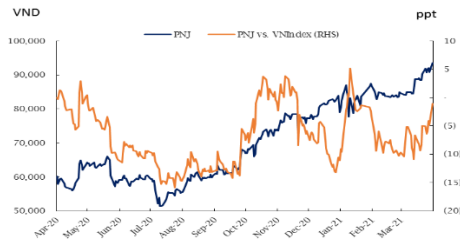


BUY
TP upside (downside) +1.3%
Close 16 April 2020
Price 90,900
12M Target 92,085
Share price performance relative to VNINDEX


Market cap (USD mn)	921
6M ADT (USD mn)	2.6
Outstanding shares (mn)	227
Free float (%)	71
FINI ownership (%)	49.0
FOL Room (%)	0
Major shareholders (%)	29
2021 Net debt/equity (%)	27.0
2021 BVPS (VND)	5,597
2021 P/B (x)	2.4
2021 P/E (x)	16.2

Financial outlook

Year to Dec	2019A	2020A	2021E	2022E
Sales (VND bn)	17,001	17,511	20,534	23,795
EPS (VND)	4,762	4,278	5,478	7,300
ROE (%)	28.7	28.6	21.8	23.6
Div. yield (%)	2.2	2.2	2.2	2.8

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Phu Nhuan Jewelry (PNJ VN)
Event

We attended PNJ's AGM on April 16, during which PNJ also announced strong preliminary 1Q21 financial results.

Details

2021E guidance suggests a solid recovery. Management guides for 2021E revenue of VND21,0 trn (+20% YoY) and PAT of VND 1.2 trn (+15% YoY). PNJ expects PAT growth to be slower than revenue growth due to a decline in gross margin (although it guides for gross profit to grow by 18% YoY). Management expressed optimism that the pandemic will remain contained and that economic conditions will recover.

Expanding the distribution network. PNJ plans to open 40–45 new stores this year, equivalent to 11.0–13.3% YoY growth.

Strong 1Q21 preliminary results. 1Q21 revenue grew by +43% YoY to reach c. VND 7.2tn, while PAT grew by +26% YoY to reach c.VND 514bn.

ESOP plans. PNJ plans to issue 3.6 million shares at par value (VND 10,000) this year under its ESOP scheme as the company exceeded its 2020 profit guidance.

Private placement. PNJ plans to issue additional 15 million shares by private placement, equivalent to 6.6% of current shares outstanding, to expand its distribution network and production capacity this year. PNJ indicates that the issue price will be higher than the previous 60-day average closing share price at the time of the placement.

2022 ESOP guidance. The 2022 ESOP at VND 20,000 per share is set to be triggered if 2021 PAT exceeds the 2021 guidance, but the number of shares issued should not exceed 1.5% of outstanding shares as at the date of issue.

2020 results revisited. 2020 revenue increased by 3.0% YoY to VND17.5 tn. Despite the effects of the pandemic, PNJ's retail revenue rose by +10.5% YoY to reach VND10.6tn as sales recovered toward yearend. However, 2020 PAT fell by –10.4% to reach VND1.1 trn on reduced gross margin. Management states that PNJ gained market share as evidenced by its revenue growth amid the market's contraction. Please see our [Jan 26 report](#) for further information.

PNJ has reached our target price as discussed in our [company update note](#) of November, which is now under review. PNJ plans to maintain a cash dividend of 20% par value (VND 2,000 per share) for 2021, equivalent to a 2.2% dividend yield.

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

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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.

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