

IMEXPHARM CORPORATION (HSX: IMP)

Expect profit recovery in second half of 2024

Indicator (VND billion)	Q1-FY24	Q4-FY23	+/- (qoq)	Q1-FY23	+/- (yoy)
Net revenue	491	608	-19%	479	2%
NPATMI	62	72	-14%	78	-20%
EBIT	82	96	-14%	101	-18%
EBIT margin	16.8%	15.8%	1 pps	21%	-4 pps

Source: IMP, RongViet Securities

Q1-FY24: The ETC channel maintains rapid growth momentum, but profitability declined by 20% due to D&A expenses from the IMP 4 factory

- Net revenue and NPATMI were VND 491 bn (+2% YoY) and VND 62 bn (-20% YoY), respectively, achieving 21% and 18% of the annual plan. Gross revenue of the ETC and OTC were VND 270 bn (+52% YoY) and VND 260 bn (-13% YoY), respectively.
- The GPM decreased by 4 pps due to the depreciation expenses incurred by the IMP 4 factory (which became operational in 2H2023).

Outlook for 2024F – 2025F: Focusing on the ETC channel will drive profitability back to a growth trajectory.

Forecast for Q2-FY24, net revenue and NPATMI are VND 500 bn (+14% YoY) and VND 75 bn (-6% YoY), respectively. The ETC channel is expected to achieve double-digit growth as hospitals resume ordering after clearing inventory stockpiles from Q4-FY23. The OTC will slightly decline compared to the last quarter due to stable conditions in the pharmacy market, which typically sees lower activity in Q2. NPM will improve compared to the last quarter as the factories increase utilization rate, offsetting fixed costs from IMP 4.

Forecast for 2024F, net revenue and NPATMI are VND 2,209 bn (+11% YoY) and VND 325 bn (+9% YoY), respectively, with an EPS of VND 3,709. The second half of the year is a revenue inflexion point for pharmaceutical companies due to increased healthcare demand during seasonal transitions. Strong distribution channels will take advantage of discount policies, leading to improved profit margins compared to 6M2024, as fixed costs normalize. We expect NPATMI for the last three quarters of 2024 to increase by 19%, reaching VND 263 bn.

Forecast for 2025F, net revenue and NPATMI will reach VND 2,412 bn (+9% YoY) and VND 369 bn(+13% YoY), respectively, with EPS of VND 4,217.

Valuations and recommendations

We maintain a positive view on IMP's long-term prospects due to the harmony between the company's strategy and the direction of the management agency. The Bidding Law No. 22/2023/QH15, effective from the beginning of 2024, helps IMP to add 12 products to the list of drugs prioritized for bidding in tiers 1 and 2, opening up opportunities for the company to increase its market share in the ETC channel. This context helps IMP increase consumption output while leading in the number of EU-GMP production lines, thereby improving profitability over time by increasing the proportion of the ETC channel, a channel with higher profit margins than the OTC. Meanwhile, IMP aims to maintain existing customers in the OTC.

We use the FCFF (60%) and P/B (40%) methods to determine the target price for IMP at **VND 82,400/share**. The high weighting of the FCFF method reflects our long-term investment view on this stock. Combined with the **VND 1,500** cash dividend, the total expected return is 7% based on the closing price on July 11, 2024. We issue an **ACCUMULATE** recommendation for IMP.

ACCUMULATE +7%

Market price (VND)	78,200
Target price (VND)	82,400

Cash dividend (VND)* 1.500

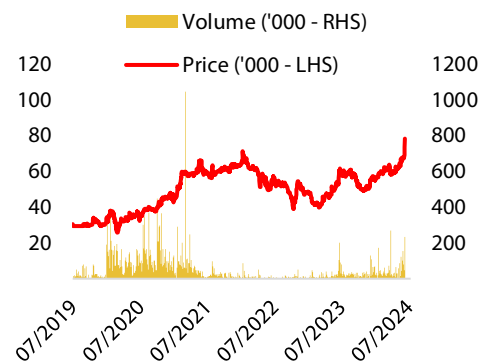
(*) – Forecast for the next 12 months

Stock Info

Sector	Pharmaceuticals
Market Cap (VND billion)	6,022
Current Shares O/S	77.0
Avg. trading Volume (in 20 sessions)	89.46
Free float (%)	49
52 weeks High	78,200
52 weeks Low	49,207
Beta	0.41

	FY2023	Current
EPS	3,433	3,182
EPS Growth (%)	23	N.A
P/E	15.6	21.2
P/B	1.3	2.8
EV/EBITDA	10.4	13.2
ROE (%)	14.4	13.9

Performance



Major Shareholders (%)

SK Investment	47.67
Vinapharm	22.03
Sunrise Kim Investment	9.75
KBA Investment	7.37
Others	13.18
Foreign ownership room (%)	25.32

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Table 1: Business results in Q1/2024

