

14 Dec 2022

Bidiphar (DBD)

Long way road to EU-GMP

- On Dec 12, we tuned in to DBD's AM presentation briefing for the upcoming business expansion plan.

EU-GMP factory to benefit from 2025F

- The company expects 2022F's revenue/NPAT could be above VND1,450bn (-7% yoy) and VND250bn (+32% yoy) which are mixed with AGM targets of a VND1,700 revenue and a VND171bn NPAT.
- 2023F revenue prospect is bullish with a 15% yoy. However, the NPAT could stay unchanged due to the heavy increase in API prices, per management.
- DBD expects the EU-GMP factory could be approved in 2025F, which will help the company to achieve a VND3,000bn revenue in 2025F.
- Currently, DBD has 6 main groups of drugs that are sold via OTC channel. In which, antibiotics account for 29.8% of revenue from OTC, followed by cancer treatment drugs (12.4%) and vitamins (9.7%) per management.
- DBD also plans to sell cancer drugs in hospital pharmacies. These pharmacies must meet GPP standards to sell cancer drugs. The company is building customer data and closely discussing with potential customers about the distribution.

Pressure from API prices in 2023F

- In 2022F, Vietnam pharmaceutical industry's market value is forecasted to increase by 21% yoy, in which ETC grows by 15% yoy and OTC's growth rate is 30% yoy.
- According to the BOD, API prices in 2023F could increase by 10%-20% yoy. Thus, the medicine selling prices are expected to up 5-10% yoy.
- To the questions about the divestment of the Investment and Development fund of Binh Dinh province, the company said that it is in the long-term plan. Currently, the provincial government still intends to "keep" DBD due to its impressive performance during the last time.
- The BOD also shared that DBD is very appreciative of foreign partners with excellent technology who come and cooperate with the company.
- DBD is trading at 12.7x TTM PE and 2.1x PB, lower than 3-yrs average of 15.7x PE and 2.5x PB.

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	1,388	1,401	1,262	1,257	1,559
chg. (% YoY)	0.2	0.9	(9.9)	(0.4)	24.0
Operating profit (VND bn)	187	187	161	182	217
Net profit (VND bn)	164	163	142	158	189
EPS (VND)	2,825	2,176	1,899	2,108	2,286
chg. (% YoY)	1.3	(23.0)	(12.7)	11.0	8.4
EBITDA (VND bn)	248	223	189	214	256
PE (x)	12.3	11.7	18.9	15.7	17.5
EV/EBITDA (x)	9.5	8.5	15.2	11.4	11.2
PB (x)	2.5	2.1	2.9	2.5	2.6
ROE (%)	20.5	18.9	15.6	16.4	15.3
Dividend yield (%)	3.1	4.1	2.9	3.2	2.6

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

12M rating **Non-rated**

12M TP **N.A**

Up/Downside **N.A**

Stock Data

VNIndex (14 Dec, pt)	1,050
Stock price (14 Dec, VND)	36,850
Market cap (USD mn)	117
Shares outstanding (mn)	75
52-Week high/low (VND)	47,385/35,900
6M avg. daily turnover (USD mn)	0.10
Free float / Foreign ownership (%)	66.6/7.9
Major shareholders (%)	
Binh Dinh Invt and Devt Fund	13.34
BOD and relatives	0.34

Performance

	1M	6M	12M
Absolute (%)	1.0	(14.3)	(9.8)
Relative to VNIndex (%p)	(10.8)	(0.5)	17.9

Stock price trend



Source: Bloomberg

Research Dept

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Prepared by: Research Dept

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