



HYPHENS PHARMA INTERNATIONAL LIMITED

Results Briefing 1H 2022

17 AUG 2022



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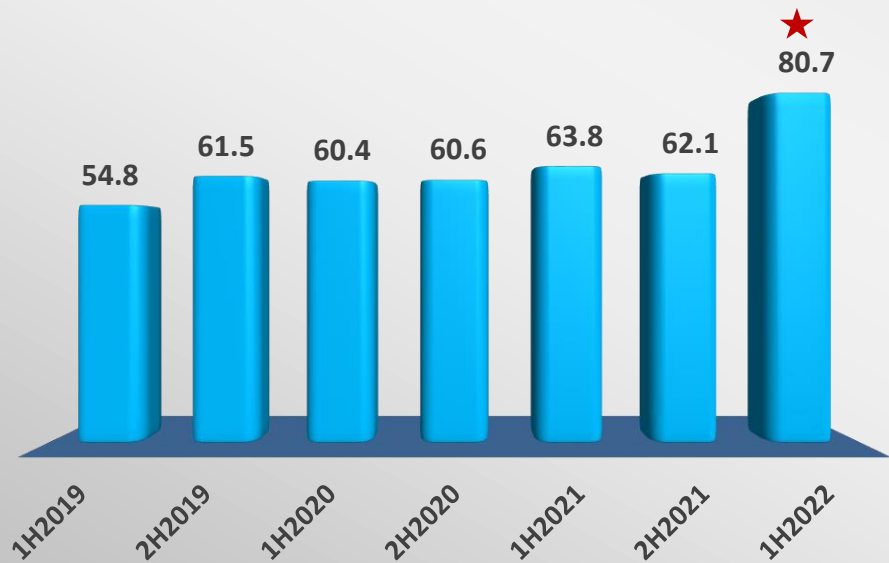
FINANCIAL RESULTS



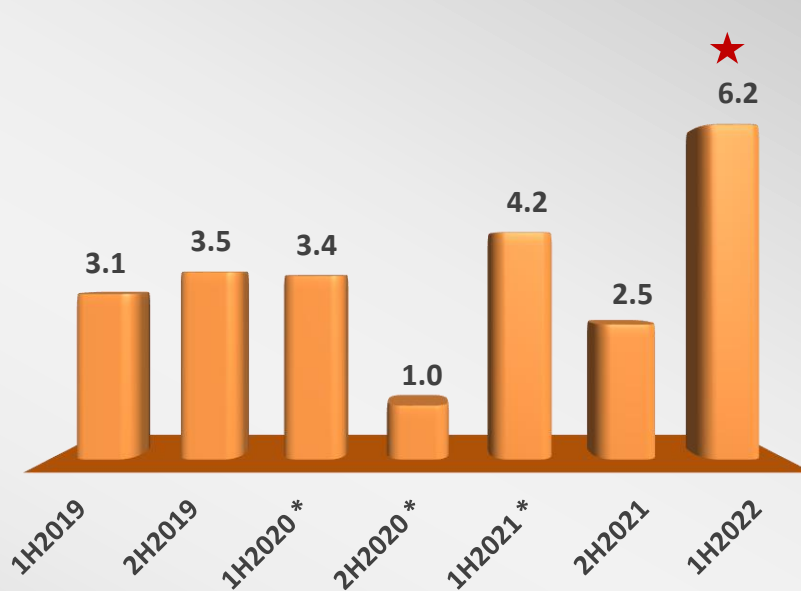


1.1 FINANCIAL PERFORMANCE

Revenue (S\$'m)



Profit After Tax (S\$'m)



