

Media Release

## Hyphens Pharma's 3Q2019 net profit rose 51.5% to S\$1.8 million

- 3Q2019 revenue improved by 4.2% to S\$30.7 million due to overall revenue improvement in all 3 business segments
- 3Q2019 gross profit margin increased from 32.3% to 35.4%, in line with higher contribution from specialty pharma principals and proprietary brands
- 9M2019 net profit rose by 5.9% to S\$4.9 million despite slight revenue decrease by 4.7% over the same period to S\$86.7 million

Singapore, 14 November 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 third quarter (“3Q2019”) and nine months (“9M2019”) results ended 30 September 2019.

### Financial Highlights

The Group’s 3Q2019 revenue increased by 4.2% to S\$30.7 million from S\$29.4 million in the third quarter ended 30 September 2018 (“3Q2018”). The revenue increase in 3Q2019 was attributed to increased sales across all three business segments which contributed to the overall improvement, in particular, sales from the specialty pharma principals segment which increased by 6.0% in 3Q2019 as a result of higher demand in most of the geographical regions that the Group operates in. This was further complemented by increased sales of 8.3% in the proprietary brands segment due to higher sales of dermatological products under the **Ceradan®** brand, in line with the Group’s efforts to promote its proprietary brands.

However, the Group's 9M2019 revenue decreased slightly by 4.7% to S\$86.7 million from S\$91.0 million in the nine months ended 30 September 2018 ("**9M2018**"). The 9M2019 revenue decreased against 9M2018 mainly due to a decline of 10.5% in the Group's specialty pharma principals segment, as there was higher demand of specialty pharma products in 9M2018, ahead of product licensing renewals in Vietnam. This decline was partially offset by the increased sales in the proprietary brands and medical hypermart and digital segment segments of 5.7% and 2.1% in 9M2019 respectively.

Gross profit increased by 14.5% in 3Q2019 to S\$10.9 million (3Q2018: S\$9.5 million) and the gross profit margin in 3Q2019 improved by 3.1 percentage points to 35.4%, due to the higher proportion of revenue generated by the specialty pharma principals and proprietary brands segments, which enjoy relatively higher gross profit margins.

Gross profit increased by 1.0% in 9M2019 to S\$30.5 million (9M2018: S\$30.2 million) and the gross profit margin increased by 2.0 percentage points to 35.2% in 9M2019 (9M2018: 33.2%). The increase in gross profit margin in 9M2019 was mainly due to relatively higher sales contribution from Singapore.

| S\$'mil                  | 9M2019 | 9M2018 | % Change | 3Q2019 | 3Q2018 | % Change |
|--------------------------|--------|--------|----------|--------|--------|----------|
| <b>Revenue</b>           | 86.7   | 91.0   | (4.7)    | 30.7   | 29.4   | 4.2      |
| <b>Gross Profit</b>      | 30.5   | 30.2   | 1.0      | 10.8   | 9.5    | 14.5     |
| <b>Profit before tax</b> | 5.9    | 5.8    | 1.8      | 2.2    | 1.4    | 54.2     |
| <b>Profit after tax</b>  | 4.9    | 4.6    | 5.9      | 1.8    | 1.2    | 51.5     |

Distribution costs increased 15.4% to S\$6.2 million in 3Q2019 (3Q2018: S\$5.4 million) as the Group continued to engage in marketing activities and invest in strengthening its human capital.

Administrative expenses decreased by 2.9% to S\$2.4 million in 3Q2019 (3Q2018: S\$2.5 million) which was mainly attributed to lower R&D expenses.

As a result of the above, 3Q2019 net profit after tax in 3Q2019 increased by 51.5% to S\$1.8 million (3Q2018: S\$1.2 million). As at 30 September 2019, the Group's Net Asset Value per share was 14.12 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:

“Our marketing and branding efforts have helped us to gain more traction with consumers, as seen from the higher sales this quarter. As people's health needs and demands continue to increase, we will continue to innovate on our proprietary products and bring in more specialised products to our specialty pharma segment.”

### **Business Outlook**

The Group remains focused on further cementing its leadership position in Singapore and deepening its presence in the ASEAN region. The Group will continue to engage in brand building and marketing activities to gain market share for its products, especially for the two key brands in its proprietary brands business segments, **Ceradan®** and **Ocean Health®**. To support its growth strategy, the Group will continue to invest in its human talent.

As for product development, the Group's dermatological products such as **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, will continue to undergo clinical activities for further validation.

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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