COMPANY UPDATE

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Samsung Biologics (207940)

Solid growth outweighing order concerns

- Samsung Biologics reported solid 4Q result thanks to the fourth plant operating at full utilization and despite the spinoff of Samsung Bioepis.
- We maintain BUY rating and KRW2.2m target price. Even barring the impact from its US facility acquisition in 2025, the firm's sales and operating profit should achieve double-digit growth in 2026 based on robust and ongoing demand for CDMO services.

WHAT'S THE STORY?

4Q25 review: Samsung Biologics posted 4Q sales of KRW1.28t (up 35.3% y-y and 2.2% q-q), operating profit of KRW528.3b (up 67.8% y-y but down 16.6% q-q), and net profit attributable to controlling shareholders of KRW453.1b (up 74.1% y-y but down 8.7% q-q). Despite a high base (from record quarterly sales in 3Q) and one-off costs related to its acquisition of a US manufacturing facility and the spin-off of Samsung Bioepis, the company's 4Q results likely met consensus thanks to the fourth plant operating at full utilization and the positive impact from the won/dollar rate. Following the Samsung Bioepis spin-off, the company has solidified its position as a pure-play CDMO. The Bioepis-related PPA amortization costs, which had previously weighed on operating profit, have been reflected by Samsung Epis Holdings since November.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW2,200,000	23.7%
Current price	**KRW1,778,000**	
Market cap	KRW82.3t / USD56.0b	
Shares (float)	46,290,951 (25.6%)	
52-week high/low	KRW1,965,000/KRW991,000	
Avg daily trading value (60-day)	KRW98.3b/ USD66.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Samsung Biologics (%)	3.1	70.6	75.3
Vs Kospi (%pts)	-14.5	9.2	-9.8

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	2,200,000	2,200,000	0.0%
2025E EPS	23,867	23,600	1.1%
2026E EPS	43,834	43,142	1.6%

SAMSUNG vs THE STREET

No of estimates	8
Target price	2,177,500
Recommendation	4.0

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

SUMMARY 4Q RESULTS

(KRWb)	4Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	1,285.7	35.3	2.2	6.5	-1.8
Operating profit	528.3	67.9	-16.6	0.8	-9.9
Pre-tax profit	574.6	50.9	-13.3	3.0	n/a
Net profit	453.1	74.1	-8.7	4.1	n/a
Margins (%)					
Operating profit	41.1				
Pre-tax profit	44.7				
Net profit	35.2				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuation (x)			
P/E	64.3	71.0	40.6
P/B	7.3	7.2	6.4
EV/EBITDA	41.6	30.2	26.2
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	11.1	61.6	83.7
ROE (%)	12.0	15.9	17.1
Per-share data (KRW)			
EPS	14,766	23,867	43,834
BVPS	130,397	235,080	278,914
DPS	0	0	0

2026 outlook: We forecast Samsung Biologics' 2026 sales and operating profit will expand 16.5% and 20.4% y-y, respectively, to KRW5.31t and KRW2.49t. Company guidance has 2026 sales growing 15-20% y-y, assuming a forex rate of KRW1,400/USD, with no contribution from the US manufacturing facility yet factored in the guidance. The company is set to maintain strong growth momentum thanks to: 1) all four plants operating at full capacity—regular maintenance is scheduled for the first plant, but this should have insignificant impact on earnings; and 2) rising utilization at the fifth plant. We should revisit our earnings estimates once the US plant acquisition is completed, which is expected in 1Q26.

Maintaining BUY and KRW2.2m target price: The company's order backlog has expanded steadily, with 2025 new orders leaping 30% y-y to USD21.2b. Beyond mere linear growth in terms of order backlog, the key lies in order acceleration surpassing the pace at which capability is expanded. The key to future share performance should be how quickly the fifth plant can raise utilization this year. With the inclusion of the Biosecure Act in the US National Defense Authorization Act in December, year 2026 should be a critical time to capture the orders that would otherwise been placed to Chinese players. Additionally, Samsung Biologics plans to diversify its portfolio by expanding beyond antibody CMOs into next-generation modality CMO services.

