

BUY

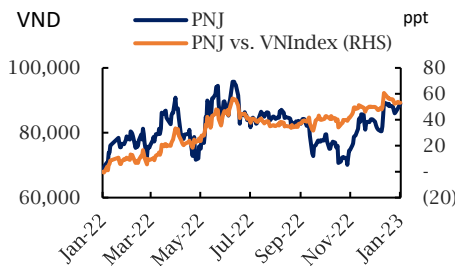
TP upside (downside): +8.2%

Close 27 Jan 2023

Price VND 94,000
12M Target VND 101,700

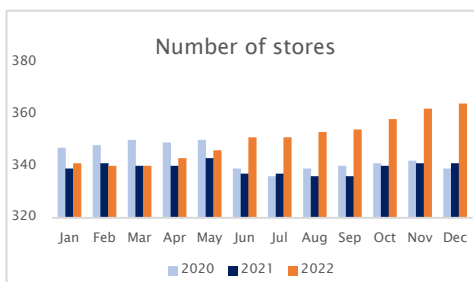
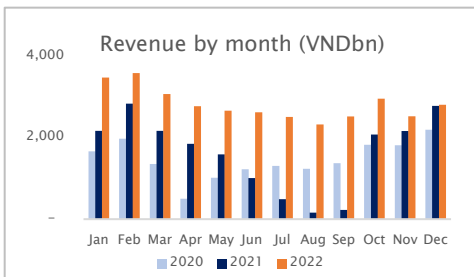
* Target price is adjusted for stock dividend

Share price performance relative to VNI



Market cap	US\$1,315mn
6M avg. daily turnover	US\$2.6mn
Outstanding shares	328 mn
Free float	82.2%
FINI ownership	49.0%
Major shareholders	17.5%
2021 Net debt / Equity	39%
2023E P/E	14.1x
FOL remaining room	0.0%
2023E Dividend yield	1.4%

Source: Fiiipro, Bloomberg, Yuanta Vietnam



Source: Company Data, Yuanta Vietnam

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Phu Nhuan Jewelry JSC (PNJ VN)

PNJ's 4Q22 revenues reached VND 8.3tn (+13% QoQ / +18% YoY) and PAT reached VND 467bn (+85% QoQ / +3% YoY). PNJ thus fulfilled 99% of our 4Q22 revenue forecast and 100% of our PAT forecast.

Details

Full-year preliminary PAT far exceeds guidance, but in line with our forecast. In 2022, revenues reached VND 33.9tn (+73.3% YoY) and PAT reached VND 1.8tn (+75.4% YoY). PNJ exceeded its 2022E PAT target by 37% and fulfilled 99.8% of our NPAT forecast for 2022E.

2022 gross margin contracted by -0.7ppt YoY to 17.5%, lower than our full-year forecast of 18.0% due to changes in the retail product mix. However, net margin was flattish in 2022 at 5.3% due to increased operating efficiencies resulting from improved technology application. Please find details in the table below:

	Sales (VNDbn)	Gross profit (VNDbn)	PAT (VNDbn)	Gross margin (%)	Net margin (%)
4Q21	7,033	1,249	454	17.8%	6.5%
3Q22	7,364	1,248	252	16.9%	3.4%
4Q22	8,302	1,469	467	17.7%	5.6%
% QoQ growth	13%	18%	85%		
% YoY growth	18%	18%	3%		
2021A	19,613	3,573	1,030	18.2%	5.3%
2022A	33,876	5,927	1,807	17.5%	5.3%
% YoY growth	73%	66%	75%		
2022 forecasts	32,433	5,850	1,810	18.0%	5.6%
% vs. our forecasts	104%	101%	100%		

Source: PNJ, Yuanta Vietnam

PNJ opened 38 new outlets in 2022 (33 PNJ Gold, 3 PNJ Style, and 2 PNJ Watch) while closed 15 underperforming stores. PNJ thus currently operates a nationwide retail network of 364 stores. This is an improvement vs the 341 stores in 2021 (+2 stores YoY) and 339 stores in 2020 (-7 stores YoY).

Our view

In 2023E, we expect PNJ to grow at a slower (but still solid) pace vs. 2022. Specifically, we expect 2023E revenues to grow by +16% YoY and NPAT to grow +20% YoY, with the retail and 24k gold segments remaining the two key drivers.

We reiterate BUY on PNJ with adjusted target price of VND 101,700 per share, implying +10% 12-month TSR. PNJ trades at a reasonable 14.1x 2023E PE with 2023E ROE of 26.5%. For details of our view, please see our most recent company [update](#) published in Sep 2022.

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.

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