

Phu Nhuan Jewelry (PNJ)

Managing through soft consumer demand

May 9, 2025

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PNJ delivered a soft 1Q2025 performance amid retail headwinds and store network freeze

Gross profit margin expanded by 4.2ppts YoY thanks to higher contribution from the retail segment

Both wholesale and retail segments recorded positive growth while 24K gold bar sales fell sharply

We reiterate BUY for PNJ with a target price of VND98,400

PNJ ended 1Q2025 with net revenue of VND9,635 billion (-23.5% YoY) and NPAT of VND678 billion (-8.1% YoY), primarily impacted by the underperformance of the retail segment. Throughout the quarter, the company maintained its store network at 429 locations, with no new openings.

As of the end of the first quarter, PNJ reported gross profit of VND2,048 billion, equivalent to a gross profit margin (GPM) of 21.3% (+4.2 ppts YoY). This marked increase in GPM was largely driven by the higher contribution of retail revenue, which rose to 69.3% of total revenue from 50.5% in the same period last year.

The retail segment generated VND6,745 billion (+6.1% YoY) in revenue in the first three months of the year, supported by effective marketing initiatives and a product strategy well aligned with market trends, despite subdued consumer demand in the jewelry market. Wholesale revenue also posted strong growth, increasing by 22.4% YoY to VND1,156 billion, reflecting PNJ's strengths as a reputable and professionally operated manufacturer. On the other hand, 24K gold bar sales declined sharply by 65.8% YoY to VND1,744 billion due to ongoing raw material shortages and supply constraints that have persisted since late 2024.

We have revised our full-year 2025 forecasts for PNJ with net revenue of VND31,610 billion (-16.4% YoY) and NPAT of VND2,077 billion (-1.8% YoY). Considering the long-term growth potential of the retail segment and PNJ's attractive valuation, we maintain our BUY recommendation for PNJ in 2025, with a revised target price of VND98,400 per share.

Buy maintain

Target price	VND98,400
Upside	29.2%
Current price (May 9, 2025)	VND 76,400
Consensus target price	VND 101,400
Market cap (VNDtn/USDbn)	24.7/1.0

Forecast earnings & valuation

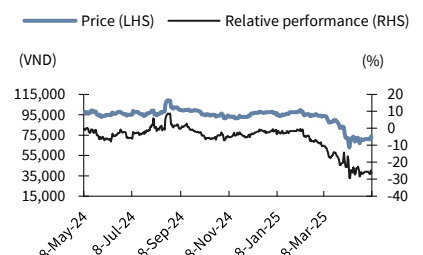
FY-end	2023A	2024A	2025F	2026F
Net revenue (VNDbn)	33,137	37,823	31,610	34,567
Operating income/loss (VNDbn)	2,607	2,698	2,713	3,428
NPAT-MI (VNDbn)	1,971	2,115	2,077	2,651
EPS (VND)	6,009	6,444	6,144	7,840
EPS growth (%)	0.6	7.2	-4.7	27.6
P/E (x)	12.1	11.3	11.9	9.3
P/B (x)	2.6	2.2	2.2	2.0
ROE (%)	20.1	18.8	17.4	20.3
Dividend yield (%)	1.9	2.8	2.7	2.7

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%)

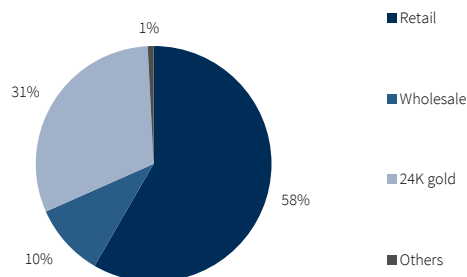
Share price performance

(%)	1M	3M	6M	12M
Absolute	7.9	-25.9	-21.7	-25.4
Relative	-2.5	-24.0	-21.5	-25.4



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

Consumer demand is expected to remain under pressure amid persistently elevated gold prices.

Ongoing shortages of raw gold have adversely affected the 24K gold segment, as available materials are being prioritized for higher-margin retail jewelry production.

Gross profit margin is anticipated to improve, supported by the increasing contribution from the retail segment.

