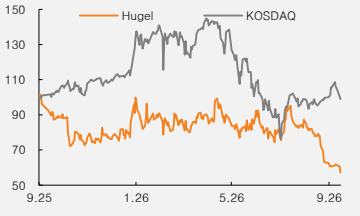
MIRAE ASSET Securities

Equity Research
October 14, 2026

(Maintain)	**Buy**
Target price	▼ **W280,000**
Current price (10/13/26)	W169,900
Upside	64.8%

OP (26F, Wbn)	174
Consensus OP (26F, Wbn)	194
EPS growth (26F, %)	-1.1
Market EPS growth (26F, %)	278.0
P/E (26F, x)	15.1
Market P/E (26F, x)	5.9
KOSDAQ	837.03
Market cap (Wbn)	2,126
Shares (mn)	13
Free float (%)	43.5
Foreign ownership (%)	56.9
Beta (12M)	0.55
52-week low (W)	169,900
52-week high (W)	296,500

(%)	1M	6M	12M
Absolute	-26.5	-33.6	-36.6
Relative	-27.9	-12.8	-34.8



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Hugel

3Q26 preview: Lowering near-term earnings expectations

US sales model transition likely weighed on 3Q26 performance

For 3Q26, we expect Hugel to post revenue of W100.9bn (-4.7% YoY) and operating profit of W21.1bn (-55.5% YoY). Operating profit likely declined sharply due to the impact of the company's sales model transition in the US.

The transition from its US distributor arrangement to a contract sales organization (CSO) model likely weighed on 3Q26 results through higher costs and a one-off revenue reversal associated with the buyback of distributor inventory. We expect this to result in negative reported US revenue. Gross margin also likely narrowed 6%p YoY due to a temporary gap in high-ASP US botulinum toxin sales. SG&A likely rose 47.3% YoY due to the full-quarter recognition of personnel costs at the US subsidiary and higher amortization expenses related to the CSO transition.

Domestic botulinum toxin revenue likely maintained solid growth (continuing the trend seen in 1H26), supported by a favorable base. CellREDM, an ECM-based skin booster developed by Hans Biomed, likely began contributing modestly to revenue in 3Q26. In China, botulinum toxin revenue likely declined QoQ following a surge in shipments in 2Q26, but 3Q26 shipments were likely in line with the average quarterly level in 2025. We believe Hugel's strategy centered on 50U vials has supported steady sales growth in China. In cosmetics, we estimate the overseas revenue contribution increased from 20% in 2025 to 25% in 1H26, driven by the expansion of overseas sales channels.

Meaningful operating leverage likely from mid-2027 onward

For 2026, we forecast revenue at W486.4bn (+14.4% YoY) and operating profit at W173.8bn (-13.5% YoY). We lower our target price on Hugel to W280,000 (from W350,000), reflecting a reduction in our 2026 EPS estimate (W11,219 vs. W12,153 previously) and a lower target P/E (25x vs. 28x previously). However, with our target price implying 64.8% upside potential, we reiterate our Buy rating.

Following the one-off revenue deduction associated with the inventory buyback in 3Q26, we expect earnings to improve QoQ in 4Q26. In the US, Hugel plans to operate both CSO and direct sales channels through mid-2027 before transitioning to a fully direct sales model. Ongoing salesforce expansion could weigh on profitability through 1H27, but revenue growth should generate meaningful operating leverage thereafter. While preparations for US direct sales require increased spending, we see potential for a share price recovery depending on the pace of US direct sales growth and the company's ability to achieve its target of a 10% US market share by 2028.

