COMPANY UPDATE

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Hugel (145020)

Time to take another look

- **1Q26 preview:** Hugel should report in-line 1Q results, led by stabilization of domestic toxin sales and shipments to key overseas markets.
- **Maintaining BUY with target price of KRW370,000:** While its profitability may dip in the near (as it sets up direct sales in the US in 2H), the company should retain strong longer-term earnings momentum thanks to improved operating leverage and a growing product portfolio.

WHAT'S THE STORY?

1Q26 preview: We expect Hugel to report 1Q sales of KRW109.4b (up 21.8% y-y but down 8.1% q-q) and an operating profit of KRW41.7b (up 7% y-y but down 27.9% q-q), with both figure meeting consensus. We believe that its: 1) domestic toxin sales stabilized at KRW18.5b (down 4.8% y-y and 4.9% q-q) thanks to market-share stabilization; 2) toxin exports rose sharply to KRW40.1b (up 88.4% y-y but down 23.2% q-q), driven by shipments to major markets including the US, China, and Brazil, despite low seasonality; 3) total filler sales stood at KRW31.7b (down 7.9% y-y but up 2.4% q-q), led by bundling with its toxin (which partially offset slowing growth of the global HA filler market); and 4) sales of cosmetics and other products grew to KRW19.2b (up 30.6% y-y and 15.4% q-q), led by strong sales via Olive Young (Korea) and Costco (online/offline) overseas. Meanwhile, its gross margin likely fell q-q due to a resumption of production testing for the third toxin facility (delayed in 4Q25), and its operating margin likely came in at 38.1% on a rise in SG&A expenses stemming from the initial setup of the US direct sales team.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW370,000	48.9%
Current price	**KRW248,500**	
Market cap	KRW3.1t/USD2.1b	
Shares (float)	12,304,033 (44.2%)	
52-week high/low	KRW388,000/KRW214,000	
Avg daily trading value (60-day)	KRW23.2b/ USD15.7m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hugel (%)	-5.0	-13.0	-23.9
Vs Kosdaq (%pts)	0.7	-31.8	-54.0

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	370,000	370,000	0.0%
2026E EPS	16,790	14,538	15.5%
2027E EPS	21,191	17,092	24.0%

SAMSUNG vs THE STREET

No of estimates	11
Target price	369,091
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	425	506	593	712
Operating profit (KRWb)	201	212	259	321
Net profit (adj) (KRWb)	147	213	269	341
EPS (adj) (KRW)	11,348	16,790	21,191	26,826
EPS (adj) growth (% y-y)	3.3	48.0	26.2	26.6
EBITDA margin (%)	51.9	45.9	46.7	47.5
ROE (%)	16.1	19.6	20.3	20.9
P/E (adj) (x)	20.3	14.8	11.7	9.3
P/B (x)	2.6	2.3	1.9	1.5
EV/EBITDA (x)	10.7	10.2	7.6	5.3
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

NDR takeaway: Portfolio expansion has just begun; synergies with US direct sales: Hugel conducted NDRs with domestic institutional investors over Apr 3-6. Key messages included: 1) the slated start of full-scale US direct sales in 2H; 2) an expansion of domestic business development (BD) partnerships (*eg*, co-promotion, distribution), including HansBioMed's ECM skin booster; 3) M&A-driven acquisitions of overseas products that are nearing regulatory approval; 4) 2026 guidance (*eg*, sales growth of more than 20%, operating margin in the 40% range, with US direct sales costs temporarily pressuring margins). Investor questions focused on: 1) the financial impact of acquiring the domestic distribution rights for HansBioMed's ECM skin booster CellREDM; 2) the financial implications of launching direct sales in the US (revenue, SG&A); 3) the potential new product categories that are under review; 4) its growth prospects in the US, Chinese, and Brazilian toxin markets. Overall, investors responded positively to the company's low valuation (14.1x 2026 P/E due to a weak share performance in 2H25), product expansion momentum, and US direct sales momentum.

