

Hyphens Pharma

NEUTRAL

Share price (S\$)	0.34
Target price (S\$)	0.375
Up / downside (%)	10.3%

Company Profile

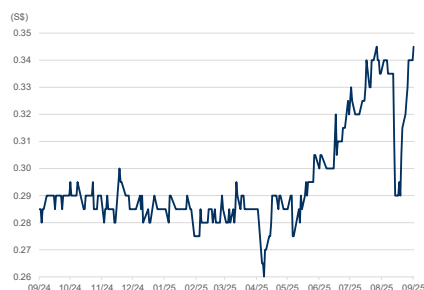
Hyphens Pharma is a specialty pharmaceutical and consumer healthcare group, with its core business in three key segments: Specialty Pharma Principals, Proprietary Brands and Medical Hypermart and Digital.

Ticker	HYP SP
Market cap (S\$m)	105.0
3M ADV (S\$'000)	45.0
Free float (m shares)	74.2
Total shares outstanding (m)	308.9
52W High / Low (S\$)	0.355 / 0.26
Top shareholders (%)	
Lim See Wah	47.8
Tan Kia King	28.1

Price performance (%)

1M	3M	12M
1.5	13.3	19.3

52W price chart



Analyst (s)

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Near term performance likely to remain subdued before modest recovery

1H25 Earnings Update

- **We remain NEUTRAL on Hyphens Pharma with a TP of S\$0.375, pegged to 10x FY26E P/E, representing an upside of approximately 10.3%.** While we like that the business has remained asset light and has been constantly adding to its product portfolio, it has traditionally been one of slow and steady growth. Currently, we do not foresee any near term catalysts that would allow for a stronger than expected rebound in 2H25. Hence, although we expect earnings to normalize in FY26E, Hyphens is more likely to trade below Apex Healthcare and Kalbe Farma due to its smaller scale and margins among its peer set.
- **Revenue declined due to weaker demand in Vietnam.** In 1H25, Hyphens reclassified its segments into Pharmaceutical and Medical Aesthetics (PMA), Proprietary Brands (PB), and Digital Platform and E-Pharmacy (DPE), with Visiopro and Fenosup moved from PMA into PB. Revenue from PMA and DPE declined -18.9% and -5.9%, respectively, while PB grew by 22.5% YoY, though part of this growth was driven by the reclassification. Underlying growth for Ceradan and Ocean Health remained in the low to mid-teens, but Sterimar sales in Vietnam weakened sharply following excess stock build-up in FY24. Overall revenue fell -10.1% YoY, prompting us to revise forecasts to a slight -0.2% decline in FY25E, before recovering by 4.0% and 2.2% in FY26E and FY27E. However, in the absence of near-term catalysts, we expect FY25E performance to remain subdued despite historically stable 2H trends.
- **Profitability impacted by inventory obsolescence.** Profitability remained under pressure due to a S\$2m inventory obsolescence provision relating to excess Sterimar stock, alongside larger forex losses of S\$2m in 1H25 (vs. S\$0.8m in 1H24) stemming from the strengthened EUR against the IDR and VND. Overall, adj. EBITDA and PATMI contracted by -12.6% and -68.9% YoY, respectively in 1H25. We have revised our forecasts accordingly, now expecting adj. EBITDA to decline by -5.8% in FY25E before rebounding by 19.9% YoY in FY26E while PATMI is projected to decline by -32.2% in FY25E before rebounding by 68.8% YoY in FY26E due to the low base.

Key Financials (YE 31st Dec, S\$m)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue	162.3	170.6	195.4	194.9	202.7	207.2
Gross Profit	62.8	61.9	69.5	72.1	76.0	78.7
Adj. EBITDA	17.7	14.7	17.6	16.6	19.9	21.3
PATMI	11.4	8.6	10.1	6.9	11.6	12.6
CFO	16.9	5.6	0.1	13.0	14.2	16.0
EPS (S cents)	2.8	3.7	3.3	2.2	3.8	4.1
DPS (S cents)	1.1	4.5	1.5	0.7	1.1	1.2
Dividend yield (%)	3.3%	13.1%	4.4%	2.0%	3.3%	3.6%
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash	Net cash
P/E (x)	9.3	12.3	10.4	15.3	9.1	8.3
P/B (x)	1.5	1.7	1.5	1.5	1.3	1.2
ROE (%)	16.4%	13.6%	14.3%	9.9%	14.7%	14.5%
ROA (%)	9.9%	7.1%	7.5%	5.2%	8.1%	8.2%

