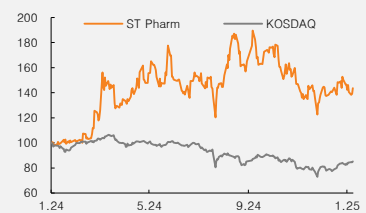


(Maintain)	Buy
Target price	W120,000
Current price (1/22/25)	W88,600
Upside	35.4%

OP (24F, Wbn)	27
Consensus OP (24F, Wbn)	29
EPS growth (24F, %)	99.3
Market EPS growth (24F, %)	69.1
P/E (24F, x)	42.8
Market P/E (24F, x)	10.8
KOSDAQ	732.31

Market cap (Wbn)	1,786
Shares (mn)	20
Free float (%)	60.8
Foreign ownership (%)	5.8
Beta (12M)	1.22
52-week low (W)	61,000
52-week high (W)	117,000

(%)	1M	6M	12M
Absolute	4.5	-0.6	45.2
Relative	-4.7	10.0	66.5



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ST Pharm

Meaningful order intake needed

4Q24 preview: Revenue of W121.1bn (+0.4% YoY) and OP of W21.8bn (+1.2% YoY)

For 4Q24, we expect ST Pharm to post revenue of W121.1bn (+0.4% YoY) and operating profit of W21.8bn (+1.2% YoY), missing the consensus estimates (W129bn and W26.3bn, respectively). The accounting change at the firm's contract research organization (CRO) subsidiary following IFRS adoption (i.e., shift to progress-based revenue recognition) likely had a limited impact.

We estimate oligonucleotide (oligo) CDMO revenue grew 6% YoY to W81.2bn, supported by revenue recognition for commercialized items (myelodysplastic syndrome and hyperlipidemia treatments). Revenue from a familial chylomicronemia syndrome treatment was also likely reflected following the drug's FDA approval in December. We are encouraged by the growing number of commercialized items.

Key events in 2025 include: 1) the anticipated FDA approval of a hereditary angioedema treatment (PDUFA date: Aug. 21); and 2) the expected commercialization of a mitochondrial deficiency syndrome treatment (2H25). Looking further ahead, the potential expansion of indications for an atherosclerosis treatment and Tryngolza (2026) and the potential approval of a hepatitis B treatment (2027) could provide momentum. Key products in the order pipeline are making smooth clinical progress, and the firm should secure orders for commercial production once they are approved.

Meaningful order intake needed

The stock is trading at a P/E of 42.8x, below its two-year average of 78.3x and significantly lower than its three-year average of 313.6x. In 2024, earnings were likely pressured by: 1) one-off losses stemming from accounting changes at the CRO subsidiary; and 2) lower-than-expected oligo CDMO revenue growth (estimated at +3.2% YoY; vs. previous forecast of +9-10% YoY). That said, we continue to expect revenue and profit growth to pick up over the medium/long term, considering the smooth clinical progress of key products in the firm's order pipeline.

Still, ST Pharm's disappointing order intake is a concern. The stock has corrected recently, as the US Biosecure Act is still pending in Congress (despite expectations that it would pass in 2024), and the firm has failed to secure meaningful new orders. That said, global novel drug developers are still searching for non-Chinese CMOs to prepare for the potential enactment of the Biosecure Act. Overall, however, we think the delay in the bill's passage is weakening expectations for ST Pharm's orders, underscoring the importance of securing new customers/products to restore order visibility.

(Dec.)	2022	2023	2024F	2025F	2026F
Revenue (Wbn)	249	285	279	325	386
OP (Wbn)	18	34	27	40	62
OP margin (%)	7.2	11.9	9.7	12.3	16.1
NP (Wbn)	18	20	40	34	49
EPS (W)	957	1,041	2,075	1,701	2,452
ROE (%)	5.4	5.4	9.1	6.6	9.0
P/E (x)	91.5	65.1	42.8	52.1	36.1
P/B (x)	4.9	3.3	3.5	3.4	3.1
Dividend yield (%)	0.6	0.7	0.6	0.6	0.6

