Beansprout

# Haw Par Corporation

(SGX: H02)

## Lower investment income weighs on profit

- **1H2026 profit fell as investment income declined.** Haw Par's net profit fell 25.2% year-on-year to S$107.9 million, while revenue declined 8.2% to S$115.9 million. The bigger drag came from other income, mainly dividends and interest from its investments, which fell 29.9% to S$82.0 million. Earnings per share declined to 48.7 cents from 65.1 cents a year earlier.
- **Tiger Balm margins remained resilient despite weaker sales.** Healthcare revenue fell 9.0% to S$106.3 million, weighed down by softer consumer demand, higher inflation and a high comparison base from advance orders in 1H2025. Segment profit fell by a smaller 6.6% to S$32.2 million, with operating margin improving to about 30.2% from 29.5%.
- **Investment income came off last year's high base.** Haw Par's investment segment remained its largest profit contributor, but segment profit fell 29.2% to S$80.3 million. This was mainly due to lower dividend income from UOB and UOL Group, as well as lower interest income as rates declined. The comparison was also against an unusually strong 1H2025.
- **NAV rose as the value of its UOB and UOL stakes increased.** Net asset value per share climbed 10.6% to S$21.43 as at 30 June 2026, from S$19.38 at end-2025. This was driven by S$388.6 million of unrealised gains on Haw Par's stakes in UOB and UOL Group. As a result, total comprehensive income more than doubled to S$496.5 million even though reported net profit fell.
- **The balance sheet remains strong despite higher borrowings.** Bank borrowings rose 18.8% to S$52.6 million, mainly to partially hedge foreign currency exposure from new long-term investments. Even so, Haw Par remained in a sizeable net cash position, with S$669.1 million in cash and bank balances and another S$212.3 million in short-term debt securities, including Singapore Treasury bills.
- **The interim dividend was maintained at 20 cents per share.** Haw Par declared a tax-exempt first and interim dividend of 20 cents per share for 2026, unchanged from a year ago. The dividend will be paid on 11 September 2026.
- **Trades at valuation multiples below consumer healthcare peers.** Haw Par is currently trading at 11.8x FY2025 P/E and 0.7x P/B, below consumer healthcare peer averages.
- **Key Risks**. Key risks for Haw Par include its reliance on Tiger Balm, potentially slower demand from younger consumers, limited growth visibility, volatility from its UOB and UOL investment holdings, foreign exchange and overseas market risks, and a persistent holding company discount due to lower share liquidity.

| | |
|---|---|
| **Ticker** | H02 |
| **Rating** | Not Rated |
| **Price *** | S$14.10 |
| **52-week range** | S$13.68 – 17.82 |
| **Market Cap** | S$3.12B |

*As of 7 September 2026

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**Figure 1: Haw Par 1H26 results summary**

| (S$' million) | 1H 2026 | 1H 2025 | Change (% YoY) |
|---|---|---|---|
| Revenue | 115.9 | 126.3 | -8.2% |
| Gross profit | 64.6 | 71.4 | -9.6% |
| Gross profit margin | 55.7% | 56.5% | -0.81pp |
| Net profit | 107.9 | 144.1 | -25.2% |
| Interim dividend (S$)* | 0.20 | 0.20 | 0.0% |

