

Hyphens Pharma International Ltd

25 May 2023

BUY (Initiation)

BBG	HYP SP
Market cap	S\$88.1m
Price (25 May 2023)	S\$0.285
52-week range	S\$0.270 – S\$0.375
Target Price	S\$0.34
Shares Outstanding	309.2m
Free Float	24.2%
Major Shareholders	<div>Lim See Wah 38.8%</div> <div>Tan Kia King 24.7%</div> <div>Tan Chwee Choon 12.3%</div>

P/BV (FY22)	1.5x
Net Debt to EBITDA (FY22)	Net cash

Source: Company data, Bloomberg, SAC Capital

Analyst

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Beyond the shores

Internationalization. With countries dropping pandemic-related restrictions, Hyphens will start to ramp up its effort to increase the presence of its brands in the region. Hyphens' participation in Enterprise Singapore's Scale-Up program helps them to assess, strategize, and kick their growth plans into high gear.

Product development through R&D, new launches and in-licensing of drugs. Hyphens has teamed up with a Korean partner to bring in Nabota, entered into an exclusive license and supply agreement for Winlevi, launched Meradan Cream in Indonesia and entered into a 10-year exclusive license and supply agreement for Lederlon. These products have their niche and once registration is completed and marketing started to push off, they have the potential to become a revenue driver for the Group.

Realization of DocMed Technology's potential. DocMed is anticipated to accelerate the allocation of funds (c.S\$5.4m left) in (i) the hiring process; (ii) supercharging its integrated healthtech platform; and (iii) rolling out its digital platform to other ASEAN countries. It has kick-started its digital venture into Vietnam with Hoang Duc to create a B2B Virtual Medical Hypermart for pharmaceutical supplies. While we do not see DocMed contributing significantly to the Group in the short term, being an early adopter puts Hyphens ahead of the curve and positions them to reap the reward of healthcare digitalization.

Risks include failure to obtain or renew necessary licenses, permits, or certificates and cessation of distributorship agreements. Prolonged supply chain disruptions might cause Hyphens to lose market share as consumers switch and stay with alternative brands.

Initiate coverage with a BUY at an equity value of S\$105m or S\$0.34/share (19% upside) on DCF, pegged to WACC of 14.9%. At this valuation, the forward PER is 12.3x and 11.3x for FY23E and FY24E respectively. EV/EBITDA is 4.8x and 3.9x for the two years, suggesting c.65% discount to industry peers of 7.4x.

Upside re-rating potential might come from acquisitions, quicker than expected adoption of DocMed's platform, digital venture into other regions, new product offerings and customers re-stocking up their inventories.

FYE Dec (\$m)	FY20A	FY21A	FY22A	FY23E	FY24E
Revenue	121.0	125.9	162.3	145.8	156.1
EBIT	7.0	8.3	14.5	10.8	11.7
Net profit (loss)	6.2	6.8	11.4	8.5	9.2
EPS (S cents)	2.1	2.3	3.7	2.7	3.0
DPS (S cents)	0.6	0.7	1.1	0.8	0.9
Net cash (Net debt)	25.1	13.4	32.0	39.5	46.0
Valuation					
EBIT margin (%)	5.8	6.6	8.9	7.4	7.5
ROIC (%)	16.9	16.1	28.9	22.9	24.9
EV/EBITDA (x)	7.5	7.3	4.0	4.8	3.9
P/E (x)	15.1	13.2	9.2	12.3	11.3
Dividend yield (%)	2.0	2.2	3.3	2.4	2.7

Investment Thesis

Internationalization. The covid measures in FY22 had made travel and physical meeting difficult, curtailing Hyphens' ability to find strategic business partners. With almost no restriction in place in 2023, Hyphens will start to ramp up its effort to increase the presence of its brands in the region.

In late 2022, Hyphens had been selected to participate in Enterprise Singapore's Scale-Up program, lasting for about a year. The program aims to assess, strategize, and put into action plans for promoting growth. Such plans may consist of introducing novel products and processes, expanding into global markets, and executing strategic mergers and acquisitions.

Product development through R&D, new launches and in-licensing of drugs.

(i) Partnership with Daewoong Pharmaceutical Co., Ltd. to exclusively sell and distribute Nabota, a patented premium high-purity botulinum toxin (botox) approved by U.S. FDA and successfully registered in Singapore on Jan 2023. Greying population in Singapore might boost demand for this facial wrinkle improvement product.

(ii) Entered into exclusive license and supply agreements for all 10 ASEAN countries to develop and commercialize Winlevi, a topical acne solution approved by U.S. FDA in August 2020. According to IQVIA data, it is the most prescribed topical acne drug in the U.S. In Singapore, up to 88% of teenagers are impacted by acne, and among them, half suffer from moderate to severe acne. Registration will take about 2 years.

(iii) Meradan Cream, developed together with A*STAR, was launched in Indonesia on Dec 2022.

(iv) Entered into a 10-year exclusive licence and supply agreement (with auto renewal) with Esteve Group for Lederlon, an intra-articular corticosteroid for the treatment of osteoarthritis. Hyphens will seek registration for this product in Singapore, Malaysia and the Philippines, which might take about 2 years. Being the only intra-articular product in Hyphen's current product offering, we believe this pushes it higher in the value chain.

PRODUCT	INDICATION	DEVELOPMENT	REGISTRATION	COMMERCIALISATION
HYP1201	A clinically proven, patented emollient with active pH control technology to sustainably lower skin pH in eczema patients. Currently undergoing CE Marking process.	Ongoing Development		
HYP1307	A patented hand cream with active pH control technology for eczema-prone, dry and sensitive skin.	Ongoing Development		
Meradan®	A patented steroid cream built on an emollient-based system.			Launched

Source: Company

As these products are approved and brought to market, they will potentially become a revenue driver for Hyphens.

