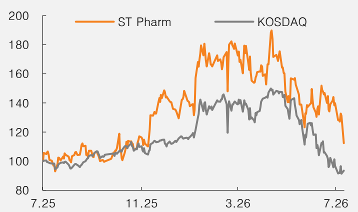
MIRAE ASSET Securities

Equity Research
July 28, 2026

(Maintain)	Buy
Target price	▼ W150,000
Current price (7/27/26)	W99,900
Upside	50.2%

OP (26F, Wbn)	76
Consensus OP (26F, Wbn)	80
EPS growth (26F, %)	24.5
Market EPS growth (26F, %)	260.0
P/E (26F, x)	29.7
Market P/E (26F, x)	6.9
KOSDAQ	764.86
Market cap (Wbn)	2,086
Shares (mn)	21
Free float (%)	62.1
Foreign ownership (%)	11.2
Beta (12M)	0.94
52-week low (W)	82,700
52-week high (W)	168,700

(%)	1M	6M	12M
Absolute	-14.9	-31.8	11.5
Relative	-5.3	-3.5	17.6



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237690 KQ · Pharma/Biotech

ST Pharm

2Q26 review: Unexpected one-off factor

2Q26 review: One-off factor leads to higher costs

For 2Q26, ST Pharm posted revenue of W108.5bn (+59.0% YoY) and operating profit of W18.3bn (+41.7% YoY). While revenue exceeded the consensus (W104.9bn), operating profit fell short of the consensus (W19.9bn) due to an increase in cost of sales. A specific product for which production had spanned multiple stages—from clinical trial materials through pre-PPQ and PPQ batches—was shipped during the quarter, triggering the one-time recognition of approximately W5.7bn of accumulated manufacturing costs. Excluding this one-off factor, operating profit would have reached W24bn, above the consensus.

Oligo CDMO revenue came in at W79.6bn, accounting for 73.4% of overall revenue and driving both top- and bottom-line growth. Commercial-stage oligo projects accounted for 62.4% of oligo CDMO revenue. Small-molecule CDMO revenue came in at W17.5bn, including W2bn from ADC linker sales. ST Pharm secured eight new orders in 1H26. As of end-June, the total order backlog stood at US$296mn, including US$230mn in oligo orders, 81% of which were for commercial-stage projects.

Maintain Buy; lower TP to W150,000

We maintain our Buy rating on ST Pharm but lower our target price to W150,000 (from W200,000), reflecting a downward revision to our 2026 operating profit estimate following the cost increase in 2Q26. For 2026, we now forecast revenue at W424.9bn (+28.1% YoY) and operating profit at W76.3bn (+38.8% YoY). However, with the medium/long-term earnings outlook remaining largely unchanged, we believe the share price decline following the 2Q26 consensus miss has been excessive.

In 2H26, multiple clinical data releases are expected from customers' development pipelines. FDA approvals for existing customers' products and subsequent sales growth could lead to additional order opportunities. We also expect gross margin to improve as the large-capacity line at the second oligo facility begins full-scale operations in 2H26.

ST Pharm is currently trading at 30x P/E, compared with its three-year historical average of 53x. Valuation concerns are easing as OP margin improves, and the fact that profit growth is outpacing revenue growth is also positive. Looking ahead, we continue to expect the overall RNA therapeutics market to expand on new drug approvals and indication expansions, supporting expectations for additional order wins.

(Dec.)	2024	2025	2026F	2027F	2028F
Revenue (Wbn)	274	332	425	505	602
OP (Wbn)	28	55	76	102	126
OP margin (%)	10.2	16.6	17.9	20.2	20.9
NP (Wbn)	35	55	70	87	111
EPS (W)	1,780	2,706	3,369	4,161	5,300
ROE (%)	7.8	10.0	11.2	12.3	14.0
P/E (x)	50.0	44.1	29.7	24.0	18.8
P/B (x)	3.6	4.2	3.1	2.8	2.5
Dividend yield (%)	0.6	0.4	0.5	0.5	0.5

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

Table 1. Quarterly/annual earnings and forecasts (Wbn)

