

Phu Nhuan Jewelry (PNJ)

Shortcomings in gold market management should be addressed

March 13, 2025

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PNJ successfully enhanced gross margin amid supply constraints in 4Q2024

In 4Q2024, PNJ recorded net revenue of VND8,581 billion (-12.1% YoY), given a 57.8% YoY drop in 24K gold bar sales. Gross profit hit VND1,791 billion, with a gross margin of 20.9% (+2.9 percentage points YoY). This improvement was attributed to a reduced contribution from low-margin 24K gold bar sales and PNJ's strategic shift towards higher-margin products with lower gold content. Net profit rose to VND732 billion (+15.9% YoY), translating to a net profit margin of 8.5%.

Performance varied across business segments

Retail sales climbed to VND6,114 billion (+8.1% YoY) in the fourth quarter, fueled by effective marketing strategies and sales programs. Meanwhile, wholesale sales jumped by 39% YoY to VND1,004 billion, leveraging PNJ's strong brand reputation. In contrast, 24K gold bar sales plummeted 57.8% YoY to VND1,385 billion amid supply shortages.

PNJ ramped up store expansion in 2H2024

By the end of 2024, PNJ operated 429 stores, having added 29 new stores, with 24 openings in the second half of the year. Monthly revenue per store averaged VND4.8 billion, up 1.12% YoY.

We recommend BUY for PNJ with at target price of VND111,000/share

We have adjusted our 2025 projections for PNJ, with net revenue of VND32,613 billion (-13.8% YoY) and net profit of VND2,464 billion (+16.5% YoY). Given the long-term growth potential of the retail segment, we maintain our BUY recommendation for PNJ in 2025, with a target price of VND111,900 per share.

Buy maintain

Target price	VND111,900
Upside	24.3%
Current price (Mar 13, 2025)	VND90,000
Consensus target price	VND121,300
Market cap (VNDtn/USDtn)	31.8/1.2

Forecast earnings & valuation

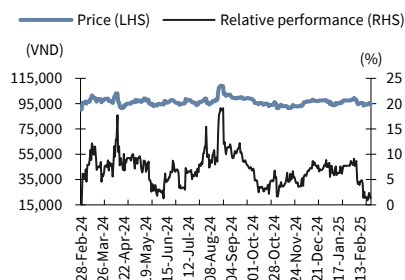
FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	33,137	37,823	32,613	35,667
Operating income/loss (VNDbn)	2,607	2,698	3,197	3,751
NPAT-MI (VNDbn)	1,971	2,115	2,464	2,909
EPS (VND)	6,009	6,444	7,289	8,604
EPS growth (%)	0.6	7.2	13.1	18.0
P/E (x)	15.7	14.6	12.9	10.9
P/B (x)	3.4	2.9	2.7	2.5
ROE (%)	20.1	18.8	20.2	21.6
Dividend yield (%)	1.5	2.2	2.1	2.1

Trading data

Free float	86.47%
3M avg trading value (VNDbn/USDmn)	49.4/1.9
Foreign ownership	49.0%
Major shareholder	VIETFUND (9.16%)

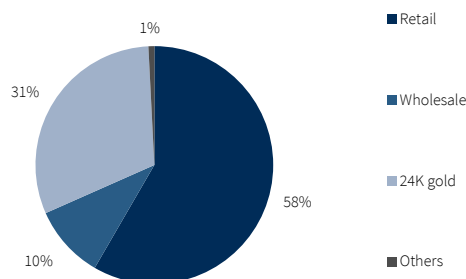
Share price performance

(%)	1M	3M	6M	12M
Absolute	-3.0	2.0	-6.8	5.0
Relative	-6.4	-3.2	-8.8	0.7



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2024)



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

The retail segment remains PNJ's main growth engine, with a strong focus on expanding its store network in the northern region.

The retail segment has not experienced supply shortages, as the primary supply comes from repurchasing gold jewelry at around 70% of the previous invoice value.

24K gold supply shortages, driven by rising demand for gold stockpiling among individuals, may weigh on the gross profit margin.

