COMPANY UPDATE

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Hugel (145020)

Earnings to rise after bottoming in 2026

- Hugel shares have been weak for an extended period—its pursuit of a high operating margin has come at the expense of top-line growth.
- **Cutting target price to KRW310,000 but maintaining BUY:** We apply the valuation multiple seen when regulatory issues weighed on Hugel's domestic sales, which leads us to lower our target price. A recovery in revenue and renewed business expansion look necessary for a rerating.

(The Korean version of the report was published on Nov 28)

WHAT'S THE STORY?

Profitability-focused growth strategy acts as double-edged sword: Since its largest shareholder changed to the GS consortium in 2022, Hugel has maintained a high margin of over 40%, supported by strong toxin sales growth in large overseas markets (*eg*, the US, China, Europe, Brazil), stable sales (by bundling toxins with fillers), and reductions in marketing/R&D costs. However, as momentum from its 2H24 US market entry has already been reflected in its earnings, the company now faces a void in terms of earnings growth drivers, dampening upside for its valuations. Also, the shares have been under selling pressure for five months due to shifts in supply-demand dynamics both for the sector and across sectors. Beyond needing to restore the growth potential of its flagship business, the company now needs aggressive plans to expand its operations.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW310,000	41.2%
Current price	**KRW219,500**	
Market cap	KRW2.7t / USD1.8b	
Shares (float)	12,304,033 (44.1%)	
52-week high/low	KRW388,000/KRW214,000	
Avg daily trading value (60-day)	"KRW20.6b/ USD14.0m"	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hugel (%)	-2.4	-31.8	-17.4
Vs Kosdaq (%pts)	-4.8	-44.2	-40.1

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	310,000	420,000	-26.1%
2025E EPS	11,470	12,854	-10.8%
2026E EPS	15,085	17,644	-14.5%

SAMSUNG vs THE STREET

No of estimates	11
Target price	374,545
Recommendation	4.0

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	373	414	473	536
Operating profit (KRWb)	166	192	226	262
Net profit (adj) (KRWb)	143	149	192	225
EPS (adj) (KRW)	10,985	11,470	15,085	17,656
EPS (adj) growth (% y-y)	46.1	4.4	31.5	17.0
EBITDA margin (%)	48.6	51.1	51.8	52.1
ROE (%)	17.5	16.4	18.0	17.7
P/E (adj) (x)	25.5	19.4	14.8	12.6
P/B (x)	3.8	2.6	2.1	1.8
EV/EBITDA (x)	17.6	10.7	8.4	6.6
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

Cutting target to KRW310,000 but maintaining BUY: We revise down our 2025 and 2026 operating profit forecasts by 10.2% and 16.3%, respectively, as we: 1) lower our domestic toxin/filler sales estimates; and 2) reflect stock-based compensation costs (KRW4b per quarter) following the appointment of new executives (domestic and global CEOs). We apply the valuation multiple observed in 4Q21 (11x forward EV/EBITDA), when delays in national lot release approvals weighed on domestic sales, leading us to cut our target price to KRW310,000. Over the longer term, the key rerating drivers should be: 1) a recovery in domestic toxin sales to KRW20b per quarter; 2) earnings stabilization supported by a rising export portion of sales; and 3) with both domestic and global CEOs now in pace, domestic portfolio expansion visibility (*eg*, co-promotion, L/I) should clear and overseas M&A momentum should pick up.

Diversified business strategy and favorable forex to support gradual recovery in 2026: As domestic demand is gradually recovering (after bottoming in 3Q) and shipments to major export markets (US, China, Brazil) are continuing, we expect the firm's 4Q sales to reach KRW107.6b and its operating profit to hit KRW49b. As strategies for both domestic and overseas markets take clearer shape, the export portion of its sales should grow (63.5% in 2025E → 66.3% in 2026E), allowing the company to keep benefiting from the strong dollar trend (vs the won). As a result, we project that the firm will record 2026 sales of KRW472.6b (up 14.2%) and an operating profit of KRW226b (up 17.7%).

Hugel: Valuation (old)

(KRWb)	Estimated value	Note
12M forward EBITDA (A)	266.6	3Q25E-2Q26E
Target EV/EBTIDA (x) (B)	14.8	
Operating value (C = AxB)	3,951	
Net debt (D)	-532	
Fair value (E = C-D)	4,483	
Outstanding shares ('000) (F)	10,760	
Fare price per share (KRW) (E/F)	416,639	
Target price (KRW)	420,000	

Note: *Medytox, PharmaResearch, Classys, and Galderma
Source: Bloomberg, Samsung Securities estimates

Hugel: Valuation (new)

