

Phu Nhuan Jewelry (PNJ)

To kill two birds with one stone

On Oct 21, Phu Nhuan Jewelry (PNJ) released the performance report for Sep 2022. Here are some noticeable updates.

Outperformed revenue in 3Q22

- Starting the 2022 Fall wedding season, PNJ's net revenue in Sep 2022 rocketed by 1,017% yoy to VND2.5tn. Net profit in Sep 2022 increased 20% mom to VND94bn (vs loss of VND49 in Sep 2021). PNJ's revenue in Sep 2022 slightly rose by 8% mom, however, GPM dropped by 0.5%p mom to 17.3% driven by the increase of low margin gold bars component in sales.
- As PNJ's performance was seriously damaged by the lockdown policy in 3Q21, PNJ's revenue in 3Q22 jumped sharply by 740% yoy to VND7.3tn. In 3Q22, gross profit increased by 700% yoy to VND1,248bn and NPAT boomed to VND252bn, compared to the loss of VND159bn in 3Q21. GPM dropped by 0.8%p yoy to 16.9% in 3Q22.

PNJ completed 99%/102% of revenue/net profit guidance

- Accumulating 9M22, revenue surged by 104% yoy to VND25.5tn, and NPAT shoot up by +133% yoy to VND1,340bn, correspondingly fulfilling 99% and 102% of guidance.
- In 9M22, retail sales (60% of total sales) increased by 114% yoy to VND15.3tn thanks to a solid recovery after COVID-19 and new jewelry collections. Retail sales in Sep 2022 went up by 6% mom. Meanwhile, wholesale sales (12% of total sales) grew by 82% yoy to VND3.1tn and wholesale in Sep 2022 fell by 11% mom.
- In 9M22, Gold bars sales (26% of total sales) increased by 103% yoy to VND6.7tn, in which, gold bars sales in Sep 2022 surged by 31% mom.
- By the end of Sep 2022, the PNJ chain had 354 stores, including 334 PNJ Gold, 8 PNJ Silver, 3 Cao Fine Jewelry, 4 Style by PNJ and 2 PNJ Watch. In 9M22, the PNJ chain has opened 21 stores and upgraded 19 PNJ Gold stores; opened 2 PNJ Style stores and 1 PNJ Watch; and closed 6 PNJ Gold and 6 PNJ Silver stores. PNJ has opened one more PNJ Watch in Sep 2022.

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	10,977	14,571	17,001	17,511	19,547
chg. (% YoY)	14.2	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)	(0.05)	29.4	(8.3)	(12.9)	(40.0)
EBITDA (VND bn)	988	1,305	1,684	1,580	1,484
PE (x)	25.0	19.3	21.1	24.2	40.3
EV/EBITDA (x)	12.0	14.4	15.5	16.0	17.7
PB (x)	3.8	4.7	5.2	4.5	4.0
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

12M rating **Non-rated**

12M TP **N.A**

Up/Downside **N.a**

Stock Data

NIndex (21 Oct, pt)	1,020
Stock price (21 Oct, VND)	104,700
Market cap (USD mn)	1,045
Shares outstanding (mn)	246
52-Week high/low (VND)	129,500/89,656
6M avg. daily turnover (USD mn)	3.65
Free float / Foreign ownership (%)	82.4/49.0
Major shareholders (%)	
Dragon Capital Vietfund Management JSC	9.65
VinaCapital Vietnam Opportunity Fund Ltd.	8.48
VinaCapital Fund Management JSC	4.31

Performance

	1M	6M	12M
Absolute (%)	(8.1)	(11.6)	8.6
Relative to VNIndex (%p)	7.6	13.2	33.9

Stock price trend



Source: Bloomberg

Ngoc Pham

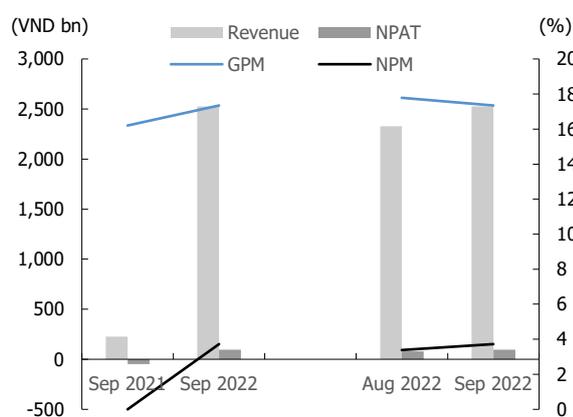
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Table 1. Revenue growth by product line

