COMPANY UPDATE

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PharmaResearch (214450)

Earnings disappoint but direction intact

- 4Q25 review: PharmaResearch reported consensus-missing 4Q results impacted by slower-than-expected domestic sales recovery and rising SG&A expenses.
- Cutting target price to KRW580,000 and maintaining BUY: While short-term re-rating hinges on domestic earnings recovery, we note that the company's long-term growth drivers—including export expansion and product diversification—remain intact.

WHAT'S THE STORY?

4Q25 review: PharmaResearch reported 4Q sales of KRW142.8b (up 38.5% y-y and up 5.4% q-q) and an operating profit of KRW51.8b (up 53.7% y-y but down 16.3% q-q), both missing consensus by 7.7% and 20.4%, respectively. Key factors behind the miss include: 1) weaker-than-expected rebound in medical device sales; 2) a change in accounting rule for domestic cash-based marketing expenses in 2025 (ie, deduction of KRW5b—recognized as SG&A costs in 2025—from 4Q25 sales); and 3) a hike in SG&A expenses (of KRW10b q-q; including R&D and labor costs). Domestic medical device sales rose to KRW59.7b (up 42.5% y-y and 4.4% q-q), led by the easing impact of resident physicians returning to hospitals and a recovery in medical tourism. Medical device export sales reached KRW23.6b (up 20% y-y and up 20.3% q-q), despite a delay in initial shipments to Western Europe (from Dec 2025 to Jan 2026). Domestic cosmetics sales declined slightly q-q to KRW12b (up 36.7% y-y but down 9.5% q-q), while exports surged to KRW25.6b (up 83% y-y and 16.9% q-q), fueled by growth in Ukraine and the US. Pharmaceutical sales totaled KRW22.9b (up 61.7% y-y and 4.3% q-q).

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW580,000	72.4%
Current price	**KRW336,500**	
Market cap	KRW3.5t / USD2.4b	
Shares (float)	10,389,648 (65.0%)	
52-week high/low	KRW711,000/KRW253,000	
Avg daily trading value (60-day)	KRW87.8b/ USD59.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
PharmaResearch (%)	-19.8	-40.3	33.0
Vs Kosdaq (%pts)	-30.7	-57.0	-12.3

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	580,000	640,000	-9.4%
2025E EPS	14,860	15,763	-5.7%
2026E EPS	20,412	22,534	-9.4%

SAMSUNG vs THE STREET

No of estimates	12
Target price	717,250
Recommendation	4.0

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

SUMMARY 4Q RESULTS

(KRWb)	4Q25	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	142.8	38.5	5.4	(6.8)	(7.7)
Operating profit	51.8	53.7	(16.3)	(19.4)	(20.4)
Pre-tax profit	54.4	130.5	(16.2)	n/a	(21.5)
Net profit	41.7	154.0	(18.0)	(20.7)	(19.2)
Margins (%)					
Operating profit	36.3				
Pre-tax profit	38.1				
Net profit	29.2				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2024	2025E	2026E
Valuations (x)			
P/E	30.5	27.1	16.5
P/B	5.6	6.6	4.2
EV/EBITDA	18.6	16.8	9.6
Div yield (%)	0.4	0.3	0.3
EPS growth (% y-y)	15.1	72.6	37.4
ROE (%)	18.9	27.8	29.0
Per-share data (KRW)			
EPS	8,608	14,860	20,412
BVPS	46,640	60,623	80,046
DPS	1,100	1,100	1,100

Cutting target price to KRW580,000; maintaining BUY: We cut our 2026 sales and operating profit forecasts by 9.6% and 9.8%, respectively, to reflect slower domestic recovery and rising SG&A expenses related to overseas expansion. We also cut our target price (based on 2026E EBITDA). While the company's long-term strategy—including export diversification (for sales stability) and product portfolio expansion (for brand longevity), on top of leveraging strong demand for Rejuran in Korea—remains on track, investor fatigue has increased due to headwinds since 3Q25 (eg, US subsidiary performance, parallel import controls, and accounting standard changes). In the short term, a recovery in the large domestic market should be key to re-rating. However, as the company's long-term outlook remains positive, supported by growing export contributions (expected to reach 40.6% in 2026 vs 38.5% in 2025), and multiple catalysts such as the launch of equipment at home in 2H26, toxin capacity expansion in 2027, and Brazilian Rejuran approval in 2027, we maintain our BUY rating.

