



트레이드 렌즈
TRADE LENS

Bringing investing into focus.

COMPANY RESEARCH / No.06

Acquisition economics and the returns on manufacturing capacity

Samsung Biologics Peptide Expansion Acquisition Economics and Capital Efficiency

Assessing the PolyPeptide transaction through
earnings quality, reinvestment and cash recovery

CHF 1.46bn

Offered equity value [1]

41.6%

Target H1 revenue growth [4]

EUR -19.1m

Target H1 free cash flow [8]

The strategic fit is credible.

Returns depend on recurring earnings and cash conversion.

Separate the target's growth, one-off income and capital spending. Transaction completion is not capital recovery.

01 / RESEARCH VIEW

A credible expansion. A separate test of capital returns.

TradeLens view | Strategic fit is positive; immediate margin accretion is not the same proposition.

Core conclusion

Buying PolyPeptide would add peptide processes, customer programmes and overseas manufacturing sites to Samsung Biologics. Strong target growth and improved EBITDA do not, by themselves, establish acquisition returns. Recurring earnings must be assessed alongside cash capex, working capital and further expansion. [\[4\]](#) [\[8\]](#) [\[13\]](#)

01

What is changing?

An antibody-led CDMO plans to acquire an established peptide manufacturing platform.

02

Why does it matter?

Acquisition can shorten the path to capabilities, but adds purchase consideration and future operating investment.

03

Who captures the value?

Sellers receive cash; customers may gain supply capacity. Buyer shareholder returns depend on recovering the capital committed.

04

What should be tested?

Closing conditions, earnings without one-offs, cash capex, collections, inventories and commercial output.

This report does not convert the obesity-drug market into company revenue. The transaction, existing earnings and post-acquisition incremental cash are separate analytical objects. The analysis date, 10 October 2026, precedes the scheduled end of the main offer period. [\[1\]](#)

Decision rule

Adding peptide revenue is not the same as earning a return for shareholders. Assess strategic direction through capabilities, and acquisition performance through cash generated after investment.



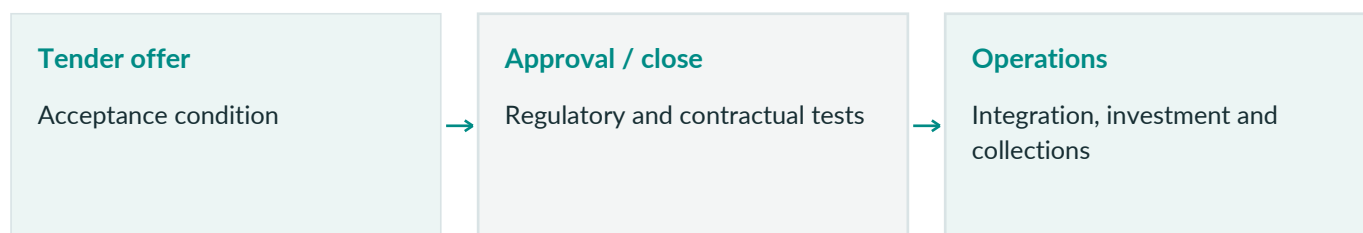
02 / TRANSACTION STATUS

Tendering, approval and closing are distinct milestones

As of 10 October 2026 · announced terms are separated from future events.

Item	Announced terms	Economic interpretation
Offeror	Direct subsidiary Samsung Peptide AG	Acquisition vehicle of Samsung Biologics
Consideration	CHF 44.31/share; equity value about CHF 1.46bn	Not enterprise value or an immediate expense
Anchor undertaking	About 55.65% of outstanding shares, excluding treasury shares	Different denominator from the fully diluted condition
Minimum acceptance	66⅔% of fully diluted shares, excluding treasury shares	Anchor undertaking alone does not prove satisfaction
Main offer period	15 Sep–12 Oct; scheduled end at 4 p.m. Swiss time	Regulatory and other closing conditions remain

Source: 31 August announcement [1]. Squeeze-out and delisting are post-settlement intentions. Passing a calendar date does not establish completion.



