



# HYPHENS PHARMA INTERNATIONAL LIMITED

Singapore's Leading Specialty Pharma  
& Consumer Healthcare Group

3 Sep 2020



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# INTRODUCTION



Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group



# COMPANY SNAPSHOT



18 MAY  
2018

LISTED ON  
THE SGX-CATALIST

2019 REVENUE

**\$S119 MILLION**



5 COUNTRIES

250 EMPLOYEES



**15**

of Hyphens & Ocean Health  
products are sold *every minute!*



**3 CORE  
BUSINESSES**

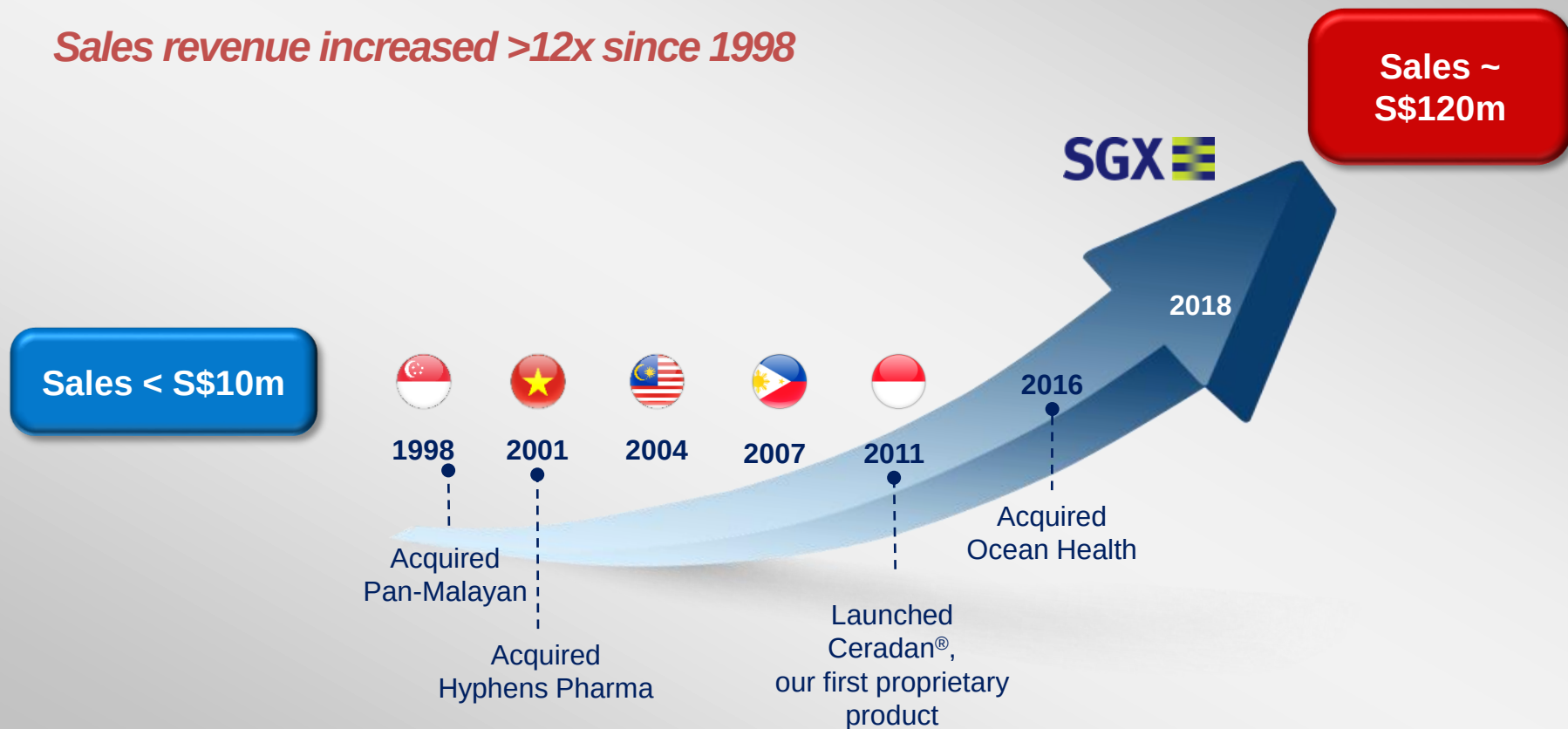


Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group



# 20 YEARS OF EXCEPTIONAL GROWTH

*Sales revenue increased >12x since 1998*



Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group



## OUR REGIONAL PRESENCE



SINGAPORE

50.0%



VIETNAM

35.2%



MALAYSIA

6.6%

OTHERS

8.2%

*Based on 1H2020 revenue*



Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group



# OUR BUSINESS SEGMENTS



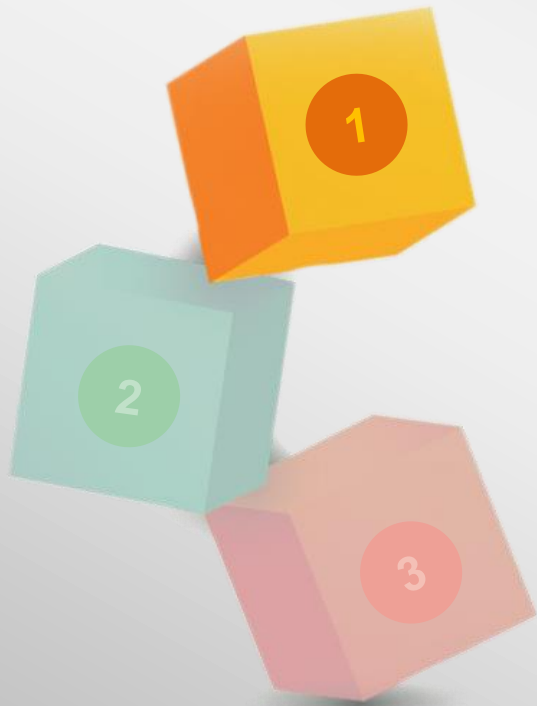
*Based on 1H2020 revenue*



Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group



# SPECIALTY PHARMA PRINCIPALS



## What We Do

1. We handle specialised products, under exclusive agreements with our principals, mainly from Europe.
2. We register and hold product licenses with local authorities.
3. We promote these products through medical representatives to specialists and GPs.



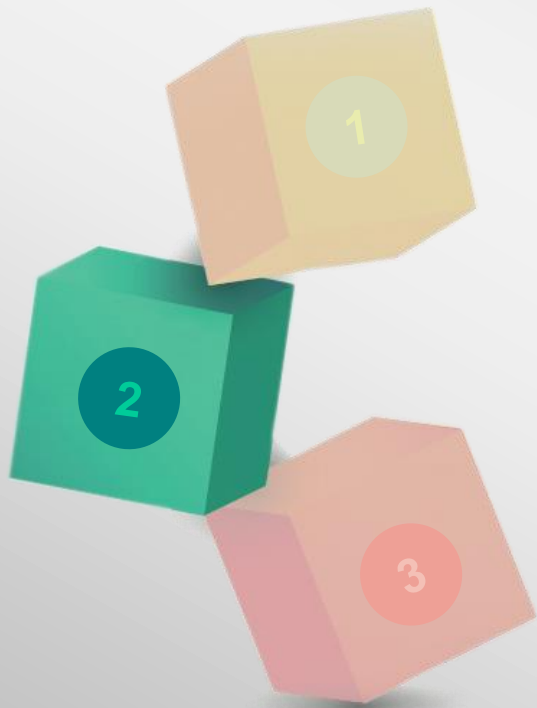
# OUR SPECIALTY PHARMA PRODUCTS



Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group



# PROPRIETARY BRANDS



## What We Do

1. We are the product owner, and the world is our market.
2. We engage in product development.
3. We contract manufacture these products, which bear our trademarks.



