

Current Price (BDT): 123.10

Ticker: BXPBARMA
Sector: Pharmaceuticals & Chemicals

Company Fundamentals

Market Capitalization (BDT mn)	55,719.4
Authorized Capital (mn)	15,000.0
Paid-up Capital (mn)	4,461.1
Shares Outstanding (mn)	446.1
Free Floating Shares (mn) (Ins.+For.+Pub.)	311.7
3 Months Avg. Turnover (BDT mn)	19.3
3 Months Return (%)	2.6%
52 Weeks' Moving Range	99.4-146.2
Current P/E	9.5
Sector P/E	14.3

Company Overview

Basic Information

Beximco Pharmaceuticals Limited (BXPBARMA) is a leading manufacturer and seller of generic pharmaceutical formulation products for both domestic and international markets. The company produces over 300 generic medicines, which are available in more than 500 different presentations, covering key therapeutic classes such as antibiotics, analgesics, anti-diabetic, respiratory, cardiovascular, central nervous system, gastrointestinal etc. Additionally, the company manufactures Active Pharmaceutical Ingredients (APIs) and renders contract manufacturing services to other companies. The company exports its generic pharmaceutical products to 68 countries, including highly regulated markets like the US and Europe.

- **Incorporation:** 1976
- **Listing Year:** DSE (1985), CSE (1995) & LSE (2005)
- **Factory Location:** 48, Tongi Industrial Area, Tongi, Gazipur, Bangladesh (Tongi Site); Station Road, Tongi, Gazipur, Bangladesh (Kaliakoir Site)
- **Key Personnel:** Mr. A S F Rahman (Chairman), Mr. Salman F Rahman MP (Vice Chairman) & Iqbal Ahmed (Managing Director)

Shareholding Pattern

	Sponsor/ Director	Institute	Foreign	Public
May 31, 2024	30.1%	25.1%	27.9%	16.9%
Mar 31, 2024	30.1%	24.5%	28.1%	17.3%
Dec 31, 2023	30.1%	23.7%	28.9%	17.3%
Sep 30, 2023	30.1%	23.7%	28.9%	17.3%
June 30, 2023	30.1%	23.7%	28.9%	17.3%

Subsidiaries

Nuvista Pharma Limited

Nuvista Pharma Limited, formerly known as Organon (Bangladesh) Ltd., was a subsidiary of Netherlands-based Organon International and was established in 1963. The company produces approximately 78 branded generic products, mainly focusing on hormone and steroid drugs. On April 2, 2018, BXPBARMA acquired an 85.22% stake in Nuvista Pharma Limited.

Synovia Pharma PLC

Synovia Pharma PLC (formerly Sanofi Bangladesh Limited) had been a part of Sanofi S.A. and started its operation in Bangladesh as part of the British chemical company May & Baker in 1958. The company produces approximately 100 branded generic products as well as imports finished formulation products for distribution and sale in Bangladesh. BXPBARMA acquired 54.6% stake in Synovia Pharma PLC on October 1, 2021.

Beximco Pharma API Limited

Beximco Pharma API Limited was formed with the intention of setting up a facility at the API Industrial Park to manufacture active pharmaceutical ingredients (APIs) for domestic and international markets in the API Industrial Park, Gajaria, Munshiganj.

Revenue Decomposition

BXPBARMA generated major portion of its revenue from selling drugs in the domestic market, which constituted an average of 90.4% of its total revenue from FY'19 to FY'23. During the same period, the company earned an average of 9.4% of its total revenue from the international market and 0.2% from contract manufacturing.

