

PHU NHUAN JEWELRY JSC (PNJ)
Add (Maintained)
CONSUMER GOODS

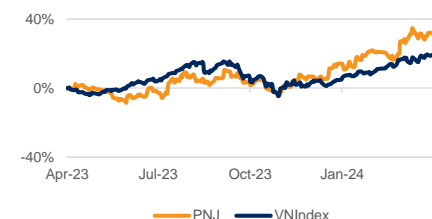
Current Price	VND95,500
52Wk High/Low	VND100,901/68,577
Target Price	VND114,400
Previous TP	VND99,900
TP vs Consensus	10.0%
Upside	19.8%
Dividend Yield	1.8%
Total stock return	21.6%

Growth rating	Positive
Value rating	Positive
ST Technical Analysis	Positive

Market Cap	US\$1,336.6m
3m Avg daily value	US\$5.3m
Avail Foreign Room	US\$0.0m
Outstanding Shares	328.0m
Fully diluted O/S	328.0m

	PNJ	VNI
P/E TTM	16.9	15.1
P/B Current	2.8	1.8
ROA	13.9%	2.0%
ROE	20.3%	12.1%

*as of 2/4/2024

Share Price performance


Share price (%)	1M	3M	12M
Ordinary share	3.4	15.1	27.4
Relative to index	1.1	1.4	6.5

Ownership

Vietnam Enterprise Investments Limited	3.0%
Cao Thị Ngọc Dung	2.8%
Others	94.20%

Business Description

PNJ was established in 1988 with a vision of becoming Asia's leading jewelry manufacturing and retail company. After more than 30 years of development, PNJ has emerged as the leader in Vietnam's branded retail jewelry market, with quality items and various styles.

Analyst(s):

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Gaining market share, improving margins

- We retain our ADD rating with 19.8% upside. We revise up our TP by 18.9% while the share price has increase 25.2% since our last report.
- Our TP increased due to WACC revision and rolling P/E valuation to FY24.
- PNJ's TTM P/E of 16.9x is below the company's growth outlook.

Financial Highlights

- 2M24 revenue increased 21.6% yoy from a high 2023 base to VND8,478bn (~US\$346mn). Retail revenue increased by 8.4% yoy thanks to new customers and increasing the returning customer rate.
- Blended gross margin of 17.4% narrowed by 2% pts mainly due to the fluctuation in raw material prices and change in product mix. However, we expect GM to expand 0.2% pts/0.4% pts yoy in FY24/25.
- We forecast FY24 net profit to surge 10.8% to VND2,184bn (~US\$89.1mn).

Investment Thesis
Gaining market share through store expansion and new customer base

In 2023, PNJ developed a new customer base by expanding its store system in the Northern region while other jewelry retailers were only able to maintain their number of stores. PNJ added 36 stores in 2023 while its top four competitors combined opened just 18. In our view, PNJ has increased its market share while unbranded jewelry stores are facing difficulties due to weak demand.

FY23 retail revenue declined 7.8% but gross profit increased 2.3%. PNJ does not break down its gross profit by retail and 24K gold, but management claims gross profit increased thanks to a product mix change. Loose diamond products contributed a lower portion of the product portfolio while the company increased designed jewelry products, which have higher gross margins. In addition, thanks to the application of digital transformation, PNJ can enhance data analysis capability, thereby offering more products suitable to consumer tastes and reducing the cost of handling difficult-to-sell products, which increases obsolete inventory.

Gold price fluctuations are not likely to materially impact gross margins

Gold price increases should not significantly impact PNJ's gross margin as: 1) 24K gold sales have a very thin gross profit margin (3%-4%) and do not contribute much to PNJ's total profit; and 2) PNJ applies good inventory management to allocate inventory and properly control production cost.

Cost efficiency measures should support earnings growth

Despite PNJ having a rapid store expansion rate (+10% yoy), the company still controlled costs well with SG&A expense increasing slightly by 2.2% (accounting for 10.7% of net revenue). Despite many marketing programs, SG&A/revenue remained steady at 10%-11%, which supports stable profit growth.

Compelling valuation for the leader in the jewelry market

PNJ is trading at a P/E of 16.9x - still below the peer average of 19.0x despite having a higher ROE and stronger TTM net profit growth. This valuation looks attractive given the company's earnings outlook and dominant position in Vietnam's jewelry market.