*Source: Company data, Beansprout Research*

**Figure 2: Haw Par balance sheet summary**

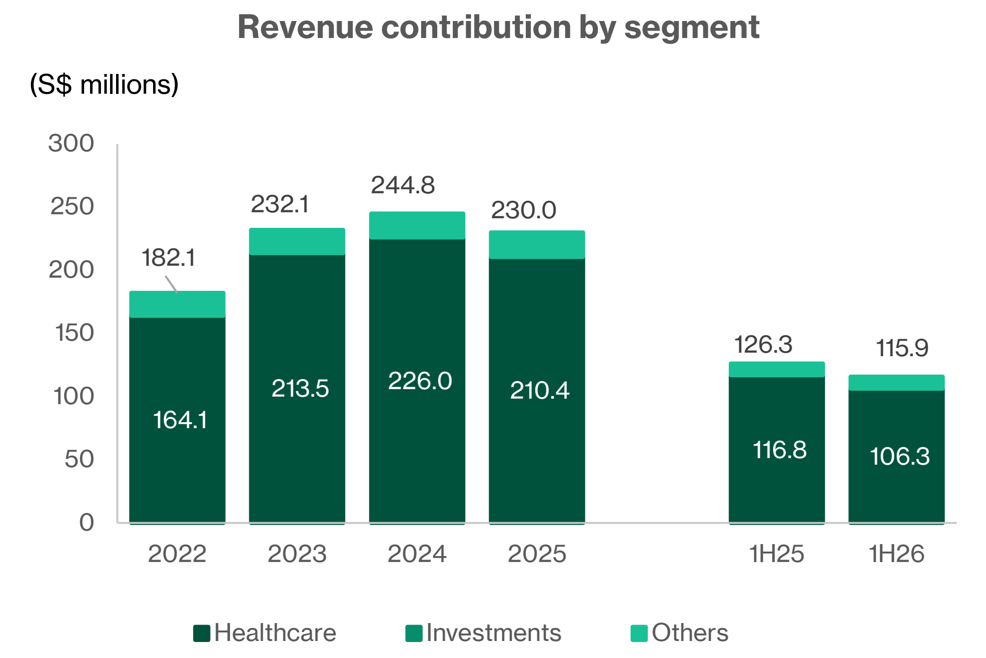
| (S$' million) | As of 30 Jun 2026 | As of 31 Dec 2025 |
|---|---|---|
| Total Debt | 52.6 | 44.3 |
| Total Liabilities | 133.9 | 126.83 |
| Total Assets | 4,877.2 | 4,417.9 |
| Net Cash / (Debt) | 616.5 | 747.2 |
| Net Cash / (Debt) to Equity | 0.13x | 0.17x |

*Source: Company data, Beansprout Research*

## Revenue and profit fall as investment income normalises

Haw Par reported weaker earnings for 1H2026, with lower contributions from both its Healthcare business and investment portfolio.

**Figure 3: Revenue by segment**




*Source: Company Data*

Group revenue fell 8.2% year-on-year to S$115.9 million. Management attributed the decline to softer consumer sentiment amid inflationary pressures, as well as continued uncertainty over trade policies.

The comparison was also against a relatively high base. In 1H2025, customers had placed advance orders ahead of potential trade policy changes.

Gross profit fell 9.6% to S$64.6 million, while gross margin eased to 55.7% from 56.5% a year earlier due mainly to changes in product mix.

Other income fell 29.9% to S$82.0 million. Dividend income declined 27.7% to S$75.2 million, while interest income almost halved to S$6.0 million as interest rates fell.

Distribution and marketing expenses fell 22.7% to S$22.3 million following the recalibration of marketing spending in the second half of 2025. General and administrative expenses rose 5.5% to S$9.8 million.

Overall, profit before tax fell 24.2% to S$115.2 million, while net profit attributable to shareholders declined 25.2% to S$107.9 million.

Earnings per share fell to 48.7 cents from 65.1 cents in 1H2025.

## Healthcare margins remain resilient despite weaker sales

Haw Par reports its business across three segments: Healthcare, Investments and Others, which includes its property and leisure operations.

