

**Vietnam: Retail**
**4 September 2024**
**PNJ VN**
**BUY**
**TP upside +23.7%**
**Close 4 Sep 2024**

Price	VND 101,200
12M Target	VND 125,200
Previous Target	VND 90,100
Change	+39%

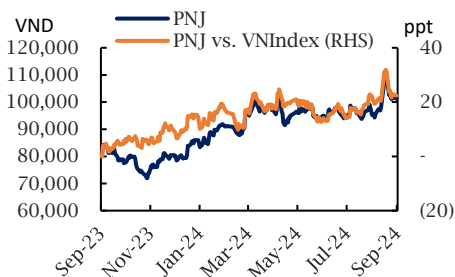
**What's new?**

- ▶ High gold bullion demand drove soaring YTD revenue but tepid PAT growth.
- ▶ But this is over now that the regulations on gold sales have changed, with SOE banks selling direct to buyers since June.
- ▶ PNJ thus reverts to its core business of jewelry manufacturing & retailing.
- ▶ We expect jewelry to contribute 69% of total sales in 2025E / 72% in 2026E.

**Our view**

- ▶ We are conservative on 2H24 due to concerns over the near-term gold shortage.
- ▶ But we expect earnings to improve in 2025E–2026E on a higher contribution of jewelry retail sales and further gold market deregulation.
- ▶ PNJ remains Vietnam's largest jewelry retailer and is expanding its network in Tier 2 / Tier 3 cities.
- ▶ Upgrade to BUY. Our target price of 125,200 implies an undemanding 14.5x 2025E P/E and 0.5x 2025E PEG.

**Company profile:** PNJ engages in fabrication and trade of gold, silver, and gemstone jewelry. The company operates a factory with a designed capacity of 4.0 million items per year. In addition, PNJ operates Vietnam's largest jewelry retail network in at 409 stores as of 2Q24, and management targets to add another 20–30 outlets per year in 2024E–2025E. PNJ also belongs to our regional research team's [screen](#) of gold-related stocks in Asia.

**Share price performance relative to VNI**


Market cap	US\$1,375mn
6M avg. daily turnover	US\$7.0mn
Outstanding shares	335mn
Free float	85.0%
FINI ownership	49.0%
Major shareholders	14.7%
2023 Net debt / equity	0.2x
EV/EBITDA	11.9x
2025E P/E	11.7x
Trading platform	HOSE
FOL Room	0.0%

Source: Fiiipro, Bloomberg, Yuanta Vietnam

**Financial outlook (VND bn)**

Year to Dec (VNDbn)	2023A	2024E	2025E	2026E
Sales	33,137	38,351	38,682	43,485
Op. profit	2,529	2,824	3,630	4,754
Net profit	1,971	2,196	2,898	3,792
EPS (VND)	5,985	6,562	8,657	11,328
EPS chg	4%	10%	32%	31%
P/E (x)	14.6	15.4	11.7	8.9
Dividend yield	2.2%	1.8%	1.8%	1.8%

Source: Fiiipro, Yuanta Vietnam

**Research Analyst:**

Di Luu  
[di.luu@yuanta.com.vn](mailto:di.luu@yuanta.com.vn)

<http://yuanta.com.vn>

Bloomberg code: YUTA

## Phu Nhuan Jewelry (PNJ VN)

### Focus on the Crown Jewel – the Retail Biz

We have a conservative view on PNJ in 2H24 due to Vietnam's gold supply shortage which may negatively impact margins. A combination of rising speculative demand for gold and the government's tight control over the origin of gold mean that jewelry manufacturers are struggling to obtain raw gold material, leading to increased manufacturing costs.

PNJ's focus on jewelry manufacturing should help to offset potential margin pressure in 2025E–2026E. PNJ is now prioritizing its core jewelry manufacturing business to meet increased seasonal demand in 4Q22–1Q25. Given the changed sales mix from 1H24, we expect to see a significant improvement in the company's margins in 2H24 and 2025E.

We retain our longer-term positive view on PNJ given its position as Vietnam's largest jewelry retailer with the most diverse product range. In addition, further easing of gold market policy should only empower PNJ even more, in our view. Sales of its core business -- jewelry retail -- increased by +14.6% YoY in 7M24 despite weak overall consumer discretionary spending. We believe that this positive result against the macro tailwinds proves PNJ's operational strengths.

**Upgrading our forecasts.** We increase our 2024E revenue forecast by +7.3% to VND 38.4tn (+15.7% YoY) but cut our PATMI forecast by -0.6% to VND 2.2tn. For 2025E, we slightly increase our sales forecast by +1.1% to VND 38.7tn but increase our earnings forecast by a far more substantial 20.4% vs. the previous forecast given our increased assumption for jewelry retail sales (69% of 2025E sales, +10ppt YoY).