Maintaining BUY with target price of KRW370,000: Despite the broader Kosdaq weakness, Hugel's minimal exposure to the Middle East (sales making up less than 5% of its total) and its distributor-based overseas model—which can transfer cost burdens to partners—support our target multiple. Our target valuation reflects a period of heightened market entry expectations following FDA approval and ITC litigation resolution (Jun-Aug 2024). Based on its 12-month EBITDA, we maintain our 12-month target price of KRW370,000. For reference, Evolus, a global peer, grew its workforce from 230 to over 330 employees as it increased its sales from USD35m (2019) to USD300m (2025) after launching its toxin product. Considering the separation of Hugel and Benev's distribution coverage and the timing of its investments, Hugel's US direct sales should begin at under USD10b in 2026. However, by absorbing the typical distributor gross margin (70%), Hugel is positioned to gradually lift its margins. With strong domestic BD partnerships and around KRW500b in cash reserves, M&A-driven overseas expansion remains a credible growth lever. We maintain BUY.

1Q preview

(KRWb)	1Q26E	4Q25	1Q25	Consensus	Diff (%)		
					(% q-q)	(% y-y)	Consensus
Sales	109.4	119.1	89.8	110.9	(8.1)	21.8	(1.3)
Operating profit	41.7	57.8	39.0	43.6	(27.9)	7.0	(4.3)
Pre-tax profit	55.2	51.3	41.1	48.0	7.5	34.3	14.9
Net profit	41.7	38.6	29.1	33.6	8.0	43.4	24.0
Margins (%)							
Operating profit	38.1	48.5	43.4	39.3			
Pre-tax profit	50.4	43.1	45.7	43.3			
Net profit	38.1	32.4	32.4	30.3			

Source: FnGuide, Samsung Securities estimates

Hugel: Valuation (New)

(KRWb)	Calculation	Estimated value	Note
Forward EBITDA	(A)	232.1	1Q26E-4Q26E
Target EV/EBTIDA (x)	(B)	14.0	*average EV/EBITDA of '24.06~'24.08
Operating value	(C = AxB)	3,249	
Net debt	(D)	-721	
Fair value	(E = C-D)	3,970	
Outstanding shares ('000)	(F)	10,797	
Fare price per share (KRW)	(E/F)	367,724	
Target price (KRW)		370,000	

Note: *A period when expectation of US market entrance intensified
Source: Bloomberg, Samsung Securities estimates

Hugel: Results and forecasts (consolidated)

