

Retail

A run-up for the peak sales season

Busy production activities would fuel the retail recovery.

Per Kantar Worldpanel, the consumer confidence index (CCI) in 3Q24 dropped to only 69%, as it was badly impacted by the Yagi Typhoon. Despite this impact, we saw a continuing recovery of listed retailers in 3Q24. In 4Q24F, we believe that consumer spending would be stronger because of (1) the recovery of the economy and (2) the year-end sales seasons with the occurrence of Black Friday and Christmas events. In fact, we saw that IIP continued to rise in recent months, reflecting the sustained production activities. Yet, we expect that listed retailers would report the highest revenue / NPAT in 4Q24F.

MWG – BHX would continue to expand & earn profit in 4Q24F.

In 3Q24, MWG's net revenue was VND34.6tn (+13.4% yoy; -0.1% qoq), which was driven by mobile phones, laptops and grocery products. NPAT was recorded at VND806bn (+19x yoy; -31.3% qoq) due to (1) a lower gross margin due to the higher share of mobile phones (2) one-off expenses from closing stores. Notably, BHX opened 25 stores and earned ~VND90bn. In 4Q24F, we think that MWG would report the highest revenue and NPAT. In which, sales would be driven by mobile phones and grocery products. Next, NPAT be driven (1) higher sales (2) higher gross margin (3) the cease of one-off expenses.

FRT – LC would grow slower, FPT Shop would recover.

In 3Q24, FRT's net revenue climbed up to VND10,367bn (+26.0% yoy; +12.3% qoq), in which Long Chau's sales were VND6,395bn (+54.7% yoy) and FPT Shop was VND3,981bn (-3.0% yoy). FRT's NPAT peaked at VND165bn (back from a loss of -VND13bn in 3Q23) thanks to (1) Long Chau growth driver and (2) FPT Shop posted NPAT of VND40bn (from the loss of VND62bn in 3Q24) - due to (1) higher sales and (2) the cease of one-off expenses from stores closing. In 4Q24F, we expect that FRT would report the highest NPAT due to (1) the expansion of Long Chau and (2) the peak sales seasons of FPT Shop.

PNJ – Jewelry Retail would thrive in the wedding season,

In 3Q24, PNJ's net revenue remained flat compared to last year at VND7,129bn (+3.1% yoy) but posted a decline compared to 2Q24 (-43.4% qoq) – due to the drop of Gold 24K (-48.2% yoy; -72.9% qoq). In contrast, Jewelry Retail's sales increased to VND4,991bn (+22.3% yoy) - demonstrating the continuing recovery of consumer demand. In 4Q24F, we believe Retail Jewelry will still be the sales driver since (1) the recovery of consumer spending and (2) the wedding season. Besides, PNJ's NPAT would grow positively driven by (1) Jewelry Retail sales (2) higher Jewelry Retail's gross margin (3) the decrease of effective tax rates.

Non-rated

Company	Rating	TP (VND)
MWG	HOLD	N/A
FRT	Non-rated	N/A
PNJ	Non-rated	N/A

Research Department

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Table 1. Coverage valuation

Recommendation & TP			Earning & Valuation										
Company				Sales	OP	NP	EPS	BPS	ROE	ROA	PE	PB	EV/EBI TDA
				(VND bn)	(VND bn)	(VND bn)	(VND)	(VND)	(%)	(%)	(x)	(x)	(x)
Mobile World Group (MWG)	TP	N/A	2019A	102,174	4,977	3,834	8,657	27,360	36.3	11.0	15.2	4.8	10.3
	Price	61,300	2020A	108,546	5,216	3,918	8,650	34,139	28.4	8.9	15.2	3.8	8.2
	Market cap (VND bn)		2021A	122,958	5,888	4,899	6,861	28,561	27.3	9.0	19.2	4.6	11.3
			2022A	133,405	6,644	4,100	2,802	16,338	18.5	6.9	15.3	2.6	6.3
			2023A	118,279	1,017	167	114	15,953	0.7	0.3	428.5	2.8	40.3
FPT Retail (FRT)	TP	N/A	2019A	16,634	273	204	2,612	16,126	17.7	3.6	7.4	1.2	2.1
	Price	166,000	2020A	14,661	14	10	266	15,367	2.0	0.4	101.1	2.1	0.5
	Market cap (VND bn)		2021A	22,495	546	444	5,618	21,045	30.9	5.5	17.6	4.7	2.2
			2022A	30,166	474	398	3,295	16,951	21.3	3.7	24.2	8.6	2.2
			2023A	31,850	(297)	(329)	(2,537)	11,738	(18.3)	-2.9	-64.6	13.9	0.5
Phu Nhuan Jewelry (PNJ)	TP	N/A	2019A	17,001	1,623	1,194	5,034	20,316	28.7	15.9	15.7	3.9	12.1
	Price	93,000	2020A	17,511	1,508	1,069	4,463	23,029	21.8	12.5	17.7	3.4	12.3
	Market cap (VND bn)		2021A	19,547	1,409	1,029	4,295	26,416	18.3	10.7	18.4	3.0	13.7
			2022A	33,876	2,337	1,810	6,988	34,302	25.1	15.1	11.3	2.3	8.5
			2023A	33,137	2,484	1,971	6,009	29,882	21.6	14.2	14.3	3.3	12.9

Source: Company Data, KIS VN

Table 2: 3Q24 business results

(VNDbn, %, %p)

	Revenue			NPAT		
	3Q24	yoy	qoq	3Q24	yoy	qoq
MWG	34,147	12.7	0.0	806	1,975.9	(31.3)
FRT	10,376	26.0	12.3	165	NA	241.4
PNJ	7,130	3.1	(25.1)	216	14.8	49.7

Source: Company data, KIS VN

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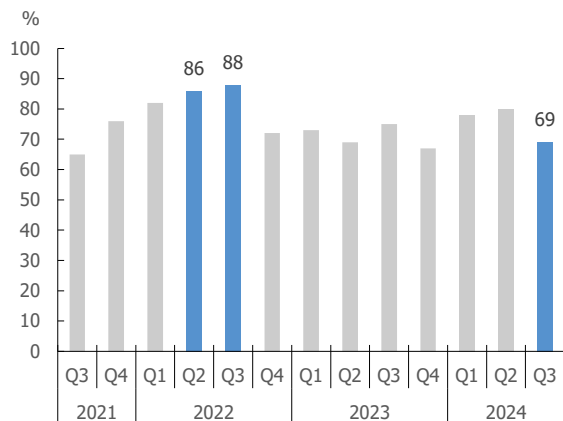
I. Retail Sector: A run-up for the peak sales season

Busy production activities would fuel the retail recovery

Per Kantar Worldpanel, the consumer confidence index (CCI) in 3Q24 dropped to only 69%, as being badly impacted by the Yagi Typhoon. Despite this impact, we saw a continuing recovery of listed retailers/distributors in 3Q24. Specifically, based on the data of 7 listed ICT-CE retailers/distributors¹, the aggregated sales grew by 10.0% yoy in 3Q24 (being faster than 1Q24-2Q24), in which the rate of recovery was faster for distributors (+23.0% yoy) than for retailers (+5.1% yoy).

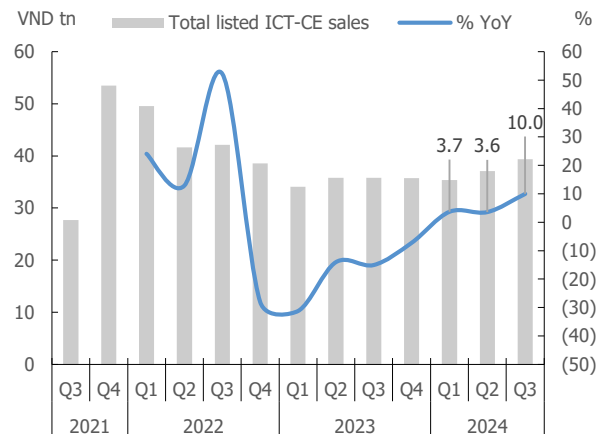
In 4Q24F, we think that consumer spending would be stronger because of (1) the recovery of the economy and (2) the peak year-end sales seasons with the occurrence of Black Friday and Christmas. In fact, we saw that the industrial production index and the number of employed labors continued to increase in recent months, reflecting the sustained production activities – which would lead to higher consumer income then higher consumer spending.

