



트레이드 렌즈
TRADE LENS

Focus on Investment.

COMPANY RESEARCH / No.09

KOSPI 068270 · BIOSIMILARS · EARNINGS QUALITY

Celltrion

Record Quarterly Profit and the Biosimilar Margin Transition

Product mix, manufacturing costs and cash conversion

KRW 1.50tn

Q3 2026 revenue · preliminary [1]

KRW 510bn

Operating profit · preliminary [1]

34.0%

Operating margin · calculated [1]

**The margin transition is visible.
Its durability depends on price and cash.**

Separate Q3 preliminary profit, Q2 product mix and Q1 historical cash flows; then test the economics of market access and capacity expansion.

Analysis date: 17 October 2026

TRADELENS.KR

Business structure · profitability · cash flow · capital allocation



01 / RESEARCH VIEW

A margin transition, not just a sales rebound

TradeLens view | New-product mix and cost execution matter more than the record alone.

Core conclusion

The direction of improvement is supported by Q3 preliminary profit and the earlier Q2 mix and cost disclosures. The stronger test is whether market access produces repeat orders at viable net prices, while manufacturing investment leaves cash after funding growth. [1] [2]

01

What changed?

Operating profit reached KRW 510bn in the Q3 preliminary release; profit rose faster than revenue.

02

Why does it matter?

Product mix and manufacturing economics can change the profit retained from each unit of sales.

03

Who captures value?

Patients and payers can gain access; the manufacturer retains only the proceeds left after concessions, production and distribution.

04

What decides durability?

Realized net prices, accepted output, receivables, inventory and cash after investment—not capacity alone.

The report supports a stronger earnings structure, not an extrapolation of a fixed 34% margin. A favorable quarter and the return on future factories are separate claims.

The decision sequence

Market access → realized sales → manufacturing contribution → cash collection → reinvestment and distributions.



02 / EARNINGS BASELINE

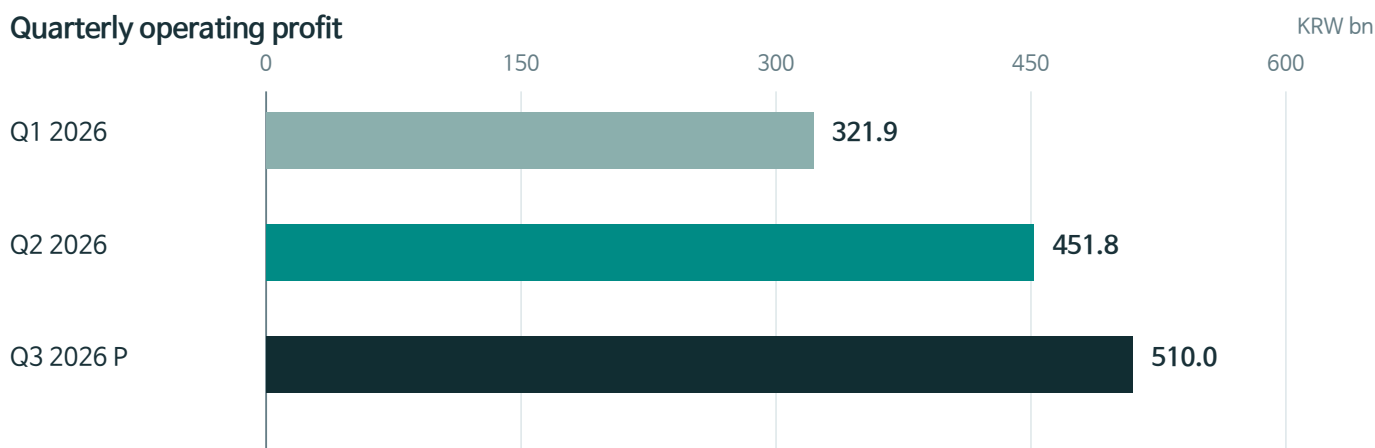
Profit is growing faster than revenue

Consolidated quarterly results. Q3 is preliminary; Q1 – Q2 are reference periods.

