Digiworld Corporation (HOSE: DGW)

Driving new partnerships, sustaining strong growth

- In 2Q25, DGW reported net profit of VND 116 bn, up 30% yoy. The key highlight during the quarter was strong performance across FMCG, home appliances, and office equipment segments, which achieved an average revenue growth of 57% yoy.
- Amid a recovery in overall consumption and a proactive product portfolio expansion strategy, we project net profit to grow at a 25% CAGR during 2025–26
- Reiterate **ADD** with a revised target price of VND 56,300/share.

ADD

Target price	**VND56,300**
Upside	*32%*

Majors changes

- *Shift valuation model to 25-26*
- *Revised down EPS 25-26 by 5%/4%*

2Q25: Net profit surged 30% yoy, driven by broad-based segment growth

In 2Q25, DGW recorded total revenue of VND 5,731 bn, up 14% yoy, primarily driven by strong growth in the tablet & laptop segment (+20% yoy), office equipment (+56% yoy), home appliances (+15% yoy), and FMCG (+76% yoy). In contrast, revenue from mobile phones continued to decline, falling 13% Yoy due to softening demand. Gross margin was reported at 8.5%, down 0.8ppt yoy. Financial income increased by VND 40 bn yoy, thanks to (1) a VND 20 bn rise in investment income supported by a higher volume of short-term investments, and (2) a VND 20 bn reduction in financial expenses The growth in both revenue and financial income helped offset the increase in total operating expenses. Overall, net profit came in at VND 116 bn, up 30% yoy. For 6M25, revenue and net profit reached VND 11,250 bn and VND 222 bn, respectively, representing yoy growth of 13% and 22%. Net profit for 1H25 was in line with our expectations, completing 38% of our full-year forecast.

Net profit is expected to grow at a 25% CAGR over 25-26

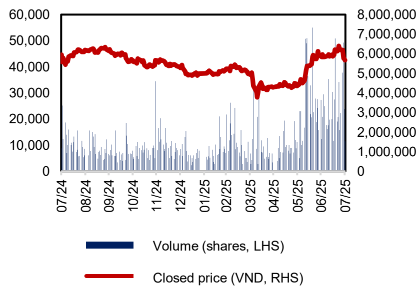
We revise our net profit forecast for 2025–2026 down by 5%/4% compared to our previous estimates due to: (1) a 4%/4% downward revision in total revenue, mainly reflecting slower-than-expected recovery in ICT-CE consumption, especially in the smartphone segment; (2) a 9% increase in selling expenses versus our previous forecast, as we raise sales support spending amid a still-sluggish demand recovery. DGW's management remains cautious in setting revenue and net profit targets, which are broadly in line with our base-case scenario.

Reiterate ADD with a target price of VND 56,300/share

The target price is 8% higher than in our previous report, as we (1) roll forward our valuation model to the 2025–2026 period, and (2) revise down our WACC to 9.4%, reflecting lower capital costs amid a more favorable macro environment, which in turn enhances investor access to DGW. The stock is currently trading at around 15x 2025 P/E, below its 3-year average of 18x, representing an attractive valuation for investors.

VNDbn	2023	2024	2025	2026
Revenue	18,817	22,079	25,580	30,431
Net profit	354	444	548	691
Revenue growth	-14.6%	17.3%	15.9%	19.0%
Net profit growth	-48.2%	25.3%	23.5%	26.0%
Gross margin	8.3%	9.3%	9.4%	9.5%
EBITDA Margin	3.4%	3.3%	3.5%	3.6%
ROAE	14.2%	15.9%	16.2%	17.1%
ROAA	5.1%	5.7%	6.0%	6.3%
EPS (VND/share)	1,616	2,024	2,522	3,179
BVPS (VND/share)	11,977	13,733	17,644	19,853

Stock information



Source: FiinPro, MBS Research

Market price 1/8/25 (VND)	42,550
High 52w (VND)	48,000
Low 52w (VND)	28,316
Market cap (VND bn)	9,325
P/E (TTM)	19.2
P/B	3.0
Dividend yield (%)	2.0
Foreign ownership ratio (%)	26.3