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

Source: Company data, Mirae Asset Securities Research estimates

Table 1. 4Q24 preview

(Wbn, %, %p)

	4Q23	3Q24	4Q24F		Growth	
			Mirae Asset	Consensus	YoY	QoQ
Revenue	120.6	61.7	121.1	129.0	0.4	96.3
OP	21.5	6.1	21.8	26.3	1.3	257.6
OP margin	17.8	9.9	18	20.4	0.2	8.1
Pretax profit	13.4	14.9	21.8	33.8	62.7	46.3
Net profit	10.5	14.6	18.6	23.3	76.7	27.4

Source: Mirae Asset Securities Research

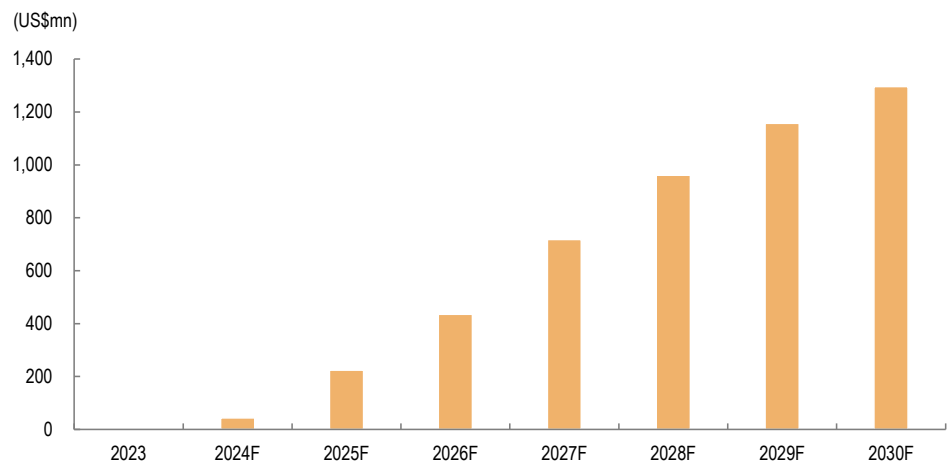
Table 2. Quarterly/annual earnings and forecasts

(Wbn, %)

		1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24F	2022	2023	2024F	2025F
Revenue		50.6	57.8	55.9	120.6	51.7	44.6	61.7	121.1	249.3	285	279.1	325.4
YoY		37.0%	13.0%	-8.0%	20.2%	2.1%	-22.8%	10.3%	0.4%	50.5%	14.3%	-2.1%	16.6%
New drug API CDMO	Small-molecule	1.7	8.6	0.9	10.5	4.4	1.6	8.8	11.6	13.2	21.7	26.4	31.5
	Oligo	26.4	29	37.6	76.6	34.5	23.8	35.6	81.2	146.8	169.6	175.1	210.1
	mRNA	8.7	0.1	0.5	0.1	0	0.3	0.8	0.4	7.6	9.4	1.5	1.6
OP		3.7	1.6	6.7	21.5	1.9	-3.1	6.1	21.8	17.9	33.5	26.7	40.2
YoY		591.2%	-54.5%	46.8%	133.0%	-49.3%	TTR	-8.6%	1.3%	220.1%	87.7%	-20.3%	50.3%
NP		2.9	1.2	3.4	10.1	5.4	0.9	13.7	25	17.5	17.5	45.1	42.1
YoY		34.6%	-64.1%	-66.2%	387.9%	87.8%	-25.4%	307.8%	148.7%	418.6%	0.0%	157.1%	-6.5%