Period	Revenue	Operating profit	Margin
Q1 2026	1,145.0	321.9	28.1%
Q2 2026	1,393.7	451.8	32.4%
Q3 2026 (prelim.)	1,500.0	510.0	34.0%

KRW bn. Q1 derived from disclosed H1 totals less Q2; margins calculated from rounded reported figures. [\[1\]](#) [\[2\]](#) [\[12\]](#)

Quarterly operating profit



Q3 revenue rose 45.8% and operating profit 69.2% year on year. Sequential growth was 7.6% and 12.9%, respectively. These are company-wide results; the release does not establish product-specific margins. [\[1\]](#)

What the figures establish

Rising profit is not merely a consequence of selling more. The retained operating share has also increased. Durability still depends on future mix, price concessions and manufacturing costs.



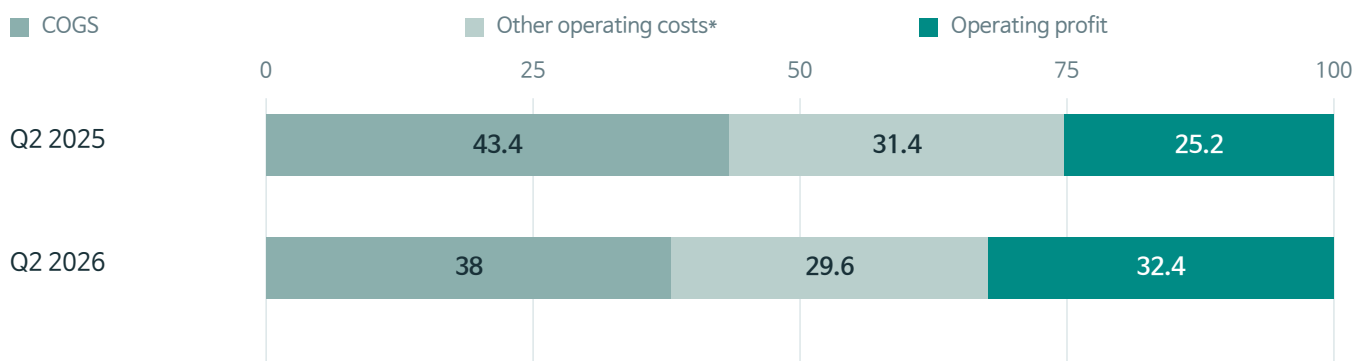
03 / MARGIN DECOMPOSITION

A lower cost ratio changes the earnings base

Q2 provides the disclosed cost evidence; it is not a reconstruction of Q3 costs.

Operating structure per 100 of revenue

Revenue = 100



*Other costs = 100 - cost ratio - operating margin. Based on rounded published ratios; not a disclosed expense-category breakdown. Q2 2025 ratios are derived from the reported year-on-year changes. [2]

Driver	Economic mechanism	Durability test
Portfolio shift	More sales in the company-defined newer portfolio	Net price and contribution after discounts
Older high-cost inventory	Past high-cost stock is sold down	A transition benefit cannot recur indefinitely
Yield and process execution	Lower input cost per released saleable unit	Quality, rework and utilization remain stable

Celltrion attributes the cost improvement to product mix, inventory normalization and manufacturing efficiency. It does not quantify each driver's separate share. Their combined effect should not be allocated to products or factories without supporting disclosure. [2]

TradeLens interpretation

The durable part is a repeatable cost advantage on new output—not repeated recognition of a finite inventory transition. Track cost per released unit and net price together.



04 / PORTFOLIO ECONOMICS

The 65% mix has a specific denominator

Product mix is meaningful only when the definition, period and revenue base match.

Q2 company disclosure

Newer high-margin products accounted for 65% of biologics revenue and grew 76% year on year. The 65% is neither a Q3 figure nor a share of total consolidated revenue. [2]

Portfolio layer	Examples / scope	Business question
Established base	Remsima, Truxima, Herzuma	Do repeat tenders and prescriptions preserve the revenue base?
Company-defined newer set	Remsima SC / Zymfentra, Yuflyma, Vegzelma	Does broader access preserve realized pricing?
Expanded launch portfolio	Steqeyma, Stoboclo / Osenvelt, Avtozma, Omlyclo, Eydenzelt	Does launch investment convert to reorder demand?