	FY'21	FY'22	FY'23	9M'24 (An.)
Financial Information (BDT mn):				
Net Revenue	29,494	34,669	39,267	44,068
Gross Profit	13,924	15,820	17,313	19,470
Operating Profit	6,651	6,882	7,216	8,692
Financial Cost	859	1,002	1,286	1,148
Pre-Tax Profit	6,378	6,687	6,069	7,490
Net Profit	5,166	4,999	4,524	5,833
Assets	52,246	66,148	69,157	70,223
Debt	7,631	12,371	10,612	7,428
Equity	37,365	44,636	47,620	50,411
Retained Earnings	24,180	27,748	30,806	33,599
Cash	675	1,169	1,136	1,160
Margin:				
Gross Profit	47.2%	45.6%	44.1%	44.2%
Operating Profit	22.5%	19.8%	18.4%	19.7%
Pretax Profit	21.6%	19.3%	15.5%	17.0%
Net Profit	17.5%	14.4%	11.5%	13.2%
Growth (YoY):				
Net Revenue	15.2%	17.5%	13.3%	12.2%
Gross Profit	17.0%	13.6%	9.4%	12.5%
Operating Profit	18.6%	3.5%	4.9%	20.5%
Pre-Tax Profit	37.1%	4.9%	-9.2%	23.4%
Net Profit	45.7%	-3.2%	-9.5%	28.9%
Profitability:				
ROA	10.1%	8.4%	6.7%	8.3%
ROE	14.6%	12.5%	10.0%	11.8%
Leverage:				
Debt-Asset	0.1	0.2	0.2	0.1
Debt-Equity	0.2	0.3	0.2	0.1
Interest Coverage	7.3	5.9	15.9	7.6
Valuation:				
Re. EPS (BDT)	11.5	11.5	10.3	13.1
Re. NAVPS (BDT)	83.0	91.0	97.9	104.2
Dividend (C/B) %	35%C	35%C	35%C	-
P/E (x)	15.4	13.5	14.1	9.5
P/NAV (x)	2.1	1.7	1.5	1.2
Dividend Yield (%)	2.0%	2.3%	2.4%	-
Price	177.3	154.6	146.2	124.9
Shares Outstanding (mn)	446.1	446.1	446.1	446.1

*9M'24 is annualized based on the un-audited financial statements for the period of July-March 2024.

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Ticker: BXPHARMA
Sector: Pharmaceuticals & Chemicals**Investment Insight****Investment Positive**

- BXPHARMA is the top pharmaceutical exporter in the country with 68 export destinations including highly regulated markets like US and Europe, contributed to an average of 20.3% of the total pharmaceutical export of the country during the period from FY'19 to FY'23. The company received 33 new registrations of 19 generics (23 presentations) in 17 countries along with approval for 7 drugs from US FDA (3), TGA Australia (3) and Health Canada (1) in FY'23.
- To achieve external growth, BXPHARMA acquired an 85.2% stake in Nuvista Pharma Limited (formerly Organon Bangladesh) in FY'18. Nuvista Pharma Limited contributed to approximately 6.1% of the revenue growth of BXPHARMA to register 16.7% of CAGR in revenue over the period FY'17-FY'23. BXPHARMA acquired a 54.6% stake in Synovia Pharma PLC (formerly Sanofi Bangladesh) in FY'22 to increase its external growth, which is expected to increase the revenue growth of the company due to the anticipated revenue synergy.
- The price of API in the Chinese market has recently declined by 50% due to overcapacity, the biggest drop since the pandemic. BXPHARMA is currently producing APIs for some anti-coagulants, anti-inflammatory, dipeptidyl peptidase-4 (DPP-4) inhibitors, anti-anginal and anti-bacterial medicines and relies on imports primarily from China and India for the APIs of the rest of the drugs. The gross profit margin of BXPHARMA, like other pharmaceutical companies, is anticipated to increase in Q4'24 and Q1'25 owing to the decline in API prices.¹
- BXPHARMA has secured a SERV-covered ECA Term Loan of EUR 24.9mn from German bank ODDO BHF SE. The loan will be utilized to purchase machinery and equipment by Dec'24, primarily for replacement and maintenance as well as for expansion of the company's production facilities. The loan, which will be disbursed directly to the suppliers, bears an interest rate of 6-month Euribor plus a 1.3% margin and is repayable over five years in half-yearly installments starting in Jun'25.
- BXPHARMA increased its production capacity by establishing 'Unit III' solids, semi-solids and liquids facilities in Tongi plant through investing BDT 10.0bn. Annual capacity of this manufacturing facility is: 5.0bn solid-dose tablets, capsules and sachets; 70.0mn semi-solid units, including creams, ointments, liquid sachets and lotions; and 130.0mn large- and small-volume bottles of liquid formulations. The manufacturing facility has started commercial production in 2021 which can allow the company to meet higher demand and potentially improve its market position.
- BXPHARMA has expanded its global footprint by establishing a factory in Saudi Arabia in joint venture where BXPHARMA will provide human capital and technical support. The factory will be used to produce about 30 kinds of medicines and is expected to start operation the end of this year.
- The pharmaceutical industry of the country is worth BDT 312,040.0mn (IQVIA Q1'24) as on Mar'24 and is highly concentrated among the top ten pharmaceutical companies, which collectively possessed 71.6% market share during this period. BXPHARMA consistently ranks third

