

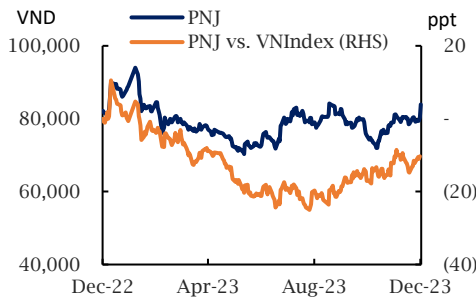
BUY

TP upside (downside): +7.4%

Close 21 Dec 2023

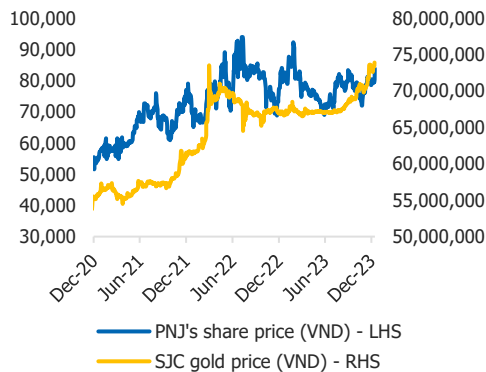
Price VND 83,900
12M Target VND 90,100

Share price performance relative to VNI



Market cap	US\$1,129mn
6M avg. daily turnover	US\$3.4mn
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	13.8x
FOL remaining room	0.0%
2023E Dividend yield	1.7%

Source: Fiinpro, Bloomberg, Yuanta Vietnam



Source: FiinproX

Research Analysts:

Di Luu
di.luu@yuanta.com.vn

Bloomberg code: YUTA

Phu Nhuan Jewelry JSC (PNJ VN)

PNJ posted impressive earnings growth in November. 24K gold sales were both the key growth driver (+41% MoM in Nov and +13.9% YoY in 11M23) and the second largest contributor to total sales.

Details

Sales & PAT both positive in November... Total monthly sales increased by +3.5% MoM/+23.1% YoY to reach VND 3.1tn, with Nov PAT increasing by +3.1% MoM/+30.1% YoY to reach VND 199bn. 24K gold sales in Nov increased by an astounding +41% MoM / 89% YoY.

... signaling a reduced pace of the overall YTD slowdown. Retail sales decreased by -8.0% YoY in 11M23 (compared to -9.4% YoY in 10M23) and YTD wholesale revenues fell by -31.6% YoY (vs. -32.0% in 10M23). By contrast, 24k gold sales grew +13.8% YoY in 11M23 (vs. +7.9% YoY in 10M23), and sales of other items increased by +11.8% YoY in 11M23.

Retail network expansion continues. PNJ added 42 new outlets and closed 8 poorly performing outlets in 11M23. As a result, PNJ currently has 398 retail outlets: 386 PNJ Gold, 3 CAO, 3 PNJ Art, 5 PNJ Style, and 1 PNJ Watch outlets. The company has thus exceeded its target to open 20-25 new stores in 2023.

Margins remain solid. 11M23 gross margin reached 18.3% (+0.9ppt YoY) and net margins reached 5.3% (+0.6ppt YoY).

Our view

The recovery in overall sales momentum has been driven primarily by (1) the expansion strategy and (2) rising gold prices, in our view. Average monthly sales per store have improved since Sept, and the Nov 2023 figure has exceeded that of Nov 2022 by +12% (please see Fig.5). In addition, rising gold prices appear to be driving 24K gold demand, which accounts for 30.7% of total sales in 11M23 (+5.1ppt YoY).

PNJ has fulfilled 92% of our 2023E forecast of VND 32.1tn and nearly exceeded our PAT forecast of VND 1.7tn. As a reminder, we revised down our revenues and earnings forecasts in our update of [Oct 27](#) after dialing down our assumptions, perhaps by a bit too much.

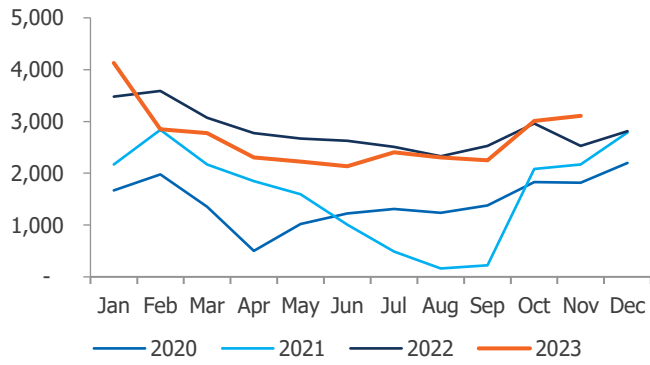
We expect the positive growth momentum of recent months to be prolonged into the Tet holidays. The business may be exiting a cyclical slump, and we continue to view the stock as a key beneficiary of the longer term growth of Vietnam's middle class.