Source: https://s24.mbs.com.vn/

Ownership structure (%)

Create Future	31.7
MTV Dkp	5.1

Source: https://s24.mbs.com.vn/

Analyst(s)

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Investment thesis & Recommendation

Investment thesis

- Far more than a fulfillment distributor, DGW operates under the MES model, enabling clients to benefit from end-to-end solutions ranging from market research, distribution, sales, and marketing to post-purchase customer care. This integrated model enhances brand performance and builds DGW's credibility, facilitating the expansion of distribution channels, particularly exclusive ones. In FMCG and home appliances, with the strength of its business model and brand equity, we expect product portfolios and distribution networks to expand significantly, supporting a projected 38% CAGR over 2025-26.
- In the ICT-CE distribution market, DGW holds a solid position thanks to its extensive customer base (over 6,000 retail outlets) and strong financial health. As consumer demand recovers, the rapid adoption of AI to maximize work efficiency is expected to drive the AI product replacement cycle, boosting the sales volume of laptops and tablets. As a result, laptop and tablet revenue is projected to grow at a CAGR of 16% during 2025–2026.
- For office equipment, we anticipate a 32% CAGR in revenue over 2025–26, supported by the growing demand for data center expansion, increased cybersecurity needs among individual households, and the broadening of DGW's IoT product portfolio.
- The government's recent tightening of counterfeit and substandard goods control, combined with stricter transaction monitoring—(1) mandating direct electronic invoice connectivity for businesses with annual revenue over VND 1 bn, and (2) a draft proposal to remove the lump-sum tax scheme under Resolution 68—will likely cleanse the market of informal players. This regulatory shift creates a more favorable competitive landscape for professionally managed companies like DGW. As a result, we see clearer mid-to-long-term growth prospects for DGW, especially in the FMCG and home appliance segments..

Recommendation & valuation

We derive our target price of VND 56,300 for DGW using a blended valuation approach based on the DCF method (WACC: 9.4%) and a target P/E multiple of 20x, implying 34% upside potential, including a 2% dividend yield. Our target P/E of 20x for 2025–2026 is set higher than the recent recovery-phase average of 18x, to reflect DGW's stronger mid- to long-term growth outlook, driven by its strategic shift toward expanding product portfolios in office equipment, home appliances, and FMCGs, compared to its previous concentration in consumer electronics. The stock is currently trading at around 15x 2025 P/E, representing an attractive valuation relative to its improved growth profile. As such, we view DGW as a compelling investment opportunity in the current environment.

