

## Digiworld Corp. (HOSE: DGW)

### Waiting for the better recovery of ICT-CE

- ICT-CE consumption has bottomed out in 2023 and may recover better from 2H24 supported by the AI trend. The office equipment sector has gained new growth momentum in the personal protective equipment (PPE) from Achison.
- Total revenue may rise 19%/19%/19.3% yoy, combined with good OPEX control, net profit may jump 27%/28%/24% yoy in 2024F-26F.
- We downgrade to **HOLD** with the target price of VND49,200/share as the upside is limited.

#### AI trend will be the driver for the recovery of ICT-CE and office equipment

For smartphone, laptop&tablet, with the driving factor is AI's trend, we expect the better recovery of ICT-CE sector in 2H24 (a 2.5-3y product replacement cycle, with record revenue at 4Q21), total revenue may rise 12% yoy in 2024F from the low base of 2023, reaching VND15,637bn mainly thanks to the double-digit of laptop's demand. In 2025F-26F, we expect the AI's trend will help total revenue of smartphone, laptop&tablet may continue rise 15%/15% yoy.

For office equipment, the expansion of brands in server, storage devices and IoTs will help total revenue jump 46% in 2024F, achieving VND5,008bn. In 2025F-26F, DGW has growth potential in the medium term in the market for supplying PPE and we forecast total office equipment's revenue may grow 25%/25% yoy.

#### DGW's net profit may rise 27%/28%/24% in 2024F-26F

With the leading of smartphone, laptop&tablet and office equipment, we expect total revenue may rise 19%/19%/19.3% yoy in 2024F-26F. Combined with DGW's potential to reduce the ratio of selling expenses to total revenue from 5% in 2023 to 4.9%/4.9%/4.9% in 2024F-26F respectively, net profit may grow by 27%/28%/24% in 2024F-26F. DGW has passed a ESOP resolution, planning to issue 2 million shares (equivalent to 0.92% of outstanding shares) at a price of 10,000 VND per share, with the issuance expected at 4Q24. The total value of the issuance is VND20bn.

#### Downgrade to HOLD with the target price of VND 49,200/share

The target price remains the same as the previous reports on the mix of (1) we roll forward model to 2024F-25F, (2) we revise down 2024-25F EPS by -9%/-9% as the demand of ICT-CE in 1H24 is lower than our previous expectation and DGW maintains high ratio of selling expenses to revenue for revenue growth. The stock is currently trading at P/E 2024 of 22x, which is higher than the 3y average of 18.5x. Hence, we believe investors should wait for the stock to have a discount or improve in business results for a more reasonable pricing.

VNDbn	Dec-23	Dec-24	Dec-25	Dec-26
Revenue	18,817	22,372	26,618	31,745
Net profit	354	451	578	718
Revenue growth	-14.6%	18.9%	19.0%	19.3%
Net profit growth	-48.2%	27.2%	28.3%	24.1%
Gross margin	8.3%	8.5%	8.5%	8.6%
EBITDA margin	3.4%	3.2%	3.4%	3.5%
ROAE	14.2%	14.9%	15.9%	17.6%
ROAA	5.1%	5.6%	6.3%	6.8%
EPS (VND/share)	1,631	2,075	2,662	3,302
BVPS (VND/share)	12,086	16,012	17,727	20,093

Source: DGW, MBS Research

**HOLD**

**Target price**

**VND49,200**

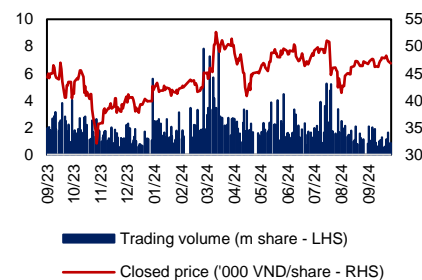
Upside (including dividend yield)

10%

**Major changes:**

- Adjust 2024-25F EPS by -9%/-9%

**Stock information**



Source: FiinPro, MBS Research

Market price (VND)	46,050
High 52w (VND)	69,000
Low 52w (VND)	32,309
Market cap (VNDbn)	9,338
P/E (TTM)	26.7
P/B	3.6
Dividend yield (%)	2.0
Foreign ownership ratio (%)	23.8

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

**Ownership structure**

Create Future	32.0
MTV Dkp	5.1

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

**Analyst (s)**



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## 1H24's recap: modest growth on weak demand

Figure 1: 2Q24 and 1H24's recap (VNDbn)

