

19 Oct 2022

# Imexpharm (IMP)

**NONRATED**

## On a smooth growth

### 3Q22: Impressive business results

- Imexpharm (IMP) issued 3Q22's business results on Oct 18, with a revenue of VND418bn (+63% yoy and +18% qoq) and a NPAT of VND56bn (+81% yoy and +19% qoq).
- In detail, revenue from production rose 27% yoy and 62% qoq, while trading revenue plunged 52% yoy but surged 90% qoq.
- In 3Q22, gross margin upped 1.37%p qoq and 6.37%p yoy. As a result, the net margin increased by 1.13%p yoy and stayed at the same level as 2Q22.
- However, SG&A to sales was nearly 23% (-1.38%p qoq but +2.19%p yoy), higher than the average rate of 20% in both 2020 and 2021. We estimate the average SG&A to sales in 2022F would be above 23%, proving that the company has spent more on selling expenses to boost sales. For instance, in 3Q22, the salary of selling staff increased about 29% yoy, while expense of selling material upped 67% yoy.
- 9M22 revenue and NPAT were VND1,087bn/VND155bn (+25%/+27% yoy), fulfilling 52%/48% of their annual guidance. There are only 3 months left, based on the business results, despite impressive growth in 3Q22, we think that IMP may find it difficult to complete their 2022F target.

### Valuation

- IMP is trading at 19.4x TTM PE and 2.2x TTM PB, lower than the 2-yrs average of 22.4x and 2.7x. We expect the IMP4 factory could meet EU-GMP standard approval at the end of 2022F, and then help the company expand its business later.

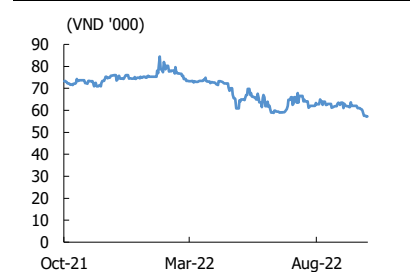
### Stock Data

VNIndex (Oct 18, pt)	1,064
Stock price (Oct 18, VND)	57,200
Market cap (USD mn)	156
Shares outstanding (mn)	67
52-Week high/low (VND)	84,472/57,100
6M avg. daily turnover (USD mn)	0.01
Free float / Foreign ownership (%)	25.12/49.9
Major shareholders (%)	
SK Investment	70.63
DVN VN Equity	22.04

### Performance

	1M	6M	12M
Absolute (%)	(9.9)	(20.4)	(22.0)
Relative to VNIndex (%p)	3.8	3.3	0.8

### Stock price trend



Source: Bloomberg

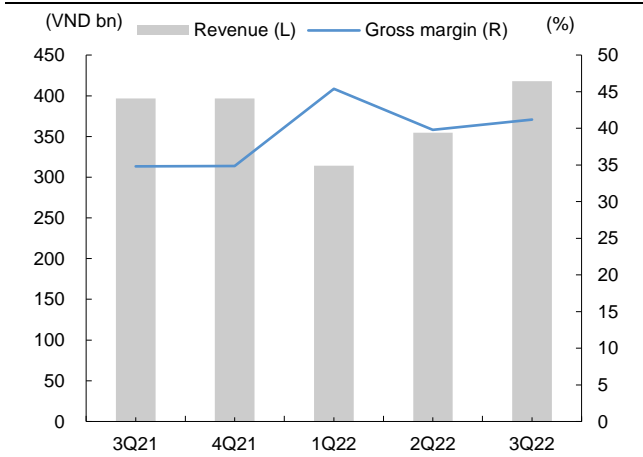
	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	1,166	1,185	1,403	1,369	1,267
chg. (% YoY)	15.4	1.6	18.4	(2.4)	(7.5)
Operating profit (VND bn)	141	170	203	263	234
Net profit (VND bn)	117	139	162	210	189
EPS (VND)	1,612	1,942	2,225	2,815	2,600
chg. (% YoY)	197.9	(23.7)	219.3	8.5	6.8
EBITDA (VND bn)	173	200	244	316	294
PE (x)	24.8	21.8	15.6	19.2	29.3
EV/EBITDA (x)	14.7	14.1	9.5	11.8	17.2
PB (x)	1.8	1.8	1.4	2.1	2.8
ROE (%)	8.9	8.6	7.2	11.2	9.8
Dividend yield (%)	2.1	0.8	4.4	1.4	2.0

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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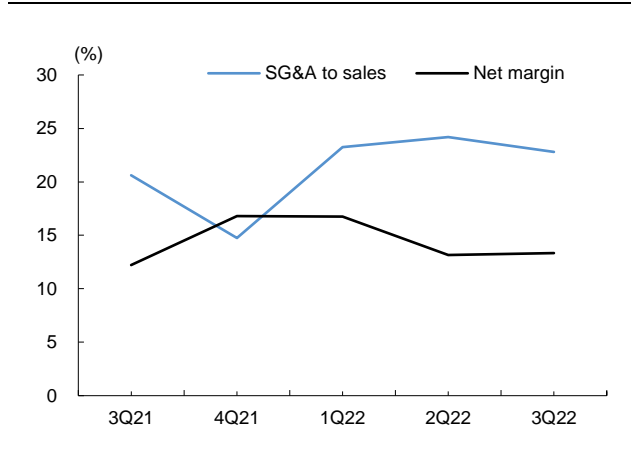
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**Figure 1. Revenue and gross margin by quarters**



Source: Company data, KIS

**Figure 2. SG&A to sales and Net margin by quarters**



Source: Company data, KIS

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