

**IMEXPHARM CORPORATION (HSX: IMP)**
**Nguyen Thi Thuy Van**

Equity Analyst

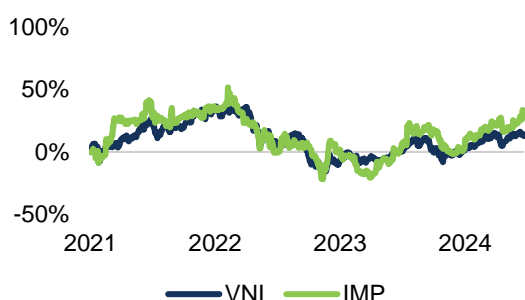
Email: [vanntt3@fpts.com.vn](mailto:vanntt3@fpts.com.vn)

Tel: 1900 6446 - Ext: 7561

Report approved by:

**Nguyen Duc Thanh Nhan, CFA**

Head of Investment Analysis Team

**IMP and VNINDEX price movements**


Market price:	76,700	Recommendation
Target price:	89,600	<b>BUY</b>
Percentage change:	<b>+17%</b>	

**PROSPECTS FROM THE CAPACITY EXPANSION AT EU-GMP FACTORIES**

➤ **BUSINESS RESULT IN 1Q2024**

- **The ETC channel expanded in 1Q2024**, estimated at VND 273 billion (+58% YoY). This result is attributed to (1) the Ministry of Health issuing Circular 03/2024, which includes a list of tier 2 drugs restricted from import when there are at least 3 enterprises meeting EU-GMP production standards, and (2) the positive growth of the ETC-partner, estimated at VND 218 billion (+65% YoY). ([In detail](#))
- **Revenue from the OTC channel is estimated at VND 262 billion**, down 9% YoY amid a sluggish retail market and the return of a competitive environment as the government issued Decree 80/2023/QH15 on the extension of drug registration numbers. ([In detail](#))

We proceed to update the valuation of **IMP - Imexpharm Corporation** listed on the HSX. By using the discounted cash flow method, we determine the target price of IMP stock to be **89,600 VND/share**, which is 17% higher than the closing price on July 8, 2024. We recommend **BUY** for IMP stock based on the following thesis:

➤ **INVESTMENT THESIS**

- **Revenue from the ETC channel is expected to reach VND 1,163 billion (+36% YoY) in 2024** due to the increased capacity at EU-GMP factories (IMP 2, 3, 4), driven by (1) an anticipated annual increase of 9.2% in demand for antibiotics, (2) a diverse distribution channel that enhances bidding success, and (3) continued benefits from policies favoring domestic pharmaceutical manufacturers. Accordingly, we estimate the output at the EU-GMP factory clusters to reach 192 million units (+13% YoY) in 2024. ([In detail](#))
- **Positive outlook for the OTC channel thanks to plans to expand distribution to the North.** IMP's current distribution system is mainly concentrated in the southern provinces with approximately ~70% of sales branches and ~60% of sales representatives. We project IMP's OTC channel revenue to reach VND 1,137 billion (+5% YoY) in 2024 due to (1) plans to penetrate the northern market and (2) strengthening cooperation with pharmacies (accounting for 82% of OTC revenue). ([In detail](#))

**Trading Information 08/07/2024**

Current price (VND/share)	76,700
52-week high price (VND/share)	76,700
52-week low price (VND/share)	54,800
Number of listed shares (million shares)	70.04
Number of outstanding shares (million shares)	70.00
10-day average volume (shares)	73,390
Foreign ownership percentage	49.7%
Charter capital (billion VND)	700.4
Market capitalization (billion VND)	5,369.36
Trailing 12-month P/E ratio	18.03x
Trailing 12-month EPS (VND/share)	4.159

**Company Overview**

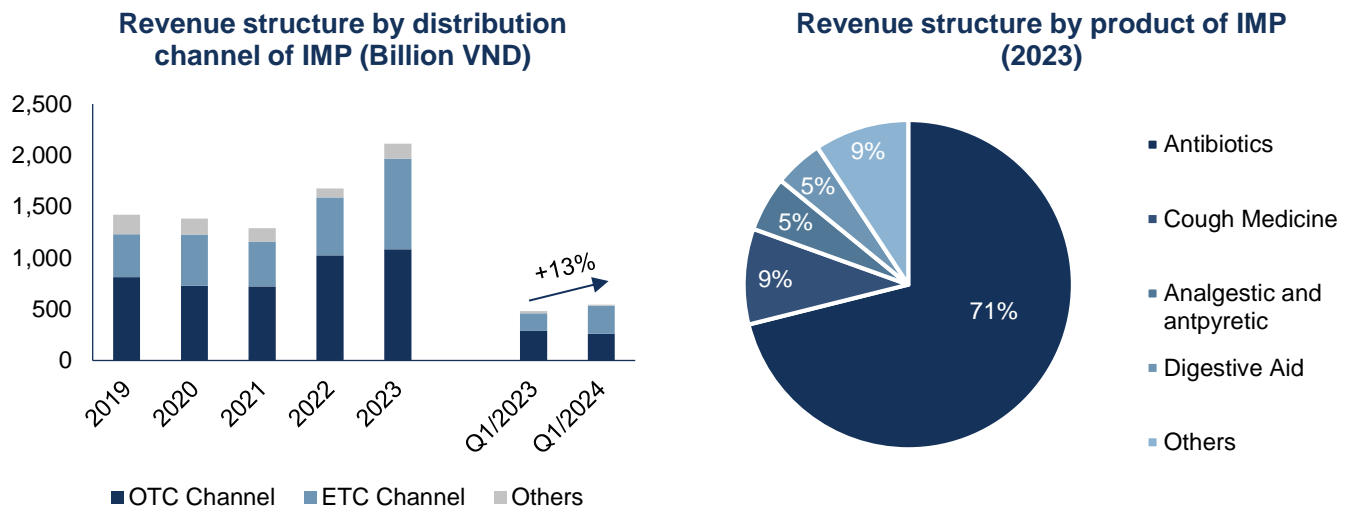
Name	Imexpharm Corporation
Address	No. 04, 30/4 Street, Ward 1, Cao Lanh City, Dong Thap Province
Main business activity	Production of pharmaceuticals, chemicals, and pharmaceutical materials
Competitive advantage	Leading market share in antibiotics
Main risk	Price volatility of active pharmaceutical ingredients (APIs)