Notes

Please find more details below

Please find more details [here](#)

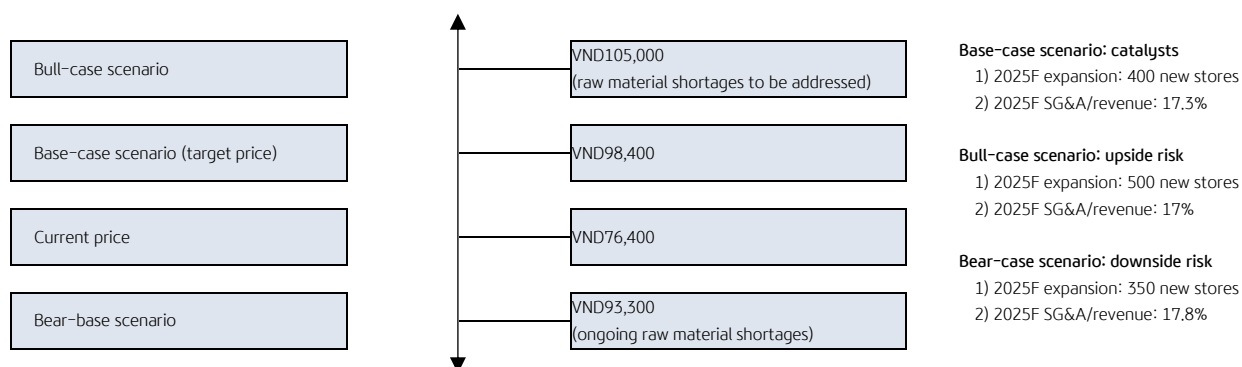
Please find more details [here](#)

Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	31,610	34,567	-3%	-3%	32,667	36,083	-3%	-4%
EBIT	2,713	3,428	-15%	-9%	2,685	3,083	1%	11%
NP after MI	2,077	2,651	-16%	-9%	2,148	2,558	-3%	4%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

PNJ met 30.5% of its full-year revenue target and 34.6% of its NPAT target

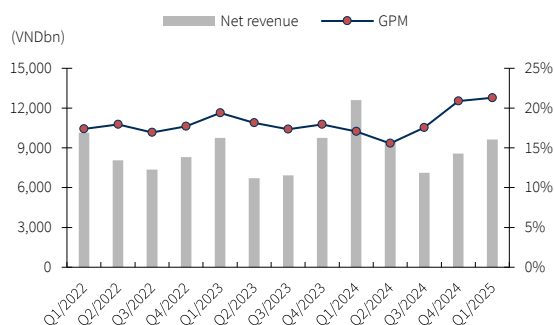
Management has set 2025 targets for revenue and NPAT at VND31,607 billion (–17.3% YoY) and VND1,959 billion (–7.3% YoY), respectively, reflecting a cautious outlook amid continued softness in jewelry market demand. By the end of 1Q2025, PNJ had achieved 30.5% of its full-year revenue target and 34.6% of its NPAT target.

Table 1. PNJ – 1Q2025 financial results

(VNDbn)	1Q2024	1Q2025	+/-%YoY	3M2024	3M2025	+/-%YoY	Notes
Revenue	12,594	9,635	–23.5%	12,594	9,635	–23.5%	
– Retail	6,360	6,677	5.0%	6,360	6,677	5.0%	Retail growth was driven by (i) the successful acquisition of new customers through peak-season marketing campaigns and (ii) a product strategy well aligned with market demand.
– 24K gold	5,164	1,744	–66.2%	5,164	1,744	–66.2%	The 66.2% decline in growth was primarily attributed to challenges in sourcing raw materials and a prolonged shortage of 24K gold products since the end of 2024.
– Wholesale	945	1,156	22.4%	945	1,156	22.4%	Wholesale revenue surged, driven by PNJ's reputation as a reliable manufacturer, its systematic operations, and strict adherence to regulations in a market that prioritizes transparency.
Gross profit	2,149	2,048	–4.7%	2,149	2,048	–4.7%	GPM for 1Q2025 improved by 4.2 percentage points (ppt), largely due to a significant reduction in the proportion of 24K gold sales, which fell to 18.1%.
Gross profit margin	17.1%	21.3%	4.2ppt	17.1%	21.3%	4.2ppt	
Financial income	14	38	164.9%	14	38	164.9%	Financial income increased significantly, driven by a 2.1-fold increase in interest income from deposits.
Financial expenses	–24	–37	54.7%	–24	–37	54.7%	Financial expenses decreased sharply, benefiting from the prevailing low-interest rate environment.
SG&A	–1,203	–1,199	–0.3%	–1,203	–1,199	–0.3%	
Operating income/loss	937	850	–9.3%	937	850	–9.3%	
Profit before tax (PBT)	936	854	–8.7%	936	854	–8.7%	
Net profit after tax (NPAT)	738	678	–8.1%	738	678	–8.1%	
NPAT–MI	738	678	–8.1%	738	678	–8.1%	
<i>NPAT margin</i>	<i>5.9%</i>	<i>7.0%</i>	<i>1.2ppt</i>	<i>5.9%</i>	<i>7.0%</i>	<i>1.2ppt</i>	