Financial summary	12-23A	12-24F	12-25F	12-26F
Revenue growth	(2.2%)	10.9%	6.7%	7.4%
EPS growth	(10.2%)	(3.0%)	9.4%	12.0%
Gross margin	18.3%	18.5%	18.9%	19.0%
Net profit margin	5.9%	5.9%	6.1%	6.4%
P/E (x)	16.5	14.9	13.6	12.1
Rolling P/B (x)	2.2	1.9	1.6	1.4
ROAE	21.6%	20.0%	18.1%	17.0%
Net debt to equity	15.2%	12.6%	7.6%	(1.0%)

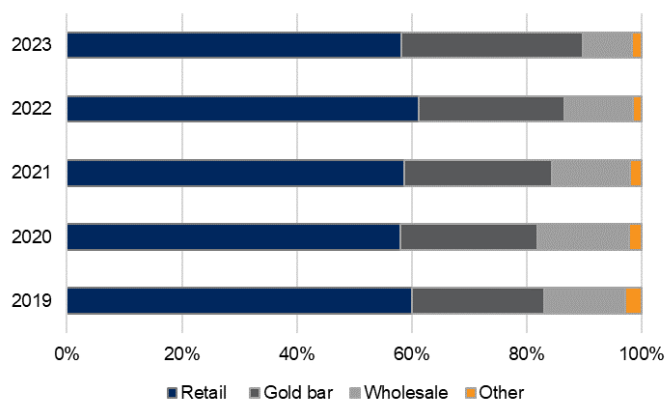
Source: VNDIRECT RESEARCH

Company Profile

Established in 1988, with more than 30 years of development, PNJ has emerged as the leader in Vietnam's branded retail jewelry market, with quality items and various styles after more than 30 years of development.

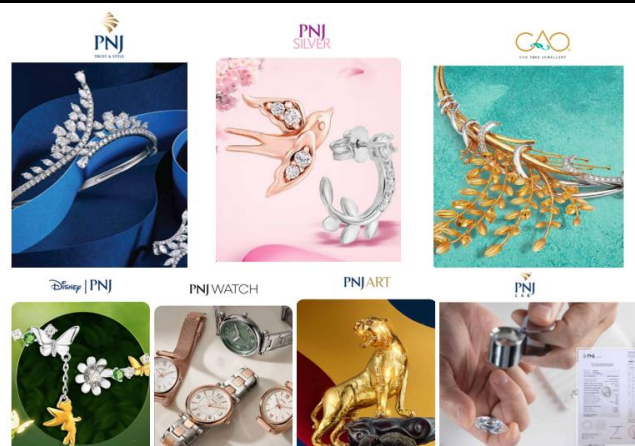
- PNJ is a manufacturer and retailer that supplies jewelry products, including gold jewelry, silver jewelry, and diamonds jewelry (accounting for about 62% of total revenue). The company also supplies 24K gold (accounting for 25.3% of revenue) and processes jewelry for other domestic wholesale customers (accounting for 12% of total revenue).
- Among peers, PNJ has a strong competitive advantage in production capacity with two factories in Go Vap and Long Hau (total capacity of over 4.0 million products/year), employing more than 1.000 artisans and goldsmiths.
- As of 2023, the company has an extensive retail system with 400 brand stores that are constantly being expanded and upgraded. Moreover, an omni-channel sales system through its website and mobile applications provides customers with a comprehensive experience in promotions and customer care that are regularly refreshed.
- PNJ enjoys an experienced, enthusiastic, and dynamic management team, who have an average of 20 years of experience. Currently, the company dominates the jewelry market with a jewelry market share of more than 55% among branded jewelry and a strong upper mid- to high-end customer base.

Figure 1: PNJ revenue divided by segment



Source: VNDIRECT RESEARCH, COMPANY REPORT

Figure 2: PNJ's wide portfolio of product lines



Source: VNDIRECT RESEARCH, COMPANY REPORT

Results Recap: Earnings growth on track

Figure 3: 4Q23 and 2023 earnings revision

VNDbn	4Q23	%yoy	2023	%yoy	vs full year forecast
Net sales	9,760	17.6%	33,137	-2.2%	101.0%
Retail	5,657	-0.2%	19,286	-7.8%	93.9%
24K gold	3,285	75.2%	10,438	20.9%	119.1%
Whole sale	723	25.1%	2,850	-30.5%	100.2%
Other	119	22.7%	563	5.3%	86.6%
Gross profit	1,756	18.8%	6,064	2.3%	96.4%
SG&A	921	7.1%	3,535	0.9%	93.2%
NPAT-MI	632	34.4%	1,971	8.9%	102.9%
GPM	18.0%	0.2% pts	18.3%	0.8% pts	-0.9% pts
NPM	6.5%	0.8% pts	5.9%	0.6% pts	0.1% pts

Source: VNDIRECT RESEARCH, COMPANY REPORT

4Q23 revenue increased significantly in peak season

4Q23 revenue grew 17.6% yoy to VND9,760bn (~US\$397.8m). It also increased strongly by 41.4% qoq as PNJ's high season runs from October to March. The retail segment continued to be the main contributor to total revenue, accounting for 57%, while 24K gold and wholesale contributed 34.3%/7.3%, respectively.

Retail revenue remained flat at -0.2% yoy in 4Q23 as PNJ's cumulative customer base increased while average ticket size decreased slightly. In 2023, the company opened 48 new stores to increase brand coverage. Meanwhile, 24K gold sales rose by 75.2% yoy in 4Q23 amid increasing demand for gold transactions. For FY23, total revenue reached VND33,137bn (~US\$1.35bn, -2.2% yoy), fulfilling 101% of our full-year forecast.

