

Phu Nhuan Jewelry (PNJ)

August 2022 Brief: Almost to the finish line

On Sep 20, Phu Nhuan Jewelry (PNJ) released the performance report for August 2022. Here are some noticeable updates.

Incredible yoy improved revenue and up-leveled GPM

- Last year, PNJ experienced the worst earning month in August 2021. Thus, PNJ's net revenue in August 2022 rocketed by 1,057% yoy to VND2.3tn. Net profit in August 2022 remained stable mom at VND79bn (vs loss of VND78 in August 2021).
- Accumulating 8M22, revenue surged by 88% yoy to VND23tn, and NPAT shoot up by +99% yoy to VND1,246bn, correspondingly fulfilling 89.2% and 94.4% of guidance.
- Despite 3 new jewelry collections launched in August 2022, revenue slightly decreased by 7% mom, however, GPM improved by 0.4%p to 17.8% thanks to the reduction of gold bars component in sales as gold price slightly cooled off in August 2022.
- In 8M22, retail sales (59.7% of total sales) increased by 96.2% yoy to VND13.8tn thanks to a solid recovery but decreased 6% mom. Similarly, wholesale sales (12% of total sales) grew by 67.1% yoy to VND2.8tn and rose by 3% mom.
- In 8M22, Gold bars sales (26.6% of total sales) increased by 87.5% yoy to VND6.1tn, however gold bars sales in August 2022 decreased by 16% mom due to the drop of gold price.
- By the end of Aug 2022, the PNJ chain had 353 stores. In 8M22, the PNJ chain opened 21 stores and upgraded 18 PNJ Gold stores, opened 2 PNJ Style stores, and closed 6 PNJ Gold and 6 PNJ Silver stores.

12M rating **Non-rated**

12M TP **N.A**

Up/Downside N.a

Stock Data

VNIndex (21 Sep, pt)	1,211
Stock price (21 Sep, VND)	113,300
Market cap (USD mn)	1,177
Shares outstanding (mn)	246
52-Week high/low (VND)	129,500/89,459
6M avg. daily turnover (USD mn)	4.37
Free float / Foreign ownership (%)	83.2/49.0

Major shareholders (%) at 30-Mar-2022	
VinaCapital Vietnam Opportunity Fund Ltd.	8.48

Performance

	1M	6M	12M
Absolute (%)	(0.6)	7.8	27.9
Relative to VNIndex (%p)	4.0	26.1	36.2

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

Ngoc Pham

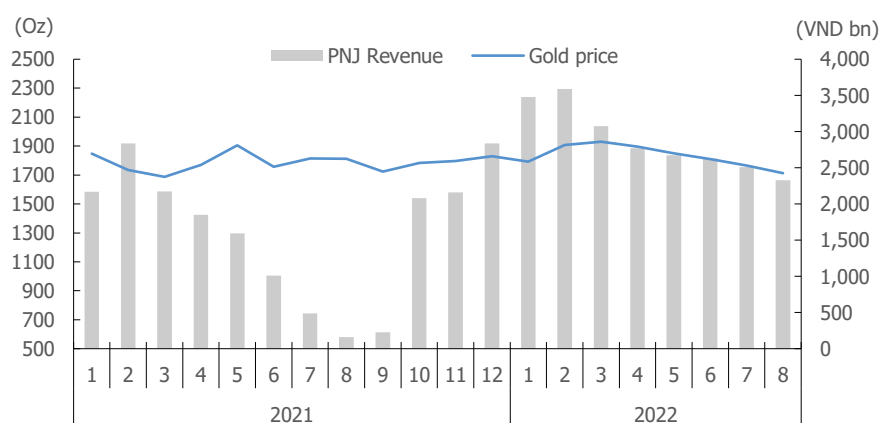
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Table 1. Revenue growth

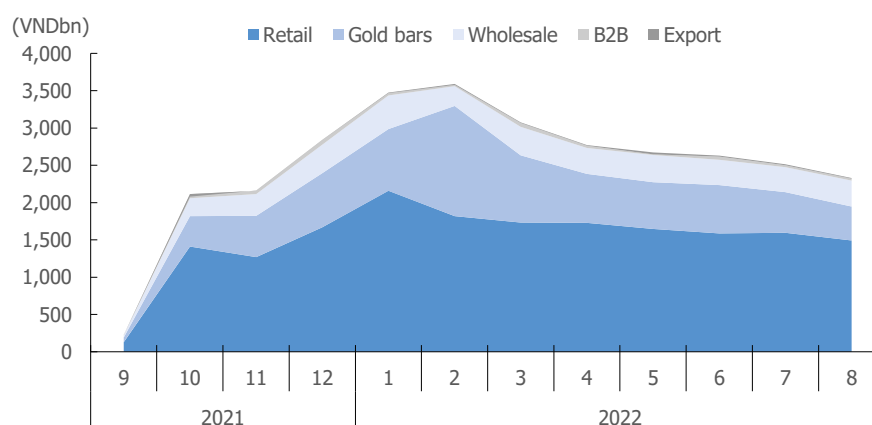
(VND bn, %)

