

**PNJ VN**
**BUY**
**TP upside (downside) +5.9%**
**Close 25 January 2021**
**Price 87,000**  
**12M Target 92,085**
**Share price performance relative to VNINDEX**


Market cap (USD mn)	858
6M ADT (USD mn)	2.4
Outstanding shares (mn)	227
Free float (%)	71
FINI ownership (%)	49
FOL room	0%
Major shareholders (%)	22.9
2021 Net debt/equity (%)	27
2021 BVPS (VND)	37,450
2021 P/B (x)	2.3
2021 P/E (x)	15.5

Source: Bloomberg, YSVN

**Financial outlook**

Year to Dec	2019A	2020A	2021E	2022E
Sales (VND bn)	17,000	17,511	20,640	23,871
EPS (VND)	4,896	4,059	5,321	7,104
ROE (%)	28.7	25.9	20.7	23.4
Div. yield (%)	2.3	2.1	2.9	2.9

Source: YSVN

**Binh Truong**
**O&G Analyst / Deputy Head of Research**
[binh.truong@yuanta.com.vn](mailto:binh.truong@yuanta.com.vn)
<http://research.yuanta.com>
**Bloomberg code: YUTA**
**Phu Nhuan Jewelry JSC**
**Turnaround with improved margin**
**Event**

PNJ announced solid 4Q20 results, with revenues in line with our expectation but net income beating our forecast by +10.2% on higher than expected gross margin. The company is on its way to recovering, which is in line with the overall recovery of the economy.

**Details**

**4Q20 turnaround with improved margin.** PAT rose by 11.0% YoY to VND 427bn although revenue increased by 9.8% YoY to VND 5.9tn. Gross margin improved to 20.2% in 4Q20 from 19.2% in 4Q19 as retail sales outgrew wholesale. Additionally, net financial expense fell by -25% YoY to VND30.4bn on reduced leverage.

**2020 revenue rose by 3% YoY to VND 1.5tn** (0.4% above our forecast). Retail sales grew by 10% YoY to account for 59.7% of revenue. However, FY2020 PAT declined by -10.4% YoY to VND 1.1tn as full-year gross margin shrank to 19.6% in 2020 from 20.4% in 2019. In addition, financial expenses increased by +36.2% YoY to VND159bn and operating expenses increased by +5% YoY to VND 1.9tn. PNJ's full-year results were +21% ahead of its revenue guidance and +28% higher than its PAT guidance.

**Significant deleverage.** The company's 4Q20 net debt to equity ratio was to 27%, substantially down from 55% at 4Q19.

**Gold business is in line with the 2020 overall retail sales.** According to the GSO, retail sales of goods and services recovered very positively toward yearend to increase by +9.4% YoY in December. Full-year retail sales rose by a nominal +2.6% YoY and real +1.2% (vs 2019's +9.5% growth in real terms). We expect gold demand to continue to recover in 2021, underpinned by gold price consolidation and seasonal demand and further supported by delayed demand from 1H20.

**2021 outlook: a clearer recovery.** Our 2021E revenue and net income forecasts now appear slightly conservative. Our model for PNJ's forecasts and valuation are under review.

**We reiterate BUY** on PNJ. The share price has recovered 14.6% since our last update in [November](#). PNJ is a proxy on long-term Jewelry consumption and a beneficiary of the growth of the middle class.

**ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.**

Yuanta does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

---

## Appendix A: Important Disclosures

### Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

### Ratings Definitions

**BUY:** We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

**HOLD–Outperform:** In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

**HOLD–Underperform:** In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

**SELL:** We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

**Under Review:** We actively follow the company, although our estimates, rating and target price are under review.

**Restricted:** The rating and target price have been suspended temporarily to comply with applicable regulations and/or Yuanta policies.

Note: Yuanta research coverage with a Target Price is based on an investment period of 12 months. Greater China Discovery Series coverage does not have a formal 12 month Target Price and the recommendation is based on an investment period specified by the analyst in the report.

### Global Disclaimer

© 2019 Yuanta. All rights reserved. The information in this report has been compiled from sources we believe to be reliable, but we do not hold ourselves responsible for its completeness or accuracy. It is not an offer to sell or solicitation of an offer to buy any securities. All opinions and estimates included in this report constitute our judgment as of this date and are subject to change without notice.