**Yuanta vs. the Street.** Our sales forecasts for 2024E–2026E are lower than the Street's, but our revised average 2024E–26E EPS forecast is +10% higher than the Street's. This suggests that the Street is assuming persistently high sales of gold bars going forward, which seems extremely unlikely to us.

**We upgrade PNJ to BUY** and increase our target price by +39% to VND 125,200, implying +25.5% 12-month TSR. We believe our target price to be conservative given that it implies an undemanding 14.5x 2025E P/E and 0.5x 2025E PEG.

#### ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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# Refocusing on the Crown Jewel -- Jewelry Retailing

Our long-term investment thesis remains unchanged since our update in [Sep 2022](#).

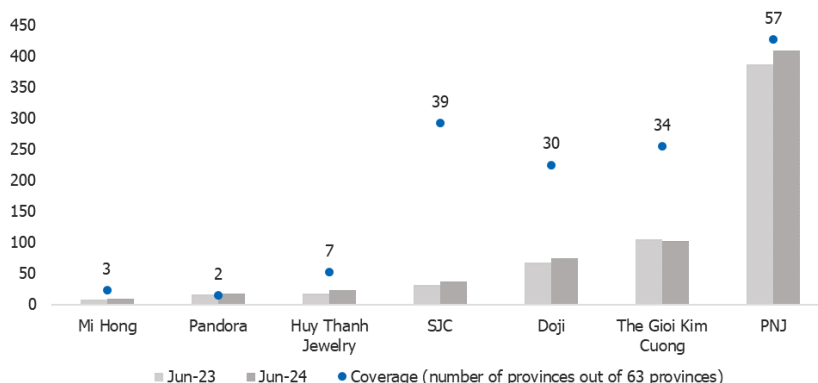
A top-down approach suggests that Vietnam's modern retail industry has room for continued substantial growth in the years ahead in the context of growing urbanized middle class with increased disposable income.

PNJ is a clear proxy on that trend, especially given its specific strengths of proven operational excellence and corporate governance. The company remains its top position among jewelry retail chains in Vietnam, which is demonstrated by:

- (1) **The largest and widest retail network among domestic jewelry retail chains.** PNJ's jewelry retail network comprises 409 brick-and-mortar outlets as of July 2024 after adding a net of 9 outlets YTD. It also has the industry's broadest geographic coverage across Vietnam, where it operates in 57 out of 63 provinces. The company aims to open another 20-30 stores per year in 2024E-2025E, mostly in tier 2 and tier 3 cities that are posting high GRDP growth.

**Fig.1: PNJ owns the largest and widest retail network among retailers**

**Number of stores at jewelry retail chains in Vietnam**



Source: Company data, companies' website

- (2) **Its ability to target various customer segments with the multi-brand strategy.** Amid the broader purchasing slowdown in 7M24, PNJ is focused on how to attract new customers to offset the decrease in ticket sizes. Consequently, PNJ's jewelry retail segment posted solid growth (+14.6% YoY) in 7M24, highlighting management's abilities to expand the customer base.

We believe this positive result is supported by the company's product and brand diversification that targets different customer groups with various price ranges. PNJ's six jewelry and accessory brands have alternative new collections, most of which target the young and middle-class population, which is a fast-growing segment in Vietnam.

## 2H24–2025E outlook: Focusing on jewelry retailing

PNJ's 2H24–1H25 prospects remain challenging due to the gold supply shortage caused by increased public demand for physical gold and stricter enforcement of gold origin rules by the government. This makes it challenging for people to sell gold, especially for those would-be sellers who do not have invoices to prove their gold's origin. As a result, gold manufacturers such as PNJ must obtain gold from more expensive sources, which is leading to higher input material costs.

However, margins should still improve in 2H24, 2025 and beyond given that:

- (1) Since June (we believe), PNJ has been prioritizing gold jewelry manufacturing and retail sales instead of selling 24K gold bars. This would have likely occurred even without the start-up of gold bar sales by the SOE banks, as PNJ is now focusing on meeting the increased seasonal demand for jewelry in 4Q24 (the wedding season) and 1Q25 (Tet / Lunar New Year).

The impact of seasonality should not be entirely new to investors; however, it has already eased the pressure on the company's blended margins in 2H24.

Given the above changes, we slightly revise down our 2024E PATMI forecast by -0.6% to VND 2.2tn (still up by +11% YoY). However, we expect PNJ's gross margin to improve to 18.9% in 2H24 (+2.5ppt compared to that of 1H24).

**Table.1: YSVN's gross margin forecasts**

Gross margins	2021	2022	2023	2024E	2025E	2026E
1H	18.6%	17.6%	18.9%	16.4%	20.0%	21.5%
2H	17.8%	17.3%	17.7%	18.9%	20.6%	21.5%
<b>Full-year</b>	<b>18.2%</b>	<b>17.5%</b>	<b>18.3%</b>	<b>17.5%</b>	<b>20.3%</b>	<b>21.5%</b>

Source: Yuanta Vietnam

- (2) Potential amendments to Decree 24/2012/NĐ-CP, which regulates gold market management, could have a net positive impact on the Vietnamese gold market. We expect the changes to result in a more "free" gold market, and thereby increase the market's liquidity (both in terms of cash and supply of gold).