VNDbn	Q2/2024	qoq (%)	yoy (%)	1H24	yoy (%)	% vs previous forecast	Comments
<b>Net revenue</b>	<b>5,008</b>	<b>0.5%</b>	<b>9.0%</b>	<b>9,993</b>	<b>16.8%</b>	<b>46%</b>	
<i>Laptops and tablets</i>	1,568	37.7%	16.8%	2,707	11.1%	42%	The newly launched products, which have advanced chips supporting AI, are priced higher than the previous models. As a result, the average selling price is estimated to increase by 10% yoy. Additionally, the volume of laptops and tablets is expected to improve in single-digit growth from a low base.
<i>Smartphones</i>	2,221	-9.0%	1.4%	4,663	14.0%	52%	The selling price in retail stores is projected to rise by 5-10% yoy, leading to a slight decline in smartphone sales at these stores in 2Q24.
<i>Office Equipment</i>	858	-15.0%	17.9%	1,868	32.5%	43%	The revenue from office equipment surged 18% yoy, primarily driven by increased demand for storage devices, servers, and PC options and smartwatch
<i>Home appliance</i>	165	8.2%	19.9%	383	15.7%	43%	The demand for Xiaomi's air purifiers and robot vacuums showed strong performance in 1H24, increasing to a 20% yoy increase. However, demand for home appliances continues to be impacted by the slowdown in real estate projects during 1H24
<i>FMCG (s)</i>	120	-22.9%	-4.7%	372	28.3%	33%	1H24, the demand of Abinbev's beers surged by 34% yoy, which causing revenue of FMCG significantly increased 28% yoy.
<b>Gross profit</b>	<b>464</b>	<b>19.6%</b>	<b>18.2%</b>	<b>852</b>	<b>30.4%</b>	<b>47%</b>	The gross profit jumped 18% yoy, mainly due to the increase in the average selling price. Meanwhile, the recovery in demand for ICT-CE is below our expectations
<i>Gross margin</i>	<i>9.3%</i>	<i>1.5pts%</i>	<i>0.7pts%</i>	<i>8.5%</i>	<i>0.9pts%</i>		
<i>Sale expense</i>	286	33.4%	18.5%	500	39.1%	51%	The customer support expenses (for retail stores) rose by 26% yoy, highlighting that, follow the ongoing weakness in ICT-CE consumption, DGW is still facing significant expenses for customer support
<i>G&amp;A expense</i>	59	7.2%	46.2%	113	32.2%	49%	
<i>%SG&amp;A expense/revenue</i>	<i>6.9%</i>	<i>1.5pts%</i>	<i>0.8pts%</i>	<i>6.1%</i>	<i>0.9pts%</i>		
<i>Financial income</i>	41	69.5%	-8.9%	65	-20.8%	31%	
<i>Financial expense</i>	48	54.3%	5.1%	70	-3.3%	44%	(1) The base of interest rate was 2-3pts% yoy lower, meanwhile total debt increased 25% yoy, making the interest expense decreased 38% yoy, reached VND43bn (2) The appearance of a VND11bn loss from securities liquidation in 1H24.
<i>Profit before tax</i>	113	-5.3%	0.7%	232	6.1%	36%	
<i>Tax</i>	25	-2.9%	1.4%	51	3.0%	34%	
<b>Net profit</b>	<b>89</b>	<b>-3.7%</b>	<b>7.3%</b>	<b>182</b>	<b>11.8%</b>	<b>37%</b>	In 1H24, we notice that demand for ICT-CE remains weak from a low base, leading to slower revenue growth and sustained high customer support expenses. As a result, net profit grew by just 12% yoy, reached VND182bn, fulfilling 37% of our previous forecast.

Source: DGW, MBS Research

**ICT-CE may rise double-digit, meanwhile, the office equipment may jump 32% yoy thanks to the expansion in 2024-26F**

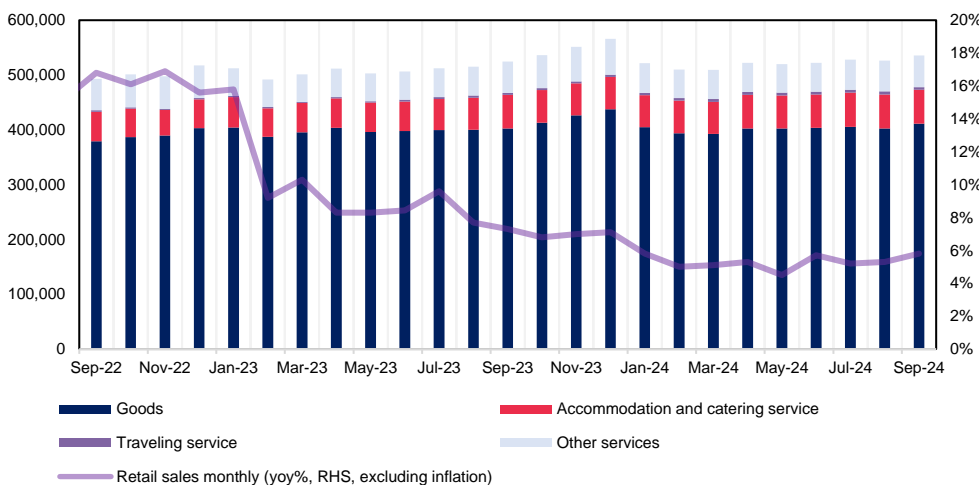
**We expect double-digit growth from the low base of the ICT-CE's demand in 2025F-26F.**

*In 1H24, the income slowly improved, which directly impacted consumer demand of ICT-CE.*

The economy is starting to enter the recovery phase, as consumer income begins to improve from the low base of 2023. However, consumers are still unable to significantly increase spending on daily life. As a result, the growth of total retail and service sales remains below 6% yoy (excluding inflation).

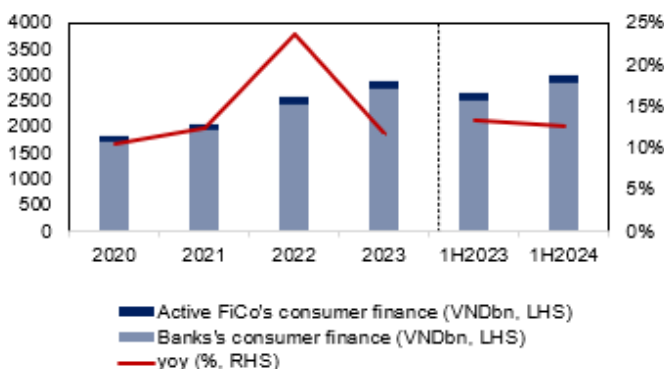
Consumer credit grew rapidly from 2020-22 (CAGR 18.3%) but slowed down in 2023 (11.8% yoy). In 1H24, the growth rate remained at a low level (12.6% yoy) but higher than the average growth in 2023 (11% yoy). We see that signs of a better recovery from the bottom in 2023 are gradually becoming visible. Combined with the growth in the manufacturing sector, domestic consumer purchasing power is expected to improve further in 2H24F-26F.

Figure 2: The growth of retail sales was still slightly from the begin of 2024.



