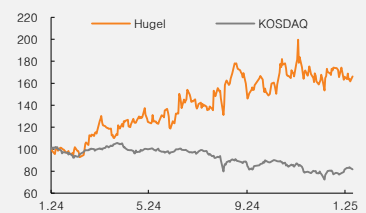


(Maintain)	Buy
Target price	W410,000
Current price (1/13/25)	W267,500
Upside	53.3%

OP (24F, Wbn)	167
Consensus OP (24F, Wbn)	171
EPS growth (24F, %)	39.3
Market EPS growth (24F, %)	70.1
P/E (24F, x)	26.8
Market P/E (24F, x)	10.5
KOSDAQ	708.21

Market cap (Wbn)	3,372
Shares (mn)	13
Free float (%)	42.6
Foreign ownership (%)	53.0
Beta (12M)	0.40
52-week low (W)	149,200
52-week high (W)	321,000

(%)	1M	6M	12M
Absolute	-2.4	18.6	68.7
Relative	-4.4	42.4	106.7



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Hugel

Letybo to hit the US market soon

4Q24 preview: Revenue of W101.1bn (+14% YoY) and OP of W47bn (+28% YoY)

For 4Q24, we expect Hugel to report revenue of W101.1bn (+13.7% YoY) and operating profit of W47bn (+27.9% YoY), falling short of consensus estimates (W107.7bn and W52bn, respectively) due to a decrease in US-bound botulinum toxin exports.

US-bound Letybo exports likely contracted QoQ (following initial shipments in 3Q24), but overall botulinum toxin revenue likely grew 13.5% YoY to W55.4bn, driven by growth in Asia (including China) and Europe. Following Letybo's actual launch in the US (expected in 1Q25), it will be important to monitor its ability to capture market share. We expect Hugel's export volume to increase as Letybo sales in the US expand.

We estimate filler revenue rose 11.2% YoY to W33.4bn. In 2Q24, domestic filler sales surged ahead of a 10% price hike in July, leading to weaker domestic filler revenue in 3Q24 (-18.9% YoY to W6.5bn). In 4Q24, however, we estimate domestic filler revenue picked up 5% YoY to W7.9bn on new customer acquisitions (via B2C marketing) and price hike effects.

Maintain Buy and TP of W410,000

We maintain our Buy rating and target price of W410,000 on Hugel. For 2025, we forecast revenue at W436.5bn (+16.1% YoY) and operating profit at W206.1bn (+23.6% YoY). We believe market share gains following the US launch of Letybo will be the key share price variable this year.

The stock is trading at a 12-month-forward P/E of 23.3x. With earnings likely to improve in 2025, valuation pressures should ease. In Oct. 2024, the US International Trade Commission (ITC) issued a final decision in favor of Hugel, denying Medytox's claims of botulinum toxin strain theft. However, Medytox has filed an appeal against the ruling; while this does not pose as significant a risk as the original lawsuit, it is somewhat disappointing that the issue has not been completely resolved. Meanwhile, Hugel is scheduled to participate in the JPMorgan Healthcare Conference on Jan. 16, where it is expected to provide an update on its geographical expansion efforts. As the event should serve as a key opportunity for the company to instill confidence in its US sales strategy ahead of the launch of Letybo, we view it as a more important factor than 4Q24 earnings.

(Dec.)	2022	2023	2024F	2025F	2026F
Revenue (Wbn)	282	320	376	437	509
OP (Wbn)	101	118	167	206	257
OP margin (%)	35.8	36.9	44.4	47.1	50.5
NP (Wbn)	57	93	129	140	185
EPS (W)	4,629	7,517	10,468	11,138	14,701
ROE (%)	7.3	12.1	16.2	15.3	17.2
P/E (x)	29.1	19.9	26.8	24.0	18.2
P/B (x)	1.9	2.0	3.2	2.7	2.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