The SBV is currently surveying and collecting recommendations from the authorities and related parties on amending Decree 24. We think that it is unlikely that the amendments will be implemented in 2024, as no draft has been disclosed yet.

However, we note that several recommendations could help to address the current bottlenecks for both businesses and the authorities, such as:

- Allowing businesses to self-declare their inventory up to the time specified by the SBV to determine the existing amount of gold. After that, for all goods entering and leaving, businesses must comply fully with the relevant management regulations. This recommendation should help gold shops and the authorities to determine the amount of gold inventory at each business.
- Allowing for raw gold importation to meet jewelry demand, which has been widely recommended by economists a long time. The current strict regulations on gold origins are a constraint for jewelry manufacturers because of the difficulty of verifying sources. Of course, we agree that control of the gold market is essential, but the regulations should ensure that adequate supply is available for jewelry manufacturers, an industry that contributes positively to the nation's GDP (and is thus fundamentally different from sales of gold bullion).

We cannot define when these recommendations will become official, but any cooperative actions from the SBV would be greatly welcomed by the industry, including PNJ, and by society as a whole.

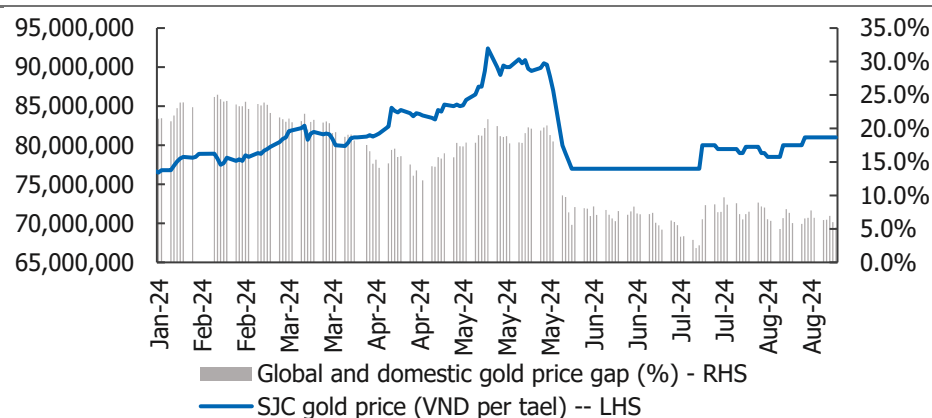
Such deregulation might also encourage stock investors, and it could be an upside catalyst for our target price for PNJ.

## Financial results update in 7M24

Soaring gold price has triggered strong demand from the Vietnamese public. Vietnam's gold price premium vs. global spot was higher than 10% throughout the first 5 months of 2024, during which the Vietnam price was set by the state-owned monopoly seller, the Saigon Jewelry Corp (SJC).

However, the premium ebbed once the SBV decided to let the four state-owned banks sell gold directly to Vietnamese consumers starting from Jun 3. The policy worked immediately, as the gold price premium plunged right after this change.

**Fig.2: Vietnam gold premium has decreased since the early of Jun, 2024**



Source: Bloomberg, FiinproX (data as of Aug 30)

In line with this trend, PNJ's 24K gold sales surged by +92% YoY in 5M24, reaching VND 8.5tn. Rising contribution of a low-margin segment (i.e., 24K gold) drove total sales but eroded the company's blended gross margin, which decreased by -2.5ppt YoY to 16.5% in 5M24.

However, sales of gold bullion fell sharply in June and July... Sales of 24K gold products plunged by -60% MoM in June and -39% MoM in July. This coincided with the start-up of SOE bank sales, but the sharp decrease in sales is also attributable to the supply shortage of proven-origin gold, which is now a widespread condition throughout the market.