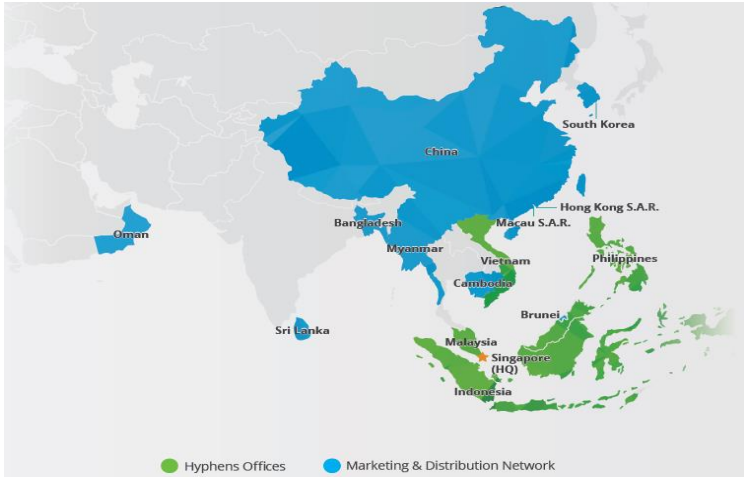
Realization of DocMed Technology's potential. DocMed is anticipated to accelerate the allocation of funds (c.S\$5.4m left) in (i) the hiring process; (ii) enhancing its integrated healthtech platform; and (iii) rolling out its digital platform to other ASEAN countries. In Singapore, Hyphens had attained Singapore's inaugural HSA-registered e-pharmacy license through WellAway and by leveraging Pan-Malayan existing inventory, no further investment is needed.

DocMed Technology has kick-started its digital venture into Vietnam with Hoang Duc (already more than 10yrs of partnership) through the establishment of a 51:49 joint venture to create a B2B Virtual Medical Hypermart for pharmaceutical supplies. Tapping on Hoang Duc's distribution network which consists of 35k B2B customers including hospitals, clinics, independent and chain pharmacies, and other retail outlets, the Vietnam platform helps customers optimize their supply chain and improve their distribution channels.

While we do not see DocMed contributing significantly to the Group in the short term, being an early adopter gives Hyphens an upper hand and will reap the benefit as they ride on the tailwind of healthcare digitalization.

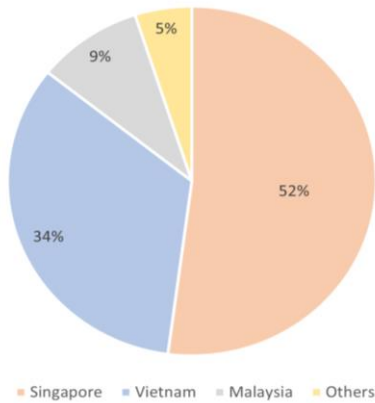
Overview

Hyphens Pharma, established in 1998, is Singapore's leading specialty pharmaceutical and consumer healthcare group with a diverse footprint in ASEAN countries (5 Offices, 10 Marketing Distribution Networks).



Source: Company

FY22 Revenue by Geography (\$\$ 'm)

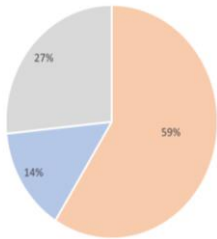


Source: Company, SAC Capital

The Group holds exclusive licenses and main distributorship with top pharmaceutical companies globally, mainly from Europe and the United States. They also build a strong franchise by means of in-licensing and R&D collaborations with reputable research institutions in Singapore. In addition, the Group conducts research, develops, manufactures, markets, and distributes proprietary dermatological products under Ceradan and TDF brands, healthcare supplements under the Ocean Health brand, and scalp care products under the CG210 brand. They have both a B2B portal (Pan-Malayan), catering to customers such as private clinics and pharmacies, and a B2C model, selling on e-commerce marketplaces such as Shopee and Lazada.

There are three distinct business segments: Specialty Pharma Principals, Proprietary Brands, Medical Hypermart and Digital.

FY22 Revenue by Business Segment (\$\$ 'm)



Source: Company, SAC Capital

Source: Company, SAC Capital

Business Segments	Business Entities	Description
Specialty Pharma Principals	Hyphens Pharma	Markets and distribute specialty pharma products through exclusive licencing and distributorship with top pharmaceutical companies globally.
	Novem	Distribute other brands and medical devices
Proprietary brands	Hyphens Pharma	Dermatology - Ceradan (launched in 2011), TDF, CG210: market primarily through medical professionals
	Ocean Health	Acquired in 2016, they market directly to consumers in Singapore via retail channels
	Novem	In-house nutraceutical products
Medical hypermart and digital	DocMed Technology (WellAway, DocCentral)	WellAway - Singapore's first and only HSA-registered e-pharmacy where registered doctors can give e-prescriptions and have the prescribed medicine delivered to patients' homes.
		DocCentral - data analytics platform tool for healthcare professionals to collaborate, network and coordinate patient care.
		Pan Malayan Pharmaceuticals - Wholesale business, online B2B platform allows customers to browse, educate and provide product info.

Prior to Novem acquisition, c.42% of sales are from the government. Hyphens Pharma products are selling in the premium market while Novem are targeting mostly the public sector. With the Healthier SG scheme, the public sector will grow at a faster pace, benefitting the Hyphens from the acquisition where c.60% of Novem sales are to government hospitals and polyclinics.

