COMPANY UPDATE

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Samsung Epis Holdings
(0126Z0)

Supply deferred, but momentum intact

- Samsung Epis Holdings reported weak 2Q results—a temporary phenomenon attributable to the absence of milestone revenue and the deferral of delivery volumes under Wave 2 contract structure.

WHAT'S THE STORY?

2Q26 review: Samsung Bioepis reported 2Q sales of KRW392.2b (down 2.2% y-y and 13.8% q-q) and an operating profit of KRW86.6b (down 3.6% y-y and 39.9% q-q). The decline was primarily due to the deferral of product supply to partners (valued at USD10m) to 3Q. The quarter also lacked one-time milestone revenue, contributing to softer profitability alongside the supply delay. Samsung Epis Holdings, on a consolidated basis, recorded sales of KRW391.9b (down 13.7% q-q) and an operating profit of KRW58.7b (down 35.1% q-q). The drop reflected non-cash adjustments, including Chinese R&D center expenses, PPA development cost amortization (KRW78.2b), and unrealized gains on inventory assets (KRW53.3b).

2026 outlook: We expect Samsung Bioepis to deliver full-year sales of KRW1.86 trillion (up 11.4% y-y). Earnings performance should improve in 2H, supported by: 1) the recognition of deferred supply volumes in 3Q; 2) expanding direct sales of SB15 (Eylea biosimilar) across Europe; 3) the launch of SB17 (Stelara biosimilar) in Japan and broader regional expansion through partners; and 4) steady growth from SB12 (Soliris biosimilar) via direct sales in Europe and partnership with Teva.

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AT A GLANCE

BUY

Target price	KRW600,000	63.5%
Current price	KRW367,000	
Market cap	KRW9.1t / USD6.2b	
Shares (float)	24,883,049 (25.4%)	
52-week high/low	KRW743,000/KRW335,500	
Avg daily trading value (60-day)	"KRW25.5b/ USD17.4m"	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Samsung Epis Holdings (%)	-14.0	-41.6	n/a
Vs Kospi (%pts)	20.2	-49.8	n/a

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	600,000	600,000	0.0%
2026E EPS	10,503	8,429	24.6%
2027E EPS	8,272	7,924	4.4%

SAMSUNG vs THE STREET

No of estimates	2
Target price	610,000
Recommendation	4.0

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

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg (% y-y)	Chg (% q-q)	Diff (%) Samsung	Diff (%) Consensus
Sales	391.9	n/a	-13.7	-12.6	-11.1
Operating profit	58.7	n/a	-35.1	-1.6	38.4
Pre-tax profit	63.1	n/a	-21.8	26.3	n/a
Net profit	85.8	n/a	-13.7	114.7	114.5
Margins (%)					
Operating profit	15.0				
Pre-tax profit	16.1				
Net profit	21.9				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	35.0	34.9	44.4
P/B	3.1	1.5	1.4
EV/EBITDA	4,190.9	13.8	11.5
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	n/a	-50.5	-21.2
ROE (%)	1.4	4.3	3.3
Per-share data (KRW)			
EPS	21,211	10,503	8,272
BVPS	237,782	248,347	256,634
DPS	0	0	0

Maintaining BUY and target price of KRW600,000: The 2Q earnings results do not introduce material changes to our valuation model. The primary risk remains the potential expansion of US generic drug tariffs to include biosimilars. Following President Trump's social media comments, the inclusion of biosimilars, applicable tariff rates, and implementation timeline remain uncertain, sustaining ambiguity in the regulatory outlook. Clinical progress in the novel pipeline is advancing: SBE303 (Nectin ADC) to enter Phase Ib and to select its recommended Phase II dose (RP2D); SBE313 (EGFR/HER3 ADC) to enter Phase I; and long-acting semaglutide injection is accumulating clinical data. We expect these developments to be sequentially incorporated into the company's pipeline valuation.

