COMPANY UPDATE

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Innovation Team

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▶ AT A GLANCE

BUY

Target price	KRW210,000	71.4%
Current price	**KRW122,500**	
Market cap	KRW1.4t/USD0.9b	
Shares (float)	11,586,575 (38.0%)	
52-week high/low	KRW194,000/KRW107,300	
Avg daily trading value (60-day)	KRW5.2b/ USD3.5m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
DAEWOONGPHARMACEUTICAL (%)	2.0	-24.8	-25.4
Vs Kospi (%pts)	20.8	-48.2	-65.2

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	210,000	210,000	0.0%
2026E EPS	14,951	12,222	22.3%
2027E EPS	12,549	16,663	-24.7%

▶ SAMSUNG vs THE STREET

No of estimates	9
Target price	204,444
Recommendation	4.0

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

Samsung Securities

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Daewoong Pharmaceutical (069620)

2Q results to beat on to large-scale shipments

- **2Q26 preview:** Daewoong Pharmaceutical likely beat 2Q operating profit consensus, driven by a favorable forex rate and a surge in early toxin shipments (ahead of the implementation of US tariffs from September).
- **Maintaining BUY and target of KRW210,000:** The shares have been persistently weak ytd. A short-term boost of toxin sales, combined with its attractive valuation, has created a compelling investment opportunity.

WHAT'S THE STORY?

2Q preview: We believe Daewoong Pharmaceutical will post 2Q consolidated sales of KRW440.5b (up 8.6% y-y and 16.6% q-q) and an operating profit of KRW66.1b (up 14.3% y-y and 197.8% q-q), the latter beating consensus by 21.7%. The primary driver of this beat was likely its toxin (Nabota). Nabota's 2Q sales are estimated at KRW102.1b (with exports contributing KRW92.5b—up 46.4% y-y and 96.8% q-q) as, under favorable forex rates (the won weakened 2.5% q-q vs the US dollar), partner Evolus likely brought forward shipments of a significant portion of next year's order volume ahead of the Sep 29 US pharmaceutical tariff implementation (15% for Korea). The scale of these early shipments is likely to grow q-q in 3Q. We estimate sales at the: 1) prescription drug division came to KRW220b (down 0.2% y-y but up 1.8% q-q), as difficulties related to the March rollout of wholesale hubs likely quickly dissipated—Fexuclue sales likely fell due to delayed inventory drawdown by partners, but stable prescription data point to normalized Fexuclue sales in 3Q; 2) OTC division likely rose to KRW50.7b (up 22.8% y-y and 15.8% q-q), led by Urusa and health functional foods; and 3) digital healthcare division likely reached KRW15.8b (up 27.6% y-y but down 6.9% q-q), with modest thynC sales growth likely offsetting a temporary drop in CGM distribution sales.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	1,571	1,684	1,710	1,933
Operating profit (KRWb)	197	219	188	292
Net profit (adj) (KRWb)	193	171	143	227
EPS (adj) (KRW)	16,904	14,951	12,549	19,852
EPS (adj) growth (% y-y)	691.8	-11.6	-16.1	58.2
EBITDA margin (%)	15.8	16.8	15.3	18.7
ROE (%)	21.8	15.9	11.7	16.2
P/E (adj) (x)	10.2	8.2	9.8	6.2
P/B (x)	2.0	1.2	1.1	0.9
EV/EBITDA (x)	11.2	7.3	7.2	4.5
Dividend yield (%)	0.3	0.5	0.5	0.5

Source: Company data, Samsung Securities estimates

Maintaining BUY and 12-month target price of KRW210,000: With export volumes to Brazil, Thailand, and other markets providing downside earnings support, we believe the firm's quarterly results will reach fresh highs in 3Q, backed by the restart of Fexuclue shipments and the normalization of prescription drug operations. However, a pullback in its earnings momentum after 3Q looks unavoidable due to the front loading of the early US shipments. Longer-term watchpoints include: 1) digital healthcare—thynC has surpassed 20,000 installed beds, but utilization remains below 40%, indicating a lag between deployment and operational ramp-ups, with meaningful sales contributions likely once installations reach 30,000-40,000 beds; 2) microneedle patch—Phase-I results in Korea, which are due in 3Q, will focus on bioavailability (targeting over 80% relative to the initial injectable formulation's PK profile) and whether the data support a direct leap to Phase-III trials; and 3) toxin litigation—the civil appeal ruling, which is expected later this year or early next year, carries asymmetric risk, as a win could unlock escrowed funds, while a loss would have no further financial impact. With the stock attractively valued at 10.5x 2027 P/E, short-term trading opportunities may arise from quarterly earnings volatility tied to toxin sales. We maintain our BUY rating.