	Monthly				Accumulated		
	Aug 2021	Aug 2022	MoM	YoY	8M21	8M22	YoY
Retail	129	1,493	(6)	1,057	7,029	13,760	96
Wholesale	(2)	349	n/a	n/a	1,696	2,835	67
Gold bars	43	453	(16)	952	3,269	6,131	88
B2B	(9)	23	n/a	n/a	246	230	(6)
Export	1	9	(7)	1,337	49	92	88
Total revenue	162	2,328	(7)	1,337	12,126	20,721	88

Source: Company data, KIS

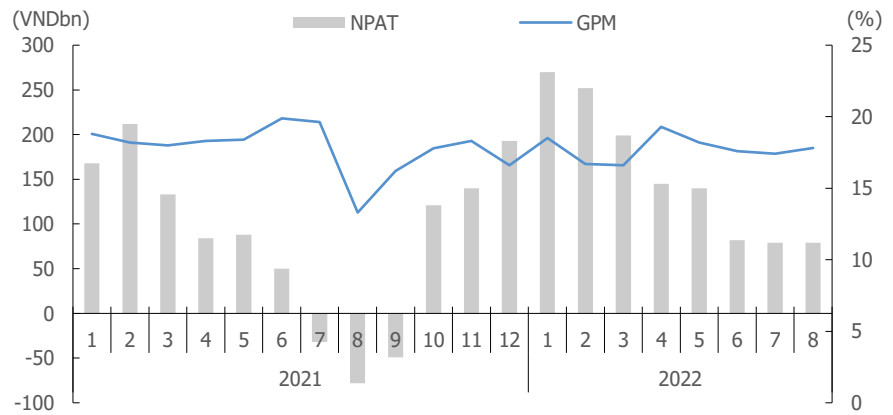
Figure 1. PNJ's revenue moved in correlation with gold price in 1H22

Source: Company data, Bloomberg, KIS

Figure 2. PNJ's revenue by product line in the last twelve months

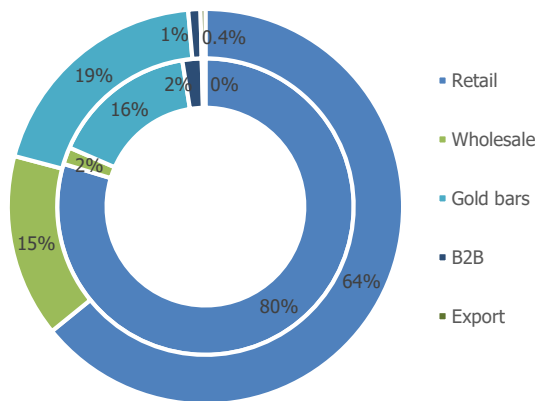
Source: Company data, KIS

Figure 3. PNJ's NPAT and GPM in 2021 – 8M22 period



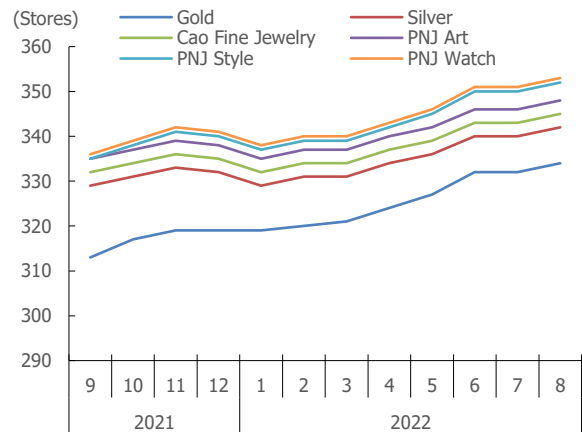
Source: Company data, KIS

Figure 4. PNJ's revenue by product line in Aug 2022 (outside) and Aug 2021 (inside)



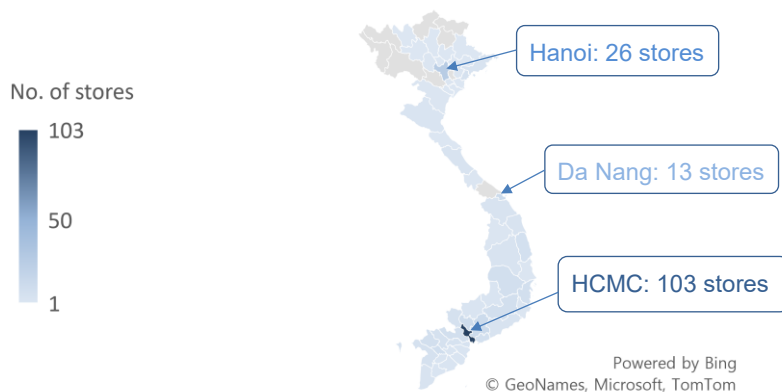
Source: Company data, Finpro

Figure 5. Number of PNJ stores by 8M22



Source: Company data, Finpro

Figure 6. Location of PNJ stores in Vietnam by the end of August 2022



Source: Company data, KIS

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