Figure 1. Consumer confidence was badly impacted by the Yagi Typhoon



The economic situation will be better or the same as today in the next 12 months?
Source: Kantar Worldpanel Division

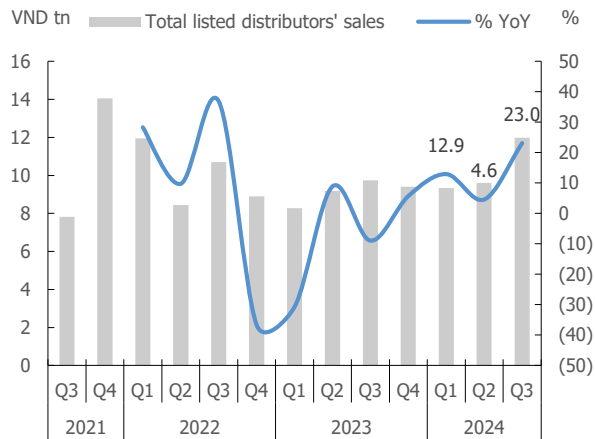
Figure 2. Aggregated sales of ICT-CE distributors/retailers continued to rise in 3Q24



Source: Company Data, KIS VN
Total listed ICT-CE sales include DMX, TGDD, FPT Shop, DGW, PET, Nguyen Kim

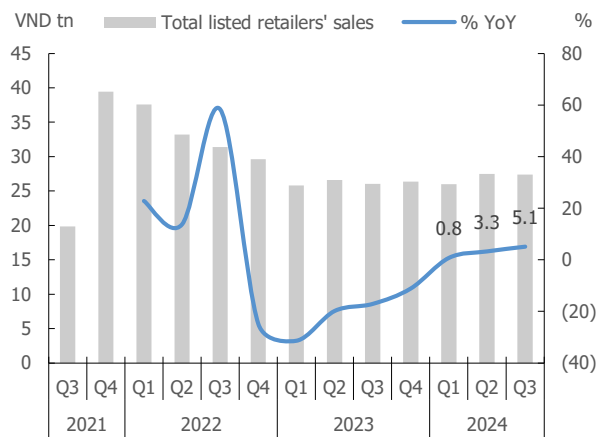
¹ Listed ICT-CE retailers/distributors include TGDD, DMX, FPT Shop, Nguyen Kim (retailers), and DGW, PET (distributors).

Figure 3. Sales of listed ICT-CE distributors continued to recover in 3Q24



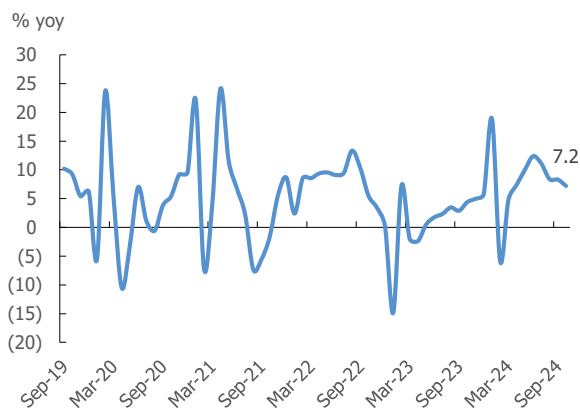
Source: Company Data, KIS VN

Figure 4. Sales of listed ICT-CE retailers continue to recover in 3Q24



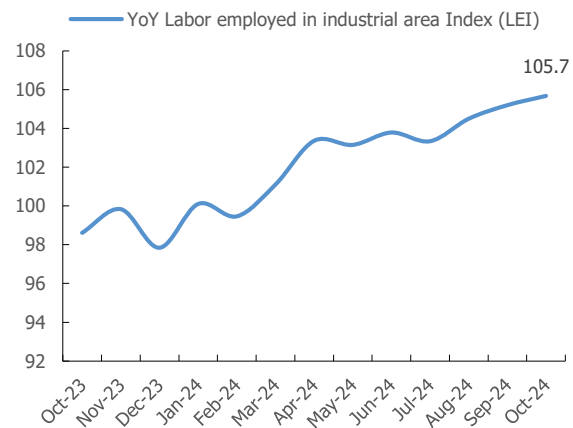
Source: Company Data, KIS VN

Figure 5. IIP indicated sustained production activities since the beginning of the year



Source: Kantar Worldpanel Division

Figure 6. Number of employed labors in the industrial areas also rose compared to last year



Source: GSO

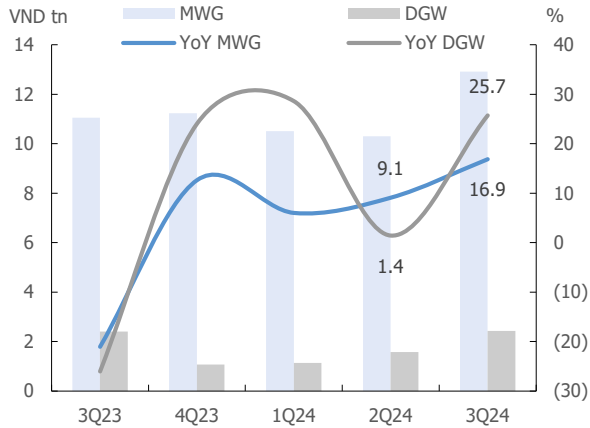
Highlights of mobile phones and grocery products

[ICT – CE]

- **Mobile phones would be the key recovery driver in 4Q24F.**

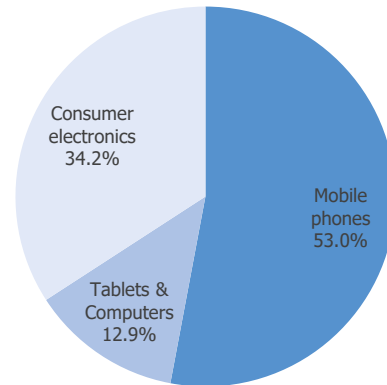
In 3Q24, sales of laptops were the highlight due to the Back to school season. Besides, sales of mobile phones reported a strong growth rate especially in later months, supported by (1) sales of older versions before the release of the iPhone 16 and (2) the shutdown of 2G. In 4Q24F, we expect mobile phones would be the main recovery driver for ICT retailers because (a) the fall of the mobile phones replacement cycle (4Q21 – 4Q24) and (b) mobile phones are the largest category in the ICT - CE segment which has not been recovered in 1H24 amid the weak consumer demand (Figure 3 & 4).

Figure 7. Mobile phones sales of MWG and DGW both grew strongly in 3Q24



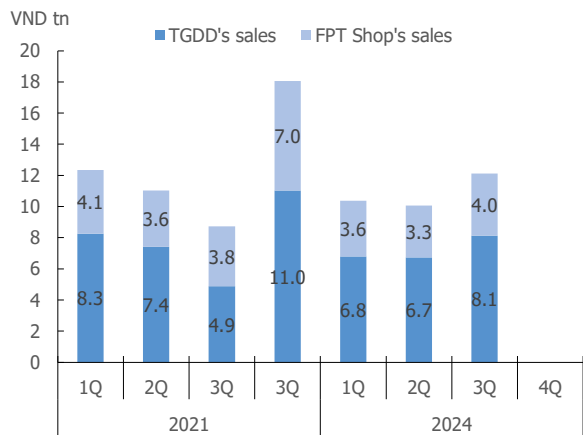
Source: Euromonitor, KISVN

Figure 8. Mobile phone is the largest category of the ICT-CE segment.



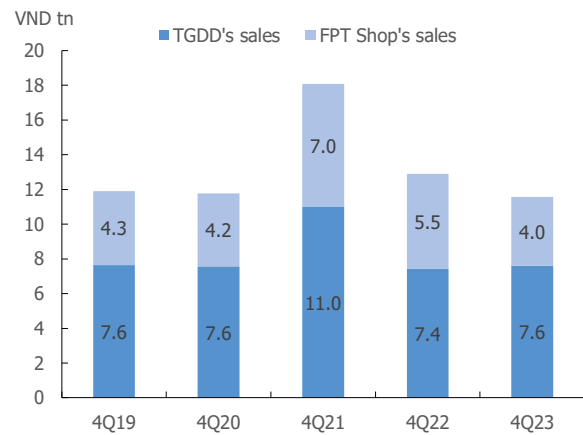
Source: Company Data, KIS VN

Figure 9. The 2021 lockdown had speeded up the replacement cycles of mobile phones



Source: Euromonitor, KISVN

Figure 10. We expect 4Q24F would be the fall of mobile phones replacement cycle after 3 years.

