COMPANY UPDATE

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Innovation Team

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PharmaResearch (214450)

Exports becoming a growth driver

- **2Q26 preview:** PharmaResearch is set to post consensus-beating 2Q results, led by: 1) robust demand for medical tourism and effective marketing; and 2) strong exports of Rejuran medical devices and cosmetics.
- **Maintaining BUY and raising target to KRW420,000:** Exports as a portion of its sales should surpass 40% from 2Q, boosting its earnings stability. Earning momentum should emerge from the production of finished cosmetics (US) and following the launch of energy-based devices at year-end.

AT A GLANCE

BUY

Target price	KRW420,000	(28.0%)
Current price	KRW328,000	
Market cap	KRW3.4t / USD2.3b	
Shares (float)	10,389,648 (65.0%)	
52-week high/low	KRW711,000/KRW259,000	
Avg daily trading value (60-day)	"KRW42.1b/ USD28.2m"	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Company (%)	10.2	-27.8	-43.7
Vs Kospi (%pts)	44.7	-13.2	-42.6

KEY CHANGES

(KRW)	New	Old	Diff
Rating	BUY	BUY	
Target price	420,000	400,000	5.0%
2025E EPS	19,297	18,834	2.5%
2026E EPS	24,982	24,041	3.9%

SAMSUNG vs THE STREET

No of estimates	00
Average target price (KRW)	00
Average rating	4

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

WHAT'S THE STORY?

2Q26 preview: We forecast PharmaResearch will report 2Q sales of KRW172.5b (up 22.6% y-y, up 18% q-q) and an operating profit of KRW70b (up 25.3% y-y, up 22.2% q-q), with the latter topping consensus. Amid intensifying competition, the company is focusing on supplying medical services to foreign patients, aiming to ride the domestic medical tourism growth wave (foreigners' skin-care spending in Korea in 2Q hit KRW428b, up 39% y-y, up 55% q-q). Supported by this, its domestic medical-device sales are estimated at KRW63.7b (up 5% y-y, up 9.1% q-q). Meanwhile, its medical-device exports likely reached KRW32.9b (up 35.5% y-y, up 55.5% q-q), driven by a recovery in Japan and strong demand in Western Europe, with shipments coming to USD3.4m (vs USD1.4m in 1Q26). Cosmetics exports likely reached KRW33.9b (up 73.9% y-y, up 26.2% q-q), backed by Sephora (US) displaying its products after March, its strong performance during Amazon Prime Day, and pre-emptive inventory building in Eastern Europe (about KRW4b in one-time volume ahead of Ukraine's new import-licensing regime). Despite being the promotional season, its 2Q operating margin likely stood at 40.6% on improved operating-leverage effects.

(Continued on the next page)

SUMMARY FINANCIAL DATA

(KRWb)	2024	2025	2026E	2027E
Revenue	536	680	864	1,024
Operating profit	214	277	361	434
Net profit (adj)	168	229	296	363
EPS (adj) (KRW)	14,209	19,297	24,982	30,625
EPS (adj) growth (% y-y)	65.1	35.8	29.5	22.6
EBITDA margin (%)	42.9	43.1	43.3	44.2
ROE (%)	26.9	28.6	29.3	28.8
P/E (adj) (x)	28.4	17.0	13.1	10.7
P/B (x)	6.8	4.3	3.5	2.8
EV/EBITDA (x)	17.1	10.3	7.6	5.8
Dividend yield (%)	0.9	1.7	2.4	3.3

Source: Company data, Samsung Securities estimates

Samsung Securities

Maintaining BUY; raising target to KRW420,000: Reflecting the likely sound 2Q results and upward revisions to our full-year estimates, we raise our 12-month target price for the stock (based on a 12-month forward EBITDA) to KRW420,000. Strong growth in Asia and Eastern Europe, combined with its early success in Western Europe and visible momentum in the US cosmetics segment (driven by its upcoming US production and new-product launches), supports our rosy outlook towards the firm's growth prospects. On Jul 1, the company completed its 100% acquisition of Cosmetic Group USA (an LA-based cosmetics OEM/ODM), transitioning its US cosmetics sales model from a Korea-US-Korea logistics structure to a localized(US) process for finished goods model. Production(Packaging) in the US is expected to commence as early as year-end, which may further improve its gross margins on overseas sales (currently at the 60% level). The domestic launch in November of its MicroNeedle RF device is expected to enhance margins at dermatology clinics by using a dedicated injector that is designed for higher-viscosity products (which reduces the amount of Rejuran that is discarded). As more clinics take delivery of its MicroNeedle RF device, so demand for Rejuran should grow.

