

Add

Target price: VND58,000
Up/downside: 10.7%

Share price (VND) (as of 6 Oct 2025)	52,400
Bloomberg code	IMP VN
52-week range (VND)	38,378-55,400
Trading value (5D) (VNDmn)	939
Market cap. (VNDbn)	8,072
Market cap. (USDmn)	306
Shares outstanding (mn)	154
Total FOL share room (mn)	120
Current FOL share room (mn)	40.7
Foreign ownership limit	78.0%
Foreign owned ratio	51.5%
Free float	8.91%
Major shareholder	Livzon (64.8%)

Source: Company, HSC Research estimates

Share price performance



Share price (%)	-1 mth	-3 mth	-12 mth
Ordinary shares	(2.60)	0.77	7.98
Relative to index	(6.33)	(21.8)	(24.8)
Relative to sector	-	-	-

Source: Company, FactSet

HSC vs. consensus

EPS adj. (VND)	HSC	Cons	% diff
2025F	2,273	2,358	(3.6)
2026F	2,625	2,830	(7.2)
2027F	3,010	3,174	(5.2)

Source: Bloomberg, HSC Research estimates

Company description

IMP owns and operates the largest number of EU-GMP-certified pharmaceutical production lines in Vietnam

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Well placed in a growing sector; initiate at Add

- We initiate IMP with an Add rating and TP of VND58,000, suggesting upside of 11%. IMP owns the largest number of EU-GMP certified lines in Vietnam.
- IMP, with its leading EU-GMP capacity and strong ETC focus, is well positioned to benefit from Vietnam's growing pharma market and supportive policies. Additional capacity coming in 2028/29 will further drive long-term growth. We project a 3-yr net profit CAGR of 16%.
- IMP trades on a 1-yr rolling fwd. P/E of 20.7x, 0.6 SDs or 15% above its average of 18x (since 2021). Stock trades at a FY26F P/E of 20.0x, above the peers' average of 16.4x; however, we view the premium as justified by its stronger earnings growth outlook.

IMP operates largest EU-GMP certified lines in Vietnam

Founded in 1977, IMP currently operates four plants with 22 lines, including 12 EU-GMP-certified lines – the largest in Vietnam – giving it a strong edge in the high-value ETC channel, which contributed 55% of 2024 sales. The company delivered consistent growth over the past decade, with only temporary setbacks during COVID-19. Sales and profits rebounded strongly post-2021, achieving a 20%+ CAGR in 2021-24. In 2024, IMP ranked second among listed peers in both sales and profit, combining strong growth momentum with solid profitability. In 1H25, net sales and net profit grew strongly by 22% and 29% y/y, respectively.

We forecast profit CAGR of 16% in 2024A-27F

Looking ahead, we expect IMP to sustain robust sales and profit growth, underpinned by supportive government policies, rising utilization of IMP2 and IMP4, and the additional capacity from the Cat Khanh factory scheduled for late 2028/early 2029. The amended Health Insurance Law (effective Jan-25) broadens coverage and reimbursement, driving demand at public hospitals, while Circular 03/2024 enhances competitiveness of domestic EU-GMP producers. These items should reinforce ETC demand and market share expansion. On this basis, we forecast a 3-year net profit CAGR of 16%.

Valuation and recommendation

Up 2% in the past 3M but underperforming the VNI, IMP now trades on a 1-year rolling forward P/E of 20.7x, 0.6 SDs (or 15%) above its average of 18.0 (since 2021). Meanwhile, on an FY26F P/E of 20.0x, IMP trades above the peers' average of 16.4x (VN peers - 14.7x; regional peers - 17.3x). We view IMP's premium val'n as justified given its stronger earnings growth outlook – we estimate an FY24-26 net profit CAGR of 17%, vs the peers' avg. of 8.3% (domestic - 13.3%; regional - 5.8%).

We initiate IMP with an Add rating and a DCF-derived target price of VND58,000/share, suggesting upside of 11%.

Year end: December	12-23A	12-24A	12-25F	12-26F	12-27F
EBITDA adj. (VNDbn)	464	521	590	670	761
Reported net profit (VNDbn)	300	321	377	436	500
EPS adj. (VND)	1,804	1,932	2,273	2,625	3,010
DPS (VND)	1,000	500	500	500	500
BVPS (VND)	13,535	14,175	15,848	17,856	20,233
EV/EBITDA adj. (x)	17.3	15.4	13.3	12.2	10.9
P/E adj. (x)	29.1	27.1	23.1	20.0	17.4
Dividend yield (%)	1.91	0.95	0.95	0.95	0.95
P/B (x)	3.87	3.70	3.31	2.93	2.59
EPS adj. growth (%)	41.2	7.11	17.6	15.5	14.7
Ret. on avg. equity (%)	15.1	15.0	16.3	16.8	17.0

Note: Use of ▲ ▼ indicates that the item has changed by at least 5%.
Source: Bloomberg, HSC Research estimates

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Leveraging industry tailwinds for sustainable growth

IMP is well positioned with 12 EU-GMP lines, a strong ETC focus, and the upcoming Cat Khanh complex to expand capacity. Vietnam's pharma industry is set to grow 9.2% annually through 2027, driven by aging demographics, rising healthcare spending, and supportive policies. Against this backdrop, we expect IMP to deliver a 16% profit CAGR over 2024A-27F. We initiate IMP as an Add with a target price of VND58,000, suggesting upside of 11%.

A thriving industry backdrop

Vietnam's pharmaceutical sector continues to expand strongly, with sales rising at an 11% CAGR in 2019-23 and projected to maintain healthy 9.2% annual growth through 2027. This momentum is supported by rising healthcare spending, an aging population, and an increasingly affluent middle class. By 2030, the elderly will account for 12.3% of the population, while chronic diseases already represent nearly 80% of deaths – structural drivers that ensure sustained demand for medicine.

With state health insurance now covering more than 93% of the population, the contribution of prescription (ETC) segment has accelerated to 76% in 2023 and is set to climb further. Key therapeutic classes such as diabetes, cardiovascular, respiratory diseases, musculoskeletal disorders etc. are expected to grow faster than the overall market, reshaping demand in favor of chronic-care drugs.

Supportive policy environment

Recent regulatory changes further strengthen the industry outlook. Decision 1165/QĐ-TTg (Nov-2023) laid out Vietnam's national pharmaceutical strategy through 2030, targeting USD20bn industry value and 80% domestic production. The roadmap envisions 20% of manufacturers reaching EU-GMP or equivalent standards, positioning Vietnam as a regional hub for high-value pharmaceuticals. Amendments to the Pharmaceutical and Health Insurance Laws in 2024 enhance investment incentives and expand reimbursement coverage, accelerating these goals. Together, these initiatives create a highly supportive policy framework for leading domestic players like IMP.

IMP looks positioned for sustainable growth

IMP stands out with four factories and 22 production lines, including a market-leading 12 EU-GMP-certified lines. This gives it a decisive edge in the ETC segment, which already contributed 55% of sales in 2024. Looking ahead, the Cat Khanh Pharmaceutical Complex (VND1,495bn capex, 1.4bn-unit capacity) will significantly scale IMP's growth potential to serve both domestic and export demand.

Proven track record of growth

IMP has delivered consistent growth over the past decade, with only temporary setbacks during COVID-19; sales and profits rebounded strongly post-2021, achieving a 20%+ CAGR in 2021-24. In 2024, it ranked second among listed peers in both sales and profit, combining strong growth momentum with solid profitability.

Figure 1: FY25-27 summary forecasts, IMP

Forecasting net profit CAGR of 18% over FY24A-27F

VNDbn	FY24A	Growth y/y	FY25F	Growth y/y	FY26F	Growth y/y	FY27F	Growth y/y
Net sales	2,205	10.6%	2,695	22.2%	3,199	18.7%	3,679	15.0%
Gross profit	856	5.6%	1,038	21.3%	1,235	18.9%	1,422	15.2%
SG&A	(440)	2.5%	(531)	20.5%	(630)	18.7%	(725)	15.0%
Net profit	321	7.1%	391	21.9%	464	18.6%	530	14.3%

Source: HSC Research estimates

The sales mix is shifting toward ETC drugs (55% of 2024 revenue vs. 17% in 2018), supported by EU-GMP production. Financially, IMP maintains a healthy balance sheet with net cash of VND218bn in 2024 and has turned sustainably positive free cash flow since 2021 after years of heavy capex.

Bright outlook, helped by new capacity

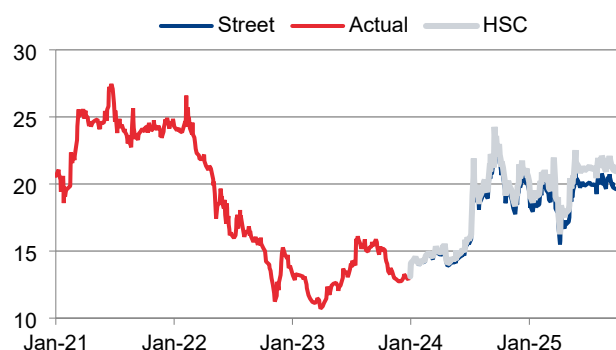
Looking ahead, IMP is well placed to benefit from favorable government policies, higher utilization of existing EU-GMP facilities, and new capacity from Cat Khanh. The amended Health Insurance Law effective Jan-2025 broadens coverage and reimbursement, further lifting ETC demand. Circular 03/2024 also prioritizes domestic EU-GMP producers, with IMP already having 12 listed drugs. These structural and regulatory catalysts strengthen its competitive position. We forecast robust profit growth with an estimated 16% CAGR through 2024A-27F.

Initiate with an Add rating and TP of VND58,000 (11% upside)

At its current market price, IMP is trading at a 1-year rolling forward P/E of 20.7x (based on our forecasts), 0.6 SDs or 15% above its historical average from 2021 of 18.0x. IMP also trades on an FY26F P/E of 20.0x, above the peers' average of 16.4x (VN peers - 14.7x; regional peers - 17.3x). We view IMP's premium valuation as justified given its stronger earnings growth outlook – we estimate an FY24-26 net profit CAGR of 17%, vs the peers' avg. of 8.3% (domestic - 13.3%; regional - 5.8%). We initiate IMP with an Add rating and a DCF-derived target price of VND58,000/share, suggesting upside of 11%.

Figure 2: Rolling 1-year forward P/E, IMP

Trading on a P/E of 20.7x currently...



