

PHU NHUAN JEWELRY JSC (PNJ) – UPDATE

Market Price	Target Price	Dividend Yield	Rating	Sector
VND110,800	VND128,200	1.96%	Add	CONSUMER GOODS

16 November 2021

Outlook – Short term: **Neutral**
Outlook – Long term: **Positive**
Valuation: **Positive**

Consensus*: Add:11 Hold:3 Reduce:0

Target price / Consensus: 15.2%

Key changes in the report

➤ Changed NP FY22/23F by -5.6/1.7%

Price performance



Source: VND RESEARCH

Key statistics

52w high (VND)	110,800
52w low (VND)	72,100
3m Avg daily value (VNDmn)	62,452
Market cap (VND bn)	24,988
Free float (%)	33
TTM P/E (x)	25.0
Current P/B (x)	4.2

Ownership

Vietnam Enterprise Investments	10.3%
Cao Thị Ngọc Dung	9.0%
Vinacapital	8.1%
Others	72.6%

Source: VND RESEARCH

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A strong bounce back since Oct

- In 9M21, PNJ posted revenue of VND12,514bn (+7.3% yoy) and NP of VND576bn (-10.3% yoy), fulfilling only 39% of our FY21F forecast.
- PNJ reported Oct 21 preliminary revenue posted a strong growth of 12-15% yoy, firming a strong recovery after social distancing period.
- Reiterate ADD with a higher TP of VND128,200.

3Q21 recap: The weakest quarter since its listing

3Q21 revenue dived 77.6% yoy to VND877bn as 80% of its stores must close for about 10 weeks to mid-Sep due to stricter nationwide lockdown. Thus, PNJ recorded net loss of VND160bn compared to net profit of VND202bn in 3Q20. For 9M21, PNJ posted a revenue of VND12,514bn (+7.3% yoy) and NP of VND576bn (-10.3% yoy), fulfilling 39% of our FY21F forecast.

We see the shine again since Oct 21

PNJ reported Oct 21 preliminary revenue posted a strong growth of 12-15% yoy, firming a strong recovery after social distancing period thanks to PNJ's strategy to boost retail sale, include: 1) release an attractive concept – Style by PNJ, 2) effective advertising campaign, and 3) co-operate with Pandora to become "Multi Branded Stores". As the gold price rally of nearly 8% qtd, we believe this rise will not have a significant impact to PNJ business due to: 1) the current rise is still lower than 2020, 2) PNJ's main growth engine is retail jewelry with has low correlation to gold price, 3) gold bar sales have a very thin gross profit margin and 4) PNJ has a good inventory management to control production cost.

Change in our FY21-23E earnings forecasts

We lower the revenue of jewelry sale per store by 4.2%/6.8% in FY22/23F to reflect the lower than expected jewelry sale in 2021. However we increase the number of new PNJ gold stores in FY22/23F from 15/20 stores to 35/20 stores according to PNJ new expansion strategy. Thus, revenue of retail channel in FY21/22F changed -0.7%/7.0% vs. previous report. We changed FY21/22F revenue by -3.5%/3.4% and NP by -5.6%/1.7% vs. the previous forecast. All in all, we expect PNJ's NP to bounce back 60.7% yoy / 22.6% yoy in FY22/23F.

Reiterate ADD with a higher TP of VND128,200

We raise our 1-year DCF-based target price (TP) by 7.6% to VND128,200 per share following a rollover in valuation to FY22F and changes in net profit forecast by -5.6% in FY22F and 0.5%-4.6% in FY23-31F vs. previous forecast. Potential re-rating catalysts include 1) a faster-than-expected store opening, 2) a better-than-expected recovery after the pandemic, and 3) new projects are expected to boost sales. Downside risk to our call is a wide range social distancing lead to another wide range store closure.