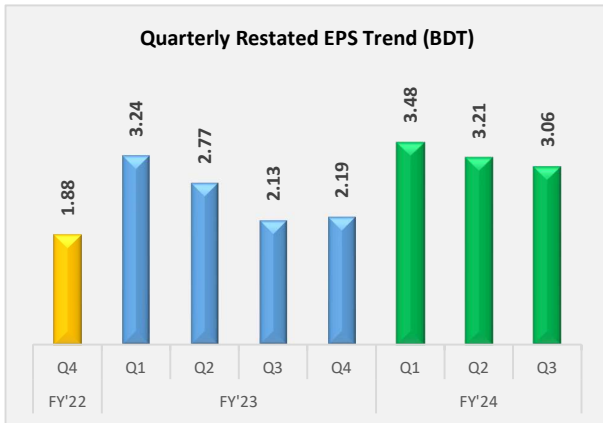
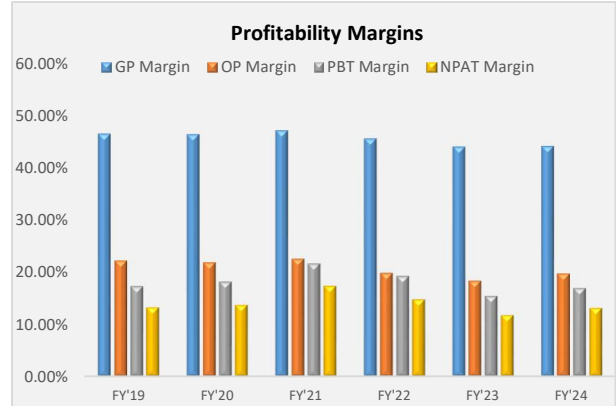
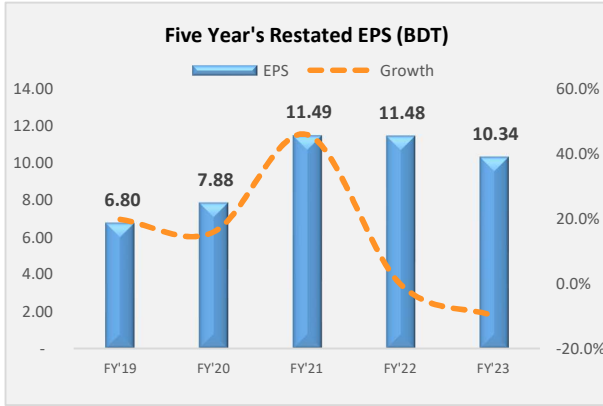
among these top ten companies over the last 10 years, holding 9.6% market share as on Mar'24. The company launched 15 new generics in 22 presentations in the domestic market during Q1'24, where 10 were introduced for the first time in the country.

- BXPHARMA has consistently dominated the analgesics & antipyretic drug segment, one of the largest therapeutic classes of the market, with its flagship brand, "Napa". According to IQVIA Q1 2024, "Napa" ranked as the fourth top selling drug, achieving 11.7% YoY growth from BDT 2,712.0mn of revenue (IQVIA Q1'23) to BDT 3,030.0mn of revenue (IQVIA Q1'24) for the period of Q3'24. To further strengthen its position in the segment, the company introduced different varieties of "Napa", which led "Napa Extra" to become the eighth top-selling brand with revenue of BDT 1,310.0mn (IQVIA Q1'24) and these two brands jointly accounted for approximately 40.0% of the total segment revenue during the period. Additionally, BXPHARMA has been consistently showing strong performance in the antihypertensive category drugs with its brand "Bizoran", which ranked ninth among the top ten selling drugs in the pharmaceutical market, with revenue of BDT 1,790mn (IQVIA Q1'24).
- BXPHARMA has immense potential to generate significant revenue from contract manufacturing and currently, the company has a contract manufacturing agreement with GlaxoSmithKline (GSK) for producing the Metered Dose Inhaler product. Since the beginning in FY'18, the contract manufacturing revenue has grown at a CAGR of 136.6% from BDT 2.3 mn to BDT 169.3mn by FY'23.
- BXPHARMA is a concern of Bangladesh Export Import Company Ltd. (BEXIMCO), which is one of the largest conglomerates of the country and has long term reputation for successfully running businesses in wide variety of sectors such as textiles, pharmaceuticals, ceramics, real estate, trading, information and communication technologies, financial services, and energy etc.