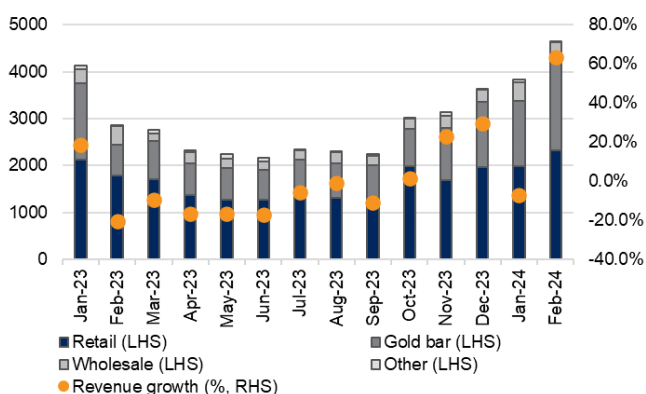
Gross margins improved despite soaring domestic gold prices

4Q23 gross profit increased 18.8% yoy to VND1,756bn (~US\$77m). Gross margin expanded by 0.2% pts to 18.0%, which resulted from selling mixed products with higher profit margins. We also believe good inventory management give PNJ an advantage of a stable cost of goods sold during a period of high domestic gold prices. For FY23, blended gross margin expanded 0.8% pts yoy to 18.3%, but was still slightly lower than our full-year forecast of 19.0%.

FY23 net profit recorded double digit growth

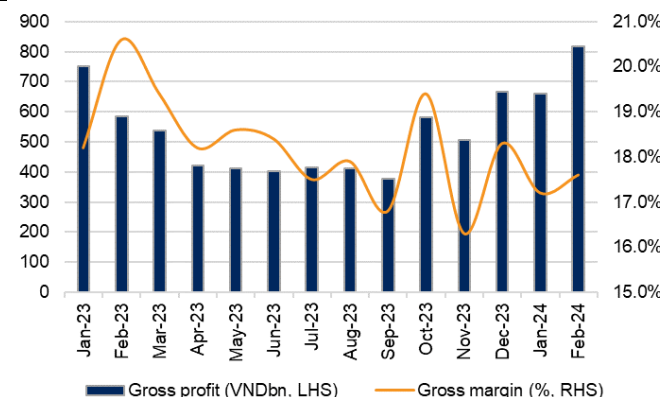
In 4Q23, SG&A expenses/revenue decreased by 1.0% pts yoy thanks to PNJ's efforts to optimize operating costs, while marketing strategies were also more effective. Thus, net profit jumped 34.4% yoy to VND632bn (~US\$25.7mn) in 4Q23. For FY23, PNJ net profit increased 8.9% yoy to VND1,971bn, completing 103% of our full-year projection.

Figure 4: Revenue by segment (VNDbn) from Jan-23 to Feb-24



Source: VNDIRECT RESEARCH, COMPANY REPORT

Figure 5: PNJ's gross profit and GM from Jan-23 to Feb-24



Source: VNDIRECT RESEARCH, COMPANY REPORT

FY24-25 outlook

FY24-25 earnings forecast revision

Figure 6: FY24-25 earnings forecast revision

VNDbn	FY23	Old		New				Comment
		FY24	FY25	FY24F	% yoy	FY25F	% yoy	
Revenue	33,137	35,990	39,665	36,760	10.9%	39,237	6.7%	
Retail	19,181	22,735	25,002	21,360	11.4%	23,341	9.3%	We lower retail revenue forecast by 6.6%/6.6% in FY24-25 as we decrease retail sale per store by 11.4%/11.5% compared to the previous forecast due to lower - than - expected figure in FY23.
24K gold	10,440	9,594	10,592	11,702	12.1%	11,904	1.7%	We increase 24K gold revenue forecast by 22.0%/12.4% in FY24-25 compared to the previous forecast as we raise number of stores by 7.7%/7.1% compared to the previous forecast.
Wholesale	2,844	2,901	3,191	2,901	2.0%	3,046	5.0%	
COGS	(27,078)	(28,980)	(31,916)	(29,946)	10.6%	(31,837)	6.3%	
Gross profit	6,059	7,010	7,749	6,814	12.5%	7,400	8.6%	
Gross profit margin	18.3%	19.5%	19.5%	18.5%	0.2% pts	18.9%	0.4% pts	
Selling expense	(2,836)	(3,543)	(3,819)	(3,263)	15.1%	(3,488)	6.9%	
G&A expense	(694)	(800)	(903)	(761)	9.7%	(860)	13.0%	
SG&A expense	(3,530)	(4,343)	(4,722)	(4,024)	14.0%	(4,348)	8.1%	
Selling expense / revenue	8.6%	9.8%	9.6%	8.9%	0.3% pts	8.9%	0.0% pts	
G&A expense / revenue	2.1%	2.2%	2.3%	2.1%	0.0% pts	2.2%	0.1% pts	
SG&A expense / revenue	10.7%	12.0%	11.9%	11.0%	0.3% pts	11.1%	0.1% pts	
Operating profit	2,529	2,667	3,027	2,790	10.3%	3,052	9.4%	
Net financial expense	(45)	(92)	(102)	(37)	-17.8%	(38)	2.7%	
Profit before tax	2,489	2,552	2,898	2,758	10.8%	3,018	9.4%	
Net profit	1,971	2,042	2,318	2,184	10.8%	2,390	9.4%	

