

28/04/2025

RECOMMENDATION	OVERWEIGHT
Fair price	50,600
Current price	43,000
Upside/downside	18%

STOCK INFORMATION

Outstanding shares (mil)	154.0
Free float (mil)	20.0
Market cap. (billion VND)	6,622.39
3m avg. volume (shares)	244,465
Foreign ownership (%)	49.4%
First listing date	04/12/2006

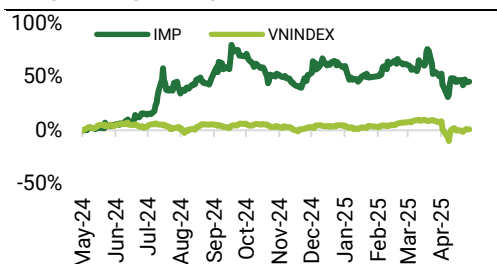
SHAREHOLDER STRUCTURE

SK and related parties (KBA, Binh Minh Kim)	64.8%
Vietnam Pharmaceutical Corporation - JSC	22.0%
Others	13.2%

KEY ATTRIBUTES

TTM EPS (VND)	2,156
BVPS (VND)	14,594
Debt/Equity	0.3
ROA (%)	12.7%
ROE (%)	15.4%
P/E	21.8
P/B	2.9
Tỷ suất cổ tức (%)	1.2%

PRICE PERFORMANCE



COMPANY PROFILE

Imexpharm Pharmaceutical JSC (HSX: IMP) was established in 1977, originally known as Grade-2 Pharmaceutical Company in Cao Lanh City, Dong Thap Province. Imexpharm operates in the field of manufacturing and trading various pharmaceutical products, including various types of medicines and other medical products. IMP currently operates 4 factories, including 12 production lines meeting EU-GMP standards and leading the antibiotic market share in Vietnam, reaching 10%.

ANALYST(S)

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LEADING POSITION, SUSTAINABLE GROWTH

- IMP reported strong Q1/2025 business results, achieving 23% of its 2025 revenue target and 19% of its 2025 pre-tax profit target. Growth was supported evenly across both the ETC and OTC channels, recording 27% YoY and 25% YoY growth, respectively.
- For 2025, IMP has set a business plan targeting total Gross Revenue growth of 18.6% YoY to VND 2,981 bn and PBT growth of 22.1% YoY to VND 493.5 bn. The company's strategic focuses include: (1) exploit the high-tech pharmaceutical segment in the ETC channel; (2) strengthening partnerships with pharmacy chains and expanding its distribution network in North in the OTC channel. IMP5 factory is scheduled to commence construction by end-2025, start commercial production in 2H2028, focusing on therapeutic areas beyond antibiotics such as cardiovascular, diabetes, and digestive.
- We maintain a positive outlook on IMP's growth prospects, based on expectations of: (1) a favorable industry trend, (2) its manufacturing advantage through EU-GMP standards, (3) market leadership in the antibiotic segment, and (4) its strategy to expand into non-antibiotic therapeutic categories over the medium to long term. For 2025F, we forecast that IMP would record Gross Revenue growth of 14.8% YoY to VND 2,886 bn and PBT growth of 18.1% YoY to VND 477 bn. Gross Margin is expected to slightly improve to 39.5% (+70bps YoY), supported by a higher contribution from premium antibiotics and effective raw material cost management.
- Using the DCF and P/E valuation methods, we make **OVERWEIGHT** recommendation for IMP with fair value of VND 50,600/share (up 19% compared to our previous valuation), representing an upside potential of 18%.

Q1/2025 Business results update

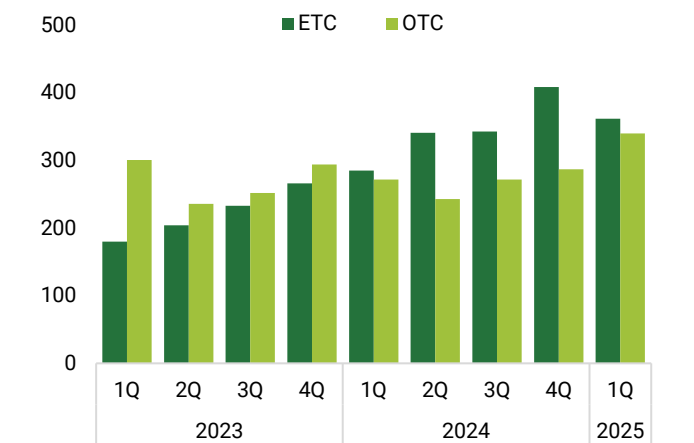
IMP reported strong Q1/2025 business results with Gross Revenue increasing by 23.3% YoY to VND 671 bn and PBT rising by 22.5% YoY to VND 95 bn, fulfilling 23% of the 2025 revenue target and 19% of the PBT target. Growth was supported across both the ETC and OTC channels:

