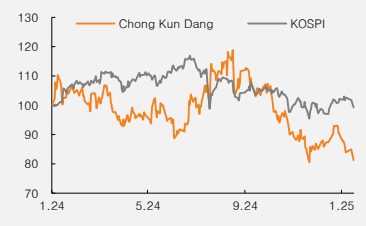


(Maintain)	Buy
Target price	▼ W130,000
Current price (2/3/25)	W82,800
Upside	57.0%

OP (24P, Wbn)	88
Consensus OP (24F, Wbn)	90
EPS growth (24P, %)	-48.7
Market EPS growth (24F, %)	68.6
P/E (24P, x)	11.5
Market P/E (24F, x)	10.5
KOSPI	2,453.95

Market cap (Wbn)	1,143
Shares (mn)	14
Free float (%)	56.3
Foreign ownership (%)	14.9
Beta (12M)	0.70
52-week low (W)	82,153
52-week high (W)	121,128

(%)	1M	6M	12M
Absolute	-7.6	-24.0	-20.8
Relative	-8.0	-17.1	-15.6



Mirae Asset Securities Co., Ltd.

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Chong Kun Dang

Focus on clinical trial plans for CKD-510

4Q24 review

For 4Q24, Chong Kun Dang announced preliminary standalone revenue of W412.4bn (-18% YoY; in line with the consensus) and operating profit of W7.8bn (-93% YoY; 17% below the consensus). Earnings were hurt by a tough comparison stemming from: 1) up-front payments in 4Q23 (for CKD-510); and 2) the end of the K-Cab sales partnership in 2024. The firm saw continued growth for Prolia (osteoporosis) and Atozet (hyperlipidemia) and robust growth for Godex and Fexuclue (newly introduced). That said, revenue growth from newly in-licensed products led to a decline in gross margin (31.3%; vs. 36.0% in 1Q24, 34.2% in 2Q24, and 31.0% in 3Q24), and increased R&D costs (including contract research expenses) dented OP margin (1.9%; vs 7.6% in 1Q24, 6.2% in 2Q24, and 6.2% in 3Q24).

2025 outlook

For 2025, we expect Chong Kun Dang to deliver standalone revenue of W1.72tr (+10% YoY) and operating profit of W88.3bn (flat YoY). We see top-line growth resuming, backed by key items (Prolia, Atozet, etc.) and the growth of newly in-licensed products (Godex, Fexuclue, etc.). We kept our revenue forecast unchanged but lowered our operating profit and EBITDA estimates by 25% and 12%, respectively, in light of higher R&D expenses and increased revenue from high-COGS in-licensed products.

Cut TP to W130,000 (from W160,000), but maintain Buy

In deriving our target price, we lowered our 12-month forward EBITDA estimate and applied a 20% discount to the average EV/EBITDA of top-tier peers, reflecting stalling profit growth.

While we revised down our earnings estimates and multiple, we keep our Buy recommendation. The stock is trading at a 2025F EV/EBITDA of 6x, the lowest level among top-tier domestic pharmaceutical firms, due to concerns about stagnant profit growth and the lack of disclosed development plans for CKD-510, a small-molecule histone deacetylase 6 (HDAC6) inhibitor licensed to Novartis. However, we note that stagnant earnings are already priced into shares, while the potential value of CKD-510 is not reflected. While partner Novartis has discontinued 40% of its early-stage (phase 1/2) projects over the past three years, it has not suspended the CKD-510 project; it appears that the firm is reviewing data in preparation for the start of clinical trials. The drug could have a huge total addressable market (cardiovascular diseases), and Novartis is expected to disclose its development plans in 1H25. As the drug's pipeline value comes into focus, Chong Kun Dang's valuation should recover.