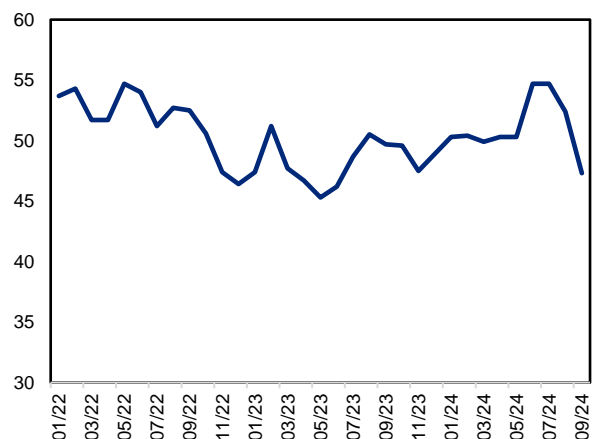
Source: GSO, MBS Research

Figure 3: The improvement of consumer lending companies will partly support the overall consumer demand of the economy.



Source: FiinProX, MBS Research

Figure 4: The PMI remained higher than 51 from T6-8/24 thanks to the better new orders

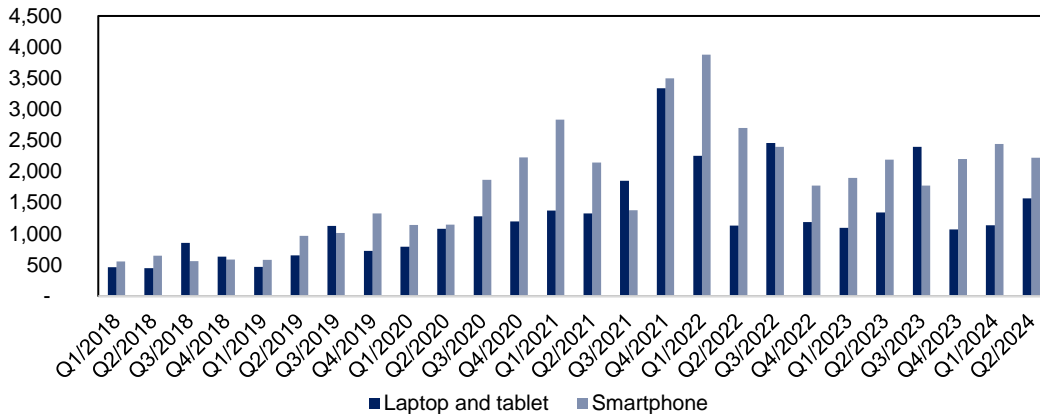


Source: GSO, MBS Research

...We expect the demand of laptops, tablets and smartphones will improve better from the bottom in 2H24F-26F

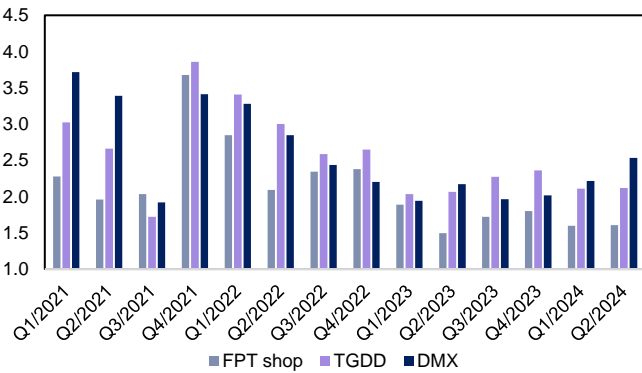
The ICT-CE revenue slowly improved in 1H24, mainly due to the increase in selling prices. Additionally, we observe that consumer demand remains at a low base, even though it continues to improve yoy, falling short of our previous forecast as the expected spread in manufacturing was below expectations. We estimate that the selling price rose by 5% yoy, leading to the volume increase of less than 10% in 1H24.

Figure 5: The revenue of smartphones, laptop & tablet by quarter.



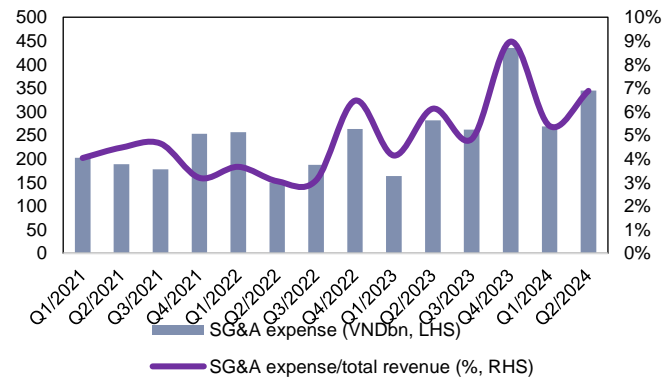
Source: DGW, MBS Research

Figure 6: The improment of revenue/stores of FPT shop and MWG was mainly due to the closing of physical stores and the increasing in average selling price.



Source: FRT, MWG, MBS Research

Figure 7: In 1H24, consumer demand remained weak, and DGW is still actively increasing sales support expenses for retailers.

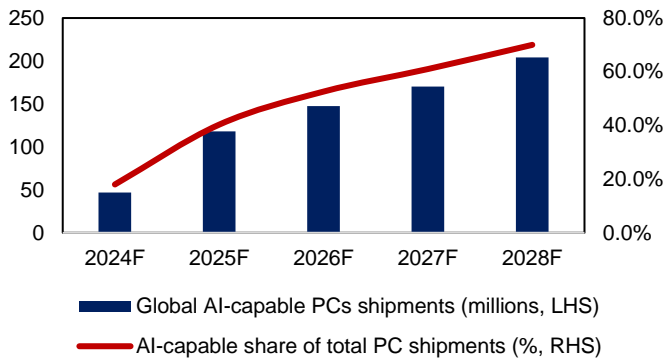


Source: DGW, MBS Research

According to Nikkei Asia, Intel is expected to supply chips for 40 million AI-powered PCs this year and 60 million PCs by 2025. Additionally, Microsoft (the dominant operating system in Vietnam) announced that it will end support for Windows 10 in October 2025, and it is expected to stop providing security updates from this year. Laptops that are not compatible with Windows 11 will gradually be replaced. According to IDC, this will help the global personal computer market grow by approximately 3.4% yoy in 2024.

