COMPANY UPDATE

2026. 4. 28

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Donga ST (170900)

Prescription drug sales recover; R&D to drive rerating

- Donga ST's operating profit improved in 1Q, supported by rapid growth of in-licensed products—Jaqbo and Diphereline—and disciplined cost execution.
- We maintain BUY but cut our target price to KRW60,000. The company is moving beyond its narrow R&D approach to build a diversified cancer drug pipeline anchored in global trends such as PROTAC and ADC.

AT A GLANCE

BUY

Target price	KRW60,000	31.1%
Current price	**KRW45,750**	
Market cap	KRW445.05b/USD302.24m	
Shares (float)	9,727,819 (52.0%)	
52-week high/low	KRW55,126/KRW41,010	
Avg daily trading value (60-day)	KRW1.1b/ USD0.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Donga ST (%)	-0.2	0.0	5.4
Vs Kospi (%pts)	-18.0	-38.9	-59.4

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	60,000	66,761	-10.1%
2026E EPS	3,462	3,506	-1.3%
2027E EPS	4,664	5,145	-9.3%

SAMSUNG vs THE STREET

No of estimates	6
Target price	70,167
Recommendation	4.0

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

WHAT'S THE STORY?

1Q review: Donga ST reported 1Q parent-based sales of KRW187.1b (up 10.7% y-y but down 6.7% q-q) and an operating profit of KRW10.8b (up 53.7% y-y and turning around q-q). Growth was led by prescription drug sales, which rose 22.8% y-y and 5.7% q-q to KRW144b—Jaqbo established itself as a core product with sales of KRW18.8b (up 192.2% y-y and 13.3% q-q) while Diphereline made a strong market entry with KRW9.5b in sales. Export sales declined 17.5% y-y and 28.8% q-q to KRW33.7b, as Bacchus exports tumbled on rising oil prices amid Middle East tensions and a slowdown in consumer spending. Imuldosa (Stelara biosimilar) exports also shrank due to intensified price competition.

2026 outlook: We expect Donga ST's parent-based sales to grow 10.1% to KRW820.1b in 2026 and operating profit to rise 37% to KRW37.7b. Jaqbo is likely to achieve full-year sales of KRW78.7b (up 62.8% y-y). Despite geopolitical risks, export sales are poised for gradual growth, driven by penetration into rest of world (ROW) markets.

(Continued on the next page)

SUMMARY 1Q RESULTS

(KRWb)	1Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	187.1	10.7	(6.7)	1.7	(2.9)
Operating profit	10.8	53.7	nm	17.1	37.0
Pre-tax profit	6.6	(4.1)	nm	(49.1)	(49.3)
Net profit	5.7	16.7	nm	(43.1)	(17.6)
Margins (%)					
Operating profit	5.8				
Pre-tax profit	3.5				
Net profit	3.1				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	n/a	13.2	9.8
P/B	0.7	0.6	0.8
EV/EBITDA	15.0	11.9	11.2
Div yield (%)	1.3	1.5	1.5
EPS growth (% y-y)	nm	nm	34.7
ROE (%)	-2.6	4.9	7.7
Per-share data (KRW)			
EPS	-1,806	3,462	4,664
BVPS	70,440	73,042	56,237
DPS	667	667	667

Maintaining BUY but cutting target price: We maintain BUY but cut our target price to KRW60,000, which is based on the pharmaceutical sector's average EV/EBITDA multiple of 14x applied to our forward (2Q26-1Q27) EBITDA forecast. Rising sales of in-licensed products could increase COGS ratio and pressure profit growth, but the company intends to protect profitability by tightly controlling expenses. Exports may weaken on possible Growtropin policies and geopolitical risks, but strong domestic prescription drug sales will help maintain earnings momentum. At the American Association of Cancer Research (AACR) 2026, the company demonstrated the competitive strength of its next-generation drug candidates: DA-4701, an EGFR PROTAC for obesity and MASH, with reduced skin toxicity compared to existing therapies; DA-4531, a PARP7 inhibitor that activates immune cell attack; and ATS1002, a bispecific ADC targeting CLDN18.2 and HER2 for gastric and pancreatic cancers.

