Evolve Capital 晋化资本

Evolve Capital Advisory
Equity Research
Wednesday, 2 September 2026

Hyphens Pharma

NEUTRAL

Share price (S$)	**0.37**
Target price (S$)	**0.40**
Up / downside (%)	**8.1**

Company Profile
Hyphens Pharma is a specialty pharmaceutical and consumer healthcare group, with direct operations across Singapore, 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.

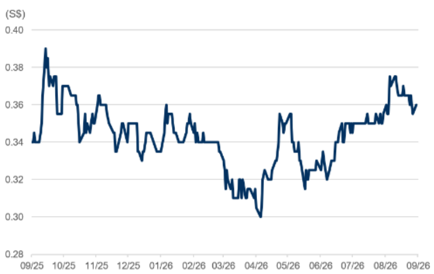
Ticker	HYP SP
Market cap (S$m)	114.3
3M ADV (S$'000)	51.2
Free float (m shares)	72.8
Total shares outstanding (m)	308.9
52W High / Low (S$)	0.395 / 0.30

Top shareholders	**(%)**
Lim See Wah	48.1
Tan Kia King	28.2

Price performance (%)

1M	**3M**	**12M**
4.2	13.8	8.8

52W price chart



Analyst (s)
Ethan Aw
+65 6241 6626
ethan.aw@evolvecapitalasia.com

Record margins from optimization but catalysts still key for rerating

1H26 Earnings Update

- **We maintain NEUTRAL on Hyphens with a revised target price of S$0.40/share, based on 10.5x FY26E P/E and at a slight discount to the peer average.** Despite the stalled growth, the step-up in margins from the firm's optimization efforts have been encouraging. However, while our earnings estimates sit above consensus, there still isn't any strong growth catalyst that would reasonably rerate the counter above peers as of yet, in our view.
- Ideally, we would like more certainty on catalysts such as Winlevi's rollout within ASEAN or Cerapro Med showing material contribution (given the lack of visibility on its current out-licensing economics). The deal would be a template for future capital-light monetization of its IP portfolio.
- **Revenue held flat, in line with our estimates.** Hyphens reported their 1H26 results on 13th Aug 26. The Pharmaceutical and Medical Aesthetics (PMA) segment fell 5.4% YoY, Proprietary Brands (PB) grew 17.9% and Digital Platform and E-Pharmacy (DPE) declined 4.1%. On a like-for-like basis, stripping the reclassified brands out, PMA was down only 2.8% while PB was up by 15.1% YoY. **Overall, revenue was broadly flat YoY and represented 48.3% of our prior FY26E estimate.**
- **Gross margin at a record high.** Gross profit rose 6.6% YoY to S$37.7m while gross margin reached 42.3% (1H25: 39.4%), a record since listing and 54.5% of our prior FY26E gross profit estimates. EBITDA grew by 3.6% YoY on the higher margins, although still weighed down by higher distribution costs as the firm continued ramping up its advertising and promotion efforts. PATMI grew by 2.6x given the lower FX translation losses and smaller obsolescence provision.
- **Overall, much of the growth in 1H26 was largely attributable to its portfolio optimization efforts as well as normalization after the inventory-related provision effects in FY25**. Realistically, we maintain the stance that the firm's near-term growth is likely to remain muted as the firm has recently been more focused on portfolio reshaping efforts rather than any major product launches.

Key Financials (YE 31st Dec, S$m)	FY24	FY25	1H26	FY26E	FY27E	FY28E
Revenue	195.4	177.4	89.1	180.5	185.9	191.5
Gross Profit	69.5	72.2	37.7	75.8	78.1	81.4
EBITDA	17.6	18.6	9.3	20.2	20.8	22.4
PATMI	10.1	5.8	4.4	11.6	11.7	12.5
CFO	0.1	18.7	9.2	17.3	16.0	17.3
EPS (S cents)	3.3	1.9	1.4	3.8	3.8	4.0
DPS (S cents)	1.5	1.5	-	1.5	1.5	1.5
Dividend yield (%)	4.1	4.1	-	4.1	4.1	4.1
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash	Net cash
P/E (x)	11.3	19.6	13.1	9.8	9.8	9.2
P/B (x)	1.6	1.6	1.7	1.6	1.4	1.3
ROE (%)	15.1	8.3	12.8	16.3	15.2	14.8
ROA (%)	8.5	4.7	7.5	9.6	9.3	9.4

