COMPANY UPDATE

2026. 5. 22

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Samsung Biologics (207940)

Uncertainty needs to clear

- **Maintaining BUY and cutting target price to KRW1,800,000:** We lower our 2026 operating profit forecast by 12% and adjust both our WACC and perpetual growth rate assumptions. As a result, we recalibrate our target price using a DCF valuation model.
- The structural rise in labor costs has been factored into our longer-term profitability outlook. However, risks surrounding a potential shift in US CDMO order composition are excluded from our estimates.

Innovation Team

Keunhee Seo, Ph.D.
Team Leader
keunhee.seo@samsung.com

Suhan Shin
Research Associate
shn.shin@samsung.com

WHAT'S THE STORY?

Trade policy: On Apr 2, President Trump issued an executive order imposing tariffs of up to 100% on imported patented drugs, but with a strategic exception: Companies that have signed both an MFN pricing agreement and an onshoring commitment would enjoy 0% tariffs until end-2029. Companies that have signed only an onshoring agreement face a 20% tariff, with an escalator clause automatically increasing the rate to 100% from 2030. This effectively creates a 're-price or pay' mechanism, using tariffs as a lever to drive price negotiations. As global pharma and biotech firms prioritize realigning their own supply chains over signing new deals with CDMOs, the biggest players have quickly finalized their MFN and onshoring agreements—before the executive order takes effect (for large firms on Jul 31 and for smaller ones on Sep 29)—essentially neutralizing tariff risk. As a result, Samsung Biologics' longstanding relationships with these big clients remain relatively stable and secure.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW1,800,000	29%
Current price	**KRW1,395,000**	
Market cap	KRW64.6t/USD42.9b	
Shares (float)	46,290,951 (25.5%)	
52-week high/low	KRW1,965,000/KRW992,000	
Avg daily trading value (60-day)	KRW86.6b/ USD57.5m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Samsung Biologics (%)	-12.2	14.3	26.8
Vs Kospi (%pts)	-28.2	-43.7	-57.4

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	1,800,000	2,100,000	-14.3%
2026E EPS	37,690	42,689	-11.7%
2027E EPS	44,490	46,995	-5.3%

SAMSUNG vs THE STREET

No of estimates	19
Target price	2,124,737
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	4,557	5,145	5,778	6,329
Operating profit (KRWb)	2,068	2,195	2,565	2,807
Net profit (adj) (KRWb)	1,586	1,745	2,060	2,267
EPS (adj) (KRW)	23,621	37,690	44,490	48,982
EPS (adj) growth (% y-y)	60.0	59.6	18.0	10.1
EBITDA margin (%)	53.5	50.2	51.2	50.6
ROE (%)	19.0	21.1	20.2	18.4
P/E (adj) (x)	71.8	37.0	31.4	28.5
P/B (x)	10.6	7.0	5.7	4.8
EV/EBITDA (x)	32.0	24.0	20.3	18.1
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

Impact on orders: The US Department of Commerce has not yet published its official criteria for approving onshoring plans in the Federal Register, leaving global pharmas uncertain about how to structure contracts with Korean CDMOs, particularly regarding future tariff liabilities. While Samsung Biologics' acquisition of the Rockville, Maryland facility represents a proactive step, its capacity is small (vs the company's overall capacity), and in the US, Samsung Biologics is unlikely to quickly close the capacity gap with its competitors (who already possess large-scale infrastructure in the US). As clients focus on submitting their supply-chain plans ahead of the July and September deadlines, Samsung Biologics' pace of securing new contracts is likely to lag behind expectations. Momentum in terms of winning new orders is likely to recover after regulatory clarity emerges in 3Q.

