



# PNJ Flash note - OUTPERFORM

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## Ms. Chi Luong

(+84 28) 7300 7000 - Ext: 1042

[chiltk@acbs.com.vn](mailto:chiltk@acbs.com.vn)

## Earnings Flash note

Recommendation **OUTPERFORM**

HSX: PNJ

Retail

Target price (VND) **113,200**

Market price (VND) **97,100**

Expected share price return 16.6%

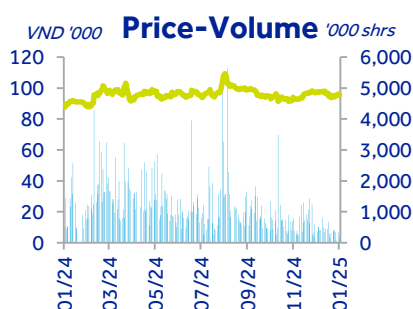
Expected dividend yield 2.1%

Expected total return **18.7%**

## Stock performance (%)

	YTD	1M	3M	12M
Absolute	-1.1	-1.2	3.0	11.5
Relative	-0.3	-0.2	4.9	4.5

Source: Bloomberg



## Ownership

Vanguard Group Inc	4.3%
VietFund	4.0%

## Stock Statistics 22-Jan-2025

Bloomberg code	PNJ VN
52-week range (VND)	87,400-110,200
Shares O/S (m)	338
Mkt cap (VND bn)	32,709
Mkt cap (USD m)	1,308
Est. Foreign room left (%)	0.0
Est. free float (%)	86.6
3m avg daily vol (shrs)	623,982
VND/USD	25,250
Index: VNIndex / HNX	1255.66/221.90

## PHU NHUAN JEWELRY JSC (PNJ VN)

The company's YoY earnings growth returned in 4Q2024 from dim performance in the prior quarter, thanks to the restoration of the 24K gold-excluded gross margin, in line with our projection. The retail segment continued to drive the company's sales growth in contrast to a plunge in the 24K gold segment. Maintain our target price at VND113,200/shr by YE2025. Rating **OUTPERFORM**.

PNJ announced 4Q2024 net revenue at VND8,581bn, sliding by 12.1% YoY due to a slump in the 24K segment, and EAT at VND733bn (+16% YoY). On a cumulative basis, net revenue and EAT achieved VND37,823bn (+14.1% YoY) and VND2,115bn (+7.3% YoY), meeting 99% and 101% of our projections, respectively, in 2024.

**The retail segment almost sustained a rebound during the year.** Bringing in 58.3% of the overall revenue, retail revenue jumped by 14.4% YoY in 2024 with growth recovering in most the time of the year from a cloudy 2023. The performance was driven by both improvements in the average revenue per store and the number of stores, which broadened to 429 at YE2024 from 400 at YE2023.

**Wholesale sales moved in the same trajectory with 34.6% YoY growth** following a stagnant year 2023, contributing 10% to the overall revenue in 2024.

**24K gold sales tumbled by 57.8% YoY in 4Q** given the government's measures to cool down the 24K gold market and tightened regulations on gold trading activity. Nevertheless, the segment still reported 11.5% YoY growth in 2024 mostly attributed to the acceleration of the domestic gold price and soaring demand in 1H2024.

**The 24K gold-excluded gross margin resumed.** The overall gross margin shrank to 17.6% in 2024 (2023: 18.3%) despite strengthening from 16.4% in 1H given changes in 24K sales contribution. Nonetheless, we estimate that the 24K gold-excluded gross margin was 24.3% in 4Q2024, lower than 26.3% in 4Q2023 (owing to higher costs for sourcing materials) but enhanced from 20.4% in 3Q2024 when adjustments in selling prices had not been implemented and restructuring inventories had been in progress. The restructuring aimed at better efficiency of inventory structure and to find an appropriate rate for recycling old products into materials amid limited materials supply.