Financial summary (VND)	12-20A	12-21E	12-22E	12-23E
Net revenue (bn)	17,511	18,245	21,769	25,347
Revenue growth	3.0%	4.2%	19.3%	16.4%
Gross margin	19.6%	19.1%	20.0%	20.4%
EBITDA margin	8.9%	7.8%	10.2%	10.7%
Net profit (bn)	1,070	1,006	1,616	1,982
Net profit growth	(10.2%)	(5.9%)	60.7%	22.6%
Recurring profit growth	(9.9%)	(6.2%)	60.7%	22.7%
Basic EPS	4,747	4,465	7,174	8,797
Adjusted EPS	4,210	3,880	6,553	8,148
BVPS	23,267	25,423	30,796	37,793
ROAE	21.8%	18.3%	25.5%	25.7%

Source: VND RESEARCH

A STRONG BOUNCE BACK SINCE OCT

Investment thesis

We like PNJ for:

- PNJ is the largest jewelry retailer in Vietnam, with a jewelry market share of more than 30% in jewelry chains in Vietnam and continues to expand after the pandemic. PNJ reported that Oct 21 preliminary revenue still posted a growth of 12-15% yoy, confirming PNJ's strong recovery after social distancing period.
- We expect PNJ's strategies to support PNJ's retail growth in the future, include 1) attractive concept – Style by PNJ, 2) effective advertising campaign, 3) co-operate with Pandora to become “Multi Branded Stores” and 4) increase digitization and aim for omnichannel sale.
- The “new normal” to live with the pandemic will reduce risks related to store closure to ensure the continued operation of PNJ in the near future.
- We expect PNJ can post a robust growth in net profit of 60.7% yoy / 22.6% yoy in FY22/23F.
- PNJ's valuation is still attractive with a 1-year target price of VND128,200, equivalent to upside of 15.7%.

Investment risks: A wide range store closure due to Covid-19 mutation, slower than expected store opening and lower than expected growth of PNJ's sale, especially PNJ's jewelry retail sale.

We increased 1-year target price for PNJ by 7.6% to VND128,200, following a rollover in valuation to FY22F and changes in net profit forecast of decreased by 5.6% in FY22F and increased from 0.5% to 4.6% in FY23-31F vs. previous forecast. Our DCF-based target price is VND128,300 on the assumptions of a risk-free rate at 3% and WACC at 10.8%.

Figure 1: Assumptions

Cost of Capital	
Beta	0.9
Market Risk Premium	10.1%
Risk Free Rate	3.0%
Cost of Equity	12.5%
Cost of Debt	5.0%
Corporate Tax Rate	20.0%
WACC	10.8%

Source: VNDIRECT RESEARCH

Figure 2: Target price

DCF Method	Amount	Unit
PV of Free Cash Flows	14,339	VNDbn
PV of Terminal Value (2.0% growth)	16,597	VNDbn
Enterprise value	30,936	VNDbn
Cash and cash equivalents	685	VNDbn
Total debts	(2,741)	VNDbn
Equity Value	28,880	VNDbn
Shares	225	million
Price per share	128,200	VND/share

Source: VNDIRECT RESEARCH

Figure 3: Peer Comparison

Company	Bloomberg Ticker	Recom.	Share Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	P/E (x)			3-year EPS CAGR (%)	P/BV (x)			ROE (%)			ROA (%)		
						TTM	FY22F	FY23F		TTM	FY22F	FY23F	TTM	FY22F	FY23F	TTM	FY22F	FY23F
Phu Nhuan Jewelry JSC	PNJ VN	ADD	110,800	128,200	1,112	25.0	16.9	13.6	11.8%	4.2	4.0	3.3	18.4%	25.5%	25.7%	10.9%	15.3%	16.2%
Tiffany & Co	TIF US	na	na	na	na	na	na	na	12.5%	na	na	na	9.0%	9.0%	13.9%	4.4%	4.0%	8.5%
Chow Tai Fook Jewellery Group Ltd	1929 HK	na	16.70	6.00	21,441	29.0	24.7	21.1	27.7%	5.7	5.2	4.8	21.1%	21.7%	23.0%	9.3%	10.8%	11.1%
Chow Sang Sang Holdings Ltd	116 HK	na	11.80	na	1,026	9.3	8.1	7.2	-12.1%	0.6	0.6	0.6	7.4%	8.1%	8.6%	5.4%	5.8%	6.4%
Average - Jewelry retailers						19.1	16.4	14.1	9.4%	3.2	2.9	2.7	12.5%	12.9%	15.2%	6.3%	6.9%	8.7%