Shifting customer base and intensifying bid competition: Biotech firms producing patented drugs overseas for import into the US now face three options: Signing MFN pricing agreements (accepting price reductions), shifting product origin by leveraging US-based CDMOs, or absorbing tariff costs directly. While clinical-stage drugs are currently exempt from tariffs, they will immediately become subject to duties upon their regulatory approval—biotech firms that are developing new drugs must proactively plan for onshoring well before clinical trails have been completed. As a result, competition in the CDMO market is shifting from a focus on 'production cost' to one centered on 'local manufacturing capacity.' For Samsung Biologics, with limited capacity in the US, this is a pivotal moment requiring a strategic reassessment of its medium- to long-term order pipeline.

Maintaining BUY and cutting target price to KRW1,800,000: We lower our 12-month target price on Samsung Biologics from KRW2,100,000 to KRW1,800,000 to reflect mounting labor costs. The impact of US tariff policy shifts on the firm's order pipeline remains too uncertain to factor into our forecasts at this time. We increase our 2026 labor cost estimate by 75% from KRW167.7b to KRW293.1b. Although one-offs should fade in 2027, normalizing labor costs at KRW249.1b, the underlying wage hikes should compound annually, making structural cost inflation unavoidable.

Considering the production-to-delivery-to-sales-recognition cycle, we assume a KRW150b sales disruption in 3Q, which leads us to revise down our operating profit forecast for the quarter by 34%. The exact timing of the sales recognition, though, will depend on actual delivery schedules and customer-specific contract terms. In turn, we lower our 2026 operating profit forecast by 12% from KRW2.49t to KRW2.2t. We also reduce our forecasts for 2027 and beyond (by KRW140b-150b *pa*) to reflect longer-term pressure on profit stemming from structural increases in labor costs.

Valuation wise, we raise our WACC from 7.8% to 8.1% to account for a higher structural risk premium (up 0.3-0.5%pts). We cut our perpetual growth rate (g) from 4.9% to 4.8%, reflecting structural increases in labor costs that are reshaping long-term profitability dynamics.

2Q preview

(KRWb)	2Q26E	1Q26	2Q25	Consensus	Diff (%)		
					(% q-q)	(% y-y)	Consensus
Sales	1,288.3	1,257.1	1,014.2	1,292.4	2.5	27.0	(0.3)
Operating profit	578.8	580.8	476.9	598.3	(0.3)	21.4	(3.3)
Pre-tax profit	583.7	640.6	442.6	611.8	(8.9)	31.9	(4.6)
Net profit (	455.3	469.2	333.6	468.2	(3.0)	36.5	(2.7)
Margins (%)							
Operating profit	44.9	46.2	47.0	46.3			
Pre-tax profit	45.3	51.0	43.6	47.3			
Net profit	35.3	37.3	32.9	36.2			

Source: Samsung Biologics, FnGuide, Samsung Securities estimates

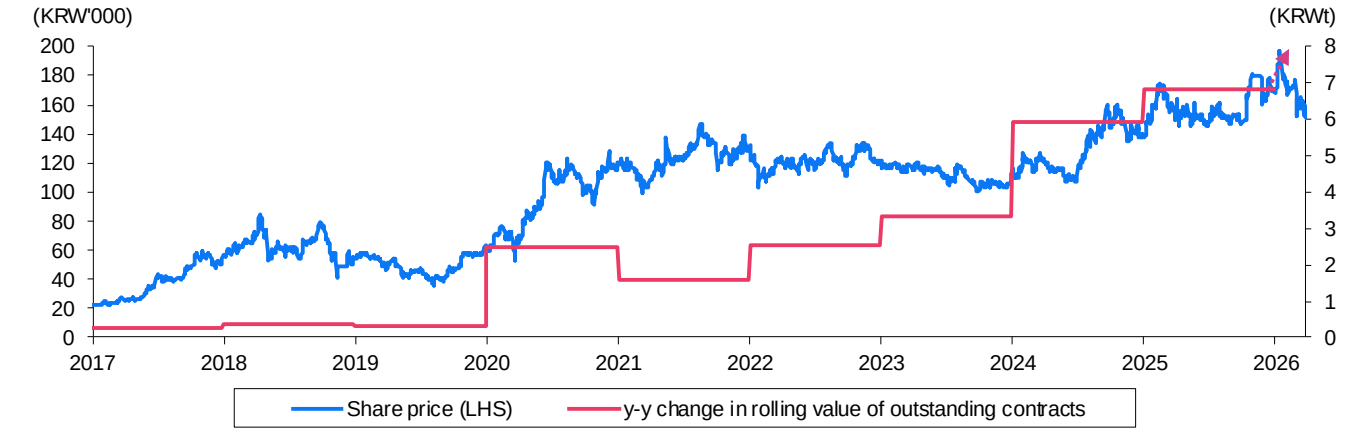
Samsung Biologics: Valuation (DCF)

