

Tear Sheet:

# Hypera S.A.

December 10, 2025

This report does not constitute a rating action.

**S&P Global Ratings expects Hypera's margins and leverage to continue improving.** As a result of its working capital optimization initiatives that started in the third quarter of 2024, we expect Hypera to significantly improve cash generation in the second half of 2025, based on Brazilian real (R\$) 516 million in free operating cash flow (FOCF) in the third quarter. For the full year, we forecast FOCF of R\$1 billion, up from R\$648 million in 2024, and we expect this trend to continue in 2026.

We project the company will reach net revenue of R\$7.8 billion and EBITDA of R\$2.1 billion with a margin of 27.7% in 2025, versus R\$7.4 billion, R\$2 billion, and 27.2% in 2024. In 2026, we expect net revenue to grow to R\$9.3 billion, boosted by new product launches, with EBITDA margin expanding to 33%-34%, resulting in nominal EBITDA above R\$3 billion. We forecast adjusted net debt to EBITDA to dip to 3.7x in 2025 from 4.0x in 2024 and then significantly improve to 2.5x in 2026.

**We anticipate the company will sustain positive discretionary cash flow (DFC), despite high capital expenditure (capex) and dividend distributions.** The current sellout level of 8% is set to persist in the near term, supported by new product launches and market growth. Furthermore, opportunities arising from the expiration of Ozempic's patent in 2026 are expected to drive Hypera's investments in semaglutide next year, although it's still pending regulatory approval from Agência Nacional de Vigilância Sanitária.

We forecast capex to increase to R\$800 million in 2025 and R\$950 million in 2026, from R\$772 million in 2024. For the subsequent years, capex should remain above R\$700 million, given we expect Hypera to expand its portfolio while seeking to internalize the production of certain formulas. Moreover, we forecast dividend payments of R\$600 million-R\$700 million annually. Despite that, we anticipate DCF generation above R\$300 million annually and a DCF-to-debt ratio above 10% by 2027, from 4.6% in 2025.

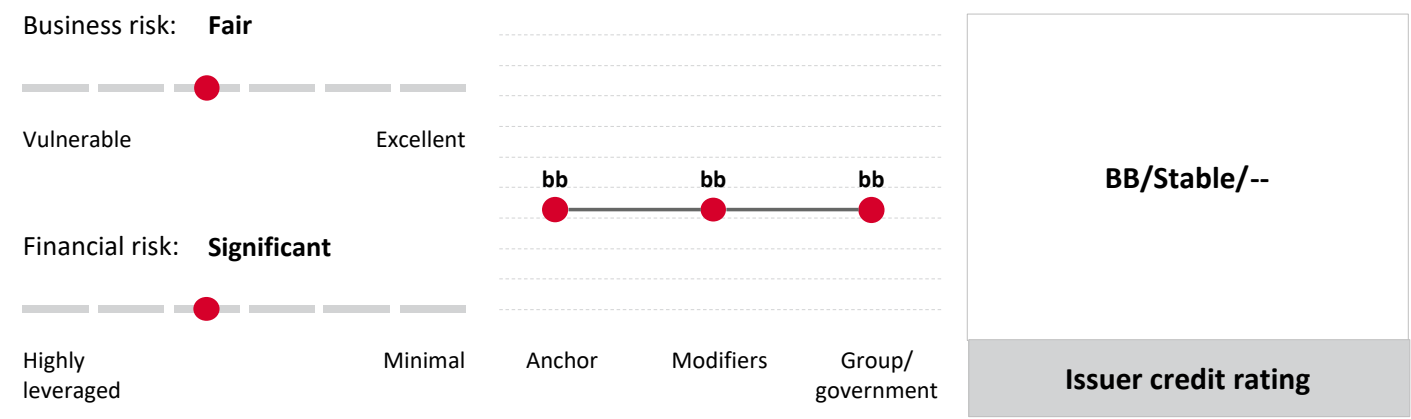
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## Ratings Score Snapshot



## Recent Research

- [Research Update: Hypera S.A. Downgraded To 'BB' On Higher-Than-Expected Leverage](#), April 9, 2025

## Company Description

Hypera S.A. is one of Brazil's largest pharmaceutical companies, with a diversified portfolio across five key segments: branded prescription, skincare, consumer health, similar and generics, and nonretail market. Founded in 2001 as Hypermarcas, it rebranded to Hypera Pharma in 2017, reflecting the company's exclusive focus on the Brazilian pharmaceutical sector.

Hypera markets its products in Brazil with a strong distribution network and well-known brands, such as Benegrip, Buscopan, Engov, and Neosaldina. The company's main distribution center is located in Anápolis, in the state of Goiás, while production predominantly occurs at its Brainfarma and Cosmed subsidiaries, also located in Goiás, along with a new unit acquired in 2023 in Itapecerica da Serra, in the state of São Paulo.