(Dec.)	2022	2023	2024P	2025F	2026F
Revenue (Wbn)	1,472	1,650	1,559	1,712	1,832
OP (Wbn)	107	241	88	88	107
OP margin (%)	7.3	14.6	5.6	5.1	5.8
NP (Wbn)	83	209	107	86	111
EPS (W)	6,009	15,131	7,757	6,225	8,021
ROE (%)	14.1	29.3	12.5	9.2	10.8
P/E (x)	12.5	8.3	11.5	13.3	10.3
P/B (x)	1.6	2.0	1.3	1.1	1.0
Dividend yield (%)	1.2	0.8	1.1	1.2	1.2

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

Source: Company data, Mirae Asset Securities Research estimates

Table 1. Valuation table

(Wbn, x)

	Value	Notes
12MF EBITDA	122	
EV/EBITDA	11.7	20% discount to avg. of top six domestic pharmas
EV	1,435	
Total debt	131	2025F
Cash & equivalents	331	2025F
Net cash	200	2025F
Pipeline value	-	
CKD-510 (HDAC6 inhibitor)	-	
Fair value	1,635	
No. of shares ('000)	12,616	
Fair value/share (W)	129,588	
Current price (W)	82,800	
Upside	57%	

Source: Mirae Asset Securities Research

Table 2. Peer valuation table (consensus)

(Wbn, %, x)

Company	Market cap (Wtr)	Revenue		OP		OP margin		NP		ROE		P/E		P/B		EV/EBITDA		P/S	
		FY1	FY2	FY1	FY2	FY1	FY2	FY1	FY2	FY1	FY2	FY1	FY2	FY1	FY2	FY1	FY2	FY1	FY2
Yuhan	9.2	2,083	2,276	94	164	4.5	7.2	117	183	5.9	8.4	80.1	53.2	4.8	4.5	62.7	41.9	4.8	4.4
Hanmi	3.0	1,535	1,656	231	248	15.1	15.0	169	182	14.2	13.7	19.2	17.6	2.7	2.4	9.9	9.0	2.0	1.8
GC Biopharma	1.5	1,691	1,861	43	81	2.5	4.3	-14	36	-1.0	2.7	-	45.1	1.2	1.2	19.7	15.1	0.9	0.8
Daewoong	1.5	1,345	1,445	154	175	11.4	12.1	67	119	8.2	12.8	22.6	12.8	1.9	1.6	9.9	8.6	1.1	1.1
CKD	1.1	1,559	1,687	100	112	6.4	6.6	107	93	12.8	10.1	9.8	11.4	1.3	1.2	6.7	5.8	0.7	0.7
HK inno.N	1.0	908	995	91	109	10.1	11.0	63	79	-	-	15.6	12.3	-	-	9.8	7.9	1.1	1.0
Dong-A ST	0.4	653	712	28	34	4.3	4.7	17	23	2.2	2.9	30.2	23.4	0.7	0.7	11.0	10.9	0.7	0.6
Avg.						7.8	8.7			7.1	8.4	29.6	25.1	2.1	1.9	18.5	14.2	1.6	1.5

Source: FactSet, Mirae Asset Securities Research

Table 3. 4Q24 review

(Wbn, %, %p)

	4Q23	3Q24	4Q24P			Growth	
			Preliminary	Consensus	Diff.	YoY	QoQ
Revenue	501.5	408.5	412.4	406.4	1.5	-17.8	1.0
GP	230.8	126.7	129.2	124.6	3.7	-44.0	1.9
Gross margin	46.0	31.0	31.3	30.7	0.7	-14.7	0.3
OP	114.3	25.2	7.8	9.4	-17.0	-93.2	-69.1
OP margin	22.8	6.2	1.9	2.3	-0.4	-20.9	-4.3
NP	88.6	21.5	7.3	8.6	-15.4	-91.8	-66.0

Source: FnGuide, Mirae Asset Securities Research

Table 4. Earnings forecast revisions

(Wbn, %)

	Previous		Revised		Chg.	
	24F	25F	24P	25F	24P	25F
Revenue	1,558	1,683	1,559	1,712	0.1	1.7
OP	102	118	88	88	-13.9	-25.0
EBITDA	133	140	126	122	-5.4	-12.4
NP	118	112	107	86	-9.0	-23.3