(KRWb)	Calculation	2026E
Samsung Biologics' enterprise value	(A=B+C+D)	79,716
Present value of FCF	(B)	12,174
PV of terminal value	(C)	65,045
Net cash	(D)	2,497
Outstanding shares ('000)	(E)	46,291
Fair price per share (KRW)	(A/E)	1,722,063
Base case target price (KRW)		1,800,000

Notes: Assumes COE of 8.3%, risk-free rate of return of 3% (3-year KTB yield) + market risk premium of 9.1% × beta of 0.6; COD is 6.1% and terminal growth is 4.8%; Reflects operations at eight of Samsung Biologics' plants over 2026-2032E

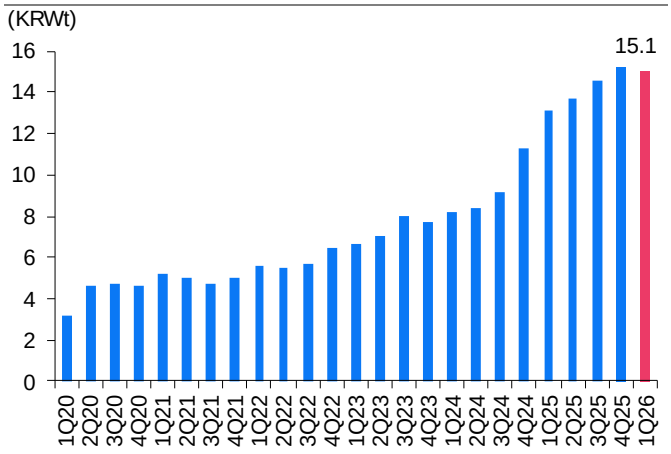
Source: FnGuide, Samsung Securities estimates

Samsung Biologics: Share price vs y-y change in rolling value of outstanding contracts



Note: Total orders are based on minimum purchase quantity; annual average exchange rates applied; Data: QuantiWise, DART, Samsung Biologics, Samsung Securities.

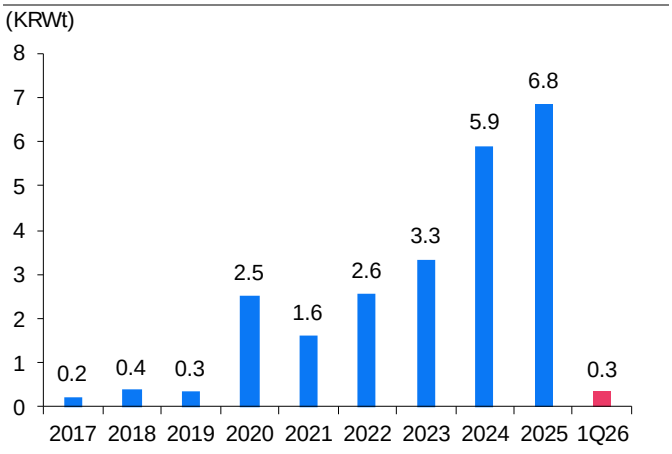
Samsung Biologics: Order backlog (quarterly data)



Note: Annual average exchange rates applied; 4Q25 figures include cumulative orders announced up to the present, based on 3Q25 data

