

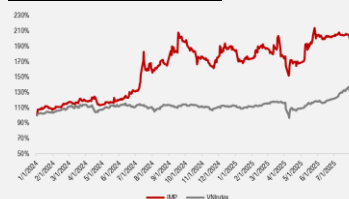
Imexpharm Corporation (IMP: HOSE)

Report Date: 31/07/2025
Sector: HEALTHCARE
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Rating: **OUTPERFORM**
1Y Target Price: **VND 58,000**
Share price 30/07/2025: VND 50,500
% Upside: **+14.9%**

Market cap (USD mn): 297
Market cap (VND bn): 7,777
Outstanding shares (mn): 154
Average 3M volume (share): 194,984
52W high/low (VND 1,000): 54.2/38.4
Average 3M value (VND bn): 10.0
Foreign ownership (%): 50.3
State ownership (%): 22

Share Price Performance



Source: SSI Research

Company Snapshot

IMP was established in 1983 as a state-owned enterprise and equitized in 2001. It was listed on HOSE on 2006.

The company is renowned for high product quality as it applies very stringent quality standards. Major products are antibiotics (cephalosporin and penicillin).

It possess EU-GMP plants in Dong Thap provinces (producing non-beta lactam and penicillin), Binh Duong province (established in 2010, producing cephalosporin and penicillin), and Ho Chi Minh City.

Prescription for Growth

- Top-line and bottom-line growth outperforming industry average
- Margin strengthened across the board
- More favorable policy tailwinds supporting growth
- We maintain our OUTPERFORM rating, revised up target price to VND 58,000/share

Executive summary:

IMP reported robust revenue and NPAT growth of +22% and 37% YoY, respectively, driven by strong performance in both ETC (+24% YoY) and OTC (+32% YoY) segments. Hospital restocking supported ETC, while retail recovery boosted OTC. Facility utilization is estimated at 63% compared to 55% at beginning of the year. Gross margin rose 60bps QoQ to 40.1% thanks to stable API prices and better cost control. 1H25 revenue and pretax profit achieved 46% and 43% of FY targets, respectively, keeping the company on track.

IMP's outlook remains steady, with growth supported by an expanding SKU portfolio, a strong push in OTC, and rising market share in Tier 1&2 hospital tenders. Upcoming regulations (e.g., mandatory e-prescriptions, stricter drug quality controls) will benefit high-quality players like IMP.

As a result, we maintain our forecasts with 2025F net sales of VND 2.54 tn (+15% YoY) but increase our NPAT forecast to VND 401 bn (+25% YoY; from VND 373bn). We also introduce our 2026 forecast for revenue and NPAT of VND 2.89 tn (+13% YoY) and VND 486 bn (+21% YoY), respectively.

Our updated target price is VND 58,000/share (from 45,000/share), valuing IMP at a 2026F PE of 18.3x, derived from a blended DCF and relative P/E approach. With the stock currently trading at VND 50,500/share, we maintain our OUTPERFORM rating on the shares with potential upside of 15%.

Risks: rising API costs, competition from foreign pharmaceutical companies.

(VND bn)	2022	2023	2024	2025F	2026F
Net sales	1,644	1,994	2,205	2,555	2,897
<i>Net sales growth</i>	29.8%	21.3%	10.6%	15.9%	13.4%
Gross profit	697	811	856	1,039	1,196
<i>Gross profit margin</i>	42.4%	40.6%	38.8%	40.6%	41.3%
Financial income	24	25	13	14	35
Financial expense	-29	-31	-25	-38	-40
SG&A	-401	-429	-440	-515	-584
Net other income	1	3	1	3	3
Profit before tax	291	377	404	503	610
Net income	224	300	321	402	488
<i>Net income growth</i>	18.2%	34.0%	7.1%	25.3%	21.3%
<i>Net income margin</i>	13.6%	15.0%	14.6%	15.7%	16.8%
EPS (VND)	3,351	4,277	2,083	2,611	3,168

2Q25 results

(bn VND)	2Q25	2Q24	YoY	1Q25	QoQ	% annual target completed	Margin			
							2Q25	2Q24	1Q25	2024
Net sales	633	517	22.3%	594	6.5%	46%				
Gross profit	254	201	26.6%	234	8.3%		40.1%	38.8%	39.5%	38.8%
Operating profit	120	83	44.0%	97	22.8%		18.9%	16.1%	16.4%	18.1%
EBIT	121	84	44.2%	98	24.1%		19.1%	16.2%	16.4%	18.5%
EBITDA	147	110	33.5%	124	19.1%		23.3%	21.3%	20.8%	23.3%
Pretax profit	115	83	38.3%	95	20.5%	43%	18.2%	16.1%	16.0%	18.3%
Net income	90	66	37.0%	74	21.3%		14.3%	12.7%	12.5%	14.6%
NI attributable to shareholders	90	66	37.0%	74	21.3%		14.3%	12.7%	12.5%	14.6%

