DBD VN

Not Rated

Close 17 Sep 2024

Price	VND 42,000
12M Target	N/A

What's new?

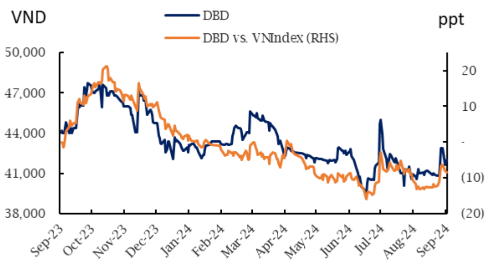
- DBD targets 2030 revenue of VND 5tn, implying +17% sales CAGR in 2023-30E.
- Sales growth strategy includes upgrading the two WHO-GMP plants to EU-GMP standards.
- Plans for small-volume injection and non-Betalactam OSD facilities to add VND1.8tn to revenue by 2030.
- Strategic stake sale, which was approved at the 2024 AGM, is currently in the works. Funds raised are intended for the above plant upgrades / expansion plans.

Key inferences

- The company outlined aggressive expansion plans to drive OTC and ETC revenue.
- Upgrading to EU-GMP standards will allow DBD to bid for procurement of top-tier quality drugs and thus boost revenue.
- Valuation is slightly lower than the median of regional peers (TTM PER of 14.7x) despite superior profitability.
- Risks: Delayed EU-GMP upgrade; increased competition, and regulatory risk related to drug approvals starting in 2025.

Company profile: Binh Dinh Pharmaceutical & Medical Equipment is Vietnam's leading Vietnamese cancer medication producer, with almost all sales from the domestic market. DBD says that its network includes 100% of hospitals across Vietnam, and the ethical channel (i.e., prescription-based drug distribution), accounts for 63% of revenues. Profitability is substantially higher than peers', which management attributes to cost efficiencies. DBD posted a net cash position at 2Q24.

Share price performance relative to VNIndex



Market cap	US$161mn
6M avg. Daily turnover	US$0.3mn
Outstanding shares	93.6mn
Free float	80%
FINI ownership	13.7%
Major shareholders	21.4%
TTM P/E	14.7x
Current P/B	2.5x
Trading platform	HSX
FOL Room	86.3%

Financial outlook (VND bn)

FY Dec 31	FY2020	FY2021	FY2022	FY2023
Sales	1,257	1,559	1,555	1,652
Op. Profit	190	231	299	322
PATMI	158	189	244	269
EPS (VND)	2,712	2,173	2,799	3,092
EPS chg (%)		-20%	29%	10%
P/E (x)	16.9	13.5	16.5	12.7

Sources: DBD, FiinPro-X, Yuanta Vietnam

Binh Dinh Pharma & Medical (DBD VN)

Ambitious long-term growth targets

DBD targets +17.1% sales CAGR in 2023-2030. DBD's revenue reached VND1,652bn in 2023, and management's goal is for sales to reach VND 5,000bn by 2030. Management argues that this approximate tripling of revenues is achievable given its planned capacity expansion and upgrades.

Upgrading and expanding production. DBD is now upgrading two of its existing plants with the goal of achieving EU-GMP standards for pharmaceutical quality. Management plans to complete these upgrades in 2026. Additionally, DBD plans to expand capacity in small-volume injection and non-Betalactam OSD facilities, which is expects to add VND1.8tn to annual revenues by 2030.

New equity funding to support capex. DBD plans to issue 23.3mn new shares at VND50k each, 19% higher than the closing price of Sep 17 (VND 42,000), to five professional investors, with the shares restricted for one year. The purpose is to fund the small-volume sterile drug plant and non-Betalactam OSD facility.

1H24 PBT declined, along with gross margin. 1H24 revenue increased by +3% YoY to VND817 bn. However, 1H24 PBT slid by -6% YoY to VND166bn, reaching 52% of DBD's annual target. The decline in PBT was due to a -1ppt YoY reduction in gross margin to 49%, which management attributes to lower ASPs amid intensified competition.

DBD is trading at 14.7x TTM P/E, slightly lower than the sector median. But the company exhibits superior profitability with TTM ROA of 13.8% (far higher than the industry median of 7.2%) and ROE of 19.3% (vs. just 13.0% for peers). This performance is supported by net profit margin of 16% (flat YoY). The company's balance sheet leverage is relatively low, with a net cash position as of 2Q24.

Risks: 1) Delays for the EU-GMP standard upgrade, 2) competition from a major Indian rival that is now making headway in the Vietnam market, 3) regulatory risk related to drug approvals could be an industry-wide concern from 2025.

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ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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A leading producer of cancer drugs

Binh Dinh Pharmaceutical and Medical Equipment JSC (BIDIPHAR – DBD VN, Not Rated) is a prominent pharmaceutical manufacturer in Vietnam. DBD has achieved industry awards including ranking among the top-5 most reputable pharmaceutical companies in Vietnam Report 2023 recognition of its cancer treatment products as a Vietnam National Brand in 2022.

DBD has secured bids to supply over 20 cancer treatment products to hospitals, surpassing the sales performance of other domestic companies that typically offer just 1-4 products each (source: Vietnam Drug Administration – DAV).