**I. UPDATED BUSINESS RESULTS OF IMP IN 2023 AND 1Q2024**

Category (billion VND)	2022	2023	%YoY	1Q2023	1Q2024	%YoY
<b>Total revenue</b>	<b>1,676</b>	<b>2,114</b>	<b>26.1%</b>	<b>482</b>	<b>545</b>	<b>13.1%</b>
OTC channel	1,024	1,083	5.8%	287	262	-9.0%
ETC channel	567	884	56.0%	172	273	58.0%
Others	86	147	71.6%	22	11	-50.6%
<b>Net revenue</b>	<b>1,644</b>	<b>1,994</b>	<b>21.3%</b>	<b>479</b>	<b>491</b>	<b>2.5%</b>
COGS	946	1,184	25.2%	248	311	25.0%
<b>Gross profit</b>	<b>697</b>	<b>811</b>	<b>16.4%</b>	<b>231</b>	<b>181</b>	<b>-21.8%</b>
Selling expenses	269	310	15.2%	92	69	-25.0%
Administrative expenses	132	120	-9.1%	38	29	-23.7%
<b>Operating profit</b>	<b>296</b>	<b>381</b>	<b>28.7%</b>	<b>101</b>	<b>83</b>	<b>-17.8%</b>
Financial income	24	25	4.2%	4	2	-50.0%
Financial expenses	29	31	6.9%	6	6	0.0%
Interest expense	4	6	50.0%	0	0	N/A
Other profit	1	3	200.0%	1	-1	-200.0%
<b>Profit before tax</b>	<b>291</b>	<b>377</b>	<b>29.6%</b>	<b>99</b>	<b>78</b>	<b>-21.2%</b>
<b>Profit after tax</b>	<b>224</b>	<b>300</b>	<b>33.9%</b>	<b>78</b>	<b>62</b>	<b>-20.4%</b>
<b>Financial ratios</b>						
Gross profit margin	42.4%	40.7%	-1.7 %pt	48.2%	36.9%	-11.4 %pt
Selling expenses/Net revenue	16.4%	15.5%	-0.8 %pt	19.2%	14.1%	-5.2 %pt
Admin expenses/Net revenue	8.0%	6.0%	-2.0 %pt	7.9%	5.9%	-2.0 %pt
Operating profit margin	18.0%	19.1%	1.1 %pt	21.1%	16.9%	-4.2 %pt
Financial income/Net revenue	1.5%	1.3%	-0.2 %pt	0.8%	0.4%	-0.4 %pt
Profit before tax margin	17.7%	18.9%	1.2 %pt	20.7%	15.9%	-4.8 %pt

IMP's 1Q2024 revenue reached VND 545 billion (+13% YoY), primarily driven by strong growth in the ETC channel (+58% YoY). Meanwhile, revenue in the OTC channel slightly decreased by 9% YoY, recording VND 262 billion in 1Q2024.

Regarding the product structure, antibiotics (accounting for 71% of revenue) are currently the company's main product line. We estimate that approximately 70% of antibiotics are produced according to EU-GMP standards at the three factory clusters IMP 2, 3, and 4. ([See more: Details on IMP's production facilities](#))

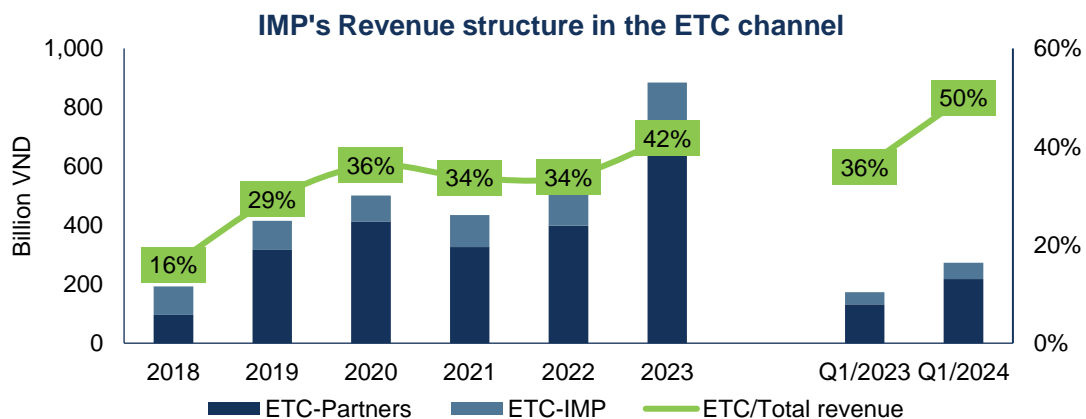


Source: IMP, compiled and estimated by FPTTS

## 1. Expansion of the ETC channel thanks to favorable regulatory environment and distribution channel diversification ([Back to cover](#))

In the ETC channel, IMP distributes through two main forms: (1) self-bidding (ETC-IMP) and (2) batch cutting for distributors<sup>1</sup> (ETC-partner), estimated to account for 28% and 72% of ETC channel revenue, respectively, on average during 2018-2023.

IMP's ETC channel revenue reached VND 884 billion (+56% YoY) and VND 273 billion (+58% YoY) in 2023 and 1Q2024, respectively. Accordingly, the proportion of ETC revenue to total revenue expanded from 36% in 1Q2023 to 50% in 1Q2024. This result is attributed to (1) policies supporting domestic pharmaceutical enterprises and (2) efforts to diversify distribution forms in the ETC channel, particularly for ETC-partners.



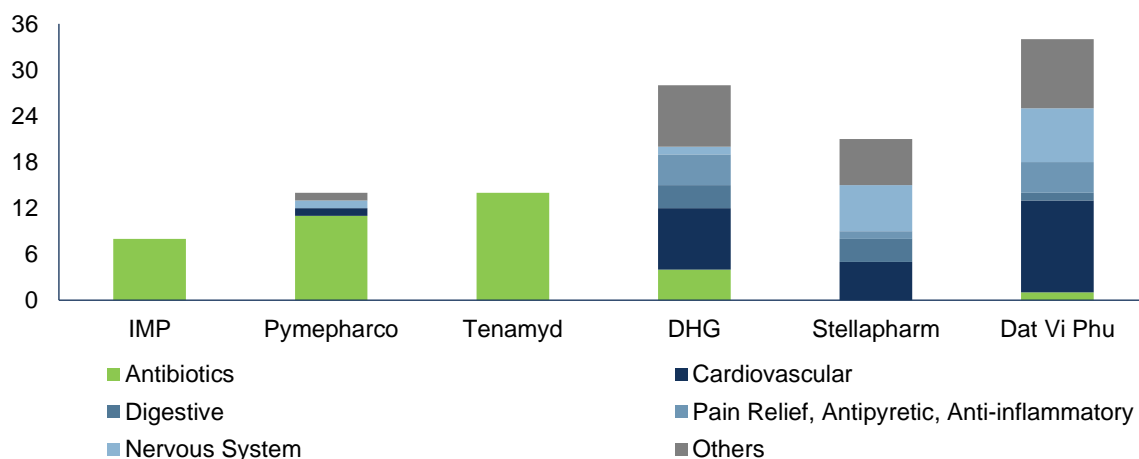
Source: IMP, compiled and estimated by FPTTS

<sup>1</sup> Batch cutting is a form of contract between a manufacturer and a pharmaceutical distributor. In this arrangement, the distributor will commit to purchasing all the pharmaceutical products from the manufacturer.