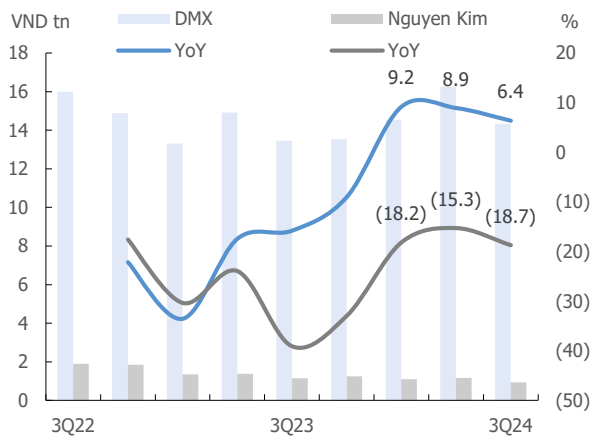


Source: Company Data, KIS VN

- **The recovery of CE products slowed down in 3Q24.**

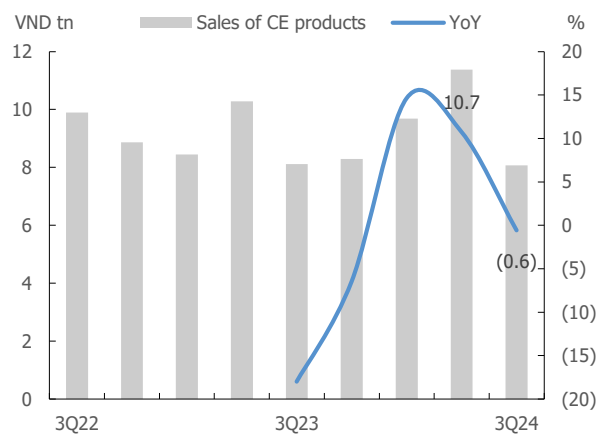
In 3Q24, sales of consumer electronics (CE) had cooled down compared to 2Q24. We think that the main reason was because of lower sales of air conditioners, while the growth of other categories was not strong enough to maintain the recovery trend. In fact, according to NOAA, the El Nino phase has been replaced by the La-Nina phase since 3Q24. Hence, we expect the temperature in 4Q24F would be lower than 4Q24, leading to lower sale of air conditioners. For other categories, we expect they would grow at a low single-digit amid the recovery of consumer demand. For the whole category, we think that sales growth would be low in 4Q24F.

Figure 11. Sales growth of both DMX and Nguyen was lower in 3Q24 compared to 2Q24



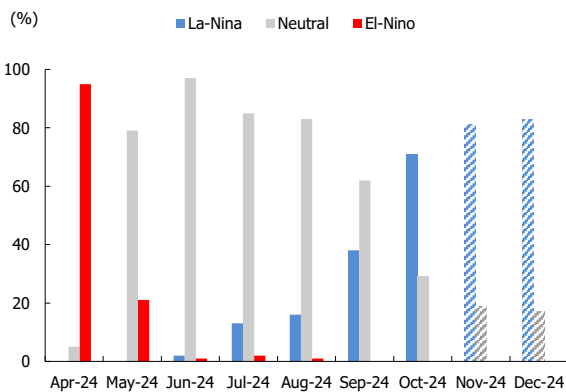
Source: NOAA, KISVN

Figure 12. MWG's consumer electronics sales stayed flat in 3Q24 after recovering in 1H24



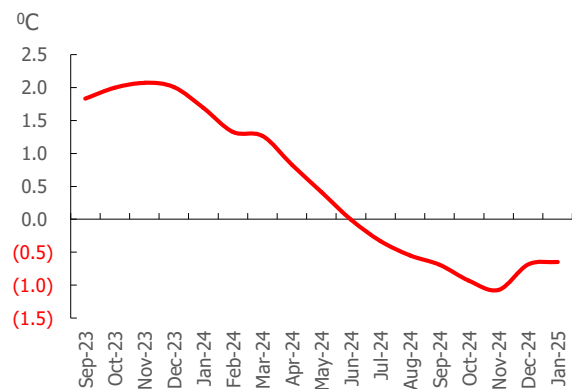
Source: NOAA, KIS VN

Figure 13. El-Nino phase has been replaced by the La-Nina phase in 3Q24



Source: NOAA, KISVN

Figure 14. Hence, we expect that the temperature in 4Q24F would be lower than in 4Q23

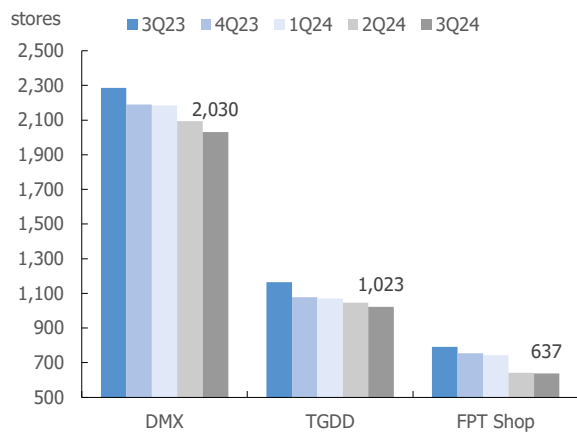


Source: NOAA, KIS VN

- **Store closure would not have a notable impact on total sales.**

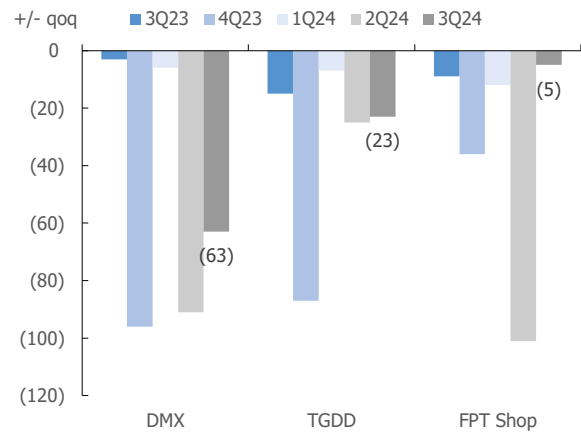
Following the total closure of 116 stores in 2Q24, MWG continued to close 63 DMX and 23 TGDD stores in 3Q24. Meanwhile, FPT Shop's stores were almost maintained (-5 stores qqq), compared to the closure of 101 stores in 2Q24. In 4Q24F, we believe that both retailers would maintain the current store level. In the short-term, we believe that the stores closure would not have a significant impact on the total sales since consumers could shift to nearby stores in their living areas (figure 5 & 6). In the long-term, we believe that consumers would continue to shift to online channels (figure 7 & 8).

Figure 15. TGDD and DMX continued to close stores in 3Q24, while FPT Shop's stores was maintained



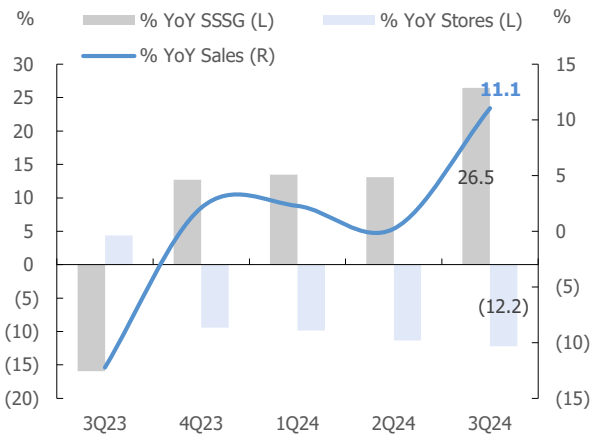
Source: Company Data , KISVN

Figure 16. ICT-CE retail stores closure has come to an end



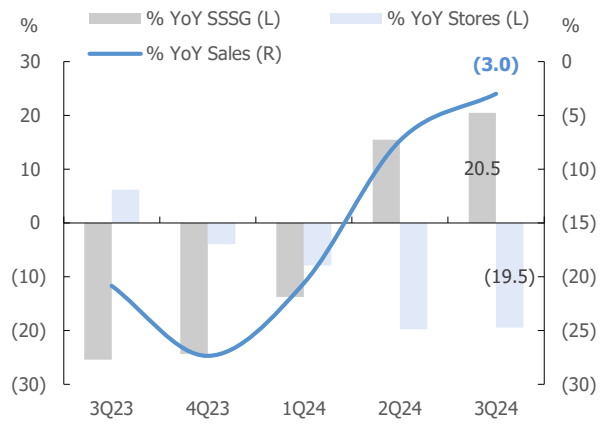
Source: Company Data, KISVN

Figure 17. The decline in TGDD stores was compensated by the increase in Sales / Store