All prices are based on the closing prices on 15 Nov 2021

Source: BLOOMBERG, VNDIRECT RESEARCH

3Q21: The weakest quarter since its listing

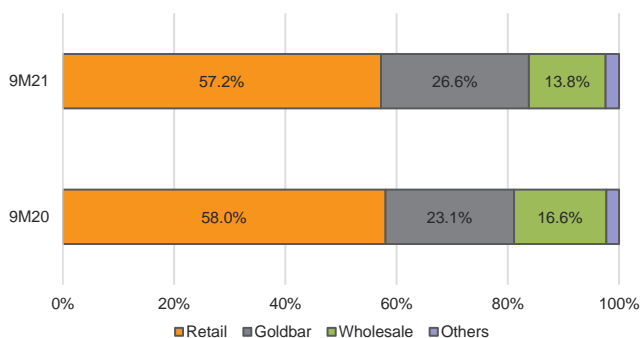
- 3Q21 revenue dived 77.6% yoy to VND877bn as 80% of its stores must close for about 10 weeks to mid-Sep due to stricter nationwide lockdown.
- 3Q21 gross margin decreased by 0.93% pts yoy to 17.8% as PNJ launched promotions to boost online shopping during the lockdown period. Thus, PNJ recorded a loss of VND160bn compared to a profit of VND202bn in 3Q20.
- In Sep 21, PNJ recorded revenue of VND226bn (-83.6% yoy, +121% qoq) and recorded net loss of VND48bn (vs VND94bn net profit in Sep 20/net loss of VND79bn in Aug 21). PNJ's September business results showed a gradual recovery when HCMC and southern provinces gradually eased social distancing and gradually reopened from the middle of Sep 21.
- For 9M21, PNJ's revenue recorded VND12,514bn (+7.25% yoy) of which retail sale and gold bar revenue delivered positive growths of 7.9% yoy and 13.1% yoy respectively while wholesale revenue decreased 6.2% yoy.
- 9M21 net profit reached VND576bn (-10.3% yoy), fulfilling 39.0% of our FY21F projection.

Figure 4: 9M21 results comparison

Unit(VNDbn)	3Q20	3Q21	% yoy	9M20	9M21	% yoy	VND's forecast	%vs VND's forecast	Comments
Revenue	3,922	877	-77.64%	11,668	12,514	7.25%	20,902	59.9%	Under our expectation
Retail	2,207	537	-75.67%	6,634	7,158	7.90%	12,545	57.1%	
Goldbar	1,137	234	-79.42%	2,943	3,329	13.12%	4,425	75.2%	
Wholesale	543	74	-86.37%	1,841	1,727	-6.19%	3,416	50.6%	
COGS	40	32	-20.00%	9,411	10,198	8.36%	-16,811	-60.7%	
Gross profit	734	156	-78.75%	2,257	2,316	2.61%	4,091	56.6%	Under our expectation
Gross profit margin	18.71%	17.79%	-0.93 % pts	19.34%	18.51%	-0.84 % pts	19.60%	-1.09 % pts	
Net financial expense	-42	-25	-40.48%	-128	-64	-50.00%	-82	78.0%	
Selling expense	-319	-251	-21.32%	-976	-1174	20.29%	-1489	78.8%	
G&A expense	-113	-74	-34.51%	-337	-352	4.45%	-672	52.4%	
SG&A expense	-432.00	-325.00	-24.77%	-1,313.00	-1,526.00	16.22%	-2,161.00	52.4%	Under our expectation
Selling expense / revenue	8.13%	28.62%	20.49 % pts	8.36%	9.38%	1.02 % pts	7.1%	2.28 % pts	
G&A expense / revenue	2.88%	8.44%	5.56 % pts	2.89%	2.81%	-0.08 % pts	3.2%	-0.39 % pts	
SG&A expense / revenue	11.01%	37.06%	26.04 % pts	11.25%	12.19%	0.94 % pts	10.3%	1.89 % pts	
Operating profit	260	-193	-174.23%	815	727	-10.80%	1,930	37.7%	Under our expectation
Pretax profit	256	-194	-175.78%	810	728	-10.12%	1,847	39.4%	
Net profit	202	-160	-179.21%	642	576	-10.28%	1,477	39.0%	Under our expectation

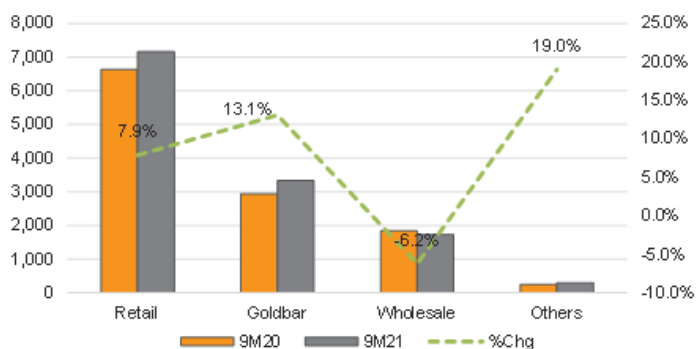
Source: VNDIRECT Research, company reports