		1Q25	2Q25	3Q25	4Q25	1Q26	2Q26P	3Q26F	4Q26F	2024	2025	2026F	2027F
Revenue		52.4	68.3	81.9	129.1	67.0	108.5	95.2	154.2	273.8	331.7	424.9	505.3
YoY		*1.4%*	*53.1%*	*32.7%*	*11.5%*	*27.7%*	*59.0%*	*16.3%*	*19.4%*	*-3.9%*	*21.2%*	*28.1%*	*18.9%*
New drug API CDMO	Small-molecule	1.1	6.7	0.1	18.4	4.7	17.5	9.1	22.1	25.7	26.3	53.4	56.0
	Oligo	37.5	43.5	68.6	88.0	40.0	79.6	72.0	110.0	176.1	237.6	301.6	377.0
OP		1.0	12.9	14.7	26.3	11.5	18.3	17.1	29.3	27.7	54.9	76.3	101.9
YoY		*-45.5%*	*TTB*	*141.6%*	*15.3%*	*1024.6%*	*41.7%*	*16.4%*	*11.5%*	*-17.4%*	*98.4%*	*38.8%*	*33.7%*

Source: Company data, Mirae Asset Securities Research

Table 2. 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	Commercialization
Global biotech firm D	Hereditary angioedema	Commercialization
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)	2025	2026F	2027F	2028F
Revenue	**332**	**425**	**505**	**602**
Cost of revenue	**195**	**260**	**305**	**349**
GP	**137**	**165**	**200**	**253**
SG&A expenses	**81**	**89**	**98**	**126**
OP (adj.)	**55**	**76**	**102**	**126**
OP	**55**	**76**	**102**	**126**
Non-operating profit	**4**	**6**	**0**	**0**
Net financial income	-1	0	0	0
Net income from associates	0	0	0	0
Pretax profit	59	82	102	126
Income tax	4	12	14	15
Profit from continuing operations	55	71	88	112
Profit from discontinued operations	0	0	0	0
NP	**55**	**71**	**88**	**112**
Attributable to owners	55	70	87	111
Attributable to minority interests	0	1	1	1
Total comprehensive income	**56**	**72**	**88**	**112**
Attributable to owners	56	71	87	111
Attributable to minority interests	0	0	0	1
EBITDA	85	109	132	154
FCF	-33	72	76	89
EBITDA margin (%)	25.6	25.6	26.1	25.6
OP margin (%)	16.6	17.9	20.2	20.9
Net margin (%)	16.6	16.5	17.2	18.4

Balance sheet (summarized)

(Wbn)	2025	2026F	2027F	2028F
Current assets	**373**	**491**	**622**	**780**
Cash & equivalents	31	155	223	304
AR & other receivables	98	117	140	166
Inventory	169	202	241	287
Other current assets	75	17	18	23
Non-current assets	**410**	**381**	**352**	**325**
Investments in associates	0	0	0	0
PP&E	357	333	304	278
Intangible assets	17	16	15	14
Total assets	**783**	**872**	**974**	**1,105**
Current liabilities	**165**	**177**	**197**	**221**
AP & other payables	31	37	44	53
Short-term financial liabilities	91	89	92	96
Other current liabilities	43	51	61	72
Non-current liabilities	**25**	**29**	**34**	**39**
Long-term financial liabilities	3	3	3	3
Other non-current liabilities	22	26	31	36
Total liabilities	**190**	**206**	**231**	**261**
Equity attributable to owners	**593**	**666**	**742**	**842**
Capital stock	10	10	10	10
Capital surplus	358	374	374	374
Retained earnings	204	264	340	441
Minority interests	**0**	**0**	**1**	**2**
Shareholders' equity	**593**	**666**	**743**	**844**

