COMPANY UPDATE

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Alteogen (196170)

New-deal momentum expected in 2H

- 2Q26 review: Alteogen reported stronger-than-expected 2Q results, driven by milestone payments related to Keytruda Qlex sales and milestones from AstraZeneca's initiation of the Imfinzi and Rilvegostomig Phase I trial and Sanofi's initiation of the Dupixent Phase I trial.
- Maintaining BUY; adjusting target price to KRW350,000: We adjust our target price from KRW450,000 to KRW350,000 to account for EPS dilution resulting from the bonus issue, with no change in underlying fundamentals.

▶ AT A GLANCE

BUY

Target price	KRW350,000	0.6%
Current price	KRW348,000	
Market cap	KRW18.6t/USD13.1b	
Shares (float)	69,655,133 (79.6%)	
52-week high/low	KRW430,124/KRW206,213	
Avg daily trading value (60-day)	KRW180.8b/ USD127.5m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Alteogen Inc. (%)	39.6	19.6	5.2
Vs Kosdaq (%pts)	36.8	56.2	-0.4

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	350,000	450,000	-22.2%
2026E EPS	3,764	4,572	-17.7%
2027E EPS	4,377	5,680	-22.9%

*Note: The target price and EPS adjustments have been reflected due to changes in the number of shares, including stock dividends.

▶ SAMSUNG vs THE STREET

No of estimates	4
Target price	447,745
Recommendation	4.0

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

WHAT'S THE STORY?

2Q review: Alteogen reported 2Q revenue of KRW68.9b (up 269.5% y-y, down 3.8% q-q), an operating profit of KRW34.2b (turning profitable y-y, down 13% q-q), and a net profit of KRW30.0b (turning profitable y-y, down 58% q-q). While 1Q results were driven by upfront payments recognized from licensing agreements with GSK and Biogen, 2Q revenue growth was led by milestone payments from Merck & Co related to Keytruda Qlex sales, as well as entry milestones for AstraZeneca's Imfinzi in Phase I (targeting first completion in Aug 2027) and Rilvegostomig in Phase I (targeting first completion in Jul 2027), alongside a milestone from Sanofi's Dupixent high-dose Phase I initiation. The Dupixent high-dose Phase I trial—focused on pharmacokinetics and safety in healthy volunteers—is scheduled for completion in Sep 2026, with plans to advance to Phase III before year-end. R&D expenses increased by over 20% y-y, reflecting expanded investments in biosimilars and in-house drug development. Key metric to watch is Keytruda Qlex sales growth—reaching USD35m in 4Q25, USD128m in 1Q26, and USD463m in 2Q26. The conversion rate stood at 9% as of June, with expectations for accelerated uptake following commercial launch in Europe. Additional sales milestones are anticipated in 2H.

(Continued on the next page)

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	68.9	269.5	-3.8	53.7	5.2
Operating profit	34.2	Turned pos	-13.0	173.0	40.9
Pre-tax profit	32.7	2,842.4	-60.9	122.5	n/a
Net profit	30.0	Turned pos	-58.0	161.2	10.1
Margins (%)					
Operating profit	49.6				
Pre-tax profit	47.5				
Net profit	43.5				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	170.7	92.5	79.5
P/B	54.4	35.1	25.0
EV/EBITDA	212.1	61.5	45.8
Div yield (%)	0.1	0.1	0.1
EPS growth (% y-y)	124.8	85.8	16.3
ROE (%)	39.4	46.3	36.7
Per-share data (KRW)			
EPS	2,026	3,764	4,377
BVPS	6,352	9,922	13,947
DPS	285	357	446

Samsung Securities

Valuation expansion driven by portfolio growth: Alteogen's global licensing agreements have expanded to a cumulative total of nine. In 2026, three new deals were finalized: with GSK (Jemperli), Biogen (two assets + one additional option), and a third, undisclosed partner involving the application of a new modality. All three partners initiated clinical preparations prior to signing, enabling accelerated development timelines. The partner signed in August is expected to enter clinical trials by end-2026 or early 2027, with public disclosure planned upon Phase I completion or initiation of Phase II. Regarding the Halozyme patent dispute: four of fifteen patents have been invalidated; ten remain under oral hearing proceedings. Overall patent-related risk remains limited.

Potential for additional technology exports in 2H: Multiple negotiations are currently underway, including discussions on finalizing definitive agreements following the expiration of MTAs, as well as exploring new asset applications with existing partners. Future deals are expected to focus on novel drugs and new modalities. In terms of capital allocation, Alteogen plans to: 1) invest approximately KRW250b over the next three years toward the construction of a manufacturing facility, targeting commercial production by 2029; and 2) allocate capital toward in-licensing external novel drug candidates and advancing open innovation initiatives.