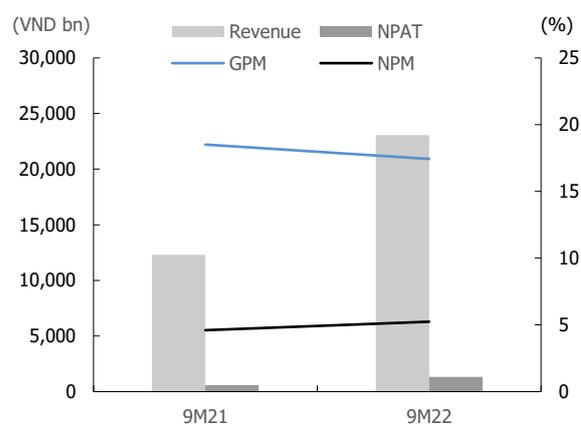
(VND bn, %)

	Monthly				Accumulated		
	Sep 2021	Sep 2022	MoM (%)	YoY (%)	9M21	9M22	YoY (%)
Retail	129	1,584	6	1,125	7,158	15,344	114
Wholesale	26	311	(11)	1,082	1,727	3,146	82
Gold bars	65	595	31	818	3,316	6,726	103
B2B	5	25	8	432	263	256	-3
Export	1	10	8	1,017	50	102	104
Total revenue	226	2,525	8	1,017	12,288	23,049	88

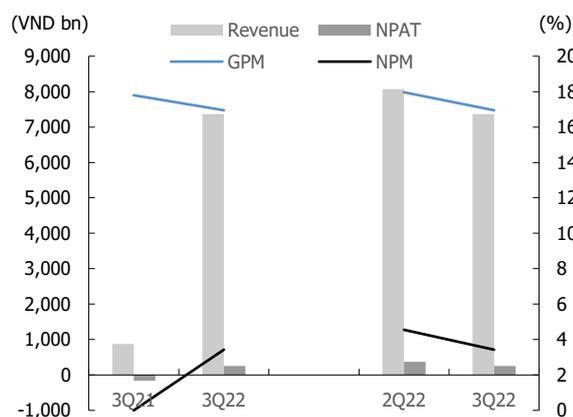
Source: Company data, KIS

Figure 1. Monthly revenue movement

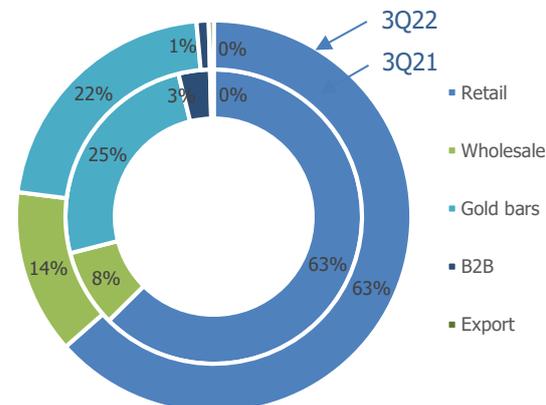
Source: Company data, Finpro

Figure 2. Accumulated revenue movement

Source: Company data, Finpro

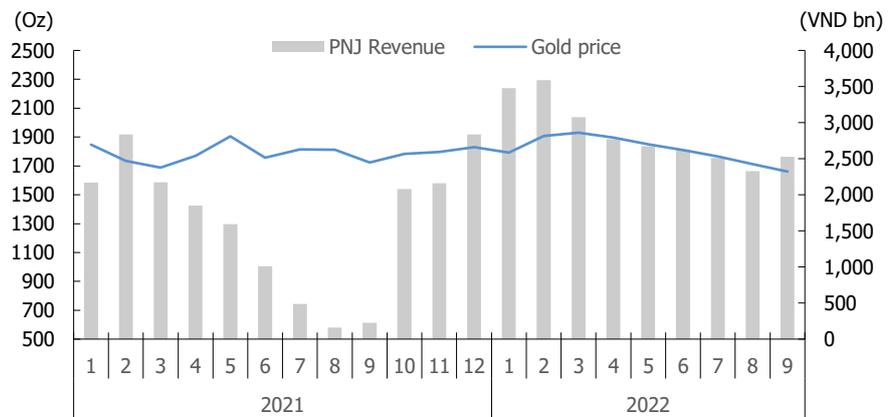
Figure 3. Quarterly revenue movement

Source: Company data, Finpro

Figure 4. Proportion of product lines in 3Q21 & 3Q22

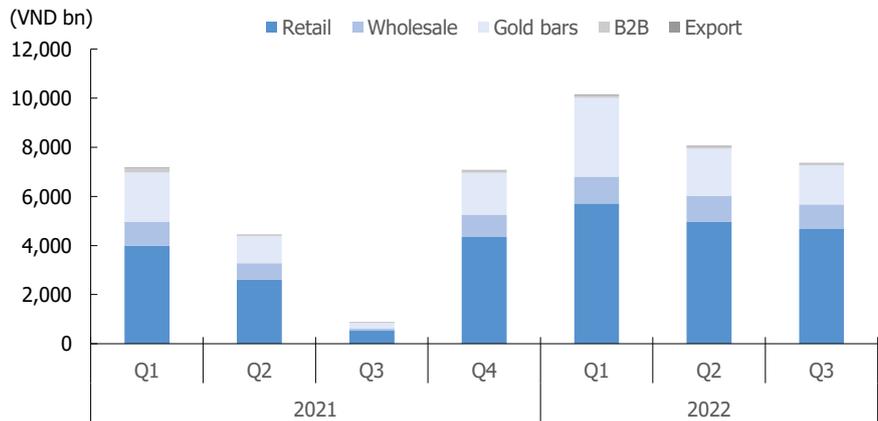
Source: Company data, Finpro

Figure 5. PNJ's revenue moved inverse with gold price in Sep 2022 thanks to the wedding season