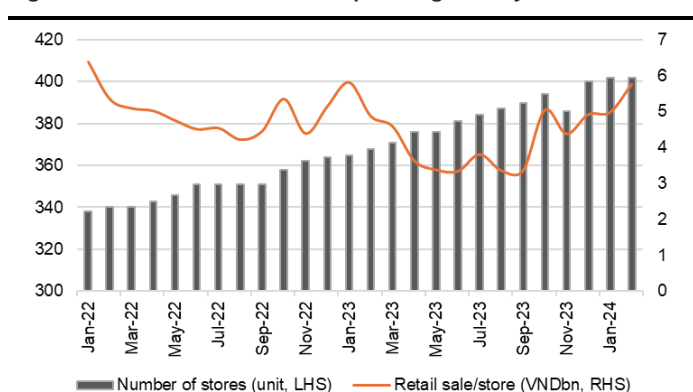
Source: VNDIRECT RESEARCH, COMPANY REPORT

Sustainable revenue growth ahead

Market share gain through store expansion

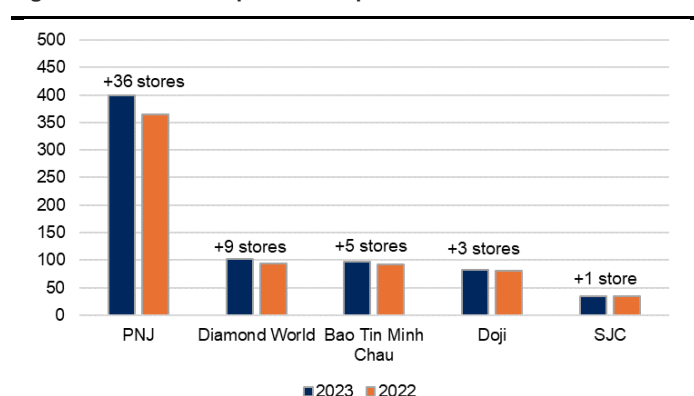
We believe the economy is on the road to recovery with positive signals in 2M24 such as: 1) Vietnam's purchasing managers index (PMI) increased to 50.4 points in February 2024, the second consecutive month higher than 50.0 points, showing that production activities are recovering; 2) export turnover in 2M24 rose by 19.2% yoy, leading factories to increase working hours and employment to meet returning demand; and 3) lower interest rates. Therefore, we expect jewelry consumption demand will also return in 2024 when consumer income improves.

Figure 7: Retail sales/store has improved gradually



Source: VNDIRECT RESEARCH, COMPANY REPORT

Figure 8: PNJ had a rapid store expansion rate in 2023



Source: VNDIRECT RESEARCH, COMPANY REPORT

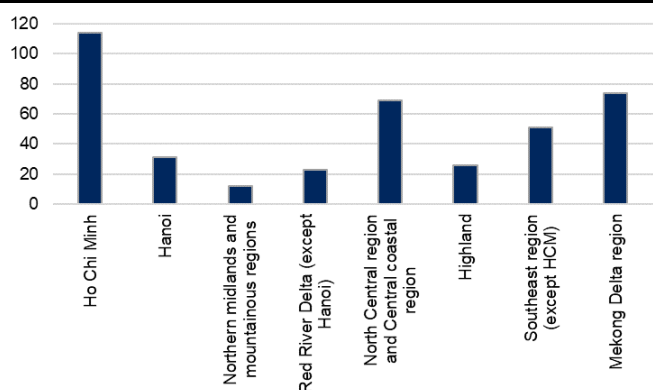
Amid challenges in the retail sector, PNJ still had a rapid store expansion rate, much faster than other jewelry brands in 2023. In our view, PNJ has increased its market share while unbranded jewelry stores are facing difficulties due to weak demand. In 2023, PNJ's wholesale revenue (jewelry processed for other domestic wholesale customers - unbranded jewelry stores) declined by 30.5% yoy, showing the overall difficulties in the jewelry market. However, PNJ's retail revenue only decreased by 7.8% yoy, which means the company has increased market share in 2023 (in our view).

Growing customer base drives revenue

In 2023, PNJ developed a new customer base by expanding the store system in the Vietnam's Northern region while other jewelry companies were only able to maintain their number of retail stores. According to management, 40% of bills in 9M23 came from new customer groups while the purchasing power in the market decreased, proving the company's agile and measured expansion strategy.