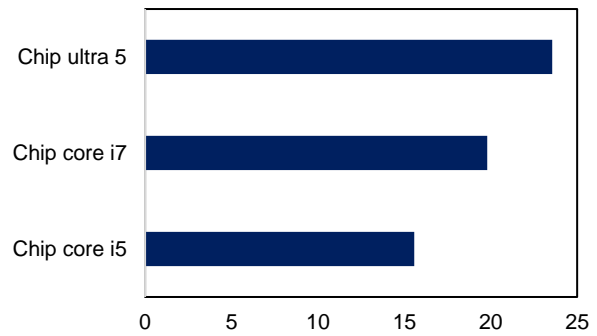
In 2H2024F, DGW will supply additional MSI gaming laptops, combined with strong demand during the peak season. We expect laptop & tablet's revenue to increase by 11% yoy in 2024F. Besides, the revenue of laptop & tablet in 2025F-26F may rise 16.6%/15.5% yoy when (1) The proportions of AI's laptop in the total global laptop shipments is getting bigger in AI's trend (2) The selling price of AI's laptop is estimated to be 10% higher compared to the previous model.

**Figure 8: AI-capable PCs shipments have CAGR = 44% in 2024F-28F**



Source: Analyst, MBS Research

**Figure 9: The price of AI's laptop may rise about 20% compared to the previous model (chip core i5).**



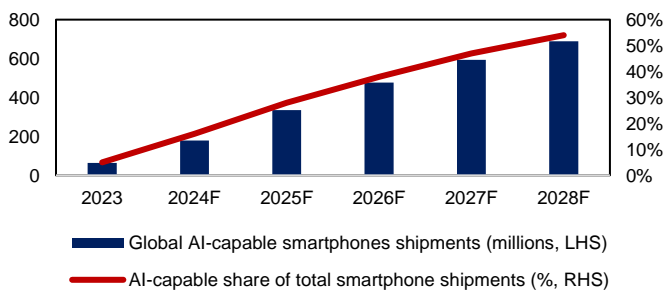
\*Source data: Collect data from 5 laptop in MWG's website

Source: MBS Research

The demand of smartphone slightly increased in 1H24 and will be better in the 2H24F when the high seasonal is coming. We observe that (1) the volume of smartphone will increase single-digit when the general of consumer is still in a low base, (2) the price of smartphone may rise 10% yoy due to the newly products coming in 2H24F. As a result, the revenue of smartphone may increase 12% yoy, reaching VND9,063bn in 2024F.

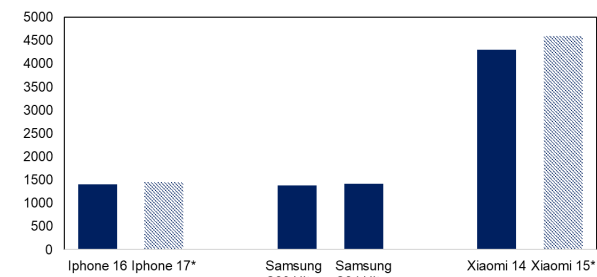
In 2025F-26F, the proportion of AI-supported smartphones in the total smartphone shipments will increase by 14pts% compared to 2024. The price of new smartphones is forecasted to be at least 5% higher than their predecessors due to the adoption of AI in the products, which drives up costs. With the trend of 5G and AI-capable smartphone will become closer in Vietnam, we expect the demand of smartphone may rise double-digit from the low base, which helping total smartphone's revenue increasing 16%/16% yoy in 2025F-26F.

**Figure 10: AI-capable smartphones have CAGR =31% in 2024F-28F**



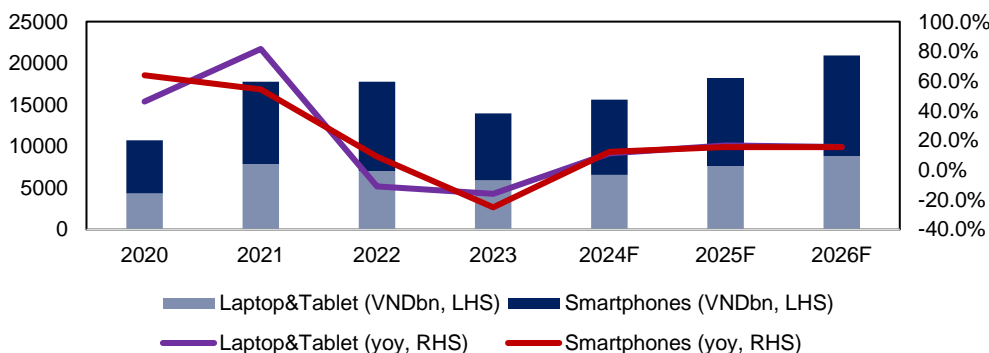
Source: Analyst, MBS Research

**Figure 11: The price of products with the better support for AI applications will be at least 5% higher than their predecessors.**



Source: S&P Global, MBS Research

**Figure 12: Estimated the revenue of smartphone, laptop&tablet**

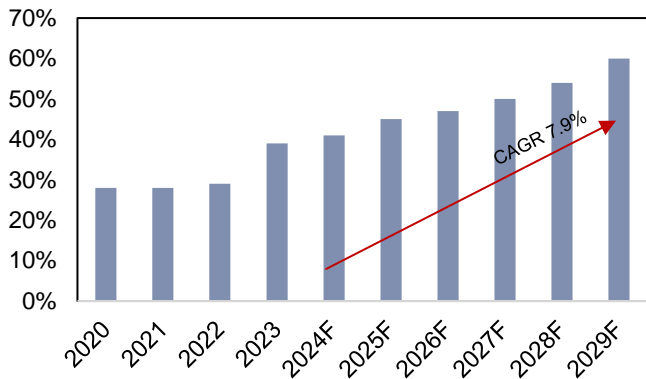


Source: DGW, MBS Research

**Office equipment may see a strong growth when the demand of server and storage device may jump 10% CAGR in 24-26F**

For office equipment, we observe a strong increase in servers and storage devices as demand for AI and data centers becomes a key driver for growth in the 'Digital Infrastructure Strategy until 2025 and Orientation towards 2030.' According to Statista, the revenue from servers and storage devices in Vietnam is expected to have a CAGR of 8% from 2024F-29F. Combined with the distribution of more brands and the advantage of wholesale, we expect the revenue of servers, PCs, storage devices and IoTs to grow by 30%yoy in 2H24F. Additionally with the growth of Achison, we expect total revenue of office equipment may rise 46% yoy and reach VND5,008bn in 2024F. In 2025-26F, DGW has growth potential in the medium term in the market for supplying PPE and we forecast total office equipment's revenue may grow 25%/25% yoy.