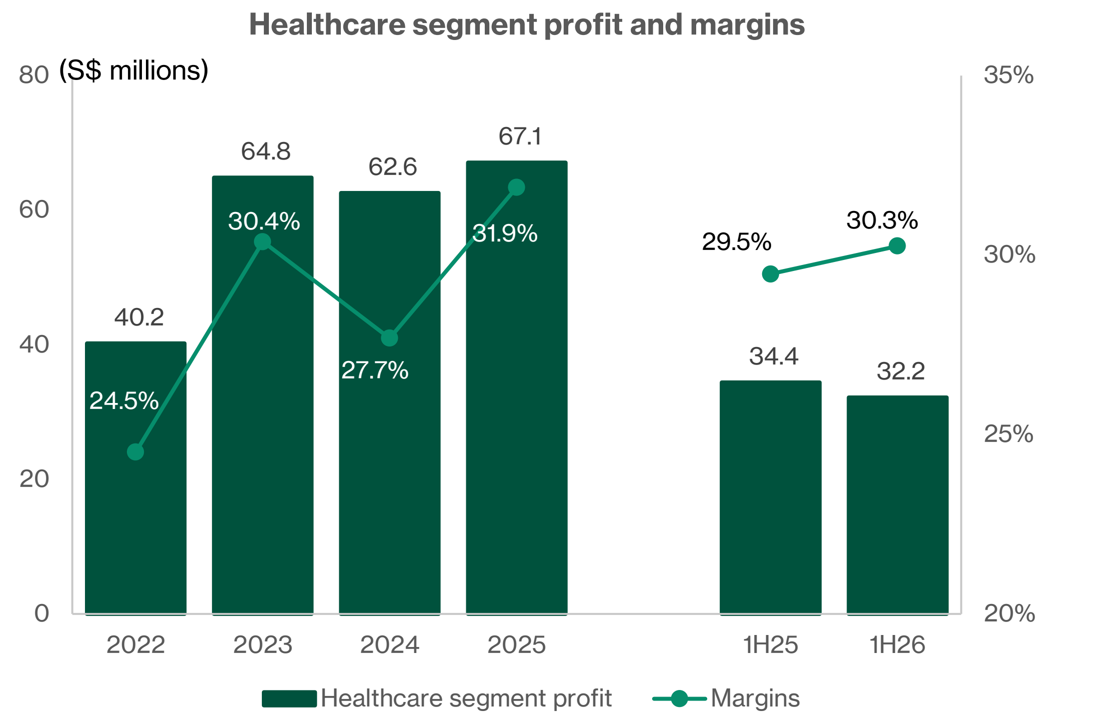
**Healthcare: weaker revenue, but margins improve**

Healthcare revenue fell 9.0% to S$106.3 million in 1H2026, from S$116.8 million a year earlier.

Segment profit declined by a smaller 6.6% to S$32.2 million.

As a result, segment profit margin improved to about 30.2% from 29.5% in 1H2025.

**Figure 4: Healthcare segment profit and margins**




*Source: Company Data*

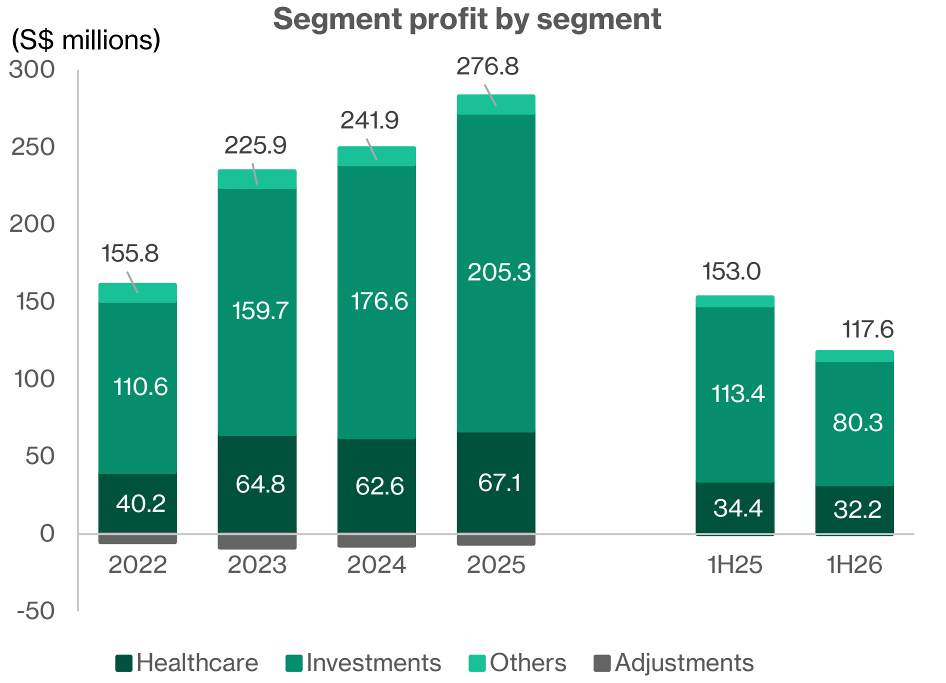
**Investments: still Haw Par's largest profit contributor**

The Investments segment generated S$80.3 million of profit in 1H2026, down 29.2% from S$113.4 million a year earlier.