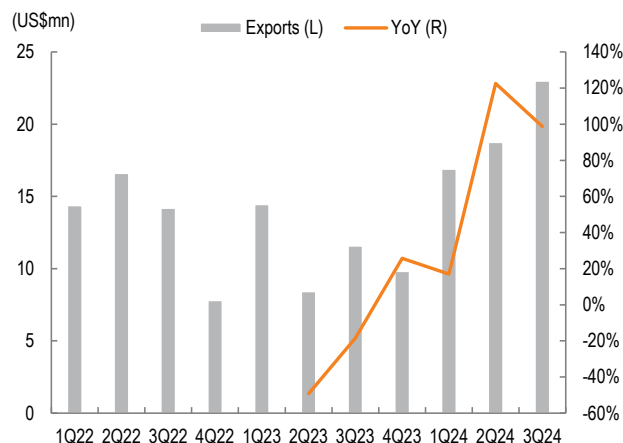
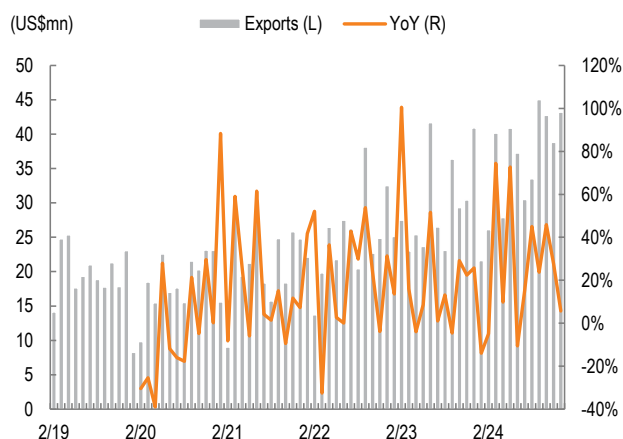
Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

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Figure 1. Korea's botulinum toxin exports

Figure 2. Korea's US-bound botulinum toxin exports



Source: Trass, Mirae Asset Securities Research

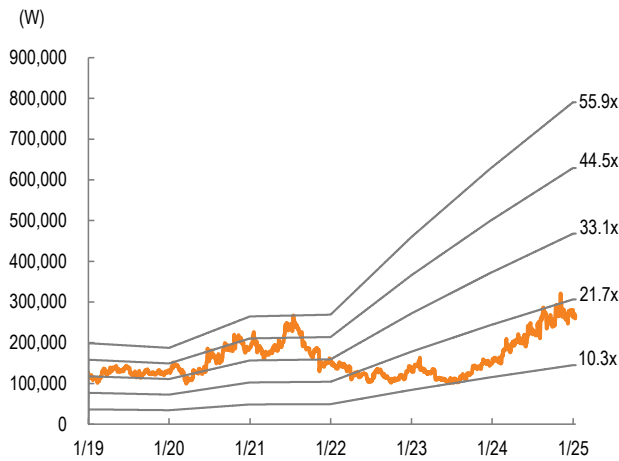
Source: Trass, Mirae Asset Securities Research

Table 1. Hugel: Quarterly/annual earnings and forecasts

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24F	2023	2024F	2025F
Revenue	64	82	85	89	74	95	105	101	320	376	437
YoY	4.4%	27.7%	20.0%	4.0%	15.4%	17.0%	23.9%	13.7%	13.5%	17.6%	16.1%
Botulinum toxin	31	43	46	49	34	51	65	55	169	205	241
YoY	-1.7%	17.4%	9.6%	-3.0%	10.6%	17.6%	40.9%	13.5%	5.2%	21.5%	17.3%
Fillers	26	30	31	30	29	37	30	33	118	129	143
YoY	10.2%	43.2%	40.0%	11.5%	11.9%	20.0%	-4.4%	11.2%	25.1%	9.5%	10.6%
Cosmetics	6.3	6.0	6.6	7.9	9.5	6.6	9.0	9.9	26.8	35.0	45.7
YoY	0.0%	28.6%	-31.3%	22.2%	30.0%	-27.8%	36.4%	25.0%	27.6%	30.5%	30.7%
OP	19	28	35	37	24	42	53	47	118	167	206
YoY	-24.9%	27.5%	39.5%	22.3%	29.5%	51.6%	54.5%	27.9%	16.2%	41.6%	23.6%
OP margin	28.7%	34.3%	40.7%	41.3%	32.2%	44.5%	50.8%	46.5%	36.8%	44.4%	47.2%