Note: 12M rolling forward basis, data since beg-2021.
Source: HSC Research, Bloomberg

Figure 3: Standard deviation from mean, IMP

...0.6 SDs above its 18x mean



Note: 12M rolling forward basis, data since beg-2021.
Source: HSC Research, Bloomberg

Figure 4: Comparable peers, IMP

IMP is trading at premium to peers' average, but fair in our view due to its better earnings growth prospect

Company name	Ticker	Market cap (USDmn)	FY25 P/E	FY26 P/E	FY24A-26F net sales CAGR	FY24A-26F net profit CAGR
Domestic peers						
DHG Pharmaceutical	DHG VN	506	14.7	13.4	3.3%	17.0%
Binh Dinh Pharmaceutical	DBD VN	194	17.6	16.1	6.6%	9.5%
Average, domestic peers		350	16.2	14.7	4.9%	13.3%
Regional peers						
Chugai Pharmaceutical	4519 JP	77,221	25.5	23.7	6.7%	12.6%
Otsuka Holding Co Ltd	4578 JP	30,163	13.6	15.8	3.5%	-7.7%
Joincare Pharmaceutical Group	600380 CH	3,341	16.6	15.0	4.3%	8.4%
Livzon Pharmaceutical Group	000513 CH	4,751	16.1	14.6	4.7%	10.0%
Average, regional peers		28,869	18.0	17.3	4.8%	5.8%
Average, all peers		19,363	17.4	16.4	4.8%	8.3%
<i>Imexpharm Pharmaceutical</i>	<i>IMP VN</i>	<i>307</i>	<i>23.1</i>	<i>20.0</i>	<i>16.6%</i>	<i>16.6%</i>

Note: Data as of 3-Oct-2025.
Source: Bloomberg, HSC Research estimates

Vietnam pharmaceuticals: An overview

Vietnam's pharmaceutical industry is expanding rapidly, with sales growing at an 11% CAGR in 2019-23 and forecasted to grow 9.2% annually through 2027, driven by rising healthcare spending, aging demographics, and a wealthier middle class. The share of elderly people is increasing quickly, while chronic diseases already account for nearly 80% of deaths. State health insurance coverage has expanded to over 93% of the population, supporting faster growth of prescription (ETC) drugs. Looking ahead, chronic-care drug classes are expected to outpace overall market growth, reshaping Vietnam's pharmaceutical demand structure.

A growing industry amidst an aging population

Vietnam's pharmaceutical industry is expanding rapidly, driven by rising healthcare demand, higher income levels, and an aging population. Fitch Solutions estimates that the industry sales grew at an 11% CAGR over 2019-23, and projects a further 9.2% CAGR through 2027. Meanwhile, IQVIA classifies Vietnam among the "Pharmerging" group of 14 high-growth emerging markets, forecasting 10-13% growth during 2024-28 – well above the global average of 6-9% and the only group expected to sustain strong, teens+ growth

The fast growing of pharmaceutical industry follows the growth of healthcare expenditure in general, with fast growing middle class and aging population, raising health awareness and the expansion of state health insurance, as well as increasing chronic diseases.

Fast growing middle class and aging population

The percentage of elderly in Vietnam has increased rapidly from 2015. In 2015, about 6.7% of Vietnam's population was 65 years old and over, slightly increasing from 6.4% in 2000. Since then, the ratio rose faster to 7.9% in 2020 and 9.0% in 2024 and is expected to increase to 12.3% in 2030, 15.7% in 2040, and 20% in 2050 (source: Population Pyramid).

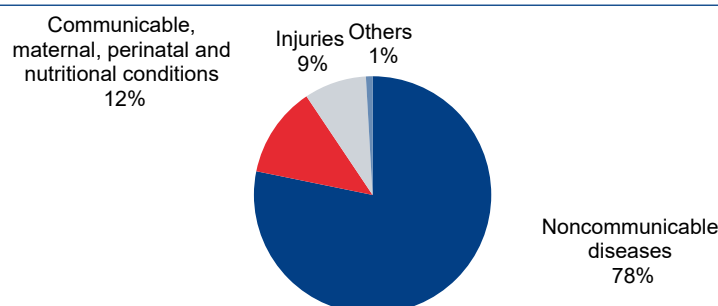
According to World Bank, Vietnam's urbanization rate has been rising consistently over the decades to 40.2% in 2024 from 30.4% in 2010, 24.4% in 2000, and 20.3% in 1990. Following urbanization was the emergence of a wealthier middle class, which is willing to spend more on healthcare services.

Increasing chronic diseases

Due to aging population, changing in lifestyle and environmental issues, noncommunicable diseases (NCDs), also known as chronic diseases have dramatically increased in Vietnam. The main types of NCDs are cardiovascular diseases (such as heart attacks and stroke), cancers, chronic respiratory diseases (such as chronic obstructive pulmonary disease and asthma) and diabetes.

Figure 5: Share of deaths by broad causes, Vietnam

Noncommunicable diseases accounted for 78% of causes in 2021



Source: WHO

Chronic diseases are not only increasing in number but also showing a trend of affecting younger individuals. According to WHO, from 2015 to 2021, the prevalence of hypertension among adults in Vietnam increased from about 1 in 5 people to more than 1 in 4, while the prevalence of diabetes rose from 1 in 24 to 1 in 14. NCDs disease accounted for 78% of deaths in 2021.

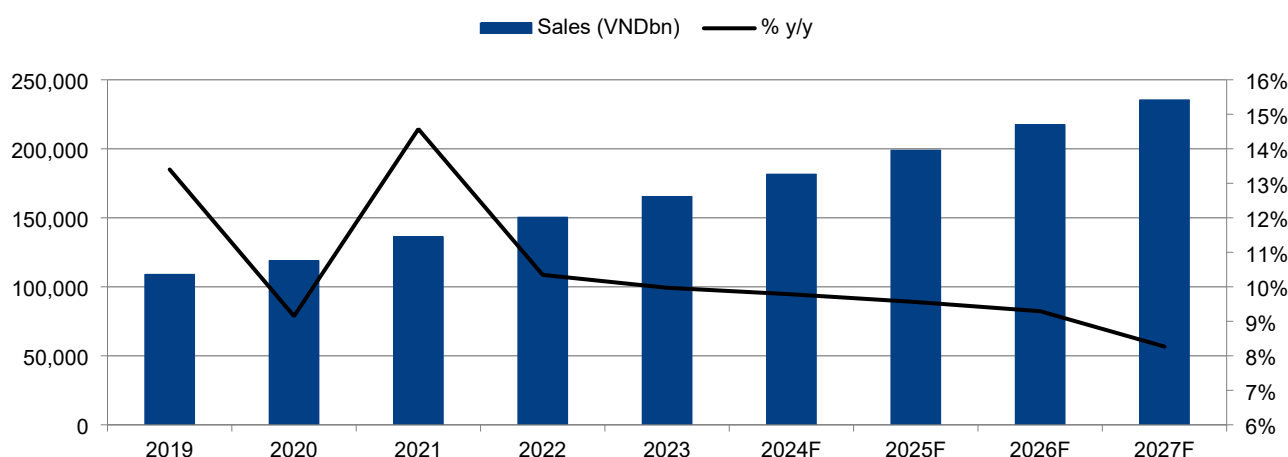
Raising health awareness and the expansion of state health insurance

From 2008 to 2023, the number of people joining state health insurance in Vietnam rose steadily, with a CAGR of 4.2%, reaching 93 million people in 2020. As a result, nationwide insurance coverage ratio climbed to 93.3% in 2023, from 43.8% in 2008.

Along with the increasing number of insured people, the number of health care facilities (hospitals and clinics) that accept state health insurance cards has also improved significantly year by year. In 2024, this number was 2,856, a 13% increase from 2,517 in 2020 and a 13% increase from 2,111 in 2014. Notably, the number of non-public healthcare facilities that accept state health insurance cards has increased significantly, from 647 facilities in 2018 to 1,132 in 2024.

Figure 6: Pharmaceutical sales, Vietnam

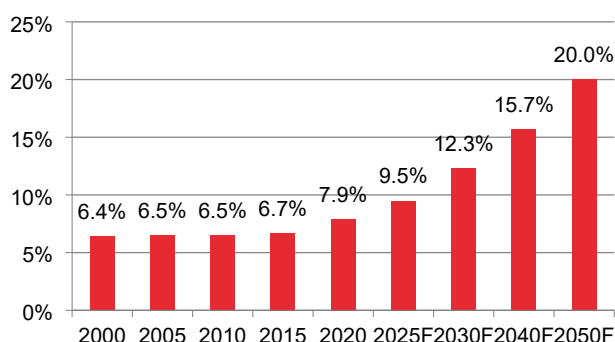
Fitch Solutions forecasts a 4-year CAGR growth of 9.2% in 2023-2027F



Source: Fitch Solutions

Figure 7: Population ages 65 and above (% of total population), Vietnam

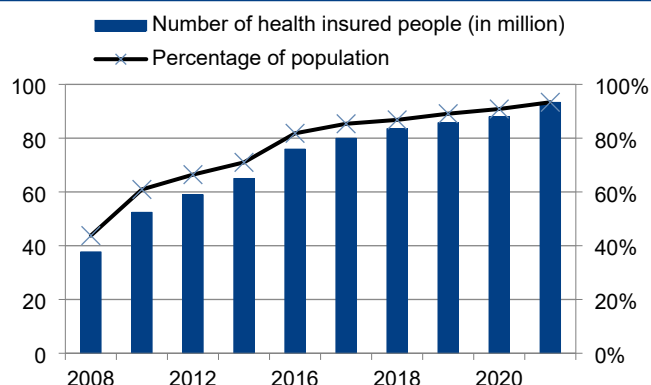
Share of elderly population is expected to reach 9.8% in 2025 and 11.9% in 2030



Source: Population Pyramid

Figure 8: Health insurance statistics, Vietnam

93% of population possessed state health insurance in 2023, 2% increase from 91% in 2020



Source: HSC Research collects

ETC drugs sales are gaining more market share – though slowly

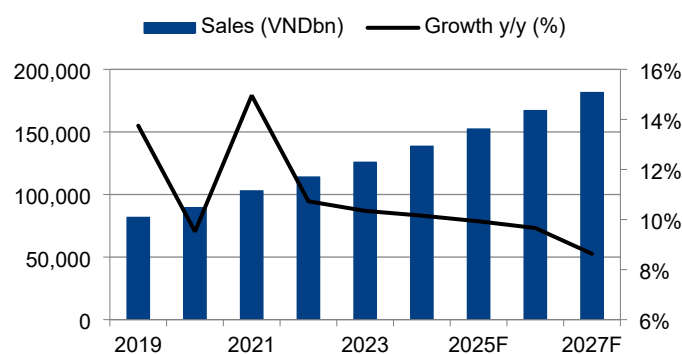
In Vietnam, the primary channels for medicine distribution are OTC and ETC. For OTC or over-the-counter drugs, people can buy without doctors' prescription; while ETC drugs or ethical drugs (also referred to as "prescription drugs") are pharmaceuticals available through a doctor's prescription, primarily distributed through hospitals. Due to the expansion of state healthcare insurance (Figures 7-8), sales of ETC drugs have been increasing faster than the overall industry.

According to Fitch Solutions, Vietnam's prescription drug sales recorded a CAGR of 11.3% in 2019-23, while sales are projected to expand on a CAGR of 9.6% over 2023-27. As a result:

- the share of ETC drugs rose steadily from 75.1% in 2019 to 76.1% in 2023, and this is forecast to climb further to 77.1% by 2027.
- in contrast, OTC drug sales grew on a slower CAGR of 9.8% in 2019-23 and are forecast to expand at 8.0% over 2023-27; their market share thus declined from 24.9% in 2019 to 23.9% in 2023, and this is projected to fall further to 22.9% in 2027.