Figure 5: PNJ's revenue breakdown by business in 9M21 and 9M20 (Unit: VNDbn)

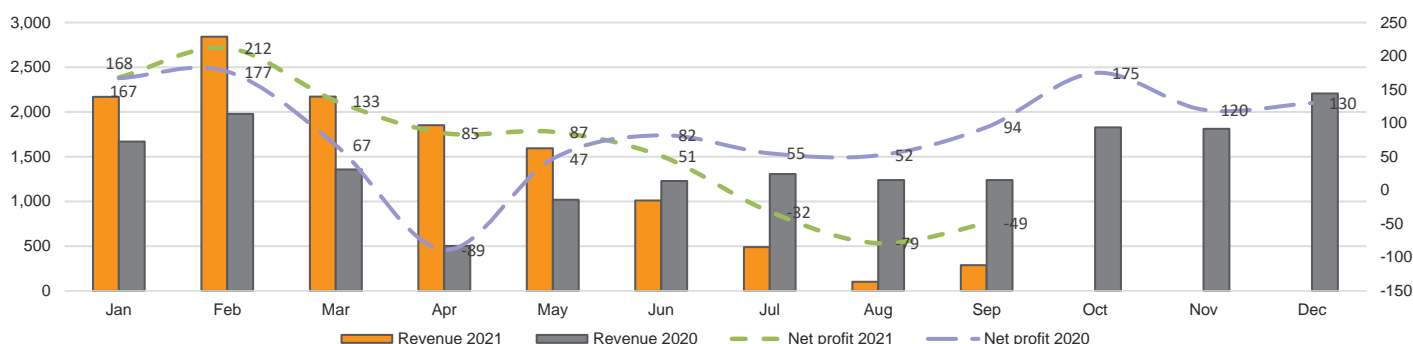


Source: VNDIRECT Research, company reports

Figure 6: Revenue by business in 9M21 and 9M20 (Unit: VNDbn)



Source: VNDIRECT Research, company reports

Figure 7: Monthly revenue and net profit of PNJ from 2020-21 (Unit: VNDbn)


Source: VNDIRECT Research, company reports

FY22F – FY23F outlook: Omnichannel and PNJ's strong brand will boost PNJ's retail sale in "new normal" state

"New normal" state will prevent wide-range stores closure period of PNJ

After gradually reopening the economy in southern provinces in early Oct 21, the government issued resolution No. 128/NQ-CP stipulating "safe adaptation, flexibility, control effectiveness of the Covid-19 epidemic", in which there are 4 levels of pandemic to apply in each area with the smallest area being the "communal" unit. Accordingly, at all 4 levels of the epidemic, business activities like PNJ's stores and intra-provincial/inter-provincial transportation of goods are allowed to operate.

Thus, from the end of 4Q21, we believe that PNJ will not face any period of forced wide-range stores closure and can maintain its supply chain and delivery to ensure a normal business operation.

PNJ re-open their stores in a favorable time to catch peak season

In the first 2 weeks of Oct 21, 94% of PNJ stores reopened and PNJ has continuously promoted marketing activities such as new Style by PNJ models, advertising strategies on social channels such as Facebook. At the Analyst meeting on 9 Nov 21, PNJ reported the preliminary revenue in Oct 21 has increased 12-15% yoy and revenue on 20 Oct 21 – women's international - continued to hit a record despite not fully reopening in October (94-95% of stores) with a growth rate of about 10% yoy.