(KRWb)	2025	2026E	2027E	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E
Sales	**425.1**	**505.7**	**593.3**	**89.8**	**110.3**	**105.9**	**119.1**	**109.4**	**125.1**	**129.5**	**141.7**	**135.4**	**147.4**	**151.3**	**159.2**
Botulinum toxin	233.8	291.6	349.7	40.7	61.2	60.2	71.6	58.6	73.4	77.1	82.6	77.0	87.6	91.3	93.8
Domestic	72.6	73.7	76.3	19.5	19.0	14.6	19.5	18.5	18.2	17.8	19.1	17.6	20.1	18.8	19.8
Exports	161.2	218.0	273.4	21.3	42.2	45.6	52.1	40.1	55.1	59.2	63.5	59.4	67.5	72.6	73.9
Filler	129.7	136.2	145.5	34.4	34.1	30.2	30.9	31.7	35.0	33.3	36.2	34.6	38.5	35.6	36.8
Domestic	22.4	22.5	24.8	7.2	6.4	3.2	5.5	5.0	6.1	4.4	7.0	6.1	7.2	5.1	6.4
Exports	107.3	113.7	120.7	27.2	27.7	27.0	25.4	26.7	28.9	28.9	29.2	28.5	31.3	30.5	30.4
Cosmetics and others	61.7	77.9	98.2	14.7	14.9	15.5	16.6	19.2	16.7	19.1	23.0	23.9	21.3	24.3	28.7
Gross profit	**333.5**	**397.6**	**480.4**	**69.0**	**86.6**	**81.7**	**96.2**	**84.3**	**98.6**	**102.2**	**112.4**	**108.1**	**119.2**	**123.6**	**129.6**
Operating profit	**200.9**	**212.1**	**259.2**	**39.0**	**56.7**	**47.4**	**57.8**	**41.7**	**55.8**	**54.6**	**60.0**	**56.4**	**67.6**	**66.2**	**69.0**
Pre-tax profit	**196.8**	**273.5**	**345.2**	**41.1**	**53.3**	**51.1**	**51.3**	**55.2**	**70.8**	**70.4**	**77.1**	**75.5**	**88.6**	**88.4**	**92.7**
Net profit (controlling)	**140.9**	**206.6**	**260.7**	**29.1**	**36.4**	**36.8**	**38.6**	**41.7**	**53.5**	**53.2**	**58.2**	**57.0**	**66.9**	**66.7**	**70.0**
Growth (% y-y)															
Sales	**12.3**	**18.9**	**17.3**	**20.9**	**15.5**	**0.8**	**21.3**	**21.8**	**13.4**	**22.3**	**19.0**	**23.8**	**17.8**	**16.8**	**12.3**
Botulinum toxin	15.0	24.8	19.9	18.8	20.0	-7.0	34.5	43.8	19.8	28.1	15.3	31.4	19.4	18.5	13.5
Domestic	-11.6	1.5	3.6	13.2	-6.0	-36.1	-10.8	-4.8	-4.4	22.6	-2.0	-4.8	10.3	5.2	3.8
Exports	33.1	35.2	25.4	24.4	37.1	8.9	66.1	88.4	30.7	29.8	21.8	48.2	22.4	22.5	16.4
Filler	1.6	5.0	6.8	17.5	-6.5	1.1	-3.1	-7.9	2.6	10.1	16.9	9.0	10.0	6.9	1.7
Domestic	-23.0	0.3	10.3	12.6	-32.1	-50.3	-17.4	-31.2	-5.1	36.9	26.1	22.6	17.6	15.5	-8.3
Exports	8.9	6.0	6.1	18.9	2.5	15.4	0.7	-1.8	4.4	6.9	14.9	6.5	8.4	5.6	4.1
Cosmetics and others	46.4	26.3	26.0	37.0	88.6	47.5	27.5	30.6	11.8	23.4	38.3	24.6	27.6	27.4	24.8
Gross profit	16.1	19.2	20.8	20.9	21.2	-1.4	27.0	22.1	13.8	25.2	16.9	28.2	20.9	20.8	15.2
Operating profit	20.8	5.6	22.2	62.6	33.6	-11.2	24.5	7.0	-1.5	15.1	3.8	35.4	21.1	21.3	15.0
Pre-tax profit	19.1	39.0	26.2	39.7	12.2	-3.6	45.4	34.3	33.0	37.8	50.2	36.9	25.1	25.4	20.3
Net profit (controlling)	3.7	46.6	26.2	39.7	4.7	-8.6	-3.5	43.4	46.8	44.5	51.0	36.9	25.1	25.4	20.3
Margins (%)															
Gross profit	**78.4**	**78.6**	**81.0**	**76.8**	**78.6**	**77.1**	**80.7**	**77.0**	**78.8**	**79.0**	**79.3**	**79.8**	**80.9**	**81.7**	**81.4**
Operating profit	**47.2**	**41.9**	**43.7**	**43.4**	**51.4**	**44.8**	**48.5**	**38.1**	**44.6**	**42.1**	**42.3**	**41.7**	**45.9**	**43.8**	**43.4**
Pre-tax profit	**46.3**	**54.1**	**58.2**	**45.7**	**48.3**	**48.3**	**43.1**	**50.4**	**56.6**	**54.4**	**54.4**	**55.8**	**60.1**	**58.4**	**58.2**
Net profit (controlling)	**33.1**	**40.9**	**43.9**	**32.4**	**33.0**	**34.8**	**32.4**	**38.1**	**42.8**	**41.1**	**41.1**	**42.1**	**45.4**	**44.1**	**44.0**

Source: Company data, Samsung Securities estimates

NDR key Q&A summary

Q: What is the structure and financial impact of the agreement with HansBioMed?