(VND bn)	Q1-FY24	Q4-FY23	+/- (qoq)	Q1-FY23	+/- (yoy)
Net revenue	491	608	-19.2%	479	2.5%
Gross profit	181	205	-12.1%	231	-21.8%
SG&A	98	109	-10.1%	130	-24.6%
Operating income	82	96	-14.4%	101	-18.2%
EBITDA	109	123	-11.2%	116	-5.9%
EBIT	82	96	-14.4%	101	-18.2%
Financial expenses	6	9	-34.7%	6	-8.8%
- Interest Expenses	0	1	-59.6%	0	-15.7%
Dep. and amortization	27	26	0.6%	15	76.7%
Non-recurring items (*)					
Extraordinary items (*)					
PBT	78	91	-14.9%	99	-21.5%
NPAT-MI	62	72	-14.4%	78	-20.4%
Adjusted NPAT-MI for (*)	62	72	-14.4%	78	-20.4%

Source: IMP, RongViet Securities

Table 2: Analysis of business activities in Q1/2024

Particulars	Q1-FY24	Q4-FY23	+/- (qoq)	Q1-FY23	+/- (yoy)
Profitability Ratios (%)					
Gross Margin	36.8%	33.8%	3 pps	48.2%	-11 pps
EBITDA Margin	22.2%	20.2%	2 pps	24.1%	-2 pps
EBIT Margin	16.8%	15.8%	1 pps	21.0%	-4 pps
Net Margin	12.6%	11.9%	1 pps	16.2%	-4 pps
Adjusted Net Margin	12.6%	11.9%	1 pps	16.2%	-4 pps
Turnover*(x)					
-Inventories	1.8	2.2	-0.4	2.1	-0.3
-Receivables	6.0	8.0	-2.1	6.5	-0.6
-Payables	6.0	5.5	0.4	3.6	2.3
Leverage (%)					
Total Liabilities/Equity	15.2%	14.8%	0.45 pps	20.0%	-5 pps

Source: RongViet Securities (*) annualized

Table 3: Forecast for Q2/2024 results

Indicator (VND bn)	Q2-FY24	+/- qoq	+/- yoy	Thesis for Q2/2024: - The OTC channel's revenue decreased slightly compared to the previous quarter as the pharmacy channel entered a stable phase and Q2 is usually the low season of the year, forecast to reach VND 250 bn (-4% QoQ and +11% YoY). - Hospitals re-importing goods after releasing inventory accumulated from Q4-FY23 is the driving force for the ETC channel to maintain growth. The ETC revenue is forecast to reach VND 300 bn (+49% YoY). - The trade discount rate remains at 10% of gross revenue as in the last three quarters. Thereby, net revenue reached VND 500 bn (+14% YoY). - NPATMI continued to grow negatively but narrowed compared to Q1-FY24 due to the cost of IMP 4 factory (6M2023: not yet incurred) and improved compared to the previous quarter due to factories increasing capacity.
Revenue	500	2%	14%	
Gross profit	190	5%	-2%	
EBIT	95	15%	-2%	
NPAT-MI	75	21%	-6%	

Source: RongViet Securities

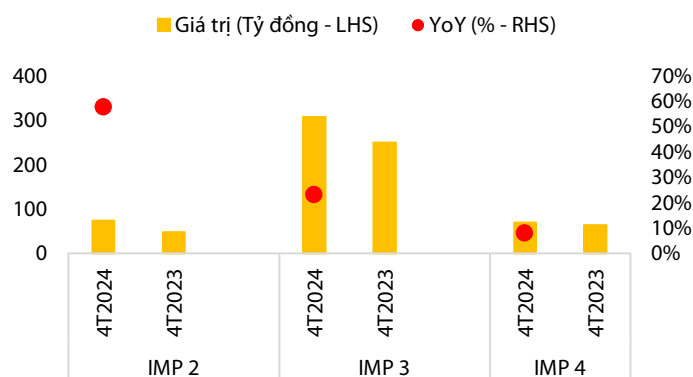
Q1-FY24: Double-digit negative profit growth due to depreciation expenses from IMP 4 plant

In Q1-FY24, IMP's net revenue reached VND 491 bn (+2% YoY) and there was a clear differentiation in the two sales channels:

- The ETC channel maintained double-digit growth thanks to the benefit of the new bidding policy. Specifically, revenue reached VND 270 bn (+52% YoY), contributing 50% (+13 pps YoY). Factories meeting EU-GMP standards all increased their contribution to IMP's revenue (Figure 3).
- According to the Bidding Law No. 22/2023/QH15, which will take effect from the beginning of 2024, the contractor is only allowed to bid for domestically produced drugs that are manufactured according to EU-GMP standards or equivalent to EU-GMP standards, meet technical, quality, and price criteria and have at least 03 domestic manufacturers. Accordingly, the Ministry of Health has added 93 more pharmaceutical products to the list of drugs to be bid for in groups 1 & 2 on the hospital channel (ETC). Of which, IMP has 12/93 products in this list, opening up opportunities to increase market share on the ETC channel.

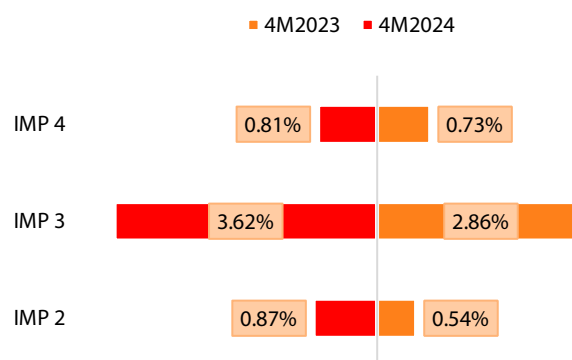
After 4M2024, the total winning-bid value (WBV) of IMP reached VND 573 bn (+50% YoY). Of which, factories meeting EU-GMP standards (IMP 2, 3, 4) accounted for 80%, up 25% over the SPLY. Thanks to that, IMP's market share of drugs in tiers 1 and 2 also improved slightly (Figure 1&2).