(Dec.)	2024	2025	2026F	2027F	2028F
Revenue (Wbn)	373	425	486	657	860
OP (Wbn)	166	201	174	272	378
OP margin (%)	44.5	47.3	35.8	41.4	44.0
NP (Wbn)	136	141	139	209	290
EPS (W)	10,985	11,348	11,219	16,697	23,145
ROE (%)	17.5	16.1	13.5	17.2	19.8
P/E (x)	25.5	20.3	15.1	10.2	7.3
P/B (x)	3.1	2.3	1.5	1.3	1.1
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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Table 1. 3Q26 preview (Wbn, %, %p)

	3Q25	2Q26	3Q26F		Growth	
			Mirae Asset Securities	Consensus	YoY	QoQ
Revenue	106	138	101	120	-4.7	-26.8
OP	47	56	21	42	-55.5	-62.4
OP margin (%)	44.8	40.6	20.9	34.7	-23.9	-19.7
Pretax profit	51	61	25	45	-50.8	-59.1
NP	37	43	18	33	-50.8	-58.2

Source: Mirae Asset Securities Research

Table 2. Quarterly/annual earnings and forecasts (Wbn)

	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26F	4Q26F	2025	2026F	2027F
Revenue	90	110	106	119	117	138	101	131	425	486	657
YoY	20.9%	13.1%	0.8%	21.4%	29.7%	25.1%	-4.7%	9.9%	14.0%	14.4%	35.1%
Botulinum toxin	41	61	60	72	65	84	47	74	234	271	419
YoY	18.8%	20.0%	-7.0%	34.6%	60.6%	37.3%	-21.3%	3.7%	15.0%	16.0%	54.7%
Fillers	34	34	30	31	32	34	34	35	130	135	153
YoY	17.7%	-6.5%	1.1%	-3.1%	-6.8%	-0.1%	10.6%	13.5%	1.7%	3.8%	13.8%
Cosmetics/other	15	15	16	17	19	20	20	22	62	81	85
YoY	36.1%	50.5%	47.6%	27.7%	29.9%	32.9%	30.0%	30.0%	39.6%	30.7%	5.0%
OP	39	56.7	47.4	57.8	47.6	56	21.1	49.1	200.9	173.8	272.4
YoY	62.6%	33.6%	-11.2%	24.5%	22.1%	-1.2%	-55.5%	-15.1%	20.8%	-13.5%	56.7%
OP margin	43.4%	51.4%	44.8%	48.5%	40.8%	40.6%	20.9%	37.5%	47.2%	35.7%	41.4%

Source: Company data, Mirae Asset Securities Research estimates

Hugel (145020 KQ)

Income statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Revenue	**425**	**486**	**657**	**860**
Cost of revenue	**92**	**119**	**164**	**206**
GP	**333**	**367**	**493**	**654**
SG&A expenses	**133**	**194**	**221**	**275**
OP (adj.)	**201**	**174**	**272**	**378**
OP	**201**	**174**	**272**	**378**
Non-operating profit	**-4**	**22**	**20**	**27**
Net financial income	12	16	20	26
Net income from associates	0	0	0	0
Pretax profit	197	196	292	405
Income tax	50	52	77	106
Profit from continuing operations	147	144	216	299
Profit from discontinued operations	0	0	0	0
NP	**147**	**144**	**216**	**299**
Attributable to owners	141	139	209	290
Attributable to minority interests	6	5	7	9
Total comprehensive income	**150**	**156**	**216**	**299**
Attributable to owners	144	152	209	290
Attributable to minority interests	6	4	6	9
EBITDA	221	194	291	395
FCF	137	150	195	279
EBITDA margin (%)	52.0	39.9	44.3	45.9
OP margin (%)	47.3	35.8	41.4	44.0
Net margin (%)	33.2	28.6	31.8	33.7

Balance sheet (summarized)

(Wbn)	2025	2026F	2027F	2028F
Current assets	**679**	**832**	**1,098**	**1,443**
Cash & equivalents	210	317	337	450
AR & other receivables	76	83	124	161
Inventory	56	61	91	119
Other current assets	337	371	546	713
Non-current assets	**397**	**419**	**406**	**395**
Investments in associates	6	6	9	12
PP&E	147	159	146	134
Intangible assets	191	199	194	189
Total assets	**1,077**	**1,251**	**1,504**	**1,838**
Current liabilities	**93**	**100**	**136**	**170**
AP & other payables	11	12	18	23
Short-term financial liabilities	29	30	32	33
Other current liabilities	53	58	86	114
Non-current liabilities	**4**	**4**	**6**	**7**
Long-term financial liabilities	1	1	1	1
Other non-current liabilities	3	3	5	6
Total liabilities	**97**	**105**	**142**	**177**
Equity attributable to owners	**950**	**1,112**	**1,321**	**1,610**
Capital stock	7	7	7	7
Capital surplus	437	437	437	437
Retained earnings	1,160	1,299	1,508	1,797
Minority interests	**30**	**34**	**41**	**51**
Shareholders' equity	**980**	**1,146**	**1,362**	**1,661**