A: Hugel will distribute HansBioMed's ECM skin booster CellREDM through its own dermatology channels in Korea, alongside HansBioMed's direct distribution. HansBioMed will supply the product to Hugel at a wholesale price, and Hugel will add a distribution fee.

Gross margin on the distribution should be lower than Hugel's corporate average, but the distribution should be more profitable than its typical cosmetics sales due to the minimal requirements for additional marketing or sales resources.

Hugel has applied for approval to establish a tissue bank for human tissue transplantation, and expects to receive approval in 2H. While revenue from this venture should prove modest, it may help lift current guidance.

Q: What are the financial implications of launching US direct sales?

A: The total annual investment is estimated at KRW25b-30b, and most of this capital will be used to secure personnel.

Hugel plans to ramp up its US direct sales gradually to meet its 2028 guidance (disclosed at the JP Morgan Healthcare Conference [JPMHC]) of KRW900b in total revenue, with US sales accounting for 30% of this figure. Unlike its competitors (which rely on direct cash incentives to consumers), Hugel should focus on marketing to medical personnel (targeting physicians) and emphasize clinical advantages such as narrow diffusion. Management targets total US sales growth of over 100% in 2026.

Q: What additional product categories are under consideration for expansion?

A: While toxin and fillers should remain its core business areas, Hugel is evaluating whether to enter non-HA segments, as they may be able to create synergizes with its existing offerings.

Domestically, potential candidates include PLLA/PDLLA, PN/PDRN, PCL, exosomes, CaHA, animal-derived collagen, and recombinant proteins via licensing or distribution agreements. Overseas, M&A efforts should prioritize products with clear commercialization potential.

Hugel should avoid concentrating cash in one or two acquisitions, instead pursuing a diversified, market-optimized portfolio.

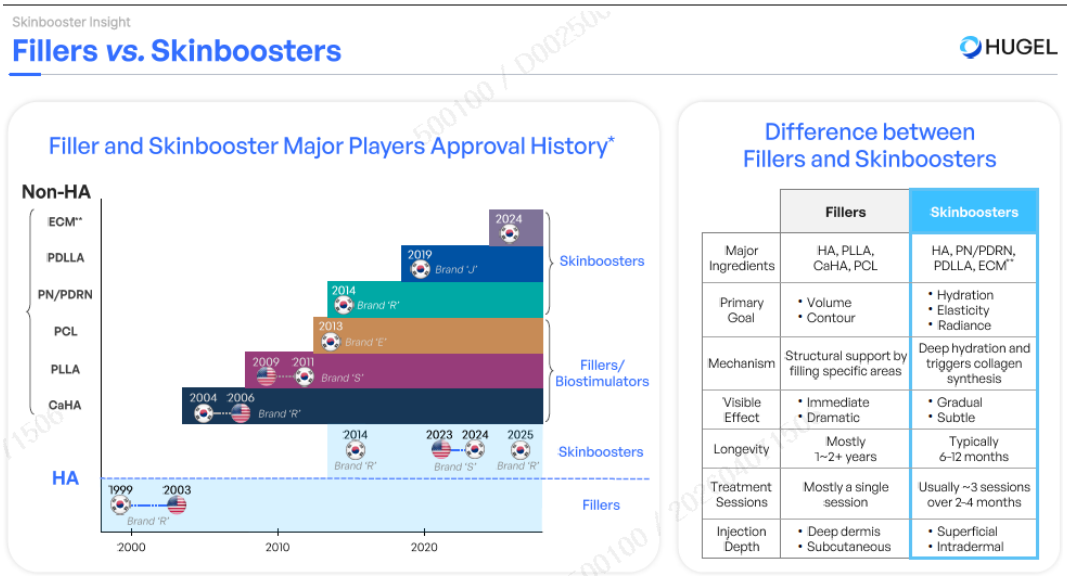
Q: What is the current state of the US, Chinese, and Brazilian toxin markets?

• US: Despite market saturation by players like Allergan, opportunities remain for new entrants. Evolus has a 14% market share, and Hugel's (via its distributor Benev) is estimated at 3%. Hugel's pursuit of direct sales in the US aims not only to lift its volume but also to raise its ASPs.