Figure 9: ETC drugs sales value over years, Vietnam

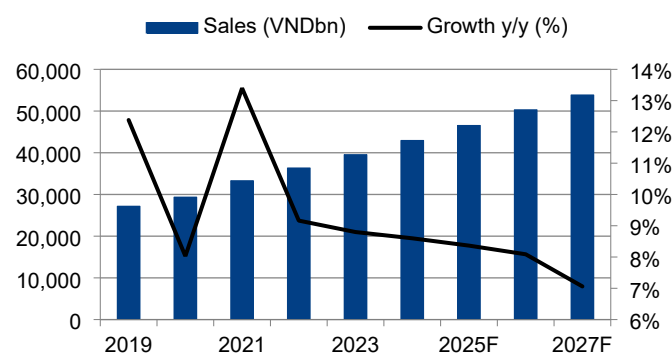
Sales increased by a CAGR of 11.3% in 2019-23, and are forecast to rise on a CAGR of 9.6% in 2023-27



Source: Fitch Solutions

Figure 10: OTC drugs sales value over years, Vietnam

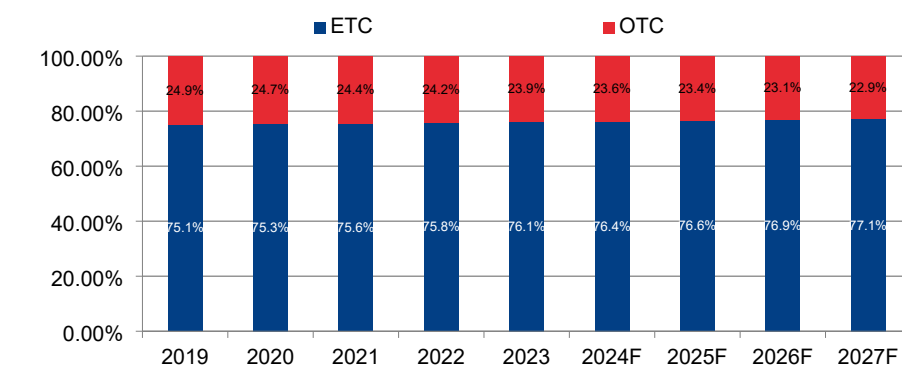
Sales increased by a CAGR of 9.8% in 2019-23, and are forecast to rise on a CAGR of 8.0% in 2023-27



Source: Fitch Solutions

Figure 11: Industry market share by ETC and OTC medicines

Market share of ETC drugs is increasing



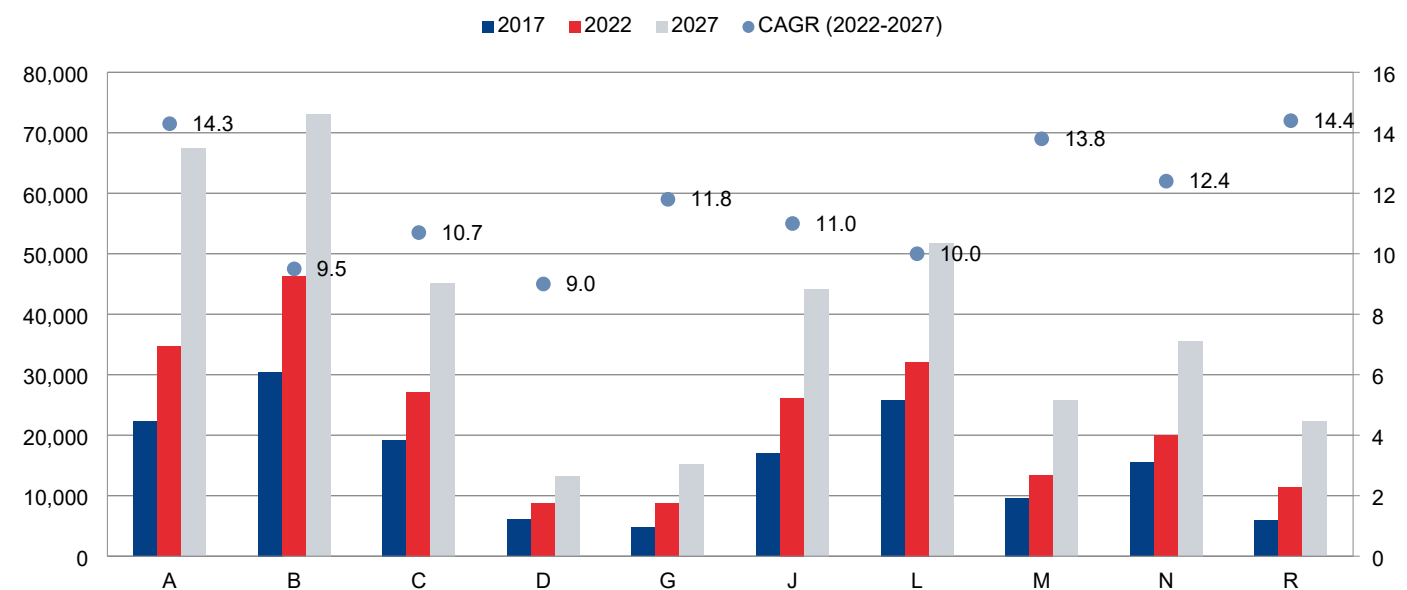
Source: Fitch Solutions

Chronic-care drug classes are outpacing Vietnam's pharma market

The epidemiological transition is reshaping Vietnam's pharmaceutical market. As the population aged 65+ is set to more than double from 9.5% today to 20% by 2050, chronic-care demand will intensify, compounded by urban stress and pollution.

IQVIA projects that respiratory, cardiovascular, diabetes, digestive and nervous system drug groups all will expand on CAGRs of 10.7-14.4% during 2022-27, ahead of the overall market's 10.3%. The alimentary tract and metabolism class (notably diabetes therapies) is expected to lead growth, reflecting rising obesity and metabolic disorders. Musculoskeletal drugs should also see teens+ growth amid higher osteoarthritis and osteoporosis cases, while nervous system medicines will benefit from growing mental and neurological burdens. Anti-infectives remain structurally important given high antibiotic use in hospitals, but the balance of growth is firmly shifting toward chronic-care drug classes.

Figure 12: Therapeutic class values (VNDbn, LHS) and CAGR over 2022-27 (% , RHS), Vietnam
Teens+ CAGR (2022-27) for most of the classes



Note: A: Alimentary tract and metabolism, B: Blood and blood forming organs, C: Cardiovascular system, D: Dermatologicals, G: Genito urinary system and sex hormones, J: Anti-infectives for systemic use, L: Antineoplastic and immunomodulating agents M: Musculo-skeletal system, N: Nervous system, R: Respiratory system.
Source: IQVIA

Strong government support for the sector seen

In Nov-23, the Vietnam Government issued Decision 1165/QĐ-TTg, approving a national strategy for the development of the country's pharma industry through 2030, with a vision to 2045. The strategy sets targets to boost domestic supply, enhance production standards, and more than double the industry's total value by 2045.

Targeting 70% self-supply of pharmaceutical market value by 2030.

By 2030, Vietnam targets 100% timely and proactive medicine supply across healthcare, emergencies, and national defense. Domestic manufacturers are expected to meet 80% of demand and account for 70% of market value, with 20% of raw materials sourced locally – up from only ~45% of demand currently, with 55% still being reliant on imports. The country also aims for full vaccine coverage under the national immunization program and 30% coverage for service-based programs.

Vietnam further aspires to become a regional hub for high-value pharmaceuticals by transferring technology and producing at least 100 original drugs, vaccines, and biologics. Additional priorities include developing sustainable medicinal zones, standardizing raw materials, strengthening regulatory frameworks in line with WHO standards, and accelerating digital transformation and AI adoption across the sector.

Aiming for 20% of manufacturers to reach EU-GMP or equivalent standards by 2030

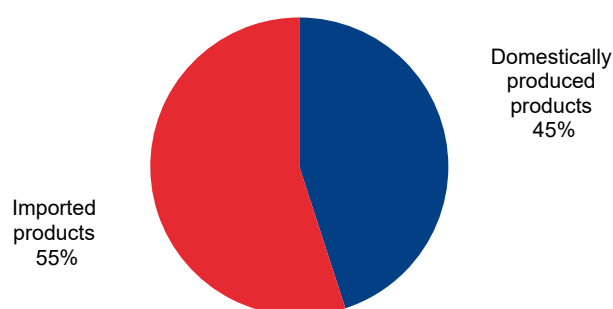
All pharmaceutical companies in Vietnam are expected to comply with Good Pharmacy Practices, with 20% of manufacturers achieving EU-GMP (European Union – Good Manufacturing Practice) or equivalent certification by 2030. As of April 2025,

only 28 out of approximately 300 pharmaceutical plants had EU-GMP-certified production lines, accounting for about 9%.

By 2030, Vietnam also aims for 30% of generic drugs to obtain bioequivalence approval, 100% of circulating drugs to be monitored, and clinical pharmacy to be fully implemented in hospitals. The country further targets a ratio of four pharmacists per 10,000 people vs. 2.88 pharmacists in 2020, of which at least 20% will be trained in clinical pharmacy.

Figure 13: Pharmaceutical consumption, Vietnam

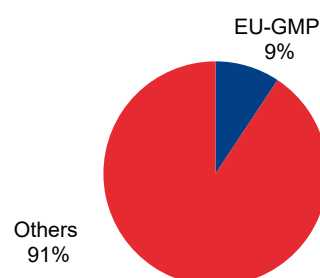
Domestic production can meet only around 45% of demand



Source: IQVIA 2022

Figure 14: Share of EU-GMP certified manufacturers, VN

Only 9% of pharmaceutical plans own EU-GPM certified lines



Source: HSC Research collects

Targeting a USD20bn industry market value by 2045

Looking ahead to 2045, Vietnam envisions achieving self-sufficiency in advanced drug production, encompassing specialized medicines, innovative and original brand-name drugs, as well as vaccines and biologics. The strategy includes developing patented pharmaceuticals derived from local medicinal materials and contributing over USD20bn to GDP by 2045 (from USD8bn in 2024), a CAGR of 4.5%. Meanwhile, pharmaceutical testing, distribution, clinical services, and drug safety systems are expected to be aligned with international standards.

Several laws introduced in 2024 in support of the sector

Following the strategy, in 2024, several laws and sub-law documents were issued (such the amended Law on Health Insurance, the Law on Procurement, and the amended Law on Pharmacy), providing strong momentum for the development of the healthcare sector in general and the domestic pharmaceutical manufacturing industry in particular - especially in the high-tech product segment. Particularly:

- The amended Pharmaceutical Law No. 44/2024/QH15 was passed by the National Assembly in November 2024 regulates drug registration procedures, investment incentives for local players, new business models & distribution channels, foreign invested enterprises' business rights and drug price management.
- Amended Health Insurance Law No. 51/2024/QH15 (Nov-24) expands coverage benefits for health insurance participants.
- Circular No. 03/2024/TTBYT (Apr-24) regulates no import products for drugs in tier 1&2 manufactured by at least 03 capable local suppliers in tendering.
- Decision No. 201/QĐ-TTg (Feb-24) approves the master plan for the healthcare facility network for the 2021-30 period, with a vision to 2050.