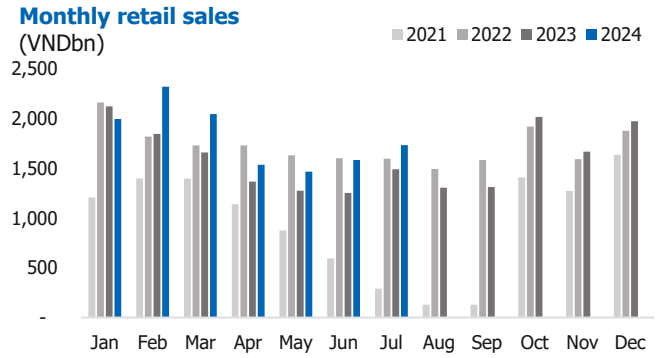
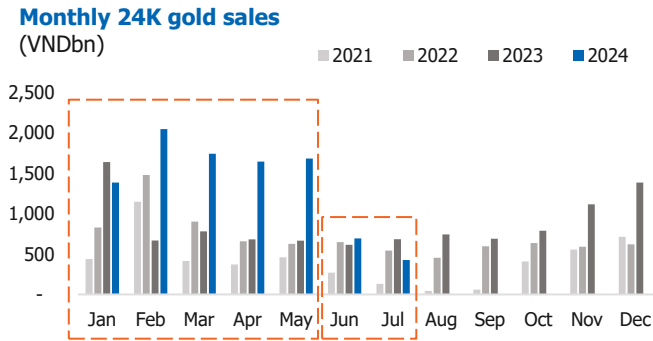
... Meanwhile, jewelry retail sales continued to grow robustly in June and July. PNJ's core business is jewelry retailing, not gold bullion sales. The jewelry retail segment has remained solid despite a broader softening of consumer purchasing power YTD, largely due to the expanded customer base. Specifically, jewelry retail sales increased by +9.5% MoM / +14.9% YoY to reach VND 1.7tn in July and +15% YoY to reach VND 12.7tn in 7M24.

Jewelry sales were thus 52% of consolidated YTD revenues in 7M24, but the market shift in June is noteworthy and should inform investor expectations for the future: Jewelry sales represented 48% of 5M24 sales (when gold bullion was 43% of revenues), but this mix has shifted decidedly in favor of jewelry retail, which accounted for 62% of June sales and 69% of July sales.

We strongly believe that this positive sales mix change will continue going forward, which may have not been fully encapsulated in Street forecasts for overall sales (which are likely too high) or gross margins (which are likely too low). Our assumptions for the contribution of jewelry retail sales are 72% for 2H24, 69% for 2025E, and 72% for 2026E.

**Fig.3: 24K gold sales surged in 5M24 but fall sharply in Jun and July...**

**Fig.4: ... while jewelry retail sales remained solid.**



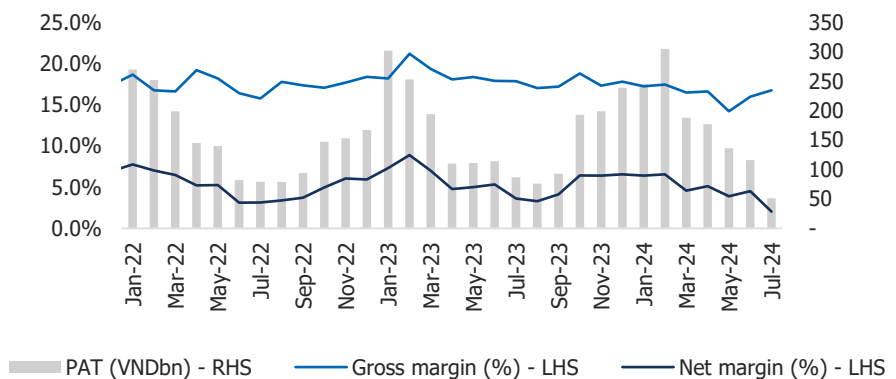
Source: Company data, Yuanta Vietnam

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Thus, PNJ's blended gross margin recovered sequentially in June and July. Consolidated gross margin bounced back in June (+1.8ppt MoM to reach 16.0%) and July (+0.7ppt MoM to 16.7%). In 7M24, blended gross margin remained at a relatively low level of 16.4%, lower than 18.8% of 7M23, but again this is skewed by the high contribution of gold bullion sales in 5M24.

After-tax margins were mixed in June and July. Net margin improved in June (+0.6ppt MoM to reach 4.5%) but declined in July (-2.5ppt MoM to 2.0%) due to rising manufacturing costs.

**Fig.5: Margins were mixed in July as manufacturing costs pressure net margins**

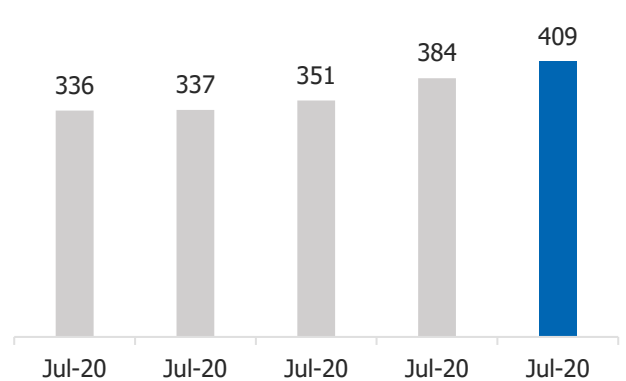
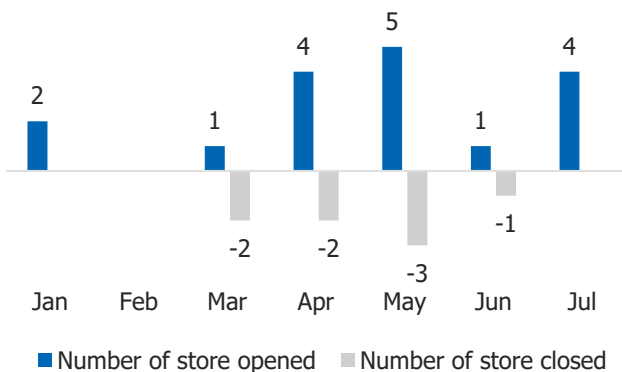


