# COMPANY UPDATE

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# ST Pharm (237690)

## Oligo CMO business achieves high-margin structure

- Despite lower sales from oligonucleotides in 1Q, profitability improved thanks to a higher proportion of high-margin products and a subsidiary's return to profitability.
- We maintain BUY and raise our target price to KRW200,000. The firm has gained stronger earnings visibility, driven by growing sales from the oligonucleotide and small-molecule businesses as customer commercialization accelerates.

### ▶ AT A GLANCE

**BUY**

| | | |
|---|---|---|
| Target price | KRW200,000 | 19.4% |
| **Current price** | **KRW167,500** | |
| Market cap | KRW3.5t/USD2.4b | |
| Shares (float) | 20,843,927 (62.1%) | |
| 52-week high/low | KRW167,500/KRW71,600 | |
| Avg daily trading value (60-day) | KRW28.1b/ USD19.1m | |

### ▶ ONE-YEAR PERFORMANCE

| | 1M | 6M | 12M |
|---|---|---|---|
| ST Pharm (%) | 5.1 | 78.0 | 117.3 |
| Vs Kosdaq (%pts) | -2.1 | 31.0 | 29.3 |

### ▶ KEY CHANGES

| (KRW) | New | Old | Diff |
|---|---|---|---|
| Recommend. | BUY | BUY | |
| Target price | 200,000 | 190,000 | 5.3% |
| 2026E EPS | 3,508 | 3,565 | -1.6% |
| 2027E EPS | 4,952 | 5,486 | -9.7% |

### ▶ SAMSUNG vs THE STREET

| | |
|---|---|
| No of estimates | 11 |
| Target price | 188,364 |
| Recommendation | 4.0 |

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

### WHAT'S THE STORY?

**1Q review:** ST Pharm reported 1Q consolidated sales of KRW67b (up 27.7% y-y but down 48.1% q-q) and an operating profit of KRW11.5b (up 1,024.6% y-y but down 56.1% q-q). The y-y hike in operating profit stemmed from two key factors. First, although oligonucleotide sales came in at KRW40.4b (up 7.5% y-y but down 54.0% q-q) due to deferral of certain volumes to 2Q, profitability improved led by higher sales mix of high-margin products and favorable KRW/USD rates. Second, CRO and other subsidiaries posted sales of KRW10.9b (up 41.8% y-y but down 16.0% q-q) and returned to operating profitability on recovery in upstream demand.

**2026 outlook:** We forecast ST Pharm to post 2026 sales of KRW424.5b (up 28.0% y-y) and operating profit of KRW71.2b (up 29.7% y-y). Backlog stands at a record-high USD326m, with a significant portion scheduled for delivery in 2H, establishing a structural foundation for full-year growth. Specifically, we estimate oligonucleotide CMO sales at KRW281b (up 18.2% y-y) and small-molecule CMO sales at KRW67.1b (up 155.2% y-y; driven by full-scale commercialization of two key programs). We expect reduced quarterly revenue concentration in 2026 as more pipeline drugs are commercialized, leading to more-evenly distributed shipment schedules.

*(Continued on the next page)*

### SUMMARY 1Q RESULTS

| (KRWb) | 1Q26 | Chg | | Diff (%) | |
|---|---|---|---|---|---|
| | | (% y-y) | (% q-q) | Samsung | Consensus |
| Sales | 67.0 | 27.7 | (48.1) | (5.7) | (4.7) |
| Operating profit | 11.5 | 1,024.6 | (56.1) | 116.8 | 31.9 |
| Pre-tax profit | 17.7 | 1,032.4 | (39.7) | 89.3 | 99.6 |
| Net profit | 15.1 | 1,343.2 | (51.3) | 106.9 | 77.2 |
| **Margins (%)** | | | | | |
| Operating profit | 17.3 | | | | |
| Pre-tax profit | 26.4 | | | | |
| Net profit | 22.5 | | | | |

