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Phu Nhuan Jewelry (PNJ)

2Q2025 analyst meeting highlights

2Q2025 performance proved resilient despite market headwinds

- In 2Q2025, PNJ reported NPAT-MI of VND442 billion (+3% YoY) on revenue of VND7,582 billion (-20.3% YoY). While revenue from the retail and wholesale segments rose by 4.6% and 5.2% YoY, 24K gold bar sales declined further, down 52% YoY in the context of a constrained supply environment.
- A key highlight was the improved gross margin within the jewelry retail segment, estimated to have expanded by 100-140 basis points (bps). PNJ attributed this to the reprocessing of existing inventory and reclaimed products, which typically carry a lower cost base than newly sourced raw materials. This approach also enabled the company to refresh its product offerings to better align with evolving consumer preferences.
- PNJ observed a modest recovery in jewelry consumption, albeit with a clear divergence across customer segments. Growth was primarily driven by affluent customers, while sales in mid-range product lines remained subdued. The number of customers in the first half of the year was flat YoY, but the average ticket size rose slightly, as higher gold prices lifted overall product value.
- On the downside, the company continued to carry elevated inventory levels, resulting in prolonged raw material holding periods and increased short-term borrowings to finance working capital needs.
- Regarding store network optimization, PNJ closed seven underperforming stores — primarily located in shopping malls in Tier-2 cities—and opened six new stores in prime street-front locations. These newly opened stores are expected to generate stronger foot traffic and improve sales performance.

Decree 24 and macroeconomic tailwinds are poised to support PNJ's strategic outlook

- PNJ's management is closely monitoring the final procedures and awaiting detailed guidance related to Decree 24 on the management of gold trading activities. The company is gearing up to harness potential advantages brought about by the revised regulations. We expect this to help improve raw material supply and inventory management efficiency moving forward, subject to further evaluation.
- Looking ahead to the second half of the year, management has observed a slight improvement in consumer sentiment since late June, as shown by better sales performance. This may be supported by sustained economic growth and favorable macroeconomic indicators, which have contributed to improved income levels. Nevertheless, management remains cautious due to persistently high gold prices and pronounced segmentation across customer groups.
- Regarding the new tax and business regulations, management anticipates that they will have a greater impact on consumer goods than the company's lifestyle-oriented product portfolio. As such, no significant impact on sales is expected.

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(Based on the expectation of price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(Based on the assessment of sector prospects over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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