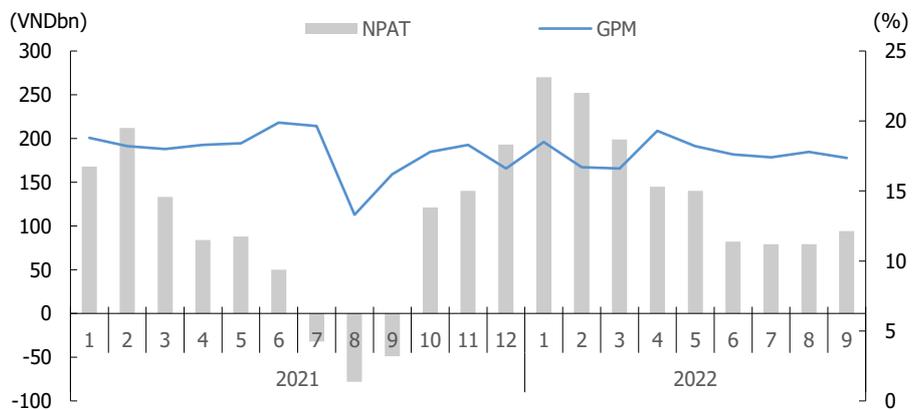
Source: Company data, Bloomberg, KIS

Figure 6. PNJ's quarterly revenue by product line in 2021-3Q22



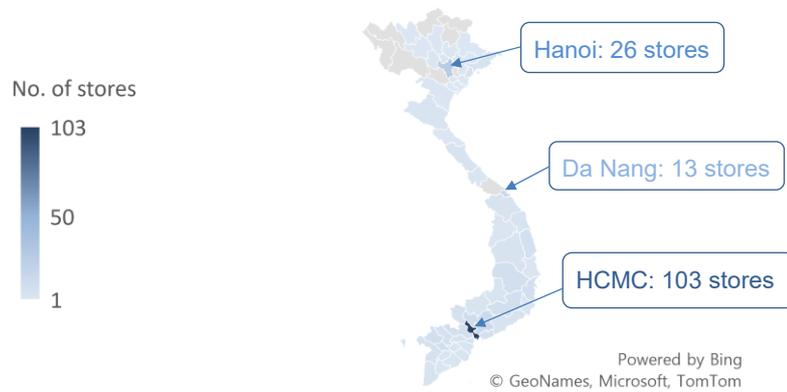
Source: Company data, KIS

Figure 7. PNJ's NPAT and GPM movement in 2021 – 9M22 period



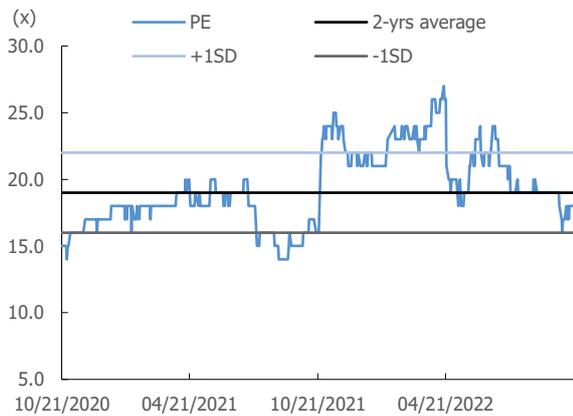
Source: Company data, KIS

Figure 8. Location of PNJ stores in Vietnam by the end of Sep 2022



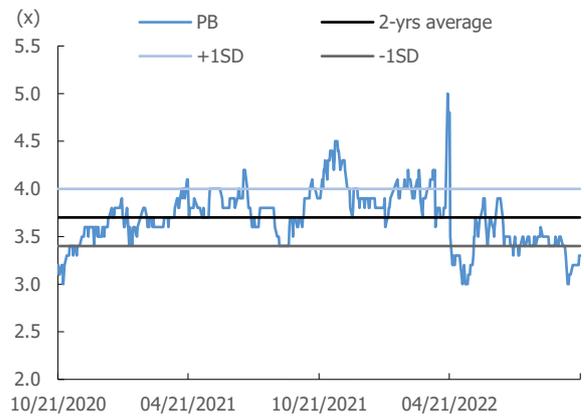
Source: Company data, KIS

Figure 9. PNJ's 2-years PE



Source: Company data, Finpro

Figure 10. PNJ's 2-years PB



Source: Company data, Finpro

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