Figure 8: Keyword "wedding celebration" reached high interest in Oct 21


Source: VNDIRECT Research, Google trend

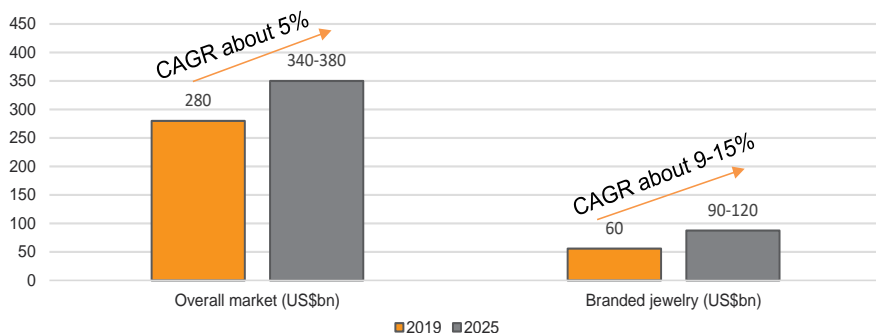
Therefore, with the risk of social distancing easing and seize the time to expand market share, we forecast that PNJ will accelerate the opening of new gold stores in 2022/23 with 35/20 new gold-jewelry stores, while restructuring silver shops and reducing silver stores by 15/10 in the same period.

Branded jewelry will be outpacing jewelry market in FY22-25F

According to McKinsey, the world jewelry market maintains a growth in the period of 2019-25 with a CAGR of only about 5%. In which, branded jewelry remains the small minority of the market, making up only 20% of revenue,

however, will have a stronger growth rate than the market to reach about 25% to 30% of the market in 2025, respectively with an expected compound annual growth rate (CAGR) of 9% to 15%. This means that branded fine jewelry will grow 2-3 times faster than the total market.

Figure 9: Global jewelry market from 2019 – 2025



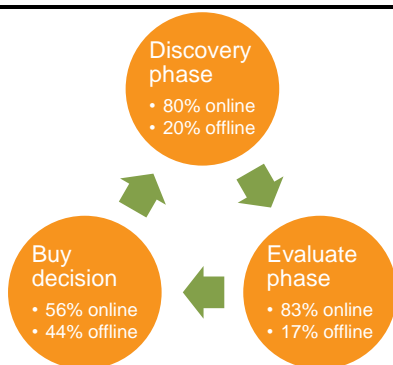
Source: VNDIRECT Research, McKinsey

In Vietnam, we believe that the jewelry industry trend will be similar to the world trend and the growth of branded jewelry brands will be stronger than the market. According to Statista's forecast, Vietnamese jewelry market is expected to post a CAGR of 6.1% in period of 2021-26 and we believe that the jewelry retail segment of strong brand jewelry like PNJ will achieve stronger growth than market, which can hit double-digits growth in the same period.

Omnichannel strategy is key to success for PNJ

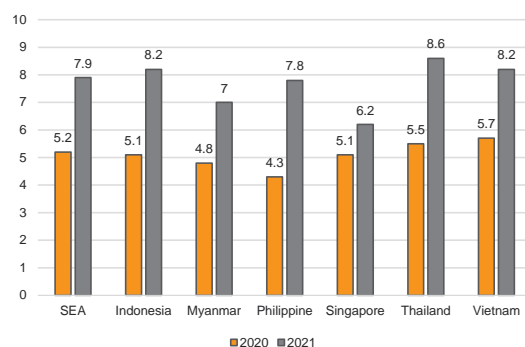
Browsing and researching products are now done mostly online instead of offline. At the same time, the share of spending that goes to offline channels is shrinking, according to research by Facebook and Bain&Company. In the first two stages of the consumer journey—the Discovery stage and Evaluate stage—at least 80% of channels used by consumers are online. Browsing products, comparing items, checking reviews and conducting research are now mostly done in channels like social media, ecommerce website, brand-owned websites and videos. But in the final stage of the consumer journey, the buy decision stage, online is only starting to capture an increasing share of sales.

Figure 10: Online channels have become more prevalent at each step of the consumer journey



Source: VNDIRECT Research, Facebook and Bain&Company

Figure 11: Digital consumer: Average number of websites used per respondent in Facebook and Bain&Company report (%)



Source: VNDIRECT Research, Facebook and Bain&Company

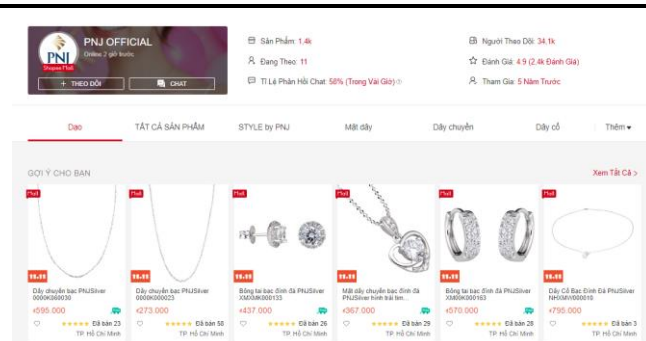
For the jewelry industry, we believe that introducing an omnichannel strategy to complete the consumer journey is the right strategy to boost PNJ's revenue growth. In the **discovery stage**, PNJ has continuously improved the shopping experience on the website, built shipping methods, built social media channels, ecommerce website to push customers to make **buy decision phase** at physical stores where PNJ is improving their store concept.