Notes

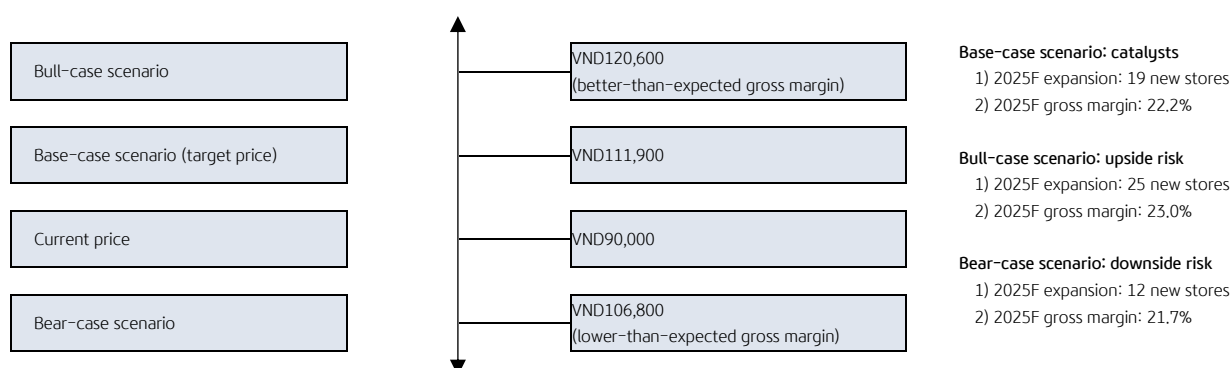
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Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	32,613	35,667	-2%	n/a	37,269	41,204	-12%	-13%
EBIT	3,197	3,751	-6%	n/a	3,099	3,662	3%	2%
NP after MI	2,464	2,909	-6%	n/a	2,446	2,912	1%	0%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

PNJ marginally surpassed its 2024 net revenue target, reaching 101.8% of the plan

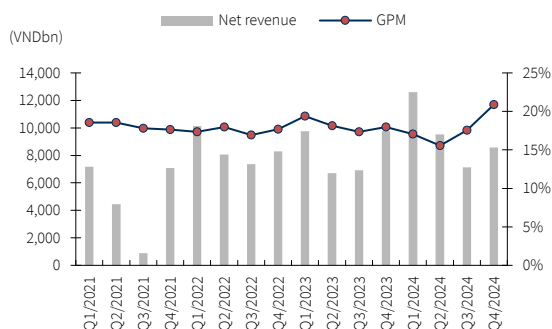
In 2024, PNJ posted net revenue of VND37,823 billion (+14.1% YoY). Specifically, 24K gold bar sales rose 11.5% YoY, fueled by a booming gold market in 1H2024. Likewise, retail sales maintained strong growth, rising 14.4% YoY, with the total store count reaching 429 by year-end. Meanwhile, wholesale sales surged 34.6% YoY. Net profit for the year came in at VND2,115 billion (+7.3% YoY), exceeding the full-year target at 101.2%.

Table 1. PNJ – 2023–2024 financial results

(VNDbn)	4Q2023	4Q2024	+/-%YoY	2023	2024	+/-%YoY	Notes
Revenue	9,864	8,581	-13.0%	33,137	37,823	14.1%	
– Retail	5,657	6,114	8.1%	19,286	22,051	14.3%	The retail segment sustained its growth momentum, driven by (i) 29 new store openings, (ii) an optimized product portfolio aligned with market demand, and (iii) an increased customer retention rate.
– 24K gold bar	3,285	1,386	-57.8%	10,438	11,649	11.6%	
– Wholesale	722	1,004	39.0%	2,850	3,782	32.7%	
Gross profit	1,751	1,791	2.3%	6,059	6,672	10.1%	
Gross profit margin	17.8%	20.9%	3.1ppts	18.3%	17.6%	-0.6ppts	4Q2024 gross margin expanded by 3.1 percentage points, driven by a sharp drop in the 24K gold sales share to 16.2%.
Financial income	20	30	49.8%	97	77	-20.5%	
Financial expenses	-29	-45	53.5%	-142	-95	-32.8%	Financial expenses dropped sharply on low interest rates.
SG&A	-950	-913	-4.0%	-3,529	-4,002	13.4%	
Operating income/loss	792	864	9.0%	2,485	2,652	6.8%	
Profit before tax (PBT)	797	864	8.5%	2,489	2,651	6.5%	
Net profit after tax (NPAT)	632	733	15.9%	1,971	2,115	7.3%	
NPAT-MI	632	733	15.9%	1,971	2,115	7.3%	
NPAT margin	6.4%	8.5%	2.1ppts	5.9%	5.6%	-0.4ppts	

