COMPANY UPDATE

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Innovation Team

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

Suhan Shin
Research Associate
shn.shin@samsung.com

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Hanmi Pharmaceutical (128940)

Revisiting valuation

- We maintain our BUY rating on Hanmi Pharmaceutical, but cut our target price to KRW500,000 to reflect: 1) the application of an 11x EV/EBITDA multiple; and 2) heightened uncertainty surrounding the MASH pipeline.

WHAT'S THE STORY?

2Q review: Hanmi Pharmaceutical reported 2Q consolidated revenue of KRW467.2b (up 29.3% y-y, up 18.9% q-q) and operating profit of KRW131.1b (up 116.9% y-y, up 144.4% q-q), driven primarily by a lump-sum recognition of KRW112.7b in upfront income from Eli Lilly for the out-licensing of sonefpeglutide (GLP-2). Excluding the upfront, revenue growth remained robust, supported by strong sales of in-house products and expanded co-promotion activities. Beijing Hanmi, however, saw a sharp decline in performance due to China's volume-based procurement policies (eg, large-scale procurement from Guangdong alliance), with revenue falling to KRW60.7b (down 29.9% y-y, down 42.9% q-q) and operating profit dropping to KRW0.6b (down 96.6% y-y, down 97.6% q-q).

Key pipeline updates: Hanmi is finalizing its strategy for the domestic launch of the obesity treatment efpeglenatide in 2H26, although the price remains undisclosed. HM15275 (LA-GLP/GCG/GIP) has completed patient recruitment for its US Phase II obesity trial and is on track to conclude in 1Q27. After completing SAD studies, HM17321 (LA-UCN2) is progressing with MAD studies, with Phase I completion targeted for 1H27. Efinopegdutide (LAPSGLP/GCG, partnered with Merck & Co.) and efocipegtrutide (LAPSGLP/GCG/GIP) are nearing data analysis and Phase IIb completion, respectively; results expected in 2H26 should serve as key catalysts.

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AT A GLANCE

BUY

Target price	KRW500,000	60.5%
Current price	**KRW311,500**	
Market cap	KRW4.0t/USD2.8b	
Shares (float)	12,810,991 (49.0%)	
52-week high/low	KRW626,000/KRW270,000	
Avg daily trading value (60-day)	KRW64.0b/ USD44.5m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Hanmi Pharmaceutical (%)	-21.6	-35.6	11.4
Vs Kospi (%pts)	18.8	-39.9	-35.2

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	500,000	740,000	-32.4%
2026E EPS	14,497	12,729	13.9%
2027E EPS	13,721	14,833	-7.5%

SAMSUNG vs THE STREET

No of estimates	17
Target price	655,882
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	467.2	29.3	18.9	19.9	4.2
Operating profit	131.1	116.9	144.4	96.4	18.4
Pre-tax profit	120.1	142.5	116.9	95.4	23.0
Net profit (controlling)	83.3	115.2	83.1	95.2	1.6
Margins (%)					
Operating profit	28.1				
Pre-tax profit	25.7				
Net profit (controlling)	17.8				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	34.2	21.5	22.7
P/B	4.6	2.7	2.5
EV/EBITDA	17.4	11.1	11.7
Div yield (%)	0.4	0.6	0.6
EPS growth (% y-y)	39.8	9.5	-5.4
ROE (%)	14.5	13.8	11.6
Per-share data (KRW)			
EPS	13,235	14,497	13,721
BVPS	98,560	113,496	125,349
DPS	2,000	2,000	2,000

Samsung Securities

Maintaining BUY, but cutting target price to KRW500,000: We cut our target price for the stock to KRW500,000, as: 1) we now apply a 12-month forward EV/EBITDA multiple of 11.0x (vs 16x, previously) to our 3Q26–2Q27 EBITDA estimate of KRW315.5b, aligning with the average of large-cap Korean pharma peers (FnGuide); and 2) we lower the success probability of the MASH pipeline from 50% to 25% to proactively reflect heightened uncertainty around pipeline value, reducing the estimated pipeline value to KRW2.925t (from KRW4.08t). Clinical readouts for the MASH pipeline are now delayed relative to original timelines, and the bar for demonstrating therapeutic efficacy have risen driven by accumulating late-stage data from competing candidates. For 2026, we forecast Hanmi's sales at KRW1.685t (up 8.9% y-y) and operating profit at KRW286b (up 10.9% y-y), incorporating the upfront payment from Eli Lilly and a modest cut to our earnings forecast for Beijing Hanmi (the latter reflects the structural and long-term impact of China's volume-based procurement policy, which has made it difficult to project a clear recovery timeline for the business). Despite these headwinds, we maintain BUY, supported by sustained growth in domestic operations and meaningful clinical progress in the obesity pipeline.

