

Hyphens Pharma

NEUTRAL

Share price (S\$)	0.32
Target price (S\$)	0.32
Up / downside (%)	-

Company Profile

Hyphens Pharma is a specialty pharmaceutical and consumer healthcare group, with direct operations across Indonesia, Malaysia, Philippines and Vietnam. Its business is split into three key segments: Pharmaceutical and Medical Aesthetics, Proprietary Brands and Digital Platform and E-Pharmacy.

Ticker	HYP SP
Market cap (S\$m)	98.8
3M ADV (S\$'000)	39.7
Free float (m shares)	74.1
Total shares outstanding (m)	308.9
52W High / Low (S\$)	0.395 / 0.26
Top shareholders (%)	
Lim See Wah	47.8
Tan Kia King	28.2

Price performance (%)

1M	3M	12M
-	(8.6)	20.8

52W price chart



Analyst (s)

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No clear catalysts, FY26 recovery a low-bar normalisation

FY25 Earnings Update

- **We remain NEUTRAL on Hyphens as we think the stock currently trades at fair value.** We do not see any near-term catalysts that would allow for a stronger than expected rebound in FY26. Its product rollouts have generally been gradual rather than step-change in nature. While Winlevi's regulatory approval in Thailand appears to be the most concrete near-term catalyst, it is unclear how material this would be to earnings. Hence, while we still expect earnings to normalize in FY26E, Hyphens is still likely to trade below Kalbe Farma due to its significantly smaller scale and margins.
- **Vietnam drag was worse than we expected.** Hyphens reported their FY25 results on 24th Feb 26. Revenue declined by 9.2% YoY to S\$177.4m, with the decline mainly concentrated in its Pharmaceutical and Medical Aesthetics (PMA) segment, which fell 18.4% to S\$101.3m. Beyond the Vivomixx-to-Visiopro brand transition and the Fenosup reclassification into Proprietary Brands (PB), Vietnam was the primary drag - where revenue collapsed 30.8% YoY to S\$39.5m.
- Additionally, the Group revised its Vietnam consignment methodology in 2H25 from a six-month to a three-month average sales base, reducing around S\$1.6m of recognised revenue and resetting the base lower. We do not expect a meaningful Vietnam recovery in FY26E. The VND is on track for a fourth consecutive year of depreciation against the dollar, and since Hyphens sources in EUR and sells at government-regulated VND prices, the economics of the Vietnam PMA business appear somewhat structurally challenged, in our view.
- **But, expect profitability to normalize in FY26.** Gross profit came in almost exactly in-line with our estimates at S\$72.2m. EBITDA of S\$18.6m beat our S\$16.6m estimate by 12.1% on stronger gross margins, while PATMI of S\$5.8m missed our S\$6.9m estimate by 15.3%, primarily attributable to S\$7.6m in other losses we consider largely non-recurring. As such, we have revised our forward estimates to reflect a structurally lower Vietnam base and gross margin moderation from the FY25 peak as we expect the revenue mix to normalize.

Key Financials (YE 31st Dec, S\$m)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	170.6	195.4	177.4	184.5	190.0	195.7
Gross Profit	61.9	69.5	72.2	69.2	72.2	74.4
EBITDA	14.7	17.6	18.6	16.2	19.0	20.0
PATMI	8.6	10.1	5.8	8.9	10.9	11.3
CFO	5.6	0.1	18.7	12.0	13.2	15.2
EPS (S cents)	2.8	3.3	1.9	1.9	2.9	3.5
DPS (S cents)	4.5	1.5	1.5	0.9	1.1	1.1
Dividend yield (%)	13.9%	4.7%	4.7%	2.7%	3.3%	3.4%
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash	Net cash
P/E (x)	11.5	9.8	16.9	11.1	9.1	8.8
P/B (x)	1.6	1.4	1.4	1.3	1.2	1.1
ROE (%)	13.0%	15.1%	8.3%	12.3%	13.6%	12.9%
ROA (%)	7.3%	8.5%	4.7%	7.3%	8.4%	8.2%