Examples follow the company's portfolio definition, not a common launch year or proof of identical regulatory status in every market. The table does not rank clinical efficacy or infer product margins. [2]

A portfolio is valuable when it reuses capabilities

A wider set can spread commercial infrastructure costs across more revenue. But each new molecule can also require separate validation, launch inventory and market-access spending. Portfolio breadth creates operating leverage only if these incremental costs grow more slowly than contribution.

What would weaken the view?

A rising newer-product mix alongside weaker net prices, slow reorders or growing launch inventory would challenge the claim that mix alone secures better economics.

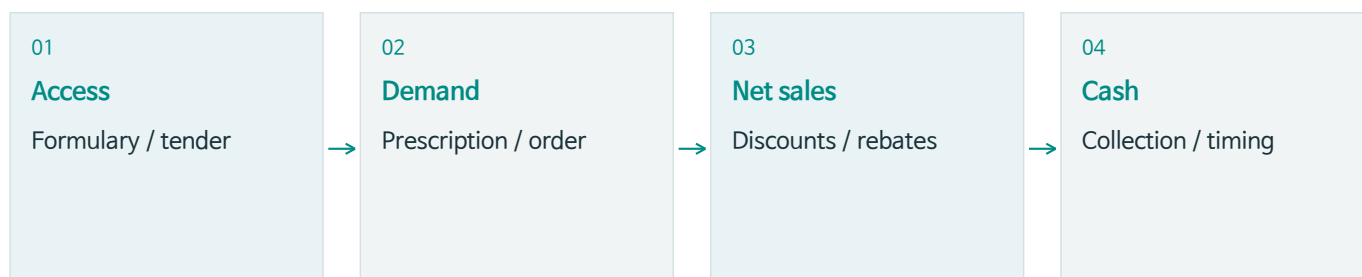


05 / ACCESS TO SALES

Formulary access is a route to sales, not sales itself

Separate an October launch, ongoing negotiations and the quarter that has already ended.

Event	Status at source date	Earnings implication
Omlyclo U.S. launch [5]	5 Oct launch; preferred listing on an Optum commercial formulary	An access channel; not a Q3 U.S. sales driver
Additional PBM access [4]	14 Oct: further contracts targeted in Q4	A company target, not completed contracts or booked revenue
European tenders [6]	Country-specific follow-on product awards	Awarded scope still requires delivery and collection



Omlyclo's launch wholesale acquisition cost was about 15% below the reference product, according to Celltrion. That is a list-price comparison, not the net discount after confidential rebates or the manufacturer's realized margin. [5]

The net-price test

Preferred access can accelerate demand, but its value depends on product-specific reimbursement and channel terms. Compare net revenue growth with incremental selling and distribution expense; a wider covered population is not a guaranteed number of treated patients.

TradeLens interpretation

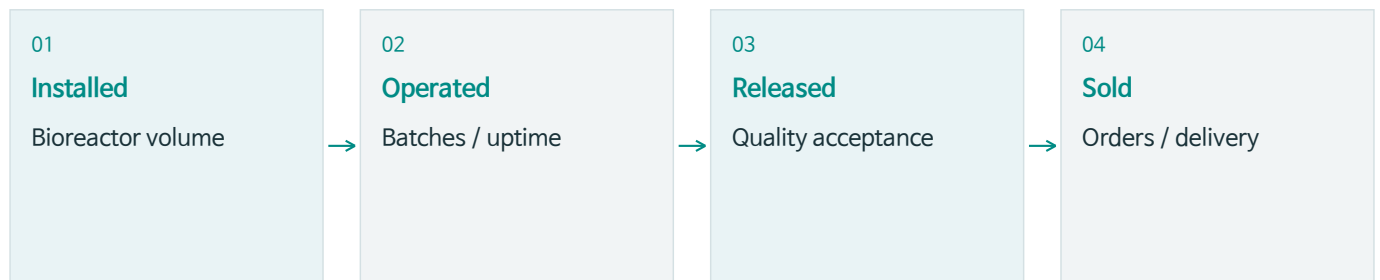
Access expansion is a positive commercial signal. Its economic value is stronger when reorder volume and net price compensate for rebates, distribution and launch spending. Do not attribute October events to the July - September profit.

