

Phu Nhuan Jewelry (PNJ)

Lofty gold prices posed short-term obstacles

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NPAT rose 3% YoY on slight recovery in demand despite high gold prices

Phu Nhuan Jewelry's (PNJ) NPAT reached VND442 billion (+3% YoY) on revenue of VND7,582 billion (-21% YoY) by the end of 2Q. Hefty gold prices and shortage of gold supply caused gold bar revenue to continue to decline sharply by 53% YoY. In contrast, core revenue from retail/wholesale jewelry grew 4%/2% YoY, respectively, thanks to the recovery of purchasing power of high-income customers and more market share.

GPM improves thanks to raw material stockpiling and product recycling

Despite high gold prices on both domestic and international markets, PNJ's GPM in 2Q improved by 20bps/50bps respectively compared to the peak season in 1Q25/4Q24 thanks to the strategy of stockpiling raw materials and flexibly recycling old jewelry to launch new products with higher GPM. However, sluggish demand forces PNJ to raise selling expenses, causing operating profit margins not to improve accordingly.

Removing obstacles to raw material supply will facilitate jewelry processing amid tight supply and high gold prices

The amendment to Decree 24 has been officially approved, expected to help remove difficulties related to input materials and help manufacturers such as PNJ optimize production costs, improve profit margins and working capital costs. However, we forecast that retail jewelry sales in 2H25 will continue to slightly reduce due to high gold prices and exchange rates while concerns over inflation tighten consumer wallets.

Valuation: BUY rating – Target price VND97,300/share

Using FCFF and target PE of 14.2x, we conclude the fair valuation for PNJ is VND97,300/share, 14% higher than the current market price. Therefore, we recommend BUY for PNJ shares.

Buy maintain

Target price VND97,300

Upside	14%
Current price (Sep 10, 2025)	VND85,700
Consensus target price	VND101,400
Market cap (VNDtn/USDtn)	29.1/1.1

Forecast earnings & valuation

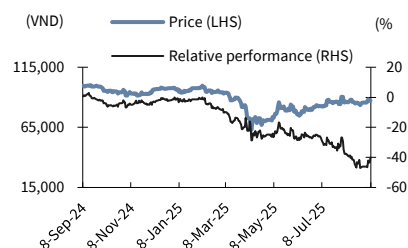
FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	33,137	37,823	33,042	35,080
Operating income/loss (VNDbn)	2,529	2,670	2,696	2,993
NPAT-MI (VNDbn)	1,971	2,113	2,041	2,271
EPS (VND)	5,830	6,250	6,038	6,716
EPS growth (%)	9	7	(3)	11
P/E (x)	14	14	14	13
P/B (x)	2.9	2.6	2.3	2.3
ROE (%)	21.6	20.1	17.1	17.1
Dividend yield (%)	2.2	2.3	2.2	2.5

Trading data

Free float	86.5%
3M avg trading value (VNDbn/USDmn)	79.1/3.1
Foreign ownership	46.8%
Major shareholder	VIETFUND (9.16%)

Share price performance

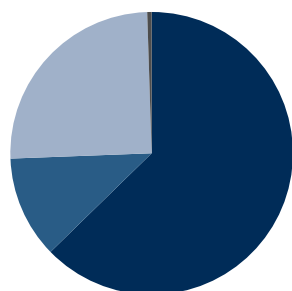
(%)	1M	3M	6M	12M
Absolute	1.6	15.2	-7.1	-12.4
Relative	-3.5	-10.2	-32.8	-43.3



Source: Bloomberg, KB Securities Vietnam

Revenue composition (1H25)

■ Retail ■ Wholesale ■ 24K Gold ■ Others



Source: Phu Nhuan Jewelry, KB Securities Vietnam

Business operation

Phu Nhuan Jewelry (PNJ) was established in 1988, initially operating under the name Phu Nhuan Gold and Silver. With over 35 years of growth and development, PNJ has become one of Vietnam's leading companies in jewelry manufacturing and trading, with a market share of 30% and a network of more than 400 stores nationwide.

Investment Catalysts

Jewelry demand has shown signs of recovery.

The amendment to Decree 24 to diversify gold sources will help improve costs and operational efficiency.

High gold prices cause businesses to increase stockpiling of raw materials to protect profits.