Investment Concern

- Despite being the leading medicine exporter among the listed pharmaceutical companies, BXPHARMA's export revenue was significantly impacted by the global political and economic crisis. From FY'17 to FY'21, BXPHARMA's export revenue grew at a CAGR of 30.5%. However, the company experienced a -0.5% CAGR decline in export revenue from FY'21 to FY'23 as the company had to defer part of their export orders in response to these challenges.
- Beximco Pharma API Limited, a subsidiary of BXPHARMA, was established on December 12, 2017 to set up API manufacturing facility on the two allotted plots in the API Industrial Park, Gajaria, Munshiganj. However, the company yet to construct the manufacturing facility which deprives the company to decrease its reliance on import for APIs and protect its profitability during the period of exchange rate volatility.
- BXPHARMA has contingent liability for disputed BDT 150.8mn income tax claim, BDT 144.1mn VAT claim and BDT 350.0mn third party guarantee claim. If any liability arises on disposal of the cases, the company will have to meet the claims when it will arise.

¹<https://t.ly/mQU99>



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Statement of Profit & Loss (BDT Mn)

	FY'19	FY'20	FY'21	FY'22	FY'23	9M'24 (An)
Revenue	22,816.63	25,611.95	29,493.57	34,669.17	39,266.66	44,067.89
Cost of Goods Sold	12,196.29	13,712.85	15,570.07	18,848.96	21,953.29	24,597.49
Gross Profit	10,620.34	11,899.10	13,923.50	15,820.21	17,313.37	19,470.40
Administrative Expenses	752.94	792.95	896.65	1,136.59	1,180.12	1,314.17
Selling & Distribution Expenses	4,801.23	5,496.65	6,376.15	7,801.87	8,917.01	9,464.17
Operating Profit	5,066.17	5,609.49	6,650.71	6,881.74	7,216.24	8,692.07
Other Income	139.92	293.56	908.28	1,166.26	452.66	328.43
Interest Expenses	1,029.76	1,013.80	858.69	1,001.84	1,285.70	1,147.64
Share of Loss of Associates	29.33	-	-	-	-	-
Profit Before WPPF	4,147.00	4,889.25	6,700.30	7,046.17	6,383.20	7,872.86
WPPF Contribution	200.94	235.81	322.75	359.22	314.43	382.37
Profit Before Tax	3,946.07	4,653.44	6,377.55	6,686.95	6,068.77	7,490.48
Income Tax Expense	905.66	1,108.96	1,211.80	1,688.32	1,544.30	1,657.51
Profit After Tax	3,040.40	3,544.48	5,165.75	4,998.63	4,524.47	5,832.97
Non-controlling Interest	7.00	29.80	38.06	(124.51)	(89.60)	31.77
Profit After Tax (Owners)	3,033.40	3,514.69	5,127.69	5,123.14	4,614.07	5,801.20

Statement of Financial Position (BDT Mn)

