MIRAE ASSET Securities

Equity Research
March 25, 2025

001630 KS · Pharma/Biotech

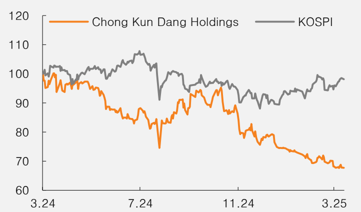
Chong Kun Dang Holdings

Rebound to hinge on improvement at CKD Healthcare

(Maintain)	**Trading Buy**
Target price	▼ **W50,000**
Current price (3/24/25)	W43,150
Upside	15.9%

OP (25F, Wbn)	43
Consensus OP (25F, Wbn)	26
EPS growth (25F, %)	-34.1
Market EPS growth (25F, %)	16.4
P/E (25F, x)	9.8
Market P/E (25F, x)	9.6
KOSPI	2,632.07
Market cap (Wbn)	216
Shares (mn)	5
Free float (%)	47.2
Foreign ownership (%)	4.5
Beta (12M)	0.49
52-week low (W)	43,100
52-week high (W)	63,800

(%)	1M	6M	12M
Absolute	-4.4	-27.8	-31.0
Relative	-4.0	-27.9	-27.9



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4Q24 review: Revenue of W227.1bn and OP of W6.9bn

For 4Q24, Chong Kun Dang Holdings (CKD Holdings) reported revenue of W227.1bn (+1.1% YoY) and operating profit of W6.9bn (+194.7% YoY), with strong sales and improved profitability at subsidiaries driving growth. Revenue growth was supported by: 1) higher sales of active pharmaceutical ingredients (APIs) and Maxigesic IV at Kyongbo Pharmaceutical; and 2) new probiotic product launches at CKD Healthcare. Operating profit expanded on improved profitability at Kyongbo Pharmaceutical (OP margin of 5%; +0.4%p YoY) and CKD Bio (which swung to a profit YoY). Meanwhile, despite increased revenue from new health supplements (e.g., Lacto-Fit Blood Sugar Care probiotics and vitamins), CKD Healthcare turned to an operating loss due to increased advertising/promotional expenses related to new product launches along with rising home shopping fees/commissions.

2025 growth drivers: Maxigesic IV (Kyongbo) and new products (CKD Healthcare)

For 2025, we look for revenue of W1.03tr (+8.1% YoY) and operating profit of W42.9bn (+21% YoY). We expect Kyongbo Pharmaceutical to continue top- and bottom-line growth on expanding Maxigesic IV revenue. In 2024, we estimate Maxigesic IV revenue reached W30bn in 2024, helping to lift the share of finished drug sales in Kyongbo Pharmaceutical's total revenue to 40.6% (vs. 33.8% in 2023) and contributing to OP margin improvement at the subsidiary (4.4% in 2024 vs. 2.5% in 2023). Additionally, Kyongbo Pharmaceutical plans to invest W85.5bn in a new antibody-drug conjugate (ADC) CDMO plant (targeting initial operation in Nov. 2026). At CKD Bio, revenue and operating profit are improving on increased exports of APIs and higher sales of probiotic cultures. In 2024, the subsidiary achieved profitability on a full-year basis for the first time in four years. Meanwhile, CKD Healthcare is seeking to tap into the Chinese market (in discussions to partner with the Chinese online platform Kuajing).

Maintain Trading Buy; lower TP to W50,000

We maintain our Trading Buy rating on CKD Holdings but lower our target price to W50,000 (from W70,000). The stock is currently trading at a P/E of 9.8x, below the average of top-tier domestic peers (12.9x). The stock has pulled back recently, affected by uncertainties over CKD Healthcare's earnings and the trading suspension of Kyongbo Pharmaceutical (Mar.-Dec. 2024). That said, we see positives ahead, with: 1) Kyongbo Pharmaceutical likely to continue solid growth on expanding Maxigesic IV revenue; and 2) CKD Bio likely to remain profitable and secure approval for its botulinum toxin product. However, in order for the stock to see a meaningful rebound, we believe CKD Healthcare will need to deliver both dietary supplement revenue growth and earnings improvements.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	880	958	1,035	1,107	1,204
OP (Wbn)	17	35	43	48	55
OP margin (%)	1.9	3.7	4.2	4.3	4.6
NP (Wbn)	47	34	22	29	33
EPS (W)	9,383	6,706	4,422	5,712	6,559
ROE (%)	8.6	5.8	3.7	4.7	5.2
P/E (x)	6.3	7.1	9.8	7.6	6.6
P/B (x)	0.5	0.4	0.4	0.3	0.3
Dividend yield (%)	2.4	2.9	3.2	3.2	3.2