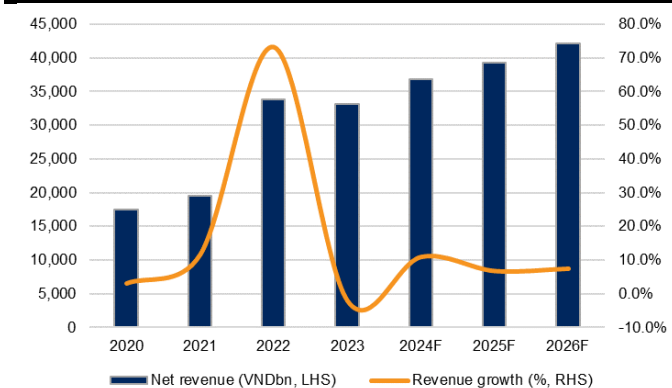
PNJ's store coverage in tier 2 and tier 3 cities is still low while demand for branded jewelry products is on the rise. Thus, we believe that a new customer base will continue to be the driving force for PNJ's retail revenue growth in the coming years, with the market mainly located in these secondary cities. Therefore, we expect the number of stores to increase by 8.7%/6.9% yoy in FY24-25. Meanwhile, we expect same-store sales growth (SSSG) to increase by 2.0%/2.0% yoy following the growth of middle and upper classes in Vietnam. In conclusion, we forecast retail revenue will increase by 11.4%/9.3% yoy in FY24-25. Meanwhile, we project 24K gold revenue to rise 12.1%/1.7% yoy in FY24-25 amid increasing demand for gold transactions.

Figure 9: PNJ's store coverage in the North is still low



Source: VNDIRECT RESEARCH, COMPANY REPORT

Figure 10: We expect net revenue to increase 10.9% in FY24



Source: VNDIRECT RESEARCH, COMPANY REPORT

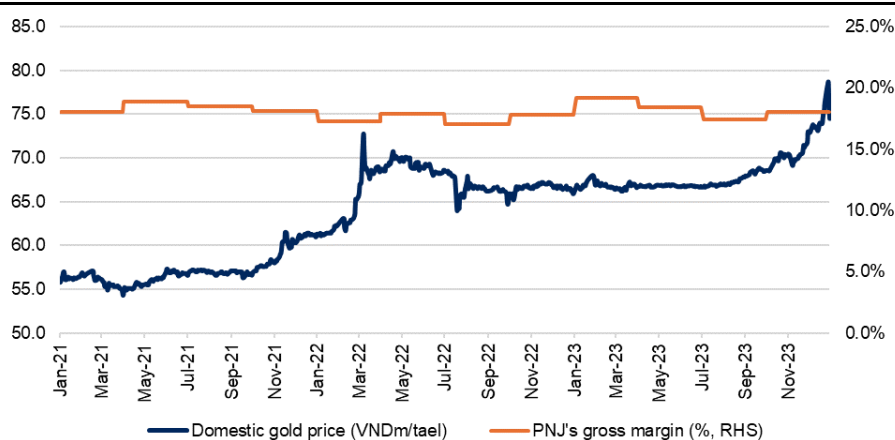
Net profit growth remains double digit in FY24

We see minimal impact of rising gold prices on PNJ's business

Domestic gold prices continued to peak in 2M24 with an increase of 10% ytd. However, we believe that the increase of gold prices will not have a significant impact on PNJ's gross margin as: 1) 24K gold sales have a very thin gross profit margin (3%-4%) and do not contribute much to PNJ's total profit; and 2) PNJ applies good inventory management to allocate inventory and properly control production cost. In addition, thanks to the application of digital transformation, PNJ can enhance data analysis capability, thereby offering products suitable to consumer tastes and reduce the cost of handling difficult-to-sell products (recorded in COGS).

We believe PNJ's new customer base also targets the mid-range jewelry product segment, which will benefit gross margin in 2024. Therefore, we expect PNJ's GM to expand 0.2% pts/0.4% pts yoy in FY24-25.

Figure 11: PNJ's gross profit margin and gold price since 2021-2023



Source: VNDIRECT RESEARCH, COMPANY REPORT

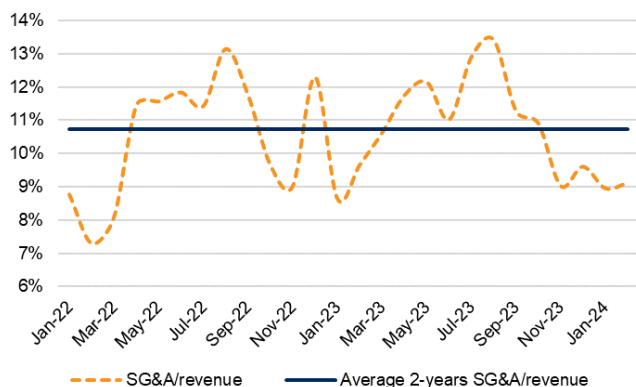
Cost efficiency measures should support earnings growth

Despite PNJ having a rapid store expansion rate (+10% yoy), we saw that the company still controlled costs well with selling, general and administrative (SG&A) expense increasing slightly by 2.2% (accounting for 10.7% of net revenue). We estimate SG&A per store in FY23 was VND9.2bn (US\$380,000), 8.0% lower than in FY22 thanks to the company's cost optimization efforts.