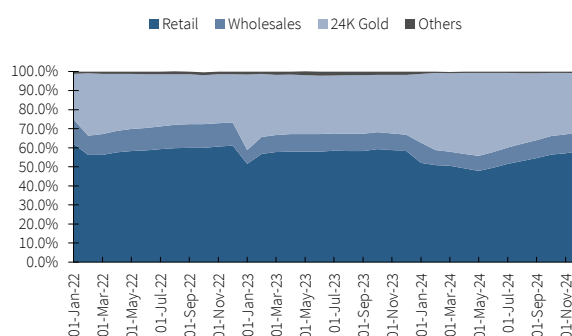
Source: Phu Nhuan Jewelry, KB Securities Vietnam

Fig 2. PNJ – Net revenue, gross profit margin (VNDbn, %)



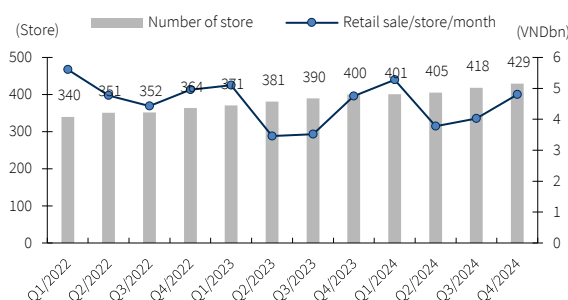
Source: Phu Nhuan Jewelry, KB Securities Vietnam

Fig 3. PNJ – Revenue breakdown (%)



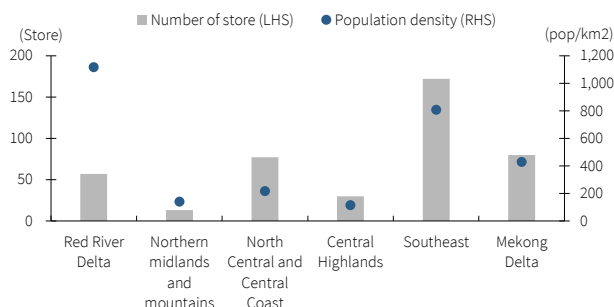
Source: Phu Nhuan Jewelry, KB Securities Vietnam

Fig 4. PNJ – Store count, monthly revenue/store



Source: Phu Nhuan Jewelry, KB Securities Vietnam

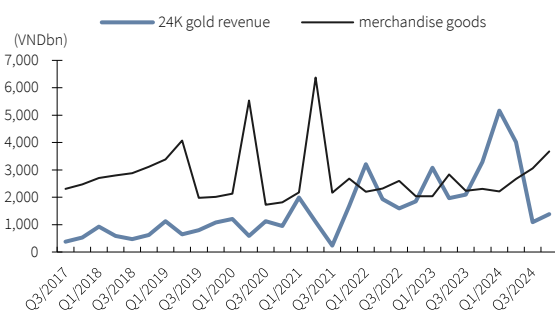
Fig 5. PNJ – Store count vs. population density by region



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

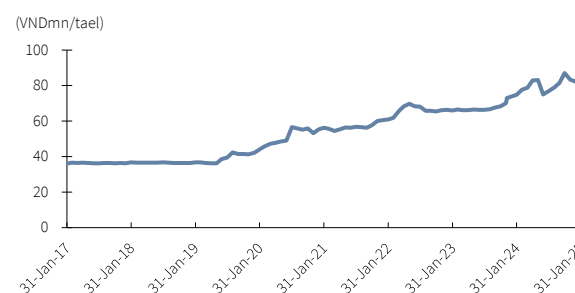
*Note: Population density is calculated as of the end of 2023.