Source: Company data, FnGuide, Samsung Securities estimates

### VALUATION SUMMARY

| | 2025 | 2026E | 2027E |
|---|---|---|---|
| **Valuations (x)** | | | |
| P/E | 44.1 | 47.8 | 33.8 |
| P/B | 4.2 | 5.3 | 4.7 |
| EV/EBITDA | 29.8 | 34.1 | 24.6 |
| Div yield (%) | 0.4 | 0.3 | 0.3 |
| EPS growth (% y-y) | 52.0 | 29.6 | 41.2 |
| ROE (%) | 10.0 | 11.7 | 14.7 |
| **Per-share data (KRW)** | | | |
| EPS | 2,706 | 3,508 | 4,952 |
| BVPS | 28,666 | 31,476 | 35,928 |
| DPS | 500 | 500 | 500 |

**Maintaining BUY; raising target price to KRW200,000:** ST Pharm's customer should release two Phase III clinical trial results in 2H—one for a chronic disease therapy and one for an oncology agent. Positive data could directly translate into additional commercialization contracts. With the second oligo facility fully operational and a pipeline structure supporting at least one new commercialization per year, the company is conducting internal evaluations of the need to expand capacity. Rising utilization rates in oligo production are supported by customer commercialization progress: Novartis' Leqvio received first-line monotherapy approval in Jul 2025, and Geron's Rytelo secured NCCN Category 1.2A recommendation—both expanding market potential and directly contributing to order volume. In R&D, STP0404 (HIV treatment) completed Phase IIa dosing, with top-line results expected in 3Q.

## Income statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Sales** | **274** | **332** | **425** | **523** | **651** |
| Cost of goods sold | 178 | 195 | 264 | 322 | 394 |
| **Gross profit** | **96** | **136** | **161** | **201** | **257** |
| Gross margin (%) | 35.1 | 41.1 | 37.9 | 38.5 | 39.4 |
| SG&A expenses | 68 | 81 | 90 | 92 | 110 |
| **Operating profit** | **28** | **55** | **71** | **109** | **146** |
| Operating margin (%) | 10.1 | 16.6 | 16.8 | 20.8 | 22.5 |
| **Non-operating gains (losses)** | **15** | **4** | **19** | **23** | **37** |
| Financial profit | 35 | 18 | 35 | 40 | 45 |
| Financial costs | 19 | 13 | 16 | 17 | 8 |
| Equity-method gains (losses) | 0 | 0 | 0 | 0 | 0 |
| Other | -2 | -1 | 0 | -0 | 0 |
| **Pre-tax profit** | **43** | **59** | **90** | **132** | **184** |
| Taxes | 10 | 4 | 19 | 29 | 40 |
| Effective tax rate (%) | 24.1 | 7.1 | 20.9 | 22.0 | 22.0 |
| Profit from continuing operations | 32 | 55 | 73 | 103 | 145 |
| Profit from discontinued operations | 0 | 0 | 0 | 0 | 0 |
| **Net profit** | **32** | **55** | **73** | **103** | **145** |
| Net margin (%) | 11.9 | 16.5 | 17.2 | 19.7 | 22.3 |
| Net profit (controlling interests) | 35 | 55 | 73 | 103 | 145 |
| Net profit (non-controlling interests) | -2 | -0 | 0 | 0 | 0 |
| EBITDA | 53 | 85 | 103 | 139 | 173 |
| EBITDA margin (%) | 19.5 | 25.6 | 24.2 | 26.5 | 26.5 |
| EPS (parent-based) (KRW) | 1,780 | 2,706 | 3,508 | 4,952 | 6,964 |
| EPS (consolidated) (KRW) | 1,664 | 2,684 | 3,514 | 4,952 | 6,964 |
| Adjusted EPS (KRW)* | 1,780 | 2,706 | 3,508 | 4,952 | 6,964 |

