

22 Jul 2022

Phu Nhuan Jewelry (PNJ)

1H22 operational updates

Phu Nhuan Jewelry (PNJ) released some worthy headlines on the first half update business of the company. Here are some key issues worthy of note.

Impressive growth in 1H22

- PNJ posted its preliminary 2Q22 business results with revenue of VND8,058bn (+81% yoy) and NPAT of VND367bn (+65% yoy). For 1H22, revenue was VND18,210bn (+56% yoy) and NPAT was VND1,088bn (+48% yoy), which fulfilled 70.5% and 82.5% of guidance. This implies that June-22 revenue and NPAT were VND2,627bn (-1.6% mom, +160% yoy) and VND82bn (-41.4% mom, +64% yoy), respectively.
- In 1H22, retail sales (58.6% of total sales) was VND10.6tn (+61.9% yoy) due to a solid recovery in jewelry demand after the pandemic and the efficiency of marketing activities. Similarly, wholesale sales (11.8% of total sales) grew by 30.1% yoy to VND2.1tn.
- Gold bars (28.2% of total sales) sales increased by 65.6% yoy to VND5.1tn due to high demand amid volatile gold prices in 1H22.
- The 1H22 blended gross profit margin was 17.6% lower than 18.6% in 1H21 owing to an increase in gold bars sales proportion and changes in the retail product mix. Total operating expenses increased by 45.9% yoy lower than revenue growth. The improvement in expense utilization is thanks to the application of technology in management.
- By the end of Jun-22, the PNJ chain had 351 stores in 56 provinces: 332 Gold stores, 8 Silver stores, 3 CAO Fine Jewelry stores, 4 Style by PNJ stores, 1 PNJ Watch store, and 3 PNJ Art stores. In 1H22, the PNJ chain opened 16 and upgraded 11 PNJ Gold stores, opened 2 PNJ Style stores, and closed 3 PNJ Gold and 6 PNJ Silver stores.

12M rating **HOLD (Maintain)**

12M TP **N.A**

Up/Downside **N.A**

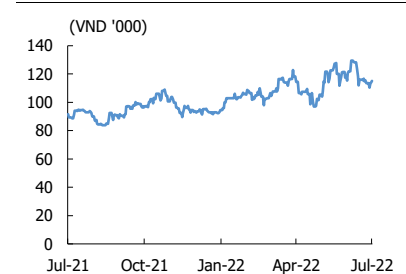
Stock Data

VNIndex (22 Jul, pt)	1,201
Stock price (22 Jul, VND)	115,100
Market cap (USD mn)	1,191
Shares outstanding (mn)	242
52-Week high/low (VND)	129,500/83,856
6M avg. daily turnover (USD mn)	5.24
Free float / Foreign ownership (%)	83.4/49.0
Major shareholders (%)	
VinaCapital Vietnam Opportunity Fund Ltd.	8.48

Performance

	1M	6M	12M
Absolute (%)	(0.3)	21.8	25.7
Relative to VNIndex (%p)	(3.4)	39.5	31.4

Stock price trend



Source: Bloomberg

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	10,977	14,571	17,001	17,511	19,547
chg. (% YoY)	27.9	32.7	16.7	3.0	11.6
Operating profit (VND bn)	949	1,263	1,623	1,508	1,409
Net profit (VND bn)	725	960	1,194	1,069	1,029
EPS (VND)	4,184	5,415	4,963	4,325	2,597
chg. (% YoY)	61.1	29.4	(8.3)	(12.9)	(40.0)
EBITDA (VND bn)	988	1,305	1,684	1,580	1,484
PE (x)	27.2	21.1	23.0	26.4	43.9
EV/EBITDA (x)	13.0	15.6	16.7	17.3	19.1
PB (x)	4.2	5.1	5.6	5.0	4.3
ROE (%)	49.2	28.7	28.7	21.8	18.3
Dividend yield (%)	1.5	1.4	1.3	1.4	0.7

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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