2Q preview

(KRWb)	2Q26E	1Q26	2Q25	Consensus	Diff (%)		
					(% q-q)	(% y-y)	Consensus
Sales	172.5	146.1	140.6	162.9	18.0	22.6	5.9
Operating profit	70.0	57.3	55.9	65.8	22.2	25.3	6.4
Pre-tax profit	72.4	68.0	55.8	69.7	6.4	29.7	3.9
Net profit	55.8	47.6	47.4	55.6	17.3	17.7	0.4
Margins (%)							
Operating profit	40.6	39.2	39.7	40.4			
Pre-tax profit	42.0	46.6	39.7	42.8			
Net profit	32.4	32.6	33.7	34.1			

Source: FnGuide, Samsung Securities estimates

PharmaResearch: Results and forecasts (consolidated)

(KRWb)	2025	2026E	2027E	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E
Sales	**536.3**	**679.9**	**863.6**	**74.7**	**83.1**	**89.2**	**103.1**	**116.9**	**140.6**	**135.4**	**143.3**	**146.1**	**172.5**	**175.4**	**185.9**
Pharmaceuticals	82.5	92.0	113.3	16.3	18.1	16.1	14.2	17.2	20.5	22.0	22.9	21.4	22.7	23.2	24.7
Domestic	51.1	52.7	62.2	10.1	9.6	10.0	8.7	10.6	13.4	13.3	13.7	11.2	13.5	13.5	14.5
Exports	31.5	39.3	51.1	6.2	8.5	6.1	5.5	6.6	7.0	8.6	9.2	10.2	9.2	9.7	10.1
Medical devices	314.4	385.0	478.2	38.4	43.0	50.7	61.5	69.5	85.0	76.7	83.2	79.5	96.6	101.8	107.1
Domestic	225.9	260.7	298.6	28.1	31.4	36.0	41.9	48.3	60.7	57.2	59.7	58.4	63.7	67.6	70.9
Exports	88.6	124.3	179.5	10.3	11.6	14.7	19.6	21.2	24.3	19.6	23.6	21.1	32.9	34.1	36.2
Cosmetics	131.5	194.9	263.6	17.7	19.9	16.9	22.8	27.9	30.8	35.2	37.6	42.2	50.6	48.7	53.5
Domestic	47.2	66.1	87.3	8.2	7.9	5.9	8.8	10.7	11.3	13.2	12.0	15.3	16.7	16.9	17.2
Exports	84.3	128.8	176.3	9.5	12.0	11.1	14.0	17.2	19.5	21.9	25.6	26.9	33.9	31.8	36.3
Other	7.2	8.0	8.4	2.3	2.3	5.5	4.2	2.4	4.4	1.5	-1.0	3.0	2.6	1.8	0.7
Gross profit	**411.2**	**520.2**	**653.7**	**51.8**	**59.2**	**64.6**	**75.7**	**85.4**	**107.2**	**109.1**	**109.4**	**112.9**	**131.0**	**134.2**	**142.0**
Operating profit	**214.4**	**277.2**	**360.6**	**26.7**	**30.8**	**34.9**	**33.7**	**44.7**	**55.9**	**61.9**	**51.9**	**57.3**	**70.0**	**72.8**	**77.1**
Pre-tax profit	**216.5**	**295.8**	**379.6**	**23.3**	**38.0**	**31.0**	**23.6**	**45.9**	**55.8**	**64.8**	**49.9**	**68.0**	**72.4**	**75.3**	**80.1**
Net profit (controlling)	**165.1**	**223.2**	**288.9**	**17.2**	**31.4**	**24.7**	**18.7**	**36.2**	**47.4**	**49.0**	**32.6**	**47.6**	**55.8**	**58.0**	**61.7**
Growth (% y-y)															
Sales	**53.2**	**26.8**	**27.0**	**34.8**	**24.4**	**29.7**	**47.3**	**56.5**	**69.2**	**51.8**	**39.1**	**25.0**	**22.6**	**29.5**	**29.7**
Pharmaceuticals	27.6	11.5	23.2	32.7	33.7	8.5	3.2	5.4	13.1	36.4	61.7	24.7	10.9	5.6	7.6