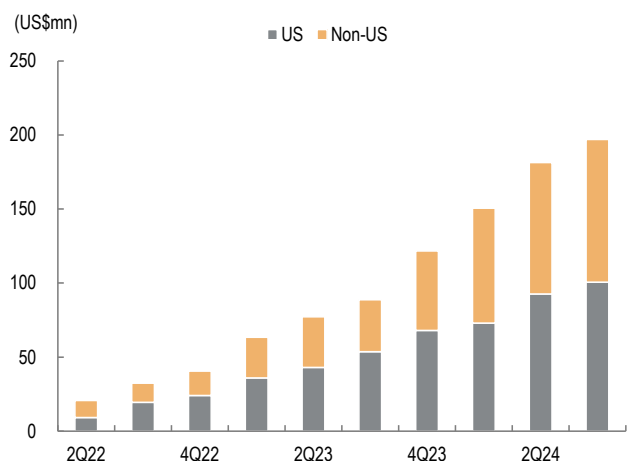
Source: Company data, Mirae Asset Securities Research

Figure 1. Rytelo revenue outlook



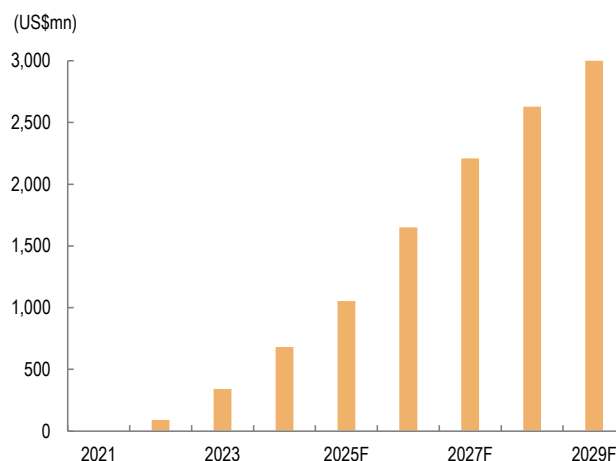
Source: Evaluate Pharma, Mirae Asset Securities Research

Figure 2. Leqvio revenue outlook (quarterly): US vs. non-US



Source: Novartis, Mirae Asset Securities Research

Figure 3. Leqvio revenue outlook (annual)



Source: GlobalData, Mirae Asset Securities Research

Table 3. Oligo order pipeline (partial)

Partner	Indication	Phase
Global pharma A	Hyperlipidemia	Commercialization
Global pharma B	Spinal muscular atrophy	Commercialization
Global biotech firm C	MDS/MF/AML	Commercialization
Global biotech firm D	Cardiovascular disease	FDA approval
Global biotech firm D	Hereditary angioedema	PDUFA date: 8/21
Global pharma A	Arteriosclerosis	Phase 3
Global pharma E	Chronic hepatitis B	Phase 3
Global biotech firm D	Thrombosis	Phase 2
Global pharma F	Chronic hepatitis B	Phase 2
Global pharma G	Macular degeneration	Phase 2
Global pharma G	Chronic hepatitis B	Phase 2

Source: Company data, Mirae Asset Securities Research

ST Pharm (237690 KQ)

Income statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Revenue	285	279	325	386
Cost of revenue	173	181	211	249
GP	112	98	114	137
SG&A expenses	79	71	74	75
OP (adj.)	34	27	40	62
OP	34	27	40	62
Non-operating profit	-11	18	0	0
Net financial income	-4	0	0	0
Net income from associates	0	0	0	0
Pretax profit	23	45	40	62
Income tax	6	8	8	15
Profit from continuing operations	18	37	32	46
Profit from discontinued operations	0	0	0	0
NP	18	37	32	46
Attributable to owners	20	40	34	49
Attributable to minority interests	-2	-3	-2	-3
Total comprehensive income	19	38	32	46
Attributable to owners	21	41	32	47
Attributable to minority interests	-2	-3	0	0
EBITDA	57	53	68	90
FCF	-42	-12	38	46
EBITDA margin (%)	20.0	19.0	20.9	23.3
OP margin (%)	11.9	9.7	12.3	16.1
Net margin (%)	7.0	14.3	10.5	12.7

Balance sheet (summarized)