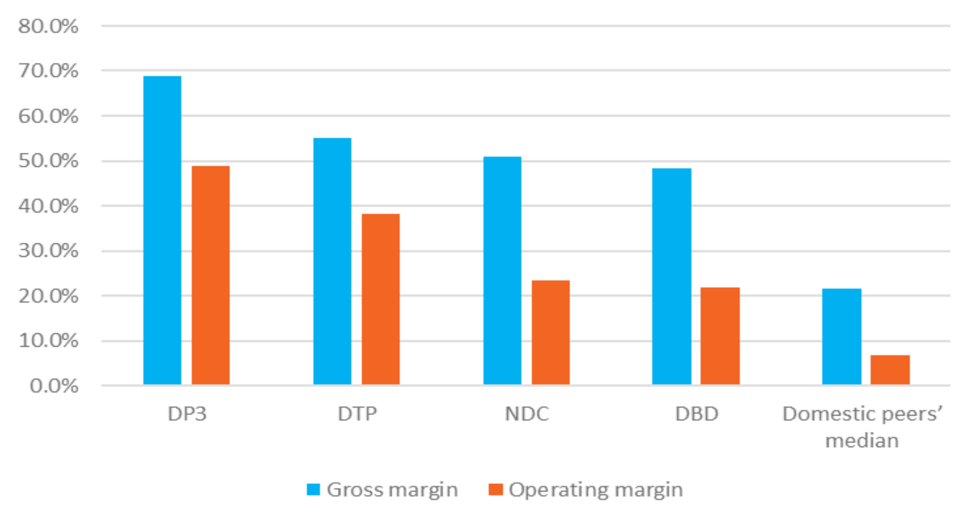
Beyond the nation's hospitals, DBD also distributes more than 40 cancer treatment products through retail channels.

Price is DBD's key competitive advantage. Management states that its 40-plus cancer treatment products are priced at 20-40% discounts compared to equivalent imported drugs. DBD highlights that its R&D and adoption of modern technology have enhanced its production efficiency and expanded its product portfolio to meet the growing demand of the domestic market, which accounted for 99.5% of sales in 2023.

Despite this discounted pricing of its products, DBD's 48.3% gross margin in 2023 was substantially higher than domestic industry median of 21.5%. Likewise, its operating profit margin reached 21.9% in 2023, far above the peer median of 6.7%.

These results place DBD fourth on the list of pharmaceutical industry firms ranked by GPM and OPM in this period. Management attributes this gap to its improved manufacturing and other cost efficiencies.

Fig.1: Top 4 by highest GPM and OPM in Vietnam's pharmaceutical industry (%)



Source: FiinPro-X, Yuanta Vietnam

DBD's two factories and seven workshops comprise 15 production lines, all of which meet WHO-GMP standards. This includes the company's Nhon Hoi plant, which has annual capacity of 3 million injectable cancer drug units and 70 million tablets.

Currently, the injectable drug production line is operating at 75% of designed capacity, according to management. However, the tablet production line has not yet been activated as the company is still awaiting product registration approval.

DBD now has 340 registered products, including 135 injectable drugs and 128 tablets. The company's annual production capacity is approximately 1.5bn capsules/tablets and 98mn liquid-form doses.

Upgrading manufacturing capacity. Pharmaceutical manufacturers in Vietnam must comply with the Good Manufacturing Practices (GMP) standards as stipulated by the Ministry of Health in Circular 35/2018.

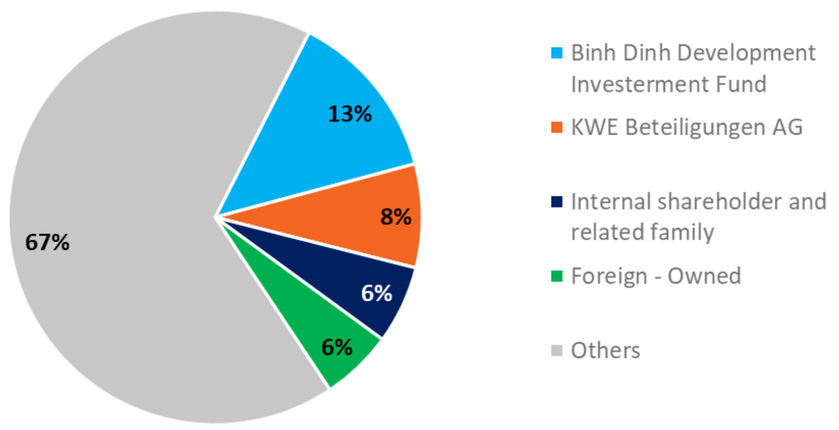
In addition, prevalent global standards include WHO-GMP and EU-GMP, where WHO-GMP represents the minimum requirements and EU-GMP the highest standard.

DBD is working to upgrade its existing WHO-GMP-compliant manufacturing facilities to achieve EU-GMP standards as a strategy for future customer and sales expansion. Management plans to complete these upgrades in 2026.

Government divestment in the pipeline? The Binh Dinh Development Investment Fund, a state-owned financial organisation directly under the People's Committee of Binh Dinh province, is currently DBD’s largest shareholder with a 13.34% stake.

As part of the government’s restructuring plan for state-owned and state-invested enterprises, DBD is among the group of businesses that are slated for divestment by 2025. However, details of the divestment plan remain undisclosed, and the probability of achieving this in the next 15 months is certainly not 100%.

Fig.2: DBD’s shareholders mix (%)



Source: SBT’s Financial Statements, Yuanta Vietnam (data as of Sep 17)

Navigating the Path to Market Leadership

Revenue Goals and Strategic Vision to 2030. DBD guides for revenue of VND 2,000bn in 2024 (+15% YoY) and targets reaching sales of VND 5,000bn by 2030, implying 2023-2030 revenue CAGR of 17.1%.

DBD projects VND 4,500bn of revenues (90% of the 2030 target) to come from self-manufactured products, which underscores this segment as the key growth driver in the coming years.

These targets are supported by planned expansions in the over-the counter (OTC) and essential therapeutic care (ETC) channels, as well as several investments in facilities as detailed below.

The ETC channel, comprising hospital and medical facility tenders, contributed 62% of 1H24 total revenue. Oncology accounted for the largest portion of this segment at 39% of channel revenue, followed by antibiotics at 23%.

In addition, the OTC channel—via pharmacies and retail agents—accounted for 33% of revenues in 1H24.