We reiterate BUY on PNJ with target price of VND 90,100, implying +14% 12-month TSR. PNJ currently trades at a reasonable 13.8x 2023E PE multiple, which is slightly below its 5-year average level of 14.2x.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

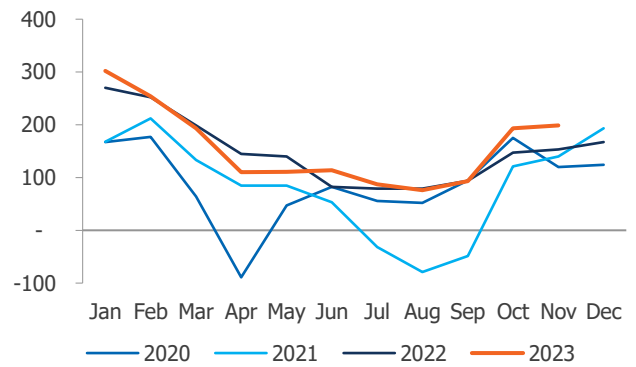
Yuanta does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Fig.1: Monthly revenues (VNDbn)



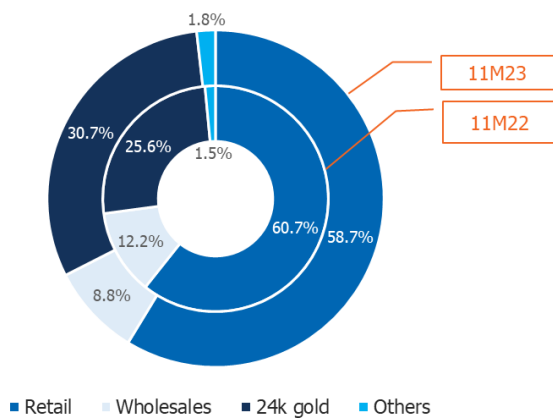
Source: Company data

Fig.2: Monthly PAT (VNDbn)



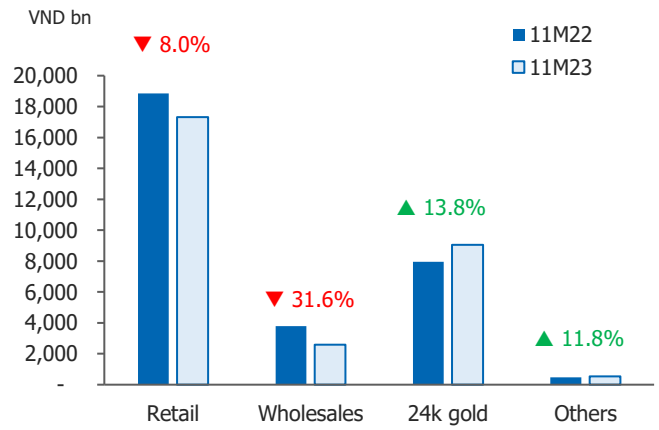
Source: Company data

Fig.3: Sales breakdown in 11M23



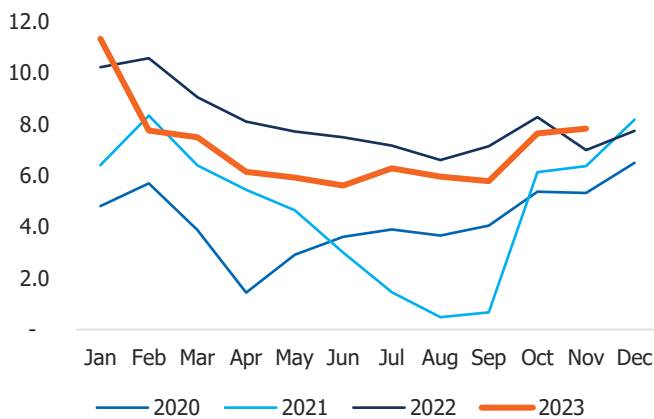
Source: Company data

Fig.4: 24k gold posted positive growth in 11M23



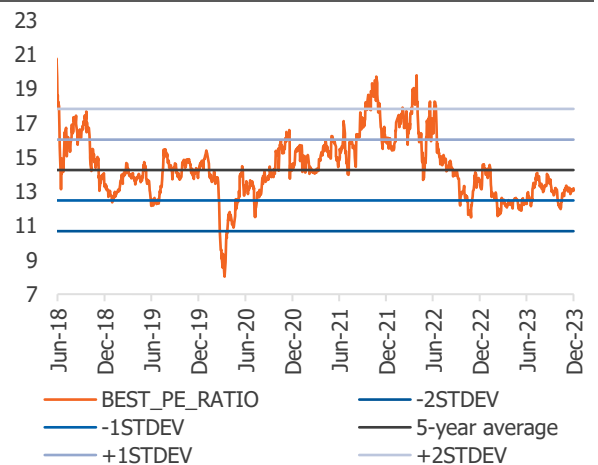
Source: Company data

Fig.5: Average sales per store (VNDbn)



Source: YSVN's estimates from PNJ's accumulative data

Fig.6: PNJ is trading at a reasonable level



Source: Bloomberg

Appendix A: Important Disclosures

Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

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.