Figure 1: After 4M2024, the value of winning bids for factories meeting EU-GMP standards of IMP is growing well



Source: DAV, RongViet Securities

Figure 2: IMP's tiers 1 and 2 market share expands in 4M2024 (WBS by factory/WBV of tiers 1, 2)



Source: DAV, RongViet Securities

- Revenue from the OTC channel only reached VND 260 bn (-13% YoY) and the contribution ratio decreased to 50% (-13 pps YoY), due to (1) the high base level of the SPLY, (2) people returning to hospitals reducing the demand for shopping at pharmacies and (3) devoting resources to expanding the ETC channel market share, which is a playground where IMP possesses high competitiveness after investing in factories meeting EU - GMP standards.

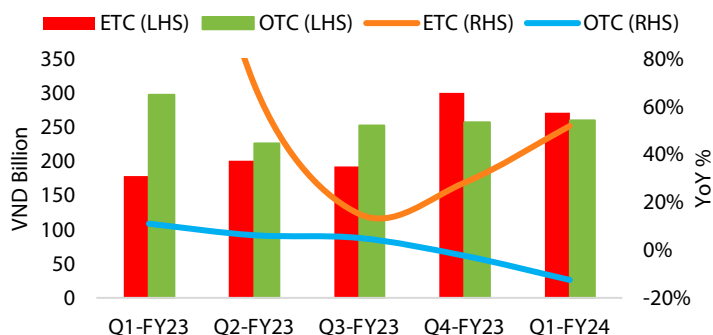
Overall, net revenue remained flat compared to the SPLY, but the highlight of Q1-FY24 results came from the ETC channel with rapid growth in both market share and revenue. We believe that IMP's strategy of focusing on the ETC channel is on the right track as this is a channel that has been facilitated by the regulatory agency to develop.

COGS increased rapidly, recording VND 311 bn (+25% YoY), causing GPM to decrease sharply, reaching only 37% (-11 pps YoY and +3 pps QoQ) due to (1) additional depreciation expenses when the IMP 4 factory starts production from 2H2023, (2) early recognition of trade discount value for suppliers when reaching sufficient sales at the end of the year, thus reducing net revenue. In addition, the average price of input active pharmaceutical ingredients (API) also increased by 3% YoY while the output selling price remained unchanged due to the inability to change the selling price registered with the Drug Administration, which also contributed to the narrowing of gross profit margin.

Since promotional costs have been reflected in COGS, **OPEX expenses decreased by 25% YoY**.

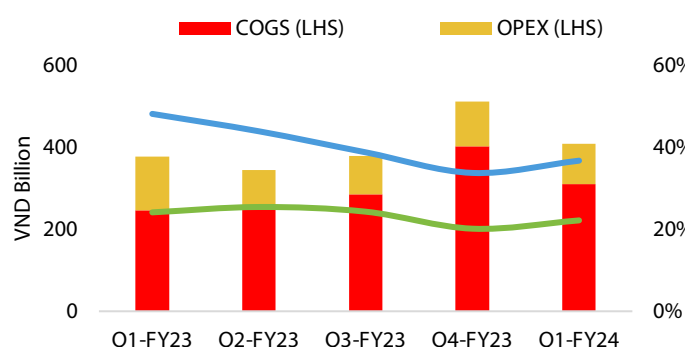
Operating profit (EBIT) reached VND 82 bn (-18% YoY), a decrease of VND 18 bn, of which VND 13 bn came from depreciation expenses of IMP 4 factory, causing EBIT margin to drop sharply to only 17% (-4 pps YoY). Thereby, the **net margin also narrowed to 13% (-4 pps YoY) and after-tax profit decreased -20% YoY to VND 62 bn**.

Figure 3: Revenue by sales channel



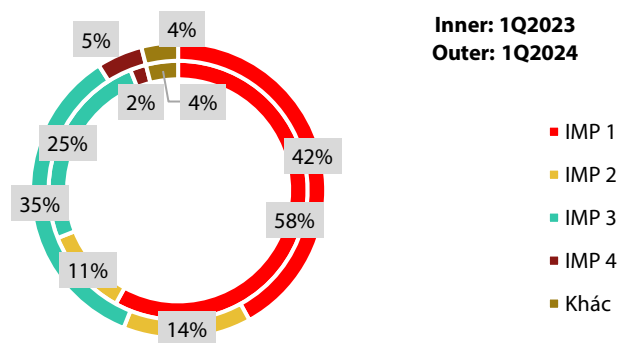
Source: IMP, RongViet Securities

Figure 5: Although EBITDA margin narrowed slightly compared to the same period...



