

# Phu Nhuan Jewelry (PNJ)

## Skeptical earnings upturn

On 21<sup>th</sup> Aug, Phu Nhuan Jewelry (PNJ) released the performance report for July 2023. Here are some notable updates.

### July revenue thrived with 8.5% mom but NPAT diverged

- PNJ's Jul net revenue surged by 8.5% mom to VND2.4tn in July 23, -5.8% yoy compared to June performance (-17.1% yoy).
- The July revenue constituents also looked brisk (Retail sales: VND1,465bn, +13.4% mom, -8.2% yoy; 24K Gold Bar: VND688bn, +10% mom, +26.9% yoy)
- 7M23 net revenue inched down to VND18.8tn (-9.2% yoy), fulfilling 52.9% of annual guidance. Retail sales fell by 9.9% yoy (VND11.0tn; 58.5% of total sales). Whole sales slid by 31.3% yoy (VND1.7tn; 9% total sales). Gold 24K gained the spotlight with a VND5.7tn, +1.2% yoy, 30.4% of total sales.
- Despite the July revenue resilient growth, NPAT was mixed with VND85bn (+7.6% yoy; -25% mom) in Jul.
- The gross margin (GM) was 17.8%, +2%p yoy, -0.2%p mom in July. Per management, 7M23 GM trailed the company's estimate.
- The Jul result rewarded 7M23 NPAT growth with a 0.4% yoy (VND1.2tn, completing 60.4% of annual guidance) vs -0.5% yoy in 6M23.

### Store opening is on the course

- The company attributed Jul revenue growth to the success of the promotional campaign "Dac Quyen Sieu Uu Dai X6" along with the release of new collections and items such as Sunlover and Tangled.
- In July 23, PNJ opened 4 stores and closed 1 stores to reach a total of 384 stores (+5.5% YTD). As of July 23, PNJ has 371 Gold stores (merged with Silver), 5 Style, 2 Watch, 3 CAO, and 3 Art.

	2018A	2019A	2020A	2021A	2022A
Sales (VND bn)	14,571	17,001	17,511	19,547	33,876
chg. (% YoY)	32.7	16.7	3.0	11.6	73.3
Operating profit (VND bn)	1,263	1,623	1,508	1,409	2,337
Net profit (VND bn)	960	1,194	1,069	1,029	1,810
EPS (VND)	5,415	5,034	4,463	4,295	6,988
chg. (% YoY)	29.4	(7.8)	(11.3)	(3.8)	62.7
EBITDA (VND bn)	1,305	1,684	1,580	1,484	2,504
PE (x)	14.47	15.69	17.70	18.39	11.31
EV/EBITDA (x)	11.2	12.1	12.3	13.7	8.5
PB (x)	3.5	3.9	3.4	3.0	2.3
ROE (%)	28.7	28.7	21.8	18.3	25.05
Dividend yield (%)	2.5	2.3	3.5	2.5	1.5

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

12M rating **NON-RATED**

12M TP

Up/Downside

### Stock Data

VNIndex (22 Aug, pt)	1,180
Stock price (22 Aug, VND)	79,000
Market cap (USD mn)	1,088
Shares outstanding (mn)	328
52-Week high/low (VND)	93,219/69,520
6M avg. daily turnover (USD mn)	2.22
Free float / Foreign ownership (%)	82.7/49.0
Major shareholders (%)	
Dragon Capital	9.65
Arisaig Asia Fund Limited	8.48
Tran Huy Company	5.06

### Performance

	1M	6M	12M
Absolute (%)	(10.8)	(4.0)	(6.1)
Relative to VNIndex (%p)	(29.0)	(16.8)	(1.1)