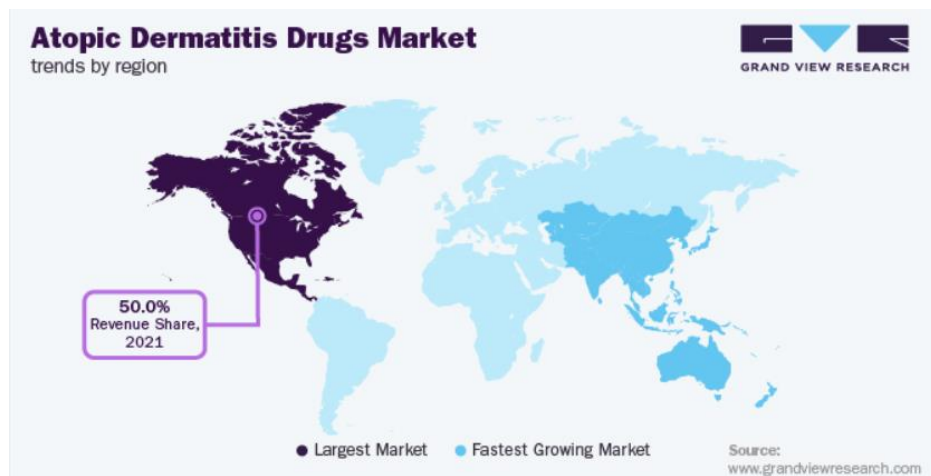
Successful and pending patent applications: Ceradan's technology patent has been granted in the US, UK, Singapore and Malaysia; patent-pending in other countries.

High Barrier to Entry. The pharmaceutical industry requires complex regulatory know-how and a lengthy approval process to break into, typically taking two to three years for product registration to be approved. Each country has its distinct regulations to authorize and permit drug sales. Even after approval, new products might not gain acceptance due to strong competition and consumers being unfamiliar with the brand.

Hyphens has established a distribution network in ASEAN over two decades and has stationed a compliance team to tackle regulatory issues, and registration obstacles and a marketing team to bring the product to market. Their strong relationship with leaders in their respective fields also brings their credibility up.

Industry – Atopic Dermatitis

Global Atopic Dermatitis (AD) (aka Eczema) market was valued at US\$12.7b in 2021 and is forecasted to grow at a CAGR of 9.0% between 2022 to 2030, according to Grand View Research. This will be driven by the increasing incidence of atopic dermatitis (10.2% and 17.1% of Asian and European adults are diagnosed in 2020), a promising pipeline, the introduction of biologics, and unexplored opportunities. The pandemic exacerbated eczema conditions from the increase in handwashing activities and sanitizations, creating opportunities for Hyphens dermatology products such as moisturizer-based creams and ointments to meet this demand.

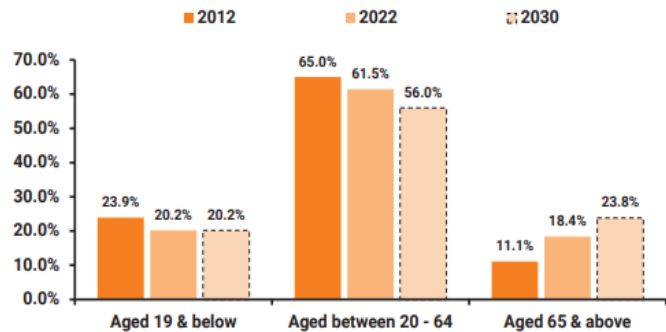


Although North America's AD commanded about 50% of the market share in revenue size, Asia Pacific's AD market is predicted to experience the quickest growth rate of 12.2% between 2022 to 2030. The National University of Singapore (NUS) found that 21% and 11% of children and adults have eczema in 2015 and Singhealth states that Atopic eczema affects up to 20% of children in Singapore.

Hyphens Proprietary Brands segment, including Ocean Health, contributes to about 14% of revenue. Ceradan's line of products, which are formulated to relieve and tackle eczema-prone skin conditions, are poised to benefit from the growing AD market.

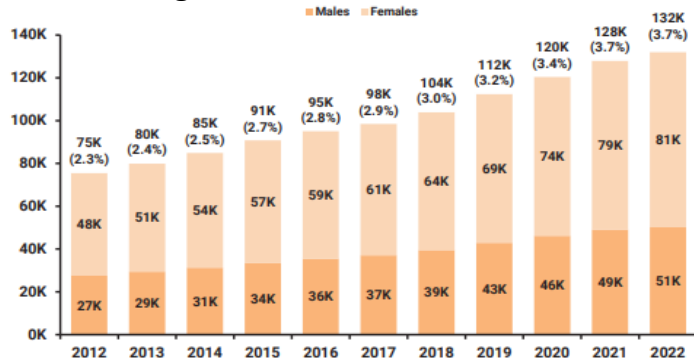
Industry – Singapore Healthcare

Citizen population by broad age bands



Source: Singapore Department of Statistics

Citizens Aged 80 & above



Source: Singapore Department of Statistics

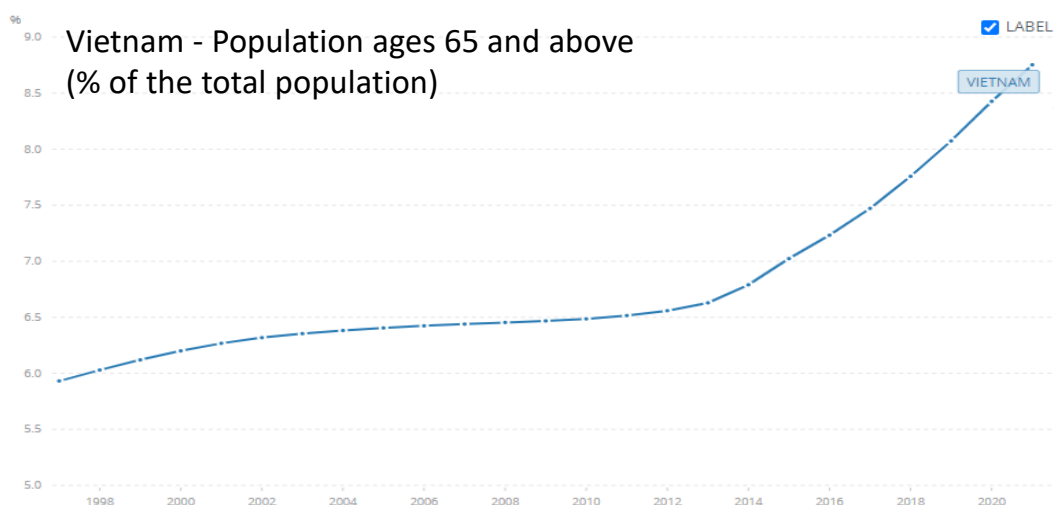
Singapore's population is ageing quickly. From 2012-2022, those aged 65 and above had risen by 7.3pp to 18.4% and are projected to rise to 23.8% in 2030 and 33.3% in 2050. Those 80 and above had risen by 1.4pp to 3.7% from 2012 to 2022. This structural shift will drive demand for healthcare products and services, benefitting the pharmaceutical industry.