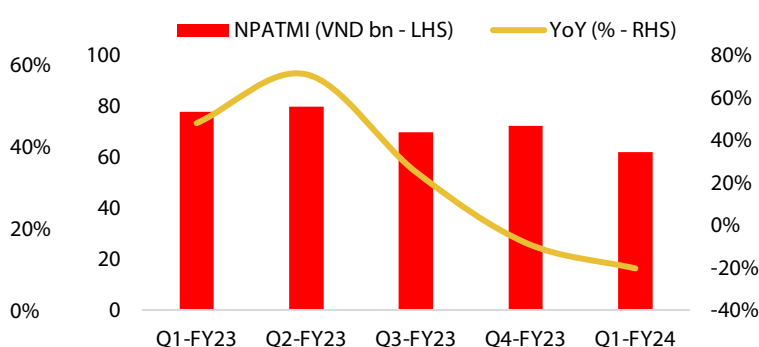
Source: IMP, RongViet Securities

Figure 4: Revenue structure by factory



Source: IMP, RongViet Securities

Figure 6: ... but caused a sharp decrease in net profit



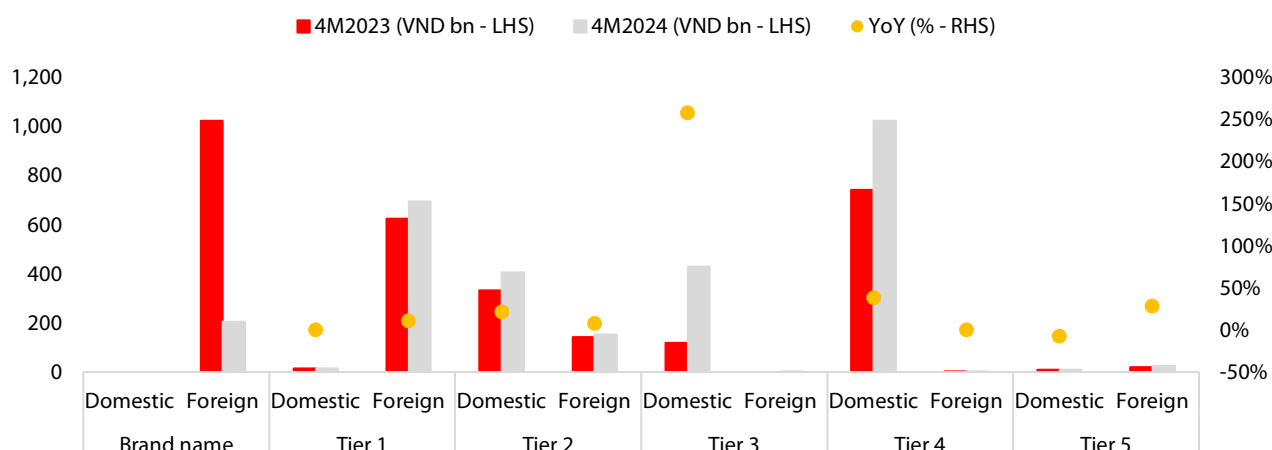
Source: IMP, RongViet Securities

Outlook for 2024E – 2025F

Revenue growth maintained while focusing resources on ETC channel...

Public hospitals are prioritizing the use of domestic generic antibiotic products with competitive prices instead of original branded drugs to ensure the budget for the social insurance fund. In Vietnam, the group of antibiotic products accounts for about 18% of the value of drugs bid in the ETC channel. In 4M2024, the total (WBV) of antibiotics only reached VND 2,956 bn (-2% YoY). Of which, the TWBV of the original branded drug group which imported from abroad decreased sharply by 80% YoY. In contrast, the WBV of antibiotics of the generic drug group (Appendix 1) reached VND 2,753 bn (+37% YoY) and accounted for up to 93% (+27 pps YoY). In generic antibiotic bidding packages, domestic drugs are prioritized with a total WBV of VND 1,878 bn (+54% YoY), thereby increasing market share to 68% (+7 pps YoY):

Figure 7: Total WBV of antibiotics



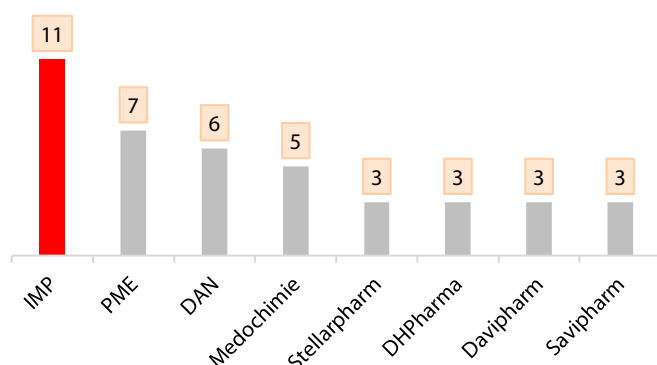
Source: DAV, RongViet Securities

IMP is currently the leading unit in the race for factory quality and antibiotic market share, according to IQVIA's 2023 report. IMP owns 11 production lines meet EU-GMP standards (Figure 8). In addition, the IMP 4 factory has been the only unit in Vietnam that can produce injectable Non-Betalactam antibiotics that meet to EU-GMP standards since 2023. This helps IMP improve its competitiveness and participate in many bidding packages with high difficulty in tiers 1 and 2. We expect IMP to continue to increase its market share in the context of the growing ETC channel.

ETC channel will continue to be the main growth driver of IMP throughout 2024F - 2025F due to the synchronization between the company's development strategy and policy orientation. Of which, the antibiotic group contributed 71% of IMP's revenue and is a drug that is widely bid on this channel. This will help increase the exploitation capacity at EU-GMP standard factories after the first years of operation with low efficiency (for IMP 2 and IMP 4).

