brand: Xiaomi TV</p>	<p>12% ICT sales 5Y CAGR (Base case: 10%)</p> <p>35% Non-ICT sales 5Y CAGR (Base case: 23%)</p> <p>1% pts EBIT margins improvement over 2024-28F (Base case: 0.5% pts)</p>
BUY			

Scenario analysis

Bear case: We recommend investors to **SELL** when...



Recommendation	Key catalysts	Valuation impact
BEAR CASE SELL 36,300VND 1 year target price -31% Downside 13x Implied PE	<p>ICT Segment</p> <p>Losing distribution market share of Xiaomi phone</p> <p>Happen when Xiaomi:</p> <ul style="list-style-type: none">Allocates more market share to FPT SynnexPartners with a new distributor <p> & ?</p> <p>Non-ICT Segment</p> <p>Unsuccessful diversification into non-ICT</p> <p>Happen when:</p> <ul style="list-style-type: none">DGW unable to sign contract with new brandsNiche brands fail, like the case of Kingsmen <p></p>	<p>8% ICT sales 5Y CAGR (Base case: 10%)</p> <p>12% Non-ICT sales 5Y CAGR (Base case: 23%)</p> <p>0.1% pts EBIT margins improvement over 2024-28F (Base case: 0.5% pts)</p>



Investment Risks

Upside potentials accompanied by downside risks

Investment Risks: Upside

DGW wins a new partnership with another well-established ICT brand like Oppo or Vivo.



Brand	Brand Volume Market Share	2024/28F Average Distribution Market Share	Upside	Action
		5%	9%	Hold
OPPO Mid end	20% (2nd largest)	10%	16%	Buy
		15%	24%	
VIVO Low-end	8% (5th largest)	10%	9%	Hold
		15%	12%	
		20%	15%	Buy

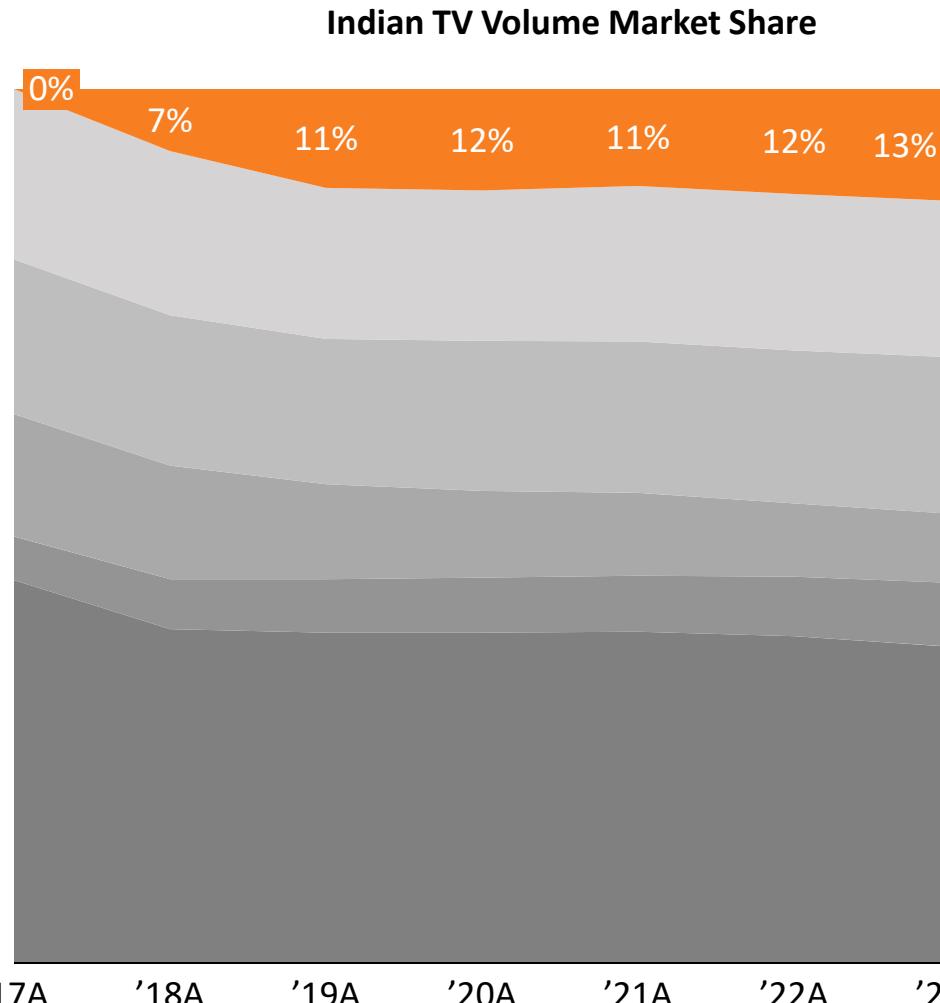
Investment Risks: Upside

TV Xiaomi replicates its success in the Indian market in Vietnam.



If Xiaomi can replicate its success in the Indian market in Vietnam,...

...our sensitivity suggests investors should Buy DGW.



One-factor Sensitivity Table

	Scenario	2024-28F Average Market Share*	Upside (%)	Action
SAMSUNG	Base case	3%	4%	Hold
SONY	Below India success	8%	11%	Hold
TCL	India-like success	12%	17%	Buy
Others	Above India success	16%	23%	Buy

*2023 market share = 2%, as per our calculations.

Investment Risks: Downside

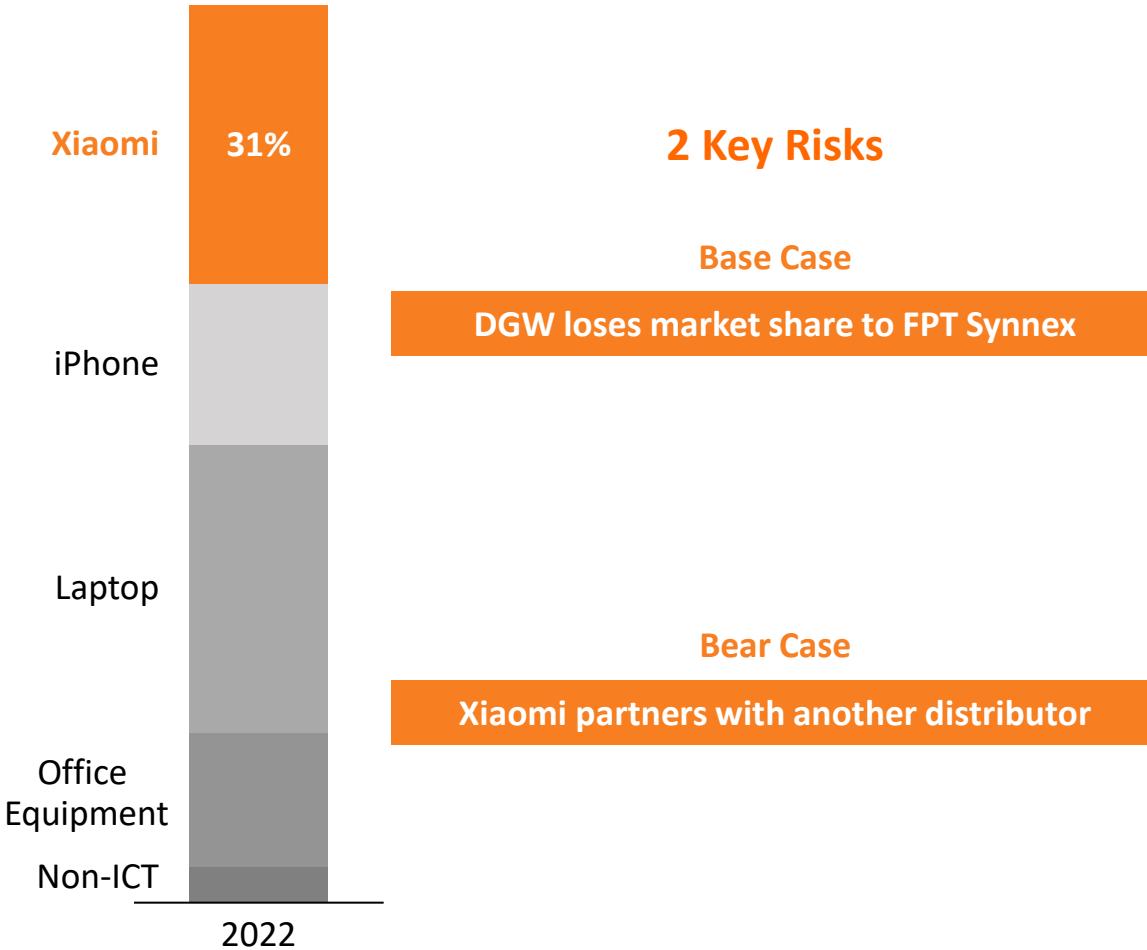
DGW loses Xiaomi distribution market share after MES contract expiration.



DGW's revenue is largely concentrated in Xiaomi smartphones,...

...which poses a big risk of losing distribution market share.

DGW Sales Breakdown (2022)



2 Key Risks

Base Case

DGW loses market share to FPT Synnex

Bear Case

Xiaomi partners with another distributor

One-factor Sensitivity Table

	2024-28F Average Xiaomi Distribution Market Share*	Upside	Action
	70%	10%	
	60%	4%	Hold
	50%	-3%	
	40%	-15%	
	35%	-20%	Sell
	30%	-25%	

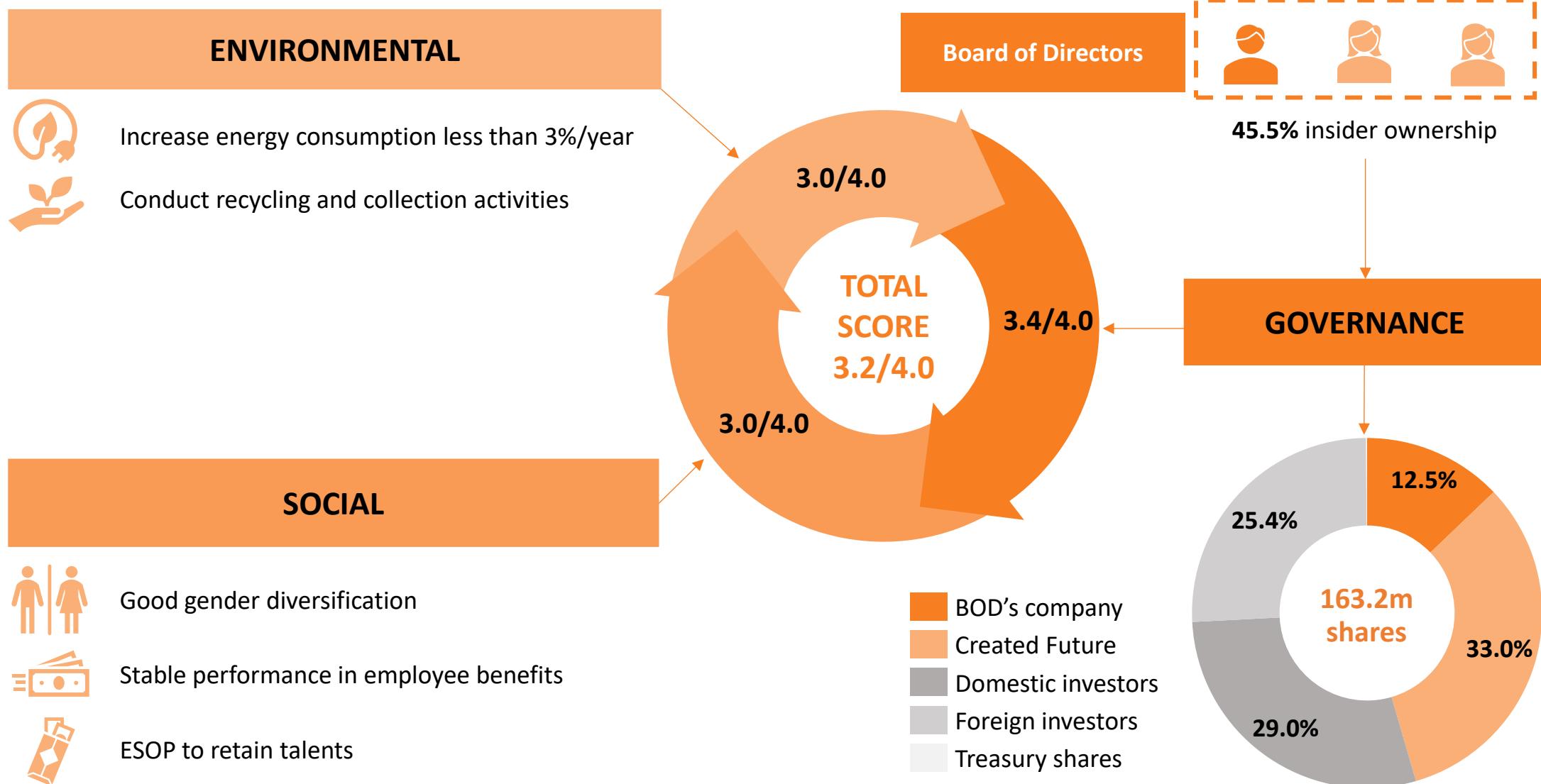
*2023 market share = 65%, as per management.



Environmental, Social, Governance

A solid governance backed by leading team's high commitment

Governance: Strong alignment of interests with shareholders.



HOLD

Target price: VND54,300
Current price: VND52,300
Upside: 3.8%



Leading ICT distributor with efficient operations and unrivaled services



Slowing ICT sales growth with squeezed profit margin



Uncertain winning prospect of Non-ICT segments

"HOLD FOR A FAIR RETURN, WAIT FOR A STRONG DRIVER"

Appendix Network

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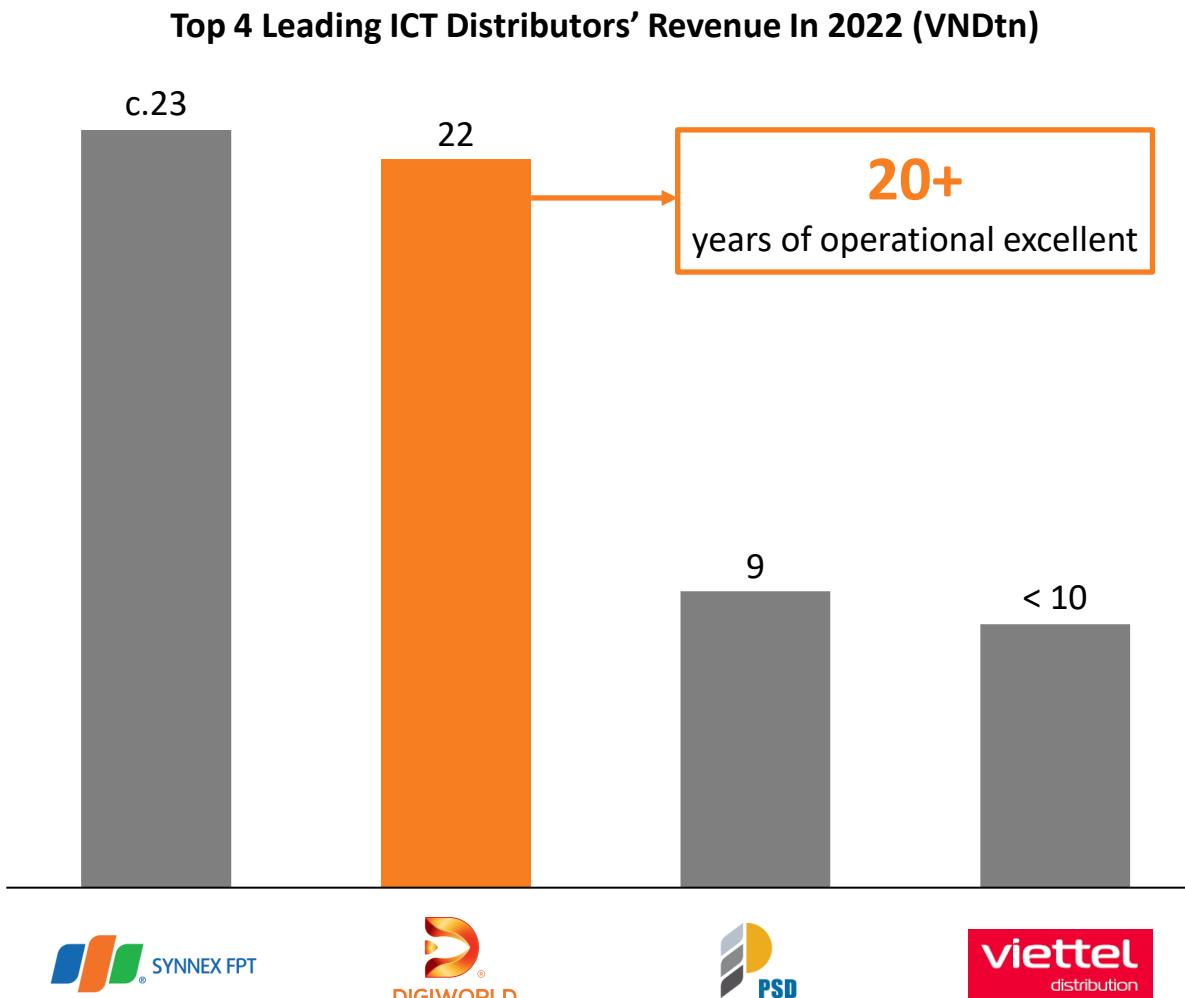
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Business Description

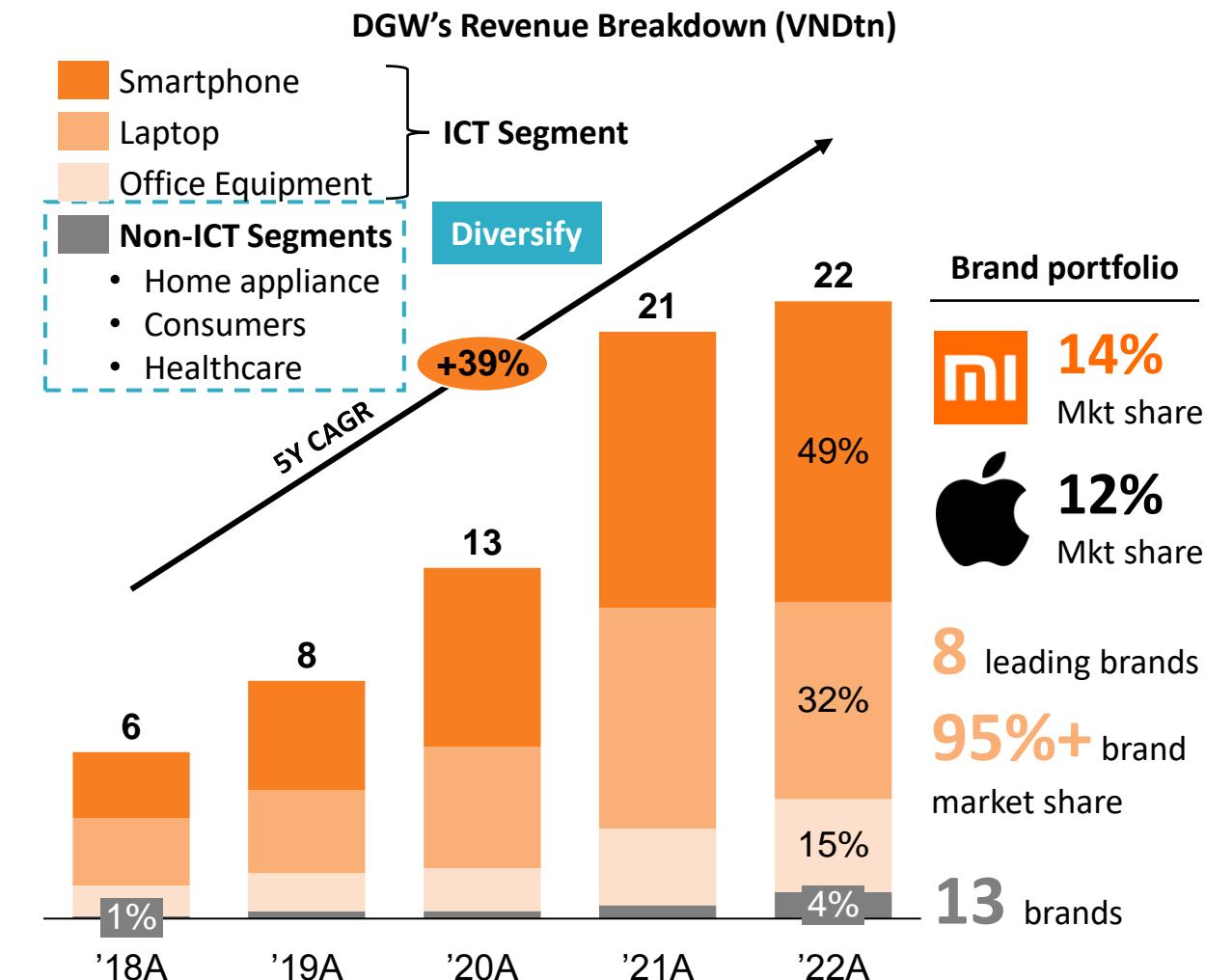
DGW's Leading Position And Popular Portfolio



Top two largest ICT distributor in revenue scale,...



...with 96% sales concentrated in ICT, and 4% diversified into non-ICT.



Source: DGW

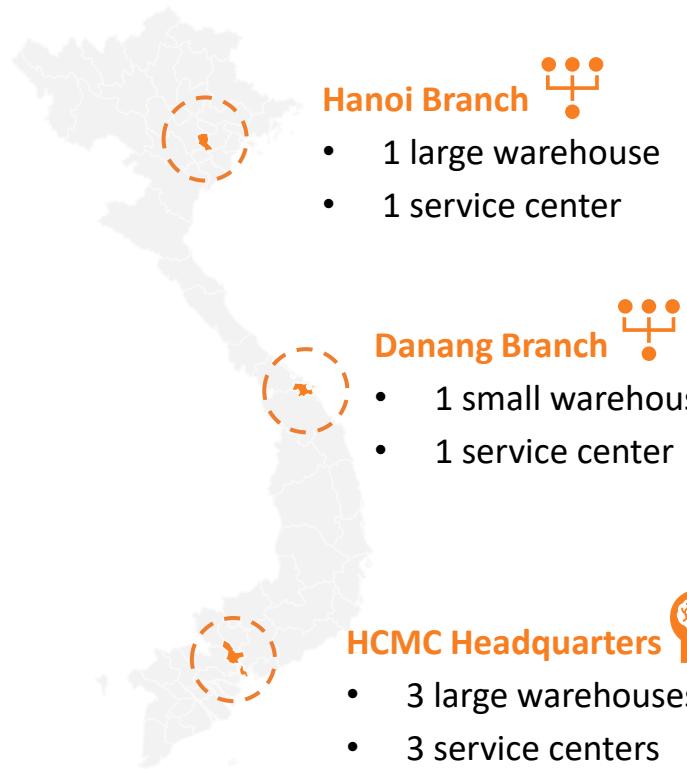
Business Description

DGW's Large-Scale Distribution Network



DGW operates with nationwide distribution network,...

DGW's Geographical Footprint

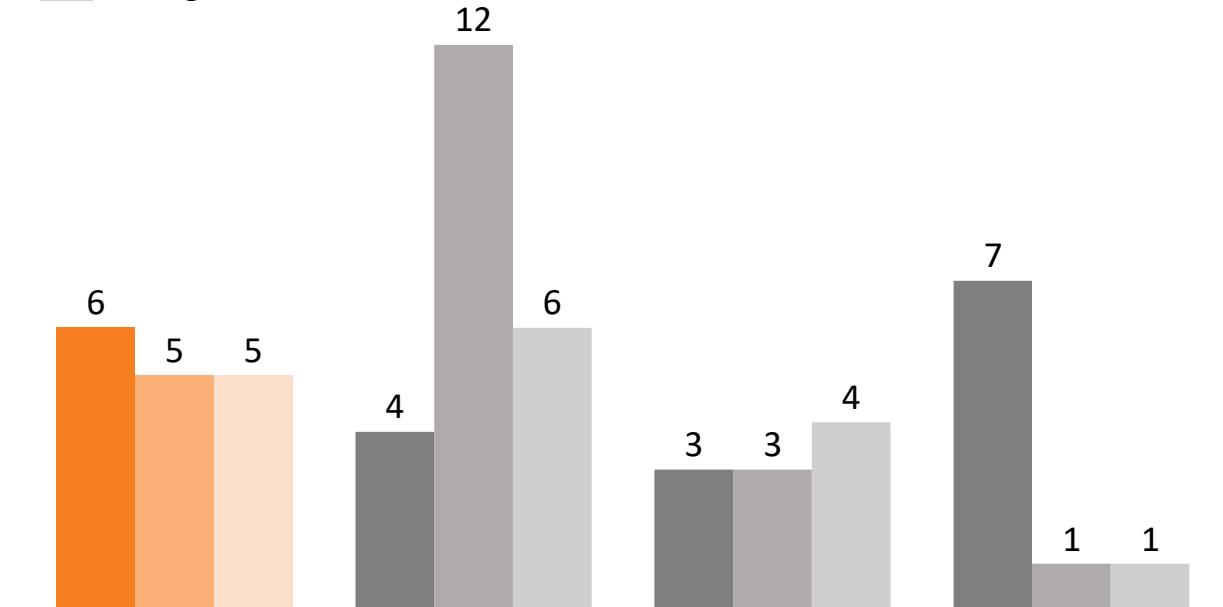


c. 6,000
Points of sales (POS)

...but barely differentiates it from other big competitors.

DGW vs Peers' Distribution Network

- POS (thousands)
- Service center
- Storage warehouse



Faster delivery



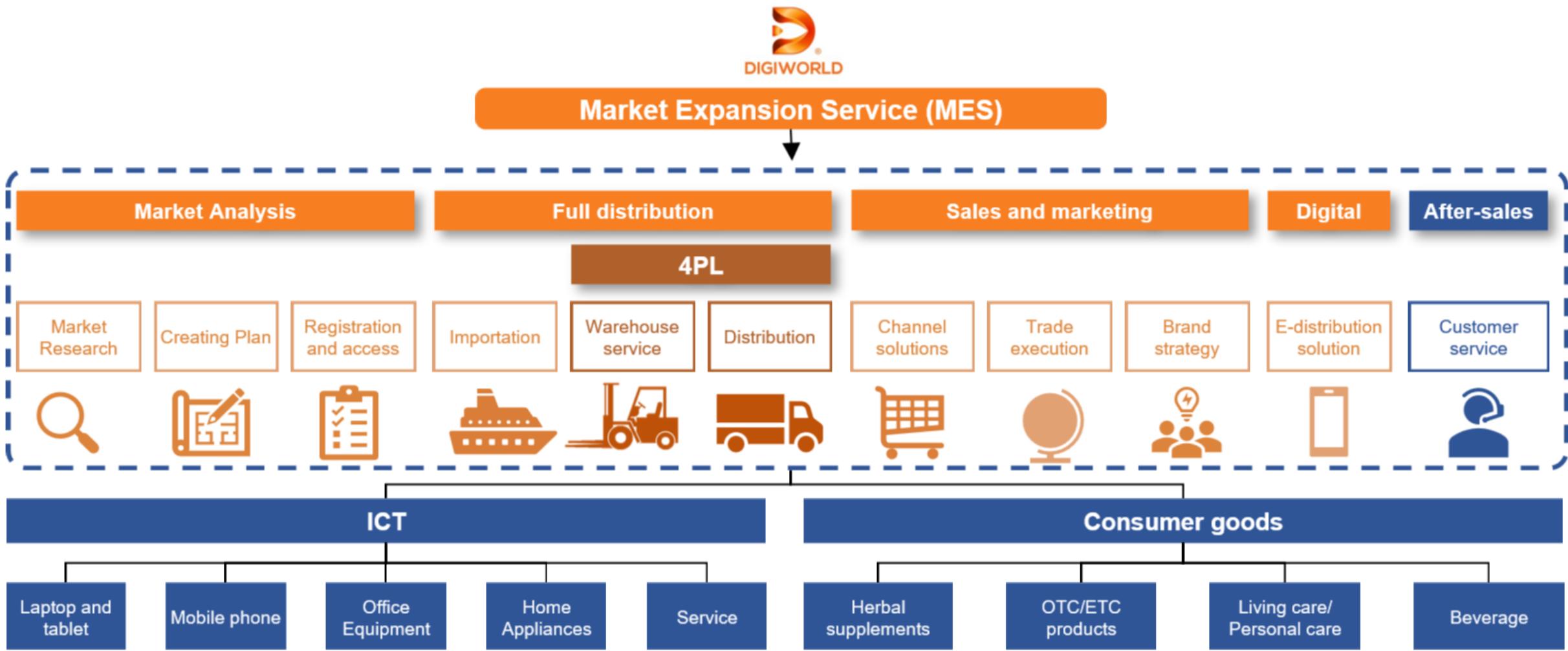
Economy of scale

Source: DGW, Companies' disclosures, Team's compilation



Business Description

DGW's Non-Replicate Market Expansion Services (MES)



Source: DGW

Business Description

Subsidiaries And Affiliates



COMPANY/BUSINESS	SEGMENT	BUSINESS DESCRIPTION	STAKE (2022)
SUBSIDIARIES			
DIGIWORLD VENTURE	All	Managing DGW's subsidiaries, affiliates	100.00%
DIGITAL TECHNOLOGY	ICT	Providing and managing commercial marketing services on technology platform	100.00%
CSV HEALTHCARE	Healthcare	Management and property owner of functional food and FMCG brands	80.00%
MARKETING EXPANSION SERVICE JSC ("CL")	FMCG	Developing FMCG industry	90.15%
BELL VINA TRADING AND PRODUCTION	All	Import and export of products traded by DGW	76.99%
ACHISON	Industrial equipment	Provide labor protection products, industrial equipment	60.00%
B2X CARE SOLUTIONS VIETNAM	All	Managing subsidiaries, affiliates	100.00%
AFFILIATES			
DAI TIN PHARMACEUTICAL PRODUCT	Healthcare	Providing pharmaceuticals, medical products, equipment and preservation services of pharmaceuticals	36.01%
VIET MONEY	ICT	Providing credit services and wholesaling technology equipment	21.86%
B2X GROUP	ICT	Providing after-sales services to ICT brands	49.10%
DPHARMA	Healthcare	Supplying pharmaceutical products, medical products and equipment	36.01%

Source: DGW, Companies' disclosures, Team's compilation

Business Description

ICT Product Portfolio – Smartphone & Laptop



Sector	Partner	Product	Segment	Exclusive Distribution	Inception Date
Smartphone	Xiaomi	Redmi	Mid-End	No	Q1/2017
		Note	High-End	No	
		Poco	Gaming	Yes	
	Apple	iPhone	High-End	No	Q2/2020
	TCL	TCL	Low-End	Yes	Q3/2022
	ZTE	ZTE	Low-End	Yes	Q3/2023
	Asus	ROG	Gaming	Yes	Q4/2018
	Acer	Acer	All-Inclusive	No	2000
	HP	HP	All-Inclusive	No	2006
	Dell	Dell	All-Inclusive	No	2008
Laptop	Asus	Asus	All-Inclusive	No	2012
	Lenovo	Lenovo	All-Inclusive	No	2014
	Xiaomi	Redmi G	Gaming	No	Q1/2017
	Fujitsu	Fujitsu	High-End	No	Q1/2017
	Apple	Macbook	High-End	No	Q2/2020
	Acatel	Acatel	Low-End	Yes	Q2/2022
	TCL	TCL	Low-End	Yes	Q2/2022

Source: DGW, Companies' disclosures, Team's compilation

Business Description

ICT Product Portfolio – Office Equipment



Sector	Segment	Product Portfolio	Brand Partner
Office Equipment	Corporate Equipment	PC, Server & Workstation	
		Printer & Copier	
		Storage Device & Hardware	
		Cloud & Software	
		Industrial Equipment	
	Consumer Equipment	Internet of Things (IoTs)	
		Security Solutions	
		Energy Solutions	

Source: DGW, Companies' disclosures, Team's compilation

Business Description

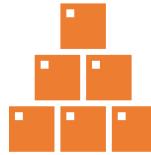
Non-ICT Product Portfolio



Sector	Brand Partner	Product Portfolio	Price Segment	Inception Date	
Home Appliance	Whirlpool	Large Appliance (exclusive)	Upper-End	Q4/2022	
	Xiaomi	Large Appliance	All-Price	Q4/2023	
		Television (exclusive)	All-Price	Q2/2023	
	Westinghouse	Small Appliance	Lower-End	Q2/2022	
Consumer Goods	Joyoung	Small Appliance	Lower-End	Q3/2022	
Sector	Segment	Brand Partner	Product Portfolio	Distribution Channel	Inception Date
Drink/Beverage	AB InBev	Beers Products	MT	Q4/2022	
	Lottle Chilsung	Soda Milk, Fruit Milk	MT, GT	Q2/2023	
Health Care	Living Care/Personal Care	Lion	Hygience Products	MT, GT	Q3/2023
		Mitsue	Hygiene Products	MT, GT	Q2/2023
	Supplements	Nestle Health Science	Nutritional Milk	OTC	Q1/2019
		Genecol	Antibiotics	OTC	Q1/2021
Health Care	Pharmaceuticals	Regenflex	Musculoskeletal	ETC	Q4/2020
		Vstent	Arteries	ETC	Q2/2021
	Medical Equipment	RapidFor	Test Kit Case	OTC, ETC	Q1/2021

Source: DGW, Companies' disclosures, Team's compilation

Horizontal expansion



Expanding brand and product portfolio

Sign contract with:

- **New brands:** DGW partners with globally leading yet locally-unpopular brands.
- **Existing brands' new products:** DGW distributes more products from existing partners like Xiaomi smart home devices in 2020, refrigerator and air conditioner in 2024.



Expansion into retail



Entering niche non-ICT segments via M&A

- **M&A method:** DGW opts to M&A with existing distribution companies in the targeted segment financed by earnings, loans, and bonds.
- **M&A taste:** DGW targets at smaller firms with 25% lower than its scale which can create synergies with the company's existing operations.
- **Niche-first strategy:** DGW plans to penetrate niche segments first to avoid direct competition with big players, then expand to the mass markets once the niche segments have established.

Vertical expansion



Develop in-house brands

- **Motivation:** Enjoy better margins.
- **We believe this is a long-term ambition:** DGW's current experience with retail includes operating on-and-offline brand shops under the direct-to-consumer (D2C) model (i.e. selling directly to consumers). These brand shops are currently used for differentiating DGW's services (as part of its MES) and not for profit motive.

- **Why?:** DGW strives for diversifying income stream, and enhancing profit margins.
- **How?** DGW collaborates with OEM partners or M&A manufacturing firms for in-house production.
- **We also believe this is a long-term ambition:** as manufacturing is very different from wholesaling, and DGW has not taken any significant action to fulfill this goal so far.

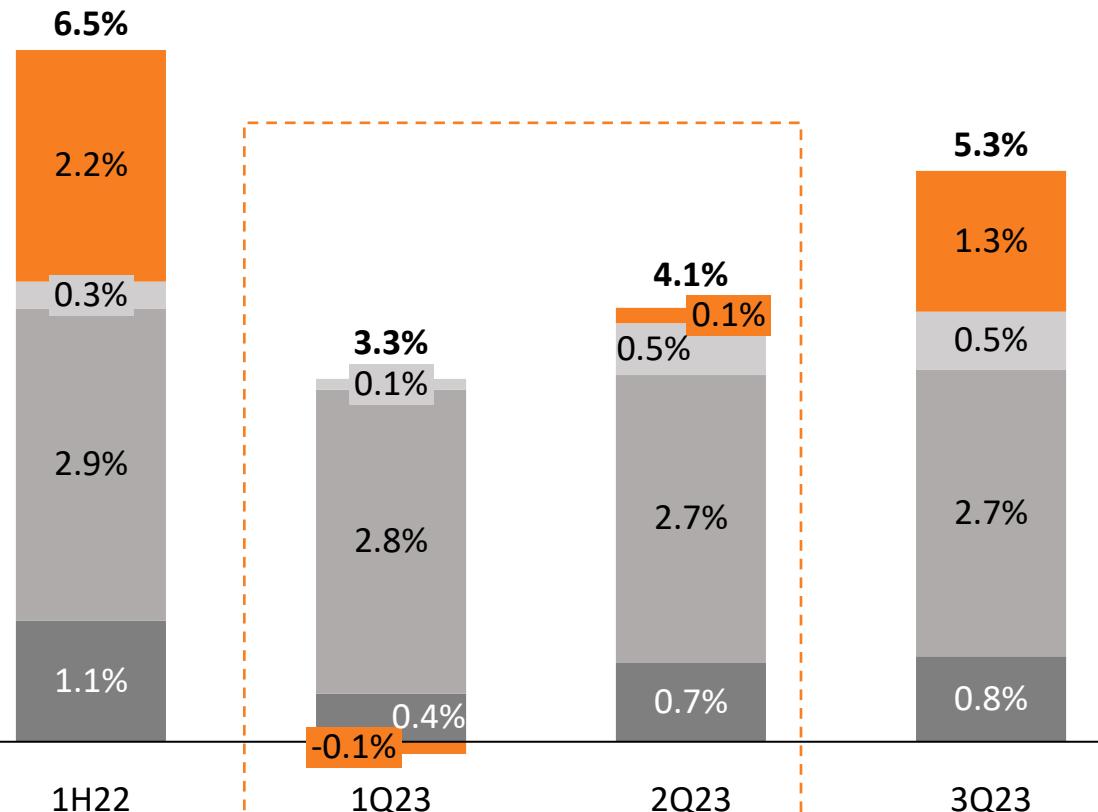
Macroeconomics Analysis

During 1H23, Vietnam's GDP was weak due to the slowdown in manufacturing activities.

Weak 1H23 due to missing growth from manufacturing...

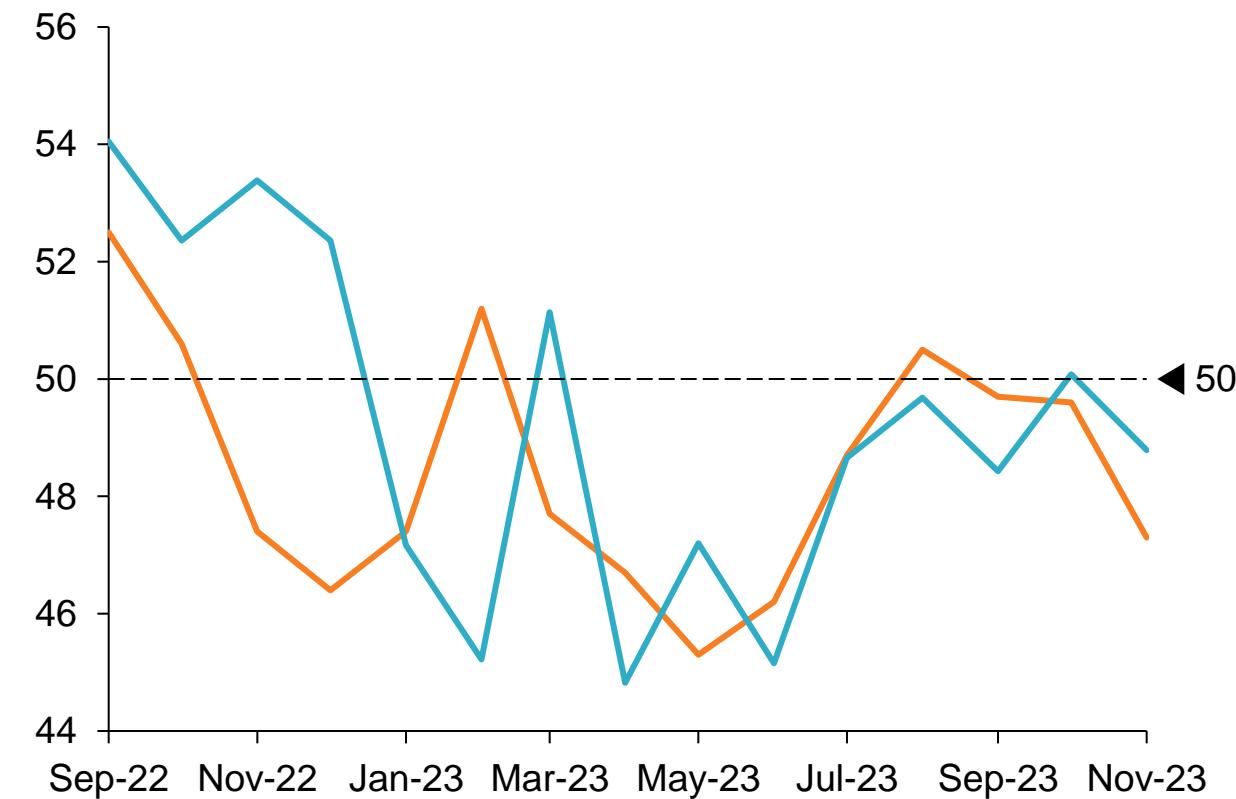
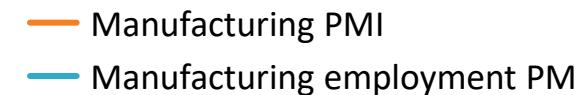
...with manufacturing and employment PMI remaining well below-50.

Vietnam's GDP growth contribution



Source: GSO, S&P Global, Team's analysis

Vietnam's manufacturing and employment PMI



Macroeconomics Analysis

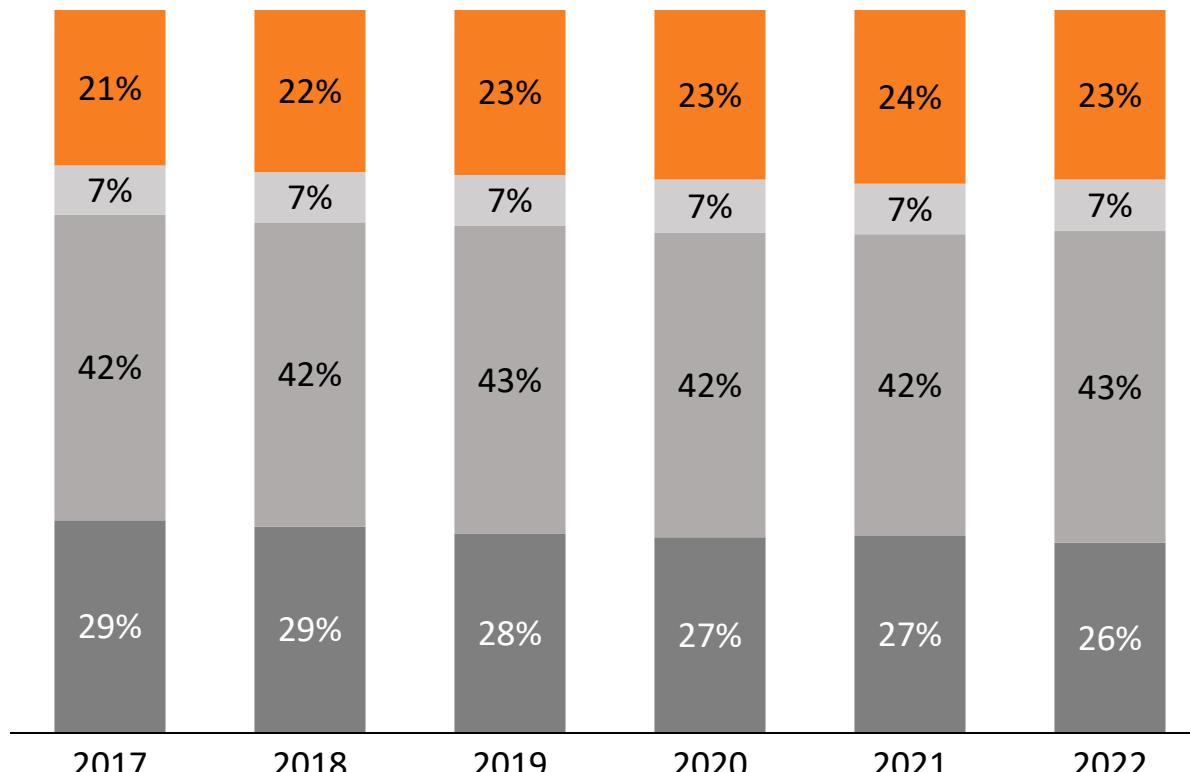
Manufacturing is a critical sector with high contribution to Vietnam's GDP and employment,...



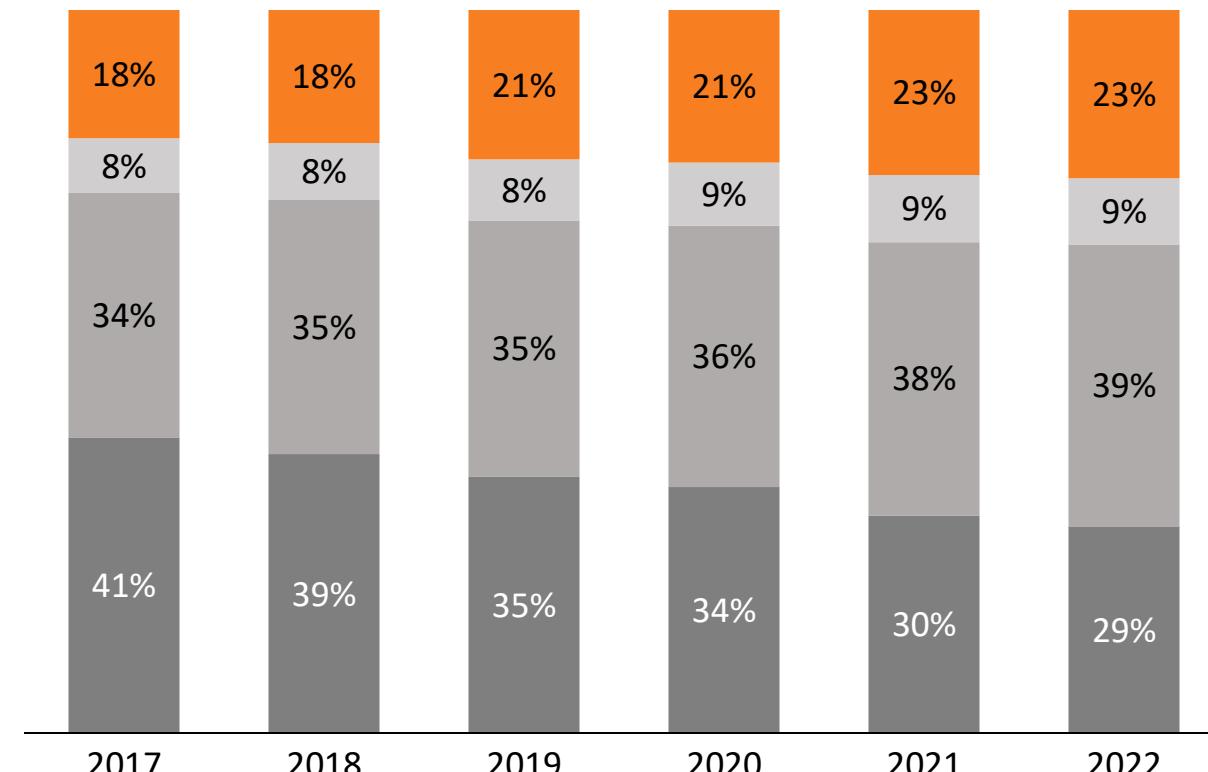
Manufacturing has accounted for around ¼ GDP...

...and ¼ of total employment over the last 5+ years.

Vietnam's GDP components



Vietnam's GDP components



Source: GSO, Team's compilation

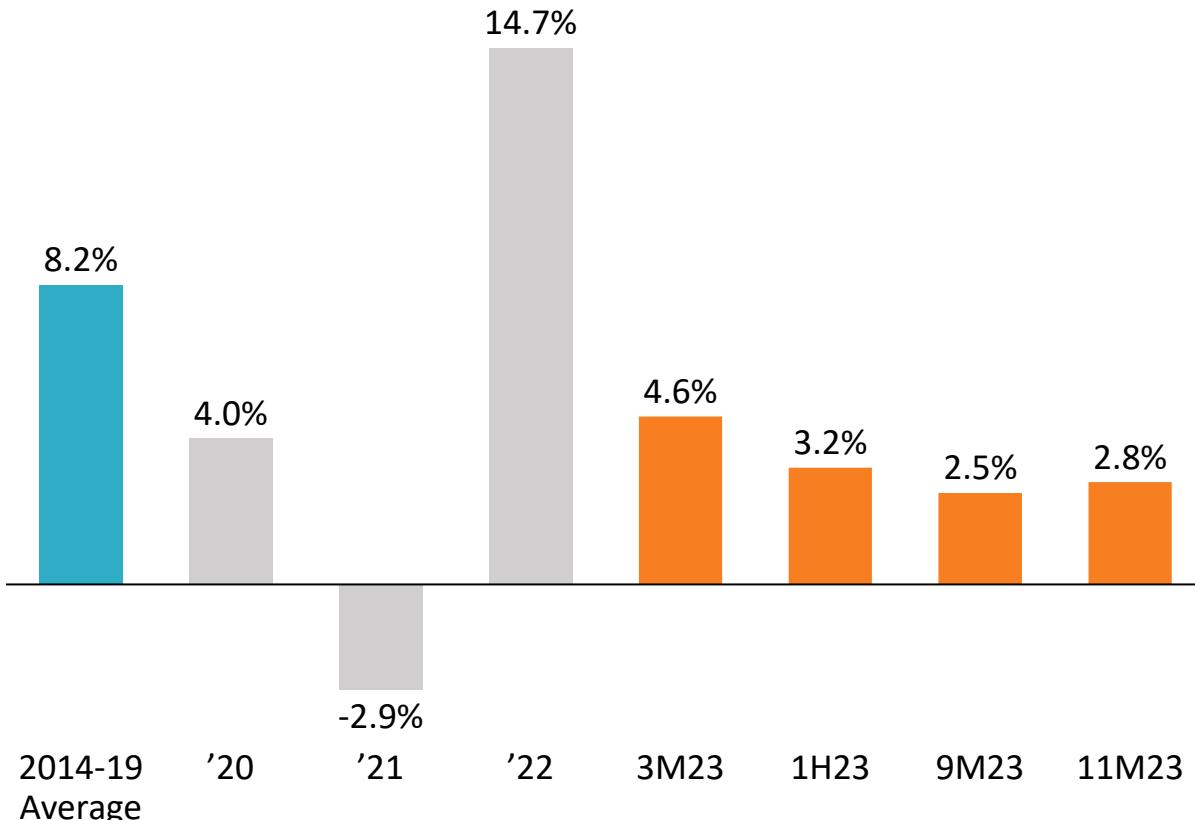
Macroeconomics Analysis

2023 domestic consumption was pressured, resulting in weak ICT sales.

Domestic consumption was significantly weaker than usual...

...which was reflected in financial performance of large ICT retailers.

Vietnam's real domestic consumption yoy*

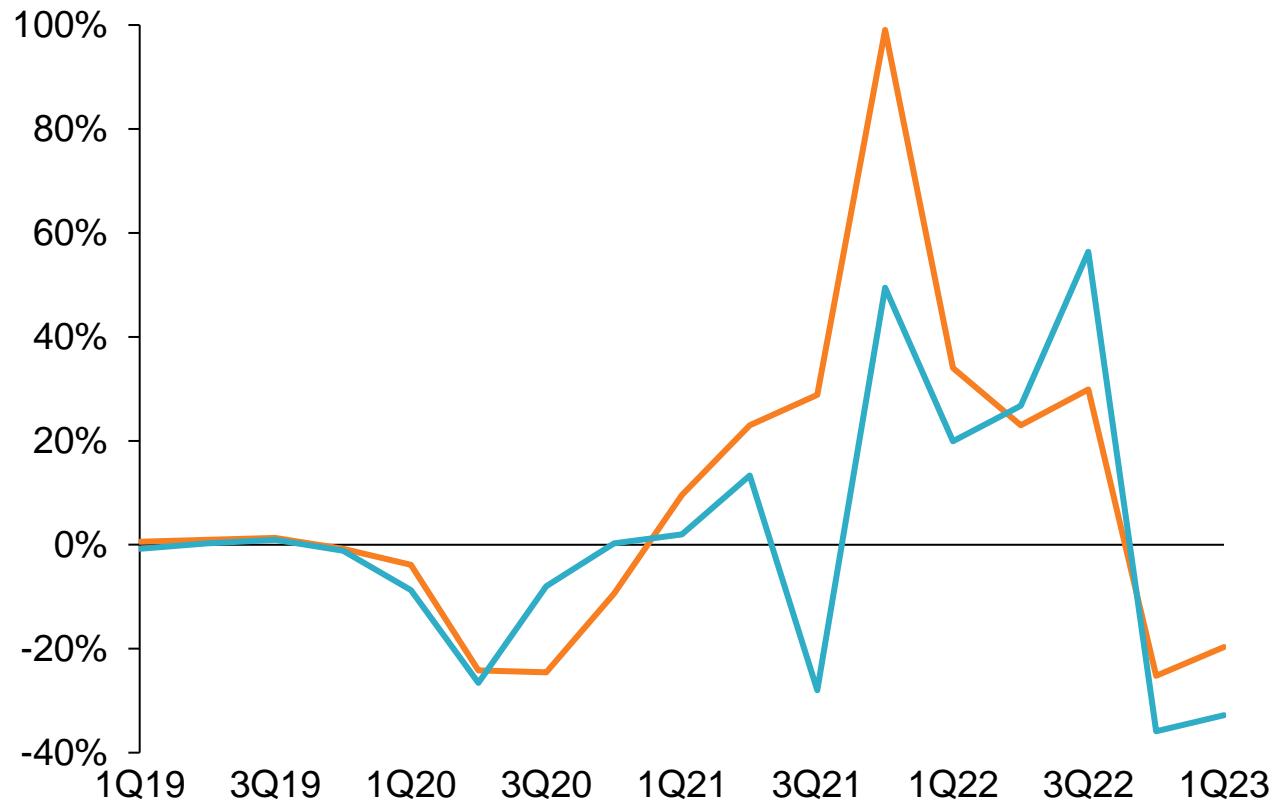


*Nominal domestic consumption (DC) calculated as total retail sales minus foreign tourism spending. Then real DC is derived using " $(1+g)/(1+CPI\ yoy)-1$ ", with g being yoy nominal DC.

Source: GSO, S&P Global, FiinproX, Team's analysis

Thegioididong and FPT Shop quarterly sales growth

FPT Shop
Thegioididong



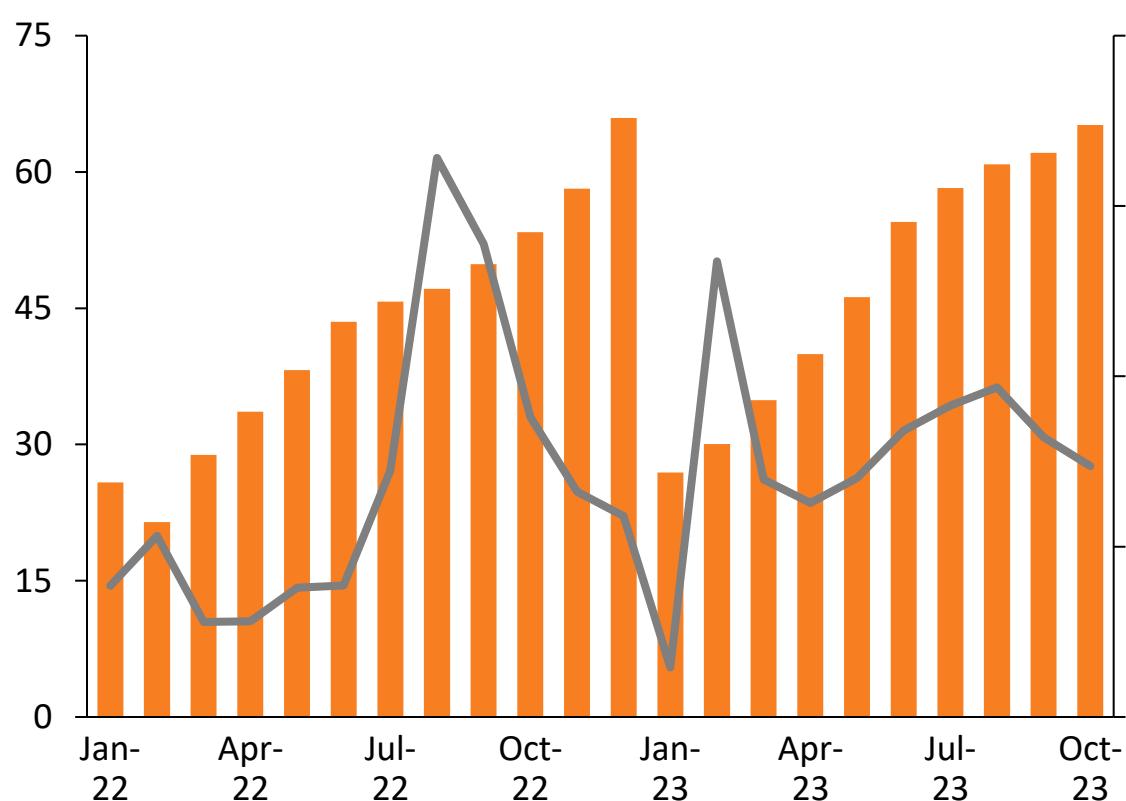
Macroeconomics Analysis

The efforts from Government sector has had insignificant impact.