According to Research and Markets, Singapore's pharmaceuticals market is expected to grow by a CAGR of about 7.0% to 1.7b by 2025. International Trade Administration said that Singapore's healthcare market will grow by more than two folds to about US\$49.4b, accounting for 9% of GDP, by 2029 while Singapore's healthcare spending is expected to triple to US\$36 by 2029.

Hyphens derives about half of its revenue from the Singapore market and anticipate that it will grow along with this demographic change. Registered in Singapore on Jan 2023, Nabota which helps to improve facial wrinkles might benefit from the growing demand due to the ageing population.

Research done in 2021 that involved 3,888 individuals of Singapore-Chinese descent estimated the prevalence of acne vulgaris was found to be 53.8%. According to SingHealth, up to 88% of teenagers in Singapore are impacted by acne, and among them, half suffer from moderate to severe acne. Hyphens' recent partnership to develop and commercialize Winlevi, a topical acne solution approved by U.S. FDA in August 2020, is poised to gain market share

Industry – Vietnam Healthcare

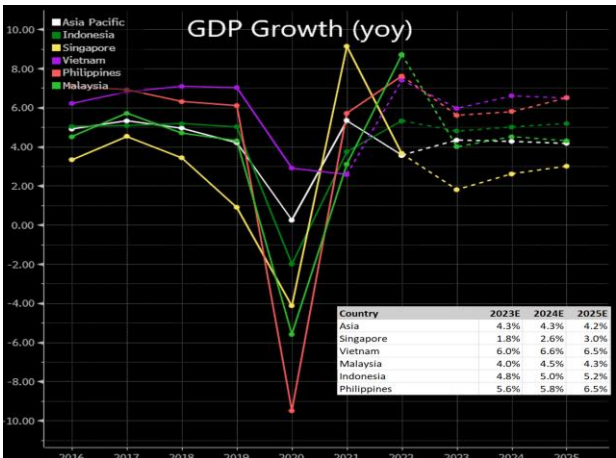


Source: The World Bank

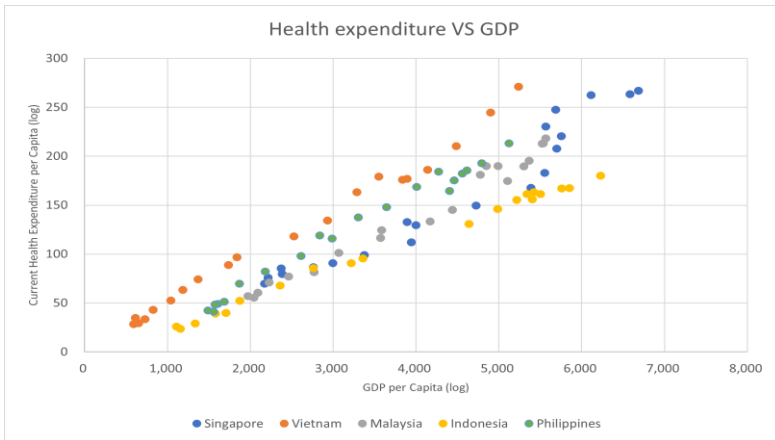
Vietnam's pharmaceutical market shows great potential for expansion in Asia. It is projected to hit US\$16.1b in 2026 from US\$10b in 2020, an increase of 8.3% CAGR, according to IBM's research. This will be buoyed by a rising population, better income levels, growing urbanization, and improved environmental conditions, leading to an increase in demand. The number of Vietnamese people aged 65 accounts for about 9% of the total population in Vietnam in 2021 and is forecasted to reach 18.1% by 2049.

80% of Vietnamese attain medications from private pharmacies and practice self-medication, therefore purchaser value trustable and well-known brand. Vietnam's production capacity, although growing quickly, is still only sufficient to satisfy 53% of the country's pharmaceutical demand. Hyphens derives about a third of its revenue in Vietnam. Products are sourced from Europe which under the EU-Vietnam free trade agreement (EVFTA) allows already EU-certified products to be sold directly to consumers, reducing the duration and cost. Being an early entrant since 1989 and establishing itself in multiple cities and provinces, the Group is poised to capture more market share.

Industry – GDP



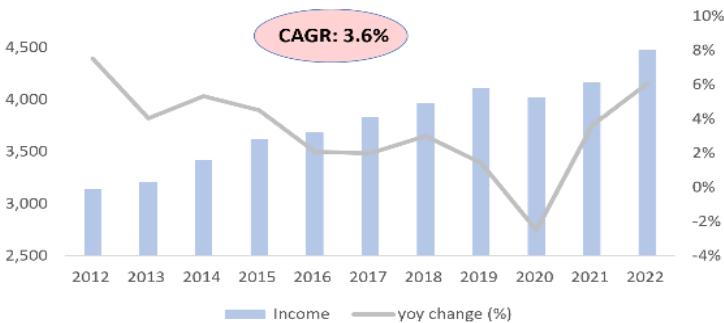
Source: Bloomberg



Source: The World Bank, SAC Capital

Data from The World Bank shows a strong correlation between GDP and Healthcare expenditure.