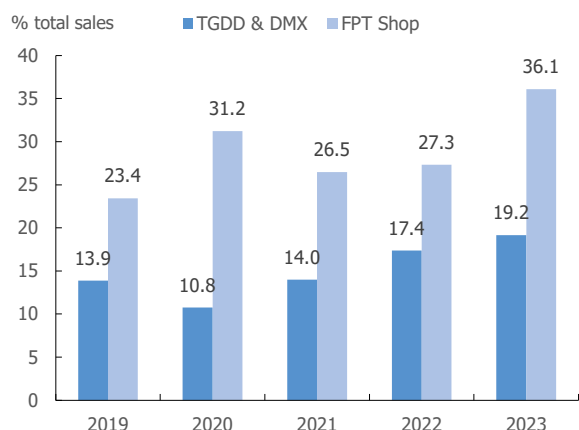
Source: Company Data, KISVN

Figure 18. Similarly, the decline in FPT Shop stores was compensated by the increase in Sales / Store



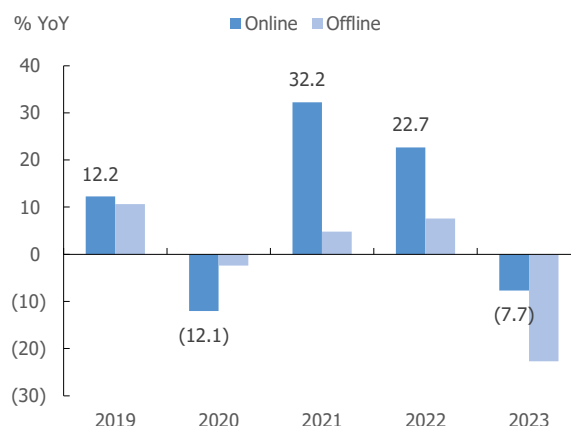
Source: Company Data, KISVN

Figure 19. Shares of online sales continued to rise in the last 5 years



Source: Company Data, KISVN

Figure 20. Combined online sales growth of MWG and FRT was also better than offline channels



Source: Company Data, KISVN

[Healthcare]

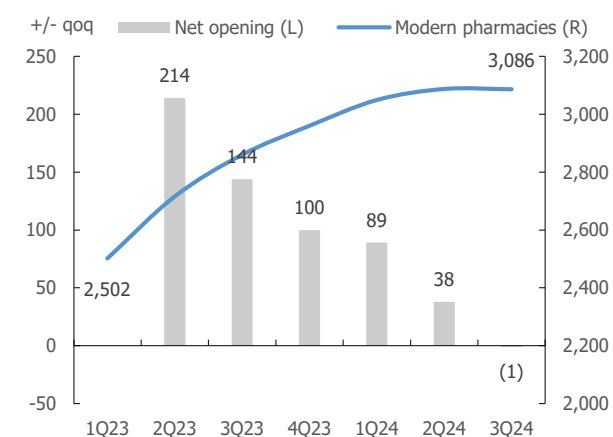
- **Market consolidation is happening in the pharmacy retail market**

In 3Q24, the total pharmacies number of the 3 largest retail chains decreased by 4 pharmacies, following the slowdown in the net opening rate in recent quarters (figure 00). In which, Long Chau opened 140 pharmacies to have 1,846 pharmacies at the expense of the closure of 115 pharmacies of An Khang (326 pharmacies). Hence, we think that the market consolidation has been happening in the pharmacy retail market, where the room for modern pharmacies to gain market share from traditional channel has been becoming smaller. Yet, In 4Q24F and 2025F, we think that Long Chau would continue to open more stores to gain the optimal market share but the speed rate might not be as fast as being seen. Besides, we think that both An Khang and Pharmacity would maintain the current store levels at least in 4Q24F before taking further actions.

- **Long Chau's vaccine centers chased after VNVC**

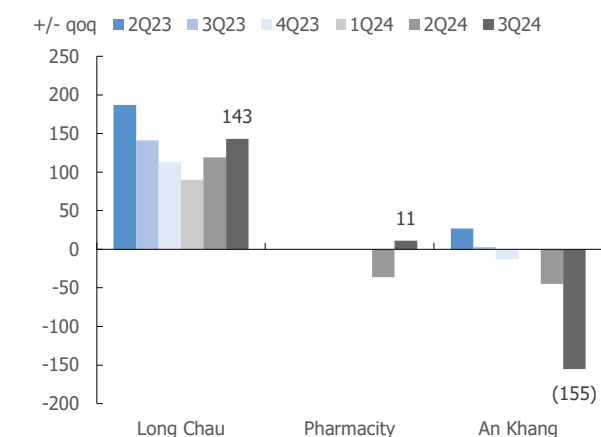
As of Sep 24, VNVC owned 195 vaccine centers (+17 centers qoq), while LC chased after with 118 centers (+31 centers qoq). Nhi Dong 315 recorded 8 new centers, increasing the total number to 74. In 4Q24F, we believe LC will lift the total number of vaccine centers to about 140 (+22 centers qoq). This projection is lower than our expectation from Jun 24, as LC slowed its expansion to strengthen the vaccination process after an investigation by the Department of Health. In the long-term, we believe that vaccine centers still have room to grow given the low vaccination rate in Vietnam.

Figure 21. The net opening rates of modern pharmacies have been slow down



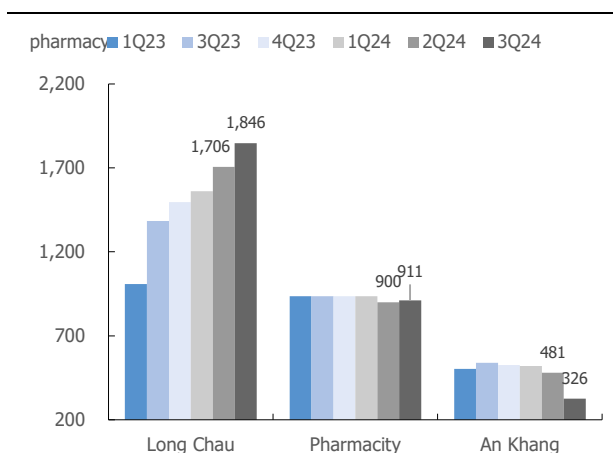
Source: Company Data, Company Website, KIS VN

Figure 22. LC pharmacy expanded, An Khang contracted



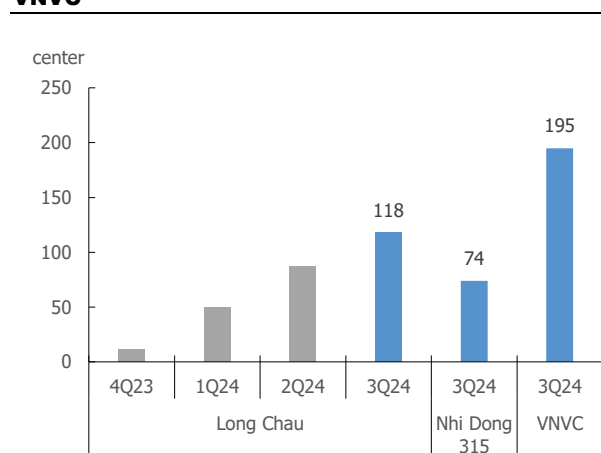
Source: Company Data, Company Website, KIS VN

Figure 23. LC maintained the leading position



Source: Company Data, Company Website, KIS VN

Figure 24. Long Chau vaccine centers chased after VNVC



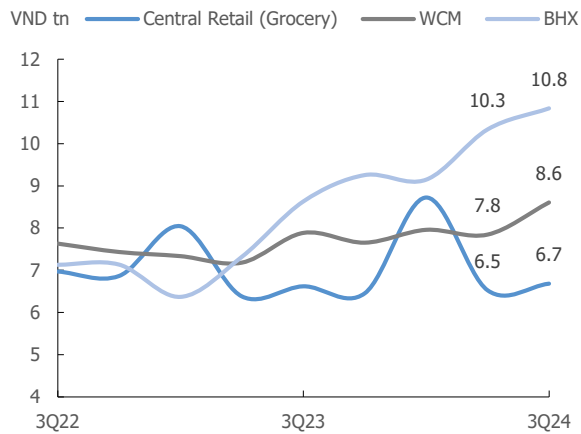
Source: Company Data, Company Website, KIS VN

[Grocery]

• Minimarts expanded and earned profit in 3Q24

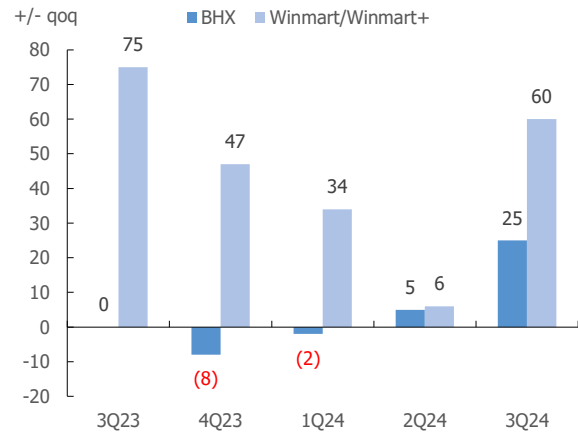
In 3Q24, minimarts (BHX and WCM) continued to maintain their high growth momentum. Specifically, WCM's sales increased to VND8.6bn (+10.4% yoy; +9.6% qoq), which is driven by the opening of 60 Winmart/Winmart+. Besides, BHX's sales rose to VND10,840bn (+25.6% yoy; +4.8% qoq) thanks to both the increase in sales per store (SSSG:+25% yoy) and 25 new stores qoq. Notably, both chains earned positive results despite opening more stores in this quarter. In 4Q24F, we expect that both chains would continue to open more stores and earn a positive NPAT.