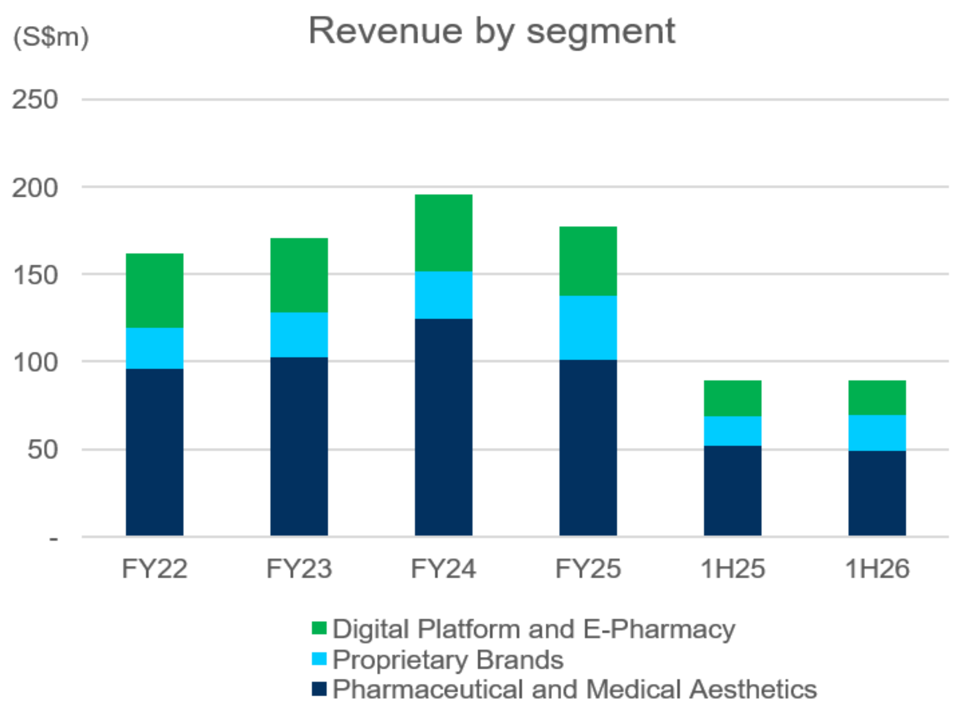
Source: Evolve Capital, Company

1H26 Earnings Update

Revenue held flat, in line with our estimates

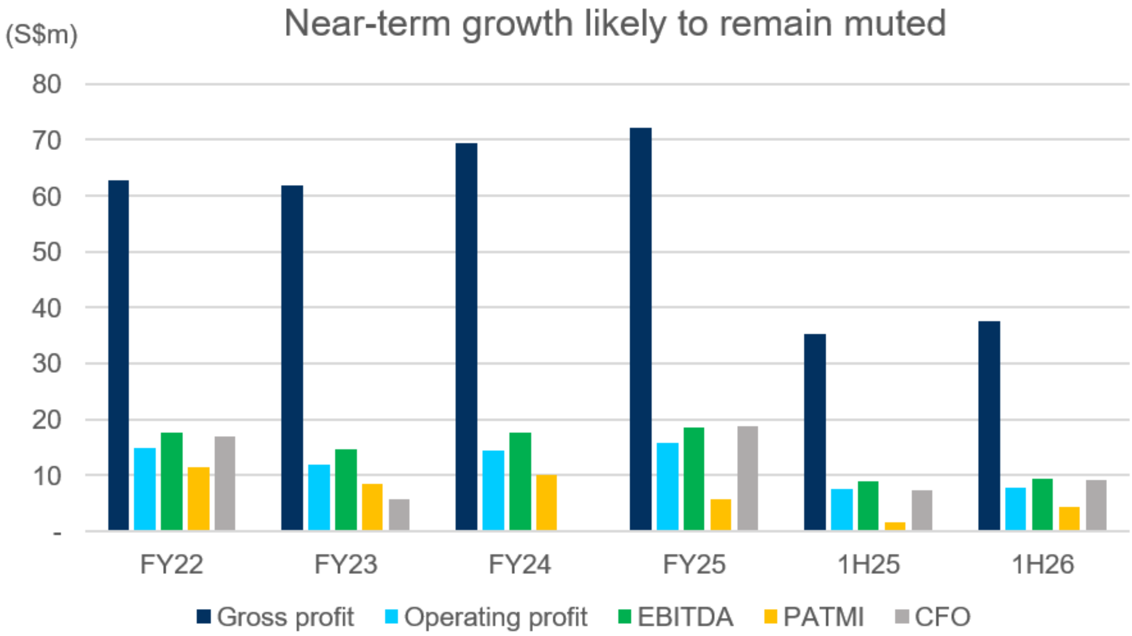
Hyphens reported their 1H26 results on 13th Aug 26. The Pharmaceutical and Medical Aesthetics (PMA) segment fell 5.4% YoY, Proprietary Brands (PB) grew 17.9% and Digital Platform and E-Pharmacy (DPE) declined 4.1%. **On a like-for-like basis, stripping the reclassified brands out, PMA was down only 2.8% while PB was up by 15.1% YoY.** Overall**,** revenue was broadly flat YoY and represented 48.3% of our prior FY26E estimate.

The residual PMA softness reflects the discontinuation and rationalisation of lower-margin and non-core lines - management pointed to the Physiolac export to Cambodia, halted in 2H25, as one example of its portfolio-reshaping exercise to tilt its overall product mix towards those of higher-margins. Its PB segment is likely to be its key growth engine moving forward, driven by Ceradan and Ocean Health, but also with WinLevi contributing since its rollout in Asia and the EU in late 2025. Management has also stated that they are expecting more Winlevi approvals from local health authorities where they already have a presence, although we continue to treat these as gradual rather than step-change.



Gross margin at a record high

Gross profit rose 6.6% YoY to S$37.7m while gross margin reached 42.3% (1H25: 39.4%), a record since listing and 54.5% of our prior FY26E gross profit estimates. EBITDA grew by 3.6% YoY on the higher margins, although still weighed down by higher distribution costs as the firm continued ramping up its advertising and promotion efforts. PATMI grew by 2.6x given the lower FX translation losses and smaller obsolescence provision. **Overall, much of the growth in 1H26 was largely attributable to its portfolio optimization efforts as well as normalization after the inventory-related provision effects in FY25.** Realistically, we are still of the opinion that the firm's near-term growth is likely to remain muted as the firm has recently been more focused on portfolio reshaping efforts rather than any major product launches.



In light of Hyphens' recent performance, we raise our gross margin assumption to 42-42.5% across FY26–28E (up from our prior estimates of 37.5-38%) and treat the improvement as structural. While Hyphens generally does not release their gross margins for commercial sensitivity reasons, some of our recent findings indicate that gross margins for their PMA and PB segments likely range from 40-60%. Hence, we were too conservative in our prior estimates, and management's portfolio optimization efforts have successfully reshaped the mix toward higher-margin lines, with GPM climbing 7.4ppts across five successive half-years.