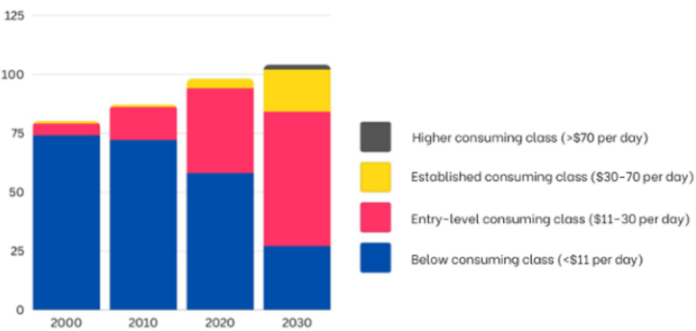
Singapore Average Monthly Household Income (\$\$)



Source: Singapore DOS, SAC Capital

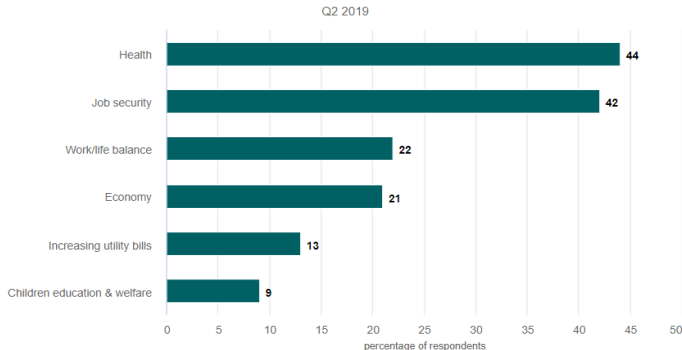
Singapore's monthly household income achieved a CAGR of 3.6% from 2012 to 2022.

Vietnamese market segmentation by expenses (million people)



Source: Source of Asia (SOA)

Vietnamese consumers' key concerns

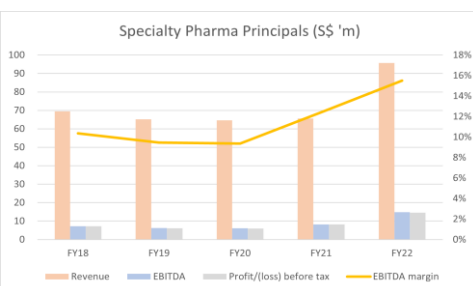


Source: Nelsen Market Research

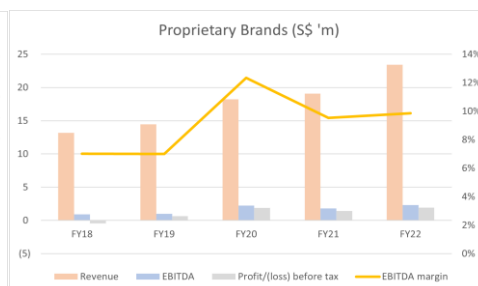
Vietnam aims to achieve the status of an upper-middle-income country by 2035 and a high-income country by 2045. It is currently the 7th fastest growing middle class in the world and expected to see a further 36 million people (2022 population: ~98m) join its middle class by 2030. According to a study in 2019, 44% of the participants identified health as their primary worry. Currently, Malaysia is classified as an upper middle-income country but aims to transition to become a high-income country by 2028.

Growing affluence accompanied by a greater emphasis on health translates to greater spending on healthcare products and services. This is advantageous for Hyphens' range of products and services.

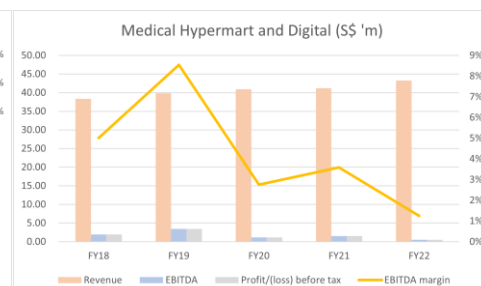
Financials



Source: Company, SAC Capital

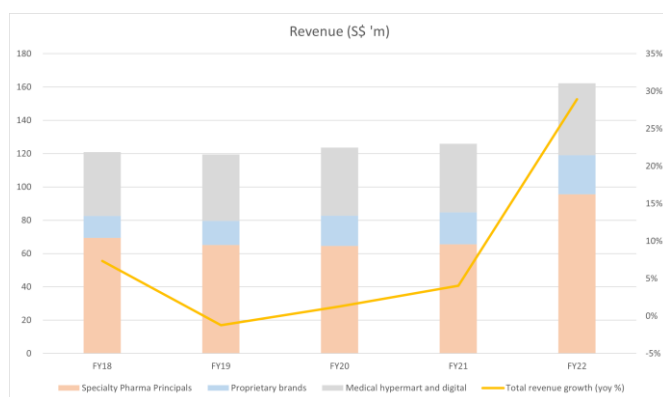


Source: Company, SAC Capital

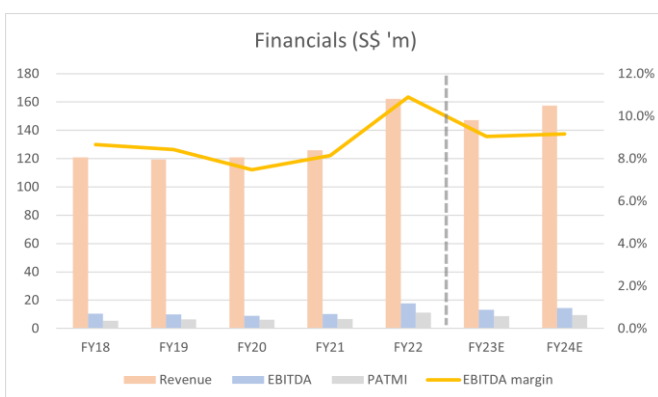


Source: Company, SAC Capital

All segments (Specialty Pharma Principals: +45.8%, Proprietary Brands: +22.9%, Medical Hypermart and Digital: +4.9%) contributed FY22 growth in revenue of 28.9% to S\$162.3m and net profit of 65.8% to S\$11.4m. This is fuelled by the inclusion of Novem which added contributed 10.5% of revenue and 22.8% of net profit; and (ii) strong demand for principles and own brands due to the resumption of elective medical treatments. Excluding Novem, organic revenue and net profit growth were 15.4% and 27.8% respectively. Gross margins improved by 0.5pp to 38.7% in FY22 due to higher margin Novem business as it sells through institutional channels and a better product mix with higher-margin specialty drugs gaining revenue share. .