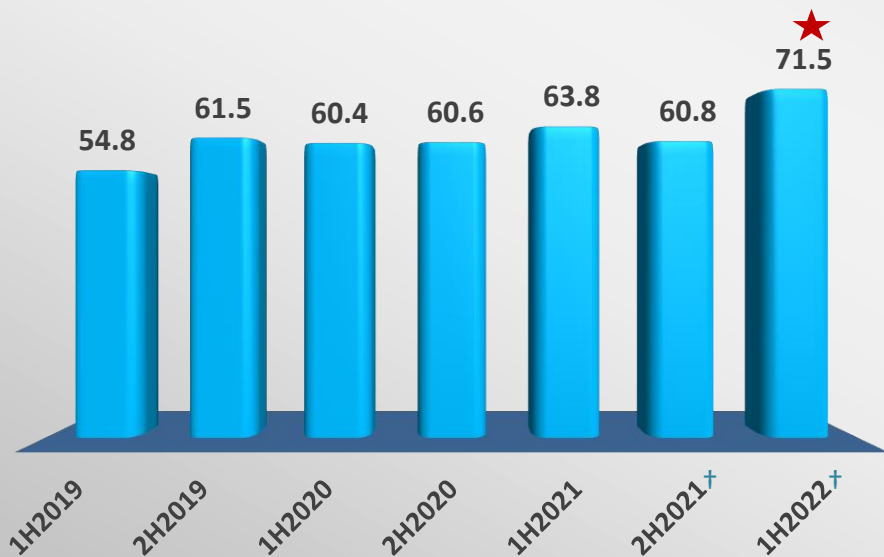
* Excl JSS



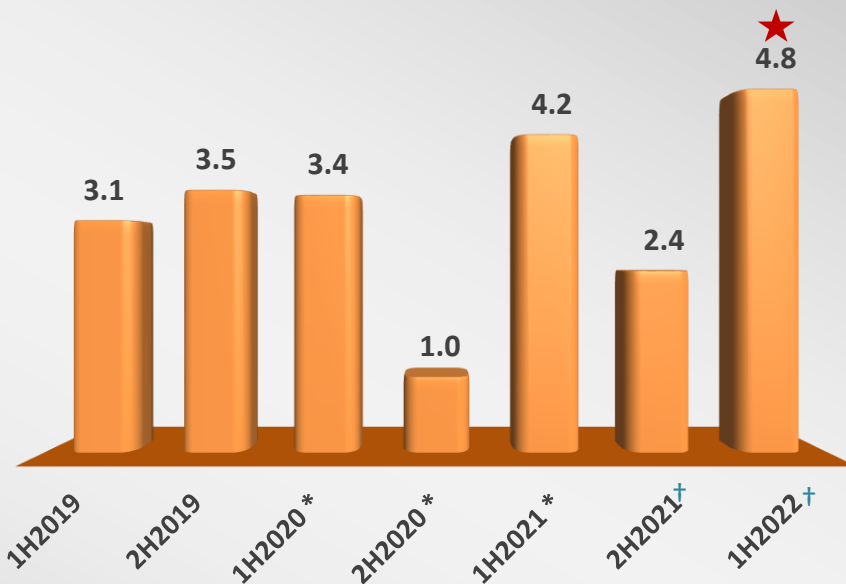


1.2 FINANCIAL PERFORMANCE (WITHOUT NOVEM)

Revenue (S\$'m)



Profit After Tax (S\$'m)