PharmaResearch: Valuation (new)

(KRWb)		Note
12-month forward EBITDA (A)	308.4	2026E
Target EV/EBTIDA multiple (x) (B)	20.0	20% discount to our target multiple for Classys*
Operating value (C = AxB)	6,168.0	
Net debt (D)	-572.7	
Equity value (C-D)	6,740.7	
Shares outstanding ('000)	11,565	
Fair value per share (KRW)	582,840	
Target price (KRW)	**580,000**	

Note: *Upper end of band in which Classys traded over 2022-2024
Source: Bloomberg, Samsung Securities estimates

PharmaResearch: Results and forecasts (consolidated)

(KRWb)	2024	2025P	2026E	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25P	1Q26E	2Q26E	3Q26E	4Q26E
Sales	**350.1**	**535.7**	**695.1**	**74.7**	**83.1**	**89.2**	**103.1**	**116.9**	**140.6**	**135.4**	**142.8**	**160.6**	**175.5**	**176.7**	**182.4**
Pharmaceuticals	64.7	82.5	101.6	16.3	18.1	16.1	14.2	17.2	20.5	22.0	22.9	24.0	25.9	25.7	26.0
Domestic	38.4	51.1	63.9	10.1	9.6	10.0	8.7	10.6	13.4	13.3	13.7	15.0	16.4	16.3	16.2
Exports	26.3	31.5	37.7	6.2	8.5	6.1	5.5	6.6	7.0	8.6	9.2	8.9	9.6	9.4	9.9
Medical devices	193.6	314.4	390.3	38.4	43.0	50.7	61.5	69.5	85.0	76.7	83.2	91.7	98.1	98.0	102.5
Domestic	137.4	225.9	271.1	28.1	31.4	36.0	41.9	48.3	60.7	57.2	59.7	63.7	69.0	67.6	70.8
Exports	56.2	88.6	119.2	10.3	11.6	14.7	19.6	21.2	24.3	19.6	23.6	28.0	29.1	30.4	31.7
Cosmetics	77.3	131.5	195.3	17.7	19.9	16.9	22.8	27.9	30.8	35.2	37.6	43.0	48.8	51.3	52.1
Domestic	30.8	47.2	69.9	8.2	7.9	5.9	8.8	10.7	11.3	13.2	12.0	15.2	18.3	17.9	18.5
Exports	46.5	84.3	125.4	9.5	12.0	11.1	14.0	17.2	19.5	21.9	25.6	27.8	30.5	33.4	33.6
Other	14.3	7.2	8.0	2.3	2.3	5.5	4.2	2.4	4.4	0.4	-1.0	1.9	2.6	1.8	1.7
Gross profit	**251.2**	**411.0**	**534.6**	**51.8**	**59.2**	**64.6**	**75.7**	**85.4**	**107.2**	**109.1**	**109.2**	**123.5**	**134.8**	**135.8**	**140.4**
Operating profit	**126.1**	**214.3**	**294.2**	**26.7**	**30.8**	**34.9**	**33.7**	**44.7**	**55.9**	**61.9**	**51.8**	**66.5**	**76.8**	**75.4**	**75.6**
Pre-tax profit	**115.8**	**220.6**	**310.3**	**23.3**	**38.0**	**31.0**	**23.6**	**45.9**	**55.8**	**64.8**	**54.4**	**70.1**	**80.6**	**79.5**	**80.1**
Net profit (controlling)	**92.0**	**172.7**	**236.1**	**17.2**	**31.4**	**24.7**	**18.7**	**36.2**	**47.4**	**57.3**	**n/a**	**53.3**	**61.3**	**60.4**	**61.0**