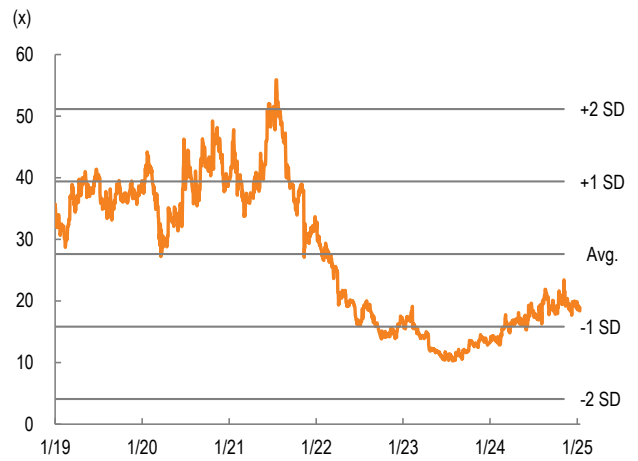
Source: Mirae Asset Securities Research estimates

Figure 3. Hugel: 12-month forward P/E band chart



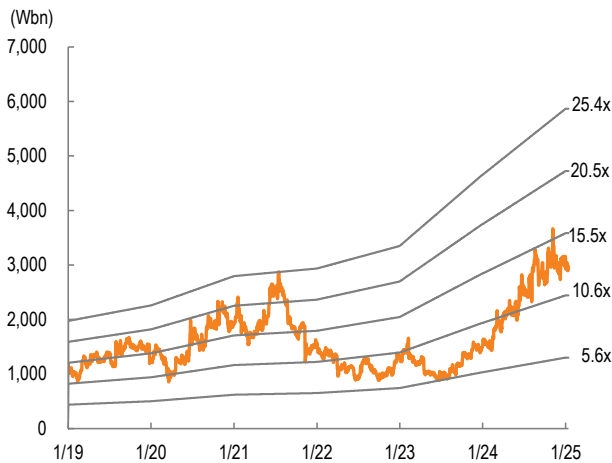
Source: Bloomberg, Mirae Asset Securities Research

Figure 4. Hugel: 12-month forward P/E ±2 SD



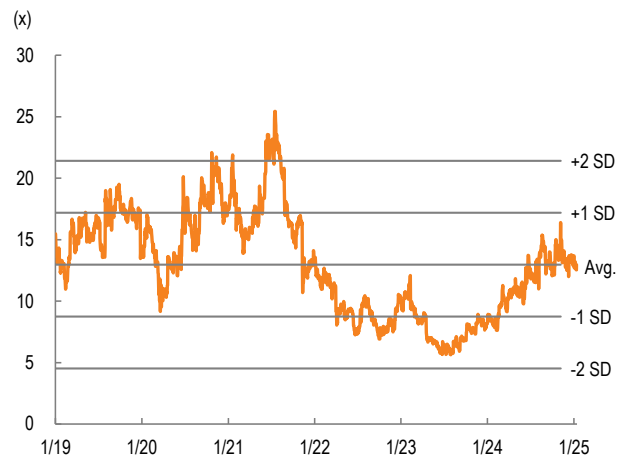
Source: Bloomberg, Mirae Asset Securities Research