On 2 October, PolyPeptide announced an extraordinary general meeting for 26 October in connection with the offer. Calling the meeting is a procedural development, not evidence that the acquisition has closed. [14]

Assessment

At the deal stage, shares tendered and conditions satisfied matter. After closing, operating and cash continuity become decisive. Distinguish acceptance, allocation, settlement and the date control is obtained.

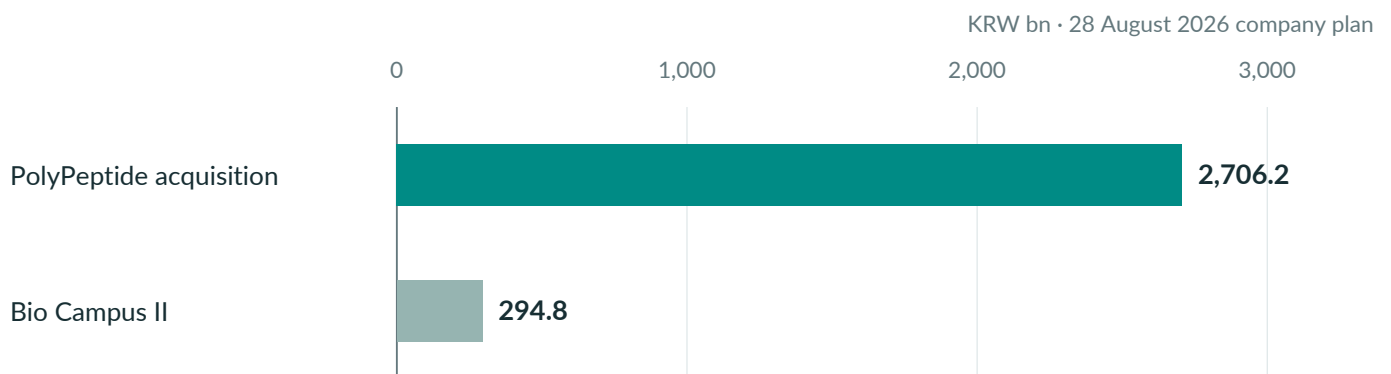
03 / CAPITAL ALLOCATION

Equity funding pays for the deal. It does not prove returns.

Separate funding terms and planned uses from the return on capital deployed.

Samsung plans a roughly KRW 3tn rights offering for PolyPeptide and Bio Campus II. The 28 August announcement specified 2.27 million new shares at an indicative KRW 1,322,000 per share, not final proceeds or final issue terms. [2]

Announced uses of proceeds



The stated uses sum to KRW 3,001.0bn, versus a reported total of KRW 3,000.9bn: a KRW 0.1bn difference in the release. These are not final proceeds. CHF consideration and KRW funding are separate measures. [2]

Structure	Interpretation
Rights, then residual public offer	20% employee allocation; shareholder rights intended to be tradable
9–10 Nov: shareholder subscription	Planned funding timetable, not evidence of target performance
30 Nov: new-share listing target	Share-count and earnings growth may arrive at different times

Shareholder perspective

Ownership dilution is not identical to economic loss; participation and subscription rights matter. Test whether sustainable earnings and cash generation per share improve as the capital base expands. [2]