Despite accelerating public spending...

State investment (Monthly, VNDtn) and yoy growth

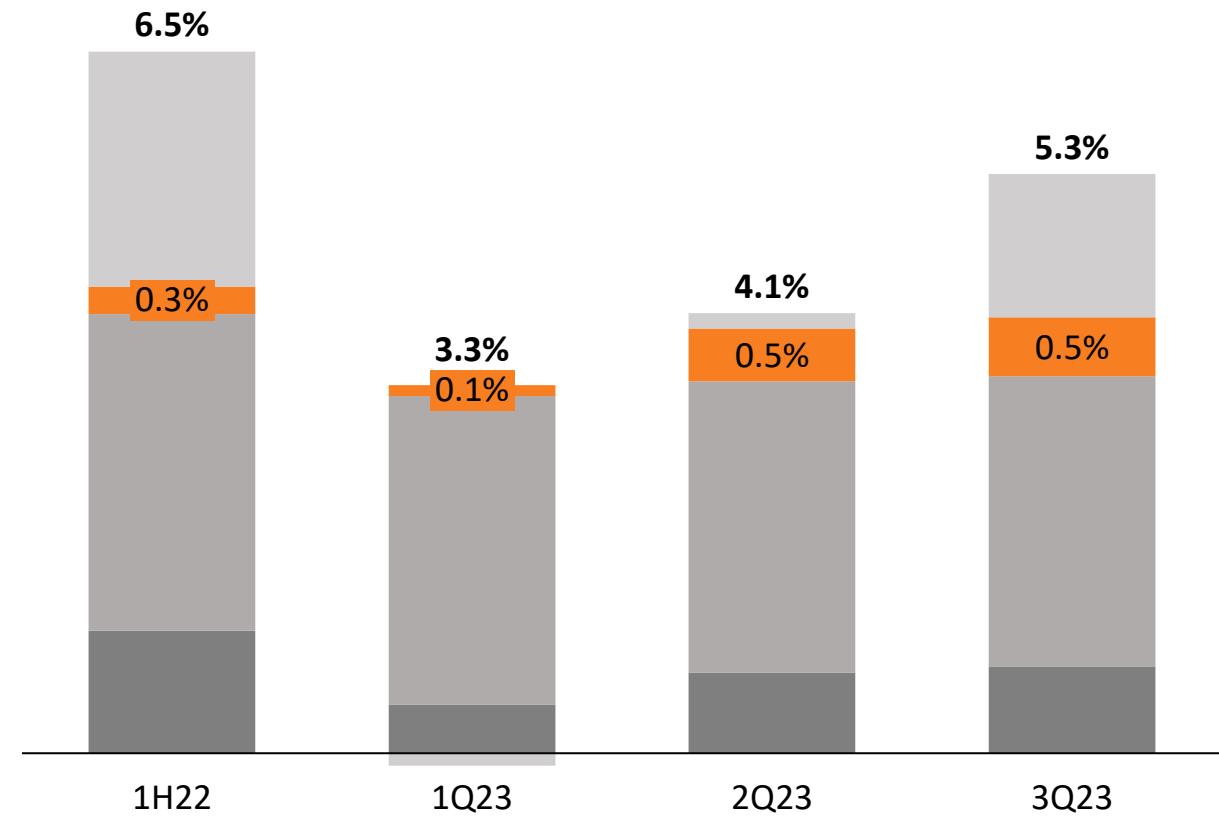
- yoy growth (RHS)
- Disbursement (VNDtn)



...contribution to GDP growth is modest.

Vietnam's GDP growth contribution by sectors

- Manufacturing
- Services
- Construction
- Agriculture & others

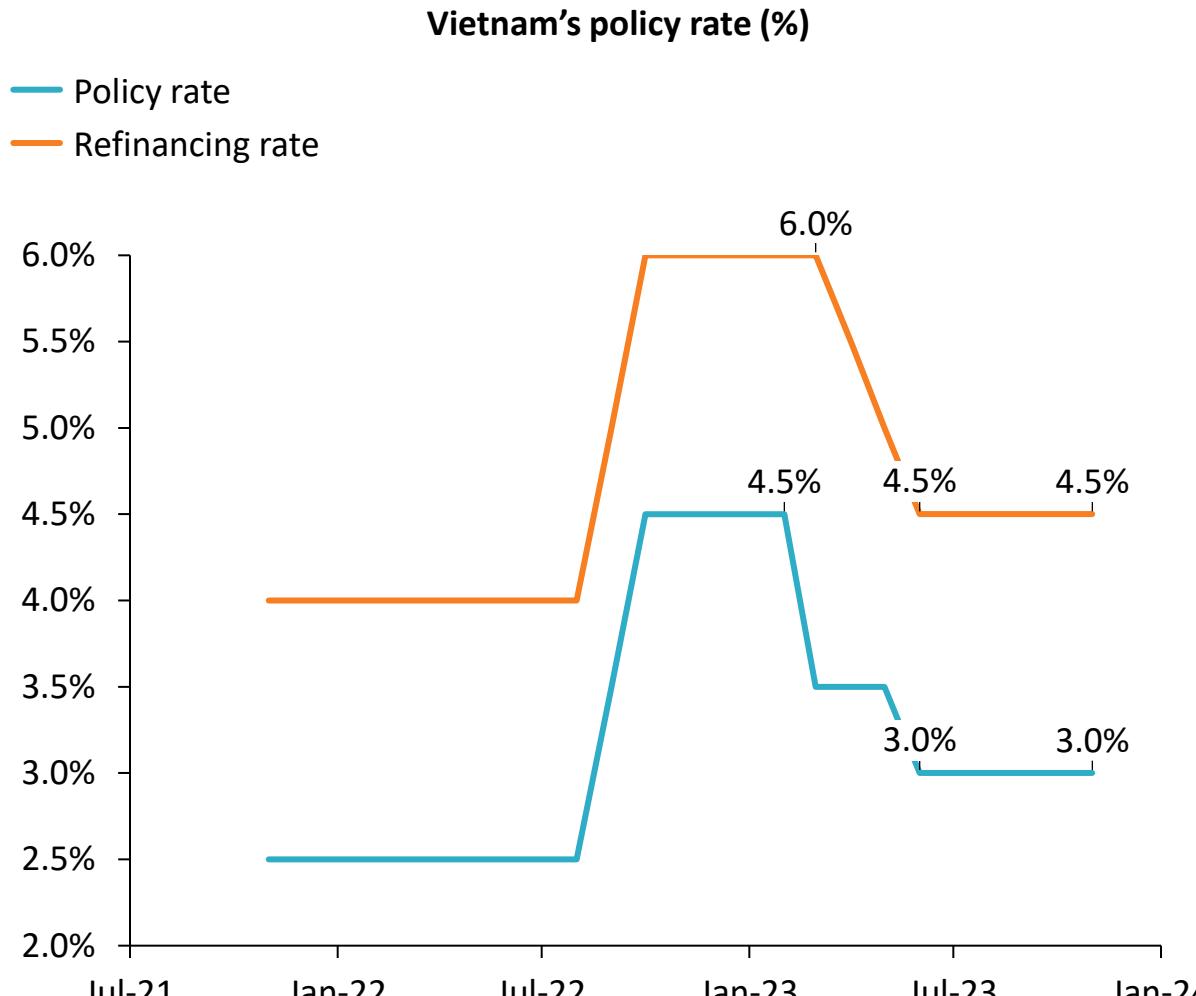


Source: GSO, Team's analysis

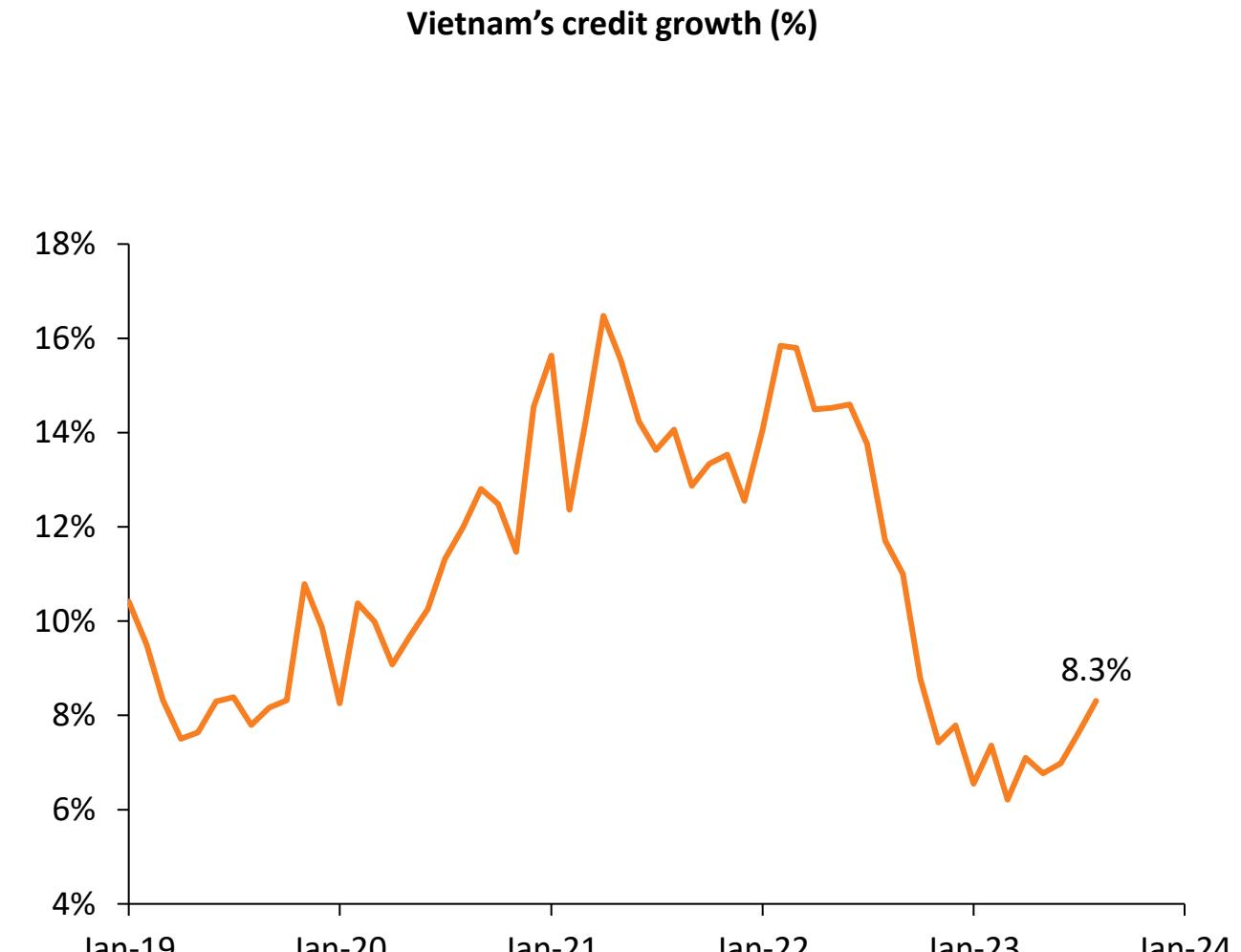
Macroeconomics Analysis

Interest rate cuts from SBV has had unclear impact.

Despite sharp rate cuts from the SBV...



...credit growth remained low due to weak borrowings demand.

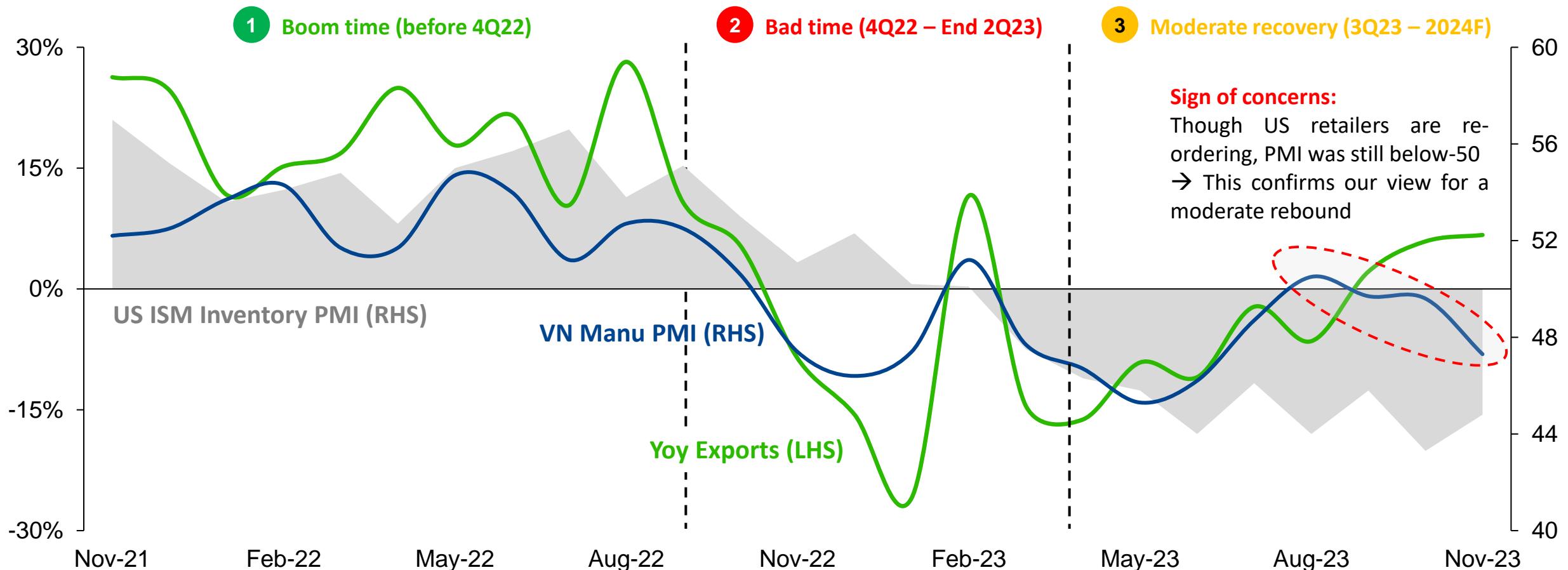


Source: SBV, Team's analysis

Macroeconomics Analysis

Declining US retailers' inventories is also driving a moderate rebound.

What happened to 1H23 manufacturing was because the US suspended new orders to de-stock retail inventory which they “over-ordered” during 2021/22 (1). This suppressed Vietnam’s exports growth and thus manufacturing activities (2). With inventories depleting at record level for an extended period, US retailers are re-stocking. Yet they seem hesitant to re-order at a strong pace, resulting in only a moderate rebound in manufacturing (3).



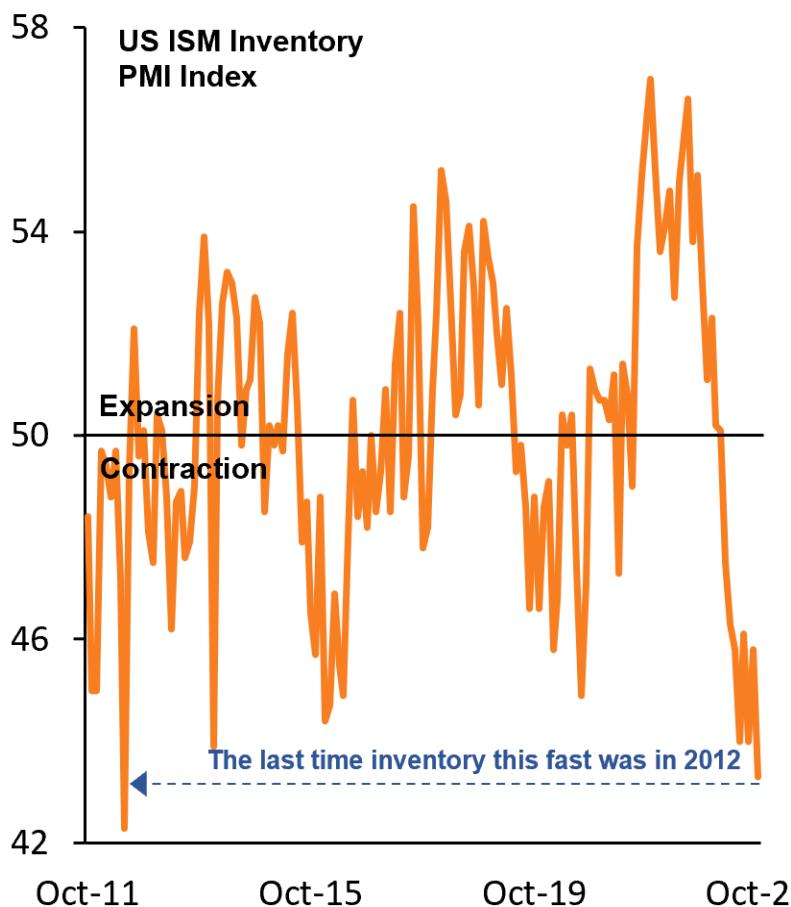
Source: Institute of Supply Management (ISM), University of Michigan, FRED, New York Fed, Bloomberg, Team's compilation

Macroeconomics Analysis

Weakening domestic demand is making US retailers hesitant to re-order at a solid pace.

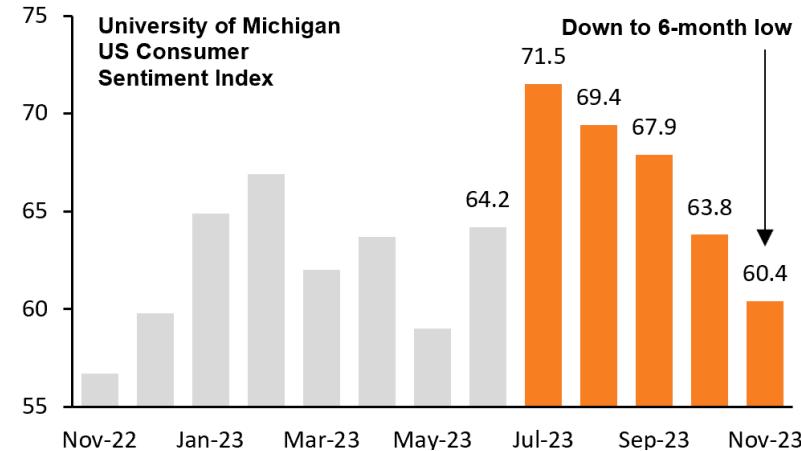
Retailers must re-order to refill inventories...

Steepest Pace of Inventory Depletion Over 10+ Years

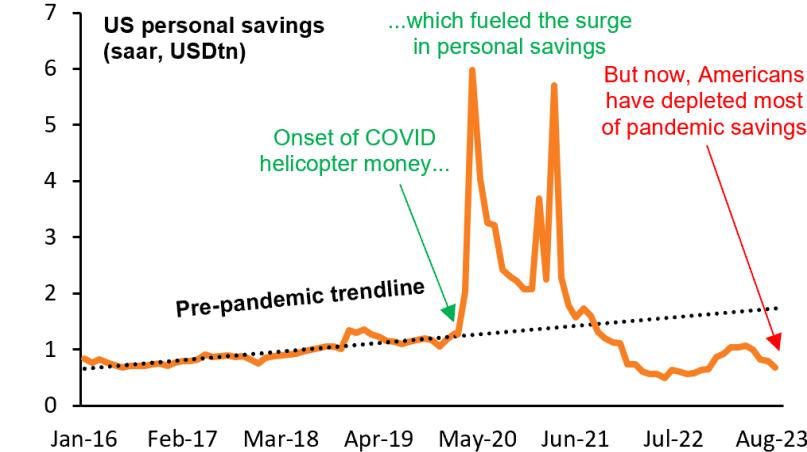


...yet still remain highly cautious due to increasing signs of weakening consumer demand.

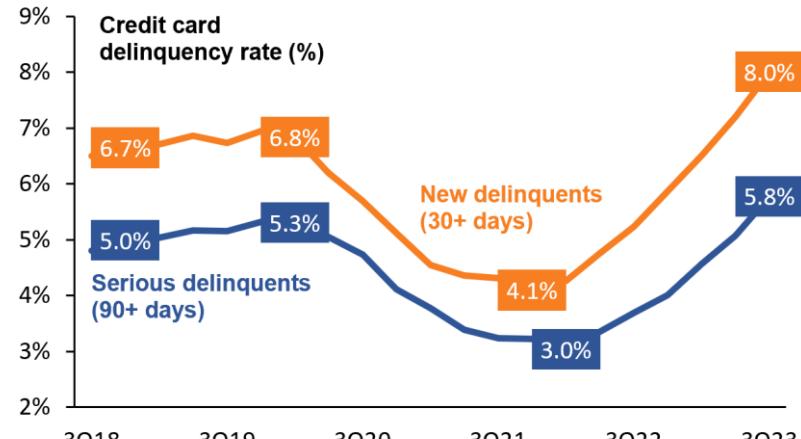
Consumer Sentiment Is Degrading



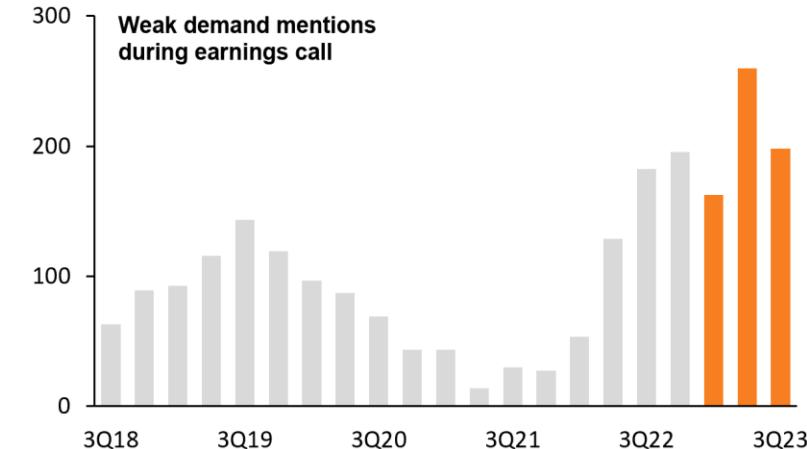
US Personal Savings Are Exhausting



Credit Card Delinquency Is On The Rise



Demand Worries Plague US Earnings

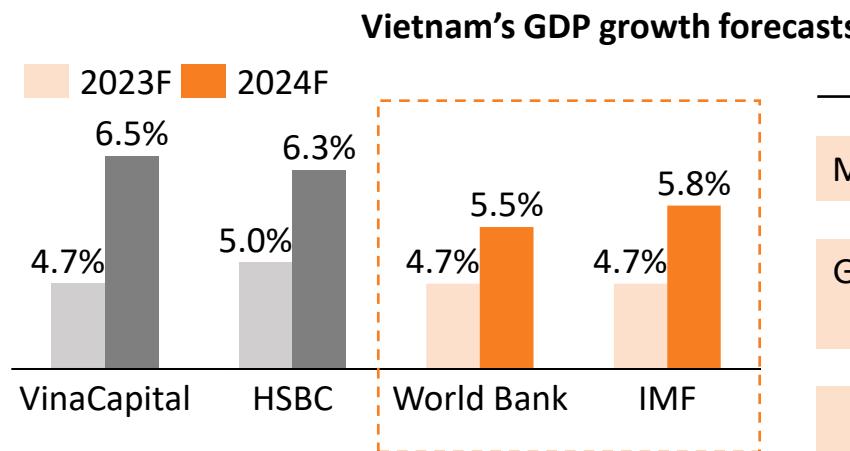


Macroeconomics Analysis

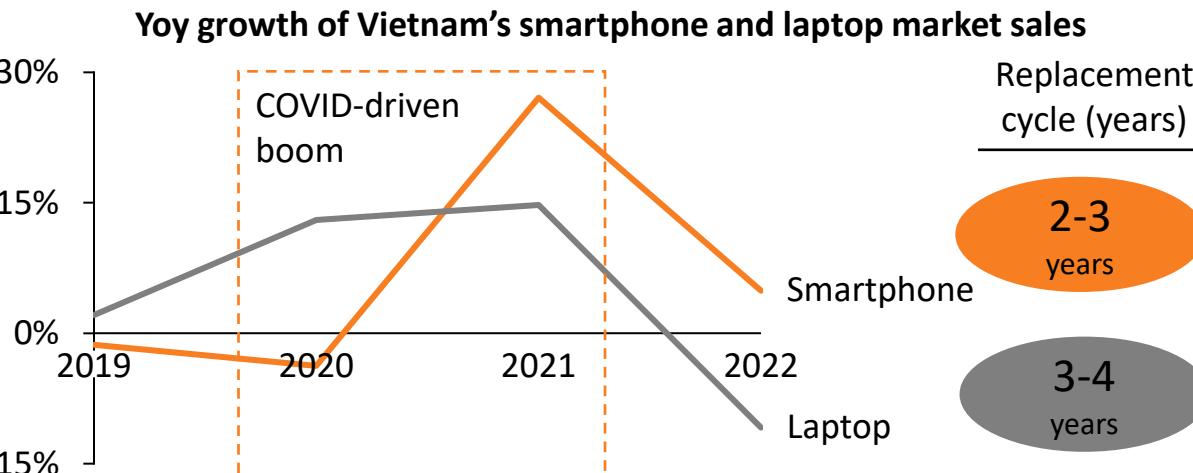
As a market leader, DGW stands to capitalize on short-term rebound of the ICT market.



GDP moderate rebound in 2024...

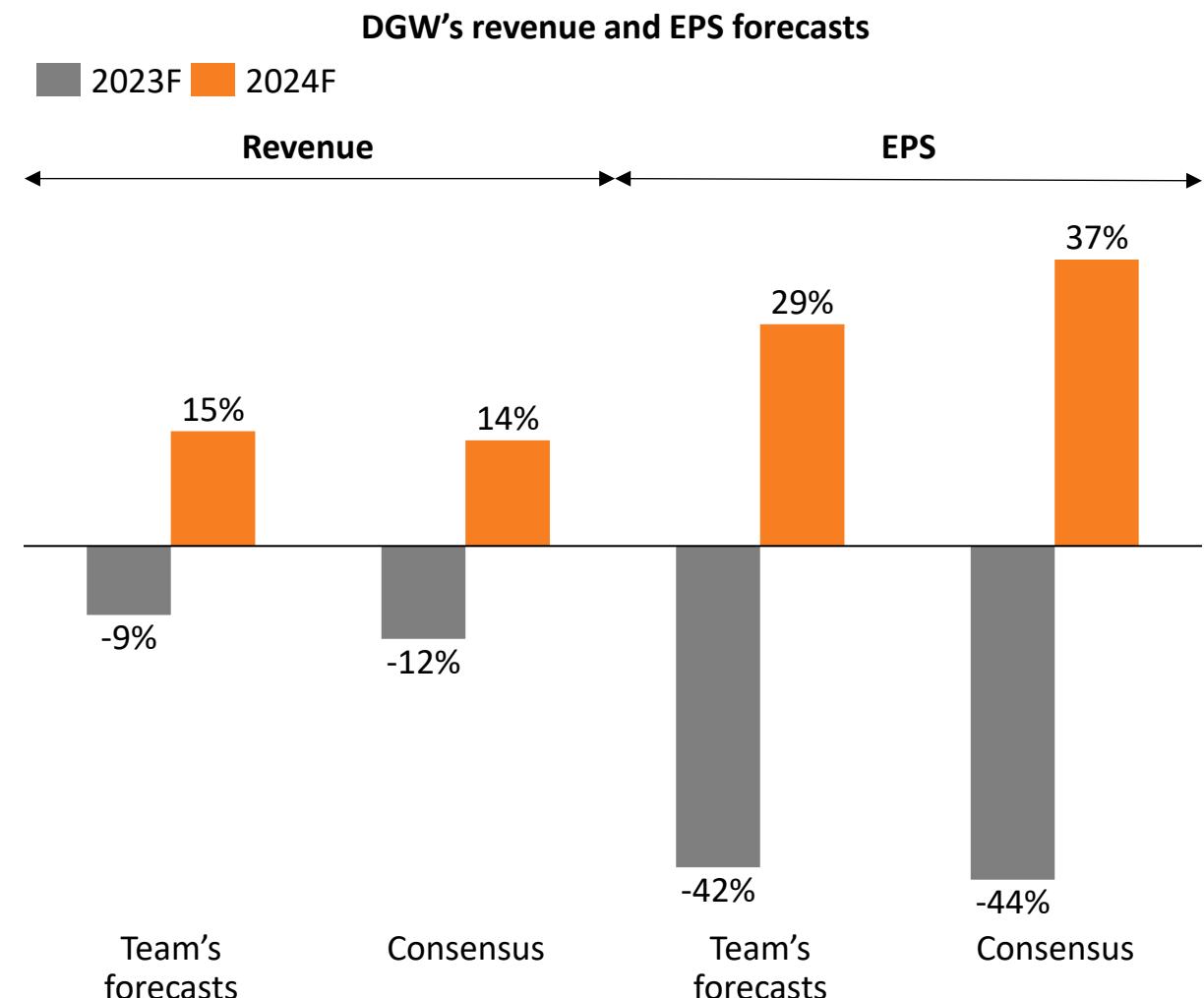


...and ICT replacement cycle



Source: News media, Euromonitor, Bloomberg, Team's compilation and forecasts

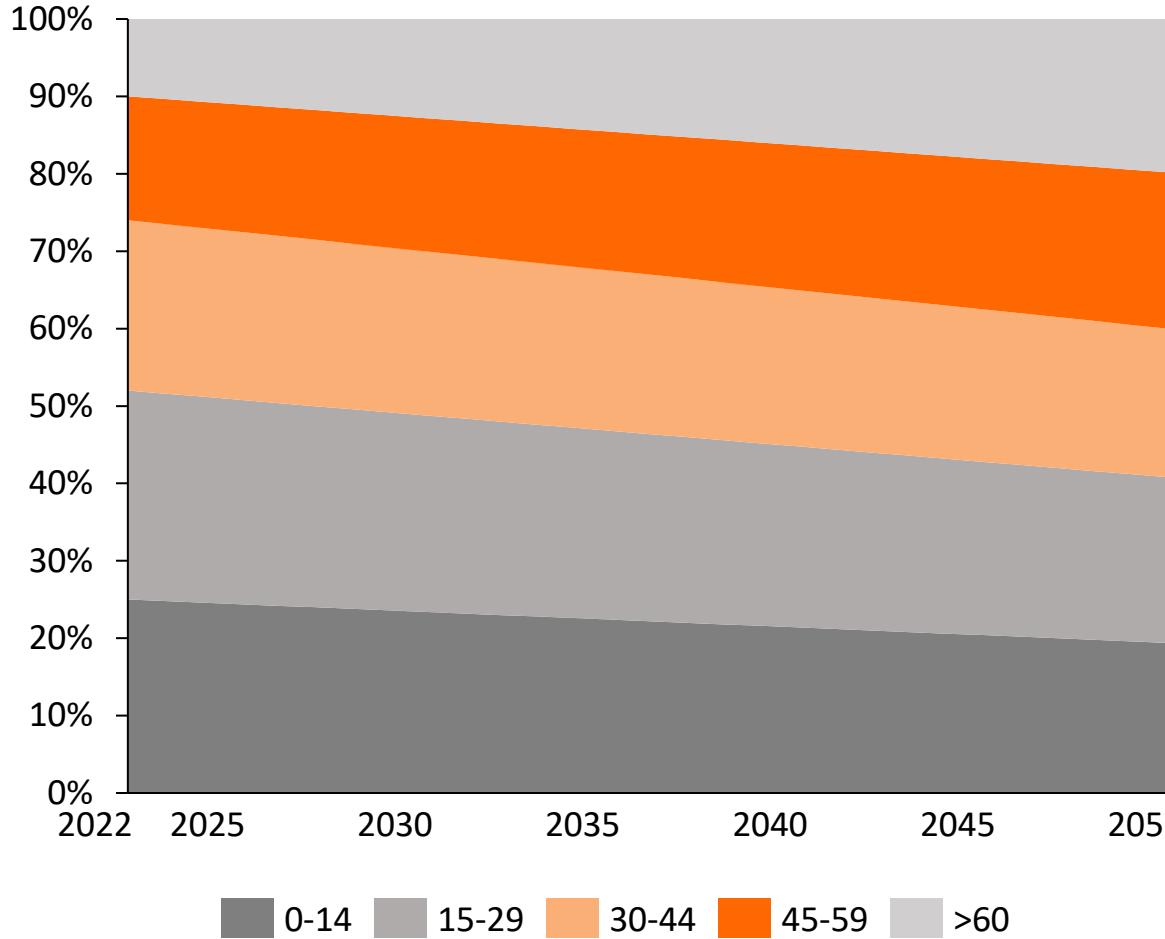
...will drive DGW's sales and earnings to recover in 2024.



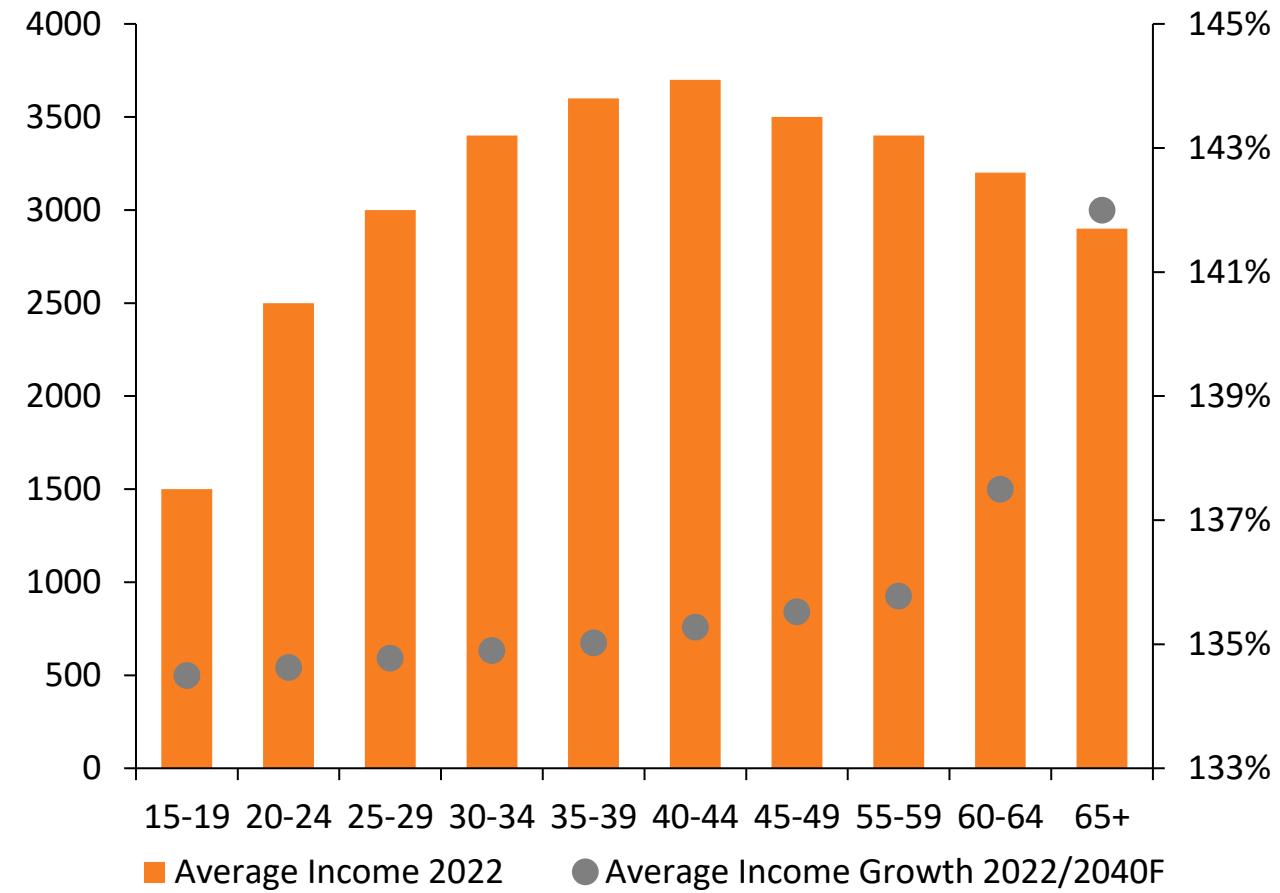
Macroeconomics Analysis

Vietnamese long-term demographic trend support the growth of consumption.

Vietnamese Population Proportion By Age Bracket



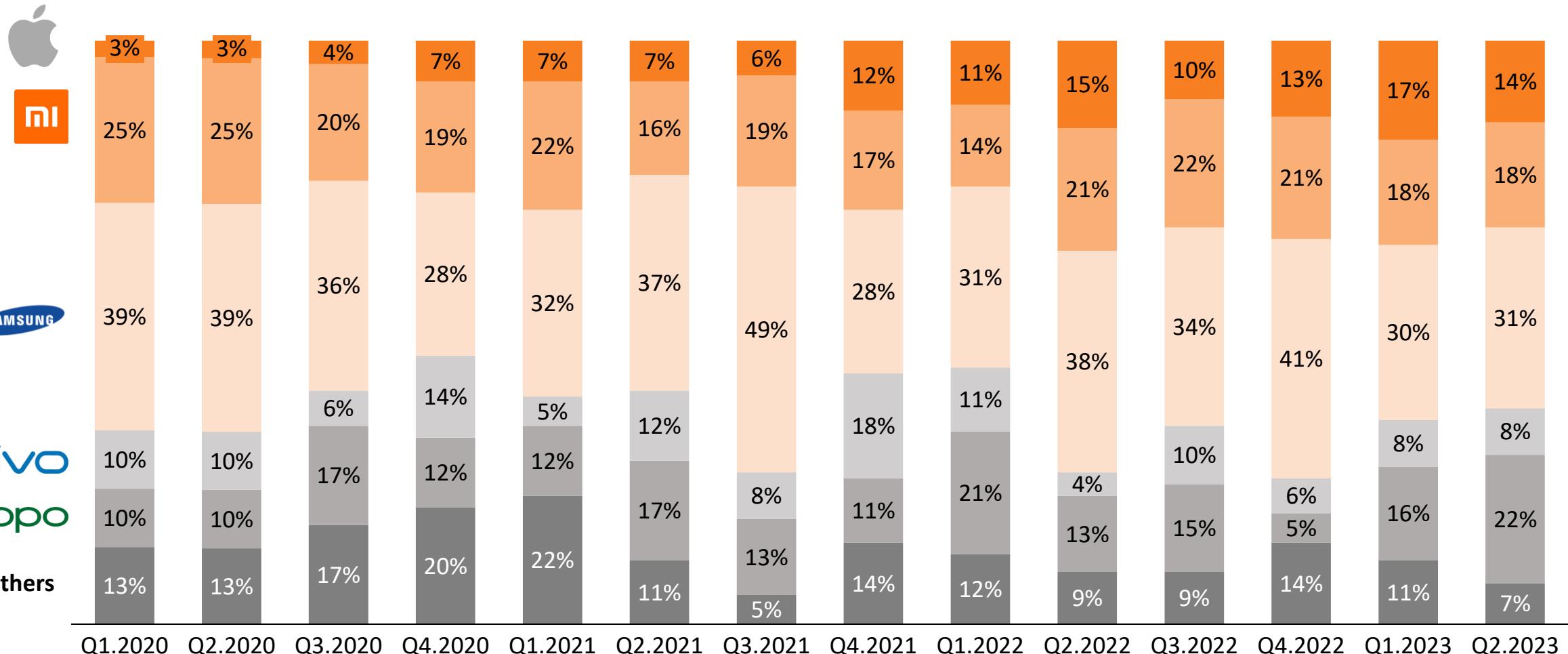
Vietnamese Disposable Income By Age Braket



Source: Euromonitor, Team's compilation, GSO

Industry Analysis

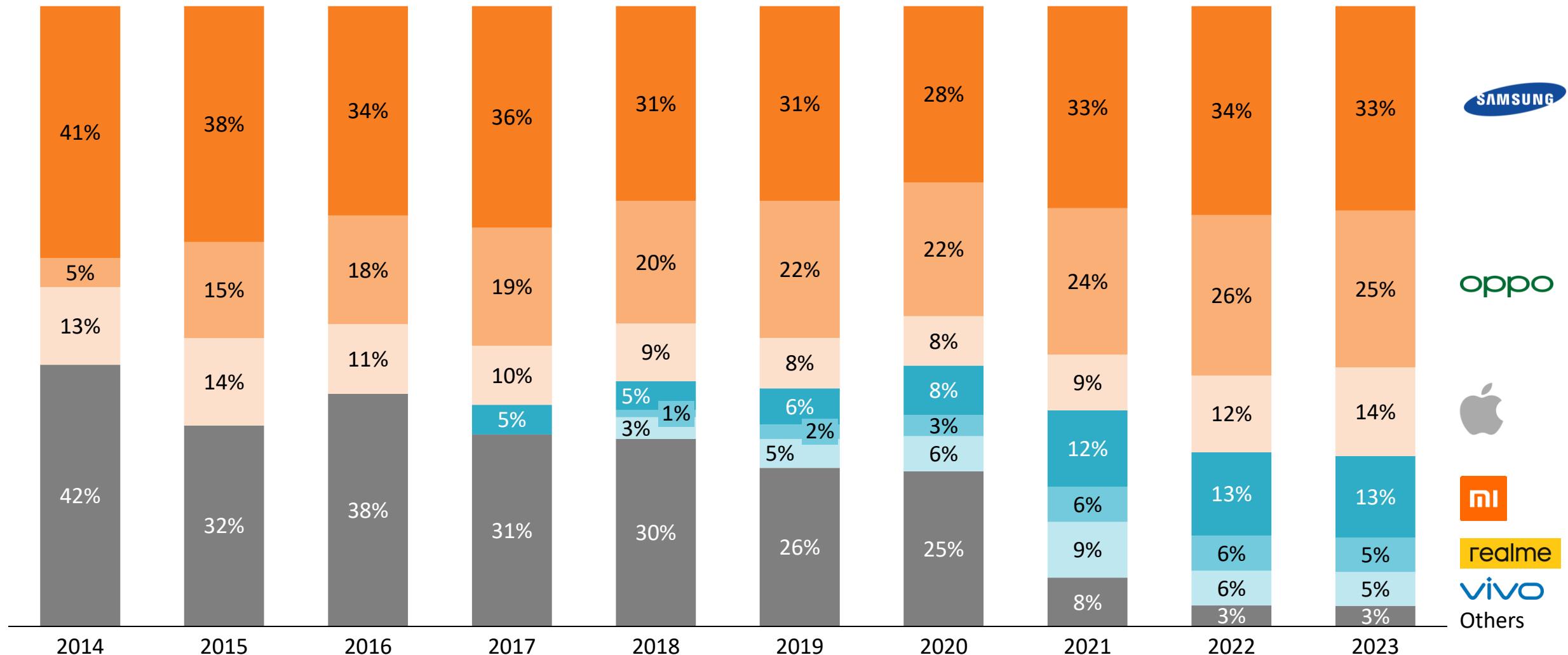
Smartphone And Laptop | Smartphone Market Share By Brands Quarterly (Past 3 Years)



Source: Counterpoint, Team's compilation

Industry Analysis

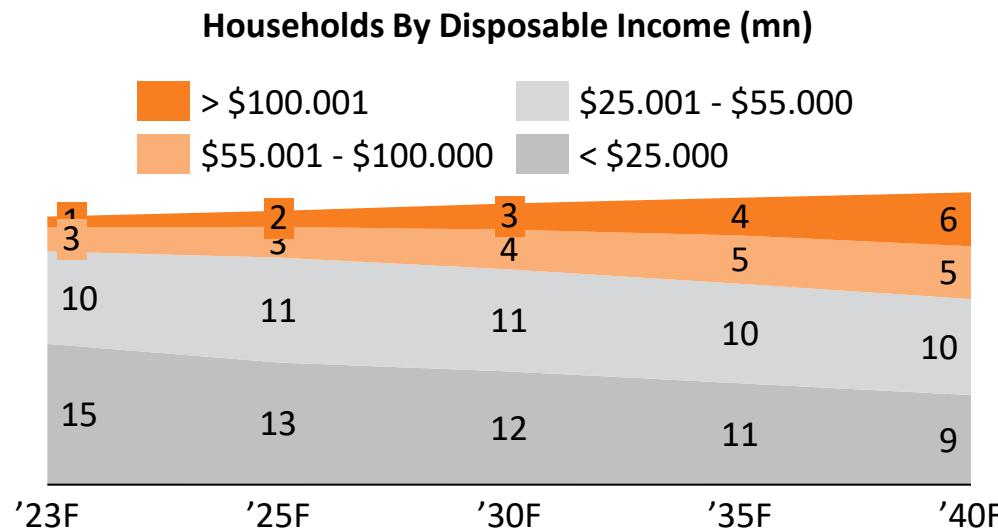
Smartphone And Laptop | Smartphone Volume Market Share By Brands Annually (Past 10 Years)



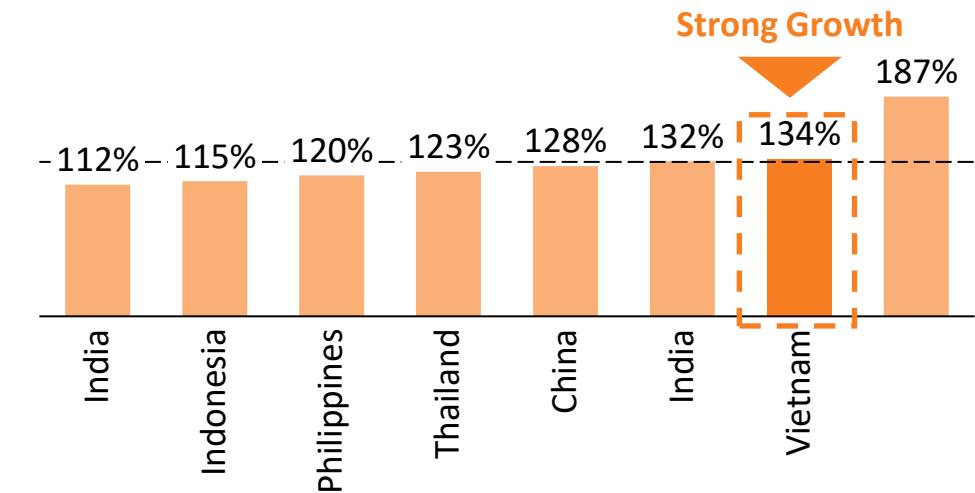
Source: Euromonitor. Others : LG, Blackberry, HTC, Huawei, Lenovo, Sony, Vsmart, Nokia

Industry Analysis

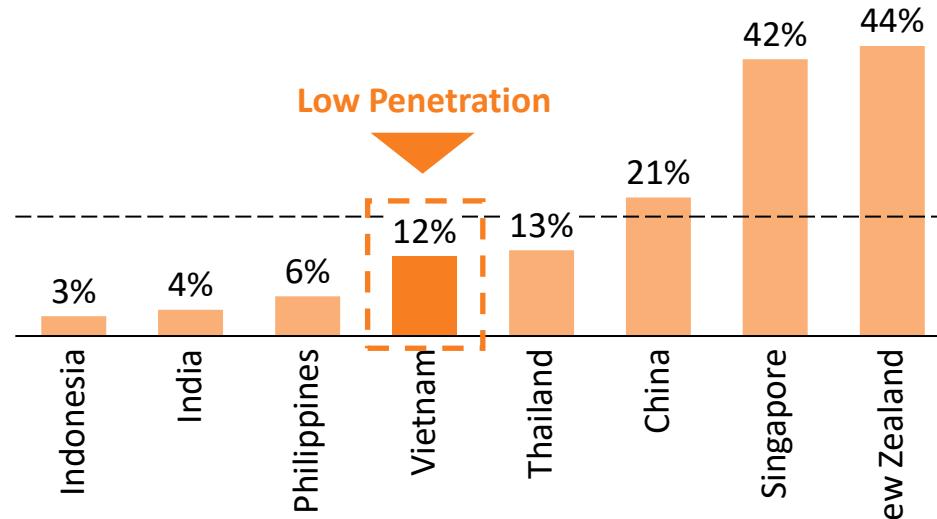
Smartphone And Laptop | Premiumization Trend



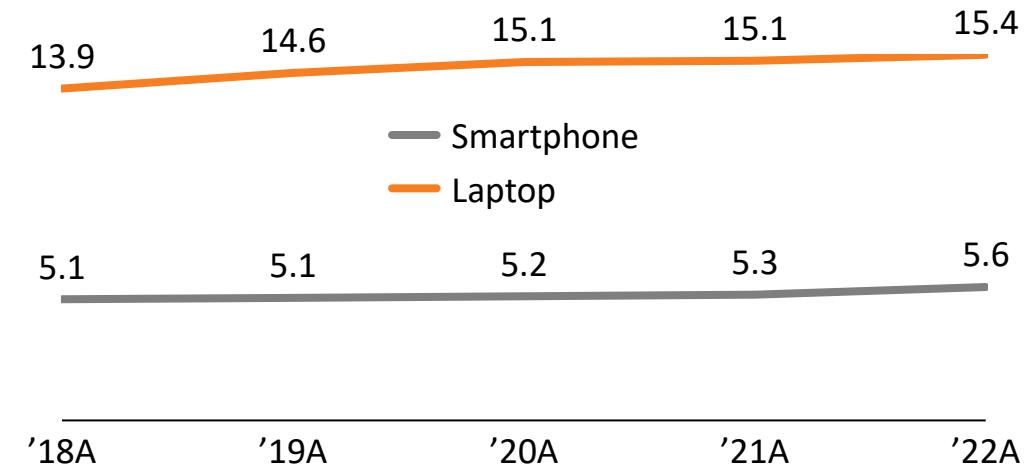
Smartphone Average Selling Price YoY% In APAC In 2024F (%)



Premium Smartphone (>800\$) Market Share In APAC In 2024F (%)



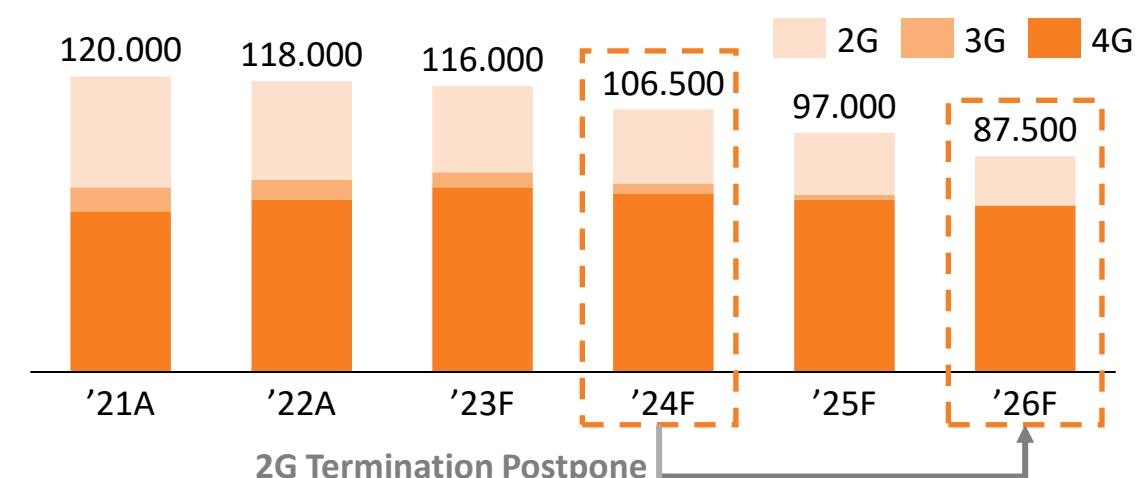
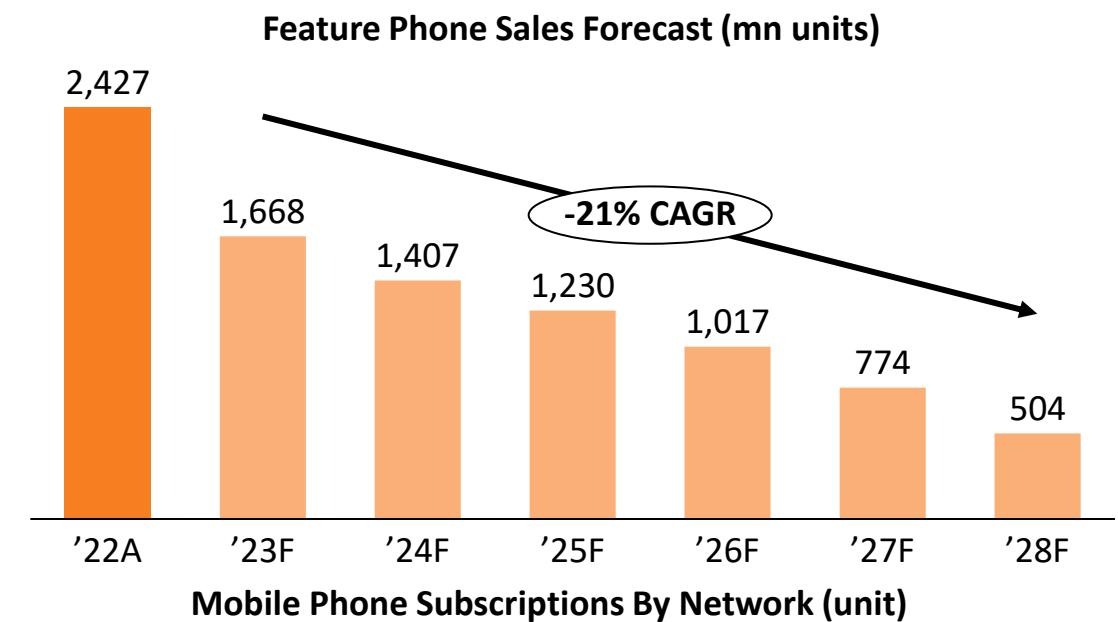
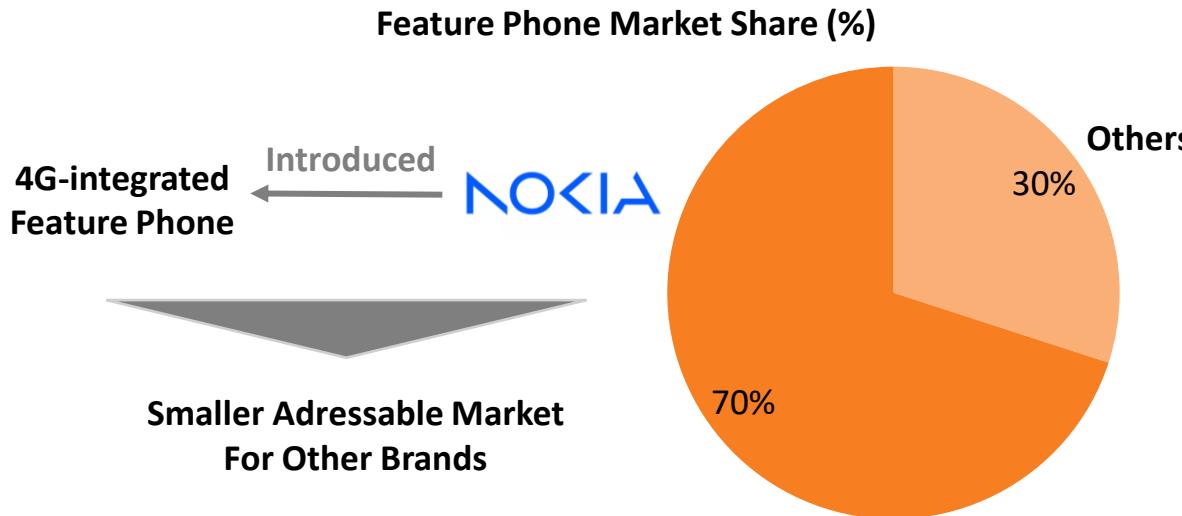
Smartphone And Laptop Average Selling Price (VNDmn)