Maintain BUY; adjusting target price to KRW350,000: We adjust our target price from KRW450,000 to KRW350,000 to account for dilution resulting from the bonus issue, with no change in underlying fundamentals. The newly signed undisclosed contract in Aug 2026 (valued at USD365m) involves an undisclosed partner, modalities, and indications, making traditional rNPV modeling infeasible. We conservatively incorporate its value into our target price using a probability-weighted approach based on upfront payments: present value of upfront payment (KRW26b) plus probability-weighted milestone receipts (80% probability), discounted at a WACC of 8.2%, yielding KRW267.6b. Once Phase I completion or Phase II initiation occurs and details on the partner and indication are disclosed, we shall transition to an rNPV-based valuation model, which is expected to significantly uplift the valuation.

Alteogen: Sum-of-the-parts target price calculation

(KRWb)	Converted value	12M fwd EBITDA	EV/EBITDA
Operating value (A)	5,983	383.5	15.6x*
New-drug value (B)	17,575	**Partner**	
Keytruda SC	3,543	MSD	Immuno-oncology
Enhertu SC	994	Daiichi Sankyo	Oncology
ADC SC	1,029	-	Oncology
Jemperli SC	682	Tesaro (GSK)	Immuno-oncology
High-dose Dupixent SC	2,449	Sanofi	Autoimmune disease therapy
Felzartamab SC	608	Biogen	Oncology
Alzheimer's SC	85	Biogen	CNS therapy
Imfinzi SC	1,957	MedImmune (AZN)	Immuno-oncology
Rilvegostomig SC	858	MedImmune (AZN)	Oncology
Herceptin SC	348	Intas	Oncology biosimilar
Biosimilar SC (multiple)	880	Sandoz	Oncology biosimilar
New contract in Aug 2026	294	The transition to the rNPV method is planned upon disclosure of information	
New deals	3,850		
Net cash (C)	576		
Total value (A+B+C)	24,134		
Common shares outstanding (D) ('000 shares)	69,655		
Fair value per share (KRW)	346,485		
Target price (KRW)	350,000		

Note: *A 20% premium to the13x average of domestic pharmaceutical companies, reflecting the platform's scalability and the high margin of its high-return royalty structure
Source: FnGuide, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**103**	**216**	**467**	**624**	**790**
Cost of goods sold	39	50	83	125	158
Gross profit	**64**	**166**	**384**	**499**	**632**
Gross margin (%)	62.3	76.7	82.3	80.0	80.0
SG&A expenses	39	59	100	116	142
Operating profit	**25**	**107**	**284**	**383**	**490**
Operating margin (%)	24.7	49.5	60.9	61.4	62.1
Non-operating gains (losses)	**11**	**56**	**53**	**18**	**23**
Financial profit	8	56	49	24	29
Financial costs	4	12	13	14	15
Equity-method gains (losses)	0	-0	0	0	0
Other	7	12	17	8	10
Pre-tax profit	**37**	**163**	**337**	**401**	**513**
Taxes	-24	18	63	88	113
Effective tax rate (%)	-65.8	10.8	18.6	22.0	22.0
Profit from continuing operations	61	145	270	313	400
Profit from discontinued operations	0	0	0	0	0
Net profit	**61**	**145**	**270**	**313**	**400**
Net margin (%)	59.0	67.3	57.9	50.1	50.7
Net profit (controlling interests)	62	142	264	307	393
Net profit (non-controlling interests)	-2	4	6	6	7
EBITDA	28	112	296	395	509
EBITDA margin (%)	27.5	52.1	63.3	63.3	64.5
EPS (parent-based) (KRW)	901	2,026	3,764	4,377	5,601
EPS (consolidated) (KRW)	879	2,076	3,855	4,457	5,705
Adjusted EPS (KRW)*	901	2,026	3,764	4,377	5,601

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**212**	**481**	**752**	**880**	**1,069**
Cash & equivalents	19	66	238	321	461
Accounts receivable	17	5	0	0	0
Inventories	1	7	7	11	15
Other current assets	175	403	506	548	593
Fixed assets	**197**	**218**	**210**	**390**	**591**
Investment assets	3	4	4	4	4
Tangible assets	19	40	52	49	47
Intangible assets	112	120	112	295	498
Other long-term assets	63	54	42	42	42
Total assets	**409**	**699**	**961**	**1,269**	**1,661**
Current liabilities	**129**	**240**	**245**	**265**	**286**
Accounts payable	10	11	4	4	4
Short-term debt	5	0	0	0	0
Other current liabilities	114	229	241	261	282
Long-term liabilities	**6**	**5**	**5**	**5**	**5**
Bonds & long-term debt	5	4	4	4	4
Other long-term liabilities	1	1	1	1	1
Total liabilities	**135**	**244**	**249**	**269**	**291**
Owners of parent equity	**274**	**445**	**696**	**978**	**1,341**
Capital stock	27	27	27	27	27
Capital surplus	165	193	118	118	118
Retained earnings	77	219	543	825	1,187
Other	5	7	8	8	8
Non-controlling interests' equity	**0**	**9**	**16**	**22**	**29**
Total equity	**274**	**454**	**712**	**1,000**	**1,369**
Net debt	-82	-224	-473	-576	-738