Cash flow statement (summarized)

(Wbn)	2025	2026F	2027F	2028F
Operating cash flow	**150**	**176**	**195**	**279**
NP	147	144	216	299
Non-cash income/expenses	84	66	75	96
Depreciation	14	15	13	12
Amortization	6	5	5	5
Other	64	46	57	79
Chg. in working capital	-44	-2	-39	-37
Chg. in AR & other receivables	-23	-2	-40	-38
Chg. in inventory	-16	-1	-30	-28
Chg. in AP & other payables	2	-3	3	3
Income tax	-48	-48	-77	-106
Cash flow from investing activities	**-49**	**-63**	**-174**	**-165**
Chg. in PP&E	-13	-26	0	0
Chg. in intangible assets	-16	-5	0	0
Chg. in financial assets	-35	-33	-174	-165
Other	15	1	0	0
Cash flow from financing activities	**-22**	**-6**	**2**	**2**
Chg. in financial liabilities	-11	1	2	2
Chg. in equity	43	0	0	0
Dividends	0	0	0	0
Other	-54	-7	0	0
Chg. in cash	**80**	**107**	**20**	**113**
Beginning balance	130	210	317	337
Ending balance	210	317	337	450

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

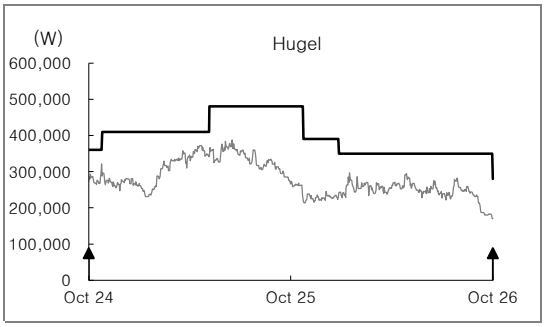
	2025	2026F	2027F	2028F
P/E (x)	20.3	15.1	10.2	7.3
P/CF (x)	12.4	10.0	7.3	5.4
P/B (x)	2.3	1.5	1.3	1.1
EV/EBITDA (x)	10.7	7.8	4.6	2.7
EPS (W)	11,348	11,219	16,697	23,145
CFPS (W)	18,633	16,930	23,253	31,568
BPS (W)	99,078	110,311	127,009	150,153
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	14.0	14.4	35.1	30.8
EBITDA growth (%)	21.7	-11.9	49.7	35.8
OP growth (%)	20.8	-13.4	56.7	38.9
EPS growth (%)	3.3	-1.1	48.8	38.6
AR turnover (x)	6.9	6.2	6.4	6.1
Inventory turnover (x)	8.6	8.3	8.6	8.2
AP turnover (x)	17.7	18.9	20.1	18.3
ROA (%)	14.6	12.3	15.7	17.9
ROE (%)	16.1	13.5	17.2	19.8
ROIC (%)	36.9	29.2	44.2	58.6
Debt-to-equity ratio (%)	9.9	9.1	10.4	10.7
Current ratio (%)	730.1	828.8	806.8	849.6
Net debt-to-equity ratio (%)	-51.4	-56.4	-61.4	-66.8
Interest coverage ratio (x)	177.7	323.2	554.1	730.9

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Hugel (145020)	10/14/26	Buy	280,000
	01/09/26	Buy	350,000
	11/06/25	Buy	390,000
	05/20/25	Buy	480,000
	11/07/24	Buy	410,000
	08/22/24	Buy	360,000



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	89.66%	0%	9.77%	0.57%
Investment banking services	92.86%	0%	7.14%	0%

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

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