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

Table 1. Valuation table (Wbn)

Listed	Market value	Stake	Value	Notes
Kyongbo Pharmaceutical	134	43%	58	Current market value
CKD Bio	113	39%	44	Current market value
Chong Kun Dang	1,111	25%	282	Current market value
Subtotal (A)			338	Discounted by 20%
Unlisted	**Book value**	**Stake**	**Value**	**Notes**
CKD Healthcare	2.6	51%	103	10x 2025F NP of W20.1bn
CKD Industries	26.6	58%	15	
Bell Communications	0.4	51%	0	
Bell E&C	0.7	42%	0	
Bell I&S	3.0	40%	1	
Other assets	4.0		4	As of end-Dec. 2024
Subtotal (B)			124	
Total investment assets (A + B)			431	
Net debt (C)			327	
Brand royalties (D)			149	
NAV (A + B - C + D)			253	
No. of shares ('000)			5,010	
NAV per share (W)			50,461	

Source: Mirae Asset Securities Research

Table 2. Earnings and forecasts (Wbn)

	1Q24	2Q24	3Q24	4Q24	1Q25F	2Q25F	3Q25F	4Q25F	2024	2025F	2026F
Revenue	250.0	248.4	232.2	227.1	281.2	259.1	244.1	250.5	957.8	1,034.9	1,107.5
YoY	*16.5%*	*14.2%*	*4.1%*	*1.1%*	*12.5%*	*4.3%*	*5.1%*	*10.3%*	*8.9%*	*8.1%*	*7.0%*
OP	12.5	8.6	7.5	6.9	12.8	12.5	12.6	5.1	35.5	42.9	47.7
YoY	*33.1%*	*420.3%*	*107.5%*	*194.7%*	*2.2%*	*45.7%*	*68.8%*	*-27.0%*	*108.7%*	*21.0%*	*11.1%*
OP margin	*5.0%*	*3.4%*	*3.2%*	*3.0%*	*4.5%*	*4.8%*	*5.2%*	*2.0%*	*3.7%*	*4.1%*	*4.3%*

Source: Company data, Mirae Asset Securities Research

Chong Kun Dang Holdings (001630 KS)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	**958**	**1,035**	**1,107**	**1,204**
Cost of revenue	**513**	**552**	**590**	**639**
GP	**445**	**483**	**517**	**565**
SG&A expenses	**409**	**440**	**470**	**509**
OP (adj.)	**35**	**43**	**48**	**55**
OP	**35**	**43**	**48**	**55**
Non-operating profit	**5**	**-19**	**-19**	**-17**
Net financial income	-19	-19	-18	-17
Net income from associates	22	0	0	0
Pretax profit	40	24	29	38
Income tax	0	-7	-11	-8
Profit from continuing operations	40	31	40	46
Profit from discontinued operations	0	0	0	0
NP	**40**	**31**	**40**	**46**
Attributable to owners	34	22	29	33
Attributable to minority interests	7	9	12	14
Total comprehensive income	**36**	**31**	**40**	**46**
Attributable to owners	31	24	31	35
Attributable to minority interests	5	8	10	11
EBITDA	79	81	81	85
FCF	3	47	65	54
EBITDA margin (%)	8.2	7.8	7.3	7.1
OP margin (%)	3.7	4.2	4.3	4.6
Net margin (%)	3.5	2.1	2.6	2.7