# BRANDS WE OWN



**NO. 1  
TOP OF MIND BRAND**

By Private  
Dermatologists\*



**CLINICALLY  
PROVEN**

Photoaging  
& Acne Scars



**WINNER**

Superbrands  
Status  
since 2004



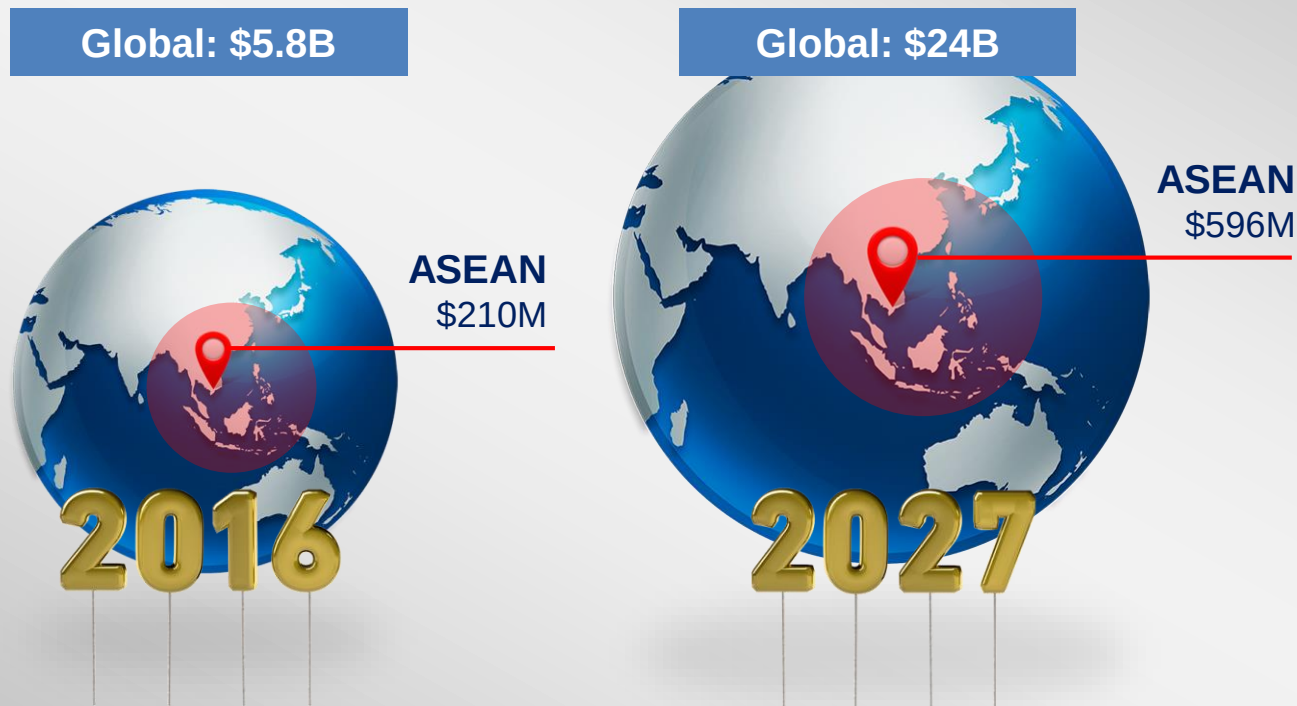
\*IQVIA 2018 Q3 Survey on Top-of-Mind Awareness on 31 Private Dermatologists in Singapore

Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group



# ATOPIC DERMATITIS TREATMENT MARKET SIZE (USD)

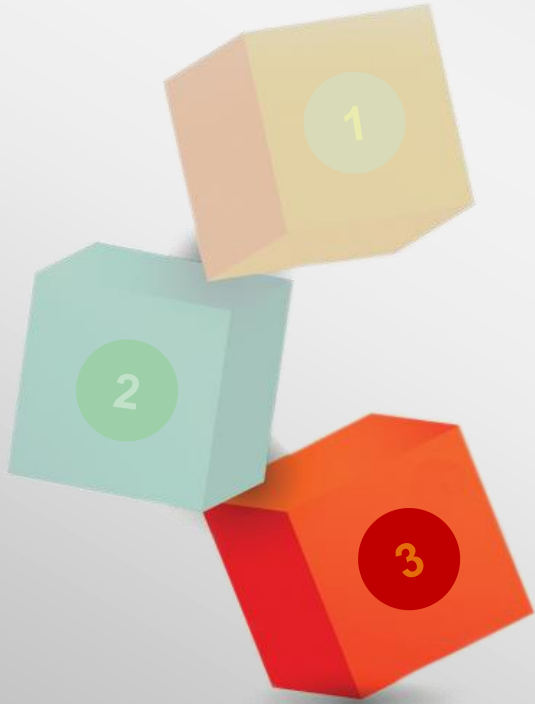
Market Report from Future Market Insights, 2017



Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group



# MEDICAL HYPERMART AND DIGITAL



## What We Do

1. We are a wholesaler of pharmaceutical products and medical supplies.
2. We cater largely to private clinics and pharmacies.
3. We have > 3,000 customers and > 4,000 items in our inventory
4. We also have a B2B e-commerce platform that facilitates 24/7 ordering.
5. Only in Singapore at this juncture.



# MEDICAL HYPERMART AND DIGITAL



1<sup>st</sup> pharmaceutical wholesaler in Singapore to establish an online platform and capture new digital opportunities



Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group



# BUSINESS UPDATE FOR 1H2020



Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group



# PARTNERSHIP WITH SUTL HK

- + Appointment of SUTL HK as exclusive distributor of Ocean Health® supplements
- + In Hong Kong, Macau and Duty-Free Channels in China
- + SUTL is a well-known FMCG distributor of globally renowned brands across 14 markets in Asia



# ACQUISITION OF CG210®



- + CG 210® is a globally renowned & patented topical botanical hair growth-promoting agent
- + Hyphens has acquired the **rights, titles** and interests in the **trademarks** of CG 210® for Singapore & Malaysia
- + New brand ownership adds to our **Proprietary Brands** business segment
- + Inclusion of scalp care as part of our **dermatology** portfolio