04 / EXISTING EARNINGS BASE

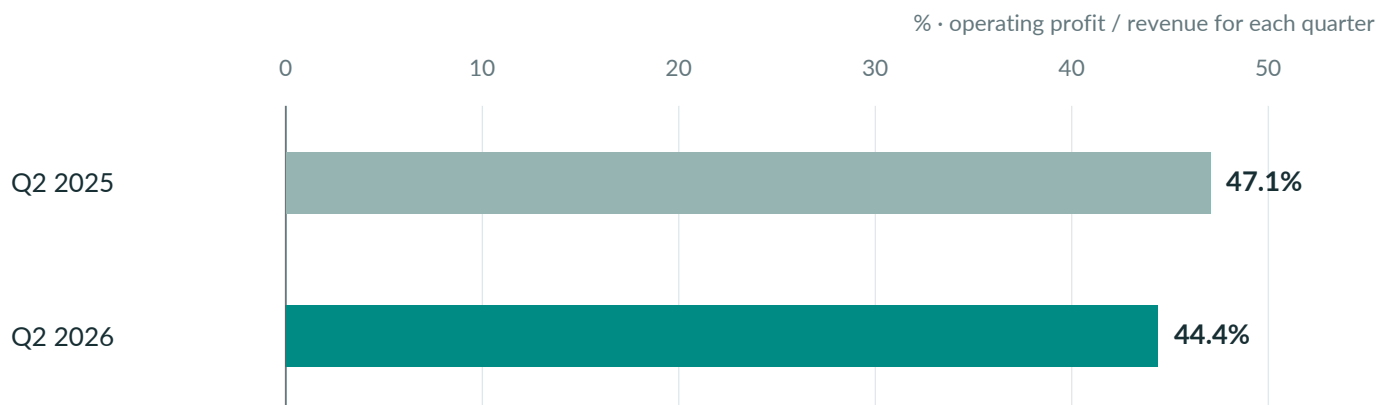
The antibody margin cannot simply be transferred

Samsung Biologics CDMO consolidated • separate half-year and second-quarter comparisons.

KRW bn	H1 2025	H1 2026	Change
Revenue	2,013.8	2,578.0	+28.0%
Operating profit	907.4	1,167.2	+28.6%
Operating margin ¹	45.1%	45.3%	+0.2pp

¹ Calculated from reported revenue and operating profit, then rounded. PolyPeptide is not included. [3]

Second-quarter operating margin



Quarterly inputs (KRW bn): $477.2/1,014.2=47.1\%$; $586.4/1,320.9=44.4\%$. The decline is 2.7pp, calculated before rounding. [3]

Samsung cited production at Plants 1–4 and FX as drivers, while costs at Plant 5 and Rockville preceded their full revenue contribution. The half-year margin held, but the second-quarter margin fell year on year. [3]

Analytical implication

Mature-site margins reflect utilisation and mix; they are not the starting margin for new capacity. Operating profit indicates earning power, not immediately available cash or an acquisition synergy.



05 / TARGET REVENUE

Growth is visible. So is greater demand concentration.

PolyPeptide consolidated · distinguish revenue mix from the number of customer programmes.

EUR m	H1 2025	H1 2026	Growth
Commercial revenue	108.249	147.012	35.8%
Development revenue	58.847	89.616	52.3%
Total	167.096	236.628	41.6%

The two revenue areas are not separate IFRS operating segments. No area-level margin is imputed where the company does not report disaggregated profit. [7]

Development revenue pays for development work already performed; it is not a future order book. Moving a programme into commercial manufacturing still depends on clinical progress, customer volumes, supplier allocation and qualification. Current revenue and programme potential need separate assessment. [7]

Commercial 62.1%

Post-launch supply

Development 37.9%

Pre-launch programmes

37 Phase III projects

Potential future conversion

Metabolic therapeutics account for about 68.4% of revenue, and large pharma for about 72%. These are different classifications and cannot be added. Nor do 37 Phase III projects constitute guaranteed approvals, exclusive supply or minimum-purchase backlog. [5] [7]

Assessment

Large customers and late-stage programmes support expansion. Greater therapeutic concentration also raises the importance of purchasing schedules, supplier diversification and pricing terms. Growth of the drug market cannot be translated one-for-one into CDMO sales.