Resolution No. 72-NQ/TW, issued in September 2025, further underscores the Government's support for the healthcare industry

On September 9, 2025, the Politburo issued Resolution No. 72-NQ/TW "On a number of breakthrough solutions to strengthen the protection, care, and improvement of the people's health". Key targets by 2030 include:

- Vietnam targets life expectancy of 75.5 years (with at least 68 healthy years) and boosting the average height of children and adolescents (from 1-18 years old) by at least 1.5 cm.

- The vaccination rate for vaccines in the Essential Immunization Program will reach over 95%. The proportion of people regularly engaging in physical activity will increase by 10%.
- From 2026, provide free annual health check-ups and electronic health records for lifetime management. By 2030, basic hospital fees within health insurance benefits will be waived.
- By 2027, each commune station to have 4-5 doctors. Raise the proportion of health insurance-covered visits at commune stations to over 20%.
- Health insurance coverage to reach over 95% of the population by 2026 and universal coverage by 2030; develop diverse health insurance models.

Furthermore, the ultimate vision for 2045 is to achieve an average life expectancy exceeding 80 years, aligning Vietnam's health indicators with those of developed countries.

IMP: A premium player well placed to benefit from market trends

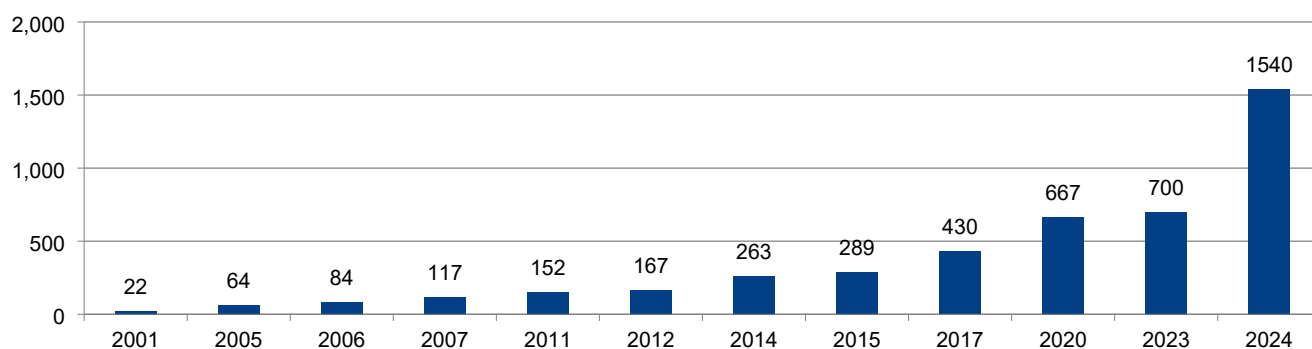
Imexpharm, founded in 1977 and listed on HOSE in 2006 (ticker: IMP), has expanded its charter capital more than 20 times to reach VND1,540bn. In May 2025, Livzon Pharmaceutical Group announced its acquisition of a controlling 64.8% stake, while Vietnam Pharmaceutical Corporation retained 22% as a key domestic shareholder. IMP operates four plants with 22 lines, including 12 EU-GMP-certified lines – the largest in Vietnam, giving it a strong edge in the high-value ETC channel. Additional capacity from the Cat Khanh complex will become a new long-term growth driver.

Background and shareholder structure

Imexpharm was founded in 1977. In 2001, the company was equitized with an initial charter capital of VND22bn. By 2005, it had raised its charter capital to VND64bn and began offering shares to strategic investors. In 2006, Imexpharm became the first pharmaceutical company to be listed on the Ho Chi Minh Stock Exchange under the ticker symbol IMP. Since then, the company has undergone multiple capital increases, expanding its charter capital more than 20 times to reach VND1,540 billion today.

Figure 15: Charter capital (VNDbn), IMP

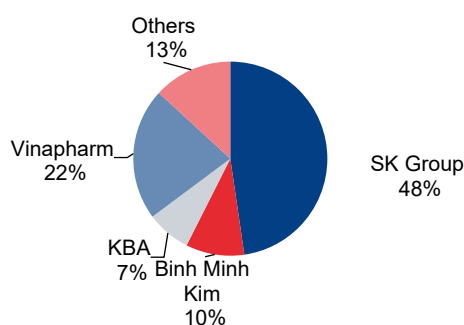
Charter capital has been increasing rapidly over time



Source: company's data

Figure 16: Shareholders structure before Livzon transaction, IMP

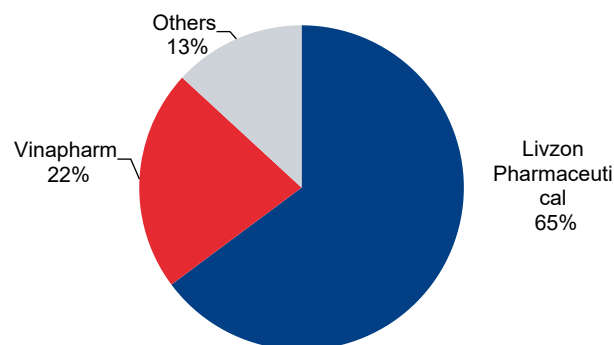
SK Group owns 48% before the transaction. Binh Minh Kim and KBA own 10% and 7%, respectively



Source: IMP

Figure 17: Shareholders structure after Livzon transaction, IMP

Livzon Pharmaceutical should own 65% after the transaction completes



Source: HSC Research

Shareholder structure

On 22 May, Imexpharm's shareholding structure underwent a turning point when Livzon Pharmaceutical Group (China) announced the acquisition of a 64.81% stake of IMP following a deal involving the company's three former major shareholders: SK Group (47.7%), Binh Minh Kim (9.76%) and KBA (7.37%). Meanwhile, Vietnam Pharmaceutical Corporation maintains a 22.04% stake, acting as a strategic domestic

shareholder to partially balance local interests. The remaining 13.15% is held by various minority shareholders. The deal has been announced but not yet confirmed as completed.

According to IMP, Livzon's official on-boarding will still require time to complete the necessary legal procedures. Looking ahead, once Livzon becomes an official major shareholder, the company expects to benefit from new strategic opportunities such as access to product portfolios, API sources, and export channels.

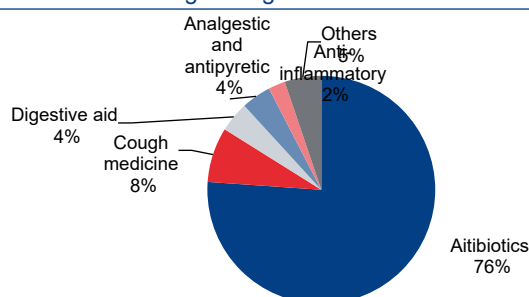
Products, facilities, and channels

Diversified product portfolio

IMP possesses a diversified product portfolio, of which antibiotics is the dominant driver, contributing 76.1% of 2024 revenue (Figure 18). This segment has consistently delivered double-digit growth since 2022.

Figure 18: Sales breakdown by products (2024), IMP

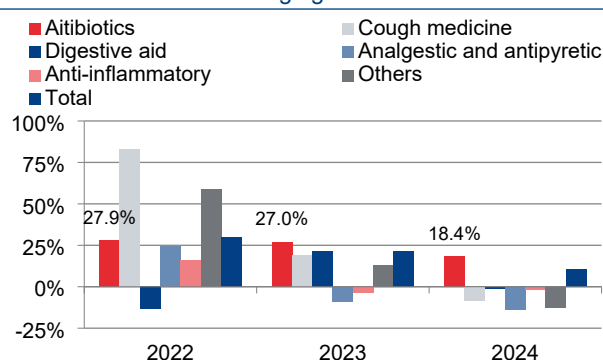
Antibiotics is the largest segment



Source: IMP

Figure 19: Sales growth by products, IMP

Antibiotics maintain double digit growth



Source: IMP

Figure 20: Factories, IMP

IMP owns total 22 production lines, of which 12 lines meet EU-GMP standard

Factory	Location	Year of inauguration	Standard	Product	Number of lines	Max capacity
IMP1	Dong Thap	1997	WHO - GMP since 2006	Non-betalactam, penicillin, supplements	10	Non-betalactam: 1.2 billion units/year; penicillin: 300 million tablets/year
IMP2	Vinh Loc	2017	EU-GMP since 2019	Oral penicillin	4	250 million units/year
IMP3	Binh Duong	2010	EU-GMP since 2016	Injectable and oral cephalosporin, Injectable penicillin	5	Cephalosporin: 500 million tablets, 15–22 million bottles/year; penicillin: 10 million bottles/year
IMP4	Binh Duong	2019	EU-GMP since 2022	Injectable non-beta-lactam	3	24 million bottles/year

Source: IMP:

Operating the largest EU-GMP-certified production lines in Vietnam

IMP owns four pharmaceutical production plants and 18 sales branches. Additionally, IMP also has two affiliates: Agimexpharm Pharmaceutical, with an ownership stake of 31.6%, and Gia Dai Pharmaceutical, with an ownership stake of 26%.

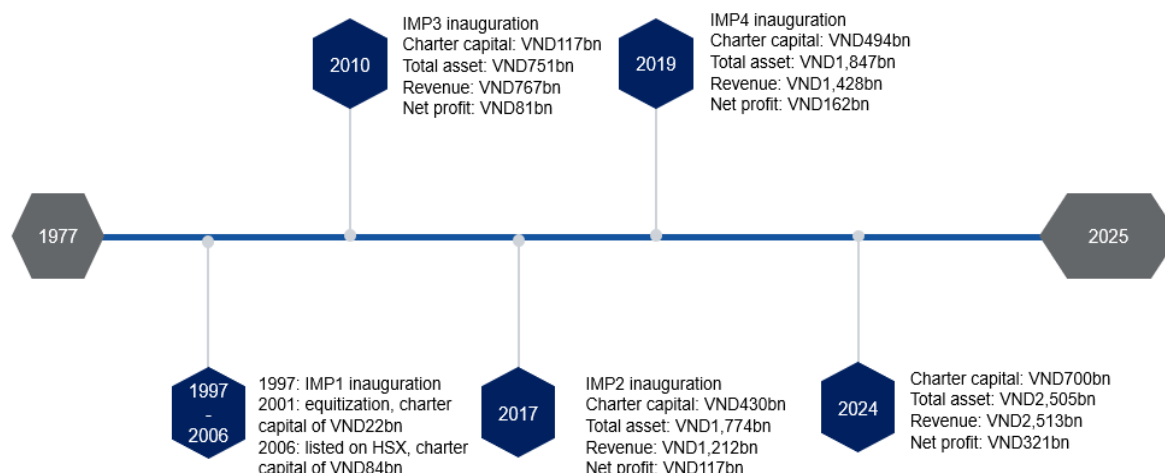
IMP production plants comprise one WHO-GMP (World Health Organization – Good Manufacturing Practices) certified plant with 10 production lines; and three plants with a total of 12 production lines certified to EU-GMP standards, which is the highest standard issued by the European Medicines Agency. This gives IMP the largest EU-GMP capacity in Vietnam, a benchmark set by the European Medicines Agency.