Figure 13: The growth of server market in VietNam (USDbn)



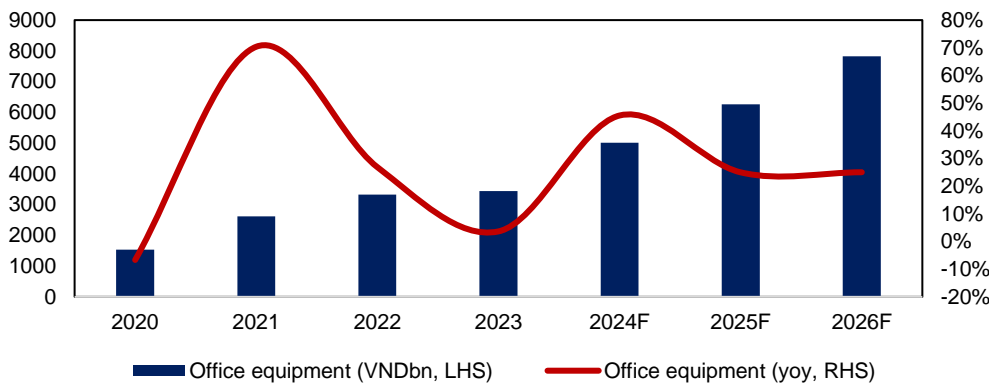
Source: Statista, MBS Research

Figure 14: Some brands of office equipments that DGW's supplies.

List of office equipments	Brands	Brands will show up in 2H2024F
PCs, server, storage devices	Dell, Asus, Acer, Lenovo, HP, Xiaomi, Supermicro, Silicon, Seagate	Hewlett Packard Enterprise
IoT's	Xiaomi, Huawei, Apple, Amazfit, Yi Technology, Logitech, Huawei	

Source: DGW, MBS Research

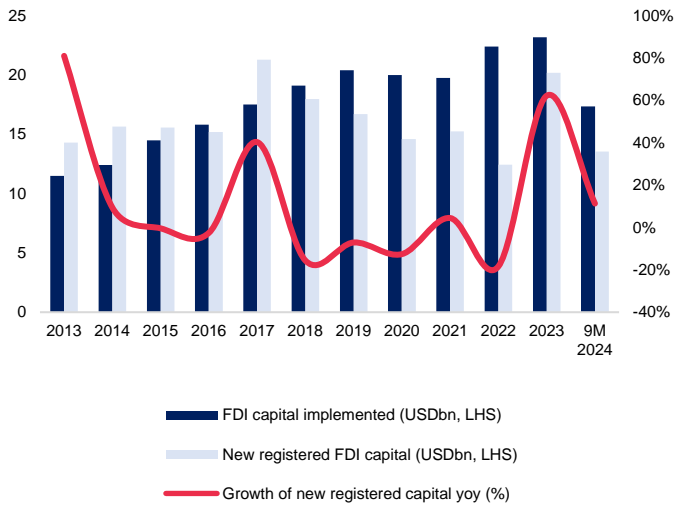
Figure 15: The revenue of office equipment



Source: DGW, MBS Research

We see the supply of PPE still have potential in Vietnam when the country is still a magnet of FDI's businesses. Achison achieved a revenue growth rate of 12.6% during the 2019-23 period, with net profit reaching VND32bn in 2022 (accounting for 9% of DGW's total net profit). Previously, Achison primarily supplied the southern market and only recently established a branch in the northern region. This indicates that there is still significant market potential for Achison, which will be a potential growth driver for DGW in the mid and long term.

Figure 16: FDI capital in Vietnam



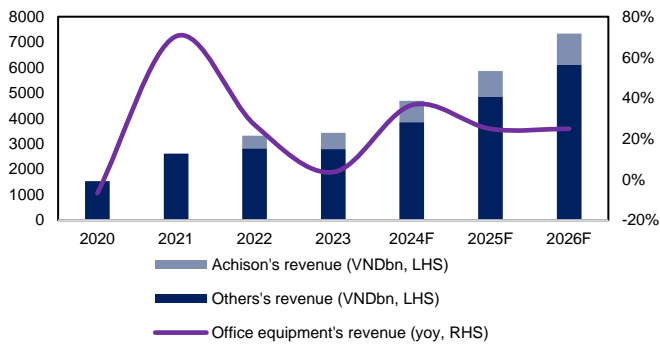
Source: GSO, MBS Research

Figure 17: Some big FDI's projects in Vietnam in 24-25

<b>Hana Micron (Korean)</b>	Phase 2 inauguration and increasing the total investment in Vietnam to USD1bn by 2025
<b>LG Innotech (Hải Phòng)</b>	Investing an additional USD1.5bn to expand the project in the field of electronics manufacturing.
<b>Jinko Solar Hải Hà Việt Nam</b>	The USD1.5bn photovoltaic cell technology complex project in Quang Ninh
<b>Lite-ON Quảng Ninh</b>	The registered investment capital reached USD690mn, with the goal of manufacturing computers and peripheral equipment in Quang Ninh

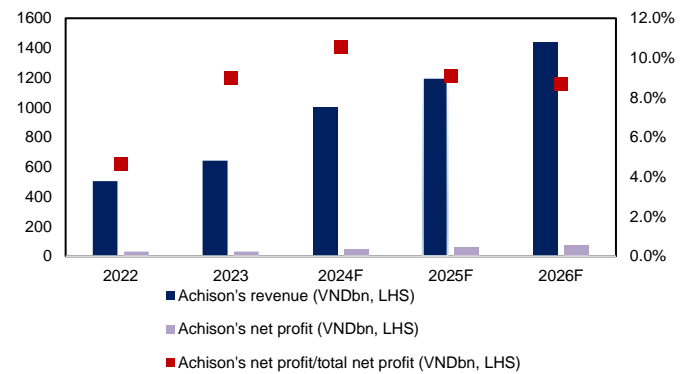
Source: MBS Research

Figure 18: Office equipment revenue has included contributions from Achison since the end of 2022.