Source: DART, Samsung Biologics, Samsung Securities

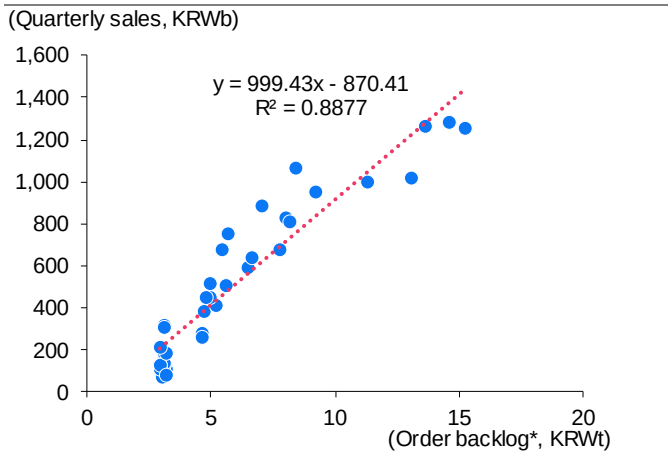
Samsung Biologics: New orders



Note: Annual average exchange rates applied; 2025 figures include cumulative orders announced up to the present, based on 3Q25 data

Source: DART, Samsung Biologics, Samsung Securities

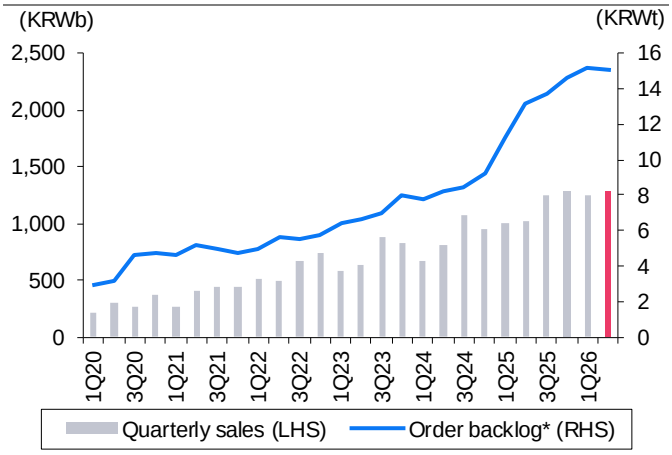
Samsung Biologics: Correlation between order backlog* and quarterly sales



Note: 1Q17-4Q25; annual exchange rates applied; *1 quarter lagging

Source: QuantiWise, DART, Samsung Biologics, Samsung Securities

Samsung Biologics: Order backlog* vs quarterly sales forecasts



Note: *1 quarter lagging

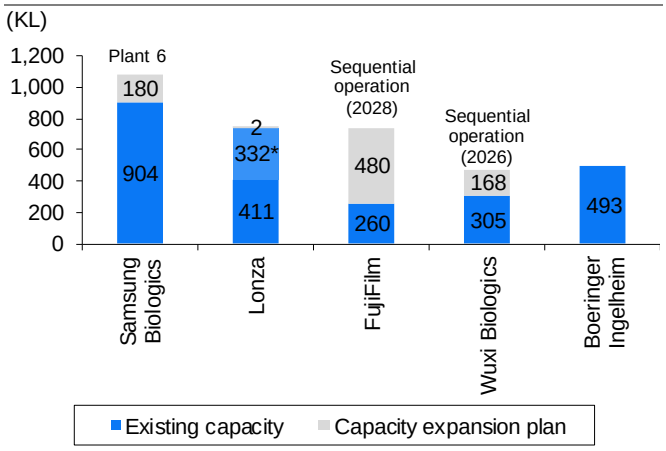
Source: QuantiWise, DART, Samsung Biologics, Samsung Securities