By April 2025, Vietnam had 294 WHO-GMP plants but only 28 facilities with EU-GMP lines – underscoring IMP's clear leadership with 3 EU-GMP plants and 12 lines. In 1H2025, the average utilization rate across IMP's four factories reached 63%. Among the EU-GMP facilities, IMP3 recorded the highest utilization, while IMP1 has typically been operating at around 50%.

Figure 20 illustrates IMP's four factories, highlighting their production standards, product portfolios, and capacities. With the addition of new factories and capacity expansions, the company has also achieved growth in assets, revenue, and profit over years (Figure 21).

Figure 21: Development of factories over time, IMP

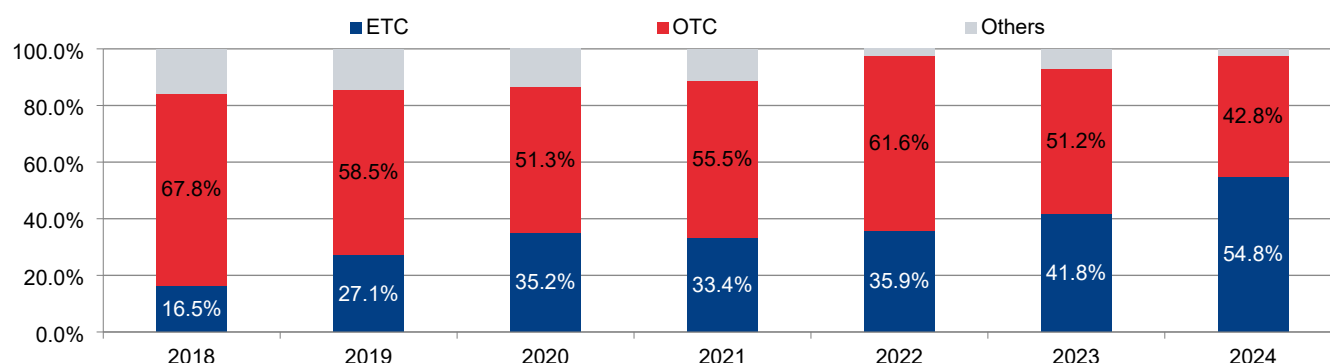
Factory expansion drives growth in capital, assets, revenue, and profit



Source: IMP, HSC Research

Figure 22: Contribution by distribution channels to total sales, IMP

ETC sales contributed 55% in total sales in 2024 vs. only 16.5% in 2018



Source: IMP

EU-GMP standard created a significant competitive advantage for IMP in ETC segment

EM-GMP standard not only ensures superior product quality but is also a prerequisite for IMP's products to participate in high-quality drug tenders (group 1 and group 2) for public hospitals under Circular 07/2024/TT-BYT. When participating in the generic drug bidding package, drugs are classified into groups based on technical criteria. There are five groups, of which group 1 and group 2 have the highest quality requiring drugs manufactured on EU-GMP (or equivalent) production lines. In Vietnam, generic drugs usually account for approximately 70% of total tender value, of which around 60% is attributed to group 1 and group 2 medicines.

Having the largest number of EU-GMP-certified production lines in Vietnam has created a significant competitive advantage for IMP in the domestic market, especially in the prescription drug (ETC) segment, which offers high stability and attractive profitability. As a result, IMP's ETC sales increased significantly year by year with a CAGR of 38% over 2015-24. In 2024, ETC sales took up 55% of IMP's sales, vs. only 17% in 2015.

According to data from muasamcong.mpi.gov.vn (Vietnam's national e-procurement system), IMP's contract award value to public hospitals reached VND2,009bn in 2024, up 60% y/y from VND1,264bn in 2023. In 2024, IMP ranked as the leading company in group 2 drug tenders, with a market share of 14.3%.

New growth driver from new project the Cat Khanh complex

In May-25, IMP issued BOD resolution to approve for Cat Khanh pharmaceutical factory project. Located in Dong Thap province with a total area of 97,602 sqm, the project will meet WHO-GMP/EU-GMP standards with a design capacity of 1.4 billion units per year. Total investment is estimated at VND1,495bn, funded by equity and loans. Construction is expected to begin in 4Q25 after legal procedures are completed. The factory is expected to enter operations from 2028. The project aims to diversify products, meet domestic demand, and support expansion into export markets.

The project is expected to deliver an NPV of approximately VND4,400 billion for 2025-37, an IRR of 16%, and a minimum payback period of seven years. We expect revenue of VND50bn in FY28, VND150bn in FY29, and VND300bn in FY30.

Track record: Consistent growth over the past 10Y

IMP has delivered consistent growth over the past decade, with only temporary setbacks during COVID-19; sales and profits rebounded strongly post-2021, achieving a 20%+ CAGR in 2021-24. In 2024, it ranked second among listed peers in both sales and profit, combining strong growth momentum with solid profitability. The sales mix is shifting toward ETC drugs (55% of 2024 revenue vs. 17% in 2018), supported by EU-GMP production. Financially, IMP maintains a healthy balance sheet with net cash of VND218bn in 2024 and has turned sustainably positive free cash flow since 2021 after years of heavy capex.

Sales and profit increased consistently over the past 10 years (except for the two years of COVID-19)

From FY15 to FY19, IMP's net sales and net profit increased by a CAGR of 9.8% and 15%, respectively. In 2020, social distancing during the first COVID-19 wave severely disrupted the ETC channel and, along with higher customer discounts, led to a 2.4% y/y drop in net sales. Despite this, net profit rose 29% y/y thanks to company-wide cost-saving efforts and reduced long-term marketing and brand expenses, with SG&A down 12.4% y/y.

However in 2021, both net sales and net profit dropped 7.5% and 9.8%, respectively, due to the severe impact of prolonged lockdowns from late 2Q to 4Q, which disrupted both OTC and ETC channels. The company also faced higher costs from pandemic prevention measures. Post COVID-19, net sales and net profit bounced back by a CAGR of 20.3% and 19.3% during 2021-24.

Figure 23: Net sales and net profit (VNDbn), IMP

Sales and profit bounced back post COVID-19

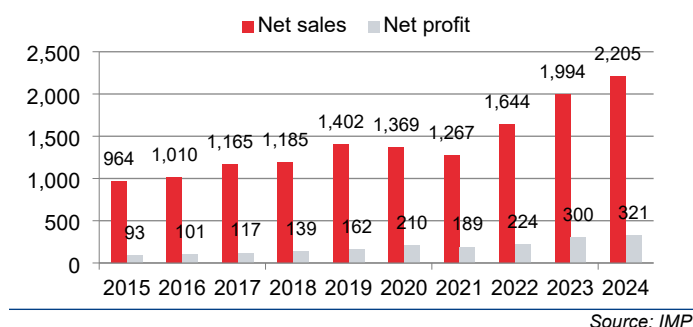


Figure 24: Net sales and net profit growth, TLG

Growth was strong in 2022 post COVID-19 lockdowns

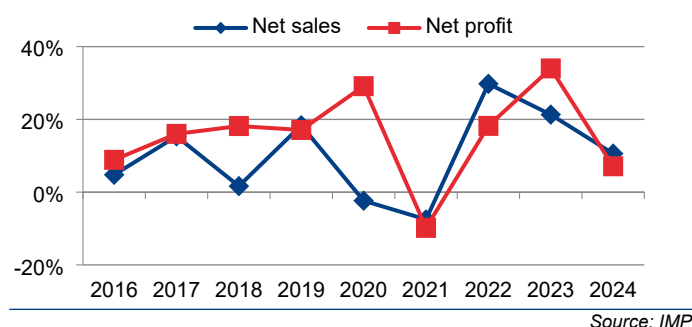


Figure 25: Gross profit and net profit margins, IMP

Net margin improves over time

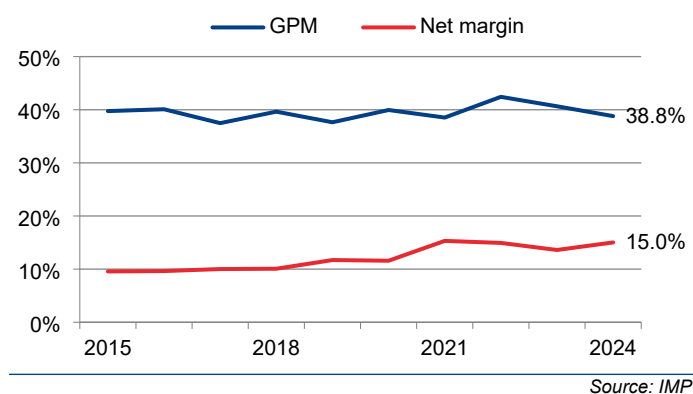
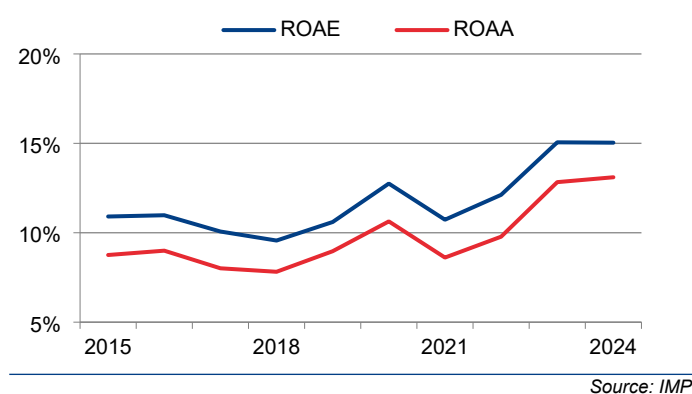


Figure 26: ROAE and ROAA, IMP

ROAE and ROAA went down in FY20-21 amidst COVID-19 lockdowns



As such, return on equity (ROAE) and return on asset (ROAA) also went down in FY21, then rebounded from FY22. In detail, ROAA declined to 8.6% in FY21 from 8.8-10.6%

in previous years and recovered to 9.8-13.1% in FY22-24. ROAE reduced to 10.7% in FY21 from 10.9-12.7% in previous years, then bounced back to 12.1-15% in FY22-24.

Strong growth momentum and solid profitability vs peers

In 2024, IMP ranked second among listed pharmaceutical peers in Vietnam in both net sales (VND2.2tn) and net profit (VND321bn), trailing only DHG (VND4.9tn sales, VND776bn profit). Some details of its position in the market here:

- While smaller than DHG in absolute size, IMP's growth profile is stronger, delivering a 2019-24 sales CAGR of 9.5% and profit CAGR of 8.9%, outpacing DHG's low single-digit growth.
- Compared with the no.3 name DBD (VND1.7tn sales, VND275bn profit), IMP is larger in scale but lags slightly in profitability metrics, as DBD posts higher GPM (48.2% vs. IMP's 38.8%) and comparable net margin (15.9% vs. 15.0%).
- TRA generated slightly higher sales (VND2.3tn) but lower profits (VND239bn) and weaker margin profile, reflecting less efficient operations despite its industry-leading GPM of 52.7%.
- By contrast, DHT and DCL are notably smaller and underperformed on both growth and profitability, with flat or negative CAGRs and single-digit margins.