Source: DGW, MBS Research

Figure 19: Revenue and net profit of Achison are expected to contribute approximately 10% of DGW's total net profit in 2024



Source: DGW, MBS Research

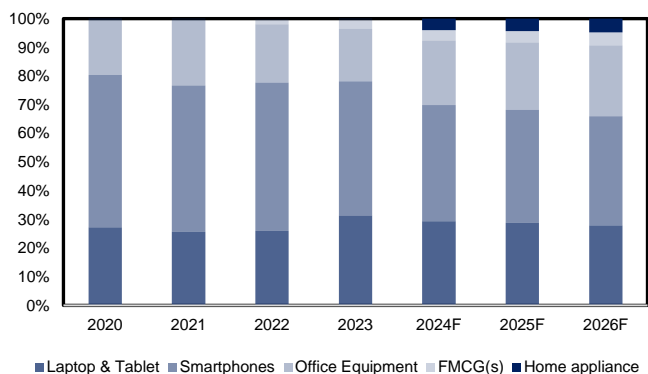


**FY24-26F earning revision**

Figure 20: FY24-26 earning

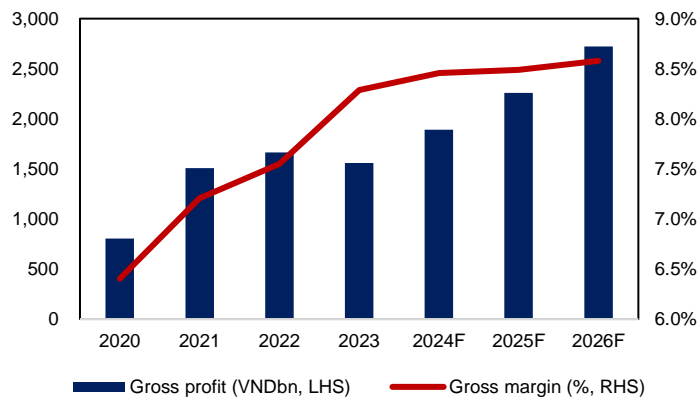
VNDbn	2024F	yoy%	Δ%	2025F	yoy%	Δ%	2026F	yoy%	Comment
<b>Net revenue</b>	22,372	18.9%	3%	26,618	19.0%	1%	31,745	19.3%	
<i>Laptops and tablets</i>	6,573	11.3%	1%	7,667	16.6%	2%	8,856	15.5%	
<i>Smartphones</i>	9,063	12.4%	2%	10,468	15.5%	2%	12,091	15.5%	
<i>Office Equipment</i>	5,008	45.5%	14%	6,258	25.0%	10%	7,824	25.0%	Revised up due to (1) the demand of smartwatch, server, storage devices higher than our old expectation, (2) DGW may add more brands on their product's list.
<i>Home appliance</i>	887	31.3%	0%	1,165	31.3%	0%	1,528	31.3%	
<i>FMCG (s)</i>	841	15.5%	0%	1,059	26.0%	0%	1,446	36.5%	
Gross profit	1,892	21.3%	4%	2,260	19.4%	1%	2,723	20.5%	
Gross margin	8.5%	0.2%	1%	8.5%	0.0%	0%	8.6%	0.1%	
Sale expense	1,099	16.5%	12%	1,308	19.0%	10%	1,560	19.3%	Revised up due to raising the customer support expenses 0.4pts% when the demand of ICT-CE still in the low base
G&A expense	235	18.4%	2%	279	19.0%	0%	333	19.3%	
%SG&A expense/revenue	6.0%	-0.1%	7%	6%	0.0%	7%	6%	0.0%	
Financial income	134	-31.0%	-35%	213	58.6%	-15%	254	19.3%	
Financial expense	115	-17.7%	-27%	146	27.6%	-14%	169	15.3%	Revised down due to the average interest rate base may lower 2pts% yoy (lower 1pts% compared to our old forecast)
Profit before tax	576	22.4%	-12%	738	28.1%	-13%	914	24.0%	
Tax	115	6.6%	-23%	148	28.1%	-24%	183	24.0%	
Net profit	451	27.2%	-9%	578	28.3%	-9%	718	24.1%	

Figure 21: Revenue breakdown by business segment of DGW (%)



Source: DGW, MBS Research

Figure 22: Gross profit and gross margin of DGW



Source: DGW, MBS Research



## Investment thesis & Recommendation

### Investment thesis.

- In the ICT-CE wholesale’s market, DGW holds a strong position thanks to its abundant customers (over 6,000 retail stores) and solid financial health. Additionally, DGW has a great advantage which is its ability to develop the market and manage sales channels for new brands entering the Vietnamese market.
- Vietnam remains a country with a golden demographic structure and a strong preference for spending on technology products. With the view that the demand of consumer electronic and smartphone, laptop will have the better recovery in 2H24-2026F, we expect that the revenue of smartphones, laptop & tablet may rise 12% yoy in 2024F-26F. Besides, the AI’s trend will help the office equipment’s sector has the great growth, DGW’s net profit may rise 27%/28%/24% in 2024F-26F
- We see that DGW has discovered a new growth driver in the field of supplying person protective equipment (PPE).