Figure 5. Hugel: 12-month forward EV/EBITDA band chart



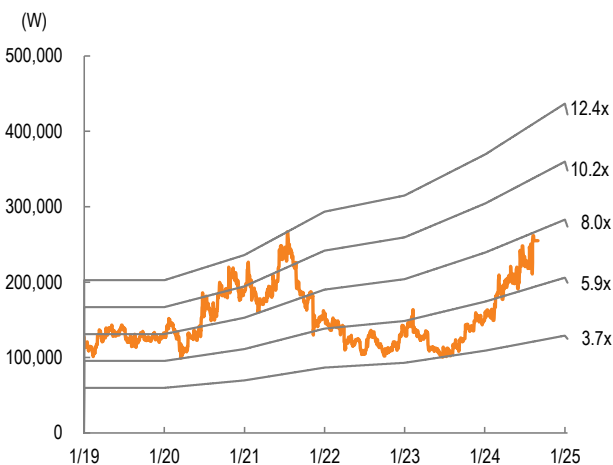
Source: Bloomberg, Mirae Asset Securities Research

Figure 6. Hugel: 12-month forward EV/EBITDA ±2 SD



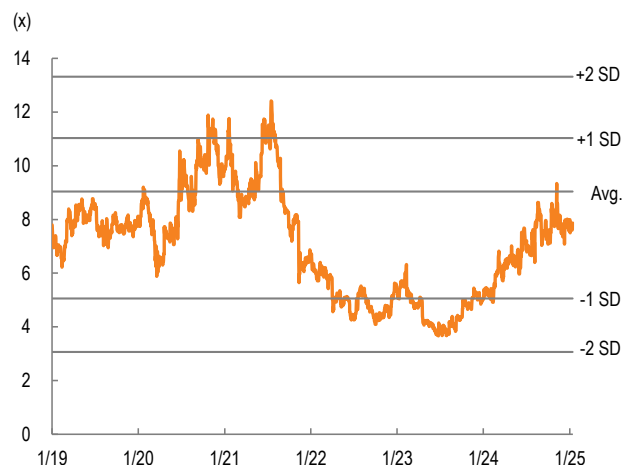
Source: Bloomberg, Mirae Asset Securities Research

Figure 7. Hugel: 12-month forward P/S band chart



Source: Bloomberg, Mirae Asset Securities Research

Figure 8. Hugel: 12-month forward P/S ± 2 SD



Source: Bloomberg, Mirae Asset Securities Research

Hugel (145020 KQ)

Income statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Revenue	320	376	437	509
Cost of revenue	74	87	102	120
GP	246	289	335	389
SG&A expenses	128	122	129	132
OP (adj.)	118	167	206	257
OP	118	167	206	257
Non-operating profit	15	8	-5	4
Net financial income	15	14	19	24
Net income from associates	0	0	0	0
Pretax profit	133	175	201	261
Income tax	36	38	54	68
Profit from continuing operations	98	137	147	193
Profit from discontinued operations	0	0	0	0
NP	98	137	147	193
Attributable to owners	93	129	140	185
Attributable to minority interests	5	7	6	8
Total comprehensive income	98	140	147	193
Attributable to owners	92	133	140	184
Attributable to minority interests	6	8	7	9
EBITDA	132	184	223	272
FCF	94	145	158	202
EBITDA margin (%)	41.3	48.9	51.0	53.4
OP margin (%)	36.9	44.4	47.1	50.5
Net margin (%)	29.1	34.3	32.0	36.3

Balance sheet (summarized)

(Wbn)	2023	2024F	2025F	2026F
Current assets	568	608	780	1,000
Cash & equivalents	106	82	176	297
AR & other receivables	45	51	58	68
Inventory	34	39	45	52
Other current assets	383	436	501	583
Non-current assets	361	379	363	349
Investments in associates	1	1	2	2
PP&E	135	146	136	127
Intangible assets	182	184	178	172
Total assets	929	986	1,143	1,349
Current liabilities	57	65	75	87
AP & other payables	13	15	17	20
Short-term financial liabilities	4	4	5	6
Other current liabilities	40	46	53	61
Non-current liabilities	92	38	38	39
Long-term financial liabilities	90	35	35	35
Other non-current liabilities	2	3	3	4
Total liabilities	150	103	113	126
Equity attributable to owners	748	846	987	1,172
Capital stock	6	7	7	7
Capital surplus	327	394	394	394
Retained earnings	936	1,066	1,206	1,391
Minority interests	32	37	43	51
Shareholders' equity	780	883	1,030	1,223