Major contracts secured over past two years

Date	Partner	Size (USDm)	Additional contract
Mar 2024	UCB	394	+USD352m
May 2024	Eli Lilly	479	+USD210m
Jul 2024	**US-based pharmaceutical company**	**1,060**	
Oct 2024	**Asia-based pharmaceutical company**	**1,243**	
Nov 2024	Roche	550	+USD146m
Dec 2024	Europe-based pharmaceutical company	540	
Jan 2025	**Europe-based pharmaceutical company**	**1,410**	
Apr 2025	U.S.-based pharmaceutical company	513	
May 2025	Europe-based pharmaceutical company	175	
May 2025	Asia-based pharmaceutical company	144	
Sep 2025	**US-based pharmaceutical company**	**1,294**	
Nov 2025	Europe-based pharmaceutical company	376	+USD200m
Nov 2025	Asia-based pharmaceutical company	200	+USD55m
Dec 2025	Europe-based pharmaceutical company	752	
Apr 2026	Europe-based pharmaceutical company	237	+USD48m

Source: DART, Samsung Securities

Global CDMOs: Capacity



Note: *Facility acquired in 2024

Source: Company data, Samsung Securities

Global CDMOs: Valuations

(USDm)		Samsung Biologics	Lonza	Fujifilm Holdings	Wuxi Biologics
Country		South Korea	Switzerland	Japan	China
Price (USD)		880.0	618.6	20.0	4.2
Market cap		40,738	43,442	24,929	17,445
Revenue	2025	3,207	7,883	22,059	3,146
	2026E	3,648	9,221	21,664	3,707
	2027E	4,151	10,281	23,098	4,335
Operating profit	2025	1,456	1,495	2,377	918
	2026E	1,640	2,060	2,254	1,187
	2027E	1,887	2,424	2,547	1,419
EBITDA	2025	1,902	2,477	3,513	1,137
	2026E	1,942	2,975	2,644	1,392
	2027E	2,218	3,411	3,969	1,653
Net profit	2025	1,256	(332)	1,825	739
	2026E	1,277	1,587	1,788	881
	2027E	1,468	1,912	2,504	1,037
EPS (USD)	2025	27	(4.7)	1.5	0.2
	2026E	27	22.7	1.5	0.2
	2027E	32	27.3	1.6	0.3
PER (x)	2025	48.7	41.4	15.1	24.3
	2026E	32.5	27.4	13.6	19.9
	2027E	28.1	22.8	12.4	16.6
EV/EBITDA (x)	2025	28.8	19.4	9.1	15.1
	2026E	20.4	15.7	11.0	12.1
	2027E	17.5	13.6	7.4	10.0

Note: As of May 19;
FujiFilm's accounting year differs, with some figures adjusted to CY basis;
Spin-off of Samsung Bioepis may result in incomplete Bloomberg data for Samsung Biologics

Source: Bloomberg Consensus, Samsung Securities

DCF valuation

(KRWb)	2026E	2027E	2028E	2029E	2030E	2031E	2032E
CMO	4,179	4,690	5,090	5,505	6,024	6,838	8,099
1st plant's sales	322	332	342	352	363	374	385
2nd plant's sales	954	1,058	1,080	1,102	1,125	1,148	1,171
3rd plant's sales	914	1,017	1,037	1,058	1,079	1,101	1,123
4th plant's sales	1,490	1,520	1,550	1,581	1,613	1,645	1,678
5th plant's sales	498	763	1,037	1,058	1,079	1,101	1,123
6th plant's sales			43	353	720	1,101	1,123
7th plant's sales					45	367	1,123
8th plant's sales							371
CDMO	252	302	374	481	536	621	1,045
Pre-IND	139	141	150	172	173	228	643
Discovery & development	42	42	42	28	56	91	189
Pre-clinical trials	97	99	108	144	117	137	454
Post-IND	113	160	224	309	364	393	403
Initial clinical trials	108	147	154	150	167	172	167
Post clinical trials	4	14	70	159	197	221	236
Other	715	786	865	951	1,047	1,151	1,266
Sales (parent)	5,145	5,778	6,329	6,937	7,607	8,609	10,410
Chg (% y-y)	12.9	12.3	9.5	9.6	9.7	13.2	20.9
EBIT	2,195	2,565	2,807	3,066	3,356	3,812	4,668
Tax	483	564	618	675	738	839	1,027
NOPAT	1,712	2,001	2,189	2,392	2,618	2,973	3,641
Depreciation	387	392	398	403	409	414	419
Capex	500	500	500	500	500	500	500
Chg in working capital	91	75	210	110	121	173	295
FCF	1,508	1,818	1,877	2,186	2,405	2,714	3,265
WACC (%)	8.1						
Terminal growth (%)	4.8						
Terminal value							103,776
Discount rate (%)	0.0	7.5	14.4	20.8	26.8	32.2	37.3
Present value of FCF	1,508	1,682	1,606	1,730	1,762	1,839	2,046
PV of terminal value							65,045
Target value	77,219						