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**1,496**	**1,548**	**1,685**	**1,728**	**1,841**
Cost of goods sold	678	663	703	754	806
Gross profit	**817**	**884**	**981**	**974**	**1,035**
Gross margin (%)	54.6	57.1	58.3	56.4	56.2
SG&A expenses	601	627	695	712	728
Operating profit	**216**	**258**	**286**	**262**	**307**
Operating margin (%)	14.5	16.7	17.0	15.1	16.7
Non-operating gains (losses)	**-45**	**-44**	**-23**	**-9**	**5**
Financial profit	12	12	16	24	32
Financial costs	31	17	13	13	13
Equity-method gains (losses)	-0	-0	-0	0	0
Other	-26	-39	-25	-19	-14
Pre-tax profit	**171**	**213**	**263**	**253**	**312**
Taxes	31	26	58	56	69
Effective tax rate (%)	18.0	12.3	22.2	22.0	22.0
Profit from continuing operations	140	187	199	198	243
Profit from discontinued operations	0	0	0	0	0
Net profit	**140**	**187**	**199**	**198**	**243**
Net margin (%)	9.4	12.1	11.8	11.4	13.2
Net profit (controlling interests)	121	170	186	176	217
Net profit (non-controlling interests)	19	18	13	22	27
EBITDA	314	357	380	343	378
EBITDA margin (%)	21.0	23.0	22.5	19.9	20.5
EPS (parent-based) (KRW)	9,470	13,235	14,497	13,721	16,904
EPS (consolidated) (KRW)	10,962	14,607	15,543	15,417	18,993
Adjusted EPS (KRW)*	9,470	13,235	14,497	13,721	16,904

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**746**	**894**	**1,222**	**1,509**	**1,826**
Cash & equivalents	192	108	309	492	692
Accounts receivable	238	337	322	363	408
Inventories	301	339	401	451	508
Other current assets	15	110	190	203	218
Fixed assets	**1,275**	**1,244**	**1,183**	**1,114**	**1,058**
Investment assets	172	124	125	138	152
Tangible assets	796	760	703	633	572
Intangible assets	94	113	110	99	88
Other long-term assets	212	247	245	245	245
Total assets	**2,021**	**2,138**	**2,405**	**2,623**	**2,883**
Current liabilities	**683**	**605**	**667**	**711**	**751**
Accounts payable	39	54	67	75	84
Short-term debt	371	320	305	305	305
Other current liabilities	274	231	296	332	362
Long-term liabilities	**97**	**110**	**111**	**113**	**115**
Bonds & long-term debt	86	92	91	91	91
Other long-term liabilities	11	18	20	22	24
Total liabilities	**780**	**715**	**778**	**824**	**866**
Owners of parent equity	**1,085**	**1,250**	**1,440**	**1,591**	**1,782**
Capital stock	32	32	32	32	32
Capital surplus	411	411	413	413	413
Retained earnings	681	836	997	1,147	1,338
Other	-39	-30	-1	-1	-1
Non-controlling interests' equity	**156**	**173**	**187**	**208**	**235**
Total equity	**1,241**	**1,423**	**1,627**	**1,799**	**2,017**
Net debt	303	233	28	-165	-375