Source: Evolve Capital, Company

FY25 Earnings Update

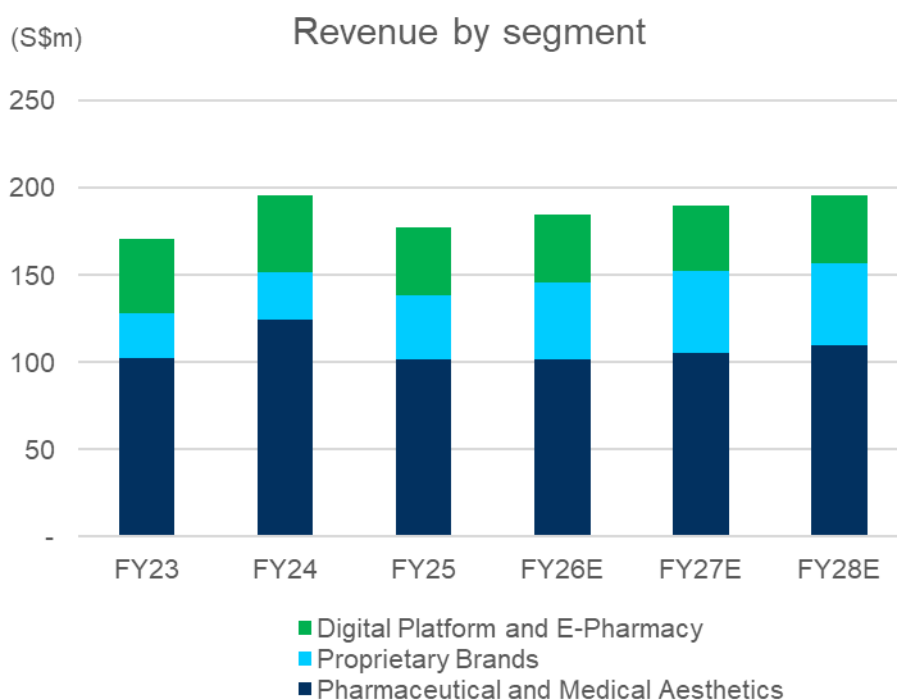
Vietnam drag was worse than we expected

Hyphens reported their FY25 results on 24th Feb 26. Revenue declined by 9.2% YoY to S\$177.4m, with the decline mainly concentrated in its Pharmaceutical and Medical Aesthetics (PMA) segment, which fell 18.4% to S\$101.3m. Beyond the Vivomixx-to-Visiopro brand transition and the Fenosup reclassification into Proprietary Brands (PB), Vietnam was the primary drag - where revenue collapsed 30.8% YoY to S\$39.5m.

Additionally, the Group revised its Vietnam consignment methodology in 2H25 from a six-month to a three-month average sales base, reducing around S\$1.6m of recognised revenue and resetting the base lower. We do not expect a meaningful Vietnam recovery in FY26E. The VND is on track for a fourth consecutive year of depreciation against the dollar, and since Hyphens sources in EUR and sells at government-regulated VND prices, the economics of the Vietnam PMA business appear somewhat structurally challenged, in our view. We assume PMA will remain stable in FY26E - premised on continued portfolio rationalisation and medical aesthetics scaling in Indonesia, the Philippines, and Thailand offsetting Vietnam's drag, not on Sterimar volumes recovering.

PB was the standout, growing 33.1% YoY to S\$36.7m. Part of this reflects the Visiopro and Fenosup reclassification, though management mentioned Ceradan and Ocean Health grew organically at low-to-mid teens. Winlevi, launched in Singapore and Malaysia in Jul 2025, is now available by prescription with encouraging early dermatologist adoption, while the Cerapro MED out-licensing to Louis Widmer for six European countries in early 2026 validates the pipeline's commercial viability beyond Southeast Asia. We expect PB to grow approximately 21% in FY26E as reclassified products annualise and Winlevi builds, moderating to approximately 5% in FY27E without the reclassification base effect.

Digital Platform and E-Pharmacy (DPE) fell 9.8% YoY to S\$39.4m, though EBITDA losses narrowed from S\$1.4m to S\$0.7m, consistent with deliberate portfolio adjustments to improve margins. A S\$0.6m receivables provision on a Vietnam Hypermart support loan recognised in 2H25 is nonetheless a signal that DPE's Vietnam operations are not gaining traction. We assume DPE holds broadly flat in FY26E.