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**2,939**	**3,497**	**4,557**	**5,311**	**5,778**
Cost of goods sold	1,448	1,784	2,040	2,311	2,509
Gross profit	**1,490**	**1,713**	**2,517**	**3,000**	**3,269**
Gross margin (%)	50.7	49.0	55.2	56.5	56.6
SG&A expenses	286	392	449	509	560
Operating profit	**1,204**	**1,321**	**2,068**	**2,491**	**2,709**
Operating margin (%)	41.0	37.8	45.4	46.9	46.9
Non-operating gains (losses)	**20**	**81**	**22**	**110**	**169**
Financial profit	174	228	167	248	294
Financial costs	150	146	148	137	126
Equity-method gains (losses)	0	0	0	0	0
Other	-5	-1	2	-0	-0
Pre-tax profit	**1,224**	**1,402**	**2,090**	**2,601**	**2,877**
Taxes	278	351	500	572	633
Effective tax rate (%)	22.7	25.1	23.9	22.0	22.0
Profit from continuing operations	946	1,051	1,603	2,029	2,244
Profit from discontinued operations	0	0	0	0	0
Net profit	**946**	**1,051**	**1,603**	**2,029**	**2,244**
Net margin (%)	32.2	30.1	35.2	38.2	38.8
Net profit (controlling interests)	946	1,051	1,603	2,029	2,244
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	1,459	1,620	2,439	2,884	3,107
EBITDA margin (%)	49.6	46.3	53.5	54.3	53.8
EPS (parent-based) (KRW)	13,290	14,766	23,867	43,834	48,479
EPS (consolidated) (KRW)	13,290	14,766	23,867	43,834	48,479
Adjusted EPS (KRW)*	13,290	14,766	23,867	43,834	48,479

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**4,070**	**3,992**	**8,793**	**11,115**	**13,707**
Cash & equivalents	231	300	4,869	6,699	8,737
Accounts receivable	0	0	0	0	0
Inventories	1,679	1,883	2,084	2,346	2,640
Other current assets	2,161	1,810	1,840	2,071	2,330
Fixed assets	**7,761**	**9,325**	**6,207**	**6,315**	**6,418**
Investment assets	3,340	3,353	58	60	62
Tangible assets	3,543	5,048	5,953	6,073	6,184
Intangible assets	54	65	58	46	36
Other long-term assets	825	860	137	137	137
Total assets	**11,831**	**13,317**	**15,000**	**17,430**	**20,125**
Current liabilities	**2,954**	**2,679**	**2,825**	**3,165**	**3,547**
Accounts payable	171	174	250	281	316
Short-term debt	220	0	0	0	0
Other current liabilities	2,563	2,506	2,576	2,884	3,231
Long-term liabilities	**638**	**1,357**	**1,293**	**1,354**	**1,423**
Bonds & long-term debt	120	918	798	798	798
Other long-term liabilities	519	439	494	555	624
Total liabilities	**3,593**	**4,036**	**4,118**	**4,519**	**4,970**
Owners of parent equity	**8,239**	**9,281**	**10,882**	**12,911**	**15,155**
Capital stock	178	178	178	178	178
Capital surplus	5,672	5,672	5,672	5,672	5,672
Retained earnings	2,399	3,450	5,053	7,082	9,326
Other	-11	-19	-21	-21	-21
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**8,239**	**9,281**	**10,882**	**12,911**	**15,155**
Net debt	-687	-157	-4,861	-6,805	-8,973