Source: Evolve Capital, Company

1H25 Earnings Update

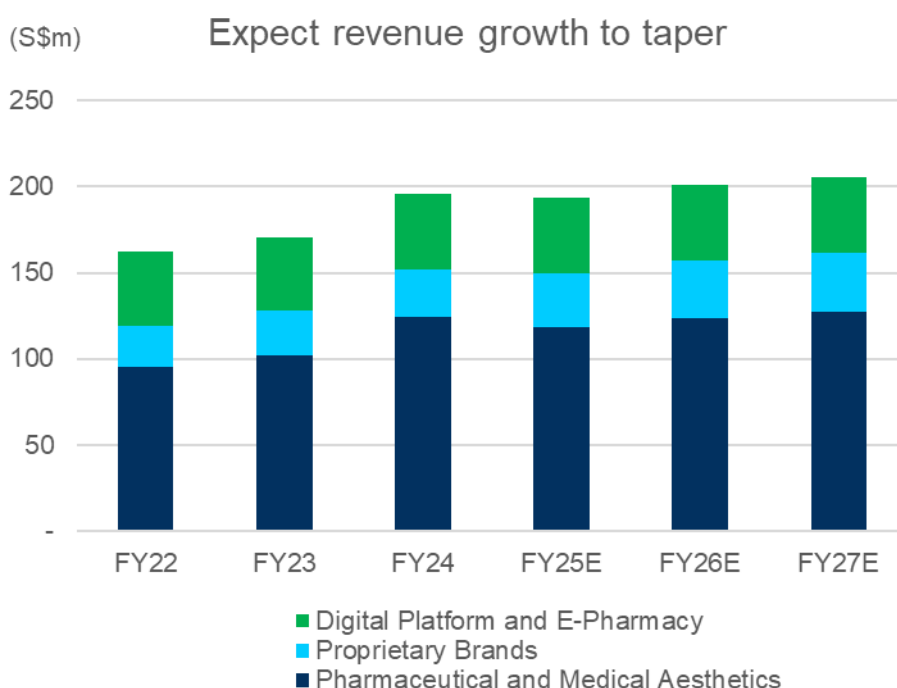
Revenue declined due to weaker demand in Vietnam

In 1H25, Hyphens reclassified its three operating segments into Pharmaceutical and Medical Aesthetics (previously Specialty Pharma Principals), Proprietary Brands (no change) and Digital Platform and E-Pharmacy (previously Medical Hypermart and Digital). This was due to the acquisition of two trademarks - Visiopro (previously Vivomixx) and Fenosup, both of which Hyphens reclassified into its Proprietary Brands segment from Pharmaceutical and Medical Aesthetics.

In 1H25, revenue from the Pharmaceutical and Medical Aesthetics (PMA) and Digital Platform and E-Pharmacy (DPE) segments fell by -18.9% and -5.9% YoY, respectively, while Proprietary Brands (PB) posted a 22.5% YoY increase. The weakness in PMA was mainly attributable to the reclassification of Visiopro and Fenosup, alongside a decline in Vietnam sales, where demand for Sterimar dropped sharply despite the firm's position as the sole distributor of Sterimar in Vietnam. This came after a surge in Sterimar demand during FY23, which led to stockouts, followed by excess inventory build-up in FY24. By 1H25, however, demand had unexpectedly softened.

While it remains unclear exactly how much of PB's reported growth stemmed from the reclassification of Visiopro and Fenosup, management had mentioned that existing PB brands Ceradan and Ocean Health registered low to mid-teens growth on a YoY basis, although competition remains stiff.

Due to the factors above, **overall revenue declined by -10.1% YoY**. Accordingly, we revise our revenue forecasts to a decline of -0.2% YoY in FY25E, followed by a rebound of 4% and 2.2% YoY in FY26E and FY27E, respectively. The downward revision for FY25E reflects the drag from 1H25 and the absence of near-term catalysts. While 2H performance has historically been stable, the lack of meaningful drivers suggests FY25E performance will likely remain subdued.

