

Media Release

Hyphens Pharma delivered net profit of S\$1.4 million for 1Q2019

Highlights:

- 1Q2019 sales impacted by Vietnam market
- Strong net cash inflow from operating activities

Singapore, 13 May 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, announced its first quarter results ended 31 March 2019 (“1Q2019”).

Financials

The Group’s revenue for 1Q2019 decreased by 11.8% to S\$27.0 million from S\$30.6 million in the first quarter ended 31 March 2018 (“1Q2018”). There was a decline of 21.7% in the Group’s Specialty Pharma Principals segment in 1Q2019. The higher demand for radiology products in 1Q2018, ahead of the product licensing renewal in Vietnam, was not repeated in 1Q2019. Sales of the Group’s Proprietary Brands and Medical Hypermart & Digital segments remained stable with slight increments of 1.4% and 1.7% respectively.

Revenue (S\$’000)	1Q2019	1Q2018	% Change
Specialty Pharma Principals	13,836	17,672	(21.7)
Proprietary Brands	3,426	3,378	1.4
Medical Hypermart & Digital	9,742	9,578	1.7
Total	27,004	30,638	(11.8)

Gross profit decreased slightly by 1.3% from S\$9.6 million in 1Q2018 to S\$9.5 million in 1Q2019. Gross profit margin, however, increased from 31.4% in 1Q2018 to 35.1% in 1Q2019.

S\$'mil	1Q2019	1Q2018	% Change
Revenue	27.0	30.6	(11.8)
Gross Profit	9.5	9.6	(1.3)
Profit before tax	1.7	2.2	(25.0)
Profit after tax	1.4	1.8	(20.3)

Net profit after tax for 1Q2019 decreased by S\$0.4 million or 20.3% from S\$1.8 million in 1Q2018 to S\$1.4 million in 1Q2019. This decrease was mainly due to the lower revenue recorded for the period as well as an increase in administrative expenses. Administrative expenses increased by 20.4% due to higher depreciation costs following a reclassification of assets and capital expenditure relating to the Group's integrated facility, as well as increased compliance and listing fees. These were partially offset by a reduction in office rental due to the reclassification of the operating lease as a right-of-use asset.

The Group's operating activities in 1Q2019 generated a net cash of approximately S\$2.3 million while net cash used in investing activities amounted to approximately S\$0.3 million, attributable to the purchase of the facility's automated repackaging machinery. Net cash used in financing activities was approximately S\$2.2 million, mainly due to repayment of bank borrowings of S\$2.0 million, and lease payment amounting to S\$0.2 million.

Mr Lim See Wah, (“林世华”), Executive Chairman and CEO, commented: “We will continue to build the foundations for long term growth. We have strengthened our management team, launched several new products locally, and also invested in innovation and R&D to develop new products that are expected to hit the market in a few years. While our first quarter results was impacted by specific market situations such as Vietnam, we are also expanding our business footprints to other countries. We will also continue to explore interesting

opportunities in our space and identify good business partners who can help distribute our products in new markets.”

Business Update

The Group had launched two dermatological products under its proprietary brands in 1Q2019 and had recently signed a memorandum of understanding (“MOU”) with Accelerate Technologies Pte Ltd, the commercialisation arm of Agency for Science, Technology and Research (A*STAR). This MOU with A*STAR marks one of the Group’s commitments to the skin health business.

Business Outlook

The Group remains focused on bolstering its position in Singapore and expanding its presence in ASEAN. It expects business momentum to continue in locations where it is already established. Whilst Vietnam remains an important market for the Group, competition has grown more intense. As such, the Group is actively strengthening its presence in our other existing markets as well as seeking further opportunities in new international markets. The Group remains committed to investing for the future to deliver long-term sustainable growth for its shareholders.

End.

About Hyphens Pharma International Limited (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.

Issued on behalf of the Company by Cogent Communications Pte Ltd.
For enquiries, please contact:

Ms Melissa Sim, Tel: (65) 6704-9287, Mob: (65) 9380-2938
Email: melissasim@kogentcomms.com

Mr Gerald Woon, Tel: (65) 6704-9268, Mob: (65) 9694-8364
Email: woon@kogentcomms.com

This press release has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the Rules of Catalist. The Sponsor has not independently verified the contents of this press release.

This press release has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this press release including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this press release.

The contact persons for the Sponsor are Ms Heng Mui Mui, Managing Director, and Mr Kelvin Wong, Vice President, who can be contacted at 12 Marina Boulevard, Level 46, Marina Bay Financial Centre Tower 3, Singapore 018982, Telephone: +65 6878 8888.