## Balance sheet

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Current assets** | **330** | **373** | **460** | **598** | **746** |
| Cash & equivalents | 63 | 31 | 83 | 180 | 283 |
| Accounts receivable | 68 | 97 | 109 | 122 | 138 |
| Inventories | 127 | 169 | 191 | 215 | 242 |
| Other current assets | 72 | 76 | 78 | 80 | 83 |
| **Fixed assets** | **392** | **410** | **399** | **370** | **344** |
| Investment assets | 26 | 12 | 12 | 12 | 13 |
| Tangible assets | 336 | 357 | 347 | 318 | 292 |
| Intangible assets | 17 | 17 | 16 | 15 | 14 |
| Other long-term assets | 13 | 24 | 24 | 24 | 24 |
| **Total assets** | **722** | **783** | **859** | **967** | **1,089** |
| **Current liabilities** | **133** | **165** | **176** | **188** | **170** |
| Accounts payable | 11 | 12 | 13 | 15 | 19 |
| Short-term debt | 30 | 31 | 31 | 31 | 31 |
| Other current liabilities | 93 | 122 | 132 | 142 | 120 |
| **Long-term liabilities** | **86** | **25** | **27** | **31** | **37** |
| Bonds & long-term debt | 43 | 0 | 0 | 0 | 0 |
| Other long-term liabilities | 42 | 25 | 27 | 31 | 37 |
| **Total liabilities** | **219** | **190** | **203** | **219** | **207** |
| **Owners of parent equity** | **503** | **593** | **656** | **749** | **882** |
| Capital stock | 10 | 10 | 10 | 10 | 10 |
| Capital surplus | 316 | 358 | 358 | 358 | 358 |
| Retained earnings | 159 | 204 | 267 | 360 | 494 |
| Other | 18 | 21 | 21 | 21 | 19 |
| **Non-controlling interests' equity** | **-0** | **-0** | **-0** | **-0** | **-0** |
| **Total equity** | **503** | **593** | **656** | **749** | **882** |
| Net debt | 62 | 63 | 13 | -83 | -227 |

## Cash flow statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Cash flow from operations** | **109** | **14** | **77** | **99** | **145** |
| Net profit | 32 | 55 | 73 | 103 | 145 |
| Non-cash profit and expenses | 45 | 48 | 46 | 51 | 56 |
| Depreciation | 25 | 28 | 30 | 29 | 26 |
| Amortization | 1 | 1 | 1 | 1 | 1 |
| Other | 20 | 18 | 14 | 22 | 29 |
| Changes in A/L from operating activities | 37 | -79 | -23 | -26 | -15 |
| **Cash flow from investments** | **-87** | **-26** | **-15** | **8** | **11** |
| Change in tangible assets | -83 | -47 | -20 | 0 | 0 |
| Change in financial assets | 24 | 22 | -0 | -1 | -1 |
| Other | -28 | -2 | 6 | 9 | 12 |
| **Cash flow from financing** | **-11** | **-20** | **-10** | **-9** | **-52** |
| Change in debt | -75 | -41 | 2 | 2 | -41 |
| Change in equity | 90 | 43 | 0 | 0 | 0 |
| Dividends | -9 | -10 | -10 | -10 | -10 |
| Other | -17 | -12 | -1 | -1 | -1 |
| Change in cash | 13 | -33 | 52 | 98 | 103 |
| Cash at beginning of year | 50 | 63 | 31 | 83 | 180 |
| Cash at end of year | 63 | 31 | 83 | 180 | 283 |
| **Gross cash flow** | **78** | **102** | **119** | **154** | **201** |
| **Free cash flow** | **27** | **-33** | **57** | **99** | **145** |