Source: DGW, Euromonitor, Counterpoint, Team's compilation

Industry Analysis

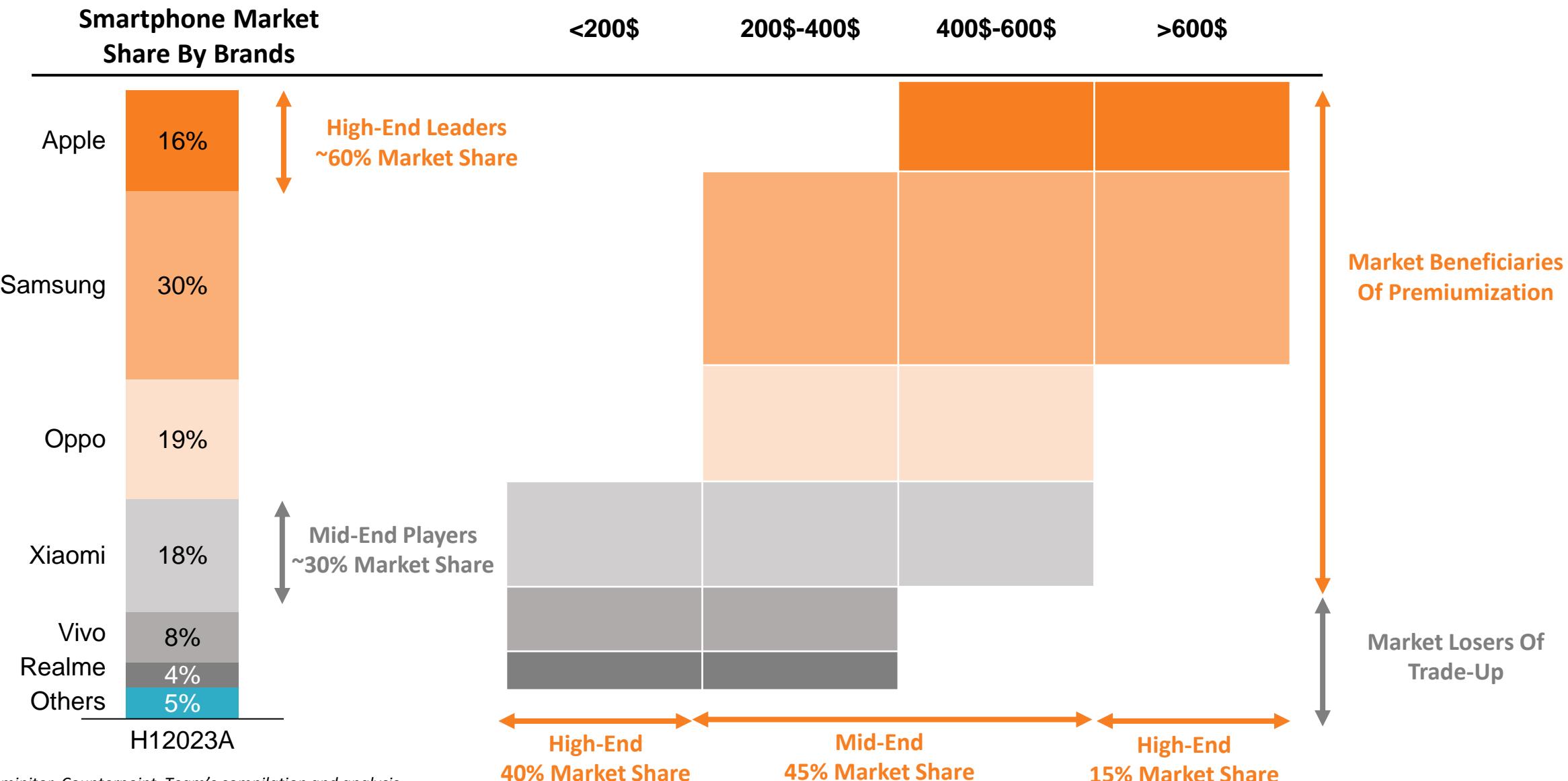
Smartphone And Laptop | Affordable Segment



Source: MIC, Euromonitor, Fitch Solutions, Team's compilation

Industry Analysis

Smartphone And Laptop | Smartphone Market Share By Brand With Price Segment

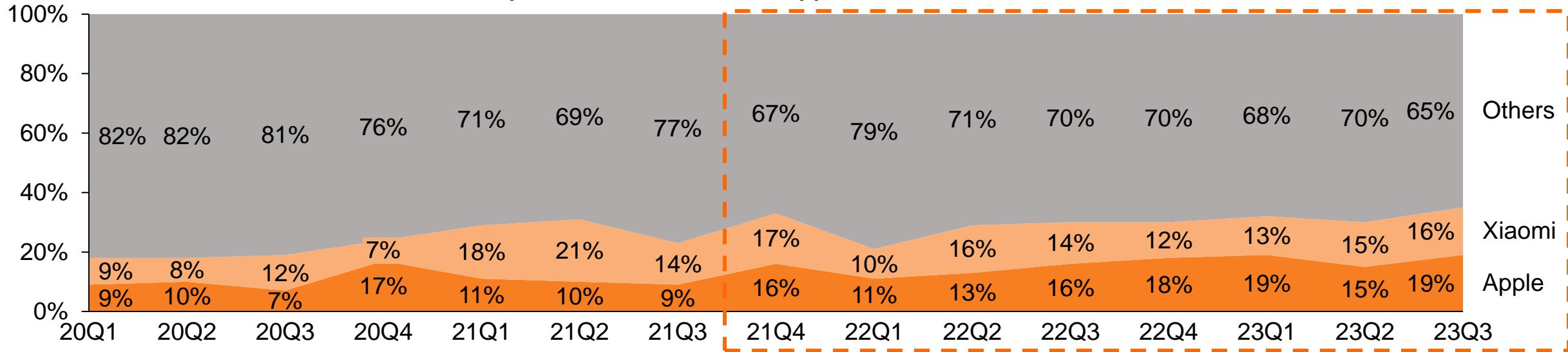


Industry Analysis

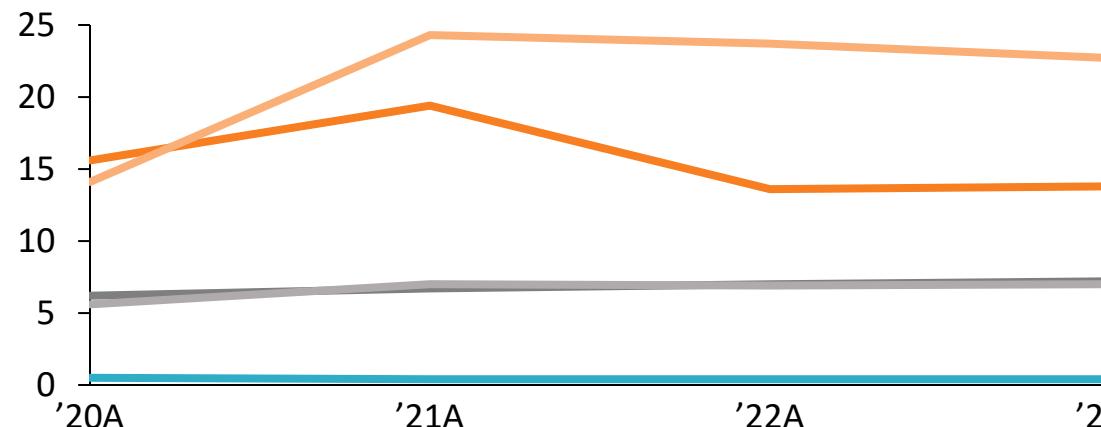
Smartphone And Laptop | Xiaomi And Apple Market Share In Peers Countries



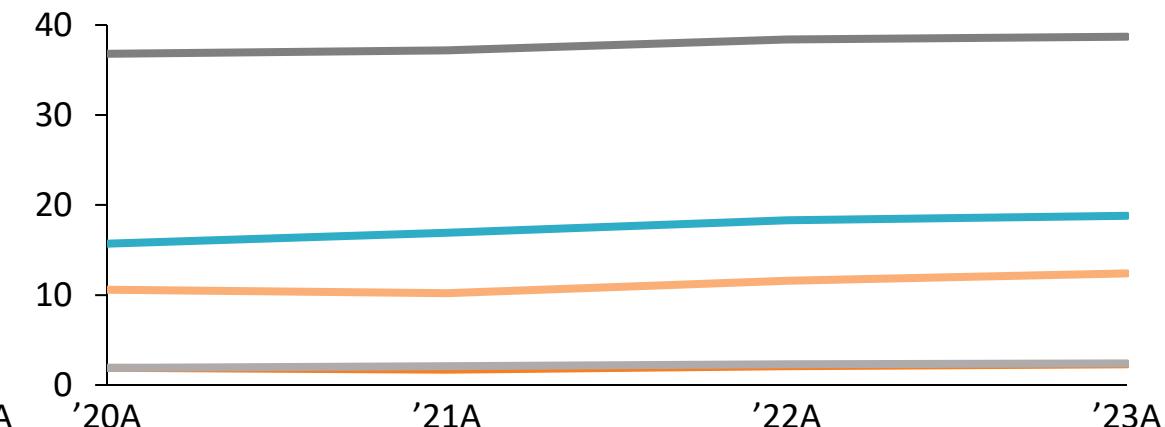
Smartphone Market Share Of Apple And Xiaomi In Thailand



Smartphone Market Share Of Xiaomi In Other Countries (%)



Smartphone Market Share Of Apple In Other Countries (%)

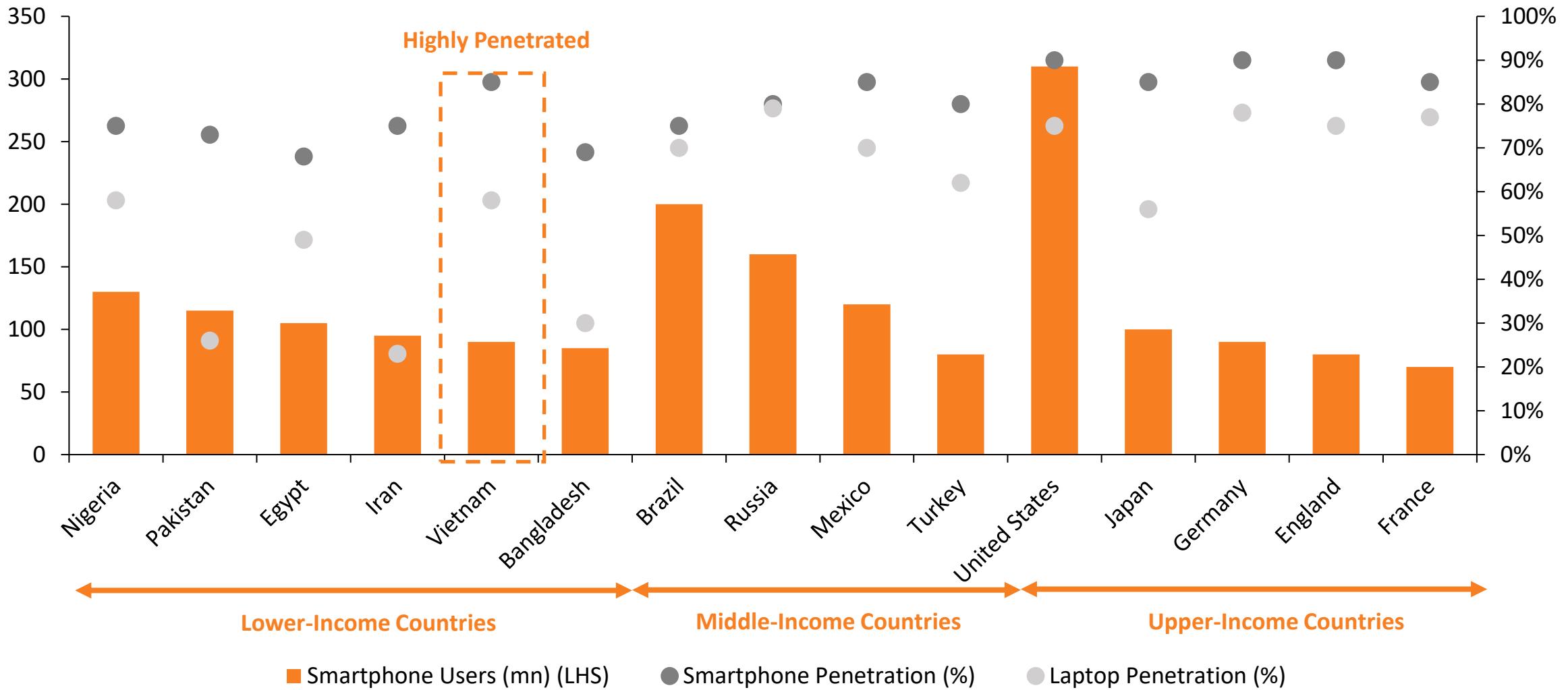


Source: Euromonitor, IDC, Team's compilation and analysis

— Indonesia — Malaysia — Singapore — Philippines — South Korea

Industry Analysis

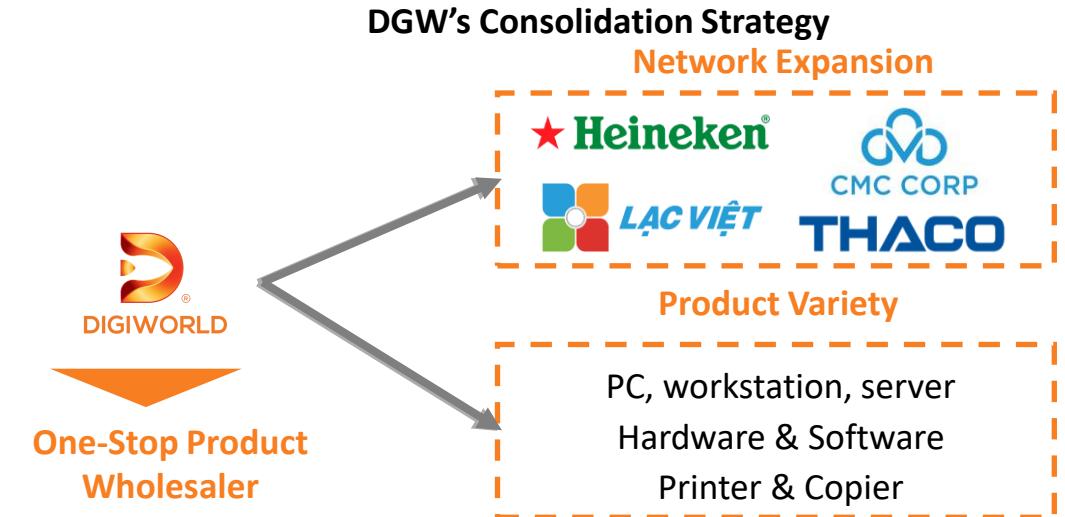
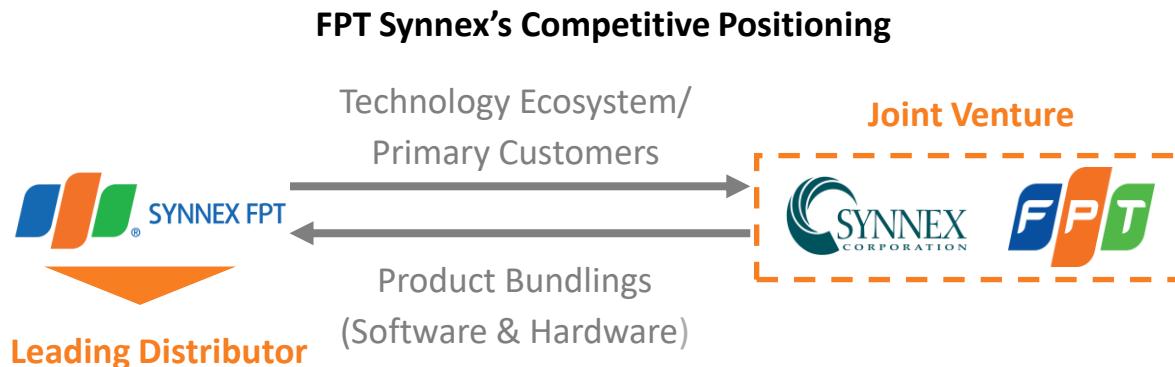
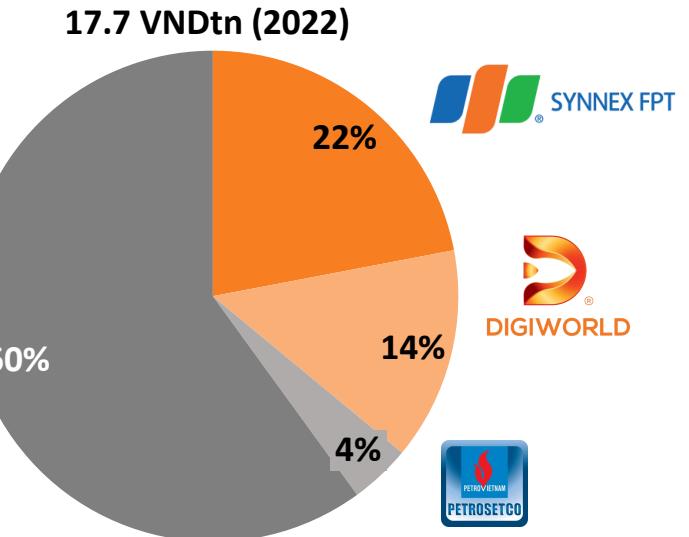
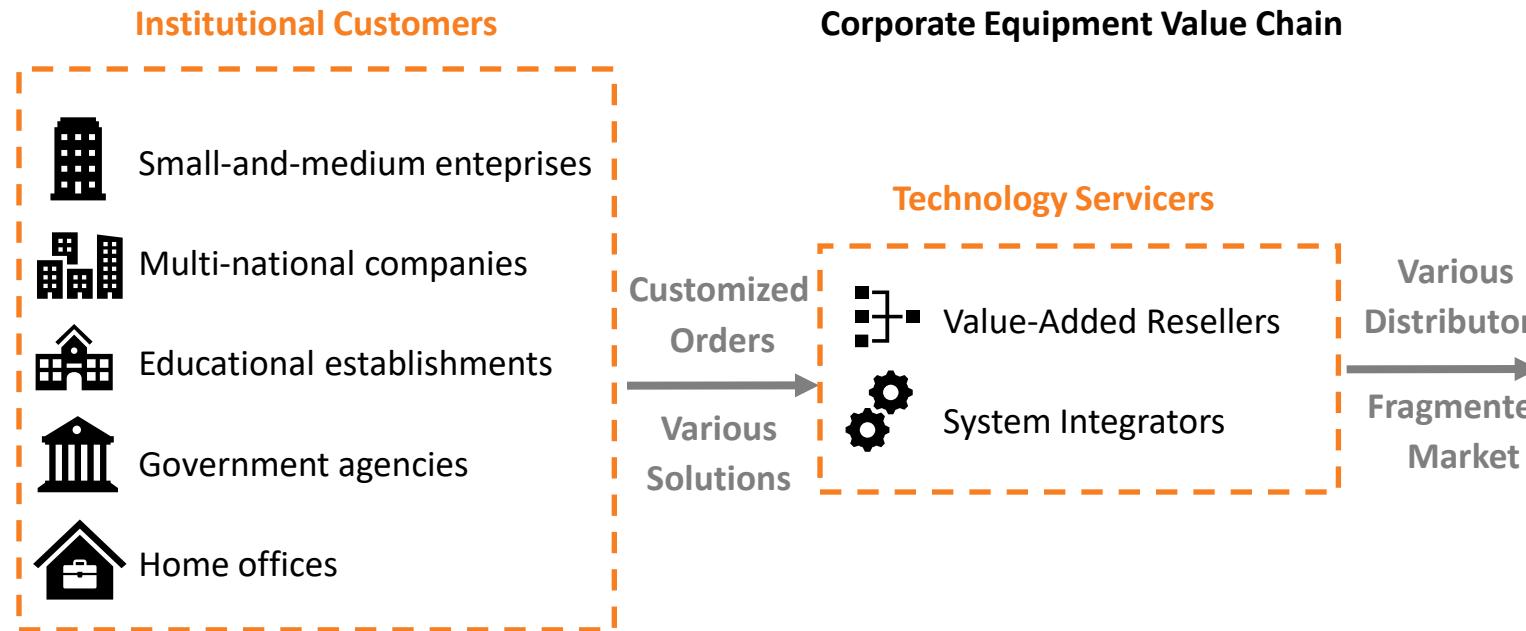
Smartphone And Laptop | Penetration Rate In Other Countries By Income



Source: Euromonitor, Data Repotal, FPTS, Team's compilation and estimates

Industry Analysis

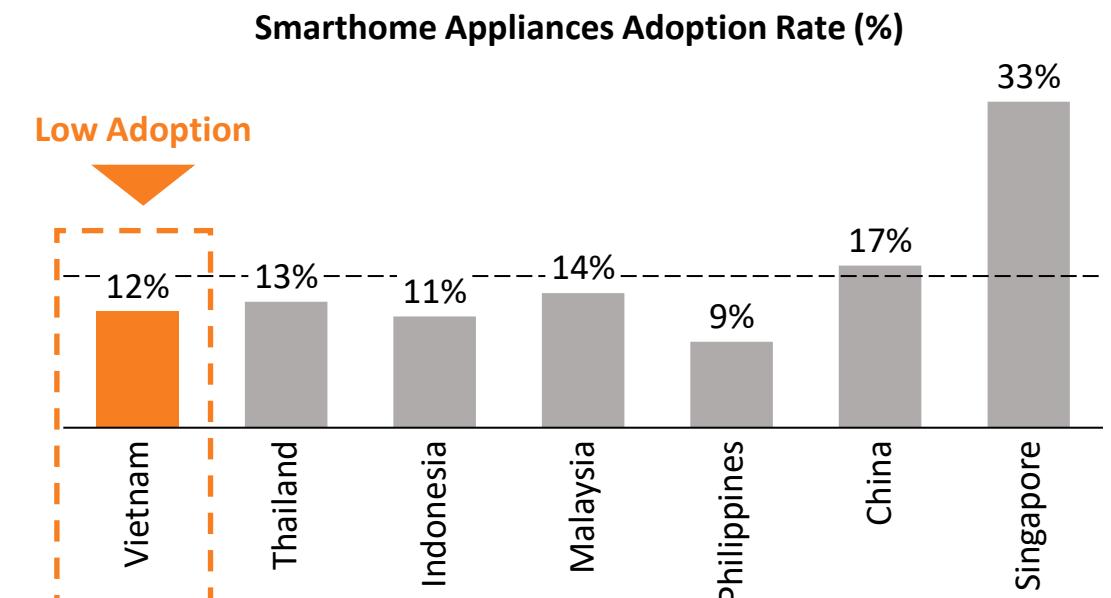
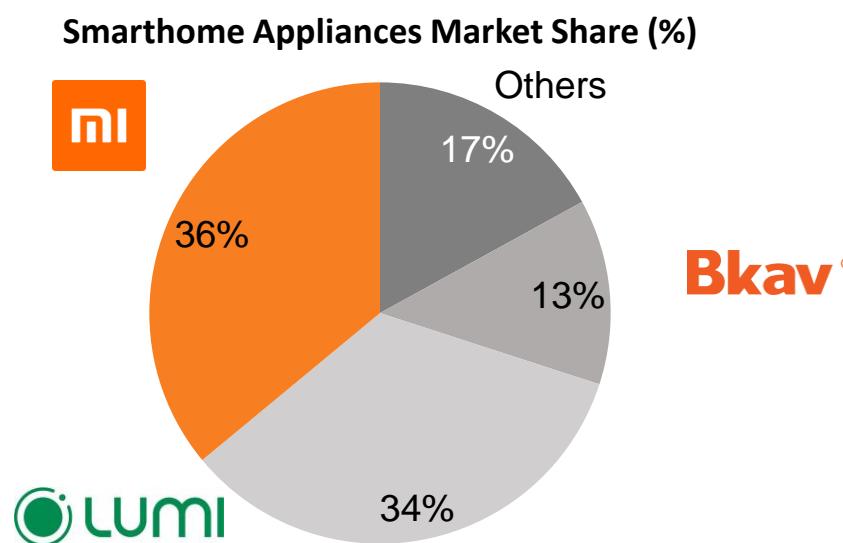
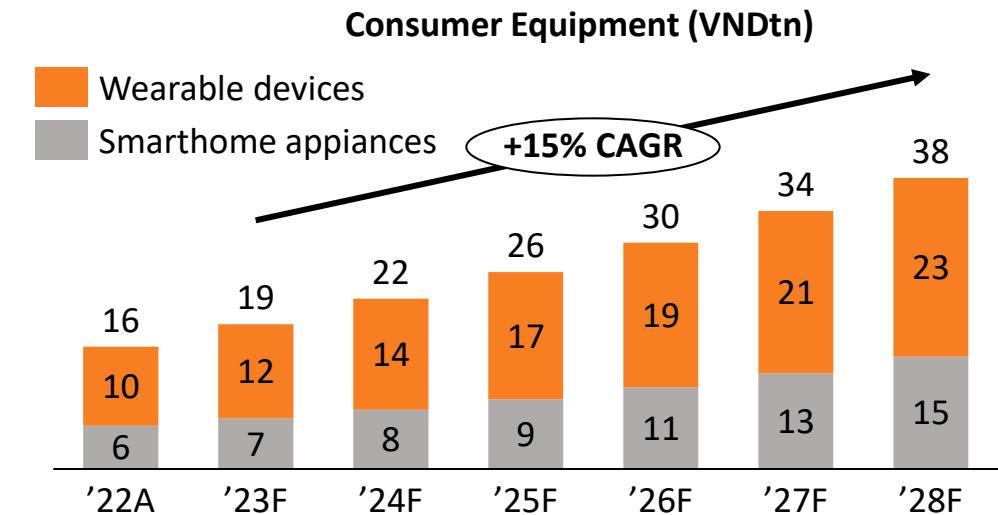
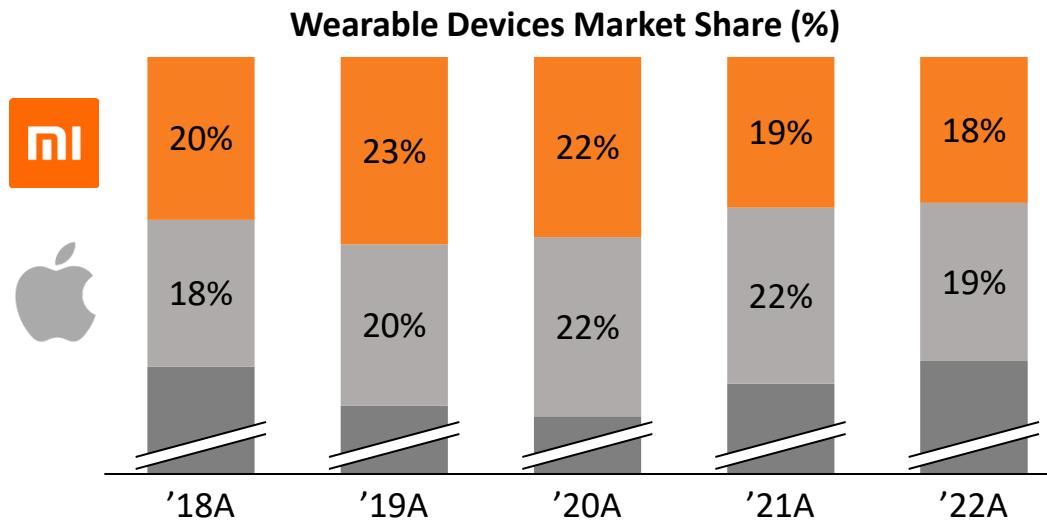
Office Equipment | Corporate Equipment



Source: DWG, Achison, FPT Synnex, Team's compilation & analysis

Industry Analysis

Office Equipment | Consumer Equipment



Source: Lumi, Euromonitor, Team's compilation & analysis

Industry Analysis

Office Equipment | Industrial Equipment

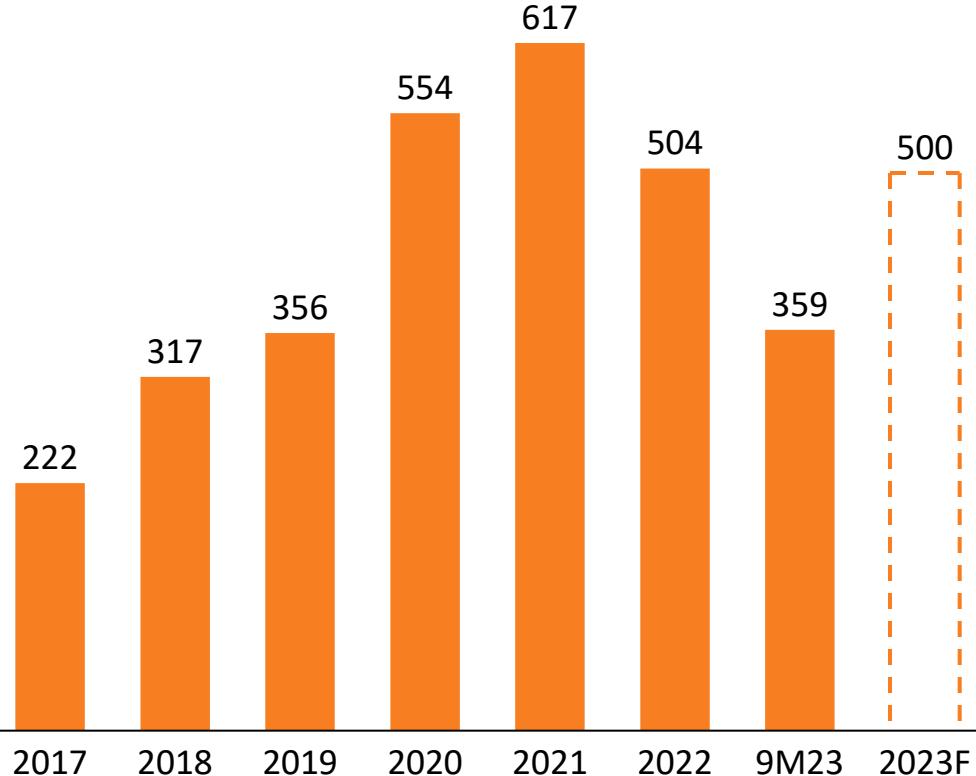


20+ years of experience



Expansion to the North

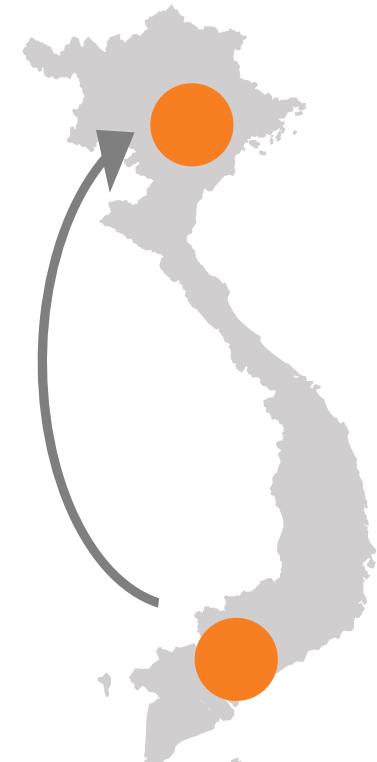
Achison revenue (VNDbn)



LEADING BRAND PORTFOLIO



LEADING CLIENT NETWORK



Source: Achison, DGW, Team's compilation

Industry Analysis

Industrial Equipment | Modest market size with high market fragmentation



IE market size			Market size (2023, VNDbn)	13,072
# of workers	Volume	Price	USD/VND exchange rate	24,000
Sum of # workers of manufacturing, mining & construction industries	Annual purchase frequency	Website price	Market size (2023, USDbn)	0.54
(1 - %managers)	% workers who need	Bulk purchase discount	Number of workers (2022, persons)	16,603,700
Law violation rate			% managers & professionals	10%
			Law violation rate	10%
			Total number of well-equipped workers	13,476,730
			Annual growth in number of workers	2.0%
			Workers who need PPE (2023, persons)	13,744,916
			Item	240 workdays/year
				Annual frequency
				% workers who need
				Price/item (VND)
				Retail Weighted price
			Helmet	0.5
			Face shield	1.0
			Glasses	1.0
			Normal facemasks	240.0
			Specialized masks	0.5
			Gloves	4.0
			Shoes	0.5
			Clothes	1.0
			Lifeline	0.5
			Other Equipments (Handheld, barriers, etc.)	0.2
			Average annual spending on PPE / worker (retail, VND)	1,056,736
			Bulk purchase discount	-10%
			Average annual spending on PPE / worker (wholesale, VND)	951,063

The market is highly fragmented. For instance, Achison - a company with 20+ years of experience, leading brand portfolio and clients like Achison only accounts for ~5% market share.

(2023F revenue = VND 500bn)

Source: Achison, DGW, Team's estimates

Double check: Calculate PPE spending / Total revenue

Rev mining companies (2020)	392,305
Rev manufacturing companies (2020)	11,994,029
Rev construction companies (2020)	1,655,339
Total rev (2020, VNDbn)	14,041,673
2022/2020 rev growth (assume equals to 2023F/2020 exports growth)	32%
Total rev (2023, VNDbn)	18,467,697
PPE spending / Total rev (2023)	0.07%

Double check: PPE Spending in Indonesia

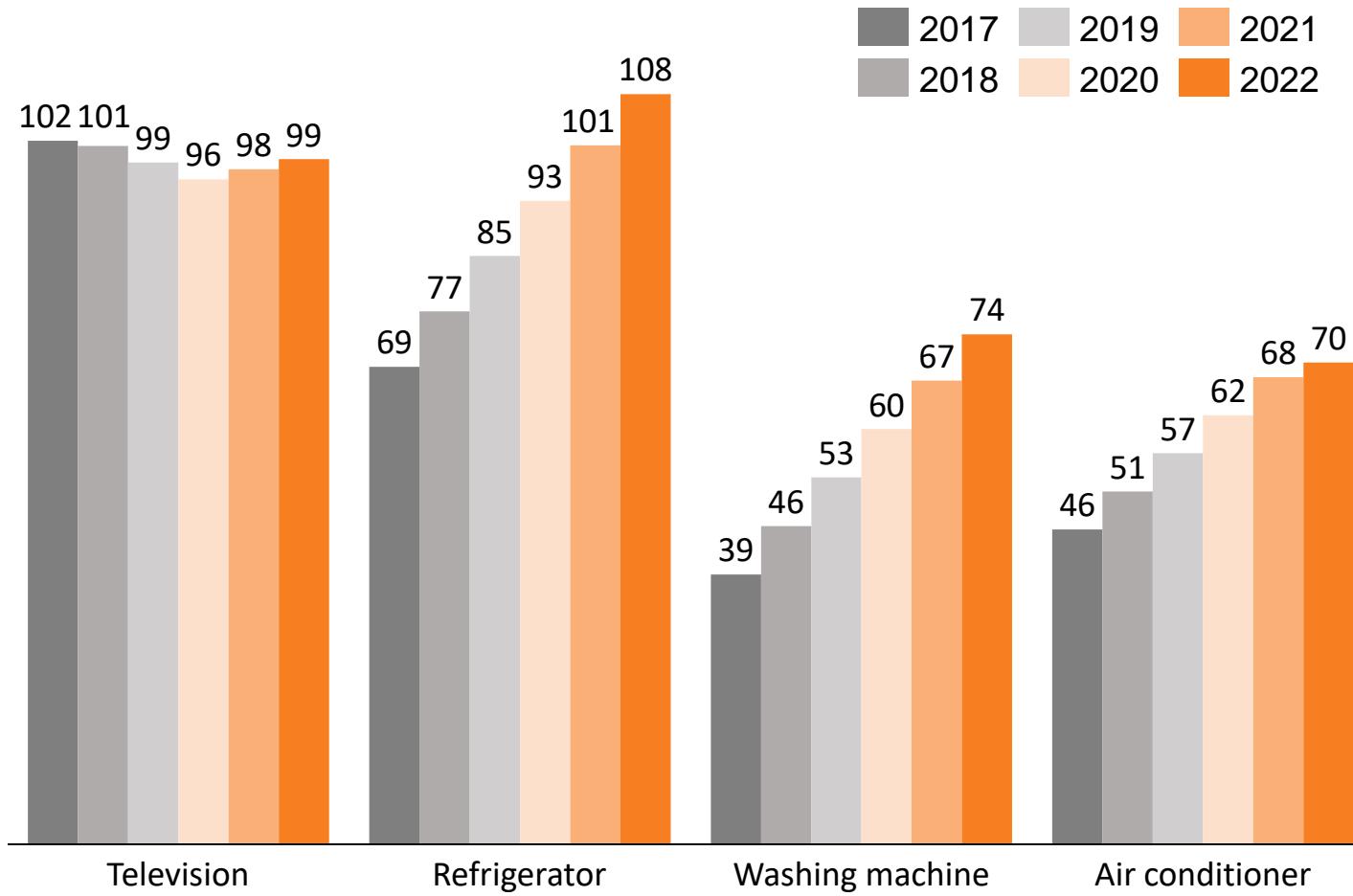
Market size (USDbn)	1
Market size (VNDbn)	24,000
Number of worker (persons)	26,265,513
Annual PPE spending / worker - Indonesia (VND)	913,746
Annual PPE spending / worker - Vietnam (VND)	951,063

Industry Analysis

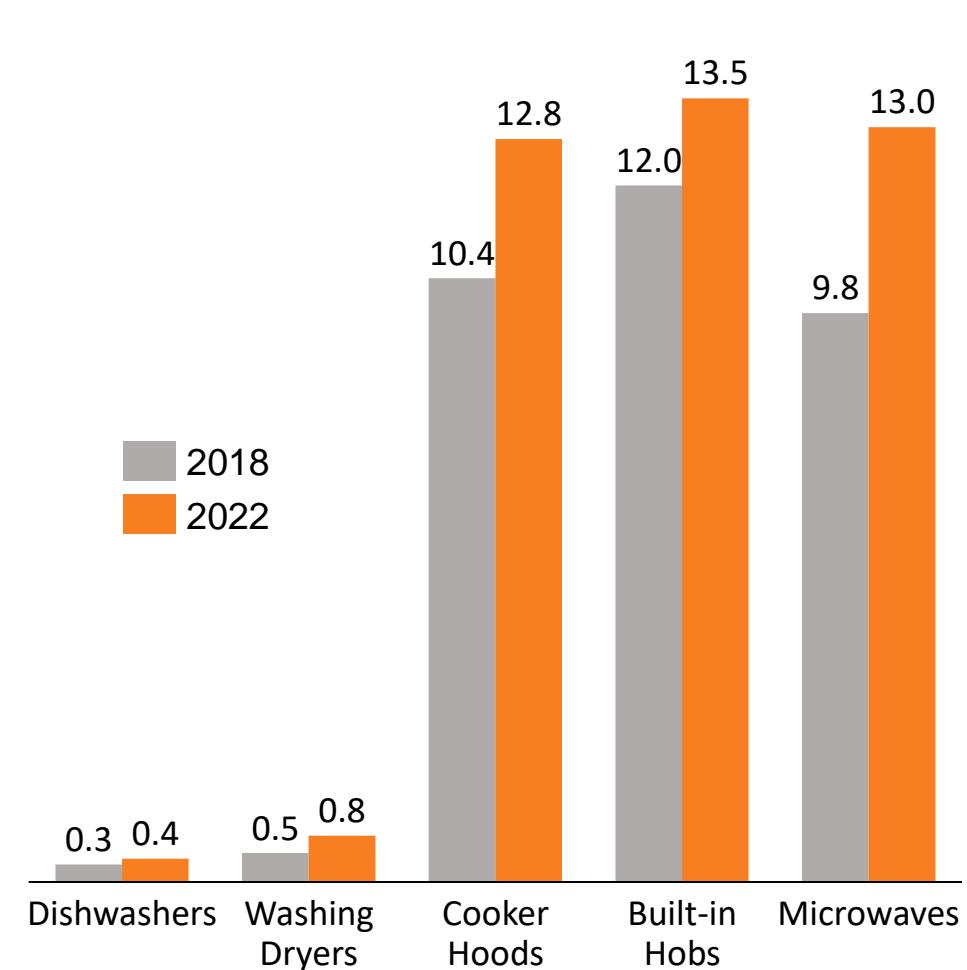
Non-ICT Segment | Penetration Rate For Home Appliance



Large Home Appliance Penetration Rate (%)



Small Home Appliance Penetration Rate (%)



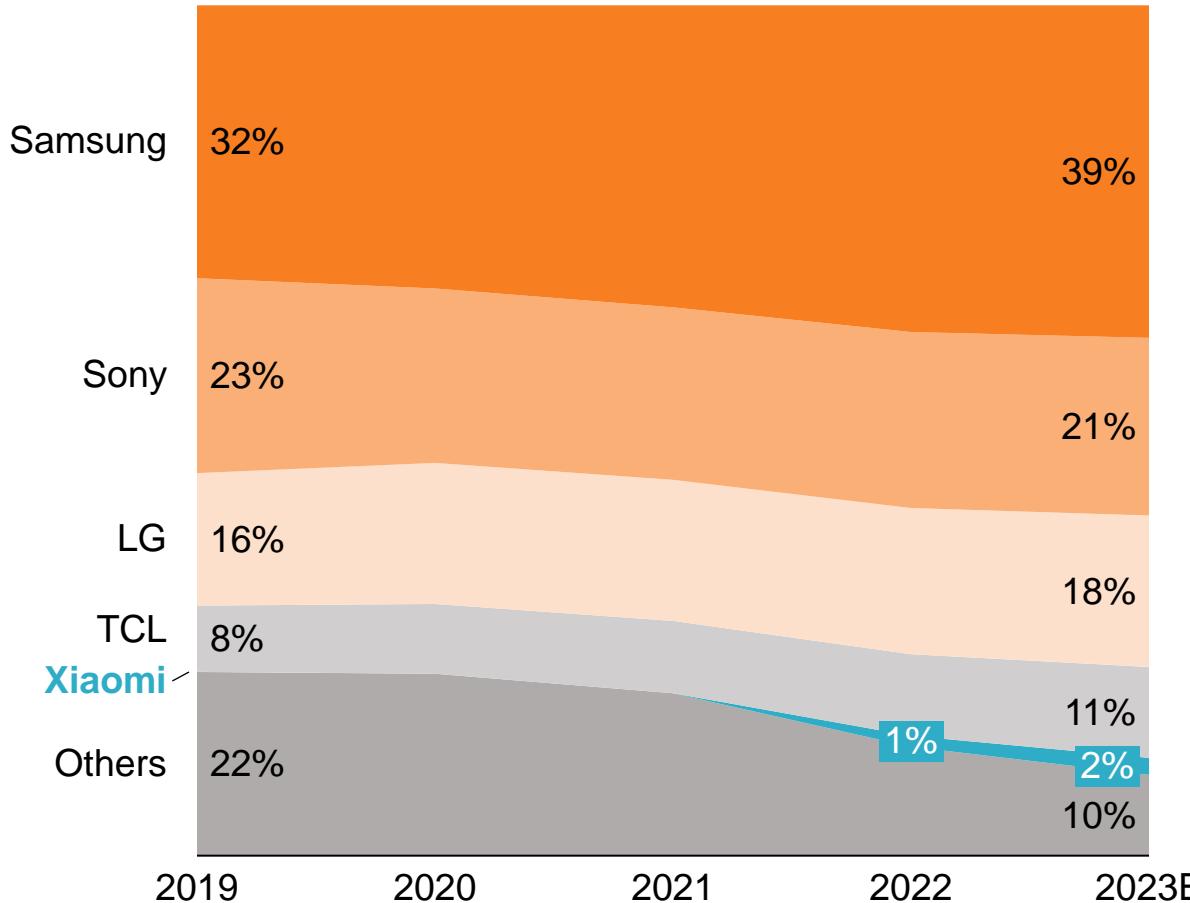
Source: Euromonitor, Team's compilation

Industry Analysis

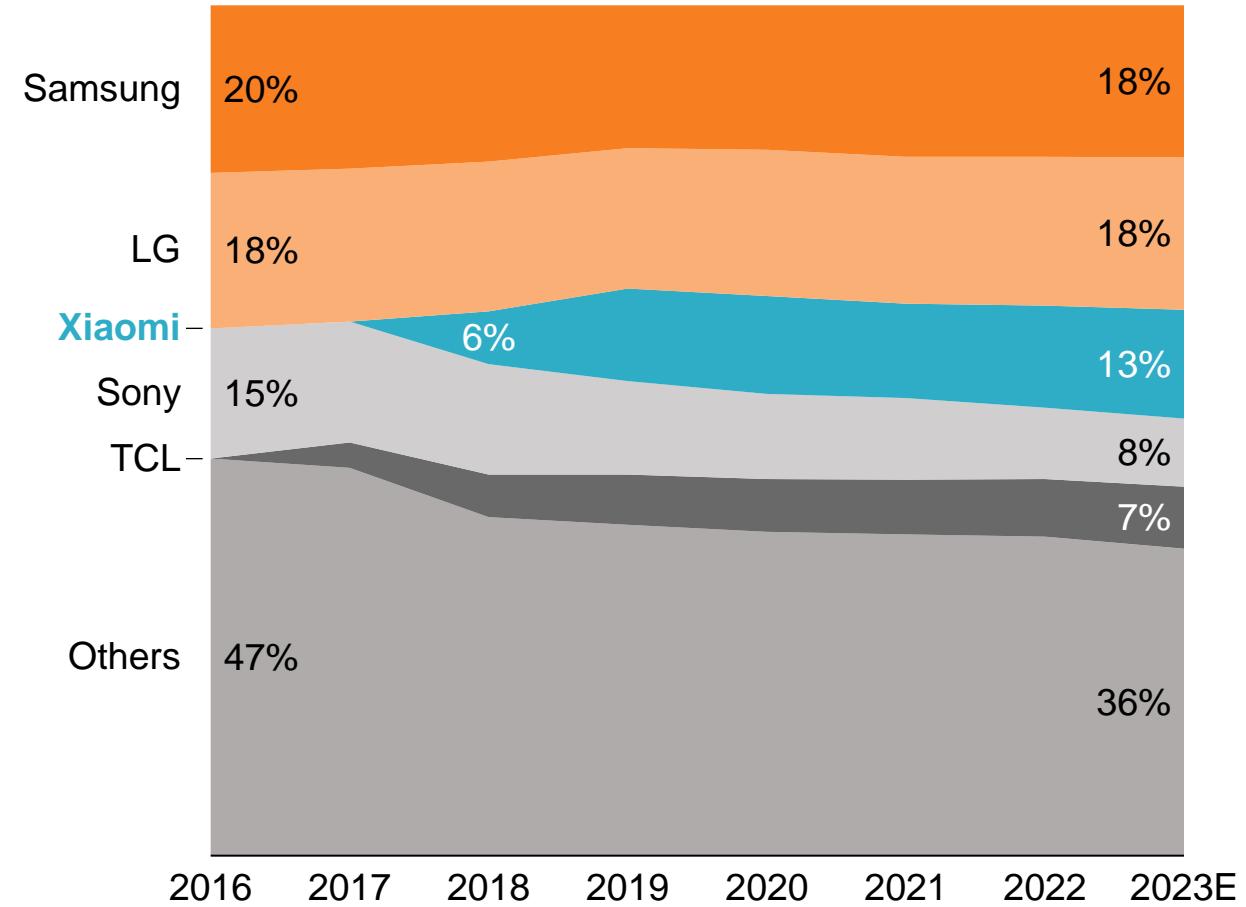
Non-ICT Segment | Large Home Appliances – Television Market



TV Market Share By Brands in Vietnam (%)



TV Market Share By Brands in India (%)



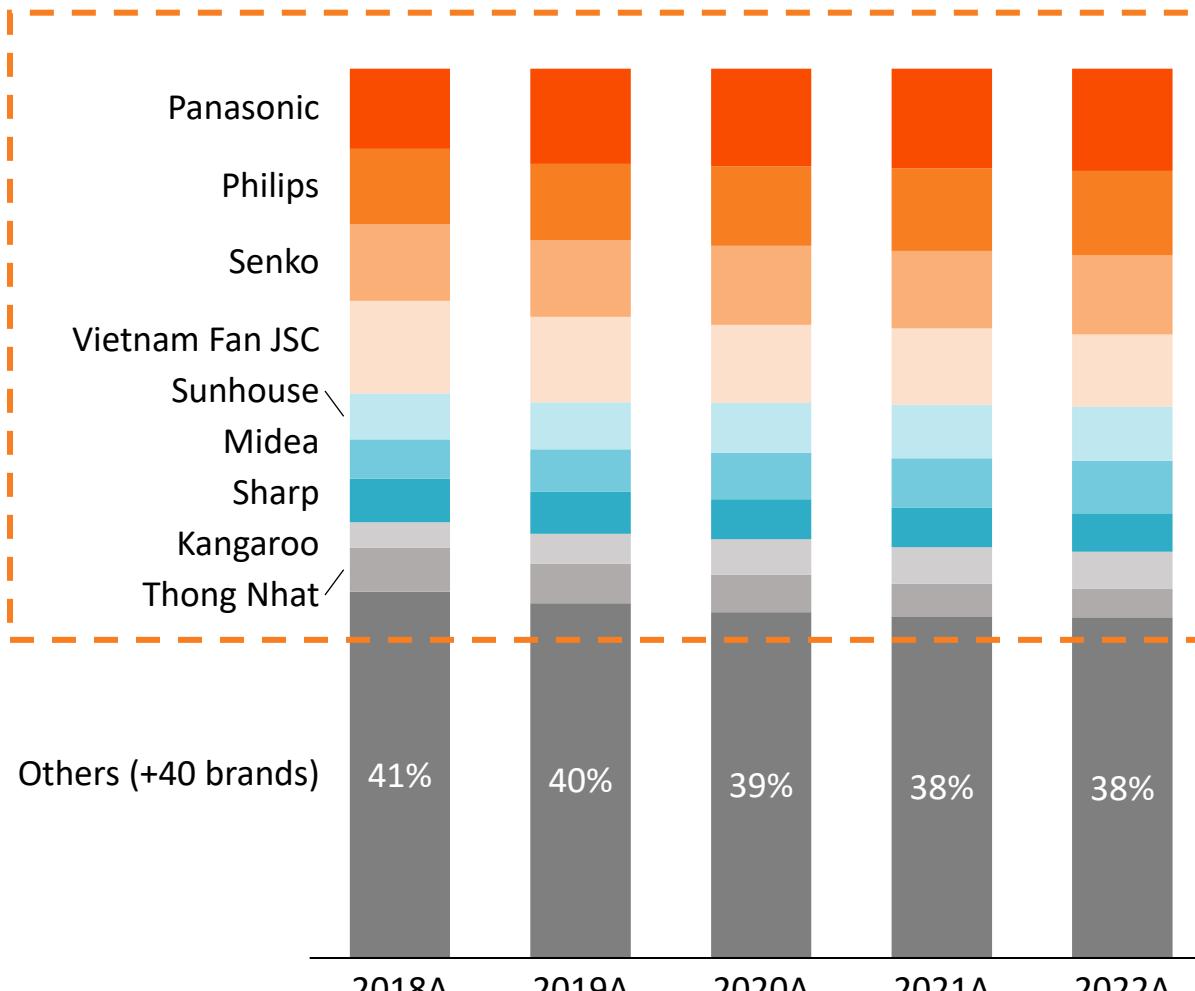
Source: Euromonitor, Team's compilation

Industry Analysis

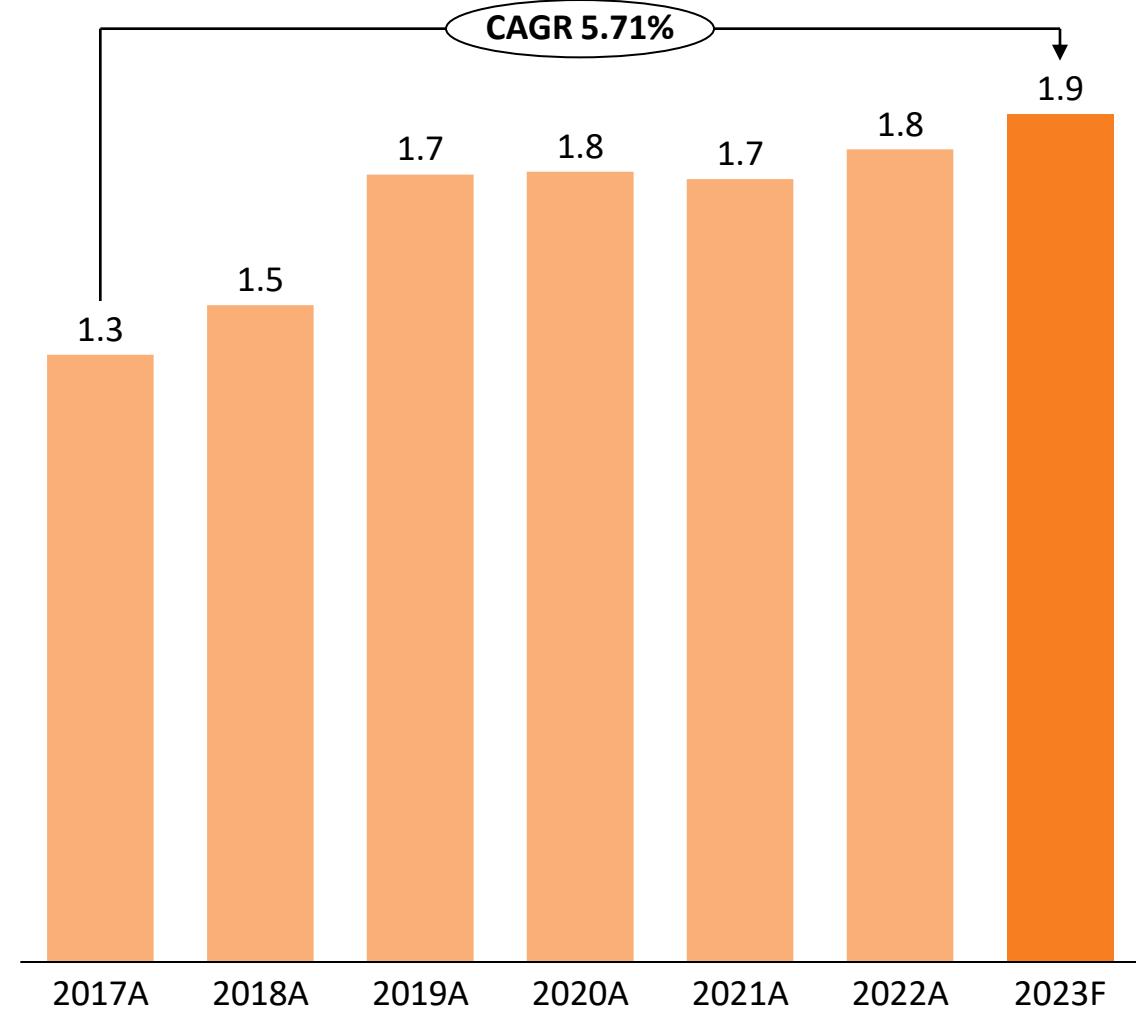
Non-ICT Segment | Small Home Appliances – Market Share And Market Size



Small Home Appliance Market Share (%)



Small Home Appliance Market Size (USDbn)



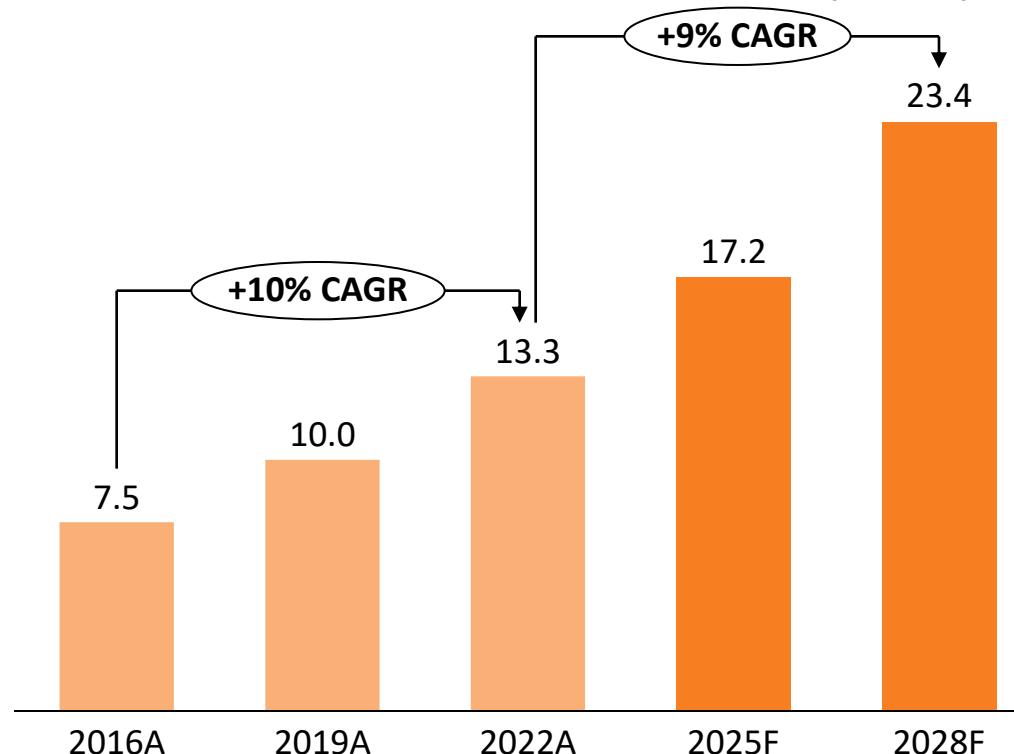
Source: Euromonitor, Team's compilation

Industry Analysis

Non-ICT Segment | Market Size And Market Growth For Consumer Goods And Healthcare

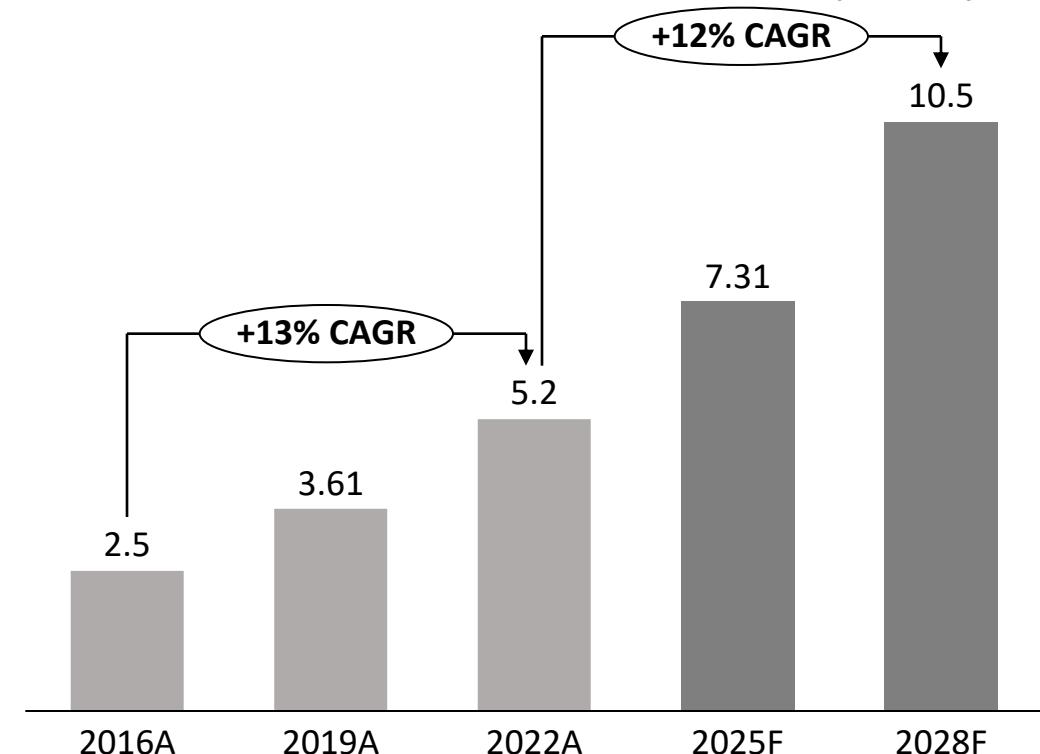
- Disposable Income Growth
- Urbanization & Premiumization
- Various Product Launches

Consumer Goods Market Size And Growth (USDbn)



- Disposable Income Growth
- Aging Population
- Health Awareness

Healthcare Market Size And Growth (USDbn)



Source: DGW, Roland Berger, Team's estimates & analysis

Strengths

- Non-replicate one-stop solution Market Expansion Service (MES)
- An extensive distribution network with nationwide coverage
- An efficient operation through ERP management
- Management expertise and extensive experience
- A diverse brand portfolio spanning various segments

Weaknesses

- A 'Chicken and Egg' dilemma: Well-established brands only partner when the company has a successful track record
- Undifferentiated offerings for already well-build brands
- Lack of competitive advantage in non-ICT sectors
- Dependent on brands' decision and policy



SWOT



- The growth of middle-and-affluent income class with the potential consumption for ICT and non-ICT goods
- The premiumization trend to upper-end ICT products
- The introduction of non-ICT brands in the Vietnamese market
- Low ownership rate of Internet of Things (IoTs) and high inflows of Foreign Direct Investment (FDI)

- Losing contracts with well-known brands
- Unfavorable policies from brands
- Wholesalers's channel bypassing
- Retailers' market competition and consolidation
- Supply chain disruptions

Opportunities

Threats

Competitive Positioning

Porter's Five Forces

THREAT OF NEW ENTRANTS - INSIGNIFICANT

With requirements for a large-scale investment in extensive distribution system, deep partner relationships, and diverse product portfolio, entering the ICT distribution market is relatively challenging, leading to formidable barriers to entry. Furthermore, leading distributors have accumulated professional expertise and established reputable brands, which are of importance to capture and gain the market share. Therefore, we perceive the threat of new entrants as **INSIGNIFICANT**.