Figure 27: Net sales and net profit of pharmaceutical companies in 2024

IMP ranked second in both sales and profit

Company name	Ticker	Net sales	2019-24 CAGR	Net profit	2019-24 CAGR
Hau Giang Pharmaceutical JSC (Hold, TP VND109,500)	DHG	4,885	4.6%	776	1.0%
Imexpharm Pharmaceutical JSC	IMP	2,205	9.5%	321	8.9%
Binh Dinh Pharmaceutical & Medical Equipment JSC (not rated)	DBD	1,728	6.5%	275	11.8%
Traphaco Pharmaceutical JSC (not rated)	TRA	2,347	6.5%	239	4.1%
Ha Tay Pharmaceutical JSC (not rated)	DHT	2,086	0.4%	72	-4.9%
Cuu Long Pharmaceutical JSC (not rated)	DCL	1,307	11.7%	54	-4.2%

Source: HSC Research

Figure 28: Key ratios of pharmaceutical companies in 2024

IMP's net margin is above average

Company name	Ticker	GPM	Net margin	ROAE	ROAA
Binh Dinh Pharmaceutical & Medical Equipment JSC	DBD	48.2%	15.9%	17.8%	12.9%
Hau Giang Pharmaceutical JSC	DHG	43.8%	15.9%	17.3%	12.9%
Imexpharm Pharmaceutical JSC	IMP	38.8%	15.0%	15.0%	13.1%
Traphaco Pharmaceutical JSC	TRA	52.7%	10.2%	15.8%	11.1%
Cuu Long Pharmaceutical JSC	DCL	15.7%	4.1%	3.6%	2.3%
Ha Tay Pharmaceutical JSC	DHT	10.5%	3.4%	6.8%	3.8%

Source: HSC Research

Overall, IMP stands out as a balanced player, combining strong top- and bottom-line growth momentum with above-average returns (ROAE 15.0%, ROAA 13.1%), positioning it as one of the sector's most competitive mid-sized companies.

ETC sales contribution is increasing over time

IMP's revenue base is predominantly driven by in-house products, which have consistently accounted for over 90% of total sales. The company has also manufactured OEM products for Sandoz, but in 2024 the partnership was temporarily halted due to legal restructuring at Sandoz. The contract was renewed in 2025, enabling franchise sales to resume (shown in detail in Figure 41, page 21).

Out of factories, IMP1 – the WHO-GMP non-beta-lactam factory – contributed the most in total sales, with 38% in 2024. However, this contribution has declined over year, from 77% in 2015. Instead, contributions of EU-GMP products under IMP2-4 increased significantly.

IMP's sales structure is skewing towards ETC drugs. In 2024, 55% of IMP's sales came from ETC channel vs. only 17% in 2018 with a CAGR of 38%. Meanwhile, sales

of OTC channel increased by a much lower pace with a CAGR of 4.2% over 2018-24. The strong growth of ETC sales reflects the strategy to focus on high value products produced under EU-GMP certified production lines.

Figure 29: Sales breakdown by product type, IMP

In-house products were the main component of sales

VNDbn	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
In-house products	829	932	1,051	1,114	1,319	1,331	1,226	1,635	2,036	2,501
Franchise products	148	74	105	67	96	71	63	30	64	0
Others	35	53	55	53	13	19	12	11	13	12
Total sales	1,013	1,059	1,212	1,235	1,428	1,421	1,301	1,676	2,114	2,513

Source: IMP

Figure 30: Sales breakdown by factories, IMP

IMP4 started to generate sales since 2023

VNDbn	2018	2019	2020	2021	2022	2023	2024
IMP1	951	902	838	674	989	1,058	950
IMP2	0	32	71	53	151	223	336
IMP3	235	459	512	499	486	680	934
IMP4	0	0	0	0	0	80	190
Others	49	36	-	74	50	73	103
Total sales	1,235	1,428	1,421	1,301	1,676	2,114	2,513

Source: IMP, HSC Research estimates

Figure 31: Total sales breakdown by distribution channels, IMP

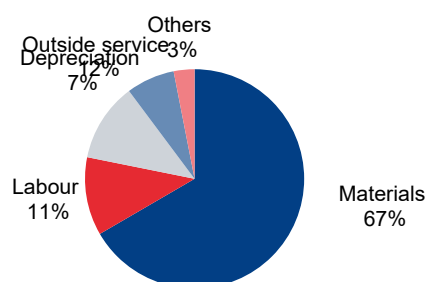
ETC sales are getting bigger and bigger over years

VNDbn	2018	2019	2020	2021	2022	2023	2024
ETC	204	387	500	435	602	884	1,378
OTC	838	835	729	722	1,033	1,083	1,075
Others	193	206	192	144	42	147	61
Total sales	1,235	1,428	1,421	1,301	1,676	2,114	2,513

Source: IMP, HSC Research estimates

Figure 32: COGS structure, 2024

Raw material contributed 67% in COGS



Source: IMP, HSC Research estimates

COGS: Raw materials dependence on imported materials

In the cost of goods sold, raw materials are the main part. Per our estimates, in 2024, raw materials contributed 66.6% of COGS, followed by labor cost (with 11.6%), and outside service (also 11.6%) with depreciation and others accounting for the 10.2% balance (Figure 32). Of raw materials, mainly Active Pharmaceutical Ingredient (API) used, around 90% are imported. Most APIs are imported from China, with a portion sourced from India and a smaller share from the EU.

Healthy balance sheet with low debt

IMP maintains a consistently healthy balance sheet with a strong net cash position throughout 2016-24. Despite periods of rising borrowings, the company has remained in net cash every year, supported by robust cash generation. As of 2024, net cash

stood at VND218bn, up from VND150bn in 2023, reflecting disciplined working capital management and conservative leverage.

Between 2016-20, free cash flow (FCF) was consistently negative due to huge capex for production expansion, with the trough at minus VND177bn in 2017. The shift came in 2021-22, when robust earnings growth and moderating capex drove record positive FCF of VND182bn and VND279bn, respectively. 2023 saw a temporary dip back into negative FCF of -VND103bn due to weaker operating cash inflows following high inventory, but then FCF rebound to VND119bn in 2024 underscores the company's ability to generate sustainable cash once operations normalize.

Figure 33: Cash and debt, IMP

IMP maintained net cash during 2016-24

VNDbn	2016	2017	2018	2019	2020	2021	2022	2023	2024
Cash and short-term investments	116	290	195	80	149	384	390	199	304
Debt	-	-	-	(38)	(131)	(264)	(95)	(49)	(86)
Net cash/(debt)	116	290	195	43	18	120	295	150	218

Note: short-term investment mainly includes short-term bank deposits
Source: IMP

Figure 34: Operating cash flow and free cash flow, IMP

Negative free cash flow before 2021 due to huge capex

VNDbn	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating cash flow	85	97	132	67	73	235	379	(40)	216
Capex	(104)	(274)	(272)	(131)	(90)	(53)	(99)	(64)	(97)
Free cash flow	(19)	(177)	(140)	(65)	(17)	182	279	(103)	119

Source: IMP

Forecasting a solid 3-yr net profit CAGR of 16%

We see ample room for growth in the coming years, supported by government policies, higher utilization of IMP2 and IMP4, and new capacity from Cat Khanh factory expected in late 2028/early 2029. The amended Health Insurance Law from Jan-25 expands coverage and reimbursement, boosting demand for medicines at public hospitals. Circular 03/2024 further prioritizes domestic EU-GMP producers by restricting imports in cases where qualified local supply exists. IMP stands out in this context, with 12 of the 93 medicines on the Ministry of Health's list that are manufactured by at least three domestic companies meeting EU-GMP or equivalent standards. These catalysts strengthen ETC demand and market share opportunities. Our initial forecasts suggest a solid net profit CAGR of 16% over 2024A-27F.

Outlook: Policy support and capacity expansion underpin long-term growth

We see lots of room for growth in the coming years, given what the government is supporting for the whole industry, especially ETC drugs; increasing utilization rate of newly operated factories in recent years (IMP2 and IMP4), and the new capacity at Cat Khanh factory coming into operation in late 2028/ early 2029.

The amended Law on Health Insurance (51/2024/QH15), effective from 7 January, will have a far-reaching impact on the pharmaceutical industry. One of the key changes is the addition of new groups required to participate in compulsory health insurance, including employees working under fixed-term labor contracts of one month or more, village health workers, village midwives, members of grassroots security and order forces, individuals aged 75 and older receiving monthly survivor benefits, and individuals aged 70 to under 75 from near-poor households also receiving monthly survivor benefits.

Additionally, the law enhances coverage and reimbursement rates – up to 100% – for priority groups like individuals who have participated in health insurance continuously for over five years, low-income households, ethnic minorities, and residents in disadvantaged areas. These changes are expected to boost access to medical services at grassroots clinics and public hospitals, driving up demand for high-quality medicines. Pharmaceutical companies, especially those meeting EU-GMP standards, will benefit from growing ETC demand and gain opportunities to expand market share and production capacity for long-term sustainable growth.

Circular 03/2024/TT-BYT (Apr-24) stipulates that imported drugs are not allowed to participate in tender packages for tiers 1 and 2 if there are at least three capable local manufacturers producing equivalent products. The policy aims to prioritize domestic pharmaceutical supply and reduce reliance on imports in segments where Vietnam already has sufficient local capacity. This will encourage hospitals to procure domestically made drugs, while directly affect importers' market access.

In this circular, the Ministry of Health specifies 93 medicines produced by at least three domestic manufacturers on EU-GMP (or equivalent) production lines, meeting regulatory requirements on technical standards, quality, pricing, and supply capacity. IMP has 12 medicines included in this list.

Backed by these supportive catalysts and the upcoming Cat Khanh capacity, IMP's management remains confident, setting a long-term sales CAGR target of 15% for 2024-30 at the April AGM.

1H25 results: Strong, driven by both ETC and OTC

In 1H25, IMP recorded a strong growth of 29% y/y in net profit to VND1,442bn, following a surge of 29% in sales (to VND1,227bn) and 22% in net sales to VND165bn. Both gross profit and net profit margins expanded (Figures 35-36).

By distribution channel, ETC remained strong with sales growth of 24% y/y to VND764bn. OTC rebounded strongly, growing 32% y/y to VND663bn after a silent FY24 (sales down 1% y/y). Sales through modern pharmacy chains surged 130% y/y, contributing 14% of total OTC sales, while retail pharmacy also posted strong growth of 32% y/y. In contrast, wholesale channels, including distributors and the wholesale

market, declined 3% y/y. Regionally, OTC sales in the Northern market rose sharply by 70% y/y, making up 11% of total OTC revenue. According to IMP, the loss of market share in the North during 1H24 led to a restructuring of its Northern sales team. In 2025, the company shifted its strategy by scaling down wholesale sales, strengthening retail focus, and deepening engagement with medical representatives.

By product category, cough medicines led in growth momentum, up 73% y/y, and were the key driver of OTC expansion.

