COMPANY UPDATE

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Innovation Team

Donghee Jeong
Analyst
donghee1009.jeong@samsung.com

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Hugel (145020)

A smooth transition to direct sales

- We expect Hugel's 2Q results to meet consensus, supported by a stabilizing position in Korea's toxin market and sustained strength in exports.
- We maintain our BUY rating and target price of KRW370,000. With the company preparing to rapidly launch a direct sales system in the US, it is investing significantly in this undertaking and should see top-line growth accelerate from 2H.

AT A GLANCE

BUY

Target price	KRW370,000	56.8%
Current price	KRW236,000	
Market cap	KRW2.9t/USD1.9b	
Shares (float)	12,304,033 (44.2%)	
52-week high/low	KRW361,000/KRW214,000	
Avg daily trading value (60-day)	KRW15.2b/ USD10.1m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hugel (%)	-2.5	-2.7	-34.6
Vs Kosdaq (%pts)	18.9	16.2	-34.9

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	370,000	370,000	0.0%
2026E EPS	15,578	16,028	-2.8%
2027E EPS	19,384	20,631	-6.0%

SAMSUNG vs THE STREET

No of estimates	13
Target price	380,769
Recommendation	4.0

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

WHAT'S THE STORY?

2Q preview: We expect Hugel to report 2Q sales of KRW124.8b (up 7% q-q and 13.2% y-y) and an operating profit of KRW51.6b (up 8.4% q-q but down 8.9% y-y), in line with consensus.

- **Domestic toxin sales:** We put domestic toxin sales at KRW20.4b (down 0.3% q-q but up 7.3% y-y), with the firm defending its market share, which has been recovering since 4Q25, led by high-capacity SKUs (200 and 300 units).
- **Domestic filler sales:** Although domestic filler sales softened in 1Q, we believe they edged up 2.9% q-q and 0.6% y-y to KRW6.5b in 2Q.
- **Toxin and filler exports:** In 2Q, we believe Hugel's toxin exports reached KRW52.4b (up 16.5% q-q and 24.3% y-y) and its filler exports KRW26.1b (up 1% q-q but down 5.8% y-y). Shipments to China rose q-q and y-y, driven by favorable forex rates and market growth through partner Sihuan Pharmaceutical. Minimum-order-quantity shipments to the US were completed, with direct sales of sample products beginning in June. Shipments to Brazil remained similar q-q.
- **Cosmetics:** We estimate Hugel's 2Q cosmetics sales at KRW19.4b (up 1.2% q-q and 30.1% y-y), supported by expanded distribution across Costco's overseas locations and Olive Young's entry into the US market. Non-commercial batch costs at factory #3 concluded in 2Q, while quarterly stock-based compensation expenses continued, supporting our operating margin estimate of 41.4%.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2025	2026E	2027E	2028E
Revenue	425	508	599	722
Operating profit	201	202	247	310
Net profit (adj)	147	198	247	311
EPS (adj) (KRW)	11,348	15,578	19,384	24,402
EPS (adj) growth (% y-y)	3.3	37.3	24.4	25.9
EBITDA margin (%)	51.9	43.8	44.8	45.7
ROE (%)	16.1	18.2	18.7	19.4
P/E (adj) (x)	20.3	15.1	12.2	9.7
P/B (x)	2.6	2.2	1.8	1.5
EV/EBITDA (x)	10.7	10.6	8.3	5.8
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

Maintaining BUY and target price: We maintain our BUY rating on Hugel. Given minimal changes to our full-year earnings forecast, we leave our target price of KRW370,000 unchanged (based on a forward-EBITDA valuation). The key focus in 2H is the firm's completion of a direct sales system in the US. The company brought forward its annual National Sales Meeting to July, paving the way for the formal launch of direct sales in 3Q. Based on a marketing strategy centered on high-value strategic accounts (averaging 80 locations), the company plans to: 1) strengthen personnel support beyond sales teams, adding dedicated product after-sales and procedural guidance staff; and 2) intensify medical marketing in 2H. On the domestic front, ECM (CellREDM) is likely to generate sales from 3Q, following regulatory approval for its tissue bank in late June, with potential synergies from bundling it with existing toxin and filler products. The company maintains its full-year guidance (20% sales growth and a 40% operating margin). With management set to provide US sales updates in 2H, tangible progress in direct sales should act to catalyze a rerating.