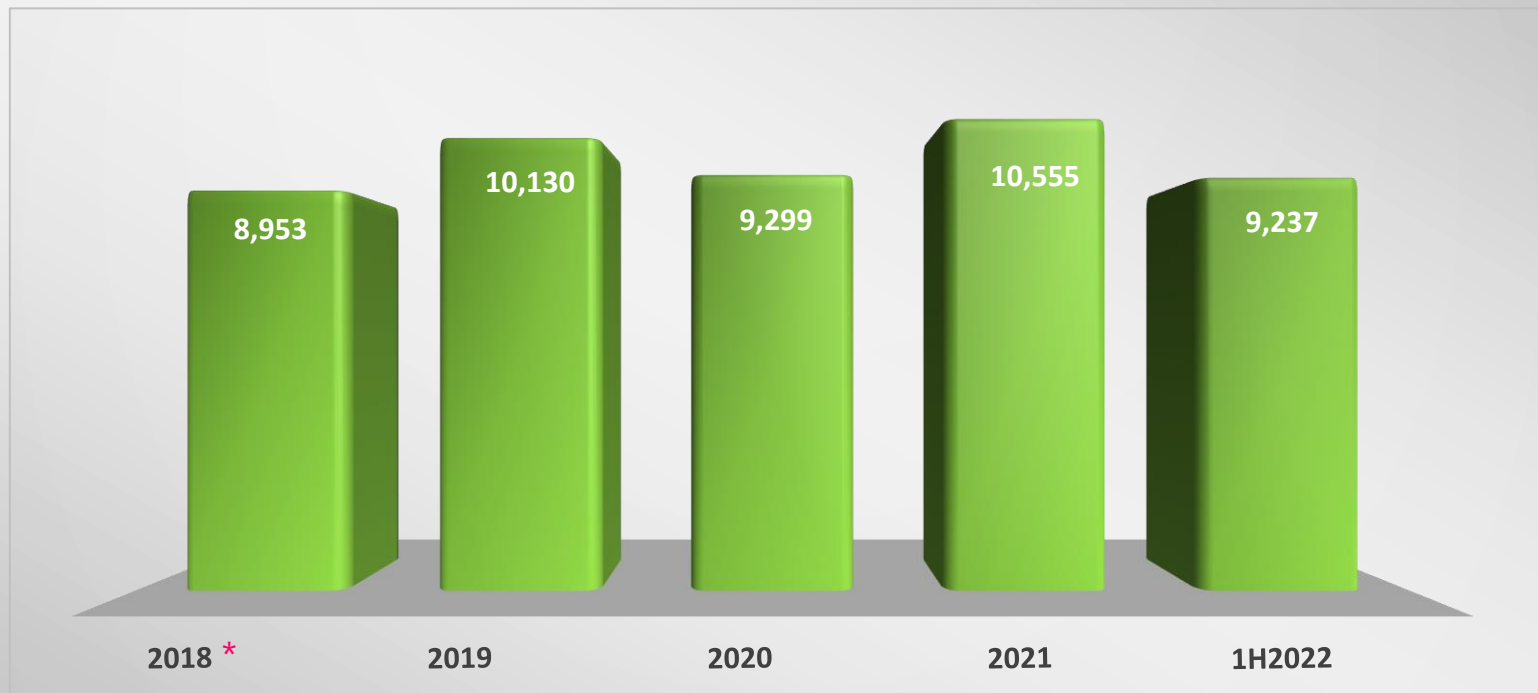


† Excludes Novem Revenue and Profit (acquired in Dec 2021)

* Excl JSS



1.3 EBITDA OVER THE YEARS



* Exclude goodwill impairment



1.4 INCOME STATEMENT

	1H2022	1H2021	YoY
	S\$000	S\$000	%
Revenue	80,704	63,807	26.5%
Cost of sales	(49,627)	(39,055)	27.1%
Gross profit	31,077	24,752	25.6%
Other income and gains	343	348	-1.4%
Distribution costs	(16,874)	(14,271)	18.2%
Administrative expenses	(6,197)	(5,234)	18.4%
Finance costs	(66)	(48)	37.5%
Other losses	(683)	(317)	115.5%
Share of profit of associate	230	-	N.M.
Profit before tax	7,830	5,230	49.7%
Income tax expense	(1,589)	(915)	73.7%
Profit after tax	6,241	4,315	44.6%