Research and product development are centralized at Brainfarma's innovation center in Barueri, which has technologies for various pharmaceutical forms in its six laboratories. Additionally, Hypera boasts an extensive sales and distribution network across Brazil, serving both retailers directly and through distributors.

Headquartered in São Paulo, Hypera is a publicly traded company listed on the Novo Mercado, with shares available on the São Paulo stock exchange (B3 SA). Its largest shareholder is the family member João Alves de Queiroz Filho, who holds 27.3% of its shares, followed by Maiorem with 14.7% and Votorantim S.A. (BBB/Stable/--) with its recently acquired 11%. Together, they form a controlling block that holds over half of Hypera's total share capital.

## Outlook

The stable outlook reflects our expectation that Hypera's adjusted net debt to EBITDA will be slightly above 3.5x by year-end 2025, given the impact of its working capital optimization process, which pressured margins and cash flows, particularly in the first half of the year. For the next few years, we expect improved operational cash conversion and product launches to improve

margins, lowering leverage to 2.5x by year-end 2026 even amid higher capex and dividend distributions.

## Downside scenario

We could lower the ratings on Hypera in the next 12 months if credit metrics do not improve as expected or if liquidity deteriorates, with sources of cash below 20% of uses. This would likely stem from persistent weaker cash flow amid high capex and more aggressive dividend distribution. In such a scenario, we would expect adjusted debt to EBITDA exceeding 3.5x and negative DCF over the next few years.

## Upside scenario

We could raise the ratings on Hypera in the next 12 months if the company reduces leverage below 3.0x on a sustained basis while continuing to improve profitability with a conservative approach to debt. In this scenario, we would expect a DCF-to-debt ratio above 10% consistently, along with a solid liquidity position.

## Key Metrics

### Hypera S.A.--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Mil. BRL)	2021a	2022a	2023a	2024a	2025e	2026f	2027f	2028f
Revenue	5,937	7,546	7,915	7,442	7,762	9,276	10,204	11,224
Gross profit	3,935	4,931	5,234	4,662	4,551	5,612	6,173	6,791
EBITDA (reported)	2,100	2,652	2,756	2,101	1,794	2,672	2,969	3,266
Plus: Operating lease adjustment (OLA) rent	--	--	--	--	--	--	--	--
Plus/(less): Other	(37)	23	(9)	(76)	358	428	439	433
EBITDA	2,063	2,674	2,747	2,025	2,152	3,100	3,408	3,699
Less: Cash interest paid	(308)	(867)	(1,306)	(1,195)	(1,428)	(1,300)	(1,139)	(833)
Less: Cash taxes paid	(7)	(6)	(4)	(8)	340	107	(21)	(44)
Plus/(less): Other	--	--	--	--	--	--	--	--
Funds from operations (FFO)	1,748	1,801	1,436	823	1,064	1,906	2,249	2,822
EBIT	2,011	2,695	2,669	1,935	2,050	2,940	3,273	3,640
Interest expense	383	986	1,129	971	1,429	1,298	1,137	832
Cash flow from operations (CFO)	1,153	1,312	1,236	1,420	1,835	1,979	2,233	2,892
Capital expenditure (capex)	839	1,509	813	772	800	930	713	742
Free operating cash flow (FOCF)	314	(198)	423	648	1,035	1,049	1,520	2,150
Dividends	746	806	760	787	649	639	635	635