2Q preview

(KRWb)	2Q26E	1Q26	2Q25	Consensus	Diff (%)		
					(% q-q)	(% y-y)	Consensus
Sales	124.8	116.6	110.3	126.5	7.0	13.2	(1.3)
Operating profit	51.6	47.6	56.7	51.0	8.4	(8.9)	1.2
Pre-tax profit	66.1	56.1	53.3	57.4	17.9	24.2	15.3
Net profit	50.5	39.3	36.4	42.5	28.7	38.7	19.0
Margins (%)							
Operating profit	41.4	40.8	51.4	40.3			
Pre-tax profit	53.0	48.1	48.3	45.4			
Net profit	40.5	33.7	33.0	33.6			

Source: FnGuide, Samsung Securities estimates

Hugel: Results and forecasts (consolidated)

(KRWb)	2025	2026E	2027E	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E
Sales	**425.1**	**505.7**	**593.3**	**74.3**	**95.4**	**105.1**	**98.2**	**89.8**	**110.3**	**105.9**	**119.1**	**116.6**	**124.8**	**128.8**	**137.8**
Botulinum toxin	233.8	291.6	349.7	34.3	51.0	64.7	53.2	40.7	61.2	60.2	71.6	65.5	72.9	76.3	80.6
Domestic	72.6	73.7	76.3	17.2	20.3	22.8	21.9	19.5	19.0	14.6	19.5	20.5	20.4	17.7	20.9
Exports	161.2	218.0	273.4	17.1	30.8	41.9	31.4	21.3	42.2	45.6	52.1	45.0	52.4	58.6	59.7
Filler	129.7	136.2	145.5	29.3	36.5	29.9	31.9	34.4	34.1	30.2	30.9	32.1	32.5	33.4	37.1
Domestic	22.4	22.5	24.8	6.4	9.5	6.5	6.7	7.2	6.4	3.2	5.5	6.3	6.5	5.2	5.8
Exports	107.3	113.7	120.7	22.9	27.0	23.4	25.3	27.2	27.7	27.0	25.4	25.8	26.1	28.3	31.2
Cosmetics and other	61.7	77.9	98.2	10.7	7.9	10.5	13.0	14.7	14.9	15.5	16.6	19.2	19.4	19.1	20.2
Gross profit	**333.5**	**397.6**	**480.4**	**57.1**	**71.5**	**82.9**	**75.7**	**69.0**	**86.6**	**81.7**	**96.2**	**90.1**	**97.6**	**102.4**	**109.4**
Operating profit	**200.9**	**212.1**	**259.2**	**24.0**	**42.4**	**53.4**	**46.5**	**39.0**	**56.7**	**47.4**	**57.8**	**47.6**	**51.6**	**50.3**	**52.9**
Pre-tax profit	**196.8**	**273.5**	**345.2**	**29.4**	**47.5**	**53.0**	**35.3**	**41.1**	**53.3**	**51.1**	**51.3**	**56.1**	**66.1**	**65.6**	**67.8**
Net profit (controlling)	**140.9**	**206.6**	**260.7**	**20.8**	**34.8**	**40.3**	**40.0**	**29.1**	**36.4**	**36.8**	**38.6**	**39.3**	**50.5**	**50.1**	**51.8**
Growth (% y-y)															
Sales	**12.3**	**18.9**	**17.3**	**15.4**	**17.0**	**23.9**	**10.5**	**20.9**	**15.5**	**0.8**	**21.3**	**29.9**	**13.2**	**21.7**	**15.7**
Botulinum toxin	15.0	24.8	19.9	10.7	17.6	41.0	9.0	18.8	20.0	-7.0	34.5	60.8	19.0	26.8	12.5
Domestic	-11.6	1.5	3.6	7.0	-16.9	5.3	8.3	13.2	-6.0	-36.1	-10.8	5.3	7.3	21.3	7.2
Exports	33.1	35.2	25.4	14.6	62.0	72.9	9.6	24.4	37.1	8.9	66.1	111.6	24.3	28.6	14.5
Filler	1.6	5.0	6.8	12.1	20.0	-4.4	6.4	17.5	-6.5	1.1	-3.1	-6.7	-4.6	10.6	19.8
Domestic	-23.0	0.3	10.3	-5.5	12.0	-19.2	-11.2	12.6	-32.1	-50.3	-17.4	-12.5	0.6	59.8	6.0
Exports	8.9	6.0	6.1	18.2	23.1	0.7	12.3	18.9	2.5	15.4	0.7	-5.2	-5.8	4.7	22.8
Cosmetics and others	46.4	26.3	26.0	47.0	1.8	37.3	29.6	37.0	88.6	47.5	27.5	31.0	30.1	23.4	21.6
Gross profit	16.1	19.2	20.8	14.0	13.7	25.2	13.0	20.9	21.2	-1.4	27.0	30.5	12.7	25.4	13.8
Operating profit	20.8	5.6	22.2	29.5	51.6	54.5	26.4	62.6	33.6	-11.2	24.5	22.3	-8.9	6.0	-8.6
Pre-tax profit	19.1	39.0	26.2	21.1	53.8	-1.2	44.2	39.7	12.2	-3.6	45.4	36.6	24.2	28.4	32.1
Net profit (controlling)	3.7	46.6	26.2	27.1	64.7	2.2	146.7	39.7	4.7	-8.6	-3.5	35.1	38.7	36.1	34.3
Margins (%)															
Gross profit	**78.4**	**78.6**	**81.0**	**76.8**	**74.9**	**78.8**	**77.1**	**76.8**	**78.6**	**77.1**	**80.7**	**77.2**	**78.2**	**79.5**	**79.4**
Operating profit	**47.2**	**41.9**	**43.7**	**32.2**	**44.5**	**50.8**	**47.3**	**43.4**	**51.4**	**44.8**	**48.5**	**40.8**	**41.4**	**39.0**	**38.4**
Pre-tax profit	**46.3**	**54.1**	**58.2**	**39.6**	**49.8**	**50.4**	**35.9**	**45.7**	**48.3**	**48.3**	**43.1**	**48.1**	**53.0**	**50.9**	**49.2**
Net profit (controlling)	**33.1**	**40.9**	**43.9**	**28.0**	**36.4**	**38.3**	**40.7**	**32.4**	**33.0**	**34.8**	**32.4**	**33.7**	**40.5**	**38.9**	**37.6**