N.M.: not meaningful

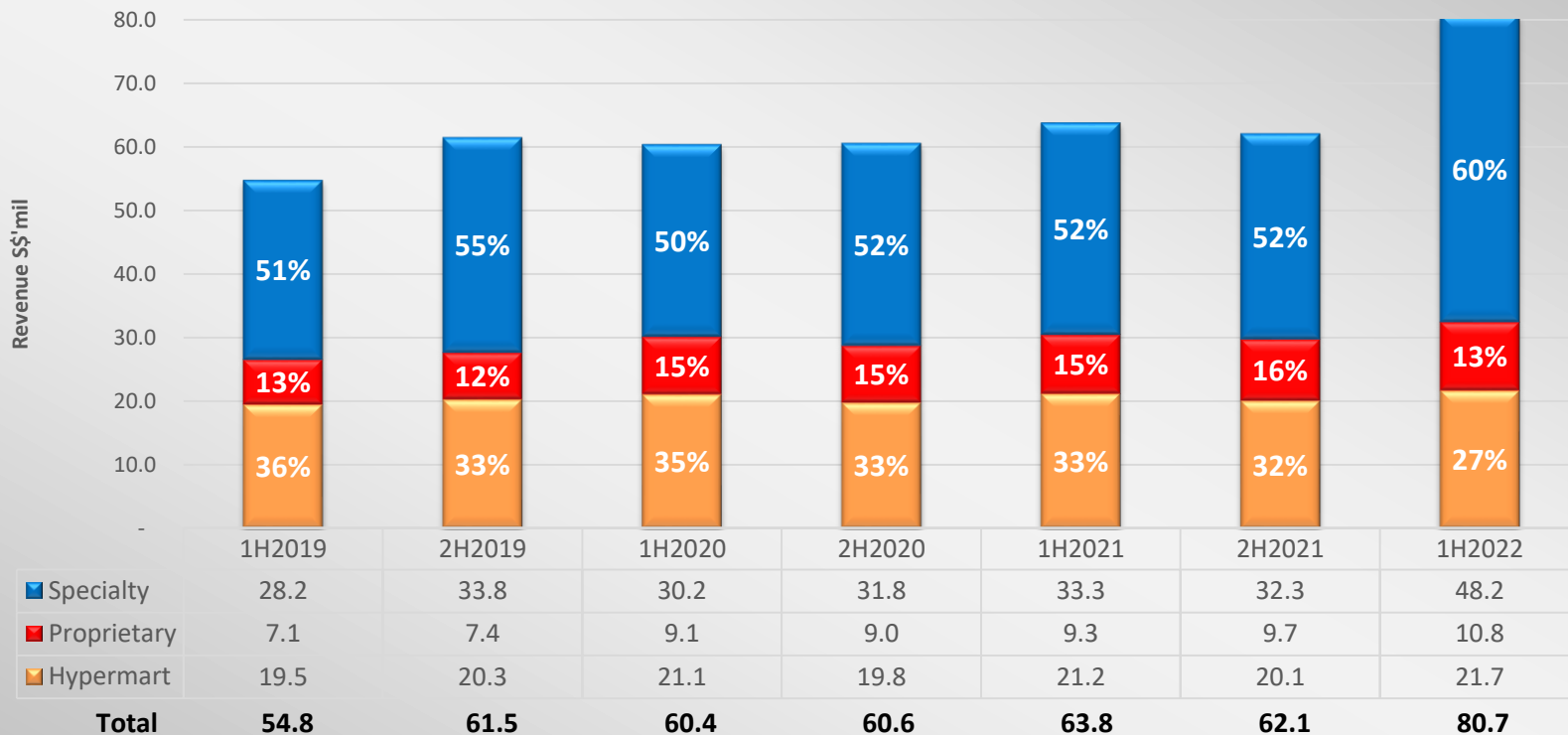
1H2022 vs 1H2021

- Revenue increased across all business segments and most geographical locations. Novem contributed \$9.2mil in revenue; Hyphens organic growth at 12%.
- GPM remained comparable at 38.5% (1H2021: 38.8%)
- Increase in distribution costs in tandem with increased revenue.
- Increase in admin exp due to higher cost base with inclusion of Novem.
- Exceptional profit achieved in 1H2022 (+44.6% against 1H2021)