Fig 6. PNJ – 24K gold bar sales, merchandise goods (VNDbn)



Source: Phu Nhuan Jewelry, KB Securities Vietnam

Fig 7. PNJ – SJC gold purchase price in Hanoi (VNDmn/tael)



Source: Bieudogiavang, KB Securities Vietnam

PNJ's gross profit margin is forecast to improve in 2025

KBSV forecasts PNJ's gross profit margin to rise to 22.2% in 2025, marking a 4.5 percentage point YoY increase, driven by the following factors:

- Higher retail revenue contribution: PNJ continues to expand its store network to strengthen its retail market share. Meanwhile, unresolved gold market regulations have hindered the recovery of 24K gold sales, which typically yield lower margins than retail sales. This trend was evident in 2H2024, when PNJ ramped up store expansion with 24 new openings, while 24K gold revenue declined. As a result, the retail sales share increased to 71.2% (+21.2 percentage points vs. 1H2024), driving a 2.9 percentage point improvement in gross margin to 19.4%.
- Mitigation of gold supply shortages: To offset the negative impact of supply constraints on retail margins, PNJ is enhancing product design creativity and shifting its focus to low-gold-content products, which offer higher margins. This strategy also helps minimize wastage-related costs in the gold recycling process.

PNJ continues to expand its store network in promising regions

KBSV maintains the view that PNJ has further expansion potential for its store network, consistent with our previous report due to: (i) limited store coverage in the Northern region and (ii) PNJ's strategy to strengthen its presence as the government tightens regulations on gold trading, impacting less transparent businesses. However, we have revised our forecast for new store openings in 2025, lowering the range from 25–35 stores (as stated in our latest report) to 12–25 stores, given weak consumer demand, which has yet to show signs of recovery. PNJ's management also shared that demand could start rebounding as early as 3Q2025, but in a less optimistic scenario, recovery may be delayed until 4Q2025 or even 2026.

Shortcomings in gold market management should be addressed

The Q&A session at the 8th sitting of the 15th National Assembly on November 11, 2024, regarding gold market management, covered the following key points:

- Facilitating jewelry production: The National Assembly's resolution requires that by June 2025, a proposal to amend Decree No. 24/2012/NĐ-CP be put forward to facilitate certain enterprises and financial institutions in sourcing raw gold materials.
- Strengthening gold trading regulations: The State Bank of Vietnam (SBV) will continue working with relevant ministries and authorities to inspect and oversee gold businesses, retailers, distributors, and other market participants.
- Establishing a gold exchange: A regulated gold exchange would enhance market transparency, facilitate gold transactions for individuals and businesses, and curb gold hoarding in the economy.

KBSV believes that if these measures are enacted, PNJ will benefit from improved gold supply, boosting business performance and expanding its market share at the expense of less transparent competitors.