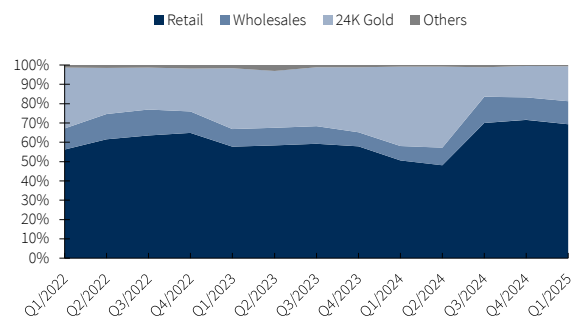
Source: Phu Nhuan Jewelry, KB Securities Vietnam

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



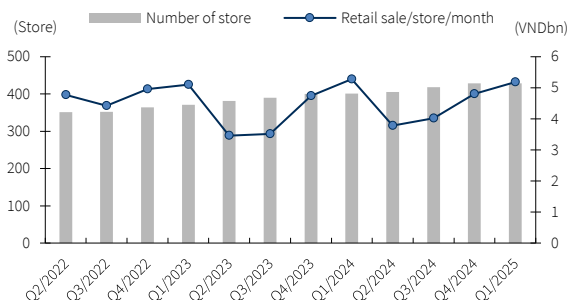
Source: Phu Nhuan Jewelry, KB Securities Vietnam

Fig 3. PNJ – Revenue breakdown (%)



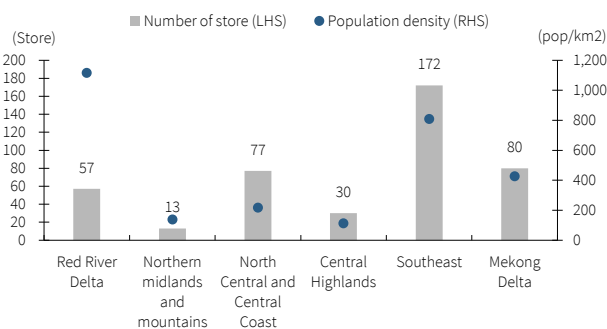
Source: Phu Nhuan Jewelry, KB Securities Vietnam

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



Source: Phu Nhuan Jewelry, KB Securities Vietnam

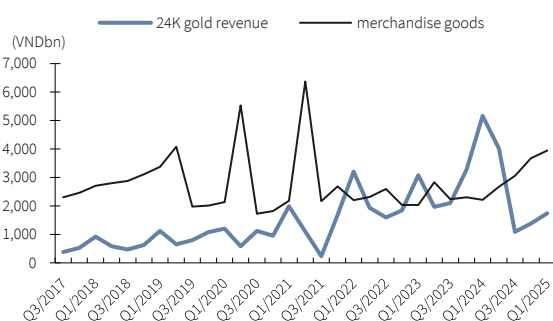
Fig 5. PNJ – Store count vs. population density by region



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

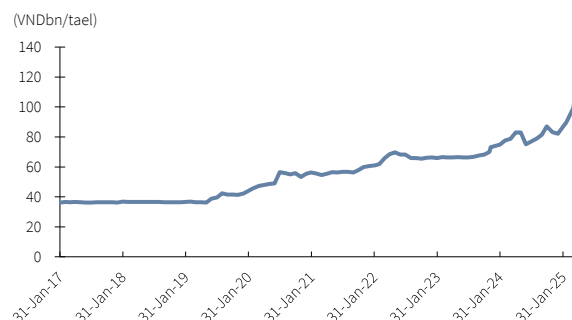
*Note: Population density is calculated as of the end of 2023.