### Recommendation & Valuation

Based on an equal weight of DCF (WACC: 11.2%) and P/E (20x), our DGW target price is VND49,200/share (upside +10%, including 2% dividend yield). We are using a P/E ratio of 20x, which is higher than the average of the most recent recovery and growth (18x) to reflect the potential of Achison. With the currently price, the P/E forward for 2024-25F is 21x/15x, we can wait a little longer for DGW to be further discounted and accumulate shares.

Figure 23: P/E of DGW

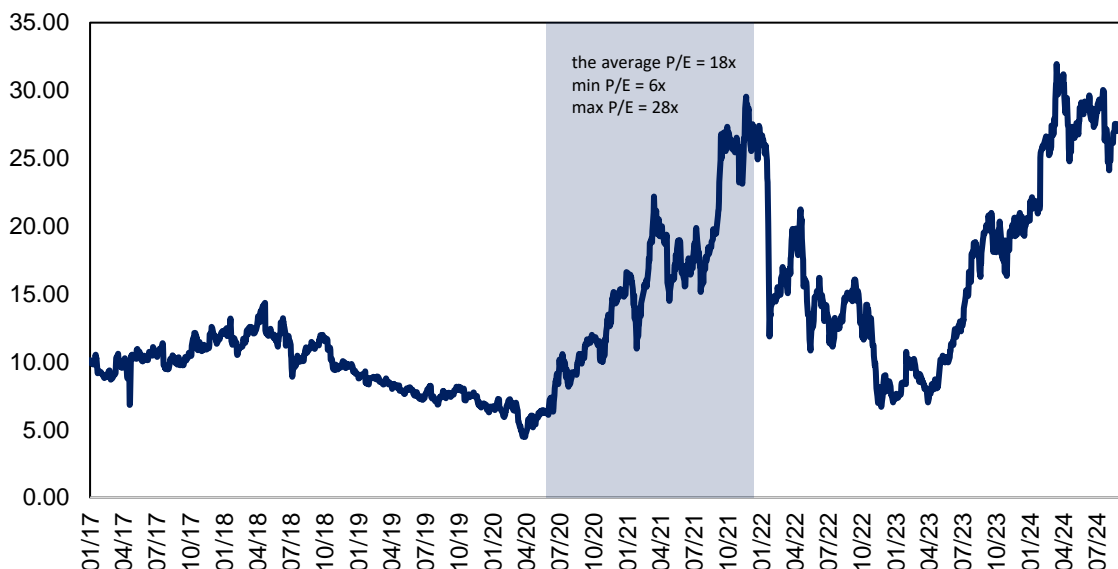


Figure 24: DCF valuation

	2024F	2025F	2026F	2027F	///	2033F
EBIT	576	738	914	1,125		4,930
Add: Depreciation	54	55	57	58		66
Less: Capital expenditure	12	11	13	12		12
Less: Changes in Working Capital	422	759	875	797		2,071
Free Cash Flow (FCF)	70	-137	-113	133		1,881
Terminal Value						20,020
PV of FCFF	63	-124	-104	123		1,806
PV of Terminal Value						7,701
Enterprise value						11,145
(+) Cash & Equivents						2,247
(-) Debt						-2,329
<b>Equity value</b>						<b>11,081</b>
Total shares						217
<b>Price</b>						<b>50,985</b>

Figure 25: FCFF valuation

WACC and long term growth (%)		Method	Price	Weight %
Long term growth	2.0%	P/E	47,362	50%
Cost of Equity	13.00%	DCF (WACC: 11.2%)	50,985	50%
Cost of Debt	5.00%			
Equity proportion (E/V)	80%			
Debt proportion (D/V)	20%			
Corporate Tax Rate	20.00%			
<b>WACC</b>	<b>11.20%</b>	<b>Target price (VND/share)</b>		<b>49,200</b>

Source: MBS Research

**Downside risks:**

- The weaker demand of ICT-CE than our expectations making DGW keep the scale of SG&A expenses/total revenue

Figure 26: Peer comparison

Company	Ticker BBG	Market cap USDmn	P/E (x)		P/B (x)		ROA%		ROE (%)	
			2024	2025	2024	2025	2024	2025	2024	2025
<b>Retail business</b>										
FPT Retail	FRT VN EQUITY	971	108.7	48.4	11.9	9.4	1.5	2.8	12.5	23.1
Mobile World Investment	MWG VN EQUITY	3,832	22.3	19.5	3.7	3.1	7.4	8.2	17.8	17.4
<b>Wholesale business</b>										
VSTECs Berhad	VST MK EQUITY	249	15	12	2.3	N/A	8.3	9.1	14.5	16.3
Synnex Thailand PCL	SYNEX TB EQUITY	387	21.4	17.2	2.96	2.77	4.5	4.9	15	16.4
Petroleum General Distribution Service JSC	PSD VN EQUITY	27	9.4	N/A	1.2	N/A	2.5	N/A	12.9	N/A
<b>Average</b>			<b>17.0</b>	<b>0.0</b>	<b>2.5</b>	<b>0.0</b>	<b>5.7</b>	<b>0.0</b>	<b>15.1</b>	<b>0</b>
Digiworld Corporation	DGW VN EQUITY	400	22.2	17.3	2.9	2.6	5.6	6.3	14.9	15.9