Figure 1: DGW's P/E trend

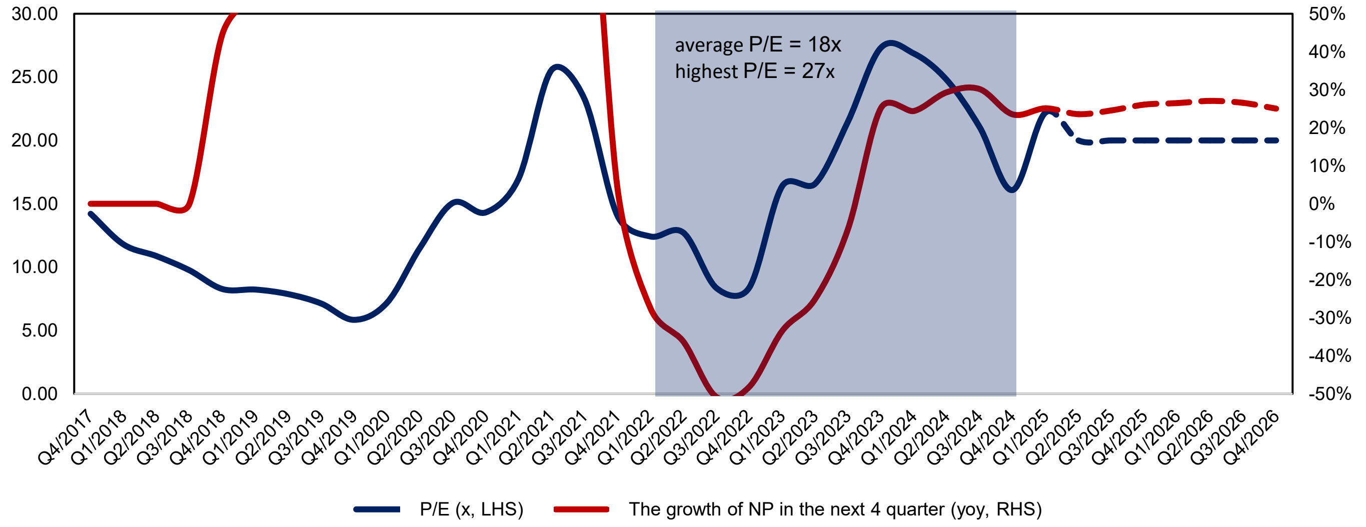


Figure 2: DCF valuation

	FY2025	FY2026	FY2027	FY2028	///	FY2036
EBIT	692	872	1,089	1,352		5,416
(+) Depreciation	55	57	58	59		70
(-) CAPEX	29	13	12	12		12
(-) Change in Working Capital	1,112	1,099	1,229	1,388		2,630
Free Cash Flow (FCF)	-479	-364	-319	-268		1,735
Terminal value						
PV of FCFF	-438	-335	-296	-250		1,678
PV of Terminal value						8,610
Enterprise value (EV)						13,163
(+) Cash & Equivalents						1,929
(-) Debt						2,847
Equity value						**12,256**
Total shares (million shares)						219
Price (VND)						**55,883**

Figure 3: Valuation using fcff and blended valuation summary

WACC and long term growth	
Long term growth	2.0%
Cost of Equity	13.00%
Cost of Debt	5.00%
E/V	60%
D/V	40%
Corporate tax rate	20.00%
WACC	**9.4%**

Source: MBS Research

Method	Weight	Target price (VND)
P/E (P/E 20x)	57,010	50%
DCF (WACC: 9.4%)	55,883	50%
Target price (VND/share)		**56,250**

Downside risks:

- Weaker-than-expected demand for ICT-CE products may result in DGW maintaining a high SG&A-to-revenue ratio, similar to the level in 2023.

Figure 4 : Peer comparision

Company	Ticker BBG	Market cap	P/E (x)		P/B (x)		ROA%		ROE (%)	
		USDmn	2024	2025	2024	2025	2024	2025	2024	2025
Retail business										
FPT Retail	FRT VN EQUITY	1,020	42.1	30.0	8.2	6.3	3.7	4.4	20.7	22.4
Mobile World Investment	MWG VN EQUITY	3,931	18.8	15.3	3	2.6	7.5	9.2	17.1	18.3
Wholesale business										
VSTECS Berhad	VST MK EQUITY	270	13	11	N/A	N/A	9.5	9.2	16.7	16.3
Synnex Thailand PCL	SYNEX TB EQUITY	297	14.2	12.8	2.1	1.9	4.8	5	15.2	16
Average			22.0	17.3	4.4	3.6	6.4	7.0	17.4	18.25
Digiworld Corporation	DGW VN EQUITY	394	17.2	13.7	2.4	2.2	6.0	6.3	16.2	17.0

Source: MBS Research

6M2025: Net profit up 22% yoy, with revenue growth of over 20% across most product categories