Fig.3: Revenue mix by distribution channel in 1H24 (%)

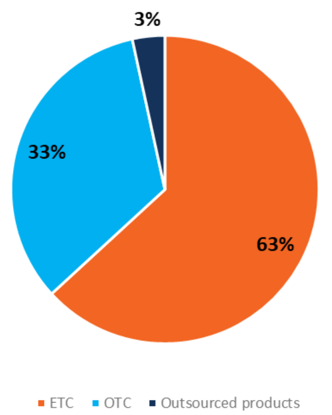
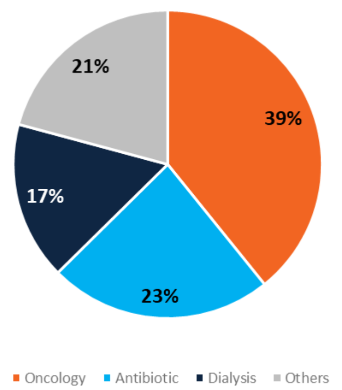


Fig.4: Revenue mix by product in ETC channel (%)



Source: DBD, Yuanta Vietnam

Planning to double the OTC network and achieve 21.1% segment revenue CAGR in 2023-2026. DBD currently distributes to 15,000 pharmacies/agents, representing around 33% of the 45,000 pharmacies nationwide.

The company plans to expand its OTC retail presence to 25,000 points of sale by 2026 (+67% vs. 2023). This expansion is expected to boost OTC revenue from VND 564bn in 2023 to VND1tn by 2026, reflecting 3-year sales CAGR of +21.1%.

DBD aims to boost its ETC channel with a target of +18.9% 3-year CAGR to reach VND 1,700bn by 2026, up from VND 1,000bn in 2023. This ambitious target is supported by plans to upgrade its production line at the Nhon Hoi plant to achieve EU-GMP standards.

This upgrade will enable DBD to bid for top-tier quality product groups 1 and 2. The WHO-GMP standards, which the company has already achieved, limit bidding to lower-quality groups 3, 4, and 5.

DBD accounted for approximately 20% of the total value for Group 4 tenders in 2023 (source: DAV). The company has also achieved nationwide coverage in all hospitals, which implies significant growth potential from the anticipated improvements in its manufacturing standards.

Longer term -- Expanding production capacity

DBD's Small-Volume Injection Facility, which began construction in 2023 with a total investment of VND 840bn, is scheduled to start up by 2027. The facility will manufacture liquid products with volumes of 100 ml or less, including injectables, ophthalmic products, and other sterile drugs, with an annual capacity of 120 million units.

DBD expects this facility to contribute an additional VND581bn of revenue in 2027, rising to VND1.3tn by 2030. As such, this facility is another major driver of the company's sales target of VND5tn by 2030.

Table 1: Expected revenue from Small Volume Injection Facility (VND bn):

2027	2028	2029	2030	2031
580.8	676.3	757.4	1,255.4	1,685.1

Source: DBD, Yuanta Vietnam

Non-Betalactam OSD factory project: The facility will specialize in manufacturing Non-Betalactam antibiotic products, which can be simply understood as a group of common antibiotic drugs (readers can learn more here) in solid dosage forms with a capacity of 1.3 bn tablets per year (equivalent to 100 tons annually).

Management plans to commence construction of this facility in 2025 and for it to be commercially operational in 2029, at which point DBD's total production capacity will reach 3.5bn tablets per year.

Management anticipates this project to contribute VND357bn to total revenue in 2029 with a projected increase to VND503.8bn by 2030. Located at the Nhon Hoi Economic Zone (Quy Nhon), the project's total expected investment is VND 870bn. It is designed to meet EU-GMP/WHO-GMP standards.

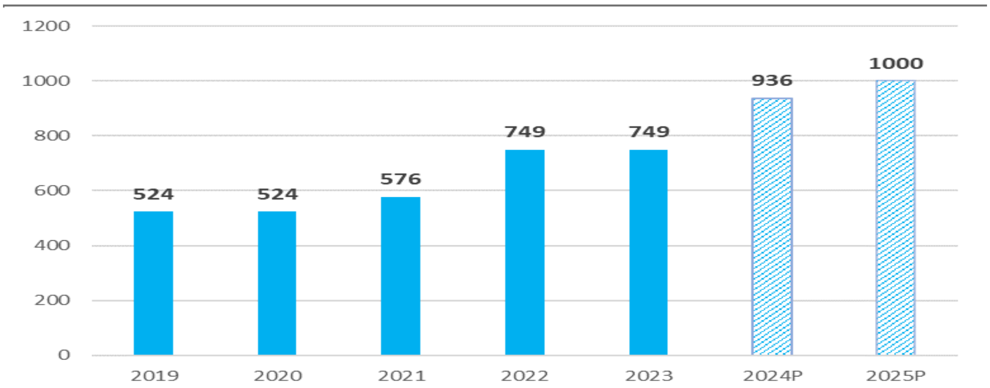
Table 2: Expected revenue from the OSD project (VND bn):

2029	2030	2031	2032	2033	2034
356.6	503.8	728.6	1,621.6	1,957.8	2,254.6

Source: DBD, Yuanta Vietnam

DBD is planning to increase capital. As of the end of 2023, DBD's charter capital stands at approximately VND 749bn. The company aims to increase its charter capital to VND 936bn by 2024 and VND 1,000bn by 2025, implying 15.5% CAGR in 2023-2025.

Fig.5: DBD's charter capital expansion plan (VND bn)



Source: DBD, Yuanta Vietnam

DBD is seeking partners for its plan to issue 23.3mn new shares through a private placement to up to five professional investors, which representing 25% of the company's current outstanding shares. This plan was approved by the General Meeting of Shareholders in April 2024. These shares will be restricted from transfer for one year from the date of completion of the offering.

The company’s proposed issue price is VND50,000 per share, reflecting a 19% premium over the closing price of VND 42,000 on Sep 17, 2024. According to management, this premium is suitable for the strategic pharmaceutical industry investors that they prioritize.