2Q preview

(KRWb)	2Q26E	1Q26	2Q25	Consensus	Diff (%)		
					q-q	y-y	Consensus
Sales	440.5	377.8	405.4	419.7	16.6	8.6	5.0
Operating profit	66.1	22.2	57.9	54.4	197.8	14.3	21.7
Pre-tax profit	64.0	34.0	43.4	46.3	88.4	47.5	38.2
Net profit	48.6	25.5	40.1	38.9	90.7	21.3	25.2
Margins (%)							
Operating profit	15.0	5.9	14.3	13.0			
Pre-tax profit	14.5	9.0	10.7	11.0			
Net profit	11.0	6.8	9.9	9.3			

Source: Company data, FnGuide, Samsung Securities estimates

Daewoong Pharmaceutical: Valuation

(KRWb)	Calculation	Value
Forward EBITDA	(A = B x D + C x (1 - D))	272.5
2026E EBITDA	(B)	283.5
2027E EBITDA	(C)	262.4
2026 weighting (%)	(D)	48%
Target EV/EBTIDA multiple* (x)	(E)	11.0
Enterprise value	(F = A x E)	2,997.1
Net debt	(G)	526.4
Equity value	(H = F - G)	2,470.7
Shares outstanding ('000)	(I)	11,587
Fair value per share (KRW)	(H/I)	213,237
Target price (KRW)		210,000

Note: *Major Korean pharmaceutical companies (HK Inno.N, Green Cross, Hanmi Pharmaceutical, Dong-A ST, Chong Kun Dang, Yuhan), excluding those with the minimum and maximum valuation multiples

Source: FnGuide, Samsung Securities estimates

Daewoong Pharmaceutical: Results and forecasts (consolidated)