Notes

Please see more details below

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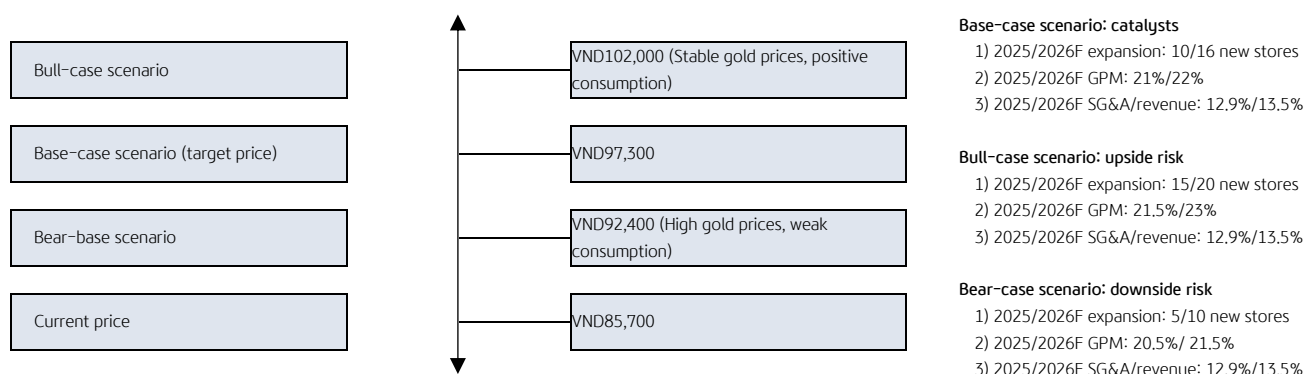
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Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	33,042	35,080	5%	1%	33,442	36,221	-1%	-3%
EBIT	2,570	2,859	-5%	-17%	2,663	3,032	-3%	-6%
NP after MI	2,041	2,271	-2%	-14%	2,077	2,404	-2%	-6%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

PNJ has reached 55% of the 2025 profit target

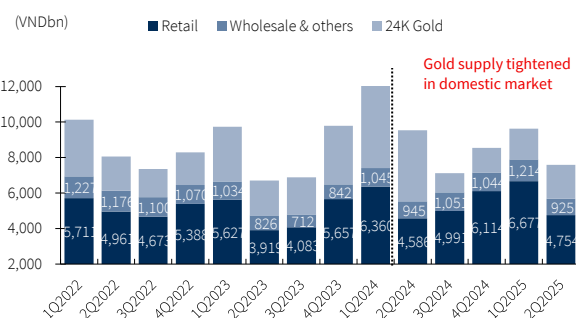
PNJ's recorded growth and stable performance although global trade uncertainties are disturbing consumption sentiment. Consumer purchasing power is partly limited by high gold prices.

Table 1. PNJ – 1H25 financial results

(VNDbn, %)	2Q24	2Q25	+/-%YoY	1H24	1H25	+/-%QoQ	Notes
Revenue	9,519	7,582	-20%	16,648	14,991	-10%	
– Retail	4,586	4,754	4%	10,946	11,431	4%	High-end customer segments have shown signs of a slight recovery. The value of each order saw a modest decrease due to sagging demand. In return, PNJ continued to attract many new customers thanks to its large coverage and efficient operations, helping revenue maintain a slight growth.
– Wholesale	869	887	2%	1,813	2,043	13%	PNJ benefits from tightening regulations on input materials at small retail stores.
– 24K gold	4,013	1,903	-53%	9,177	3,647	-60%	Limited gold supply hit hard on PNJ's revenue.
Gross profit	1,481	1,634	10%	3,630	3,682	1%	GPM in 2Q25 improved significantly thanks to the high proportion of gold jewelry. Compared to 1Q with a similar revenue structure, GPM inched up 20bps, showing the effectiveness of the raw material storage strategy.
<i>Gross profit margin</i>	<i>15.5%</i>	<i>21.5%</i>	<i>598bps</i>	<i>21.8%</i>	<i>24.5%</i>	<i>276bps</i>	
Financial income	8.0	23.6	195%	22.2	61.2	176%	Financial income soared on a sharp increase in cash and short-term investments.
Financial expenses	13.8	45.7	231%	37.8	82.8	119%	PNJ increased short-term debt to maintain large inventory amid high gold prices. Loan balance hit VND3,292 billion in 1H25 (x10 YoY).
SG&A	938	1,059	13%	2,141	2,258	5%	Sluggish market demand in the low season when consumer sentiment has not recovered has made selling expenses increase more than retail revenue.
<i>SG&A/revenue</i>	<i>63%</i>	<i>65%</i>	<i>146bps</i>	<i>59%</i>	<i>61%</i>	<i>235bps</i>	
Operating income/loss	543	575	6%	1,489	1,424	-4%	
Profit before taxes (PBT)	-6	-1	-90%	-9	-1	-89%	
Other incomes	533	552	4%	1,469	1,406	-4%	
Net profit after taxes (NPAT)	428	442	3%	1,166	1,119	-4%	
NPAT-MI	428	442	3%	1,166	1,119	-4%	Half-year profit decreased slightly by 4% due to subdued results from the peak season in 1Q25.
<i>NPAT margin</i>	<i>4.5%</i>	<i>5.8%</i>	<i>132bps</i>	<i>7.0%</i>	<i>7.5%</i>	<i>46bps</i>	