**The favorable regulatory environment for enterprises with high-standard production lines.** In [Circular 03/2024/TT-BYT](#), the Ministry of Health has just issued a list of 93 drugs with at least 3 domestic companies meeting EU-GMP or equivalent production standards (mainly in Tier 2). Therefore, foreign companies cannot participate in the bidding process for this list of drugs. This increases the bidding opportunities for domestic enterprises with EU-GMP or equivalent production standards.

From the bidding data in 2023 and 1Q2024, we estimate that IMP won bids for 8/93 drugs (~14% of IMP's ETC channel revenue) in the list of Circular 03/2024, mostly Cephalosporin antibiotics. Meanwhile, DHG, Stellapharm, and Dat Vi Phu have more drugs won due to their diverse product portfolios, including other specialty drugs such as cardiovascular, digestive, and nervous system drugs,...

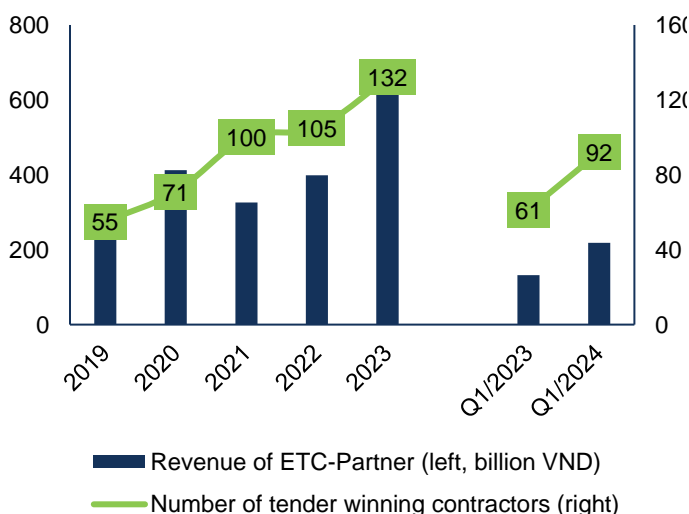
**Number of drugs awarded tender according to Circular 03/2024**



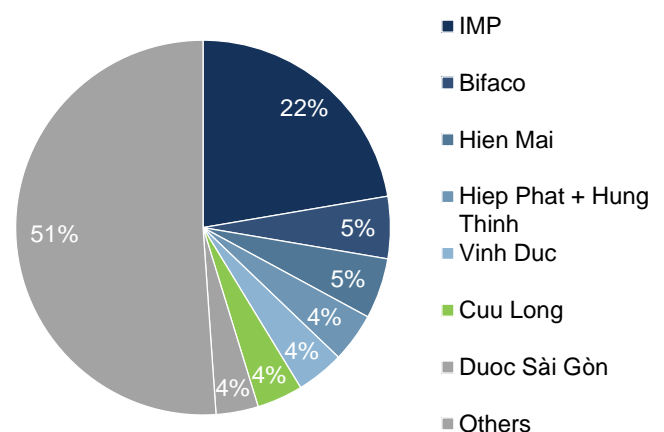
Source: 2023 and 1Q2024 bidding data (from DAV), compiled and estimated by FPTs

**Diversifying distribution forms helps IMP's ETC channel revenue grow positively** with a CAGR of 36% per year during 2018-2023, mainly from the rapid growth of the ETC-partner channel (CAGR = +49% per year in the same period). Self-bidding activities (ETC-IMP) and batch cutting for distributors (ETC-partners) are estimated to account for 22% and 78% of IMP's antibiotic revenue in the ETC channel in 1Q2024. Some prominent partners in IMP's ETC channel include Bifaco, Hien Mai, Hiep Phat, and Hung Thinh, Vinh Duc, etc. We consider that cooperating with distributors helps IMP (1) increase the likelihood of winning bids, thereby expanding hospital channel revenue, and (2) save selling costs.

**Revenue of IMP's ETC-Partner channel**



**Market share of IMP's antibiotic tenders in the ETC channel (1Q2024)**

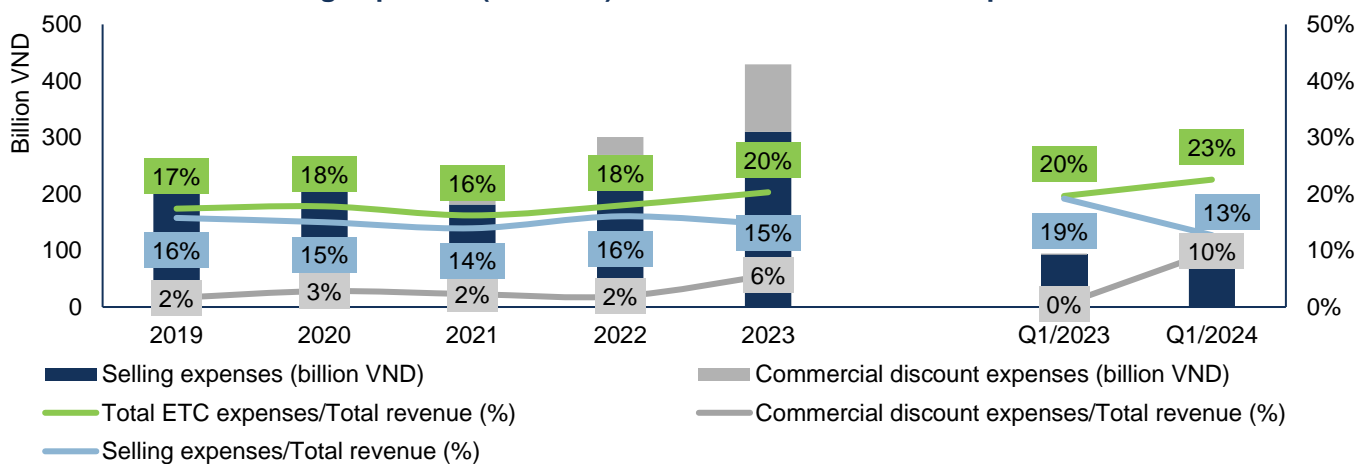


Source: IMP, Drug Administration of Vietnam (DAV), compiled and estimated by FPTs

In 1Q2024, ETC-partner channel revenue reached VND 218 billion (+65% YoY) thanks to an increase in the number of winning bidders from 61 in 1Q2023 to 92 (+51% YoY) in 1Q2024. Regarding operating costs in the ETC channel, IMP records selling costs for self-bidding activities and drug distribution at medical facilities. Meanwhile, batch cutting for partners helps IMP save these costs. Instead, IMP must build an appropriate discount rate for distributors to offset selling costs. Accordingly, selling expenses and commercial discount expenses reached VND 69 billion (-25% YoY) and VND 53 billion (+2,151% YoY) in 1Q2024, respectively.