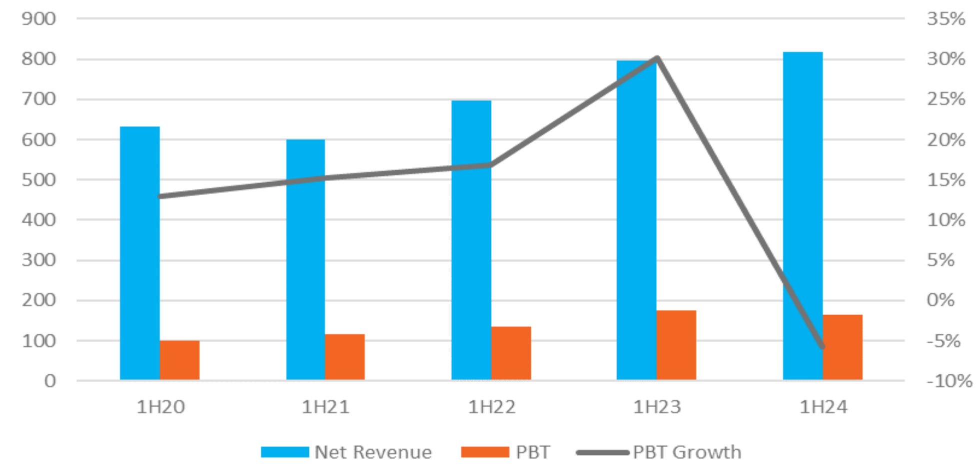
The company aims to leverage this private placement to gain specialized support from the strategic investors. The funds raised will be allocated to the key planned projects, comprising (i) the small-volume sterile drug manufacturing plant and (ii) the OSD Non-Betalactam manufacturing facility.

Financial snapshot

1H24 PBT declined along with gross margins. From 1H20-1H23, DBD's PBT expanded by double-digit percentages. However, 1H24 PBT slid by -6% YoY to reach VND166bn due to intense competition leading to lower ASPs and hence GPM. Despite this, 1H24 PBT still fulfilled 52% of the company's full-year target.

In contrast to earnings, 1H24 sales posted modest growth YoY. The company's total revenue reached VND 817bn (+3% YoY), fulfilling 41% of annual guidance.

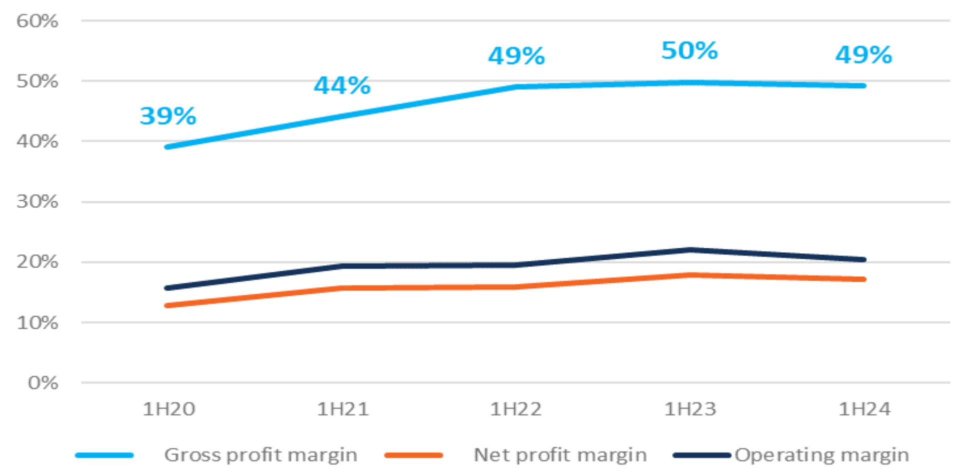
Fig.6: PBT growth weakens in 1H24



Source: DBD's Financial Statements, Yuanta Vietnam

Profitability has improved significantly over the last four years. The company's gross profit margin reached 49% in 1H24, up from 39% in 1H20, and is just 1% below the historical peak of 50% in 1H23. According to management, this improvement is due to the company's effective control of production costs, which has led to a reduction in COGS.

Fig.7: Positive gross profit margin



Source: DBD's Financial Statements, Yuanta Vietnam

ROA and ROE remain high despite the slight decline of 1H24. The company's financial position appears strong, as evidenced by a record low net debt-to-equity ratio (i.e., the balance sheet is net cash at 2Q24), indicating reduced leverage. Additionally, the current and quick ratios both reached record highs in 1H24.

Fig.8: Profitability has been steadily positive

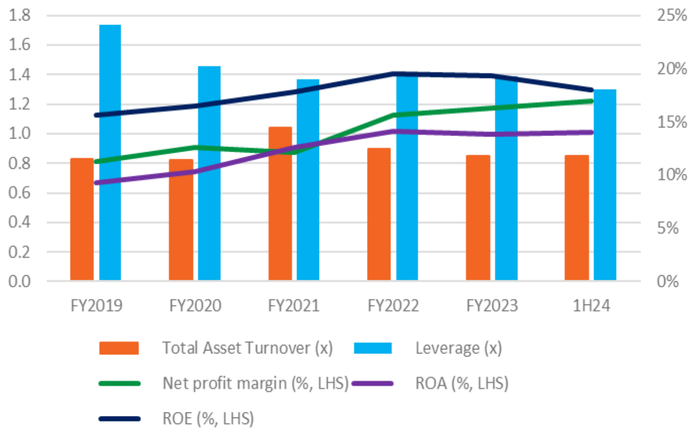
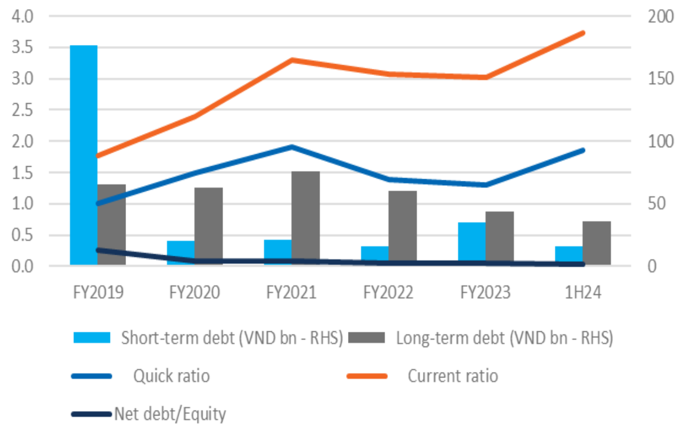