\*PSD uses TTM's number in 2024

Source: MBS Research

## Financial statement

Income statement	31/12/23	31/12/24	31/12/25	31/12/26	Cash flow statement	31/12/23	31/12/24	31/12/25	31/12/26
Net revenue	18,817	22,372	26,618	31,745	Pre-tax profit	471	576	738	914
Cost of sales	(17,258)	(20,480)	(24,358)	(29,022)	Depreciation & amortization	42	54	55	57
Gross profit	1,559	1,892	2,260	2,723	Tax paid	(108)	(115)	(148)	(183)
Gen & admin expenses	(198)	(235)	(279)	(333)	Other adjustments	(145)	321	2	(21)
Selling expenses	(944)	(1,099)	(1,308)	(1,560)	Change in working capital	233	(422)	(759)	(875)
Operating profit	417	558	672	830	<b>Cash flow from operations</b>	<b>493</b>	<b>413</b>	<b>(112)</b>	<b>(108)</b>
Operating EBITDA	459	612	727	887	Capex	(30)	(12)	(11)	(13)
<b>EBIT</b>	<b>417</b>	<b>558</b>	<b>672</b>	<b>830</b>	Proceeds from assets sales	0	-	-	-
Interest income	195	134	213	254	<b>Cash flow from investing activities</b>	<b>(62)</b>	<b>(12)</b>	<b>(11)</b>	<b>(13)</b>
Financial expense	(139)	(115)	(146)	(169)	New share issuance	40	501	-	-
Net other income	1	1	2	2	Net borrowings	319	2	114	356
Income from associates	(3)	(3)	(3)	(3)	Other financing cash flow	-	-	-	-
<b>Pre-tax profit</b>	<b>471</b>	<b>576</b>	<b>738</b>	<b>914</b>	Dividends paid	(167)	(109)	(217)	(217)
Tax expense	(108)	(115)	(148)	(183)	<b>Cash flow from financing activities</b>	<b>191</b>	<b>395</b>	<b>(103)</b>	<b>139</b>
NPAT	363	461	590	732	Cash and equivalents at beginning of period	828	1,450	2,247	2,020
Minority interest	(8)	(10)	(12)	(14)	Total cash generated	623	796	(226)	18
<b>Net profit</b>	<b>354</b>	<b>451</b>	<b>578</b>	<b>718</b>	<b>Cash and equivalents at the end of period</b>	<b>1,450</b>	<b>2,247</b>	<b>2,020</b>	<b>2,039</b>
					<b>Key ratios</b>	<b>31/12/23</b>	<b>31/12/24</b>	<b>31/12/25</b>	<b>31/12/26</b>
<b>Balance sheet</b>	<b>31/12/23</b>	<b>31/12/24</b>	<b>31/12/25</b>	<b>31/12/26</b>	Net revenue growth	-14.6%	18.9%	19.0%	19.3%
Cash and equivalents	1,450	2,247	2,020	2,039	EBITDA growth	-43.5%	33.1%	18.9%	21.9%
Short term investments	-	-	-	-	EBIT growth	51.8%	33.7%	120.5%	123.5%
Accounts receivables	1,982	2,352	2,797	3,332	Pre-tax profit growth	-45.4%	22.4%	28.1%	24.0%
Inventories	3,016	3,218	4,200	4,647	Net profit growth	-48.2%	27.2%	28.3%	24.1%
Total current assets	6,802	8,132	9,395	10,490	EPS growth	-48.2%	27.2%	28.3%	24.1%
Tangible fixed assets	38	39	38	38	Gross profit margin	8.3%	8.5%	8.5%	8.6%
Construction in progress	15	15	15	15	EBITDA margin	3.4%	3.2%	3.4%	3.5%
Property Investment	-	-	-	-	Net profit margin	1.9%	2.0%	2.2%	2.3%
Investments in subsidiaries	-	-	-	-	ROAE	14.2%	14.9%	15.9%	17.6%
Investments in associates	19	19	19	19	ROAA	5.1%	5.6%	6.3%	6.8%
Other long-term assets	492	243	394	567	ROIC	7.2%	7.8%	9.2%	10.0%
Total long-term assets	657	406	552	719	Asset turnover ratio	2.7	2.8	2.9	3.0
<b>Total assets</b>	<b>7,459</b>	<b>8,537</b>	<b>9,947</b>	<b>11,210</b>	Dividend payout ratio	47.1%	24.1%	37.6%	30.3%
Short-term borrowings	2,321	2,329	2,443	2,799	D/E	88.6%	66.9%	63.4%	64.1%
Trade accounts payable	1,530	1,758	2,275	2,411	Net debt to total equity	33.4%	2.4%	11.0%	17.4%
Other payables	558	664	790	942	Net debt to asset	11.8%	1.0%	4.3%	6.8%
Total current liabilities	4,816	5,047	6,084	6,833	Interest coverage ratio	3.4	5.9	5.5	5.9
Long-term borrowings	6	-	-	-	Days account receivable	38.4	38.4	38.4	38.3
Other long-term payables	11	11	11	11	Days inventory	63.8	57.4	62.9	58.4
Total long-term liabilities	16	11	11	11	Days account payable	32.4	31.3	34.1	30.3
Total liabilities	4,832	5,058	6,095	6,844	Current ratio	1.4	1.6	1.5	1.5
Common shares	1,672	2,173	2,173	2,173	Quick ratio	0.8	1.0	0.9	0.9
Share premium	61	61	61	61	Cash ratio	0.3	0.4	0.3	0.3
Treasury shares	(6)	(6)	(6)	(6)	<b>Valuation</b>				
Undistributed earnings	867	1,217	1,583	2,087	EPS (VND/share)	1,631	2,075	2,662	3,302
Investment and development funds	0	3	8	19	BVPS (VND/share)	12,086	16,012	17,727	20,093
Shareholders' equity	2,594	3,447	3,819	4,333	P/E (x)	38.3	22.2	17.3	13.9
Minority interest	32	32	32	32	P/B (x)	5.2	2.9	2.6	2.3
Total shareholders' equity	2,627	3,480	3,852	4,366					
<b>Total liabilities &amp; equity</b>	<b>7,459</b>	<b>8,537</b>	<b>9,946</b>	<b>11,210</b>					

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## 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.

### Segment Ratings

**Positive** Stocks in the segment have, on a market cap-weighted basis, a positive absolute recommendation

**Neutral** Stocks in the segment have, on a market cap-weighted basis, a neutral absolute recommendation.

**Negative** Stocks in the segment have, on a market cap-weighted basis, a negative absolute recommendation.

## 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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