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**641**	**745**	**820**	**875**	**929**
Cost of goods sold	315	404	446	473	501
Gross profit	**326**	**341**	**374**	**403**	**427**
Gross margin (%)	50.8	45.8	45.6	46.0	46.0
SG&A expenses	293	314	336	361	380
Operating profit	**32**	**28**	**38**	**41**	**48**
Operating margin (%)	5.1	3.7	4.6	4.7	5.1
Non-operating gains (losses)	**-11**	**-48**	**14**	**30**	**35**
Financial profit	53	33	42	50	53
Financial costs	44	43	13	12	11
Equity-method gains (losses)	0	0	0	0	0
Other	-20	-38	-15	-7	-6
Pre-tax profit	**21**	**-20**	**52**	**72**	**83**
Taxes	6	-3	9	16	18
Effective tax rate (%)	28.4	12.9	17.0	22.0	22.0
Profit from continuing operations	15	-18	34	56	65
Profit from discontinued operations	0	0	0	0	0
Net profit	**15**	**-18**	**34**	**56**	**65**
Net margin (%)	2.4	-2.4	4.1	6.4	7.0
Net profit (controlling interests)	15	-18	34	56	65
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	59	57	65	66	70
EBITDA margin (%)	9.1	7.6	8.0	7.6	7.5
EPS (parent-based) (KRW)	1,581	-1,806	3,462	4,664	4,474
EPS (consolidated) (KRW)	1,581	-1,806	3,462	4,664	4,474
Adjusted EPS (KRW)*	1,581	-1,806	3,462	4,664	4,474

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**514**	**584**	**644**	**722**	**806**
Cash & equivalents	149	155	177	212	248
Accounts receivable	100	114	128	144	162
Inventories	130	149	168	189	213
Other current assets	136	166	171	177	183
Fixed assets	**821**	**802**	**794**	**792**	**795**
Investment assets	210	200	220	242	267
Tangible assets	430	426	405	385	368
Intangible assets	77	65	59	54	49
Other long-term assets	103	111	111	111	111
Total assets	**1,335**	**1,386**	**1,438**	**1,514**	**1,600**
Current liabilities	**215**	**380**	**401**	**425**	**452**
Accounts payable	47	77	87	98	110
Short-term debt	15	0	0	0	0
Other current liabilities	153	303	315	327	342
Long-term liabilities	**426**	**329**	**332**	**336**	**340**
Bonds & long-term debt	387	300	300	300	300
Other long-term liabilities	39	29	32	36	40
Total liabilities	**640**	**709**	**733**	**761**	**791**
Owners of parent equity	**694**	**677**	**704**	**753**	**809**
Capital stock	46	47	56	68	81
Capital surplus	318	318	318	318	318
Retained earnings	201	183	201	238	280
Other	129	129	129	129	129
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**694**	**677**	**704**	**753**	**809**
Net debt	318	356	334	298	262