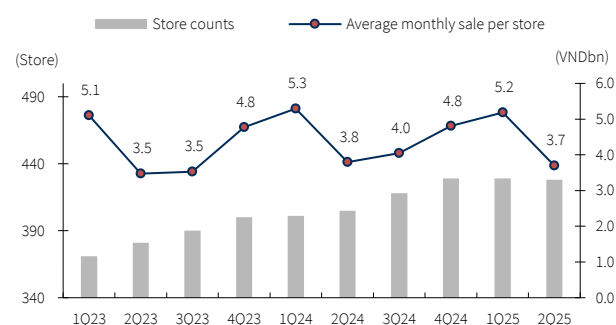
Source: Phu Nhuan Jewelry, KB Securities Vietnam

Fig 2. PNJ – Net revenue (VNDbn)



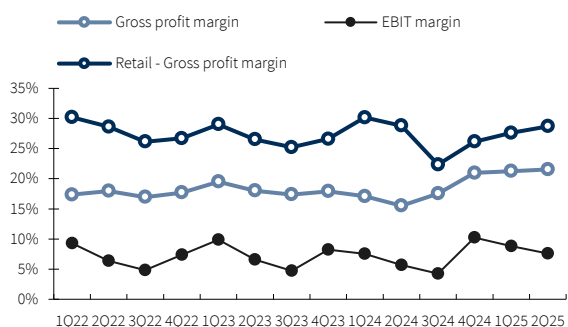
Source: Phu Nhuan Jewelry, KB Securities Vietnam

Fig 3. PNJ – Store count and monthly retail sales per store (store, VNDbn)



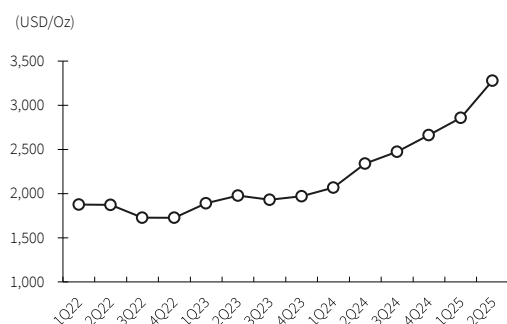
Source: Phu Nhuan Jewelry, KB Securities Vietnam

Fig 4. PNJ – Profit margins (%)



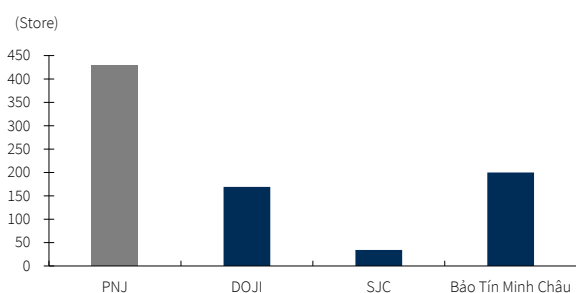
Source: Wichart

Fig 6. Global – Gold prices (USD/Oz)