Source: Mirae Asset Securities Research

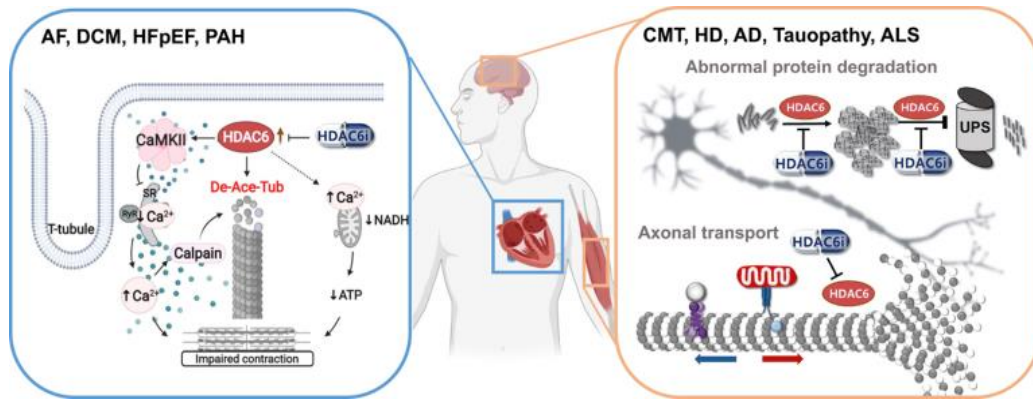
Table 5. Quarterly and annual earnings

(Wbn, %)

	1Q24	2Q24	3Q24	4Q24P	1Q25F	2Q25F	3Q25F	4Q25F	2022	2023	2024P	2025F
Revenue	354	385	409	412	403	426	440	442	1,472	1,650	1,559	1,712
YoY	-1.9	-1.7	3.1	-17.8	14.1	10.7	7.7	7.3	10.4	12.0	-5.5	9.8
Januvia (diabetes)	20	23	20	18	17	20	17	15	139	113	81	69
YoY	-33.7	-28.0	-30.2	-20.3	-15.0	-15.0	-15.0	-15.0	-9.9	-18.5	-28.5	-15.0
K-Cab (gastroesophageal)									122	138		
YoY									13.2	12.7		
Prolia (osteoporosis)	33	33	36	35	40	39	43	42	96	116	137	164
YoY	24.8	14.0	17.0	16.8	20.0	20.0	20.0	20.0	26.9	21.1	18.0	20.0
Gliatilin (cognitive disorders)	22	25	23	22	23	26	24	23	82	87	93	96
YoY	7.2	13.9	-1.3	6.4	3.0	3.0	3.0	3.0	10.5	6.3	6.4	3.0
Atozet (hyperlipidemia)	23	28	26	26	24	29	28	27	80	89	103	108
YoY	16.0	24.4	15.7	5.6	5.6	5.6	5.6	5.6	4.3	11.2	15.2	5.6
Dilatrend (hypertension)	19	18	16	14	22	21	18	16	53	60	67	77
YoY	38.5	22.7	-9.5	0.7	15.0	15.0	15.0	15.0	1.7	13.5	11.7	15.0
Godex (liver disease)	7	11	14	19	17	15	18	19			51	71
YoY					150.0	40.0	30.0	5.0			0.0	39.4
Fexuclue (GERD)		7	19	19	18	19	20	21			44	77
YoY					0.0	184.0	5.0	10.0			0.0	74.3
Exports	12	8	11	16	13	9	13	17	55	263	47	52
YoY	-12.2	-45.1	22.6	-93.1	10.0	10.0	10.0	10.0	7.9	382.0	-82.1	10.0
GP	127	132	127	129	127	134	138	139	535	652	515	538
YoY	-4.5	-7.1	-13.2	-44.0	-0.1	2.0	9.0	7.2	8.8	21.7	-21.0	4.5
Gross margin	36.0	34.2	31.0	31.3	31.5	31.5	31.4	31.3	36.4	39.5	33.0	31.4
OP	27	28	25	8	26	28	26	8	107	241	88	88
YoY	-11.0	-34.6	-52.5	-93.2	-2.0	-2.4	4.7	2.6	13.8	124.8	-63.4	0.2
OP margin	7.6	7.4	6.2	1.9	6.5	6.5	6.0	1.8	7.3	14.6	5.7	5.2
EBITDA	36	38	36	17	35	36	36	16	138	276	126	122
YoY	-6.5	-27.3	-42.6	-86.5	-4.0	-4.2	0.7	-4.7	15.9	99.8	-54.3	-2.8
EBITDA margin	10.2	9.8	8.7	4.0	8.6	8.5	8.1	3.6	9.4	16.7	8.1	7.1
NP	25	53	22	7	31	22	30	3	83	209	107	86
YoY	-28.1	27.2	-50.6	-91.8	25.1	-58.6	38.7	-63.2	110.4	151.8	-48.7	-19.7

