

10/05/2024

RECOMMENDATION BUY

Fair price	77,200
Current price	66,500
Upside/downside	16%

STOCK INFORMATION

Outstanding shares (mil)	70.00
Free float (mil)	9.10
Market cap. (billion VND)	4,655.31
3m avg. volume (shares)	32,855
Foreign ownership (%)	49.65%
First listing date	12/04/2006

SHAREHOLDER STRUCTURE

SK Investment Vina III Pte. Ltd	47.67%
Vietnam Pharmaceutical Corporation - JSC	22.04%
Sunrise Kim Investment JSC	9.75%
KBA Investment JSC	7.37%
Others	13.17%

KEY ATTRIBUTES

TTM EPS (VND)	4,051.87
BVPS (VND)	30,662
Debt/Equity (%)	15%
ROA (%)	11.49%
ROE (%)	13.86%
P/E	16.41
P/B	2.17
Dividend yield (%)	1.50%

PRICE PERFORMANCE



COMPANY PROFILE

Imexpharm Pharmaceutical Joint Stock Company (HSX: IMP) was established in 1977, originally known as Grade-2 Pharmaceutical Company with a role in distributing drugs in Cao Lanh City, Dong Thap Province. Imexpharm operates in the field of manufacturing and trading various pharmaceutical products, including various types of medicines and other medical products.

ANALYST(S)

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“PERFORMANCE-ENHANCING DRUGS”

- In 1Q2024, IMP reported contrasting financial results with a 2.5% YoY increase in Net Revenue to VND 491 bn, while PBT decreased by 21.5% to VND 77.8 bn, achieving 21% and 18% of the 2024 plan, respectively.
- IMP is the domestic company with the highest ETC channel winning value in the industry in 1Q2024, showing IMP's outstanding capacity and strong competitive position compared to domestic companies in ETC channel drug bidding.
- We believe that IMP would continue to record good growth in 2024 thanks to (1) domestic drugs being given priority in the bidding structure thanks to the Government's policies, (2) strong growth from the channel ETC and (3) factories meeting EU-GMP standards create long-term growth potential.
- We maintain our **BUY** recommendation with a fair price for IMP of 77,200 VND/share, corresponding to a potential upside of 16% compared to the current price.

1Q2024 Business results

At the end of 1Q2024, IMP recorded a Net Revenue increase of 2.5% YoY to VND 491 bn while PBT decreased by 21.5% YoY to 77.8 bn, completing 21% and 18% of the 2024 plan, reaching 97% and 86% compared to PHS's previous forecast, respectively. IMP4 factory began depreciation from July 2023 and API raw material prices remained high until early 2024, causing COGS in 1Q2024 to increase by 25% YoY to VND 310 bn, which was the main reason for the decline in profitability during the period. Therefore, Gross Profit Margin decreased to only 36.8%.

By the end of 2023, IMP4 factory's operational capacity had reached 61%, generating revenue of 80 billion VND after 5 months of operation. Meanwhile, IMP1, IMP2, and IMP3 factories had not yet reached their maximum capacity, indicates that IMP still has plenty of room to further accelerate its growth from 2024 onwards.

2024F Business plan

For 2024F, IMP has set a business plan to continue its strong growth compared to the previous year, with Gross Revenue increasing by 24% YoY to VND 2,630 bn. Specifically, revenue from the ETC channel is expected to grow even more robustly, reaching VND 1,316 bn (+49% YoY), while revenue from the OTC channel is projected to VND 1,214 bn (+12% YoY). Additionally, IMP anticipates Net Revenue for 2024F to increase by 19% YoY to VND 2,365 bn, and PBT to rise by 12% YoY to VND 423 bn.

In 2024, IMP continues to aggressively drive growth in both the ETC and OTC channels, with plans to expand OTC coverage in the Northern region, maximize penetration in the Central and Southern regions, and fully exploit the ETC channel with products including infusions and lyophilized powder.

We have the same viewpoint as IMP that revenue from the ETC channel will grow stronger than the OTC channel, with growth in 2024F forecast by us to be 20% YoY and 10% YoY respectively, lower than with IMP's forecast based on the expectation that ETC channel growth is expected to return to normal levels because it has recovered well in 2023 and the OTC market is saturated. Thereby, PHS forecasts that IMP will record net revenue and PBT