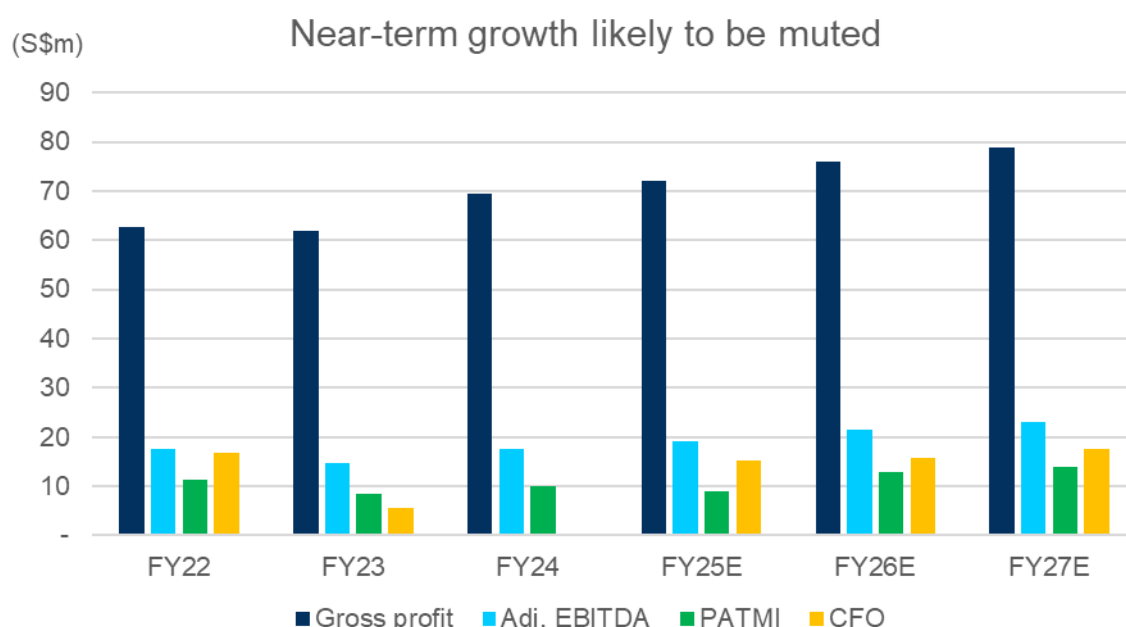


Profitability impacted by inventory obsolescence

Despite the revenue decline in 1H25, gross profit rose 1.5% YoY, supported by a more favourable product mix. According to management, this was partially driven by the discontinuation of certain bulky medical devices under Pan Malayan, which also removed associated warehousing costs that had previously weighed on gross margins.

However, profitability remained under pressure due to a S\$2m inventory obsolescence provision relating to excess Sterimar stock, alongside larger forex losses of S\$2m in 1H25 (vs. S\$0.8m in 1H24) stemming from the strengthened EUR against the IDR and VND. The firm has mentioned that they remained focused on clearing existing excess inventory and has been pushing out stock through overseas market sales as well. Overall, adj. EBITDA (adjusted for non-operating gains/losses and FX effects) and PATMI contracted by -12.6% and -68.9% YoY, respectively in 1H25.

We have revised our forecasts accordingly, now expecting adj. EBITDA to decline by -5.8% in FY25E before rebounding by 19.9% YoY in FY26E while PATMI is projected to decline by -32.2% in FY25E before rebounding by 68.8% YoY in FY26E due to the low base.



Continues to add to its product portfolio

Since our initiation on Hyphens in Apr 2025, the company has expanded its product portfolio with the launch of Winlevi cream 1% in Singapore and Malaysia. This followed an agreement with Cassiopea S.p.A., a subsidiary of Cosmo Pharmaceuticals N.V., granting Hyphens rights to Winlevi and its future product extensions and improvements across 10 Southeast Asian countries (Singapore, Malaysia, Indonesia, Philippines, Vietnam, Thailand, Brunei, Cambodia, Laos, and Myanmar).

Winlevi was officially launched in Singapore and Malaysia in Jul 2025 and is now available by prescription through clinics and hospitals. Regulatory filings are underway in the remaining Southeast Asian markets, with a phased rollout planned across the region.

Business updates



Obtained exclusive rights to commercialise Metoject® in Singapore, Malaysia, the Philippines and Vietnam

Completion of the tranche 2 acquisition of Ardence Pharma Sdn Bhd.



Acquired the Trademark of VisioPro® in Singapore

Launch novel acne treatment Winlevi®, to Singapore and Malaysia



Mar 2025

May 2025

Q2 2025

July 2025

Valuations

Based on our earnings assumptions, Hyphens currently trades at around 15.3x FY25E and 9.1x FY26E P/E while its peers trade at an average of 15.8x FY25E and 14.6x FY26x P/E per consensus estimates.

Company name	Price	MCap (\$m)	P/E (25E)	P/E (26E)	P/E (27E)	Rev Growth (25E, %)	Profit Growth (25E, %)
Hyphens Pharma International	0.34	105	15.3	9.1	8.3	(0.2)	(32.2)
Simple average			15.8	14.6	13.6		
Kalbe Farma Tbk PT	1160	4,267	15.1	13.9	12.8	7.1	9.2
Mega Lifesciences PCL	28.25	980	11.3	10.6	9.9	(7.4)	(2.7)
Apex Healthcare Bhd	2.49	547	22.6	20.8	19.6	(1.8)	2.8
Duopharma Biotech Bhd	1.38	404	14.2	13.0	12.2	13.9	49.0

Source: Bloomberg, Company, Evolve Capital

We maintain NEUTRAL on Hyphens with a TP of S\$0.375, pegged to 10x FY26E P/E. This represents an upside of approximately 10.3%. While we like that the business has remained asset light and has been constantly adding to its product portfolio, it has traditionally been one of slow and steady growth. Currently, we do not foresee any near term catalysts that would allow for a stronger than expected rebound in 2H25. Hence, although we expect earnings to normalize in FY26E, Hyphens is more likely to trade below Apex Healthcare and Kalbe Farma due to its smaller scale and margins among its peer set.

