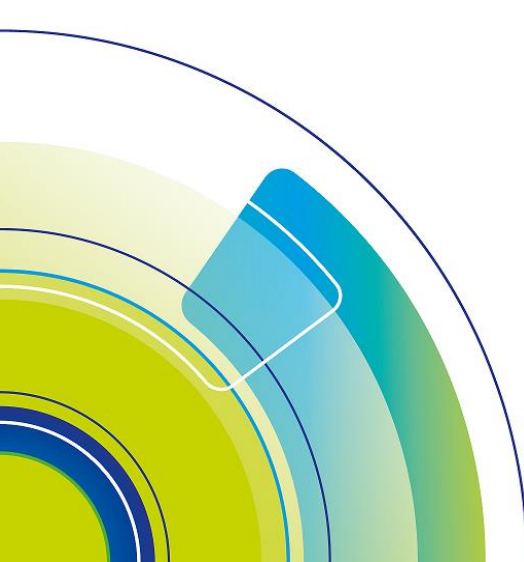




# PNJ Flash note - NEUTRAL

February 2, 2024

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## Earnings Flash note

Recommendation

**NEUTRAL**
**HSX: PNJ**
**Retail**
**Target price (VND)**
**93,000**
**Market price (VND)**
**91,900**

Expected share price return

1.2%

Expected dividend yield

2.2%

**Expected total return**
**3.4%**

## Stock performance (%)

	YTD	1M	3M	12M
Absolute	6.9	6.6	27.4	7.8
Relative	3.0	2.7	14.0	-3.2

Source: Bloomberg



## Ownership

VietFund Management	6.2%
Sprucegrove Investment	5.1%

## Stock Statistics

1-Feb-2024

Bloomberg code

**PNJ VN**

52-week range (VND)

70,100-92,700

Shares O/S (m)

335

Mkt cap (VND bn)

30,746

Mkt cap (USD m)

1,243

Est. Foreign room left (%)

1.0

Est. free float (%)

85.9

3m avg daily vol (shrs)

915,065

VND/USD

24,735

Index: VNIndex / HNX

1172.55/230.56

## PHU NHUAN JEWELRY JSC (PNJ VN)

The company warmed up its growth in 4Q2023 in line with our projection, thanks to the year-end shopping and festival season. We maintained our expectations about a better year in 2024 fueled by gradual improvement in consumer spending. Stock price has increased by 10.2% within a month and almost achieved our target price. Thus, we downgrade the rating from **OUTPERFORM** to **NEUTRAL with unchanged** target price of **VND93,000/share (+3.4% upside)**.

PNJ announced 4Q2023 net revenue growth at 17.6% YoY, despite the relatively high base in 4Q2022, and EAT growth at 34.4% YoY. On a cumulative basis, net revenue and EAT achieved VND33,137bn (-2.2% YoY) and VND1,971bn (+8.9% YoY), respectively, in 2023, meeting 100% and 103% of our projections.

**The retail segment**, capturing 58.2% of the company's net revenue, returned to YoY growth throughout three months of 4Q2023 after experiencing declines in most of 9M2023 due to weak consumer spending. This could be attributed to higher demand in special days/events (e.g Vietnam's Women day, Black Friday, Christmas, New Year, etc.) in the period along with deploying many marketing programs more effectively. For the whole year 2023, the segmented revenue dropped 7.8% YoY (compared to a slide of 10.5% YoY in 9M2023). Appliance of technologies and digitalization to analyze and exploit customer data better, favoring marketing programs, enabled the segment to enjoy double-digit growth in the number of customers and strengthen return rate of the existing customers in 2023 (detailed numbers were not disclosed) though bill value fell by c.20%. By the end of 2023, PNJ had 400 stores (YE2022: 364) in operation, including 391 gold stores (YE2022: 343).

**The 24K gold segment** reported revenue growth of 20.9% YoY, enlarging its contribution to 31.5% of the company's revenue in 2023 (2022: 25.3%) at the expense of the wholesale segment's (8.6%, from 12% in 2022). The **wholesale segment's** revenue plunged by 30.5% YoY in 2023.

The company's gross margin widened to 18.3% in 2023, from 17.5% in 2022, explained by cost optimization and making use of new customers. Although lower-value products were chosen by these customers, some of them were more profitable. The SG&A expenses to gross profit ratio fell to 58.3% vs. 59.1% in 2022.

**Quick comment:** We maintain our projections for PNJ's net revenue and EAT are VND36,419bn (+9.9% YoY) and VND2,235bn (+13.4% YoY) in 2024. **Our target price for PNJ in the next 12 months is VND93,000/shr, equivalent to a total return of 3.4%.**

	2022	2023U	2024F	2025F	2026F
Net Sales (VNDbn)	33,876	33,137	36,419	40,706	44,309
Growth	73.3%	-2.2%	9.9%	11.8%	8.9%
EBITDA (VNDbn)	2,491	2,606	2,933	3,470	3,886
EBITDA margin	7.4%	7.9%	8.1%	8.5%	8.8%
Net Profit (VNDbn)	1,811	1,971	2,235	2,673	3,026
Growth	76.0%	8.9%	13.4%	19.6%	13.2%
EPS (bonus-adjusted, VND)	5,200	5,548	6,228	7,374	8,264
Growth	63.4%	6.7%	12.3%	18.4%	12.1%
Net debt/EBITDA (times)	0.6	0.2	0.0	-0.2	-0.6
EV/Sales (times)	0.9	0.9	0.8	0.8	0.7
PER (times)	17.7	16.6	14.8	12.5	11.1
PBR (times)	2.6	3.1	2.7	2.3	1.9
DPS (VND)	2,000	2,000	2,000	2,000	2,000
Dividend yield	2.2%	2.2%	2.2%	2.2%	2.2%

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**BUY:** Expected prospective total return (including dividends) in VND will be 20% or more within 12 months

**OUTPERFORM:** Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months

**NEUTRAL:** Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months

**UNDERPERFORM:** Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months

**SELL:** Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

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