POWER OF CUSTOMERS - MODERATE

Customers of the ICT wholesalers are primarily independent stores, reseller agents, and retail chains. Given the low switching cost, such customers partner with different wholesalers because of the requirement for wide-ranging products portfolio, and far-reaching distribution network. Moreover, with a price-competitive retail industry, distributors have to provide rebates program or trade discounts secure their market share, leading to the reductionr of profit margin. As a consequence, we consider the bargaining power of customers to be **MODERATE**.

POWER OF SUPPLIERS - HIGH

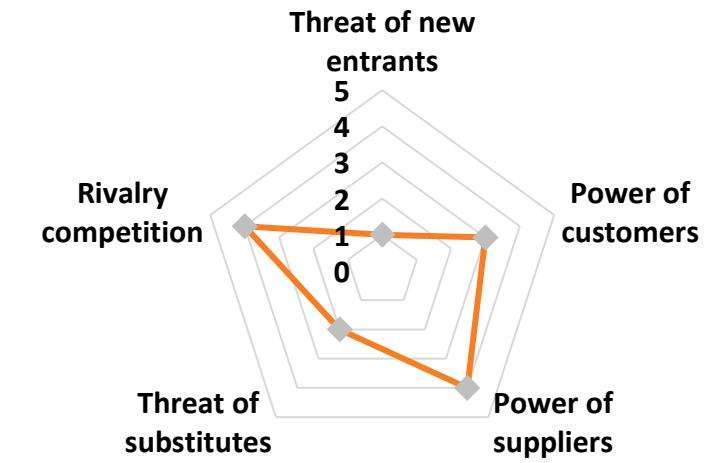
Suppliers of ICT distributors are mainly ICT manufacturers, either well-established players and newly-joined participants in the market. While competitors involves only in traditional distribution, value-added MES allows DGW to get the exclusive distribution contracts for 3-5 years with emerging brands. On the other hand, popular brands with strong market presence and low switching costs are likely to partner with additional wholesalers to expand their coverage, unless they are bound by existing distribution contracts. As a result, we assess the supplier's bargaining power as **MODERATE** for lesser-known brands and **SIGNIFICANT** for well-known brands, reuslting in a **HIGH** rating, in average.

THREAT OF SUBSTITUTES - LOW

As for popular ICT products in peak seasons, retailers partially order directly from producers, instead of purchasing through intermediaries. Nevertheless, retailers still have to rely on wholesales to reduce the inventory management cost and enhance the purchasing operation flexibility. In addition, Apple has launched the Apple Store Online in Vietnam, which is for the brand promotion rather than the competition with existing retailers and distributors. Hence, we rate the threat from substitute as **LOW**.

RIVALRY COMPETITION - HIGH

ICT distribution industry is relatively competitive, with dominant wholesalers such as DGW, PET, FPT Synnex, Viettel Commerce, etc.. Given the undifferentiated distribution system, and the homogenous service ranges, such players compete fiercely to achieve and maintain distribution contracts. However, DGW differs from its peers through its Market Expansion Service (MES), offering value-added services to attract and partner with a variety of brands. Therefore, we believe the rivalry competitive is **HIGH**.



SCORE	RATING
0	No threat
1	Insignificant
2	Low
3	Moderate
4	High
5	Significant

Source: Team's analysis

Competitive Positioning

ICT And Non-ICT Segment Competitive Matrix



Leading ICT distributor	ICT Distribution Coverage						Other Segments (Except For Smartphone And Laptop)					
	MES	POS	Service Center	Storage Warehouse	OEM	Office Equipment	Home Appliance	Health care	Consumer Good	Industrial Equipment	IT Service	
DIGIWORLD	1 Fully	6000	5	5	None 2	✓	✓	✓	✓	✓	X	
SYNNEK FPT	Partially	8000	12	6	Operating	✓	✓	✓	X	X	✓	
PSD	Partially	2000	3	4	None	✓	X	✓	X	X	X	
viettel distribution	Partially	7000	1	1	None	✓	X	X	X	X	X	

1 DGW As The Only One-Stop ICT MES Provider In Vietnam

2 DGW To Capitalize On MES To Diversify Into Other Segments

✓ Participated

X Not Participated

Source: DGW, Team's compilation & analysis

Competitive Positioning

Smartphone And Laptop | Partnership Competitive Matrix



	Leading Smartphone Brands						Leading Laptop Brands					
	Apple	Xiaomi	Samsung	Oppo	Vivo	realme	Apple	Dell	HP	ASUS	Acer	Lenovo
DIGIWORLD		1				2						
SYNNEX FPT												
PSD A member of PETROSETCO												
viettel distribution												
No. Of Other Wholesaler	0	0	2	2	1	1						
In-house System in VN	No	No	Yes	Yes	No	No						
Product Ecosystem in VN	Leading	Leading	Leading	Mainly Phone	Only Phone	Only Phone						

Distributed Not Distributed

1 Xiaomi want to diversify distribution and develop ecosystem

2 Realme partnered with Petrosetco Distribution in early-2023

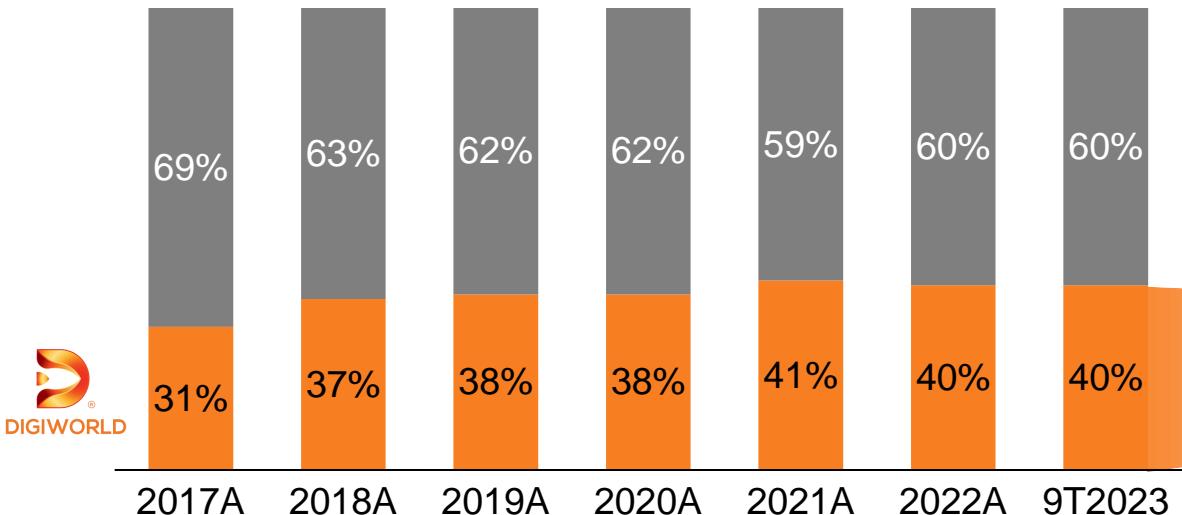
Source: DGW, Team's compilation & analysis

Competitive Positioning

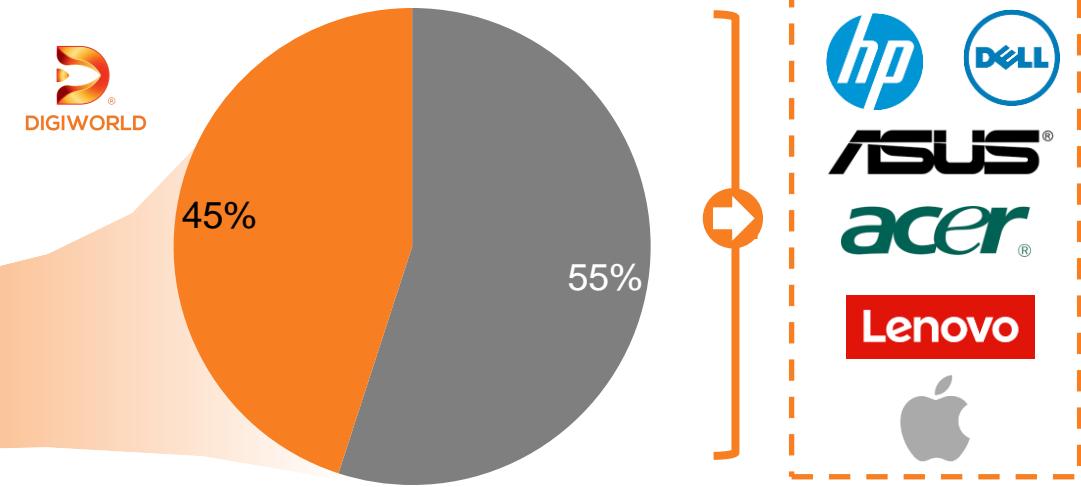
Smartphone And Laptop | Distribution Market Share



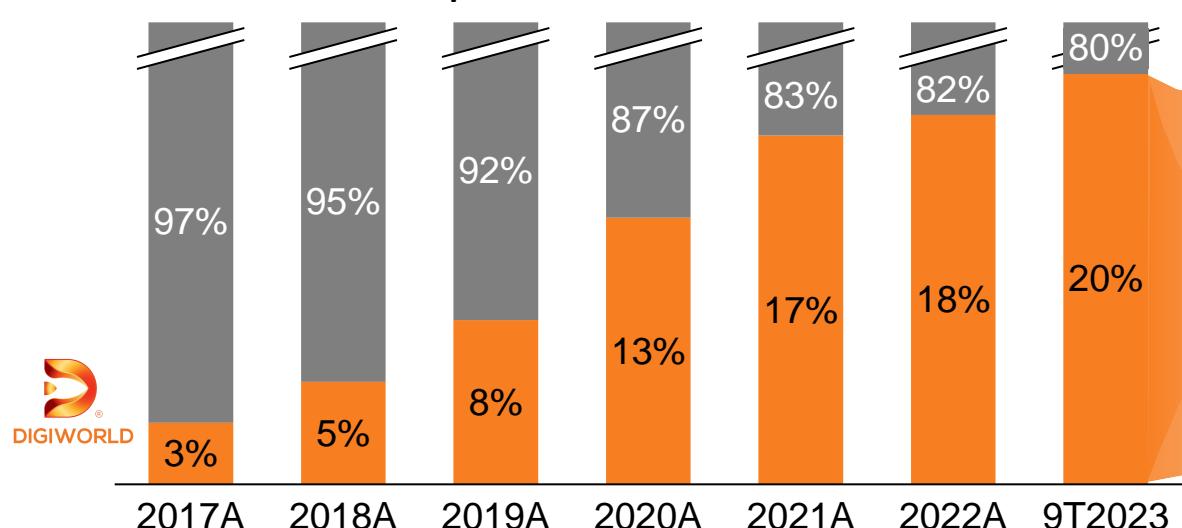
Laptop Distribution Market Share



Leading Laptop Distribution Market Share



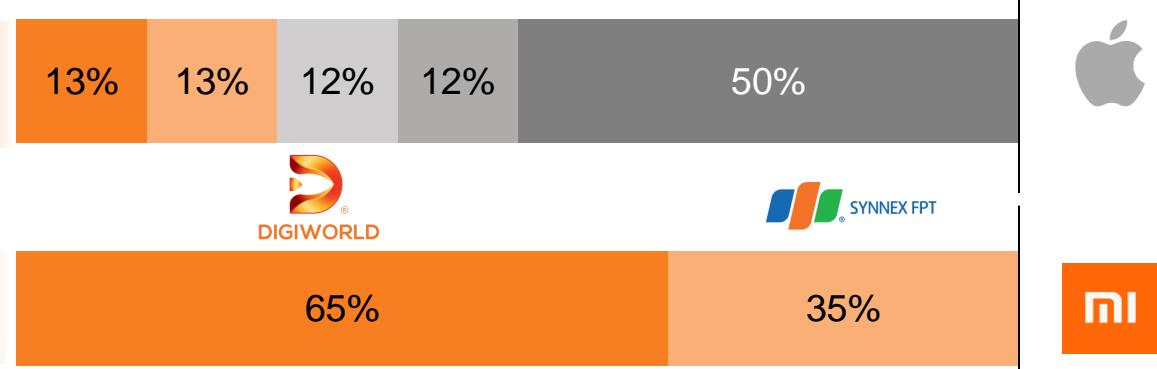
Smartphone Distribution Market Share



Apple And Xiaomi Distribution Market Share



Retailer Chains



Source: DGW, Team's compilation & analysis

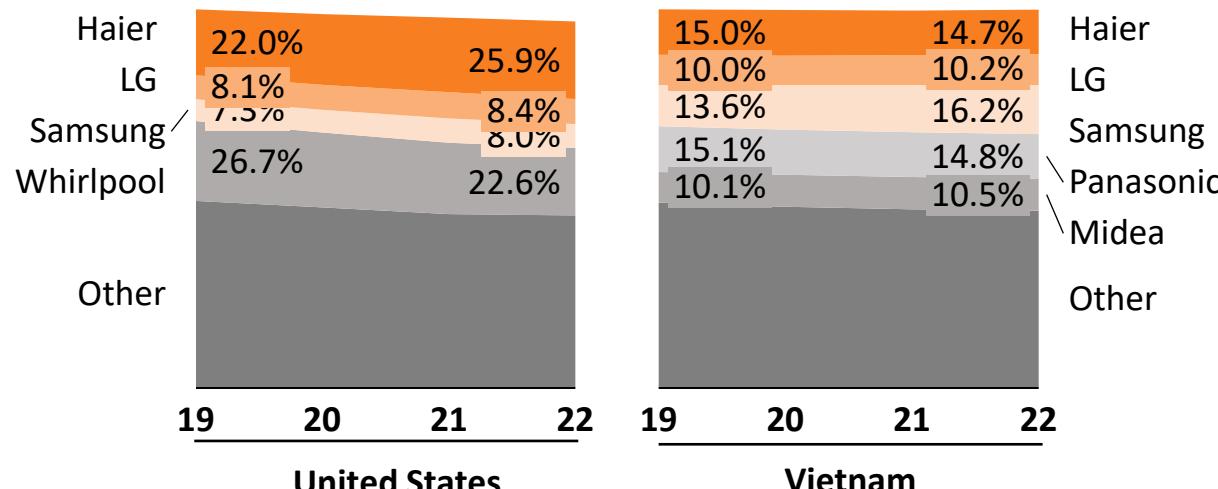
Competitive Positioning

Non-ICT Segment | Brand Positioning For Home Appliance – Whirlpool And Xiaomi

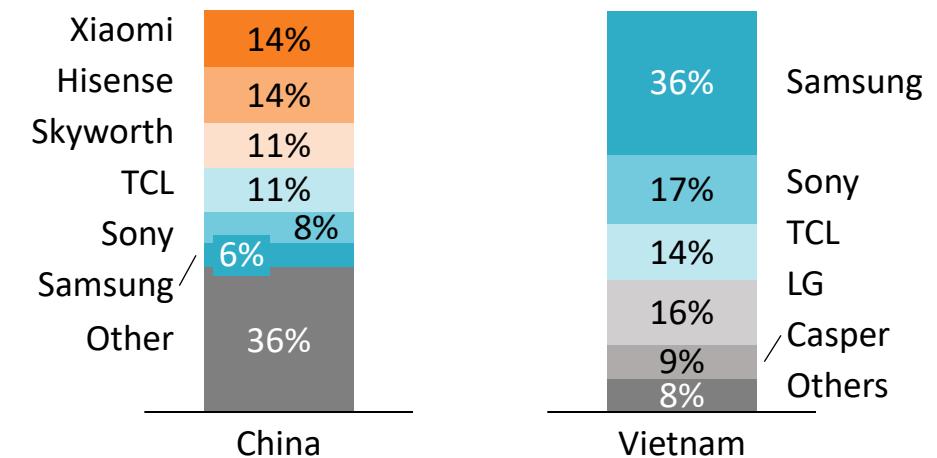


	Leading Brands In Vietnam	DGW's Brands Partner	DGW's Brand Competitiveness
Large Home Appliance	TOSHIBA LG SAMSUNG AQUA Panasonic		Whirlpool's U.S. market share has fallen from 26.7% to 22.6% in 5 years, with Samsung, Haier (Aqua in Vietnam), and LG gaining ground.
Small Home Appliances	Kangaroo SUNHOUSE PHILIPS SHARP		Westinghouse and Joyoung are smaller foreign brands, facing challenges in competing with the larger and well-established brands in Vietnam.

Whirlpool Brand Position



TV Xiaomi Brand Position



Source: DGW, Euromonitor, Team's compilation & analysis

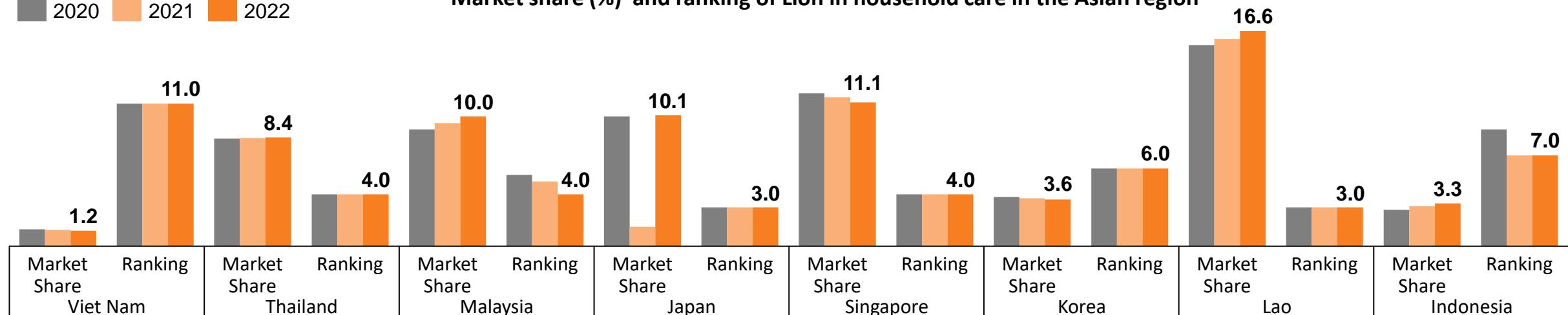
Competitive Positioning

Non-ICT Segment | Brand Positioning For Consumer Goods – LION

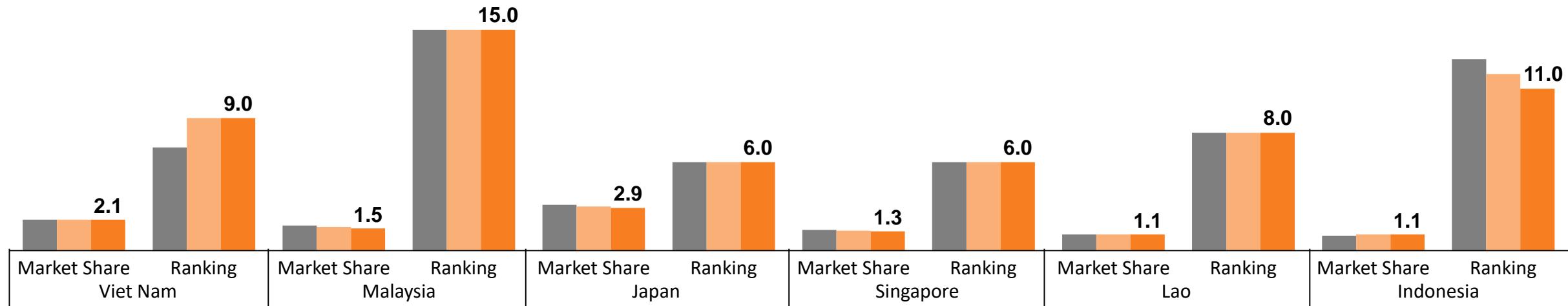


2020 2021 2022

Market share (%) and ranking of Lion in household care in the Asian region



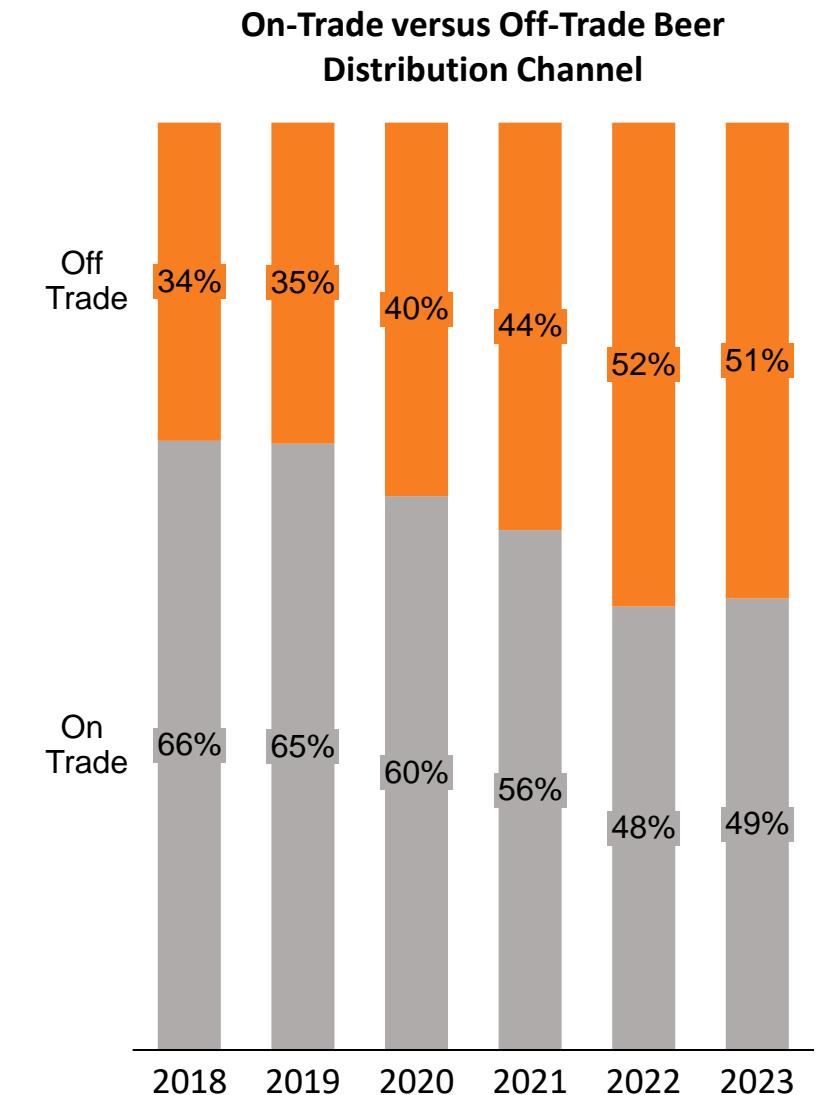
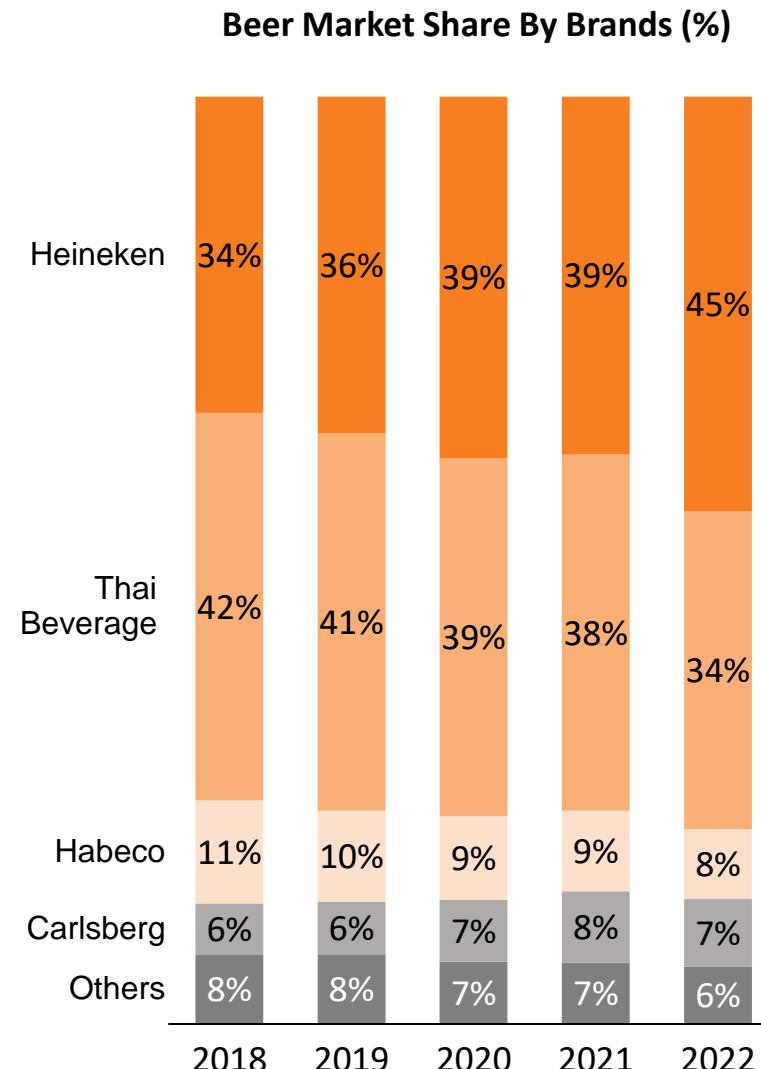
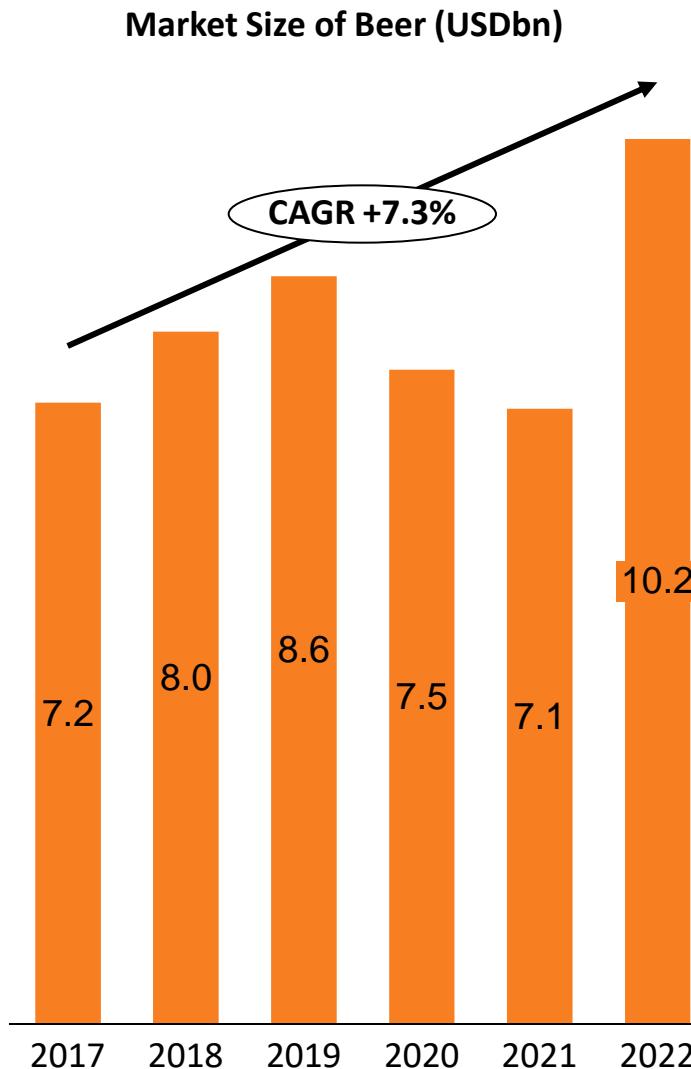
Market share (%) and ranking of Lion in personal care in the Asian region



Source: Euromonitor, Team's compilation & analysis

Competitive Positioning

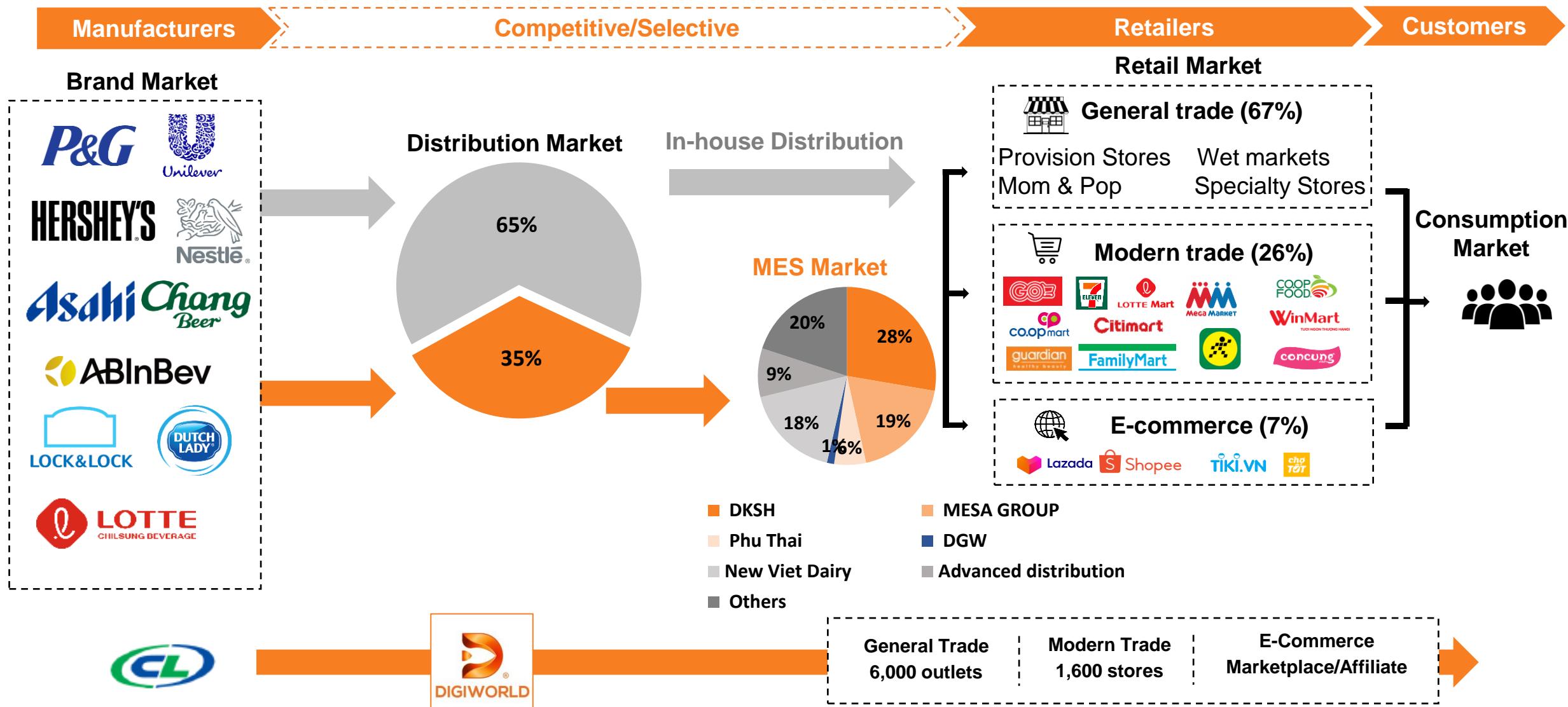
Non-ICT Segment | Brands Positioning For Consumer Goods – AB InBev



Source: Euromonitor, Team's compilation

Competitive Positioning

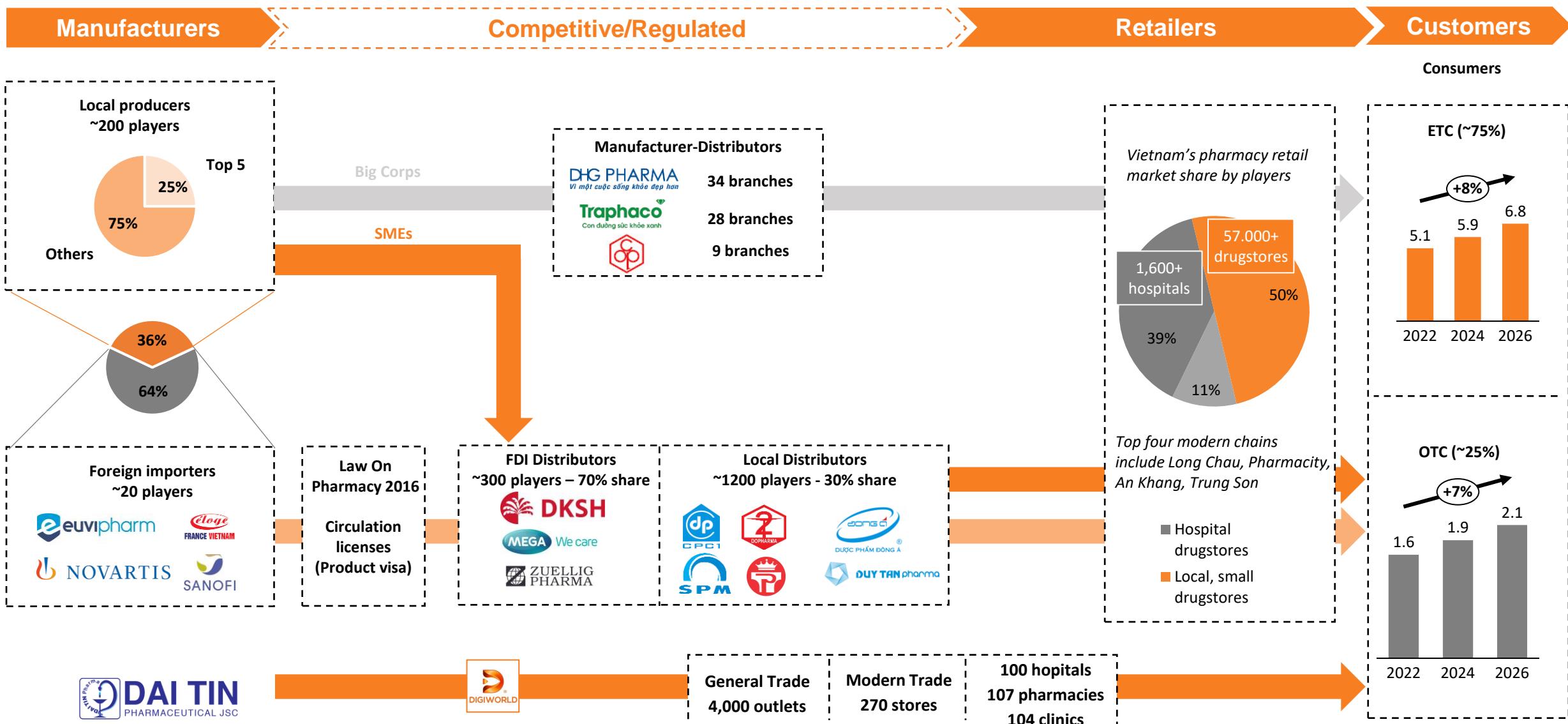
Non-ICT Segment | Value Chain For Consumer Goods



Source: DGW, Team's compilation & analysis

Competitive Positioning

Non-ICT Segment | Value Chain For Healthcare



Source: Euromonitor, Team's compilation

Financial Analysis

Balance sheet



DIGIWORLD

BALANCE SHEET (bil VND)	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E
Current assets	2,118	2,288	2,862	6,256	5,782	6,955	7,744	8,683	9,633	10,671	11,834
Cash & Cash Equivalents	71	131	878	1,494	828	1,641	2,057	2,571	3,235	3,886	4,719
Short-term investment	0	0	0	0	0	0	0	0	0	0	0
Account receivable	601	585	1,131	1,786	1,579	2,019	2,071	2,218	2,322	2,420	2,511
Inventories	1,314	1,454	827	2,888	3,254	3,145	3,445	3,701	3,862	4,127	4,340
Others	132	118	25	87	121	150	171	193	214	237	263
Non-current assets	105	118	207	289	573	513	497	484	472	461	452
Long-term receivables	4	4	9	18	22	16	16	16	16	16	16
Fixed assets	84	81	88	94	96	112	125	139	155	173	192
+ Tangible FA	23	20	27	34	32	38	42	47	52	58	65
+ Intangible FA	62	62	61	60	63	75	83	92	103	114	127
Long-term investments	4	6	60	65	71	61	61	61	61	61	61
Other NCA (excl. goodwill)	7	26	46	108	107	76	76	76	76	76	76
Goodwills	5	0	4	3	277	248	220	192	164	136	108
TOTAL ASSETS	2,223	2,405	3,069	6,545	6,355	7,468	8,242	9,167	10,105	11,132	12,286
LIABILITIES	1,457	1,480	1,910	4,764	3,932	4,794	5,153	5,638	6,080	6,568	7,093
Short-term liabilities	1,452	1,476	1,906	4,753	3,882	4,773	5,110	5,581	6,013	6,492	7,008
Short-term borrowings	837	620	630	1,117	1,915	2,044	2,305	2,482	2,660	2,852	3,075
Account payable	547	700	941	2,844	1,210	1,824	1,774	1,933	2,060	2,207	2,347
Other	68	155	335	792	757	905	1,031	1,166	1,293	1,433	1,586
Long-term liabilities	5	4	5	10	50	21	43	57	68	77	85
Loan	0	0	0	0	41	10	32	46	57	66	74
Others	5	4	5	10	9	11	11	11	11	11	11
EQUITY	766	925	1,159	1,781	2,423	2,674	3,089	3,529	4,025	4,564	5,193
Chartered capital	408	420	432	886	1,632	1,672	1,672	1,672	1,672	1,672	1,672
Retained earning	303	446	670	838	707	923	1,337	1,777	2,273	2,812	3,441
MI	1	4	2	2	29	24	24	24	24	24	24
Others	55	55	55	55	55	55	55	55	55	55	55
TOTAL FUNDING RESOURCES	2,223	2,405	3,069	6,545	6,355	7,468	8,242	9,167	10,105	11,132	12,286

Financial Analysis

Income statement

P&L STATEMENT (VNDbn)	2018A	2019A	2020A	2021A	2022A		2023E	2024E	2025E	2026E	2027E	2028E
Net revenue	5,937	8,488	12,536	20,923	22,028		20,110	22,910	25,907	28,731	31,837	35,255
COGS	(5,568)	(7,940)	(11,733)	(19,415)	(20,365)		(18,669)	(21,314)	(24,104)	(26,727)	(29,588)	(32,735)
Gross profit	369	548	803	1,508	1,663		1,441	1,596	1,802	2,004	2,249	2,520
Selling expense	(135)	(248)	(434)	(708)	(722)		(782)	(852)	(957)	(1,029)	(1,120)	(1,218)
Admin expense	(91)	(101)	(90)	(114)	(136)		(178)	(181)	(187)	(192)	(201)	(204)
EBIT	143	199	278	686	805		482	564	658	783	928	1,097
DA	5	6	6	6	13		41	42	44	46	48	50
EBITDA	149	206	284	692	818		523	606	702	829	976	1,147
Financial income	(6)	9	50	138	65		27	76	75	73	101	131
Non-interest financial revenue	32	61	78	144	163		129	137	141	141	156	173
Interest revenue	0	0	5	36	46		42	81	98	119	146	175
Non-interest Fin. Expense	(7)	(4)	(6)	(10)	(50)		(16)	(11)	(25)	(41)	(45)	(50)
Interest expense	(32)	(48)	(27)	(32)	(94)		(128)	(132)	(141)	(146)	(155)	(167)
Net other income/expenses	2	0	2	-2	-6		3	0	0	0	0	0
Income from affiliates & joint ventures	1	1	4	-2	-2		0	0	0	0	0	0
PBT	140	210	334	820	862		512	668	767	894	1,050	1,227
CIT	-30	-47	-66	-165	-179		-114	-141	-162	-188	-221	-259
NPAT	110	163	267	655	684		398	528	605	705	828	968
Minority interest	-1	-1	0	1	0		8	5	5	6	7	8
NPAT-MI	111	164	267	654	684		390	523	600	699	821	960

Financial Analysis

Cashflow statement



CF STATEMENT (VNDbn)	2018A	2019A	2020A	2021A	2022A		2023E	2024E	2025E	2026E	2027E	2028E
EBIT	143	199	278	686	805		482	564	658	783	928	1,097
Other financial income / (expense)	29	59	83	166	152		158	207	215	219	257	298
Tax paid	(30)	(47)	(66)	(165)	(179)		(111)	(141)	(162)	(188)	(221)	(259)
EBIAT	142	211	294	687	778		517	659	746	852	984	1,136
DA	5	6	6	6	13		41	42	44	46	48	50
Cash Flow Before Change in WC	147	217	301	693	791		558	702	790	898	1,032	1,186
Change in Working Capital	(247)	131	588	(426)	(1,866)		408	(295)	(135)	(29)	(103)	(32)
(Inc)/Dec in A/R	(121)	16	(551)	(664)	203		(434)	(52)	(147)	(104)	(98)	(91)
(Inc)/Dec in Inventory	(431)	(139)	626	(2,061)	(366)		108	(296)	(260)	(157)	(269)	(209)
(Inc)/Dec in Other CA	(30)	14	93	(62)	(34)		(29)	(21)	(22)	(21)	(23)	(25)
Inc/(Dec) in A/P	318	153	241	1,903	(1,634)		615	(52)	159	126	148	140
Inc/(Dec) in other CL	16	87	179	457	(35)		148	126	135	127	140	154
Interest expense	(32)	(48)	(27)	(32)	(94)		(128)	(132)	(141)	(146)	(155)	(167)
CFO	(132)	301	862	235	(1,170)		839	275	515	722	773	986
CapEx	(6)	2	(17)	(12)	(288)		(29)	(27)	(30)	(34)	(37)	(41)
Other LT investments	(11)	(21)	(74)	(68)	(4)		41	-	-	-	-	-
CFI	(16)	(19)	(91)	(80)	(292)		12	(27)	(30)	(34)	(37)	(41)
Increase / (Pay-off) of ST loans	216	(217)	9	488	798		131	258	180	175	195	220
Increase / (Pay-off) of LT loans	-	-	-	-	41		(31)	22	14	11	9	8
Changes in other LT liabilities	2	(0)	0	6	(1)		2	-	-	-	-	-
Changes in Charterd Capital	-	12	12	454	747		40	-	-	-	-	-
Dividend Payment	(32)	(21)	(43)	(44)	(91)		(164)	(106)	(160)	(203)	(282)	(331)
Changes in other Equity accounts	(0)	4	(3)	(442)	(698)		(14)	(5)	(5)	(6)	(7)	(8)
CFF	186	(222)	(24)	461	796		(37)	170	29	(24)	(86)	(111)
NET CASH FLOW IN YEAR	37	60	747	616	(667)		814	418	513	665	650	834
Cash – Beginning	34	71	131	878	1,494		828	1,642	2,060	2,573	3,238	3,888
Cash - Ending	71	131	878	1,494	828		1,642	2,060	2,573	3,238	3,888	4,722

Financial Analysis

Key financial metrics



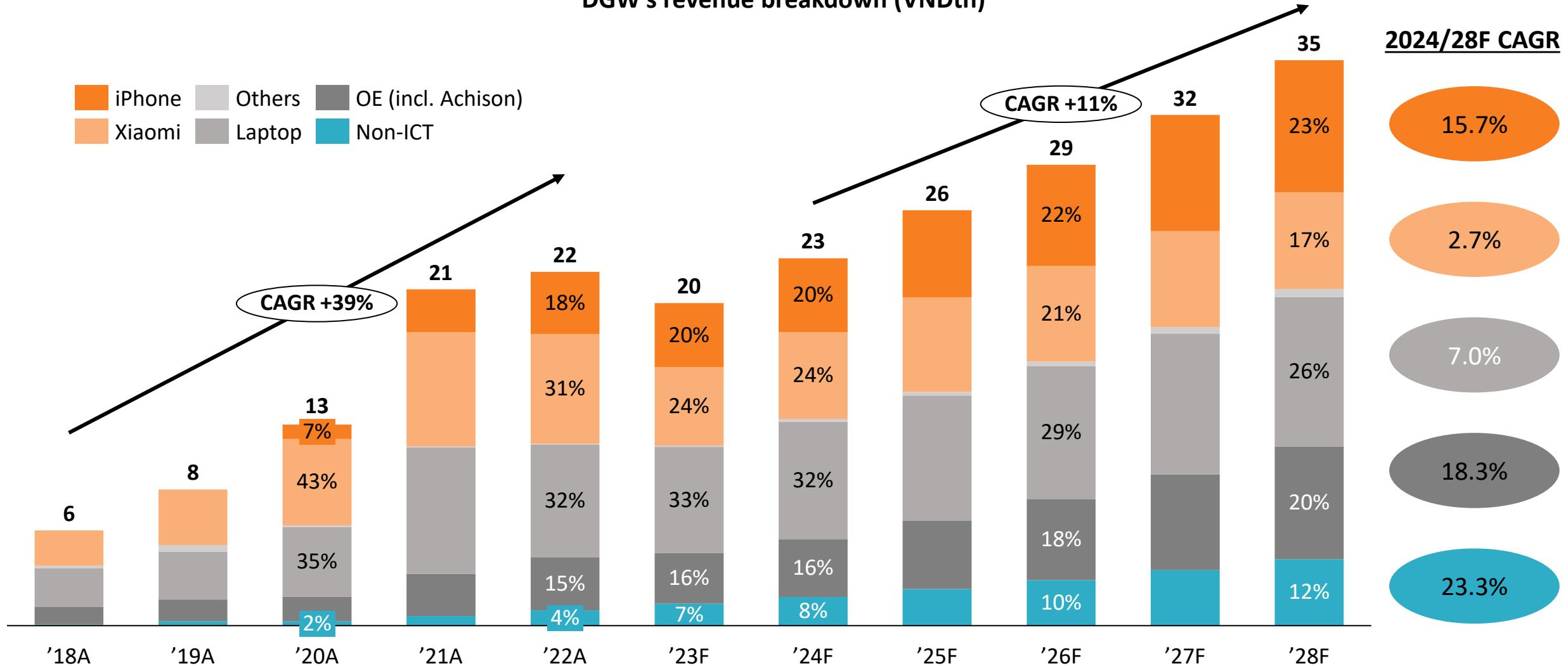
	DGW Consolidated Key Financial Metrics										
	2018A	2019A	2020A	2021A	2022A	2023F	2024F	2025F	2026F	2027F	2028F
Revenue growth (%)	55%	43%	48%	67%	5%	-9%	14%	13%	11%	11%	11%
EPS growth (%)	40%	49%	64%	145%	4%	-42%	27%	15%	17%	20%	19%
Dupont Analysis											
GPM (%)	6.2%	6.5%	6.4%	7.2%	7.5%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
EBIT margin (%)	2.4%	2.3%	2.2%	3.3%	3.7%	2.3%	2.6%	2.7%	2.9%	3.0%	3.1%
Net margin (%)	1.8%	1.9%	2.1%	3.1%	3.1%	1.9%	2.3%	2.3%	2.5%	2.6%	2.7%
Asset turnover (x)	3.1x	3.7x	4.6x	4.4x	3.4x	2.9x	3.0x	3.1x	3.1x	3.1x	3.1x
Avg. A/E (x)	2.6x	2.7x	2.6x	3.3x	3.1x	2.7x	2.7x	2.6x	2.6x	2.5x	2.4x
ROAE (%)	15.0%	19.3%	25.7%	44.6%	32.5%	15.2%	18.1%	19.1%	20.1%	20.4%	21.0%
Solvency & Liquidity Metrics											
Net debt / Equity (%)	100%	53%	-21%	-21%	47%	15%	8%	-1%	-13%	-21%	-32%
Interest coverage (x)	3.7x	3.6x	8.8x	15.1x	7.9x	5.0x	4.0x	4.4x	5.0x	5.6x	6.2x
Current ratio (%)	146%	155%	150%	132%	149%	146%	152%	155%	160%	163%	169%
Cash ratio (%)	5%	9%	46%	31%	21%	34.4%	40.6%	45.5%	53.7%	59.2%	68.0%
Efficiency Metrics											
DOI (days)	72	64	35	35	55	61	56	53	51	49	46
DOS (days)	33	25	25	25	28	37	33	31	30	28	26
DOP (days)	24	28	27	32	36	36	30	29	28	27	26
CCC (days)	82	61	33	28	47	62	59	56	53	49	46

Financial Analysis

Revenue growth | We project total sales 2024/28F CAGR of 11%



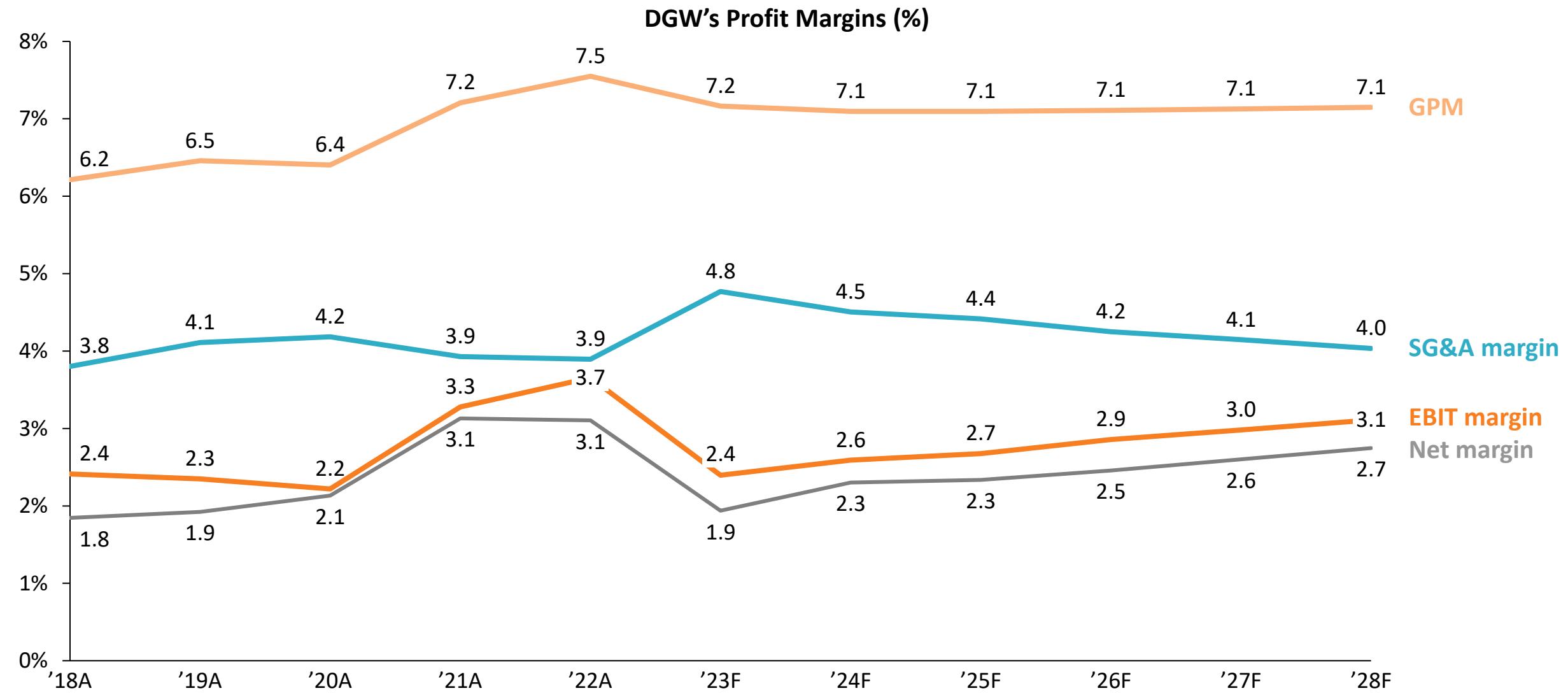
DGW's revenue breakdown (VNDtn)



Source: DGW, Team's forecasts

Financial Analysis

Profit margins | An improvement in EBIT margins overtime thanks to reduction in SG&A margins



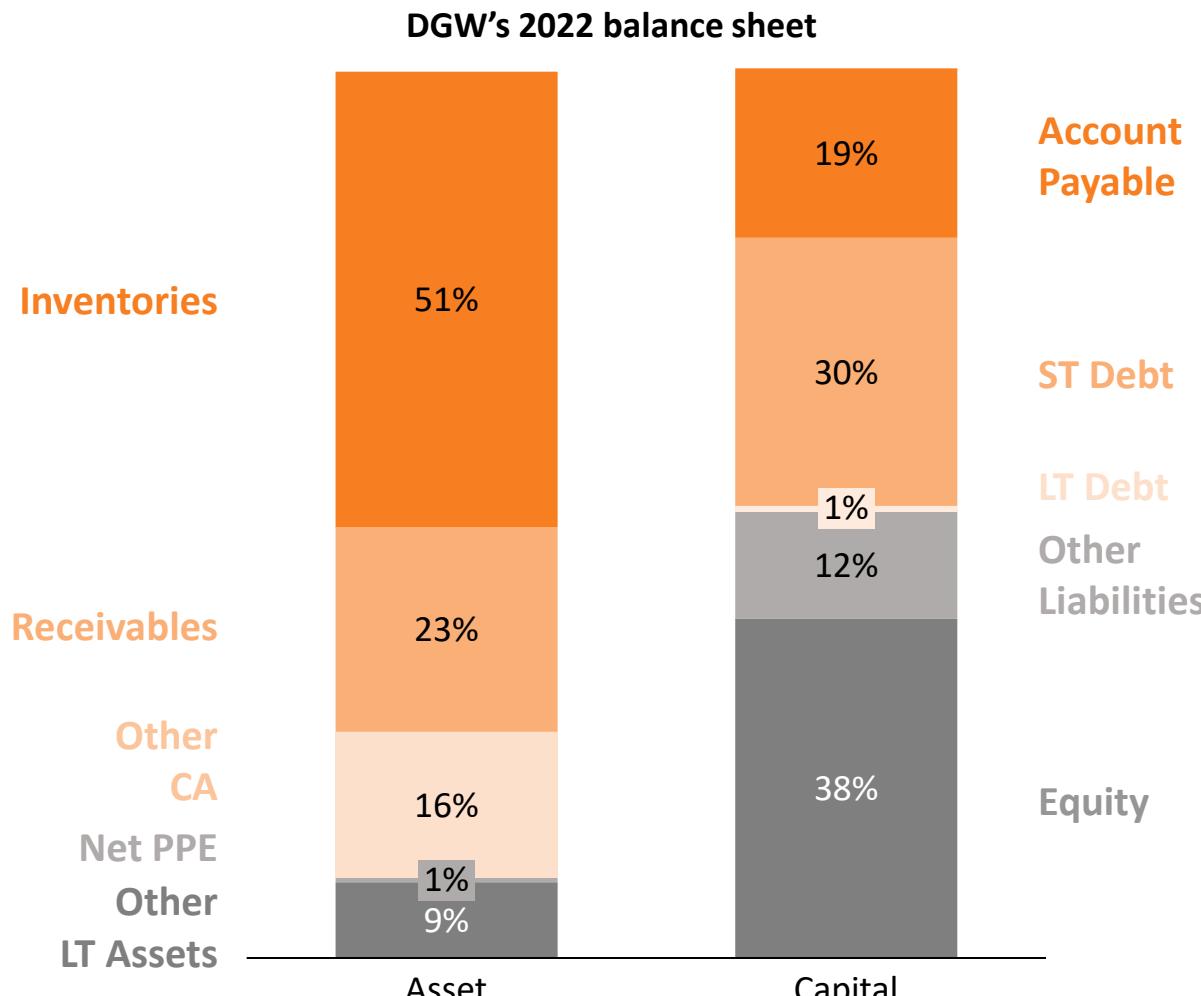
Source: DGW, Team's forecasts

Financial Analysis

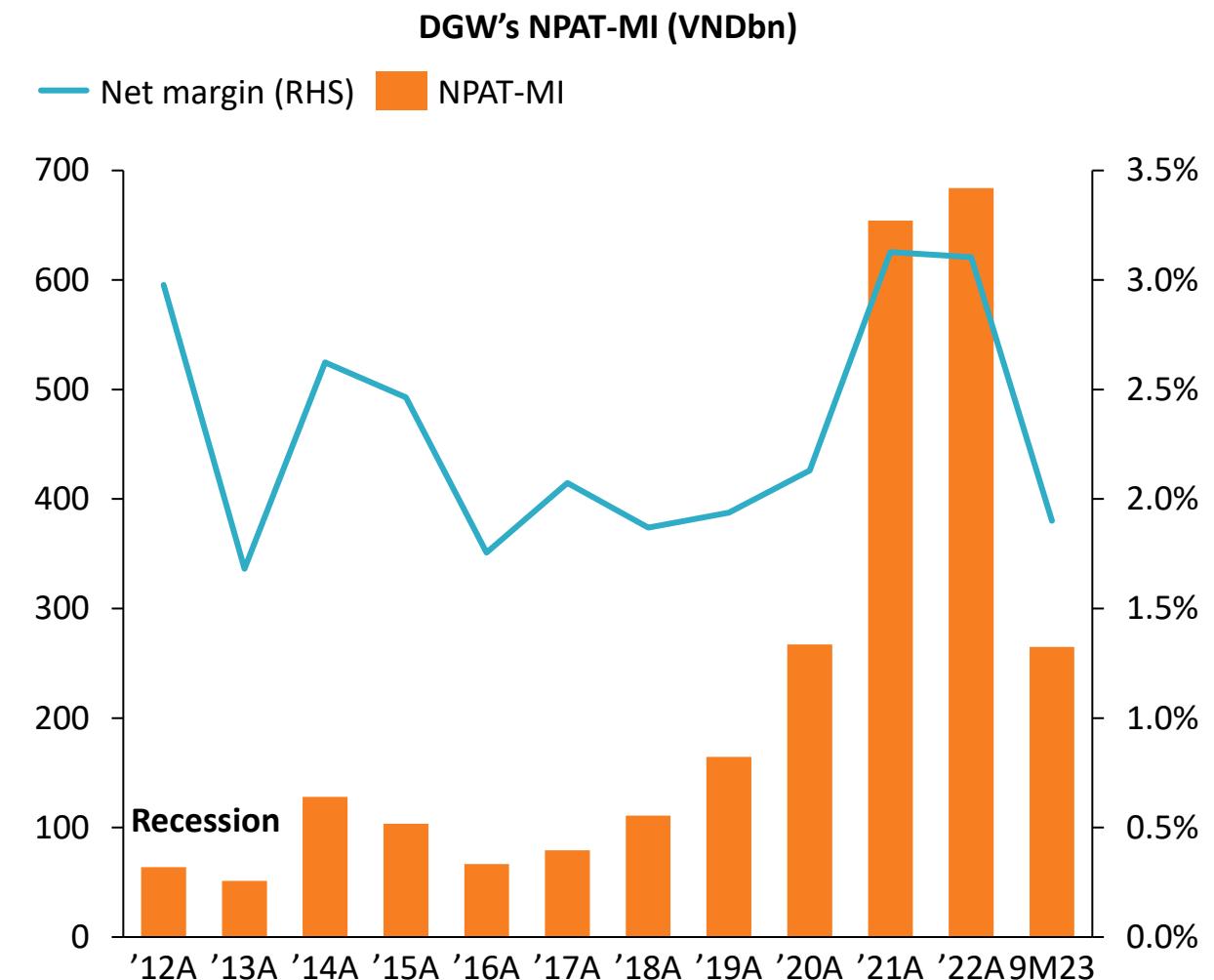
Balance sheet structure | Capital-light business model to weather market headwinds



The majority of DGW's assets and liabilities are short-term,...