Source: Company

Top-line growth remains robust, driven by balanced strength across all segments. IMP posted strong revenue growth (+22% YoY), as its delivered gains across key channels. ETC channel remained with its strong momentum, growing 24% YoY on the back of hospital stockpiling and early tender registration ahead of the provincial merger deadline. OTC also saw solid recovery (+32% YoY), with retail pharmacy sales up a surprising 32% YoY despite regulatory headwinds affecting small pharmacies during 1H25. Estimated utilization climbed to 63% versus 55% in 2024 year-end, with IMP3 running at full capacity and IMP1/IMP4 still has capacity to spare.

Fig 1. ETC OTC maintained strong growth momentum

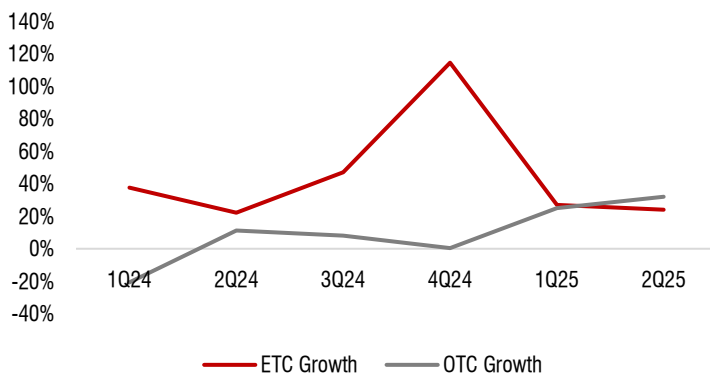
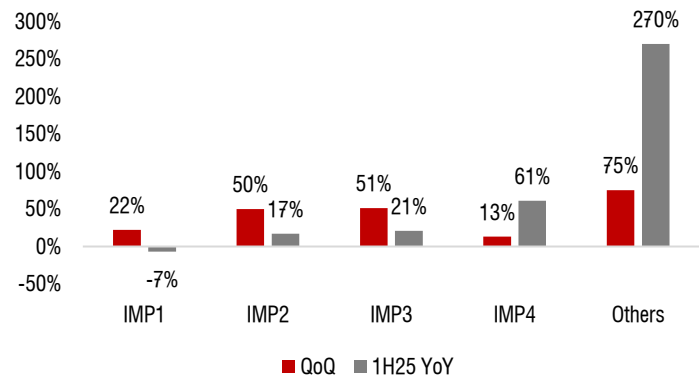


Fig 2. Production volume growth is still strong at EU GMP factories (IMP2,3,4)



Source: Company

Margin strengthened across the board: gross margin improved 60bps QoQ to 40.1%, supported by lean inventory, stable API prices (-1.3% YoY), and improved procurement practices that helped lower unit costs. With recent price increase of 5–7% across a large portion of the OTC portfolio starting July, IMP is also proactively addressing margin pressures from expected increase in API and utility cost. While SG&A as a percentage of sales saw a slight uptick, operating profit and NPAT rose by 44% and 37%, respectively. With 46% of revenue and 43% of pretax profit targets achieved, the company remains on track to meet FY guidance.

IMP continues to outperform industry average during 2Q25. Till date, the average 2Q25 revenue and NPAT growth of companies on 3 exchanges are 1.4% YoY and 13% YoY, respectively¹. The dual engine of OTC and ETC momentum is delivered through:

- **Expanding product portfolio:** The company introduced many new SKUs, with new product sales expected to contribute ~6% to revenue in year one.
- **OTC growth:** is being reinforced by strong recovery volume in quality SKUs (e.g., cough medicines up 70% y/y). Regionally, Northern's strong sales growth of 70% validated IMP's aggressive effort to expand.
- **ETC penetration:** while IMP maintained its 15% market share in Tier 2, it managed to increase its market share of the higher-valued Tier 1 from 0.25 to 1%, thanks to its strength in EU GMP portfolio.

Favorable policy tailwinds supporting growth. Recent policy developments reaffirm the government's commitment to improving healthcare services—through public hospital price adjustments, mandatory e-prescriptions, and stricter compliance in drug distribution/counterfeit drugs removal. These measures are expected to accelerate structural changes across the industry, putting pressure on non-compliant manufacturers and pharmacies. Well-established and compliant firms like IMP are well-positioned to capitalize on these changes and expand their market share.

