PNJ: 1Q2022 business results

Phu Nhuan Jewelry JSC (HSX: PNJ) announced net revenue of VND10,143bn (+41.2% YoY) and EAT of VND721bn (+40.7% YoY) in 1Q2022, completing 39% and 55% of the company's full-year targets, respectively.

PNJ's 1Q2022 net revenue:

Segments	**Revenue (VND bn)**	***YoY growth***
Retail	5,711	*43.2%*
Wholesale	1,095	*12.3%*
Gold bar trading	3,205	*61.1%*
Others	132	*-34.2%*
Total	**10,143**	***41.2%***

Source: PNJ

This strong performance was primarily thanks to the retail segment's stunning growth of 43.2% YoY. According to the company, the key sales programs in March exceeded the company's plan and recorded impressive growth over the same period. By the end of March 2022, PNJ had 340 stores, in which gold stores accounted for the largest number with 321 stores. Gold bar sales jumped by 61.1% YoY, explained by higher demand for these products as either safe-haven assets or investments amid concerns about inflation and global geopolitical uncertainty. Meanwhile, the wholesale segment's revenue also increased by 12.3% YoY.

The company's overall gross margin reached 17.4% compared to 18.4% in the same period last year, due to increased proportion of gold bar revenue. Nevertheless, a lower SG&A expenses to net revenue ratio (8.1% in 1Q2022 vs 9.1% in 1Q2021) was a support for the company's EAT.

Comments: Although the first quarter commonly captures a significant proportion in the company's full-year business results, 1Q2022 performance was better than our expectations thanks to the retail segment's surge. We are reviewing the Q1 results in more detail and will release an update on the company shortly.

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