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**n/a**	**252**	**1,862**	**1,999**	**2,192**
Cost of goods sold	n/a	159	912	996	1,156
Gross profit	**n/a**	**92**	**949**	**1,003**	**1,036**
Gross margin (%)	n/a	36.6	51.0	50.2	47.3
SG&A expenses	n/a	156	689	727	751
Operating profit	**n/a**	**-64**	**260**	**276**	**285**
Operating margin (%)	n/a	-25.3	14.0	13.8	13.0
Non-operating gains (losses)	**n/a**	**15**	**-35**	**-18**	**3**
Financial profit	0	49	192	226	265
Financial costs	0	28	231	249	267
Equity-method gains (losses)	0	0	0	0	0
Other	n/a	-6	3	5	5
Pre-tax profit	**n/a**	**-49**	**225**	**257**	**288**
Taxes	n/a	-134	-22	51	58
Effective tax rate (%)	n/a	275.7	-10.0	20.0	20.0
Profit from continuing operations	0	85	261	206	230
Profit from discontinued operations	0	0	0	0	0
Net profit	**n/a**	**85**	**261**	**206**	**230**
Net margin (%)	n/a	33.9	14.0	10.3	10.5
Net profit (controlling interests)	n/a	85	261	206	230
Net profit (non-controlling interests)	n/a	0	0	0	0
EBITDA	n/a	4	687	775	837
EBITDA margin (%)	n/a	1.8	36.9	38.8	38.2
EPS (parent-based) (KRW)	n/a	21,211	10,503	8,272	9,247
EPS (consolidated) (KRW)	n/a	21,211	10,503	8,272	9,247
Adjusted EPS (KRW)*	n/a	21,211	10,503	8,272	9,247

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**n/a**	**1,900**	**2,808**	**3,511**	**4,301**
Cash & equivalents	n/a	131	432	939	1,517
Accounts receivable	n/a	320	454	491	531
Inventories	n/a	1,037	1,468	1,589	1,720
Other current assets	n/a	411	455	492	533
Fixed assets	**n/a**	**5,816**	**5,530**	**5,150**	**4,718**
Investment assets	n/a	35	51	51	51
Tangible assets	n/a	326	314	297	281
Intangible assets	n/a	5,323	5,068	4,706	4,289
Other long-term assets	n/a	133	96	96	96
Total assets	**n/a**	**7,716**	**8,338**	**8,661**	**9,019**
Current liabilities	**n/a**	**1,401**	**1,799**	**1,890**	**1,989**
Accounts payable	n/a	31	29	31	34
Short-term debt	n/a	237	602	602	602
Other current liabilities	n/a	1,133	1,168	1,257	1,353
Long-term liabilities	**n/a**	**409**	**370**	**397**	**425**
Bonds & long-term debt	0	95	50	50	50
Other long-term liabilities	n/a	314	320	347	375
Total liabilities	**n/a**	**1,810**	**2,170**	**2,287**	**2,415**
Owners of parent equity	**n/a**	**5,906**	**6,168**	**6,374**	**6,604**
Capital stock	n/a	62	62	62	62
Capital surplus	n/a	5,776	5,776	5,776	5,776
Retained earnings	n/a	85	347	552	783
Other	n/a	-18	-17	-17	-17
Non-controlling interests' equity	**n/a**	**0**	**0**	**0**	**0**
Total equity	**n/a**	**5,906**	**6,168**	**6,374**	**6,604**
Net debt	n/a	247	311	-196	-774