### Stock price trend



Source: Bloomberg

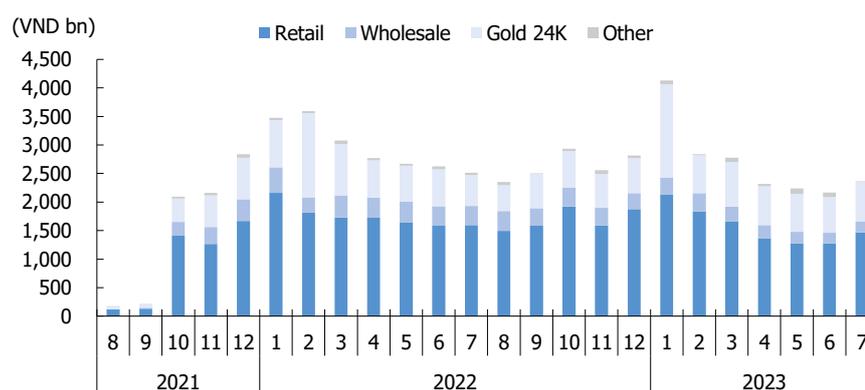
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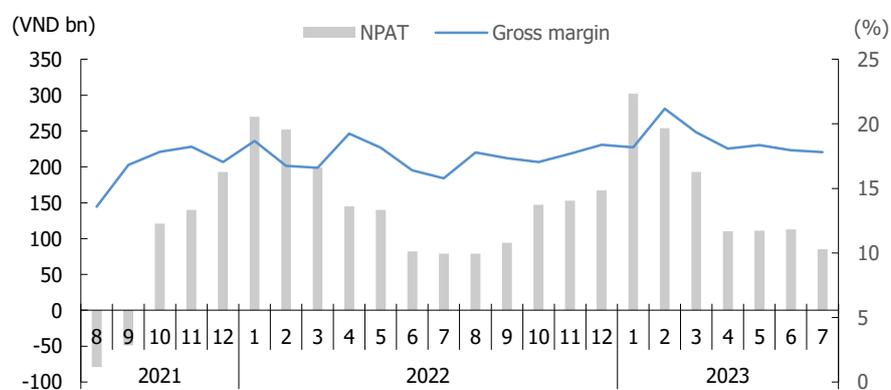
**Table 1. Revenue breakdown by line** (VND bn, %)

	Monthly				Accumulated		
	July 22	July 23	MoM	YoY	7M22	7M23	YoY
Retail	1,596	1,465	13.4	(8.2)	12,267	11,011	(9.9)
Wholesale	338	196	6.7	(41.9)	2,487	1,694	(31.3)
Gold 24K	542	688	10.0	26.9	5,678	5,741	1.2
Other	35	14	(81.2)	(59.1)	290	376	29.8
<b>Net revenue</b>	<b>2,511</b>	<b>2,364</b>	<b>8.5</b>	<b>(5.8)</b>	<b>20,721</b>	<b>18,823</b>	<b>(9.2)</b>

Source: Company data, KIS

**Figure 1. PNJ's monthly revenue**

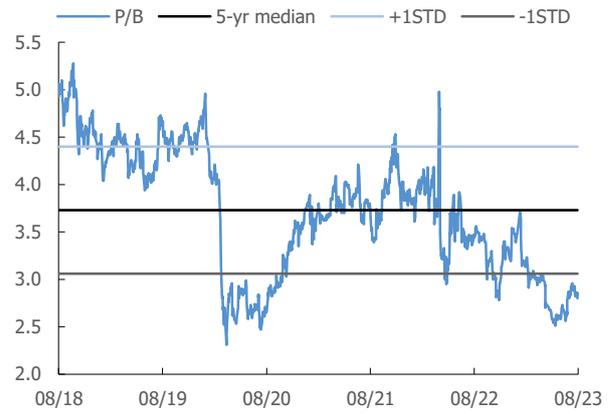
Source: Company data, KIS

**Figure 2. PNJ's NPAT and gross margin movement in 2021 – 7M23.**

Source: Company data, KIS

**Figure 3. PNJ's 5-year TTM PE**

Source: FiinPro

**Figure 4. PNJ's 5-year TTM PB**

Source: FiinPro

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