Key Risks

Further inventory write-offs

Hyphens typically maintains 4-6 months of inventory based on rolling forecasts, while supplier lead times also range between 4-6 months. This lag creates a risk of demand-supply mismatches, as seen with Sterimar, where weaker-than-expected demand led to excess stock. Similar mismatches in other products could likewise result in additional inventory write-offs.

FX volatility from heightened geopolitical risk

As Hyphens sources from suppliers in EUR and USD but earns revenue in local ASEAN currencies, any depreciation of regional currencies raises import costs and exerts additional pressure on margins. In the absence of a formal hedging policy, the firm remains exposed to heightened FX volatility, particularly amid the ongoing trade war and the US's increasingly protectionist measures.

Key Financial Items

Income statement

YE 31st Dec, S\$m	FY22	FY23	FY24	1H25	FY25E	FY26E	FY27E
Revenue	162.3	170.6	195.4	89.5	194.9	202.7	207.2
Gross profit	62.8	61.9	69.5	35.3	72.1	76.0	78.7
EBITDA	17.7	14.7	17.6	9.0	16.6	19.9	21.3
PATMI	11.4	8.6	10.1	1.7	6.9	11.6	12.6
Margins (%)							
Gross profit	38.7%	36.3%	35.6%	39.4%	37.0%	37.5%	38.0%
EBITDA	10.9%	8.6%	9.0%	10.0%	8.5%	9.8%	10.3%
PATMI	7.0%	5.0%	5.2%	1.9%	3.5%	5.7%	6.1%
YoY Growth (%)							
Revenue		5.1%	14.6%	(10.1%)	(0.2%)	4.0%	2.2%
Gross profit		(1.4%)	12.3%	1.5%	3.8%	5.4%	3.6%
EBITDA		(17.1%)	19.8%	(12.6%)	(5.8%)	19.9%	7.4%
PATMI		(24.5%)	18.3%	(68.9%)	(32.2%)	68.8%	9.0%

Source: Evolve Capital, Company



Balance sheet

YE 31st Dec, S\$m	FY22	FY23	FY24	1H25	FY25E	FY26E	FY27E
PPE	3.0	4.9	4.9	4.2	6.1	7.5	9.4
Inventories	21.3	25.5	34.4	26.3	32.0	33.0	33.4
Trade receivables	31.1	41.1	45.4	44.1	45.4	47.2	48.3
Cash and bank deposits	36.5	23.4	23.4	18.8	20.3	26.3	32.0
Others	22.6	25.9	27.6	28.0	28.8	30.1	30.8
Total assets	114.5	120.8	135.8	121.4	132.6	144.0	154.0
Non-current liabilities							
Borrowings	3.2	2.0	0.7	0.1	-	-	-
Lease liabilities	0.1	2.4	1.8	1.2	2.0	2.1	2.2
Others	0.8	1.3	1.0	0.9	1.0	1.0	1.0
Current liabilities							
Borrowings	1.3	1.3	10.3	9.2	9.2	9.2	9.2
Lease liabilities	1.1	1.2	1.3	1.3	1.3	1.3	1.4
Trade and notes payables	35.1	44.3	43.6	38.3	43.3	44.7	45.3
Others	2.7	2.5	2.6	2.7	2.6	2.6	2.6
Total liabilities	44.2	54.9	61.3	53.7	59.4	60.9	61.6
Share capital	35.1	35.2	35.2	35.2	35.2	35.2	35.2
Treasury shares	-	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Retained earnings	43.8	37.8	45.2	39.3	43.9	53.0	61.4
Other reserves	(9.8)	(10.0)	(9.5)	(9.2)	(9.5)	(9.5)	(9.5)
Total shareholders' equity	69.0	63.0	70.9	65.2	69.6	78.6	87.0
NCI	1.2	2.9	3.6	2.5	3.6	4.4	5.3
Total equity	70.3	65.9	74.5	67.7	73.1	83.0	92.3

Source: Evolve Capital, Company

Cash flows

YE 31st Dec, S\$m	FY22	FY23	FY24	1H25	FY25E	FY26E	FY27E
CFO	16.9	5.6	0.1	7.3	13.0	14.2	16.0
CFI	(1.0)	(1.5)	(3.0)	(3.8)	(8.8)	(5.4)	(5.6)
CFF	1.1	(17.3)	3.0	(8.1)	(7.4)	(2.9)	(4.7)
Net change in cash	17.0	(13.1)	0.1	(4.6)	(3.1)	6.0	5.7
Cash and cash equivalents	36.5	23.4	23.4	18.8	20.3	26.3	32.0

Source: Evolve Capital, Company

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