Fig. 9: Low liquidity risk



Source: DBD's Financial Statements, Yuanta Vietnam

Howeve, the company's cash conversion cycle has increased significantly since FY2021, primarily due to a rise in days of inventory-on-hand -- mostly raw materials.

This increase is attributable to DBD's proactive inventory accumulation over the past several years, which management says is intended to ensure stable production and margins amid volatile raw material costs driven by exchange rate fluctuations and elevated transportation costs.

Fig.10: Days of inventory increased…

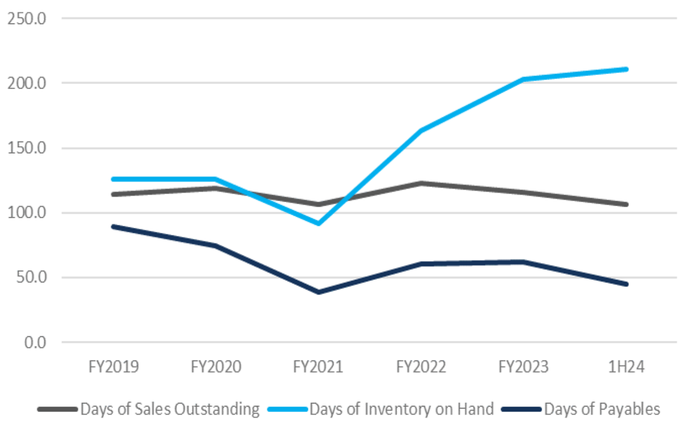
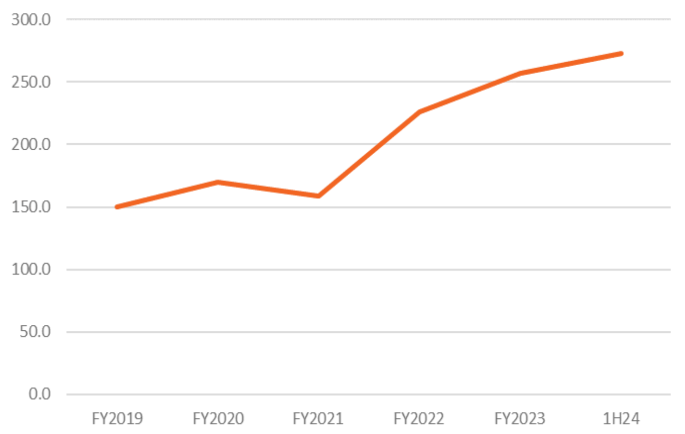


Fig.11: …resulting in a longer cash conversion cycle



Source: DBD's Financial Statements, Yuanta Vietnam

Valuation and Risks

Valuation -- The stock has been under pressure recently. DBD is trading at a 14.7x TTM P/E, slightly lower than the median of regional peers. DBD's share price has contracted by -10% since peaking out YTD in mid-July, and it has underperformed the VNI by -8ppt in that time frame.

In contrast, DBD has posted strong profitability relative to the industry, with ROA of 13.8% and ROE of 19.3%, both significantly surpassing the industry medians of 7.2% and 13.0%, respectively. This performance is supported by net profit margin of 16% (flat YoY) with net debt to equity of -5.2% (i.e., net cash) as at 2Q24.

Fig.12: Peers valuation

Name	Tickers	Country	Market cap (USD mn)	TTM P/E (x)	Current P/B (x)	2023 ROA	2023 ROE	Current Net Debt/ Equity
DHG Pharma	DHG	VIETNAM	577.3	16.6	3.3	18.6%	22.9%	17.6%
PYC Therapeutics Ltd	PYC	AUSTRALIA	457.2	--	8.4	-60.6%	-82.6%	-81.1%
SCI Pharmtech Inc	4119	TAIWAN	329.2	74.2	2.1	5.0%	6.7%	0.2%
Taigen Biopharmaceuticals Hold	4157	TAIWAN	324.3	43.8	8.8	12%	13%	-86.1%
Imexpharm Pharmaceutical	IMP	VIETNAM	296.6	26.5	3.4	12.8%	15.0%	-1.5%
D&D PharmaTech Inc	347850	SOUTH KOREA	288.0	81.63	7.2	4.5%	14.0%	-14%
Shinnihonseiyaku Co Ltd	4931	JAPAN	280.1	14.2	1.8	10.7%	13.9%	-76.7%
Duchembio Co Ltd	176750	SOUTH KOREA	269.3	87.5	16.4	7.9%	20.7%	90.7%
Vietnam Pharmaceutical (VINAPHARM)	DVN	VIETNAM	250.7	13.60	2.1	5.8%	12.5%	34.5%
Lin BioScience Inc	6696	TAIWAN	227.4	--	2.9	-25.2%	-40.7%	-93.9%
JETEMA Co Ltd	216080	SOUTH KOREA	215.7	14.17	4.1	6.4%	21.7.%	115%
Genexine Inc	095700	SOUTH KOREA	193.5	--	0.9	-17.4%	-23.4%	-4%
Ilyang Pharmaceutical Co Ltd	007570	SOUTH KOREA	191.5	417	1.0	-0.5%	-1.1%	25%
Ha Noi CPC1 Pharmaceutical	DTP	VIETNAM	116.3	11.5	2.8	21.9%	31.2%	5.3%
DOMESCO Medical	DMC	VIETNAM	98.5	12.2	1.6	9.9%	12.3%	-2.9%
Cuu Long Pharmaceutical	DCL	VIETNAM	78.7	30.3	1.3	2.8%	4.4%	46.1%
OPC Pharmaceutical	OPC	VIETNAM	63.7	13.9	2.0	9.8%	15.0%	-20.9%
Median			239.1	16.6	2.6	7.2%	13.0%	-2.2%
Binh Dinh Pharmaceutical	DBD	VIETNAM	161.4	14.7	2.5	13.8%	19.3%	-5.2%