We expect FY24 SG&A as % of net revenue to rise 0.2% pts as we believe PNJ will keep serving the upper mass market by launching new, fashionable collections at affordable prices to develop a new customer base (mainly middle-income buyers). We see that despite launching many marketing programs, costs were managed well with its SG&A/revenue ratio remaining stable at 10%-11%.

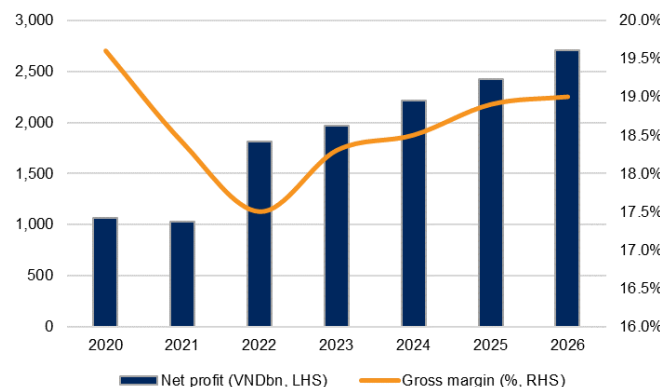
For FY24, we forecast net profit to surge 10.8% yoy thanks to: 1) net revenue increasing 10.9% yoy; 2) gross margin expanding slightly by 0.2% pts yoy despite higher input material cost; and 3) SG&A/revenue ratio remaining stable at 10.9%. For FY25, we expect PNJ's net profit will increase by 9.4% to VND2,390bn (~US\$97.5m).

Figure 12: SG&A/revenue per month from Jan-22 to Feb-24



Source: VNDIRECT RESEARCH, COMPANY REPORT

Figure 13: We expect net profit to increase 10.8% yoy in FY24



Source: VNDIRECT RESEARCH, COMPANY REPORT

Valuation: Reiterate ADD with higher TP of VND114,400

Our valuation is based on an equal weighting combination of DCF valuation and P/E method. We revised up our TP by 18.9% due to the mixed impact of:

- DCF model: We lower our WACC from 9.3% to 7.4% as we lowered our risk-free rate from 2.7% to 2.24% (based on 10-year bond yield as of December 31) and [equity risk premium](#) from 9.6% to 9.0%.
- P/E method: Target P/E of 17.0x (PNJ's three-year average P/E) applied on FY24F EPS.

Potential re-rating catalysts include 1) faster-than-expected store openings; and 2) new projects/collections/concepts which are expected to boost sales.

Downside risks include 1) slower-than-expected store expansion/sales, especially PNJ's jewellery retail sales; and 2) weaker-than-expected jewellery demand.

Figure 14: Valuation summary

Methodology	Price	Weight	Weighted price
FCFF	115,700	50%	57,850
P/E	113,118	50%	56,559
Average price			114,409
Target price (Rounded)			114,400

Source: VNDIRECT RESEARCH

Figure 15: Valuation: Multiples (P/E)

Average FY23-24F NPAT attribute to common share holder (VNDbn)	2,184
No. of outstanding share	328,200,000
2024F EPS (VND)	6,654
Target P/E	17.0
Implied price	113,118

Source: VNDIRECT RESEARCH

Figure 16: Assumptions

Cost of Capital	
Beta	0.7
Market Risk Premium	9.0%
Risk Free Rate	2.2%
Cost of Equity	8.2%
Cost of Debt	6.2%
Corporate Tax Rate	21.7%
WACC	7.4%

Source: VNDIRECT RESEARCH

Figure 17: Target price

DCF Method	Amount	Unit
PV of Free Cash Flows	3,830	VNDbn
PV of Terminal Value (2.0% growth)	35,660	VNDbn
Enterprise value	39,490	VNDbn
Cash and cash equivalents	1,138	VNDbn
Total debts	(2,643)	VNDbn
Equity Value	37,985	VNDbn
Shares	328	million
Price per share	115,700	VND/share