Figure 25. BHX and WCM continued to report a strong sales growth in 3Q24



Source: Company Data, KIS VN

Figure 26. Both BHX and WCM opened more stores in 3Q24



Source: Company Data, KIS VN

[Jewelry]

- **Jewelry Retail would be the key driver in 4Q24F**

In 3Q24, sales of Gold 24K of listed retailer saw a sharp decline because of the intervention of SBV on the gold market. Meanwhile, sales of Jewelry Retail continued to increase reflecting the continuing recovery of consumer demand. Meanwhile, the raw gold shortage has caused the gold material prices to climb up. In 4Q24F, with the wedding season, we expect Jewelry Retail would be the key driver for jewelry retailers. Besides, with the release of new collections, we expect jewelry retailers could increase the selling prices to offset the rise in raw material costs.

II. 3Q24 business results of listed enterprises

MWG – BHX would continue to expand & earn profit in 4Q24F

Mobile phones and groceries would be the key driver in 4Q24F

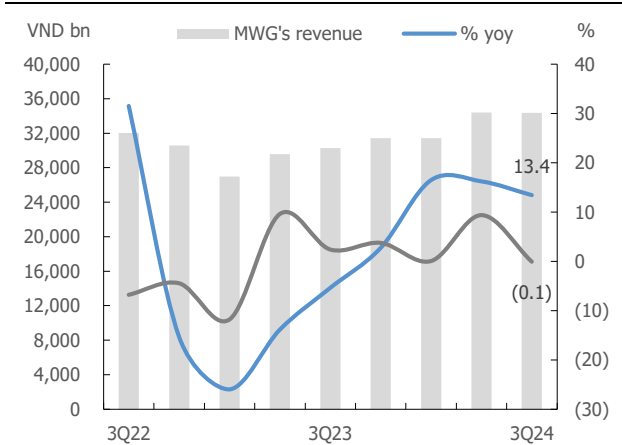
In 3Q24, MWG's net revenue reached VND34.6tn (+13.4% yoy; -0.1% qoq). In 4Q24F, we expect MWG's net revenue would grow at a double-digit.

- **The Gioi Di Dong (TGDD) grew at a double-digit**

In 3Q24, TGDD's sales surged to VND8,132bn (+11.1% yoy; +20.9% qoq), accounting for 23.7% of MWG's total sales. This result was attributed to (1) the sales of laptops in the "Back to School" season and (2) mobile phones before the release of iPhone 16.

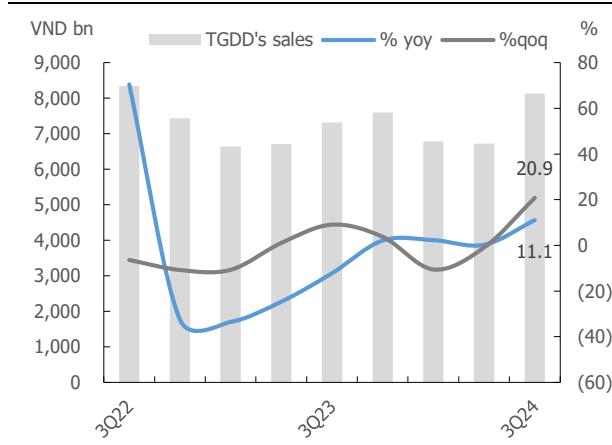
In 4Q24F, we believe that mobile phones would be the key sales driver for TGDD due to (a) the release of iPhone 16 (b) the fall of the replacement cycle and (c) higher consumer spending amid the economic recovery fuelling by the Back Friday and Christmas. Hence, we expect TGDD's sales would grow at a double digit in 4Q24F.

Figure 27. MWG's net revenue increased in 3Q24, driven by TGDD and BHX



Source: Company Data, KIS VN

Figure 28. TGDD's sales grew by 11.1% in 3Q24, driven by mobile phones and laptops



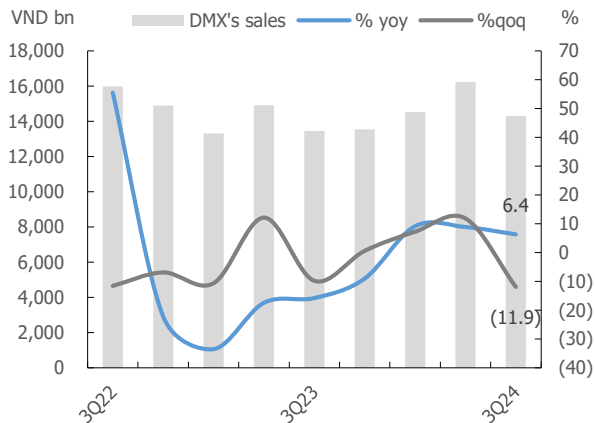
Source: Company Data, KISVN

Air-conditioner sales were washed away by the rainy season

In 3Q24, DMX's sales recorded at VND8,132bn (+6.4% yoy; -11.9% qoq), accounting for 41.7% of total sales. The decline of sales compared to 3Q24 was due to the cooldown of air conditioners due to the smaller contribution of air-conditioners since the lower temperature. However, as it came to rainy season, the cooldown of air-onditioners were partially compensated by the demand for washing machines.

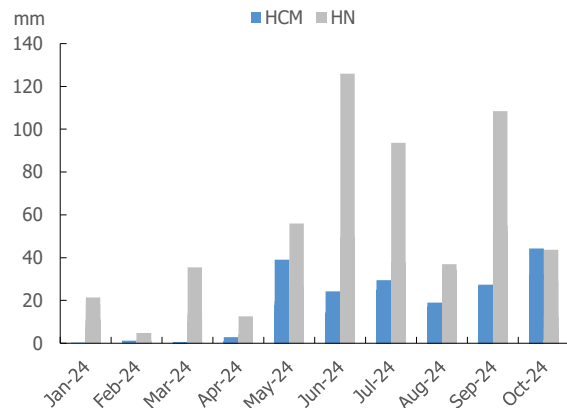
In 4Q24F, we believe DMX would maintain single-digit growth rate due to the continuing recovery of consumer demand, in which sales of TVs would be the highlight in the 2024 AFF Cup.

Figure 29. DMX's sales was supported by the high demand of air conditioners



Source: Company Data, KIS VN

Figure 30. Rainy days lead to lower air-conditioners sales but higher washing machines



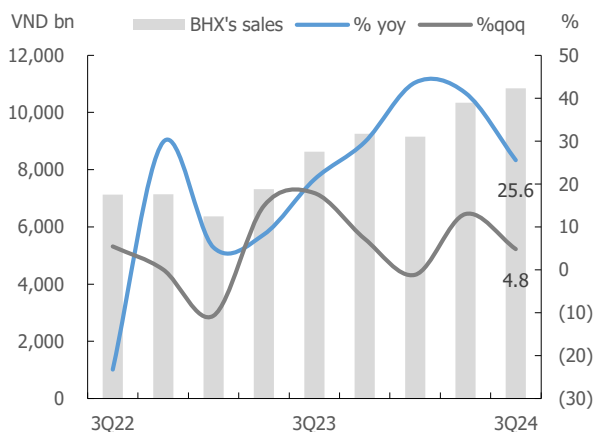
Source: NOAA, KIS VN

- **Bach Hoa Xanh (BHX) opened 25 stores & earned VND90bn in NPAT**

In 3Q24, BHX's sales increased to VND10,840bn (+25.6% yoy; +4.8% qoq), representing 31.5% of total sales. BHX opened 25 stores to increase the total number to 1,726, while maintaining sales per store at VND2.1bn (+25% yoy). Despite opening 25 stores, BHX reported a thicker NPAT at VND90bn (compared to only VND7bn in 2Q24).