# ACQUISITION OF CG210®

Hyphens will be promoting to medical professionals in Singapore & Malaysia, as well as in retail outlets in Malaysia

- + CG 210® Women lotion,
- + CG 210® Men lotion,
- + CG 210® Forte Lotion, and
- + CG4S Shampoo

Manufactured in France

More than  
2 million units  
have been sold  
worldwide

Clinically Proven



Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group





**Ceradan<sup>®</sup>**  
ADVANCED

## The World's **First** and **Most** Advanced Emollient Therapy



For Eczema-Prone Skin

Patent pending in 13 other countries / regions



**Hyphens**

Asean's Specialty Pharma Company



Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group



# NEW CERADAN LAUNCHES



## Ceradan® Hand Lotion Sanitiser



## Ceradan® Gentle Cleanser



Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group



# NEW OCEAN HEALTH LAUNCHES



Omega-3 + Vitamin D



Omega-3 Liquid



Iron Powder



# GOING DIGITAL



are now available on



Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group



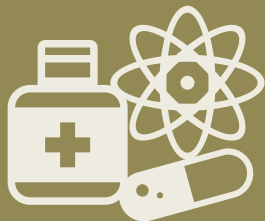
# BUSINESS OUTLOOK



Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group



# OUR STRATEGIC FOCUS



ASEAN's Leading  
Pharmaceuticals &  
Consumer Healthcare  
Group



Long-Term Goal  
Asia's No. 1  
Skin Health  
Company



# INVESTING FOR GROWTH

1

## Establishing a broader geographical footprint

- Cementing leadership position in Singapore and deepening presence in ASEAN
- Expanding international footprint in Asia, Middle East and Africa

2

## Investment in proprietary brands

- Driving growth of skin health portfolio through Ceradan® and TDF® brands
- Nurturing Ocean Health® as a leading nutritional supplement brand of Singapore
- R&D for new products, improve formulation & generate scientific validation



Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group



# INVESTING FOR GROWTH

3

## Strengthening specialty pharma portfolio

- Launching new specialty pharma products in regional markets
- Seeking licensing opportunities for new products

4

## Reinforcing medical hypermart and digital segment

- Continue to leverage its broad network in the Singapore market
- Exploring new digital business initiatives

5

## Acquisitions

- Continue to source for synergistic opportunities



# FINANCIAL HIGHLIGHTS



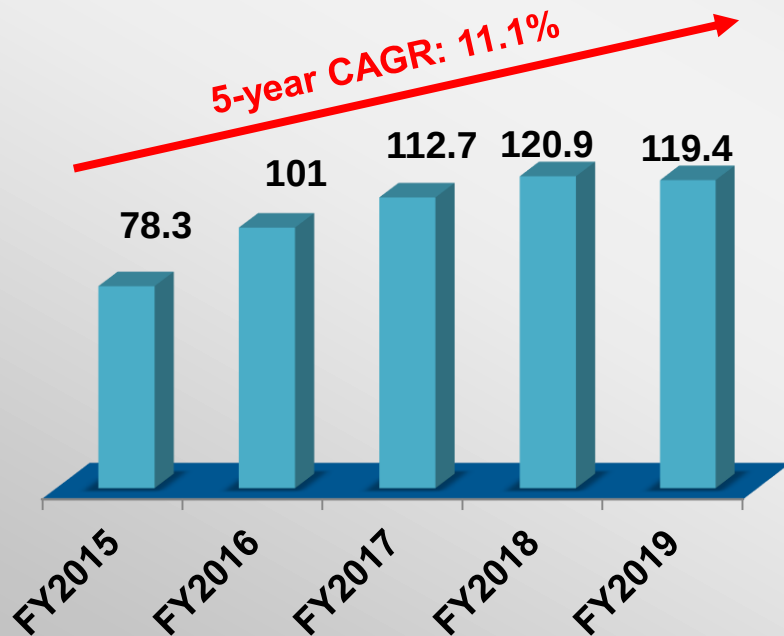
Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group



