

## SK Bioscience Reports 73% Revenue Growth in Q4 2024, Driven by IDT Biologika Acquisition and Vaccine Expansion

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Despite strong sales growth, SK Bioscience posted operational losses due to declining COVID-19 vaccine demand and higher SG&A expenses. With strategic partnerships, global expansion, and a robust R&D pipeline, the company is positioned for a strong rebound in 2025.



SK Bioscience reported strong revenue growth in Q4 2024, primarily driven by the consolidation of **IDT Biologika**, expansion of vaccine exports, and continued partnerships. However, operational losses were recorded due to increased costs and decreased COVID-19 vaccine sales.

### Key Financial Metrics (KRW 100 million)

Metric	Q4 2023	Q4 2024	YoY Change
Revenue	906	1,568	+662
Gross Profit	294	56	-238
SG&A Expenses	378	564	+186
Operating Profit	-84	-508	-424
Net Profit	42	-27	-69

SK Bioscience reported a significant 73% year-over-year (YoY) increase in revenue for Q4 2024, reaching KRW 1,568 billion, compared to KRW 906 billion in Q4 2023. This remarkable growth was primarily driven by the acquisition of IDT Biologika, which contributed KRW 1,112 billion to total revenue. The integration of IDT Biologika strengthened the company's manufacturing capabilities and expanded its global market presence, solidifying its position in the vaccine and biotech industry.

Despite the strong revenue growth, profitability was negatively impacted due to multiple factors. Gross profit declined sharply from KRW 294 billion in Q4 2023 to KRW 56 billion in Q4 2024, a reduction of KRW 238 billion, primarily due to increased cost of goods sold (COGS) and declining COVID-19 vaccine sales. The sharp decline in COVID-19 vaccine revenue was attributed to reduced global demand and heightened competition in the flu vaccine market, which exerted downward pricing pressure.

Additionally, selling, general, and administrative (SG&A) expenses rose significantly by KRW 186 billion, reaching KRW 564 billion, as the company ramped up marketing efforts and expanded operational costs following the IDT Biologika acquisition. Consequently, operating profit deteriorated further, posting a KRW 508 billion loss, compared to a KRW 84 billion loss in Q4 2023, reflecting a KRW 424 billion decline.

At the bottom line, net profit fell from KRW 42 billion in Q4 2023 to a net loss of KRW 27 billion in Q4 2024, a YoY decline of KRW 69 billion. While revenue showed strong upward momentum, rising operational costs and declining margins in key vaccine segments hindered overall profitability. Moving forward, SK Bioscience is expected to focus on operational efficiency and cost management, leveraging its expanded product portfolio and new business opportunities from the IDT Biologika acquisition to achieve long-term financial stability.

## Segment Performance

- **SKYVaricella:** Exports increased due to **PAHO orders**.
- **Sanofi vaccine distribution:** Sales grew from **KRW 7.5 billion in Q3** to **KRW 8.4 billion in Q4**.
- **Flu and Zoster vaccines:** Revenue declined due to **pricing competition and market saturation**.

## Balance Sheet & Cash Flow

- **Total Assets:** Increased to **KRW 2.84 trillion** due to **IDT acquisition**.
- **Cash & Equivalents:** Declined to **KRW 1.16 trillion** from **KRW 1.27 trillion**.
- **Net Cash Position:** **KRW 774 billion**, showing a reduction due to investment activities.
- **Debt-to-Equity Ratio:** Increased to **21%** from **19% in Q3**.

## Business Developments

### Pipeline & R&D

SK Bioscience made significant advancements in its Pipeline & R&D efforts in Q4 2024, demonstrating a strong commitment to innovation and global vaccine development. A major milestone was the initiation of Phase 3 clinical trials for PCV21 in Australia, the U.S., and Korea, marking a crucial step toward regulatory approval for this next-generation pneumococcal conjugate vaccine. Additionally, the company expanded its co-development partnership with Sanofi for the NextGen PCV, which is expected to enhance vaccine efficacy and broaden market reach.

