

COMPANY MEETING NOTE

18/11/2024

RECOMMENDATION

RECOMMENDATION	HOLD
Fair price	42,550
Current price	41,800
Upside/downside	2%

STOCK INFORMATION

Outstanding shares (mil)	154.0
Free float (%)	12%
Market cap. (billion VND)	6,376.97
3m avg. volume (shares)	150,991
Foreign ownership (%)	49.27%
First listing date	04/12/2006

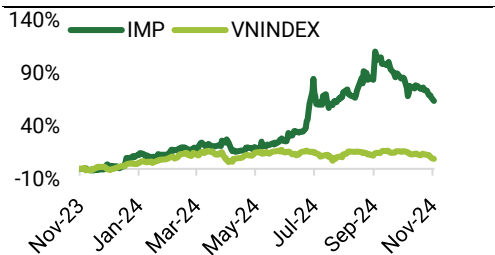
SHAREHOLDER STRUCTURE

SK Investment Vina III Pte. Ltd	47.70%
Vietnam Pharmaceutical Corporation - JSC	22.04%
Sunrise Kim Investment JSC	9.76%
KBA Investment JSC	7.37%
Others	13.13%

KEY ATTRIBUTES

TTM EPS (VND)	1,538
BVPS (VND)	13,961
Debt/Equity (%)	4.85%
ROA (%)	10.76%
ROE (%)	11.88%
P/E	25.73
P/B	2.97
Dividend yield (%)	2.36%

PRICE PERFORMANCE



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Imexpharm Pharmaceutical JSC (HSX: IMP) was established in 1977, originally known as Grade-2 Pharmaceutical Company 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. IMP currently operates 4 factories, including 12 production lines meeting EU-GMP standards and leading the antibiotic market share in Vietnam, reaching 9.6%.

ANALYST(S)

Duong Trung Hoa
hoaduong@phs.vn

- Leveraging its leading position in the ETC channel and the recovery of the OTC channel, IMP reported quite positive performance in 3Q2024, with Net Revenue reaching VND 545 bn (+5.3% QoQ, +16.7% YoY) and PBT reaching VND 91 bn (+9.6% QoQ, +5.0% YoY).
- Notably, IMP continues to expand its market share in Tier 2, driving ETC channel revenue to grow by 47% YoY in 3Q2024, significantly outperforming the industry average.
- However, IMP has only achieved 66% of its revenue target after 9M2024, while PBT declined by 11.8%, reaching just 60% of the 2024 target. Compared to PHS's forecast, IMP's results underperformed expectations due to (1) sluggish OTC channel performance in 1H2024, underutilization of production capacity, compounded by offering higher discounts to pharmacy chains, (2) a 3% YoY increase in API prices and a 41% YoY rise in depreciation costs for the IMP4 plant to VND 79 bn. Consequently, we revised our 2024F projections for revenue and PBT to VND 2,159 bn (+8.3% YoY) and VND 360 bn (-4.5% YoY), respectively.
- The company recently commenced operations of the 3rd production line at its IMP4 plant in late October. Additionally, IMP plans to develop the Cat Khanh Pharmaceutical Factory Complex Project in Dong Thap meeting EU-GMP standards, with a total investment of nearly VND 1,500 bn.
- Our recommendation for IMP is HOLD with target price of VND 42,550/share, based on confidence in the overall outlook for the pharmaceutical industry and IMP's sustained position as a leading company in the sector.

9M2024 Business results update

IMP reported quite positive 3Q2024 performance with Net Revenue reaching VND 545 bn (+5.3% QoQ, +16.7% YoY) and PBT amounting to VND 91 bn (+9.6% QoQ, +5.0% YoY), primarily driven by leveraging its leading position in the ETC channel and the recovery of the OTC channel. In which:

- ETC channel revenue in 3Q2024 surged by 47% YoY, significantly outperforming the overall industry, which recorded a growth rate of 11% YTD. The majority of IMP's ETC revenue comes from Tier 2, which accounts for approximately 80%–90% of ETC channel revenue. IMP currently holds an 18% – 20% market share in Tier 2 as of 1H2024 and continues to expand its share through 3Q2024.
- OTC channel has shown signs of recovery with 3Q2024 revenue increasing by 8% YoY, driven by enhanced collaboration with major pharmacy chains like Pharmacy. As a result, sales revenue from pharmacy chains grew by 92% QoQ and 182% YoY in 3Q2024. For 9M2024, revenue from pharmacy chains increased by 158% YoY, with its contribution to OTC channel revenue rising to 10% in 3Q2024 from 5% at the end of last year.

Cumulatively 9M2024, IMP recorded Net Revenue growth of 12.1% YoY to VND 1,553 bn, achieving 66% of its 2024 revenue target, aligned with PHS PHS projections. However, PBT decreased by 11.8% YoY to VND 252 bn, fulfilling 60% of the 2024 profit target and 77% of PHS's full-year forecast.