## Financial ratios

| Year-end Dec 31 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Growth (%)** | | | | | |
| Sales | -3.9 | 21.2 | 28.0 | 23.3 | 24.4 |
| Operating profit | -17.4 | 98.4 | 29.7 | 53.1 | 34.2 |
| Net profit | 85.3 | 68.1 | 34.1 | 41.0 | 40.6 |
| Adjusted EPS** | 71.0 | 52.0 | 29.6 | 41.2 | 40.6 |
| **Per-share data (KRW)** | | | | | |
| EPS (parent-based) | 1,780 | 2,706 | 3,508 | 4,952 | 6,964 |
| EPS (consolidated) | 1,664 | 2,684 | 3,514 | 4,952 | 6,964 |
| Adjusted EPS** | 1,780 | 2,706 | 3,508 | 4,952 | 6,964 |
| BVPS | 24,966 | 28,666 | 31,476 | 35,928 | 42,337 |
| DPS (common) | 500 | 500 | 500 | 500 | 500 |
| **Valuations (x)** | | | | | |
| P/E*** | 50.0 | 44.1 | 47.8 | 33.8 | 24.1 |
| P/B*** | 3.6 | 4.2 | 5.3 | 4.7 | 4.0 |
| EV/EBITDA | 34.8 | 29.8 | 34.1 | 24.6 | 18.9 |
| **Ratios (%)** | | | | | |
| ROE | 7.8 | 10.0 | 11.7 | 14.7 | 17.8 |
| ROA | 4.6 | 7.3 | 8.9 | 11.3 | 14.1 |
| ROIC | 4.2 | 9.3 | 9.4 | 14.1 | 19.0 |
| Payout ratio | 29.0 | 18.9 | 14.3 | 10.1 | 7.2 |
| Dividend yield (common) | 0.6 | 0.4 | 0.3 | 0.3 | 0.3 |
| Net debt to equity | 12.3 | 10.6 | 1.9 | -11.1 | -25.8 |
| Interest coverage (x) | 3.6 | 13.6 | 74.5 | 111.8 | 188.0 |

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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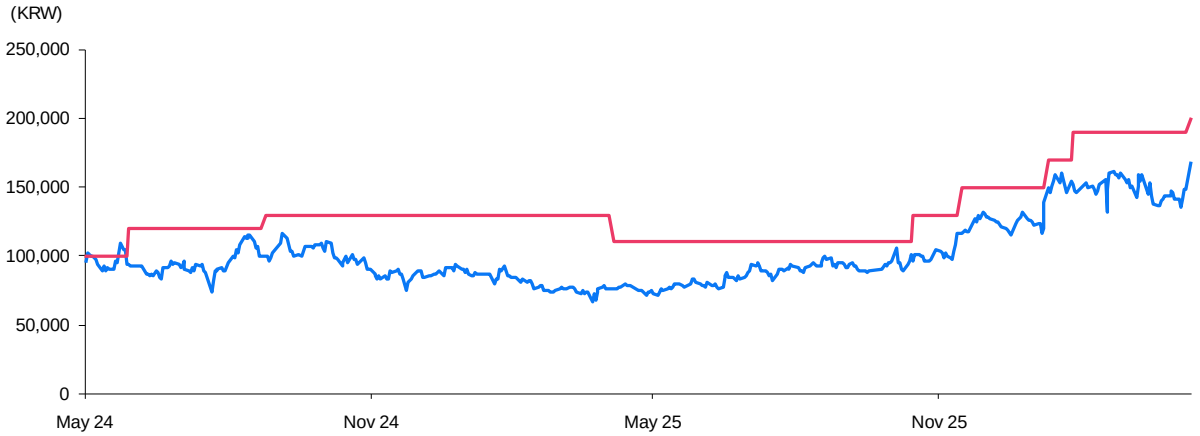


## Rating changes over past two years (adjusted share prices)

| Date | 2024/4/18 | 6/13 | 9/9 | 2025/4/21 | 10/30 | 12/1 | 2026/1/26 | 2/10 | 4/27 |
|---|---|---|---|---|---|---|---|---|---|
| Recommendation | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY |
| Target price (KRW) | 100000 | 120000 | 130000 | 110000 | 130000 | 150000 | 170000 | 190000 | 200000 |
| Gap* (average) | -6.16 | -21.35 | -32.21 | -21.42 | -22.04 | -16.82 | -9.79 | -21.80 | |
| (max or min)** | 9.60 | -3.83 | -10.00 | -3.91 | -10.00 | -6.93 | -5.53 | -14.68 | |

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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| | |
|---|---|
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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 2026.03.31**

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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