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**1,418**	**1,383**	**2,174**	**2,442**	**2,665**
Net profit	946	1,051	1,603	2,029	2,244
Non-cash profit and expenses	568	641	876	859	883
Depreciation	246	286	356	381	389
Amortization	9	13	15	13	10
Other	313	342	505	466	485
Changes in A/L from operating activities	118	-65	161	23	26
Cash flow from investments	**-1,461**	**-1,181**	**-1,026**	**-614**	**-628**
Change in tangible assets	-974	-1,297	-1,037	-500	-500
Change in financial assets	528	761	11	-118	-132
Other	-1,016	-645	-1	4	4
Cash flow from financing	**-492**	**-154**	**-143**	**1**	**1**
Change in debt	-462	-164	-134	1	1
Change in equity	0	0	0	0	0
Dividends	0	0	0	0	0
Other	-30	10	-8	0	0
Change in cash	-527	69	4,570	1,829	2,038
Cash at beginning of year	758	231	300	4,869	6,699
Cash at end of year	231	300	4,869	6,699	8,737
Gross cash flow	**1,514**	**1,692**	**2,479**	**2,889**	**3,128**
Free cash flow	**442**	**86**	**1,137**	**1,942**	**2,165**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	20.6	19.0	30.3	16.5	8.8
Operating profit	24.4	9.7	56.5	20.4	8.7
Net profit	37.7	11.1	52.5	26.6	10.6
Adjusted EPS**	35.3	11.1	61.6	83.7	10.6
Per-share data (KRW)					
EPS (parent-based)	13,290	14,766	23,867	43,834	48,479
EPS (consolidated)	13,290	14,766	23,867	43,834	48,479
Adjusted EPS**	13,290	14,766	23,867	43,834	48,479
BVPS	115,753	130,397	235,080	278,914	327,393
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	57.2	64.3	71.0	40.6	36.7
P/B***	6.6	7.3	7.2	6.4	5.4
EV/EBITDA	36.6	41.6	30.2	26.2	23.6
Ratios (%)					
ROE	12.2	12.0	15.9	17.1	16.0
ROA	7.9	8.4	11.3	12.5	12.0
ROIC	25.2	19.7	25.9	30.3	32.3
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	-8.3	-1.7	-44.7	-52.7	-59.2
Interest coverage (x)	21.6	38.8	72.2	78.7	85.5

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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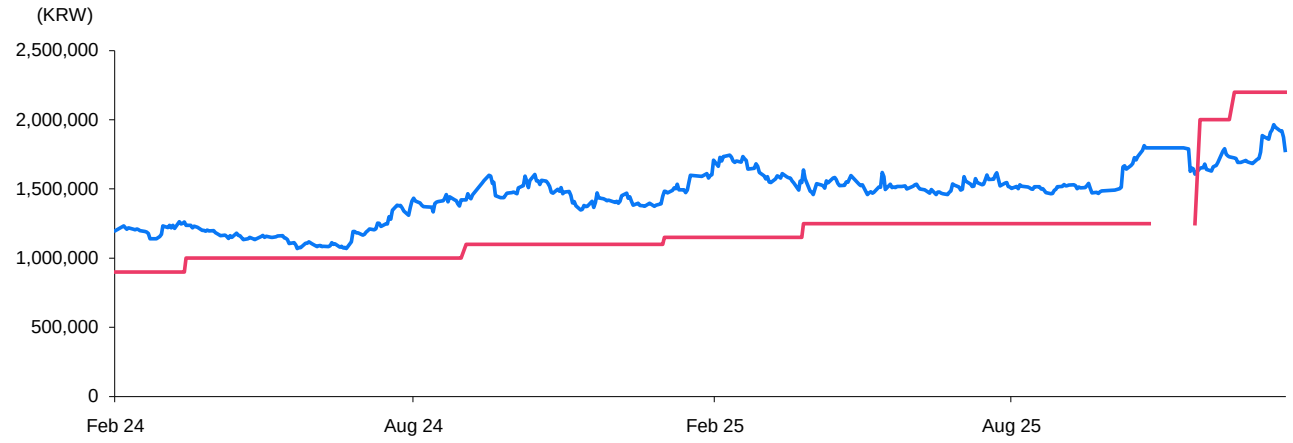
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/9/25	2024/3/22	9/9	2025/1/8	4/3	12/1	12/22
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	900000	1000000	1100000	1150000	1250000	2000000	2200000
Gap* (average)	-15.82	-17.24	-9.90	-5.19	-16.56	-15.26	
(max or min)**	-4.56	-0.90	-0.82	3.04	-1.44	-10.50	

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

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Industry

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* 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 2025.12.31

BUY(85.8%)·HOLD(14.2%)·SELL(0%)

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