The segment includes dividend income from Haw Par's strategic stakes in UOB and UOL Group, as well as interest income from its cash and debt securities.

Despite the decline, Investments remained Haw Par's largest source of profit.

**Figure 5: Investments is the largest source of segment profit**




*Source: Company Data*

**Property and leisure remain stable**

The Others segment, which includes Haw Par's property and leisure businesses, remained broadly unchanged.

Revenue was S$9.6 million compared with S$9.5 million in 1H2025, while segment profit was unchanged at S$5.2 million.

## NAV rises as UOB and UOL shares gain in value

While reported earnings declined, Haw Par's net asset value increased meaningfully during the first half of the year.

Total assets rose 10.4% to S$4.88 billion as at 30 June 2026, from S$4.42 billion at the end of 2025.

The main reason was the higher market value of Haw Par's strategic investments.

Its strategic and long-term investments rose 12.0% to S$3.80 billion. Haw Par's UOB stake was valued at S$2.98 billion, while its UOL Group stake was worth S$0.69 billion.

Higher share prices contributed S$388.6 million of unrealised fair value gains during the period.

These gains were recognised through other comprehensive income rather than reported profit. This explains why Haw Par's net asset value could rise even as its net profit fell.

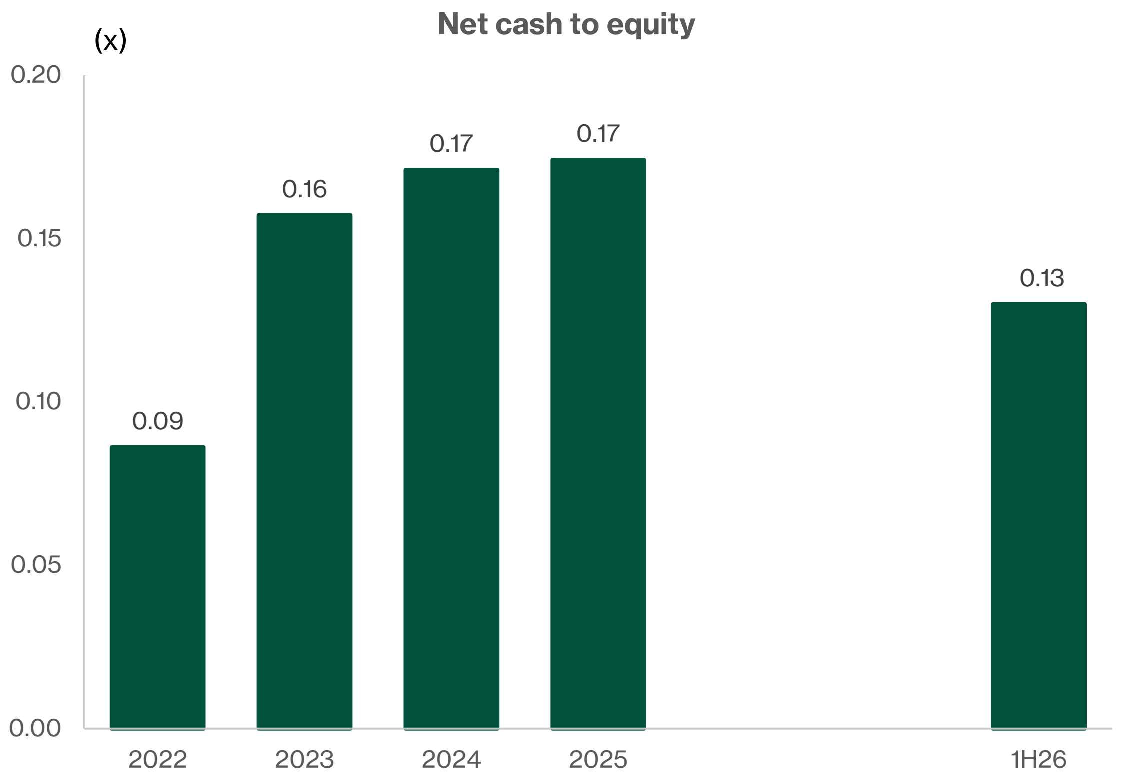
Net assets increased 10.5% to S$4.74 billion, lifting NAV per share to S$21.43 from S$19.38 at end-2025.

