KDB Daewoo Securities

Hanmi Pharmaceutical

(128940 KS)

Unlocking pipeline value

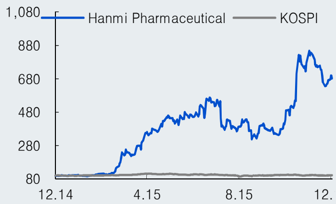
Healthcare

Company Report
December 24, 2015

(Maintain)	**Buy**
Target Price (12M, W)	**826,000**
Share Price (12/23/15, W)	682,000
Expected Return	21%

OP (15F, Wbn)	50
Consensus OP (15F, Wbn)	163
EPS Growth (15F, %)	-77.4
Market EPS Growth (15F, %)	22.6
P/E (15F, x)	858.2
Market P/E (15F, x)	11.6
KOSPI	1,999.22
Market Cap (Wbn)	6,977
Shares Outstanding (mn)	10
Free Float (%)	58.3
Foreign Ownership (%)	8.4
Beta (12M)	1.60
52-Week Low	96,300
52-Week High	847,000

(%)	1M	6M	12M
Absolute	-19.5	51.1	594.8
Relative	-19.3	57.2	573.9



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2015 was a breakout year

Hanmi Pharmaceutical signed a total of six out-licensing agreements covering five of its assets in 2015. The six deals are for 1) Poziotinib (breast cancer therapy) with Spectrum Pharmaceuticals, 2) HM71224 (BTK inhibitor for treating autoimmune diseases) with Eli Lilly, 3) HM61713 (EGFR inhibitor for treating lung cancer) with Boehringer Ingelheim; 4) Quantum Project (diabetes drug) with Sanofi, 5) HM12525A (diabetes and obesity treatment; LAPS-GLP/GCG) with Janssen, and 6) HM61713 with China's ZAI Lab.

Hanmi's deals with Sanofi, Janssen, Eli Lilly and Boehringer Ingelheim rank as Korea's top four largest out-licensing agreements in that order. In particular, the Sanofi deal represents the largest out-licensing deal ever by a Korean drug company.

Significant profit growth ahead in 2016

For 2016, we forecast consolidated revenue at W1.09tr (+15.0% YoY), operating profit at W128.2bn (+163.1% YoY), and net profit attributable to controlling interests at W74.5bn (+816.5% YoY). We estimate 2016 revenues at W841.6bn (+14.6% YoY) for Hanmi Pharmaceuticals (parent), W245.9bn (+17.0% YoY) for Beijing Hanmi, and W88.6bn (-3.2% YoY) for Hanmi Fine Chemical.

In our view, 2016 earnings will be ultimately determined by the amount of upfronts Hanmi recognizes for its Sanofi and Janssen deals. Given the substantial size of the upfront payments the company is receiving from the two drug makers, we assume the company will spread them over a five-year period, booking W137.2bn in 2016.

In our earnings estimates for 2016 and beyond, we did not reflect potential milestones for progress in global clinical trials of the 2015 out-licensed assets. Hence, if the company receives any milestone payments in 2016, earnings could grow faster than our expectations.

Present new TP of W826,000

We remain Buy on Hanmi Pharmaceutical and present a new target price of W826,000, which represents the sum of the company's operating value and its pipeline value. We included the BTK inhibitor, EGFR inhibitor, Quantum Project, and LAPS-GLP/GCG in our pipeline valuation. Our investment thesis is based on 1) progress in pipeline developments driving up the company's enterprise value, and 2) earnings improvements at Beijing Hanmi.

FY (Dec.)	12/12	12/13	12/14	12/15F	12/16F	12/17F
Revenue (Wbn)	674	730	761	948	1,090	1,157
OP (Wbn)	48	62	34	50	128	145
OP margin (%)	7.1	8.5	4.5	5.3	11.7	12.5
NP (Wbn)	23	44	36	8	75	80
EPS (W)	2,418	4,693	3,510	795	7,283	7,862
ROE (%)	6.5	11.4	7.6	1.5	13.0	12.4
P/E (x)	44.3	22.0	29.1	858.2	93.6	86.7
P/B (x)	2.8	2.4	2.0	13.0	11.4	10.1