Figure 12: PNJ continuously promotes products and runs advertise campaign on social media



Source: VNDIRECT Research, Company social page

Figure 13: PNJ store on Shopee website



Source: VNDIRECT Research, Shopee

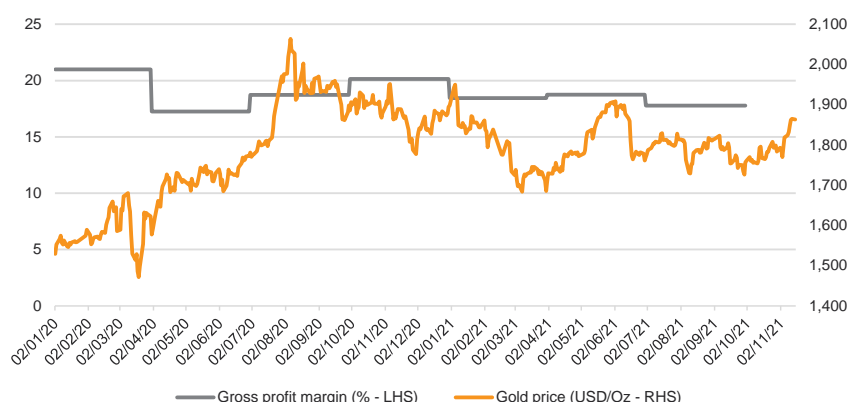
With the above two outlooks, combined with the strategies that PNJ has built to boost retail sales such as 1) release attractive concept – Style by PNJ, 2) effective advertising campaign, 3) co-operate with Pandora to become “Multi Branded Stores” and the low-base in 2021, we forecast that retail sales per PNJ store will grow strongly in FY22F/23F, reaching 33.5% yoy/13.8% yoy, thereby helping retail sales grew 28% yoy/18.5% yoy in FY22F/23.

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

The gold price rally of nearly 8% qtd when concerns about inflation may increase in the future. However, we believe that the increase of gold price still doesn't have a significant impact to PNJ business as 1) the current rise is still lower than the rise occurring in 3Q20 and 2Q21, 2) PNJ's main growth engine is retail jewelry and PNJ is tending to develop more stone jewelry products, making the percentage of gold costs in jewelry products lower than before, thereby reducing correlation to gold price, 3) gold bar sales have a very thin gross profit margin and do not contribute much to PNJ's total profit and 4) PNJ applies good inventory management so can properly controlled production cost.

However, if the gold price in the near future has a strong increase, similar to 3Q20 rise (more than 20% in 2 months), PNJ can benefit in the short term thanks to low-cost inventory stocked since 2Q21 which can improve gross profit margin at a higher level, exceeding 20% compared to 17-18% in the last 2Q21 – 3Q21.

Figure 14: PNJ's gross profit margin and Gold price since 2020 - 2021



Source: VNDIRECT Research, Bloomberg

The private placement plan will be delayed to 1Q22

In order to provide long-term capital to (1) expand PNJ retail chain and (2) work on digital transformation plan to optimize sales and management systems to achieve the upcoming growth, PNJ's private placement plan is expected to be implemented in 1Q22 (delayed from the original plan of 4Q21) due to the impact of social distancing in 3Q21.

Accordingly, 15m new shares, equivalent to 6.6% of the outstanding shares will be issued and placement price will not be lower than the prevailing 60 trading days average close price. With an estimated price of about VND100,000 per share, PNJ's capital can be collected up to VND1,500bn.