- ETC channel: Revenue grew by 27% YoY, driven by expanded collaborations with hospitals and a positive contribution from high-value injectable antibiotics. Additionally, one more production line at IMP was certified to EU-GMP standards at the end of 2024, bringing the total number of EU-GMP certified lines to 12, further contributing to the strong performance in the hospital channel.
- OTC channel: Strong recovery with revenue up 25% YoY, reaching the highest quarterly level in several years, particularly in the North (+69% YoY) thanks to effective promotional campaigns and enhanced partnerships with pharmacy chains. Cough medicine posted impressive growth of +42% YoY, driven by a rise in respiratory illnesses earlier this year. The company's expansion plans in the North are expected to further support OTC channel performance going forward.

Gross Margin improved by 270bps YoY to 39.5%, benefiting from effective cost control measures and ramped-up production across all EU-GMP standards lines. Notably, production output at the IMP4 plant increased by 126% YoY. During the quarter, IMP also launched 9 new products and is

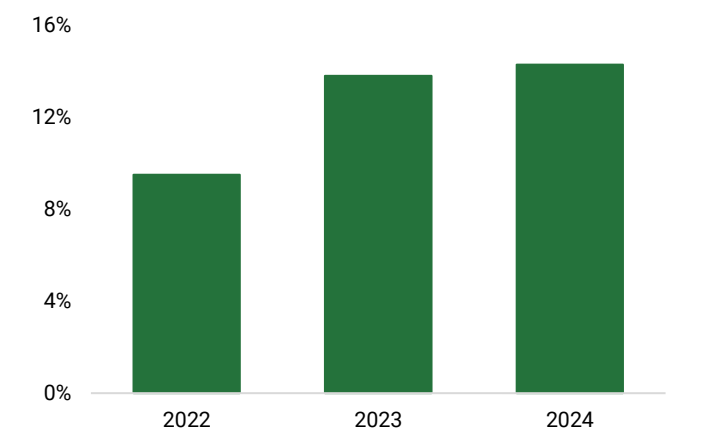
currently developing 133 R&D projects, reflecting the company's strong investment in its future product portfolio.

Figure 1: ETC and OTC revenue over the quarter (VND bn)



Source: IMP, PHS compiled

Figure 2: IMP's market share of bidding for Tier 2 in the ETC channel (%)



Source: DAV, IMP, PHS compiled

2025 Outlook

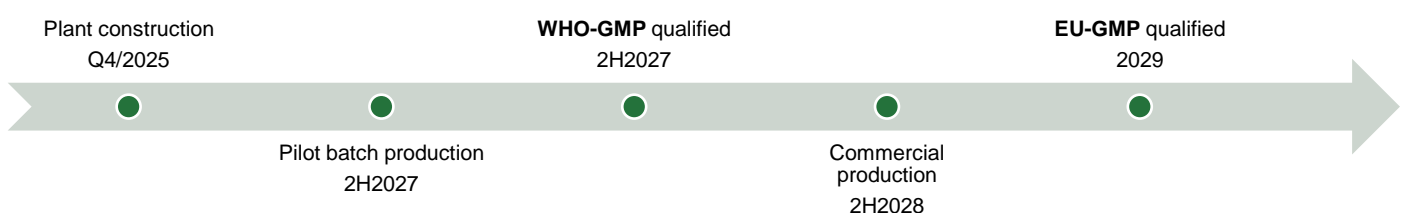
At the 2025 AGMS, IMP approved the 2025 business plan with total revenue increasing by 18.6% YoY to VND 2,981 bn and PBT growth of 22.1% YoY to VND 493.5 bn. The company's key strategic focuses include:

- ETC channel: Continuing to leverage its strengths by further tapping into the high-tech pharmaceutical segment, particularly injectable products.
- OTC channel: Accelerating expansion by strengthening partnerships with pharmacy chains and expanding its distribution network in the North, where IMP's market penetration remains relatively low. Since the second half of 2024, IMP has established a new sales team at its Hanoi branch with 34 medical representatives, leading to a 50% YoY increase in customer base and significantly contributing to overall growth.