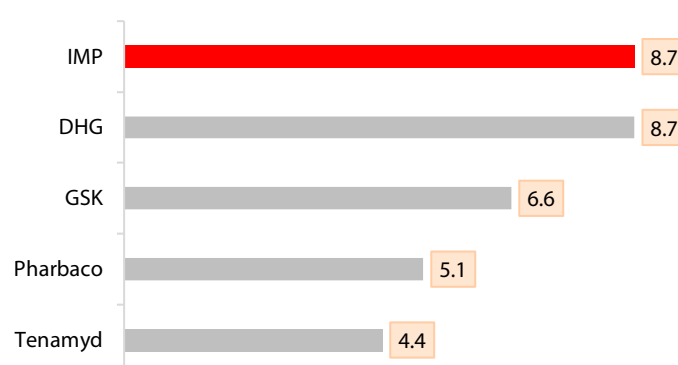
Moreover, we believe that IMP's OTC channel will remain flat in the coming years due to (1) the strategy of focusing on developing the ETC channel, maintaining the existing market share in the OTC channel, (2), the market share of the pharmacy channel will be narrowed ever since people returning to hospitals for medical examination and treatment, and (3) the high level of competition in the OTC channel when the barriers to entry are relatively low.

Figure 8: IMP leads the country in the number of production lines meeting EU-GMP standards.



Source: IMP, RongViet Securities

Figure 9 : At the same time, it has the largest market share in antibiotic products (%)



Source: IMP, RongViet Securities

Table 1: IMP Factories

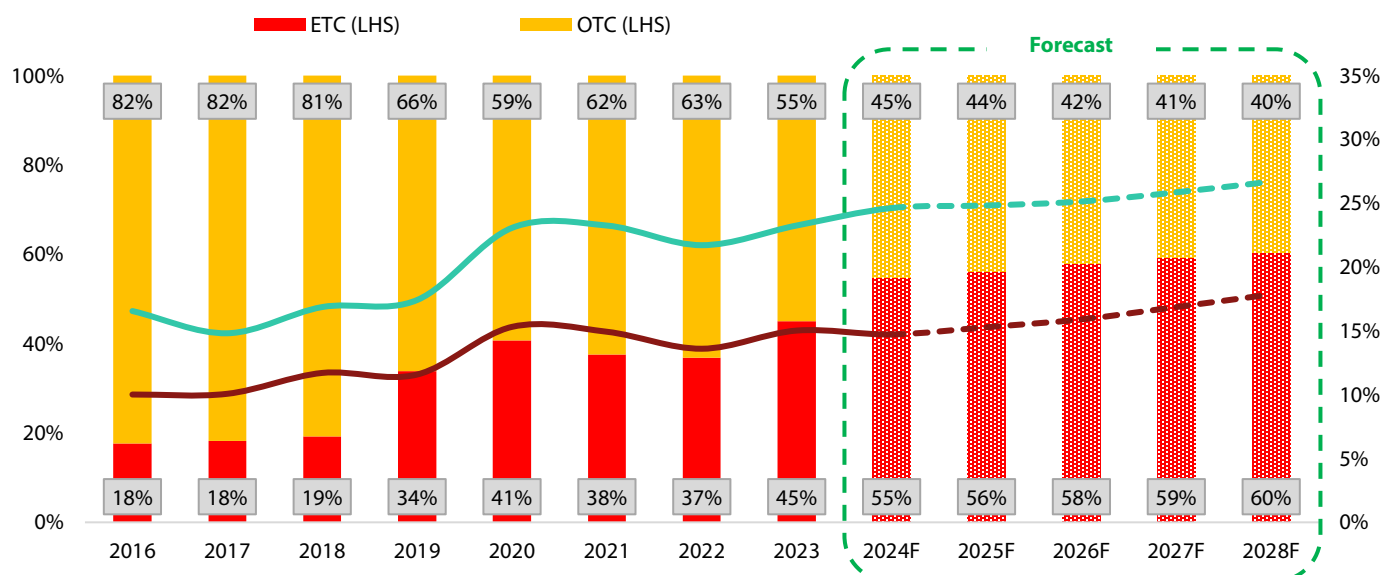
Factories	Standard	Number of production lines	Design capacity (million units)	Performance in 2023	+/- YoY	Drug group
IMP 1	WHO – GMP	10	1.038	84%	+5 pps	Production of Non-Betalactam and Penicillin antibiotics in tablet/package form.
IMP 2	EU – EMP	3	92	59%	+31 pps	Production of non-sterile drugs in the Penicillin group including hard capsules, tablets, film-coated tablets, and powders.
IMP 3	EU – GMP	5	139	74%	+22 pps	- Production of drugs containing the active ingredient Cephalosporin in tablet and injection powder form. - Production of Penicillin in injection powder form.
IMP 4	EU – GMP	3	24	4%	N/A	Production of Non-Betalactam powder for injection.