06 / MANUFACTURING ECONOMICS

Capacity is not the same as released output

Separate quality status, operating execution and future installed capacity.

Celltrion reported renewed EU-GMP status for its 250,000L Songdo facilities and planned 15% higher Songdo output for 2026. The quality status is a company-reported milestone; the annual output increase is a plan, not a completed-year result. [7]



Variable	Potential benefit	Offsetting cost or constraint
Yield / cycle time	More accepted output per production slot	Validation, cleaning, product changes and failed batches
Internal manufacturing	Less outsourcing and improved scheduling	Depreciation, maintenance and quality-system fixed costs
Multiple products	Broader demand can utilize shared assets	Different process requirements limit interchangeability

A litre of installed vessel capacity is not a kilogram of active ingredient, a vial or revenue. Product concentration, cycle count, yield, quality release and commercial demand intervene. The company's output target cannot be translated into the same percentage of sales or profit.

The repeatable advantage

Cost leadership is demonstrated by a lower fully loaded cost per accepted unit at adequate utilization—not by the largest installed capacity figure.



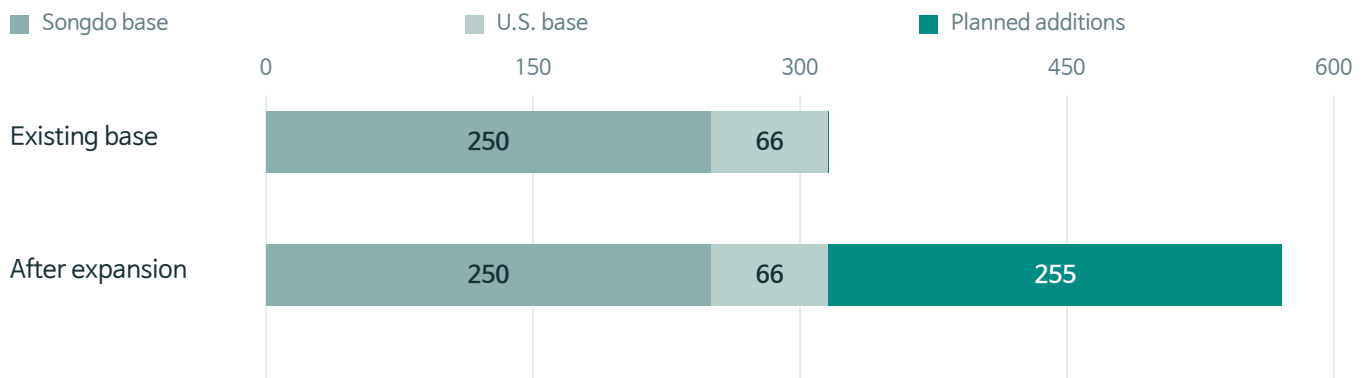
07 / CAPACITY & CAPITAL

Expansion adds control—and capital to recover

Announced DS capacity and contracts are not current sales or project returns.

DS installed-capacity path

Thousand L · company plan [8]



316,000L → 571,000L. Additions: Songdo 180,000L + U.S. 75,000L. Volume is capacity, not annual output or sales; expansion is phased through 2030 under the March plan. [8]

Capital / contract	Disclosed scope	What it does not prove
Songdo Plants 4 - 5 [8]	KRW 1.2265tn planned investment	The plan is not capital already spent or a disclosed project IRR
U.S. acquisition / Lilly [9]	USD 330m acquisition; USD 473m multi-year CMO contract	Contract revenue is not recovery after manufacturing cost, capex and tax
Additional CMO [10]	KRW 294.9bn firm; 375.4bn subject to agreement; supply 2027 - 29	The optional amount is not firm backlog or 2026 revenue

Capital-allocation test

The strategic benefit is greater supply control. The financial test is whether qualified demand fills the assets before depreciation, operating costs and working capital absorb the expected savings.



