COMPANY UPDATE

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Samsung Biologics (207940)

Solid 1Q; market now focused on orders

- Samsung Biologics delivered solid 1Q operating results, backed by operating leverage from full capacity utilization across its four plants. The underlying drivers of mid- to long-term growth remains intact—*ie*, margin expansion, US footprint expansion, and modal diversification.
- We maintain BUY on the stock but cut our target price to KRW2,100,000, reflecting our new net cash estimate. Things to watch include: 1) new customer wins for the Rockville plant's remaining capacity; and 2) the timing of resumption of outsourcing decisions by global pharmaceutical clients.

AT A GLANCE

BUY

Target price	KRW2,100,000	38.7%
Current price	**KRW1,514,000**	
Market cap	KRW70.1t/USD47.3b	
Shares (float)	46,290,951 (25.6%)	
52-week high/low	KRW1,965,000/KRW991,000	
Avg daily trading value (60-day)	KRW84.3b/ USD56.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Samsung Biologics (%)	-0.6	30.3	42.0
Vs Kospi (%pts)	-17.0	-22.6	-44.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	2,100,000	2,200,000	-4.5%
2026E EPS	42,689	43,834	-2.6%
2027E EPS	46,995	48,479	-3.1%

SAMSUNG vs THE STREET

No of estimates	14
Target price	2,191,429
Recommendation	4.0

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

WHAT'S THE STORY?

1Q26 review: Samsung Biologics posted 1Q sales of KRW1.26t (down 2.2% q-q but up 25.8% y-y), operating profit of KRW580.8b (up 9.9% q-q and 35% y-y), and net profit attributable to controlling shareholders of KRW469.2b (up 3.6% q-q and 41.6% y-y). Profitability improved thanks to all of its four plants operating at full utilization (better fixed-cost efficiency) and a reduction in SG&A expenses.

2026 outlook: We forecast that Samsung Biologics' sales and operating profit will expand 16.5% and 20.4% y-y, respectively, to KRW5.31t and KRW2.49t in 2026. The company is still targeting 2026 sales growth of 15-20% y-y, assuming: 1) all four of its plants are fully up and running throughout the year; and 2) a full-blown ramp-up of the fifth plant in 2H. The guidance does not reflect the contribution from the biologics manufacturing facility in Rockville, Maryland (US). The Rockville plant (capacity: 60,000 liters) should come online in 2Q26, with sales recognition expected to start in 3Q26 (as shipments commence). Currently, this plant is running at roughly half its capacity under the contracts GSK had received previously—without any operational downtime—positive.

(Continued on the next page)

SUMMARY 1Q RESULTS

(KRWb)	1Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	1,257.1	25.8	-2.2	6.0	-3.2
Operating profit	580.8	35.0	9.9	1.9	-5.1
Pre-tax profit	640.6	45.9	11.5	7.8	9.9
Net profit	469.2	41.6	3.6	1.3	-10.2
Margins (%)					
Operating profit	46.2				
Pre-tax profit	51.0				
Net profit	37.3				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuation (x)			
P/E	71.8	35.5	32.2
P/B	10.6	7.5	6.1
EV/EBITDA	32.0	23.4	21.1
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	60.0	80.7	10.1
ROE (%)	19.0	23.5	20.8
Per-share data (KRW)			
EPS	23,621	42,689	46,995
BVPS	160,192	202,881	249,876
DPS	0	0	0

Maintaining BUY but cutting target price: We reduce our target price to KRW2,100,000, to reflect a reduction in net cash due to the acquisition of GSK's Rockville plant and a rise in working capital. Recent stock underperformance was largely attributable to a weak q-q rise in order backlog: cumulative CMO contract value edged up q-q only to USD21.4b in 1Q26 (vs USD21.2b in 4Q25). While the company continues discussions with multiple global pharma clients, increased caution around outsourcing—driven by US policy pressure to reshore production—has slowed decision-making. Moreover, the low frequency of new contract disclosures is partly due to the long-term, volume-commitment nature of existing customer agreements. Near-term catalysts to watch include: 1) new customer wins for the Rockville plant's remaining capacity; 2) start of the sixth plant construction; and 3) whether the fifth plant can secure orders in advance.