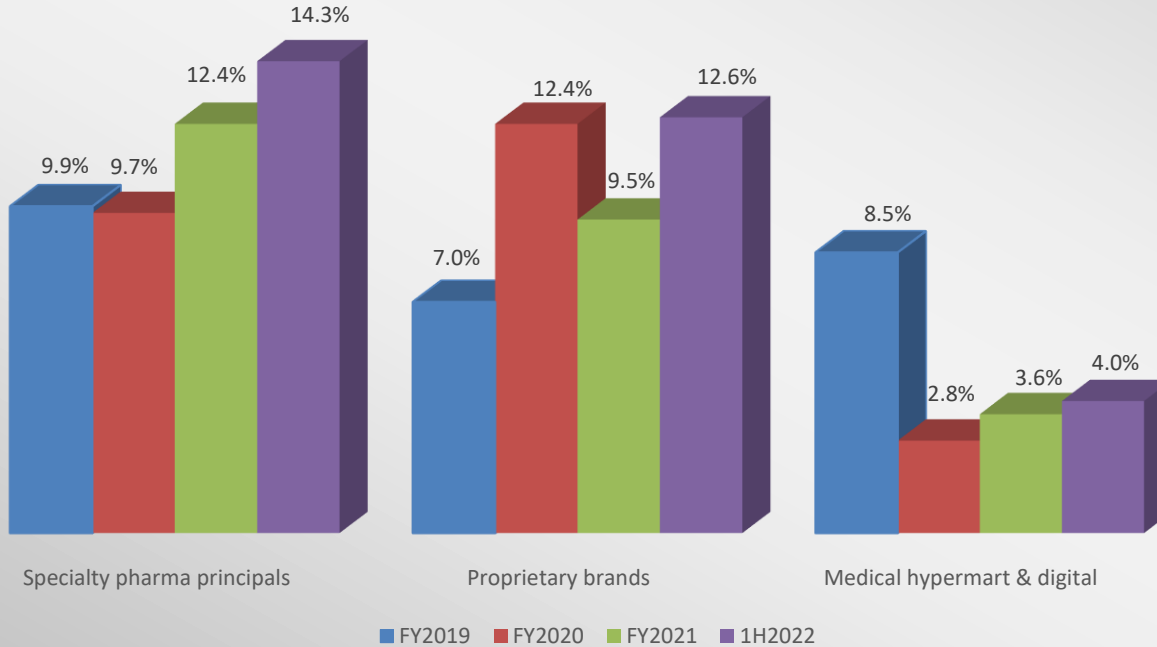
1.5

REVENUE BY BUSINESS SEGMENTS



1.6

EBITDA MARGIN BY BUSINESS SEGMENTS



Notes:

Due to restatement of revenue in prior years to be consistent with FY2021, prior years' EBITDA margins have been updated accordingly.



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FINANCIAL POSITION

S\$'000	30 Jun 2022	31 Dec 2021
Total assets	104,459	99,191
Inventories	20,700	25,290
Trade & other receivables	30,565	28,722
Cash & cash equivalents	28,444	19,461
Total liabilities	39,452	44,455
Trade & other payables	30,678	33,563
Bank borrowings	3,661	6,075
Total equity	65,007	54,736
Equity attributable to shareholders	63,742	54,736
NAV per share (cents)	20.64	17.73





CASHFLOW STATEMENT

S\$'000	1H2022	1H2021
<u>Cashflow from operating activities</u>		
Profit before tax	7,830	5,230
Adjustments for non-cash/non-op items	1,267	1,056
Changes in working capital	(50)	1,003
Tax paid	(842)	(1,023)
Cashflow from operating activities	8,205	6,266
Cashflow used in investing activities	(165)	(138)
Cashflow from/(used in) financing activities	943	(2,733)
Net cash inflow	8,983	3,395
Cash & cash equiv, beg balance	19,461	27,526
Cash & cash equiv, ending balance	28,444	30,921



KEY CONTRIBUTIONS TO THE PERFORMANCE

1. Post-COVID recover:
 - Our major market of Singapore, Malaysia and Vietnam registered positive and double digit improvement in sales performance.
2. Additional of Novem to the Group.
 - Contributed positively to both top and bottom line.



BUSINESS UPDATES



SUCCESSFULLY RAISED S\$6M FOR OUR SUBSIDIARY DOCMED

VALUING DOCMED AT S\$60M

The screenshot shows a news article on The Edge website. The headline is "Metro Holdings takes 10% stake in Hyphens Pharma subsidiary DocMed at \$60 mil valuation". The article is dated Friday, May 22, 2022, at 11:53 AM GMT+08. The author is identified as "The Edge Singapore". A photograph shows three men in business suits shaking hands. The article includes a "Highlights" section with a sub-heading "TELECOMMUNICATIONS" and a snippet: "Singtel partners Lendlease to transform Concourse HQ into \$3 bil next-gen landmark development". A "Trending Now" section lists various market news items like "In 1Q2022, Sembcorp Marine's cash flow, cash position and liquidity management improve as gearing drops" and "Nio to begin trading".