Growth (% y-y)															
Sales	**34.1**	**53.0**	**29.8**	**34.8**	**24.4**	**29.7**	**47.3**	**56.5**	**69.2**	**51.8**	**38.5**	**37.4**	**24.8**	**30.5**	**27.7**
Pharmaceuticals	18.9	27.6	23.1	32.7	33.7	8.5	3.2	5.4	13.1	36.4	61.7	39.4	26.8	16.9	13.5
Domestic	14.6	33.1	25.0	30.3	13.9	10.1	5.2	4.7	40.5	32.9	58.5	41.7	21.9	22.4	17.7
Exports	25.8	19.6	20.0	36.6	66.2	5.8	0.0	6.6	-17.5	42.0	66.9	35.8	36.2	8.3	7.2
Medical devices	42.2	62.4	24.1	27.2	24.2	46.8	67.1	81.0	97.6	51.5	35.3	32.0	15.5	27.6	23.1
Domestic	44.7	64.4	20.0	41.7	36.0	45.4	53.5	71.9	93.4	58.7	42.5	31.9	13.6	18.2	18.5
Exports	36.4	57.7	34.6	-0.7	0.5	50.4	105.9	105.9	109.1	33.7	20.0	32.3	20.1	55.0	34.7
Cosmetics	28.7	70.1	48.5	61.1	18.1	0.3	48.6	57.5	54.7	108.1	65.2	54.1	58.6	45.8	38.5
Domestic	2.1	53.5	48.1	27.4	-14.4	-23.3	29.1	29.8	42.7	126.4	36.7	42.4	62.4	34.9	54.4
Exports	55.5	81.1	48.7	109.2	57.4	19.8	64.0	81.6	62.7	98.5	83.0	61.4	56.5	52.3	31.1
Other	41.7	-49.4	10.0	38.5	28.4	114.7	2.8	1.5	90.3	-92.7	-124.5	-18.9	-41.4	16.5	-268.1
Gross profit	**32.1**	**63.6**	**30.1**	**28.1**	**18.8**	**27.6**	**53.1**	**65.0**	**81.0**	**69.0**	**44.3**	**44.6**	**25.8**	**24.4**	**28.6**
Operating profit	**36.6**	**70.0**	**37.3**	**28.6**	**30.1**	**27.0**	**65.4**	**67.7**	**81.7**	**77.2**	**53.7**	**48.6**	**37.4**	**21.8**	**45.9**
Pre-tax profit	**15.0**	**90.5**	**40.6**	**1.9**	**63.1**	**-9.5**	**16.1**	**97.6**	**47.1**	**108.9**	**130.5**	**52.6**	**44.4**	**22.6**	**47.5**
Net profit (controlling)	**20.2**	**87.6**	**36.7**	**-2.6**	**87.6**	**-7.4**	**21.3**	**109.8**	**51.0**	**131.9**	**n/a**	**47.4**	**29.4**	**23.4**	**n/a**
Margins (%)															
Gross profit	**71.8**	**76.7**	**76.9**	**69.3**	**71.3**	**72.4**	**73.4**	**73.1**	**76.2**	**80.6**	**76.5**	**76.9**	**76.8**	**76.9**	**77.0**
Operating profit	**36.0**	**40.0**	**42.3**	**35.7**	**37.0**	**39.1**	**32.7**	**38.3**	**39.7**	**45.7**	**36.3**	**41.4**	**43.8**	**42.7**	**41.4**
Pre-tax profit	**33.1**	**41.2**	**44.6**	**31.1**	**45.7**	**34.8**	**22.9**	**39.3**	**39.7**	**47.9**	**38.1**	**43.6**	**45.9**	**45.0**	**43.9**
Net profit (controlling)	**26.3**	**32.2**	**34.0**	**23.1**	**37.8**	**27.7**	**18.1**	**30.9**	**33.7**	**42.3**	**n/a**	**33.2**	**34.9**	**34.2**	**33.4**