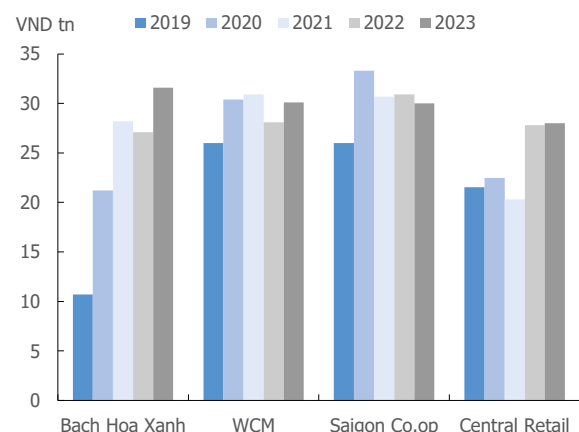
In 4Q24F, we think that BHX would open 25 – 50 stores, while sales per store would sit at VND2.1bn – 2.2bn. Besides, BHX's NPAT in 4Q24F will continue increasing, thereby covering all remaining accumulated loss of 9M24 and generating the whole-year profit.

Figure 31. BHX's sales continued to rise in 3Q24, driven by SSSG and store opened



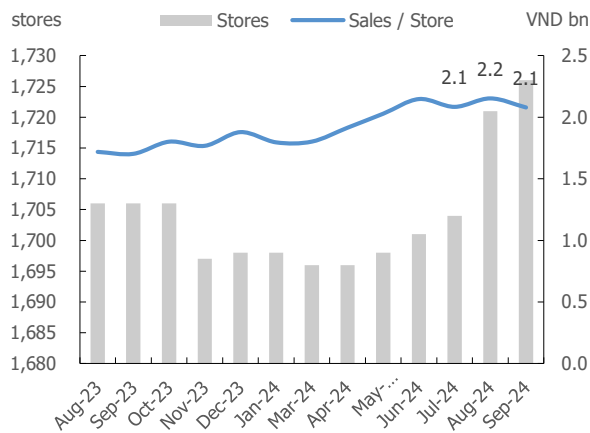
Source: Company Data, KIS VN

Figure 32. The gap between BHX and other grocery retailers are expanding



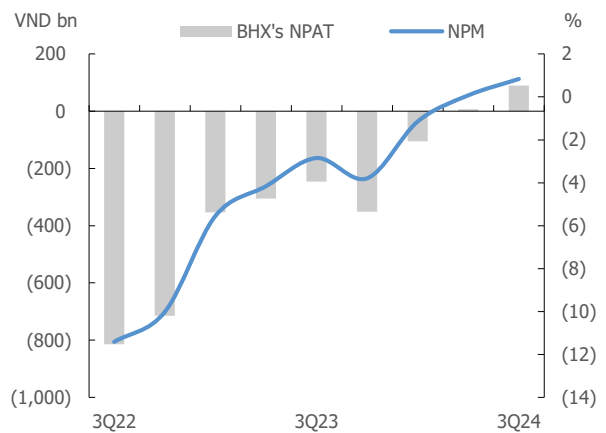
Source: Company Data, KISVN

Figure 33. BHX's sales per store was maintained at VND2.1 – 2.2bn despite 25 stores opened



Source: Company Data, KIS VN

Figure 34. BHX earned VND90bn in NPAT in 3Q24

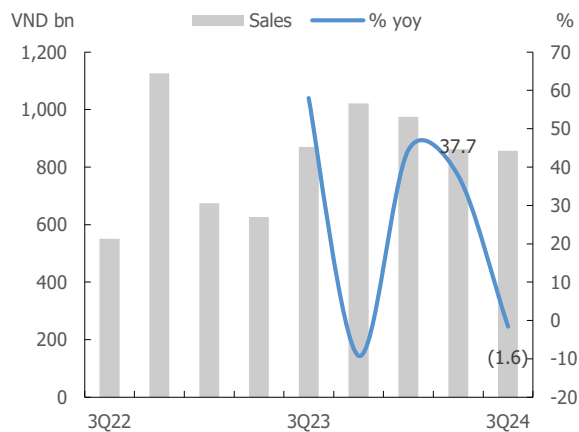


Source: Company Data, KIS VN

- **Era Blue (Indonesia) expanded while An Khang contracted**

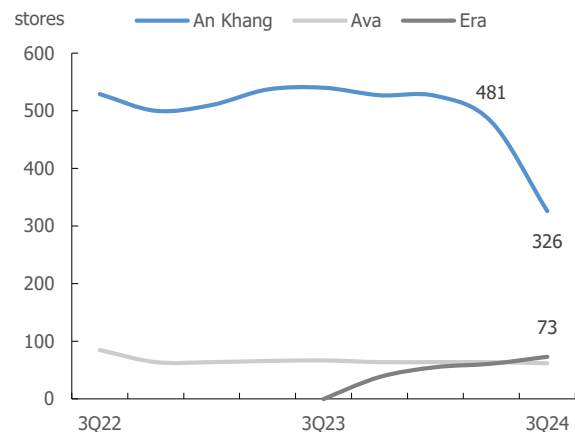
In 3Q24, MWG's sales of other retail chains inched down to VND856bn (-1.8% yoy). As of Sep 24, MWG operated 326 An Khang pharmacies, 62 Ava Kids stores (-2 stores qoq), and 73 Era Blue (+12 stores qoq). In 3Q24, Era Blue has reached its break-even point after just 9 months of operation. In 4Q24F, we believe Era Blue will open new stores to achieve the year target of nearly 100 stores, while An Khang and Ava Kids will be stalled. For Era Blue, we expect the chain will record a higher NPAT as positive results in previous quarter.

Figure 35. Sales of other chains inched down due to the closure of An Khang stores



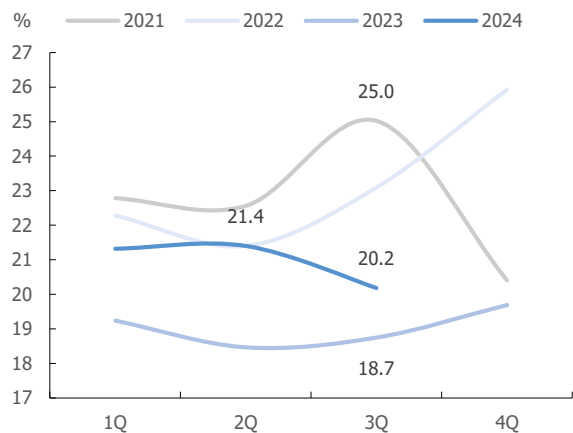
Source: Company Data, KIS VN

Figure 36. Except for EraBlue, other chains has almost no expansion during the last 12 months



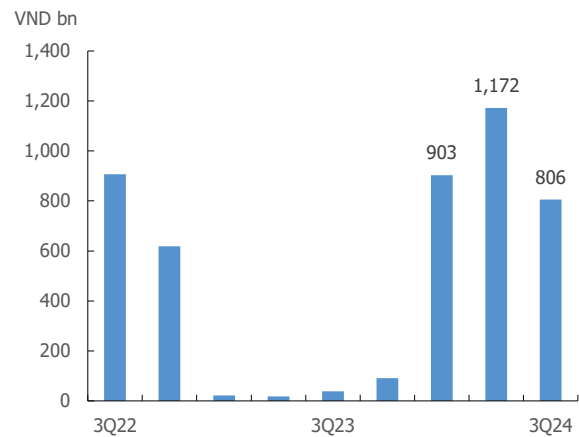
Source: Company Data, KISVN

Figure 37. Gross margin in 3Q24 was lower than 2Q24 due to a larger contribution of mobile phones



Source: Company Data, KIS VN

Figure 38. NPAT surged to VND903bn in 1Q24 after seeing a long gloomy year



Source: Company Data, KISVN

4Q24F - NPAT would lift up in the peak-sales season

NPAT in 3Q24 was recorded at VND806bn (+19x yoy; -31.3% qoq), showing a strong recovery from the 3Q23 low base. However, we think that the quarterly decline was due to (1) a lower gross margin as the change in product mix (a higher contribution of mobile phones which has a lower margin) and (2) higher one-off expenses due to a larger stores closures.

