



## 1 MORE POSITIVE CORRECTION DAY FOR OVERCOMING MA200 MOVING AVERAGE

- Indexes go sideways all day (just increase or reduce slightly)
- Number of reduced and increased stocks is rather balanced.
- Cash flow focus on oil&gas and steel stocks, while banking and some other big-cap stocks such as VIC/VHM/MSN are mostly sold
- Market continues to correct positively, there are still no short-term risk signals
- Liquidity slightly reduce: 40% higher than 20-day average, but 2.6% lower than last trading day.
- Foreigners have net buy, focusing on HPG (106 bill) E1VFN30 (44 bill)

### PNJ (Phu Nhuan Jewelry) - A STOCK EACH DAY

#### Updated 4Q2018 business result: NEUTRAL

- Revenue and net profit increased by 32.7% and 32.4% respectively as gold jewelry retail sales, gold jewelry wholesale, gold bars, and silver sales increased by 42.5%, 15.6%, 29.5%, and 13.9% respectively.
- Gross profit margin increased from 17.4% to 19.1% as proportion of gold jewelry retail sales increased.
- Gold jewelry retail sales increased well due to increased revenue per store by 20% and 54 new stores (equal 26.2% increase)
- Financial position has declined slightly due to increase borrowing balance from 846 bill to 1,560 bill and increased inventory balance by 1,400 bill as PNJ opens more stores. As PNJ plans to open more stores, outstanding borrowing and inventory balance will keep increasing in the future.

#### Business model:

- PNJ is a jewelry retailer in which gold jewelry and silver jewelry account for 92% and 6% gross profit.
- PNJ's jewelry market share has grown from ~ 12.5% in 2012 to 26.5% in 2017 and 28% now, far higher than other competitors such as Doji, SJC, and Bao Tin Minh Chau.(each with market share less than 10%).
- PNJ's competitive advantage is its top creative design team with 1,000 high-grade jewelers.
- PNJ's distribution network is also widespread with 260 stores by 2018 end, which is 4.5-7 times higher than the number of SJC and Doji, and increased by 54 stores in 2018..
- PNJ's strategy in the future: 1) Focusing on the ERP system helps to research customer actions better by tracking their actions at stores and forecasting their buying behavior and 2) expanding number of stores to take advantage of high growth in retail industry in Vietnam

#### Investment catalysts: OUTPERFORM

- Prospect of retail jewelry industry in Vietnam is very high with growth rate of ~ 15%/year based on high number of population of 96 million people, rapid population growth of 1.3%/year, high GDP growth and high income growth in Vietnam during past 20 years, and Vietnam lowest ratio of household debt ratio on income in the world.
- PNJ will open ~40-45 new stores per year, concentrated in the South market, and growth rate of sales per store is 12%/year. In 2017-2018, PNJ both opened 54 new stores. As expected, PNJ could reach 600-700 stores in the long run before the industry becomes mature. So, PNJ can still has high growth in next 7-8 years.
- The ERP system will help PNJ better understand customer buying behavior, thereby focusing on the preferred product groups.
- In Jun/2018, that Ms. Cuc (a BOD member) was arrested for involvement in violation at DAB, affected PNJ's stock price (although this action did not affect business operation of PNJ at all).

### MARKET AT GLANCE

	Vn-Index	HNX	UPCOM
Closed price	950.9	106.1	55.2
Change (+/-)	↓ -1.5	→ 0.0	↓ -0.2
Change (%)	↓ -0.15%	→ 0.00%	↓ -0.43%
Trading volume (mill stocks)	145	32	7
Trading value (bill)	3,157	411	138
Foreigner trading value (bill)	142	10	(19)
No of stocks increase price	142	55	41
No of stocks reduce price	152	56	55
No of stocks remain price	54	64	49
PE*	16.3	9.5	16.9
PB*	2.5	1.1	1.9
Market cap (trillion)*	3,122	196	969

\*: The data is from last trading day

### DAILY NEWS AND ASSESSMENT

- US Congress has approved a budget bill to avoid the Government from closing
- Oil retail price keep unchanged, fund for stabilizing gas price increases by nearly 2,000 VND per liter