This report provides general information only. Neither the information nor any opinion expressed herein constitutes an offer or invitation to make an offer to buy or sell securities or other investments. This material is prepared for general circulation to clients and is not intended to provide tailored investment advice and does not take into account the individual financial situation and objectives of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities, investments or investment strategies discussed or recommended in this report. The information contained in this report has been compiled from sources believed to be reliable but no representation or warranty, express or implied, is made as to its accuracy, completeness or correctness. This report is not (and should not be construed as) a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on such business in that jurisdiction.

Yuanta research is distributed in the United States only to Major U.S. Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended and SEC staff interpretations thereof). All transactions by a US person in the securities mentioned in this report must be effected through a registered broker-dealer under Section 15 of the Securities Exchange Act of 1934, as amended. Yuanta research is distributed in Taiwan by Yuanta Securities Investment Consulting. Yuanta research is distributed in Hong Kong by Yuanta Securities (Hong Kong) Co. Limited, which is licensed in Hong Kong by the Securities and Futures Commission for regulated activities, including Type 4 regulated activity (advising on securities). In Hong Kong, this research report may not be redistributed, retransmitted or disclosed, in whole or in part or and any form or manner, without the express written consent of Yuanta Securities (Hong Kong) Co. Limited.

Taiwan persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research  
Yuanta Securities Investment Consulting  
4F, 225,  
Section 3 Nanking East Road, Taipei 104  
Taiwan

Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research  
Yuanta Securities (Hong Kong) Co. Ltd  
23/F, Tower 1, Admiralty Centre  
18 Harcourt Road,  
Hong Kong

Korean persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

---

Head Office  
Yuanta Securities Building  
Euljiro 76 Jung-gu  
Seoul, Korea 100-845  
Tel: +822 3770 3454

Indonesia persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research  
PT YUANTA SECURITIES INDONESIA  
(A member of the Yuanta Group)  
Equity Tower, 10th Floor Unit EFGH  
SCBD Lot 9  
Jl. Jend. Sudirman Kav. 52-53  
Tel: (6221) - 5153608 (General)

Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department  
Yuanta Securities (Thailand)  
127 Gaysorn Tower, 16th floor  
Ratchadamri Road, Pathumwan  
Bangkok 10330

Vietnam persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department  
Yuanta Securities (Vietnam)  
4th Floor, Saigon Centre  
Tower 1, 65 Le Loi Boulevard,  
Ben Nghe Ward, District 1,  
HCMC, Vietnam

---

# YUANTA SECURITIES NETWORK



## YUANTA SECURITIES VIETNAM OFFICE

**Head office:** 4<sup>th</sup> Floor, Saigon Centre, Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, HCMC, Vietnam

### Institutional Research

**Matthew Smith, CFA**

Head of Research

Tel: +84 28 3622 6868 (ext. 3815)

[matthew.smith@yuanta.com.vn](mailto:matthew.smith@yuanta.com.vn)

**Tam Nguyen**

Analyst (Property)

Tel: +84 28 3622 6868 (ext. 3874)

[tam.nguyen@yuanta.com.vn](mailto:tam.nguyen@yuanta.com.vn)

**Binh Truong**

Deputy Head of Research (O&G, Energy)

Tel: +84 28 3622 6868 (3845)

[binh.truong@yuanta.com.vn](mailto:binh.truong@yuanta.com.vn)

**Tanh Tran**

Analyst (Banks)

Tel: +84 28 3622 6868 (3874)

[tanh.tran@yuanta.com.vn](mailto:tanh.tran@yuanta.com.vn)

### Institutional Sales

**Huy Nguyen**

Head of Institutional sales

Tel: +84 28 3622 6868 (3808)

[huy.nguyen@yuanta.com.vn](mailto:huy.nguyen@yuanta.com.vn)

**Duyen Nguyen**

Sales Trader

Tel: +84 28 3622 6868 (ext. 3890)

[duyen.nguyen@yuanta.com.vn](mailto:duyen.nguyen@yuanta.com.vn)