06 / QUALITY OF EARNINGS

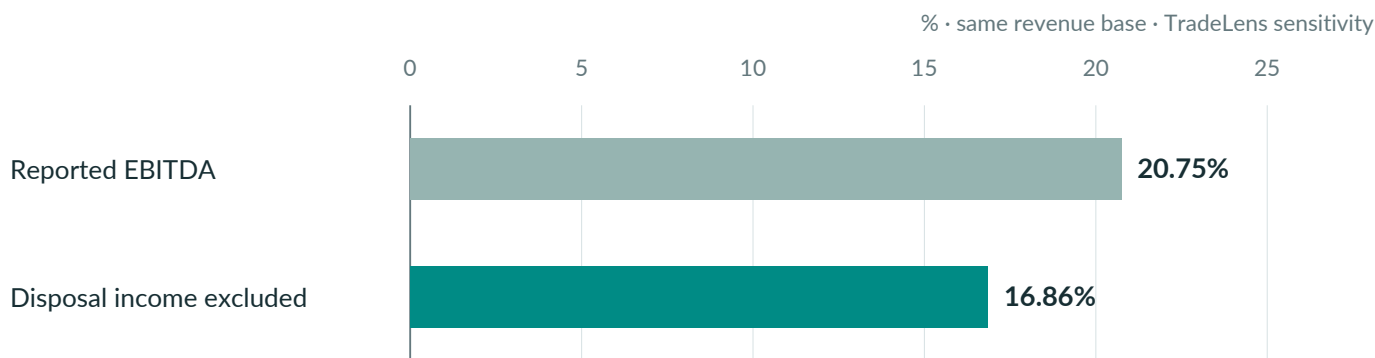
Reported EBITDA includes one-off income

Separate reported earnings from a disposal-only sensitivity; calculate margins from underlying values.

PolyPeptide H1 2026	EUR m	% of revenue ¹
Reported EBITDA	49.091	20.75%
Intangible-asset disposal income	9.200	3.89pp
EBITDA less disposal income only	39.891	16.86%
Reported EBIT	21.979	9.29%

¹ Common denominator: EUR 236.628m revenue. $49.091 - 9.200 = 39.891$; margin contribution is 3.89pp. The EUR 9.2m gain is the company's rounded disclosure. This is not company-adjusted EBITDA or a normalised earnings forecast. [\[4\]](#) [\[6\]](#) [\[8\]](#)

Margin before and after removing disposal income



Do not add ERP costs back automatically. Management also cited ERP investment and costs, plus impairment of the MES project. Removing disposal income does not settle other non-recurring items; uncertain add-backs do not establish a normalised margin. [\[6\]](#)

Implication for acquisition analysis

Growth and EBITDA improvement are positive, but one-off income is not perpetual cash earning power. Assess earnings normalisation, depreciation, reinvestment and cash conversion separately.



07 / CASH CONVERSION

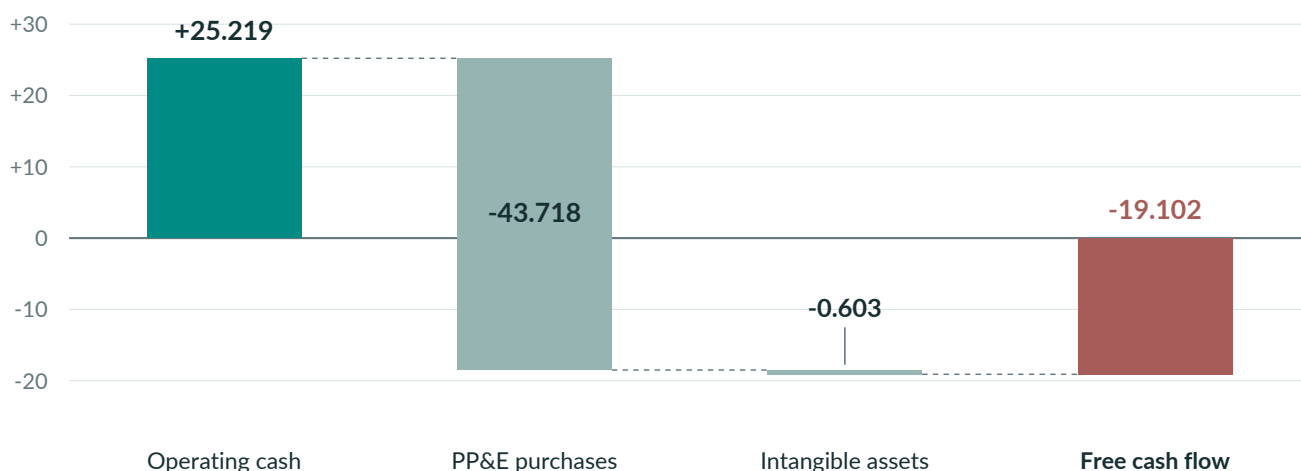
Earnings rose, but free cash flow turned negative

Company-defined FCF = operating cash less cash purchases of PP&E and intangible assets.