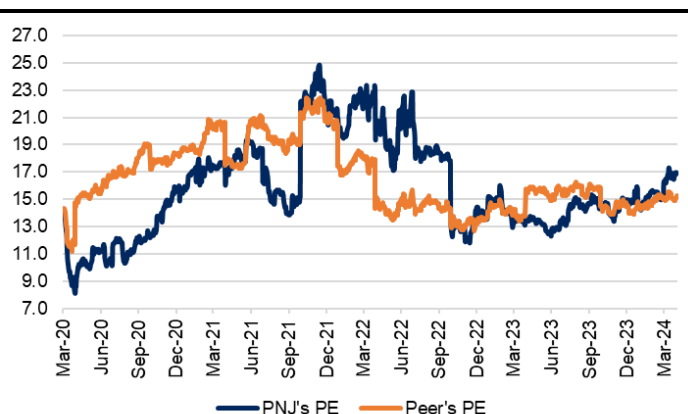
Source: VNDIRECT RESEARCH

Figure 18: DCF Valuation - Summary of free cash flow (FCF)

	2024	2025	2026	2027	2028
EBIT	2,790	3,052	3,416	3,885	4,113
Depreciation	87	93	98	108	118
Capex	(87)	(93)	(163)	(180)	(197)
Change in working cap	(2,618)	(2,086)	(1,537)	(1,071)	(967)
Free Cash Flows	(402)	338	1,111	1,942	2,220
Tax	(574)	(628)	(703)	(800)	(847)
Free Cash Flows to Firm	(402)	338	1,111	1,942	2,220
Terminal Value					50,957
Present Value of FCF	(374)	293	897	1,460	1,554
PV of terminal value					35,660

Source: VNDIRECT RESEARCH

Figure 19: PNJ P/E and peer P/E from Mar-20 to Mar-24 (unit: x)



Source: VNDIRECT RESEARCH

Figure 20: Peer comparison (data at 02/04/2024)

Company	Country	Mkt cap US\$m	TTM net revenue US\$m	yoy %	TTM Net profit US\$m	yoy %	Debt/equity x	ROE %	TTM P/E x	Adj.P/E x	LQ P/B x
Chow Tai Fook Jewellery Group	Hongkong	15,083	12,473	-3.6	858	2.1	101.5	22.8	17.9	17.9	4.5
Citizen Watch Co Ltd	Japan	1,664	2,211	4.8	160	-7.4	28.6	9.5	10.7	18.1	1.1
Asian Star Co Ltd	India	149	558	1.3	10	-11.9	43.8	6.0	13.8	19.0	0.9
Average			558.0	1.3	10.0	-11.9	43.8	6.0	13.8	19.0	0.9
Median			558.0	1.3	10.0	-11.9	43.8	6.0	13.8	19.0	0.9
Phu Nhuan Jewelry JSC	Vietnam	1,328	1,390	-2.2	83	6.7	24.3	19.5	16.9	16.9	3.3

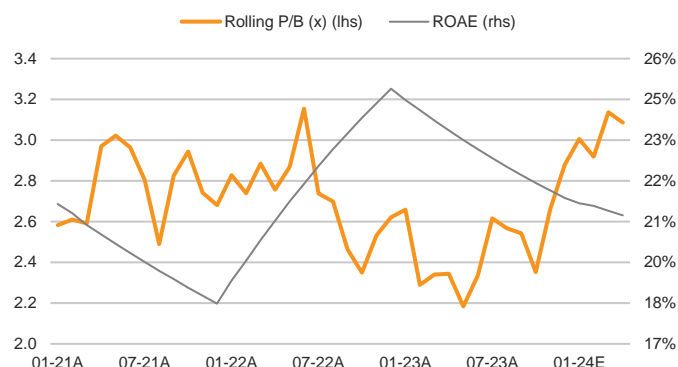
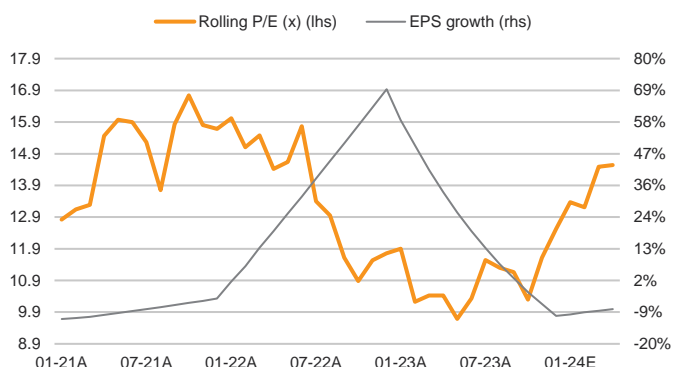
Source: VNDIRECT RESEARCH, BLOOMBERG

Figure 21: Sensitivity of valuation assumption

		Cost of equity						
		7.3%	7.6%	7.9%	8.2%	8.5%	8.8%	9.1%
Terminal growth rate	1.1%	119,000	116,400	114,000	110,600	108,600	106,600	104,800
	1.4%	120,700	117,900	115,300	111,800	109,600	107,600	105,700
	1.7%	122,600	119,600	116,800	113,000	110,700	108,600	106,600
	2.0%	124,800	121,500	118,500	114,400	112,000	109,700	107,500
	2.3%	127,200	123,600	120,400	116,000	113,300	110,900	108,600
	2.6%	130,000	126,100	122,500	117,700	114,900	112,200	109,800
	2.9%	133,200	128,800	124,900	119,700	116,600	113,700	111,100