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**53**	**124**	**223**	**314**	**406**
Net profit	61	145	270	313	400
Non-cash profit and expenses	-26	-15	25	85	111
Depreciation	3	3	3	3	2
Amortization	0	3	8	9	17
Other	-29	-20	14	72	93
Changes in A/L from operating activities	16	-13	-30	-5	-7
Cash flow from investments	**-108**	**-231**	**-80**	**-223**	**-253**
Change in tangible assets	-3	-23	-14	0	0
Change in financial assets	-91	-197	-79	-37	-40
Other	-14	-11	14	-186	-213
Cash flow from financing	**43**	**156**	**9**	**-8**	**-13**
Change in debt	19	102	2	17	18
Change in equity	62	28	-74	0	0
Dividends	0	0	-20	-25	-31
Other	-37	26	101	0	-0
Change in cash	-11	47	172	83	140
Cash at beginning of year	30	19	66	238	322
Cash at end of year	19	66	238	322	461
Gross cash flow	**35**	**130**	**295**	**397**	**512**
Free cash flow	**50**	**101**	**209**	**314**	**406**

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	6.6	109.9	116.3	33.7	26.5
Operating profit	nm	320.8	166.1	34.7	28.0
Net profit	nm	139.2	86.3	15.7	28.0
Adjusted EPS**	nm	124.8	85.8	16.3	28.0
Per-share data (KRW)					
EPS (parent-based)	901	2,026	3,764	4,377	5,601
EPS (consolidated)	879	2,076	3,855	4,457	5,705
Adjusted EPS**	901	2,026	3,764	4,377	5,601
BVPS	3,949	6,352	9,922	13,947	19,107
DPS (common)	0	285	357	446	580
Valuations (x)					
P/E***	264.2	170.7	92.5	79.5	62.1
P/B***	60.3	54.4	35.1	25.0	18.2
EV/EBITDA	581.2	212.1	61.5	45.8	35.2
Ratios (%)					
ROE	29.5	39.4	46.3	36.7	33.9
ROA	18.2	26.2	32.6	28.0	27.3
ROIC	32.8	62.6	124.6	103.6	78.8
Payout ratio	0.0	14.0	9.4	10.1	10.3
Dividend yield (common)	0.0	0.1	0.1	0.1	0.2
Net debt to equity	-29.7	-49.3	-66.4	-57.6	-53.9
Interest coverage (x)	37.6	9.7	22.5	27.5	32.5

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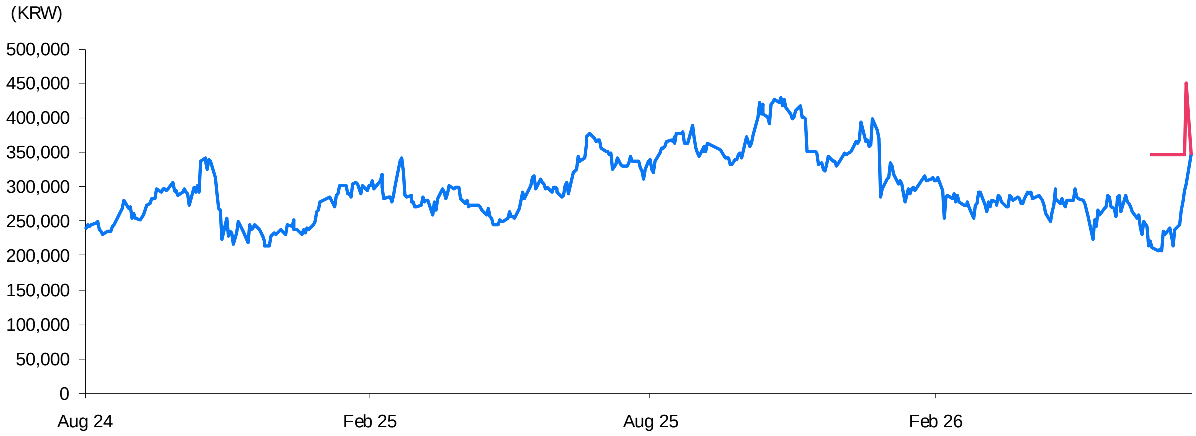
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2026/7/16	8/10
Recommendation	BUY	BUY
Target price (KRW)	346254	350000
Gap* (average)	-30.39	
(max or min)**	-11.91	

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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