Figure 5: 2Q2025 and 1H2025 recap

VNDbn	2Q/2025	qoq (%)	yoy (%)	6T25	yoy (%)	% vs previous report	Comments
Net Revenue	5,731	3.8%	14.4%	11,251	12.6%	42%	
Laptop & Tablet	1,882	35.3%	20.0%	3,273	20.9%	43%	AI laptops have become more accessible due to a 20–30% YoY drop in average selling prices, boosting sales volume and driving a 20% yoy revenue growth.
Mobile Phones	1,932	-13.5%	-13.0%	4,167	-10.6%	40%	Overall demand for smartphones remained weak, leading to a 13% yoy revenue decline.
Office Equipment	1,338	5.1%	56.0%	2,611	39.8%	42%	Server and data center products saw the most robust growth, benefiting from multiple project deployments and strong FDI inflows, while other segments maintained steady momentum.
Home Appliances	346	-13.7%	73.9%	747	82.6%	71%	Home appliances posted the strongest growth among DGW's segments thanks to: (1) new partnerships with brands like Philips, Funiki (Hoa Phat), and Cuckoo, which expanded the product portfolio to meet diverse consumer needs; (2) expanded distribution network.
FMCGs	227	3.1%	40.0%	447	29.1%	38%	DGW actively broadened its product lineup and customer base, supported by expanded distribution channels, especially on-trade with AB InBev. The addition of new channels from 2H24 helped fuel 40% yoy growth.
Gross profit	487	1.4%	5.0%	968	13.6%	43%	
Gross margin	*8.5%*	-0.2d%	-0.8d%	8.6%	0.1d%		
Sale expense	377	59.1%	31.7%	613	22.6%	47%	Selling expenses jumped 32% YoY due to continued investment in advertising, promotions, and sales support amid: (1) weak ICT-CE demand, and (2) aggressive expansion of the distribution portfolio.
G&A expense	56	0.9%	-4.5%	111	-1.7%	40%	
%SG&A expense/revenue	*7.5%*	2.3d%	0.7d%	6.4%	0.3d%		
Financial income	65	26.0%	58.9%	116	79.3%	54%	Financial income rose 59% yoy, driven by growth in cash and cash equivalents, along with short-term investments.
Financial expense	20	-80.7%	-57.9%	124	78.4%	-85%	
Profit before tax	107	-21.9%	-5.0%	244	5.4%	33%	
Tax	29	-6.5%	14.4%	59	16.7%	40%	
Net profit	116	9.3%	30.0%	222	22.1%	38%	Amid the recovery in consumer demand, DGW has quickly expanded its product portfolio, focusing on segments with stronger growth potential—namely home appliances and consumer goods. Combined with optimized selling expenses following a period of significant support for electronics retailers, net profit grew 29% yoy. **This result is in line with our forecast and has fulfilled 38% of our full-year estimate.**

Source: DGW, MBS Research

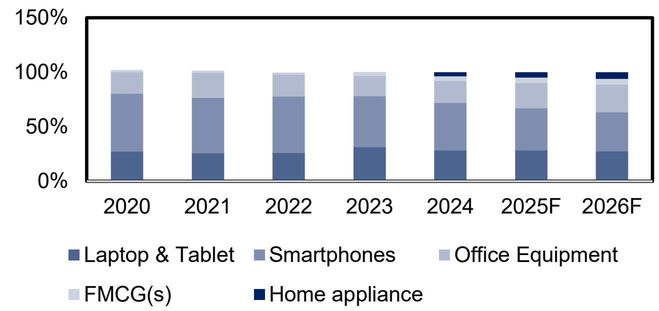
Adjustment of business performance projections for the 2025–26