Cash and bank balances declined 15.5% to S$669.1 million, but Haw Par also increased its holdings of debt securities to S$212.3 million from S$43.3 million.

Taken together, the group continued to hold a sizeable pool of cash and short-term investments.

Borrowings rose 18.8% to S$52.6 million, mainly due to an additional loan used to partially hedge foreign currency exposure from new long-term investments.

**Figure 6: Net cash to equity**




*Source: Company Data*

Even after the increase in borrowings, Haw Par's balance sheet remained conservative relative to the size of its cash and investment holdings.

## Cash falls as Haw Par increases investments in debt securities

Net cash generated from operating activities fell to S$22.1 million in 1H2026 from S$27.2 million a year earlier.

This reflected slightly lower operating profit and a larger amount of cash tied up in inventories and receivables.

Haw Par recorded a net investing cash outflow of S$107.1 million, compared with a S$196.3 million inflow in 1H2025.

The group spent S$211.6 million purchasing debt securities during the period. This was partly offset by S$73.2 million of dividends received and S$6.5 million of interest income.

In comparison, 1H2025 benefited from a larger inflow as debt securities matured.

Financing activities recorded a net cash outflow of S$36.5 million, much lower than the S$266.8 million outflow a year earlier.

The difference mainly reflects the S$1.00 per share special dividend paid in 1H2025.

Overall, cash and cash equivalents declined by S$121.5 million to S$668.6 million as at 30 June 2026.

A significant portion was redeployed into debt securities and other investments.

## Haw Par maintains its 20-cent interim dividend

Haw Par declared a tax-exempt first and interim dividend of 20 cents per share for 2026, unchanged from a year earlier.

The dividend will be paid on 11 September 2026.

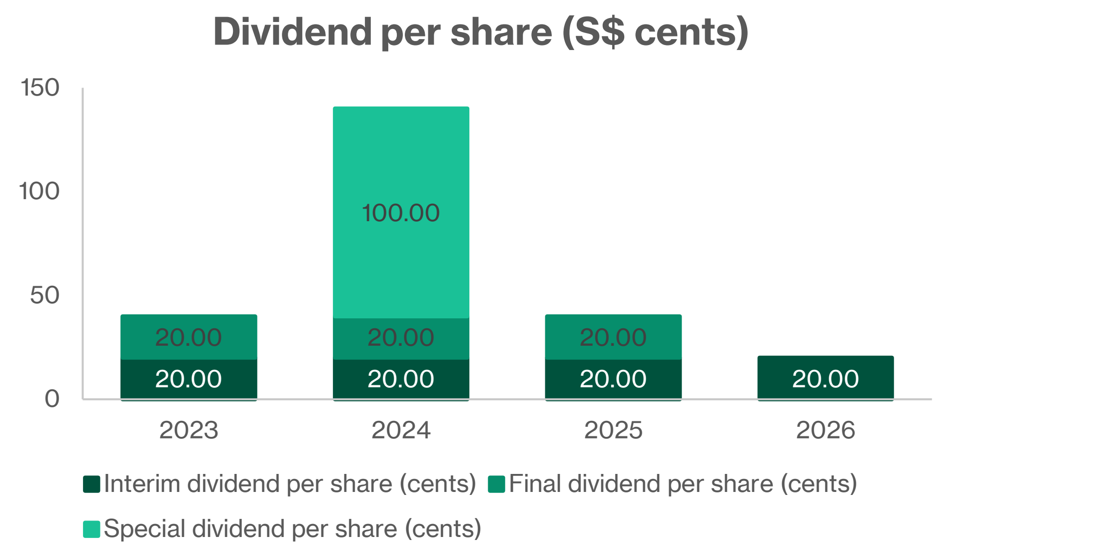
This keeps Haw Par's regular dividend unchanged from recent years. Its full-year ordinary dividend has been S$0.40 per share since FY2023.