Note: Assumes COE of 8.3%, risk-free rate of return of 3% (3-year KTB yield) + market risk premium of 9.1% x beta of 0.6; COD is 6.1% and terminal growth is 4.8%; Reflects operations at eight of Samsung Biologics' plants over 2026-2032E

Source: Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**3,497**	**4,557**	**5,145**	**5,778**	**6,329**
Cost of goods sold	1,784	2,040	2,320	2,588	2,830
Gross profit	**1,713**	**2,517**	**2,826**	**3,190**	**3,498**
Gross margin (%)	49.0	55.2	54.9	55.2	55.3
SG&A expenses	392	449	630	625	691
Operating profit	**1,321**	**2,068**	**2,195**	**2,565**	**2,807**
Operating margin (%)	37.8	45.4	42.7	44.4	44.4
Non-operating gains (losses)	**81**	**11**	**23**	**75**	**100**
Financial profit	228	155	150	190	134
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**	**2,218**	**2,640**	**2,907**
Taxes	351	493	531	581	640
Effective tax rate (%)	25.1	23.7	23.9	22.0	22.0
Profit from continuing operations	1,051	1,586	1,745	2,060	2,267
Profit from discontinued operations	0	0	0	0	0
Net profit	**1,051**	**1,586**	**1,745**	**2,060**	**2,267**
Net margin (%)	30.1	34.8	33.9	35.6	35.8
Net profit (controlling interests)	1,051	1,586	1,745	2,060	2,267
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	1,620	2,437	2,582	2,957	3,205
EBITDA margin (%)	46.3	53.5	50.2	51.2	50.6
EPS (parent-based) (KRW)	14,766	23,621	37,690	44,490	48,982
EPS (consolidated) (KRW)	14,766	23,621	37,690	44,490	48,982
Adjusted EPS (KRW)*	14,766	23,621	37,690	44,490	48,982

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**3,992**	**4,393**	**6,715**	**9,045**	**11,643**
Cash & equivalents	300	141	1,929	3,684	5,455
Accounts receivable	0	655	738	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**	**6,604**
Investment assets	3,353	56	12	13	15
Tangible assets	5,048	6,028	6,155	6,273	6,384
Intangible assets	65	60	47	36	28
Other long-term assets	860	485	177	177	177
Total assets	**13,317**	**11,024**	**13,106**	**15,546**	**18,247**
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**	**9,160**	**11,220**	**13,487**
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	6,781	8,840	11,108
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**	**9,160**	**11,220**	**13,487**
Net debt	-157	-544	-2,497	-4,440	-6,469