Source: IMP, RongViet Securities

...where the profit margin is better than the OTC channel, helping NPATMI grow again

The NPM was significantly affected in Q1-FY24, but this will gradually improve in the coming quarters as the second half of the year is the revenue peak for pharmaceutical companies due to (1) the rapid increase in demand for medical examinations during the changing seasons, (2) Q4 is the time to complete hospital contracts and drug stores increase imports to enjoy discount incentives. IMP's profit margin has also gradually improved compared to the beginning of the year and is higher than in the same period due to (1) a continued increase in the proportion of the ETC channel with a higher profit margin than the OTC channel and (2) the second half of the year no longer has the low base effect of depreciation costs of IMP 4 factory. We expect IMP's profit to have bottomed out in Q1-FY24 and will recover in a "U" shape in the remaining quarters and bring positive growth in net profit for the whole year 2024.

Forecast for 2024F, ETC and OTC channel revenue will reach VND1,285 bn (+45% YoY) and VND1,061 bn (-2% YoY), respectively, accounting for 55% and 45%. NPATMI reaches VND 325 bn (+9% YoY) and NPM remains flat as the IMP 4 plant has yet to make a profit in 2024, similar to 2019 when the IMP 2 plant was put into operation. We believe that IMP's NPM will gradually expand as the proportion of ETC channel revenue increases (figure 10). The projected compound growth rate of NPATMI (CAGR 2024E - 2028F) is 13%.

Figure 10: Increasing the proportion of ETC channel revenue helps expand IMP's profit margin


Source: IMP, RongViet Securities

Table 2: Summary of forecasts for 2024F – 2025F

Unit: VND bn	2024F	+/- YoY	2025F	+/- YoY	Assumptions
Gross Revenue	2,449	15%	2,675	10%	
Self-produced pharmaceutical	2,405	18%	2,650	10%	
IMP 1	1,042	2%	1,099	5%	Forecast assumptions for 2024: Each factory's sales volume: - IMP 1: The demand for purchasing drugs through the OTC channel is growing steadily. We assume an additional 2 pps YoY increase in capacity, with projected consumption reaching 894 million units (+2% YoY). - IMP 2 and 3: two factories are considered growth drivers for IMP in 2024. Based on the WBV and Q1-FY24 business results, we forecast sales volume of IMP 2 and 3 to reach 82 million units (+51% YoY) and 127 million units (+23% YoY), respectively. - IMP 4: sales volume doubles YoY when fully operational for a year. Average unit price: We assume IMP does not change the registration and selling price of existing products based on Resolution 80/2023/QH15. OTC channel revenue is a mix of revenue from factories meeting WHO-GMP standards (IMP 1) contribute 96 - 98% to revenue proportion and factories meeting EU-GMP standards (IMP 2-4). With the revenue projection of each factory in the OTC channel, revenue is forecast to reach VND 1,061 bn (-2% YoY), account for 45% of revenue from manufactured goods and the ETC channel accounts for 55% of revenue, reaching VND 1,285 bn (+45% YoY). CAGR 5-year forecast for the period 2024 - 2028: According to IQVIA, the revenue of the Vietnamese pharmaceutical market is forecast to grow at a CAGR of 10%, in which the contribution from the compound growth in output and drug prices is both 5%. The forecast of consumption output is based on (1) economic growth (2) the trend of aging population (3) awareness of health protection. Meanwhile, the average price of pharmaceuticals increases due to the contribution from new products manufactured with modern technology and improved standards. In the general context of the industry, we forecast the CAGR 5-year of IMP's revenue to reach 10%, equivalent to the industry.
IMP 2	339	+51%	365	+8%	
IMP 3	801	23%	852	6%	
IMP 4	164	101%	274	67%	
Others	44	-43%	27	-39%	
Trade discounts	-240	100%	-265	11%	We assume the company continues its discount policy for customers as in the last three quarters.
Net revenue	2,208	11%	2,412	9%	
Cost of goods sold	1,358	15%	1,488	10%	Raw material takes 60-70% of production costs. We assume that raw material costs/unit will increase by 6% in 2024 due to two factors: active ingredient prices and exchange rates.
Gross profit	850	5%	924	9%	
Selling expenses	299	-4%	315	5%	Selling expenses decreased due to changes in promotional policies and the cost of free gifts has been reflected in our COGS.
G&A expense	130	9%	139	7%	
EBIT	421	11%	471	12%	
EBT	406	8%	461	13%	
Net Income	325	9%	369	13%	
Net margin	14,7%	-30 bps	15,3%	+60 bps	Improve in 2025 with increasing ETC channel revenue share.
EPS (đồng)	3,709	13%	4,217	12%	

Source: RongViet Securities

Valuation

We use both FCFF (60%) and P/B (40%) methods to derive a one-year target price for IMP of **VND 84,200/share**. At the target price, the P/B ratio for 2024F is 2.7x, equivalent to the 5-year average plus one standard deviation (figure 12). Combined with a VND 1,500 dividend, the expected total return is 7% based on the closing price on July 11, 2024. We recommend **ACCUMULATE** for IMP.

- **For the FCFF method:** apply the weighted average cost of capital (WACC) of 7.8% and the growth factor (g) of 1% to determine the value of the cash flows in perpetuity.
- **For the P/B method:** we apply a target P/B of 2.3x, referenced by historical data on P/B and ROE by quarter in the last 5 years because of its positive correlation, except for 2020, when foreign investor SK awarded a surplus valuation to IMP to increase its ownership ratio (figure 11). Thanks to its good asset quality and the possibility of increasing factory capacity, IMP's capital efficiency will gradually improve over time. With a projected ROE for 2024F of 15%, we believe that the target P/B of 2.3x is prudent and reasonable.