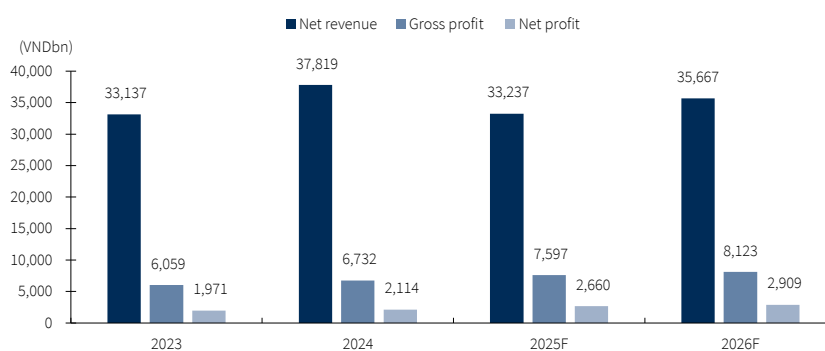
Forecast & Valuation

Table 8. PNJ – 2024–2026F financials & forecasts

(VNDbn)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Notes
Revenue	37,823	32,613	-13.8%	35,667	9.4%	
– Retail sales	22,051	25,147	14.0%	27,653	10.0%	– Monthly revenue per store is projected to increase by 5% YoY. – 19 new store openings are expected in 2025.
– 24K gold bar sales	11,649	3,495	-70.0%	3,844	10.0%	24K gold bar sales are forecasted to decline by 70% YoY due to supply shortages, as PNJ prioritizes raw materials for higher-margin products.
– Wholesale sales	3,782	3,971	5.0%	4,170	5.0%	Wholesale revenue is expected to rise as wholesale customers shift toward reputable manufacturers like PNJ amid tightening regulations on gold trading.
Gross profit	6,672	7,235	8.4%	8,123	12.3%	Gross profit margin is projected to improve, driven by a higher contribution from retail sales.
Gross profit margin	17.6%	22.2%	4.5ppts	22.8%	0.6ppts	
Financial income			-35.7%		5.9%	
	77.44	50		53		
Financial expenses			21.7%		-1.8%	
	(95)	(116)		(114)		
SG&A	-4,002	-4,087	2.1%	-4,425	8.3%	
PBT	2,651		16.2%		18.0%	
		3,081		3,637		
NPAT	2,115	2,464	16.5%	2,909	18.0%	
NPAT-MI	2,115	2,464	16.5%	2,909	18.0%	
NPAT margin	5.6%	7.6%	2.0ppts	8.2%	0.6ppts	

Source: Phu Nhuan Jewelry, KB Securities Vietnam

Fig 9. PNJ – 2023–2026F financial results



Source: Phu Nhuan Jewelry, KB Securities Vietnam

We recommend BUY for PNJ with a target price of VND111,900/share

We combine two valuation methods, discounted cash flow (DCF) and comparative valuation, to determine a fair price for PNJ.

1. DCF valuation

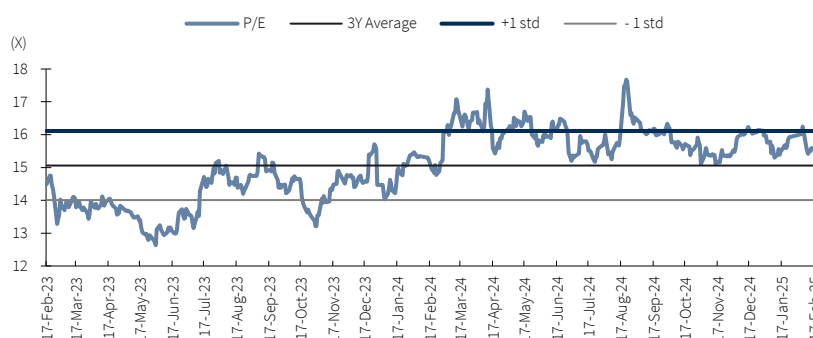
We apply the free cash flow to the firm (FCFF) approach with the assumptions outlined below (Table 11). This method yields a target price of VND110,625 per share.

2. Comparative valuation

We assign PNJ a target P/E ratio of 15x, consistent with its three-year average, and a 2025 EPS estimate of VND7,509, leading to a target price of VND113,081 per share.

By applying an equal 50-50 weighting to both methods, we maintain our BUY recommendation for PNJ, with a target price of VND111,900 per share, implying a 24.3% upside from its closing price on March 13, 2025.

Fig 10. PNJ – P/E in 2023-2025



Source: Bloomberg, KB Securities Vietnam

Table 11. PNJ – FCFF valuation & model assumptions

Cost of equity	11.52%	PV of terminal value (VNDbn)	25,609
After-tax cost of debt	2.87%	PV of FCFF (VNDbn)	36,484
Risk-free rate	4.70%	Cash & equivalents (VNDbn)	3,105
Beta	0.87	Short-term investments (VNDbn)	1,043
Terminal growth	2.0%	Total debt (VNDbn)	3,233
Forecast duration (years)	6	Equity value (VNDbn)	37,400
WACC	9.7%	Number of shares outstanding	338,074,776
Target price (VND/share)			110,625

Source: KB Securities Vietnam

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Investment Ratings for Stocks

(based on expectations for absolute 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 expectations for absolute price gains over the next 6 months)

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

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