But, expect profitability to normalize in FY26

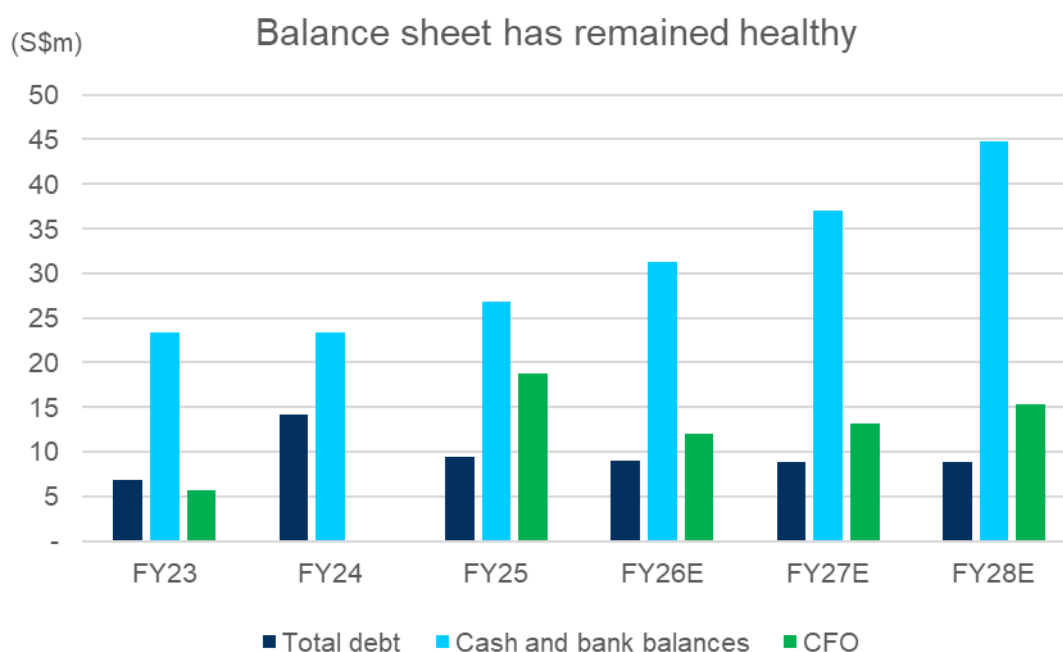
Hyphens' FY25 results were mixed against our earlier estimates in 1H25. Revenue of S\$177.4m missed our S\$194.9m estimate by 9.0%, as the Vietnam channel reset proved deeper than we expected and the 2H25 consignment methodology revision clipped a further ~S\$1.6m of recognised revenue.

Gross profit came in almost exactly in-line at S\$72.2m, with gross margin expanding to 40.7% - 370bps above our 37.0% estimate. EBITDA of S\$18.6m beat our S\$16.6m estimate by 12.1% on stronger gross margins, while PATMI of S\$5.8m missed our S\$6.9m estimate by 15.3%, primarily attributable to S\$7.6m in other losses we consider largely non-recurring. CFO of S\$18.7m was the clear positive surprise, beating our S\$13.0m estimate by 44.2%. As such, we have revised our forward estimates to reflect a structurally lower Vietnam base and gross margin moderation from the FY25 peak as we expect the revenue mix to normalize. Refer to the table below for our revised earnings estimates.

S\$m	FY25A	FY25E (prior)	Var.	FY26E (revised)	FY27E (revised)
Revenue	177.4	194.9	(9.0%)	184.5	190.0
Gross profit	72.2	72.1	0.1%	69.2	72.2
Gross margin	40.7%	37.0%	+370bps	37.5%	38.0%
EBITDA	18.6	16.6	12.1%	16.2	19.0
EBITDA margin	10.5%	8.5%	+200bps	8.8%	10.0%
PATMI	5.8	6.9	(15.3%)	8.9	10.9
CFO	18.7	13.0	44.2%	12.0	13.2

Balance sheet remains healthy

On a positive note, we continue to like that the firm remains in a strong net cash position. Hyphens has proposed a final dividend of 1.50 Singapore cents per share for FY25, unchanged from FY24, implying a yield of approximately 4.7% at the current share price of S\$0.32/share. This represents a dividend payout ratio of 79% - well above the 30% policy minimum - and signals balance sheet confidence despite the earnings pressure for FY25.



Valuations

Based on our earnings assumptions, Hyphens currently trades at around 11.1x FY26E and 9.1x FY27E P/E while its peers trade at an average of 12.3x FY26E and 11.5x FY27E P/E per consensus estimates.

Company name	Price	MCap (S\$m)	P/E (26E)	P/E (27E)	P/E (28E)	Rev Growth (26E, %)	Profit Growth (26E, %)
Hyphens Pharma International	0.32	99	11.1	9.1	8.8	4.0	53.0
Simple average			12.3	11.5	10.9		
Kalbe Farma Tbk PT	985	3,460	11.8	10.7	10.0	7.1	3.4
Mega Lifesciences PCL	34	1,181	12.8	12.0	11.4	7.3	13.4
Duopharma Biotech Bhd	1.33	410	12.3	11.7	11.4	7.1	18.8

Source: Bloomberg, Company, Evolve Capital

We remain NEUTRAL on Hyphens as we think the stock currently trades at fair value. We do not see any near-term catalysts that would allow for a stronger than expected rebound in FY26. Its product rollouts have generally been gradual rather than step-change in nature. While Winlevi's regulatory approval in Thailand appears to be the most concrete near-term catalyst, it is unclear how material this would be to earnings. Hence, while we still expect earnings to normalize in FY26E, Hyphens is still likely to trade below Kalbe Farma due to its significantly smaller scale and margins.