Source: Company data, Mirae Asset Securities Research

Figure 1. HDAC6 inhibitor CKD-510: Mechanism of action



Source: Company materials, Mirae Asset Securities Research

Table 6. HDAC6 inhibitors: Global R&D pipeline (excl. cancer drugs)

Item	Company	Therapy area	Indications	Development stage
Ricolinostat	Regenacy Pharmaceuticals	Central nervous system	Diabetic neuropathic pain (DNP), distal symmetric polyneuropathy (DSPN)	Phase 2
		Genetic disorders	CMT type 2, polycystic kidney disease (PKD)	Phase 1
		Toxicology	Chemotherapy-induced peripheral neuropathy (CIPN)	Phase 1
CKD-510	Chong Kun Dang	Genetic disorders	CMT	Phase 1
EKZ-001	Eikonizo Therapeutics	Central nervous system	Alzheimer's disease (AD); amyotrophic lateral sclerosis (ALS)	Phase 1
TN-301	Tenaya Therapeutics	Cardiovascular	Diastolic heart failure (DHF)	Phase 1
ACY-1083	Bristol Myers Squibb	Toxicology	CIPN	Preclinical
		Genetic disorders	CMT type 2	Preclinical
		Central nervous system	MS	Preclinical
		Immunology	SLE	Preclinical
AGT-216	Augustine Therapeutics	Genetic disorders	CMT type 1a	Preclinical
		Toxicology	CIPN	Preclinical
AJ-302	Annji Pharmaceutical	Toxicology	CIPN	Preclinical
AJ-303	Annji Pharmaceutical	Respiratory	Idiopathic pulmonary fibrosis (IPF)	Preclinical
		Immunology	Systemic sclerosis (SS)	Preclinical
BLX-0209	Biolexis Therapeutics	Central nervous system	AD, ALS	Preclinical
MPT-0G211	ATP BioPharm	Central nervous system	RA	Preclinical
ORY-4001	Oryzon Genomics	Genetic disorders	AD	Preclinical

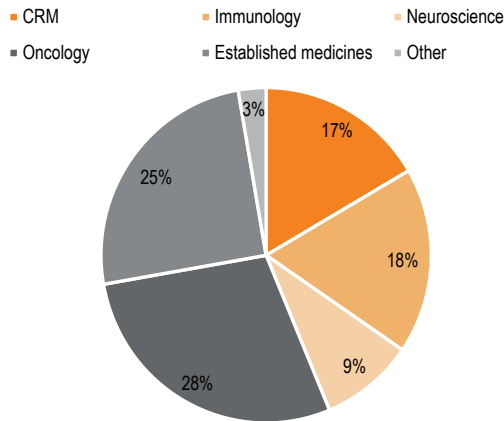
Source: GlobalData, Mirae Asset Securities Research

Figure 2. Novartis mentioned CRM partnership with Chong Kun Dang during 2025 JPM Healthcare Conference