Table 2. Some policies expected to affect pharmaceutical industry from 2H25

Item	Effective date	Effect
Decree 70/2025/ND-CP	June 1, 2025	Updates e-invoice regulations to enhance tax management, increase administrative costs for smaller pharmacies.
Circular 30/2025/TT-BYT	July 1, 2025	Guidelines on applying quality standards, drug and pharmaceutical ingredient testing, and the recall and handling of non-compliant/counterfeit drugs.
Decree 163/2025/ND-CP	July 1, 2025	Guidelines on implementation of the Law on Pharmacy, putting pressure on non-compliant manufacturers and pharmacies.
Circular 26/2025/TT-BYT	July 1, 2025	The policy mandates e-prescriptions in hospitals for outpatients, with strict controls to enhance patient safety and streamline procedures. It also extends the validity of chronic disease prescriptions to 90 days, benefiting patient and hospital.

Source: IMP, SSI Research

New strategic partnership on the horizon. SK has agreed to sell its 64.81% stake in IMP to China's Livzon Pharmaceutical Group, with an implied 13% premium and 2025E P/E of 22x. Backed by Livzon's scale and capabilities, IMP can accelerate its expansion plan and capture greater market share.

Our thoughts

Outlook remains steady, with medium-term upside anchored by new factory. The IMP5 Complex project with capacity of 1.4bn units and CAPEX of VND 1.5tn have just completed land payment and awaiting license in Q3—will add capacity from 2028, particularly for high-tech formulations. In the interim, revenue growth should be supported by stable facility throughput, a maturing SKU pipeline, and market share capture in ETC channel. We expect stable double-digit earnings growth to continue, with upside optionality from policy catalysts, retail consolidation, and potential strategic partnership with Livzon.

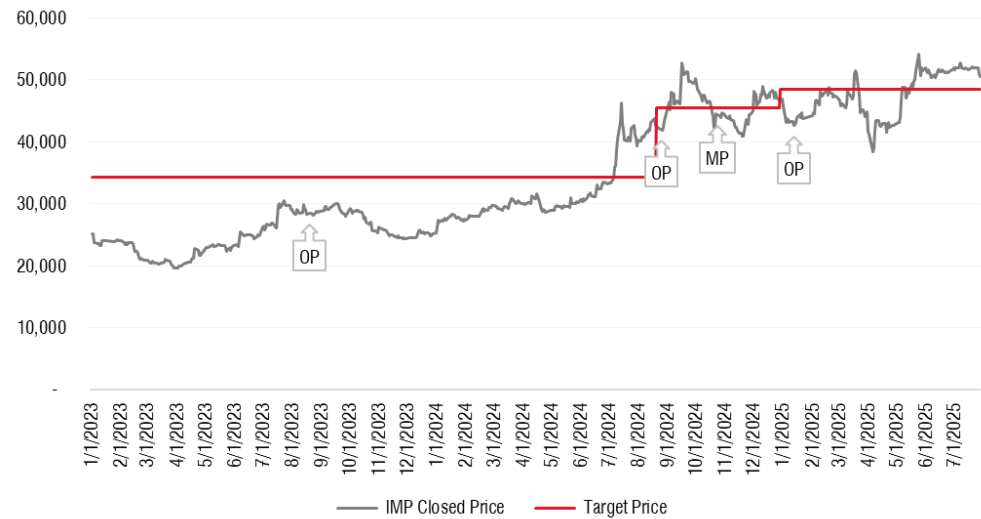
Following a review of core assumptions, we maintain our forecasts with 2025F net sales of VND 2.54 tn (+15% YoY) but increase our NPAT profit to VND 401 bn (+25% YoY; from VND 373bn). We also introduce our 2026 forecast for revenue and NPAT of VND 2.89 tn (+13% YoY) and VND 486 bn (+21% YoY), respectively. The

¹ SSI Research compilation

revision assumes improved sales mix, continued growth and margin expansion. Our updated target price is VND 58,000/share (from 45,000/share), valuing IMP at a 2026F PE of 18.3x, derived from a blended DCF and relative P/E approach. With the stock currently trading at VND 50,500/share, we maintain our OUTPERFORM rating on the shares with potential upside of 15%.

Risks: rising API costs, competition from foreign pharmaceutical companies.