Domestic	33.1	3.1	18.1	30.3	13.9	10.1	5.2	4.7	40.5	32.9	58.5	5.5	0.6	1.0	5.9
Exports	19.6	25.0	30.0	36.6	66.2	5.8	0.0	6.6	-17.5	42.0	66.9	55.4	30.7	12.9	10.2
Medical devices	62.4	22.4	24.2	27.2	24.2	46.8	67.1	81.0	97.6	51.5	35.3	14.5	13.7	32.6	28.6
Domestic	64.4	15.4	14.6	41.7	36.0	45.4	53.5	71.9	93.4	58.7	42.5	20.9	5.0	18.3	18.8
Exports	57.7	40.4	44.4	-0.7	0.5	50.4	105.9	105.9	109.1	33.7	20.0	-0.1	35.5	74.4	53.5
Cosmetics	70.1	48.2	35.3	61.1	18.1	0.3	48.6	57.5	54.7	108.1	65.2	51.0	64.3	38.3	42.2
Domestic	53.5	40.1	32.1	27.4	-14.4	-23.3	29.1	29.8	42.7	126.4	36.7	43.3	47.7	27.6	43.9
Exports	81.1	52.7	36.9	109.2	57.4	19.8	64.0	81.6	62.7	98.5	83.0	55.8	73.9	44.7	41.4
Other	-49.4	10.0	5.0	38.5	28.4	114.7	2.8	1.5	90.3	-72.6	-124.5	25.8	-41.4	16.5	-164.8
Gross profit	**63.7**	**26.5**	**25.7**	**28.1**	**18.8**	**27.6**	**53.1**	**65.0**	**81.0**	**69.0**	**44.6**	**32.2**	**22.3**	**23.0**	**29.8**
Operating profit	**70.1**	**29.3**	**30.1**	**28.6**	**30.1**	**27.0**	**65.4**	**67.7**	**81.7**	**77.2**	**54.1**	**28.1**	**25.3**	**17.7**	**48.6**
Pre-tax profit	**87.0**	**36.6**	**28.3**	**1.9**	**63.1**	**-9.5**	**16.1**	**97.6**	**47.1**	**108.9**	**111.7**	**48.0**	**29.7**	**16.1**	**60.5**
Net profit (controlling)	**79.4**	**35.2**	**29.5**	**-2.6**	**87.6**	**-7.4**	**21.3**	**109.8**	**51.0**	**98.1**	**74.2**	**31.5**	**17.7**	**18.5**	**89.6**
Margins (%)															
Gross profit	**76.7**	**76.5**	**75.7**	**69.3**	**71.3**	**72.4**	**73.4**	**73.1**	**76.2**	**80.6**	**76.3**	**77.3**	**76.0**	**76.5**	**76.4**
Operating profit	**40.0**	**40.8**	**41.8**	**35.7**	**37.0**	**39.1**	**32.7**	**38.3**	**39.7**	**45.7**	**36.2**	**39.2**	**40.6**	**41.5**	**41.5**
Pre-tax profit	**40.4**	**43.5**	**44.0**	**31.1**	**45.7**	**34.8**	**22.9**	**39.3**	**39.7**	**47.9**	**34.8**	**46.6**	**42.0**	**42.9**	**43.1**
Net profit (controlling)	**30.8**	**32.8**	**33.5**	**23.1**	**37.8**	**27.7**	**18.1**	**30.9**	**33.7**	**36.2**	**22.7**	**32.6**	**32.4**	**33.1**	**33.2**

Source: Company data, Samsung Securities estimates

PharmaResearch: Valuation

(KRWb)	Calculation	Value
Forward EBITDA	(A = B x D + C x (1 - D))	336.6
2026E EBITDA	(B)	293
2027E EBITDA	(C)	374
2026 weighting	(D)	46%
Target EV/EBITDA multiple* (x)	(E)	12.9
Enterprise value	(F = A x E)	4,342.5
Net debt	(G)	-522.0
Equity value	(H = F - G)	4,864.5
Shares outstanding ('000)	(I)	11,565
Fair value per share (KRW)	(H/I)	420,613
Target price (KRW)		420,000

