

Hyphens Pharma International Ltd

Bump in the road, scaling up journey intact



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SINGAPORE | HEALTHCARE | 1H25 RESULTS

- 1H25 earnings were below expectations. Revenue and PATMI were 44%/42% of our FY25e forecast. Excluding the combined S\$4.1mn losses from exchange translation and provision for ageing inventory, adjusted PATMI declined 21% YoY to S\$5mn.
- We believe inventory buildup in Vietnam distribution channels has led to weaker sales in the near term. Revenue in Vietnam declined 37% YoY to S\$25.3mn. Proprietary brand revenue growth expanded 22.5% led by Ceradan and reclassification of Visiopro.
- We lower our FY25e revenue and PATMI by 12% and 13% respectively. Our BUY recommendation is maintained. We raised our target price from S\$0.35 to S\$0.40, as we nudged lower our WACC and risk-free rate. Hyphens Pharma's valuation is attractive at 10x PE FY25e. The company continues to scale up its consumer healthcare and pharmaceutical presence in ASEAN. Building scale in its portfolio of brands and distribution requires investments, which pressure earnings in the near term.

Results at a glance

SGD '000	1H25	1H24	YoY	Comments
Revenue	89,546	99,648	-10.1%	
- Specialty pharma	51,688	63,705	-18.9%	Weakness in Vietnam.
- Proprietary brands	17,458	14,256	22.5%	Reclassification of Visiopro/Fenosup.
- Medical hypermart	20,400	21,687	-5.9%	
Gross profit	35,319	34,794	1.5%	
Distribution costs	(19,845)	(18,659)	6.4%	
Administrative expenses	(7,867)	(7,364)	6.8%	
EBITDA	4,545	9,145	-50.3%	
- Specialty pharma	3,890	8,521	-54.3%	
- Proprietary brands	2,614	2,555	2.3%	Higher marketing spend
- Medical hypermart	227	(675)	-133.6%	
PATMI	1,682	5,416	-68.9%	
Adjusted PATMI	4,996	6,342	-21.2%	Excl. after tax impact of provision and FX.

Source: Company, PSR

The Positive

+ Improving cash flow. Free cash flow (FCF) in 1H25 improved to S\$6.2mn. A massive swing from the negative S\$3.3mn FCF due to lower investments in intangibles and S\$17mn swing in inventories. The company remains in a net cash position of S\$9.5mn.

The Negative

- Vietnam overstocking in the near term. Revenue in Vietnam collapsed 37% YoY to S\$20.1mn. We believe the decline is due to excess inventories in the distribution channel. The provision for obsolescence of S\$2mn was due to the slow-moving stock of Sterimar for adults. The inventory has not expired, but is elevated compared to current in-market sales.

Outlook

We expect the recovery in 2H25 to be gradual as Vietnam de-stocks and places a higher emphasis on better margin products. The strong Euro will also require negotiations with principals for margin recovery. Growth drivers include medical aesthetics as demand rises with the rollout of customer aesthetic clinics regionally. The DocMed platform's cost is expected to remain stable, with a focus on Singapore before expanding overseas. Wenlevi is a potential high-growth product due to its newly tested mechanism and acne has significant mass market demand.

Maintain BUY with higher TP of S\$0.40 (prev. S\$0.35)

25 August 2025

BUY (Maintained)

LAST CLOSE PRICE	SGD 0.315
FORECAST DIV	SGD 0.0150
TARGET PRICE	SGD 0.400
TOTAL RETURN	31.7%

COMPANY DATA

BLOOMBERG CODE	HYP SP
O/S SHARES (MN) :	309
MARKET CAP (USD mn / SGD mn) :	74.4 / 95.7
52 - WK HI/LO (SGD) :	0.345 / 0.260
3M Average Daily T/O (mn) :	0.11

