COMPANY UPDATE

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Green Cross (006280)

Structural rebound to be confirmed in 2H

- Green Cross's 2Q consolidated operating profit tumbled due to one-offs and delays in sales recognition for both flu vaccine and Alyglo. But earnings should normalize in 2H.
- We maintain BUY but trim our target price to KRW190,000. Using the gain on the Curevo stake sale, the company should expand Alyglo production capacity to support long-term growth.
- One thing to watch is whether Alyglo's 2H sales growth meets guidance.

WHAT'S THE STORY?

2Q review: Green Cross reported 2Q consolidated sales of KRW421.2b (-15.8% y-y and -3.3% q-q) and an operating profit of KRW1.7b (-93.8% y-y and -85.5% q-q). The earnings shock was attributable to: 1) the disposal of subsidiary GC Wellbeing on Mar 31, which reduced consolidated sales; 2) delayed confirmation of reference standards after the WHO updated the Northern Hemisphere influenza strain composition—a factor that pushed bulk vaccine production into 3Q; and 3) sales of high-margin items (eg, Hunterase) are likely to be concentrated in 2H. Additionally, rising SG&A expenses further pressured profitability. Alyglo sales grew 8.3% q-q to KRW36.4b.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW190,000	55.4%
Current price	**KRW122,300**	
Market cap	KRW1.4t/USD1.0b	
Shares (float)	11,686,538 (46.2%)	
52-week high/low	KRW180,300/KRW113,200	
Avg daily trading value (60-day)	KRW7.8b/ USD5.5m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Green Cross (%)	-0.4	-28.1	-11.5
Vs Kospi (%pts)	22.1	-43.7	-57.1

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	190,000	200,000	-5.0%
2026E EPS	19,368	19,633	-1.4%
2027E EPS	5,579	5,686	-1.9%

SAMSUNG vs THE STREET

No of estimates	13
Target price	195,769
Recommendation	4.0

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

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	421.2	-15.8	-3.3	2.4	-3.7
Operating profit	1.7	-93.8	-85.5	-56.8	-80.7
Pre-tax profit	-1.6	Turned neg	Turned neg	nm	nm
Net profit (controlling)	2.0	-94.7	-90.2	-27.8	-78.5
Margins (%)					
Operating profit	0.4				
Pre-tax profit	-0.4				
Net profit (controlling)	0.5				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	n/a	6.3	21.9
P/B	1.5	1.0	0.9
EV/EBITDA	19.0	14.7	14.1
Div yield (%)	0.9	1.2	1.2
EPS growth (% y-y)	nm	nm	-71.2
ROE (%)	-0.4	17.1	4.5
Per-share data (KRW)			
EPS	-400	19,368	5,579
BVPS	106,673	125,693	129,906
DPS	1,500	1,500	1,500

Samsung Securities

Maintaining BUY but trimming target price to KRW190,000: Our new target price is based on a sum-of-the-parts valuation comprising: 1) operating value calculated by applying the pharmaceutical sector's average EV/EBITDA multiple of 11x (FnGuide) to our forward EBITDA forecast of KRW150.6b; 2) pipeline value of KRW1.23t; and 3) net debt. We forecast the company's 2026 sales and operating profit will come in at KRW1.83t (-8.1% y-y), and KRW71.1b(+2.8% y-y), respectively. Operating profit should reach KRW32.8b in 3Q and KRW24.9b in 4Q as: 1) flu vaccine and Hunterase sales should normalize; and 2) Alyglo sales should expand to KRW150b, benefiting from inventory stocking in US distribution channels and inclusion into more GPOs and PBM's formularies. Alyglo showed weak export data in 1H due to its sell-out business model, but its export data and sales are likely to improve in 2H. That said, market skepticism remains regarding Alyglo's 2H growth potential. Investors need to monitor actual performance.