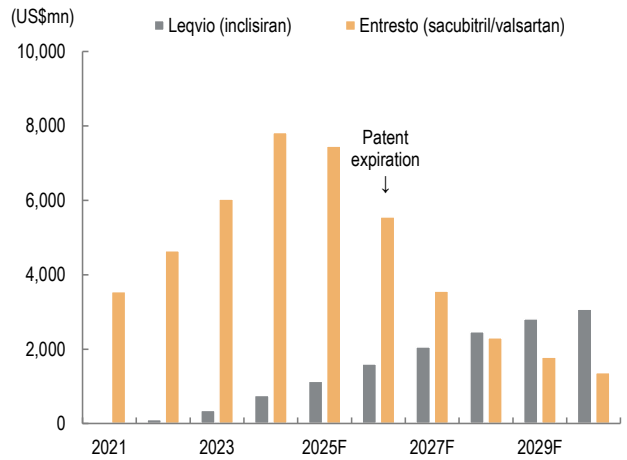
Source: Novartis, Mirae Asset Securities Research

Figure 3. Novartis: Revenue breakdown by division (2024)



Source: Bloomberg, Mirae Asset Securities Research

Figure 4. Novartis: Annual revenue outlook for CRM unit



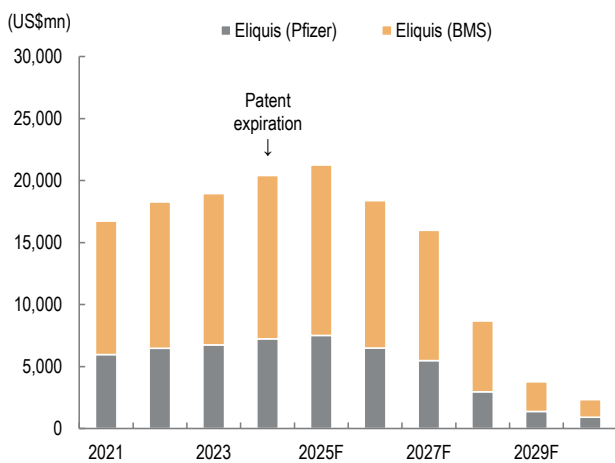
Source: Bloomberg, Mirae Asset Securities Research

Table 7. Novartis: Clinical-stage CRM pipeline

Item	Mechanism	Indication	Development stage
Zigakibart	Anti-APRIL	IgA nephropathy (IgA N)	Phase 3
Leqvio	siRNA	CVRR; primary-secondary prevention, hyperlipidemia	Phase 3
Fabhalta	CFB inhibitor	C3 glomerulopathy (C3G)	Phase 3
		Lupus nephritis (LN), ANCA-associated vasculitis	Phase 2
Pelacarsen	ASO targeting Lp(a)	Secondary prevention of cardiovascular events	Phase 3
TIN816	ATP modulator	Acute kidney injury (AKI)	Phase 2
DFV890	NLRP3 inhibitor	Cardiovascular risk reduction	Phase 1

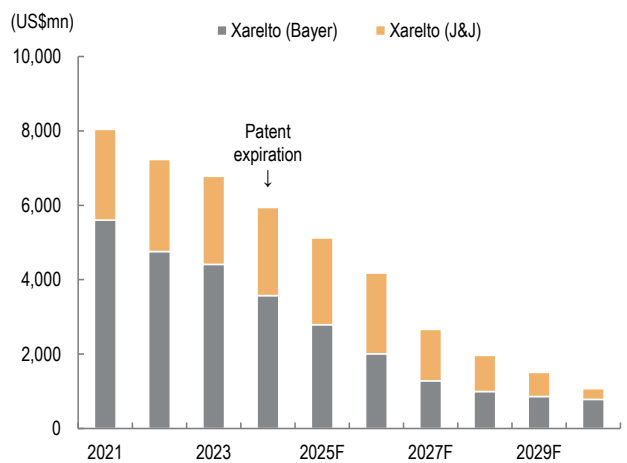
Source: Novartis, Mirae Asset Securities Research