The screenshot shows a tweet from The Edge Singapore (@theedgesg) dated May 22, 2022, at 11:22 AM. The tweet text reads: "Metro Holdings takes 10% stake in Hyphens Pharma subsidiary DocMed at \$60 mil valuation". Below the text is a photograph of the same three men shaking hands. The tweet has 1 retweet and 1 like.

Hyphens Pharma International

Price target:
PhillipCapital 'buy' 43 cents



Investment from Metro

PhillipCapital Research analyst Paul Chew has upgraded Hyphens Pharma from "accumulate" to "buy" as he sees digital healthcare being a new growth and stock catalyst. "Hyphens Pharma's underlying growth strategy is to be a leading portfolio of proprietary skin health products and brands across Asia," says Chew, who has also updated his target price to 43 cents from 34.5 cents. In addition, Chew has raised FY2022 ending December earnings by 40% to \$9.2 million to incorporate earnings from the acquisition of Novem. On May 27, Hyphens Pharma announced that Metro Holdings, a property and retail company, will be investing \$6 million for a 10% stake in DocMed Technology (DocMed), valuing it at \$60 million.

A digital health platform, DocMed is a subsidiary of Hyphens Pharma.

DocMed owns Hyphens Pharma's medical B2B hypermart POM Medical Hypermart (POM) and a licensed e-pharmacy Wellway. POM's revenue in FY2021 came in at \$41 million including offline sales.

DocMed will use the proceeds to build up its manpower across technology, operations and marketing areas and enhance its B2B platform to serve doctors. The platform can be enhanced with more pharmaceutical offerings, mobile features and a regional footprint across Asean. The expected timeline to enhance and expand the B2B platform is two years.

Chew views the transaction as a funding event rather than crystallisation or monetisation of Hyphens digital assets.

"The proceeds have the potential to enhance the B2B platform with more doctors, pharmaceutical companies, transactions and new sources of revenue," the analyst writes. "Such milestones could drive further rounds of financing and higher valuations."

The analyst also notes that DocMed's platform will be an important space to showcase drugs to doctors. In turn, DocMed can generate new sources of revenue such as advertising and promotion from pharmaceutical companies.

Overall, Chew sees the creation and development of the digital healthcare platform DocMed as an additional growth and share price catalyst for Hyphens Pharma, with near-term earnings drivers being the acquisition of Novem and growth in specialty pharma sales due to the return of elective surgeries post-Covid-19. This is considering Hyphens Pharma's multiple-year growth strategy to expand its proprietary brands of skincare products across the region. — Chloe Lim



SUCCESSFUL REGISTRATION & LAUNCH OF OCEAN HEALTH PRODUCTS OUTSIDE OF SINGAPORE

Vietnam



LAUNCHED!



PREPARING TO LAUNCH



PREPARING TO LAUNCH



LAUNCHED!



Malaysia


PREPARING TO LAUNCH

(JUST APPROVED)



Indonesia





People, Organisation & Culture

Project Symphony

“

Clearly stipulate vision/core values that genuinely represent our current behaviour and aspirations.

The process will gel and energize us as a team to enable us to become winners in the market competition.

”



Singapore's Leading Specialty Pharmaceutical and Consumer Healthcare Group

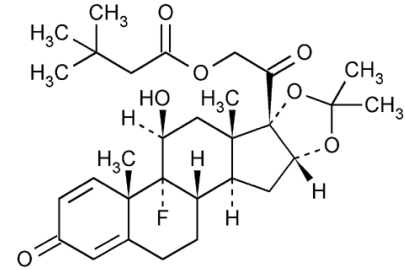


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CESSATION OF DISTRIBUTORSHIP WITH BIOSENSORS INTERVENTIONAL

- Agreement will lapse by end of 2022.
- Agreement ended amicably.
- Contributed to 3% of revenue in FY 21.
 - Contributed to 6% of revenue in 1H 22.
 - Contributed to 12% of revenue in FY 17.

BUSINESS OUTLOOK



INVESTING FOR GROWTH

1. Investment in Proprietary Brands
2. Internationalisation
3. Going Digital
4. Strengthen Specialty Pharma Portfolio
5. Acquisitions

Docmed is expected to speed up hiring and deployment of the fund raised.



QUESTIONS & ANSWERS





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