Note: *25% discount to average multiple over Mar-May 2025, when the market expected growth in both inbound visitors to Korea and PharmaResearch's exports
Source: Bloomberg, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**350**	**536**	**680**	**864**	**1,024**
Cost of goods sold	99	125	160	210	252
Gross profit	**251**	**411**	**520**	**654**	**772**
Gross margin (%)	71.8	76.7	76.5	75.7	75.4
SG&A expenses	125	197	243	293	338
Operating profit	**126**	**214**	**277**	**361**	**434**
Operating margin (%)	36.0	40.0	40.8	41.8	42.4
Non-operating gains (losses)	**(10)**	**2**	**19**	**19**	**31**
Financial profit	25	30	35	28	40
Financial costs	41	21	15	10	9
Equity-method gains (losses)	6	0	0	0	0
Other	(0)	(7)	(2)	(0)	0
Pre-tax profit	**116**	**217**	**296**	**380**	**465**
Taxes	27	48	67	84	102
Effective tax rate (%)	23.2	22.3	22.7	22.0	22.0
Profit from continuing operations	89	168	229	296	363
Profit from discontinued operations	0	0	0	0	0
Net profit	**89**	**168**	**229**	**296**	**363**
Net margin (%)	25.4	31.4	33.6	34.3	35.4
Net profit (controlling interests)	92	165	223	289	354
Net profit (non-controlling interests)	(3)	3	6	7	9
EBITDA	140	230	293	374	453
EBITDA margin (%)	39.9	42.9	43.1	43.3	44.2
EPS (parent-based) (KRW)	8,608	14,209	19,297	24,982	30,625
EPS (consolidated) (KRW)	8,319	14,478	19,773	25,598	31,381
Adjusted EPS (KRW)*	8,608	14,209	19,297	24,982	30,625

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**555**	**760**	**916**	**1,154**	**1,441**
Cash & equivalents	165	176	209	301	428
Accounts receivable	38	44	58	71	87
Inventories	57	83	107	133	161
Other current assets	293	457	542	648	765
Fixed assets	**301**	**284**	**350**	**378**	**401**
Investment assets	88	51	83	94	108
Tangible assets	147	175	214	234	246
Intangible assets	33	31	28	25	22
Other long-term assets	32	27	26	26	26
Total assets	**856**	**1,044**	**1,266**	**1,532**	**1,842**
Current liabilities	**83**	**110**	**139**	**170**	**205**
Accounts payable	11	11	15	18	22
Short-term debt	0	0	0	0	0
Other current liabilities	71	99	124	152	183
Long-term liabilities	**203**	**210**	**215**	**216**	**219**
Bonds & long-term debt	1	0	0	0	0
Other long-term liabilities	202	209	214	216	218
Total liabilities	**286**	**320**	**353**	**387**	**424**
Owners of parent equity	**539**	**689**	**872**	**1,098**	**1,362**
Capital stock	5	5	5	5	5
Capital surplus	197	194	194	194	194
Retained earnings	343	492	675	900	1,164
Other	(6)	(2)	(1)	(1)	(1)
Non-controlling interests' equity	**30**	**35**	**40**	**47**	**56**
Total equity	**569**	**724**	**912**	**1,145**	**1,418**
Net debt	(197)	(290)	(418)	(612)	(849)

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**138**	**183**	**191**	**298**	**369**
Net profit	89	168	229	296	363
Non-cash profit and expenses	61	66	67	78	90
Depreciation	10	11	12	10	16
Amortization	4	4	4	3	3
Other	47	50	51	65	71
Changes in A/L from operating activities	0	(25)	(51)	(11)	(13)
Cash flow from investments	**(226)**	**(156)**	**(141)**	**(134)**	**(143)**
Change in tangible assets	(36)	(30)	(50)	(30)	(28)
Change in financial assets	(180)	(90)	(100)	(104)	(115)
Other	(10)	(37)	10	0	0
Cash flow from financing	**183**	**(15)**	**(44)**	**(61)**	**(88)**
Change in debt	179	4	3	2	2
Change in equity	22	(4)	0	0	0
Dividends	(10)	(12)	(43)	(63)	(91)
Other	(9)	(4)	(4)	0	0
Change in cash	98	10	33	93	126
Cash at beginning of year	67	165	176	209	301
Cash at end of year	165	176	209	301	428
Gross cash flow	**150**	**234**	**296**	**374**	**453**
Free cash flow	**102**	**153**	**141**	**268**	**341**