Table 3: Forecast FCFF

Unit: VND bn	2024F	2025F	2026F	2027F	2028F
Net income	325	369	417	482	547
+ Depreciation	122	128	134	139	145
+ Interest expense after tax	2	3	4	4	5
- Financial income	13	19	25	32	40
- Change in working capital	97	57	115	55	91
- Capex	70	70	70	70	70
FCFF	270	354	345	468	496

Source: RongViet Securities

Table 4: Assumptions about the WACC

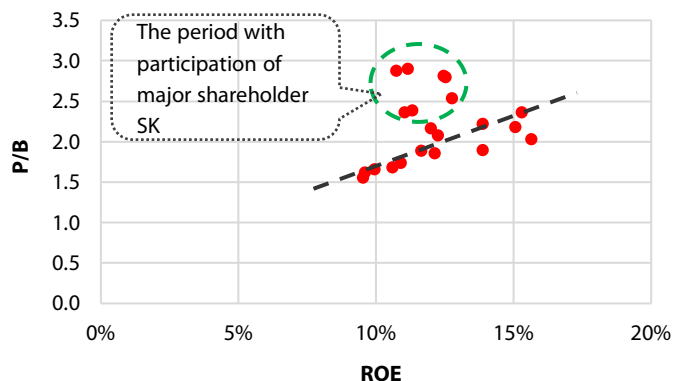
WACC	FCFF	VND bn
Beta	0.55	Cummulative present value of FCFF
Risk-free rate	2.7%	Present value of terminal value
Equity risk premium	10%	(+) Cash and cash equivalent
Cost of equity	7.9%	(-) Debt
Cost of debt	6%	Implied Equity value
Tax rate	20%	Number of shares (million)
Weight of Debt	1%	Target price (VND/share)
Weight of Equity	99%	92,145
WACC	7.8%	

Source: RongViet Securities

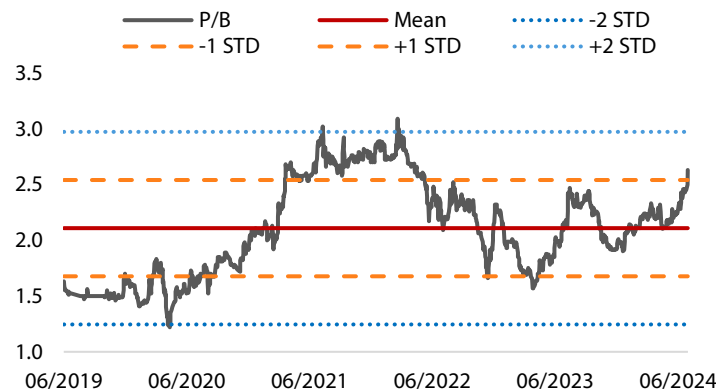
Table 5: Valuation Summary

Method	Valuation	Proportion	Average target price
FCFF	92,150	60%	55,300
P/B (2,3x)	67,700	40%	27,100
Total		100%	82,400

Source: RongViet Securities

Figure 11: Correlation between P/B valuation and ROE


Source: Fiinx, RongViet Securities

Figure 12: P/B ratio


Source: Fiinx, RongViet Securities

Table 6: Valuation index of companies in the same industry

Company	Country	Capitalization (VND bn)	2023 Revenue (VND bn)	PBT 2023 (VND bn)	TTM ROE (%)	TTM ROA (%)	P/E trailing (x)	P/B trailing (x)	EV/EBITDA trailing (x)
DHG	VN	14,513	5,015	1,159	19.3	15.2	15.9	2.9	14.7
DHT	VN	4,875	1,999	110	7.9	4.3	61.6	4.8	50.3
DVN	VN	5,632	5,583	425	11.8	5.9	16.3	1.9	29.8
DBD	VN	3,873	1,652	320	18.9	13.9	14.5	2.6	11.9
TRA	VN	3,357	2,299	361	17.8	12.4	13.7	2.5	8.5
PBC	VN	895	1,340	50	3.5	1.3	20.7	0.7	19.0
Median		4,374	2,149	341	14.8	9.1	16.1	2.6	16.9
Mean		5,524	2,981	404	13.2	8.8	23.8	2.6	22.4
IMP		6,022	1,994	377	13.9	11.5	21.2	2.8	13.2

Source: Fiinx, RongViet Securities, based on the closing price on July 10, 2024

Appendix 1: Classification of drug groups according to Circular 07/2024/TT-BYT effective from May 2024