Further strengthening its global presence, SKYTyphoid received WHO Prequalification (PQ) certification, facilitating its entry into international procurement programs and increasing its availability in typhoid-endemic regions. This certification positions SK Bioscience to supply the vaccine to low- and middle-income countries through organizations such as Gavi and UNICEF.

In the field of Japanese Encephalitis (JEV), the company secured approval for a Phase 1/2 clinical trial in Australia, marking an important step toward expanding its vaccine portfolio in the vector-borne disease segment. Additionally, SK Bioscience continued its CEPI-supported mRNA vaccine project, focusing on pandemic preparedness and next-generation vaccine technology. This initiative aligns with the company's broader strategy to develop rapid-response

vaccines for emerging infectious diseases, ensuring readiness for future global health challenges. These advancements reflect SK Bioscience's strategic focus on strengthening its R&D pipeline and expanding its global footprint in the vaccine industry.

## **Vaccine Distribution & Partnerships**

SK Bioscience continued to strengthen its vaccine distribution and partnerships in Q4 2024, with notable expansions in collaboration with Sanofi. The partnership now includes RSV (Respiratory Syncytial Virus) and Hepatitis A vaccines, further broadening the company's vaccine portfolio and reinforcing its position in the global immunization market. This expansion allows SK Bioscience to leverage Sanofi's extensive distribution network, increasing accessibility to essential vaccines in various regions.

The company also reported significant growth in sales of five key Sanofi vaccines during Q4, reflecting increasing market demand and successful distribution strategies. Among these, Beyfortus, an RSV antibody designed for infant protection, gained strong market traction, expanding its use beyond high-risk groups to a broader infant population. This growth aligns with the rising global emphasis on RSV prevention, especially as countries prioritize immunization programs for newborns and young children.

Additionally, Hexaxim, Sanofi's six-in-one pediatric vaccine, was officially included in the National Immunization Program (NIP) in January 2025, ensuring wider public access through government-supported immunization efforts. This milestone is expected to drive long-term revenue growth and enhance SK Bioscience's presence in the pediatric vaccine sector. By deepening its collaboration with Sanofi and expanding its role in national vaccination programs, SK Bioscience is well-positioned to further strengthen its vaccine portfolio and global market influence.

## **Manufacturing & Global Expansion**

- **Andong site expansion to increase production and product diversity.**
- **Thai joint venture established for Southern Hemisphere market expansion.**
- **Songdo R&D center pilot plant construction underway.**

## **Outlook for 2025 and Beyond**

SK Bioscience has set an ambitious growth trajectory for 2025 and beyond, with a target compound annual growth rate (CAGR) of 17% or more by 2028. This goal is underpinned by strategic global expansion, leveraging key partnerships to strengthen its market presence and increase vaccine accessibility worldwide. By collaborating with industry leaders like Sanofi and global health organizations, the company aims to expand its footprint in both established and emerging markets, ensuring sustained revenue growth.

A crucial component of this expansion strategy is the full integration of IDT Biologika, a German contract development and manufacturing organization (CDMO) that SK Bioscience acquired in 2024. The integration is expected to drive the company's biotech business expansion, enhancing its capabilities in vaccine production and biologics manufacturing. This move positions SK Bioscience as a leading global player in contract manufacturing, allowing it to diversify beyond traditional vaccine development and capitalize on new business opportunities in the broader biopharmaceutical sector.

Additionally, the company is poised for multiple product launches in 2025, particularly in pneumococcal conjugate vaccines (PCV), Japanese Encephalitis Virus (JEV) vaccines, and next-generation flu vaccines. These differentiated vaccines will cater to unmet medical needs and evolving global health challenges, reinforcing SK Bioscience's commitment to innovation. With a strong R&D pipeline, expanding global collaborations, and enhanced manufacturing capabilities, SK Bioscience is well-positioned to achieve long-term sustainable growth and further establish itself as a key player in the global vaccine industry.

SK Bioscience showed strong revenue growth, but operational profitability was impacted by declining COVID-19 vaccine sales and higher SG&A expenses. The acquisition of IDT Biologika, expansion of key vaccine markets, and ongoing clinical developments position the company for future growth, with 2025 expected to be a turnaround year.