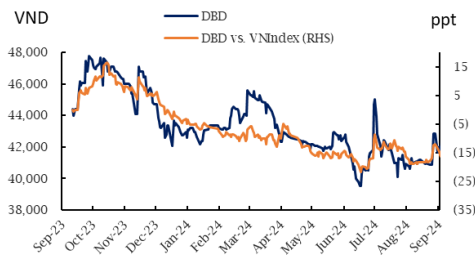


Not Rated

Close 26 Sep 2024
Price VND 44,100
12M Target VND N/A

Share price performance relative to VNI


Market cap	US\$171.9 bn
6M avg. Daily turnover	US\$0.3 mn
Outstanding shares	93.6 mn
Free float	80%
FINI ownership	13.3%
Major shareholders	21.4%
TTM P/E	15.6x
Current P/B	2.7x
Trading platform	HSX
FOL Room	86.3%

Source: Fiiipro-X, Bloomberg, Yuanta Vietnam

MBB's	9M23	9M24	% YoY
Net revenue (VND bn)	1,207	1,269	5.1%
Self manufactured products (VND bn)	1,153	1,223	6.1%
ETC channel (VND bn)	740	803	8.6%
OTC channel (VND bn)	413	420	1.7%
Outsource products (VND bn)	55	46	-15.6%
PBT (VND bn)	253	246	-3%

Source: DBD, Yuanta Vietnam
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Binh Dinh Pharma & Medical (DBD VN)

Dialing Down the Aspirations for 2030

Event

9M24 preliminary results – We attended DBD's analyst meeting on Sep 26.

Details

9M24 revenue +5.1% YoY to VND1.3tn, or 65% of full-year guidance. The implied 3Q24 estimated revenue thus reached VND 452.5bn (+10% YoY).

9M23 PBT -3% YoY to reach VND 246bn or 77% of the annual target. 3Q24 PBT was thus at an estimated VND 80.2bn (+5% YoY).

OTC distribution network is now 20k outlets (+33% YTD). YTD ETC revenue reached VND803bn (+8.6% YoY), accounting for 63% of total revenue, while OTC revenue amounted to VND 420.1bn (+1.7% YoY), 34% of total revenue. Notably, DBD disclosed that it is now supplying nearly 20k pharmacies/retail points nationwide, marking a 33% increase YTD in 9M24.

Strategic shift to self-manufactured products while gradually reducing the share of outsourced products. DBD's revenue from outsourced products reached VND 46bn (-15.6% YoY) in 9M23. According to management, this decline is due to the company's desire to reduce its reliance on outsourced products and concentrate on self-manufactured products.

DBD's oncology drug market share ranks 6th in Vietnam, with foreign suppliers comprising the top-5. In 9M24, oncology drugs accounted for 21% (c.VND 252bn) of the company's total revenue. DBD currently produces 80% of the oncology drugs used in cancer treatment regimens in Vietnam.

2030 revenue target has been revised down to VND 4tn, -20% vs. their prior target of VND5tn. Management attributes this toned-down aspiration to unfavorable market conditions, which have resulted in lower-than-expected revenue this year; a deliberate shift away from external business segments; and their outlook for continued intensifying competition.

Update on the small-volume injection facility: The manufacturing plant is complete, and one-third of the QA-QC center is finished. The company has contracted suppliers for key equipment and is currently selecting an installation contractor. EU-GMP compliance requires on items like QA-QC procurement is not a quick process. But DBD has completed factory receipt testing for the main machinery and aims to meet the established schedule.

Near-term risk from regulatory suspension has decreased. DBD reports that the online drug registration/renewal process is very swift. Applications are processed within 1-2 weeks before being sent to evaluation experts. Also, the Drug Registration Council has pledged to process all drug registration and renewal applications within the same year of application submission.

This indicates a reduction in the near-term (2025) risks that we highlighted in our [company visit report](#) of Sept 17 (which is worth reading for further detail -- but please ignore the 2030 projections discussed therein).

Valuation of 14.7x TTM P/E is slightly lower than the sector median (16.6x). But the company exhibits superior profitability with TTM ROA of 13.5% (vs. the industry median of 7.2%) and ROE of 18.1% (vs. 13.0% for peers).

DBD is thematically interesting as a proxy on rising wealth and healthcare in what will become a wealthier and older society in another decade. But please note that we don't cover DBD and have no investment view.

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BUY: We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

HOLD–Outperform: In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

HOLD–Underperform: In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

SELL: We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

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