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**193**	**173**	**296**	**223**	**243**
Net profit	140	187	199	198	243
Non-cash profit and expenses	179	198	154	120	114
Depreciation	86	86	81	70	61
Amortization	12	13	13	12	10
Other	82	99	60	38	43
Changes in A/L from operating activities	-90	-150	10	-49	-64
Cash flow from investments	**25**	**-159**	**-83**	**-16**	**-18**
Change in tangible assets	-39	-43	-15	0	0
Change in financial assets	-10	-47	17	-23	-26
Other	74	-70	-86	7	7
Cash flow from financing	**-94**	**-97**	**-42**	**-25**	**-25**
Change in debt	-76	-62	-15	1	1
Change in equity	-0	0	1	0	0
Dividends	-13	-31	-25	-25	-25
Other	-5	-4	-3	0	0
Change in cash	137	-84	201	183	199
Cash at beginning of year	55	192	108	309	492
Cash at end of year	192	108	309	492	691
Gross cash flow	**320**	**385**	**353**	**317**	**357**
Free cash flow	**154**	**130**	**281**	**223**	**243**

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	0.3	3.5	8.9	2.6	6.5
Operating profit	-2.0	19.2	10.9	-8.5	17.3
Net profit	-15.1	33.3	6.4	-0.8	23.2
Adjusted EPS**	-17.0	39.8	9.5	-5.4	23.2
Per-share data (KRW)					
EPS (parent-based)	9,470	13,235	14,497	13,721	16,904
EPS (consolidated)	10,962	14,607	15,543	15,417	18,993
Adjusted EPS**	9,470	13,235	14,497	13,721	16,904
BVPS	85,558	98,560	113,496	125,349	140,415
DPS (common)	1,250	2,000	2,000	2,000	2,000
Valuations (x)					
P/E***	29.6	34.2	21.5	22.7	18.4
P/B***	3.3	4.6	2.7	2.5	2.2
EV/EBITDA	12.9	17.4	11.1	11.7	10.2
Ratios (%)					
ROE	11.9	14.5	13.8	11.6	12.8
ROA	7.2	9.0	8.8	7.9	8.8
ROIC	14.3	17.3	16.7	16.1	19.1
Payout ratio	13.1	15.0	13.7	14.4	11.7
Dividend yield (common)	0.4	0.4	0.6	0.6	0.6
Net debt to equity	24.5	16.4	1.7	-9.1	-18.6
Interest coverage (x)	8.9	15.2	21.3	19.5	22.9

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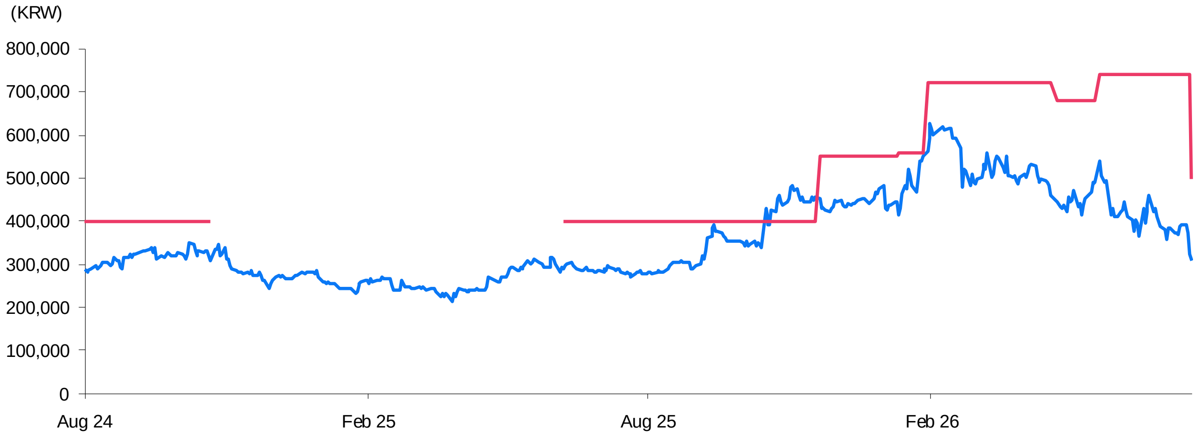
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/1/11	2025/12/1	2026/1/21	2/9	5/4	6/1	7/30
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	400000	550000	560000	720000	680000	740000	500000
Gap* (average)	-21.89	-19.38	-11.26	-26.37	-33.76	-44.84	
(max or min)**	-11.75	-12.45	-1.43	-13.06	-27.79	-31.49	

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

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
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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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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