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**3,497**	**4,557**	**5,311**	**5,778**	**6,329**
Cost of goods sold	1,784	2,040	2,311	2,509	2,744
Gross profit	**1,713**	**2,517**	**3,000**	**3,269**	**3,585**
Gross margin (%)	49.0	55.2	56.5	56.6	56.6
SG&A expenses	392	449	510	561	630
Operating profit	**1,321**	**2,068**	**2,491**	**2,708**	**2,955**
Operating margin (%)	37.8	45.4	46.9	46.9	46.7
Non-operating gains (losses)	**81**	**11**	**24**	**81**	**113**
Financial profit	228	155	151	196	147
Financial costs	146	141	127	115	34
Equity-method gains (losses)	0	0	0	0	0
Other	-1	-3	-0	-0	0
Pre-tax profit	**1,402**	**2,079**	**2,515**	**2,789**	**3,069**
Taxes	351	493	596	614	675
Effective tax rate (%)	25.1	23.7	23.7	22.0	22.0
Profit from continuing operations	1,051	1,586	1,976	2,175	2,394
Profit from discontinued operations	0	0	0	0	0
Net profit	**1,051**	**1,586**	**1,976**	**2,175**	**2,394**
Net margin (%)	30.1	34.8	37.2	37.7	37.8
Net profit (controlling interests)	1,051	1,586	1,976	2,175	2,394
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	1,620	2,437	2,877	3,101	3,329
EBITDA margin (%)	46.3	53.5	54.2	53.7	52.6
EPS (parent-based) (KRW)	14,766	23,621	42,689	46,995	51,707
EPS (consolidated) (KRW)	14,766	23,621	42,689	46,995	51,707
Adjusted EPS (KRW)*	14,766	23,621	42,689	46,995	51,707

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**3,992**	**4,393**	**6,946**	**9,392**	**12,592**
Cash & equivalents	300	141	2,167	4,032	6,404
Accounts receivable	0	655	730	804	928
Inventories	1,883	2,128	2,395	2,696	3,112
Other current assets	1,810	1,469	1,653	1,861	2,148
Fixed assets	**9,325**	**6,630**	**6,391**	**6,501**	**6,128**
Investment assets	3,353	56	12	13	15
Tangible assets	5,048	6,028	6,155	6,273	5,908
Intangible assets	65	60	47	36	28
Other long-term assets	860	485	177	177	177
Total assets	**13,317**	**11,024**	**13,338**	**15,893**	**18,720**
Current liabilities	**2,679**	**2,533**	**2,810**	**3,123**	**3,481**
Accounts payable	174	60	67	76	87
Short-term debt	0	0	0	0	0
Other current liabilities	2,506	2,473	2,743	3,047	3,393
Long-term liabilities	**1,357**	**1,076**	**1,136**	**1,203**	**1,279**
Bonds & long-term debt	918	599	599	599	599
Other long-term liabilities	439	477	537	604	680
Total liabilities	**4,036**	**3,609**	**3,946**	**4,326**	**4,760**
Owners of parent equity	**9,281**	**7,415**	**9,392**	**11,567**	**13,961**
Capital stock	178	116	116	116	116
Capital surplus	5,672	3,392	3,392	3,392	3,392
Retained earnings	3,450	5,036	7,012	9,188	11,581
Other	-19	-1,128	-1,128	-1,128	-1,128
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**9,281**	**7,415**	**9,392**	**11,567**	**13,961**
Net debt	-157	-544	-2,736	-4,787	-7,419