In addition, IMP plans to launch 16 new products in 2025, focusing on high-tech segments such as "first generics," biosimilars, complex dosage forms, which are expected to contribute 5–10% of total revenue for the year.

During the meeting, SK Group's representative stated that the group is currently reviewing and considering a restructuring of its global investment portfolio, including its operations in Vietnam. As a result, a change in SK Group's ownership stake in IMP may occur, although it does not necessarily imply a divestment and no official plan has been announced yet. In addition, the General Meeting of Shareholders approved an increase in the maximum foreign ownership limit at IMP, from 75% to 77.96% of the company's charter capital.

Figure 3: Expected implementation timeline of IMP5



Source: IMP, PHS compiled

For the Cat Khanh Pharmaceutical Plant Complex (IMP5) located in Dong Thap province, the company plans to commence construction by the end of 2025 and starts commercial production in 2H2028. The product portfolio for the new facility is being finalized, with 146 R&D projects focusing on therapeutic areas beyond antibiotics, such as cardiovascular, diabetes, and digestive, along with various injectable antibiotics. IMP expects that high-tech products developed at IMP5 will achieve significantly higher profit margins compared to its current product portfolio, thereby supporting an overall margin improvement once the plant becomes operational.

We maintain a positive outlook on IMP's growth prospects based on the following expectations:

(1) Favorable industry trends: Rising healthcare demand and government policies prioritizing domestically manufactured pharmaceuticals are expected to drive growth in Vietnam's pharmaceutical industry.

(2) High-standard manufacturing advantage: IMP leads the industry with 12 EU-GMP-certified production lines, providing a strong foundation for expansion in the ETC channel for Tier 1 and Tier 2. In the prescription drug market, IMP has risen to Top 3 nationwide (including both domestic and foreign companies), up from 11th place in 2022.

(3) Leadership in the antibiotic segment: IMP holds 10% market share in both oral and injectable antibiotics, distinguished by new generation, high-tech products and a strong position in combating the antimicrobial resistance trend. The company's high-tech plants, IMP3 and IMP4, continue to play a pivotal role in driving growth in this segment.

(4) Product portfolio expansion strategy: The development of the IMP5 project, focusing on new therapeutic areas such as cardiovascular, diabetes and digestive, is expected to broaden the company's market reach and strengthen IMP's position over the medium and long term.

Projection of 2025F and 2026F business results

	1Q25	% YoY	2024	2025F	% YoY	2026F	% YoY	Comments
Gross Revenue (VND bn)	671	23.3%	2,513	2,886	14.8%	3,318	15.0%	During the 2025F–2029F period, we forecast that IMP would achieve a CAGR of 12%, broadly in line with the overall pharmaceutical industry growth rate of 10–13%/year, according to IQVIA. Within this period, antibiotics are expected to remain the key growth driver, with a projected CAGR of 13%, supported by: (1) IMP's diverse portfolio of new-generation antibiotics; surpassing that of domestic competitors; (2) operating 12 EU-GMP standard production lines, helping IMP pioneer the development of high-value antibiotics; (3) antibiotics being the largest therapeutic group by drug consumption in Vietnam, expected to grow at a CAGR of 9%, according to IQVIA.
PBT (VND bn)	95	22.5%	404	477	18.1%	566	18.6%	
NPAT (VND bn)	74	20.3%	321	379	18.1%	449	18.6%	
Gross Profit Margin (%)	39.5%		38.8%	39.5%		40.2%		Gross margin improvement is driven by: (1) shifting the product portfolio to high-value, less competitive segments such as injectables and dispersible tablets; (2) effective raw material cost control policies; and (3) increased production capacity utilization at the company's manufacturing plants. As of the end of April 2025, IMP has secured API prices for the entire year, helping to mitigate the impact of international pharmaceutical raw material price fluctuations.
Net Profit Margin (%)	12.5%		14.6%	14.6%		15.2%		

Source: PHS forecasted

Valuation and recommendation

IMP is currently trading at a TTM P/E of 21.8x, lower than its 5-year historical average of 22.9x. Using DCF and P/E valuation methods, we make **OVERWEIGHT** recommendation for IMP with a fair value of VND 50,600/share (an increase of 19% from our previous valuation to fully reflect the 2024 business results and growth prospects over the next five years), implying an 18% upside potential from the current price. Our valuation does not yet factor in the upside potential from the IMP5 plant project, as there is not yet sufficient basis to accurately assess the future product portfolio.