EUR m	H1 2025	H1 2026
Cash from operations	49.656	25.219
Cash purchases of PP&E	48.683	43.718
Cash purchases of intangible assets	0.457	0.603
FCF	+0.516	-19.102

H1 2026: operating cash to free cash flow

EUR m · movements versus closing FCF balance [8]



$25.219 - 43.718 - 0.603 = -19.102$ (EUR m). Middle bars are deductions from the preceding balance; the FCF bar starts at zero. FCF moved from +0.516 to -19.102, a EUR 19.618m decline. [8]

Cash purchases of EUR 44.321m differ from EUR 41.318m of capitalised capex. Recognition and payment timing can differ. Disposal proceeds are not added to the company-defined FCF measure. [8]

Assessment

Negative FCF alone does not establish investment failure. H1 operating cash did not cover cash asset purchases. Evaluate funding after the acquisition as well as the price paid; EBITDA is not available cash.



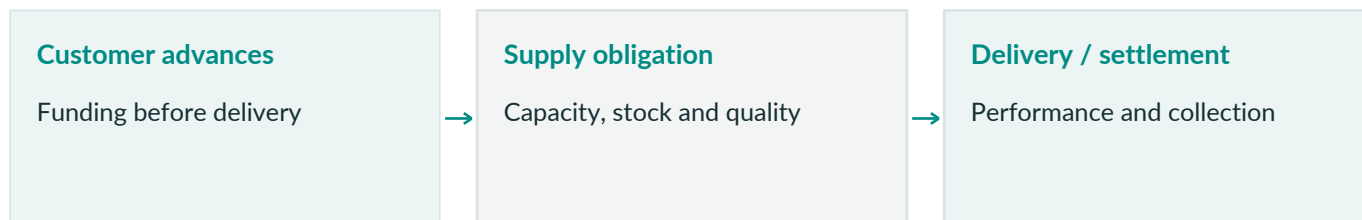
08 / WORKING CAPITAL & FUNDING

Customer advances finance delivery. Obligations remain.

PolyPeptide consolidated balances • changes are not relabelled as cash-flow movements.

EUR m	31 Dec 2025	30 Jun 2026	Change
Inventories	154.246	163.359	+9.113
Trade receivables	60.864	86.936	+26.072
Contract liabilities ¹	202.023	215.304	+13.281
Cash and equivalents	74.589	59.031	-15.558
Net debt ²	66.772	90.178	+23.406

¹ Current plus non-current. ² The company measure includes leases and other financial liabilities. FX translation and non-cash changes mean balance movements are not standalone cash-flow items. [8] [9]



Customer prepayments may ease funding pressure, but leave future manufacturing and supply obligations. Helpful financing is not the same as profit. Cash generation can change when new prepayments slow or existing balances are delivered into revenue.

The notes show a EUR 200m revolving facility, with EUR 100m drawn at June-end. A EUR 10m customer-related guarantee reduces drawing availability, and covenants apply. Undrawn commitments should not all be treated as unconditional available cash. [7]

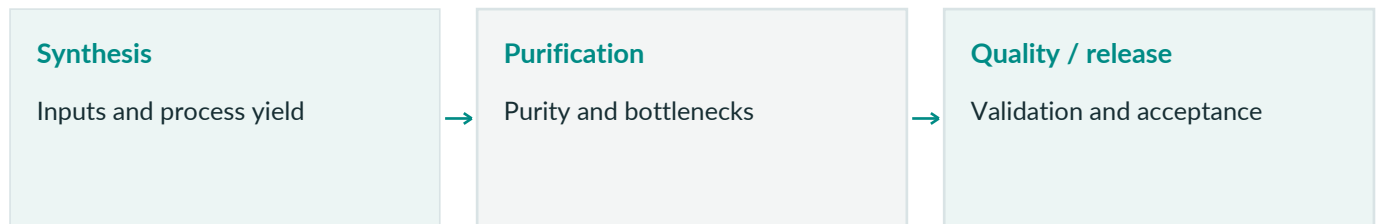
Capital-allocation question

Can customer support and operating cash fund expansion after the acquisition, or will the parent need to keep contributing funds? Receivables, inventory and contract liabilities must be read together to identify the capital absorbed by growth.