Source: Company data, Yuanta Vietnam

Store openings: 4 new outlets were added in July 2024. PNJ opened a net 9 outlets (after adding 17 new stores and closing 8) in 7M24, bringing its network to 409 retail outlets nationwide: 400 PNJ Gold, 3 CAO, 5 PNJ Style, and 1 wholesale center. The company aims to add 20-30 net additional outlets per year in 2024-2025E.

**Fig.6: Store closed/opened by months in 2024**

**Fig.7: PNJ's number of outlets**



Source: Company data, Yuanta Vietnam

Source: Company data, Yuanta Vietnam

## Forecast upgrades

We revise up our 2024E revenue forecast by +7.3% to VND 38.4tn (+15.7% YoY) after YTD sales outperformed our expectations, largely due to the 5M24 surge in gold bullion sales. However, we slightly revise down our earnings (PATMI) forecast by -0.6% to VND 2.2tn, which is 5% higher than the company's 2024E guidance but in line with Bloomberg consensus.

Our reduced 2024E earnings forecast is mainly driven by our decreased full-year gross margin assumption (from 18.3% in 2023 to 17.5% in 2024), which again is primarily due to the higher-than-expected contribution of gold bullion sales in 1H24.

However, we expect to see a PATMI recovery in 2025E–2026E. We slightly increase our sales forecasts by +1.1% for 2025E and +6.1% in 2026E. However, we sharply increase our earnings forecasts by +20.4% for 2025E and by +44.7% for 2026E due to our increased assumptions for the contribution of jewelry retail sales (69% of total sales in 2025E and 72% in 2026E).

**Table.2: Forecast revisions**

Forecast revision	Old forecasts			New forecasts			New/old forecasts (%)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Revenues (VND bn)	35,743	38,263	40,966	38,351	38,682	43,485	7.3%	1.1%	6.1%
Retail	22,173	23,947	25,863	22,683	26,617	31,169	2.3%	11.2%	20.5%
24K gold	9,269	10,111	10,616	11,740	7,387	6,957	26.7%	-26.9%	-34.5%
Wholesales	3,354	3,589	3,840	3,562	4,275	4,916	6.2%	19.1%	28.0%
Others	587	616	647	366	403	443	-37.6%	-34.6%	-31.5%
Gross profits (VND bn)	6,578	7,093	7,649	6,695	7,852	9,340	1.8%	10.7%	22.1%
Gross margin (%)	18.4%	18.5%	18.7%	17.5%	20.3%	21.5%	-0.9ppt	1.8ppt	2.8ppt
EBIT (VND bn)	2,897	3,152	3,430	2,824	3,630	4,754	-2.5%	15.2%	38.6%
EBIT margin (%)	8.1%	8.2%	8.4%	7.4%	9.4%	10.9%	-0.7ppt	1.1ppt	2.6ppt
PATMI (VND bn)	2,210	2,407	2,620	2,196	2,898	3,792	-0.6%	20.4%	44.7%
Net margin (%)	6.2%	6.3%	6.4%	5.7%	7.5%	8.7%	-0.5ppt	1.2ppt	2.3ppt

Source: Yuanta Vietnam

### Yuanta vs. the Street

Our upgraded revenue forecasts for 2024E–2026E are lower than the Street's. However, we have a more positive view on earnings than the Street does in 2025E and 2026E, probably due to our high assumptions for the contribution of jewelry retail sales. We believe the Street will likely adjust for this in the months ahead, potentially leading to a broader earnings upgrade cycle for PNJ.

**Table.3: Yuanta vs. The Street**

Revenues (VND bn)	2024E		2025E		2026E	
	Value	YoY (%)	Value	YoY (%)	Value	YoY (%)
Yuanta Vietnam	38,351	15.7%	38,682	0.9%	43,485	12.4%
The Street	40,241	21.4%	42,732	6.2%	46,636	9.1%
% difference (Yuanta vs. The Street)	-4.7%		-9.5%		-6.8%	

PATMI (VND bn)	2024E		2025E		2026E	
	Value	YoY (%)	Value	YoY (%)	Value	YoY (%)
Yuanta Vietnam	2,196	11.4%	2,898	31.9%	3,792	30.9%
The Street	2,211	12.2%	2,637	19.2%	3,122	18.4%
% difference (Yuanta vs. The Street)	-0.7%		9.9%		21.5%	

Source: Yuanta Vietnam, Bloomberg Consensus



## Valuation and risks

We upgrade PNJ to BUY from the previous HOLD–Underperform recommendation, which was based entirely on our view that the stock had gotten ahead of the fundamentals. After refreshing our forecasts to account for the renewed focus on the core jewelry retail business, we no longer believe this to be the case and return to a positive view on the stock.