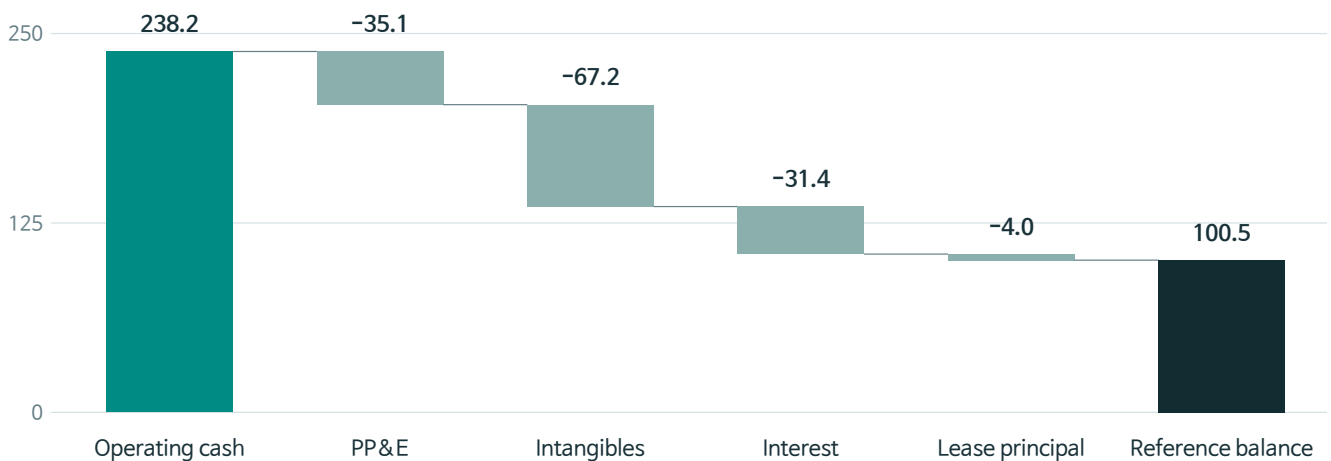
08 / CASH FLOW REFERENCE

Historical cash flow shows why profit is not cash

Historical reference: Q1 2026 cash flows, not H1 or Q3 cash-flow estimates.

Cash remaining after selected outflows

KRW bn · Q1 2026



Reference = CFO – cash PP&E – intangible purchases – interest paid – lease principal. Interest is classified in financing cash flow in the filing. This is not company-defined FCF and excludes other investing, acquisitions, dividends and financing movements. [3]

Q1 consolidated	2025	2026
Cash generated from operations	209.5	256.4
Income tax paid	96.0	18.2
Operating cash flow	113.4	238.2

Operating cash flow improved by KRW 124.7bn. Lower tax payments account arithmetically for KRW 77.8bn, or 62.4%, of that increase; this is not evidence of a permanently lower tax burden. Compare recurring operating generation separately. [3]

Why this historical reference matters

Cash quality depends on timing as well as earnings. A strong preliminary Q3 operating margin does not establish Q3 tax payments, investment cash or distributable cash.



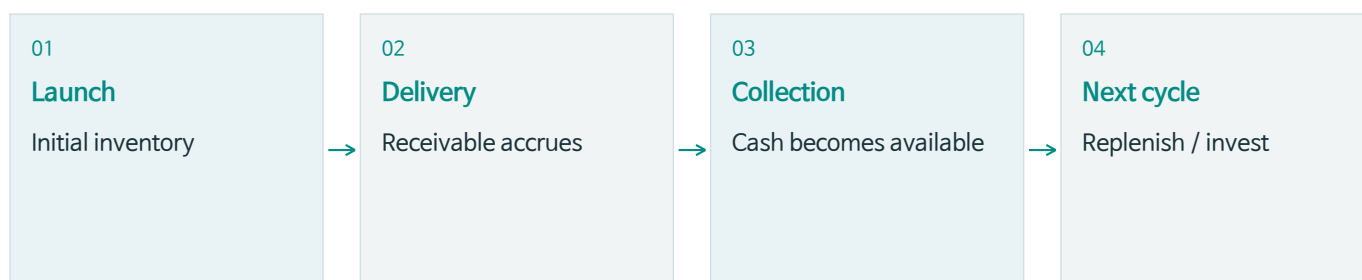
09 / WORKING CAPITAL

Growth can require cash before it releases cash

Historical balance-sheet comparison and a separately labelled sensitivity illustration.