Source: VNDIRECT RESEARCH, BLOOMBERG

Valuation



Income statement

(VNDbn)	12-23A	12-24E	12-25E
Net revenue	33,137	36,760	39,237
Cost of sales	(27,078)	(29,946)	(31,837)
Gen & admin expenses	(694)	(761)	(860)
Selling expenses	(2,836)	(3,263)	(3,488)
Operating profit	2,529	2,790	3,052
Operating EBITDA	2,610	2,877	3,145
Depreciation and amortisation	(81)	(87)	(93)
Operating EBIT	2,529	2,790	3,052
Interest income	98	74	79
Financial expense	(143)	(111)	(117)
Net other income	5	5	4
Income from associates & JVs	0	0	0
Pre-tax profit	2,489	2,758	3,018
Tax expense	(518)	(574)	(628)
Minority interest	0	0	0
Net profit	1,971	2,184	2,390
Adj. net profit to ordinary	1,971	2,184	2,390
Ordinary dividends	(611)	(656)	(656)
Retained earnings	1,360	1,528	1,734

Balance sheet

(VNDbn)	12-23A	12-24E	12-25E
Cash and equivalents	896	1,138	1,684
Short term investments	810	346	251
Accounts receivables	217	273	318
Inventories	10,941	13,231	14,847
Other current assets	96	636	1,186
Total current assets	12,960	15,624	18,286
Fixed assets	883	882	881
Total investments	33	0	0
Other long-term assets	554	607	648
Total assets	14,430	17,113	19,815
Short-term debt	2,384	2,643	2,782
Accounts payable	255	300	312
Other current liabilities	1,974	2,171	2,332
Total current liabilities	4,613	5,114	5,426
Total long-term debt	0	0	0
Other liabilities	11	9	9
Share capital	3,282	3,282	3,282
Retained earnings reserve	2,740	4,720	6,908
Shareholders' equity	9,806	11,990	14,380
Minority interest	0	0	0
Total liabilities & equity	14,430	17,113	19,815

Cash flow statement

(VNDbn)	12-23A	12-24E	12-25E
Pretax profit	2,489	2,758	3,018
Depreciation & amortisation	81	87	93
Tax paid	(466)	(574)	(628)
Other adjustments	59	71	77
Change in working capital	(660)	(2,044)	(1,458)
Cash flow from operations	1,503	298	1,102
Capex	(82)	(87)	(93)
Proceeds from assets sales	1	0	0
Others	(564)	420	62
Other non-current assets changes	68	0	0
Cash flow from investing activities	(577)	333	(31)
New share issuance	0	0	0
Shares buyback	0	0	0
Net borrowings	(299)	259	139
Other financing cash flow	0	0	0
Dividends paid	(611)	(656)	(656)
Cash flow from financing activities	(910)	(397)	(517)
Cash and equivalents at beginning of period	880	896	1,138
Total cash generated	16	234	554
Cash and equivalents at the end of period	896	1,130	1,692

Key ratios

	12-23A	12-24E	12-25E
Dupont			
Net profit margin	5.9%	5.9%	6.1%
Asset turnover	2.39	2.33	2.13
ROAA	14.2%	13.8%	12.9%
Avg assets/avg equity	1.52	1.45	1.40
ROAE	21.6%	20.0%	18.1%
Efficiency			
Days account receivable	0.8	1.0	1.0
Days inventory	147.5	161.7	170.2
Days creditor	3.4	3.7	3.6
Fixed asset turnover	37.55	41.65	44.51
ROIC	16.2%	14.9%	13.9%
Liquidity			
Current ratio	2.8	3.1	3.4
Quick ratio	0.4	0.5	0.6
Cash ratio	0.4	0.3	0.4
Cash cycle	144.8	159.0	167.6
Growth rate (yoy)			
Revenue growth	(2.2%)	10.9%	6.7%
Operating profit growth	4.3%	10.3%	9.4%
Net profit growth	8.8%	10.8%	9.4%
EPS growth	(10.2%)	(3.0%)	9.4%

Source: VND RESEARCH

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RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Growth Ratings

Definition:

Positive	We forecast the company to have stronger earnings growth than peers over the investment horizon.
Neutral	We forecast the company's earnings growth to be in line with peers over the investment horizon.
Negative	We forecast the company to have weaker earnings growth than peers over the investment horizon.

Value Ratings

Definition:

Positive	The current share price is lower than peers on the basis of historical P/E, P/B or another ratio specified.
Neutral	The current share price is in-line with peers on the basis of historical P/E, P/B or another ratio specified.
Negative	The current share price is higher than peers on the basis of historical P/E, P/B or another ratio specified.

Sector Ratings

Definition:

Overweight	Stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	Stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	Stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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