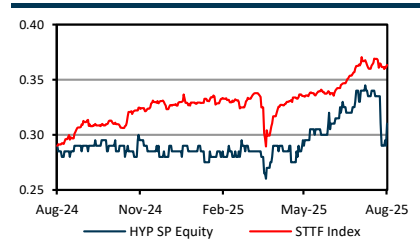
MAJOR SHAREHOLDERS

Inomed Holding Pte Ltd	47.8%
Tan Kia King	28.1%

TOTAL PERFORMANCE

	1MTH	3MTH	YTD
COMPANY	(14.7)	(1.7)	7.3
STTF	2.2	10.5	15.9

PRICE VS. STTF



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Dec, (\$mn)	FY23	FY24	FY25e	FY26e
Revenue	170.6	195.4	180.0	190.6
EBITDA	13.6	16.6	12.7	16.4
Adj. PATMI	9.9	10.9	10.3	11.1
Adj. EPS (Cents)	3.2	3.5	3.3	3.6
P/E (x)	9.8	9.0	9.5	8.8
P/B (x)	1.5	1.3	1.3	1.2
Div Yield	14.2%	4.8%	4.8%	5.1%
ROE	12.6%	14.5%	9.2%	13.3%

Source: Company Data

VALUATION METHOD

DCF @ WACC = 9.0%, g = 2.0%

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Financials

Income Statement

Y/E Dec, S\$'000	FY22	FY23	FY24	FY25e	FY26e
Revenue	162,316	170,595	195,420	179,996	190,596
Cost of sales	(99,507)	(108,694)	(125,913)	(114,298)	(120,456)
Gross profit	62,809	61,901	69,507	65,699	70,139
Marketing and dist. costs	(33,267)	(35,891)	(39,739)	(37,439)	(40,216)
Administrative expenses	(14,561)	(14,125)	(15,232)	(14,400)	(15,438)
Finance costs	(238)	(278)	(565)	(218)	(237)
Other income and gains	658	735	693	567	620
Other losses	(1,584)	(2,322)	(1,705)	(5,141)	(1,200)
EBITDA	17,251	13,641	16,579	12,662	16,361
Profit before tax	14,291	10,565	12,959	9,068	13,669
Income tax expense	(2,882)	(1,985)	(2,104)	(1,632)	(2,460)
Minority Interest	(58)	(12)	(661)	(480)	(530)
PATMI	11,351	8,568	10,194	6,956	10,678
Adjusted PATMI	12,009	9,931	10,863	10,269	11,078

Per share data

Y/E Dec, SG cents	FY22	FY23	FY24	FY25e	FY26e
EPS, adjusted	3.89	3.21	3.52	3.32	3.59
DPS	1.11	4.46	1.50	1.50	1.60
BVPS	22.8	21.3	24.1	25.0	27.1

Cash Flows

Y/E Dec, S\$'000	FY22	FY23	FY24	FY25e	FY26e
CFO					
Profit before tax	14,291	10,565	12,959	9,068	13,669
Adjustments	2,596	1,920	3,956	3,594	2,692
Working capital changes	2,142	(4,241)	(14,487)	1,987	(6,277)
Operating cash flow	19,029	8,244	2,428	14,649	10,084
Taxes paid, others	(2,152)	(2,599)	(2,355)	(1,632)	(2,460)
Net operating cash flow	16,877	5,645	73	13,016	7,624
CFI					
CAPEX, net	(1,228)	(1,070)	(3,171)	(1,000)	(1,000)
Acquisition of subsidiaries	179	(751)	-	-	-
Others	42	341	150	-	-
Net investing cash flow	(1,007)	(1,480)	(3,021)	(1,000)	(1,000)
CFF					
Share capital	-	-	(85)	-	-
IPO expenses	6,100	-	(100)	-	-
Dividends	(2,069)	(14,563)	(2,656)	(4,633)	(4,633)
Loans, net of repayments	(2,882)	(2,713)	5,840	(218)	(237)
Net financing cash flow	1,149	(17,276)	2,999	(4,851)	(4,870)
Net change in cash	17,019	(13,111)	51	7,166	1,754
CCE, end	36,480	23,369	23,420	30,586	32,340