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**1,680**	**1,991**	**1,831**	**1,881**	**2,027**
Cost of goods sold	1,198	1,437	1,304	1,303	1,414
Gross profit	**482**	**554**	**527**	**578**	**614**
Gross margin (%)	28.7	27.8	28.8	30.7	30.3
SG&A expenses	450	485	456	493	520
Operating profit	**32**	**69**	**71**	**85**	**94**
Operating margin (%)	1.9	3.5	3.9	4.5	4.6
Non-operating gains (losses)	**-73**	**-104**	**224**	**-0**	**9**
Financial profit	26	22	35	41	46
Financial costs	50	75	50	33	34
Equity-method gains (losses)	-27	15	215	-3	-1
Other	-22	-66	24	-5	-2
Pre-tax profit	**-41**	**-35**	**295**	**84**	**103**
Taxes	2	-6	64	19	23
Effective tax rate (%)	-3.7	16.0	21.7	22.0	22.0
Profit from continuing operations	-43	-30	227	66	81
Profit from discontinued operations	0	0	0	0	0
Net profit	**-43**	**-30**	**227**	**66**	**81**
Net margin (%)	-2.5	-1.5	12.4	3.5	4.0
Net profit (controlling interests)	-26	-5	226	65	80
Net profit (non-controlling interests)	-16	-25	1	1	1
EBITDA	113	157	146	151	156
EBITDA margin (%)	6.7	7.9	8.0	8.0	7.7
EPS (parent-based) (KRW)	-2,249	-400	19,368	5,579	6,834
EPS (consolidated) (KRW)	-3,648	-2,540	19,441	5,635	6,903
Adjusted EPS (KRW)*	-2,249	-400	19,368	5,579	6,834

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**1,202**	**1,370**	**1,507**	**1,638**	**1,788**
Cash & equivalents	23	49	184	221	269
Accounts receivable	387	403	382	398	414
Inventories	747	892	910	985	1,066
Other current assets	46	27	31	35	39
Fixed assets	**1,542**	**1,601**	**1,428**	**1,424**	**1,424**
Investment assets	226	199	168	179	191
Tangible assets	805	845	741	743	748
Intangible assets	307	337	317	299	282
Other long-term assets	204	220	203	203	203
Total assets	**2,744**	**2,971**	**2,935**	**3,062**	**3,213**
Current liabilities	**769**	**1,146**	**1,085**	**1,153**	**1,229**
Accounts payable	157	177	164	184	207
Short-term debt	367	352	201	201	201
Other current liabilities	246	616	720	767	821
Long-term liabilities	**493**	**431**	**334**	**344**	**355**
Bonds & long-term debt	340	254	161	161	161
Other long-term liabilities	154	178	173	183	194
Total liabilities	**1,263**	**1,577**	**1,419**	**1,497**	**1,584**
Owners of parent equity	**1,253**	**1,217**	**1,435**	**1,483**	**1,545**
Capital stock	58	58	58	58	58
Capital surplus	396	396	396	396	396
Retained earnings	815	797	1,006	1,054	1,117
Other	-17	-34	-26	-26	-26
Non-controlling interests' equity	**228**	**177**	**81**	**82**	**83**
Total equity	**1,481**	**1,394**	**1,516**	**1,565**	**1,628**
Net debt	807	946	640	606	560

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**-53**	**99**	**18**	**100**	**113**
Net profit	-43	-30	227	66	81
Non-cash profit and expenses	172	202	-62	95	94
Depreciation	66	68	56	48	45
Amortization	15	20	19	18	17
Other	91	114	-138	30	32
Changes in A/L from operating activities	-144	-25	-55	-19	-17
Cash flow from investments	**-68**	**-187**	**-0**	**-50**	**-50**
Change in tangible assets	-31	-70	-33	-50	-50
Change in financial assets	-5	7	2	-0	-0
Other	-31	-124	30	0	-0
Cash flow from financing	**94**	**112**	**-111**	**-14**	**-14**
Change in debt	99	158	-174	3	3
Change in equity	3	0	-0	0	0
Dividends	-20	-19	-17	-17	-17
Other	12	-28	80	0	0
Change in cash	-27	27	134	37	49
Cash at beginning of year	50	23	49	184	221
Cash at end of year	23	49	184	221	269
Gross cash flow	**130**	**172**	**165**	**161**	**174**
Free cash flow	**-85**	**27**	**-15**	**50**	**63**