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**34**	**56**	**50**	**67**	**71**
Net profit	15	-18	34	56	65
Non-cash profit and expenses	59	89	38	42	41
Depreciation	24	23	22	19	18
Amortization	3	6	6	5	5
Other	33	60	11	17	19
Changes in A/L from operating activities	-33	-15	-13	-15	-17
Cash flow from investments	**-150**	**-57**	**7**	**8**	**9**
Change in tangible assets	-21	-21	0	0	0
Change in financial assets	35	6	-1	-1	-1
Other	-164	-42	8	9	10
Cash flow from financing	**80**	**10**	**-17**	**-18**	**-20**
Change in debt	82	42	0	0	0
Change in equity	28	-0	7	1	2
Dividends	-6	-6	-6	-7	-9
Other	-24	-25	-18	-12	-13
Change in cash	-32	7	21	35	36
Cash at beginning of year	180	149	155	177	212
Cash at end of year	149	155	177	212	248
Gross cash flow	**74**	**72**	**72**	**98**	**106**
Free cash flow	**13**	**34**	**50**	**67**	**71**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	5.9	16.3	10.1	6.7	6.1
Operating profit	-0.8	-15.2	37.0	10.1	14.6
Net profit	-12.5	nm	nm	66.1	15.6
Adjusted EPS**	-14.1	nm	nm	34.7	-4.1
Per-share data (KRW)					
EPS (parent-based)	1,581	-1,806	3,462	4,664	4,474
EPS (consolidated)	1,581	-1,806	3,462	4,664	4,474
Adjusted EPS**	1,581	-1,806	3,462	4,664	4,474
BVPS	72,216	70,440	73,042	56,237	50,090
DPS (common)	654	667	667	667	667
Valuations (x)					
P/E***	34.8	n/a	13.2	9.8	10.2
P/B***	0.8	0.7	0.6	0.8	0.9
EV/EBITDA	14.6	15.0	11.9	11.2	10.1
Ratios (%)					
ROE	2.2	-2.6	4.9	7.7	8.3
ROA	1.2	-1.3	2.4	3.8	4.2
ROIC	3.6	3.6	4.8	5.0	5.8
Payout ratio	41.5	-36.3	22.0	15.9	16.6
Dividend yield (common)	1.2	1.3	1.5	1.5	1.5
Net debt to equity	45.7	52.6	47.5	39.6	32.4
Interest coverage (x)	1.6	1.4	3.6	4.0	4.6

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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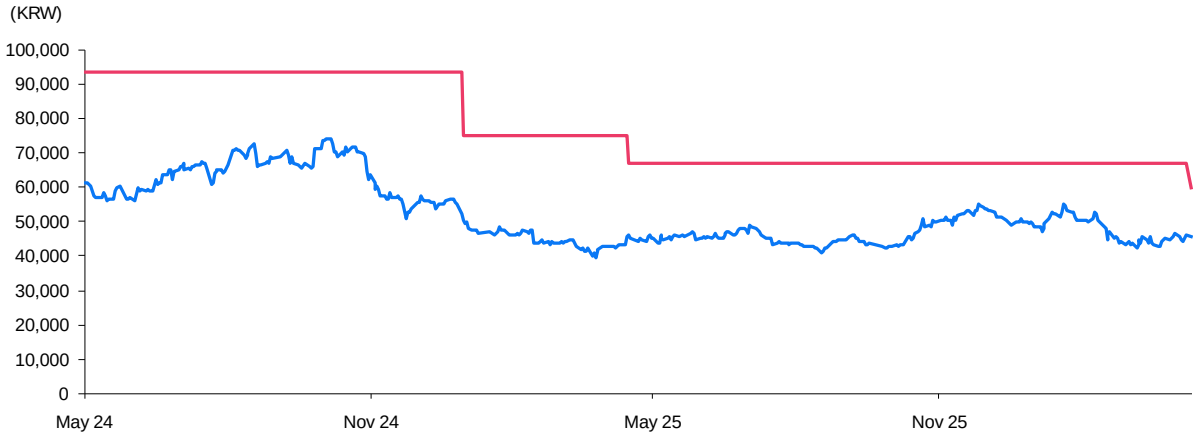

Rating changes over past two years (adjusted share prices)

Date	2024/3/11	2025/1/14	4/30	2026/3/12	4/27
Recommendation	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	93551	74841	66761	66761	60000
Gap* (average)	-31.85	-40.21	-29.21	-33.41	
(max or min)**	-16.00	-33.13	-17.43	-30.20	

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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Percentage of ratings in 12 months prior to 2026.03.31

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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