(KRWb)	Estimated value	Note
12M forward EBITDA (A)	252.2	4Q25E-3Q26E
Target EV/EBTIDA (x) (B)	11.0	4Q21 12MF EV/EBITDA*
Operating value (C = AxB)	2,774	
Net debt (D)	-518	
Fair value (E = C-D)	3,292	
Outstanding shares ('000) (F)	10,760	
Fare price per share (KRW) (E/F)	305,972	
Target price (KRW)	310,000	

Note: *Domestic slump prolonged by delayed national shipping approvals
Source: Bloomberg, Samsung Securities estimates

Hugel: Results and forecasts (consolidated)

(KRWb)	2024	2025E	2026E	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E
Sales	**373.1**	**413.7**	**472.6**	**74.3**	**95.4**	**105.1**	**98.2**	**89.8**	**110.3**	**105.9**	**107.6**	**112.0**	**117.1**	**117.4**	**126.1**
Botulinum toxin	203.3	221.6	265.4	34.3	51.0	64.7	53.2	40.7	61.2	60.2	59.5	62.5	66.5	67.1	69.3
Domestic	82.1	69.8	71.9	17.2	20.3	22.8	21.9	19.5	19.0	14.6	16.7	16.8	18.7	17.6	18.8
Exports	121.2	151.8	193.5	17.1	30.8	41.9	31.4	21.3	42.2	45.6	42.8	45.6	47.8	49.6	50.5
Filler	127.6	131.1	140.0	29.3	36.5	29.9	31.9	34.4	34.1	30.2	32.3	32.6	35.9	34.2	37.4
Domestic	29.1	20.1	20.3	6.4	9.5	6.5	6.7	7.2	6.4	3.2	3.2	4.7	5.7	4.1	5.8
Exports	98.6	111.0	119.8	22.9	27.0	23.4	25.3	27.2	27.7	27.0	29.1	27.9	30.2	30.1	31.5
Cosmetics	36.8	56.7	62.4	9.5	6.6	9.0	11.7	13.2	13.6	14.9	15.0	15.3	13.2	15.4	18.5
Other	5.4	4.3	4.8	1.3	1.3	1.5	1.3	1.5	1.4	0.6	0.8	1.7	1.5	0.7	0.9
Gross profit	**287.2**	**320.4**	**375.2**	**57.1**	**71.5**	**82.9**	**75.7**	**69.0**	**86.6**	**81.7**	**83.1**	**88.8**	**93.1**	**93.5**	**99.8**
Operating profit	**166.2**	**192.1**	**226.0**	**24.0**	**42.4**	**53.4**	**46.5**	**39.0**	**56.7**	**47.4**	**49.0**	**53.1**	**58.0**	**56.7**	**58.3**
Pre-tax profit	**165.2**	**197.2**	**242.8**	**29.4**	**47.5**	**53.0**	**35.3**	**41.1**	**53.3**	**51.1**	**52.4**	**56.7**	**61.9**	**61.1**	**63.0**
Net profit (controlling)	**135.8**	**142.4**	**185.6**	**20.8**	**34.8**	**40.3**	**40.0**	**29.1**	**36.4**	**36.8**	**40.1**	**43.4**	**47.4**	**46.7**	**48.2**
Growth (% y-y)															
Sales	**16.7**	**10.9**	**14.2**	**15.4**	**17.0**	**23.9**	**10.5**	**20.9**	**15.5**	**0.8**	**9.6**	**24.7**	**6.2**	**10.9**	**17.1**
Botulinum toxin	20.2	9.0	19.7	10.7	17.6	41.0	9.0	18.8	20.0	-7.0	11.8	53.4	8.6	11.5	16.5
Domestic	-0.2	-15.0	3.0	7.0	-16.9	5.3	8.3	13.2	-6.0	-36.1	-23.5	-13.5	-1.9	20.6	12.6
Exports	39.6	25.3	27.4	14.6	62.0	72.9	9.6	24.4	37.1	8.9	36.3	114.6	13.3	8.7	18.0
Filler	8.3	2.7	6.9	12.1	20.0	-4.4	6.4	17.5	-6.5	1.1	1.1	-5.4	5.1	13.2	15.7
Domestic	-5.6	-31.0	1.0	-5.5	12.0	-19.2	-11.2	12.6	-32.1	-50.3	-52.4	-35.3	-11.7	26.2	83.2
Exports	13.3	12.6	7.9	18.2	23.1	0.7	12.3	18.9	2.5	15.4	15.2	2.5	9.1	11.7	8.4
Cosmetics	37.3	54.1	10.0	50.8	10.0	36.4	48.1	38.9	106.1	65.6	28.3	16.1	-2.9	3.4	22.9
Other	-10.8	-20.0	10.0	32.9	-26.9	36.4	-40.9	15.4	7.7	-60.0	-36.9	10.0	10.0	10.0	10.0
Gross profit	16.7	11.6	17.1	14.0	13.7	25.2	13.0	20.9	21.2	-1.4	9.8	28.6	7.4	14.5	20.1
Operating profit	41.1	15.5	17.7	29.5	51.6	54.5	26.4	62.6	33.6	-11.2	5.6	36.2	2.3	19.6	18.9
Pre-tax profit	23.9	19.4	23.1	21.1	53.8	-1.2	44.2	39.7	12.2	-3.6	48.5	38.1	16.3	19.5	20.2
Net profit (controlling)	45.9	4.8	30.4	27.1	64.7	2.2	146.7	39.7	4.7	-8.6	0.3	49.2	30.0	26.9	20.2
Margins (%)															
Gross profit	**77.0**	**77.4**	**79.4**	**76.8**	**74.9**	**78.8**	**77.1**	**76.8**	**78.6**	**77.1**	**77.2**	**79.3**	**79.5**	**79.7**	**79.2**
Operating profit	**44.6**	**46.4**	**47.8**	**32.2**	**44.5**	**50.8**	**47.3**	**43.4**	**51.4**	**44.8**	**45.6**	**47.4**	**49.5**	**48.3**	**46.3**
Pre-tax profit	**44.3**	**47.7**	**51.4**	**39.6**	**49.8**	**50.4**	**35.9**	**45.7**	**48.3**	**48.3**	**48.7**	**50.6**	**52.9**	**52.0**	**50.0**
Net profit (controlling)	**36.4**	**34.4**	**39.3**	**28.0**	**36.4**	**38.3**	**40.7**	**32.4**	**33.0**	**34.8**	**37.2**	**38.7**	**40.4**	**39.8**	**38.2**