09 / MANUFACTURING ECONOMICS

Saleable output matters more than synthesis capacity

The economic chain runs through process yield, purification, quality and commercial release.



PolyPeptide describes Torrance as combining solid-phase peptide synthesis (SPPS), purification, lyophilisation and quality control. Capability should therefore be assessed across the process, not from a single vessel count. Antibody bioreactor litres cannot simply be added to peptide manufacturing capacity. [10]

Site	H1 management description	Post-investment test
Belgium	New large-scale SPPS asset at target utilisation	Sustained commercial batches and yields
Malmö, Sweden	SPPS construction completed; commissioning	Conversion to validated commercial output
Strasbourg, France	Production ramp-up expected in H2	Timing and fixed-cost absorption
Torrance / India	Downstream and site expansions progressing	Balanced process capacity and quality

Descriptions refer to the H1 2026 review. Target utilisation concerns the specified new Belgian asset, not the whole group. Future production ramp-up remains a company plan. [6]

TradeLens interpretation

Samsung's large-site operating experience can support expansion. Peptide-specific yields, purification conditions and quality requirements remain distinct. Repeat commercial batches accepted by customers, rather than ownership of a facility, build economic defensibility.

10 / CONSOLIDATION & MARGINS

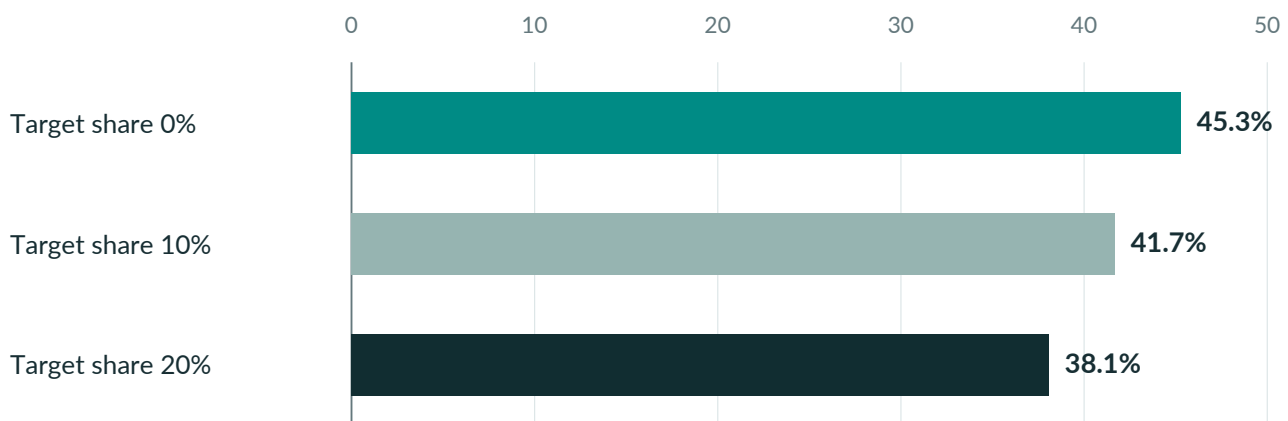
Lower average margins can coexist with higher profit

Illustrative weights · hold each company's observed margin fixed; vary only the target revenue share.

Samsung CDMO's H1 operating margin is about 45.3%, versus PolyPeptide's reported EBIT margin of about 9.3%. A larger target share lowers a simple weighted average. This is not translated revenue or a post-deal earnings forecast. [3] [4]

Simple margin at assumed target revenue weights

% · illustrative weights · no synergies or PPA



Weighted margin = $(1,167.2/2,578.0) \times (1-w) + (21.979/236.628) \times w$. The target's combined-revenue share w is assumed; results are converted to percent and rounded after calculation. FX, consolidation timing, accounting adjustments, eliminations and integration costs are excluded.