Figure 6: 2025-26 forecast

VNDbn	2024	FY2025	yoy%	Δ%	FY2026	yoy%	Δ%	Comments
Net Revenue	22,079	25,580	15.9%	-4%	30,431	19%	-4%	
Laptop & Tablet	6,279	7,252	15.5%	-5%	8,376	16%	-5%	Revised down by 5% from the previous forecast due to a lowered expectation for demand in laptops and tablets. In the context of a slow recovery from a low base, 2H2024 presents a high base that is unlikely to see a breakthrough, thus growth may be slower yoy. Full-year revenue is estimated to increase 16%/16% yoy in 2025–2026.
Smart Phones	9,580	9,858	2.9%	-6%	10,868	10%	-10%	
Office Equipment	4,386	5,925	35.1%	-5%	7,695	30%	-2%	Revised down by 5% from the previous forecast due to weaker demand for PPE products (under Achison). Ongoing risks from U.S. tariff policies—especially as major clients like Intel have yet to expand production capacity—may hinder Achison's ability to grow its customer base.
Home Appliances	840	1,294	54.0%	11%	1,850	43%	21%	Revised up by 11% from the previous forecast thanks to stronger consumption of small and medium household appliances, driven by a significant expansion in product portfolio. New partner brands include Philips.
FMCGs	993	1,251	26.0%	18%	1,642	31%	14%	Revised up by 18% from the previous forecast due to increased product demand, mainly driven by DGW's solid capability in expanding its portfolio through partnerships with three additional brands.
Gross profit	2,055	2,401	16.8%	6%	2,901	21%	7%	
Gross margin	9.3%	9%	0.1d%	1%	10%	0d%	1%	
Sale expense	1,285	1,427	11.0%	9%	1,697	19%	9%	Selling expenses revised up by 10% compared to the previous forecast, reflecting an increase in sales support expenses to 0.4pp of revenue in 2025–2026.
G&A expense	244	283	15.9%	1%	337	19%	1%	
%SG&A expense/revenue	7%	7%	-0.2d%	1%	7%	0d%	1%	
Financial income	192	205	6.8%	-4%	243	19%	-4%	
Financial expense	163	220	34.9%	50%	258	17%	52%	Revised up by 50%/50% due to a larger-than-expected increase in loan scale.
Profit before tax	569	692	21.6%	-6%	872	26%	-5%	
Tax	120	138	15.0%	-6%	174	26%	-5%	
Net profit	444	548	23.5%	-5%	691	26%	-4%	

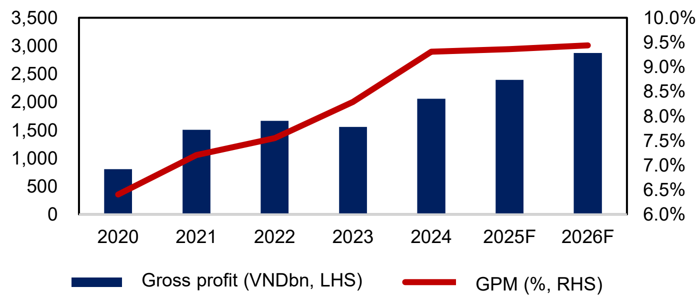
Source: DGW, MBS Research

Figure 7: Revenue breakdown by business segment (%)



Source: DGW, MBS Research

Figure 8: Gross profit and gross margin by year



Source: DGW, MBS Research

ICT-CE Wholesale Segment: We estimate total revenue to grow 8%/13% yoy in 2025–26, mainly driven by the laptop and tablet segments. Specifically:

- We revise our revenue forecast upward by 5%/5% compared to the previous estimate, reflecting a slightly lower-than-expected market demand. Thanks to DGW's product portfolio expansion from 2H2024, including the addition of officially distributed products for dealers along with single-digit growth in consumption demand - especially for AI-integrated laptops - we expect laptop and tablet revenue to grow by 16%/16% in 2025-26.

- Meanwhile, smartphone demand is slower than anticipated, leading us to cut our revenue forecast by -6%/-10% vs. the previous projection. In 2H2025, (1) the extension of the 8% VAT reduction to include smartphones and computers is expected to ease pricing pressure and improve product accessibility and replacement cycles, and (2) a new replacement cycle amid a recovering consumer sentiment should help total smartphone revenue return to growth in 2H2025. In summary, full-year smartphone revenue is estimated to grow by 3%/10% in 2025-26.

Office Equipment Segment: We revise our revenue forecast down by -5%/-2% vs. previous estimates due to slower-than-expected growth from Archison, impacted by tariffs that are affecting FDI manufacturers' expansion plans in Vietnam. Nevertheless, we maintain a positive outlook for servers, security systems (e.g., cameras), and IoT devices thanks to surging domestic demand. Overall, we expect office equipment revenue to grow 35%/30% yoy.