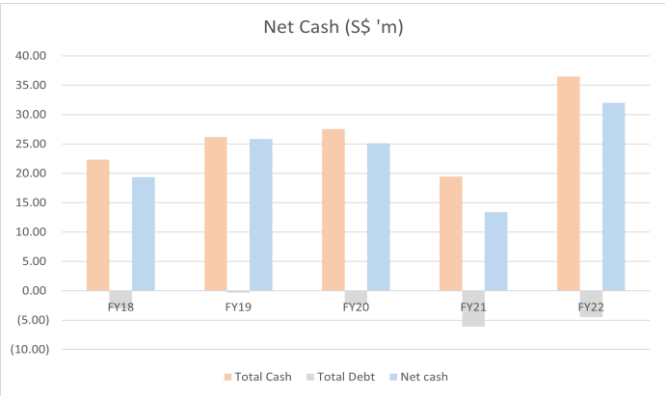
Source: Company, SAC Capital



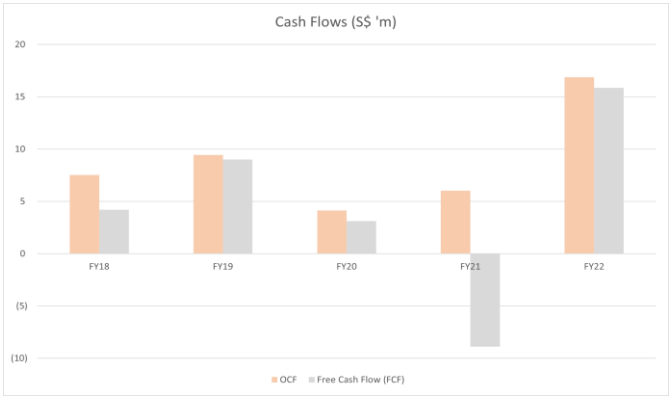
1Q23 revenue declined by 15.2% yoy (~S\$6m) to S\$33.2m caused by the discontinuation of the distribution agreement for Biosensors products which ended in Dec 2022 and the delay in shipment of some of the key products sold in Vietnam offset by the increasing demand in Singapore for its specialty pharma products and proprietary brands (Ceradan and dermatological products). Gross margin improved by 1.1pp to 39.5% as a result of the decrease in lower-margin sales in Vietnam. 1Q23 net profit declined by 56.9% due to increased travelling and higher research and development costs.

We project revenue to reduce by 10.2% followed by a 5.9% increase for FY23E and FY24E respectively mainly from the moderation in supply issues, offset by the cessation of Biosensors' distribution (~S\$4.9m in 2022) agreement at the end of 2022 on the mutual agreement.

The S\$6m fund injected into Hyphens for the 10% sale of DocMed Technology is expected to have a two years runway where S\$0.6m was used up in FY22. The remaining will be earmarked to (i) 20%: enhance its integrated healthtech platform with more offerings; (ii) 30%: add headcount across the region; and (iii) 50%: roll out its digital platform to other ASEAN countries. We estimate that the Capex will be about S\$1m a year.



Source: Company, SAC Capital



Source: Company, SAC Capital

Hyphens operations are cash generating (S\$6.0m in FY21 and S\$16.9m in FY22). Free Cash Flow was negative in FY21 due to the acquisition of Novem which burned S\$14.2m. Hyphens strong balance sheet of S\$32m net cash will allow them to do acquisitions, enlarge its footprint and enhance its offerings.

The Board has consistently paid dividends for at least 5 years and is committed to distributing dividends of at least 30% of the Group's net profit attributable to shareholders. As of Dec 2022, the yield is 3.3%.

Risk

Failure to obtain or renew necessary licenses, permits, or certificates. Hyphens' business operations and product distribution are subject to healthcare regulations and laws. Neglecting to secure or renew licenses, permits, or certificates could negatively impact the Group's performance and disrupt regular business activities. However, the Group has knowledgeable regulatory teams stationed in each of its operational countries, mitigating this risk.

Cessation of distributorship agreements. Renewal of these agreements is not guaranteed once they expired. While distributorship agreements have a fixed term, the Group reduces the risk of losing these partnerships by building connections (>20 years) with local distributors, pharmacies, and clinicians who carry their products. This not only keeps their brand principals from jumping ship but also ensures that customers have easy access to the high-quality medications they need.

Prolonged supply chain disruption followed by a loss in market share. In 2022, the supply chain disruption was not significant and did not impact the Group's business operations. However, in 1Q23, 3 suppliers delayed supplies due to a disruption in materials for production. Management expects 2 of them to normalize in 2Q22 and the other easing only in 2H23. In the case where the disruption drags on, stocks might deplete and consumers might switch to alternative brands and stay with them, causing Hyphens to lose market share.

Valuation

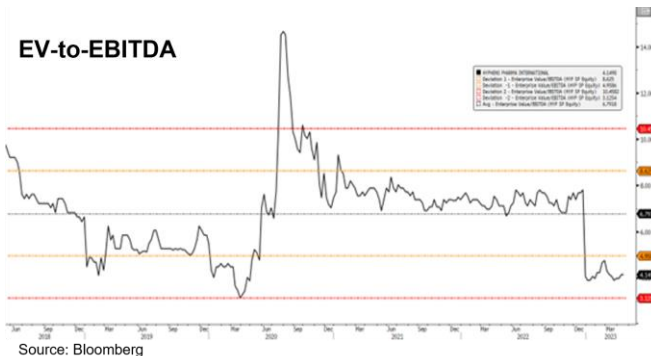
We initiate coverage with a BUY at an equity value of S\$105m or S\$0.34/share (15% upside) on DCF, pegged to WACC of 14.9%. At this valuation, the forward PER is 12.3x and 11.3x for FY23E and FY24E respectively. EV/EBITDA is 4.8x and 3.9x for the two years, suggesting c.65% discount to industry peers of 7.4x.