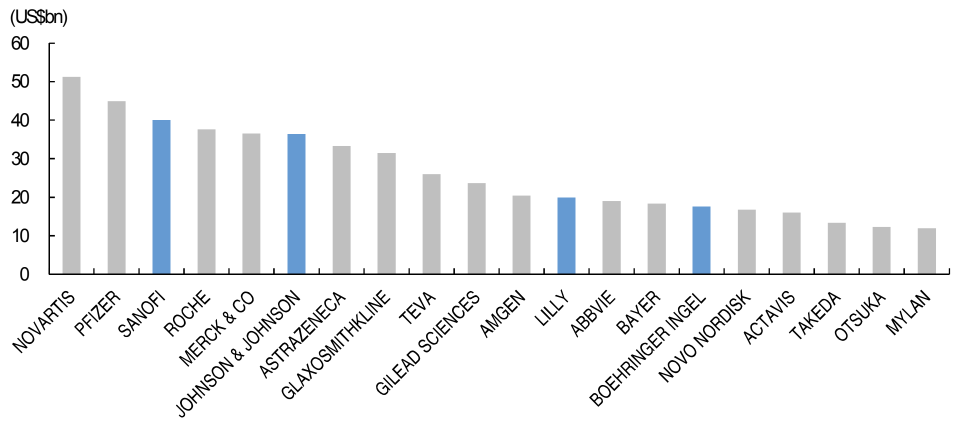
Notes: All figures are based on consolidated K-IFRS; NP refers to net profit attributable to controlling interests
Source: Company data, KDB Daewoo Securities Research estimates

Table 1. Hanmi Pharmaceutical's out-licensing deals in 2015

Licensee (nation)	Drug candidate	Notes
Spectrum Pharmaceuticals (US)	Poziotinib (Breast cancer)	- Out-licensing deal - Deal size not disclosed
Eli Lilly (US)	HM71224 (immunologic)	- Out-licensing deal - Total transaction size of US$730mn, including upfront of US$50mn
Boehringer Ingelheim (Germany)	HM61713 (lung cancer)	- Out-licensing deal - Total transaction size of US$690mn, including upfront of US$50mn
Sanofi (France)	Quantum project (diabetes)	- Out-licensing deal - Total transaction size of EUR3.9bn, including upfront of EUR400mn
Janssen (US)	HM12525A (diabetes/obesity)	- Out-licensing deal - Total transaction size of US$915mn, including upfront of US$ 105mn
ZAI Lab (China)	HM61713 (lung cancer)	- Out-licensing deal - Total transaction size of US$92mn, including upfront of US$ 7mn

Source: KDB Daewoo Securities Research

Figure 1. Top 20 global pharmaceuticals companies by revenue



Notes: Based on 2014 pharmaceutical sales (ETC+OTC); Janssen is a subsidiary of Johnson & Johnson
Source: IMS Health, KDB Daewoo Securities Research

Table 2. Hanmi Pharmaceutical's pipelines

Type			Indications	Development	Other
Biologics	LAPS Insulin Combo	LAPS Insulin Combo	Diabetes & obesity	Ready for IND submission	Quantum Project
	HM12470	LAPS Insulin 115	Diabetes	Phase 1	Quantum Project
	HM12525A	LAPS GLP/GCG	Diabetes & obesity	Phase 1	
	Efpeglenatide	LAPS CA-Exd4	Diabetes & obesity	Phase 2	Quantum Project
	HM10560A	LAPS rhGH	Growth hormone	Phase 2	
	Eflapegrastim	LAPS GCSF	Neutropenia	Phase 3	
Chemicals	HM71224	BTK inhibitor	Rheumatoid arthritis	Phase 1	
	HM95573	RAF inhibitor	Solid tumor	Phase 1	
	KX2-391	src/tubulin inhibitor	Solid tumor	Phase 1	
	Oratecan	Oral anticancer drug	Solid tumor	Phase 1	
	Poziotinib	pan-Her inhibitor	Lung cancer	Phase 2	
	Oraxol	Oral anticancer drug	Gastric cancer	Phase 2	
	HM61713	EGFR mutant selective	Lung cancer	Phase 2	
	Luminate	Cell adhesion inhibitor	Retina disease	Phase 2	
IMD/FDCs	HCP1405		Osteoporosis	Phase 1	
	HGP1207		Pulmonary hypertension	Phase 3	
	HCP1302		Hypertension/erectile dysfunction	Phase 3	
	HCP1105		Hypertension/dyslipidemia	Phase 3	
	HCP1305		Hypercholesterinemia	Phase 3	
	HCP1401		Hypertension	Phase 3	
	HCP1303		Prostatism/erectile dysfunction	Phase 3	
	HCP1402		Prostatism/one-component	Phase 3	