...and the firm has never experienced a loss for more than a decade.

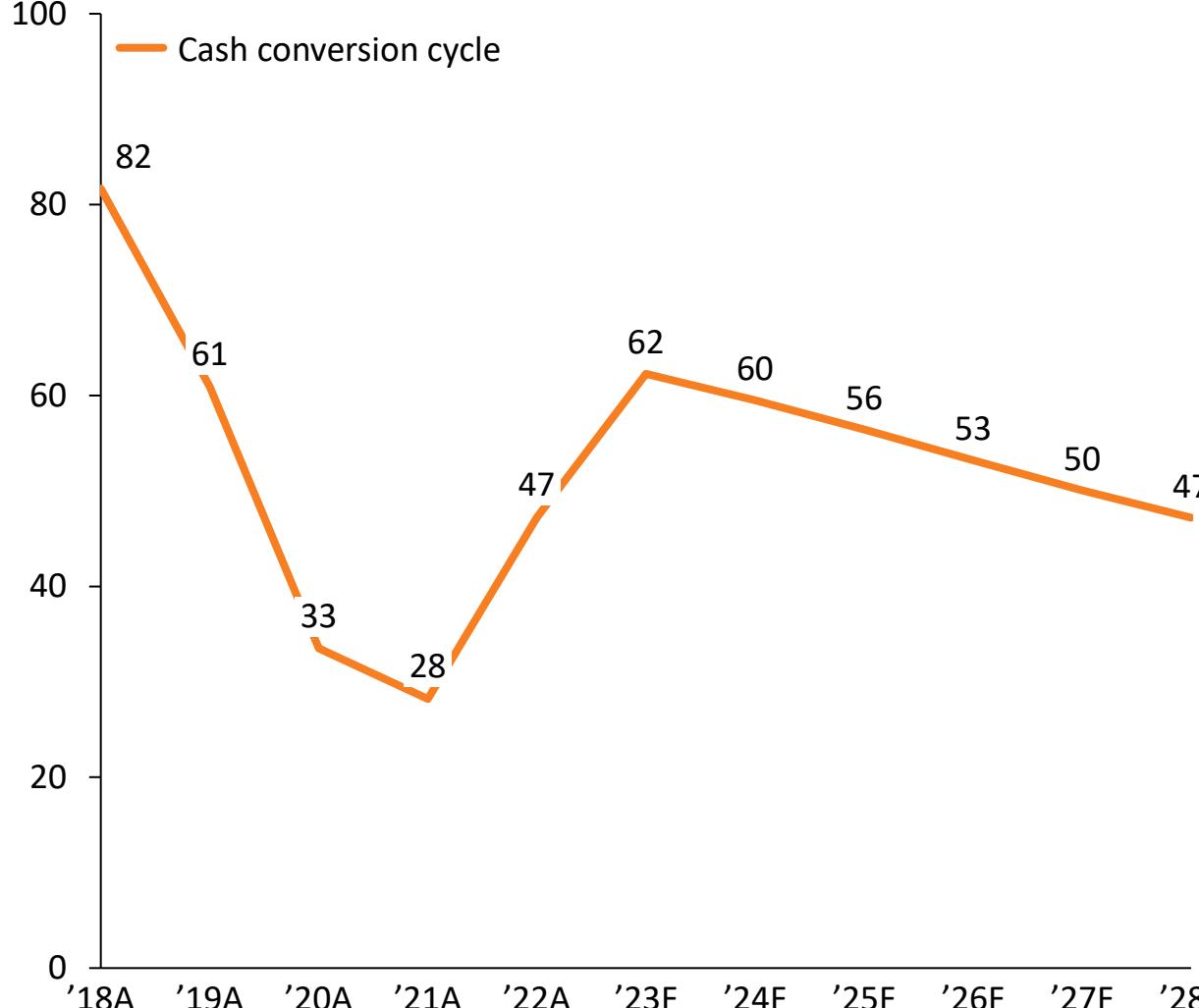


Source: DGW

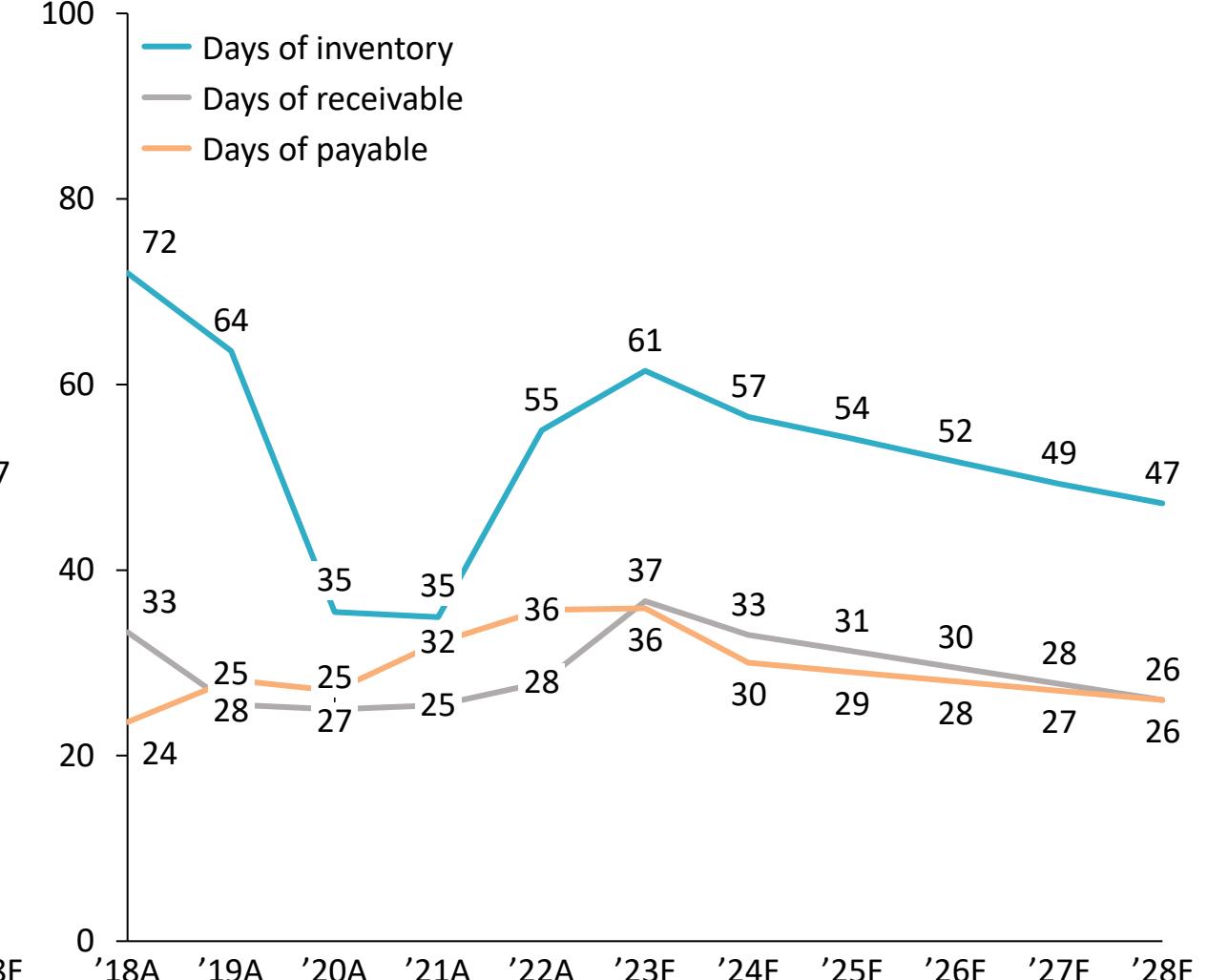
Financial Analysis

Efficiency ratios | We project improvement in efficiency with shorter CCC mainly thanks to shorter DOI

DGW's CCC (days)



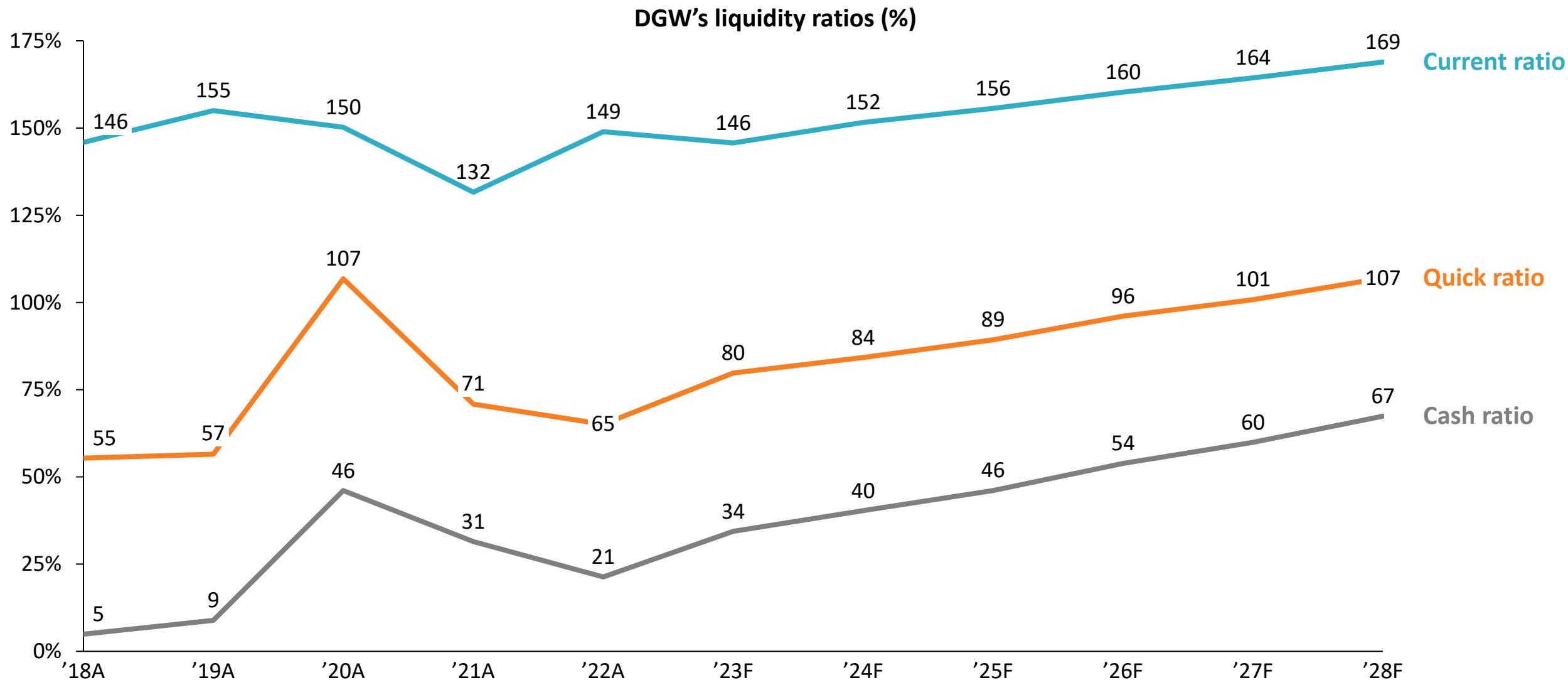
DGW's CCC components (days)



Source: DGW, Team's forecasts

Financial Analysis

Liquidity ratios | We expect improvement in liquidity overtime thanks to shorter CCC

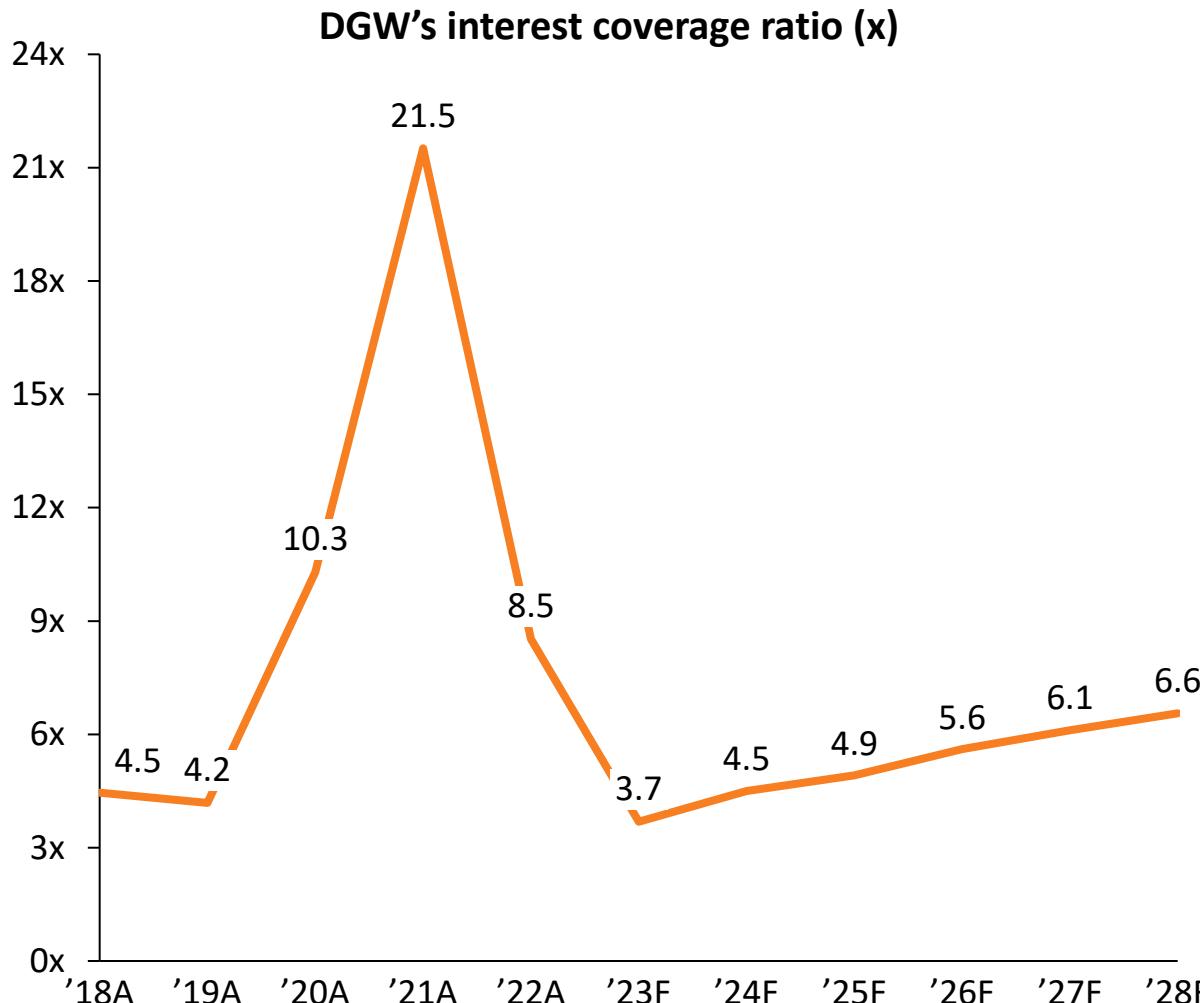


Source: DGW, Team's forecasts

Financial Analysis

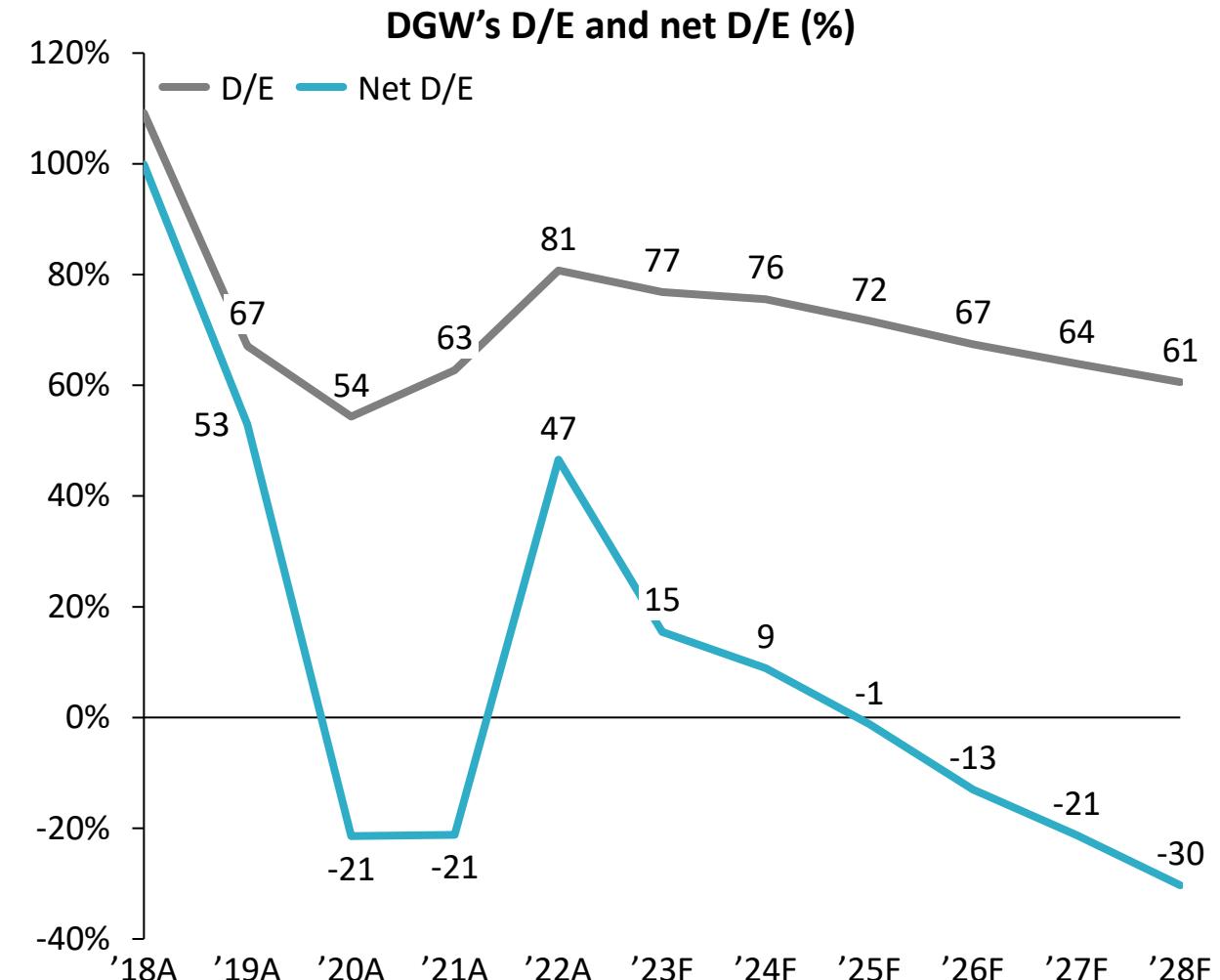
Solvency ratios | We expect a gradual improvement for both interest coverage and net D/E

Interest coverage improves thanks to higher margins and lower rates



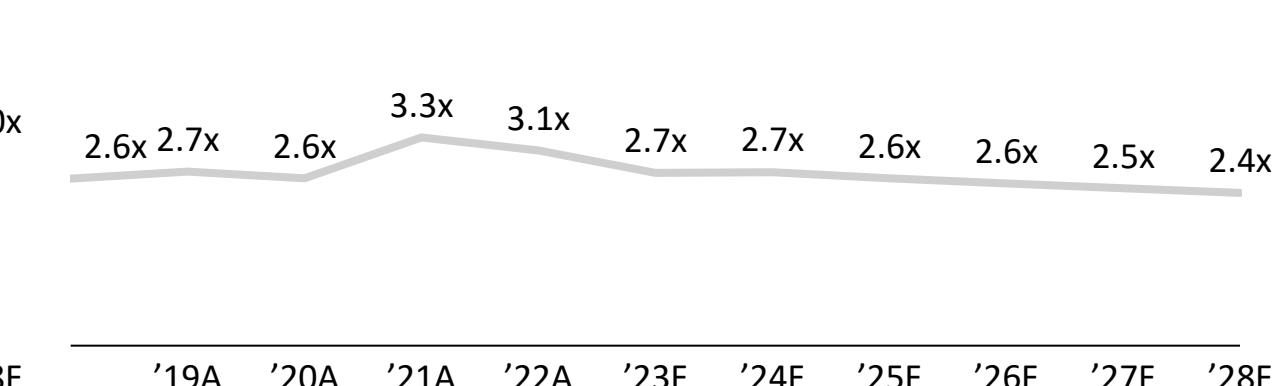
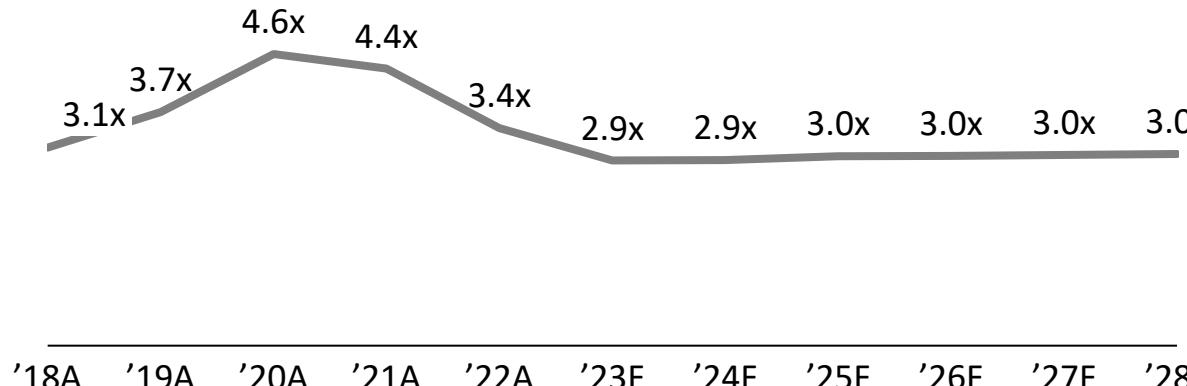
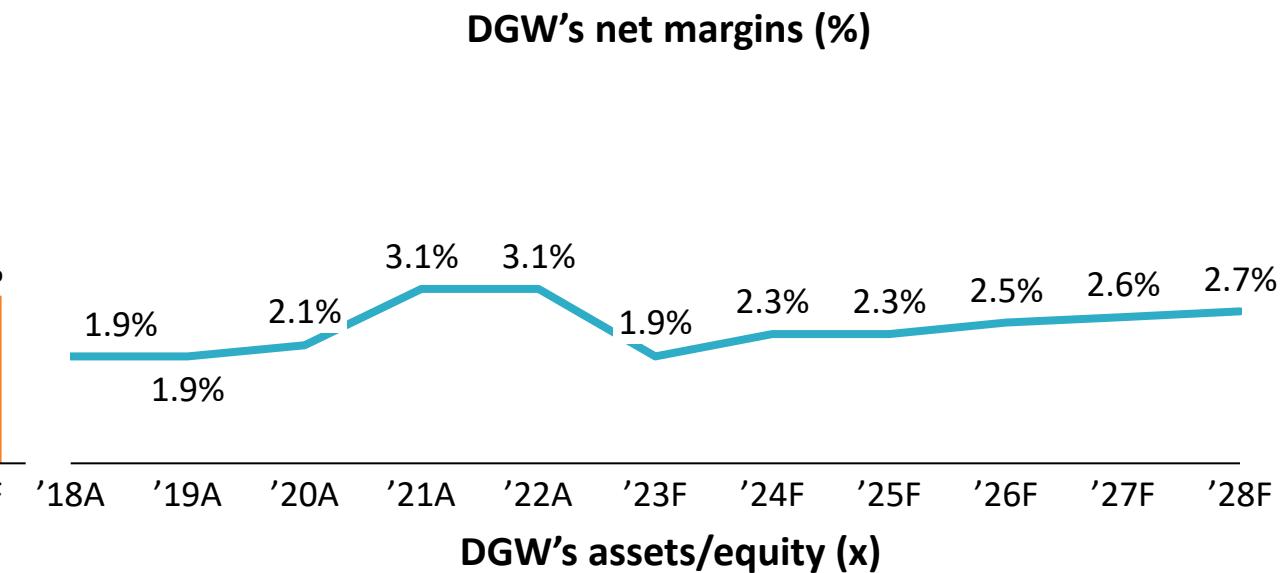
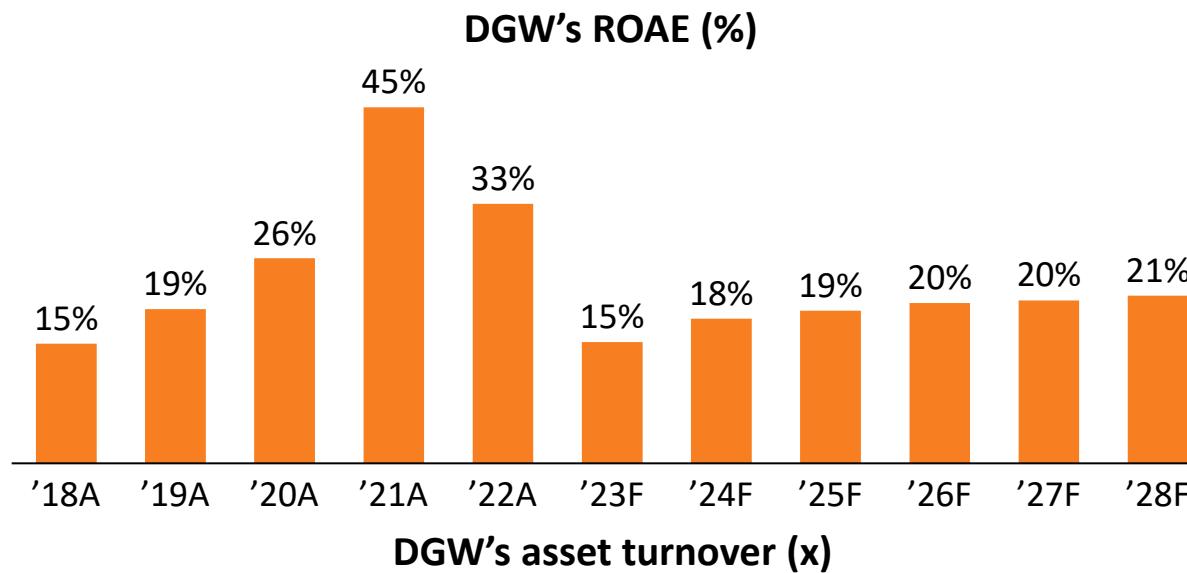
Source: DGW, Team's forecasts

Leverage on a net basis reduces sharply thanks to shorter CCC



Financial Analysis

Dupont analysis | We expect ROE will gradually increase over time thanks to margins improvement



Source: DGW, Team's forecasts

Financial Analysis

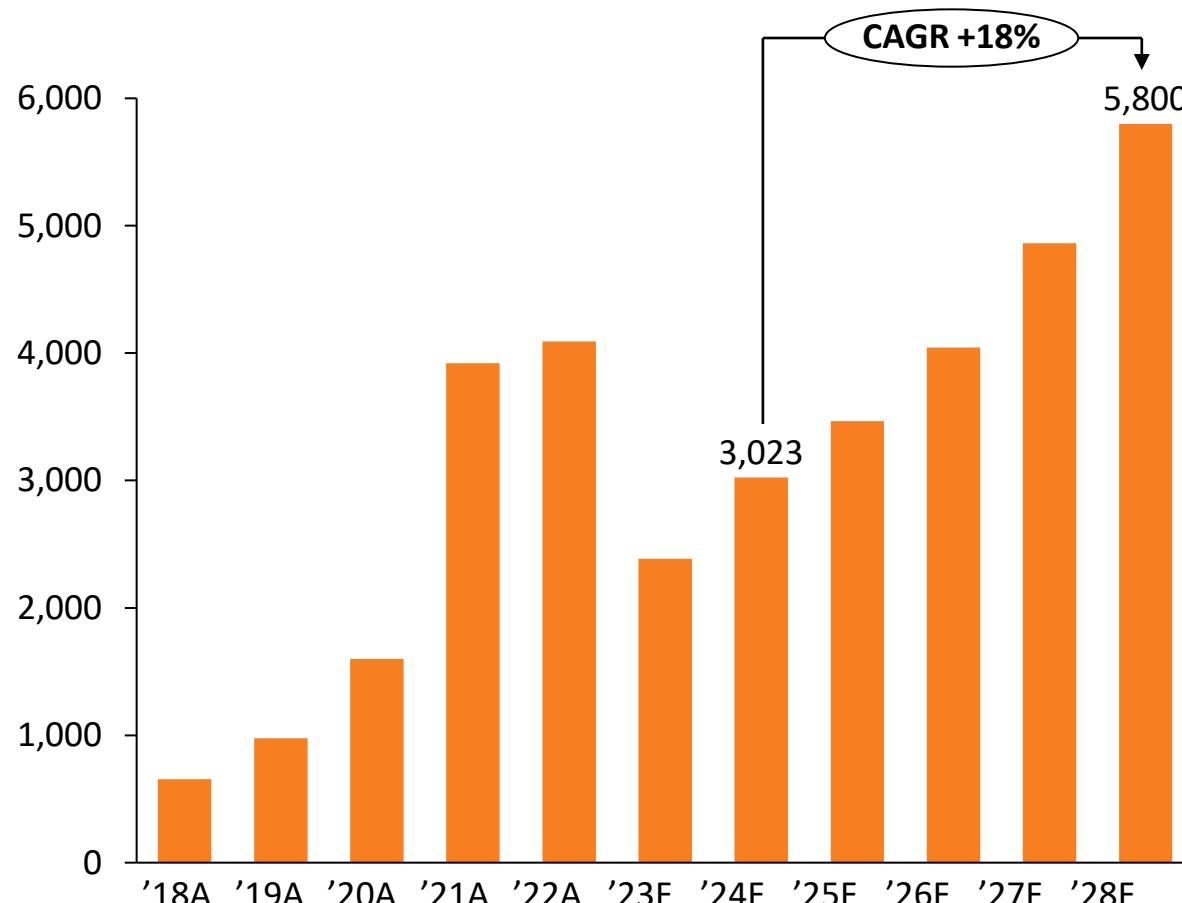
Shareholder's return | EPS and DPS forecasts



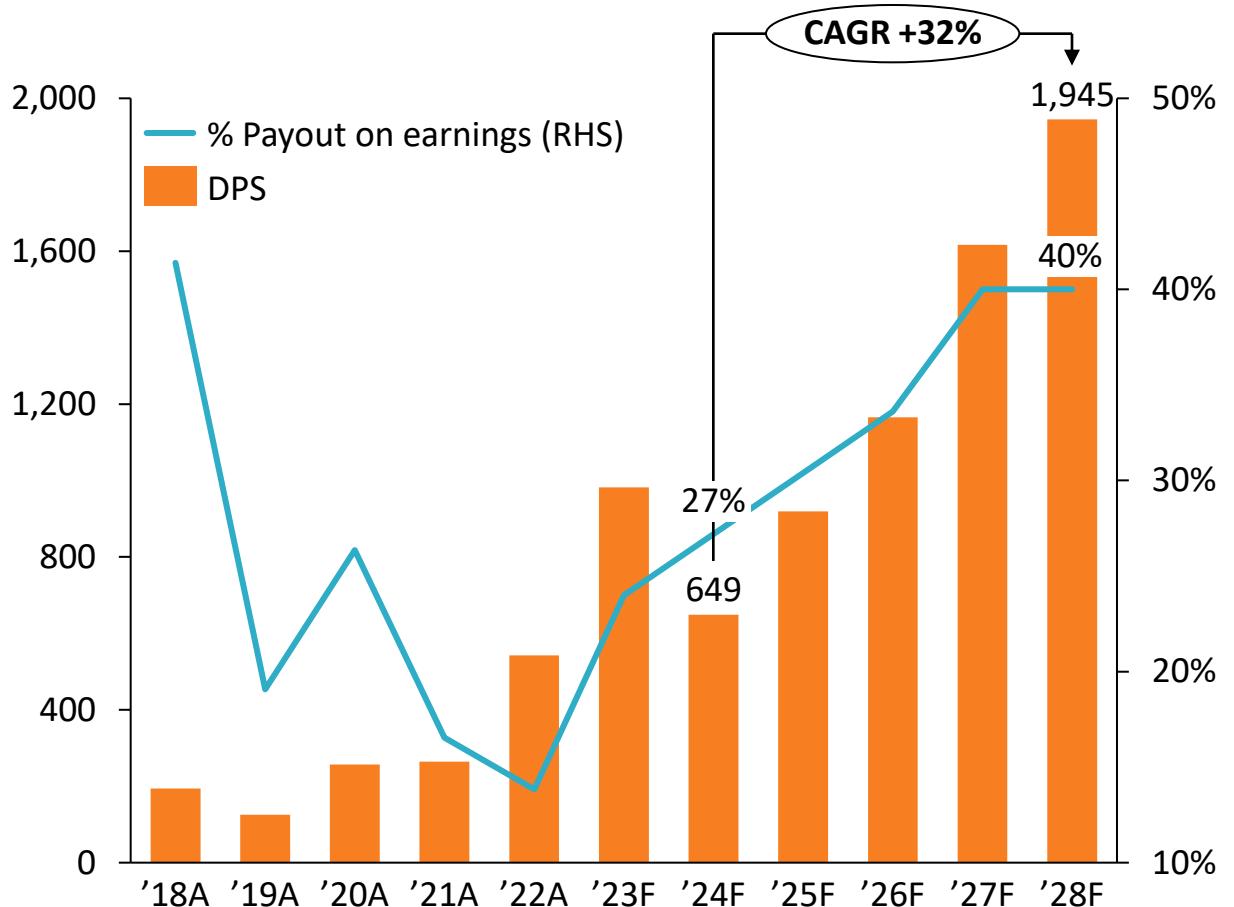
We project EPS to grow in 2024/228F CAGR of 18%,...

...while DPS is expected to grow at 32% with payout increasing to 40%.

DGW's EPS (VND)



DGW's DPS (VND) and dividend payout ratio (%)



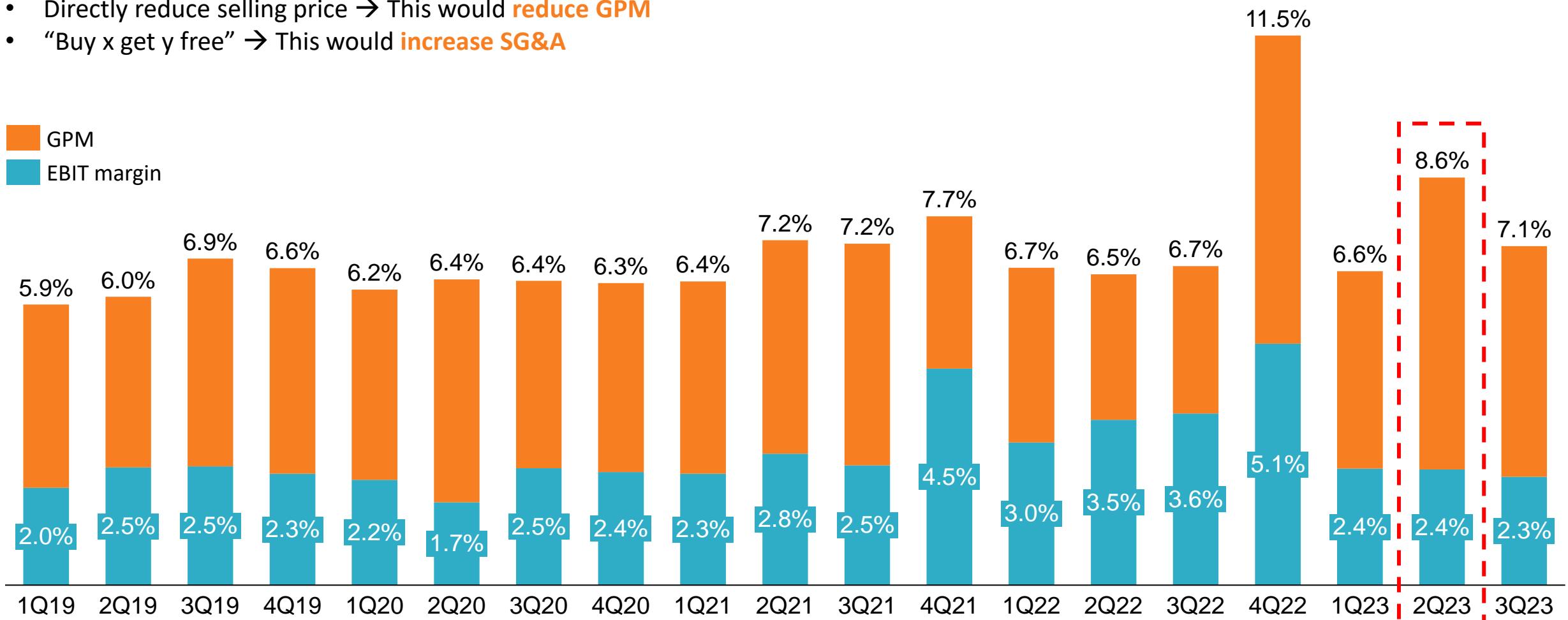
Source: DGW, Team's forecasts

Financial Analysis

Why we choose to prioritize EBIT margins over GPM?

Using EBIT will better reflect margins on a net basis, due to 2 reasons:

1. **DGW does MES.** This means it will incur abnormally higher SG&A to develop new brands, but also higher GPM thanks to supplier rebates.
2. **Different accounting methods for sales supporting activities for retailers:** DGW can do this via 2 activities:
 - Directly reduce selling price → This would **reduce GPM**
 - “Buy x get y free” → This would **increase SG&A**

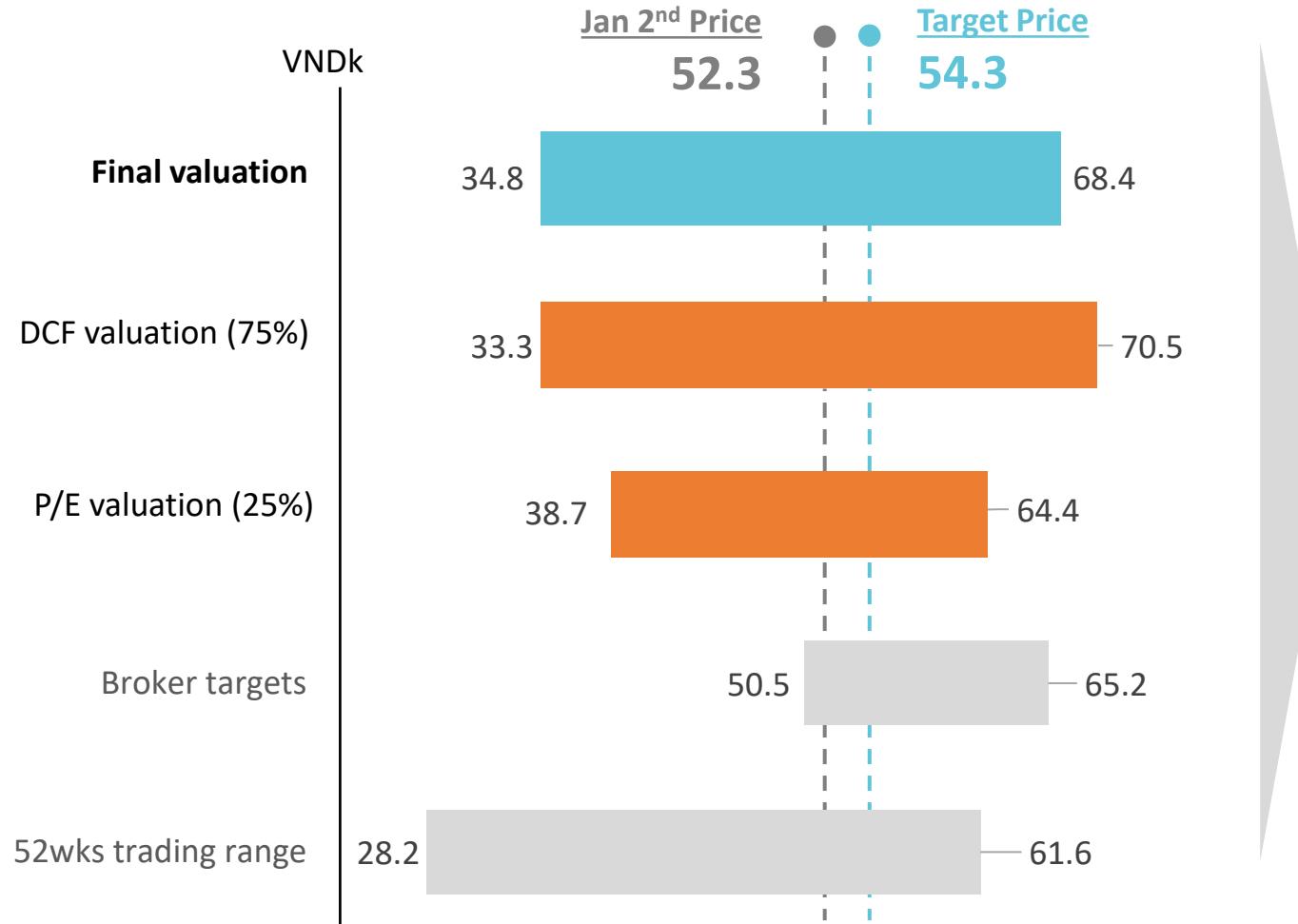


Source: DGW

Valuation

Valuation summary

We employed 75/25 blend valuation approach of Discounted cash flow (**VND56,200**) and relative valuation (**VND48,100**)



Source: Team's valuation

DCF valuation metric (FY24-28)

- | | |
|----------------|--------------------------------|
| 1. Revenue | 11.8% CAGR |
| 2. EBIT margin | 3.1% improved from 2.4% |
| 3. CCC | 51 days avg. |
| 4. WACC | 12.24% |
| 5. Ter. Growth | 5% first stage and 3% terminal |

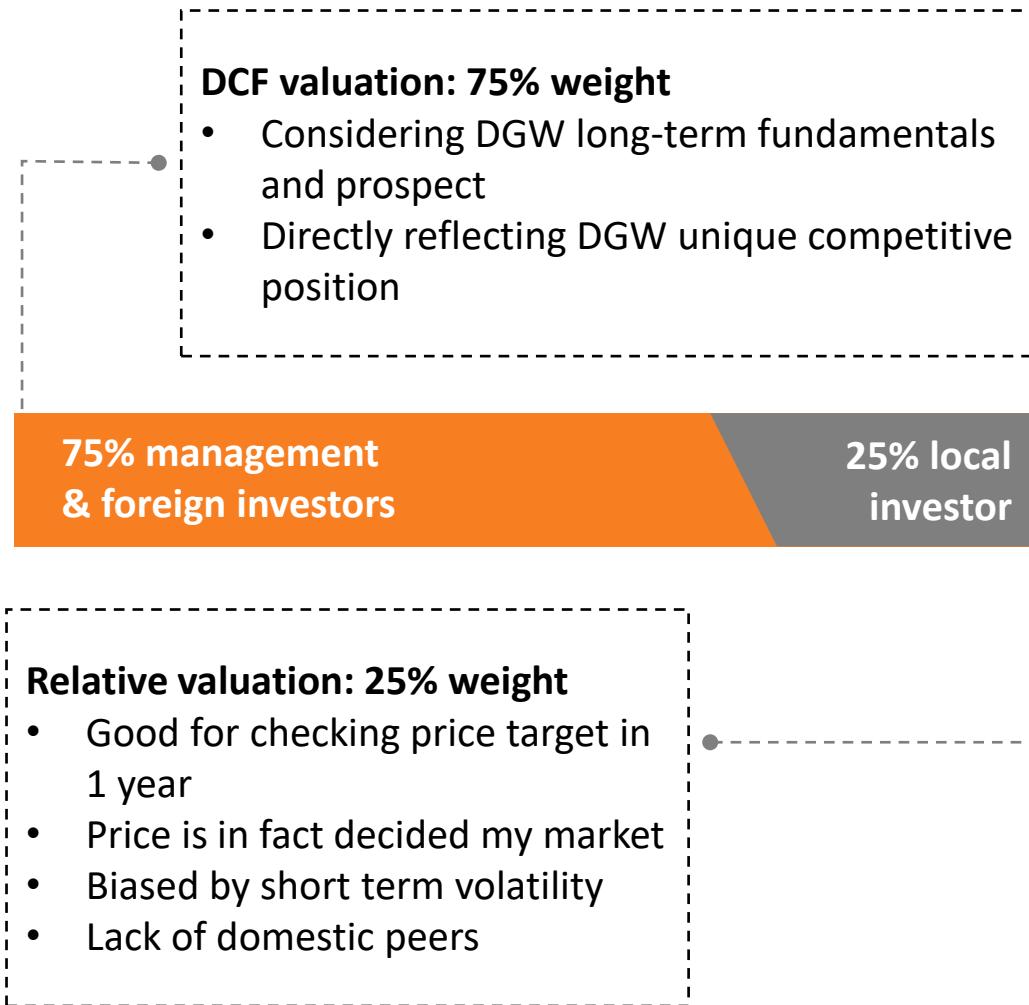
Relative valuation metric

- | | |
|-------------|--------------------------|
| 1. Peers | 1 domestic & 4 regionals |
| 2. Multiple | Mean of 3Y Avg. P/E |
| 3. Pre/Dist | Historical approach |

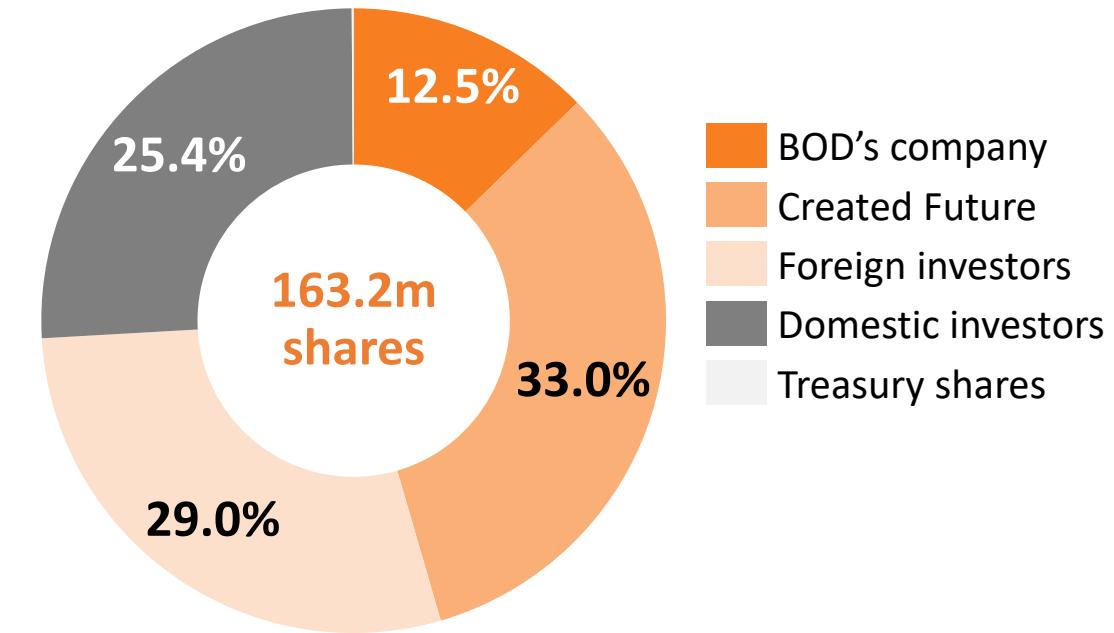
Valuation

Methodology weighting

We employed 75/25 blend valuation approach of Discounted cash flow (**VND56,200**) and relative valuation (**VND48,100**)