Global Disclaimer

© 2020 Yuanta. All rights reserved. The information in this report has been compiled from sources we believe to be reliable, but we do not hold ourselves responsible for its completeness or accuracy. It is not an offer to sell or solicitation of an offer to buy any securities. All opinions and estimates included in this report constitute our judgment as of this date and are subject to change without notice.

This report provides general information only. Neither the information nor any opinion expressed herein constitutes an offer or invitation to make an offer to buy or sell securities or other investments. This material is prepared for general circulation to clients and is not intended to provide tailored investment advice and does not take into account the individual financial situation and objectives of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities, investments or investment strategies discussed or recommended in this report. The information contained in this report has been compiled from sources believed to be reliable but no representation or warranty, express or implied, is made as to its accuracy, completeness or correctness. This report is not (and should not be construed as) a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on such business in that jurisdiction.

Yuanta research is distributed in the United States only to Major U.S. Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended and SEC staff interpretations thereof). All transactions by a US person in the securities mentioned in this report must be effected through a registered broker-dealer under Section 15 of the Securities Exchange Act of 1934, as amended. Yuanta research is distributed in Taiwan by Yuanta Securities Investment Consulting. Yuanta research is distributed in Hong Kong by Yuanta Securities (Hong Kong) Co. Limited, which is licensed in Hong Kong by the Securities and Futures Commission for regulated activities, including Type 4 regulated activity (advising on securities). In Hong Kong, this research report may not be redistributed, retransmitted or disclosed, in whole or in part or and any form or manner, without the express written consent of Yuanta Securities (Hong Kong) Co. Limited.

Taiwan persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities Investment Consulting
4F, 225,
Section 3 Nanking East Road, Taipei 104
Taiwan

Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities (Hong Kong) Co. Ltd
23/F, Tower 1, Admiralty Centre
18 Harcourt Road,
Hong Kong

Korean persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Head Office
Yuanta Securities Building
Euljiro 76 Jung-gu
Seoul, Korea 100-845
Tel: +822 3770 3454

Indonesia persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
PT YUANTA SECURITIES INDONESIA
(A member of the Yuanta Group)
Equity Tower, 10th Floor Unit EFGH
SCBD Lot 9
Jl. Jend. Sudirman Kav. 52-53
Tel: (6221) - 5153608 (General)

Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Thailand)
127 Gaysorn Tower, 16th floor
Ratchadamri Road, Pathumwan
Bangkok 10330

Vietnam persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Vietnam)
4th Floor, Saigon Centre
Tower 1, 65 Le Loi Boulevard,
Ben Nghe Ward, District 1,
HCMC, Vietnam

YUANTA SECURITIES NETWORK



YUANTA SECURITIES VIETNAM OFFICE

Head office: 4th Floor, Saigon Centre, Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, HCMC, Vietnam

Institutional Research

Matthew Smith, CFA

Head of Research

Tel: +84 28 3622 6868 (ext. 3815)

matthew.smith@yuanta.com.vn

Tanh Tran

Analyst (Banks)

Tel: +84 28 3622 6868 (ext. 3874)

tanh.tran@yuanta.com.vn

Di Luu

Assistant Analyst

Tel: +84 28 3622 6868 (ext. 3845)

di.luu@yuanta.com.vn

Binh Truong

Deputy Head of Research (O&G, Energy)

Tel: +84 28 3622 6868 (ext. 3845)

binh.truong@yuanta.com.vn

Tam Nguyen

Analyst (Property)

Tel: +84 28 3622 6868 (ext. 3874)

tam.nguyen@yuanta.com.vn

An Nguyen

Assistant Analyst

Tel: +84 28 3622 6868 (ext. 3845)

an.nguyen@yuanta.com.vn

Institutional Sales

Lawrence Heavey

Head of Institutional Sales

Tel: +84 28 3622 6868 (ext. 3855)

lawrence.heavey@yuanta.com.vn

Hien Le

Sales Trader

Tel: +84 28 3622 6868

hien.le@yuanta.com.vn

Vi Truong

Sales Trader

Tel: +84 28 3622 6868 (ext. 3940)

vi.truong@yuanta.com.vn

Tuan-Anh Nguyen

Sales Trader

Tel: +84 28 3622 6868 (ext. 3909)

anh.nguyen2@yuanta.com.vn

Dat Bui

Sales Trader

Tel: +84 28 3622 6868 (ext. 3941)

dat.bui@yuanta.com.vn