Consolidated balances [3]	31 Dec 2025	31 Mar 2026	Change
Net trade receivables	1,806.7	1,926.3	+119.7
Inventories	2,803.5	2,863.6	+60.2

KRW bn. These are historical quarter-end balances, not the current liquidity position. Balance changes include non-cash and currency effects and are not a direct measure of operating cash outflow.



Illustrative sensitivity—not a Celltrion forecast

Assume annual revenue of KRW 100bn, all on credit and evenly distributed. Extending collection time by ten days requires about KRW 2.74bn more receivables: $100 \times 10 \div 365$. Operating profit can be unchanged while cash available for investment falls.

A broad launch portfolio can require safety stock, local inventory and longer settlement chains. Assess inventory quality alongside growth: usable stock for committed demand is different from stock that needs discounts or write-downs. Do not subtract these balance changes again from CFO, which already includes working-capital effects.

What to monitor next

Receivable aging and allowances, inventory composition and write-downs, cash generated from operations, and payment terms. Margin expansion is more persuasive when collection and inventory efficiency also improve.



10 / NET-PRICE SENSITIVITY

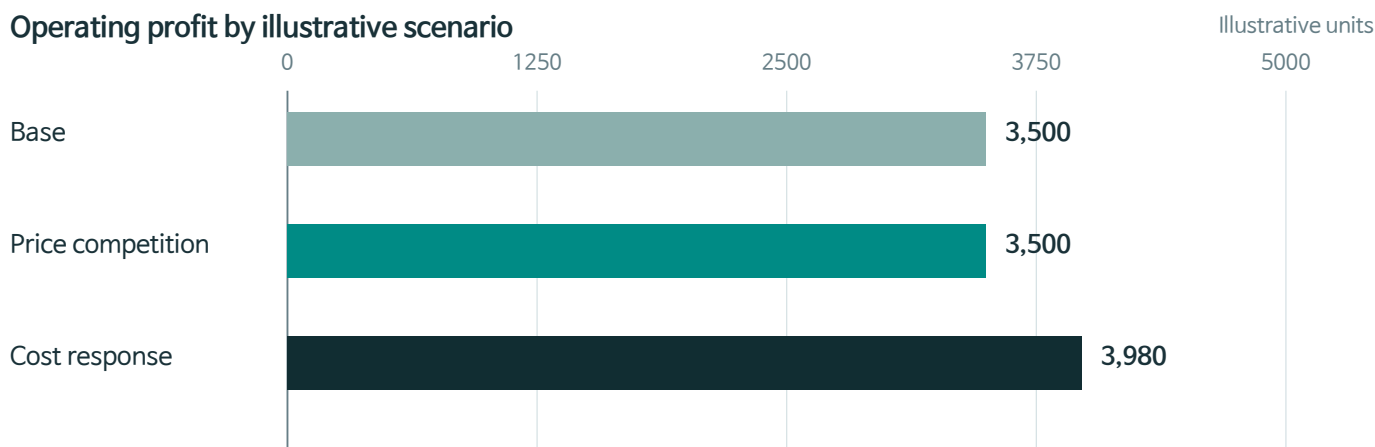
Higher volume does not ensure higher profit

Illustrative economics: no actual product price, rebate or manufacturing margin is assumed.

Arbitrary monetary units; volume in product units. Operating profit = volume × (net price – variable unit cost) – fixed operating costs. Fixed cost is 2,500 in each case; no tax or financing costs.

Scenario	Volume / price / cost	Revenue	Profit	Margin
Base	100 / 100 / 40	10,000	3,500	35.0%
Volume +20%; price –10%	120 / 90 / 40	10,800	3,500	32.4%
Also unit cost –10%	120 / 90 / 36	10,800	3,980	36.9%

Operating profit by illustrative scenario



In the second case, revenue grows 8%, but profit is unchanged because the lower contribution per unit offsets the extra volume. A 10% reduction in variable unit cost then raises profit by 13.7%. These percentages describe only this model, not Celltrion's sensitivity.