Figure 5. Eliquis (atrial fibrillation NOAC) revenue



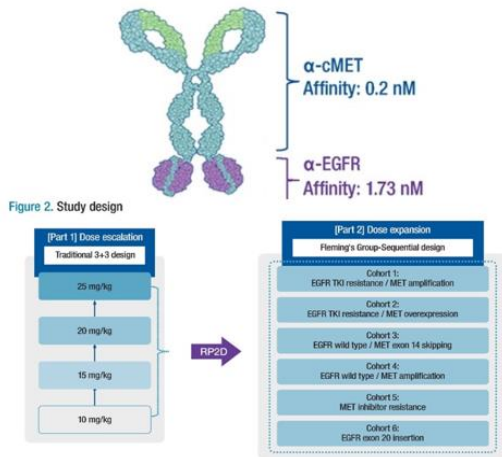
Source: Bloomberg, Mirae Asset Securities Research

Figure 6. Xarelto (atrial fibrillation NOAC) revenue



Source: Bloomberg, Mirae Asset Securities Research

Figure 7. CDK-702 phase 1 design



Source: ESMO 2022, Mirae Asset Securities Research

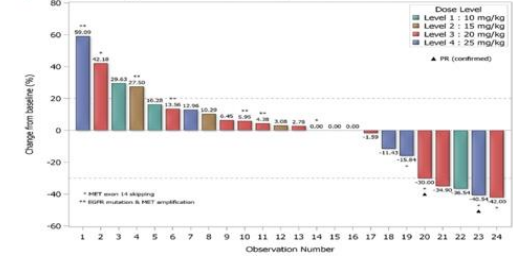
Figure 8. CKD-702 phase 1a data

Table 2. Adverse events summary

Adverse Events, n (%)	Total (n=24)
Treatment-Emergent Adverse Events (TEAEs)	24 (100)
Treatment-related AEs	24 (100)
Grade ≥ 3 TEAEs	10 (42)
Grade ≥3 Treatment-related AEs	6 (25)
Serious TEAEs	22 (92)
Treatment-related SAEs*	4 (17)
TEAE leading to death†	1 (4)
TEAEs leading to discontinuation‡	4 (17)

*One case each of generalised oedema, pyrexia, duodenal ulcer, and pneumonitis. †One case of pneumonitis (4%) which was considered treatment-related. ‡Two cases of rash (8%), and one each of pneumonitis (4%), and pneumonitis (4%); these correspond to treatment-related AEs (except 1 case of pneumonitis).

Figure 4. Best % change from baseline in sum of target lesion diameters



Source: ESMO 2022, Mirae Asset Securities Research

Chong Kun Dang (185750 KS)

Income statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Revenue	1,650	1,559	1,712	1,832
Cost of revenue	998	1,045	1,174	1,256
GP	652	514	538	576
SG&A expenses	411	427	450	469
OP (adj.)	241	88	88	107
OP	241	88	88	107
Non-operating profit	-4	7	3	6
Net financial income	-1	3	6	9
Net income from associates	0	0	0	0
Pretax profit	237	95	91	113
Income tax	28	-12	5	2
Profit from continuing operations	209	107	86	111
Profit from discontinued operations	0	0	0	0
NP	209	107	86	111
Attributable to owners	209	107	86	111
Attributable to minority interests	0	0	0	0
Total comprehensive income	208	107	86	111
Attributable to owners	208	107	86	111
Attributable to minority interests	0	0	0	0
EBITDA	276	126	122	139
FCF	268	160	98	131
EBITDA margin (%)	16.7	8.1	7.1	7.6
OP margin (%)	14.6	5.6	5.1	5.8
Net margin (%)	12.7	6.9	5.0	6.1

Cash flow statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Operating cash flow	309	162	105	131
NP	209	107	86	111
Non-cash income/expenses	86	24	36	28
Depreciation	32	34	31	32
Amortization	3	3	3	0
Other	51	-13	2	-4
Chg. in working capital	27	15	-19	-15
Chg. in AR & other receivables	-33	15	-25	-19
Chg. in inventory	-4	14	-24	-19
Chg. in AP & other payables	43	-10	17	13
Income tax	-12	12	-5	-2
Cash flow from investing activities	-171	-22	-24	-12
Chg. in PP&E	-40	-3	-7	0
Chg. in intangible assets	-28	-26	-2	0
Chg. in financial assets	-135	8	-14	-11
Other	32	-1	-1	-1
Cash flow from financing activities	-35	-93	-7	-18
Chg. in financial liabilities	-8	-80	5	-5
Chg. in equity	0	0	0	0
Dividends	-12	-13	-13	-13
Other	-15	0	1	0
Chg. in cash	102	47	71	99
Beginning balance	111	213	260	331
Ending balance	213	260	331	431