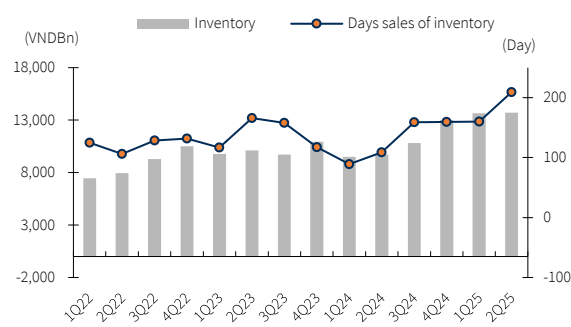
Source: Wichart

Fig 8. PNJ, Doji, SJC, BTMC – Store count (store)



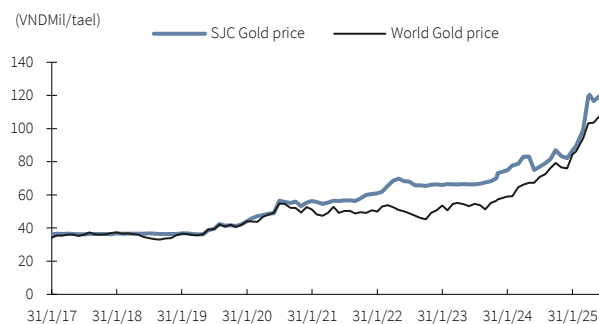
Source: Phu Nhuan Jewelry, KB Securities Vietnam

Fig 5. PNJ – Inventory management



Source: Phu Nhuan Jewelry, KB Securities Vietnam

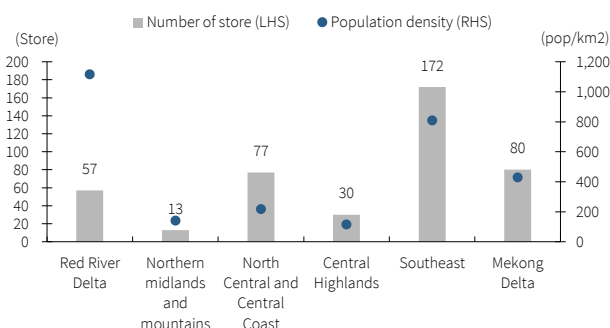
Fig 7. Global, Vietnam – Gold price correlation (VNDBn/tael)



Source: Wichart, KB Securities Vietnam

* Notes: World gold prices are converted based on some assumptions about exchange rate.

Fig 9. PNJ – Nationwide coverage



Source: General Statistics Office, Phu Nhuan Jewelry, KB Securities Vietnam

* Note: Population density as of 2023

Removing obstacles to raw material supply will facilitate jewelry processing amid tight supply and high gold prices

The Government has officially approved the issuance of Decree 232/2025, amending Decree 24/2012. The Decree 232/2025 should take effect from October 10, 2025 and bring positive changes to the domestic gold market. Private enterprises majoring in gold bar and jewelry production and trading activities such as PNJ will be able to participate in importing raw gold, helping to diversify input materials and improve production costs.

Table 10. Vietnam – Key amendments in Decree 232/2025

Main items	Former regulations (Decree 24/2012)	New regulations (Decree 232/2025)
Gold bar processing & trading	– The State (State Bank of Vietnam) has a monopoly on the production of gold bars (Clause 3, Article 4)	– Abolish the monopoly of production from the State – Allow enterprises/banks to be licensed by the SBV for production
Gold export/import	– The State monopolizes imports for the production of gold bars and restricted imports for jewelry	– Grant annual quotas and licenses to each enterprise and bank to export/import gold bars and raw gold

Source: Phu Nhuan Jewelry, KB Securities Vietnam

The Decree will set a certain limit, based on the actual needs of the business. With its position as a leading jewelry retailer and manufacturer with a dominant market share in the industry, PNJ has the potential to gain big benefits:

- **Retail:** The costs of raw gold for the business can be significantly improved, helping to increase retail profit margins, especially when demand recovers.
- **24K gold bars:** PNJ can participate in the gold bar production value chain thanks to its production capacity and capital scale that meet regulations. With a large and nationwide distribution system, 24K gold bar revenue can recover considerably.
- **Wholesale:** New regulations tighten operating licenses, product origin and invoices, which partly continues to attract small and medium-sized units to switch to purchasing from reputable manufacturing enterprises with transparent origins such as PNJ.

On the other hand, we believe that the risk of gold prices remaining high will continue to increase production costs for businesses, offset by PNJ's strategy of stockpiling raw materials.