Measure	Question answered
Consolidated operating margin	How much profit remains per unit of combined sales?
Incremental post-investment cash	How much of the additional capital is recovered?

Acquisition accounting separates identifiable assets and liabilities at fair value from goodwill. Amortisation of finite-lived intangibles and purchase price allocation (PPA) can create a gap between the target's books and post-deal earnings. [11] [12]

Assessment

An average margin is not a sufficient deal scorecard. Absolute profit can grow without compensating for added capital; a lower margin can still accompany adequate incremental cash returns.

A larger purchase sets a larger earnings requirement

Illustrative reverse calculation · not company WACC, actual ROIC or an earnings forecast.

Starting assumption

Use planned acquisition funding of KRW 2,706.2bn as a reference base I. The annual after-tax operating-profit benchmark is $I \times r$. This limited equity-consideration proxy excludes net debt, deal costs, later capex, working capital and timing. [2]

Assumed return r	Annual after-tax operating profit	Calculation
6%	KRW 162.37bn	$2,706.2 \times 6\%$
8%	KRW 216.50bn	$2,706.2 \times 8\%$
10%	KRW 270.62bn	$2,706.2 \times 10\%$

Sales needed at an 8% return and assumed 25% tax

Assumed EBIT margin	15%	20%	25%
Required annual sales	KRW 1.924tn	KRW 1.443tn	KRW 1.155tn

Required sales = $\text{KRW } 2.7062\text{tn} \times 8\% / [(1-25\%) \times \text{EBIT margin}]$. After-tax operating profit here is a benchmark, not net income or FCF. The assumed tax, margins and return do not establish company forecasts, an enterprise-value return or actual ROIC.

The question this changes

An extra KRW 500bn investment adds KRW 40bn to the annual earnings benchmark at the same assumed 8%. Track capital committed to growth and separately test conversion of earnings into cash after reinvestment and working capital.

Cash conversion distinguishes the growth paths

TradeLens conditional scenarios; no probabilities or company earnings estimates are assigned.

Path	Conditions	Capital-efficiency implication
Commercial expansion	Qualification, release and collections progress at new sites	Fixed-cost absorption and recovery of post-investment cash
Growth with reinvestment	Sales rise with capex, inventories and receivables	Capital recovery can lag reported profit growth
Delay / price pressure	Commercial output lags or customer pricing tightens	Idle fixed costs and working capital reduce returns

PolyPeptide guides to 25–30% revenue growth at constant currencies, a high-teens EBITDA margin and capex of 15–20% of revenue. The assumptions include H2 sales exceeding H1 and sustained target utilisation at the new Belgian asset. [6]

Guidance excludes potential costs and expenses of the Samsung Biologics transaction. It is not Samsung's post-deal consolidated target or a forecast of cash capex. [6]

A single order announcement does not establish synergy

Combining sales reach, procurement and operations offers potential benefits. Process transfers, quality alignment, staffing and IT changes may take time and money. Undisclosed cross-selling or cost-saving amounts are not inserted into the model.

Base assessment

The portfolio direction is positive. Judge economic success by incremental cash after commercial production, reinvestment and working capital stabilise. Initial average margins and announced capacity do not guarantee recovery speed.

13 / OUTLOOK & MONITORING

The next disclosures should test the quality of growth

Track transaction conditions, operating delivery and capital recovery as separate stages.

Monitor	Evidence supporting the view	Evidence weakening the view
Deal / funding	Acceptance, approvals, funding and close connect	Delay or additional funding requirements
Recurring earnings	Profits without one-offs and commercial sales endure	Disposal income reliance or weaker mix
Sites / quality	Qualification and stable commercial release	Commissioning delays, rework or impairment
Cash / working capital	Collections improve; CFO gains against cash capex	Receivables and inventory outgrow sales
Post-deal returns	Recovery after PPA, investment and net debt	Consolidated sales rise but cash recovery lags

01

Direction

Acquiring peptide processes and customers is strategically credible.

