

Vietnam: Pharmaceutical
20 February 2025
DBD VN
Not Rated
Close 19 February 2025
Price VND 58,900
12M Target N/A
What's new?

- ▶ 4Q24 revenue reached VND 478bn (+10% QoQ, +8% YoY), with PAT declining 19% QoQ but rising 3% YoY to VND 60.6bn.
- ▶ In 2024, DBD's revenue of VND 1.7tn (+4.6% YoY) met 86% of the annual target.
- ▶ PBT reached VND 325bn (+1.6% YoY), exceeding guidance by 102%.
- ▶ EU-GMP certification has been delayed to 2027-2028, which DBD says is due to difficulties in finding a suitable assessor.

Key inferences

- ▶ Management expects API prices to rise in 2025 due to VND depreciation, higher transportation costs, and the U.S.-China trade war.
- ▶ DBD expects weaker OTC performance in 2025 but plans partnerships with major chains to offset this.
- ▶ Management expects 2025 revenue growth to range between 10-20% YoY.
- ▶ DBD's TTM P/E is 20.5x, above the sector median, with a TTM ROA of 12.9% (vs. the sector median of 9.1%) and an ROE of 17.8% (vs. 14.0% for peers).

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 99% of hospitals across Vietnam, and the ethical channel (i.e., prescription-based drug distribution), accounts for 65% of revenues. Profitability is substantially higher than peers', which management attributes to cost efficiencies. DBD posted a net cash position at 4Q24.

Share price performance relative to VNIndex

Binh Dinh Pharma & Medical (DBD VN)
Rising API costs cloud the 2025 outlook

4Q24 revenue (+10% QoQ, +8% YoY) reached VND478bn. The ETC channel contributed 66% of 4Q24 sales at VND317bn (+14% YoY), and the OTC channel accounted for 30% at VND141bn (-6% YoY). Other segments generated revenue of VND19.5bn (+3% YoY).

4Q24 PAT declined -19% QoQ but rose 3% YoY to VND 60.6bn, primarily due to a +20% QoQ/+8% YoY increase in COGS to VND261bn, driven by higher Active Pharma Ingredient (API) prices. Thus, DBD's gross margin decreased by -4.2ppt QoQ but increased by +20bps YoY in 4Q24.

2024 revenue reached VND 1.7tn (+4.6% YoY), fulfilling 86% of the company's annual target.

Full-year PBT (+1.6% YoY) reached VND325bn, exceeding guidance by 2%, while PAT stood at VND275bn (+2.3% YoY).

Management expects API prices to continue rising in 2025 due to (1) higher import costs due to further expected VND depreciation vs the USD and EUR; (2) higher transportation expenses; and (3) the U.S.-China trade war.

DBD expects the OTC channel's performance in 2025 to be less favorable due to the substantial decline traditional pharmacy sales over the past two years. DBD plans to collaborate with major pharmacy chains, including [FRT \(BUY\)](#) subsidiary Long Chau and [MWG's \(BUY\)](#) pharmacy unit An Khang to mitigate this decline.

Management expects 2025 revenue growth to range between 10-20% YoY but have not disclosed any further specific details on this target.

DBD has extended the timeline for obtaining EU-GMP certification to 2027-2028 from the original target of 2026. Management attributes the expected delay to its inability to find a suitable assessor for its data management systems' compliance with EU-GMP standards.

DBD is trading on a TTM P/E of 20.5x vs. the sector median of 18.3x. The company demonstrates strong profitability with TTM ROA of 12.9% (vs. the sector median of 9.1%) and an ROE of 17.8% (vs. 14.0% for peers). The stock price has increased by +38% since our [9M24 results note](#) of September 27.

Market cap	US\$228.6 bn
6M avg. Daily turnover	US\$1.2mn
Outstanding shares	93.6mn
Free float	80%
FINI ownership	14.8%
Major shareholders	23.4%
TTM P/E	20.5x
Current P/B	3.4x
Trading platform	HSX
FOL Room	85.2%

Financial outlook (VND bn)

Year to Dec	2023	2024	% YoY
Net revenue	1,652	1,728	4.6%
Self manufactured product	1,578	1,663	5.4%
ETC channel (VND bn)	1,014	1,115	10.0%
OTC channel (VND bn)	564	548	-2.9%
Outsource products (VND bn)	74	65	-12.2%
PBT (VND bn)	320	325	2.3%

Sources: DBD, FiinPro-X, Yuanta Vietnam

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