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**1,383**	**1,953**	**2,339**	**2,552**	**2,633**
Net profit	1,051	1,586	1,976	2,175	2,394
Non-cash profit and expenses	641	912	963	945	936
Depreciation	286	354	373	382	366
Amortization	13	16	13	10	8
Other	342	543	577	553	562
Changes in A/L from operating activities	-65	-108	-23	-15	-134
Cash flow from investments	**-1,181**	**-1,770**	**-668**	**-689**	**-261**
Change in tangible assets	-1,297	-1,376	-500	-500	0
Change in financial assets	761	-391	-168	-189	-261
Other	-645	-3	0	0	0
Cash flow from financing	**-154**	**-337**	**1**	**1**	**1**
Change in debt	-164	-141	1	1	1
Change in equity	0	-2,343	0	0	0
Dividends	0	0	0	0	0
Other	10	2,146	0	0	0
Change in cash	69	-158	2,026	1,864	2,373
Cash at beginning of year	231	300	141	2,167	4,032
Cash at end of year	300	141	2,167	4,032	6,404
Gross cash flow	**1,692**	**2,498**	**2,939**	**3,121**	**3,329**
Free cash flow	**86**	**577**	**1,839**	**2,052**	**2,633**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	19.0	30.3	16.5	8.8	9.5
Operating profit	9.7	56.5	20.4	8.7	9.1
Net profit	11.1	50.9	24.6	10.1	10.0
Adjusted EPS**	11.1	60.0	80.7	10.1	10.0
Per-share data (KRW)					
EPS (parent-based)	14,766	23,621	42,689	46,995	51,707
EPS (consolidated)	14,766	23,621	42,689	46,995	51,707
Adjusted EPS**	14,766	23,621	42,689	46,995	51,707
BVPS	130,397	160,192	202,881	249,876	301,583
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	64.3	71.8	35.5	32.2	29.3
P/B***	7.3	10.6	7.5	6.1	5.0
EV/EBITDA	41.6	32.0	23.4	21.1	18.8
Ratios (%)					
ROE	12.0	19.0	23.5	20.8	18.8
ROA	8.4	13.0	16.2	14.9	13.8
ROIC	19.7	24.9	27.4	29.6	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	-1.7	-7.3	-29.1	-41.4	-53.1
Interest coverage (x)	38.8	71.0	74.1	80.5	87.8

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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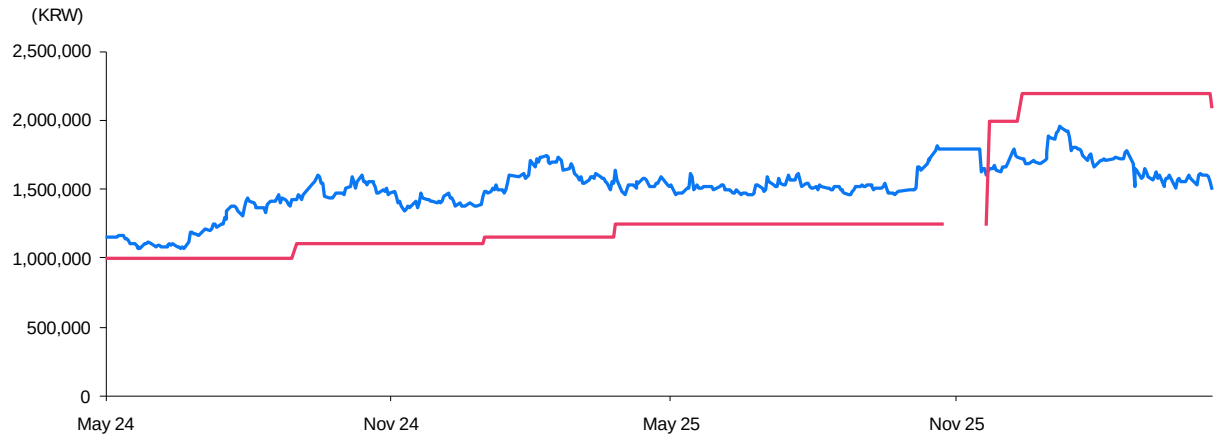
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/3/22	9/9	2025/1/8	4/3	12/1	12/22	2026/4/23
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	1000000	1100000	1150000	1250000	2000000	2200000	2100000
Gap* (average)	-17.24	-9.90	-5.19	-16.56	-15.26	-23.35	
(max or min)**	-0.90	-0.82	3.04	-1.44	-10.50	-10.68	

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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Percentage of ratings in 12 months prior to 2026.03.31

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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