Home Appliances Segment:: We maintain our bullish forecast of 38%/38% yoy growth in 2025–26 as DGW continues to accelerate product portfolio expansion. From 2023 to 2025, DGW increased the number of home appliance brands under distribution from 3 (in 2023) to 6, offering a wide range of products from small to large appliances. This supports a strong 2023–26 revenue CAGR of 23%. In 2025, DGW is launching the new Cooko brand along with a series of small household appliances, aiming to boost growth further in 2026. In the consumer electronics market, the small and medium appliance category is expected to achieve the highest CAGR of 5%. In addition, (1) tighter regulations on informal trade activities (such as the removal of lump-sum tax schemes) and (2) stronger enforcement against low-quality products are creating medium to long-term tailwinds for DGW. This regulatory shift reduces the price advantage previously enjoyed by informal players, narrowing the competitive gap and benefiting official distributors like DGW.

FMCGs Segment: We revise our forecast upward by 18%/14% vs. our previous estimates. Besides expanding its brand portfolio, DGW successfully launched an on-trade distribution channel with AB InBev to broaden its customer base. This channel has already delivered impressive revenue growth in the FMCG segment, supplementing DGW's traditional off-trade model. As FMCG offers the highest gross margin among all of DGW's distribution categories, we see significant potential in further scaling the on-trade network, which will serve as a key growth driver. We estimate total FMCG revenue to grow 26%/31% yoy in 2025–26.

FINANCIAL STATEMENTS

Income statement	31/12/23	31/12/24	31/12/25	31/12/26
Net revenue	18,817	22,079	25,580	30,431
Cost of sales	(17,258)	(20,023)	(23,179)	(27,530)
Gross profit	1,559	2,055	2,401	2,901
Gen & admin expenses	(198)	(244)	(283)	(337)
Selling expenses	(944)	(1,285)	(1,427)	(1,697)
Operating profit	417	527	691	867
Operating EBITDA	459	582	746	924
EBIT	**417**	**527**	**691**	**867**
Interest income	195	192	205	243
Financial expense	(139)	(163)	(220)	(258)
Net other income	1	12	14	17
Income from associates	(3)	1	1	1
Pre-tax profit	**471**	**569**	**692**	**872**
Tax expense	(108)	(120)	(138)	(174)
NPAT	363	449	554	697
Minority interest	(8)	(5)	(5)	(6)
Net profit	**354**	**444**	**548**	**691**

Cash flow statement	31/12/23	31/12/24	31/12/25	31/12/26
Pre-tax profit	471	569	692	872
Depreciation & amortization	42	55	55	57
Tax paid	(108)	(120)	(138)	(174)
Other adjustments	(145)	(51)	853	(8)
Change in working capital	233	(560)	(1,112)	(1,099)
Cash flow from operations	**493**	**(108)**	**350**	**(352)**
Capex	(30)	(45)	29	(13)
Proceeds from assets sales	0	3	-	-
Cash flow from investing activities	**(62)**	**(37)**	**31**	**(13)**
New share issuance	40	25	(0)	-
Net borrowings	319	160	361	469
Other financing cash flow	-	0	-	-
Dividends paid	(167)	(84)	(219)	(219)
Cash flow from financing activities	**191**	**101**	**141**	**250**
Cash and equivalents at beginning of period	828	1,450	1,407	1,928
Total cash generated	623	(44)	521	(116)
Cash and equivalents at the end of period	**1,450**	**1,407**	**1,928**	**1,812**