Figure 4: IMP's P/E in the period 2020 - 2025



Source: Bloomberg, PHS compiled

FINANCIAL STATEMENTS

VND bn

Income statement	2022A	2023A	2024A	2025F	2026F
Net revenue	1,644	1,994	2,205	2,599	2,950
COGS	(946)	(1,184)	(1,350)	(1,573)	(1,765)
Gross profit	697	811	856	1,025	1,185
Selling expense	(269)	(310)	(312)	(391)	(452)
G&A expense	(132)	(120)	(128)	(147)	(152)
EBIT	297	381	415	488	581
Financial income	(6)	(7)	(12)	(15)	(20)
Interest expenses	(18)	(29)	(31)	(25)	(35)
Profit before tax	291	377	404	477	566
Profit after tax	224	300	321	379	449
PAT of the parent company	224	300	321	379	449
Balance sheet	2022A	2023A	2024A	2025F	2026F
Current Assets	1,104	1,207	1,410	1,958	2,573
Cash & cash equivalents	179	106	162	545	898
Short-term investments	211	93	142	130	147
Short-term receivables	217	254	335	384	436
Inventories	436	699	705	788	967
Other current assets	60	54	66	110	124
Non-current Assets	1,173	1,185	1,095	982	893
Long-term receivables	0	2	2	1	2
Fixed assets	489	936	859	768	679
Investment properties	-	-	-	-	-
Construction in progress	581	47	44	44	44
Long-term investment	71	71	67	97	110
Other non-current assets	33	129	124	71	58
Goodwill	0	0	0	0	0
Total Assets	2,277	2,393	2,505	2,940	3,467
Liabilities	382	308	322	470	643
Current liabilities	382	308	322	470	643
Non-current liabilities	-	-	-	-	-
Equity	1,894	2,085	2,183	2,470	2,823
Contributed capital	667	700	1,540	1,540	1,540
Minority interest	-	-	-	-	-
Total Liabilities & Owners' Equity	2,277	2,393	2,505	2,940	3,467

Cashflow statement	2022A	2023A	2024A	2025F	2026F
Net Operating CF	379	(40)	216	529	454
Net Investing CF	(199)	79	(127)	(52)	(71)
Net Financing CF	(272)	(112)	(33)	(94)	(30)
Net Cash Flow	(92)	(73)	56	383	353
Opening balance	271	179	106	162	545
Closing balance	179	106	162	545	898
Key ratios (%)	2022A	2023A	2024A	2025F	2026F
Growth rate					
Sales	29.8%	21.3%	10.6%	17.8%	13.5%
PAT	18.2%	34.0%	7.1%	18.1%	18.6%
Total assets	-0.8%	5.1%	4.7%	17.4%	17.9%
Equity	5.6%	10.0%	4.7%	13.1%	14.3%
Profitability					
Gross margin	42.4%	40.6%	38.8%	39.5%	40.2%
EBITDA margin	21.7%	23.3%	23.6%	25.9%	24.8%
Profit margin	13.6%	15.0%	14.6%	14.6%	15.2%
ROA	9.8%	12.8%	13.1%	13.9%	14.0%
ROE	12.1%	15.1%	15.0%	16.3%	17.0%
Operating cycle					
Receivables days	50.6	46.4	55.3	55.3	55.3
Inventory days	256.8	325.7	271.7	271.7	297.0
Payables days	47.9	54.6	28.5	28.5	28.5
Liquidity					
Current ratio	2.9	3.9	4.4	4.2	4.0
Quick ratio	1.7	1.6	2.2	2.5	2.5
Financial structure					
Liabilities/Total Assets	0.2	0.1	0.1	0.2	0.2
Total Debt/Equity	0.2	0.1	0.1	0.2	0.2
Short-term debt/Equity	0.1	0.0	0.0	0.0	0.1
Long-term debt/Equity	-	-	-	-	-

(Source: PHS compiled and forecasted)

Analyst Certification

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OVERWEIGHT: Stock has potential upside between 10% and 20%.

HOLD: Stock with limited potential upside of less than 10%.

UNDERWEIGHT: Stock has downside potential of 0% to -10%.

SELL: Stock has potential downside of below -10%.

NON-RATED: Stock is not rated under PHS's coverage or have not yet been listed.

Performance is defined as total return over 12 months (including dividends).

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