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	3.3	18.5	-8.1	2.7	7.8
Operating profit	-6.8	115.4	2.8	19.1	11.0
Net profit	nm	nm	nm	-71.0	22.5
Adjusted EPS**	nm	nm	nm	-71.2	22.5
Per-share data (KRW)					
EPS (parent-based)	-2,249	-400	19,368	5,579	6,834
EPS (consolidated)	-3,648	-2,540	19,441	5,635	6,903
Adjusted EPS**	-2,249	-400	19,368	5,579	6,834
BVPS	109,754	106,673	125,693	129,906	135,403
DPS (common)	1,500	1,500	1,500	1,500	1,500
Valuations (x)					
P/E***	n/a	n/a	6.3	21.9	17.9
P/B***	1.6	1.5	1.0	0.9	0.9
EV/EBITDA	27.7	19.0	14.7	14.1	13.3
Ratios (%)					
ROE	-2.1	-0.4	17.1	4.5	5.3
ROA	-1.6	-1.0	7.7	2.2	2.6
ROIC	1.6	2.8	2.7	3.3	3.7
Payout ratio	-65.1	-366.3	7.6	26.3	21.4
Dividend yield (common)	0.8	0.9	1.2	1.2	1.2
Net debt to equity	54.5	67.8	42.2	38.7	34.4
Interest coverage (x)	0.8	1.4	1.8	2.6	2.8

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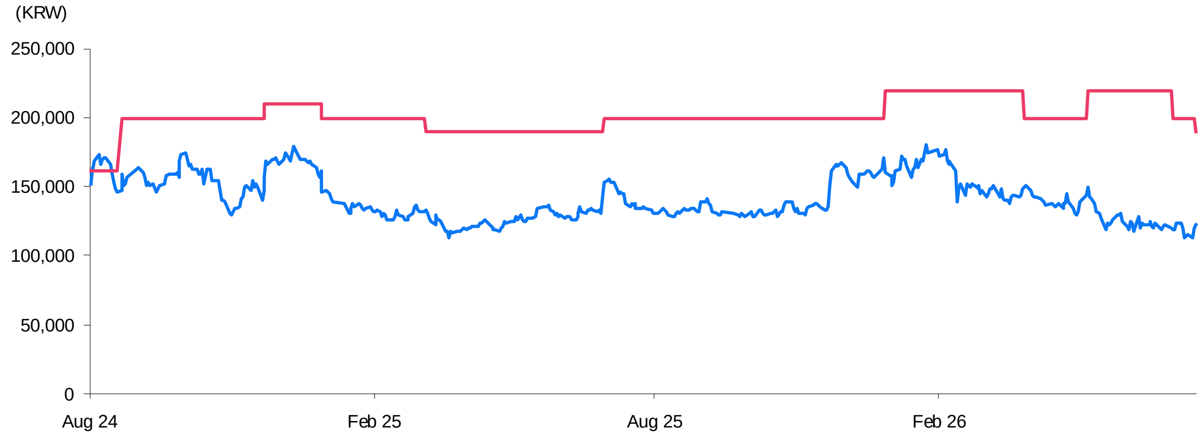

Rating changes over past two years (adjusted share prices)

Date	2024/7/16	9/9	12/11	2025/1/17	3/25	7/18	2026/1/16	4/16	5/27	7/21	8/5
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	162000	200000	210000	200000	190000	200000	220000	200000	220000	200000	190000
Gap* (average)	-9.01	-23.41	-19.93	-33.35	-33.59	-30.16	-29.11	-30.44	-43.03	-40.68	
(max or min)**	6.79	-12.65	-14.52	-26.15	-24.84	-14.75	-18.05	-24.40	-35.14	-38.10	

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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