Forecast & valuation

Table 11. PNJ – 2024A–2026F financial results

(VNDbn, %)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Assumptions
Revenue	37,823	33,042	-13%	35,080	6%	We assume average retail sales/store to increase by -2%/3% in 2025/2026F, respectively. A slight recovery from 2026 will come from improved consumer incomes thanks to high economic growth and more vibrant business activities. PNJ should open 10/16 new stores in 2025/2026.
– Retail	22,051	22,704	3%	23,990	6%	
– 24K gold	3,782	4,060	7%	4,203	4%	
– Wholesale	11,649	6,090	-48%	6,708	10%	
Gross profit	6,674	6,948	4%	7,713	11%	KBSV expects PNJ's GPM in 2025/2026 to reach 21%/22%, slightly improved thanks to higher retail structure and reasonable raw material storage strategy during the period of high gold prices. This projection is revised down from the previous report due to high gold prices and lower expected retail sales.
<i>Gross profit margin</i>	<i>17.6%</i>	<i>21.0%</i>	<i>338bps</i>	<i>22.0%</i>	<i>96bps</i>	
Financial income	76	74	-2%	76	2%	Selling expenses such as advertising and trade are expected to continue to increase sharply due to sluggish demand and cautious consumer sentiment.
Financial expenses	94	201	314%	210	5%	
SG&A	4,003	4,252	6%	4,720	11%	
PBT	2,651	2,561	-3%	2,849	11%	
NPAT	2,113	2,041	-3%	2,271	11%	
NPAT-MI	2,113	2,041	-3%	2,271	11%	
<i>NPAT margin</i>	<i>5.6%</i>	<i>6.2%</i>	<i>59bps</i>	<i>6.5%</i>	<i>29bps</i>	

Source: Phu Nhuan Jewelry, KB Securities Vietnam

We reiterate BUY for PNJ with a target price of VND97,300

We combine two valuation methods, FCFF and target P/E, to determine a fair price for PNJ in 2025.

(1) FCFF valuation

We apply the free cash flow to the firm (FCFF) approach with the expected target price for the term, ending in 1H26, at VND99,600/share, equivalent to a P/E of 2026 of 14.8x, slightly higher than the five-year historical mean of 14.2x.

(2) P/E valuation

We use a target P/E of 14.2x, equivalent to the five-year average. The fair valuation for this method is VND94,970/share.

With a fair price based on the 50/50 weighting for each method of VND97,300/share, 15% higher than the price on September 10, 2025, we recommend BUY for PNJ.

Table 12. PNJ – FCFF model

DCF model	2025	2026	2027	2028	2029	2030
PAT	922	2,271	2,459	2,634	2,827	3,010
Tax shield	12	88	92	97	101	106
Depreciation & amortisation	40	89	89	37	32	29
Change in working capital	289	(134)	(203)	(204)	(63)	(107)
Capex	2	(64)	(64)	(64)	(32)	(20)
FCFF	1,264	2,250	2,372	2,499	2,864	3,017

Source: KB Securities Vietnam

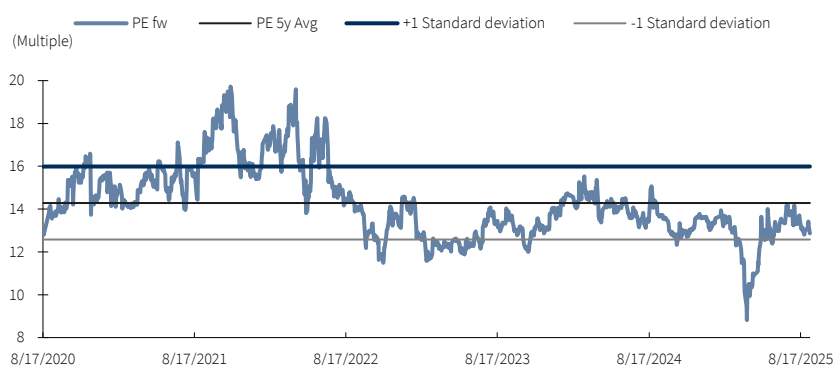
Table 13. PNJ – Final valuation according to FCFF method

Assumptions	Value		Value
Beta	0.9	PV of cash flows 2025–2029 (VNDbn)	11,204
Risk-free rate	4.6%	PV of terminal value (VNDbn)	23,856
Risk premium	8.4%	Total PV (VNDbn)	35,059
Cost of equity	12.0%	Net cash (VNDbn)	-1,381
Interest expenses	4%	Non-controlling shareholders (VNDbn)	0
Long-term growth	3.0%	Equity value (VNDbn)	33,679
WACC	11.1%	Number of outstanding shares (million shares)	338
		Equity value/share (VND)	99,619