Digiworld shareholder structures



Valuation

FCFF Projection

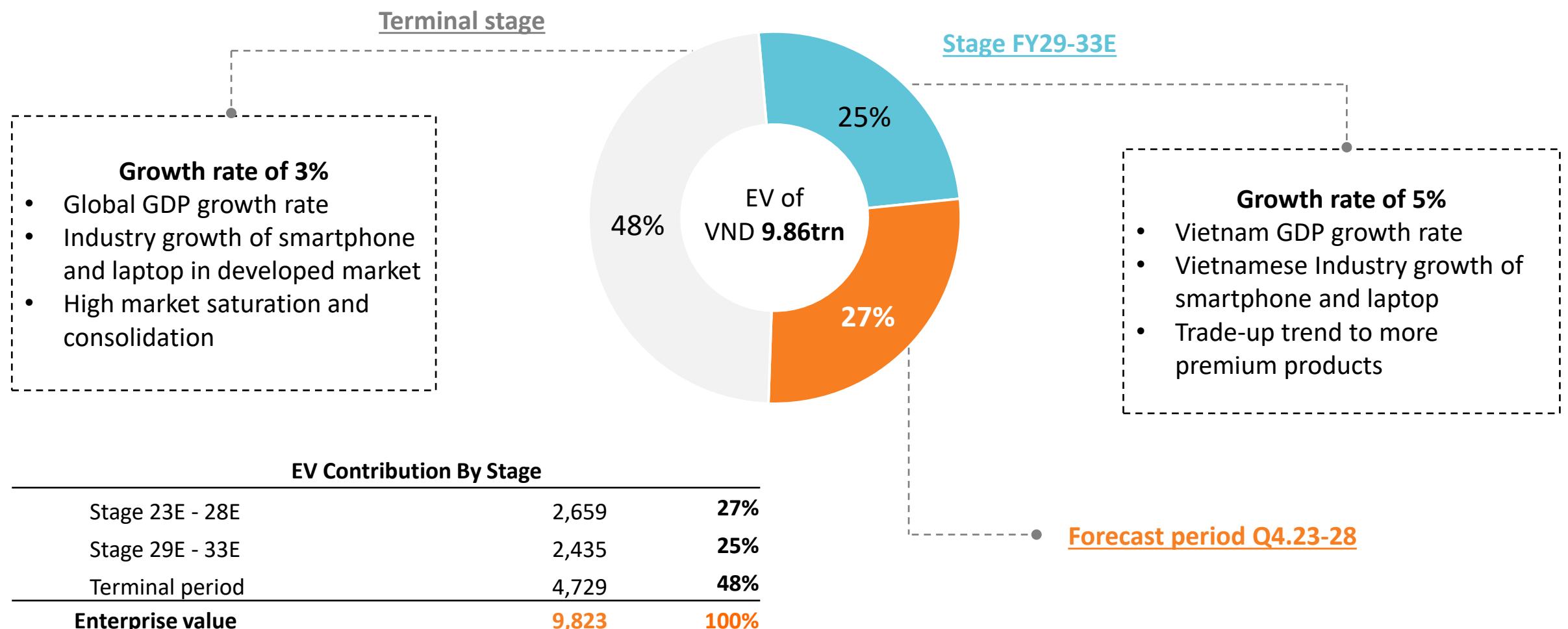


Billion VND	Q4.2023E	2024E	2025E	2026E	2027E	2028E
EBIT	268	800	908	1,041	1,205	1,394
Less: tax	(55)	(163)	(185)	(213)	(246)	(285)
EBIT after tax	213	637	723	828	959	1,110
<u>Adjustments</u>						
Less: Change in working cap	(8)	(295)	(150)	(108)	(72)	(38)
Less: Capex	(5)	(27)	(30)	(34)	(37)	(41)
Add: Depreciation	11	42	44	46	48	50
FCFF	211	358	586	732	898	1,080
% yoy		-61%	64%	25%	23%	20%
PV of FCFF (t = 0 at Q3.2023 ended)	205	310	462	513	559	599

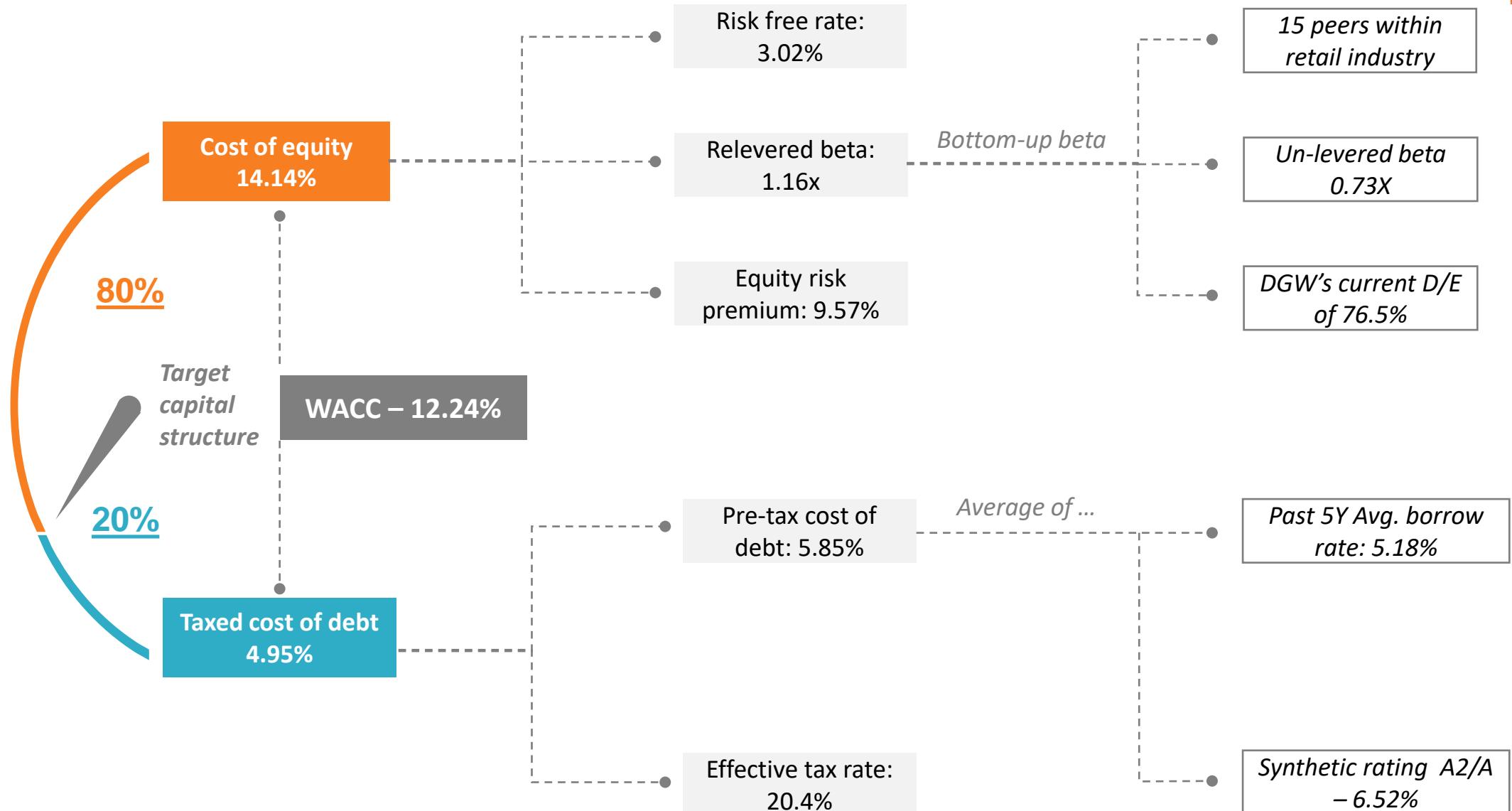
Enterprise value	9,823	100%
EV Contribution By Stage		
Stage 23E - 28E	2,659	27%
Stage 29E - 33E	2,435	25%
Terminal period	4,729	48%

Enterprise value (bil vnd)	9,823
Less: Net debt	470
Less: Minority	1
Equity intrinsic value (bil vnd)	
No. of O/S shares (mn) - 1.12.2023	167
Fair value per share (VNDk)	56.400

Source: Team's estimates & analysis



WACC calculation



WACC – 12.2%

- Cost of equity
14.1%

- Cost of debt
5.0%

- Equity / debt
4.0x

2-stage terminal growth

- Stage FY29-33
5%

- Terminal stage
3.0%

VND56,400

Implied Share Price (DCF)

Sensitivity Analysis

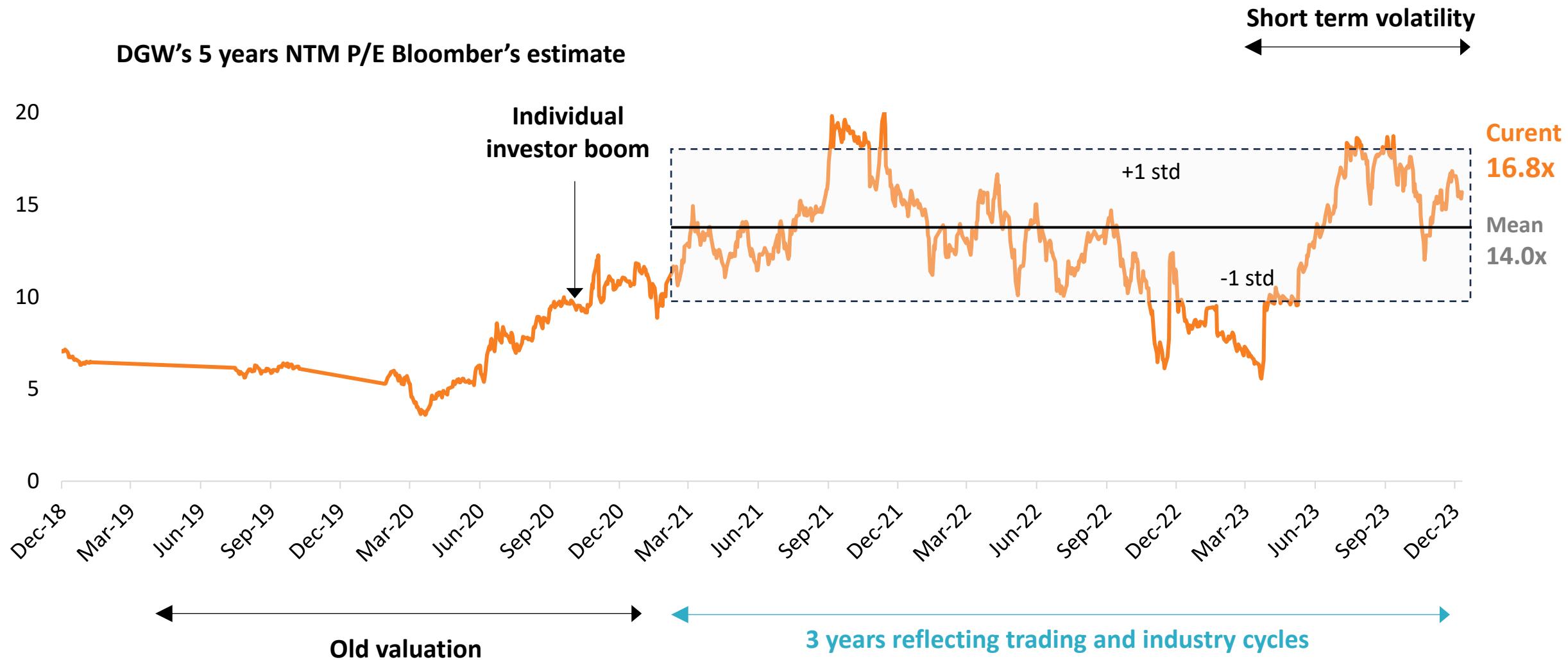
WACC

	11.2%	11.7%	12.2%	12.7%	13.2%
1.0%	57.1	53.8	50.9	48.2	45.7
2.0%	60.4	56.7	53.4	50.4	47.6
3.0%	64.5	60.2	56.4	53.0	49.9
4.0%	69.7	64.6	60.2	56.2	52.7
5.0%	76.6	70.4	70.0	60.3	56.2

Terminal Growth Rate

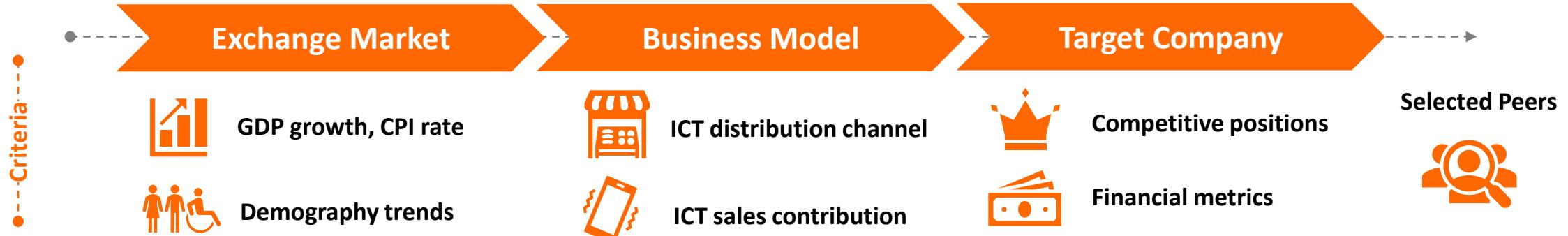
Valuation

Relative valuation methodology



Valuation

Peers' business selection



PetroVietnam General Services offers services such as **ICT distribution, lodging, storage and warehousing**, real estate, employment agency, and supply of personnel services, travel agency, tour operator, and tourist guide services.



PT Metrodata Electronics Tbk, engages in **ICT distribution business in Indonesia**, operating through two divisions, **Distribution and Solution and Consultation**. The Distribution division sells hardware and software, and basic peripherals. The Solution and Consultation division provides maintenance services; offers professional services for consultation, implementation, and training.



VSTECS Berhad, engages in the distribution of **ICT products in Malaysia** and internationally, operating through three segments: **ICT Distribution, Enterprise Systems, and ICT Services**. The company serves its customers through a network of resellers comprising retailers, system integrators, and corporate dealers.



Synnex Thailand PCL distributes computer products. The Company distributes computer components and peripherals, servers and storage devices, security products, computer software, and consumables.



SiS Distribution (Thailand), distributes computer components, smartphones, and office automation equipment in Thailand. The company operates through four segments: **Commercial Products, Consumer Products, Value Added Products, and Phones**. It is also involved in the servicing and rental of computers and accessories.

Source: Bloomberg, Team's analysis

Valuation

Peers' financial performance



	Country	Market data (28.10.2023)		Financial data (LTM)						Valuation metric (3Y)
		Mkt Cap (mil usd)	EV (mil usd)	Revenue (mil usd)	Net income (mil usd)	Gross margin (%)	Net margin (%)	ROA (%)	ROE (%)	
Domestic peers										
Petrosetco	Vietnam	91	99	745	2	4.4%	0.3%	0.7%	3.7%	16.0x
Regional peers										
PT Metrodata Electronics	Indonesia	390	402	1375	40	8.7%	2.9%	6.9%	18.9%	13.3x
VSTECS Berhad	Malaysia	99	83	600	15	5.7%	2.3%	7.8%	15.0%	8.7x
Synnex Thailand PCL	Thailand	219	381	1055	18	4.4%	1.8%	4.7%	16.2%	20.7x
SiS Distribution	Thailand	183	293	785	17	6.8%	2.2%	5.6%	18.4%	14.0x
Digiworld	Vietnam	286	306	756	18	8.4%	2.3%	6.2%	17.3%	15.0x

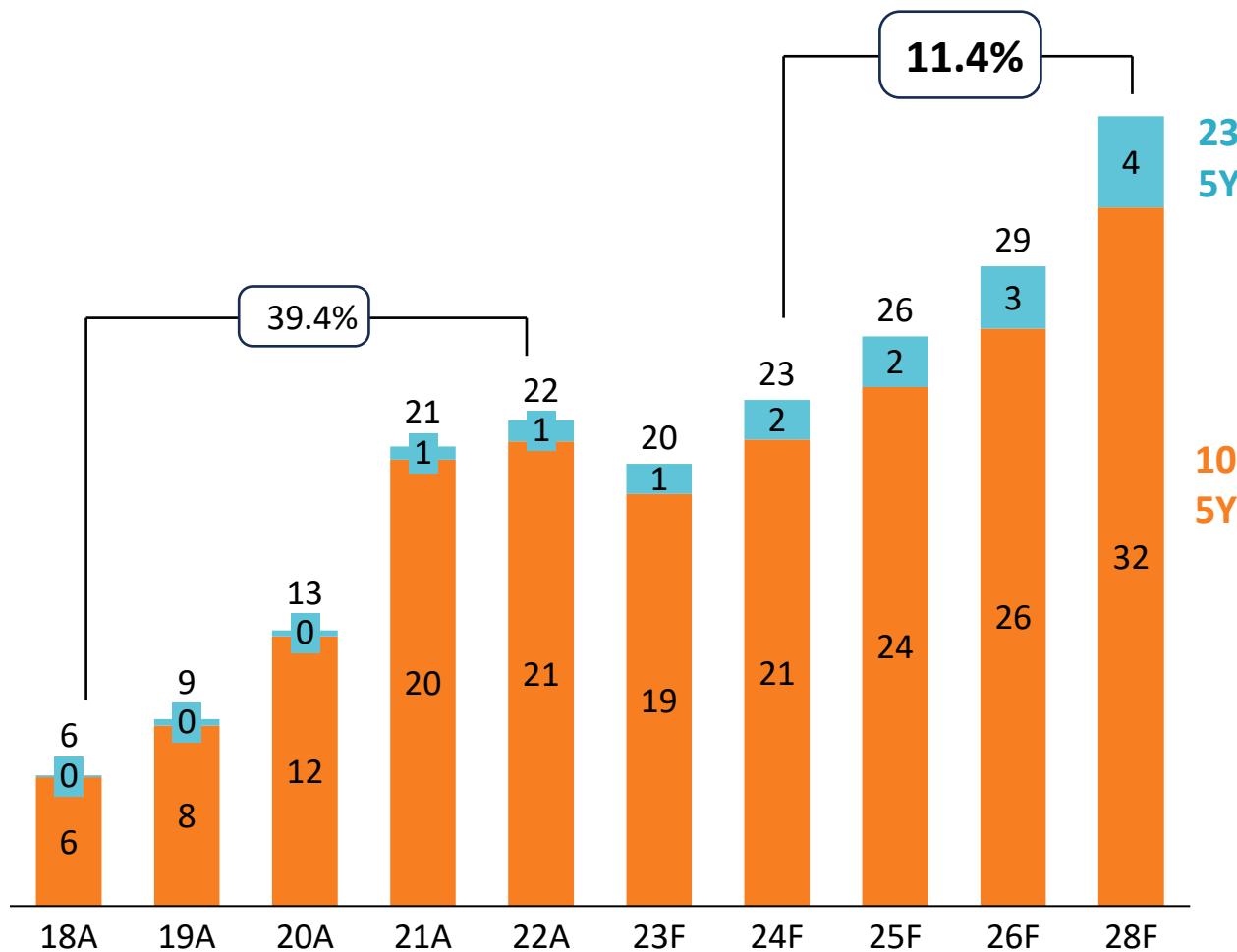
Source: Bloomberg, Team's analysis

Valuation

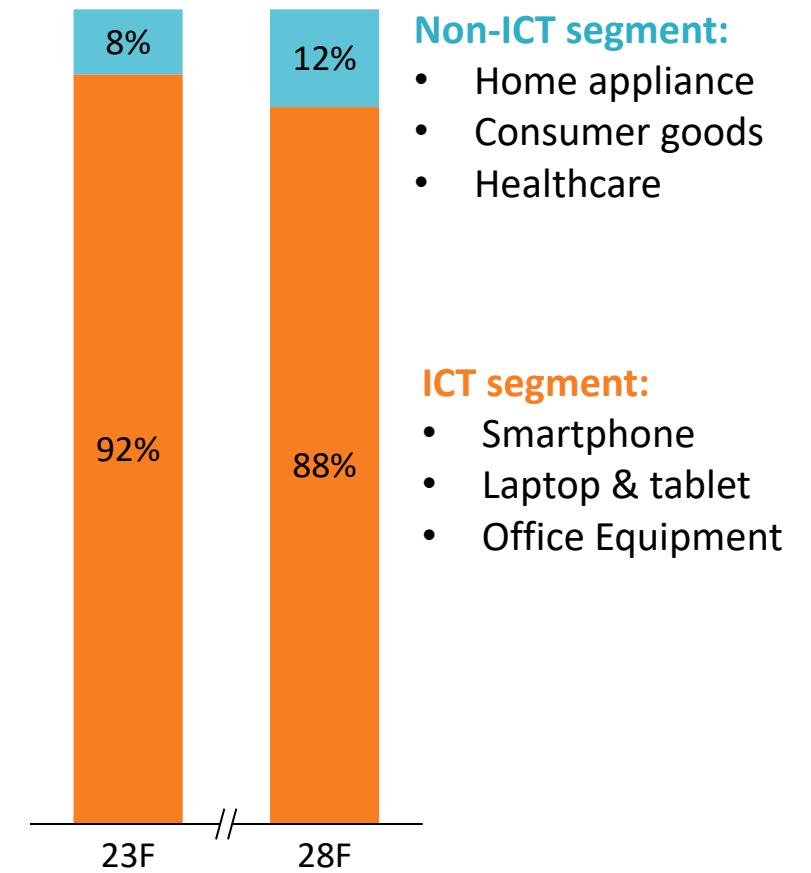
DGW's sales revenue summary



Total revenue breakdown and growth in 2018A/2028F (VNDtn)



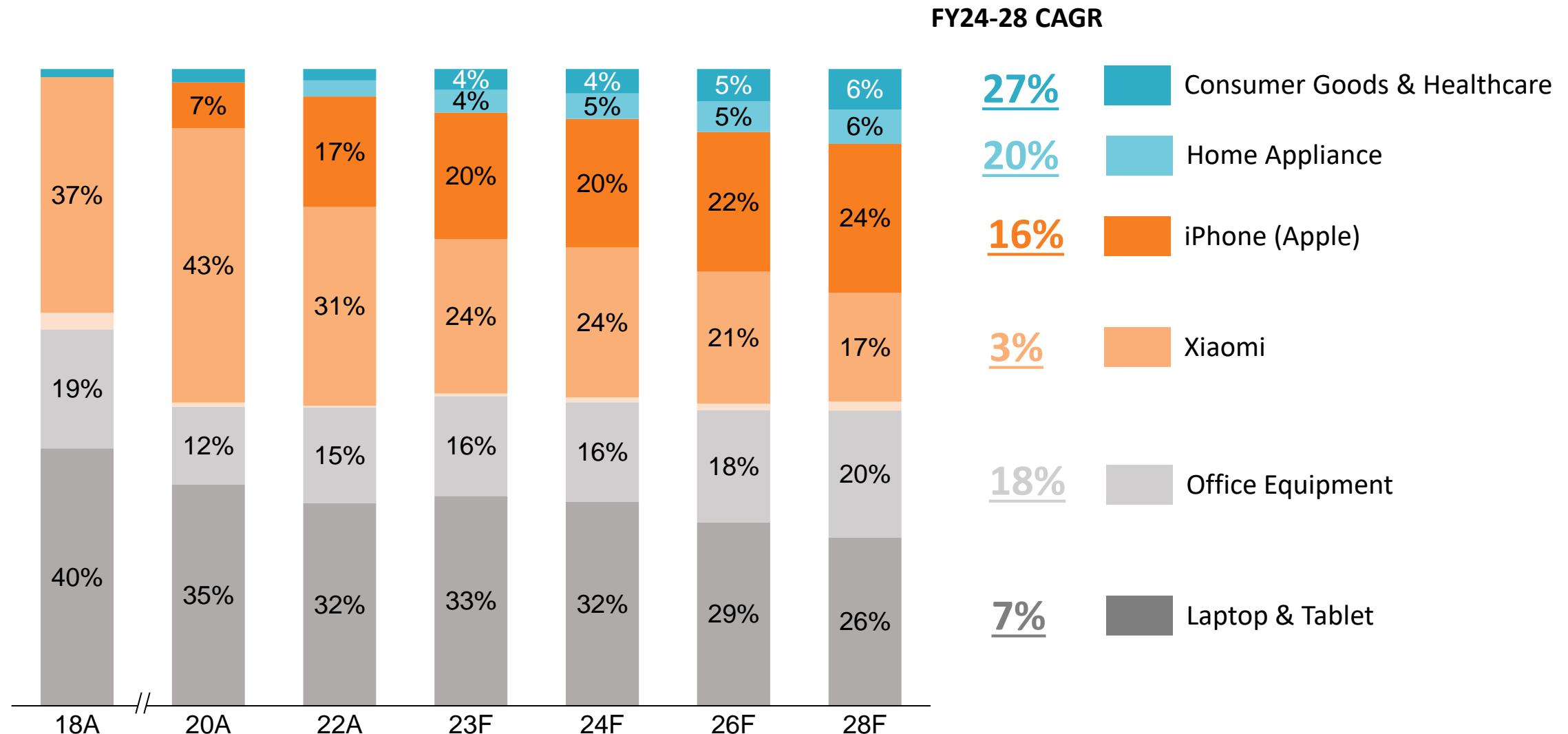
Sales contribution over time in 2023/28F(%)



Source: DGW, Team's forecasts

Valuation

DGW's sales revenue contribution and growth by segments



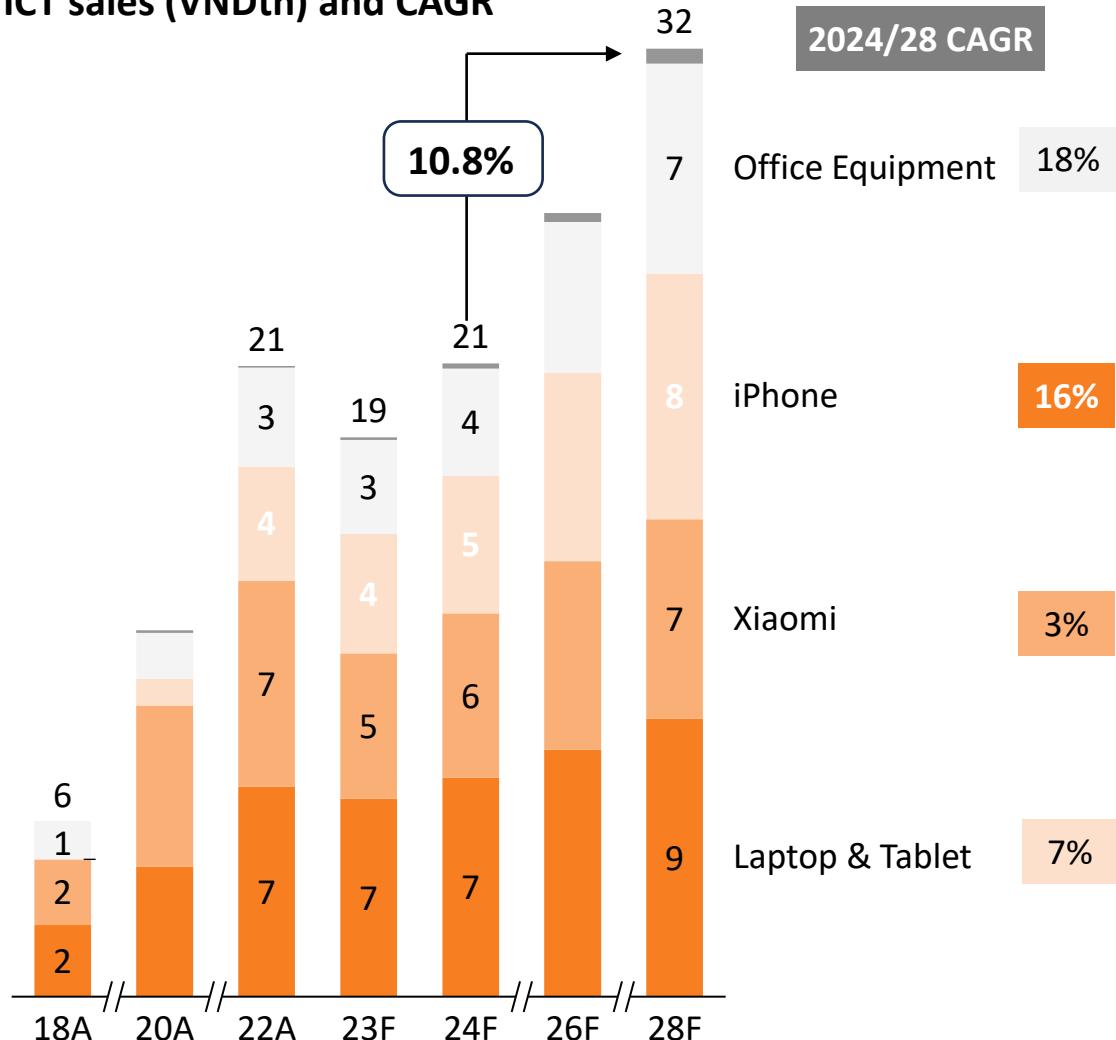
Source: DGW, Team's forecasts

Valuation

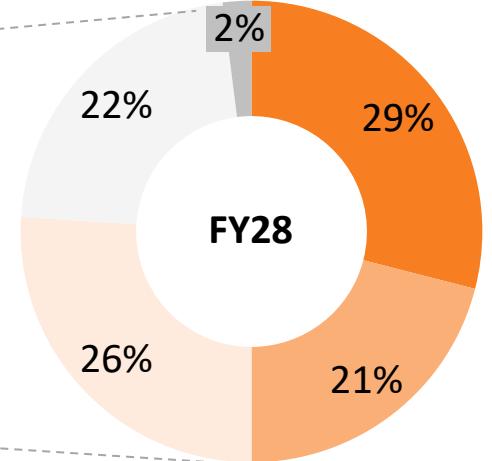
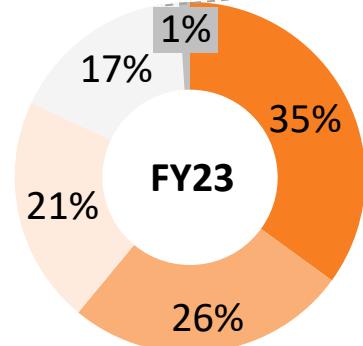
ICT sales forecast | iPhone is the primary growth driver



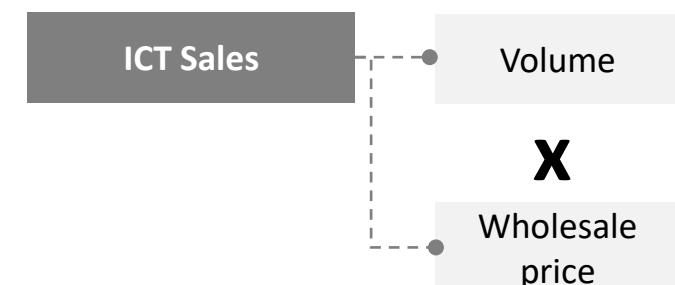
ICT sales (VNDtn) and CAGR



Sales contribution change %



ICT forecast methodology



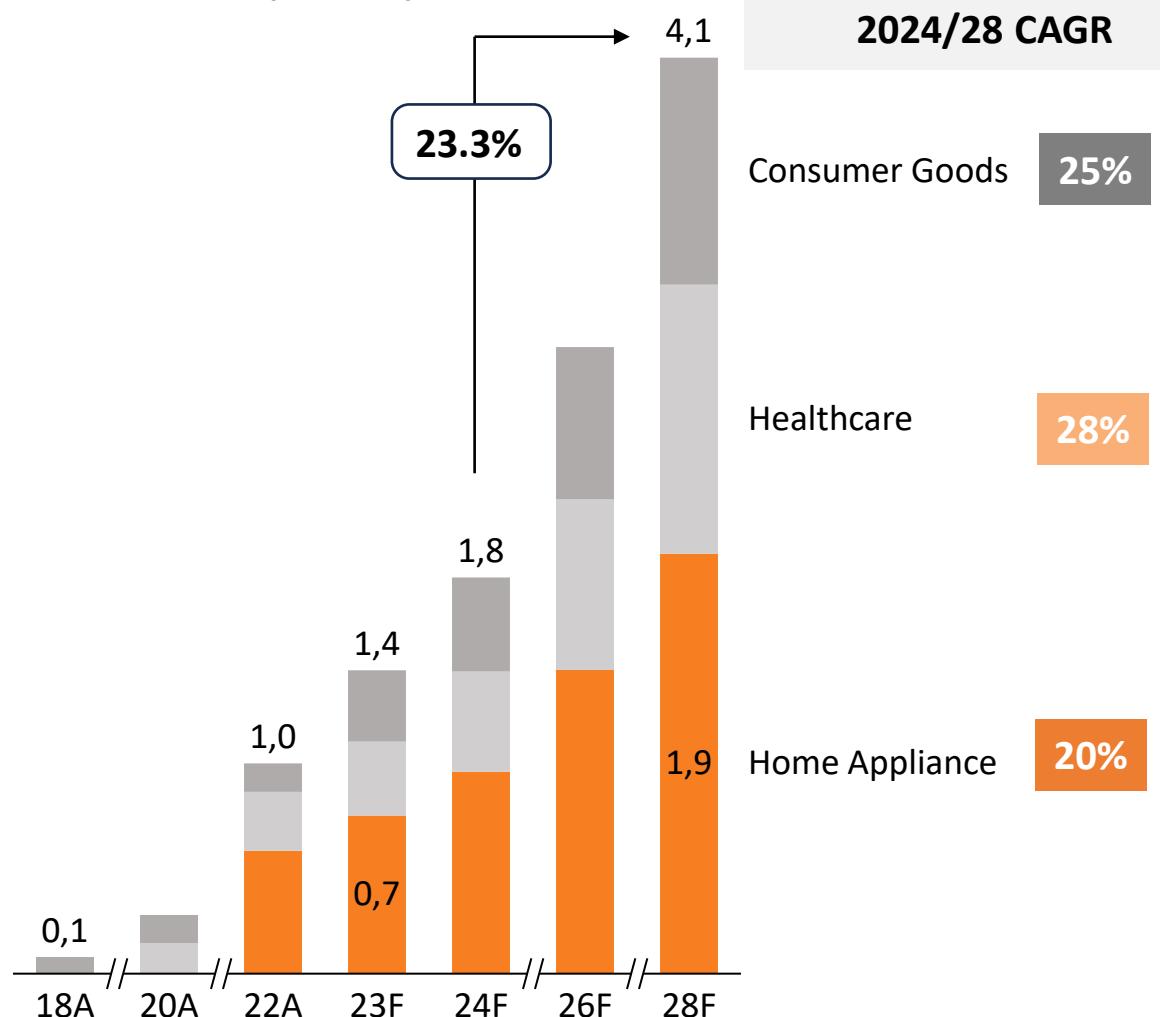
- - - • Industry market size (vol)
- - - • Brand market share (%)
- - - • Distribution market share

Source: DGW, Team's forecasts

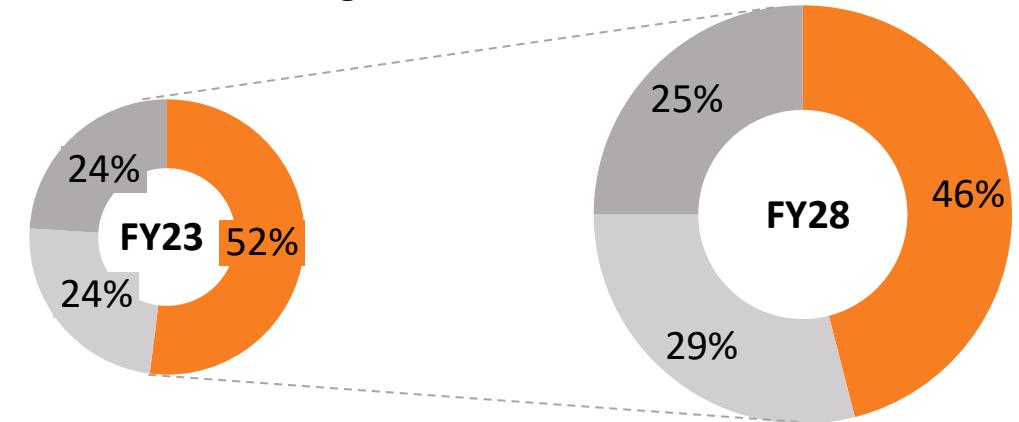
Valuation

Non-ICT sales forecast | Home Appliance is the major revenue stream

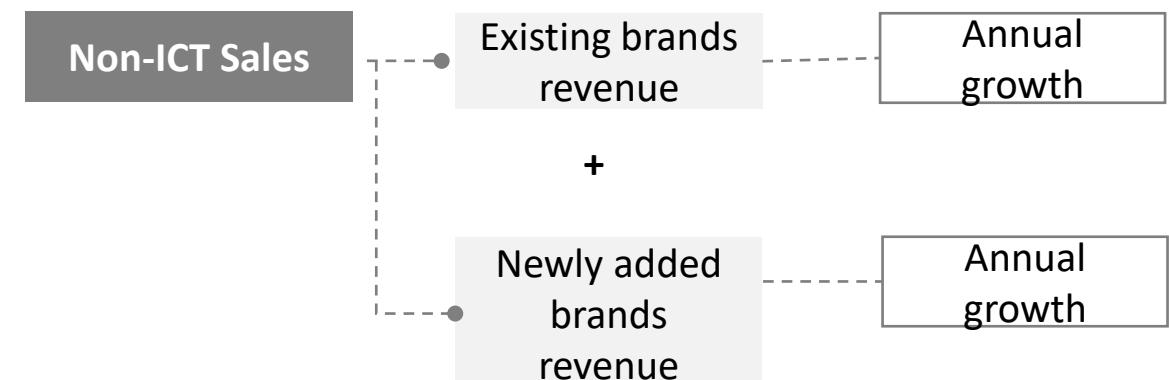
Non-ICT sales (VNDbn) & CAGR



Sales contribution change %



Non-ICT forecast methodology



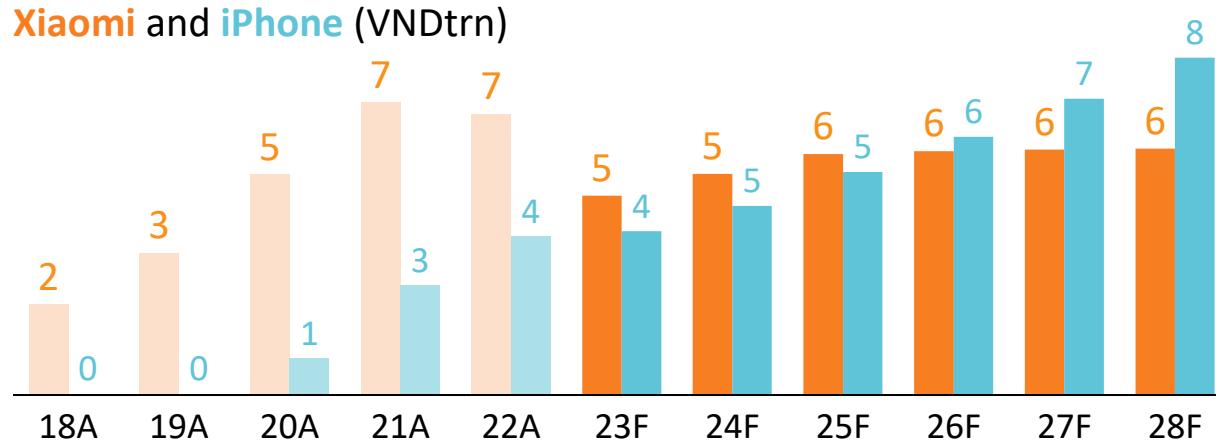
Source: DGW, Team's forecasts

Valuation

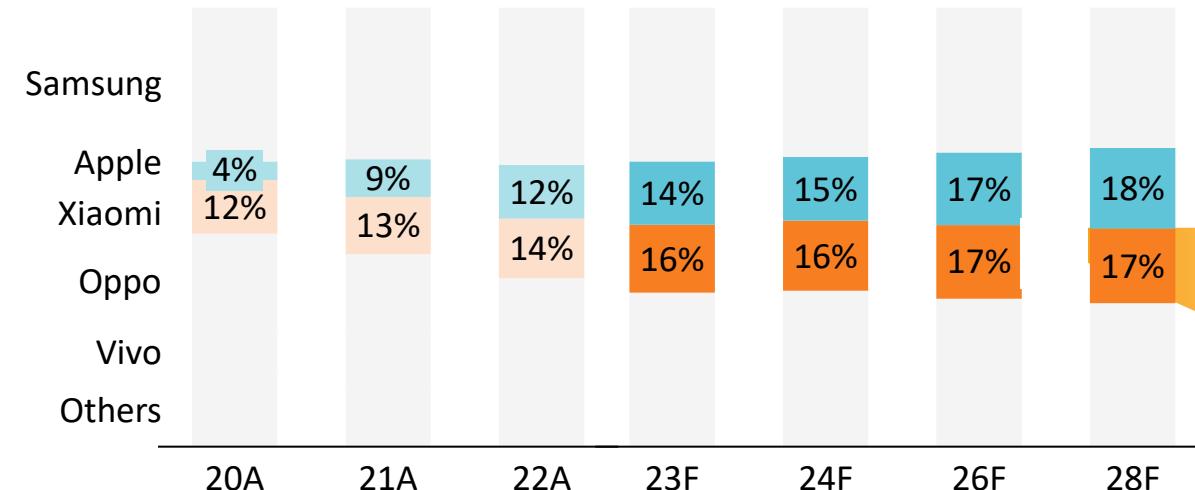
Xiaomi sales forecast | Underperforming the market due to shares loss to FPT Synnex



Xiaomi and iPhone (VNDtrn)



Smartphone market brands' shares past & expectation (by vol)



Source: DGW, Team's forecasts

FY24-28 CAGR

DGW's sales

Smartphone market

Xiaomi

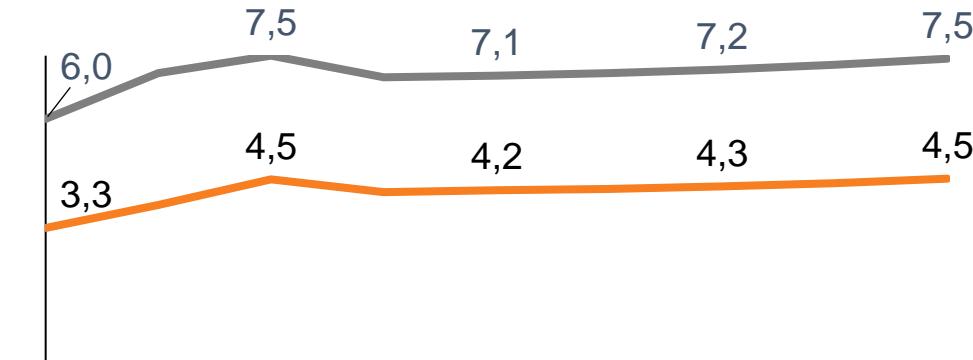
Iphone

3%

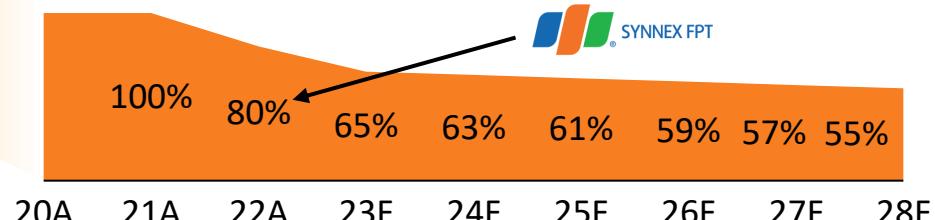
16%

5%

Average price **Xiaomi** vs Smartphone (VNDmn)

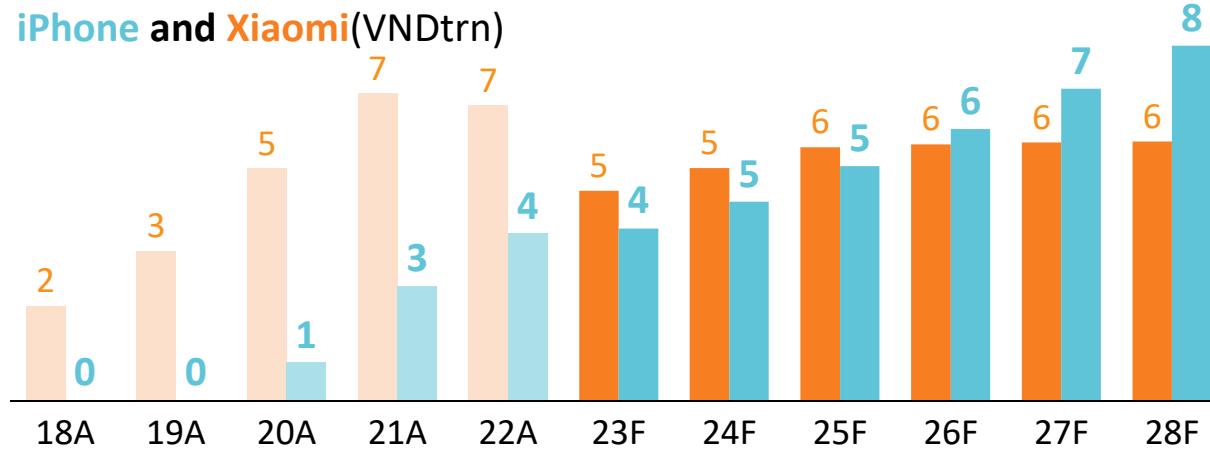


DGW's shares within Xiaomi distribution after losing exclusive position

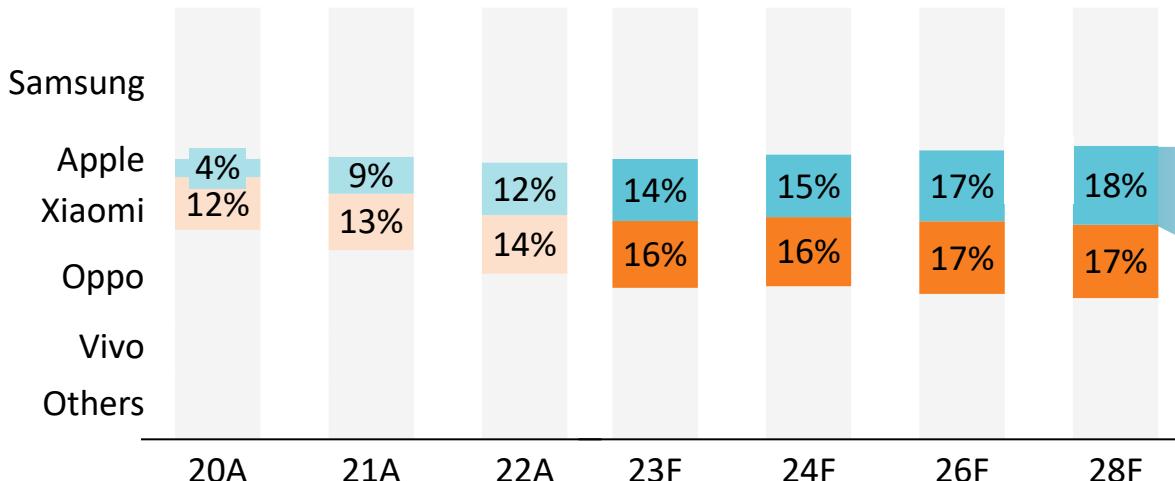


Valuation

iPhone sales forecast | Outperforming the industry owing to the premiumizing market



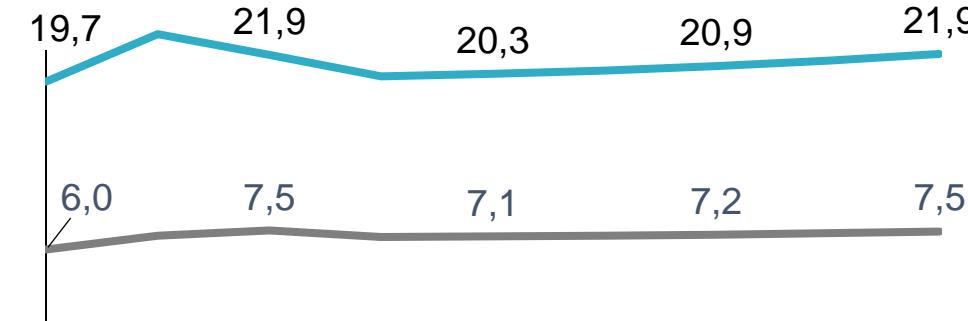
Smartphone market brands' shares past & expectation (by vol)



Source: DGW, Team's forecasts

FY24-28 CAGR	Xiaomi	iPhone
DGW's sales	3%	16%
Smartphone market	5%	

Average price iPhone vs Smartphone (VNDmn)



DGW's is gaining market shares (%) under more attention of Apple to Vietnam market



Valuation

New low-end smartphone brands | An insignificant impact in the upcoming 2G termination

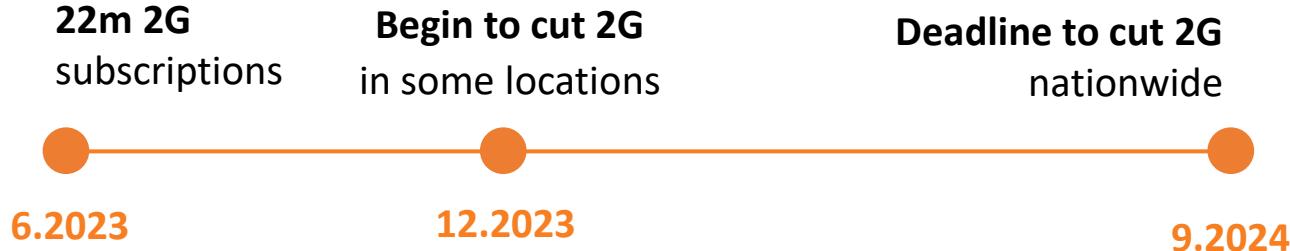


DGW's Recent Smartphone Partners

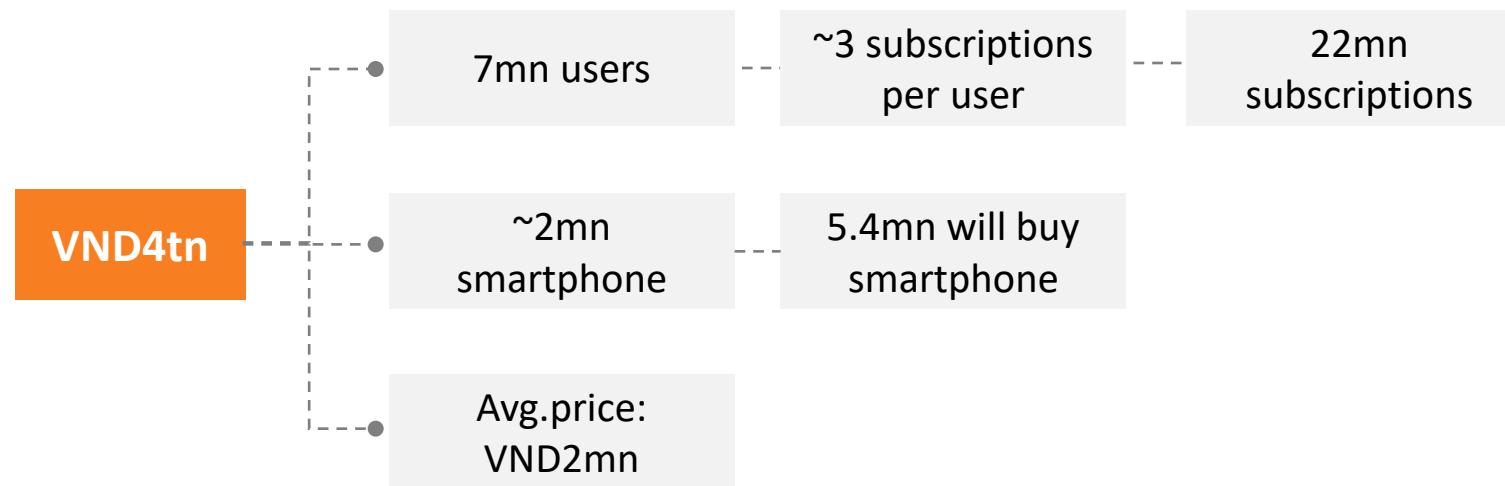


Target 2G phone replacement trend

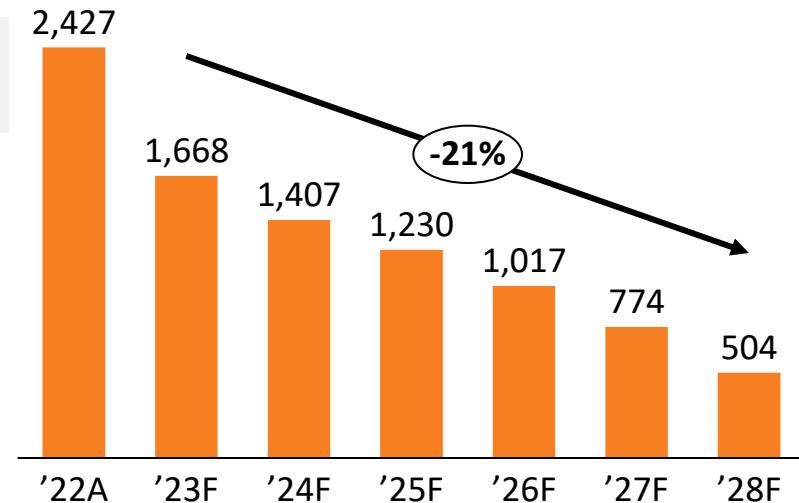
2G cut-off timeline (Ministry of Information and Communication)



Market size 2G feature phone converted to smartphone: VND 4trn annually



Feature phones sales forecast (mn units)



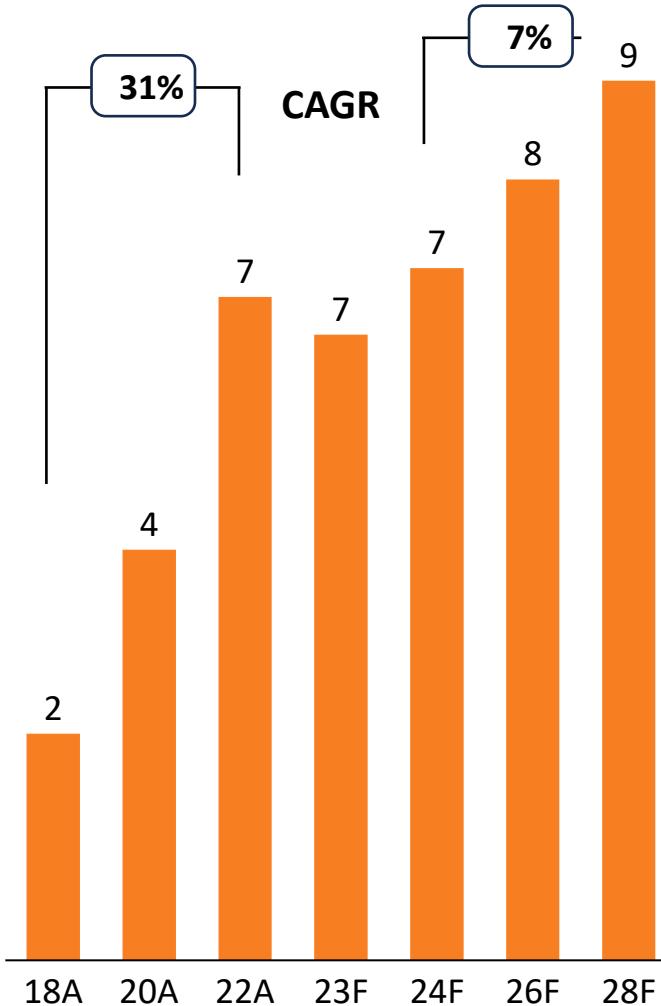
Source: DGW, Team's forecasts

Valuation

Laptop & Tablet sales forecast | A trailing performance with industry growth



DGW's laptop & tablet sales (VNDtrn)



Digiworld leading position

- Leaders with 40% shares to represent the market
- Inclusive portfolio with almost all laptop brands
- Over 20 years of experience on laptop segments
- DGW catching up the latest trend sooner, especially with MacBook popularity

Slow growth saturated market

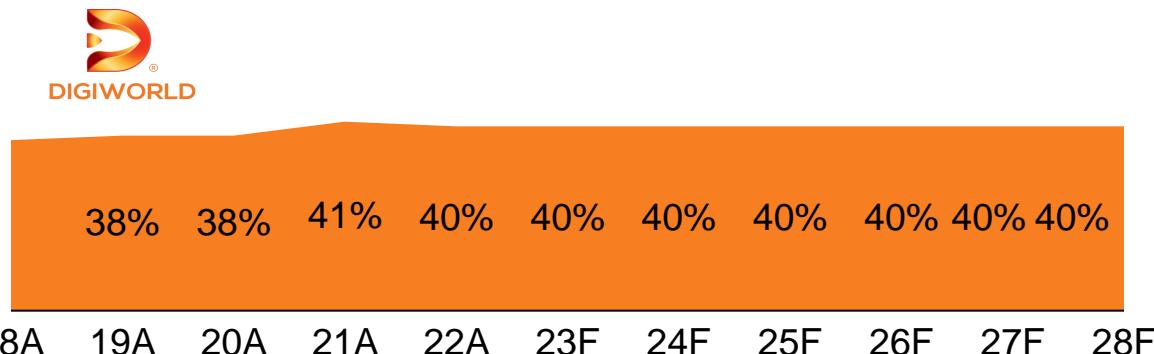
- Saturated with high penetration rate of 58% as high as regional peers
- Still growth with Vietnam intellectual working class
- Premiumization trends
- High competition among laptop manufacturing create sub-trend (gaming, OLED, 360 folding laptop...)