The ratio of selling expenses to total revenue of IMP remained stable at 15% during 2019-2023 and decreased by 6 percentage points YoY (to 13%) in 1Q2024 thanks to significant selling cost savings when batch cutting for partners. Meanwhile, the ratio of commercial discount expenses to total revenue recorded a significant increase, reaching 6% (+4 percentage points YoY) and 10% (+10 percentage points YoY) in 2023 and 1Q2024, respectively. This leads to a slight increase in the proportion of total operating costs of the ETC channel to total revenue compared to the same period, estimated at 20% (+2 percentage points YoY) and 23% (+3 percentage points YoY) in 2023 and 1Q2024, respectively.

**Selling expenses (ETC-IMP) and discount costs for IMP partners**



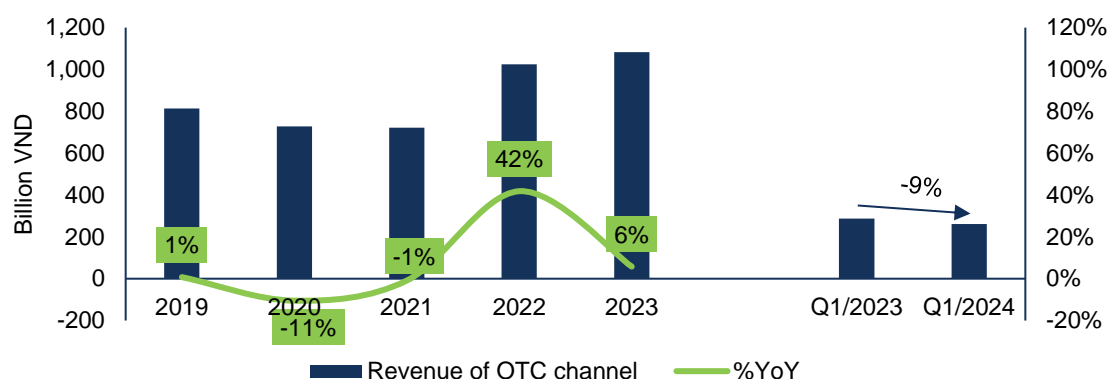
Source: IMP, compiled and estimated by FPT S

## 2. OTC channel revenue slightly decreased amid a slow retail market [\(Back to cover\)](#)

In 2023, IMP recorded OTC revenue of VND 1,083 billion (+6% YoY), growing more positively than the pharmaceutical OTC market (+5.5% YoY<sup>2</sup>) thanks to (1) distribution revenue through pharmacy chains tripling YoY, estimated at VND 97 billion and (2) benefiting from the expiration of foreign drug registrations. In 1Q2024, IMP's OTC channel revenue reached VND 262 billion, down 9% YoY due to (1) weak demand amid a slow retail market recovery, and (2) the competitive environment returning to normal when the government issued Decree 80/2023/QH15 on the extension of drug registration numbers. Accordingly, IMP proactively adjusted production volume at the IMP1 factory<sup>3</sup> (~42% of revenue in 1Q2024) by ~4.3% YoY amid the slow-growing OTC market.

<sup>2</sup> Source: BMI, compiled by FPT S

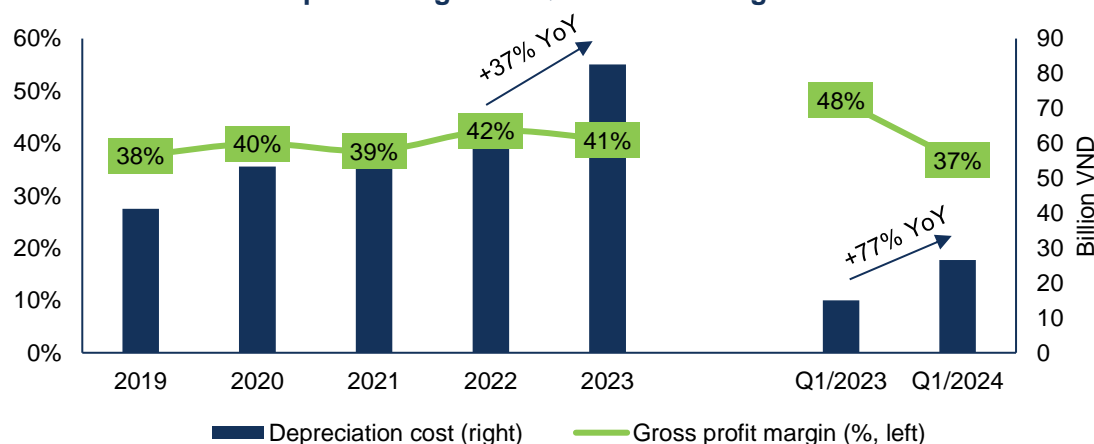
<sup>3</sup> IMP1 Factory: produces drugs in the WHO-GMP segment, mostly consumed through the OTC channel

**Growth of IMP's OTC channel**


Source: IMP, compiled and estimated by FPTTS

### 3. Gross profit margin in 1Q2024 decreased due to higher input material prices and depreciation costs

IMP's gross profit margin decreased by 11 percentage points YoY, reaching 37% in 1Q2024 due to significantly higher input material prices and depreciation costs. Specifically, API prices in 1Q2024 increased by 3% YoY (according to IMP) and depreciation costs reached VND 26.6 billion, a sharp increase of 77% YoY from the IMP4 factory beginning operation in Q3/2023

**Gross profit margin in 1Q2024 is trending downward**


Source: IMP, compiled and estimated by FPTTS

## II. BUSINESS OUTLOOK

For the 2024 revenue plan, IMP aims to grow net revenue and pre-tax profit by VND 2,365 billion (+19% YoY) and VND 423 billion (+12% YoY), respectively. With net revenue and pre-tax profit in 1Q2024 reaching VND 491 billion and VND 78 billion, IMP has completed 21% of the revenue plan and 18% of the profit plan for 2024.