Source: KB Securities Vietnam

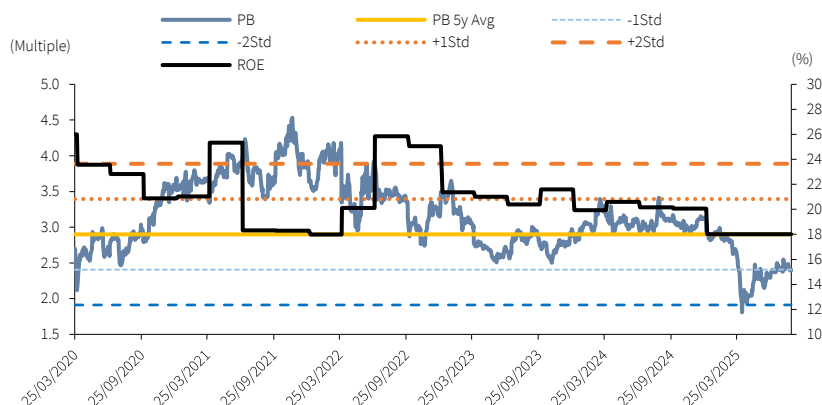
Fig 14. PNJ – P/E in 2020 – 2025 (x)

PNJ is trading at an attractive forward P/E, equivalent to its five-year historical mean –1Std.



Source: Bloomberg, KB Securities Vietnam

Fig 15. PNJ – PB, ROE in 2023 – 2025 (x, %)