**Quick comment:** We retain our expectation of further improvements in the company's outlook, with net revenue and EAT at VND34,301bn (-9.3% YoY) and VND2,351bn (+15.4% YoY) in 2025. **Our target price for PNJ by YE2025 is VND113,200/shr, equivalent to a total return of 18.7%.**

	2023	2024U	2025F	2026F	2027F
Net Sales (VNDbn)	33,137	37,834	34,301	37,906	41,138
Growth	-2.2%	14.2%	-9.3%	10.5%	8.5%
NPAT (VNDbn)	1,971	2,036	2,351	2,677	2,955
Growth	8.9%	3.3%	15.4%	13.9%	10.4%
EPS (bonus-adjusted, VND)	5,436	5,452	6,231	7,027	7,679
Growth	4.5%	0.3%	14.3%	12.8%	9.3%
EV/Sales (times)	1.0	0.8	0.9	0.8	0.8
PER (times)	17.9	17.8	15.6	13.8	12.6
DPS (VND)	2,000	2,000	2,000	2,000	2,000
Dividend yield	2.1%	2.1%	2.1%	2.1%	2.1%

## CONTACTS

### Ho Chi Minh City Head Office

117 Nguyen Dinh Chieu, Dist. 3, Ho Chi Minh City  
Tel: (+84 28) 7300 7000  
Fax: (+84 28) 7300 3751

### Hanoi Office

10 Phan Chu Trinh, Hoan Kiem Dist., Ha Noi  
Tel: (+84 4) 3942 9395  
Fax: (+84 4) 3942 9407

## RESEARCH DEPARTMENT

### Head of Research

#### Trang Do

(+84 28) 7300 7000 (x1041)  
[trangdm@acbs.com.vn](mailto:trangdm@acbs.com.vn)

#### Manager – Properties

##### Truc Pham

(+84 28) 7300 7000 (x1043)  
[trucptt@acbs.com.vn](mailto:trucptt@acbs.com.vn)

#### Manager – Financials

##### Hung Cao

(+84 28) 7300 7000 (x1049)  
[hungcv@acbs.com.vn](mailto:hungcv@acbs.com.vn)

#### Manager – Retail, Technology

##### Chi Luong

(+84 28) 7300 7000 (x1042)  
[chiltk@acbs.com.vn](mailto:chiltk@acbs.com.vn)

#### Associate – Oil & Gas

##### Hung Phan

(+84 28) 7300 7000 (x1044)  
[hungpv@acbs.com.vn](mailto:hungpv@acbs.com.vn)

#### Associate – Industrials

##### Trung Tran

(+84 28) 7300 7000 (x1045)  
[trungtn@acbs.com.vn](mailto:trungtn@acbs.com.vn)

#### Associate – Macro & Money

##### Market

##### Minh Trinh Viet

(+84 28) 7300 7000 (x1046)  
[minhtvh@acbs.com.vn](mailto:minhtvh@acbs.com.vn)

#### Associate – Logistic

##### Hung Nguyen

(+84 28) 7300 7000 (x1047)  
[hungnt@acbs.com.vn](mailto:hungnt@acbs.com.vn)

#### Associate – Utilities

##### Toan Pham

(+84 28) 7300 7000 (x1051)  
[toanpd@acbs.com.vn](mailto:toanpd@acbs.com.vn)

#### Associate – Construction

##### Dat Do

(+84 28) 7300 7000 (x1047)  
[datdt@acbs.com.vn](mailto:datdt@acbs.com.vn)

#### Analyst – Technical

##### Huu Vo

(+84 28) 7300 7000 (x1052)  
[huvvp@acbs.com.vn](mailto:huvvp@acbs.com.vn)

#### Analyst – Market data

##### Anh Mai

(+84 28) 7300 7000 (x1110)  
[anhmd@acbs.com.vn](mailto:anhmd@acbs.com.vn)

## INSTITUTIONAL CLIENT DIVISION

### Director

#### Huong Chu

(+84 28) 7300 7000 (x1083)  
[huongctk@acbs.com.vn](mailto:huongctk@acbs.com.vn)  
[groupis@acbs.com.vn](mailto:groupis@acbs.com.vn)

### Associate

#### Huynh Nguyen

(+84 28) 7300 6879 (x1088)  
[huynhntn@acbs.com.vn](mailto:huynhntn@acbs.com.vn)

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**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

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