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	**439**	**481**	**541**	**565**
Cash & equivalents	29	31	76	61
AR & other receivables	128	141	146	159
Inventory	238	262	271	295
Other current assets	44	47	48	50
Non-current assets	**1,057**	**1,054**	**1,034**	**1,038**
Investments in associates	343	378	392	426
PP&E	484	449	419	392
Intangible assets	31	28	25	22
Total assets	**1,496**	**1,535**	**1,575**	**1,604**
Current liabilities	**503**	**516**	**521**	**507**
AP & other payables	99	110	113	123
Short-term financial liabilities	379	380	381	354
Other current liabilities	25	26	27	30
Non-current liabilities	**143**	**147**	**148**	**151**
Long-term financial liabilities	112	112	112	112
Other non-current liabilities	31	35	36	39
Total liabilities	**646**	**663**	**669**	**658**
Equity attributable to owners	**588**	**601**	**623**	**648**
Capital stock	13	13	13	13
Capital surplus	175	175	175	175
Retained earnings	427	442	464	490
Minority interests	**262**	**271**	**283**	**297**
Shareholders' equity	**850**	**872**	**906**	**945**

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	**24**	**47**	**65**	**54**
NP	40	31	40	46
Non-cash income/expenses	45	50	40	38
Depreciation	40	35	31	27
Amortization	4	4	3	3
Other	1	11	6	8
Chg. in working capital	-47	-23	-9	-22
Chg. in AR & other receivables	5	-13	-5	-12
Chg. in inventory	-43	-24	-9	-24
Chg. in AP & other payables	-6	6	2	6
Income tax	-3	7	11	8
Cash flow from investing activities	**-38**	**-2**	**-1**	**-1**
Chg. in PP&E	-21	0	0	0
Chg. in intangible assets	-3	0	0	0
Chg. in financial assets	10	-2	-1	-1
Other	-24	0	0	0
Cash flow from financing activities	**-4**	**-6**	**-6**	**-33**
Chg. in financial liabilities	13	1	0	-26
Chg. in equity	0	0	0	0
Dividends	-13	-7	-7	-7
Other	-4	0	1	0
Chg. in cash	**-16**	**2**	**45**	**-15**
Beginning balance	45	29	31	76
Ending balance	29	31	76	61

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

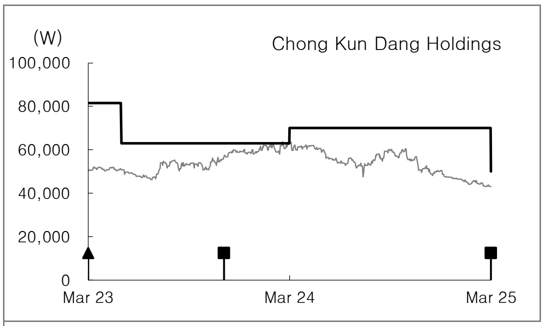
	2024	2025F	2026F	2027F
P/E (x)	7.1	9.8	7.6	6.6
P/CF (x)	2.8	2.7	2.7	2.6
P/B (x)	0.4	0.4	0.3	0.3
EV/EBITDA (x)	12.0	11.3	10.9	10.4
EPS (W)	6,706	4,422	5,712	6,559
CFPS (W)	17,072	16,151	16,135	16,828
BPS (W)	120,513	123,103	127,484	132,713
DPS (W)	1,400	1,400	1,400	1,400
Dividend payout ratio (%)	16.5	21.3	16.5	14.4
Dividend yield (%)	2.9	3.2	3.2	3.2
Revenue growth (%)	8.9	8.1	7.0	8.7
EBITDA growth (%)	26.6	3.1	-0.1	4.3
OP growth (%)	108.7	21.0	11.1	16.1
EPS growth (%)	-28.5	-34.1	29.2	14.8
AR turnover (x)	7.7	7.9	8.0	8.2
Inventory turnover (x)	4.4	4.1	4.2	4.3
AP turnover (x)	8.5	9.0	9.0	9.2
ROA (%)	2.7	2.1	2.6	2.9
ROE (%)	5.8	3.7	4.7	5.2
ROIC (%)	4.6	7.5	8.8	9.4
Debt-to-equity ratio (%)	76.0	76.0	73.9	69.6
Current ratio (%)	87.3	93.2	103.8	111.5
Net debt-to-equity ratio (%)	52.7	49.0	42.1	39.0
Interest coverage ratio (x)	1.7	2.1	2.3	2.8

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Chong Kun Dang Holdings (001630)	03/25/25	Trading Buy	50,000
	03/25/24	Trading Buy	70,000
	11/27/23	Trading Buy	63,000
	05/25/23	Buy	63,000
	11/08/15	One year	



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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