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**261**	**350**	**536**	**695**	**866**
Cost of goods sold	71	99	125	161	196
Gross profit	**190**	**251**	**411**	**535**	**670**
Gross margin (%)	72.9	71.8	76.7	76.9	77.4
SG&A expenses	98	125	197	240	300
Operating profit	**92**	**126**	**214**	**294**	**369**
Operating margin (%)	35.3	36.0	40.0	42.3	42.7
Non-operating gains (losses)	**8**	**-10**	**6**	**16**	**22**
Financial profit	18	25	22	17	23
Financial costs	6	41	15	1	1
Equity-method gains (losses)	1	6	0	0	0
Other	-4	-0	-1	0	-0
Pre-tax profit	**101**	**116**	**221**	**310**	**391**
Taxes	23	27	50	65	82
Effective tax rate (%)	23.3	23.2	22.8	21.0	21.0
Profit from continuing operations	77	89	171	245	309
Profit from discontinued operations	0	0	0	0	0
Net profit	**77**	**89**	**171**	**245**	**309**
Net margin (%)	29.6	25.4	31.8	35.3	35.7
Net profit (controlling interests)	77	92	173	236	298
Net profit (non-controlling interests)	1	-3	-2	9	11
EBITDA	104	140	230	308	382
EBITDA margin (%)	39.9	39.9	42.9	44.4	44.1
EPS (parent-based) (KRW)	7,481	8,608	14,860	20,412	25,731
EPS (consolidated) (KRW)	7,550	8,319	14,680	21,196	26,719
Adjusted EPS (KRW)*	7,481	8,608	14,860	20,412	25,731

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**256**	**555**	**783**	**1,053**	**1,387**
Cash & equivalents	67	165	225	361	546
Accounts receivable	31	38	53	68	85
Inventories	50	57	79	101	126
Other current assets	108	293	426	523	631
Fixed assets	**279**	**301**	**267**	**262**	**259**
Investment assets	103	88	45	54	64
Tangible assets	123	147	164	154	145
Intangible assets	32	33	33	29	26
Other long-term assets	21	32	25	25	25
Total assets	**535**	**856**	**1,050**	**1,315**	**1,647**
Current liabilities	**66**	**83**	**109**	**138**	**169**
Accounts payable	3	11	15	20	24
Short-term debt	0	0	0	0	0
Other current liabilities	63	71	94	118	145
Long-term liabilities	**7**	**203**	**210**	**213**	**216**
Bonds & long-term debt	0	1	0	0	0
Other long-term liabilities	7	202	210	212	215
Total liabilities	**73**	**286**	**320**	**351**	**385**
Owners of parent equity	**433**	**539**	**701**	**926**	**1,212**
Capital stock	5	5	5	5	5
Capital surplus	175	197	198	198	198
Retained earnings	261	343	500	724	1,010
Other	-8	-6	-2	-2	-2
Non-controlling interests' equity	**29**	**30**	**29**	**38**	**50**
Total equity	**462**	**569**	**730**	**964**	**1,262**
Net debt	-97	-197	-345	-573	-860