Source: Company data, KDB Daewoo Securities Research

Table 3. Summary of out-licensing deal for HM71224

	Details
Type of agreement	- Out-licensing
Licensee	- Eli Lilly and Company (US)
Drug	- A novel oral Bruton's Tyrosine Kinase (BTK) inhibitor to treat B-Cell associated autoimmune diseases
Agreement details	- Agreement gives Boehringer Ingelheim exclusive rights to the development, approval, production, and commercialization of HM71224 across the globe, excluding Korea, China, and Hong Kong. - Hanmi will receive an upfront payment of US$50mn and is entitled to potential milestone payments of US$640mn
Other major details that could affect investment decision	- Agreement should take effect immediately after clearance under the Hart-Scott-Rodino Antitrust Improvements Act - Hanmi is also entitled to royalties on future sales in addition to the aforementioned payments

Source: Company data, KDB Daewoo Securities Research

Table 4. Summary of out-licensing deal for HM61713

	Details
Type of agreement	- Out-licensing
Licensee	- Boehringer Ingelheim (Germany)
Drug	- HM61713, a targeted therapy for the treatment of EGFR mutation-positive lung cancer
Agreement details	- Agreement gives Boehringer Ingelheim exclusive rights to the development, approval, production, and commercialization of HM61713 across the globe, excluding Korea, China, and Hong Kong. - Hanmi will receive an upfront payment of US$50mn and is entitled to potential milestone payments of US$680mn.
Date of signing	July 28, 2015
BOD resolution	July 28, 2015
Other major details that could affect investment decision	- Agreement should take effect immediately after clearance under the Hart-Scott-Rodino Antitrust Improvements Act - Hanmi is also entitled to royalties on future sales in addition to the aforementioned payments

Source: Dart, KDB Daewoo Securities Research

Table 5. Summary of out-licensing deal for Quantum Project

	Details
Type of agreement	- Out-licensing
Licensee	- Sanofi
Drug	- Long-lasting new diabetes drug pipelines based on Hanmi's LAPSCOVERY platform technology
Agreement details	- Sanofi secures exclusive global rights to the Quantum Project, which consists of efpeglenatide (a long-acting GLP-1 analog), LAPS-Insulin115 (a once-weekly insulin), LAPS-Insulin Combo (a combination of efpeglenatide and LAPS-Insulin115) - Hanmi retains the rights to co-commercialize the products in Korea and China - Hanmi is entitled to an upfront payment of EUR400mn and EUR 3.5bn in milestone payments
Date of signing	November 5, 2015
BOD resolution	November 5, 2015
Other major details that could affect investment decision	- Agreement should take effect immediately after clearance under the Hart-Scott-Rodino Antitrust Improvements Act - Hanmi is also entitled to royalties on future sales in addition to the aforementioned payments

Source: Dart, KDB Daewoo Securities Research

Table 6. Summary of out-licensing deal for HM12525A

	Details
Contract	- Technology out-licensing
Licensee	- Janssen, US
Technology	- Long-acting biologics for obesity and diabetes based on the Company's LAPSCOVERY platform
Terms of contract	- Janssen will have an exclusive right to distribute HM12525A (oxyntomodulin-based therapies for diabetes and obesity) globally, excluding in Korean and China. - Hanmi will receive an upfront payment of US$105mn (W120bn), plus milestone of up to US$810mn
Date of contract	November 6, 2015
Date of BOD resolution	November 6, 2015
Other major details that could affect investment decision	- Agreement should take effect immediately after clearance under the Hart-Scott-Rodino Antitrust Improvements Act - Hanmi is also entitled to royalties on future sales in addition to the aforementioned payments

Source: Dart, KDB Daewoo Securities Research

Table 7. Summary of out-licensing deal for HM61713

	Details
Type of agreement	- Out-licensing
Licensee	- ZAI Lab (China)
Drug	- HM61713, a targeted therapy for the treatment of EGFR mutation positive lung cancer
Agreement detail	- Under the agreement, ZAI Lab has the exclusive rights for the development, approval, production, and commercialization of HM61713 in China (including Hong Kong and Macao)
	- Hanmi will receive an upfront payment of US$7mn and is entitled to potential milestone payments of US$85mn.
Date of signing	November 20, 2015
BOD resolution	November 20, 2015
Other major details that could affect investment decision	- Hanmi is also entitled to tiered royalties on future sales in addition to the aforementioned payments.