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet (summarized)

(Wbn)	2023	2024F	2025F	2026F
Current assets	931	935	1,072	1,223
Cash & equivalents	213	260	331	431
AR & other receivables	306	285	313	335
Inventory	258	244	267	286
Other current assets	154	146	161	171
Non-current assets	446	436	411	379
Investments in associates	0	0	0	0
PP&E	303	271	247	215
Intangible assets	52	75	73	73
Total assets	1,377	1,370	1,483	1,602
Current liabilities	494	396	431	450
AP & other payables	218	206	226	242
Short-term financial liabilities	171	91	96	92
Other current liabilities	105	99	109	116
Non-current liabilities	75	73	77	80
Long-term financial liabilities	35	35	35	35
Other non-current liabilities	40	38	42	45
Total liabilities	569	469	508	530
Equity attributable to owners	808	901	975	1,072
Capital stock	31	31	31	31
Capital surplus	263	263	263	263
Retained earnings	569	663	736	834
Minority interests	0	0	0	0
Shareholders' equity	808	901	975	1,072

Key valuation metrics/ratios

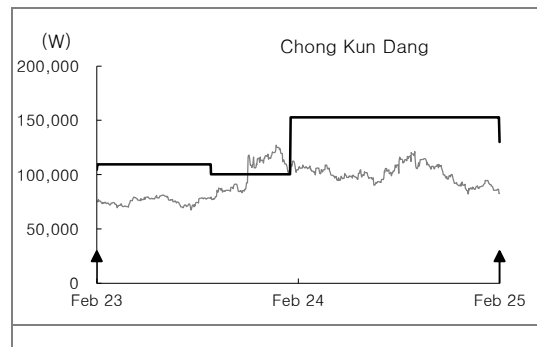
	2023	2024F	2025F	2026F
P/E (x)	8.3	11.5	13.3	10.3
P/CF (x)	5.8	9.4	9.3	8.2
P/B (x)	2.0	1.3	1.1	1.0
EV/EBITDA (x)	5.4	7.2	6.5	4.9
EPS (W)	15,131	7,757	6,225	8,021
CFPS (W)	21,394	9,500	8,865	10,062
BPS (W)	62,004	68,795	74,108	81,171
DPS (W)	1,002	1,002	1,002	1,002
Dividend payout ratio (%)	6.4	11.8	15.4	11.9
Dividend yield (%)	0.8	1.1	1.2	1.2
Revenue growth (%)	12.0	-5.5	9.8	7.0
EBITDA growth (%)	99.8	-54.3	-2.8	13.5
OP growth (%)	124.8	-63.4	0.2	20.8
EPS growth (%)	151.8	-48.7	-19.7	28.9
AR turnover (x)	6.5	6.0	6.5	6.4
Inventory turnover (x)	6.3	6.2	6.7	6.6
AP turnover (x)	6.1	5.9	6.5	6.4
ROA (%)	16.9	7.8	6.0	7.2
ROE (%)	29.3	12.5	9.2	10.8
ROIC (%)	34.1	16.5	14.2	18.2
Debt-to-equity ratio (%)	70.5	52.0	52.1	49.4
Current ratio (%)	188.5	235.9	248.5	271.7
Net debt-to-equity ratio (%)	-18.6	-30.2	-36.0	-43.4
Interest coverage ratio (x)	31.0	14.3	18.5	22.4

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
Chong Kun Dang (185750)	02/04/25	Buy	130,000
	01/22/25	One year	152,843
	01/22/24	Buy	152,843
	08/31/23	Buy	100,282
	02/06/23	Buy	109,399
	02/07/22	Buy	104,453



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)

Disclosures

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