	FY'19	FY'20	FY'21	FY'22	FY'23	9M'24
Property, Plant & Equipment	33,853.98	35,000.81	36,211.38	41,593.48	42,245.62	42,318.29
Right of Use Assets	202.69	240.16	319.88	618.89	562.22	585.65
Intangible Assets	1,334.92	1,275.56	1,380.69	4,729.84	4,721.03	4,748.99
Goodwill	546.69	546.69	546.69	674.57	674.57	674.57
Deferred Tax Asset	-	-	-	88.64	56.51	61.18
Long Term Investment	5.33	3.75	16.59	23.36	20.97	20.97
Other Non-Current Assets	6.32	2.69	-	-	-	-
Non Current Asset	35,949.93	37,069.66	38,475.24	47,728.78	48,280.93	48,409.65
Inventories	5,924.03	5,944.77	7,142.86	10,405.30	12,133.28	12,058.72
Spares & Supplies	726.13	775.53	661.72	718.80	819.74	1,030.63
Accounts Receivable	3,334.96	3,305.45	2,873.84	3,142.82	3,574.65	3,758.68
Loans, Advances & Deposits	2,309.50	2,388.31	2,416.95	2,787.04	2,984.88	3,367.66
Advance Income Tax	35.68	-	-	196.64	227.62	237.54
Short Term Investment	323.36	-	-	-	-	200.00
Cash & Cash Equivalents	610.49	635.02	675.47	1,168.67	1,135.69	1,160.42
Current Asset	13,264.16	13,049.08	13,770.85	18,419.26	20,875.85	21,813.65
Asset	49,214.09	50,118.74	52,246.08	66,148.04	69,156.78	70,223.29
Long Term Loan-Non-Current	2,595.61	1,651.59	1,206.72	3,454.19	2,550.83	1,603.82
Liability for Gratuity & WPPF	1,860.90	2,144.05	2,335.26	2,785.07	3,170.76	3,563.34
Deferred Tax Liabilities	2,147.42	2,167.68	1,989.57	2,536.84	2,550.50	2,503.47
Non-Current Liabilities	6,603.94	5,963.33	5,531.54	8,776.10	8,272.09	7,671
Short Term Loan	9,272.50	7,398.36	5,023.18	6,850.55	6,621.17	4,269.81
Long Term Loan-Current	1,616.67	1,454.31	1,401.41	2,065.96	1,439.90	1,554.34
Account Payables	1,091.81	1,397.82	1,965.05	2,478.93	3,531.71	4,549.96
Accrued Expenses	590.32	739.51	619.40	1,152.99	1,129.70	1,042.28
Dividend Payable	7.24	82.08	118.14	88.05	88.47	-
Income Tax Provision	167.30	285.89	222.51	99.45	454.09	620.78
Unclaimed Dividend	-	-	-	-	-	104.92
Current Liabilities	12,745.83	11,357.97	9,349.68	12,735.93	13,265.02	12,142
Liabilities	19,349.77	17,321.29	14,881.22	21,512.03	21,537.12	19,813
Share Capital	4,055.56	4,055.56	4,461.12	4,461.12	4,461.12	4,461.12
Share Premium	5,269.47	5,269.47	5,269.47	5,269.47	5,269.47	5,269.47
Excess of Issue Price over Face Value of GDR	1,689.64	1,689.64	1,689.64	1,689.64	1,689.64	1,689.64
Capital Reserve on Merger	294.95	294.95	294.95	294.95	294.95	294.95
Revaluation Surplus	1,131.85	1,125.77	1,121.82	1,116.90	1,141.18	1,138.27
Unrealized Gain/(Loss)	2.50	0.93	13.77	20.53	18.15	18.15
Retained Earnings	17,144.33	20,058.80	24,179.78	27,747.89	30,806.19	33,599.45
Non-Controlling Interest	276.01	302.33	334.31	4,035.51	3,938.96	3,939.52
Equity	29,864.32	32,797.45	37,364.86	44,636.00	47,619.67	50,410.58
Liabilities & Equity	49,214.09	50,118.74	52,246.08	66,148.04	69,156.78	70,223.29