Source: Dart, KDB Daewoo Securities Research

Table 8. Major out-licensing deals in Korea

Rank	Date	Company	Licensee (Nation)	Asset	Contract
1	11/15	Hanmi Pharma	Sanofi (France)	Quantum Project (diabetes)	Total transaction size of EUR3.9bn, including upfront of EUR400mn
2	11/15	Hanmi Pharma	Janssen (US)	HM12525A (diabetes/obesity)	Total transaction size of US$915mn, including upfront of US$ 105mn
3	03/15	Hanmi Pharma	Eli Lilly (US)	HM71224 (immunologic)	Total transaction size of US$730mn, including upfront of US$50mn
4	07/15	Hanmi Pharma	Boehringer Ingelheim (Germany)	HM61713 (lung cancer)	Total transaction size of US$690mn, including upfront of US$50mn
5	06/07	Dongwha Pharma	P&G Pharmaceuticals (US)	Osteoporosis	Total transaction size of US$511mn, including upfront and milestones
6	09/13	Medytox	Allergan (US)	Neurotoxin candidates	Upfront of US$65mn and milestones of US$362mn
7	01/10	Medifron	Roche (Switzerland)	RAGE antagonist (Alzheimer's)	Milestones of US$290mn
8	11/07	LGLS	Gilead (US)	Caspase inhibitor (liver disease)	Total transaction size of US$200mn
9	03/06	Green Cross	BIRD Projekt (Germany)	Osteoporosis	Total transaction size of EUR130mn
10	02/04	Pacific Pharm	Schwarz (Germany)	Vanilloid receptor (pain)	Total milestones of EUR107.5mn
11	10/00	Yuhan	SKB (UK)	YH1885	Total milestones of US$100mn
12	08	Dongwha Pharma	Teijin (Japan)	DW-1350	US$97mn total payment with exclusive rights in Japan
13	7/15	Hanmi Pharma	ZAI Lab (China)	HM61713(US)	Total transaction size of US$92mn, including upfront of US$ 7mn
14	08	Dongwha Pharma	Pacific Beach BioSciences (US)	Quinolone antibiotics	US$56.5mn total payment, plus running royalty
15	9/05	Ilyang Pharma	TAP (US)	Ilaprazole	US$3.5mn of upfront and US$44mn of milestones

Notes: Rank based on deal size
Source: KDB Daewoo Securities Research

Table 9. Quarterly and annual earnings

(Wbn, %, W)

	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15F	2014	2015F	2016F
Revenue	184.1	186.4	179.3	211.5	214.7	244.5	268.4	220.2	761.3	947.8	1,090.1
YoY	8.1	3.7	-3.7	9.0	16.6	31.2	49.7	4.1	4.3	24.5	15.0
Parent	137.0	143.8	138.2	163.0	157.7	199.4	212.7	164.5	582.0	734.3	841.6
Beijing Hanmi	46.8	38.3	41.9	45.9	54.9	45.6	54.7	54.8	173.0	210.1	245.9
Hanmi Fine Chemical	16.9	26.0	23.3	24.5	22.6	27.7	20.0	21.3	90.7	91.5	88.6
Operating profit	17.9	8.4	1.2	6.8	2.1	2.4	35.7	9.4	34.5	49.6	128.2
OP margin	9.7	4.5	0.7	3.2	1.0	1.0	13.3	4.2	4.5	5.2	11.8
YoY	-0.1	-26.4	-91.9	-60.4	-88.2	-71.0	2,802.6	36.9	268.4	134.2	163.1
Pretax profit	16.6	6.0	-0.3	14.1	14.6	1.9	33.7	8.1	36.5	58.3	119.5
YoY	1.9	-36.2	TTR	20.0	-12.4	-68.3	TTB	-42.5	-33.5	59.8	105.1
Net profit	16.6	8.6	3.2	14.9	16.2	12.6	-25.0	6.1	43.3	9.9	90.9
YoY	11.8	-3.6	-79.5	34.1	-2.4	46.6	TTR	-58.7	-14.3	-77.1	816.5
Net profit attributable to controlling interests	14.4	7.4	1.1	12.6	12.7	11.3	-26.7	10.9	35.5	8.1	74.5
YoY	15.5	-7.7	-92.1	34.3	-12.1	51.5	TTR	-12.9	-19.2	-77.1	816.5
EPS									3,510.1	794.7	7,283.4
YoY									-25.2	-77.4	816.5

