HYPHENS PHARMA

MAINTAIN BUY

Share Price:	S$0.365
Target Price:	S$0.44
Upside:	+20.5%

COMPANY DESCRIPTION

Hyphens Pharma International Limited (SGX: 1J5) is a Singapore-headquartered specialty pharmaceutical and health products group operating across ASEAN. The company runs three business segments: Pharmaceutical & Medical Aesthetics, Proprietary Brands, and Digital Platform & E-Pharmacy.

Name	Hyphens Pharma International Limited
Bloomberg Code	HYP SP Equity
3M Avg Daily Trading Vol (k)	142.7
3M Avg Daily Trading Val (S$'000)	50.2
Major Shareholder / Holdings	Mr Lim See Wah (48.2%)
Shares Outstanding (m)	308.9
Market Capitalisation (S$m)	112.7
52 week Share Price High/Low	0.395/0.290

STOCK PRICE PERFORMANCE

	1M	3M	12M
Absolute Return (%)	4.3	12.3	29.2

PRICE CHART

Source: Bloomberg

Margin Expansion Momentum to Continue Ahead

Hyphens Pharma delivered resilient 1H2026 results, in line with our estimates. Gross profit rose 6.6% to S$37.7mln, lifting gross margin 2.9ppt to a record 42.3%. Net profit more than doubled to S$4.6mln, and earnings attributable to shareholders rose 158% to S$4.4mln. Moving forward, earnings will be supported by 1) continued low-double-digit growth in Proprietary Brands, 2) continued operating cash generation improvement and 3) the completion of the Ardence Pharma buyout in April, which removes the minority-interest drag and directs the full benefits of that business to shareholders from 2H2026. We reiterate BUY, maintaining our FY26F and FY27F forecasts and our target price of S$0.44.

Proprietary Brands driving margin expansion. Proprietary Brands grew 17.9% YoY to S$20.6mln, the strongest of the three segments, contributed by brands Visiopro and Winlevi, and stronger demand for Ceradan and Ocean Health. Management has guided continued deliberate emphasis on proprietary brands moving forward, after seeing that emphasis pay off in recent halves.

Strong cashflow. The Group generated S$9.2mln of net cash from operating activities in 1H2026, c.2x profit after tax, on reduced inventory levels and shorter receivable days. Cash and cash equivalents stood at S$23.3mln at 30 June 2026 against S$26.8mln at end-2025, the movement reflecting S$5.2mln paid for the final Ardence tranche, S$4.6mln of dividends to shareholders, and capex. Management has committed to disciplined inventory and receivables management over the next twelve months.

Ardence consolidation. Completing the final tranche of Ardence acquisition, minority interest drag will be fully removed. MI recorded S$887,000 in 1H2026, reducing to near zero in 2H2026.

KEY FINANCIALS

DEC YE	FY23	FY24	FY25	FY26F	FY27F
Revenue (S$mln)	170.6	195.4	177.4	183.2	193.9
EBITDA (S$mln)	13.5	16.5	12.4	14.9	15.7
EBITDA margin (%)	7.9	8.4	7.0	8.1	8.1
Net profit (S$mln)	8.6	10.2	5.8	10.0	10.5
PE (x)	13.4	11.3	19.7	11.5	11.0
PB (x)	1.7	1.5	1.5	1.5	1.4
ROE (%)	13.0	13.7	8.1	12.8	12.5
EPS (S ¢)	2.7	3.2	1.9	3.2	3.3
EPS growth (%)	-25.0	19.0	-42.7	70.4	4.9
DPS (S ¢)	4.5	1.5	1.5	1.5	1.8
Dividend yield (%)	12.2	4.1	4.1	4.1	4.8

Source: Hyphens, Lim & Tan Research

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We note that Hyphens usually pays just a final dividend and no interim dividend, and we see the pattern continue in 1H2026. For the past two fiscal years, DPS has been flat at 1.5 cents while earnings and cash generation have improved. As such we see room for dividends to grow in FY2026.

Winlevi, Hyphens' breakthrough first-in-class topical androgen receptor inhibitor, was launched in Singapore and Malaysia in FY2025 and has recorded sequential growth in every quarter since. Management has guided further approvals over the coming quarters and plans to introduce Winlevi into selected additional markets over the next twelve months. Moving forward, we expect to see Winlevi continue to support the Proprietary Brands segment, and expect more growth once it is successfully deployed in other ASEAN markets beyond Singapore and Malaysia.

Hyphens out-licensed Cerapro MED to Louis Widmer for six European countries in early 2026, securing upfront fee alongside volume- and results-tracked royalties. Management has guided an active outbound programme and expects further agreements. We note that licensing revenue currently sits inside the Proprietary Brands line and is not disclosed separately. Management expects out-licensing with Louis Widmer not to contribute materially to near-term revenue despite upfront fees. As such, we view the monetisation of IP as a long-term play, yielding results only in the next few years.

