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Japan's Taisho forays into Vietnam market

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Singapore: In line with its expansion strategy, Japan's Taisho Pharmaceutical has acquired a 24.5 percent stake in Vietnam's largest drugmaker Duoc Hau Giang Pharmaceutical (DHG Pharma JSC).

According to Viet Capital securities, Taisho collected a total of 21.3 million shares of the biggest drug distributor in Vietnam for an estimated cost of some $111 million. Post the acquisition, Foreign holdings in DHG Pharma stay at 49 per cent, the maximum level overseas investors can collectively own in a Vietnamese pharmaceutical firm.

Taisho Pharmaceutical has a plant in Vietnam that produces Lipovitan brand products, so strengthening the sales network in the country has been a priority. The Japanese company is thought to have spent around 10 billion yen ($98.4 million) on the deal. As part of its efforts to strengthen Taisho Group's competitiveness, in addition to its domestic business, Taisho Group is focusing on investments in global markets, especially Southeast Asia.

Vietnam's pharmaceutical market is projected to rise more than 10 percent annually, one of the highest growth rates in Southeast Asia, and is expected to exceed 400 billion yen in 2019. Investment by foreign entities is still capped at 49 per cent in pharmaceutical businesses, even as Vietnam has slashed this limit in a spate of other sectors. Though many overseas organisations have expressed interest in Vietnamese pharmaceutical shares, the room for foreign investors in several top companies are full.

The combination of Vietnam's expanding population, higher levels of health awareness, and increased access to medicines across the country, should provide a roaring engine for the pharmaceutical sector's acceleration in the upcoming years. The healthcare market in Vietnam has been an attractive destination for investment.

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