Historical Rating



Source: SSI Research

APPENDIX: ANNUAL FINANCIAL STATEMENTS

VND Billion	2023	2024	2025F	2026F
Balance Sheet				
+ Cash	106	162	556	861
+ Short-term investments	93	142	142	142
+ Account receivables	297	384	412	486
+ Inventories	699	705	755	847
+ Other current assets	12	17	17	20
Total Current Assets	1,207	1,410	1,882	2,356
+ LT Receivables	2	2	3	3
+ Net Fixed Assets	936	859	830	795
+ Investment properties	0	0	0	0
+ LT Assets in progress	47	44	44	44
+ LT Investments	71	67	67	67
+ Other LT Assets	129	124	152	163
Total Long-Term Assets	1,185	1,095	1,096	1,072
Total Assets	2,393	2,505	2,978	3,428
+ Current Liabilities	308	322	395	424
<i>In which: ST debt</i>	<i>49</i>	<i>86</i>	<i>97</i>	<i>109</i>
+ Non-current Liabilities	0	0	152	85
<i>In which: LT debt</i>	<i>0</i>	<i>0</i>	<i>152</i>	<i>85</i>
Total Liabilities	308	322	546	509
+ Contributed capital	700	1,540	1,540	1,540
+ Share premium	507	187	187	187
+ Retained earnings	440	321	569	1,057
+ Other capital/fund	437	135	135	135
Shareholders' Equity	2,085	2,183	2,431	2,919
Total Liabilities & Equity	2,393	2,505	2,978	3,428
Cash Flow				
CF from operating activities	-30	214	446	421
CF from investing activities	70	-125	-60	-60
CF from financing activities	-112	-33	8	-55
Net increase in cash	-73	56	394	306
Beginning cash	179	106	162	556
Ending cash	106	162	556	861
Liquidity Ratios				
Current ratio	3.92	4.38	4.77	5.55
Acid-test ratio	1.61	2.14	2.81	3.51
Cash ratio	0.65	0.95	1.77	2.37
Net debt / EBITDA	-0.15	-0.13	-0.32	-0.68
Interest coverage	63.50	116.84	34.73	46.00
Days of receivables	44.7	49.3	49.9	49.6
Days of payables	24.1	20.0	19.9	20.0
Days of inventory	175.1	189.9	175.7	171.8
Capital Structure				
Equity/Total asset	0.87	0.87	0.82	0.85
Liabilities/Total Assets	0.13	0.13	0.18	0.15
Liabilities/Equity	0.15	0.15	0.22	0.17
Debt/Equity	0.02	0.04	0.10	0.07
ST Debt/Equity	0.02	0.04	0.04	0.04

Source: Company, SSI forecasts

VND Billion	2023	2024	2025F	2026F
Income Statement				
Net Sales	1,994	2,205	2,555	2,897
COGS	-1,184	-1,350	-1,516	-1,701
Gross Profit	811	856	1,039	1,196
Financial Income	25	13	14	35
Financial Expense	-31	-25	-38	-40
Income from associates	0	0	0	0
Selling Expense	-310	-312	-362	-410
Admin Expense	-120	-128	-153	-174
Income from business operation	374	403	500	607
Net Other Income	3	1	3	3
Profit Before Tax	377	404	503	610
Net Income	300	321	402	488
NI attributable to shareholders	300	321	402	488
Minority interest	0	0	0	0
Growth				
Sales	21.3%	10.6%	15.9%	13.4%
EBITDA	31.0%	10.2%	18.1%	18.5%
EBIT	29.8%	6.4%	27.0%	20.5%
NI	34.0%	7.1%	25.3%	21.3%
Equity	10.0%	4.7%	11.4%	20.1%
Chartered Capital	5.0%	119.9%	0.0%	0.0%
Total assets	5.1%	4.7%	18.9%	15.1%
Valuation				
P/E	13.2	27.2	19.2	15.8
P/B	1.9	4.0	3.2	2.6
P/Sales	1.9	2.9	3.0	2.7
Dividend yield	1.8%	1.8%	2.0%	0.0%
EV/EBITDA	8.2	16.6	12.5	10.5
EV/Sales	1.9	3.9	3.0	2.6
Profitability Ratios				
Gross Margin	40.6%	38.8%	40.6%	41.3%
Operating Margin	18.2%	18.1%	19.8%	20.5%
Net Margin	15.0%	14.6%	15.7%	16.8%
Selling exp./Net sales	15.5%	14.2%	14.2%	14.2%
Admin exp./Net sales	6.0%	5.8%	6.0%	6.0%
ROE	15.1%	15.0%	17.4%	18.2%
ROA	12.8%	13.1%	14.7%	15.2%
ROIC	14.8%	14.7%	16.7%	17.2%

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RATING

Buy: Expected to provide price gains of at least 10 percentage points greater than the market over next 12 months

Outperform: Expected to provide price gains of up to 10 percentage points greater than the market over next 12 months.

Market Perform: Expected to provide price gains similar to the market over next 12 months.

Underperform: Expected to provide price gains of up to 10 percentage points less than the market over next 12 months.

Sell: Expected to provide price gains of at least 10 percentage points less than the market over next 12 months

In some cases, the recommendation based on 1Y return could be re-adjusted by the analysts after considering a number of market factors that could have impact on the stock price in the short and medium term.

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