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**320**	**373**	**414**	**473**	**536**
Cost of goods sold	74	86	93	97	108
Gross profit	**246**	**287**	**320**	**375**	**427**
Gross margin (%)	77.0	77.0	77.5	79.4	79.8
SG&A expenses	128	121	128	149	166
Operating profit	**118**	**166**	**192**	**226**	**262**
Operating margin (%)	36.8	44.6	46.4	47.8	48.8
Non-operating gains (losses)	**15**	**-1**	**5**	**17**	**23**
Financial profit	42	25	15	18	24
Financial costs	15	5	7	1	1
Equity-method gains (losses)	-0	-0	0	0	0
Other	-12	-21	-3	0	0
Pre-tax profit	**133**	**165**	**197**	**243**	**284**
Taxes	36	22	49	51	60
Effective tax rate (%)	26.7	13.3	25.0	21.0	21.0
Profit from continuing operations	98	143	149	192	225
Profit from discontinued operations	0	0	0	0	0
Net profit	**98**	**143**	**149**	**192**	**225**
Net margin (%)	30.5	38.4	35.9	40.6	41.9
Net profit (controlling interests)	93	136	142	186	217
Net profit (non-controlling interests)	5	7	6	6	7
EBITDA	132	181	211	245	279
EBITDA margin (%)	41.2	48.6	51.1	51.8	52.1
EPS (parent-based) (KRW)	7,517	10,985	11,470	15,085	17,656
EPS (consolidated) (KRW)	7,887	11,578	11,968	15,590	18,246
Adjusted EPS (KRW)*	7,517	10,985	11,470	15,085	17,656

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**568**	**523**	**680**	**902**	**1,151**
Cash & equivalents	106	130	559	762	999
Accounts receivable	44	48	53	62	68
Inventories	34	43	47	55	60
Other current assets	383	302	22	23	24
Fixed assets	**361**	**417**	**400**	**383**	**367**
Investment assets	23	30	24	26	28
Tangible assets	135	151	145	132	120
Intangible assets	182	196	191	186	181
Other long-term assets	21	40	39	39	39
Total assets	**929**	**939**	**1,080**	**1,285**	**1,518**
Current liabilities	**57**	**61**	**75**	**88**	**97**
Accounts payable	3	4	5	6	7
Short-term debt	0	0	0	0	0
Other current liabilities	54	57	70	82	90
Long-term liabilities	**92**	**38**	**38**	**39**	**39**
Bonds & long-term debt	89	25	25	25	25
Other long-term liabilities	3	13	13	14	14
Total liabilities	**150**	**99**	**113**	**127**	**136**
Owners of parent equity	**747**	**804**	**936**	**1,122**	**1,339**
Capital stock	6	7	7	7	7
Capital surplus	327	394	437	437	437
Retained earnings	936	1,071	1,162	1,348	1,565
Other	-523	-668	-669	-669	-669
Non-controlling interests' equity	**32**	**37**	**30**	**36**	**43**
Total equity	**780**	**841**	**966**	**1,158**	**1,382**
Net debt	-386	-377	-518	-720	-956