**Table: IMP's Business plan for 2024**

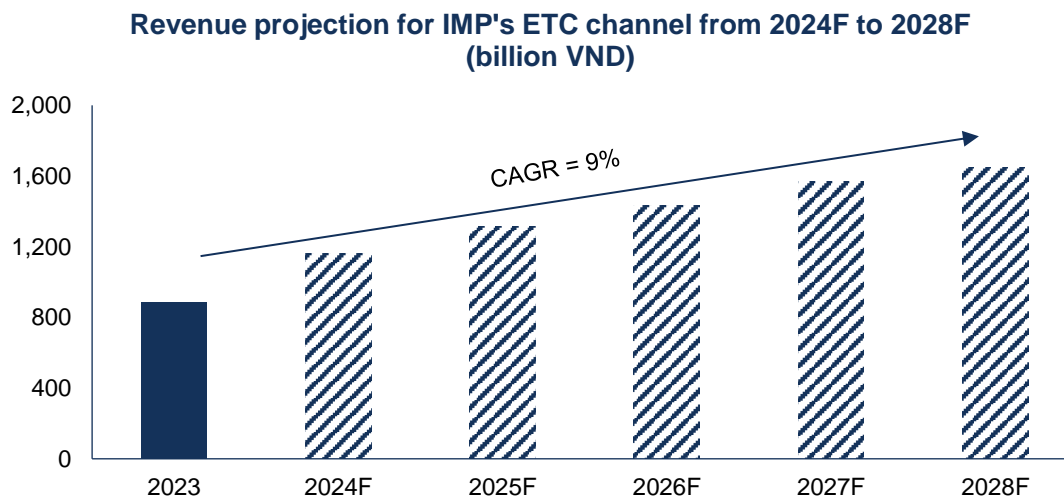
Criteria	2023A	2024F	Growth (%)	% of Plan 2024
<b>Total revenue</b>	<b>2,113</b>	<b>2,630</b>	<b>24%</b>	<b>21%</b>
OTC Channel	1,083	1,214	12%	22%
ETC Channel	884	1,316	49%	21%
<b>Net revenue</b>	<b>1,994</b>	<b>2,365</b>	<b>19%</b>	<b>21%</b>
<b>Profit before tax</b>	<b>377</b>	<b>423</b>	<b>12%</b>	<b>18%</b>



We provide a conservative projection for the growth rates in the OTC and ETC channels from the relatively high base in 2023, expecting +5% and +32% YoY in 2024, respectively – 7 percentage points and 17 percentage points lower than IMP's plan. We forecast IMP's net revenue and profit before tax to reach VND 2,363 billion (19% YoY, 90% of the plan) and VND 405 billion (7% YoY, 96% of the plan) in 2024. The primary growth drivers are expected to be the robust growth in the ETC channel and the market expansion plan in the OTC channel, based on the following points:

### 1. ETC Channel – Capacity expansion potential for antibiotics at EU-GMP factory clusters ([Back](#))

We project IMP's ETC channel revenue in 2024 to reach VND 1,136 billion (+32% YoY). During the 2024F-2027F period, we expect IMP's ETC channel revenue to grow at a rate of 9% per year. This result comes from the prospect of increased capacity at EU-GMP standard factory clusters (including IMP2, 3, and 4) due to (1) the anticipated 9.2% CAGR in antibiotic usage demand during the 2023-2027F period (*according to IQIVIA, IMP*), (2) diverse distribution channels that enhance bidding success, and (3) a favorable regulatory environment helping IMP continue to expand antibiotic revenue in Group 1-2 segments. Accordingly, we expect ETC-partner and ETC-IMP channels to reach VND 947 billion (+36% YoY) and VND 216 billion (+15% YoY) in 2024, respectively.

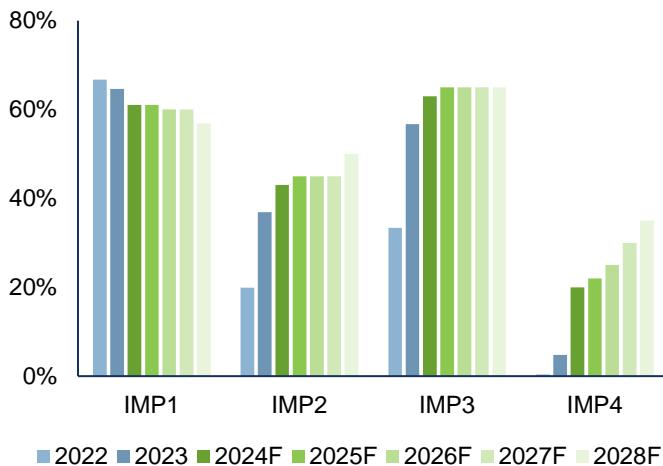
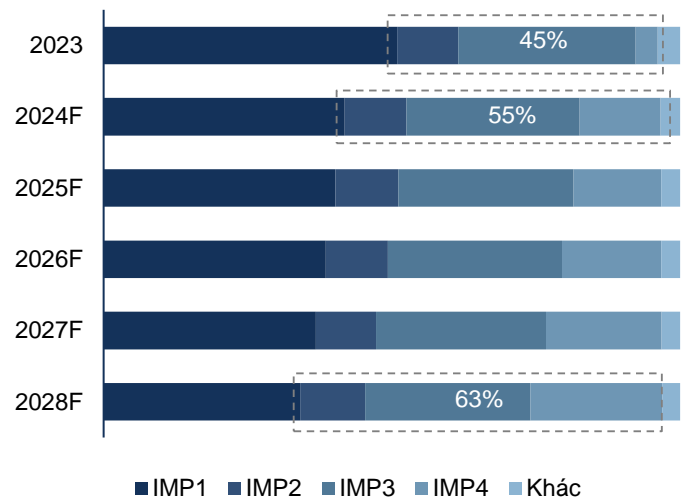


*Source: IMP, compiled and estimated by FPTs*

In 2023, the IMP2, 3, and 4 factory clusters reached 37%, 57%, and 5% capacity, respectively, corresponding to production growth rates of +86% YoY, +70% YoY, and +1,050% YoY. Meanwhile, the capacity of the IMP1 factory (WHO-GMP standard) slightly decreased, reaching 67% (-3 percentage points YoY) due to reduced demand in the OTC channel.

We assess that this result aligns with IMP's focus on high-quality product lines and project that the capacity of EU-GMP standard factories will continue to improve during the 2024F-2028F period. We expect the production at EU-GMP factories to reach 192 million units (+13% YoY) in 2024 and grow at a CAGR of 10% per year during the 2024F-2028F period. Accordingly, the estimated revenue contribution from EU-GMP factories will increase from VND 901 billion (~45% of revenue) in 2023 to VND 1,296 billion (~55% of revenue) and VND 1,873 billion (~63% of revenue) in 2024F and 2028F, respectively.

According to IMP, the IMP4 factory (operational since Q3/2023) owns the first EU-GMP standard production line for injectable antibiotics and infusion solutions in Vietnam. As a result, IMP can produce drugs of equivalent quality at prices that are 15%-80% cheaper than imported drugs ([See more: Comparision of bid prices for Tier 1, 2 injectable antibiotics](#)). IMP expects the IMP4 factory to break even in 2024 thanks to increased demand in the high-quality injectable antibiotic - infusion solution segment (EU-GMP) with a high number of pre-orders in 2024.