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**65**	**138**	**183**	**248**	**309**
Net profit	77	89	171	245	309
Non-cash profit and expenses	28	61	60	63	72
Depreciation	8	10	11	10	9
Amortization	4	4	4	4	3
Other	16	47	44	49	60
Changes in A/L from operating activities	-31	0	-6	-11	-13
Cash flow from investments	**-45**	**-226**	**-138**	**-95**	**-106**
Change in tangible assets	-12	-36	-22	0	0
Change in financial assets	8	-180	-95	-95	-106
Other	-40	-10	-21	0	-0
Cash flow from financing	**-26**	**183**	**-12**	**-9**	**-8**
Change in debt	-32	179	6	3	3
Change in equity	18	22	1	0	0
Dividends	-8	-10	-12	-11	-11
Other	-4	-9	-6	0	0
Change in cash	-6	98	59	136	185
Cash at beginning of year	73	67	165	225	361
Cash at end of year	67	165	225	361	546
Gross cash flow	**105**	**150**	**230**	**308**	**382**
Free cash flow	**53**	**102**	**160**	**248**	**309**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	34.0	34.1	53.0	29.8	24.5
Operating profit	40.0	36.6	70.0	37.3	25.5
Net profit	77.9	15.1	91.8	43.7	26.1
Adjusted EPS**	86.4	15.1	72.6	37.4	26.1
Per-share data (KRW)					
EPS (parent-based)	7,481	8,608	14,860	20,412	25,731
EPS (consolidated)	7,550	8,319	14,680	21,196	26,719
Adjusted EPS**	7,481	8,608	14,860	20,412	25,731
BVPS	42,459	46,640	60,623	80,046	104,789
DPS (common)	950	1,100	1,100	1,100	1,100
Valuations (x)					
P/E***	14.6	30.5	27.1	16.5	13.1
P/B***	2.6	5.6	6.6	4.2	3.2
EV/EBITDA	10.2	18.6	16.8	9.6	7.0
Ratios (%)					
ROE	19.7	18.9	27.8	29.0	27.8
ROA	15.2	12.8	17.9	20.7	20.9
ROIC	35.2	44.5	69.9	92.3	115.1
Payout ratio	12.7	12.4	6.6	4.8	3.8
Dividend yield (common)	0.9	0.4	0.3	0.3	0.3
Net debt to equity	-21.0	-34.6	-47.2	-59.4	-68.2
Interest coverage (x)	30.9	27.2	23.9	290.2	329.4

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

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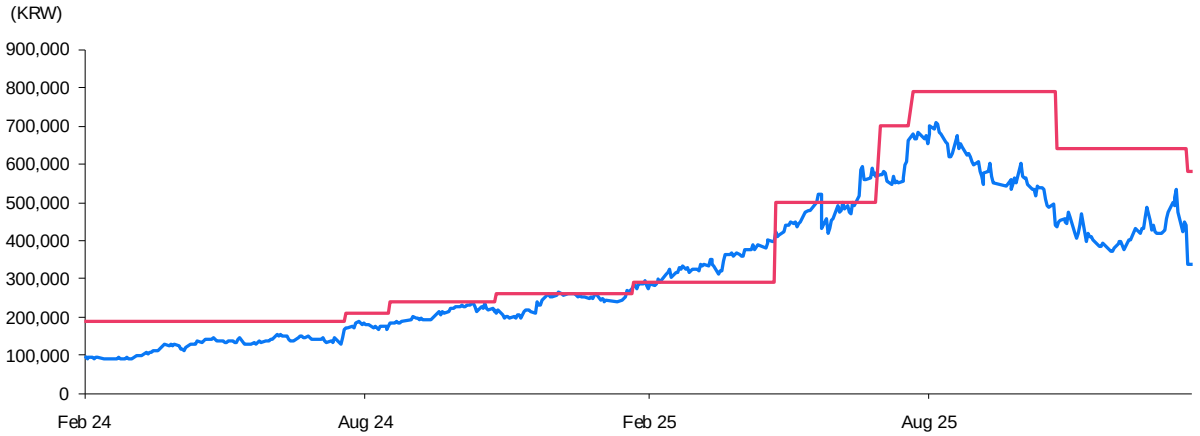
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/9/25	2024/8/8	9/6	11/14	2025/2/11	5/14	7/21	8/11	11/12	2026/2/5
Recommendation	BUY	BUY	BUY	BUY	HOLD	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	190000	210000	240000	260000	290000	500000	700000	790000	640000	580000
Gap* (average)	-37.31	-15.85	-11.50	-8.18	15.36	-2.42	-17.83	-24.23	-32.93	
(max or min)**	-12.16	-10.43	-1.88	5.19	38.45	18.80	-5.14	-10.00	-16.56	

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 2025.12.31

BUY(85.8%)·HOLD(14.2%)·SELL(0%)

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