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**118**	**149**	**159**	**205**	**238**
Net profit	98	143	149	192	225
Non-cash profit and expenses	43	48	66	53	54
Depreciation	9	10	14	13	12
Amortization	4	5	6	6	5
Other	29	33	47	34	37
Changes in A/L from operating activities	-2	-19	-17	-6	-4
Cash flow from investments	**43**	**42**	**276**	**-1**	**-1**
Change in tangible assets	-24	-12	-6	0	0
Change in financial assets	47	82	287	-1	-1
Other	20	-28	-5	0	0
Cash flow from financing	**-187**	**-172**	**-4**	**1**	**1**
Change in debt	-27	-53	0	1	1
Change in equity	-0	67	43	0	0
Dividends	-0	0	0	0	0
Other	-160	-186	-46	0	0
Change in cash	-26	24	428	203	237
Cash at beginning of year	132	106	130	559	762
Cash at end of year	106	130	559	762	999
Gross cash flow	**141**	**191**	**215**	**245**	**279**
Free cash flow	**94**	**137**	**153**	**205**	**238**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	13.5	16.7	10.9	14.3	13.3
Operating profit	16.2	41.1	15.5	17.7	15.7
Net profit	60.9	46.6	3.8	29.1	17.0
Adjusted EPS**	62.4	46.1	4.4	31.5	17.0
Per-share data (KRW)					
EPS (parent-based)	7,517	10,985	11,470	15,085	17,656
EPS (consolidated)	7,887	11,578	11,968	15,590	18,246
Adjusted EPS**	7,517	10,985	11,470	15,085	17,656
BVPS	70,885	74,668	86,707	103,898	124,018
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	19.9	25.5	19.4	14.8	12.6
P/B***	2.1	3.8	2.6	2.1	1.8
EV/EBITDA	11.4	17.6	10.7	8.4	6.6
Ratios (%)					
ROE	12.1	17.5	16.4	18.0	17.7
ROA	9.9	15.3	14.7	16.2	16.0
ROIC	25.1	38.5	37.2	47.7	57.1
Payout ratio	0.0	0.0	0.0	0.0	0.0
Dividend yield (common)	0.0	0.0	0.0	0.0	0.0
Net debt to equity	-49.5	-44.9	-53.6	-62.2	-69.2
Interest coverage (x)	40.1	141.1	181.4	158.0	177.4

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

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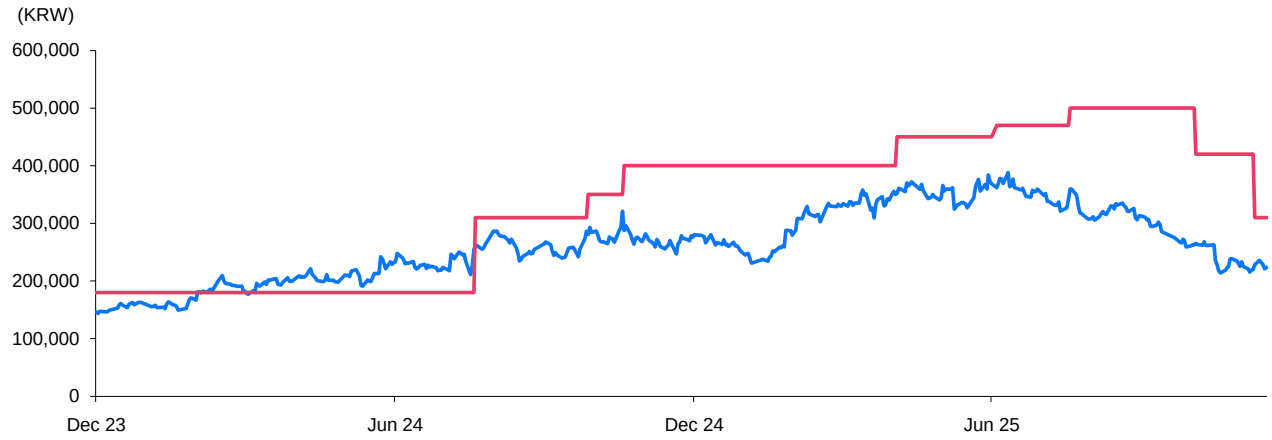
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/11/14	2024/8/8	10/16	11/7	2025/4/23	6/23	8/7	10/23	11/28
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	180000	310000	350000	400000	450000	470000	500000	420000	310000
Gap* (average)	5.96	-16.20	-19.89	-27.40	-21.15	-25.03	-38.57	-43.73	
(max or min)**	41.67	-7.58	-8.29	-10.50	-14.67	-17.45	-28.20	-36.07	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

Samsung Securities uses the following investment ratings*

Company

BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
SELL	Expected to decrease in value by 15% or more within 12 months

Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2025.09.30

BUY(83.5%)·HOLD(16.5%)·SELL(0%)

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