Source: Company, PSR Estimates

Balance Sheet

Y/E Dec, S\$'000	FY22	FY23	FY24	FY25e	FY26e
ASSETS					
Plant and equipment	3,017	4,864	4,898	4,129	3,590
Associate	2,667	-	-	-	-
Intangible assets	19,072	23,575	24,530	22,923	22,006
Others	61	172	234	234	234
Total non-current assets	24,817	28,611	29,662	27,286	25,830
Inventories	21,260	25,529	34,445	34,456	40,640
Trade and other receivables	31,106	41,110	45,423	35,932	44,263
Cash and cash equivalents	36,480	23,369	23,420	30,586	32,340
Others	806	2,146	2,800	2,800	2,800
Total current assets	89,652	92,154	106,088	103,774	120,043
Total assets	114,469	120,765	135,750	131,059	145,873

LIABILITIES

Others	4,123	5,659	3,597	3,597	3,597
Total non-current liabilities	4,123	5,659	3,597	3,597	3,597
Trade and other payables	35,077	44,293	43,570	36,077	44,315
Others	4,997	4,951	14,117	14,117	14,117
Total current liabilities	40,074	49,244	57,687	50,194	58,432
Total liabilities	44,197	54,903	61,284	53,791	62,029

EQUITY

Share capital	35,083	35,216	35,131	35,131	35,131
Retained earnings	43,760	37,765	45,231	47,553	53,599
Others	(8,571)	(7,119)	(5,896)	(5,416)	(4,886)
Total equity	70,272	65,862	74,466	77,268	83,844

Valuation Ratios

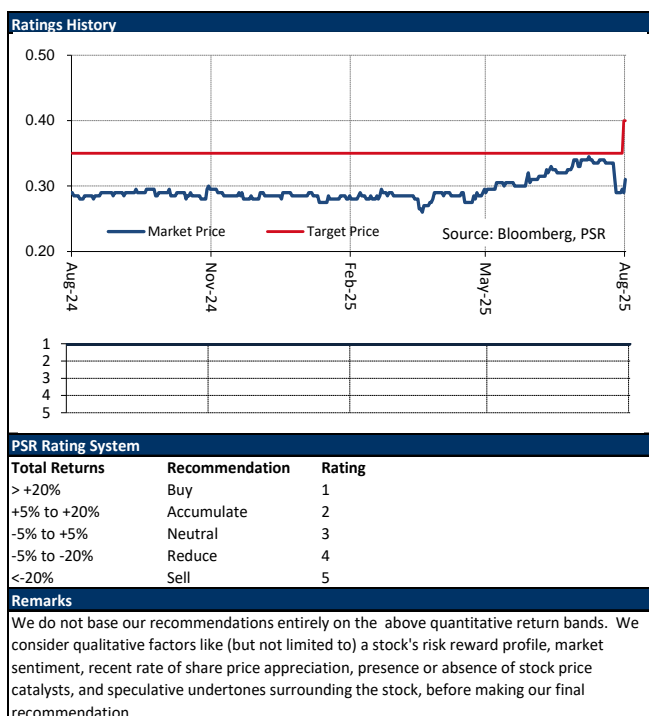
Y/E Dec	FY22	FY23	FY24	FY25e	FY26e
P/E (x) - adjusted	8.1	9.8	9.0	9.5	8.8
P/B (x)	1.4	1.5	1.3	1.3	1.2
EV/EBITDA (x)	3.5	5.4	4.5	5.3	4.0
Dividend Yield	3.5%	14.2%	4.8%	4.8%	5.1%

Growth & Margins

Growth					
Revenue	28.9%	5.1%	14.6%	-7.9%	5.9%
Gross profit	30.6%	-1.4%	12.3%	-5.5%	6.8%
EBITDA	63.4%	-20.9%	21.5%	-23.6%	29.2%
Net Profit	65.8%	-24.5%	19.0%	-31.8%	53.5%
Margins					
Gross margin	38.7%	36.3%	35.6%	36.5%	36.8%
EBITDA margin	10.6%	8.0%	8.5%	7.0%	8.6%
Net Profit Margin	7.0%	5.0%	5.2%	3.9%	5.6%

Key Ratios

ROE	18.2%	12.6%	14.5%	9.2%	13.3%
ROA	10.6%	7.3%	7.9%	5.2%	7.7%
Net gearing (x)	Net cash	Net cash	Net cash	Net cash	Net cash



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