Source: Bloomberg, FiinPro-X, Yuanta Vietnam, data as of Sep 17, 2024

Risks

Potential delays to the EU-GMP standards upgrade. The WHO-GMP standards are no longer a competitive edge for DBD, as most of its competitors have now achieved this qualification. DBD thus needs to fast-track its EU-GMP certification across all facilities.

However, the process of upgrading to EU-GMP standards is not easy. Management notes the challenges and complexities of enhancing production lines while maintaining current operations and complying with relevant regulations. On the other hand, if it were easy, then it wouldn't be a competitive moat.

Rising competitive risk from a major Indian rival. India's BDR Pharmaceuticals Group, India's largest producer of cancer drugs with an 80% market share there, is seeking partnerships with local firms to manufacture cancer treatment drugs and establish a radiation and chemotherapy data center in Vietnam. BDR thus potentially poses a substantial competitive threat to DBD that could lead to a loss of the latter's Vietnam market share.

However, Article 50 of the 2013 Law on Bidding offers incentives for domestic manufacturers in the ETC channel, which accounts for 63% of DBD's revenue. Key points include:

- If at least 3 domestic companies produce the same type of drugs and meet the technical, quality, and pricing criteria, hospitals are required to purchase from these companies.
- For drugs produced by at least 3 domestic companies meeting EU-GMP standards, ensuring quality, pricing, and supply capacity, only domestically produced drugs can be bid on.

These will support DBD and domestic enterprises against competitive pressure from foreign enterprises.

Mid-Term Risk from Regulatory Suspension. DBD faces mid-term risks due to a temporary halt in its drug registration submissions.

Production issues led to the recall of the company's Methotrexate 50mg/2ml product in Dec 2021. This violation resulted in the regulatory authority imposing a penalty by suspending the acceptance of new or renewal drug registration applications for DBD until the end of Nov 2024, while also invalidating previously submitted applications.

As a result, DBD will be permitted to submit renewal or new registration applications for its products only from Dec 2024. The processing time for these applications typically takes around three months.

However, Resolution 80/2023/QH15 - which outlines the regulations and guidelines for drug licensing and renewal, pharmaceutical companies must comply with this regulation - will expire at the end of December 2024. Post-expiration, new and potentially more complex procedures and regulations may come into effect, complicating the licensing and renewal processes. This could also be an industry-wide concern in 2025.

The combination of the ongoing suspension and the expiration of Resolution 80 presents a risk that renewal applications may not be approved in time, potentially leading to the inability of some of the DBD's products to continue being marketed.

DBD has around 300 products licensed for sale until at least December 31, 2024, which allows for continued production of most drugs in 2024. Therefore, the risk of untimely approval of renewal applications will be a more significant concern in 2025.

Income Statement	FY 2019 31/12/2019	FY 2020 31/12/2020	FY 2021 31/12/2021	FY 2022 31/12/2022	FY 2023 31/12/2023
Revenue	1,261,729	1,254,887	1,558,504	1,554,821	1,651,337
Other Revenue	-	2,066	-	-	432
Total Revenue	**1,261,729**	**1,256,952**	**1,558,504**	**1,554,821**	**1,651,770**
Cost Of Goods Sold	846,933	765,813	935,939	787,170	853,250
Gross Profit	**414,796**	**491,139**	**622,566**	**767,652**	**798,520**
Selling General & Admin Exp.	237,365	293,729	385,584	477,205	486,697
R & D Exp.	-	-	-	-	-
Depreciation & Amort.	26,623	30,177	36,645	39,103	43,211
Other Operating Expense/(Income	(9,942)	(14,550)	(16,792)	(21,996)	(28,370)
Operating Expense., Total	**254,046**	**309,356**	**405,437**	**494,312**	**501,538**
Operating Income	**160,750**	**181,783**	**217,129**	**273,339**	**296,982**
Interest Expense	10,314	6,589	1,325	1,916	6,998
Interest Income	11,916	6,165	5,137	8,733	11,635
Net Interest Exp.	**(1,602)**	**424**	**(3,813)**	**(6,818)**	**(4,637)**
Currency Exchange (Gains) Loss	(319)	1,276	(733)	(354)	483
Other Non-Operating Exp. (Inc)	(23,258)	(19,273)	(15,911)	(26,780)	(30,586)
EBT Excl. Unusual Items	**185,929**	**199,356**	**237,585**	**307,291**	**331,721**
Impairment of Goodwill	-	-	-	-	-
Gain (Loss) On Sale Of Assets	-	-	-	-	-
Asset Writedown	-	-	-	-	-
Legal Settlements	-	-	-	-	-
Other Unusual Items	11,916	6,165	5,137	8,733	11,635
EBT Incl. Unusual Items	**174,013**	**193,191**	**232,448**	**298,558**	**320,086**
Income Tax Expense	31,786	35,332	43,324	55,003	51,031
Earnings from Cont. Ops.	**142,227**	**157,860**	**189,124**	**243,555**	**269,055**
Extraord. Item & Account. Change	-	-	-	-	-
Minority Int. in Earnings	-	-	-	-	-
Net Income	**142,227**	**157,860**	**189,124**	**243,555**	**269,055**