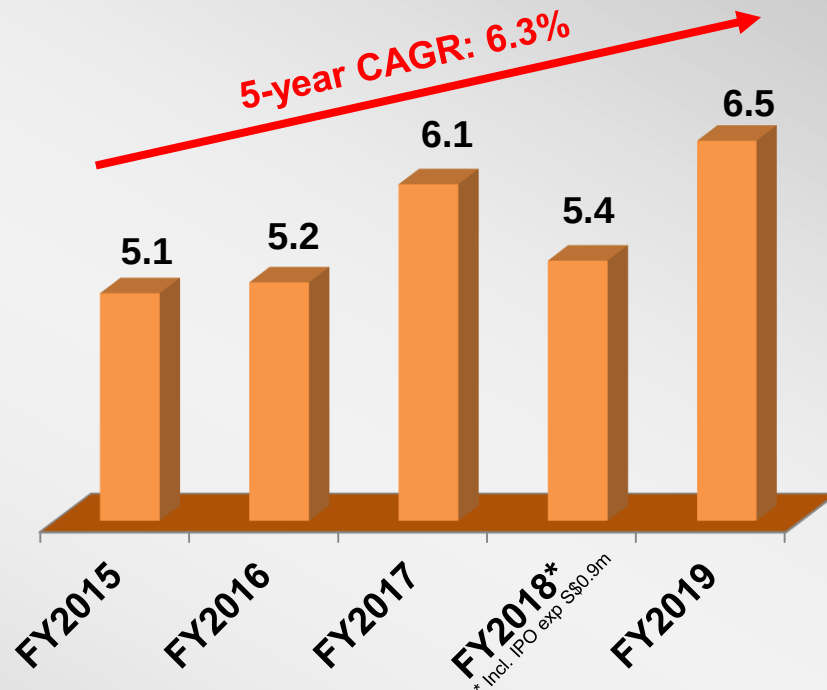


# FINANCIAL PERFORMANCE

Revenue (S\$'m)



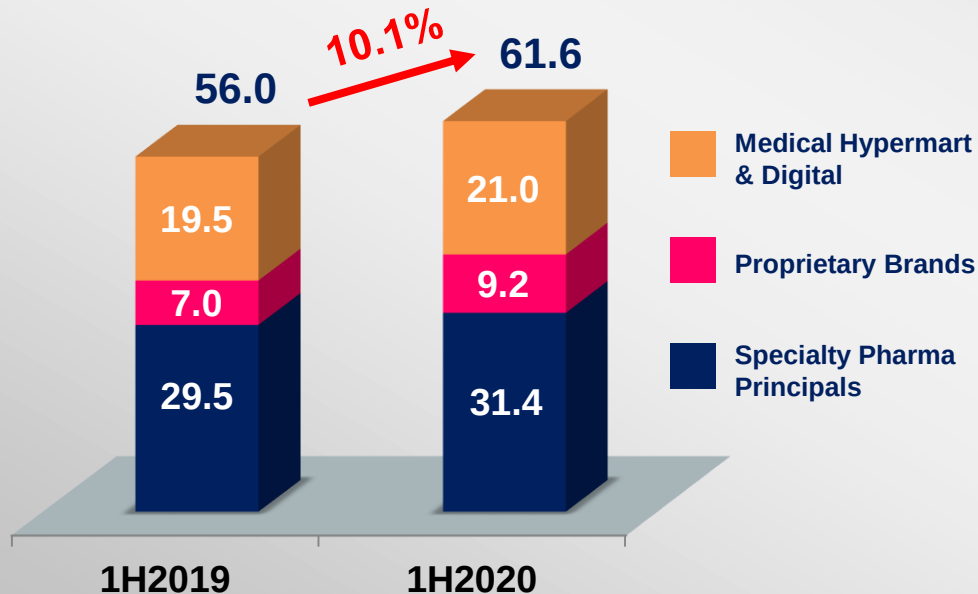
Profit After Tax (S\$'m)