We increase our target price to VND 125,200 per share (+39% vs our previous target price of VND 90,100) in line with our toned-up operational assumptions. Our new target price is based on a weighted valuation approach that applies 70% weightings to our discounted FCF model and comparable P/E multiple analysis. Our new target price implies a 2025E PE of 14.5x and 12M–TSR of 25.5%.

**Table.4 : Increasing our target price by +39%**

Unit: VND	Target price	Weight
FCFF	130,600	70%
PER Multiple	112,500	30%
Overall	125,200	
Implied P/E	14.5	
Previous target price	90,100	
% change vs previous TP	39.0%	
Up (down) size	23.7%	
12-month TSR	25.5%	

Source: Yuanta Vietnam

In our FCF valuation, we decreased our risk-free rate assumption to 4.6% from the previous level of 5.1% and applied a terminal growth rate of 4.7%. However, we decrease our WACC to 14.4% from the previous 15.4% on an decreased market risk premium assumption. These assumptions generate a per-share valuation of VND 130,600.

Our PE multiple comparison approach generates a target PE of 13.0x, which is higher than the regional peer median of 12.1x. We think this is reasonable given that our 2025E ROE forecast is higher than the 20.2% regional peer median ROE forecast.

**Table.5: PNJ vs. regional peers**

Company	Ticker	Market cap (US\$m)	Revenues (US\$m)	2024E PE	2025E PE	2025E ROE	2025E ROA
Chow Tai Seng Jewellery Co Lt	002867 CH Equity	1,587	2,300	n/a	6.8	20.2	14.3
LUK FOOK HOLD	590 HK Equity	1,075	1,959	4.8	4.6	12.1	10.1
Kalyan Jewellers India Ltd	KALYANKJ IN Equity	7,502	2,232	n/a	51.1	21.9	7.3
Vivara Participacoes SA	VIVA3 BZ Equity	1,153	438	13.5	12.0	20.1	13.5
Lovisa Holdings Ltd	LOV AU Equity	2,369	458	33.9	27.7	121.2	22.7
Aurora Design PCL	AURA TB EQUITY	585	851	n/a	16.5	17.5	7.2
CHOW TAI FOOK	1929 HK equity	8,246	13,894	8.1	8.3	26.9	9.1
<b>Median</b>		<b>1,587</b>	<b>1,959</b>	<b>10.8</b>	<b>12.0</b>	<b>20.2</b>	<b>10.1</b>
Phu Nhuan Jewelry JSC	PNJ VN Equity	1,367	1,390	16.2	13.0	21.0	14.9

Source: Bloomberg, Yuanta Vietnam

## Risks to our view

- 1) **Soaring demand for gold bullion.** Further FED rates cuts may boost global gold price, which has a positive correlation on domestic gold price. This may increase demand for gold bullion, but this is not a slam-dunk win for PNJ given 1) the implied increase in materials costs, exacerbated by proof-of-origin requirements, and 2) the increased price of gold might ironically result in reduced gold jewelry purchases by the public.
- 2) **Slower-than-expected expansion rate amid weak consumer spending.** A wider retail network implies the capability to attract new customers. We expect 20 new stores to be opened in 2024E-2026E and sales per store to increase by +12% in the same forecast period. Thus, an economic recession (or more likely, a prolonged growth slump) is not impossible, and this would obviously impact consumer sentiment going forward.
- 3) **Long-lasting gold supply shortage.** Currently, gold businesses have reported that their cost of raw gold materials is 7%-10% above the normal price for scrap gold from within Vietnam, for which the source origin is often difficult to prove. This added cost is clearly detrimental for manufacturers. As such, any actions to reform the regulations on gold importation for manufacturers (as opposed to bullion traders / arbitrageurs) would be a very welcome positive change for gold jewelry makers and retailers such as PNJ.
- 4) **Inflation is a wildcard** that might 1) negatively impact discretionary retail spending but also 2) potentially increase demand for safe haven assets (i.e., gold bars & coins). In other words, increased demand for low-margin gold bars might hinder spending on high-margin jewelry, which is a risk to our forecasts for PNJ.