Source: Bloomberg, KB Securities Vietnam

PNJ – 2023A–2026F summarized financials & forecasts

Income Statement (VND billion)					Balance Sheet (VND billion)				
Standard report	2023	2024	2025F	2026F	Standard report	2023	2024	2025F	2026F
Net sales	33,137	37,823	33,042	35,080	TOTAL ASSETS	14,428	17,208	17,735	19,500
Cost of sales	-27,078	-31,149	-26,094	-27,366	CURRENT ASSETS	12,958	15,693	16,263	18,054
Gross Profit	6,059	6,674	6,948	7,713	Cash and cash equivalents	896	1,123	1,212	1,479
Financial income	98	76	74	76	Short-term investments	810	1,020	1,020	2,330
Financial expenses	-143	-94	201	210	Accounts receivable	311	535	403	419
of which: interest expenses	-119	-47	71	73	Inventories	10,941	13,015	13,629	13,826
Gain/(loss) from joint ventures (from 2015)	0	0	0	0	LONG-TERM ASSETS	1,469	1,515	1,471	1,446
Selling expenses	-2,836	-3,208	-3,423	-3,800	Long-term trade receivables	105	116	116	116
General and admin expenses	-694	-796	-829	-920	Fixed assets	883	857	813	788
Operating profit/(loss)	2,484	2,652	2,570	2,859	Investment properties	29	65	65	65
Other income	5	-1	2	0	Long-term incomplete assets	4	4	4	4
Other expense	12	10	11	10	Long-term investments	0	0	0	0
Net other income/(expenses)	12	10	11	10	LIABILITIES	4,621	5,952	5,168	5,476
Income from investments in other entities	0	0	0	0	Current liabilities	4,612	5,942	5,158	5,465
Net accounting profit/(loss) before tax	2,489	2,651	2,561	2,849	Trade accounts payable	257	624	523	548
Corporate income tax expenses	-518	-615	-520	-578	Advances from customers	215	188	188	188
Net profit/(loss) after tax	1,971	2,113	2,041	2,271	Short-term borrowings	9	11	11	11
Minority interests	0	0	0	0	Long-term liabilities	9	11	11	11
Attributable to parent company	1,971	2,113	2,041	2,271	Long-term trade payables	0	0	0	0
					Long-term advances from customers	0	0	0	0
					Long-term borrowings	9,806	11,255	12,566	14,024
Margin ratio					OWNER'S EQUITY	3,282	3,381	3,381	3,381
	2023	2024	2025F	2026F	Paid-in capital	3,282	3,381	3,381	3,381
Gross profit margin	18.3%	17.6%	21.0%	22.0%	Share premium	1,851	1,950	1,950	1,950
EBITDA margin	7.9%	7.3%	8.4%	8.8%	Undistributed earnings	2,740	3,301	3,946	4,662
EBIT margin	7.6%	7.1%	8.2%	8.5%	Treasury share	-3	-3	-3	-3
Pre-tax profit margin	7.5%	7.0%	7.8%	8.1%	Investment and development fund	1,936	2,626	3,293	4,034
Operating profit margin	7.5%	7.0%	7.8%	8.1%	Minority interests	0	0	0	0
Net profit margin	5.9%	5.6%	6.2%	6.5%					
Cash Flow Statement (VND billion)	2023	2024	2025F	2026F	Key ratios (x, %, VND)	2023	2024	2025F	2026F
Net profit/(loss) before tax	2,489	2,651	2,561	2,849	Multiple				
Depreciation and amortisation	81	81	84	89	P/E	14.7	13.7	14.2	12.8
Profit/loss from investing activities	-81	-47	-74	-76	P/E diluted	14.7	13.7	14.2	12.8
Interest expense	121	124	201	210	P/B	3.0	2.6	2.3	2.1
Operating profit/(loss) before changes in Working Capital	2,610	2,809	2,771	3,072	P/S	0.9	0.8	0.9	0.8
(Increase)/decrease in receivables	39	-262	132	-17	P/Tangible Book	3.2	2.7	2.4	2.2
(Increase)/decrease in inventories	-437	-2,130	-614	-197	P/Cash Flow	1,922.9	128.8	325.7	108.5
Increase/(decrease) in payables	92	274	-240	79	EV/EBITDA	12.4	11.7	11.6	10.5
(Increase)/decrease in prepaid expenses	-104	14	-64	23	EV/EBIT	12.8	12.1	12.0	10.8
Operating cash flow	-693	-622	-740	-811	Operating performance				
Purchases of fixed assets and other long term assets	1,508	83	1,246	2,150	ROE	0.2	0.2	0.2	0.2
Proceeds from disposal of fixed assets	-83	-90	-40	-64	ROA	0.1	0.1	0.1	0.1
Loans granted, purchases of debt instruments	2	0	0	0	ROIC	0.3	0.2	0.2	0.2
Collection of loans, proceeds from sales of debts instrum	-2,240	-1,120	0	-1,310	Financial structure				
Investments in other entities	1,680	960	0	0	Cash Ratio	0.2	0.2	0.2	0.3
Proceeds from divestment in other entities	-4	0	0	0	Quick Ratio	0.4	0.4	0.4	0.7
Dividends and interest received	0	0	0	0	Current Ratio	2.8	2.6	3.2	3.3
Investing cash flow	66	39	74	76	LT Debt/Equity	0.0	0.0	0.0	0.0
Proceeds from issue of shares	-578	-211	34	-1,298	LT Debt/Total Assets	0.0	0.0	0.0	0.0
Payments for share returns and repurchases	0	67	0	0	Debt/Equity	0.5	0.5	0.4	0.4
Proceeds from borrowings	0	0	0	0	Debt/Total Assets	0.1	0.1	0.1	0.1
Repayment of borrowings	8,159	6,789	2,799	2,936	ST Liabilities/Equity	0.0	0.1	0.1	0.1
Finance lease principal payments	-8,458	-5,832	-3,342	-2,799	ST Liabilities/Total Assets	0.0	0.0	0.0	0.0
Dividends paid	-615	-672	-649	-722	Total Liabilities/Equity	0.0	0.1	0.1	0.1
Interests, dividends, profits received	0	0	0	0	Total Liabilities/Total Assets	0.0	0.0	0.0	0.0
Financing cash flow	-914	353	-1,191	-585	Activity ratios				
Net increase in cash and cash equivalents	15	225	89	267	Account Receivable Turnover	154.1	94.3	122.8	122.8
Cash and cash equivalents - beginning	880	896	1,123	1,212	Inventory Turnover	2.5	2.4	1.9	2.0
Cash and cash equivalents - ending	896	1,123	1,212	1,479	Account Payable Turnover	105.2	49.9	49.9	49.9

Source: Phu Nhuan Jewelry, KB Securities Vietnam

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Investment ratings & definitions

Investment Ratings for Stocks

(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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