FY24 – 28 CAGR

DGW Market

7.3% **6.4%**

DGW's laptop market shares by unit



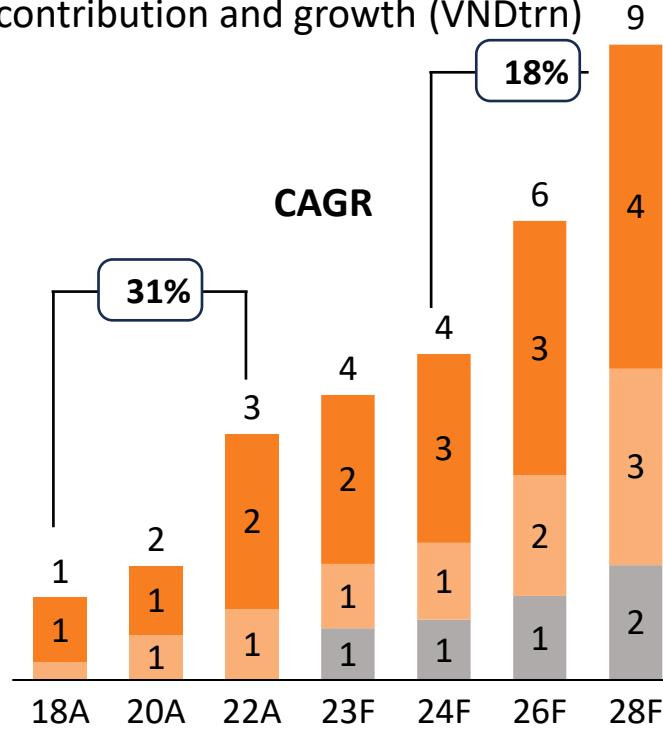
Source: DGW, Team's forecasts

Valuation

Office Equipment sales forecast | An outstanding growth among the portfolio



DGW's office equipment sales contribution and growth (VNDtrn)



CAGR FY24/28 DGW Market

Corporate Equip. 14% 10%

Consumer Equip. 27% 20%

Industrial Equip. 17% 11%

Market opportunities

Corporate equipment: Server, Hardware, Software...

- National digital transformation program set to achieve targets by 2025
- Target 50% of SMEs using digital applications
- Target the digital economy's GMV accounting for 20% of total GDP

Digiworld well-positioned

- Solid partnership of technology enterprises like ADG, CMC Corporation
- Recent relationship with production companies like THACO, Heineken, etc.

Consumer equipment: Headphones, Earphones,...

- Low IoT penetration rate
- Low deployment of 5G network

- Have partnered with leading IoT ecosystem like Apple and Xiaomi

Industrial equipment: Protective clothing,...

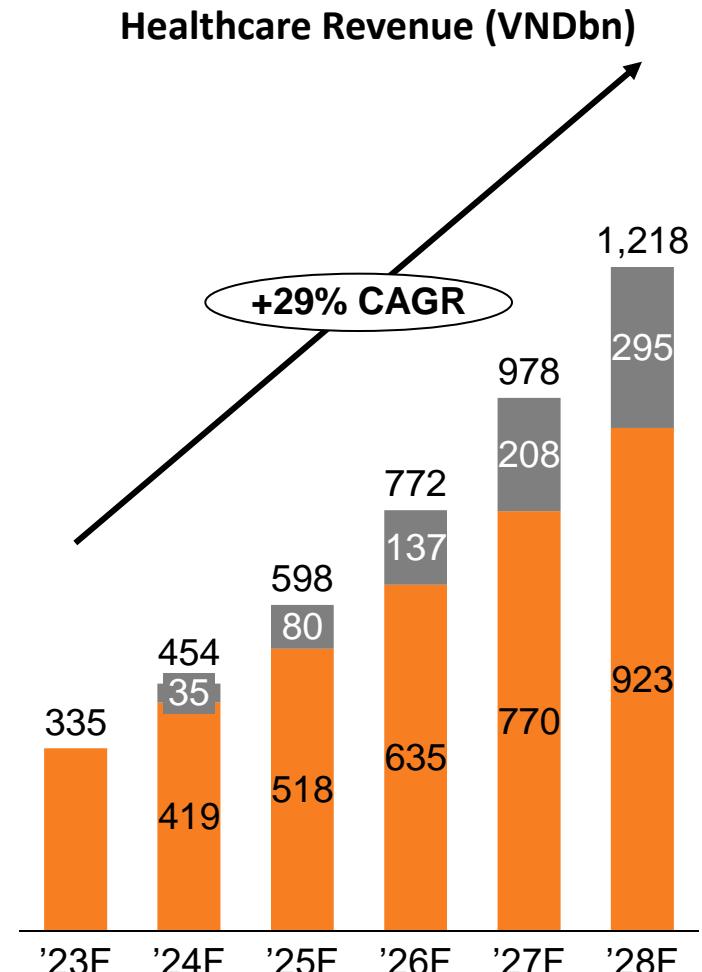
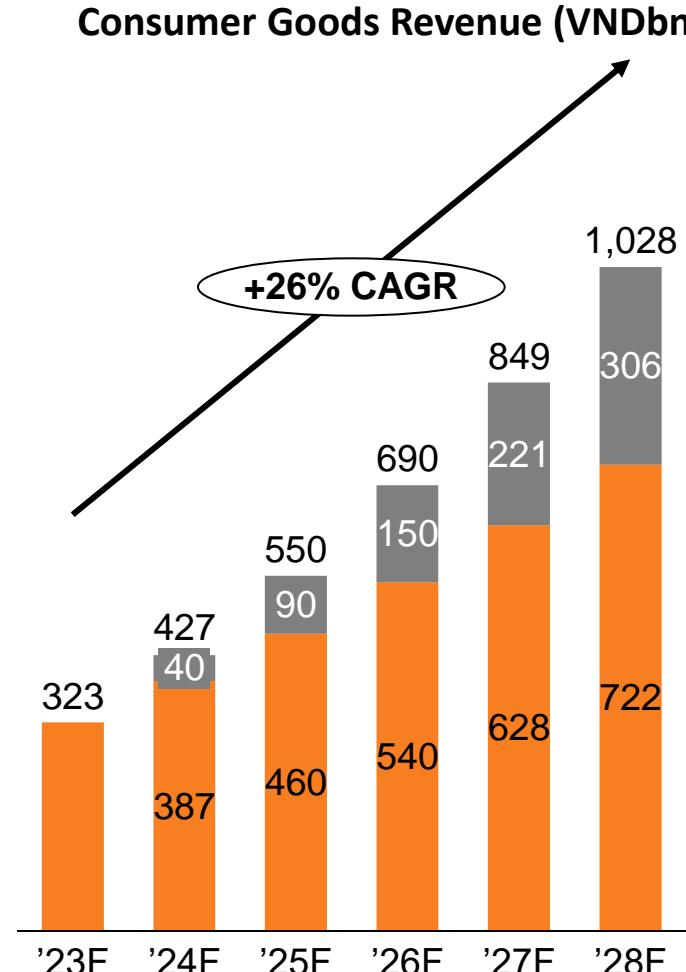
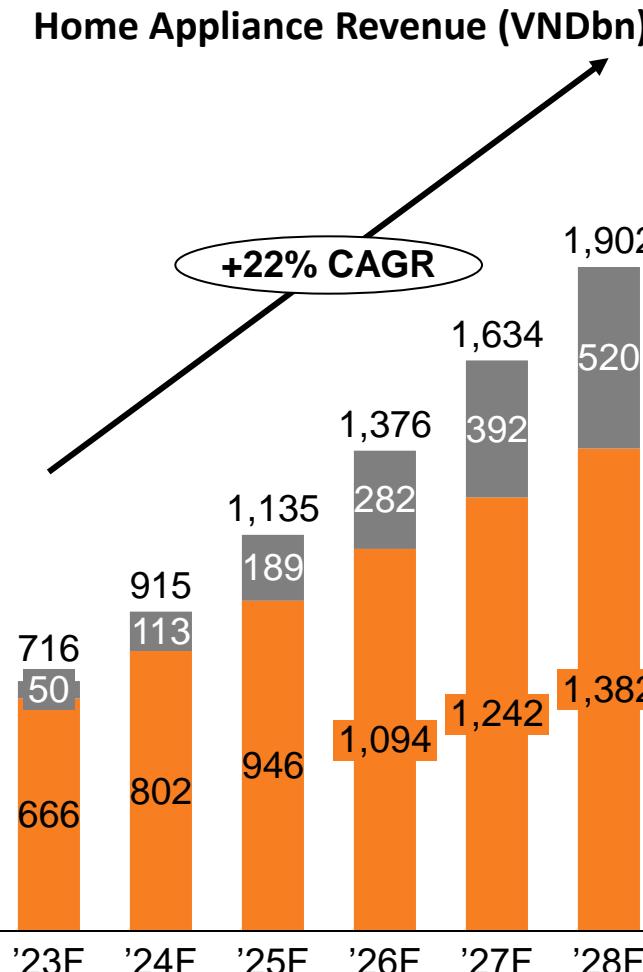
- Vietnam's industrial growth and FDI acquisition

- Have acquired Achison with 6% market shares
- Have expanded Northern Sector – FDI center

Source: DGW, Team's forecasts

Valuation

Non-ICT sales forecast | Sales revenue breakdown and growth by segments



■ New Brands ■ Current Brands

Source: DGW, Team's forecasts

Valuation

Non-ICT sales forecast | Sales methodology details



	Home Appliance	Consumers Goods	Healthcare	Remarks
Existing brands	2024-28F CAGR	14%	16%	21%
New niche brands	Number of added brand per year	1	1	1
	First year's revenue (VNDbn)	70-90	50-70	40-60
	Future CAGR	18%	21%	28%
Industry growth	2024-28F CAGR	4.5%	9%	12%

Source: DGW, Team's forecasts

%GM	18A	19A	20A	21A	22A
Smartphone	x	x	x	x + 0.5%	x + 0.5%
Laptop	y	y	y	y + 1.0%	y + 0.5%
Office Equip.	z	z + 0.1%	z + 0.2%	z + 0.3%	z + 0.4%
Home App.	m	m	m	m	m + 1.0%
Consumer-Health	n	n + 1.0%	n + 2.0%	n + 3.0%	n + 4.0%

0 –
Define

* Yearly fluctuation of each segment's margin estimation were backed by:

- DGW's announcement
- Each year's specific economic event impacting margin
- Peers' margin fluctuations

** Final segments' gross margin estimation were crossed checked with:

- DGW's actual gross margin
- Some facts as constraints

1 -
set up

Each segment's sales (VNDtrn)

$$\begin{array}{l}
 2018 | \quad 2.4x + 2.4y + 1.1z + 0m + 0.1n = 0.4 \\
 2019 | \quad \dots \quad \dots \quad \dots \quad \dots \\
 2020 | \quad \dots \quad \dots \quad \dots \quad \dots \\
 2021 | \quad \dots \quad \dots \quad \dots \quad \dots \\
 2022 | \quad 10.8(x+0.5\%) + 7.0(y+0.5\%) + 3.3(z+0.4\%) + 0.6(m+1.0\%) + 0.4(n+4\%) = 1.7
 \end{array}$$

2 -
Solve

3 –
Check

18A	Roots
x	5.8%
y	6.8%
z	7.8%
m	8.8%
n	11.0%

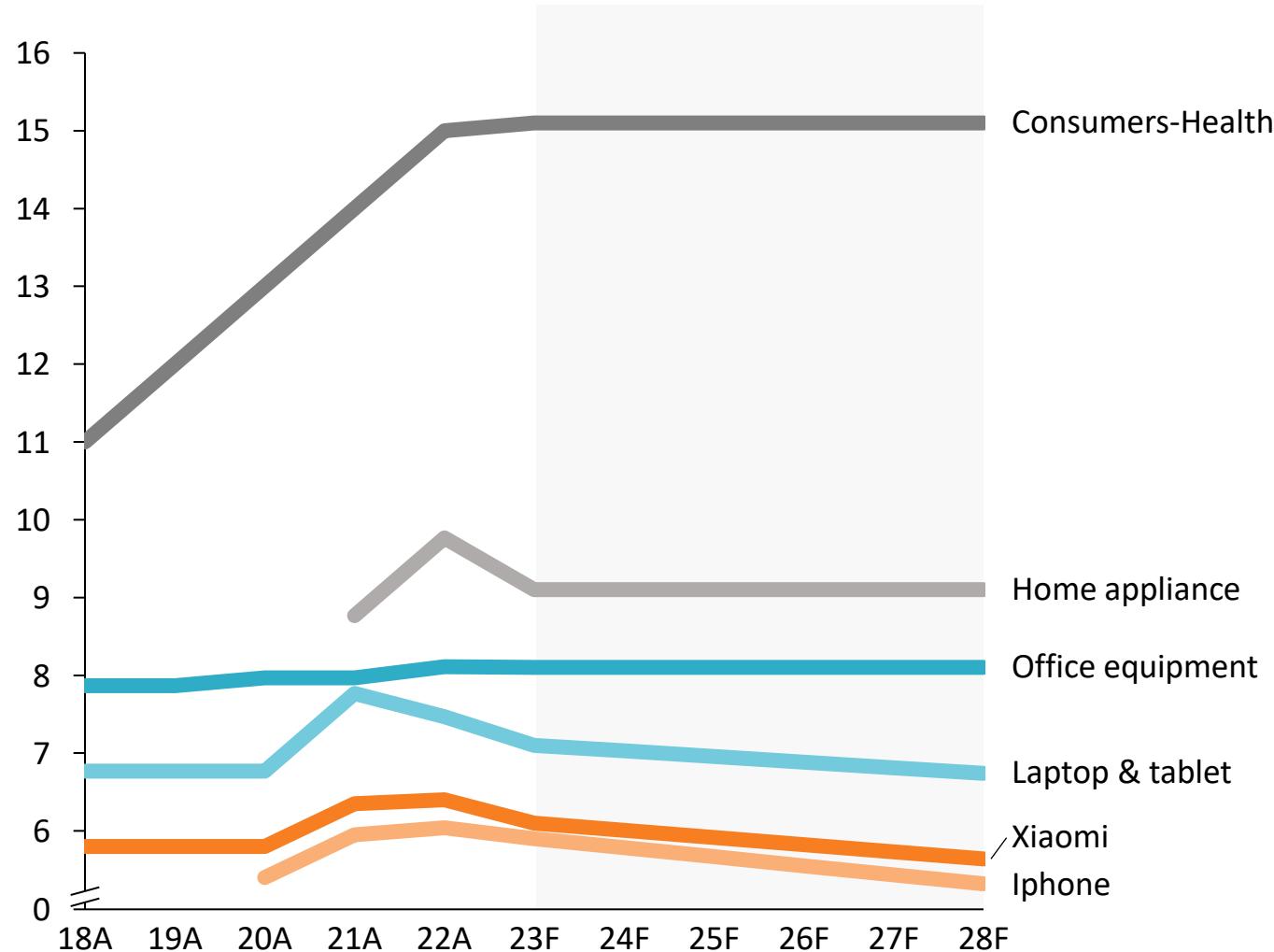
Simultaneous 5 equations system

Valuation

Profit Margin | GPM and EBIT margin vs peers and forecast

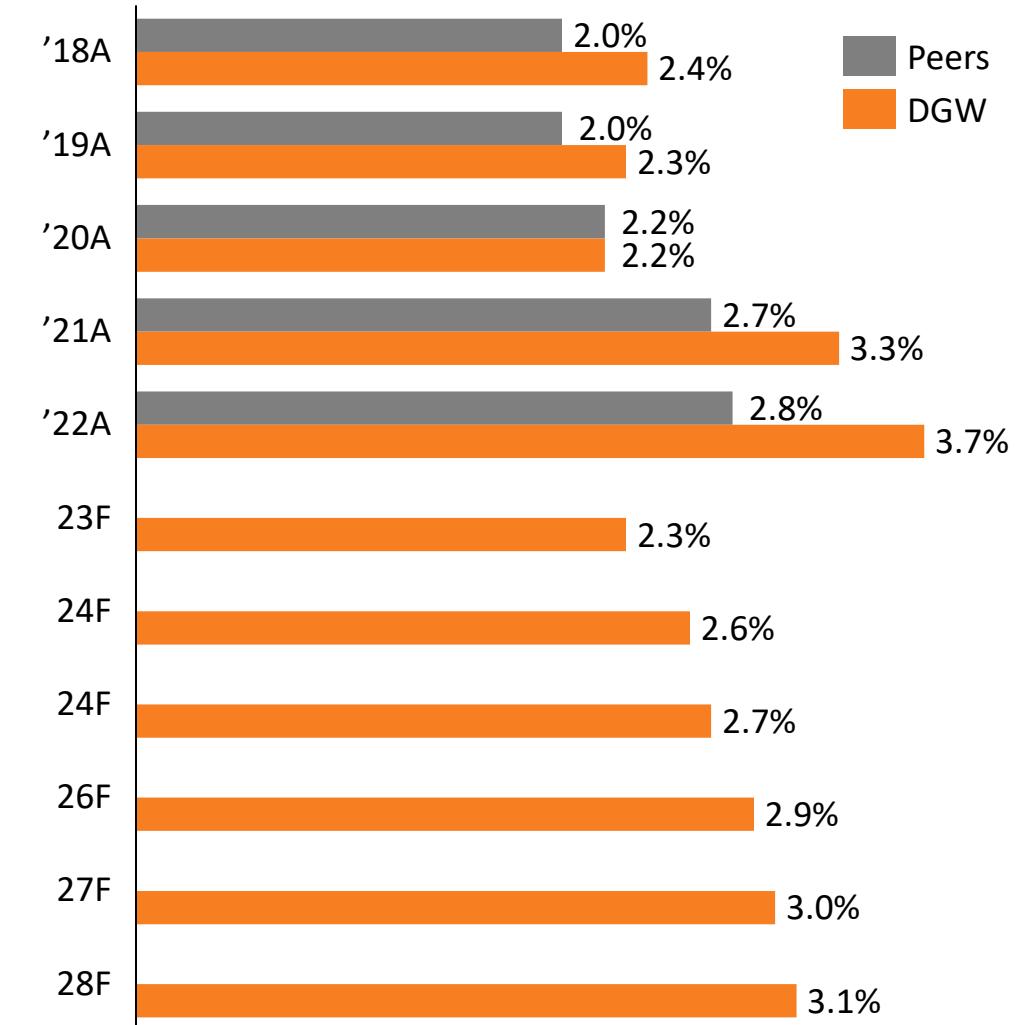


DGW's GPM by segment



Source: DGW, Team's forecasts

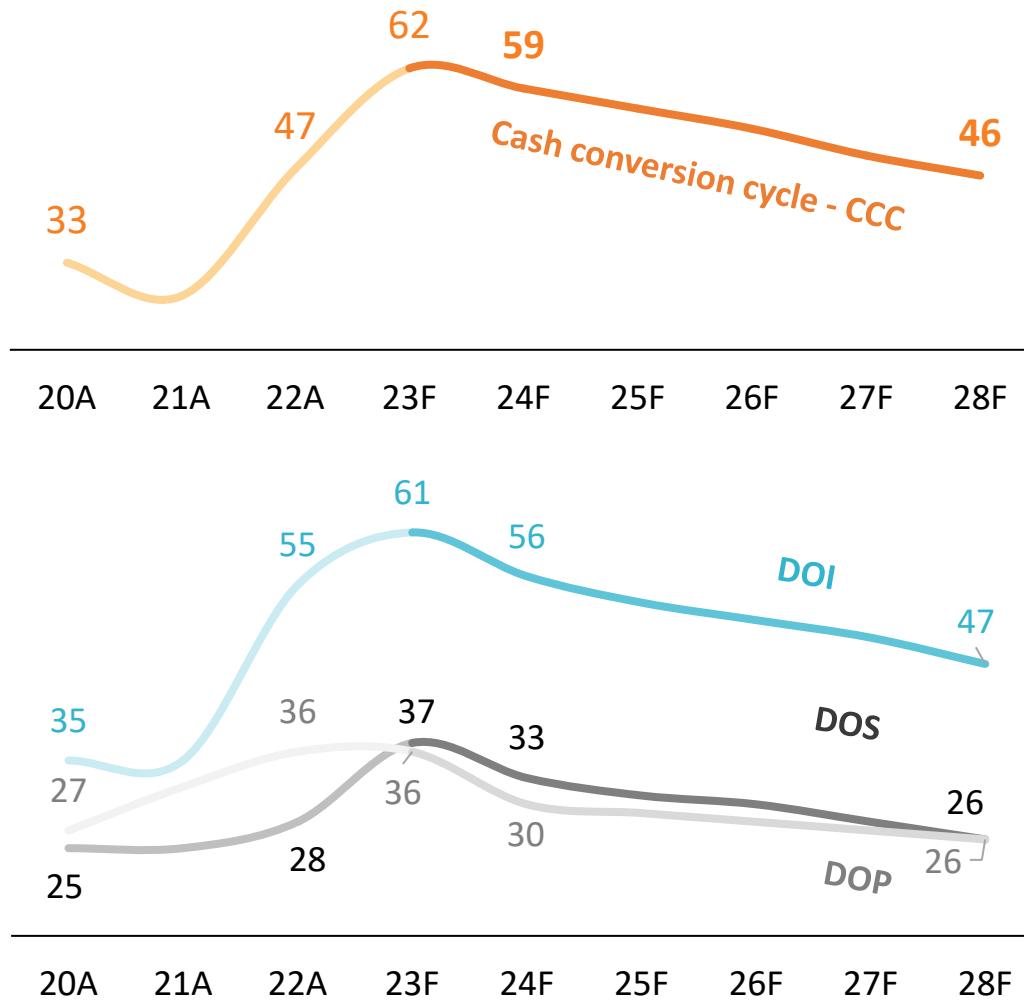
EBIT margin of DGW vs peers average



Valuation

Working Capital | CCC will improve from 59 days in 2023 to 46 days in 2028, largely thanks to DOI.

Days of Working Capital



Source: DGW, Team's forecasts

DOI decreasing to 47 days by 2028

- Demand normalization
- Higher sales contribution from **fast-moving iPhones SKUs**
- ...Offset by increase sales of niche non-ICT (but contribution is smaller compared to Iphones)
- The management aims to maintain **DOI at 6-8 weeks**

DOS decreasing to 26 days by 2028

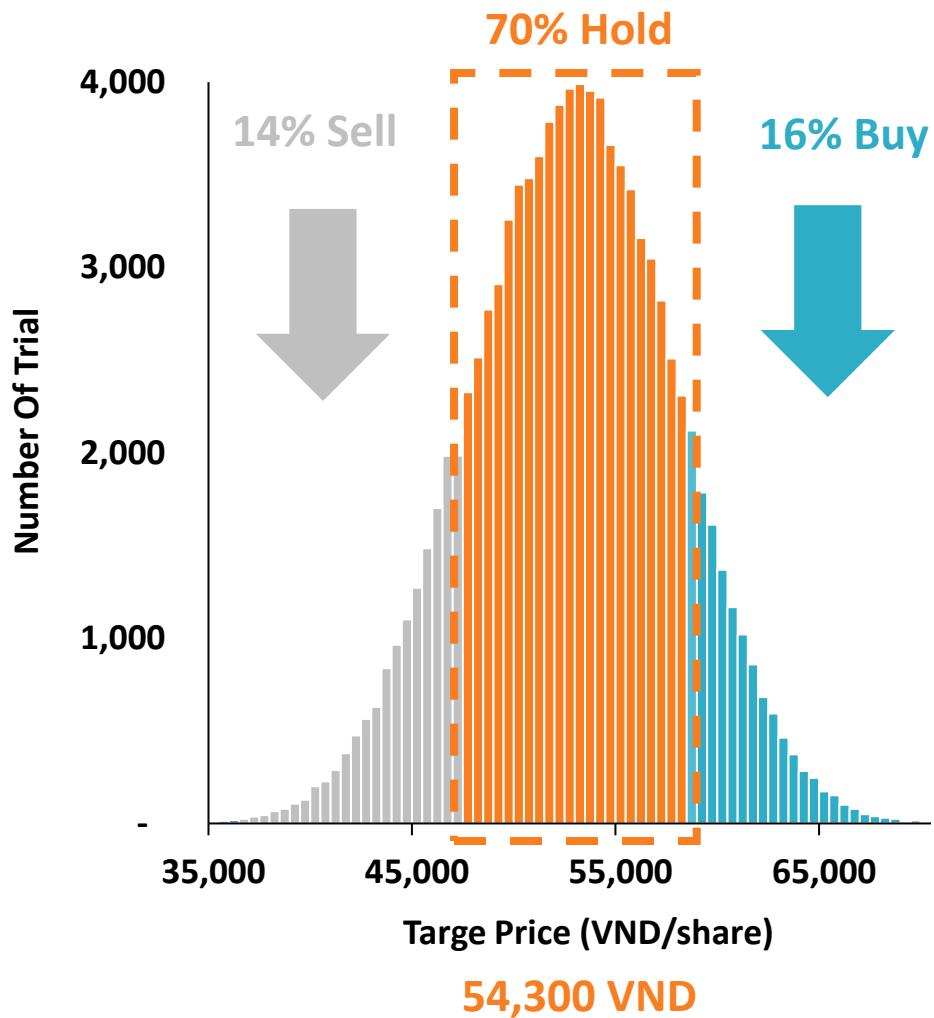
- Credit term to retailers being tightened in long term when **economy recover** & non-ICT products getting easier to sell

DOP decreasing to 26 days by 2028

- Non-ICT suppliers shall give DGW favorable payment terms initially but tightens gradually as adoption grows.

Valuation

Monte Carlo Simulation | Result indicates the HOLD recommendation with 70% confidence interval



	Summary Statistics	Percentile	Share Price
Mean	52.867	10%	46.312
Median	52.927	20%	48.596
Std. Dev.	5.058	30%	50.228
Variance	25.581	40%	51.637
Skewness	-0.0528	50%	52.927
Kurtosis	2.96	60%	54.212
Minimum	32.292	70%	55.575
Maximum	83.631	80%	57.160
Mean Std. Error	0.016	90%	59.312

Variable	Distri.	Mean	Std. Dev.	Mode	Min.	Max.
DGW's Apple share	Normal	13%	1%			
DGW's Xiaomi share	Triangular			60%	40%	66%
DGW's laptop share	Normal	40%	2%			
DGW's tablet share	Triangular			14%	13%	17%
Office Equip. CAGR	Normal	18%	5%			
Non-ICT CAGR	Normal	26%	3%			

Source: Team's estimates & analysis

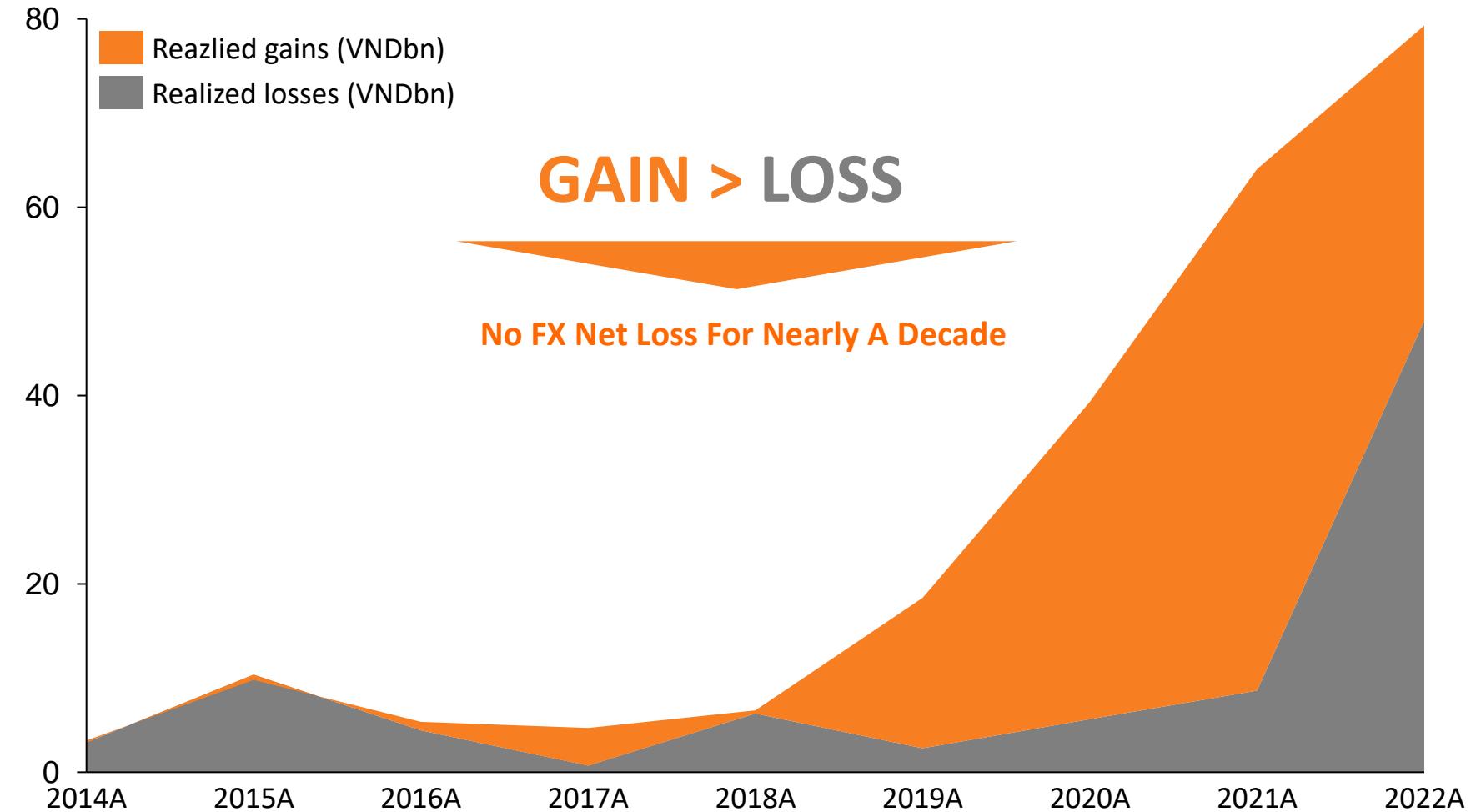
Investment Risks

Foreign Exchange (FX) Movement Risk

DGW's FX Strategy



DGW's FX Gain And Loss Records



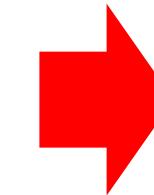
Source: DGW, Team's compilation

Investment Risks

Inventory Management Risk

Δ Average 2024-28F DOI	Average 2024-28F CCC	Target Price (VNDk)	%Change in TP
+2.0	57.1	44.5	-18.1%
+1.5	56.5	47.0	-13.6%
+1.0	55.9	49.4	-9.1%
+0.5	55.4	51.9	-4.5%
+0.0	54.8	54.3	0.0%
-0.5	54.2	56.8	4.5%
-1.0	53.6	59.3	9.1%
-1.5	53.0	61.7	13.6%
-2.0	52.5	64.2	18.1%

- ICT inventory obsolescence
- Non-ICT penetration difficulties
- Supply chain disruption
- Management inability



- ICT consumption recovery
- Non-ICT cross-selling success
- Cutting-edge technology adoption
- PSI-ERP practice efficiency



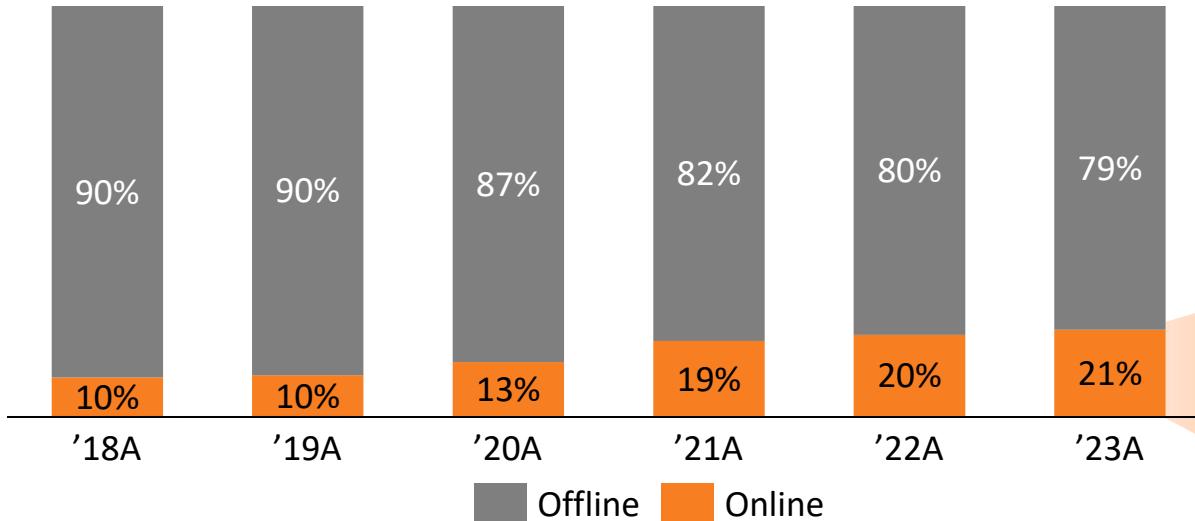
Source: Team's estimates & analysis

Investment Risks

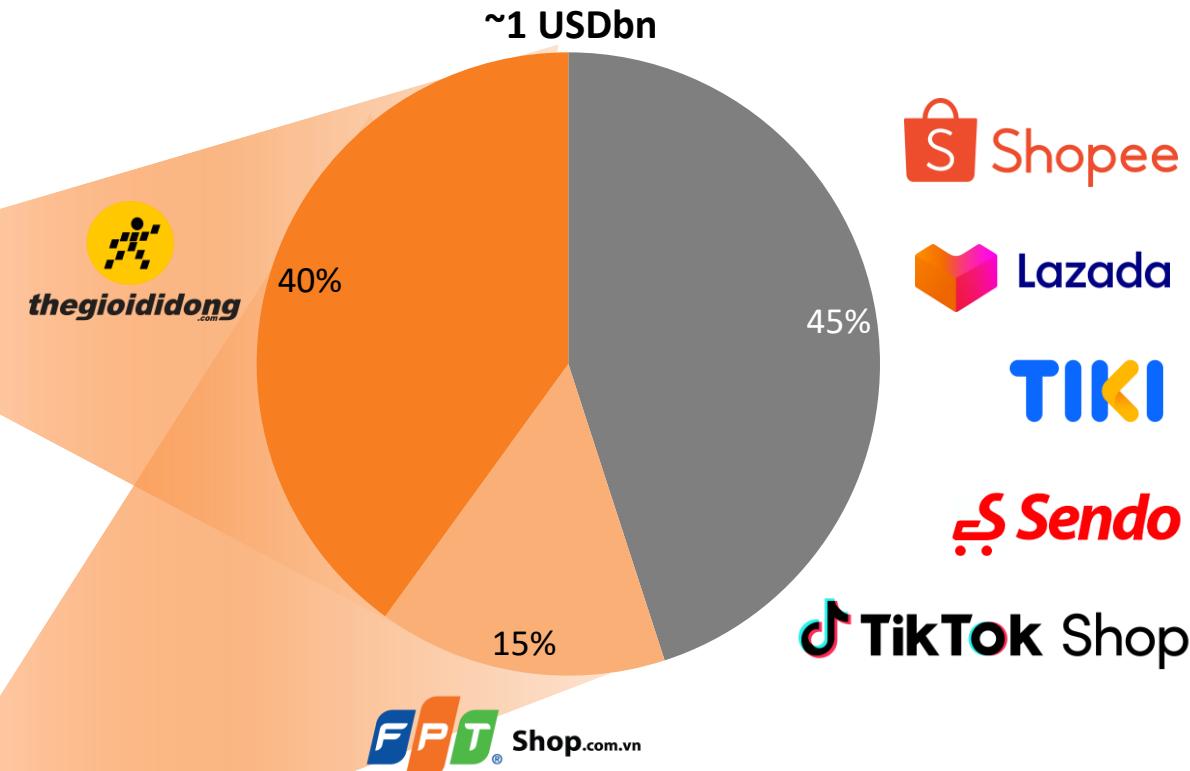
E-Commerce Distribution Channel



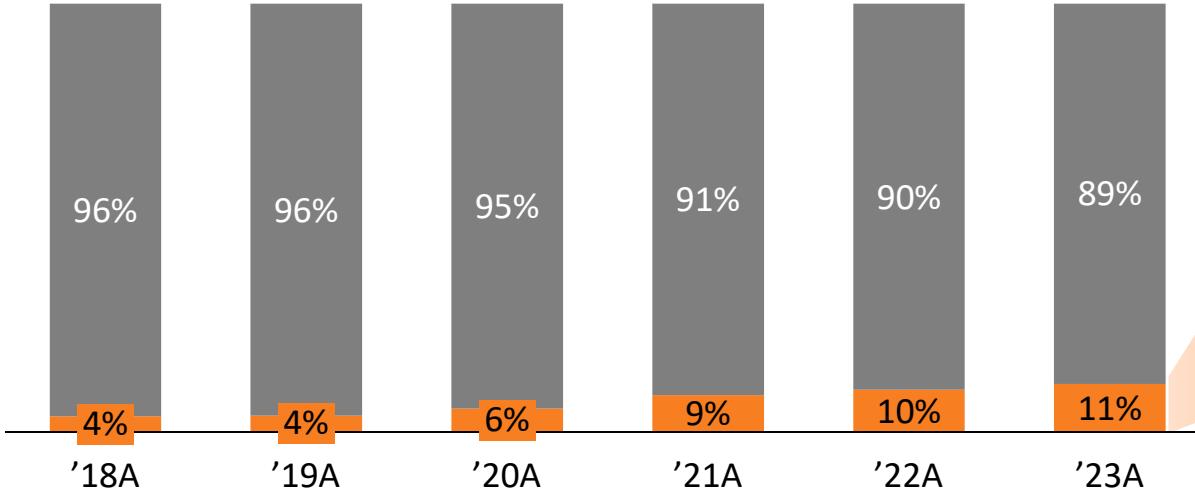
Smartphone Market Share By Retail Channel (%)



Smartphone And Laptop Online Distribution
Market Share By Retail Chains (%)



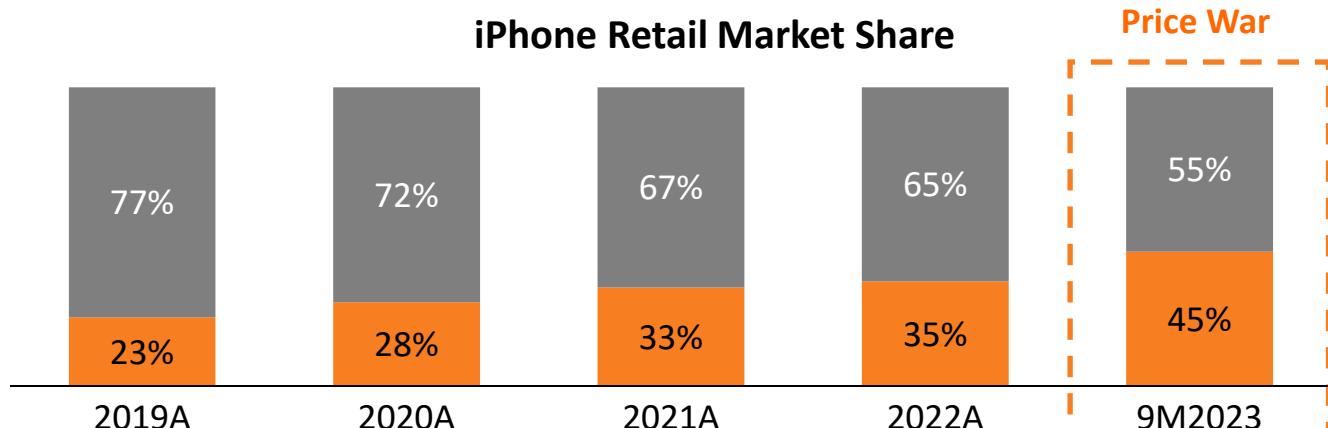
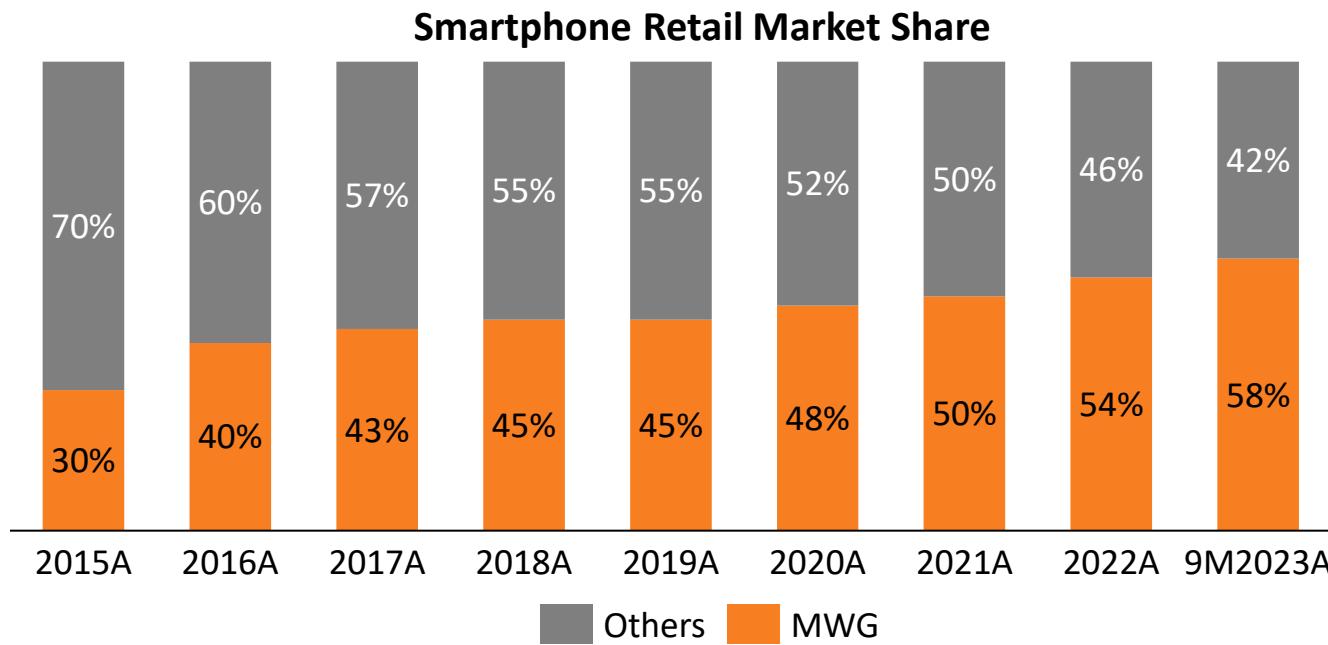
Laptop Market Share By Retail Channel (%)



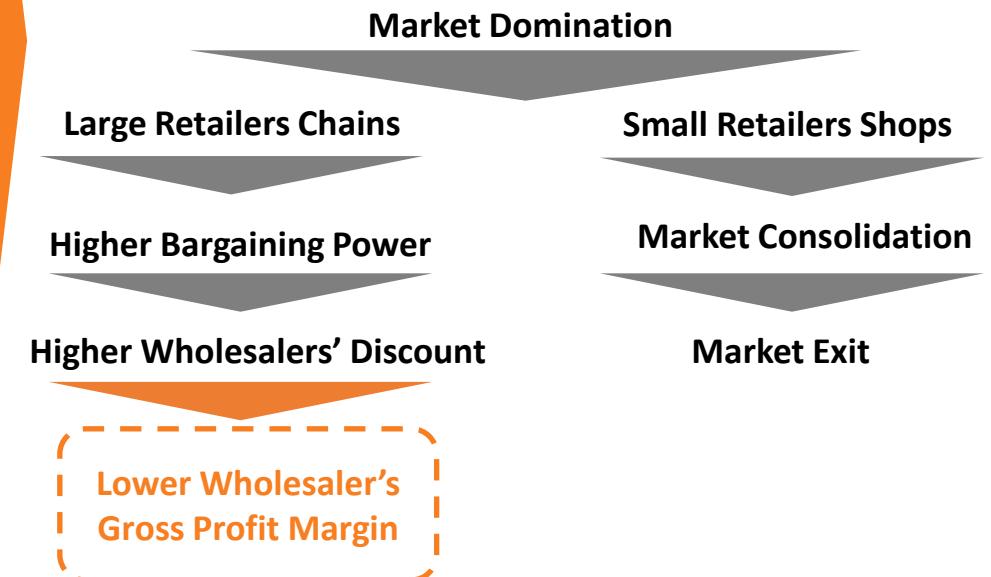
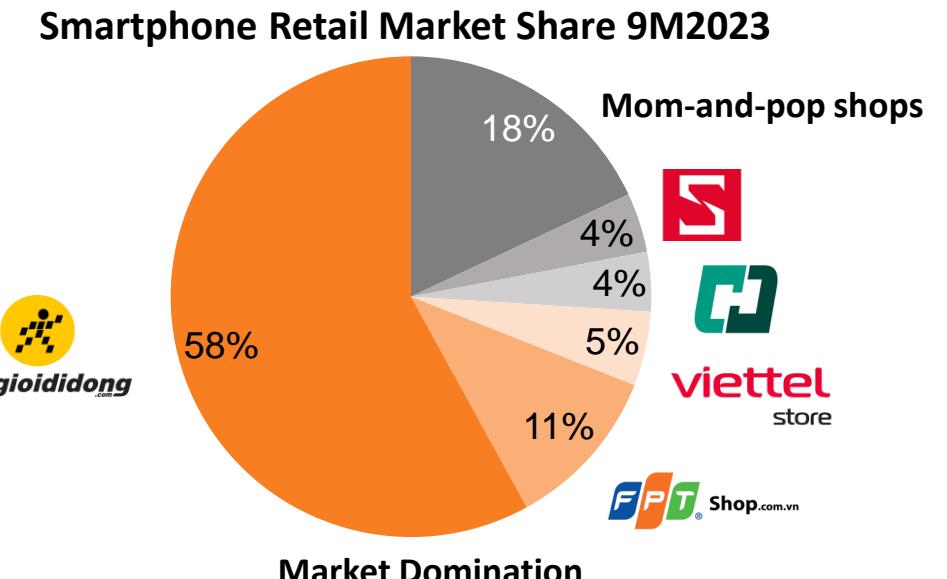
Source: Euromonitor, FRT, MWG, Team's estimates & analysis

Investment Risks

Retailer Market Consolidation Risk

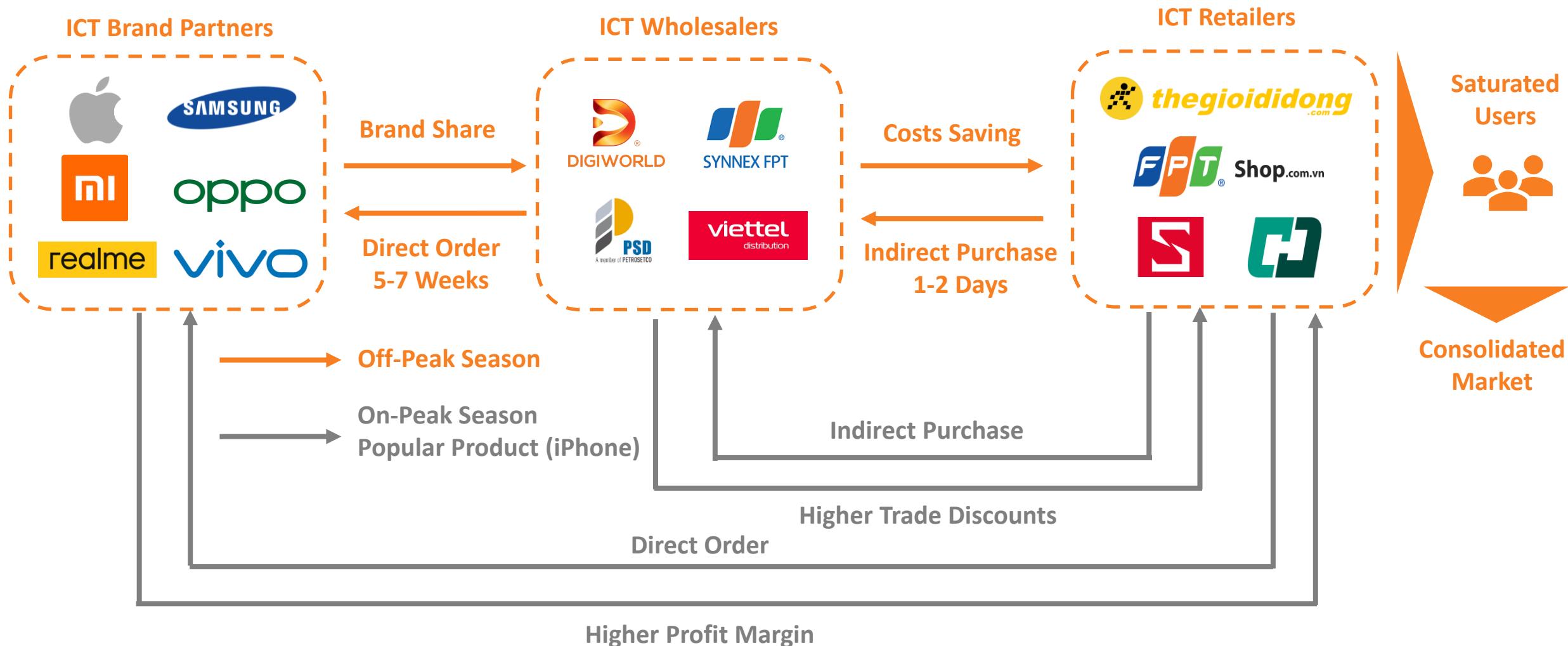


Source: MWG, Team's compilation & analysis



Investment Risks

Wholesaler Channel Bypassing Risk



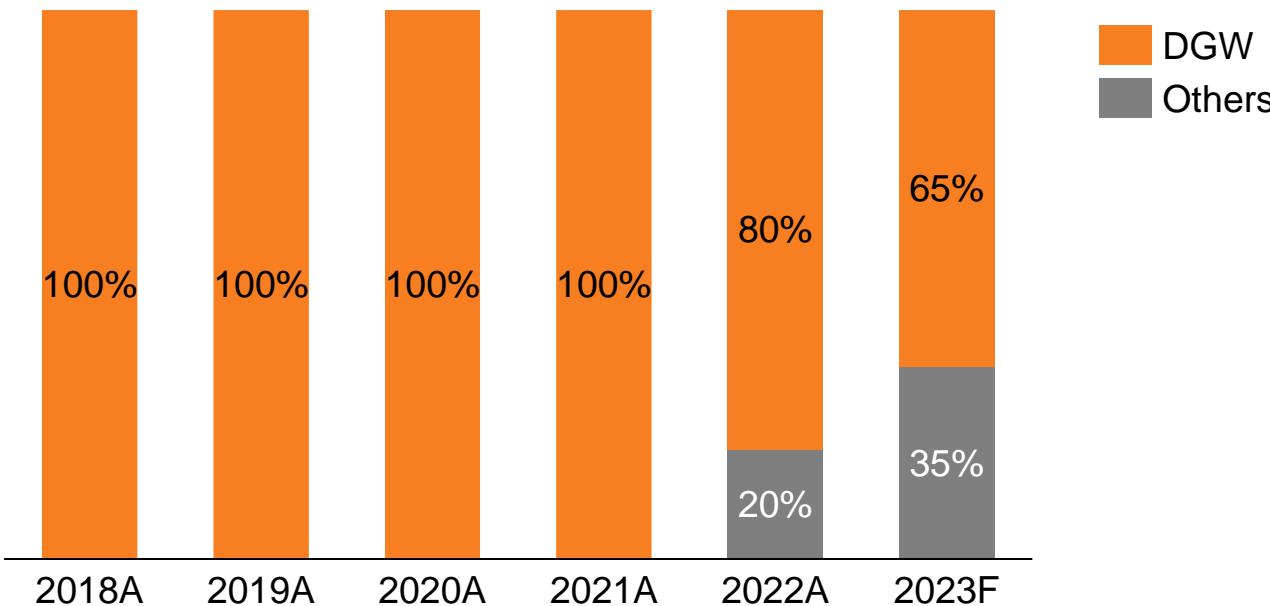
Source: DGW, Team's compilation & analysis

Investment Risks

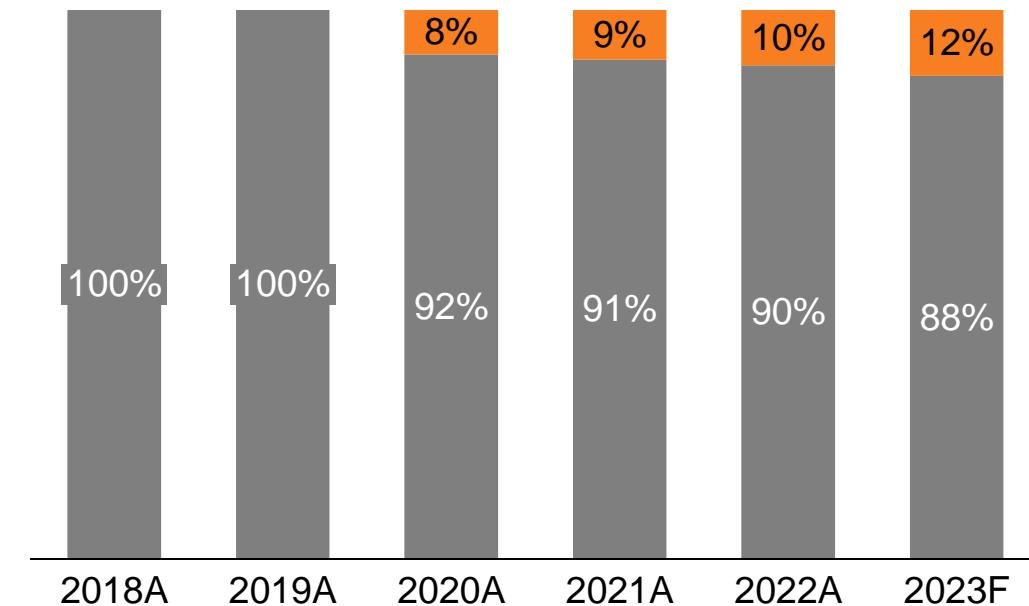
DGW' Xiaomi And Apple Brand Distribution Market Share Risk



Xiaomi Smartphone Distribution Market Share



Apple Smartphone Distribution Market Share



Sensitivity 1: Lose market share to current distributors

Xiaomi Distribution Market Share						
iPhone Distribution Market Share	51%	54%	57%	60%	63%	
	11%	45.92	46.98	47.93	48.78	49.53
	12%	48.84	49.91	50.86	51.70	52.45
	13%	51.49	52.55	53.50	54.34	55.10
	14%	53.90	54.96	55.91	56.76	57.51
	15%	56.10	57.16	58.11	58.95	59.70

Sensitivity 2: Brands sign contract with another distributor

Xiaomi Distribution Market Share						
iPhone Distribution Market Share	39%	42%	45%	48%	51%	
	9%	23.63	25.94	27.97	29.78	31.40
	10%	27.74	30.05	32.08	33.89	35.50
	11%	31.39	33.69	35.73	37.54	39.15
	12%	34.66	36.97	39.00	40.81	42.42
	13%	37.61	39.91	41.95	43.76	45.37

Source: Team's estimates & analysis

ESG Overall Assessment

ESG Scorecard



Scoring criteria

- 1 The company did not follow the criteria at all,
- 2 The company did not fully follow the criteria,
- 3 The company followed the criteria,
- 4 The company has excellent policies on the criteria.