PROFIT AND LOSS (VND bn)					
FY Dec 31 (VND'bn)	2022	2023	2024E	2025E	2026E
<b>Revenue</b>	<b>33,876</b>	<b>33,137</b>	<b>38,351</b>	<b>38,682</b>	<b>43,485</b>
Retail	20,732	19,286	22,683	26,617	31,169
24K gold	8,571	10,438	11,740	7,387	6,957
Wholesales	4,065	2,850	3,562	4,275	4,916
Others	508	563	366	403	443
Cost of goods sold	(27,949)	(27,078)	(31,656)	(30,829)	(34,145)
<b>Gross profits</b>	<b>5,927</b>	<b>6,059</b>	<b>6,695</b>	<b>7,852</b>	<b>9,340</b>
Operating expenses	(3,502)	(3,530)	(3,871)	(4,223)	(4,586)
<b>Operating profits</b>	<b>2,425</b>	<b>2,529</b>	<b>2,824</b>	<b>3,630</b>	<b>4,754</b>
Net interest expenses	(87)	(45)	(84)	(13)	(20)
Net investments income/(loss)	-	-	-	-	-
Net other incomes	(25)	5	5	5	6
<b>Pretax profits</b>	<b>2,312</b>	<b>2,489</b>	<b>2,746</b>	<b>3,622</b>	<b>4,740</b>
Income taxes	(502)	(518)	(549)	(724)	(948)
Minority interests	-	-	-	-	-
<b>Net profits</b>	<b>1,811</b>	<b>1,971</b>	<b>2,196</b>	<b>2,898</b>	<b>3,792</b>
EBITDA	2,504	2,610	2,923	3,727	4,856
EPS (VND)	5,773	5,985	6,562	8,657	11,328

KEY RATIOS					
	2022	2023	2024E	2025E	2026E
<b>Growth (% YoY)</b>					
Sales	73.3%	-2.2%	15.7%	0.9%	12.4%
Retail	79.2%	-7.0%	17.6%	17.3%	17.1%
24K gold	74.1%	21.8%	12.5%	-37.1%	-5.8%
Wholesales	54.7%	-29.9%	25.0%	20.0%	15.0%
Others	3.6%	10.9%	-35.0%	10.0%	10.0%
Operating profit	72.1%	4.3%	11.7%	28.5%	31.0%
EBITDA	68.8%	4.2%	12.0%	27.5%	30.3%
Net profit	76.0%	8.9%	11.4%	31.9%	30.9%
EPS (VND)	48.8%	3.7%	9.6%	31.9%	30.9%
<b>Profitability ratio (%)</b>					
Gross margin	17.5%	18.3%	17.5%	20.3%	21.5%
Operating margin	7.2%	7.6%	7.4%	9.4%	10.9%
EBITDA margin	7.4%	7.9%	7.6%	9.6%	11.2%
Net margin	5.3%	5.9%	5.7%	7.5%	8.7%
ROA	21.4%	20.1%	19.6%	21.8%	23.4%
ROE	13.6%	13.7%	15.5%	17.4%	19.0%
<b>Stability</b>					
Net debt/equity (x)	0.2	0.2	0.0	0.1	0.1
Int. coverage (x)	26	21	24	124	121
Int. &ST debt coverage (x)	0.9	1.0	4.0	4.5	4.6
Cash conversion days	123	144	118	126	133
Current ratio (X)	3.8	4.6	10.7	9.9	9.4
Quick ratio (X)	0.5	0.7	2.7	2.2	2.7
Net cash/(debt) (VND mn)	(1,803)	(1,488)	1,782	1,657	3,292
<b>Efficiency</b>					
Days receivable outstanding	2	3	2	3	2
Days inventory outstanding	126	145	118	126	133
Days payable outstanding	5	3	3	3	3

Source: Company data, YSVN

BALANCE SHEET (VND bn)					
FY Dec 31 (VND'bn)	2022	2023	2024E	2025E	2026E
<b>Total assets</b>	<b>13,337</b>	<b>14,428</b>	<b>14,214</b>	<b>16,625</b>	<b>19,941</b>
Cash & cash equivalents	880	896	2,366	2,441	4,276
ST Investment	200	810	400	480	576
Accounts receivable	301	215	274	276	310
Inventories	10,506	10,941	9,540	11,825	13,097
Other current assets	80	96	111	112	126
Net fixed assets	882	883	845	807	787
Others	488	587	678	684	769
<b>Total liabilities</b>	<b>4,893</b>	<b>4,621</b>	<b>2,989</b>	<b>3,337</b>	<b>3,766</b>
Current liabilities	3,122	2,814	1,181	1,529	1,958
Accounts payable	277	257	315	318	357
ST debts	2,683	2,384	584	784	984
Others	162	172	282	427	616
Long-term liabilities	1,771	1,808	1,808	1,808	1,808
Long-term debts	0	0	0	0	0
Others	1,771	1,808	1,808	1,808	1,808
<b>Shareholder's equity</b>	<b>8,444</b>	<b>9,806</b>	<b>11,225</b>	<b>13,288</b>	<b>16,175</b>
Share capital	4,713	5,133	5,133	5,133	5,133
Treasury stocks	(3)	(3)	(3)	(3)	(3)
Others	1,212	1,936	2,376	2,955	3,714
Retained earnings	2,522	2,740	3,719	5,203	7,331