Cash Flow	FY 2019 31/12/2019	FY 2020 31/12/2020	FY 2021 31/12/2021	FY 2022 31/12/2022	FY 2023 31/12/2023
Net Income	**142,227**	**157,860**	**189,124**	**243,555**	**269,055**
Depreciation & Amort., Total	**27,945**	**31,809**	**38,689**	**41,665**	**45,970**
Other Non-Cash Adj	26,483	(8,481)	34,750	27,376	15,837
Changes in Non-Cash Capital	(176,076)	40,994	(139,727)	(140,258)	(36,473)
Cash from Ops.	**20,579**	**222,181**	**122,836**	**172,338**	**294,389**
Capital Expenditure	(149,628)	(59,734)	(54,636)	(82,828)	(133,694)
Sale of Property, Plant, and Equipment	-	4,000	1	-	-
Cash Acquisitions	-	-	-	-	-
Proceeds from Investment	-	-	-	-	-
Divestitures	-	-	-	-	-
Invest. in Marketable & Equity Securt.	-	-	-	-	-
Other Investing Activities	-	-	-	-	-
Cash from Investing	**(149,628)**	**(55,734)**	**(54,635)**	**(82,828)**	**(133,694)**
Net Short Term Debt Issued/Repaid	144,425	(159,699)	-	-	-
Long-Term Debt Issued	-	-	50,916	-	216,778
Long-Term Debt Repaid	-	-	(37,162)	(21,029)	(213,511)
Total Debt Issued/Repaid	**144,425**	**(159,699)**	**13,754**	**(21,029)**	**3,267**
Pref. Dividends Paid	(78,531)	(78,548)	(75,553)	-	(149,698)
Total Dividends Paid	**(78,531)**	**(78,548)**	**(75,553)**	**-**	**(149,698)**
Increase in Capital Stocks	-	-	-	-	-
Decrease in Capital Stocks	-	(1,952)	-	-	-
Special Dividend Paid	-	-	-	-	-
Incr(Decr) in Deposits	-	-	-	-	-
Incr(Decr) Insurance Reserves	-	-	-	-	-
Other Financing Activities	(0)	-	-	-	(49)
Cash from Financing	**65,894**	**(240,198)**	**(61,799)**	**(21,029)**	**(146,480)**
Net Change in Cash	**(63,155)**	**(73,752)**	**6,402**	**68,481**	**14,215**

Indicator	FY 2019 31/12/20219	FY 2020 31/12/20220	FY 2021 31/12/20221	FY 2022 31/12/20222	FY 2023 31/12/20223
6. Growth					
Net revenue Growth YoY	-9.9%	-0.4%	24.0%	-0.2%	6.2%
Gross profit Growth YoY	-3.1%	18.4%	26.8%	23.3%	4.0%
EBITDA Growth YoY	-15.4%	13.2%	19.8%	23.1%	8.9%
EBIT Growth YoY	-13.8%	13.1%	19.4%	25.9%	8.6%
EBT Growth YoY	-13.4%	11.0%	20.3%	28.4%	7.2%
Receivable Growth YoY	7.0%	1.3%	20.3%	10.5%	-9.0%
Net inventory Growth YoY	16.0%	-31.3%	18.2%	77.2%	10.7%
Short term borrowing Growth YoY	83.8%	-88.6%	4.7%	-23.9%	120.4%
Long term borrowing Growth YoY		-4.2%	21.2%	-21.1%	-26.7%
SGA Expense Growth YoY	5.2%	21.8%	31.1%	21.9%	1.5%
Asset Growth YoY	13.0%	-11.3%	8.5%	21.6%	4.9%
Owner equity Growth YoY	0.0%	0.0%	10.0%	30.0%	0.0%
CFO Growth YoY	-101.0%	20,647.4%	-44.8%	40.4%	78.2%
7. Valuation Ratios					
Market cap (Billion VND)	2,629	2,671	2,302	4,006	3,370
EV (Billion VND)	2,733	2,645	2,329	4,027	3,361
Book value per Share	17,443	18,563	19,797	18,097	19,077
Sales per Share	24,088	23,997	27,052	20,763	22,058
Basic EPS	2,444	3,014	2,954	3,252	3,234
Diluted EPS	2,715	3,014	2,954	3,252	3,234
FREE CASHFLOW per Share	3,754	5,431	802	488	-1,358
P/B	2.9	2.7	2.0	3.0	2.4
P/E	20.5	16.9	13.5	16.4	13.9
P/E Diluted	18.5	16.9	13.5	16.4	13.9
P/S	2.1	2.1	1.5	2.6	2.0
EV / Revenue	2.2	2.1	1.5	2.6	2.0
EV / EBITDA	14.5	12.4	9.1	12.8	9.8
EV / EBIT	17.0	14.6	10.7	14.7	11.3
Dividend Yield	3.0%	2.9%			