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**0**	**-104**	**98**	**637**	**707**
Net profit	0	85	261	206	230
Non-cash profit and expenses	0	-65	432	551	587
Depreciation	0	3	19	17	15
Amortization	0	65	407	483	537
Other	0	-133	6	51	35
Changes in A/L from operating activities	0	-122	-586	-78	-85
Cash flow from investments	**0**	**-83**	**-153**	**-113**	**-113**
Change in tangible assets	0	-6	-4	0	0
Change in financial assets	0	-0	-0	0	-0
Other	0	-77	-149	-113	-113
Cash flow from financing	**0**	**100**	**365**	**0**	**0**
Change in debt	0	378	365	0	0
Change in equity	0	5,838	0	0	0
Dividends	n/a	0	0	0	0
Other	n/a	-6,117	-0	0	0
Change in cash	0	-85	301	507	578
Cash at beginning of year	0	216	131	432	939
Cash at end of year	0	131	432	939	1,517
Gross cash flow	**0**	**20**	**693**	**757**	**817**
Free cash flow	**0**	**-110**	**94**	**637**	**707**

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	nm	nm	639.8	7.4	9.7
Operating profit	nm	nm	nm	5.9	3.4
Net profit	nm	nm	206.3	-21.2	11.8
Adjusted EPS**	nm	nm	-50.5	-21.2	11.8
Per-share data (KRW)					
EPS (parent-based)	n/a	21,211	10,503	8,272	9,247
EPS (consolidated)	n/a	21,211	10,503	8,272	9,247
Adjusted EPS**	n/a	21,211	10,503	8,272	9,247
BVPS	n/a	237,782	248,347	256,634	265,898
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	n/a	35.0	34.9	44.4	39.7
P/B***	n/a	3.1	1.5	1.4	1.4
EV/EBITDA	n/a	4,190.9	13.8	11.5	10.0
Ratios (%)					
ROE	n/a	1.4	4.3	3.3	3.5
ROA	n/a	1.1	3.3	2.4	2.6
ROIC	n/a	1.7	4.3	3.3	3.6
Payout ratio	n/a	0.0	0.0	0.0	0.0
Dividend yield (common)	n/a	0.0	n/a	n/a	n/a
Net debt to equity	n/a	4.2	5.0	-3.1	-11.7
Interest coverage (x)	n/a	-56.9	14.1	14.0	14.5

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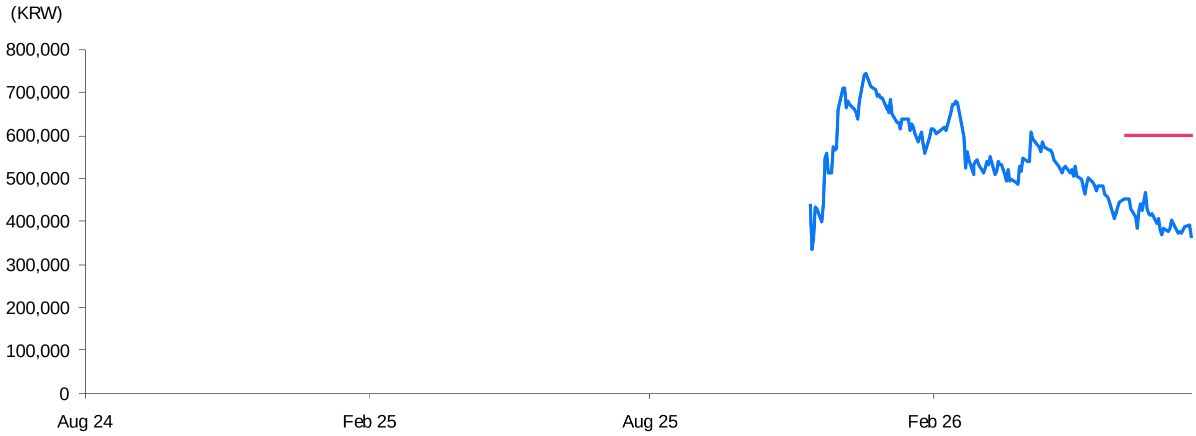

Rating changes over past two years (adjusted share prices)

Date	2026/6/16
Recommendation	BUY
Target price (KRW)	600000
Gap* (average)	
(max or min)**	

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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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 2026.06.30

BUY(85.5%)·HOLD(14.5%)·SELL(0%)

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