(Wbn)	2023	2024F	2025F	2026F
Current assets	348	343	428	493
Cash & equivalents	50	57	115	143
AR & other receivables	121	122	135	152
Inventory	121	121	134	151
Other current assets	56	43	44	47
Non-current assets	327	338	310	282
Investments in associates	0	0	0	0
PP&E	277	300	273	246
Intangible assets	13	16	15	14
Total assets	675	681	738	775
Current liabilities	84	57	69	64
AP & other payables	32	18	20	24
Short-term financial liabilities	30	38	48	40
Other current liabilities	22	1	1	0
Non-current liabilities	205	119	142	148
Long-term financial liabilities	177	91	111	111
Other non-current liabilities	28	28	31	37
Total liabilities	289	176	211	212
Equity attributable to owners	385	506	530	569
Capital stock	9	10	10	10
Capital surplus	226	314	314	314
Retained earnings	136	167	191	230
Minority interests	2	-1	-3	-6
Shareholders' equity	387	505	527	563

Cash flow statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Operating cash flow	1	36	38	46
NP	18	37	32	46
Non-cash income/expenses	51	29	36	44
Depreciation	22	25	27	27
Amortization	1	1	1	1
Other	28	3	8	16
Chg. in working capital	-65	-21	-22	-29
Chg. in AR & other receivables	-26	-2	-13	-17
Chg. in inventory	-13	-3	-13	-17
Chg. in AP & other payables	0	1	2	4
Income tax	-2	-9	-8	-15
Cash flow from investing activities	-82	2	0	0
Chg. in PP&E	-43	-48	0	0
Chg. in intangible assets	0	0	0	0
Chg. in financial assets	-47	50	0	0
Other	8	0	0	0
Cash flow from financing activities	81	-30	20	-18
Chg. in financial liabilities	72	-78	30	-8
Chg. in equity	30	88	0	0
Dividends	-9	-9	-10	-10
Other	-12	-31	0	0
Chg. in cash	0	7	58	27
Beginning balance	50	50	57	115
Ending balance	50	57	115	143

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

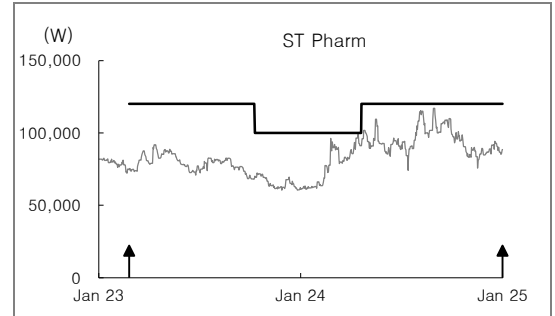
	2023	2024F	2025F	2026F
P/E (x)	65.1	42.8	52.1	36.1
P/CF (x)	18.7	26.1	26.1	19.9
P/B (x)	3.3	3.5	3.4	3.1
EV/EBITDA (x)	24.7	34.7	26.4	19.6
EPS (W)	1,041	2,075	1,701	2,452
CFPS (W)	3,626	3,409	3,390	4,460
BPS (W)	20,445	25,102	26,303	28,256
DPS (W)	500	500	500	500
Dividend payout ratio (%)	53.7	26.9	31.4	21.8
Dividend yield (%)	0.7	0.6	0.6	0.6
Revenue growth (%)	14.3	-2.1	16.6	18.6
EBITDA growth (%)	59.5	-6.5	29.3	31.6
OP growth (%)	87.7	-20.3	50.3	53.7
EPS growth (%)	8.8	99.3	-18.0	44.1
AR turnover (x)	2.7	2.3	2.6	2.7
Inventory turnover (x)	2.5	2.3	2.6	2.7
AP turnover (x)	9.7	10.1	11.0	11.3
ROA (%)	2.8	5.5	4.5	6.1
ROE (%)	5.4	9.1	6.6	9.0
ROIC (%)	5.4	4.0	5.7	8.2
Debt-to-equity ratio (%)	74.6	34.8	40.0	37.6
Current ratio (%)	416.0	605.0	623.9	771.1
Net debt-to-equity ratio (%)	30.2	9.1	3.4	-3.2
Interest coverage ratio (x)	5.5	0.0	0.0	0.0

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
ST Pharm (237690)	05/13/24	Buy	120,000
	11/02/23	Buy	100,000
	03/20/23	Buy	120,000



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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