Notes: TTR and TTB refer to "turning to red" and "turning to black," respectively. Source: Company data, KDB Daewoo Securities Research

Table 10. Target price calculation

	Value per share (W)	Notes
Operating value (A)	291,338	- Applied 40x to 2016F EPS
Investment value (B)	1,543	- Crystal Genomics shares - 10% discount to price on 12/23/2015
Pipeline value (C)	533,110	- Sum of BTK inhibitor, EGFR inhibitor, Quantum project, and LAPS-GLP/GCG values
BTK inhibitor	54,612	- Aggregate earnings for 10 years after 2020 launch
EGFR inhibitor	108,690	- Aggregate earnings for 10 years after 2018 launch
Quantum project	336,677	- Aggregate earnings for 10 years after 2021 launch
LAPS-GLP/GCG	33,130	- Aggregate earnings for 10 years after 2020 launch
Target price	825,991	- (A) + (B) + (C)

Source: KDB Daewoo Securities Research

Table 11. BTK inhibitor (HM71224)'s value estimates

	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Rheumatoid arthritis market (US$bn)	53.2	54.0	54.8	55.5	56.4	57.2	58.0	58.8	59.7	60.6	61.4
Eli Lilly's revenue (US$bn)	0.1	0.5	1.6	3.3	5.1	5.7	5.8	5.9	5.4	5.4	5.2
Hanmi's revenue (US$mn)	207.7	59.4	213.5	433.3	1,012.7	857.5	870.0	882.6	805.8	817.5	783.3
Milestone	196.0				252.0						
Royalties	11.7	59.4	213.5	433.3	760.7	857.5	870.0	882.6	805.8	817.5	783.3
Hanmi's revenue (Wbn)	251.3	71.8	258.4	524.2	1,225.4	1,037.6	1,052.6	1,067.9	975.0	989.2	947.7
Hanmi's OP (Wbn)	251.3	71.8	258.4	524.2	1,225.4	1,037.6	1,052.6	1,067.9	975.0	989.2	947.7
Hanmi's NP (Wbn)	191.0	54.6	196.4	398.4	931.3	788.6	800.0	811.6	741.0	751.8	720.3
Present value (Wbn)	158.5	43.2	148.4	287.3	641.0	518.0	501.5	485.6	423.1	409.7	374.6
WACC	4.8%										
US$/W	1,210										
Possibility	20%										
NPV for Hanmi (Wbn)	558.7										

Notes: we assumed 70% of total NPV is for Hanmi pharmaceutical (others for Hanmi science)
Source: Evaluate Pharma, KDB Daewoo Securities Research

Table 12. EGFR inhibitor (HM61713)'s value estimates

	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F
EGFR inhibitor global market (US$mn)	2,037	2,037	2,037	2,037	2,037	2,037	2,037	2,037	2,037	2,037	2,037
China (US$mn)	822	822	822	822	822	822	822	822	822	822	822
BI's revenue (US$mn)	102	407	815	1,324	1,833	1,833	1,833	1,813	1,813	1,792	1,792
ZAI Lab's revenue (US$mn)		16	41	82	132	181	181	181	173	173	164
Hanmi's revenue (US$mn)	311.6	82.0	105.9	172.1	654.6	322.8	275.0	271.9	271.9	268.9	268.9
Milestone	300.4	37.16			379.6	47.8					
Royalties	11.2	44.8	105.9	172.1	275.0	275.0	275.0	271.9	271.9	268.9	268.9
Hanmi's revenue (Wbn)	377.0	99.2	128.2	208.2	792.0	390.6	332.7	329.0	329.0	325.3	325.3
Hanmi's OP (Wbn)	377.0	99.2	128.2	208.2	792.0	390.6	332.7	329.0	329.0	325.3	325.3
Hanmi's NP (Wbn)	286.5	75.4	97.4	158.3	601.9	296.8	252.9	250.0	250.0	247.2	247.2
Present value(Wbn)	261.0	65.5	80.8	125.3	454.9	214.1	174.0	164.2	156.8	147.9	141.2
WACC	4.8%										
US$/W	1,210.00										
Possibility	80%										
NPV for Hanmi (Wbn)	1,112.0										

Notes: we assumed 70% of total NPV is for Hanmi pharmaceutical (others for Hanmi science)
Source: Bloomberg, Global Data, KDB Daewoo Securities Research