(KRWb)	2025	2026E	2027E	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E
Sales	1,570.9	1,684.1	1,710.1	335.8	360.5	358.5	367.9	356.5	405.4	411.8	397.1	377.8	440.5	474.6	391.1
Prescription drugs	894.2	880.6	933.0	209.5	218.0	214.3	218.7	219.1	220.4	225.3	229.4	216.1	220.0	221.8	222.7
Product	352.0	340.4	368.0	79.3	94.4	84.9	86.9	89.4	86.1	88.8	87.8	77.4	83.3	90.9	88.8
Fexuclue	94.2	79.0	91.5	18.1	33.2	22.6	23.2	27.1	21.5	22.0	23.6	19.2	17.3	20.7	21.8
Envlo	12.5	11.4	11.3	2.7	2.8	2.9	3.1	3.2	3.2	3.1	2.9	2.7	2.7	2.9	3.0
Goods	257.9	267.3	277.5	68.0	62.4	63.2	64.7	61.6	65.0	65.2	66.0	65.3	67.5	67.2	67.3
Digital Healthcare	50.9	75.0	119.8	4.8	6.1	8.1	8.9	11.2	12.4	12.8	14.6	17.0	15.8	19.9	22.3
Nabota	228.6	317.8	227.2	37.2	53.1	47.5	48.6	45.6	69.8	55.3	57.9	51.9	102.1	122.1	41.7
Domestic	35.8	39.8	43.7	6.9	7.9	7.3	8.4	8.3	8.7	8.7	10.0	9.5	9.6	9.6	11.0
Exports	193.1	278.1	183.5	30.3	45.2	40.3	40.2	37.3	61.0	46.9	47.9	42.4	92.5	112.5	30.7
OTC	162.6	199.9	233.3	31.7	33.7	34.4	34.2	33.0	41.3	43.7	44.5	43.8	50.7	52.4	52.9
Urusa	92.4	107.1	115.0	21.6	23.1	22.5	21.8	19.0	26.8	24.0	22.5	27.1	30.1	25.8	24.2
Health functional foods	53.8	79.8	103.8	5.2	5.6	7.0	6.3	8.9	14.5	14.8	15.5	16.8	20.6	20.8	21.7
Global	35.2	33.4	39.0	5.5	8.7	6.7	11.5	4.6	11.9	11.7	6.9	5.8	5.6	12.5	9.5
CMO and other	65.9	73.4	80.8	12.8	12.4	12.7	13.3	13.8	19.3	17.4	15.4	18.1	19.3	19.1	16.9
Consolidation and other	184.5	179.0	196.8	39.2	34.7	42.8	41.6	40.3	42.7	58.4	43.1	42.1	42.7	46.7	47.4
Gross profit	822.5	874.6	914.1	171.0	191.2	160.5	168.7	183.1	215.1	214.0	210.4	181.2	230.7	263.6	199.2
Operating profit	196.8	218.7	188.2	29.7	42.3	37.3	38.7	38.7	57.9	56.9	43.3	22.2	66.1	102.4	28.0
Pre-tax profit	191.8	224.9	183.6	11.3	27.6	27.4	-9.8	24.7	43.4	54.7	69.0	34.0	64.0	100.5	26.4
Net income (controlling)	192.9	170.6	143.2	7.9	-1.3	28.3	-11.5	19.8	40.1	47.3	85.7	25.5	48.6	76.4	20.1
Growth (%)															
Sales	10.4	7.2	1.5	4.1	3.0	5.2	1.7	6.2	12.5	14.9	7.9	6.0	8.6	15.2	-1.5
Prescription drugs	3.9	-1.5	5.9	1.3	-1.2	-1.0	-4.2	4.6	1.1	5.1	4.9	-1.4	-0.2	-1.6	-2.9
Product	1.8	-3.3	8.1	13.5	30.0	16.0	13.0	12.7	-8.9	4.5	1.0	-13.4	-3.2	2.4	1.2
Fexuclue	-3.1	-16.2	15.9	54.4	164.8	57.4	42.3	49.2	-35.3	-2.6	1.6	-29.0	-19.6	-6.0	-7.8
Envlo	8.0	-8.7	-0.9	#DIV/0!	147.1	118.6	43.8	18.3	13.9	6.9	-5.3	-15.9	-15.9	-5.9	4.1
Goods	-0.2	3.6	3.8	-18.9	-27.3	-24.5	-25.1	-9.3	4.2	3.1	1.9	5.9	3.9	3.0	1.9
Digital Healthcare	82.5	47.3	59.7	41.5	77.6	89.4	109.4	132.8	102.8	58.6	63.3	52.4	27.6	55.4	53.1
Nabota	22.6	39.1	-28.5	-12.8	62.4	25.2	44.3	22.7	31.5	16.3	19.0	13.8	46.4	120.8	-27.9
Domestic	17.5	11.1	10.0	10.0	29.1	-1.0	-15.5	20.5	10.7	20.0	19.4	14.5	10.0	10.0	10.0
Exports	23.8	44.0	-34.0	-16.7	70.1	31.6	69.2	23.2	35.1	16.4	18.9	13.6	51.6	140.0	-35.9
OTC	21.3	22.9	16.7	22.0	22.3	17.8	5.4	4.2	22.4	27.1	30.1	32.8	22.8	19.8	18.9
Urusa	3.9	16.0	7.4	10.3	12.8	8.7	-2.2	-11.8	16.3	6.8	3.5	42.1	12.4	7.4	7.4
Health functional foods	122.9	48.5	30.0	201.3	105.2	73.8	25.0	72.4	157.1	112.3	145.6	87.7	42.0	40.0	40.0
Global	8.6	-5.1	16.9	43.4	31.4	69.1	3.5	-15.9	37.6	74.6	-39.9	25.5	-53.1	6.9	36.9
CMO and other	29.0	11.4	10.0	0.9	4.2	-6.6	1.7	8.5	56.3	37.1	15.5	30.5	-	10.0	10.0
Consolidation and other	16.6	-3.0	10.0	28.7	-31.6	7.6	-3.4	2.8	23.2	36.6	3.6	4.6	-	-20.0	10.0
Gross profit	12.0	6.3	4.5	7.6	4.4	-2.7	-6.9	7.1	12.5	33.4	24.7	-1.0	7.2	23.2	-5.3
Operating profit	33.0	11.1	-13.9	21.2	5.6	26.9	34.9	30.5	36.7	52.6	12.0	-42.6	14.3	79.9	-35.4
Pre-tax profit	239.2	17.2	-18.4	-47.1	-20.0	25.6	적전	118.3	57.2	99.7	흑전	37.3	47.5	83.7	-61.7
Net income (controlling)	726.3	-11.5	-16.1	-42.5	적전	85.3	적전	149.8	흑전	67.4	흑전	29.0	21.3	61.5	-76.6
Margins (%)															
Gross profit	52.4	51.9	53.5	50.9	53.0	44.8	45.8	51.4	53.0	52.0	53.0	48.0	52.4	55.5	50.9
Operating profit	12.5	13.0	11.0	8.8	11.7	10.4	10.5	10.9	14.3	13.8	10.9	5.9	15.0	21.6	7.2
Pre-tax profit	12.2	13.4	10.7	3.4	7.7	7.6	-2.7	6.9	10.7	13.3	17.4	9.0	14.5	21.2	6.8
Net income (controlling)	12.3	10.1	8.4	2.4	-0.4	7.9	-3.1	5.5	9.9	11.5	21.6	6.8	11.0	16.1	5.1