## Hypera S.A.

### Hypera S.A.--Forecast summary

Share repurchases (reported)	129	87	88	56	23	100	--	--
Discretionary cash flow (DCF)	(560)	(1,091)	(425)	(196)	363	310	885	1,515
Debt (reported)	7,361	9,608	9,938	9,380	9,293	9,393	8,845	8,229
Plus: Lease liabilities debt	89	121	218	208	192	229	252	277
Plus: Pension and other postretirement debt	--	--	--	--	--	--	--	--
Less: Accessible cash and liquid Investments	(2,287)	(2,862)	(2,581)	(1,739)	(1,922)	(2,203)	(2,466)	(3,283)
Plus/(less): Other	427	745	449	317	319	319	319	319
Debt	5,589	7,611	8,024	8,165	7,882	7,738	6,950	5,542
Equity	9,833	10,655	11,518	12,102	12,373	13,382	14,861	16,991
FOCF (adjusted for lease capex)	245	(306)	220	461	996	943	1,423	2,043
Interest expense (reported)	383	986	1,129	971	1,429	1,298	1,137	832
Capex (reported)	839	1,509	813	772	800	930	713	742
Cash and short-term investments (reported)	2,287	2,862	2,581	1,739	1,922	2,203	2,466	3,283
<b>Adjusted ratios</b>								
Debt/EBITDA (x)	2.7	2.8	2.9	4.0	3.7	2.5	2.0	1.5
FFO/debt (%)	31.3	23.7	17.9	10.1	13.5	24.6	32.4	50.9
FFO cash interest coverage (x)	6.7	3.1	2.1	1.7	1.7	2.5	3.0	4.4
EBITDA interest coverage (x)	5.4	2.7	2.4	2.1	1.5	2.4	3.0	4.4
CFO/debt (%)	20.6	17.2	15.4	17.4	23.3	25.6	32.1	52.2
FOCF/debt (%)	5.6	(2.6)	5.3	7.9	13.1	13.6	21.9	38.8
DCF/debt (%)	(10.0)	(14.3)	(5.3)	(2.4)	4.6	4.0	12.7	27.3
Lease capex-adjusted FOCF/debt (%)	4.4	(4.0)	2.7	5.6	12.6	12.2	20.5	36.9
Annual revenue growth (%)	45.2	27.1	4.9	(6.0)	4.3	19.5	10.0	10.0
Gross margin (%)	66.3	65.3	66.1	62.6	58.6	60.5	60.5	60.5
EBITDA margin (%)	34.7	35.4	34.7	27.2	27.7	33.4	33.4	33.0
Return on capital (%)	15.5	16.0	14.1	9.7	10.1	14.2	15.2	16.4
Return on total assets (%)	10.8	12.4	11.1	7.9	8.2	11.3	12.0	12.6
EBITDA/cash interest (x)	6.7	3.1	2.1	1.7	1.5	2.4	3.0	4.4

## Hypera S.A.--Forecast summary

EBIT interest coverage (x)	5.2	2.7	2.4	2.0	1.4	2.3	2.9	4.4
Debt/debt and equity (%)	36.2	41.7	41.1	40.3	38.9	36.6	31.9	24.6
Debt fixed-charge coverage (x)	5.4	2.7	2.4	2.1	0.5	1.1	2.0	2.6
Debt/debt and undepreciated equity (%)	36.2	41.7	41.1	40.3	38.9	36.6	31.9	24.6

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. R\$--Brazilian real.

## Financial Summary

## Hypera S.A.--Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	R\$	R\$	R\$	R\$	R\$	R\$
Revenues	3,295	4,089	5,937	7,546	7,915	7,442
EBITDA	674	1,205	2,063	2,674	2,747	2,025
Funds from operations (FFO)	631	1,029	1,748	1,801	1,436	823
Interest expense	43	176	383	986	1,129	971
Cash interest paid	28	166	308	867	1,306	1,195
Operating cash flow (OCF)	1,344	1,096	1,153	1,312	1,236	1,420
Capital expenditure	362	1,927	839	1,509	813	772
Free operating cash flow (FOCF)	982	(831)	314	(198)	423	648
Discretionary cash flow (DCF)	287	(1,514)	(560)	(1,091)	(425)	(196)
Cash and short-term investments	2,246	4,743	2,287	2,862	2,581	1,739
Gross available cash	2,246	4,743	2,287	2,862	2,581	1,739
Debt	0	1,292	5,589	7,611	8,024	8,165
Common equity	8,710	9,241	9,833	10,655	11,518	12,102
<b>Adjusted ratios</b>						
EBITDA margin (%)	20.5	29.5	34.7	35.4	34.7	27.2
Return on capital (%)	7.3	12.3	15.5	16.0	14.1	9.7
EBITDA interest coverage (x)	15.6	6.8	5.4	2.7	2.4	2.1
FFO cash interest coverage (x)	23.5	7.2	6.7	3.1	2.1	1.7
Debt/EBITDA (x)	0.0	1.1	2.7	2.8	2.9	4.0
FFO/debt (%)	NM	79.6	31.3	23.7	17.9	10.1
OCF/debt (%)	NM	84.8	20.6	17.2	15.4	17.4
FOCF/debt (%)	NM	(64.3)	5.6	(2.6)	5.3	7.9
DCF/debt (%)	NM	(117.1)	(10.0)	(14.3)	(5.3)	(2.4)

## Rating Component Scores

<b>Foreign currency issuer credit rating</b>	<b>BB/Stable/--</b>
<b>Local currency issuer credit rating</b>	<b>BB/Stable/--</b>
<b>Business risk</b>	<b>Fair</b>
Country risk	Moderately High
Industry risk	Low
Competitive position	Fair
<b>Financial risk</b>	<b>Significant</b>
Cash flow/leverage	Significant
<b>Anchor</b>	<b>bb</b>
<b>Modifiers</b>	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
<b>Stand-alone credit profile</b>	<b>bb</b>

## Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

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