Balance Sheet	FY 2019 31/12/2019	FY 2020 31/12/2020	FY 2021 31/12/2021	FY 2022 31/12/2022	FY 2023 31/12/2023
ASSETS					
Cash And Equivalents	138,162	108,729	69,271	55,562	87,837
Short Term Investments	113,941	93,341	139,201	221,391	221,195
Total Cash & ST Investments	**252,104**	**202,070**	**208,472**	**276,953**	**309,032**
Accounts & Notes Receivable	380,568	371,777	433,329	477,564	434,102
Total Receivables	**380,568**	**371,777**	**433,329**	**477,564**	**434,102**
Inventories	312,967	214,908	254,084	450,345	487,853
Prepaid Exp.	-	-	-	-	-
Restricted Cash	-	-	-	-	-
Other Current Assets	83,169	47,091	52,312	42,926	29,700
Total Current Assets	**1,028,808**	**835,846**	**948,197**	**1,247,789**	**1,260,686**
Net Property, Plant & Equipment	**393,992**	**412,219**	**425,583**	**448,089**	**515,932**
Long-term Investments	16,509	3,514	3,514	3,514	3,514
Deferred Charges, LT	108	93	2,885	4,593	7,969
Other Long-Term Assets	181,136	185,738	179,340	191,733	200,809
Total Assets	**1,620,553**	**1,437,409**	**1,559,518**	**1,895,717**	**1,988,909**
LIABILITIES					
Accrued Exp.	34,455	50,642	76,526	116,129	119,913
Short-term Borrowings	176,391	20,095	21,029	16,000	35,267
Accounts Payable	211,396	102,652	96,813	163,447	125,404
Curr. Income Taxes Payable	27,985	18,476	15,447	14,081	29,006
Other Current Liabilities	130,085	156,008	77,151	95,800	108,399
Total Current Liabilities	**580,312**	**347,872**	**286,966**	**405,457**	**417,989**
Long-Term Debt	65,453	62,726	76,000	60,000	44,000
Unearned Revenue, Non-Current	-	-	-	-	-
Other Non-Current Liabilities	42,280	38,186	56,003	75,123	94,078
Total Liabilities	**688,045**	**448,784**	**418,969**	**540,580**	**556,068**
Pref. Stock, Non-Redeem.	-	-	-	-	-
Total Pref. Equity	**-**	**-**	**-**	**-**	**-**
Minority Interest	-	-	-	-	-
Common Stock	523,790	523,790	576,124	748,836	748,836
Additional Paid In Capital	20,921	20,921	20,921	20,921	20,921
Retained Earnings	281,755	326,317	416,272	426,808	478,393
Treasury Stock	(1)	(1,953)	(1,953)	(1,953)	(1,953)
Comprehensive Inc. and Other	106,043	119,550	129,184	160,525	186,644
Total Equity	**932,508**	**988,626**	**1,140,549**	**1,355,137**	**1,432,842**
Total Liabilities And Equity	**1,620,553**	**1,437,409**	**1,559,518**	**1,895,717**	**1,988,909**

Indicator	FY 2019 31/12/20219	FY 2020 31/12/20220	FY 2021 31/12/20221	FY 2022 31/12/20222	FY 2023 31/12/20223
1. Activity Ratio					
Total Asset Turnover	0.8	0.8	1.0	0.9	0.9
Equity Turnover	1.4	1.3	1.5	1.2	1.2
Receivables Turnover	3.2	3.1	3.4	3.0	3.2
Days of Sales Outstanding (DSO)	114.0	119.1	106.5	122.7	115.8
Inventory Turnover	2.9	2.9	4.0	2.2	1.8
Days of Inventory on Hand (DOH)	125.6	125.8	91.4	163.3	202.9
Payables Turnover	4.1	4.9	9.4	6.0	5.9
Number of Days of Payables	89.6	74.8	38.9	60.3	61.8
Cash Conversion Cycle	149.9	170.0	159.0	225.7	257.0
2. Liquidity Ratio					
Cash Ratio	0.2	0.3	0.2	0.1	0.2
Quick Ratio	1.0	1.5	1.9	1.4	1.3
Current Ratio	1.8	2.4	3.3	3.1	3.0
3. Solvency Ratio					
ST Debt-to-Assets Ratio	0.1	0.0	0.0	0.0	0.0
ST Debt-to-Equity Ratio	0.2	0.0	0.0	0.0	0.0
LT Debt-to-Assets Ratio	0.0	0.0	0.0	0.0	0.0
LT Debt-to-Equity Ratio	0.1	0.1	0.1	0.0	0.0
Debt-to-Assets Ratio	0.1	0.1	0.1	0.0	0.0
Debt-to-Equity Ratio	0.3	0.1	0.1	0.1	0.1
Liabilities-to-Assets Ratio	0.4	0.3	0.3	0.3	0.3
Liabilities-to-Equity Ratio	0.7	0.5	0.4	0.4	0.4
Financial Leverage Ratio	1.7	1.5	1.4	1.4	1.4
EBIT Interest Coverage	15.6	27.6	163.9	142.7	42.4
EBITDA Interest Coverage	18.3	32.4	193.1	164.4	49.0
4. Profitability ratio					
Gross profit margin	32.9%	39.1%	39.9%	49.4%	48.3%
EBITDA margin	15.0%	17.0%	16.4%	20.3%	20.8%
EBIT margin	12.7%	14.5%	13.9%	17.6%	18.0%
Pretax margin	13.8%	15.4%	14.9%	19.2%	19.4%
Net profit margin	11.3%	12.6%	12.1%	15.7%	16.3%
Gross Profit ROA	27.2%	32.1%	41.5%	44.4%	41.1%
EBITDA ROA	12.4%	14.0%	17.1%	18.2%	17.7%
EBIT ROA	10.5%	11.9%	14.5%	15.8%	15.3%
EBT ROA	12.1%	13.1%	15.6%	17.4%	16.8%
ROA	9.3%	10.3%	12.6%	14.1%	13.9%
ROE	15.6%	16.4%	17.8%	19.5%	19.3%
ROIC	3.0%	3.3%	3.8%	4.0%	3.4%
Effective tax rate	18.3%	18.3%	18.6%	18.4%	15.9%
5. Cash flow ratio					
CFO to Liabilities	0.0	0.5	0.3	0.3	0.5
Free cash flow/ revenue	0.0	-0.1	0.0	0.0	-0.1
Free cash flow/operating income	0.2	-0.5	0.2	0.1	-0.3
Free Cash flow on assets	0.0	-0.1	0.0	0.0	-0.1
Free Cash flow on equity	0.0	-0.1	0.0	0.0	-0.1
Reinvestment-FCF	0.3	-1.7	0.8	0.4	-0.8

Source: Bloomberg, FiinPro-X, Yuanta Vietnam

Appendix A: Important Disclosures

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