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**1,423**	**1,571**	**1,684**	**1,710**	**1,933**
Cost of goods sold	689	748	809	796	854
Gross profit	**734**	**823**	**875**	**914**	**1,079**
Gross margin (%)	51.6	52.4	51.9	53.5	55.8
SG&A expenses	586	626	656	726	787
Operating profit	**148**	**197**	**219**	**188**	**292**
Operating margin (%)	10.4	12.5	13.0	11.0	15.1
Non-operating gains (losses)	**-91**	**-5**	**6**	**-5**	**-1**
Financial profit	18	13	34	10	13
Financial costs	42	38	16	14	15
Equity-method gains (losses)	13	-4	-7	0	0
Other	-80	24	-5	0	0
Pre-tax profit	**57**	**192**	**225**	**184**	**290**
Taxes	33	-1	54	40	64
Effective tax rate (%)	58.7	-0.6	24.1	22.0	22.0
Profit from continuing operations	23	193	171	143	227
Profit from discontinued operations	0	0	0	0	0
Net profit	**23**	**193**	**171**	**143**	**227**
Net margin (%)	1.6	12.3	10.1	8.4	11.7
Net profit (controlling interests)	25	196	173	145	230
Net profit (non-controlling interests)	-1	-3	-3	-2	-3
EBITDA	197	248	284	262	362
EBITDA margin (%)	13.8	15.8	16.8	15.3	18.7
EPS (parent-based) (KRW)	2,135	16,904	14,951	12,549	19,852
EPS (consolidated) (KRW)	2,015	16,649	14,726	12,361	19,554
Adjusted EPS (KRW)*	2,135	16,904	14,951	12,549	19,852

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**613**	**732**	**1,080**	**1,429**	**1,757**
Cash & equivalents	103	169	524	783	1,041
Accounts receivable	161	167	164	191	212
Inventories	256	311	306	356	395
Other current assets	93	86	85	99	110
Fixed assets	**1,364**	**1,630**	**1,667**	**1,608**	**1,549**
Investment assets	184	254	261	276	288
Tangible assets	656	825	846	785	728
Intangible assets	347	368	374	360	347
Other long-term assets	177	184	186	186	186
Total assets	**1,977**	**2,363**	**2,747**	**3,037**	**3,306**
Current liabilities	**629**	**589**	**809**	**795**	**834**
Accounts payable	83	106	105	122	135
Short-term debt	206	71	176	176	176
Other current liabilities	340	412	528	497	522
Long-term liabilities	**421**	**639**	**638**	**806**	**817**
Bonds & long-term debt	324	551	551	705	705
Other long-term liabilities	96	89	87	102	112
Total liabilities	**1,050**	**1,228**	**1,447**	**1,601**	**1,651**
Owners of parent equity	**795**	**1,006**	**1,173**	**1,312**	**1,535**
Capital stock	29	29	29	29	29
Capital surplus	150	150	150	150	150
Retained earnings	636	834	1,000	1,138	1,361
Other	-20	-6	-5	-5	-5
Non-controlling interests' equity	**132**	**129**	**126**	**124**	**120**
Total equity	**927**	**1,135**	**1,299**	**1,436**	**1,655**
Net debt	576	656	526	357	98