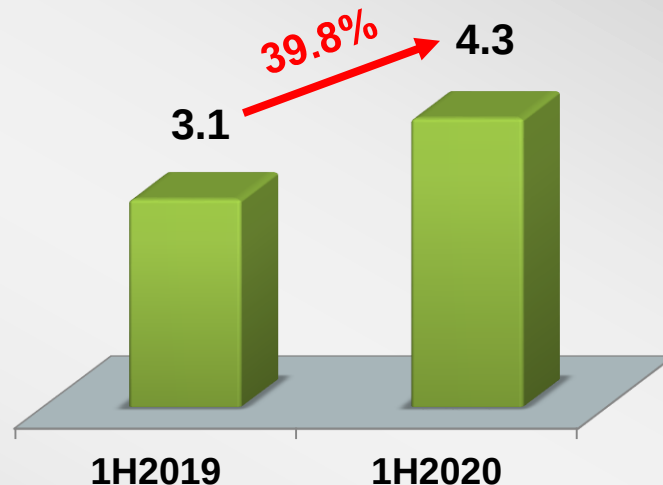


# 1.1 RESULTS IN 1H2020

## Revenue (S\$'m)

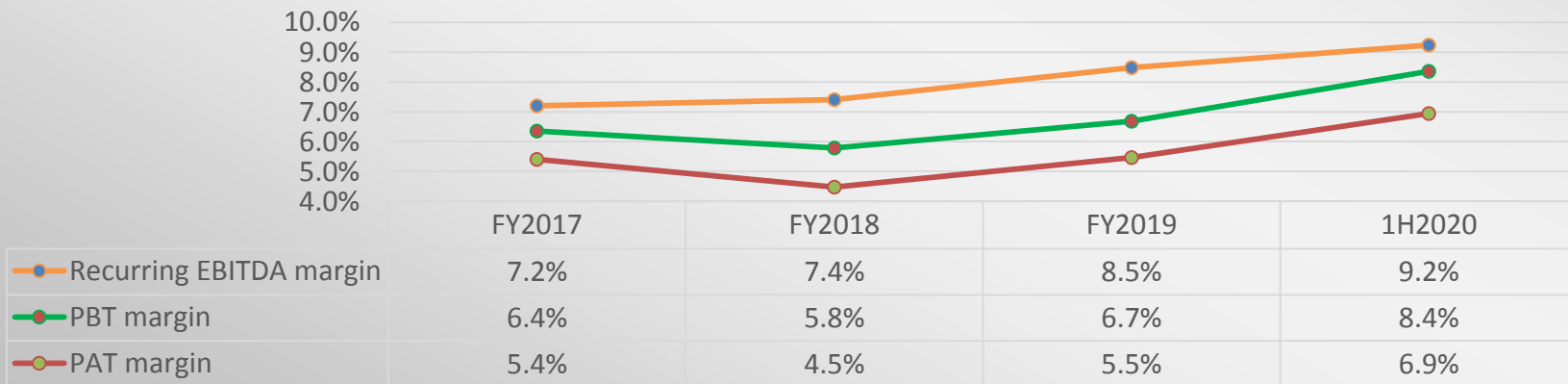
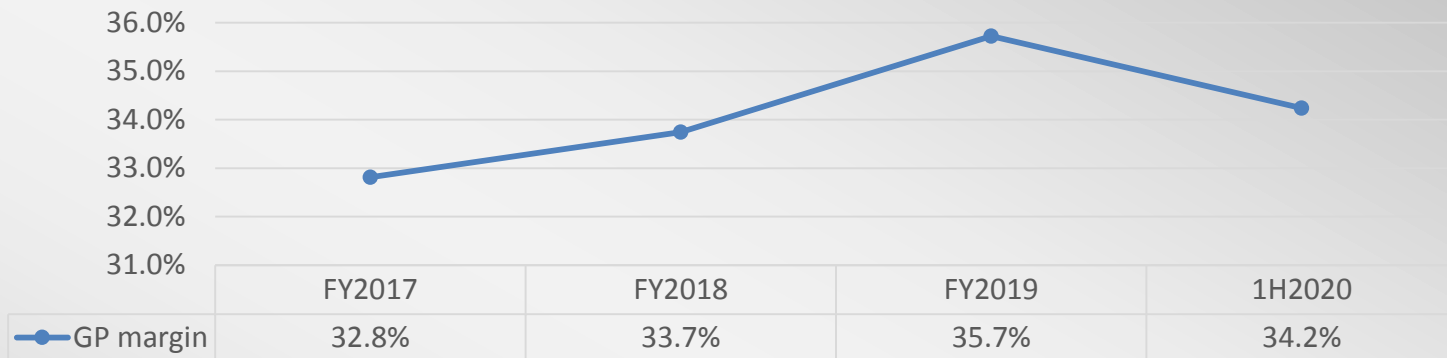


## Profit After Tax (S\$'m)





## PROFIT MARGINS



# 3

## FINANCIAL POSITION & CASH FLOW

| S\$'000                      | 30 Jun 2020   | 31 Dec 2019   |
|------------------------------|---------------|---------------|
| Total assets                 | 86,481        | 80,131        |
| Cash & cash equivalents      | <b>26,088</b> | <b>26,165</b> |
| Total liabilities            | 38,735        | 36,055        |
| Financial liabilities        | 818           | 300           |
| Total equity                 | 45,268        | 44,076        |
| <b>NAV per share (cents)</b> | <b>15.07</b>  | <b>14.67</b>  |

| S\$'000                               | 1H2020  | 1H2019  |
|---------------------------------------|---------|---------|
| Cashflow from operating activities    | 3,641   | 5,980   |
| Cashflow used in investing activities | (828)   | (71)    |
| Cashflow used in financing activities | (2,890) | (4,616) |
| Net cash (outflow)/ inflow            | (77)    | 1,293   |





## MAINTAINING DIVIDEND POLICY

| S\$'000 | Dividend   | Yield <sup>(a)</sup> | Div / NP <sup>(b)</sup> |
|---------|------------|----------------------|-------------------------|
| FY2019  | 1 cent     | 2.4%                 | 46.0%                   |
| FY2018  | 0.55 cents | 1.3%                 | 30.5%                   |