FY21-23F earnings revisions

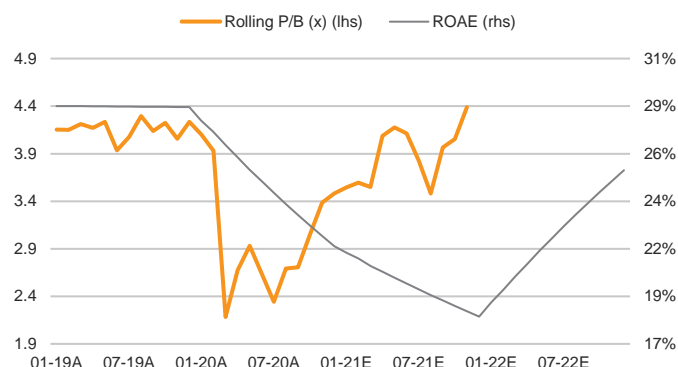
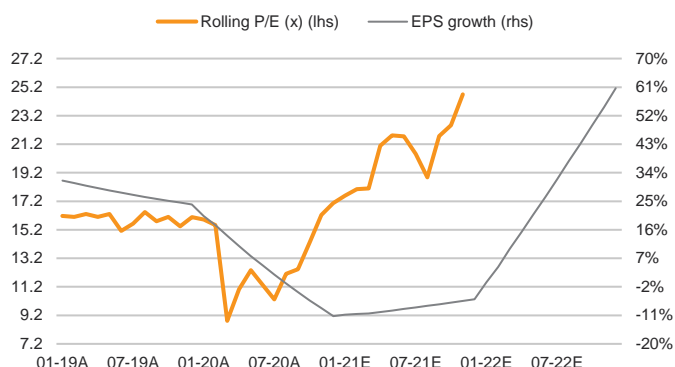
We change our forecast for 2022/23F as follows:

- We reduced the revenue of gold jewelry sale per store by 4.2%/6.8% in FY22/23F due to high forecast in previous report, which expected 2021 is a strong growth year of PNJ. Our forecast still expected PNJ will post a strong growth in FY22/23F at reaching 33.5% yoy/13.8% yoy.
- We increase number of new PNJ gold store in FY22/23F from 15/20 stores to 35/20 stores to reflect PNJ will expand their retail chain due to the risk of social distancing easing and seize the time to expand market share. In the same time, we forecast PNJ will reduce number of silver store by 15/10 to bring the total PNJ's store to 360/370 stores in FY22/23F.
- Thus, the revenue of retail channel changed -0.7% / 7.0% vs. previous report.
- Consequently, we changed FY22/23F NP forecast by -5.6%/1.7% vs. previous forecast to VND1,616bn (+60.7% yoy)/VND1,982bn (+22.6% yoy).

Figure 15: Changes in FY21 – 23F earnings forecasts

	Old			New			%Chg		
	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F
Net revenue	20,902	22,568	24,503	18,245	21,769	25,347	-12.7%	-3.5%	3.4%
Retail	12,545	13,864	15,266	10,734	13,766	16,339	-14.4%	-0.7%	7.0%
Goldbar	4,425	4,312	4,522	4,366	4,102	4,508	-1.3%	-4.9%	-0.3%
Wholesale	3,416	3,758	3,946	2,673	3,341	3,842	-21.8%	-11.1%	-2.6%
Gross profit	4,091	4,525	4,998	3,487	4,359	5,173	-14.8%	-3.7%	3.5%
Gross profit margin	19.60%	20.10%	20.40%	19.10%	20.00%	20.40%	-0.5% pts	-0.1% pts	0.0% pts
Selling expenses	(1,489)	(1,581)	(1,696)	(1,530)	(1,490)	(1,717)	2.8%	-5.8%	1.2%
G&A expenses	(672)	(714)	(768)	(612)	(727)	(836)	-8.9%	1.8%	8.9%
SG&A expense	(2,161)	(2,295)	(2,464)	(2,142)	(2,217)	(2,553)	-0.9%	-3.4%	3.6%
S/Revenue	7.12%	7.01%	6.92%	8.39%	6.84%	6.77%	1.3% pts	-0.2% pts	-0.2% pts
G&A/Revenue	3.22%	3.16%	3.13%	3.35%	3.34%	3.30%	0.1% pts	0.2% pts	0.2% pts
SG&A/Revenue	10.34%	10.17%	10.05%	11.74%	10.18%	10.07%	1.4% pts	0.0% pts	0.0% pts
Operating profit	1,930	2,230	2,534	1,345	2,142	2,620	-30.3%	-3.9%	3.4%
Net financial income/expenses	(82)	(89)	(96)	(87)	(120)	(140)	6.1%	34.8%	45.8%
Pretax profit	1,847	2,140	2,435	1,257	2,020	2,477	-31.9%	-5.6%	1.7%
Net profit	1,477	1,712	1,948	1,006	1,616	1,982	-31.9%	-5.6%	1.7%