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: Bieudogiang, KB Securities Vietnam

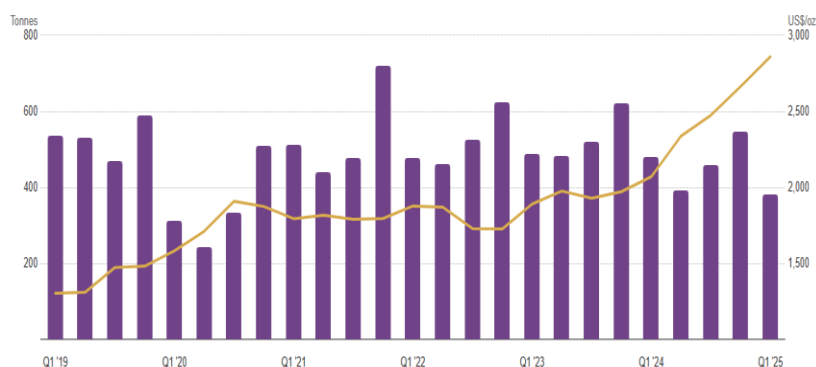
KBSV lowers PNJ's 2025 revenue forecast amid weak jewelry demand and 24K gold supply constraints

KBSV has revised 2025 net revenue forecast for PNJ downward to VND31,610 billion (-3.1% compared to the previous report), representing a 9.4% YoY decline. This adjustment stems from the anticipated underperformance of both the jewelry retail and 24K gold bar segments and is in line with the revenue target set by the company's management for the year.

In the retail segment, global jewelry consumption fell sharply by 20.8% YoY in 1Q2025, declining from 480 tons to 380 tons, the lowest level recorded since the post-COVID recovery began in 2020. This contraction occurred alongside a 38.2% YoY surge in LBMA (London Bullion Market Association) gold prices (Figure 8). We believe the significant rise in gold prices has pushed jewelry prices higher, softening consumer demand due to increased price sensitivity. Moreover, heightened geopolitical uncertainty, most notably President Trump's proposed retaliatory tariff policies, has led consumers to favor gold bars over jewelry, given their higher perceived value retention.

As for the 24K gold segment, as noted in our previous report, ongoing raw material shortages and prolonged supply disruptions since the second half of 2024 have prompted PNJ to prioritize the allocation of gold resources to the jewelry retail segment, which commands a higher gross profit margin.

Fig 8. Global – Jewelry consumption and LBMA gold prices from 1Q2019 to 1Q2025 (tons, USD/ounce)