Cash flow statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Operating cash flow	**14**	**81**	**76**	**89**
NP	55	71	88	112
Non-cash income/expenses	48	47	44	42
Depreciation	28	32	29	26
Amortization	1	1	1	1
Other	19	14	14	15
Chg. in working capital	-79	-28	-42	-50
Chg. in AR & other receivables	-31	-18	-22	-26
Chg. in inventory	-53	-35	-38	-46
Chg. in AP & other payables	1	2	3	3
Income tax	-9	-9	-14	-15
Cash flow from investing activities	**-26**	**-25**	**-1**	**-1**
Chg. in PP&E	-47	-9	0	0
Chg. in intangible assets	0	0	0	0
Chg. in financial assets	22	-1	-1	-1
Other	-1	-15	0	0
Cash flow from financing activities	**-20**	**-16**	**-7**	**-7**
Chg. in financial liabilities	-41	-2	3	4
Chg. in equity	43	16	0	0
Dividends	-10	0	-10	-10
Other	-12	-30	0	-1
Chg. in cash	**-33**	**124**	**68**	**81**
Beginning balance	63	31	155	223
Ending balance	31	155	223	304

Key valuation metrics/ratios

	2025	2026F	2027F	2028F
P/E (x)	44.1	29.7	24.0	18.8
P/CF (x)	23.7	17.7	15.8	13.5
P/B (x)	4.2	3.1	2.8	2.5
EV/EBITDA (x)	29.8	18.5	14.8	12.2
EPS (W)	2,706	3,369	4,161	5,300
CFPS (W)	5,024	5,658	6,326	7,375
BPS (W)	28,666	31,884	35,545	40,345
DPS (W)	500	500	500	500
Dividend payout ratio (%)	19.1	14.7	11.9	9.3
Dividend yield (%)	0.4	0.5	0.5	0.5
Revenue growth (%)	21.2	28.1	18.9	19.1
EBITDA growth (%)	59.2	28.8	20.9	16.6
OP growth (%)	98.4	38.8	33.7	24.0
EPS growth (%)	52.0	24.5	23.5	27.4
AR turnover (x)	4.0	4.0	4.0	4.0
Inventory turnover (x)	2.2	2.3	2.3	2.3
AP turnover (x)	17.4	20.1	19.8	19.0
ROA (%)	7.3	8.6	9.5	10.7
ROE (%)	10.0	11.2	12.3	14.0
ROIC (%)	9.3	11.1	14.3	17.6
Debt-to-equity ratio (%)	32.0	31.0	31.1	30.9
Current ratio (%)	226.2	276.9	315.5	352.6
Net debt-to-equity ratio (%)	10.6	-9.5	-17.2	-24.3
Interest coverage ratio (x)	13.6	0.0	0.0	0.0

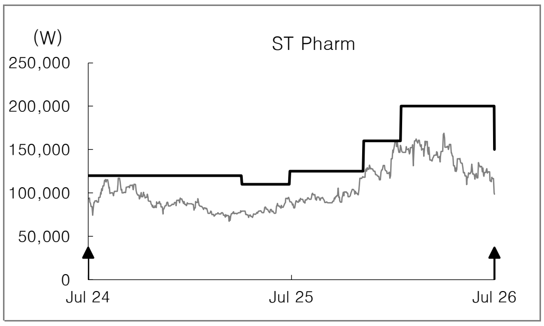
Source: Company data, Mirae Asset Securities Research estimates

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
ST Pharm (237690)	07/28/26	Buy	150,000
	02/10/26	Buy	200,000
	12/05/25	Buy	160,000
	07/25/25	Buy	125,000
	04/30/25	Buy	110,000
	05/13/24	Buy	120,000



Stock ratings		Sector ratings	
Buy	Expected 12-month return: +20% or greater	Overweight	Expected to outperform the market over 12 months
Hold	Expected 12-month return: Greater than -10% and less than +10%	Neutral	Expected to perform in line with the market over 12 months
Sell	Expected 12-month return: -10% or less	Underweight	Expected to underperform the market over 12 months

As of May 12, 2025, the Trading Buy rating category has been removed from our investment rating system.
Stocks expected to deliver a 12-month return between +10% and less than +20% may be rated either Buy or Hold at the discretion of the research analyst.

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	83.02%	0%	16.35%	0.63%
Investment banking services	86.67%	0%	13.33%	0%

* Based on recommendations in the last 12-months (as of June 30, 2026)

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