Drug groups	Classification criteria	Bidding regulations
Branded drug	The drug is announced by the Ministry of Health as an original drug, with copyright on the preparation formula, production process and raw material standards.	The head of the public health facility decides to purchase generic drugs based on the advice of the Drug Council.
Generic drugs		Bid price: Original brand name $\geq$ Tier 1 $\geq$ Tier 2 $\geq$ Tier 3 $\geq$ Tier 4 $\geq$ Tier 5
Tier 1	- Manufactured on a production line that meets EU-GMP standards. - Drugs circulated in Vietnam that are licensed for circulation by the drug administration agencies of countries on the SRA or EMA list must have the same formulation, production process, quality standards, and drug substance testing methods.	Drugs meeting Tier 1 criteria are bid for in Tiers 1, 2 and 5.
Tier 2	The drug is granted a circulation registration certificate in Vietnam and is entirely manufactured on a production line that meets EU-GMP standards or equivalent to EU-GMP.	Drugs meeting Tier 2 criteria are bid for Tiers 2 and 5.
Tier 3	The drug is granted a circulation registration certificate or an import license in Vietnam and has been declared bioequivalent by the Vietnamese drug administration agency.	Drugs meeting Tier 3 criteria are bid for Tiers 3 and 5.
Tier 4	The drug is granted a circulation registration certificate in Vietnam and is entirely manufactured on a production line in Vietnam announced by the Vietnamese drug administration agency to meet GMP standards.	Drugs meeting Tier 4 criteria are bid for Tiers 4 and 5.
Tier 5	Medicines are registered for circulation or granted an import license for circulation in Vietnam.	Drugs that do not meet the criteria in Tiers 1, 2, 3 and 4 can only be bid for in Tier 5.

Source: Circular 07/2024/TT-BYT, RongViet Securities

VND bn					VND bn				
INCOME STATEMENT	FY2022	FY2023	2024F	2025F	BALANCE SHEET	FY2022	FY2023	2024F	2025F
Revenue	1,644	1,994	2,209	2,412	Cash and cash equivalents	179	106	277	552
COGS	946	1,184	1,358	1,488	Short-term investments	211	93	100	100
Gross profit	697	811	850	924	Accounts receivable	271	297	389	366
Selling Expense	269	310	299	315	Inventories	436	699	751	845
G&A Expense	132	120	130	139	Other current assets	7	12	13	14
Finance Income	24	25	13	19	Property, plant & equipment	996	909	857	800
Finance Expense	29	31	28	29	Acquired intangible assets	73	74	73	73
Other profits	1	3	0	0	Long-term investments	71	71	71	71
PBT	291	377	406	461	Other non-current assets	33	131	131	131
Prov. of Tax	68	78	81	92	Total assets	2,277	2,393	2,664	2,953
Minority's Interest	0	0	0	0	Accounts payable	269	224	271	285
PAT to Equity S/H	224	300	325	369	Short-term borrowings	95	49	48	20
EBIT	297	381	421	471	Long-term borrowings	0	0	0	0
EBITDA	357	464	544	599	Other non-current liabilities	0	0	0	0
				%	Bonus and Welfare fund	18	35	74	118
FINANCIAL RATIO	FY2022	FY2023	2024F	2025F	Technology-science, dev. fund	0	0	3	7
Growth (%)					Total liabilities	382	308	397	430
Revenue	29.8	21.3	10.8	9.2	Common stock and APIC	1,174	1,208	1,278	1,278
Operating Income	21.2	29.9	17.3	10.1	Treasury stock (enter as -)	0	0	0	0
EBITDA	26.7	28.5	10.6	11.7	Retained earnings	265	440	511	719
PAT	31.0	34.0	8.5	13.4	Other comprehensive income	2	2	2	2
Total Assets	5.5	5.1	10.3	15.3	Inv. and Dev. Fund	453	435	477	525
Equity	5.6	10.0	8.8	11.6	Total equity	1,894	2,085	2,268	2,523
					Minority Interest	0	0	0	0
Profitability (%)					VALUATION RATIO (*)	FY2022	FY2023	2024F	2025F
Gross margin	42.4	40.6	38.5	38.3	EPS (VND)	2,663	3,433	3,709	4,217
EBITDA margin	21.7	23.3	24.6	24.8	P/E (x)	20.4	15.6	18.4	16.2
EBIT margin	18.0	19.1	19.1	19.5	BV (dong)	28,400	29,763	29,434	32,753
Net margin	13.6	15.0	14.7	15.3	P/B (x)	2.1	1.9	2.4	2.2
ROA	9.8	12.5	12.3	12.1	DPS (dong/cp)	1,000	1,500	1,000	1,500
ROE	11.8	14.4	18.0	17.7	Dividend yield (%)	1.7	1.8	1.4	1.4
Efficiency				(times)	VALUATION MODEL	Price	Weight	Average	
Receivable Turnover	6.1	6.7	5.1	5.1	FCFF	92,150	60%	55,300	
Inventory Turnover	2.2	1.7	2.6	2.9	P/B	67,700	40%	27,100	
Payable Turnover	3.5	5.3	5.1	5.1	Target price (VND/share)		100%	82,400	
				(times)	VALUATION HISTORY	Price	Recommendation	Period	
Liquidity	3.0	4.4	5.0	5.8	12/2023	74,000	BUY	1 year	
Current	1.8	1.9	2.8	3.6	04/2024	67,700	ACCUMULATE	1 year	
Quick					06/2024	84,200	ACCUMULATE	1 year	
Finance Structure (%)	5.0	2.4	1.0	4.1					
Total Debt/Equity	5.0	2.4	1.0	4.1					
Short-term Debt/Equity	0.0	0.0	0.0	0.0					

RESULT UPDATE

This report is created to provide investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information with the objective that is to determine the reasonable value of the stock at the time such analyses are performed. Through this report, we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedback and/or receive more information, investors may contact the assigned analyst or our client support department.

RATING GUIDANCE

Ratings	BUY	ACCUMULATE	REDUCE	SELL
Total Return including Dividends in 12-month horizon	>20%	5% to 20%	-20% to -5%	<-20%

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