Upside re-rating potential might come from more acquisitions, quicker than expected adoption of DocMed's platform and their new product offerings, and digital venture into other regions.

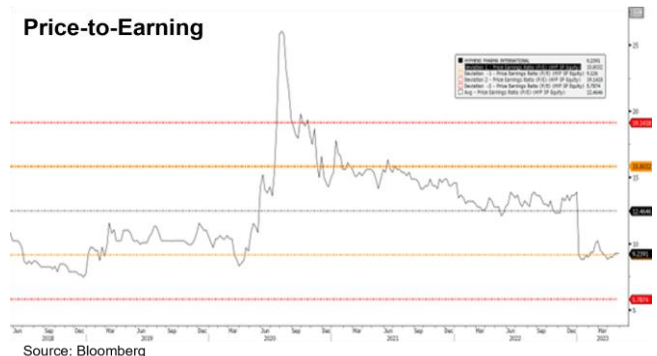
In May 2022, Hyphens sold a 10% stake in DocMed Technology at S\$6m, valuing this subsidiary (Medical hypermart and digital segment) at S\$60m. However, as the EBITDA contribution of the segment is still insignificant, our valuation did not factor in the potential successful adoption of it.

	BBG Ticker	Mkt Cap (\$\$ 'm)	Revenue (\$\$ 'm)	EBITDA (\$\$ 'm)	NI (\$\$ 'm)	GM (%)	NM (%)	ROE (%)	ROIC (%)	EV/EBITDA (x)	P/E (x)	P/B (x)
HYPHENS PHARMA												
	HYP SP	105.0	162.3	18.2	11.4	38.7	7.0	18.5	17.8	3.9	9.2	1.5
Brand Principals												
MEDIPAL HOLDINGS CORP	7459 JP	4479.0	39522.4	720.1	353.4	6.6	0.9	5.6	4.1	4.4	13.8	0.8
TOHO HOLDINGS CO LTD	8129 JP	1998.7	15206.1	234.0	160.7	8.6	1.1	6.7	3.7	3.2	11.3	0.7
KATAKURA INDUSTRIES CO LTD	3001 JP	630.5	361.2	42.7	29.7	37.7	8.2	4.3	0.9	14.2	21.3	0.9
VITAL KSK HOLDINGS INC	3151 JP	562.0	6932.5	72.9	57.3	7.6	0.8	4.7	1.5	3.1	10.3	0.5
DUOPHARMA BIOTECH BHD	D88 NK	430.3	218.5	40.7	22.0	40.2	10.1	11.0	7.3	13.8	20.2	2.2
KOA SHOJI HOLDINGS CO LTD	9273 JP	276.5	236.5	52.1	27.4	29.2	11.6	12.6	10.3	4.1	11.8	1.4
CHARMACY PHARMACEUTICAL CO-H	2289 HK	154.2	855.5	22.2	18.5	6.5	2.2	16.5	5.5	-	8.8	1.3
JILIN PROVINCE HUINAN-H	8049 HK	112.4	172.4	47.4	39.7	77.0	23.0	11.3	11.1	0.5	3.4	0.4
Average										6.2	12.6	1.0
Proprietary Brands												
HAW PAR CORP LTD	HPAR SP	2160.6	182.1	52.7	148.3	54.1	81.5	4.4	1.3	28.8	14.6	0.6
MEGA LIFESCIENCES PCL	MEGA TB	1468.9	617.8	117.9	88.3	44.9	14.3	26.7	27.2	12.8	16.9	4.3
HEALTH AND HAPPINESS H&H INT	1112 HK	1468.6	2617.8	367.4	125.4	60.3	4.8	10.2	5.4	9.4	12.3	1.2
BLACKMORES LTD	BKL AU	1350.5	640.8	81.2	30.2	62.9	4.7	8.5	9.1	17.1	43.5	3.6
JW HOLDINGS CORP	096760 KS	239.2	924.5	153.3	23.7	46.3	2.6	22.1	7.2	5.7	10.4	2.2
VITA LIFE SCIENCES LTD	VLS AU	69.4	64.0	10.9	6.8	59.4	10.6	21.0	22.7	5.7	10.8	2.2
Average										13.3	18.1	2.4
Medical Hypermart and Digital												
APEX HEALTHCARE BHD	APEX MK	590.3	275.3	33.0	31.7	22.5	11.5	19.0	13.1	14.3	19.3	3.5
Average										14.3	19.3	3.5
FY22												
		EBITDA	% of EBITDA	Average EV/EBITDA								
Brand Principals		14.8	83.9%	6.2								
Proprietary Brands		2.3	13.1%	13.3								
Medical Hypermart and Digital		0.5	3.0%	14.3								
Total		17.7	100.0%	7.4								