The group has also paid special dividends when its balance sheet allowed, including a S$1.00 per share special dividend for FY2024.

No special dividend was announced with the 1H2026 results.

Haw Par does not have a formal dividend policy, so special dividends remain less predictable than its ordinary payout.

**Figure 7: Dividend per share track record**




*Source: Company Data*

## Cautious near-term outlook

Management struck a cautious tone on the near-term outlook.

It noted that persistent inflation stemming from prolonged geopolitical conflicts may continue to soften consumer demand, and that a more challenging operating environment reinforces the need for disciplined cost management and operational resilience.

## Valuations

**Figure 8: Peer comparison**

| Company Name | Ticker | Currency | Price | Market Value (USD billion) | 2025 P/E (x) | P/BV (x) | Dividend Payout (%) | Trailing Dividend Yield (%) | ROE (%) | Net debt to equity (x) | Free cash flow yield (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Consumer healthcare peers** | | | | | | | | | | | |
| Haw Par Corp | H02-SG | SGD | 14.10 | 2.5 | 11.8 | 0.7 | 33.4 | 2.8 | 6.3 | net cash | 8.6 |
| Rohto Pharmaceutical | 4527-JP | JPY | 2904.50 | 4.5 | 19.2 | 2.2 | 30.4 | 1.6 | 12.1 | net cash | 5.3 |
| Kobayashi Pharmaceutical | 4967-JP | JPY | 5654.00 | 2.9 | 115.0 | 2.0 | 211.5 | 1.8 | 1.7 | net cash | 2.9 |
| Sato Holdings | 4973-JP | JPY | 4815.00 | 0.2 | 15.4 | 1.5 | 64.1 | 4.2 | 11.4 | net cash | -3.0 |
| Average | | | | | 40.3 | 1.6 | 84.8 | 2.6 | 7.9 | | 3.5 |
| Median | | | | | 17.3 | 1.8 | 48.7 | 2.3 | 8.8 | | 4.1 |
| **Singapore-listed holding company/conglomerates peers** | | | | | | | | | | | |
| Haw Par Corp | H02-SG | SGD | 14.10 | 2.5 | 11.8 | 0.7 | 33.4 | 2.8 | 6.3 | net cash | 8.6 |
| Jardine Matheson | J36-SG | USD | 59.26 | 17.1 | 15.7 | 0.6 | 62.3 | 4.0 | 3.9 | 0.3 | 23.5 |
| Jardine Cycle & Carriage | C07-SG | SGD | 27.65 | 8.4 | 8.4 | 1.0 | 43.9 | 5.2 | 11.7 | 0.4 | 25.4 |
| Fraser and Neave (F&N) | F99-SG | SGD | 1.39 | 1.6 | 14.3 | 0.7 | 56.7 | 4.0 | 5.0 | 0.3 | 3.0 |
| Average | | | | | 10.7 | 0.9 | 49.1 | 3.3 | 9.9 | | 15.1 |
| Median | | | | | 11.8 | 0.7 | 50.3 | 4.0 | 11.7 | | 16.0 |
| **Investment portfolio** | | | | | | | | | | | |
| Haw Par Corp | H02-SG | SGD | 14.10 | 2.5 | 11.8 | 0.7 | 33.4 | 2.8 | 6.3 | net cash | 8.6 |
| UOB | U11-SG | SGD | 41.75 | 55.2 | 15.1 | 1.4 | 56.5 | 3.7 | 9.6 | 0.8 | 6.3 |
| UOL | U14-SG | SGD | 9.13 | 6.0 | 16.0 | 0.7 | 31.6 | 2.0 | 4.1 | 0.3 | 12.8 |
| Average | | | | | 14.3 | 0.9 | 40.5 | 2.8 | 6.7 | | 9.2 |
| Median | | | | | 15.1 | 0.7 | 33.4 | 2.8 | 6.3 | | 8.6 |

*Source: Factset, data as of 7 September 2026*

At S$14.10, Haw Par trades at about 11.8x FY2025 P/E and 0.7x P/B, which is below the consumer healthcare peer average of 40.3x P/E and 1.6x P/B.