Balance sheet	31/12/23	31/12/24	31/12/25	31/12/26
Cash and equivalents	1,450	1,407	1,928	1,812
Short term investments	-	2	1	1
Accounts receivables	1,982	2,373	2,747	3,262
Inventories	3,016	3,501	4,613	5,479
Total current assets	6,802	7,772	9,762	11,153
Tangible fixed assets	38	67	38	38
Construction in progress	15	2	2	2
Propterty Investment	-	-	-	-
Investments in subsidiaries	-	-	-	-
Investments in associates	19	12	12	12
Other long-term assets	492	200	287	445
Total long-term assets	657	385	424	577
Total assets	**7,459**	**8,157**	**10,186**	**11,730**
Short-term borrowings	2,321	2,487	2,847	3,316
Trade accounts payable	1,530	2,303	2,732	3,192
Other payables	558	174	202	240
Total current liabilities	4,816	5,485	6,331	7,397
Long-term borrowings	6	-	-	-
Other long-term payables	11	3	3	3
Total long-term liabilities	16	3	3	3
Total liabilities	**4,832**	**5,487**	**6,333**	**7,400**
Common shares	1,672	2,193	2,193	2,193
Share premium	61	61	61	61
Treasury shares	(6)	(6)	(6)	(6)
Undistributed earnings	867	725	1,558	2,026
Investment and development funds	0	0	7	18
Shareholders' equity	2,594	2,974	3,814	4,292
Minority interest	32	38	38	38
Total shareholders' equity	2,627	3,012	3,852	4,330

Key ratios	31/12/23	31/12/24	31/12/25	31/12/26
Net revenue growth	-14.6%	17.3%	15.9%	19.0%
EBITDA growth	-43.5%	26.6%	28.3%	23.8%
EBIT growth	51.8%	26.2%	31.3%	25.5%
Pre-tax profit growth	-45.4%	20.9%	21.6%	25.9%
Net profit growth	-48.2%	25.3%	23.5%	26.0%
EPS growth	-48.2%	25.3%	23.5%	26.0%
Gross profit margin	8.3%	9.3%	9.4%	9.5%
EBITDA margin	3.4%	3.3%	3.5%	3.6%
Net profit margin	1.9%	2.0%	2.1%	2.3%
ROAE	14.2%	15.9%	16.2%	17.0%
ROAA	5.1%	5.7%	6.0%	6.3%
ROIC	7.2%	8.1%	8.2%	9.0%
Asset turnover ratio	2.7	2.8	2.8	2.8
Dividend payout ratio	47.1%	18.8%	39.6%	31.5%
D/E	88.6%	82.6%	74.3%	76.9%
Net debt to total equity	33.4%	35.9%	24.4%	35.2%
Net debt to asset	11.8%	13.2%	9.2%	13.0%
Interest coverage ratio	3.4	5.5	4.9	5.2
Days account receivable	38.4	39.2	39.2	39.1
Days inventory	63.8	63.8	72.6	72.6
Days account payable	32.4	42.0	43.0	42.3
Current ratio	1.4	1.4	1.5	1.5
Quick ratio	0.8	0.8	0.8	0.8
Cash ratio	0.3	0.3	0.3	0.2
Valuation				
EPS	1,616	2,024	2,500	3,150
BVPS	11,977	13,733	17,566	19,746
P/E	38.7	21.0	17.2	13.7
P/B	5.2	3.1	2.4	2.2

DISCLAIMER

MBS RECOMMENDATION FRAMEWORK

Stock Ratings

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

ADD	The stock's total return is expected to reach 15% or higher over the next 12 months.
HOLD	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months
REDUCE	The stock's total return is expected to fall below negative 10% over the next 12 months

Sector Ratings

POSITIVE	Industry stocks have Add recommendations on a weighted market capitalization basis
HOLD	Industry stocks have Hold recommendations on a weighted market capitalization basis
NEGATIVE	Industry stocks have Reduce recommendations on a weighted market capitalization basis

ABOUT MBS

Founded in May 2000 by the Military Commercial Joint Stock Bank (MB), MB Securities Joint Stock Company (MBS) is one of the first six securities companies in Vietnam. After years of development, MBS has grown into one of the premier brokerage houses in the country. In two consecutive years between 2009 and 2010, MBS leads the brokerage house in terms of market share on both Hanoi Stock Exchange (HNX) and HCMC Stock Exchange (HOSE) and continuously ranked among the Top 5 of market share at both stock exchanges.

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