

Media Release

## **Hyphens Pharma's 2Q2019 net profit rose 1.4% y-o-y and 14.4% q-o-q to S\$1.63 million**

**Highlights:**

- 7.4% revenue growth from 1Q2019 to 2Q2019
- Higher sales in its proprietary Ceradan® brand

**Singapore, 13 August 2019** – Hyphens Pharma International Limited (“**凯帆药剂国际有限公司**”, “**Hyphens Pharma**”, or the “**Company**”, and together with its subsidiaries, the “**Group**”), Singapore’s leading specialty pharmaceutical and consumer healthcare group, is pleased to announce its second quarter (“2Q2019”) and half-year (“1H2019”) results ended 30 June 2019.

**Financial Highlights**

The Group’s 2Q2019 revenue decreased year-on-year (“y-o-y”) by 6.1% or S\$1.9 million to S\$29.0 million. However, on a quarter-on-quarter (“q-o-q”) basis, 2Q2019 revenue increased by 7.4% to S\$29.0 million from S\$27.0 million in the first quarter ended 31 March 2019 (“1Q2019”). The Group’s 1H2019 revenue decreased by 9.0% to S\$56.0 million from S\$61.5 million in the half year ended 30 June 2018 (“1H2018”).

1H2019 revenue decreased against 1H2018 mainly due to a decline of 17.8% in the Group’s specialty pharma principals segment, as a result of higher demand in 1H2018, ahead of products licensing renewal process in Vietnam. Nevertheless, in line with the Group’s efforts to promote its proprietary brands, higher sales were recorded in dermatological products under its proprietary **Ceradan®** brand in 1H2019. In addition, the medical hypermart and digital segment registered a revenue growth of 3.1% in 1H2019.

On a q-o-q basis, revenue in 2Q2019 increased from 1Q2019, attributable to a 13.0% growth in the Group's specialty pharma principals segment, in particular our Vietnam market, and a 6.2% growth in the proprietary brands segment due to higher sales in dermatological products under **Ceradan®** brand.

Gross profit decreased by 5.2% from S\$20.7 million to S\$19.6 million in 1H2019. Gross profit margin, however, improved from 33.7% in 1H2018 to 35.0% in 1H2019.

S\$'mil	2Q2019	1Q2019	Q-o-Q % Change	2Q2018	Y-o-Y % Change	1H2019	1H2018	Y-o-Y % Change
<b>Revenue</b>	29.0	27.0	7.4	30.9	(6.1)	56.0	61.5	(9.0)
<b>Gross Profit</b>	10.1	9.5	7.1	11.1	(8.6)	19.6	20.7	(5.2)
<b>Profit before tax</b>	2.0	1.7	21.8	2.1	(5.2)	3.7	4.4	(15.3)
<b>Profit after tax</b>	1.6	1.4	14.4	1.6	1.4	3.1	3.4	(10.1)

Administrative expenses fell by 9.9% to S\$4.9 million in 1H2019 (1H2018: S\$5.4 million). This is due to the absence of one-off IPO expenses of S\$0.9 million, reduced office rental costs following the classification of the Group's operating lease as right-of-use asset, and lower R&D expenses. This was partially offset by higher depreciation costs following capitalisation of right-of-use asset under lease as well as capital expenditure relating to the integrated facility, and increased compliance costs and listing fees.

As a result of the above, the Group's net profit after tax in 1H2019 decreased by 10.1% to S\$3.1 million (1H2018: S\$3.4 million). Net profit after tax in 2Q2019 increased 1.4% over 2Q2018 to S\$1.63 million and increased by 14.4% over 1Q2019.

As at 30 June 2019, the Group's Net Asset Value per share was 13.53 Singapore cents, compared to 13.05 Singapore cents as at 31 December 2018.

**Mr Lim See Wah, (“林世华”), Executive Chairman and CEO of Hyphens Pharma** commented:

“The expansion of the distribution of our **Ceradan®** product range to local retail pharmacies is a major milestone as we will be able to capture more consumer demand. As we establish a wider business footprint as part of our strategic expansion plans, we will engage in continuous product development, while building up our proprietary brands business segment with more brand building and marketing activities to reach out to consumers.”

### **Business Outlook**

In July 2019, the Group has announced that it has expanded the distribution channel of its **Ceradan®** product range to retail pharmacies and had also revamped the packaging of **Ocean Health®** nutritional supplements to give this established brand a new and refreshed look. These initiatives will help position the Group as a leading consumer healthcare player in addition to being a leader in the specialty pharmaceutical sector.

In the months ahead, the Group will be engaging in various brand building and marketing activities to consumers to promote **Ceradan®** and **Ocean Health®**, which are two key brands in its proprietary brands business segment.

In the area of product development, the Group intends to undertake clinical activities to further validate two of its recently launched dermatological products, namely **Ceradan® Advanced**, a patent-pending emollient with a skin pH buffering system built-in to maintain the skin barrier integrity for longer periods of time, and **TDF Faience® T-Complex**, a pigmentation cream using patented Xcelarev® technology.

**Business Update**

The Group will be appointing Ms Sarah Wong as Marketing Director of the Company's subsidiary, Hyphens Pharma Pte Ltd. Ms Wong will replace Ms Elaine Yeh, Business Director for Hyphens Dermatology, with effect from 13 August 2019.

Ms Wong has held several senior management positions at pharmaceutical multinational corporations, covering local and regional markets. Her last corporate role was with Merz Asia Pacific, where she was the Regional Marketing Director (APAC) and responsible for the total product marketing of Merz's aesthetics brands and Over-The-Counter (OTC) franchise.

End.

## About Hyphens Pharma International Limited

(<https://www.hyphensgroup.com/>)

Hyphens Pharma International Limited and its subsidiaries (the "**Group**") is Singapore's leading specialty pharmaceutical and consumer healthcare group leveraging on its diverse footprint in ASEAN countries. The Group has a direct presence in Singapore, Vietnam, Malaysia, Indonesia and the Philippines, and is supplemented by a marketing and distribution network covering six additional jurisdictions, namely, Hong Kong, Myanmar, Brunei, Cambodia, Oman and Bangladesh.

Singapore is the Group's regional headquarters, where its strategic planning, finance, regulatory affairs, research and development, legal, business development and logistics operations are based. The Group's core business comprises the following segments: Specialty Pharma Principals, Proprietary Brands, and Medical Hypermart and Digital. Besides marketing and selling a range of specialty pharmaceutical products in selected ASEAN countries through exclusive distributorship or licensing and supply agreements with brand principals mainly from Europe and the United States, the Group also develops, markets and sells its own proprietary range of dermatological products and health supplement products. In addition, the Group operates a medical hypermart for healthcare professionals, healthcare institutions and retail pharmacies, to supply pharmaceutical products and medical supplies.

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