Compared with regional consumer healthcare peers such as Rohto Pharmaceutical and Kobayashi Pharmaceutical, Haw Par also offers a higher free cash flow yield of 8.7%, versus the peer average of 3.4%. This reflects the strong cash-generative nature of its healthcare business and the additional cash income from its investment portfolio.

Against Singapore-listed holding company and conglomerate peers, Haw Par's valuation also looks reasonable. Its 0.7x P/B is broadly in line with the peer median, while its 11.8x P/E is close to the group median of 11.7x. However, Haw Par has a cleaner balance sheet, with a net cash position compared with the net debt positions of Jardine Matheson, Jardine Cycle & Carriage and F&N.

## Haw Par on Beansprout's Income Pot framework

Haw Par presents a mixed picture under our Income Pot framework.

It has a strong balance sheet and a sustainable ordinary dividend, but its current dividend yield falls short of our 3.5% hurdle.

On earnings growth, the picture is mixed. FY2025 earnings per share rose 16.3% to 119.9 cents, but 1H2026 earnings per share fell 25.2% year-on-year to 48.7 cents as dividend and interest income came off a high base.

Its balance sheet remains a clear strength.

As at 30 June 2026, Haw Par held S$669.1 million in cash and bank balances and S$212.3 million in debt securities, compared with just S$52.6 million of borrowings. This leaves the group with a net cash position of about S$828.7 million.

Haw Par also passes our payout ratio check.

Based on FY2025 net profit of S$265.5 million and ordinary dividends of about S$88.5 million, or 40 cents per share, the payout ratio was about 33%.

This gives Haw Par a reasonable buffer to maintain its ordinary dividend even if earnings fluctuate from year to year.

Cash flow also remains positive, although it softened in the first half of 2026.

Net cash generated from operating activities was S$22.1 million in 1H2026, down from S$27.2 million a year earlier. Haw Par also continued to receive substantial dividend and interest income from its investment portfolio.

The main weakness under our Income Pot framework is dividend yield.

At a share price of S$14.81, Haw Par's ordinary dividend of 40 cents per share translates to a trailing yield of about 2.7%. This is below our 3.5% hurdle.

Putting these together, Haw Par passes our balance sheet, payout ratio and cash flow checks. Earnings growth is mixed, while its dividend yield falls below our required level.

# Key risks

**Revenue concentration in Tiger Balm**

Haw Par's healthcare business is still heavily dependent on Tiger Balm, especially its traditional ointment products. While the brand has a long history and strong recognition across Asia, this also means the company's growth is tied to the continued relevance of a mature product category.

**Risk of structural decline in consumer demand**

A key risk is that younger consumers may not associate Tiger Balm with pain relief as strongly as older generations do. If consumers shift towards modern pharmaceutical gels, patches, sprays or oral painkillers, Tiger Balm could face slower growth over time.

**Limited growth visibility**

Haw Par is highly profitable, but its core healthcare business is not a fast-growing one. Revenue growth can be uneven, and the company has not aggressively expanded into many new product categories. Investors looking for strong earnings growth may be disappointed.

**Investment portfolio volatility**

A large part of Haw Par's value comes from its investment holdings, including stakes in listed companies UOB and UOL. This means its net asset value and reported earnings can be affected by market movements, even if the Tiger Balm business remains stable.

**Currency and overseas market risks**

Tiger Balm is sold across many overseas markets. This exposes Haw Par to foreign exchange movements, changes in consumer demand, distributor performance, and regulatory requirements in different countries.

**Low share liquidity and holding company discount**

Haw Par is not as actively traded as many larger Singapore stocks. Lower liquidity can make the share price more volatile, especially during market sell-offs. As an investment holding company, it may also continue to trade at a discount to the value of its underlying assets.

# Disclosure Appendix

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