

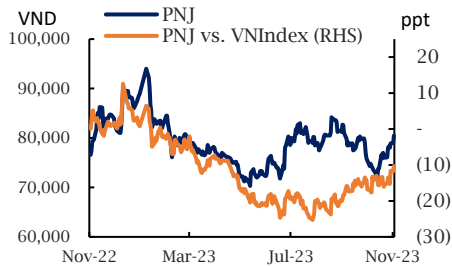
BUY

TP upside (downside): +14%

Close 20 Nov 2023

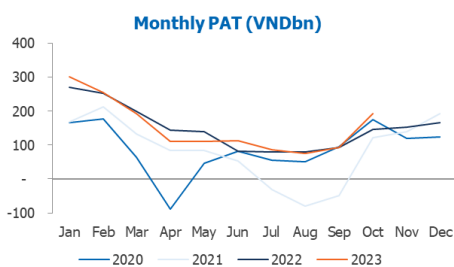
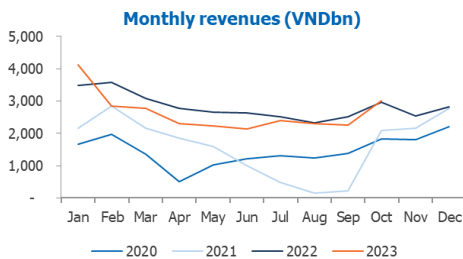
Price VND 79,000
12M Target VND 90,100

Share price performance relative to VNI



Market cap	US\$1,071mn
6M avg. daily turnover	US\$3.0mn
Outstanding shares	328 mn
Free float	64.6%
FINI ownership	49.0%
Major shareholders	35.4%
2022 Net debt / Equity	21.0%
2023E P/E	13.2x
FOL remaining room	0.0%
2023E Dividend yield	1.7%

Source: Fiiipro, Bloomberg, Yuanta Vietnam



Source: Company Data, Yuanta Vietnam

Research Analysts:

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Phu Nhuan Jewelry JSC (PNJ VN)

PNJ posted positive earnings growth in 10M23. PNJ reported 10M23 sales of VND 26.4tn (-7.5% YoY) and PAT of VND 1.5tn (+3.1% YoY). The slight increase in profits was mainly due to gross margins optimization.

Details

Both sales and profits recovered in October, partly supported by increased jewelry demand in Vietnamese Women’s Day. In Oct, sales increased by +34% MoM / +1.6% YoY to reach VND 3.0tn in Oct and PAT jumped by +108% MoM / +31.3% YoY to reach VND 193bn.

Thus, declining momentum has slowed in 10M23: Retail sales decreased by -9.4% YoY in 10M23 (compared to -10.5% YoY in 9M23), wholesales fell by -32.0% YoY (-32.1% in 9M23). By contrast, 24k gold sales went up by +7.9% YoY and sales of other items increased by 11.1% YoY in 10M23.

However, 10M23 margins has improved YoY. 10M23 gross margins reached 18.5% (+1.1ppt YoY) and net margins reached 5.8% (+0.6ppt YoY).

PNJ continues its retail network expansion through the market downcycle. PNJ opened 28 new outlets and closed 8 poorly performing outlets in 10M23. As a result, PNJ currently has 394 retail outlets: 382 PNJ Gold, 3 CAO, 3 PNJ Art, 5 PNJ Style, and 1 PNJ Watch outlets. This is in line with the company’s target to open 20–25 new stores in 2023.

So far, PNJ has fulfilled 74% of its 2023 sales guidance of VND 35.6tn and 79% its PAT guidance of VND 1.9tn, which are both more optimistic than our revised forecasts.

Our view

We expect PNJ to seasonally recover starting from 4Q23 and the company’s expansion strategy (+20 store YTD, this opening rate is higher than that of other jewelry retail chains in Vietnam) should help PNJ to gain market shares going forward. First-time buyers are currently accounting for nearly half of its total customers base, shared by the managers.

We reiterate BUY on PNJ with reduced target price of VND 90,100, implying +16% 12-month TSR. We revised down our revenues and earnings forecasts in the company update report published on [Oct 27](#) due to our previous assumptions are too aggressively. In which, we expect PNJ’s 2023E revenues to reach VND 32tn (-5.4% YoY) and PAT to reach VND 1.7tn (-4.1% YoY).

PNJ is trading at a reasonable valuation. PNJ currently trades at 13.2x 2023E PE, which is slightly below its 5-year average level of 14.2x.

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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