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	34.1	53.2	26.8	27.0	18.6
Operating profit	36.6	70.1	29.3	30.1	20.4
Net profit	15.1	89.2	35.9	29.5	22.6
Adjusted EPS**	15.1	65.1	35.8	29.5	22.6
Per-share data (KRW)					
EPS (parent-based)	8,608	14,209	19,297	24,982	30,625
EPS (consolidated)	8,319	14,478	19,773	25,598	31,381
Adjusted EPS**	8,608	14,209	19,297	24,982	30,625
BVPS	46,640	59,603	75,441	94,968	117,764
DPS (common)	1,100	3,700	5,503	7,979	10,829
Valuations (x)					
P/E***	30.5	28.4	17.0	13.1	10.7
P/B***	5.6	6.8	4.3	3.5	2.8
EV/EBITDA	18.6	17.1	10.3	7.6	5.8
Ratios (%)					
ROE	18.9	26.9	28.6	29.3	28.8
ROA	12.8	17.7	19.8	21.2	21.5
ROIC	44.5	70.1	77.0	88.5	98.3
Payout ratio	12.4	23.3	25.6	28.7	31.8
Dividend yield (common)	0.4	0.9	1.7	2.4	3.3
Net debt to equity	(34.6)	(40.0)	(45.9)	(53.4)	(59.9)
Interest coverage (x)	27.2	20.6	26.8	37.8	49.7

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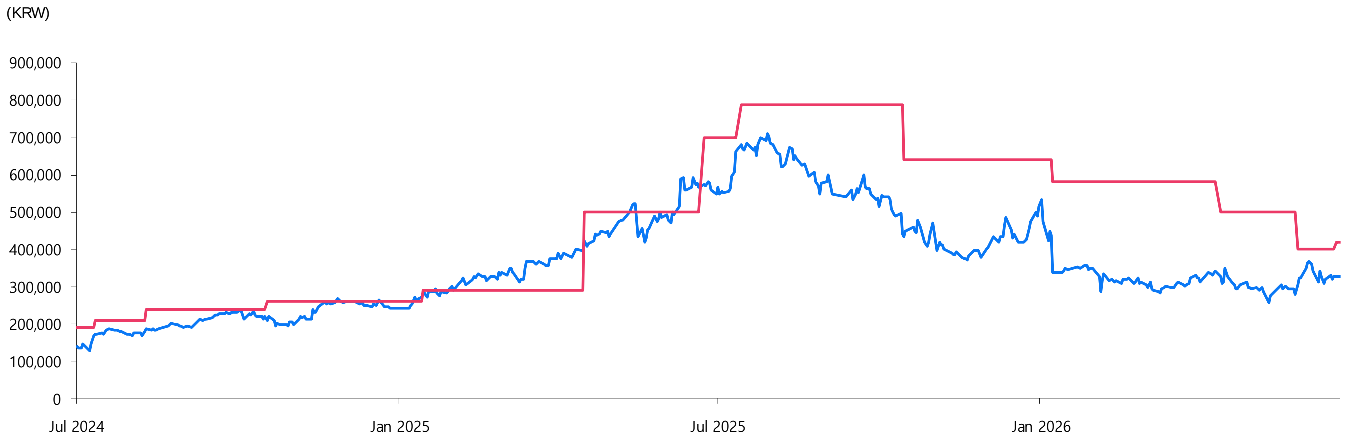
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/8/8	9/6	11/14	2025/2/11	5/14	7/21	8/11	11/12	2026/2/5	5/11	6/24	7/16
Recommendation	BUY	BUY	BUY	HOLD	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	210,000	240,000	260,000	290,000	500,000	700,000	790,000	640,000	580,000	500,000	400,000	420,000
Gap* (average)	-15.85	-11.50	-8.18	15.36	-18.00	-55.71	-24.23	-32.93	-44.87	-40.37	-16.45	
(max or min)**	-10.43	-1.88	5.19	38.45	-18.00	-15.14	-10.00	-16.56	-51.29	-29.80	-22.75	

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

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