Source: Company data, Samsung Securities estimates

Hugel: Valuation

(KRWb)	Calculation	Value
Forward EBITDA	(A = B x D + C x (1 - D))	245.8
2026E EBITDA	(B)	222.5
2027E EBITDA	(C)	268.2
2026 weighting	(D)	49.0%
Target EV/EBITDA multiple* (x)	(E)	14.0*
Enterprise value	(F = A x E)	3,441
Net debt	(G)	-574
Equity value	(H = F - G)	4,015
Shares outstanding ('000)	(I)	10,797
Fair value per share (KRW)	(H/I)	371,884
Target price (KRW)		370,000

Note: *Average EV/EBITDA multiple at which shares traded over Jun-Aug 2024, a period when expectations concerning a US market entrance intensified
Source: Bloomberg, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**373**	**425**	**508**	**599**	**722**
Cost of goods sold	86	92	109	114	131
Gross profit	**287**	**333**	**400**	**486**	**591**
Gross margin (%)	77.0	78.4	78.6	81.0	81.8
SG&A expenses	121	133	197	238	280
Operating profit	**166**	**201**	**202**	**247**	**310**
Operating margin (%)	44.6	47.2	39.8	41.3	43.0
Non-operating gains (losses)	**-1**	**-4**	**53**	**69**	**88**
Financial profit	25	18	59	73	92
Financial costs	5	10	5	4	5
Equity-method gains (losses)	-0	-0	-0	0	0
Other	-21	-12	-0	0	-0
Pre-tax profit	**165**	**197**	**256**	**316**	**398**
Taxes	22	50	57	70	88
Effective tax rate (%)	13.3	25.3	22.4	22.0	22.0
Profit from continuing operations	143	147	198	247	311
Profit from discontinued operations	0	0	0	0	0
Net profit	**143**	**147**	**198**	**247**	**311**
Net margin (%)	38.4	34.6	39.0	41.2	43.0
Net profit (controlling interests)	136	141	192	239	300
Net profit (non-controlling interests)	7	6	7	8	10
EBITDA	181	221	223	268	330
EBITDA margin (%)	48.6	51.9	43.8	44.8	45.7
EPS (parent-based) (KRW)	10,985	11,348	15,578	19,384	24,402
EPS (consolidated) (KRW)	11,578	11,839	16,115	20,051	25,243
Adjusted EPS (KRW)*	10,985	11,348	15,578	19,384	24,402

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**523**	**679**	**773**	**952**	**1,304**
Cash & equivalents	130	210	294	428	712
Accounts receivable	48	75	87	100	126
Inventories	43	56	65	75	94
Other current assets	302	339	327	348	372
Fixed assets	**417**	**397**	**527**	**607**	**589**
Investment assets	29	18	119	220	221
Tangible assets	151	147	173	157	143
Intangible assets	196	191	194	189	184
Other long-term assets	40	42	41	41	41
Total assets	**939**	**1,077**	**1,299**	**1,558**	**1,893**
Current liabilities	**61**	**93**	**103**	**115**	**138**
Accounts payable	4	6	5	6	7
Short-term debt	0	0	0	0	0
Other current liabilities	57	87	98	109	130
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**	**107**	**119**	**143**
Owners of parent equity	**804**	**950**	**1,156**	**1,394**	**1,695**
Capital stock	7	7	7	7	7
Capital surplus	394	437	437	437	437
Retained earnings	1,071	1,160	1,352	1,590	1,890
Other	-668	-653	-639	-639	-639
Non-controlling interests' equity	**37**	**30**	**37**	**45**	**55**
Total equity	**841**	**980**	**1,192**	**1,439**	**1,750**
Net debt	-378	-504	-574	-727	-1,030

