

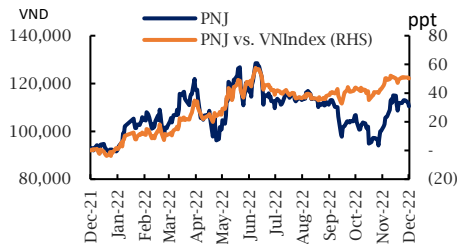
BUY

TP upside (downside): +23.6%

Close 21 Dec 2022

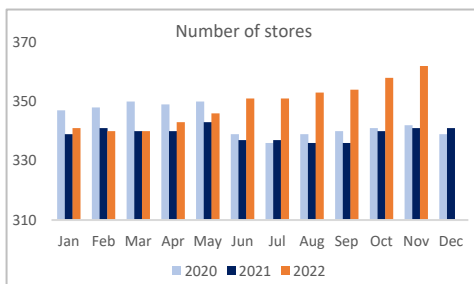
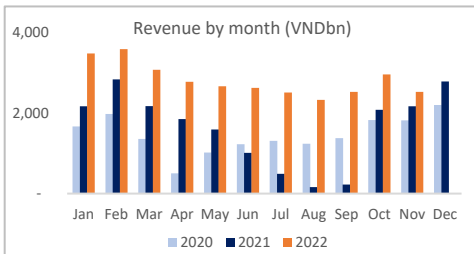
Price VND 109,600
12M Target VND 135,453

Share price performance relative to VNI



Market cap	US\$1,153mn
6M avg. daily turnover	US\$3.4mn
Outstanding shares	246 mn
Free float	85%
FINI ownership	49.0%
Major shareholders	18.1%
2021 Net debt / Equity	39%
2023E P/E	12.3x
FOL remaining room	0.0%
2023E Dividend yield	1.6%

Source: Fiinpro, Yuanta Vietnam



Source: Company Data, Yuanta Vietnam

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Phu Nhuan Jewelry JSC (PNJ VN)

Event

November revenues increased by +17% YoY, indicating strong momentum considering last year’s high base. Nov revenue reached VND 2.5tn (-15% MoM but +17% YoY), while Nov NPAT reached VND 153bn (+4% MoM / +9% YoY).

Details

Exceeding full-year profit guidance by 20% in 11M22. Specifically, 11M22 revenue reached VND 31.0tn (+85% YoY) and NPAT reached VND 1.6tn (+96% YoY). PNJ has thus exceeded its 2022E NPAT guidance by 24% and has fulfilled 90.6% of our NPAT forecast for 2022E in the first 11 months of the year.

11M22 gross margin contracted by -1.0ppt YoY to 17.4%, much lower than our full-year gross margin forecast of 18.0%, due to changes in the retail product mix and inflation’s impact on both purchasing power and input costs. However, net margin still ticked up by +0.3ppt to 5.3% in 11M22 due to increased operating efficiencies resulting from improved technology application.

Retail segment remains the key driver. In 11M22, retail sales (which account for 60.7% of total sales) soared by +92% YoY; 24k gold sales (25.6%) rose by +85% YoY; wholesale revenues (12.2%) increased by +67% YoY; and other sales grew by +26% YoY.

PNJ has newly opened 33 stores YTD, almost completing its plan to open 35–40 stores in 2022E. At the same time, it has also closed 13 stores YTD and thus currently operates a nationwide retail network of 362 stores.

Our view

PNJ’s results are typically strong toward yearend. As of November, PNJ has fulfilled 65% of our 4Q22 revenue forecast and 64% of our 4Q22 NPAT forecast and thus is well positioned to beat our assumptions.

The network expansion is occurring in a high-inflation environment. As such, we expect PNJ to grow in 2023E but at a slower pace than that of 2022E. This is in line with management’s view. Please see our [report of Sep 23](#) for more details.

PNJ is executing on its ESG strategy to boost competitiveness, attract investors, and strengthen global trade corporation.

We reiterate BUY on PNJ with target price of VND 135,453 per share. PNJ trades at an attractive 12.3x 2023E P/E, with a 2023E PEG ratio of 0.8x.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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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.

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