*(a) Yield is computed based on total dividends declared for the financial year divided by closing price of S\$0.415 @ 31 Aug 2020.*

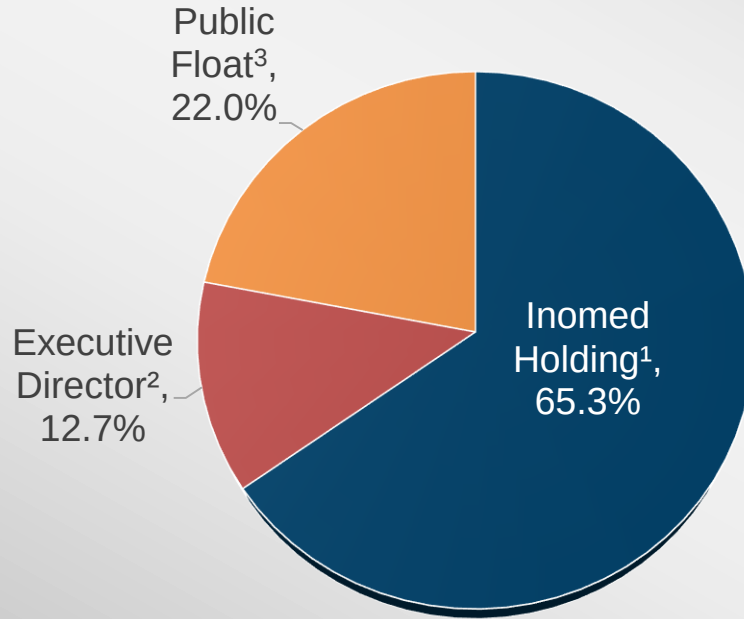
*(b) At least 30% of Net Profits Attributable to Shareholders in FY2018 & FY2019 intended to be distributed as dividends (IPO prospectus).*

Commitment to maintain dividend policy to pay at least 30% of its net profits attributable to shareholders, subject to the Board's approval.



# 5

## MANAGEMENT OWNERSHIP



<sup>1</sup> Owned by Mr. Lim See Wah, CEO and Dr. Tan Kia King, Non-Executive Director

<sup>2</sup> Mr. Tan Chwee Choon, Executive Director

<sup>3</sup> As at 31 Aug 2020



# RESEARCH COVERAGE

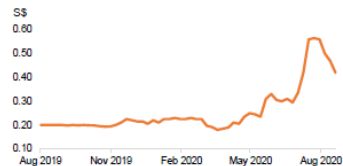


## Hyphens Pharma International Limited

Date: 31 August 2020

**BUY**  
(Maintained) **Target Price: S\$0.540**  
(+28.6%)

**HYP SP**  
**Price: S\$0.420** (as at 26 August 2020)



| Share price    | 1M     | 3M     | 6M     | 1Y      |
|----------------|--------|--------|--------|---------|
| Hyphens Pharma | -25.7% | +35.5% | +86.7% | +110.0% |
| Catalist Index | +13.8% | +42.6% | +33.4% | +23.2%  |

|                                 |                               |
|---------------------------------|-------------------------------|
| Market Capitalisation           | S\$126.2 million              |
| Current Price                   | S\$0.420                      |
| Shares Outstanding              | 300.4 million                 |
| Free Float                      | 22.0%                         |
| Major Shareholder               | Innomed Holding Pte Ltd 65.3% |
| Recommendation of other brokers | 1 Buy<br>1 Accumulate         |

Source: Company data, Bloomberg, SAC Capital

**Analyst**  
Lim Li Jun Tracy +65 6232 3239  
liml@saccapital.com.sg

**Analyst**  
Lam Wang Kwan +65 6232 3237  
lamwk@saccapital.com.sg

### Broadening product range and footprints

Increased demand for healthcare products fuelled by COVID-19 drove higher 1HFY20 earnings. Revenue increased 10.1% yoy to S\$61.6 million. Proprietary brands segment in particular led with 29.8% increase in revenue due to higher demand for healthcare supplements during COVID-19. Net profit increased a larger 39.8% yoy to S\$4.3 million, also lifted by job support scheme, of which about half (or S\$0.5m) was recognized.

Secured UK patent for flagship Ceradan® Advanced. Hyphens has secured a patent for Ceradan® Advanced, a medical skincare and pharmaceutical product, in the UK. Patent is pending in another 13 regions, including Singapore, Malaysia, Vietnam, China, Europe and the United States. A patent strengthens the product's market position and enhances brand recognition.

Extending footprints into North Asia. Hyphens announced the appointment of SUTL HK as an exclusive distributor of Ocean Health® healthcare supplements in HK, Macau and duty-free channels in China. The partnership extends the group's presence into North Asia. Hyphens also expanded proprietary brands portfolio with the procurement of CG210® hair-growth product series for Singapore and Malaysia.