CASH FLOW (VND bn)					
FY (VND'bn)	2022	2023	2024E	2025E	2026E
<b>Operating cash flow</b>	<b>(1,347)</b>	<b>1,508</b>	<b>3,693</b>	<b>765</b>	<b>2,676</b>
Net income	1,811	1,971	2,196	2,898	3,792
Dep. & amortization	80	81	98	98	102
Change in working capital	(1,729)	(305)	1,430	(2,282)	(1,245)
Others	(1,508)	(239)	(32)	52	27
<b>Investment cash flow</b>	<b>(371)</b>	<b>(578)</b>	<b>275</b>	<b>(131)</b>	<b>(238)</b>
Net capex	(51)	(81)	(60)	(60)	(60)
Change in LT investment	(340)	(564)	300	(87)	(198)
Change in other assets	20	66	35	16	19
Cash flow after invt.	(1,717)	929	3,968	635	2,437
<b>Financing cash flow</b>	<b>2,241</b>	<b>(913)</b>	<b>(2,498)</b>	<b>(560)</b>	<b>(603)</b>
Change in share capital	1,447	-	-	-	-
Net change in debt	(39)	(299)	(1,800)	200	200
Change in other LT liab.	833	(614)	(698)	(760)	(803)
<b>Net change in cash flow</b>	<b>524</b>	<b>17</b>	<b>1,470</b>	<b>75</b>	<b>1,835</b>
Beginning cash flow	355	880	896	2,366	2,441
<b>Ending Cash Balance</b>	<b>880</b>	<b>896</b>	<b>2,366</b>	<b>2,441</b>	<b>4,276</b>

KEY METRICS					
	2022	2023	2024E	2025E	2026E
PE (x)	13.0	14.6	15.4	11.7	8.9
Diluted PE (x)	13.0	14.6	15.4	11.7	8.9
PB (x)	2.2	2.9	3.0	2.5	2.1
EBITDA/share	7,727	7,802	8,736	11,141	14,513
DPS	2,505	1,875	1,799	1,799	1,799
Dividend yield (%)	3.3%	2.2%	1.8%	1.8%	1.8%
EV/EBITDA (x)	11.3	12.6	11.8	9.3	6.9
EV/EBIT (x)	11.7	13.0	12.2	9.6	7.0

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

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# YUANTA SECURITIES NETWORK



## YUANTA SECURITIES VIETNAM OFFICE

**Head office:** 4<sup>th</sup> 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](mailto:matthew.smith@yuanta.com.vn)

**Tanh Tran**

Analyst (Banks)  
Tel: +84 28 3622 6868 (3874)  
[tanh.tran@yuanta.com.vn](mailto:tanh.tran@yuanta.com.vn)

**Di Luu**

Analyst  
Tel: +84 28 3622 6868 (ext. 3845)  
[di.luu@yuanta.com.vn](mailto:di.luu@yuanta.com.vn)

**Giang Hoang**

Assistant Analyst  
[giang.hoang@yuanta.com.vn](mailto:giang.hoang@yuanta.com.vn)

**Binh Truong**

Deputy Head of Research (O&G, Energy)  
Tel: +84 28 3622 6868 (3845)  
[binh.truong@yuanta.com.vn](mailto:binh.truong@yuanta.com.vn)

**Tam Nguyen**

Analyst (Property)  
Tel: +84 28 3622 6868 (3874)  
[tam.nguyen@yuanta.com.vn](mailto:tam.nguyen@yuanta.com.vn)

**An Nguyen**

Assistant Analyst  
Tel: +84 28 3622 6868 (ext. 3845)  
[an.nguyen@yuanta.com.vn](mailto:an.nguyen@yuanta.com.vn)

### Institutional Sales

**Lawrence Heavey**

Head of Institutional Sales  
Tel: +84 28 3622 6868 (3855)  
[lawrence.heavey@yuanta.com.vn](mailto:lawrence.heavey@yuanta.com.vn)

**Dat Bui**

Sales Trader  
Tel: +84 28 3622 6868 (3941)  
[dat.bui@yuanta.com.vn](mailto:dat.bui@yuanta.com.vn)

**Hien Le**

Sales Trader  
Tel: +84 28 3622 6868  
[hien.le@yuanta.com.vn](mailto:hien.le@yuanta.com.vn)

**Tuan-Anh Nguyen**

Sales Trader  
Tel: +84 28 3622 6868 (ext. 3909)  
[anh.nguyen2@yuanta.com.vn](mailto:anh.nguyen2@yuanta.com.vn)

**Vi Truong**

Sales Trader  
Tel: +84 28 3622 6868 (3940)  
[vi.truong@yuanta.com.vn](mailto:vi.truong@yuanta.com.vn)