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**149**	**150**	**219**	**254**	**304**
Net profit	143	147	198	247	311
Non-cash profit and expenses	48	84	31	21	19
Depreciation	10	14	15	16	15
Amortization	5	6	5	5	5
Other	33	65	11	1	-0
Changes in A/L from operating activities	-19	-44	-4	-13	-26
Cash flow from investments	**42**	**-49**	**-32**	**-21**	**-22**
Change in tangible assets	-12	-13	-41	0	0
Change in financial assets	83	-35	13	-21	-22
Other	-28	-1	-3	0	0
Cash flow from financing	**-172**	**-22**	**-5**	**1**	**1**
Change in debt	-53	-11	1	1	1
Change in equity	67	43	0	0	0
Dividends	0	0	0	0	0
Other	-186	-54	-6	0	0
Change in cash	24	80	85	134	284
Cash at beginning of year	106	130	210	294	428
Cash at end of year	130	210	294	428	712
Gross cash flow	**191**	**231**	**229**	**268**	**330**
Free cash flow	**137**	**137**	**177**	**254**	**304**

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	16.7	14.0	19.5	17.9	20.5
Operating profit	41.1	20.8	0.8	22.2	25.5
Net profit	46.6	2.7	34.9	24.4	25.9
Adjusted EPS**	46.1	3.3	37.3	24.4	25.9
Per-share data (KRW)					
EPS (parent-based)	10,985	11,348	15,578	19,384	24,402
EPS (consolidated)	11,578	11,839	16,115	20,051	25,243
Adjusted EPS**	10,985	11,348	15,578	19,384	24,402
BVPS	74,668	88,011	107,052	129,141	156,949
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	25.5	20.3	15.1	12.2	9.7
P/B***	3.8	2.6	2.2	1.8	1.5
EV/EBITDA	17.6	10.7	10.6	8.3	5.8
Ratios (%)					
ROE	17.5	16.1	18.2	18.7	19.4
ROA	15.3	14.6	16.7	17.3	18.0
ROIC	38.5	36.9	35.7	42.3	53.0
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	-48.1	-50.5	-58.9
Interest coverage (x)	141.1	177.7	58.2	56.5	66.2

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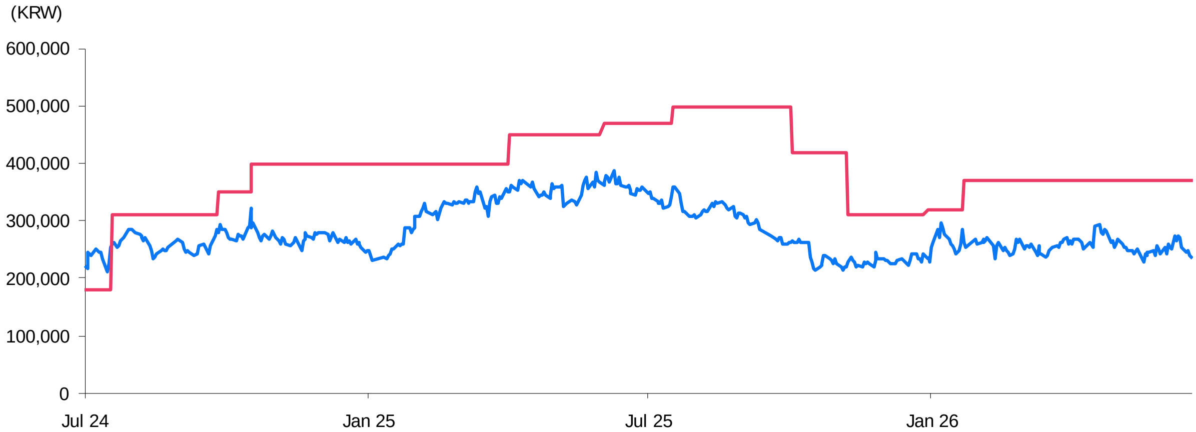
Target price changes in past two years



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 2026.06.30

BUY(85.5%)·HOLD(14.5%)·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