02

Economics

Recurring earnings and cash conversion come before target margins.

03

Shareholder benefit

The buyer's return must compensate for the enlarged capital commitment.

04

Falsification

Do delays and reinvestment keep absorbing the operating improvement?

Final view

Samsung Biologics is acquiring a route into peptide growth. Raising KRW 3tn and consolidating revenue would not prove success. The decisive measure is recurring cash generation sufficient to recover the purchase consideration and subsequent investment.



Connect each claim to its underlying source

Select a teal citation, a source title or “Open source” to open the underlying material.

01. Samsung Biologics PolyPeptide public tender offer prospectus announcement 2026.08.31 · Release · offer price, acceptance condition and tender period	Open source
02. Samsung Biologics KRW 3 Trillion Rights Offering 2026.08.28 · Release (Korean) · funding allocation, shares and indicative timetable	Open source
03. Samsung Biologics Second Quarter and H1 2026 Financial Results 2026.07.23 · Release (Korean) · CDMO consolidated earnings and site ramp-up	Open source
04. PolyPeptide Half-year Report 2026 — Key Figures 2026.08.13 · Interim report · H1 2026 / H1 2025 earnings and cash indicators	Open source
05. PolyPeptide Half-year Report 2026 — Editorial 2026.08.13 · Management review · metabolic exposure, large pharma and Phase III	Open source
06. PolyPeptide Half-year Report 2026 — Business Review 2026.08.13 · Management review · one-offs, site expansion and 2026 guidance	Open source
07. PolyPeptide Half-year Report 2026 — Financial Statement Notes 2026.08.13 · Unaudited notes 1, 2, 4 and 10 · scope, revenue and borrowing	Open source
08. PolyPeptide Half-year Report 2026 — Reconciliations 2026.08.13 · Company APM reconciliation · EBITDA, cash capex, FCF and net debt	Open source
09. PolyPeptide Half-year Report 2026 — Financial Position 2026.06.30 · Unaudited balance sheet · working capital, cash and contract liabilities	Open source
10. PolyPeptide Torrance and San Diego Manufacturing Sites 2026.10.10 (as of) · Official site description · synthesis, purification, isolation and QC	Open source
11. IFRS Foundation IFRS 3 — Business Combinations 2026.10.10 (as of) · Official standard overview · consideration, net assets and goodwill	Open source
12. IFRS Foundation IAS 38 — Intangible Assets 2026.10.10 (as of) · Official standard overview · recognition, useful lives and amortisation	Open source
13. Samsung Biologics All-cash offer to acquire PolyPeptide 2026.07.20 · Release · equity value, manufacturing network and strategic rationale	Open source
14. PolyPeptide / EQS Extraordinary General Meeting on 26 October 2026 2026.10.02 · Issuer announcement via EQS · EGM notice, not transaction completion	Open source

Scope: company plans and guidance are not realised outcomes. PolyPeptide's interim accounts are unaudited; APMs use company definitions. No unsupported cross-currency aggregation, customer attribution or synergy estimate is made.

Methodology, disclaimer and use of this report

Distinguish facts, company plans, TradeLens analysis and illustrative calculations.

Item	Basis
Dates / deal status	Analysis date: 10 Oct 2026. The 12 Oct main-offer end and 26 Oct EGM are scheduled events, not assumed completion or control.
Earnings scope	Samsung CDMO consolidated and PolyPeptide consolidated H1 2026 / H1 2025 figures are considered separately, not as actual post-deal consolidation.
Currency / cash	Keep KRW for Samsung, EUR for the target and CHF for offered equity value. Capitalised capex differs from cash purchases and company-defined FCF.
Illustrative models	Page 11 uses assumed revenue weights. Page 12 uses acquisition funding alone as a capital proxy; it does not estimate EV, actual ROIC, WACC or tax.
No imputed forecasts	No undisclosed customers, volumes, exclusive contracts, PPA amounts, synergies, closing date or target share price are invented. Round after calculation.

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