Cash flow statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Operating cash flow	118	155	158	202
NP	98	137	147	193
Non-cash income/expenses	43	49	52	58
Depreciation	9	11	10	9
Amortization	4	6	6	6
Other	30	32	36	43
Chg. in working capital	-2	1	-5	-6
Chg. in AR & other receivables	8	-6	-7	-10
Chg. in inventory	-8	-3	-6	-7
Chg. in AP & other payables	0	-2	0	1
Income tax	-37	-47	-54	-68
Cash flow from investing activities	43	-72	-64	-82
Chg. in PP&E	-24	-10	0	0
Chg. in intangible assets	8	-5	0	0
Chg. in financial assets	47	-51	-64	-82
Other	12	-6	0	0
Cash flow from financing activities	-187	-107	1	1
Chg. in financial liabilities	-27	-54	1	1
Chg. in equity	0	67	0	0
Dividends	0	0	0	0
Other	-160	-120	0	0
Chg. in cash	-26	-24	95	121
Beginning balance	132	106	82	176
Ending balance	106	82	176	297

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

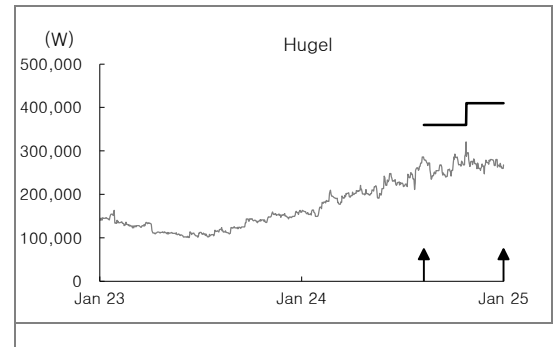
	2023	2024F	2025F	2026F
P/E (x)	19.9	26.8	24.0	18.2
P/CF (x)	13.2	18.7	17.0	13.4
P/B (x)	2.0	3.2	2.7	2.3
EV/EBITDA (x)	11.4	16.9	12.5	9.5
EPS (W)	7,517	10,468	11,138	14,701
CFPS (W)	11,354	15,008	15,758	19,974
BPS (W)	75,779	87,996	99,135	113,835
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	13.5	17.6	16.1	16.6
EBITDA growth (%)	14.1	39.5	21.2	22.1
OP growth (%)	16.2	41.6	23.6	24.7
EPS growth (%)	62.4	39.3	6.4	32.0
AR turnover (x)	6.6	8.0	8.1	8.2
Inventory turnover (x)	10.4	10.3	10.4	10.5
AP turnover (x)	19.0	27.7	28.3	28.7
ROA (%)	9.9	14.3	13.8	15.5
ROE (%)	12.1	16.2	15.3	17.2
ROIC (%)	25.1	34.3	41.2	53.5
Debt-to-equity ratio (%)	19.2	11.7	11.0	10.3
Current ratio (%)	988.7	931.0	1,040.3	1,144.1
Net debt-to-equity ratio (%)	-49.5	-53.3	-61.0	-67.8
Interest coverage ratio (x)	40.1	141.6	7,403.9	9,068.9

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Hugel (145020)	11/07/24	Buy	410,000
	08/22/24	Buy	360,000



Stock ratings

Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

* Our investment rating is a guide to the expected return of the stock over the next 12 months.

* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	84.62%	7.14%	8.24%	0%
Investment banking services	85.71%	0%	14.29%	0%

* Based on recommendations in the last 12-months (as of December 31, 2024)

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