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**51**	**149**	**227**	**192**	**277**
Net profit	23	193	171	143	227
Non-cash profit and expenses	171	66	120	119	136
Depreciation	36	38	51	61	57
Amortization	13	13	14	14	13
Other	122	14	55	45	65
Changes in A/L from operating activities	-83	-74	-7	-26	-20
Cash flow from investments	**-265**	**-247**	**-91**	**-1**	**-1**
Change in tangible assets	-155	-191	-74	0	0
Change in financial assets	-2	1	1	-1	-1
Other	-108	-57	-18	0	0
Cash flow from financing	**201**	**164**	**214**	**83**	**-7**
Change in debt	215	145	225	90	0
Change in equity	1	-0	-0	0	0
Dividends	-8	-8	-7	-7	-7
Other	-7	27	-4	0	0
Change in cash	-9	66	355	259	258
Cash at beginning of year	112	103	169	524	783
Cash at end of year	103	169	524	783	1,041
Gross cash flow	**194**	**258**	**291**	**262**	**362**
Free cash flow	**-104**	**-42**	**152**	**192**	**277**

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	3.4	10.4	7.2	1.5	13.1
Operating profit	20.7	33.0	11.1	-13.9	55.1
Net profit	-80.5	726.3	-11.5	-16.1	58.2
Adjusted EPS**	-79.7	691.8	-11.6	-16.1	58.2
Per-share data (KRW)					
EPS (parent-based)	2,135	16,904	14,951	12,549	19,852
EPS (consolidated)	2,015	16,649	14,726	12,361	19,554
Adjusted EPS**	2,135	16,904	14,951	12,549	19,852
BVPS	69,061	87,439	101,973	114,010	133,401
DPS (common)	600	600	600	600	600
Valuations (x)					
P/E***	59.2	10.2	8.2	9.8	6.2
P/B***	1.8	2.0	1.2	1.1	0.9
EV/EBITDA	11.0	11.2	7.3	7.2	4.5
Ratios (%)					
ROE	3.2	21.8	15.9	11.7	16.2
ROA	1.2	8.9	6.7	5.0	7.1
ROIC	5.4	14.3	11.0	9.8	15.6
Payout ratio	27.9	3.5	4.0	4.7	3.0
Dividend yield (common)	0.5	0.3	0.5	0.5	0.5
Net debt to equity	62.2	57.9	40.5	24.9	5.9
Interest coverage (x)	21.2	15.8	17.2	13.2	19.9

Compliance notice

- As of 7/14 2026, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
- As of 7/14 2026, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
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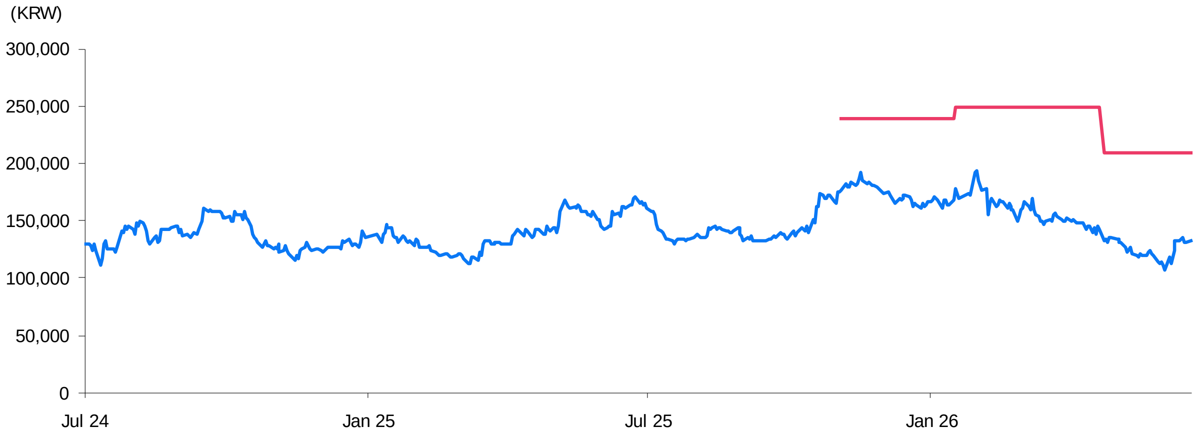
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2025/11/28	2026/2/10	5/18
Recommendation	BUY	BUY	BUY
Target price (KRW)	240000	250000	210000
Gap* (average)	-27.85	-36.41	
(max or min)**	-19.58	-22.40	

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%)

Global Disclosures & Disclaimers

General

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