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**1,383**	**1,953**	**2,100**	**2,444**	**2,531**
Net profit	1,051	1,586	1,745	2,060	2,267
Non-cash profit and expenses	641	912	899	918	937
Depreciation	286	354	373	382	390
Amortization	13	16	13	10	8
Other	342	543	513	526	540
Changes in A/L from operating activities	-65	-108	-31	-8	-134
Cash flow from investments	**-1,181**	**-1,770**	**-668**	**-689**	**-761**
Change in tangible assets	-1,297	-1,376	-500	-500	-500
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	1,787	1,756	1,771
Cash at beginning of year	231	300	141	1,929	3,684
Cash at end of year	300	141	1,929	3,684	5,455
Gross cash flow	**1,692**	**2,498**	**2,644**	**2,978**	**3,205**
Free cash flow	**86**	**577**	**1,600**	**1,944**	**2,031**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	19.0	30.3	12.9	12.3	9.5
Operating profit	9.7	56.5	6.2	16.8	9.4
Net profit	11.1	50.9	10.0	18.0	10.1
Adjusted EPS**	11.1	60.0	59.6	18.0	10.1
Per-share data (KRW)					
EPS (parent-based)	14,766	23,621	37,690	44,490	48,982
EPS (consolidated)	14,766	23,621	37,690	44,490	48,982
Adjusted EPS**	14,766	23,621	37,690	44,490	48,982
BVPS	130,397	160,370	198,102	242,642	291,678
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	64.3	71.8	37.0	31.4	28.5
P/B***	7.3	10.6	7.0	5.7	4.8
EV/EBITDA	41.6	32.0	24.0	20.3	18.1
Ratios (%)					
ROE	12.0	19.0	21.1	20.2	18.4
ROA	8.4	13.0	14.5	14.4	13.4
ROIC	19.7	24.9	24.1	28.0	29.7
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	-27.3	-39.6	-48.0
Interest coverage (x)	38.8	71.0	65.3	76.3	83.4

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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- As of 5/21 2026, Samsung Securities shared group affiliation with Samsung Biologics.
- During the six months prior to 5/21 2026, Samsung Securities had participated as a financial advisor in a merger or acquisition for Samsung Biologics.
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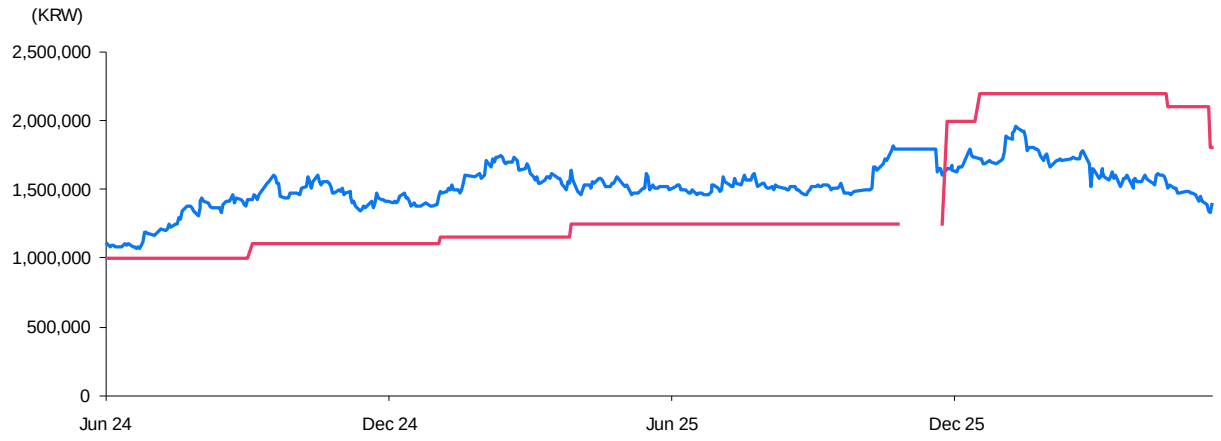
Target price changes in past two years



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	5/20
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	1000000	1100000	1150000	1250000	2000000	2200000	2100000	1800000
Gap* (average)	-17.24	-9.90	-5.19	-16.56	-15.26	-23.35	-30.65	
(max or min)**	-0.90	-0.82	3.04	-1.44	-10.50	-10.68	-27.24	

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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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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Samsung Securities

SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodae-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

For more information,
please call our sales representatives:

LONDON

Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953

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