ESG Pillars	Weighted score
Environmental	 30%
Social	 30%
Governance	 40%

Average score	Rating
60%- 70%	 Satisfactory
70%- 80%	 Good
80%- 90%	 Very Good
90%- 100%	 Excellent

Source: DGW, Team's evaluation

Board Of Directors



	Name	Age	Position	Tenure (Y)	Shareholdings	Education	Work Experience
	Doan Hong Viet	54	Chairman	20	37.1%	Bachelor's degree from University of Economics	Chairman of DHV MTV Company Limited
	Dang Kien Phuong	58	Member	20	5.2%	Bachelor's degree	Chairwoman of DKP MTV Company Limited
	To Hong Trang	49	Member	20	3.2%	Bachelor's degree from FTU Bachelor's degree from University of Languages and International Studies	Chairwoman of TOHT MTV Company Limited
	Nguyen Duy Tung	55	Independent Member	3	0.0%	Bachelor's degree in Law from University of Law Bachelor's degree in Accounting from University of Economics	Vice Director at Ree Corporation Deputy Director at REE electric appliances Financial Director of DOMESCO
	Tran Bao Minh	57	Independent Member	3	0.0%	Master's degree in Marketing from Western Sydney University	Deputy General Director at A Chau Food CEO, General Director at International Dairy Product (IDP) General Director at Diageo Viet Nam Vice President at Nutifood

Source: DGW, Team's evaluation

MSCI Environmental Scorecard



CRITERIA	DESCRIPTION	RATING	COMPANY POLICIES
ENVIRONMENTAL			
Carbon Emission	Total amount of carbon emissions produced	3	DGW produced a total approximately 696 tons of CO2 emission in 2022, mainly due to purchasing electricity from EVN.
Product Carbon Footprint	Carbon footprint management	3	The company's goal is to increase energy consumption by no more than 3% per year in line with revenue growth.
Water Stress	Quality of available water	3	The source of drinking water for employees is clean water, tested by the Pasteur Institute in Ho Chi Minh City every 6 months.
Electronic Waste	Disposing and managing electronic waste	3	Recycling and collection activities are conducted at 4 DGCare after-sales service centers, and e-waste is sold to qualified and valid treatment units.
Natural Capital	Land Use	3	There are many potted plants in working area to avoid the emission of dust into the atmosphere.
AVERAGE SCORE	3.0/4.0		

Source: DGW, Team's evaluation

CRITERIA	DESCRIPTION	RATING	COMPANY POLICIES
SOCIAL			
Labor management	Labor - Management relations, employee engagement	2	Issuing ESOP shares annually. However, DGW shows weak performance regarding employees' compensation.
Human capital development	Policies to attract, retain and develop a highly skilled workforce.	4	Implementing eight annual training courses for exist employees. Organizing Management Trainee Program and Sales Trainee Program, attracting 1892 candidates, picking out 55 interns and promoting 15 official positions in 2022.
Health and Safety	Policies and procedures intended to ensure employees' health and safety	1	Limited information or evidence regarding safety training for employees.
Product Safety & Quality	Product quality management and responsible marketing	3	DGW commits to protecting consumers involves evaluating product quality monthly and ensuring 100% of products comply with labeling regulations.
Access to Health Care	Ability to provide good quality healthcare	2	Organizing annual health check-up for 100% employees. However, healthcare spending per employee has been on the down trend.
Community Relations	Company's efforts to develop a relationship with the community	4	Strongly contributing to the community by organizing "Digiworld Incubating Green Seeds", a social project co-operating with Rikkei Academy to sponsor 200 programmer scholarships for young people with difficult circumstances.
AVERAGE SCORE	3.0/4.0		

Source: DGW, Team's evaluation

CORPORATE GOVERNANCE			
BOARD OF DIRECTORS			
Board Independence	Independent board members	4	The board of directors has 2 independent members (2 out of 5).
	Role separation	4	The roles of CEO and Chairman of the Board remain separate, with Mrs Dang Kien Phuong as the CEO and Mr Doan Hong Viet as the Chair.
Board Member Qualifications	Gender diversity and educational background diversity	4	2 out of 5 members of the Board are female, accounting for 40%.
Board Member Qualifications	Board Attendance	3	High attendance rate (4/5 board members attended all meetings held in 2022).
Related-Party Transactions	No materialistic related party transactions	3	Material transactions are announced on Corporate Governance Report semiannually Fair value for transactions is objectively evaluated by external audit.
Board Members Terms and Board Composition	Election process	3	Article 24 DGW's charter states the detailed information about the election process during the AGM of shareholders. Voting to elect members of the BOD is conducted by cumulative voting method.
Board Members Terms and Board Composition	Appropriate size of BoD	3	The Board has 5 members, which is in accordance with DGW's charter (at least 5 members and not more than 11 members).
Board Members Terms and Board Composition	Appropriate size of Independent Members	3	40% are the independent member composition of the BOD, which is in accordance with DGW's charter (the total number of independent members of the BoD must account for at least one-third (1/3) of the total members of the BoD).

Source: DGW, Team's evaluation

AUDIT COMMITTEE			
Independent Audit	The credibility of the company's financial statements	3	The external auditor of DGW is Ernst & Young Vietnam Limited, responsible for verifying the accuracy of the disclosures in the financial statements.
Independent Audit	Audit committee members are independent and financial experts	4	Mr. Nguyen Duy Tung has a bachelor's degree in Accounting and Law with years of experience in healthcare business. Mr. Tran Bao Minh has a master's degree in Marketing with years of experience in marketing.
Integrity of Financials	The integrity of the financial reporting process	3	As stated in Article 51 DGW's charter, the external auditor appointed is legally operating in Vietnam and is approved by SEC. Financial statements are submitted to the BoD within 90 days and disclosed publicly with notes.
Selection of External Auditor	The board submits the appointment of the external auditors to a vote of shareowners	4	The audit committee works with the board of directors to evaluate and choose an independent auditor, with the shareholder's approval.
REMUNERATION COMMITTEE			
Performance Metrics	Disclosing information relating to the compensation	3	Compensation of five highest-paid executives is fully disclosed on the financial statements.
Performance Metrics	Communication regularly with the company's shareowners	3	The Board discloses in its annual report the Company's policies on compensation philosophy, approved in the AGM.
Performance Metrics	Regular attendance at Committee meetings	3	The Committee convenes quarterly to assess the size and structure of salaries, bonus and other benefits of each member of the BoD, BoM.
SHAREHOLDER RIGHTS			
Election	Voting right	4	1 share - 1 vote with the same rights, obligations and interests.
Shareholder rights	Dividend policy	4	Maintaining a dividend payout ratio of 40:60 since listing on the stock exchange with 20% - 40% of the net profit after tax will be for cash dividends.
Shareholder rights	Information transparency	4	The company's materials are equally accessible to shareholders without any limitations, providing them with full access to periodic and extraordinary information published in accordance with law.
AVERAGE SCORE	3.4/4.0		

Source: DGW, Team's evaluation

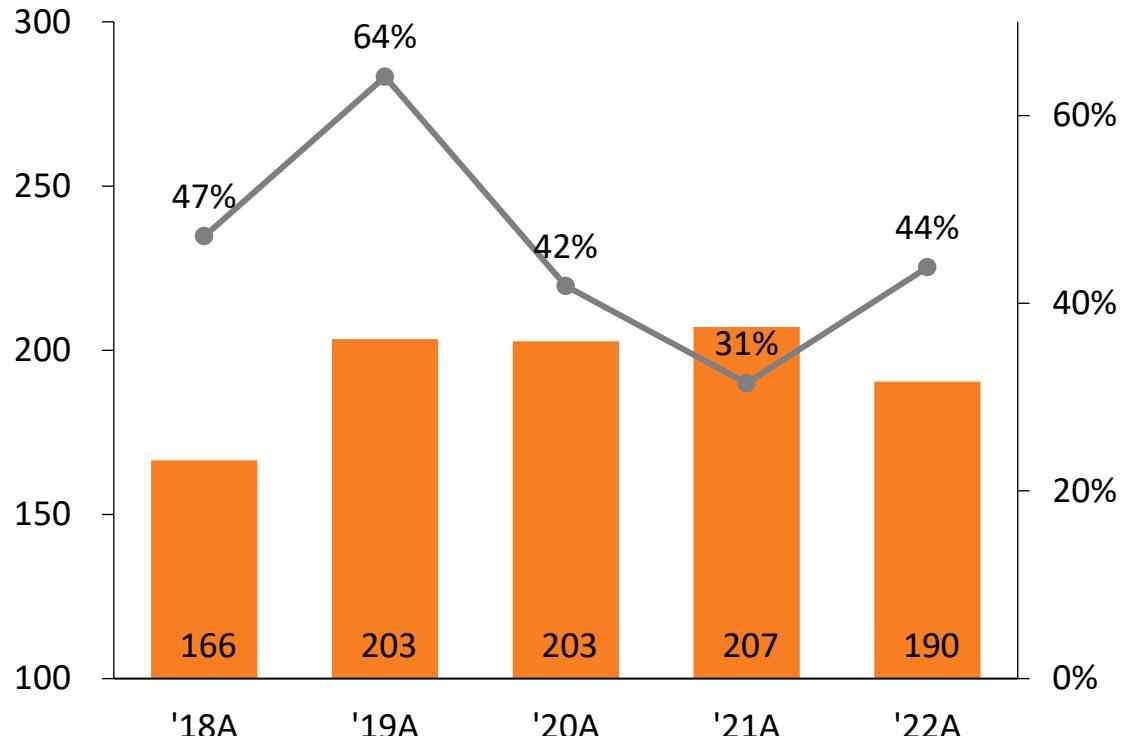
Environment target

	Unit	Target	2020	2021	2022
Total Energy Consumption	Gigajun (GJ)	Increase proportionally with revenue growth and <3%/year	3,505	3,389	3,389
<i>Total Energy Consumption Growth</i>	%			-3%	0%
<i>Net revenue growth</i>	%			-67%	5%
Achieved?					

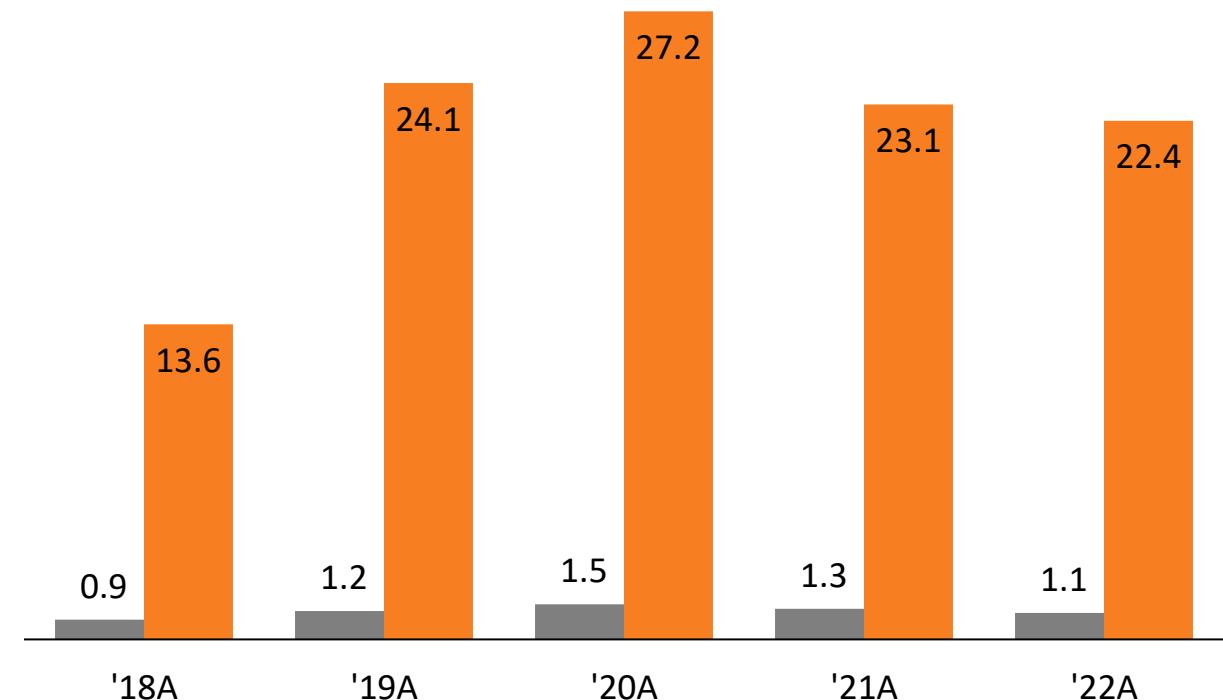


Social Pillar – Employee Benefits (1)

Employee compensation



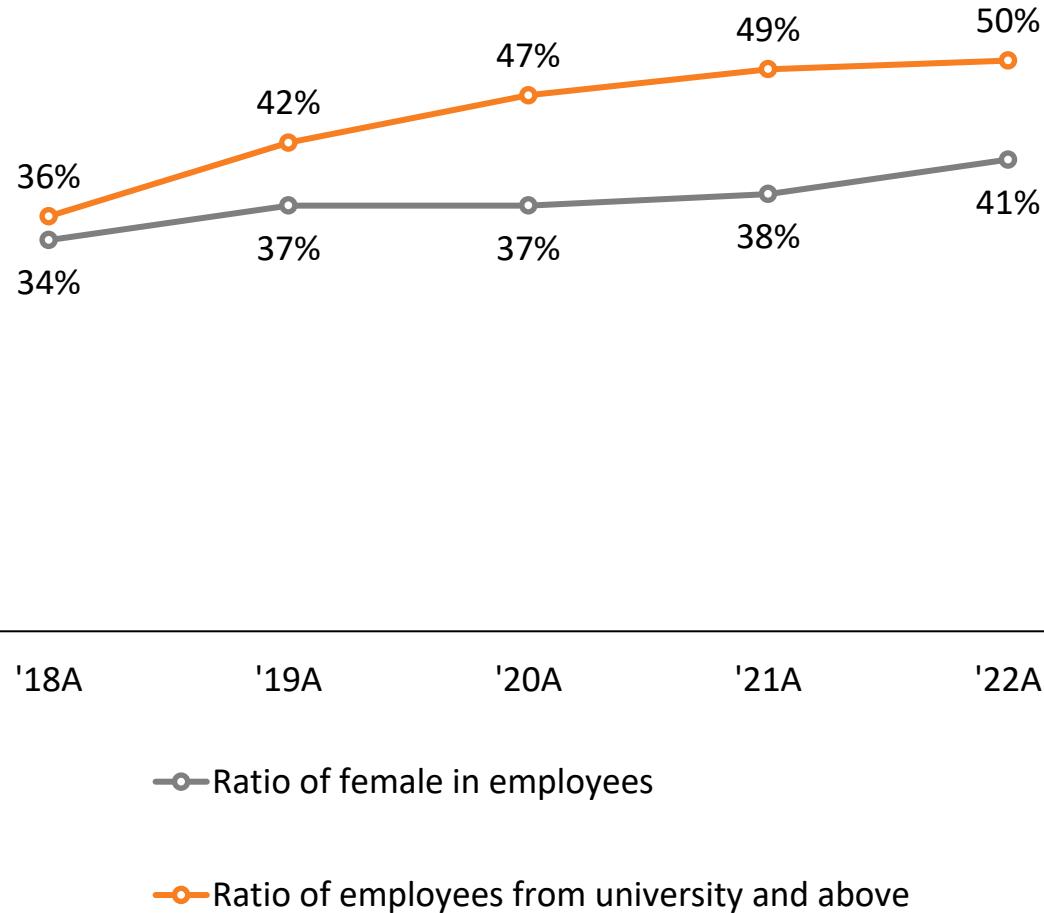
Healthcare and training expense per employee



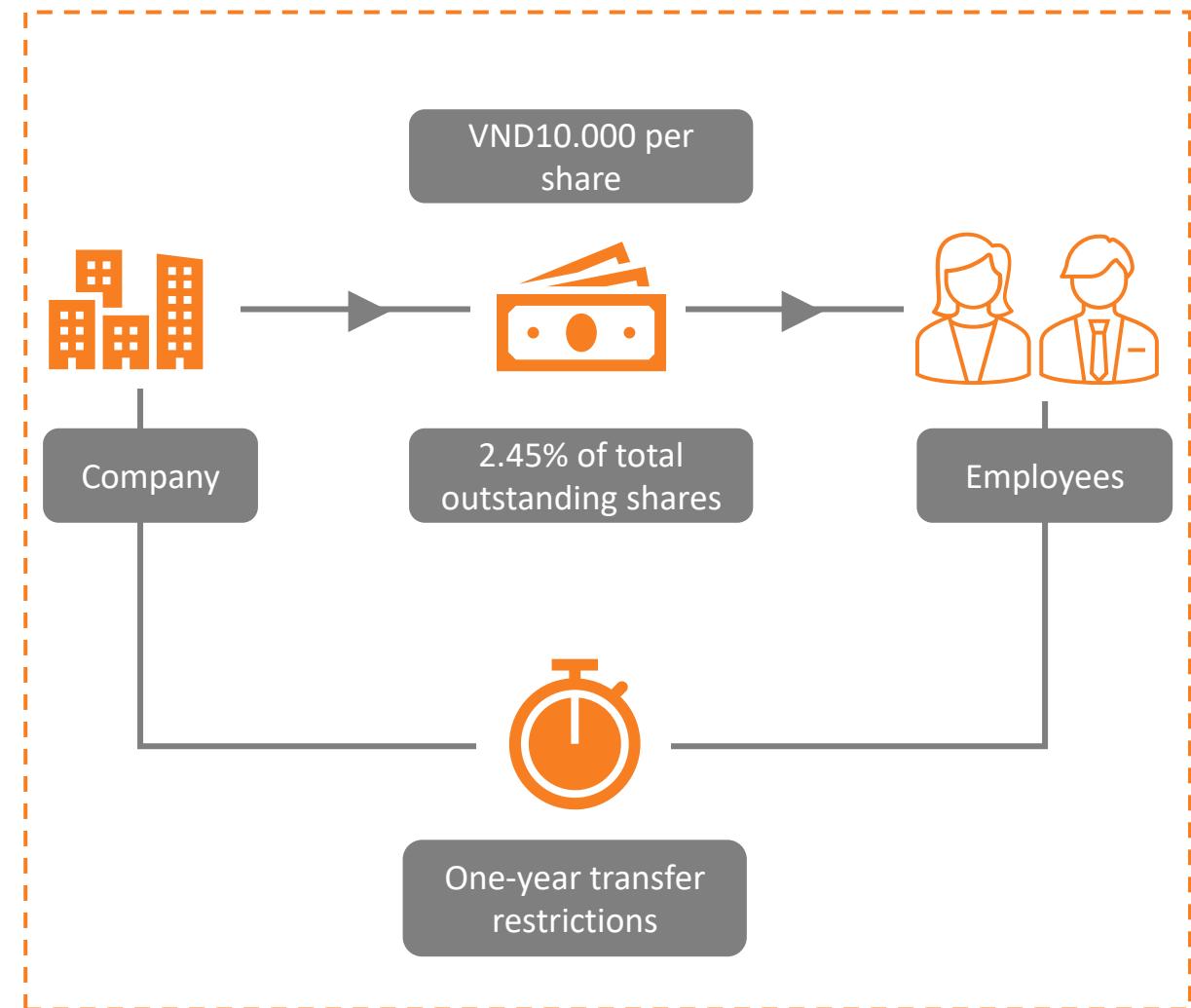
■ Employee's Annual Income (VND mn) ■ Employee Turnover Rate (%)

■ Training expense per employee ■ Healthcare expense per employee

Gender diversification

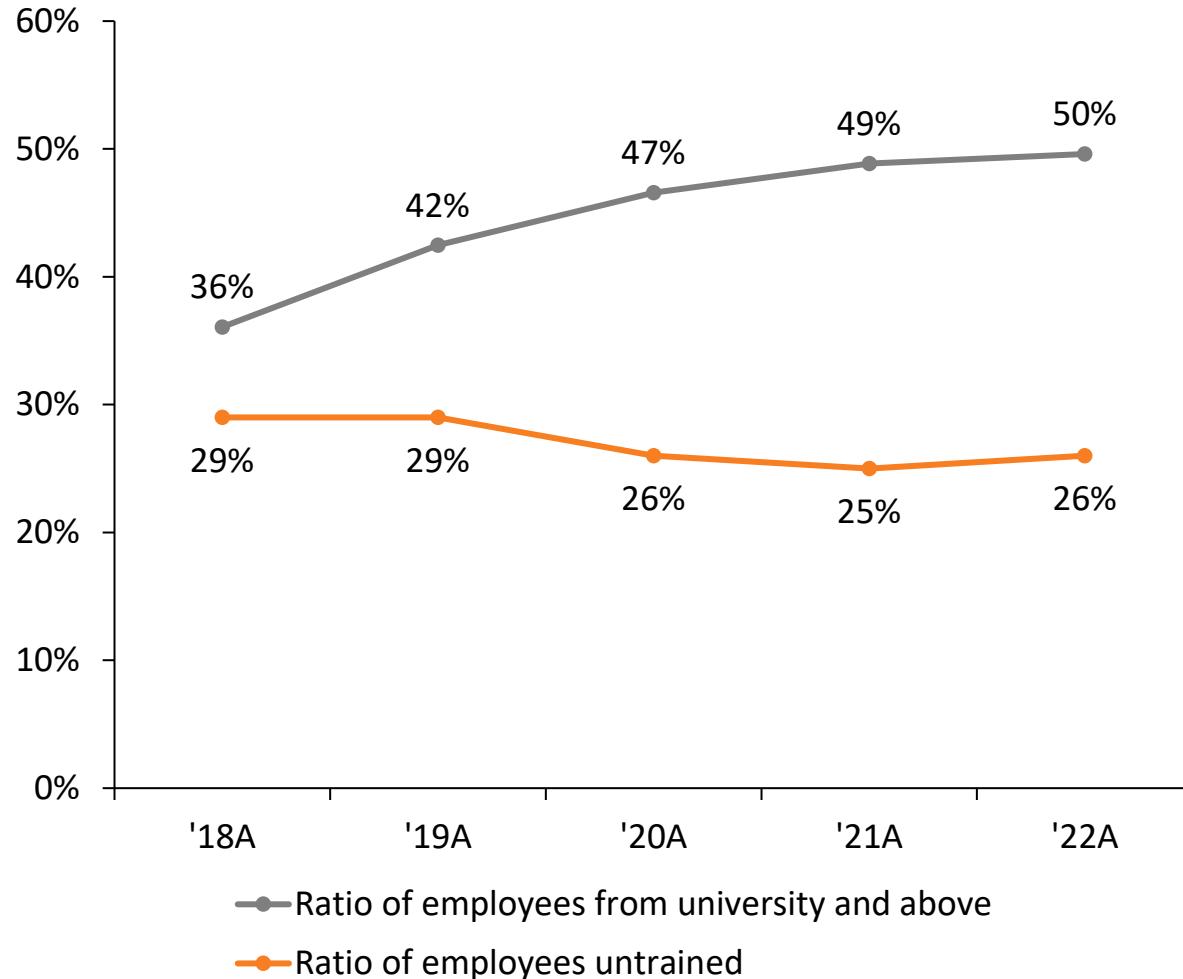


Employee Stock Option Plan (ESOP)

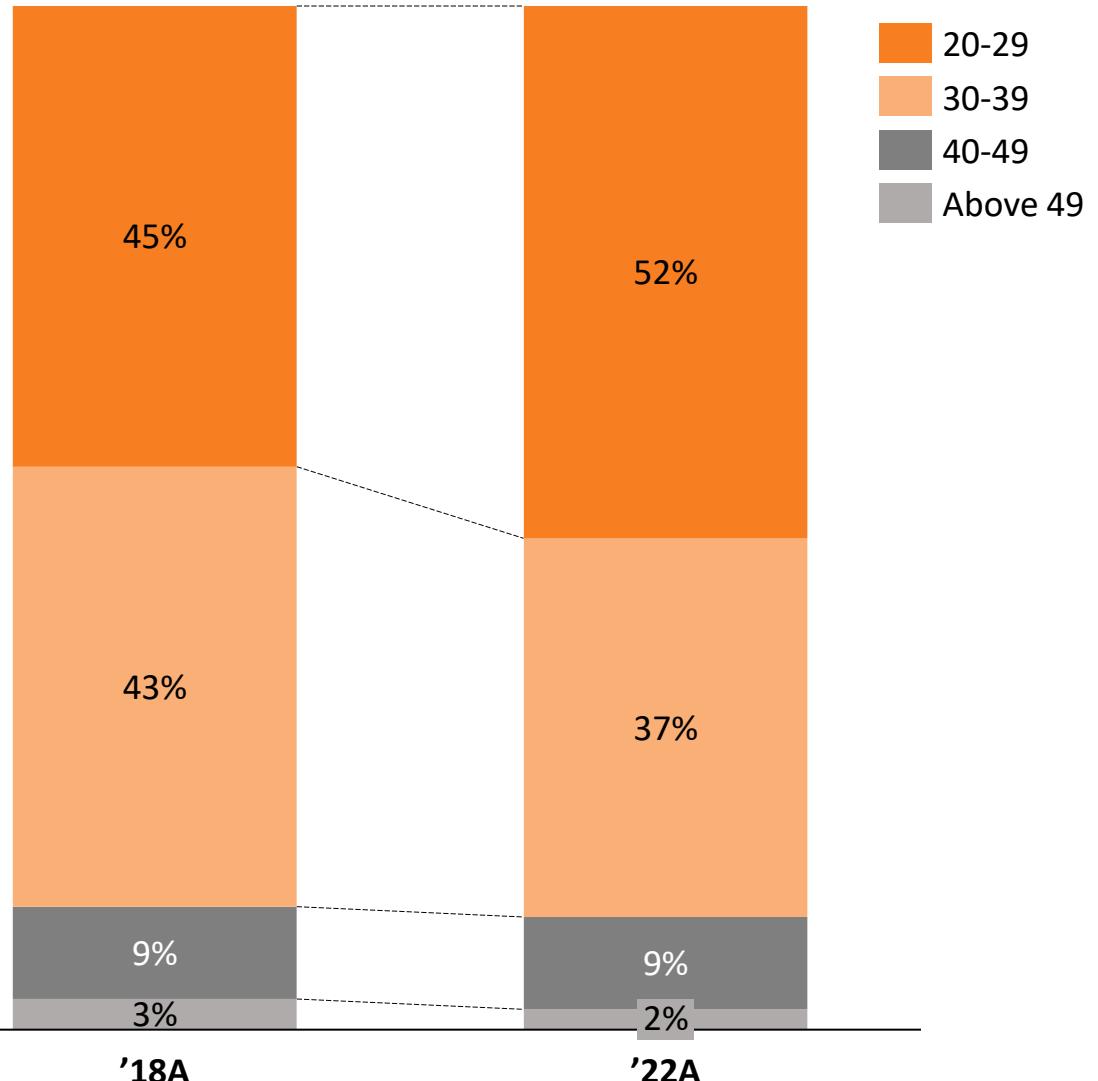


Social Pillar – Employee Qualification

Employees by level of education

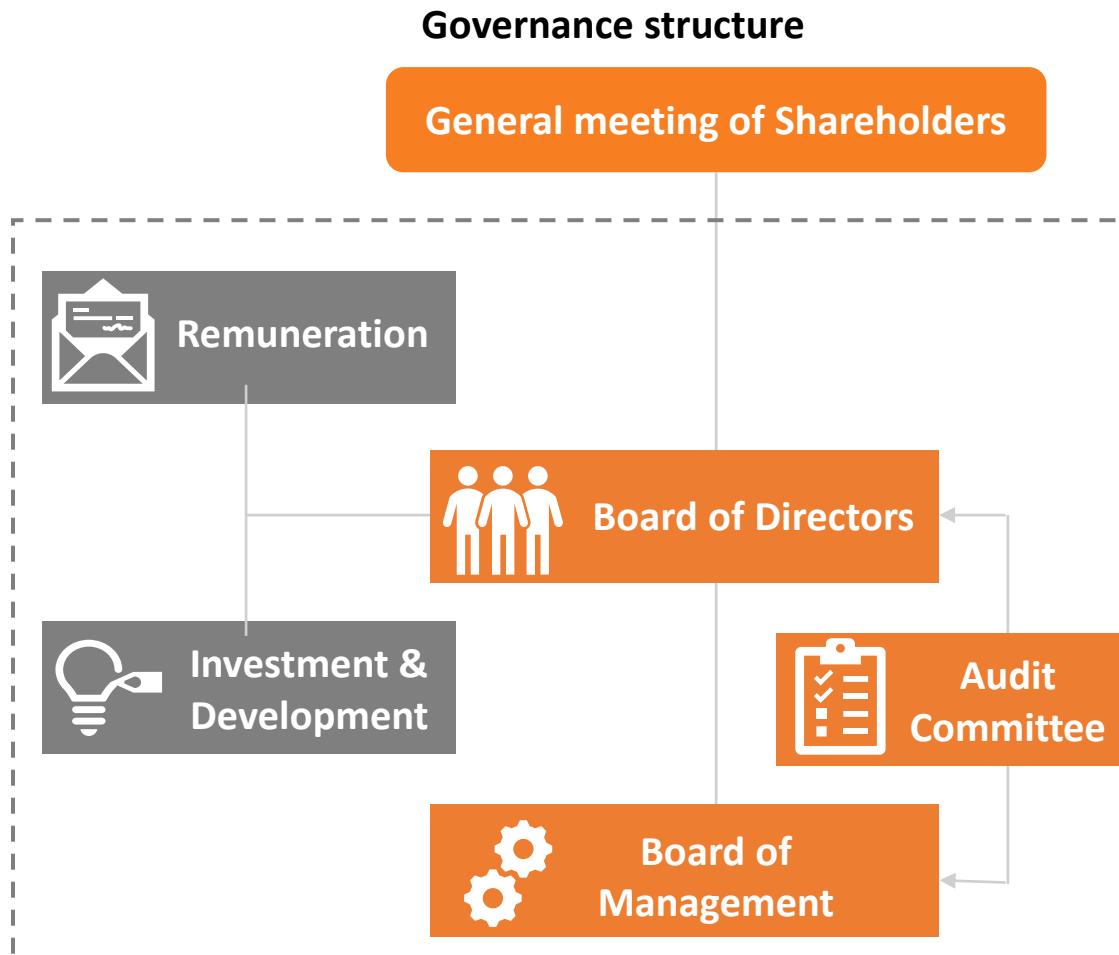


Employees by age groups



Source: DGW, Team's calculations

Struture And Subcommittees

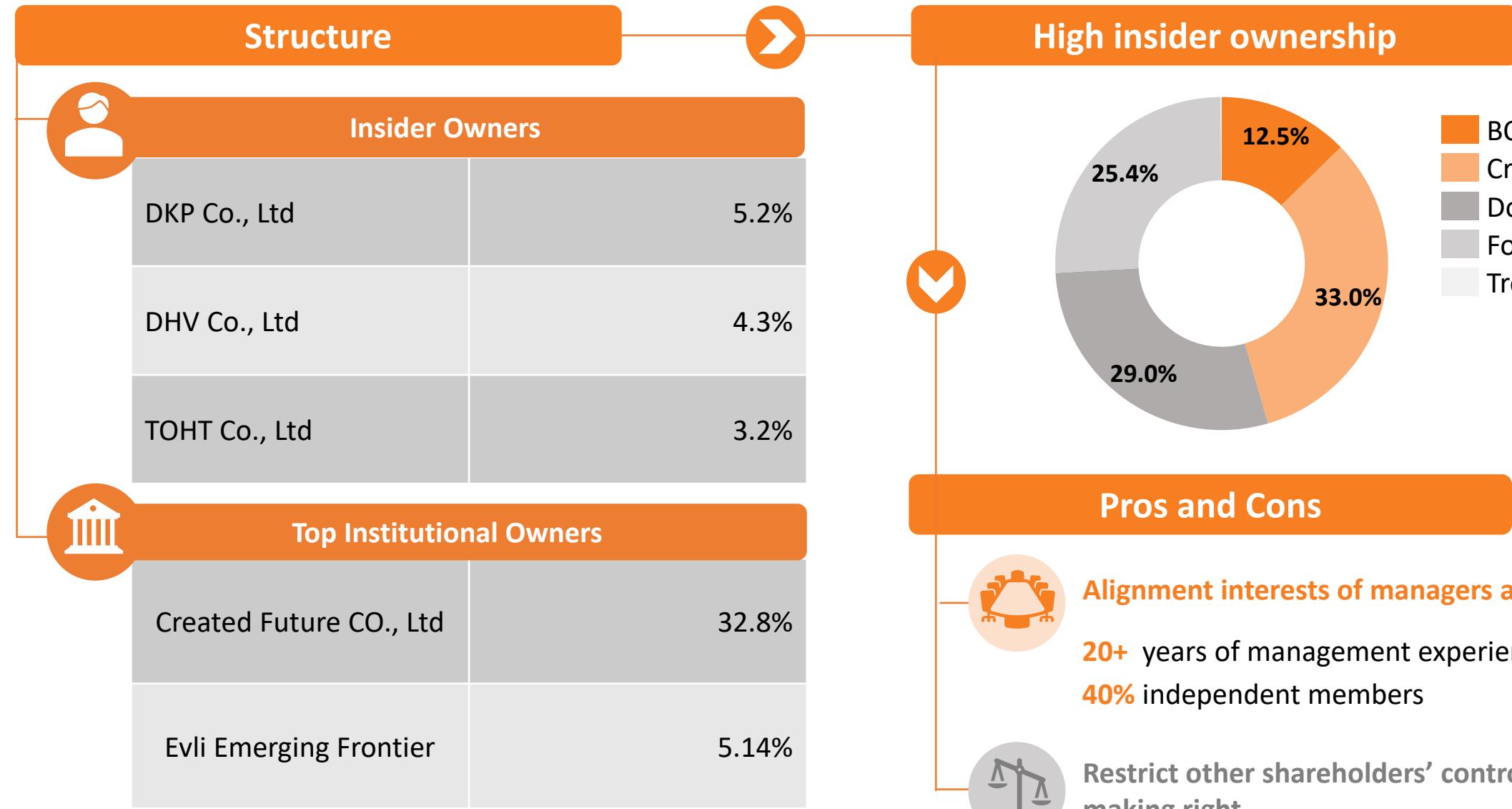


Subcommittees

Name	BoD	Audit	Remuneration	Invest & Dev
Doan Hong Viet	✓		✓	
Dang Kien Phuong	✓		✓	
To Hong Trang	✓		✓	✓
Nguyen Duy Tung	✓	✓	✓	
Tran Bao Minh	✓		✓	✓
Nguyen Hai Khoi	✓	✓	✓	
Huynh Ngoc Lien				✓

✓ Chairman

✓ Member



Pros and Cons

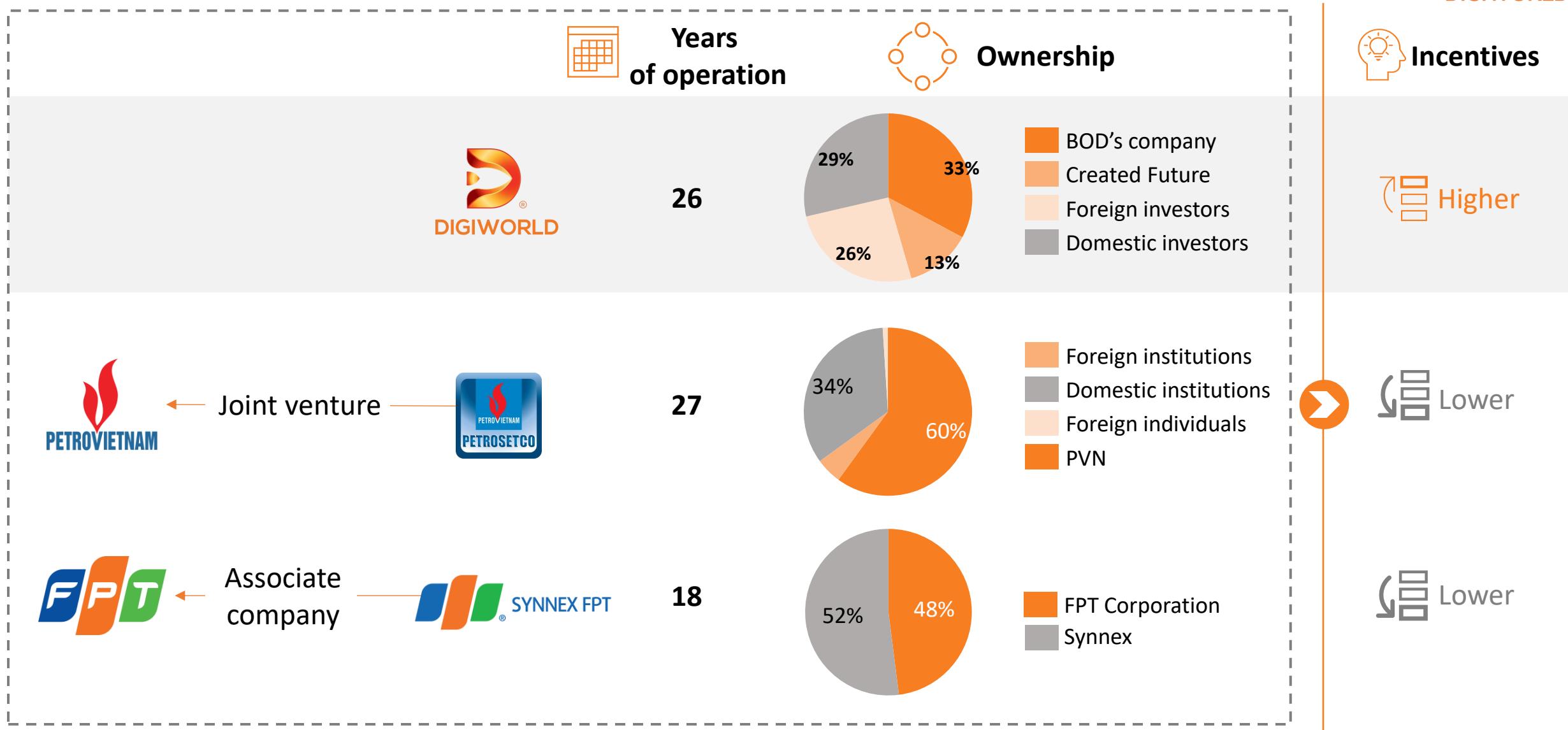
 Alignment interests of managers and shareholders

 20+ years of management experience

 40% independent members

 Restrict other shareholders' control and decision-making right

Peer Comparisons



Source: DGW

BoD Compensation And NPM

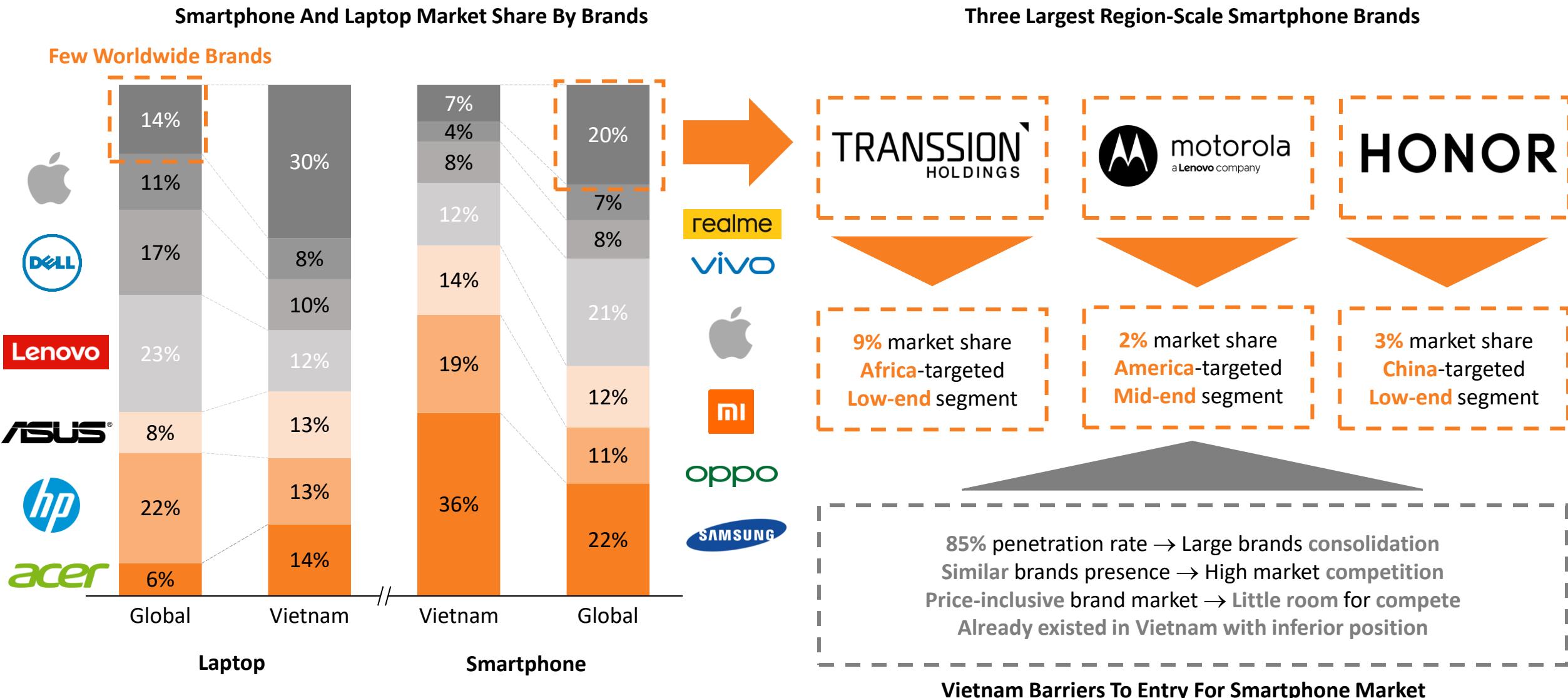


	2018A	2019A	2020A	2021A	2022A
BoD Salaries per year (VNDtn)	1.25	0.9	0.9	0.8	0.8
Net Income (VNDtn)	109.6	163.2	267.3	654.9	683.7
Net Income/ Salaries	1.14%	0.53%	0.32%	0.13%	0.12%

Source: DGW

Miscellaneous

Regional-Scale, Not Global-Scale Brands With Little Opportunity To Dominate In Vietnam

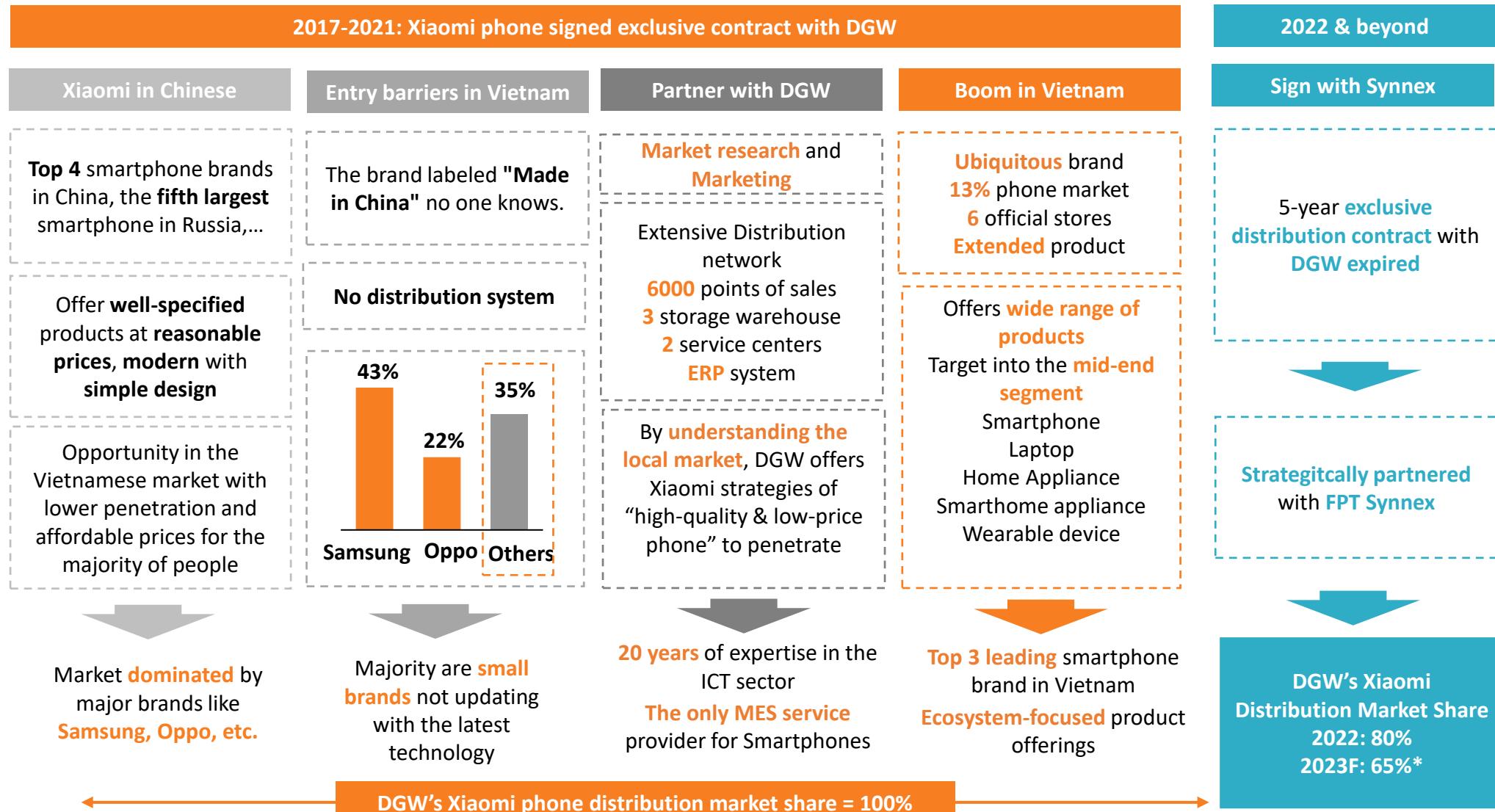


Source: IDC, Canalys, StarCounter, Counterpoint, Team's research & analysis

Miscellaneous



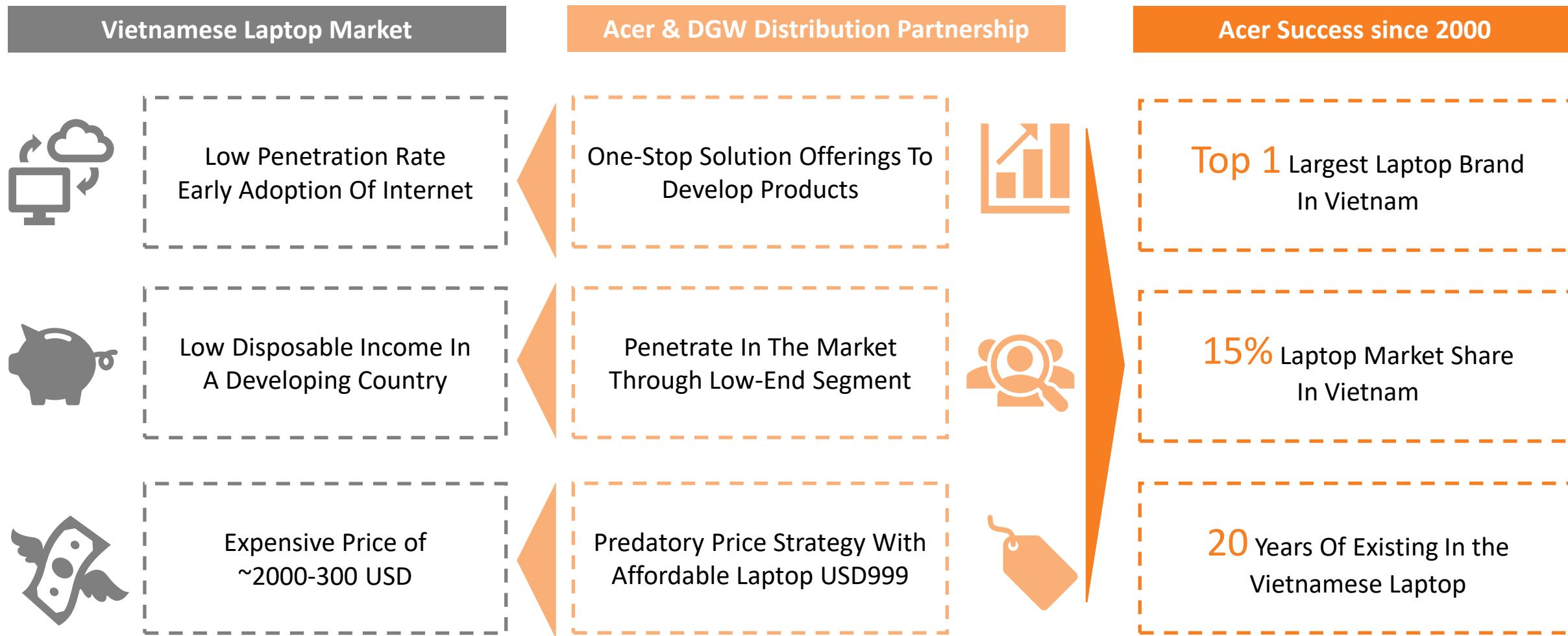
Xiaomi Vietnam Market Entry Case Study Since 2018 to 2022



Source: DGW, Xiaomi Vietnam, Team's research & analysis

Miscellaneous

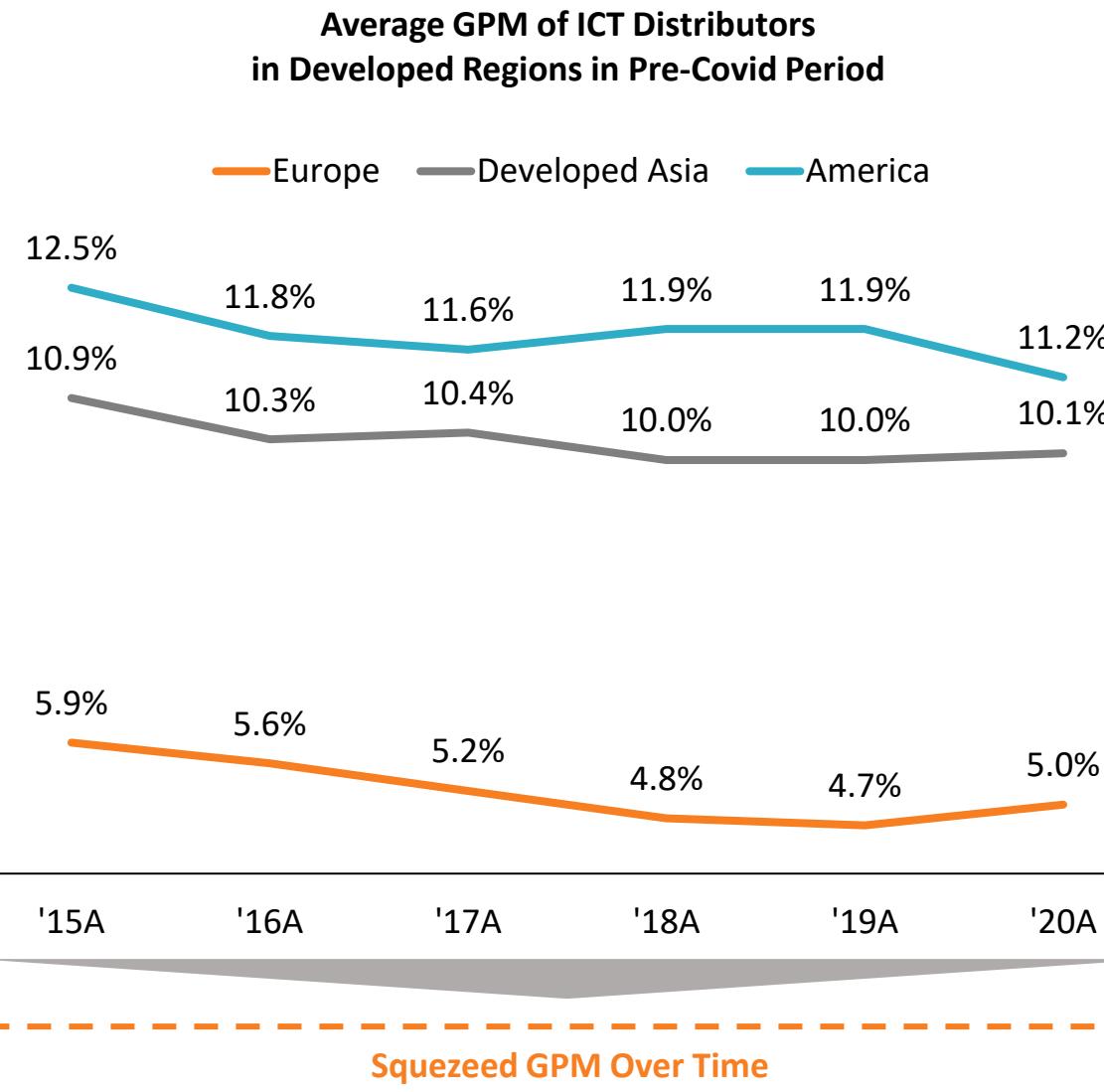
Acer Vietnam Market Entry Case Study In 2000



Source: DGW, Acer Vietnam, Team's research & analysis

Miscellaneous

Gross Profit Margin Of ICT Distributors In Developed Countries



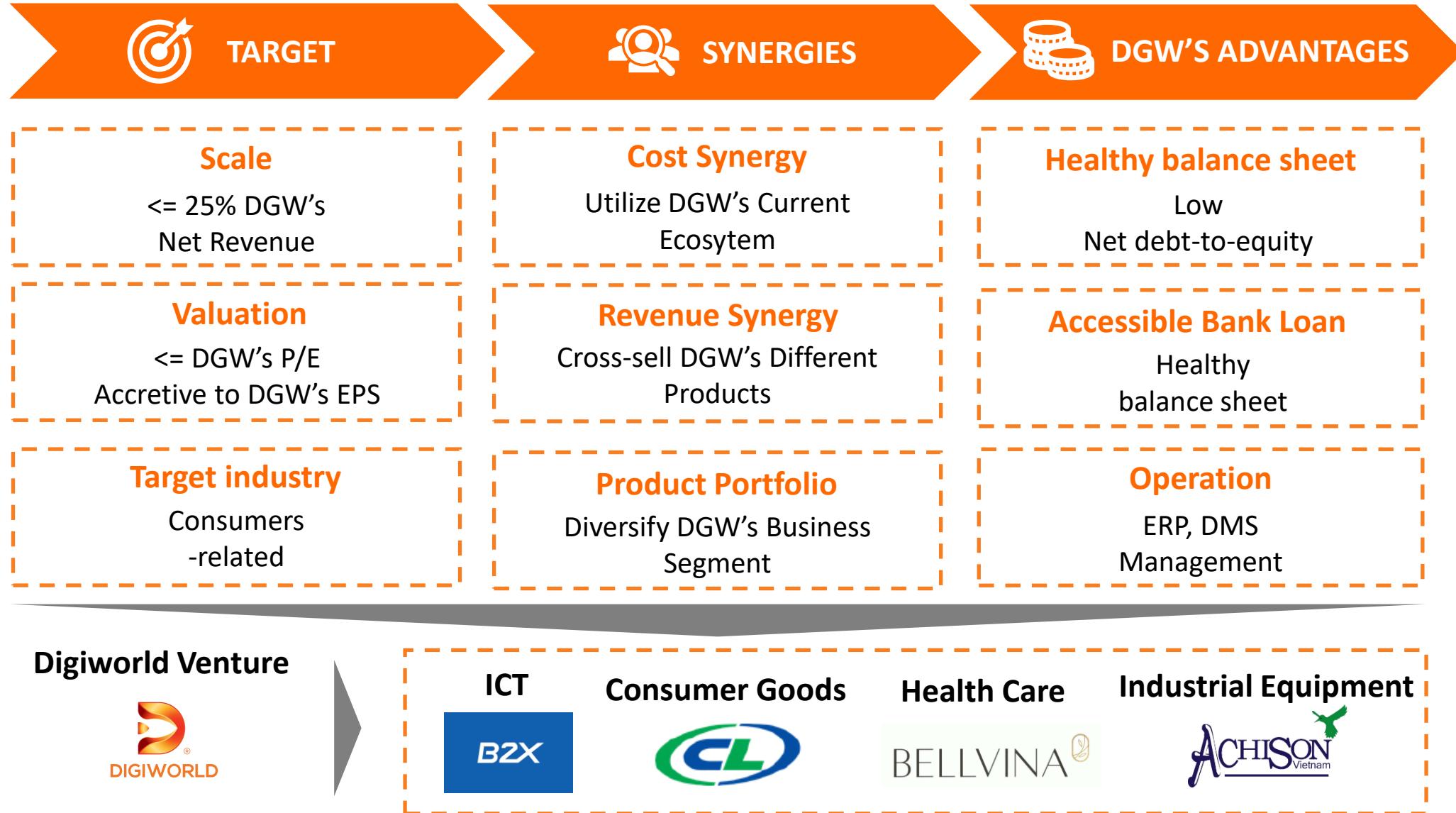
Source: CapitalIQ, Bloomberg, Team's compilation

ICT Distributors In Developed Countries Profile

Region	Company	Country	Ticker
US & Canada	Arrow Electronics, Inc.	US	ARW
	Insight Enterprises, Inc.	US	NSIT
	ScanSource, Inc.	US	SCSC
	CDW Corporation	US	CDW
Europe	Esprinet S.p.A.	BIT	PRT
	ASBISc Enterprises Plc	WSE	ASB
	B&S Group S.A.	ENXTAM	BSGR
	AB S.A.	WSE	ABE
Developed Asia	Sun-Wa Technos Corporation	Japan	8137
	Macnica Holdings, Inc.	Japan	3132
	VSTECS Holdings Limited	HongKong	856
	Dicker Data Limited	Australia	DDR

Miscellaneous

DGW's Mergers & Acquisitions (M&A) Overview



Source: DGW, Acer Vietnam, Team's research & analysis