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Ratio Analysis

Ratios	FY'19	FY'20	FY'21	FY'22	FY'23	9M'24
Liquidity Ratios						
Current Ratio	1.04	1.15	1.47	1.45	1.57	1.80
Quick Ratio	0.58	0.63	0.71	0.63	0.66	0.80
Cash Ratio	0.05	0.06	0.07	0.09	0.09	0.10
Efficiency Ratios						
Inventory Turnover	2.22	2.31	2.38	2.15	1.95	2.03
Days of Inventory on Hand	164.34	157.96	153.40	169.91	187.37	179.49
Receivables Turnover	7.49	7.71	9.55	11.52	11.69	12.02
Days of Sales Outstanding	48.76	47.32	38.24	31.67	31.22	30.37
Payables Turnover	11.71	11.02	9.26	8.48	7.30	6.09
Number of Days of Payables	31.18	33.13	39.42	43.03	49.97	59.96
Operating Cycle (Days)	213.11	205.27	191.64	201.58	218.59	209.86
Cash Conversion Cycle (Days)	181.93	172.14	152.22	158.55	168.62	149.90
Asset Turnover	0.49	0.52	0.58	0.59	0.58	0.63
Profitability Ratios						
Gross Profit Margin	46.5%	46.5%	47.2%	45.6%	44.1%	44.2%
Operating Profit Margin	22.2%	21.9%	22.5%	19.8%	18.4%	19.7%
Pretax Margin	17.3%	18.2%	21.6%	19.3%	15.5%	17.0%
Net Profit Margin	13.3%	13.8%	17.5%	14.4%	11.5%	13.2%
Return on Asset	6.5%	7.1%	10.0%	8.7%	6.8%	8.3%
Return on Equity	10.6%	11.2%	14.6%	12.5%	10.0%	11.8%
Solvency Ratios						
Debt-To-Assets Ratio	0.27	0.21	0.15	0.19	0.15	0.11
Debt-To-Equity Ratio	0.45	0.32	0.20	0.28	0.22	0.15
Interest Coverage Ratio	4.92	5.53	7.75	6.87	5.61	7.57
Valuation Ratios						
Restated Earnings Per Share	6.80	7.88	11.49	11.48	10.34	13.08
Net Asset Value Per Share	66.32	72.84	83.01	91.01	97.91	104.17
P/E Ratio	12.10	8.78	15.43	13.46	14.14	9.47
P/NAV Ratio	1.24	0.95	2.14	1.70	1.49	1.18
Dividend Yield	1.8%	2.2%	2.0%	2.3%	2.4%	-
Dividends Per Share	1.50	1.50	3.50	3.50	3.50	-
Dividend Payout Ratio	22.1%	19.0%	30.5%	30.5%	33.8%	-
Retention Rate	77.9%	81.0%	69.5%	69.5%	66.2%	-
Growth Rates						
Revenue	28.8%	12.3%	15.2%	17.5%	13.3%	12.2%
Gross Profit	28.2%	12.0%	17.0%	13.6%	9.4%	12.5%
Operating Profit	25.8%	10.7%	18.6%	3.5%	4.9%	20.5%
Pre-Tax Profit	17.4%	17.9%	37.1%	4.9%	-9.2%	23.4%
Net Profit	20.0%	16.6%	45.7%	-3.2%	-9.5%	28.9%
Dividend	20.0%	0.0%	133.3%	0.0%	0.0%	-
Asset	12.5%	1.8%	4.2%	26.6%	4.5%	-
DUPONT Analysis						
Net Profit Margin	13.3%	13.7%	17.4%	14.8%	11.8%	13.2%
Asset Turnover Ratio	0.49	0.52	0.58	0.59	0.58	0.63
Financial Leverage Ratio	1.62	1.59	1.46	1.44	1.47	1.42
Return on Equity	10.6%	11.2%	14.6%	12.5%	10.0%	11.8%
Extended DUPONT Analysis						
Tax Burden	76.9%	75.5%	80.4%	76.6%	76.0%	77.4%
Interest Burden	77.9%	83.0%	95.9%	97.2%	84.1%	86.2%
Operating Profit Margin	22.2%	21.9%	22.5%	19.8%	18.4%	19.7%
Asset Turnover Ratio	0.49	0.52	0.58	0.59	0.58	0.63
Financial Leverage Ratio	1.62	1.59	1.46	1.44	1.47	1.42
Return on Equity	10.6%	11.2%	14.6%	12.5%	10.0%	11.8%
Other Data						
Price	82.30	69.20	177.30	154.60	146.20	124.90
Shares Outstanding	405.56	405.56	446.11	446.11	446.11	446.11

IMPORTANT DISCLOSURES

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EBLSL Key Management

Md. Sayadur Rahman	Managing Director	sayadur@eblsecurities.com
M. Shahryar Faiz	Chief Operating Officer	shahryar@eblsecurities.com
Md. Asaduzzaman	Chief Financial Officer	asad@eblsecurities.com

EBLSL Research Team

Mohammad Rehan Kabir	Head of Research	kabir@eblsecurities.com
Arif Abdullah	Research Analyst	arif@eblsecurities.com
Md Rashadur Rahman Ratul	Senior Research Associate	ratul@eblsecurities.com
Rayhan Ahmed	Senior Research Associate	rayhan@eblsecurities.com
A K M Arif Uzzaman	Senior Officer	arifuzzaman@eblsecurities.com
Zuhaier Shams	Senior Research Associate	zuhaier@eblsecurities.com

For any queries regarding this report: research@eblsecurities.com

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Our Locations



Head Office:

Jiban Bima Bhaban,
10 Dilkusha C/A, 1st Floor, Dhaka-1000
+88 02 223350016, +88 02 223389254, +88 02 223383247
FAX: +88 02 47112944
info@eblsecurities.com



HO Extension:

DSE Tower (Level-10),
Room # 199, Plot # 46,
Road # 21 Nikunja-2,
Dhaka-1229
+88 02 41040160



Dhanmondi Branch:

Sima Blossom, (4th Floor),
House # 390 (Old), 3 (New),
Road # 27 (Old), 16 (New),
Dhanmondi R/A,
Dhaka-1209.
+88 02 9130268, 9130294



Chattogram Branch:

Suraiya Mansion (6th Floor);
30, Agrabad C/A,
Road# Sonargaon Avenue,
Chattogram-4100
+031 2522041-43



Khatungonj Booth:

1625/1351 Ramjoy Mohazon
Lane (Post Office Goli),
Khatungonj, Chattogram-4000
+88 02 333350536, 333350538