Figure 35: 1H25 results, IMP

Net sales and net profit surged 22% y/y and 29% y/y, respectively

VNDbn	1Q25	Growth y/y	2Q25	Growth y/y	1H25	Growth y/y
Sales	671	23.3%	770	32.1%	1,442	27.9%
Sales deduction	(77)	44.4%	(137)	109.5%	(215)	80.2%
Net sales	594	21.0%	633	22.3%	1,227	21.7%
COGS	(360)	15.8%	(379)	19.6%	(738)	17.7%
Gross profit	234	29.9%	254	26.6%	488	28.1%
SG&A	(135)	37.1%	(138)	19.9%	(272)	27.9%
Profit before tax	95	22.5%	115	38.3%	210	30.7%
Net profit	74	20.3%	90	37.0%	165	28.9%

Source: IMP

Figure 36: Key periodic ratios, IMP

GPM and net margin expanded y/y

	1Q25	Difference y/y (bps)	2Q25	Difference y/y (bps)	1H25	Difference y/y (bps)
GPM	39.5%	270.3	40.1%	134.3	39.8%	200.7
SG&A/sales	-22.7%	267.4	-21.8%	(43.5)	-22.2%	107.7
Net margin	12.5%	(7.4)	14.3%	152.6	13.4%	75.1

Source: IMP

Figure 37: FY25-27 earnings forecasts, IMP

We forecast net profit CAGR of 16% during FY24-27F

VNDbn	FY24A	Growth y/y	FY25F	Growth y/y	FY26F	Growth y/y	FY27F	Growth y/y
Sales	2,513	18.9%	3,004	19.5%	3,526	17.4%	4,070	15.4%
Net sales	2,205	10.6%	2,553	15.8%	2,997	17.4%	3,459	15.4%
Gross profit	856	5.6%	991	15.8%	1,155	16.6%	1,335	15.6%
SG&A	(440)	2.5%	(503)	14.2%	(590)	17.4%	(681)	15.4%
Net profit	321	7.1%	377	17.6%	436	15.5%	500	14.7%

Source: HSC Research estimates

Forecasts

2H25 looks softer, due to provincial consolidation and tighter tax enforcement

Sales and profit in 2H25 look softer. In July, net revenue rose 13% y/y to VND180bn, supported by strong ETC momentum. Revenue from all EU-GMP factories posted double-digit growth, with IMP4 leading at 67% y/y, driving ETC sales up 27% y/y as demand for EU-GMP products remained solid. In contrast, OTC revenue fell 19% y/y, largely because of early stocking in June ahead of announced July price hikes and tighter tax enforcement from July, which made customers more cautious. Despite this, PBT still grew 9% y/y to VND27bn, showing that robust ETC performance more than offset the temporary OTC dip.

In August, net revenue declined slightly 0.8% y/y to VND185bn due to a decline of 2% in ETC sales from high base in Aug-24. This also reflects the temporary impact of restructuring public procurement following provincial consolidation and the rollout of the two-tier local government system. Meanwhile, OTC sales rebounded and increased 18% y/y after a cautious July. PBT declined 10% y/y to VND25bn.

Cumulatively in 8M25, IMP delivered resilient results with net revenue of VND1,582bn, up 21% y/y and PBT of VND261bn, up 23% y/y.

Figure 38: 2H25 estimates, IMP

We estimate net profit growth of 14% y/y in 2H25

VNDbn	2H24	2H25	Growth y/y
Sales	1,385	1,562	12.8%
Sales deduction	(188)	(236)	25.1%
Net sales	1,197	1,327	10.8%
COGS	(722)	(824)	14.1%
Gross profit	474	502	5.9%
SG&A	(227)	(231)	1.4%
Profit before tax	243	265	9.0%
Net profit	193	213	10.2%

Source: HSC Research estimates

FY25-27: 3-yr net profit CAGR growth of 16%

We forecast that FY25 net profit will increase by 18% on an increase of 16% in net sales. Our forecast suggests that net profit will increase 10% y/y in 2H25, on net sales growth of 11%. We further estimate that net profit will increase by 16% y/y in 2026 and 15% in 2027. Our forecast suggests a net profit CAGR of 16% in FY24A-27F.

Sales: IMP2 and IMP4 expected to show the strongest growth

Total sales are projected to reach VND4,069bn by FY27F, implying a three-year CAGR of 17%. We expect teens+ growth at all factories over the forecasting period, with IMP2 and IMP4 being strongest (FY25-27 growth of 20-45%). Meanwhile, IMP1 and IMP3 should maintain mid-teens growth, providing a stable base, while the other segment grows steadily at around 10% per annum. As the contract with Sandoz has just been renewed, we expect to see the return of franchise products from 2H25.

We note that as the Cat Khanh complex is expected to commence sales contributions in FY29, we do not include it in our FY25-27 sales projections.

Figure 39: Key ratios over FY25-27, IMP

We assume stable margins in FY25-27F

	FY25F	Difference y/y (bps)	FY26F	Difference y/y (bps)	FY27F	Difference y/y (bps)
GPM	38.8%	(0.4)	38.5%	-24.5	38.6%	5.3
SG&A/sales	-19.7%	(27.2)	-19.7%	0.0	-19.7%	0.0
Net margin	14.8%	23.2	14.5%	-23.7	14.5%	(9.5)

Source: HSC Research estimates

Figure 40: Sales forecasts by factories, IMP

We expect that IMP2 and IMP4 will deliver strongest growth

VNDbn	FY25F	Growth y/y	FY26F	Growth y/y	FY27F	Growth y/y
IMP1	1,121	18%	1,289	15.0%	1,457	13.0%
IMP2	420	25%	512	22.0%	615	20.0%
IMP3	1,074	15%	1,214	13.0%	1,359	12.0%
IMP4	276	45%	386	40.0%	501	30.0%
Others	113	10.0%	125	10.0%	137	10.0%
Total	3,004	19.5%	3,526	17.4%	4,070	15.4%

Source: HSC Research estimates

Figure 41: Sales breakdown by product, IMP

Franchise sales return in FY25-27F forecasts

VNDbn	FY25F	Growth y/y	FY26F	Growth y/y	FY27F	Growth y/y
In-house products	2,959	18.3%	3,443	16.3%	3,979	15.6%
Franchise products	32		70	10.0%	78	10.0%
Others	13	5.0%	13	0.0%	13	0.0%
Total	3,004	19.5%	3,526	17.4%	4,070	15.4%

Source: HSC Research estimates

Cash flows: We estimate negative free cash flows over the forecasting period due to capex for the Cat Khanh complex

Cash flow forecasts indicate pressure from heavy capex (at VND1,495bn) for the Cat Khanh complex. Free cash flow is projected to remain negative across the forecasted period, at -VND101bn in FY25F, -VND183bn in FY26F, and -VND119bn in FY27F, as annual investment spending of over VND500bn outweighs improving operating cash flow, which rises from VND331bn in FY25F to VND413bn in FY27F.

The company's cash and short-term investments are expected to decline from VND580bn in FY25F to VND303bn in FY27F, while net cash shifts to a net debt position of VND196bn by FY27F, also due to the increase in debt to fund for the Cat Khanh complex.

Figure 42: Cash, debt, and free cash flows, IMP

Free cash flow turns negative from FY25F

VNDbn	FY25F	FY26F	FY27F
Cash, cash equivalents, and short-term investments	580	363	303
Debt	340	395	500
Debt/equity	0.14	0.14	0.16
Net cash/(debt)	239	(32)	(196)
Operating cash flow	331	349	413
Capex	432	532	532
Free cash flow	(101)	(183)	(119)

Source: HSC Research estimates

Valuation and recommendation

We initiate coverage of IMP with an Add rating and a DCF-derived TP of VND58,000, suggesting upside of 11% and equivalent to an FY26 P/E of 22.1x. At its current market price, IMP trades on a 1-year rolling forward P/E of 20.7x, (based on our forecasts), 0.6 SDs (or 15%) above its historical average from 2021 of 18.0x. Meanwhile, stock trades at a FY26F P/E of 20.0x, above the peers' average of 16.4x; however, we view the premium as justified by its stronger earnings growth outlook.

Conclusions and methodology

Our valuation derives a fair value of VND58,000/share, suggesting upside of 11% from its current market price. As such, we rate IMP as an Add.

We use the DCF methodology to value IMP. Our DCF valuation uses a standard risk-free rate of 4.0%, a standard equity risk premium of 8.75%, and a beta of 0.7 (according to Bloomberg); our WACC thus comes to 10.1%. We use a terminal growth rate of 2.0%.

Figure 43: FCFF calculation, IMP

VNDbn	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F
Net profit after tax	377	436	500	568	625	724
+ Depreciation and amortization	103	105	107	109	162	215
+ Interest expenses after tax	23	27	30	34	39	44
- Change in net working capital	(154)	(197)	(199)	(216)	(223)	(235)
- Capex	(432)	(532)	(532)	(127)	(32)	(32)
FCFF	(82)	(161)	(94)	368	570	715

Source: HSC Research estimates

Figure 44: End-26 target price, IMP

TP of VND58,900

	VNDbn
Terminal value	9,751
PV of TV	6,644
PV of free cash flows	485
Firm value	7,129
Non-operating assets	1,904
Debt	(95)
Equity value	8,938
Number of shares (mn shares)	154.0
Fair price (VND/share)	58,034

Source: HSC Research estimates

Figure 45: WACC calculation, IMP

WACC of 10.1%

	Assumption
Equity weight	95%
Beta	0.7
Risk-free rate	4.0%
Equity risk premium	8.8%
Cost of equity	10.4%
Debt weight	5%
Cost of debt	5.0%
Tax rate	20.0%
After-tax cost of debt	4.0%
WACC	10.1%

Source: HSC Research estimates

Figure 46: TP sensitivity analysis, IMP

Our base case assumes risk free rate of 4.0% and terminal growth rate of 2.0%

VND		Risk-free rate				
		3.0%	3.5%	4.0%	4.5%	5.0%
Terminal growth rate	1.0%	59,001	55,979	53,277	50,848	48,654
	1.5%	61,889	58,514	55,517	52,839	50,432
	2.0%	65,183	61,382	58,034	55,063	52,408
	2.5%	68,974	64,656	60,884	57,563	54,616
	3.0%	73,385	68,425	64,137	60,394	57,099

Source: HSC Research estimates

Notably, 74% of our valuation comes from the present value of the terminal value in our DCF model, indicating the IMP is a longer-term story. By comparison, a lower 60% of our DHG valuation is represented by the PV of the terminal value.

Valuation context

Up 2% in the past 3M but underperforming the VNI, IMP now trades on a 1-year rolling forward P/E of 20.7x, 0.7 SDs (or 15%) above its average of 18.0 (since 2021). Meanwhile, on an FY26F P/E of 20.2x, IMP trades above the peers' average of 16.4x (VN peers - 14.7x; regional peers - 17.3x). This said, we view IMP's premium valuation as justified given its stronger earnings growth outlook; we estimate an FY24A-26F net profit CAGR of 17% for IMP, vs the peers' average of 8.3% (domestic - 13.3%; regional - 5.8%). (Figure 47).

