

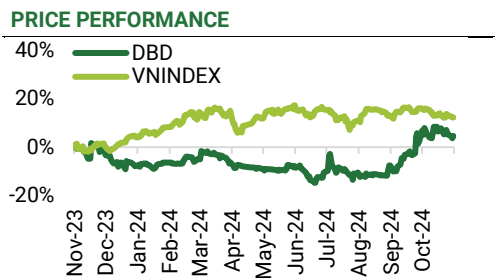
25/11/2024

RECOMMENDATION	BUY
Fair price	68,000
Current price	49,150
Upside/downside	38%

STOCK INFORMATION	
Outstanding shares (mil)	93.6
Free float (%)	82%
Market cap. (billion VND)	4,513.97
3m avg. volume (shares)	361,830
Foreign ownership (%)	14.64%
First listing date	16/01/2017

SHAREHOLDER STRUCTURE	
Binh Dinh Dev.Investment Fund	13.34%
KWE Beteiligungen AG	9.01%
Bao Minh Securities JSC	3.01%
Others	74.64%

KEY ATTRIBUTES	
TTM EPS (VND)	2,926
BVPS (VND)	17,448
Debt/Equity (%)	2.93%
ROA (%)	13.62%
ROE (%)	17.94%
P/E	18.05
P/B	2.76
Dividend yield (%)	4.2%



COMPANY PROFILE
 Binh Dinh Pharmaceutical and Medical Equipment JSC (HSX: DBD) was established in 1980 and operates in the production and business of pharmaceuticals, medical equipment and scientific research in this field. Over 44 years of development, DBD has produced nearly 400 products across 19 therapeutic groups, which are widely distributed throughout Vietnam, with a presence in 99% of hospitals and over 20,000 pharmacies nationwide. The company's three main therapeutic product groups are antibiotics, anticancer drugs, and dialysis solutions.

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FROM A SOLID FOUNDATION TO A GROWING FUTURE

- In 3Q2024, DBD recorded Net Revenue and pre-tax profit of VND 452 bn (+10% YoY) and VND 80 bn (+5% YoY), respectively. For 9M2024, DBD's Net Revenue reached VND 1,250 bn (+3.5% YoY), completing 63% of its 2024 revenue target, and pre-tax profit was VND 254 bn (+0.7% YoY), achieving 80% of its 2024 profit target.
- DBD possesses strong competitive capabilities with an attractive product portfolio, including antibiotics, cancer treatment drugs and dialysis solutions, which together contribute approximately 65% of total revenue and 51% of gross profit for the company in 9M2024. Along with upgrading its production lines to EU-GMP standards, investing in the construction of two new factories and the government's efforts to improve the bidding regulations for the hospital channel, we believe DBD's long-term prospects are very promising with expectations for participation in high-value tenders, supporting its domestic market share expansion strategy through the ETC channel.
- DBD is currently trading at P/E of 11.9x, slightly higher than the average since its listing of 11.4x and lower than the average P/E for the pharmaceutical industry of 22.6x. We recommend BUY for DBD at a fair value of VND 68,000/share, represents potential upside of 38%.

Projections of 2024F and 2025F business results

We forecast DBD to record 2024F/25F Net Revenue growth of 9.1%/9.8% YoY to VND 1,802/1,979 bn, respectively. Of which, most product lines in the self-produced product structure recorded a CAGR of 9.55%/year in the period of 2023 - 2033 (slightly higher than BMI's forecast of 7.7%/year due to the inclusion of newly approved products and increased productivity from new factories). 2025F Gross Profit Margin is expected to improve to 48.1% based on the expectation of increasing the proportion of high GPM product lines such as anticancer drugs, injectable antibiotics, dialysis solutions and vitamins. DBD's NPAT in 2024F/25F is expected to increase by 4.0%/21.0% YoY to VND 280/339 bn.

Investment highlights

(1) Attractive and industry leading product portfolio: Antibiotics, cancer treatment drugs and dialysis solutions are the 3 main treatment categories of DBD, accounting for 65% of total revenue. For anticancer drugs, DBD is the leading domestic pharmaceutical company in terms of market share in the ETC drug bidding process. For dialysis solutions, DBD ranks 3rd among the 5 companies capable of supplying these products in the ETC channel. We expect significant long-term growth potential for DBD's anticancer and dialysis solutions based on: (i) the increasing demand for these drugs as these conditions are a significant burden on the Vietnamese population, (ii) participation in ETC drug bidding in Tier 1 and 2 starting in 2026, after the Nhon Hoi cancer drug manufacturing plant is granted EU-GMP standard, (iii) DBD's product pricing being more competitive compared to imported products, and (iv) the partnership with Crearene AG - Switzerland affirms DBD's leading position in the field of dialysis treatment in Vietnam.