Table 13. Quantum project's value estimates

	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F
Target market (US$mn)	24,733	26,824	29,114	31,624	34,378	37,401	40,724	44,378	48,401	52,834	57,722
GLP-1 Analogs	7,545	8,523	9,628	10,876	12,287	13,880	15,679	17,712	20,008	22,602	25,533
Long acting insulin	17,188	18,301	19,486	20,748	22,091	23,522	25,045	26,666	28,393	30,231	32,189
Sanofi's revenue (US$mn)	1,236.7	2,682.4	4,658.3	6,957.4	9,625.8	10,472.4	11,402.7	11,982.1	13,068.3	13,736.8	15,007.6
Hanmi's revenue (US$mn)	1,732.5	295.1	605.6	904.5	3,452.4	1,570.9	1,710.4	1,797.3	1,960.2	2,060.5	2,251.1
Milestone	1,596.5				2,008.5						
Royalties	136.0	295.1	605.6	904.5	1,443.9	1,570.9	1,710.4	1,797.3	1,960.2	2,060.5	2,251.1
Hanmi's Revenue (Wbn)	2,096.4	357.0	732.7	1,094.4	4,177.4	1,900.7	2,069.6	2,174.8	2,371.9	2,493.2	2,723.9
Hanmi's OP (Wbn)	2,096.4	357.0	732.7	1,094.4	4,177.4	1,900.7	2,069.6	2,174.8	2,371.9	2,493.2	2,723.9
Hanmi's NP (Wbn)	1,593.2	271.3	556.9	831.7	3,174.8	1,444.6	1,572.9	1,652.8	1,802.6	1,894.8	2,070.1
Present value(Wbn)	1,203.9	195.7	383.3	546.3	1,990.3	864.3	898.1	900.7	937.5	940.5	980.7
WACC	4.8%										
EUR/W	1,267.00										
US$/W	1,210.00										
EUR/US$	1.03										
Possibility	50%										
NPV for Hanmi (Wbn)	3,444.5										

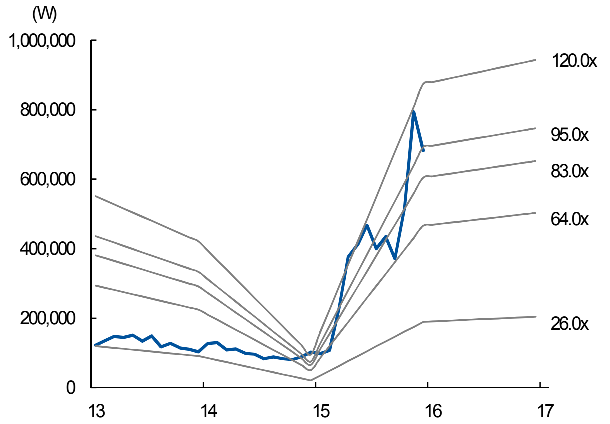
Notes: we assumed 70% of total NPV is for Hanmi pharmaceutical (others for Hanmi science)
Source: Bloomberg, KDB Daewoo Securities Research

Table 14. LAPS GCG/GLP's value estimates

	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Anti-obesity market (US$mn)	4,585	6,206	8,400	9,142	9,950	10,830	11,787	12,829	13,963	15,197	16,540
Janssen's revenue (US$mn)	137.6	496.5	1,176.0	2,011.3	2,189.1	2,382.6	2,475.3	2,694.1	2,792.5	3,039.4	3,142.6
Hanmi's revenue (US$mn)	349.3	54.6	152.9	261.5	804.2	357.4	371.3	404.1	418.9	455.9	471.4
Milestone	334.2				475.8						
Royalties	15.1	54.6	152.9	261.5	328.4	357.4	371.3	404.1	418.9	455.9	471.4
Hanmi's Revenue (Wbn)	422.7	66.1	185.0	316.4	973.0	432.4	449.3	489.0	506.8	551.6	570.4
Hanmi's OP (Wbn)	422.7	66.1	185.0	316.4	973.0	432.4	449.3	489.0	506.8	551.6	570.4
Hanmi's NP (Wbn)	321.2	50.2	140.6	240.5	739.5	328.7	341.4	371.6	385.2	419.2	433.5
Present value(Wbn)	266.5	39.8	106.2	173.4	509.0	215.9	214.1	222.3	220.0	228.5	225.5
WACC	4.8%										
US$/W	1,210.00										
Possibility	20%										
NPV for Hanmi (Wbn)	338.9										