• China: Partner Sihuan Pharmaceutical's medical aesthetics division generated 56% of its 2025 revenue (vs 12% in 2021). Hugel maintains a competitive edge with its 50-unit product line.

•Brazil: Growth is accelerating through new partner DermaDream, which partner specializes in medical aesthetics (unlike its previous partners that had pharmaceutical backgrounds). Brazil is one of the most promising toxin markets.

Korea, the fastest market in terms of adoption of novel skinboosters



Source: Hugel

Expanding its portfolio from HA fillers to non-HA fillers

Source: Hugel

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**373**	**425**	**506**	**593**	**712**
Cost of goods sold	86	92	108	113	130
Gross profit	**287**	**333**	**398**	**480**	**582**
Gross margin (%)	77.0	78.4	78.6	81.0	81.7
SG&A expenses	121	133	185	221	260
Operating profit	**166**	**201**	**212**	**259**	**321**
Operating margin (%)	44.6	47.2	41.9	43.7	45.1
Non-operating gains (losses)	**-1**	**-4**	**61**	**86**	**116**
Financial profit	25	18	66	90	121
Financial costs	5	10	4	5	5
Equity-method gains (losses)	-0	-0	0	0	0
Other	-21	-12	0	0	0
Pre-tax profit	**165**	**197**	**274**	**345**	**437**
Taxes	22	50	60	76	96
Effective tax rate (%)	13.3	25.3	22.0	22.0	22.0
Profit from continuing operations	143	147	213	269	341
Profit from discontinued operations	0	0	0	0	0
Net profit	**143**	**147**	**213**	**269**	**341**
Net margin (%)	38.4	34.6	42.2	45.4	47.9
Net profit (controlling interests)	136	141	207	261	330
Net profit (non-controlling interests)	7	6	7	9	11
EBITDA	181	221	232	277	338
EBITDA margin (%)	48.6	51.9	45.9	46.7	47.5
EPS (parent-based) (KRW)	10,985	11,348	16,790	21,191	26,826
EPS (consolidated) (KRW)	11,578	11,839	17,338	21,883	27,702
Adjusted EPS (KRW)*	10,985	11,348	16,790	21,191	26,826

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**523**	**679**	**924**	**1,220**	**1,598**
Cash & equivalents	130	210	751	1,027	1,356
Accounts receivable	48	75	89	100	126
Inventories	43	56	66	75	94
Other current assets	302	339	17	18	22
Fixed assets	**417**	**397**	**379**	**363**	**350**
Investment assets	29	18	20	21	25
Tangible assets	151	147	133	120	109
Intangible assets	196	191	185	180	174
Other long-term assets	40	42	42	42	42
Total assets	**939**	**1,077**	**1,303**	**1,583**	**1,948**
Current liabilities	**61**	**93**	**106**	**116**	**139**
Accounts payable	4	6	7	8	10
Short-term debt	0	0	0	0	0
Other current liabilities	57	87	99	108	129
Long-term liabilities	**38**	**4**	**4**	**5**	**6**
Bonds & long-term debt	25	0	0	0	0
Other long-term liabilities	13	4	4	5	6
Total liabilities	**99**	**97**	**110**	**120**	**145**
Owners of parent equity	**804**	**950**	**1,157**	**1,418**	**1,748**
Capital stock	7	7	7	7	7
Capital surplus	394	437	437	437	437
Retained earnings	1,071	1,160	1,367	1,627	1,957
Other	-668	-653	-653	-653	-653
Non-controlling interests' equity	**37**	**30**	**37**	**45**	**56**
Total equity	**841**	**980**	**1,193**	**1,463**	**1,804**
Net debt	-378	-504	-721	-996	-1,324

