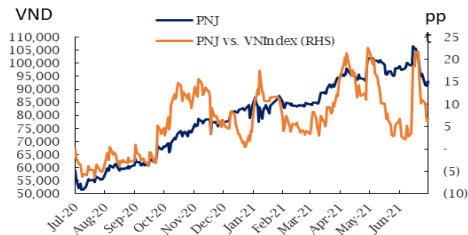


BUY
TP upside (downside) +1.2%
Close 23 July 2021
Price 91,000
12M Target 92,085
Share price performance relative to VNINDEX


Market cap (USD mn)	919
6M ADT (USD mn)	2.3
Outstanding shares (mn)	227
Free float (%)	81
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)	16.3

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	2.7

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Phu Nhuan Jewelry (PNJ VN)
Event

PNJ issued preliminary 1H21 results with impressive 1H21 profit growth despite the business impact in June of the secondary Covid-19 outbreak.

Details

PNJ reported solid 6M2021 revenue growth of 50.2% YoY to VND 11.6 trn, fulfilling 55.4% of the company's annual target. Noticeably, retail sales (56.9% of revenue) grew by 47.1% YoY to reach VND6,621bn. Gold bar sales (26.6% of total revenue) jumped by 73% YoY to VND 3,095bn.

Gross margin contracted by 0.9ppt YoY to reach 18.6% mainly due to the increased contribution from low-gross margin gold bar sales. Nevertheless, PNJ reported an impressive 67.4% surge in 1H21 PAT to reach VND 736bn, equivalent to 60% of 2021 profit guidance and 55% of our 2021 PAT forecast.

Online retail business surges. 1H21 retail sales grew at an encouraging rate of 41.8% YoY to reach VND2,160bn. Online sales revenue posted 317% YoY growth thanks to the PNJ4H initiative, which allows clients to purchase online and to receive the products in four hours while maintaining social distancing. In addition, other initiatives contributed to PNJ's retail growth including Style by PNJ and in-store kiosks.

Store expansion slowed due to secondary outbreak. PNJ opened 12 gold stores (+4% YTD) in 1H21, fulfilling just 27% of the annual store opening guidance of 40-45 this year. Store expansion has clearly been impacted by the ongoing Covid-19 outbreak.

Sales impact of the secondary outbreak. June revenue declined by 17.5% YoY to VND 1trn due to the Covid-19 outbreak, which has resulted in temporary store closures in the impacted areas. PBT in June also fell by 36.3% YoY to VND 51bn.

PNJ has reached our target price of VND 92.085 as presented in our [company update note](#) last November. The stock price has corrected by 16% from the peak, which is arguably justified by the Covid impact. Our view is that the business will recover once the pandemic subsides, which implies that shareholders may have a solid buying opportunity in the near future.

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.

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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.

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