Figure 47: Comparable peers, IMP

IMP is trading at premium to peers' average, but fair in our view due to its better earnings growth prospect

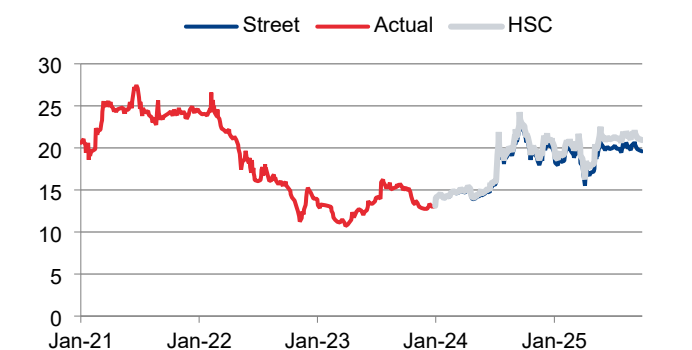
Company name	Ticker	Market cap (USDmn)	FY25 P/E	FY26 P/E	FY24A-26F net sales CAGR	FY24A-26F net profit CAGR
Domestic peers						
DHG Pharmaceutical	DHG VN	506	14.7	13.4	3.3%	17.0%
Binh Dinh Pharmaceutical	DBD VN	194	17.6	16.1	6.6%	9.5%
Average, domestic peers		350	16.2	14.7	4.9%	13.3%
Regional peers						
Chugai Pharmaceutical	4519 JP	77,221	25.5	23.7	6.7%	12.6%
Otsuka Holding Co Ltd	4578 JP	30,163	13.6	15.8	3.5%	-7.7%
Joincare Pharmaceutical Group	600380 CH	3,341	16.6	15.0	4.3%	8.4%
Livzon Pharmaceutical Group	000513 CH	4,751	16.1	14.6	4.7%	10.0%
Average, regional peers		28,869	18.0	17.3	4.8%	5.8%
Average, all peers		19,363	17.4	16.4	4.8%	8.3%
<i>Imexpharm Pharmaceutical</i>	<i>IMP VN</i>	<i>307</i>	<i>23.1</i>	<i>20.0</i>	<i>16.6%</i>	<i>16.6%</i>

Note: Data as of 1-Oct-2025.

Source: Bloomberg, HSC Research estimates

Figure 48: Rolling 1-year forward P/E, IMP

Trading on a P/E of 20.7x currently...



Note: 12M rolling forward basis, data since beg-2021.
Source: HSC Research, Bloomberg

Figure 49: Standard deviation from mean, IMP

...0.6 SDs above its 18.0x mean



Note: 12M rolling forward basis, data since beg-2021.
Source: HSC Research, Bloomberg

Risk to our target price and view

Input material and FX risks

Input material risks pose a significant and direct challenge to IMP, driven by economic volatility, geopolitical tensions, and supply chain disruptions. These issues lead to longer lead times, higher transportation costs, and fluctuations in raw material prices. Given that raw materials represent 65-70% of total production costs, a 1% increase in material prices could result in a 0.65-0.70% rise in production costs, thereby putting pressure on profit margins and product pricing.

Additionally, with approximately 90% of IMP's raw materials being imported and settled in USD, foreign exchange fluctuations represent a key risk to the company's cost structure.

Bad debt risk

IMP sells drugs through both OTC channels (traditional pharmacies and pharmacy chains) and ETC channels (hospitals, tenders, and distribution partners). While the company has implemented a robust accounts receivable management system, there remains a risk of customer payment defaults, which could impact operating cash flow. Nevertheless, as IMP primarily works with financially strong partners, the risk of bad debt is considered low.

Risk of new capacity delay

Another risk is that profits from 2028 onward could fall short of our estimates if the new capacity at the Cat Khanh complex is delayed. Such a scenario would weigh on our DCF valuation, which is based on projected cash flows for 2025-30.

Financial statements and key data

Income statements (VNDbn)						Cash flow statements (VNDbn)					
	12-23A	12-24A	12-25F	12-26F	12-27F		12-23A	12-24A	12-25F	12-26F	12-27F
Sales	1,994	2,205	2,553	2,997	3,459	EBIT	381	415	488	565	654
Gross profit	811	856	991	1,155	1,335	Depreciation & amortisation	(82.6)	(106)	(103)	(105)	(107)
SG&A	(429)	(440)	(503)	(590)	(681)	Net interest	(6.64)	(11.9)	(14.5)	(18.0)	(26.0)
Other income	-	-	-	-	-	Tax paid	(84.0)	(70.8)	(98.0)	(113)	(130)
Other expenses	-	-	-	-	-	Changes in working capital	(367)	(72.9)	(154)	(197)	(199)
EBIT	381	415	488	565	654	Others	(23.0)	(143)	0	0	0
Net interest	(6.64)	(11.9)	(14.5)	(18.0)	(26.0)	Cash flow from operations	(39.5)	216	331	349	413
Associates/affiliates	-	-	-	-	-	Capex	(63.5)	(96.8)	(432)	(532)	(532)
Other non-operational	2.87	0.91	2.37	2.26	1.83	Acquisitions & investments	0	0	0	0	0
Exceptional items	-	-	-	-	-	Disposals	2.53	4.83	0	0	0
Pre-tax profit	377	404	475	549	630	Others	140	(35.3)	0	0	0
Taxation	(77.7)	(83.3)	(98.0)	(113)	(130)	Cash flow from investing	79.1	(127)	(432)	(532)	(532)
Minority interests	-	-	-	-	-	Dividends	(66.7)	(70.0)	(77.0)	(77.0)	(77.0)
Exceptional items after tax	-	-	-	-	-	Issue of shares	0	0	0	0	0
Net profit	300	321	377	436	500	Change in debt	(45.6)	36.7	4.31	4.52	4.75
						Other financing cash flow	0	0	561	20.4	131
Net profit adj'd	300	321	377	436	500	Cash flow from financing	(112)	(33.3)	488	(52.1)	59.2
EBITDA adj.	464	521	590	670	761						
						Cash, beginning of period	179	106	162	549	313
EPS (VND)	1,804	1,932	2,273	2,625	3,010	Change in cash	(72.6)	55.8	387	(235)	(59.8)
EPS adj. (VND)	1,804	1,932	2,273	2,625	3,010	Exchange rate effects	(0.00)	0.02	0	0	0
DPS (VND)	1,000	500	500	500	500	Cash, end of period	106	162	549	313	253
Basic shares, average (mn)	154	154	154	154	154						
Basic shares, period end (mn)	154	154	154	154	154	Free cash flow	(103)	119	(101)	(183)	(119)
Fully diluted shares, period end (mn)	154	154	154	154	154						
Balance sheets (VNDbn)						Financial ratios and other					
	12-23A	12-24A	12-25F	12-26F	12-27F		12-23A	12-24A	12-25F	12-26F	12-27F
Cash	106	162	549	313	253	Operating ratios					
Short-term investments	93.0	142	31.0	50.0	50.0	Gross margin (%)	40.6	38.8	38.8	38.5	38.6
Accounts receivable	297	384	445	523	604	EBITDA adj. margin (%)	23.3	23.6	23.1	22.4	22.0
Inventory	699	705	810	945	1,079	Net profit margin (%)	15.0	14.6	14.8	14.5	14.5
Other current assets	11.9	16.7	19.4	22.8	26.3	Effective tax rate (%)	20.6	20.6	20.6	20.6	20.6
Total current assets	1,207	1,410	1,854	1,854	2,013	Sales growth (%)	21.3	10.6	15.8	17.4	15.4
						EBITDA adj. growth (%)	29.9	12.3	13.4	13.4	13.6
PP&E	909	828	1,158	1,585	2,010	Net profit adj. growth (%)	34.0	7.11	17.6	15.5	14.7
Intangible assets	74.2	74.2	74.2	74.1	74.0	EPS growth (%)	41.2	7.11	17.6	15.5	14.7
Investment properties	0	0	0	0	0	EPS adj. growth (%)	41.2	7.11	17.6	15.5	14.7
Long-term investments	0.33	(0.18)	67.0	67.0	67.0	DPS growth (%)	(33.3)	(50.0)	0	0	0
Associates/JVs	70.9	67.1	0	0	0	Dividend payout ratio (%)	55.4	25.9	22.0	19.1	16.6
Other long-term assets	131	126	143	168	194						
Total long-term assets	1,185	1,095	1,442	1,894	2,345	Efficiency ratios					
Total assets	2,393	2,505	3,296	3,748	4,357	Return on avg. equity (%)	15.1	15.0	16.3	16.8	17.0
						Return on avg. CE (%)	19.2	19.5	20.0	19.7	19.9
Short-term debt	49.4	86.1	90.4	94.9	99.7	Asset turnover (x)	0.85	0.90	0.88	0.85	0.85
Accounts payable	70.5	77.0	89.2	105	121	Operating cash/EBIT (x)	(0.10)	0.52	0.68	0.62	0.63
Other current liabilities	160	105	364	425	537	Inventory days	216	191	189	187	185
Total current liabilities	308	322	606	698	841	Accounts receivable days	91.5	104	104	104	104
						Accounts payable days	21.7	20.8	20.8	20.8	20.8
Long-term debt	0	0	250	300	400	Leverage ratios					
Deferred tax	0	0	0	0	0	Net debt*/equity (%)	(2.44)	(2.68)	(7.71)	3.83	8.77
Other long-term liabilities	0	0	0	0	0	Debt/capital (%)	2.31	4.13	10.9	11.2	12.1
Long-term liabilities	0	0	250	300	400	Interest coverage (x)	57.4	35.0	33.7	31.3	25.1
Total liabilities	308	322	856	998	1,241	Debt/EBITDA (x)	0.12	0.20	0.61	0.62	0.69
						Current ratio (x)	3.92	4.38	3.06	2.66	2.39
Shareholders' funds	2,085	2,183	2,441	2,750	3,116	Valuation					
Minority interests	-	-	-	-	-	EV/sales (x)	4.02	3.63	3.08	2.72	2.40
Total equity	2,085	2,183	2,441	2,750	3,116	EV/EBITDA adj. (x)	17.3	15.4	13.3	12.2	10.9
Total liabilities and equity	2,393	2,505	3,296	3,748	4,357	P/E (x)	29.1	27.1	23.1	20.0	17.4
						P/E adj. (x)	29.1	27.1	23.1	20.0	17.4
BVPS (VND)	13,535	14,175	15,848	17,856	20,233	P/B (x)	3.87	3.70	3.31	2.93	2.59
Net debt/(cash)*	(56.8)	(75.9)	(208)	81.7	246	Dividend yield (%)	1.91	0.95	0.95	0.95	0.95

Note: *Excluding short-term investments.
Source: Company, HSC Research estimates

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Buy: Expected to rise by more than 20% on an absolute basis in the next 12 months
 Add: Expected to rise by between 5% and 20% on an absolute basis in the next 12 months
 Hold: Expected to rise or decline by less than 5% on an absolute basis in the next 12 months
 Reduce: Expected to decline by between 5% and 20% on an absolute basis in the next 12 months
 Sell: Expected to decline by more than 20% on an absolute basis in the next 12 months



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