Source: VNDIRECT RESEARCH

Valuation

Income statement

(VNDbn)	12-21E	12-22E	12-23E
Net revenue	18,245	21,769	25,347
Cost of sales	(14,758)	(17,410)	(20,174)
Gen & admin expenses	(612)	(727)	(836)
Selling expenses	(1,530)	(1,490)	(1,717)
Operating profit	1,345	2,142	2,620
Operating EBITDA	1,406	2,216	2,710
Depreciation and amortisation	(61)	(74)	(90)
Operating EBIT	1,345	2,142	2,620
Interest income	9	10	12
Financial expense	(96)	(131)	(152)
Net other income	(0)	(1)	(3)
Income from associates & JVs	0	0	0
Pre-tax profit	1,257	2,020	2,477
Tax expense	(251)	(404)	(495)
Minority interest	0	0	0
Net profit	1,006	1,616	1,982
Adj. net profit to ordinary	1,006	1,616	1,982
Ordinary dividends	(406)	(406)	(406)
Retained earnings	600	1,211	1,576

Balance sheet

(VNDbn)	12-21E	12-22E	12-23E
Cash and equivalents	685	1,224	3,120
Short term investments	0	0	0
Accounts receivables	174	203	237
Inventories	7,820	7,920	8,140
Other current assets	112	137	173
Total current assets	8,791	9,483	11,671
Fixed assets	1,186	1,463	1,664
Total investments	0	0	0
Other long-term assets	80	95	111
Total assets	10,057	11,042	13,445
Short-term debt	2,737	2,177	2,535
Accounts payable	595	624	726
Other current liabilities	994	1,299	1,666
Total current liabilities	4,326	4,100	4,927
Total long-term debt	4	4	4
Other liabilities			
Share capital	2,253	2,253	2,253
Retained earnings reserve	2,222	3,272	4,752
Shareholders' equity	5,728	6,938	8,514
Minority interest	0	0	0
Total liabilities & equity	10,057	11,042	13,445

Cash flow statement

(VNDbn)	12-21E	12-22E	12-23E
Pretax profit	1,257	2,020	2,477
Depreciation & amortisation	61	74	90
Tax paid	(251)	(404)	(495)
Other adjustments	389	153	124
Change in working capital	(1,166)	181	187
Cash flow from operations	290	2,024	2,383
Capex	(267)	(352)	(293)
Proceeds from assets sales	1	2	2
Others	0	0	0
Other non-current assets changes	(340)	(168)	(146)
Cash flow from investing activities	(606)	(518)	(437)
New share issuance	0	0	0
Shares buyback	(1)	(1)	(1)
Net borrowings	986	(560)	358
Other financing cash flow	0	0	0
Dividends paid	(406)	(406)	(406)
Cash flow from financing activities	579	(967)	(49)
Cash and equivalents at beginning of period	422	685	1,224
Total cash generated	263	538	1,897
Cash and equivalents at the end of period	685	1,224	3,120

Key ratios

	12-21E	12-22E	12-23E
Dupont			
Net profit margin	5.5%	7.4%	7.8%
Asset turnover	1.97	2.06	2.07
ROAA	10.9%	15.3%	16.2%
Avg assets/avg equity	1.69	1.67	1.58
ROAE	18.3%	25.5%	25.7%
Efficiency			
Days account receivable	1.4	1.4	1.4
Days inventory	193.4	166.0	147.3
Days creditor	14.7	13.1	13.1
Fixed asset turnover	17.23	16.43	16.21
ROIC	11.9%	17.7%	17.9%
Liquidity			
Current ratio	2.0	2.3	2.4
Quick ratio	0.2	0.4	0.7
Cash ratio	0.2	0.3	0.6
Cash cycle	180.0	154.3	135.5
Growth rate (yoy)			
Revenue growth	4.2%	19.3%	16.4%
Operating profit growth	(10.8%)	59.3%	22.3%
Net profit growth	(5.9%)	60.7%	22.6%
EPS growth	(5.9%)	60.7%	22.6%

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.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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