How the model changes the question

Ask whether manufacturing gains offset net-price pressure—not whether a product is labelled high-margin. The required volume depends on the contribution retained after commercial concessions.



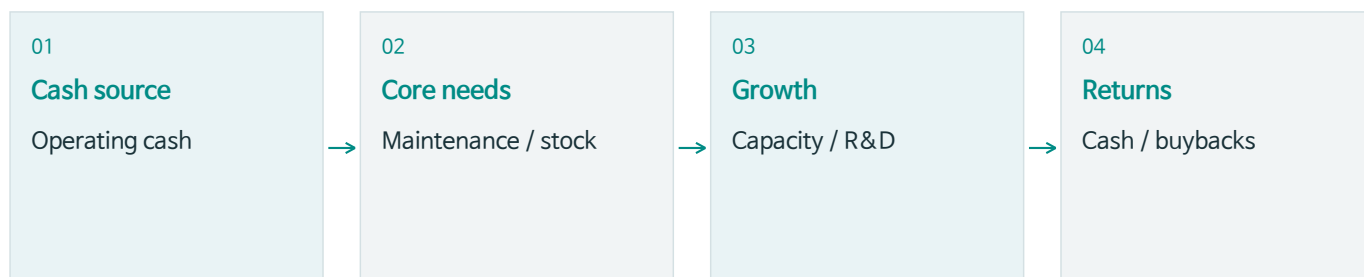
11 / SHAREHOLDER RETURNS

Capital returns must be matched to cash needs

Separate annual net-income policy, repurchase authorization and treasury-share cancellation.

Celltrion's framework returns one-third of annual consolidated net income through dividends or share cancellation. [12] On 29 September, cumulative 2026 repurchase authorizations reached KRW 400bn after an additional approximately KRW 100bn decision. [11] Authorizations are not evidence that the full amount has already been paid.

Item	Correct economic reading	Avoid this shortcut
Return policy	Annual consolidated net income is the policy base	One-third of quarterly operating profit is not the dividend forecast
Buyback authorization	A spending decision implemented over a purchase window	Treating authorized money as completed cash spending
Share cancellation	Removes the possibility of reissuing treasury shares	Counting cancellation as a second cash outflow after purchase
Growth investment	Factories, working capital and development consume cash	Assuming accounting profit is fully available for distribution



An analytical order for cash allocation

A stronger operating margin expands options. It does not remove the timing mismatch between construction, validation, sales and collections. Compare completed buybacks and dividends with operating cash after recurring investment, while separating borrowing and asset disposals from recurring earnings.

TradeLens interpretation

The policy improves the framework for allocation. Its strength is tested by execution that preserves manufacturing competitiveness without relying on progressively weaker liquidity or additional leverage.



12 / SCENARIO FRAMEWORK

The key risk is a gap between volume and value

Conditional business scenarios, not probabilities, earnings targets or share-price forecasts.

Path	Conditions to observe	Economic result
Base: continued transition	Follow-on reorders grow; net-price discipline and accepted output improve	More durable operating contribution; cash still depends on investment timing
Pressure: access at a high cost	Formulary coverage expands but rebates or launch costs rise faster	Revenue growth with thinner incremental profit
Delay: capacity ahead of demand	Validation, market access or customer schedules slip after investment	Fixed costs and working capital arrive before expected cash receipts

Base view

The observed earnings and Q2 cost evidence favor a continuing margin transition. New U.S. access gives an additional route for growth, but the financial case depends on realized net sales and production economics rather than the number of listings. [\[1\]](#) [\[2\]](#) [\[5\]](#)

Evidence that would overturn that view

A newer-product mix increase accompanied by falling net contribution, persistent receivable aging, inventory provisions and underused new assets would weaken the thesis. Conversely, repeat orders plus stable pricing, lower released-unit costs and stronger post-investment cash would strengthen it. These are tests, not reported adverse events.

Keep the business models distinct

Own-product economics include access and selling costs; CMO economics depend on manufacturing scope, customer commitments and utilization. Applying one group margin to every future contract would conceal these differences.



13 / OUTLOOK & MONITORING

A durable margin must survive the next cash cycle

Follow the sequence from commercial access to replenishment, collection and capital recovery.