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**149**	**150**	**219**	**277**	**332**
Net profit	143	147	213	269	341
Non-cash profit and expenses	48	84	19	8	-3
Depreciation	10	14	14	12	11
Amortization	5	6	6	6	5
Other	33	65	-1	-10	-20
Changes in A/L from operating activities	-19	-44	-14	-11	-25
Cash flow from investments	**42**	**-49**	**323**	**-1**	**-2**
Change in tangible assets	-12	-13	0	0	0
Change in financial assets	83	-35	323	-1	-2
Other	-28	-1	0	0	0
Cash flow from financing	**-172**	**-22**	**1**	**0**	**1**
Change in debt	-53	-11	1	0	1
Change in equity	67	43	0	0	0
Dividends	0	0	0	0	0
Other	-186	-54	0	0	0
Change in cash	24	80	542	275	329
Cash at beginning of year	106	130	210	751	1,027
Cash at end of year	130	210	751	1,027	1,356
Gross cash flow	**191**	**231**	**232**	**277**	**338**
Free cash flow	**137**	**137**	**219**	**277**	**332**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	16.7	14.0	19.0	17.3	19.9
Operating profit	41.1	20.8	5.6	22.2	23.9
Net profit	46.6	2.7	45.1	26.2	26.6
Adjusted EPS**	46.1	3.3	48.0	26.2	26.6
Per-share data (KRW)					
EPS (parent-based)	10,985	11,348	16,790	21,191	26,826
EPS (consolidated)	11,578	11,839	17,338	21,883	27,702
Adjusted EPS**	10,985	11,348	16,790	21,191	26,826
BVPS	74,668	88,011	107,144	131,292	161,862
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	25.5	20.3	14.8	11.7	9.3
P/B***	3.8	2.6	2.3	1.9	1.5
EV/EBITDA	17.6	10.7	10.2	7.6	5.3
Ratios (%)					
ROE	17.5	16.1	19.6	20.3	20.9
ROA	15.3	14.6	17.9	18.7	19.3
ROIC	38.5	36.9	39.8	49.4	60.9
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	-44.9	-51.4	-60.4	-68.1	-73.4
Interest coverage (x)	141.1	177.7	49.8	57.2	66.3

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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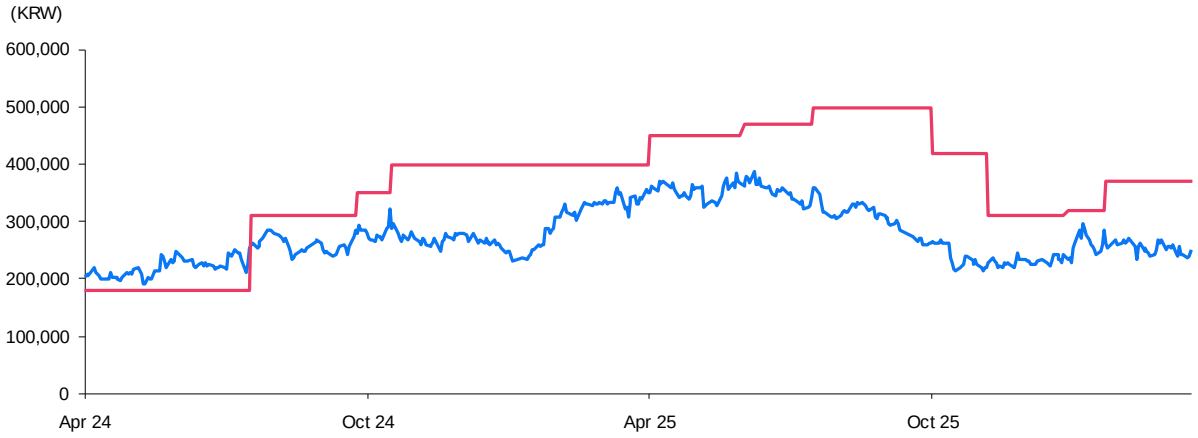
Target price changes in past two years



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	2026/1/19	2/12
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	180000	310000	350000	400000	450000	470000	500000	420000	310000	320000	370000
Gap* (average)	5.96	-16.20	-19.89	-27.40	-21.15	-25.03	-38.57	-43.73	-25.61	-17.74	
(max or min)**	41.67	-7.58	-8.29	-10.50	-14.67	-17.45	-28.20	-36.07	-20.81	-7.34	

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 2026.03.31

BUY (85.2%)·HOLD (14.8%)·SELL (0%)

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