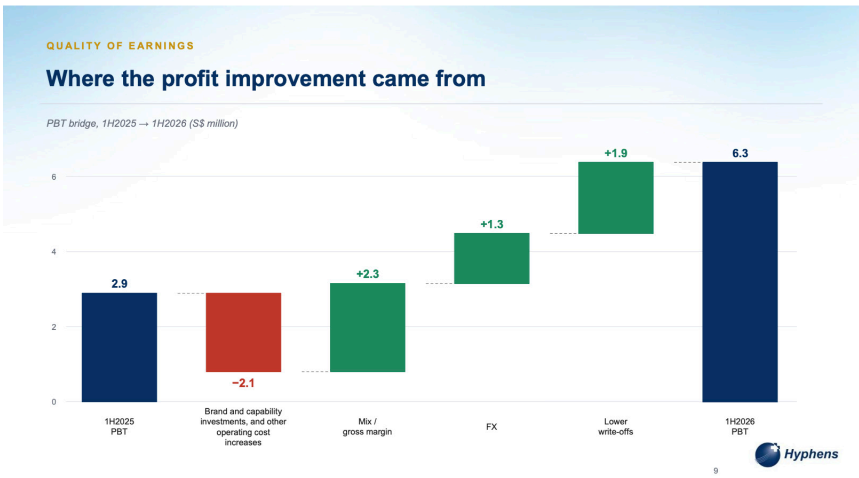
Appendix

Exhibit 1: Underlying earnings

Source: Hyphens, Lim & Tan Research

- Exhibit 1 normalised earnings, adding back non-recurring items. 1H2025's reported PBT of S$2.9mln carried a S$2.1mln inventory provision on Sterimar, taking normalised PBT to S$5.0mln. 2H2025's reported S$5.2mln carried a further S$0.8mln across the VietPOM operations provision of S$0.6mln and the Ardence tranche 2 fair-value loss of S$0.2mln, giving S$6.0mln normalised. 1H2026 required no adjustment, management guided no material one-off items in the period.

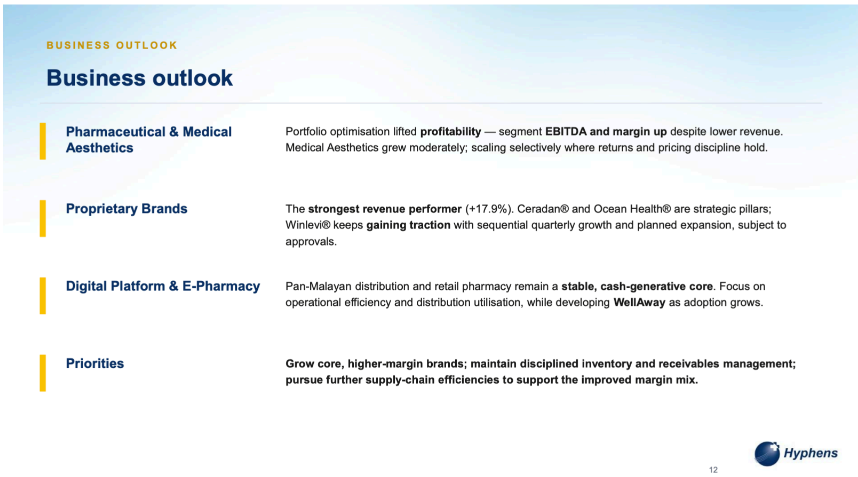
Exhibit 2: Quality of earnings



Source: Hyphens, Lim & Tan Research

Exhibit 2 bridges PBT from 1H2025 to 1H2026, decomposing the S$3.4mln improvement into four drivers. Brand and capability investments and other operating cost increases were a S$2.1mln drag. Against that, mix and gross margin contributed S$2.3mln, foreign exchange S$1.3mln and lower write-offs S$1.9mln. Of the S$5.5mln of positive movements, S$3.2mln came from foreign exchange and lower write-offs. Mix and gross margin, at S$2.3mln, was portfolio reshuffling.

Exhibit 3: Business Outlook



Source: Hyphens, Lim & Tan Research

Exhibit 3 outlines management's forward commentary by segment. In Pharmaceutical and Medical Aesthetics, portfolio optimisation is described as having lifted profitability, with segment EBITDA and EBITDA margin both higher despite lower revenue, while medical aesthetics grew moderately and will be scaled selectively where returns and pricing discipline hold. Proprietary Brands is named the strongest revenue performer at +17.9%, with Ceradan and Ocean Health as strategic pillars and Winlevi recording sequential quarterly growth ahead of planned expansion, subject to approvals. Digital Platform and E-Pharmacy is characterised as a stable, cash-generative core built on Pan-Malayan distribution and retail pharmacy. Hyphens' priorities are listed as growing core higher-margin brands, maintaining disciplined inventory and receivables management, and pursuing supply-chain efficiencies to support the improved margin mix.

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