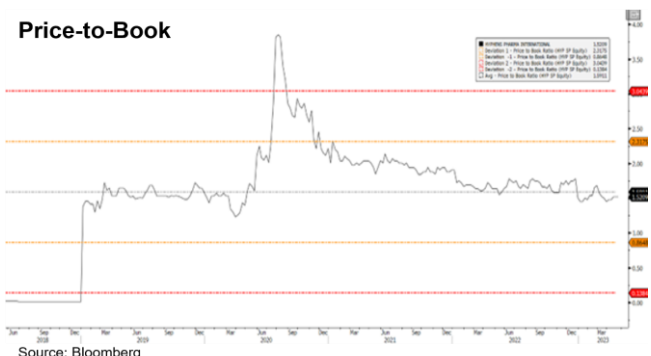
EV-to-EBITDA



Price-to-Earning



Price-to-Book



Dividend Yield



Income Statement

FYE Dec (\$m)	FY20A	FY21A	FY22A	FY23E	FY24E
Revenue	121.0	125.9	162.3	145.8	156.1
Cost of sales	(77.3)	(77.8)	(99.5)	(90.6)	(96.7)
Gross profit (loss)	43.6	48.1	62.8	55.2	59.3
Distribution costs	(26.5)	(28.4)	(33.3)	(29.2)	(31.2)
Administrative expenses (including R&D)	(8.1)	(9.4)	(11.8)	(13.0)	(13.9)
EBITDA	9.1	10.3	17.7	13.1	14.2
Other Income	2.1	0.9	0.6	0.0	0.0
Other losses	(2.1)	(0.7)	(1.6)	0.0	0.0
Depreciation of PPE	(1.7)	(1.8)	(2.1)	(2.1)	(2.3)
Depreciation of ROU	(0.4)	(0.4)	(0.7)	(0.7)	(0.7)
Share of profit of an associate	0.0	0.0	0.5	0.5	0.5
EBIT	7.0	8.3	14.5	10.8	11.7
Finance costs	0.1	(0.0)	(0.2)	(0.2)	(0.2)
Pretax profit (loss)	7.1	8.3	14.3	10.6	11.5
Tax credit (expense)	(0.9)	(1.4)	(2.9)	(2.1)	(2.3)
Non-controlling interest	0.0	0.0	(0.1)	0.0	0.0
Net profit (loss)	6.2	6.8	11.4	8.5	9.2

Balance Sheet

FYE Dec (\$m)	FY20A	FY21A	FY22A	FY23E	FY24E
Assets					
Plant and equipment	4.8	4.4	3.0	1.9	0.6
Intangible assets	7.9	18.3	19.1	18.9	18.7
Investment in an associate	0.0	2.3	2.7	3.1	3.6
Deferred tax assets	0.0	0.1	0.1	0.1	0.1
Total non-current assets	12.7	25.1	24.8	24.0	23.0
Inventories	16.9	25.3	21.3	19.9	21.2
Trade and other receivables	29.4	28.7	31.1	26.0	27.8
Prepayments	0.6	0.6	0.8	0.8	0.8
Cash and cash equivalents	27.5	19.5	36.5	42.7	49.2
Total current assets	74.4	74.1	89.7	89.3	99.0
Total Assets	87.1	99.2	114.5	113.3	122.0
Liabilities					
Deferred tax liabilities	0.4	1.0	0.8	0.8	0.8
Other financial liabilities, non-current	1.7	0.9	0.1	0.1	0.1
Bank Borrowings	1.8	0.0	3.2	3.2	3.2
Total non-current liabilities	4.0	1.9	4.1	4.1	4.1
Income tax payable	1.3	1.7	2.7	2.1	2.3
Trade and other payables	33.2	33.6	35.1	29.8	31.8
Other financial liabilities, current	0.9	1.2	1.1	1.1	1.1
Bank Borrowings	0.6	6.1	1.3	0.0	0.0
Total current liabilities	36.0	42.6	40.1	33.0	35.2
Total Liabilities	40.0	44.5	44.2	37.1	39.3
Net Assets	47.2	54.7	70.3	76.2	82.6
Equity					
Share capital	32.6	35.1	35.1	35.1	35.1
Retained earnings	29.6	34.6	43.8	49.7	56.1
Other reserves	(15.1)	(15.0)	(9.8)	(9.8)	(9.8)
Owner's Equity	47.2	54.7	69.0	75.0	81.4
Non controlling interests	0.0	0.0	1.2	1.2	1.2
Total Equity	47.2	54.7	70.3	76.2	82.6

Cash Flow Statement

FYE Dec (\$m)	FY20A	FY21A	FY22A	FY23E	FY24E
Pretax profit (loss)	7.1	8.3	14.3	10.6	11.5
Amortisation of intangible assets	0.4	0.4	0.7	0.7	0.7
Depreciation of plant and equipment	1.7	1.8	2.1	2.1	2.3
Interest income	(0.2)	(0.1)	(0.0)	(0.1)	(0.1)
Interest expense	0.1	0.1	0.2	0.3	0.3
Others	(0.1)	0.4	(0.3)	(0.5)	(0.5)
Changes in working capital	(3.8)	(3.5)	2.1	1.2	(1.1)
Income tax paid	(1.1)	(1.4)	(2.2)	(2.7)	(2.1)
Operating cash flow	4.1	6.0	16.9	11.7	10.9
Capex	(1.2)	(0.7)	(1.3)	(1.5)	(1.5)
Others	0.2	(14.2)	0.3	0.1	0.1
Investing cash flow	(1.0)	(14.9)	(1.0)	(1.4)	(1.4)
Free cash flow	3.1	(8.9)	15.9	10.3	9.5
Dividends paid	(3.0)	(1.9)	(2.1)	(2.5)	(2.8)
Net borrowings	2.1	3.7	(1.6)	(1.3)	0.0
Others	(0.9)	(1.0)	4.8	(0.3)	(0.3)
Financing cash flow	(1.8)	0.8	1.1	(4.0)	(3.0)
Net change in cash & equivalents	1.4	(8.1)	17.0	6.2	6.5

Ratios

FYE Dec (\$m)	FY20A	FY21A	FY22A	FY23E	FY24E
Profitability (%)					
Gross margin	36.1	38.2	38.7	37.9	38.0
EBIT margin	5.8	6.6	8.9	7.4	7.5
Liquidity (x)					
Current ratio	2.1	1.7	2.2	2.7	2.8
Interest coverage ratio	-	-	-	-	-
Net Debt to Equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Valuation (x)					
P/E	15.1	13.2	9.2	12.3	11.3
P/B	2.0	1.7	1.5	1.4	1.3
EV/EBITDA	7.5	7.3	4.0	4.8	3.9
Cash Conversion Cycle (CCC)					
Trade receivable days	88.8	83.3	69.9	65.0	65.0
Inventory days	79.7	118.6	78.0	80.0	80.0
Trade payable days	(156.9)	(157.5)	(128.7)	(120.0)	(120.0)
CCC days	11.6	44.5	19.3	25.0	25.0

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