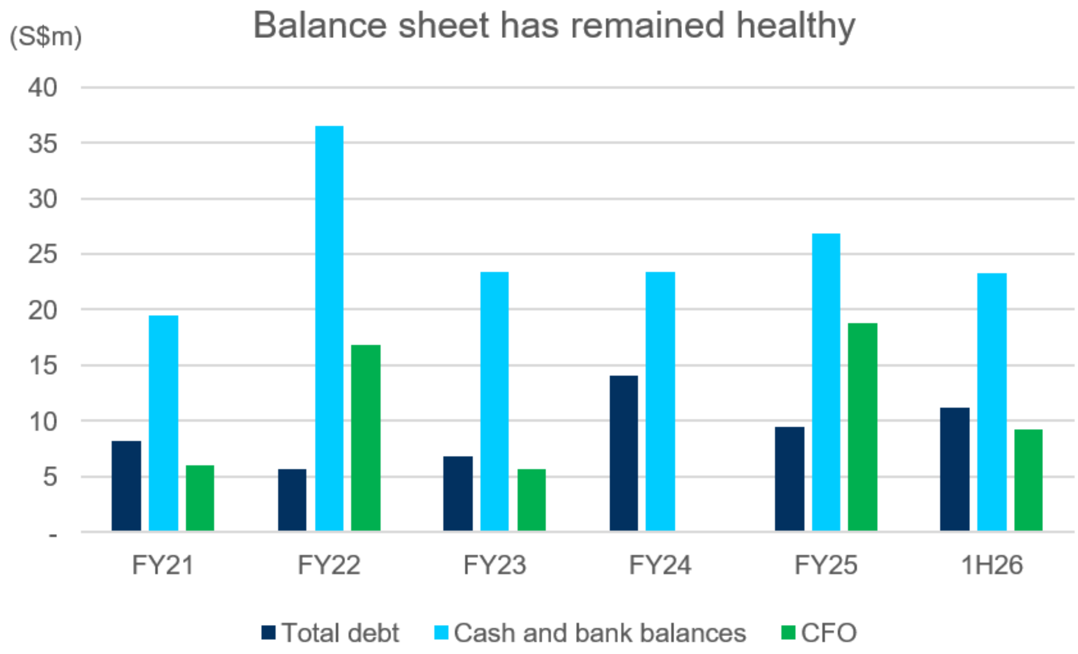
We also note that given intensifying competition (especially in Malaysia), distribution costs as a % of sales have generally been inching up since FY24. Hence, we expect distribution costs to remain around 23-25% of sales over FY26-28E. On the FX front, while management cited normalised Vietnam inventory and a smaller FX drag than 1H25 - but ASEAN-currency depreciation continued in the half, and we still assume no strong rebound from Vietnam in the near-term. Refer to the following table for our revised estimates.

S$m	FY26E (prior)	FY26E (revised)	Var.	FY27E (revised)	FY28E (revised)
Revenue	184.5	180.5	(2.2%)	185.9	191.5
Gross profit	69.2	75.8	9.6%	78.1	81.4
Gross margin	*37.0%*	*42.0%*	*+500bps*	*42.0%*	*42.5%*
EBITDA	16.0	20.2	26.0%	20.8	22.4
EBITDA margin	*8.5%*	*11.2%*	*+270bps*	*11.2%*	*11.7%*
PATMI	8.8	11.6	32.2%	11.7	12.5
CFO	11.8	17.3	46.7%	16.0	17.3

Source: Evolve Capital, Company

Balance sheet remains healthy

Hyphens remained in a strong net cash position, with around S$23.3m of cash as of 1H26 (FY25: S$26.8m), after accounting for the reduction from the acquisition of the remaining tranche of Ardence Pharma in late Apr 26, to the tune of S$5.2m. CFO had improved as well aided by an inventory drawdown and shorter receivable days, as management noted both have normalised. Dividends wise, we assume that Hyphens will minimally maintain its DPS of 1.5 S cents in our base case over FY26-28E, representing a yield of 4.1% at the current price of S$0.37/share.