Source: World Gold Council, KB Securities Vietnam

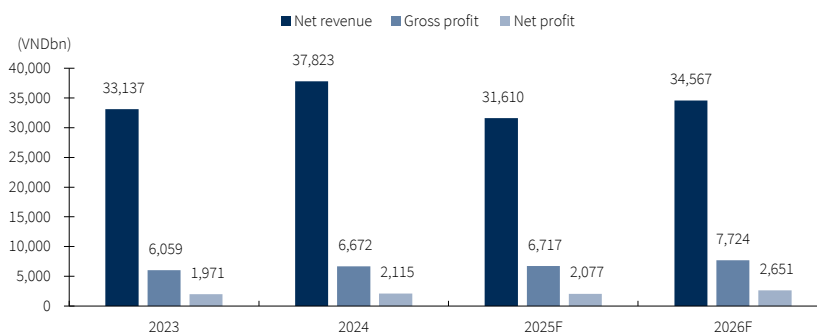
Forecast & Valuation

Table 9. PNJ – 2024A–2026F financial results

(VNDbn)	2024A	2025F	+/-%YoY	2026F	+/-%YoY	Notes
Revenue	37,823	31,610	-16.4%	34,567	9.4%	
– Retail	22,051	24,452	10.9%	26,888	10.0%	Retail revenue growth has been revised downward by 3.1 percentage points from the previous estimate, reflecting subdued consumer demand for jewelry in 2025.
– 24K gold	11,649	3,262	-72.0%	3,588	10.0%	24K gold bar revenue is forecast to decline by 72% YoY in 2025, driven by ongoing raw gold supply shortages and PNJ's decision to prioritize raw gold for higher-margin jewelry products.
– Wholesale	3,782	3,896	3.0%	4,091	5.0%	Wholesale revenue is projected to increase as wholesale customers shift toward reputable manufacturers like PNJ amid tightening regulations on gold trading.
Gross profit	6,672	6,717	0.7%	7,724	15.0%	– GPM is expected to improve moving forward, supported by the higher contribution from the retail segment.
Gross profit margin	17.6%	21.3%	3.6ppts	22.3%	1.1ppts	– However, it has been revised down by 0.9 percentage points from the previous projection due to the stronger-than-anticipated impact of jewelry gold recycling on retail margins.
Financial income	77	81	4.7%	92	13.8%	
Financial expenses	-95	-116	21.8%	-114	-1.8%	
SG&A	-4,002	-4,085	2.1%	-4,387	7.4%	
PBT	2,651.17	2,597	-2.0%	3,314	27.6%	
NPAT	2,115	2,077	-1.8%	2,651	27.6%	
NPAT-MI	2,115	2,077	-1.8%	2,651	27.6%	
NPAT margin	5.6%	6.6%	0.98ppts	7.7%	1.1ppts	

Source: Phu Nhuan Jewelry, KB Securities Vietnam

Fig 10. PNJ – 2023A–2026F financial results



Source: Phu Nhuan Jewelry, KB Securities Vietnam

We reiterate BUY for PNJ with a target price of VND98,400/share

We combine two valuation methods, discounted cash flow (DCF) and comparative valuation, to determine a fair price for PNJ in 2025.

1. DCF valuation

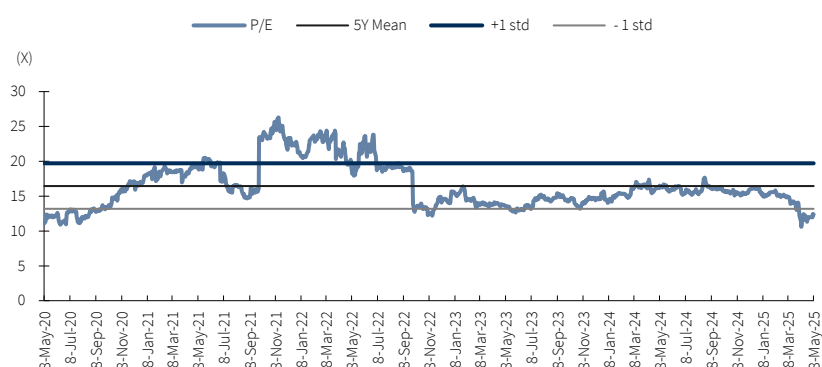
We apply the free cash flow to the firm (FCFF) approach with the assumptions outlined below (Table 12). This method yields a target price of VND101,835 per share.

2. Comparative valuation

We assign PNJ a forward P/E ratio of 15.5x, consistent with its three-year average, and a 2025 EPS estimate of VND6,144, leading to a target price of VND95,063 per share.

By applying an equal 50-50 weighting to both methods, we maintain our BUY recommendation for PNJ, with a target price of VND98,400 per share, implying a 29.2% upside from its closing price on May 9, 2025.

Fig 11. PNJ – P/E in 2020-2025



Source: Bloomberg, KB Securities Vietnam

Table 12. PNJ – FCFF valuation & model assumptions

Cost of equity	11.52%	PV of terminal value (VNDbn)	22,881
After-tax cost of debt	2.87%	PV of FCFF (VNDbn)	36,452
Risk-free rate	4.70%	Cash & equivalents (VNDbn)	2,823
Beta	0.87	Short-term investments (VNDbn)	1,264
Terminal growth	2.0%	Total debt (VNDbn)	3,235
Forecast duration (years)	6	Equity value (VNDbn)	34,428
WACC	9.7%	Number of shares outstanding	338,074,776
Target price (VND/share)			101,835

Source: KB Securities Vietnam

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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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