**Projected capacity of IMP's factory clusters (2024F-2028F)**

**Projected revenue contribution share of IMP's factory clusters (%)**


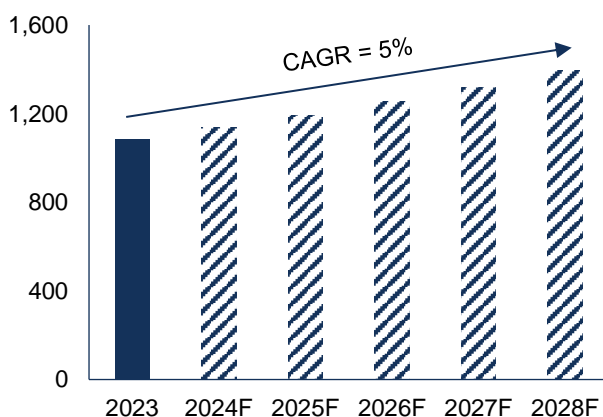
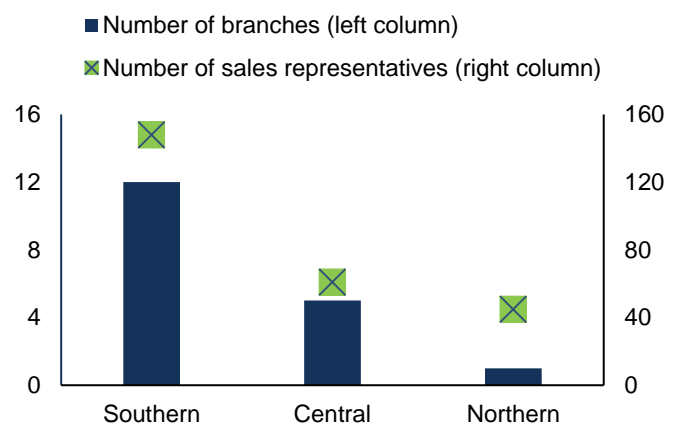
Source: IMP, compiled and estimated by FPTs

## 2. OTC Channel - Positive outlook thanks to plans to expand distribution network in the North and strengthen cooperation with pharmacies [\(Back\)](#)

In the OTC channel, IMP currently distributes products through (1) 18 sales branches with over 250 sales representatives and (2) ~17,500 pharmacies nationwide. IMP's OTC channel revenue for 2024 is projected to reach VND 1,137 billion (+5% YoY). During the 2024F-2028F period, we project OTC channel revenue to grow at a CAGR of 5% per year. We assess that IMP's OTC channel outlook is positive due to (1) plans to penetrate the northern market and (2) strengthening collaboration with pharmacies (accounting for 82% of OTC revenue).

### Plan to expand the sales network in the North

IMP's current sales system is mainly concentrated in the southern provinces with 12 branches and 148 sales representatives, accounting for 67% and 58% of the total, respectively. With an aim to increase revenue and enhance brand recognition in the OTC channel, IMP plans to (1) increase the number of sales representatives and (2) open 2-3 more branches in the northern provinces during the 2024F-2027F period. We estimate that the penetration plan to the northern market will contribute VND 80-120 billion to OTC channel revenue, equivalent to 3-10% of OTC channel revenue annually during the 2024F-2028F period.

**Revenue projection for IMP's OTC channel from 2024F to 2028F (billion VND)**

**IMP's nationwide sales network (1Q2024)**


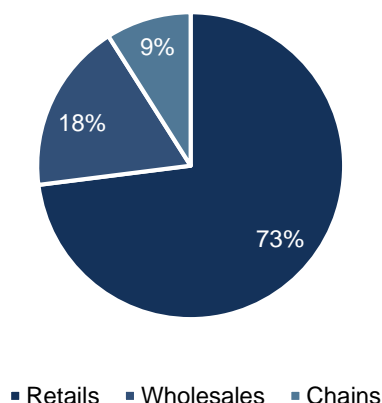
Source: IMP, compiled and estimated by FPTs



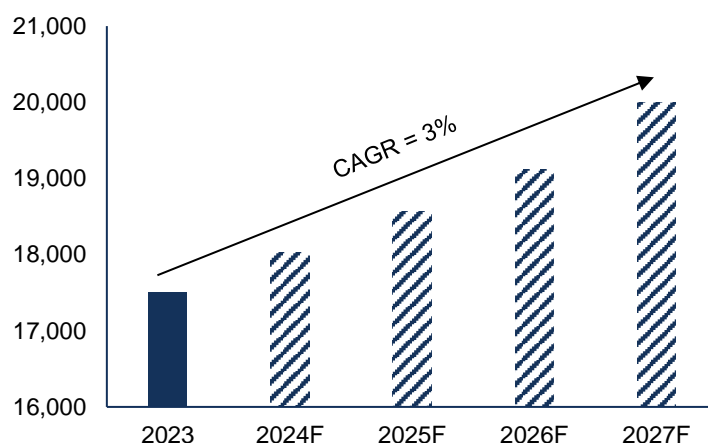
### Plan to strengthen cooperation with pharmacies

IMP is currently distributing drugs through ~17,500 pharmacies nationwide, including private pharmacies and pharmacy chains (such as Long Chau, Pharmacy, An Khang, Trung Son, etc.), accounting for about 82% of OTC channel revenue. Among them, private pharmacies and pharmacy chains account for 73% and 9% of OTC channel revenue, respectively. IMP plans to expand the number of existing pharmacy customers from 17,500 in 2023 to 20,000 in 2027 with a CAGR of 3% per year. We discern that the plan to expand cooperation with pharmacies in the OTC channel of IMP is relatively feasible due to (1) the ability to expand by 2,500 customers per year during the 2022-2023 period and (2) the growth opportunities in the northern market.

**Customer structure of IMP's OTC channel (1Q2024)**



**Projected number of IMP's pharmacy customers (2023-2027F)**

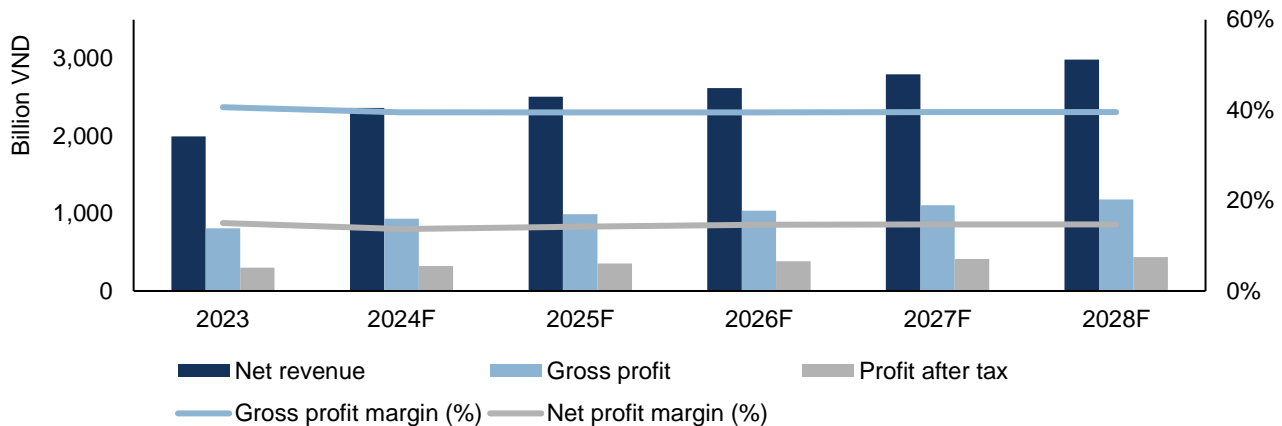


Source: IMP, compiled and estimated by FPT S

#### IV. PROJECTED BUSINESS RESULTS

Based on the analysis of IMP's business and financial operations, we project IMP's business performance for the 2024F-2028F period as follows:

**Forecast of IMP revenue and profit (2024F-2028F)**



Source: Compiled and projected by FPT S

Criteria	Assumptions
<b>Net revenue</b>	<p>We project IMP's net revenue to reach VND 2,363 billion (+19% YoY) in 2024 and grow at a CAGR of 6% per year during the 2024F-2028F period. Among them, IMP's production revenue is estimated to reach VND 2,284 billion (+19% YoY) in 2024, mainly driven by the company's core antibiotic line. During the 2024F-2033F period, we project IMP's production revenue to grow at a rate of 6% per year. Specifically:</p> <p><b>Antibiotics:</b> Projected revenue to reach VND 1,805 billion (+27% YoY) in 2024 thanks to (1) capacity expansion potential at EU-GMP lines, (2) diverse distribution channels enhancing bidding success in the ETC channel, and (3) the prospect of expanding the sales and distribution system in the OTC channel.</p> <p>During the 2024F-2028F period, estimated revenue growth at a CAGR of 8% due to positive prospects from (1) the forecasted 9.2% annual increase in antibiotic consumption demand and (2) the leading market share advantage in high-standard Tier 1, 2 antibiotics.</p> <p><b>Other Drugs:</b> Estimated revenue to reach VND 478 billion (-4.1% YoY) in 2024 and is expected to maintain a growth rate of 2% per year during the 2024F-2028F period due to intense competition as most other drugs (cough, pain relievers, antipyretics, etc.) are produced at the IMP1 factory (WHO-GMP standard) and lack competitive advantage.</p>
<b>Gross profit margin</b>	<p>In 2024, we project the gross margin to reach 39.5% (-1.1 percentage points YoY) assuming high depreciation costs, reaching 7% of net revenue (more than 3 percentage points higher than before the IMP4 factory went into operation). During the 2024F-2028F period, the gross margin is forecasted to remain stable, averaging 39.5%.</p>
<b>Profit before tax</b>	<p>We forecast pre-tax profit to reach VND 405 billion (+7% YoY) in 2024, based on the assumption that the selling expense/revenue ratio and the administrative expense/revenue ratio will reach 15.5% and 6%, respectively. During the 2025F-2028F period, we maintain these assumptions.</p>
<b>Profit after tax</b>	<p>We forecast the company's post-tax profit to reach VND 324 billion (+8% YoY) in 2024, based on the assumption of a corporate income tax rate of 20%. During the 2027F-2028F period, we maintain these assumptions.</p>

## V. VALUATION AND RECOMMENDATION

We proceed to update IMP's valuation by using a combination of discounted cash flow (DCF) methods. The average value of IMP stock according to these methods is **89,600 VND/share**, 17% higher than the closing price on July 8, 2024. Therefore, we recommend **BUY** for medium and long-term targets.

No.	Method	Result	Weight
1	Discounted free cash flow to firm (FCFF)	89,600	50%
2	Discounted free cash flow to equity (FCFE)	89,600	50%
<b>Weighted average price (VND/share)</b>		<b>89,600</b>	

### ➤ ASSUMPTIONS UNDER THE DCF METHOD

Model assumptions	Giá trị	Giả định mô hình	Giá trị
WACC 2024	8.9%	Risk premium	10.4%
Cost of debt	7.6%	Beta coefficient	0,6
Cost of equity	9.0%	Long-term growth rate	2%
10-year risk-free interest rate	2.6%	Projection period	5 years

### ➤ VALUATION RESULT

FCFF valuation summary		Value
Total present value of cash flow to the firm (VND million)		6,124,404
(+) Cash and short-term financial investment (VND million)		199,201
(-) Short-term and long-term debt (VND million)		49,422
Equity value (VND million)		6,274,182
Number of outstanding shares (million shares)		70
<b>Target price (VND/share)</b>		<b>89,600</b>
FCFE valuation summary		Value
Equity value (VND million)		6,273,432
<b>Target price (VND/share)</b>		<b>89,600</b>

**VI. SUMMARY OF FINANCIAL STATEMENTS**
*Unit: Billion VND*

Income statement	2022A	2023A	2024F	2025F
<b>Net revenue</b>	<b>1,644</b>	<b>1,994</b>	<b>2,363</b>	<b>2,506</b>
COGS	(946)	(1,184)	(1,430)	(1,515)
<b>Gross profit</b>	<b>697</b>	<b>811</b>	<b>934</b>	<b>990</b>
Selling expenses	(269)	(310)	(367)	(389)
Administration expenses	(132)	(120)	(142)	(150)
<b>Operating profit</b>	<b>297</b>	<b>381</b>	<b>425</b>	<b>451</b>
Net financial profit	(2)	(1)	(19)	(4)
Other profit	1	3	3	4
<b>EBIT</b>	<b>295</b>	<b>383</b>	<b>409</b>	<b>450</b>
Interest expense	(4)	(6)	(4)	(5)
<b>EBT</b>	<b>291</b>	<b>377</b>	<b>405</b>	<b>445</b>
Corporate income tax	(68)	(78)	(81)	(89)
<b>Net profit after tax</b>	<b>224</b>	<b>300</b>	<b>324</b>	<b>356</b>
Minority interest	0	0	0	0
<b>Net profit of parent comp</b>	<b>224</b>	<b>300</b>	<b>324</b>	<b>356</b>
EPS (VND)	3	4	4	4
EBITDA	360	464	585	630
Depreciation and provision	65	80	177	179
Revenue growth	30%	21%	19%	6%
Operating profit growth	27%	29%	30%	-2%
EBIT growth	21%	30%	26%	2%

Profitability ratios	2022A	2023A	2024F	2025F
Gross profit margin	42%	41%	40%	40%
Net profit margin	14%	15%	14%	14%
ROE DuPont	12%	15%	14%	14%
ROA DuPont	10%	13%	13%	12%
EBIT margin	18%	19%	17%	18%
EBT / EBIT	99%	98%	99%	99%
NPAT / EBT	77%	79%	80%	80%
Total asset turnover	0.7x	0.9x	0.9x	0.9x
Financial leverage	1.2x	1.2x	1.2x	1.2x

Efficiency ratios	2022A	2023A	2024F	2025F
Cash conversion cycle	147.5	151.0	184.2	195.4
Days of account receivables	62.8	51.9	50.0	52.7
Days of inventory	178.9	175.1	197.1	209.6
Days of account payable	94.3	76.0	63.0	67.0
COGS / Inventory	1.9	2.7	2.0x	1.8x