Key Risks

Principal agreement concentration and non-renewal risk

The PMA segment's reliance on a portfolio of fixed-term licensing and supply agreements with European and US principals creates structural revenue concentration risk. The lapse of the Biosensors partnership at end-FY22 and the FY25 termination of the Ustekinumab biosimilar agreement with Favorex - the latter due to upstream commercial changes beyond the Group's control - illustrate that agreement non-renewal or termination can occur irrespective of the Group's own commercial execution.

With individual principal agreements typically covering a defined product set within specific geographies, the loss of any material principal relationship could generate a step-down in revenue that might be difficult to offset quickly given the lead time required to register and commercialise new products.

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 geopolitical uncertainty. With the VND on track for a fourth consecutive year of depreciation and the EUR remaining elevated against regional currencies, this risk is not abating in the near term and our forecasts may underestimate its cumulative impact.

Key Financial Items

Income statement

YE 31st Dec, S\$m	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	170.6	195.4	177.4	184.5	190.0	195.7
Gross profit	61.9	69.5	72.2	69.2	72.2	74.4
EBITDA	14.7	17.6	18.6	16.2	19.0	20.0
PATMI	8.6	10.1	5.8	8.9	10.9	11.3
Margins (%)						
Gross profit	36.3%	35.6%	40.7%	37.5%	38.0%	38.0%
EBITDA	8.6%	9.0%	10.5%	8.8%	10.0%	10.2%
PATMI	5.0%	5.2%	3.3%	4.8%	5.7%	5.8%
YoY Growth (%)						
Revenue		14.6%	(9.2%)	4.0%	3.0%	3.0%
Gross profit		12.3%	3.8%	(4.2%)	4.4%	3.0%
EBITDA		19.8%	5.8%	(12.8%)	17.0%	5.1%
PATMI		18.3%	(42.3%)	53.0%	21.4%	4.0%

Source: Evolve Capital, Company

Balance sheet

YE 31st Dec, S\$m	FY23	FY24	FY25	FY26E	FY27E	FY28E
PPE	4.9	4.9	3.9	5.0	6.1	6.9
Inventories	25.5	34.4	29.3	30.0	29.7	29.9
Trade receivables	41.1	45.4	35.0	39.4	41.6	42.9
Cash and bank deposits	23.4	23.4	26.8	31.2	37.0	44.7
Others	25.9	27.6	28.6	26.4	25.6	25.0
Total assets	120.8	135.8	123.6	132.1	140.0	149.5
Non-current liabilities						
Borrowings	2.0	0.7	-	-	-	-
Lease liabilities	2.4	1.8	0.5	0.4	0.3	0.3
Others	1.3	1.0	0.8	0.8	0.8	0.8
Current liabilities						
Borrowings	1.3	10.3	7.5	7.5	7.5	7.5
Lease liabilities	1.2	1.3	1.4	1.1	1.0	1.0
Trade and notes payables	44.3	43.6	38.6	41.7	42.0	43.2
Others	2.5	2.6	2.2	2.2	2.2	2.2
Total liabilities	54.9	61.3	51.0	53.7	53.9	55.1
Share capital	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	37.8	45.2	43.5	49.4	57.1	65.3
Other reserves	(10.0)	(9.5)	(8.6)	(8.6)	(8.6)	(8.6)
Total shareholders' equity	63.0	70.9	70.1	75.9	83.7	91.9
NCI	2.9	3.6	2.5	2.4	2.4	2.5
Total equity	65.9	74.5	72.6	78.3	86.1	94.4

Source: Evolve Capital, Company

Cash flows

YE 31st Dec, S\$m	FY23	FY24	FY25	FY26E	FY27E	FY28E
CFO	5.6	0.1	18.7	12.0	13.2	15.2
CFI	(1.5)	(3.0)	(4.6)	(1.9)	(2.2)	(2.4)
CFF	(17.3)	2.8	(10.7)	(5.6)	(5.2)	(5.1)
Net change in cash	(13.1)	(0.2)	3.4	4.4	5.8	7.7
Cash and cash equivalents	23.4	23.4	26.8	31.2	37.0	44.7

Source: Evolve Capital, Company

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