In 4Q24F, MWG's NPAT is expected to lift up due to (1) the rise in sales in the year-end season (2) the rise in gross margin due to the sales of newer mobile phones models and (3) the cease of about VND250bn one-off expenses due to the end of store closure.

FRT – LC would grow slower, FPT Shop would recover

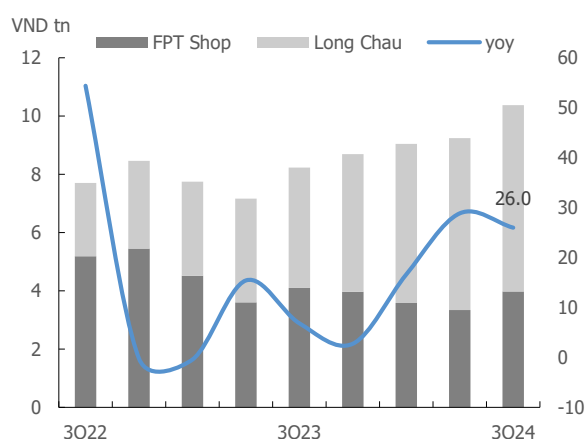
Sales grew thanks to Long Chau expansion and FPT Shop resilience

In 3Q24, FRT's net revenue climbed up to VND10,367bn (+26.0% yoy; +12.3% qoq) due to (1) Long Chau sustained growth and (2) FPT Shop recovered.

- **FPT Shop are expanding product mix toward CE products**

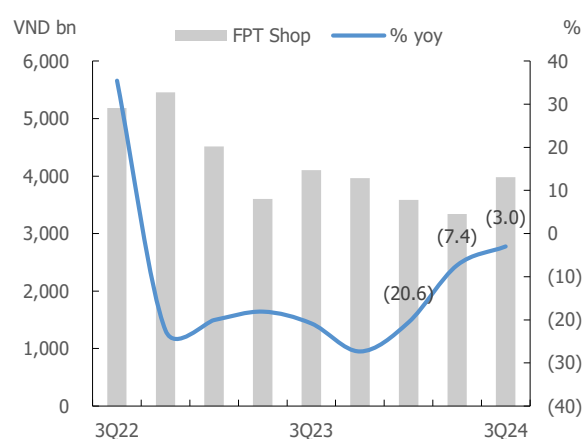
In 3Q24, sales of FPT Shop recorded at VND3,981bn (-3.0% yoy; +19.2% qoq), accounting for 38.4% of FRT's total sales. Similar to TGDD, sales of laptops and mobile phones were the key driver. In 3Q24, FPT Shop had reconstructed 10 stores into CE-specialized stores with the plan to increase to 60 stores in 4Q24F. With a higher gross margin, the management aimed to increase the contribution of CE products to 10% of the chain's sales (~5% as of 1Q24). In 4Q24F, we expect that FPT Shop would post a positive sales growth, reflecting the higher demand in the peak year-end season.

Figure 39. FRT posted a high growth thanks to Long Chau's expansion and FPT's Shop recovery



Source: Company Data, KIS VN

Figure 40. FPT Shop showed an improvement despite operating a lower store number

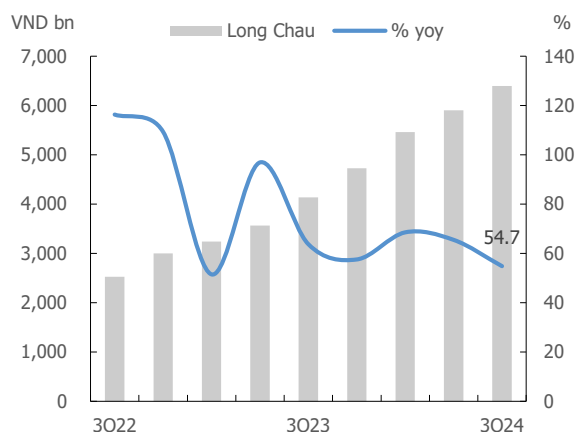


Source: Company Data, KISVN

- **Long Chau's sales grew thanks to store expansion**

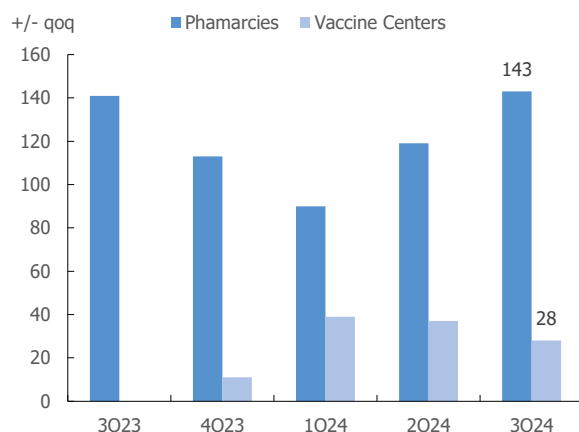
In 3Q24, Long Chau's sales maintained its strong growth at 54.7% yoy and reached VND6,395bn, accounting for 61.6% of FRT's total sales. This was attributed to the rapid opening of 143 pharmacies while monthly sales per stores remained unchanged at VND1.1 ~ 1.2bn. Moreover, Long Chau had increased the number of vaccine centers to 110 centers (+28 centers qoq, +105 centers YTD), being ahead of the year target of 100 centers. In 4Q24F, we expect that Long Chau's sales would continue to grow strongly attributed by the opening of 100 pharmacies and 15 vaccine centers. But, compared to previous quarters, sales growth might not be as strong as being seen due to Long Chau's larger size.

Figure 41. Sales of Long Chau continued to climb up to a new record.



Source: Company Data, KIS VN

Figure 42. Long Chau continued to open 143 stores and 28 vaccine centers in 3Q24.



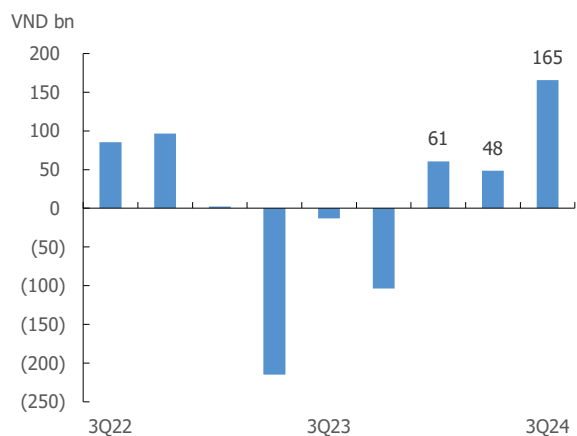
Source: Company Data, KISVN

FRT would report a highest quarterly NPAT in 4Q24F

In 3Q24, FRT's NPAT peaked to VND165bn (back from a loss of -VND13bn in 3Q23) thanks to (1) the Long Chau growth driver and (2) FPT Shop turned back to be profitable. Specifically, Long Chau reported NPAT of VND126bn (+125.3% yoy; +14.1% qoq) thanks to the sales growth. Next, FPT Shop posted NPAT of VND40bn (from the loss of VND62bn in 3Q24) due to (a) higher sales and (b) the cease of one-off expenses from stores closing.

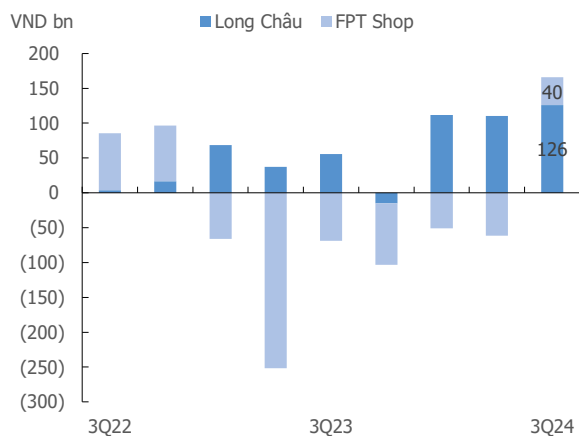
In 4Q24F, we expect that FRT would report the highest quarterly NPAT due to (i) the expansion of Long Chau and (ii) the peak sales seasons of FPT Shop.

Figure 43. FRT reported the highest NPAT in 3Q24 attributed by both Long Chau and FPT Shop



Source: Company Data, KIS VN

Figure 44. FPT Shop posted VND40bn in 3Q24 due to the ease of one-off expenses and stronger sales.