Liquidity and Leverage	2022A	2023A	2024F	2025F
Current ratio	2.9x	3.9x	4.6x	5.2x
Quick ratio	1.7x	1.6x	2.3x	3.0x
Cash ratio	1.0x	0.6x	1.3x	2.0x
Debt / Total Asset	0.2x	0.1x	0.1x	0.1x
Debt / Total Equity	0.2x	0.1x	0.2x	0.2x
Short-term debt / Total equity	0.2x	0.1x	0.2x	0.2x
Long-term debt / Total equity	0.0x	0.0x	0.0x	0.0x
Interest coverage ratio	77.8x	63.5x	98.9x	90.9x

Balance sheet	2022A	2023A	2024F	2025F
<b>Assets</b>				
Cash and equivalents	390	199	496	777
Account receivables	271	297	351	373
Inventories	436	699	845	896
Other current assets	7	12	14	15
<b>Total current assets</b>	<b>1,104</b>	<b>1,207</b>	<b>1,707</b>	<b>2,061</b>
Fixed asset	489	936	783	628
Net book value	1,036	1,553	1,576	1,601
Accumulated depreciation	-547	-617	-794	-973
Long-term investment	71	71	71	71
Other long-term investment	33	131	156	165
Construction in progress	581	47	47	47
<b>Total non-current assets</b>	<b>1,173</b>	<b>1,185</b>	<b>1,057</b>	<b>911</b>
<b>Total assets</b>	<b>2,277</b>	<b>2,393</b>	<b>2,764</b>	<b>2,972</b>
<b>Liabilities and Equity</b>				
Short-term loans and debts	95	49	59	63
Account payables	269	224	270	286
Bonus and Welfare	18	35	42	44
<b>Current liabilities</b>	<b>382</b>	<b>308</b>	<b>371</b>	<b>393</b>
Long-term loans and debts	0	0	0	0
Other long-term liabilities	0	0	0	0
<b>Non-current liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total liabilities</b>	<b>382</b>	<b>308</b>	<b>371</b>	<b>393</b>
Owners's equity	667	700	770	847
Surplus	507	507	507	507
Retained earnings	265	440	664	756
Others	455	437	452	468
Minority Interest	0	0	0	0
<b>Total equity</b>	<b>1,894</b>	<b>2,085</b>	<b>2,393</b>	<b>2,579</b>
<b>Total liabilities and equity</b>	<b>2,277</b>	<b>2,393</b>	<b>2,764</b>	<b>2,972</b>

Cash flow statement	2022A	2023A	2024F	2025F
<b>Beginning cash balance</b>	<b>384</b>	<b>390</b>	<b>199</b>	<b>496</b>
<b>Net profit after tax</b>	<b>232</b>	<b>293</b>	<b>324</b>	<b>356</b>
Depreciation	60	83	177	179
Provision	5	(2)	0	0
Changes in WC	82	(413)	(189)	(80)
<b>Cash from operating activities</b>	<b>379</b>	<b>(40)</b>	<b>311</b>	<b>456</b>
Disposal of fixed assets	1	3	0	0
Purchase of fixed assets	(99)	(64)	(24)	(24)
Other investing activities	(101)	140	0	0
<b>Cash from investing activities</b>	<b>(199)</b>	<b>79</b>	<b>(24)</b>	<b>(24)</b>
Debt changes	(172)	(46)	10	4
Increase (decrease) in equity	0	0	0	0
Dividend paid	(100)	(67)	0	(154)
Other financing activities	0	0	0	0
<b>Cash from financing activities</b>	<b>(272)</b>	<b>(112)</b>	<b>10</b>	<b>(151)</b>
<b>Total cash flow</b>	<b>(92)</b>	<b>(73)</b>	<b>297</b>	<b>281</b>
Exchange rate difference	0	0	0	0
<b>Ending cash balance</b>	<b>390</b>	<b>199</b>	<b>496</b>	<b>777</b>

**VII. APPENDIX**
**Appendix: Details on IMP's production facilities ([Back](#))**

Factory	Production standard	Products	Number of production lines	Capacity <sup>4</sup> (million units)
IMP1	WHO-GMP	Non-Betalactam, Penicillin, Supplements, Herbal medicine	10	1,325
IMP2		Oral Pencillin	4	137
IMP3	EU-GMP	Caphalosporin, Penicillin	5	210
IMP4		Non-betalactam Injectable	3	24

Source: IMP, compiled and estimated by FPT S

**Appendix: Comparison of bid prices for injectable antibiotics tier 1, 2 ([Back](#))**

Active ingredients	Manufacturer	Price (VND)	% Price difference
Colistin - 1MIU	Imexpharm	305,000	24%
	Tarchomin Pharmaceutical Works "Polfa" S.A. (Poland)	377,000	
Ofloxacin - 200mg/100ml	Imexpharm	135,000	15%
	Altan Pharmaceuticals, S.A. (Spain)	155,000	
Ofloxacin - 750mg/150ml	Imexpharm	155,000	55%
	InfoRLife SA (Switzerland)	240,000	
Levofloxacin - 250mg/50ml	Imexpharm	49,700	80%
	InfoRLife SA (Switzerland)	89,400	

Source: IMP, compiled and estimated by FPT S

<sup>4</sup> The capacity data is estimated based on the documents published in 2023 and Q1/2024.

## Disclaimer

The information and opinions in this report are provided by FPTS based on sources that FPTS considers reliable, available, and legal. However, we do not guarantee the accuracy or completeness of this information.

Investors using this report should note that the opinions in this report are subjective from FPTS analysts. Investors using this report are responsible for their own decisions.

FPTS may rely on the information in this report and other information to make its own investment decisions without being subject to any legal constraints on the information provided.

This report may not be copied, published, or distributed in any form without FPTS's consent. Please cite the source if using information from this report.

At the time of preparing this analysis report, FPTS holds 0 IMP shares, and the approver and analyst do not hold any shares of this company.

Information related to other securities or detailed information related to this stock can be viewed at <https://ezsearch.fpts.com.vn> or will be provided upon official request.

Copyright © 2010 FPT Securities Company

**FPT Securities Joint Stock Company  
Headquarters**

52 Lac Long Quan, Buoi Ward, Tay Ho District, Hanoi, Vietnam.

Tel: 1900 6446

Fax: (84.24) 3 773 9058

**FPT Securities Joint Stock Company  
Ho Chi Minh City Branch**

Floor 3, 136 – 138 Le Thi Hong Gam, District 1, Ho Chi Minh City, Vietnam.

Tel: 1900 6446

Fax: (84.28) 6 291 0607

**FPT Securities Joint Stock Company  
Da Nang Branch**

100 Quang Trung, Thach Thang Ward, Hai Chau District, Da Nang City, Vietnam.

Tel: 1900 6446

Fax: (84.236) 3553 888