Next evidence	Strengthens the view	Weakens the view
Q3 detailed reporting	Mix and costs support the preliminary margin	Quarter-specific effects explain most improvement
Q4 access / orders	New agreements followed by paid reorders	Access rises without sustained realized sales
Cash and working capital	Collections keep pace with sales; usable inventory	Aging receivables, slow stock and higher provisions
Factory / CMO execution	Validation, utilization and deliveries align	Schedule slips while fixed costs accumulate

01

What is changing?

The company is retaining more operating profit as the product and manufacturing base evolves.

02

Why does it matter?

New revenue can carry a better contribution—but only after real pricing and launch costs.

03

Who benefits?

Celltrion captures the residual after payers, channels, manufacturing costs and growth funding.

04

What confirms it?

Repeat demand, accepted output and cash collection fund both reinvestment and returns.

Final judgment

Celltrion's margin transition is supported by the available earnings evidence. The next differentiator is not a record percentage but the ability to preserve net contribution and recover cash while expanding manufacturing capacity.



14 / SOURCE REGISTER

Original evidence and its scope

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

01. Celltrion Third-quarter 2026 preliminary results 12 Oct 2026 · Company release · Q3 revenue, operating profit and preliminary status	Open source
02. Celltrion Q2 results, new-product mix and manufacturing costs 27 Jul 2026 · Earnings release · Q2 profit, biologics mix and cost ratio	Open source
03. Celltrion 2026 first-quarter statutory report 15 May 2026 · KRX filing · Consolidated cash flow, receivables and inventories	Open source
04. Celltrion Additional U.S. PBM formulary negotiations 14 Oct 2026 · Company plan · Q4 contracting target, not completed agreements	Open source
05. Celltrion U.S. Omlyclo launch and Optum formulary listing 6 Oct 2026 · Company release · 5 Oct launch, preferred listing and WAC	Open source
06. Celltrion Follow-on product tenders in non-EU5 European markets 1 Oct 2026 · Company release · Country-specific awards and supply opportunities	Open source
07. Celltrion Songdo EU-GMP renewal and output plans 22 Sep 2026 · Company release / plan · 250,000L facilities and output targets	Open source
08. Celltrion Songdo Plants 4 - 5 and U.S. DS capacity expansion 24 Mar 2026 · Investment plan · KRW 1.2265tn in Songdo; 571,000L target	Open source
09. Celltrion U.S. plant acquisition completion and Lilly CMO agreement 2 Jan 2026 · Company release · Year-end acquisition and multi-year supply contract	Open source
10. Celltrion Drug-substance supply agreement with a global pharma company 17 Mar 2026 · Company release · KRW 294.9bn firm value versus conditional 375.4bn	Open source
11. Celltrion Additional share repurchase and capital-return policy 29 Sep 2026 · Board decision · Cumulative annual buyback authorizations of KRW 400bn	Open source
12. Celltrion Treasury-share cancellation and shareholder-return framework 16 Sep 2026 · Board decision · One-third of annual net income; H1 results	Open source

Source scope: company releases establish reported results, product plans and announced contracts, not independent forecasts. The Q1 filing is a historical cash-flow reference, not a proxy for H1 or Q3 cash. No confidential net prices, rebates or product margins are imputed.

Methodology, disclaimer and use

Separate facts, company plans, TradeLens analysis and illustrative assumptions.

Item	Basis
Date / scope	17 October 2026; Celltrion (KOSPI 068270). Public information available through 16 October; no share-price forecast.
Financial periods	Q3 consolidated preliminary release; Q2 company cost/mix disclosure. Q1 cash and balances are historical references, not H1 or Q3 estimates.
Calculations	Margins use reported rounded figures. The page 9 cash reference deducts specified outflows, not company-policy FCF. Quarterly ratios are not annual forecasts.
Illustrations / plans	Page 10 collection sensitivity and page 11 pricing model use hypothetical inputs. Capacity, PBM goals and buyback decisions retain their announced status.
Coverage	Business structure, profitability, cash flow and capital allocation. No clinical ranking, buy/sell opinion, timing, fair/target price or individualized advice.

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