Maintain BUY rating and raise fair value to S\$0.540 (from S\$0.285). Our DCF-derived target price translates into a FY21E P/E of 23.7x. While we expect the net margin to fall back to previous levels in the absence of government grants, with the increase in demand for healthcare and supplements and the new partnership with SUTL HK and acquisition of CG210®, we believe the Group's strategy will drive earnings going forward. Our target price implies a 28.6% upside.

**Key Risks:** High geographical concentration risk in Singapore and Vietnam markets and the ability to differentiate itself from competitors.



15 May 2020

**Hyphens**  
Numbers Imp

- Maintain BUY, D yield. Hyphens P higher revenue of proprietary brands in its business, w 2Q20 due to th cautious on how th
- 1Q20 revenue at forecasts. 1Q20 : previous estimate Ceradan® brand p of Ceradan® Adv. proprietary brands Nutritional supplie as consumers bc COVID-19. Similar medical. hvocemar

### A hair-rai

Tan Jiunn Chys

- Hyphens Ph sales are +10
- Hyphens' ex COVID-19, w United Kingd proprietary j the partial a brand.
- Stronger ou portfolio sh will depend and whether

Hyphens Phari leading specia groups, whom pharmaceutical



## Singapore Company Update

### RESULTS UPDATE

Medical • Singapore

**Hyphens Pharma Intl Ltd**  
(HYP SP/HYPH.SI)



## Hyphens Pharma International Ltd

Shaking off COVID-19 woes with expanded portfolio

### SINGAPORE | HEALTHCARE | 1H20 Results

- Earnings of S\$4.28mn make up 64% of our FY20e estimates.
- Revenue growth of 10% YoY in 1H20 was held up by an all-around stronger 1Q20 result as well as a 24% growth YoY in revenue from proprietary brands in 2Q20.
- Cash flow for 1H20 was down S\$1.7mn as inventory levels were elevated in anticipation of disruptions arising from product license renewals in Vietnam.
- Group continues to invest into building its proprietary brands portfolio with acquisition of haircare product CG 210® and new product launches across its Ceradan® and Ocean Health® brand portfolio.
- Maintain ACCUMULATE with upward revision in TP to S\$0.495 (prev S\$0.435). We revise FY20e earnings upwards by 25% to reflect strong revenue growth and income recognised from Job Support Scheme in 2H20.

### Results at a glance

| S\$D '000                     | 1H20   | 1H19   | YoY | Comments                                                                                                                                                                                                                                                                   |
|-------------------------------|--------|--------|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Specialty pharma principals   | 31,408 | 29,470 | 7%  | Steady growth was achieved across both 1Q20 and 2Q20 (+11% YoY and +3% YoY) despite slower business momentum in 2Q20.                                                                                                                                                      |
| Proprietary brands            | 9,167  | 7,064  | 30% | Strong demand for products under Ceradan® and Ocean Health® brand portfolio which benefited from moving to online sales channels. Stellar 1Q20 sales (+17% YoY) within segment weighed down in 2Q20 when Singapore entered Circuit Breaker period. Revenue for the segment |
| Medical hypermart and digital | 21,065 | 19,472 | 8%  |                                                                                                                                                                                                                                                                            |

20 August 2020

### ACCUMULATE (MAINTAINED)

|                  |           |
|------------------|-----------|
| LAST CLOSE PRICE | S\$0.4350 |
| FORECAST DIV     | S\$0.0310 |
| TARGET PRICE     | S\$0.495  |
| TOTAL RETURN     | 12.2%     |

|                                   |               |
|-----------------------------------|---------------|
| COMPANY DATA                      | HYIP SP       |
| RECORDED CLOSING                  |               |
| Q1/20 SHARES (Mn)                 | 300           |
| MARKET CAP (USD Mn) / S\$D Mn (H) | 121.3 / 138.2 |
| 52 - WK HIGH (S\$D)               | 0.625 / 0.380 |
| 52 - WK LOW (S\$D)                | 0.25          |
| MAJOR SHAREHOLDERS (%)            |               |
| INNOVISED HOLDING PTE LTD         | 65.3%         |
| TAN CHIEWE CHIOON                 | 12.7%         |

| PRICE PERFORMANCE (%) | 1M   | 3M    | 1Y    |
|-----------------------|------|-------|-------|
| COMPANY               | 13.1 | 102.1 | 147.8 |
| Q1/20 RETURN          | 0.0  | 3.1   | 104.0 |



Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group





**Hyphens Pharma International Limited (SGX: 1J5)**  
16 Tai Seng Street, Level 4, Singapore 534138  
[www.hyphensgroup.com](http://www.hyphensgroup.com)

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