



VIETNAM

PHARMACEUTICAL INDUSTRY REPORT

(Abridged version)





Vietnam's pharmaceutical market is booming, which attracts a lot of foreign and domestic investors. Such non-pharmaceutical giants as FPT, Vingroup and Mobile World have started to enter this potential market. With a steady increase in population, growing per capita income and improved people's intellect/intellectual standard, demands for medicines will increase. However, imported medicines are still the "first choice" of Vietnamese people, which causes a lot of difficulties for domestic pharmaceutical manufacturers.

With a huge database and a team of experienced analysts, VietnamCredit expects to provide a comprehensive report on Vietnam's Pharmaceutical Industry, which offers an overview of this potential industry (from production to consumption).

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*Of the comprehensive report

INDUSTRY HIGHLIGHTS

- ❖ Vietnam's Pharmaceutical Industry is an industry of intense competition, especially in generic drug segment.
- ❖ Currently, there are 178 drug manufacturers (98 western medicine manufacturers and 80 traditional medicine manufacturers). The number of domestic drug manufacturers is expected to increase to 230 by 2022.
- ❖ In 2017, sales revenue of domestic pharmaceutical market reached USD5.2 billion, an increase of 10% against 2016. CAGR is 14.4% in the period 2012 – 2017 thanks to the disease-self-treatment culture and increase in sales of over-the-counter drugs.
- ❖ Active Pharma Ingredients (API) for drug production depend mainly on imports (from China, India ...). About 90% APIs is imported by domestic companies. Locally produced generic drugs are increasingly preferred.
- ❖ Most Vietnamese pharmaceutical companies are still following low-cost-with-medium-quality-based drug production strategy. The products are mainly generic drugs by WHO-GMP standards, resulting in lower-quality and lower-value products than imported drugs (from China, India, France, Germany, USA ...).
- ❖ Antibiotics, cardiovascular drugs and cancer drugs account for more than 50% of the drug consumption in Vietnam. The pharmaceutical market is expected to witness an increase in demand for cancer drugs, cardiovascular drugs and antimicrobial drugs.
- ❖ Functional foods is expected to remain the fastest growing segment in the near future. Dietary supplements and metabolites, especially skin care, anti-aging, eye care and digestion, are the best selling medicines. The number of supplemental food products on the market is more than 7,000, doubling that in 2011. Foreign companies are more active in the field of non-herbal medicines while domestic companies is better positioned in the herbal segment.
- ❖ Pharmaceutical M&A continues to grow strongly, especially when SCIC is planning to divest from leading companies such as Hau Giang, Traphaco, Domesco...

VIETNAM'S ECONOMY IN 2017



Capital **Hanoi**

Language **Vietnamese**

Area **310,060 km²**

Population **95.5 million**

Median age **30.8**



GROWTH RATE

6.81%

CPI

↑3.53%

FDI

\$35.88 bn

VN-Index

↑43%

M&A

\$6.5 bn

IIP

109.4

IMPORT - EXPORT

\$424.87 bn

CORE INFLATION

1.41%