Valuations

Per Bloomberg estimates, Hyphens currently trade at around 10.9x FY26E and 9.5x FY27E P/E while its peers trade at an average of 11.4x FY26E and 10.7x FY27E P/E. **On the other hand, our earnings estimates imply FY26E and FY27E P/E of 9.8x.**

Company name	Price	MCap (S$m)	P/E (26E)	P/E (27E)	P/E (28E)	Rev Growth (26E, %)	Profit Growth (26E, %)
Hyphens Pharma International	0.37	114	10.9	9.5	10.6	4.3	82.8
Simple average			**11.4**	**10.7**	**10.1**		
Kalbe Farma Tbk PT	755	2,534	9.5	8.6	8.0	8.3	(1.4)
Mega Lifesciences PCL	35	1,158	13.1	12.3	11.4	4.8	13.5
Duopharma Biotech Bhd	1.29	391	11.5	11.2	10.9	6.2	23.2

Source: Bloomberg, Company, Evolve Capital

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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	FY24	FY25	1H26	FY26E	FY27E	FY28E
Revenue	195.4	177.4	89.1	180.5	185.9	191.5
Gross profit	69.5	72.2	37.7	75.8	78.1	81.4
EBITDA	17.6	18.6	9.3	20.2	20.8	22.4
PATMI	10.1	5.8	4.4	11.6	11.7	12.5
Margins (%)						
Gross profit	35.6%	40.7%	42.3%	42.0%	42.0%	42.5%
EBITDA	9.0%	10.5%	10.4%	11.2%	11.2%	11.7%
PATMI	5.2%	3.3%	4.9%	6.4%	6.3%	6.5%
YoY Growth (%)						
Revenue	14.6%	(9.2%)	(0.5%)	1.8%	3.0%	3.0%
Gross profit	12.3%	3.8%	6.6%	5.0%	3.0%	4.2%
EBITDA	19.8%	5.8%	3.6%	8.6%	3.0%	7.6%
PATMI	18.3%	(42.3%)	158.8%	99.1%	0.2%	6.9%

Source: Evolve Capital, Company

Balance sheet

YE 31st Dec, S$m	FY24	FY25	1H26	FY26E	FY27E	FY28E
PPE	4.9	3.9	6.5	5.5	6.9	8.0
Inventories	34.4	29.3	28.2	28.1	27.8	27.1
Trade receivables	45.4	35.0	34.0	35.6	36.2	36.7
Cash and cash equivalents	23.4	26.8	23.3	29.6	36.0	43.5
Others	27.6	28.6	29.7	26.3	25.5	24.9
Total assets	**135.8**	**123.6**	**121.6**	**125.2**	**132.4**	**140.3**
Non-current liabilities						
Borrowings	0.7	-	1.9	1.9	1.4	0.9
Lease liabilities	1.8	0.5	2.8	0.5	0.5	0.5
Others	1.0	0.8	0.8	0.8	0.8	0.8
Current liabilities						
Borrowings	10.3	7.5	5.2	5.2	5.2	5.2
Lease liabilities	1.3	1.4	1.3	1.5	1.5	1.5
Trade and notes payables	43.6	38.6	39.7	38.7	39.3	39.8
Others	2.6	2.2	2.9	2.2	2.2	2.2
Total liabilities	**61.3**	**51.0**	**54.6**	**50.8**	**50.9**	**50.9**
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)	(0.1)
Retained earnings	45.2	43.5	39.2	46.6	53.6	61.4
Other reserves	(9.5)	(8.6)	(8.1)	(8.6)	(8.6)	(8.6)
Total shareholders' equity	**70.9**	**70.1**	**66.2**	**73.1**	**80.2**	**88.0**
NCI	3.6	2.5	0.9	1.2	1.3	1.4
Total equity	**74.5**	**72.6**	**67.1**	**74.4**	**81.4**	**89.3**

Source: Evolve Capital, Company

Cash flows

YE 31st Dec, S$m	FY24	FY25	1H26	FY26E	FY27E	FY28E
CFO	0.1	18.7	9.2	17.3	16.0	17.3
CFI	(3.0)	(4.6)	(5.6)	(7.2)	(2.2)	(2.4)
CFF	2.8	(10.7)	(7.1)	(7.4)	(7.4)	(7.4)
Net change in cash	(0.2)	3.4	(3.5)	2.8	6.4	7.5
Cash and cash equivalents	23.4	26.8	23.3	29.6	36.0	43.5

Source: Evolve Capital, Company

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