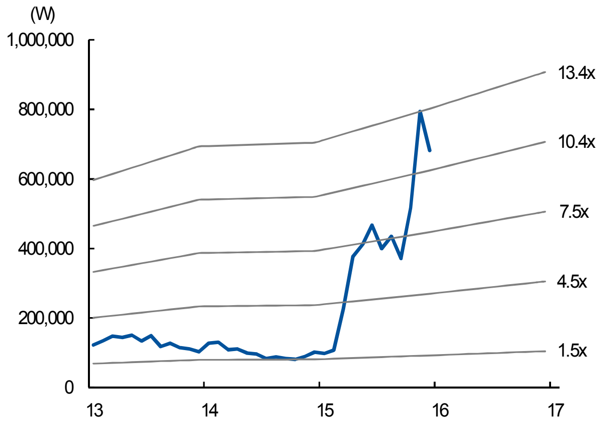
Notes: We assumed 70% of total NPV is for Hanmi pharmaceutical (others for Hanmi science)
Source: Global Data, KDB Daewoo Securities Research

Figure 2. 12-month forward P/E band



Source: KDB Daewoo Securities Research

Figure 3. 12-month forward P/B band



Source: KDB Daewoo Securities Research

Hanmi Pharmaceutical (128940 KS/Buy/TP: W826,000)

Comprehensive Income Statement (Summarized)

(Wbn)	12/14	12/15F	12/16F	12/17F
Revenue	**761**	**948**	**1,090**	**1,157**
Cost of Sales	**339**	**393**	**443**	**470**
Gross Profit	**422**	**555**	**647**	**687**
SG&A Expenses	**388**	**505**	**519**	**542**
Operating Profit (Adj)	**34**	**50**	**128**	**145**
Operating Profit	**34**	**50**	**128**	**145**
Non-Operating Profit	**2**	**8**	**-8**	**-16**
Net Financial Income	-8	-12	-12	-10
Net Gain from Inv in Associates	0	0	0	0
Pretax Profit	36	58	120	129
Income Tax	-7	48	29	31
Profit from Continuing Operations	43	10	91	98
Profit from Discontinued Operations	0	0	0	0
Net Profit	43	10	91	98
Controlling Interests	36	8	75	80
Non-Controlling Interests	8	2	16	18
Total Comprehensive Profit	**33**	**10**	**91**	**98**
Controlling Interests	24	7	68	73
Non-Controlling Interests	8	3	23	25
EBITDA	60	72	149	163
FCF (Free Cash Flow)	-102	-28	53	97
EBITDA Margin (%)	7.9	7.6	13.7	14.1
Operating Profit Margin (%)	4.5	5.3	11.7	12.5
Net Profit Margin (%)	4.7	0.8	6.9	6.9

Statement of Financial Condition (Summarized)

(Wbn)	12/14	12/15F	12/16F	12/17F
Current Assets	**538**	**687**	**748**	**872**
Cash and Cash Equivalents	52	166	156	247
AR & Other Receivables	290	318	366	388
Inventories	133	149	171	181
Other Current Assets	63	54	55	56
Non-Current Assets	**496**	**473**	**452**	**434**
Investments in Associates	0	0	0	0
Property, Plant and Equipment	328	307	289	272
Intangible Assets	88	86	84	82
Total Assets	**1,033**	**1,160**	**1,200**	**1,305**
Current Liabilities	**182**	**256**	**205**	**212**
AP & Other Payables	98	101	116	123
Short-Term Financial Liabilities	47	117	51	51
Other Current Liabilities	37	38	38	38
Non-Current Liabilities	**262**	**305**	**305**	**305**
Long-Term Financial Liabilities	225	269	269	269
Other Non-Current Liabilities	37	36	36	36
Total Liabilities	**444**	**561**	**510**	**517**
Controlling Interests	**527**	**535**	**610**	**690**
Capital Stock	24	24	24	24
Capital Surplus	419	419	419	419
Retained Earnings	80	88	162	243
Non-Controlling Interests	**62**	**64**	**80**	**98**
Stockholders' Equity	**589**	**599**	**690**	**788**

Cash Flows (Summarized)