Source: Company Data, KISVN

PNJ – Jewelry Retail would thrive in the wedding season

The improvement of demand would fuel Jewelry Retail

In 3Q24, PNJ's net revenue remained flat compared to last year at VND7,129bn (+3.1% yoy) but posting a decline compared to 2Q24 (-43.4% qoq).

- **Jewelry Retail would be the key driver in the wedding season**

Jewelry Retail's sales increased to VND4,991bn (+22.3% yoy), accounting for 70% total sales. This demonstrated the continuing recovery of consumer demand, which would positively contribute to the upcoming quarter's results.

In 4Q24F, we believe Retail Jewelry will still be the sales driver since (1) the recovery of the economy will lead to the higher consumer spending and (2) the launch of new Jewelry collections in the peak year-end wedding season. PNJ shares that in the upcoming quarters, they would introduce a whole new Jewelry Retail product line for men.

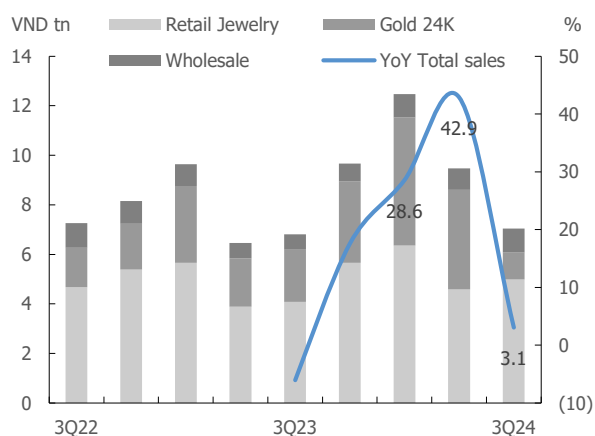
- **Gold 24K would face challenges running into 4Q24F**

In 3Q24, 24K Gold sales dropped to VND1,087bn (-48.2% yoy) mainly due to the supply shortage (SBV only sell 24K gold to 4 stated-owned banks to stabilize the gold market). We saw that (1) the 24K Gold price remained high, (2) USDVND remained high and (3) the demand for Gold 24K continued to remain high. Hence, in 4Q24F, we think that 24K Gold sales would continue to face challenges since the Gold supply for PNJ is unlikely to improve. In the longer-term, we think that Gold 24K Gold would continue to contribute to PNJ's sales since this would lead to the cross sales of Retail Jewelry.

- **Wholesales would benefit from SBV's tighten control on the market**

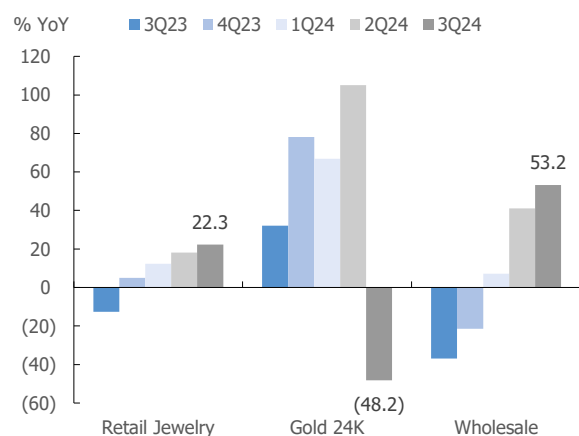
In 3Q24, Wholesales sales jumped to VND965bn (+53.2% yoy), posting the highest contribution to total sales (about 13.5%) since 4Q22. This rally in Wholesales has continued since May, following the intensified investigation into the gold's origins among retailers. In 4Q24F, we expect that sales of this channel would continue to grow strong but not as much as being seen in 3Q24 due to the end of the investigation. We believe Wholesales would continue to be benefited from SBV's long-term efforts in enhancing the transparency and soundness of the Gold market.

Figure 45. PNJ's total sales stayed flat in 3Q24 due to the decrease of Gold 24K



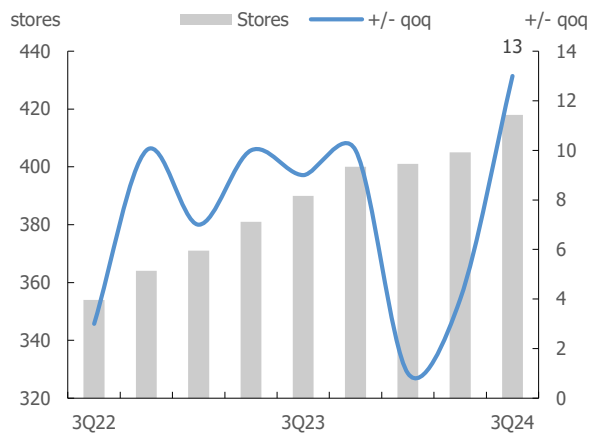
Source: Company Data, KIS VN

Figure 46. Jewelry Retail would be the key driver for PNJ in the wedding season



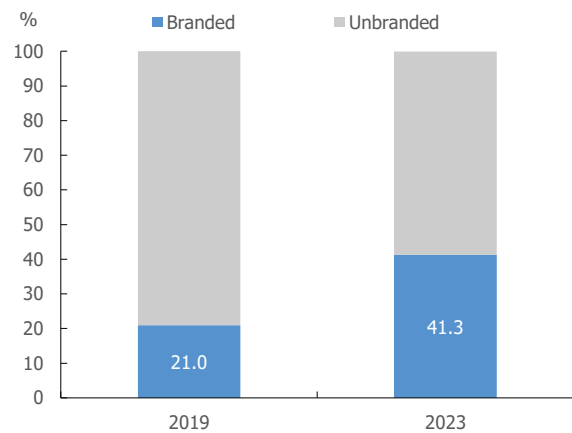
Source: Company Data, KIS VN

Figure 47. PNJ continued to open more stores in 3Q24



Source: Company Data, KIS VN

Figure 48. In the long-term, PNJ would benefit from the consumer's switching to branded Jewelry



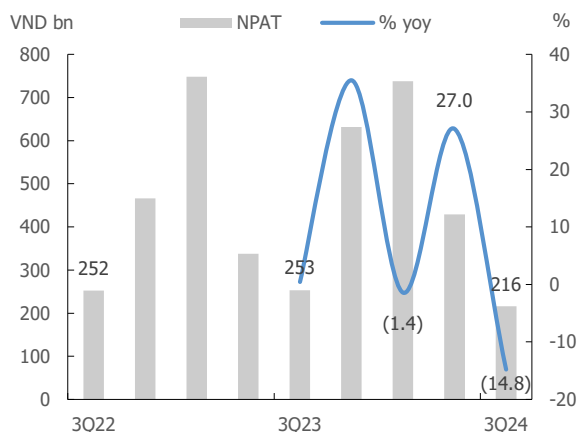
Source: Company Data, KIS VN

NPAT would rise in 4Q24F despite a drop in 3Q24.

In 3Q24, PNJ's NPAT dropped to VND216bn (-14.8% yoy) due to (1) the decline in Retail Jewelry's gross profit margin attributed to the rise in raw gold materials amid the gold shortage (2) the abnormal increase in PNJ's tax expenses (+70.4% yoy; PBT: +1.5% yoy). Per management, the higher tax expenses was due to the provision for devaluation of inventories, which they expect that it would not reoccur in 4Q24F.

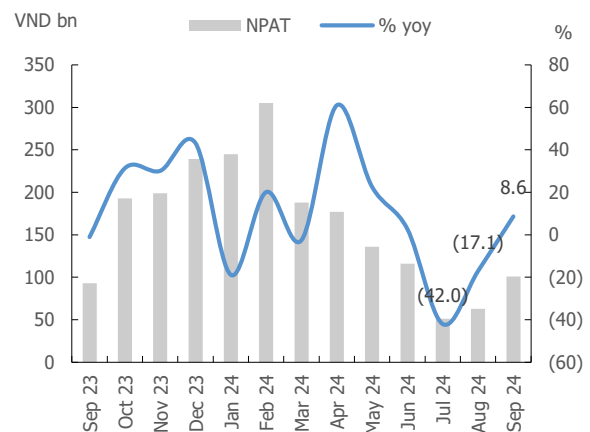
In 4Q24F, we expect PNJ would post a positive growth in NPAT which is driven by (a) the rise of Jewelry Retail sales (b) higher Jewelry Retail's gross margin (c) the decrease of effective tax rates to its normal level.

Figure 49. 3Q24 NPAT dropped due to lower Jewelry Retail's margin and higher tax expenses.



Source: Company Data, KIS VN

Figure 50. NPAT in Sep 24 rose positively by 8.6% yoy after declining in Jul and Aug.



Source: Company Data, KIS VN

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