(Wbn)	12/14	12/15F	12/16F	12/17F
Cash Flows from Op Activities	-33	-28	53	97
Net Profit	43	10	91	98
Non-Cash Income and Expense	33	62	58	65
Depreciation	23	21	19	17
Amortization	2	2	2	2
Others	8	39	37	46
Chg in Working Capital	-94	-41	-55	-26
Chg in AR & Other Receivables	-68	-28	-47	-22
Chg in Inventories	-27	-16	-22	-10
Chg in AP & Other Payables	14	4	9	4
Income Tax Paid	**-6**	**-48**	**-29**	**-31**
Cash Flows from Inv Activities	-69	15	3	-6
Chg in PP&E	-68	0	0	0
Chg in Intangible Assets	-11	0	0	0
Chg in Financial Assets	12	7	0	0
Others	**-2**	**8**	**3**	**-6**
Cash Flows from Fin Activities	85	114	-66	0
Chg in Financial Liabilities	-9	114	-66	0
Chg in Equity	94	0	0	0
Dividends Paid	0	0	0	0
Others	**0**	**0**	**0**	**0**
Increase (Decrease) in Cash	-17	113	-9	91
Beginning Balance	69	52	166	156
Ending Balance	**52**	**166**	**156**	**247**

Forecasts/Valuations (Summarized)

	12/14	12/15F	12/16F	12/17F
P/E (x)	29.1	858.2	93.6	86.7
P/CF (x)	13.5	96.8	47.0	42.9
P/B (x)	2.0	13.0	11.4	10.1
EV/EBITDA (x)	20.4	99.5	48.2	43.5
EPS (W)	3,510	795	7,283	7,862
CFPS (W)	7,583	7,048	14,508	15,912
BPS (W)	51,726	52,521	59,804	67,666
DPS (W)	0	0	0	0
Payout ratio (%)	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.0	0.0	0.0
Revenue Growth (%)	4.2	24.6	15.0	6.1
EBITDA Growth (%)	-32.6	20.0	106.9	9.4
Operating Profit Growth (%)	-45.2	47.1	156.0	13.3
EPS Growth (%)	-25.2	-77.4	816.1	8.0
Accounts Receivable Turnover (x)	3.0	3.2	3.2	3.1
Inventory Turnover (x)	6.4	6.7	6.8	6.6
Accounts Payable Turnover (x)	7.4	7.2	7.3	7.0
ROA (%)	4.5	0.9	7.7	7.8
ROE (%)	7.6	1.5	13.0	12.4
ROIC (%)	6.4	1.2	13.1	14.3
Liability to Equity Ratio (%)	75.4	93.6	73.9	65.6
Current Ratio (%)	294.9	268.7	364.9	411.0
Net Debt to Equity Ratio (%)	28.1	28.9	16.9	3.3
Interest Coverage Ratio (x)	2.8	3.4	8.1	10.0

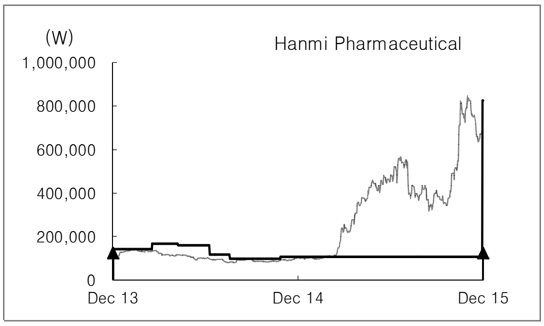
Source: Company data, KDB Daewoo Securities Research estimates

APPENDIX 1

Important Disclosures & Disclaimers

2-Year Rating and Target Price History

Company (Code)	Date	Rating	Target Price
Hanmi Pharmaceutical(128940)	12/23/2015	Buy	826,000
	11/20/2014	Buy	107,000
	08/12/2014	Buy	98,000
	07/03/2014	Buy	118,000
	05/02/2014	Buy	160,000
	03/12/2014	Buy	168,000
	11/08/2013	Buy	143,000



Stock Ratings	
Buy	: Relative performance of 20% or greater
Trading Buy	: Relative performance of 10% or greater, but with volatility
Hold	: Relative performance of -10% and 10%
Sell	: Relative performance of -10%

Industry Ratings	
Overweight	: Fundamentals are favorable or improving
Neutral	: Fundamentals are steady without any material changes
Underweight	: Fundamentals are unfavorable or worsening

Ratings and Target Price History (Share price (—), Target price (▬), Not covered (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆))
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* Although it is not part of the official ratings at Daewoo Securities, we may call a trading opportunity in case there is a technical or short-term material development.
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Equity Ratings Distribution

Buy	Trading Buy	Hold	Sell
72.77%	13.86%	13.37%	0.00%

* Based on recommendations in the last 12-months (as of September 30, 2015)

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